

Strong cities



City attractiveness, office market, HR trends

H1 2024

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

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Tricity

Prepared
in cooperation with



Michael Page

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**
2.3%
(05.2024, GUS)
- ▶  **GDP growth**
9.7%
- ▶  **GDP per capita**
PLN 89,995
- ▶  **Average salary (gross)**
PLN 8,159.61 (Gdańsk)
(in the business sector, 12.2023, 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

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%.
- 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

H1 2024

- ▶ Existing stock **1.05m sq m**
- ▶ Supply under construction **29,000 sq m**
- ▶ Vacancy rate **12.5%**
- ▶ New supply **5,000 sq m**
- ▶ Take-up **56,000 sq m**

Coworking operators in Tricity

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

Standard lease terms in new buildings

- ▶ Service charge PLN/sq m/month **17.00-30.00**
- ▶ Rent-free period **1-1.5 month** for each contract year
- ▶ Fit-out budget EUR/sq m **100.00-300.00**

▶ The Tricity is among Poland's four largest cities, with a total office stock exceeding one million sq m, following Warsaw, Kraków, and Wrocław. The rate of new supply growth, however, has notably decelerated, as only one 5,000 sq m building was completed in the first half of the year, and the volume of space under construction remains at its lowest level in over two decades. The Tricity's vacancy rate is comparatively low among regional cities, primarily due to the limited introduction of new buildings in recent quarters. Additionally, after experiencing a record-breaking increase last year, demand has decreased in the first half of 2024.

SUPPLY

The Tricity boasts a total office stock of over 1.05 million sq m, with the majority (76%) situated in Gdańsk, primarily along Grunwaldzka Avenue and surrounding the historical city centre. Gdynia hosts approximately 21% of the Tricity's office space, while Sopot accommodates the remaining 3%.

There has been a steady decrease in developer activity since 2021. During the first half of 2024, only one building - the LPP headquarters - was completed. Currently, there is a historically low volume of office space under construction - 29,000 sq m, of which 17,000 sq m are anticipated to be finished by year-end.

TAKE-UP

Following a record year in 2023, tenant activity in the Tricity declined in the first half of 2024. During this period, leases were signed for nearly 56,000 sq m, marking a 19% decrease compared to the same period the previous year, although a 7% increase compared to the first half of 2022. Gdańsk stood out as the most popular location among tenants, with nearly 47,000 sq m leased, with the highest demand originating from the IT sector, representing 32% of the total leased space in the first half of the year.

There has been an increase in the proportion of space leased through new agreements, accounting for 44% of the volume in the first half of 2024, up from 36% in 2023. Lease renegotiations remain significant, constituting 42% of the total leased space. Expansion by tenants has been minimal, representing only 3% of the total volume, while the remaining amount was for self-use.

VACANCY RATE

The constrained new supply has resulted in a reduction in the vacancy rate in the Tricity, which stood at 12.5% at the end of June, down from 13.4% at the end of the previous quarter. This is the third-lowest rate among regional cities, trailing only Szczecin and Lublin.

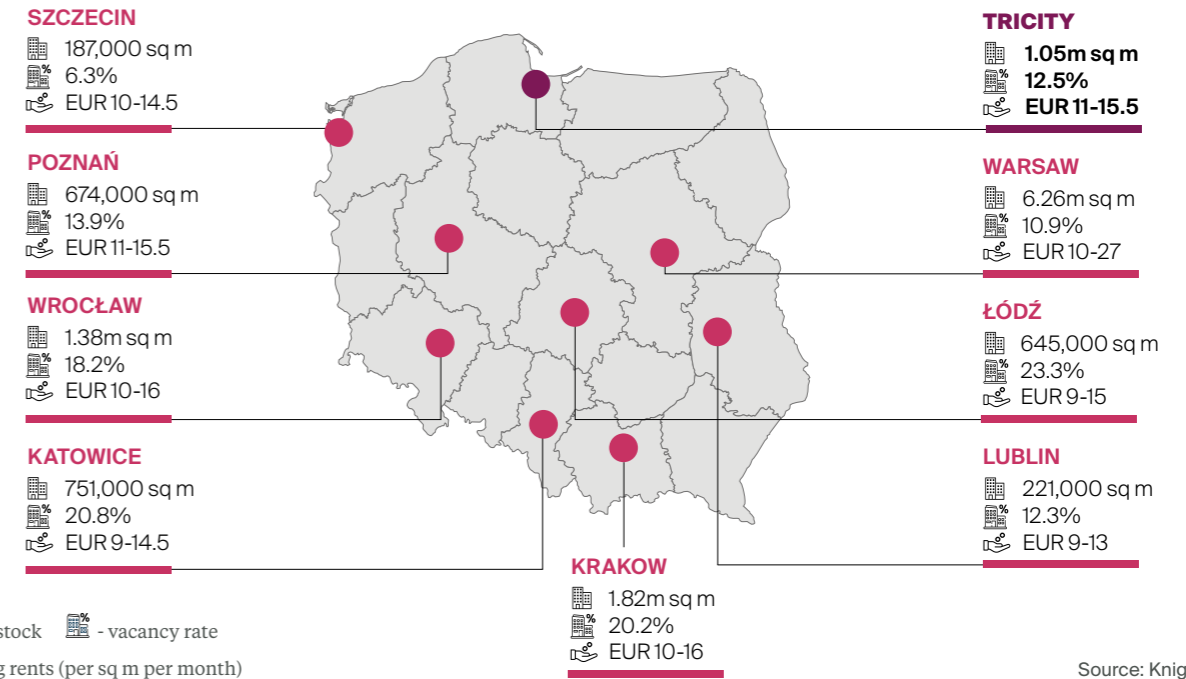
RENTS

At the end of the first half of 2024, asking rents in the Tricity remained steady, typically falling within the range of EUR 11.00 to 15.50/sq m/month. Yet, due to elements such as elevated construction costs and persistently high expenses linked to financing construction loans, rents for prime space in new buildings may exceed this level. Service charges have stabilized, typically ranging from PLN 17.00 to 30.00/sq m/month.

Office market in Poland

H1 2024

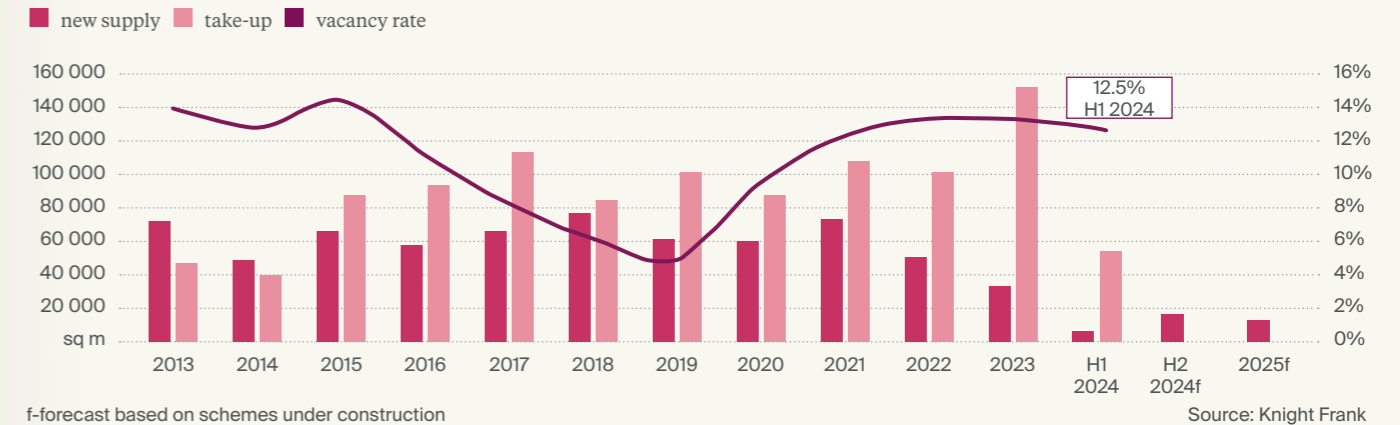
- ▶ Existing stock **13m sq m**
- ▶ New supply (H1 2024) **125,000 sq m**
- ▶ Take-up (H1 2024) **602,000 sq m**
- ▶ Supply under construction **530,000 sq m**
- ▶ Vacancy rate **14.4%**



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

Source: Knight Frank

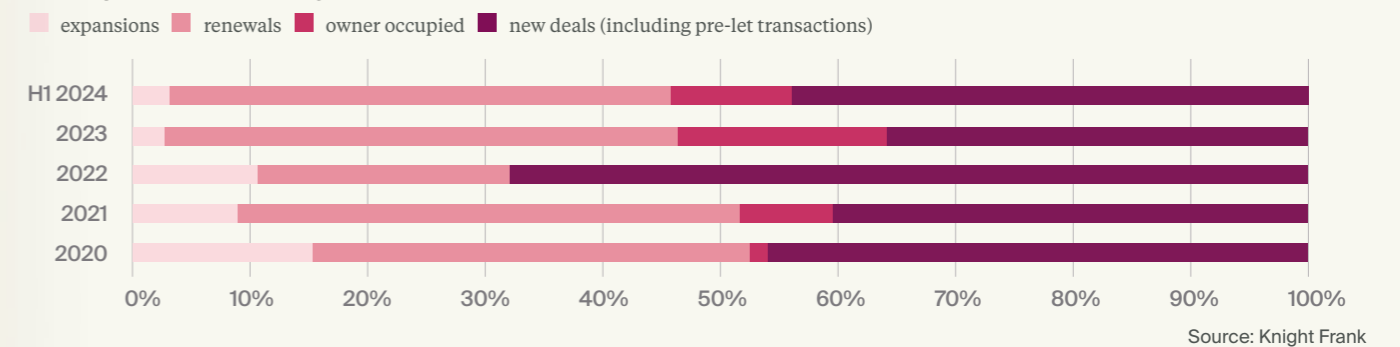
Annual new supply, take-up and vacancy rate in Tricity



f-forecast based on schemes under construction

Source: Knight Frank

Take-up structure in Tricity



Source: Knight Frank

Human Leadership: Effectively Managing Teams in the Digital Era

Despite Poland achieving the lowest unemployment rate in the EU in 2024, job vacancies are on the rise, particularly in IT, data analysis, sales, marketing, and fields related to digitalisation and AI. The European Commission reports that 77% of companies struggle to hire suitable specialists. Given these shifts, leaders must adapt their strategies to effectively manage teams in the digital era by adopting the Human Leadership approach.

Human Leadership

Human Leadership is a management style grounded in empathy, understanding employees' needs, and building trust. In today's job market, where attracting and retaining talent is vital, leaders must view employees as individuals with unique needs and aspirations. Key elements of this approach include effective communication, flexibility, adaptability, and technological proficiency.

Communication and Empathy

Effective communication and empathy are crucial in managing teams, especially in the context of remote work. Leaders should regularly meet with their teams, listen to employees' opinions, understand their needs, and encourage open dialogue. In a competitive job market, understanding individual employee needs can significantly improve retention rates.

Flexibility and Adaptation

Leaders need to quickly adapt to changes, adopting new work models and adjusting strategies to a dynamic market. The Talent

Trends 2024 report indicates that 45% of companies plan to increase hiring in 2024, emphasising the importance of flexibility in attracting talent.

Technological Proficiency

Leaders should be well-versed in digital tools, support innovation, and build digital competencies within their teams. In Poland, the demand for automation specialists is growing, making it crucial for leaders to bridge the gap between technical and non-technical team members.

Benefits of Implementing Human Leadership

Companies that have implemented Human Leadership report increased employee engagement and productivity, better talent attraction and retention rates, and a stronger organisational culture. Prioritising career development, work-life balance, competitive compensation, investing in employee development, fostering open communication, and building trust all contribute to organisational success.



► For more information on Human Leadership and employee retention, please see our latest study [Talent Trends 2024](#).

Recruitment in the Manufacturing and Supply Chain Sector

According to data from the Central Statistical Office (GUS), approximately 6.5 million people are currently employed in Poland. In the industrial sector alone, there are 2.8 million employees, making up 17.5% of the total 16 million employed. With a low registered unemployment rate of 4.9%, companies must compete with increasingly attractive offers to recruit production workers. Is it worth it? Yes. Experts highlight that well-selected and motivated team members can boost productivity by up to 18% and improve production quality by 15%.

Operational Efficiency in the Hands of Manufacturing Workers

Recruiting qualified workers in the manufacturing sector is one of the key challenges for industrial companies. This is crucial for maintaining operational continuity, high product quality, and cost optimisation.

A report by the Polish Economic Institute titled Poles on Foreigners in the Job Market – Facts, Myths, Opinions revealed that last year, 70% of employers reported difficulties in finding Polish workers. As a result, they are increasingly hiring foreign employees.

Experts from the Polish Confederation Lewiatan estimate that the Polish economy needs about 2.5 million workers from abroad annually, and there is no indication that this number will decrease. Our society is aging, and the number of available qualified workers is diminishing.

Consequences of Recruitment Errors

Recruitment errors can significantly impact an organisation's productivity and profitability, leading to high financial costs associated with re-recruitment processes, training, and onboarding new employees. The departure of an employee just a few months after being hired, during which they received an average monthly salary of 7,998.81 PLN gross, can realistically cost the employer around 100,000 PLN.

Best Practices

Effective recruitment in the production sector includes precisely defining job requirements, using multiple recruitment channels, employing advanced selection tools, and promoting a strong company culture and development opportunities. Systematic evaluation and optimisation of the recruitment process are key to its effectiveness.



TOP 3

Positions in the Manufacturing and Supply Chain Sector.

► KATOWICE & KRAKOW:

- **Automation Engineer**
12,000 – 16,000 PLN gross
- **Process Engineer**
13,000 – 16,000 PLN gross
- **Technical Manager**
20,000 – 27,000 PLN gross

► WROCLAW & POZNAŃ:

- **Automation Engineer**
12,000 – 14,000 PLN gross
- **Quality Planning Engineer**
10,000 – 13,000 PLN gross
- **Quality Manager**
20,000 – 25,000 PLN gross

► WARSAW, ŁÓDŹ & TRICITY:

- **Automation Engineer**
12,000 – 16,000 PLN gross
- **Project Manager**
15,000 – 25,000 PLN gross
- **Quality Manager**
20,000 – 25,000 PLN gross

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

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