

# AT A GLANCE

## Q1 2022

# WARSAW OFFICE MARKET



### Economic indicators – Warsaw

	<b>Population</b> (June 2021)	1.79 M
	<b>Unemployment rate</b> (February 2022)	1.8%
	<b>Average salary</b> PLN gross (February 2022)	7,633
	<b>Number of students</b> (academic year 2020/2021)	256,000
	<b>Number of universities</b> (academic year 2020/2021)	69

Source: Statistics Poland

## Highlights

- The second quarterly record in the history of the office market in Warsaw – more than 273,000 sqm transacted
- The perspective of a supply gap and rising rents motivate tenants to conclude lease transactions
- Google is the new owner of The Warsaw Hub
- The office sector will see the effects of rising costs in the form of higher rents and service charges



Source: BNP Paribas Real Estate Poland



KEY FIGURES

**6.23 M sqm**  
EXISTING OFFICE SPACE

**93,500 sqm**  
NEW SUPPLY Q1

**274,000 sqm**  
SPACE UNDER CONSTRUCTION (2022-2025)

**12.2%**  
AVERAGE VACANCY RATE



**25-26 EUR (sqm/mth)**  
PRIME HEADLINE RENT

**273,000 sqm**  
GROSS DEMAND Q1

### Expert comment



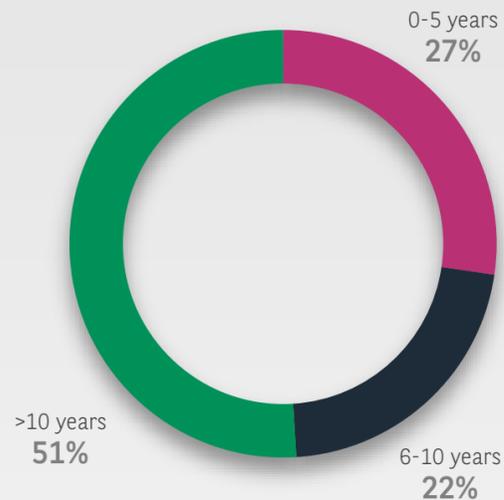
**Mikołaj Laskowski**  
Head of Office Agency  
BNP Paribas Real Estate

The condition of the office sector will be changing

The consequences of the war in Ukraine are spreading across Europe, having a huge impact on the economy, including the commercial real estate sector. Supply chains disruptions, sky rocketing inflation, rising costs of raw materials imported from Russia, increasing construction costs, aggravated by the unavailability of materials and labour force are only some of the factors affecting the current situation on the office market in Poland. In addition, the looming perspective of the supply gap, multi-factor pressure on the increase of rents and service charges, as well as the significant change in the demand structure for the first quarter are a sign that the Warsaw office market is starting to face concerning challenges. This results in a quarterly record of the volume of leased space – more than 273,000 sqm, demonstrating high motivation of tenants to secure lease agreements on the terms and conditions still applicable in 2021.



Existing stock by age



“ The Warsaw office market accounts for 6.23 million sqm of space, about a half of which is in buildings that are over 10 years old. Nevertheless, compared with more developed western markets, office stock in Poland is relatively young. The average age of office space in Warsaw is approx. 12-14 years. In comparison, class A office space in Hong Kong is 20 years old on average, while the age of buildings in Western European countries ranges from 40 to 50 years. The situation looks similar in the United States, where the average age of buildings (taking into account the latest modernisations) is about 30 years.

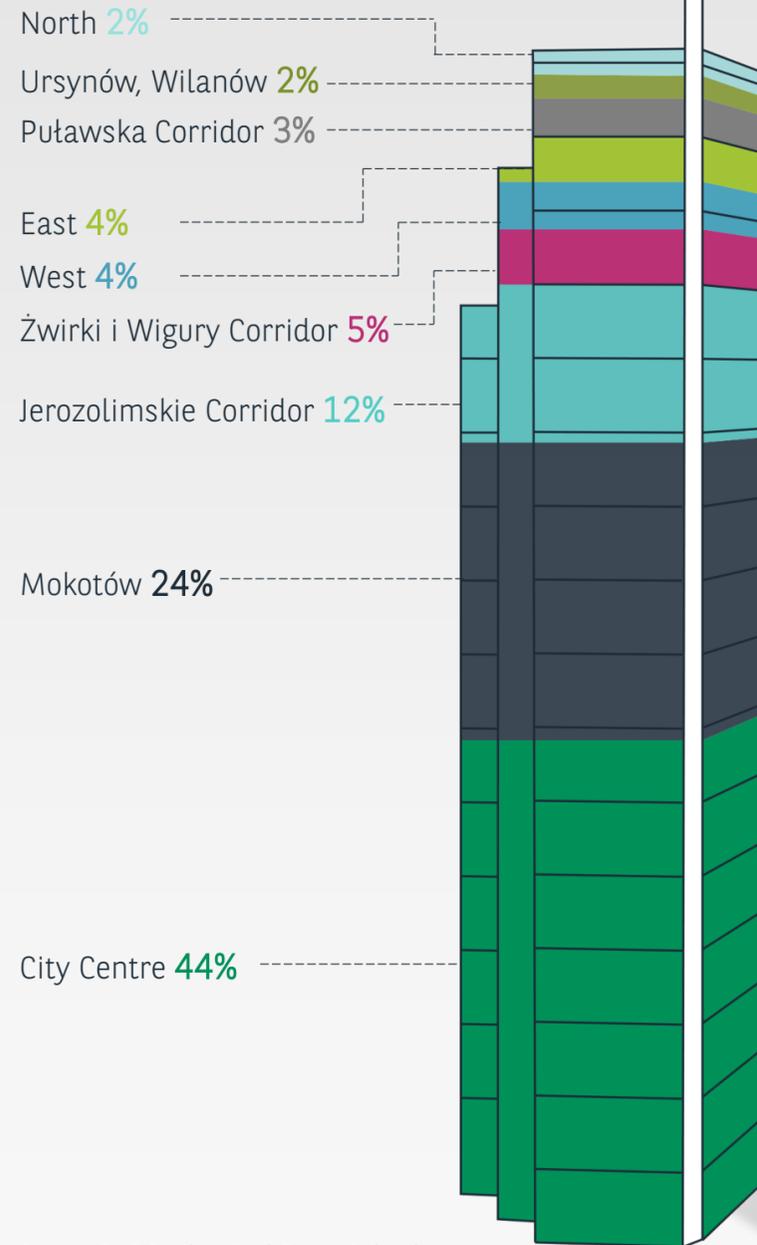
Source: BNP Paribas Real Estate Poland

Completions Q1 2022

BUILDING	ZONE	OFFICE SPACE (sqm)	DEVELOPER
1 Forest Tower	Centre	51,500	HB Reavis
2 Lixa C	Centre	19,400	Yareal
3 SKYSAWA A	COB	8,500	PHN
4 Plac Unii	Centre	5,000	Invesco
5 Fabryka PZO II	East	5,000	White Star Real Estate
6 Czackiego 15/17	COB	4,000	Adgar

Source: BNP Paribas Real Estate Poland

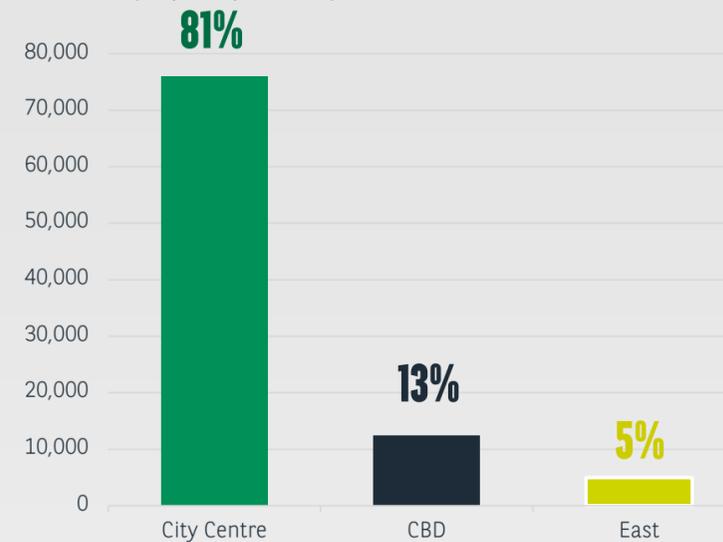
Existing stock by zone Q1 2022



Source: BNP Paribas Real Estate Poland

New supply Q1 2022

Number of sqm / quarter by zones



Source: BNP Paribas Real Estate Poland

” In the first quarter of 2022, the Warsaw office market expanded by more than 93,000 sqm.

The largest amount of space – nearly 76,000 sqm – was delivered in the CBD zone, mainly due to the Forest Tower (HB Reavis) and Lixa C (Yareal) buildings. In addition, CBD gained 2 new office buildings: SKYSAWA I (PHN) and Czackiego 15 (Adgar), while in the East zone, WhiteStar completed the second phase of the Fabryka PZO office building.

Expert comment



**Klaudia Okoń**

Consultant Business Intelligence Hub & Consultancy  
BNP Paribas Real Estate Poland

New apartments instead of old office buildings

**Apartments instead of old office buildings – this is one of the government’s latest ideas for tackling the housing gap. Works on the relevant legislation will accelerate due to the number of refugees from Ukraine coming to Poland.**

In Western Europe, in particular in the Netherlands and Germany, there are numerous examples of successful refurbishments of old office buildings to create apartment buildings or hotels. In Poland, such makeovers are only beginning to be considered, among others due to the growing competition on the office market and the technical condition of old office buildings. Administrative buildings for state-owned companies in the 1960s, 1970s and 1980s were constructed in good locations. Such facilities can be demolished, but some of them can be converted into apartments, which will be a sought-after product in the era of housing gap. This is what e.g. Echo Investment is planning to do in the Mokotów district in Warsaw.

”

As at the end of Q1 2022 in Warsaw, the vacancy rate was 12.2% (a decrease by 0.5 pp. compared with the previous quarter and an increase by 0.8 pp. compared with the analogous period in 2021). This means that nearly 759,700 sqm of office space remains vacant. In central zones, the vacancy rate was 12.1%, while outside the city centre – it stood at 12.3%. The zone with the largest amounts of vacant space is the Centre, although the highest vacancy rate is invariably observed in Mokotów. Despite more than 88 thousand sqm of space being placed on the market in the Centre zone, the vacancy rate dropped from 12.9% in Q4 2021 to 12.1% in Q1 2022. This is undoubtedly due to the high demand recorded in this zone, accounting for almost 78% of total demand for offices in Warsaw.

### Vacancy rate



## AT A GLANCE Q1 2022

Q1: 12.2% Warsaw average 12.1% City Centre 12.3% outside City Centre



Source: BNP Paribas Real Estate Poland

### Rents

- Prime rent: 25-26 EUR/sqm/mth
- Average asking rent in Warsaw office buildings broken down by age\*:

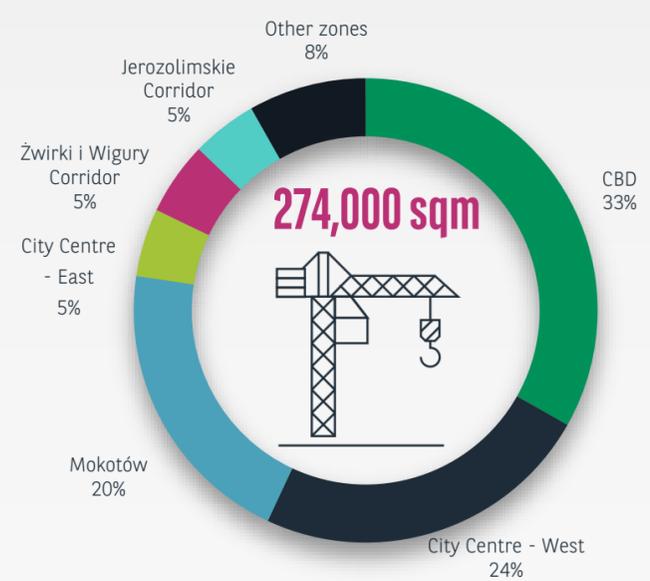


” The rampant inflation, growing costs of utilities and construction materials, increased tax burden as well as the supply gap which the Warsaw office market will have to tackle during the 2023-2025 period, will already lead to increases in base rental fees and operating costs this year.

\* Average asking rents calculated for buildings that recorded vacancy in a given quarter  
Source: BNP Paribas Real Estate Poland

### Office space under construction (2022-2025)

In Q1 2022, nearly 93,500 sqm of space were supplied to the Warsaw office market. By the end of 2022, the market will grow by approx. 180,000 sqm of space that is currently under construction. In 2023-2025, on the other hand, completion of only 90,000 sqm of office space is planned and nothing suggests the commencement of new construction projects.



Source: BNP Paribas Real Estate Poland

### Major projects under construction (2022-2025)

	BUILDING	ZONE	OFFICE SPACE (sqm)	DEVELOPER	OPENING
1	Varso Tower	CBD	66,300	HB Reavis	Q2 2022
2	The Bridge	City Centre - West	47,400	Ghelamco	Q1 2025
3	P180	Mokotów	32,000	Skanska	Q3 2022
4	Skysawa B	CBD	24,700	PHN	Q3 2022
5	Lakeside	Mokotów	24,000	Atenor	Q4 2023

Source: BNP Paribas Real Estate Poland

### Expert comment



**Małgorzata Fibakiewicz**  
Head of Business Intelligence Hub  
BNP Paribas Real Estate

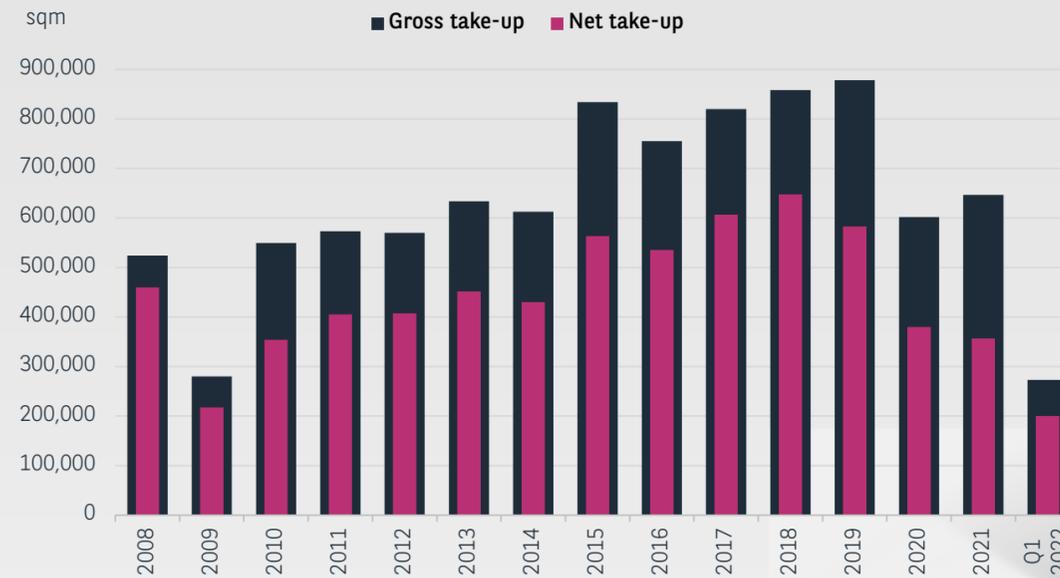
Service offices – an important piece of the business puzzle  
Flexible offices became empty during the pandemic just as quickly as regular ones. As a result, operators started fearing for their future. However, it quickly turned out that human relations are irreplaceable and the flexibility offered by flex spaces was the response to the emerging needs in the age of uncertainty. Today, such spaces enjoy continuously growing interest of tenants and it is estimated that in the future, they may account for 20% of all commercial office spaces, in particular the newly built ones. In the first quarter, Warsaw gained a new operator of flexible office space when BeIN Offices became a tenant of the Central Point office building, where it leased 1.900 sqm of space. Flexibility is also offered by subleases – typical transactions in times of crisis. Tenants today can use approx. 100,000 sqm of space that is ready for lease for widely varied periods.

In Q1 2022, transactions for more than 273,000 sqm were recorded. It is the second highest quarterly result in recent years. The record belongs to Q3 2019, when the lease level reached 284,000 sqm. The leaders in transactions were companies from the financial sector. The largest newly signed contract turned out to be a lease of approx. 30,000 sqm by a banking institution at the office campus close to Arkadia shopping centre. In addition, PKO BP leased approx. 23,000 sqm in the Skysawa B building, while ING Bank once again chose Plac Unii for its registered office, where it will occupy nearly 23,500 sqm of space. The demand structure was dominated by new agreements, accounting for more than a half of the signed contracts. This is one of the harbingers of the upcoming supply gap as tenants try to take advantage of the available resources and secure them for the future.

## Gross and net take-up

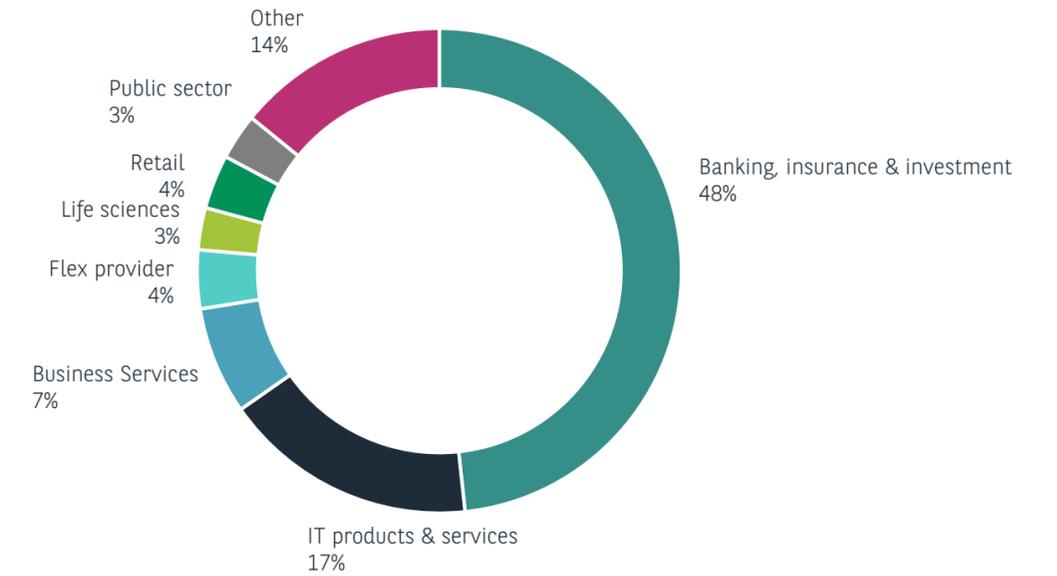
# AT A GLANCE

Q1 2022



Source: BNP Paribas Real Estate Poland

## Structure of gross demand by sectors Q1 2022



Source: BNP Paribas Real Estate Poland

## Gross take-up by zones



1. City Centre (City Centre + CBD)
2. Mokotów
3. Jerozolimskie corridor

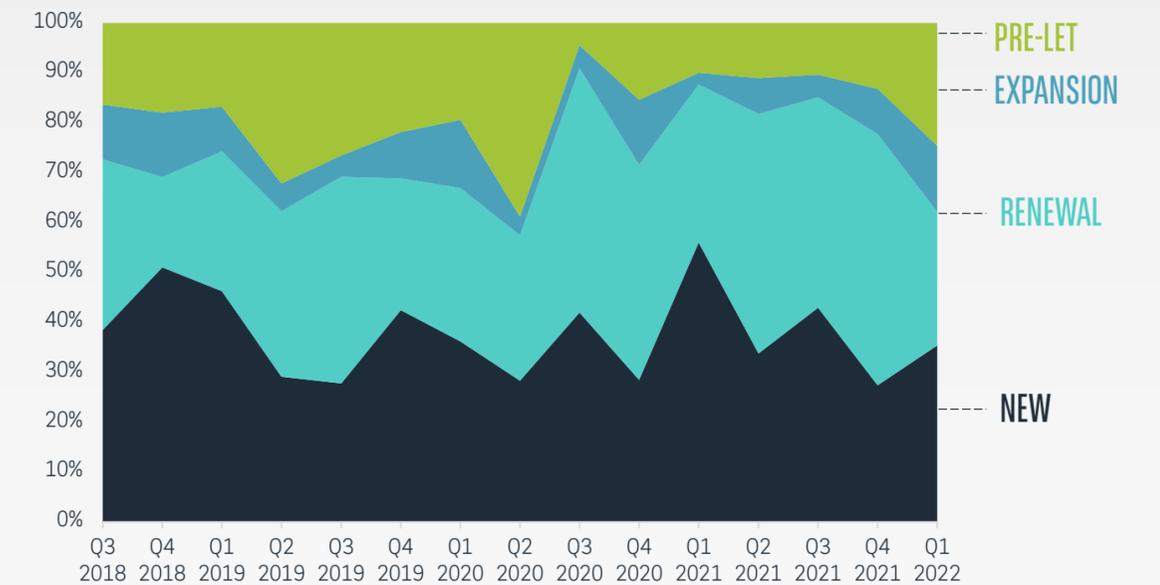
The two largest office hubs in Warsaw, i.e. the City Centre and Mokotów, have been the most popular locations for many quarters. A record share of 78% of total demand belongs to the centre of the capital city (over 50% of the central zone). In Mokotów, agreements were signed for more than 28,000 sqm, while the Jerozolimskie Corridor contributed another 16,000 sqm.

## Top 5 Lease Transactions

LESSEE	BUILDING	ZONE	LEASED SPACE (sqm)	TYPE OF AGREEMENT
1. Confidential client	Forest Tower	City Centre - North	30,000	pre-let
2. ING Group	Plac Unii	City Centre - South	23,500	renewal + expansion
3. PKO Bank Polski	SKYSAWA B	CBD	22,800	pre-let
4. Confidential client	Generation Park X	City Centre - West	18,800	renewal
5. Generali TU	Pałac Jabłonowskich	CBD	14,300	owner occupier

Source: BNP Paribas Real Estate Poland

## Structure of gross demand 2018-Q1 2022



Source: BNP Paribas Real Estate Poland



# AT A GLANCE

## Q1 2022

### AUTHORS

#### Klaudia Okoń

Consultant  
Business Intelligence Hub & Consultancy  
[klaudia.okon@realestate.bnpparibas](mailto:klaudia.okon@realestate.bnpparibas)

#### Małgorzata Fibakiewicz, MRICS

Head of Business Intelligence  
Hub & Consultancy  
[malgorzata.fibakiewicz@realestate.bnpparibas](mailto:malgorzata.fibakiewicz@realestate.bnpparibas)

### CONTACT DETAILS

#### Mikołaj Laskowski

Head of Office Agency  
[mikolaj.laskowski@realestate.bnpparibas](mailto:mikolaj.laskowski@realestate.bnpparibas)

#### Piotr Rusinek, BSc (Hons), MRICS

Head of Project and Development Consultancy  
[piotr.rusinek@realestate.bnpparibas](mailto:piotr.rusinek@realestate.bnpparibas)

#### Michał Pszkit

Head of Property Management  
Member of the Board  
[michal.pszkit@realestate.bnpparibas](mailto:michal.pszkit@realestate.bnpparibas)

#### Erik Drukker

President of the Board  
[erik.drukker@realestate.bnpparibas](mailto:erik.drukker@realestate.bnpparibas)

#### Mateusz Skubiszewski, MRICS

Head of Capital Markets Poland  
[mateusz.skubiszewski@realestate.bnpparibas](mailto:mateusz.skubiszewski@realestate.bnpparibas)

#### Izabela Mucha, MRICS

Head of Valuation  
[izabela.mucha@realestate.bnpparibas](mailto:izabela.mucha@realestate.bnpparibas)

KEEP UP-TO-DATE WITH  
BNP PARIBAS REAL ESTATE'S NEWS,  
WHEREVER YOU ARE



[www.realestate.bnpparibas.com](http://www.realestate.bnpparibas.com)  
#BEYONDBUILDINGS



All rights reserved. At a Glance is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate.

**BNP Paribas Real Estate  
Poland Sp. z o.o.**

ul. Grzybowska 78,  
00-844 Warsaw  
Tel. +48 22 653 44 00

[www.realestate.bnpparibas.pl](http://www.realestate.bnpparibas.pl)