SUMMARY

Overview

- Strong take-up volumes, along with the lowest new supply (since Q2 2005) and vacancy rate (since Q2 2013) were the main characteristics of the Warsaw office market in Q3 2018. Central zones kept attracting the majority of both tenants and developers’ activity in the city. Currently, Warsaw has 5.42 million sq m of office space, with a strong concentration in Central zones followed by Mokotów office area (39% and 26% of the entire stock respectively).
- After a strong first half of 2018, in Q3 2018 modern office stock in Warsaw increased by 16,300 sq m in just two office buildings (Park Avenue and Koneser, building C); and it was the lowest quarterly value since Q2 2005. In the last quarter of the year further 35,000 sq m is scheduled to come to the market. Next substantial new supply volume is expected in H2 2019 when such projects are to be completed: Mennica Legacy Tower, Chmielna 89, Wola Retro or Generation Park Z.
- The Warsaw market keeps witnessing a quite extensive construction activity, as ca. 740,000 sq m is currently ongoing. Central zones are being home to the almost 80% of the developed space, with a clear concentration in the City Centre West subzone (416,400 sq m).
- With take-up of almost 632,000 sq m in the first nine months of 2018, Warsaw letting market has achieved 77% of the total occupier activity recorded in an entire 2017 and it was 7% up on the same period last year. The take-up is almost evenly split between Central and non-central locations (the difference is less than 3,000 sq m in favour of the non-central locations).
- New agreements (including pre-leases) accounted for almost 61% of the total volume of take-up whereas the share of lease renewals and renegotiations was close to 27%. Expansions accounted for approximately 10% of the total letting activity in Q1-Q3 2018. Pre-leases accounted for 15% of gross take-up.
- New supply shortage and healthy take-up volumes have pushed vacancy rate in Q3 2018 down to 10.0% (110 bps lower when compared quarter on quarter and 290 bps lower when compared with Q3 2017), and such a low result was last seen in Warsaw in Q2 2013.
- The lowest vacancy rate, similarly to the last quarter, was recorded in Żwirki i Wigury corridor (17.2%), nevertheless this office zone has recorded also the highest decrease compared to the previous quarter (249 bps). The lowest rate of 2.4% was again seen in the North zone, which is one of the smallest in terms of office supply.
- Prime headline rents in Q3 2018 remained rather stable - in the CBD and City Centre ranging from EUR 21.00 per sq m/month up to EUR 25.00 per sq m/month in top floors in tower buildings and in Służewiec between EUR 13.00 and 14.75 per sq m/month.
- Due to the shortage of available best quality office space in the most sought-after office zones in Warsaw incentives are decreasing. Growing labour and construction material costs result in decreasing rent free periods and allocating additional means to the fit-out budget offered to the potential tenant.
**GRAPH 1**

**Take up Q1-Q3 2018**

- CBD 22%
- Mokotów 22%
- Jerozolimskie Corridor 11%
- Żwirki Wigury Corridor 7%
- Puławska Corridor 2%
- East 3%
- West 2%
- Ursynów, Wilanów 1%
- North 2%
- City Centre 28%
- North 2%

Source: Savills

**GRAPH 2**

**Stock Q3 2018**

- CBD 16%
- Mokotów 26%
- Jerozolimskie Corridor 13%
- Żwirki Wigury Corridor 6%
- East 4%
- West 4%
- Ursynów, Wilanów 2%
- North 2%
- City Centre 23%

Source: Savills

**GRAPH 3**

**Stock, under construction & vacancy rate Q3 2018**

- CBD 20%
- City Centre 18%
- East 16%
- Jerozolimskie Corridor 14%
- Mokotów 12%
- North 10%
- Puławska Corridor 8%
- Ursynów, Wilanów 6%
- West 4%
- Żwirki Wigury Corridor 4%

Source: Savills
### TABLE 1

**The largest transactions in Q1-Q3 2018**

<table>
<thead>
<tr>
<th>Zone</th>
<th>Building</th>
<th>Tenant</th>
<th>Office space (sq m)</th>
<th>Type of lease</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>Q22</td>
<td>Deloitte</td>
<td>22,100</td>
<td>Lease renewal &amp; expansion</td>
</tr>
<tr>
<td>City Centre (South)</td>
<td>P20</td>
<td>Komisia Nadzorou Finansowego</td>
<td>14,800</td>
<td>New lease / Relocation</td>
</tr>
<tr>
<td>City Centre (West)</td>
<td>Mennica Legacy Tower (West)</td>
<td>WeWork</td>
<td>14,200</td>
<td>Pre-lease</td>
</tr>
<tr>
<td>CBD</td>
<td>Varso Place II</td>
<td>Cambridge Innovation Center</td>
<td>13,500</td>
<td>Pre-lease</td>
</tr>
<tr>
<td>Żwirki i Wigury corridor</td>
<td>PLL LOT HQ</td>
<td>LOT</td>
<td>11,850</td>
<td>Lease renewal</td>
</tr>
<tr>
<td>CBD</td>
<td>Wolf Marszałkowska</td>
<td>Ad Pilot</td>
<td>10,300</td>
<td>New lease</td>
</tr>
</tbody>
</table>

Source: Savills

### TABLE 2

**The largest completions in Q1-Q3 2018**

<table>
<thead>
<tr>
<th>Zone</th>
<th>Building</th>
<th>Developer</th>
<th>Address</th>
<th>Office space (sq m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>East</td>
<td>Koneser</td>
<td>BBB Development and Liebrecht &amp; woodD</td>
<td>Ząbkowska 27/31</td>
<td>21,100</td>
</tr>
<tr>
<td>City Centre (West)</td>
<td>Proximo II</td>
<td>Hines Polska</td>
<td>Przyokopowa 26</td>
<td>19,950</td>
</tr>
<tr>
<td>Jerozolimskie Corridor</td>
<td>Equator IV</td>
<td>Karimpol</td>
<td>A. Jerozolimskie 100</td>
<td>19,200</td>
</tr>
<tr>
<td>Mokotów</td>
<td>Graffit</td>
<td>Hines Polska</td>
<td>Domaniewska 28</td>
<td>16,600</td>
</tr>
<tr>
<td>City Centre (East)</td>
<td>EC Powiśle B4&amp;B5</td>
<td>White Star Real Estate</td>
<td>Elektryczna 2a</td>
<td>16,200</td>
</tr>
<tr>
<td>CBD</td>
<td>CEDET</td>
<td>Immobol Poland</td>
<td>Krucza 50</td>
<td>14,300</td>
</tr>
<tr>
<td>CBD</td>
<td>Centrum Marszałkowska</td>
<td>BBI Development</td>
<td>Marszałkowska 126/134</td>
<td>13,100</td>
</tr>
<tr>
<td>CBD</td>
<td>Park Avenue</td>
<td>Park Projects</td>
<td>Wspólna 70</td>
<td>12,500</td>
</tr>
<tr>
<td>Jerozolimskie Corridor</td>
<td>The Park 5</td>
<td>White Star Real Estate</td>
<td>Orzechowa / Krakowiaków</td>
<td>11,400</td>
</tr>
<tr>
<td>City Centre (West)</td>
<td>Spark C</td>
<td>Skanska Property Poland</td>
<td>Al. Solidarności 173</td>
<td>11,350</td>
</tr>
<tr>
<td>City Centre (West)</td>
<td>Nowogrodzka Square</td>
<td>Yareal Polska</td>
<td>Al. Jerozolimskie 93</td>
<td>10,900</td>
</tr>
</tbody>
</table>

Source: Savills

### TABLE 3

**The largest buildings under construction across Warsaw**

<table>
<thead>
<tr>
<th>Zone</th>
<th>Building</th>
<th>Developer</th>
<th>Address</th>
<th>Office space (sq m)</th>
<th>Planned completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>Varso Place</td>
<td>HB Reavis</td>
<td>Chmielna 73</td>
<td>101,700</td>
<td>2020 / 2021</td>
</tr>
<tr>
<td>City Centre (West)</td>
<td>The Warsaw Hub</td>
<td>Ghelamco</td>
<td>Rondo Daszyńskiego 2</td>
<td>90,300</td>
<td>2020</td>
</tr>
<tr>
<td>City Centre (West)</td>
<td>Mennica Legacy Tower</td>
<td>Mennica Polska &amp; Golub Gethouse</td>
<td>Perać 21</td>
<td>63,800</td>
<td>2019</td>
</tr>
<tr>
<td>City Centre (West)</td>
<td>Generation Park YAZ</td>
<td>Skanska Property Poland</td>
<td>Twardowska 28</td>
<td>57,500</td>
<td>2019 / 2020</td>
</tr>
<tr>
<td>City Centre (West)</td>
<td>Spinnaker Tower</td>
<td>Ghelamco</td>
<td>Prosta</td>
<td>56,300</td>
<td>2020</td>
</tr>
</tbody>
</table>

Source: Savills
Warsaw Office Market Q3 2018   |  Market in Minutes

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Savills Contacts

Please contact us for further information

Tomasz Buras
Managing Director, Savills Poland
Head of Investment
+48 (0) 22 222 40 00
tburas@savills.pl

Kamil Kowa
Head of Corporate
Finance & Valuation
+48 510 201 209
kkowal@savills.pl

Daniel Czarnecki
Head of Landlord
Representation
+48 519 033 717
dczarnecki@savills.pl

Jarosław Pilch
Head of Tenant
Representation
+48 694 497 800
jpilch@savills.pl

Marek Paczuski
Director, Investment
+48 666 042 891
mpaczuski@savills.pl

Wioleta Wojtczak
Head of Research
+48 600 422 216
wwojtczak@savills.pl

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WARSAW – KEY INFORMATION

518 sq km
Area

3.17 million
Residents in agglomeration
(1.76 million in Warsaw)

1.7%
Unemployment rate
(August 2018)

PLN 6,007
Average salary in enterprise sector
(August 2018)

425,649
Number of business entities
(August 2018)

13.7 million
(up by 13.5% y-o-y)
Number of passengers at Warsaw Chopin Airport
(Q1-Q3 2018)

70
Number of higher education institutions
(2016/2017)

239,500
Number of students
(2016/2017)

17,500
(up by 5% y-o-y,
7% of total student’s population)
Number of international students

56,500
Number of graduates

13.7 million
Number of international students

3.17 million
Number of students

70
Number of higher education institutions

17,500
Number of international students

56,500
Number of graduates

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