

Tricity Office Market



Leader in terms of construction activity

At the end of June 2024, total supply of office space in Tricity (Gdańsk, Gdynia, Sopot) was at 1.05 million sq m. Gdańsk is the largest market in terms of office stock, accounting for 76% (800,900 sq m). Gdynia is the second and accounts for 21% or 216,900 sq m. The smallest office market is Sopot (3%), which mainly focuses on the tourism sector.

During H1 2024, only one office project was delivered to the market. It was the second phase of LPP Fashion Lab - Silk in Gdańsk with total office area of 5000 sq m.

At the end of June 2024, ca. 23,000 sq m of modern office space was under construction in the region. Compared to H1 2023, this is a decrease of 66%. This low level of space under construction is due, among other things, to the persistently high vacancy rate since the pandemic, which prompted some developers to put on hold some of the projects that were under construction. There are currently four projects on hold (three in Gdańsk and one in Gdynia) with a total area of more than 48,000 sq m. Developers are depending the resumption of construction work with pre-lease agreements or obtaining more favourable financing. Currently, 14,500 sq m of office space is under construction in Gdynia, while 8500 sq m is located in Gdańsk. The largest project under construction is the second phase of Waterfront in Gdynia (14,500 sq m in total) by Vastint.

In H1 2024, total leasing activity stood at 55,800 sq m, which is 19% less than in H1 2023. In Q1 tenants leased ca. 23,400 sq m, while in Q2 demand increased to 32,500 sq m. Most of the space was leased in Gdańsk (46,700 sq m). In Gdynia occupier activity stood at 8600 sq m.

Between January and June 2024 renegotiations generated ca. 43% of total demand. New leases added 54% share (including owner occupier) while expansions generated 3% of total demand. No pre-let agreement was recorded.

The most active tenant sectors during H1 2024, which together generated almost two-thirds of demand, include: the IT sector (35% share), the manufacturing sector (18%) and the business services sector (13%).

At the end of June 2024, there was 131,600 sq m of office space available in Tricity, which translated into a vacancy rate of 12.5% (a decrease by 180 bps y-o-y).

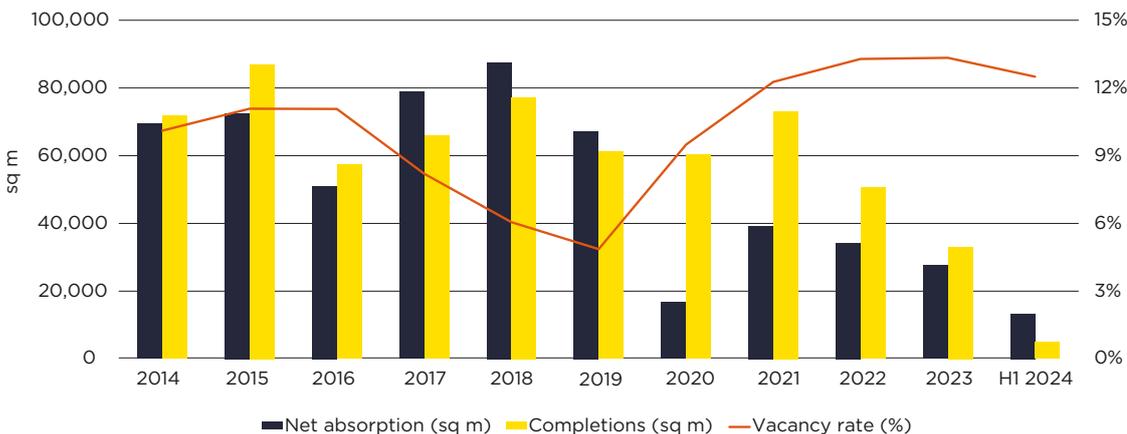
Most of the vacant space was in Gdańsk, where over 86,600 sq m was available, meaning vacancy rate at 10.8%. In Gdynia there was 38,200 sq m vacant or 17.6%. Ca. 6900 sq m of available space was located in Sopot (19.5%).

Net absorption in H1 2024 stood at 13,400 sq m absorbed in Tricity. To compare in H1 2023 net absorption was negative at -4700 sq m.

Rents in Tricity have remained stable for several quarters, although we have seen a slight increase in the first half of 2024, especially in A-class buildings. Reasons for the increase include the gradual absorption of vacant space (peak of vacancy rate was between 2022-2023) and the high cost of fit-out works. Landlords in order to compensate high costs of fit-out works and very attractive packages of incentives offered to tenants are trying to increase headline rents. At the end of Q2 2024 headline rents in a prime location in Tricity ranged between EUR 13.00- 15.00/ sq m/month.

Last year we witnessed significant service charge increases across the country, Tricity was no exception. The main reasons for the increases include continued high inflation and high energy costs. Currently, the service charges in Tricity are quoted at PLN 21.00-29.00/sq m/month.

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



Source: Savills Research

Key office data H1 2024:



1.05 million sq m
Total office supply



23,000 sq m
Total space under construction
(66% down y-o-y)



5000 sq m
Completions
(27% down y-o-y)



12.5%
Vacancy rate
(180 bps down y-o-y)



55,800 sq m
Total take-up
(19% down y-o-y)



13,400 sq m
Net absorption
(-4700 sq m in H1 2023)

Tricity key data



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

Gdynia

	216,900 sq m
	38,200 sq m / 17.6%
	8600 sq m
	8600 sq m
	14,500 sq m

Sopot

	35,200 sq m
	6,900 sq m / 19.5%
	500 sq m
	500 sq m
	0 sq m

Gdańsk

	800,900 sq m
	86,600 sq m / 10.8%
	46,700 sq m
	23,000 sq m
	8500 sq m

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Office Agency



Daniel Czarnecki
 Head of Landlord Representation
 +48 519 033 717
 dczarnecki@savills.pl



Jarosław Piłch
 Head of Tenant Representation
 +48 694 497 800
 jpilch@savills.pl



Piotr Skuza
 Associate Director Gdańsk
 +48 600 411 080
 pskuza@savills.pl



Olga Mikołajun
 Junior Consultant
 +48 505 385 249
 olga.mikolajun@savills.pl

Research



Wioleta Wojtczak
 Head of Research
 +48 600 422 216
 wwojtczak@savills.pl



Jarosław Jachura
 Senior Consultant
 Research Department
 +48 507 334 167
 jaroslaw.jachura@savills.pl

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