2023

REPORT WARSZAWA

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FOREWORD

I am very pleased to present our Warsaw's market annual report for the year 2022.

In addition to the information on the office, co-working, industrial and logistics, retail and PRS market we also wanted to present a wider urban context including basic data on demographics, urban infrastructure and education.

I hope you find this small summary helpful and interesting.

I wish you a pleasant reading,

Marek Ciunowicz

Warszawa, 03.2023

Marek Ciunowicz, SIOR
CEO at Corees Polska

I am connected with commercial real estate market for nearly 30 years. I founded a real estate agency which provides comprehensive and competent support for a Client, where a person and their needs build up for our priority.

Corees Polska is a boutique-format agency, which specializes in commercial real estate. We advise, negotiate, and back upon external assistance, considering Polish and European companies, independently from their size or location, in the field of office, industrial and logistics and retail spaces, valuation and investment advisory.

Corees Polska is a partner of The Instant Group, which belongs to SIOR, CORFAC International and Pro Progressio.

WARSAW

Warsaw - the capital and also the largest city of Poland, covers an area of 517.2 km2. It lies in the province Mazowieckie, in the central-eastern part of Poland. The voivodeship ranks first in terms of regional GDP in the country.

Warsaw is administratively divided into 18 districts. The largest district in terms of area is Wawer (79.7 km2), and the smallest is Żoliborz (8.5 km2). More than half of the city's area (exactly 29,452 ha) is built-up and urbanized areas. The functional area of Warsaw is currently inhabited by about 3 million inhabitants. According to the National Census conducted in 2021, the capital alone is inhabited by 1,860,281 people. Compared to the previous entry, carried out a decade earlier, the number of inhabitants increased by as much as 160,000 (in 2011 there were 1,700,612 inhabitants).

However, Warsaw may be home to well over two million inhabitants. Since the start of the Russian invasion of Ukraine in 2022, tens of thousands of new people have arrived in Warsaw. Many of them decided to live in the capital. In Warsaw, since the beginning of the year, 118,000 people have obtained a PESEL number. Ukrainians.

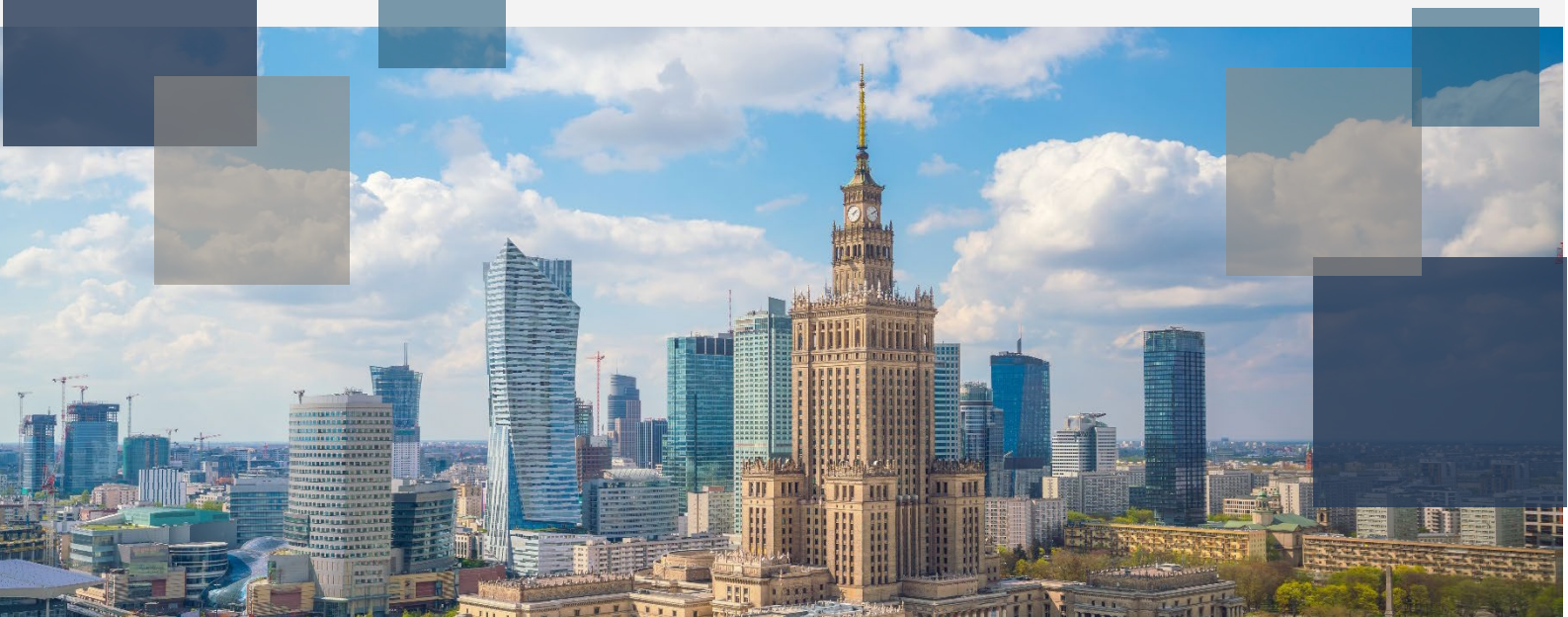
This would allow Warsaw to "jump" to fifth place in the ranking of the most populous cities in the European Union, ahead of Vienna, Hamburg and Bucharest. The capital would have to give way only to metropolises such as Berlin, Madrid, Paris and Rome.

WARSZAWA

Not only the capital but also the surrounding communes are developing. The largest voivodship in terms of population is still the Mazowieckie Voivodship, with 5.514 million inhabitants. This is 14.5 percent. the population of the whole country. Compared to the previous census, this is an increase of 246,000. people. The largest number of people live in the Mokotów district (217,000), the least in Rembertów (24,000).

For every 100 men living in Warsaw, there are 117 women. The largest group are women aged 35-39. 57 percent of inhabitants are in working age, 24.5 percent are in post-working age, and 18.5 percent are in the pre-productive age. Warsaw is the most popular migration destination in Poland.

Its attractiveness is not surprising - it is the economically strongest city in our country, generating 17.6 percent of the entire Polish GDP. As much as 94 percent of Varsovians participating in the "Warsaw Barometer" survey of the Warsaw City Hall in November 2021 said that when they think of Warsaw as the city where they live every day, they feel positive.



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Labor market

The vast majority of Varsovians have no problems finding a job. The unemployment rate in the capital is only 1.4 percent. and compared to the corresponding period of the previous year, it decreased by 0.4 percentage points. The largest percentage of the unemployed are long-term unemployed, over 50 and without professional qualifications.

There is an employee market in the capital - employers have a serious problem with finding people willing to work because the generally low unemployment rate and high earnings translate into higher financial expectations of highly qualified employees.

Varsovians know their value in the labour market and are not afraid to present their requirements to the employer, knowing that they will have no major problems finding a job.

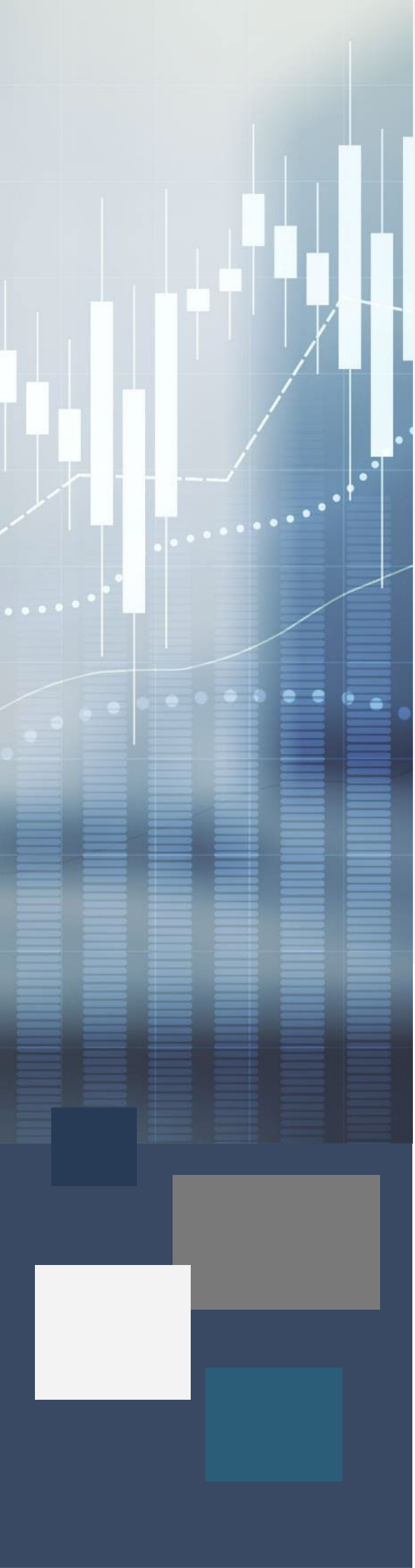
As much as 79 percent of respondents of the aforementioned "Barometer" answered that it is easy to find a job in Warsaw.

Analysts, testers and operators of ICT systems, financial and investment advisors, construction engineers, programmers and website administrators, sales managers and sales representatives are invariably the most wanted for work.

Earnings in the capital are growing - currently, the average gross salary in the sector of enterprises employing more than 9 people in Warsaw at the end of December 2022 amounted to as much as PLN 8,813.57, i.e. more than 1.7 thousand more than in the previous year. PLN is more than the national average. In addition to an attractive salary, employers also offer a number of benefits, most often in the form of social and entertainment packages.

In Warsaw, the constant growth of entrepreneurship is also noticeable. At the end of 2021, 283,103 natural persons conducting business activity were recorded, which, despite the general economic situation in the country, was an increase of 3.5% compared to the previous year.

Labor market



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Investment market

Warsaw is also the capital of Poland in economic and financial terms. Excellent location, qualified employees, fast-growing GDP and high quality of life make Warsaw a leader among business cities in Central and Eastern Europe. Currently, there are almost 525.5 thousand. business entities, including international corporations and local companies. According to the ranking belonging to the Financial Times fDi's "European Cities and Regions of the Future" edition 2022/2023, Warsaw ranks 7th in the category of cities with the greatest economic potential. It surpasses, among others, Berlin, Madrid and Prague.

The sector of knowledge-based services is thriving in Warsaw, including business process outsourcing (BPO), shared services (SSC), IT and research and development (R&D) centers. In 2022, as many as 9 new centers came here, which is the largest (ex aequo with the Tri-City) number in all of Poland. Thus, the number of centers in Warsaw is currently 330, of which ¾ is owned by foreign entities from 32 countries. There is a systematic increase in employment in these companies - in the last year by as much as 17 percent.

In the first weeks of 2023, the American company Netskope, one of the largest players in the field of cyber security, opened its data centre in Warsaw.

It is also its first centre in Central and Eastern Europe. In turn, LivePerson plans to create a new technological hub in Europe, the central part of which is to be the Polish R&D laboratory, where 50 engineers will find work at the beginning.

Warsaw is also the capital of start-ups. It ranks 5th among new technological innovation centres in Europe and 1st in Central and Eastern Europe.

Every third Polish startup is registered in the Mazowieckie Voivodeship. In Warsaw, most projects operate in the areas of Big Data, Analytics and Fintech.

Rynek inwestycyjny

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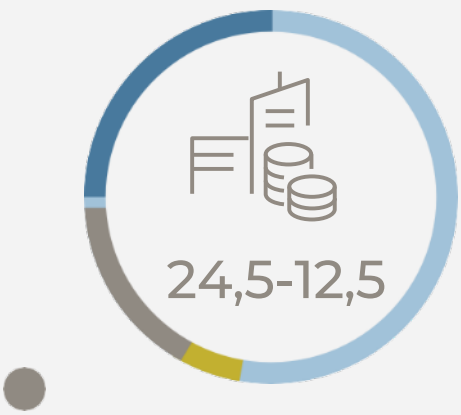
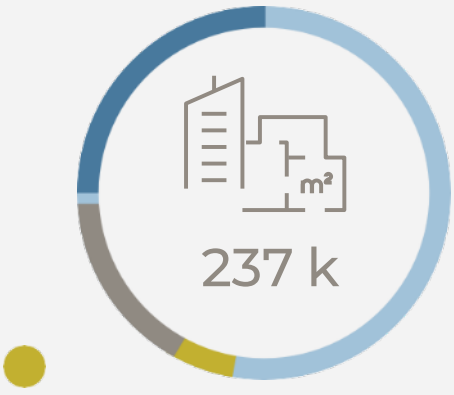
Characteristics of Warsaw's real estate market



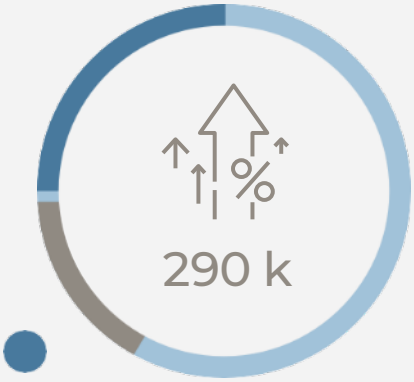
Base rent for office space € / m² varied from localisation

Total office space (m²)

Vacancy rate is 2,9pp higer vs last year



Delivered office space (m2)



Projects under construction (m²)

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Office market

Warsaw boasts high quality of commercial office space, confirmed by BREEAM and LEED certificates. The Warsaw office market is also distinguished by its modern design. At the end of December 2022, the modern office stock in Warsaw amounted to 6.27 million m2.

In total, almost 237,000 sq m have been delivered to the office market in Warsaw since the beginning of 2022. m2 of office space in 12 projects. The largest of them were Forest Tower with an area of 51.5 thousand square meters. m2, another building within the LIXA complex, building C (19,400 m2) both located in the City Center zone, SkySAWA (22,800 m2) located in the Central Business District, Intraco Prime (12,800 m2) in the City Center zone, Varso Tower (63,800 m2) m2), located in the Central Business District, P180 (32,000 m2) in the Mokotów zone, Poleczki 32 (3,300 m2) in the corridor of Puławska Street and DPD HQ (8,700 m2), located in the Jerozolimskie Corridor zone.

In the first half of 2022, the sales volume in Warsaw was comparable to the sales volume in all regional markets combined, thanks to the historically largest single asset purchase transaction - The Warsaw HUB.

The fourth historically largest office transaction in Poland in terms of volume, i.e. the purchase of Generation Park Y by Hansainvest, allowed Warsaw to take the lead with a share of 55%. share in the volume of office investments in the first three quarters of 2022. Nearly 290,000 sqm are still under construction. m2, which are to be handed over successfully by 2025. The largest projects under construction include the tower in the Varso Place office complex (66,300 m²), the tower in the Forest project (51,700 m2) and The Bridge (47,000 m²).

The vacancy rate at the end of December 2022 in Warsaw was 11.6%. (1.1 pp. Less than at the end of 2021). The availability of office space was 726.4 m2. In the central zones, the vacancy rate fell to 10.5%, while outside the city center, it reached 12.4%.

Throughout 2022, the demand for modern office space reached over 860,000 sq m. m2. The largest transactions were two pre-let agreements: PKO BP in the SKYSAWA office complex for over 34.5 thousand sq m. m2 and a confidential tenant from the banking sector in Forest Tower for 30,000 sqm. m2, followed by a renegotiation and expansion agreement of the ING Group in Plac Unii for 23,500 sqm. m2, renewal of the lease agreement of almost 21,000 sq. m. m2 by Samsung Electronic Polska (R&D) in the Warsaw Spire C building,

Office market

extension of a confidential tenant from the banking sector in Generation Park X for 18,800 sqm. m2, a new lease agreement of almost 14 thousand. m2 in the Konstruktorska Business Center building concluded by Lionbridge, renewal of the lease agreement for over 11.3 thousand. m2 by a confidential tenant from the financial sector in the Konstruktorska Business Center building, renegotiation of the contract for 9.8 thousand. m2 signed by KOWR in Karolkowa Business Park, renewal of the lease agreement for 9.5 thousand. m2 by a confidential tenant from the IT industry in the Warsaw Financial Center building, renewal of the lease agreement for 8.7 thousand. m2 by Budimex in the Wola Retro building, renewal of the lease agreement for 8.4 thousand. m2 by Roche in the Graffit building, renegotiation of the contract for 6.5 thousand. m2 signed by a confidential tenant in Warsaw Spire C and lease renewal with expansion for a total of 4.5 m2 by Panattoni in the Warsaw Spire Tower building.

Asking rents for office space in Warsaw range from EUR 19-24.5/m2/month in the Central Business District and between EUR 12.5-16.5/m2/month outside the city centre.

Rynek biurowy

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Co-working market

Warsaw has the largest number of flexible workspaces, where more than half (56%) of the national stock of this type of space is available.

It amounts to 178 thousand. sq m, which is 2.8 percent. of the capital's total office space. Central locations and Mokotów are the most popular among companies looking for such offices in the capital. Nearly 75 percent of them are concentrated in their area. Warsaw coworking centres.

The most flexible space in Warsaw (179,000 sqm) is offered by WeWork (19%), followed by IWG with the Regus and Spaces brands (17%), and Brain Embassy (11%).

The average cost of one workstation in a serviced office or co-work in Warsaw is EUR 380 per month. Customers of flexible offices more and more often report the need for more than 50 positions.

The main users of coworking are technology companies, especially cloud-based solution providers, software producers and game developers.

PRS market

Although the PRS market is only at the initial stage of development in Poland, Warsaw is the undisputed leader of its resources. About 2.5 percent of flats for rent are PRS resources. At the end of 2022, there were 3.6 thousand ready in the capital. premises, and another 5.8 thousand. is under construction.

The largest players on the market are Resi4Rent (over 1,000 existing units and an additional 880 under construction), PFRN (almost 600 existing and 205 under construction) and LRC Group (500 existing and 1,407 under construction), with a total of over 60 percent. existing resources. PRS investments are mostly located in the city center.

Due to the small or medium size of the apartment, the main target of investors are young professionals, singles or couples. There are also 1.6 thousand on the Warsaw PRS market. places in private dormitories.

The largest transactions on the Warsaw PRS market in 2022 include the sale of approx. m2 of rentable space divided into 160 units (2 out of 3 buildings) as part of the Metro Połczyńska investment from Victoria Dom by a confidential buyer and 400 units (in 4 buildings) with a total area of approx. m2 as part of the Aurora investment in Warsaw between Dantex and Heimstaden.

Retail market

Warsaw has approximately 2.2 million m2 of modern retail space, located in 52 facilities, of which 1.3 million m2 are shopping centres. It is the largest retail centre in Poland.

Saturation of retail space per 1,000 sq. m. Varsovians is 499 m2, and yet there are still more and more modern centers.

Although no new full-size shopping center was opened in Warsaw last year, the volume of retail space increased thanks to the expansion of existing facilities, including Designer Outlet Warszawa in Piaseczno, which was expanded by an additional 6,000 sq m. m^2.

The popularity of mixed-use projects, combining retail, office, entertainment and catering functions, is constantly growing. Last year, the renovated building of Fabryka PZO, developed by White Star Real Estate and Cain International, was commissioned in Warsaw. A total of over 18,000 sq. m2 of offices and services, a gastronomic food hall zone, as well as 121 apartments.

Currently, the largest facilities under construction include: the Fort Wola center (28,000 m2, Mayland), Leroy Merlin Warszawa (reconstruction of 15,000 m2) and Drucianka Campus. The latter project, implemented by Liebrecht & Wood, which is to be built on the site of the Warsaw Wire, Pin and Nails Factory (Drucianki), will have 42,000 sqm. m2 of office space and over 7.5 thousand. m2 of additional space for the retail, service and event sections. An attractive project, the completion of which is planned for the fourth quarter of 2023, is also Prague's Bohema, which, in addition to residential space, offers 15,000 sqm. m2 of commercial space.

Warsaw invariably remains the most expensive retail market in Poland. Prime rents for premises with an area of 100 m2 in the best shopping centers oscillate between EUR 100-130/m2/month (for comparison - in Warsaw's high streets, rents start from EUR 20/ m2/month along Aleje Jerozolimskie between the Central Railway Station and Rondo Dmowskiego, reaching as much as 80 90 euro/m2/month in the best locations at Nowy Świat Street). Despite the problems resulting from the lockdown during the Covid-19 pandemic, shopping centers and parks maintain the level of occupancy at only a slightly reduced level. The vacancy rate increased to 4.6%, i.e. by only 1.3 pp. compared to the previous year.

Retail market

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Industrial and logistics market

The capital and its surroundings still remain the largest warehouse region in the country, with resources exceeding 5.6 million m2. The market is divided into three zones: zone I, located in the administrative area of the city, up to 15 km from the city center, mainly in the post-industrial districts of the city, as well as in the vicinity of the airport, zones II and III cover areas from 15 km to 30 km and from 30 km to 60 km from the center of Warsaw.

The Warsaw market records 36 percent. increase in total stock of warehouse space compared to 2019. In 2022, the demand on the Warsaw warehouse market amounted to 790,000 sqm. m2. Lease extensions accounted for 31 percent. gross demand. In its structure, the largest percentage were transactions for companies from the logistics and e-commerce industries. The Warsaw region recorded the highest percentage of purchase and sale transactions on the warehouse market, which is currently the most popular among investors.

The vacancy rate in warehouse space at the end of 2022 was 4.8%. and it is a decrease of about 0.4 pp. compared to the end of 2021

Rents for warehouse space in Warsaw at the end of 2022 amounted to EUR 4.8-5.5/m²/month for Warsaw and EUR 3.00-4.10/m²/month for zones II and III, with tenants being offered a number of incentives and rental holidays.

Infrastructure market

Warsaw is located in the center of Poland, at the junction of the most important European routes (E30, E67 - Via Baltica, E77, E372) and railway (E20, E65, E75 - Rail Baltica). The A2 motorway and the S7, S8 and S17 expressways also provide good access to the city. It also has excellent railway connections with Katowice, Krakow, Gdańsk, as well as to the Belarusian, German and Ukrainian borders. Warsaw is the seat of the airport. F. Chopina (WAW), which is located just 15 minutes by car from the city center and from which you can go in 121 regular directions in 54 countries, and connections are provided by 27 carriers, and 68 charter directions in 21 countries served by 24 carriers (including London-Heathrow, Frankfurt am Main, Chicago-O'Hare, Miami, Paris-Charles de Gaulle, Beijing, Madrid, Amsterdam, Dubai, Hamad). It is the largest airport in Poland. In addition, only 33 km from the center of Warsaw, there is a smaller airport, Warszawa-Modlin (WMI), from which you can fly to 10 European capitals.

Warsaw is a leader in financing public transport in Poland. It spends a larger part of its budget on this purpose than other large Polish cities (Warsaw spends 80% more per person on public transport than the next city in the ranking). It boasts a modern tram and bus fleet, as well as a fast city train, and an excellent connection with neighboring communes, which allows its residents to quickly and comfortably travel to work and schools. As the only city in Poland, Warsaw also has a subway.

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Education market

The number of students in Warsaw is the largest in Poland. There are 68 universities in the capital, including 15 state universities and the only universities in Poland, such as the Academy of Special Education or the Main School of Fire Service.

24% of the total number of students study at universities, and 17% at technical universities. In addition, there are vocational schools in the city with over 2.2 thousand students. people.

The most popular are the University of Warsaw (over 44,000 students), the Warsaw University of Technology (over 37,000 students) and the Warsaw School of Economics.

The total number of students in Mazowieckie in the academic year 2021/2022 was 264.2 thousand. people.

The total number of graduates from all Warsaw universities amounted to 49,000. people.

Almost 30% of foreign students in Poland study in Warsaw. Warsaw universities are considered prestigious not only in Poland but also abroad.

They are valued for their professional scientific staff and broad development prospects. In the Quacquarelli Symonds World University Rankings 2023, the University of Warsaw (the largest in the country) was ranked 283rd in the world (25 places higher than in the previous year) and 1st in the country. among the 1,300 best universities in the world, and according to the US News and World Report global ranking of universities, the University of Warsaw is ranked 2nd in Poland and 345th in the world. In Polish rankings, the University of Warsaw competes only with the Jagiellonian University, with which they alternately occupy the first place.

Warsaw University of Technology, in turn, took third place in the Ranking of Universities published by the educational magazine "Perspektywy" and the same in the QS World University ranking among Polish universities.

Education market

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