



ASPIRE

BEYOND THE BUBBLE

WORLD STAGE 

OPTIMISING YOUR REAL ESTATE IN A WORLD OF UNCERTAINTY:

FUTURE-PROOFING YOUR PORTFOLIO AND COSTS

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Global Sentiment on Growth, Portfolio, and Workplace Dynamics: **Where Do We Stand?**



Kraków's Office Market: **How Do Global Trends Play Out Locally?**

Corporate Real Estate Sentiment Index



Quarterly survey covering corporate real estate trends

12

**questions
asked**

77

**global
companies surveyed**



Focus on global growth, portfolio and workplace dynamics

Corporate Real Estate Sentiment Index

GROWTH DYNAMICS

1. Global economic growth
2. Company revenue growth
3. Company headcount growth
4. Company capital expenditure growth

PORTFOLIO DYNAMICS

1. Expanding physical footprint
2. Re-locating core facilities
3. Increasing % of sustainable buildings
4. Offshoring functions to new locations

WORKPLACE DYNAMICS

1. Back to pre-pandemic occupancy levels
2. Significant changes to office design / configuration
3. Increasing density of occupation
4. Enhancing office services / amenities

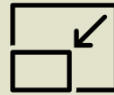
Corporate Real Estate Sentiment Index – Q2 results



Overall, CRE leader sentiment fell for the second consecutive quarter.



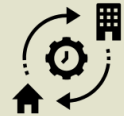
Sentiment is strongest around increasing office density, which is a clear focus for CRE leaders.



There has been a marked fall in sentiment regarding physical expansion – reflecting wider economic concerns.



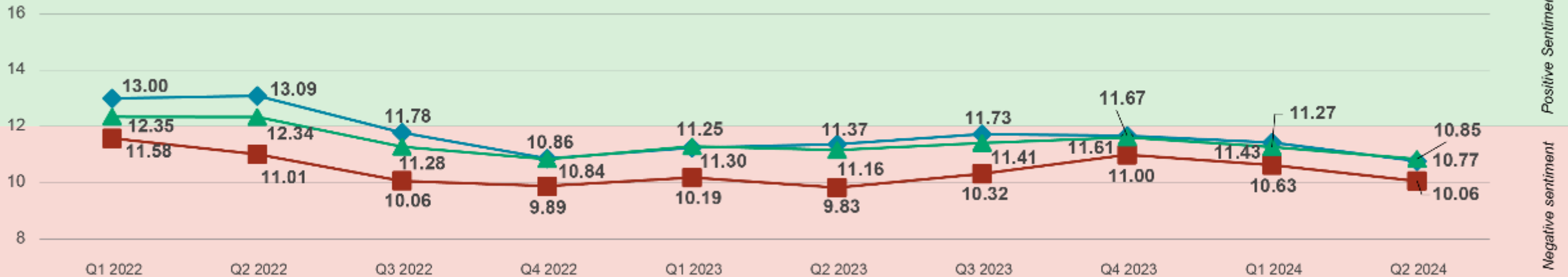
Upticks in sentiment around offshoring were halted in Q2, but the indicator remains above its long-term average.



There has been a significant reduction in sentiment around a return to pre-pandemic levels of occupancy – as more flexible workstyles take hold.

Sub-index performance (Q1 2022-Q2 2024)

◆ Growth Dynamic Index ■ Portfolio Dynamic Index ▲ Workplace Dynamic Index



GROWTH DYNAMICS

1. Growing concern around the global economic outlook.
2. Sentiment relating to growth in headcount and capital expenditure – both traditional catalysts to CRE activity – has fallen.
3. Capex constraints continue to bite and will make delivery of capital-intensive initiatives more challenging.

PORTFOLIO DYNAMICS

1. A slight improvement in sentiment around relocation
2. Offshoring will remain a focus for many given a need for greater financial and operational efficiency.
3. The flight to value may see nonlisted occupiers making compromises on sustainable real estate.

WORKPLACE DYNAMICS

1. Occupiers seem to accept that there will not be a strong return to prepandemic levels of occupancy.
2. While workstyle flexibility is set, the densification of the workplace looks set to rise.
3. We expect occupiers to drive densification, increase productive utilisation & deliver both me AND we space, although capital constraints will stifle progress.

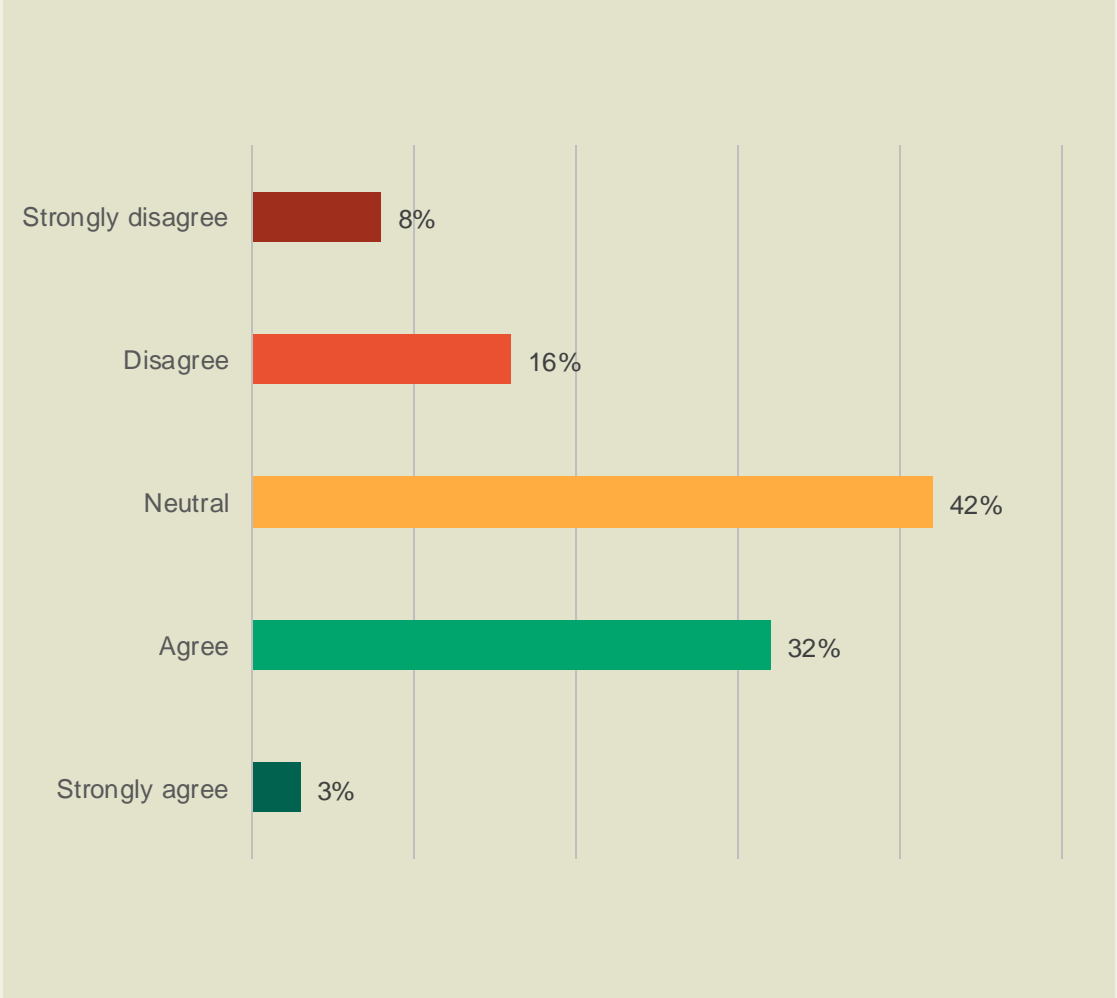
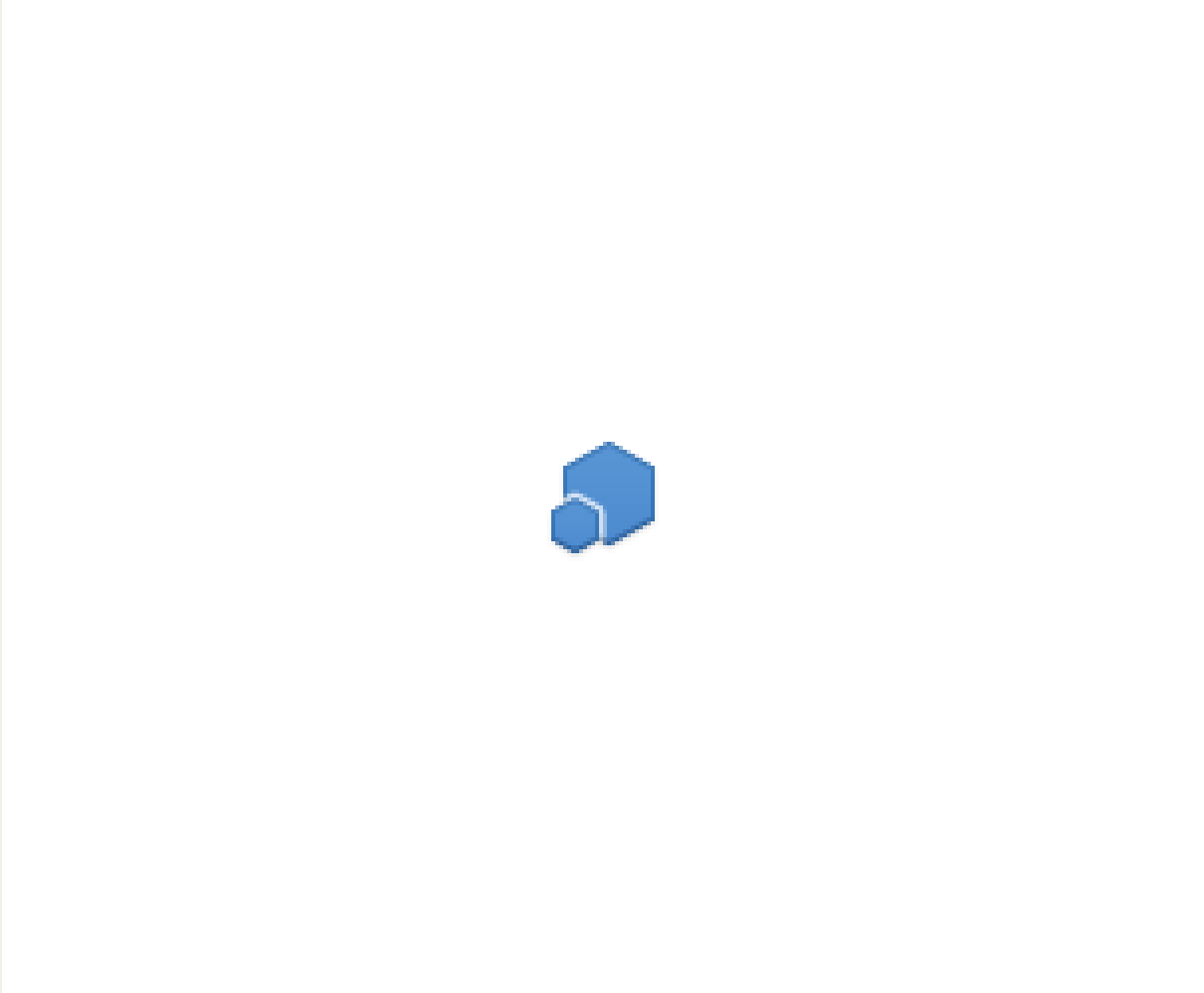
Over the next six months will you....

- Increase density of occupation in your office?
- Be back to pre-pandemic levels of occupancy?



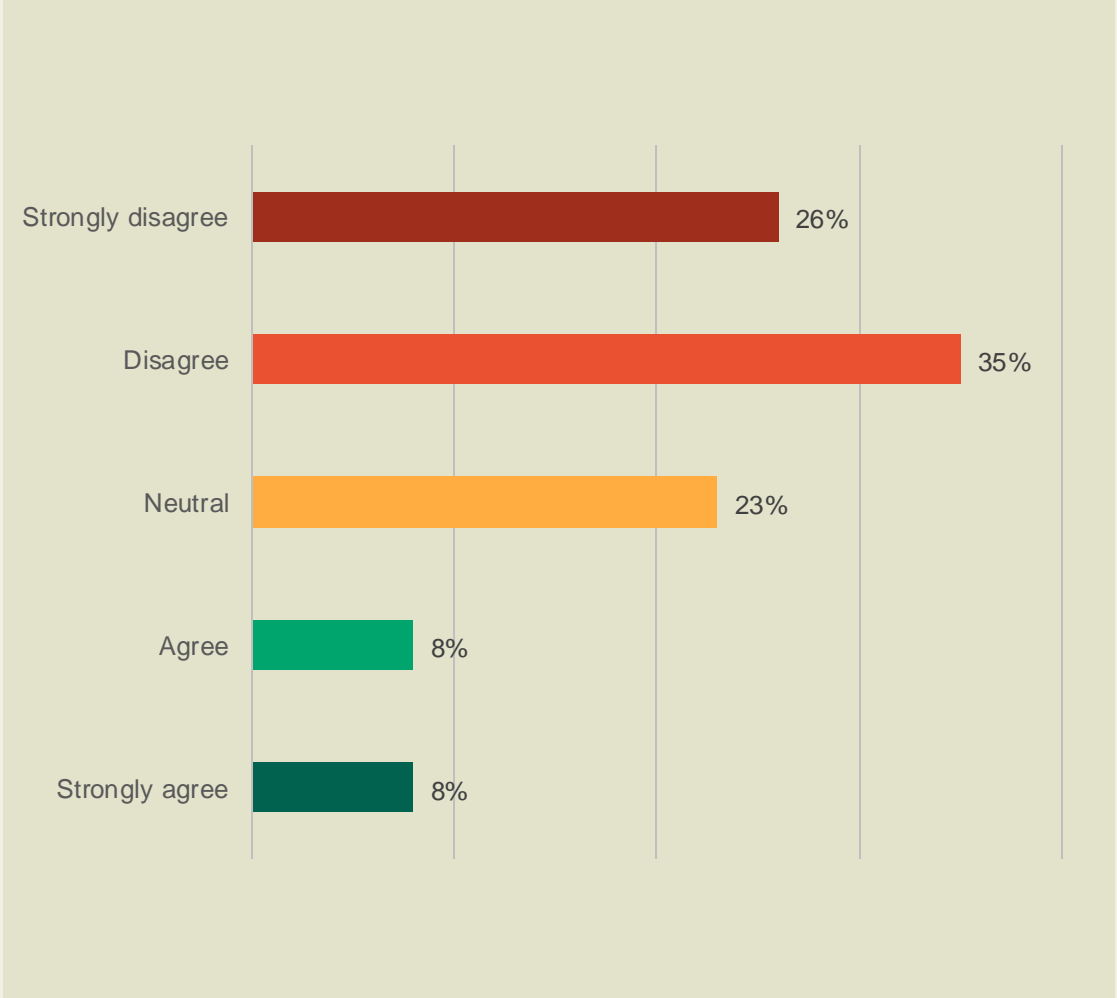
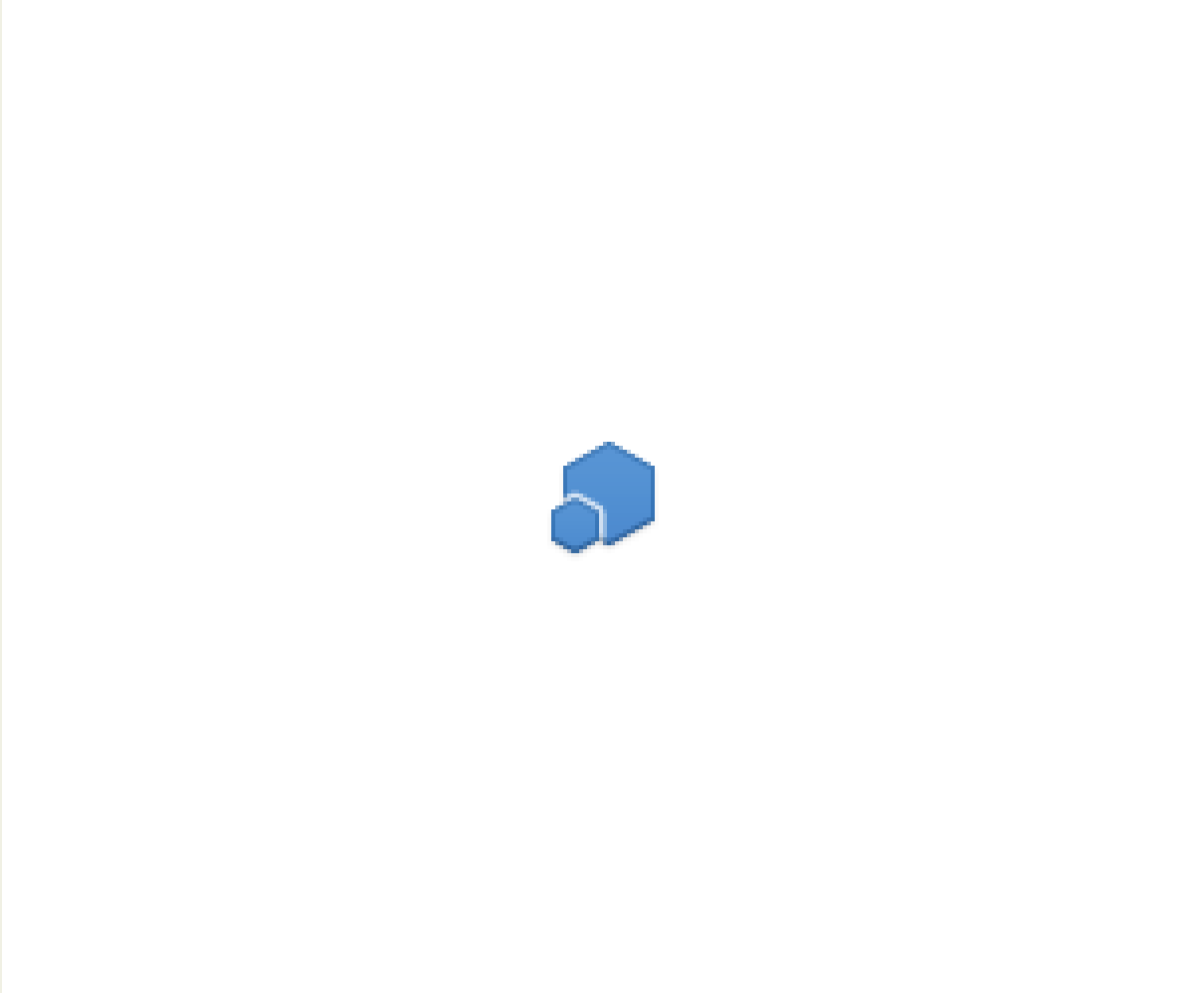
Audience survey – Question 1

Over the next six months will you increasing density of occupation in the majority of your offices?



Audience survey – Question 2

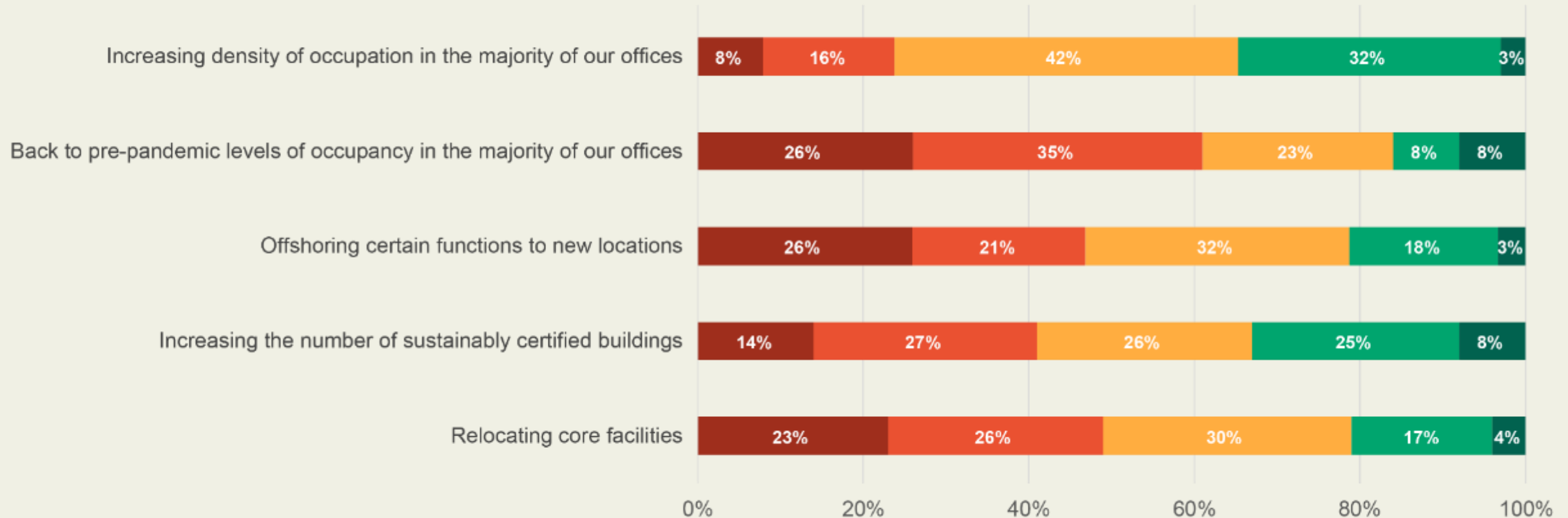
Over the next six months will you back to pre-pandemic levels of occupancy in the majority of your offices?



Key questions

Over the next six months we will be....

Strongly disagree Disagree Neutral Agree Strongly agree



Corporate Real Estate Sentiment Index



The four topics we would like to explore:

- Company headcount growth
- Offshoring functions to new locations
- Increasing density of occupation
- Enhancing office services / amenities

Company headcount growth

THE SENTIMENT

- Sentiment around company headcount growth remains negative.
- Q2 reading of 2.45 is the lowest since the index began.

WORKPLACE IMPLICATIONS

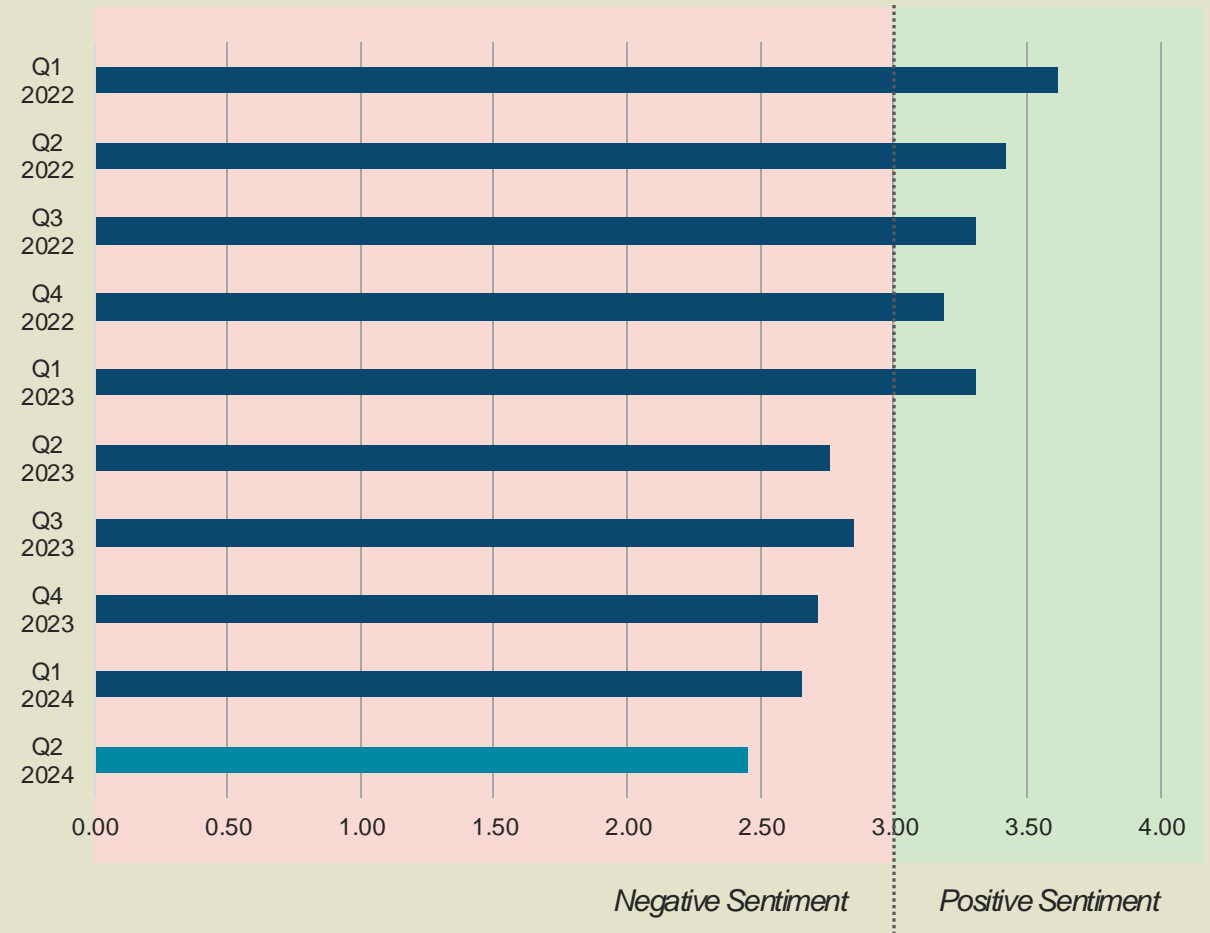
- Stable Demand for Office Space
- Optimization of Existing Spaces
- Flexibility in Lease Agreements
- Reabsorbing Protected Space
- Enhanced Quality of Space

CASE STUDY



- Citigroup plans to cut 20,000 jobs - about 10% of its global staff - over the next two years, as it pushes to streamline operations.

Company headcount growth - sentiment scorecard



Offshoring functions to new locations

THE SENTIMENT

- Latest reading of Indicator reduced to 2.51 and represents a decrease of 0.15 points quarter-on-quarter.
- Despite challenging global economic conditions, companies have not yet actively explored offshoring as a cost mitigation exercise, however growing cost sensitivity and the need for operational efficiency and productivity without headcount growth are to drive offshoring.

WORKPLACE IMPLICATIONS

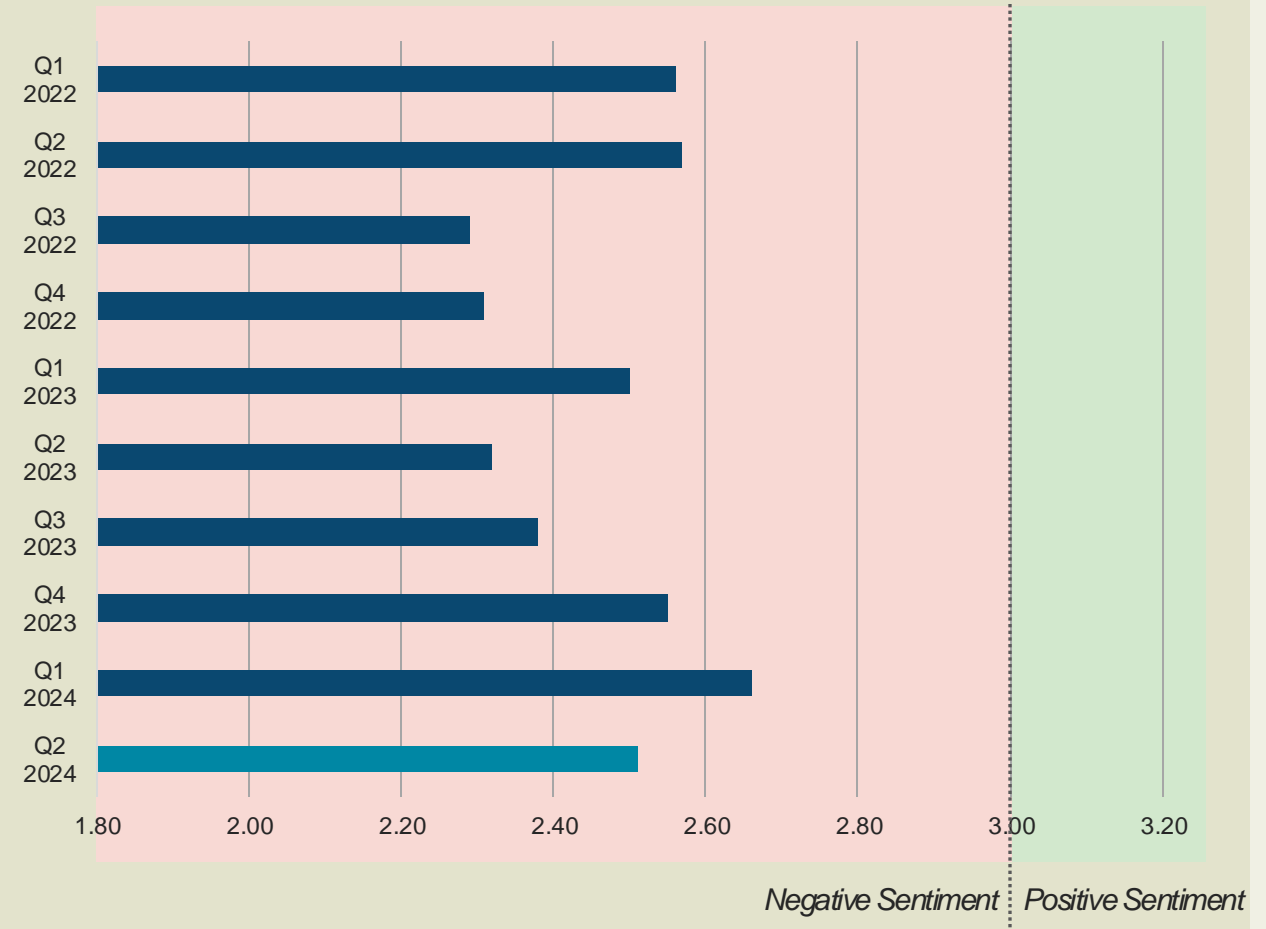
- Stable Demand for Office Space
- With companies not actively exploring offshoring, the immediate demand for office space may remain stable as businesses continue to operate locally.

CASE STUDY



- 7-Eleven® Global Solution Center (GSC)

Offshoring functions to new locations – sentiment scorecard



Increasing density of occupation

THE SENTIMENT

- The indicator has been positive for three consecutive quarters.
- Aligns with the need for greater efficiency and cost mitigation.

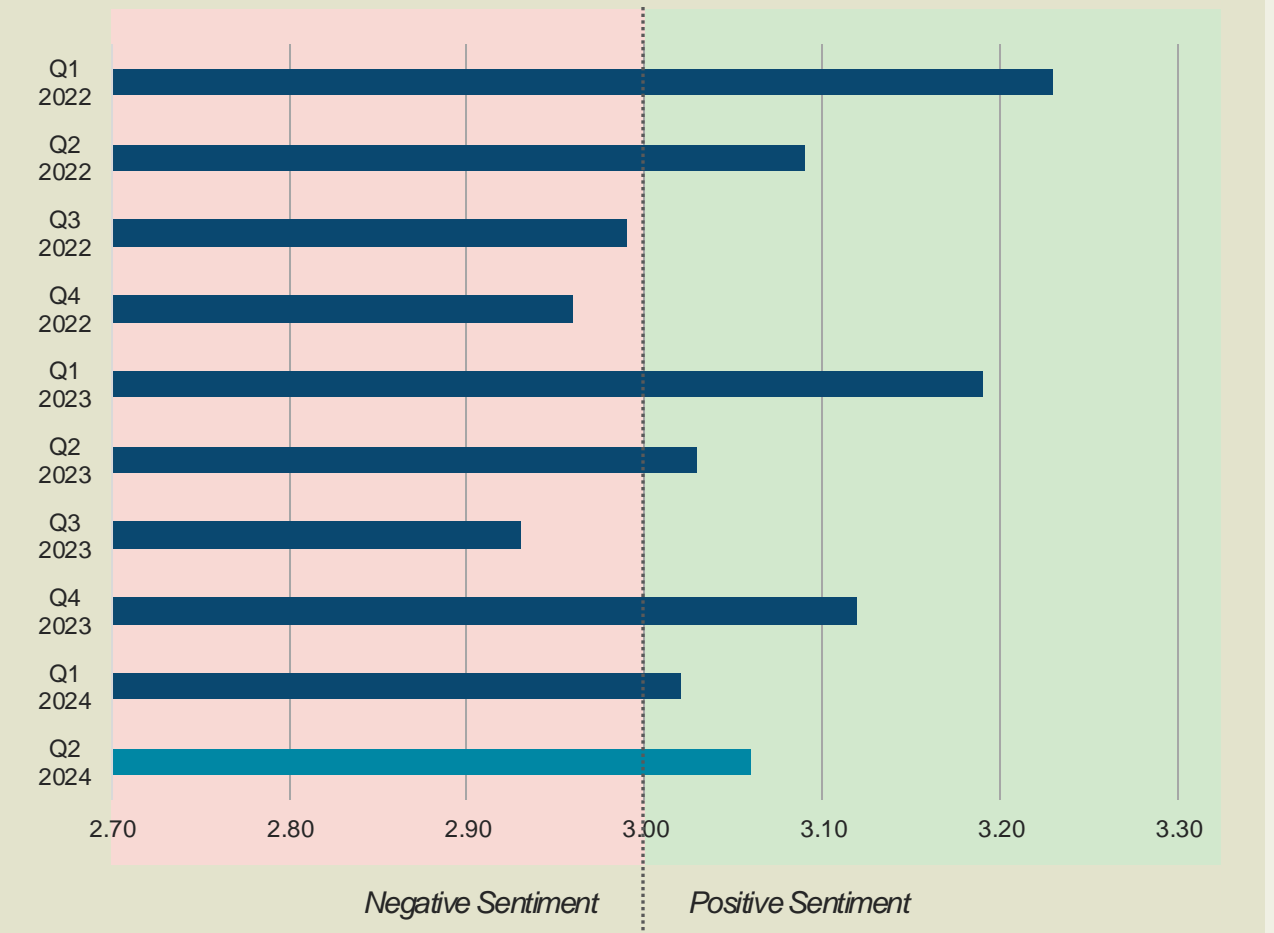
WORKPLACE IMPLICATIONS

- Stable need for additional leases
- Need to relocate to smaller spaces
- Optimized Space Utilization
- Growing redesign and reconfiguration efforts.
- Growing demand for Flexible Lease Terms

CASE STUDY

CLIFFORD CHANCE • International law firm Clifford Chance has committed to pre-let 321,100 square foot in a new building at 2 Aldermanbury Square EC2.

Increasing density of occupation – sentiment scorecard



Enhancing office services / amenities

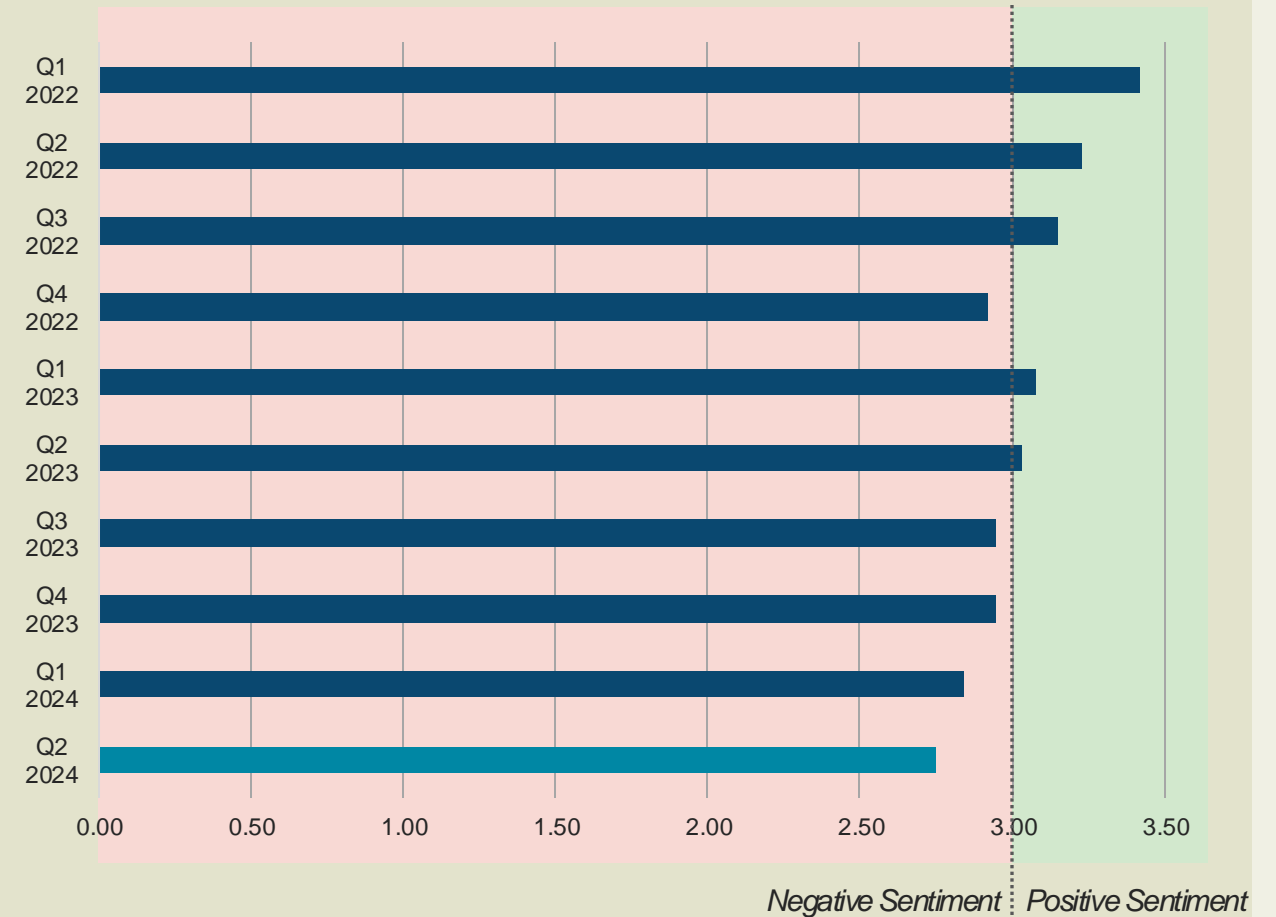
THE SENTIMENT

- Enthusiasm for changes to office design and configuration is slowing down.
- Also, future enhancements of services and amenities are also viewed with caution.

WORKPLACE IMPLICATIONS

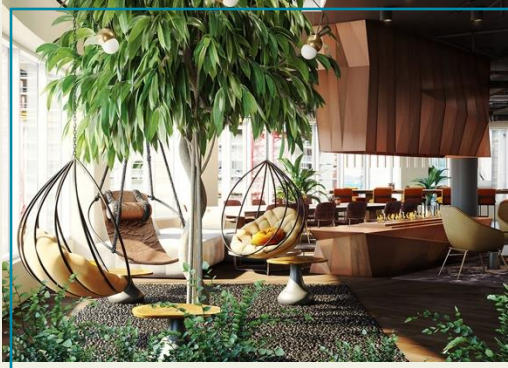
- Corporate Real Estate (CRE) leaders are nearing the limit of available options to support return-to-office mandates with current offerings.

Enhancing office services/amenities – sentiment scorecard



Enhancing office services / amenities

CASE STUDY



Uncommon, 34-37 Liverpool Street, London

- Relaxation pods and hanging swings
- large roof terrace with classes
- Peloton bikes for workouts
- Air purification devices in meeting rooms as well as scented air throughout the workspace



City Pavilion, 27 Bush Lane, London

- Scandi Design
- Baskets of blankets and geometric rugs
- rain-proof pods.
- The building also features a Gymbox

The Crown Estate, One Heddon Street, London

- A living wall and an indoor garden
- Roof Terrace
- Air supply rate to the office is 50% above the minimum recommended level



Second Home, 68 Hanbury Street, London

- Over a thousand plants, with in-house gardeners visiting twice a week
- hot-desking space on the bottom floor doubles as a yoga room
- Inside-outside ponds – complete with reed



How is Kraków's Office Market Responding?



- Krakow is the key market for BPO centres in Poland – demand from offshoring is to remain stable.
- Demand for flexible office leases and coworking spaces is on the rise.
- Demand for sustainable buildings is growing what is evident on both the supply and demand side.
- Majority of office take up is in respect of renegotiations.

Kraków office market key data



1.82m sq m
Supply



14,000 sq m
New supply
H1 2024



43,000 sq m
Under construction



93,000 sq m
Take-up

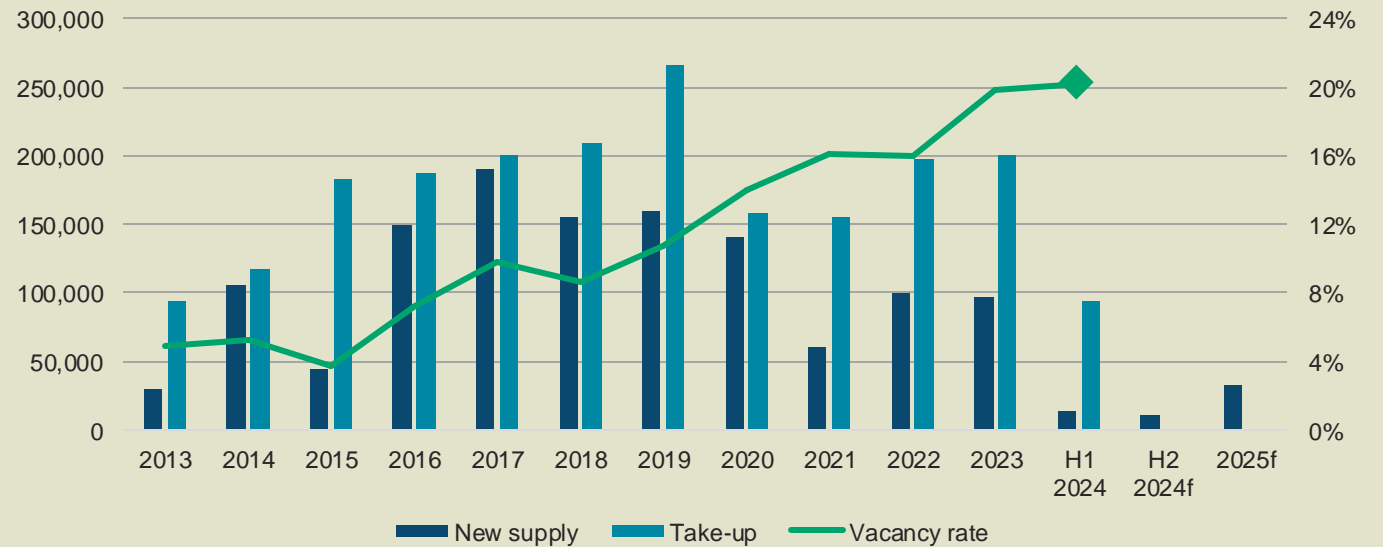


20.2%
Vacancy rate



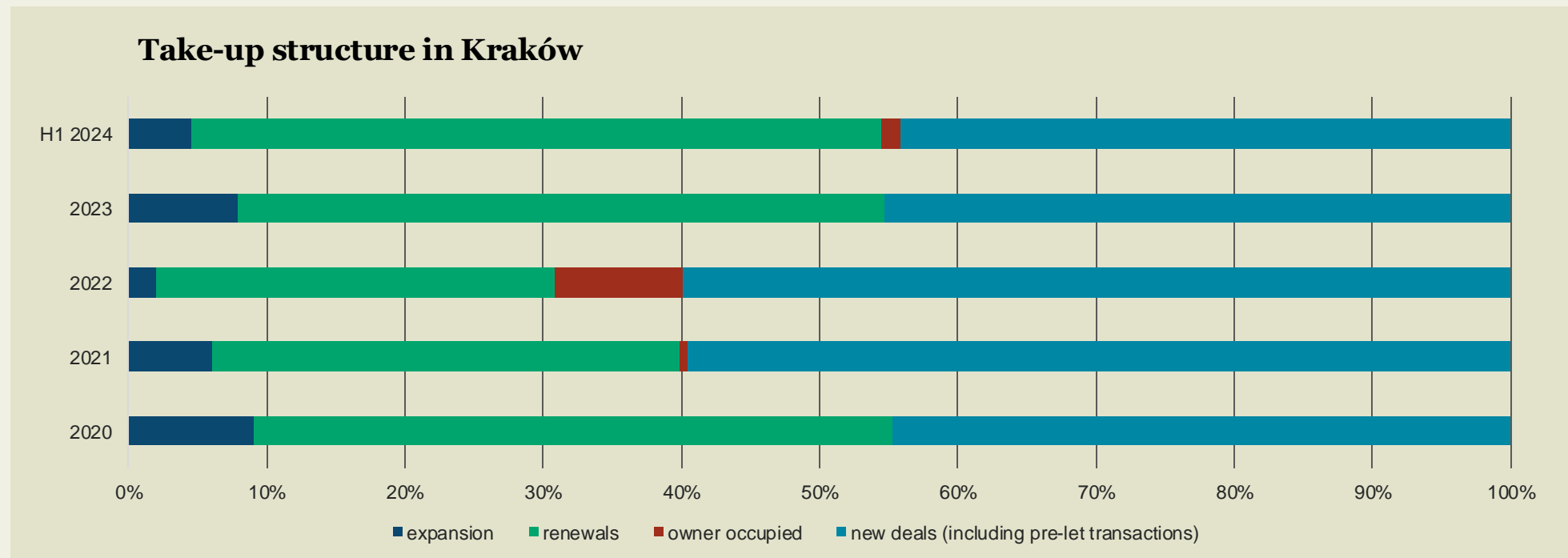
EUR 10-18
Rental levels

Annual new supply, take-up and vacancy rate in Kraków



Renegotiations

- Renegotiation constitute the largest share of the take up for 6 quaters.
- New leases despite decreases still take second largest share in take up.



Rental levels and service charges in Kraków



Rental levels

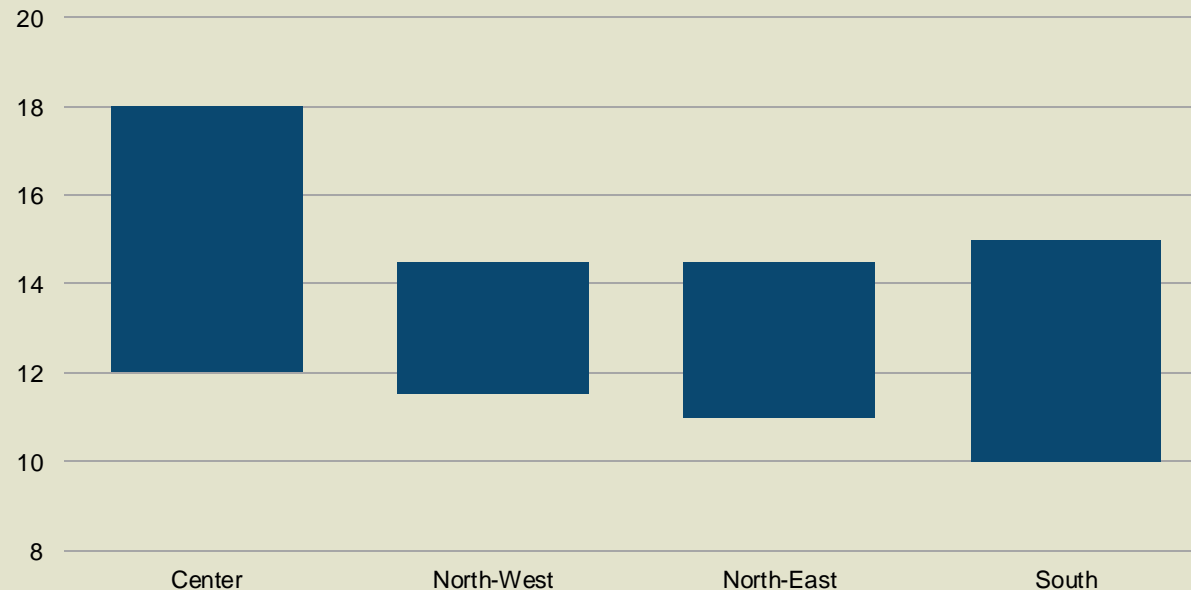
10-18 EUR/month/sq m



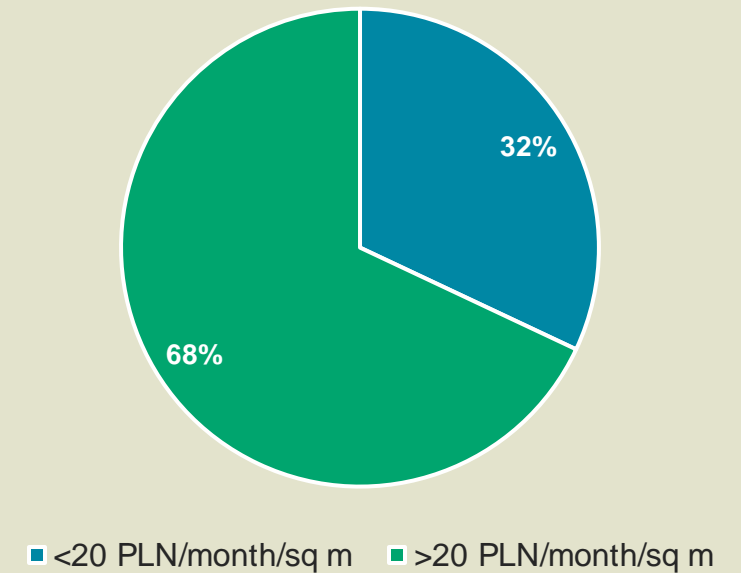
Service charges

12-32 PLN/month/sq m

Rental levels by location



Office buildings by service charges

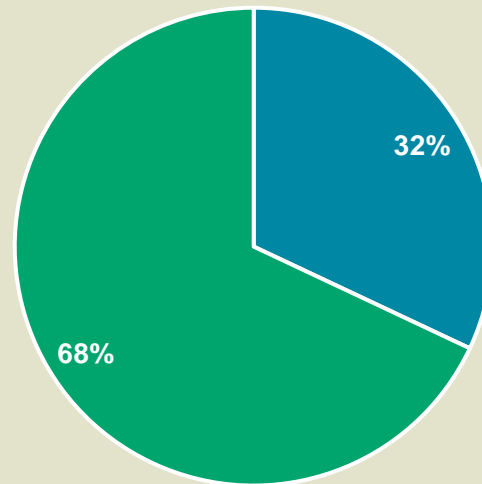


Demand for sustainable buildings

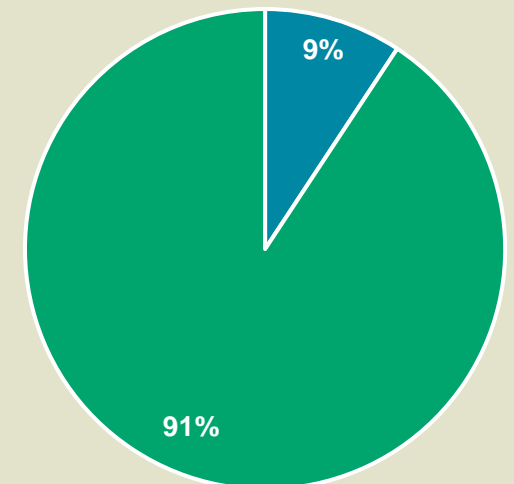


- Although 68% of office spaces have green certifications, the percentage of leased space within certified buildings is significantly higher, reaching 91%.
- This reflects tenants' strong appreciation for quality.

Total office space in Kraków



Total leased space in Krakow in 1H 2024



- Office space without green certificates
- Office space holding green certificates

Data-Driven Approach

Regardless of location to check stay vs go option, to reduce costs and enhance your operations YOU need expertise/
DATA.



DATA



PLAN



EXECUTE

Identify and aggregate the data points most valuable to you

- Real Estate Market
- Workplace Benchmarks
- Competitor Analytics
- Talent Analytics
- Research & Thought Leadership
- Service chargé, ESG

Use the collected data to inform the decision-making process

- Location Strategy, (public transport, mapping)
- Workplace Strategy
- Site Appraisal & Selection
- Transaction Planning & Negotiation Strategy

Enable you to make decisions swiftly and with confidence, enhancing speed to market

- Transaction Management & Advisory
- Change Management



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Q & A



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THANK YOU
