Prepared in cooperation with

KATOWICE *for a change*

Michael Page

Knight Frank

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KATOWICE

City attractiveness and office market

H1 2022

CITY ATTRACTIVENESS

KATOWICE

CITY AREA
164.7 sq km

POPULATION
Katowice: **287,000**
GZM **2.2m**

POPULATION FORECAST
261,050
(2030)

UNEMPLOYMENT RATE
1.8%
(May 2022, GUS)

GDP GROWTH
11.6%
(Silesian Voivodeship)
(GUS, 2020)

GDP PER CAPITA
PLN 60,091
(Silesian Voivodeship)
(GUS, 2020)

AVERAGE SALARY
PLN 7,050
(gross)

INVESTMENT ATTRACTIVENESS

RANKINGS

5. 5th place in fDi European Cities and Regions **of the Future 2020/21 ranking among large European cities**

7. 7th place **in global fDi's ranking fDi Tier 2 Cities of the Future 2020/21**

According to the report **„Investment potential of Katowice"**, as part of the Business Environment Assessment Study, Katowice is included in the top four of the most advantageous areas for foreign investments in several categories

QUALITY OF LIFE

RANKINGS

- **Katowice - European City of Science 2024**
- **City of Katowice hosts 11th session of the World Urban Forum (WUF)**

1. 1st in the Forbes Ranking **for the most ecological city in Poland** (2018-2019)

1. 1st place **for activities for air quality** in the **„Europolis" report: Green cities, Polish cities for the climate, environment and residents health**

2. 2nd place in the **„Electromobility Cities Ranking"** prepared by Polityka Insight in cooperation with the Electric Vehicles Promotion Foundation. Katowice was also appreciated for public transport and clean air

2. 2nd place in Green Cities Ranking in **„Europolis" report: Green cities, Polish cities for the climate, environment and residents health**

Katowice was among the winners of the jubilee edition of the prestigious **„Top Municipal Investments of the Decade"** plebiscite - the **Culture Zone** was awarded.

QUALITY OF LIFE IN NUMBERS

The most important infrastructure projects in Katowice currently under construction

Key investments in active urban mobility and sustainable transport

- Development of environmentally friendly urban transport and urban bicycle network: 20 electric buses; 144 charging points for electric cars (69 stations); City by bike - 118 bike stations with over 954 bikes, over 185 km of cycle infrastructure.
- Extension of national route DK81 from the A4 motorway junction with national route DK86 to the newly-constructed junction with Armii Krajowej Street - Stage I of the project consists of two parts: phase one - the construction of a grade-separated junction between national routes DK81 and DK86, along with the extension of national route DK86 from the A4 motorway to Górniczego Stanu Street, improving the transport network connecting the southern part of the Katowice agglomeration with its central zone; phase two - the expansion of the existing road junction connecting DK86 and 73 Pułku Piechoty-Karolinka-Kolista streets, to improve local traffic flow; planned expenditure - PLN 334.1m.
- Building a new tram line along Grundmann Street - the first new tram line in Katowice in 75 years - an investment by Tramwaje Śląskie; planned expenditure - PLN 39.7m.
- Intelligent Transport Management System - installation of a system of cameras to monitor traffic flow and analyse traffic density in order to optimise traffic signals; planned expenditure - PLN 85m+, of which PLN 67m+ from EU funds.

Revitalisation and development of business infrastructure

- „Dzielnica Nowych Technologii - Katowice Gaming and Technology HUB" - the investment is located on the site of a decommissioned mine, in the Nikiszowiec district. It will bring together entrepreneurs from the computer games industry, e-sport, creative sector and related technology companies. Apart from the necessary infrastructure, recreational, exhibition and event areas with catering are planned. In February 2022, a competition to develop an architectural and urban design concept for the first stage of the investment was completed. The winner will develop a project for the adaptation and revitalisation of the existing buildings together with the development of adjacent areas and answers to the transport issues of the area; the planned expenditure for the development of project documentation - PLN 14.3m.

Attractive leisure activities

- Building of a sports complex in Asnyka Street - football and athletics stadium, baseball, handball and basketball court, two beach volleyball courts and a street workout area; planned expenditure - PLN 43.3m.
- Building of a city stadium in Katowice with a sports hall, 2 training grounds, a car park and road infrastructure (continued); planned outlay - PLN 248.9m.
- Jerzy Kukuczka Himalayan Centre - the planned functions of the facility are exhibition, recreation and museum related. In December 2021, a competition for the development of an architectural and urban concept was completed; the winner will develop project documentation; the planned expenditure for the development of project documentation - PLN 2.7m.
- Katowice Music Education Centre „Kilar's House" - the planned function of the building is, among others, a presentation of Wojciech Kilar's work, music education, multimedia exhibition; planned expenditure - PLN 10.2m.

Green city

- Creation and modernisation of city parks in Katowice - creation of two new parks is planned, along with the revitalisation and extension of three existing parks: revitalisation and extension of a park in Wełnowiec, construction of a park in Leopolda / Le Ronda Street, modernisation of a park in the Ślepiotka River valley, construction of a park in Wantuły Street and revitalisation of the area surrounding the Canoe Lake in Katowice Forest Park; planned expenditure - PLN 48m, including co-financing from the Government's Polski Ład (New Deal) Fund: Strategic Investment Programme.
- Greening of Warszawska Street in Katowice - restoration of greenery in the city centre and creation of a more pedestrian and cyclist friendly space; planned expenditure - PLN 18.9m.
- Development of the area around the Starganiec pond for recreational and leisure purposes - development and reinforcement of the beach, including the conversion of a small pond into a bathing area, with new walking paths, small architecture, homes for insects, and informational and educational information boards; planned expenditure PLN 5.2m.
- Greening of Sejmu Śląskiego Square - as part of the process of reshaping and repurposing the city's central spaces, it is planned to replace the existing parking spaces with greenery; planned expenditure - PLN 4m.

BIKE PATHS

over **185 km**

GREEN AREAS

82 sq km

FACTS & FIGURES

NUMBER OF STUDENTS	NUMBER OF GRADUATES	NUMBER OF UNIVERSITIES	AIRPORT - DISTANCE TO THE CITY CENTRE	AIRPORT - NUMBER OF PASSENGERS	BSS SECTOR - NUMBER OF CENTRES	BSS SECTOR - NUMBER OF EMPLOYED
Katowice: **50,834** GZM: **89,907**	Katowice: **12,410** GZM: **22,002**	Katowice: **11** GZM: **19**	**30 km**	**2,328,973** (2021) **4,843,889** (2019)	Katowice: **96** GZM: **126**	Katowice: **24,400** GZM: **29,700**

GZM - Górnośląsko-Zagłębiowska Metropolia (The Metropolis consists of Katowice together with 40 other cities and communes)

OFFICE MARKET

KATOWICE

H1 2022

EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	NEW SUPPLY	TAKE-UP
716,000 sq m	80,000 sq m	16.1%	117,300 sq m	43,800 sq m

At the end of the first half of 2022, Katowice's office stock stood at over 716,000 sq m. Between January and June 2022, more than 117,300 sq m was delivered to the market. Compared to the average annual supply of 30,000 sq m over the past five years, this is an unprecedented record high. The vast majority of space was delivered in Q1 2022. In Q2 2022, only the Dworcowa 4 project was completed, bringing a further 1,000 sq m to the Katowice office market. Nearly 80,000 sq m is still under construction, of which almost 20,000 sq m is expected to be completed by the end of 2022. The largest project still under construction is the Craft building (26,700 sq m, Ghelamco).

Nearly 43,800 sq m of office space was leased between January and June 2022, representing an increase in transaction volume of more than 10% compared to the previous year's corresponding period. With over 80%, new agreements accounted for the largest share of the transaction structure, while renegotiations made up 14% of the volume. Expansions amounted to 5% of the space leased in the first half of 2022 in Katowice.

Despite the high take-up, the significant amount of new office space delivered between January and June 2022 contributed to an increase in the vacancy rate, which stood at 16.1% at the end of Q2 2022 (up 5.6 pp on the end of 2021).

Asking rents in Katowice at the end of June 2022 remained stable, ranging from EUR 8.00 to EUR 14.50/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. In all projects, however, an increase in service charges can be expected due to ongoing increases in the price of services and utilities.

SELECTED SCHEMES UNDER CONSTRUCTION

CRAFT
- 26,700 sq m
- Q2 2023
- Ghelamco Poland

DL INVEST PIWNA (GLIWICE)
- 19,000 sq m
- Q4 2022
- DL Invest Group

ECO CITY KATOWICE
- 18,000 sq m
- 2023
- GPP

BAGIENNA
- 8,800 sq m
- Q1 2024
- Opal

Total office space | Completion date | Developer / Owner

STANDARD LEASE TERMS IN NEW BUILDINGS

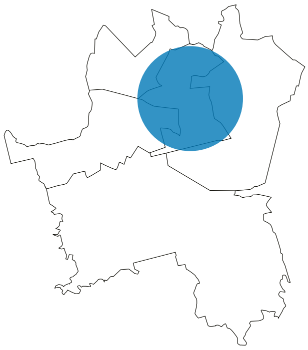
SERVICE CHARGE PLN/SQ M/MONTH	RENT-FREE PERIOD	FIT-OUT BUDGET EUR/SQ M
16-20	5-8 months	350-500

COWORKING OPERATORS IN KATOWICE

City Space | Regus
Własne B. | Cluster Offices

MAJOR OFFICE CONCENTRATION AREAS

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
CITY CENTRE	359,700 sq m	34,000 sq m	16.8%	EUR 8-14.5/sq m
OUTSIDE CITY CENTRE	356,400 sq m	45,800 sq m	15.5%	EUR 8-13.5/sq m



MAJOR REGIONAL CITIES

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

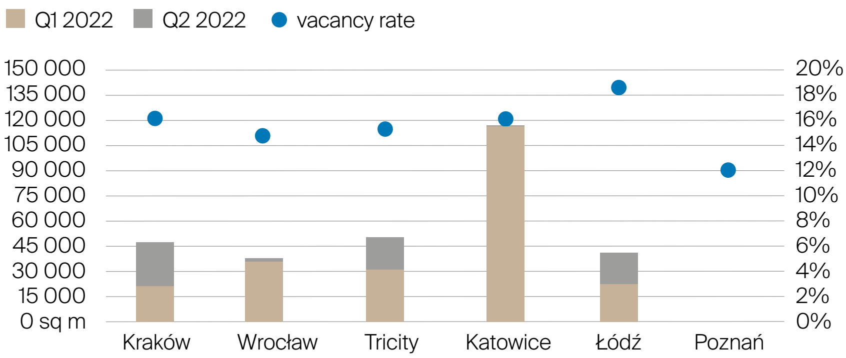
H1 2022

EXISTING STOCK	NEW SUPPLY	TAKE-UP	SUPPLY UNDER CONSTRUCTION	AVAILABLE SPACE
6.34m sq m	312,000 sq m	343,000 sq m	562,000 sq m	961,000 sq m

KATOWICE AMONG THE MAJOR REGIONAL CITIES

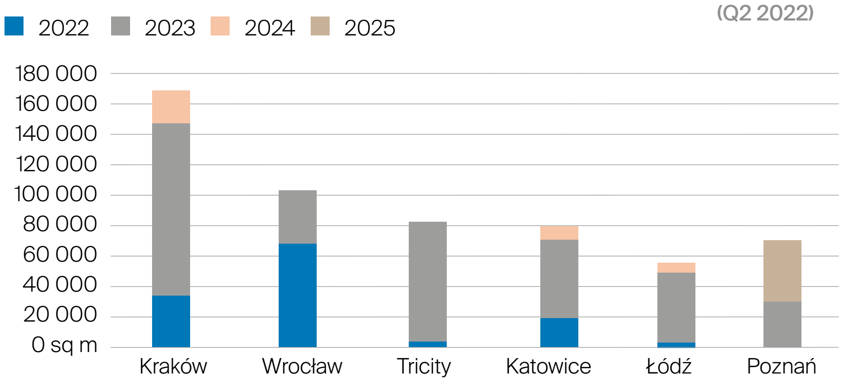
Katowice is one of the smallest office markets among the leading regional business hubs, although recent years have seen dynamic development in the city. This potential has been duly noted by developers, who had previously focused chiefly on the largest office markets. As a result, a record amount of office space - over 117,000 sq m - was delivered in Katowice in H1 2022, giving potential tenants a wide choice of A-class office space.

NEW SUPPLY (H1 2022) AND VACANCY RATE (Q2 2022)



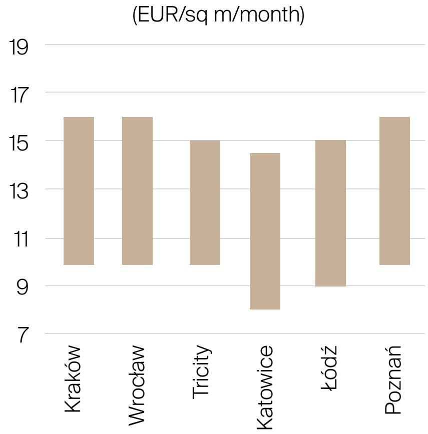
SUPPLY UNDER CONSTRUCTION BY COMPLETION YEAR

(Q2 2022)



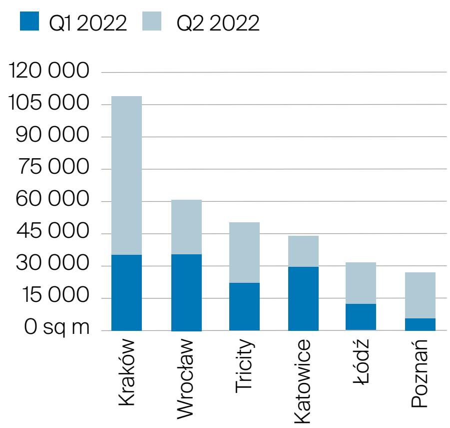
ASKING RENTS

(Q2 2022)



TAKE-UP VOLUME

(H1 2022)

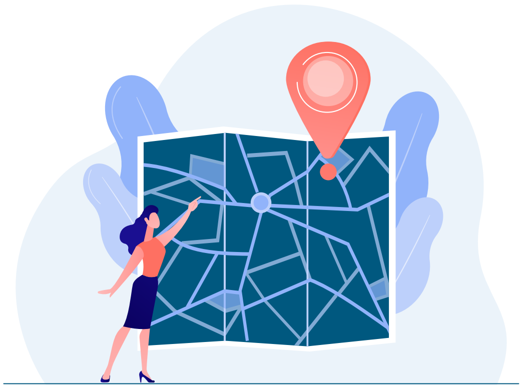


HR PERSPECTIVE

Michael Page

CLEAR CANDIDATE EXPECTATIONS

The research conducted by Michael Page has proven that as far as job advertisements are concerned, candidates are chiefly interested in the location of their prospective job – as confirmed by 59% of the respondents. The type of contract (47%) and the job title (44%) have been ranked second and third, respectively. **Such aspects as wages (37%) and the level of the position of interest (24%) came a lot lower on the list.** Apparently, candidates also pay close attention to the name of the company (19%), and the date when a given job offer was published (18%).



Despite the popularity of home office, as many as 6 of 10 respondents first look at the address of their potential employer when looking through job offers. This means that candidates care about a well-connected and often prestigious location. We can assume that for many people remote work is a very convenient alternative, but sometimes their home is simply unable to replace the amenities offered by a modern and comfortable office, which many people would like to keep using. As a result, those employers who offer candidates a hybrid solution will certainly appear more attractive on the labour market.

The Michael Page study has also revealed what sort of information candidates miss in job offers. **Almost nine out of ten (88%) respondents believe that job advertisements should contain information about the company's organisational culture, i.e. the principles and values that a given business adheres to.** A similar percentage of those surveyed (87%) would like to know the salary range, while 69% have shown real interest in the benefits package. These findings prove how mature candidates are these days, as their expectations towards employers are crystal clear. In addition, they are consistent with the general trends that dominate the labour market, such as employees' increasingly higher financial expectations, the growing importance of well-being in the workplace, or potential employers' engagement in CSR.

THE JOB MARKET
OF THE IT SECTOR AT A GLANCE

The labour market in the IT industry remains very dynamic, and we do not expect major slowdowns in this sector in the nearest future.

Today's trends in IT world have created excellent conditions for contracting services. These days, specialists prefer B2B cooperation, as it gives them greater freedom of work – especially in terms of the place and time of performing their professional duties, as well as higher earnings. IT employees still most frequently opt for the home office model, even those whose specificity of work in the pre-Covid world consisted in clients coming to their office. Candidates, especially those interested in contracting, are more likely to go for remote work, even if their clients are based in the same town.

The IT industry has been witnessing an invariably steady increase in wage levels. Wage reports that look at wage rates from the previous year turn out to be inadequate to the market trends that prevail in 2022.

Despite the constantly growing financial expectations, the availability of experts on the recruitment market is going down. Candidates manage to find a new job very quickly. Time pressure and the competitiveness of offers push companies looking for IT specialists to eventually hire candidates even with exorbitant expectations.

Companies most often rely on IT specialists in middle and senior positions, which means that they spend less time, and thus less money, on onboarding new staff. Especially in the case of contracting, employers tend to go for cooperating with more experienced experts who, in the case of short-term contracts, make a greater contribution to the design work.

TOP 3
MOST DESIRED POSITIONS BY EMPLOYERS IN 2021:

1. **JAVASCRIPT DEVELOPER**
2. **JAVA DEVELOPER**
3. **SOFTWARE TESTER**

THE RATES BELOW REGARD DEVELOPERS (JAVASCRIPT DEVELOPER, AND JAVA DEVELOPER):

JUNIOR (2-3 YEARS)	80–120 PLN/h
MIDDLE (3-5 YEARS)	130–170 PLN/h
SENIOR (5+ YEARS)	160–200 PLN/h

THE FOLLOWING RATES REGARD SOFTWARE TESTERS:

	JUNIOR (2-3 YEARS)	MIDDLE (3-5 YEARS)	SENIOR (5+ YEARS)
MANUAL TESTER	60-100 PLN/h	70–120 PLN/h	120–150 PLN/h
AUTOMATION TESTER	80-120 PLN/h	130–170 PLN/h	160–200 PLN/h

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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). 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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PARTNER OF THE PUBLICATION:

KATOWICE *for a change*

INVESTORS ASSISTANCE DEPARTMENT

www.invest.katowice.eu
linkedin.com/company/invest-in-katowice

Investors Assistance Department is a dedicated unit of the Katowice City Hall, which provides comprehensive services: from supporting business services investors, residential and commercial developers, to creating a friendly environment for start-up and the SMEs sector. Investors Assistance Department focuses on providing solutions customized to the needs of investment projects. Thanks to a wide range of innovative products an experienced team of experts supports investors in achieving their business goals in Katowice and in gaining and maintaining a competitive advantage.

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