Prepared in cooperation with KATOWICE *for a change* · Michael Page · Knight Frank

KATOWICE

City attractiveness and office market

2022

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CITY ATTRACTIVENESS

KATOWICE

CITY AREA
164.7 sq km

POPULATION
Katowice: **282,800**
GZM **2.3m**

POPULATION FORECAST
261,050
(2030)

UNEMPLOYMENT RATE
1.5%

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

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

AVERAGE SALARY
PLN 9,576.81
(gross)

INVESTMENT ATTRACTIVENESS

RANKINGS

1. 1st place in the Forbes ranking of **Business-Friendly Cities** in the category of cities and municipalities with 150,000 to 299,000 inhabitants (2022)

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

5. 5th place in fDi Intelligence European Cities and Regions of the Future 2022/23 ranking in the category **of best large European cities in terms of attracting foreign direct investment** (fDi, 2022)

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)

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

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 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

Katowice has been awarded a prestigious **„Rzeczpospolita" Green Eagle award, in the Local Government category.** The editorial board and the jury commended the city for its systematic and varied environmental actions in support of environmental protection

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; 147 charging points for electric cars (69 stations); City by bike - 125 bike stations with over 1,010 bikes, over 185.47 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; 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. Design work is underway for the adaptation and revitalisation of existing buildings, along with the development of adjacent areas and site communication solutions [10.2023]; expenditure on project documentation preparation - PLN 14.3m.

Attractive leisure activities

- Building of a city stadium in Katowice with a sports hall, 2 training grounds, a car park and road infrastructure (continued); planned outlay - PLN 286m.
- 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 expenditure for the development of project documentation - PLN 2.7m.
- The „Dom Kilara" Katowice Music Education Centre - the planned functions of the facility include, among other things, the presentation of the works of Wojciech Kilar, music education, multimedia exhibitions; planned expenditure - PLN 17.8m.
- MDK Witosa - construction of a cultural centre, along with the development of adjacent areas in the form of a park - PLN 28.6m.

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 7.2m.
- 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.
- Construction of a photovoltaic farm on the terrain of MPGK, on a designated, restored area of a landfill site. This will be the first solar energy investment on such a large scale in Katowice. The value of the investment - PLN 5.7m.

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: **18**	**30 km**	**2,328,973** (2021) **4,165,200** (2022)	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

Q4 2022

EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	NEW SUPPLY (2022)	TAKE-UP (2022)
726,500 sq m	96,600 sq m	17.1%	127,300 sq m	62,700 sq m

At the end of 2022, office stock in Katowice reached almost 726,500 sq m, making it the fourth largest regional market in Poland. 2022 saw the completion of 10 projects (including the change in function of retail space to office space in the Supersam project), which increased the local office market's offer by a record-breaking 127,300 sq m. This was both historically the highest result noted in Katowice and the largest volume of new supply recorded in regional cities - accounting for 31% of total new space delivered to those markets. The largest projects completed in 2022 were KTW II (39,900 sq m, TDJ Estate) and two buildings of the Global Office Park complex (total area 55,200 sq m, Cavatina Holding).

Moreover, the end of December 2022 saw 96,600 sq m of office space under construction, 79% of which is expected to be completed in 2023. This is significantly lower than in 2019-2021, when between 160,000 and 200,000 sq m was under construction annually. The largest projects under construction are the Craft building (26,700 sq m, Ghelamco Poland) and the Eco City Katowice complex (18,000 sq m, Górnośląski Park Przemysłowy).

The volume of lease transactions in Katowice in 2022 was 62,700 sq m, accounting for 10% of the space leased in regional cities during this period. Compared to the average annual demand of the last 5 years (60,900 sq m), 2022's level was comparable, although almost 20% higher than in 2021. Most of the contracts concluded in 2022 were new transactions (over 46,200 sq m, 74% of the total volume). Renegotiations amounted to 16% of total demand, and expansions 10%.

Due to the record amount of new office space delivered to the Katowice market in 2022, the vacancy rate at the end of December 2022 rose to 17.1%, up by some 6.6 pp on the end of 2021 (an increase of 0.2 pp q-o-q).

Asking rents in Katowice at the end of 2022 ranged from EUR 8.00 to EUR 15.00/sq m/month, showing a slight increase compared to the end of 2021. The continued high availability of office space may encourage tenants to renegotiate rents and incentive packages. On the other hand, high construction costs and an increase in the cost of servicing construction loans may effectively limit investor negotiating power, particularly in new buildings. There are still noticeable increases in service charges due to the increasing cost of services and utilities and, at the end of December 2022, these ranged from PLN 15.00 to 23.00/sq m/month.

SELECTED SCHEMES UNDER CONSTRUCTION

	CRAFT	CROSS OFFICE	ECO CITY KATOWICE
Total office space	26,700 sq m	8,800 sq m	18,000 sq m
Completion date	Q2 2023	2023/2024	Q4 2023
Developer / Owner	Ghelamco Poland	Opal	GPP

STANDARD LEASE TERMS IN NEW BUILDINGS

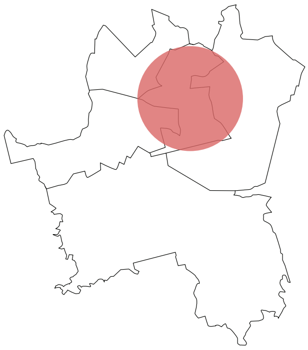
SERVICE CHARGE PLN/SQ M/MONTH	RENT-FREE PERIOD	FIT-OUT BUDGET EUR/SQ M
15-23	5-8 months	350-500

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	370,100 sq m	69,800 sq m	17.5%	EUR 8-15/sq m
OUTSIDE CITY CENTRE	356,400 sq m	26,800 sq m	16.8%	EUR 8-13,5/sq m



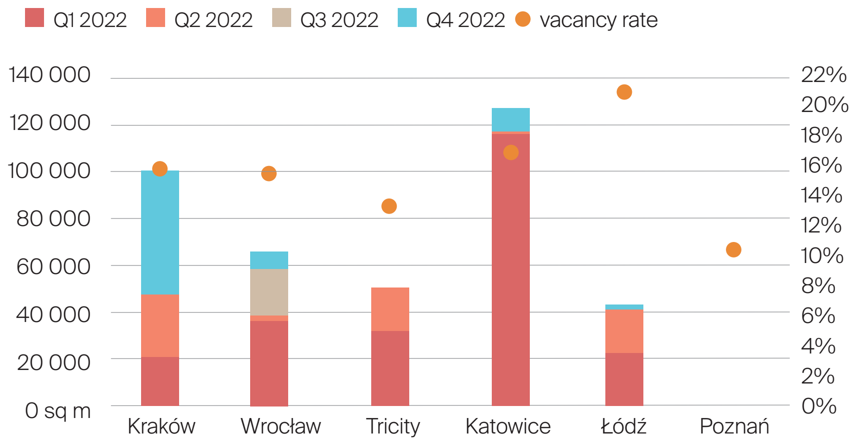
MAJOR REGIONAL CITIES

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

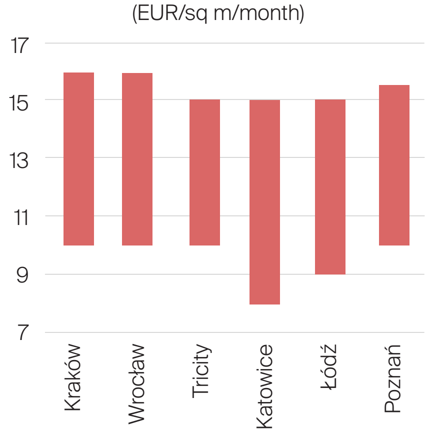
Q4 2022

EXISTING STOCK	NEW SUPPLY (2022)	TAKE-UP (2022)	SUPPLY UNDER CONSTRUCTION	AVAILABLE SPACE
6.44m sq m	405,300 sq m	623,200 sq m	567,200 sq m	985,100 sq m

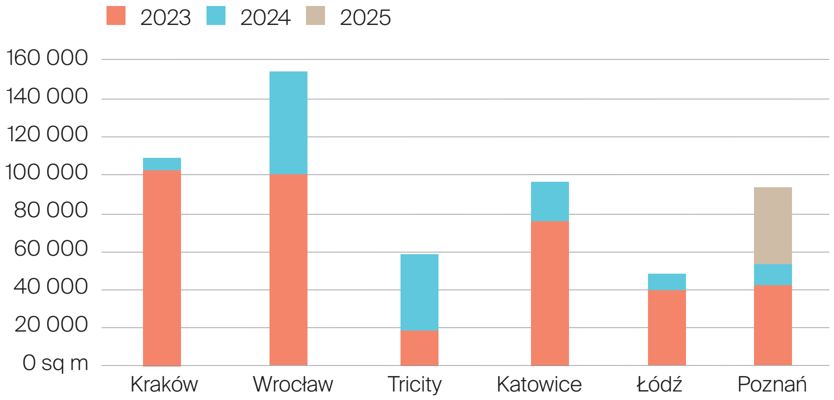
NEW SUPPLY (2022) AND VACANCY RATE (Q4 2022)



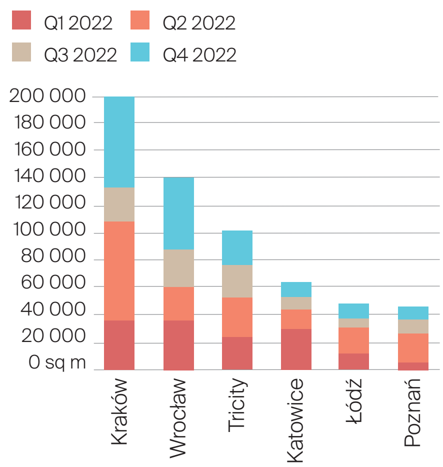
ASKING RENTS (Q4 2022)



SUPPLY UNDER CONSTRUCTION BY COMPLETION YEAR (Q4 2022)



TAKE-UP VOLUME (2022)



BENEFITS ARE SETTING THE TONE IN THE MODERN EMPLOYEE MARKET

According to a 2021 report by the Union of Entrepreneurs and Employers, last year employees already expected benefits that would allow them to meet their individual needs and thus respond to the effects of the pandemic. The study showed that additional benefits were typically expected to guarantee stability and be personalised and flexible. It is worth noting that there has been a small revolution in the area of non-wage benefits. Those that were attractive before the pandemic have become insufficient or even outdated in today' world. Multisport or medical plans are already a standard in Poland's labour market, and they are unlikely to attract the attention of potential employees. Just like delicious coffee from the coffee machine, or fruit Tuesdays.

FLEXIBILITY FIRST

Undoubtedly, the most important aspect of the modern labour market is the option of remote work. As stated in a study by Michael Page, the majority (59%) of respondents would prefer to work exclusively online, or in a hybrid system. Flexible working hours, the ability to perform one's duties from home is not only a way to save time and costs related to commuting, but it also helps staff to strike work-life balance, which is of key significance for as many as 88% of the respondents. It is the meeting of employees' expectations, an approach that respects their needs and family life that gives a sense of support, and in the long run it can help to bond with the organisation. The role of managers is also worth highlighting. On the one hand, employees expect trust and the opportunity to work from home from their superiors, but at the same time they also want to feel part of the team and be actively involved in integration events. We know perfectly well that it is not easy to build a sense of belonging to a company or a team in times of virtual meetings. Clearly, the benefit of remote/hybrid work entails further expectations of employees in the form of co-financing or equipping, on the part of the employer, of the workplace at home (extra allowances for desks or armchairs, or covering at least a fraction of the costs of electricity). Another response to high inflation and the needs of the labour market that seems to be gaining momentum can be found in prepaid cards, co-financing of meals, or a company car with a fuel card.

THE INS AND OUTS OF THE LABOUR MARKET IN THE HR SECTOR

Regardless of the industry, HR staff keep having to face up to the challenges that recent years have posed to them. The fourth quarter of the year is a period of intensified work, but also a time that sees several personnel-related changes in organisations. Companies want to go through another challenging year with competent employees on board. **HR Business Partners** are ambassadors of change within organisations and a perfect link between candidates and hiring managers. The high demand for specialists in this field means that the number of employees sought after for these positions is on the increase.

An effective strategy in the area of Learning & Development is also a real value for business. Monitoring and providing appropriate tools aimed at developing employees' skills, which, in turn, translates into increasing profits, is the role of **L&D experts** and **coordinators**. Recently, we have noticed more recruitment processes dedicated to these professionals.

The future undoubtedly belongs to digitization. Changes in this area will also apply to HR and payroll departments, as the scale of applications of new technological solutions keeps growing. The most desirable are those tools that streamline processes and help to save time. Clearly, one of the most sought-after roles in the fourth quarter of 2022 were **HR and payroll department leaders** with experience in process automation and digitization of resources.

TOP 3

MOST DESIRED POSITIONS FROM THE HR AREA:

The wages shown below correspond to the Michael Page & Page Executive | Part of PageGroup „Salary Guide". The average rate given here indicates pay rates found across Poland.

1.	2.	3.
HR BUSINESS PARTNER:	**EKSPERT LEARNING & DEVELOPMENT:**	**HEAD OF HR AND PAYROLL:**
PLN 12,000 – 18,000 gross	**PLN 14,000 – 18,000 gross**	**PLN 13,000 – 24,000 gross**

CONTACT IN POLAND:
+48 22 596 50 50
www.KnightFrank.com.pl

COMMERCIAL AGENCY - KATOWICE
Iwona Kalaga
iwona.kalaga@pl.knightfrank.com

STRATEGIC CONSULTING EMEA
Marta Sobieszczak
marta.sobieszczak@pl.knightfrank.com

CAPITAL MARKETS
Krzysztof Cipiur
krzysztof.cipiur@pl.knightfrank.com

INDUSTRIAL AGENCY
Michał Kozdrój
michal.kozdroj@pl.knightfrank.com

RESEARCH
Elżbieta Czerpak
elzbieta.czerpak@pl.knightfrank.com

VALUATION & ADVISORY
Małgorzata Krzystek
malgorzata.krzystek@pl.knightfrank.com

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). 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:

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INVESTORS ASSISTANCE DEPARTMENT
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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.

Michael Page

CONTAKT:

www.michaelpage.pl
contact@michaelpage.pl