**Warsaw is still breaking office supply and demand records**

**Warsaw, August 20, 2019** – The Warsaw office market is changing at a rapid rate. According to the latest Colliers International report – Guide to Warsaw Office Zones, over 500,000 sq m of office space has been delivered to the market in the last 2.5 years, and the vacancy rate has dropped from 14% to 8.5%.

There are now 5.5 million sq m of office space in the capital, and the record low vacancy rates suggest high tenant activity. Despite the large amount of space under construction estimated at 15% of existing space, there is a supply gap on the market. In the past 30 months, Warsaw’s central zone has increased by only 180,000 sq m of new space, and demand in this period exceeded supply by more than five times.

“Trends worth noting include consolidation in the financial sector as well as growing activity among coworking operators. Banks and insurance companies are centralising their headquarters, moving to prestigious developments in the centre of the capital – mBank to Mennica Legacy Tower, Getin Noble Bank to The Warsaw Hub C and Warta to Warsaw Unit”, says **Olga Drela**, senior analyst, Research and Consultancy Services, Colliers International.

Over the past 2.5 years, the serviced office and coworking sector in Warsaw has been developing actively. Transactions concluded by flexible space operators exceeded 100,000 sq m. Most of them located their modern, designer offices in the city centre. The decreasing vacancy rate in the centre of Warsaw and the flexible space rental model ensure growing interest in this type of rental by corporate tenants.

**A guide to office zones in Warsaw**

The greatest concentration of offices is the Central Business Area, where most skyscrapers are being built, including Varso Tower, the highest office building in the European Union and office complex SKYSAWA. The prestigious location and excellent public transport links compensate for the highest rent levels in the city, which are over EUR 20 per sq m monthly. Coworking and serviced offices are also concentrated in this zone.

Immediately after Śródmieście, the largest concentration of office space is in the west of the city, around Aleje Jerozolimskie and Połczyńska and Żwirki i Wigury streets. Office buildings – mostly in the form of business parks – constitute more than two thirds of the space located at these thoroughfares. The main advantages of these locations are proximity to the West Railway Station, Chopin Airport and exit routes from the city.

Mokotów boasts the largest supply of office space – 1,450,400 sq m, 77% of which is concentrated in Służewiec. The aera is attractive due to lower rents (EUR 10.5-15 per sq m per month) and additional financial incentives for tenants. The ongoing reconstruction of Marynarska street gives hope for a significant improvement in transport, which is currently a weak point of Służewiec.

The north, just like the south of the capital, is mainly residential, while Warsaw east of the Vistula is gradually changing into an open and business-friendly space. New business development centres are being created there, such as Google Campus, and revitalised factory spaces are attracting new tenants. Good transport links with the Śródmieście is also an added value, mainly due to the second metro line. Praga is becoming an attractive business location that has great potential for office development.

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