

# Office market



Prepared  
in cooperation with



Michael Page

Q1 2023

City attractiveness, office market, HR trends

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# Łódź

# Łódź

-  **City area**  
**293.25 sq km**
-  **Population**  
**661,329**  
(state of 30.06.2022, Statistics Poland)
-  **Unemployment rate**  
**4.6%**  
(state of 28.02.2023, Statistics Poland)
-  **GDP growth**  
**4.7%**
-  **PKB per capita**  
**PLN 70,846**
-  **Average salary (gross)**  
**PLN 6,588.26**  
(01.2023, Statistics Poland)

## Investment attractiveness

Rankingi

- 3<sup>RD</sup> PLACE** in CEO Magazine in „Best Country to Invest in 2020” category
- 1<sup>ST</sup> PLACE** in Emerging Europe ranking – **Business-Friendly Cities** Perception Index 2020 in Business Climate – the most business-friendly city category
- 1<sup>ST</sup> PLACE** in the ranking of cities of PZFD as **the most efficient city in terms of administrative activities in 2021**
- 2<sup>ND</sup> PLACE** in Local Authority Support – **business-friendly city**
- 1<sup>ST</sup> PLACE** in the **City of The Year category**, 12<sup>th</sup> Europa Property Investment & Manufacturing Awards
- 1<sup>ST</sup> PLACE** awarded by the ABSL for cooperation with local universities and for transport availability, and **3<sup>rd</sup> 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](http://www.investinlodz.pl)).

Support within the Łódź Special Economic Zone.



## Quality of life

Rankings

- 2<sup>ND</sup> PLACE** in the Forbes **People Friendly Cities 2021** ranking
- 3<sup>RD</sup> PLACE** in the **Europolis Green Cities** ranking
- 3<sup>RD</sup> PLACE** for President of the city Hanna Zdanowska in **Pearls of the Local Government 2021** by Dziennik Gazeta Prawna
- 5<sup>TH</sup> PLACE** in the **Forbes Green Cities 2021** ranking
- 4<sup>TH</sup> 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**
- 3<sup>RD</sup> PLACE** National Geographic - **Best of The World 2022** award, placed among 25 cities in the sustainability category








## Quality of life in numbers

- Parks conservation, e.g. Park Helenów.
- A series of eco workshops.
- Development of new infrastructure, e.g. Orientarium.
- Karta Łódzianina.
- 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.
- The opening of a bus connection between Łódź and the Łódź Special Economic Zone in Ksawerów.

 **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**  
**52,767** (Q4 2022)  
**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**  
632,000 sq m

**Supply under construction**  
48,100 sq m

**Vacancy rate**  
20.5%

**New supply**  
0 sq m

**Take-up**  
14,600 sq m

The total office stock in Łódź at the end of Q1 2023 stood at 632,000 sq m. The vast majority of office buildings are located in the city centre and the Widzew district. Investor activity remained high in 2022, with more than 40,000 sq m being completed, while in Q1 2023 the Łódź market saw no new office buildings completed.

In Łódź at the end of March 2023 there was 48,100 sq m of office space under construction, which is expected to be steadily delivered over the coming two years. Should developers meet their planned deadlines, more than 40,000 sq m will be delivered in the remaining quarters of this year. The largest developments under construction are Widzevska Manufaktura (29,900 sq m, Cavatina Holding) and a further building in the Fuzja complex (8,300 sq m, Echo Investment).

The volume of lease transactions in Łódź in Q1 2023 came to more than 14,600 sq m, accounting for 8% of the total volume of lease agreements concluded in regional cities during this period. This was 32% higher than the figure recorded in the last quarter of 2022, and 20% higher than in Q1 2022. The structure of lease transactions signed in Q1 2023 was dominated by new agreements (82%). Renegotiations accounted for the remaining 18%, while no expansion deals were recorded.

Due to the lack of new supply, coupled with relatively high demand, the vacancy rate at the end of March 2023 stood at 20.5%, down 0.5 pp. on the previous quarter. It increased 2.1 pp., however, in comparison to Q1 2022 - the result of a significant volume of new supply being delivered over the previous year on an already significant vacancy rate. The vacancy rate in Łódź remains the highest among regional cities.

Asking rents in the Łódź office market at the end of Q1 2023 ranged from EUR 9.00 to EUR 15.00 per sq m per month.

Continuing high construction costs, along with the still high cost of servicing construction loans, are inhibiting the negotiating power of investors, making further increases in rents a possibility, particularly in new buildings. In addition, an increase in service charges is still to be expected due to the ever-increasing price of services and utilities. Service charge rates at the end of March 2023 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

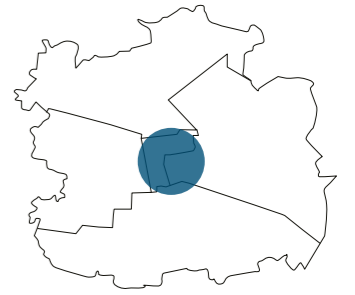
## Selected schemes under construction

FUZJA I	MONOPOLIS M2	WIDZEWSKA MANUFAKTURA
8,300 sq m	8,000 sq m	29,900 sq m
Q3 2023	2024	2023/2024
Echo Investment	Virako	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	467,600 sq m	2,000 sq m	24.1%	EUR 9-15 sq m
Outside City Centre	164,300 sq m	46,100 sq m	10.4%	EUR 9-14 sq m



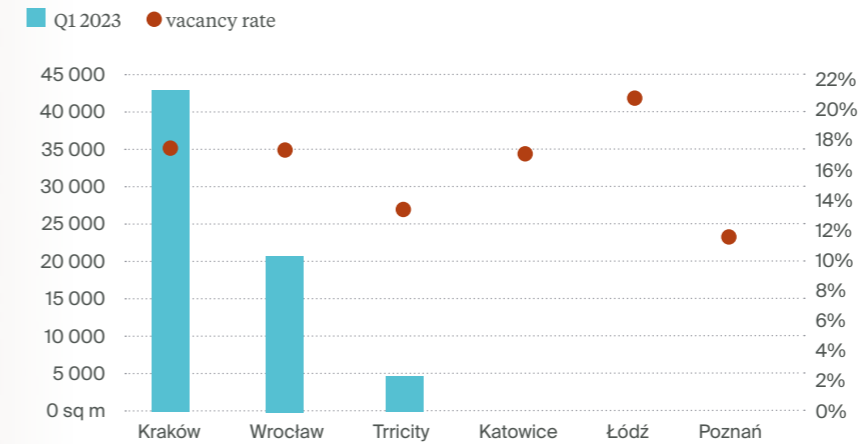
## Major regional cities

Q1 2023

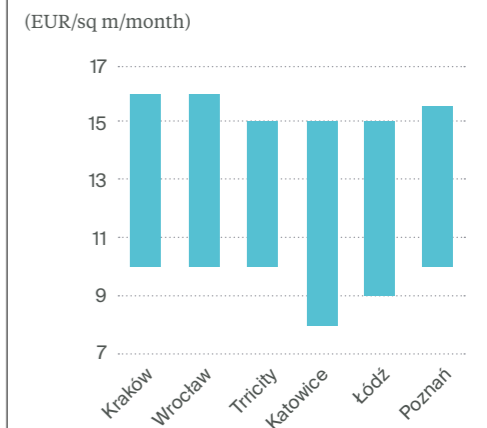
Kraków, Wrocław, Tricity, Katowice, Łódź, Poznań, Szczecin, Lublin

Existing stock 6.47m sq m | New supply 68,100 sq m | Take-up 175,000 sq m | Supply under construction 502,000 sq m | Available space 1.03m sq m

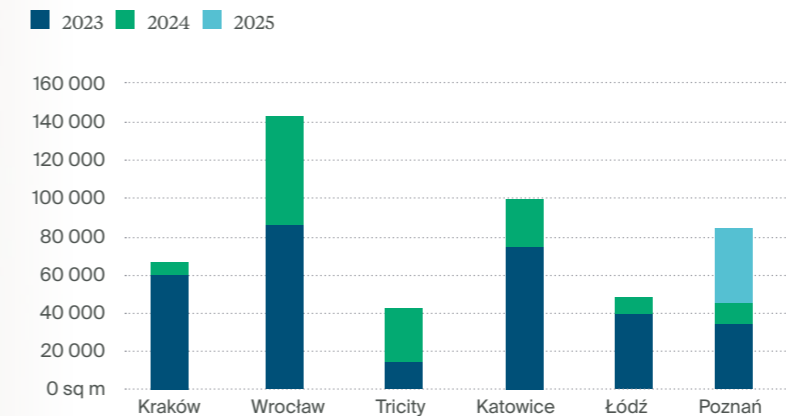
### New supply and vacancy rate (Q1 2023)



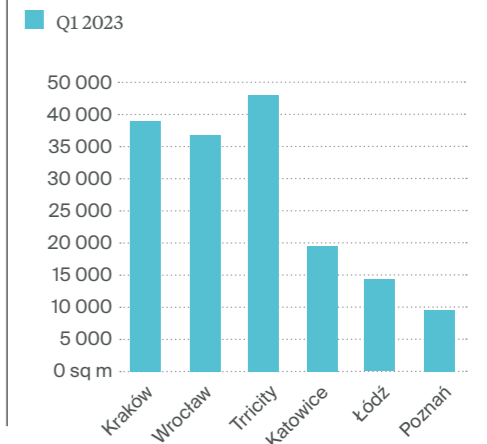
### Asking rents (Q1 2023)



### Supply under construction by completion year (Q1 2023)



### Take-up volume



# Promotion – is this what employees desire most?

An overwhelming 92% of employees who participated in Michael Page survey said that promotions were either “very important” or “important” to them. Indeed, 23% said they would consider resigning if they did not receive an expected promotion. Therefore, today’s employees are ambitious, and ready for career growth.

## Why do employees want to be promoted?

Even though a higher salary is the most important factor for employees when assessing a promotion, it is not their only motivation. 9 in 10 respondents consider having more responsibilities and accessing advanced training as crucial incentives when pursuing a promotion. Public recognition (internal and/or external communications announcing the employee’s new status) was also listed as an important promotion perk. Recognition is seemingly more important for older employees, with 73% of over-45s naming it as a critical factor.

## Who should make the first move?

The survey conducted by Michael Page also revealed that the majority of employees have never asked for a promotion, with almost half (45%) believing that it’s their manager’s responsibility to raise the subject. Employers should consider that some talented employees may not ask for a promotion, for example, due to lack of confidence, and employees should train themselves in the art of asking for a promotion or negotiating a salary raise.

Candidates considered access to advanced training as one of the most desirable promotion perks. However, according to the study, only 14% of companies provide regular training and 67% of respondents lacked a mentor who would guide them and give career advice. Therefore, employers who offer skill development programs, mentoring, and transparency around promotion criteria will have a greater chance of attracting and retaining talent.



## THE INS AND OUTS OF THE IT-BASED LABOUR MARKET

in Poland

Recent years have been marked by an unprecedented pace of changes and developments, both social and business ones. Global companies have focused on transitions related to digitization and process improvement. Poland is among the beneficiaries of these developments as in the 21<sup>st</sup> century it has confirmed its attractiveness for investors, mainly due to a rich pool of talents and skills of Polish job candidates.

### Here are the top 5 IT trends that set the trajectory for changes in the labour market in 2023:

#### Four-day working week

The issue of the four-day working week is gaining currency, in particular in the IT sector. Probably this year, measures similar to those already implemented in the UK, Spain, or Belgium will be introduced in Poland as well.

#### BIG DATA

In 2023, it is expected that the demand for competences required to work with big data will grow further. The trend has been consolidated along with the development of AI products and companies’ move towards decision-making based on real-time data.

#### Attacks in cyberspace

This year, the demand for IT Security Analysts is expected to increase further, with Identity and Access Management Specialists (IAM) representing the vacancies which will be the hardest to fill.

#### New positions in the structure

Already in 2022, it was observed that some roles were created without any standard scope of responsibility. New challenges which companies and organizations have been facing do not often fit into the scope of duties defined for positions known until now, and more and more jobs are offered with non-standard



responsibilities. The same tendency is expected to persist in 2023, as exemplified by an increased demand for the position of Enterprise Architect.

#### Digitization of companies

Digitization of processes is yet another distinct trend in the IT industry. Recruitments are most often done in SAP and MS Dynamics, in each module, both for the positions of In-House Functional Consultants and ERP Developers. In the field of digital transition, the hardest vacancies to fill include:

1. SAP EWM Consultant;
2. SAP QM Consultant;
3. MS Dynamics F&O Senior Consultant (Manufacturing/ Logistics).

## TOP 3

### The most desired positions in the IT sector:

- |  |  |  |
|--|--|--|
| <p><b>1</b> ▶ <b>IT Project Manager:</b><br/> <b>PLN 19,000 – 23,000</b><br/> <small>gross/monthly</small></p> | <p><b>2</b> ▶ <b>SAP Consultant (different modules):</b><br/> <b>PLN 21,000 – 25,000</b><br/> <small>gross/monthly</small></p> | <p><b>3</b> ▶ <b>Java Developer – Mid (3-4 years of experience):</b><br/> <b>PLN 16,000 – 23,000</b><br/> <small>gross/monthly</small></p> |
|--|--|--|

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