

# Warsaw Office Market



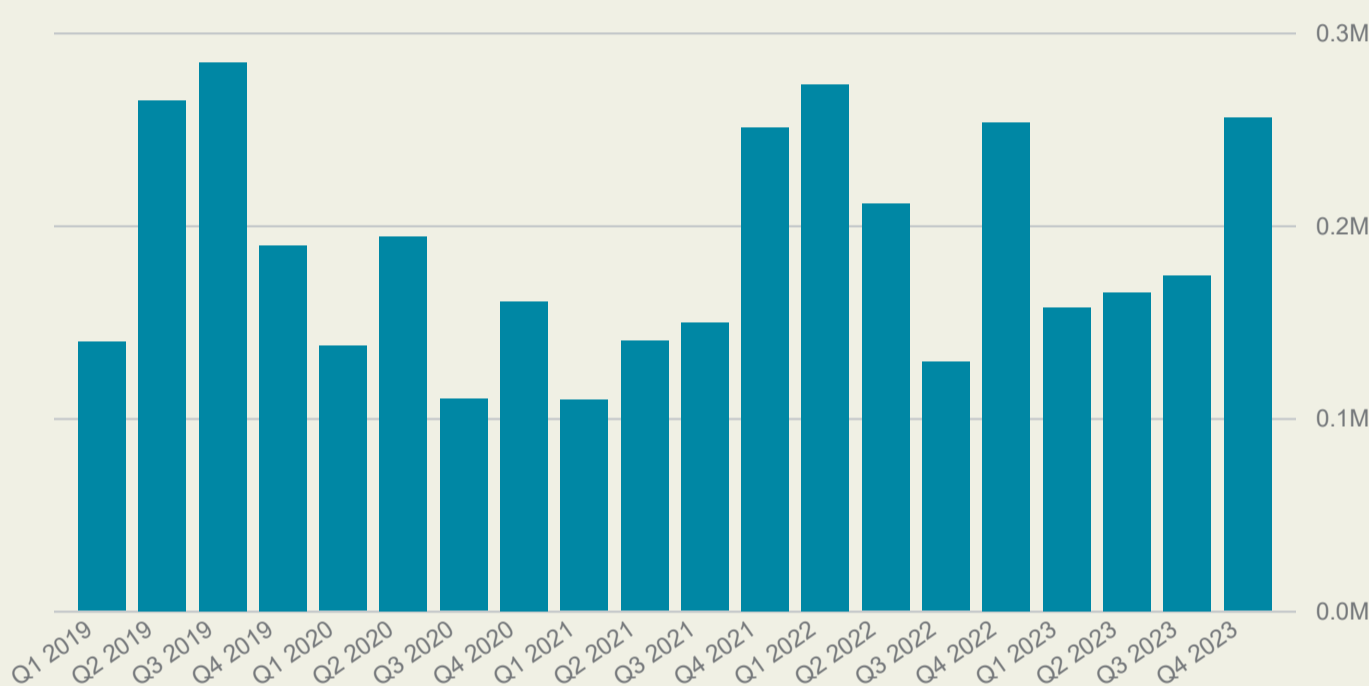
Q4 2023

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

**255,600 SQM**

Take up

**€ 324 PSQM**

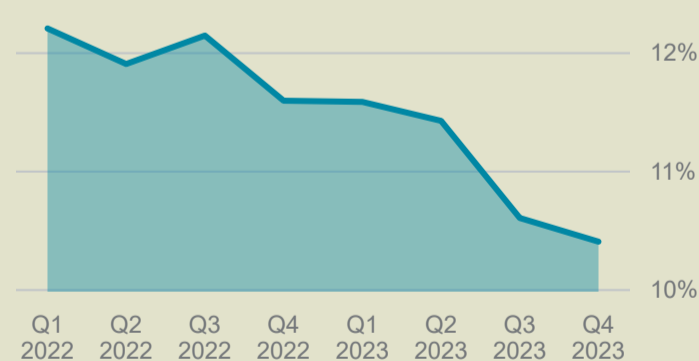
Prime Rent

**10.4%**

Vacancy Rate

## Vacancy Rate

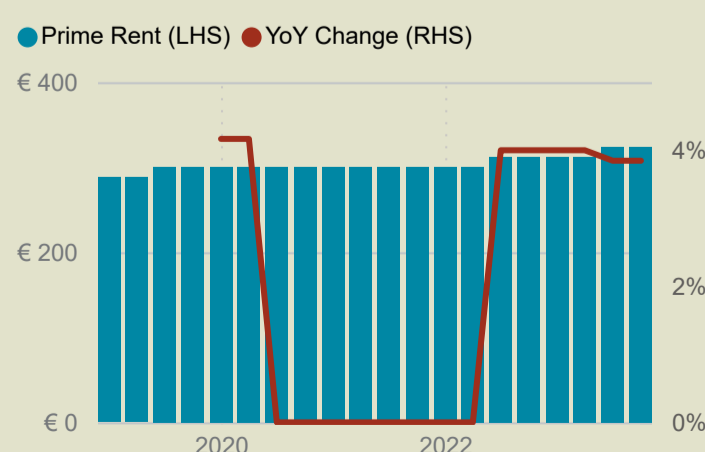
Measured in percentage terms



Source: Knight Frank Research

## Prime Rent

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



Source: Knight Frank Research

## OCCUPIER HEADLINES

In the fourth quarter of 2023, the Warsaw office market saw a take-up of 255,600 sqm, contributing to a total take-up of just over 750,000 sqm for the year. Although this annual figure marked a 13% decrease compared to 2022, it aligned with the ten-year average. Notably, the majority of take-up, amounting to 51%, occurred in prestigious locations within central zones of Warsaw.

The market saw a significant portion of new agreements, representing 51%, while renegotiations also constituted a notable share at 43%, indicating the ongoing importance of cost reduction for tenants. Moreover, while the number of expansions decreased in 2023, with their share in total take up dropping from 8% in 2022 to 4%, interest in environmental and sustainable properties surged, with 54% of take up recorded in certified buildings. This growing trend towards quality and ESG considerations is expected to persist in coming years.

Despite reduced take up in 2023, the vacancy rate in the Warsaw office market decreased to its lowest level in three years, standing at 10.4% as of Q4, a compression of 119bps year-on-year. In the central area, the vacancy rate was 8.5%, compared to 11.9% in non-central areas. The lowest vacancy rate was recorded in the Northern zone at 4.6%, while the highest vacancy rate was again observed in Służewiec, at 20.1%.

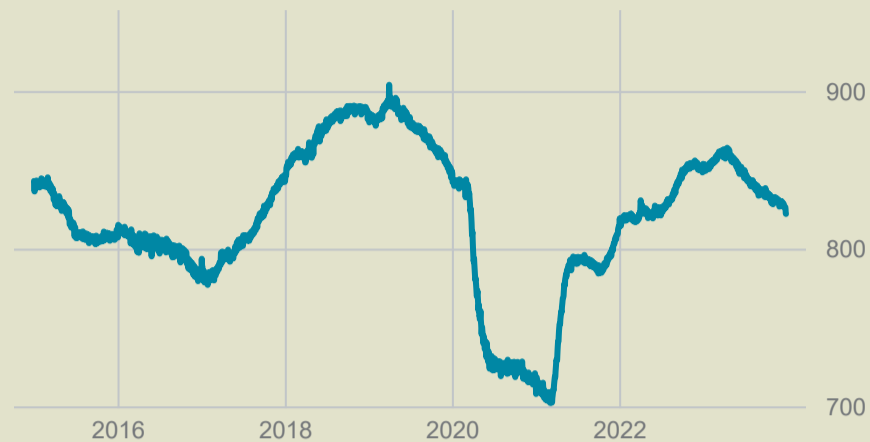
The reduction in the overall vacancy rate was largely attributed to the limited amount of new supply entering the market. In 2023, only 61,000 sqm of office space was delivered to the market - the lowest amount since 2010. This limited new supply stemmed from decisions made two years ago during the pandemic, when few developers opted to initiate new developments. Currently, there are 234,000 sqm of office space under construction, with only 75,000 sqm scheduled for completion in 2024. Looking ahead, the next three years are expected to see continued low levels of construction completions, which will likely have a positive impact on vacancy rates and rents.

Amid these dynamics, prime rents in the Warsaw market held firm in Q4 at €324 psqm per annum, representing an increase of 4% year-on-year. Prime rents are expected to remain stable in the near term.

## ECONOMIC INDICATORS

### New Businesses in Poland

12-month Rolling Average

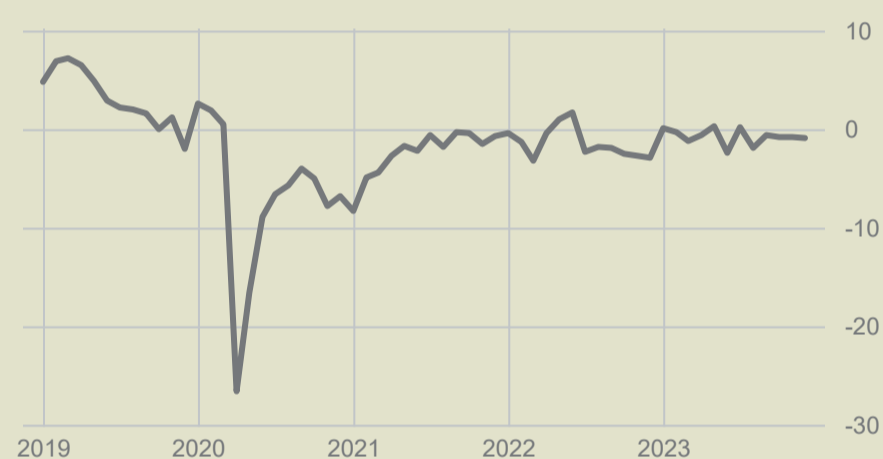


Source: Central Registration & Information on Business (CEIDG)

The pace of new business starts in Poland has continued to slow in Q4 2023. This is likely in part due to the challenging macroeconomic environment and tighter financing conditions, which are both expected to improve in 2024.

### Employment Expectations in the Service Sector in Poland

Over the next 3 months, %

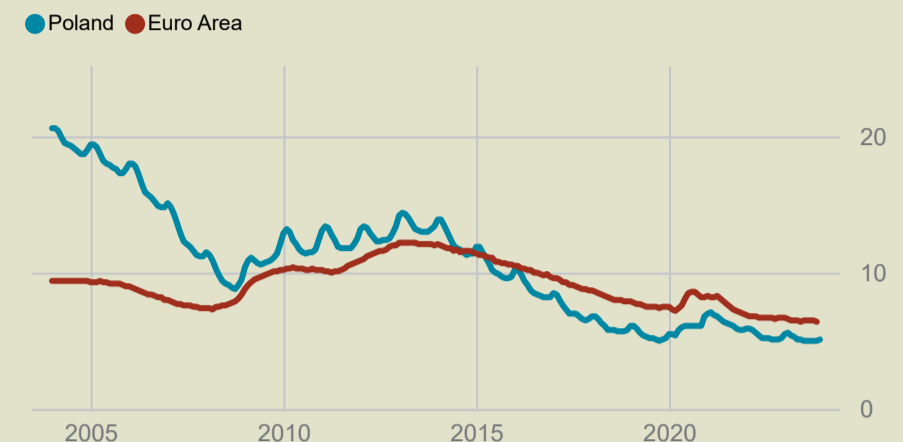


Source: European Commission (DG ECFIN)

Service sector employment expectations remained in negative territory in Q4 2023, but continue to stay above levels seen one year ago.

### 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 ticked upwards in December 2023 to 5.1% after 5 months of staying firm at 5.0%, which was the lowest recorded level since October 2019. The tightness of the labour market alongside fiscal policy supporting disposable incomes should support consumer spending in 2024.

### Services Confidence Indicator in Poland

Services Confidence Indicator for the last 5 years, Index



Source: European Commission (DG ECFIN)

In Q4 2023, service sector confidence in Poland continued to improve since the indicator's lowest level of the year in January, but remains in negative territory.

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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