

Strong cities



City attractiveness, office market, HR trends

H1 2024

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

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Łódź

Prepared
in cooperation with





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Łódź


 **City area**
293.25 sq km

 **Population**
652,015
(state of 31.12.2023, GUS)

 **Unemployment rate**
4.5%
(state of 05.2024, GUS)

 **GDP growth**
4.7%

 **PKB per capita**
PLN 70,846

 **Average salary (gross)**
PLN 7,614.75
(05.2024, GUS)



Investment attractiveness

Rankings

1ST PLACE in the category of **Best Mayor** of a Municipality with over 100,000 inhabitants

1ST 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**

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

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

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**
64,533

 **Number of graduates**
14,479

 **Number of universities**
19

 **Airport - distance to the City centre**
6 km

 **Airport - number of passengers**
107,967 (Q2 2024)

 **BSS sector - number of centres**
107

 **BSS sector - number of employed**
35,000

RATING AGENCY

S&P

RATING

BBB+ (stable forecast 2022)

Łódź

H1 2024

- ▶ Existing stock **645,000 sq m**
- ▶ Supply under construction **11,000 sq m**
- ▶ Vacancy rate **23.3%**
- ▶ New supply **8,000 sq m**
- ▶ Take-up **23,000 sq m**

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**

▶ Łódź is the sixth largest regional office market in Poland, with 645,000 sq m of office space, accounting for 5% of the country's total supply. Take-up for office space has risen compared to previous quarters, reaching 23,000 sq m in the first half of 2024. The introduction of new supply in Łódź, totaling 8,000 sq m, notably contributed to the rise in the vacancy rate, which reached 23.3% at the end of June—the highest in Poland.

SUPPLY

In the first half of 2024, the total amount of office space in Łódź reached 645,000 sq m. Nearly 8,000 sq m of new office space have been introduced to the Łódź market since the start of the year, marking the highest new supply in two years. This amount represents 13% of the office space delivered in regional cities in the first half of 2024, and is primarily attributable to a singular project—Willa Leona Rappaporta, developed by Bodex.

By the end of June 2024, over 11,000 sq m of office space were still under construction in Łódź. This figure reflects a notable decrease compared to previous quarters, as the Widzewska Manufaktura project, initially intended to provide around 30,000 sq m of modern office space, has changed its function to residential use. Presently, two office buildings are under construction and are anticipated to be completed by the end of 2024.

TAKE-UP

The demand for office space in Łódź has exceeded 23,000 sq m since the beginning of the year, representing 8% of the total lease volume in regional cities. Most of the leasing activity focused on lease renegotiations, making up 71% of the total volume, while new leases accounted for 25%, and expansions constituted the remaining 4%. In Q2 2024 alone, lease agreements were signed for almost 17,000 sq m.

VACANCY RATE

The vacancy rate in Łódź rose by 2 pp during the quarter, reaching 23.3% at the end of June 2024, marking the highest rate in Poland and one of the highest in the market's history. This increase was significantly driven by the new supply, which stands at its highest level for two years. Over the year, the vacancy rate witnessed a slight decrease of 0.1 pp.

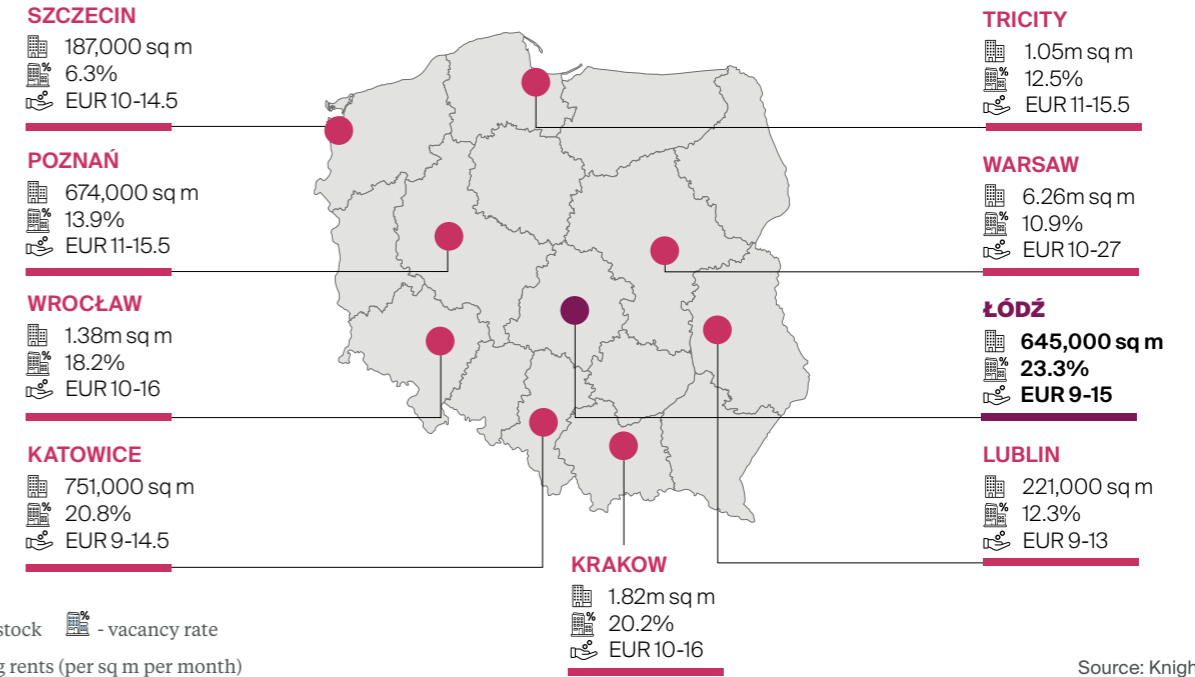
RENTS

At the end of June 2024, asking rents in Łódź remained stable compared to the previous quarter, typically falling within the range of EUR 9.00 to 15.00/sq m/month. Likewise, service charges remained stable, generally ranging from PLN 15.00 to 28.00/sq m/month.

Office market in Poland

H1 2024

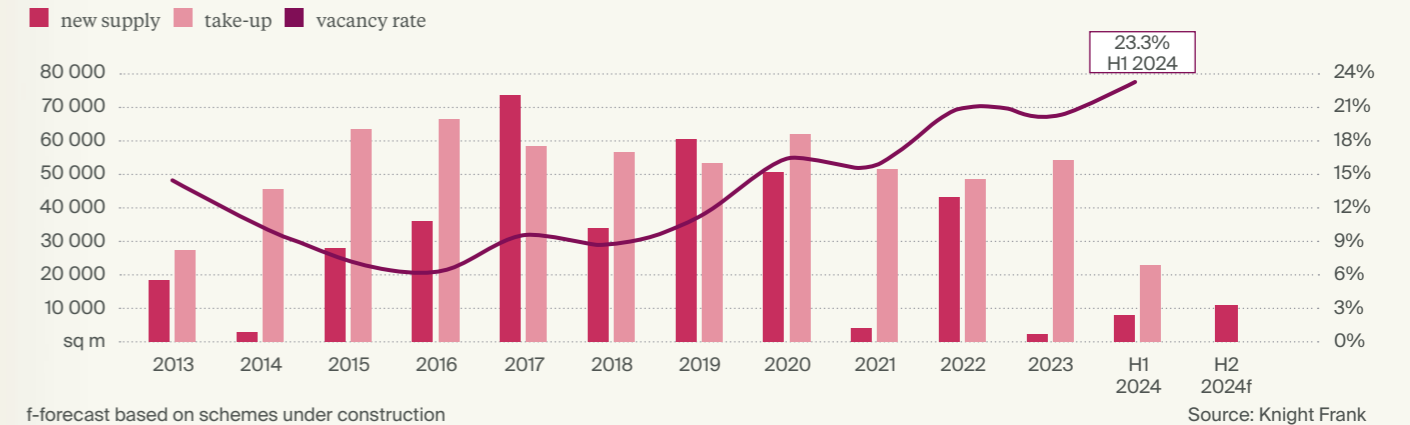
- ▶ Existing stock **13m sq m**
- ▶ New supply (H1 2024) **125,000 sq m**
- ▶ Take-up (H1 2024) **602,000 sq m**
- ▶ Supply under construction **530,000 sq m**
- ▶ Vacancy rate **14.4%**



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

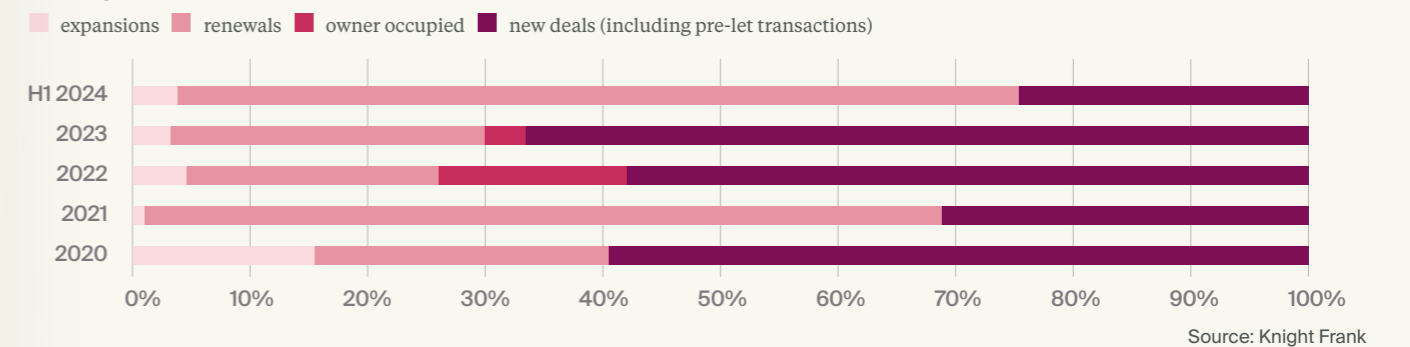
Source: Knight Frank

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



Source: Knight Frank

Take-up structure in Łódź



Source: Knight Frank

Human Leadership: Effectively Managing Teams in the Digital Era

Despite Poland achieving the lowest unemployment rate in the EU in 2024, job vacancies are on the rise, particularly in IT, data analysis, sales, marketing, and fields related to digitalisation and AI. The European Commission reports that 77% of companies struggle to hire suitable specialists. Given these shifts, leaders must adapt their strategies to effectively manage teams in the digital era by adopting the Human Leadership approach.

Human Leadership

Human Leadership is a management style grounded in empathy, understanding employees' needs, and building trust. In today's job market, where attracting and retaining talent is vital, leaders must view employees as individuals with unique needs and aspirations. Key elements of this approach include effective communication, flexibility, adaptability, and technological proficiency.

Communication and Empathy

Effective communication and empathy are crucial in managing teams, especially in the context of remote work. Leaders should regularly meet with their teams, listen to employees' opinions, understand their needs, and encourage open dialogue. In a competitive job market, understanding individual employee needs can significantly improve retention rates.

Flexibility and Adaptation

Leaders need to quickly adapt to changes, adopting new work models and adjusting strategies to a dynamic market. The Talent

Trends 2024 report indicates that 45% of companies plan to increase hiring in 2024, emphasising the importance of flexibility in attracting talent.

Technological Proficiency

Leaders should be well-versed in digital tools, support innovation, and build digital competencies within their teams. In Poland, the demand for automation specialists is growing, making it crucial for leaders to bridge the gap between technical and non-technical team members.

Benefits of Implementing Human Leadership

Companies that have implemented Human Leadership report increased employee engagement and productivity, better talent attraction and retention rates, and a stronger organisational culture. Prioritising career development, work-life balance, competitive compensation, investing in employee development, fostering open communication, and building trust all contribute to organisational success.



► For more information on Human Leadership and employee retention, please see our latest study [Talent Trends 2024](#).

Recruitment in the Manufacturing and Supply Chain Sector

According to data from the Central Statistical Office (GUS), approximately 6.5 million people are currently employed in Poland. In the industrial sector alone, there are 2.8 million employees, making up 17.5% of the total 16 million employed. With a low registered unemployment rate of 4.9%, companies must compete with increasingly attractive offers to recruit production workers. Is it worth it? Yes. Experts highlight that well-selected and motivated team members can boost productivity by up to 18% and improve production quality by 15%.

Operational Efficiency in the Hands of Manufacturing Workers

Recruiting qualified workers in the manufacturing sector is one of the key challenges for industrial companies. This is crucial for maintaining operational continuity, high product quality, and cost optimisation.

A report by the Polish Economic Institute titled Poles on Foreigners in the Job Market – Facts, Myths, Opinions revealed that last year, 70% of employers reported difficulties in finding Polish workers. As a result, they are increasingly hiring foreign employees.

Experts from the Polish Confederation Lewiatan estimate that the Polish economy needs about 2.5 million workers from abroad annually, and there is no indication that this number will decrease. Our society is aging, and the number of available qualified workers is diminishing.

Consequences of Recruitment Errors

Recruitment errors can significantly impact an organisation's productivity and profitability, leading to high financial costs associated with re-recruitment processes, training, and onboarding new employees. The departure of an employee just a few months after being hired, during which they received an average monthly salary of 7,998.81 PLN gross, can realistically cost the employer around 100,000 PLN.

Best Practices

Effective recruitment in the production sector includes precisely defining job requirements, using multiple recruitment channels, employing advanced selection tools, and promoting a strong company culture and development opportunities. Systematic evaluation and optimisation of the recruitment process are key to its effectiveness.



TOP 3

Positions in the Manufacturing and Supply Chain Sector.

► KATOWICE & KRAKOW:

- **Automation Engineer**
12,000 – 16,000 PLN gross
- **Process Engineer**
13,000 – 16,000 PLN gross
- **Technical Manager**
20,000 – 27,000 PLN gross

► WROCLAW & POZNAŃ:

- **Automation Engineer**
12,000 – 14,000 PLN gross
- **Quality Planning Engineer**
10,000 – 13,000 PLN gross
- **Quality Manager**
20,000 – 25,000 PLN gross

► WARSAW, ŁÓDŹ & TRICITY:

- **Automation Engineer**
12,000 – 16,000 PLN gross
- **Project Manager**
15,000 – 25,000 PLN gross
- **Quality Manager**
20,000 – 25,000 PLN gross

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- ▶ 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.

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