

KRAKÓW |



# Krakow Real Estate Market 2016

**Krakow**  
2017

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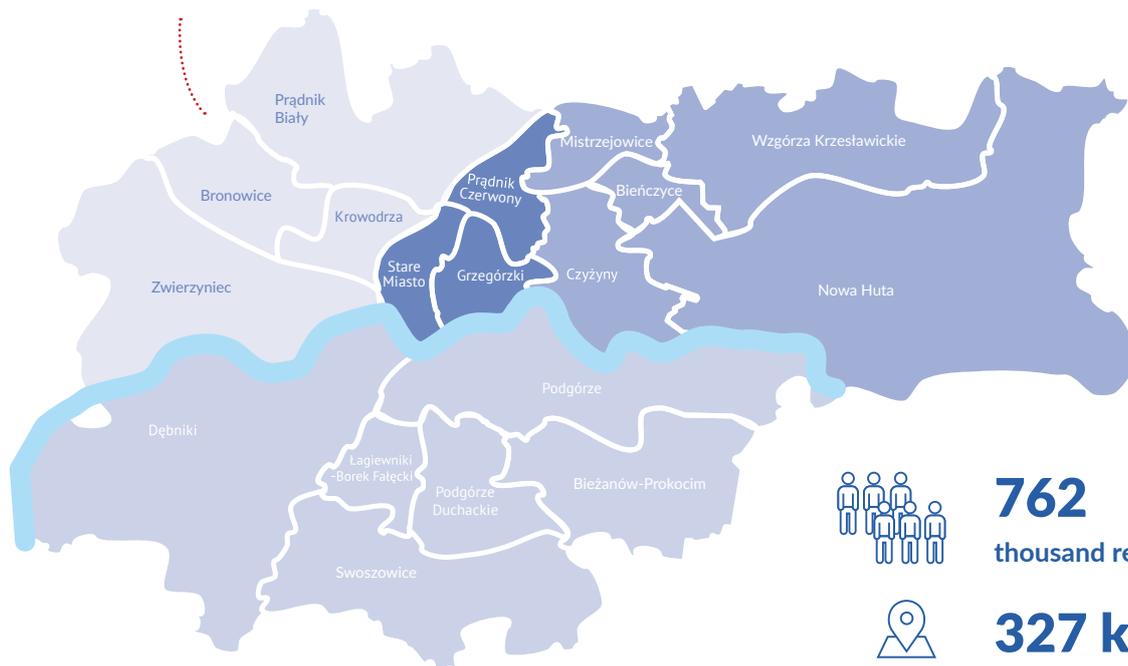
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The extended version of the Krakow Real Estate Market 2016 on the housing and land market is to be published on [www.krakow.pl](http://www.krakow.pl) in the business tag in May 2017.

# ABOUT KRAKOW



Welcome to Krakow, the second largest city in Poland, the capital of the Małopolska Province



**762**  
thousand residents



**327 km<sup>2</sup>**

Administrative division of Krakow – districts

## KRAKOW IS EASILY ACCESSIBLE

The city is located close to the major routes: the A4 motorway which runs from the border with Germany to the border with Ukraine and the A1 motorway which eventually will connect the Tri-city region with the Czech Republic.

10 km from the city centre is the largest regional airport in Poland – the Pope John II Krakow Airport. Thanks to new investments, such as the construction of a new passenger terminal, an internal communication system and a stop of the Rapid Agglomeration Railway (SKA) connecting Krakow Airport and the railway station – the airport is adapting to the constantly increasing number of travellers. Krakow Airport covers 14.5 million people within its catchment area – with an average commuting time of 120 min. – including the inhabitants of the Czech Republic and Slovakia.

### The number of passengers handled at Krakow Airport



2014 – **3,82** mln



2015 – **4,22** mln



2016 – **4,98** mln

The major cities in Poland can be quickly reached by rail from Krakow main railway station, which is located in the centre of the city. Trains to the capital – Warsaw leave almost every hour and the journey takes approx. 2.5 hours.

## KRAKOW IS EASY TO NAVIGATE

The city is famous for its well-organized communication network – based on trams and buses – and the continuously updated and extended infrastructure. Residents can use the “Wavelo” network of city bikes which will be composed of 150 stations with 1,500 modern bikes by the spring of 2017. Currently, intensive railway investments are focused on the development of the Rapid Agglomeration Railway (SKA) – a system of railway connections between the centre of Krakow and its suburbs, the airport and the more important towns in the region. The SKA system is part of the policy of sustainable transport: based on public transport, bicycle and pedestrian traffic, with the use of “Park & Ride” parking.

In 2016, Krakow was given the Civitas award in the field of transport for the initiatives through which pedestrians have gained a privileged position in some parts of the city

## KRAKOW IS AN IMPORTANT CENTRE OF HIGHER EDUCATION AND LEARNING

The city is one of the most important academic centres in Poland. The 10 public and 13 non-public tertiary level schools educate nearly 180 thousand students.



**180** thousand students in total



**49** thousand students in engineering faculties



**53** thousand graduates

The teaching staff is approx. 12 thousand people, including 1,400 professors. Krakow scientists work in various kinds of research and development centres and clusters bringing together companies, universities and cooperating research bodies.

In Krakow can be found the seat of the Polish Academy of Science, a branch of the Polish Academy of Sciences with 21 institutes and laboratories and the headquarters of the National Science Centre. In 2016, The SOLARIS National Synchrotron Radiation Centre was established. The synchrotron Solaris (electron accelerator) will enable scientists from different countries to conduct complex experiments in physics, chemistry, medicine, pharmacology, geology and materials science.

Studies may also be supported by the Prometheus supercomputer at the AGH University of Science and Technology, one of the 60 fastest in the world and the fastest in Central and Eastern Europe. Together with another computer – Zeus – it will accelerate the studies of Polish and foreign scientists. With these supercomputers, scientists can participate in major international projects, for example, the gravitational wave research or the experiments with the Large Hadron Collider at the European Organization for Nuclear Research CERN.





## KRAKOW IS THE LARGEST BUSINESS SERVICES CENTRE IN POLAND

In Krakow, there are about



**160**

**companies in the business services sector (SSC, BPO, IT, R&D, etc.)**



**60**

**thousand employees**

*Source: Aspire Headcount Tracker 2016*

One reason for the lofty position of Krakow in the area of business services, including modern technologies and the research and development sector is its access to highly qualified personnel. 70% of the workers in the modern business services sector are graduates of Krakow universities.

## KRAKOW IS A BUSINESS-FRIENDLY CITY

In the city, there are 3 sub-zones of the Krakow Special Economic Zone supporting the development of the modern economy: innovation and new technologies. Investors, at every stage of the investment process, can take advantage of the support of the Investor Support Centre at the Krakow City Office.

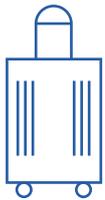
Krakow was ranked in the „Top 10 Large European Cities of the Future 2016/17 – Business Friendliness (10 big cities business-friendly)” conducted by the fDi Magazine of the Financial Times Group – a specialist publication dedicated to foreign direct investment.

The city is one of the largest start-up centres in Poland. This is a rapidly growing sector of the economy of Krakow, based on creativity and the entrepreneurial population. The development is under the influence of venture capital funds, the cooperation of entrepreneurs, universities, business and the operating incubators of innovation.

In the „Top 100 Outsourcing Destinations, 2016” Krakow is still ranked ninth in the world, and also the best in Europe, as a location for this type of investment

## KRAKOW ATTRACTS TOURISTS

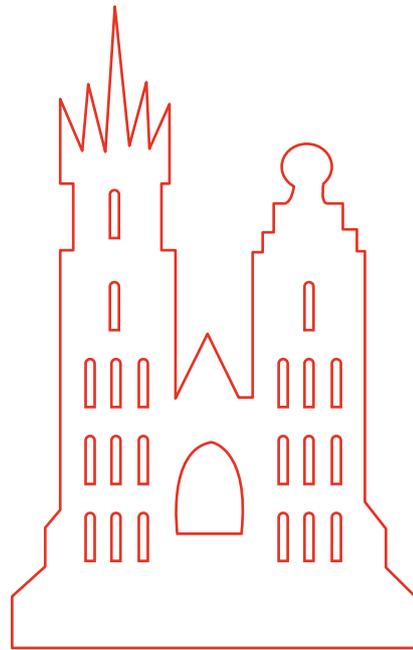
Krakow is the historic capital of Poland, the former seat of Polish kings. The area of the Old Town was included on the UNESCO List of World Cultural and Natural Heritage Sites in 1978. Krakow is a beautiful, historic and atmospheric city, with a well-developed accommodation, dining and entertainment infrastructure and numerous attractions for tourists.



In 2016, the city was visited by over

**12 million visitors**

(in 2015 – 10 million, in 2014 – 9.9 million, and in 2013 – 9.3 million)



## KRAKOW IS A GOOD LOCATION FOR BUSINESS MEETINGS

Business meetings are important destinations for visitors to Kraków. According to the „Poland Meetings and Events Industry Report 2016” the city takes 2nd position in the country, following Warsaw, in terms of the number of business meetings: conferences, fairs, corporate events and congresses.

International events are a great way to promote the city to an affluent, educated audience. They also provide a perfect platform for an exchange of ideas, new trends and technologies in various fields. Krakow has great academic potential, so the focus is on attracting scientific events, especially medical.

The Congress Centre ICE, operating for the last two years, has made a major contribution to the good results. This modern facility, in the opinion of experts, is considered one of the leaders in the meetings industry. The high standards of the building rank it among the most prestigious and exclusive congress centres in Europe.

In 2016, the ICE Krakow organized



**177 events** which were attended by almost



**250,000 participants**

The business meetings market in Krakow is steadily growing. Business meetings organized in Krakow account for 15% of all national meetings (2nd place in Poland)



## KRAKOW IS THE CAPITAL OF CULTURE

Since 2013, Krakow has held the title of UNESCO City of Literature, and Krakow's museums are among the most visited facilities of this kind in Poland.

The Historical Museum of Krakow, the Wawel Castle and the Salt Mining Museum in Wieliczka were included in the elite group of museums that have been visited by more than one million visitors.

Not just monuments and museums, but also a wide range of cultural events attract visitors. Every year in Krakow, there are about 100 different kinds of festival, half of which are of international significance, for example: the Film Music Festival, the Festival of Jewish Culture, Misteria Paschalia

Krakow has been awarded the prestigious title of IFEA World Festival & Event City 2016 by an international judging panel. The involvement of local communities in urban festivals, with the intention of strengthening the cultural identity of the city, was appreciated.

## SPORT IS IMPORTANT TO THE RESIDENTS OF KRAKOW

The city hosts international sporting events such as: the Tour de Pologne, the Cracovia Marathon. In 2016, Krakow hosted the European Men's Handball Championship, with 250 thousand fans of this sport. Organising such large events is made possible due to the modern infrastructure, for example: 2 large football stadiums and one of the world's most modern entertainment and sports facility, the largest of its kind in Poland, the Tauron Arena Krakow, capable of holding 22 thousand spectators. In 2017, the Krakow Arena will host other prestigious competitions such as: the men's volleyball, Eurovolley Poland Championship 2017.

Tauron Arena Krakow - the only one of its kind in Poland - is a member of the European Arenas Association, an association of the best facilities of this type in Europe.

However, not only the big events enhance the sporting life of Krakow. The city hosts many sports programmes, supports events and sports facilities initiated by clubs and organizations, as well as organising its own. The development of sport is one of the key tasks on which the city authorities put an emphasis.

## THE SMART CITY CONCEPT

The future of Krakow, resulting from the emerging Krakow Development Strategy 2030, will be to pursue the idea of "smart city" that is, being a modern metropolis which offers a high quality of life, amenable conditions for an innovative economy, strong human and social capital, with modern governance, taking into account the needs and aspirations of people and their participation in social life.

## THE KRAKOW REAL ESTATE MARKET

The healthy state of the economy in Krakow is reflected in the state of the real estate market. Krakow is the largest regional office space market. It also has the greatest number of categorized hotels in the country. Housing construction is rapidly growing - in 2016, as in previous years, Krakow held the top position among Polish cities in terms of the number of dwellings commissioned for use.

We invite you to go through the analysis describing the development of the real estate market in Krakow.

# OFFICE MARKET



Unprecedented developer activity and strong demand have resulted in continuous dynamic development of the office sector in Krakow. The city remains a leader among regional office markets in terms of total stock, new supply and office take-up. As the first regional market in Poland, Krakow office stock is expected to exceed 1 million m<sup>2</sup> of modern space in 2017.



**916,000** m<sup>2</sup> total modern office stock in Krakow in 2016



**261,000** m<sup>2</sup> office stock under construction

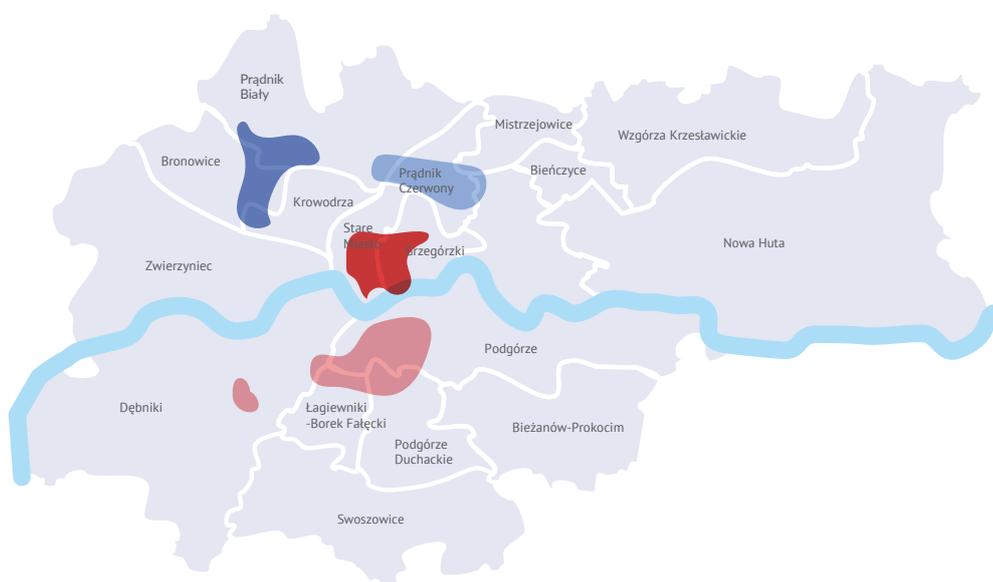


**225,000** m<sup>2</sup> to be completed in 2017

According to estimates, approximately 50% of modern office stock in Krakow is occupied by companies from the BPO/SSC sector and this share is expected to rise

## SUPPLY

As of the end of 2016, the total modern office stock in Krakow was estimated at approximately 916,000 m<sup>2</sup>. Office space concentrated in the city centre constitutes 15% of total stock and the remaining 85% is situated in non-central locations. (Map)



### Map

Areas of office stock concentration in Krakow in 2016

Source: Knight Frank

	Centre	North-West	North-East	South
Total stock (m <sup>2</sup> )	141,000	133,000	221,000	339,900
Vacancy rate (% of total stock)	8.6	10.2	1.4	4.4
Supply under construction (m <sup>2</sup> )	42,000	17,100	92,900	109,000
Asking rents (EUR/m <sup>2</sup> /month)	12.5–15	11–13.5	12–14	12–14.5

In 2016, eighteen new office schemes were completed in Krakow, increasing the total stock by some 149,000 m<sup>2</sup>, which was the highest volume in the history of the local office market. Despite this significant volume of new supply delivered to the market, developers have not slowed down and more developments have been started. At the end of December 2016, 261,000 m<sup>2</sup> of office space in twenty schemes was identified as under construction. According to developers' schedules, approximately 225,000 m<sup>2</sup> is due to be completed in 2017.

## DEMAND

Krakow has maintained its leading position amongst Polish cities as the first-choice location for companies in the BPO/SSC sector, with 50,300 employees in business services centres in 2016.

Lease transactions signed in 2016 in Krakow amounted to approximately 188,000 m<sup>2</sup>, which was slightly higher than the record-breaking volume noted in 2015 and approximately 62% higher than the five-year annual average take-up. In

## VACANCY RATE



**66,300**

**m<sup>2</sup> modern office space available for lease**



**7.2%**

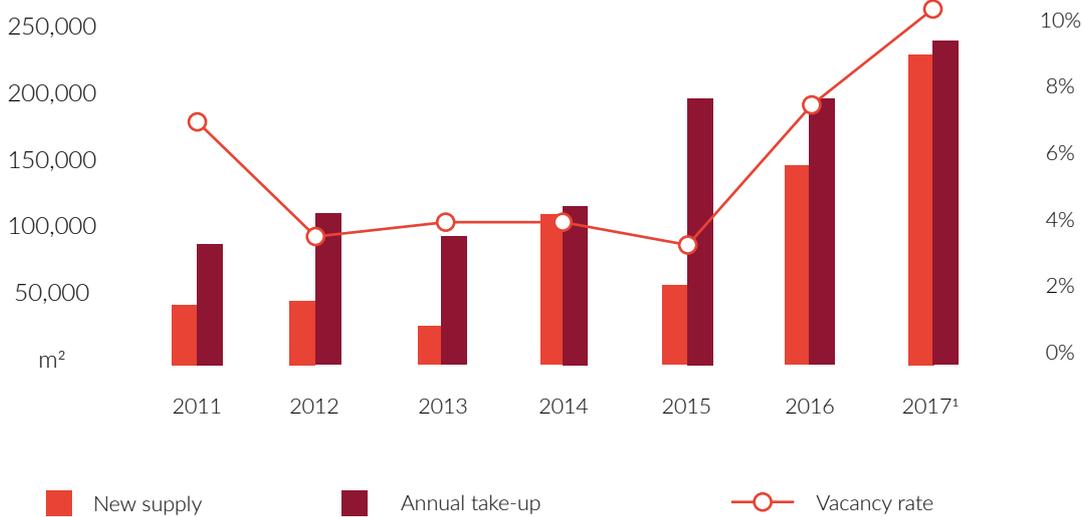
**vacancy rate**

2016 pre-let transactions constituted nearly half of signed lease agreements and a further 32% of leased space was as a result of expansion.

At the end of December 2016 approximately 66,300 m<sup>2</sup> of modern office space was available for lease in Krakow accounting for 7.2% of the total stock. (Chart 1)

The indicator has increased by 3.5 pp. year-on-year due to a record-breaking volume of new supply delivered to the market and it is expected to grow in 2017. Nevertheless, the vacancy rate in the city is one of the lowest among regional office markets. (Chart 2)





**Chart 1.**  
New supply, annual take-up and vacancy rate in Krakow (2011-2017)  
Source: Knight Frank, PORF  
<sup>1</sup> forecast

## RENTS

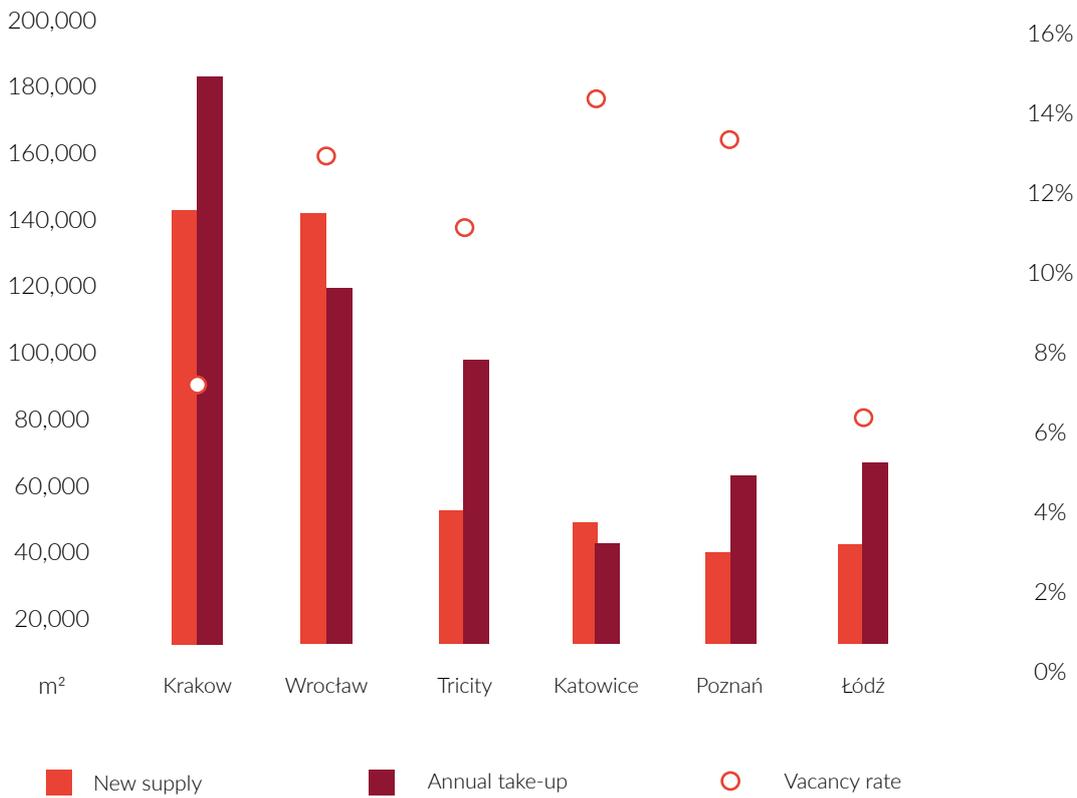
Asking rents in Krakow have remained stable in most schemes. Rent rates in A-class buildings typically range between EUR 13 and 14.5/m<sup>2</sup>/month while rents in B-class stock is most often quoted between EUR 10 and 12/m<sup>2</sup>/month. Effective rates are typically 10-15% below the asking level.

Krakow has maintained its leading position among regional office markets

## KRAKOW OFFICE MARKET VERSUS OTHER MAJOR REGIONAL MARKETS

In 2016, record-breaking developer activity was accompanied by strong demand in all of the major regional markets (including Krakow, Wrocław, Tricity, Katowice, Poznań and Łódź). Nevertheless, Krakow has maintained its leading position. The previous year ended with 477,000 m<sup>2</sup> of new supply in six major markets and approximately 771,000 m<sup>2</sup> of office space was identified at the construction stage, of which 34% was located in Krakow. (Chart 2)





**Chart 2.**

New supply, annual take-up and vacancy rate in six major regional markets in 2016

Source: Knight Frank

In addition, a record-breaking volume of 577,000 m² of office space was subject lease agreements, of which one third were signed in Krakow.

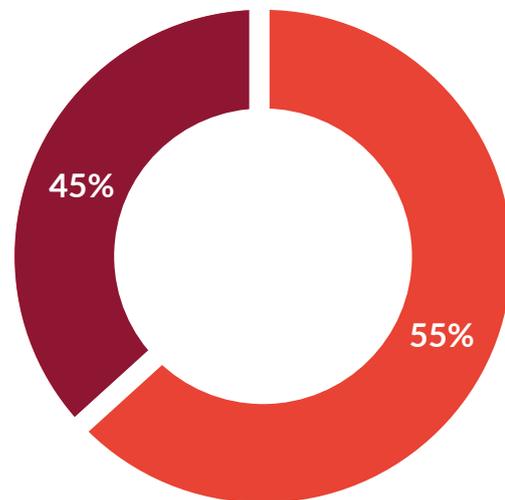
The vacancy rate in major regional cities ranges from 6.2% in Łódź to 14% in Katowice, and Krakow benefits from one of the lowest vacancy levels in Poland. Asking rents in Krakow remain at a comparable levels to rates in other regional cities.



# HOTEL MARKET

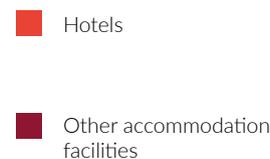
As a one of the top tourist destinations in Central Europe, Krakow attracts approximately 10 million domestic and foreign tourists each year. Thanks to its cultural wealth, Krakow has been listed as one of the 12 sites on the UNESCO World Heritage List. Krakow is also a thriving business centre playing a leading role based on the total number of meetings and events held there. It is one of the most important economic hubs in the country focusing on professional services for business, new technologies, finance, IT and telecommunications. These factors underpin the attractiveness of the city as a cultural and business centre.

Because of hosting international sports, cultural and business events, Krakow is one of the most visited Polish cities by domestic and foreign tourists. This has been supported by more convenient access to the city as a result of improved infrastructure such as the completion of the third phase of the terminal at Krakow Airport in 2016. Five million passengers used the airport last year, an increase of 18% on 2015. A notable event in Krakow in 2016 was World Youth Day, a meeting of youth from all over the world attended by the Pope. Krakow was also co-organizer of EHF European Men's Handball Championship 2016. According to the Poland Convention Bureau, Krakow was the second most popular Polish city for organized meetings in 2015 (including conferences, congresses, trade fairs, corporate and incentive events) amounting to some 5,200 such events. The meetings industry is well-developed in Krakow and able to compete with other European cities such as Prague or Vienna. Newly created venues, provide the city with new opportunities and great potential for future development on the international stage.



**Chart 1.**

Structure of the accommodation market in Krakow



Source: Knight Frank



Krakow is ranked in first place among the largest Polish cities with total supply 151 hotels

2016 was an exceptional year in terms of new hotel the hospitality market in Krakow and 2017 looks promising in new hotel investments. Within the last year five hotel schemes with 523 hotel rooms were opened, and the accommodation market continues to grow in Krakow.



Standard/Hotel name	Number of rooms
**** Golden Tulip Krakow Kazimierz	139
**** Indigo Krakow Old Town	56
**** Mercure Stare Miasto	200
*** Kazimierz III	28
*** Legend	100

**Table 1.**

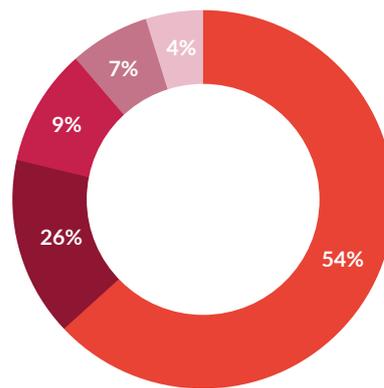
New hotel openings in Krakow in 2016

Source: Knight Frank



Total supply increased to 151 hotels, and Krakow is ranked in first place among the largest Polish cities. There were five new hotel openings in the city last year. These were: Mercure Stare Miasto, Indigo Krakow Old Town, Golden Tulip Krakow Kazimierz, Kazimierz III and Legend Hotel.

The hotel stock in Krakow is dominated by 3-star hotels which has the largest market share in terms of both the number of hotels (54% of hotel stock) and the number of hotel rooms (40%), while 4-star facilities account for 26% of hotels and 39% of hotel rooms.



**Chart 2.**

Structure of the hotel market in Krakow

Source: Knight Frank



Standard	Number of hotels	Number of hotel rooms
*	6	423
**	15	721
***	81	3,949
****	39	3,894
*****	10	1,062
Total	151	10,049

**Table 2.**

Structure of the hotel market in Krakow in 2016

Source: Knight Frank

2016 also saw record breaking occupancy rates for Polish hotels. From January until November, the average occupancy rate in Poland was 51.6%, historically the best result ever. Therefore, the forecasts for the hospitality in the largest Polish cities are very positive.

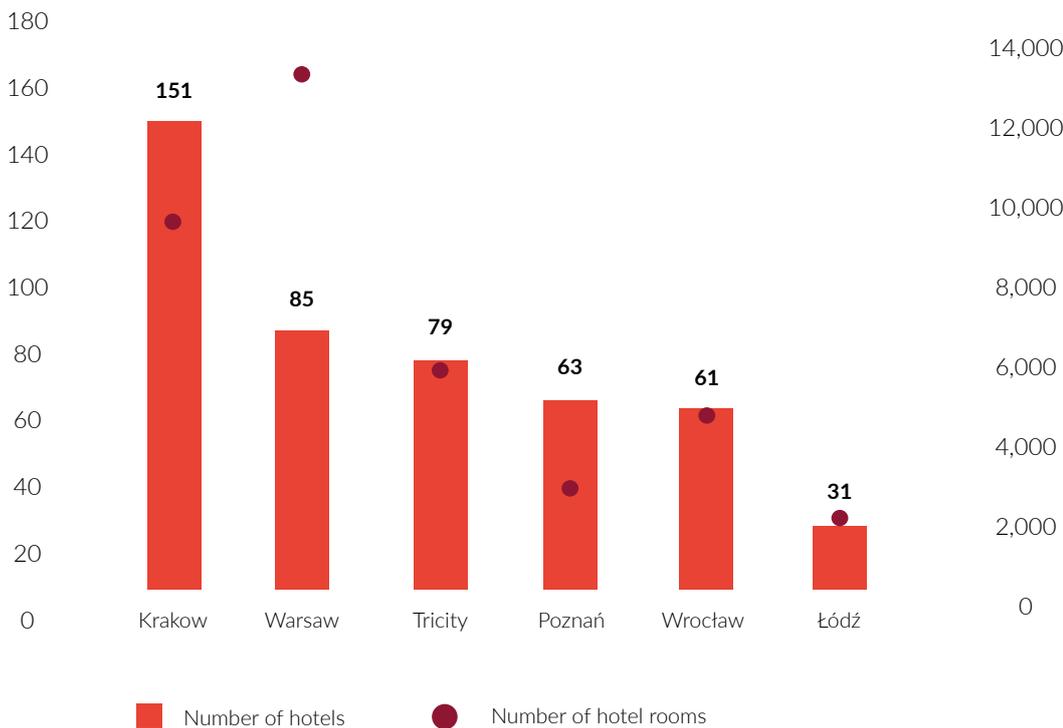
At the end of 2016, there were three hotel projects at the construction stage in Krakow, and one non-categorised aparthotel. The number and quality of hotel projects currently under development in Krakow demonstrate the significance of the city as a tourist and business destination. The schemes under construction are: the 2-star B&B Hotel (130 rooms), the 4-star Hotel na Kazimierzu (97 rooms), the 5-star Hotel Ferreus (71 rooms), and the Aparthotel Lwowska (137 rooms).



### KRAKOW VERSUS OTHER POLISH CITIES

Krakow hotel market is notable for having the largest number of small, luxury hotels

Based on the number of officially categorised hotels, Krakow, with its 151 hotels, is in first place in Poland. The local market is notable for having the largest number of small luxury hotels when compared to other regional Polish cities, while Warsaw has more large chain hotels. (Chart 3)

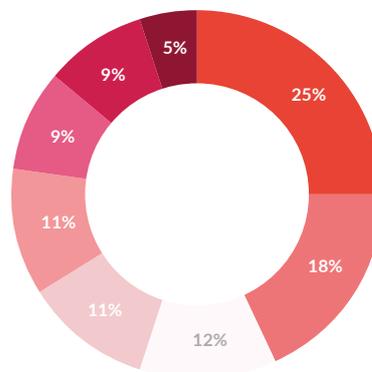


**Chart 3.** Number of hotels and hotel rooms in the largest Polish cities  
Source: Knight Frank

# RETAIL MARKET

With the total retail stock amounting to approximately 570,000 m<sup>2</sup>, Krakow is the sixth largest market in Poland and this volume will increase in 2017 on completion of the Serenada shopping centre. The demand for retail space remained strong and headline rents stayed at a stable level. Krakow remains one of the most attractive cities in Poland as a tourist destination. With the average number of visitors amounting to some 10 million annually, the city has great retail development potential, particularly high street retail.

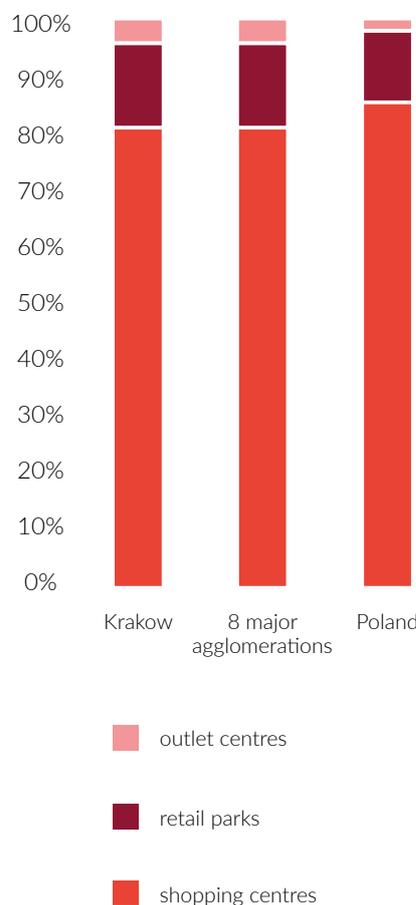
The Krakow agglomeration is the sixth largest retail market in Poland based on existing space. At the end of 2016, the total retail stock (including three major retail formats: shopping centres, retail parks and outlet centres) in Krakow amounted to approximately 570,000 m<sup>2</sup> which constitutes 9% of the total completed volume in the major markets. (Chart 1)



**Chart 1.**

Retail stock by location in 2016

Source: Knight Frank



**Chart 2.**

Retail stock by format and location in 2016

Source: Knight Frank

In common with the other largest agglomerations, shopping centres constitute the majority of the retail stock in Krakow at 82%. The remaining supply is divided between two retail parks (14%) and an outlet centre (4%). (Chart 2)

The largest shopping centres in Krakow are: Bonarka City Center (91,000 m<sup>2</sup>), Galeria Krakowska (64,000 m<sup>2</sup>) and Galeria Bronowice (60,000 m<sup>2</sup>).

One large project is currently under construction in Krakow, the Serenada shopping centre being developed by Mayland. The scheme will comprise over 150 service and retail units totalling approximately 42,000 m<sup>2</sup>. The Serenada shopping centre, which is scheduled for completion in 2017, will be the first scheme to have been completed in Krakow since 2013. It is located in the northern part of the city on Dobrego Pasterza Str. and T. Bora-Komorowskiego Ave.

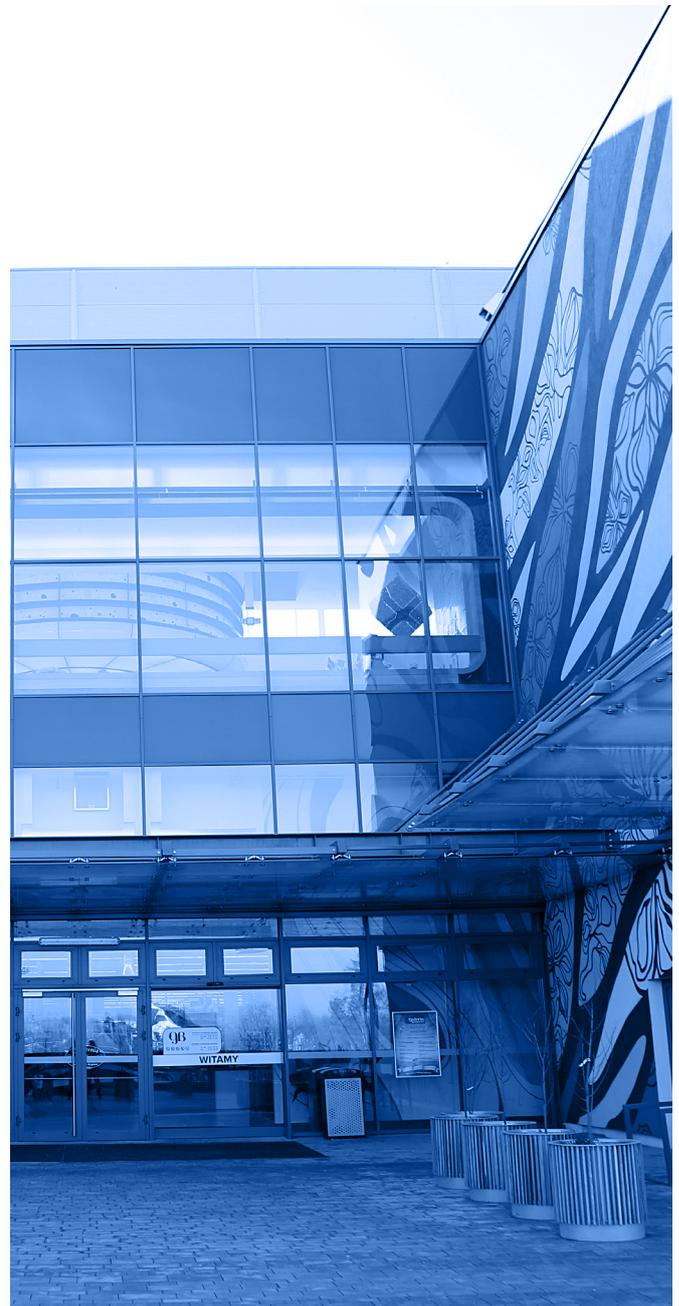
The vacancy rate in Krakow's shopping centres stood at 2.6% at the end of December 2016

The retail density rate in the Krakow market amounted to 547 m<sup>2</sup>/1,000 inhabitants at the end of Q4 2016. In 2017, after completion of the Serenada shopping centre, this will rise to the level of 588 m<sup>2</sup>/1,000 inhabitants. Nevertheless, the density level in the city remains lower than the average noted for the eight major agglomerations in Poland which is 624 m<sup>2</sup>/1,000 inhabitants.

As one of the most popular tourist destinations in Poland, Krakow has a well-developed high street market which is mainly formed by the ground floors of residential buildings and tenement houses located around the Main Market Square (Rynek Główny) and along the streets leading to it, including Grodzka Str., Floriańska Str. and Szewska Str. The structure of the high street retail meets tourism needs and nearly 40% of the units are occupied by catering retailers. Furthermore, Krakow has the largest number of hotels located in the high streets of all the major markets in Poland.

According to the latest data collected by Knight Frank & Retail Research Forum, the vacancy rate in Krakow's shopping centres stood at 2.6% at the end of December 2016. This is 0.7 percentage points lower than were recorded at the end of June 2016.

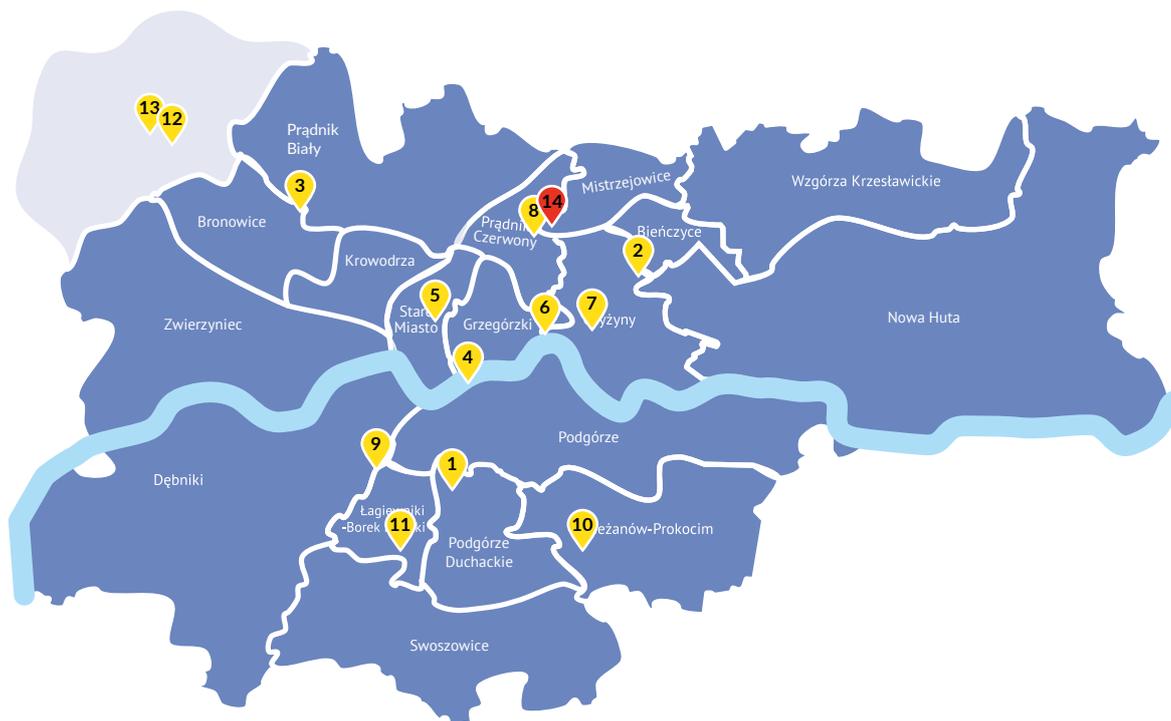
Monthly headline rents for retail space in shopping centres have remained stable in Krakow and ranged between EUR 40-50/m<sup>2</sup>/month for prime retail units (up to 100 m<sup>2</sup>). Much higher rates, exceeding EUR 80/m<sup>2</sup>/month, are recorded in the high streets. In the regional cities, including Krakow, the rents are at a comparable level and depend mainly on tenant brand, the unit's size, its location within a project, and also on a landlord's rental policy.



## Map

Retail space –  
existing and under  
construction in 2016

Source: Knight Frank



	Retail project	Address	GLA (m <sup>2</sup> )	Developer
1	Bonarka City Center	11 Kamieńskiego Str.	91,000	Rockcastle Global Real Estate
2	Centrum Handlowe Czyżyny	2 M. Medweckiego Str.	28,000	Bainbridge Properties
3	Galeria Bronowice	61 Stawowa Str.	60,000	Auchan
4	Galeria Kazimierz	34 Podgórska Str.	42,237	Invesco RE
5	Galeria Krakowska	5 Pawia Str.	64,300	ECE Projektmanagement
6	Galeria Plaza	44 Pokoju Ave.	31,300	Peaksid Capital
7	M1 Krakow	67 Pokoju Ave.	51,100	Apollo Rida
8	Krokus	37 gen. T. Bora-Komorowskiego Ave.	19,320	Mayland
9	Tesco Krakow, Kapelanka	54 Kapelanka Str.	20,900	Tesco Polska
10	Tesco Krakow, Wielicka	259 Wielicka Str.	21,000	Tesco Polska
11	Zakopianka Park Handlowy	62 Zakopiańska Str.	58,000	Tristan Capital Partners
12	Factory Krakow	32 A. Rożanskiego Str.	22,000	Neinver & TH Real Estate
13	Futura Park Krakow	32 A. Rożanskiego Str.	20,000	Neinver & TH Real Estate
14	Serenada (under construction)	130 Dobrego Pasterza Str.	41,000	Mayland

# WAREHOUSE MARKET



Krakow is a well-developed local industrial market. Over the last two years the stock in Krakow has increased by 90% and has great potential for further development. The limited amount of vacant space and growing demand in the warehouse sector significantly influence the positive forecasts for the market in Krakow.

The warehouse market in Krakow is classified as one of the youngest and smallest within the largest logistic hubs in Poland. When compared to other areas of warehouse concentration in Poland, the Krakow region is perceived as a local one, with a limited amount of undeveloped land. Moreover, the location of the city close to the Upper Silesia region, which is the second largest industrial hub in the country, is one of the factors preventing a rapid development of the warehouse sector in the Małopolska area.

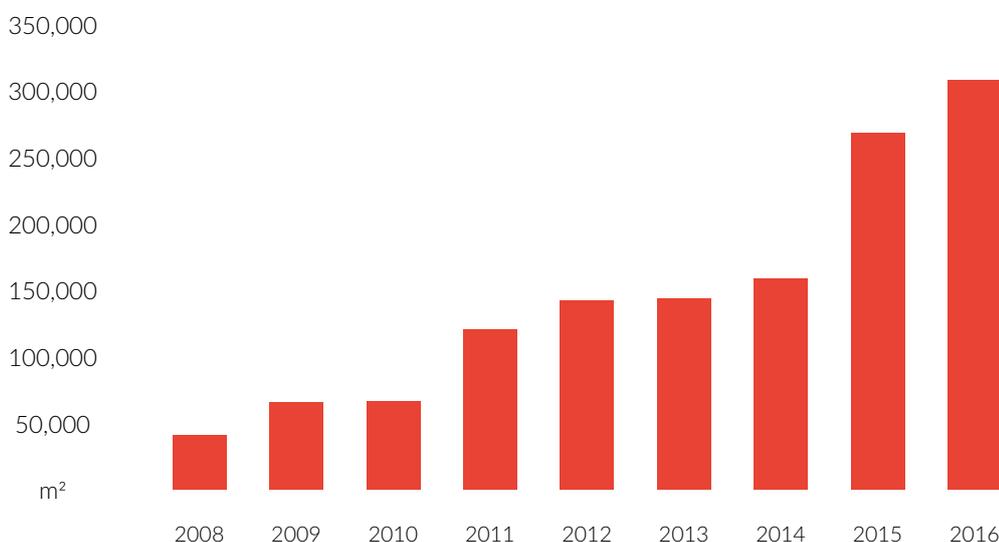
At the end of 2016, the total warehouse space in Krakow amounted to nearly 305,000 m<sup>2</sup>, which constituted approximately 3% of the total industrial stock in Poland, remaining stable when compared with the previous years. (Chart 1) The vast majority of the stock in Krakow is situated within the city's administrative borders. The remaining

warehouse schemes are located in the neighbouring communes, Modlniczka, Skawina, Olkusz, or Jawornik.

The Krakow warehouse sector faced a significant slowdown in 2016. The new supply comprised only one modern scheme developed by Panattoni, with 34,500 m<sup>2</sup> of warehouse space. Nevertheless, according to the information provided by the investors with secured investment land, nearly 175,000 m<sup>2</sup> of logistics space is planned to be delivered to the Krakow market and 34,000 m<sup>2</sup> is already under construction and might be delivered in 2017.

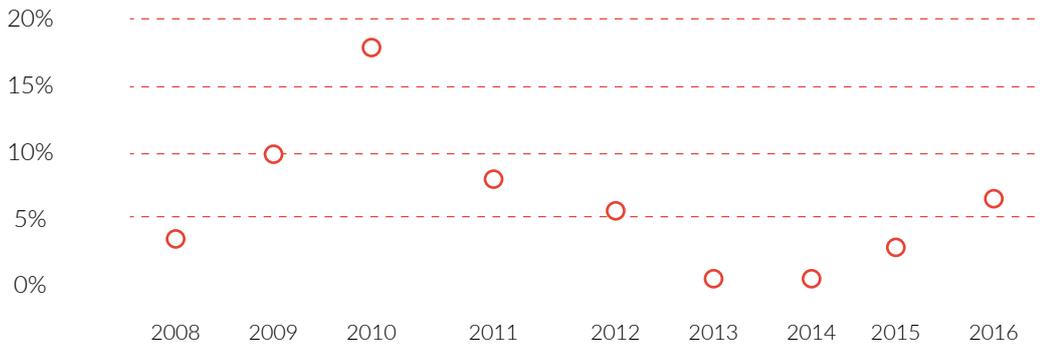
The warehouse market in Poland in 2016 gained momentum in terms of the volume of leased area which amounted to to over 3 million m<sup>2</sup>, while in Krakow the limited new supply is a response to local needs. The total industrial take-up in Krakow amounted to 78,000 m<sup>2</sup> and made up approximately 3% of the warehouse transaction volume in Poland.

The vacancy rate in Krakow has remained relatively stable in recent years. When compared to the previous year, the volume of vacant space increased slightly and in 2016 accounted for 7% of the total stock. (Chart 2)



**Chart 1.**  
Warehouse stock in  
Krakow (2008-2016)

Source: Knight Frank

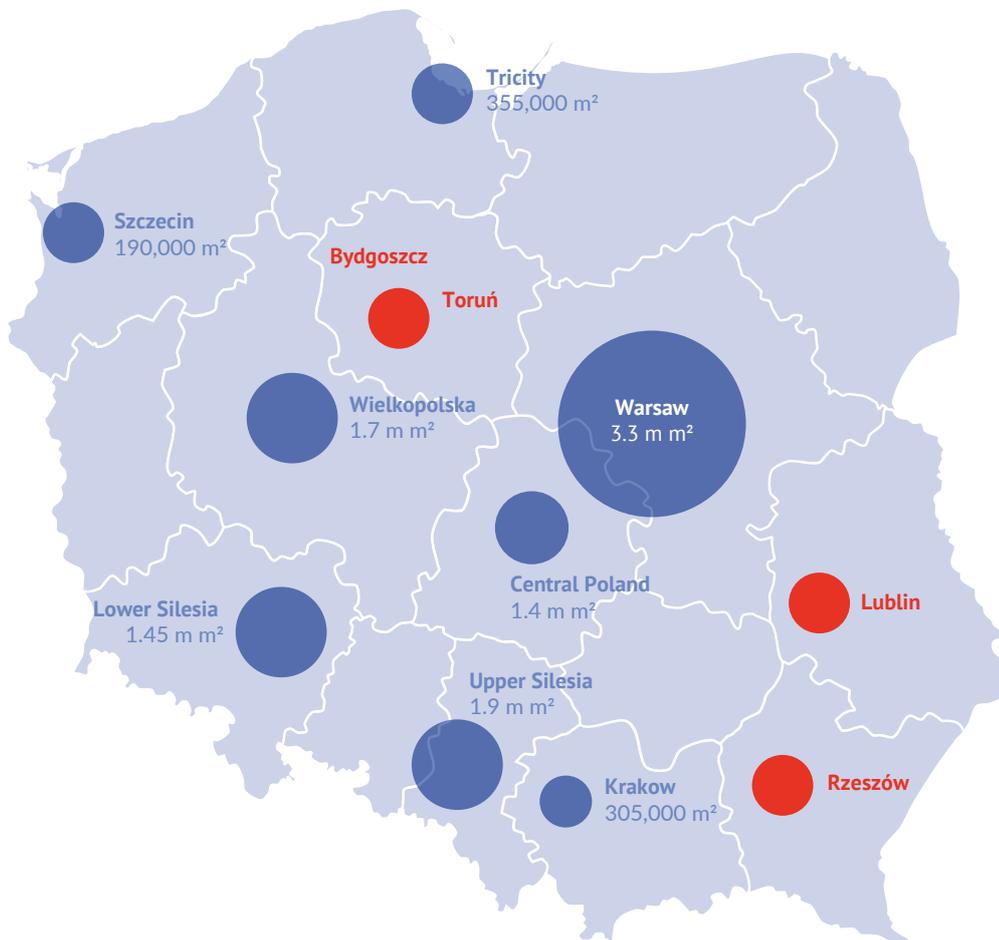
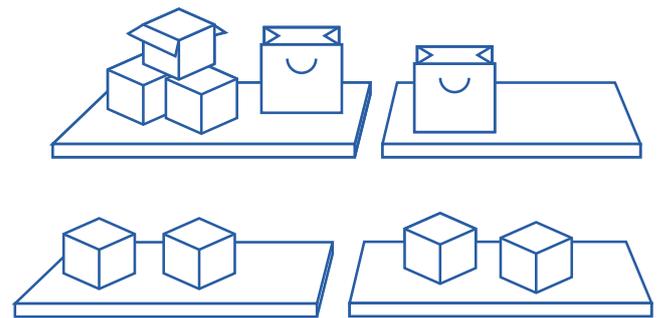


**Chart 2.**

Vacancy Rate in  
Krakow (2008–2016)

Source: Knight Frank

Asking rents in Krakow strongly depend on location, whether the warehouse is situated within the administrative borders of the city or in the neighbouring communes. Krakow is perceived to be the most expensive location for logistics. The industrial premises located within the Krakow administrative borders offered warehouse space at EUR 4.00–4.50/m<sup>2</sup>/month. Larger schemes are usually slightly cheaper and the asking rents in the Krakow region were quoted at EUR 3.50–3.90/m<sup>2</sup>/month at the end of 2016.



**Map**

Warehouse  
concentration areas  
in Poland in 2016

Source: Knight Frank

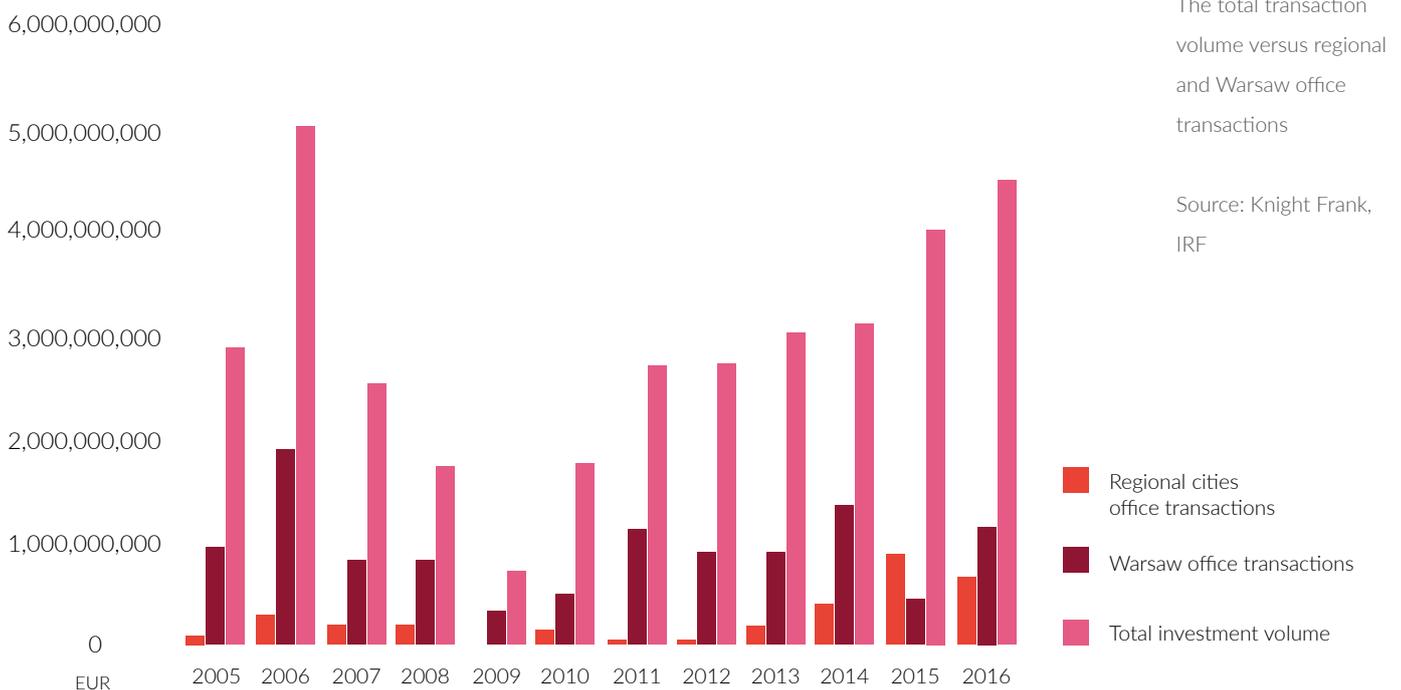
2016 was a record-breaking year for investment transaction volume in the commercial sector over the last 10 years. In 2016 investors allocated over EUR 4.5 billion to Poland, an 11% growth compared to 2015. As an alternative location for foreign capital Poland now offers more modern assets in all categories. For example, in 2016 the largest transaction in the history of CEE capital markets was concluded when South-African fund Redefine Properties acquired 75% of the Echo Prime Properties portfolio. The year was dominated by retail and office transactions which constituted 43% and 40% respectively of the total investment volume in Poland. Acquisitions in the industrial sector amounted to EUR 774 million, 17% of the total investment volume.

Recently, investors have focused on regional cities in Poland with Krakow being one of the most attractive regional locations for fund allocation

In 2016, the total volume of investment transactions in Krakow was EUR 557 million, of which 24% was office assets and 76% retail assets. The city has great potential for commercial investment based on the market analysis and investor preference. Since Krakow attracts both core fund and opportunistic investors, buyers are more willing to purchase well-commercialized buildings in good condition, located both within the city centre and non-central locations.

The largest investment transactions concluded in Krakow in 2016 were the purchase of Bonarka City Centre by Rockcastle, the acquisition of CH Krokus by Mayland, the sale of the Axis office building Axis to NIAM, the acquisition of Aleja Pokoju 5 by Warburg-HIH Invest Real Estate, the purchase of Quattro Five by Starwood Capital Group, and the purchase of O3 Business Campus by Echo Polska Properties. In 2016, prime office assets in Krakow were valued at yields of 6.25–7%, and prime retail schemes at 5.25–5.5%.

Over the last two years, investors have allocated nearly EUR 1.1 billion to Krakow, mainly in the retail and office sectors.





	Sector	Property	Year (Quarter)	Seller	Purchaser	Estimated price (EUR)
1	Office	O3 Business Campus I	2016 (Q4)	Echo Investment	Echo Polska Properties	22,000,000
2	Office	Quattro FIVE	2016 (Q2)	Buma Group	Starwood Capital Group	20,000,000
3	Retail	CH Krokus	2016 (Q1)	Valad Europe	Mayland	60,000,000
4	Office	Axis	2016 (Q4)	Skanska Property Poland	Niam	54,000,000
5	Office	Aleja Pokoju 5 (ALP)	2016 (Q2)	Buma Group	Warburg-HIH Invest Real Estate	40,000,000
6	Office	Centrum Biurowe Kazimierz	2015 (Q2)	Global Trade Centre RE	GLL Real Estate Partners	42,000,000
7	Office	Enterprise Park	2015 (Q2)	Avestus Capital Partners	Tristan Capital Partners	65,000,000
8	Office	Kapelanka 42 A	2015 (Q4)	Skanska Property Poland	NIAM	45,000,000
9	Retail	Bonarka CC	2016 (Q3)	TPG	Rockcastle	361,000,000
10	Office	B4B	2015 (Q4)	TriGranit	TPG	95,000,000



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