



2023

REPORT
WROCLAW

corees

Commercial Real Estate

FOREWORD

I am very pleased to present our Wrocław's market annual report for the year 2022.

In addition to the information on the office, co-working, industrial and logistics, retail and PRS market we also wanted to present a wider urban context including 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



Marek Ciunowicz, SIOR CEO in Corees Polska

I am connected with commercial real estate market for 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.

Corees Polska is a boutique-format agency, which specializes in commercial real estate. We advise, negotiate, and back upon external assistance, considering Polish and European companies, independently from their size or location, in the field of office, industrial and logistics and retail spaces, valuation and investment advisory.

Corees Polska is a partner of The Instant Group, belongs to SIOR, CORFAC International and Pro Progressio.

WROCLAW

Wroclaw, the capital of Lower Silesia. Located in south-western Poland, in the center of the Silesian Lowlands, on the Oder River, near the borders with the Czech Republic and Germany. It is a unique city of 12 islands and 112 bridges. Wroclaw is the fourth city in terms of population in Poland, the number of residents registered here in mid-2022 was 673.900. This is an increase compared to the previous year by 32.700 people.

Meanwhile, according to data from the Union of Polish Metropolia, 187.300 refugees from Ukraine have arrived in Wroclaw since the beginning of the Russian invasion. In this way, the city's population increased from 642.000 up to 829.200. Wroclaw is also one of the largest Polish cities in terms of area - its total area is 293 km². It is divided into 5 districts, and these into 48 housing estates in total.

The largest number of people live in the Fabryczna district (196.500), and the least – in the Old Town (41.200). Three-fifths of the city's area is green areas. Wroclaw is also a leader among Polish cities in terms of pro-ecological thinking. This is manifested, among others, in installation of solar collectors on residential buildings of municipal cooperatives.



Labor market

Wroclaw is the second fastest growing Polish city after Warsaw. It is also the second wealthiest city in Poland - there are nearly 7.500 PLN per inhabitant. The capital of the region is clearly leading among the largest Polish cities, not counting Warsaw. At the same time, the unemployment rate in Wroclaw is gradually decreasing: from 2.8 percent in 2016 by 2 percent in 2018 and 1.6 percent at the end of February 2023. At the end of 2022, 6.800 unemployed were recorded in the records of the Wroclaw employment office, which is a decrease compared to the same period in the previous year. The average gross salary in the enterprise sector at the end of 2022 was 7,802.28 PLN. Among the economically active, residents with higher education (34 %) and secondary vocational education (28 %) predominate. Residents of Wroclaw and the Wroclaw agglomeration have no problems finding a job. On the contrary - many professions are considered in deficit here. The most sought-after employees include: builders, car tinsmiths and painters, civil engineers, metal construction fitters. This results, among others, from the intensively developing construction market in the city.

Investment market

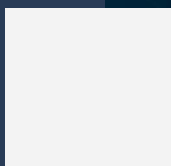
For several years, Wrocław has been building its strong position on the list of leading Polish cities in terms of investment and business-friendly climate. It cyclically wins leading places in the lists of international rankings evaluating cities for their business-friendliness. For example, in the latest ranking of European Cities and Regions of the Future 2022/2023, prepared by "fDi Magazine" - an opinion-forming magazine from the Financial Times group, Wrocław took first place in the category of medium-sized cities (from 200.000 to 750.000 inhabitants) and it was third among all medium-sized cities. In the category in which the best conditions for business in medium-sized cities were assessed (Mid-sized cities - best for business friendliness), Wrocław was the best and was ahead of e.g. Poznań, Bratislava, Tallinn, Łódź, Vilnius and Edinburgh. In this list, the following were taken into account: the number of technologically advanced companies in the service and research and development sectors. In turn, in the overall ranking of the TOP 10 mid-sized European cities of the future 2022/2023 (Mid-sized European cities of the future 2022/23 - overall), Wrocław took third place, right after Zurich and Vilnius. In the TOP 10 category of medium-sized European cities of the future 2022/2023 - economic potential, Wrocław was ranked 4th.

Wroclaw is a city where between 2006 and 2016 the highest rate of economic growth per capita was recorded in current prices (97.5%). It ranked fourth, just behind Kraków, with a GDP per capita of 79.800 PLN. Wroclaw's budget in 2023 assumes total revenues of 5.59 billion PLN and expenditures of PLN 6.4 billion PLN.

At the end of December 2022, there were 427.200 companies registered in the entire Lower Silesian Voivodship (16.200 more than in 2021, an increase of 3.9 %). In the total number of entities, 283.700, i.e. 66.4 % were business entities conducting business activity. The largest number, 1,278 one-man companies, were registered in Wroclaw and in the Wroclaw powiat (1,232). There are nearly 134,000 entities of the national economy in the city. In turn, there are 26,000 manufacturing companies in the region employing 180.000 people, over 200 companies from the IR industry, 208 BPO, SSC/GBS, IT, R&D centers and 4 economic zones.



Investment market



Nearly 60,000 people work in Wrocław's service centers. Growth in 2022 was greater than expected. 130 jobs were created daily, with an average of 75 of them being highly specialized jobs. The leading industries in the region are the automotive, household appliances, engineering, chemical and pharmaceutical sectors.

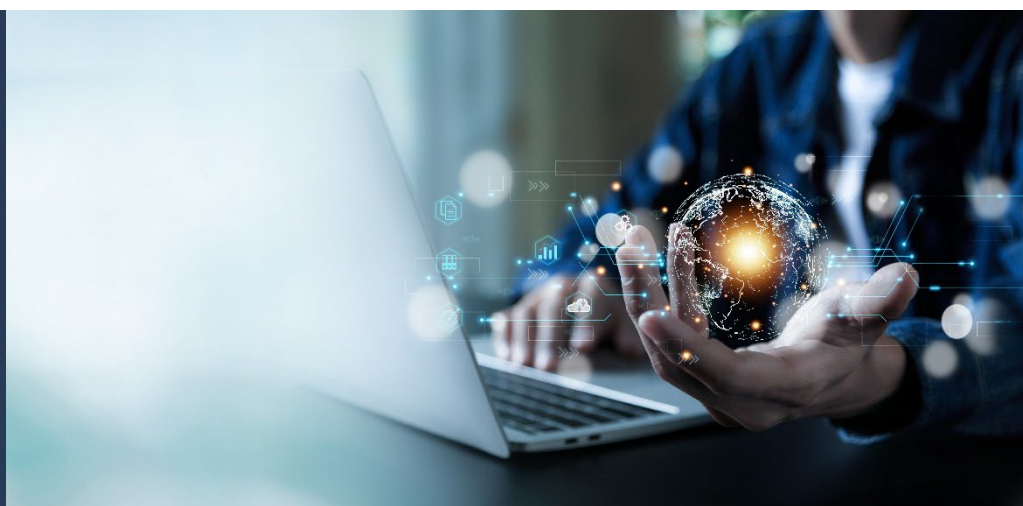
New investments in Wrocław include: Boehringer Ingelheim, GlobalLogic, Klika Tech. In Wrocław, there are e.g. McCain, Merck Business Solutions Europe, Nexer, Olympus Business Services, Parker Hannifin, PPG GBS, QIAGEN Business Services, Schaeffler Global Services Europe, Smith and Nephew, SoftServe, SSAB, Thaumatec, Toyota, UPM, UPS Global Business Services, Volvo, XL Catlin Services.

The capital of Lower Silesia is also one of the most important startup centers in Poland.

Wrocław is also a place of many important conferences, congresses and international events (including The Global Forum, the European Film Awards gala).



Investment market



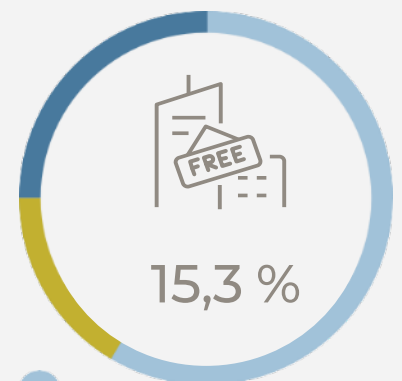
Office market in numbers



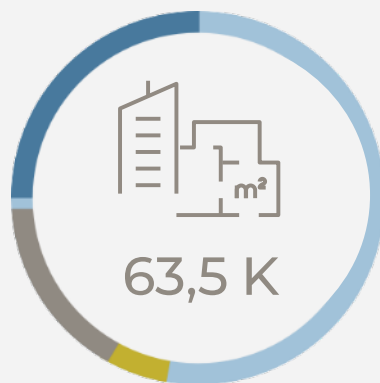
Base rent for office space
€/ sqm varied from
location



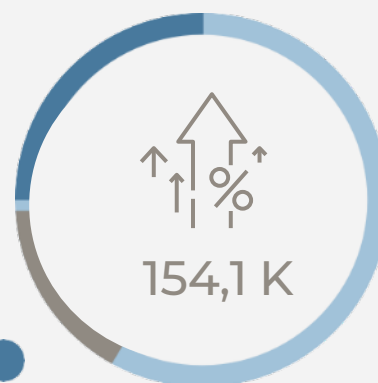
Total office space (sqm)



Vacancy rate is
1,4 pp lower vs last year



Office space (sqm) delivered in
2022



Projects under construction
(sqm)




Office market

Wrocław exceeded the symbolic limit of 1 million m² of office space in 2018. This allowed it to rank second in terms of the volume of office space, right behind Kraków. At the end of 2022, the supply here amounted to 1.330 000 sqm. This result was due to the commissioning of 7 investments, which increased the stock of the office market by over 63.500 sqm.

Among the investments commissioned in 2022, there are e.g. Midpoint71 (36.200 sqm, Q1 2022, Echo Investment) and Quorum Office Park D (16.200 sqm, Q3 2022, Cavatina Holding). Currently, 154.100 sqm. are under construction, which is the highest result among all regional cities. The projects under construction include: Infinity (22.000 sqm Avestus Real Estate, Tristan Capital) and Centrum Południe III (20.000 sqm, Skanska Property Poland).

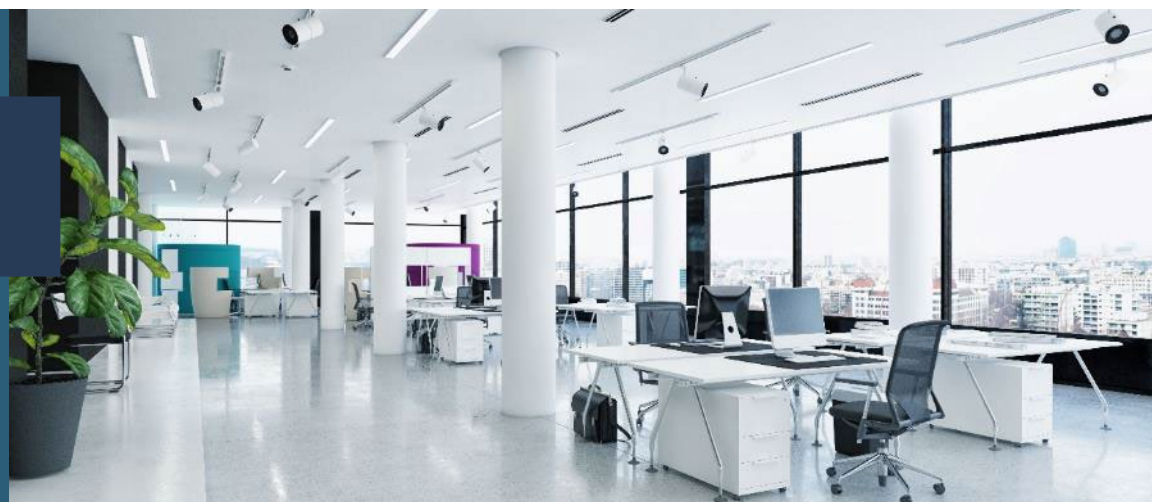
The vacancy rate is still low. At the end of 2022, it even decreased by 1.4 pp. compared to December 2021. It currently stands at 15.3%. This is possible due to the high interest in renting office space – the demand in 2022 amounted to 137,000 sqm and is comparable to 2021.



In 2022, a record-breaking transaction on the office market took place in Wrocław. MidPoint71 complex at Powstańców Śląskich Street was sold for over 100 million EUR.

Nearly half (49 percent, over 67.500 sqm) of the volume of lease transactions concluded in 2022 were new contracts. Renegotiations also had a very large share in the total, as much as 44 %. In turn, expansions amounted to only 7 %. Average rents in Wrocław range from €10 to €18/sqm/month.

Rynek biurowy



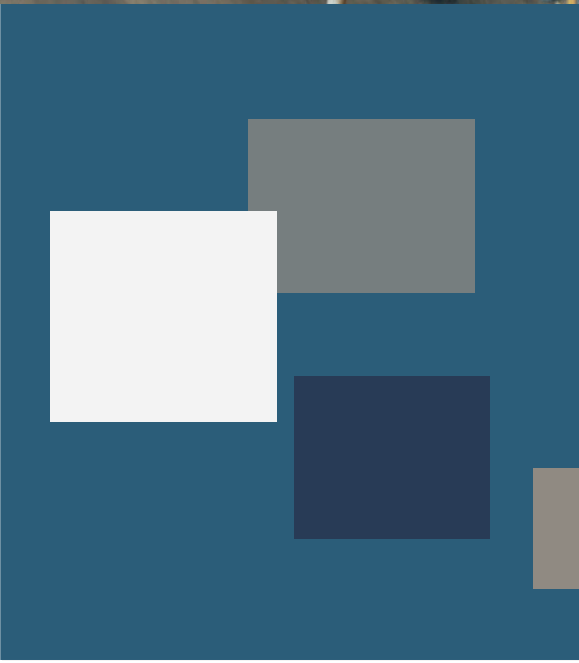
Co-working market

Wroclaw is home to about 7 % flexible surfaces of the country. The local market is developing very dynamically and currently offers approx. 24.000 sqm of surface. Coworking operators on the Wroclaw market include:

- Regus,
- Spacing,
- CitySpace,
- Ideaplace,
- Work Station,
- Reddit,
- Quickwork and a number of private micro-entrepreneurs.

In Wroclaw, the flexible form of lease is so popular that currently a very large part of the space is almost fully leased.

The rental price for a desk shared with other tenants (HotDesk) varies between 300PLN/month and 600 PLN/month, the cost of a permanent workplace ranges from 500 PLN/month to 800 PLN/month, and a private office 800-1300 PLN/month.



PRS market

Although the PRS market is only at an early stage of development in Poland, Wrocław is already one of the leading Polish cities in terms of its resources.

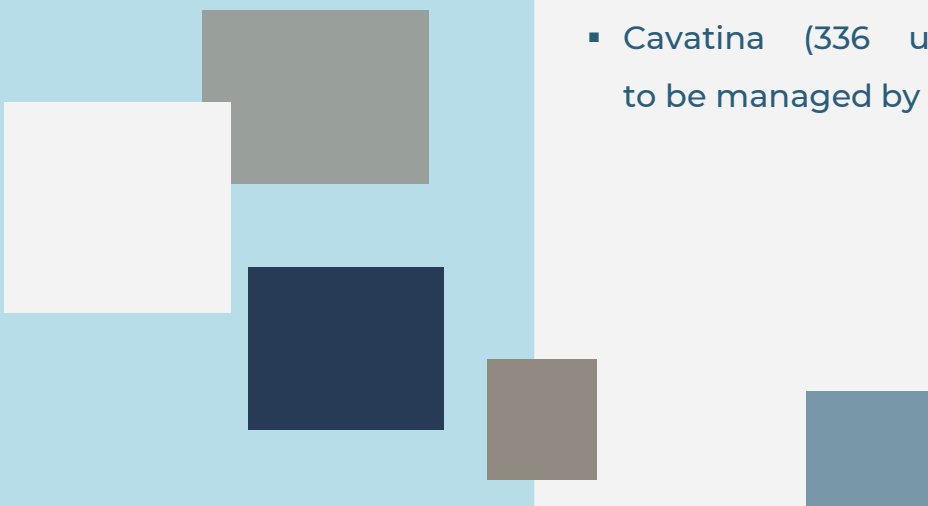
About 2.24 % of flats for rent are PRS resources. This places Wrocław in second place in Poland, just behind Warsaw.

Active players on the PRS market in Wrocław include:

- Resi4Rent (571 apartments),
- TAG Immobilien (260 apartments managed by Vantage Rent) and
- PFRN (246 units).

The construction of new projects (approx. 1.065 apartments) will bring several new entities to this market, such as:

- Ares (244 units to be managed by LifeSpot) and
- Cavatina (336 units in the Quorum project to be managed by ResiCapital).

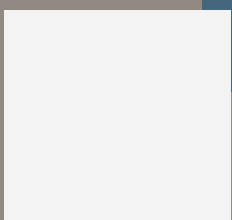


Retail market

Wroclaw is the most saturated city in Poland in terms of retail space. There is as much as 774 sqm of retail space per one thousand inhabitants. In Wroclaw, there are 21 shopping centres and other commercial properties with a total area of almost 864,000 sqm.

No spectacular opening took place here in 2022. Expansions, modernizations, changes in functions, as well as the creation of new "convenience" facilities are rather observable. Reducing commercial functions can be seen, for example, in Wroclaw's Renoma.

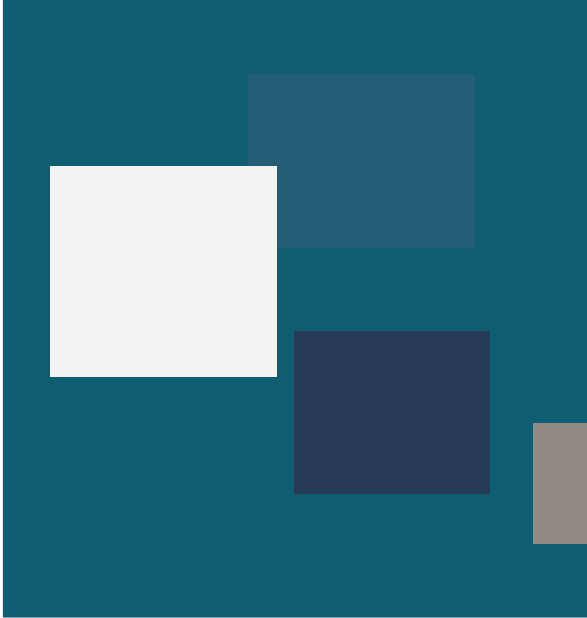
Despite the high turnover of tenants resulting from the Covid-19 pandemic, the demand for retail premises remained at a good level. The vacancy rate in the Wroclaw agglomeration at the end of 2022 was 7.1%. Rents for a unit of 100-150 sqm intended for fashion, located in the best shopping centre on the market, ranged on average from 35-50 EUR/sqm/month.



Industrial and logistics market

Wroclaw together with the agglomeration ranks fourth in terms of warehouse space stock in Poland, with a total volume of almost 3.15 million sqm, that constitutes over 12 % of the total modern industrial and logistics space in the country. This was due to the commissioning of new facilities with a total area of 660.000 sqm (which is the best result in 2022 in the whole country). The completed facilities include the first building within GLP Wroclaw V Logistics Center (ultimately, GLP plans to deliver 230.000 sqm to the market as part of this investment) and another 44.500 sqm of the Panattoni Wrocław Campus 39 park and almost 30.000 sqm within Panattoni Park Wrocław West Gate.

Currently, over 600.000 sqm of modern industrial and logistics space is being built in Lower Silesia. The P3 project, which is to be built in Kąty Wrocławskie, is still under construction – the developer plans to build warehouses with a total area of almost 175.000 sqm. The project of Hillwood Polska and Develia in Malina near Wroclaw is also under construction, which is to deliver the largest logistics park in the region to the market. The investment will be implemented in at least four stages and will provide a total of at least 400.000 sqm.



In addition, Panattoni is running a new project in Magnice - Wroclaw Logistics South Hub with a total area of 247.000 sqm. In the first stage, the developer will build 120,000 sqm of space.

In the last two years, Lower Silesia has recorded very high tenant activity. In the first quarter of 2022, tenants signed contracts for 75.000 sqm. The vast majority of contracts were renegotiations, which in the first quarter accounted for as much as 40 % of all leases concluded in the region, compared to 10% in in Q1 2021. The largest transactions on the industrial and logistics market in Wroclaw in 2022 include the lease of Panattoni Park Wrocław Logistic South Hub with an area of 75.300 sqm by a tenant from the 3PL sector.

The vacancy rate remains quite low, only 3.2 %. This is a significant decrease compared to the first quarter of 2021 (by 4 p.p.). Rents for modern industrial and logistics space in and around Wroclaw currently range from 2.4-2.9 EUR/sqm/month.


Industrial and logistics market



Infrastructure market

Wroclaw, although it is not located in the center of the country, is perfectly connected with the rest of the country. It was one of the first Polish cities to have access to a motorway. From Wroclaw in approx. 3 hours. you can get to Kraków, Warsaw or Poznan by car, but also to other European cities such as Prague or Vienna. Direct connections with the cities of the Czech Republic, Germany and Ukraine are also offered by rail. Wroclaw Airport is developing rapidly, constantly increasing the list of connections and the comfort of service. In total, throughout 2022, the Wroclaw airport recorded air traffic at the level of 2.9 million passengers, which compared to 2021 is 102 % growth and only 19 % less than in the record year 2019, when 3.5 million passengers used the airport.

The Wroclaw public transport system consists of 22 tram lines, 94 bus lines and the agglomeration railway. The advanced and implemented throughout the city Smart Transport System streamlines both car traffic and the movement of public transport vehicles. This translates into an increase in the number of people willingly using public transport. Wroclaw also offers 1.100 km of bicycle routes.



Education market

Wroclaw is the third-largest academic centre in Poland. There are 26 higher education institutions in the city (including 10 public ones), currently attended by approx. 125.000 people. Every year, 32.000 graduates leave the walls of Wroclaw's universities with degrees in:

- engineering,
- IT,
- economics and finance or
- linguistics.

Wroclaw has universities with every profile of education - from technical universities, military, humanities, and natural sciences to art academies.

The most prestigious university in Wroclaw is the Wroclaw University of Science and Technology, which took fifth place in the general ranking of the best universities in Poland, and second among technical universities, slightly behind only the Warsaw University of Technology.

The most popular fields of study chosen by students in Wrocław are :

- Management (15 179 students),
- Information technology (7 819 students),
- IT-related fields (6 668 students),
- Finance and Accounting (10 015 students) | Foreign Philology (5 540 students).

Wrocław universities, in response to the demand of the market and Wrocław employers, each year open new fields of study and establish cooperation with companies operating in the region, offering their students apprenticeships and internships that meet the requirements of the market. According to research, 64 % of students plan to stay in Wrocław after graduation

Education market





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