At a glance Q4 2017

OFFICE MARKET IN WARSAW

Over the last three months of 2017 new supply of modern office space in Warsaw reached approx. 72,000 sq m spread over 8 buildings. Thus, in the course of 2017 the market increased by approx. 280,000 sq m of leasable space and at the end of the year reached a volume of 5.37 million sq m.

**SUPPLY – BACK TO GROWTH SEEN IN 2012 – 2015**

After the significantly higher supply in 2016 when the Warsaw market increased by approx. 410,000 sq m, the volume of new space delivered in 2017 dropped to the level recorded between 2012 and 2015.

The City Centre zone, the largest one in terms of office supply, at the end of 2017 exceeded the 2 million sq m threshold. A dynamic pace of growth has been particularly visible in the City Centre – West zone which is becoming increasingly popular due to its proximity to downtown and convenient access to public transport granted by trams and the currently extended second metro line.

The highest share of the new supply in 2017 went to Mokotów, the second largest office zone in terms of volume of stock, while the East zone, which covers the part of the city located on the right bank of the river, is traditionally attracting the lowest number of new provision.

**DEMAND – STABLE AT A HIGH LEVEL**

In the course of 2017 net office take-up (including new leases, pre-lets and expansions) exceeded 600,000 sq m. This volume was only slightly lower than the result recorded in the record-breaking 2015, and it was significantly (by more than 30%) higher than the result achieved in 2016.

Tenants are showing great interest in the City Centre zone which offers prestigious locations and a wide range of office space due to the new schemes being developed on its western outskirts. On the other hand, Mokotów is now also becoming an attractive location for tenants, as it offers the greatest range of office space for which it is possible to negotiate the most flexible commercial lease terms.

The high level of demand in 2017 led to a considerable drop in vacancy rate from approx. 15% at the beginning of the year to less than 12% at the end of Q4. Nonetheless, despite the still quite high vacancy rate, finding space in excess of 5,000 sq m that would meet all the requirements set by the tenant is becoming an ever greater challenge.

**STABLE RENTS, EXPECTED CHANGES IN OTHER COMPONENTS**

Asking rents for prime assets within the city centre have not changed and they continue to oscillate between EUR 20.00 and EUR 22.00 per sq m per month. The improved occupancy rate results directly in a gradually entrenching negotiating position of landlords. In the short-term horizon it is expected that the market will see the return of a balance in the tenant – landlord relationship and optimization of tenant incentive packages in the form of rent-free periods and fit-out contributions.

**PLANNED SUPPLY – SIGNIFICANT GROWTH OF THE CITY CENTRE – WEST ZONE**

Over the next three years the most dynamic growth will be observed in the City Centre zone which will see the delivery of approx. 600,000 sq m of new office space, i.e. more than 75% of the 780,000 sqm of office space currently under construction. A particularly high level of developer activity has been observed in the areas around Rondo Daszyńskiego in the City Centre – West zone where approx. 250,000 sq m are now being developed, with further schemes being at various stages of preparation.
Office Snapshot

Annual office supply

![Graph showing annual office supply from 2005 to 2018 with existing and forecasted data.]

Vacancy rate

![Graph showing vacancy rate from 2005 to 2018 with average, central, and non-central data.]

Major completions, 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>Zwirki Wigury Corridor</td>
<td>Vastint</td>
</tr>
<tr>
<td>West Station II</td>
<td>34,200</td>
<td>Jerozolimskie Corridor</td>
<td>HB Reavis</td>
</tr>
<tr>
<td>D48</td>
<td>24,500</td>
<td>Mokotów</td>
<td>Penta Investments</td>
</tr>
<tr>
<td>Bobrowiecka 8</td>
<td>22,000</td>
<td>Mokotów</td>
<td>Spectra Development</td>
</tr>
<tr>
<td>Generation Park X I</td>
<td>19,500</td>
<td>City centre west</td>
<td>Skanska</td>
</tr>
<tr>
<td>Wronia 31</td>
<td>14,400</td>
<td>City centre west</td>
<td>Ghelamco</td>
</tr>
<tr>
<td>Ethos</td>
<td>12,500</td>
<td>City centre east</td>
<td>Kulczyk Silverstein Properties</td>
</tr>
<tr>
<td>Neopark A</td>
<td>10,600</td>
<td>Mokotów</td>
<td>Yareal</td>
</tr>
</tbody>
</table>

Source: BNP Paribas Real Estate

Major schemes under construction

<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>130,000</td>
<td>City centre west</td>
<td>HB Reavis</td>
<td>2019-2020</td>
</tr>
<tr>
<td>The Warsaw Hub</td>
<td>76,000</td>
<td>City centre west</td>
<td>Ghelamco</td>
<td>2020</td>
</tr>
<tr>
<td>Menica Legacy</td>
<td>61,000</td>
<td>City centre west</td>
<td>Golub GetHouse</td>
<td>2018 - 2019</td>
</tr>
<tr>
<td>Skyliner</td>
<td>44,000</td>
<td>City centre west</td>
<td>Karimpol</td>
<td>2020</td>
</tr>
<tr>
<td>Spinnaker Tower</td>
<td>40,000</td>
<td>City centre west</td>
<td>Ghelamco</td>
<td>2020</td>
</tr>
<tr>
<td>ArtNorblin</td>
<td>40,000</td>
<td>City centre west</td>
<td>Capital Park</td>
<td>2020</td>
</tr>
<tr>
<td>Business Liner</td>
<td>28,000</td>
<td>Mokotów</td>
<td>Universale International</td>
<td>2019</td>
</tr>
<tr>
<td>EC Powsie</td>
<td>23,000</td>
<td>City centre east</td>
<td>White Star / Tristan Capital Partners</td>
<td>2019</td>
</tr>
<tr>
<td>Equator IV</td>
<td>21,000</td>
<td>Jerozolimskie Corridor</td>
<td>Karimpol</td>
<td>2018</td>
</tr>
<tr>
<td>Proximo II</td>
<td>20,500</td>
<td>City centre west</td>
<td>Hines</td>
<td>2017</td>
</tr>
<tr>
<td>Koneser</td>
<td>20,000</td>
<td>East</td>
<td>BBI Development NFI</td>
<td>2018</td>
</tr>
</tbody>
</table>

Source: BNP Paribas Real Estate

Source: BNP Paribas Real Estate, f - forecast
### Major office lease transactions, 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>Millennium Bank</td>
<td>FIRE</td>
<td>Harmony Office Center</td>
<td>Mokotów</td>
<td>18,300</td>
<td>renewal</td>
</tr>
<tr>
<td>JP Morgan</td>
<td>FIRE</td>
<td>Atrium Garden</td>
<td>CBD</td>
<td>15,500</td>
<td>new</td>
</tr>
<tr>
<td>Cambridge Innovation Centre</td>
<td>FIRE</td>
<td>Varso Garden</td>
<td>CBD</td>
<td>15,000</td>
<td>pre-let</td>
</tr>
<tr>
<td>Citi Service Center Poland</td>
<td>FIRE</td>
<td>Generation Park</td>
<td>City centre west</td>
<td>13,600</td>
<td>pre-let</td>
</tr>
<tr>
<td>Alior Bank</td>
<td>FIRE</td>
<td>Łopuszariska Business Park</td>
<td>Jerozolimskie Corridor</td>
<td>13,400</td>
<td>renewal and extension</td>
</tr>
<tr>
<td>AstraZeneca</td>
<td>Coworking</td>
<td>Farmacja</td>
<td>Mokotów</td>
<td>13,200</td>
<td>renewal and extension</td>
</tr>
<tr>
<td>Lux Med</td>
<td>BS</td>
<td>Myhive Park Postepu</td>
<td>Mokotów</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>Jerozolimskie Corridor</td>
<td>9,800</td>
<td>pre-let</td>
</tr>
<tr>
<td>Nordea Bank AB</td>
<td>FIRE</td>
<td>Libra Business Centre II</td>
<td>Jerozolimskie Corridor</td>
<td>8,500</td>
<td>pre-let</td>
</tr>
<tr>
<td>BNP Paribas Securities Services</td>
<td>FIRE</td>
<td>Wronia 31</td>
<td>City centre west</td>
<td>8,000</td>
<td>pre-let</td>
</tr>
</tbody>
</table>

**FIRE** - Finance, Insurance, Real Estate; **BS** - Business Solutions

**Source**: BNP Paribas Real Estate

---

### WARSAW OFFICE SUBZONES

![Map of Warsaw Office Subzones](source-image)

**EXISTING STOCK (m²)**

0 250,000 500,000 750,000 1,000,000 1,250,000 1,500,000

---

**AUTHOR**

Patrycja Dzikowska  Head of Research & Consultancy, CEE, patrycja.dzikowska@bnpparibas.com

**CONTACT**

Patrick Delcol  Chief Executive Officer CEE, Head of Capital Markets, patrick.delcol@bnpparibas.com

Erik Drukker  Managing Director, Agency & Valuation CEE, erik.drukker@bnpparibas.com

Michael Richardson  MRICS  Head of Real Estate Occupier Solutions CEE, michael.richardson@bnpparibas.com

Małgorzata Fibakiewicz  MRICS  Head of Office Agency, malgorzata.fibakiewicz@bnpparibas.com

Anna Baran  MRICS  acting Director, Head of Valuation CEE, anna.b.baran@bnpparibas.com

---

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.
BUSINESS LINES in Europe
A 360° vision

Main locations*

EUROPE

FRANCE
Headquarters
167, Quai de la Bataille
de Stalingrad
92867 Issy-les-Moulineaux
Tel.: +33 1 55 65 20 04

BELGIUM
Avenue Louise 235
1050 Brussels
Tel.: +32 2 290 59 59

CZECH REPUBLIC
Pobřežní 620/3
186 00 Prague 8
Tel.: +420 224 935 000

GERMANY
Goetheplatz 4
60311 Frankfurt
Tel.: +49 69 2 98 99 0

HUNGARY
117-119 Vaci ut.
A Building
1123 Budapest,
Tel.: +36 1 487 5501

IRELAND
20 Merrion Road,
Ballsbridge, Dublin 4
Tel.: +353 1 66 11 233

ITALY
Piazza Lina Bo Bardi, 3
20124 Milano
Tel.: +39 02 58 33 141

JERSEY
3 Floor, Dialogue House
2 – 6 Aviley Street
St Helier, Jersey JE8 8RR
Tel.: +44 (0) 1 534 629 001

LUXEMBOURG
Aventa Building
Avenue J.P. Kennedy 44
1855 Luxembourg
Tel.: +352 34 94 84
Investment Management
Tel.: +352 26 26 08 06

NORWAY
Axento Building
Avenue J.F. Kennedy 44
1855 Luxembourg
Tel.: +352 34 94 84
Investment Management
Tel.: +352 26 26 08 06

Alliances*

ALGERIA
NORWAY
AUSTRIA
PORTUGAL
CYPRUS
SERBIA
DENMARK
SWEDEN
ESTONIA
SWITZERLAND
FINLAND
TUNISIA
GREECE
USA

HUNGARY **
IVORY COAST
LATVIA
LITHUANIA
MOROCCO
NORTHERN IRELAND

* March 2017
** Coverage in Transaction, Valuation & Consulting

@BNPPER_PL
www.realestate.bnpparibas.pl

Real Estate
for a changing
world