Prepared
in cooperation with

KATOWICE

City attractiveness and office market

Q3 2022

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CITY ATTRACTIVENESS

KATOWICE

CITY AREA
164.7 sq km

POPULATION
Katowice: **282,800**
GZM **2.3m**

POPULATION FORECAST
261,050
(2030)

UNEMPLOYMENT RATE
1.6%

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

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

AVERAGE SALARY
PLN 9,063
(gross)

INVESTMENT ATTRACTIVENESS

RANKINGS

1. 1st place in the Forbes ranking of **Business-Friendly Cities** in the category of cities and municipalities with 150,000 to 299,000 inhabitants (17.10.2022)

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

5. 5th place in fDi Intelligence European Cities and Regions of the Future 2022/23 ranking in the category **of best large European cities in terms of attracting foreign direct investment** (fDi, 2022)

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)

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

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 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

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; 147 charging points for electric cars (69 stations); City by bike - 125 bike stations with over 1,010 bikes, over 185.47 km of cycle infrastructure.
- Extension of national route DK81 from the A4 motorway junction with national route DK86 to the newly-constructed junction with Armii Krajowej Street - Stage I of the project consists of two parts: phase one - the construction of a grade-separated junction between national routes DK81 and DK86, along with the extension of national route DK86 from the A4 motorway to Górniczego Stanu Street, improving the transport network connecting the southern part of the Katowice agglomeration with its central zone; phase two - the expansion of the existing road junction connecting DK86 and 73 Pułku Piechoty-Karolinka-Kolista streets, to improve local traffic flow; 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.
- Intelligent Transport Management System - installation of a system of cameras to monitor traffic flow and analyse traffic density in order to optimise traffic signals; planned expenditure - PLN 85m+, of which PLN 67m+ from EU funds.

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. Design work is underway for the adaptation and revitalisation of existing buildings, along with the development of adjacent areas and site communication solutions [10.2023]; expenditure on project documentation preparation - PLN 14.3m.

Attractive leisure activities

- Building of a city stadium in Katowice with a sports hall, 2 training grounds, a car park and road infrastructure (continued); planned outlay - PLN 286m.
- 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 expenditure for the development of project documentation - PLN 2.7m.
- 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

- Creation and modernisation of city parks in Katowice - creation of two new parks is planned, along with the revitalisation and extension of three existing parks: 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 revitalisation of the area surrounding the Canoe Lake in Katowice Forest Park; planned expenditure - PLN 48m, including co-financing from the Government's Polski Ład (New Deal) Fund: Strategic Investment Programme.
- 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 18.9m.
- Development of the area around the Starganiec pond for recreational and leisure purposes - development and reinforcement of the beach, including the conversion of a small pond into a bathing area, with new walking paths, small architecture, homes for insects, and informational and educational information boards; planned expenditure PLN 7.2m.
- Greening of Sejmu Śląskiego Square - as part of the process of reshaping and repurposing the city's central spaces, it is planned to replace the existing parking spaces with greenery; planned expenditure - PLN 4m.
- Construction of a photovoltaic farm on the terrain of MPGK, on a designated, restored area of a landfill site. This will be the first solar energy investment on such a large scale in Katowice. The value of the investment - PLN 5.7m.

BIKE PATHS
over
185 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: **50,834** GZM: **89,907**	Katowice: **12,410** GZM: **22,002**	Katowice: **11** GZM: **18**	**30 km**	**2,328,973** (2021) **4,843,889** (2019)	Katowice: **96** GZM: **126**	Katowice: **24,400** GZM: **29,700**

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

RATING **A-**

RATING AGENCY **Fitch**

OFFICE MARKET

KATOWICE

Q3 2022

EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	NEW SUPPLY (Q1-Q3 2022)	TAKE-UP (Q1-Q3 2022)
716,600 sq m	**79,800 sq m**	**16.9%**	**117,300 sq m**	**54,000 sq m**

At the end of September 2022, the stock of office space in Katowice stood at over 716,600 sq m. Although since the beginning of the year a record amount of modern office space has been delivered, the Katowice market did not receive any new office buildings in Q3 2022. Nearly 80,000 sq m is still under construction, of which almost 20,000 sq m is expected to be completed in 2022, with the remaining office space (75%) to be delivered to the market in 2023. The largest projects still under construction are the Craft building (26,700 sq m, Ghelamco) and the Eco City Katowice I&II complex (18,000 sq m, Górnośląski Park Przemysłowy).

From July to September 2022, nearly 10,300 sq m of office space was the subject of lease, accounting for nearly 10% of the total volume of transactions concluded in regional cities in Q3 2022. Moreover, since the beginning of 2022, tenants have already leased over 54,000 sq m of space in Katowice, which is a result 30% higher than in the same period of 2021. New agreements accounted for the largest share of the transaction structure, over 73%, while renegotiations were responsible for nearly 16% of the volume. Expansions amounted to nearly 11% of the space leased in Katowice during this period.

Although no new office space was delivered to the Katowice office market, the vacancy rate at the end of Q3 2022 stood at 16.9%, an increase of 0.8 pp on the previous quarter (up 6.8 pp y-o-y).

At the end of September 2022, asking rents in Katowice ranged 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. At the same time, due to rising utilities and service costs, there has also been a noticeable increase in service charges, which at the end of September 2022 in Katowice ranged from PLN 15.00 to PLN 23.00/sq m/month.

SELECTED SCHEMES UNDER CONSTRUCTION

	CRAFT	BAGIENNA	ECO CITY KATOWICE
Total office space	26,700 sq m	8,800 sq m	18,000 sq m
Completion date	Q2 2023	2023/2024	Q4 2023
Developer / Owner	Ghelamco Poland	Opal	GPP

STANDARD LEASE TERMS IN NEW BUILDINGS

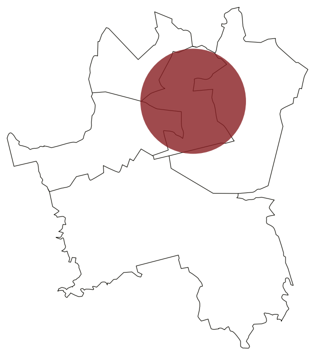
SERVICE CHARGE PLN/SQ M/MONTH	RENT-FREE PERIOD	FIT-OUT BUDGET EUR/SQ M
15-23	5-8 months	350-500

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	360,200 sq m	34,000 sq m	17.3%	EUR 9-15/sq m
OUTSIDE CITY CENTRE	356,400 sq m	45,800 sq m	16.5%	EUR 9-14/sq m



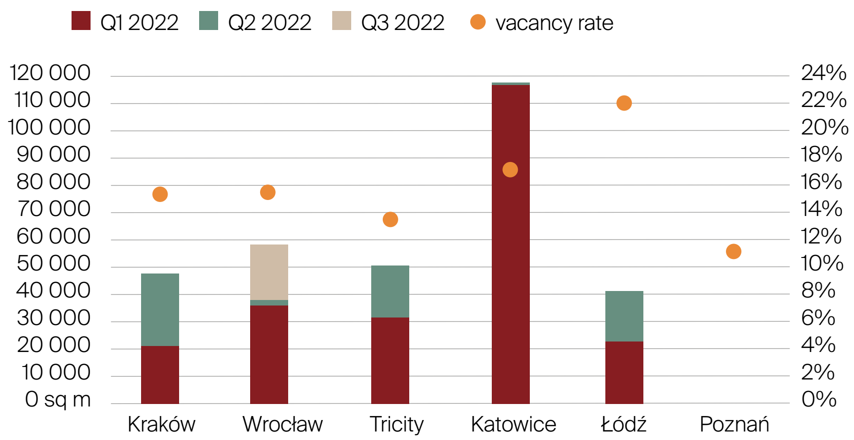
MAJOR REGIONAL CITIES

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

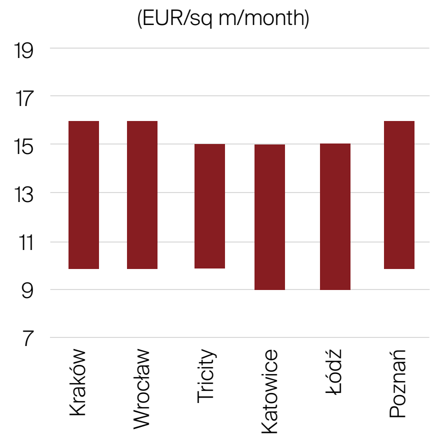
Q3 2022

EXISTING STOCK	NEW SUPPLY (Q1-Q3 2022)	TAKE-UP (Q1-Q3 2022)	SUPPLY UNDER CONSTRUCTION	AVAILABLE SPACE
6.36m sq m	332,100 sq m	450,600 sq m	628,800 sq m	967,200 sq m

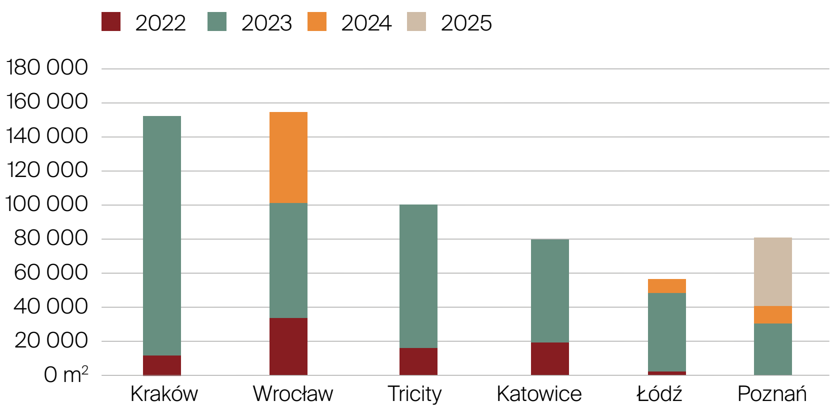
NEW SUPPLY (Q1-Q3 2022) AND VACANCY RATE (Q3 2022)



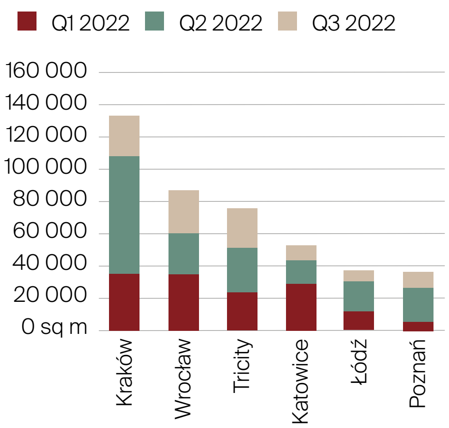
ASKING RENTS
(Q3 2022)



SUPPLY UNDER CONSTRUCTION BY COMPLETION YEAR
(Q3 2022)



TAKE-UP VOLUME
(Q1-Q3 2022)



Michael Page

A DREAM JOB – WHAT EXACTLY DOES IT MEAN?

According to a study by Michael Page, these days, the idea of a dream job goes hand in hand with a permanent contract (80% of respondents), working in a medium-sized company (41%), and a clear and unambiguous job description (93%). At the same time, the idea of working with an ideal leader means for a lot of candidates receiving the support needed to develop their potential (48%), respect (47%), professional management (46%), and effective communication (44%). What else makes a dream job, what discourages people from accepting a particular job offer, and what motivates them to turn elsewhere in their job search?

COMPANY SIZE MATTERS

What sort of company would candidates be most willing to link their future with? Although the number one choice is a medium-sized organisation – 41% of respondents have opted for it – 30 and 25% have pointed to a large or small business, respectively. Medium-sized businesses are commonly perceived by candidates as those in which one can count on a clear sense of agency and have a major impact. This is what seems to explain the fact that such a preference is most often determined by a short decision-making process (for 36% of people), the possibility of training (30%) and a clear strategic vision (27%).

As far as large organisations are concerned, the strongest motivator is the possibility to grow through the various training schemes that they offer. This aspect has been indicated by almost half of the respondents (46%). Next on the list came advancement opportunities (39%), followed by higher wages (27%). Such a distribution of responses also proves that remuneration is no longer the key incentive that attracts candidates to a given company. Having said this, the significance of developing competences and enhancing opportunities to accelerate a career keeps growing.

A lot of candidates argue that such prospects are not available in small businesses, which have been chosen by the least respondents. In fact, only a quarter of those who have taken part in the Michael Page survey have listed them as a dream workplace. This does not mean, however, that these places do not have other important assets – especially for those who value the possibility of quick spontaneous action, an almost intimate work environment, and a high degree of independence. Here, too, as in medium-sized organisations, quick decision-making is a major driving force which is important for 41% of those who prefer this type of work environment. This way of working is also related to a typically less formal organisational culture, which attracts almost as many candidates to small companies (40%). In turn, one third of the respondents (34%) have mentioned the possibility of managing their duties more independently, a feature that seems to correspond well to the above characteristics.

THE INS AND OUTS OF THE SSC-BASED LABOUR MARKET

Over the last couple of years, we have been witnessing a steady annual growth of the market of centralised business services around the world in every possible respect: the number of people employed at the centres, the number of companies creating such places, and the countries in which they are launched, as well as their share in the GDP. Poland not only takes an active part in this trend, but it even sets it, taking the lead as one of the major players on the continent, and, certainly, the largest centre of this type of services in Central and Eastern Europe. In addition to transaction services, more and more complex processes are being centralised these days, which is why Centres of Excellence (CoE), Global Business Services and Shared Services Centres (SSC), which support them, are gaining momentum, taking over more and more advanced activities. Business centres are also developing in terms of the variety of services they provide. Beyond accounting processes, which dominated in the past, the area of finance has been further enriched with reporting, FP&A, and taxes. There is also a continuously growing interest in centralising IT functions and using the impressive and highly qualified talent pool of our country.

One of the characteristic features of the industry is also the very high competitiveness in acquiring the best talent on the market. Companies are already striving not only for university graduates with impeccable language skills, but also for people with a rich portfolio of professional experience and competences. This implies challenge for recruitment companies and their consultants who, whilst looking for experienced specialists, have to demonstrate a long practice and extensive expert knowledge. Alongside the growth of the percentage of roles that necessitate high competences, also referred to as 'knowledge-intensive', it is also obvious that the wages offered in such positions are correspondingly higher. It can be said with a high degree of certainty that wage growth is ahead of inflation. Despite the attractiveness of wages and professional challenges in this sector, the demand for workers exceeds the supply.

TOP 4

THE MOST DESIRED POSITIONS IN THE SSC SECTOR:

1.	2.	3.	4.
FP&A EXPERT	**CUSTOMER SERVICE SPECIALIST** (with foreign language skills, other than English)	**PROCUREMENT / SUPPLY CHAIN SPECIALIST** (with foreign language skills, other than English)	**PAYROLL SPECIALIST** (with foreign language skills, other than English)
PLN 12,000 – 18,000 gross	**PLN 6,000 – 10,000 gross + language bonus**	**PLN 9,000 – 12,000 gross**	**PLN 7,500 – 10,500 gross**

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