

Strong cities



City attractiveness, office market, HR trends

Q1 2025

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

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Krakow

Prepared
in cooperation with



CENTRUM
Business in Małopolska

Michael Page

Krakov



City area
327 sq km



Population
807 600



Population forecast
1.5m



Unemployment rate
2,2%
(02.2025, GUS)



GDP growth
14.5%
(2022, GUS)



GPD per capita
PLN 130,184
(2022, GUS)



Average salary (gross)
PLN 10.945,70
(in the business sector,
02.2025, GUS)

Investment attractiveness

Rankings

1ST
PLACE

in the business friendliness category of the fDi's European Cities and Regions of the Future 2025 ranking (among large cities)

1ST
PLACE

in the human capital and lifestyle category of the fDi's European Cities and Regions of the Future 2025 ranking (among large cities)

3RD
PLACE

overall in the fDi's European Cities and Regions of the Future 2025 ranking (among large cities)

6TH
PLACE

in the **economic potential category** of the fDi's European Cities and Regions of the Future 2025 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

Polish Investment Zone
- income tax exemption

Real estate tax exemption

Tax relief for R&D

Assistance under the EU Funds

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
(2023/2024, GUS)



Number of graduates
32,000
(2023/2024, GUS)



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

S&P

RATING

A- (stable)

Krakow

Q1 2025



Existing stock
↑ 1.83m sq m



Supply under construction
↑ 61,000 sq m



Vacancy rate
↓ 17.6%



New supply
↓ 0 sq m



Take-up
↑ 57,000 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

► Kraków remains the second-largest office market in Poland after Warsaw, with modern office stock reaching 1.83 million sq m, accounting for over 14% of the country's total supply. The city continues to attract tenants, and in Q1 2025, nearly 57,000 sq m of office space was leased, the highest volume among all regional markets. Sustained, high demand combined with limited new supply has contributed to a decline in the vacancy rate, which now stands at 17.6%.

SUPPLY

The total office space in Krakow reached 1.83m sq m, allowing the city to maintain its leading position among regional markets in Poland.

Developer activity has significantly slowed down as no new buildings were completed in Q1 2025. However, 61,000 sq m of office space is currently under construction, representing the highest figure among all regional markets in the country. 53% of the space under construction is scheduled for completion in 2026. The largest ongoing project is Tischnera Green Park, with an area of 28,500 sq m, developed by Stalprodukt.

TAKE-UP

At the end of Q1 2025, the lease transaction volume in Krakow reached nearly 57,000 sq m, representing a 31% increase compared to the same period of the previous year. This is the highest result among regional cities, accounting for 32% of the total transaction volume recorded in markets outside of Warsaw.

Nearly 53% of the space was leased under new agreements, and 34% through renegotiations, which is a precise reversal of the take-up structure observed in the previous year and provides a positive outlook for the local market. Additionally, the high share of expansions, accounting for over 13% of total take-up, is another encouraging indicator of growing tenant activity.

Tenants in Krakow are increasingly focusing on ecological and sustainable buildings. In Q1 2025, as much as 71% of the total lease volume concerned properties with green certifications, of which 48% were buildings distinguished by the highest certification classes – BREEAM Excellent and Outstanding, and LEED Platinum.

VACANCY RATE

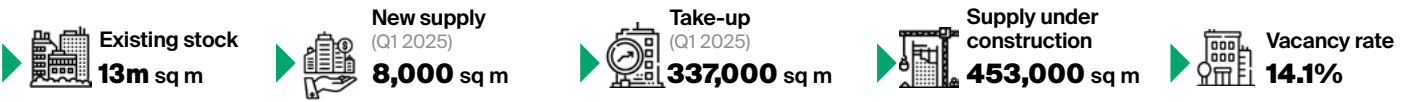
At the end of March 2025, the vacancy rate in Krakow significantly decreased to its lowest level in two years, standing at 17.6%. This represents a decrease of 1.4 pp compared to the previous quarter and a 2.6 pp decrease compared to the same period of the previous year.

RENTS

Asking rents in Krakow remained stable at the end of Q1 2025, typically ranging from EUR 10.00 to 16.00/sq m/month. However, rents for the most prestigious buildings can significantly exceed the upper limit of this range. At the same time, service charges remained stable, ranging between PLN 16.00 and 29.00/sq m/month.

Office market in Poland

Q1 2025



SZCZECIN

187,000 sq m
8.0%
EUR 10-14.5

POZNAŃ

678,000 sq m
15.0%
EUR 11.5-16

WROCŁAW

1.36m sq m
20.4%
EUR 11-16

KATOWICE

772,000 sq m
21.1%
EUR 10-14.5

TRICITY

1.07m sq m
12.6%
EUR 11-16

WARSAW

6.28m sq m
10.5%
EUR 10-28

ŁÓDŹ

642,000 sq m
22.3%
EUR 9-15

LUBLIN

221,000 sq m
11.1%
EUR 9-13

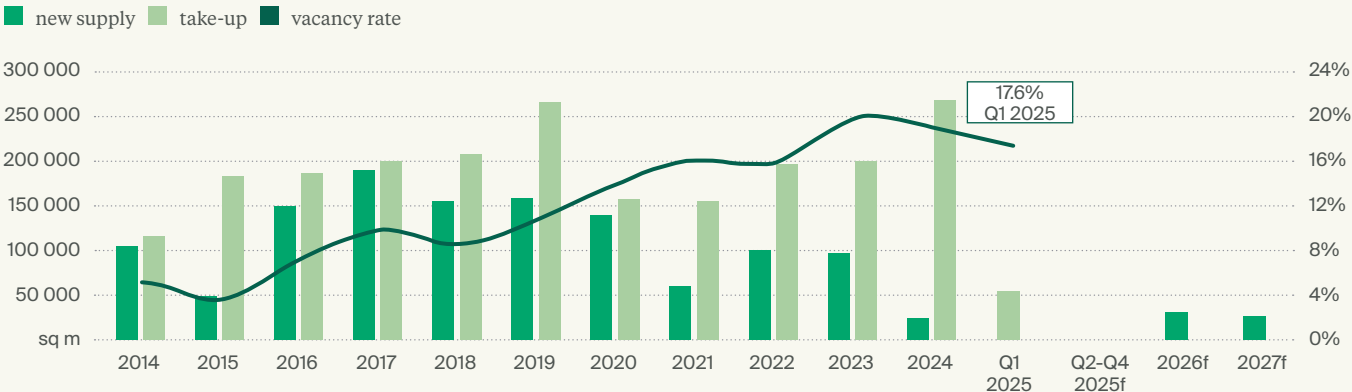
KRAKOW

1.83m sq m
17.6%
EUR 10-18

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

Source: Knight Frank

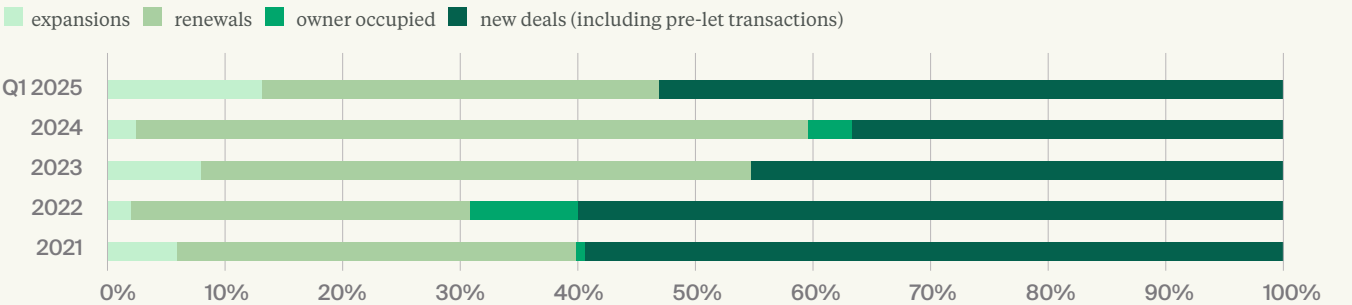
Annual new supply, take-up and vacancy rate in Krakow



f-forecast based on schemes under construction

Source: Knight Frank

Take-up structure in Krakow



Source: Knight Frank

Up to 44% of Polish construction and real estate companies may soon face the succession challenge.

- The real estate market in Poland is experiencing a notable slowdown and, according to many analysts, is currently characterized by considerable uncertainty. Companies are increasingly recognizing a range of challenges, extending beyond demand stimulation or general economic conditions. Business owners are placing significant emphasis on leadership competencies, which they believe will be critical in navigating potential market downturns. According to experts at Michael Page, the industry is at a pivotal moment of profound transformation, already impacting executive teams within development companies. The topic of succession is becoming a frequent focus in discussions with clients in this sector.

A recent report by Bank Pekao identifies construction and real estate services as two of the most significant sectors of the Polish economy, both heavily dominated by domestic private capital accounting for approximately 75% of total industry revenues in each case. These sectors are now facing a multitude of challenges, no longer limited to macroeconomic cycles. Increasingly, governance issues are emerging, particularly the impact of demographic shifts and generational change at senior leadership levels. In 2023, of the 673,000 entrepreneurs operating in Poland's construction and real estate sectors, as many as 299,000 were over the age of 50, many of whom are actively considering the transition of power and responsibility.

- The importance of succession has grown significantly in recent years. Not long ago, companies proactively seeking advisory support for succession planning were rare exceptions. Over the past two years, however, the number of such cases has increased severalfold. Given the demographic trends, we can confidently

"Around 75 % of revenues in the construction and real estate services sectors come from domestic private capital."

assume that this is only the beginning of a broader shift – comments **Krzysztof Butyński, Senior Associate Executive Manager**. He adds that Michael Page completed four succession processes last year, and in the first quarter of 2025 alone, that number has already been matched.

– It is estimated that there may currently be up to 45,000 entrepreneurs in the construction and real estate sectors who have already reached retirement age. Many of these individuals have been in business for decades and view succession as a natural step in their company's evolution, though one that is often complex. While they may wish to maintain influence within the organization, the experience gained during periods of growth does not always translate easily into today's market environment, which demands managing



"Over 45,000 business owners in the construction and real estate sectors have already passed retirement age."

more dynamic structures and navigating the expectations of a demanding Generation Z workforce. Today's business landscape calls for agility, energy, and a fresh perspective - qualities that not all senior leaders may still possess – **Butyński** observes.



TRUST: THE CORNERSTONE OF SUCCESSFUL SUCCESSION

According to data from Bank Pekao, only 20% of family business owners report no difficulty in executing succession plans. Conversely, up to 60% acknowledge that their intended successors may lack the necessary leadership competencies. An additional perspective comes from the successors themselves - 67% of them believe assuming a leadership or executive role will be a significant challenge¹.

"As many as 85% of potential successors have no interest in taking over the family business."

Further complicating the picture, as many as 85% of next-generation family members express a lack of interest in taking over the family business, indicating reluctance to assume leadership responsibilities. This creates a fundamental dilemma for owners - should they sell the business or recruit a qualified external candidate to take the reins? It is a

question that more companies are increasingly forced to address and one without a definitive answer.

"Even family-run businesses with rich, deep-rooted traditions are opening their doors to leadership from outside the inner circle."

– The situation presents a considerable challenge not only for current owners and founders but also sends a strong signal to the broader market. Even in legacy family businesses with deep-rooted traditions, there is growing openness to external candidates who possess the right qualifications and can earn the trust of the outgoing leadership. It is important to recognize that succession of this nature is one of the most critical and complex recruitment processes a company will face. Fortunately, business owners do not have to navigate this journey alone. At Michael Page, our extensive experience allows us to support clients effectively and address the many nuances involved. Returning to the core question - sell or recruit? Conversations with our clients indicate a growing preference for the latter – Butyński emphasizes.

It is also worth considering the opportunity from the candidate's perspective. Market data shows that average base salaries for top executive roles range from PLN 60,000 to PLN 80,000 per month, with salaries in listed companies often exceeding PLN 100,000.

– In addition to this, candidates can expect various performance-related bonuses - both short-term and annual - amounting to as much as six times their monthly salary. Another common and highly effective approach to reinforcing loyalty and alignment is the inclusion of equity or stock options as part of a long-term incentive structure – Butyński explains.

"Top executive roles command average base salaries of PLN 60,000 to 80,000 per month."

¹ Source: https://www.pwc.pl/pl/pdf-nf/2024/NextGen_PL_2024_Raport_Polski_Sukcesor.pdf

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The Business in Małopolska Center is a joint initiative of the Małopolska Region, Małopolska Regional Development Agency and the Krakow Technology Park, which offers an integrated system of servicing investors and exporters, it also provides ongoing information services to entrepreneurs about external sources of financing of investment and export activities.

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