

Prepared  
in cooperation with



Michael Page



# WARSAW

*City attractiveness and office market*

Q1 2022

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# CITY ATTRACTIVENESS

# WARSAW



## CITY AREA

**517.2 sq m**



## POPULATION

**1,794,166**



## POPULATION FORECAST

**2,132,000** (2030)  
**2,249,000** (2050)



## MIGRATION BALANCE

**(+) 2,526**



## GDP GROWTH

**7.4%**  
(2018)



## GDP PER CAPITA

**PLN 163,372**  
(2018)



## AVERAGE SALARY

**PLN 7,051**  
(gross)



## UNEMPLOYMENT RATE

**1.8%**

## INVESTMENT ATTRACTIVENESS RANKINGS

**1.**

1<sup>st</sup> rank of the **Business-Friendly City Perception Index 2021**  
- Infrastructure and Connectivity

**2.**

2<sup>nd</sup> place in the report **European Cities and Regions of the Future 2022/2023**  
- Business Friendliness

**5.**

5<sup>th</sup> place in **Deloitte ranking „Connecting Global FinTech“ 2017**, among developing tech-hubs

Title of the **Investor-Friendly City** in the contest **Prime Property Prize 2021**

## INVESTMENT INCENTIVES

### INVESTMENT SUPPORT

#### Offer for investors:

- individual approach;
- assistance at every stage of the investment, including the organization of reference visits;

- back office support;
- providing necessary information on available public aid;
- by the City Council resolution in 2017 Warsaw has introduced an aid program aimed at investors enabling real estate tax exemption.

### KEY AREAS OF SUPPORT

#### Information activities:

- assistance in obtaining data;
- providing industry know-how;
- city information pack.

#### Support in acquiring office space:

- access to information on municipal real estate;
- support in choosing a location;
- cooperation with real estate agencies.

#### Recruitment activities:

- cooperation with academic centres and universities;
- cooperation with HR agencies;
- coordination of joint activities with universities.

#### Post-investment support:

- support in day-to-day operations in the form of obtaining industry information;
- undertaking joint activities for the development of sectors;
- coordination of joint projects;
- support in corporate social responsibility projects.

# QUALITY OF LIFE

## RANKINGS

1.

1<sup>st</sup> place in Europolis 2019 ranking  
as a **Youth-friendly City**

1.

1<sup>st</sup> place in the CEE ranking of **Money  
Beach - The World's Best Cities For  
A Beautiful Bike Ride 2021**  
(18<sup>th</sup> place in the world)

3.

3<sup>rd</sup> **the most vegan-friendly city  
in Europe**, 6<sup>th</sup> in the world  
- on HappyCow 2020 ranking

1.

1<sup>st</sup> place in **Access City 2020** organised by  
European Commission and European  
Disability Forum as the most friendly city  
in Europe for people with disabilities

## QUALITY OF LIFE IN NUMBERS

### Culture and recreation:

- 113 museums and art galleries;
- 37 theatres and music institutions;
- 30 cinemas;
- 3,500 restaurants;
- over 1m sq m of commercial retail space;
- 308 outdoor gyms;
- 56 swimming pools and 16 ice rinks;
- 6 beaches along the banks of the Vistula;
- water trams and ferries on the Vistula, canoes and water skis.

### Public transport:

- 2<sup>nd</sup> capital city in Europe in terms of the share of public transport in city travel, 87% of citizens express positive opinion on Public Transport Authority (Warsaw Barometer 2019);
- 2 metro lines, 3 lines of Szybka Kolej Miejska, 301 bus lines with approx. 1,880 vehicles (including over 230 hybrid and electric buses);
- investments for over PLN 6.9bn in public transport and infrastructure (2017-2025);
- 26 tram lines with over 410 trams;
- 83% of city residents consider Warsaw as bicycle-friendly city;
- 4,500 city bikes; 300 bike stations;
- 3<sup>rd</sup> largest electric car system in carsharing in Europe (500 cars).



### BIKE PATHS

over  
**709 km**



### GREEN AREAS

**40%**

## FACTS & FIGURES

### NUMBER OF STUDENTS



**222,152**

### NUMBER OF GRADUATES



**48,352**

### NUMBER OF UNIVERSITIES



**68**

### AIRPORT - DISTANCE TO THE CITY CENTRE



**9.8 km**

### AIRPORT - NUMBER OF PASSENGERS



**7.474m** (2021)  
**5.482m** (2020)

### BSS SECTOR - NUMBER OF CENTRES



**321**

### BSS SECTOR - NUMBER OF EMPLOYED



over  
**70,000**

RATING | **A-**

RATING  
AGENCY

**Fitch**

# OFFICE MARKET WARSAW

Q1 2022



**EXISTING STOCK**

**6.24m sq m**



**SUPPLY UNDER CONSTRUCTION**

**282,000 sq m**



**VACANCY RATE**

**12.2 %**



**NEW SUPPLY**

**90,000 sq m**



**TAKE-UP**

**273,000 sq m**

Over the first three months of 2022, approx. 90,000 sq m of modern office space was delivered to the Warsaw office market. This was 60% less than in 2021's corresponding period. Considering, however, the amount of office space under construction, this figure came as little surprise to analysts. As much as 80% of the new space was in the Forest Tower (51,500 sq m, HB Reavis), and in the third building of the Lixa complex (19,500 sq m, Yareal).

As a result of both the delivery of the aforementioned two projects and limited developer activity in terms of new construction commencements, the Warsaw market recorded a very low

volume of office space under construction. In March 2022, some 282,000 sq m of office space was being built. Approximately 183,000 sq m is planned for delivery in the coming quarters of 2022, with another 100,000 sq m scheduled for 2023-2024. It therefore seems likely that the downward trend in annual supply in Warsaw will continue until at least 2023. In Q1 2022, as in 2021, central locations were dominant in the supply under construction, although their share did decrease from 75% in Q4 2021 to 60% at the end of March 2022.

While the results of the supply side of the market were in line with earlier forecasts, the scale of demand came as more of

a surprise, pointing towards a positive outlook for the upcoming quarters of 2022 in Warsaw. Between January and March 2022, lease agreements were signed for 273,000 sq m – a figure 2.5 times higher than for 2021's corresponding period. Two pre-let agreements concluded with players from the banking sector had a significant impact on the quarterly results: PKO BP bank leased the entire SKYSAWA office building (35,000 sq m, PHN) while an undisclosed tenant took some 30,000 sq m in the Forest Tower building (HB Reavis). Moreover, entities from the ING group renewed existing contracts and increased their space in the Plac Unii building (a total of 23,500 sq m).

Central zones remained the most popular choice among Warsaw office districts in the first quarter of 2022, accounting for almost 80% of the take-up volume. Służewiec and Aleje Jerozolimskie ranked second and third in terms of popularity, with a share of approx. 6% each (approx. 17,000 sq m).

The two aforementioned banking sector agreements saw the share of pre-lets in the take-up structure reach almost 25%. New agreements in existing buildings and renegotiated contracts had slightly greater shares (28% and 26% respectively). Expansions accounted for over 13% of the quarterly lease volume, with owner-occupied space accounting for almost 8%.

The high volume of signed lease agreements (including pre-let agreements) noticeably affected both the level of available office space and the

## SELECTED SCHEMES UNDER CONSTRUCTION

### VARSO TOWER

- 69,000 sq m
- Q2 2022
- HB Reavis

### P180

- 32,000 sq m
- Q3 2022
- Skanska

### LAKESIDE

- 23,900 sq m
- Q4 2023
- Atenor

Total office space

Completion date

Developer / Owner

## STANDARD LEASE TERMS IN NEW BUILDINGS



**SERVICE CHARGE  
PLN/SQ M/MONTH**

**16-27**



**RENT-FREE PERIOD  
MONTHS**

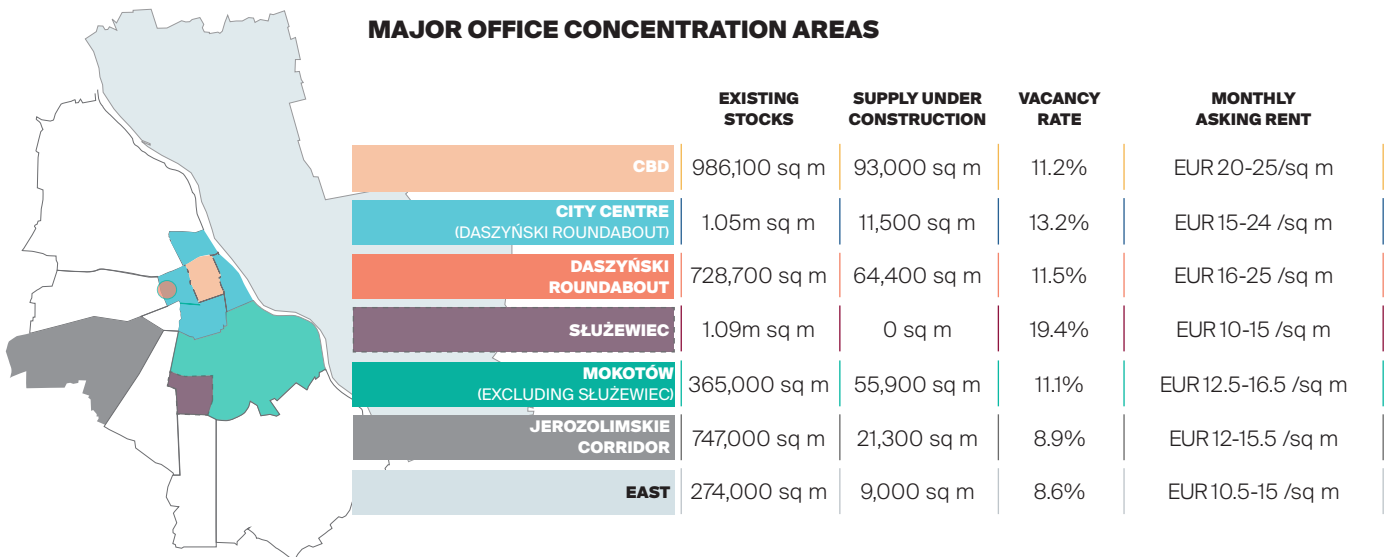
**7-10  
months**



**FIT-OUT BUDGET  
EUR/SQ M**

**200-600**

## MAJOR OFFICE CONCENTRATION AREAS



vacancy rate. At the end of March 2022, 760,000 sq m of space was offered for immediate lease in Warsaw – 12.2% of the capital's modern office stock. This represented a 0.5 pp. reduction compared to the end of 2021, with the available space decreasing by 20,000 sq m. Moreover, the availability of office space offered for sublease is also falling steadily, with approx. 60,000 sq m identified at the end of Q1 2022.

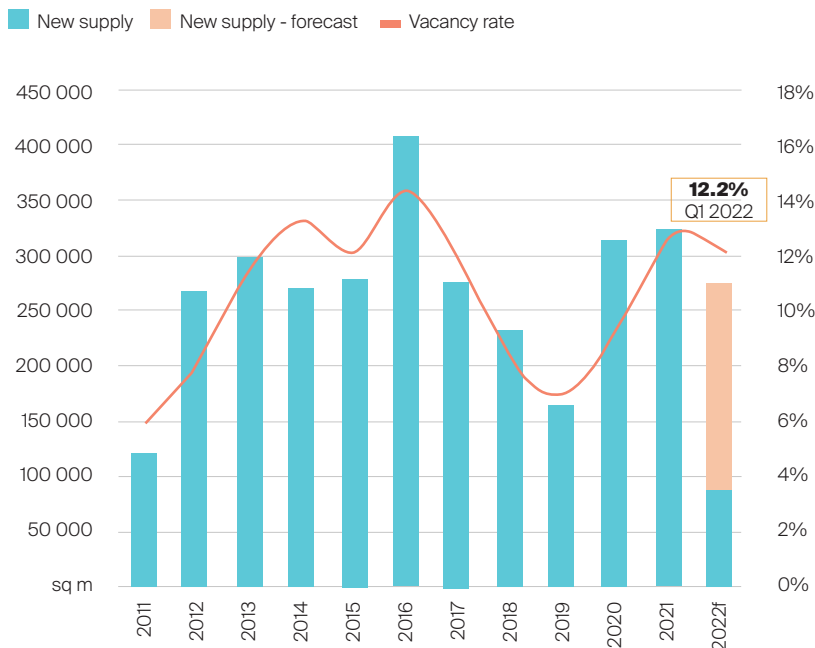
Asking rents for Warsaw office space remained stable in the first quarter of 2022. In the best office buildings

in the Central Business District, monthly rents were at the level of EUR 20-25/sq m. In other central locations, the starting rents ranged from EUR 15 to EUR 24/sq m/month. Asking rents outside the city centre varied between EUR 10 and EUR 16/sq m/month. The high availability of space on the market is encouraging tenants to negotiate starting lease terms and, with the broad package of incentives on offer, effective rates in Warsaw remain some 20% lower than asking levels.

## TRENDS

The high availability of office space on the Warsaw market (including in newly completed buildings) will remain one of the reasons behind a further reduction in the number of construction projects commenced in 2022. This trend may also be shaped by the situation in the construction sector resulting from the war in Ukraine. Difficulties in obtaining construction materials (because of interrupted supply chains), dynamic growth in their prices, and workforce problems related to the departure of Ukrainian workers to Ukraine and the army, have meant that the implementation of construction contracts may also see a temporary slowdown.

## ANNUAL SUPPLY AND VACANCY RATE



f-forecast based on schemes under construction

Experts remain moderately optimistic about the demand for offices in Warsaw. Healthy tenant activity may be expected to continue in the coming months, although estimating demand based on a single quarter's data may require some margin for error. Ukrainian, Belarusian and Russian companies relocating to Poland's capital may bring a new source of tenants for Warsaw office space in the quarters ahead. The following months, however, will reveal the true scale of relocation the market can expect.

If tenant activity in the coming quarters remains steady at the Q1 level then, combined with the relatively low level of new supply expected for 2022, the vacancy rate may decline further.

A high availability of office space implies an expectation for increased tenant interest in rental rate renegotiation and a growing interest in incentive packages. That said, rising construction costs (an increase in the prices of building materials and labour costs), and growing construction loan costs may effectively inhibit investor openness towards negotiation, particularly in new buildings. In all projects, however, an increase in operating rates can be expected, due to an ongoing increase in the prices of services and utilities.

# WARSAW

**NEARLY HALF OF THE CANDIDATES HAVE CHANGED BUSINESS SECTORS SINCE THEY STARTED THEIR CAREER.**

## **WHAT ARE THE STRATEGIES FOR PROFESSIONAL DEVELOPMENT IN THE MODERN LABOUR MARKET?**

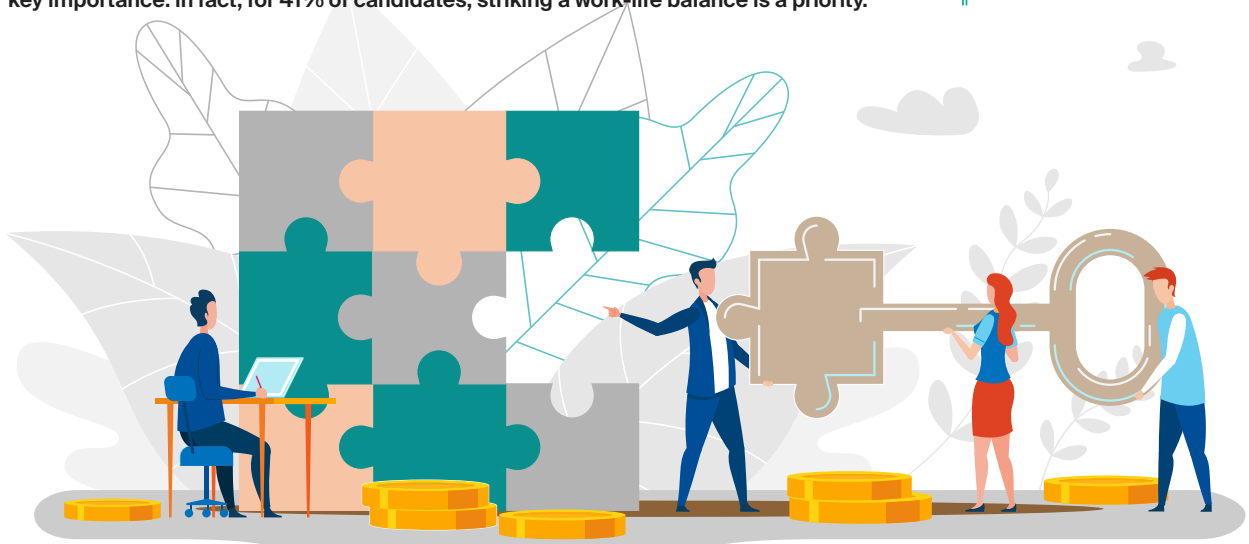
According to the Michael Page survey, Poles are getting more and more willing to avail themselves of a variety of opportunities for professional development. Almost half (47%) of the surveyed candidates have switched industries since they first embarked on their career, while only 10% of the respondents have never thought of changing jobs. Professional growth within one organisation is still a popular concept: 45% of respondents admitted that while working in the same company all the time, they were given a promotion.

## **POLES EMBRACE CHANGE QUITE EAGERLY**

Career development strategies are changing really fast. Regardless of whether an employee is affiliated with just one organisation, changes his/her workplace, or even the whole industry – the times when professional success was defined by the stability of employment within one department or business enterprise are long gone. Recruitment company Michael Page has asked candidates how long they would be willing to remain in the same position before making a career move. More than a third (35%) pointed to a period of three to five years, the most common time frame being three years. **However, 40% of those surveyed admitted that the decision of whether or not to make a change depended on the dynamics of their company, suggesting that a flexible employer approach is necessary to plan effective promotion paths.**

## **MOTIVATION FOR CHANGE AT A GLANCE**

Respondents have also been asked about their expectations when changing their position or profession. It turns out that the need for professional development is not the only factor that motivates job seekers. Many candidates want a sense of accomplishment in their professional lives. Nearly 39% of those surveyed want to work for a company that is strongly focused on achieving their goals, while 32% are looking for a career path that would be more in line with their values. **Certain duties and responsibilities of staff, backed by their personal interests, are also of key importance: in fact, for 41% of candidates, striking a work-life balance is a priority.**



# THE JOB MARKET OF THE REAL ESTATE SECTOR AT A GLANCE

We are currently witnessing a clear recovery in the real estate sector, which is why most experienced candidates have no trouble finding a new job in this industry quite quickly. The turnover is at a moderate level and depends, among other things, on the organisation, scale of operation, number of projects, organisational culture, and management style. At the same time, we can see some major changes taking place in the commercial, warehouse, and residential real estate segment. The warehouse sector is experiencing a major boom, a trend that seems to have settled in for some time. Leaders are strengthening their positions, and new players and developers from other sectors are emerging - they have noticed the scale of the change and the growth opportunities, which is why they diversify their portfolios also based on warehouse investments. In the residential sector, there is a wave of mergers, acquisitions, and focus on PRS investments. Due to the high market demand, most developers have already signed contracts for the sale of their projects or are in the middle of finalising the transactions.

The greatest demand for candidates concerns those positions that are connected to the creation and acquisition of businesses, which is closely related to the already mentioned considerable growth of the warehouse and residential segment. Businesses are intensively looking for land managers, development managers, or leasing managers. Because the demand for candidates for these roles is bigger than the talent pool available on the market, recruiters need to get ready for trade-offs, which means having to offer higher wages, hiring candidates from other sectors, or engaging less experienced candidates and gradually enhancing their competences for a given position. Currently, the average recruitment process for specialist and lower-level managerial positions spans about one month. When it comes to senior managers and directors, the recruitment cycle for these positions is typically completed in a timespan of three months.

## TOP 3 MOST SOUGHT-AFTER POSITIONS FROM PROPERTY & CONSTRUCTION SECTOR

1.

**LAND ACQUISITION  
MANAGER**

**PLN 14,000 - 18,000  
gross**

2.

**PROPERTY  
MANAGER**

**PLN 9,000 - 17,000  
gross**

3.

**PROJECT  
MANAGER**

**PLN 14,000 - 20,000  
gross**

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- individual approach;
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- administrative support;
- providing necessary information on available public aid.