Strong cities

City attractiveness, office market, HR trends

Q3 2023	The office market sentiment, the investment potential of the city and the labour market.	*knightfrank.com.pl/en/research*

Prepared in cooperation with

Agencja Rozwoju Aglomeracji Wrocławskiej

Michael Page

Wrocław

City area
293 sq km

Population
674,100
(31.12.2022)

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

Migration balance
(+) 1.4 (12.2021)

Unemployment rate
1.5%
(08.2023, Statistics Poland)

GDP growth
8.5%

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

Average salary (gross)
PLN **8,021.59**
(in the business sector, 08.2023)

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

1ST PLACE **in the classification of a place for doing business** according to the subjective ranking by managers, ABSL **report 2023**

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

Drivers of ICT development in the Wroclaw Agglomeration

Based on the analysis of historical signals of change, the results of the quantitative survey and the conclusions of the research workshop organized as part of the work on the report 'Digital Co-creation and other scenarios for the future', 8 factors affecting the ICT industry in the Wroclaw Agglomeration have been defined.

- Committed and inclusive ICT community operating at the interface of business, education, and administration. Focus on cooperation, openness and exchange of competencies helps build innovativeness in the Wroclaw Agglomeration.
- Designing the integrated, complete and friendly urban space in the Wroclaw Agglomeration to satisfy the needs of diverse groups of residents and workers.
- Creating programmes and initiatives supportive of careers in the ICT industry for a diverse workforce. Systemic solutions addressing challenges related to the employment of people with different backgrounds, genders and demographic profiles support the building of diverse teams in the ICT sector.
- Development of local enterprises, investors and workers thanks to end-to-end support models. The Wroclaw Agglomeration builds a good growth environment for enterprises and implements the strategy based on the needs of residents and enterprises.
- Building a flexible strategy of the Wroclaw Agglomeration, supportive of urban resilience and helping to respond quickly to unexpected external factors.
- Diversification of educational paths and models. The possibility to use various sources of knowledge in the area of ICT industry technologies.
- Creation of technology solutions positively impacting and responding to the needs of various recipients. Implementation of the technology created in the Wroclaw Agglomeration for the benefit of local interested parties.
- Attractive support instruments for investors, considering the development of the Wroclaw Agglomeration. The public administration builds facilities so that investing in business in the Wroclaw Agglomeration both supports the needs of businesses and benefits the agglomeration and its residents.

Bike paths
392,87 km

Green areas
120 sq km

Facts & Figures

Number of students
106,555

Number of graduates
27,320

Number of universities
29

Airport - distance to the City centre
10 km

Airport - number of passengers
2,979,054 (2022)

BSS sector - number of centres
215

BSS sector - number of employed
69,421

RATING AGENCY | **Moody's**

RATING | **A-**

Wrocław

Q3 2023

Existing stock
1.35m sq m

Supply under construction
66,900 sq m

Vacancy rate
17.2%

New supply
(Q1-Q3 2023)
75,700 sq m

Take-up
(Q1-Q3 2023)
123,100 sq m

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

At the end of September 2023, Wrocław's office stock amounted to over 1.35m sq m, allowing the city to remain the second largest among regional markets in Poland.

Some 75,700 sq m of office space reached the market from January to September 2023, representing more than 32% of the total volume of space delivered in regional cities over the period. In Q3 2023, two office projects - Infinity (Avestus) and the modernisation of the Renoma building (Globalworth) - were completed, giving a total of 43,100 sq m for lease. This was the highest result for newly delivered office space among regional cities.

In Wrocław, close to 66,900 sq m of office space remained under construction at the end of Q3 2023. This was the highest result among regional cities.
If developers meet their planned deadlines, most of the space under construction will be delivered to the market in 2024, while less than 15,000 sq m may still be delivered in the last quarter of 2023. Projects under construction included Quorum Office Park A (over 18,000 sq m, Cavatina Holding) and B10 (13,600 sq m, Vastint Poland).

From January to September 2023, tenants leased nearly 123,100 sq m of office space in Wrocław. It is worth noting that this result is the second highest among regional cities and accounts for 23% of the total transaction volume recorded in these centres. New agreements accounted for the largest share, over 60%, while renegotiations made up nearly 33% of the transaction volume, with expansions constituting the remaining 7%. In Q3 2023 alone, the volume of leased space amounted to over 35,000 sq m.

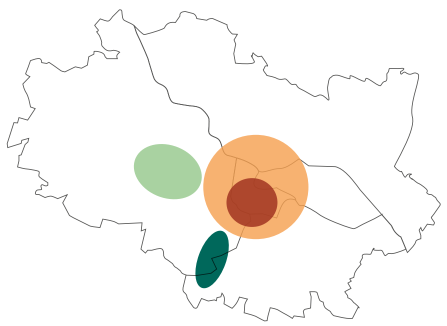
Due to the large amount of new office space, the vacancy rate in Wrocław increased by 1.1 pp. q-o-q, standing at 17.2% at the end of September 2023. It also remained 1.6 pp. higher than in the corresponding quarter of 2022.

Asking rents in Wrocław at the end of September 2023 remained stable relative to the previous quarter, ranging from EUR 10.00 to EUR 16.00/sq m/month. Continued high construction costs and the still high cost of servicing construction loans are inhibiting the negotiating power of investors, making further increases in rental rates possible, especially in new buildings. Service charges ranged from PLN 16.00 to PLN 31.00/sq m/month.

Office space

Major concentration areas

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
City Centre	272,000 sq m	2,600 sq m	25.1%	EUR 10-16 sq m
Southern business axis	193,000 sq m	9,100 sq m	5.1%	EUR 12-15.5 sq m
Western business district	417,600 sq m	13,600 sq m	17.7%	EUR 11.5-14.5 sq m
Subcentral zone	358,800 sq m	34,200 sq m	19.3%	EUR 10-16 sq m



Major regional cities

Q3 2023

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

Existing stock
6.63m sq m

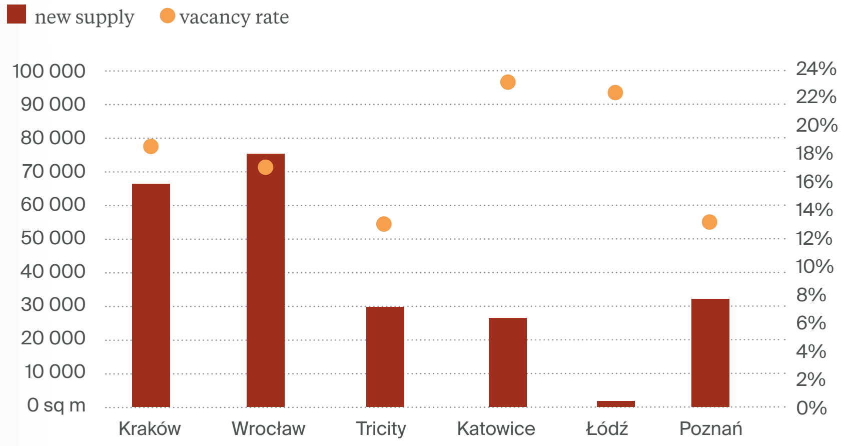
New supply
(Q1-Q3 2023)
236,000

Take-up
(Q1-Q3 2023)
533,300 sq m

Supply under construction
347,200 sq m

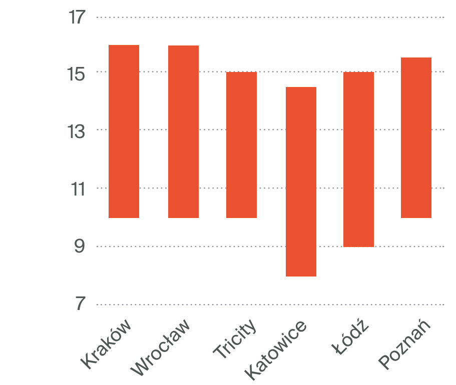
Available space
1.15m sq m

New supply (Q1-Q3 2023) **and vacancy rate** (Q3 2023)

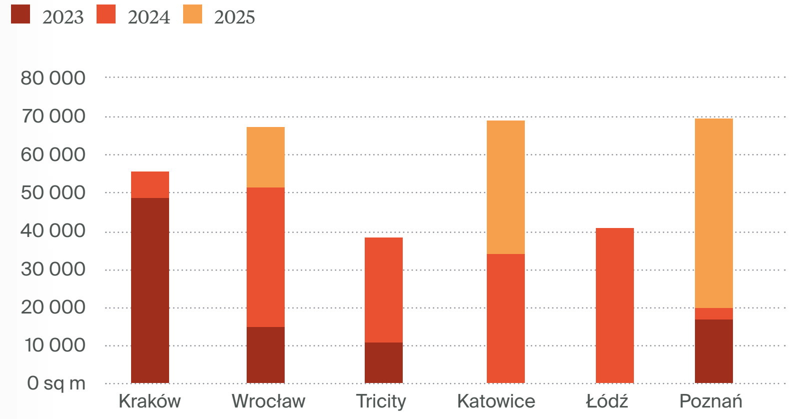


Asking rents (Q3 2023)

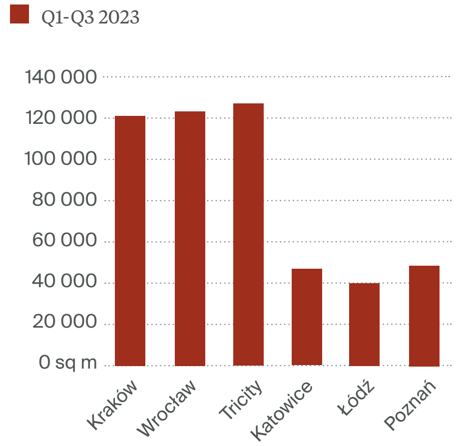
(EUR/sq m/month)



Supply under construction by completion year (Q3 2023)



Take-up volume



Michael Page

I'd like some work-life balance and a competitive salary, please. Thank you!

The time of the pandemic has had a direct impact on people's approach to work, leading to the creation of a completely new employment culture. In today's job market, talent scouts have to work hard to ensure that their offer not only finds the right candidate, but also meets with a positive response.

Flexibility first

The Talent Trends 2023 report leaves no doubt – the importance of work-life balance is rising, a trend that will be difficult to halt. Indeed, work-life balance has now become a key component of professional life. As many as 7 in 10 people would prioritise mental health and work-life balance over success at work, and 40% of employees would turn down an offer of promotion if they felt it could have an adverse effect on their general wellbeing. That is why today's employees expect flexibility from their employers, focusing on the freedom to choose how, where, and when they can do their job.

An ideal offer tempts with good salaries and benefits

Additional days off per year, shorter working weeks, use of the company's gym at lunch time, or foreign language lessons during office hours. An offer like this can be very effective, provided that financial expectations are also met. If staff are satisfied with their earnings, advanced benefits act as yet another lure. Recruiters in the industries where demand still exceeds supply need to be particularly creative in this field. Although proportions have been changing over the last months, and even IT workers are beginning to feel competition breathing down their neck, this sector keeps leading the way, and, truth be told, it is still calling the shots.

Promises likely to be met

An ideal job offer meets several criteria. In order to attract talents effectively, it must be tailored to the profile of a particular candidate that is being sought, and it should respond to any doubts in detail. Having said that, even the best-prepared advertisement can't fulfil its role in the long term if the promises it makes diverge from the actual offer of the employer.

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 IT Contracting sector in Poland

Technology picked up the pace in a major way already during the pandemic, a trend that carried on until the end of 2022. The beginning of 2023 brought mass-scale layoffs at various tech giants in the US, which also affected the mood of IT companies in Poland. The situation has deteriorated further due to high inflation, which has halted Poland's economic growth, forcing businesses to be more cautious in developing their new IT projects, which has translated into the overall demand for the services of IT freelancers on the market. Several subcontractors of IT giants from the US – including software producers or IT outsourcing companies – have experienced major drops in their turnover. This said, there are industries in which the demand for IT competences shows no signs of weakening. These include financial institutions and insurance companies, which are constantly expanding their development teams and the area of security.

IT freelancers are still most likely to work for or cooperate with businesses based entirely on remote work. These job offers are still the most attractive, especially if they are made available by global businesses.

The financial requirements of IT specialists are not growing at such an exponential pace as the one we saw back in 2021 and 2022. There is now more room to negotiate even with experienced consultants and experts. This is also the result of a slight decrease in demand for their project work. The projects that companies had to implement to adapt to the pandemic, and now to the post-pandemic reality, are now coming to an end, and, as a result, the demand for freelancers has dropped.

Despite these changes, the best employees are still in demand on the labour market, especially if they have senior or expert experience in a given field, as their skills allow them to significantly shorten the span of an IT project, while maintaining high quality of service. The areas that are in the lead are software development, security, and SAP.

Even though the conditions worsened in 2023, many of our clients are planning the demand for IT Contracting in 2024, and they are currently analysing budgets for their new projects. Over the year, the situation in the US and in European markets has calmed down, and the cyclical decline in inflation also bodes well for a more propitious economic situation next year.

TOP 3

Most desired positions in IT Contracting in 2023:

1 Software Tester

PAY RATE (PER HOUR, NET)

JUNIOR (1-3 YEARS)	REGULAR (3-5 YEARS)	SENIOR (5+ YEARS)
105-145 PLN/h	155-185 PLN/h	185-200 PLN/h

2 Frontend Developer

PAY RATE (PER HOUR, NET)

JUNIOR (1-3 YEARS)	REGULAR (3-5 YEARS)	SENIOR (5+ YEARS)
105-145 PLN/h	155-195 PLN/h	185-225 PLN/h

3 DevOps

PAY RATE (PER HOUR, NET)

JUNIOR (1-3 YEARS)	REGULAR (3-5 YEARS)	SENIOR (5+ YEARS)
115-155 PLN/h	165-205 PLN/h	210-250 PLN/h

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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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