

Poland - Katowice

Key Performance Indicators

Prime Yield

7,95%

Expected Investment Returns
Change YoY: 65 bps

Prime Rent

€ 14,50

Monthly, per sq m
Change YoY: 4,7%

Average Rent

€ 13,85

Monthly, per sq m
Change YoY: 2,6%

Office Investment Volume

€ 113M

In Katowice during Q4 2022
€ 113M (Rolling 12 months)

Take Up

7K

Square Meter
7K Year2Date

Vacancy Rate

17,15%

Percentage of Stock vacant
Change YoY: 667 bps

Completions

2K

Square Meter
120K Year2Date

Total Stock

726K

Square Meter
602K Occupied Stock

(Forecast) Completions

119K (2022)

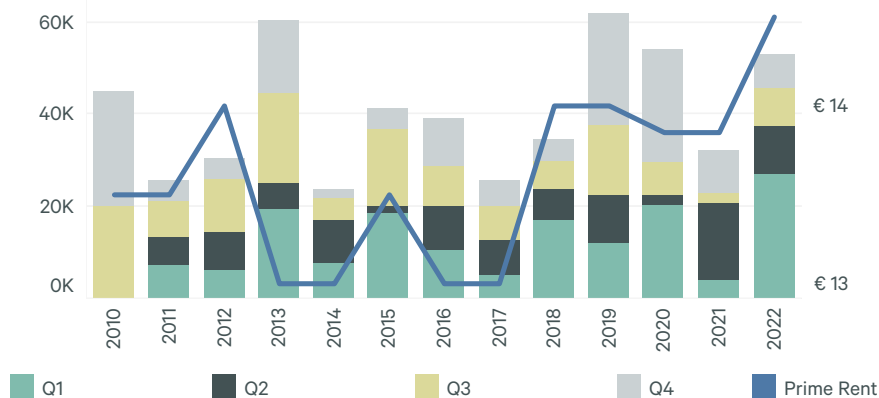
Square Meter
57K (2023) // - (2024)

The total office market stock in Katowice amounts to 726,500 sq m. In Q4 2022, two new buildings were completed and 10 500 sq m was delivered. The new supply is currently 100% let.

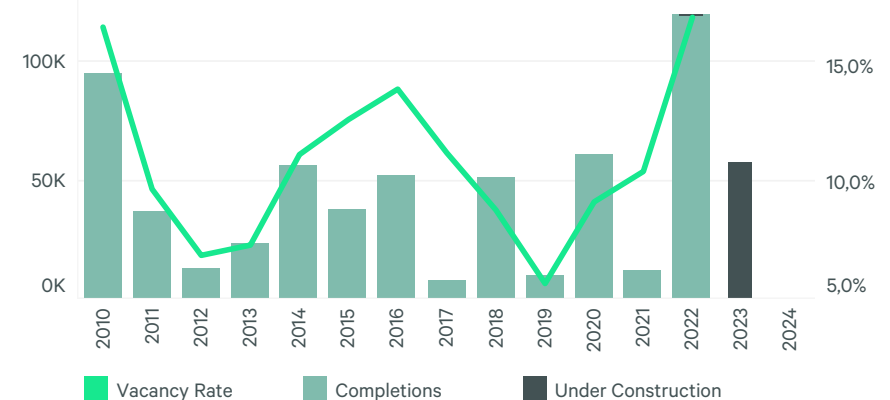
Demand in 2022, despite the crisis caused by the pandemic and war in Ukraine, remains strong at 62,700 sq m, which is 17% more than in 2021. Recent quarters have been characterized by a negative trend for the office market in Katowice, but this reflects the fact that demand in Q1 was the highest ever recorded in history. Tenants' sentiment is positive, as evidenced by the largest share of new leases among all regional cities (74%), with renegotiations constituting 16%. In 2022, the largest office transaction in Katowice was the new lease of 12,900 sq m signed by PWC. In Q4 2022 alone, the largest lease agreement signed was the new lease of Cluster Offices (Business Services sector) in Stary Dworzec PKP building 8 (by almost 1,800 sq m).

At the end of 2022, the vacancy rate stood at 17.15%, which translates into almost 124,600 sq m readily available. Despite the high demand in the city, the vacancy rate increased by 0.27 p.p. compared to Q3 2022, greatly influenced by buildings vacated by those tenants who chose to move to newly established locations. A considerable share of available space is located in newly established office buildings, which are still undergoing commercialization.

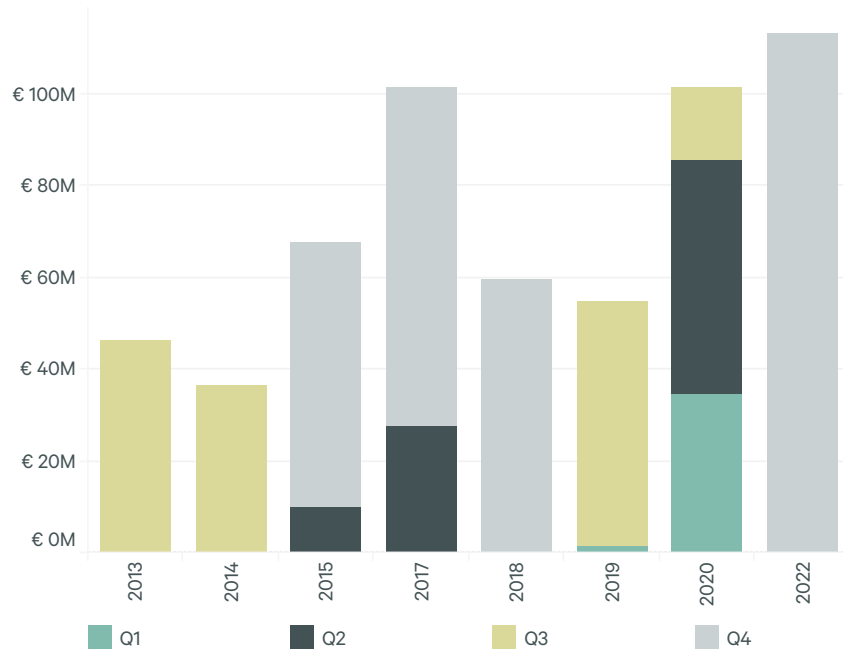
Market Trend (Take-Up | Prime Rent)



Development Activity (Completions | Vacancy Rate)



Katowice Office Investment Volumes



The prime headline rent has grown to EUR 14.50/sq m/ month. The average rent amounts to 13.85 EUR/sq m/month, while tenants with a standard 5-year agreement may obtain up to 10 months' rent free.

The Katowice office market has been developing at a high pace and even the pandemic outbreak in 2020 did not slow that process. Over 57,200 sq m of office space will be developed by the end of 2024 across five buildings, resulting in an increase of office stock by 8%.

With the high volume of completions comes the risk of increased vacancy, especially in buildings of lower quality and in secondary locations. However, strong domestic economic fundamentals and employment growth associated with incorporating nearshoring into international companies' strategies should gradually absorb new area and stabilize the vacancy rate in prime properties.

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