





Warsaw

The Capital and the largest city of Poland.

The city is located in the Mazovia Province, in the central-eastern part of the country. The province is ranked as the first one in terms of regional GDP in Poland – it stands for 20% of the overall Polish GDP. Warsaw is administratively divided into 18 districts. The largest district in terms of the area is Wawer (79.7 sq.km) and the smallest is Żoliborz (8.5 sq.km). Built-up and urbanised areas constitute more than a half of the city's area (approx. 29.5 thousand hectares).

Warsaw is inhabited by 1.794 million of people. However, the estimated number of inhabitants is about 2 million, because about 200 thousand of people live here without being registered citizen. In addition, people commuting from nearby towns amount to about 500 thousand. The largest district in terms of population is Mokotów (218 thousand), and the smallest – Rembertów (24.5 thousand). In addition, approx. 38 thousand of expatriates live in the capital city. Women at the age of 35-39 constitute the largest group of residents – more than 90 thousand (as compared to 81 thousand of men). Interestingly, the next largest groups are those of their fathers and mothers aged 60-64 (total 127 thousand) and 65-69 (total 114 thousand). The current population growth is mainly generated by migration (approx. 0.5%), to a lesser extent by the natural increase (approx. 1%).

According to GUS (Statistics Poland), the number of inhabitants of the capital will increase to 1 844 000 in 2030, and to as many as 2 260 000 in 2050 (PAN data). Warsaw benefits from migration of people from neighboring voivodeships, as the process of depopulation within suburban counties got intensified because of global pandemic.

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Labour market



In the previous years, the vast majority of Varsovians did not encounter problems while looking for a job. Along with announcement of global pandemic, the unemployment rate in the capital city increased significantly - December of 2020 was a record-breaking month while considering number of unemployed people – the percentage amount was equal to 1.8%. In this time, there proportion of a new vacancy to potential candidates was 1 to 9. The unemployment rate in Poland, was then 6.2%. Such number started to grow in January 2021 by 0.3% in comparison to the previous month.

An increase in unemployment rate is however a seasonal phenomena, considering periodic vacancies or agreements termination at the end of the year. Additionally, current economic situation does not help potential employees within finding job, especially in industries such as gastronomy or fitness.

Warsaw salaries are growing. Currently, the average gross salary amounts to PLN 6,555.40, which translates into more than PLN 1,000 more than the national average. In addition to attractive salaries, employers offer a range of benefits, most often in the form of social and entertainment packages.

A steady growth in entrepreneurship is also observed in Warsaw. At present, the number of enterprises is 475.3 thousand.

Investment market



Warsaw is the economic and financial capital of Poland. The excellent location, skilled workforce, fast-growing GDP and high quality of life make Warsaw a leader among business cities in the Central and Eastern Europe, with more than 475 thousand of businesses, including multinational corporations and local firms. According to the fDi's European Cities and Regions of the Future ranking conducted in 2020, Warsaw ranked sixth in the category of business-friendly cities. Warsaw was mentioned in LaSalle European Regional Economic Growth Index 2018 ranking as the city with the largest improvements made (promotion from 17th to 9th position), considering GDP and employment rate growth.

The sector of knowledge-based services, including Business Process Outsourcing Centres (BPOS), Shared Services (SSC), IT and Research and Development (R&D), is developing well in Warsaw. In 2020, the capital city housed as many as 280 of such centres, out of which 85% were owned by foreign entities. The employment in these companies is systematically growing – as for now, the sector created more than 64 thousand vacancies.

Warsaw is also the capital of start-ups. It ranks as the 5th biggest player among the new technology innovation hubs in Europe, 2nd among European cities and 25th among world cities in the Bloomberg Innovation 2020 global ranking. According to the Warsaw –the *Warszawa – miasto startupów* (Warsaw – the city of startups) report, every third Polish startup comes into existence in Warsaw, whereas every fourth one operates within analytical, fintech or marketing technology.

Office space market



The year of 2020 was definitely a significant one, when it comes to dynamics of the office market everywhere. Many Tenants were forced to face short- and long-term decisions, considering leasing of office spaces, preceded by the choice of a work model, valid in the whole company. In most of firms, these issues still has to be resolved.

As we are now, in the beginning of 2021 we may observe changes which shall be noticeable in the long-term perspective, meaning safety rules introduced within buildings, changes within work model to a remote or hybrid one.

In 2020, the level of office supply increased by 5.5%, which translated to additional 314 thousand sqm of office space. In 2021, the forecasted growth of supply shall amount in 7.9% in case of delivering office spaces within planned timeframes. Therefore – demand for office spaces slowed down a bit, however it is still solid.

In 2020, the overall activity of Tenants concerned 608 thousand sqm, which is 30% less than in a previous year. Renegotiations (37%), pre-let agreements (22%) and expansions (7%) were mostly chosen by Tenants.

Since March 2020 until December the same year, there was an increase of subleases by 109%, in order to decrease leasing costs. Nevertheless, only 2.5% of overall demand have been subleased, which directly contributes to growth of vacant areas by 100 thousand sqm in a year. This fact puts pressure on Landlords, to improve leasing conditions within a building, in particular on base rents and operating costs. Base rents of office spaces in Warsaw vary between 20.5 EUR/sqm to 25 EUR/sqm for A class buildings in CBD area, while beyond that district, rents vary from 11 to 16 EUR/sqm.

Retail market



The results of COVID-19 epidemic appeared to be very severe for commercial market, especially for large-area facilities. After forced periods of lockdown, decrease of income of shopping malls, shopping parks, and outlets amounted in 30-35% in comparison to 2019.

Tenants of business premises became beneficiaries of *Tarcza 2.0* protection programme, within which the rent for lockdown period was set to zero. However, owners of commercial facilities did not obtain support of *Tarcza 4.0* directed to large companies.

Warsaw is the biggest commercial market in Poland. In 2020, there were existing 52 shopping centers with the overall area of 1.7 million sqm.

The vacancy rate of commercial facilities in the capital city amounts in 4%, which confirms stable level of such.

The value of base rents remains stable as well – typical prime rents for 100 sqm units in the best shopping centres are EUR 120-130/sqm/month (while high street rents in Warsaw range from EUR 20/sqm/month on Aleje Jerozolimskich between the Central Station and Rondo Dmowskiego to as much as EUR 80-90/sqm/month in the best locations on Nowy Świat Street.

In comparison to other cities, the saturation of retail space in Warsaw is still low, which is mainly due to the incomparably large number of inhabitants.

Industrial & Logistic market



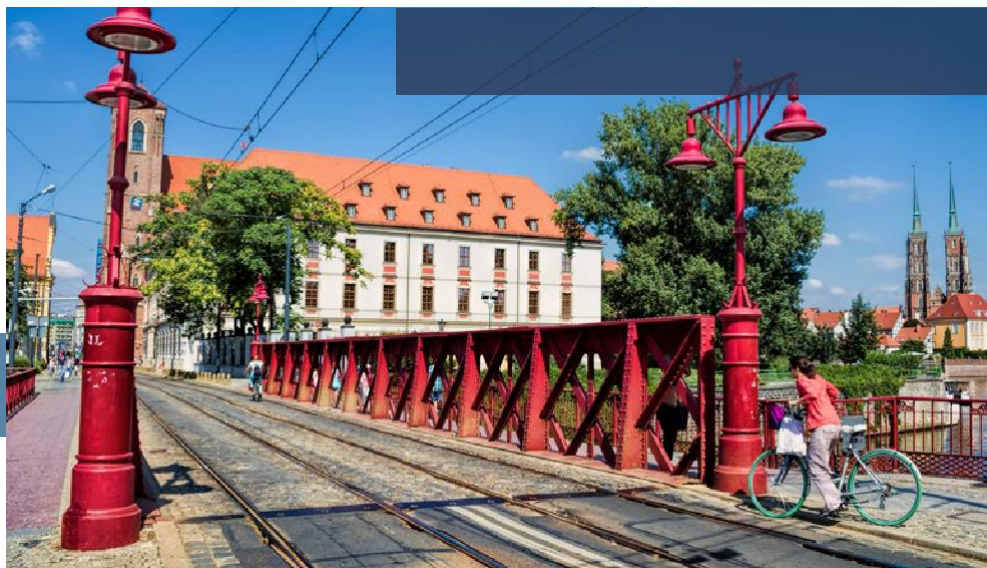
Industrial market in Poland became the greatest beneficiary of investors in 2020, and at the same time it overcame office and commercial markets by its volume. The market kept on maintaining growing tendency within recent years, and the outbreak of an epidemic directly contributed to such results. In 2020, there have been achieved a record-breaking value of industrial facilities, amounting in EUR 2.7 billion. This sum was higher by 81% than in the previous year, and simultaneously 48% higher than the year before (2018) – when the previous record was registered. The greatest transaction which took a significant part of the overall market increase, was an acquisition of Goodman Group' portfolio in Central and Eastern Europe by GLP company, valued at EUR 1 billion. Warsaw and its surrounding areas are perpetually the most important industrial region in Poland, with the resources exceeding 4.4 million sqm, which in the last four quarters increased by 561.5 thousand sqm.

The biggest transactions which arose near Warsaw, and in the same time, the biggest ones in the country, were A2 Warsaw Park – the logistic park of Panattoni, located near A2 highway, which amounts on 103.7 thousand sqm. ; as well as P3 Mszczonów – a distribution complex at size of 75.8 thousand sqm, located in the Southern-West of Warsaw.

In 2020, the gross demand for industrial market in Warsaw achieved 1.2 milion sqm. At the same time, there have been registered the greatest vacancy rate in Poland, which in practice was 5 million sqm.

In the end of the year of 2020, in the capital city of Poland, the nominal rental rates increased a bit. However, effective rents have noted small decreases – their range is EUR 3.30 to EUR 4.60.

Infrastructure market



Warsaw is located in the centre of Poland, at the junction of the most important European routes (E30, E67-Via Baltica, E77, E372) and rail lines (E20, E65, E75-Rail Baltica). The access to the city is also provided by the A2 motorway and the expressways S7, S8 and S17. Warsaw has excellent train connections to Katowice, Cracow, Wroclaw and Gdansk, as well as to the borders with Belarus, Germany and Ukraine.

Warsaw is served by Fryderyk Chopin Airport (WAW) located just 15 minutes by car from the city centre, offering regular flights to 130 regular destinations in more than 50 countries. It is the largest airport in Poland. Warsaw is additionally served by a smaller Warsaw-Modlin Airport (WMI) located 33 km from the centre and offering flights to 10 European capitals. In 2020, the number of served passengers amounted to 5.4 million altogether, which exposes 70% decrease in comparison to the previous year. Closing the borders and introducing flight ban made the previous year the most complicated period in the post war history of civil aviation.

Warsaw is a leader in the financing of public transport in Poland. It spends a larger percentage of its budget for this purpose than other large Polish cities (about 80% more per one passenger in public transport than the next city in the ranking). It boasts modern trams, buses and urban railway rolling stock. Moreover, it has excellent connections with the neighbouring municipalities, allowing their residents to travel quickly and comfortably to work and schools. As the only city in Poland, Warsaw also has an underground train system (with 2 metro lines).

Educational market



The number of students in Warsaw is the greatest one in Poland. There are 77 universities in the capital of Poland, including 20 state universities and several specialising in specific fields, such as the Maria Grzegorzewska University and the Fire Fighter College. The total number of students in Warsaw exceeds 250 thousand. The University of Warsaw (more than 40.5 thousand of students), Warsaw University of Technology (approx. 25 thousand of students) and SGH Warsaw School of Economics (approx. 11 thousand of students) are the most popular ones. In addition, there are 172 vocational schools in Warsaw.

In the academic year of 2019/2020 there were almost 30% of foreign students studying in Warsaw. Considering the global pandemic period, it is definitely more difficult for universities to encourage students to study abroad. Nonetheless, Warsaw universities are considered prestigious both in Poland and abroad. They are valued for their professional scientific staff and excellent development opportunities.

Within Polish rankings of universities, the University of Warsaw competes only with Jagiellonian University in Krakow. In the ranking of the best universities in the world – the Academic Ranking of World Universities (ARWU) – the University of Warsaw was ranked in a group of universities classified in the rank range 401-500. A year before, it was classified between the range of 301 – 400, which was the highest score among Polish universities. Report of „Nature” summed up scientific achievements of research centers from the last four years, on the basis of WFC indicator (weighted fractional count), which refer to publications from 68 prestigious natural sciences magazines. In the global ranking, the University of Warsaw was 96th best university, and within the Eastern and Southern Europe ranking it took the third place. What is more, according to the global rank of universities by US News and World Report 2019, the University of Warsaw is 132nd in Europe and 294th in the world.



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