Prepared in cooperation with

KATOWICE

City attractiveness and office market

Q1 2022

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CITY ATTRACTIVENESS

KATOWICE

CITY AREA
164.7 sq km

POPULATION
Katowice: **270,277**
GZM **2.2m**

POPULATION FORECAST
261,050 (2030)

UNEMPLOYMENT RATE
1.8%

GDP GROWTH
11.6%
(Silesian Voivodeship)
(GUS, 2020)

GDP PER CAPITA
PLN 60,091
(Silesian Voivodeship)
(GUS, 2020)

AVERAGE SALARY
PLN 6,749
(gross)

INVESTMENT ATTRACTIVENESS

RANKINGS

5. 5th place in fDi European Cities and Regions **of the Future 2020/21 ranking among large European cities**

7. 7th place **in global fDi's ranking fDi Tier 2 Cities of the Future 2020/21**

According to the report **„Investment potential of Katowice"**, as part of the Business Environment Assessment Study, Katowice is included in the top four of the most advantageous areas for foreign investments in several categories

QUALITY OF LIFE

RANKINGS

- **Katowice - European City of Science 2024**
- **City of Katowice hosts 11th session of the World Urban Forum (WUF)**

1. 1st in the Forbes Ranking **for the most ecological city in Poland** (2018-2019)

1. 1st place **for activities for air quality** in the **„Europolis" report: Green cities, Polish cities for the climate, environment and residents health**

2. 2nd place in the **„Electromobility Cities Ranking"** prepared by Polityka Insight in cooperation with the Electric Vehicles Promotion Foundation. Katowice was also appreciated for public transport and clean air

2. 2nd place in Green Cities Ranking in **„Europolis" report: Green cities, Polish cities for the climate, environment and residents health**

Katowice was among the winners of the jubilee edition of the prestigious **„Top Municipal Investments of the Decade"** plebiscite - the **Culture Zone** was awarded. Additionally, in this year's edition of the competition, the project of swimming pools construction located in districts was awarded

QUALITY OF LIFE IN NUMBERS

The most important infrastructure projects in Katowice currently under construction

Key investments in active urban mobility and sustainable transport

- Development of environmentally friendly urban transport and urban bicycle network: 20 electric buses; 177 charging points for electric cars (68 stations); City by bike - 107 bike stations with over 866 bikes, over 183 km of cycle infrastructure.
- Cycling infrastructure in Katowice - continuation of the development of the basic cycling infrastructure network; planned expenditure - PLN 38.1m.
- Extension of national road 81 from the A4 motorway junction with national road 86 to the constructed junction with Armii Krajowej Street - Stage I (completion); planned expenditure - PLN 334.1m.
- Building a new tram line along Grundmann Street - the first new tram line in Katowice in 75 years - an investment by Tramwaje Śląskie; planned expenditure - PLN 39.7m.

Revitalisation and development of business infrastructure

- „Dzielnica Nowych Technologii - Katowice Gaming and Technology HUB" - the investment is located on the site of a decommissioned mine, in the Nikiszowiec district. It will bring together entrepreneurs from the computer games industry, e-sport, creative sector and related technology companies. Apart from the necessary infrastructure, recreational, exhibition and event areas with catering are planned. In February 2022, a competition to develop an architectural and urban design concept for the first stage of the investment was completed. The winner will develop a project for the adaptation and revitalisation of the existing buildings together with the development of adjacent areas and answers to the transport issues of the area; the planned expenditure for the development of project documentation - PLN 14.3m.

Attractive leisure activities

- Building of a sports complex in Asnyka Street - football and athletics stadium, baseball, handball and basketball court, two beach volleyball courts and a street workout area; planned expenditure - PLN 42m.
- Building of a city stadium in Katowice with a sports hall, 2 training grounds, a car park and road infrastructure (continued); planned outlay - PLN 248.9m.
- Jerzy Kukuczka Himalayan Centre - the planned functions of the facility are exhibition, recreation and museum related. In December 2021, a competition for the development of an architectural and urban concept was completed; the winner will develop project documentation; the planned expenditure for the development of project documentation - PLN 2.4m.
- Katowice Music Education Centre „Kilar's House" - the planned function of the building is, among others, a presentation of Wojciech Kilar's work, music education, multimedia exhibition; planned expenditure - PLN 10.2m.

Green city

- Building and modernisation of city parks in Katowice - revitalisation and extension of a park in Wełnowiec, construction of a park in Leopolda/Le Ronda Street, modernisation of a park in the Ślepiotka river valley, construction of a park in Wantuły Street, and recreational and leisure development of the area around the Starganiec pond. It is planned, among other things, to create educational zones, to maintain zones of high natural value for the protection of natural animal habitats, and to provide proper rainwater retention; planned expenditure - PLN 44.8m.
- Greening of Warszawska Street in Katowice - restoration of greenery in the city centre and creation of a more pedestrian and cyclist friendly space; planned expenditure - PLN 12m.
- Building of the „Katowice Valley of the 5 Ponds in Szopienice" - as part of the investment, the following facilities will be created: swimming pools with back-up facilities, a promenade, a water connection between the Morawa and Borki ponds, bicycle paths, a skating route, resting places; planned expenditure on drawing up project documentation - PLN 2.8m.

BIKE PATHS

over **183.3 km**

GREEN AREAS

82 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
Katowice: **52,021** GZM: **90,127**	Katowice: **12,136** GZM: **21,836**	Katowice: **11** GZM: **18**	**30 km**	**2,328,973** (2021) **4,843,889** (2019)	Katowice: **96** GZM: **120**	Katowice: **22,900** GZM: **27,500**

GZM - Górnośląsko-Zagłębiowska Metropolia (The Metropolis consists of Katowice together with 40 other cities and communes)

RATING **A-**

RATING AGENCY **Fitch**

OFFICE MARKET
KATOWICE

Q1 2022

EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	NEW SUPPLY	TAKE-UP
715,000 sq m	71,000 sq m	19.8%	116,300 sq m	29,400 sq m

Katowice's office space stock had reached over 715,000 sq m by the end of Q1 2022. The quarter saw over 116,000 sq m delivered to the market. When set against the 30,000 sq m average annual supply over the most recent five years, this represents a record level, hitherto unprecedented for this market. The first three months of 2022 saw the completion of projects such as: .KTW II (39,900 sq m, TDJ Estate), Global Office Park A1 and A2 (combined area of over 55,000 sq m, Cavatina), DL Tower (11,870 sq m, DL Invest), and Carbon Office (8,450 sq m, Opal). More than 70,000 sq m is still under construction, with over 20,000 sq m expected to be completed in 2022. The largest project remaining at the construction stage is the Craft building (26,700 sq m, Ghelamco).

An increase of nearly 150% in lease volume was recorded on the take-up side compared to Q4 2021. More than 29,500 sq m of office space was the subject of lease from January to March 2022. New agreements accounted for the majority of transactions - nearly 92% - while renegotiations were responsible for the remaining 8%.

Despite Q1 2022's high take-up, the vacancy rate at the end of March 2022 had risen to a record 19.8% - 9.3 pp higher than in the previous quarter and 10.5 pp higher than 2021's corresponding period. This is the highest result among the regional cities in Poland. Moreover, such a high vacancy rate has not been recorded in any regional market in the last several years.

Asking rents in Katowice at the end of March 2022 ranged from EUR 8.00 to EUR 14.50/sq m/month. Pressure from tenants to renegotiate rents and incentive packages can be expected in the coming 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

	CRAFT	DL INVEST PIWNA (GLIWICE)	ECO CITY KATOWICE
Total office space	26,700 sq m	19,000 sq m	18,000 sq m
Completion date	Q2 2023	Q4 2022	Q1 2023
Developer / Owner	Ghelamco Poland	DL Invest Group	GPP

STANDARD LEASE TERMS IN NEW BUILDINGS

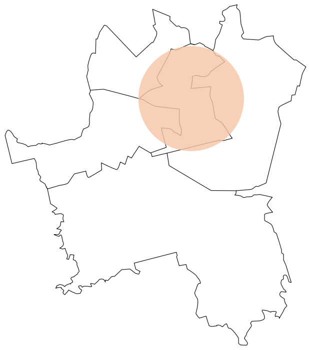
SERVICE CHARGE PLN/SQ M/MONTH	RENT-FREE PERIOD MONTHS	FIT-OUT BUDGET EUR/SQ M
16-20	5-8 months	350-500

COWORKING OPERATORS IN KATOWICE

City Space | Regus
Własne B. | Cluster Offices

MAJOR OFFICE CONCENTRATION AREAS

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
CITY CENTRE	358,600 sq m	34,000 sq m	18.0%	EUR 8-14.5/sq m
OUTSIDE CITY CENTRE	356,400 sq m	37,000 sq m	21.5%	EUR 8-13.5/sq m



MAJOR REGIONAL CITIES

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

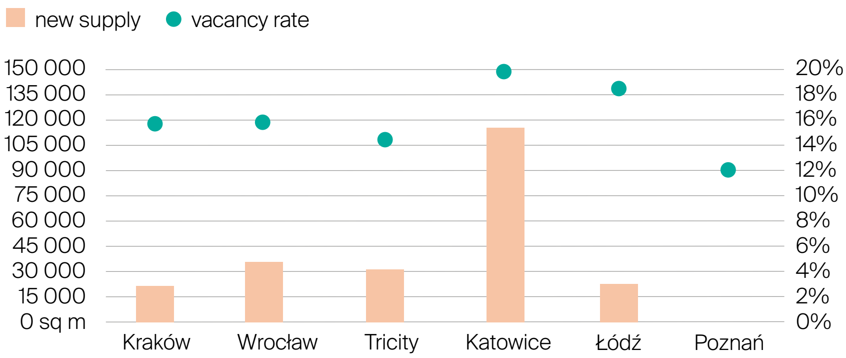
Q1 2022

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

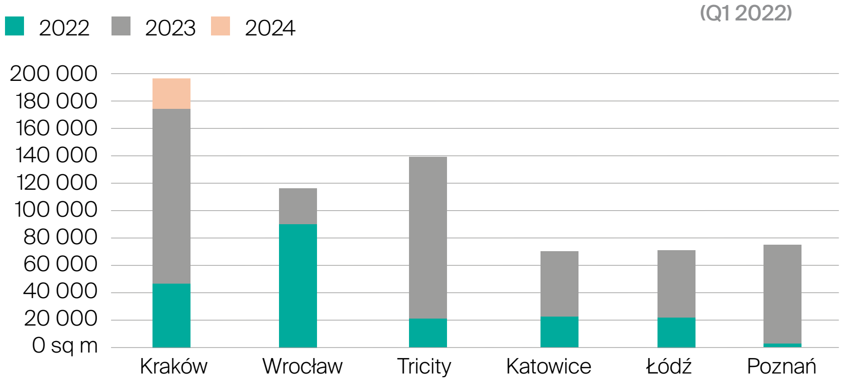
KATOWICE AMONG THE MAJOR REGIONAL CITIES

Katowice is one of the smaller office markets among the leading regional business hubs, although recent years have brought dynamic development in the city. This potential has been duly noted by developers, who had previously focused chiefly on the largest office markets. As a result, a record amount of office space - over 116,000 sq m - was delivered in Katowice in Q1 2022, giving potential tenants a wide choice of A-class office space.

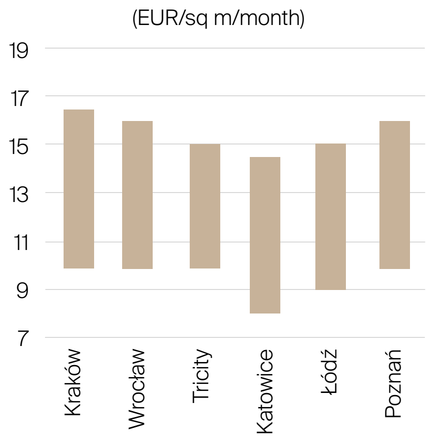
NEW SUPPLY AND VACANCY RATE (Q1 2022)



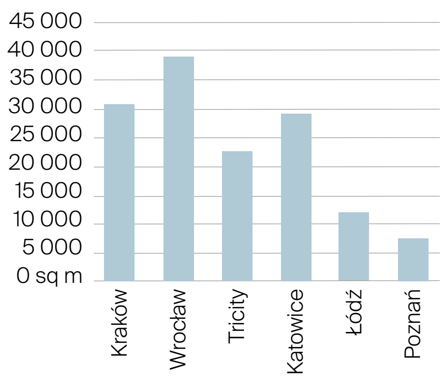
SUPPLY UNDER CONSTRUCTION BY COMPLETION YEAR (Q1 2022)



ASKING RENTS (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.

KATOWICE TOP 3

THE MOST SOUGHT-AFTER JOBS IN REAL ESTATE & CONSTRUCTION

1.	2.	3.
PROJECT MANAGER	**CONSTRUCTON MANAGER**	**ARCHITECT (LEAD ARCHITECT)**
PLN 15,000 – 21,000 gross	**PLN 13,000 – 17,000 gross**	**PLN 9,000 – 13,000 gross**

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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.

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PARTNER OF THE PUBLICATION:

KATOWICE for a change

INVESTORS ASSISTANCE DEPARTMENT
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Investors Assistance Department is a dedicated unit of the Katowice City Hall, which provides comprehensive services: from supporting business services investors, residential and commercial developers, to creating a friendly environment for start-up and the SMEs sector. Investors Assistance Department focuses on providing solutions customized to the needs of investment projects. Thanks to a wide range of innovative products an experienced team of experts supports investors in achieving their business goals in Katowice and in gaining and maintaining a competitive advantage.

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