Strong cities

City attractiveness, office market, HR trends

Q1 2025

The office market sentiment, the investment potential of the city and the labour market.

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Tricity

Prepared in cooperation with

Tricity

Agglomeration area
5,316 sq km

Agglomeration population
~1.6m (2021)

Population forecast for agglomeration
~1.58m (2030)

Migration balance
(+) 790
(Tricity)

Unemployment rate
2.5%
(03.2025, GUS)

GDP growth
9.7%

GDP per capita
PLN **89,995**

Average salary (gross)
PLN **11,152.69** (Gdańsk)
(in the business sector, 03.2025, GUS)

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
Invest in Pomerania is a regional initiative supporting both foreign and domestic investors in establishing businesses in the Pomeranian region. It offers comprehensive support, from facilitating contact with local administration and business partners, to organizing reference visits and preparing economic reports. All services are provided free of charge, as Invest in Pomerania's main goal is the economic development of the Pomeranian voivodeship.

Economic zones
Employment grant and investment grant in the form of CIT exemptions.

Government support
Employment and investment cash grant for investors.

Live more. Pomerania
A dedicated informational campaign by the Pomeranian voivodeship, spearheaded by the Invest in Pomerania initiative. The aim is to attract potential employees, both from outside the region and internationally, actively seeking employment opportunities or contemplating a career change.

Quality of life

Rankings

1. ST PLACE — for Gdańsk in **People Friendly Cities 2020** ranking by Forbes

3. RD PLACE — for Gdańsk in **Quality of life category** in Emerging Europe Awards, 2020

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

55. TH PLACE — in Europe – **Quality of Life** Index by Numbeo (mid-2022)

142. ND 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%.
- Bronze award - Gdynia as an example of clean living quality, The International Awards for Liveable Communities 2021.
- 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
86,400

Number of graduates
19,521

Number of universities
24

Airport - distance to the City centre
15 km

Airport - number of passengers
5,907,280 (2023)

BSS sector - number of centres
209

BSS sector - number of employed
40,500

Tricity

Existing stock
● **1.07m** sq m

Supply
under construction
🡇 **30,000** sq m

Vacancy rate
🡇 **12.6%**

New supply
🡇 **0** sq m

Take-up
🡅 **26,000** sq m

Coworking operators in Tricity

Spaces | Regus | Chilliflex | O4 | Collab

Standard lease terms in new buildings

Service charge
PLN/sq m/month
18.00-31.00

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

Fit-out budget
EUR/sq m
100.00-300.00

The Tricity is one of the four markets in Poland, alongside Warsaw, Krakow and Wroclaw, where total office stock exceeds one million sq m. However, since 2023 the rate of new supply growth has notably decelerated. In Q1 2025, no new buildings were completed, and the volume of space under construction was at its lowest level in over two decades.

At the end of Q1 2025, the vacancy rate in the Tricity stood at 12.6% and was among the lowest across major regional cities. This is primarily due to limited new supply entering the market in recent quarters, coupled with consistent tenant demand.

SUPPLY

At the end of Q1 2025, the total office stock in the Tricity amounted to 1.07m sq m, with the vast majority (75%) located in Gdańsk, primarily along the Grunwaldzka Av. and in the vicinity of the historical city center. Approximately 22% of the office space is situated in Gdynia, while the remaining 3% is in Sopot.

Developer activity in the Tricity remains at a low level, with no new office buildings completed in Q1 2025 and with 30,000 sq m under construction. Only 5,000 sq m of office space is scheduled for completion by the end of the year.

TAKE-UP

Office space take-up in the Tricity reached over 26,000 sq m at the end of Q1 2025, representing a 5% increase compared to the previous quarter.

Gdańsk dominates the Tricity office market, generating nearly all recorded demand in first three months of 2025. Only one new lease agreement was concluded in Gdynia – 300 sq m, while no transactions were recorded in Sopot.

Renegotiations continued to hold the largest share in the Tricity's leasing structure, accounting for 49% of the total volume in Q1 2025. This highlights the considerable influence of expenses such as relocation and fit-out on tenants' decisions. Expansions also formed a significant segment of the leased area reaching 42% of the total volume. The remaining 9% comprised owner-occupier agreements.

VACANCY RATE

The vacancy rate in Q1 2025 remained stable and stood at 12.6%, representing a marginal increase of 0.1 pp q-o-q and a decrease of 0.8 pp y-o-y. The lowest vacancy rate was recorded in Gdańsk – 9.3%, while in Gdynia and Sopot registered rates of 23.2% and 18.4%, respectively. Stable take-up, coupled with a decelerated pace of new office space completions, may contribute to a further decrease in the vacancy rate in the upcoming quarters.

RENTS

At the end of Q1 2025, rents in the Tricity remained stable, ranging from EUR 11.00 to 16.00/sq m/month. In newly developed buildings, rents can reach even higher levels. Service charges saw a slight increase and range between PLN 18.00 and 31.00/sq m/ month.

Office market in Poland

Q1 2025

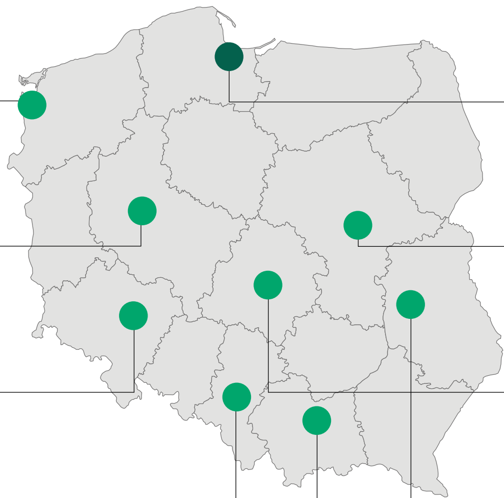
Existing stock	New supply (Q1 2025)	Take-up (Q1 2025)	Supply under construction	Vacancy rate
13m sq m	**8,000** sq m	**337,000** sq m	**453,000** sq m	**14.1%**

SZCZECIN
187,000 sq m
8.0%
EUR 10-14.5

POZNAŃ
678,000 sq m
15.0%
EUR 11.5-16

WROCŁAW
1.36m sq m
20.4%
EUR 11-16

KATOWICE
772,000 sq m
21.1%
EUR 10-14.5



TRICITY
1.07m sq m
12.6%
EUR 11-16

WARSAW
6.28m sq m
10.5%
EUR 10-28

ŁÓDŹ
642,000 sq m
22.3%
EUR 9-15

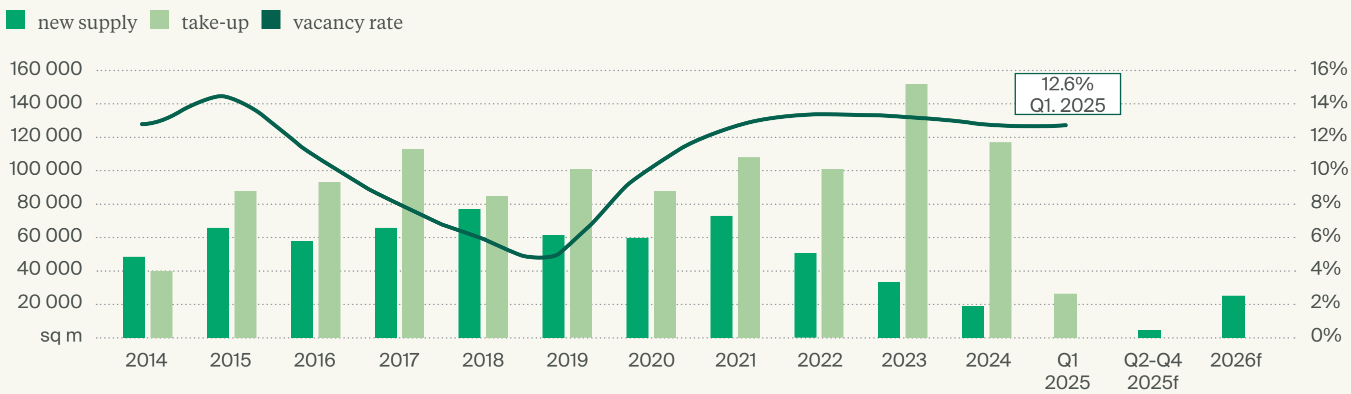
LUBLIN
221,000 sq m
11.1%
EUR 9-13

KRAKOW
1.83m sq m
17.6%
EUR 10-18

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

Source: Knight Frank

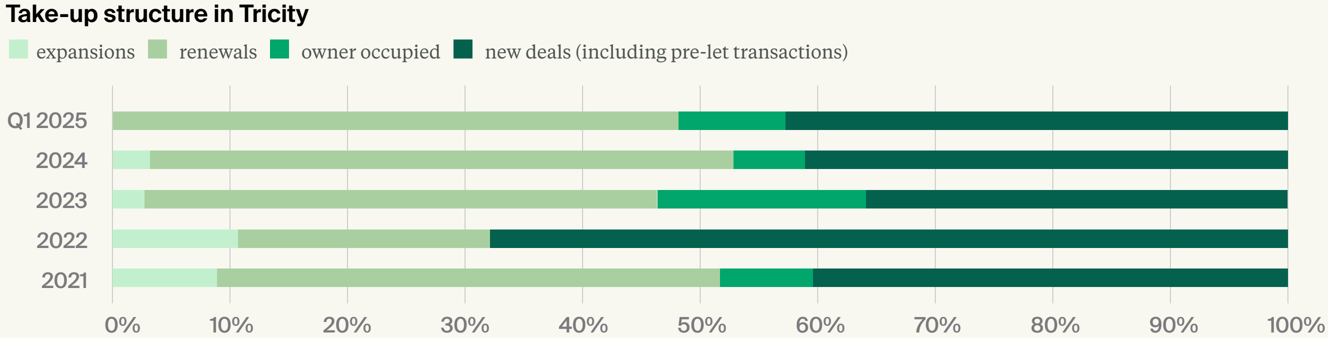
Annual new supply, take-up and vacancy rate in Tricity



f-forecast based on schemes under construction

Source: Knight Frank

Take-up structure in Tricity



Source: Knight Frank

Michael Page

Up to 44% of Polish construction and real estate companies may soon face the succession challenge.

The real estate market in Poland is experiencing a notable slowdown and, according to many analysts, is currently characterized by considerable uncertainty. Companies are increasingly recognizing a range of challenges, extending beyond demand stimulation or general economic conditions. Business owners are placing significant emphasis on leadership competencies, which they believe will be critical in navigating potential market downturns. According to experts at Michael Page, the industry is at a pivotal moment of profound transformation, already impacting executive teams within development companies. The topic of succession is becoming a frequent focus in discussions with clients in this sector.

A recent report by Bank Pekao identifies construction and real estate services as two of the most significant sectors of the Polish economy, both heavily dominated by domestic private capital accounting for approximately 75% of total industry revenues in each case. These sectors are now facing a multitude of challenges, no longer limited to macroeconomic cycles. Increasingly, governance issues are emerging, particularly the impact of demographic shifts and generational change at senior leadership levels. In 2023, of the 673,000 entrepreneurs operating in Poland's construction and real estate sectors, as many as 299,000 were over the age of 50, many of whom are actively considering the transition of power and responsibility.

- The importance of succession has grown significantly in recent years. Not long ago, companies proactively seeking advisory support for succession planning were rare exceptions. Over the past two years, however, the number of such cases has increased severalfold. Given the demographic trends, we can confidently assume that this is only the beginning of a broader shift – **comments Krzysztof Butyński, Senior Associate Executive Manager.** He adds that Michael Page completed four succession processes last year, and in the first quarter of 2025 alone, that number has already been matched.

"Around 75 % of revenues in the construction and real estate services sectors come from domestic private capital."

– It is estimated that there may currently be up to 45,000 entrepreneurs in the construction and real estate sectors who have already reached retirement age. Many of these individuals have been in business for decades and view succession as a natural step in their company's evolution, though one that is often complex. While they may wish to maintain influence within the organization, the experience gained during periods of growth does not always translate easily into today's market environment, which demands managing more dynamic structures and navigating the expectations of a demanding Generation Z workforce. Today's business landscape calls for agility, energy, and a fresh perspective - qualities that not all senior leaders may still possess – **Butyński observes.**

"Over 45,000 business owners in the construction and real estate sectors have already passed retirement age."

TRUST: THE CORNERSTONE OF SUCCESSFUL SUCCESSION

According to data from Bank Pekao, only 20% of family business owners report no difficulty in executing succession plans. Conversely, up to 60% acknowledge that their intended successors may lack the necessary leadership competencies. An additional perspective comes from the successors themselves - 67% of them believe assuming a leadership or executive role will be a significant challenge[1].

"As many as 85% of potential successors have no interest in taking over the family business."

Further complicating the picture, as many as 85% of next-generation family members express a lack of interest in taking over the family business, indicating reluctance to assume leadership responsibilities. This creates a fundamental dilemma for owners - should they sell the business or recruit a qualified external candidate to take the reins? It is a question that more companies are increasingly forced to address and one without a definitive answer.

"Even family-run businesses with rich, deep-rooted traditions are opening their doors to leadership from outside the inner circle."

– The situation presents a considerable challenge not only for current owners and founders but also sends a strong signal to the broader market. Even in legacy family businesses with deep-rooted traditions, there is growing openness to external candidates who possess the right qualifications and can earn the trust of the outgoing leadership. It is important to recognize that succession of this nature is one of the most critical and complex recruitment processes a company will face. Fortunately, business owners do not have to navigate this journey alone. At Michael Page, our extensive experience allows us to support clients effectively and address the many nuances involved. Returning to the core question -sell or recruit? Conversations with our clients indicate a growing preference for the latter – **Butyński emphasizes.**

It is also worth considering the opportunity from the candidate's perspective. Market data shows that average base salaries for top executive roles range from PLN 60,000 to PLN 80,000 per month, with salaries in listed companies often exceeding PLN 100,000.

– In addition to this, candidates can expect various performance-related bonuses - both short-term and annual - amounting to as much as six times their monthly salary. Another common and highly effective approach to reinforcing loyalty and alignment is the inclusion of equity or stock options as part of a long-term incentive structure – **Butyński explains.**

"Top executive roles command average base salaries of PLN 60,000 to 80,000 per month."

[1] Source: https://www.pwc.pl/pl/pdf-nf/2024/NextGen_PL_2024_Raport_Polski_Sukcesor.pdf

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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, 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.

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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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