Strong cities

City attractiveness, office market, HR trends

Q1 2024	The office market sentiment, the investment potential of the city and the labour market.	*knightfrank.com.pl/en/research*

Poznań

Prepared in cooperation with

Poznań

City area
261.9 sq km

Population
543,400
(02.2023, GUS)

Population forecast
503,800 (2030)

Number of companies
127,400

Unemployment rate
1.0%
(12.2023, GUS)

GDP growth
11%

GDP per capita
PLN **121,000**
(2020)

Average salary (gross)
PLN **8,363.01**
(in the business sector, 12.2023, GUS)

Investment attractiveness

Rankings

2ND PLACE in the ABSL ranking - **cooperation with a local investor service office**

2ND PLACE in the **Human Capital and Lifestyle** category – European Cities and Regions of the Future fDi Report

2ND PLACE in the ABSL ranking - **attractive location in the city centre**

2ND PLACE **in the Business Friendly City category** – European Cities and Regions of the Future fDi Report

3RD PLACE in the ABSL ranking - **level of wages**

Investment incentives

Project Manager – a person dedicated to the project, responsible for the preparation and launch of the investment, cooperation with the investor after the start of the project.

Employer branding – organization of press conferences, distribution of materials to local media, through social media and on the website www.poznan.pl.

Promotion of the City's real estate at national and international real estate events – MIPIM, Poznań Housing Fair.

Supporting real estate investors in talks with offices, departments of the Office, city companies involved in the processes of preparing and implementing investments.

Regularly updated database of the City's investment areas at www.poznan.pl.

Publication and updating of the City's investment offers in the database of the Polish Investment

Cooperation with Special Economic Zones in the context of obtaining government grants.

Preparation of sector analyses for the needs of investors.

Preparation and promotion of urban real estate offer, including:

• 11 areas for residential and service functions,

• 2 properties for service development,

• 1 residential property,

• 1 area for industrial and logistics development and non-public car parks,

• 1 area for service development or manufacturing or warehousing or storage,

• 1 property designated in the zoning plan as areas of sports, leisure, greenery and water in a green wedge,

• 3 locations for future cubature car parks.

Quality of life

Rankings

1ST PLACE in the category **Transport and Infrastructure** in Saint-Gobain ranking - Polish Cities of the Future 2050

1ST PLACE **Smart City Award** - miasta powyżej 300 tysięcy mieszkańców

1ST PLACE in the ranking of **best cities to live in Poland** – Business Insider Polska

2ND PLACE in the ABSL ranking **- quality of public transport**

2ND PLACE in the ABSL ranking **- quality of local environment**

The only city in Poland listed in the "Forbes" ranking of the **20 best cities for Americans to live, invest and work in Europe**

Michelin Guide - Poznań restaurant awarded a Michelin star, 11 restaurants with distinction.

Quality of life in numbers

Improving the quality of life of residents through:

- Creating attractive jobs. Companies in the modern services sector such as Rockwool Global Services Center, SwissSoft, Miele – among others - are expanding and increasing employment opportunities in the process.
- Pozitive Technologies conference - attracting top employers, creating a strong and active IT community.
- Smart City - implementation of new technologies, along with the development of creative entrepreneurship and the startup sector, with an emphasis on education at every level and active support for universities.
- The Smart City Poznań application won the Wings of IT in Administration award, in the Tools for communication with citizens category.
- Ecology - increasing green areas, creating an improved energy mix using renewable energy sources, modernising the public transport fleet (electric vehicles, hybrid vehicles). A number of programmes are being carried out: "Let's end smog in Poznań", "Keep warm", asbestos removal programme.
- Mobility – green transport solutions – car-sharing, scooter-sharing.
- Centre project - among other things, revitalisation of the city centre, reduction of car traffic in the city centre.
- Rich cultural life - numerous festivals, e.g. the world-famous Malta Festival Poznań, some 40 art galleries, 30 museums, 13 cinemas, the philharmonic.
- Culinary capital of Poland - around 500 restaurants and bars, offering food from all corners of the world.
- Poznań Equality Week – promoting diversity, tolerance and respect.
- A rich array of leisure and recreation opportunities - aqua park, ice rinks, artificial ski slope, climbing walls, bowling alleys, lakes, swimming pools, city beaches with numerous attractions for inhabitants and tourists along the Warta River, 10 sports stadiums, over 500 playgrounds, zoo, palm house - the largest in Poland and one of the largest in Europe.
- Poznan International Fair - the leading trade fair organiser in Poland and Central and Eastern Europe.

Bike paths
333.53 km

Green areas
128.3 sq km

Facts & Figures

Number of students
102,200

Number of graduates
24,500

Number of universities
24

Airport - distance to the city centre
7 km

Airport - number of passengers
2,788,990 (2023)

BSS sector - number of centres
150

BSS sector - number of employed
27,000

RATING AGENCY	Fitch Ratings	RATING	A-

Poznań

Q1 2024

Existing stock
674,000 sq m

Supply
under construction
58,000 sq m

Vacancy rate
14.1%

New supply
(Q1 2024)
0 sq m

Take-up
(Q1 2024)
24,000 sq m

Coworking operators in Poznań

Business Link | Regus

Standard lease terms in new buildings

Service charge
PLN/sq m/month
16.00-28.00

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

Fit-out budget
EUR/sq m
250.00-500.00

The office market in Poznań is developing at a moderate pace. At the end of March 2024, the city boasted 674,000 sq m of modern office space, constituting 5% of the country's office stock.

Although take-up weakened in the first quarter, the absence of new supply contributed to a decline in the vacancy rate, which currently stands at 14.1%, notably below the regional cities' average of 17.8%.

SUPPLY

In Q1 2024, no modern office building was completed in Poznań, and only 6,000 sq m is anticipated to be delivered to the market by the year's end. However, a total of nearly 58,000 sq m is under construction, representing one of the highest values among regional cities.

Notably, among these developments, the 40,000 sq m AND2 building, being constructed by the Von der Heyden Group, is expected to be completed in the second half of 2025. Upon completion, this office building will become the largest in Poznań in terms of space.

TAKE-UP

In Q1 2024, the take-up for office space in Poznań amounted to more than 24,000 sq m, representing over 17% of the total volume of contracts signed in regional cities. This reflects a decrease of less than 13% compared to the previous quarter; however, in comparison to the same period last year, the result is nearly three times higher.

New contracts accounted for the largest share of take-up at 52%, while renegotiations represented just under 47%. Only one expansion was recorded in the entire quarter, constituting a mere 0.3% of the volume of contracts signed.

VACANCY RATE

The lack of new supply in Q1 2024, combined with stable take-up, led to a reduced vacancy rate. By the end of March, it stood at 14.1%, marking a 0.6 pp decrease from the previous quarter.

Notably, the vacancy rate in Poznań continues to remain well below the average for regional cities, which is 17.8%.

RENTS

Asking rents in Poznań at the end of Q1 2024 typically fell within the range of EUR 11.00 to 15.50/sq m/month. Rents for office space on the top floors of premium buildings in prestigious locations may significantly exceed this level. Service charges remained stable compared to the previous quarter, varying from PLN 16.00 to 28.00/sq m/month.

Office market in Poland

Q1 2024

Existing stock **13m** sq m

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

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

Supply under construction **561,000** sq m

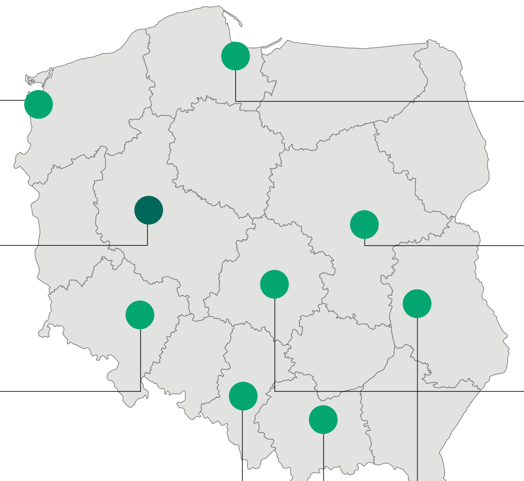
Vacancy rate **14.5%**

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

POZNAŃ
674,000 sq m
14.1%
EUR 11-15.5

WROCŁAW
1.37m sq m
19.1%
EUR 10-16

KATOWICE
751,000 sq m
20.6%
EUR 9-14.5



TRICITY
1.05m sq m
13.4%
EUR 11-15.5

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 9-13

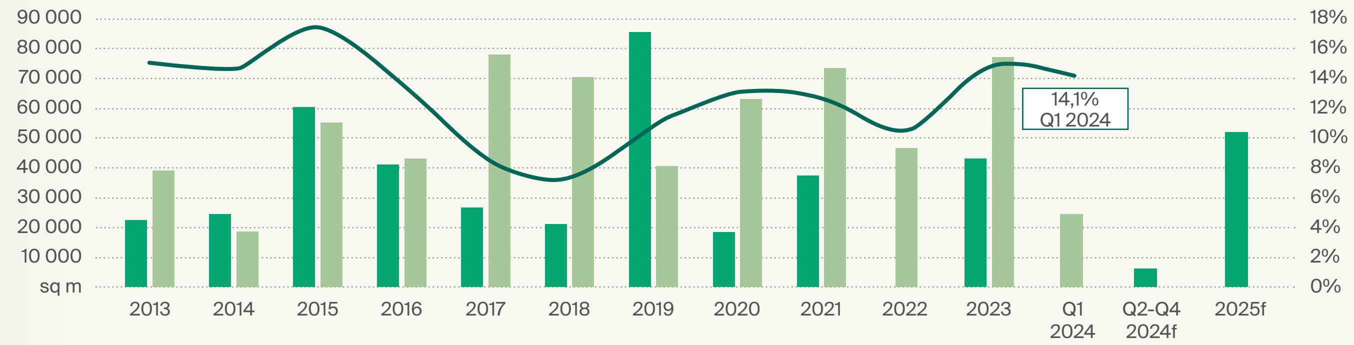
KRAKOW
1.82m sq m
20.2%
EUR 10-16

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

Source: Knight Frank

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

new supply | take-up | vacancy rate

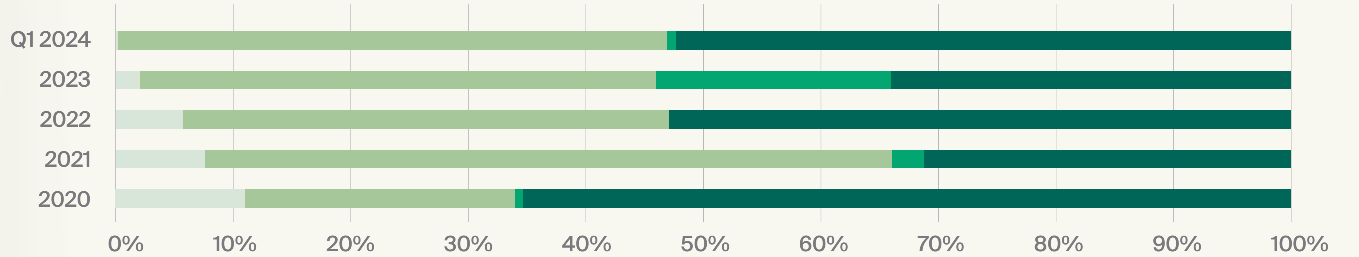


f-forecast based on schemes under construction

Source: Knight Frank

Take-up structure in Poznań

expansions | renewals | owner occupied | new deals (including pre-let transactions)



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

Contacts

in Poland

+48 22 596 50 50
www.KnightFrank.com.pl

RESEARCH
Dorota Lachowska
dorota.lachowska@pl.knightfrank.com

COMMERCIAL AGENCY - POZNAŃ
T-REP Piotr Kalisz
piotr.kalisz@pl.knightfrank.com

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

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

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

INDUSTRIAL AGENCY
Przemysław Jankowski
przemyslaw.jankowski@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, 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.

Knight Frank Research Reports are available at:
www.knightfrank.com.pl/en/research/

PARTNER OF THE PUBLICATION:

CITY OF POZNAŃ
INVESTOR RELATIONS DEPARTMENT
ul. Za Bramką 1
61-842 Poznań
(+48) 61 878 5428
inwestor@um.poznan.pl

Invest in Poznan
www.poznan.pl

Poznań is one of the most attractive cities for investors in the Central and Eastern European region, repeatedly awarded in prestigious business rankings. The city is developing in a sustainable manner, in line with the smart city idea. In Poznań we create good conditions for investment, but also for living for all residents. We focus on openness and diversity, we care for green areas, a rich cultural and modern public transport. Investors, among others, from the modern services sector and the IT industry choose Poznań due to the availability of qualified workforce - global giants, including: Franklin Templeton, GSK, Miele, Capgemini or Bridgestone SSC are completing in Poznań the most advanced processes.

CONTACT:

Aleksandra Zawadzka
Senior Associate Manager

+48 518 243 932
aleksandrazawadzka@michaelpage.pl

www.michaelpage.pl