Prepared in cooperation with

Wrocław Agglomeration Development Agency

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Knight Frank

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WROCŁAW

City attractiveness and office market

2021

WROCŁAW

FACTS & FIGURES

CITY AREA	POPULATION	POPULATION FORECAST	MIGRATION BALANCE
293 sq km	**641,900** (December, 2020)	**611,359** (2030) **577,658** (2050)	**(+) 1,065**

GDP GROWTH	GDP PER CAPITA	AVERAGE SALARY	UNEMPLOYMENT RATE
8.7%	**PLN 94,373**	**PLN 6,288.91** (gross)	**2.5%** (August, 2021 GUS)

INVESTMENT ATTRACTIVENESS

1. RANKINGS REPRESENTING THE INVESTMENT ATTRACTIVENESS OF THE CITY

1. 1st place in the subjective ranking in the category of centres in terms of running a business by business service centres (ABSL Report: Business Services Sector in Poland 2021, p. 77)

4. 4th place among medium-sized European cities in the fDi Strategy category, in the fDi European Cities and Regions of the Future 2020/21 ranking

15. 15th place in ranking **„Global Cities of the Future"**

1. 1st place in **„Global Cities of the Future"** in medium-sized and small cities category

1. 1st place in **„2020 Return on Investment"** ranking (fDi)

„Specialism Awards" in ranking **„Strategy Awards 2020"** (fDi) in BPO category

2. INVESTMENT INCENTIVES

- Project title: „Development of entrepreneurship and supporting the low-emission economy through financial instruments in the Dolnośląskie Voivodeship" 2014-2020.
- Real estate tax exemption in case of investments in a photovoltaic installation, heat pump, recuperator, ground heat exchanger, solar collector.
- Apx inQube Program.
- Lower Silesian Special Economic Zones.
- Real estate tax exemptions in Wrocław.

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QUALITY OF LIFE

3. RANKINGS ON THE QUALITY OF LIFE IN THE CITY

100. 100th place in **"Quality of life 2018"** ranking by Mercer

88. 88th place in **Cities in Motion Index 2020**

4. CITY INITIATIVES AIMED AT IMPROVING THE QUALITY OF LIFE IN THE CITY

- Grow Green project.
- Creating consistent network of public transport, enriched with bicycle transport and public spaces for pedestrian traffic and with well-developed road system.
- Smart City.
- In 2020, Wrocław announced #TORYwolucja program, as part of which a number of repairs, replacements and renovations of tram tracks were carried out for a total amount of PLN 78 million.
- Part of the Wrocław Strategy 2030 is percentage of people living within 300 metres of green areas. At the end of 2020, the indicator stood at 80.2% for the city and 93.7% for downtown area. In 2020, over PLN 35 million was spent on the ongoing maintenance and greenery (547,346 plants were planted, including trees, shrubs, forest seedlings, bedding plantings).
- In 2020, the commune spent for the implementation of its own, commissioned and entrusted tasks total amount of PLN 5,432,109,133, of which PLN 4,674,319,885 were intended for current expenditures, and PLN 757,789,248 for investments. Expenditures increased by 9% when compared to 2019, and by 19% comparing to 2018. Most, as much as PLN 1,564,354,210 was allocated to educational tasks, i.e. 10% more than in 2019. Significant increase also occurred in expenditure on social policy (increase by 22%) and transport (increase by 10%).
- In 2020, the amount of PLN 631,371,673 was spent on investment projects. Most investments concerned transport (PLN 328,321,203), housing (PLN 117,196,412), education (PLN 66,519,100) and municipal economy (PLN 27,047,129).

BIKE PATHS

435 km
(2019)

GREEN AREAS

120 sq km

FACTS & FIGURES

NUMBER OF STUDENTS	NUMBER OF GRADUATES	NUMBER OF UNIVERSITIES	AIRPORT – DISTANCE TO THE CITY CENTRE	AIRPORT – NUMBER OF PASSENGERS	BSS SECTOR – NUMBER OF CENTRES	BSS SECTOR – NUMBER OF EMPLOYED
107,984	**29,142**	**28**	**10 km**	**1,418,836** (2021) **3,548,026** (2019)	**201**	**52,500**

RATING **A2**

RATING AGENCY **Moody's**

03

WROCŁAW

Q4 2021

EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	NEW SUPPLY (2021)	TAKE-UP (2021)
1.25m sq m	178,500 sq m	16.7 %	21,800 sq m	135,450 sq m

At the end of 2021 total office stock in Wrocław amounted to over 1.25m sq m, placing it second largest among the regional office markets, just behind Kraków. In the capital of Dolny Śląsk, developer activity has decreased significantly, and the new supply completed in 2021 is several times lower than seen in the years before the COVID-19 pandemic. Just over 21,800 sq m of new space was delivered to the market in two projects - Krakowska 35 with an area of 11,800 sq m (Q2 2021) and Wrocławski Park Biznesu - Nowa Strzegomska (10,000 sq m, Q4 2021).

At the end of December 2021, a further 178,000 sq m was identified as being under construction, approximately half of which is to be delivered in 2022. At the end of 2021, the largest projects under construction were MidPoint71, Centrum Południe II and Infinity.

Compared to other regional cities, Wrocław office market tenants remained relatively active in 2021. In Q4 2021, lease agreements were signed for over 61,000 sq m - the best result among regional cities. In terms of the annual volume of transactions, tenants in Wrocław leased over 135,000 sq m of space, meaning 2021 office space take-up remained at a similar level to the previous year. The transaction structure was dominated by new contracts, which accounted for 48% of 2021's total take-up (of which pre-lets were 24%), and renewals 41%. Expansions accounted for just over 15,000 sq m (11% of all transactions).

Despite much lower new supply in 2021 compared to previous years, the vacancy rate increased by almost 2 pp. y-o-y, reaching 16.7%. This is the highest vacancy rate recorded across the regional markets.

Asking rents in Wrocław at the end of 2021 ranged from EUR 10 to EUR 16 / sq m / month. It was, however, noticeable that in some prime office buildings, more exclusive offers are starting to appear - above EUR 16 / sq m / month. The high availability of office space, along with demand not matching supply, suggest tenants will take an interest in renegotiating rent rates and seeking incentive packages. On the other hand, rising construction costs (an increase in building material prices and labour costs), coupled with an increase in construction loan costs, may limit investor openness towards lease negotiations, especially in new buildings. In all projects, however, an increase in service charges is to be expected, due to the ongoing increases in the price of services and cost of utilities.

SELECTED SCHEMES UNDER CONSTRUCTION

Scheme	Total office space	Completion date	Developer / Owner
MID POINT 71	36,900 sq m	Q1 2022	Echo Investment
INFINITY	22,000 sq m	Q1 2023	Avestus Real Estate Tristan Capital Partners
L'UNI	3,600 sq m	Q3 2022	L'Uni
BRAMA OŁAWSKA	14,060 sq m	Q4 2022	Tower Inwestycje
CENTRUM POŁUDNIE II	21,500 sq m	Q4 2022	Skanska Property Poland
QUORUM OFFICE PARK D	15,390 sq m	Q2 2022	Cavatina Holding

STANDARD LEASE TERMS IN LARGE SCALE, NEW BUILDINGS

SERVICE CHARGE PLN/SQ M/MONTH	RENT-FREE MONTHS	FIT-OUT BUDGET EUR/SQ M
18	7 months	450-500

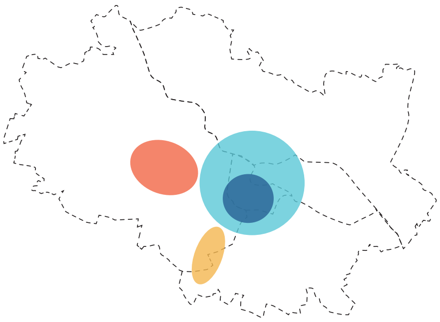
COWORKING OPERATORS IN WROCŁAW:

City Space | Quickwork

Spaces | BusinessLink

MAJOR OFFICE CONCENTRATION AREAS

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
CITY CENTRE	220,100 sq m	39,200 sq m	17.2%	EUR 10-16 /sq m
SOUTHERN BUSINESS AXIS	131,300 sq m	76,000 sq m	11.1%	EUR 10-15.5/sq m
WESTERN BUSINESS DISTRICT	452,500 sq m	14,500 sq m	18.7%	EUR 11-15/sq m
SUBCENTRAL ZONE	336,650 sq m	48,700 sq m	17.5%	EUR 10-15.5/sq m



MAJOR REGIONAL CITIES

KRAKÓW, WROCŁAW, TRICITY, POZNAŃ, KATOWICE, ŁÓDŹ

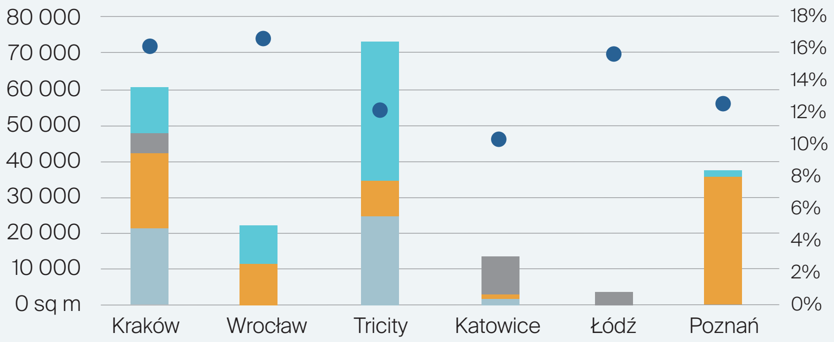
Q4 2021

6.04m sq m	226,300 sq m	594,500 sq m	910,000 sq m	853,650 sq m
EXISTING STOCK	NEW SUPPLY (2021)	TAKE-UP (2021)	SUPPLY UNDER CONSTRUCTION	AVAILABLE SPACE

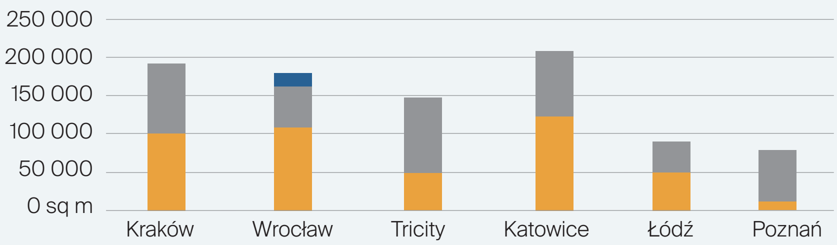
WROCŁAW COMPARED TO MAJOR REGIONAL CITIES

Wrocław, as the second largest regional office market, is developing with consistently delivered new supply offering systematic growth to the market. Due to its wide university base, there is guaranteed access to an educated workforce, and Wrocław is an attractive choice for BPO / SSC centres and companies planning to enter the Polish market.

NEW SUPPLY AND VACANCY RATE (2021)

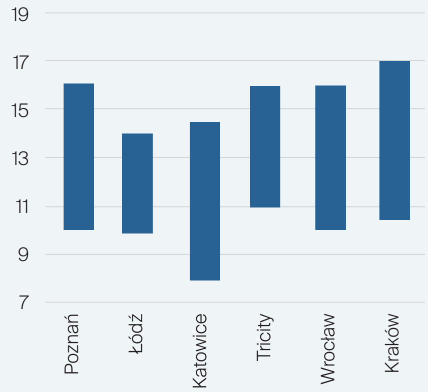


SUPPLY UNDER CONSTRUCTION BY COMPLETION YEAR (2021)

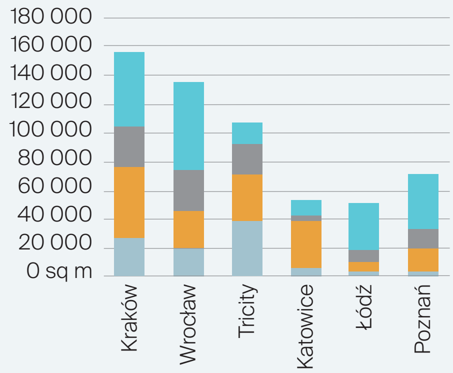


ASKING RENTS (Q4 2021)

(EUR/sq m/month)



TAKE-UP VOLUME (2021)



POLAND

FP&A
– SPECIALISTS AND MANAGERS

It looks like Financial Planning and Analysis (FP&A) is becoming one of the most popular financial functions currently placed in business centres on a massive scale. Once the accounting functions have proved their undeniable quality and effectiveness, companies have started looking for the same assets in financial analysis, planning and broadly understood controlling – apparently with outstanding results. Here, gross monthly wages of specialists start at PLN 11,000 and tend to go up to PLN 15,000–16,000, while managers can expect as much as PLN 17,000–25,000. What is more, additional benefits seem to be more and more a stock-in-trade of modern businesses with company cars for the managerial staff becoming common practice.

AVERAGE SALARY:

SPECIALIST	MANAGER
PLN 11,000 - 15,000 gross	PLN 17,000 - 25,000 gross

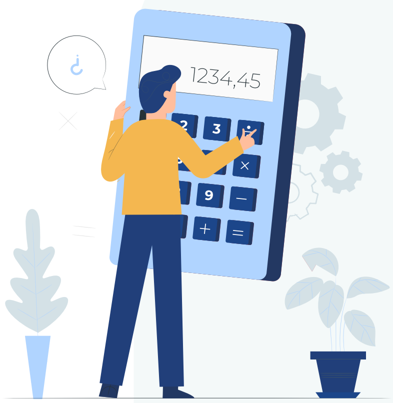
CUSTOMER SERVICE – ONE OF THE MOST "CAPACIOUS" FUNCTIONS PLACED IN BUSINESS CENTRES ACROSS POLAND

Customer service has become to a much lesser extent than before a simple "call centre" that solves the basic problems of customers, or the staff of the parent company. These days, it is more and more often geared towards advanced roles that revolve around the sale of products and services or its support, after-sales service, or second or third customer support lines tasked with the handling of more complex matters. Here, the wages of specialists are strongly correlated with the level of the required foreign language, which in a vast majority of cases makes them "language-dependent" roles. This means that the core competence actually lies in an excellent command of the language of the country or region where a person is going to work. Experienced candidates can expect a monthly salary ranging from PLN 7,000 gross (for those who know English only) to PLN 9,000–10,000 (for those who know other Western European languages, such as German, Italian, French, Spanish, as well as Scandinavian languages), or even all the way up to PLN 11,000–12,000 in the case of extremely niche languages – though gaining more and more popularity – such as Chinese, Arabic, or Hebrew.

AVERAGE SALARY:

SPECIALIST WITH ENGLISH LANGUAGE	SPECIALIST WITH A WESTERN EUROPEAN LANGUAGE	SPECIALIST WITH A NICHE LANGUAGE
PLN 7,000 - 9,000 gross	**PLN 9,000 - 10,000 gross**	**PLN 11,000 - 12,000 gross**

TAXES AND REPORTING



Accounting done in business centres no longer rests on plain transaction roles, which increasingly more often end up in Asian SSCs nowadays, but above all on such areas as intercompany, statutory, tax, compliance, or reporting. The successful centralisation of these functions has encouraged more and more companies to include this service in the portfolio of the services provided in the business centre, and to further penetrate this area within the already existing structures. In fact, these roles are often not dependent on the knowledge of foreign languages other than English, which allows you to recruit excellent specialists who can still be found in rather satisfying numbers on the Polish job market. Monthly wages in this sector start from PLN 8,000 gross for those with basic experience and can reach PLN 14,000–15,000 gross for accomplished experts with extensive expertise and additional certifications.

AVERAGE SALARY:

JUNIOR	SPECIALIST
PLN 8,000 gross	**PLN 14,000 - 15,000 gross**

The source of the salaries and information presented is internal Michael Page data obtained during 2021 recruitment interviews with candidates and employers.

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- strategic consulting, independent forecasts and analysis adapted to clients' specific requirements,
- market reports and analysis available to the public,
- tailored presentations and market reports for clients.

Reports are produced on a quarterly basis and cover all sectors of commercial market (office, retail, industrial, hotel) in major Polish cities and regions (Warsaw, Kraków, Łódź, Poznań, Silesia, Tricity, Wrocław). Long-term presence in local markets has allowed our research team to build in-depth expertise of socio-economic factors affecting commercial and residential real estate in Poland.

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PARTNER OF THE PUBLICATION:

Wroclaw Agglomeration Development Agency

The Wroclaw Agglomeration Development Agency is a company whose goal is to attract foreign investors, and thus create new jobs and increase economic region. The company also conducts extensive information and promotion activities for residents and implements projects supporting development and cooperation in the agglomeration.

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