Prepared
in cooperation with

Wroclaw Agglomeration Development Agency

WROCŁAW

City attractiveness and office market

2022

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CITY ATTRACTIVENESS

WROCŁAW

CITY AREA	POPULATION	POPULATION FORECAST	MIGRATION BALANCE
293 sq km	**674,300** (December 2021)	**611,359** (2030) **577,658** (2050)	**(+) 1,065**

GDP GROWTH	GDP PER CAPITA	AVERAGE SALARY	UNEMPLOYMENT RATE
8.5%	**PLN 104,360**	**PLN 7,357** (gross)	**1.6%** (November 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**

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

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

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

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

1. 1st place in „**Polish Startups 2022**" complied by the Startup Poland Foundation

2. 2nd place in „**Polish Cities of the Future 2050**" prepared by the Saint-Gobain company in cooperation with the Polish Society for Studies on the Future

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

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

2.

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

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 1.7bn.

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	2,878,054 (2022) 1,418,836 (2021)	208	59,500

RATING **A-**

RATING AGENCY **Moody's**

OFFICE MARKET

WROCŁAW

Q4 2022

EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	NEW SUPPLY (2022)	TAKE-UP (2022)
1.33m sq m	154,500 sq m	15.6%	65,700 sq m	137,200 sq m

At the end of 2022, Wrocław's office stock stood at nearly 1.33m sq m, ranking the city second among regional markets, just following Kraków.

In 2022 office space increased by more than 65,700 sq m thanks to the completion of 7 projects, accounting for 16% of the total space completed in regional cities during this period. This result is over three times higher than that for 2021, although it is significantly lower than the 87,000 sq m average for the previous 5 years. The largest office projects completed in 2022 were MidPoint 71 (36,200 sq m, Echo Investment) and Quorum Office Park D (16,200 sq m, Cavatina Holding).

Furthermore, Wrocław has almost 154,500 sq m of office space still under construction - the highest volume among regional cities. If developers meet their planned deadlines, 65% of the space under construction will be delivered to the market in 2023. The investments that remain under construction include Infinity (22,000 sq m, Avestus Real Estate, Tristan Capital Partners) and Centrum Południe III (20,000 sq m, Skanska Property Poland).

From the beginning of 2022, there has been rising tenant interest in Wrocław's office space. Last year's transaction volume of more than 137,200 sq m represented 22% of leased space in regional cities - the second highest result among regional business destinations. Compared to 2021, demand remained at similar levels and was close to the average annual demand of 137,700 sq m for the previous five years. Most of the contracts concluded in 2022 were new deals (over 67,500 sq m, 49% of the total volume). Renegotiations, at 44%, also accounted for a high percentage of leased space, with expansions only amounting to 7% of the volume in Wrocław during this period.

The new supply delivered to the Wrocław market in Q4 2022 was balanced by high demand (nearly 53,000 sq m leased in the final quarter of 2022). As a result, the vacancy rate remained at Q3 2022's level of 15.6%, a 1.1 pp decrease on the level at the end of 2021.

Asking rents in Wrocław at the end of 2022 ranged from EUR 10.00 to EUR 16.00/sq m/month, representing a slight increase on the end of 2021. The continued high availability of office space may encourage tenants to renegotiate rents and incentive packages. On the other hand, high construction costs, as well as an increase in the cost of servicing construction loans, may effectively limit investor negotiating power, especially in new buildings. There are still noticeable increases in service charges due to the increasing cost of services and utilities - at the end of December 2022, these ranged from PLN 16.00 to 25.00/sq m/month.

SELECTED SCHEMES UNDER CONSTRUCTION

Scheme	Total office space	Completion date	Developer / Owner
CENTRUM POŁUDNIE III	20,000 sq m	Q1 2023	Skanska Property Poland
INFINITY	22,000 sq m	Q2 2023	Avestus Real Estate Tristan Capital Partners
ARTEFAKT	9,100 sq m	Q1 2023	i2 Development
BRAMA OŁAWSKA	14,060 sq m	Q2 2023	Tower Inwestycje

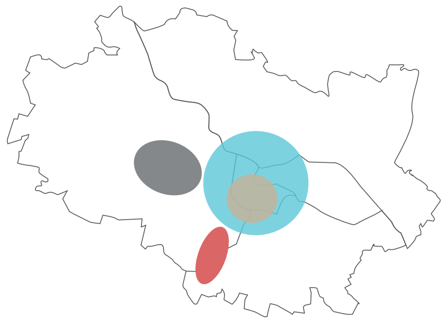
Total office space   Completion date   Developer / Owner

STANDARD LEASE TERMS IN NEW BUILDINGS

SERVICE CHARGE PLN/SQ M/MONTH	RENT-FREE PERIOD	FIT-OUT BUDGET EUR/SQ M
16-25	7 months	450-550

MAJOR OFFICE CONCENTRATION AREAS

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
CITY CENTRE	220,900 sq m	37,500 sq m	13.7%	EUR 10-16/sq m
SOUTHERN BUSINESS AXIS	172,200 sq m	29,100 sq m	8.9%	EUR 11-15/sq m
WESTERN BUSINESS DISTRICT	452,500 sq m	14,500 sq m	16.4%	EUR 11-14/sq m
SUBCENTRAL ZONE	369,800 sq m	73,300 sq m	20.0%	EUR 10-16/sq m



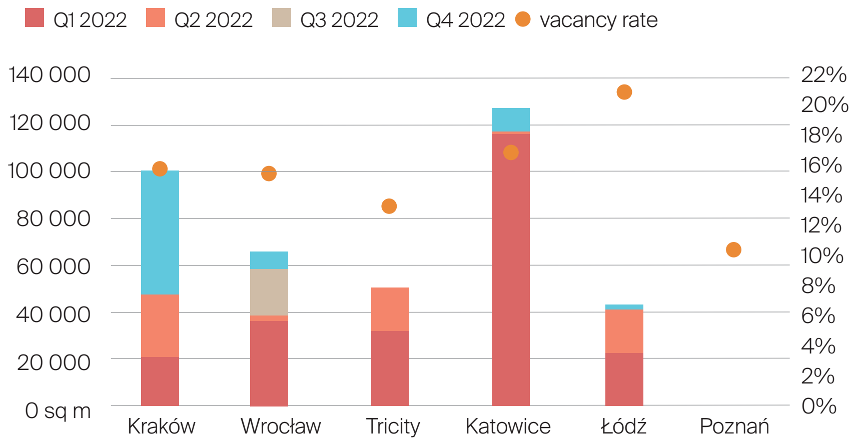
MAJOR REGIONAL CITIES

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

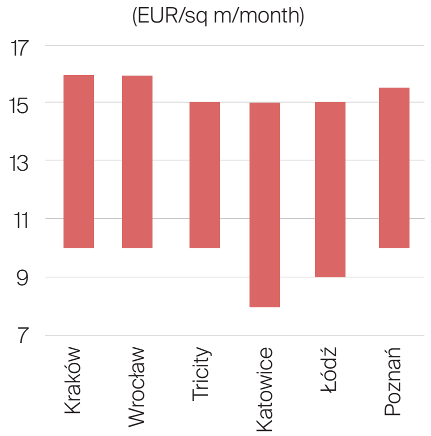
Q4 2022

EXISTING STOCK	NEW SUPPLY (2022)	TAKE-UP (2022)	SUPPLY UNDER CONSTRUCTION	AVAILABLE SPACE
6.44m sq m	405,300 sq m	623,200 sq m	567,200 sq m	985,100 sq m

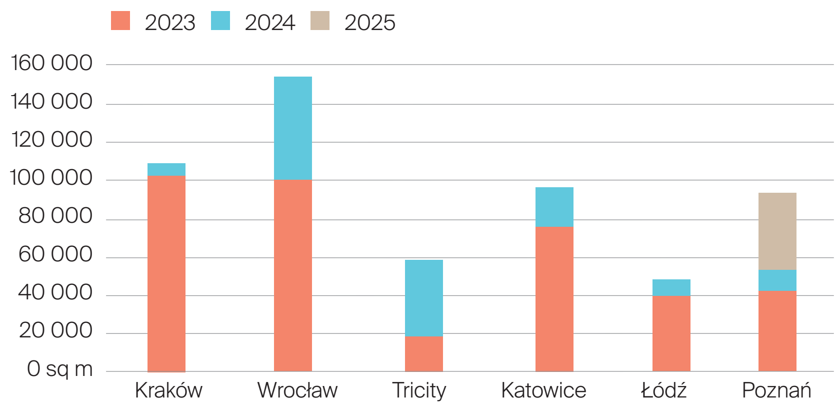
NEW SUPPLY (2022) AND VACANCY RATE (Q4 2022)



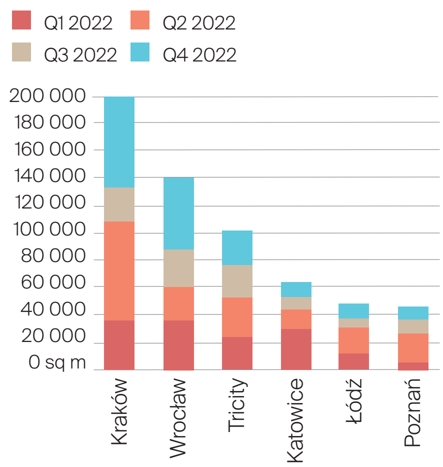
ASKING RENTS
(Q4 2022)



SUPPLY UNDER CONSTRUCTION BY COMPLETION YEAR
(Q4 2022)



TAKE-UP VOLUME (2022)



BENEFITS ARE SETTING THE TONE IN THE MODERN EMPLOYEE MARKET

According to a 2021 report by the Union of Entrepreneurs and Employers, last year employees already expected benefits that would allow them to meet their individual needs and thus respond to the effects of the pandemic. The study showed that additional benefits were typically expected to guarantee stability and be personalised and flexible. It is worth noting that there has been a small revolution in the area of non-wage benefits. Those that were attractive before the pandemic have become insufficient or even outdated in today' world. Multisport or medical plans are already a standard in Poland's labour market, and they are unlikely to attract the attention of potential employees. Just like delicious coffee from the coffee machine, or fruit Tuesdays.

FLEXIBILITY FIRST

Undoubtedly, the most important aspect of the modern labour market is the option of remote work. As stated in a study by Michael Page, the majority (59%) of respondents would prefer to work exclusively online, or in a hybrid system. Flexible working hours, the ability to perform one's duties from home is not only a way to save time and costs related to commuting, but it also helps staff to strike work-life balance, which is of key significance for as many as 88% of the respondents. It is the meeting of employees' expectations, an approach that respects their needs and family life that gives a sense of support, and in the long run it can help to bond with the organisation. The role of managers is also worth highlighting. On the one hand, employees expect trust and the opportunity to work from home from their superiors, but at the same time they also want to feel part of the team and be actively involved in integration events. We know perfectly well that it is not easy to build a sense of belonging to a company or a team in times of virtual meetings. Clearly, the benefit of remote/hybrid work entails further expectations of employees in the form of co-financing or equipping, on the part of the employer, of the workplace at home (extra allowances for desks or armchairs, or covering at least a fraction of the costs of electricity). Another response to high inflation and the needs of the labour market that seems to be gaining momentum can be found in prepaid cards, co-financing of meals, or a company car with a fuel card.

THE INS AND OUTS OF THE LABOUR MARKET IN THE HR SECTOR

Regardless of the industry, HR staff keep having to face up to the challenges that recent years have posed to them. The fourth quarter of the year is a period of intensified work, but also a time that sees several personnel-related changes in organisations. Companies want to go through another challenging year with competent employees on board. **HR Business Partners** are ambassadors of change within organisations and a perfect link between candidates and hiring managers. The high demand for specialists in this field means that the number of employees sought after for these positions is on the increase.

An effective strategy in the area of Learning & Development is also a real value for business. Monitoring and providing appropriate tools aimed at developing employees' skills, which, in turn, translates into increasing profits, is the role of **L&D experts** and **coordinators**. Recently, we have noticed more recruitment processes dedicated to these professionals.

The future undoubtedly belongs to digitization. Changes in this area will also apply to HR and payroll departments, as the scale of applications of new technological solutions keeps growing. The most desirable are those tools that streamline processes and help to save time. Clearly, one of the most sought-after roles in the fourth quarter of 2022 were **HR and payroll department leaders** with experience in process automation and digitization of resources.

TOP 3

MOST DESIRED POSITIONS FROM THE HR AREA:

The wages shown below correspond to the Michael Page & Page Executive | Part of PageGroup „Salary Guide". The average rate given here indicates pay rates found across Poland.

1.	2.	3.
HR BUSINESS PARTNER:	**EKSPERT LEARNING & DEVELOPMENT:**	**HEAD OF HR AND PAYROLL:**
PLN 12,000 – 18,000 gross	**PLN 14,000 – 18,000 gross**	**PLN 13,000 – 24,000 gross**

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- 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.

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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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