



2022

# REPORT LUBLIN

**corees**

Commercial Real Estate

## FOREWORD

I am pleased to present our Lublin's market annual report for the year 2021.

In addition to the information on the commercial, office, and industrial and logistics real estate market, we also wanted to present a wider urban context. The report also includes basic data on demographics, urban infrastructure and education.

I hope you find this small summary helpful and interesting.

I wish you a pleasant reading,

*Marek Ciunowicz*

Warsaw, 02.2022



**Marek Ciunowicz, SIOR  
CEO at Corees Polska**

I am connected with commercial real estate market from nearly 30 years. I founded the real estate agency which provides comprehensive and competent support for a Client, where a person and their needs builds up for our priority.

This is how Corees Polska was created.

A boutique-format agency, which specializes in commercial real estates. We advise, negotiate, and back upon external assistance, considering Polish and European companies, independently from their size or location, in the field of office spaces. Corees Team is a group of people who share those values, who present wide perspectives and ready for taking initiative. Corees Polska is a partner of The Instant Group, belongs to SIOR and ProProgressio.

# LUBLIN

Lublin, the capital of the Lubelskie Province, also known as the capital of eastern Poland. It is the largest city in the region. It is situated in the eastern part of Poland, on the northern edge of the Lublin Upland. Geographically, it belongs to the Małopolska region. The area of the city is 147 km<sup>2</sup> and it is the sixteenth largest city in Poland.

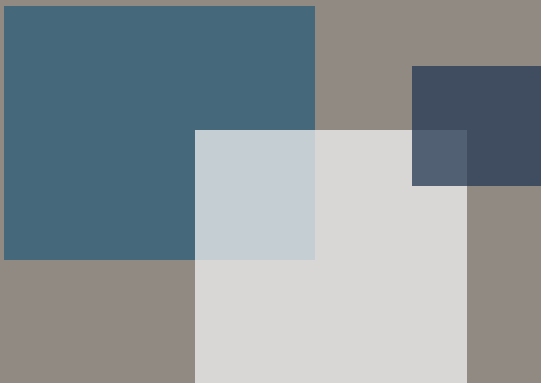
At the end of 2021, Lublin was inhabited by almost 337,800 people, which gives it 9th place in terms of the number of inhabitants in Poland. In addition, about 10,000 unregistered people live in Lublin, including students. Lublin, together with 4 adjacent counties, forms the Lublin Metropolitan Area, inhabited by 712,000 people. In turn, over 2.1 million people live in the Lubelskie Province. 58% of Lublin's inhabitants are people of working age. The city is divided into 27 administrative districts, which are, in turn, divided into housing estates.



# Labor market

The unemployment rate in Lublin is currently the lowest in almost 30 years and amounts to 5.3%. The rate is falling in the entire Lubelskie Province and at the end of February 2022, only 7.4% of the population was registered. This is 1.1 pp less than in February 2021. Compared to February 2021, the total number of unemployed was lower (by 13.6%), and the number of newly registered unemployed was also lower (by 5.2%) and people excluded from the register (by 1.4%).

The average employment in the enterprise sector in the entire province at the end of February 2022 was 1.5% higher than in February 2021 and by 0.1% compared to January 2022. The share of the average employment in the province voivodship in the national value was 3., 1%. The average monthly gross salary in the enterprise sector, compared to February 2021, was higher by 8.9% and lower by 5.2% compared to January of this year. Compared to February 2021, the highest growth rate of the average wage was recorded in the section of transport and warehouse management (by 14.7%).



In February 2022, the average monthly gross salary in the enterprise sector amounted to PLN 4,999.72 and was higher by 8.9% than in the corresponding period of the previous year. The increase in average wages and salaries was recorded in all sectors, the highest in transport and warehouse management (by 14.7%), in professional, scientific and technical activities (by 14.1%), in construction and in administration and supporting activities (12.2% each) as well as in trade; repair of motor vehicles (by 8.3%).

Most of the professionally active inhabitants of the Lubelskie Province are people with a secondary and higher education. The vast majority of the unemployed are people with a lower secondary, primary and lower education. The least unemployed are people with a higher education - 4.3%. The majority of economically active inhabitants of the Lubelskie Province are employed in the service sector (54%) and in industry (23%). Interestingly, Lublin residents rarely change jobs. According to statistics, only every 5th resident of the city changed their employer only once in their life and every 3rd person works in the same place all their life.

# Labor market



# Investment market

Lublin acts as an investment center and the administrative capital of the region. The city has experienced tremendous economic growth over the past dozen or so years. Currently, it ranks among the first in the country in terms of capital expenditure per person. In the budget planned for 2022, PLN 2.7 billion has been allocated for this purpose. In 2019, the Lubelskie Province was responsible for approx. 3.8% of Poland's GDP. In current prices, it amounted to approx. PLN 86.0 billion (tenth position in the country).

In February 2022, the number of business entities registered in Lublin, increased by 3.2% than at the end of February 2021 and by 0.1% than at the end of January 2022. 199,600 companies were entered in the REGON - national register of business entities, including 1,125 new entities. The number of registered natural persons conducting business activity amounted to 150,600 and this was an increase by 3.0% and compared to February. There were 26,300 entries in the REGON register, including 16,400 commercial companies and 9,700 civil partnerships. The number of companies, including commercial companies, increased annually by 5.8% and 9.8%, respectively.

In the analyzed period, the highest dynamics of growth in the number of entities, compared to the previous year, was recorded in the following sectors: "Information and communication" (by 11.8%), "Construction" (by 6.6%), "Administration and support activities" (by 5.9%), "Healthcare and social assistance" (by 4.6%) and "Accommodation and gastronomy" (by 4.1%). Lublin is dominated by the automotive and machine industry, medical, food processing and logistics, but the city is also one of the most promising Polish cities in terms of locating IT activities. Most of the recognized Polish companies from the industry operate here, as well as many significant foreign companies, employing a total of over 5,000 people. There are also 72 BPO centers, employing 8,000 people.

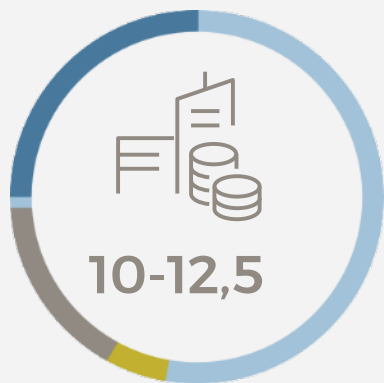
Lublin is also home to the Economic Subzone, which belongs to the Euro-Park Mielec Special Economic Zone. In 2020, the area of the economic subzone was 128 ha. Plans are in place to extend the Lublin Subzone to 200 ha.



# Investment market



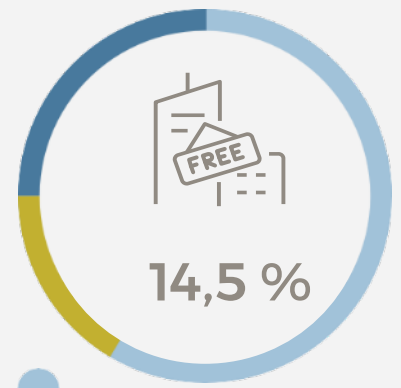
# Characteristics of Lublin's real estate market



Base rent for office space  
€ / m<sup>2</sup> varied from  
localisation



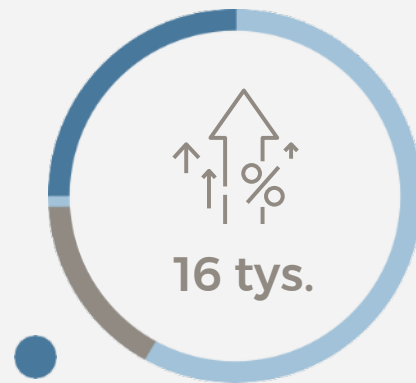
Total office space (m<sup>2</sup>)



Vacancy rate is 2,9pp  
higer vs last year



Delivered office space (m<sup>2</sup>)



Projects under construction  
(m<sup>2</sup>)



# Office market

The total volume of space in the city amounts to a total of 209,311 sqm in 51 modern office buildings and the city ranks eighth in Poland in terms of available office space. One of the first modern office buildings in the city were the buildings of Centrum Zana I and II, with a total area of 10,000 sqm, completed in 2001 and 2005. In 2021, no new investments were completed in Lublin. The largest of the investments completed in recent years is the Orion office building at 2 ul. Spokojna 2 (2018, over 18,500 sqm). The others are the CZ Office Park C office building at al. Kraśnicka (2018, 5,000 sqm) and the Point 75 building (2018, over 1,800 sqm of office space). Office building D of the CZ Office Park complex is still under construction, with a total area of 16,000 sqm. The total demand for office space in 2021 was relatively low and amounted to 4.200 sqm, which is nearly 36% less than in 2020. All transactions were pre-lease contracts, thus maintaining the trend from the previous year. The largest transaction was the pre-lease of a confidential client from the IT industry of 2,700 sqm.

The vacancy rate at the end of 2021 was 14.5% and increased by over 6% from the beginning of the year. Rents for renting office space in Lublin range from EUR 10 / sqm / month in B-class buildings to EUR 12.5 / sqm / month for A-class buildings.

The coworking market is developing rapidly in Lublin. At the end of 2021, 10 facilities were available in the city, offering tenants flex-offices of various standards - from small private initiatives to international coworking networks.

# Office market



# Retail market

There are 14 shopping centers in Lublin. Saturation with modern retail space per 1 thousand inhabitants amounts to over 592 m<sup>2</sup>. Traditional shopping centers dominate, accounting for as much as 90% of the stock. The largest shopping center in Lublin is Galeria Olimp, which has nearly 110,000 sqm, Atrium Felicity with an area of 75,000 sqm, IKEA Skende Shopping with an area of 57,500 sqm and Tarasy Zamkowe with an area of 38,000 sqm. No new supply arrived in 2020 and 2021. At present, 8,500 sqm are under construction - an investment by Węglin Retail Park (Interbud). The completion of works is planned for the beginning of Q4 2022.

Due to the high saturation with shopping centers throughout the country, also in Lublin, solutions are being sought to make the existing ones more attractive, through their modernization, reconstruction or change of format. Moreover, the average age of shopping malls in Lublin is over 10 years and they already require renovation works. In 2018, the modernization of Lublin Plaza, Park Handlowy Kraśnicka and Galeria Olimp was completed. Other centers are expanding the offer for customers and so Cityfit fitness clubs were opened in Lublin Plaza, and Just Gym in PH Tatary.



There is also a wave of interest in the markets of regional cities on the part of networks with construction and interior decoration products.

The situation in commercial regional markets is stable, which means that tenants are showing interest in lease agreements for space in shopping centers. The main transactions are those concluded as part of re-commercialization (new lease agreements, extensions and relocations). The vacancy rate for retail space in Lublin at the end of 2021 was 3.3%. Rents for retail space in Lublin are stable and range between EUR 23 and EUR 29 / sqm / month.

# Retail market




# Industrial and logistics market

Lublin is the most important industrial and logistics center in Eastern Poland. In mid-2021, the total supply of modern industrial and logistics space in the eastern region amounted to 333,200 sqm of which 230,600 sqm was located in Lublin in 8 modern warehouse projects. At present, there are 140,900 sqm of space under construction, of which 110,000 sqm is in 7R Park Lublin at ul. Męłgiewska, which was leased in a pre-let agreement by a company from the electronics and household appliances industry.

Gross demand in the industrial and logistics market of Eastern Poland in 2021 amounted to 190,000 sqm, most of which were pre-let agreements. The vacancy rate in mid-2021 was 5%, which translates into approx. 13,000 sqm of available industrial and logistics space.

Monthly rents for modern industrial and logistics space in the Lublin area range between EUR 3.2-4.5 / sqm / month.



# Infrastructure market

The shortest road and rail routes from Berlin and Warsaw to Minsk, Moscow, Lviv, Kyiv and Odessa lead through the Lubelskie Province. The nearest border crossing with Ukraine - Dorohusk, is located less than 100 kilometers from Lublin. The city is crossed by 7 supra-poviat roads and 3 railroads, it is the main transport junction in the region. Construction of 597 km of expressways and 72 km of motorway is planned. Lublin is also the main railway junction in the region, it connects Warsaw with the state border in Dorohusk, and further with Kyiv.

Lublin Airport, from which passengers use connections to such European cities as Dublin, Frankfurt, London, Oslo and Stockholm is located in Świdnik, just 10 km from Lublin. In addition, there is also a cargo terminal. You can quickly get from the airport to the center of Lublin by a special railway line connecting the Lublin railway station with the Lublin Airport. The Lublin-Radawiec airport is about 12 km south-west of the city.

The inhabitants of Lublin are provided with public transport by 55 bus lines (including 3 night lines) and 12 trolleybus lines. Lublin is one of the 3 cities in Poland (next to Gdynia and Tychy) where trolleybuses run.

# Education market

Lublin is a significant academic center in the region. There are 9 universities in the city, including 5 public and 4 private, with a total of about 60,000 students. Around one fifth of them live in Lublin. Lublin is an attractive place not only for them - about 6,500 out of the total number of students are foreigners from almost 100 countries and this number is growing every year. In terms of the number of students, Lublin is one of the leading academic centers in Poland and the largest one in the eastern part of the country (over 80% of the total number of students in Lubelskie Province). Each year over 20 thousand graduates leave the walls of Lublin universities. Lublin's universities offer students education in over 200 fields of study. The most popular of them are economic and economic faculties, as well as those related to transport, forwarding and logistics, engineering and technical faculties, as well as medical faculties.

The largest university in Lublin is the Maria Curie-Skłodowska University, where about 22 thousand students study, following it is the Catholic University of Lublin with the number of nearly 10,000 students. The largest of the technical universities is the Lublin University of Technology, where about 9 thousand students study. There are around 1,000 students less at the University of Life Sciences and another 1,000 less at the Medical University.

Despite the demographic decline, the number of students in Lublin remains practically constant.



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