



**OLSZTYN
COMMERCIAL REAL
ESTATE MARKET**

Tranquility
is what business likes





Piotr Grzymowicz, PhD – Mayor of Olsztyn since 2009, in the years 2001-2007 Vice Mayor of Olsztyn, responsible for economic development and investment, civil engineer.

Before I joined the self-government, I had the opportunity to work on several large-scale investment projects in Poland and Germany. In time, I was also entrusted with the role of major construction investment projects manager. It was an excellent experience which proves to be very useful in my current line of work. I always tend to explain my self-government partners that what the city needs for development is active and competitive business, whereas business expects favorable conditions for conducting economic activities.

I am very fortunate that my term of office coincides with the time of considerable European Union financial support. However, we have not been given these funds once and forever and the end of the decade is certainly going to bring an end to them, it is therefore so crucial to maximize this remarkable opportunity. This is one of my priorities and, hopefully, successfully implemented. Olsztyn is developing and accelerating!

As a self-government, we are interested in the environmentally friendly and innovative economy. Our city, considering its location among picturesque lakes and forests, also provides exceptional development conditions for economic sectors dedicated

to health, education and leisure activities. Olsztyn is an excellent place to recuperate, rest, recreate and play as well. What we can offer additionally are the substantial research resources of The University of Warmia and Mazury as well as the fully operational Olsztyn Science and Technology Park. What we can currently provide is the significantly improved accessibility of the city as well as excellent conditions for BPO (Business Process Outsourcing) centers location – substantial area of office space to let and well-educated young personnel.

In short, in Olsztyn dynamism and modernity are ideally paired with cultural heritage and exceptional natural values. Olsztyn provides everything required for a successful investment: favorable investment grounds, highly skilled and ambitious young people, convenient self-development conditions as well as friendly business environment.

Feel free to come to Olsztyn!

Piotr Grzymowicz

A handwritten signature in blue ink, appearing to read 'P. Grzymowicz'.

Mayor of Olsztyn

OLSZTYN – A CITY WITH POTENTIAL

Olsztyn is the administrative capital of the Warmia and Mazury Voivodeship as well as one of the leading economic, academic and cultural centres of north-eastern Poland, which is fostered by the intellectual and technical potential located in the city and the surrounding area. The solid foundation for the city to develop its capacity lies in its human capital to which the city owes its good and stable economic condition as well as the high level of innovativeness of entrepreneurship. Efforts undertaken in recent years and systematically increasing expenditure on technical infrastructure have led to a distinct improvement in transport as well as to extended business opportunities for investors. In the light of the lack of intensive competition, clearly notable especially in the BPO/SSC sector, Olsztyn today is an attractive place to do business, both by international corporations and small enterprises.

The geographical location of the city is particularly beneficial in terms of potential economic ties with the Russian Federation, the Baltic countries and Scandinavia. The key sectors within which the city is focusing its development are: the BPO and ITO sectors and high quality food (one of the regional specialisations). Located within the city are: a special economic zone, a science and technology park, 6 higher education schools as well as 75 vocational schools are located within the city.

The unemployment rate is roughly 4.4%*. Olsztyn is open to foreign capital – numerous investors

have already found their way to Olsztyn, including Michelin, Citibank Handlowy, Schwarte-Milfor, Transcom, Orange and Tetra Pak. Olsztyn is also one of the youngest office markets with high growth potential.

SYSTEMATIC DEVELOPMENT OF URBAN INFRASTRUCTURE AS AN INDICATOR OF THE INCREASE IN INHABITANTS' QUALITY OF LIFE



Office building, Głowackiego 14

Investments by the local authorities in Olsztyn (including revitalisations) are leading to an improvement in the attractiveness of public spaces and the city's architecture.

Major effects of the modernization of urban transport include the construction of: over 10 km of tram tracks, 1 km of a small city-centre bypass (Obiegowa Street), bus lanes along six streets as well as the modernisation of road infrastructure along the whole route of tram lines.

Tram infrastructure



* Central Statistical Office, December 2017



Central Park

The construction of the new Artyleryjska Street constitutes the second biggest road investment in Olsztyn and one of the major municipal construction projects implemented in recent years. The project included: the creation of 1.7 km of road, a bridge, an overpass, a tunnel and an underpass.

The revitalisation of the Raphaelsohns Sawmill and the creation of the Modernity Museum have allowed the technical condition of the original sawmill complex to be improved and for it to be adapted into a new museum. The place has regained its genius loci of industrial atmosphere that was developed here over a century ago and constituting one of the main drivers of the city's development.

The project **Improvement of the aesthetics and attractiveness of public space in the city centre – creation of the Central Park and restoration of Podzamcze Park in Olsztyn** is an answer to the need for numerous changes and activities – e.g. conservation research, land use plans, installation of a surveillance system, infrastructure for the handicapped, adaptation of park areas for tourism and the development of previously unused space.

The Integrated Spatial Development Program for Olsztyn City Centre

aims to increase the attractiveness of the city centre, which will contribute to improving the quality of life through: assuring the attractiveness of public thoroughfares, redevelopment utilising existing infrastructure as well as the restoration and management of urban greenery.

Sports, tourist and cultural infrastructure in Olsztyn is being systematically renovated and modernized. The modern Warmia and Mazury F. Nowowiejski Concert Hall was officially opened in 2011 and in 2013 the revitalisation of the S. Jaracz Theatre was completed. The Aquasfera Water Recreation and Sports Centre was also opened in 2013 as a modern water leisure complex providing sports, recreation and wellness facilities. The building features: an olympic-size swimming pool, a warming-up pool, a recreational area, the Planeta Formy fitness club, the Aquarius Café, the Aqua Boutique sports shop as well as an underground car park.



CRS Ukiel – Słoneczna Polana (sports and recreation center)

Moreover, three entrepreneurship zones have been created on the shores of Ukiel (Krzywe) Lake – in the vicinity of Słoneczna Polana, by Miła Bay and by the Municipal Beach. Favourable conditions for investment and business were created through the comprehensive preparation of investment areas: construction of access roads, pedestrian and bicycle paths, parking spaces, water and sewerage network, telecom and IT systems, electricity grids and land drainage. The previously barely utilised quays are now fully incorporated into the city's spatial structure and enhance its investment attractiveness.



Ukiel Lake

Additionally, an all-year water sports and recreation infrastructure, a cross-country ski route, winter sports infrastructure (iceboats, ice skating, a sledge track), an all-year beach volleyball training building as well as sailing and kayaking centres with wellness facilities, training rooms, equipment hangars and rental facilities as well as multipurpose sports and recreation areas have been created in the area.

Olsztyn offers an extensive portfolio of cultural and tourist attractions. The city is home to: three 4-star hotels, four 3-star hotels and four 2-star hotels. The main cultural institutions in the city include: the S. Jaracz Theatre, the Olsztyn Puppet Theatre, the Warmia and Mazury F. Nowowiejski Concert Hall, the Castle of Warmian Bishops, the Museum



Olsztyn Astronomical Observatory

OLSZTYN'S INVESTMENT OFFER

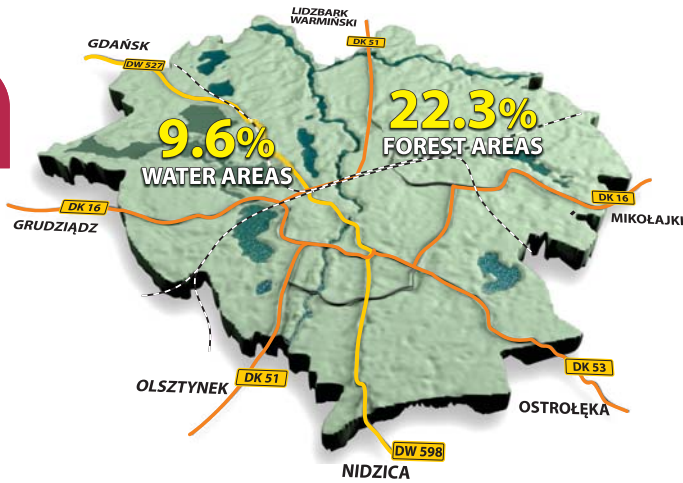
There are currently approximately 24 municipal investment plots of diversified land-use with an area of nearly 81,000 m² for sale in Olsztyn: services and retail, tourist accommodation services, housing. In the city, there are also industrial and warehouse properties belonging to the Olsztyn Subzone of the Warmia-Mazury Special Economic Zone – 10 plots with total area of 63.1 ha located in the vicinity of: the Lubelska Complex (Leonharda and Lubelska streets, 2 plots), the Jesienna Complex (1 plot with an access road from the Jesienna Street side) and the Track-East Complex (M. Zientary-Malewskiej and Lubelska streets, 7 plots).

Within Olsztyn, one can also find three entrepreneurship zones: the Entrepreneurship Incubator at the Olsztyn Science and Technology Park, the Olsztyn Entrepreneurship Incubator and the Olsztyn Academic Entrepreneurship Incubators.

Furthermore, Olsztyn also offers a wide range of research infrastructure. Nine research centres and 79 laboratories in many various fields of study operate at the University of Warmia and Mazury. Olsztyn is also home to the PAS Institute of Animal Reproduction and Food Research with 5 specialised laboratories at their disposal. The J. Rusiecki

Olsztyn Higher School has a Central Research Laboratory and in the Olsztyn Science and Technology Park there are another 3 laboratories available.

The W. Kętrzyński Research Institute, on the other hand, deals mainly with promoting and supporting academic research on the history of Warmia and Mazury as well as current transformations of the region.



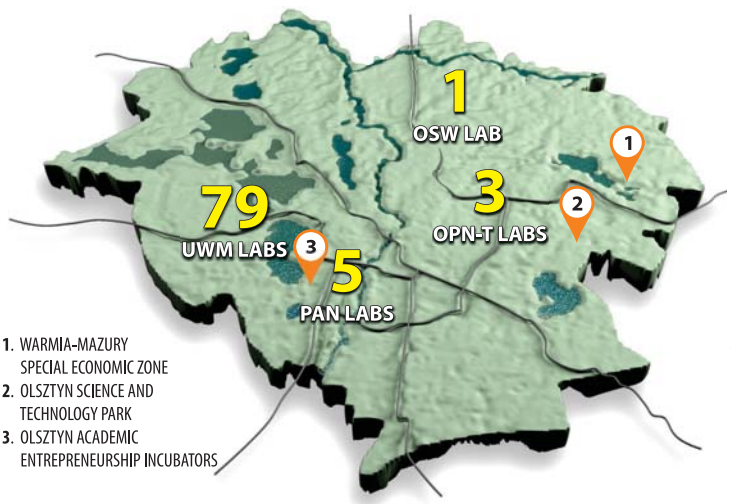
of the Warmian-Masurian Voivodeship, the Centre for Education and Cultural Initiatives, the Municipal Cultural Centre, the Polish-French Côtes d'Armor Warmia and Mazury Centre, the Olsztyn Planetarium and Astronomical Observatory, the F. Chopin State Music School, the E. Mendelsohn State School of Fine Arts, the W. Kętrzyński Research Institute, the E. Sukertowa-Biedrawina Provincial Public Library and the Warmian-Masurian T. Kotarbiński Provincial Public Pedagogical Library.



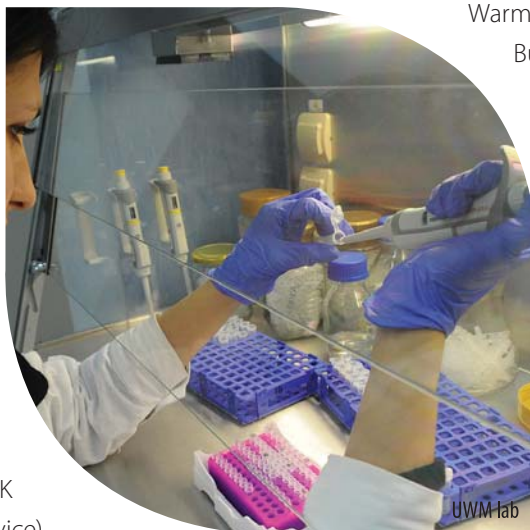
Tourist Information

Both domestic and foreign investors interested in locating their capital in Olsztyn can count on comprehensive services at each stage of the investment process, including selecting a location, a system of available investment incentives and information on potential partners, staff and the socio-economic situation of a given location. As a 'one-stop shop', Entrepreneur Assistance Point, which operates within Promotion and Tourism Office in the Olsztyn Town Hall, constitutes a source of current data on the city's economy and has a database containing contacts to local councils and business environment institutions acting on behalf of urban and regional development. Through ongoing cooperation with the Warmia and Mazury regional authority, The Warmia-Mazury Special Economic Zone and the business environment institutions, the office provides comprehensive, free of charge investment project management at the city level.

The most profitable companies and largest employers in Olsztyn include: Michelin Polska S.A. (tyre factory), Indykpol Grupa Kapitałowa (poultry meat production and processing), Grupa Kapitałowa DBK (DAF dealership and service), Eltel Networks Olsztyn S.A. (power industry, electro-energetic construction), Krynicki Recykling S.A. (sorting and purification



of glass cullet), Grupa Sprint (teleinformatics, telecommunication), Społem PSS (wholesale food and hardware), Zakład Urządzeń Technicznych Unimasz Sp. z o.o. (production), Warmińskie Przedsiębiorstwo Budowlane Rombud Sp. z o.o. (construction), MPEC Sp.z o.o. (communal services) and NetLand Sp. z o.o. (IT, geodesy). The most recognisable companies in this market include two acquired in 2012 by SKANSKA, i.e. PUDIZ Sp. z o.o. (road and greenery services) and WMPD Sp. z o.o. (road services) as well as ZORTRAX (professional business 3D printing solutions provider).



UWM – Education and Research Center, Faculty of Dairy Products

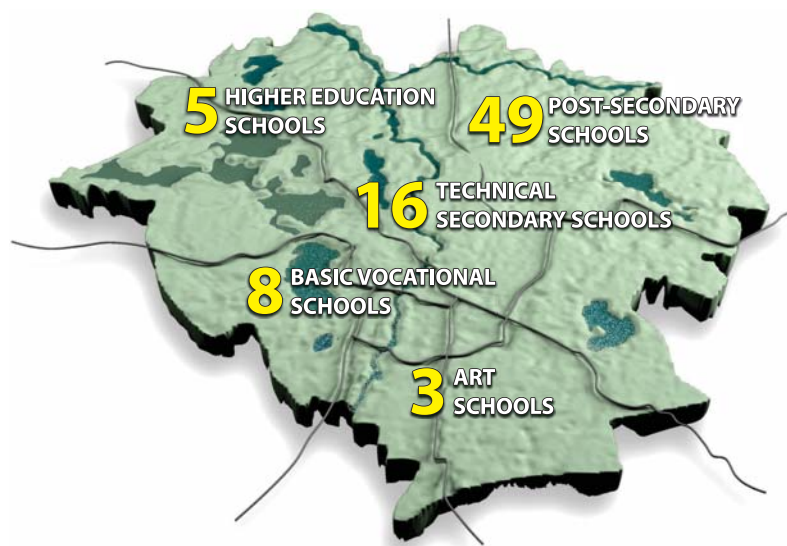
OLSZTYN SOCIAL CAPITAL

Olsztyn is a young dynamic city of social capital as well as the academic centre of Warmia and Mazury region. Its main advantage is its population of highly skilled, ambitious, young people.

According to data from all 5 higher education institutions located in Olsztyn, in the academic year 2016/2017 there were 28,300 undergraduates and 9,400 post-graduates attending these schools. Within three of them (the University of Warmia and Mazury, the University of Computer Sciences and Economics in Olsztyn and the T. Kotarbiński Olsztyn Higher School of IT and Management), 1,100 undergraduates and 200 post-graduates studied in IT faculties and 2,800 undergraduates and 1,100 post-graduates studied in economic faculties. UWM offers the widest range of education of all local higher education institutions – in the academic year 2016/2017 candidates can choose from 72 full-time and 34 part-time courses.

Data from all 75 vocational schools in Olsztyn shows that 8,000 undergraduates and 1,100 post-graduates are able to study courses 77 professions. In the 8 basic vocational schools, most of the 415 students chose the profession of cook, car mechanic and hair stylist and among the 89 graduates most choose cook, car mechanic technicians, hair stylist and confectioner. The 16 technical secondary schools were attended by 3,400 students (mostly IT technicians, electrical technicians and car mechanic technicians) and 476 graduates (mostly IT technicians, hotel technicians and economic technicians). 49 post-secondary schools were attended by 3,500 students (mostly cosmetic technicians, OHS technicians and administration technicians) and 578 graduates (mostly cosmetic technicians, property and personal physical security technicians and medical carers). In the three

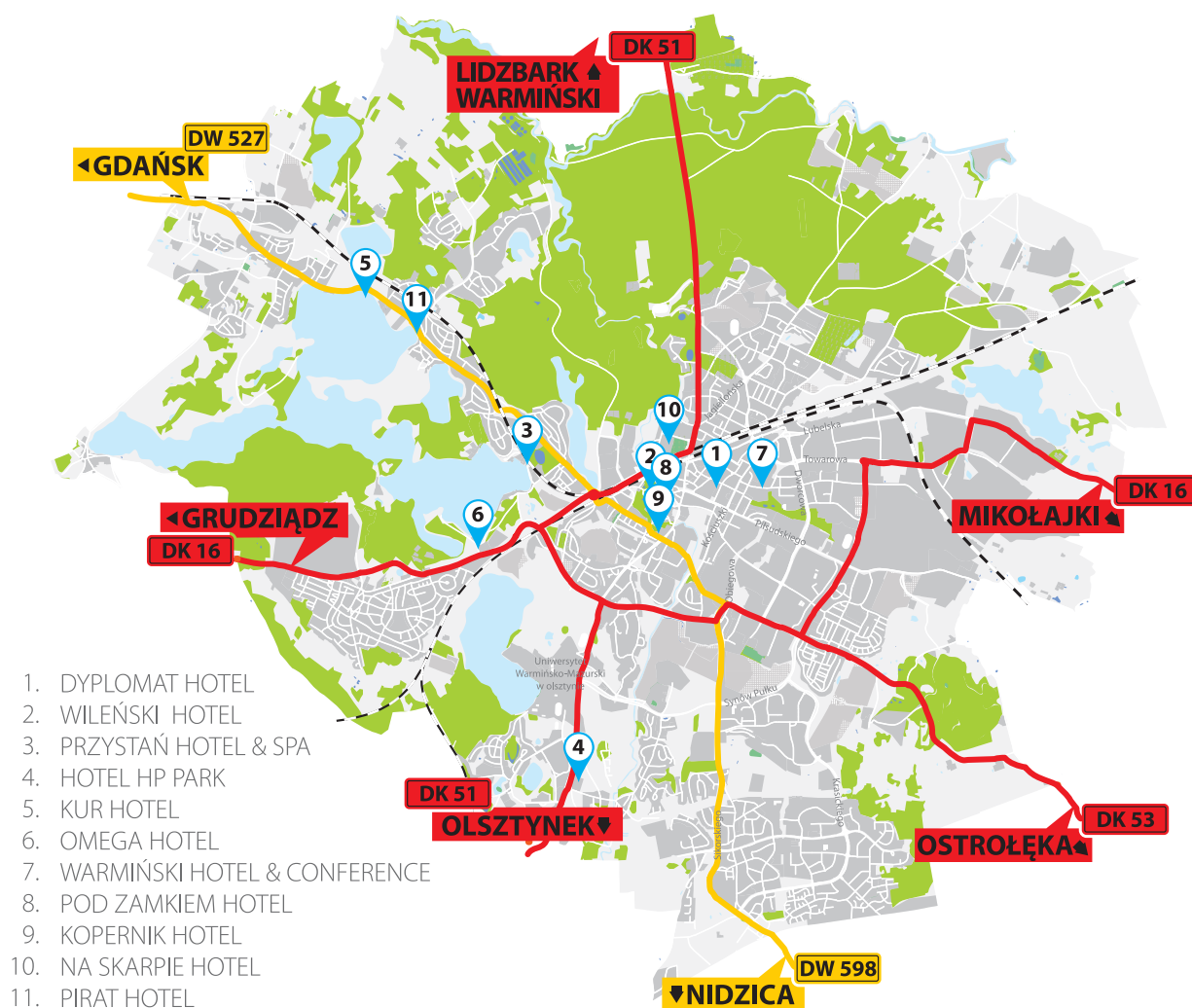
art schools there were 562 undergraduates and 105 post-graduates in 2 faculties: music and art.



STRATEGIC LOCATION OF THE CITY AS THE KEY FACTOR OF FURTHER DEVELOPMENT

Olsztyn is located midway between Warsaw (212 km) and Gdańsk (170 km), 144 km from Kaliningrad – the capital of the Kaliningrad Oblast of the Russian Federation. The city lies at the intersection of main national roads – no. 16 leading from Western Poland to Lithuania and often called the spine of the region, as well as no. 51 leading to the Kaliningrad Oblast, a branch of the State Road 7 Gdańsk-Kraków. Furthermore, an airfield operates within the city serving both internal and international business traffic. In 2015, an international airport located in Szymany near Szczytno, approx. 60 km from Olsztyn, opened. Moreover, within a 200 km radius of Olsztyn, there are three other international airports to choose from, providing connections to several dozen cities both in Poland and throughout the world.





1. DYPLOMAT HOTEL
2. WILEŃSKI HOTEL
3. PRZYSTAŃ HOTEL & SPA
4. HOTEL HP PARK
5. KUR HOTEL
6. OMEGA HOTEL
7. WARMIŃSKI HOTEL & CONFERENCE
8. POD ZAMKIEM HOTEL
9. KOPERNIK HOTEL
10. NA SKARPIE HOTEL
11. PIRAT HOTEL

Lech Wałęsa Airport Gdańsk – approx. 180 km,
Warsaw Chopin Airport – approx. 220 km, Warsaw
Modlin Airport – approx. 180 km.

Within Olsztyn, municipal transportation is provided
by 35 bus lines (including 2 night lines) using 153
vehicles and 3 tram lines using 15 vehicles.

Olsztyn is also an important regional railway
node. The main railways running through the city
are: regional line No. 216 to Działdowo, regional
line no. 220 to Bogaczevo, state line no.
353 Poznań-Czerniachowski as well as the
railway line connecting Olsztyn with
Szymany. Within a relatively close
vicinity there are also located: state
trunk line no. 9/E65 Gdynia-Żylina
(approx. 70 km from Olsztyn), national
line no. 204 Malbork-Kaliningrad
(approx. 100 km), national line
no. 38 Białystok-Bartoszyce (approx.
70 km) and the envisaged
international E75 Rail Baltica Warsaw-
Trakiszki line (approx. 160 km from
Olsztyn).

The nearest seaports operate in
Elbląg (100 km) and Gdańsk (170 km).



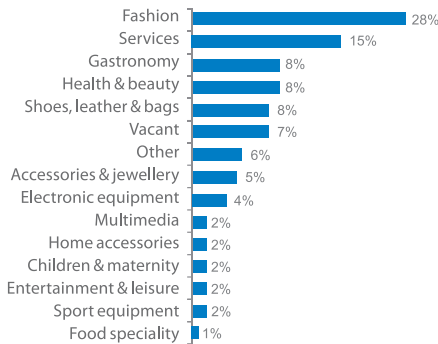
■ Olsztyn is one of the 18 main shopping centres markets in Poland. Due to the purchasing power of its inhabitants*, higher than country average (112.6%, e.i. PLN 30,856 per inhabitant, annually), developing tourism (approx. 75% recreation) and its position of main city in the area, Olsztyn is an important retail centre in warmińsko-mazurskie voivodship. A seasonal increase in consumer numbers by visitors from beyond Poland's eastern border is a distinctive feature – in 2017 Russians declared, in total, PLN 194 mln tax free bills on the border crossings.

■ Due to the wide catchment area, this market offers retail projects in various locations and in different formats, including markets, local shopping pavilions, hyper/supermarkets/discounts, shopping centres and high-street shops. In total, there are approx. 2,950 businesses in the retail sector in Olsztyn.



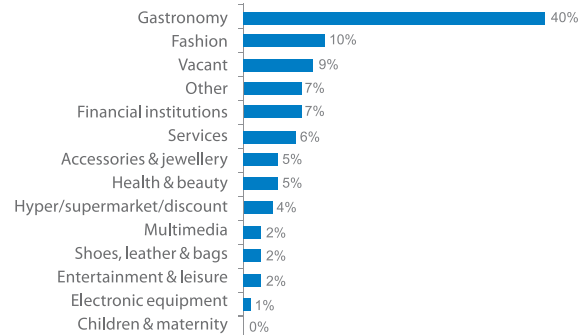
Viktor Shopping Centre

Tenant structure in shopping centres



Source: Colliers International, PRRF, January 2018

Tenant structure on high streets



Source: Colliers International, PRRF, January 2018

■ Modern retail schemes totaling 121,000 m² GLA are located in various parts of the city, but the south predominates. The Aura shopping centre and the most attractive high streets (Staromiejska, Prosta,

H. Kołłątaja, 11 Listopada, Pieniężny streets, the Old Town, Jana Pawła II Square), 11 are in the direct vicinity of the Old Town. The Galeria Warmińska, delivered to the market in 2014, plays an important role

Panorama view of the city

* Source: GfK Polonia 2017





Aura Center

and is the dominant project in the south part of Olsztyn.

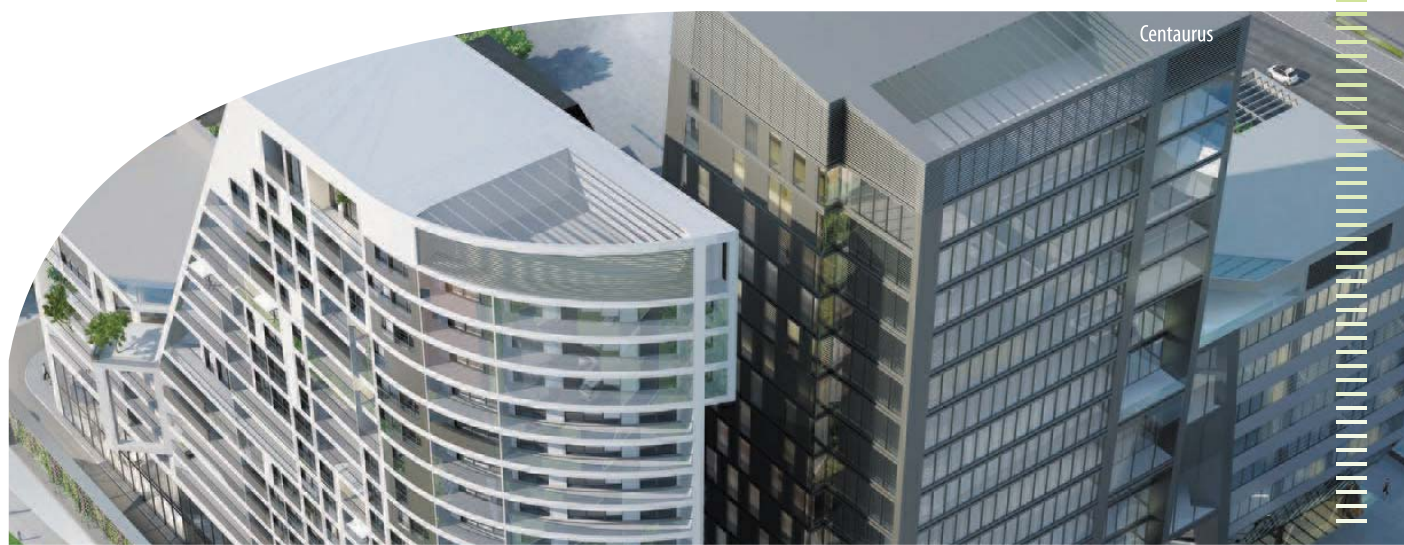
Smaller shopping centres in residential areas also play an essential role in the Olsztyn retail market, and they feature both retail chains and local entrepreneurs. Apart from retail stores, they offer a wide range of service points. The Galeria Dekada, situated near the railway station, is a good example, as well as Dom Handlowy Manhattan in the central zone, Centrum Handlowe Viktor, which supports the Pojezierze and Kormoran districts, and Centrum Handlowe H&B on Wilczyńskiego Street located in Jaroty, one of the largest residential areas in Olsztyn.

The vacancy rate in shopping centres does not exceed 2%, while units available for rent on high streets remain at a level of approx. 9%. Among high street premises in the city centre, restaurants and cafes definitely dominate and constitute

40%. Both international and national fashion retail chains, that have spotted the potential of Olsztyn, include: H&M, Grupa LPP, Grupa Inditex, TK Maxx, New Yorker, Massimo Dutti and Carry. In total, there are approx. 390 shops, services points and restaurants in shopping centres in Olsztyn.

The prime rents for retail space are noted in citycentre retail schemes, where 100-150 m² for the fashion sector is in the range EUR 21-25/m²/month. Rental rates for premises on main high streets are at a slightly lower level at PLN 10 to 20/m²/month.

Modernization and recommercialization of older schemes is one of the main trends on the retail market in Olsztyn. Redevelopment of the "Strefa Smaku" food court in Aura shopping centre has been recently completed and now includes Olimp, Pizza Hut, Asia Hung, Na Zdrowie! Fresh, Cukiernia Sowa and Grycan.



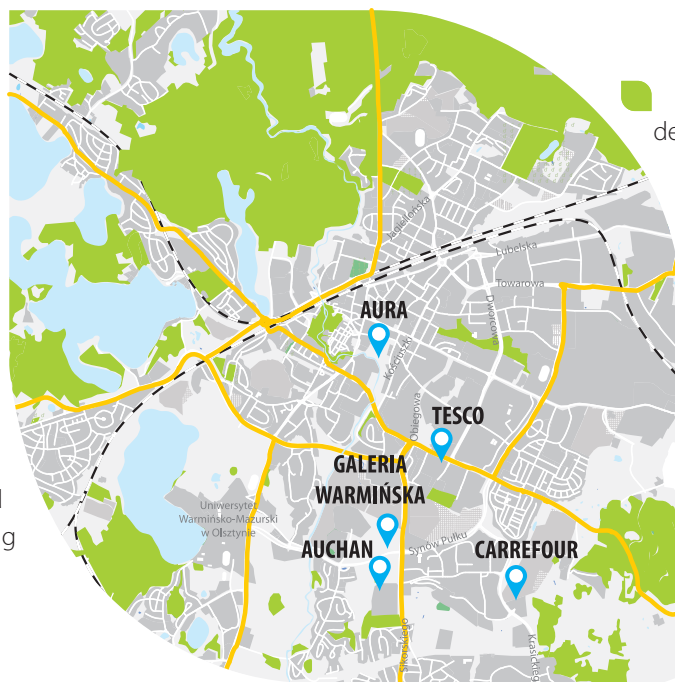
Centaurus

Largest retail schemes in Olsztyn

Name/Location	Developer/Investor	Size (m ² GLA)	Date of opening	Main tenants
Auchan, 2B Gen. Sikorski Avenue	Metro AG/EPP	29,400	1999	Auchan, Media Markt, BRW
Tesco, 16 Pstrowski Street	HIT/Tesco	12,500	1999	Tesco
Carrefour, 1B Krasicki Street	E. Leclerc/Carrefour	12,500	2000	Carrefour
Aura Centrum Olsztyna, 16 Marszałek J. Piłsudski Street	JWK/Rockspring	24,200	2005	Helios, RTV Euro AGD, H&M, New Yorker, Reserved, Smyk, EMPiK
Galeria Warmińska, 26 Tuwim Street	Libra Project/Rockcastle	42,400	2014	Piotr i Paweł, Multikino, Kinetic fitness, Warmiolandia, RTV Euro AGD, Inditex, H&M, LPP, TK Maxx, New Yorker, Smyk, Intersport, Martes Sport, CCC

Source: Colliers International, January 2018

The density ratio in Olsztyn remains at an average level compared with other cities of a similar size (approx. 700 m² for 1,000 inhabitants). This indicates the possibility of further market development when taking into account the forecasted increase in purchasing power.



Source: Colliers International, retailmap.pl, January 2018

The forecasted further development of the retail market will occur thanks to the modernization and extension of existing projects as well as new convenience schemes in residential areas (with a dominating food store). New large scale shopping centres should not be expected in the city in the short terms perspective.



For the purpose of this report, the existing industrial schemes located in Olsztyn and its outskirts (a radius of 10 km from the city centre) were analysed (both modern and those at a lower standard). Leasable industrial stock in this region is rather limited – old projects dominate and need thorough modernisation, they are not suitable for industrial production and they function as warehouses for goods that do not require special storage.

The analysis of the Olsztyn region shows that at present a modern industrial market basically does not exist. Some A-class warehouses can be found in Olsztyn, but these schemes are built mainly for their owners' needs in the BTO formula (e.g. the modern Michelin logistic centre with 110,000 m² located in the north-east of the city). Most of the lower class warehouses are located in the Kętrzyński residential area, in the industrial part of Olsztyn.

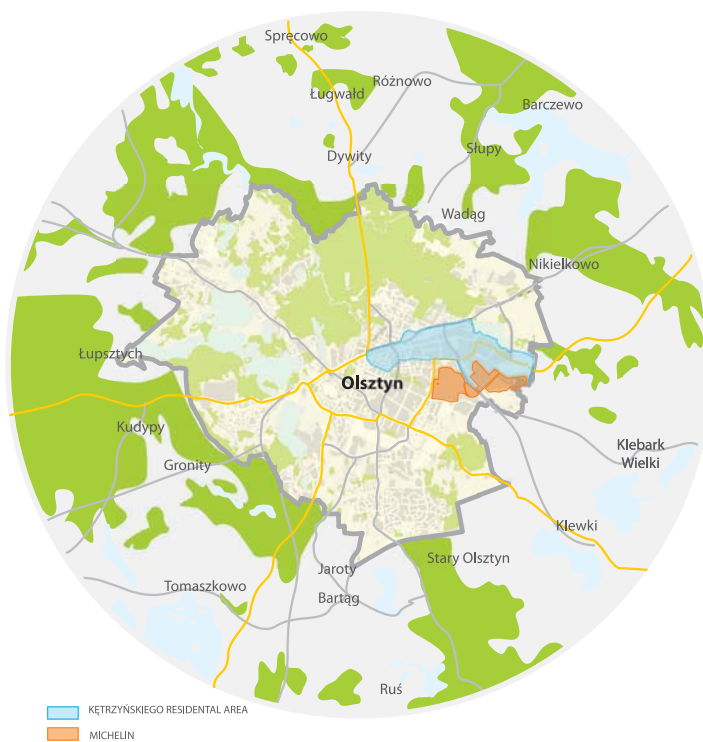
The Warmia and Mazury Special Economic Zone is an important production and industrial location. It covers an area of 1,364.7 ha and is divided into 37 sub-zones situated in the Warmia and Mazury



Voivodeship and the Mazowieckie Voivodeship. Apart from good infrastructure, an advantageous location and a wide choice, state aid for investors is the main incentive to invest there. In the Olsztyn sub-zone (247.3 ha) a valid permit is held by the largest investor in the zone – Michelin Polska S.A., which employs approx. 4,500 workers.

The Olsztyn subzone, totalling 248.9 ha, is made up of 3 complexes.

- Lubelska Complex totalling approx. 190 ha (occupied mainly by Michelin) – situated in the east of Olsztyn on Leonharda and Lubelska streets.
- Jesienna Complex which totals 15.5 ha – located in the north-east of the city. The whole complex is fully developed.



Source: maps.google.com

- Track-Wschód Complex totalling 43.3 ha – located in the east part of Olsztyn on Marii Zientary and Lubelska streets.

The last three mentioned complexes remain available for development by potential investors. Analyzing other regions of Poland, it can be noticed that stimulating the development of Special Economic Zones can have a big impact on the economic development of the region – the best example is the Michelin factory. Warmia and Mazury SEZ is a constantly developing, which, apart from its statutory activities such as construction and maintenance of infrastructure, or economic promotion, also undertakes a number of expenditures for the development of entrepreneurship in the region (including cooperation with the Warmia and Mazury Superintendent of Education for promotion, development and improvement of vocational

Modern industrial space A - definition

- clear height min. 8-10 m
- shipping docks:
1 dock per 500 m² within the city
1 dock per 800 m² in a suburban area
- entrance from '0' level
- maneuvering square for trucks
- good transport access
- grids: 24 m x 12 m or similar
- floor load: 5 t/m² or more, dust-free floor
- fenced and secured (24 h)

education and adjustment of vocational schools' offer to market needs). The zone also assumes the possibility of building modern warehouses for rent.

Demand for industrial space in this region is relatively low, which translates into higher investment risk and limited interest from developers (with the exception of possible BTS and BTO investments). Olsztyn is the main centre of the Olsztyn Industrial District, whose main branches are the wood, food, electro-mechanical and chemical industries. The economic strength of Olsztyn is its large number of small and medium-sized businesses and academic institutions. Cooperation between science and business can contribute to the emergence of new innovative enterprises specialising in research, production and services for the needs of the modern economy. This in turn may create an opportunity for the development of the local warehouse market, driven by newly established companies, especially those from the manufacturing sector.

BTO (build to own)

Known also as a 'fee development'. It involves the construction of an industrial project by a developer on the order of a customer who will become its owner.

Rental rates in the region are uniform and range from PLN 10 to 23/m²/month for the best quality space. Transaction rates are 10-15% lower than offered rates and utility costs are borne by tenants. Owners are willing to rent projects for an average period no shorter than one year and with a 6-month-notice period.

Currently, in Olsztynek, a town located 29 km from Olsztyn, a large logistics center with an area of 130,000 m² is planned to be built. The developer Hilwood plans to build the warehouse for the Zalando Lounge. This investment can become

a new stimulus for the development of the industrial and logistics market in the region. BTO (build to own) as well as BTS (build to suit) are a great opportunity type for the development of this market.

The low level of interest from both tenants and developers may be due to the fact that Olsztyn is not yet connected to any major urban centres by highways. It is worth noting, however, that the situation is improving – modernisation of the S7 road (Warsaw-Tricity) is underway, particularly the section from Gdańsk to the border of the Warmia-Mazury Voivodeship, the planned construction completion date is October 2018. Moreover, already within Olsztyn, the first section (10 km) of the southern bypass of the city is in progress with the completion date set for mid-2018. In turn, the second section (14.7 km) is planned for delivery in October 2018. In total, the entire investment will provide 24.7 km of the city bypass, which should significantly improve transit traffic in this area. Also, the section

BTS (build to suit)

Made-to-measure warehouses that are adjusted to a customer's needs and built according to requirements. The customer is obligated to a long-term lease, while the developer remains the owner of the building.

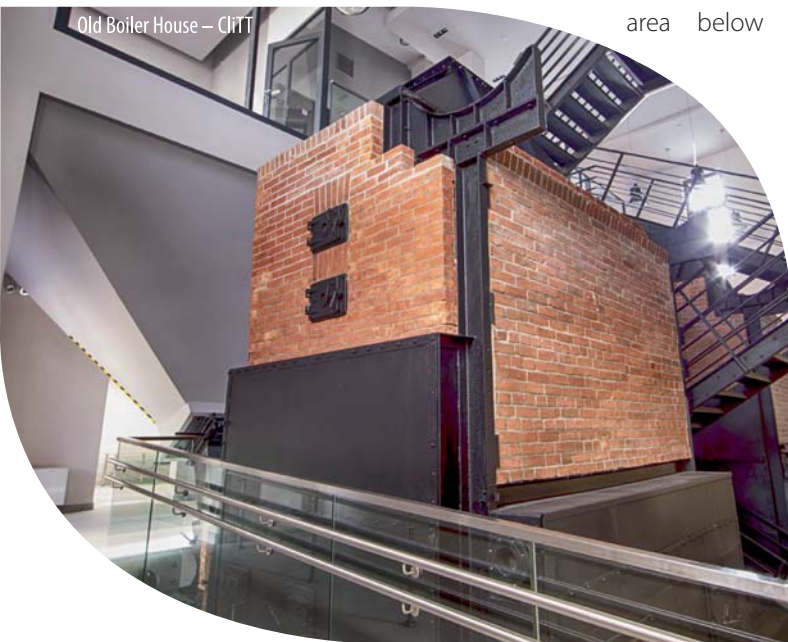
of the S51 road connecting Olsztyn with Olsztynek (13.3 km) is under construction.

Investments in upcoming years should improve transport links in the Warmia and Mazury voivodeship. Easier availability of trans-European corridors (TEN-T, Via Hanzeatica, Via Internare) will create opportunities for new national and international investments. All this means a good prognosis for the logistics market in the Olsztyn region as the level of infrastructure and transport communication of the region is of key importance.

Road infrastructure



Olsztyn is the largest office centre in north-eastern Poland. The total supply of modern office space in Olsztyn is estimated at 52,000 m². A large share, approx. 40%, is concentrated in two projects: the Cezal Business Center (13,000 m²) and the Europa Center office building (8,000 m²). Other office schemes are small-scale projects with a leasable area below



4,500 m², of which the largest are: Business Center (4,000 m²), Sigma (4,3000 m²) and the Koszary Park complex – buildings from 600 m² to 2,000 m². Apart from new investments, the existing supply also consists of older, modernised office projects.

The Olsztyn Science and Technology Park was completed in 2013 and offers tenants a complete business infrastructure. The park is dedicated mainly

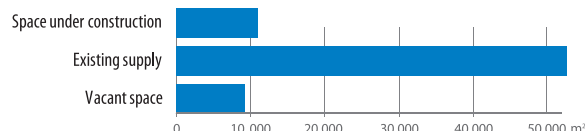
to newly established companies and start-ups and includes several facilities, including the Innovation Center and the Entrepreneurship Incubator.

Olsztyn is a relatively young office market, which translates into an irregular increase of modern supply. Around 37,000 m² of office space was built after 2012, which constitutes 70% of existing stock. In recent years, investments such as: Głowackiego 14 (2,400 m²), Business Center on Dąbrowszczaków Street (4,100 m²), the Koszary Park complex of revitalised buildings (5,600 m²) and Warmia Towers (1,400 m²) were delivered to the market.

Most existing office projects are located in the central zone of the city along main communication arteries (Marszałek Józef Piłsudski Avenue, Seweryn Pięniężny Street and Partyzantów Street). This provides convenient transport and proximity to the most important public institutions, banks and service points.

Currently, there are two office projects in the construction phase in Olsztyn. The first is the multi-functional project Centaurus (Inopa), which will deliver flats, apartments and a hotel, as well as

Modern office stock in Olsztyn



Source: Colliers International, February 2018

approx. 8,500 m² of class A office space. Completion is planned for the beginning of 2020. Under renovation

Olsztyn Science and Technology Park

2 Władysława Trylińskiego Street

OFFER FOR ENTREPRENEURS

- Business incubator
- Offices for rent
- Laboratory space
- Virtual office
- Conference centre





96% are companies employing up to 9 people. This is reflected in the size of rented space. Medium and small office modules – from a few dozen to a few hundred square metres – are the most popular.

At the end of 2017, the vacancy rate stood at 18%, which translated into approx. 9,300 m² of available space. Most vacant modules are concentrated in investments delivered

is also the fifth building of the Koszary Park complex, approx. 2,000 m² on Bohaterów Monte Cassino Street. Information about further planned office investments is currently not known.

to the market after 2014. In response to the requirements of local clients, developers, in addition to renting, also envisage sales of individual office modules.

INDICATORS

Existing supply 52,200 m²	Vacancy rate 18%	Planned demand 10,500 m²
Rental rates for A-class space	Rental rates for B-class space	The number of registered business (Central Statistical Office 2016)
EUR 11-13/m²/month	EUR 7.5-10.5/m²/month	23,187

At the end of 2016, there were over 23,000 businesses in Olsztyn. An analysis of the size structure of registered enterprises shows that as many as

Office rental rates in Olsztyn remain at a relatively stable level. In 2017, the asking rents for B/B+ class space were in the range EUR 7.5-10.5/m²/month.

Olsztyn Business Incubator

6 Marka Kotańskiego Street

OFFER FOR ENTREPRENEURS

- Office, service and industrial space for lease
- Business support and trainings
- Promotion



Koszary Park

A higher level of asking rents is observed in class A investments (existing and under construction), where the office space is offered between EUR 11 and EUR 13/m²/month.

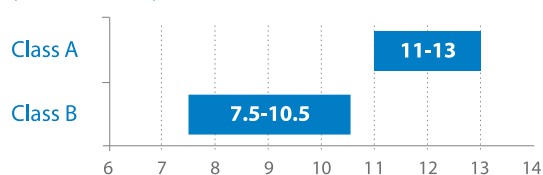
Olsztyn belongs to the group of smaller regional cities, which directly affects the slower pace of development of the office market. The improving infrastructure development, tram lines, the airport in Szymany and new railway connections are having a positive impact on the commercial real estate market. For many years, the city has been a base for



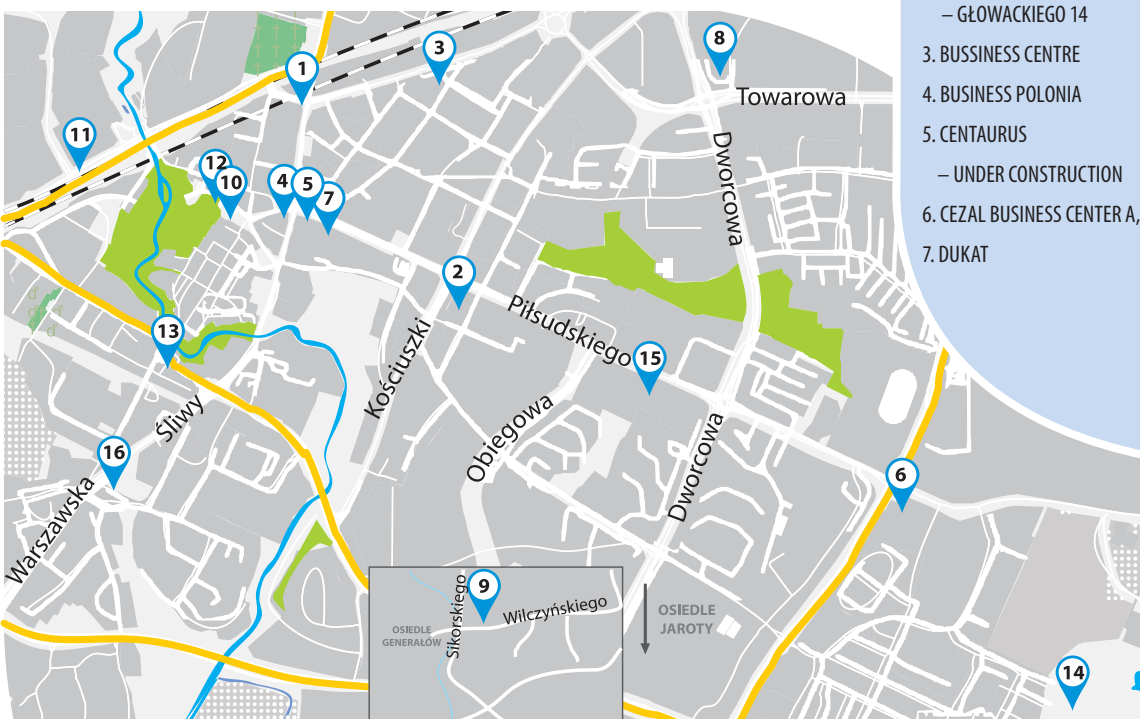
sector, which is growing rapidly in Poland. The city can offer companies from the BSS sector favourable lease terms for office space, well-educated staff with foreign languages and a unique location with a high quality of life for inhabitants.

human resources for various sectors, with universities educating almost 7,500 graduates each year. In Olsztyn, there are also companies from the business services

Rental rates for office space in existing and planned schemes (EUR/m²/month)



Source: Colliers International, February 2018



1. 1-GO MAJA 6
2. BIURA CENTRUM – GŁOWACKIEGO 14
3. BUSSINESS CENTRE
4. BUSINESS POLONIA
5. CENTAURUS – UNDER CONSTRUCTION
6. CEZAL BUSINESS CENTER A, B
7. DUKAT
8. EUROPA CENTER
9. GRACJA
10. INKA
11. KOSZARY PARK A-D – EXISTING AND UNDER CONSTRUCTION
12. NOWOWIEJSKIEGO 9
13. OLSZTYŃSKA WENECJA
14. OLSZTYN SCIENCE AND TECHNOLOGY PARK – B2, B3, INKUBATOR B1
15. SIGMA
16. WARMIA TOWERS

Source: Colliers International, February 2018

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