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Katowice office market demonstrates growth potential

Katowice, 11 August 2020 – According to Cresa Poland report “Occupier Economics: Office Market in Katowice H1 2020”, office take-up hit more than 26,500 sqm in the January-June period, accounting for 55% of the annual average for 2015-2019. The second quarter recorded 6,140 sqm of leased space. Renegotiations accounted for the largest share of the leasing volume in Q2 (64%), followed by new contracts (25%) and expansions (11%).

“The pandemic had a major impact on the performance of the Katowice office market. Unfortunately, Silesia is one of Poland’s regions hardest hit by COVID-19, which made companies opt for a slower return to offices. Companies introduced a hybrid work model or extended remote working. Tenants renegotiated office lease agreements, looking for cost optimization. There are many sublease offers on the market. Companies are postponing decisions to relocate – while new contracts prevailed in the first quarter (76%), they totalled only 25% in the second quarter. Projects that have already broken ground are underway, including .KTW II (TDJ Estate), Global Office Park (Cavatina), and DL Tower (DL Invest Group). Developers that have not commenced construction yet are monitoring whether demand will follow the supply side,” says Elżbieta Golik, Advisor, Office Department, Cresa Poland.

At the end of H1 2020, Katowice’s office stock amounted to close to 559,500 sqm, up by 6% year-on-year. Only one office building was delivered to the Katowice market in Q2 2020 – DL Piano (11,500 sqm, DL Invest).

The largest office deals in H1 2020 in Katowice included two pre-let leases in the Face2Face B office building: Capgemini (11,000 sqm) and Honeywell (3,700 sqm), and a new lease signed by Sii in .KTW I office building (3,100 sqm).

“In January-June 2020, absorption amounted to 26,500 sqm, up by 78% year-on-year. Such a large change was a result of the sustained high level of new supply. There were no major fluctuations in vacant office space volumes in Katowice,” says Bolesław Kołodziejczyk, PhD, Head of Research & Advisory, Cresa Poland.

The city’s vacancy rate stood at 6.1%, down by 1.3 pp on the same period last year.

Rental rates range between EUR 13.5–15.0/sqm/month in Katowice’s higher class office buildings, with lower class buildings commanding rents of EUR 10–12,5/sqm/month.

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