Strong cities

City attractiveness, office market, HR trends

Q3 2024	The office market sentiment, the investment potential of the city and the labour market.	*knightfrank.com.pl/en/research*

Krakow

Prepared in cooperation with

CENTRUM Business in Małopolska

Michael Page

Krakow

City area
327 sq km

Population
806,201
(state of 31.12.2023)

Population forecast
756,470 (2025)

Migration balance
internal
(+)2,327
(2023, GUS)

external
(+)934
(2023, GUS)

Unemployment rate
2.0%
(09.2024, GUS)

GDP growth
16.6%
(2021, GUS)

GDP per capita
PLN **116,630**
(2021, GUS)

Average salary (gross)
PLN **10,177.94**
(in the business sector, 09.2024, GUS)

Investment attractiveness

Rankings

1ST PLACE — **in the business friendliness category** of the fDi's European Cities and Regions of the Future 2024 ranking (among large cities)

1ST PLACE — **in the human capital and lifestyle category** of the fDi's European Cities and Regions of the Future 2024 ranking (among large cities)

4TH PLACE — **overall** in the fDi's European Cities and Regions of the Future 2024 ranking (among large cities)

6TH PLACE — in the **economic potential category** of the fDi's European Cities and Regions of the Future 2024 ranking (among large cities)

20TH POSITION — **in the TOP 100 Super Cities list** in the Tholons Global Innovation Index 2021

The title of Award in **„Municipality for 5!"** and the title of **„Golden Municipality for 5!"** in the 2022/23 edition of the ranking prepared by the Student Scientific Association of Acceleration, on behalf of the Institute of Entrepreneurship at the Warsaw School of Economics

Investment incentives

- Government Investment Support Program grants
- Polish Investment Zone - income tax exemption
- Real estate tax exemption
- Tax relief for R&D
- Assistance under the EU Funds
- Support for business environment institutions - incl. Business in Małopolska Centre

Quality of life

Rankings

The Krakow Old Town and Wawel Hill on the UNESCO World Heritage List	European Capital of Culture (2000)
UNESCO City of Literature	IFEA World Festival & Event City

Quality of life in numbers

CULTURE AND ENTERTAINMENT

- 1,207 monuments and approx. PLN 30m allocated annually for their renovation
- 117 museums and 41 art galleries, 1.4m exhibits and 5m visitors annually
- 16 theaters, 2,000 performances, 270,000 spectators annually
- 12 cinemas, 73 cinema halls, 12,000 seats in the auditorium, 140,000 screenings annually
- Over 200 restaurants (2 Michelin stars for Bottiglieria 1881 restaurant)
- 15 regional products under EU protection (including obwarzanek, oscypek, sour rye soup Cracovian style, carp from Zator)
- 180 festivals and artistic-entertainment and sports events annually (including Jewish Culture Festival, The Great Dragon Parade, Krakow Film Music Festival)

TRANSPORT

- 28 tram lines and 175 bus lines
- 4 Fast Commuter Rail lines
- 317 km of bicycle paths
- 9m passengers handled in one year by Krakow-Balice Airport

INFRASTRUCTURE

- 1.82m sq m of modern office space
- 190 hotels with 23,000 rooms (including 16 five-star hotels)
- Modern congress and entertainment infrastructure (including ICE Krakow Congress Centre with 5,200 seats, TAURON Arena Krakow – 24,000 seats)
- 2,000 business meetings annually, attended by over 300,000 people

NATURAL ENVIRONMENT

- 54 city parks, 30 pocket parks, 30 ha of wildflower meadows
- 80% of city residents have a 5-minute access to green areas
- 8 air pollution monitoring stations
- Significantly decreasing air pollution issue in the city due to consistent implementation of the anti-smog resolution
- 32 recommendations from the Krakow Climate Panel and the City of Krakow's Climate Change Adaptation Plan until 2030

Bike paths
317 km

Green areas
60% of the cities area

Facts & Figures

Number of students
130,396 (2023/2024)

Number of graduates
31,860 (2022/2023)

Number of universities
23

Airport - distance to the city centre
11 km

Airport - number of passengers
9m (2023)

BSS sector - number of centres
288 (ABSL 2024)

BSS sector - number of employed
101,000 (ABSL 2024)

RATING AGENCY | **S&P** | RATING | **A- (stable)**

Krakow

Q3 2024

Existing stock
1.82m sq m

Supply
under construction
35,000 sq m

Vacancy rate
18.9%

New supply
14,000 sq m

Take-up
179,000 sq m

Coworking operators in Krakow

At Office | Business Link | Chilliflex | CitySpace | Regus | Loftmill | Cluster Offices

Standard lease terms in new buildings

Service charge
PLN/sq m/month
16.00-29.00

Rent-free period
1-1.75 month
for each contract year

Fit-out budget
EUR/sq m
380.00-500.00

Krakow is the largest regional office market in Poland, with resources totalling 1.82m sq m, which accounts for over 14% of the total office space in the country. Demand for office space in Krakow remains strong, reaching the highest level among regional cities by the end of September 2024, with a total of 179,000 sq m leased. This high demand, coupled with a limited supply of new office space, has led to a decrease in the vacancy rate, which fell to 18.9% in Q3 2024.

SUPPLY

Development activity remains limited. No new buildings were completed in Q3 2024, and during the first three quarters of the year Krakow's office stock increased by only 14,000 sq m. Currently, 35,000 sq m is under construction with 44% expected to be delivered in 2025. Among the largest projects underway are Wita Stwosza, a 19,500 sq m office building by Echo Investment, and a 10,500 sq m building being developed for Elte GPS.

TAKE-UP

By the end of September 2024, the total leasing transaction volume in Krakow reached nearly 179,000 sq m, marking a 47% increase compared to the same period the previous year. This figure is the highest among regional cities and accounts for 35% of total transaction volume in regional markets, nearly double the volume recorded in Wrocław, the second-largest market. In Q3 2024 alone, demand for office leases in Krakow was more than twice as high as in the same period last year.

By the end of the first three quarters, the total leasing volume was nearly on a par with levels seen in previous years. If transaction levels in Q4 2024 remain consistent with Q3, demand may reach levels comparable to those of 2019, a record-breaking year.

By the end of Q3 2024, lease renewals accounted for 60% of the total transaction volume in Krakow. New lease agreements weakened, representing 36% of the volume. Few tenants opted to expand their leased space, with expansions accounting for only 3% of the total volume, while the remaining 1% consisted of leases for owner-occupier purposes.

VACANCY RATE

In Q3 2024, the vacancy rate in Krakow dropped for the first time in five quarters, reaching 18.9%. Compared to the previous quarter, this represents a decline of 1.3 pp.

RENTS

Q3 2024 saw asking rents for modern office buildings in Krakow remaining stable compared to the previous quarter, typically ranging from EUR 10 to 16/sq m/month. In the most prestigious buildings, rents may exceed this range. Average service charges in Q3 2024 also remained stable, ranging between PLN 16 and 29/sq m/month.

Office market in Poland

Q3 2024

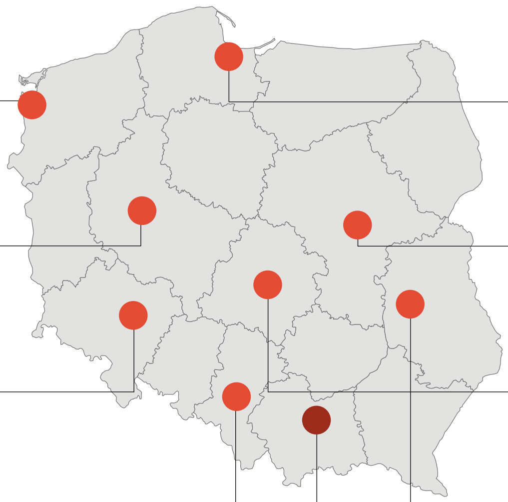
Existing stock **13m** sq m

New supply (Q1-Q3 2024) **151,000** sq m

Take-up (Q1-Q3 2024) **1m** sq m

Supply under construction **497,000** sq m

Vacancy rate **14.1%**



SZCZECIN
187,000 sq m
6.8%
EUR 10-14.5

POZNAŃ
674,000 sq m
12.5%
EUR 11-15.5

WROCŁAW
1.37m sq m
19.7%
EUR 10-16

KATOWICE
752,000 sq m
20.5%
EUR 9-14.5

KRAKOW
1.82m sq m
18.9%
EUR 10-16

TRICITY
1.07m sq m
12.7%
EUR 11-15.5

WARSAW
6.26m sq m
10.7%
EUR 10-28

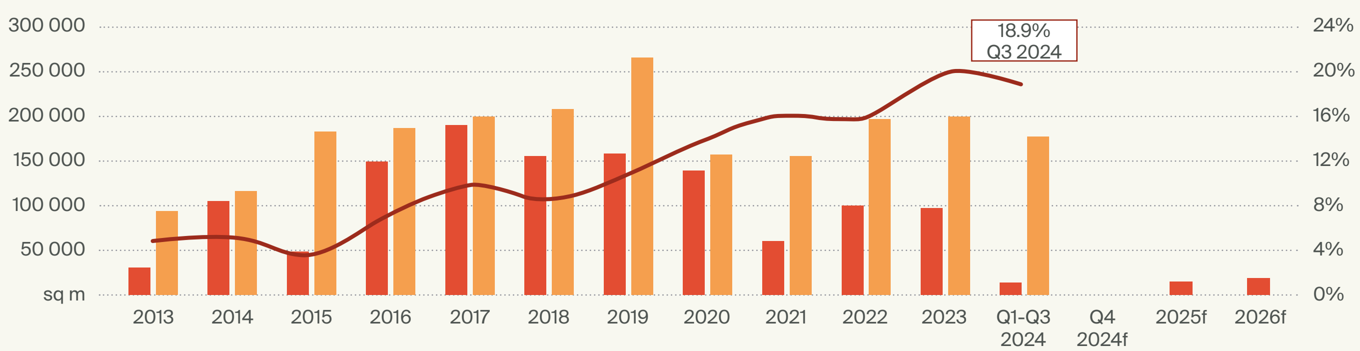
ŁÓDŹ
645,000 sq m
21.1%
EUR 9-15

LUBLIN
221,000 sq m
12.6%
EUR 9-13

- office stock - vacancy rate
- asking rents (per sq m per month)

Source: Knight Frank

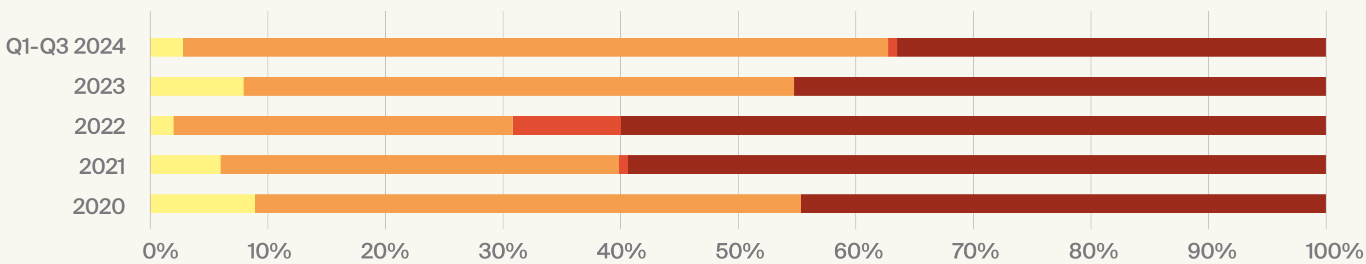
Annual new supply, take-up and vacancy rate in Krakow



f-forecast based on schemes under construction

Source: Knight Frank

Take-up structure in Krakow



Source: Knight Frank

Michael Page

Salary Guide 2025: Navigating the Changing Job Market

In 2025, the Polish job market will continue to undergo significant transformations. Global challenges such as social and political shifts, advancing digitalisation, demographic changes, increased competition for talent, and candidates' expectations are shaping pay and recruitment strategies across various sectors. In this context, "Salary Guide 2025" by Michael Page experts provides entrepreneurs, HR managers, and recruitment specialists with an in-depth analysis of trends and forecasts for the coming year.

Key Salary Trends for 2025

The year 2025 will bring several major changes impacting wages in Poland. The Michael Page salary report identifies the fastest-growing sectors and those facing wage-related challenges.

1. Growth in the IT and Technology Sector

The IT sector is experiencing changing recruitment trends. There is a shift away from hiring less experienced specialists and an increased focus on expert-level professionals, particularly in cybersecurity, AI, machine learning, and software development. These areas are seeing a rise in salary levels.

2. Candidates Expect More

Employees are increasingly looking for not only attractive salaries but also flexible working conditions, development opportunities, and values that align with their beliefs. Companies that fail to meet these expectations may struggle to attract and retain talent.

3. Rising Importance of Sustainability

In 2025 and the years that follow, the need for ESG managers in Poland will grow, driven by the CSRD (Corporate Sustainability Reporting Directive). By 2026, around 3,500 organisations will be required to report on ESG. As the ESG sector is relatively new in Poland, there is a limited pool of specialists available.

4. Increased Demand for Soft Skills and Multidisciplinarity

Expectations for candidates in finance and accounting sectors reflect current employer demands for experts across fields. Employers now require not only knowledge and experience but also agility in updating skills, the ability to identify and communicate business opportunities and risks, strong organisational understanding, data analysis and presentation skills, valuable business recommendations, and support for implementing them.

Take the opportunity to adapt your pay strategy and recruitment processes to the challenges you face. Ensure your company's success in a competitive job market.

Don't let job market changes catch you off guard. Utilise the expert insights from Michael Page's "Salary Guide 2025" – a leading authority in recruitment and HR consulting. Download the free report on our website and gain a competitive edge with the latest data and thorough trend analysis. Download "Salary Guide".

The ins and outs of the labour market in the IT sector

Changing trends with an emphasis on cybersecurity and AI

The IT sector is struggling with volatile recruitment patterns. It seems to be turning down specialists with little experience. That said, there is a clear growth of interest in employees at the expert level – especially in such areas as cybersecurity, AI, machine learning, and software development. Businesses are intensively looking for experts who can integrate AI into existing systems, and those who can secure their IT infrastructure against growing cyber threats.

Salary growth in key specialisations

Salaries in the IT sector remain stable; yet in AI, machine learning and cybersecurity, it is possible to see an increase in wages. Businesses are willing to pay more for skilled professionals in these fields.

Nearshoring centres and service migration

The creation of nearshoring centres and the relocation of IT services from Western Europe to Poland is becoming more and more a fact of life. Businesses looking for savings due to rising energy costs and falling margins in production decide to move their IT services to Poland. As a result, the number of recruitment processes in the IT sector in Poland will be going up. This is expected to happen in the fourth quarter of 2024.

Low-level job outflow

Along with the influx of new jobs, many entry-level jobs are migrating to countries such as India and the Philippines. Middle and senior specialists – especially in such areas as IT management, software engineering, and consulting – continue to find employment in Poland, which is due to the high quality of work of Polish consultants and the lack of appropriate competences on foreign markets.

Back to on-premises solutions

The cloud is no longer the only solution for IT companies. Due to high costs and the risk of vendor lock-in, companies are returning to on-premises solutions. FinOps managers will gain significance, and their job description will include effective management of cloud service costs.

The role of soft skills

Companies are increasingly valuing soft skills in candidates. Communication skills, teamwork and empathy are becoming as important as technical skills.

The importance of ethics at work

The younger generation of staff seem to be prioritising the values and ethics of the companies they work for. Candidates are increasingly choosing employers who act in accordance with their values, avoiding businesses from the industries that come across as unethical.

Cooperating with graduates of technical studies

The number of graduates of technical faculties of Polish universities remains at a high level, which ensures a constant inflow of new talent into the labour market.

TOP 3

Most desirable positions in the IT sector:

1. **SAP Consultant:**
   PLN 25,000 – 29,000
   gross monthly

2. **Security Engineer:**
   PLN 18,000 – 25,000
   gross monthly

3. **Cloud Engineer:**
   PLN 25,000 – 31,000
   gross monthly

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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, Krakow, 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:
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The Business in Małopolska Center is a joint initiative of the Małopolska Region, Małopolska Regional Development Agency and the Krakow Technology Park, which offers an integrated system of servicing investors and exporters, it also provides ongoing information services to entrepreneurs about external sources of financing of investment and export activities.

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