BPO/SSC Overview

Poland | Kraków | H2 2012

TRENDS H1 2013

SUPPLY	→
DEMAND	→
RENTS	↗
VACANCY	↘

KEY OFFICE FIGURES

TOTAL STOCK	485,650 m^2
NEW SUPPLY IN H2 2012	36,600 m^2
OFFICE SPACE U.C. PLANNED FOR H1 2013	1,800 m^2
BPO/SSC/R&D DEMAND IN H2 2012	17,120 m^2
VACANCY	4.6%

Source: Colliers International

PROJECTS UNDER CONSTRUCTION

BUILDING	DEVELOPER	AREA (m^2)
Pałac Goetzów	Balmoral Properties	1,500
Roan	Roan	1,800
Pascal	GTC	5,250
Bonarka 4 Business D	Trigranit	8,700
Orange Office Park Amsterdam	East-West Development Office	9,800
Alma Tower	UBM	10,500
Quattro Business Park C	Grupa Buma	12,200
Kapelanka 42	Skanska	28,400

Source: Colliers International

Kraków, with 76 operating BPO/SSC and R&D centres, is the leading outsourcing location in the CEE region. The city's strong position was confirmed by the latest Tholons' report, Top 100 Outsourcing Destinations 2013, in which Kraków was listed for the first time in the top ten established cities globally.

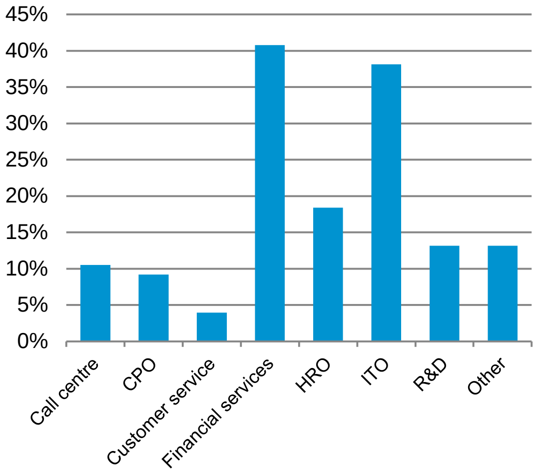
SUPPLY

- At the end of 2012, the office stock in Kraków increased to 485,650 m^2, with 36,600 m^2 of new supply being delivered to the market in H2 2012.
- The schemes completed in H2 2012 include two buildings in Enterprise Park (15,160 m^2), Bonarka 4 Business C (10,000 m^2) and Excon (3,300 m^2), all located in the southern part of the city.
- In H2 2012 the Kraków office market witnessed increasing construction activity, with developers starting projects totalling over 50,000 m^2.
- Currently, 78,100 m^2 of office space is under construction, of which 24,200 m^2 will be completed by the end of 2013.

DEMAND

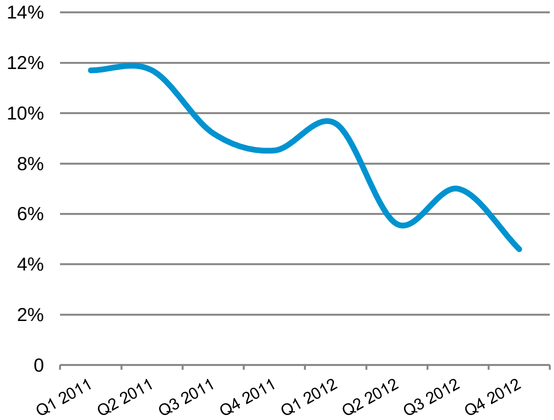
- The leasing activity recorded in the second half of the year reached 35,160 m^2. New deals constituted nearly 70% of the total take-up, while the share of pre-let agreements declined to 6.1%.
- Companies in the modern business services sector concluded transactions totalling 17,120 m^2 (48% of the total take-up in H2 2012).
- The average deal size signed by tenants in the BPO/SSC sector was 1,223 m^2, whereas the average for other sectors was 515 m^2.
- The largest transactions recorded in H2 2012 include: CH2M HILL (renegotiation, 1,990 m^2, CB Kazimierz, Herbalife (pre-let, 1,850 m^2, Bonarka 4 Business C) and AON Hewitt (new deal, 1,650 m^2, Diamante Plaza).

BPO TENANTS BY FUNCTIONS



Source: Colliers International based on the data provided by Aspire, December 2012

VACANCY BY QUARTERS (%)



Source: Colliers International

SELECTED LEASE TRANSACTIONS IN H2 2012

TENANT	AREA (m^2)	BUILDING
CH2M HILL	1,990	CB Kazimierz
Herbalife	1,850	Bonarka 4 Business C
AON Hewitt	1,650	Diamante Plaza
Brown Brothers Harriman	1,590	Avatar
Serco	1,000	Jasnogórska 11
OCADO	573	Nowa Kamienica

Source: Colliers International

VACANT SPACE

- At the end of 2012, the vacancy rate in Kraków stood at 4.6%, which represented a 3.9 percentage point drop in comparison with the same period in 2011.
- The lowest vacancy rate was recorded in the north-east zone (1.2%), whereas the highest was in the central part of the city (7.6%).

RENTS

- In H2 2012, the average rents for office space remained stable ranging between €13.00 and €14.00 m^2/month.
- The rental rates in projects under construction were slightly higher, from €13.50 to €14.50 m^2/month.

PROGNOSIS

- In H1 2013, the office supply in Kraków will remain virtually unchanged as only one scheme of 1,800 m^2 is going to be completed.
- The largest office projects planned for 2013, such as Quattro Business Park C (12,200 m^2) and Bonarka 4 Business D (8,700 m^2), will be delivered in the second half of the year.
- Leasing activity in the first six months of 2013 may exceed 60,000 m^2.
- The considerable amount of space under construction (78,000 m^2) combined with the limited availability of premises in existing buildings may translate into a growth in the share of pre-let deals in total transaction volumes.
- The vacancy rate in H1 2013 is expected to record a further decrease, which might result in upward pressure on rental rates.

ABOUT COLLIERS

Colliers International is currently the third largest Real Estate organization in the world with 522 offices in 62 countries. Colliers International Poland employ over 170 people in five offices located in Warsaw, Kraków, Poznań, Wrocław and Szczecin.

Colliers International is active on Polish market since 1997 and provides a wide scope of real estate services, i.e: tenant and landlord representation, investment advisory, acquisitions, commercial lease consultancy, asset and property management, property valuation and market research.

Colliers professionals deliver comprehensive market knowledge and intelligent insight into market trends.

ABOUT ASPIRE

ASPIRE is the Association of IT & Business Process Services Companies in Poland, bringing together major players in the region to pursue a common strategy in promoting and developing opportunity in IT & Business Process Services.

ASPIRE enables the industry to speak with one voice to government, educational institutions and other stakeholders, to highlight the key importance of the sector to the national economy and to local economies.

With its head office in Kraków, the leading centre of ITES in Poland, ASPIRE supports the growth of the sector across Central & Eastern Europe and is a member of the Central & Eastern European Outsourcing Association.

COLLIERS INTERNATIONAL POLAND

Research and Consultancy Services

Ewa Grudzień
Email: ewa.grudzien@colliers.com

Office Agency I Tenant Representation

Anna Galicka-Bieda
Email: anna.galicka@colliers.com

Paul Blackman
Email: paul.blackman@colliers.com

Robert Karniewski
Email: robert.karniewski@colliers.com

Paweł Skałba
Email: pawel.skalba@colliers.com

Colliers International Poland

Warsaw Office I Tel: +48 22 331 78 00

Kraków Office I Tel: +48 12 357 20 20

ASPIRE

Andrew Hallam
General Secretary
Mobile: +48 513 077 541
Email: andrew.hallam@aspire.org.pl

Rynek Główny 17
31-008 Kraków
Tel: +48 12 426 25 35