

Poland - Lodz

Key Performance Indicators

Prime Yield

7,65%

Expected Investment Returns
Change YoY: 90 bps

Prime Rent

€ 13,50

Monthly, per sq m
Change YoY: 1,5%

Average Rent

€ 13,00

Monthly, per sq m
Change YoY: 0,0%

Office Investment Volume

€ -

In Lodz during Q4 2022
€ 65M (Rolling 12 months)

Take Up

8K

Square Meter
8K Year2Date

Vacancy Rate

20,86%

Percentage of Stock vacant
Change YoY: 508 bps

Completions

-

Square Meter
32K Year2Date

Total Stock

629K

Square Meter
498K Occupied Stock

(Forecast) Completions

42K (2022)

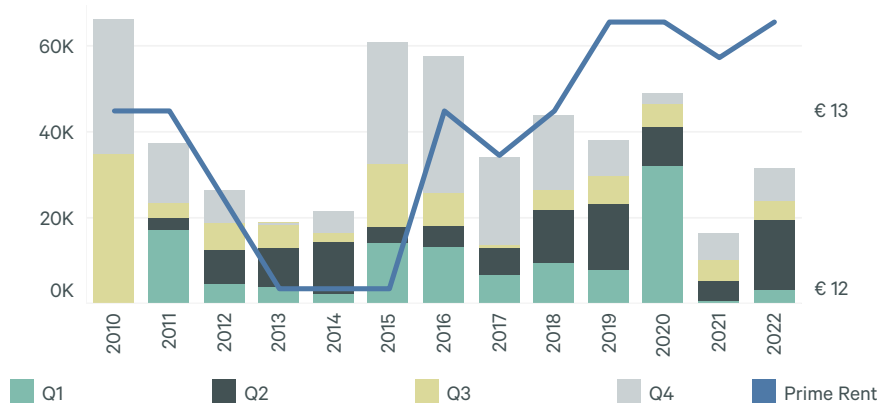
Square Meter
23K (2023) // - (2024)

The total office market supply in Lodz amounts to 631,200 sq m. In Q4 2022 one new building was completed with 1,800 sq m delivered to the market. The new supply is on average 32% let. In total 43,300 sq m was added to the stock in 2022.

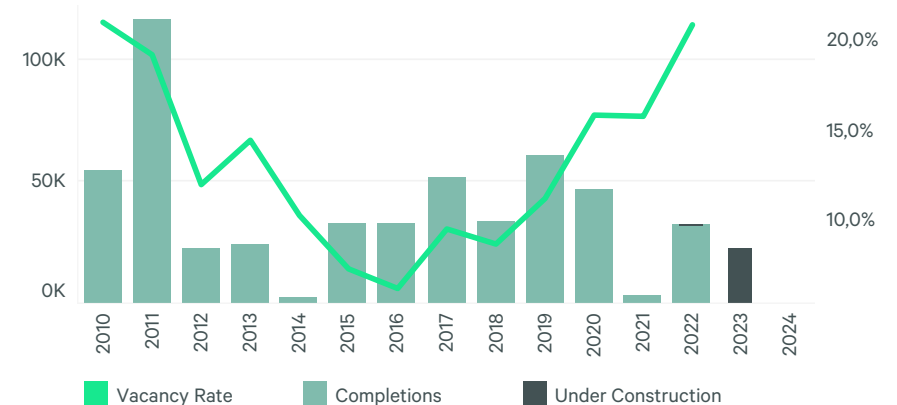
Demand in Lodz in 2022 totalled at 48,400 sq m. This indicates a slight 5% decrease in comparison with 2021. 2022 demand seems to have been dominated by new contracts (54%) and renegotiations (37%), with only 5% let through expansions. The largest transaction in Q4 2022 in Lodz was Sii's lease in Hi Piotrkowska 155 building (2,400 sq m).

At the end of 2022, the vacancy rate stood at 20.99%, which translates into 132,500 sq m. This shows a noticeable increase of 5.22 p.p. compared to 2021. Vacancy is primarily located in older buildings with a clear steer towards new supply - 2021-2022 completions are currently on average 66% let. The prime headline rent remains on a stable level at EUR 13.50/sq m/month. The average rent amounts to 13.00 EUR/sq m/month, while tenants with a standard 5-year agreement may obtain up to 8 months' rent free.

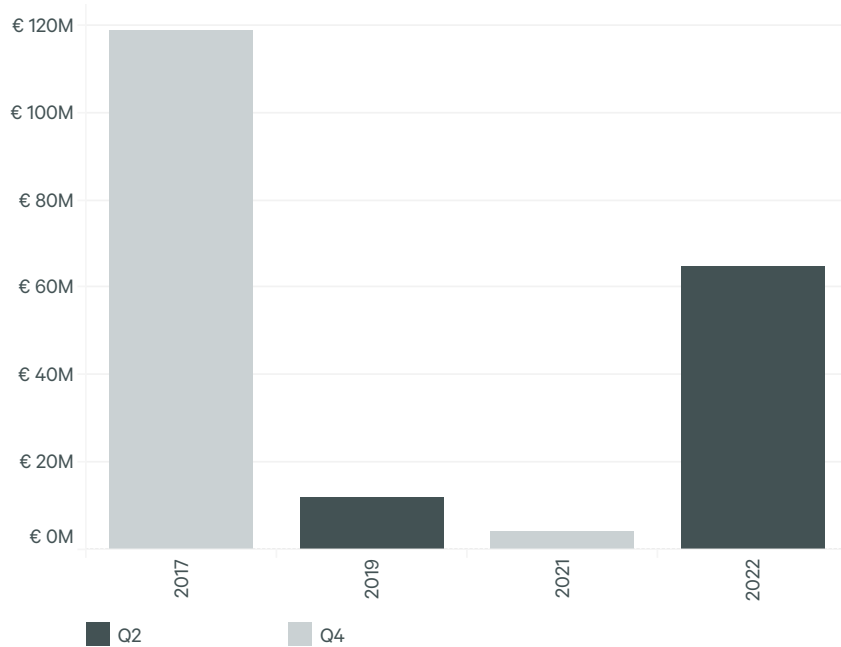
Market Trend (Take-Up | Prime Rent)



Development Activity (Completions | Vacancy Rate)



Lodz Office Investment Volumes



Recent years were a profitable time for developers in Lodz, resulting in over 264,800 sq m of new office space added to the stock since 2017, as well as annual demand not dropping below 50,000 sq m until 2022. New office space development is currently subdued with only 24,200 sq m remaining under construction.

Crucial sectors which generate demand in the city are the business services, manufacturing, industrial & energy sectors and IT. They were responsible for respectively 30%, 25% and 24% of the demand in 2022. It is expected that these three sectors, including BSS companies, will continue to boost demand in the coming quarters.

As tenants gradually shift to the newer A class buildings, we may expect this to mostly have an impact on older and B class stock. Along with the limited pipeline, we expect 2020-2022 supply, which is currently on average 61% let, to be the first choice for tenants, which will also lead to a visible fall in the vacancy level within the next few months.

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