

Warsaw Office Market



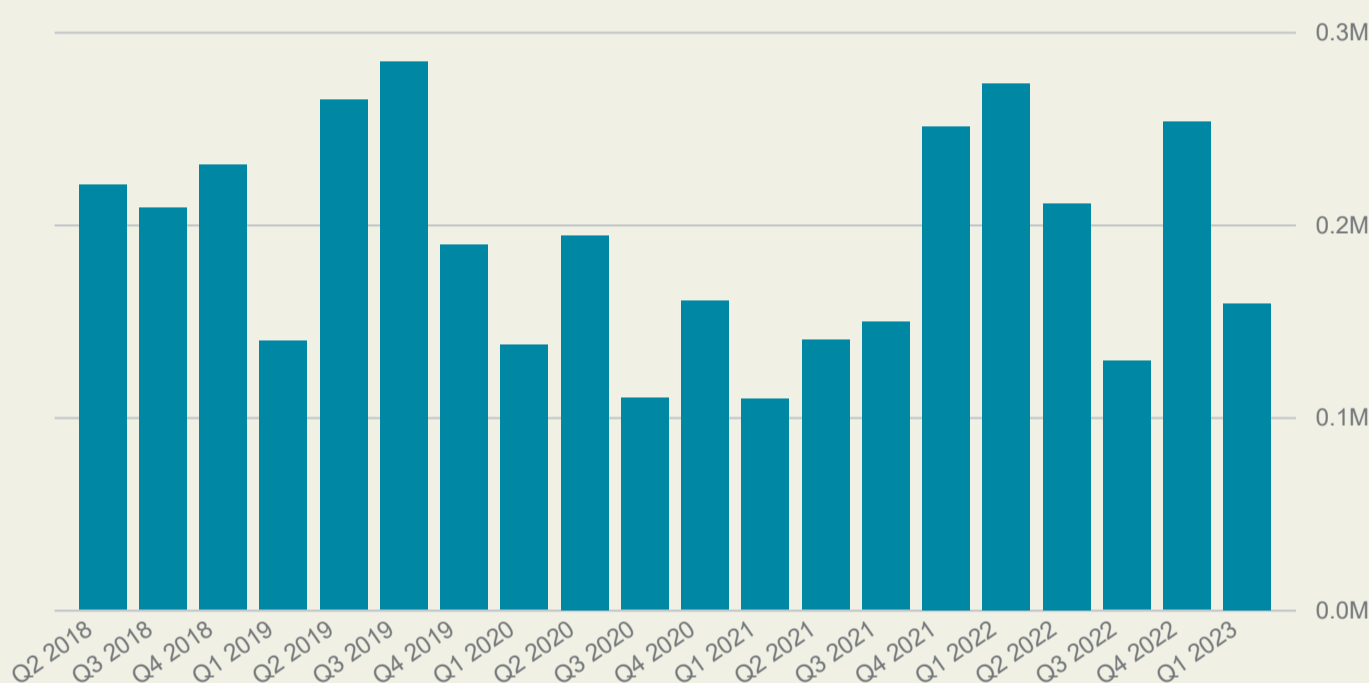
Q1 2023

Updated quarterly, our dashboards provide a concise synopsis of occupier activity in Europe's markets.

knightfrank.com/research

Take up

Over the last 5 years, square metres



Source: Knight Frank Research

OCCUPIER MARKET KEY FIGURES

159,000 SQM

Take up

€ 312 PSQM

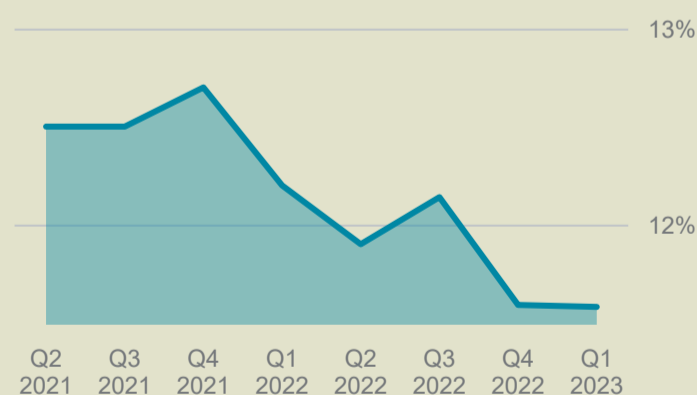
Prime Rent

11.6%

Vacancy Rate

Vacancy Rate

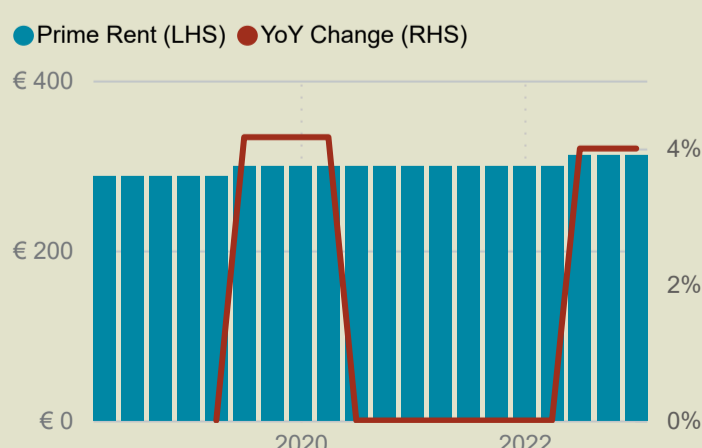
Measured in percentage terms



Source: Knight Frank Research

Prime Rent

Rents and the year-on-year change, Euros per square metre



Source: Knight Frank Research

OCCUPIER HEADLINES

The Warsaw office market started off the year with relatively low tenant activity in comparison to the strong momentum seen in 2022. There were 159,000 sqm of take-up recorded in Q1 2023, down 42% from the volume in Q1 2022, but well above take-up from Q1 2021. Most of the transactions that took place were new agreements (70%), with limited pre-letting activity. Only a small proportion (5%) of the deal volume were found to be expansions in footprint. Central districts remained the most popular choice among tenants in Q1 2023, accounting for 55% of the take-up volume.

The vacancy rate remained at 11.6% this quarter, representing a 60 bps decrease from 12.2% in the first quarter of 2022. The tightening of the market may in part be due to low levels of new supply being added to the city's total stock. There were no construction completions recorded this quarter, and 2022 saw low levels of new supply deliveries compared to the 5-year average. There are less than 75,000 sqm of construction completions anticipated for each the remainder of 2023, and 2024 and 2025. Rising construction costs, coupled with the ongoing high cost of servicing construction loans, are creating a challenging environment for launching new projects.

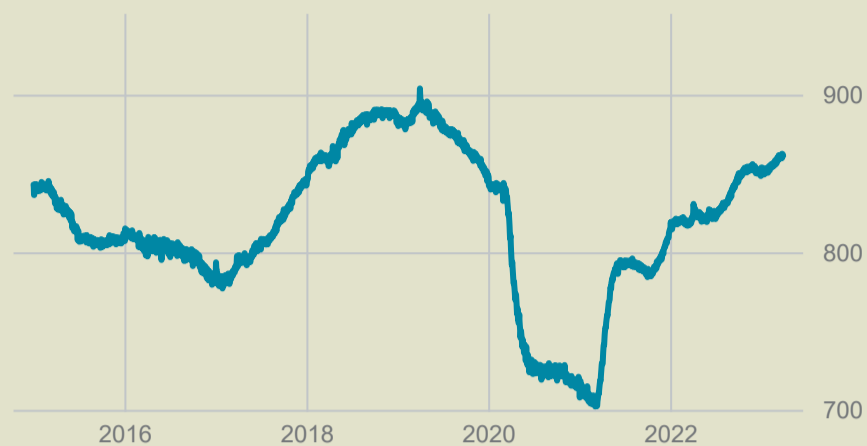
Prime rents for the city held firm at €312 psqm per annum for the third quarter in a row. Increases in service charges are still to be expected due to the ongoing price increases in services and utilities. Rents are expected to rise in the near future, and the market balance may tip towards the landlords' favour.

Due to changing regulations and a move towards climate neutrality by more and more organisations, ESG is exerting an increasing influence on the office market. Owners of older properties are being forced to modernise their office buildings in the interests of cost optimisation for both tenant and landlord.

ECONOMIC INDICATORS

New Businesses in Poland

12-month Rolling Average



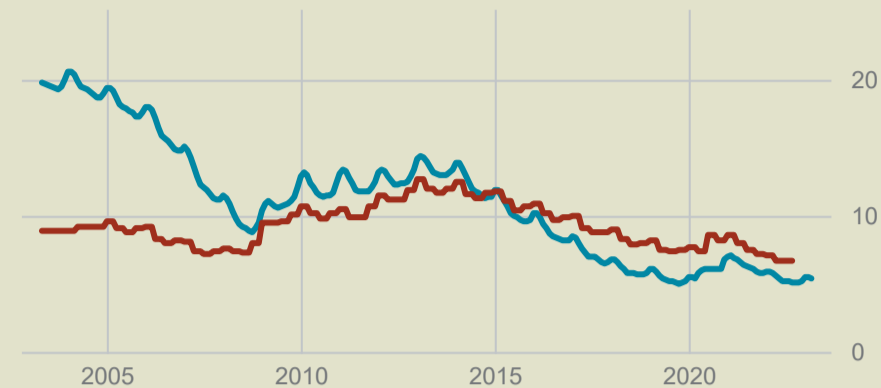
Source: Central Registration & Information on Business (CEIDG)

After a slump in new business starts during the pandemic in Poland, activity has picked up and continues to approach pre-COVID peak levels.

Unemployment Rate in Poland

vs Euro Area, as a Percent of Civilian Labour Force, %

● Poland ● Euro Area

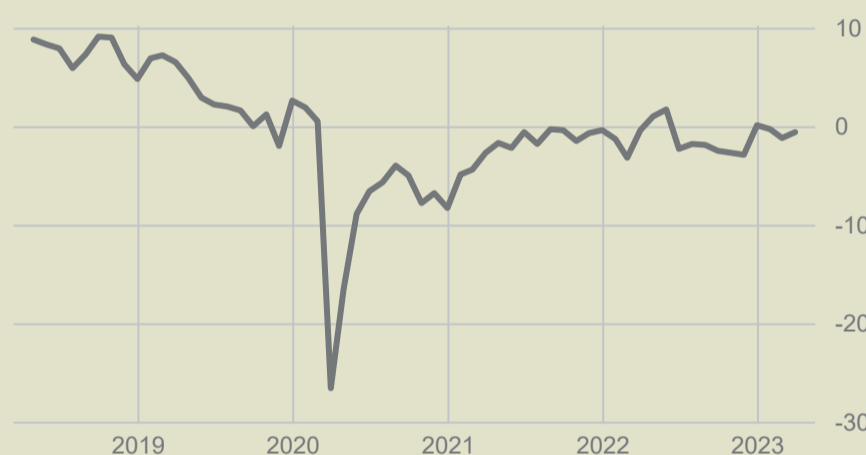


Source: Eurostat/ Polish Ministry of Family, Labour & Social Policy

The unemployment rate in Poland has increased to 5.4% in March 2023 from 5.2% in December last year. As demand for labour softens, particularly in interest-intensive sectors, unemployment is expected to increase slightly and peak around 6% in 2023.

Employment Expectations in the Service Sector in Poland

Over the next 3 months, %

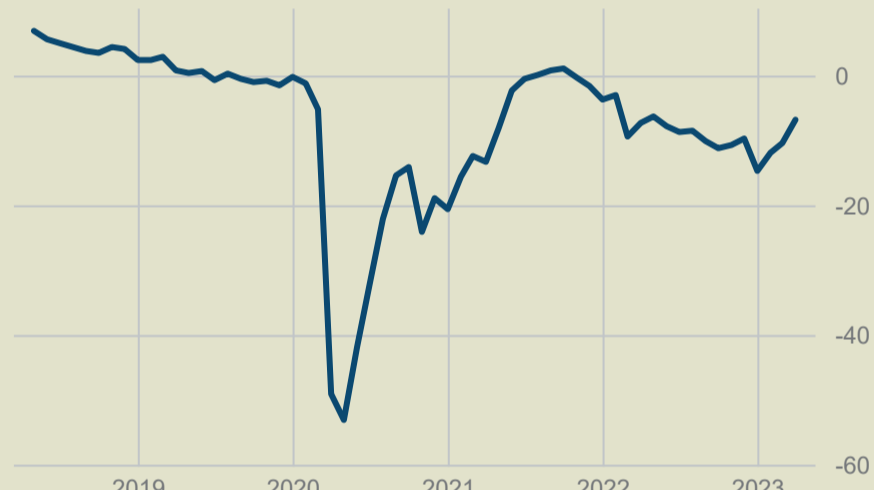


Source: European Commission (DG ECFIN)

As the economic outlook is weakening, the service sector labour market shows signs of cooling.

Services Confidence Indicator in Poland

Services Confidence Indicator for the last 5 years, Index



Source: European Commission (DG ECFIN)

Service sector confidence in Poland fell in January but has since improved slightly, and while negative, it still remains well above low levels seen in 2020.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

LOCAL RESEARCH CONTACT

Elżbieta Czerpak

Head of Research

elzbieta.czerpak@pl.knightfrank.com

+48 22 596 50 50

LOCAL OFFICE OCCUPIER CONTACT

Piotr Borowski

Director, Commercial Agency T-REP

piotr.borowski@pl.knightfrank.com

+48 501215385

LONDON CONTACT

Colin Fitzgerald

Head of Occupier Strategy & Solutions EMEA

colin.fitzgerald@knightfrank.com

+44 20 7861 1203



© Knight Frank LLP 2023 – This presentation has been prepared for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this presentation. As a general presentation, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this presentation in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.