

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.

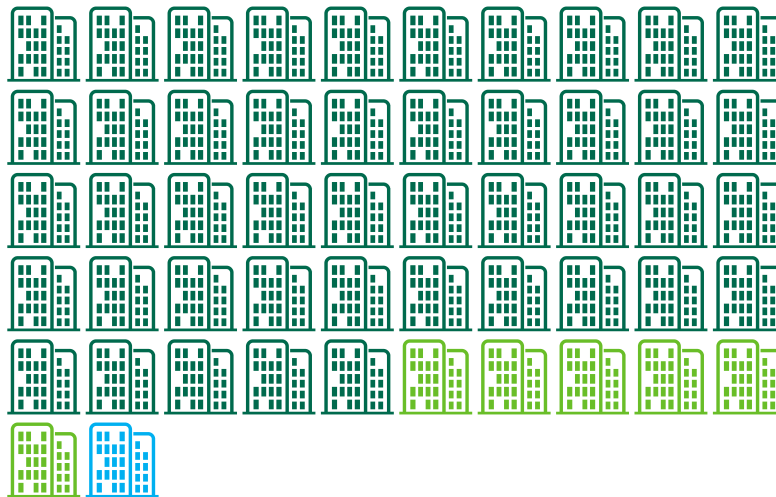
▲ Vacancy
14,1%

▲ 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

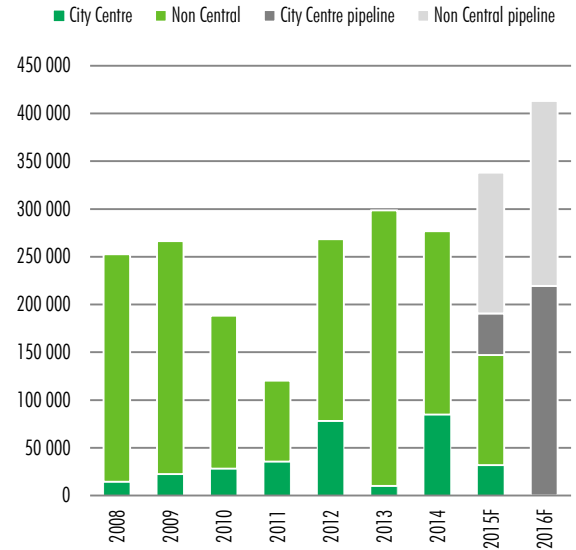
Since the beginning of 2015 almost 147,000 sq m of office space has been delivered in 14 schemes.

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

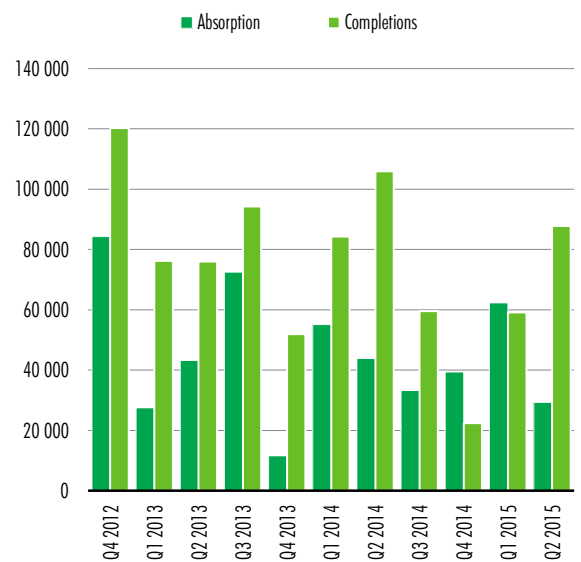
The office absorption in Q2 totalled 29,400 sq m, below the average value for the last 4 years (ca. 39,000 sq m).

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

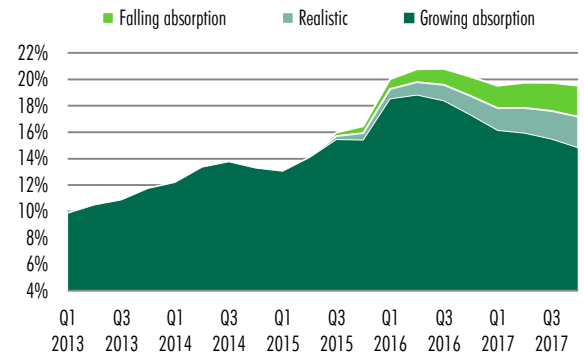
The vacancy rate in Q2 2015 surged to 14.1% from 13.0% registered in the previous quarter.

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

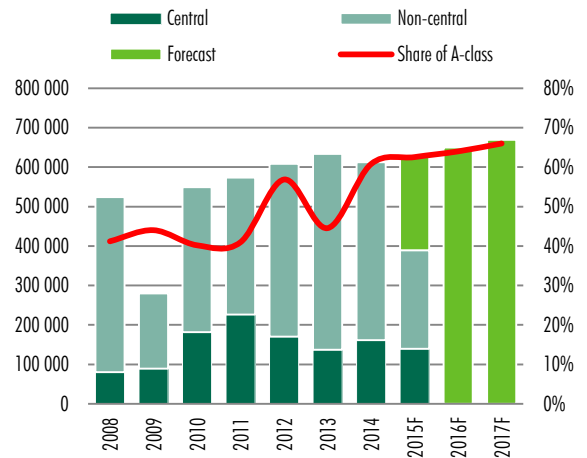
The leasing activity in H1 2015 was virtually 50% higher in comparison to the corresponding period of 2014.

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

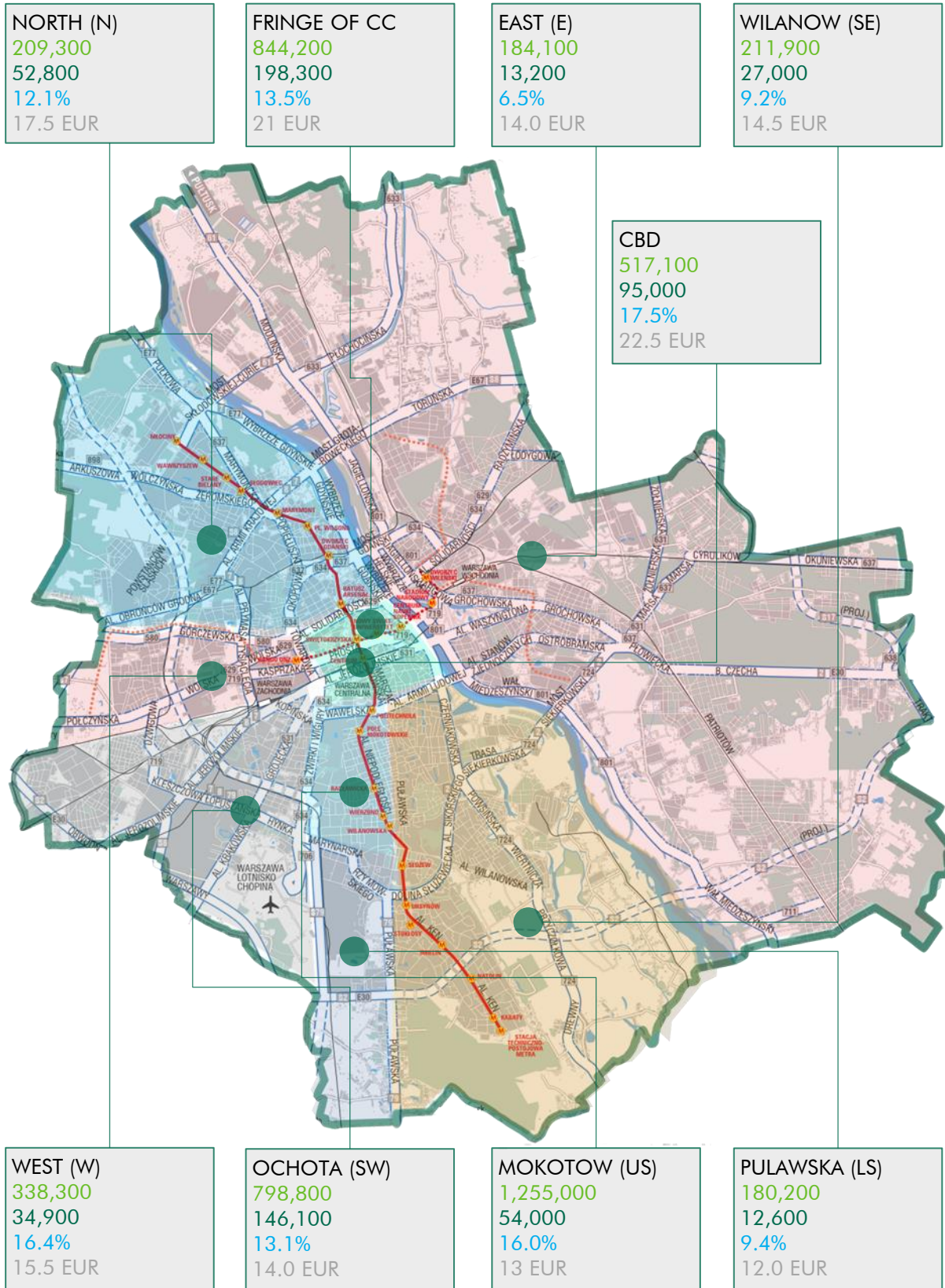
PERSISTING PRESSURE ON RENTAL COMPRESSION



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

CONTACTS

Joanna Mroczek
 Director, Research and Marketing
 +48 22 544 8061
joanna.mroczek@cbre.com

Lukasz Kaledkiewicz
 Senior Director, Office Agency
 +48 22 544 8038
lukasz.kaledkiewicz@cbre.com

CBRE OFFICE

CBRE Sp. z o.o.
 Rondo ONZ 1, 24th floor
 Warsaw, 00-124

To learn more about CBRE Research,
 or to access additional research reports,
 please visit the Global Research Gateway at
www.cbre.com/researchgateway.



officeGO.pl
industrialGO.pl

