

# Warsaw Office Market



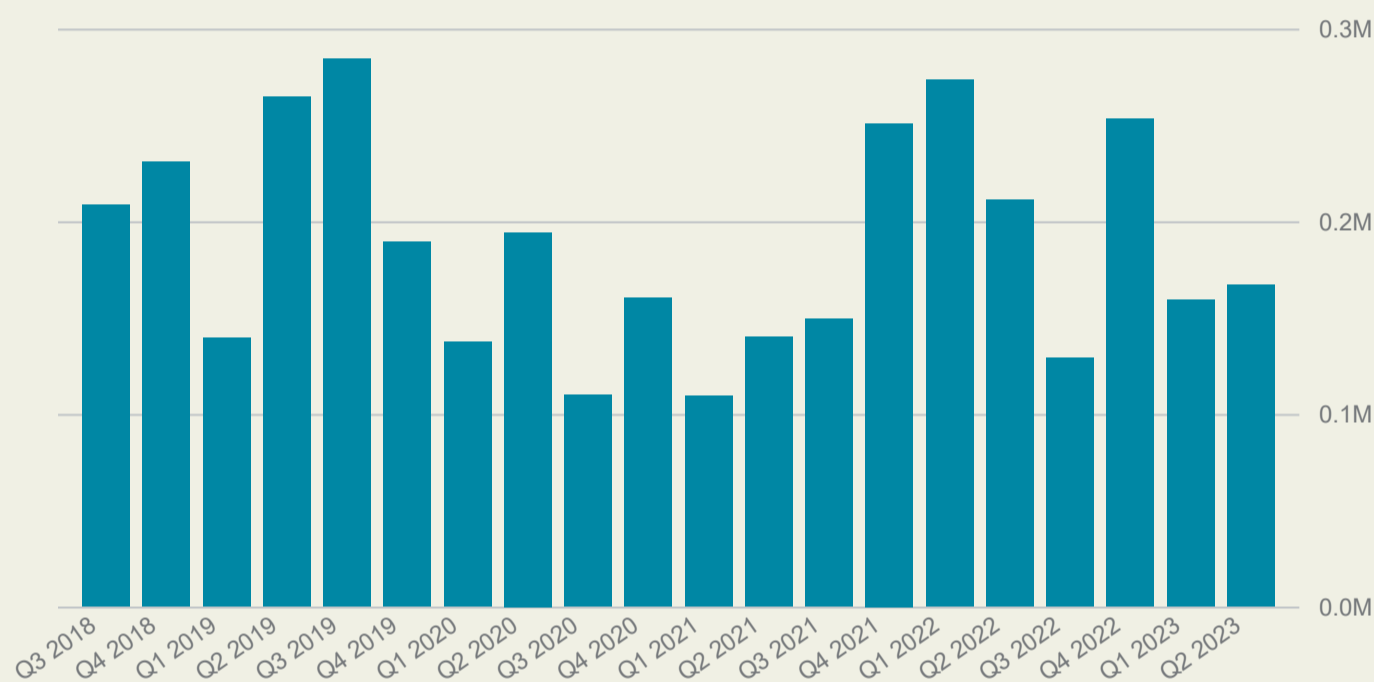
Q2 2023

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

[knightfrank.com/research](https://knightfrank.com/research)

## Take up

Over the last 5 years, square metres



Source: Knight Frank Research

## OCCUPIER MARKET KEY FIGURES

**167,120 SQM**

Take up

**€ 312 PSQM**

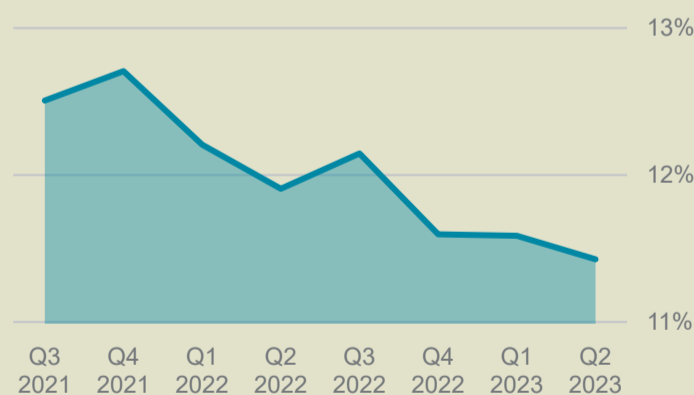
Prime Rent

**11.4%**

Vacancy Rate

## Vacancy Rate

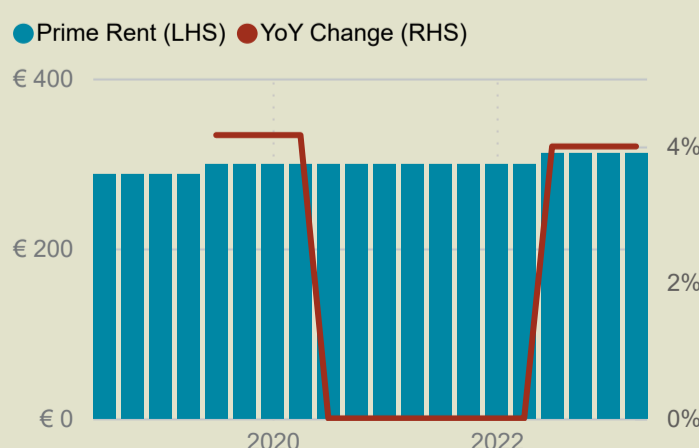
Measured in percentage terms



Source: Knight Frank Research

## Prime Rent

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



Source: Knight Frank Research

## OCCUPIER HEADLINES

The second quarter of the year in the Warsaw office market continued to see limited tenant activity, especially when compared to the momentum in 2022. Take up of 167,120 sqm were recorded, bringing the total for H1 2023 to 326,120 sqm. This represents a 33% decrease relative to the same period last year.

The three largest deals in Q2 2023 were all renegotiations, including Lionbridge Poland for 7,100 sqm in the Taifun building, a business services company for 5,900 sqm in Warsaw Spire A, and an IT sector tenant for 5,200 sqm in the Horizon building.

In H1 2023, new agreements accounted for the largest share of transactions, making up more than 60% of total volume. Of the remainder, nearly 35% were found to be renegotiations and only a small number, just under 5%, were expansions.

The city's Central submarket was the most popular with tenants, seeing 58% of space leased in H1 2023. Other popular submarkets included Jerozolimskie Corridor and Służewiec, with 15% and 14% of deal volume respectively.

Only three new development projects have been delivered so far this year, totalling 18,700 sqm, all completed in Q2 2023. As such, the total volume for H1 2023 stands 90% below what was seen in H1 2022. There are currently only 265,000 sqm of office space under construction, with 55,900 sqm expected to be completed before the end of year.

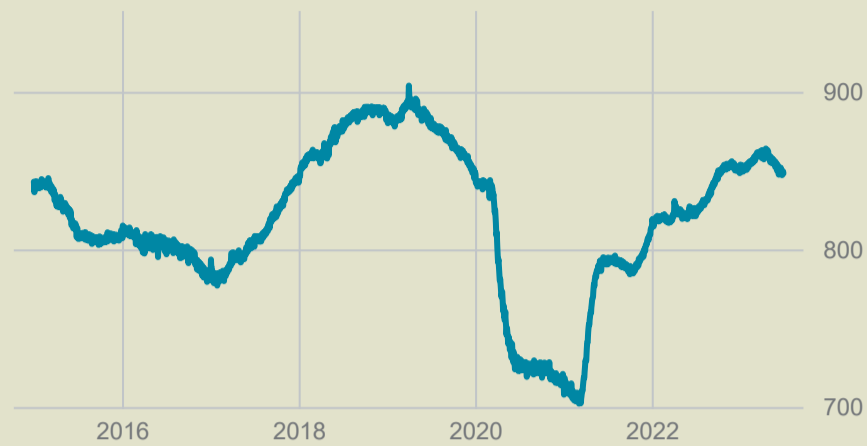
The tightening new supply pipeline may be a factor in the vacancy rate reaching its lowest level since Q1 2021, at 11.4% in Q2 2023. This is 50 bps lower than the vacancy rate seen in Q2 2022. In the Central submarket, the vacancy rate was 9.9%, while the rest of the city saw varying levels. The lowest vacancy rates were recorded in the North (5.1%), and in Ursynów and Wilanów (5.8%), while the highest was recorded in Służewiec (20.6%).

Prime rents held firm in Q2 2023 at € 312 psqm per annum for the fourth quarter in a row, representing a 4% increase compared to Q2 2022. Rents are expected to remain stable in the near future.

## ECONOMIC INDICATORS

### New Businesses in Poland

12-month Rolling Average

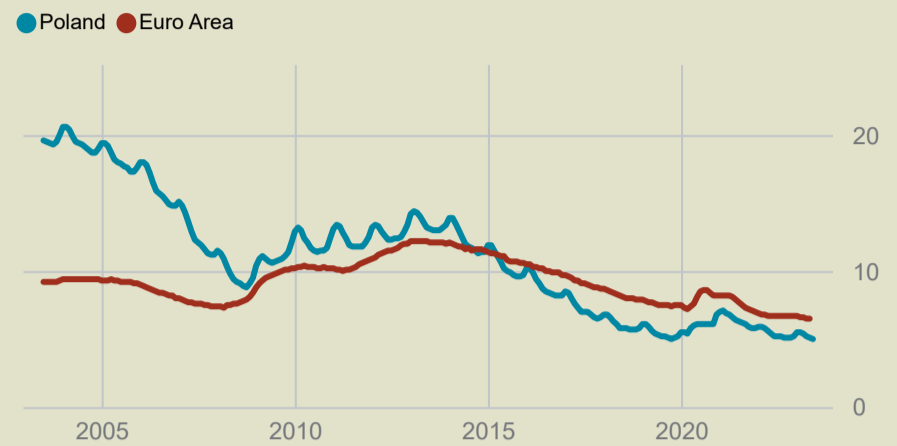


Source: Central Registration & Information on Business (CEIDG)

The pace of new business starts in Poland has slowed in Q2 2023, likely in part due to the challenging inflationary environment.

### Unemployment Rate in Poland

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

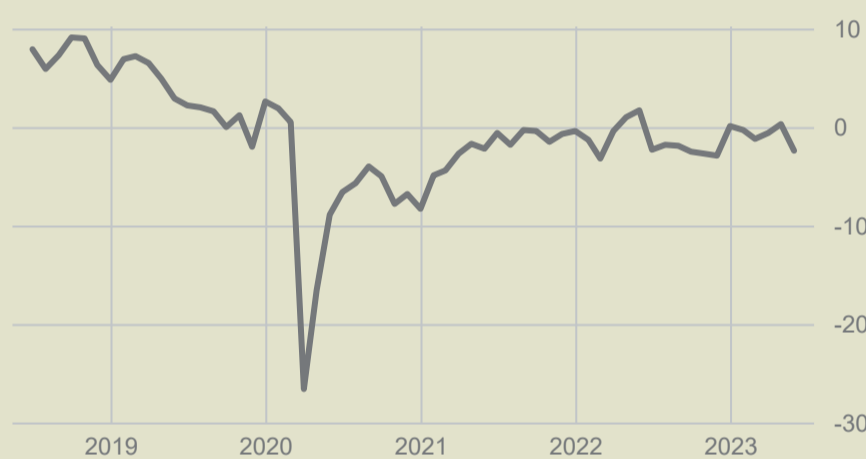


Source: Eurostat/ Polish Ministry of Family, Labour & Social Policy

The unemployment rate in Poland is among the lowest in Europe, and below the average for the Euro Area. It ticked downwards from 5.4% in March 2023 to 5.0% in June, the lowest recorded level since October 2019.

### 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 improved slightly at the end of Q2 2023 compared to Q1, and while negative, still remains above lows 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.

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