



Warsaw's office stock nears the 5.5 million sq m mark. The city's vacancy rate continues to edge down

Warsaw, 13 May 2019 – Global real estate services firm Cushman & Wakefield summarises the Warsaw office market in Q1 2019 in its latest report “MARKETBEAT – WARSAW OFFICE MARKET IN Q1 2019”.

- Non-central locations accounted for 71% of all lease transactions on the Warsaw office market in Q1 2019;
- The relatively weak supply and high levels of pre-lets at buildings scheduled for completion in the coming quarters of 2019 are expected to push the capital city's vacancy rate down further;
- The overall office transaction volume in Poland amounted to EUR 270m;
- Prime office yields in Warsaw stand at 4.75%, down by 0.5 pp year-on-year.

In the first quarter of 2019, leasing activity hit 140,100 sq m (-28.8% y/y), of which more than 101,000 sq m (-36% y/y) was transacted under new deals and expansions. Looking ahead, however, despite the weak office take-up in the early months of the year, occupier activity is expected to pick up with tenants finalising leases at office buildings scheduled for delivery in 2020. In the first quarter of the year, the Warsaw market reported two lease transactions in the coworking sector for a total of more than 4,000 sq m: one by New Work at Wola Retro and the other by Spaces at Centrum Marszałkowska.

“Occupier activity tends to be muted in the first quarter of a year, which is illustrated by the leasing volumes on the Warsaw office market in the last five years. The limited volume of readily available office space and the high proportions of pre-lets at office buildings scheduled for completion in 2019 and 2020, including leases to be finalised by banking, IT and BSS tenants in the next three quarters, will push Warsaw's vacancy rate down further, particularly in the vicinity of Daszyńskiego Roundabout and the very heart of Warsaw. Meanwhile, leasing activity accelerated in non-central locations which benefited from the limited availability of office space in the City Centre,” said **report author Jan Szulborski, Consultant, Consulting and Research, Cushman & Wakefield.**

At the end of the first quarter of 2019, Warsaw's total office stock amounted to 5.48 million sq m following the addition of 20,200 sq m. According to preliminary data, this year's new supply is expected to hit 243,300 sq m, which will represent a 5% increase on 2018's volume. Unoccupied office space amounted to just over 0.5 million sq m in the first quarter of the year (-1.7 pp y/y). Prime headline rents edged up by EUR 0.25/sq m/month in the City Fringe, the Jerozolimskie Corridor, and Wilanów and Ursynów. At the same time, prime headline rents remained flat at EUR 23.75/sq m/month in the Central Business District and at EUR 14.50/sq m/month in non-central locations.

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