

Strong cities



City attractiveness, office market, HR trends

Q1 2025

The office market sentiment, the investment potential of the city and the labour market.

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Warsaw

*Prepared
in cooperation with*



Michael Page

Warsaw



City area
517.2 sq km



Population
1,862,402
(state of 30.06.2024, GUS)



Population forecast
2,132,000 (2030)
2,249,000 (2050)



Migration balance
(+) 1,683
(state of 2023, GUS)



Unemployment rate
1.4%
(state of 05.2025, GUS)



GDP growth
14.9%
(2023)



GDP per capita
PLN 217,793
(2022)



Average salary (gross)
PLN 10,506.82
(in the business sector,
02.2025)

Investment attractiveness

Rankings

1.ST
PLACE

in the **Ranking of Shared Mobility Friendly Cities in Poland 2024**

2.ND
PLACE

in the ranking fDi Intelligence **"European Cities and Regions of the Future 2025"** w kategorii Business Friendliness

2.ND
PLACE

in competition **European Innovation Capital - iCapital**

3.RD
PLACE

in the ranking fDi **"Major European Cities of the Future 2025"** - OVERALL

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



Quality of life in numbers

Culture and recreation

- 104 museums and art galleries;
- 35 theatres and music institutions;
- 38 cinemas;
- 2,822 restaurants;
- approx. 1.9m sq m of commercial retail space;
- 222 outdoor gyms;
- 44 swimming pools and 15 ice rinks;
- 11 beaches along the banks of the Vistula.

Public transport

- 89% of citizens express positive opinion on Public Transport Authority (Warsaw Barometer 2024);
- 2 metro lines, 5 lines of Szybka Kolej Miejska, 304 bus lines with approx. 1,480 vehicles (100% low floor);
- investments for over PLN 6.9bn in public transport and infrastructure (2017-2025);
- 24 tram lines with over 500 trams;
- 79% of city residents consider Warsaw as bicycle-friendly city;
- over 3,300 city bikes; 330 bike stations;
- water trams and ferries on the Vistula, canoes and water skis.



Bike paths
814 km



Green areas
47%

Facts & Figures



Number of students
261,331



Number of graduates
49,870



Number of universities
68



Airport - distance to the City centre
9.8 km



Airport - number of passengers
21m (2024)



BSS sector - number of centres
376 (2024)



BSS sector - number of employed
101,000

RATING
AGENCY

Fitch

RATING

A-

Warsaw

Q1 2025



Existing stock
↑ 6.28m sq m



Supply under construction
↓ 241,000 sq m



Vacancy rate
↓ 10.5%



New supply
↓ 6,000 sq m



Take-up
↑ 160,000 sq m

Standard lease terms in new buildings



Service charge
 PLN/sq m/month
18.00-38.00



Rent-free period
1.5-2 months
 for each contract year



Fit-out budget
 EUR/sq m
250.00-750.00

► Warsaw solidifies its position as Poland's premier office market, demonstrating robust leasing activity in the first quarter of 2025. Demand for office space surged by 16% year-on-year, with total take-up exceeding 160,000 sq m. Despite the strong appetite for space, new supply remained limited, with just 6,000 sq m of modern office space delivered during the period. As a result, the vacancy rate continued its downward trajectory, reaching 10.5% at the end of March.

SUPPLY

As of the end of March 2025, the total office stock in Warsaw stood at 6.28 million sq m, representing nearly half of Poland's overall office inventory. The central zones continue to dominate the market, accounting for 45% of the city's total office space. Outside the city center, the most prominent office hubs are Służewiec and the Jerozolimskie corridor, comprising 17% and 12% of Warsaw's supply, respectively.

Developer activity in the capital remains subdued. Since the beginning of the year, only one office building has been completed - the 6,000 sq m CD Projekt headquarters, which is fully owner-occupied. The volume of space currently under construction remains low, totaling approximately 241,000 sq m, with 69% of this pipeline expected to be delivered by year-end. Notably, nearly 87% of ongoing developments are located in central zones, particularly around Daszyński Roundabout. Outside the city center, construction activity is largely driven by renovations, which account for 26% of the space currently underway.

TAKE-UP

Warsaw's office leasing market remained robust in the first quarter of 2025, with total take-up exceeding 160,000 sq m, marking a 16% increase compared to the same period in the previous year. The uptick in tenant activity was reflected in the structure of take-up. New leases dominated, accounting for 49% of the total volume, while the share of renegotiations declined significantly to 25%, down from 54% in Q4 2024. Leases for owner-occupancy also gained prominence, representing nearly 17% of total activity, while expansions comprised the remaining 9%.

Tenants continue to show a clear preference for environmentally sustainable office space. In Q1 2025, 68% of all leased space was located in buildings with green certifications. Notably, 43% of this volume was concentrated in top-tier certified assets - those holding BREEAM Excellent or Outstanding, and LEED Platinum ratings - highlighting the growing importance of ESG considerations in occupier strategies.

VACANCY RATE

Limited new supply, coupled with stable demand, continued to exert downward pressure on the vacancy rate, which has now declined for the fourth consecutive quarter. At the end of Q1 2025, the average vacancy rate in Warsaw stood at 10.5%. However, in the central zones, including the Central Office Area (COB), City Centre, and the Daszyński Roundabout area, the vacancy rate dropped more sharply, reaching 7.4%, a decrease of 1.4 pp compared to the previous quarter. Conversely, non-central districts recorded a 1 pp increase, with the vacancy rate rising to 13%.











The divergence in vacancy levels is influenced not only by location but also by the age of buildings. In office properties delivered since 2020, the vacancy rate is significantly lower, averaging just 3.5%, underscoring strong tenant preference for modern, high-specification office space.

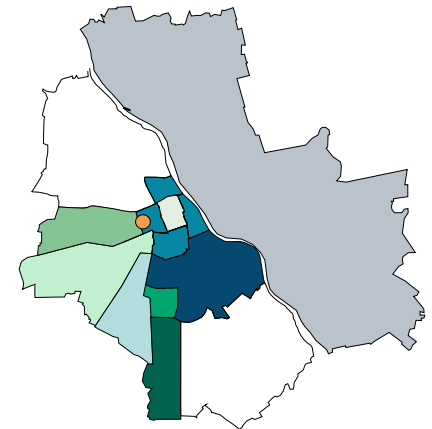
RENTS

In Q1 2025, asking rents in Warsaw remained stable. In central locations, rents typically ranged from EUR 18.00 to 28.00/sq m/month, although in the most prestigious buildings, they may significantly exceed this range. Outside the city center, rents ranged from EUR 10.00 to 17.00/sq m/month. Service charges in Q1 2025 remained highly variable but most commonly ranged between PLN 18.00 and 38.00/sq m/month.

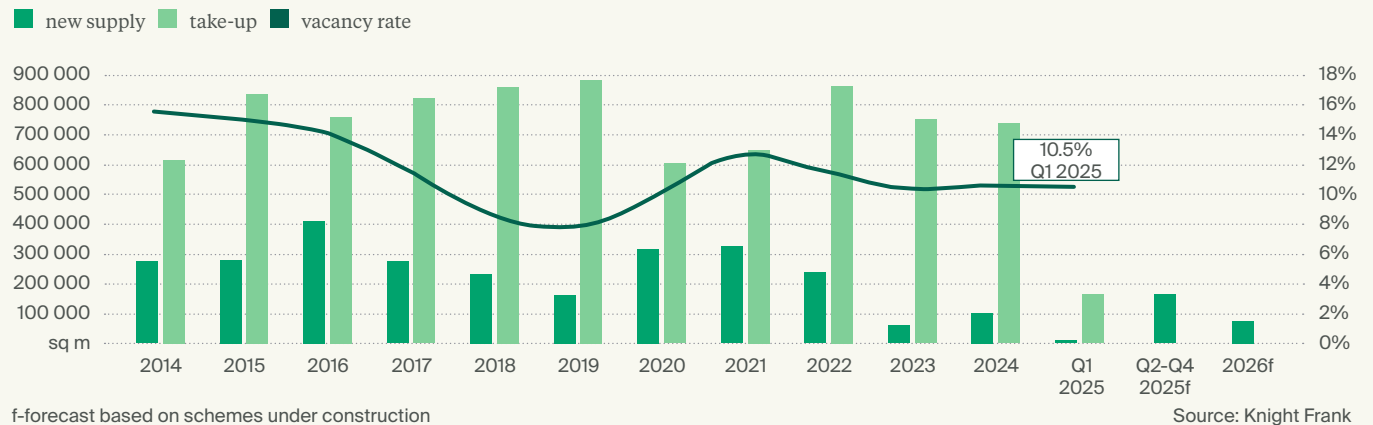
Office space

Major concentration areas

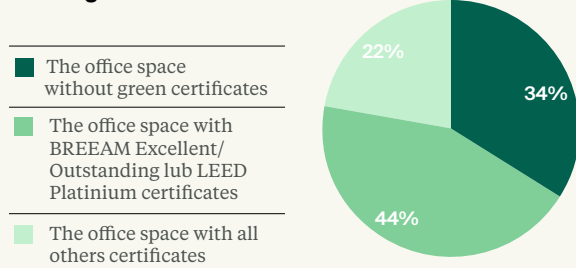
	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
 CBD	1.01m sq m	36,000 sq m	8.0%	EUR 18-28 sq m
 City Centre (excluding Daszyński Roundabout)	1.03m sq m	41,000 sq m	10.1%	EUR 15-23 sq m
 Daszyński Roundabout	806,000 sq m	131,000 sq m	3.3%	EUR 15-23 sq m
 Śłużewiec	1.06m sq m	0 sq m	20.4%	EUR 10-15 sq m
 Mokotów (excluding Śłużewiec)	394,000 sq m	0 sq m	6.5%	EUR 12-16 sq m
 Jerozolimskie Corridor	798,000 sq m	0 sq m	12.1%	EUR 12-15 sq m
 East	291,000 sq m	0 sq m	7.6%	EUR 11-15 sq m
 Żwirki i Wigury	260,000 sq m	17,000 sq m	16.6%	EUR 12-16 sq m
 West	209,000 sq m	15,000 sq m	9.3%	EUR 11-15 sq m
 Puławska	204,000 sq m	0 sq m	6.4%	EUR 12-15 sq m



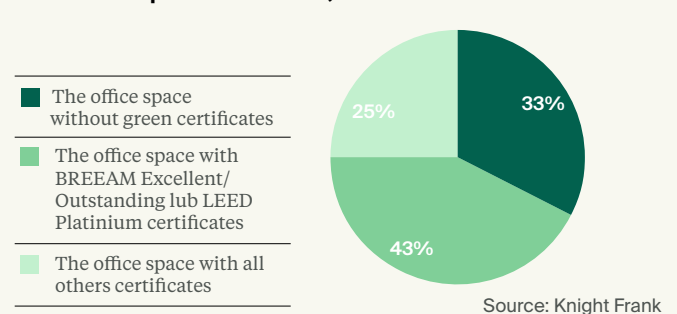
Annual new supply, take-up and vacancy rate



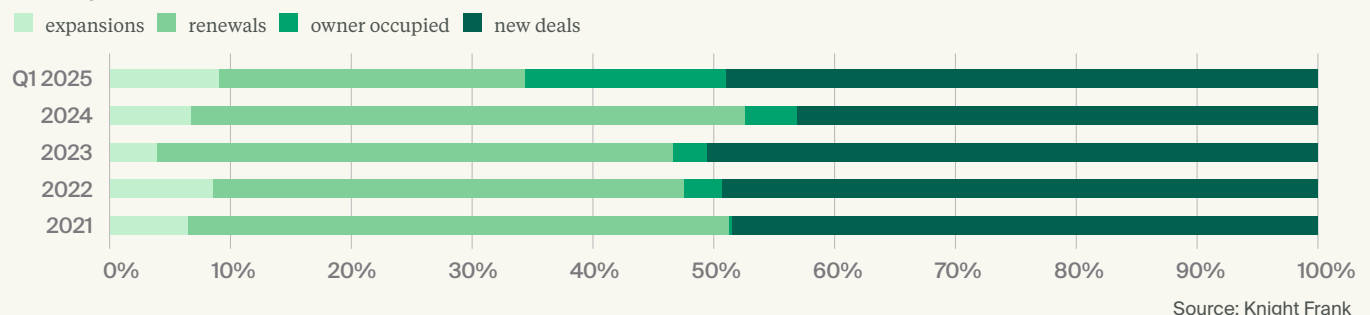
Office space in Warsaw - existing and under construction



Total take-up in Warsaw in Q1 2025



Take-up structure



Up to 44% of Polish construction and real estate companies may soon face the succession challenge.

- The real estate market in Poland is experiencing a notable slowdown and, according to many analysts, is currently characterized by considerable uncertainty. Companies are increasingly recognizing a range of challenges, extending beyond demand stimulation or general economic conditions. Business owners are placing significant emphasis on leadership competencies, which they believe will be critical in navigating potential market downturns. According to experts at Michael Page, the industry is at a pivotal moment of profound transformation, already impacting executive teams within development companies. The topic of succession is becoming a frequent focus in discussions with clients in this sector.

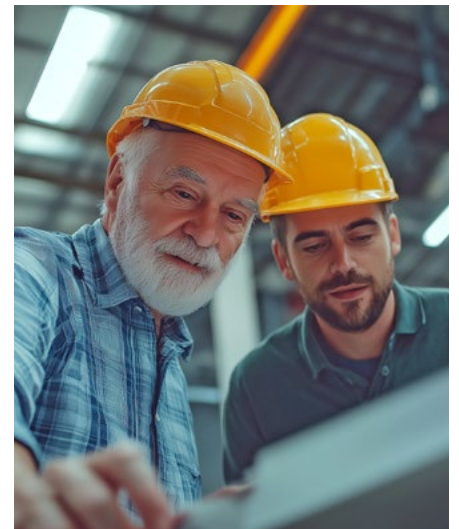
A recent report by Bank Pekao identifies construction and real estate services as two of the most significant sectors of the Polish economy, both heavily dominated by domestic private capital accounting for approximately 75% of total industry revenues in each case. These sectors are now facing a multitude of challenges, no longer limited to macroeconomic cycles. Increasingly, governance issues are emerging, particularly the impact of demographic shifts and generational change at senior leadership levels. In 2023, of the 673,000 entrepreneurs operating in Poland's construction and real estate sectors, as many as 299,000 were over the age of 50, many of whom are actively considering the transition of power and responsibility.

- The importance of succession has grown significantly in recent years. Not long ago, companies proactively seeking advisory support for succession planning were rare exceptions. Over the past two years, however, the number of such cases has increased severalfold. Given the demographic trends, we can confidently

"About 75% of revenues in the construction and real estate services sectors come from domestic private capital."

assume that this is only the beginning of a broader shift – **comments Krzysztof Butyński, Senior Associate Executive Manager.** He adds that Michael Page completed four succession processes last year, and in the first quarter of 2025 alone, that number has already been matched.

– It is estimated that there may currently be up to 45,000 entrepreneurs in the construction and real estate sectors who have already reached retirement age. Many of these individuals have been in business for decades and view succession as a natural step in their company's evolution, though one that is often complex. While they may wish to maintain influence within the organization, the experience gained during periods of growth does not always translate easily into today's market environment, which demands managing more dynamic structures and navigating



"45,000 entrepreneurs in the construction and real estate sectors have already surpassed the retirement age."

the expectations of a demanding Generation Z workforce. Today's business landscape calls for agility, energy, and a fresh perspective – qualities that not all senior leaders may still possess – Butyński observes.



TRUST: THE CORNERSTONE OF SUCCESSFUL SUCCESSION

According to data from Bank Pekao, only 20% of family business owners report no difficulty in executing succession plans. Conversely, up to 60% acknowledge that their intended successors may lack the necessary leadership competencies. An additional perspective comes from the successors themselves - 67% of them believe assuming a leadership or executive role will be a significant challenge¹.

"As many as 85% of potential successors do not want to run the family business in the future."

Further complicating the picture, as many as 85% of next-generation family members express a lack of interest in taking over the family business, indicating reluctance to assume leadership responsibilities. This creates a fundamental dilemma for owners - should they sell the business or recruit a qualified external candidate to take the reins? It is a

question that more companies are increasingly forced to address and one without a definitive answer.

"Even in the case of family businesses with a rich and deeply rooted tradition, there is room for a candidate from outside the immediate circle."

– *The situation presents a considerable challenge not only for current owners and founders but also sends a strong signal to the broader market. Even in legacy family businesses with deep-rooted traditions, there is growing openness to external candidates who possess the right qualifications and can earn the trust of the outgoing leadership. It is important to recognize that succession of this nature is one of the most critical and complex recruitment processes a company will face. Fortunately, business owners do not have to navigate this journey alone. At Michael Page, our extensive experience allows us to support clients effectively and address the many nuances involved. Returning to the core question - sell or recruit? Conversations with our clients indicate a growing preference for the latter*

– **Butyński emphasizes.**

It is also worth considering the opportunity from the candidate's perspective. Market data shows that average base salaries for top executive roles range from PLN 60,000 to PLN 80,000 per month, with salaries in listed companies often exceeding PLN 100,000.

– *In addition to this, candidates can expect various performance-related bonuses - both short-term and annual - amounting to as much as six times their monthly salary. Another common and highly effective approach to reinforcing loyalty and alignment is the inclusion of equity or stock options as part of a long-term incentive structure* – **Butyński explains.**

"The average base salary for top executive positions ranges from 60,000 to 80,000 PLN per month."

¹ Source: https://www.pwc.pl/pl/pdf-nf/2024/NextGen_PL_2024_Raport_Polski_Sukcesor.pdf

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Warsaw has a lot to offer both for tourists and those who are thinking about staying here as residents, investing, opening a branch of your company or starting new business. For the investors we offer:

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