

Office market

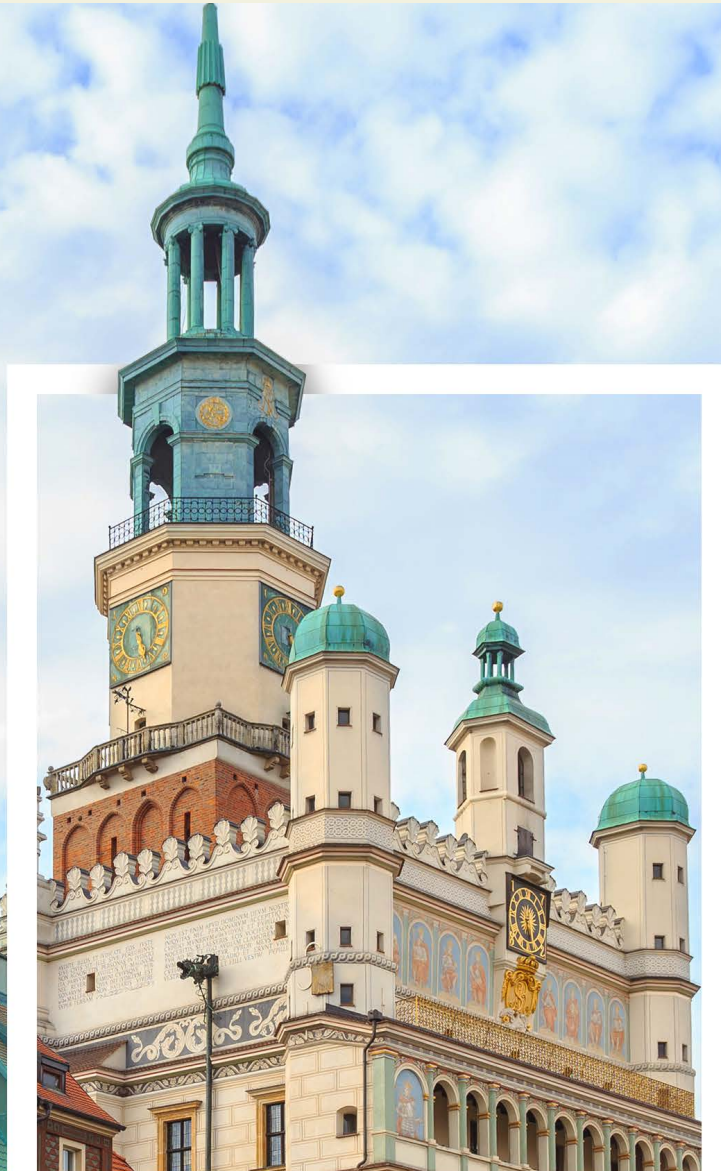


Prepared
in cooperation with **POZnań*** Michael Page

Q1 2023

City attractiveness, office market, HR trends

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Poznań

Poznań

- City area **261.9 sq km**
- Population **543,400** (02.2023, Statistics Poland)
- Population forecast **503,800** (2030)
- Number of companies **127,400**
- Unemployment rate **1.1%** (02.2023, Statistics Poland)
- GDP growth **11%**
- GDP per capita **PLN 120,833** (2019)
- Average salary (gross) **PLN 7,677.08** (in the business sector, 01.2023)



Investment attractiveness

Rankings

- 1ST PLACE** in the ABSL ranking - **attractiveness of office space location**
- 3RD PLACE** in the ABSL ranking - **quality of local universities**
- 3RD PLACE** in the ABSL ranking - **cooperation with a local investor service office**
- 2ND PLACE** in the **Business Friendly City** category - European Cities and Regions of the Future fDi Report
- Business Friendly City of the Year in terms of local government support**, according to Future of Emerging Europe Summit and Awards 2022
- Investor Service Office of the City of Poznań**, gaining a distinction in **the Best Team** category in the 5th edition of the TOP WOMAN in Real Estate contest

Investment incentives

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.

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.

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

Preparation and promotion of urban real estate offer.

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.

Organisation of conferences for IT professionals - Pozitive Technologies.

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

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

Quality of life

Rankings

- 1ST PLACE** in the category **Transport and Infrastructure** in Saint-Gobain ranking - Polish Cities of the Future 2050
- 2ND PLACE** in the ABSL ranking - **quality of local environment**
- 2ND PLACE** in the ABSL ranking - **quality of public transport**
- 3RD PLACE** in the ABSL ranking - **general quality of life**
- The only city in Poland listed in the "Forbes" ranking of the **20 best cities for Americans to live, invest and work in Europe**
- Poznań - Best for nightlife** - the Guardian ranking
- Michelin Culinary Guide** - Poznań as one of the cities honoured in the guide

Quality of life in numbers

Improving the quality of life of residents through:

- Creating attractive jobs. Companies in the modern services sector such as Rockwool Global Services Center, SwissSoft, Miele - among others - are expanding and increasing employment opportunities in the process.
- Pozitive Technologies conference - attracting top employers, creating a strong and active IT community.
- Smart City - implementation of new technologies, along with the development of creative entrepreneurship and the startup sector, with an emphasis on education at every level and active support for universities.
- The Smart City Poznań application won the Wings of IT in Administration award, in the Tools for communication with citizens category.
- Ecology - increasing green areas, creating an improved energy mix using renewable energy sources, modernising the public transport fleet (electric vehicles, hybrid vehicles). A number of programmes are being carried out: "Let's end smog in Poznań", "Keep warm", asbestos removal programme.
- Mobility - green transport solutions - car-sharing, scooter-sharing.
- Centre project - among other things, revitalisation of the city centre, reduction of car traffic in the city centre.
- Rich cultural life - numerous festivals, e.g. the world-famous Malta Festival Poznań, some 40 art galleries, 30 museums, 13 cinemas, the philharmonic.
- Culinary capital of Poland - around 500 restaurants and bars, offering food from all corners of the world.
- Poznan Days of Tolerance - promoting diversity, tolerance and respect.
- A rich array of leisure and recreation opportunities - aqua park, ice rinks, artificial ski slope, climbing walls, bowling alleys, lakes, swimming pools, city beaches with numerous attractions for inhabitants and tourists along the Warta River, 10 sports stadiums, over 500 playgrounds, zoo, palm house - the largest in Poland and one of the largest in Europe.
- Poznan International Fair - the leading trade fair organiser in Poland and Central and Eastern Europe.

Bike paths **275.59 km**

Green areas **128.3 sq km**

Facts & Figures






- Number of students **102,200**
- Number of graduates **24,500**
- Number of universities **24**
- Airport - distance to the City centre **7 km**
- Airport - number of passengers **2,252,428** (2022)
- BSS sector - number of centres **146**
- BSS sector - number of employed **25,000**

RATING AGENCY **Fitch Ratings**

RATING **A-**

Poznań

Q1 2023

-  Existing stock **623,100 sq m**
-  Supply under construction **87,300 sq m**
-  Vacancy rate **11.3%**
-  New supply **0 sq m**
-  Take-up **9,500 sq m**

At the end of March 2023, office stock in Poznań stood at close to 623,100 sq m. No new office building was completed in Q1 2023, although developers remained active. At the end of Q1 2023, there was over 87,300 sq m under construction in the Poznań office market, with 42% expected to be completed in the upcoming quarters of 2023. Projects still under construction include: Andersia Silver, with a planned completion date in H2 2025 (40,000 sq m, Von der Heyden Group), and Nowy Rynek E, which is due for completion in Q2 2023 (28,500 sq m, Skanska Property Poland).

From January to March 2023, lease agreements were signed for nearly 9,500 sq m - a similar result to that for Q3 and Q4 2022, and some 68% higher than in the corresponding period last year. Poznań's Q1 2023 demand accounts for over 5% of the total volume of contracts signed in regional cities. New contracts accounted for the largest share of the demand structure - 68% - with renegotiations representing nearly 25% of the volume. Expansions made up only 7% of all signed contracts in Poznań.

At the end of March 2023, the vacancy rate stood at 11.3%, an increase of 0.8 pp. on the previous quarter. A decrease, however, of 0.7 pp. was recorded compared to the same period last year. It should be noted that, even so, this is still the second lowest vacancy rate among regional cities.




Asking rents in Poznań at the end of Q1 2023 remain stable, ranging from EUR 10.00 to EUR 15.50 per sq m per month. Continuing high construction costs, along with the still high cost of servicing construction loans, are inhibiting the negotiating power of investors, making further increases in rents a possibility, particularly in new buildings.

At the same time, due to the rising costs of utilities and services, an increase in service charges is noticeable - in Poznań at the end of March 2023, they ranged from PLN 16.00 to PLN 30.00/sq m/month.






Coworking operators in Poznań




Business Link | Regus

Standard lease terms in new buildings

-  Service charge PLN/sq m/month **16.00-30.00**
-  Rent-free period **1-1.5 month** for each contract year
-  Fit-out budget EUR/sq m **250.00-500.00**




Selected schemes under construction

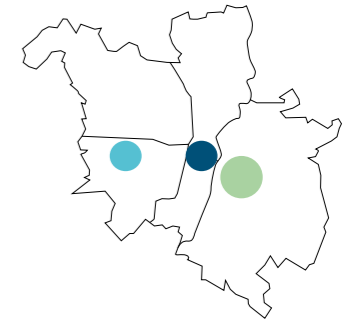
NOWY RYNEK E	ANDERSIA SILVER
 28,500 sq m	 40,000 sq m
 Q2 2023	 H2 2025
 Skanska Property Poland	 Von der Heyden Group

 Total office space	 Completion date	 Developer / Owner
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Office space

Major concentration areas

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
 City Centre	272,300 sq m	68,500 sq m	7.8%	EUR 10-15.50 sq m
 Malta	43,000 sq m	0 sq m	1.7%	EUR 14 sq m
 Marcelińska/Butgarska	144,100 sq m	10,800 sq m	12.7%	EUR 11-14.50 sq m



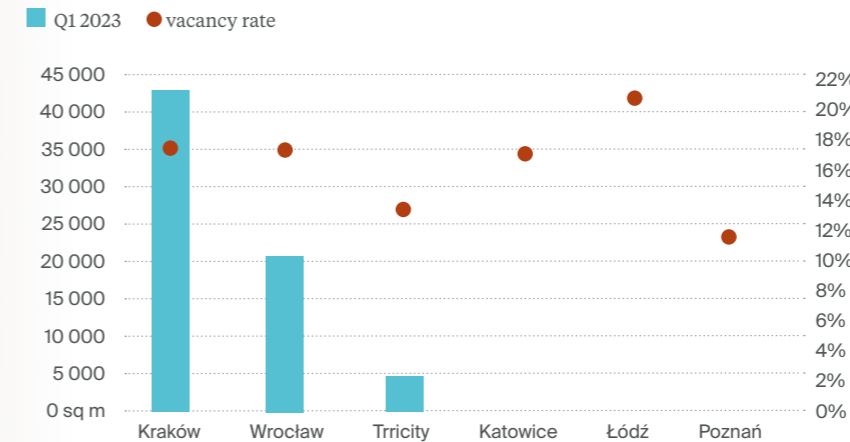
Major regional cities

Q1 2023

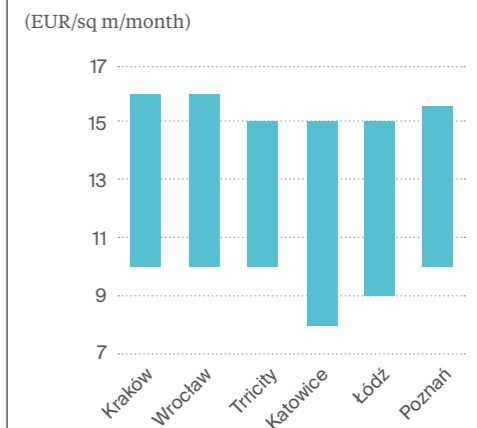
Kraków, Wrocław, Tricity, Katowice, Łódź, Poznań, Szczecin, Lublin



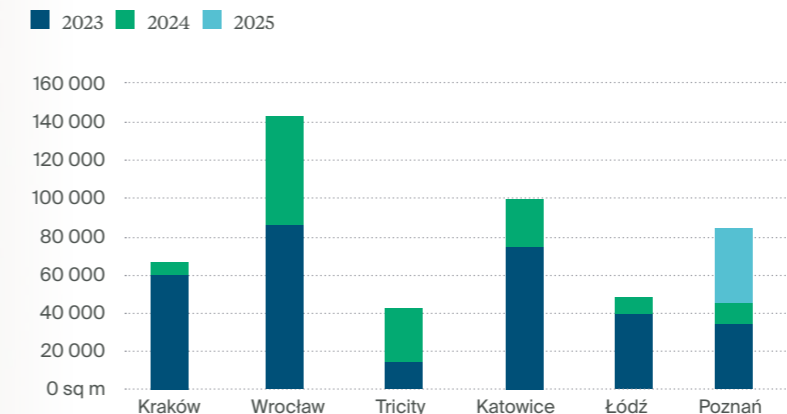
New supply and vacancy rate (Q1 2023)



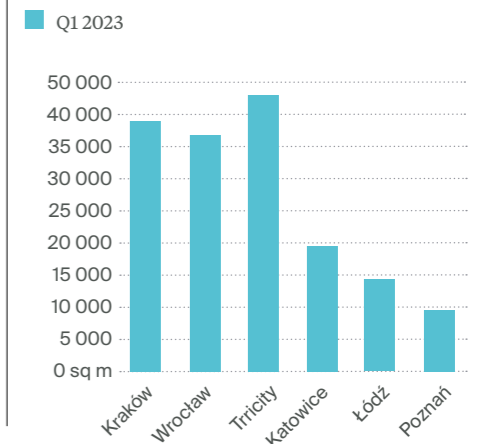
Asking rents (Q1 2023)



Supply under construction by completion year (Q1 2023)



Take-up volume



Promotion – is this what employees desire most?

An overwhelming 92% of employees who participated in Michael Page survey said that promotions were either “very important” or “important” to them. Indeed, 23% said they would consider resigning if they did not receive an expected promotion. Therefore, today’s employees are ambitious, and ready for career growth.

Why do employees want to be promoted?

Even though a higher salary is the most important factor for employees when assessing a promotion, it is not their only motivation. 9 in 10 respondents consider having more responsibilities and accessing advanced training as crucial incentives when pursuing a promotion. Public recognition (internal and/or external communications announcing the employee’s new status) was also listed as an important promotion perk. Recognition is seemingly more important for older employees, with 73% of over-45s naming it as a critical factor.

Who should make the first move?

The survey conducted by Michael Page also revealed that the majority of employees have never asked for a promotion, with almost half (45%) believing that it’s their manager’s responsibility to raise the subject. Employers should consider that some talented employees may not ask for a promotion, for example, due to lack of confidence, and employees should train themselves in the art of asking for a promotion or negotiating a salary raise.

Candidates considered access to advanced training as one of the most desirable promotion perks. However, according to the study, only 14% of companies provide regular training and 67% of respondents lacked a mentor who would guide them and give career advice. Therefore, employers who offer skill development programs, mentoring, and transparency around promotion criteria will have a greater chance of attracting and retaining talent.



THE INS AND OUTS OF THE IT-BASED LABOUR MARKET

in Poland

Recent years have been marked by an unprecedented pace of changes and developments, both social and business ones. Global companies have focused on transitions related to digitization and process improvement. Poland is among the beneficiaries of these developments as in the 21st century it has confirmed its attractiveness for investors, mainly due to a rich pool of talents and skills of Polish job candidates.

Here are the top 5 IT trends that set the trajectory for changes in the labour market in 2023:

Four-day working week

The issue of the four-day working week is gaining currency, in particular in the IT sector. Probably this year, measures similar to those already implemented in the UK, Spain, or Belgium will be introduced in Poland as well.

BIG DATA

In 2023, it is expected that the demand for competences required to work with big data will grow further. The trend has been consolidated along with the development of AI products and companies’ move towards decision-making based on real-time data.

Attacks in cyberspace

This year, the demand for IT Security Analysts is expected to increase further, with Identity and Access Management Specialists (IAM) representing the vacancies which will be the hardest to fill.

New positions in the structure

Already in 2022, it was observed that some roles were created without any standard scope of responsibility. New challenges which companies and organizations have been facing do not often fit into the scope of duties defined for positions known until now, and more and more jobs are offered with non-standard



responsibilities. The same tendency is expected to persist in 2023, as exemplified by an increased demand for the position of Enterprise Architect.

Digitization of companies

Digitization of processes is yet another distinct trend in the IT industry. Recruitments are most often done in SAP and MS Dynamics, in each module, both for the positions of In-House Functional Consultants and ERP Developers. In the field of digital transition, the hardest vacancies to fill include:

1. SAP EWM Consultant;
2. SAP QM Consultant;
3. MS Dynamics F&O Senior Consultant (Manufacturing/ Logistics).

TOP 3

The most desired positions in the IT sector:

- | | | |
|---|---|---|
| <p>1 ▶ IT Project Manager:
PLN 19,000 – 23,000
gross/monthly</p> | <p>2 ▶ SAP Consultant (different modules):
PLN 21,000 – 25,000
gross/monthly</p> | <p>3 ▶ Java Developer – Mid (3-4 years of experience):
PLN 16,000 – 23,000
gross/monthly</p> |
|---|---|---|

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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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