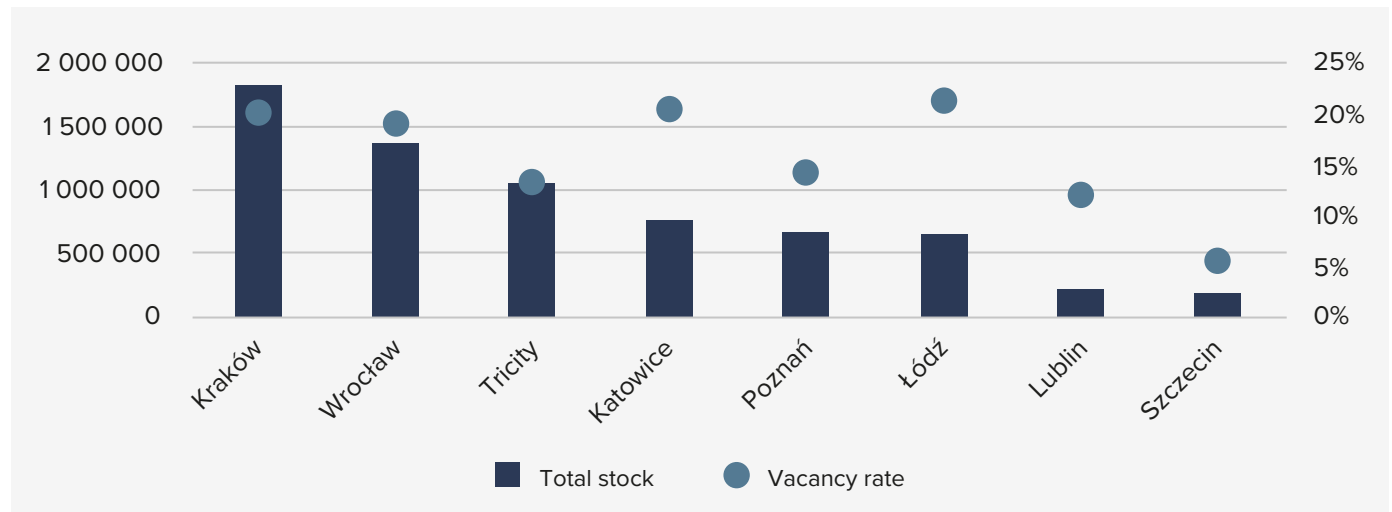




Office market in Katowice Q1 2024

Katowice ranks fourth-largest office market in Poland, following Kraków, Wrocław, and Tricity. The total stock in the city reached approximately 750,000 sq m at the end of Q1 2024, accounting for 11% of the total office stock in major regional markets.

Total office stock (sq m) and vacancy rate in the major regional office markets (Q1 2024)



Developer activity in the Polish office market was exceptionally constrained in 2023 due to high inflation, rising construction costs, high financing costs, economic uncertainty, and suspension of many projects during the pandemic. This led to the lowest new supply volume in the office market's history, approximately 350,000 sq m. This trend continued in Q1 2024, with just over 30,000 sq m delivered in two projects (in Wrocław and Kraków).

Similarly, Katowice saw a significant slowdown in office market growth, with only one office building delivered in 2023, Craft by Ghelamco Poland (27,000 sq m). This volume is significantly lower than recorded in the previous year, as 2022 marked a record year in new supply. No new project was completed in Q1 2024.

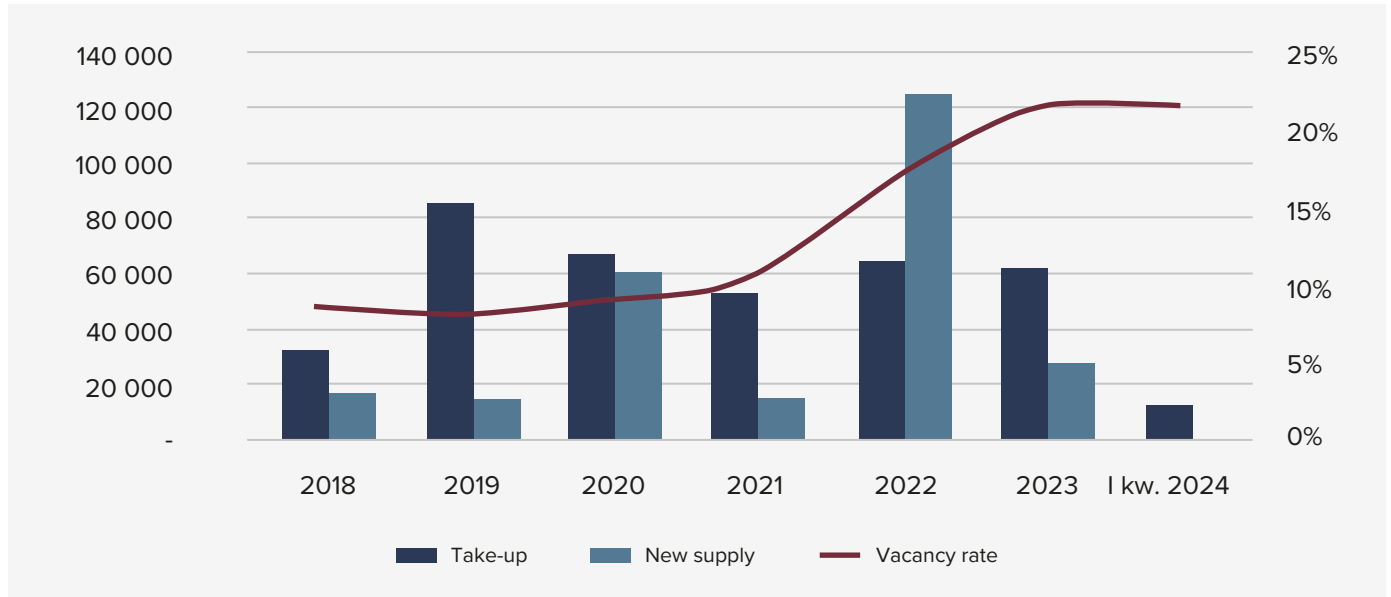
Approximately 45,000 sq m of office space was identified under construction in Katowice at the end of Q1 2024. The largest projects were Grundmana Office Park A (21,000 sq m), developed by Cavatina Holding, located in the city centre, and Eco City Katowice (18,000 sq m), owned by GPP Business Park, located in the outskirts of the city. This distribution of new office space reflects the demand for both central and suburban locations in Katowice.



Demand for office space in Katowice has remained stable for several years, with over 60,000 sq m leased in 2023. However, Q1 2024 saw a significant decline, with only 11,000 sq m leased, 40% lower than in the corresponding period of the previous year. New leases have the largest share in the take-up volume, with expansions making up 12%, the highest level among regional markets. The remaining leased space constituted renewals.

The vacancy rate in Katowice reached a record high level of nearly 21% at the end of Q1 2024, also the highest among the other office markets in Poland. However, this unprecedented level was influenced by the significant new supply introduced to the market in 2022, which was not fully leased. Gradually, with stable demand levels in subsequent quarters and a high share of new leases and expansions, this rate is expected to decrease. However, there is a visible trend of increasing importance of the quality of rented office space, leading to tenant relocations from older buildings to newer ones, which means this decline in vacancy rate will be slow.

Activity of developers and tenants (sq m) and vacancy rate in Katowice



Asking rents for office space increased in all markets in 2023, particularly in modern buildings, but remained stable in Q1 2024. In Katowice, rents ranged from EUR 8 per sq m per month to EUR 14.8 per sq m per month, depending on the project's location and the building standard. Since office availability is relatively high, no increases are forecasted in the upcoming months. Additionally, tenants must be prepared for further increases in operating costs, which range between PLN 15 and PLN 27 per sq m per month, reflecting increasing costs of maintaining office spaces.

