Prepared in cooperation with

Wroclaw Agglomeration Development Agency

WROCŁAW

City attractiveness and office market

H1 2022

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CITY ATTRACTIVENESS

WROCŁAW

CITY AREA	POPULATION	POPULATION FORECAST	MIGRATION BALANCE
293 sq km	641,200 (June 2021)	611,359 (2030) 577,658 (2050)	(+) 1,065

GDP GROWTH	GDP PER CAPITA	AVERAGE SALARY	UNEMPLOYMENT RATE
8.7%	PLN 94,373	PLN 6,902 (gross)	1.7% (May 2022, GUS)

INVESTMENT ATTRACTIVENESS

RANKINGS

1. 1st place in **fDi's Mid-Sized European Cities of the Future 2022/23 - Business Friendliness**

2. 2nd place for Dolny Śląsk in **fDi's Mid-Sized European Regions of the Future 2022/23 - Business Friendliness**

3. 3rd place in **fDi's Mid-Sized European Cities of the Future 2022/23 - Overall**

4. 4th place in **fDi's Mid-Sized European Cities of the Future 2022/23 - Economic Potential**

8. 8th place in **fDi's Mid-Sized European Cities of the Future 2022/23 ranking - Human Capital and Lifestyle**

1. 1st place ranked by managers in the evaluation of location as a **place to do business according to the ABSL report 2022**

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

Real estate tax exemptions in Wrocław

Lower Silesian Special Economic Zones

QUALITY OF LIFE

RANKINGS

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

2. 2nd place in the classification of **quality of life according to the ABSL report 2022**

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

Wrocław listed among the 100 cities of the EU mission, **„100 Climate Neutral and Smart Cities by 2030"**

QUALITY OF LIFE IN NUMBERS

Local business
- Protecting local business from the effects of the pandemic; as part of the Wrocław Assistance Package, 2021 saw the Wrocław authorities, as in the previous year, offering a number of discounts and granting exemptions to local businesses, including, among other things, a reduction in property taxes and a decrease in rents for commercial premises. The city has dedicated in excess of PLN 7m to this.

Municipal investments
- PLN 459.4m of municipal funds have been allocated to projects in the areas of transport and road infrastructure.

Transport and services
- Some 26 km of new cycle routes were built in 2021, including: 13 km of cycle paths, nearly 1 km of cycle lanes and more than 10 km of pedestrian and cycle routes. 46 vehicles were purchased to improve and upgrade public transport.

Education
- Last year saw a very important achievement in the field of education; an increase of 1,167 in the number of children in kindergarten education. As a result, for the first time in Wrocław's recent history, the number of places in public and non-public kindergartens exceeded the number of children in the 3-5 age group. Furthermore, it should be emphasised that expenditure on education accounts for almost a quarter of the city budget - in 2021 the figure amounted to over PLN 1.7 bn.

Social policy
- In 2021, six new Local Activity Centres (CALs) were created, bringing the number in Wrocław to 19. Their activity is based on the implementation of tailored programmes aimed directly at local residents, responding to their needs, passions and interests.

Ecology
- In 2021, 2,406 trees, 67,000 shrubs and climbers, and 66,000 perennials and ornamental grasses were planted, along with some 340,000 bedding plants and bulbs. In addition, urban green areas were further supplemented by the planting of 900 trees by other municipal units and private investors. According to existing afforestation plans, approximately 5.8 ha of non-forested land was afforested.

BIKE PATHS
758 km
(2022)

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
106,517	**27,320**	**28**	**10 km**	**1,418,836** (2021) **3,548,026** (2020)	**208**	**59,500**

RATING **A-**

RATING AGENCY **Moody's**

OFFICE MARKET

WROCŁAW

H1 2022

EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	NEW SUPPLY	TAKE-UP
1.28m sq m	103,300 sq m	14.8%	38,200 sq m	61,000 sq m

At the end of June 2022, Wrocław's office stock had reached more than 1.28m sq m, allowing the city to remain second among the regional markets in Poland. The city's office space has increased by nearly 38,200 sq m since the beginning of the year, accounting for more than 12% of the total volume of space completed in regional cities in the first half of 2022. The only project completed in Q2 2022 was The Park Wrocław, offering only 2,000 sq m for lease.

Almost 103,300 sq m of office space remains under construction in Wrocław and it will be systematically delivered. If developers meet planned deadlines, 66% of the space under construction will be delivered to the market in 2022. The largest developments under construction are Infinity (22,000 sq m, Avestus) and Centrum Południe III (20,000 sq m, Skanska).

In Q2 2022, the volume of leased space reached more than 25,600 sq m, meaning that it remained at a level comparable to that of a year ago. The take-up registered in Wrocław makes up 13.5% of all transactions concluded in regional cities in Q2 2022. New deals accounted for the largest share, over 51% (of which pre-let agreements accounted for 20%), while renegotiations made up nearly 28% of the transaction volume. Q2 2022 saw a significant number of expansions, covering nearly 21% of leased space. In the first half of the year, tenants had already leased almost 61,000 sq m of office space in Wrocław - more than 33% up on the corresponding period of 2021.

Due to a combination of low new supply and high take-up, the vacancy rate at the end of Q2 2022 was 14.8%, down 1 pp q-o-q (up 0.7 pp y-o-y).

Asking rents in Wrocław at the end of June 2022 remained stable, ranging from EUR 10.00 to EUR 16.00/sq m/month. In the near future, pressure from tenants to renegotiate rents and seek incentive packages in older buildings seems likely due to the high availability of office space. On the other hand, rising construction costs (rising prices of construction materials and labour costs), and growing construction loan costs may inhibit investor openness towards negotiation, particularly in new buildings. In all projects, however, an increase in service charges can be expected due to ongoing increases in the price of services and utilities.

SELECTED SCHEMES UNDER CONSTRUCTION

Scheme	Total office space	Completion date	Developer / Owner
ARTEFAKT	9,100 sq m	Q1 2023	i2 Development
INFINITY	22,000 sq m	Q1 2023	Avestus Real Estate Tristan Capital Partners
L'UNI	3,650 sq m	Q3 2022	L'UNI
BRAMA OŁAWSKA	14,060 sq m	Q3 2022	Tower Inwestycje
CENTRUM POŁUDNIE III	20,000 sq m	Q4 2022	Skanska Property Poland
QUORUM OFFICE PARK D	16,170 sq m	Q3 2022	Cavatina Holding

STANDARD LEASE TERMS IN NEW BUILDINGS

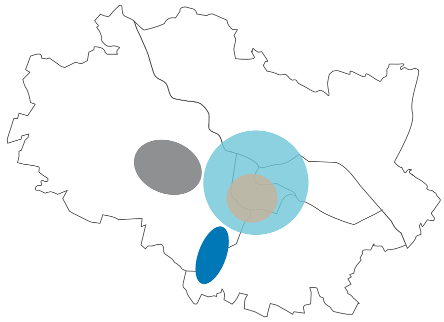
SERVICE CHARGE PLN/SQ M/MONTH	RENT-FREE PERIOD	FIT-OUT BUDGET EUR/SQ M
18	7 months	450-550

COWORKING OPERATORS IN WROCŁAWU

City Space | Quickwork | Spaces
BusinessLink | Loftmill

MAJOR OFFICE CONCENTRATION AREAS

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
CITY CENTRE	213,300 sq m	41,150 sq m	12.6%	EUR 10-16/sq m
SOUTHERN BUSINESS AXIS	169,500 sq m	29,100 sq m	11.3%	EUR 12-15/sq m
WESTERN BUSINESS DISTRICT	452,500 sq m	14,500 sq m	18.0%	EUR 11-14.5/sq m
SUBCENTRAL ZONE	336,650 sq m	18,550 sq m	15.7%	EUR 10-16/sq m



MAJOR REGIONAL CITIES

KRAKÓW, WROCŁAW, TRICITY, KATOWICE, ŁÓDŹ, POZNAŃ, SZCZECIN, LUBLIN

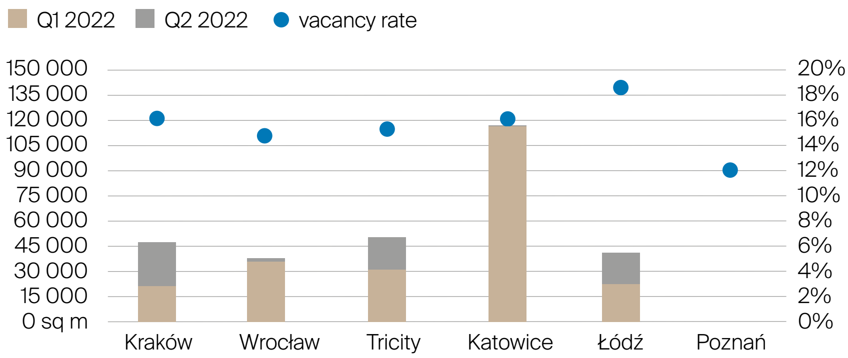
H1 2022

EXISTING STOCK	NEW SUPPLY	TAKE-UP	SUPPLY UNDER CONSTRUCTION	AVAILABLE SPACE
6.34m sq m	312,000 sq m	343,000 sq m	562,000 sq m	961,000 sq m

WROCŁAW AMONG THE MAJOR REGIONAL CITIES

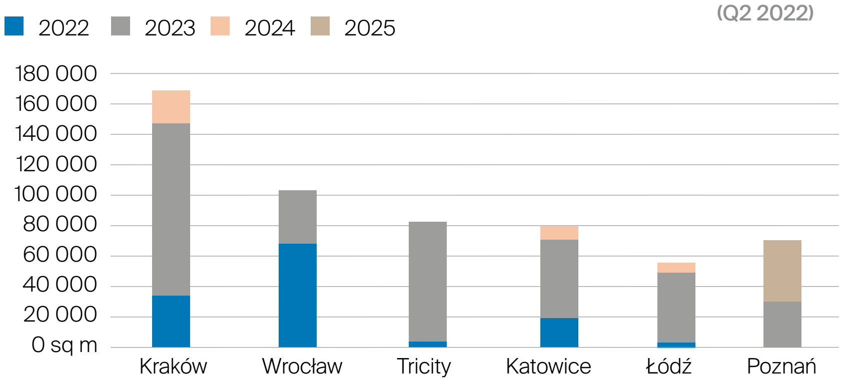
Wrocław, as the second largest regional office market, is developing thanks to its consistently delivered new supply offering systematic growth to the market. Due to its diverse, well-developed university base, the city has guaranteed access to an educated workforce, making Wrocław an attractive choice for BPO/SSC centres and companies planning to enter the Polish market.

NEW SUPPLY (H1 2022) AND VACANCY RATE (Q2 2022)



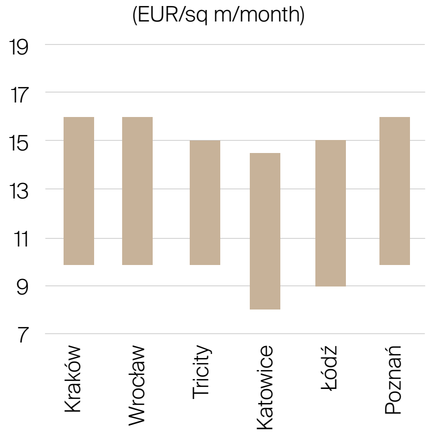
SUPPLY UNDER CONSTRUCTION BY COMPLETION YEAR

(Q2 2022)



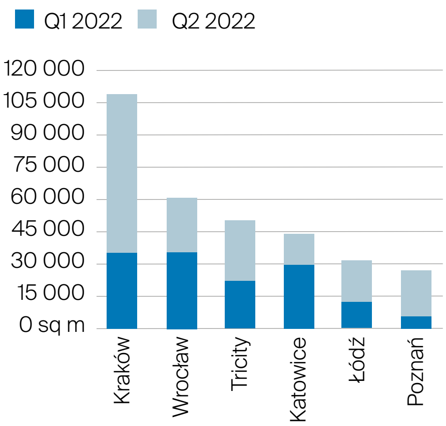
ASKING RENTS

(Q2 2022)



TAKE-UP VOLUME

(H1 2022)

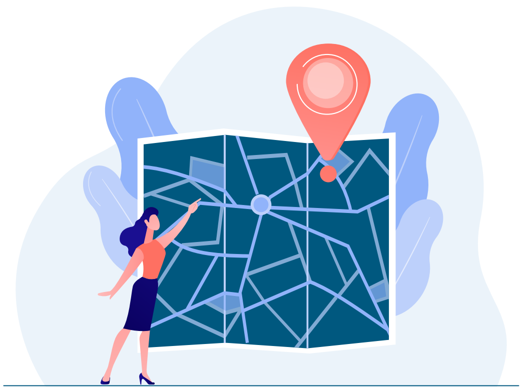


HR PERSPECTIVE

Michael Page

CLEAR CANDIDATE EXPECTATIONS

The research conducted by Michael Page has proven that as far as job advertisements are concerned, candidates are chiefly interested in the location of their prospective job – as confirmed by 59% of the respondents. The type of contract (47%) and the job title (44%) have been ranked second and third, respectively. **Such aspects as wages (37%) and the level of the position of interest (24%) came a lot lower on the list.** Apparently, candidates also pay close attention to the name of the company (19%), and the date when a given job offer was published (18%).



Despite the popularity of home office, as many as 6 of 10 respondents first look at the address of their potential employer when looking through job offers. This means that candidates care about a well-connected and often prestigious location. We can assume that for many people remote work is a very convenient alternative, but sometimes their home is simply unable to replace the amenities offered by a modern and comfortable office, which many people would like to keep using. As a result, those employers who offer candidates a hybrid solution will certainly appear more attractive on the labour market.

The Michael Page study has also revealed what sort of information candidates miss in job offers. **Almost nine out of ten (88%) respondents believe that job advertisements should contain information about the company's organisational culture, i.e. the principles and values that a given business adheres to.** A similar percentage of those surveyed (87%) would like to know the salary range, while 69% have shown real interest in the benefits package. These findings prove how mature candidates are these days, as their expectations towards employers are crystal clear. In addition, they are consistent with the general trends that dominate the labour market, such as employees' increasingly higher financial expectations, the growing importance of well-being in the workplace, or potential employers' engagement in CSR.

THE JOB MARKET OF THE IT SECTOR AT A GLANCE

The labour market in the IT industry remains very dynamic, and we do not expect major slowdowns in this sector in the nearest future.

Today's trends in IT world have created excellent conditions for contracting services. These days, specialists prefer B2B cooperation, as it gives them greater freedom of work – especially in terms of the place and time of performing their professional duties, as well as higher earnings. IT employees still most frequently opt for the home office model, even those whose specificity of work in the pre-Covid world consisted in clients coming to their office. Candidates, especially those interested in contracting, are more likely to go for remote work, even if their clients are based in the same town.

The IT industry has been witnessing an invariably steady increase in wage levels. Wage reports that look at wage rates from the previous year turn out to be inadequate to the market trends that prevail in 2022.

Despite the constantly growing financial expectations, the availability of experts on the recruitment market is going down. Candidates manage to find a new job very quickly. Time pressure and the competitiveness of offers push companies looking for IT specialists to eventually hire candidates even with exorbitant expectations.

Companies most often rely on IT specialists in middle and senior positions, which means that they spend less time, and thus less money, on onboarding new staff. Especially in the case of contracting, employers tend to go for cooperating with more experienced experts who, in the case of short-term contracts, make a greater contribution to the design work.

TOP 3

MOST DESIRED POSITIONS BY EMPLOYERS IN 2021:

1. **JAVASCRIPT DEVELOPER**
2. **JAVA DEVELOPER**
3. **SOFTWARE TESTER**

THE RATES BELOW REGARD DEVELOPERS (JAVASCRIPT DEVELOPER, AND JAVA DEVELOPER):

JUNIOR (2-3 YEARS)	80–120 PLN/h
MIDDLE (3-5 YEARS)	130–170 PLN/h
SENIOR (5+ YEARS)	160–200 PLN/h

THE FOLLOWING RATES REGARD SOFTWARE TESTERS:

	JUNIOR (2-3 YEARS)	MIDDLE (3-5 YEARS)	SENIOR (5+ YEARS)
MANUAL TESTER	60-100 PLN/h	70–120 PLN/h	120–150 PLN/h
AUTOMATION TESTER	80-120 PLN/h	130–170 PLN/h	160–200 PLN/h

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- 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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