

Prepared  
in cooperation with



Michael Page



# ŁÓDŹ

*City attractiveness and office market*

**Q3 2022**

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# CITY ATTRACTIVENESS

# ŁÓDŹ



## CITY AREA

**293.25 sq km**



## POPULATION

**664,071**  
(December 2021, GUS)



## UNEMPLOYMENT RATE

**5.5%**  
(May 2022, GUS)



## GDP GROWTH

**4.7%**



## GDP PER CAPITA

**PLN 70,846**



## AVERAGE SALARY

**PLN 6,218** (gross)  
(in the business sector)

# INVESTMENT ATTRACTIVENESS

## RANKINGS

3.

3<sup>rd</sup> place in CEO Magazine in „**Best Country to Invest in 2020**” category

2.

2<sup>nd</sup> place in **Local Authority Support – business-friendly city**

1.

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.

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

**The best Special Economic Zone in Europe** according to FDI Free Zones of the Year 2020

„**City of The Year**” awarded by Europa Property

## INVESTMENT INCENTIVES

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

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)

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

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

Personalized offer of investment areas (urban and private)

Support within the Łódź Special Economic Zone

# QUALITY OF LIFE

## RANKINGS

**2.** 2<sup>nd</sup> place in the **Forbes People Friendly Cities 2021** ranking

**3.** 3<sup>rd</sup> place in the **Europolis Green Cities** ranking

**3.** 3<sup>rd</sup> place for President of the city Hanna Zdanowska in **Pearls of the Local Government 2021** by Dziennik Gazeta Prawna

**5.** 5<sup>th</sup> place in the **Forbes Green Cities 2021** ranking

National Geographic - Best of The World 2022 award among **25 cities in the sustainable development 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 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.
- The opening of a bus connection between Łódź and the Łódź Special Economic Zone in Ksawerów.



**BIKE  
PATHS**

**218.6 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**



**34,809 (Q2 2022)  
216 operations**

**BSS SECTOR  
- NUMBER  
OF CENTRES**



**105**

**BSS SECTOR  
- NUMBER  
OF EMPLOYED**



**30,000**

**RATING**

**BBB+ (STABLE OUTLOOK)**

**RATING  
AGENCY**

**S&P**

# OFFICE MARKET

# ŁÓDŹ

Q3 2022



## EXISTING STOCK

**630,000 sq m**



## SUPPLY UNDER CONSTRUCTION

**56,400 sq m**



## VACANCY RATE

**22.0%**



## NEW SUPPLY (Q1-Q3 2022)

**41,550 sq m**



## TAKE-UP (Q1-Q3 2022)

**37,800 sq m**

At the end of Q3 2022, the total office stock in Łódź was almost 630,000 sq m. Although modern office projects had been steadily delivered since the beginning of the year, the Łódź market did not gain any new office building in Q3 2022.

More than 56,000 sq m of office space is still under construction, of which over 80% will be completed in 2023. The largest developments remaining under construction are Monopolis M2 (8,000 sq m, Virako) and Widzewska Manufaktura (33,800 sq m, Cavatina Holding).

The third quarter saw a lower take-up than in previous quarters, at just under 6,800 sq m, accounting for just over 6% of the total volume of contracts signed in all regional cities - 21% down on the same period last year.

Since the beginning of the year, less than 40,000 sq m of space was leased in Łódź (the average annual demand over the last five years was estimated at 57,000 sq m). New contracts accounted for the largest share - over 76% (of which pre-lets were 6%) - while renegotiations made up 18% of the transaction volume, and

expansions represented just over 6%.

The vacancy rate in Łódź has increased by 3.4 pp over the past three months, reaching 22% by the end of Q3 2022. Over the year to date, the rate has increased by 5.2 pp, reaching a level hitherto unseen in this market. The low volume of new supply expected to be delivered in Q4 2022 (just 2,400 sq m), however, may contribute to a lower vacancy rate at the close of 2022.

At the end of Q3 2022, asking rents in Łódź remained stable, ranging from EUR 9.00 to EUR 15.00/sq m/month. In the near future, pressure from tenants to renegotiate rents and seek incentive packages in older buildings seems likely due to the high availability of office space. On the other hand, rising construction costs (rising prices of construction materials and labour costs) and growing construction loan costs may inhibit investor openness towards negotiation, particularly in new buildings. There has also been a noticeable increase in service charges, which at the end of September 2022 in Łódź ranged from PLN 15.00 to PLN 21.00/sq m/month.

## SELECTED SCHEMES UNDER CONSTRUCTION

### NOVA MILIONOWA 21

2,400 sq m  
 Q4 2022  
 Stanley

### MONOPOLIS M2

8,000 sq m  
 Q1 2024  
 Virako

### WIDZEWSKA MANUFAKTURA

33,800 sq m  
 Q4 2023  
 Cavatina Holding

Total office space    Completion date    Developer / Owner

## STANDARD LEASE TERMS IN NEW BUILDINGS



### SERVICE CHARGE PLN/SQ M/MONTH

**15-21**



### RENT-FREE PERIOD

**5-9 months**



### FIT-OUT BUDGET EUR/SQ M

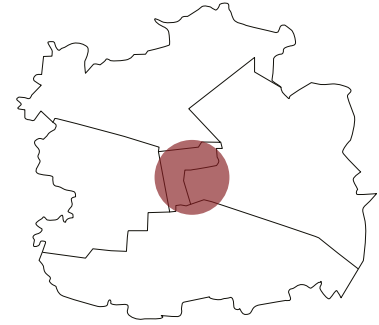
**350-500**

## COWORKING OPERATORS IN ŁÓDŹ

Business Zone | New Work |  
Loftmill

## MAJOR OFFICE CONCENTRATION AREAS

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
<b>CITY CENTRE</b>	465,200 sq m	4,400 sq m	25.8%	EUR 9-15/sq m
<b>OUTSIDE CITY CENTRE</b>	164,300 sq m	52,000 sq m	11.2%	EUR 9-14/sq m

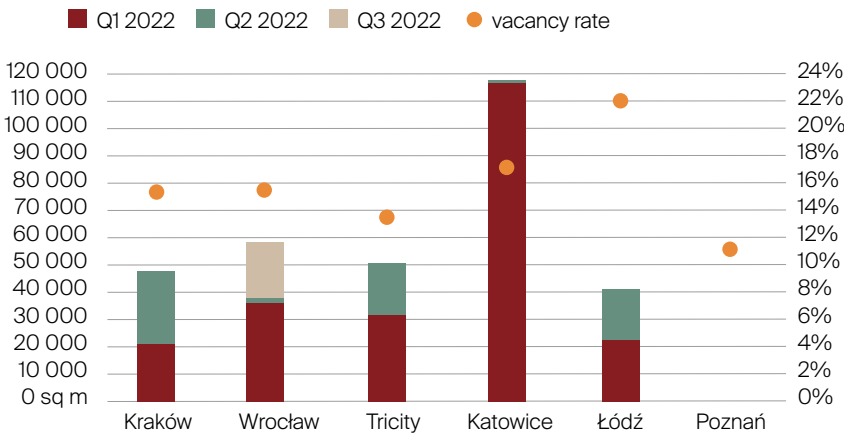


## MAJOR REGIONAL CITIES

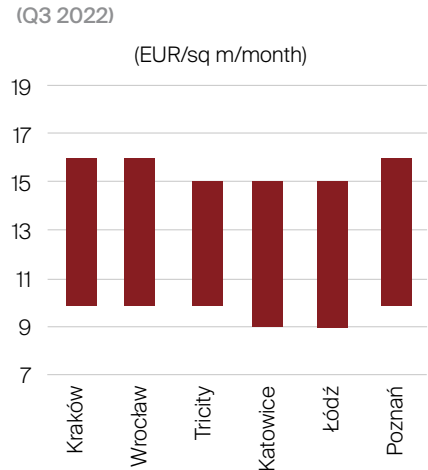
### KRAKÓW, WROCŁAW, TRICITY, KATOWICE, ŁÓDŹ, POZNAŃ, SZCZECIN, LUBLIN



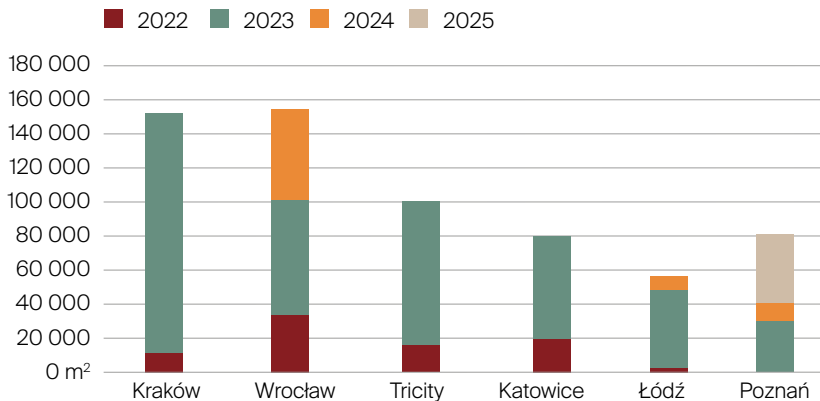
### NEW SUPPLY (Q1-Q3 2022) AND VACANCY RATE (Q3 2022)



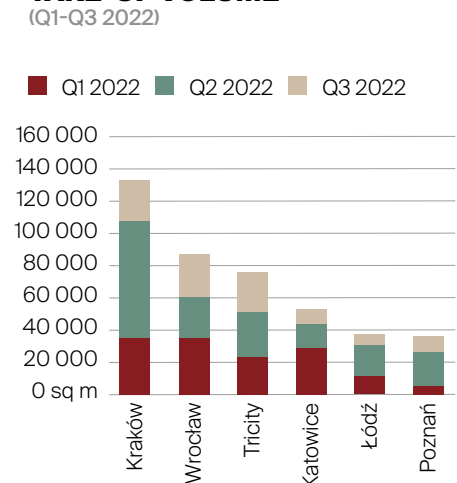
### ASKING RENTS (Q3 2022)



### SUPPLY UNDER CONSTRUCTION BY COMPLETION YEAR (Q3 2022)



### TAKE-UP VOLUME (Q1-Q3 2022)



# HR PERSPECTIVE

Michael Page

## A DREAM JOB – WHAT EXACTLY DOES IT MEAN?

According to a study by Michael Page, these days, the idea of a dream job goes hand in hand with a permanent contract (80% of respondents), working in a medium-sized company (41%), and a clear and unambiguous job description (93%). At the same time, the idea of working with an ideal leader means for a lot of candidates receiving the support needed to develop their potential (48%), respect (47%), professional management (46%), and effective communication (44%). What else makes a dream job, what discourages people from accepting a particular job offer, and what motivates them to turn elsewhere in their job search?

### COMPANY SIZE MATTERS

What sort of company would candidates be most willing to link their future with? Although the number one choice is a medium-sized organisation – 41% of respondents have opted for it – 30 and 25% have pointed to a large or small business, respectively. Medium-sized businesses are commonly perceived by candidates as those in which one can count on a clear sense of agency and have a major impact. This is what seems to explain the fact that such a preference is most often determined by a short decision-making process (for 36% of people), the possibility of training (30%) and a clear strategic vision (27%).

As far as large organisations are concerned, the strongest motivator is the possibility to grow through the various training schemes that they offer. This aspect has been indicated by almost half of the respondents (46%). Next on the list came advancement opportunities (39%), followed by higher wages (27%). Such a distribution of responses also proves that remuneration is no longer the key incentive that attracts candidates to a given company. Having said this, the significance of developing competences and enhancing opportunities to accelerate a career keeps growing.

A lot of candidates argue that such prospects are not available in small businesses, which have been chosen by the least respondents. In fact, only a quarter of those who have taken part in the Michael Page survey have listed them as a dream workplace. This does not mean, however, that these places do not have other important assets – especially for those who value the possibility of quick spontaneous action, an almost intimate work environment, and a high degree of independence. Here, too, as in medium-sized organisations, quick decision-making is a major driving force which is important for 41% of those who prefer this type of work environment. This way of working is also related to a typically less formal organisational culture, which attracts almost as many candidates to small companies (40%). In turn, one third of the respondents (34%) have mentioned the possibility of managing their duties more independently, a feature that seems to correspond well to the above characteristics.



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

Over the last couple of years, we have been witnessing a steady annual growth of the market of centralised business services around the world in every possible respect: the number of people employed at the centres, the number of companies creating such places, and the countries in which they are launched, as well as their share in the GDP. Poland not only takes an active part in this trend, but it even sets it, taking the lead as one of the major players on the continent, and, certainly, the largest centre of this type of services in Central and Eastern Europe. In addition to transaction services, more and more complex processes are being centralised these days, which is why Centres of Excellence (CoE), Global Business Services and Shared Services Centres (SSC), which support them, are gaining momentum, taking over more and more advanced activities. Business centres are also developing in terms of the variety of services they provide. Beyond accounting processes, which dominated in the past, the area of finance has been further enriched with reporting, FP&A, and taxes. There is also a continuously growing interest in centralising IT functions and using the impressive and highly qualified talent pool of our country.



One of the characteristic features of the industry is also the very high competitiveness in acquiring the best talent on the market. Companies are already striving not only for university graduates with impeccable language skills, but also for people with a rich portfolio of professional experience and competences. This implies challenge for recruitment companies and their consultants who, whilst looking for experienced specialists, have to demonstrate a long practice and extensive expert knowledge. Alongside the growth of the percentage of roles that necessitate high competences, also referred to as 'knowledge-intensive', it is also obvious that the wages offered in such positions are correspondingly higher. It can be said with a high degree of certainty that wage growth is ahead of inflation. Despite the attractiveness of wages and professional challenges in this sector, the demand for workers exceeds the supply.

## TOP 4

### THE MOST DESIRED POSITIONS IN THE SSC SECTOR:

1.	2.	3.	4.
<b>FP&amp;A EXPERT</b>	<b>CUSTOMER SERVICE SPECIALIST</b> (with foreign language skills, other than English)	<b>PROCUREMENT / SUPPLY CHAIN SPECIALIST</b> (with foreign language skills, other than English)	<b>PAYROLL SPECIALIST</b> (with foreign language skills, other than English)
<b>PLN 12,000 – 18,000 gross</b>	<b>PLN 6,000 – 10,000 gross + language bonus</b>	<b>PLN 9,000 – 12,000 gross</b>	<b>PLN 7,500 – 10,500 gross</b>

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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). Long-term presence in local markets has allowed our research team to build in-depth expertise of socio-economic factors affecting commercial and residential real estate in Poland.

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