

Prepared
in cooperation with



Michael Page

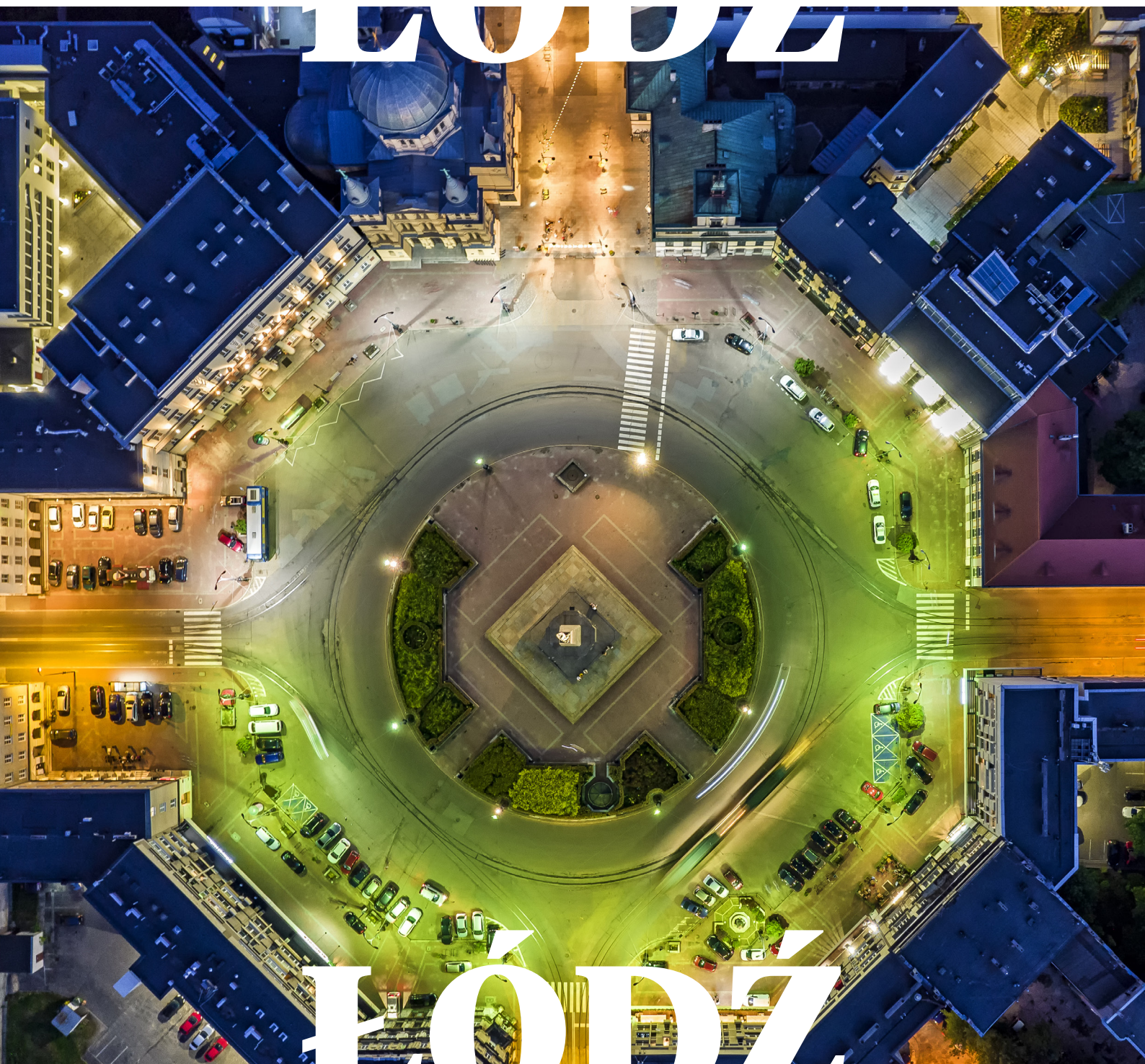


ŁÓDŹ

City attractiveness and office market

Q3 2021

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CITY ATTRACTIVENESS

ŁÓDŹ

FACTS & FIGURES



CITY AREA

293.25 sq km



POPULATION

672,185



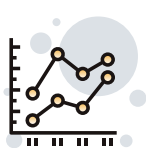
AVERAGE SALARY

PLN 5,796.7 (gross)



GDP GROWTH

6.1%



GDP PER CAPITA

PLN 70,846



UNEMPLOYMENT RATE

6.1%

INVESTMENT ATTRACTIVENESS

1. RANKINGS INDICATING THE INVESTMENT ATTRACTIVENESS OF THE CITY

3.

3rd place in CEO Magazine in „**Best Country to Invest in 2020**” 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

1.

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

2.

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

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

„**City of The Year**” awarded by Europa Property

2. INVESTMENT INCENTIVES

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

Customized offer of investment lots (public and private).

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).

Other forms of support in recruitment activities: internship programs organized by Łódź City Council in cooperation with investors, activities in the field of employer branding.

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

Support within the Łódź Special Economic Zone.

QUALITY OF LIFE

3. RANKINGS ON THE QUALITY OF LIFE IN THE CITY

3.

3rd place in **Pearls of the Local Government 2020**.

3.

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

In **People Friendly Cities 2020** ranking by Forbes Łódź overtook: Gdynia, Wrocław, Kraków, Szczecin and Opole.

5.

5th place in **People-friendly City** in Forbes ranking 2020.

Łódź was the laureate of the nationwide competition of the Minister of Culture and National Heritage, and the Conservation Officer "Local Government for Heritage" in the category of municipal communes, which rewards **communes for model development and implementation of local government programs for the care of landmark buildings**, with the aim of motivating local governments to prepare and implement programs and promoting good practices in this regard.

4. CITY INITIATIVES AIMED AT IMPROVING THE QUALITY OF LIFE IN THE CITY

- „ZazieleniaMY” program aimed at increasing number of green areas in the city.
- Parks conservation, e.g. Park Helenów.
- Activities carried out in the parks, e.g. walking tours, yoga, bicycle tours.
- A series of eco workshops.
- Subsidy program for furnace replacement.
- 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 - for example: cleaning on the Earth Day, sowing flower meadows, developing green areas, beekeeping workshops, creating new apiaries.



BIKE
PATHS

171 km



GREEN
AREAS

51.51 sq km

FACTS & FIGURES

NUMBER OF
STUDENTS



75,047

NUMBER OF
GRADUATES



17,412

NUMBER OF
UNIVERSITIES



18

AIRPORT
- DISTANCE TO
THE CITY CENTRE



5 km

AIRPORT
- NUMBER
OF PASSENGERS



34,689

BSS SECTOR
- NUMBER
OF CENTRES



96

BSS SECTOR
- NUMBER
OF EMPLOYED



27,100

RATING

BBB+ (STABLE OUTLOOK)

RATING
AGENCY

S&P

OFFICE MARKET

ŁÓDŹ

Q1-Q3 2021



EXISTING STOCK

583,000 sq m



SUPPLY UNDER CONSTRUCTION

93,000 sq m



VACANCY RATE

16.8%



NEW SUPPLY

3,600 sq m



TAKE-UP

16,880 sq m

Total stock in Łódź reached 583,000 sq m at the end of Q3 2021. In the quarter, a single new office building - Dowborczyków 30/34 - was completed, adding approx. 3,600 sq m to the local stock. At the end of September 2021 approximately 93,000 sq m was identified as being under construction - with over 50% of this being scheduled for completion in 2023. By the end of 2021, nearly 25,000 sq m of modern office space should appear on the market.

Take-up in Q3 2021 increased compared to the previous quarter, amounting to 8,600 sq m. More than half of this volume was in new contracts, with the remainder in renegotiations of existing contracts. It is worth noting that each subsequent quarter of 2021 saw a growth in tenant activity - with contracts signed for almost 17,000 sq m since the beginning of the year. Łódź is the market with the highest vacancy rate among the largest regional office hubs in Poland, although its

decline of 1.5 pp compared to Q2 2021 is a promising sign - the figure of 16.8% at the end of Q3 2021, however, was still much higher than a year ago (an increase of 4.0 pp. y-o-y). The higher vacancy rate and weaker take-up in recent quarters has resulted in a slight decline in asking rates for some office projects, with asking rents in Łódź in Q3 2021 ranging from EUR 10.00 to EUR 14.00 per sq m per month.

SELECTED SCHEMES UNDER CONSTRUCTION

WIDZEWSKA MANUFAKTURA

- 28,000 sq m
- Q4 2023
- Cavatina Holding

REACT

- 15,470 sq m
- Q4 2021
- Echo Investment

MONOPOLIS M2

- 7,830 sq m
- Q4 2022
- Virako

Total office space Completion date Developer / Owner

SELECTED BPO, SSC/GBS, IT AND R&D CENTERS:

Accenture | Barry Callebaut |
Clariant | Fujitsu Technology
Solution | GFT | McCormick
Shared Services |
Nordea Bank | UPS Global
Business Services

STANDARD LEASE TERMS IN LARGE SCALE, NEW BUILDINGS



**SERVICE CHARGE
PLN/SQ M/MONTH**

15-18



**RENT-FREE
MONTHS**

**5-9
months**



**FIT-OUT BUDGET
EUR/SQ M**

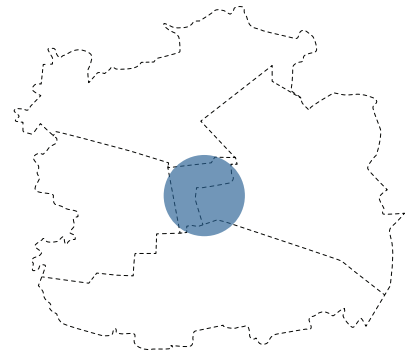
350-500

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	445,091 sq m	19,388 sq m	19.8%	EUR 11-14 /sq m
OUTSIDE CITY CENTRE	137,939 sq m	73,882 sq m	7.3%	EUR 10-13.5 /sq m



MAJOR REGIONAL CITIES

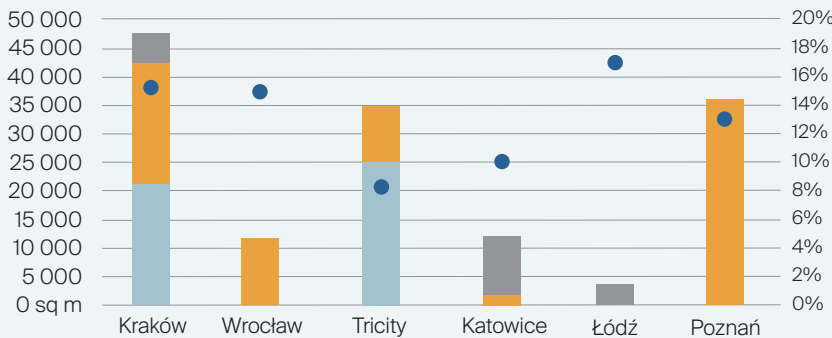
KRAKÓW, WROCŁAW, TRICITY, POZNAŃ, KATOWICE, ŁÓDŹ

Q1-Q3 2021



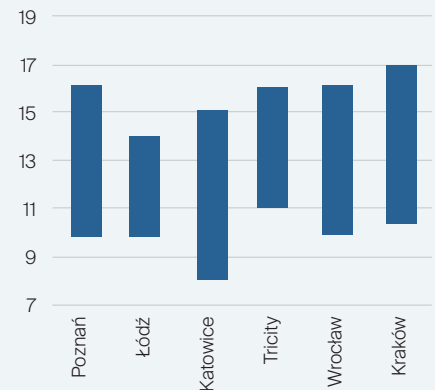
NEW SUPPLY AND VACANCY RATE (Q3 2021)

■ Q1 2021 ■ Q2 2021 ■ Q3 2021 ● vacancy rate



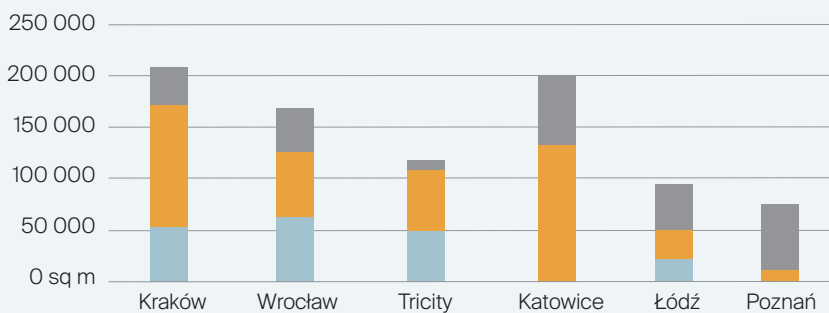
ASKING RENTS (Q3 2021)

(EUR/sq m/month)



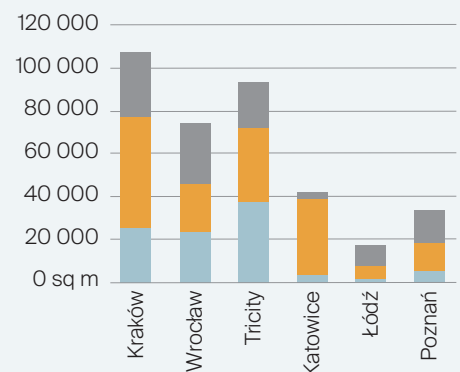
SUPPLY UNDER CONSTRUCTION BY COMPLETION YEAR (Q3 2021)

■ 2021 ■ 2022 ■ 2023



TAKE-UP VOLUME (Q3 2021)

■ Q1 2021 ■ Q2 2021 ■ Q3 2021



ŁÓDŹ

RECRUITMENT IN THE IT SECTOR



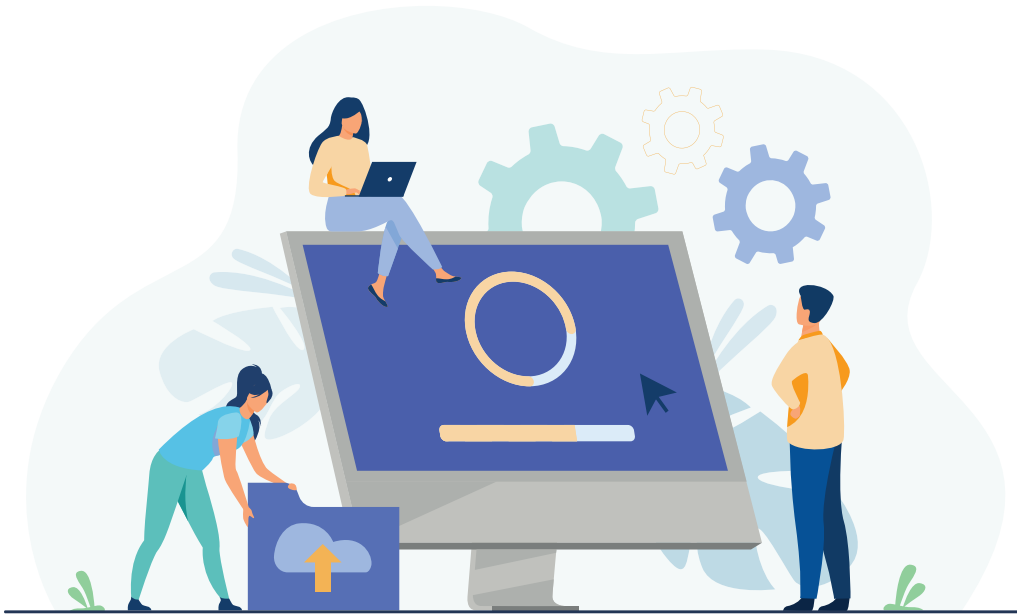
The IT industry is concerned, following the government's Jobs Barometer in Lodz and the area, there seems to be a **clear balance between the demand for and supply of staff** from this particular professional group. Those looking for a job in IT in Lodz should not find it too hard picking an appropriate offer that suits them best.



Lodz seems to be taking advantage of its location (Warsaw area) to attract businesses from the IT sector.



Łódź has been named **the most attractive city for business in Central and Eastern Europe** in the Business-Friendly Perception Index 2021 published by the Emerging Europe website. Is the first city in Poland, apart from Warsaw, to have received the prize.



TOP 3

1.

SCRUM MASTER

PLN 10,000 - 18,000 gross

2.

SALESFORCE ARCHITECT

PLN 19,000 - 27,000 gross

3.

IT SUPPORT SPECIALIST

PLN 8,000 - 13,000 gross



THE CRISIS IN THE HR SECTOR WAS INTENSE, BUT RELATIVELY SHORT

It looks like the changes brought about by the pandemic are here to stay. Both recruiters and candidates have openly appreciated the separation of the recruitment process from the physical location. Online job interviews will surely become a trend that will take root for a long time to come once the COVID-19 epidemic has been combatted. Online recruitment sessions simply save a lot of time to both parties of the process. Face-to-face meetings will now only be held at the final stages of the hiring procedure and will involve exclusively a handful of most promising candidates. There were already some feeble symptoms of recovery in July, followed by a calm and more holiday-like August. September, in turn, has seen a major upward trend, which is still in full swing. Those clients who earlier on preferred to hold back on taking major steps have now started to feel the need to hire additional staff on a mass scale.

THE DAWN OF THE DIGITAL TRANSFORMATION OF RECRUITMENT

In the past, it was common practice to vet candidates on the phone at the preliminary stage of recruitment, which in most cases eventually led to face-to-face meetings. Since the pandemic, new standards have been set, making video interviews a permanent fixture in modern hiring practices, forcing consultants to instantly shift to the virtual world. About 99% of recruitment procedures, including final meetings, are now conducted online. The force of habit of the past seems to have made room for the new pandemic-driven reality of the present. Despite the initial uncertainty, it has turned out that at the end of the day it is perfectly possible to use online tools to hire specialists, managers, or top-level managers.



THE ROLE OF MOTIVATION THROUGHOUT RECRUITMENT

In the era of the COVID-19 pandemic, particular emphasis is placed on issues related to work motivation, which are often raised at job interviews. Currently, the risk that a potential employee will change his/her place of employment after a few months is extremely high, and employers strive to avoid such situations. Candidates are also asked to explain why they are looking for a new job, and what factors lie behind their choices when deciding to change jobs. In this way, it is possible to check whether an applicant will successfully settle down within the structure of a given organisation, and whether his/her values coincide with its mission. Potential employees are expected to freely and honestly answer the questions they get during an interview. If they want to stay with the company for longer, they also need to be sure that they will adapt to its organisational culture. Since remote work to some extent hinders the mutual understanding and bonds between employers and employees, businesses often ask candidates about their attitude to the idea of coming back to traditional work in the office, even on a part-time basis.



CONTACT IN POLAND:

+22 596 50 50
www.knightfrank.com.pl

RESEARCH

Elżbieta Czerpak
elzbieta.czerpak@pl.knightfrank.com

CONTACT IN ŁÓDŹ:

Izabela Dąbrowska
izabela.dabrowska@pl.knightfrank.com

COMMERCIAL AGENCY - OFFICE

L-REP Janusz Garstka
janusz.garstka@pl.knightfrank.com

T-REP Monika Sułdecka-Karaś
monika.suldecka@pl.knightfrank.com

CAPITAL MARKETS

Krzysztof Cipiur
krzysztof.cipiur@pl.knightfrank.com

PROPERTY MANAGEMENT

Izabela Miazgowska
izabela.miazgowska@pl.knightfrank.com

**PROPERTY MANAGEMENT
COMPLIANCE**

Magdalena Oksańska
magdalena.oksanska@pl.knightfrank.com

PROJECT MANAGEMENT

Urszula Łuszczyńska
urszula.luszczyńska@pl.knightfrank.com

VALUATION & ADVISORY

Grzegorz Chmielak
grzegorz.chmielak@pl.knightfrank.com

STRATEGIC CONSULTING EMEA

Marta Sobieszczak
marta.sobieszczak@pl.knightfrank.com

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PARTNER OF THE PUBLICATION:**CITY COUNCIL IN ŁÓDŹ**

ul. Piotrkowska 104a
90-926 Łódź

a.brzostowski@uml.lodz.pl

 /invest-in-lodz

Michael Page

CONTACT:

www.michaelpage.pl
contact@michaelpage.pl