



2023

**REPORT TRI-CITY**

**corees**

Commercial Real Estate

# FOREWORD

I am glad to present Tricity's market Annual report for 2022.

In addition to the commercial, office, warehouse and PRS real estate market information, we also wanted to present a broader urban context. The report also includes primary data on demographics, urban infrastructure and education.

I hope you find this small summary helpful and exciting.

I wish you a pleasant reading,

*Marek Ciunowicz*

Warszawa, 04.2023



## Marek Ciunowicz, SIOR CEO at Corees Polska

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

This is how **Corees Polska** was created.

A boutique-format agency which specialises 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 spaces. Corees Team is a group of people who share those values, present broad perspectives and are ready to take the initiative. **Corees Polska** is a partner of **The Instant Group** and belongs to **SIOR** and **ProProgressio**.

# TRI-CITY

The Tri-City is a group of three cities located on the Gulf of Gdańsk and the Bay of Puck - Gdańsk, Sopot and Gdynia, which together form a metropolitan centre called the Tri-City or Gdańsk agglomeration.

Administratively, it is located in the Zachodniopomorskie Voivodeship. The Tri-City covers an area of 414.38 km<sup>2</sup>. The capital of the voivodeship and the centre of the Tri-City is Gdańsk. At the end of 2022, the city covering 261.96 km<sup>2</sup> was inhabited by 486.2 thousand people, which is 6% of all inhabitants of the agglomeration.

Within six years, the number of inhabitants has increased by over 9,000. The second largest city in Tr-City is Gdynia, which covers an area of 13,514 km<sup>2</sup> and is inhabited by 246,349 people. Located between them, Sopot covers an area of 17.28 km<sup>2</sup> and is inhabited by 35,046 people.

In addition to the three largest Tri-City cities, the Tri-City agglomeration also includes neighbouring communes, sometimes very far from Gdańsk or Gdynia, and opinions on their specific number are divided.

Therefore, depending on the concept, it is assumed that the agglomeration covers an area of 2,161.8 to 3,719 km<sup>2</sup> and is inhabited by 993,000 People, up to 1.5 million people.



# Labor market

The unemployment rate in the Pomeranian Voivodeship at the end of 2022 was only 5.0%. (only 2,4% in the Tri-City) and was lower by 0,1 percentage points compared to December 2021.

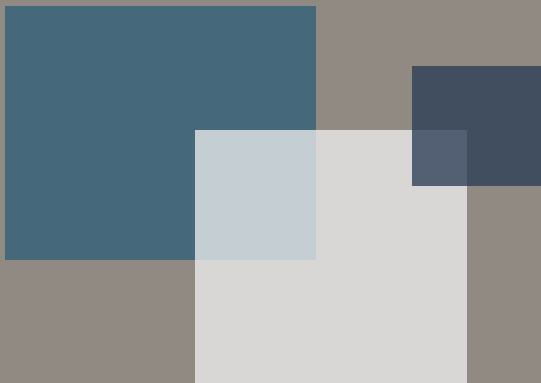
The number of unemployed registered in Pomeranian labour offices in December 2022 was 46.1 thousand, Pomorskie is the fourth Polish voivodeship with the lowest unemployed.

Working-age People account for as much as 60%, while in the Tri-City alone, this number is 59%.

Higher education (37%) and primary vocational education (2%) predominate among the professionally active residents. 61% of working residents in the Pomeranian Voivodeship are employed in the service sector, 32% in industry and 7% in agriculture.

The low unemployment rate is the effect of improving the economic situation in the region, increasing its attractiveness for new investments, as well as the development of entrepreneurship.

The seasonality of employment in tourism, agriculture, the hotel industry, gastronomy and construction also impacts the decline in jobs in the summer months.



Every year there are new job offers in Pomeranian Voivodeship. In connection with the above, there is also a phenomenon in which entrepreneurs have problems finding employees.

More and more job offers and attractive salaries mean that the region's inhabitants are fearless in making demands or negotiating higher wages - especially in the most dynamically developing industries.

In 2022, salaries in the voivodeship increased to PLN 7,329.96 gross in the enterprise sector and were higher by 10,3% since December 2021. In Gdańsk alone, the average wage is PLN 8,164.41 gross. The most sought-after employees are specialists in the technical industry, transport and logistics, pharmaceutical and cosmetics, construction, maritime economy, tourism and gastronomy, and health care professions.

# Labor market



# Investment market

The Tri-City, as well as the entire voivodship, is an exciting region for entrepreneurs. Pomeranian is ranked fifth in Poland in terms of regional GDP.

It boasts a high position among other regions of the country and a continuing development trend. Since 2014, a steady increase in business entities has been observed here.

At the end of 2022, the number of entities in the national economy in the region amounted to 334.5 thousand. And was higher by 3,8% than in the same period of 2021 (an increase of 4,2% recorded in the same period of the previous year).

The most significant increase in the total number of entities was recorded in the following sections: information and communications (an increase of 19.1%), construction of electricity, gas, steam and air conditioning supply (8,4%), administration and support services (7,1%) and construction (5,6%).

The annual increase in entities was also recorded in the public sector (0,1%) and the private sector (3,7%).

The largest group were natural persons conducting business activities, with their share in registered entities reaching 73,4%.

The most frequently indicated types of activity of natural persons were: construction (17,6% of all registered natural persons conducting economic activity), wholesale and retail trade, repair of motor vehicles and motorcycles (17,0%) and processing (10,1%).

As of the end of 2022, there were 91,7 thousand legal persons and organisational units without legal personality registered in the REGON (increase by 3,8% compared to 2021).

In addition, there were 37,000 entries companies (an increase of 7,3%), including 31,7 thousand limited liability companies (an increase of 8,9%) and 630 joint-stock companies (an increase of 9,2%), and 7.2 thousand. Associations and social organisations (increase by 3,1%). 28,6 thousand were entered into the REGON register. New entities, by 4,1% more than in 2021. 83,4% of newly registered entities (5,1% more than in 2021) are natural persons conducting business.

The Tri-City is also a constantly developing port and shipbuilding industry.

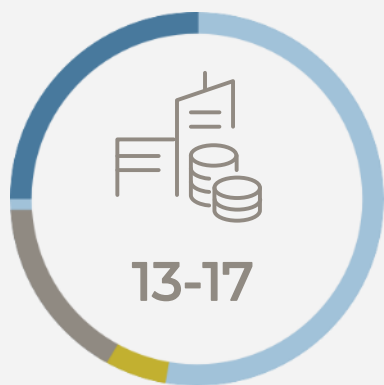
The region also has a Pomeranian Special Economic Zone, bringing together. 134 investors. It covers land with an area of 2246.2929 ha, and its seat is in Sopot.



# Investment market



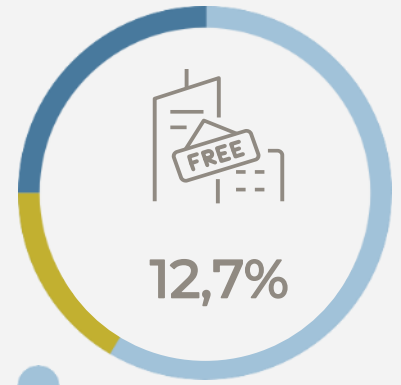
# Characteristics of Tri-City's real estate market



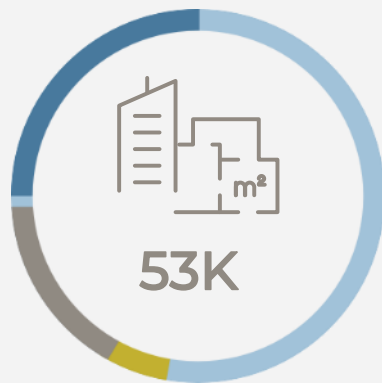
Base rent for office space  
€ / m<sup>2</sup> varied from  
localisation



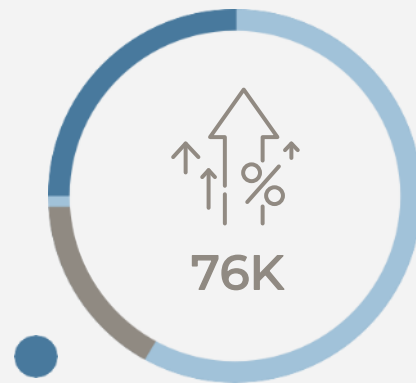
Total office space (m<sup>2</sup>)



Vacancy rate is 0,4pp  
higher vs last year



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



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



# Office market

The Tri-City is the fourth market in Poland regarding the volume of available office space. The total volume of office space in the Tri-City at the end of 2022 amounted to 1.01 million m<sup>2</sup>.

The offices are located along the Fast Urban Railway route (which is not without significance for Tri-City residents moving from home to work), near the Gdańsk airport and in the very centre of the city.

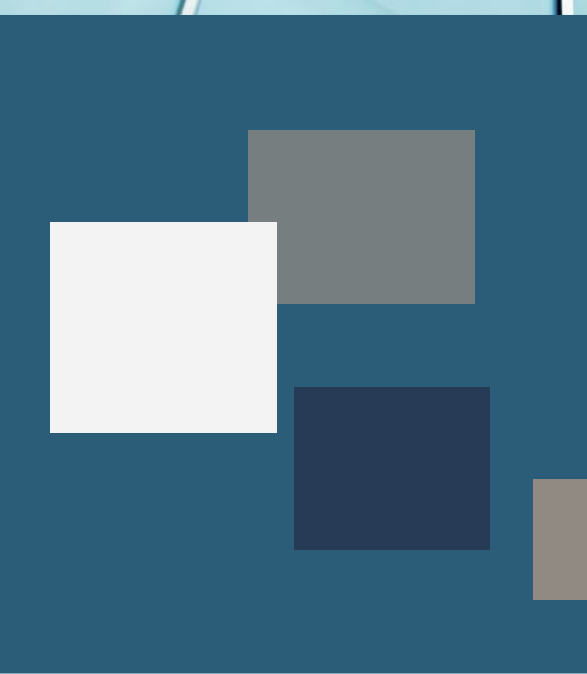
In addition, part of the post-shipyard area is growing into the business part of Gdańsk.

In 2022, were delivered in the Tri-City 53,000m<sup>2</sup> of new office space.

The largest of them are:

- the Format commissioned by Torus in the first quarter, which was erected right next to the SKM Gdańsk Oliwa stop (15,700 m<sup>2</sup> of leasable space),
- the K2 building in Gdynia, at ul. Kielecka (11.4 thousand m<sup>2</sup>).

Less than 10,000 The Alpha building (8,500 m<sup>2</sup>), which is part of the Airport City under construction, had the second stage of the Oficyna complex built by Torus in Wrzeszcz (7,300 m<sup>2</sup>) and the second stage of the building at ul. Polish Navy and Painters in Gdańsk of the Palio Office Park complex.



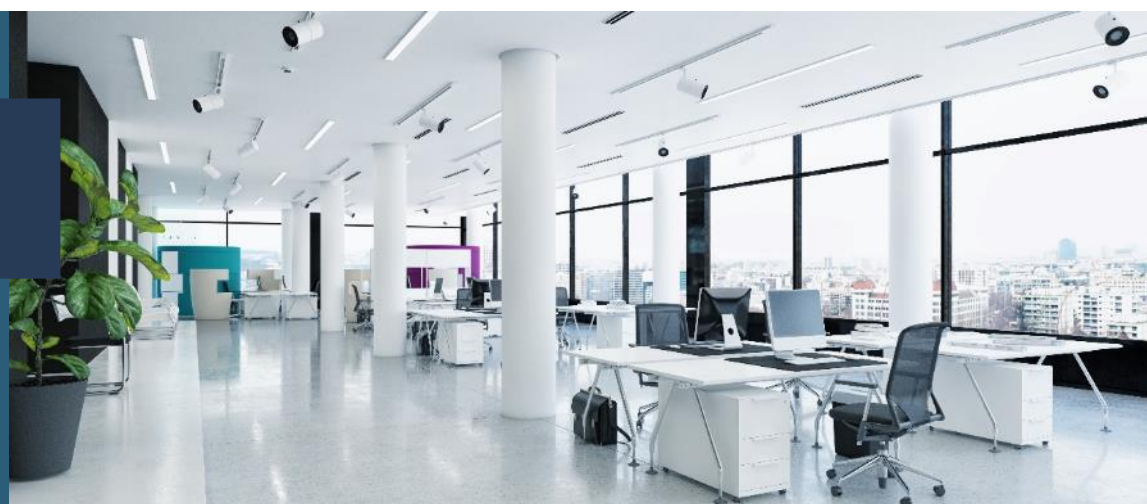
Approximately 76,000m<sup>2</sup> of office space are currently under construction, mainly in Gdańsk itself, including Palio - Building C (13,000 m<sup>2</sup>), Punkt (11,100 m<sup>2</sup>), Matarnia Office Park bud. 2 (2,000 m<sup>2</sup>), C300 Office, Alzare Office (1,500 m<sup>2</sup>), Oliwa 501 (3,300 m<sup>2</sup>), Intel Technology Poland - IGK6 (23,000 m<sup>2</sup>), Officer (Gdynia), Waterfront II building 1 (9,000 m<sup>2</sup>) and Waterfront II making 2 in Gdynia (3.3 thousand m<sup>2</sup>). There are also plans for Matarnia Office in Gdynia (27,000 m<sup>2</sup>, 2006) and YIT Development Investment (23,000 m<sup>2</sup>), Wave - Building B (21,500 m<sup>2</sup>, 2004), DOKI Office 2 (9,000 m<sup>2</sup>, 2024), Palio - Building D (9,000 m<sup>2</sup>, 2024), Airport City Gdańsk - Bravo (14,700 m<sup>2</sup>, 2024), DOKI Office D1 (11,700 m<sup>2</sup>, 2025 ), Jaracz (8.1 thousand m<sup>2</sup>, 2024).

Throughout 2022, tenants signed contracts for over 101,000m<sup>2</sup>, the lowest value in recent years (6,5% less than the previous year). Nevertheless, since 2015, the volume of lease transactions in the Tri-City market has remained remarkably stable, amounting to approx—98,000 m<sup>2</sup> on average per year.

In 2022, 68% of concluded lease agreements were new agreements (68,5k m<sup>2</sup>), 21% of renegotiations and 11% of expansions. Most contracts were signed in Gdańsk – 81,9 thousand. m<sup>2</sup>, which accounted for 81% of total signed agreements.

The demand recorded in the Tri-City last year; the remaining 19%, i.e. 19,1 thousand. m<sup>2</sup>, tenants rented in Gdynia. The most active tenants were companies from the shared services sector.

# Office market



The vacancy rate in 2022 reached 12.7%, which means an increase of 0.4 p.p. compared to 2021. It should also be emphasised that this is the third lowest vacancy rate among regional cities, right after Szczecin and Poznań.

Asking rents in Tri-City in modern buildings range from EUR 13/m<sup>2</sup>/month to EUR 17/m<sup>2</sup>/month. Rents have increased year-on-year, and further increases are expected, including increased cost of maintaining space. An increase in service charges is still noticeable due to the progressive increase in the prices of services and utilities, which at the end of December 2022 ranged from PLN 15.00 to PLN 25.00 / m<sup>2</sup> / month.

# Office market



# Flex market

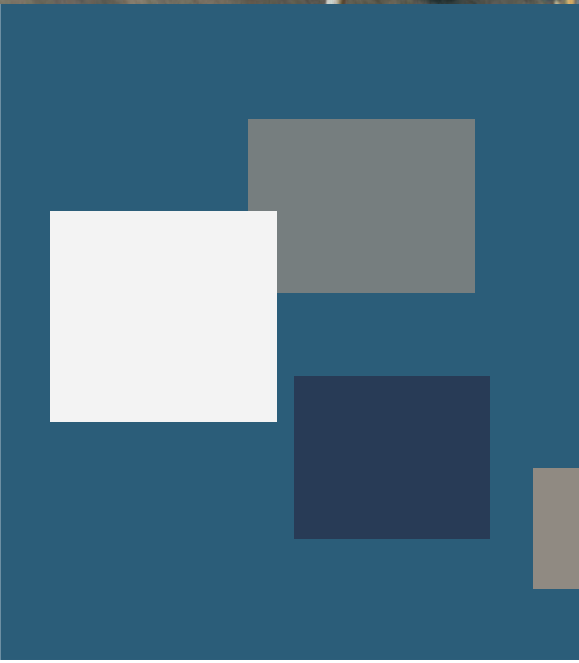
The Tri-City is about 3 per cent of Polish flexible office space. The local market is developing very dynamically and currently offers approx. 16.5 thousand. m<sup>2</sup> of the surface.

Both international and Polish operators, e.g. offer flex offices:

- Spaces,
- Regus,
- Chillispaces/LoftMill,
- Neon Flex,
- Colab and many private micro-entrepreneurs.

The rental price of a desk shared with other tenants (HotDesk) varies between PLN 400/per month. And PLN 800/month.

The cost of a permanent workplace ranges from PLN 600/month to PLN 900/month, and a private office PLN 900-1400/month.



# Rynek

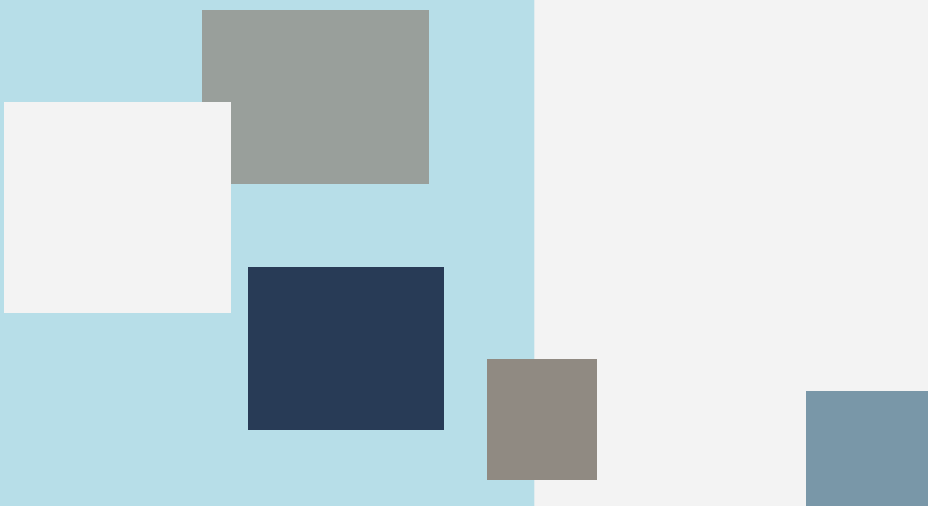
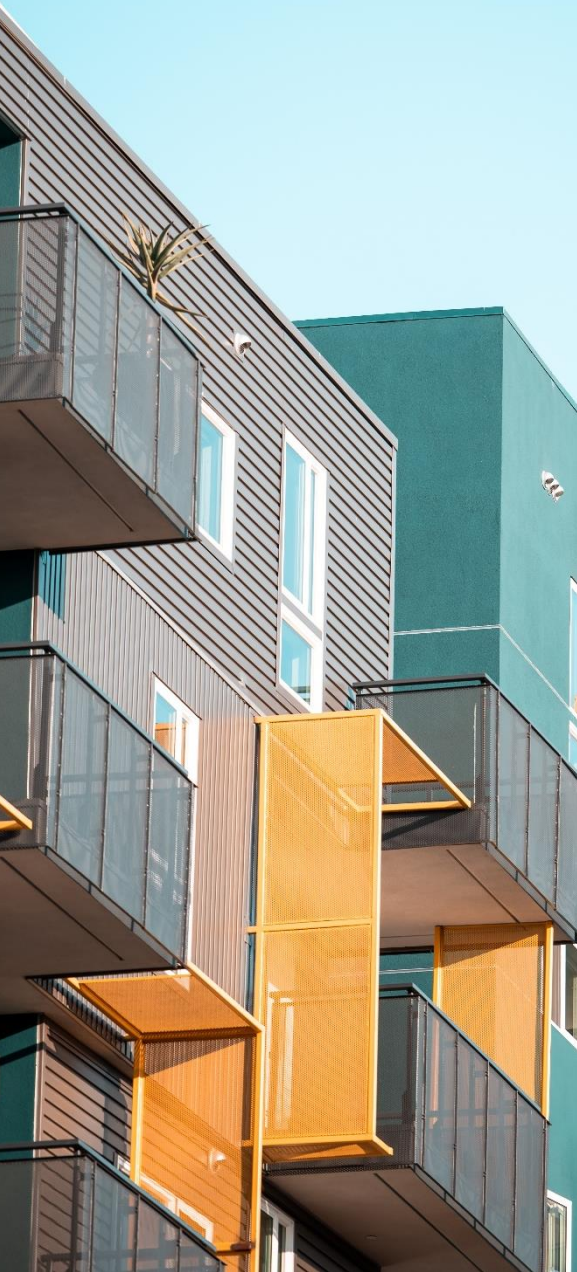
# PRS

Although the PRS market is only at the initial stage of development in Poland, the Tri-City is already at the forefront of Polish cities regarding its resources.

About 1,21% of flats for rent are PRS resources. This places the Tri-City in fifth place in Poland.

Active players on the PRS market in the Tri-City include:

- Zeitgeist (400 units, all delivered in 2022),
- Resi4Rent (301 apartments),
- PFRN (212 units) and
- Ares (168 units, managed by LifeSpot).



# Retail market

The Tri-City has one of Poland's highest retail space saturation rates - 774 m<sup>2</sup> of shopping centre space per 1,000 inhabitants. Retail space in the Tri-City currently amounts to approx. 810,000m<sup>2</sup> with 1,04 million people. It is 52 department stores, shopping centres and shopping malls. This gives the Tri-City the third place in Poland, after the Wrocław agglomeration and the Katowice conurbation. In 2022, no new shopping centre was commissioned in the Tri-City.

A retail park in Wiczlin in Gdynia is under construction, with an area of 3.6 thousand m<sup>2</sup> (the investor is Green Hills Investment, and the planned opening is to take place in June 2023), and the RWS Group has started design work on the development plan for an investment area of over 16,000 sq. m. m<sup>2</sup> in the southern part of Gdańsk Ujeścisko. The investor plans to build a retail park.

In 2022, one of the most significant investment transactions in shopping centres in Europe took place in the Tri-City and, simultaneously, the largest in Central and Eastern Europe in the year.



The NEPI Rockcastle fund bought the Forum Gdańsk shopping centre for EUR 250 million. The property with a leasable area of 63.5 thousand m<sup>2</sup> was sold by Multi Veste 339 B.V., an entity belonging to funds managed by Blackstone.

Despite everything, the demand for retail space in the Tri-City remains stable. In the Tri-City agglomeration, the average vacancy rate at the end of 2022 was 6,3%, i.e. 0.4 pp more than in the previous year. more year-on-year. Prime rents range from EUR 45 to EUR 50/ m<sup>2</sup> / month.



# Retail market



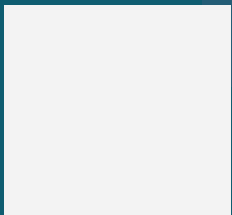
# Industrial and logistics market

The year 2022 in Pomorskie and the Tri-City region ended with over 1 million m<sup>2</sup> of total supply. (1,102,179 m<sup>2</sup>), 213.6 thousand m<sup>2</sup> of warehouses under construction. The largest investment is the Pomeranian Logistics Center, built by GLP.

It is the largest planned park in Pomerania, with an area of over 500,000 m<sup>2</sup>. At the end of 2022, there were almost 200,000m<sup>2</sup>. and 38,7 thousand. m<sup>2</sup> will be delivered in the third quarter of 2023. Nearly half of the new building will be occupied by Langowski Logistics (17,500 m<sup>2</sup>).

In the vicinity of the airport in Gdańsk, the developer 7R, in turn, is planning 7R Park Gdańsk III. The investment is scheduled for 110 thousand m<sup>2</sup> of modern logistics space.

Another international developer – Hines, plans to build a logistics park with an area of over 100,000 m<sup>2</sup> in the Gdańsk Kowale region. As part of the Panattoni Park Tricity East project, Panattoni is building more warehouses near the Port of Gdansk, which will have 44,300 m<sup>2</sup> when completed (of which 33,600 m<sup>2</sup> is already leased).



In Gdynia, at ul. Torus will build a new urban warehouse facility Gdynia City Logistics. Gdynia City Logistics will offer approx—23.5 thousand m<sup>2</sup> of modern logistics and office space. The investment is implemented in the spirit of sustainable development and will be BREEAM certified at the Excellent level.

In 2022, 325,000 m<sup>2</sup> of Tri-City warehouse space was leased. The most significant lease transactions were related to the dynamic development of e-commerce in Pomerania and by companies using sea transport (including Scandinavian companies). The most significant lease agreements signed in the Pomeranian Voivodeship in the first quarter of 2022 concerned space in two locations developed by the Panattoni developer - 30,000 m<sup>2</sup> (confidential tenant) and 22,800 m<sup>2</sup> (Morska Agencja Gdynia became the tenant of Panattoni Park Tricity East V).

Pomeranian is the region where at the end of 2022, it was the hardest to find a free module in the warehouse offers. The vacancy rate at the end of 2022 was only 0,8%. This is a substantial change compared to the previous year (1,6%; - 5.0 pp.)—the lower availability results from growing demand with a slow commission of new facilities.

Rental rates for modern warehouse space in the Tri-City increased significantly over the year, and at the end of 2022, they ranged between EUR 3.5-5.5/m<sup>2</sup>/month.

# Industrial and logistics market



# Infrastructure market

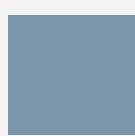
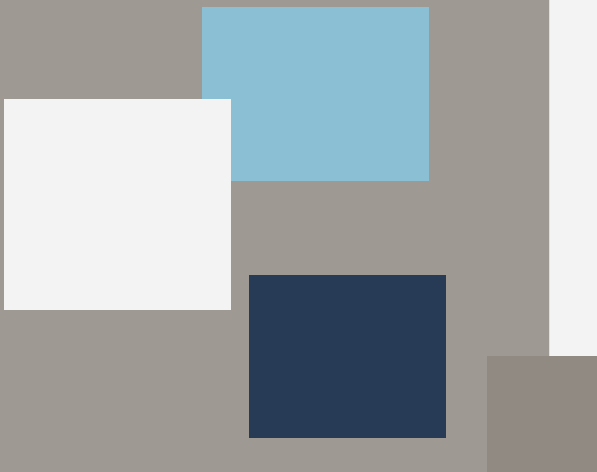
The Tri-City is one of the few regions of the country that can be reached by rail, land, air and sea.

The A1 motorway allows for a comfortable journey by car to Łódź and from there to Kraków or Katowice. Up to two motorways lead to Warsaw from the Tri-City, and 146 km of expressways are planned.

A network of 10 supra-powiat roads connects the agglomeration itself. As many as 26 railway lines lead to the Tri-City, and thanks to the gradual modernisation of tracks and modern rolling stock, Gdynia is connected to Krakow or Katowice by a line that allows you to cover the route in just 6 hours, and with Warsaw in just 3.5 hours.

The main driving force of the Tri-City is the Port of Gdańsk, where as much as 68,2 million tonnes were transshipped in 2022 (28% more than the year before), and the volumes handled increased by 170% over the last ten years.

The Port of Gdynia is also developing, responsible for handling over 28 million tons of cargo, a 5,6% better result than the previous year. Then a year earlier.



Well-connected with the centre of Gdańsk, the airport. Lech Wałęsa served 4,6 million passengers in 2022 (over 112% more than in 2021 and only 14.9% less than in the record year 2019, when almost 5.4 million guests visited the airport). In 2022, the port handled 10,2 tons of cargo, 11,1% more than the previous year.

Internally, the Tri-City is connected by the constantly developed Fast Urban Railway route, over 32 km long, which to a large extent, allows you to quickly and comfortably get from the farthest point in Gdynia to the farthest point in Gdańsk.

Thanks to this investment, thousands of residents from neighbouring municipalities can commute to work in the Tri-City daily, which partly complements the massive demand for employees. In addition, the Tri-City has a public transport system, separate for Gdynia and Gdańsk/Sopot but perfectly complementary.

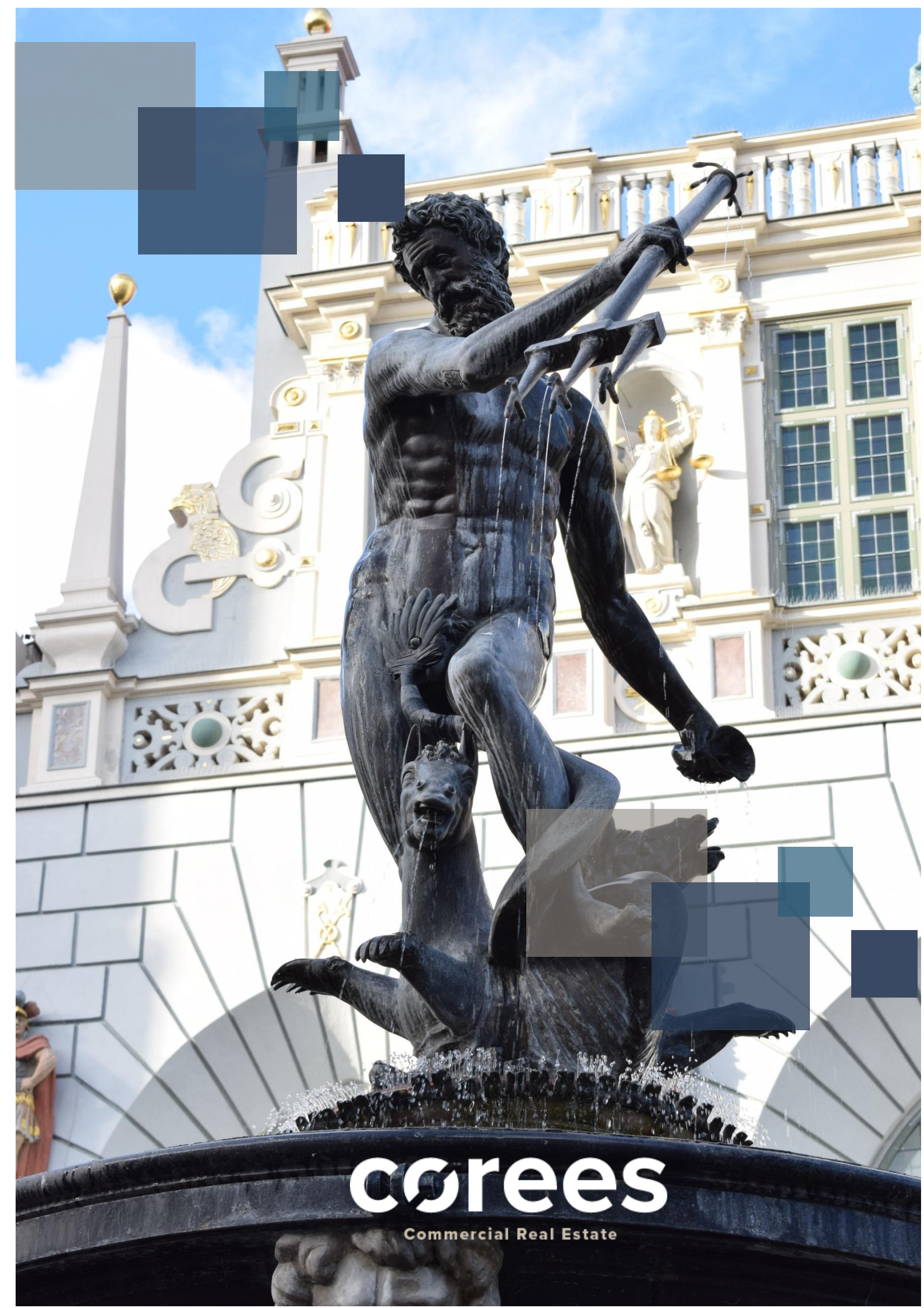
Interestingly, Gdynia is one of three Polish cities where trolleybuses are part of the fleet. You can also travel between the cities of the Tri-City by sea - by water tram.

# Infrastructure market



# Education market

The Tri-City is an essential academic and cultural centre. There are 26 higher education institutions in the entire Pomeranian Voivodship, of which 20 (including six public) are in the Tri-City. More than 84,000 students study there—Of which about 1/3 are at universities, and 1/4 at technical universities. The number of university graduates in 2020/2021 was over 25,000. In addition, about 2,000 people attended Tri-City vocational schools. The largest university in the region is the University of Gdańsk, with about 24,000 students. Students, and which offers not only humanities but also economics and oceanography. The Gdańsk University of Technology is behind it, with almost 17,000 students - a university consistently ranking among the top Polish technical schools. There is also a Maritime University in Gdynia, where nearly 5k students study. People and the Naval Academy, which educates 2,7k students. Almost 5,5k students are also recorded by the Medical University of Gdańsk. There is also no shortage of art schools in Gdańsk, including the Academy of Music and the Academy of Fine Arts. According to data from the Statistical Office in Gdańsk, the number of students in the Tri-City is still growing.



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