

Katowice real estate market 2019





Katowice
real estate market
2019



Marcin Krupa, Mayor of Katowice City



To Whom It May Concern,

Katowice is a dynamically developing city, which has been undergoing a huge transformation for over a dozen years, including the transformation of its economy combined with a change of its image. The capital of the Silesian Voivodeship is characterised by a very well-developed network of internal roads, direct access to the hub of European transit corridors and closeness to three international airports.

The greatest asset of the region is the access to qualified staff and highly developed scientific and research facilities.

Katowice is the heart of the Upper Silesia and Zagłębie Metropolis, established by 41 cities and municipalities on 1 July 2017. The creation of the only metropolitan union in Poland has opened new development opportunities for both individual cities and the entire area, whose population is 2.3 million.

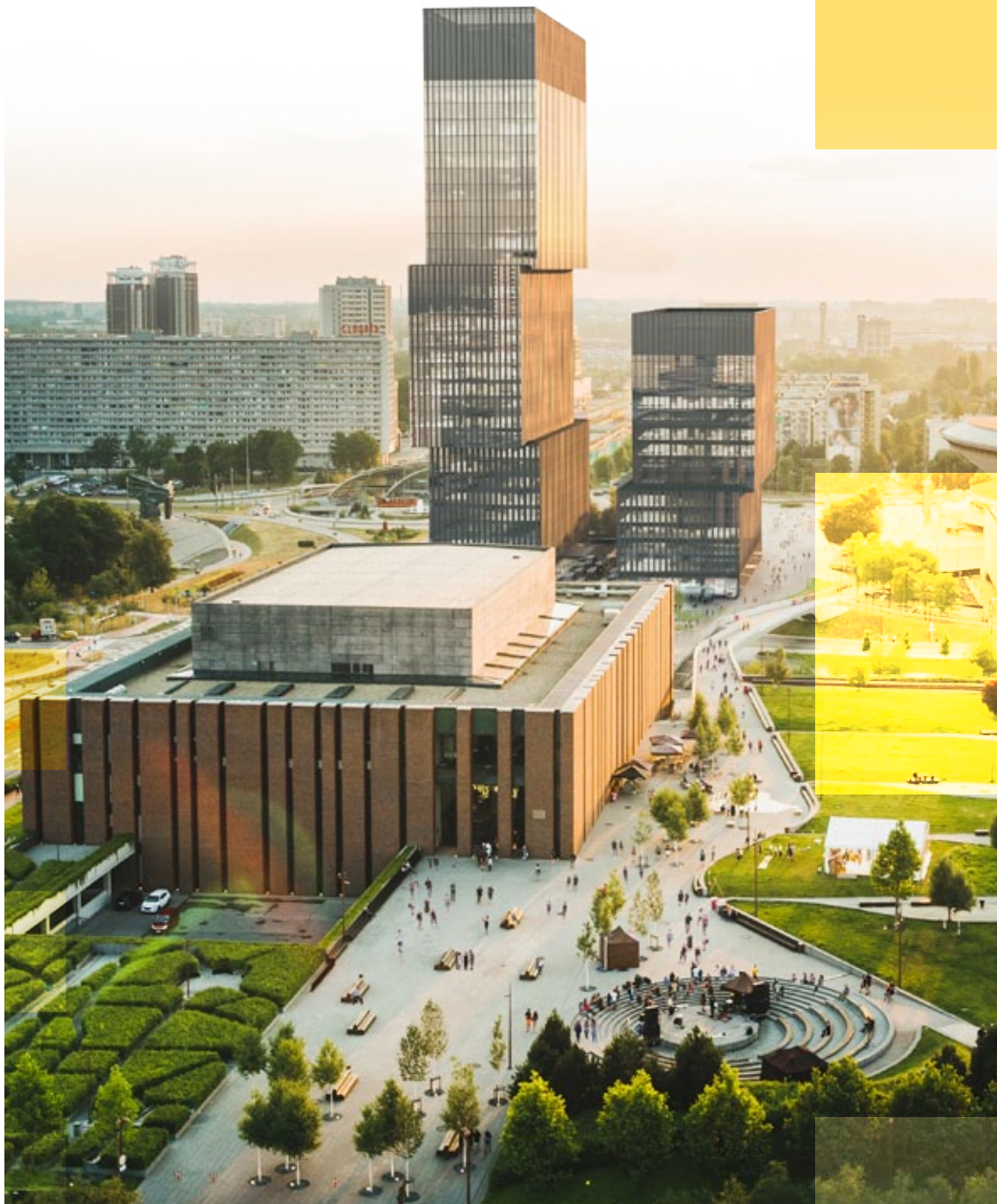
Katowice is a city of big economic, cultural and sports events of international prestige. In 2018, Katowice held the 24th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 24) with the accompanying 14th Meeting of the Parties to the Kyoto Protocol (CMP 14). It should be mentioned that Katowice received the prestigious title of the UNESCO City of Music. Every year, the number of participants in conferences and business events is increasing; they are also willing to visit our city for tourist purposes.

We encourage you to visit Katowice, a unique place.

A handwritten signature in black ink, reading "Marcin Krupa". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Marcin Krupa
Mayor of Katowice City

About the city



Why Katowice?

Today, Katowice is one of the fastest growing and most important cities in Poland. It is also the capital of the Silesia Voivodeship, as well as the seat and heart of the first metropolitan union in Poland, the Upper Silesia and Zagłębie Metropolis, combining 41 cities and municipalities, inhabited by 2.3 million people. Katowice is a symbol of the Polish economic and development success, and it is ranked 16th among all EU cities in terms of GDP.



2.3 million
inhabitants



16th
among all EU cities
in terms of GDP

Excellent location

The city is located in the south of Poland, close to the main European routes. It has access to the A1 and A4 motorways, as well as a highly developed network of internal roads. It is also close to 3 international airports: Katowice Airport, Kraków Airport and Ostrava Airport.

photo R. Kąźmierczak



A dynamically developing industrial, academic and cultural centre

Until recently, Katowice and the whole region were associated mainly with heavy industry. As a result of transformation, currently there are two faces of the city – traditional, with industrial heritage, and modern – which is creative and economically strong. The modern business services sector has become an important element of the economy. According to a report



proximity of
3 international
airports



5th position
in a business services
sector in Poland

titled "Business Services Sector in Poland 2018", prepared by the Association of Business Service Leaders (ABSL), the Agglomeration is ranked fifth in Poland. However, we should not forget about other, very well-developed branches of the economy throughout the region, such as industrial processing, the automotive industry, as well as food, energy, mining and other sectors. Another strong pillar of the city is culture, especially music, which was confirmed in 2015 by UNESCO, granting Katowice the title of the City of Music.

photo D. Kamski



Business tourism – an important advantage of Katowice



6.3 thousand
events in 2017

The scale of transformations that took place in recent years is symbolised by the modern "Culture Zone", established in the area of the former "Katowice" Coal Mine. The Culture Zone includes: The International Congress Centre, the Polish National Radio Symphony Orchestra and the Silesian Museum.



827 thousand
participants

This enormous project has allowed for dynamic development of business tourism. In 2017 alone, more than 6.3 thousand events took place in the city, attracting 827 thousand participants. The International Congress Centre held 232 conference and business meetings with over 533 thousand participants in 2017. In 2018, Katowice held the 24th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 24) with the accompanying 14th of the Parties of the Convention on Climate Change (COP 24) and the European Economic Congress

Green (3–14 December 2018), as well as the XII Annual Meeting of the UNESCO Creative Cities Network (12–15 June 2018). Furthermore, events on an international scale are held here regularly, such as: the European Economic Congress, co-organised by the City of Katowice (on an annual basis since 2009) – one of the most important business events in Central Europe, with European Start-up Days (organised since 2016 as an event accompanying the European Economic Congress) and the European Congress of Small and Medium Enterprises (annually since 2011). International e-sport tournaments have been held for several years in Katowice with great success, including Intel Extreme Masters. Events of such importance attract people from all over the world, who more and more often return to Katowice for tourism reasons.

Availability of qualified human resources

One of Katowice and the entire region's main advantages is the availability of staff with a wide range of education and diverse experience. There are 35 universities with about 120 thousand students in the region. Business and administration, as well as engineering and technology are the most popular fields of study. The most popular foreign language faculties are English, German, Spanish, and Russian. We should mention extensive IT facilities and a well-developed R&D sector.

Thanks to its advantages, Katowice attracts many significant investors. The companies that have recently located their business in our city include: Fujitsu, TÜV Rheinland, Eurofins and Accenture. Katowice can be proud of the examples of international investments through which companies such as Capgemini, Rockwell Automation, ING Tech Poland, PwC and Unilever have extended their activity by expansion or construction of plants, implementation of new projects or increased employment. According to the "Business Services Sector in Poland 2018" report prepared by the Association of Business Services Leaders (ABSL), there are 95 centres



photo S. Rybicki



35 universities



120 thousand

students

in the Katowice Agglomeration, in which the employment is approx. 21 thousand people.

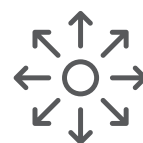
It should be emphasized that although adequate infrastructure and place in the labour market are important issues to be taken into account in the decision-making process regarding investments in a given city, the so-called investment climate, created by local authorities, is equally important for investors.

Support for investors

A special unit for investors was established in Katowice City Hall - the Investors Assistance Department, consisting of over a dozen specialists who always strive to respond best to the needs and expectations of investors. Every investor is assigned a project manager who provides support throughout the investment process. In addition, the city offers a number of investment incentives, such as support in the organisation of a marketing campaign for investments in Katowice (using available marketing tools) as well as tax reliefs or the services of the Poviast Labour Office. To attract investors, the city's representatives participate in industry events, such as: the Property Forum, MIPIM in Cannes, Expo Real in Munich, and cooperate with the Polish Investment and Trade Agency and the Katowice Special Economic Zone. It should be noted that in 2015–2017 the Katowice Special Economic Zone was the best zone in Europe according to the ranking of fDI Magazine. It consists of over 350 businesses, employing 75 thousand people.

Cooperation with SMEs

From the point of view of the city's development, a very important sector of the economy is also the sector of small and medium-sized enterprises (SMEs), which are an important part thereof. The City of Katowice actively supports the development of the local entrepreneurship ecosystem by working in several areas: attracting interesting events and initiatives to the city, supporting



95 centres

of business services
in the Katowice
agglomeration

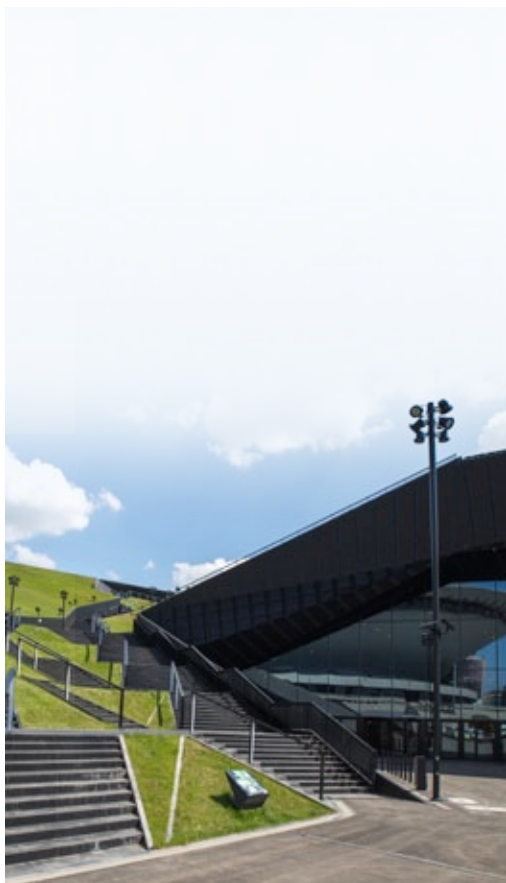


21 thousand

employees



Silesia 4 Business, TriGranit; investors' materials



Rawa.Ink

the City Business Incubator will be launched at Teatralna 17a Street in Katowice



19 plots

with a total area of 49.05ha for investments

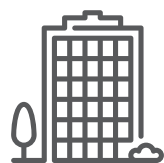
bottom-up initiatives and building a friendly space in the very centre of the city. Since 2015, the Small and Medium Enterprises Office has been operating as part of the Investors Assistance Department; it implements a programme for promotion and support for small and medium-sized enterprises, including family businesses. In addition, the City of Katowice co-organises the European Congress of Small and Medium-Sized Enterprises, during which many representatives of business, science, politics and economics discuss opportunities and barriers for micro, small and medium-sized enterprises.

New place for business development on the city map

Soon the City Business Incubator "Rawa.Ink" will be launched at Teatralna 17a Street in Katowice to create attractive conditions for the development of entrepreneurship and cooperation between the government, universities, business and local community. The idea of creating the City Incubator came after a series of meetings and projects involving investors, entrepreneurs, researchers and representatives of start-ups. The City Incubator "Rawa.Ink" will be the place of numerous events, meetings and training to unify the start-up environment in Katowice and Silesia. The incubator will be open to all parties interested in establishing their business and will offer a full support package in this regard - mainly through access to a network of contacts, training and mentors who will provide their experience.

Katowice open to new investments

Taking into account the growing interest in Katowice in terms of investments, but also tourism, it is important for the city to obtain investors in the hotel sector and developers of office spaces. Currently, the City of Katowice offers 19 plots with a total area of 49.05 ha for investments: intended for services (23.35ha), production and storage (14.9ha) and residential housing (10.8ha). The most attractive areas, located in the city centre, are earmarked for the construction of offices, hotels and housing projects.



520,000 m²

modern office space

Office market in Katowice

A very important factor, often determining the location of investments in a given city, is the availability of modern office space. The supply of modern office space in Katowice is currently 520,000 m², which puts it in the 5th place in Poland. Approx. 72,000 m² are currently in construction. The demand for modern office space is mainly generated by companies in the sector of modern business services. Over the past few years, Katowice has become an important centre of modern business services sector and continues to strengthen its position in this sector.

Old Train Station, Opal Maksimum; investors' materials



currently
18 hotels

Hotel market in Katowice

The hotel market in Katowice is developing in a very good direction. The city can now boast a modern hotel base that is being expanded. The needs in this respect are much greater, considering that the number of cultural, economic and sports events organised in our town is increasing every year, which means a growing number of participants of those events.

Housing construction

The city authorities are putting great emphasis on economic development, attracting new investors and consequently increasing the opportunities

for employment. When creating jobs in the city, it is important to be aware that they entail the need for development of housing and infrastructure. The City of Katowice aims to encourage and support investors in the investment process, e.g. by preparing areas for housing construction. The residential sector is a part of the real estate market, which is now expanding rapidly in Katowice. It is not surprising that more and more companies see potential in this part of the local real estate sector. This proves that Katowice is an attractive market for the development of residential investments. The city's potential is enormous, and the prices of apartments for purchase and lease are still lower than in the cities such as Kraków, Wrocław and Warsaw. The city has a Local Revitalization Programme, which indicates the areas that require special support from both private and public stakeholders. By including a project in the Programme within the reclamation area, the parties executing the tasks have the opportunity to seek funding from the EU. As a city we do not give up on municipal buildings, and we are also greatly involved in the projects of the Katowice Communal Building Society. It should be also emphasized that we are the first municipality in Poland to sign an agreement on joining the Mieszkanie Plus programme.

Activities for improving the quality of life of inhabitants

Currently, many investments in progress in Katowice are aimed at improving the quality of life of its inhabitants. The construction

Grand Central, Kwasa Europe, investors' materials



of the Integrated Transfer Hub System is worth mentioning in this respect. The purpose of the project is to create a sustainable transport system and to increase the attractiveness and accessibility of public transport. The construction of the "Ligota" interchange centre was completed at the end of 2018. 3 other centres are being built in the Centre and the districts of Brynów and Zawodzie. In addition, the reconstruction of road systems of supra-regional importance is underway, for which Katowice received approx. 410 million PLN from EU funds. 3 municipal swimming pools and sports areas are being built for the residents of Katowice and the surrounding areas. The city authorities put great emphasis on the arrangement of a modern, user-friendly public space with cultural and entertainment functions. International architectural contests for development of post-industrial areas have been announced. The previous sites of mines and industrial plants, former production halls and shafts are now being replaced by shopping malls, museums and exhibition rooms. The biggest shopping centre "Silesia City Center" and "Dębowe Tarasy" residential estate were constructed in the area of the former "Kleofas" mine. The "Silesia Business Park" office complex was built in the area of the former Baildon Steelworks, while "Upper Silesia Industrial Park" was built on the site of the former "Silesia" Zinc Works. The abovementioned "Culture Zone" with the International Congress Centre (MCK), the seat of the Polish National Radio Symphony Orchestra and the seat of the Silesian Museum, was also established in post-mining areas. It is a unique place where some of the biggest and most interesting concerts in Poland and even in Europe take place. Some examples are: Tauron Nowa Muzyka Festival, OFF Festival and Rawa Blues Festival.

Katowice is a green city – the total surface of green areas is over 45%. The so-called green lungs of the metropolitan area are also a favourite place for residents and tourists to rest. Enthusiasts of bicycles can use about 140 kilometres of cycling routes running through the most interesting recreational areas of the city. 54 bike rental stations with over 450 bicycles are operating



410 million PLN

from EU funds
for reconstruction
of road systems



**3 municipal
swimming
pools**

and sports areas
are being built



photo A. Wisniewski



54 bike

rental stations



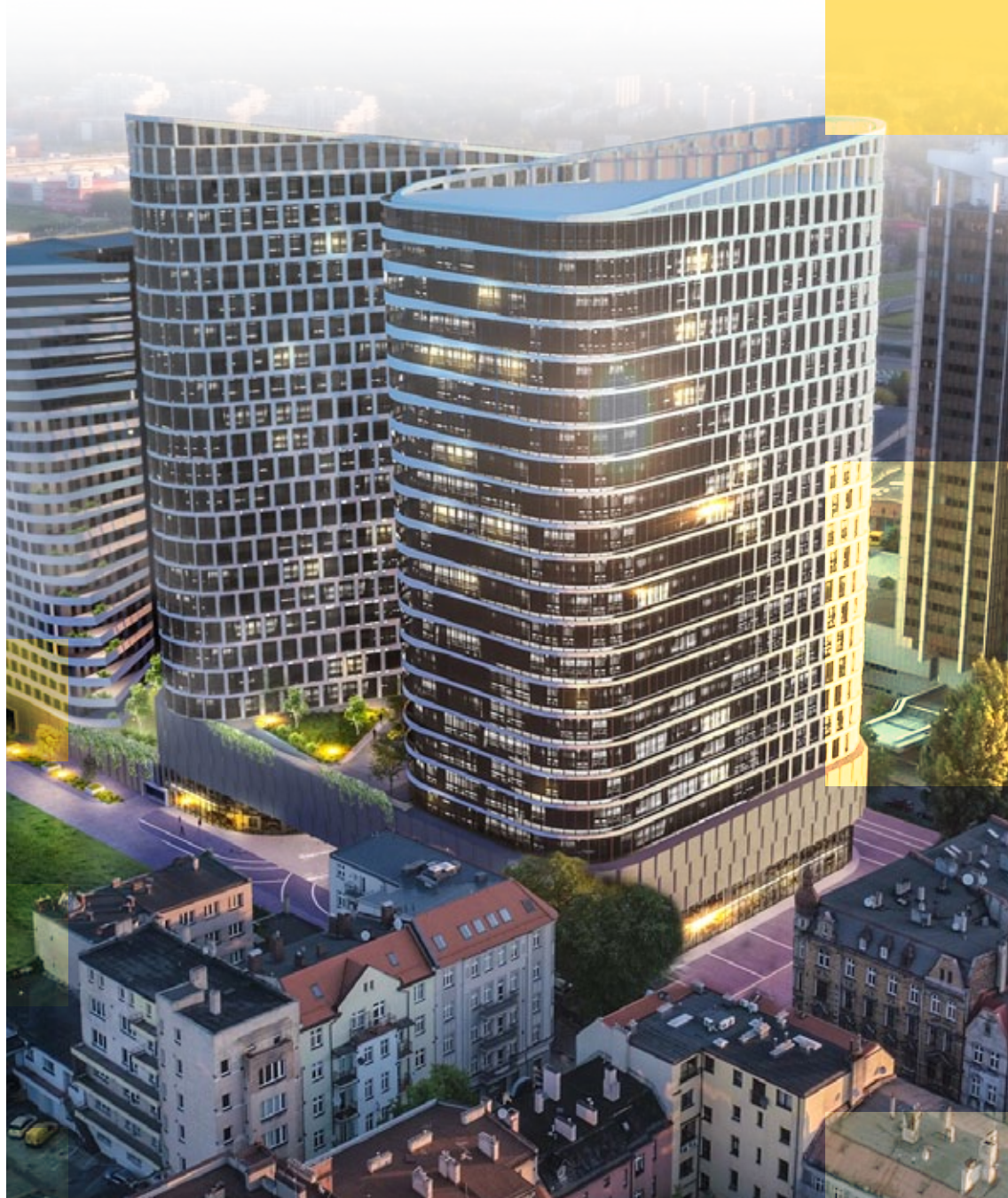
61 charging

points

in Katowice. What's more, bike routes are being expanded and modernised on an ongoing basis, and the number of bicycle rental stations grows every year, used by more and more inhabitants. In addition, many playgrounds, including 2 aquatic parks, have been built for the youngest residents. Environmental aspects are very important in the context of the quality of life. A comprehensive low-emission programme has been prepared for Katowice and will be implemented over the next few years. For many years, Katowice has been changing its reputation of the city of coal and steel to the image of the city of new and sophisticated technology – THE CITY OF INNOVATION. Thanks to new technologies and innovations, additional jobs and products of the future are being created. Following the introduction of the Electromobility Law, Katowice was the first city in Poland to carry out a comprehensive procedure for leasing a property for 61 charging points, which will be located in the city centre, at interchange centres and other places.

Katowice is a unique city, as proven by its many awards and distinctions. In 2018, Katowice received a distinction for the 8th place among large European cities in the "Business Friendliness" category, in the ranking organised by "fDi Magazine" an English-language bimonthly of the Financial Times group, specialising in foreign direct investments. In 2018, Katowice again was ranked 2nd among Polish cities in the "Investor-Friendly City" category in the ranking by "Eurobuild" magazine.

Office market in Katowice



Basic data

Source: Colliers International

Supply	520,000 m ² GLA
Demand 2018	51,000 m ²
Space under construction	72,000 m ²
Pipeline by 2022	>250,000 m ²
Vacancy rate	8.8%
Prime asking rents	EUR 12.2-14.5/m ² /month
Prime yields	7.35%

Supply

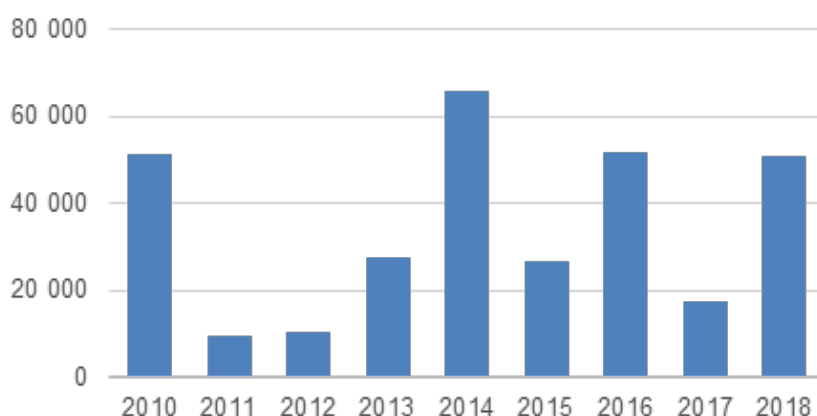
The modern office stock in Katowice at the end of 2018 exceeded the level of half a million sq m and is estimated at 520,000 m². Thus, the city is the fourth largest regional market excluding Warsaw. The fastest growth in the supply of office space in Katowice was in the years 2014-2018, when more than 212,000 m² were delivered for use. The newly completed stock in 2018 reached the level of 51,000 m², which was three times higher than in 2017. Supply development is cyclical – usually, after a year abounding in new building openings, there is a reduction in the activity of developers allowing the absorption of existing office space.



520,000 m²
modern office space

Chart 1. The annual increase in modern office space (m²)

Source: Colliers International



The location of existing office buildings is around the main roads, with a particular focus on Chorzowska Street and Korfantego Avenue, Murckowska Street, Górnośląska Avenue and Roździeńskiego Avenue.

At the construction stage, there are currently over 80,000 m². The largest office complex is a two-phase Campus Face2Face built by Echo Investment at the intersection of Grundmanna and Chorzowska streets with an office area of 46,000 m². DL Invest at the end of last year began the construction of the DL Center Point II office and retail centre with a leasable area of over 17,000 m². Among the smaller projects being built with office space not exceeding 10,000 m² are Stary Dworzec and Carbon Tower developed by Opal Maksimum.

The situation on the Katowice office market is very dynamic due to the falling vacancy rate and planned high development activity. Developers have accelerated the construction of new projects in response to the growing demand of tenants and the surging investors' interest in the increasingly recognizable Katowice market. Strong advantages such as economic stability, support of municipal authorities for investors, cost competitiveness and over 30 thousand graduates in the Katowice Agglomeration annually attract both international tenants and investors. The city remains a stable centre for the BPO and SSC sector development, annually approximately 1 thousand workplaces are created in this sector according to ABSL estimates.



at the construction stage,
there are currently over
80,000 m²



46,000 m²
the largest office
complex



Face2Face Business Campus, Echo Investment; investors' materials

The record amount of space - over 250,000 m² is planned for development by the end of 2022. Following local and international developers such as Cavatina, DL Invest, Ghelamco, GTC, Opal Maksimum, Trigranit and Vastint declare that they will start their investments shortly. These projects are at different stages of planning, in some cases, they are planned to be phased. It is worth mentioning that most of these office buildings are planned to be developed in the city centre.

Among those currently holding a building permit and planning to start construction works in the coming months are Trigranit with Silesia 4 Business and Kwasa Europe with Grand Central. The largest projects have been presented in the table and on the map below.

Table 1. Office projects planned to be developed by 2022 (over 10,000 m²)

No	Project	Address	Office space	Planned opening date	Developer
1.	Face2Face Business Campus – both phases	Grundmanna	46,000 m ²	2019 and 2020	Echo Investment
2.	Global Office Park	Dąbrówki	57,800 m ²	2021 and 2022	Cavatina
3.	Silesia 4 Business I	Chorzowska / J. Bałdona	23,700 m ²	2021	Trigranit
4.	Murckowska	Murckowska / Bagienna	18,500 m ²	2021	Opal Maksimum
5.	Centrum Biurowe Mikołowska	Mikołowska	16,500 m ²	2021	GTC
6.	Grand Central	Młyńska / Szewczyka	14,300 m ²	2021	Kwasa Europe
7.	Bracka	Bracka	63,000 m ²	2022	Opal Maksimum
8.	.KTW II	Roździeńskiego 1B	39,900 m ²	2022	TDJ Estate
9.	Vastint - office building	Piotra Skargi	30,000 m ²	2022	Vastint
10.	Ghelamco - office building	Ściegiennego / Chorzowska	25,000 m ²	2022	Ghelamco
11.	DL Center Point II	Roździeńskiego / Wrocławska	17,700 m ²	2019/2020	DL Invest Group
12.	DL Center Point IV	Korfantego 138	16,500 m ²	2022	DL Invest Group
13.	Skanska - office building	Roździeńskiego / Zakopiańska / Ryszarda / Markiefki	n/a	2022	Skanska

Source: Colliers International based on developers' information

Demand

At the end of 2018, the volume of lease transactions signed by tenants on the Katowice market amounted to 38,000 m² after weaker 2017 indicates a return to the achieved levels of annual demand of 40,000-45,000 m².

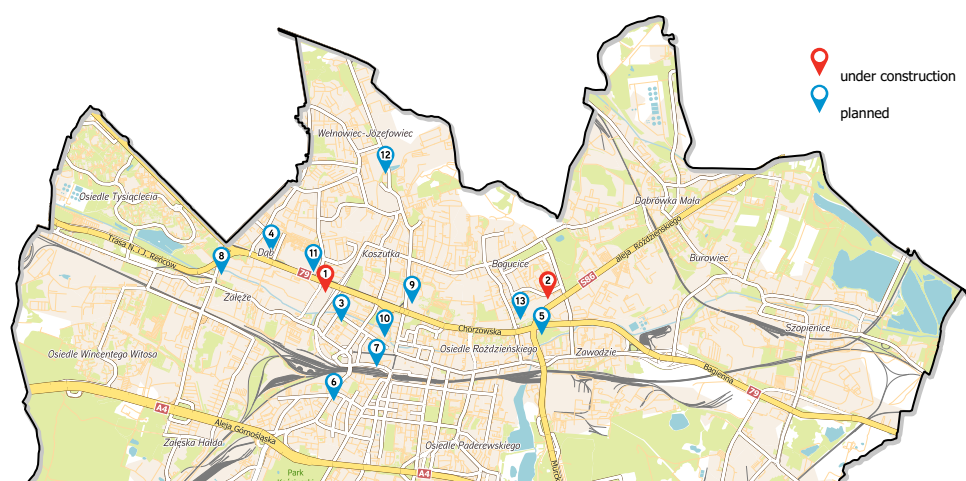
The largest share in the demand structure was attributable to the new transactions - 64%, which reflects the growing interest of investors in the Katowice market. Renegotiations and extensions accounted for 10% of activity, 9% of transactions for own use of building owners and 16% - expansions of existing tenants. We estimate that around 13,000 m² was signed in projects under construction before delivering them into use, ie. .KTW and Silesia Business Park IV. Due to the limited availability of adequate quality space in existing buildings, tenants are more and more actively looking for offices in investments under construction.



40,000-45,000 m²

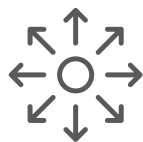
annual demand

Map 1. Office projects planned to be developed by 2022 (over 10,000 m²)



Source: Colliers International based on developers' information

The largest transactions concluded in 2018 include Fujitsu Global Delivery Center contracts signed in .KTW (pre-lease - 6,300 m²), Perform Media Poland in A4 Business Park II (relocation and expansion - 3,100 m²), TÜV Rheinland (new contract and expansion - 2,100 m²) and Eurofins in Katowice Business Point (relocation and expansion - 1,700 m²).



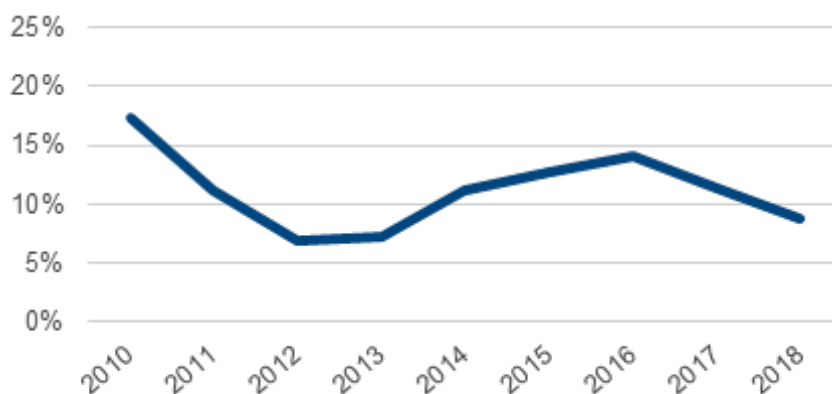
6 new

shared service
centres

The largest amount of space in 2018 was rented by companies from the IT & Telecommunications sector (38%) and Professional Services (17%). Pharmaceutical and biomedical industry, as well as Media (10%) also had a significant share in demand.

Starting from 2015, 6 new shared service centres are being created in Katowice every year, generating several hundred new jobs in the year of its creation and subsequent ones along with development. Another notable trend is the growing presence of large players from the BPO/SSC and ITO industries, i.e., Capgemini, PwC, Sopra Steria, Guardian Industries, Vattenfall, Groupon, Sii and Accenture. Katowice is a market with a high rate of entry of new market players. Also, the market is increasingly attracting large international tenants from other regional cities to handle subsequent business processes, such as Fujitsu, which has so far been available only in Łódź.

Chart 2. The vacancy rate on the office market



Source: Colliers International

Vacancy

The vacancy rate in Katowice has been gradually decreasing for four years. At the end of 2018, it amounted to 8.8% (-2.5 p.p. year-on-year), which translated into 45,000 m² of free space and this is the lowest availability rate in the last four years. We expect that in the coming quarters the vacancy rate will show an upward trend due to the significant amount of space under construction.

Rental rates

The office market in Katowice is still very attractive in terms of the financial terms offered. The rates for space in A-class buildings have slightly increased and range between EUR 12.2 and 14.5/m²/month. For class B buildings, rents are lower by around 25%, which translates into rates of between EUR 9 and 12/m²/month. What is more, potential tenants may count on additional incentives in the form of rental vacation or budget for space fit-out. Companies seeking offices in planned projects can negotiate especially preferential conditions in this respect. In addition to rent, tenants are required to pay service charge fees in existing office buildings, they are quoted between 12-18 PLN/m²/month.



EUR 12.2-14.5/m²/month

the rates for space
in A-class buildings

DL Center Point IV, DL Invest Group; investors' materials



EUR 9-12/m²/month

the rates for space
in B-class buildings



12-18 PLN/m²/month

maintenance fees



Hotel market in Katowice



Basic data

Source: Colliers International

Number of existing hotels	18
Number of rooms	1,929
Number of beds	3,189
Average price per night*	354 PLN/366 PLN
Projects under construction	1
Projects planned up to 2022	10
Average occupancy of hotel rooms	59.6%
ADR**	234 PLN

*- price for a room in a 4-star hotel during the week/weekend

**ADR (Average Daily Revenue)

Supply

According to the data of the Marshal's Office of the Śląskie Voivodship, as of 31.12.2018, 18 categorised hotels were operating in Katowice, offering a total of almost 3,200 beds in 1,930 rooms. The supply of rooms is limited compared to other cities, which indicates high development potential. Katowice stands out among cities of a similar size due to significant share of international chains.



3,200
beds

The largest hotel in terms of the number of rooms is the Novotel with 300 rooms, but taking into account the number of beds the leader is Vienna House Easy Angelo with 406 beds. The 4-star hotels comprise the largest group of hotels. Approximately 56% of hotel rooms are in 4-star hotels, which translates into 1,085 rooms in 7 hotels. 2-star hotels make up the second largest group with 473 hotel rooms. 3-star hotels have 273 rooms in total, while the only 5-star Monopol provides guests with almost 100 rooms.



approx. 56%
of hotel rooms are
in 4-star hotels

Table 2. Supply of hotels and hotel rooms by category

Category	Number of hotels	Number of hotel rooms	% share in the supply of hotel rooms
5-star	1	98	5%
4-star	7	1,085	56%
3-star	5	273	14%
2-star	5	473	25%
1-star	0	0	0%
Total	18	1,929	

Source: Colliers International Poland



**24% of the
4-star**

rooms have Polish brands
such as Diament and Q Hotel

The 5-star hotel sector in Katowice is represented by the Polish chain Likus Hotele & Restauracje. 4-star facilities are dominated by international brands – Courtyard by Marriott, Park Inn by Radisson and Novotel. Polish hotel brands in this market segment include Diament and Q Hotel with a total of 24% of the 4-star rooms. There are currently 5 facilities in the 3-star hotel category, including Diamond and Best Western. 2-star hotels are represented by international brands such as B&B and Campanile as well as hotels operating under their own brand. Currently, there is no 1-star hotels in the Katowice market.

Table 3. Existing supply of hotels in Katowice by rooms

Category	International chains	Polish chains	Others
5-star	0%	100%	0%
4-star	76%	24%	0%
3-star	17%	11%	72%
2-star	39%	0%	61%
1-star	0%	0%	0%

Source: Colliers International Poland

Market development up to 2022

In the middle of last year, the owner of Diament Plaza began expanding the existing hotel with another 135 rooms in the 4-star standard. It is the only project under construction. Meanwhile developers and operators of hotel chains have plans on a larger scale. There are as many as 11 projects planned in the city, of which 5 have revealed details in the press, the date of delivery to the market, as well as the name of the operator. The others are at the initial planning stage.

Extension of the Diament Plaza. Hotele Diament; investors' materials



for more than 200

rooms Louvre Hotel Group
expand its offer in Katowice

Louvre Hotel Group plans to build two hotels – the 3-star Kyriad and the 1-star Premiere Classe on Ceglana Street, which together will provide over 200 hotel rooms. After opening in 2021, they will feature a spectacular sky bar on the roof and a separate floor for the most demanding guests. In 2021, the chain also plans to open the Golden Tulip hotel in the southern part of the centre of Katowice. Another new mid-range brand, Mercury, by international operator AccorHotels, will also appear on the Katowice market. According to the

developer UBM Development AG, it will complete the office project planned at Młyńska Street in the very centre of the city, next to the railway station, Galeria Katowicka and the city hall. The project will provide 268 rooms by 2020.

Table 4. Planned hotel projects in Katowice

No.	Name	Address	Investor / Operator	Number of rooms	Category	Opening date
1	Diamant Plaza - extension	Dworcowa 9	Hotele Diamant	135	****	2020
2	Mercure	Młyńska	AccorHotels	268	n/a	2020
3	Park Inn by Radisson - extension	Bytkowska 1	Havre	150	aparthotel	2020
4	Kyriad	Ceglana 67	Louvre Hotel Group	124	***	2021
4	Premiere Classe	Ceglana 67	Louvre Hotel Group	80	*	2021
5	Ghelamco	Ściegiennego/ Chorzowska	Ghelamco	150	**/**	2022
6	Vastint	P. Skargi 2	Vastint	n/a	n/a	2022
7	Aparthotel	Gawronów 22	Holdimex	n/a	aparthotel	n/a
8	Hotel Katowice - modernisation	Korfantego 9	Polski Holding Hotelowy	n/a	n/a	n/a
9	PURO Hotel	Korfantego 10	Genfer	n/a	****	n/a
10	Unirest	Sokolska 18	Unirest	n/a	n/a	n/a

Source: Colliers International based on information from investors

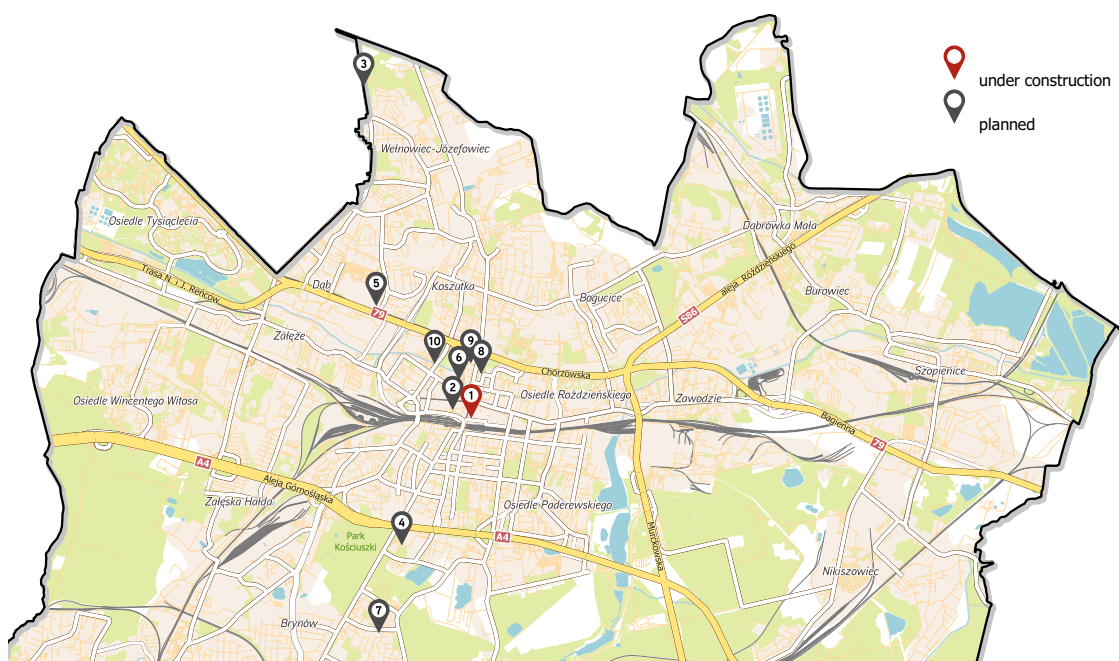
Radisson plans to extend its Park Inn with an aparthotel with 150 rooms rented for longer periods. The project will be completed by the end of 2020 on a plot adjacent to the hotel. An aparthotel may also be built as part of the reconstruction of the Holdimex investment on Gawronów Street.

Office developer Ghelamco is planning to extend its planned office project on the corner of Ściegiennego Street and Chorzowska Street with a hotel. It will be located in the immediate vicinity of Silesia City Center and will offer approximately 150 rooms in a 2- or 3-star standard available to guests by the end of 2022. A similar type of investment is planned by Vastint, which is the new owner of the plot on which the Silesia hotel used to stand on Piotra Skargi Street. Initial plans are to build a hotel and office project.

Unirest, which is cooperating on hotel projects with brands such as Hampton by Hilton, Hilton Garden Inn and Indigo, has purchased a plot of land on Sokolska Street. The building it plans to construct will form the frontage of the street. At present, the company is preparing a conceptual design needed to obtain administrative permits.

Map 2. Planned hotel projects in Katowice

Source: Colliers International based on information from investors



Also underway is a conceptual work on the shape and size of a new PURO Hotel, which will be built several hundred metres away on Korfantego Avenue on an attractive plot in the city centre in front of the Superjednostka housing block.

The Katowice Hotel is getting a new lease of life. The hotel is a symbol of the city and is currently managed by Polski Holding Hotelowy, which as a franchisee works with leading global hotel chains, such as Marriott International, Hilton International, Best Western Hotels & Resorts, InterContinental Hotels Group and Louvre Hotels Group.



symbol of the city
“Hotel Katowice”
 is getting a new lease of life

Demand

According to GUS data from October 2018, the number of tourists visiting Katowice has increased by over 9% in the last three years. We can see a steady increase in the number of foreign tourists, and the average stay has increased from 1.5 days in 2015 to 1.7 at the end of 2018. Foreign tourists spend on average 1.9 days in Katowice.

It is worth noting that the number of overnight stays is increasing every year – in 2017 it increased by 4% and reached 557,841. According to GUS data for stays in Katowice hotels, in 2017, 348,800 tourists stayed in the city, which means an increase of 4% compared to 2016. Preliminary figures for 2018 show a continuation of the upward trend.

Foreign tourists account for about 24% of all hotel guests, which in 2017 translated into almost 85 thousand guests. The share of foreign tourists among guests using hotels has fluctuated in recent years in the range 24%-27%. Most visitors from abroad come to the city from Germany (22%), followed by Italy (8%), the United Kingdom (7%) and Ukraine (7%).

The average occupancy of hotel rooms in relation to 2016 increased slightly from 55% to 57.6% despite several new hotels being put into use. Figures for the first 10 months of 2018 indicate an upward trend (59.6%), with the average daily rate (ADR) at 234 PLN.

An additional impact on the increased number of tourists and overnight stays was the fact that in December 2018 Katowice hosted the COP24 UN Climate Summit.



number of tourists
has increased
by over 9%
in the last three years



foreign tourists account for
about 24%
of total hotel guests



photo S. Rybick

Offered room rates

The table below presents average room rates in hotels for one night in a double room without meals calculated on the basis of individual categories. They were calculated on the basis of prices offered by all Katowice hotels on popular booking websites such as booking.com for week and weekend nights in January 2019.

Table 5. Offered room rates

Hotel category	Week night rate (Monday-Thursday)	Weekend night rate (Friday-Sunday)
5-star	630 PLN	630 PLN
4-star	354 PLN	366 PLN
3-star	292 PLN	248 PLN
2-star	218 PLN	199 PLN
1-star	none	none

Source: Colliers International, own research in 01.2019 based on Booking.com

Factors influencing the development of the sector

Key elements influencing the development of the hotel market:



Very good transport
accessibility –
road and rail



Katowice International
Airport in Pyrzowice



Large conference
and exhibition facilities



Favourable location
and function of the
city as the capital
of the conurbation



Investment potential and
developing market of office
and warehouse properties



Increasing activity
of international
hotel chains



A thriving academic centre

Shopping centre market in Katowice



Basic data

	Katowice Conurbation**	Katowice
Shopping centre stock	1.23 million m ² GLA	300,000 m ² GLA
Density ratio	572 m ² GLA/1,000 people	1,016 m ² GLA/1,000 people
No. of existing shopping centres	47	8
Supply 2018	100,000 m ² GLA	45,000 m ² GLA
Under construction	16,600 m ² GLA	-
Pipeline till 2022	25,000 m ² GLA	-
Average vacancy rate	3.3%	2.3%
Prime rents*	EUR 39-41/m ² /month	EUR 39-41/m ² /month
Prime yields	5.25%	5.25%

Source: Colliers International.

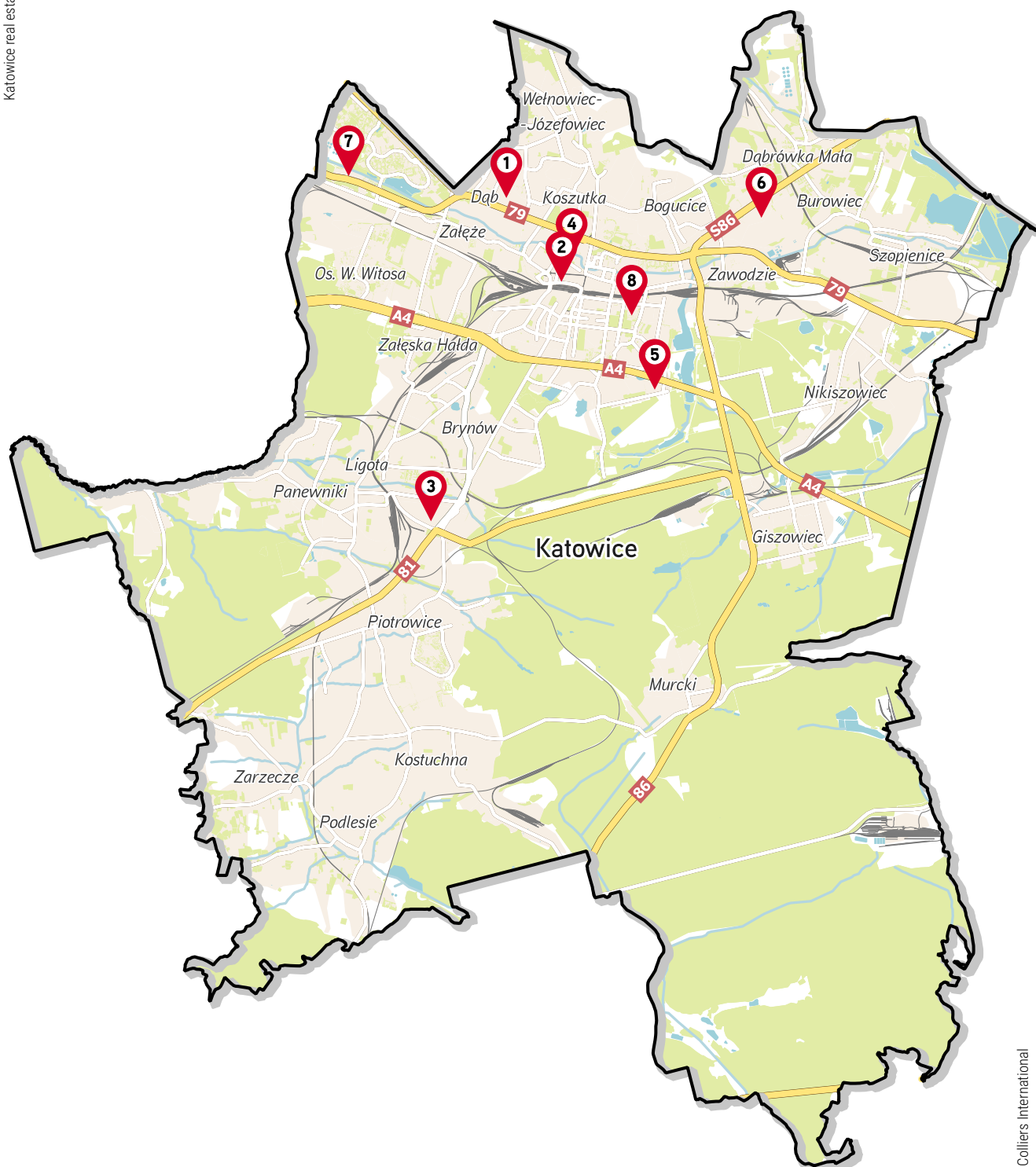
*unit 100-150 m² for fashion, in prime shopping centre, GLA – gross leasable area,

**the area establish by Polish Council of Shopping Centres for retail market analysis, consisting of: Będzin, Bytom, Chorzów, Czeladź, Dąbrowa Górnicza, Gierałtów, Gliwice, Jaworzno, Katowice, Knurów, Mikołów, Mysłowice, Piekary Śląskie, Radzionków, Ruda Śląska, Siemianowice Śląskie, Sosnowiec, Świętochłowice, Tarnowskie Góry, Tychy, Wojkowice and Zabrze.

photo of Silesia City Center; R. Kaźmierczak



Map 3. Shopping centres in Katowice



Source: Colliers International

1. Silesia City Center
2. Galeria Katowicka
3. Galeria Libero

4. Supersam
5. CH 3 Stawy
6. CH Dąbrówka

7. Auchan Katowice
8. CH Belg



84,000 m²

has the biggest shopping
centre in Katowice

Highlights from Katowice shopping centres market

- Due to the existing road network, functional links and shopping habits in the region, the Katowice shopping centre market is an integral part of the Katowice Conurbation's market.
- The first modern shopping centres in Katowice were built in 1999.
- The biggest shopping centre in Katowice is Silesia City Center, completed in 2005 and totalling 84,000 m² GLA. It is also the largest shopping centre in the region.
- There are two city centre retail schemes in the city in the neighbourhood of important communication junctions - Galeria Katowicka and Supersam, which serve residents of the whole conurbation, as well as tourists and business people visiting Katowice.



photo S.Rybok



EUR 300 million

was the purchase of Galeria
Katowicka

- The newest shopping centre in Katowice is Galeria Libero, completed in H2 2018, which features an extended leisure, sport and food area, making it a place to meet and spend free time.
- The high interest of institutional investors in Katowice was confirmed in 2018 by the purchase of Galeria Katowicka by Employees Provident Fund for EUR 300 million at a 5.25% estimated yield.

Industrial market in Katowice



Highlights from Katowice industrial market

- Katowice is located in the central part of industrial Upper Silesia zone. This is the second area in the country in terms of the modern warehouse space just after Warsaw, offering with 2.86 million m². However, within the city limits of Katowice there are no modern large scale warehouse projects.

- The Region is growing dynamically - currently almost 500,000 m² is under construction, what constitutes 25% of the warehouse space being built in Poland.

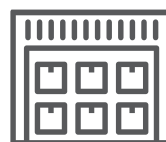
- Polish and foreign developers and investors are attracted to Upper Silesia with Panattoni, Prologis, SEGRO and Logisor being the largest in terms of their area of owned projects.

- The size of the agglomeration and numerous universities ensure access to qualified staff.

- Very well-developed road infrastructure, the intersection of the two largest Polish motorways – A1 and A4 – and numerous expressways, ensure a smooth supply chain, making Upper Silesia an excellent distribution hub for Central and Eastern Europe.

- Due to the high level of industrialisation in the region, many suppliers locate their logistics facilities there, which stimulates demand for warehouse space. Upper Silesia remains one of the key regions with one of the highest levels of interest among tenants looking for warehouses.

- Katowice International Airport in Pyrzowice for another year in a row holds leading position among Polish regional airports in the freight transport segment - air cargo.



2.86 million m²

modern warehouse space



photo R. Kaźmierczak

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