



Contact: Luiza Jurgiel-Żyła, tel. +48 695 795 121, info.poland@cresa.com

IT generates 65% of demand for offices in Wrocław in H1

Wrocław, 6 August 2020 – According to “Occupier Economics: Office Market in Wrocław H1 2020”, a report prepared by real estate advisory firm Cresa, the city’s vacancy rate stood at 11.2% at the end of June 2020, down by nearly 1 pp on the previous quarter. Unoccupied office space amounted to approx. 132,700 sqm.

“Wrocław has demonstrated relatively strong resilience to the negative effects of the pandemic. Despite the lack of new supply in the second quarter, its vacancy rate in existing buildings has decreased, which indicates tenants’ continued interest in this region. Some companies have decided to sublease office space to keep occupancy costs low until the situation stabilizes. Wrocław, however, continues to enjoy an unwavering position in the IT sector, which it perceives the capital of Lower Silesia as a good place for business development, with IT companies extending office lease contracts or taking up new space through expansions or relocations,” says Michał Grabikowski, Head of the Wrocław Office, Cresa Poland.

In Q2 2020, leasing activity hit more than 14,700 sqm, accounting for approx. 46% of the annual average for 2015-2019. Demand came predominantly from the IT sector in Q2 – 83% (65% in H1). Expansions made up 39% of all leases while renegotiations and new leases accounted for 35% and 25%, respectively.

The largest transactions in H1 included: a lease renegotiation of 10,700 sqm by DXC Technology in Renoma, a renegotiation with expansion of 10,100 sqm in Bema Plaza (confidential tenant), and the owner-occupancy of 8,300 sqm by Techland.

No office buildings were delivered to the market of the capital of the Lower Silesian region in Q2 2020. Wrocław’s office stock expanded by 11% over the year to reach 1.19 million sqm. More than 48,000 sqm is due for completion within 3 projects in the following quarters of the year.

“In January-June 2020, absorption amounted to more than 24,100 sqm, 5.5% higher than the average for the previous 4 quarters. Wrocław shows a high absorption of office space due to its growing popularity compared to other regional markets,” says Bolesław Kołodziejczyk, PhD, Head of Research & Advisory, Cresa Poland.

Asking rents range between EUR 13.5–15/sqm/month in higher grade office buildings, with lower grade buildings commanding EUR 10–12.5/sqm/month.

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