

Katowice Office Market

Q1 2014



Total modern office stock in Katowice is estimated at 317,800 m². Further 59,000 m² will come to the market in 2014, one third of which has already been pre-let. This ranks Katowice fifth in respect to the existing office supply (behind Warsaw, Kraków, Wrocław, and the Tri-City), and fourth in terms of pipeline office provision in 2014 (after Warsaw, Kraków and Wrocław).

Q1 2014 saw a completion of one office building in the city i.e. the first phase of the A4 Business Park by Echo Investment, with 8,700 m² of office space fully let. In Q2, another 15,300 m² of new supply is set to be delivered to the market, half of which is already pre-leased. However, a majority of office provision under construction will be delivered in H2 2014 (43,600 m²), including 12,700 m² in Silesia Star I (LC Corp), and 10,700 m² in Silesia Business Park I (Skanska), both 50% let.

Katowice and its wider area has become home to numerous corporations from the modern business services sector. The rationale behind this situation is a well-developed infrastructure, strong academic potential making a significant talent pool, as well as stable and competitive rents, slightly below what makes a headline rent in other major office locations in Poland such as Warsaw, Kraków, Wrocław and Poznań for example.

The above resulted in a record-breaking level of demand in 2013, making 2013 a peak year in this respect since 2010. The gross take-up totalling 60,700 m² represented a 25% increase y-o-y (the net take-up of 53,900 m² was up 36% y-o-y). 51% of all signed leases were pre-lets. Q1 2014 saw office lease transactions for 13,100 m², with 49% being new agreements and 42% - renewals.

The vacancy rate in Katowice has been steadily declining since Q2 2010 when a peak of 18.3% was recorded. Currently it stands at only 5.6% of modern office stock, which corresponds to 17,700 m² of modern office stock being vacant. Only the city of Kraków has currently a vacancy rate lower than this.

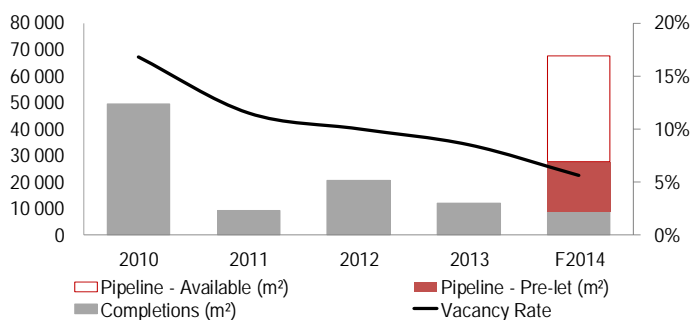
This not only proves that from 2010 onwards Katowice has continued to attract new tenants, but also that the companies already operating in the city are developing, and therefore continuously need more office space for the purposes of further business expansion.

Prime headline rents in Katowice range between €12.50 and 14.00 / m² / month.

Summary Statistics*	2013	Q1 2014	12 months outlook
Gross Take-up (m ²)	60,700	13,100	→
Net Take-up (m ²)	53,900	7,600	→
Vacancy (m ²)	27,900	17,700	↗
Vacancy Rate (%)	9.0%	5.6%	↗
Completions (m ²)	16,100	8,700	↗
Under construction (m ²)	78,200	69,600	→
Prime Rent (€ / m ² / month)	12.50-13.50	12.50-14.00	→

Net take-up = letting transactions excluding renewals

Completions (m²), Pipeline (m²) and Vacancy Rate (%)



Source: JLL, Q1 2014

