

Strong cities



City attractiveness, office market, HR trends

H1 2023

The office market sentiment, the investment potential of the city and the labour market.

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Łódź

Prepared
in cooperation with



INVEST IN ŁÓDŹ

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Łódź

-  **City area**
293.25 sq km
-  **Population**
658,444
(state of 31.12.2022, Statistics Poland)
-  **Unemployment rate**
4.5%
(state of 06.2023, Statistics Poland)
-  **GDP growth**
4.7%
-  **PKB per capita**
PLN 70,846
-  **Average salary (gross)**
PLN 6,665.41
(06.2023, Statistics Poland)



Investment attractiveness

Rankingi

- 1ST PLACE** in the category of **Best Mayor** of a Municipality with over 100,000 inhabitants
- 2ND PLACE** in the „**Best Local Government**” category, municipalities with over 100,000 inhabitants
- 1ST PLACE** in the ranking of cities of PZFD as **the most efficient city in terms of administrative activities in 2021**
- distinction in the „**Innovative Local Government**” competition of the Polish Press Agency (PAP) for the innovative issue of 'Green Bonds' for Łódź in the large cities category
- 1ST PLACE** in the **City of The Year category**, 12th Europa Property Investment & Manufacturing Awards
- 1ST PLACE** awarded by the ABSL for cooperation with local universities and for transport availability, and **3rd place** for local universities quality, modern office space availability and cooperation with the local investor service unit

Investment incentives

Know-how in key areas: regularly prepared reports in the field of HR and real estate and annual economic guide.

Other support in recruitment activities: internship programme organised by the Łódź City Council in cooperation with investors, activities in the field of employer branding.

Assigned employee of Łódź City Council (e.g. offering support for investments in the location selection process, in ongoing administrative processes in the office about related entities).

Personalized offer of investment areas (urban and private).

Marketing support: preparing press conferences, publications in social media (FB, LinkedIn, www.investinlodz.pl).

Support within the Łódź Special Economic Zone.

Quality of life

Rankings

- 2ND PLACE** in the Forbes **People Friendly Cities 2021** ranking
- 3RD PLACE** in the **Europolis Green Cities** ranking
- 4TH PLACE** in the Pearls of Local Government 2022 national ranking of Dziennik Gazeta Prawna, and recipient of the title of **Good Practice Leader in the Digitalisation category**
- 5TH PLACE** in the **Forbes Green Cities 2021** ranking
- National Geographic - **Best of The World 2022** award, placed among 25 cities in the sustainability category








Quality of life in numbers

- A series of eco workshops.
- Karta Łodzianina.
- Improving electromobility and ecological means of public transport.
- Civic budget.
- Municipal programs against addiction.
- Organization of recreational and sports events.
- Organization of cultural events.
- Downtown revitalization.
- Elimination of illegal landfills.
- City bike system, public electric scooters, expansion of the network of bicycle paths and electric charging stations.
- Expansion of the city transport system: construction of the Łódź metro (cross-city tunnel).
- Increasing the level of security in the city.
- Conducting more intensive CSR activities - „business for the environment”, as part of the implementation of the Ecopact.

 **Bike paths**
230.3 km

 **Green areas**
51.51 sq km

Facts & Figures

-  **Number of students**
75,047
-  **Number of graduates**
17,397
-  **Number of universities**
19
-  **Airport - distance to the City centre**
6 km
-  **Airport - number of passengers**
86,488 (Q2 2023)
179,926 (2022)
-  **BSS sector - number of centres**
107
-  **BSS sector - number of employed**
35,000

RATING AGENCY

S&P

RATING

BBB+ (stable forecast 2022)

Łódź

Q1 2023

Existing stock
635,400 sq m

Supply under construction
42,000 sq m

Vacancy rate
23.4%

New supply
1,900 sq m

Take-up
30,700 sq m

The total office stock in Łódź at the end of Q2 2023 was over 635,400 sq m. Since the beginning of the year, one office building was completed, a part of the Fuzja complex (1,900 sq m, Echo Investment). This accounted for less than 2% of the space completed in H1 2023 in regional cities.

In Łódź, more than 42,000 sq m of office space remained under construction at the end of June 2023. The space is expected to be delivered systematically over the next two years, with more than 40,000 sq m set to be delivered in 2024 as long as developers meet their planned deadlines. The largest developments remaining under construction are Wdzewska Manufaktura (32,000 sq m, Cavatina Holding), and a further building in the Fuzja complex (8,300 sq m, Echo Investment).

Since the beginning of the year, demand for office space in Łódź amounted to nearly 30,700 sq m, accounting for 9% of the total volume of contracts signed in regional cities. This figure remains virtually unchanged from the figure for 2022's corresponding period. In Q2 2023, leases were signed for over 16,000 sq m. In H1 2023 in Łódź, new agreements accounted for the largest share of the leased space transaction structure, 74%, while renegotiations represented 24% of the volume, and expansions 2%.

The vacancy rate in Łódź increased by 2.9 p.p. during the quarter, reaching 23.4% at the end of June. Year on year, the rate increased by 4.8 pp. Moreover, this is the highest vacancy rate in the history of the Łódź market, as well as being the highest figure among all regional cities.

Asking rents in Łódź at the end of June 2023 remained stable relative to the previous quarter, ranging from EUR 9.00 to EUR 15.00/sq m/month. Persistently high construction costs, along with the still high costs of servicing construction loans, are limiting investor negotiating possibilities. Thus, rent increases, particularly in new buildings, remain a possibility. Service charges ranged from PLN 15.00 to PLN 28.00/sq m/month.

Standard lease terms in new buildings

Service charge
PLN/sq m/month
15.00-28.00

Rent-free period
1-1.5 months
for each contract year

Fit-out budget
EUR/sq m
350.00-500.00

Selected schemes under construction

FUZJA I

8,300 sq m
Q1 2024
Echo Investment

WIDZEWSKA MANUFATURA

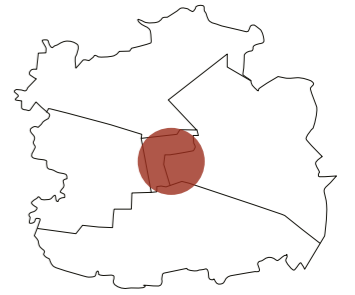
32,000 sq m
2023/2024
Cavatina Holding

Total office space Completion date Developer / Owner

Office space

Major concentration areas

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
City Centre	469,200 sq m	2,000 sq m	27.5%	EUR 9-15 sq m
Outside City Centre	166,200 sq m	40,000 sq m	11.7%	EUR 9-14 sq m



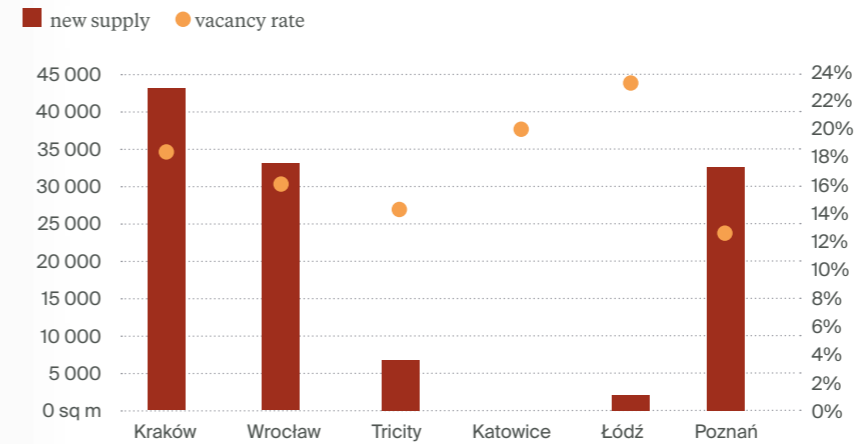
Major regional cities

H1 2023

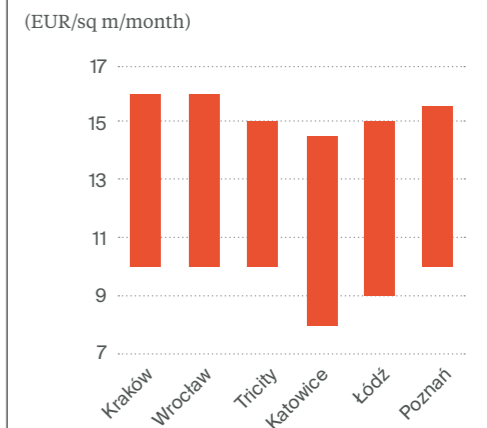
Kraków, Wrocław, Tricity, Katowice, Łódź, Poznań, Szczecin, Lublin

Existing stock 6.51m sq m **New supply** 116,300 sq m **Take-up** 333,760 sq m **Supply under construction** 465,000 sq m **Available space** 1.09m sq m

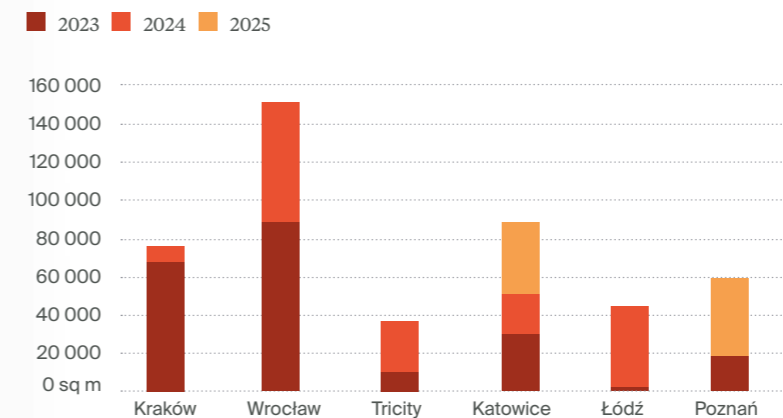
New supply and vacancy rate (H1 2023)



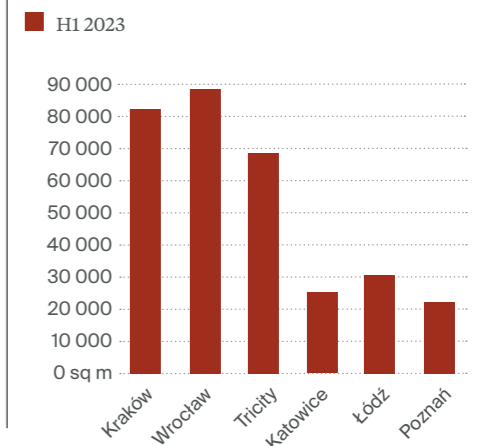
Asking rents (H1 2023)



Supply under construction by completion year (H1 2023)



Take-up volume



Talent Trends 2023: a complete transformation of workplace culture

80% of people who started a new job throughout the last year are open to new opportunities. The factors that have the greatest impact on candidates when choosing a new place of employment are salary (26%), flexibility (15%), and career growth (14%). This is clear to see in the Talent Trends 2023 survey, carried out by PageGroup experts on a group of Polish respondents.

Employees ready and willing to look for new opportunities

Employees are increasingly more open to change and are very flexible. Of the nearly 1,000 people who took part in the Talent Trends survey in Poland, 94% of respondents admitted to being ready for new professional challenges, and more than half said they were actively looking for a job or planning to look for it in the next six months. Interestingly, this attitude can be seen even in those employees who are satisfied with both their current employer and earnings.

The salary is the strongest motivator for change

These days, remuneration is the most common reason for quitting, the most frequent reason for accepting a new position, the key component of a job advertisement, and the core of the recruitment process.

Flexibility is the new basis

Employers should adapt their mindset to the new reality, prioritising work-life balance and staff well-being. 7 out of 10 people would choose mental health and work-life balance over professional success.

Career growth: the key element of the recruitment strategy

37% of employees claimed they prioritised those companies that invest in the career growth of their staff. Professional development plans should be clearly communicated and consistent with the culture of the organisation. In order to improve employees' loyalty, it is worth developing a transparent promotion path that will have a specific time frame.



► For more information on the transformation of workplace culture, make sure to read the findings of our latest [Talent Trends 2023 survey](#).

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

in Poland

Over the last couple of years, global business has focused on transformations related to the digitisation and streamlining of processes. Poland has become one of the key beneficiaries of this trend, which proves its attractiveness. A large number of talented and competent candidates in our country is the main factor that helps to draw new investors toward it.

Here are the 5 major trends in the SSC sector that determine the trajectory of changes in the labour market in 2023:

Experienced recruiters = effective recruitment

In the face of stiff competition for candidates with specialist expertise, effective communication and recruiter experience are of primary significance. By understanding the mechanisms that take place in the labour market, recruitment consultants can effectively respond to the needs of both employers and candidates

20 days

A candidate's activity cycle on the market is a maximum of 20 days, and it results from the increased number of job offers received. Greatest effectiveness and best competitive advantage are achieved by those employers who cut down their recruitment to a maximum of 2 stages.

Building your own brand in conversations with candidates

As many as 77% of candidates are guided by the company's image on the market before deciding to take up a job. In 2023, meetings with candidates are crucial to show the values and position of the organisation.

Market diversification

Apparently, more and more strategic functions are being centralised these days. In 2022, roles in such areas as supply chain, purchasing, and human resources dominated in southern Poland, while positions in the controlling and financial analysis departments prevailed in the north. The trend is due to continue this year.



TOP 4

The most desired positions in the SSC sector:

- 1 ► **FP&A Expert:**
PLN 12,000 – 19,000
gross/monthly
- 2 ► **Process Excellence Lead:**
PLN 16,000 – 22,000
gross/monthly
- 3 ► **Procurement/Supply Chain Specialist:**
PLN 10,000 – 15,000
gross/monthly
- 4 ► **Reporting/Management Accounting:**
PLN 12,000 – 18,000
gross/monthly

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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.

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