

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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Warsaw

Prepared
in cooperation with



Michael Page

Warsaw

-  **City area**
517.2 sq km
-  **Population**
1,861,644
(state of 30.06.2023, GUS)
-  **Population forecast**
2,132,000 (2030)
2,249,000 (2050)
-  **Migration balance**
(+) 2,526
(state of 30.06.2022, GUS)
-  **Unemployment rate**
1.4%
(state of 02.2024, GUS)
-  **GDP growth**
2.4%
(2020)
-  **GDP per capita**
PLN 191,000
(2021)
-  **Average salary (gross)**
PLN 9,646.92
(in the business sector, 02.2024)



Investment attractiveness

Rankings

- 1ST PLACE** in the fDi Intelligence **"European Cities and Regions of the Future 2024"** - OVERALL - among the Central and Eastern Europe cities
- 2ND PLACE** in the business friendliness category in the fDi Intelligence **"European Cities and Regions of the Future 2024"** ranking
- 2ND PLACE** in competition **European Innovation Capital - iCapital**
- 1ST PLACE** in the **Ranking of Shared Mobility Friendly Cities in Poland 2024**

Investment incentives

Investment support

Offer for investors:

- individual approach;
- back office support;
- assistance at every stage of the investment, including the organization of reference visits;
- providing necessary information on available public aid.

Key areas of support

Information activities:

- assistance in obtaining data;
- providing industry know-how;
- city information pack.

Support in acquiring office space:

- access to information on municipal real estate;
- support in choosing a location;
- cooperation with real estate agencies.

Recruitment activities:

- cooperation with academic centres and universities;
- cooperation with HR agencies;
- coordination of joint activities with universities.

Post-investment support:

- support in day-to-day operations in the form of obtaining industry information;
- undertaking joint activities for the development of sectors;
- coordination of joint projects;
- support in corporate social responsibility projects.

Quality of life

Rankings

1ST PLACE in the **European Best Destinations 2023** plebiscite

3RD PLACE in **"The world's most walkable cities"** report by Compare The Market Australia 2024

1ST PLACE in the **Healthy Cities 2022 and 2023 Index** compiled by the Warsaw School of Economics, LUX MED Group and the Open Eyes Economy Summit

4TH PLACE in the world among cities with a population below 3m in the **Cities of Choice** study conducted by Boston Consulting Group


Quality of life in numbers

Culture and recreation

- 104 museums and art galleries;
- 36 theatres and music institutions;
- 37 cinemas;
- 2,700 restaurants;
- approx. 1.9m sq m of commercial retail space;
- 224 outdoor gyms;
- 44 swimming pools and 15 ice rinks;
- 11 beaches along the banks of the Vistula.

Public transport

- 88% of citizens express positive opinion on Public Transport Authority (Warsaw Barometer 2023);
- 2 metro lines, 5 lines of Szybka Kolej Miejska, 304 bus lines with approx. 1,480 vehicles (100% low floor);
- investments for over PLN 6.9bn in public transport and infrastructure (2017-2025);
- 23 tram lines with over 400 trams;
- 79% of city residents consider Warsaw as bicycle-friendly city;
- over 3,00 city bikes; 300 bike stations;
- water trams and ferries on the Vistula, canoes and water skis.

 **Bike paths**
Over **773 km**


 **Green areas**
43%

Facts & Figures

 **Number of students**
246,550

 **Number of graduates**
48,350

 **Number of universities**
69

 **Airport - distance to the City centre**
9.8 km

 **Airport - number of passengers**
18.5m (2023)

 **BSS sector - number of centres**
356 (2023)

 **BSS sector - number of employed**
95,000

RATING AGENCY






Fitch

RATING




A-

Warsaw

H1 2024

-  Existing stock **6.26m sq m**
-  Supply under construction **268,000 sq m**
-  Vacancy rate **10.9%**
-  New supply **64,000 sq m**
-  Take-up **316,000 sq m**

Standard lease terms in new buildings

-  Service charge PLN/sq m/month **18.00-38.00**
-  Rent-free period **1.5-2 months** for each contract year
-  Fit-out budget EUR/sq m **250.00-750.00**

Warsaw continues to dominate the office market in Poland, leading both in supply and demand dynamics. During the first half of 2024, the Warsaw market saw the delivery of 64,000 sq m of modern office space, constituting 51% of the total new supply across Poland. Meanwhile, the leased office space in Warsaw reached 316,000 sq m, representing 53% of the nation's total leased space volume.

The demand for office rentals in Warsaw remains robust, with take-up levels in the first half of 2024 remaining steady compared to the corresponding period in the previous year. Moreover, surpassing the new supply, the take-up rate contributed to a 0.1 pp decrease in the vacancy rate during the second quarter of 2024.

SUPPLY

At the end of June 2024, the total office stock in Warsaw reached 6.26m sq m, representing nearly half of all office resources in Poland. The central zones of Warsaw host a majority of the office space, accounting for over 45% of the total. Beyond the city centre, Służewiec dominates, with almost 1.1m sq m of office space, holding close to a 17% share in the city's overall office stock.

During the first half of 2024, approximately 64,000 sq m of modern office space were introduced to the market, marking nearly a 3.5-fold increase compared to the same period in the previous year. In Q2 2024, the completion of one building, VIBE A, with an area of 15,000 sq m, situated at Daszyński Roundabout, took place. Additionally, by the year's end, three more buildings are projected to add a combined 37,000 sq m of office space to the market.

Nearly 89% of the office space under construction is concentrated in central locations, particularly around Daszyński Roundabout, where a significant number of office buildings have been erected in recent years. This area has evolved into one of Warsaw's largest office clusters, boasting resources totalling nearly 788,000 sq m.

TAKE-UP

During the first half of 2024, a total of 316,000 sq m of office space was leased, representing a 3% decrease compared to the same period in the previous year. Tenant focus on cost reduction remained evident, with renegotiations claiming the largest share in the contract structure, comprising over 51% of the transaction volume. However, new contracts also held a significant share, accounting for just under 42% of the total transaction volume. A few tenants opted to extend their space, with expansions making up over 7% of the total take-up volume.

In Q2 2024, similar to the preceding quarter, tenants displayed a growing preference for buildings situated in non-central districts of Warsaw, drawn by the favourable price-to-standard ratio. Over 57% of the office space was leased outside the city centre, primarily in Służewiec and the Jerozolimskie Corridor.

The proportion of office space leased in buildings with green certificates continued to expand, reaching 75% in H1 2024, a marked increase from 54% in 2023. This trend signifies both a rising tenant inclination towards ecological and sustainable office buildings and an increasing count of buildings obtaining green certifications.

VACANCY RATE

The vacancy rate in Warsaw during Q2 2024 stood at 10.9%, marking a decrease of 0.1 pp compared to the previous quarter and 0.5 pp compared to the same period last year. In the central area, the vacancy rate was 9.1%, reflecting a 0.5 pp decrease from the previous quarter, while in non-central districts, it remained constant at 12.3%. The lowest vacancy rate was observed in the Puławska Corridor at 5.3%, while the highest vacancy rate persisted in Służewiec at 19.6%.

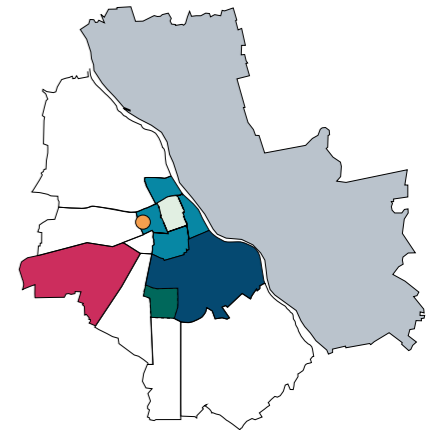
RENTS

During Q2 2024, asking rents for office space in Warsaw remained steady. Asking rents in central zones typically ranged from EUR 18.00 to 27.00/sq m/month, with prime office buildings commanding rents that could notably exceed this range. In non-central zones, asking rents typically varied from EUR 10.00 to 17.00/sq m/month. Service charges also remained consistent compared to the previous quarter, ranging from PLN 18.00 to 38.00/sq m/month.

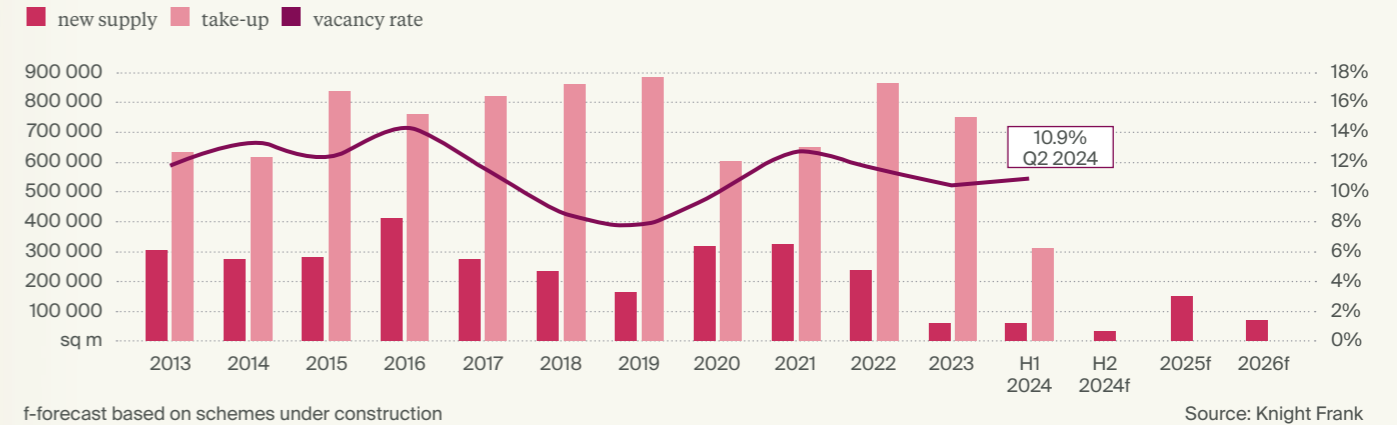
Office space

Major concentration areas

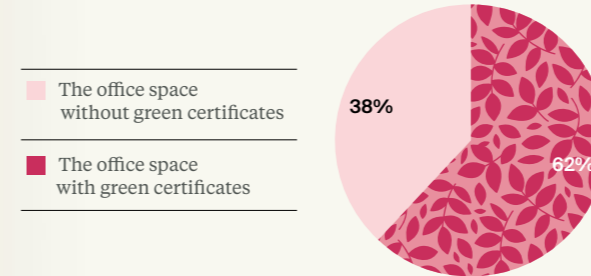
	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
CBD	1.01m sq m	36,000 sq m	9.5%	EUR 18-27 sq m
City Centre <small>(excluding Daszyński Roundabout)</small>	1.03m sq m	45,500 sq m	10.5%	EUR 15-23 sq m
Daszyński Roundabout	787,900 sq m	155,800 sq m	6.7%	EUR 15-23 sq m
Służewiec	1.06m sq m	0 sq m	19.6%	EUR 10-15 sq m
Mokotów <small>(excluding Służewiec)</small>	403,000 sq m	0 sq m	8.1%	EUR 12-16 sq m
Jerozolimskie Corridor	769,100 sq m	0 sq m	10.4%	EUR 12-15 sq m
East	280,700 sq m	7,800 sq m	8.5%	EUR 11-15 sq m
Other	921,300 sq m	22,400 sq m	8.6%	EUR 11-16 sq m



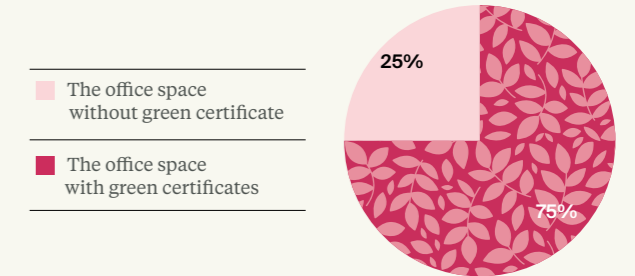
Annual new supply, take-up and vacancy rate



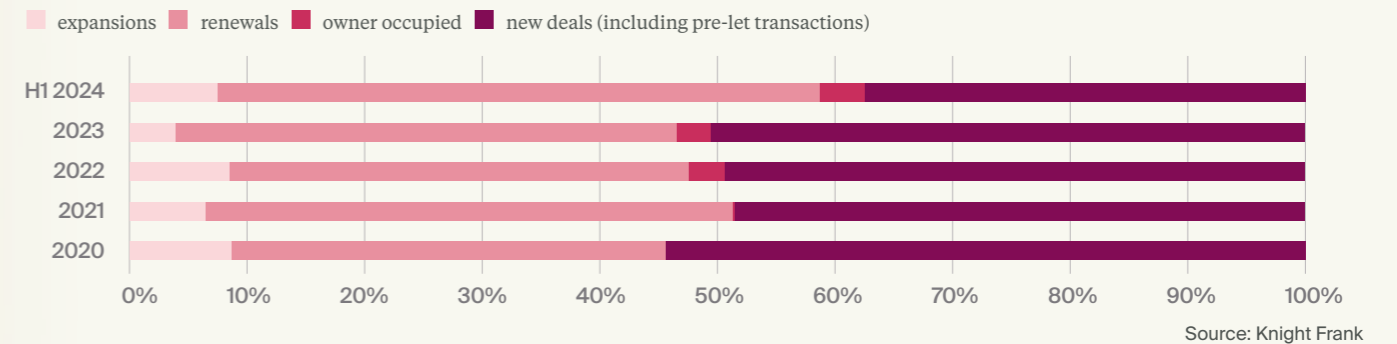
Office space in Warsaw - existing and under construction



Total take-up in Warsaw in H1 2024



Take-up structure



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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- ▶ 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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Warsaw has a lot to offer both for tourists and those who are thinking about staying here as residents, investing, opening a branch of your company or starting new business. For the investors we offer:

- individual approach;
- assistance at every stage of the investment, including the organization of reference visits;
- administrative support;
- providing necessary information on available public aid.

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