

Warsaw Office Market



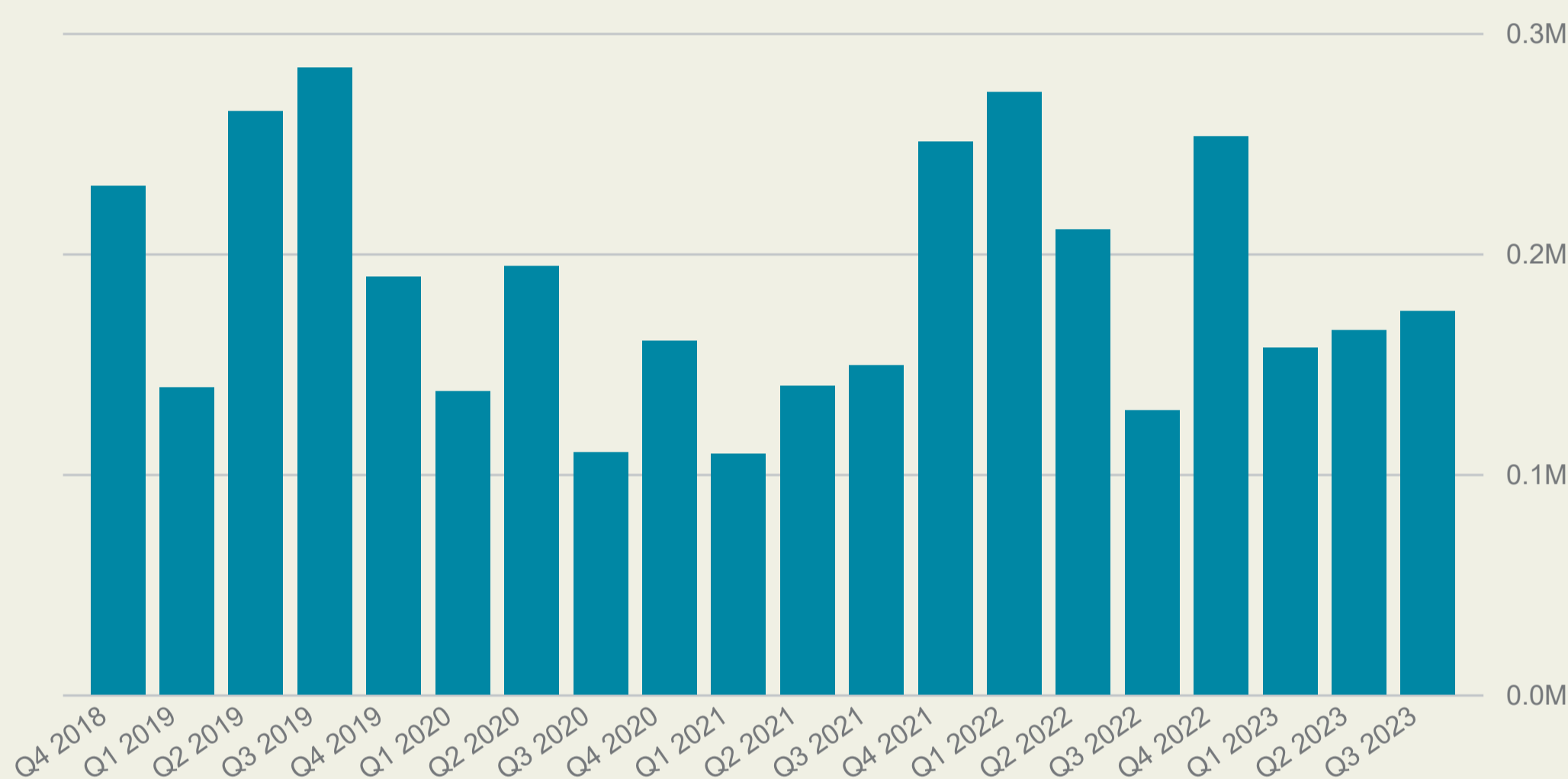
Q3 2023

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

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Take up

Over the last 5 years, square metres



Source: Knight Frank Research

OCCUPIER MARKET KEY FIGURES

174,032 SQM

Take up

€ 324 PSQM

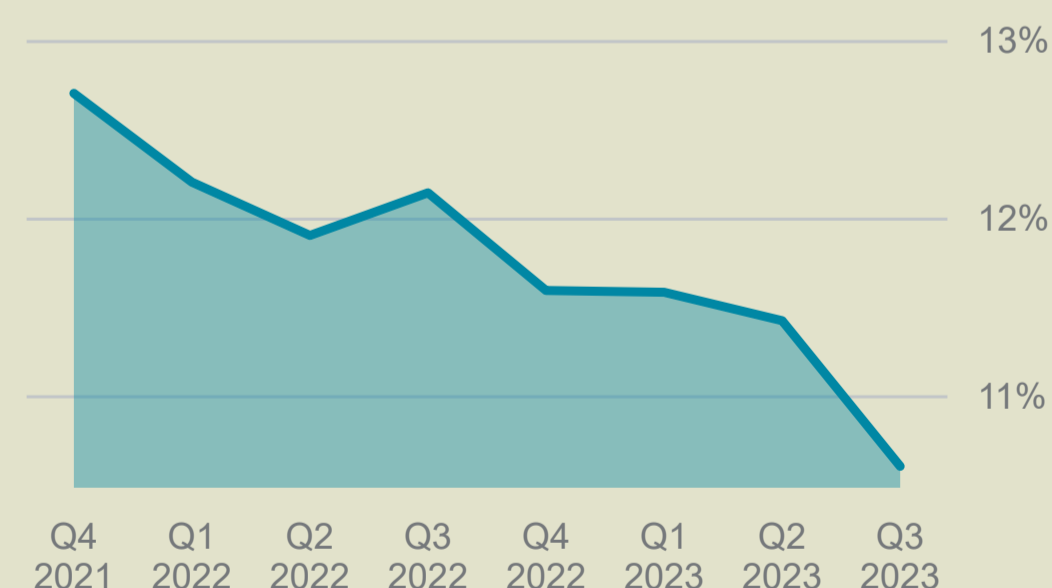
Prime Rent

10.6%

Vacancy Rate

Vacancy Rate

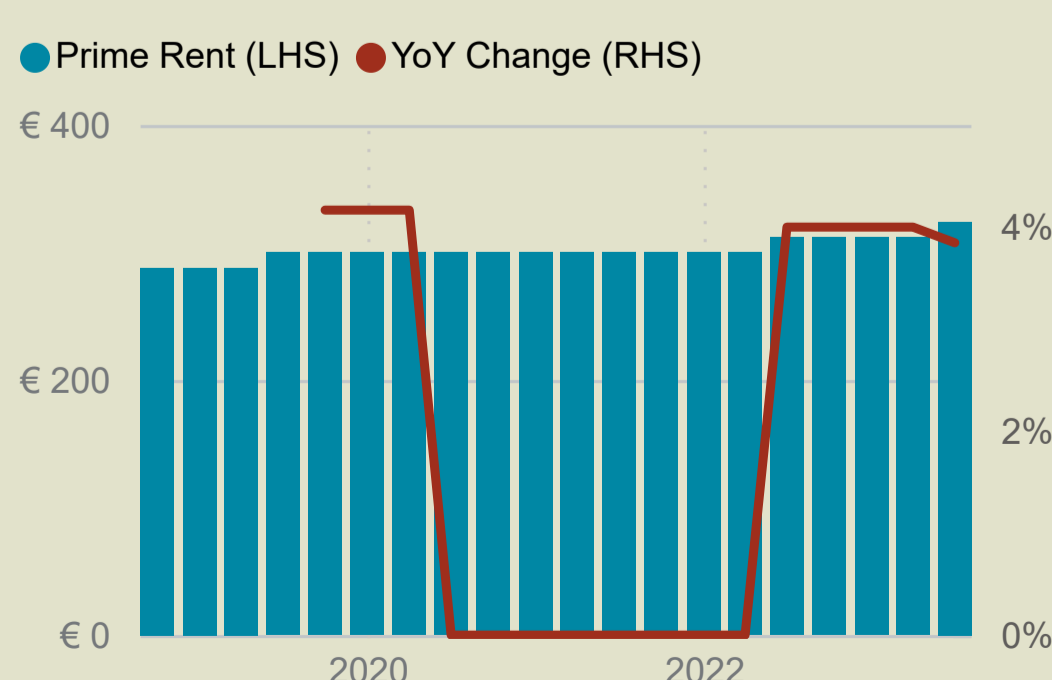
Measured in percentage terms



Source: Knight Frank Research

Prime Rent

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



Source: Knight Frank Research

OCCUPIER HEADLINES

The third quarter of the year in the Warsaw office market saw higher tenant activity, than in Q2 2023 and Q1 2023. Take up of more than 174,000 sqm were recorded, a 4.1% increase over the quarter. This brings the total for the first three quarters of the year to just under 500,000 sqm.

In the first nine months of 2023, new agreements accounted for the largest share of transactions, representing more than 58% of the transaction volume (more than 287,800 sqm, including owner agreements). It should, however, be noted that twelve of the twenty largest leases concluded during this period are renegotiations, which accounted for more than 38% of the lease volume (around 190,000 sqm leased) between Q1 and Q3 2023.

Still, a limited number of tenants are opting to expand their leased space, meaning expansion agreements in the structure accounted for only 18,700 sqm – i.e., only 4% of the agreement volume recorded between January and September 2023.

Available office space at the end of Q3 2023 in Warsaw amounted to 657,400 sqm, representing 10.6% of office stock. Compared to Q2 2023, the vacancy rate was down 0.8 pp, while compared to 2022's corresponding period, it was down 1.5 pp. In the central zones, the vacancy rate stood at 9.1% (down 0.8 pp on the previous quarter). Outside the city centre, the rate also saw a decrease (by 0.9 pp.), standing at 11.8%. The lowest vacancy rates were recorded in the North zone (4.8%) and in Mokotów (5.6%), while the highest was in Służewiec (20.2%).

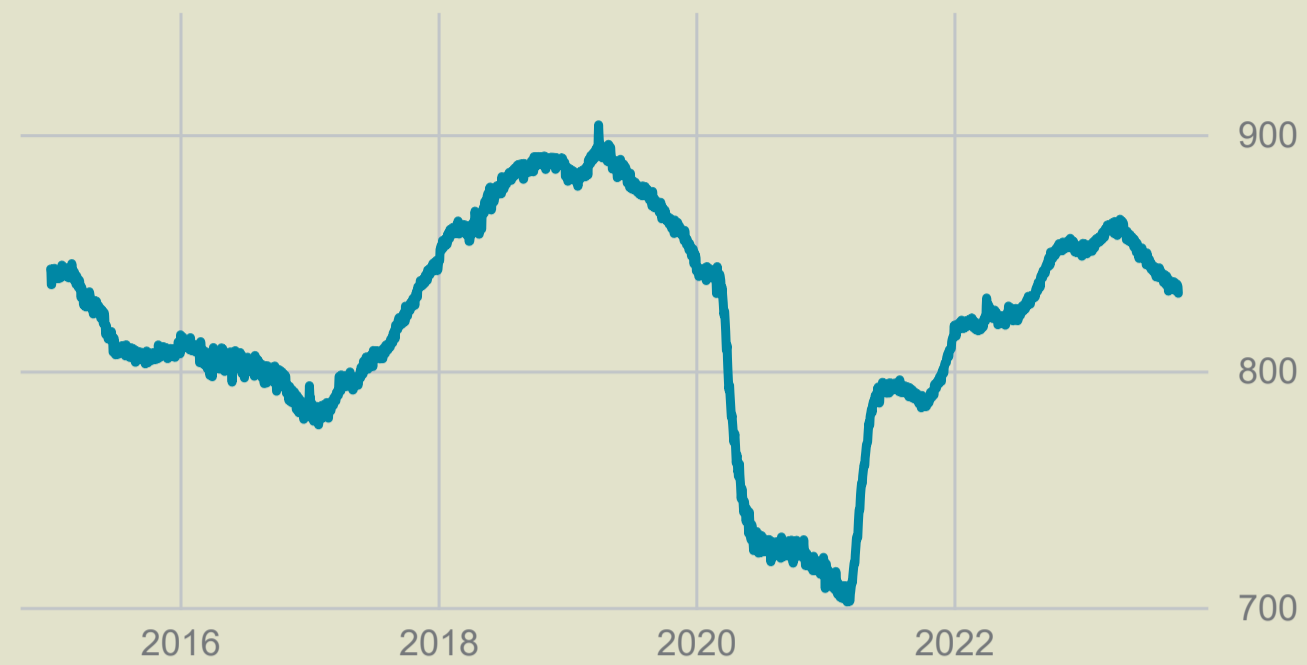
The largest deal in the quarter was the 7,000 sqm take-up of ING Hubs Poland in The Form building. Elavon signed a lease of nearly 5,500 sqm in the Europlex building.

Prime rents increased in Q3 2023 to € 324 psqm per annum after a period of stable prime rents, representing a 3.9% increase compared to Q2 2023. Rents are expected to continue to rise in the near future.

ECONOMIC INDICATORS

New Businesses in Poland

12-month Rolling Average

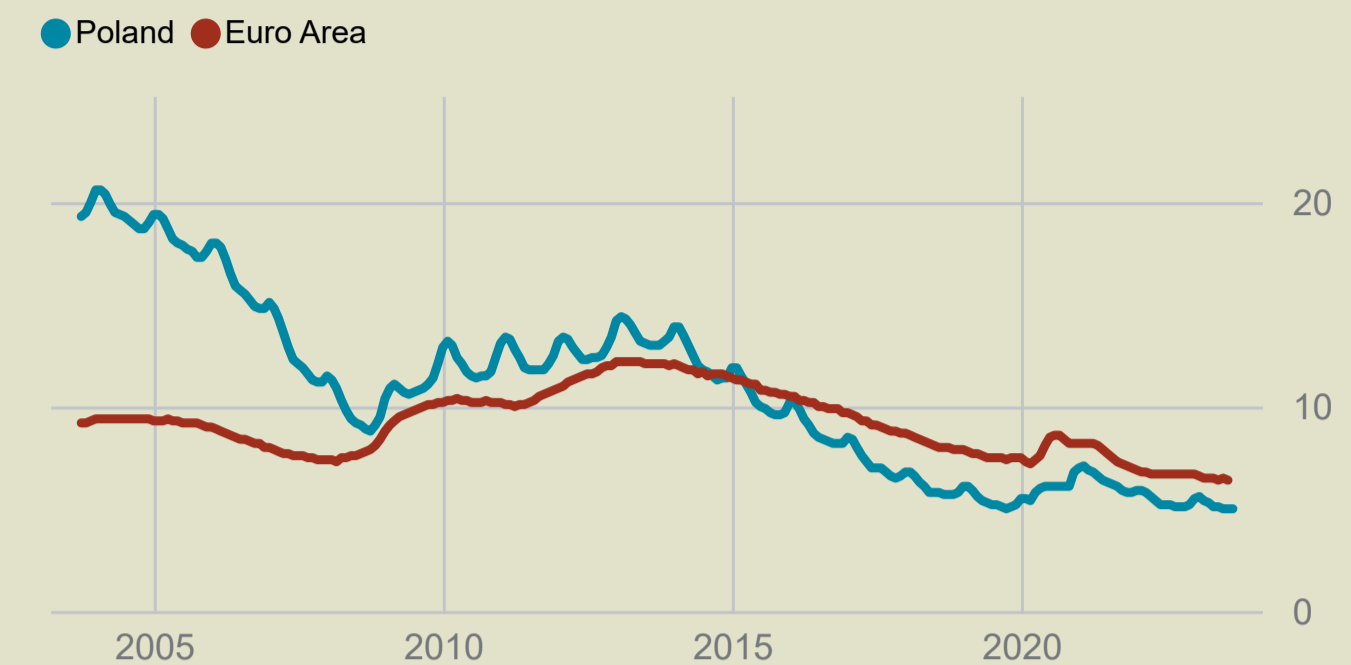


Source: Central Registration & Information on Business (CEIDG)

The pace of new business starts in Poland has continued to slow in Q3 2023, likely in part due to the challenging inflationary environment and tighter financing conditions.

Unemployment Rate in Poland

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

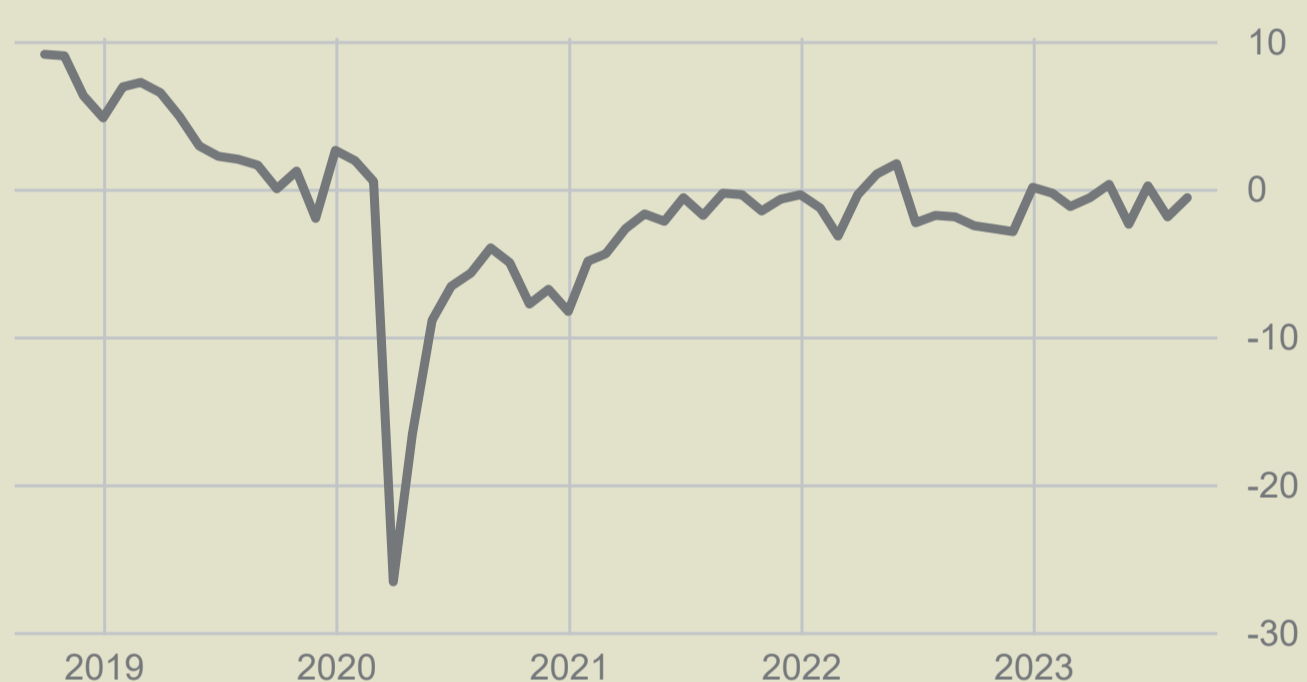


Source: Eurostat/ Polish Ministry of Family, Labour & Social Policy

The unemployment rate in Poland has remained steady at 5.0% since June 2023, the lowest recorded level since October 2019. The labour market has shown strong resilience which should support consumer spending.

Employment Expectations in the Service Sector in Poland

Over the next 3 months, %



Source: European Commission (DG ECFIN)

Service sector employment expectations dipped into negative levels in Q3 2023, but remains above levels seen one year ago, as the labour market remains resilient.

Services Confidence Indicator in Poland

Services Confidence Indicator for the last 5 years, Index



Source: European Commission (DG ECFIN)

Service sector confidence in Poland has improved since the beginning of the year but remains in negative territory, albeit well 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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