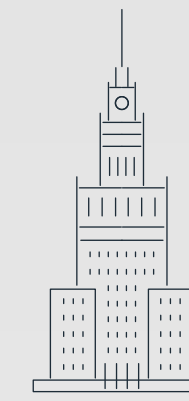


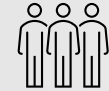




AT A GLANCE

Q3 2024

WARSAW OFFICE MARKET

Economic indicators – Warsaw



 Population (December 2023)	1.86 mln
 Unemployment rate (August 2024)	1.5%
 Average salary PLN gross (August 2024)	9,875
 Number of students (academic year 2023/2024)	261,300
 Number of universities (academic year 2023/2024)	63

Source: Statistics Poland

Highlights

- Gross office take-up remains stable
- Occupier demand for office buildings under construction is on the rise
- Santander Bank sets a record with its office lease in The Bridge
- Property owners refurbish older office buildings in Warsaw
- Vacancy rate is on a downward trajectory



Source: BNP Paribas Real Estate Poland




6.26 M sqm
EXISTING OFFICE SPACE

11,200 sqm
NEW SUPPLY Q3

300,000 sqm
SPACE UNDER CONSTRUCTION*
(2024-2026)

* also includes reconstruction of facilities

10.7% 
AVERAGE VACANCY RATE

30 EUR
(sqm/mth)
PRIME RENT

176,100 sqm 
GROSS DEMAND Q3

+3.0 % y/y

Expert comment



Małgorzata Fibakiewicz

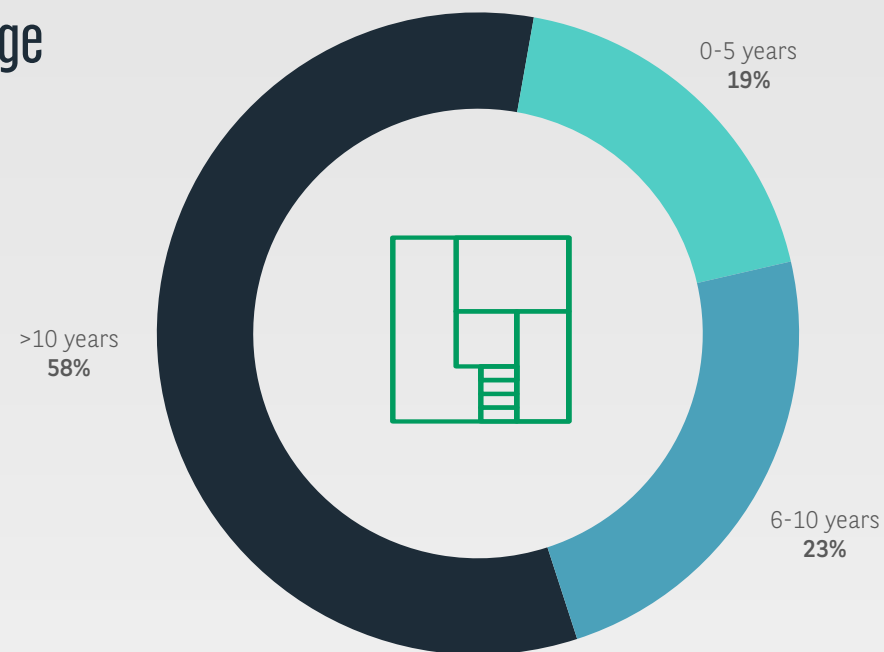
Senior Director, Head of Office Agency
BNP Paribas Real Estate Poland

Warsaw office market in Q3 2024

In the third quarter of 2024, gross office take-up in Warsaw reached 176,100 sqm, with 56% of this total transacted under new leases. Pre-lets amounted to approximately 38,600 sqm, accounting for 22% of all office deals in the Polish capital. Two of the five largest transactions of the third quarter were pre-lets. The strong pre-letting activity in the three months to the end of September 2024 pushed the share of pre-lets in the year-to-date leasing volume up to 9%, marking a positive sign for the market. Office demand in Warsaw remained relatively stable in the first nine months of 2024 compared to the same period last year. Total take-up between January and September hit 492,200 sqm, almost matching the volume recorded in the corresponding period in 2023. Renewals accounted for the largest share at 43%, followed by new leases that made up over one-third.



Existing stock by age



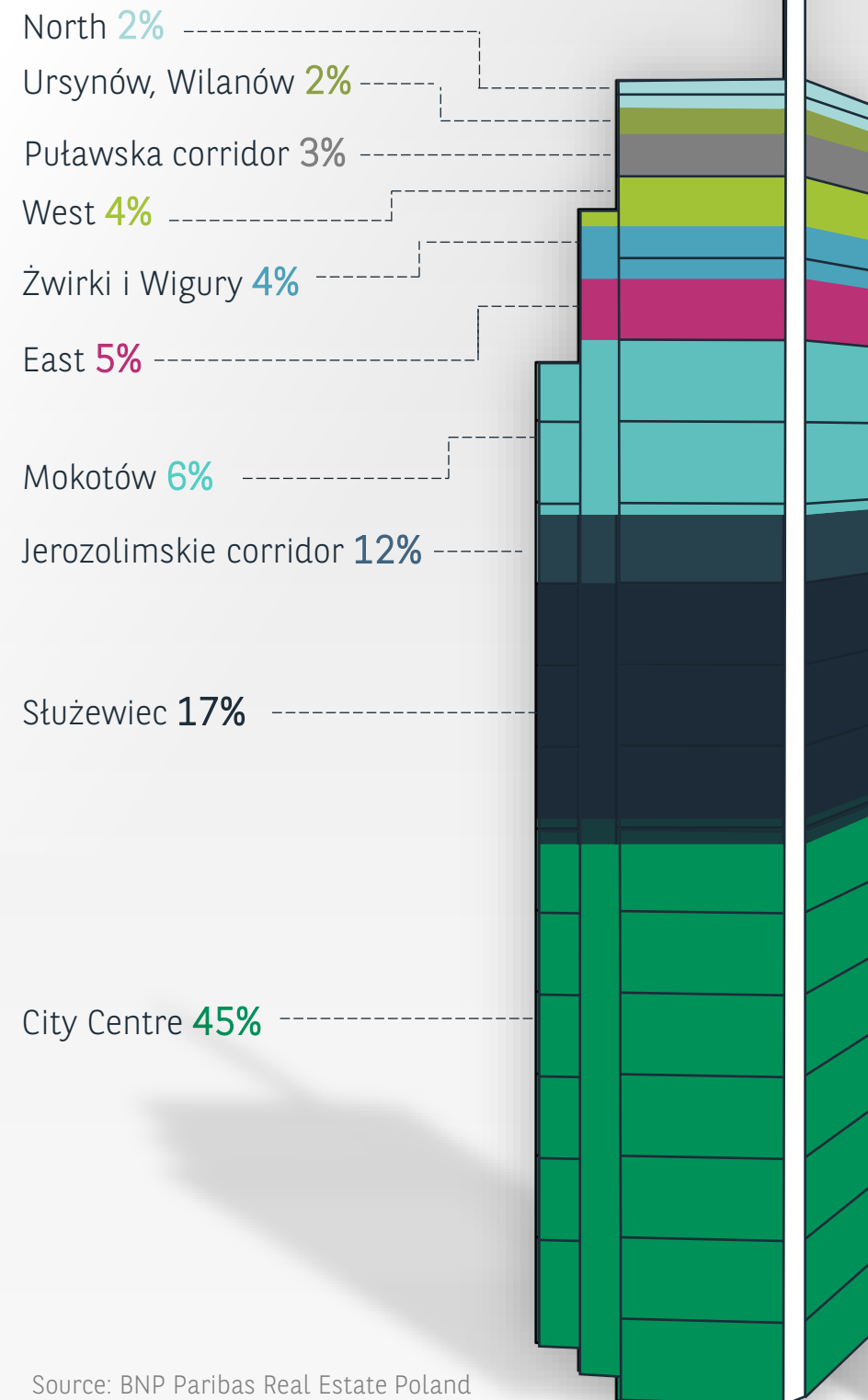
Source: BNP Paribas Real Estate Poland

Completions Q3 2024

BUILDING	ZONE	OFFICE SPACE (sqm)	DEVELOPER
1 Viridis B	Korytarz Puławska	7,000	Polkomtel
2 Bohema Offices D	Wschód	2,594	AFI Europe
3 Bohema Offices E	Wschód	1,652	AFI Europe

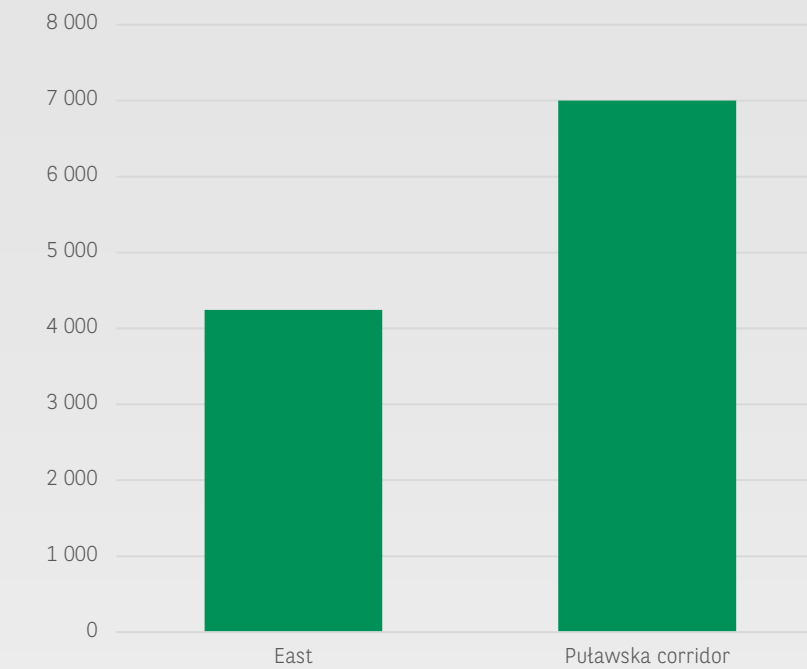
Source: BNP Paribas Real Estate Poland

Existing stock by zone Q3 2024



Source: BNP Paribas Real Estate Poland

New supply Q3 2024



Source: BNP Paribas Real Estate Poland

In the third quarter of 2024, only 11,000 sqm of new office space came on stream in Warsaw through three projects: Viridis B in the Puławska Corridor and Bohema Offices D and E in the East. These completions brought the year-to-date new office supply to 75,000 sqm, delivered across eight buildings. Although this figure is modest, it is still higher than 2023's total of just over 60,000 sqm.

Expert comment



Jan Pawlik
Workplace Management Director
ISS Facility Management

Growing fit-out costs- new challenge

We expect a more pragmatic approach to fit-outs due to rising costs, increased awareness of ESG requirements and longer lease terms. Property analysis should take account of an existing spatial layout, the acoustic standard of walls and glass panels, and HVAC systems. Other key factors include energy consumption, power supply sources and total emissions during both project delivery and ongoing maintenance. Although newly constructed buildings boast higher energy efficiency, their construction generates substantial emissions. Another critical aspect is a thorough review of contractual provisions on ESG and fit-out standards as not all innovations yield direct benefits to tenants. The durability and origin of materials are particularly important in longer leases – local, recycled components contribute to reducing the carbon footprint.

At the end of the third quarter of 2024, Warsaw's vacancy rate stood at 10.7%, down by 0.2 pp over the quarter but up by 0.1 pp year-on-year. Office availability amounted to 670,700 sqm. Warsaw's central office zones recorded a vacancy rate of 8.9%, while non-central locations reported 12.2% of their total stock as unoccupied. Demand continued to outstrip new supply, which pushed the overall vacancy rate slightly down in the third quarter. The highest vacancy rate of 19.7% was reported in Służewiec, while the lowest of 4.6% was in the North. Looking ahead, vacancy rates which rose in 2023 are expected to remain on a downward trajectory over the coming quarters amid a slowdown in development activity that will support absorption of existing office stock. Constrained new office supply in prime locations is likely to encourage developers to relaunch previously shelved projects. This is exemplified by the joint project of Ghelamco and Polish railway operator PKP for Warszawa Gdańska train station.

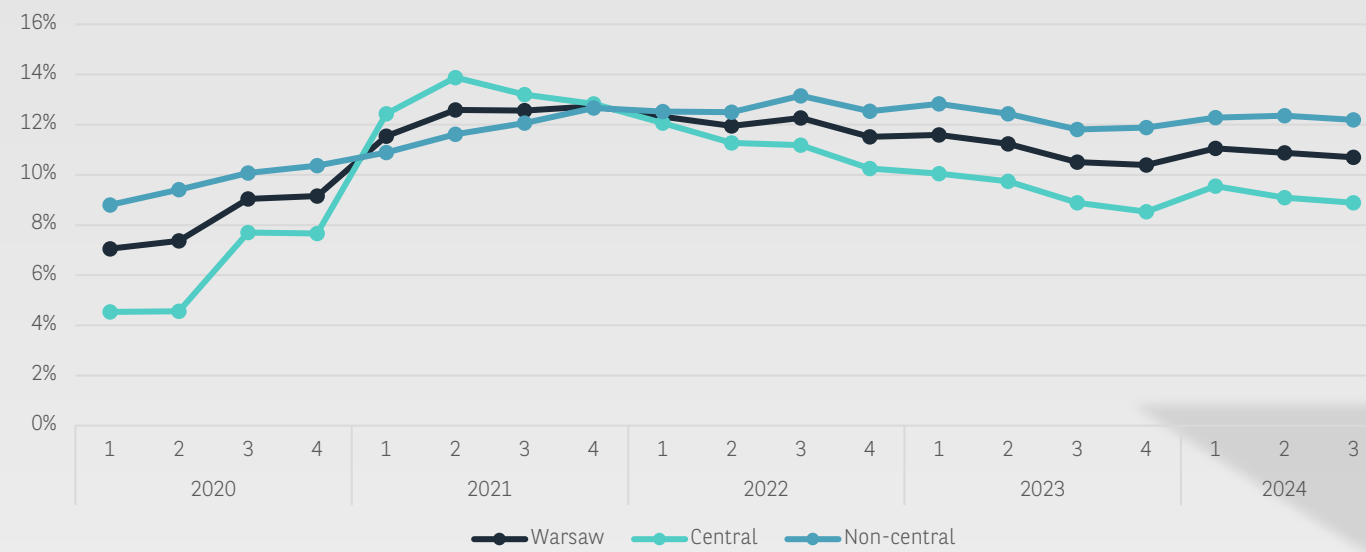
Vacancy rate



AT A GLANCE

Q3 2024

Q3: 10.7% Warsaw average, 8.9% City Centre 12.2%, 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*:

21,10- 22,10 EUR



0-5 years

17,60- 17,90 EUR



6-10 years

14,90 - 15,40 EUR



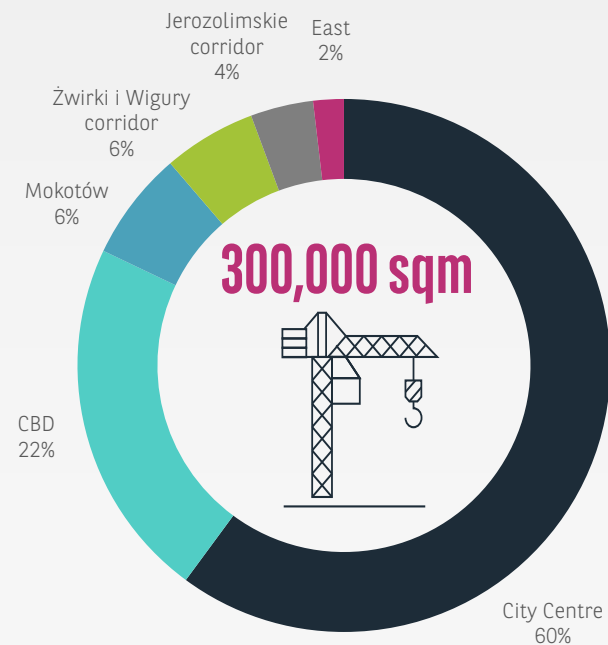
>10 years

Asking office rents remained static in Warsaw during the third 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 even 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, ranging from PLN 18.00 to 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 the third quarter of 2024, the office development pipeline in Warsaw stood at more than 300,000 sqm, comprising both new and refurbishment projects. The vast majority of this total, or over 80%, was under construction in the City Centre, including the CBD, and in particular in the vicinity of Rondo Daszyńskiego in the Wola district. Only one office building is scheduled for delivery by the end of 2024: The Form, with 28,500 sqm, developed by Lincoln Property. If all development projects come to fruition, the Warsaw office market will expand by over 105,000 sqm in 2025 and another 38,000 sqm in 2026.

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	Q4 2025
2 Upper One	CBD	35,500	Strabag	Q4 2026
3 Office House	City Centre West	31,100	Echo Inv.	Q4 2025
4 V-Tower	CBD	30,800	Cornerstone	Q2 2025
5 The Form	City Centre West	28,500	Lincoln Property	Q4 2024

Source: BNP Paribas Real Estate Poland

Expert comment



Dorota Mielke

Associate Director, Office Agency
BNP Paribas Real Estate Poland

Is it the end of the era of remote work?

The KPMG 2024 CEO Outlook survey has found that over 80% of 1,300 chief executive officers worldwide expect a full return of their workforce to the office over the next three years – a notable increase from 63% in 2023. The process of encouraging employees to return to the office began in earnest in the USA in 2022. Companies that have already mandated five in-office days include Boeing, Goldman Sachs, Tesla and UPS, while the employees of most of the largest corporations, including Amazon, Apple, Meta and even Zoom, are expected to be in the office a few days a week. Many entrepreneurs believe that having employees present on-site has a positive effect on the bottom line. However, workers have become significantly less enthusiastic about the return to the office. Today's employees expect mainly flexibility in their work environment and want to work on their terms. However, they do not demand a permanent home office as they also recognise the value of working in the office. They expect to be able to choose the workplace that best suits them and enables them to perform at their peak. Employers who take these expectations into account are likely to see greater employee loyalty and commitment.

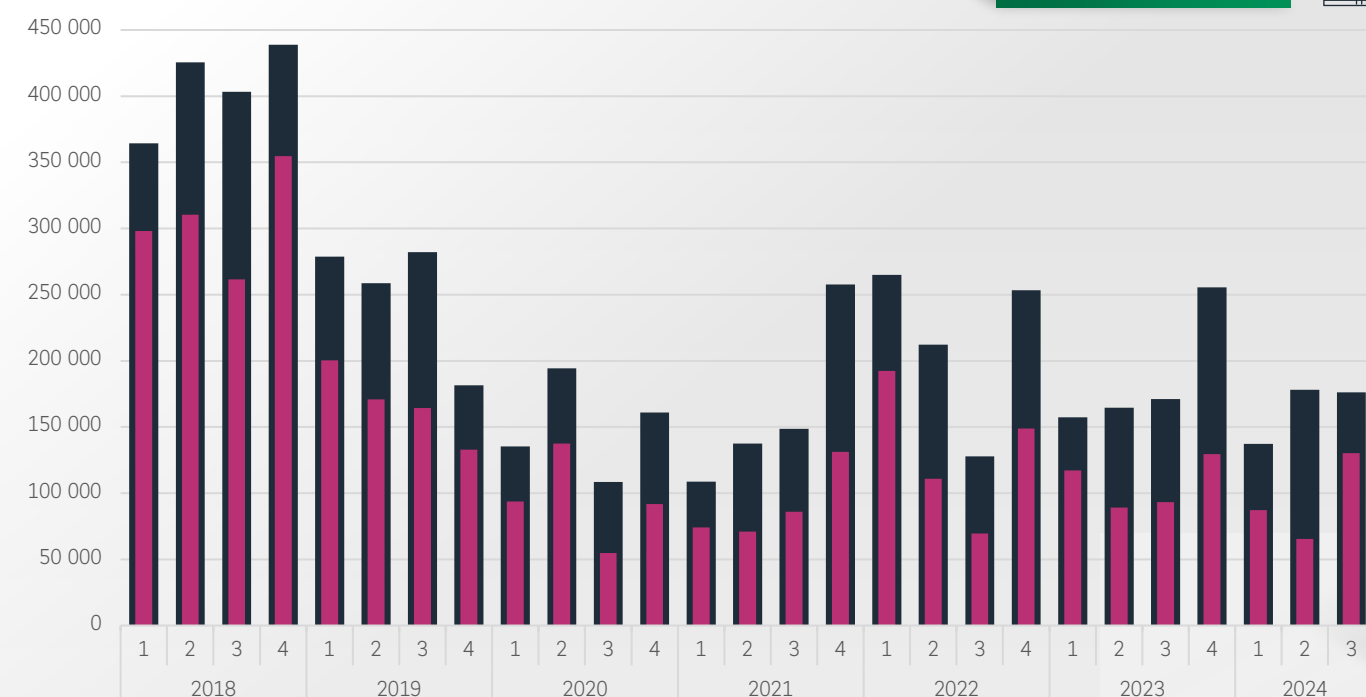


In the third quarter of 2024, office leasing activity reached 176,100 sqm, with occupier demand focusing on the City Centre, Służewiec and the Jerozolimskie Corridor. In the three months to end-September 2024, new leases accounted for the largest share of total take-up at 56%, followed by renewals which made up 26%. Owner-occupier deals and expansions contributed 11% and 7% respectively. Two of the five largest transactions were pre-lets for office space in the city centre. The strongest demand for office space in the Polish capital in the third quarter of this year came from professional services, which accounted for a quarter of the total take-up. Financial services followed, with an 18% share of the leasing volume. The largest single transaction was Santander Bank's lease of 24,500 sqm of office space, marking the biggest office deal in Poland since 2022.

Gross and net take-up

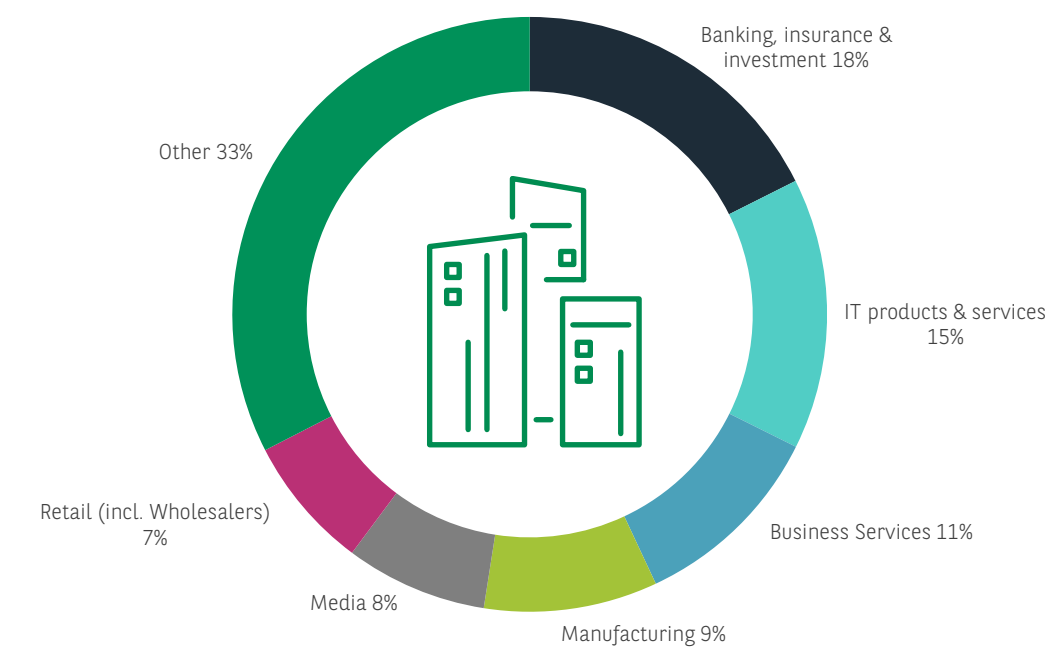
AT A GLANCE

Q3 2024



Source: BNP Paribas Real Estate Poland

Structure of gross demand by sectors Q3 2024



Source: BNP Paribas Real Estate Poland

Gross take-up by zones Q3 2024



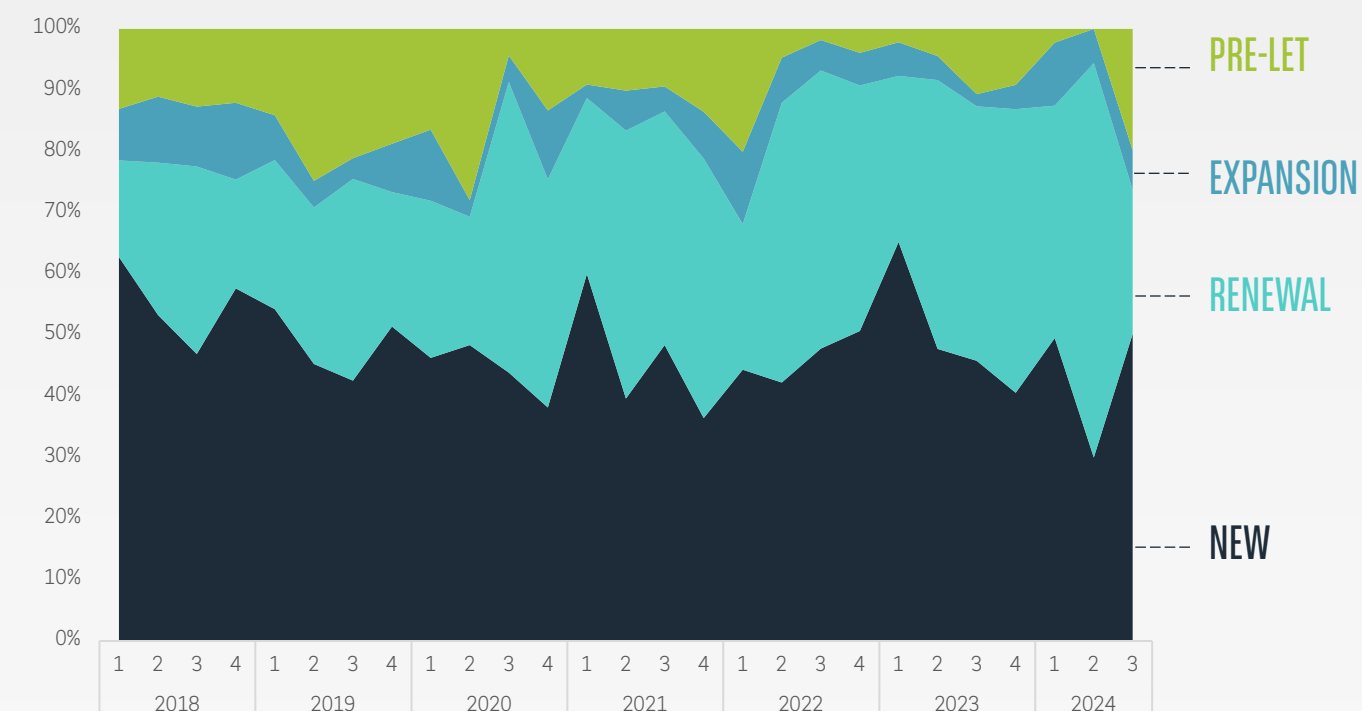
Occupiers have for long displayed a strong preference for the City Centre, including the Central Business District (CBD), and Służewiec. In the third quarter of 2024, the capital's central zones accounted for nearly 50% of Warsaw's total leasing volume. Służewiec took second spot, with almost 32,000 sqm transacted in the period between July and end-September, making up over 18% of all deals signed in the Polish capital. It was followed by the Jerozolimskie Corridor, where tenants leased close to 25,000 sqm of office space, accounting for 14% of Q3's total take-up.

Top 5 Lease Transactions

	TENANT	BUILDING	ZONE	LEASED SPACE (sqm)	TYPE OF AGREEMENT
1	Santander Bank	The Bridge	City Centre West	24,500	pre-let
2	Netflix	Office House	City Centre West	10,000	pre-let
3	Gpoland	Dom Beta	Służewiec	8,100	owner occupier
4	Viridis B	Polkomtel	Puławska corridor	7,000	owner occupier
5	X20	InPost	Mokotów	4,600	renewal

Source: BNP Paribas Real Estate Poland

Structure of gross demand 2018-2024



Source: BNP Paribas Real Estate Poland



AT A GLANCE

Q3 2024

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