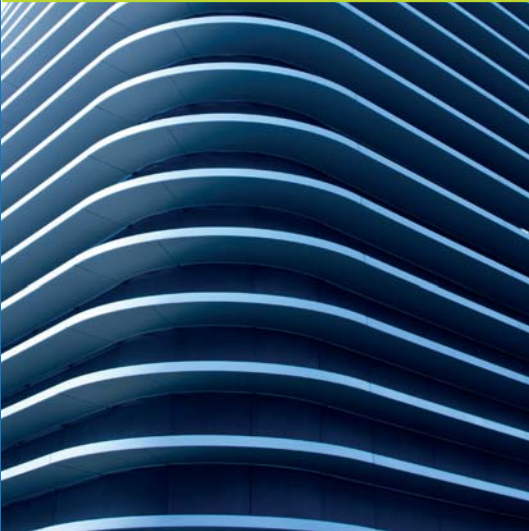
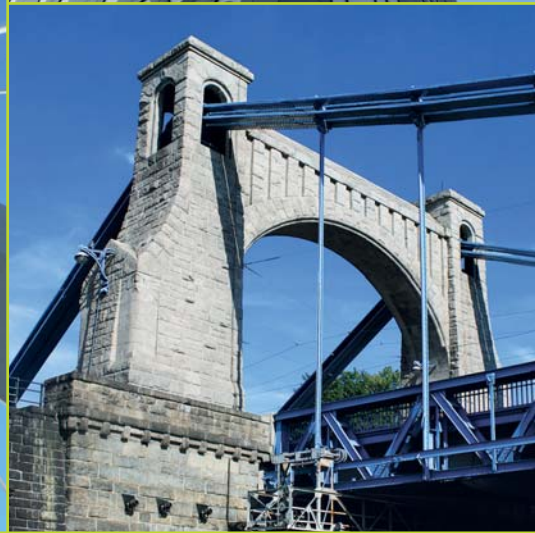




# WROCLAW

## Driven by Knowledge



# Take a look!

... at the City of Wrocław – its investment opportunities presented by Wrocław Agglomeration Development Agency and real estate market overview prepared by Knight Frank.

Wrocław [vrotswav] is a dynamic cosmopolitan center at the forefront of change in the “new” Europe. As the capital of Lower Silesia region and Poland’s fourth largest city, Wrocław is a strong economic, scientific and cultural center. Why Wrocław? Take a look!

Five key factors make Wrocław a superb place to do business:

**1. People** – at its highly regarded universities the city educates approximately 135 000 students. Almost everybody speaks English and the majority speak at least one more foreign language. The inhabitants’ potential and creativity make the city really unique. Moreover, Wrocław’s citizens are hard-working, ambitious, and open to changes.

**2. Knowledge Economy** – Wrocław is one of the most dynamically developing Polish cities in the business services sector (current employment is over 20,000 and still growing). The city is the largest R&D center and boasts the biggest number of Knowledge Process Outsourcing investments in Poland.

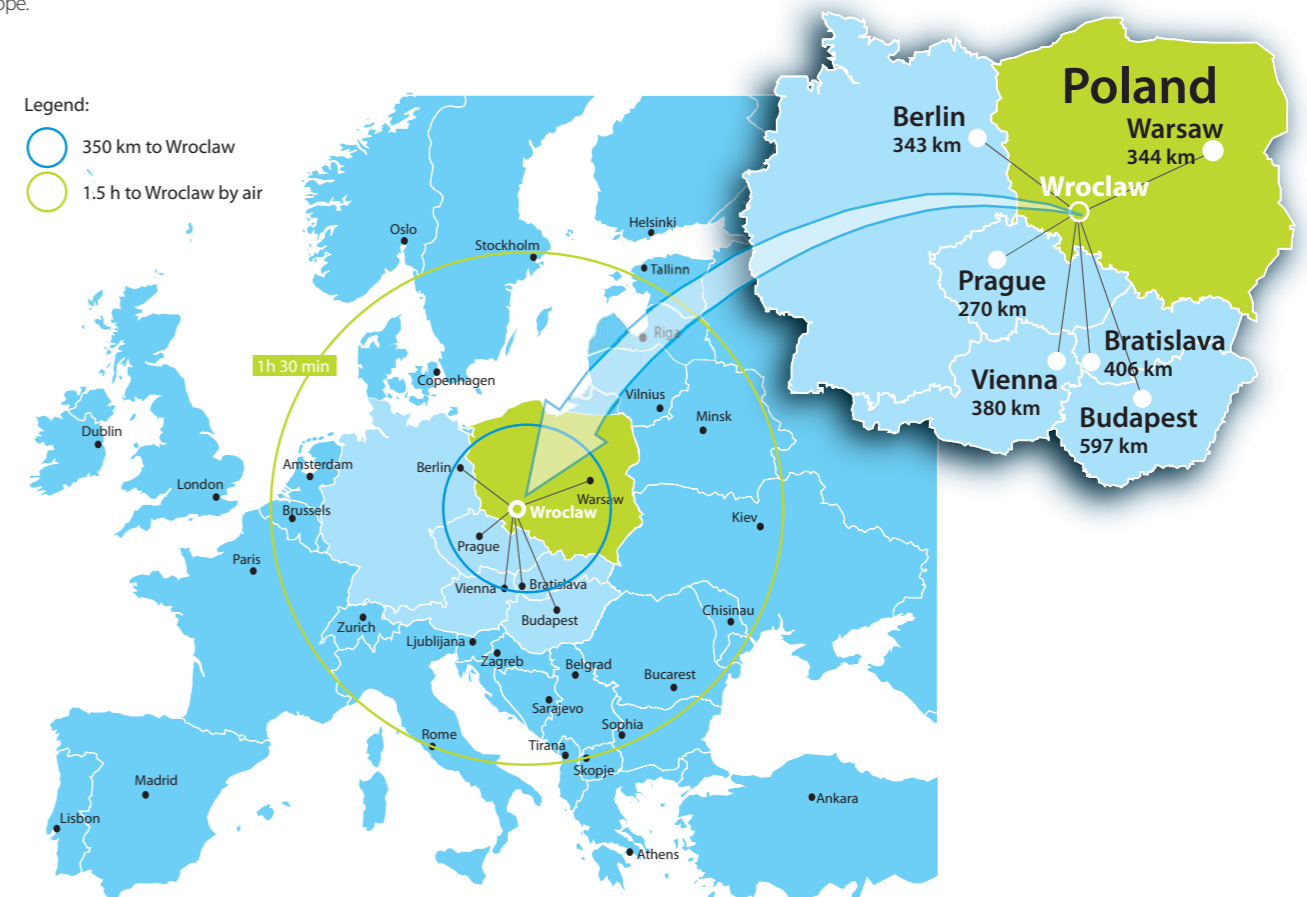
**3. Quality of Life** – Wrocław has won the contest of hosting events of European Capital of Culture in 2016 and World Games in 2017. It is one of the most rapidly developing cultural centers on the cultural map of Poland and Europe. Wrocław’s multicultural past opens a dialog about the identity of the New Europe.

**4. Location** – situated strategically between Prague, Warsaw and Berlin, Wrocław boasts a developed transportation infrastructure that connects the metropolis with the whole of the continent and beyond.

**5. Support** – Wrocław was selected as the best city regarding co-operation between local authorities (and their subordinate entities) and service centers. What the city offers for an investor is a broad scope of assistance during an investment process. But what is most important, the contact with the companies is retained after their foundation in the form of post investment care.

**Basic facts:**

- Area:
  - Wrocław: 293 km<sup>2</sup>
  - Wrocław Agglomeration: 2,118 km<sup>2</sup>
  - Lower Silesia: 19,947 km<sup>2</sup>
- Population:
  - Wrocław: 632 thousand
  - Wrocław Agglomeration: approx. 1 million
  - Lower Silesia: approx. 3 million



# Poland: a Heaven for Investors

“Poland is sexy”, proclaimed Sławomir Majman, the head of the Polish Information and Foreign Investment Agency (PAIIZ).

Poland has overcome the crisis relatively unscathed and may now offer a product which has lately been in short supply all over Europe, namely economic stability.

The country's economic growth rate in 2013 was one of the highest out of EU's members. Today Poland is more attractive than it used to be before the crisis. It sends out many bright spots making it easy to see that Poland should be billed as the EU's leading emerging economy.

## Investment Potential

- **Poland** will be the beneficiary of the highest amount of EU structural funds during the 2014–2020 budget period (EUR 105,8 billion)
- **Poland** grew by 1.3% in 2013, while the EU average was 0.0%
- Basing on the number of projects, **Poland's** share in FDI in Central and Eastern Europe is 21% (EY European attractiveness survey 2013)
- **Poland** is the define leader with the respect to number of employees (approx. 120,000) in Business Service Sector in Central and Eastern Europe
- EY has ranked **Poland** as the most attractive property market in Europe for 2014 (European real estate assets investment indicator)
- 10 out of 53 investment projects of Polish Information and Foreign Investment Agency in 2013 were located in **Lower Silesia** region
- **Lower Silesia** is recognized as the best region in terms of the level of economic infrastructure (Market Economy Research Institute – *Investment Attractiveness Report 2013*)
- **Wrocław** is ranked the 2nd out of „Top 10 Eastern European Cities” (Budapest, **Wrocław**, Katowice); 2nd out of „Top 10 Eastern European Cities – FDI Strategy” (Katowice, **Wrocław**, Poznan) and 6th out of „Top 10 Large European Cities – Business Friendliness” (Saint Petersburg, Amsterdam, Cologne, Oslo, Munich, **Wrocław**, Manchester, Frankfurt, Riga, Hamburg) in the FDI Magazine's report *European Cities and Regions of the Future 2014/2015*

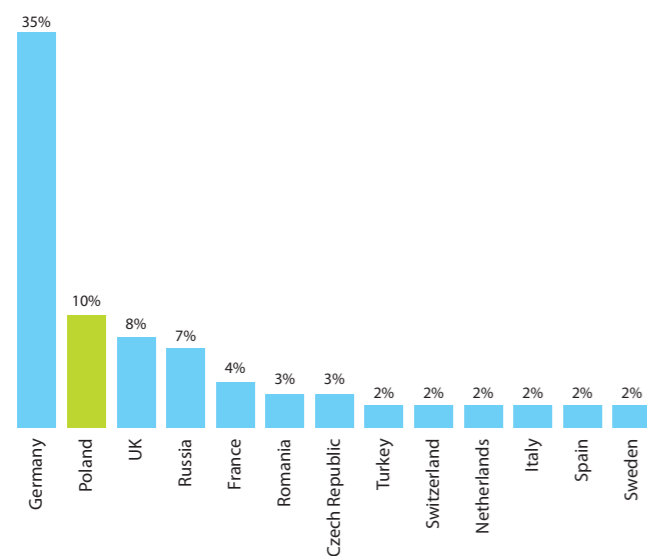
## Human Capital

- Academic Hub: Poland accounts for 11% of all university students in the EU
- Over 2 million students enrolled in 470 universities & high education schools
- 11.4 million Poles are less than 25 years old
- Talent shortage problem in Poland does not exist: only 4% of employers have trouble filling vacancies
- Language proficiency – more than 90% of students speak foreign languages (according to the global survey of English language skills by Education First, Poland is ranked 10th out of 54 countries)
- Proud history of achievement in mathematics: Poland is definitely becoming an obvious choice for R&D centers in software development and computer science
- Poland offers one of the best quality/wage ratio

## Forecasts

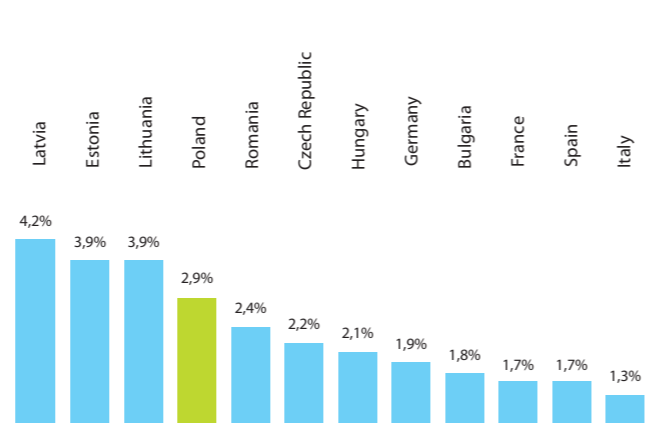
- Polish GDP assumed growth in 2015 is 2.9%, while the EU average is 1.9% (Eurostat),
- Polish GDP assumed growth in 2014 is 2.5%, while the EU average is 1.4% (Eurostat),
- Poland is also seen as the largest construction site in Europe due to its rapidly expanding infrastructure network of roads, airports, seaports and railway, which have massively improved its accessibility.

## What are the most attractive countries for FDI in the next 3 years?



Source: EY, 2012 European Attractiveness Survey

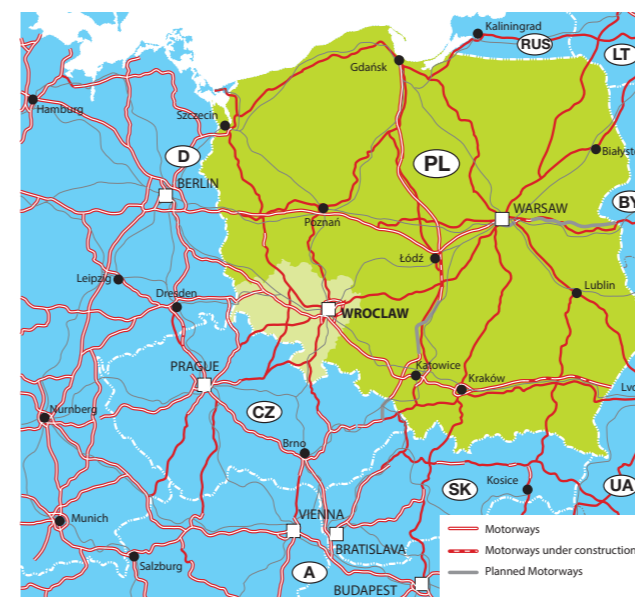
## Forecast 2015 GDP in the chosen EU member states



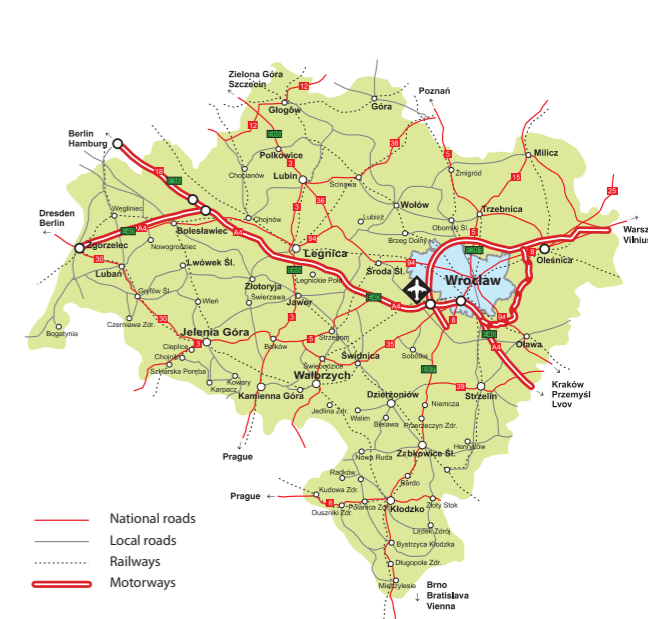
Source: The European Commission's European Economic Forecast – January 2014

# Connected

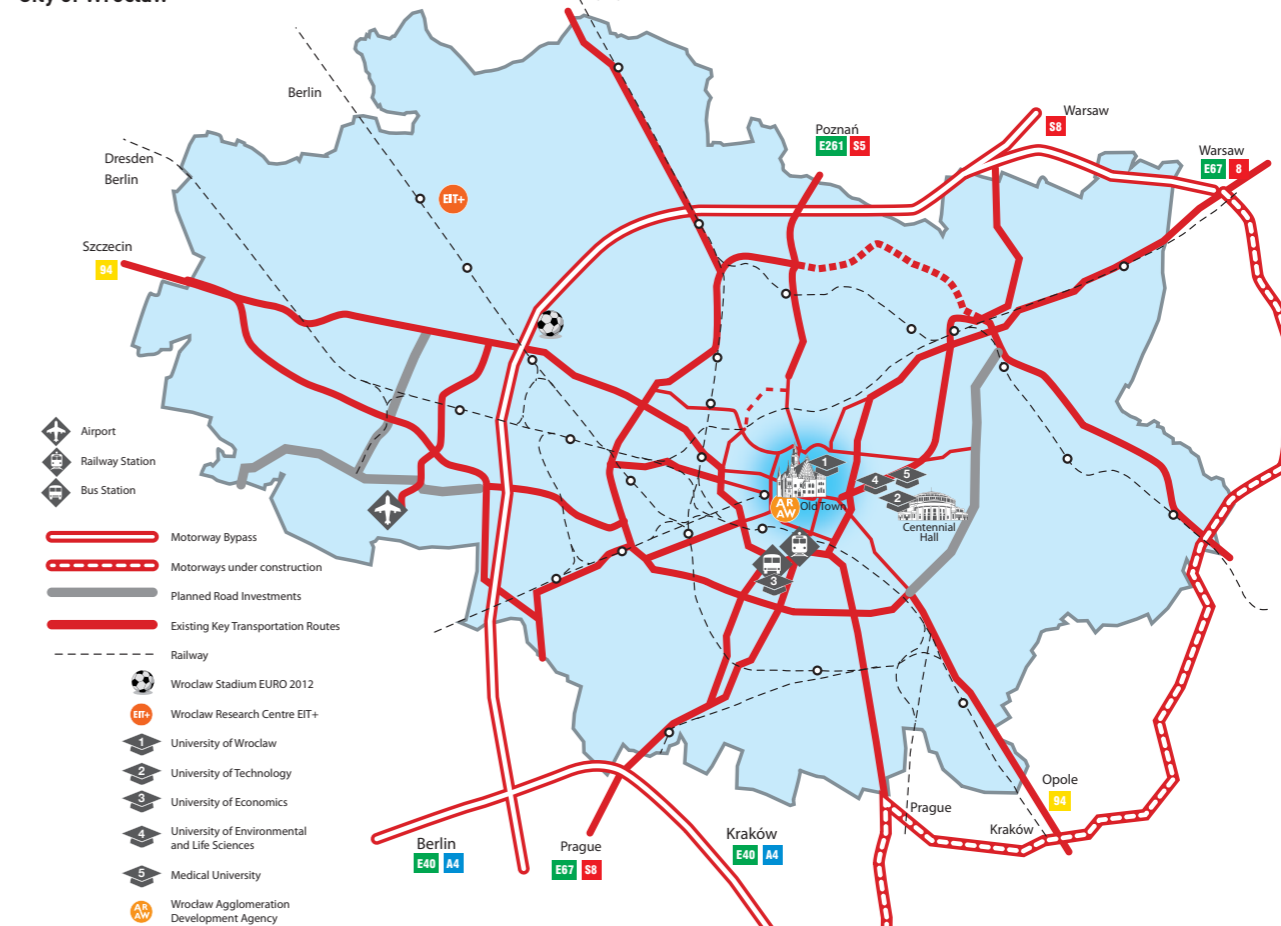
## Poland



## Lower Silesia Region



## City of Wrocław



# Infrastructure

## Cities Served by the Wrocław Airport

Connections	
Destination	Flights per week
Alicante	2
Barcelona Girona	2
Bologna	2
Bristol	2
Brussels Charleroi	3
Brussels Zaventem	3
Chania (Crete)	2
Copenhagen	12
Cork	3
Doncaster / Sheffield	3
Dortmund	2
Dublin	6
Düsseldorf	5
East Midlands	5
Eindhoven	4
Frankfurt	14
Gdansk	11
Glasgow	2
Liverpool	4
London Luton	5
London Stansted	10
Malaga	2
Malta	3
Milan Bergamo	2
Milan Malpensa	3
Munich	18
Oslo Rygge	5
Oslo Torp	2
Paris Beauvais	2
Paris Charles de Gaulle	3
Rome Ciampino	4
Shannon	2
Warsaw Chopin	42
Warsaw Modlin	7
Zurich	4

Flight Schedule Summer 2014  
Source: www.airport.wroclaw.pl



Wrocław International Airport

## Air Transport

Wrocław Copernicus Airport (IATA: WRO), with its modern terminal opened in 2012, is located ten kilometers from the historic centre of the city. Like other regional airports in Poland, Copernicus has grown significantly over last years and continues to expand its services for international business travelers and tourists. In 2013, the airport served 2 million passengers, and this number constantly grows.

Wrocław Airport connects the city with major European transfer hubs (Frankfurt, Munich, Warsaw, Copenhagen) and with many other places in whole Europe.



Rędziński Bridge on the Wrocław Motorway Bypass – photo: Marcin Lenar

## Commuting to Wrocław



## Telecommunication

The expansion of telecommunication and IT infrastructure in Wrocław has been particularly dynamic. Investments carried out since the 1990's in the fiberoptic networks and digital teletransmission systems brought both the scope and standard of voice and data transmission services provided by the main telecommunication operators to the level of the most affluent West European countries.



Wrocław Motorway Bypass



Public transport in Wrocław

## Railway

Wrocław Agglomeration railway network is undergoing modernization in order to provide the citizens with another possibility of commuting to the city center. Park&Ride systems are designed to encourage the car drivers to leave their vehicles and use public transport. This relieves the traffic within the city and speeds up the time of getting to work.

# Strong Diversified Economy

## Major Manufacturing Investments in the Wroclaw Agglomeration

Investor	Country of Origin	Sector
3M	USA	Medical, Chemical
Amazon	USA	Logistics
Asplex	Taiwan	Consumer Electronics
Autoliv	Sweden	Automotive
Bama	USA	Food Processing
BASF	Germany	Automotive
Bombardier	Canada	Mechanical
Bosch	Germany	Automotive
Cargill	USA	Food Processing
Colgate-Palmolive	USA	Chemical
Compal	Taiwan	Consumer Electronics
Chassis Brakes	USA	Automotive
Chung Hong	Korea	Electronics
Danfoss	Denmark	Mechanical
Deerfos	Korea	Mechanical
Dong Yang	Korea	Consumer Electronics
Dongseo	Korea	Consumer Electronics
Eika	Spain	Electrical
Electrolux	Sweden	White Goods
Eto Magnetic	Germany	Automotive
FagorMastercook	Spain	White Goods
Faurecia	France	Automotive
Fresenius Kabi	Germany	Medical
Hamilton Sundstrand	USA	Aviation
Heesung	Korea	Consumer Electronics
ID Technology	Ireland	Packaging
Lear	USA	Automotive
LG Chem	Korea	Chemical
LG Display	Korea	Consumer Electronics
LG Electronics	Korea	Consumer Electronics, White Goods
LG Innotek	Korea	Consumer Electronics
Linde Gaz	Germany	Chemical
MacoPharma	USA	Pharmaceutical
Mondeléz	USA	Food Processing
MSI	Taiwan	Consumer Electronics
Nestlé Purina	Switzerland	Animal Nutrition
Parker Hannifin	USA	Mechanical
PCC AG	Germany	Chemical
Pittsburgh Glass Works	USA	Automotive
Posco	Korea	Consumer Electronics
PPG	USA	Chemical
Remy International	USA	Automotive
Sato	Japan	Electronics
Sitech	Germany	Automotive
Sonoco	USA	Packaging
Starion	Korea	Consumer Electronics
Sumika Ceramics	Japan	Automotive
Tabiplast	Spain	White Goods
TJX	USA	Logistics
Toyota	Japan	Automotive
Volkswagen	Germany	Automotive
Volvo	Sweden	Automotive
Volz	Germany	Mechanical
Wabco	USA	Automotive
Wago Elwag	Germany	Electrical
Walki	Finland	Packaging
Whirlpool	USA	White Goods

## Service Centres in Wroclaw (SSC, BPO, KPO, R&D, IT)

Company	Country of Origin	Main Processes
ACN	USA	Contact Centre
Acturis	UK	R&D IT
Atos	Germany	R&D IT
Balluff	Germany	R&D
Becton Dickinson	USA	HR
Birlasoft	India	IT
BLStream	Finland	IT
BNY Mellon	USA	F&A
brightONE	Germany	R&D IT
Capgemini	France	IT
Catlin	UK	F&A
Credit Suisse	Switzerland	F&A, HR, IT
Crisil Irevna	India	KPO
CSS Corp	USA	IT
Diehl Controls	Germany	R&D IT
Dolby	USA	R&D IT
Espotel	Finland	R&D IT
EY GSS	USA	F&A
Fresenius Kabi	Germany	F&A
Geoban	Spain	F&A
Google	USA	Sales & Marketing
Hamilton Sundstrand	USA	R&D
HP	USA	BPO, KPO, SSC
IBM	USA	IT
Infusion	USA	IT
Luxoft	Russia	IT
McKinsey & Company	USA	KPO
Merck	Germany	HR
Minetronics	Germany	R&D
Mphasis	India	F&A, HR
Nokia Solutions and Networks	Finland	R&D IT
Objectivity	UK	IT
Opera Software ASA	Norway	R&D IT
QAD	USA	R&D
Qatar Airways	Qatar	Contact Centre
Qiagen	Germany	F&A
Parker Hannifin	USA	F&A
PPG	USA	R&D
Redknee	Canada	R&D IT
Ruukki	Finland	F&A
Siemens	Germany	R&D IT
Synexus	UK	F&A, IT
Tieto	Finland	IT
Unic	Switzerland	IT
UPS	USA	F&A
Viessmann	Germany	R&D
Volvo	Sweden	F&A, IT
Wabco	USA	R&D
Whirlpool	USA	R&D

# Driving Forces

## IT Sector

World-wide known IT leaders such as **Atos, Dolby, Capgemini, IBM, NSN, Opera Software, Siemens, Tieto** and **Volvo**, have transformed southwest Poland into an IT hub. Advanced software design is also the area of actions of home-grown Polish software leaders such as **PGS Software, REC Global, SMT, Sygnity, Teta** or **Yuma**, who are enjoying increasing prestige in the international arena.

## R&D, KPO and BPO Centers

Today the key priority is to attract investments that will create a **knowledge based economy**. According to the Association of Business Service Leaders in Poland ([www.absl.pl](http://www.absl.pl)) Wroclaw specializes in R&D centers (including software developers). Famous brands that are already in Wroclaw are **BNY Mellon, Credit Suisse, Crisil Irevna, EY GSS, Geoban, Google, HP, McKinsey&Company, Qatar Airways** and **UPS**.

## Financial Services

Wroclaw ranks second only to Warsaw as a **financial services center**. Five nationwide banks have established their headquarters here: **BZ WBK (Santander Group), Credit Agricole, Eurobank (Societe Generale), Getin Holding, Santander Consumer Bank**. The following financial services companies also have their headquarters in Wroclaw: **EFL, Kaczmarek Inkasso, Kruk, Ultimo** and **VB Leasing**.

## Hi-Tech Electronics

In 2005 the South Korean Company **LG Philips LCD** (today **LG Display**) along with the suppliers created a major cutting-edge production complex just south of Wroclaw. The facility that produces liquid-crystal display (LCD TFT) modules for televisions was the first of its kind in Europe (over **€780 million** invested). Such companies as **Compal, MSI** and **ETO Magnetic** have also chosen Wroclaw Agglomeration as the right venture for development.

## Automotive Industry

Wroclaw is the European bus and coach center for **Volvo** and it is also home to **Volvo's global production center for backhoe loaders**. Toyota investments in Lower Silesia have made the region a major world hub for the production of automotive components. Also, **Volkswagen** has been manufacturing engines for several years in Polkowice near Wroclaw. Industry partners such as **Autoliv, Bosch, Faurecia, GKN, Metzeler, NSK, Pittsburgh Glass Works, Sumika Ceramics, Wabco** and very recently **BASF** have set up their facilities in the Wroclaw Agglomeration.

## Success Stories

**Volvo** started its activity in Wroclaw in 1995 with a simple assembling. After a few years the factory in Wroclaw had become Volvo's largest European plant manufacturing buses. Moreover, an R&D center was created on-site. The factory in Wroclaw is the only plant of Volvo Construction Equipment which produces compact construction equipment such as Volvo backhoe-loaders. They are sold to customers all over the world. The Swedish company has also developed an IT and Business Services CE Centers in Wroclaw. The number of Volvo employees is constantly rising.

## Household Appliances

Lower Silesia has become a **major European household goods production center**. **Whirlpool** produces washing machines, refrigerators and dishwashers. **FagorMastercook** operates cookers, gas hobs, refrigerators, washing machines factories. Sweden's **Electrolux** manufactures cookers, dishwashers and washing machines in Żary, Olawa and Świdnica. **LG Electronics** produces washing machines and two-door refrigerators. **Diehl Controls** and **Whirlpool** have established their R&D centers, making Lower Silesia region a major European household goods production center and knowledge cluster.

## Life Sciences

The emergence of several important biotechnology companies is closely connected with the **rapidly developing R&D infrastructure** in the medical, pharmaceutical, food and IT areas. **Wroclaw Research Center EIT+** and the **Wroclaw Technology Park** have proven suitable partners for companies operating in this sector. Major investors include: **3M, Hasco-Lek, Herbapol, Fresenius Kabi, MacoPharma** and **US Pharmacia**.

## Multimedia Hub

Wroclaw boasts game development studios as well as producers of digital animations and special effects. Companies such as **Techland** and **Tequila Mobile** have a proven track record in designing, developing and delivering world-class quality titles for the most demanding publishers, applications and mobile operators. Wroclaw is also home to **ATM System** that serves as the integrator of the entire technical infrastructure for **ATM Grupa SA** and other companies. ATM System offers state-of-the-art technology, equipment, logistic services and professional staff.



Hasco-Lek Headquarters in Wroclaw

**Selena Group** was founded in 1992 as one of the first Polish companies to offer modern construction chemicals: polyurethane mounting foams and silicone sealants. At present the company is a globally-operating holding which manufactures and distributes construction chemicals for both professionals and individual users. The Group comprises of 30 companies in 18 countries, and operates manufacturing plants in Poland, Spain, China, South Korea, Brazil, USA and Turkey. Selena distributes its products in more than 70 countries worldwide and is the world's fourth largest manufacturer of PU foam used for door and window installation.

# Business Maturity

## The Capital of New Media

Over the past decade knowledge and culture of innovation have been the major drivers of the city of Wroclaw economy. The city ranks high in most reports concerning talents, quality of life and creative skills.

Given the European Capital of Culture 2016 title awarded to Wroclaw, late 2011 Wroclaw Agglomeration Development Agency founded Creativro, the first Polish cluster of multimedia leaders in computer games, digital animation, interactive entertainment and mobile applications development. The city aims then at showcasing its companies and building connections with strategic international decision-makers to build their reputation as leaders in creative industries and communicate culture through the most cutting-edge IT tools.

Its members are world-class companies like the animation studio **Action Heroes**, Poland's leader in communication strategies **Mind Progress**, as well as **Appswith.us** providing conference apps to power up events, the professionals of video marketing **Ikona** and the **University of Lower Silesia**, which boasts its own multimedia studio. Among other Creativro members are such companies as: **Picadilla**, **Mass Gravity**, **Aduma**, **Dash Dot** and **WhyBlack**.

Throughout the last years there have been organized a number of events dedicated to attitudes inspiring entrepreneurship and careers offering the best prospects for the future. The cluster members have launched Creativro Culture of, a series of B2B meetings facing issues like e-marketing, cloud and e-commerce ([www.cultureof.pl](http://www.cultureof.pl)). Thanks to the tight relations of Creativro companies with the latest technologies the project is expected to support cross-industrial collaborations, provide ideas for content-based innovative products and services as well as to create an environment conducive to innovation that further attracts creative talents, new investors and visitors. The ultimate goal is to turn Wroclaw into Poland's capital of new media and its creative class into companies capable of outperforming their international rivals.

For further information please visit [www.creativro.pl](http://www.creativro.pl).



## Polish Economy is Becoming International

The Polish Champion programme is carried out on behalf of Wroclaw by the Wroclaw Agglomeration Development Agency in cooperation with the Ministry of Economy, Polish Information & Foreign Investment Agency and PWC.

Local economy is becoming international as a result of two trends – the acquisition of complex foreign investment projects as well as the expansion of local companies onto markets worldwide. Both these trends are material for placing Wroclaw in the world network of economic relations.

For years now, the capital of Lower Silesia has effectively attracted foreign investments – Wroclaw houses the Polish centres of companies such as Google, IBM, HP, Nokia Solutions and Networks or McKinsey & Company. It is time for local companies, already successful on other markets, to be purposely supported in their further development.

Businesses participating in the Polish Champion programme have to be at least of a multilocal character in Europe and established global strategy. In the programme there are 13 Wroclaw-based companies enrolled:

**AB, Clarena, Hasco-Lek, Hicron, Kruk, Impel, Neurosoft, Rawplug, REC Global, Selena, SMT Software, TelForceOne and Toya.**

Areas that the programme is aimed to support, where declared crucial by all the participants. First set of these strategic matters was selected at a series of seminars – they all evolve around the human resources, promotion, research and development. On the grounds of first experiences, a platform of communication has been created that continuously allows for new ideas of projects supporting development of Wroclaw's economy.

From the City's point of view the purpose of this project is to have a couple of global companies around in ten years time. Such fact will significantly stabilize the economy and its innovative potential. It will also enable a higher circulation of capital in the SME (small and medium-sized enterprises) sector.

COMPANIES WITH GLOBAL PERSPECTIVES

POLISH BUSINESS SUPPORT PROGRAMME

[polishchampion.pl](http://polishchampion.pl)

Polish Champion



# Institutional Support System

## Wroclaw Research Center EIT+



EIT+ is an emerging research centre which provides fully equipped laboratories for biotechnology and nanotechnology. Its campus is a unique place to connect scientists with entrepreneurs.

Wroclaw Research Centre EIT+ can:

- conduct research commissioned by businesses
- conduct research projects both in partnership with and under the supervision of industry, co-funded by the EU
- create new technologies
- manage research project
- provide technical consulting services
- rent laboratory space for research and development activities
- provide access to specialist equipment
- offer comprehensive intellectual property management

Major research areas: Nanotechnology, Biotechnology and Medicine, Climate, Information and Communication Technology. One of the programs (NanoMat) is coordinated by the famous physicist Detlef Hommel.

[www.eitplus.pl](http://www.eitplus.pl)

## Wroclaw Academic Hub



Wroclaw Academic Hub (WAH) is a venture of Wroclaw Municipality and the first initiative of this kind in Poland. It is a cooperation platform for local government and academic environment in Wroclaw. Its goal is to support activities which foster development of science and university education in the city.

The purpose of Wroclaw Academic Hub is to watch over constant and effective cooperation between university schools and city authorities. Together we conduct projects intending to boost scientific development of the city, which means attracting scientists, researchers and gifted youth to Wroclaw as well as gathering information about science and research accomplishments in the world. This data concerns both local and world research units.

Facilitation of cross-sectoral communication and reinforcement of cooperation became the key factors behind creating Institutional Support System, which incorporates Wroclaw Agglomeration Development Agency, Wroclaw Research Center EIT+ and Wroclaw Academic Hub.

[www.wca.wroc.pl](http://www.wca.wroc.pl)

## Wroclaw Technology Park



WTP's offer is targeted at companies based on advanced technologies, laboratories, scientific and research and development centres. The objective of WTP is to create conditions for the use of scientific and industrial potential of Wroclaw and the region and to stimulate the advanced technologies industry, in particular:

- to create proper infrastructure to ensure that companies have good conditions to do business
- to assist in creating, developing and promoting business units which use modern technologies, especially middle-sized and small businesses
- to transfer new technologies to existing and newly established business units
- to commercialize results of scientific research
- to promote regional pro-innovative entities
- to look for foreign investors
- to increase the investment appeal of the premises of the technology park and its vicinity
- to raise qualifications of business units' personnel related to advanced technologies and pro-innovative management
- to cooperate with national and international pro-innovative centres.

[www.technologypark.pl](http://www.technologypark.pl)



# Human Resources

## Strong Industrial Roots

Competency levels in business also derive from industrial tradition. The accumulation of social capital in Wroclaw and its environs is the outcome of a longer continuum of forward-looking industry. Companies operating today in Wroclaw Agglomeration benefit from a technology-oriented society where a strong work-based culture ensures ripe conditions for generating innovations.

## Traditional Industry Meets the New Economy

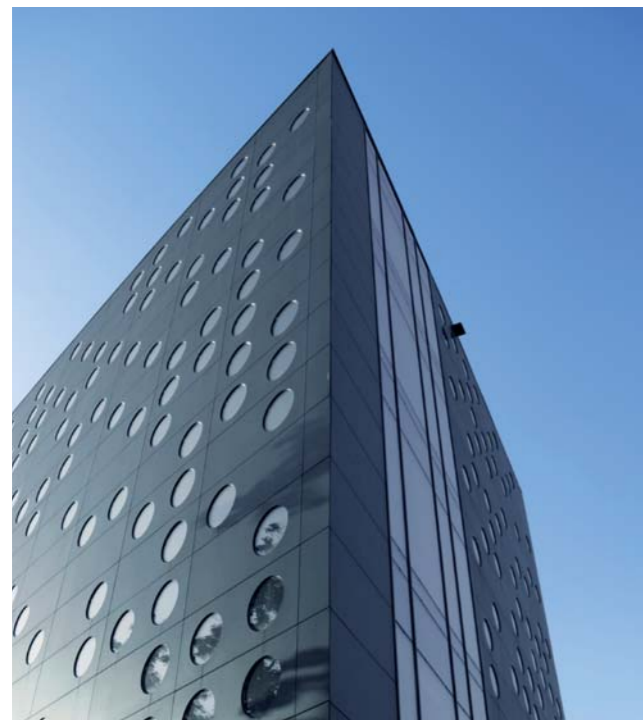
There has been a striking transition in the region for years renowned for its strong industrial roots and extensively-developed traditional sectors, which today boasts a thriving economy benchmarked with innovation, knowledge and a growing number of R&D centers. With the technology parks, special economic zones, industrial parks and impressive local institutional support network, the Wroclaw Agglomeration has successfully built technologically advanced industry reinforced by information society.

## Culture of Experiment and Innovation

Having a great respect for its heritage, Wroclaw offers a unique atmosphere of openness and experimentation that fuels the region's innovative economy. The local courage to experiment is perfectly illustrated by the impressive number of eleven Nobel Prize winners and today's outstanding achievements of the region's academic circles that have earned them renown.

## Higher Education

The city boasts itself with a rich academic history that has continued for over three centuries. With over 35,000 graduates every year, 11 public and almost 20 private universities Wroclaw is a leading academic center in Poland.



Wrocław University of Technology



University of Wrocław

Major Universities		
University	Number of students	Number of graduates
University of Wrocław	31,500	8,600
University of Technology	33,700	6,900
University of Economics	16,100	3,900
University of Environmental and Life Sciences	10,800	2,300
Medical University	5,600	1,500
Others	39,700	12,100
<b>Total</b>	<b>137,400</b>	<b>35,300</b>

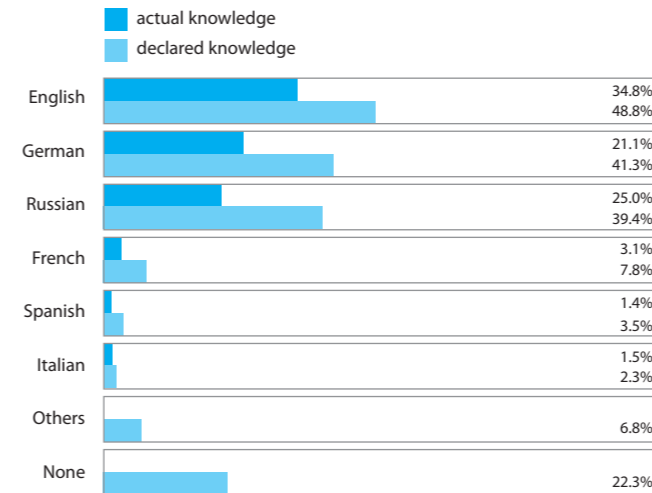
Major Fields of Education		
Field	Number of students	Number of graduates
Finance and accounting	14,500	4,400
IT	13,600	3,300
Engineering	16,000	3,200
Philologies: English, German, Spanish, Italian, Dutch, Russian, Ukrainian, Czech, French, Indian	6,500	1,600

Source: Statistical Office

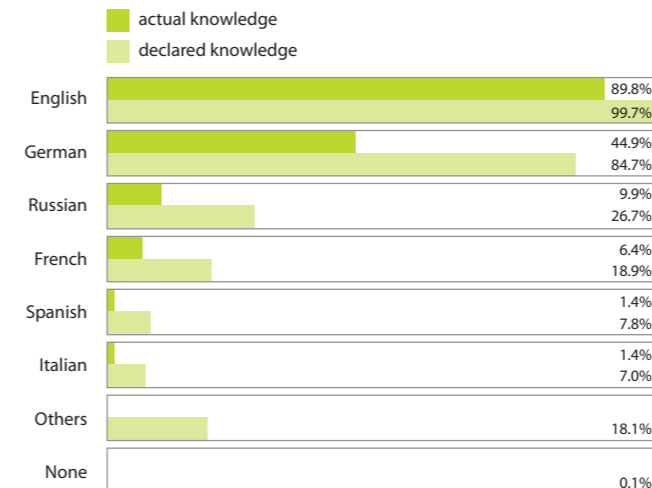
## Knowledge of Foreign Languages

The Municipality of Wrocław commissioned an extensive survey to assess the degree to which Wrocław citizens command foreign languages. The results of the research, carried out by the Pentor Institute, are based on a pool of 1,000 respondents. Here we present the results of that survey.

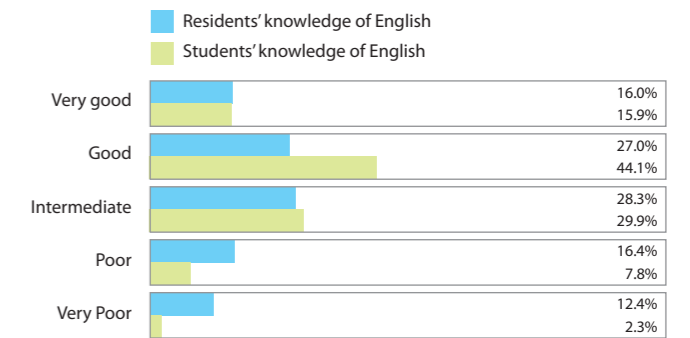
### Knowledge of foreign languages among Wrocław residents



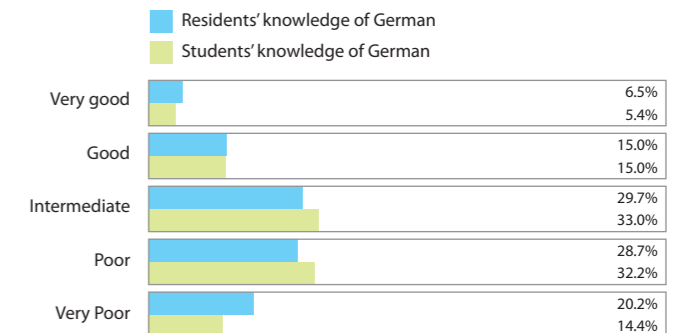
### Knowledge of foreign languages among Wrocław students



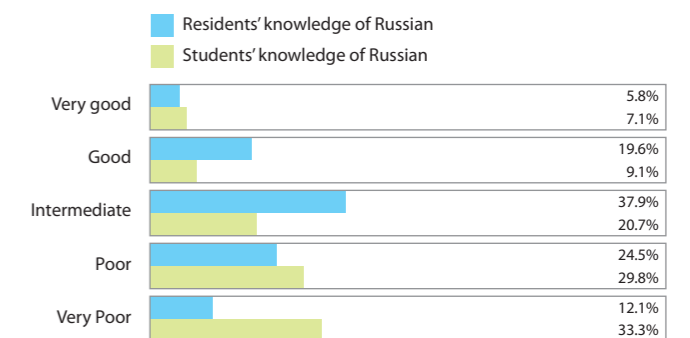
## Residents' and students' knowledge of English



## Residents' and students' knowledge of German



## Residents' and students' knowledge of Russian



# Cost of Running a Business

## Labour Costs

Minimum wage 5,040 euro/annum  
(as of year 2014)  
National average salary 10,954 euro/annum  
(as of year 2013)

EUR 1 = PLN 4.2

## Basic information

Working week – 5 days  
Number of working hours per week – 40  
Number of public (state) holidays – 13  
Overtime – no more than 150 hours per person per year

## Vacation days

If less than 10 years of working experience\* – 20  
If more than 10 years of working experience\* – 26

\*college degree counts as 8 years of working experience

## Notice period\*\*, if employed with the same employer

Employed less than 6 months – 2 weeks notice  
Employed between 6 months and 3 years – 1 month notice  
Employed over 3 years – 3 months notice

\*\*for unlimited time labor contracts



## Information Technology

Role	Salary €/annum
Technical Support	9,500–15,200
Technical Support Team Leader	11,400–21,500
Systems Architect	30,600–35,200
Java or .NET Developer (0–2 yrs experience)	9,900–16,200
Java or .NET Developer (3–4 yrs experience)	13,300–19,500
Java or .NET Developer (5–7 yrs experience)	17,500–26,200
IT Director (5–7 yrs generalist experience)	41,300–65,600

## Accounting

Role	Salary €/annum
Accounting Clerk	7,900–11,300
Accounting Specialist (1–2 yrs experience)	8,000–11,400
Accounting Specialist (3–4 yrs experience)	10,600–14,100
Team Leader	20,500–29,800

## Production

Role	Salary €/annum
Blue-collar	6,100–9,500
Shift Leader	9,500–13,800
Forklift Operator	8,200–10,500

## Other popular roles

Role	Salary €/annum
General Manager (SSC)	52,100–92,700
Assistant to CEO	14,000–21,600
IT Director (5–7 yrs Generalist experience)	41,300–65,600
HR Director (5–7 yrs Generalist experience)	34,000–61,200
HR Manager (3–5 years Generalist experience)	21,400–37,500
HR Specialist (2–4 yrs Generalist experience)	11,100–14,400
Front-desk Assistant	6,500–8,400
Finance Director (5–7 yrs Generalist experience)	39,700–64,900
Controlling Specialist (2–4 yrs Generalist experience)	17,000–26,200

Data as of 2013 in EUR per annum, EUR/PLN rate = 4.2  
Source: HRK SA/HRM Partners

## Components of Social Security Insurance

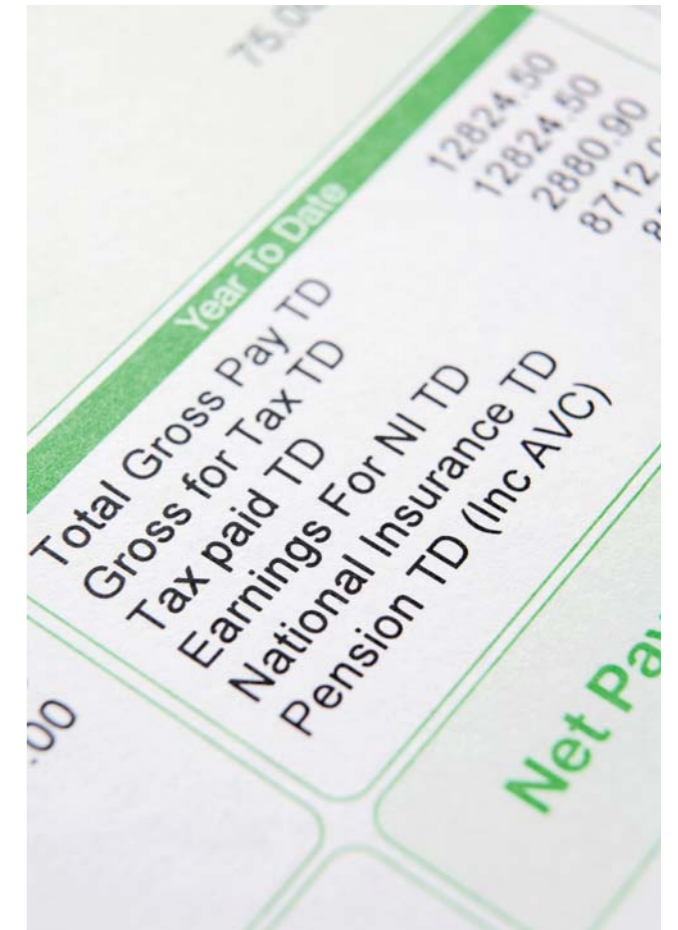
Type of Insurance	Contribution Rate (% of remuneration)	Breakdown of Rate	
		Employer	Employee
Retirement	19.52%	9.76%	9.76%
Disability	8%	6.50%	1.50%
Accident	0.67% to 3.86% depending on occupational risk in a given industry	0.67%–3.86%	-
Sickness	2.45%	-	2.45%
Additional Contributions			
Labour Fund	2.45%	2.45%	-
Guaranteed Employee Benefit Fund	0.10%	0.10%	-

## Polish Tax System

Main Taxes	Rates/Comments
PIT – Personal Income Tax	18%, 32% 19% – flat tax for entrepreneurs
CIT – Corporate Income Tax	19%
VAT – Value Added Tax (on goods and services)	23% – basic rate 8%, 5%, 0% – charge on some products and services
Stamp duty	These fees are not high, but mandatory with certain types of contracts, certificates or official documents.

## Sample Prices in Wrocław

Utility	Unit	Price (€)
Water and Sewage	m <sup>3</sup>	2
Fixed Phone	1 minute	0.03–0.2
Garbage Disposal	m <sup>3</sup>	8
Electricity	1 kWh	0.9
Internet Access 10 Mb/s	monthly fee	14
Gas	m <sup>3</sup>	0.2





# Quality of Life – The Added Value

## Cultural Appeal



An added treat to doing business in Wroclaw is the city's sophisticated cultural life and around-the-clock social scene. For more than half of the century, Wroclaw has forged an international reputation for its lively cultural events, such as T-Mobile International Film Festival International, Dialog International Theatre Festival, Wratlavia Cantans or Brave Festival. In 2016 Wroclaw will hold the title of European Capital of Culture (together with the Spanish city San Sebastian).

The existence of dynamic companies along with a large pool of young professionals and students has kept up the demand for high quality cultural and recreational activities. Hundreds of restaurants, pubs and clubs, numerous theatres and cinemas as well as countless fine and hip art galleries located within the vicinity of the Market Square all contribute to the richness of the city's leisure time offer.



National Forum of Music

## The Active Life

Facilities exist for the pursuit of virtually all sports in and around Wroclaw. Fans of golf can take advantage of three professional golf courses in Wroclaw and its immediate environs. Swimming pools and fitness clubs are available in most neighbourhoods across the city. Today Wroclaw is also home to one of the largest water parks in Europe, which includes a wide range of pools and a full-service health spa. One of the most important investments into sport infrastructure is the new Municipal Stadium built for the needs UEFA EURO 2012 European Football Championship, and further sport facilities are planned in the framework of 2017 World Games hosted in Wroclaw.



Municipal Stadium – photo: Marek Przybylo Wroclaw AeroClub

## Explore the Region

One of the lures of life in Wroclaw is the easy access the city offers to the historic sites and unspoiled nature of the surrounding province of Lower Silesia. Whether you want to pop out of town for an evening meal and a drive through the countryside, or pack up and spend a weekend away from home with the family without getting on a plane, Lower Silesia offers everything from rugged mountains to clean lakes; from castles and monasteries to swank spas and health resorts. All year round the beautiful Sudety Mountains, reachable in 1.5 hours by car, tempt lovers of hiking, biking, skiing, rock climbing and paragliding from across Poland and around the world.



Centennial Hall

## A Sense of Community

International Friends of Wroclaw serves as an informal social club and support network for international families living and working in Wroclaw. Club members meet and socialize regularly in spacious premises located on the Market Square provided by the Municipality of Wroclaw. The IFW's message to newcomers to Wroclaw is simple: don't be alone. The IFW offers a great place to make new friends and serves as an invaluable resource that will make getting settled in Wroclaw that much easier.

[www.ifw.org.pl](http://www.ifw.org.pl)

## International Education

A key concern for international families is the availability of quality education opportunities for their children. At present five international schools operate in Wroclaw. However, some international families have placed their children in Polish public and private schools, and they've been pleased with the results. Many expats have discovered that Polish public schools offer excellent teaching standards and work hard to meet specific learning needs of foreign students.

More comprehensive information can be found at:

[www.bisc.wroclaw.pl](http://www.bisc.wroclaw.pl)

[www.ekola.edu.pl](http://www.ekola.edu.pl)

[www.fem.org.pl](http://www.fem.org.pl)

[www.diakonia.pl/education](http://www.diakonia.pl/education)

[www.asw.org.pl/en](http://www.asw.org.pl/en)

## Wroclaw for Foreigners

Infolink is an information point and webpage dedicated to foreigners residing in Wroclaw. One can find loads of useful information and advice on formalities to be dealt with while staying in the city as well as on various everyday-life tasks, procedures and activities. Additionally some suggestions on possibilities of spending free time in Wroclaw and the region are presented there. Infolink is an information portal, but it is also possible to meet the workers and volunteers of Infolink in person at 6 pl. Dominikanski in Wroclaw and to get their assistance in filling out documents in Polish. When necessary there are also legal and psychological advisors available. Another interesting initiative related to both foreigners and Polish citizens of Wroclaw is WrOpenUp. The aim of this programme is to promote open-



Aquapark Wroclaw



Wroclaw Market Square

ness towards cultural differences in Wroclaw by fostering positive cross-cultural attitudes, opening citizens to diversity and harnessing natural openness in order to turn Wroclaw into a forward-thinking modern European city welcoming multiculturalism – one of its very own founding elements.

[www.infolink.wroclaw.pl](http://www.infolink.wroclaw.pl)

[www.wropenup.pl](http://www.wropenup.pl)

## The Meeting Place

Wroclaw is a prime location in Poland to organise meetings and congresses. In the past the city has organised prestigious international events such as the European Summit of Regions and Cities (May 2005), the 11<sup>th</sup> International Business Development Forum Futurallia (June 2006), Wroclaw Global Forum or events related to Polish presidency in European Union in 2011.

The increasing number of business meetings and important conferences in Wroclaw has stimulated the development of many top-notch facilities that cater to the specific requirements of business travellers. The city has a wide-range of impressive venues suitable for congresses and conferences.

A key asset to Wroclaw's meeting infrastructure is Centennial Hall, a UNESCO World Heritage Site since 2006. Set in the lush grounds of Szczytnicki Park, one of the oldest municipal parks in Europe, Centennial Hall offers a unique setting for large congresses and events. Centennial Hall and the surrounding exhibition grounds are currently undergoing one of the most ambitious investment programs since their creation 100 years ago. A new open-air feature of the complex is the spectacular multimedia fountain installed in the historic Pergola, which attracts thousands of visitors weekly and is available for organizers to create custom-designed water, light and sound shows to enhance unique conference or corporate events.

In the premises of Centennial Hall was opened a new high capacity, state-of-the-art meeting facility – the Wroclaw Congress Centre.

[www.halastulecia.pl/en](http://www.halastulecia.pl/en)

# Who Are We?



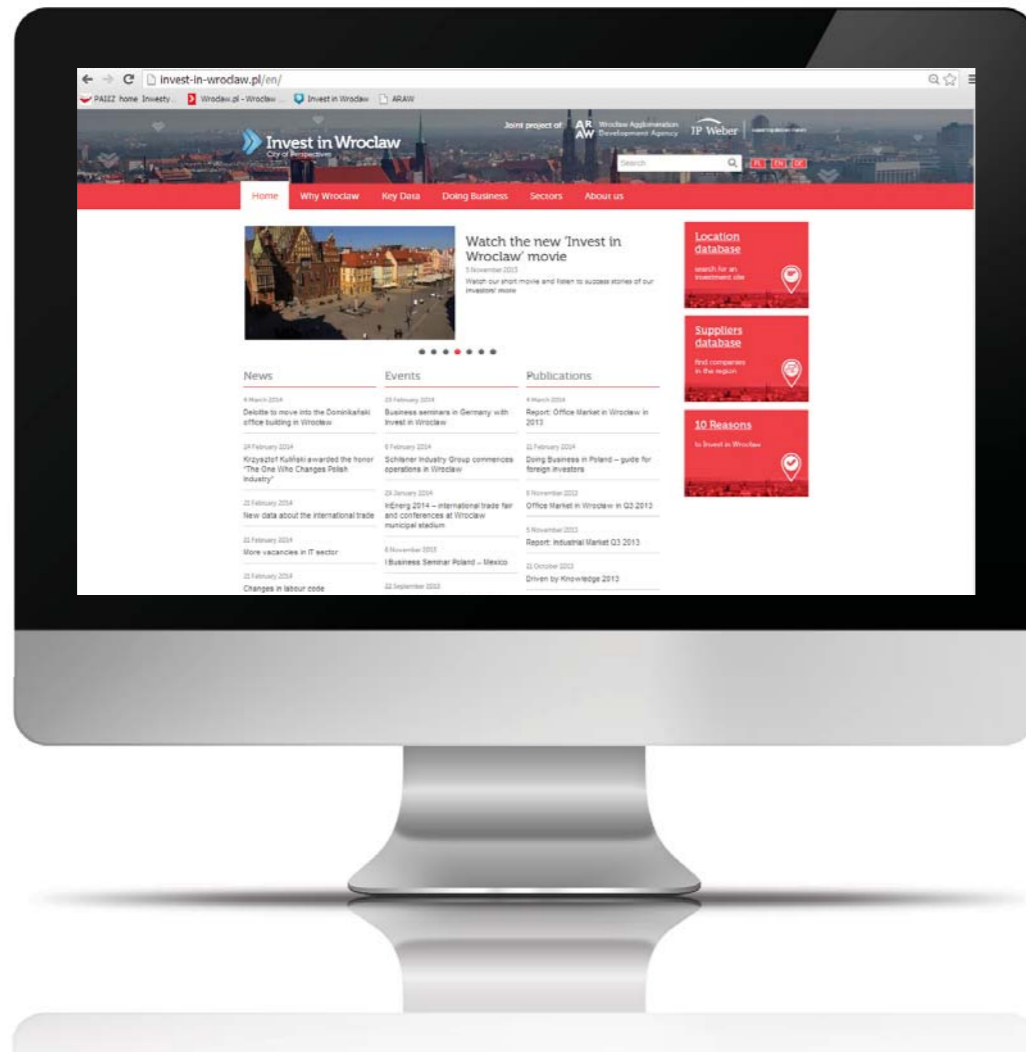
**Wrocław Agglomeration Development Agency**  
**Agencja Rozwoju Aglomeracji Wrocławskiej (ARAW)**  
pl. Solny 14  
50-062 Wrocław  
tel. + 48 71 783 53 10  
fax + 48 71 783 53 11  
araw@araw.pl  
www.araw.pl  
office@invest-in-wroclaw.pl  
www.invest-in-wroclaw.pl

Created in 2005 as a purpose-driven institution, the Wrocław Agglomeration Development Agency (ARAW) was founded as a partnership between Wrocław and surrounding communes.

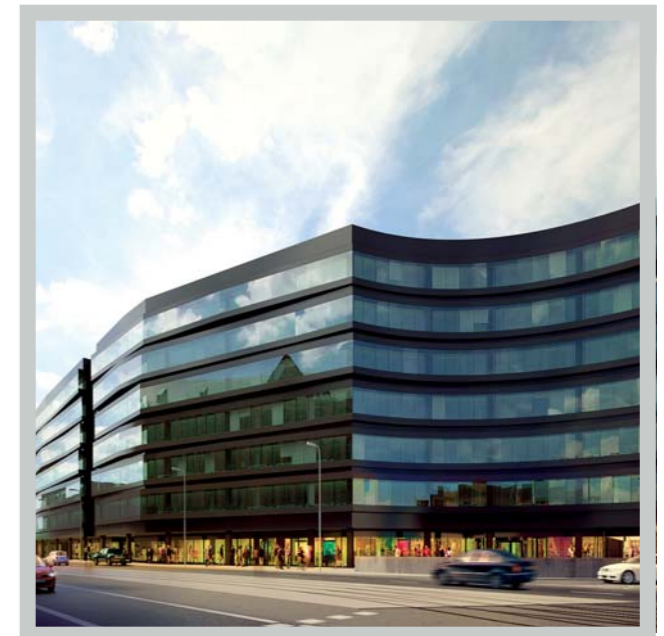
For strategic investors, ARAW serves as a **one-stop-shop** providing **high standard investment support** and help needed to do business in the region. Poland's reputation as a dependable investment partner requires solid governance on multiple levels. For investors in the Wrocław Agglomeration, ARAW has become **a reliable contact and guide** throughout the investment process with the ultimate aim of creating favourable conditions for strong, economic growth in the context of a dynamic, knowledge-driven business center.

ARAW offers investors effective help throughout the entire investment process as well as dedicated **post investment care** for companies that have settled in Wrocław and the vicinity.

In 2013 ARAW has launched a completely new web portal where you can find all important information regarding the city and its business perspectives. It's not only a source of actual economic data but it also features an interactive investment offers search or suppliers data base. For more information please visit [www.invest-in-wroclaw.pl](http://www.invest-in-wroclaw.pl) or contact ARAW team.



# Contents



<b>Investment Market</b> .....	18
<b>Office Market</b> .....	20
<b>Retail Market</b> .....	22
<b>Warehouse Market</b> .....	24
<b>Hotel Market</b> .....	26
<b>Corporate Overview</b> .....	28
<b>Office Locations in Poland</b> .....	32

# Investment Market

Commercial investment volume in Poland in 2013 totalled EUR 3.12 bn, up 16% year-on-year and the highest since the record EUR 5.1 bn transacted in 2006. The Polish investment market saw a greater variety of foreign investors seeking opportunities outside the core Western European markets. UK, US and German funds remained the most active with 25%, 19% and 11% of investment respectively. Polish investors seemed to make up for the last two years poor showing, as their contribution to the transaction volume increased to 8%.



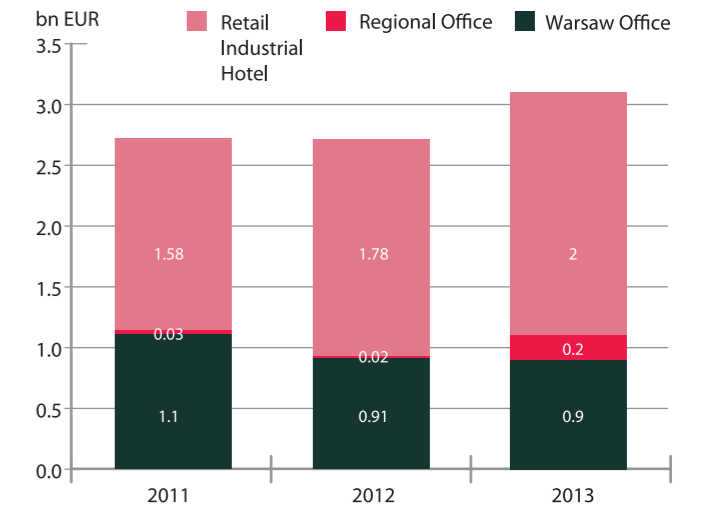
InterContinental, WestInvest InterSelect

In 2013, the office investment volume in Poland amounted to EUR 1.12 bn. The total volume of office transactions in Warsaw concluded in 2013 amounted to EUR 910 million, a decrease of only EUR 8 million when compared to 2012. In Warsaw prime office yields range from 6.00 to 6.25%. High level of investor activity was also observed in other cities. In 2013, ten office purchase agreements totalling some EUR 206 million were concluded in major regional cities (including Wrocław). Hence, the percentage of regional acquisitions in the gross transaction volume increased to 20%, compared to 3–4% share in 2011 and 2012.

Furthermore, the revival of Polish investors' activity was observed as their purchases constituted 50% of the cumulated office transaction volume in regional cities. The investors turn to regional cities results from growing supply of office buildings by renowned development companies and significant take-up, especially from the BPO sector. The largest investment transaction in 2013 in regional cities was the purchase of Green Towers in Wrocław, developed by Skanska. The office complex worth EUR 60 million was acquired by a Polish investment fund PZU. Prime office yields outside Warsaw range between 7.50% and 8.00%.

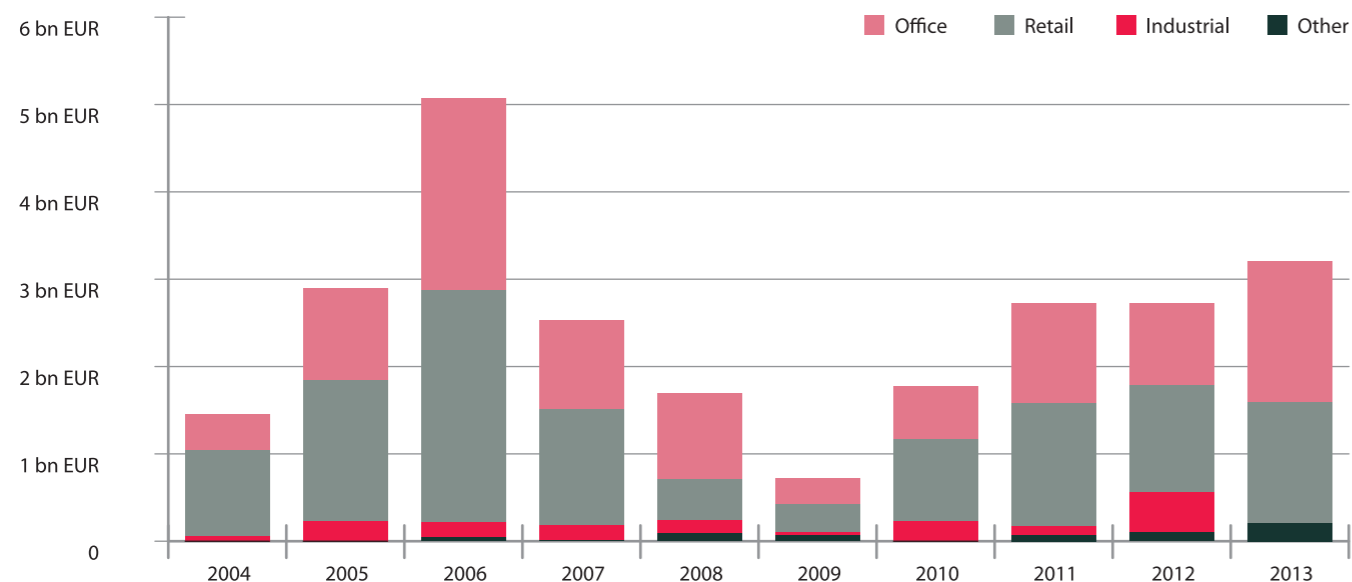
Notably, the Polish market saw a sustained appetite for retail assets. The retail investment volume amounted to EUR 1.39 bn, which represents 46% of all commercial property acquisitions. 2013 saw one deal break the EUR 400 million barrier; Silesia City Center in Katowice, purchased by an international investor consortium led by Allianz. The retail investment market continues to be dominated by foreign funds, with insignificant activity from Polish investors. As in recent years, prime retail yields stood at around 6%.

## Investment transaction volume by location



Source: Knight Frank

## Investment transaction volume by sector



Source: Knight Frank



Aquarius Business House I, Azora Europe

The industrial market continued to strengthen in 2013 with the total transaction volume exceeding EUR 400 million. The market saw an increase in portfolio transactions as well as joint ventures. Norway's Sovereign Fund, Norges Bank Investment Management, entered into a joint venture deal with Prologis to acquire a 50% interest in an industrial

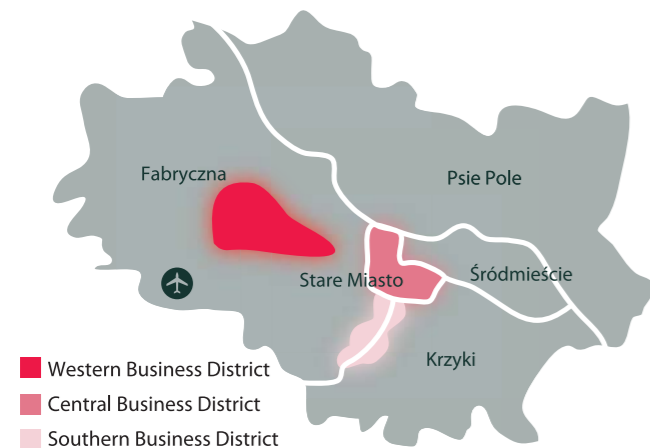
portfolio across eleven European markets. Prologis has a strong presence throughout Poland with its portfolio totalling 1.95 million sq m. Prime yields in the logistics sector in Poland remain stable at the level of 8.00%, with compression forecast in the forthcoming quarters of 2014.

# Office Market

Over the last decade Wrocław has developed into one of the major office locations in Poland. With total modern office stock estimated at approximately 512,000 sq m, of which some 476,000 sq m is rentable, Wrocław remains the second largest regional office market in Poland, after Kraków (603,000 sq m).

Development potential of the local market stems from a proactive local government policy supporting developers activity in Wrocław and its active involvement in attracting major commercial tenants. Additionally, the city benefits from a significant pool of well-educated workers as well as excellent research and scientific facilities.

## Major office locations in Wrocław



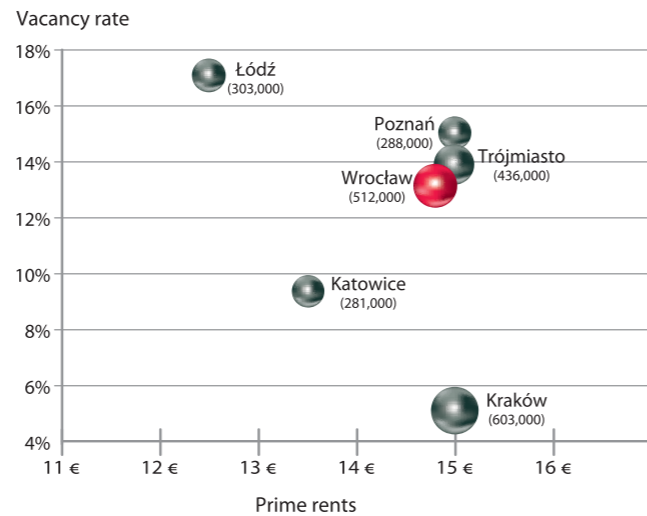
Source: Knight Frank

In 2013 approximately 72,000 sq m of new office space was completed in Wrocław in 8 schemes, increasing the existing office stock by approximately 18%. The volume of newly delivered offices accounts for over 15% increase when compared to the annual supply in 2012.

Robust developer activity is expected to continue throughout 2014 as approximately 65,000 sq m of rentable offices is due for delivery.

Approximately 65,000 sq m of office space was the subject to lease agreements concluded in Wrocław in 2013, almost 30% decrease compared to 2012. However, it should be noted that 2012 was unprecedented in terms of take-up volume. Before record-breaking 2012 the annual take-up in Wrocław had not exceeded 56,000 sq m. In this context, the current take-up figures reflect the sustained positive market sentiment in Wrocław and allow optimistic forecasts to be made for 2014.

## Existing rentable office stock, prime rents and vacancy rates in major regional markets



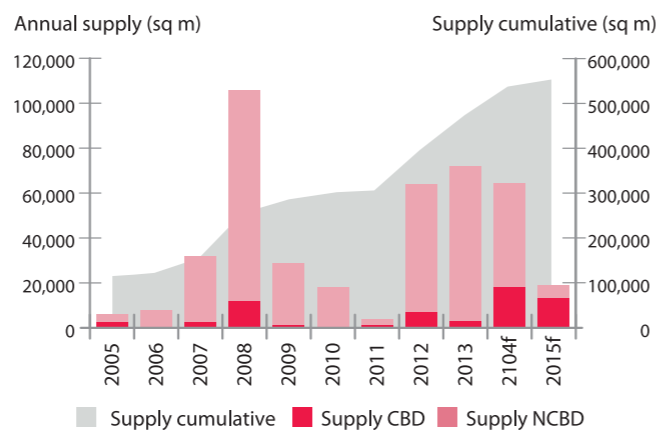
Source: Knight Frank

Over 85% of the existing office supply concentrates within three recognized areas:

- Central Business District (area covering a strict city centre and its immediate surroundings);
- Western Business District (area between Legnicka Street and Strzegomska Street);
- Southern Business Axis (area along Powstańców Śląskich Street and Karkonoska Street);

The remaining office stock is scattered around the city and does not form any major office areas.

## Annual and cumulative office supply in Wrocław



f-Forecast based on development pipeline under construction in Q4 2013  
Source: Knight Frank



Wrocław 101, Crownway Investment

Office demand in Wrocław has been traditionally dominated by companies from the IT sector as well as BPO and KPO centres of large international companies. The list of major office tenants in Wrocław include e.g.: IBM, Google, Hewlett Packard, Credit Suisse, Nokia Siemens and Tieto.



West House 1 B, Archicom

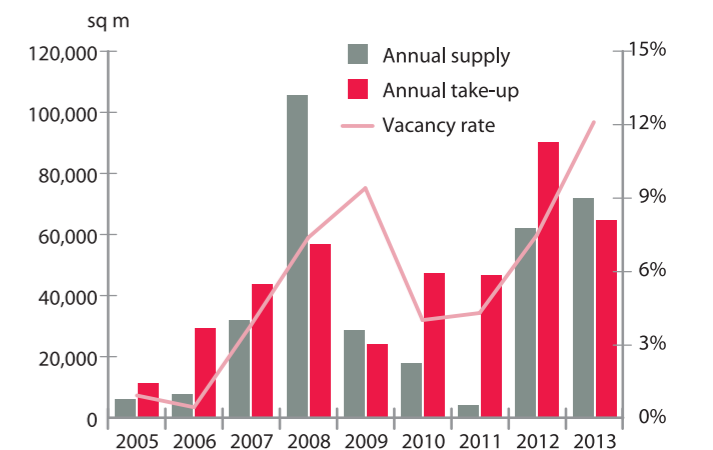
Robust developer activity observed in Wrocław over recent years has brought about a gradual increase in vacancy rate, which in December 2013 amounted to some 12.6% (compared to 7.8% in December 2012). The increased space availability in Wrocław has resulted mainly from numerous new deliveries throughout 2013.

Taking a solid development pipeline into consideration, the vacancy level is expected to increase gradually over the coming months as further new schemes are delivered to the market. However, due to continuing tenant activity, mirrored by the volume of pre-leases (over 30% of new stock scheduled for 2014 has already been pre-committed), the increase will not be as significant as one might expect based solely on the amount of new developments.

As of December 2013, over 88,000 sq m of office space have been identified at the construction stage, of which some 95% is rentable. Over 35% of new supply will be completed within the Central Business District while some 33% will arise in Western Business District. The remaining stock will be completed out of the recognised areas of concentration.

Additionally, over 75,000 sq m of new offices have been identified at different stages of the planning process of which some 50,000 sq m may commence in early 2014. In view of the current market situation, the entire economic situation and the restricted availability of bank funding, an assumption can be made that only well prepared and substantially pre-leased projects will enter construction phase.

## Annual supply, take-up and vacancy rate in Wrocław



Source: Knight Frank

In 2013 Wrocław office market witnessed rental stabilisation. However, towards the end of the year pressure on effective rates have been increasingly visible.

Asking rents for office space in A-class buildings ranged between EUR 13 and 16 /sq m/month while the level of rents in B-class buildings varied between EUR 10 and 13.5 /sq m/month. Effective rates in some buildings may be EUR 2-3 beneath the asking level.

Wrocław office market is currently tenant-led. Due to the significant development pipeline landlords are increasingly flexible in lease negotiations which in consequence leads to a decrease in transactional and effective rental levels.

# Retail Market

Wrocław is considered one of the most developed Polish retail markets. With total rentable area of shopping centres estimated at approximately 670,000 sq m it accounts for some 11% of the total combined space for lease located in 8 major markets in Poland (Warsaw, Trójmiasto, Kraków, Szczecin, Katowice, Łódź, Poznań). In terms of the market size, Wrocław is the fifth largest retail area – after Warsaw, Silesian Agglomeration, Poznań and Kraków.

The local market is characterised by significant saturation of modern retail space for lease. As of December 2013 it has been estimated at the level of 647 sq m per 1,000 inhabitants which ranked Wrocław the second most dense retail market in Poland, after Poznań (790 sq m per 1,000 inhabitants).

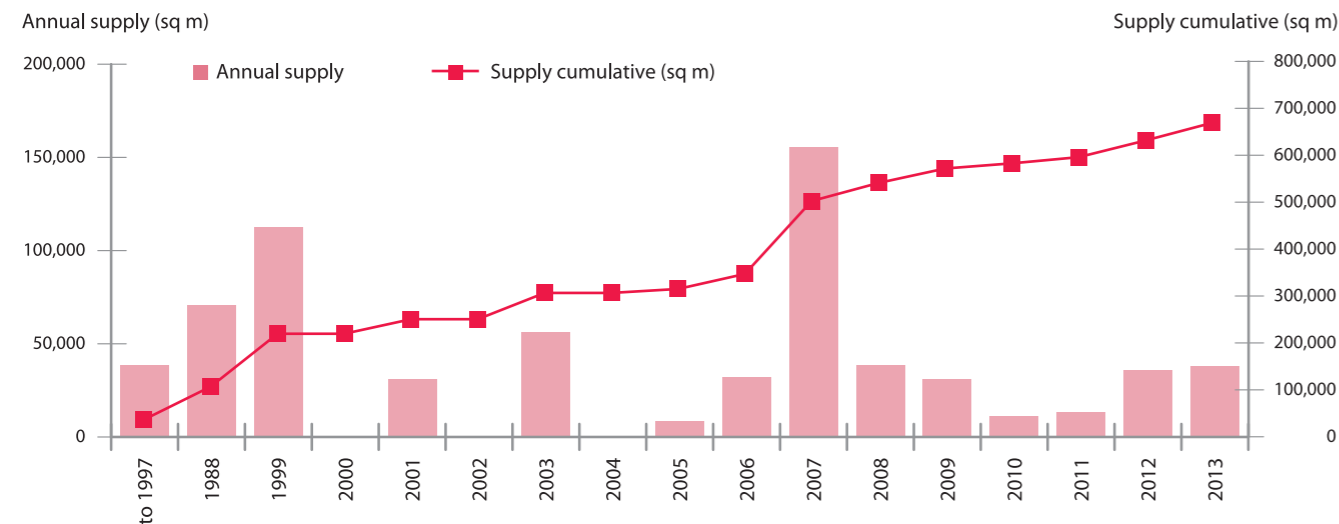
In 2013 the total retail stock in Wrocław increased by some 38,000 sq m, that is by 6%. The volume of new supply was comparable to the size of the new stock completed in 2012.

Since the beginning of 2013, one new retail scheme has been delivered in Wrocław. IKEA shopping centre is a new development of Inter Ikea Center situated within the area of Bielany Wrocławskie, to the south of Wrocław. The scheme offering some 37,700 sq m of gross leasable area on three floors was opened in May 2013 and is the biggest store of this chain in Poland.

The current development pipeline in Wrocław includes one retail scheme: the extension of Magnolia Park shopping centre by additional 20,000 sq m of retail space. The new space will accommodate approximately 60 retail units and an entertainment area. Simultaneously, modernization of the food court is taking place at Magnolia Park. Construction works are scheduled for completion in Q1, 2015.

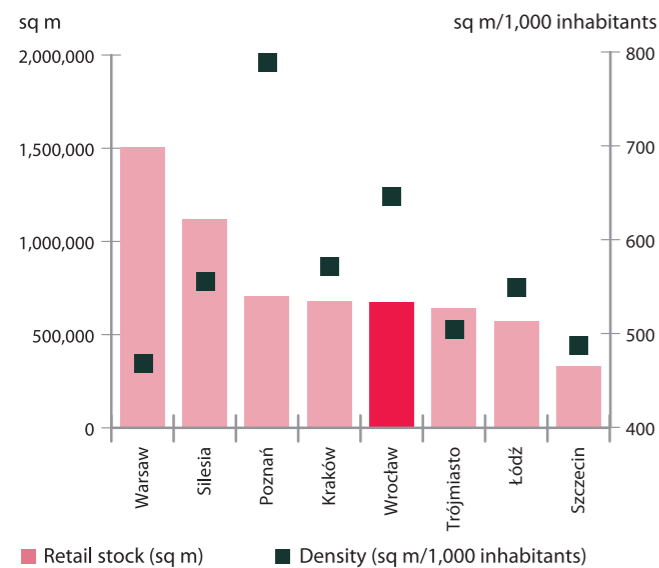
Magnolia Park (77,600 sq m GLA), owned by King's Street Retail, is the largest shopping, entertainment and recreation centre in Lower Silesia. The scheme accommodates about 230 shops, cafes, restaurants and services. The entertainment area includes a cinema and children's playground.

## Annual and cumulative modern retail supply in Wrocław (before 1997 to 2013)



Source: Knight Frank

## Supply of retail space and the saturation index in major cities



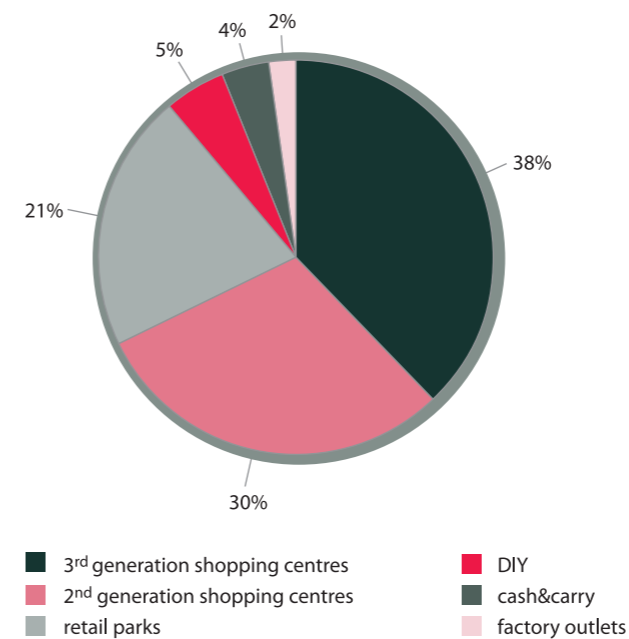
Source: Knight Frank

The retail stock in the capital of Lower Silesia includes the following retail formats:

- **2<sup>nd</sup> generation shopping centres** (hypermarkets with small shopping galleries adjacent, such as Marino or Borek shopping centres);
- **3<sup>rd</sup> generation shopping centres** (shopping centres with supermarket/hypermarkets, shopping galleries and entertainment elements, examples: Magnolia Park, Pasaż Grunwaldzki);
- **Retail parks** (a shopping development typically containing a number of large chain stores, examples: Park Handlowy Młyn, Park Handlowy Bielany);
- **Trade warehouses** (including cash&carry and DIY stores, examples: Selgros and Praktiker accordingly)

The Wrocław retail market is dominated by the 3<sup>rd</sup> generation shopping centres which account for nearly 38% of the stock. The second place is taken by the 2<sup>nd</sup> generation schemes (30%). Retail parks make up some 21% of stock while the remaining formats total some 11%.

## Retail market in Wrocław by scheme type (2013)



Source: Knight Frank

About 80,000 sq m of retail space have been identified at different stages of the planning process in Wrocław. This includes two retail parks and one 3<sup>rd</sup> generation shopping centre. All new developments will be situated outside the city centre. According to the development schedules, some 50% of stock at the planning stage is scheduled for commencement in early 2014 to be delivered to the market in 2015 while the remaining space will enter construction phase no sooner than in 2015.



Magnolia Park, King's Street Retail

Monthly rents in shopping centres vary in respect of the size of the rented space, the location within the mall, visibility and the lease length. The highest rental rates in Wrocław for prime units of up to 100 sq m are offered for an average of EUR 35-70 per sq m per month. The above rates are net values and do not include service charges. Some tenants in shopping centres agree to pay a "turnover" rent which usually ranges between 5% and 8% of their turnover.

Taking into consideration plans revealed by developers, we expect the limited supply of retail projects in 2014 in Wrocław which may bring about upward pressure on rental levels.

2013 saw the opening of new stores by companies present in the Polish market, as well as foreign brands launching their first stores in the country. In the past year Mega Abra, New April and Piazza di Moda entered the Wrocław retail market, with many other international brands showing an increased interest in the local market.

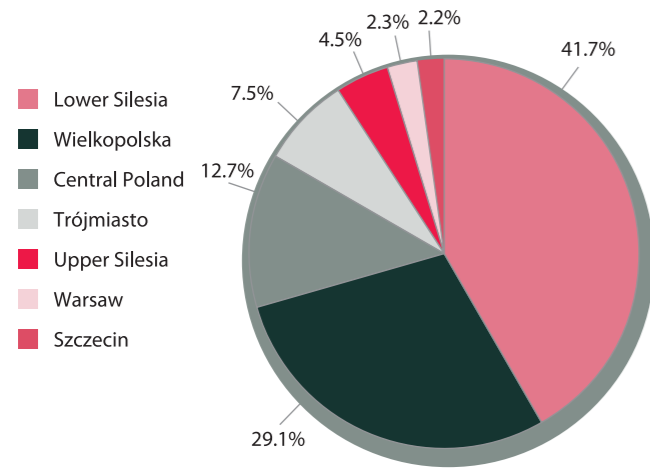
# Warehouse Market

The Lower Silesia market remains the fifth largest warehouse concentration area in Poland (following Warsaw and surroundings, Upper Silesia, Central Poland and Wielkopolska).

At the end of 2013 approximately 837,500 sq m of rentable warehouse space was identified in this region, which accounts for 11% of the total Polish logistics stock. Over the course of 2013 warehouse supply in Lower Silesia increased by almost 14%.

Over 70% of the industrial space in this region was situated within Wrocław's administrative borders and Bielany Wrocławskie (40% and 30% respectively) with the remaining 30% in the close proximity to the A4 highway or other main transportation routes, e.g. in Nowa Wieś Wrocławska, Kąty Wrocławskie or Legnica.

## Warehouse supply under construction by regions (end of 2013)

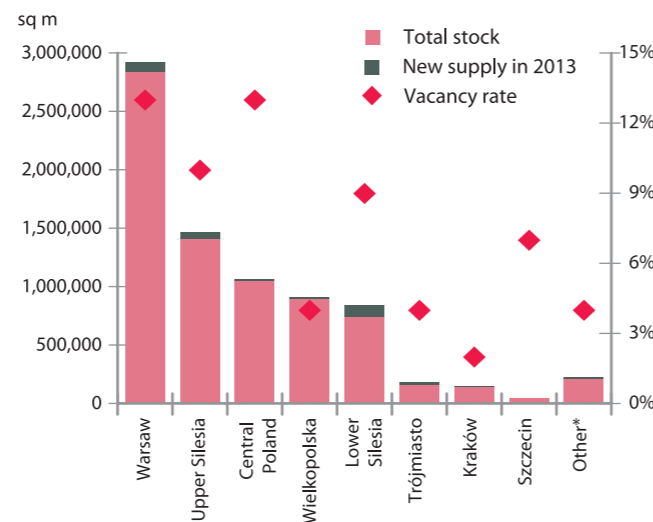


Source: Knight Frank

At the end of 2013, over 250,000 sq m of warehouse space was identified under development in the Lower Silesia region. All schemes are constructed as BTS projects. A record-breaking volume ensues from commencing the construction works of two logistics projects for Amazon, totalling over 224,200 sq m. These schemes will be the largest separate logistics buildings in Poland.

The volume of warehouse space identified under development in Lower Silesia constituted the largest share of the total supply volume being constructed in Poland – over 40%.

## Warehouse schemes under construction in Lower Silesia (end of 2013)



\*Including Lublin, Rzeszów, Bydgoszcz, Toruń, Opole  
Source: Knight Frank

In 2013 the Lower Silesia market was dominated by the largest developers in the country, Prologis, Panattoni and Goodman, who have already delivered over 80% of the existing warehouse supply in the region.

Recently, developers' activity has been focused mainly on development of the Lower Silesia, Upper Silesia and Central Poland regions. In 2013, over 100,000 sq m of warehouse space was completed in the Lower Silesia market, of which almost 24% was completed in the city of Wrocław. 2013 was a record year since 2009 in terms of the volume of newly completed logistics space. Almost all schemes were constructed as BTS projects (94,000 sq m). It is expected that in 2014 new warehouse supply will be constructed mainly as built-to-suit developments. The volume of newly completed space in the Lower Silesia region constituted the highest share of annual supply in Poland – 33%.

## Warehouse schemes under construction in Lower Silesia (Q4 2013)

Project name, Location	Developer	Project area (sq m)	Tenant
Goodman Logistics Centre, Bielany Wrocławskie	Goodman	123,500	Amazon
Panattoni Logistics Centre, Bielany Wrocławskie	Panattoni	100,700	Amazon
Prologis Park Wrocław V, Nowa Wieś Wrocławska	Prologis	35,000	Eko Holding

Source: Knight Frank

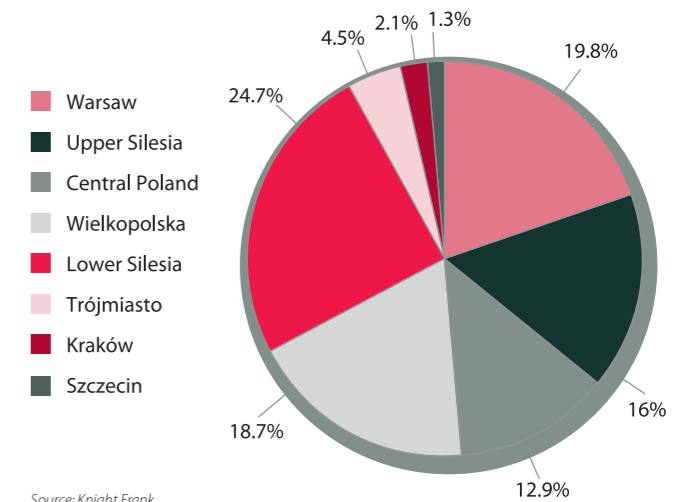
In 2013 in the Lower Silesia region tenants have taken up approximately 456,600 sq m of logistics space. Thanks to two lease agreements signed with Amazon, the annual take-up in the region exceeded more than twice the volume recorded in the previous year.

Approximately 80% of the total leased warehouse space in Lower Silesia constituted new contracts (365,000 sq m), of which 80% (292,400 sq m) was pre-leased. The remaining share – 20% (91,600 sq m) was renegotiated.



Prologis Park V, Prologis

## Warehouse take-up by regions in 2013



Source: Knight Frank

At the end of 2013 approximately 76,300 sq m stood vacant in the Lower Silesia market. Compared to the previous year the vacancy rate in the region increased by 1.7 pp. to 9.1%. This growth is mainly caused by tenants who vacated a significant warehouse space in Q4 2013, e.g. Distribution Park Wrocław II (24,500 sq m vacant), Prologis Park Wrocław III (13,900 sq m vacant).

Due to the fact that the currently constructed schemes are only BTS projects, a systematic decrease in the volume of vacant space may be observed within the next quarters.

## Selected largest warehouse transactions in Lower Silesia (2013)

Project name	Developer	Tenant	Leased area (sq m) / Agreement type
Goodman Logistics Centre	Goodman	Amazon	123,500 / pre-let
Panattoni Logistics Centre	Panattoni	Amazon	100,700 / pre-let
Prologis Park Wrocław V	Prologis	Eko Holding	35,000 / pre-let
Skalski Logistic Park	S-logistic Park	Dirks Consumer Logistics	20,000 / new
Prologis Park Wrocław V	Prologis	Tradis	18,000 / new
Prologis Park Wrocław III	Prologis	Sonoco	11,000 / renewal
Wrocław East Logistic Centre III	Goodman	Walki Group	10,500 / pre let

Source: Knight Frank

In 2013 the Lower Silesia logistics market witnessed a rental level stabilisation. The situation should remain unchanged in the next quarters. Monthly asking rents remained at a level of EUR 2.8–4 per sq m. The effective rents may be a few percentages

lower than the asking levels depending on the project location, quality of accommodation and size of the premises.

# Hotel Market

■ The Wrocław hotel market remains one of the largest hotel markets in Poland (following Kraków, Warsaw and Poznań). According to the Central Hotel Register in Poland supervised by the Ministry of Sport and Tourism 51 hotels categorised from 1 to 5-star were operating at the end of 2013 in the city. Wrocław, as the second Polish city (following Kraków), will be designated to hold the title of the European Capital of Culture in 2016. As a result, the hotel supply in Wrocław may record a substantial increase in the number of new projects in the upcoming years.

■ As well as hotels, several other types of accommodation of various standards and categories can be found in the city, e.g. youth hostels, boarding houses or excursion hostels. They provide strong competition to hotels, mostly due to their comparable standard and lower prices.

## Existing hotels in Wrocław by category (2013)

Standard	Number of Hotels	Number of Rooms	Number of Beds
*****	5	580	1,130
****	11	1,372	2,524
***	25	1,499	2,748
**	5	418	840
*	5	279	584
<b>Total</b>	<b>51</b>	<b>4,148</b>	<b>7,826</b>

Source: Knight Frank on the basis of the Central Hotel Register in Poland

■ The largest number of the hotel rooms (over 150 per project) was offered in seven hotels, from 150 units in Mercure Wrocław Centrum 4\* to even 292 rooms in Orbis Wrocław 4\*. There were also three hotels consisted of below 20 rooms each (Wodnik 3\*, Zaułek 3\* and Podkowa 1\*).

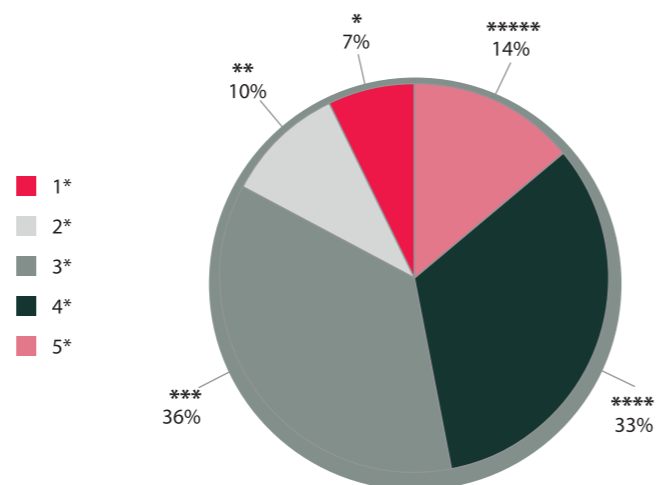
## Hotels in selected cities by standard (2013)\*

Standard	Kraków	Warsaw	Poznań	Wrocław	Gdańsk	Łódź	Katowice
*	6	9	2	5	1	3	2
**	19	19	17	5	9	10	5
***	77	31	32	25	19	14	6
****	27	13	12	11	7	5	6
*****	10	9	3	5	4	-	1
<b>Total</b>	<b>139</b>	<b>81</b>	<b>66</b>	<b>51</b>	<b>40</b>	<b>32</b>	<b>20</b>

\*Including categorized hotels  
Source: Knight Frank on the basis of the Central Hotel Register in Poland

■ At the end of 2013 the accommodation base in Wrocław consisted of 4,148 hotel rooms offering almost 7,830 bed-places. The Wrocław hotel market is dominated by 3-star hotels in terms of the number of hotels (49% share of the total hotel supply) and number of hotel rooms (36%). A further 51% of the hotel supply constituted 4-star projects (21%) with the remaining 30% in 1-,2- and 5-star schemes (10% each).

## Structure of hotel rooms in Wrocław by category (end of 2013)



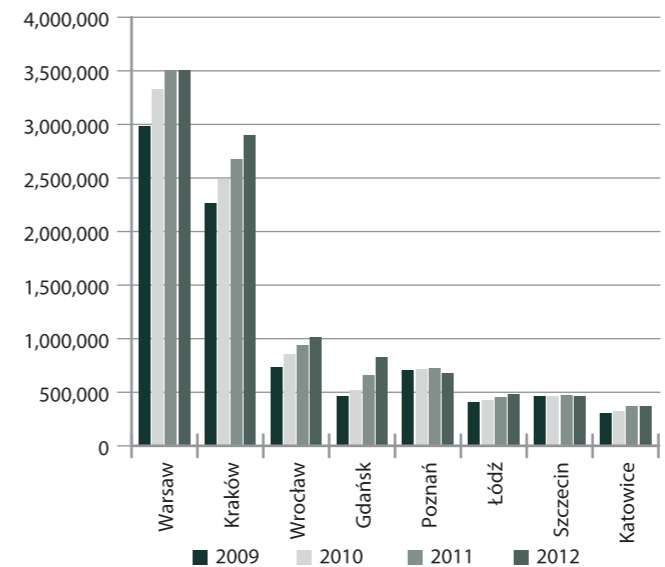
Source: Knight Frank on the basis of the Central Hotel Register in Poland

■ According to the latest data released by the Central Statistical Office, the average occupancy rate of rooms in Wrocław in 2012 amounted to 51.3%, a decline by 0.4 pp when compared with 2011. The ratio was lower by 0.5 pp than the average occupancy rate for Poland.

■ The highest rate was quoted for 5-star hotels (60.3%), 4-star (51.4%) and 3-star schemes (49.5%).

■ Among regional cities in Poland the Wrocław's average occupancy rate remained at the comparable level with Gdańsk (51.4%) and Szczecin (54%). Warsaw, as the capital of Poland have registered the highest rate – 63.4%.

## Number of overnight stays in major Polish cities (2009–2012)

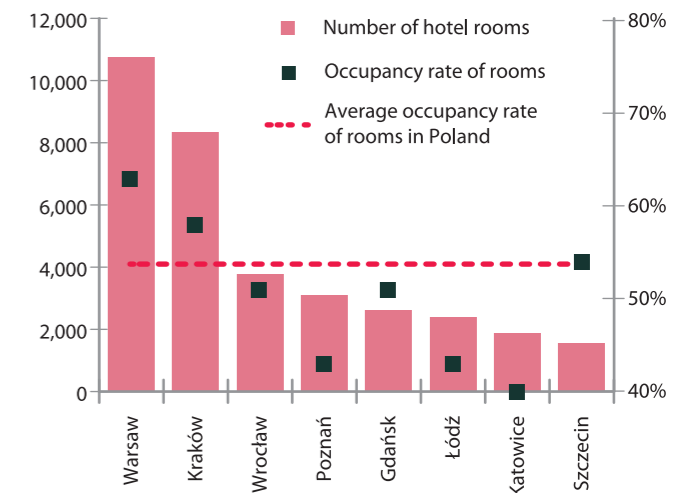


■ At the end of 2013 three hotels were identified at the construction stage and should be completed by the end of 2014:

- 3-star hotel with 127 rooms, being built by Piastowska Park Sp. z o.o. near Zaolziańska Street and Powstańców Śląskich Street,
- 3-star Ibis Styles Wrocław Centrum hotel constructed by Wisher Enterprise at Konstytucji 3 Maja Square, as a part of multifunction complex,
- 3-star hotel with 75 rooms being built by LABOR, at the corner of Łazienna Street and Rzeźnicza Street.

■ Additionally, three 5-star hotels were identified at the planning stage: Double Tree by Hilton in Podwale Street, which is also planned to open in 2014, Hotel Rialto by AKME at Katedralny Square and another one at Wolności Square.

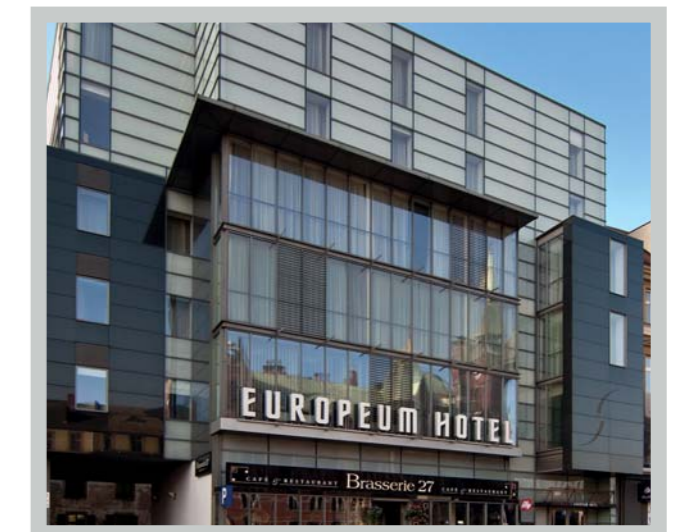
## Number of hotel rooms and average room occupancy rates in major Polish cities in 2012



Source: Knight Frank

■ According to the Central Statistical Office, in 2012 majority of large Polish cities (except for Poznań and Szczecin) witnessed an increase in the number of overnight stays in comparison to 2011. The number of stays in Wrocław exceeded 1 million compared with approximately 938,400 in previous year, an increase by 8.4%.

■ In 2013 only one scheme, B&B hotel, was completed in Wrocław. The 2-star hotel is situated in Piotra Skargi Street and offers 284 bed-places in 140 rooms. There were two hotels with the completion date scheduled for 2013, but the construction works have been suspended: Malachit (3\*) and Margott Hotel (3\*) (suspension of construction works due to discrepancy between the project and the building permit).



Europeum Hotel, Opal Investments

# Corporate Overview

**Knight Frank Sp. z o.o. is the Polish subsidiary of the Knight Frank Group, one of the largest independent full-service real estate firms in the world.**

Its global network, including US based Newmark Knight Frank, encompasses **330 offices in 48 countries across five continents**. With a combined staff of **12,500** this major force in real estate is meeting the local and global needs of owners, tenants, investors and developers worldwide.

Knight Frank officially entered Poland in 1998 by acquiring an interest in a former subsidiary of the large consultancy firm Price Waterhouse, Price Waterhouse Nieruchomości (Real Estate), present on the Polish market since 1991. Over the last 22 years, the team at Knight Frank in Poland has developed expertise and offers services in valuations, market and feasibility studies, due diligence, finance raising for commercial and residential developments, agency, property searches and acquisitions, investment as well as property and asset management.

The services are provided under the following service lines:

- Asset and Property Management
- Capital Markets
- Commercial Agency
- Investment & Finance Raising
- Market Research
- Valuations

Knight Frank is headquartered in Warsaw with 6 offices in regional cities, namely Kraków, Poznań, Wrocław (since 1998), Katowice (since 2004), Tri-City and Łódź (since 2006).

The company currently employs over 100 staff including professionals with Polish licenses for brokerage, property management and valuations as well as members of the Royal Institution of Chartered Surveyors (RICS) and The Royal Town Planning Institute (RTPI).

## Service Lines

### Asset Management

We are one of the most experienced asset management consultancies operating across Poland. We work closely with owners and tenants, delivering wide range of services tailored to our clients' needs.

Our activities are focused on formulating and implementing the property management strategy which allow to maximise the properties' value and thus investment returns. To each project we assign an individually selected team which consists of experts of different professions. Our staff, owing to the access to global databases and with the support of latest software, ensure the highest quality of services, the scope of which includes:

- Revenue and service charges optimisation

- Additional income from the property
- Optimisation of operational costs
- Lease renegotiation and restructuring
- Vacant space management
- Advisory on the development and modernisation of properties and management of undeveloped plot of land
- Restructuring of loan agreements
- Investment consultancy
- Current valuation of the portfolio

### Property Management

Our task is to formulate and implement the strategy which will allow to maximise the properties' value and investment returns.

#### Within the administrative scope we offer:

- Preparation of operational procedures, system and financial reporting
- Day-to-day building supervision
- Coordination and monitoring of third party contractors
- Compilation of budget, structure and amount of operational costs
- Preparation of invoices for tenants' rent payments and service charges
- Rental fee & service charge collection
- Service charge accounting
- Regular liaison with tenants

#### In addition, we offer, among others:

- Preparation of property management strategy plans, building regulations and other documents relating to the properties
- Consultancy regarding the optimisation of service charges
- Preparation of "Green Benchmarking" reports regarding the optimisation and utilities' consumption
- Conducting the BREEAM-In-Use certification process

The team has long standing experience in commercial property management. Currently, it is responsible for over 80 properties totalling over 1,200,000 sq m and worth EUR 1.5 billion. We are the market leader in the management of commercial office and mixed – use properties.

### Capital Markets

#### Corporate Finance

We offer:

- Cash flow analysis and feasibility studies
- Review of corporate property portfolios
- Raising equity and debt for real estate ventures across various property types

We work with both Polish and international financial institutions, having secured, on average, over the last years a combination of equity and debt of EUR 250 m.

#### Investment consulting

We evaluate and structure investment acquisitions and sales of single unit or portfolios, providing advice on comparative returns, yield analysis and sale and leaseback options.

The team also advised on both the creation and investment strategy of the first publicly listed real estate fund in Poland: ARKA BZ WBK FRN FIZ.

#### "Due diligence"

Knight Frank offers integrated pre-acquisition "due diligence" services for commercial and residential investments/developments. **Our services:**

- Review of a property market sector relating to a selected property
- Real estate financial model assumptions
- Audit of operational expenses and maintenance charges
- Review of short and medium term capital expenditure budgets
- Review of development budgets
- Evaluation of residential project assumptions
- Analysis of cash flows



# Service Lines

## Development

Widely considered as market leaders in identifying vacant sites with development potential and arranging land sales on behalf of landowners, in recent years, we have been responsible for many large land sales and acquisitions on behalf of private individuals, international funds and developers.

## Research

As one of the largest and most experienced research teams operating across Polish commercial real estate markets, Knight Frank Sp. z o.o. provides strategic advice, forecasting and consultancy services to a wide range of commercial and residential clients including developers, investment funds, financial and corporate institutions as well as private individuals.

## We offer:

- Strategic consulting, independent forecasts and analysis adapted to clients' specific requirements
- Market reports and analysis available to the public
- Insurance management
- Tailored presentations and market reports for clients

Reports are produced on a quarterly basis and cover both commercial (office, retail, industrial, hotel) and residential sectors in major Polish cities and regions (Warsaw, Kraków, Łódź, Poznań, Silesia, Tricity, Wrocław). Long-term presence in local markets has allowed our research team to build in-depth expertise of socio-economic factors affecting commercial and residential real estate in Poland.

## Valuation

Valuations Team consists of specialist licensed property valuers including members of the Royal Institution of Chartered Surveyors (RICS) in UK.

## Valuation reports conform to the highest professional standards including:

- Polish Federation of Valuers Association (PFVA)
- The European Group of Valuers Association (TEGoVA)
- The Royal Institute of Chartered Surveyors (RICS), UK

## In 2013 our Valuations team valued commercial properties worth 4.9 bn euros.

Our valuation assignments include both single unit and portfolios of commercial and residential properties. Our team undertakes valuations for international financial institutions, developers, investment funds, corporations and private individuals.

## Commercial Agency

We specialise in The commercialisation and recommercialisation of office buildings and also advise tenants in the process of choosing a new office location.

The Commercial Agency comprises two independently operating departments:

Landlord Representation and Tenant Representation.

## Services for Landlords

We represent landlords on an exclusive or open basis. Our proposed package of services includes:

- Preparation of program of marketing activities
- Coordination of marketing campaign
- Preparation of information materials for potential tenants/agents
- Preparation of offers for potential tenants
- Negotiations with potential tenants

## Services for Tenants

The package of services aimed at companies looking for office space includes:

- Determining tenant's requirements
- Researching and presentation of commercially available space corresponding to the specified criteria
- Advising on the selection and alternative solutions available on the market



# REGIONAL POLAND?

WE'RE PERFECTLY PLACED  
TO BE YOUR GUIDE

Contact us on +48 (22) 596 50 50  
[KnightFrank.com.pl](http://KnightFrank.com.pl)

## Regional offices:

Kraków (12) 623 70 79, Wrocław (71) 790 27 10, Poznań (61) 850 52 25, Katowice (32) 603 00 05, Gdańsk (58) 30 36 076, Łódź (42) 291 07 52

# Office locations in Poland

## Knight Frank Sp. z o.o.

ul. Mokotowska 49  
00-542 **Warsaw**  
phone: +48 22 596 50 50  
fax: +48 22 596 50 51  
office@pl.knightfrank.com

ul. Konduktorska 33  
40-155 **Katowice**  
phone: +48 32 350 50 50  
fax: +48 32 350 50 52  
grzegorz.pytlarz@pl.knightfrank.com

Rynek Główny 46  
31-017 **Kraków**  
phone: +48 12 623 70 79  
fax: +48 12 423 10 07  
monika.suldecka@pl.knightfrank.com

pl. Andersa 5  
61-894 **Poznań**  
phone: +48 61 850 52 25  
fax: +48 61 850 52 24  
rafal.wojciechowski@pl.knightfrank.com

ul. Kazimierza Wielkiego 1  
50-077 **Wrocław**  
phone: +48 71 790 27 10  
fax: +48 71 790 27 11  
dorota.koscielniak@pl.knightfrank.com

ul. Pivna 28/30  
80-831 **Gdańsk**  
phone: +48 58 303 60 76  
fax: +48 58 303 60 69  
przemyslaw.szcutnik@pl.knightfrank.com

ul. Aleksandrowska 67/93  
91-205 **Łódź**  
phone: +48 42 291 07 52  
fax: +48 42 291 07 53  
joanna.drynska@pl.knightfrank.com



## Commercial Agency

Landlord Representation  
izabela.potrykus@pl.knightfrank.com

Tenant Representation  
marek.ciunowicz@pl.knightfrank.com

## Valuations

grzegorz.chmielak@pl.knightfrank.com

## Property Management

bartlomiej.lepkowski@pl.knightfrank.com

## Asset Management

monika.debska@pl.knightfrank.com

## Capital Markets

jakub.jonkisz@pl.knightfrank.com

## Research

elzbieta.czerpak@pl.knightfrank.com



**Wroclaw Agglomeration  
Development Agency**

**Agencja Rozwoju Aglomeracji  
Wrocławskiej (ARAW)**

pl. Solny 14  
50-062 Wrocław  
phone: +48 71 783 53 10  
fax: +48 71 783 53 11  
araw@araw.pl  
www.araw.pl  
www.invest-in-wroclaw.pl

**Knight Frank Sp. z o.o.**

**Mokotowska Square**

ul. Mokotowska 49  
00-542 Warsaw  
phone: +48 22 596 50 50  
fax: +48 22 596 50 51  
www.knightfrank.com.pl

**Times**

ul. Kazimierza Wielkiego 1  
50-077 Wrocław  
phone: +48 71 790 27 10  
fax: +48 71 790 27 11  
www.knightfrank.com.pl