Strong cities

City attractiveness, office market, HR trends

Knight Frank

H1 2023	The office market sentiment, the investment potential of the city and the labour market.	*knightfrank.com.pl/en/research*

Prepared in cooperation with

ARAW Agencja Rozwoju Aglomeracji Wrocławskiej

Michael Page

Wrocław

City area
293 sq km

Population
673,900
(30.06.2022)

Population forecast
611,359 (2030)
577,658 (2050)

Migration balance
(+) 1.4 (12.2021)

Unemployment rate
1.5%
(06.2023, Statistics Poland)

GDP growth
8.5%

GDP per capita
PLN **104,360**
(gross)

Average salary (gross)
PLN **8,026.73**
(in the business sector, 06.2023)

Investment attractiveness

Rankings

Intel, the world's largest microprocessor manufacturer, **will invest nearly PLN 20bn in its factory in Miękinia near Wrocław.** This is the largest foreign investment in the history of Poland.

1ST PLACE in fDi's **Mid-Sized European Cities of the Future 2022/23 - Business Friendliness**

3RD PLACE in fDi's **Mid-Sized European Cities of the Future 2022/23 - Overall**

1ST PLACE in **„Polish Startups 2022"** complied by the Startup Poland Foundation

4TH PLACE in fDi's **Mid-Sized European Cities of the Future 2022/23 - Economic Potential**

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

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

WROCŁAW - rising star among technology hubs – No. 1 in Poland, No. 2 in Europe, No. 8 in the world, according to the „The next generation of tech ecosystems" report compiled by Dealroom

Investment incentives

"One stop shop" - Investment process support from the Wrocław Agglomeration Development Agency.

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

2ND PLACE **in the classification of quality of life** according to the ABSL report 2022

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

Quality of life in numbers

Wrocław's planned budget for 2023

Education

- The money allocated for educational purposes (upbringing and care) accounts for 33% of all city spending - a total of PLN 2.08bn. The education and kindergarten subsidy (PLN 1.05bn) is also set to increase year-on-year. The budget also includes PLN 127m for construction and comprehensive reconstruction of schools and kindergartens, along with sports infrastructure. Next year, the school and kindergarten complex on Asfaltowa Street will be ready, followed a year later by that on Cynamonowa Street.The school will host 1,000 students and the kindergarten 200 pre-schoolers.
- A new building for kindergarten No. 141 on Hallera Street is also under construction, and ZSP No. 4 on Soltysowicka Street is being rebuilt and renovated.

Infrastructure investments

- The planned investment budget will amount to PLN 1.08bn. 2023 will see Wroclaw's largest investments in recent years getting underway. These investments include: the construction of new bus and tram routes, the renovation and reconstruction of numerous streets, and the construction of a dedicated public transport corridor.

Social policy (resident support and participation)

- Social assistance and family policy account for 10% of Wroclaw's budget – PLN 609m. The funds have been designated, among other things, for social benefits for residents, and support for the activities of social care centres and homes. Funds to the tune of PLN 75m will be dedicated to engaging residents through their participation in community building; i.e. the implementation of residents' ideas under the WBO and PIRO initiatives and the city's Neighborhood Fund.

Environment

- The total cost of environmental initiatives and activities is PLN 465m – 7% of Wrocław's budget. These activities relate to municipal waste management, city cleaning, and greenery management. Additionally, there is also a fund dedicated to pro-environmental and modernization activities, including the replacement of heating sources with more environmentally friendly upgrades, and the revitalization of ageing municipal buildings.

Culture

- A total of PLN 206m has been set aside for this purpose. The money will be spent on such purposes as: the operation of 38 City Public Library branches, theatres, art and culture centres, museums, and the protection and care of historical monuments.

Sports

- The city will spend PLN 16m on initiatives related to physical exercise and wellbeing. This includes expenses related to the running of sports facilities and related institutions.

Bike paths
392,87 km

Green areas
120 sq km

Fakty i liczby

Number of students
106,517

Number of graduates
27,320

Number of universities
28

Airport - distance to the City centre
10 km

Airport - number of passengers
2,979,054 (2022)
1,418,836 (2021)

BSS sector - number of centres
208

BSS sector - number of employed
59,500

RATING AGENCY	Moody's	RATING	A-

Wrocław

H1 2023

Existing stock
1.31m sq m

Supply under construction
151,000 sq m

Vacancy rate
16.1%

New supply
32,600 sq m

Take-up
88,100 sq m

At the end of June 2023, the office stock in Wrocław stood at over 1.31m sq m, maintaining the city's second place in terms of size among regional markets in Poland. Office space in H1 2023 increased by almost 32,600 sq m, accounting for over 28% of the total volume of space delivered in regional cities during the period. In Q2 2023, only one office project was completed - Brama Oławska (Tower Inwestycje), in which over 11,700 sq m is designated for rent.

At the end of Q2 2023, almost 151,000 sq m of office space remained under construction in Wrocław - the highest result among the regional cities. If developers keep to their planned schedules, 60% of the space under construction will be delivered to the market in 2023. Completion of the remaining projects is planned for 2024. Among the investments under construction were Infinity (22,000 sq m, Avestus Real Estate), and Quorum Office Park A and B (total area 71,000 sq m, Cavatina Holding).

In H1 2023, tenants rented 88,100 sq m of office space in Wrocław. It's worth noting that this result is the highest among regional cities, accounting for 26% of the total volume of recorded transactions in the markets. The largest share in the volume, over 68%, came in new contracts, with renegotiations accounting for nearly 28% of the transaction volume, and expansions 4%. In Q2 2023 alone, the volume of leased space exceeded 51,700 sq m.

Due to high demand for office space, the vacancy rate in Wrocław decreased by 1.2 pp. q-o-q; at the end of June 2023, the figure stood at 16.1%. Compared, however, to 2022's corresponding quarter, the figure was still 1.3 pp. higher.

Asking rents in Wrocław at the end of June 2023 remained stable compared to the previous quarter and ranged from EUR 10.00 to 16.00/sq m/month. Persistently high construction costs, along with the still high costs of servicing construction loans, are limiting investor negotiating possibilities. Thus, rent increases, particularly in new buildings, remain a possibility. Service charges ranged from PLN 16.00 to 31.00/sq m/month.

Standard lease terms in new buildings

Service charge
PLN/sq m/month
16.00-31.00

Rent-free period
1.5 month
for each contract year

Fit-out budget
EUR/sq m
450.00-550.00

Selected schemes under construction

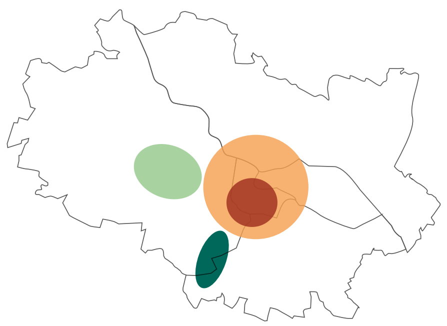
QUORUM OFFICE PARK A	INFINITY	ARTEFAKT
17,800 sq m	22,000 sq m	9,100 sq m
Q3 2023	Q3 2023	Q3 2023
Cavatina Holding	Avestus Real Estate	i2 Development

Total office space · Completion date · Developer / Owner

Office space

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
City Centre	232,700 sq m	46,400 sq m	16.3%	EUR 10-16 sq m
Southern business axis	193,000 sq m	11,900 sq m	6.5%	EUR 12-15.5 sq m
Western business district	417,600 sq m	14,500 sq m	19.1%	EUR 11.5-14.5 sq m
Subcentral zone	358,800 sq m	71,000 sq m	19.1%	EUR 10-16 sq m

Major concentration areas



Major regional cities

H1 2023

Kraków, Wrocław, Tricity, Katowice, Łódź, Poznań, Szczecin, Lublin

Existing stock **6.51m** sq m

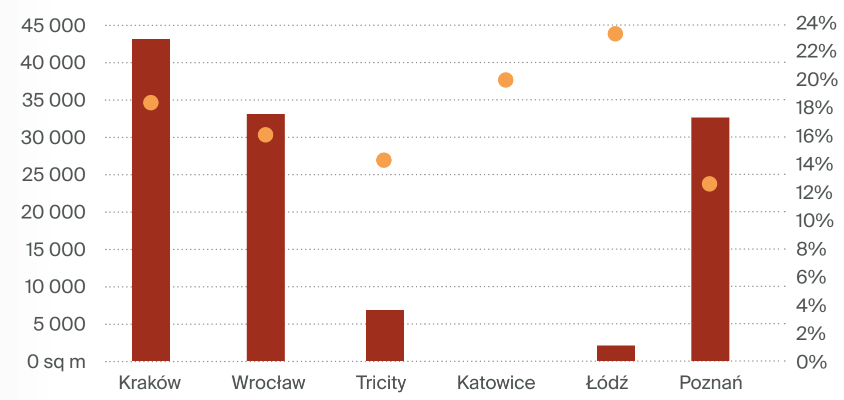
New supply **116,300** sq m

Take-up **333,760** sq m

Supply under construction **465,000** sq m

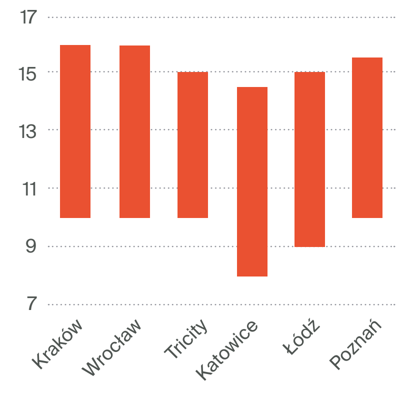
Available space **1.09m** sq m

New supply and vacancy rate (H1 2023)

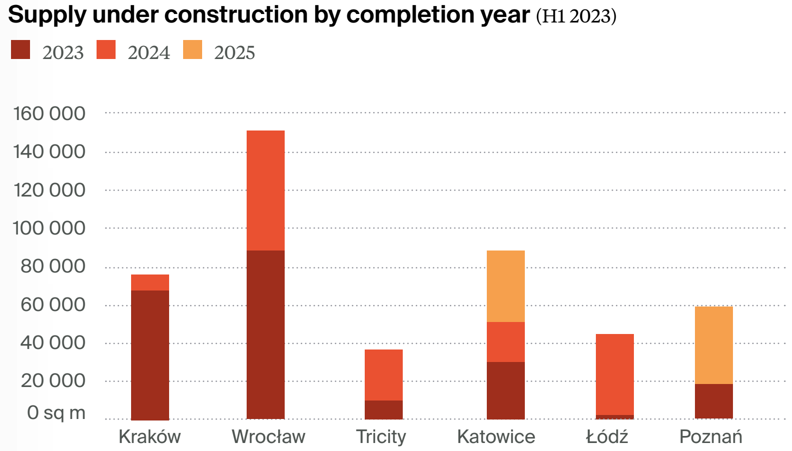


Asking rents (H1 2023)

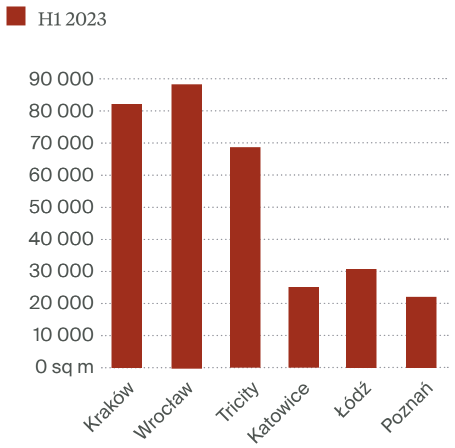
(EUR/sq m/month)



Supply under construction by completion year (H1 2023)



Take-up volume



Michael Page

Talent Trends 2023: a complete transformation of workplace culture

80% of people who started a new job throughout the last year are open to new opportunities. The factors that have the greatest impact on candidates when choosing a new place of employment are salary (26%), flexibility (15%), and career growth (14%). This is clear to see in the Talent Trends 2023 survey, carried out by PageGroup experts on a group of Polish respondents.

Employees ready and willing to look for new opportunities

Employees are increasingly more open to change and are very flexible. Of the nearly 1,000 people who took part in the Talent Trends survey in Poland, 94% of respondents admitted to being ready for new professional challenges, and more than half said they were actively looking for a job or planning to look for it in the next six months. Interestingly, this attitude can be seen even in those employees who are satisfied with both their current employer and earnings.

The salary is the strongest motivator for change

These days, remuneration is the most common reason for quitting, the most frequent reason for accepting a new position, the key component of a job advertisement, and the core of the recruitment process.

Flexibility is the new basis

Employers should adapt their mindset to the new reality, prioritising work-life balance and staff well-being. 7 out of 10 people would choose mental health and work-life balance over professional success.

Career growth: the key element of the recruitment strategy

37% of employees claimed they prioritised those companies that invest in the career growth of their staff. Professional development plans should be clearly communicated and consistent with the culture of the organisation. In order to improve employees' loyalty, it is worth developing a transparent promotion path that will have a specific time frame.

For more information on the transformation of workplace culture, make sure to read the findings of our latest Talent Trends 2023 survey.

The ins and outs of the labour market in the SSC sector

in Poland

Over the last couple of years, global business has focused on transformations related to the digitisation and streamlining of processes. Poland has become one of the key beneficiaries of this trend, which proves its attractiveness. A large number of talented and competent candidates in our country is the main factor that helps to draw new investors toward it.

Here are the 5 major trends in the SSC sector that determine the trajectory of changes in the labour market in 2023:

Experienced recruiters = effective recruitment

In the face of stiff competition for candidates with specialist expertise, effective communication and recruiter experience are of primary significance. By understanding the mechanisms that take place in the labour market, recruitment consultants can effectively respond to the needs of both employers and candidates

20 days

A candidate's activity cycle on the market is a maximum of 20 days, and it results from the increased number of job offers received. Greatest effectiveness and best competitive advantage are achieved by those employers who cut down their recruitment to a maximum of 2 stages.

Building your own brand in conversations with candidates

As many as 77% of candidates are guided by the company's image on the market before deciding to take up a job. In 2023, meetings with candidates are crucial to show the values and position of the organisation.

Market diversification

Apparently, more and more strategic functions are being centralised these days. In 2022, roles in such areas as supply chain, purchasing, and human resources dominated in southern Poland, while positions in the controlling and financial analysis departments prevailed in the north. The trend is due to continue this year.

TOP 4

The most desired positions in the SSC sector:

1. **FP&A Expert:**
   PLN 12,000 – 19,000 gross/monthly
2. **Process Excellence Lead:**
   PLN 16,000 – 22,000 gross/monthly
3. **Procurement/Supply Chain Specialist:**
   PLN 10,000 – 15,000 gross/monthly
4. **Reporting/Management Accounting:**
   PLN 12,000 – 18,000 gross/monthly

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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, Lublin, Szczecin) and PRS sector in Poland. Long-term presence in major local markets has allowed our research team to build in-depth expertise of socio-economic factors affecting real estate market in Poland.

Knight Frank Research Reports are available at:
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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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