

Kraków Office Market



Demand focused on three core sectors

At the end of June 2024, total supply of modern office space in Kraków stood at 1.82 million sq m. Ca. 24% of total supply is located in the City Centre zone with 434,200 sq m. The remaining zones include Northeast with 19% share in supply, Southeast (21%), Southwest (21%) and Northwest (15%).

During H1 2024, a total of 14,400 sq m was delivered to the market within two projects, which were: Brain Park C in the City Centre zone (13,000 sq m) and Roko Office Point in the Southeast zone (1400 sq m). Newly developed supply is already 85% let. To compare 42,600 sq m was delivered during the H1 2023.

At the end of Q2 2024 44,900 sq m was under construction in six office projects (decrease by 65% y-o-y). Over 70% of which is located in the City Centre zone (31,700 sq m). The remaining space is being build in the Southeast zone (13,200 sq m). In H1 2024 ca. 26,700 sq m was commenced in WITA by Echo Investment, currently being the largest project under construction in the city. At this point, we are not forecasting further completions in H2 2024, while the most optimistic scenario for 2025-2026 should result in up to 116,000 sq m.

Between January and June 2024, total leasing activity in Kraków stood at 93,500 sq m (13% increase y-o-y). In Q1 tenant leased 44,100 sq m, while in Q2 it increased to 49,400 sq m. In H1 2024 the two zones with the highest tenant activity were Southeast (24,400 sq m) and City Centre (23,800 sq m).

In H1 2024 over half of demand (50%) was generated by renegotiations. New leases added 45% share (including owner occupier), expansions generated 5% of demand. No pre-let agreement was recorded in the market during the first six months of 2024.

Demand in H1 2024 was dominated by three sectors generating almost 80% of total take-up. Those sectors were: the IT sector (35% share or 32,400 sq m), the manufacturing sector (27% or 25,400 sq m) and the business services sector (18% or 16,500 sq m).

The largest transactions (exceeding 10,000 sq m) in H1 2024 were renegotiation of APTIV Services Poland (10,300 sq m) in Enterprise Park F and new lease of Volvo Tech Hub in Brain Park C (10,100 sq m).

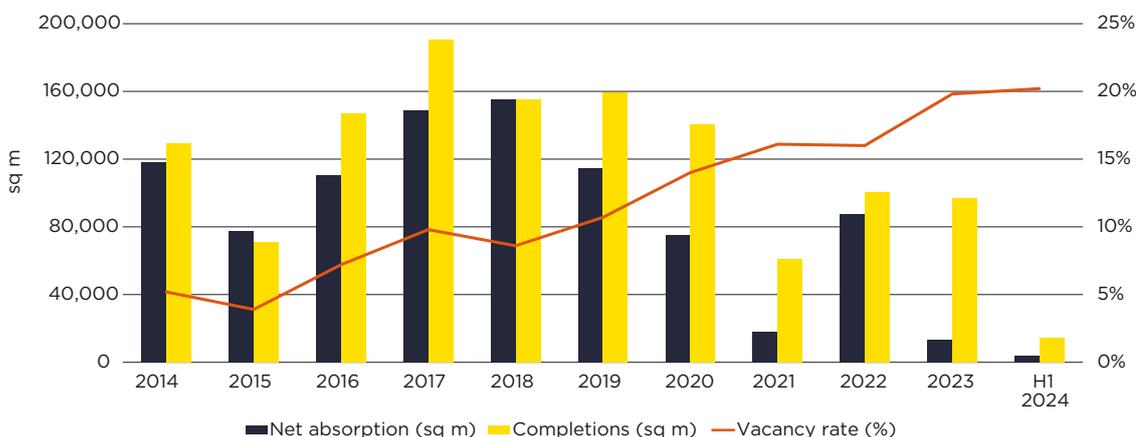
At the end of June 2024, there was 367,600 sq m of office space available in Kraków, which translated into a vacancy rate of 20.2% (an increase by 180 bps y-o-y). City Centre zone had the lowest vacancy rate (11.9%), while in the other zones the rate exceeded 20% (with exception for Southwest zone where it stood at 19.8%).

Net absorption in H1 2024 reached 4100 sq m city-wide. To compare, in H1 2023 it was negative at the level of -5800 sq m.

In the last few quarters, we have seen an increase in rental levels for the best projects in Kraków. Headline rents in A-class new office buildings are now in the range of EUR 13.50- 16.50/ sq m/month. The increases were caused, partly, by high inflation and construction cost. Additionally, we observe a trend towards higher level of incentives, which are recompensed to landlords by higher headline rents.

The service charge level in well-kept and managed properties usually varies between PLN 18.00 and PLN 25.00/ sq m/month, but in some cases the level even exceeding PLN 30.00/ sq m/month.

Net absorption, completions and vacancy rate, 2014-H1 2024



Source: Savills Research

Key office data H1 2024:



1.82 million sq m
Total office supply



44,900 sq m
Total space under construction
(54% down y-o-y)



14,400 sq m
Completions
(65% down y-o-y)



20.2%
Vacancy rate
(180 bps up y-o-y)



93,500 sq m
Total take-up
(13% up y-o-y)



4100 sq m
Net absorption
(-5800 sq m in H1 2023)

Kraków office zones



Total stock
 Available area
 Gross take-up
 Net take-up
 Under construction

City Centre

	434,200 sq m
	51,700 sq m / 11.9%
	23,800 sq m
	20,300 sq m
	31,700 sq m

Northwest

	271,800 sq m
	77,300 sq m / 28.4%
	15,600 sq m
	3,300 sq m
	0 sq m

Northwest

	352,900 sq m
	87,100 sq m / 24.7%
	17,500 sq m
	3800 sq m
	0 sq m

Southwest

	373,900 sq m
	74,100 sq m / 19.8%
	12,200 sq m
	7200 sq m
	0 sq m

Southeast

	388,400 sq m
	77,500 sq m / 20.0%
	24,400 sq m
	12,200 sq m
	13,200 sq m

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