

MARKET FUNDAMENTALS

	YoY change	12-month forecast
10.5% Warsaw Vacancy Rate	▼	▼
€22-27 Prime Headline Rents	▲	▲
5.75% Prime Office Yields in Warsaw	►	►

Source: Cushman & Wakefield

ECONOMIC INDICATORS

	YoY change	12-month forecast
1,118,400 Warsaw Employment	▼	►
1.4% Warsaw Unemployment Rate	►	►
5,4% Poland Unemployment Rate	►	►

Source: Statistics Poland (GUS),
February 2025

SUPPLY: CONSTRUCTION ACTIVITY REMAINS LIMITED AND
FOCUSED ON PRIME LOCATIONS

In the first quarter of 2025, Warsaw’s total office stock stood at nearly 6.3 million sqm. According to Cushman & Wakefield, the city’s office market is expected to expand by approximately 135,000 sqm this year across five office projects located in central zones.

With new projects being developed mostly in the city centre, tenants remaining cautious about relocation and elevated development and financing costs, the stagnation in office construction is likely to persist in the coming years.

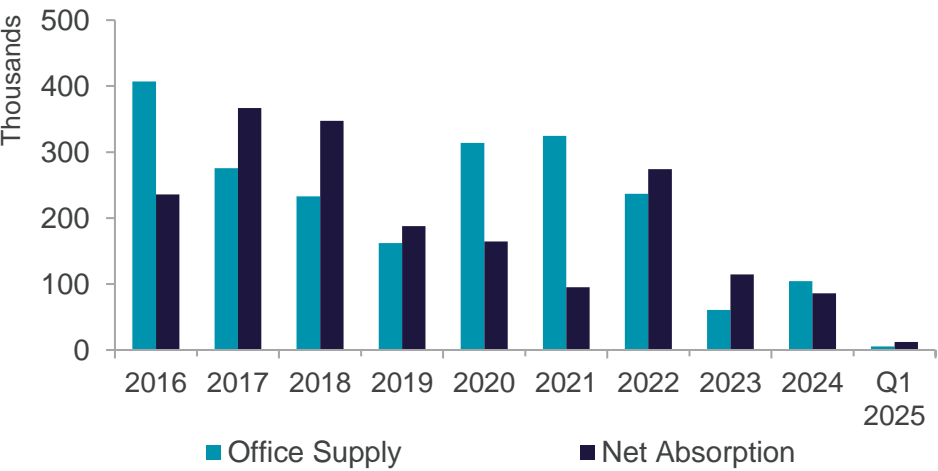
VACANCY RATE: OFFICE AVAILABILITY CONTINUES ITS
DOWNWARD TREND

At the end of March 2025, Warsaw’s overall vacancy rate stood at 10.5%, down by 0.5 pp year-on-year and by 0.1 pp from the previous quarter. This equated to 657,700 sqm of unoccupied office space, marking a decrease of approximately 6,500 sqm compared with the fourth quarter of 2024.

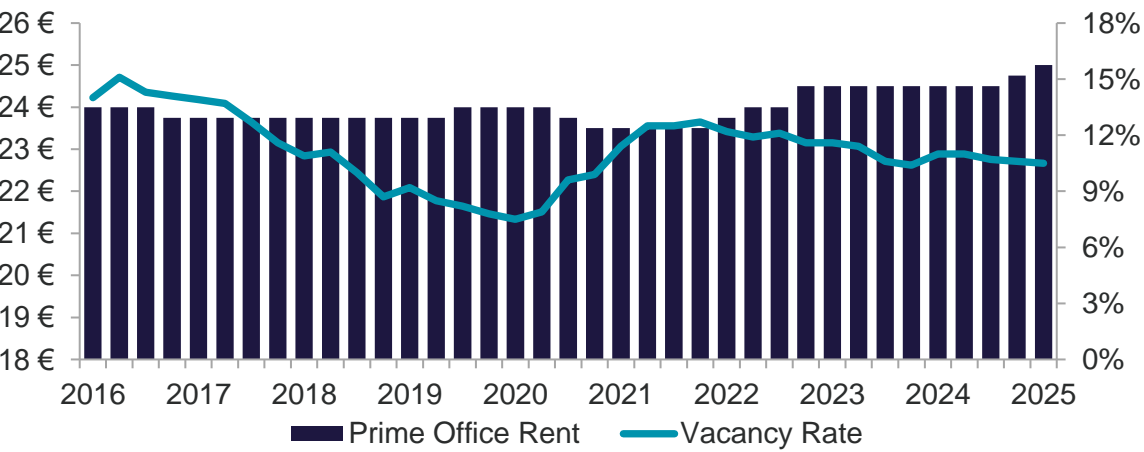
With new office supply expected to remain constrained in 2025-2027, Warsaw’s vacancy rate is likely to continue its downward trend, enabling the market to absorb surplus office space from existing stock. Vacancy rates also vary by location. At the end of March 2025, non-central locations reported a vacancy rate of 13.0% - slightly above the levels seen in 2021-2023. It was also well above the city centre’s vacancy rate of 7.4%, which continues its downward trajectory from a peak of 13.8% in 2021.

The projected ongoing decline in office availability in Warsaw’s central locations is expected to drive rental growth in the city centre. This trend, coupled with subdued construction activity, is likely to support the refurbishment of older office buildings as landlords look to improve their competitiveness in retaining tenants and attracting new occupiers.

OFFICE SUPPLY AND ABSORPTION



VACANCY RATE AND RENTS



TAKE-UP: STRONG START TO THE YEAR

Total leasing activity in the first quarter of 2025 hit 160,450 sqm, which – despite being relatively moderate – represents a year-on-year increase of approximately 16%.

Office take-up in the three months to March 2025 was dominated by new leases, accounting for 49% of all transactions, followed by renewals at a relatively low 25%. Owner-occupier deals and expansions contributed 17% and 9% respectively.

The largest transactions in the first quarter of 2025 were owner-occupier deals. Other notable lettings included Elanco's 4,400 sqm lease renewal at The Warsaw Hub B, DLA Piper's renewal of its 3,850 sqm lease at Atrium 2, and Maersk's pre-let of 3,750 sqm at the Office House.

From our observations, office demand in Warsaw is being driven by the rapid expansion of shared service centres, with significant growth potential coming from the IT, banking, and pharmaceutical sectors.

Leasing activity on the Warsaw office market is expected to remain steady over the coming quarters, staying in line with the levels seen in 2023-2024. It is, however, likely to be influenced by broader economic sentiment and the cost-cutting or expansion strategies of multinational companies.

RENTS: RENTAL RATES CONTINUE TO RISE PRIMARILY IN THE CITY CENTRE, WITH SLIGHT GAINS IN NON-CENTRAL LOCATIONS

In March 2025, prime office rents in Warsaw stood at EUR 24.00-27.00/sqm/month in the Centre and at EUR 15.00-18.50/sqm/month in non-central locations. Rental growth was strongest for new office completions in the Centre. By contrast, office rents in existing buildings with high occupancy levels – in both central and non-central locations – rose largely in line with inflation through the indexation of asking rents.

According to Cushman & Wakefield, upward pressure on rents is expected to continue in the coming quarters, particularly for projects under construction and prime office buildings in the Centre. Meanwhile, elevated vacancy rates and stronger competition are likely to keep rental rates relatively stable in most non-central office buildings.

MARKET STATISTICS

Zone	Total Office Stock	Availability	Vacancy Rate	Gross Take-Up	Construction Completions	Under Construction
Central Business District	1,010,200	80,500	8.0%	52,200		35,900
Centre	1,832,600	130,100	7.1%	48,800		128,400
East	291,100	22,100	7.6%	10,800	5,600	
Jerozolimskie Corridor	768,000	92,600	12.1%	8,400		
Mokotów	1,453,400	241,500	16.6%	29,600		
North	126,400	6,600	5.2%	2,500		
Puławska	203,900	13,100	6.4%	1,300		
Ursynów, Wilanów	123,100	8,500	6.9%	1,000		
West	209,100	19,500	9.3%	3,600		15,000
Żwirki i Wigury	259,600	43,200	16.6%	2,300		
Warsaw totals	6,277,400	657,700	10.5%	160,500	5,600	179,300

All space data in square metres

KEY LEASE TRANSACTIONS, Q1 2025

Property	Zone	Tenant	Lease type	Sqm
Warsaw Hub B	Centre	Elanco Polska	Renewal	4,450
Atrium 2	CBD	DLA Piper	Renewal	3,850
Office House	Centre	Maersk	Pre-let	3,750

KEY INVESTMENT TRANSACTIONS, Q1 2025

Property	Zone	Seller	Buyer	Sqm
Bitwy Warszawskiej BC	Jerozolimskie Corridor	CA Immo	PZPN	20,100
Wronia 31	Centre	LaSalle IM	Uniqa Real Estate	16,600

KEY OFFICE COMPLETIONS, Q1 2025

Property	Zone	Major tenants	Developer/Investor	Sqm
CD Project Office	East	CD Project	CD Project	5,600

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