**At a glance Q1 2017**

**Office Market in Warsaw**

As much as 83,000 sqm were completed in the first quarter of 2017, bringing the overall stock to 5.26 million sqm. The market will expand further with approximately 890,000 sqm currently under construction with delivery scheduled for between Q2 2017 and 2020. Given such a volume of pipeline supply, tenants will continue to be in a strong negotiation position.

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**1. Significant differences of vacancy rates by cluster and by building age**

While the average vacancy rate has been relatively stable over the last quarters (14-15%), there are significant differences when viewing by cluster and age of stock. BNP Paribas Real Estate forecasts the vacancy to increase by 1-2 p.p. over 2017/18.

The area of Służewiec Przemysłowy (part of Upper South) as well as central districts have recorded the highest vacancy rates of 17-19%, whereas the lowest availability was North and East of the centre. When considering building age, schemes delivered after 2010 enjoy the highest occupancy of around 90% on average. These trends are likely to continue over 2017.

- **14.5%** Vacancy rate as of Q1 2017

**2. Unprecedented hike expected within Wola and west of Śródmieście district over the next three years**

As much as 890,000 sqm is currently under construction, over 60% of which is located in Wola and to the west of Śródmieście district. More projects are in the planning phase beyond 2020, which will further strengthen this area as a major business and service district.

The hike in supply is due to the established master plan in place for the majority of the area as well as good public transport network, significantly improved after the opening of the second metro line. Occupiers show strong interest in this area, which is supported by the highest take-up recorded this quarter.

- **890,000 m²** Under construction

**3. Varying headline and effective rental rates**

A few prime schemes in the city centre continue quoting €20-22 per sqm/month, yet the majority of centrally located but more mature projects face very strong competition. The average city centre headline rates dropped by 3-5% over the previous year and are currently in the range of €16-18 per sqm/mth.

Prime office buildings located in non-central business clusters quote €14.00-15.00 per sqm/mth, but the average headline rates in these areas range from €11.00-13.00 per sqm/mth.

Large occupiers (over 2,000 sqm), irrespective of location can expect to receive good incentive packages which can result in effective rates 20-30% lower than headline rates.

- **20-30%** off the headline rent for effective rate

**4. Office as an important HR tool**

Recruiting and retaining qualified staff in Warsaw as well as other regional cities has become a hot topic for many companies. Providing suitable office accommodation, equipped with appropriate amenities, attractive working environs as well as convenient public transport is of pivotal importance to recruit and retain talent. Landlords are therefore having to implement solutions to deliver creative layouts, eco-design elements and modern technology, all aimed at managing employees’ well-being in order to offer occupiers sustainable workspace.
Office Snapshot

Annual office supply

- Existing
- Forecast

Vacancy rate

- Average
- Central
- Non-Central

Prime and average rents, per sqm/mth

- City Centre (prime)
- City Centre (average)
- Out of Centre (prime)
- Out of Centre (average)

Source: BNP Paribas Real Estate, f - forecast
New office supply, Q1 2017

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Office area (sqm)</th>
<th>Subzone</th>
<th>Developer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Garden III - VII</td>
<td>54,800</td>
<td>South West</td>
<td>Vastint</td>
</tr>
<tr>
<td>Equilibrium</td>
<td>9,100</td>
<td>West</td>
<td>Waryński</td>
</tr>
<tr>
<td>Grójecka Offices</td>
<td>7,400</td>
<td>South West</td>
<td>Okre Development</td>
</tr>
</tbody>
</table>

Source: BNP Paribas Real Estate

Major pipeline schemes, 2017-2019

<table>
<thead>
<tr>
<th>Project</th>
<th>Office area (sqm)</th>
<th>Subzone</th>
<th>Developer</th>
<th>Year planned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Varso</td>
<td>120,000</td>
<td>Core</td>
<td>HB Reavis</td>
<td>2020</td>
</tr>
<tr>
<td>Warsaw Hub</td>
<td>75,000</td>
<td>City Centre</td>
<td>Ghelamco</td>
<td>2019</td>
</tr>
<tr>
<td>Skyliner</td>
<td>45,000</td>
<td>City Centre</td>
<td>Karimpol</td>
<td>2018</td>
</tr>
<tr>
<td>Menmica Legacy Tower</td>
<td>65,500</td>
<td>City Centre</td>
<td>Golub GetHouse</td>
<td>2018</td>
</tr>
<tr>
<td>West Station II</td>
<td>34,200</td>
<td>South West</td>
<td>HB Reavis</td>
<td>2017</td>
</tr>
<tr>
<td>D48</td>
<td>24,500</td>
<td>Upper South</td>
<td>Penta Investments</td>
<td>2017</td>
</tr>
<tr>
<td>Bobrowiecka B</td>
<td>24,400</td>
<td>South East</td>
<td>Castor Park</td>
<td>2018</td>
</tr>
<tr>
<td>Equator IV</td>
<td>21,000</td>
<td>South West</td>
<td>Karimpol</td>
<td>2018</td>
</tr>
<tr>
<td>Proximo II</td>
<td>20,500</td>
<td>West</td>
<td>Hines</td>
<td>2017</td>
</tr>
<tr>
<td>Generation Park X I</td>
<td>20,000</td>
<td>City Centre</td>
<td>Skanska</td>
<td>2017</td>
</tr>
<tr>
<td>Koneser</td>
<td>20,000</td>
<td>East</td>
<td>BBI Development NFI</td>
<td>2017</td>
</tr>
</tbody>
</table>

Source: BNP Paribas Real Estate

Major office lease transactions, Q1 2017

<table>
<thead>
<tr>
<th>Tenant</th>
<th>Sector</th>
<th>Building</th>
<th>Subzone</th>
<th>Area leased (sqm)</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>AstraZeneca</td>
<td>Pharma</td>
<td>Postepu 14</td>
<td>Upper South</td>
<td>13,200</td>
<td>Renewal and extension</td>
</tr>
<tr>
<td>Citi Service Center Poland</td>
<td>FIRE</td>
<td>Generation Park</td>
<td>City Centre</td>
<td>13,600</td>
<td>New</td>
</tr>
<tr>
<td>Lux Med.</td>
<td>BS</td>
<td>Myhive Park Postepu</td>
<td>Upper South</td>
<td>9,500</td>
<td>Renewal and extension</td>
</tr>
<tr>
<td>Diebold Nixdorf</td>
<td>BS</td>
<td>West Station II</td>
<td>South West</td>
<td>9,800</td>
<td>Pre-let</td>
</tr>
<tr>
<td>Public Transport Authority</td>
<td>Public</td>
<td>JM Tower</td>
<td>City Centre</td>
<td>7,300</td>
<td>Renewal</td>
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<tr>
<td>confidential</td>
<td>Public</td>
<td>G9</td>
<td>West</td>
<td>7,200</td>
<td>New</td>
</tr>
</tbody>
</table>

Source: BNP Paribas Real Estate, is - Information, Communication, Technology, FIRE - Finance, Insurance, Real Estate, BS - Business Solutions

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