

*Prepared
in cooperation with*



Michael Page

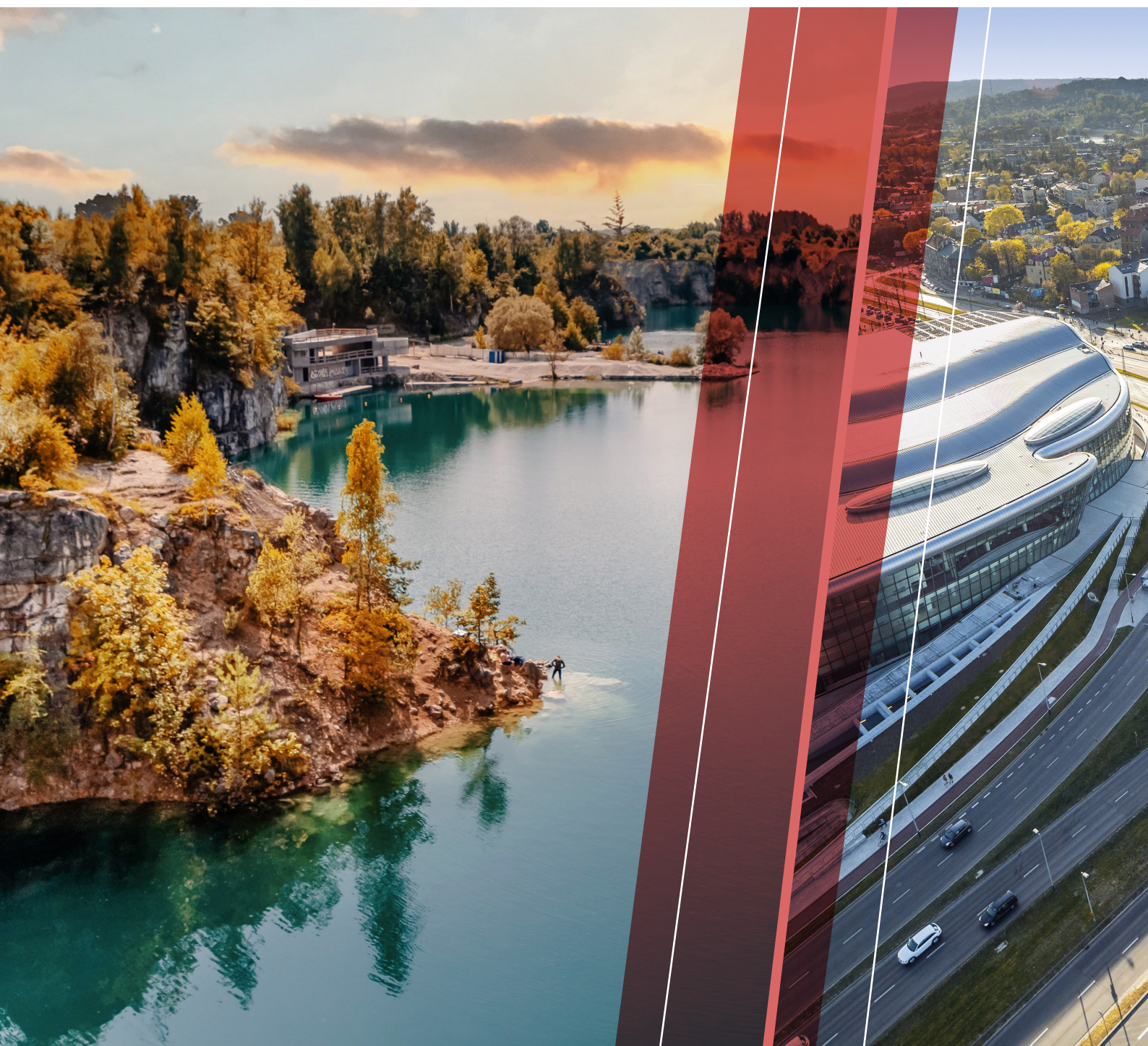


KRAKÓW

City attractiveness and office market

2022

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CITY ATTRACTIVENESS

KRAKÓW



CITY AREA

327 sq km



POPULATION

802,800
(June 2022, GUS)



POPULATION FORECAST

756,470
(2025)



MIGRATION BALANCE

internal
(+)305 (2022, GUS)
external
(+)265 (2022, GUS)



GDP GROWTH

8.4%



GDP PER CAPITA

PLN 93,753



AVERAGE SALARY

PLN 8,440
(gross)



UNEMPLOYMENT RATE

2.3%
(November 2022, GUS)

INVESTMENT ATTRACTIVENESS RANKINGS

1.

1st place in the national „**Business-friendly cities 2021**” ranking, conducted by Forbes magazine (among cities with between 300,000 and 999,000 inhabitants)

1.

1st place in the large cities **category for business friendliness** and 2nd in **human capital and lifestyle** in the European Cities and Regions of the Future 2022/2023 ranking

20.

20th position (up 5 places on the previous year) in the **TOP 100 Super Cities** list in the Tholons Global Innovation Index 2021

4.

4th place in the overall ranking of **European Cities and Regions of the Future 2022/2023** (including economic potential, business friendliness, transport connections, human capital and lifestyle, and cost effectiveness)

The title of **Award in „Municipality for 5!”** and the **title of „Golden Municipality for 5!”** in the 2020/21 edition of the ranking prepared by the Student Scientific Association of Acceleration, on behalf of the Institute of Entrepreneurship at the Warsaw School of Economics

Kraków is among the most technologically advanced „**cities of the future**” – it took its place in the Top 25 of the international **Tech Cities of the Future 2020/21** ranking compiled by **fDi and TNW**

INVESTMENT INCENTIVES

Incentive programs offered to investors by the local government

Tax relief for R&D

IP Box

Assistance under the EU Funds

Polish Investment Zone - income tax exemption

Real estate tax exemption

Government Investment Support Program grants

Support for business environment institutions - incl. Business in Małopolska Center

QUALITY OF LIFE

RANKINGS

1.

Best place to work remotely as ranked by OVO Network and expatriateconsultancy.com in 2021

2.

2nd place in the national ranking of **urban water resource efficiency** - Water City Index 2021

3.

3rd in Europe and 5th in the world in the ranking of the **world's greenest cities** created by Husqvarna Urban Green Space Index (HUGSI)

2.

2nd place in the category of **human capital and lifestyle** in the European Cities and Regions of the Future 2022/2023 ranking

QUALITY OF LIFE IN NUMBERS

- Multifaceted actions aimed at reducing the use of high-emission solid fuels in heating installations in order to improve air quality.
- Supporting investments in public transport - systematically modernized tram and bus fleet (for example investments in hybrid and electric buses).
- Modernisation, development and improvement of the road system in Kraków (Park and Ride parkings, flyovers, road junctions).
- Actively promoted Civic Budget supporting local initiatives of residents.
- City-supported cultural events and festivals. The development of sports infrastructure (swimming pools, sports halls, bicycle paths) provides wide and easy access to sports and recreational facilities.
- The expansion of the sports infrastructure (swimming pools, sports halls, bicycle paths) provides a wide and easy access to sports and recreational facilities.
- Investments under the Municipal Revitalization Program of Kraków in the areas of Stare Podgórze-Zabłocie, Stare Miasto-Kazimierz, Nowa Huta.
- Implementation of the program of active participation of young people in the life of the city „Young Kraków 2.0”.
- Modern congress and event infrastructure, e.g. ICE Kraków Congress Centre (37,000 seats), TAURON Arena Kraków (15,000 seats and 9,000 standing places).



BIKE PATHS

over

258 km



GREEN AREAS

203.7 sq km

FACTS & FIGURES

NUMBER OF STUDENTS



130,000
(2021/2022)

NUMBER OF GRADUATES



33,000
(2021/2022)

NUMBER OF UNIVERSITIES



23
(2021/2022)

AIRPORT - DISTANCE TO THE CITY CENTRE



11 km

AIRPORT - NUMBER OF PASSENGERS



~3m (2021)
~7.4m (2022)

BSS SECTOR - NUMBER OF CENTRES



261
(ABSL 2022)

BSS SECTOR - NUMBER OF EMPLOYED



92,700
(ABSL 2022)

RATING | **A-** (STABLE OUTLOOK)

RATING AGENCY | **S&P**

OFFICE MARKET KRAKÓW

Q4 2022



EXISTING STOCK

1.71m sq m



SUPPLY UNDER CONSTRUCTION

107,300 sq m



VACANCY RATE

16%



NNEW SUPPLY (2022)

100,500 sq m



TAKE-UP (2022)

198,100 sq m

Kraków, with an office stock of nearly 1.71m sq m, maintained its leading position among regional office markets in Poland. In 2022, more than 100,500 sq m of modern office space in 9 projects was delivered to the Kraków office market, accounting for 25% of the space completed in all regional cities. This is significantly higher than last year's figure (66% more), and close to the average annual supply of 123,000 sq m over the previous 5 years. The largest developments completed in 2022 were Brain Park A and B (total space of 31,100 sq m, Echo Investment) and Fabryczna Office Park B4 and H1 (21,800 sq m, Inter-Bud).

Furthermore, at the end of December 2022, nearly 107,300 sq m of office

space remained under construction, 95% of which is expected to be completed in 2023. This is some three times lower than in the pre-pandemic years, when around 250,000-300,000 sq m was designated as under construction. At the end of 2022, the largest projects under construction were Ocean Office Park B with 26,500 sq m (Cavatina Holding) and Kreo (23,000 sq m, Ghelamco Poland).

From the beginning of last year, Kraków has seen an increase in tenant activity and the number of transactions, suggesting a return of demand to pre-pandemic levels. The volume of lease transactions in Kraków in 2022 amounted to more than 198,000 sq m and accounted for

32% of the leased space in regional cities - the highest result among regional business markets. Demand in 2022 was nearly 27% higher than in 2021, reaching a level comparable to the average annual transaction volume of the previous five years (198,500 sq m). Most of the contracts concluded in 2022 were new agreements (over 137,000 sq m, 69% of the total volume). Renegotiations amounted to 29% of the total demand, while expansions accounted for only 2%.

Due to the large amount of space delivered in the last quarter of 2022, the vacancy rate increased by 0.6 pp q-o-q, standing at 16% at the end of December 2022. Due, however, to the very high demand recorded in 2022, the rate decreased by 0.1 pp compared to the end of 2021.

SELECTED SCHEMES UNDER CONSTRUCTION

BRAIN PARK C

13,000 sq m

Q3 2023

Echo Investment

THE PARK CRACOW II

11,700 sq m

Q4 2023

White Star Real Estate

OCEAN OFFICE PARK B

26,500 sq m

Q1 2023

Cavatina Holding

KREO

23,000 sq m

Q2 2023

Ghelamco Poland

MOGILSKA 35

13,500 sq m

Q3 2023

Warimpex

Total office space

Completion date

Developer / Owner

STANDARD LEASE TERMS IN NEW BUILDINGS



SERVICE CHARGE PLN/SQ M/MONTH

15-25



RENT-FREE PERIOD

5-8 months



FIT-OUT BUDGET EUR/SQ M

380-500

Asking rents in Kraków at the end of 2022 ranged from EUR 10.00 to EUR 16.00/sq m/month, showing a slight increase on the figure at the end of 2021. The rents remained relatively stable, with new office buildings seeing an increase. The continued high availability of office space may encourage tenants to renegotiate rents and incentive packages. On the other hand, high construction costs and an increase in the cost of servicing construction loans may effectively limit investor negotiating power, especially in new buildings. There are still noticeable increases in service charges due to the increasing cost of services and utilities - at the end of December 2022, these ranged from PLN 15.00 to 25.00/sq m/month.

MAJOR OFFICE CONCENTRATION AREAS

	EXISTING STOCK	SUPPLY UNDER CONSTRUCTION	VACANCY RATE	MONTHLY ASKING RENT
CITY CENTRE	408,000 sq m	39,700 sq m	14.3%	EUR 12-16/sq m
NORTH EAST	400,600 sq m	0 sq m	18.3%	EUR 11-14.5/sq m
NORTH WEST	161,900 sq m	0 sq m	15.5%	EUR 11.5-14.5/sq m
SOUTH	667,300 sq m	55,900 sq m	12.1%	EUR 10-15/sq m

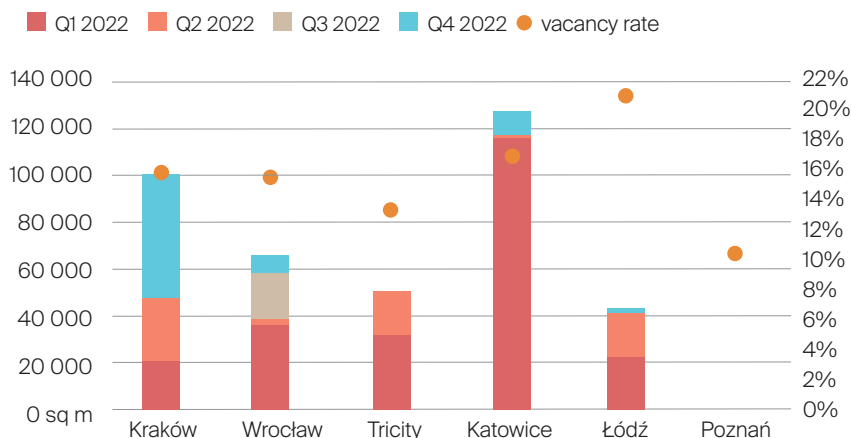


MAJOR REGIONAL CITIES

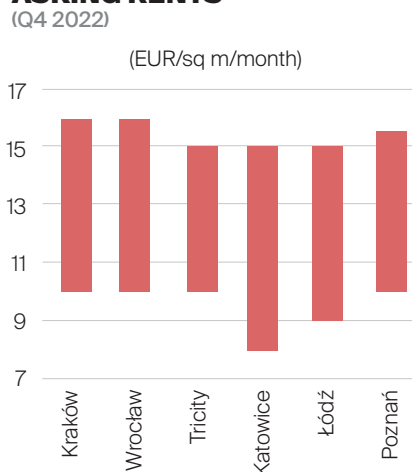
KRAKÓW, WROCŁAW, TRICITY, KATOWICE, ŁÓDŹ, POZNAŃ, SZCZECIN, LUBLIN



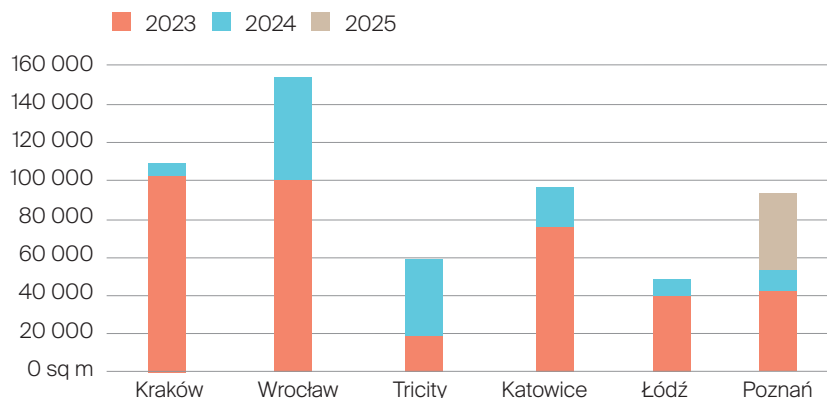
NEW SUPPLY (2022) AND VACANCY RATE (Q4 2022)



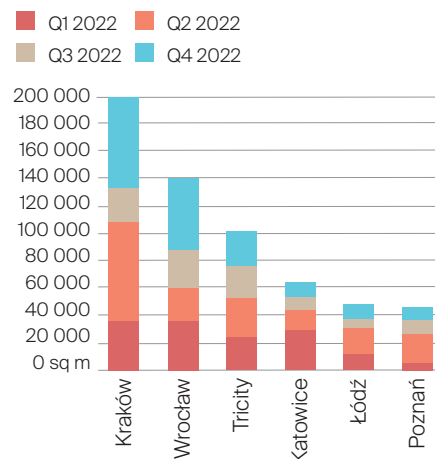
ASKING RENTS (Q4 2022)



SUPPLY UNDER CONSTRUCTION BY COMPLETION YEAR (Q4 2022)



TAKE-UP VOLUME (2022)



HR PERSPECTIVE

Michael Page

BENEFITS ARE SETTING THE TONE IN THE MODERN EMPLOYEE MARKET

According to a 2021 report by the Union of Entrepreneurs and Employers, last year employees already expected benefits that would allow them to meet their individual needs and thus respond to the effects of the pandemic. The study showed that additional benefits were typically expected to guarantee stability and be personalised and flexible. It is worth noting that there has been a small revolution in the area of non-wage benefits. Those that were attractive before the pandemic have become insufficient or even outdated in today's world. Multisport or medical plans are already a standard in Poland's labour market, and they are unlikely to attract the attention of potential employees. Just like delicious coffee from the coffee machine, or fruit Tuesdays.

FLEXIBILITY FIRST

Undoubtedly, the most important aspect of the modern labour market is the option of remote work. As stated in a study by Michael Page, the majority (59%) of respondents would prefer to work exclusively online, or in a hybrid system. Flexible working hours, the ability to perform one's duties from home is not only a way to save time and costs related to commuting, but it also helps staff to strike work-life balance, which is of key significance for as many as 88% of the respondents. It is the meeting of employees' expectations, an approach that respects their needs and family life that gives a sense of support, and in the long run it can help to bond with the organisation. The role of managers is also worth highlighting. On the one hand, employees expect trust and the opportunity to work from home from their superiors, but at the same time they also want to feel part of the team and be actively involved in integration events. We know perfectly well that it is not easy to build a sense of belonging to a company or a team in times of virtual meetings. Clearly, the benefit of remote/hybrid work entails further expectations of employees in the form of co-financing or equipping, on the part of the employer, of the workplace at home (extra allowances for desks or armchairs, or covering at least a fraction of the costs of electricity). Another response to high inflation and the needs of the labour market that seems to be gaining momentum can be found in prepaid cards, co-financing of meals, or a company car with a fuel card.



THE INS AND OUTS OF THE LABOUR MARKET IN THE HR SECTOR

Regardless of the industry, HR staff keep having to face up to the challenges that recent years have posed to them. The fourth quarter of the year is a period of intensified work, but also a time that sees several personnel-related changes in organisations. Companies want to go through another challenging year with competent employees on board. **HR Business Partners** are ambassadors of change within organisations and a perfect link between candidates and hiring managers. The high demand for specialists in this field means that the number of employees sought after for these positions is on the increase.



An effective strategy in the area of Learning & Development is also a real value for business. Monitoring and providing appropriate tools aimed at developing employees' skills, which, in turn, translates into increasing profits, is the role of **L&D experts** and **coordinators**. Recently, we have noticed more recruitment processes dedicated to these professionals.

The future undoubtedly belongs to digitization. Changes in this area will also apply to HR and payroll departments, as the scale of applications of new technological solutions keeps growing. The most desirable are those tools that streamline processes and help to save time. Clearly, one of the most sought-after roles in the fourth quarter of 2022 were **HR and payroll department leaders** with experience in process automation and digitization of resources.

TOP 3

MOST DESIRED POSITIONS FROM THE HR AREA:

The wages shown below correspond to the Michael Page & Page Executive | Part of PageGroup „Salary Guide“. The average rate given here indicates pay rates found across Poland.

1.

**HR
BUSINESS PARTNER:**

**PLN 12,000 – 18,000
gross**

2.

**EKSPERT
LEARNING & DEVELOPMENT:**

**PLN 14,000 – 18,000
gross**

3.

**HEAD
OF HR AND PAYROLL:**

**PLN 13,000 – 24,000
gross**

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