

Vacancy rate up despite high levels of occupier activity

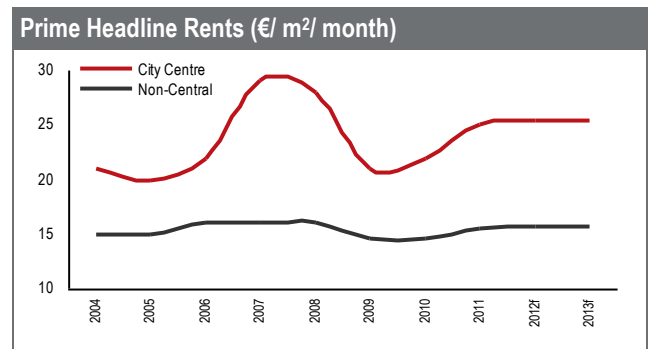
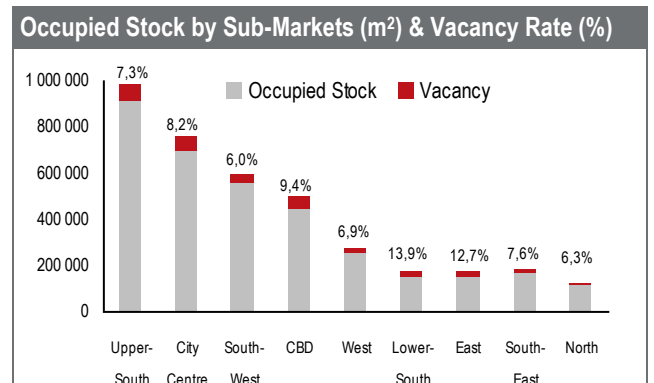
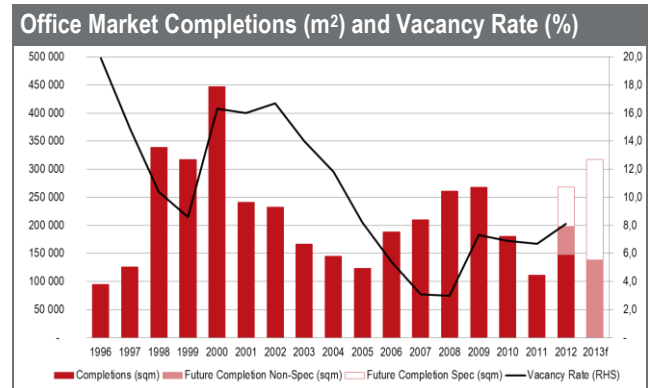
Occupiers' sentiment in Warsaw remains strong with more than 157,600 m² (123,250 m² net) leased in Q3 2012 and a total of 455,300 m² so far this year. That is 15,000 m² more than in the corresponding period of the record-breaking 2011. It is also worth noting that 41% (64,500 m²) of the entire registered take-up in Q3 constituted of pre-lets, while lease renewals had only a 22% share. The largest pre-lets in Q3 included a 12,600 m² deal by Poczta Polska in Domaniewska 37c (Mokotów), GDDKiA taking 11,700 m² in Green Corner (City Centre) developed by Skanska and Dalkia taking 5,900 m² in Plac Unii (Mokotów). Q3 2012 saw also some lease renewals, including Generali (7,700 m²) in Marynarska Point (Mokotów).

More than 148,100 m² of office space was delivered in the first three quarters of 2012, with 56,100 m² of that space coming in Q3 2012. The South-East office district saw two new office completions within Wilanów Office Park, including a building delivered for Asseco and the B3 office block, both totalling approximately 29,500 m². The City Centre saw one new completion: Senator (23,250 m²) developed by Ghelamco. It is estimated that Q4 2012 will see up to some 120,000 m² of new deliveries, of which 41% is pre-leased. However, some developments may be rescheduled for January 2013. The entire 2013 will register very high volume of new office completions with more than 300,000 m² expected to be delivered to the market. This substantial amount of new office space will have an impact on the vacancy rate.

At the end of Q3 2012, approximately 8.1% of the modern office stock in Warsaw remained vacant (9.4% in the CBD, 8.2% in the City Centre Fringe and 7.8% in Non-Central locations). The vacancy rate is in an upward trend and due to the large volume of office space in the pipeline, the market is expected to see further upward pressure on this ratio in Q4 2012 and especially in 2013. High pre-let activity does not have an immediate impact on the absorption of the office space; however, it may soften the increase of the vacancy rate within the next several months.

Prime headline rents in Warsaw remained stable when compared to the end of 2011. Prime office space in Warsaw City Centre now fetches between € 22 and € 25 / m² / month. Some triple A buildings quote higher rents. The best Non-Central locations, such as prime buildings in Mokotów, are being leased at € 15.00 to € 15.50 / m² / month.










Summary Statistics	Q3 2012	Q-o-Q change	Y-o-Y change	12 Month Outlook
Gross Take-up (m ²)	157,600	- 15,200	38,700	→
Vacancy (m ²)	303,400	30,500	65,000	↑
Vacancy Rate (%)	8.1	0.7 b.p.	1.4 b.p.	↑
Completions (m ²)	56,000	12,000	- 3,900	↑
Prime Rent (€ / m ² / month)	22-25	0%	0%	→
Prime Yield (%)	6.25	0 b.p.	0 b.p.	→



Source all charts: Jones Lang LaSalle, WRF

Office Market Profile Poland Q3 2012

Increased take-up volumes and high levels of construction activity in the major office markets in Poland

	Warsaw	Kraków	Wrocław	Tri-City	Katowice	Poznań	Łódź	Szczecin	Lublin
Total Stock (m ²)	3,745,100	541,400	427,850	377,500	276,800	260,100	229,900	85,200	82,650
Completions in Q3 2012 / Q1-Q3 2012 (m ²)	56,100 /148,100	27,300 /40,000	11,650 /36,800	7,600 /27,800	7,500 /7,500	8,350 /15,050	0/0	11,000 /11,000	0/0
Under Construction Q3 2012 (m ²)	589,800	37,100	127,700	89,250	53,850	53,200	60,400	56,000	32,400
Vacancy Rate Q3 2012 (%)	8.1% 	7.1% 	5.7% 	11.1% 	11.0% 	11.3% 	13.9% 	12.0% 	1.5% 

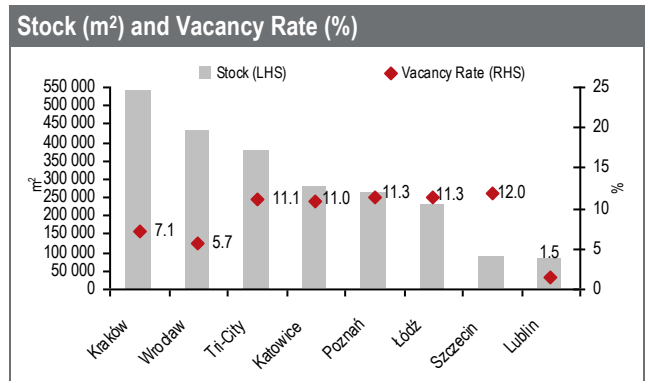
* The arrows indicate the quarter-on-quarter change in vacancy level between Q2 and Q3.

Almost 95,000 m² was leased in the major office markets in Poland** in Q3 2012, with Wrocław, Kraków and Katowice clearly leading in occupier activity. So far this year 270,000 m² has been leased, up 20% on last year. Five out of the ten major lease transactions (i.e. those for more than 2,000 m²) were concluded in Wrocław: Nokia Siemens Networks (a new/pre-let of 14,420 m² in Green Towers A&B), a confidential company from the financial sector (a pre-let of 10,050 m² in Green Day), Nokia Siemens Networks (renewal/expansion of 8,800 m² in Bema Plaza), Google Poland (renewal of 5,500 m² in Bema Plaza) and Geoban (renewal of 2,200 m² in Kameleon). Other major signed agreements signed included: Unilever – UltraLogistik (a pre-let of 5,400 m² in Nowe Katowickie Centrum Biznesu, Katowice) and Bayer SSC (a pre-let of 2,300 m² in Olivia Tower, Tri-City). Interestingly, in Q3 2012, more than 35% of concluded transactions were pre-lets.

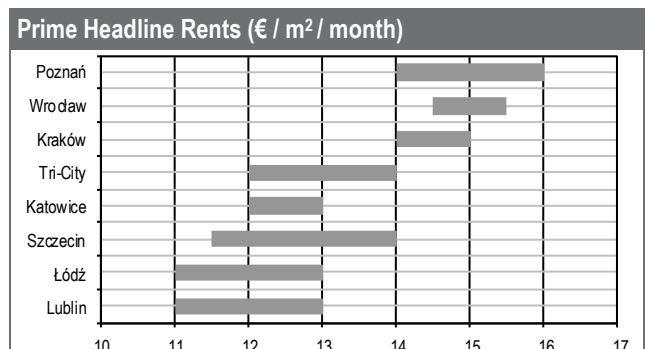
Q3 2012 brought almost 73,400 m² of new office space to the market outside of Warsaw. 68% of new completions were delivered in Kraków (Enterprise Park A&B, 15,100 m² and Green Office C, 10,000 m²), Wrocław (Promenady Wrocławskie – Epsilon, 6,000 m² and West Business Centre, 2,850 m²) and Szczecin (Baltic Business Park A, 7,000 m² and Brama Portowa I, 4,000 m²). Other new major completions to the market were: OPERA Office (7,600 m²) in the Tri-City and Okraglak (6,750 m²) in Poznań. In the first three quarters of 2012 the total new supply was 170% higher than the same period in 2011 (138,000 m² vs. 51,500 m²).

Currently, 510,000 m² of office space is under active construction in the major Polish cities***, of which - 174,600 m² is likely to be completed in Q4 2012 (40% of which is already secured with pre-let agreements). The majority of currently commenced projects can be found in Wrocław, the Tri-City and Łódź.

As of the end of Q3 2012, quarterly vacancy rates remain stable in Kraków and Łódź, whilst a decrease was seen in Lublin. Other major office markets in Poland** have recorded an increase in the vacancy level. This growth is attributed to the delivery of new office space, where the commercialisation process has not yet been completed.



Prime headline rents currently range from €11 to €13 / m² / month in Łódź up to €16 / m² / month in Poznań. During Q3 2012, prime headline rents, comparing to the previous quarter, remained stable in the majority of office markets in Poland.



Source all charts: Jones Lang LaSalle

** excluding Warsaw

*** Kraków, Wrocław, Tri-City, Katowice, Poznań, Łódź, Szczecin and Lublin

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Office Market Profile – Q3 2012

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