

# Office market



*Prepared  
in cooperation with*



**Michael Page**

Q1 2023









City attractiveness, office market, HR trends

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# Warsaw

# Warsaw

-  **City area**  
**517.2 sq km**
-  **Population**  
**1,792,000**  
(state of 30.06.2022, GUS)
-  **Population forecast**  
**2,132,000** (2030)  
**2,249,000** (2050)
-  **Migration balance**  
**(+) 2,526**  
(state of 30.06.2022, GUS)
-  **Unemployment rate**  
**1.7%**  
(state of 28.02.2023, GUS)
-  **GDP growth**  
**2.4%**  
(2020)
-  **GDP per capita**  
**PLN 133,400**  
(2020)
-  **Average salary (gross)**  
**PLN 8,395.76**  
(in the business sector, 01.2023)



## Investment attractiveness

Rankings

**1<sup>ST</sup> PLACE** in the Infrastructure and Connectivity category in the Emerging Europe **"Business-Friendly City Perception Index 2021"** report

**2<sup>ND</sup> PLACE** in the business friendliness category in the fDi Intelligence **"European Cities and Regions of the Future 2023"** ranking

**2<sup>ND</sup> RANKED CAPITAL** city in Europe **in terms of share of public transport in city travel**

**TITLE:** Investor-Friendly City in the contest **Prime Property Prize 2021**

## Investment incentives

Investment support

### Offer for investors:

- |  |  |
|--|--|
| individual approach;   | back office support;                                     |
| assistance at every stage of the investment, including the organization of reference visits; | providing necessary information on available public aid. |

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<sup>ST</sup> PLACE** in the **European Best Destinations 2023** plebiscite

**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)

**1<sup>ST</sup> PLACE** in the **Healthy Cities 2022 Index** compiled by the Warsaw School of Economics, LUX MED Group and the Open Eyes Economy Summit

as **the most disabled-friendly city in Europe** in the **Access City 2020** competition, organised for the last 10 years by the European Commission and the European Disability Forum


## Quality of life in numbers

Culture and recreation

- 98 museums and art galleries;
- 37 theatres and music institutions;
- 32 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

- 87% of citizens express positive opinion on Public Transport Authority (Warsaw Barometer 2019);
- 2 metro lines, 5 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 **734 km**


 **Green areas**  
**40%**

## Facts & Figures

 **Number of students**  
**236,000**

 **Number of graduates**  
**48,350**

 **Number of universities**  
**68**

 **Airport - distance to the City centre**  
**9.8 km**

 **Airport - number of passengers**  
**14.4m** (2022)  
**5.48m** (2020)

 **BSS sector - number of centres**  
**330** (2022)

 **BSS sector - number of employed**  
**82,000**

RATING AGENCY






**Fitch**

RATING

**A-**

# Warsaw

Q1 2023

-  Existing stock  
**6.26m sq m**
-  Supply under construction  
**212,000 sq m**
-  Vacancy rate  
**11.6%**
-  New supply  
**0 sq m**
-  Take-up  
**158,900 sq m**

The total office stock in Warsaw amounted to almost 6.26m sq m at the end of Q1 2023, meaning that Warsaw retains its position as market leader among office markets in Poland. The Warsaw office market is dominated by centrally located office stock (over 44%), with the Służewiec district in second place (over 17%). Between January and March 2023, no new modern office building was delivered to the capital's market - a situation unseen for almost 20 years.

At the end of Q1 2023, over 212,000 sq m of office space was identified as being under construction in Warsaw. This is significantly lower than in the years preceding 2020, when between 700,000 - 800,000 sq m was under construction. More than 30% of the space is planned to be delivered in the coming quarters of 2023, while 110,000 sq m is expected to reach the capital's market in 2024-2025.




As in 2022, projects under construction were mainly located in central areas, accounting for more than 60% of the total supply under development in the city at the end of Q1 2023. Some of the largest projects under construction were: The Bridge (46,800 sq m, Ghelamco Poland) and Drucianka B1 (25,000 sq m, Liebrecht & Wood), both of which are scheduled for completion in 2025, and Lakeside (22,700 sq m, Atenor Group), which is expected to be delivered this year.

After the very good demand side results recorded in Q4 2022, when many tenants completed their lease transactions before the end of the year, the first months of 2023 have so far seen less tenant activity in the capital's office market. In Q1 2023, lease agreements for over 158,900 sq m were signed in Warsaw - a much lower result (over 40% less) than for the corresponding period of 2022. In Q1 2023, only five lease agreements were concluded for areas exceeding 5,000 sq m, with the largest renewal agreement, for more than 8,800 sq m, signed in the Proximo II building by Accenture.













New contracts accounted for the largest share of the take-up structure, making up some 70% (over 111,000 sq m) of the volume of signed contracts overall. Indeed, thirteen of the twenty largest leases concluded in Warsaw between January and March 2023 came in the form of new contracts. Renegotiations amounted to some 25% (39,300 sq m) of the volume of signed contracts. Notably few tenants decided to expand their leased space, with expansion agreements accounting for just over 8,300 sq m (5%) of the volume of agreements for Q1 2023.

In terms of location, central districts remained the most popular choice among tenants in Q1 2023, accounting for 55% of the take-up volume. Służewiec and the Jerozolimskie Corridor were second and third in terms of popularity, with shares of 16% and 12% respectively.

## Standard lease terms in new buildings






-  Service charge  
PLN/sq m/month  
**16.00-33.00**
-  Rent-free period  
**1.5-2 months**  
for each contract year
-  Fit-out budget  
EUR/sq m  
**250.00-750.00**

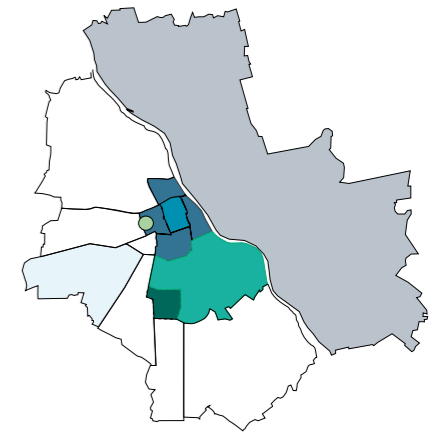
## Selected schemes under construction

THE BRIDGE	LAKESIDE	THE PARK WARSAW 9
 46,800 sq m	 22,700 sq m	 12,550 sq m
 Q3 2025	 Q4 2023	 Q3 2023
 Ghelamco Poland	 Atenor Group	 White Star Real Estate
 Total office space	 Completion date	 Developer / Owner

## Office space

Major concentration areas

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
 <b>CBD</b>	991,800 sq m	0 sq m	13.4%	EUR 19-26 sq m
 <b>City Centre</b> <small>(excluding Daszyński Roundabout)</small>	1.05m sq m	15,000 sq m	10.4%	EUR 15-24 sq m
 <b>Daszyński Roundabout</b>	728,700 sq m	119,800 sq m	5.4%	EUR 16-24 sq m
 <b>Służewiec</b>	1.08m sq m	0 sq m	20.6%	EUR 10-15 sq m
 <b>Mokotów</b> <small>(excluding Służewiec)</small>	397,400 sq m	23,900 sq m	13.1%	EUR 11-16 sq m
 <b>Jerozolimskie Corridor</b>	751,600 sq m	12,500 sq m	9.7%	EUR 12-14 sq m
 <b>East</b>	273,900 sq m	34,000 sq m	8.3%	EUR 10-15 sq m



The amount of available office space at the end of Q1 2023 was almost identical to that at the end of December 2022. There was 724,600 sq m of modern office space available immediately, accounting for 11.6% of the Warsaw office stock. Compared to 2022's corresponding period, the vacancy rate in the capital was 0.6 pp. lower and the availability of space had decreased by more than 35,100 sq m. In the central districts, the vacancy rate was 10.2%, while it stood at 12.7% outside the city centre. The lowest vacancy rate was recorded in Ursynów and Wilanów (6%), and in the Puławska Corridor (6.4%).

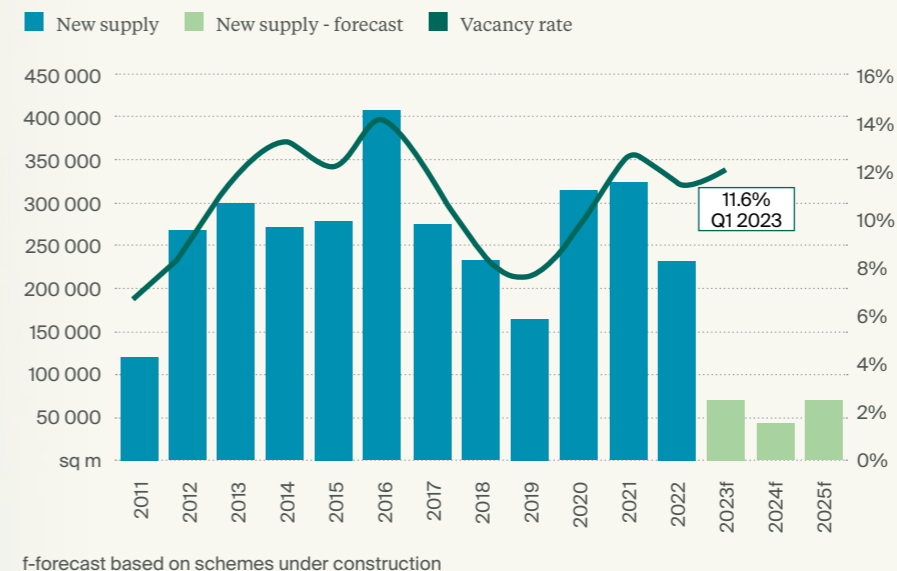
Asking rents for office space in Warsaw remained stable in Q1 2023. In prime office buildings located in the Central Business District, monthly asking rents were quoted between EUR 19.00 and 26.00/sq m. In other central locations, asking rents ranged between EUR 15.00 and 24.00/sq m/month. Asking rents outside the city centre varied between EUR 10.00 and 16.00/sq m/month. Service charges at the end of March 2023 were in the range of PLN 16.00 to 33.00/sq m/month.

## Trends

In the coming years, new supply will continue to be concentrated in central locations. There is a noticeable increase in developer activity and announcements of new projects, although activity levels are still significantly below pre-2020 levels. The backdrop to this is Poland's ongoing, challenging economic situation and high levels of inflation - factors influencing investor decisions to hold off on starting new investments.

The relatively low level of new supply anticipated in 2023 may affect the vacancy rate.

## Annual supply and vacancy rate



Continuing high construction costs, coupled with the ongoing high cost of servicing construction loans, are inhibiting investors' negotiating power, making further increases in asking rents possible, especially in new buildings. Furthermore, increases in service charges are still to be expected due to the ongoing price increases in services and utilities.

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. Such changes are already having a visible impact on developers and the measures they implement and ideas they use. Furthermore, owners of older properties are being forced to modernise their office buildings in the interests of cost optimisation for both tenant and landlord.

# Promotion – is this what employees desire most?

An overwhelming 92% of employees who participated in Michael Page survey said that promotions were either “very important” or “important” to them. Indeed, 23% said they would consider resigning if they did not receive an expected promotion. Therefore, today’s employees are ambitious, and ready for career growth.

## Why do employees want to be promoted?

Even though a higher salary is the most important factor for employees when assessing a promotion, it is not their only motivation. 9 in 10 respondents consider having more responsibilities and accessing advanced training as crucial incentives when pursuing a promotion. Public recognition (internal and/or external communications announcing the employee’s new status) was also listed as an important promotion perk. Recognition is seemingly more important for older employees, with 73% of over-45s naming it as a critical factor.

## Who should make the first move?

The survey conducted by Michael Page also revealed that the majority of employees have never asked for a promotion, with almost half (45%) believing that it’s their manager’s responsibility to raise the subject. Employers should consider that some talented employees may not ask for a promotion, for example, due to lack of confidence, and employees should train themselves in the art of asking for a promotion or negotiating a salary raise.

Candidates considered access to advanced training as one of the most desirable promotion perks. However, according to the study, only 14% of companies provide regular training and 67% of respondents lacked a mentor who would guide them and give career advice. Therefore, employers who offer skill development programs, mentoring, and transparency around promotion criteria will have a greater chance of attracting and retaining talent.



## THE INS AND OUTS OF THE IT-BASED LABOUR MARKET

in Poland

Recent years have been marked by an unprecedented pace of changes and developments, both social and business ones. Global companies have focused on transitions related to digitization and process improvement. Poland is among the beneficiaries of these developments as in the 21<sup>st</sup> century it has confirmed its attractiveness for investors, mainly due to a rich pool of talents and skills of Polish job candidates.

### Here are the top 5 IT trends that set the trajectory for changes in the labour market in 2023:

#### Four-day working week

The issue of the four-day working week is gaining currency, in particular in the IT sector. Probably this year, measures similar to those already implemented in the UK, Spain, or Belgium will be introduced in Poland as well.

#### BIG DATA

In 2023, it is expected that the demand for competences required to work with big data will grow further. The trend has been consolidated along with the development of AI products and companies’ move towards decision-making based on real-time data.

#### Attacks in cyberspace

This year, the demand for IT Security Analysts is expected to increase further, with Identity and Access Management Specialists (IAM) representing the vacancies which will be the hardest to fill.

#### New positions in the structure

Already in 2022, it was observed that some roles were created without any standard scope of responsibility. New challenges which companies and organizations have been facing do not often fit into the scope of duties defined for positions known until now, and more and more jobs are offered with non-standard



responsibilities. The same tendency is expected to persist in 2023, as exemplified by an increased demand for the position of Enterprise Architect.

#### Digitization of companies

Digitization of processes is yet another distinct trend in the IT industry. Recruitments are most often done in SAP and MS Dynamics, in each module, both for the positions of In-House Functional Consultants and ERP Developers. In the field of digital transition, the hardest vacancies to fill include:

1. SAP EWM Consultant;
2. SAP QM Consultant;
3. MS Dynamics F&O Senior Consultant (Manufacturing/ Logistics).

## TOP 3

### The most desired positions in the IT sector:

- |   |   |   |
|---|---|---|
| <p><b>1</b> ▶ <b>IT Project Manager:</b><br/><b>PLN 19,000 – 23,000</b><br/>gross/monthly</p> | <p><b>2</b> ▶ <b>SAP Consultant (different modules):</b><br/><b>PLN 21,000 – 25,000</b><br/>gross/monthly</p> | <p><b>3</b> ▶ <b>Java Developer – Mid (3-4 years of experience):</b><br/><b>PLN 16,000 – 23,000</b><br/>gross/monthly</p> |
|---|---|---|

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- individual approach;
- assistance at every stage of the investment, including the organization of reference visits;
- administrative support;
- providing necessary information on available public aid.

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