

Strong cities



City attractiveness, office market, HR trends

Q4 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

Michael Page

Łódź

City area
293.25 sq km

Population
655,279
(state of 30.06.2023, GUS)

Unemployment rate
4.4%
(state of 12.2023, GUS)

GDP growth
4.7%

PKB per capita
PLN 70,846

Average salary (gross)
PLN 7,611.46
(12.2023, GUS)



Investment attractiveness

Rankings

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**

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
153,859 (2023)

BSS sector - number of centres
107

BSS sector - number of employed
35,000

RATING AGENCY






S&P

RATING




BBB+ (stable forecast 2022)

Łódź

Q4 2023

- ▶  Existing stock **637,000 sq m**
- ▶  Supply under construction **42,000 sq m**
- ▶  Vacancy rate **20.3%**
- ▶  New supply (2023) **2,000 sq m**
- ▶  Take-up (2023) **55,000 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**

▶ The city of Łódź is the sixth largest regional market in Poland, boasting an impressive office stock of 637,000 sq m, which represents nearly 5% of the total office stock in the country. In 2023, the demand for office space in Łódź remained steady, totalling 55,000 sq m. However, despite this high demand, the vacancy rate in Q4 2023 was notable at 20.3%, making it the second highest rate in Poland, surpassed only by Katowice's figure.

SUPPLY

At the close of 2023, the total office stock in Łódź had grown to 637,000 sq m. Over the year, only 1,900 sq m of office space was introduced to the Łódź market, making it the year with the lowest annual new supply on record. This amount represents less than 1% of the office space delivered in regional cities for the entirety of 2023. The sole project completed in 2023 was the Fuzja J building, a component of the Fuzja complex developed by Echo Investment.

By the end of 2023, construction was underway for over 42,000 sq m of office space in Łódź, all scheduled for delivery to the market in 2024. The largest projects under construction are Widzewska Manufaktura A, a 32,000 sq m development by Cavatina Holding, and a further building within the Fuzja complex, encompassing 8,300 sq m and developed by Echo Investment.

TAKE-UP

The take-up for office space in Łódź remained stable in 2023. The leased office space in the year reached 55,000 sq m, reflecting an increase of 6,000 sq m compared to 2022. This volume represented 7% of the total contracts signed in regional cities. New agreements constituted the majority of the transactions, comprising over 70% of the total volume. Renegotiations made up nearly 27% of the leased office space, while expansions accounted for 3%.

VACANCY RATE






Thanks to the historically low level of new supply in 2023, the vacancy rate in Łódź dropped to 20.3% from 22.6% in the preceding quarter and from the 21% seen at the close of 2022.

RENTS




As of the end of 2023, asking rents in Łódź remained stable relative to the previous quarter, ranging from EUR 9.00 to 15.00/sq m/month. Persistently high construction costs and the elevated expense of servicing construction loans have constrained the negotiating power of investors, potentially leading to further increases in rental rates, particularly in new buildings. Service charges varied from PLN 15.00 to 28.00/sq m/month.

Office market in Poland




Q4 2023

- ▶  Existing stock **12.9m sq m**
- ▶  New supply (2023) **342,000 sq m**
- ▶  Take-up (2023) **1.5m sq m**
- ▶  Supply under construction **534,000 sq m**
- ▶  Vacancy rate **14.1%**

SZCZECIN

-  185,000 sq m
-  4.8%
-  EUR 10-14.5

POZNAŃ

-  672,000 sq m
-  14.7%
-  EUR 10-15.5

WROCŁAW

-  1.35m sq m
-  18.2%
-  EUR 10-16

KATOWICE

-  748,000 sq m
-  21.5%
-  EUR 8-14.5

KRAKÓW

-  1.81m sq m
-  19.8%
-  EUR 10-16

TRICITY

-  1.05m sq m
-  13.3%
-  EUR 10-15




WARSAW



-  6.15m sq m
-  12.7%
-  EUR 10-25

ŁÓDŹ

-  637,000 sq m
-  20.3%
-  EUR 9-15

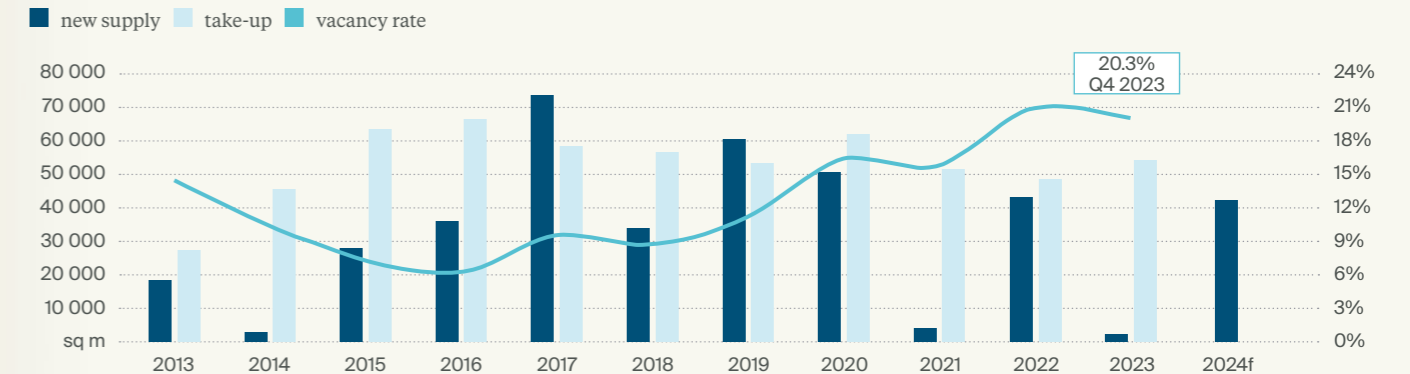
LUBLIN

-  221,000 sq m
-  11.9%
-  EUR 8-13

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

Source: Knight Frank

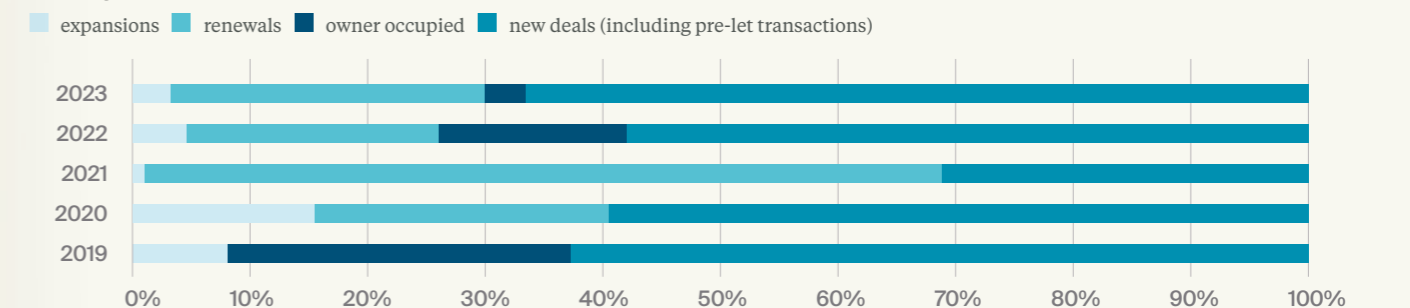
Annual new supply, take-up and vacancy rate in Łódź



f-forecast based on schemes under construction

Source: Knight Frank

Take-up structure in Łódź



Source: Knight Frank

Businesses keep a sharp lookout for effective leaders - as highlighted by the Michael Page 2024 Guide to Salaries and Trends in the Labour Market

The current decade is a time of transformation in the business world. ESG and DE&I are gaining momentum. At the same time, the impact of modern technologies is growing, with primary focus placed on artificial intelligence. There is also a clear change in the attitudes of employees, who prioritise work-life balance. All this proves the far-reaching metamorphosis of workplace culture.



Employees expect businesses to be committed to and actively involved in ESG, as well as in Diversity, Equity & Inclusion. These days, candidates tend to combine their ultimate decision of whether or not to join a given organisation with the thought of whether they identify with the values of their prospective employer.

Indeed, artificial intelligence has become an intrinsic feature of work in many sectors. Staff in various positions use AI tools to optimise their daily tasks. The development of this particular technology is also associated with the creation of more and more new positions in many teams.

Having said that, given the employee's market, we can see a far-reaching transformation of the workplace culture. Candidates stress the need for better work-life balance, which they prioritise over professional success. This explains why so many employees are reluctant to give up the more flexible working hours or hybrid work model that the pandemic has made possible.

In the face of these changes, businesses need effective leaders who can attract and retain talent within an organisation. The last months of 2023, however, revealed that the quality of leadership in the new reality is sometimes insufficient. The leadership skills deficit is a major challenge that organisations have to face up to if they want to operate efficiently in the ever-changing business environment.

► For more information on the market analyses, forecasts for 2024, and the overall structure of salaries across 9 sectors the structure of wages in 9 sectors, please see the report [A Guide to Salaries and Trends in the Labour Market](#). The publication was prepared by experts from Michael Page.

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

in Poland

Following the outbreak of the pandemic, there was a surge in demand for IT products and services, with increased recruitment needs for companies. In 2023, the number of projects in the area of new technologies has been lower, and thus the number of recruitment processes has returned to the levels known before the pandemic. Representatives of the sector actively observed the development of artificial intelligence during this time, trying to anticipate its impact on the IT labour market. Due to the partial slowdown in demand for new technologies, global giants decided to reduce employment. However, Poland was still seen as a location worth setting up technology hubs and recruiting IT experts.



Cloud solution experts were invariably of great interest to employers. Companies also sought software developers, in particular those specialising in programming languages such as Java and Python. Employers were also very interested in specialists in the areas of ERP and big data.

Candidates, on the other hand, were more reserved about the prospect of changing jobs. They paid attention to the opportunities for development in the new company, taking into account currently implemented and planned projects, the technologies used, as well as the employer's offer to subsidise training courses. A person changing a job could usually count on a salary approximately 10-20% higher than the current one.

Average salary increases at companies were on a similar level. Those specialising in cyber security, cloud solutions, software development and data science gained the most in this respect. In 2023, there was an increase in companies accepting remote working only to a limited extent. Younger companies in particular, still building their corporate culture, were interested in having employees in the office at least on selected days of the week.

TOP 3

Most desirable positions in the IT sector:

- 1 ► **IT Business Analyst:**
PLN 20,000 – 24,000
gross/monthly
- 2 ► **BI Developer:**
PLN 18,000 – 23,000
gross/monthly
- 3 ► **SAP Implementation Consultant:**
PLN 23,000 – 27,000
gross/monthly

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