Warsaw office market

Q1-Q3 2018

cresa

Occupier Economics

Asking rents
(EUR/sqm/month)

Expert opinion

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"Demand on the Warsaw office market remains strong with effective rents coming under upward pressure amid limited supply. This is most notable in central locations attracting robust occupier interest. The market is expected to stabilise in 2020, when several large office buildings will be completed in the vicinity of Daszyńskiego Roundabout."

5,418,600 sqm Stock***	up 3.8%	year-on-year
237,500 sqm Absorption*	down 1.4%	year-on-year
189,700 sqm New supply	down 7.4%	year-on-year
633,700 sqm Take-up	up 7.6%	year-on-year
10.0% Vacancy rate***	down 2.9 p.p.	year-on-year

Key lease transactions

Property	Tenant	sqm	Lease type
Q22	Deloitte	22,100	Renegotiation+expansion
Piękna 2.0	Confidential	14,800	New deal
Mennica Legacy Tower (West)	WeWork	14,200	New deal
Varso II	Cambridge Innovation Center	13,500	New deal
PLL LOT HQ	LOT	11,800	Renegotation

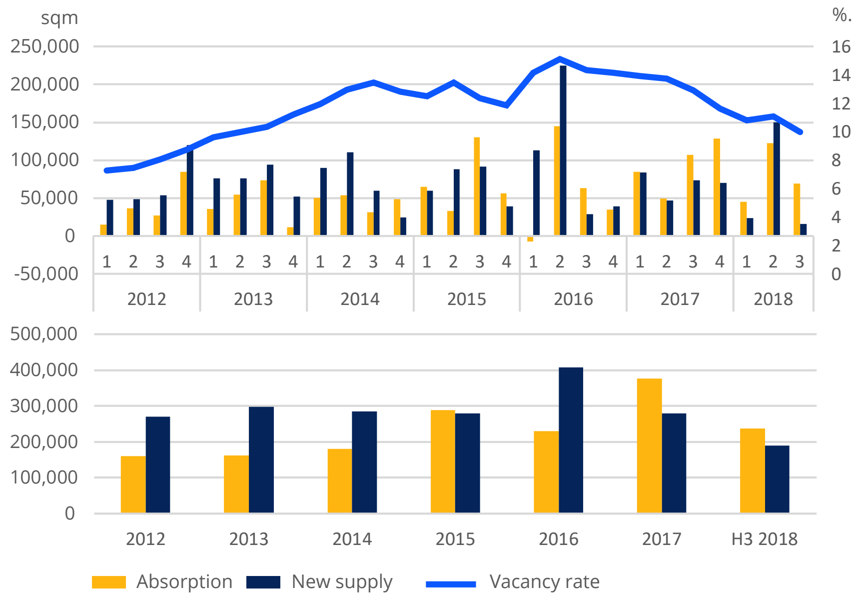
Occupier Sentiment Index in Poland**

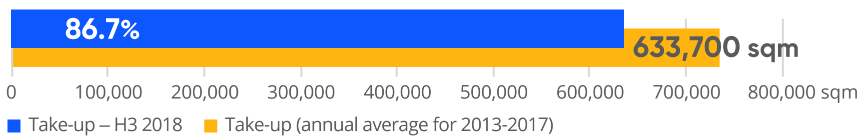
29 points September 2018 (12 points moving annual average)

up 30 points year-on-year

* Absorption – increase in occupied space in a specified time.
** The Occupier Sentiment Index based on RICS quarterly commercial survey is a composite measure of overall market momentum, encompassing variables on supply, demand and expectations. A higher value would be indicative of better income prospects for investors and developers.
*** end of Q3

Market trends





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- Warsaw's total office stock has risen by more than **3.75%** over the year to **5.42 million sqm.**
- As at the end of September 2018, the city's vacancy rate stood at **10.0%**, down by 2.9 pp compared to last year.
- In Q3 2018, absorption amounted to **69,500 sqm** with the cumulative absorption in the year to date at **237,500 sqm**, which represents a 1.4% decrease on the same period last year.
- **Two office projects** were completed in Q3 2018: Park Avenue (12,500 sqm, Park Projects) and Building C of Koneser Centrum Praskie (3,800 sqm, BBI Development / Liebrecht & Wood).
- Total leasing activity surpassed **633,000 sqm** in the first three quarters of 2018, up by more than 7.5% compared to last year.

Population	1,769,500	↑	+0.6% r.d.r.
Average employment	1,066,000	↑	+2.1% r.d.r.
Unemployment rate	1.6%	↓	-0.7 p.p. r.d.r.
Average salary	5,970 zł	↑	+6.4% r.d.r.