Strong cities

City attractiveness, office market, HR trends

Q1 2024	The office market sentiment, the investment potential of the city and the labour market.	*knightfrank.com.pl/en/research*

Wrocław

Prepared in cooperation with

Wroclaw Agglomeration Development Agency

Michael Page

Wrocław

City area
293 sq km

Population
674,100
(30.06.2023, GUS)

Population forecast
611,359 (2030)
577,658 (2050)

Migration balance
(+) 1.4 (12.2021)

Unemployment rate
1.7%
(02.2024, GUS)

GDP growth
8.5%

GDP per capita
PLN **104,360**
(gross)

Average salary (gross)
PLN **8,768.73**
(in the business sector, 02.2024, GUS)

Investment attractiveness

Rankings

Intel, the world's largest microprocessor manufacturer, **will invest nearly PLN 20bn in its factory in Miękinia near Wrocław.** This is the largest foreign investment in the history of Poland.

1ST PLACE in fDi's **Mid-Sized European Cities of the Future 2024 - Overall**

1ST PLACE in fDi's **Mid-Sized European Cities of the Future 2024 - Business Friendliness**

1ST PLACE in **„Polish Startups 2023"** complied by the Startup Poland Foundation

1ST PLACE in fDi's **Mid-Sized European Cities of the Future 2024 - Human Capital and Lifestyle**

2ND PLACE in **Business Environment Assessment Study (BEAS) 2024**

4TH PLACE in fDi's **Mid-Sized European Cities of the Future 2024 - FDI Strategy and Economic Potential**

WROCŁAW - rising star among technology hubs – No. 1 in Poland, No. 2 in Europe, No. 8 in the world, according to the „The next generation of tech ecosystems" report compiled by Dealroom

Investment incentives

"One stop shop" - Investment process support from the Wrocław Agglomeration Development Agency.

Real estate tax exemption in case of investments in a photovoltaic installation, heat pump, recuperator, ground heat exchanger, solar collector.

Apx inQube Program.

Real estate tax exemptions in Wrocław.

Lower Silesian Special Economic Zones.

Quality of life

Rankings

1ST PLACE **in the classification of a place for doing business** according to the subjective ranking by managers, ABSL **report 2023**

Wrocław listed among the 100 cities of the EU mission, **„100 Climate Neutral and Smart Cities by 2030"**

Drivers of ICT development in the Wroclaw Agglomeration

Based on the analysis of historical signals of change, the results of the quantitative survey and the conclusions of the research workshop organized as part of the work on the report 'Digital Co-creation and other scenarios for the future', 8 factors affecting the ICT industry in the Wroclaw Agglomeration have been defined.

- Committed and inclusive ICT community operating at the interface of business, education, and administration. Focus on cooperation, openness and exchange of competencies helps build innovativeness in the Wroclaw Agglomeration.
- Designing the integrated, complete and friendly urban space in the Wroclaw Agglomeration to satisfy the needs of diverse groups of residents and workers.
- Creating programmes and initiatives supportive of careers in the ICT industry for a diverse workforce. Systemic solutions addressing challenges related to the employment of people with different backgrounds, genders and demographic profiles support the building of diverse teams in the ICT sector.
- Development of local enterprises, investors and workers thanks to end-to-end support models. The Wroclaw Agglomeration builds a good growth environment for enterprises and implements the strategy based on the needs of residents and enterprises.
- Building a flexible strategy of the Wroclaw Agglomeration, supportive of urban resilience and helping to respond quickly to unexpected external factors.
- Diversification of educational paths and models. The possibility to use various sources of knowledge in the area of ICT industry technologies.
- Creation of technology solutions positively impacting and responding to the needs of various recipients. Implementation of the technology created in the Wroclaw Agglomeration for the benefit of local interested parties.
- Attractive support instruments for investors, considering the development of the Wroclaw Agglomeration. The public administration builds facilities so that investing in business in the Wroclaw Agglomeration both supports the needs of businesses and benefits the agglomeration and its residents.

Bike paths
406 km

Green areas
120 sq km

Facts & Figures

Number of students
106,555

Number of graduates
27,320

Number of universities
29

Airport - distance to the city centre
10 km

Airport - number of passengers
3,891,553 (2023)

BSS sector - number of centres
215

BSS sector - number of employed
63,421

RATING AGENCY **Moody's**

RATING **A-**

Wrocław

Q1 2024

Existing stock
1.37m sq m

Supply
under construction
52,000 sq m

Vacancy rate
19.1%

New supply
(Q1 2024)
18,000 sq m

Take-up
(Q1 2024)
25,000 sq m

Standard lease terms in new buildings

Service charge
PLN/sq m/month
16.00-31.00

Rent-free period
1.5 month
for each contract year

Fit-out budget
EUR/sq m
450.00-550.00

After Warsaw and Kraków, Wrocław is the third largest office market in Poland, boasting a stock of over 1.37m sq m, representing nearly 11% of the total office stock in the country.

In the first quarter of 2024, the leased office space in Wrocław amounted to 25,000 sq m, ranking it second highest among regional cities. Over the quarter, 18,000 sq m of new supply was introduced to the market, leading to an increase in the vacancy rate to 19.1%. Nevertheless, it is anticipated that the decreased rate of new supply in the subsequent quarters, coupled with stable demand for office space, will slow the upward trend in the coming quarters.

SUPPLY

At the end of Q1 2024, the total office stock in Wrocław reached 1.37m sq m. Since the beginning of the year, the city's office space saw a modest expansion, with the addition of a single building, the 18,200 sq m Quorum Office Park. Notably, this development constituted one of the two buildings delivered in regional cities during the first quarter, representing 58% of the total new supply outside Warsaw.

Developer activity is declining, with only 52,000 sq m of office space currently under construction, the majority of which (69%) is set to be delivered to the market in 2024.

TAKE-UP

Since the beginning of 2024, tenants have leased over 25,000 sq m of office space in Wrocław, marking the city as the second highest in performance among regional cities. This accounts for 18% of the total volume of transactions recorded outside Warsaw.

The largest share of the volume was accounted for by renegotiations, involving more than 62% of the leased space. Meanwhile, the share of space leased under new contracts dropped to 33%, down from over 51% recorded in 2023. Expansions, on the other hand, comprised just 4% of the total.

Additionally, the highest demand for rented office space in Wrocław continues to originate from the IT sector, reflecting the city's significance as one of the primary IT markets in the country, with companies from this sector occupying as much as 38% of all office space leased in the first quarter of 2024.

VACANCY RATE

At the end of March 2024, the vacancy rate in Wrocław stood at 19.1%, marking a 0.9 pp increase compared to the previous quarter. In comparison to the same period last year, there was a 1.8 pp rise. Nevertheless, the anticipated reduction in new supply growth and the stable take-up for office space should help restrain the upward trend in the upcoming quarters.

RENTS

Asking rents in Wrocław at the end of Q1 2024 remained stable compared to the previous quarter, typically varying between EUR 10.00 and 16.00/sq m/month. However, rents for prime space in newly constructed buildings may exceed this level due to high construction costs and the persistent high cost of servicing construction loans. Service charges in Q1 2024 also remained steady, typically ranging between PLN 16.00 and 31.00/sq m/month.

Office market in Poland

Q1 2024

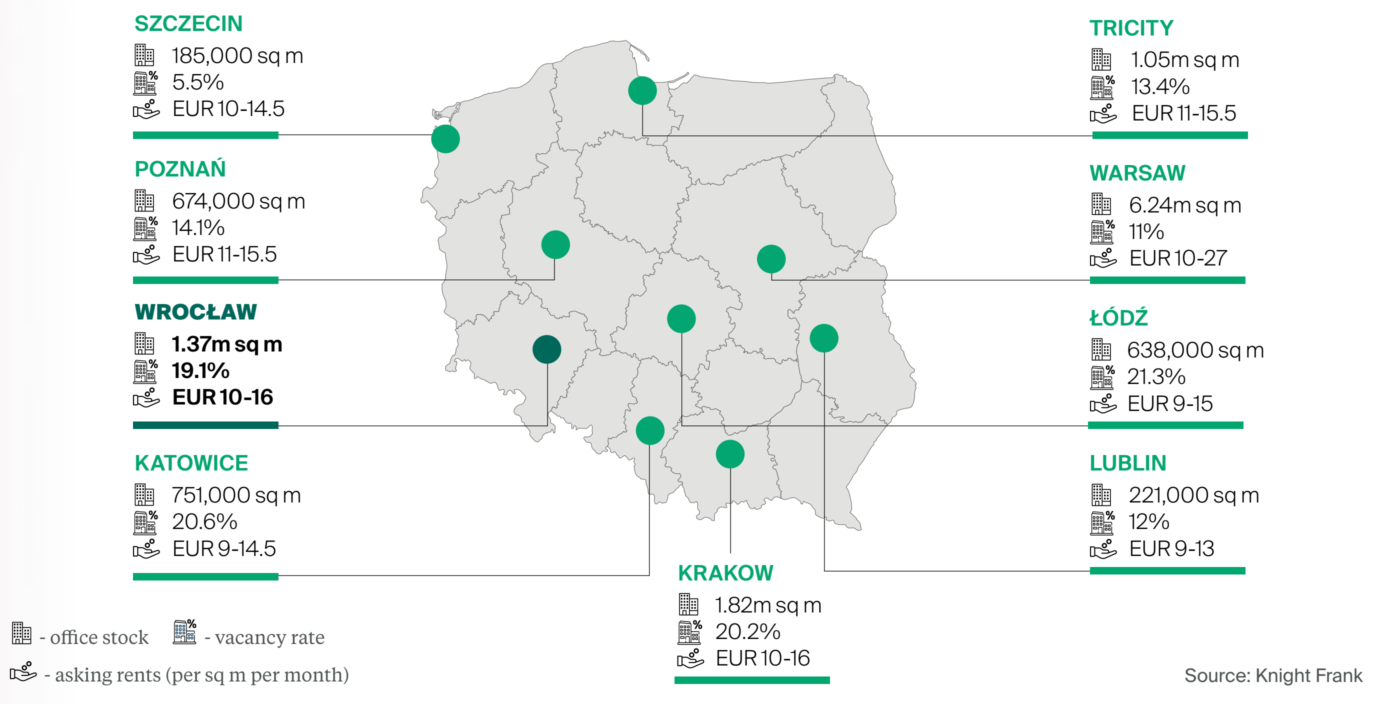
Existing stock
13m sq m

New supply
(Q1 2024)
80,000 sq m

Take-up
(Q1 2024)
279,000 sq m

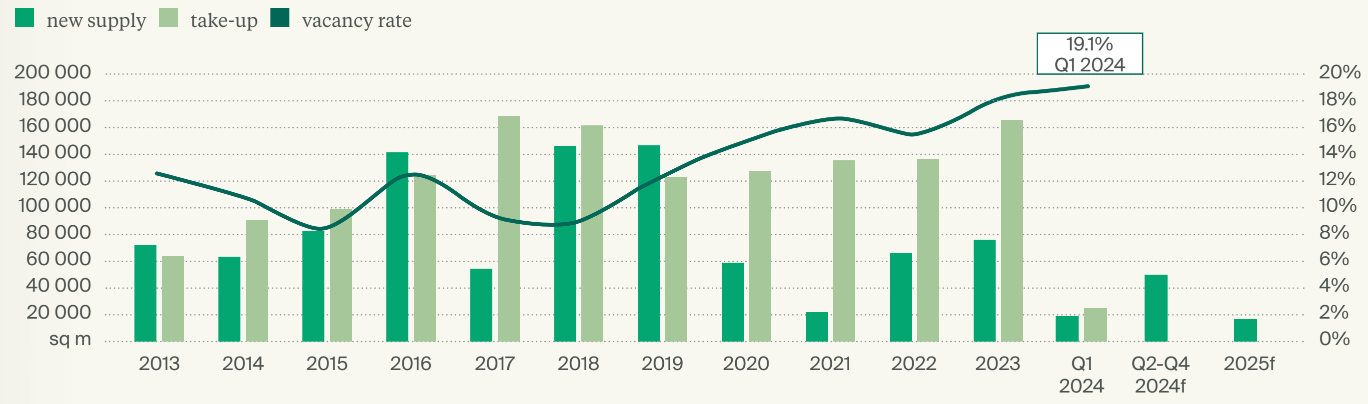
Supply under construction
561,000 sq m

Vacancy rate
14.5%



Source: Knight Frank

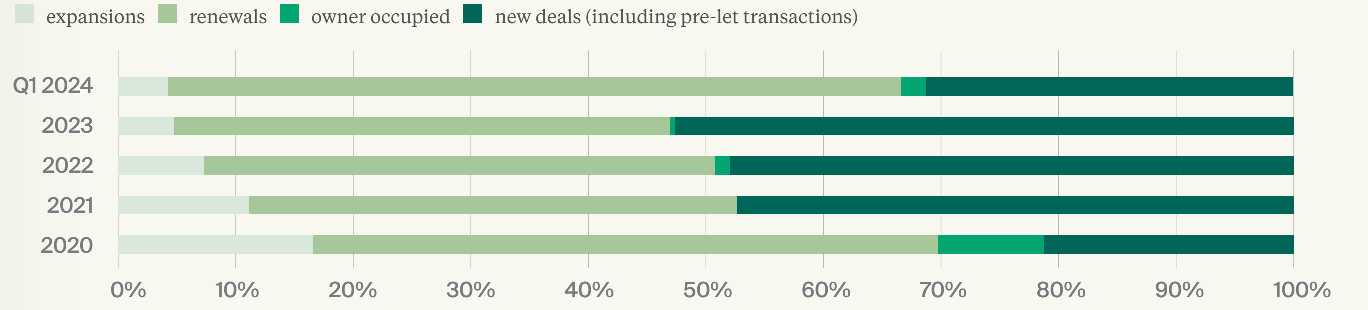
Annual new supply, take-up and vacancy rate in Wrocław



f-forecast based on schemes under construction

Source: Knight Frank

Take-up structure in Wrocław



Source: Knight Frank

Michael Page

Talent Trends 2024: Bridging "The Expectation Gap"

Talent Trends 2024 stands out as the most extensive talent study ever conducted, engaging over 50,000 professionals across 37 countries. Offering unique insights, it illuminates what employees truly desire, revealing a landscape where individualised needs surpass traditional perks like competitive salaries and flexible work arrangements. In parallel, employers face the challenge of adapting to this shifting terrain within a rapidly evolving business ecosystem.

This year's report zeroes in on the "Expectation Gap" between employees and employers, a theme threading through discussions on salary expectations, the clamour for workplace flexibility, organisational culture, work-life balance, the advent of artificial intelligence (AI), and the imperative of diversity, equity, and inclusion (DE&I). This gap permeates every facet of modern workspaces.

DE&I Challenges

Despite a surge in DE&I awareness across Poland, the journey to truly inclusive workplaces remains lengthy. Many Polish professionals perceive a dissonance between DE&I aspirations and the realities of their daily work lives, underscoring the need for substantive, not superficial, initiatives.

AI Integration

While artificial intelligence tools have yet to achieve ubiquity, they already steer career decisions. Navigating ethical and legal parameters, such as safeguarding personal data and upholding intellectual property rights, remains paramount.

Autonomy and Flexibility

Workers increasingly prize autonomy and flexibility, posing a quandary for employers with a penchant for traditional office setups. Prioritising the alignment of work with life, rather than the other way around, emerges as a key directive.

Salary Still Reigns Supreme

Despite the global deceleration in wage growth, employees persist in seeking higher salaries to offset escalating living expenses. Discontentment with current compensation propels many to explore fresh career avenues.

Talent Trends 2024 unveils the intricate dynamics of the job market and the delicate dance between employers and employees. Grasping these interconnections is pivotal in crafting HR strategies that foster mutual benefit.

Michael Page stands at the forefront of global personnel consulting and recruitment, specialising in top-tier professionals and executive management.
https://www.michaelpage.pl/

The ins and outs of the labour market in the Business Service Centres sector in Poland

In 2023, the business services market saw a slight slowdown compared to previous years, which were record-breaking. Faced with a complex international situation and various economic challenges, many organisations in the Polish market adopted a cautious approach, scrutinising investments and expenditures, which naturally affected recruitment.

Nevertheless, Poland remains highly appealing for companies looking to centralise their core functions, leading to ongoing new investments in roles focused on operational tasks. Meanwhile, established organisations have increasingly automated less advanced processes or outsourced them to other countries for cost-saving reasons. Language proficiency remains an advantage in Polish centres, yet roles requiring advanced skills are on the rise, with companies actively seeking employees with specialised expertise. Particularly, there's a high demand for individuals proficient in analysing large datasets, with positions such as Business Analysts, FP&A Specialists, Data Engineers, or BI Experts being sought after in 2023.

The demand for skilled workers exceeded the availability of candidates meeting organisations' expectations. Successful recruitment became more challenging as offered terms and conditions often fell short of candidates' expectations. For instance, candidates typically expected a salary at least 15 percent higher than their current one. Additionally, employees became more selective, considering factors like the company's image, product, vision, and potential for further development. Counter-offers from existing employers and customised job offers, often more motivating than mere financial incentives, posed significant recruitment risks.

In an era shifting towards hybrid working models, candidates placed significant emphasis on remote work possibilities and flexible policies. They also emphasised the importance of achieving a better work-life balance, with some willing to forego promotions or higher positions in order to prioritise their well-being. Employers and HR departments worked intensively to align policies with these expectations to the best of their ability.

TOP 3

most desirable positions in the SSC sector.

For more mature or well-established centres, we notice a strong interest in competencies in the following areas and positions:

1 Finance and accounting roles from the areas of RTR/Reporting/FP&A:
8,000 – 30,000* gross monthly

2 Compliance/Risk/Audit/Internal Control:
12,000 – 30,000* gross monthly

3 Role w obszarze Transformation/Transition:
14,000 – 40,000* gross monthly

* depending on experience level and position

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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, Lublin, Szczecin) and PRS sector in Poland. Long-term presence in major local markets has allowed our research team to build in-depth expertise of socio-economic factors affecting real estate market in Poland.

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

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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.

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