Prepared in cooperation with

Invest in Pomerania — We care more

Michael Page

Knight Frank

TRICITY

City attractiveness and office market

Q3 2021

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TRICITY

FACTS & FIGURES

CITY AREA	POPULATION (metropolitan area)	MIGRATION BALANCE	UNEMPLOYMENT RATE
414.8 sq km	**1.6m**	**(+) 484**	**3.1%**
GDP GROWTH	GDP PER CAPITA	AVERAGE SALARY	
7%	**PLN 75,206** (2017)	**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 Enterpreneurial 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**

160. 160th place in **Quality of Life Index by Numbeo (mid-2021)**

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

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 resident's 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.
- Almost 16 km of bicycle paths and pedestrian routes were built or modernized. 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
283.4 km (2019)

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**	**1,472,945** (2020) **5,400,000** (2019)	**170**	**32,200**

OFFICE MARKET

TRICITY

Q1-Q3 2021

EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	NEW SUPPLY	TAKE-UP
923,500 sq m	118,000 sq m	10.7%	34,000 sq m	93,100 sq m

Total office stock in the Tricity at the end of September 2021 stood at 924,000 sq m, remaining at a similar level to previous quarters. No new office building was completed. Developer activity in the Tricity market, however, shows no sign of weakening. At the end of September 2021 approximately 118,000 sq m of office space was under construction, of which 44% is scheduled for delivery by the end of 2021. Tenant interest in the Tricity office market is lower than in the previous quarters of 2021, although it remains at a high level - the volume of transactions from July to September was at a level of almost 21,000 sq m. Renegotiations accounted for over half of this volume, with new contracts accounting for the remainder. Moreover, since the beginning of the year, take-up has reached over 93,000 sq m - the second-best result among regional cities. The vacancy rate in Q3 2021 stood at 10.7% (a 1.5 pp. increase q-o-q and 1.3 pp. increase y-o-y). It should be noted that despite the dynamic increase, it is still one of the lowest vacancy rates among the largest regional cities in Poland for this period. Asking rents in Q3 2021, despite the uncertain market situation, remained stable, ranging from EUR 11.00 to EUR 16.00 per sq m per month.

SELECTED SCHEMES UNDER CONSTRUCTION

FORMAT
- 16,000 sq m
- Q2 2022
- Torus

PALIO OFFICE PARK I (B)
- 8,000 sq m
- Q2 2022
- Cavatina Holding

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

AIRPORT CITY (ALPHA)
- 6,900 sq m
- Q4 2021
- Port Lotniczy w Gdańsku

Total office space | Completion date | Developer / Owner

SELECTED BPO, SSC/GBS, IT AND R&D CENTERS:

Amazon Development Center | Arla Foods | Nordea | Ricoh | Santander Global Operations | Sii | WNS Global Services |

STANDARD LEASE TERMS IN LARGE SCALE, NEW BUILDINGS

SERVICE CHARGE PLN/SQM/MONTH	RENT-FREE MONTHS	FIT-OUT BUDGET EUR/SQM
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	23,000 sq m	12.7%	EUR 11-15.5 /sq m
GDAŃSK CITY CENTRE	112,663 sq m	8,000 sq m	12.1%	EUR 11-16 /sq m
GDAŃSK AIRPORT	54,000 sq m	8,300 sq m	0%	EUR 12.5 /sq m
GDYNIA	162,700 sq m	61,800 sq m	13.5%	EUR 11-15.5 /sq m
SOPOT	35,200 sq m	0 m²	8.6%	EUR 11-15.5 /sq m

MAJOR REGIONAL CITIES

KRAKÓW, WROCŁAW, TRICITY, POZNAŃ, KATOWICE, ŁÓDŹ

Q1-Q3 2021

5.9m sq m
EXISTING STOCK

142,800 sq m
NEW SUPPLY

377,300 sq m
TAKE-UP

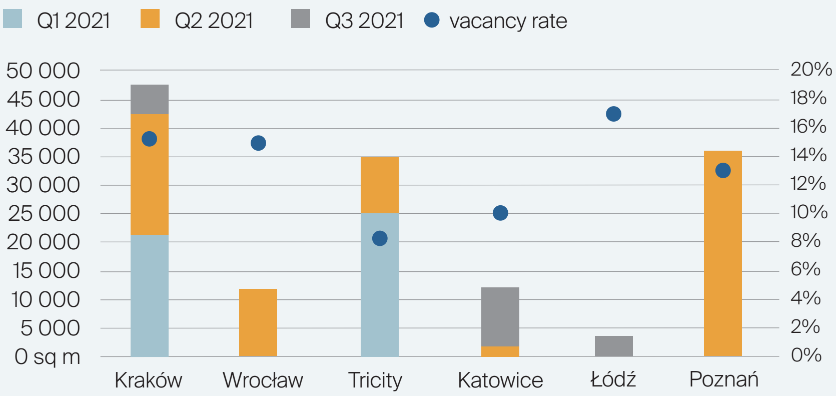
913,000 sq m
SUPPLY UNDER CONSTRUCTION

793,000 sq m
AVAILABLE SPACE

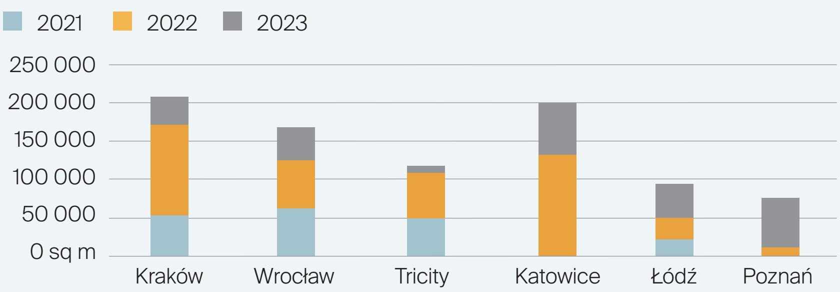
TRICITY COMPARED TO MAJOR REGIONAL CITIES

The Tricity is, without 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. The high developer activity in the Tricity in the pre-pandemic years contributed to the development of many modern office buildings offering class A office space. The popularity of the Tricity is also indicated by the vacancy rate, which, despite the dynamic increase in stock, remains at one of the lowest levels in Poland.

NEW SUPPLY AND VACANCY RATE (Q3 2021)

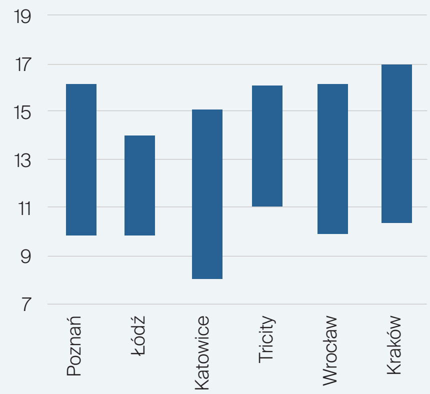


SUPPLY UNDER CONSTRUCTION BY COMPLETION YEAR (Q3 2021)

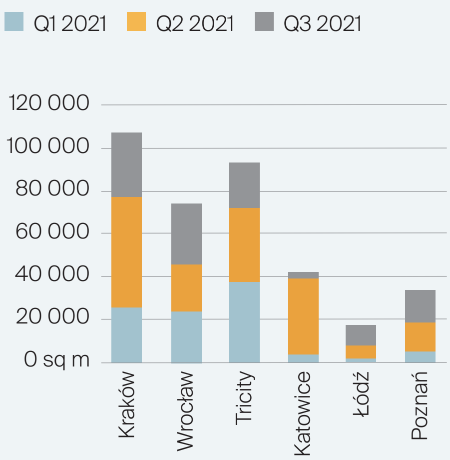


ASKING RENTS (Q3 2021)

(EUR/sq m/month)



TAKE-UP VOLUME (Q3 2021)



OKIEM HR Michael Page

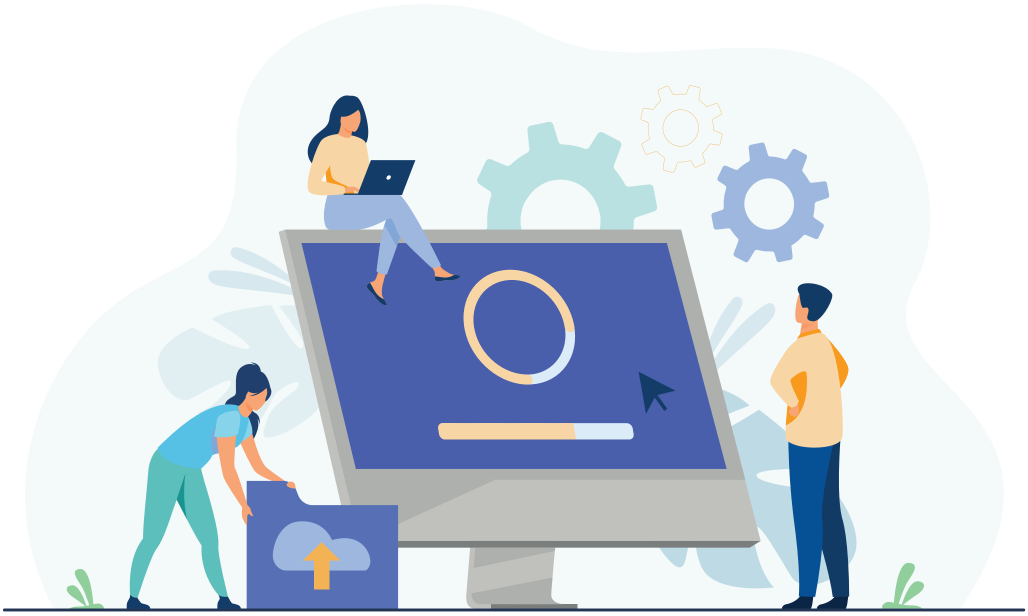
TRICITY

RECRUITMENT IN THE IT SECTOR

Approximately **64% of BSS businesses** in the Tri-City area are IT/B+R enterprises that employ slightly over a half of the total labour force in the sector, totalling **over 15,000** specialists.

Just like in Warsaw and Krakow, the most sought-after skills are **Java** (ca. 11% of all the job offers found in Gdansk, Gdynia, and Sopot). There are also many job announcements in the backend category.

Form of employment: mostly based on job contracts, about 30% based on a **B2B contract**.



TOP 3

1.	2.	3.
UX/UI DESIGNER	BUSINESS ANALYST	MACHINE LEARNING ENGINEER
PLN 12,000 - 19,000 gross	PLN 12,000 - 18,000 gross	PLN 18,000 - 26,000 gross

THE CRISIS IN THE HR SECTOR WAS INTENSE, BUT RELATIVELY SHORT

It looks like the changes brought about by the pandemic are here to stay. Both recruiters and candidates have openly appreciated the separation of the recruitment process from the physical location. Online job interviews will surely become a trend that will take root for a long time to come once the COVID-19 epidemic has been combatted. Online recruitment sessions simply save a lot of time to both parties of the process. Face-to-face meetings will now only be held at the final stages of the hiring procedure and will involve exclusively a handful of most promising candidates. There were already some feeble symptoms of recovery in July, followed by a calm and more holiday-like August. September, in turn, has seen a major upward trend, which is still in full swing. Those clients who earlier on preferred to hold back on taking major steps have now started to feel the need to hire additional staff on a mass scale.

THE DAWN OF THE DIGITAL TRANSFORMATION OF RECRUITMENT

In the past, it was common practice to vet candidates on the phone at the preliminary stage of recruitment, which in most cases eventually led to face-to-face meetings. Since the pandemic, new standards have been set, making video interviews a permanent fixture in modern hiring practices, forcing consultants to instantly shift to the virtual world. About 99% of recruitment procedures, including final meetings, are now conducted online. The force of habit of the past seems to have made room for the new pandemic-driven reality of the present. Despite the initial uncertainty, it has turned out that at the end of the day it is perfectly possible to use online tools to hire specialists, managers, or top-level managers.

THE ROLE OF MOTIVATION THROUGHOUT RECRUITMENT

In the era of the COVID-19 pandemic, particular emphasis is placed on issues related to work motivation, which are often raised at job interviews. Currently, the risk that a potential employee will change his/her place of employment after a few months is extremely high, and employers strive to avoid such situations. Candidates are also asked to explain why they are looking for a new job, and what factors lie behind their choices when deciding to change jobs. In this way, it is possible to check whether an applicant will successfully settle down within the structure of a given organisation, and whether his/her values coincide with its mission. Potential employees are expected to freely and honestly answer the questions they get during an interview. If they want to stay with the company for longer, they also need to be sure that they will adapt to its organisational culture. Since remote work to some extent hinders the mutual understanding and bonds between employers and employees, businesses often ask candidates about their attitude to the idea of coming back to traditional work in the office, even on a part-time basis.

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- tailored presentations and market reports for clients.

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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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