

# SKYLINE TRACKER WARSAW

H1 2017



## NUMBERS THAT STACK UP

*Warsaw office market is undergoing significant change as it enters the next stage of its maturity. Driving these changes are the evolving expectations of occupiers, improvements in transport infrastructure, population growth, social and demographic changes and technological advancement.*

**410,000** sq m  
*highest-ever office supply,  
2016*

**5.1M** sq m  
*total office stock,  
H1 2017*

**60%**  
*located in three zones:  
CBD, City Centre,  
Służewiec*

**720,000** sq m  
*total office space under  
development, H1 2017*

**67%**  
*located in CBD,  
City Centre West*

**14%** ↓  
*vacancy rate,  
H1 2017*

**6.3M** sq m  
*expected total office stock,  
2020 end*

# OFFICE SUPPLY HEAT MAP

The city's modern office stock has more than doubled over the past 10 years, reaching more than 5.1 million sq m (as at H1 2017).

The largest increases in the office space were recorded over the past 18 months, when

**540,000 sq m**  
was delivered, representing a supply rise of 11.5%.

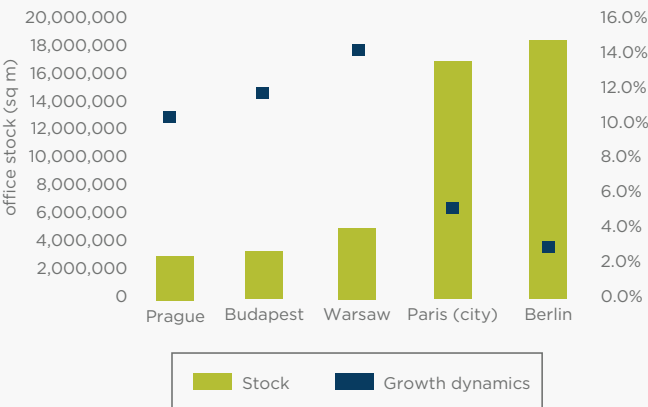
*Strong office supply dynamics was reflected in the new geography of office locations, with City Centre zone expanding towards the west and north and Central Business District to the north and east.*

A record-breaking

**410,000 sq m**

came onto the Warsaw market in 2016, a rise of 32% over the average annual supply, 310,000 sq m, for the period 2012 to 2016. However, during 2017 supply levels are forecast to return to 320,000 sq m, just above the 2012-2016 average. In 2018, 190,000 sq m will be delivered, followed by 315,000 sq m in 2019. A record 430,000 sq m is expected in 2020.

## EXISTING OFFICE STOCK IN OTHER EUROPEAN CITIES



Source: Cushman & Wakefield Snapshot, data as of Q2 2017

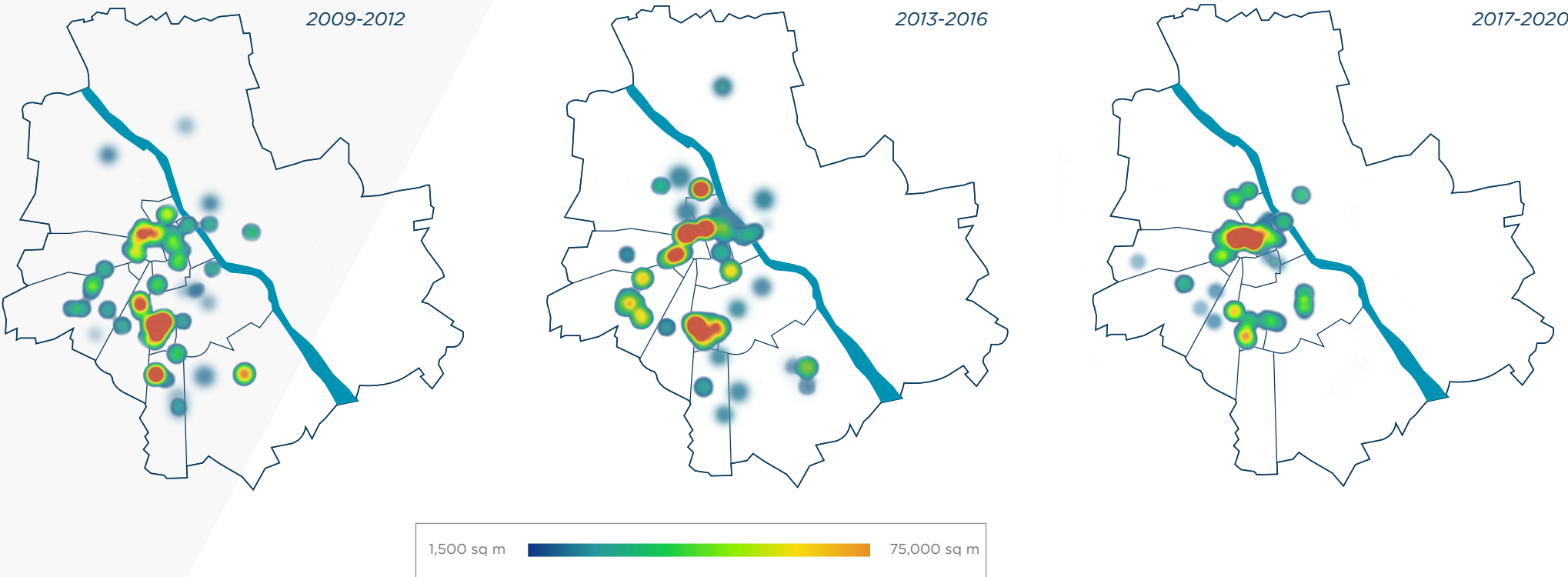
**60%**

of the city's stock is located in the three most developed office zones: Central Business District, City Centre and Służewiec. These zones account for only 4% of city's total area.

Just four large developers are behind 40% of the space scheduled to complete over the next four years.

*Though development rates in Warsaw office market show significant variations year to year, its healthy fundamentals help to maintain equilibrium, with average supply levels changing only slightly over the longer term.*

## NEW SUPPLY DISTRIBUTION IN WARSAW IN FOUR-YEAR PERIODS





# OUTLOOK FOR NEW CONSTRUCTION

At the end of June 2017 around 720,000 sq m of offices were under construction in Warsaw, a 3% increase above the five-year average, again underlining the market's stability.

Large schemes of more than **40,000 sq m** accounted for 51% of this total; these schemes were mostly at the ground works stage of development. They will be delivered in 2019 or later, after a subdued level of completions in 2018.

A surge in supply in 2016 pushed the vacancy rate up to 14% at the end of the first half of 2017 from 7% in 2012. With forecast strong net absorption and expected subdued developers' activity availability rates are predicted to go down to 13.5% in 2018.

As much as 67% of total supply under construction is located within CBD and City Centre West. Of this amount, 77% (370,000 sq m) is accounted for by the six largest projects – Varso, Warsaw Hub, Mennica Legacy, Generation Park, Spark and Spinnaker.

The amount of stock in City Centre West is growing rapidly and in 2020 is likely to exceed **1,000,000 sq m** as tenants increasingly seek high-quality offices, a central location, good accessibility and ample amenities. Despite substantial supply volumes in this area, the vacancy rate dropped from 13% in 2012 to 8% in H1 2017.

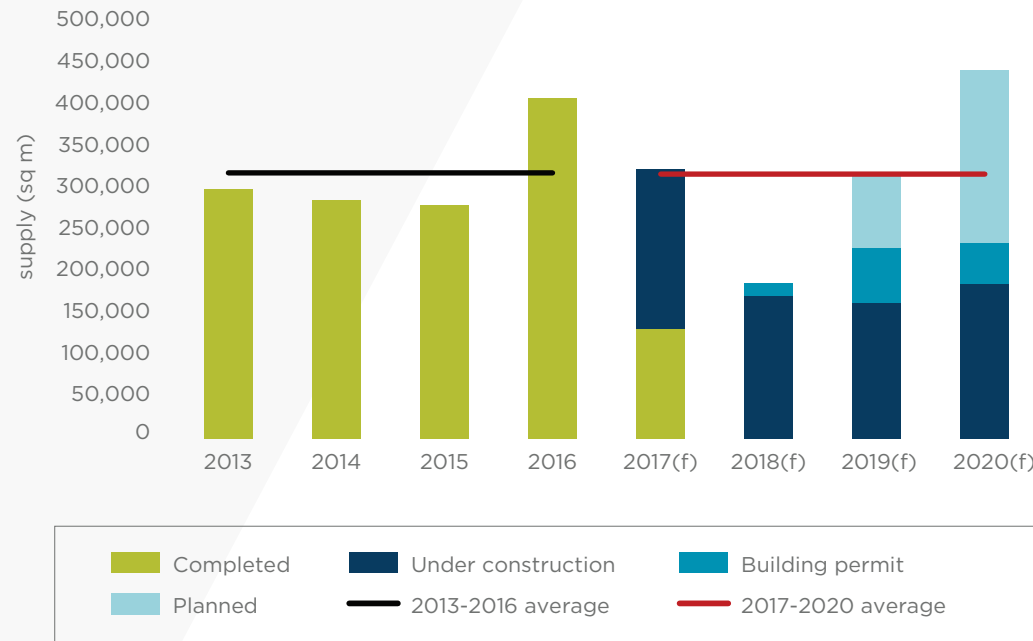
The major slowdown in development activity in Służewiec over the past two years did not reverse the area's upward trend in vacancy rates, which reached 19% at the end of H1 2017. A further decline in office development is expected in the area over the coming years along with more office-to-residential and office-to-hotel conversions.

SPACE UNDER CONSTRUCTION BY STATUS (JUNE 2017)



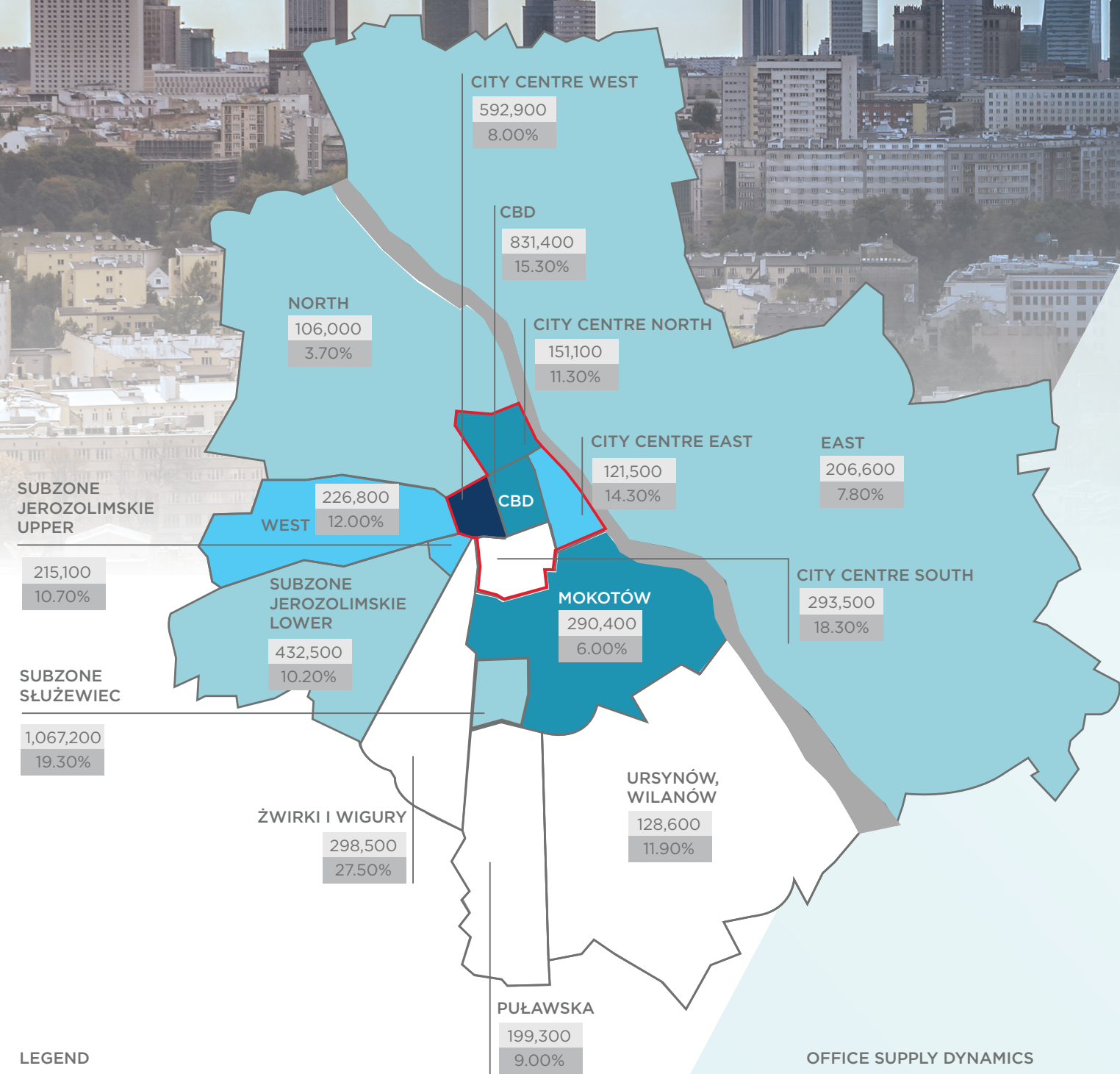
Source: Cushman & Wakefield

ANNUAL OFFICE SUPPLY IN WARSAW (JUNE 2017)



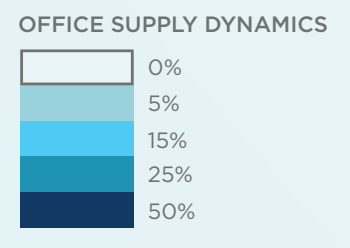
Source: PORF, Cushman & Wakefield, (f) forecast

# EVOLVING GEOGRAPHY OF OFFICE MARKET



**LEGEND**

- office stock (sq m)
- vacancy rate
- City Centre zone (CC North, CC East, CC South, CC West)



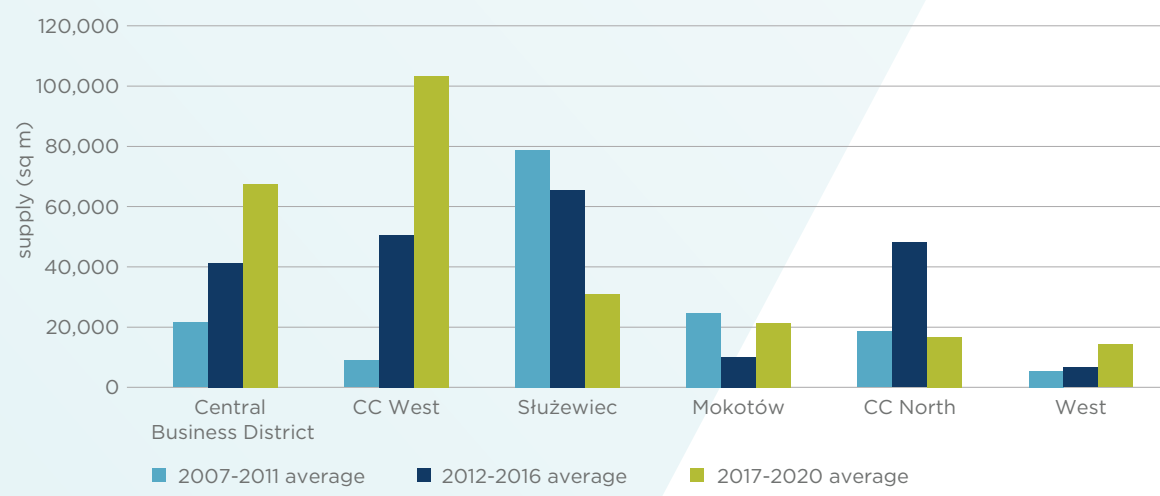
*With tenants' preferences shifting back to more central locations, development activity in CBD is expected to pick up again, resulting in an increase of 37% (310,000 sq m) by 2021.*

*Improving transport infrastructure, unlocked development potential of large land pools and holistic urban planning have boosted a number of locations that will provide strong competition for the established office clusters during next three to five years.*

The large number of pipeline projects and sites available for office development in the Warsaw CBD, compared with other major European cities, may change the city's market dynamics over the medium and long term.

These emerging office areas include City Centre North, the area around the junction of Sobieskiego and Beethovena streets within the Mokotów zone, and Praga within the East zone.

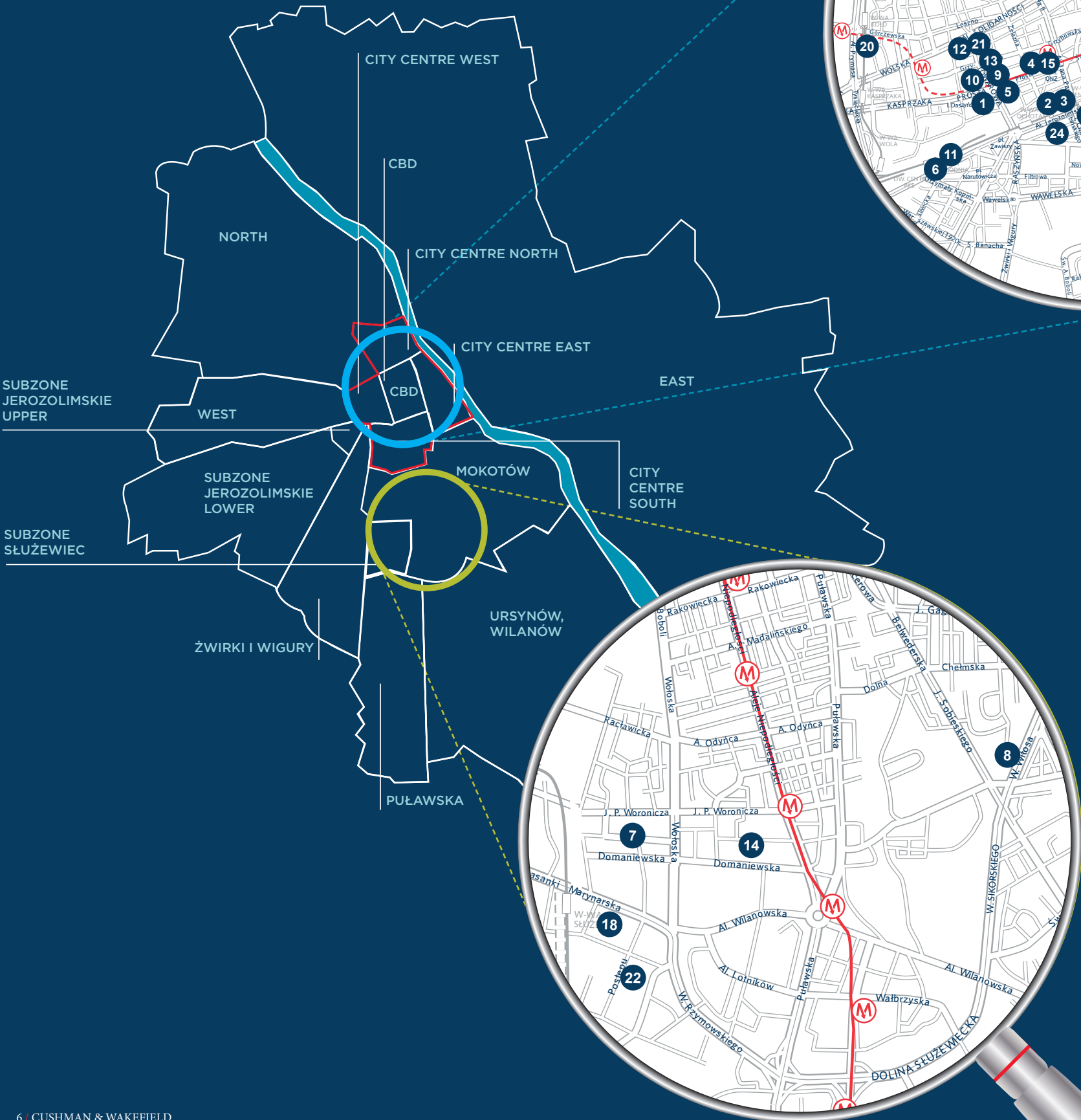
**AVERAGE ANNUAL SUPPLY IN SELECTED OFFICE ZONES**



Source: PORF, Cushman & Wakefield



# MAJOR OFFICE PROJECTS UNDER CONSTRUCTION



NO.	PROJECT NAME	DEVELOPER	OFFICE SIZE (SQ M)	DELIVERY DATE
1.	Warsaw Hub	Ghelamco	75,000	2020
2.	Varso Tower	HB Reavis	70,000	2020
3.	Varso I & II	HB Reavis	69,500	2019
4.	Mennica Legacy Tower	Golub GetHouse	50,500	2019
5.	Spinnaker Tower	Ghelamco	40,000	2020
6.	West Station II	HB Reavis	31,500	2017
7.	D48	Penta Investments	24,500	2017
8.	Bobrowiecka 8	Spectra Development	22,500	2017
9.	Generation Park X	Skanska Property Poland	21,000	2017
10.	Proximo II	Hines	20,000	2018
11.	Equator IV (Cirrus)	Karimpol	19,000	2018
12.	Spark - building B	Skanska Property Poland	17,000	2019
13.	Wronia 31	Ghelamco	16,000	2017
14.	Graffit	Hines	16,000	2018
15.	Mennica Legacy West	Golub GetHouse	15,000	2018
16.	Koneser Laboratorium (OP)	BBI Development	15,000	2018
17.	Cedet	Immobel	14,000	2017/18
18.	Neopark B	Yareal	13,500	2018
19.	Centrum Marszałkowska	BBI Development	13,100	2018
20.	Vector+	City Level	12,400	2019
21.	Spark - building C	Skanska Property Poland	11,700	2018
22.	P4/A	Garvest Real Estate	11,700	2017
23.	Park Avenue	Park Projects	11,600	2019
24.	Nowogrodzka Square	Yareal	11,000	2018

(END OF JUNE 2017)

# CONTACTS

Author of the report:

Maciej Rostropowicz

Junior Consultant  
Consulting & Research  
+48 661 547 549  
maciej.rostropowicz@cushwake.com

Contact:

Kamila Wykrota  
MRICS

Partner  
Head of Consulting & Research  
+48 600 382 322  
kamila.wykrota@cushwake.com

Katarzyna Lipka

Associate Director  
Consulting & Research  
+48 606 993 860  
katarzyna.lipka@cushwake.com



## Cushman & Wakefield

Metropolitan, Plac Piłsudskiego 1  
00-078 Warsaw  
+48 22 820 20 20

[www.cushmanwakefield.pl](http://www.cushmanwakefield.pl)

## Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm that helps clients transform the way people work, shop, and live. Our 45,000 employees in more than 70 countries help occupiers and investors optimize the value of their real estate by combining our global perspective and deep local knowledge with an impressive platform of real estate solutions. Cushman & Wakefield is among the largest commercial real estate services firms with revenue of \$6 billion across core services of agency leasing, asset services, capital markets, facility services (C&W Services), global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation, and valuation & advisory. 2017 marks the 100-year anniversary of the Cushman & Wakefield brand. 100 years of taking our clients' ideas and putting them into action.

To learn more, visit [www.cushwakecentennial.com](http://www.cushwakecentennial.com), [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

## Disclaimer

This report should not be relied upon as a basis for entering into transactions without seeking specific, qualified, professional advice. Whilst facts have been rigorously checked, Cushman & Wakefield can take no responsibility for any damage or loss suffered as a result of any inadvertent inaccuracy within this report. Information contained herein should not, in whole or part, be published, reproduced or referred to without prior approval. Any such reproduction should be credited to Cushman & Wakefield.

©2017 Cushman & Wakefield LLP. All rights reserved.