Prepared in cooperation with

INVEST IN ŁÓDŹ

Michael Page

Knight Frank

ŁÓDŹ

City attractiveness and office market

Q1 2022

knightfrank.com.pl/en/research

CITY ATTRACTIVENESS

ŁÓDŹ

CITY AREA
293.25 sq km

POPULATION
667,923

UNEMPLOYMENT RATE
5.8%

GDP GROWTH
4.7%

GDP PER CAPITA
PLN 70,846

AVERAGE SALARY
PLN 6,100 (gross)
(in the business sector)

INVESTMENT ATTRACTIVENESS

RANKINGS

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

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

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

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

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

„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	24,654	102	30,000

RATING **BBB+** (STABLE OUTLOOK)

RATING AGENCY **S&P**

OFFICE MARKET

ŁÓDŹ

Q1 2022

EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	NEW SUPPLY	TAKE-UP
611,600 sq m	71,600 sq m	18.4%	22,800 sq m	12,100 sq m

The total office stock in Łódź at the end of Q1 2022 was over 611,000 sq m. After the very limited new supply completed in 2021, three projects were delivered at the beginning of 2022: Monopolis III and IV with a combined area of over 8,600 sq m (Virako) and React I (14,200 sq m, Echo Investment). More than 70,000 sq m of space is still under construction, of which over 30% is scheduled for completion in 2022. The remaining ca. 50,000 sq m is expected to be delivered in 2023. The largest projects still under construction are Monopolis M2 (9,000 sq m, Virako) and Widzewska Manufaktura (28,000 sq m, Cavatina Holding).

In Q1 2022, take-up for office space remained at a comparable level to the quarterly volume recorded in previous years. From January to March 2022, agreements were signed for over 12,100 sq m, of which the largest agreement, for nearly 7,700 sq m, was signed in the Olimpia Software Pool building. The lease structure was dominated by renegotiations, which accounted for almost 75%, with new agreements responsible for only 9% of the volume, and expansions making up over 16% of the space leased in Q1 2022.

The significant volume of new office space delivered in Q1 2022 increased the vacancy rate, which stood at 18.4% at the end of March 2022 (an increase of 2.6 pp q-o-q). In comparison to 2021's corresponding quarter, the vacancy rate had also increased by 1.5 pp.

Asking rents in Łódź in Q1 2022 ranged from EUR 9.00 to EUR 15.00/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

	NOVA MILIONOWA 21	MONOPOLIS M2	WIDZEWSKA MANUFAKTURA
Total office space	2,400 sq m	9,000 sq m	28,000 sq m
Completion date	Q2 2022	2023	Q4 2023
Developer / Owner	Stanley	Virako	Cavatina Holding

Total office space | Completion date | Developer / Owner

STANDARD LEASE TERMS IN NEW BUILDINGS

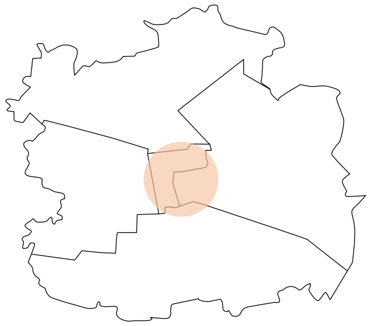
SERVICE CHARGE PLN/SQ M/MONTH	RENT-FREE PERIOD MONTHS	FIT-OUT BUDGET EUR/SQ M
15-18	5-9 months	350-500

COWORKING OPERATORS IN ŁÓDŹ

Business Zone | New Work | Rise.pl

MAJOR OFFICE CONCENTRATION AREAS

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
CITY CENTRE	466,000 sq m	4,400 sq m	20.2%	EUR 10-15/sq m
OUTSIDE CITY CENTRE	145,600 sq m	67,200 sq m	12.5%	EUR 9-13.5/sq m



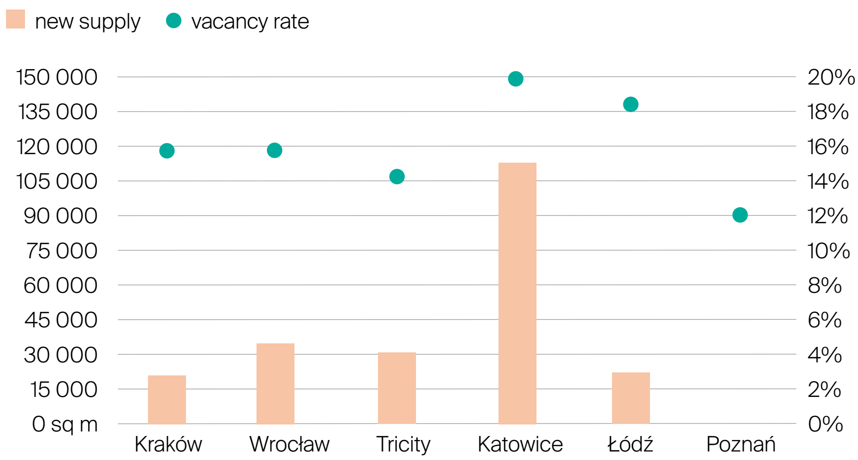
MAJOR REGIONAL CITIES

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

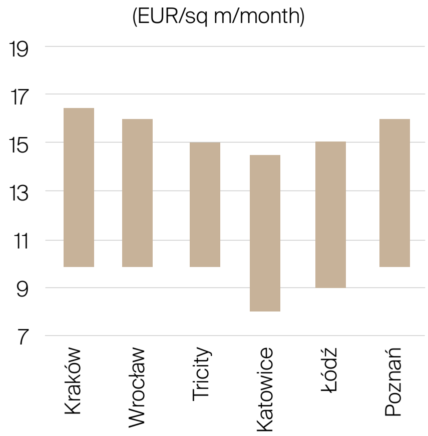
Q1 2022

EXISTING STOCK	NEW SUPPLY	TAKE-UP	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

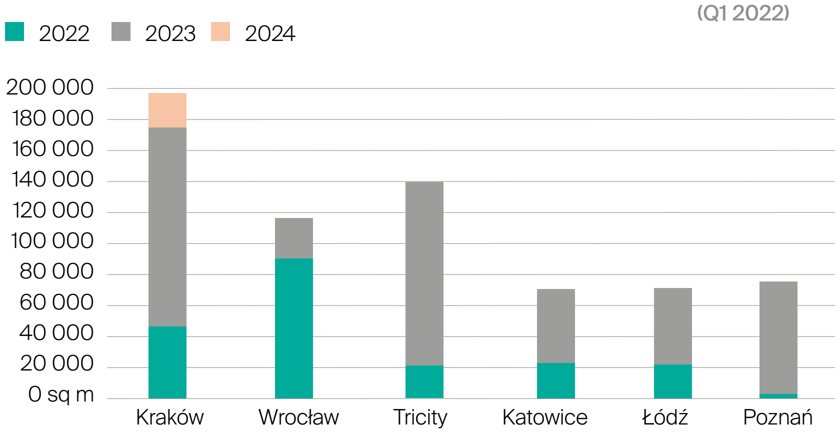
NEW SUPPLY AND VACANCY RATE (Q1 2022)



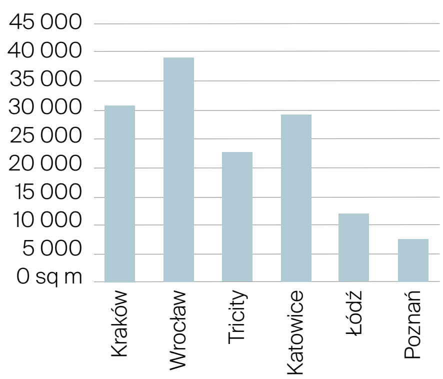
ASKING RENTS (Q1 2022)



SUPPLY UNDER CONSTRUCTION BY COMPLETION YEAR (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.

ŁÓDŹ TOP 3

THE MOST SOUGHT-AFTER JOBS IN REAL ESTATE & CONSTRUCTION

1.	2.	3.
SITE ENGINEER	**SITE MANAGER (LOGISTICS)**	**PROJECT MANAGER**
PLN 5,500 – 9,000 gross	**PLN 9,000 – 14,000 gross**	**PLN 18,000 – 21,000 gross**

CONTACT IN POLAND:
+22 596 50 50
www.KnightFrank.com.pl

COMMERCIAL AGENCY - ŁÓDŹ
L-REP **Janusz Garstka**
janusz.garstka@pl.knightfrank.com

T-REP **Izabela Dąbrowska**
izabela.dabrowska@pl.knightfrank.com

PROPERTY MANAGEMENT COMPLIANCE
Magdalena Oksańska
magdalena.oksanska@pl.knightfrank.com

RESEARCH
Elżbieta Czerpak
elzbieta.czerpak@pl.knightfrank.com

CAPITAL MARKETS
Krzysztof Cipiur
krzysztof.cipiur@pl.knightfrank.com

PROPERTY MANAGEMENT
Izabela Miazgowska
izabela.miazgowska@pl.knightfrank.com

PROJECT MANAGEMENT
Urszula Łuszpińska
urszula.luszpinska@pl.knightfrank.com

VALUATION & ADVISORY
Małgorzata Krzystek
malgorzata.krzystek@pl.knightfrank.com

STRATEGIC CONSULTING EMEA
Marta Sobieszczak
marta.sobieszczak@pl.knightfrank.com

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:

CITY COUNCIL IN ŁÓDŹ
ul. Piotrkowska 104a
90-926 Łódź

a.brzostowski@uml.lodz.pl

/invest-in-lodz

CONTACT:

www.michaelpage.pl
contact@michaelpage.pl