

Warsaw Offices, Q2 2015

# Office take-up in Warsaw reached a record level of 221,000 sq m in Q2

▲ Office stock  
4,54 mln mkw.

▲ Vacancy  
14,1%

▲ Office take-up  
221,000 mkw.

▼ Absorption  
29,400 mkw.

\*Arrows indicate change from the corresponding quarter in the previous year.

Warsaw office stock



**4,540,000**  
EXISTING (SQ M)

**634,000**  
UNDER CONSTRUCTION  
IN 39 SCHEMES (SQ M)

**129,000**  
PLANNED, SCHEDULED  
FOR DELIVERY BY THE  
END OF 2017 (SQ M)

Source: CBRE / PORF, Q2 2015

HOT TOPICS

- Office take-up amounted to the historically highest value of 221,000 sq m in Q2 2015. The leasing activity from the whole H1 indicates a strong level of office demand.
- A large amount of office space will be delivered in the City Centre throughout 2016, especially along the newly opened metro line.
- Vacancy rates increased in Q2 to 14.1%. The vacancy rate should remain on a growth path until at least the middle of 2016.
- The prime rental level is expected to decline throughout 2015-2016.
- The amount of office space under construction remains one of the highest in Europe. Nevertheless, it is expected to be gradually absorbed by the market.

Summary

|                             |                |
|-----------------------------|----------------|
| Stock                       | 4,540,000 sq m |
| Q2 2015 completions         | 88,000 sq m    |
| 2015 forecasted completions | 378,000 sq m   |
| 2016 forecasted completions | 413,000 sq m   |
| Vacancy rate                | 14.1%          |
| H1 2015 take-up             | 389,000 sq m   |

## CONSIDERABLY HIGH OFFICE PIPELINE IN THE CITY CENTRE

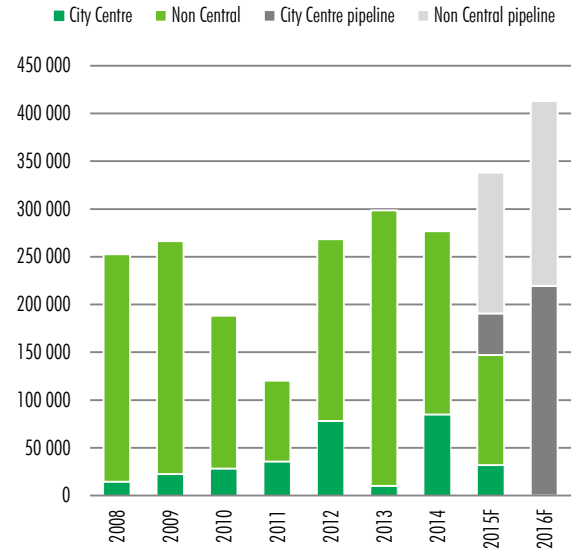
Since the beginning of 2015 almost 147,000 sq m of office space has been delivered in 14 schemes.

Currently, there is 634,000 sq m under construction in Warsaw. 46% of this space is being developed in the City Centre, creating considerable competition in the area.

Tenants prefer to choose schemes which are already completed. Only 25% of the space under construction is pre-let.

The pipeline is significantly concentrated in large schemes. 8 of the biggest buildings under construction constitute over 50% of the developed space.

Warsaw office completions



Source: CBRE / PORF, Q2 2015, F – forecast

## COMPLETIONS EXCEEDED ABSORPTION IN Q2 2015

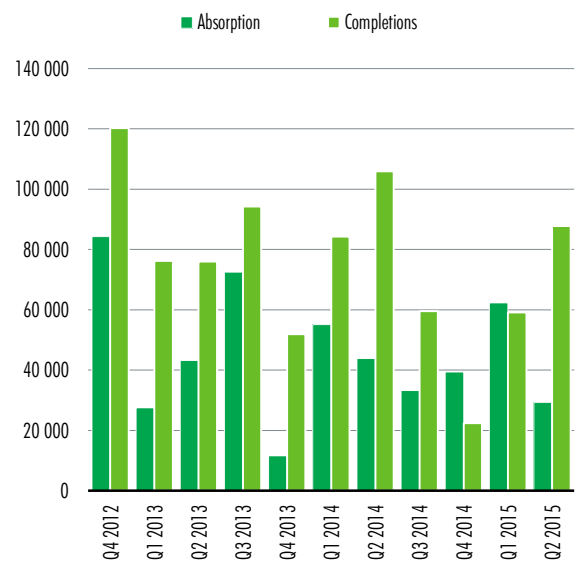
The office absorption in Q2 totalled 29,400 sq m, below the average value for the last 4 years (ca. 39,000 sq m).

As predicted, the completions in Q2 2015 exceeded the level of office absorption, leading to a surge of the vacancy rate.

In Q2 2015 15,800 sq m of office space was absorbed in the City Centre and 13,600 sq m in Non-Central locations.

A-class absorption amounted to ca. 31,900 sq m, while the absorption of B-class office space equalled -2,500 sq m.

Absorption versus completions in Warsaw



Source: CBRE / PORF, Q2 2015

VACANCY RATE TO GROW EVEN IN THE BEST CASE SCENARIO

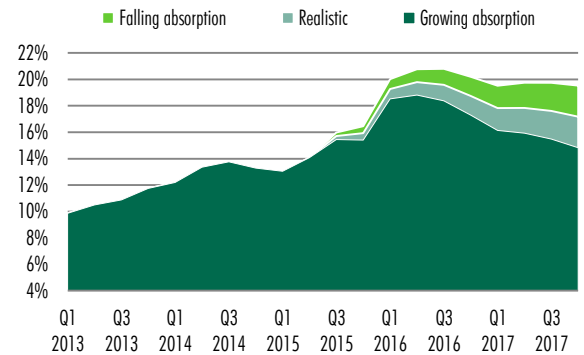
The vacancy rate in Q2 2015 surged to 14.1% from 13.0% registered in the previous quarter.

Due to a relatively large amount of office space under construction, it is predicted that the vacancy rate will remain on a growth path during the next few quarters.

Under the realistic scenario, the vacancy rate is expected to increase and might reach 19% by the middle of 2016.

In the City Centre the vacancy rate amounted to 15.0%, while in Non-Central locations it reached 13.7%.

Vacancy rate forecasts



Source: CBRE / PORF, Q2 2015

LEASING ACTIVITY INDICATING A STRONG LEVEL OF DEMAND

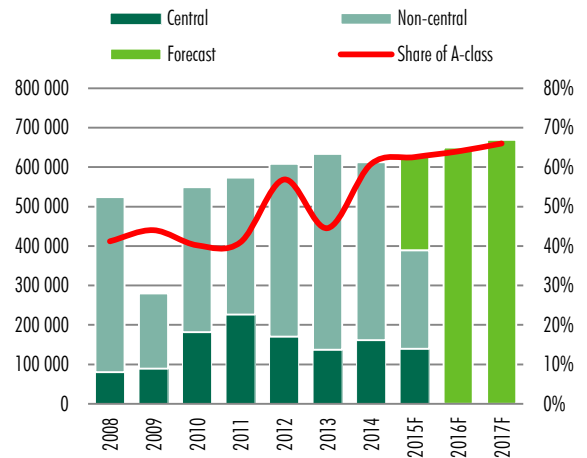
The leasing activity in H1 2015 was virtually 50% higher in comparison to the corresponding period of 2014.

In Q2 2015 gross take-up in the City Centre amounted to 88,700 sq m, while 132,400 sq m was attributable to Non-Central locations.

47% of the leasing activity was related to new deals in existing buildings. Renewals and pre-lets amounted to 27% and to 20% respectively.

The leasing activity in Q2 2015 was notably strongly driven by major transactions. There were 3 agreements signed for office space exceeding 10,000 sq m.

Warsaw gross take-up



Source: CBRE / PORF, Q2 2015, F – forecast

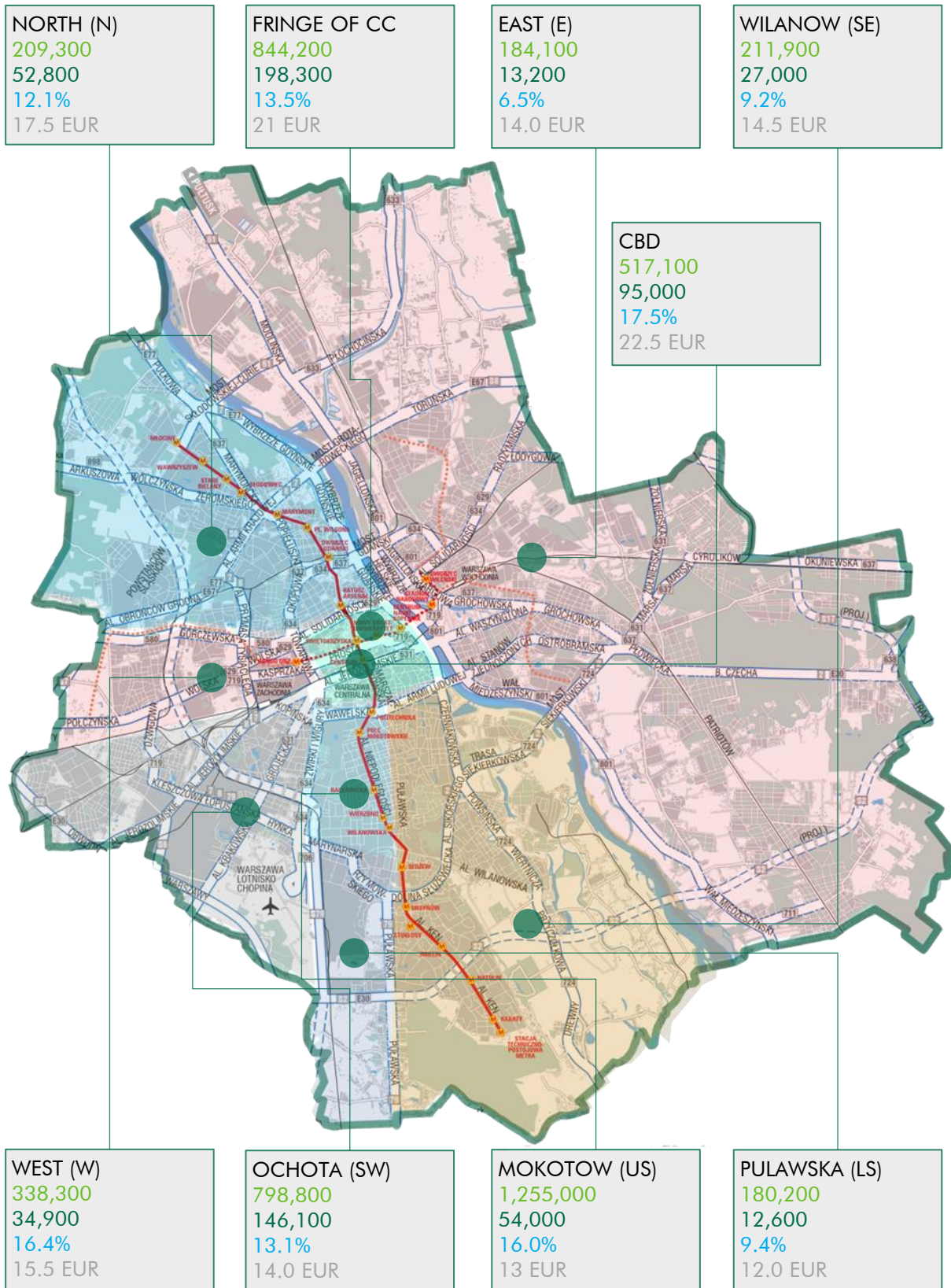
PERSISTING PRESSURE ON RENTAL COMPRESSION



PRIME HEADLINE  
 AVERAGE HEADLINE (A CLASS)  
 AVERAGE HEADLINE (B CLASS)  
 TREND

(EUR/SQ M/MONTH)

### Warsaw office zones – selected data



ZONE • OFFICE STOCK (SQ M) • UNDER CONSTRUCTION (SQ M) • VACANCY RATE • AVERAGE HEADLINE RENT - NEW SCHEMES (PER SQ M/MONTH)

Largest office lease transactions in Warsaw – H1 2015

| Company                                 | Building                       | Size (sq m) | Transaction type    | CBRE advisory |
|---|--------------------------------|-------------|---------------------|---------------|
| Confidential tenant (technology sector) | Warsaw Spire                   | 21 100      | pre-let             |               |
| PZU                                     | Konstruktorska Business Center | 17 500      | new                 | ✓             |
| EY                                      | Rondo 1                        | 13 500      | renewal             |               |
| Aviva                                   | Gdanski Business Center        | 12 000      | pre-let             |               |
| HP                                      | University Business Center     | 10 400      | renewal             | ✓             |
| P4                                      | Marynarska BP                  | 10 200      | renewal + expansion |               |
| KMD                                     | Gdanski Business Center        | 6 200       | new                 |               |
| CUPT                                    | Warsaw Spire                   | 6 200       | new                 |               |
| Benefit Systems                         | Warsaw Spire                   | 6 000       | pre-let             |               |
| Sygnity                                 | Royal Wilanow                  | 5 500       | pre-let             |               |
| Euler Hermes                            | Nimbus                         | 5 400       | new                 | ✓             |
| Poczta Polska                           | Domaniewska Office Hub         | 5 000       | pre-let             |               |
| Gothaer                                 | Mokotow Nova                   | 4 600       | renewal             |               |
| Volkswagen Bank Polska                  | Rondo 1                        | 4 400       | renewal             | ✓             |

Source: CBRE / PORF, Q2 2015

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