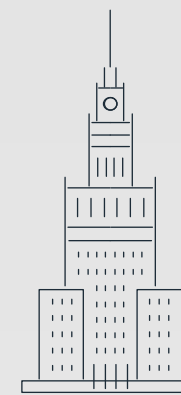







AT A GLANCE

Q2 2024

WARSAW OFFICE MARKET



Economic indicators – Warsaw

	Population (December 2023)	1.86 mln
	Unemployment rate (May 2024)	1.4%
	Average salary PLN gross (May 2024)	9,637
	Number of students (academic year 2023/2024)	261,300
	Number of universities (academic year 2023/2024)	63

Source: Statistics Poland

Highlights

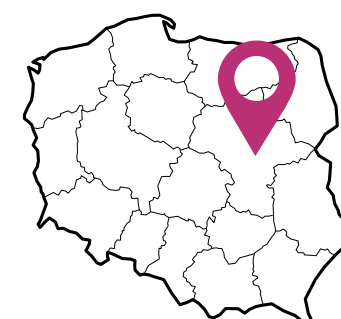
- Lease renewals account for a large share of office take-up
- Development activity remains muted
- Stable demand fuels rental growth, with lease incentives being scaled down
- Tenants focus on office space optimization
- Office buildings with amenities



Source: BNP Paribas
Real Estate Poland



KEY FIGURES



6.25 M sqm
EXISTING OFFICE SPACE

15,000 sqm
NEW SUPPLY Q2

229,800 sqm
SPACE UNDER
CONSTRUCTION *
(2024-2026)

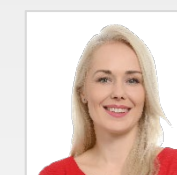
* also includes reconstruction of facilities

10.9% 
AVERAGE VACANCY
RATE

30 EUR
(sqm/mth)
PRIME RENT

178,400 sqm 
GROSS DEMAND Q2

Expert comment



Małgorzata Fibakiewicz

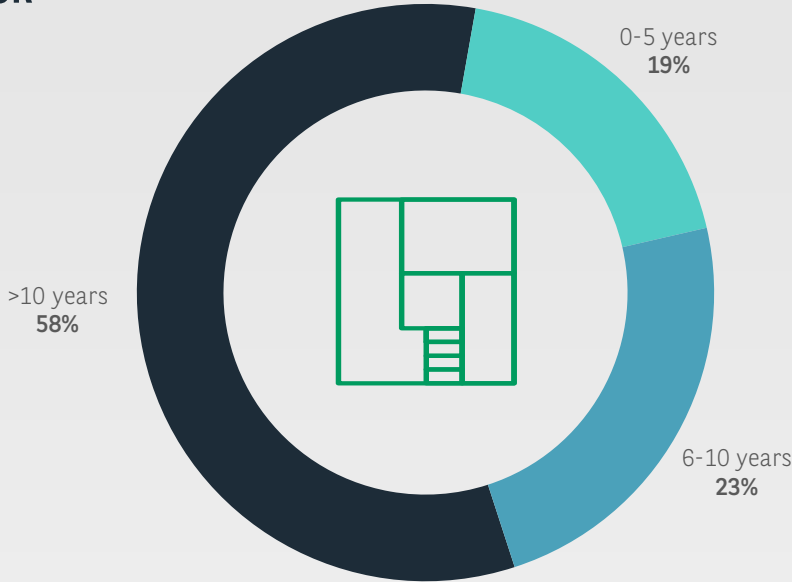
Senior Director, Head of Office Agency
BNP Paribas Real Estate Poland

Warsaw office market in Q2 2024

Warsaw's total office stock remained largely unchanged during the second quarter of 2024. The three months to end-June saw only one completion: **Vibe A**, which delivered **15,000 sqm of new office space**. Office take-up for the first half of 2024 surpassed 316,000 sqm. Despite stable demand, tenants remain cautious about relocating, increasingly opting for lease renewals which accounted for 63% of all deals closed in the April-June period. The large share of renewals in take-up is currently the most important trend on the Warsaw office market and is expected to rise in the coming quarters, driven by rental growth and less generous incentive packages. Workspace optimization is gathering pace, increasingly leading to office downsizing.



Existing stock by age



Source: BNP Paribas Real Estate Poland

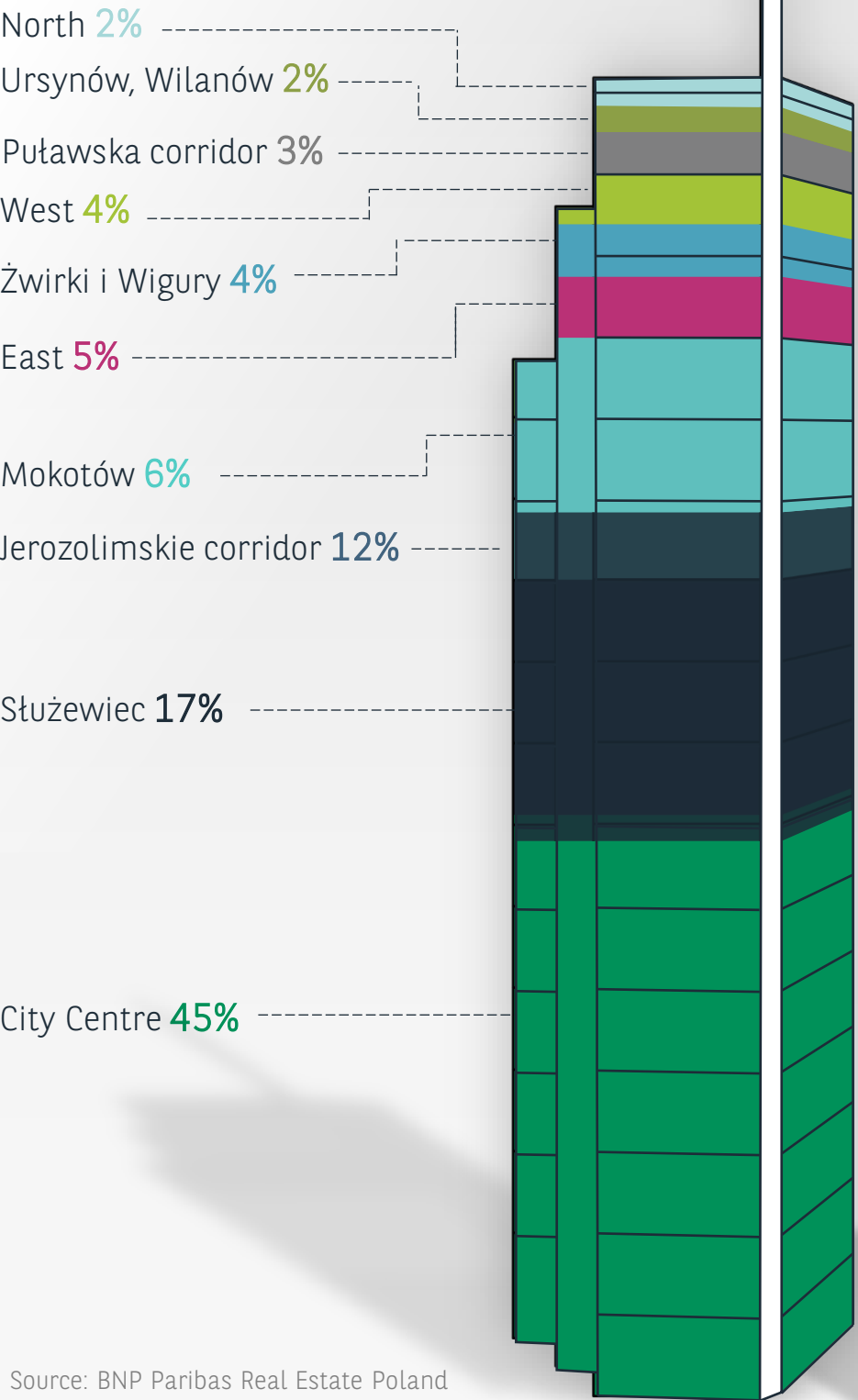
Completions Q2 2024

	BUILDING	ZONE	OFFICE SPACE (sqm)	DEVELOPER
1	Vibe A	City Centre West	15,000	Ghelamco

Just over 60,000 sqm was added to the Warsaw office market in 2023 – this was the lowest new supply level in 25 years. The first half of 2024 saw nearly 64,000 sqm of new completions, an almost three-and-a-half times increase from the same time last year. Another 40,000 sqm is expected to be delivered by the end of 2024.

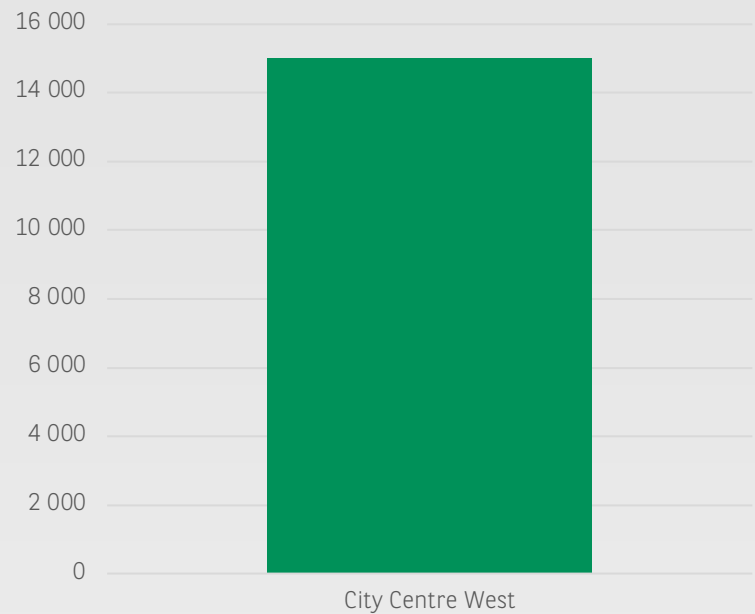
Source: BNP Paribas Real Estate Poland

Existing stock by zone Q2 2024



Source: BNP Paribas Real Estate Poland

New supply Q2 2024



Source: BNP Paribas Real Estate Poland

In the second quarter of 2024, only 15,000 sqm of new office space came on stream in Warsaw through a single completion: Vibe A, which is located in the City Centre West. The Polish capital’s office market expanded by only 63,700 sqm in the year to date through five projects: four new office buildings (Lixa D & E, Makro Cash and Carry, Vibe A) and Saski Crescent, which was refurbished and upgraded last year.

Expert comment



Jan Pawlik
Workplace Management Director
ISS Facility Management

Office upgrades to optimise costs

With the job market being an employee market, it does not support the full return of employees to the office. A combination of workspace and community building strategies through modern FM services allows for increasing office occupancy levels by a maximum of 25% compared to the market average. With rising property maintenance costs, companies are increasingly looking for more efficient solutions such as reduction of utilities consumption and their carbon footprint. This is the reason why the tenants consider new or fully refurbished office buildings. Meanwhile, with construction costs on the rise, landlords’ contributions are not enough to support new projects without having to rely on additional funding. These conditions are not favourable for relocations, so tenants are increasingly renegotiating their leases and rearranging their offices. This requires awareness of key aspects of flexible space planning such as the active management of staff numbers and the hybrid work model using new technologies such as IoT systems, office space adaptations or the adoption of useful and user-friendly solutions.

At the end of the second quarter of 2024, Warsaw's vacancy rate stood at 10.9%, down by 0.1 pp over the quarter and by 0.4 pp year-on-year. Office availability amounted to more than 680,400 sqm. Warsaw's central office zones recorded a vacancy rate of 9.1%, while non-central locations reported 12.3% of their office stock remaining unoccupied. The decline in vacancy rates in the second quarter is attributed to demand outstripping new supply. The highest vacancy rate of 19.6% was in Służewiec, while the lowest of 5.3% was reported in the Puławska Corridor. Looking ahead, vacancy rates which rose in 2023 are expected to continue to edge down in the coming quarters amid a slowdown in development activity that will support absorption of existing office stock.

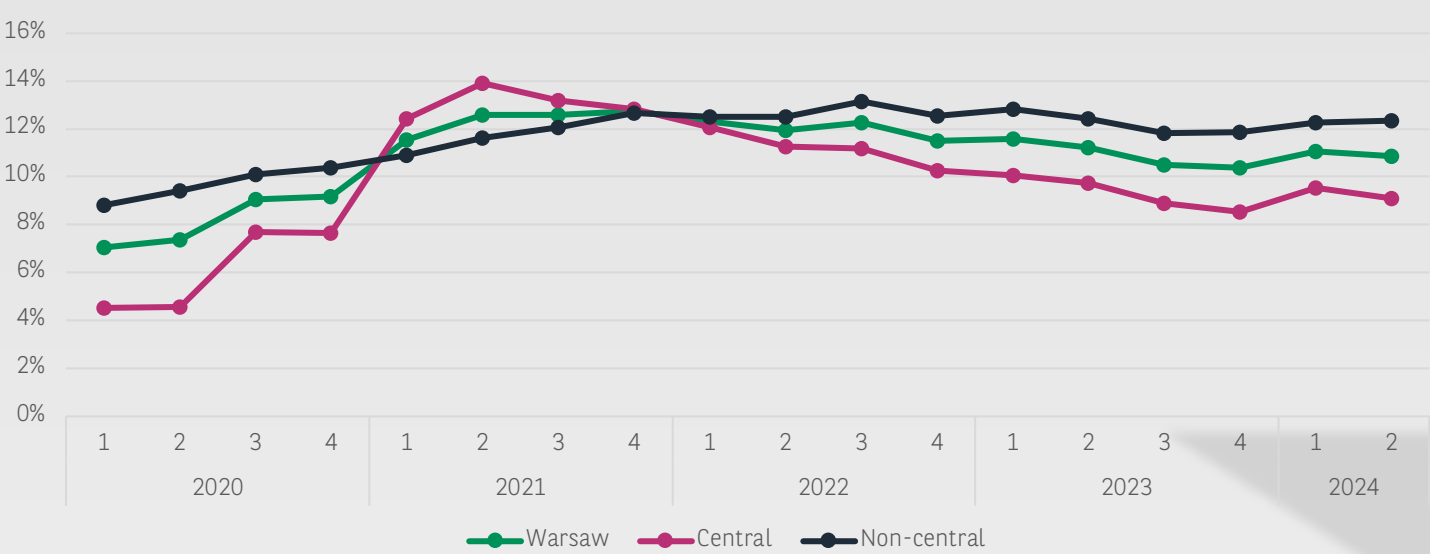
Vacancy rate



AT A GLANCE

Q2 2024

Q2: 10.9% Warsaw average, 9.1% City Centre 12.3%, outside City Centre



Source: BNP Paribas Real Estate Poland

- Rents
- „Prime” rent: 30 EUR/sqm/mth
 - Average asking rent in Warsaw office buildings broken down by age*:

19,77– 20,70 EUR



0-5 years

17,30– 17,63 EUR



6 - 10 years

14,93– 15,35 EUR



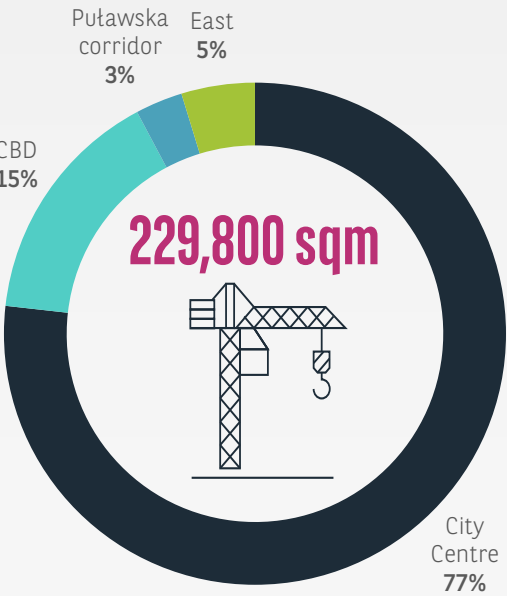
>10 years

Asking office rents remained static in Warsaw during the second quarter of 2024. Headline rental rates were in the range of EUR 18.00-27.00 per sqm per month in central locations, with prime office buildings commanding significantly higher rents. Headline rents for office space in non-central locations stood at EUR 10.00-17.00 per sqm per month. Service charges also remained unchanged over the quarter at PLN 18.00-38.00 per sqm per month..

* Average asking rents calculated for buildings that recorded vacancy in a given quarter

Source: BNP Paribas Real Estate Poland

Office space under construction (2024-2026)



At the end of Q2 2024, the office development pipeline in Warsaw stood at more than 229,800 sqm, of which nearly 80,000 sqm was in office buildings undergoing refurbishments and the remaining 150,000 sqm was in new projects. The popularity of the vicinity of Daszyńskiego Roundabout and central locations has translated into a significant share of these locations in the total development pipeline. The City Centre accounts for around 77% of office stock under construction, with another 15% underway in the Central Business District. The remaining 6% is being developed in non-central locations.

Source: BNP Paribas Real Estate Poland

Major projects under construction (2024-2026)

	BUILDING	ZONE	OFFICE SPACE (sqm)	DEVELOPER	OPENING
1	The Bridge	City Centre West	47,400	Ghelamco	Q1 2025
2	Upper One	CBD	35,500	Strabag	Q4 2026
3	Office House	City Centre West	31,100	Echo Inv.	Q2 2025
4	Warta Tower (modernisation)	CBD	30,800	Cornerstone	Q1 2025
5	The Form	City Centre West	28,500	Lincoln Property	Q4 2024

Source: BNP Paribas Real Estate Poland

Expert comment



Klaudia Okoń

Senior Consultant, Business Intelligence Hub & Consultancy
BNP Paribas Real Estate Poland

Office buildings with amenities

We are witnessing the metamorphosis of office properties right before our eyes – it is being driven by changing work patterns and occupier expectations. In meeting such expectations, landlords are responding to increased demand for workplaces offering amenities that help employers attract and retain top talent. On-site amenities facilitating daily life are provided for tenants as standard and typically include a canteen or a restaurant, a newsagent's or a small grocery store, facilities supporting a healthy lifestyle favoured by many office employees such as bicycle parking spaces, showers and changing rooms for cyclists, or fitness rooms. Workspace provided for employees is key, but special events held in office buildings also matter. Such events may include a summer cinema, sports competitions and activities or skills workshops – all in line with a global trend.

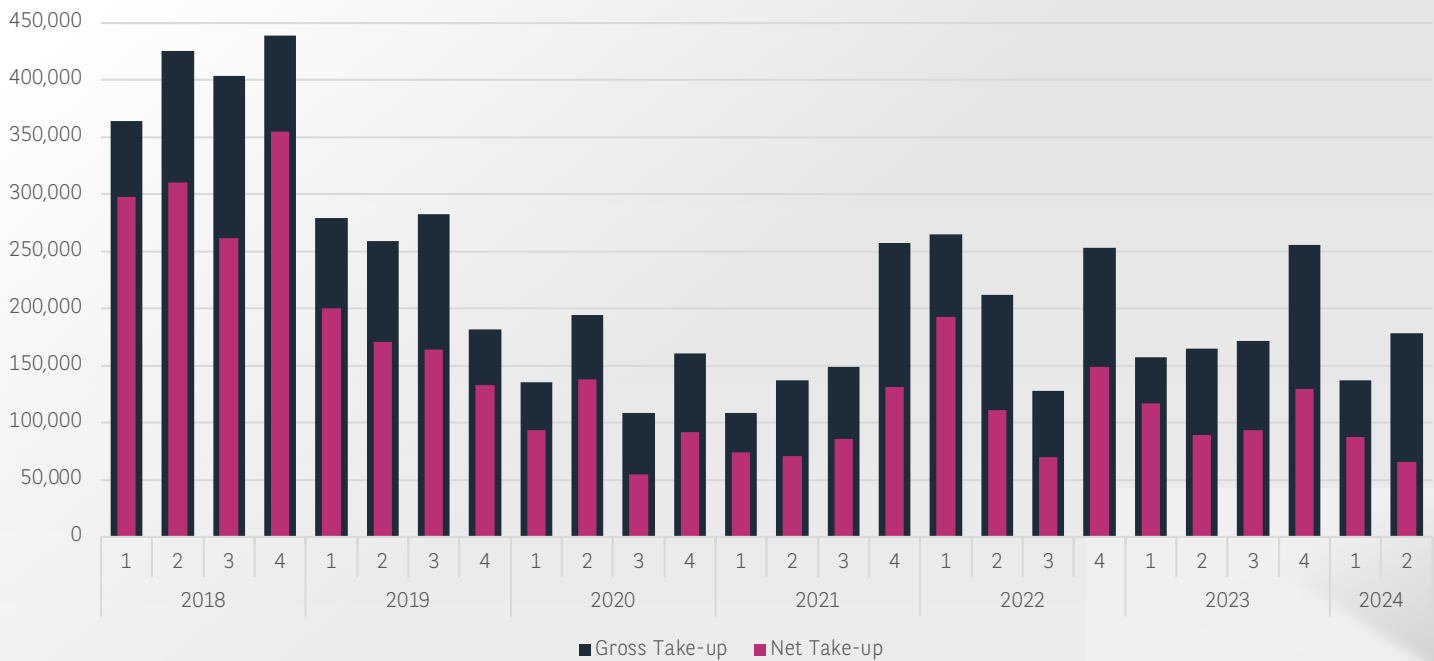
”

In the second quarter of 2024, gross office take-up reached 178,400 sqm, up by around 8% year-on-year. Occupier demand focused on Służewiec, the Central Business District and the City Centre. In the three months to end-June 2024, renewals accounted for the largest share of total take-up at 63%, followed by new leases, including owner-occupier deals, and expansions which made up 32% and 5% respectively. Gross take-up for the first half of 2024 amounted to more than 316,000 sqm, largely unchanged year-on-year. Between January and end-June 2024, leasing activity continued to focus on non-central locations that offer the best value for money. Central locations (the CBD and the City Centre) accounted for only 40% of the leasing volume in the six months to the end of June, while the remaining 60% was transacted in non-central office zones.

Gross and net take-up

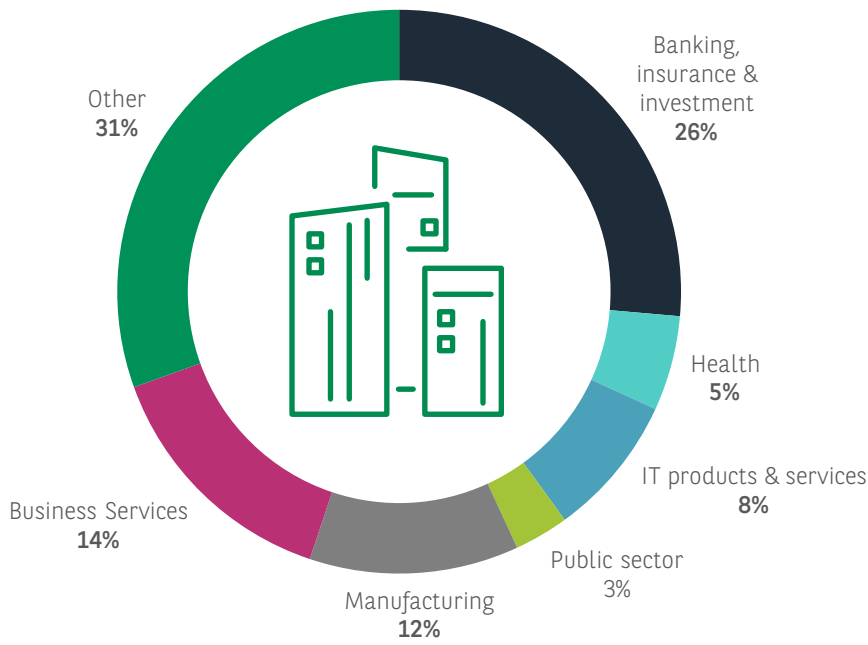
AT A GLANCE

Q2 2024



Source: BNP Paribas Real Estate Poland

Structure of gross demand by sectors Q2 2024



Source: BNP Paribas Real Estate Poland

Gross take-up by zones Q2 2024



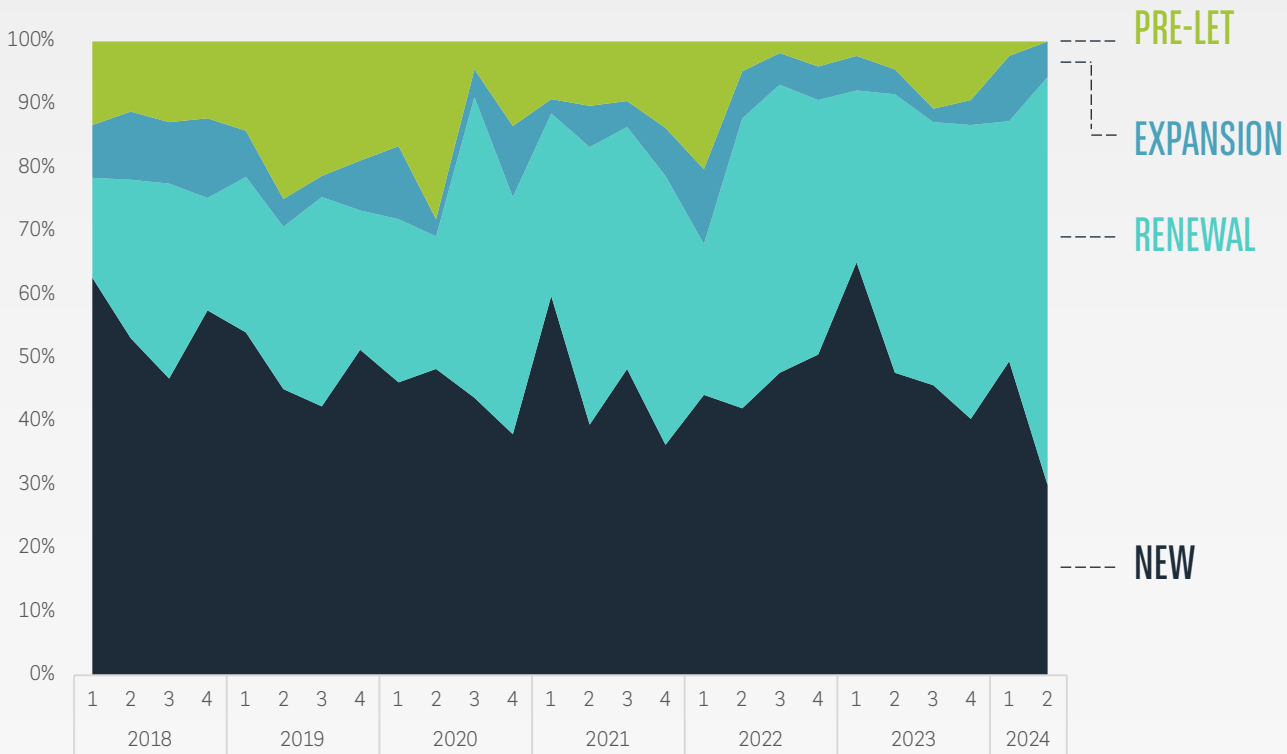
Occupiers have for long displayed a strong preference for the City Centre, including the Central Business District (CBD), and Służewiec. In the second quarter of 2024, the capital's central zones accounted for nearly 43% of Warsaw's total leasing volume. Służewiec took second spot with more than 46,000 sqm transacted in the period between April and end-June, making up over 26% of all deals signed in the Polish capital. It was followed by the Jerozolimskie Corridor, where tenants took more than 27,000 sqm of office space, accounting for 15% of Q2's total take-up.

Top 5 Lease Transactions

	TENANT	BUILDING	ZONE	LEASED SPACE (sqm)	TYPE OF AGREEMENT
1	Bank Gospodarstwa Krajowego	Varso Place 2	CBD	13,600	renewal
2	Confidential	T-Mobile Office Park	Służewiec	13,115	renewal
3	Mercer	myhive Nimbus	Jerozolimskie Corridor	7,300	renewal
4	Confidential	Gdański Business Center II C	City Centre East	6,820	renewal
5	Smyk	D48	Służewiec	6,025	renewal

Source: BNP Paribas Real Estate Poland

Structure of gross demand 2018-2024



Source: BNP Paribas Real Estate Poland



AT A GLANCE

Q2 2024

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