Prepared in cooperation with POZnań Michael Page Knight Frank

POZNAŃ

City attractiveness and office market

Q1 2022

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CITY ATTRACTIVENESS

POZNAŃ

CITY AREA	POPULATION	POPULATION FORECAST	NUMBER OF COMPANIES
261.9 sq km	**530,500** (GUS)	**503,800** (2030)	**124,000**

GDP GROWTH	GDP PER CAPITA	AVERAGE SALARY	UNEMPLOYMENT RATE
11%	**PLN 120,833** (2019)	**PLN 6,469** (gross)	**1.5%** (March, 2022 GUS)

INVESTMENT ATTRACTIVENESS

RANKINGS

1. **The most dynamically developing city in Poland, according to CEE Business Services Summit&Awards 2021**

1. In 2021, Poznań was awarded the title of **the City of the Year** in a ranking organized by the prestigious EuropaProperty magazine

2. 2nd place **in Emerging Europe Business Friendly City Perception Index 2021**

3. 3rd place in **the ABSL ranking of locations in terms of doing business by Business Service Centres (2021)**

The first quantum hub in Central and Eastern Europe as part of the IBM Quantum Network

1. 1st place in the category of cities with district rights in the **4th Local Government Finance Ranking in Poland**

INVESTMENT INCENTIVES

Scholarship program for students preparing for work in Poznań

Project Manager - a person dedicated to the project, responsible for the preparation and launch of the investment, cooperation with the investor after the start of the project

Employer branding - organization of press conferences, distribution of materials to local media, through social media and on the website *www.poznan.pl*

Assistance in obtaining government subsidies - government grants, Special Economic Zones, real estate tax exemption

Preparation of sector analyses for the needs of investors - IT Report, Presentation of the Modern Services Sector in Poznań, Language Potential of the City, Move to Improve publication, GameDev catalogue

Preparation and promotion of urban real estate offer

Implementation of non-standard solutions in order to recruit the best employees, e.g. through organization of events, competitions for candidates for specific positions, cooperation in acquiring employees speaking niche languages

QUALITY OF LIFE

RANKINGS

1. **Ranking Saint-Gobain - Polish Cities of the Future 2050:** 1st place in the category Transport and Infrastructure

The distinction „Municipality for 5!" and the title „Gold Municipality for 5!"

3. 3rd place in the **Best Cities to Study ranking**

The only city in Poland to appear in the **ranking of the British newspaper „The Mirror"- 12 European cities that look like from a fairy tale**

5. **fDI Intelligence - European Cities and Regions of the Future 2022/2023:** 5th place in the overall ranking of medium-sized cities

The only city in Poland to appear in **the „Forbes" magazine ranking - 20 best cities to live, invest and work in for Americans in Europe**

QUALITY OF LIFE IN NUMBERS

A response to the demographic challenge and migration trends is to retain residents and attract new ones through the consistent implementation of the open city strategy and measures to improve the quality of life, broadly defined as: infrastructure, revitalisation of the city centre, housing, the environment, the city's aesthetics and culture.

- **Creating attractive workplaces -** Poznań is an example of a city where the most advanced processes are carried out in modern service centres. Companies such as GSK, McKinsey and Franklin Templeton continue to develop and increase employment. **POZITIVE TECHNOLOGIES** Conference is the answer to the demand of Poznań employers for events related to the IT industry. Conference partners are the largest IT companies operating in the city. The aim is to promote Poznań as an important IT centre, bringing together professionals in the industry, attracting top employers, and creating a strong and active IT community.
- **Smart City -** strengthening innovation in the economy and implementation of new technologies, development of creative entrepreneurship, the start-up sector, emphasis on education at every level, active support for universities. The Smart City Poznań application won *the Wings of IT in Administration* award, in the category of tools for communication with citizens.
- **Ecology -** the city is in the preparatory phase of **creating a climate neutral strategy.** Currently, the most important solutions used to achieve climate neutrality are **the increase of green areas, the creation of an energy mix** using renewable energy sources, and the **modernisation of the public transport fleet** (electric vehicles, hybrid vehicles). The creation of urban retention reservoirs is planned. Programmes are being carried out: „Let's stop smog in Poznań", „Keep warm", asbestos removal programme.
- **Mobility –** green transport solutions - car-sharing, scooter-sharing.
- **Centre project -** revitalisation of the city centre, reduction of car traffic in the city centre and other measures to create a more citizen-friendly city.
- **Openness – promoting diversity, tolerance and respect through projects such as:** „My Poznań 36.6" campaign - guiding slogan „Towards people, tolerance is not enough, respect is due".

BIKE PATHS

275.59 km
(2020)

GREEN AREAS

128.3 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
105,000	**25,000**	**24**	**7 km**	**1,055,162** (2021) **657,709** (2020)	**124**	**24,000**

RATING **A -** (STABLE OUTLOOK)

RATING AGENCY **Moody's**

OFFICE MARKET

POZNAŃ

Q1 2022

EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	NEW SUPPLY	TAKE-UP
620,400 sq m	75,500 sq m	12.0%	0 sq m	6,500 sq m

The office stock in Poznań was over 620,000 sq m at the end of March 2022. In Q1 2022, no new office buildings were delivered, although developers remained active. At the end of Q1 2022, there was over 75,000 sq m under construction in the Poznań office market, of which some 96% is expected to be completed in 2023. The largest projects under construction are Andersia Silver with a planned completion date in H2 2023 (40,000 sq m, Von der Heyden) and Nowy Rynek E, which is expected to be completed in H1 2023 (26,000 sq m, Skanska Property Poland).

From January to March 2022, agreements for nearly 6,500 sq m were signed, a relatively low figure for the Poznań office market, representing less than 5% of the total volume of agreements signed in regional cities. Take-up in Q1 2022, however, was nearly 40% up on the corresponding period for the previous year. New agreements made up the majority of the contracts, over 72%, while renegotiations accounted for 22% of the volume. Expansions amounted to only 6% of all signed contracts in Poznań.

At the end of March 2022, the vacancy rate stood at 12.0%, a decrease of 0.7 pp. on the previous quarter, and 0.5 pp. on the previous year's corresponding period. This is the second lowest vacancy rate recorded among regional cities.

Asking rents in Poznań at the end of March 2022 remained stable, ranging from EUR 10.00 to EUR 16.00/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

	NOWY RYNEK E	ANDERSIA SILVER
Total office space	26,000 sq m	40,000 sq m
Completion date	Q2 2023	Q3 2023
Developer / Owner	Skanska Property Poland	Von der Heyden Group

Total office space | Completion date | Developer / Owner

STANDARD LEASE TERMS IN NEW BUILDINGS

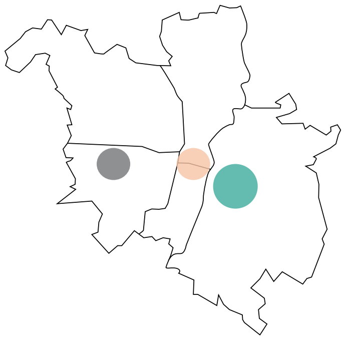
SERVICE CHARGE PLN/SQ M/MONTH	RENT-FREE PERIOD MONTHS	FIT-OUT BUDGET EUR/SQ M
15-20	5-8 months	250-500

COWORKING OPERATORS IN POZNAŃ

Business Link | Regus

MAJOR OFFICE CONCENTRATION AREAS

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
CITY CENTRE	269,700 sq m	73,000 sq m	8.4%	EUR 10-16/sq m
MALTA AREA	43,000 sq m	0 sq m	1.0%	EUR 14-15/sq m
MARCELIŃSKA/ BUŁGARSKA STREET	144,100 sq m	0 sq m	17.2%	EUR 11-14/sq m



MAJOR REGIONAL CITIES

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

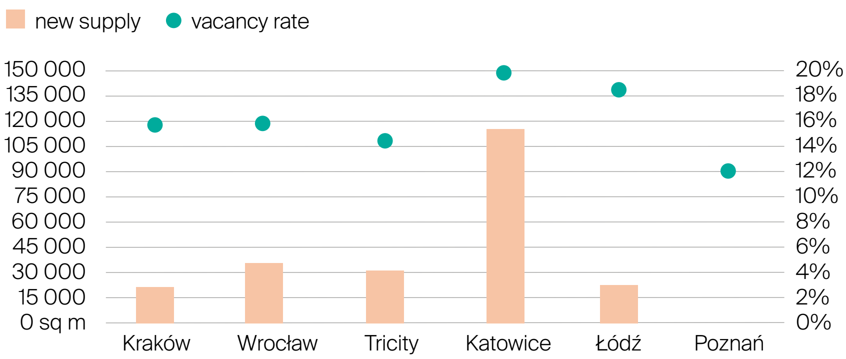
Q1 2022

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

POZNAŃ AMONG THE MAJOR REGIONAL CITIES

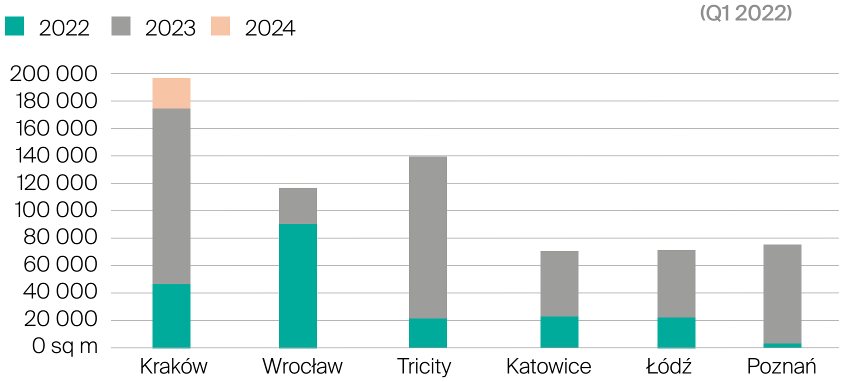
Poznań, as one of the smaller office markets, ranks fifth in terms of size among regional markets in Poland. Further large projects under construction will be completed in 2023 - the prestigious office buildings scheduled for completion will strengthen Poznań's position among the regional office markets.

NEW SUPPLY AND VACANCY RATE (Q1 2022)



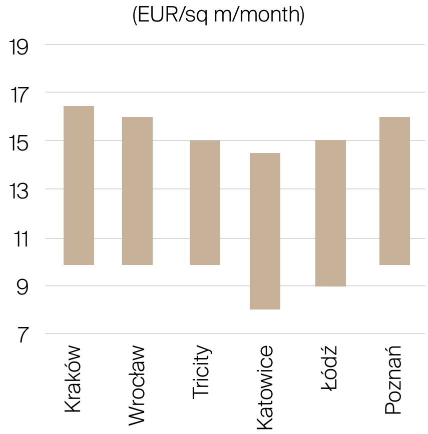
SUPPLY UNDER CONSTRUCTION BY COMPLETION YEAR

(Q1 2022)



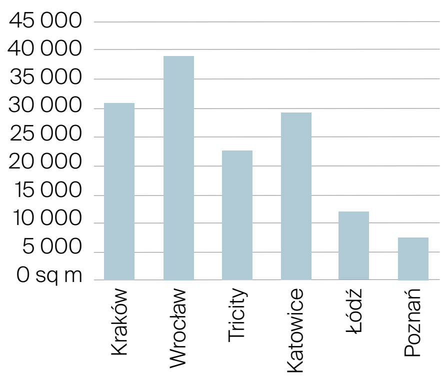
ASKING RENTS

(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.

POZNAŃ TOP 3

THE MOST SOUGHT-AFTER JOBS IN REAL ESTATE & CONSTRUCTION

1.	2.	3.
ELECTRICAL WORKS MANAGER	**SITE MANAGER**	**COST ESTIMATOR**
PLN 10,000 – 16,000 gross	**PLN 9,000 – 14,000 gross**	**PLN 6,500 – 9,000 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.

Knight Frank Research Reports are available at knightfrank.com.pl/en/research

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Invest in Poznan
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Poznań is one of the most attractive cities for investors in the Central and Eastern European region, repeatedly awarded in prestigious business rankings. The city is developing in a sustainable manner, in line with the smart city idea. In Poznań we create good conditions for investment, but also for living for all residents. We focus on openness and diversity, we care for green areas, a rich cultural and modern public transport. Investors, among others, from the modern services sector and the IT industry choose Poznań due to the availability of qualified workforce - global giants, including: Franklin Templeton, GSK, Miele, Capgemini or Bridgestone SSC are completing in Poznań the most advanced processes.

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