Prepared
in cooperation with

POZNAŃ

City attractiveness and office market

2022

knightfrank.com.pl/en/research

CITY ATTRACTIVENESS

POZNAŃ

CITY AREA	POPULATION	POPULATION FORECAST	NUMBER OF COMPANIES
261.9 sq km	546,900 (GUS)	503,800 (2030)	124,000

GDP GROWTH	GDP PER CAPITA	AVERAGE SALARY	UNEMPLOYMENT RATE
11%	PLN 120,833 (2019)	PLN 7,200 (gross)	1% (November 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

1. 1st place in the category of cities with poviat (county/district) rights in the **4th Financial Ranking of Local Governments in Poland**

1. 1st place in the **ABSL ranking in terms of attractive location for office space**

Investor Service Office of the City of Poznań recognised in the **Best Team category in the 5th TOP WOMAN in Real Estate awards**

Business Friendly City of the Year in terms of local government support according to **the Future of Emerging Europe Summit and Awards 2022**

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

Organisation of conferences for IT specialists - Pozitive Technologies. Registration for 4th edition: www.pozitive.tech

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

Preparation and promotion of urban real estate offer

QUALITY OF LIFE

RANKINGS

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

3. **3rd place in the ABSL ranking** for perception of overall quality of life

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

Poland's only city in the **Forbes ranking of the 20 best cities for Americans to live, invest and work in Europe**

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

Best for nightlife according to the Guardian

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)	136	25,000

RATING **A- (STABLE OUTLOOK)**

RATING AGENCY **Moody's Fitch**

OFFICE MARKET

POZNAŃ

Q4 2022

EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	NEW SUPPLY (2022)	TAKE-UP (2022)
623,100 sq m	93,300 sq m	10.5%	0 sq m	46,600 sq m

The office stock in Poznań at the end of Q4 2022 was close to 623,100 sq m, remaining unchanged over the year as no new project was delivered to the office market. Developers remained active, with 93,300 sq m still under construction at the end of December 2022. If investors meet their schedules, 45% of the space under construction is expected to be completed in 2023. The largest developments under construction are Andersia Silver, with a planned completion date in 2025 (40,000 sq m, Von der Heyden), and Nowy Rynek E, planned for completion in H1 2023 (28,500 sq m, Skanska Property Poland).

The volume of lease transactions in Poznań in 2022 amounted to nearly 46,600 sq m. This was 36% lower than 2021's result and accounted for 8% of the total volume of agreements signed last year in regional cities. 2022 demand was lower also than the average annual transaction volume for the previous five years (58,900 sq m). In 2022, new contracts accounted for the largest share of transactions (53%), with renegotiations representing 41% of the total contract volume, and expansions a mere 6% of the space leased.

Due to the lack of new office space on the Poznań market, the vacancy rate at the end of December 2022 was 10.5%, decreasing by 0.7 pp on Q3 2022, and falling 2.2 pp compared to the end of 2021.

Asking rents in Poznań at the end of 2022 remained stable, ranging from EUR 10.00 to EUR 16.00/sq m/month. Low demand on the local market coupled with a still relatively high availability of office space may encourage tenants to renegotiate rents and incentive packages. On the other hand, high construction costs and rising construction loan servicing costs may effectively limit investor openness to negotiation, particularly in new buildings. There are still noticeable increases in service charges due to increasing costs of services and utilities - at the end of December 2022, these ranged from PLN 15.00 to 24.00/sq m/month.

SELECTED SCHEMES UNDER CONSTRUCTION

NOWY RYNEK E
- 28,500 sq m
- Q2 2023
- Skanska Property Poland

ANDERSIA SILVER
- 40,000 sq m
- 2025
- Von der Heyden Group

Total office space | Completion date | Developer / Owner

STANDARD LEASE TERMS IN NEW BUILDINGS

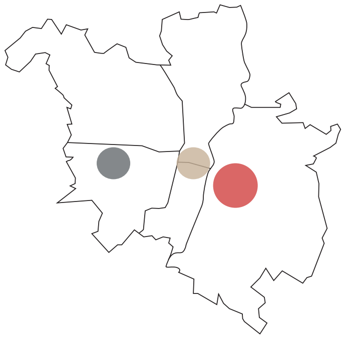
SERVICE CHARGE PLN/SQ M/MONTH	RENT-FREE PERIOD	FIT-OUT BUDGET EUR/SQ M
15-24	5-8 months	250-500

COWORKING OPERATORS IN POZNAŃ

Business Link | Regus

MAJOR OFFICE CONCENTRATION AREAS

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
CITY CENTRE	272,300 sq m	74,500 sq m	6.1%	EUR 10-16/sq m
MALTA AREA	43,000 sq m	0 sq m	2.3%	EUR 14/sq m
MARCELIŃSKA/ BUŁGARSKA STREET	144,100 sq m	10,800 sq m	15.2%	EUR 11-14/sq m



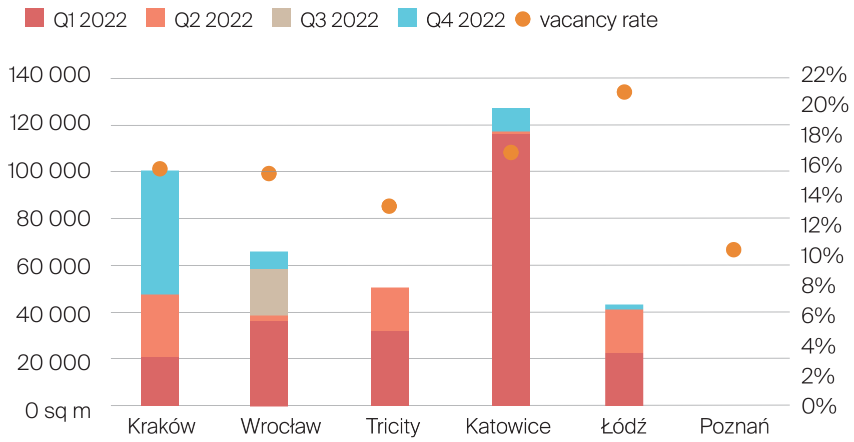
MAJOR REGIONAL CITIES

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

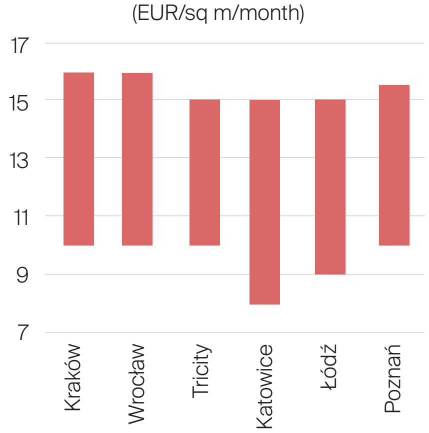
Q4 2022

EXISTING STOCK	NEW SUPPLY (2022)	TAKE-UP (2022)	SUPPLY UNDER CONSTRUCTION	AVAILABLE SPACE
6.44m sq m	405,300 sq m	623,200 sq m	567,200 sq m	985,100 sq m

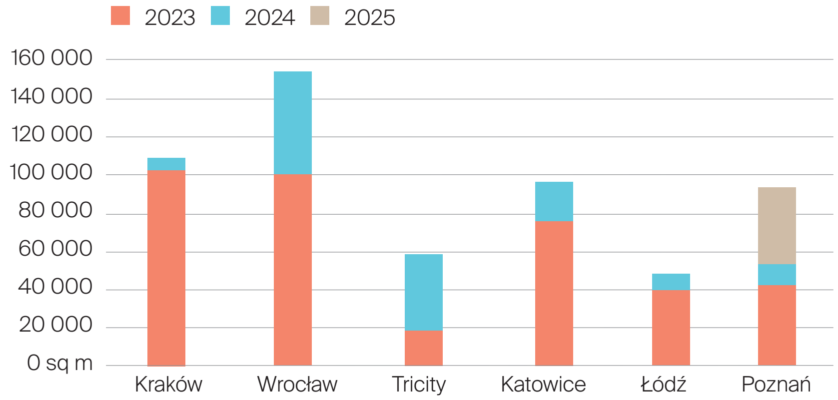
NEW SUPPLY (2022) AND VACANCY RATE (Q4 2022)



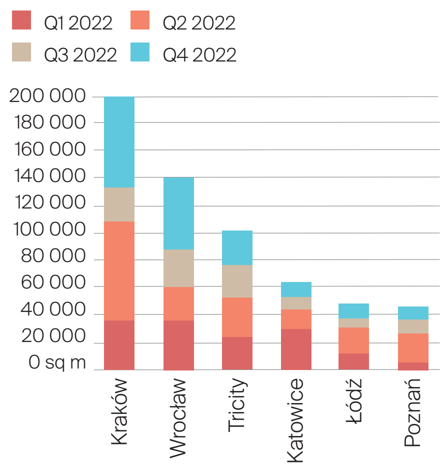
ASKING RENTS
(Q4 2022)



SUPPLY UNDER CONSTRUCTION BY COMPLETION YEAR
(Q4 2022)



TAKE-UP VOLUME (2022)



Michael Page

BENEFITS ARE SETTING THE TONE IN THE MODERN EMPLOYEE MARKET

According to a 2021 report by the Union of Entrepreneurs and Employers, last year employees already expected benefits that would allow them to meet their individual needs and thus respond to the effects of the pandemic. The study showed that additional benefits were typically expected to guarantee stability and be personalised and flexible. It is worth noting that there has been a small revolution in the area of non-wage benefits. Those that were attractive before the pandemic have become insufficient or even outdated in today' world. Multisport or medical plans are already a standard in Poland's labour market, and they are unlikely to attract the attention of potential employees. Just like delicious coffee from the coffee machine, or fruit Tuesdays.

FLEXIBILITY FIRST

Undoubtedly, the most important aspect of the modern labour market is the option of remote work. As stated in a study by Michael Page, the majority (59%) of respondents would prefer to work exclusively online, or in a hybrid system. Flexible working hours, the ability to perform one's duties from home is not only a way to save time and costs related to commuting, but it also helps staff to strike work-life balance, which is of key significance for as many as 88% of the respondents. It is the meeting of employees' expectations, an approach that respects their needs and family life that gives a sense of support, and in the long run it can help to bond with the organisation. The role of managers is also worth highlighting. On the one hand, employees expect trust and the opportunity to work from home from their superiors, but at the same time they also want to feel part of the team and be actively involved in integration events. We know perfectly well that it is not easy to build a sense of belonging to a company or a team in times of virtual meetings. Clearly, the benefit of remote/hybrid work entails further expectations of employees in the form of co-financing or equipping, on the part of the employer, of the workplace at home (extra allowances for desks or armchairs, or covering at least a fraction of the costs of electricity). Another response to high inflation and the needs of the labour market that seems to be gaining momentum can be found in prepaid cards, co-financing of meals, or a company car with a fuel card.

THE INS AND OUTS OF THE LABOUR MARKET IN THE HR SECTOR

Regardless of the industry, HR staff keep having to face up to the challenges that recent years have posed to them. The fourth quarter of the year is a period of intensified work, but also a time that sees several personnel-related changes in organisations. Companies want to go through another challenging year with competent employees on board. **HR Business Partners** are ambassadors of change within organisations and a perfect link between candidates and hiring managers. The high demand for specialists in this field means that the number of employees sought after for these positions is on the increase.

An effective strategy in the area of Learning & Development is also a real value for business. Monitoring and providing appropriate tools aimed at developing employees' skills, which, in turn, translates into increasing profits, is the role of **L&D experts** and **coordinators**. Recently, we have noticed more recruitment processes dedicated to these professionals.

The future undoubtedly belongs to digitization. Changes in this area will also apply to HR and payroll departments, as the scale of applications of new technological solutions keeps growing. The most desirable are those tools that streamline processes and help to save time. Clearly, one of the most sought-after roles in the fourth quarter of 2022 were **HR and payroll department leaders** with experience in process automation and digitization of resources.

TOP 3

MOST DESIRED POSITIONS FROM THE HR AREA:

The wages shown below correspond to the Michael Page & Page Executive | Part of PageGroup „Salary Guide". The average rate given here indicates pay rates found across Poland.

1.	2.	3.
HR BUSINESS PARTNER:	**EKSPERT LEARNING & DEVELOPMENT:**	**HEAD OF HR AND PAYROLL:**
PLN 12,000 – 18,000 gross	**PLN 14,000 – 18,000 gross**	**PLN 13,000 – 24,000 gross**

CONTACT IN POLAND:
+48 22 596 50 50
www.KnightFrank.com.pl

RESEARCH
Elżbieta Czerpak
elzbieta.czerpak@pl.knightfrank.com

COMMERCIAL AGENCY - POZNAŃ
T-REP **Piotr Borowski**
piotr.borowski@pl.knightfrank.com

CAPITAL MARKETS
Krzysztof Cipiur
krzysztof.cipiur@pl.knightfrank.com

VALUATION & ADVISORY
Małgorzata Krzystek
malgorzata.krzystek@pl.knightfrank.com

STRATEGIC CONSULTING EMEA
Marta Sobieszczak
marta.sobieszczak@pl.knightfrank.com

INDUSTRIAL AGENCY
Michał Kozdrój
michal.kozdroj@pl.knightfrank.com

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

PARTNER OF THE PUBLICATION:

CITY OF POZNAŃ INVESTOR RELATIONS DEPARTMENT
ul. Za Bramką 1
61-842 Poznań
(+48) 61 878 5428
inwestor@um.poznan.pl

Invest in Poznan
www.poznan.pl

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.

CONTAKT:

www.michaelpage.pl
contact@michaelpage.pl