Walter Herz

OFFICE MARKET ANALYSIS

Q1 2013

WARSAW

Market Relevance

Warsaw, as the Polish Business Centre, observes continuous development activity. In the Q1 2013 76 000 sq m of new office space was delivered, increasing total office supply to 3,94 mln sq m, which by the end of 2013 is expected to rise by additional 240 000 sq m.

General Overview

Demand for office space in Warsaw constantly grows in connection with a number of aspects positively impacting the overall condition of the market, resulting in stable increase of supply.

Rents

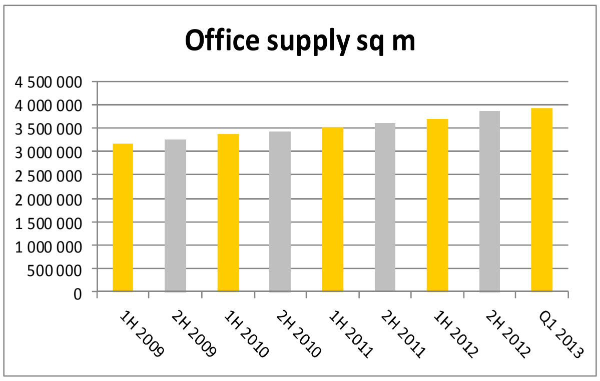
In the Q1 2013 average asking rents in Central Business District remained stable and amounted to 22 - 26 EUR /sq m per month. The average basic rent in non central locations oscillated around 14 to 16 EUR/sq m per month.

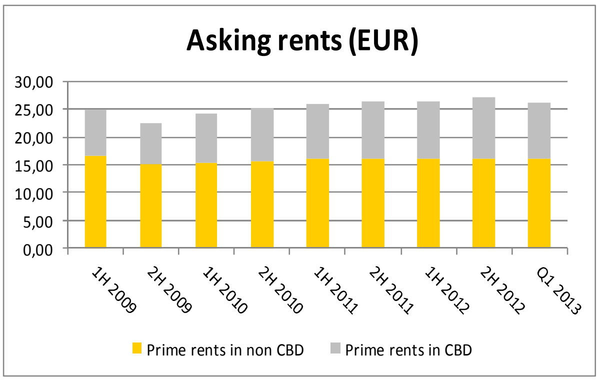
Vacancy & Availability

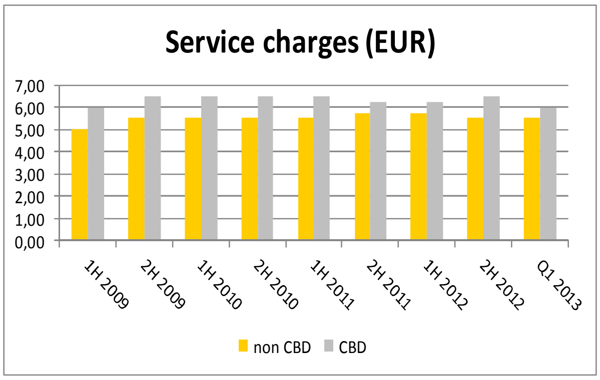
- Vacancy rate in Q1 2013 increased by 1 pp compared to 2H 2012 and reached the level of 9,9%,
- Because of high volume of new supply, the vacancy rate in Warsaw continues upward trend

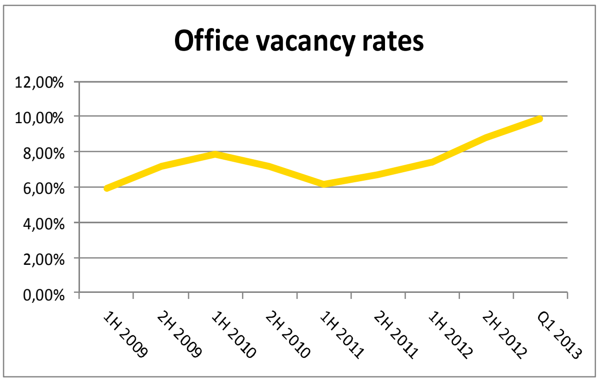
2013 Trends

Supply	
Demand	
Rents	
Vacancy rate	









Source: Walter Herz Research

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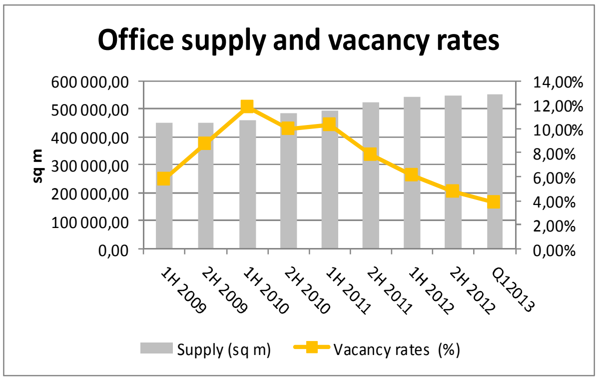
KRAKOW

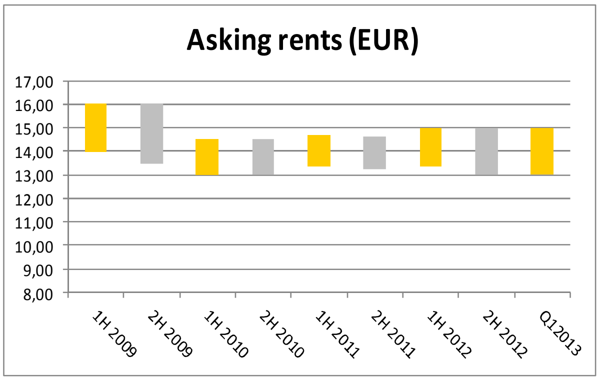
General Overview

Total modern office space at level of 550 000 sq m ranks Krakow on second place after Warsaw in terms of office stock, as a result of active investments in the period between 2008 and 2010. Currently development activity restarts after 2 years of stagnation, however by the end of 2013 only 23 000 sq m will enter the market. In consequence to decline of supply of new office space, the vacancy rate dropped to 3,9%.

Rents

Asking rates for modern office space achieved level of 13-15 EUR/ sq m per month, which compared to other regional cities is relatively high.





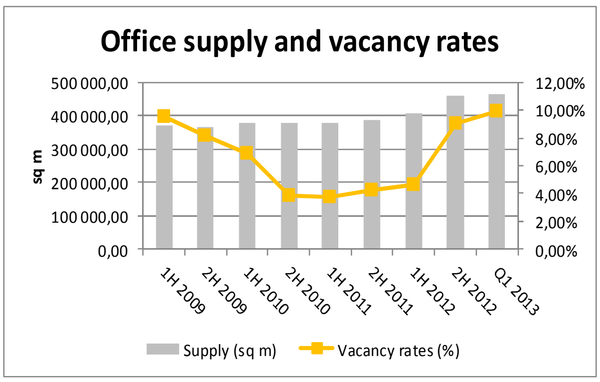
WROCLAW

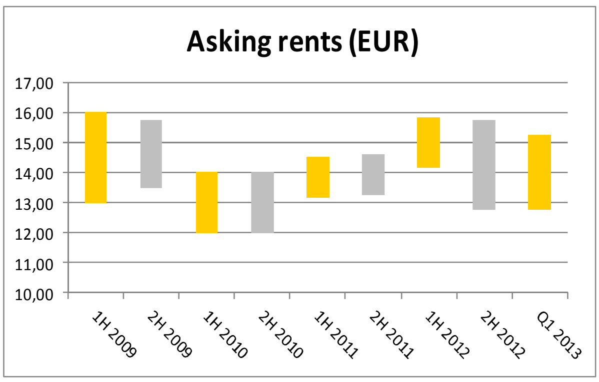
General Overview

Wroclaw is one of the most dynamically growing regional city in terms of investment activity and offices under construction. This is connected to rising interest from BPO/SSC sector willing to locate their business in the city. Total office supply in Q1 2013 amounted to 463 000 sq m. Increase of office space results in higher vacancy rate which achieved the level of 10 %.

Rents

Rents in Wroclaw vary between 12,5-15,5 EUR/ sq m per month.





Source: Walter Herz Research

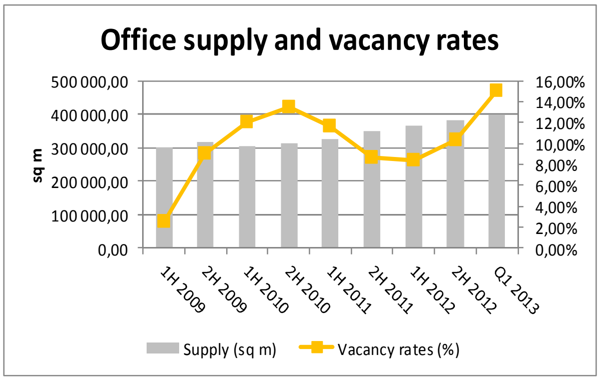
TROJMIASTO

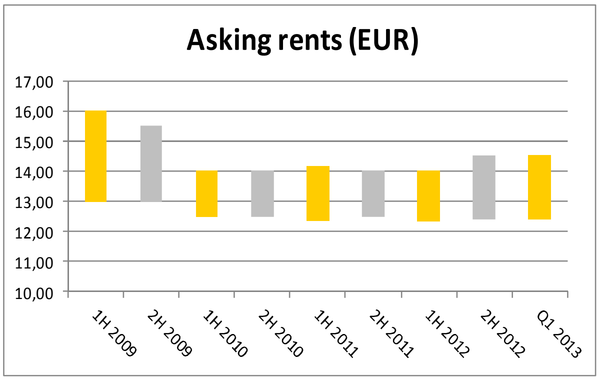
General Overview

Growing office supply, infrastructure development and qualified employees are main factors that lure investors to the city, mainly from BPO/SSC sector. New investments increased total office space to level of 400 000 sq m in Q1 2013, as well as vacancy rate to 15%, continuing its rising trend.

Rents

The average rented rates in Q1 2013 remained relatively stable at the level of 12,5-14,5 EUR/sq m per month.





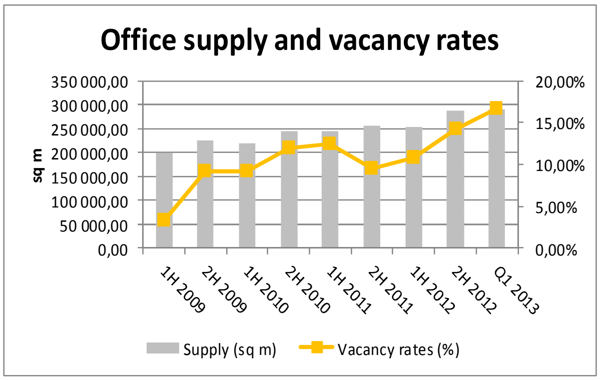
POZNAN

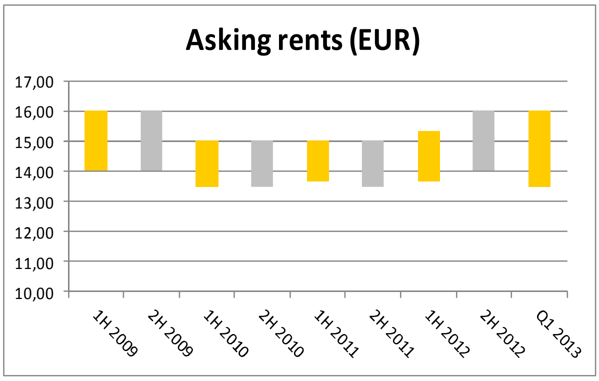
General Overview

Total supply of office space in Q1 2013 remained at approximately 290 000 sq m. Vacancy rate in Poznan proceeds to rise and reached the level of 16%. New „green" investment Business Garden will increase stock of modern office space by 41 000 sq m along with attractiveness of the city. First phased of the investment is planned to be introduced to the market in 2015.

Rents

Rents in Poznan for office space oscillated between 13,5-16 EUR/ sq m per month.





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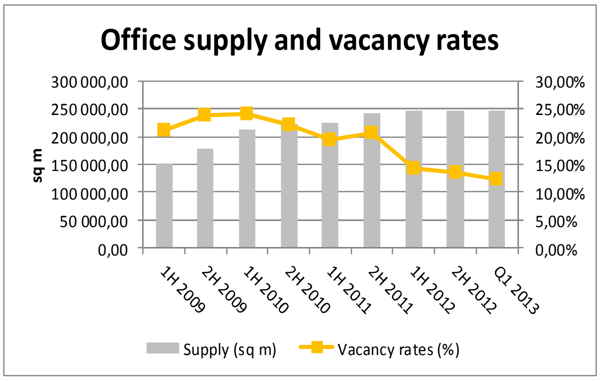
LODZ

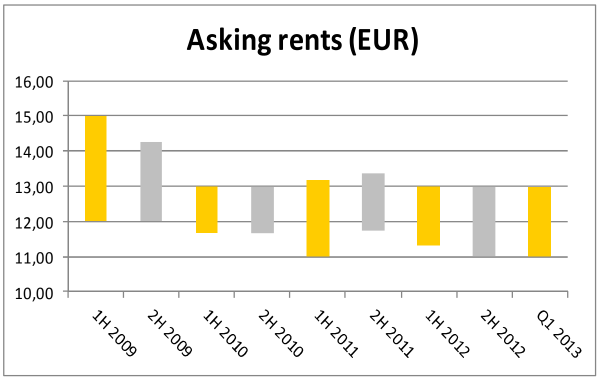
General Overview

Thanks to its excellent central location on the map of Poland Lodz provides easy access to all Polish and European business centres and attracts many investors mainly from BPO/ SSC sector. In Q1 2013 total office stock was estimated at the level of 250 000 sq m. A lack of new office supply plus absorption of the available space led to a decline in the vacancy rate to 12%.

Rents

Lodz is the regional city with lowest asking rents. In Q1 2013 rents remained stable and oscillated between 11 - 13 EUR/ sq m per month.





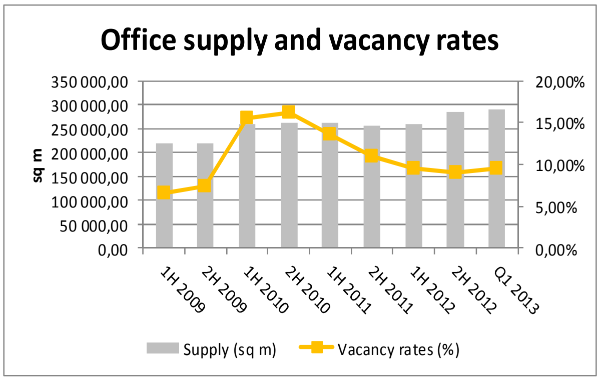
KATOWICE

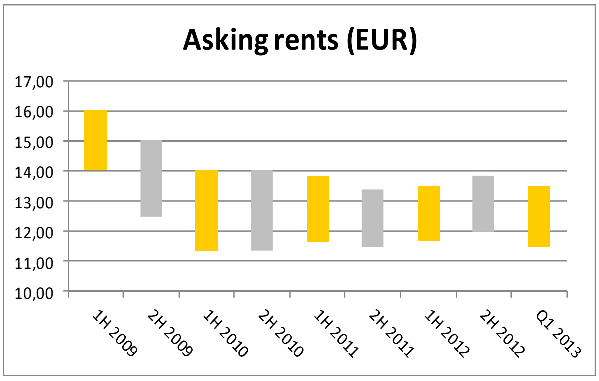
General Overview

Katowice is the main business hub in Silesia voivodeship. The office market in the city is becoming more interesting for international companies, as evidenced by new projects that will be completed in 2013-2014. In Q1 3013 the city offered 290 000 sq m of modern office space and the vacancy rate reached the level of 9.5%.

Rents

Monthly asking rents for office space in the city were in the range of 11,5 to 13 EUR/sq m per month.





Source: Walter Herz Research

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