Strong cities

City attractiveness, office market, HR trends

Q1 2024

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

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Katowice

Prepared in cooperation with

Katowice

City area
164.7 sq km

Population
279,100
(Katowice, GUS 2023)
2,142,800
(GZM, InfoGZM 2022)

Population forecast
261,050
(2030, Katowice)

Unemployment rate
1.1%
(03.2024, GUS)

GDP growth
18.0%

PKB per capita
PLN **85,131**

Average salary (gross)
PLN **9,289.37**
(in the business sector, 03.2024, GUS)

Investment attractiveness

Rankings

7TH PLACE in the **"Top 10 Large European Cities of the Future 2024 – fDi Strategy"** City's strategy for attracting foreign direct investment

2ND PLACE in the ranking of **Business-Friendly Cities** of "Forbes" - cities and municipalities of 150,000 - 299,000 inhabitants

3RD PLACE in the **"Polish Cities of the Future 2050"** ranking - in the sub-ranking of office, residential and "after hours" and **1st place in the school category**

TITLE: **"European City of Science" 2024** awarded by EuroScience Association

CERTIFICATE: **"Standards of Investor Service in Local Government"**

Investment incentives

The Investors Assistance Department is a special unit in the Katowice City Hall. It provides various services ranging from supporting investors who create business service centres, developers of the residential space, hotels and offices, to creating an ecosystem for start-ups and a friendly environment for the SME sector.

Providing investors with support based on their individual expectations and requirements: preparing market analyses, information on investment locations, offering image-building assistance, organising investors' visits, coordinating cooperation with universities, etc.

Katowice Special Economic Zone - the best in Europe and one of the best in the world (fDi Intelligence), offering income tax exemptions.

Structured educational projects to support the development of talent in the city from secondary school to higher education: P-TECH, Corporate Readiness Certificate (CRC).

A chance to invest inside a centre that has been implementing sustainable development policies based on Agenda 2030, UN.

Quality of life

Rankings

2ND PLACE in Business Insider's ranking **- Best city to live**

2ND PLACE in the "Europolis" ranking of the Schuman Foundation for **the most ecological Polish cities**

2ND PLACE **for the Culture Zone** in the "Top Municipal Investment of the Decade" poll of Portal Samorządowy

2ND PLACE in **"Electromobile Cities Ranking"** by Polityka Insight

6TH PLACE in Poland among cities with more than 100,000 residents in terms of **quality of life** assessment in the "Newsweek" ranking

silver award for sustainable development, in the category of cities with more than 400,000 daily population, in The International Awards for Liveable Communities LivCom Awards 2023

Quality of life in numbers

- Implementing the 17 UN Sustainable Development Goals and the objectives of the Development Strategy City 2030 - equitable transformation, climate change and equity.
- Green urban transport: 28 electric buses, 22 hybrid buses and 8 CNG buses, 147 EV charging points.
- District of New Technologies - Katowice Gaming and Technology HUB - PLN 596.6m.
- District of New Technologies - development of the Poniatowski mining shaft area stage 6 - PLN 2.5m (documentation).
- Construction of the Jerzy Kukuczka Himalayan Centre – PLN 81.6m.
- Katowice 'Kilar's House' Music Education Centre and a permenent exhibition – PLN 21.2m.

Tasks to be completed in 2024:

- Construction of a municipal stadium in Katowice - PLN 312.8m.
- Construction of new road systems to connect functional areas housing and services in the city - PLN 224m.
- Construction and modernisation of city parks in Katowice - PLN 42.4m
- Improving the safety of road users through construction and modernization of engineering facilities along public roads in the area in Katowice - PLN 31.7m.
- Witos' Community Centre and a park - PLN 27.5m.
- Katowice Bicycle Infrastructure - Velostrada - construction of the Velostrada bicycle road no. 6 - approx. PLN 18m.
- Katowice Resident Card - 129,868 active cards.
- Participatory Budgeting – PLN 20m including Green Budget – PLN 3m.

Bike paths
196 km

Green areas
50%
of the city's area

Facts & Figures

Number of students
50,848 (Katowice)
90,725 (GZM)

Number of graduates
12,549 (Katowice)
22,707 (GZM)

Number of universities
12 (Katowice)
19 (GZM)

Airport - distance to the city centre
30 km

Airport - number of passengers
5.61m (2023)

BSS sector - number of centres
105 (Katowice)
135 (GZM)

BSS sector - number of employed
26,600 (Katowice)
32,000 (GZM)

Katowice

Q1 2024

Existing stock
751,000 sq m

Supply under construction
59,000 sq m

Vacancy rate
20.6%

New supply
(Q1 2024)
0 sq m

Take-up
(Q1 2024)
12,000 sq m

Coworking operators in Katowice

City Space | Regus
Własne B. | Cluster Offices

Standard lease terms in new buildings

Service charge
PLN/sq m/month
14.00-27.00

Rent-free period
1-1.5 month
for each contract year

Fit-out budget
EUR/sq m
350.00-500.00

Katowice, as the fourth largest regional office market in Poland, possesses an office space stock of over 751,000 sq m, accounting for nearly 6% of the total office stock in Poland.

In Q1 2024, take-up for office space decreased by 28% compared to the previous quarter, amounting to 12,000 sq m. However, due to the lack of new supply, the vacancy rate maintained the downward trend observed for the previous three quarters, despite the weakened demand.

SUPPLY

At the close of Q1 2024, the total office stock in Katowice exceeded 751,000 sq m. While no new office buildings were completed between January and March 2024, there were over 59,000 sq m under construction, marking the highest result among regional cities. Should developers adhere to their schedules, Katowice's office space will increase by more than 36,000 sq m by year-end.

Noteworthy projects include the 20,650 sq m Grundmanna Office Park A, scheduled for completion by the end of 2024, and the 18,000 sq m Eco City Katowice complex planned for 2025.

TAKE-UP

In Q1 2024, the leased office space in Katowice amounted to nearly 12,000 sq m, marking a 28% decrease from the previous quarter and a 40% decline compared to the same period last year.

During this quarter, the majority of office space (58%) was leased under new contracts, with renegotiations representing 20%, and expansions accounting for the remaining 22% of the leased space.

VACANCY RATE

Due to the lack of new supply, the vacancy rate in Katowice decreased by 0.9 pp compared to the previous quarter, reaching 20.6%. This positioned Katowice as the second highest in vacancy rates among regional cities, trailing only Łódź, where the vacancy rate was 21.3%.

The vacancy rate in Katowice varies significantly, with the city centre recording 17%, while non-central locations reached 24.3%.

RENTS

By the end of Q1 2024, headline rents in Katowice had undergone a modest adjustment, typically ranging from EUR 9.00 to 14.50/sq m/month, while service charges varied from PLN 14.00 to 26.00/sq m/month.

Office market in Poland

Q1 2024

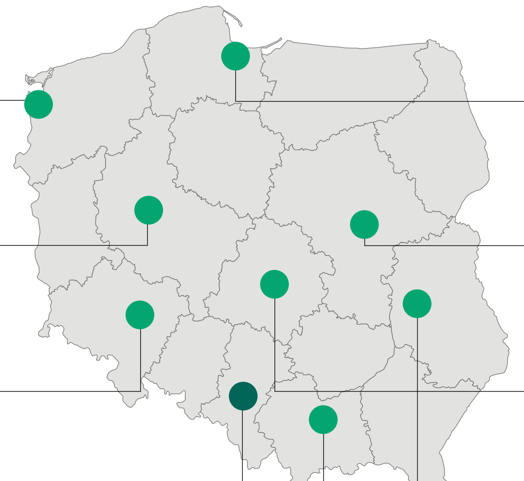
Existing stock **12.9m** sq m

New supply (Q1 2024) **80,000** sq m

Take-up (Q1 2024) **279,000** sq m

Supply under construction **553,000** sq m

Vacancy rate **14.5%**



SZCZECIN
185,000 sq m
5.5%
EUR 10-14.5

POZNAŃ
674,000 sq m
14.1%
EUR 10-15.5

WROCŁAW
1.37m sq m
19.1%
EUR 10-16

KATOWICE
751,000 sq m
20.6%
EUR 8-14.5

KRAKOW
1.82m sq m
20.2%
EUR 10-16

TRICITY
1.05m sq m
13.4%
EUR 10-15

WARSAW
6.24m sq m
11%
EUR 10-27

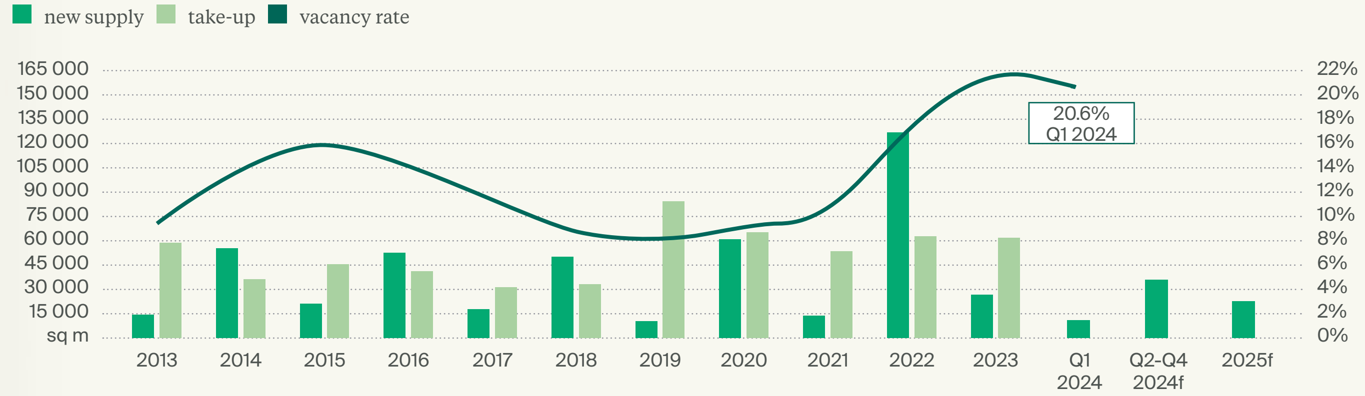
ŁÓDŹ
638,000 sq m
21.3%
EUR 9-15

LUBLIN
221,000 sq m
12%
EUR 8-13

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

Source: Knight Frank

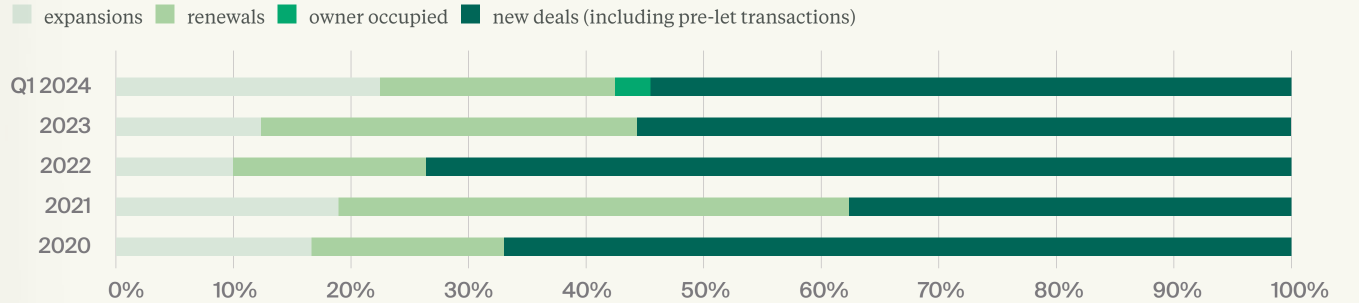
Annual new supply, take-up and vacancy rate in Katowice



f-forecast based on schemes under construction

Source: Knight Frank

Take-up structure in Katowice



Source: Knight Frank

Michael Page

Talent Trends 2024: Bridging "The Expectation Gap"

Talent Trends 2024 stands out as the most extensive talent study ever conducted, engaging over 50,000 professionals across 37 countries. Offering unique insights, it illuminates what employees truly desire, revealing a landscape where individualised needs surpass traditional perks like competitive salaries and flexible work arrangements. In parallel, employers face the challenge of adapting to this shifting terrain within a rapidly evolving business ecosystem.

This year's report zeroes in on the "Expectation Gap" between employees and employers, a theme threading through discussions on salary expectations, the clamour for workplace flexibility, organisational culture, work-life balance, the advent of artificial intelligence (AI), and the imperative of diversity, equity, and inclusion (DE&I). This gap permeates every facet of modern workspaces.

DE&I Challenges

Despite a surge in DE&I awareness across Poland, the journey to truly inclusive workplaces remains lengthy. Many Polish professionals perceive a dissonance between DE&I aspirations and the realities of their daily work lives, underscoring the need for substantive, not superficial, initiatives.

AI Integration

While artificial intelligence tools have yet to achieve ubiquity, they already steer career decisions. Navigating ethical and legal parameters, such as safeguarding personal data and upholding intellectual property rights, remains paramount.

Autonomy and Flexibility

Workers increasingly prize autonomy and flexibility, posing a quandary for employers with a penchant for traditional office setups. Prioritising the alignment of work with life, rather than the other way around, emerges as a key directive.

Salary Still Reigns Supreme

Despite the global deceleration in wage growth, employees persist in seeking higher salaries to offset escalating living expenses. Discontentment with current compensation propels many to explore fresh career avenues.

Talent Trends 2024 unveils the intricate dynamics of the job market and the delicate dance between employers and employees. Grasping these interconnections is pivotal in crafting HR strategies that foster mutual benefit.

Michael Page stands at the forefront of global personnel consulting and recruitment, specialising in top-tier professionals and executive management.
https://www.michaelpage.pl/

The ins and outs of the labour market in the Business Service Centres sector in Poland

In 2023, the business services market saw a slight slowdown compared to previous years, which were record-breaking. Faced with a complex international situation and various economic challenges, many organisations in the Polish market adopted a cautious approach, scrutinising investments and expenditures, which naturally affected recruitment.

Nevertheless, Poland remains highly appealing for companies looking to centralise their core functions, leading to ongoing new investments in roles focused on operational tasks. Meanwhile, established organisations have increasingly automated less advanced processes or outsourced them to other countries for cost-saving reasons. Language proficiency remains an advantage in Polish centres, yet roles requiring advanced skills are on the rise, with companies actively seeking employees with specialised expertise. Particularly, there's a high demand for individuals proficient in analysing large datasets, with positions such as Business Analysts, FP&A Specialists, Data Engineers, or BI Experts being sought after in 2023.

The demand for skilled workers exceeded the availability of candidates meeting organisations' expectations. Successful recruitment became more challenging as offered terms and conditions often fell short of candidates' expectations. For instance, candidates typically expected a salary at least 15 percent higher than their current one. Additionally, employees became more selective, considering factors like the company's image, product, vision, and potential for further development. Counter-offers from existing employers and customised job offers, often more motivating than mere financial incentives, posed significant recruitment risks.

In an era shifting towards hybrid working models, candidates placed significant emphasis on remote work possibilities and flexible policies. They also emphasised the importance of achieving a better work-life balance, with some willing to forego promotions or higher positions in order to prioritise their well-being. Employers and HR departments worked intensively to align policies with these expectations to the best of their ability.

TOP 3

most desirable positions in the SSC sector.

For more mature or well-established centres, we notice a strong interest in competencies in the following areas and positions:

1 **Finance and accounting roles from the areas of RTR/Reporting/FP&A:**
8,000 – 30,000* gross monthly

2 **Compliance/Risk/ Audit/Internal Control:**
12,000 – 30,000* gross monthly

3 **Role w obszarze Transformation/ Transition:**
14,000 – 40,000* gross monthly

* depending on experience level and position

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As one of the largest and most experienced research teams operating across Polish commercial real estate markets, Knight Frank Poland provides strategic advice, forecasting and consultancy services to a wide range of commercial clients including developers, investment funds, financial and corporate institutions as well as private individuals. We offer:

- 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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INVESTORS ASSISTANCE DEPARTMENT

www.invest.katowice.eu
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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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