Office market

Prepared in cooperation with

Wroclaw Agglomeration Development Agency

Michael Page

Q1 2023	City attractiveness, office market, HR trends	*knightfrank.com.pl/en/research*

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
1.6%
(11.2022, Statistics Poland)

GDP growth
8.5%

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

Average salary (gross)
PLN **7,610.88**
(in the business sector, 01.2023)

Investment attractiveness

Rankings

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

2 ND PLACE for Lower Silesia in fDi's **Mid-Sized European Regions of the Future 2022/23 - Business Friendliness**

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

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

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

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

1 ST 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

2 ND 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 Wroclaw'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

Q1 2023

Existing stock
1.31m sq m

Supply under construction
145,800 sq m

Vacancy rate
17.3%

New supply
20,850 sq m

Take-up
36,200 sq m

At the end of March 2023, Wrocław's office stock stood at more than 1.31m sq m, maintaining its second place among regional markets in Poland. Office space has increased by over 20,850 sq m since the beginning of the year, due to the completion of the Centrum Południe 3 project (Skanska Property Poland), which accounted for just under 31% of the total volume of space delivered in regional cities in Q1 2023.

In Wrocław, nearly 145,800 sq m of office space remains under construction - the highest level of supply under construction among regional cities. If developers meet their planned deadlines, nearly 60% of the space under construction will be delivered to the market in the remaining quarters of 2023. The investments under construction were Infinity (22,000 sq m, Avestus Real Estate), and Quorum Office Park A and B (total space of 71,000 sq m, Cavatina Holding).

In Q1 2023, tenants in the Wrocław office market were active at a level comparable to that at the beginning of 2022, with a transaction volume of over 36,200 sq m. There was, however, a decline in activity of over 30% compared to Q4 2022. The result recorded in Wrocław accounted for 21% of the total volume of transactions concluded in regional cities in Q1 2023. New deals, at over 49%, accounted for the largest share of demand, while renegotiations were responsible for 47%, and expansions only 4% of the volume of signed agreements.

The vacancy rate in Wrocław remains one of the highest recorded in regional cities (just behind Kraków and Łódź, where it is 17.4% and 20.5% respectively). Due to the delivery of new office supply to the market, the vacancy rate increased by 1.7 pp. q-o-q to 17.3%, 1.5 pp. higher than in 2022's corresponding quarter.

Asking rents in Wrocław in Q1 2023 remained stable, ranging from EUR 10.00 to EUR 16.00 per sq m per month. Continuing high construction costs, along with the still high cost of servicing construction loans, are inhibiting the negotiating power of investors, making further increases in rents a possibility, particularly in new buildings.

At the same time, due to the rising costs of utilities and services, an increase in service charges is also noticeable. At the end of March 2023 in Wrocław they ranged from PLN 15.00 to PLN 36.00/sq m/month.

Standard lease terms in new buildings

Service charge
PLN/sq m/month
16.00-36.00

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
17,800 sq m
Q3 2023
Cavatina Holding

INFINITY
22,000 sq m
Q2 2023
Avestus Real Estate

ARTEFAKT
9,100 sq m
Q2 2023
i2 Development

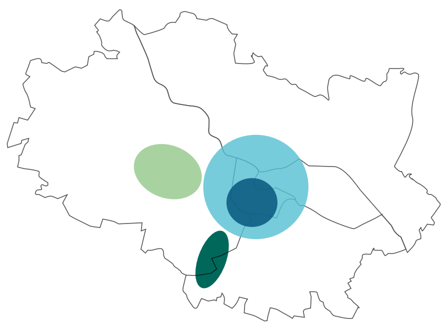
BRAMA OŁAWSKA
14,060 sq m
Q2 2023
Tower Inwestycje

Total office space · Completion date · Developer / Owner

Office space

Major concentration areas

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
City Centre	220,900 sq m	38,700 sq m	15.1%	EUR 10-16 sq m
Southern business axis	193,000 sq m	11,900 sq m	17.4%	EUR 12-15.5 sq m
Western business district	417,600 sq m	14,500 sq m	17.8%	EUR 11-14.5 sq m
Subcentral zone	368,800 sq m	73,300 sq m	19.6%	EUR 10-16 sq m



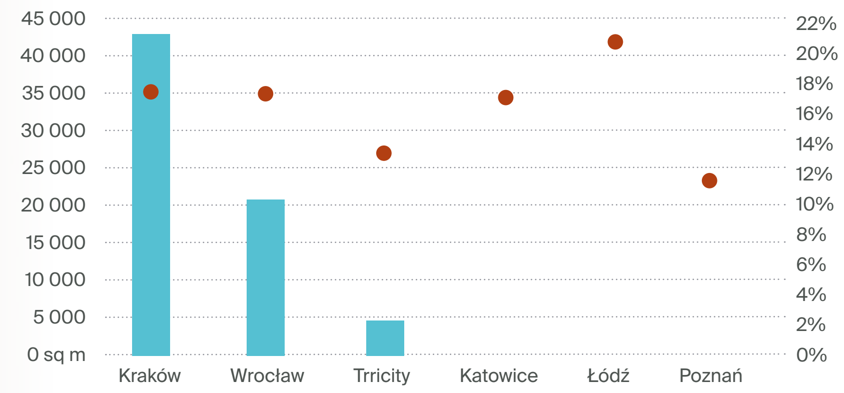
Major regional cities

Q1 2023

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

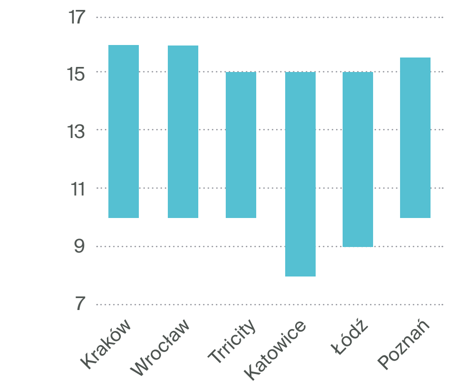
Existing stock **6.47m** sq m · New supply **68,100** sq m · Take-up **175,000** sq m · Supply under construction **502,000** sq m · Available space **1.03m** sq m

New supply and vacancy rate (Q1 2023)

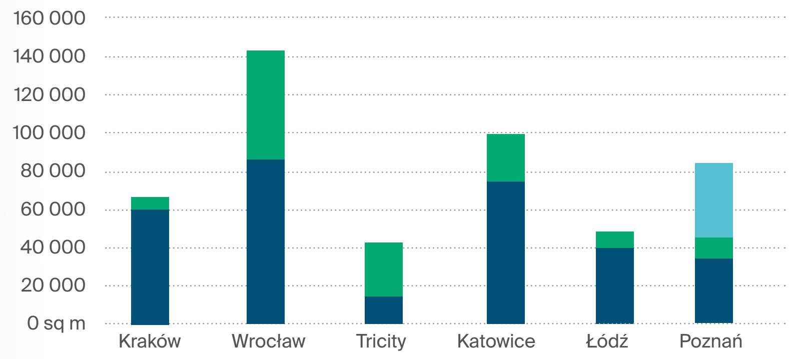


Asking rents (Q1 2023)

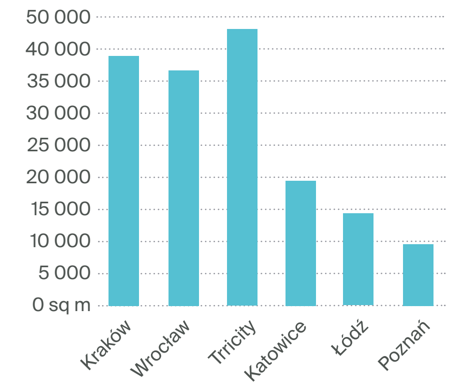
(EUR/sq m/month)



Supply under construction by completion year (Q1 2023)



Take-up volume



Michael Page

Promotion – is this what employees desire most?

An overwhelming 92% of employees who participated in Michael Page survey said that promotions were either "very important" or "important" to them.
Indeed, 23% said they would consider resigning if they did not receive an expected promotion. Therefore, today's employees are ambitious, and ready for career growth.

Why do employees want to be promoted?

Even though a higher salary is the most important factor for employees when assessing a promotion, it is not their only motivation. 9 in 10 respondents consider having more responsibilities and accessing advanced training as crucial incentives when pursuing a promotion. Public recognition (internal and/or external communications announcing the employee's new status) was also listed as an important promotion perk. Recognition is seemingly more important for older employees, with 73% of over-45s naming it as a critical factor.

Who should make the first move?

The survey conducted by Michael Page also revealed that the majority of employees have never asked for a promotion, with almost half (45%) believing that it's their manager's responsibility to raise the subject. Employers should consider that some talented employees may not ask for a promotion, for example, due to lack of confidence, and employees should train themselves in the art of asking for a promotion or negotiating a salary raise.

Candidates considered access to advanced training as one of the most desirable promotion perks. However, according to the study, only 14% of companies provide regular training and 67% of respondents lacked a mentor who would guide them and give career advice. Therefore, employers who offer skill development programs, mentoring, and transparency around promotion criteria will have a greater chance of attracting and retaining talent.

THE INS AND OUTS OF THE IT-BASED LABOUR MARKET

in Poland

Recent years have been marked by an unprecedented pace of changes and developments, both social and business ones. Global companies have focused on transitions related to digitization and process improvement.
Poland is among the beneficiaries of these developments as in the 21st century it has confirmed its attractiveness for investors, mainly due to a rich pool of talents and skills of Polish job candidates.

Here are the top 5 IT trends that set the trajectory for changes in the labour market in 2023:

Four-day working week

The issue of the four-day working week is gaining currency, in particular in the IT sector. Probably this year, measures similar to those already implemented in the UK, Spain, or Belgium will be introduced in Poland as well.

BIG DATA

In 2023, it is expected that the demand for competences required to work with big data will grow further. The trend has been consolidated along with the development of Al products and companies' move towards decision-making based on real-time data.

Attacks in cyberspace

This year, the demand for IT Security Analysts is expected to increase further, with Identity and Access Management Specialists (IAM) representing the vacancies which will be the hardest to fill.

New positions in the structure

Already in 2022, it was observed that some roles were created without any standard scope of responsibility. New challenges which companies and organizations have been facing do not often fit into the scope of duties defined for positions known until now, and more and more jobs are offered with non-standard responsibilities. The same tendency is expected to persist in 2023, as exemplified by an increased demand for the position of Enterprise Architect.

Digitization of companies

Digitization of processes is yet another distinct trend in the IT industry. Recruitments are most often done in SAP and MS Dynamics, in each module, both for the positions of In-House Functional Consultants and ERP Developers. In the field of digital transition, the hardest vacancies to fill include:

1. SAP EWM Consultant;
2. SAP QM Consultant;
3. MS Dynamics F&O Senior Consultant (Manufacturing/Logistics).

TOP 3

The most desired positions in the IT sector:

1 **IT Project Manager:**
PLN 19,000 – 23,000 gross/monthly

2 **SAP Consultant (different modules):**
PLN 21,000 – 25,000 gross/monthly

3 **Java Developer – Mid (3-4 years of experience):**
PLN 16,000 – 23,000 gross/monthly

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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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