

Contact: Luiza Jurgiel-Żyła, tel. +48 695 795 121, [info.poland@cresa.com](mailto:info.poland@cresa.com)

## **The Tricity office market is likely to become a tenant's market soon**

Tricity, 5 August 2020 – According to “Occupier Economics: Office Market in Tricity in H1 2020”, a report published by real estate advisory firm Cresa Poland, the Tricity office market is likely to become a tenant's market soon due to the changing market environment. Tricity is still attractive for the BPO/SSC/GBS sector. Additionally, investments in its seaport and transport infrastructure are a magnet for sea freight operators.

“The H1 data for the Tricity market indicates that there is no sudden slowdown in sight. Although the size of transactions is lower than a year ago, the vacancy rate remains at the June 2019 level. The coming quarters will be decisive – they will show whether the market will be able to absorb the new supply, which is expected to be high in Tricity. Nearly 100,000 sqm is currently under construction, with more than 23,000 sqm due for completion this year,” says Michał Rafałowicz, Head for the Pomeranian Region, Cresa Poland.

Three new office buildings were added to the market in the second quarter of 2020: Olivia Prime B (25,000 sqm, Olivia Business Centre), Rzemieślnicza 15 (2,500 sqm, ODDK) and Lastadia 2 (2,400 sqm, Gdańskie Wody).

At the end of Q2 2020, total office stock in Tricity stood at 868,400 sqm, up by 9.6% year-on-year. Projects underway include FORMAT (Torus), the first phase of Palio (Cavatina) and Airport City Gdańsk Alpha (Gdańsk Airport).

“Office take-up reached nearly 18,600 sqm in the second quarter of 2020. The total leasing volume in Tricity reached nearly 52,000 sqm in H1 2020. Absorption hit 18,100 sqm in January-June. The increase in vacant space was compensated by the high level of new supply in the second quarter,” says Bolesław Kołodziejczyk, PhD, Head of Research & Advisory, Cresa Poland.

Renegotiations accounted for 60% of all deals, followed by new leases (27%) and expansions (13%). The largest transactions in H1 included a new lease of 12,100 sqm in the Alchemia IV – Neon building (confidential tenant), a renegotiation of 6,500 sqm by Nordea in the Tensor Z building, and a new lease of 4,500 sqm signed by New Work in Alchemia IV (Neon).

At the end of Q2 2020, the city's vacancy rate stood at 6.1%, which is 1.1 pp higher than the average for the previous 4 quarters.

Asking rents range between EUR 13 – 16/sqm/month in higher grade modern office buildings, with lower grade buildings commanding EUR 10 – 12/sqm/month.

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