

The resurgence of the office market in Poland

Q2/Q3 2025

Overview of Poland's Office Sector: Leasing Market, Investment Trends, and Emerging Opportunities.

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KEY FINDINGS

- Office market is on an upward path with Warsaw offices being one of the most prospective in Europe.
- Capital values are low with strong growth potential underpinned by both expected rental increases and yield compression.
- The occupier market is showing an ongoing improvement with growing take up and stabilising vacancy rates.
- Prime global players are already returning to the Polish market taking advantage of accessibility to high-quality buildings at much lower prices than in Western Europe.
- Poland's strong economy is fuelling office market growth, with GDP set to rise by over 3% annually. In 2025, the country is to reach USD 1 trillion in GDP, becoming the world's 20th largest economy.

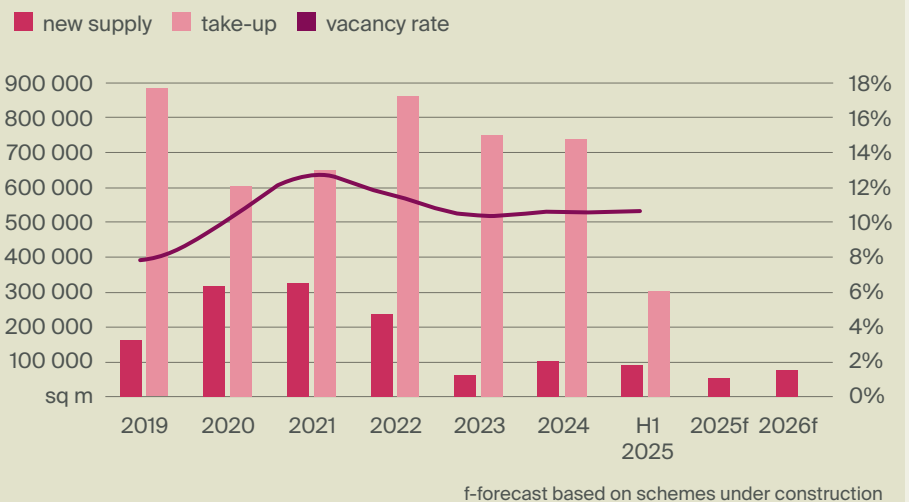
OCCUPIER MARKET SNAPSHOT

The Polish office market has demonstrated resilience through the pandemic, the post-pandemic transition, and a period of elevated interest rates. Its continued revival is underpinned by stable fundamentals, including robust leasing activity supported by solid GDP growth and the gradual returns to offices. Occupancy levels are further supported by constrained new supply.

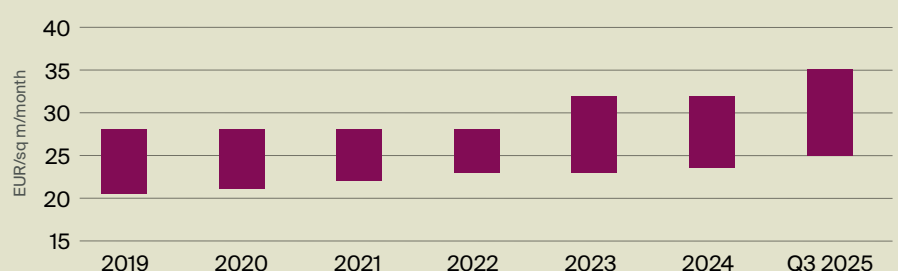
By the first half of 2025, leasing activity reflected this momentum. In H1 2025, total take-up reached 689,000 sq m, up 15% year-on-year and only 3% below the record year of 2019. The market is also stabilised by limited construction activity, currently at 343,000 sq m which is the lowest level in the past two decades. Additionally, a number of office properties have already been repurposed or are scheduled for conversion, further constraining availability.

These dynamics are already visible in vacancy trends. The national vacancy rate has stabilised at slightly above 14%, with Warsaw and the Tricity recording the lowest levels at 10.8% and 17.7%,

New supply, take-up and vacancy rate in Warsaw



Top office asking rents in Warsaw's prime buildings



Source: Knight Frank

respectively. Average asking rents remain broadly stable, with improvements observed at the upper end of the market. In Warsaw's city centre, prime rents in the best buildings currently range from EUR 25 to 35 per sq m/month, with continued upward pressure.

The recovery is however uneven due to the structural challenges that the sector is facing. Prime assets have already regained pre-pandemic occupancy by embracing hybrid models, modern workspaces, and ESG compliance. This trend is most visible in Warsaw's CBD, where vacancy has fallen to just 7.1% compared with 13.3% in non-central areas, and take-up surged by 32% versus a 3% decline across the city overall. Rental growth in prime buildings has also far outpaced the wider market, increasing by more than 20% over the past five years. With the pipeline of new high-quality office space severely limited, this upward trend is expected to continue.

INVESTMENT MARKET SNAPSHOT

Between January 2024 and June 2025, more than €2 billion was invested in the Polish office market - more than in any other sector. Warsaw is also the location of Europe's largest single-office transaction in 2024 - the EUR 280 million sale of Warsaw UNIT, which also remained among the largest deals until H1 2025.

The market remains liquid, with the number of transactions in H1 2025 stable compared to the previous year. While smaller deals continue to dominate, particularly for private capital and regional buyers, the share of large-scale transactions is growing as prime investors capitalise on early-cycle opportunities and relative value on a pan European basis.

The mixed performance of the office market is creating opportunities across all risk-return profiles. Notably, the focus is gradually shifting from value-add and opportunistic strategies toward Core and Core+ assets, as illustrated by recent transactions such as Manova Partners' acquisition of The Vibe and Generali RE purchase of Dom Dochodowy prime office assets in Warsaw. Transactions in prime Warsaw at the level of EUR 4,500 – EUR 6,000 sqm compare extremely favourably to offices in Western Europe. In prime locations in Paris and Munich for example capital values exceed EUR 15 000 per sq m while in Berlin and Frankfurt EUR 11 000 –



Charles Taylor
CEO

„The resurgence of the Polish office market is firmly underway. The combination of improving occupier fundamentals, constrained new supply, and renewed investor appetite is creating momentum. With prime locations leading the way, the office market in Warsaw is set to offer attractive opportunities.”

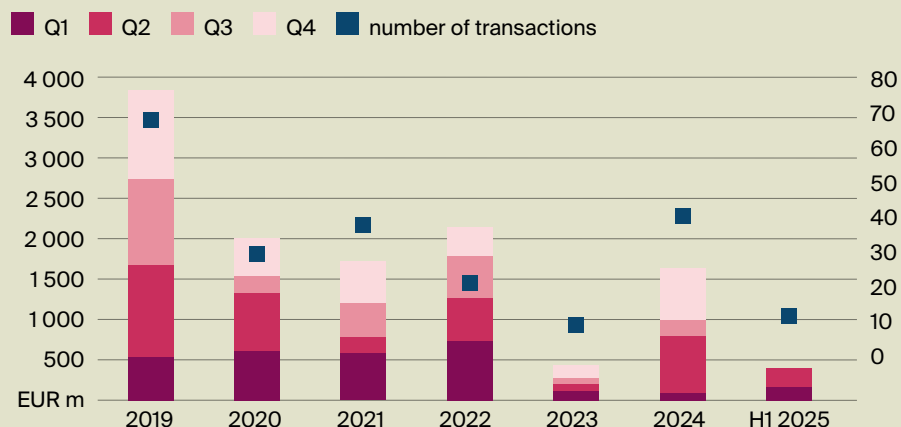
12 000 per sq m. This significant gap in pricing, combined with attractive yield and rent differentials, positions Warsaw as a highly compelling market offering superior investment opportunities by comparison. Given the market fundamentals highlighted earlier, we anticipate renewed interest from investors for core Warsaw offices.

Investor interest extends beyond Warsaw to regional cities, which offer high-quality, well-performing buildings at attractive prices, but with more limited liquidity. In H1 2025, Stena Real Estate acquired two buildings in the HighFive complex in Kraków, Poland's second-largest office market after Warsaw.

Prime yields are approaching 6% in Warsaw (and 7.5% in regional cities) and are expected to compress further as investors reassess risk versus investment performance with competition for high-quality assets as investor demand intensifies. As more capital flows into prime real estate, demand is likely to outstrip supply, reinforcing the trend of yield compression.

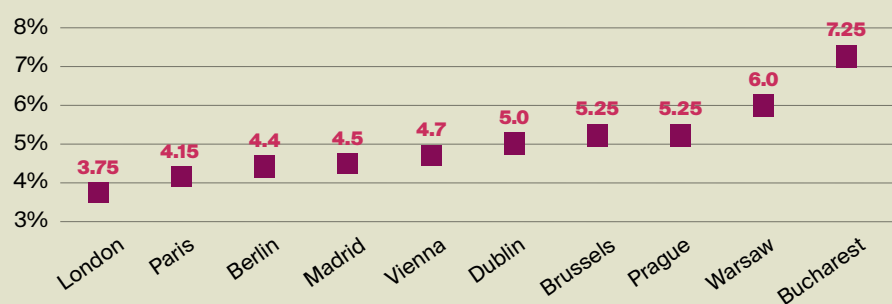
The fundamentals indicate that the Warsaw office market resurgence is underway, with prime locations set to lead the acceleration.

Office investment volume in Poland



Source: Knight Frank

Prime yields



Source: Knight Frank

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