





Kraków,

The former capital of Poland.

In the rankings of world travel sites it is one of the highest-ranked European and even world cities. It lures guests with the beauty of its architecture, rich cultural offer, and unique atmosphere.

Administratively, it is located in the Małopolska Voivodeship. Krakow is the second largest city in Poland in terms of population – currently inhabited by 779 000 of people and the number is regularly increasing (to compare – at the end of 2010: 757.7 thousand people, whereby the total number of inhabitants of Poland was higher by approximately 100 thousand people than at present).

In annual terms, the population of Krakow increased by 8 thousand of people. This natural increase in the capital of Małopolska has remained at a positive level since 2008 and amounts to approximately 2% each year. The balance of internal migration for permanent residence also increases annually at a similar level. In 2018, it amounted to 4 131 people (1616 the year before).

Krakow is also the second Polish city in terms of area. It extends to 326.91 km². There are several neighbouring small towns around Krakow, such as Skawina, Zabierzów or Wieliczka, and the borders between them are slowly blurring thanks to excellent transport connections, which allow their residents to freely use the infrastructure and employment in Krakow.

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Labour market



Krakow can boast a thriving labour market. Currently, the unemployment rate in the city is only 2.4%. This result is good, considering increased by pandemic unemployment rate of Poland, which is 5.7%. In the enterprise sector, the average gross monthly remuneration is PLN 5 900 and the average employment was 526.5 thousand people.

The number of companies registered in Krakow is gradually increasing by about 3% per year. In 2018, 5,643 new companies and 2,908 entities commenced their activity in Krakow. Currently, there are 24 100 commercial law companies in Krakow, including 5 048 with foreign capital and over 77 300 companies in the form of individual business activity.

A Special Economic Zone has been operating in Krakow since 1997, which initially covered a total of 66 ha, currently it covers as much as 949 66 ha. The SEZ allows companies located in its territory to conduct business activity on preferential terms, e.g. receive tax exemptions. This is to accelerate the development of regions through, among others, attracting new investments, developing exports and creating new jobs. The SEZ has been managed by a specialised business environment institution since 2004 known as the Krakow Technology Park. Till the end of 2018, SEZ allowed 263 companies to operate within SSEs, where 28 thousand of job positions were created, and investment was estimated for PLN 5 bilion

In addition, Krakow, through the activity of venture capital funds, business cooperation, universities and innovation incubators, supports start-ups. Every year, there are over 500 start-up and technology events organised here, and leading ventures of this type have already attracted investments worth over PLN 500 million.

Investment market



Krakow is considered the Polish capital of business services. It has become an attractive place for outsourcing companies from around the world providing financial and accounting services (BSS).

According to the most prestigious Top 100 Outsourcing Destinations ranking carried out in 2018 by Tholons, it is the most attractive city in Europe in terms of these services and occupies sixth place in the world ranking, leaving Warsaw behind. Investors have located 157 business service centres in Krakow (23% of all such investments in Poland; Warsaw - 17%), which employ over 90 000 of people. Everyday, there are 20 new job positions created in Cracow within this sector. Companies, such as PricewaterhouseCoopers, Capgemini, Shell, International Paper, UBS Business Solutions Poland and Universal Investment, have set up their centres or branches in Krakow. The visibly growing number of companies encourages new ones to invest in Krakow.

In the first quarter of 2019, compared to the corresponding period of last year, there was an increase in turnover in most of the surveyed groupings in the area of business services. The largest increase in turnover was recorded in architecture and engineering services, followed by:

technical research and analysis (by 49.1%), advertising, market research and public opinion research (by 36.4%), other professional, scientific and technical activities (by 29.7%) and employment-related activities (by 28.6%). A slightly lower increase in turnover was in activities related to administrative office support and other business support activities (by 21.6%), followed by: management consultancy services (by 20.7%), and activities related to software and IT consulting (by 20.6%).

Office space market



Office space market develops dynamically in Krakow. The overall office space area at the end of the first quarter of 2020 achieved the amount of over 1.45 million sqm. The volume of transactions in the first quarter of 2020 was over 62 100 sqm, which is almost 100% higher in comparison to the previous quarter. At large, IT sector companies signed lease agreements (58%), followed by service sector (17%). This made Krakow an indisputable leader within regional cities. The greatest transactions of the first quarter of 2020 are as follows: lease of 14 500 sqm by confidential tenant in Tertium Business Park II (pre-let); pre-let agreement of Lufthansa Global Business Services for 8 300 sqm in the Wadowicka 3 office building (building B) and renegotiation of an agreement for 8 000 sqm by Ericsson in DOT Office E. In the end of the first quarter of 2020, vacancy rate was 10%, which means a decrease of 0.07% in comparison to the previous quarter. Free lease area is 145 500 sqm. The prevalence of supply over demand is still noticeable.

Almost 85% of the office space is located outside the city centre. Most of the space, as much as 510,300 m², is located in the southern part of the city. Asking rents range between 10.5-13.5/m²/month in the northeast regions, through 14-14.5/m²/month in the northeast and south regions, and to 16/m²/month in the city centre. The large number of newly developed office buildings makes the Krakow office market very young - more than half of the buildings are no more than 5 years old.

Existing office resources and supply under construction



New supply, demand, volume and vacancy rate



Retail market

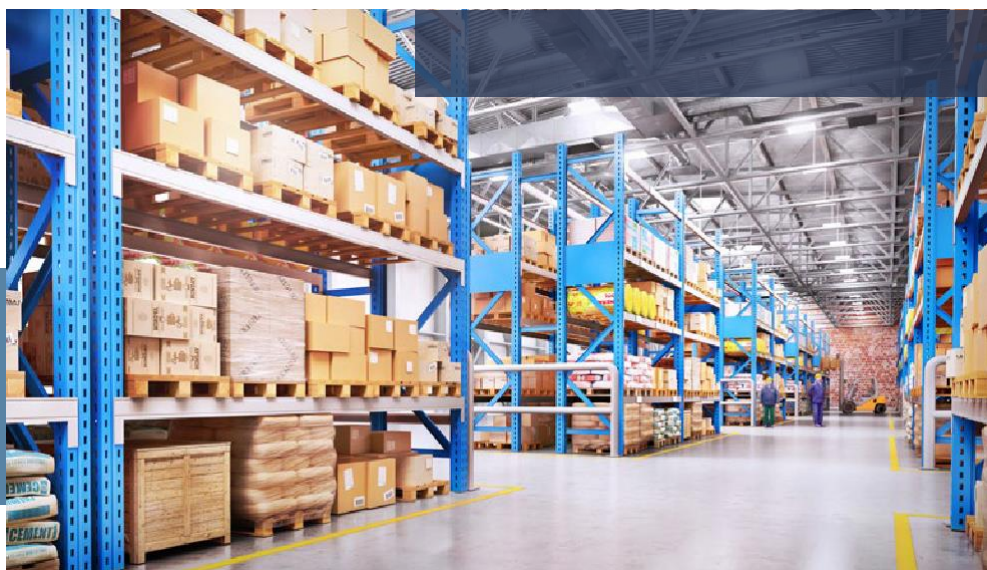


At present, modern commercial resources in Krakow and the surrounding area constitute 615 000 sqm, consisting of 15 shopping centres of various scales (from and not exceeding 10 000 sqm to 90 000 sqm) in Krakow and three neighbouring towns. In 2020, new shopping centre, Cracovia Outlet, which will enrich market by another 22 thousand sqm, starts its construction at Nowohucka street (near existing shopping centre M1). Additionally, the construction of two shopping parks Atut, with their overall area of 23 thousand sqm, will start.

Two shopping centres with a total area of 50,000 m² were put into use: one in 2018 and the second one at the beginning of 2019, and the density of space by the end of 2019 amounts to 740 m²/1,000 inhabitants of Krakow, putting it at sixth place among the largest Polish cities.

The cost of monthly lease of premises in the best Krakow shopping centres (up to 100 m² for the fashion sector) ranges between EUR 35 and 70 per 1 m². The difference mainly depends on the location, the tenant's brand, the size of the premises, and location on the centre map.

Industrial & Logistic market



In the end of 2019, the of supply of industrial and logistic market in Krakow was 625 thousand sqm, which constituted for 3% of overall Polish industrial and logistic market supply. Leasing areas are located in Krakow itself and its surrounding areas, such as Modlniczka, Skawina and Olkusz. Year 2019 was the record-breaking one, considering the new supply. Over 120 thousand sqm of industrial and logistic areas were commissioned within two projects of 7R Logistic and Goodman Group. In the end of 2019, two built-to-suit objects with the overall area of 17 thousands sqm were under construction. In the same time, over 200 thousand sqm.

The volume of Krakow storage space is estimated for 580 thousand sqm which makes up for 1.5% of the overall lease agreements in Poland, considering last 12 months.

High interest of Tenants, considering industrial and logistic areas, translated to decreased level of industrial and logistic areas to let. The vacancy rate in the end of 2019 has decreased to the lowest level since 2016 and was equal to 6.9%.

Rent rates for industrial and logistics space in Poland were mostly stable in 2019. The biggest changes were recorded in Warsaw in the Zone I and in Krakow, where rent rates decreased. Monthly rent rates for industrial and logistics space in Krakow amounted to 4-4.5 EUR/sqm/month. Big-box projects offered monthly rent rates of 3.90-4EUR/sqm/month.

Infrastructure market



Krakow can boast one of the best-developed public transport systems in Poland. The network of connections, allowing free movement between distant corners of the city plus modern rolling stock, make Krakow occupy one of the highest positions in the country in terms of transport. In addition, the infrastructure of the Polish National Railways (PKP), currently being rebuilt and renovated, has also contributed to the renewal of connections in the city and the improvement of railway communication with neighbouring municipalities

In addition, Krakow has perfect connections with other parts of the country - the city is located in a straight line between Germany and Ukraine as well as Slovakia and the Baltic border. Direct railway connection with the capital of the country, supported by a high running frequency of comfortable and fast trains, allows free travel between cities and promotes business development in both regions.

Krakow is also one of the Polish cities that can boast of air connections from its large international airport, which annually serves about 6 million passengers from around the world (in 2019 a record number of 8.4 million of people), 24 regular airlines and 5 charter airlines. The direct network of Krakow connections in 2019 included 114 airports in 32 countries as distant as the United States or Dubai. The airport, in turn, is perfectly connected with the centre of Krakow, so you can get to the Old Town in 20 minutes (by taxi, city bus or high-speed train).

Educational market



Krakow is the first Polish and one of the first European cities that can boast of Alma Mater and is still one of the largest European academic centres. Currently, there are 31 colleges in Krakow, of which 15 are public colleges and 7 of them have the status of universities. The most well-known Krakow university is the Jagiellonian University, which ranks ex aequo with the University of Warsaw in the ranking of the best Polish universities. The AGH University of Science and Technology boasts the title of the best and largest university of technology in Poland, taking high positions in the rankings of world universities of technology.

Among Krakow's students, the largest group are technological college auditors (about 1/4 of all students), the second largest group, in terms of numbers not being much different from the first one, are the Jagiellonian University students (apart from humanities also offering medical and technological faculties). A large proportion of students, about 15%, attend universities of economics.

Every year, between 55 000 and 60 000 graduates leave Krakow's universities, among whom the largest number complete studies in Technology, Industry and Construction, followed by: Business, Administration and Law as well as Social Sciences, Journalism and Information. Research shows that only a small proportion of graduates return to their hometown. Most remain in Krakow, looking for employment and, as a consequence, settling for a long time or even permanently.



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