Prepared
in cooperation with

TRICITY

City attractiveness and office market

Q1 2022

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CITY ATTRACTIVENESS

TRICITY

CITY AREA	POPULATION	POPULATION FORECAST	MIGRATION BALANCE
414.8 sq km	**1.6m** (metropolitan area)	**611,359** (2030) **577,658** (2050)	**(+) 484**

GDP GROWTH	GDP PER CAPITA	AVERAGE SALARY	UNEMPLOYMENT RATE
9.7%	**PLN 89,995**	**PLN 7,192** (gross, Gdańsk)	**2.4%** (average of three cities)

INVESTMENT ATTRACTIVENESS

RANKINGS

Outsourcing Stars 2021, 2022 in the City category for **the fastest growing city in the BSS sector in Poland**, Pro Progressio

In 2022 1st place for Tricity as **the most dynamically developing city** in Poland, CEE Shared Services and Outsourcing Awards

In 2020 Tricity was ranked 1st as **the best place to do business in Poland** by ABSL

European Entrepreneurial Region 2020

Gdansk, Gdynia and Pomeranian Voivodeship in TOP 10 of fDi European Cities and Regions of the Future 2022/2023 ranking. Pomeranian Voivodeship in the category FDI strategy - medium-sized regions. Gdańsk was awarded a distinction as a business-friendly medium-sized city, and in the category of small cities, FDI strategy - Gdynia

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

RANKINGS

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**

QUALITY OF LIFE IN NUMBERS

- 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.
- Nearly 16 km of dedicated cycle paths, on-road cycle lanes and pedestrian-cycle routes have been built or modernised.
- 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, who is responsible for education, health and smart city activities.
- 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
83,600	19,800	24	15 km	2,154,563 (2021) 1,472,945 (2020)	181	34,600

TRICITY

Q1 2022

EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	NEW SUPPLY	TAKE-UP
992,200 sq m	140,000 sq m	14.3%	31,800 sq m	22,500 sq m

At the end of Q1 2022, Tricity's office space stock exceeded 990,000 sq m, making it the third largest office market among Poland's major regional cities, just behind Kraków and Wrocław.

Over the quarter, more than 31,000 sq m of office space was delivered in three projects: Format (16,000 sq m, Torus), Airport City Gdańsk Alpha (8,500 sq m, Airport City) and Officyna II (7,300 sq m, Torus), accounting for 13% of the space completed in regional cities. In addition, at the end of March 2022 there was approximately 140,000 sq m under construction, a relatively high figure in relation to the scale of the local market. If developers meet their planned deadlines, over 15% of the space under construction will be delivered to the Tricity market in 2022, with the remaining projects set for completion in 2023. The largest projects currently under construction are Waterfront II (14,500 sq m, Vastint) and Punkt (12,500 sq m, Torus).

From January to March 2022, there was a relatively high take-up of nearly 22,500 sq m (an increase of 57% q-o-q), which made up nearly 15% of the total volume of contracts signed in regional cities. The level, however, is still much lower than in the corresponding quarter of 2021 (a decrease of 41%). Renegotiations represented the major part of the overall volume, nearly 46%, while new agreements accounted for some 45% (of which pre-let agreements accounted for 25%). Expansions amounted to almost 10% of the volume of signed agreements.

Due to delivered new projects and the prevalence of renegotiations in the structure of lease agreements, the vacancy rate in Tricity increased by 2 pp. during the quarter, standing at 14.3% at the end of March 2022. Over the course of the year, the vacancy rate increased by 5.2 pp, due largely to the delivery of a significant amount of uncommercialised office space. It is, however, one of the lowest vacancy rates currently recorded in the largest regional cities in Poland, just behind Szczecin and Poznań.

Asking rents at the end of March 2022 ranged from EUR 10.00 to EUR 15.00/sq m/month. Pressure from tenants to renegotiate rents and incentive packages can be expected in the upcoming quarters due to the very 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 effectively inhibit investor openness towards negotiation, particularly in new buildings. In all projects, however, an increase in operating rates can be expected, due to an ongoing increase in the prices of services and utilities.

SELECTED SCHEMES UNDER CONSTRUCTION

	Total office space	Completion date	Developer / Owner
PUNKT	12,500 sq m	Q3 2023	Torus
DOKI OFFICE	38,000 sq m	2023/2024	Torus
WATERFRONT II	14,500 sq m	Q3 2023	Vastint Poland
K2	11,400 sq m	Q2 2022	Vastint Poland
MATARNIA OFFICE PARK II	2,095 sq m	Q2 2023	PB Domesta
PALIO OFFICE PARK B	7,700 sq m	Q2 2022	Cavatina Holding

STANDARD LEASE TERMS IN NEW BUILDINGS

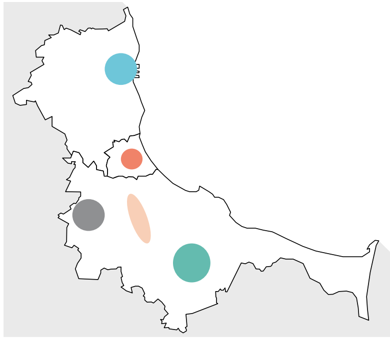
SERVICE CHARGE PLN/SQ M/MONTH	RENT-FREE PERIOD MONTHS	FIT-OUT BUDGET EUR/SQ M
15-24	5-7 months	100-300

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	462,000 sq m	14,600 sq m	15.7%	EUR 11-15/sq m
GDAŃSK CITY CENTRE	112,663 sq m	56,700 sq m	12.5%	EUR 11-15 /sq m
GDAŃSK AIRPORT	63,900 sq m	18,600 sq m	13.1%	EUR 13/sq m
GDYNIA	201,300 sq m	33,900 sq m	19.6%	EUR 10-14/ sq m
SOPOT	35,200 sq m	0 sq m	9.1%	EUR 12-14/sq m



MAJOR REGIONAL CITIES

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

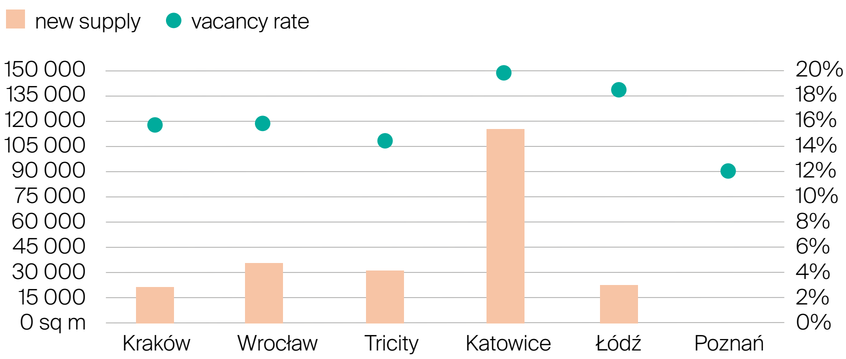
Q1 2022

EXISTING STOCK	NEW SUPPLY	TAKE-UP	SUPPLY UNDER CONSTRUCTION	AVAILABLE SPACE
6.27m sq m	243,500 sq m	153,500 sq m	673,900 sq m	970,100 sq m

TRICITY AMONG THE MAJOR REGIONAL CITIES

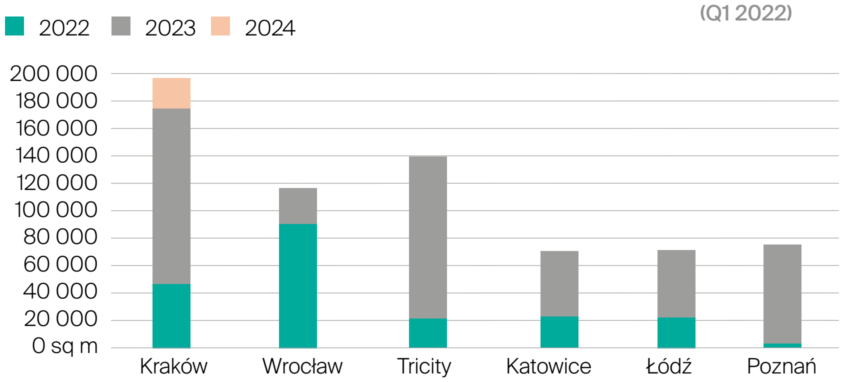
Tricity is without doubt one of the most dynamically developing office markets, and in 2022 it has a good chance of joining Kraków and Wrocław as a regional office market with resources exceeding 1m sq m. High developer activity in Tricity has contributed to the development of many modern office buildings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

NEW SUPPLY AND VACANCY RATE (Q1 2022)



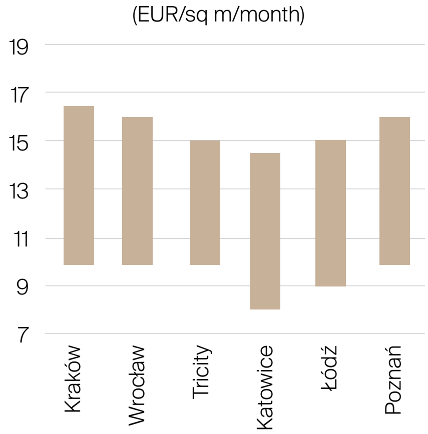
SUPPLY UNDER CONSTRUCTION BY COMPLETION YEAR

(Q1 2022)



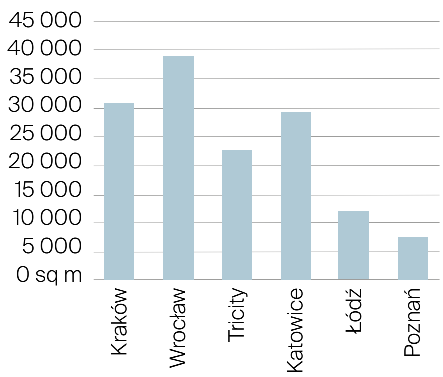
ASKING RENTS

(Q1 2022)



TAKE-UP VOLUME

(Q1 2022)



NEARLY HALF OF THE CANDIDATES HAVE CHANGED BUSINESS SECTORS SINCE THEY STARTED THEIR CAREER.

WHAT ARE THE STRATEGIES FOR PROFESSIONAL DEVELOPMENT IN THE MODERN LABOUR MARKET?

According to the Michael Page survey, Poles are getting more and more willing to avail themselves of a variety of opportunities for professional development. Almost half (47%) of the surveyed candidates have switched industries since they first embarked on their career, while only 10% of the respondents have never thought of changing jobs. Professional growth within one organisation is still a popular concept: 45% of respondents admitted that while working in the same company all the time, they were given a promotion.

POLES EMBRACE CHANGE QUITE EAGERLY

Career development strategies are changing really fast. Regardless of whether an employee is affiliated with just one organisation, changes his/her workplace, or even the whole industry – the times when professional success was defined by the stability of employment within one department or business enterprise are long gone. Recruitment company Michael Page has asked candidates how long they would be willing to remain in the same position before making a career move. More than a third (35%) pointed to a period of three to five years, the most common time frame being three years. **However, 40% of those surveyed admitted that the decision of whether or not to make a change depended on the dynamics of their company, suggesting that a flexible employer approach is necessary to plan effective promotion paths.**

MOTIVATION FOR CHANGE AT A GLANCE

Respondents have also been asked about their expectations when changing their position or profession. It turns out that the need for professional development is not the only factor that motivates job seekers. Many candidates want a sense of accomplishment in their professional lives. Nearly 39% of those surveyed want to work for a company that is strongly focused on achieving their goals, while 32% are looking for a career path that would be more in line with their values. **Certain duties and responsibilities of staff, backed by their personal interests, are also of key importance: in fact, for 41% of candidates, striking a work-life balance is a priority.**

THE JOB MARKET OF THE REAL ESTATE SECTOR AT A GLANCE

We are currently witnessing a clear recovery in the real estate sector, which is why most experienced candidates have no trouble finding a new job in this industry quite quickly. The turnover is at a moderate level and depends, among other things, on the organisation, scale of operation, number of projects, organisational culture, and management style. At the same time, we can see some major changes taking place in the commercial, warehouse, and residential real estate segment. The warehouse sector is experiencing a major boom, a trend that seems to have settled in for some time. Leaders are strengthening their positions, and new players and developers from other sectors are emerging – they have noticed the scale of the change and the growth opportunities, which is why they diversify their portfolios also based on warehouse investments. In the residential sector, there is a wave of mergers, acquisitions, and focus on PRS investments. Due to the high market demand, most developers have already signed contracts for the sale of their projects or are in the middle of finalising the transactions.

The greatest demand for candidates concerns those positions that are connected to the creation and acquisition of businesses, which is closely related to the already mentioned considerable growth of the warehouse and residential segment. Businesses are intensively looking for land managers, development managers, or leasing managers. Because the demand for candidates for these roles is bigger than the talent pool available on the market, recruiters need to get ready for trade-offs, which means having to offer higher wages, hiring candidates from other sectors, or engaging less experienced candidates and gradually enhancing their competences for a given position. Currently, the average recruitment process for specialist and lower-level managerial positions spans about one month. When it comes to senior managers and directors, the recruitment cycle for these positions is typically completed in a timespan of three months.

TRICITY TOP 3

THE MOST SOUGHT-AFTER JOBS IN REAL ESTATE & CONSTRUCTION

1.	2.	3.
SITE ENGINEER (HOUSING)	**SITE MANAGER (LOGISTICS)**	**QUANTITY SURVEYOR**
PLN 5,500 – 9,000 gross	**PLN 9,000 – 14,000 gross**	**PLN 7,500 – 10,000 gross**

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- 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:

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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