

Strong cities



City attractiveness, office market, HR trends

Q4 2024

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

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Krakow

Prepared
in cooperation with




Michael Page

Krakow

- ▶  **City area**
327 sq km
- ▶  **Population**
806 201
- ▶  **Population forecast**
1.5m
- ▶  **Unemployment rate**
2,0%
(11.2024, GUS)
- ▶  **GDP growth**
16.6%
(2021, GUS)
- ▶  **GPD per capita**
PLN 116,630
(2021, GUS)
- ▶  **Average salary (gross)**
PLN 10.327,27
(in the business sector, 11.2024, GUS)

Investment attractiveness

Rankings

- 1ST PLACE**  **in the business friendliness category** of the fDi's European Cities and Regions of the Future 2024 ranking (among large cities)
 - 1ST PLACE**  **in the human capital and lifestyle category** of the fDi's European Cities and Regions of the Future 2024 ranking (among large cities)
 - 4TH PLACE**  **overall** in the fDi's European Cities and Regions of the Future 2024 ranking (among large cities)
 - 6TH PLACE**  **in the economic potential category** of the fDi's European Cities and Regions of the Future 2024 ranking (among large cities)
 - 20TH POSITION**  **in the TOP 100 Super Cities list** in the Tholons Global Innovation Index 2021
-  The title of Award in „**Municipality for 5!**” and the title of „**Golden Municipality for 5!**” in the 2023/24 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



Investment incentives

- | Government Investment Support Program grants
- | Tax relief for R&D
- | Polish Investment Zone - income tax exemption
- | Assistance under the EU Funds
- | Real estate tax exemption
- | Support for business environment institutions - incl. Business in Małopolska Centre

Quality of life

Rankings

■■■■■■■■■■■■■■■■■■■■ The Krakow Old Town and Wawel Hill on the UNESCO World Heritage List

■■■■■■■■■■■■■■■■■■■■ European Capital of Culture 2000

■■■■■■■■■■■■■■■■■■■■ UNESCO City of Literature

■■■■■■■■■■■■■■■■■■■■ IFEA World Festival & Event City

Quality of life in numbers

CULTURE AND ENTERTAINMENT

- 400 cultural events annually
- Over 100 festivals and artistic-entertainment events annually (including the Jewish Music Festival, Dragon Parade, Film Music Festival)
- More than 1000 monuments
- Over 100 museums and art galleries
- 16 theaters
- 12 cinemas
- Over 200 restaurants (20 awarded by the Michelin Guide in 2024)
- 15 regional products protected by EU regulations (including obwarzanek, oscypek, Krakow-style żurek, carp from Zator)

TRANSPORT

- 27 tram lines and 173 bus lines
- 4 Fast Commuter Rail lines
- 317 km of bicycle paths
- 11m passengers handled in one year by Krakow-Balice Airport

INFRASTRUCTURE

- 1.82m sq m of modern office space
- 190 hotels with 23,000 rooms (including 16 five-star hotels)
- Modern congress and entertainment infrastructure (including ICE Krakow Congress Centre with 5,200 seats, TAURON Arena Krakow – 24,000 seats)
- 2,000 business meetings annually, attended by over 300,000 people

NATURAL ENVIRONMENT

- 75 parks, 43 pocket parks
- 21 community gardens
- 30 hectares of flower meadows
- 1,590 hectares of forests
- 80% of the city's residents have 5-minute access to green spaces



Bike paths
317 km



Green areas
50,4%
of the cities area

Facts & Figures

▶ **Number of students**
132,000

▶ **Number of graduates**
32,000

▶ **Number of universities**
23

▶ **Airport - distance to the city centre**
11 km

▶ **Airport - number of passengers**
11m (2024)

▶ **BSS sector - number of centres**
288
(ABSL 2024)

▶ **BSS sector - number of employed**
101,000
(ABSL 2024)


RATING AGENCY





RATING **A- (stable)**


Krakow


Q4 2024

- 

Existing stock
1.83m sq m
- 

Supply under construction
52,000 sq m
- 

Vacancy rate
19.0%
- 


New supply
24,000 sq m
- 


Take-up
267,000 sq m


Coworking operators in Krakow

At Office | Business Link | Chilliflex | CitySpace | Regus | Loftmill | Cluster Offices

Standard lease terms in new buildings

- 

Service charge
PLN/sq m/month
16.00-29.00
- 

Rent-free period
1-1.75 month
for each contract year
- 

Fit-out budget
EUR/sq m
380.00-500.00

► **Krakow is the largest regional office market in Poland, with a total office stock of 1.83m sq m, accounting for 14% of the country's total supply.**

The city enjoys strong tenant interest, with nearly 267,000 sq m leased in 2024, almost matching the record-high level seen in 2019. High demand and limited new supply have contributed to a decrease in the vacancy rate and an increase in average rental rates.

SUPPLY

At the end of 2024, the total office space in Krakow reached 1.83m sq m, with the largest share (41%) located in the southern part of the city. New supply in 2024 amounted to only 24,000 sq m, marking the lowest level in two decades. The largest completed scheme in 2024 was Brain Park C, developed by Echo Investment, offering 13,000 sq m of office space.

Currently, 52,000 sq m of office space is under construction and will be gradually delivered in the coming years. The largest project under construction is Tischnera Green Park, a 28,500 sq m development by Stalprodukt.

TAKE-UP

Office take-up in Krakow in 2024 was among the highest in the market's history. The total leasing volume reached nearly 267,000 sq m, returning to pre-pandemic levels. Compared to the previous year, demand grew by 33%; it accounted for 37% of the total leasing volume across all regional cities. In Q4 alone, Krakow recorded over 98,000 sq m of leased office space.

Similar to the previous year, lease renegotiations dominated the market in 2024, making up nearly 58% (153,000 sq m) of the total leased volume. New leases accounted for 37% of take-up, while expansions made up only 2%. Owner-occupied leases represented the remaining 3% of the volume.

VACANCY RATE

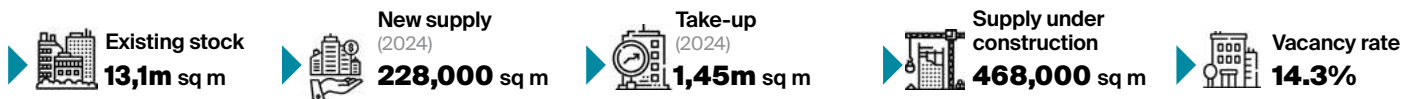
The limited new supply in 2024 led to a decrease in the vacancy rate in Q4 2024, which fell to 19% from 19.8% recorded at the end of 2023. Given the strong take-up and the relatively low amount of office space expected to be delivered in 2025, the vacancy rate is anticipated to decline in the coming quarters.

RENTS

By the end of 2024, asking rents for office space in Krakow typically ranged from EUR 10.00 to 18.00/sq m/month, with the upper end of this range having experienced an upward trend. At the same time, service charges remained stable, ranging from PLN 16.00 to 29.00/sq m/month.

Office market in Poland

Q4 2024



SZCZECIN

187,000 sq m
 7.7%
 EUR 10-14.5

POZNAŃ

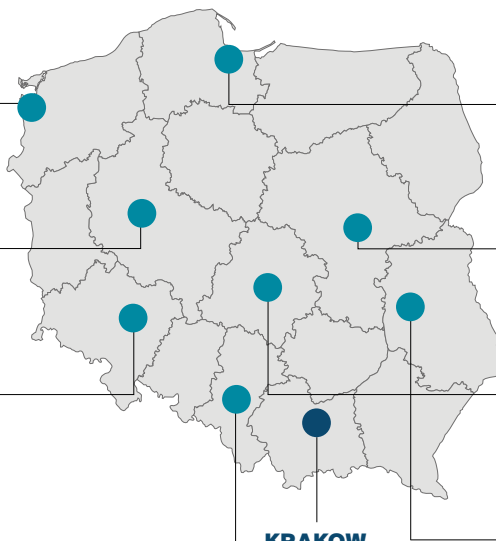
676,000 sq m
 13.4%
 EUR 11-16

WROCŁAW

1.38m sq m
 19.3%
 EUR 10-16

KATOWICE

778,000 sq m
 23.2%
 EUR 9-14.5



TRICITY

1.07m sq m
 12.5%
 EUR 11-16

WARSAW

6.29m sq m
 10.6%
 EUR 10-28

ŁÓDŹ

648,000 sq m
 22.7%
 EUR 9-15

LUBLIN

221,000 sq m
 11.6%
 EUR 9-13

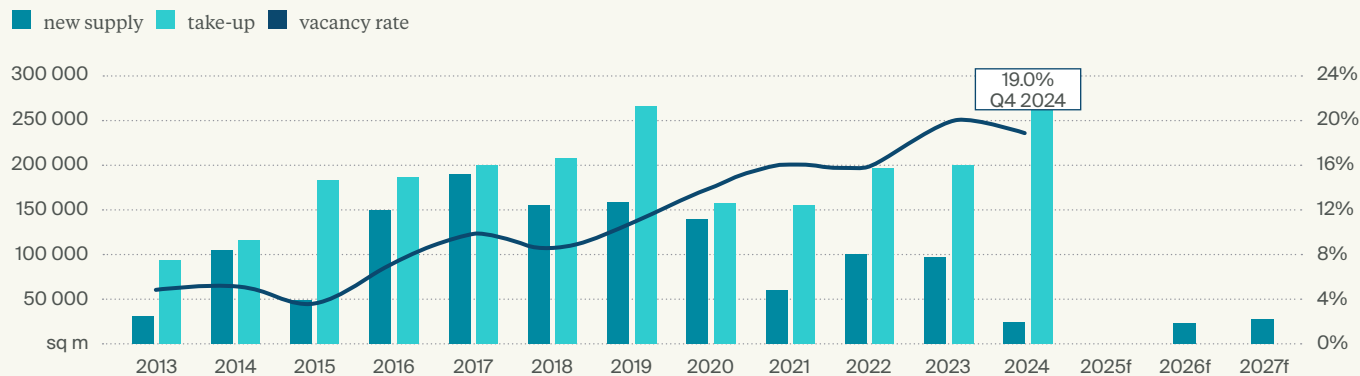
KRAKOW

1.83m sq m
 19.0%
 EUR 10-18

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

Source: Knight Frank

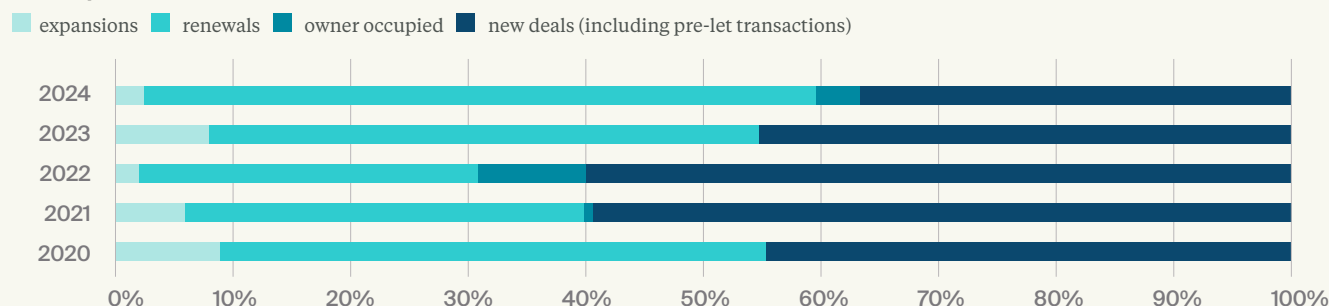
Annual new supply, take-up and vacancy rate in Krakow



f-forecast based on schemes under construction

Source: Knight Frank

Take-up structure in Krakow



Source: Knight Frank

Salary and Trend Overview in Production, Warehouse Logistics, and Manufacturing in Poland

The year 2025, as a continuation of 2024, brings numerous challenges for the sector of production logistics, warehouse logistics, and manufacturing in Poland. Naturally, the context of these challenges is broader and involves changes across Europe and globally. The market is facing several significant difficulties related to growing challenges in operational efficiency, the need to attract qualified employees, and changing salary expectations, which are evident throughout Europe, with this increase being particularly noticeable in Poland.

Although the production and logistics industry plays a key role in the economy, its dynamics are constantly evolving, requiring companies to demonstrate flexibility and adapt to new economic realities and labor market challenges.

Salaries in Logistics and Manufacturing

According to industry reports, including one published by Michael Page, average salaries in production and logistics are expected to continue growing in 2025, although at a slower pace than the previous year. The level of remuneration largely depends on the specific position, location, and company size, but a general trend of rising salary expectations is observed across the market. In addition to macroeconomic factors and inflation, the increase in the minimum wage also plays a role, impacting not only the salaries of production workers and warehouse staff but also those in specialized, expert, and managerial roles.

For another consecutive year, the gap in salaries between qualified experts and managers is expected to diminish, with the wage distance between these two groups narrowing.

The increase in wages in recent years, despite intense competition in the labor market, is a result of the growing automation and digitalization of production and logistics processes. Operational efficiency is becoming increasingly important, and achieving this without appropriate human and technological resources is difficult.

Recruitment in Logistics and Manufacturing: Challenges and Needs

With each passing year, as automation of processes advances, the demand for workers in logistics and manufacturing also increases, particularly in warehouse management, transport, and maintenance areas. It is estimated that, in 2025, the number of job vacancies in this sector in Poland could exceed 100,000. The logistics sector, especially with the intensive growth of e-commerce, requires adequately skilled employees who can meet the growing demands related to the speed and precision of deliveries.

According to a 2024 report from the Polish Institute of Logistics and Warehousing (PILM), 60% of companies in the warehouse and logistics industry report difficulties in recruitment, especially for manual laborers and middle management positions. Employers must rely on innovative methods of talent acquisition, such as collaborating with technical universities, organizing internships,





and creating career development programs. Companies often also turn to specialized headhunting firms to acquire the best talent, as they face challenges reaching them independently.

Automation and the Future of Employment

Trends indicate continued development in the automation of logistics, warehouse, and production processes, which may reduce the demand for manual labor in the short term. On the other hand, there is an increasing demand for specialists in the operation of advanced technologies such as robotics, automation, artificial intelligence, and the Internet of Things (IoT). These changes prompt companies to invest in the development of their employees' skills, offering courses and training related to modern warehouse systems or advanced production lines, and encouraging the search for new talent to strengthen existing teams.

Experts predict that in the coming years, the most sought-after specialists will include supply chain managers, logistics data analysts, and automation engineers. In the production sector, increasing importance will be placed on individuals involved in designing and implementing new technological solutions that enable more efficient process management. The manufacturing sector will also face the impact of artificial intelligence development and advancing automation, aiming to meet numerous standards, stabilize product prices, and improve cost efficiency.

Best Practices in Personnel Management in Logistics and Manufacturing

Companies in the logistics and manufacturing sectors that successfully attract and retain employees implement a range of best practices. Transparency in the recruitment process, aligning job offers with the actual needs of employees, and creating opportunities for career development are crucial factors before entering into collaboration with a potential candidate. Employers are increasingly adopting work flexibility, using hybrid work models for positions where this is technologically or process-wise feasible. Moreover, companies are investing in motivational and loyalty programs that support long-term retention of talent. These include, among other things, bonus programs and the development of career paths.

The logistics and manufacturing industries in Poland face many challenges, but their growth is essential to maintaining the competitiveness of the economy. Rising salaries, changing employee expectations, and the increasing role of technology are key elements shaping the future of the sector. Companies that successfully adapt to these changes will gain a competitive advantage in the market and can expect continued growth and enhanced operational efficiency.

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