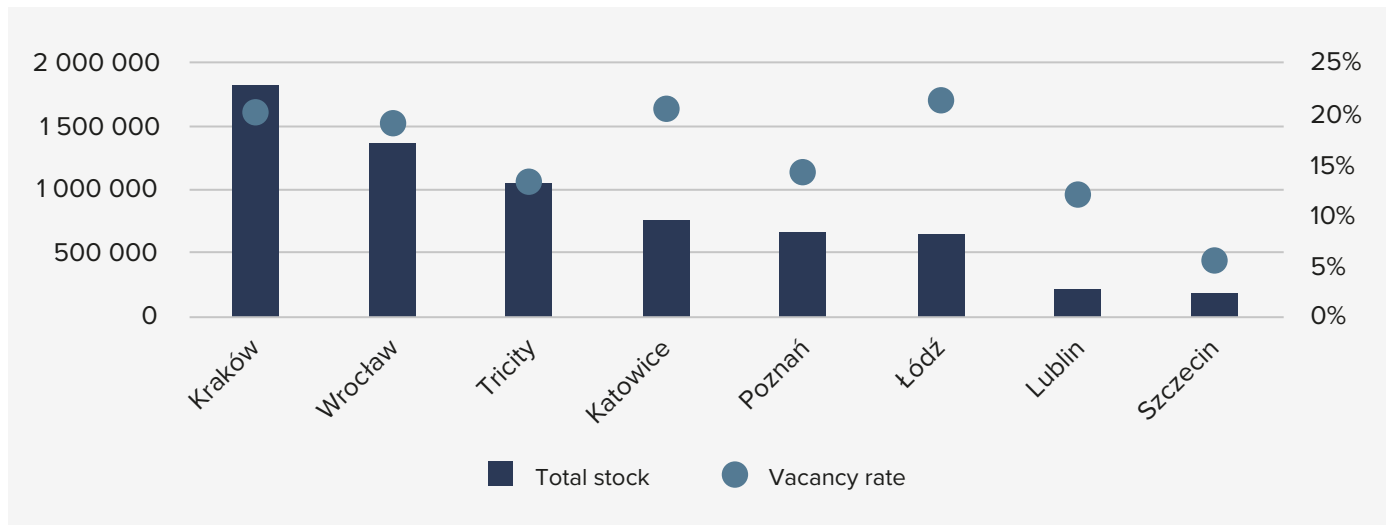




Office market in Poznań Q1 2024

Poznań, with office stock amounting to 670,000 sq m at the end of Q1 2024, ranks fifth among the major regional cities. This means it accounts for 10% of the total regional market. The largest concentration of office space is the city centre, where nearly half of the stock is located.

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).

While no new office project was completed in Poznań in Q1 2024, more than 40,000 sq m of office space was delivered to the market in 2023. This is one of the highest results in terms of new supply in the last decade, ranking third highest. The largest project was Skanska Property Poland’s Nowy Rynek E, which offers 25,000 sq m. In comparison, no new office building was completed in Poznań in 2022.

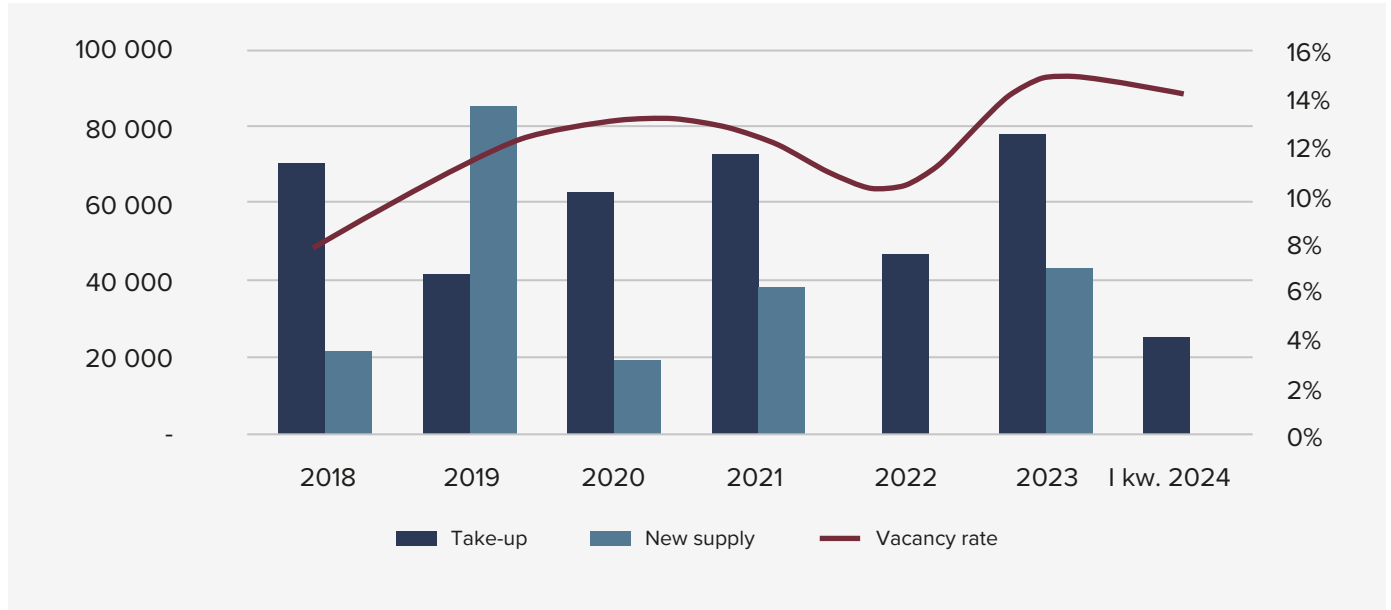
The volume of supply under construction indicates that 2024 will be a weak year in terms of supply. Approximately 5,000 sq m may be delivered, with another 50,000 sq m expected in 2025. Notably, the completion of the AND2 project by the Von der Heyden Group is planned for the second half of 2025.

The AND2 investment will deliver 40,000 sq m of office space and will be the tallest building in Poznań.

Demand for office space in Poznań amounted to nearly 80,000 sq m in 2023, making the second-highest result in the local market over the past decade. However, this elevated tenant activity was significantly driven by renegotiations. This trend continued in Q1 2024, with approximately 24,000 sq m of office space being leased, a significant increase compared to the 10,000 sq m recorded in Q1 2023.

The substantial new supply, coupled with demand driven primarily by lease renegotiations, resulted in a vacancy rate increase in 2023. However, Q1 2024 witnessed a marginal reduction in available office space, bringing the vacancy rate down to 14%. Despite this improvement, it remains relatively high compared to recent years. In comparison to other major regional cities, the vacancy rate in Poznań is one of the lowest, following Tricity, Lublin, and Szczecin.

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



In 2023, there was an increase in asking rents for office space in every market, especially in modern office buildings. In Q1 2024, rents stabilised, with levels in Poznań starting from EUR 10 per sq m per month to EUR 15.5 per sq m per month, depending on the project's location and the building standard. Considering the relatively high availability of office space, no rent increases are forecasted in the coming months. Additionally, tenants should anticipate further increases in operating costs, which at the end of Q1 2024 ranged between PLN 15 and PLN 28 per m² per month, reflecting the increasing costs of maintaining office spaces.

