

Office market



Prepared
in cooperation with



Michael Page

Q1 2023









City attractiveness, office market, HR trends

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Tricity

Tricity

- ▶  **City area**
414.8 sq km
- ▶  **Population**
749,786 (2021)
- ▶  **Population forecast**
706,339 (2030)
642,404 (2050)
- ▶  **Migration balance**
(+) 790
(Tricity)
- ▶  **Unemployment rate**
2%
(average for 3 cities)
- ▶  **GDP growth**
9.7%
- ▶  **GDP per capita**
PLN 89,995
- ▶  **Average salary (gross)**
PLN 8,164.41 (Gdańsk)
(in the business sector, 01.2023)



Investment attractiveness

Rankings

- ▶ **1ST PLACE** Outsourcing Stars 2021, 2022 in the City category for **the fastest growing city in the BSS sector in Poland**, Pro Progressio
- ▶ **1ST PLACE** in 2022 for Tricity as **the most dynamically developing city in Poland**, CEE Shared Services and Outsourcing Awards
- ▶ **1ST PLACE** in 2020 and 2022 for Tricity as **the best place to do business** in Poland by ABSL
- ▶ **European Entrepreneurial Region 2020**
- ▶ Gdańsk, 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

- ▶ **1ST PLACE** for Gdańsk in **People Friendly Cities 2020** ranking by Forbes
- ▶ **3RD PLACE** for Gdańsk in **Quality of life category** in Emerging Europe Awards, 2020
- ▶ **2ND PLACE** for Gdańsk in quality of life category during last 5 years according to **Report on the Quality of Life in European cities**
- ▶ **55TH PLACE** in Europe - **Quality of Life Index** by Numbeo (mid-2022)
- ▶ **142ND PLACE** in the world - **Quality of Life Index by Numbeo (mid-2022)**








Quality of life in numbers

- Gdańsk systematically monitors quality of life and residents' satisfaction.
- According to Report on the Quality of life in European Cities, 2020, Gdańsk residents declare satisfaction with life in the city at - 97%.
- 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 with Fortress 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.
- Bronze award - Gdynia as an example of clean living quality, The International Awards for Liveable Communities 2021.
- 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.
- In 2021, Gdynia joined the ranks of five cities in the world receiving ISO 37122 certification, a distinction designed for cities that effectively create and implement a sustainable development strategy using available technologies.
- 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






 **Green areas**
123 sq km

Facts & Figures

- ▶  **Number of students**
77,174
- ▶  **Number of graduates**
18,237
- ▶  **Number of universities**
24
- ▶  **Airport - distance to the City centre**
15 km
- ▶  **Airport - number of passengers**
4,600,000 (2022)
2,154,563 (2021)
1,472,945 (2020)
- ▶  **BSS sector - number of centres**
185
- ▶  **BSS sector - number of employed**
36,000

Tricity

Q1 2023

-  Existing stock **1.02m sq m**
-  Supply under construction **41,700 sq m**
-  Vacancy rate **13.2%**
-  New supply **4,700 sq m**
-  Take-up **47,600 sq m**

At the end of Q1 2023, the stock of the office market in the Tricity reached nearly 1.02m sq m, making it the third largest among regional markets, just behind Kraków and Wrocław.

In Q1 2023, one modern office building was delivered to the office market in Gdynia - Officer, offering over 4,700 sq m of space and completed by the developer, Panorama. It accounted for 7% of the total volume of space completed in all regional cities.

At the end of March 2023, there was approximately 41,700 sq m under construction – a figure significantly lower than in previous years. If developers meet their planned deadlines, 34% of the space currently under construction will be delivered to the Tricity market in 2023. The largest investments under construction include: Waterfront II (15,000 sq m, Vastint Poland) and Punkt (12,500 sq m, Torus), both of which are expected to be delivered in 2024.

From January to March 2023, demand for some 47,600 sq m of office space was recorded (an increase of 94% q-o-q) - one of the highest quarterly results recorded in the Tricity in recent years. Moreover, it was the highest result among regional cities, accounting for nearly 27% of the total volume of contracts signed in the regions. Renegotiations, at nearly 68%, accounted for the largest share of Tricity demand, with new contracts accounting for 29%. Expansions made up a mere 3% of the transaction volume. The largest lease signed in the Tricity in Q1 2023 was by Sii, a tenant for space exceeding 10,100 sq m in the Olivia Prime building in Gdańsk.

Despite the very good demand side performance, the vacancy rate in the Tricity decreased by only 0.1 pp. during the quarter and stood at 13.2% at the end of March 2023. This is primarily due to the fact that renegotiations accounted for the overwhelming share of leases. During the previous year as a whole, however, the vacancy rate decreased by 1.1 pp. It should also be noted that this is one of the lowest current vacancy rates in the largest regional cities in Poland (just behind Szczecin and Poznań).




Asking rents in the Tricity at the end of Q1 2023 remained stable, ranging from EUR 10.00 to EUR 15.00 per sq m per month. Continuing high construction costs, along with the still high cost of servicing construction loans, are inhibiting the negotiating power of investors, making further increases in rents a possibility, particularly in new buildings.

At the same time, due to the rising costs of utilities and services, an increase in service charges is also noticeable. At the end of March 2023 in Tricity, these ranged from PLN 15.00 to PLN 30.00/sq m/month.

Coworking operators in Tricity

Spaces | Regus | Chilliflex | O4 | Collab | City Space


Standard lease terms in new buildings

-  Service charge PLN/sq m/month **15.00-30.00**
-  Rent-free period **1-1.5 month** for each contract year
-  Fit-out budget EUR/sq m **100.00-300.00**

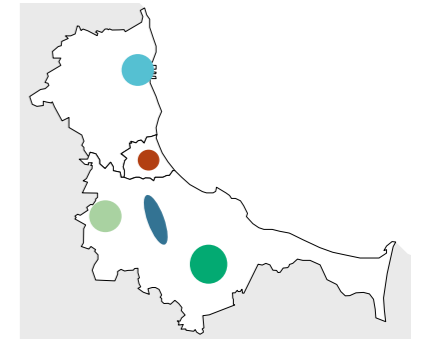
Selected schemes under construction

MATARNIA OFFICE PARK A	WATERFRONT II	PUNKT
 3,600 sq m	 15,000 sq m	 12,500 sq m
 Q2 2023	 2024	 Q2 2024
 PB Domesta	 Vastint Poland	 Torus
 Total office space	 Completion date	 Developer / Owner

Office space

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
 Gdańsk Al.Grunwaldzka	463,400 sq m	17,400 sq m	12.2%	EUR 11.5-15 sq m
 Gdańsk City Centre	120,500 sq m	5,700 sq m	13.6%	EUR 11-15 sq m
 Gdańsk airport	63,900 sq m	3,600 sq m	11.5%	EUR 13-14 sq m
 Gdynia	217,000 sq m	15,000 sq m	18.9%	EUR 10-15 sq m
 Sopot	35,200 sq m	0 sq m	22.9%	EUR 11-14 sq m

Major concentration areas



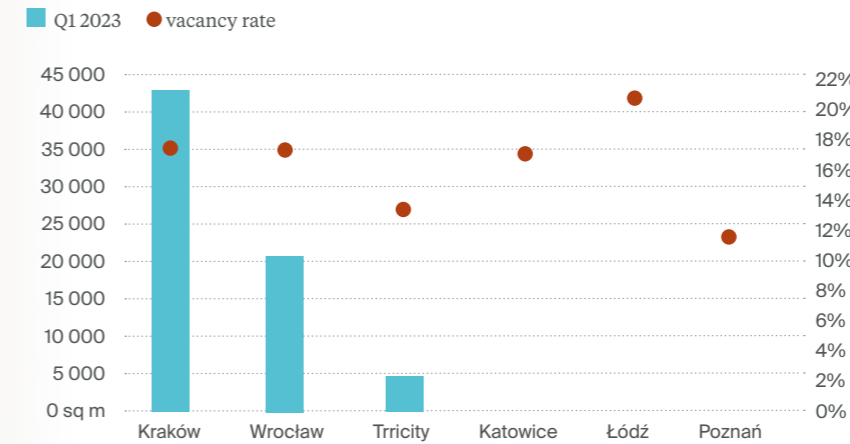
Major regional cities

Q1 2023

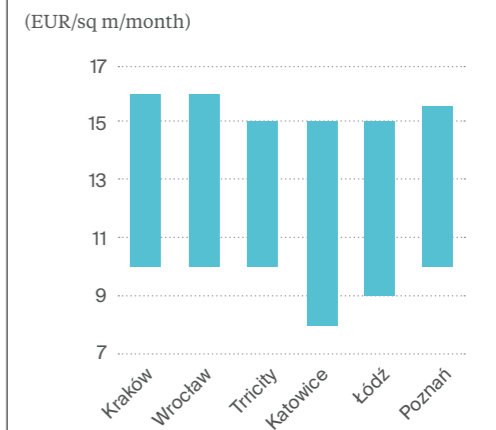
Kraków, Wrocław, Tricity, Katowice, Łódź, Poznań, Szczecin, Lublin



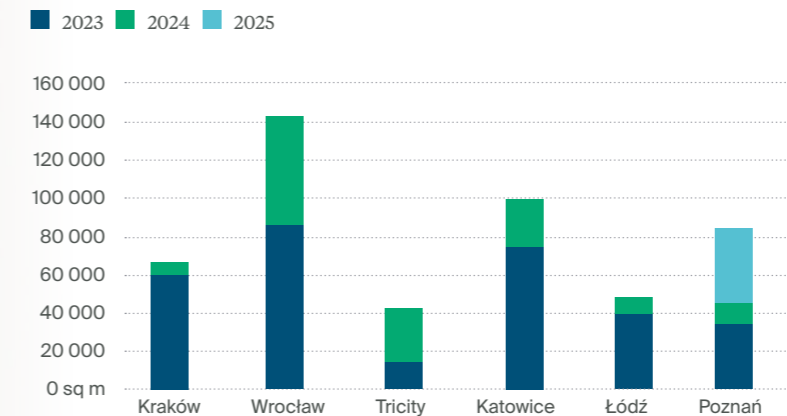
New supply and vacancy rate (Q1 2023)



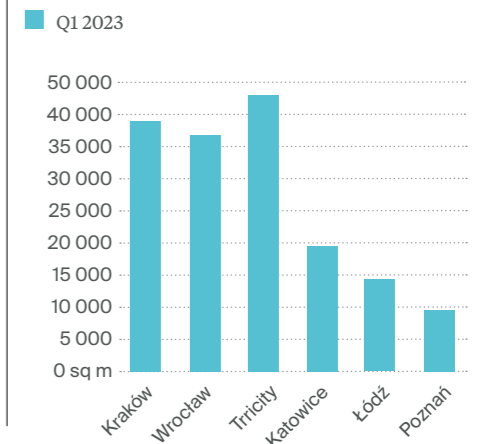
Asking rents (Q1 2023)



Supply under construction by completion year (Q1 2023)



Take-up volume



Promotion – is this what employees desire most?

An overwhelming 92% of employees who participated in Michael Page survey said that promotions were either “very important” or “important” to them. Indeed, 23% said they would consider resigning if they did not receive an expected promotion. Therefore, today’s employees are ambitious, and ready for career growth.

Why do employees want to be promoted?

Even though a higher salary is the most important factor for employees when assessing a promotion, it is not their only motivation. 9 in 10 respondents consider having more responsibilities and accessing advanced training as crucial incentives when pursuing a promotion. Public recognition (internal and/or external communications announcing the employee’s new status) was also listed as an important promotion perk. Recognition is seemingly more important for older employees, with 73% of over-45s naming it as a critical factor.

Who should make the first move?

The survey conducted by Michael Page also revealed that the majority of employees have never asked for a promotion, with almost half (45%) believing that it’s their manager’s responsibility to raise the subject. Employers should consider that some talented employees may not ask for a promotion, for example, due to lack of confidence, and employees should train themselves in the art of asking for a promotion or negotiating a salary raise.

Candidates considered access to advanced training as one of the most desirable promotion perks. However, according to the study, only 14% of companies provide regular training and 67% of respondents lacked a mentor who would guide them and give career advice. Therefore, employers who offer skill development programs, mentoring, and transparency around promotion criteria will have a greater chance of attracting and retaining talent.



THE INS AND OUTS OF THE IT-BASED LABOUR MARKET

in Poland

Recent years have been marked by an unprecedented pace of changes and developments, both social and business ones. Global companies have focused on transitions related to digitization and process improvement. Poland is among the beneficiaries of these developments as in the 21st century it has confirmed its attractiveness for investors, mainly due to a rich pool of talents and skills of Polish job candidates.

Here are the top 5 IT trends that set the trajectory for changes in the labour market in 2023:

Four-day working week

The issue of the four-day working week is gaining currency, in particular in the IT sector. Probably this year, measures similar to those already implemented in the UK, Spain, or Belgium will be introduced in Poland as well.

BIG DATA

In 2023, it is expected that the demand for competences required to work with big data will grow further. The trend has been consolidated along with the development of AI products and companies’ move towards decision-making based on real-time data.

Attacks in cyberspace

This year, the demand for IT Security Analysts is expected to increase further, with Identity and Access Management Specialists (IAM) representing the vacancies which will be the hardest to fill.

New positions in the structure

Already in 2022, it was observed that some roles were created without any standard scope of responsibility. New challenges which companies and organizations have been facing do not often fit into the scope of duties defined for positions known until now, and more and more jobs are offered with non-standard



responsibilities. The same tendency is expected to persist in 2023, as exemplified by an increased demand for the position of Enterprise Architect.

Digitization of companies

Digitization of processes is yet another distinct trend in the IT industry. Recruitments are most often done in SAP and MS Dynamics, in each module, both for the positions of In-House Functional Consultants and ERP Developers. In the field of digital transition, the hardest vacancies to fill include:

1. SAP EWM Consultant;
2. SAP QM Consultant;
3. MS Dynamics F&O Senior Consultant (Manufacturing/ Logistics).

TOP 3

The most desired positions in the IT sector:

- | | | |
|---|---|---|
| <p>1 ▶ IT Project Manager:
PLN 19,000 – 23,000
gross/monthly</p> | <p>2 ▶ SAP Consultant (different modules):
PLN 21,000 – 25,000
gross/monthly</p> | <p>3 ▶ Java Developer – Mid (3-4 years of experience):
PLN 16,000 – 23,000
gross/monthly</p> |
|---|---|---|

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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 of investment process and building the investment attractiveness of the region.

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