Prepared
in cooperation with

Invest in Pomerania — We care more

Michael Page

Knight Frank

TRICITY

City attractiveness and office market

2021

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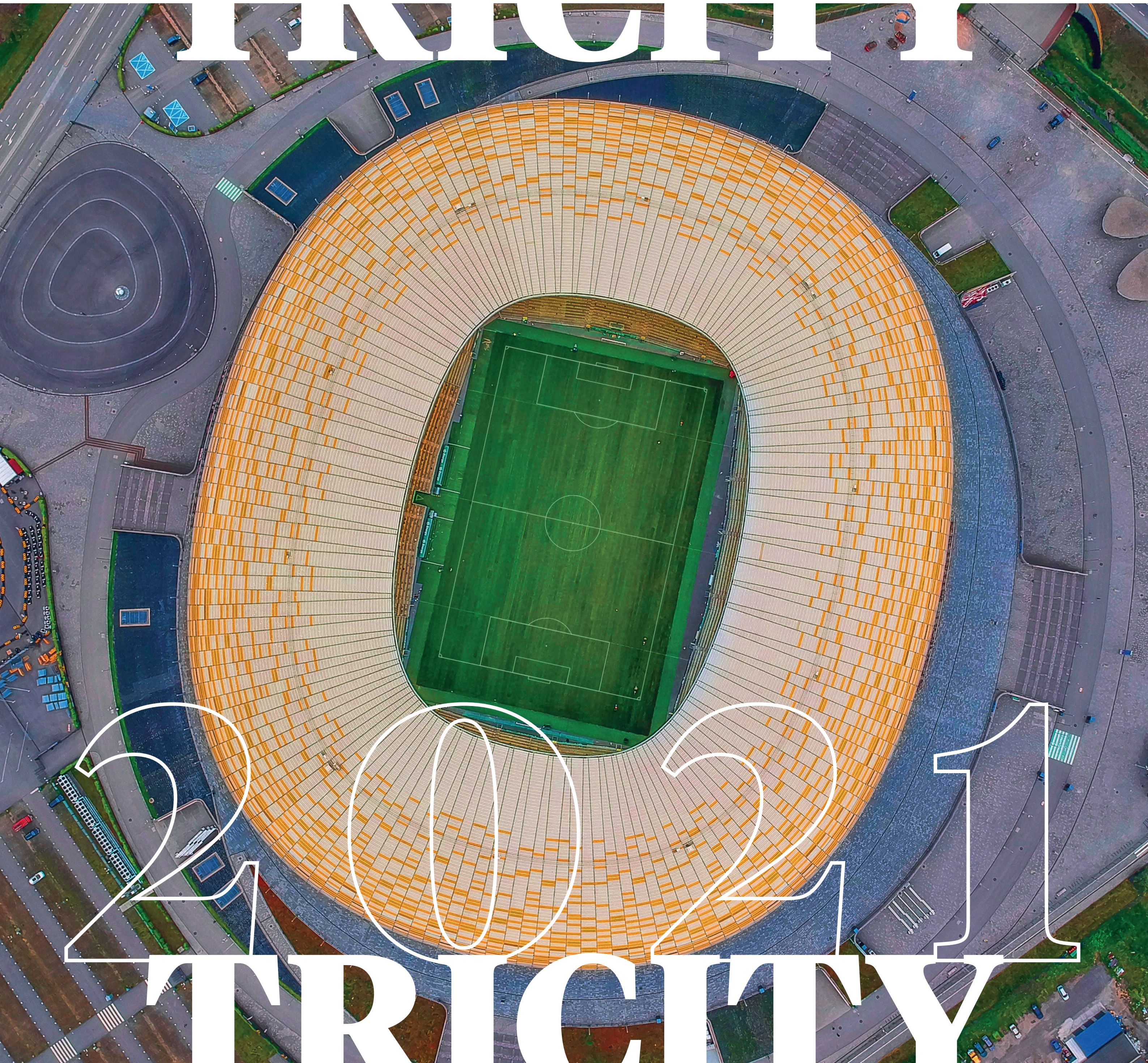


TRICITY

FACTS & FIGURES

CITY AREA
414.8 sq km

POPULATION (metropolitan area)
1.6m

MIGRATION BALANCE
(+) 484

UNEMPLOYMENT RATE
3.1%

GDP GROWTH
7%

GDP PER CAPITA
PLN 75,206 (2017)

AVERAGE SALARY
PLN 6,604 (gross)

INVESTMENT ATTRACTIVENESS

1. RANKINGS INDICATING THE INVESTMENT ATTRACTIVENESS OF THE CITY

4. 4th place **in FDI strategy** in Tech Cities of the Future 2020/21 and a place **in top five in Global Cities of the Future 2021/22** among medium and small-sized cities and in the Rising Cities category.

1. 1st place as **the best place for business activity in Poland** according to ABSL Report, 2020.

1. Outsourcing Stars 2021 in City category, which means 1st place **for the fastest developing city in BSS in Poland**, Pro Progressio.

1. 1st place for **the most dynamically developing city in Poland**, CEE Shared Services and Outsourcing Awards, 2020.

European Entrepreneurial Region 2020.

2. INVESTMENT INCENTIVES

INVEST IN POMERANIA
Dedicated employer branding campaign, access to recruitment platform, dedicated recruitment campaign, support in immigration matters, scholarship for relocation, temporary office for investors.

ECONOMIC ZONES
Employment grant and investment grant in the form of CIT exemptions.

GOVERNMENT SUPPORT
Employment and investment cash grant for investors.

QUALITY OF LIFE

3. RANKINGS ON THE QUALITY OF LIFE IN THE CITY

2. 2nd place for Gdańsk in **quality of life category during last 5 years according to Report on the Quality of Life in European cities.**

142. 142nd in the world - Quality of Life Index by Numbeo (mid-2022).

1. 1st place for Gdańsk in **People Friendly Cities 2020** ranking by Forbes.

55. 55th in Europe - Quality of Life Index by Numbeo (mid-2022).

3. 3rd place for Gdańsk in **Quality of life category in Emerging Europe Awards, 2020.**

4. CITY INITIATIVES AIMED AT IMPROVING THE QUALITY OF LIFE IN THE CITY

- Gdańsk systematically monitors quality of life and residents' satisfaction.
- In 2020, Gdańsk carried out activities to improve the infrastructure for pedestrian traffic and eliminate the negative impact of vehicle parking on the pedestrian traffic. As a result, over 17 km of pavements were built in 2020.
- Activation measures and investments as part of revitalization program in four areas of Gdańsk: Biskupia Górka/Stary Chełm, Dolne Miasto/Plac Wałowy/Stare Przedmieście, Nowy Port z Twierdzą Wisłoujście, Orunia.
- Gdańsk leads disease prevention programs aimed primarily at groups of increased risk. The city also takes actions to improve the quality of medical and social care.
- Number of parking spaces for bicycles increased by 800.
- Launch of the first Polish subsidy program for the purchase of cargo bicycles in Gdynia. 90% of the funds allocated for this purpose have been used. There is also a cargo bike rental in the city with a fleet of 16 electric vehicles.
- In Gdynia there is a position in local government structure of vice-president for quality of life. Parks, squares, open-air playgrounds and gyms are the main winners of district projects in Gdynia's participatory budgeting.
- Air protection program for the City of Gdańsk.
- Development of the groundwater monitoring system in the area of Gdańsk, Sopot and the commune of Pruszcz.

BIKE PATHS

293.7 km (2020)

GREEN AREAS

123 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
73,600	19,800	18	15 km	2,154,563 (2021) 1,472,945 (2020)	178	33,500

OFFICE MARKET

TRICITY

Q4 2021

EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	NEW SUPPLY (2021)	TAKE-UP (2021)
963,340 sq m	148,700 sq m	12.3%	73,200 sq m	108,000 sq m

The total office stock at the end of 2021 in the Tricity office market exceeded 960,000 sq m, making the city the third largest office market among major Polish regional cities, just behind Kraków and Wrocław.

The office market in Tricity has been developing stably for several years. 2021 saw over 73,000 sq m completed, a result 21% higher than in 2020. The largest project completed in 2021 was 3T Office Park, with an area of over 38,000 sq m, located in Gdynia. In addition, three other office buildings located in Gdańsk were delivered: Palio A with an area of 16,486 sq m (Cavatina), LPP Fashion Lab I (8,500 sq m), and Garnizon Gato (10,000 sq m).

At the end of December 2021, more than 148,000 sq m were under construction, which is a sizeable result given the scale of the local market. If developers meet their schedules, more than a third of the space under construction will be delivered to the market in 2022. The largest projects still under construction include Format and Punkt.

In 2021, Tricity saw a high take-up rate, mainly in the first half of the year. Tenants leased over 108,000 sq m of space - 21% higher than in 2020. The majority of agreements concluded in 2021 were new agreements (over 48%, of which 29% were pre-lets). Renewals accounted for 43%, and expansions less than 9%.

Although take-up remained at a high level, the vacancy rate at the end of December 2021 reached a significantly higher level than the previous year (an increase of 2.9 pp. y-o-y), amounting to 12.3%. The key influence on vacancy rate growth was the significant supply of new office space delivered in 2021.

Asking rents in Tricity ranged from EUR 11 to EUR 16 / sq m / month and remained stable at the end of 2021. The high availability of office space, along with supply that exceeds demand, suggest an expectation that tenants will take an interest in renegotiating rents and seeking incentive packages. On the other hand, rising construction costs (an increase in the price of building materials and labour costs), coupled with an increase in construction loan costs, may reduce investor openness for lease negotiations, especially in new buildings. In all projects, however, an increase in service charges is to be expected, due to the ongoing increases in the price of services and cost of utilities.

SELECTED SCHEMES UNDER CONSTRUCTION

FORMAT
- 16,000 sq m
- Q1 2022
- Torus

PALIO OFFICE PARK I (B)
- 8,000 sq m
- Q1 2022
- Cavatina Holding

MATARNIA OFFICE PARK II
- 2,100 sq m
- Q2 2023
- PB Domesta

K2
- 11,400 sq m
- Q1 2022
- Vastint Poland

AIRPORT CITY (ALPHA)
- 6,900 sq m
- Q1 2022
- Port Lotniczy w Gdańsku

PUNKT
- 12,500 sq m
- Q3 2023
- Torus

Total office space · Completion date · Developer / Owner

STANDARD LEASE TERMS IN LARGE SCALE, NEW BUILDINGS

SERVICE CHARGE PLN/SQ M/MONTH	RENT-FREE MONTHS	FIT-OUT BUDGET EUR/SQ M
15-23	5 months	100-300

COWORKING OPERATORS IN TRICITY:

Chillispaces.com

Flex | Spaces

MAJOR OFFICE CONCENTRATION AREAS

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
GDAŃSK AL. GRUNWALDZKA	439,000 sq m	37,600 sq m	12.4%	EUR 11-15.5/sq m
GDAŃSK CITY CENTRE	112,663 sq m	51,700 sq m	13.2%	EUR 11-16/sq m
GDAŃSK AIRPORT	55,400 sq m	25,500 sq m	0.7%	EUR 12.5/sq m
GDYNIA	201,300 sq m	33,900 sq m	19.9%	EUR 11-15.5/sq m
SOPOT	35,200 sq m	0 sq m	8.4%	EUR 11-15.5/sq m

MAJOR REGIONAL CITIES

KRAKÓW, WROCŁAW, TRICITY, POZNAŃ, KATOWICE, ŁÓDŹ

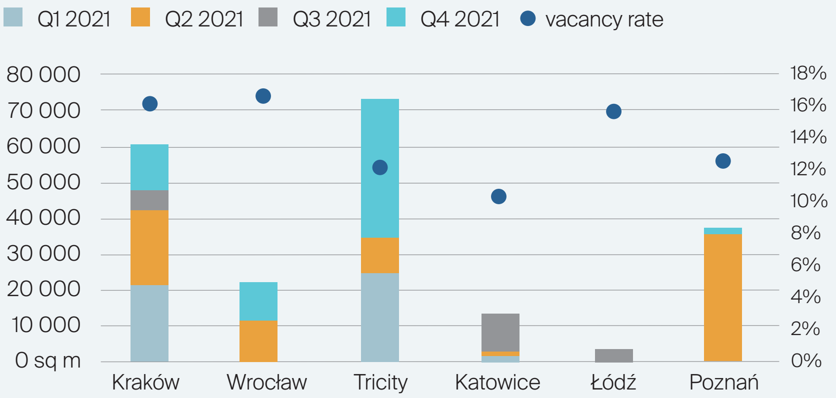
Q4 2021

6.04m sq m	EXISTING STOCK
226,300 sq m	NEW SUPPLY (2021)
594,500 sq m	TAKE-UP (2021)
910,000 sq m	SUPPLY UNDER CONSTRUCTION
853,650 sq m	AVAILABLE SPACE

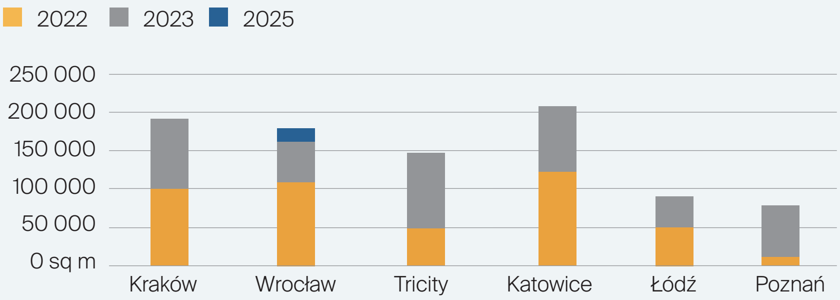
TRICITY COMPARED TO MAJOR REGIONAL CITIES

Tricity is, without a doubt, one of the most dynamically developing office markets in Poland. In 2022 it may well join Kraków and Wrocław as a regional office market with resources exceeding 1 million sq m. High developer activity in Tricity contributed to the development of many modern office buildings offering class A office space.

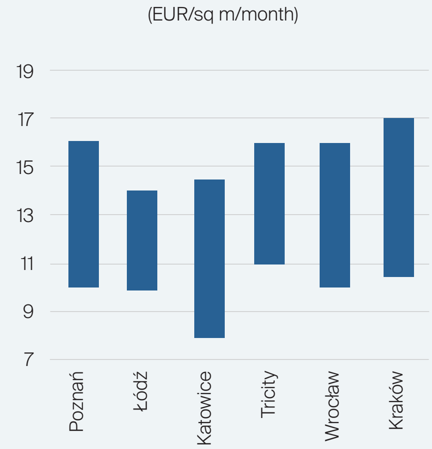
NEW SUPPLY AND VACANCY RATE (2021)



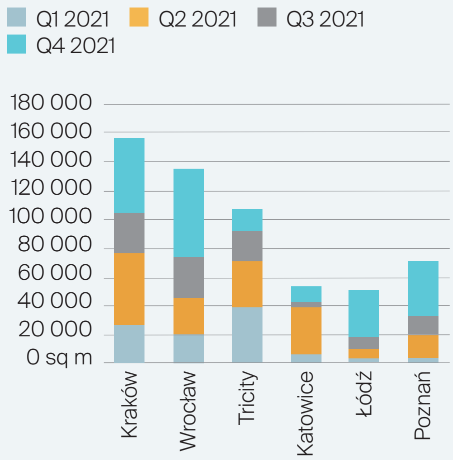
SUPPLY UNDER CONSTRUCTION BY COMPLETION YEAR (2021)



ASKING RENTS (Q4 2021)



TAKE-UP VOLUME (2021)



POLAND

FP&A
– SPECIALISTS AND MANAGERS

It looks like Financial Planning and Analysis (FP&A) is becoming one of the most popular financial functions currently placed in business centres on a massive scale. Once the accounting functions have proved their undeniable quality and effectiveness, companies have started looking for the same assets in financial analysis, planning and broadly understood controlling – apparently with outstanding results. Here, gross monthly wages of specialists start at PLN 11,000 and tend to go up to PLN 15,000–16,000, while managers can expect as much as PLN 17,000–25,000. What is more, additional benefits seem to be more and more a stock-in-trade of modern businesses with company cars for the managerial staff becoming common practice.

AVERAGE SALARY:

SPECIALIST	MANAGER
PLN 11,000 - 15,000 gross	**PLN 17,000 - 25,000 gross**

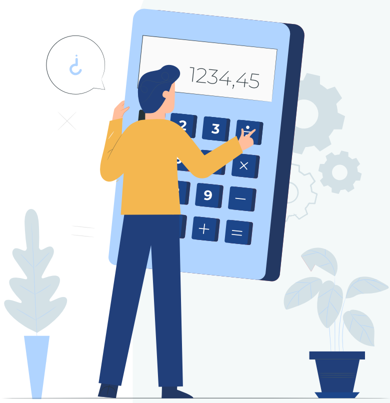
CUSTOMER SERVICE – ONE OF THE MOST "CAPACIOUS" FUNCTIONS PLACED IN BUSINESS CENTRES ACROSS POLAND

Customer service has become to a much lesser extent than before a simple "call centre" that solves the basic problems of customers, or the staff of the parent company. These days, it is more and more often geared towards advanced roles that revolve around the sale of products and services or its support, after-sales service, or second or third customer support lines tasked with the handling of more complex matters. Here, the wages of specialists are strongly correlated with the level of the required foreign language, which in a vast majority of cases makes them "language-dependent" roles. This means that the core competence actually lies in an excellent command of the language of the country or region where a person is going to work. Experienced candidates can expect a monthly salary ranging from PLN 7,000 gross (for those who know English only) to PLN 9,000–10,000 (for those who know other Western European languages, such as German, Italian, French, Spanish, as well as Scandinavian languages), or even all the way up to PLN 11,000–12,000 in the case of extremely niche languages – though gaining more and more popularity – such as Chinese, Arabic, or Hebrew.

AVERAGE SALARY:

SPECIALIST WITH ENGLISH LANGUAGE	SPECIALIST WITH A WESTERN EUROPEAN LANGUAGE	SPECIALIST WITH A NICHE LANGUAGE
PLN 7,000 - 9,000 gross	**PLN 9,000 - 10,000 gross**	**PLN 11,000 - 12,000 gross**

TAXES AND REPORTING



Accounting done in business centres no longer rests on plain transaction roles, which increasingly more often end up in Asian SSCs nowadays, but above all on such areas as intercompany, statutory, tax, compliance, or reporting. The successful centralisation of these functions has encouraged more and more companies to include this service in the portfolio of the services provided in the business centre, and to further penetrate this area within the already existing structures. In fact, these roles are often not dependent on the knowledge of foreign languages other than English, which allows you to recruit excellent specialists who can still be found in rather satisfying numbers on the Polish job market. Monthly wages in this sector start from PLN 8,000 gross for those with basic experience and can reach PLN 14,000–15,000 gross for accomplished experts with extensive expertise and additional certifications.

AVERAGE SALARY:

JUNIOR	SPECIALIST
PLN 8,000 gross	**PLN 14,000 - 15,000 gross**

The source of the salaries and information presented is internal Michael Page data obtained during 2021 recruitment interviews with candidates and employers.

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- 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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Invest in Pomerania is a regional non-profit initiative bringing together institutions responsible for the economic development of Pomerania. Supports foreign investors in the implementation of investment projects in Pomerania, providing support at every stage ofinvestment process and building the investment attractiveness of the region.

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