Prepared in cooperation with

ARAW Wroclaw Agglomeration Development Agency

Michael Page

Knight Frank

WROCŁAW

City attractiveness and office market

Q1 2022

knightfrank.com.pl/en/research

CITY ATTRACTIVENESS

WROCŁAW

CITY AREA
293 sq km

POPULATION
641,200
(June, 2021)

POPULATION FORECAST
611,359 (2030)
577,658 (2050)

MIGRATION BALANCE
(+) 1,065

GDP GROWTH
8.7%

GDP PER CAPITA
PLN 94,373

AVERAGE SALARY
PLN 6,443
(gross)

UNEMPLOYMENT RATE
1.9%
(February, 2022 GUS)

INVESTMENT ATTRACTIVENESS

RANKINGS

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

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

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

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

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

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

QUALITY OF LIFE

RANKINGS

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

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

QUALITY OF LIFE IN NUMBERS

- 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 78m.
- 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 35m 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).
- Wroclaw will host the 14th edition of Smart City Forum (June 14-15).

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
107,984	**29,142**	**28**	**10 km**	**1,418,836** (2021) **3,548,026** (2020)	**201**	**52,500**

RATING A-

RATING AGENCY Moody's

OFFICE MARKET

WROCŁAW

Q1 2022

EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	NEW SUPPLY	TAKE-UP
1.28m sq m	116,700 sq m	15.8%	36,200 sq m	38,400 sq m

At the end of March 2022, Wrocław's office stock amounted to over 1.28m sq m, allowing the city to remain in second place among regional markets in Poland. Office space increased by over 36,000 sq m from the beginning of the year as a result of the completion of MidPoint 71 (Echo Investment). The figure meant that the city accounted for less than 15% of the total volume of space delivered in regional cities in Q1 2022. In Wrocław, nearly 117,000 sq m of office space remains under construction. If developers meet their planned deadlines, nearly 80% of the space under construction will be delivered to the market in 2022. The largest projects still under construction are Centrum Południe II (20,000 sq m, Skanska), and Infinity (22,000 sq m, Avestus Real Estate).

In Q1 2022, tenants in the Wrocław office market remained active compared to the beginning of the previous year, with a transaction volume of nearly 38,400 sq m (an increase of 85% y-o-y). This is the best result among regional cities, accounting for 25% of the total transaction volume concluded in them in Q1 2022. New agreements constituted the largest share with over 84% (of which pre-let agreements accounted for 19%), while renegotiations were responsible for 13% of the transaction volume, and expansions 3%.

The vacancy rate in Wrocław is one of the highest recorded in regional cities. Thanks, however, to high take-up, it decreased by 0.9 pp q-o-q and stood at 15.8%, although it is still 1.6 pp higher than in the corresponding quarter in 2021.

Asking rents in Wrocław at the end of March 2022 ranged from EUR 10.00 to EUR 16.00/sq m/month. Pressure from tenants to renegotiate rents and incentive packages can be expected in the upcoming quarters due to the very 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 effectively inhibit investor openness towards negotiation, particularly in new buildings. In all projects, however, an increase in operating rates can be expected, due to an ongoing increase in the prices of services and utilities.

SELECTED SCHEMES UNDER CONSTRUCTION

Scheme	Total office space	Completion date	Developer / Owner
WIELKA 27	9,100 sq m	Q4 2022	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 II	20,000 sq m	Q4 2022	Skanska Property Poland
QUORUM OFFICE PARK D	16,170 sq m	Q2 2022	Cavatina Holding

STANDARD LEASE TERMS IN NEW BUILDINGS

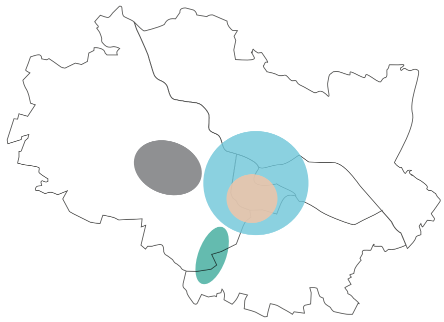
SERVICE CHARGE PLN/SQ M/MONTH	RENT-FREE PERIOD MONTHS	FIT-OUT BUDGET EUR/SQ M
18	7 months	400-550

COWORKING OPERATORS IN WROCŁAWU

City Space | Quickwork | Spaces | BuisnessLink

MAJOR OFFICE CONCENTRATION AREAS

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
CITY CENTRE	213,300 sq m	44,500 sq m	15.2%	EUR 10-16/sq m
SOUTHERN BUSINESS AXIS	167,500 sq m	39,100 sq m	15.5%	EUR 10-15.5/sq m
WESTERN BUSINESS DISTRICT	452,500 sq m	14,500 sq m	17.3%	EUR 11-14.5/sq m
SUBCENTRAL ZONE	336,650 sq m	18,500 sq m	16.2%	EUR 10-15.5/sq m



MAJOR REGIONAL CITIES

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

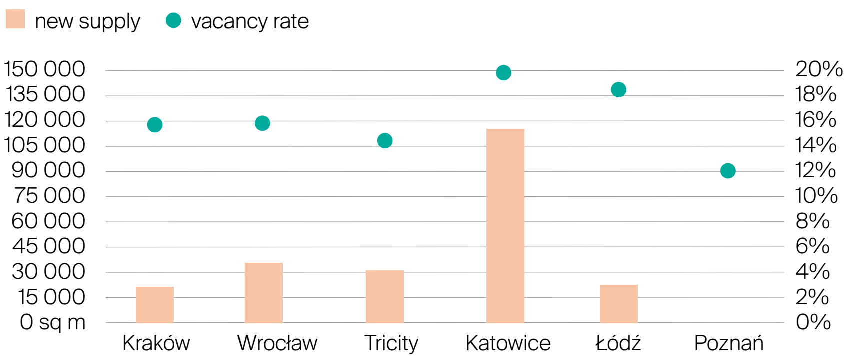
Q1 2022

EXISTING STOCK	NEW SUPPLY		SUPPLY UNDER CONSTRUCTION	AVAILABLE SPACE
6.27m sq m	243,500 sq m	153,500 sq m	673,900 sq m	970,100 sq m

WROCŁAW AMONG THE MAJOR REGIONAL CITIES

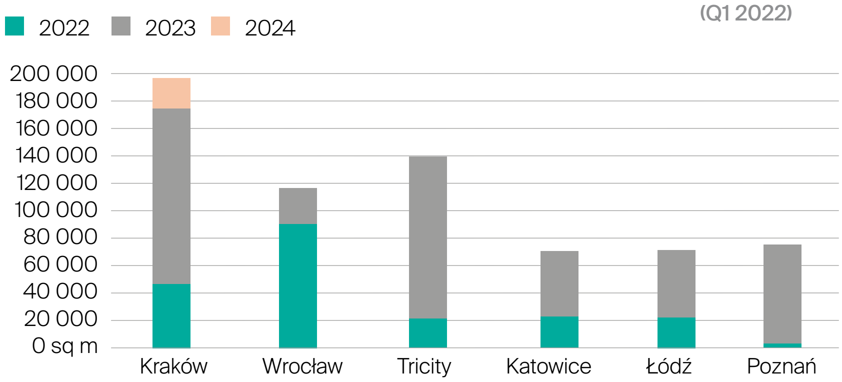
Wrocław, as the second largest regional office market, is developing with a consistently delivered new supply offering systematic growth to the market. Due to its wide university base, there is guaranteed access to an educated workforce, and Wrocław is an attractive choice for BPO/SSC centres and companies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

NEW SUPPLY AND VACANCY RATE (Q1 2022)



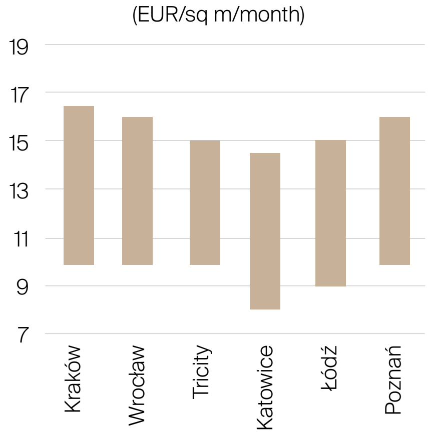
SUPPLY UNDER CONSTRUCTION BY COMPLETION YEAR

(Q1 2022)



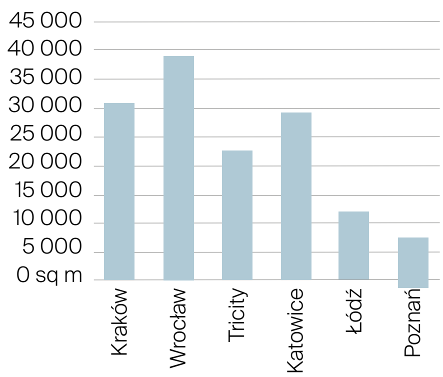
ASKING RENTS

(Q1 2022)



TAKE-UP VOLUME

(Q1 2022)



NEARLY HALF OF THE CANDIDATES HAVE CHANGED BUSINESS SECTORS SINCE THEY STARTED THEIR CAREER.

WHAT ARE THE STRATEGIES FOR PROFESSIONAL DEVELOPMENT IN THE MODERN LABOUR MARKET?

According to the Michael Page survey, Poles are getting more and more willing to avail themselves of a variety of opportunities for professional development. Almost half (47%) of the surveyed candidates have switched industries since they first embarked on their career, while only 10% of the respondents have never thought of changing jobs. Professional growth within one organisation is still a popular concept: 45% of respondents admitted that while working in the same company all the time, they were given a promotion.

POLES EMBRACE CHANGE QUITE EAGERLY

Career development strategies are changing really fast. Regardless of whether an employee is affiliated with just one organisation, changes his/her workplace, or even the whole industry – the times when professional success was defined by the stability of employment within one department or business enterprise are long gone. Recruitment company Michael Page has asked candidates how long they would be willing to remain in the same position before making a career move. More than a third (35%) pointed to a period of three to five years, the most common time frame being three years. **However, 40% of those surveyed admitted that the decision of whether or not to make a change depended on the dynamics of their company, suggesting that a flexible employer approach is necessary to plan effective promotion paths.**

MOTIVATION FOR CHANGE AT A GLANCE

Respondents have also been asked about their expectations when changing their position or profession. It turns out that the need for professional development is not the only factor that motivates job seekers. Many candidates want a sense of accomplishment in their professional lives. Nearly 39% of those surveyed want to work for a company that is strongly focused on achieving their goals, while 32% are looking for a career path that would be more in line with their values. **Certain duties and responsibilities of staff, backed by their personal interests, are also of key importance: in fact, for 41% of candidates, striking a work-life balance is a priority.**

THE JOB MARKET OF THE REAL ESTATE SECTOR AT A GLANCE

We are currently witnessing a clear recovery in the real estate sector, which is why most experienced candidates have no trouble finding a new job in this industry quite quickly. The turnover is at a moderate level and depends, among other things, on the organisation, scale of operation, number of projects, organisational culture, and management style. At the same time, we can see some major changes taking place in the commercial, warehouse, and residential real estate segment. The warehouse sector is experiencing a major boom, a trend that seems to have settled in for some time. Leaders are strengthening their positions, and new players and developers from other sectors are emerging – they have noticed the scale of the change and the growth opportunities, which is why they diversify their portfolios also based on warehouse investments. In the residential sector, there is a wave of mergers, acquisitions, and focus on PRS investments. Due to the high market demand, most developers have already signed contracts for the sale of their projects or are in the middle of finalising the transactions.

The greatest demand for candidates concerns those positions that are connected to the creation and acquisition of businesses, which is closely related to the already mentioned considerable growth of the warehouse and residential segment. Businesses are intensively looking for land managers, development managers, or leasing managers. Because the demand for candidates for these roles is bigger than the talent pool available on the market, recruiters need to get ready for trade-offs, which means having to offer higher wages, hiring candidates from other sectors, or engaging less experienced candidates and gradually enhancing their competences for a given position. Currently, the average recruitment process for specialist and lower-level managerial positions spans about one month. When it comes to senior managers and directors, the recruitment cycle for these positions is typically completed in a timespan of three months.

WROCŁAW TOP 3

THE MOST SOUGHT-AFTER JOBS IN REAL ESTATE & CONSTRUCTION

1.	2.	3.
PROJECT MANAGER	**SANITARY WORKS MANAGER**	**FIT OUT MANAGER**
PLN 15,000 – 20,000 gross	**PLN 11,000 – 15,000 gross**	**PLN 8,500 – 12,000 gross**

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As one of the largest and most experienced research teams operating across Polish commercial real estate markets, Knight Frank Poland provides strategic advice, forecasting and consultancy services to a wide range of commercial clients including developers, investment funds, financial and corporate institutions as well as private individuals. We offer:

- 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.

Knight Frank Research Reports are available at knightfrank.com.pl/en/research

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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