Prepared in cooperation with

AR AW Wroclaw Agglomeration Development Agency

Knight Frank

WROCŁAW

City attractiveness and office market

H1 2021

knightfrank.com.pl/research

WROCŁAW

FACTS & FIGURES

CITY AREA	POPULATION	POPULATION FORECAST	MIGRATION BALANCE
293 sq km	641,900	611,359 (2030); 577,658 (2050)	(+) 1,065

GDP GROWTH	GDP PER CAPITA	AVERAGE SALARY	UNEMPLOYMENT RATE
8.7%	PLN 94,373	PLN 6,585 (gross)	2.6%

INVESTMENT ATTRACTIVENESS

1. RANKINGS REPRESENTING THE INVESTMENT ATTRACTIVENESS OF THE CITY

2. 2nd place in ranking European Cities and Regions of the Future 2018/19 among medium-sized cities **in Business Friendliness category**

7. 7th place in fDi ranking **among cities in Eastern Europe**

15. 15th place in ranking **„Global Cities of the Future"**

1. 1st place in **„Global Cities of the Future"** in medium-sized and small cities category

1. 1st place in **„2020 Return on Investment"** ranking (fDi)

„Specialism Awards" in ranking **„Strategy Awards 2020"** (fDi) in BPO category

2. INVESTMENT INCENTIVES

- Project title: „Development of entrepreneurship and supporting the low-emission economy through financial instruments in the Dolnośląskie Voivodeship" 2014-2020.
- Real estate tax exemption in case of investments in a photovoltaic installation, heat pump, recuperator, ground heat exchanger, solar collector.
- Apx inQube Program.
- Lower Silesian Special Economic Zones.
- Real estate tax exemptions in Wrocław.

QUALITY OF LIFE

3. RANKINGS ON THE QUALITY OF LIFE IN THE CITY

100. 100th place **in "Quality of life 2018"** ranking by Mercer

88. 88th place **in Cities in Motion Index 2020**

4. CITY INITIATIVES AIMED AT IMPROVING THE QUALITY OF LIFE IN THE CITY

- Resolution of the city council of Wrocław 2019
- Grow Green project.
- Creating consistent network of public transport, enriched with bicycle transport and public spaces for pedestrian traffic and with well-developed road system.
- Smart City.
- In 2020, Wrocław announced #TORYwolucja program, as part of which a number of repairs, replacements and renovations of tram tracks were carried out for a total amount of PLN 78 million.
- Part of the Wrocław Strategy 2030 is percentage of people living within 300m of green areas. At the end of 2020, the indicator stood at 80.2% for the city and 93.7% for downtown area. In 2020, over PLN 35 million was spent on the ongoing maintenance and greenery (547,346 plants were planted, including trees, shrubs, forest seedlings, bedding plantings).
- In 2020, the commune spent for the implementation of its own, commissioned and entrusted tasks total amount of PLN 5,432,109,133, of which PLN 4,674,319,885 were intended for current expenditures, and PLN 757,789,248 for investments. Expenditures increased by 9% when compared to 2019, and by 19% comparing to 2018. Most, as much as PLN 1,564,354,210 was allocated to educational tasks, i.e. 10% more than in 2019. Significant increase also occurred in expenditure on social policy (increase by 22%) and transport (increase by 10%).
- In 2020, the amount of PLN 631,371,673 was spent on investment projects. Most investments concerned transport (PLN 328,321,203), housing (PLN 117,196,412), education (PLN 66,519,100) and municipal economy (PLN 27,047,129).

BIKE PATHS	GREEN AREAS
435 km (2019)	120 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
107,984	29,142	28	10 km	1,007,323 (2020) 3,548,026 (2019)	201	52,500

RATING	A2	RATING AGENCY	Moody's

WROCŁAW

H1 2021

EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	NEW SUPPLY	TAKE-UP
1,24 mln sq m	140,000 sq m	14.1 %	11,800 sq m	45,900 sq m

At the end of June 2021 total office stock in Wrocław reached 1.24m sq m, placing it the second largest office hub among regional markets. Developer activity weakened slightly in the capital of Dolny Śląsk. In the first six months of 2021, only one project was completed – Krakowska 35, offering 11,800 sq m. Caution among developers could also be observed in their approach to new investments. In H1 2021 only one planned project was started – the second phase of Centrum Południe by Skanska Property Poland - and 140,000 sq m of office space remains under construction. If developers keep to their schedules, approximately 40% will be delivered in 2021. Compared to Poland's other regional markets, tenants in Wrocław were relatively active – in Q2 2021 almost 24,400 sq m was subject to lease. During the first six months of 2021 tenants leased almost 46,000 sq m. In Q2 2021 approx. 50% of the take-up volume was in one pre-let agreement in MidPoint71, with renewals accounting for a further 30% of transaction volume. The vacancy rate remains at a stable level - decreasing by 0.1 pp. compared to Q1 2021 and standing at 14.1%.

SELECTED SCHEMES UNDER CONSTRUCTION

MID POINT 71
- 36,900 sq m
- Q3 2021
- Echo Investment

INFINITY
- 22,000 sq m
- Q1 2023
- Avestus Real Estate Tristan Capital Partners

L'UNI
- 3,150 sq m
- Q2 2022
- JP Weber

BRAMA OŁAWSKA
- 14,000 sq m
- Q2 2022
- Tower Inwestycje

CENTRUM POŁUDNIE II
- 7,000 sq m
- Q2 2023
- Skanska Property Poland

QUORUM OFFICE PARK D
- 15,390 sq m
- Q2 2022
- Cavatina Holding

Total office space | Completion date | Developer / Owner

SELECTED BPO, SSC/GBS, IT AND R&D CENTERS:

3M Global Service Center Poland | Credit Suisse | EY Global Services Poland | Google | Pattonair | Nokia | UPS Global Business Services

STANDARD LEASE TERMS IN LARGE SCALE, NEW BUILDINGS

SERVICE CHARGE PLN/SQM/MONTH	RENT-FREE MONTHS	FIT-OUT BUDGET EUR/SQM
18	7	450-500

COWORKING OPERATORS IN WROCŁAW:

City Space

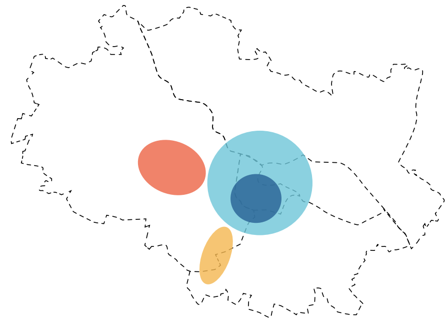
Quickwork

Spaces

BuisnessLink

MAJOR OFFICE CONCENTRATION AREAS

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
CITY CENTRE	209,600 sq m	52,600 sq m	13.9%	EUR 10-17/sq m
SOUTHERN BUSINESS AXIS	131,300 sq m	53,000 sq m	14.4%	EUR 10-15.5/sq m
WESTERN BUSINESS DISTRICT	442,500 sq m	15,400 sq m	16.3%	EUR 11-15/sq m
SUBCENTRAL ZONE	336,600 sq m	15,400 sq m	12.4%	EUR 9-16.5/sq m



MAJOR REGIONAL CITIES

KRAKÓW, WROCŁAW, TRICITY, POZNAŃ, KATOWICE, ŁÓDŹ

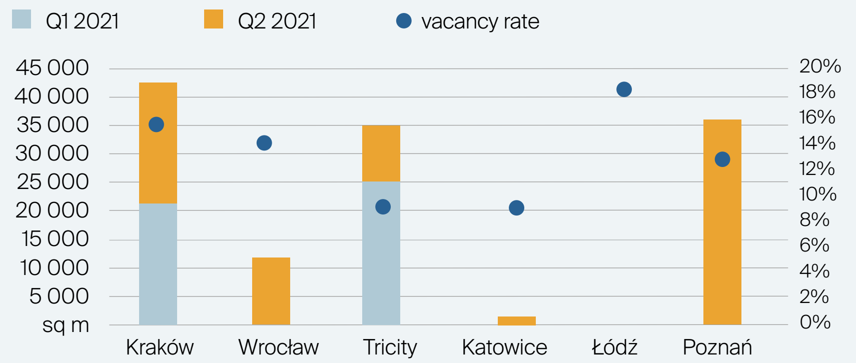
H1 2021

EXISTING STOCK	NEW SUPPLY	TAKE-UP	SUPPLY UNDER CONSTRUCTION	AVAILABLE SPACE
5.9m sq m	127,000 sq m	264,000 sq m	925,000 sq m	793,000 sq m

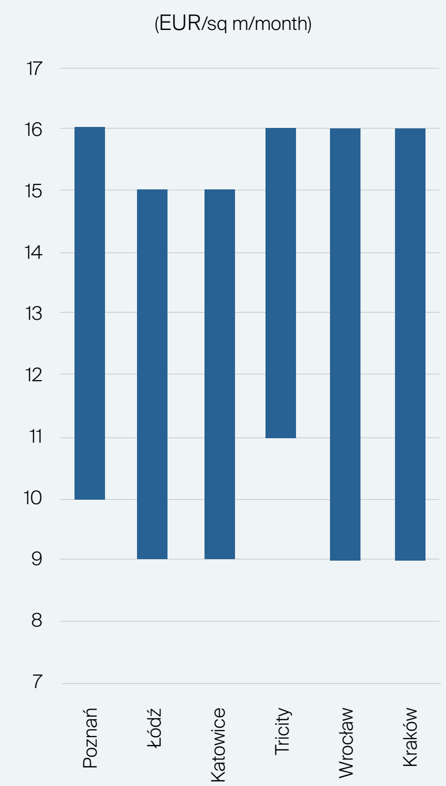
WROCŁAW COMPARED TO MAJOR REGIONAL CITIES

Wrocław as second the largest regional office market has been gradually growing, while the market offer benefit from systematically delivered new supply. The lower volume of new supply than in recent years may contribute to a drop in the vacancy rate in next quarters. Due to the wide range of higher education institutions which guarantee access to well-educated employees, Wrocław is an attractive choice for BPO/SSC centres and companies planning their expansion in Poland.

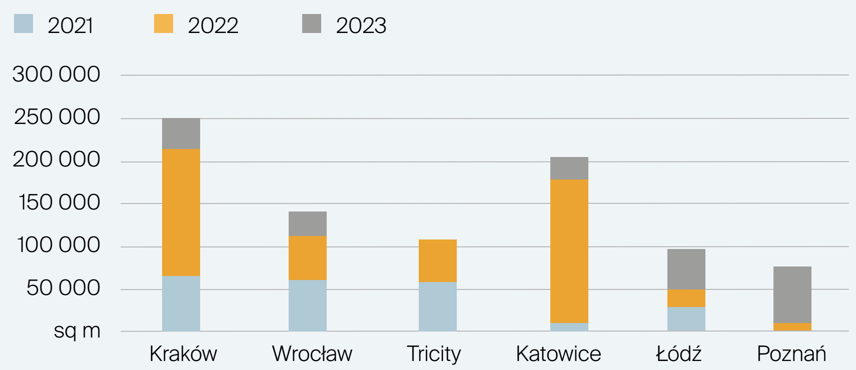
NEW SUPPLY (H1 2021) AND VACANCY RATE (Q2 2021)



ASKING RENTS (Q2 2021)



SUPPLY UNDER CONSTRUCTION BY COMPLETION YEAR (Q2 2021)



05

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

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

CONTACT IN WROCŁAW:
Maciej Moralewicz
maciej.moralewicz@pl.knightfrank.com

COMMERCIAL AGENCY - OFFICE
L-REP **Janusz Garstka**
janusz.garstka@pl.knightfrank.com

T-REP **Karol Grejbus**
karol.grejbus@pl.knightfrank.com

Regions: Kraków, Katowice, Wrocław
Monika Sułdecka-Karaś
monika.suldecka@pl.knightfrank.com

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

PROPERTY MANAGEMENT
Izabela Miazgowska
izabela.miazgowska@pl.knightfrank.com

PROPERTY MANAGEMENT COMPLIANCE
Magdalena Oksańska
magdalena.oksanska@pl.knightfrank.com

PROJECT MANAGEMENT
Urszula Łuszpińska
urszula.luszpinska@pl.knightfrank.com

VALUATION & ADVISORY
Grzegorz Chmielak
grzegorz.chmielak@pl.knightfrank.com

STRATEGIC CONSULTING EMEA
Marta Sobieszczak
marta.sobieszczak@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 **www.knightfrank.com.pl/en/research/**

PARTNER OF THE PUBLICATION:

Wroclaw Agglomeration Development Agency

CONTACT TO WROCLAW AGGLOMERATION DEVELOPMENT AGENCY:
araw@araw.pl

The Wroclaw Agglomeration Development Agency is a company whose goal is to attract foreign investors, and thus create new jobs and increase economic region. The company also conducts extensive information and promotion activities for residents and implements projects supporting development and cooperation in the agglomeration.