

Market is absorbing the existing supply.

The increased interest in Łódź from companies was mirrored by the rapid development of its office market during 2005-2010, with an average supply of around 30,000 m² per annum. During 2011-2012, the modern office stock grew by 15,000-20,000 m² per annum and currently stands at almost 250,000 m².

Leasing activity in 2012 totalled 27,700 m², representing a 20% decrease on the level recorded in 2011. The largest deals in 2012 included: Polkomtel (a new deal of 2,700 m² in Park Biznesu Teofilów I), BRE Bank (a new deal of 2,125 m² in Sterlinga Business Center), SWS BPO Poland (a pre-let of 2,100 m² in Green Horizon II) and Rule Financial (an expansion of 1,750 m² in Sterlinga Business Center). We expect take-up activity in 2013 to remain stable.

The Łódź office market offers a number of options for potential tenants (even up to 6,000 m² in a single existing development). From the perspective of large tenant requirements, especially from the BPO/SCC sector, the city offers five office lease options for a minimum of 1,000 m² in existing buildings and three in projects that are due for completion by the end of 2013. Overall, potential tenants may choose from almost 34,100 m² of immediately available office space and from 38,100 m² located in projects which are currently under construction.

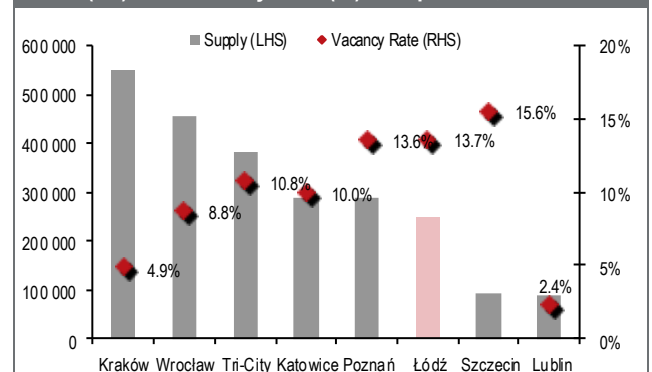
The economic slowdown in 2009, combined with extensive construction activity with over 41,000 m² delivered to the market, pushed the vacancy rate up to a record level of 24%. The existing oversupply started to be steadily absorbed by the market, which led to a decrease in the vacancy rate to its current level of 13.7%. The relatively significant construction activity in Łódź (45,100 m², with 60% of it almost complete and just 4 to 6 months needed to obtain an occupancy permit) and the moderate level of demand might increase the vacancy rate further under the circumstance that all office projects planned for 2013 will be delivered. The market is unlikely to see any significant commencements of new speculative projects in the short term. The commencement of the majority of the announced projects are subject to securing a pre-lease.

Łódź features relatively low prime rents of €11-13 / m² / month. Further slight downward pressure in the short term (i.e. over the next year) is possible, but mostly in buildings which currently offer a considerable amount of vacant office space.

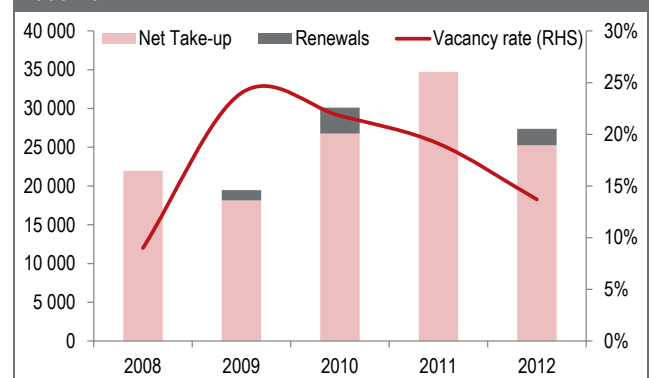
Summary Statistics	2012	Y-o-Y change	12 Month Outlook
Gross Take-up* (m ²) year-to-date	27,700	-7,050	➔
Net Take-up (m ²) year-to-date	25,560	-9,470	➔
Vacancy (m ²)	34,100	-9,550	➔
Vacancy Rate (%)	13.7	-5.4 p.p.	➔
Completions (m ²) year-to-date	16,500	+300	➔
Prime Rent (€ / m ² / month)	11-13	0	➔

* Gross Take-up = Net Take-up including registered renewals

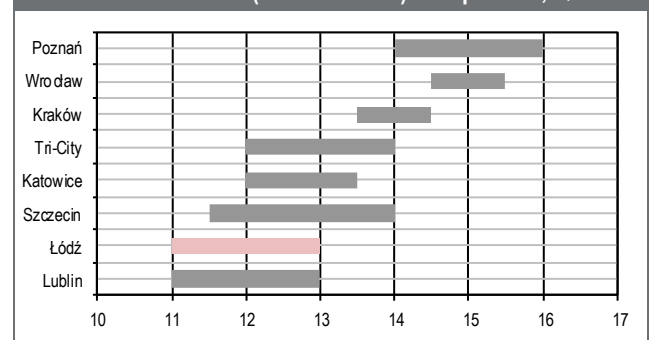
Stock (m²) and Vacancy Rate (%) Comparison, Q4 2012



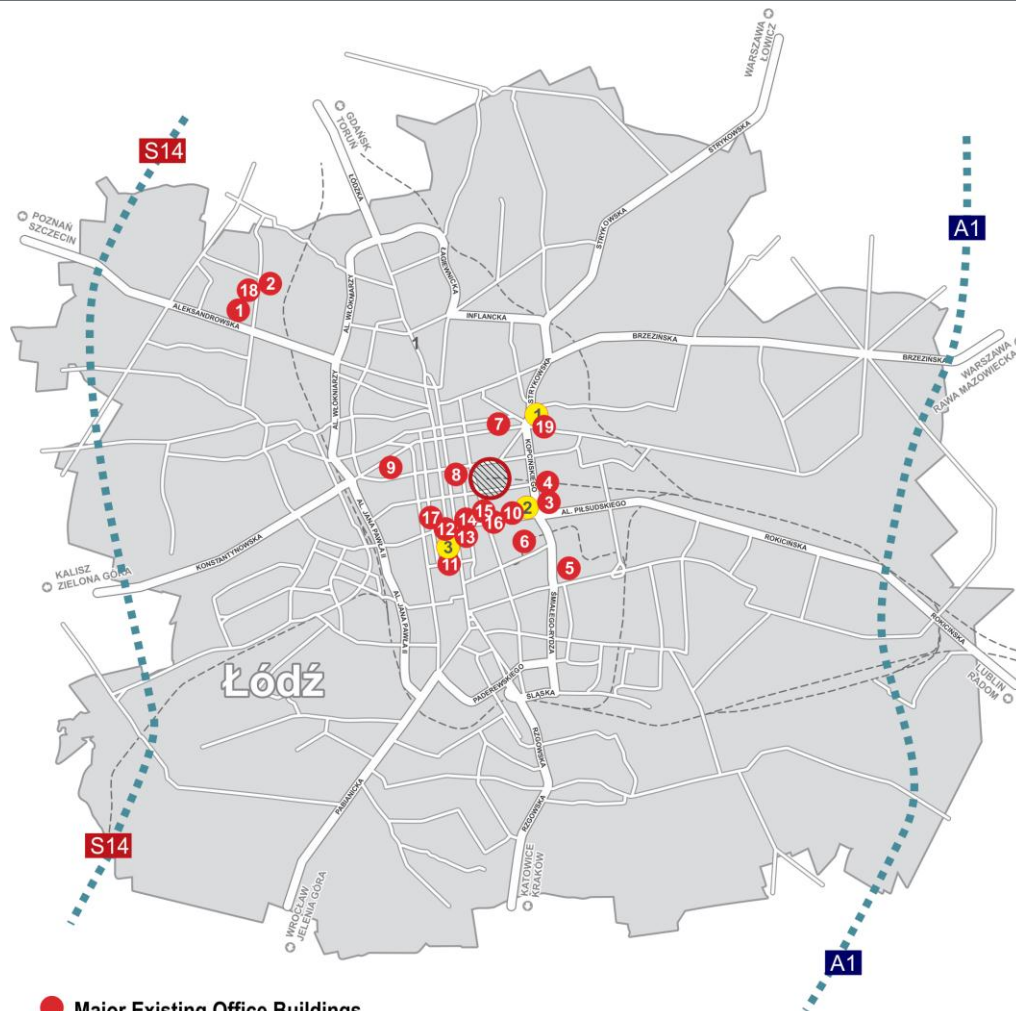
Gross Take-up (m²) and Vacancy Rate (%) in Łódź, 2008-2012



Prime Headline Rents (€ / m² / month) Comparison, Q4 2012



Source all charts: Jones Lang LaSalle



● Major Existing Office Buildings

1. Aleksander Plaza
2. Park Biznesu Teofilów I
3. Forum 76
4. Centrum Finansów i Biznesu A, B, C
5. Cross Point Łódź I
6. Textorial Park B1, B2, B3
7. Sterlinga Business Centre
8. ING Bank Śląski
9. Business House Żeligowskiego
10. Centrum Targowa 35 I
11. University Business Park I
12. Synergia I
13. Łódzkie Centrum Biznesu
14. RED Tower
15. Orion
16. Łódź 1
17. Gdańska 47/49, A&C
18. Rossmann HQ
19. Green Horizon I

--- Planned roads

⊗ New City Centre

● Major Office Buildings Under Construction

1. Green Horizon II
2. Centrum Targowa 35 II
3. University Business Park II

Jones Lang LaSalle Contacts

Anna Kot
Head of Office Agency & Tenant Representation
Warsaw, Poland
+48 (0) 22 318 0039
anna.kot@eu.jll.com

Jakub Sylwestrowicz
Associate Director, Tenant Representation
Warsaw, Poland
+48 (0) 22 318 0048
+48 660 420 800
jakub.sylwestrowicz@eu.jll.com

Agnieszka Sosnowska
Research Analyst
Warsaw, Poland
+48 (0) 22 318 0056
agnieszka.sosnowska@eu.jll.com

officefinder.pl