Prepared in cooperation with POZnan Michael Page Knight Frank

POZNAŃ

City attractiveness and office market

Q3 2022

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CITY ATTRACTIVENESS

POZNAŃ

CITY AREA	POPULATION	POPULATION FORECAST	NUMBER OF COMPANIES
261.9 sq km	**546,900** (GUS)	**503,800** (2030)	**124,000**

GDP GROWTH	GDP PER CAPITA	AVERAGE SALARY	UNEMPLOYMENT RATE
11%	**PLN 120,833** (2019)	**PLN 7,200** (gross)	**1.1%** (July 2022, GUS)

INVESTMENT ATTRACTIVENESS

RANKINGS

1. **The most dynamically developing city in Poland, according to CEE Business Services Summit&Awards 2021**

1. In 2021, Poznań was awarded the title of **the City of the Year** in a ranking organized by the prestigious EuropaProperty magazine

1. 1st place in the category of cities with poviat (county / district) rights in the **4th Financial Ranking of Local Governments in Poland**

1. 1st place in the **ABSL ranking in terms of attractive location for office space**

Investor Service Office of the City of Poznań recognised in the **Best Team category in the 5th TOP WOMAN in Real Estate awards**

Business Friendly City of the Year in terms of local government support according to **the Future of Emerging Europe Summit and Awards 2022**

INVESTMENT INCENTIVES

Scholarship program for students preparing for work in Poznań

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*

Assistance in obtaining government subsidies - government grants, Special Economic Zones, real estate tax exemption

Preparation of sector analyses for the needs of investors - IT Report, Presentation of the Modern Services Sector in Poznań, Language Potential of the City, Move to Improve publication, GameDev catalogue

Organisation of conferences for IT specialists - Pozitive Technologies. Registration for 4th edition: www.pozitive.tech

Implementation of non-standard solutions in order to recruit the best employees, e.g. through organization of events, competitions for candidates for specific positions, cooperation in acquiring employees speaking niche languages

Preparation and promotion of urban real estate offer

QUALITY OF LIFE

RANKINGS

1. **Ranking Saint-Gobain - Polish Cities of the Future 2050:** 1st place in the category Transport and Infrastructure

3. **3rd place in the ABSL ranking** for perception of overall quality of life

3. 3rd place in the **Best Cities to Study ranking**

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

5. **fDI Intelligence - European Cities and Regions of the Future 2022/2023:** 5th place in the overall ranking of medium-sized cities

Best for nightlife according to the Guardian

QUALITY OF LIFE IN NUMBERS

A response to the demographic challenge and migration trends is to retain residents and attract new ones through the consistent implementation of the open city strategy and measures to improve the quality of life, broadly defined as: infrastructure, revitalisation of the city centre, housing, the environment, the city's aesthetics and culture.

- **Creating attractive workplaces -** Poznań is an example of a city where the most advanced processes are carried out in modern service centres. Companies such as GSK, McKinsey and Franklin Templeton continue to develop and increase employment. **POZITIVE TECHNOLOGIES** Conference is the answer to the demand of Poznań employers for events related to the IT industry. Conference partners are the largest IT companies operating in the city. The aim is to promote Poznań as an important IT centre, bringing together professionals in the industry, attracting top employers, and creating a strong and active IT community.
- **Smart City -** strengthening innovation in the economy and implementation of new technologies, development of creative entrepreneurship, the start-up sector, emphasis on education at every level, active support for universities. The Smart City Poznań application won *the Wings of IT in Administration* award, in the category of tools for communication with citizens.
- **Ecology -** the city is in the preparatory phase of **creating a climate neutral strategy.** Currently, the most important solutions used to achieve climate neutrality are **the increase of green areas, the creation of an energy mix** using renewable energy sources, and the **modernisation of the public transport fleet** (electric vehicles, hybrid vehicles). The creation of urban retention reservoirs is planned. Programmes are being carried out: „Let's stop smog in Poznań", „Keep warm", asbestos removal programme.
- **Mobility –** green transport solutions - car-sharing, scooter-sharing.
- **Centre project -** revitalisation of the city centre, reduction of car traffic in the city centre and other measures to create a more citizen-friendly city.
- **Openness – promoting diversity, tolerance and respect through projects such as:** „My Poznań 36.6" campaign - guiding slogan „Towards people, tolerance is not enough, respect is due".

BIKE PATHS

275.59 km
(2020)

GREEN AREAS

128.3 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
105,000	25,000	24	7 km	1,055,162 (2021) 657,709 (2020)	133	25,000

RATING | **A- (STABLE OUTLOOK)**

RATING AGENCY | **Moody's**
Fitch

OFFICE MARKET

POZNAŃ

Q3 2022

EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	NEW SUPPLY (Q1-Q3 2022)	TAKE-UP (Q1-Q3 2022)
620,400 sq m	80,800 sq m	11.2%	0 sq m	36,900 sq m

The total office stock in Poznań at the end of Q3 2022 was more than 620,400 sq m - unchanged from 2021, as no new office building was delivered in the first three quarters of the year. Nevertheless, developers remained active in the Poznań office market, with 80,800 sq m under construction at the end of September 2022. If developers meet their planned completion dates, projects under construction will be delivered between 2023 and 2025. The largest developments under construction are Andersia Silver with a planned completion date in 2025 (40,000 sq m, Von der Heyden), and Nowy Rynek E, which is expected to be completed in H1 2023 (20,000 sq m, Skanska Property Poland).

Between July and September 2022, nearly 10,000 sq m of office space was leased, accounting for 9% of the total volume of contracts signed in regional cities. In turn, the volume of lease transactions concluded during the first three quarters of 2022 amounted to nearly 36,900 sq m in Poznań, 12% higher than in the same period last year. New agreements accounted for the largest share of the demand structure in Q1-Q3 2022, nearly 49%, while renegotiations accounted for more than 44% of the volume, and expansions just 7%.

Due to the lack of new supply, along with the relatively high take-up of office space, the vacancy rate stood at 11.2% at the end of September 2022, decreasing by 0.8 pp compared to Q2 2022. In relation to the corresponding quarter of 2021, there was a significant decrease in office space availability, with the vacancy rate decreasing by 1.8 pp. It is also worth noting that this is the second lowest vacancy rate (just behind Szczecin) among regional cities.

At the end of September 2022, asking rents in Poznań remain stable, ranging from EUR 10.00 to EUR 16.00/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. At the same time, due to the rising costs of utilities and services, there has also been a noticeable increase in service charges, which at the end of September 2022 in Poznań ranged from PLN 15.00 to PLN 23.00/ sq m/month.

SELECTED SCHEMES UNDER CONSTRUCTION

	NOWY RYNEK E	ANDERSIA SILVER
Total office space	20,000 sq m	40,000 sq m
Completion date	Q2 2023	2025
Developer / Owner	Skanska Property Poland	Von der Heyden Group

STANDARD LEASE TERMS IN NEW BUILDINGS

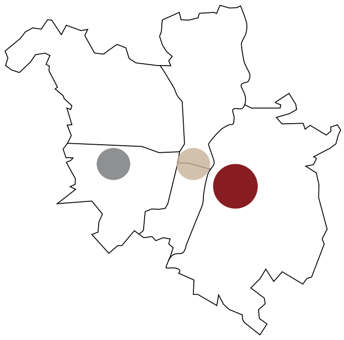
SERVICE CHARGE PLN/SQ M/MONTH	RENT-FREE PERIOD	FIT-OUT BUDGET EUR/SQ M
15-23	5-8 months	250-500

COWORKING OPERATORS IN POZNAŃ

Business Link | Regus

MAJOR OFFICE CONCENTRATION AREAS

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
CITY CENTRE	269,700 sq m	66,000 sq m	7.4%	EUR 10-16/sq m
MALTA AREA	43,000 sq m	0 sq m	2.6%	EUR 14/sq m
MARCELIŃSKA/ BUŁGARSKA STREET	144,100 sq m	10.800 sq m	15.2%	EUR 11-14/sq m



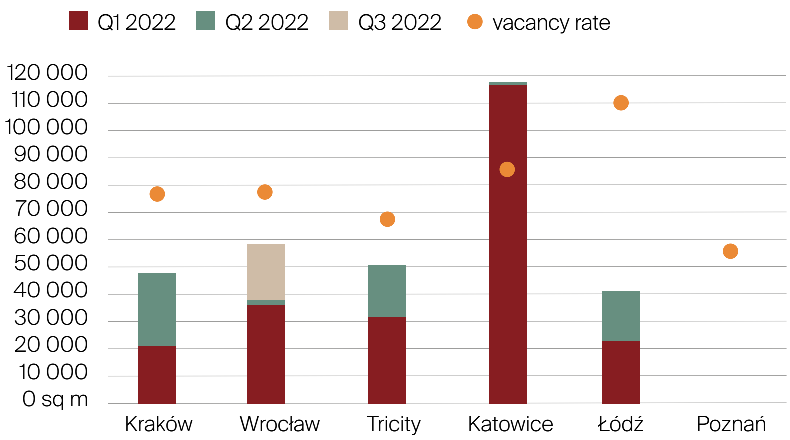
MAJOR REGIONAL CITIES

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

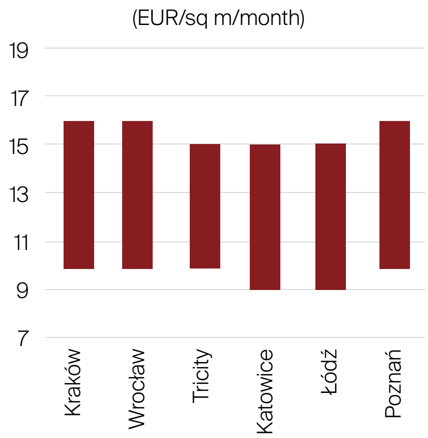
Q3 2022

EXISTING STOCK	NEW SUPPLY (Q1-Q3 2022)	TAKE-UP (Q1-Q3 2022)	SUPPLY UNDER CONSTRUCTION	AVAILABLE SPACE
6.36m sq m	332,100 sq m	450,600 sq m	628,800 sq m	967,200 sq m

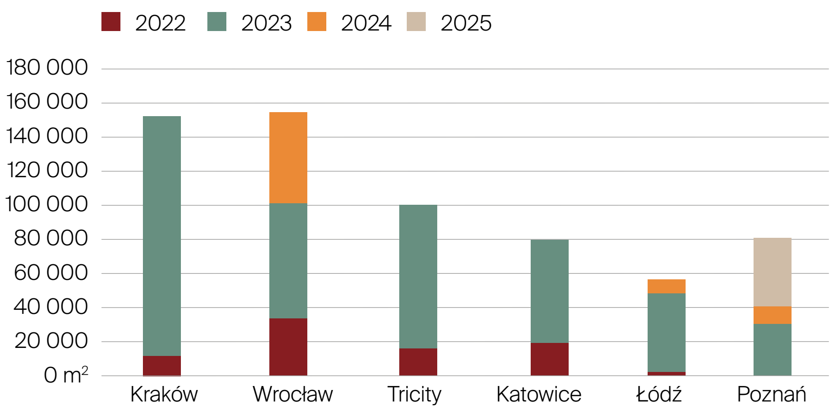
NEW SUPPLY (Q1-Q3 2022) AND VACANCY RATE (Q3 2022)



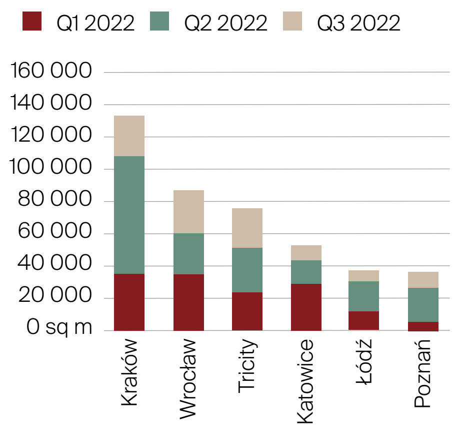
ASKING RENTS
(Q3 2022)



SUPPLY UNDER CONSTRUCTION BY COMPLETION YEAR
(Q3 2022)



TAKE-UP VOLUME
(Q1-Q3 2022)



A DREAM JOB – WHAT EXACTLY DOES IT MEAN?

According to a study by Michael Page, these days, the idea of a dream job goes hand in hand with a permanent contract (80% of respondents), working in a medium-sized company (41%), and a clear and unambiguous job description (93%). At the same time, the idea of working with an ideal leader means for a lot of candidates receiving the support needed to develop their potential (48%), respect (47%), professional management (46%), and effective communication (44%). What else makes a dream job, what discourages people from accepting a particular job offer, and what motivates them to turn elsewhere in their job search?

COMPANY SIZE MATTERS

What sort of company would candidates be most willing to link their future with? Although the number one choice is a medium-sized organisation – 41% of respondents have opted for it – 30 and 25% have pointed to a large or small business, respectively. Medium-sized businesses are commonly perceived by candidates as those in which one can count on a clear sense of agency and have a major impact. This is what seems to explain the fact that such a preference is most often determined by a short decision-making process (for 36% of people), the possibility of training (30%) and a clear strategic vision (27%).

As far as large organisations are concerned, the strongest motivator is the possibility to grow through the various training schemes that they offer. This aspect has been indicated by almost half of the respondents (46%). Next on the list came advancement opportunities (39%), followed by higher wages (27%). Such a distribution of responses also proves that remuneration is no longer the key incentive that attracts candidates to a given company. Having said this, the significance of developing competences and enhancing opportunities to accelerate a career keeps growing.

A lot of candidates argue that such prospects are not available in small businesses, which have been chosen by the least respondents. In fact, only a quarter of those who have taken part in the Michael Page survey have listed them as a dream workplace. This does not mean, however, that these places do not have other important assets – especially for those who value the possibility of quick spontaneous action, an almost intimate work environment, and a high degree of independence. Here, too, as in medium-sized organisations, quick decision-making is a major driving force which is important for 41% of those who prefer this type of work environment. This way of working is also related to a typically less formal organisational culture, which attracts almost as many candidates to small companies (40%). In turn, one third of the respondents (34%) have mentioned the possibility of managing their duties more independently, a feature that seems to correspond well to the above characteristics.

THE INS AND OUTS OF THE SSC-BASED LABOUR MARKET

Over the last couple of years, we have been witnessing a steady annual growth of the market of centralised business services around the world in every possible respect: the number of people employed at the centres, the number of companies creating such places, and the countries in which they are launched, as well as their share in the GDP. Poland not only takes an active part in this trend, but it even sets it, taking the lead as one of the major players on the continent, and, certainly, the largest centre of this type of services in Central and Eastern Europe. In addition to transaction services, more and more complex processes are being centralised these days, which is why Centres of Excellence (CoE), Global Business Services and Shared Services Centres (SSC), which support them, are gaining momentum, taking over more and more advanced activities. Business centres are also developing in terms of the variety of services they provide. Beyond accounting processes, which dominated in the past, the area of finance has been further enriched with reporting, FP&A, and taxes. There is also a continuously growing interest in centralising IT functions and using the impressive and highly qualified talent pool of our country.

One of the characteristic features of the industry is also the very high competitiveness in acquiring the best talent on the market. Companies are already striving not only for university graduates with impeccable language skills, but also for people with a rich portfolio of professional experience and competences. This implies challenge for recruitment companies and their consultants who, whilst looking for experienced specialists, have to demonstrate a long practice and extensive expert knowledge. Alongside the growth of the percentage of roles that necessitate high competences, also referred to as ‘knowledge-intensive’, it is also obvious that the wages offered in such positions are correspondingly higher. It can be said with a high degree of certainty that wage growth is ahead of inflation. Despite the attractiveness of wages and professional challenges in this sector, the demand for workers exceeds the supply.

TOP 4

THE MOST DESIRED POSITIONS IN THE SSC SECTOR:

1.	2.	3.	4.
FP&A EXPERT	**CUSTOMER SERVICE SPECIALIST** (with foreign language skills, other than English)	**PROCUREMENT / SUPPLY CHAIN SPECIALIST** (with foreign language skills, other than English)	**PAYROLL SPECIALIST** (with foreign language skills, other than English)
PLN 12,000 – 18,000 gross	**PLN 6,000 – 10,000 gross + language bonus**	**PLN 9,000 – 12,000 gross**	**PLN 7,500 – 10,500 gross**

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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). 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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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.

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