

## Cushman & Wakefield's Report: Regional Office Markets in Poland in Q3 2018

- There is a notable trend towards decentralisation in the business services sector, leading to increased leasing activity in smaller cities such as Rzeszów, Bydgoszcz, Toruń, Gliwice and Częstochowa, which saw new lease transactions in Q3 2018.
- Of all the regional markets, Krakow and Poznań saw the biggest movements in vacancy rates quarter-on-quarter: up by 1.33 pp and down by 1.15 pp, respectively.
- Net absorption in the first three quarters of 2018 hit 400,000 sq m, up by more than 22% on the same period in 2017. The relatively high absorption rate is largely due to delivery of office space pre-let in 2017
- Skanska breaks ground on its first project in Gdansk. Wave will offer nearly 48,000 sq m of modern office space and is scheduled for delivery in 2020.

**Warsaw, 31 October 2018 – Global real estate services firm Cushman & Wakefield presents a summary of the third quarter of 2018 on the Polish regional office markets in its latest report *MARKETBEAT – REGIONAL OFFICE MARKETS IN Q3 2018*.**

*“In the first three quarters of 2018 the investment volume on the regional office markets reached EUR 670m, which represented a 210% increase on the same period in 2017. Krakow saw the strongest investor activity with three transactions closed for a total of EUR 225m. The runner-up was Wrocław, where five office buildings changed hands for EUR 220m in total,”* said **Michał Wachowicz, Consultant, Capital Markets, Cushman & Wakefield.**

In Q3 2018, Poland's eight largest regional cities (Krakow, Wrocław, Tricity, Katowice, Poznań, Łódź, Szczecin and Lublin) saw more than 176,000 sq m of office space delivered across 21 new projects, taking the total space available on those markets to 4.81 million sq m. The biggest completions included Olivia Prime A in Gdansk (28,000 sq m), Ogrodowa Office in Łódź (24,700 sq m) and the first phase of Podium Park in Krakow (15,700 sq m). According to Cushman & Wakefield's analysts, with nearly 140,000 sq m in the pipeline the regional cities' total office stock is likely to hit the 5 million sq m mark by year-end 2018.

Despite the healthy supply volumes, the overall vacancy rate is rather stable. At the end of Q3 2018, the average for the eight largest regional cities stood at 9.7%, up by 0.4 pp on the previous quarter. The lowest vacancy rate was in Poznań (6.6%) while the highest was in Lublin (18.9%).

In January-September 2018, total leasing activity amounted to 421,000 sq m in the eight largest regional cities, down by 9% compared to the same period in the peak year 2017 and up by 4% on the three-year average. The highest take-up volumes were posted in Krakow (46,000 sq m), Tricity (40,400 sq m) and Wrocław (38,100 sq m). These cities also reported the largest transactions: Capgemini's 11,850 sq m renegotiation at Rondo Business Park in Krakow, Sii's 10,100 sq m pre-let at Olivia Prime A in Tricity and Credit Agricole's 9,850 sq m expansion at Business Garden I in Wrocław.

*“In the first three quarters of 2018, occupier activity focused on Krakow, Wrocław and Tricity - Poland's three biggest regional markets. However, the notable trend towards decentralisation in the business services sector*

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*is leading to increased leasing activity both in mid-sized cities including Łódź, Poznań and Katowice, and in smaller cities such as Rzeszów, Bydgoszcz, Toruń, Gliwice and Częstochowa, which recorded new lease transactions in Q3 2018,”* said **Jan Szulborski, Consultant, Consulting and Research, Cushman & Wakefield.**

In Q3 2018, prime headline rents remained flat at EUR 12-14.5 per sq m per month on Poland’s regional office markets.

**About Cushman & Wakefield**

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 48,000 employees in approximately 400 offices and 70 countries. In 2017, the firm had revenue of \$6.9 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.pl](http://www.cushmanwakefield.pl) or follow @CushWakeCE on Twitter.

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