BNP PARIBAS REAL ESTATE

Real Estate for a changing world

RESEARCH

At a glance Q2 2017

OFFICE MARKET IN WARSAW

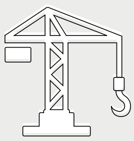
The modern office stock in Warsaw stands at 5.2 million sqm with the leasing market holding up at a healthy 171,000 sqm of take-up recorded in Q2. Still, average rents remain under heavy pressure due to an extensive volume of pipeline schemes under construction, which strengthens competition among landlords, especially in the case of more mature buildings.

1

NO SLOWDOWN OF PIPELINE ON THE HORIZON

Developers encouraged by steady demand continue their construction spree. At the end of June, as much as 950,000 sqm was under construction, primarily located within Wola district, resulting from, take-up continously concentrated, along the 2nd metro line.

Such extensive pipeline is likely to result in the rise of vacancy rate in mid-term horizon.



950,000 m^2 under construction

2

DYCHOTOMY OF VACANCY AND RENTS DEEPENS

While the average vacancy rate has oscillated between 14 and 15% over the last few quarters, there are major differences within this indicator both in terms of locations and building age. Mature offices, specifically those over 10 years old located in the city centre as well as part of Mokotów area (west of Wołoska), are facing the highest vacancy rate ranging from 18-20%. Generally, most schemes completed over the last 5 years enjoy lowest availability in the range of 8-10%.

At the same time, there is a major dichotomy in terms of rental rates. Prime asking rents are holding up at €20-22 per sqm/month, but in case of older or less favourably located schemes, the values are much more diverse.

1.5-20% major differences in vacancy rates

3

WARSAW STRENGTHENS ITS POSITION AS AN SSC HUB

Due to a high talent pool and large student base, Warsaw has confirmed its attractiveness as an SSC/BPO/ICT hub by attracting a number of corporates over the last quarters along with the existing ones, which have significantly expanded their operations. Those who moved in or increased space occupied include: Credit Suisse, KMD, DLA Piper or Goldman Sachs.

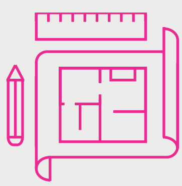
This trend has been confirmed by Tholons' Services Globalization City Index 2017 report, which ranks Warsaw as the 4th in Europe and 23rd in the world in terms of suitability for shared service centres.

160 number of shared service centres in Warsaw

4

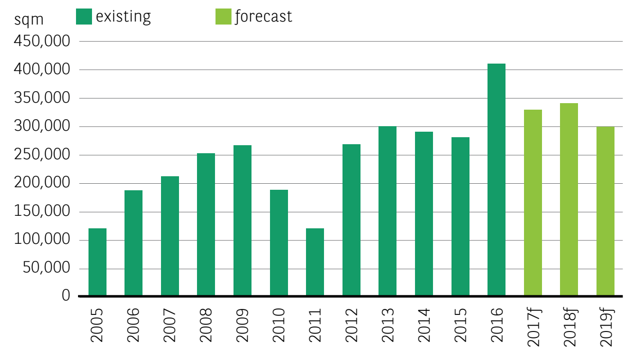
FLEX OFFICES ARE IN

It is visible in several large buildings that some optimisation strategies resulting in space reductions are being offset by a rapid wave of expansions, valid across all corporate sectors. Although desk ratios are efficient, rapid headcount growth is steering the need for flexible leasing deals and space procurement.



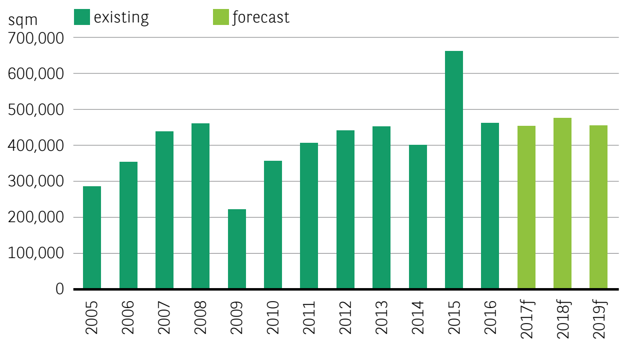
Office Snapshot

Annual Office Supply



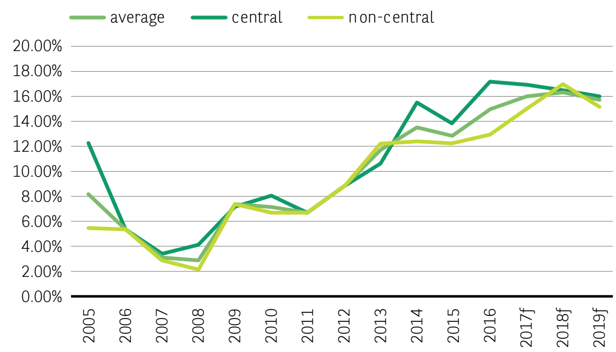
Source: BNP Paribas Real Estate, f - forecast

Annual office take-up



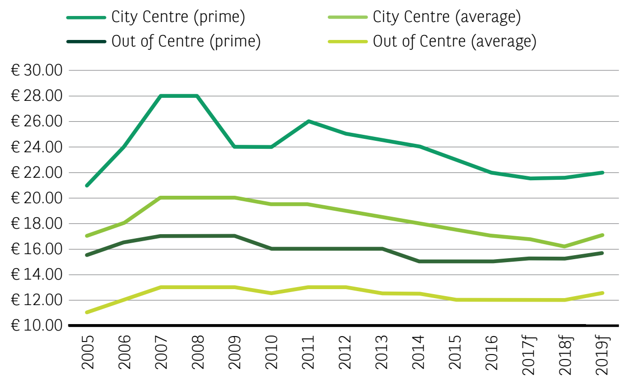
Source: BNP Paribas Real Estate, f - forecast

Vacancy rate in %



Source: BNP Paribas Real Estate, f - forecast

Prime and average rents, per sqm/mth



Source: BNP Paribas Real Estate, f - forecast

Major new completions, H1 2017

Scheme	Office area (sqm)	Subzone	Developer
Business Garden III - VII	54,800	South West	Vastint
Ethos	12,500	City Centre	Kulczyk Silverstein Properties
Neopark A	10,600	Upper South	Yareal
Equilibrium	9,900	West	Waryński

Source: BNP Paribas Real Estate

Major schemes under construction, H2 2017-2020

Project	Office area (sqm)	Subzone	Developer	Year planned
Varso	120,000	Core	HB Reavis	2020
Warsaw Hub	75,000	City Centre	Ghelamco	2019
Skyliner	45,000	City Centre	Karimpol	2018
Mennica Legacy Tower	65,500	City Centre	Golub GetHouse	2018
West Station II	34,200	South West	HB Reavis	2017
D48	24,500	Upper South	Penta Investments	2017
Bobrowiecka 8	24,400	South East	Castor Park	2018
EC Powiśle	23,000	City Centre	White Star / Tristan Capital Partners	2019
Equator IV	21,000	South West	Karimpol	2018
Proximo II	20,500	West	Hines	2017
Generation Park X I	20,000	City Centre	Skanska	2017
Koneser	20,000	East	BBI Development NFI	2017

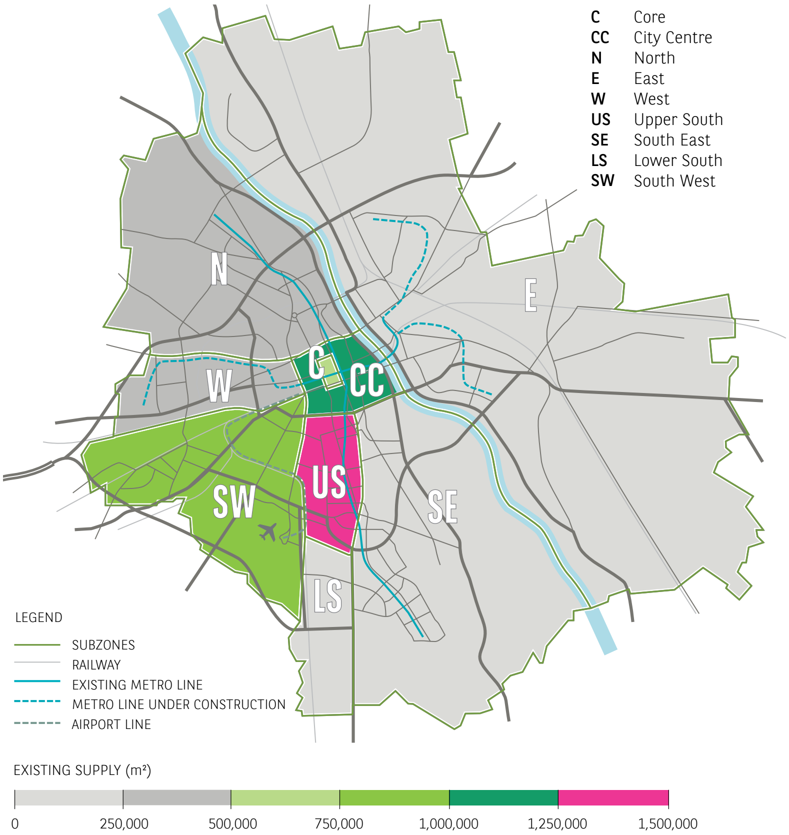
Source: BNP Paribas Real Estate

Major office lease transactions, H1 2017

Tenant	Sector	Building	Subzone	Area leased (sqm)	Type
Millennium Bank	FIRE	Harmony Office Center	Upper South	18,300	renewal
Citi Service Center Poland	FIRE	Generation Park	City Centre	13,600	pre-let
Alior Bank	FIRE	Łopuszańska Business Park	South West	13,400	renewal and extension
AstraZeneca	Pharma	Postępu 14	Upper South	13,200	renewal and extension
Lux Med	BS	Myhive Park Postępu	Upper South	9,500	renewal and extension
Diebold Nixdorf	BS	West Station II	South West	9,800	pre-let
BNP Paribas Securities Services Polska	FIRE	Wronia 31	City Centre	8,000	pre-let
Public Transport Authority	Public	JM Tower	City Centre	7,300	renewal
confidential	Public	G9	West	7,200	new
CEDC International	BS	Bobrowiecka 8	South East	3,000	pre-let

FIRE - Finance, Insurance, Real Estate, BS - Business Services
Source: BNP Paribas Real Estate

WARSAW OFFICE SUBZONES



Source: BNP Paribas Real Estate

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6 BUSINESS LINES in Europe

A 360° vision

Main locations*

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* March 2017
** Coverage In Transaction, Valuation & Consulting

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