



2022

REPORT WARSAW

corees

Commercial Real Estate

FOREWORD

I am pleased to present our Warsaw's market annual report for the year 2021.

In addition to the information on the commercial, office, and industrial and logistics real estate market, we also wanted to present a wider urban context. The report also includes 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, 02.2022



**Marek Ciunowicz, SIOR
CEO at Corees Polska**

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

This is how Corees Polska was created.

A boutique-format agency, which specializes in commercial real estates. We advise, negotiate, and back upon external assistance, considering Polish and European companies, independently from their size or location, in the field of office spaces. Corees Team is a group of people who share those values, who present wide perspectives and ready for taking initiative. Corees Polska is a partner of The Instant Group, belongs to SIOR and ProProgressio.

WARSAW

Warsaw - the capital and also the largest city of Poland, covers an area of 517.2 sqkm. It is located in the Masovian voivodship, in the central-eastern part of Poland. The voivodship ranks first in terms of the amount of regional GDP in the country. Warsaw is administratively divided into 18 districts. The largest district in terms of area is Wawer (79.7 sqkm), and the smallest one is Żoliborz (8.5 sqkm). Built-up and urbanized areas account for over half of the city's area (29,452 ha to be exact). Warsaw is inhabited by 1,794,000 people. However, the estimated number of all inhabitants is approx. one million, because according to calculations, approx. 200,000 people lives here without registering. Additionally, people commuting from nearby towns constitute approx. 500 000. Most people live in the Mokotów district (217,000), the least in Rembertów (24,000). Moreover, 33,000 foreigners live in the capital. The most numerous group of inhabitants are women in the 35-39 age group. There are 90,465 of them (men - 81,000). Interestingly, the second strong group are their fathers and mothers in the range of 60-64 (127,000 in total) and 65-69 (114,000 in total). The current population growth is generated mainly by migration (2.49%), and to a lesser extent by the natural increase (0.084%). According to data from the Central Statistical Office of Poland (GUS), the number of inhabitants of the capital will increase. In 2030, 1,844,000 people will live in the city, and in 2050 (data of the Polish Academy of Sciences), even 2,260,000 people. According to a study of the identity of Warsaw and its inhabitants, conducted by the Capital City Hall in 2017, only 6% of the most recent migration declare a willingness to return to their place of origin.



Labor market

The vast majority of Warsaw residents have no problems with finding a job. The unemployment rate in the capital is only 1.8% and, compared to the corresponding period of the previous year, decreased by 0.1 percentage point (in 2020, compared to 2019, it increased by 4 pp. that was most likely a result of the Covid-19 pandemic). The long-term unemployed, over 50 years old and without professional qualifications, constitute the largest percentage of the unemployed. There is an employee market in the capital - employers have a serious problem with finding people willing to work, as the generally low unemployment rate and high earnings translate into higher financial expectations of highly qualified employees. Varsovians know their value on the labor market and are not afraid to present their requirements to the employer, knowing that they will not have any major problems with finding a job. As many as 75% of Warsaw residents who took part in the Warsaw City Hall survey in November 2018 stated that they could find a job without much trouble. 40% said that when it comes to looking for a job, the situation in Warsaw is much better than in other large cities. The most wanted for work are, among others: analysts, testers and operators of ICT systems, financial and investment advisors, construction engineers, programmers and website administrators, sales managers and sales representatives.

Wages in the capital are growing - currently the average gross salary in Warsaw is as much as PLN 8,058.27 (PLN 910 more than in 2020 and as much as PLN 1,254 more than in 2019), i.e. by over PLN 2,000 more than the national average. In addition to attractive remuneration, employers also offer a number of benefits, most often in the form of social and entertainment packages.

In Warsaw, the steady growth of entrepreneurship is also felt. At the end of 2021, there were 273,265 natural persons running a business, which was an increase compared to the previous year by 4.2%. In addition, in the capital there are over 37,000 companies with foreign capital (the number of which is also increasing) and almost 15,000 foundations and associations.

Labor market



Investment market

Warsaw is also the capital of Poland in economic and financial terms. An excellent location, qualified employees, rapidly growing GDP and high quality of life make Warsaw a leader among business cities in Central and Eastern Europe. Currently, there are almost 500,000 business entities, including multinational corporations and local companies. According to the ranking of the Financial Times fDi's group "European Cities and Regions of the Future" carried out in 2020, Warsaw takes 5th place in the business-friendly city category, ahead of, among others, Berlin, Zurich, Moscow or Oslo. In 2021, it was ranked 20th in the Global Cities of the Future 2021/22 ranking. The knowledge-based services sector is thriving in Warsaw, including business process outsourcing (BPO), shared services (SSC), IT and research and development centers (R&D). At the end of 2021, there were as many as 321 of these centers in the capital, 77.3% of which were owned by foreign entities from 32 countries. There is a systematic increase in employment in these companies - between 2016 and 2021 by as much as 87%. At the same time, 105 new business service centers were established in Warsaw.

Warsaw is also the capital of startups. Every third Polish startup is registered in the Masovian Voivodeship (over 32% of the total number in Poland). According to the Polish Startup 2018 report, in Warsaw most projects operate in the areas of Big Data, Analytics and Fintech.

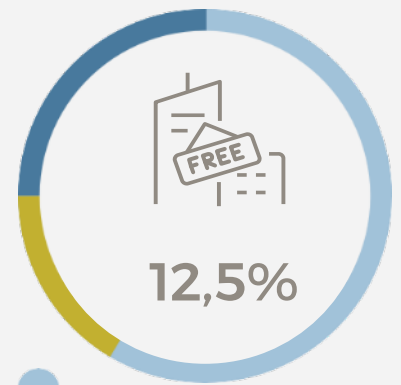
Characteristics of Warsaw's real estate market



Base rent for office space
€ / m² varied from
localisation



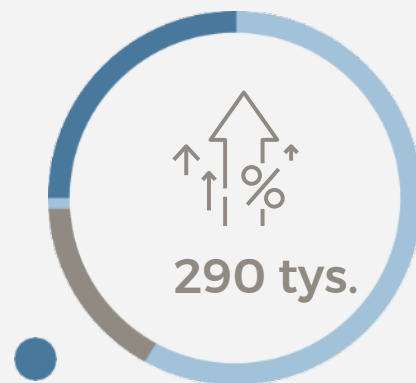
Total office space (m²)



Vacancy rate is 2,9pp
higher vs last year



Delivered office space (m²)



Projects under construction
(m²)



Office market

Warsaw can boast of high quality commercial office space, confirmed by BREEAM and LEED certificates. The Warsaw office market is also distinguished by modern design. At the end of December 2021, the office stock in Warsaw amounted to 6.16 million sqm. In the first three months of 2021, lease agreements were signed for 398,000 sqm, which was a result 10% lower than in the same period of 2020. The largest share in the lease structure was attributed to new lease agreements - 54% and renegotiations of contracts - 41%, and expansions amounted to 5%. The share of pre-let contracts dropped to 10% of the total lease volume. The largest transactions were the renegotiation of a confidential tenant from the energy sector in the Senator office building (20.600 sqm), the renewal of the contract by a confidential tenant from the banking sector in Atrium Garden for 13,900 sqm and the pre-let transaction concluded by the Office of the Capital City of Warsaw in the Widok Towers project (11,300 sqm). The areas in the central part of the capital have been the most popular among tenants for several years. In 2021, 290,000 sqm of office space in thirteen projects, almost 3/4 of the newly commissioned space is concentrated around Rondo Daszyńskiego. The largest delivered projects include Warsaw Unit (56.400 sqm), Skyliner (44,700 sqm) and Generation Park Y (44,200 sqm).

Nearly 290,000 sqm is still under construction. The largest projects under construction include: the tower in the Varso Place office complex (66,300 sqm), the tower in the Forest project (51,700 sqm), and The Bridge (47,000 sqm). At the end of 2021, the vacancy rate stood at 12.5%, down 2.9 pp. higher than the result recorded at the end of 2020. This was due to the increased availability of newly completed facilities after a 3-year supply gap. The asking rents for office space in Warsaw are EUR 19-24.5 / sqm / month in the Central Business District and between EUR 12.5 and 16.5 / sqm / month outside the city center.

Office market



Retail market

Warsaw has approximately 1.7 million sqm of modern retail space, located in 48 shopping malls, is the largest shopping center in Poland, yet the number of modern centers is still growing. Last year, the Norblin Factory was commissioned in Warsaw, with 26,000 sqm of commercial space. Currently, New Fort Wola (closed a few years ago) is under construction with an area of 28 000 sqm GLA and Leroy Merlin (15,000 sqm).

Mixed-use projects, combining commercial, office, entertainment and gastronomic functions, are also growing in popularity in Poland.

Plans to transform three mono-commercial facilities in Warsaw (CH Reduta at Al. Jerozolimskie, which has been systematically modernized since 2018, King Cross at Jubilerska and Targówek at Głębocka) into mixed-used facilities at Atrium. The construction of the Towarowa 22 shopping center is underway. The usable area of this building is to reach 230,000 sqm, the largest part of which is 110 000 sqm is to be a commercial and service area.



Warsaw remains the most expensive market for retail space in Poland. Prime rents for premises with an area of 100 sqm in the best shopping centers oscillate around EUR 100-130 / sqm / month (for comparison - in Warsaw shopping streets, rents start at EUR 20 / sqm / month along Aleje Jerozolimskie between the Central Railway Station and Rondo Dmowskiego, reaching as much as 80 - EUR 90 / sqm / month in the best locations at Nowy Świat Street. The vacancy rate in 52 shopping centers in the Warsaw Agglomeration is only 3.3%.

Compared to other cities, Warsaw still has a low saturation with shopping space. This is mainly due to the incomparably large number of inhabitants. However, the capital is the leader among agglomerations in terms of the total amount of available retail space.

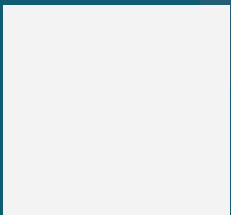
Retail market



Industrial and logistics market

The capital and its surroundings still remain the largest industrial and logistics region in the country, with resources exceeding 5 mln sqm. The market is divided into three zones: zone I, located in the administrative area of the city, up to 15 km from the center, mainly in post-industrial districts of the city, as well as around 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.

In 2021, the demand on the Warsaw industrial and logistics market amounted to 944 000 sqm. In its structure, transactions for logistics and e-commerce companies accounted for the highest percentage. In the Warsaw region, the highest percentage of purchase and sale transactions was recorded on the Industrial and logistics market, which is currently the most popular among investors. The largest transactions include the purchase of Panattoni A2 Warsaw Park by Savills IM (103,700 sqm) and Panattoni Park Warsaw City VII by Crossbay (Greenfield).



At the end of 2021, 520,000 sqm of industrial and logistics spaces were still under construction.

The vacancy rate in industrial and logistics space at the end of 2021 was 5.2%, which is a decrease of approx. 2 pp. compared to the end of 2020

Rents for industrial and logistics space in Warsaw at the end of 2021 ranged from EUR 3.2-5.25 / sqm / month, with tenants being offered a range of incentives and rental holidays.

Industrial and logistics market



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 railways (E20, E65, E75 - Rail Baltica). Good access to the city is also provided by the A2 motorway and the S7, S8 and S17 expressways. It also has excellent railway connections with Katowice, Krakow, Gdansk, as well as with the Belarusian, German and Ukrainian border.

Warsaw is the seat of the F. Chopin Airport (WAW), which is located just 15 minutes by car from the city center and from which you can go in 121 regular destinations in 54 countries, and connections are carried out by 27 carriers and 68 charter destinations in 21 countries operated 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 Warsaw-Modlin airport (WMI), from which you can fly to 10 European capitals.

Warsaw is a leader in financing public transport in Poland. It spends more of its budget on this purpose than other large Polish cities (Warsaw spends 80% more per person in public transport than the next city in the ranking).

It boasts a modern tram and bus fleet and a fast city rail, as well as an excellent connection with neighboring municipalities, which enables its residents to quickly and comfortably travel to work and schools. As the only city in Poland, Warsaw also has an underground.

Infrastructure market



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 2,200 students. 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 Warsaw in 2020 was 225,200 people. The total number of graduates of all Warsaw universities was 49,000 people. Almost 30% of foreign students in Poland study in Warsaw. Warsaw universities are recognized as prestigious not only in Poland but also abroad. They are valued for their professional research staff and broad development prospects. In Quacquarelli Symonds World University Rankings 2022, the University of Warsaw (the largest in the country) took 308th place in the world, 130th in Europe and 1st in the country among the 1,300 best universities in the world.

According to the global US News and World Report ranking of universities, the University of Warsaw is ranked 132 in Europe and 294 in the world. In the ranking of the best universities in the world - Academic Ranking of World Universities (ARWU) - the University of Warsaw was ranked in the group of universities ranked 301-400. This is the highest result among Polish universities (Warsaw University of Technology on positions 521-530). In the rankings of the Polish University of Warsaw, it competes only with the Jagiellonian University, with which they alternate first place. The 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





corees

Commercial Real Estate