Prepared
in cooperation with

ŁÓDŹ

City attractiveness and office market

H1 2022

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CITY ATTRACTIVENESS

ŁÓDŹ

CITY AREA

293.25 sq km

POPULATION

664,071
(December 2021, GUS)

UNEMPLOYMENT RATE

5.8%
(May 2022, GUS)

GDP GROWTH

4.7%

GDP PER CAPITA

PLN 70,846

AVERAGE SALARY

PLN 5,939 (gross)
(in the business sector)

INVESTMENT ATTRACTIVENESS

RANKINGS

3. 3rd place in CEO Magazine in **„Best Country to Invest in 2020"** category

1. 1st place in Emerging Europe ranking – Business-Friendly Cities Perception Index 2020 in Business Climate – **the most business-friendly city category**

The best Special Economic Zone in Europe according to FDI Free Zones of the Year 2020

2. 2nd place in **Local Authority Support – business-friendly city**

1. 1st place awarded by the ABSL **for cooperation with local universities and for transport availability**, and 3rd place for local universities quality, modern office space availability and cooperation with the local investor service unit

„City of The Year " awarded by Europa Property

INVESTMENT INCENTIVES

Know-how in key areas: regularly prepared reports in the field of HR and real estate and annual economic guide

Assigned employee of Łódź City Council (e.g. offering support for investments in the location selection process, in ongoing administrative processes in the office about related entities)

Marketing support: preparing press conferences, publications in social media (FB, LinkedIn, www.investinlodz.pl)

Other support in recruitment activities: internship programme organised by the Łódź City Council in cooperation with investors, activities in the field of employer branding

Personalized offer of investment areas (urban and private)

Support within the Łódź Special Economic Zone

QUALITY OF LIFE

RANKINGS

2. 2nd place in the **Forbes People Friendly Cities 2021 ranking**

3. 3rd place in the **Europolis Green Cities ranking**

3. 3rd place for President of the city Hanna Zdanowska in **Pearls of the Local Government 2021** by Dziennik Gazeta Prawna

5. 5th place in the **Forbes Green Cities 2021 ranking**

National Geographic - Best of The World 2022 award among **25 cities in the sustainable development category**

QUALITY OF LIFE IN NUMBERS

- Parks conservation, e.g. Park Helenów.
- A series of eco workshops.
- Development of new infrastructure, e.g. Orientarium.
- Karta Łodzianina.
- Improving electromobility and ecological means of public transport.
- Civic budget.
- Municipal programs against addiction.
- Organization of recreational and sports events.
- Organization of cultural events.
- Downtown revitalization.
- Elimination of illegal landfills.
- City bike system, public electric scooters, expansion of the network of bicycle paths and electric charging stations.
- Expansion of the city transport system: construction of the Łódź metro (cross-city tunnel).
- Increasing the level of security in the city.
- Conducting more intensive CSR activities - „business for the environment", as part of the implementation of the Ecopact.
- The opening of a bus connection between Łódź and the Łódź Special Economic Zone in Ksawerów.

BIKE PATHS

218.6 km

GREEN AREAS

51.51 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
75,047	17,397	19	6 km	69,320 (2021) 75,275 (2020)	105	30,000

RATING **BBB+ (STABLE OUTLOOK)**

RATING AGENCY **S&P**

OFFICE MARKET
ŁÓDŹ

H1 2022

EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	NEW SUPPLY	TAKE-UP
629,600 sq m	56,300 sq m	18.6%	41,500 sq m	31,600 sq m

At the end of Q2 2022, the total office stock in Łódź was close to 630,000 sq m. New office projects have been successively delivered from the beginning of the year, and the total new supply in the first half of 2022 reached over 41,500 sq m. From April to June 2022, the market was supplied with two phases of the Echo Investment development, Fuzja C (9,600 sq m) and Fuzja D (9,200 sq m). This represented 27% of the space delivered in Q2 2022 across regional cities.

More than 56,300 sq m of office space remains under construction in Łódź, with nearly 82% of this volume due for completion in 2023. The largest developments at the construction phase are Monopolis M2 (8,000 sq m, Virako) and Widzewska Manufaktura (33,800 sq m, Cavatina Holding).

From April to June 2022, there was a relatively high take-up of nearly 19,500 sq m (a 60% increase q-o-q), which accounted for nearly 10% of contracts signed in regional cities. Moreover, this level is much higher than in 2021's corresponding quarter. New contracts represented the largest share, nearly 85% (of which 11% came in pre-let agreements), while renegotiations accounted for 15% of the transaction volume. Since the beginning of the year, contracts for nearly 31,600 sq m have been signed in Łódź.

Due to the amount of new office space, the vacancy rate in Łódź increased by 0.2 pp during the quarter and stood at 18.6% at the end of June 2022. The vacancy rate increased by 0.3 pp over the course of the year, the highest result recorded in the city in recent years. The systematic increase in take-up of offices in Łódź does, however, offer a positive outlook for the coming quarters.

Asking rents in Łódź at the end of June 2022 remained stable, ranging from EUR 9.00 to EUR 15.00/sq m/month. In the near future, pressure from tenants to renegotiate rents and seek incentive packages in older buildings seems likely due to the 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 inhibit investor openness towards negotiation, particularly in new buildings. In all projects, however, an increase in service charges can be expected due to ongoing increases in the price of services and utilities.

SELECTED SCHEMES UNDER CONSTRUCTION

NOVA MILIONOWA 21	MONOPOLIS M2	WIDZEWSKA MANUFAKTURA
2,400 sq m	8,000 sq m	33,800 sq m
Q3 2022	Q1 2024	Q4 2023
Stanley	Virako	Cavatina Holding

Total office space | Completion date | Developer / Owner

STANDARD LEASE TERMS IN NEW BUILDINGS

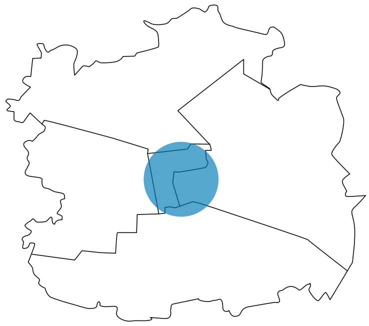
SERVICE CHARGE PLN/SQ M/MONTH	RENT-FREE PERIOD	FIT-OUT BUDGET EUR/SQ M
15-18	5-9 months	350-500

COWORKING OPERATORS IN ŁÓDŹ

Business Zone | New Work | Loftmill

MAJOR OFFICE CONCENTRATION AREAS

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
CITY CENTRE	465,200 sq m	4,400 sq m	21.8%	EUR 9-15/sq m
OUTSIDE CITY CENTRE	164,300 sq m	51,900 sq m	9.6%	EUR 9-14/sq m



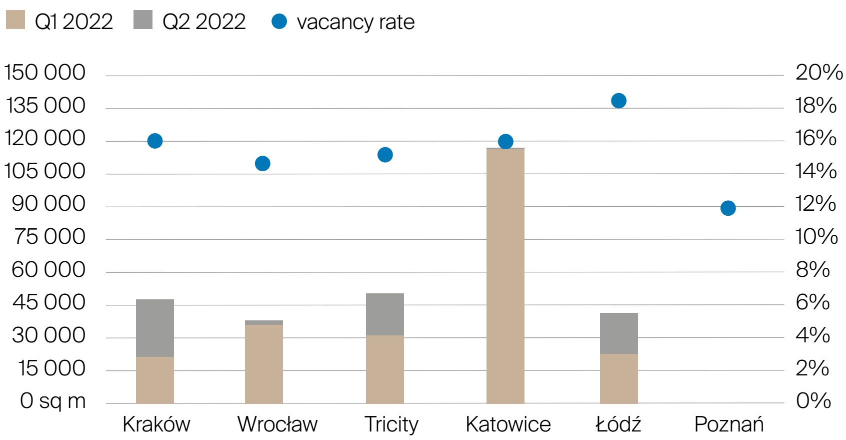
MAJOR REGIONAL CITIES

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

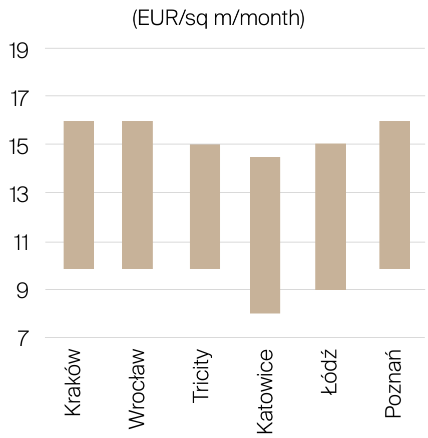
H1 2022

EXISTING STOCK	NEW SUPPLY	TAKE-UP	SUPPLY UNDER CONSTRUCTION	AVAILABLE SPACE
6.34m sq m	312,000 sq m	343,000 sq m	562,000 sq m	961,000 sq m

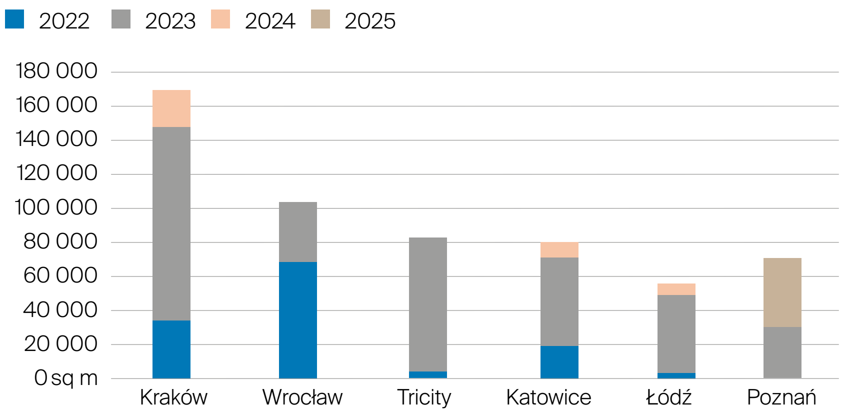
NEW SUPPLY (H1 2022) AND VACANCY RATE (Q2 2022)



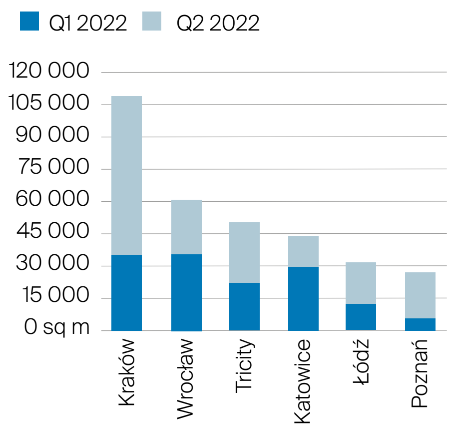
ASKING RENTS
(Q2 2022)



SUPPLY UNDER CONSTRUCTION BY COMPLETION YEAR
(Q2 2022)



TAKE-UP VOLUME
(H1 2022)

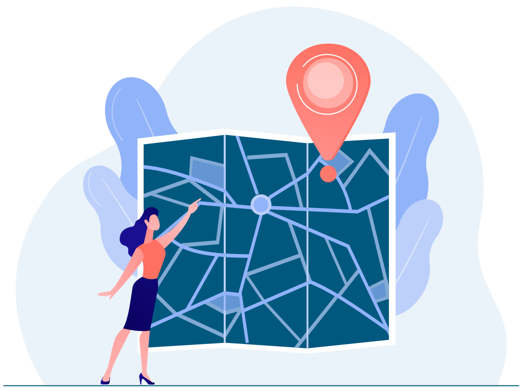


HR PERSPECTIVE

Michael Page

CLEAR CANDIDATE EXPECTATIONS

The research conducted by Michael Page has proven that as far as job advertisements are concerned, candidates are chiefly interested in the location of their prospective job – as confirmed by 59% of the respondents. The type of contract (47%) and the job title (44%) have been ranked second and third, respectively. **Such aspects as wages (37%) and the level of the position of interest (24%) came a lot lower on the list.** Apparently, candidates also pay close attention to the name of the company (19%), and the date when a given job offer was published (18%).



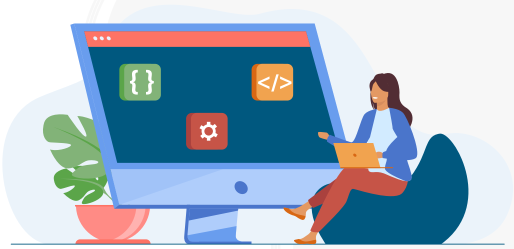
Despite the popularity of home office, as many as 6 of 10 respondents first look at the address of their potential employer when looking through job offers. This means that candidates care about a well-connected and often prestigious location. We can assume that for many people remote work is a very convenient alternative, but sometimes their home is simply unable to replace the amenities offered by a modern and comfortable office, which many people would like to keep using. As a result, those employers who offer candidates a hybrid solution will certainly appear more attractive on the labour market.

The Michael Page study has also revealed what sort of information candidates miss in job offers. **Almost nine out of ten (88%) respondents believe that job advertisements should contain information about the company's organisational culture, i.e. the principles and values that a given business adheres to.** A similar percentage of those surveyed (87%) would like to know the salary range, while 69% have shown real interest in the benefits package. These findings prove how mature candidates are these days, as their expectations towards employers are crystal clear. In addition, they are consistent with the general trends that dominate the labour market, such as employees' increasingly higher financial expectations, the growing importance of well-being in the workplace, or potential employers' engagement in CSR.

THE JOB MARKET OF THE IT SECTOR AT A GLANCE

The labour market in the IT industry remains very dynamic, and we do not expect major slowdowns in this sector in the nearest future.

Today's trends in IT world have created excellent conditions for contracting services. These days, specialists prefer B2B cooperation, as it gives them greater freedom of work – especially in terms of the place and time of performing their professional duties, as well as higher earnings. IT employees still most frequently opt for the home office model, even those whose specificity of work in the pre-Covid world consisted in clients coming to their office. Candidates, especially those interested in contracting, are more likely to go for remote work, even if their clients are based in the same town.



The IT industry has been witnessing an invariably steady increase in wage levels. Wage reports that look at wage rates from the previous year turn out to be inadequate to the market trends that prevail in 2022.

Despite the constantly growing financial expectations, the availability of experts on the recruitment market is going down. Candidates manage to find a new job very quickly. Time pressure and the competitiveness of offers push companies looking for IT specialists to eventually hire candidates even with exorbitant expectations.

Companies most often rely on IT specialists in middle and senior positions, which means that they spend less time, and thus less money, on onboarding new staff. Especially in the case of contracting, employers tend to go for cooperating with more experienced experts who, in the case of short-term contracts, make a greater contribution to the design work.

TOP 3

MOST DESIRED POSITIONS BY EMPLOYERS IN 2021:

1. **JAVASCRIPT DEVELOPER**
2. **JAVA DEVELOPER**
3. **SOFTWARE TESTER**

THE RATES BELOW REGARD DEVELOPERS (JAVASCRIPT DEVELOPER, AND JAVA DEVELOPER):

JUNIOR (2-3 YEARS)	80–120 PLN/h
MIDDLE (3-5 YEARS)	130–170 PLN/h
SENIOR (5+ YEARS)	160–200 PLN/h

THE FOLLOWING RATES REGARD SOFTWARE TESTERS:

	JUNIOR (2-3 YEARS)	MIDDLE (3-5 YEARS)	SENIOR (5+ YEARS)
MANUAL TESTER	60-100 PLN/h	70–120 PLN/h	120–150 PLN/h
AUTOMATION TESTER	80-120 PLN/h	130–170 PLN/h	160–200 PLN/h

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