Walter Herz

OFFICE MARKET ANALYSIS

3Q 2013

WARSAW

Market Relevance

In the first three quarters of year 2013 more than 246 000 sq m of modern office space was delivered to the market, amounting to total supply of more than 4.07 million square meters. By the end of 2013, new supply is expected to rise to 300 000 sq m, recording the highest new supply level of the last few years.

General Overview

The upward trend in the supply of modern office is expected to be maintained in 2014. Next year is expected to provide a similar level of new office supply, of which about 30 % have already been leased.

Rents

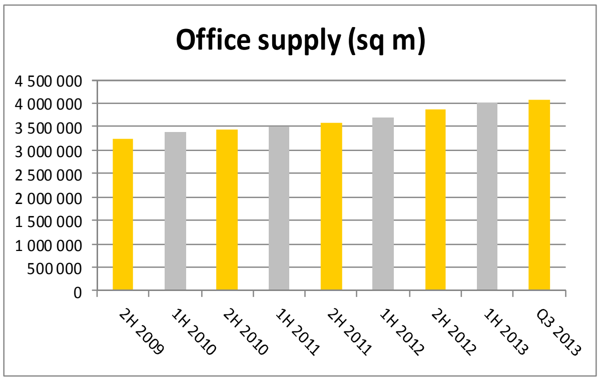
In the third quarter rents ranged between 21-25 EUR / sq m in the CBD and 13-16 EUR / sq m per month outside the city centre. Rent levels remain unchanged throughout 2013, however, the dynamic increase in supply may result in downward pressure in the future, both in the Central Business District and outside.

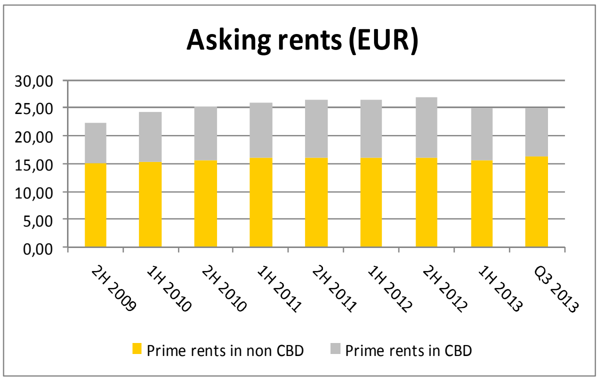
Vacancy & Availability

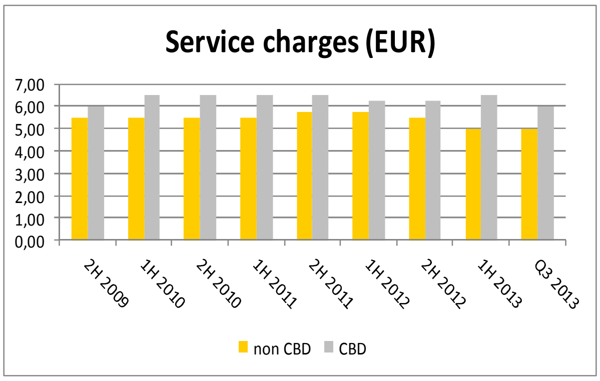
At the end of the third quarter of 2013, the vacancy rate increased slightly to 10.9%. This increase is caused by the continuous new development investments in Warsaw.

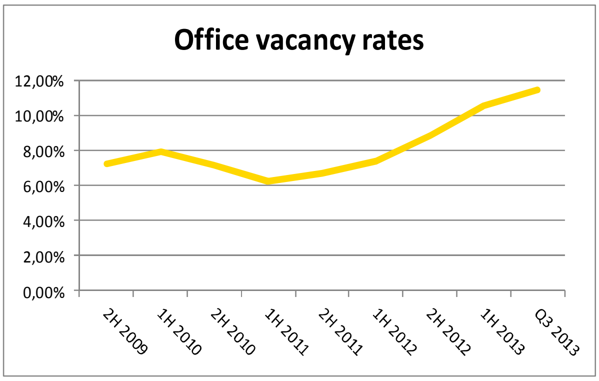
Trends 2014

Supply
Demand
Rents
Vacancy rate









Source: Walter Herz Research

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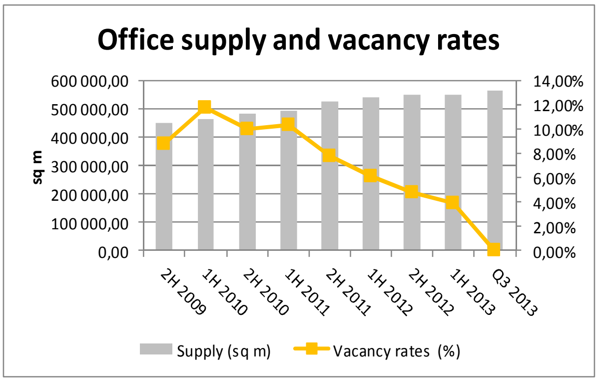
KRAKOW

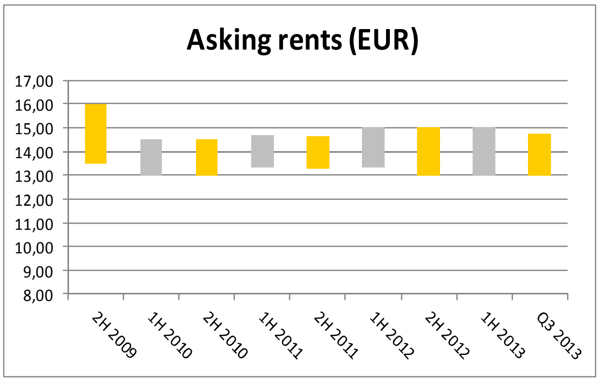
General Overview

The supply of modern office space after few periods of lack of new investments increased to 562 000 sq m thanks to completion of Quattro Business Park III providing 12 200 sq m of new office space. Completion of the project resulted in a slight increase in the vacancy rate in the third quarter of 2013 to 3.6%.

Rents

Asking rents have oscillated for several quarters in the range of 13 to 15 EUR / sq m per month.





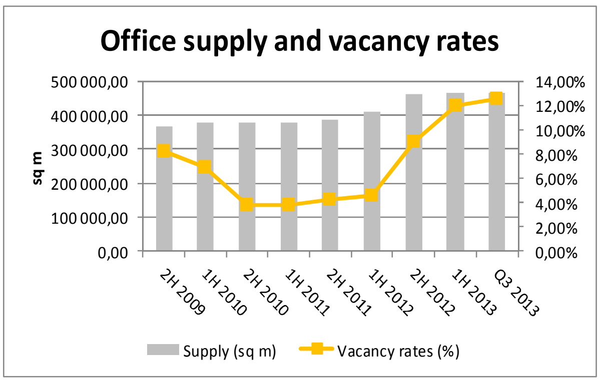
WROCLAW

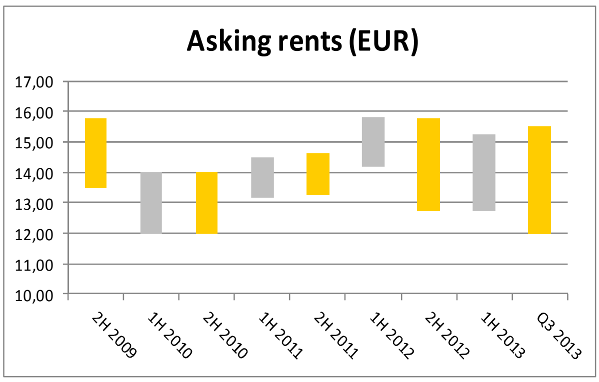
General Overview

Wroclaw being an interesting market for BPO / SSC sector continuously grows in terms of available office space, which at the end of the third quarter of 2013 has amounted to 475 000 sq m. During this period, the largest completed investment was West House 1B with 6 000 sq m of office space for rent. New investments slightly increased the vacancy rate, which raised to 12.5%.

Rents

Rental rates varied at 12-15,5 EUR / sq m per month.





Source: Walter Herz Research

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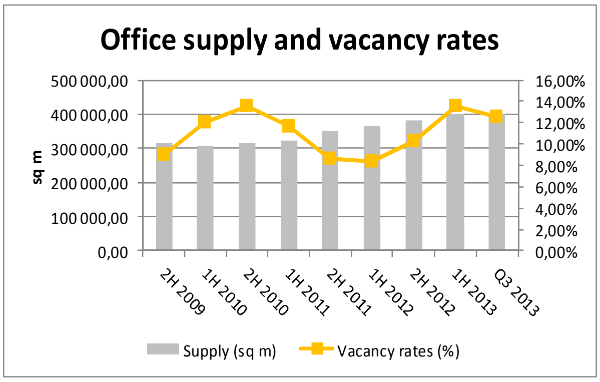
TROJMIASTO

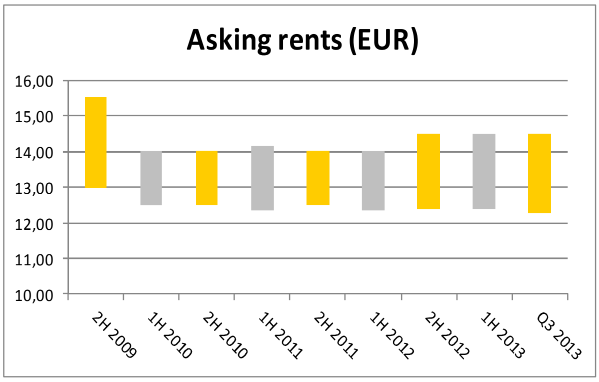
General Overview

The Tricity region has completed another business park. The first two buildings of the complex Euro Office Park in Gdansk have been opened in the third quarter of 2013 delivering approximately 10 000 sq m of modern office space. After completing the entire project in January 2014, it will provide an additional 9 000 sq m. At the end of the third quarter total supply of modern office space amounted to 412 000 sq m, and the vacancy rate fell by one percentage point to 12.5%.

Rents

The average asking rents remained stable at 12,5-14,5 EUR / sq m per month.





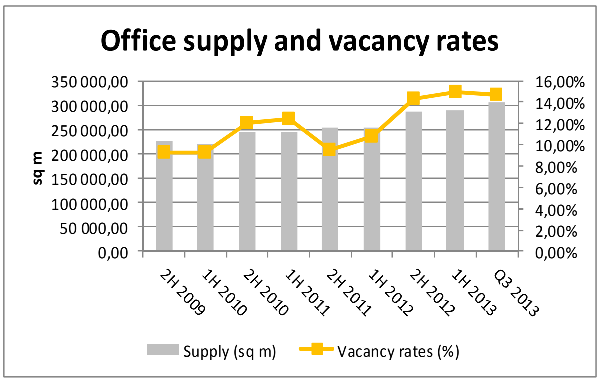
POZNAN

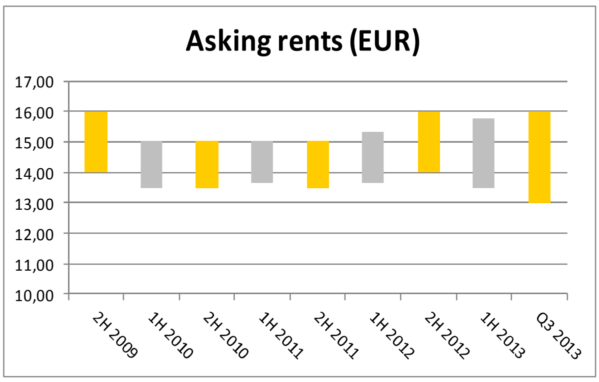
General Overview

In the third quarter of 2013 the supply of modern office space in Poznan increased to 305 600 sq m due to the completion of the first green office building - Malta House with rentable area of 14 700 sq m. The building meets all the standards required by the LEED system. The vacancy rate in Poznan decreased slightly to 14.7%.

Rents

Average rental rates varied steady between 13,5-16 EUR / sq m per month.





Source: Walter Herz Research

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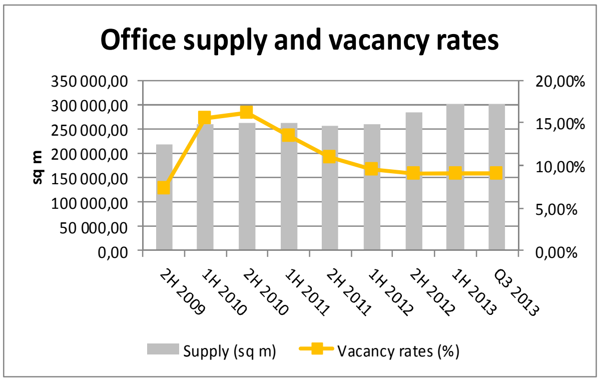
LODZ

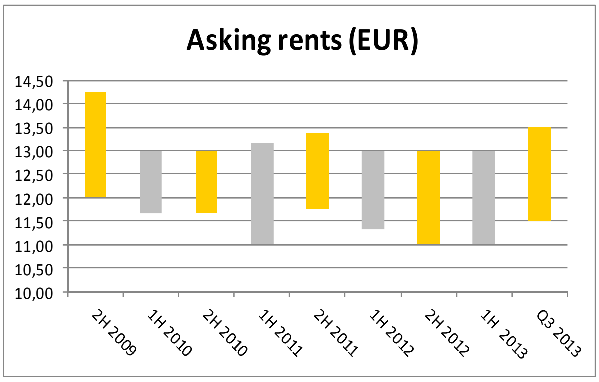
General Overview

Supply of modern office space in Lodz increased to 268 900 sq m with the opening of the business centre MediaHub offering almost 4 000 sq m of new space. This unique project in the neighbourhood of DoubleTree hotel by Hilton Hotel Lodz with a cinema, swimming pool and spa provides a high standard for companies from the BPO/SSC sector. In Lodz, the vacancy rate remains high at 17.4%.

Rents

Average rents in the city oscillate in the range between 11,5-13,5 EUR / sq m per month.





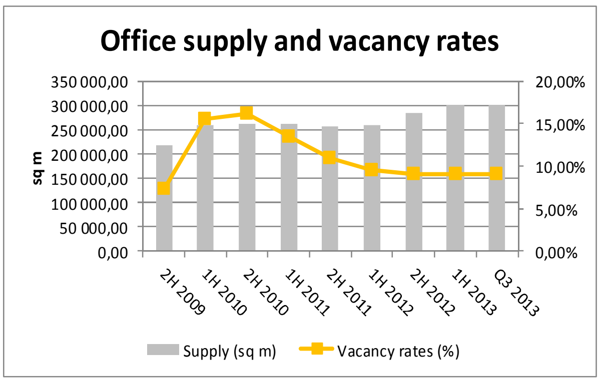
KATOWICE

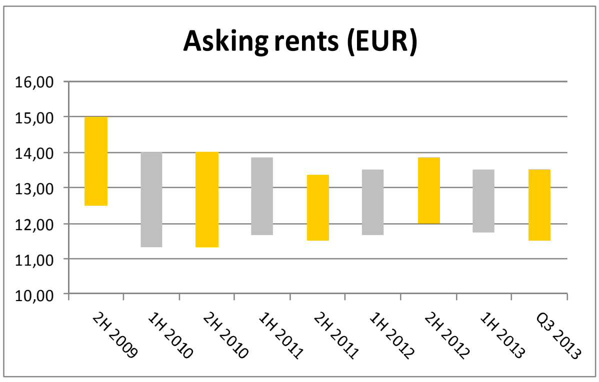
General Overview

In the third quarter of 2013 the supply of modern office space in Katowice reached 300 000 sq m. The city is a major business centre in the Silesia voivodeship and nowadays a lot of new development investments are arising. It is very attractive for companies from the BPO / SSC sector as evidenced by the signing of a pre-let agreement by IBM. The vacancy rate remains unchanged at 9% for three quarters of 2013.

Rents

Katowice offers competitive rental rates in comparison with other regional cities which fluctuate between 11.5 -13.5 EUR / sq m per month.





Source: Walter Herz Research

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