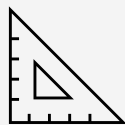


■ Q4 2020

Warsaw Office Market

■ Market data Q4 2020

Warsaw / Regional markets



5,91 / 5,79 mln m²

stock



75 800 / 393 300 m²

new supply



9,9% / 12,7%

vacancy rate



■ New supply

Almost six million square meters - that was the stock of modern office space in Warsaw at the end of December last year. In the last quarter of 2020, three modern projects were delivered to the Warsaw market:

- Mennica Legacy Tower - 47 900 m²
- Lixa A - 22 100 m²
- Lixa B - nearly 5 800 m²

In total, the market was enriched by approximately 75 800 m² of modern space. All the projects above are in the Center-West zone.



■ Vacancy rate

At the end of 2020, there was an increase in the vacancy rate. The rate of 9.9% means an increase of 0.3 percentage points compared to the third quarter of 2020 and 2.1 percentage points year-on-year.

The vacancy rate is higher outside the city centre, where it amounts to 10.8%. For comparison, in the central zones the rate is 8.5%.

In the last quarter of the past year, the availability of office space reached approximately 583 500 m².



■ Regional markets stock

The total stock of office space on regional markets is comparable to that in Warsaw. In the eight largest regional cities, we will find a total of approximately 5.79 million square meters. Krakow is the leader. There are 1 554 900 m² in the former capital. Next are Wrocław (1 226 300 m²) and Tricity (888 600 m²).

The largest projects delivered in the fourth quarter of 2020 are Face2Face B (Echo Investment) in Katowice with an area of 26 200 m², Hi Piotrkowska in Łódź (Master Management Group) with an area of 21 000 m² and the Unity Tower in Krakow (GD&K Group and Eurozone Equity) with an area of 15 600 m².

In total, 393 300 m² were delivered in the regions. Most of them in:

- Krakow (approx. 140 700 m²),
- Katowice (61 300 m²),
- Tricity (60 300 m²).

736 000 m² - was the amount of vacant space in the regional markets at the end of last year. A growing vacancy rate could be observed there too. In the fourth quarter, the rate was 12.7%, i.e., 0.8 points more than in the previous quarter and 3.1 points more than in the corresponding period of 2019. Łódź is the leader, where 16.4% were left without a tenant. Szczecin is at the other end with a vacancy rate of 6.9%.



■ Tenant activity

Demand for modern office space in 2020 was varied for obvious reasons. Throughout the year, it amounted to 602 000 m² in Warsaw. The highest tenant activity was recorded in the second quarter when the demand reached over 194 200 m² of leased space.

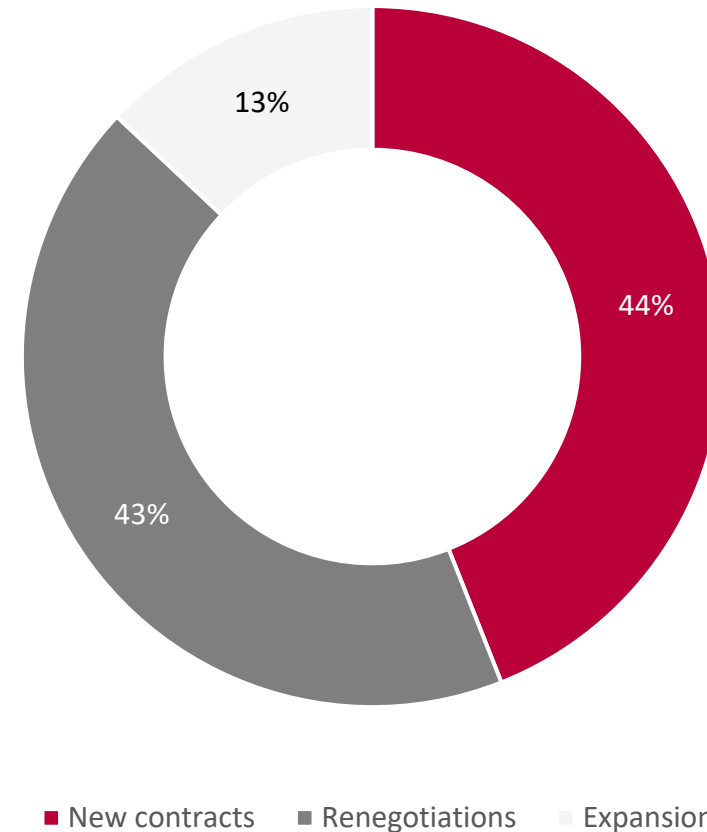
The second highest activity was noted in Q4. It amounted to over 160 400 m². Traditionally, tenants often opted for offices located in the centre. The interest is shifting however towards the Center-West zone. The Mokotów zone, usually in the second position, gave way to the Jerozolimskie Corridor.



■ Lease structure in Warsaw

In the fourth quarter of 2020, new contracts were a dominant element of the demand structure. Including pre-lease contracts, new contracts accounted for 44% of demand. Renegotiations had a slightly smaller share, amounting to 43%. The expansions reached a value of 13%.

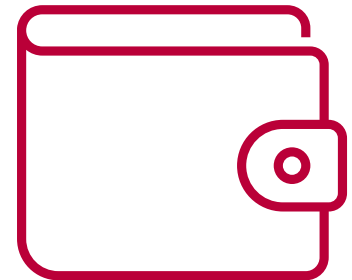
Lease structure in Warsaw



■ Transactions

There were several notable deals in the 2020 closing quarter. A confidential tenant has renegotiated the lease terms in the Gdański Business Center I A building. The transaction volume amounted to over 12 400 m². The second major transaction was a pre-lease agreement signed by Leroy Merlin in the Forest II building for over 12 200 m². One of the tenants of The Warsaw HUB also made an expansion to nearly 9 700 m².

Size	Type	Building	Klient
>12 400 m ²	Renegotiation	Gdański Business Center I A	Confidential
>12 200 m ²	Pre-let	Forest II	Leroy Merlin
~9 700 m ²	Expansion	The Warsaw HUB C	Confidential

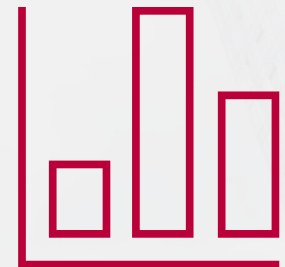


■ Lease structure and transaction in the regional markets

The trends observed in Warsaw are also visible in the regional markets. In 2020, 16% fewer transactions were registered than in 2019. The total volume last year was 582 200 m². In the period from October to December 2020, there were 26% fewer tenants than in the same period in 2019. In 2020, 156 600 m² of space was leased in Kraków, followed by Wrocław, where 128 400 m² was leased.

As in the capital, new deals were the major part of the demand structure. This component was 47% including both pre-let contracts and space used by the property owner for their own needs. Nine percentage points less (38% of the demand), were renegotiations and extensions of existing contracts. 13% came from expansions. In the fourth quarter, the disproportion increased in favour of new deals, which accounted for 57% of demand. Renegotiations amounted to 35%, and expansions another 5%.

In 2020, there were some worth noting transactions in the regional markets. Allegro has signed a pre-let agreement for the 26 000 m² in Nowy Rynek D1 under-construction project in Poznań. In the Axis office building in Krakow, ABB renewed its commitment of 20 000 m². Two large pre-let transactions took place in Katowice and Łódź, respectively in Global Office Park A2 (16 600 m²), where ING Tech Poland will be the tenant, and in the Fuzja building (16 300 m²) with Fujitsu Technology Solutions. An undisclosed client decided to rent 14 500 m² in Tertium Business Park II in Kraków.





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