

BUSINESS SERVICES

DESTINATIONS IN CENTRAL EUROPE

2017





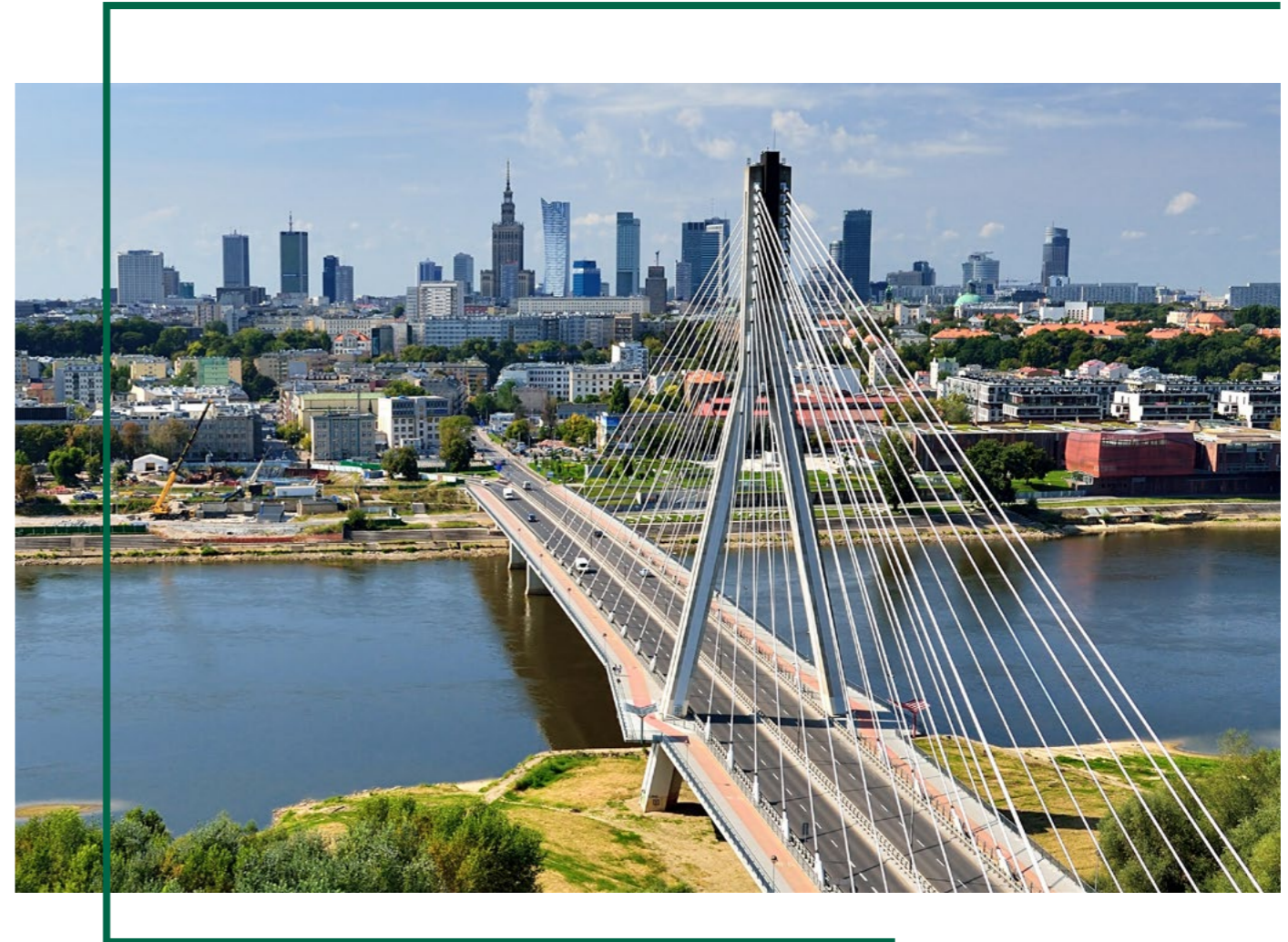
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INTRODUCTION



Globalization, Outsourcing, Offshoring & Nearshoring are common and progressive trends in the modern economy. These contemporary trends have an impact not only on operational costs, but also on real estate and labour markets. Companies' cost sensitivity supports the decision to move part of the business i.e. back- or mid-office to cost-effective countries. This trend has boosted the development of the Business Services (BPO, SSC, R&D & ITO) and the CEE region, with its well educated workforce and competitive cost base, is one of the main beneficiaries. The aim of this report is to present the whole region for the benefit of foreign investors in the most comprehensive way.



CE REGION

Although, the term 'Central Europe' has several meanings across different industries, CBRE includes the following countries for the purposes of our report.

Poland

Czech Republic

Romania

Hungary

Slovakia

Estonia

Latvia

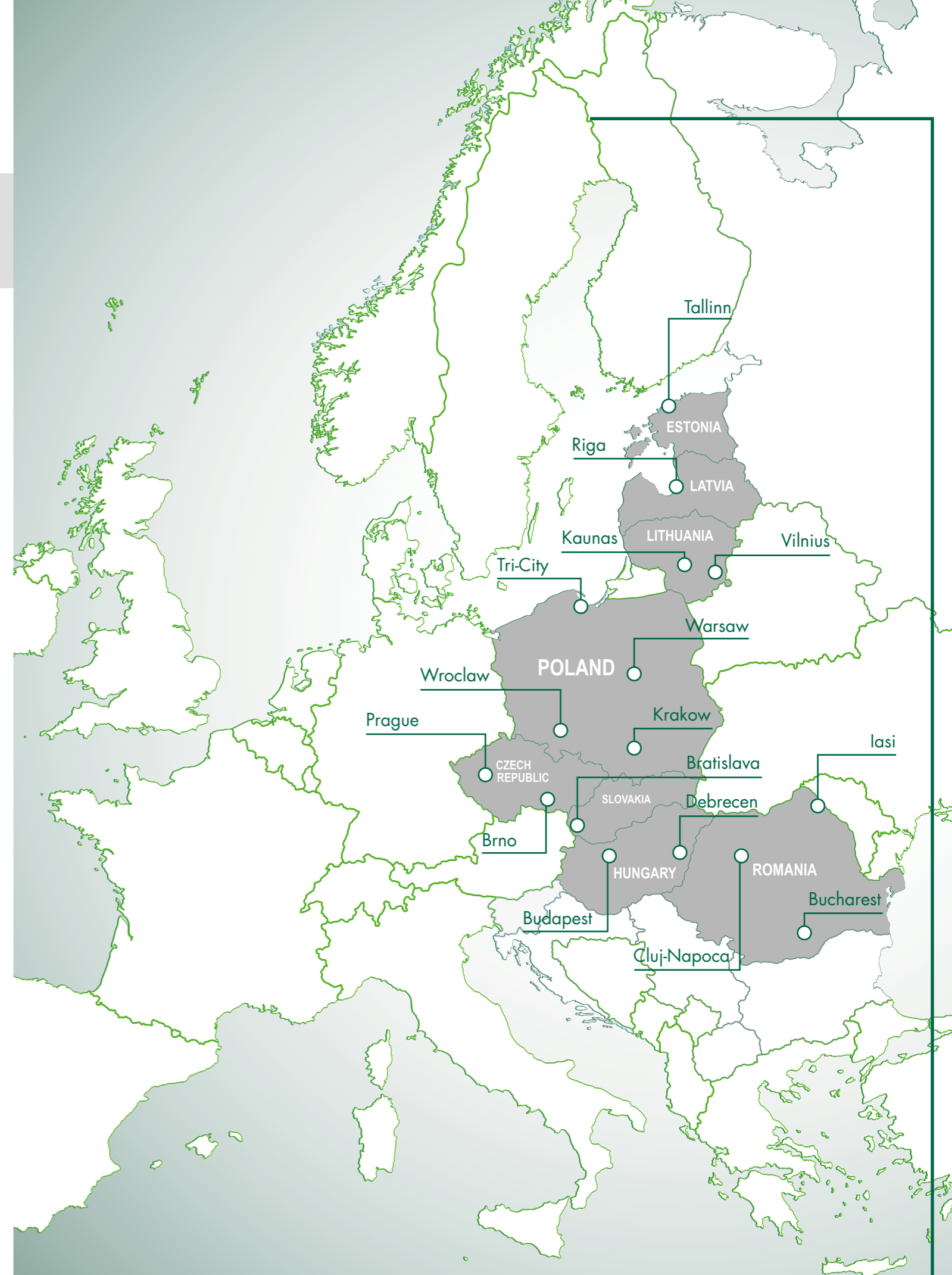
Lithuania

The above markets are the main destinations for the Business Services Sector, which looks for well qualified staff, employment cost savings and good quality office space. Moreover, membership of the EU and stabilized political conditions are also essential factors for newcomers. The main purpose of our report is to present briefly every country and the whole region in a comparable way. We hope that our study will encourage foreign investors to establish their businesses in the CE area.



Andreas Ridder
CBRE, Head of CEE

"We obviously have seen over recent years a huge amount of outsourcing moving from Western Europe to CEE. Some have feared that this process might gradually come to an end. However, the reality is that the speed and amount of outsourcing seems to be ever increasing all and there is definitely no end in sight yet. In some areas of CEE some have expected labour shortage to become a problem for BSS. But again we have been surprised by the mobility of young people to move to locations where interesting jobs are being offered. Therefore BSS should remain a big force for CEE over the years to come."

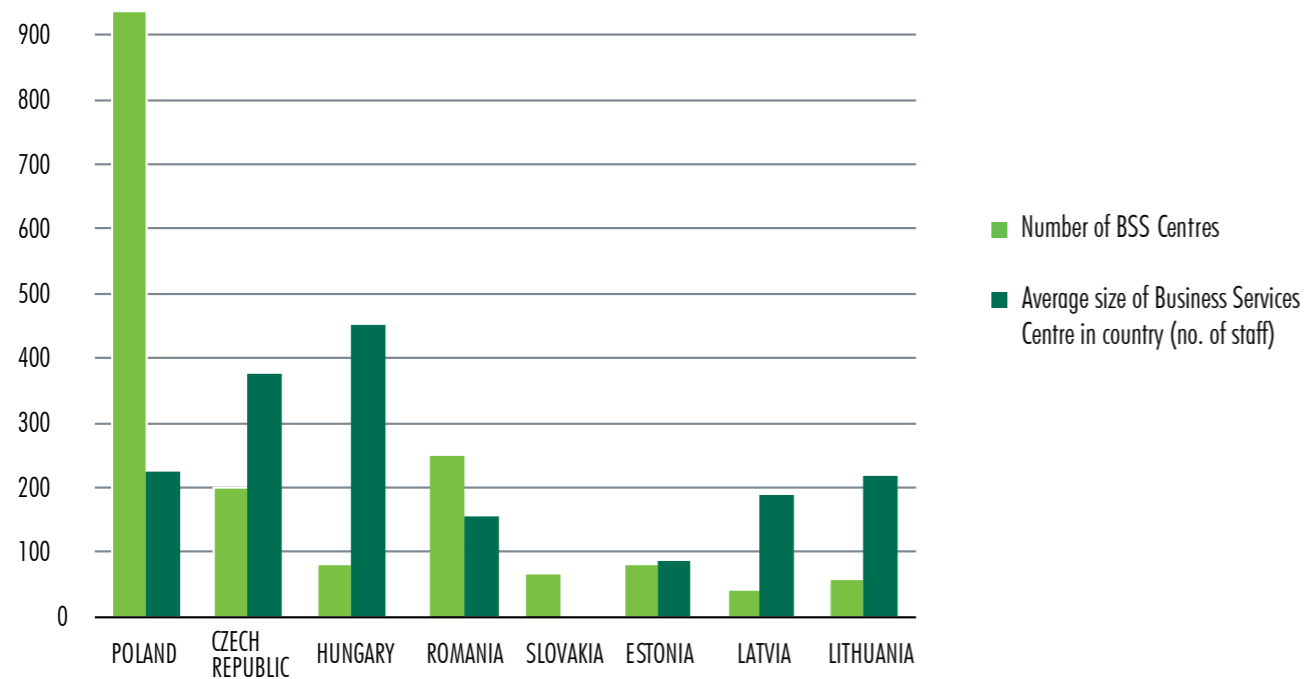


CE SNAPSHOT

BSS CENTRES IN CE

There are more than 1,400 centres in the CEE region, with the majority of them located in Poland – more than 900 centres. However the highest average size of the BSS hub is in Hungary. The average hub in this country has more than 450 employees. Most of the provided services are Finance & Accounting and IT Process.

FIGURE 1. NUMBER OF BSS CENTRES



Source: ABSL, CBRE Research 2016

SUMMARY

ECONOMY

Inflation Rate (Monthly - Feb. 2017)	0.1% - 0.8%
GDP per capita PPP real (Yearly - Dec. 2016 / USD)	€ 24,017
GDP growth rate (YoY 2016)	2.93%

LABOUR

Population (2016)	90,367,000
Unemployment (Dec 2016)	6.59%
Average National Gross Salary (2016)	€ 900

EDUCATION

No. of students	2,463,000
No. of graduates	599,600

LANGUAGES – ENGLISH

No. of language students	263,800
Declared proficiency	60%

BUSINESS SERVICES SECTOR DATA ACROSS COUNTRY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	1,402
No. of employees in the Business Services Sector	464,000

Source: Central Statistical Offices, ABSL, CBRE Research

EDUCATION

The area of the eight named countries is populated by more than 90 M citizens with nearly 2.5 M students and 0.6 M graduates in 2016. The well-educated labour force offering high level English skills is one of the major factors encouraging new investors to open their shared services centres here. The survey English Proficiency Index conducted by English First underlined the strong language backgrounds among CE citizens.

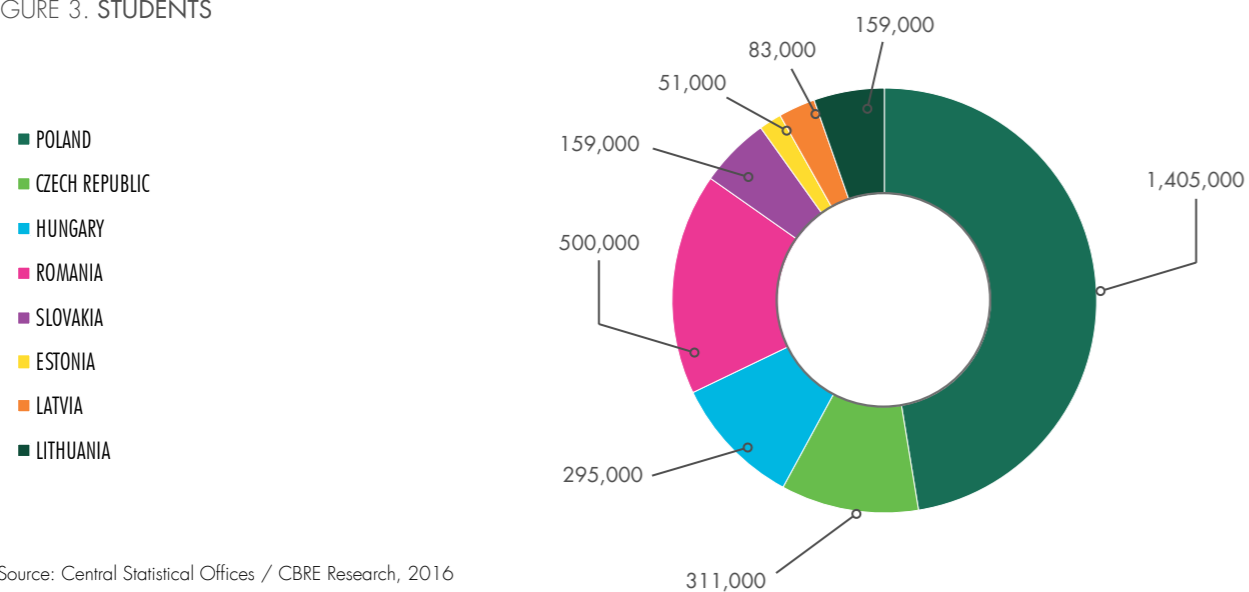
FIGURE 2. ENGLISH PROFICIENCY INDEX

RANKING	INDEX	COUNTRY
7*	63.70	Estonia
10	61.50	Poland
16	59.10	Czech Republic
18	58.70	Hungary
20	58.10	Romania
21	57.30	Slovakia
22*	57.10	Latvia
26*	55.10	Lithuania

Source: English Proficiency Index 2015 / * data from 2014 edition

The average for the CE region amounts to 59.60 points and is remarkably higher than the European average – 53.50. Moreover the high number of students ensures a stable labour supply in the next few years. The greatest number of people study in Poland, Romania and the Czech Republic and the major academic hubs are Warsaw, Prague, Krakow and Bucharest.

FIGURE 3. STUDENTS

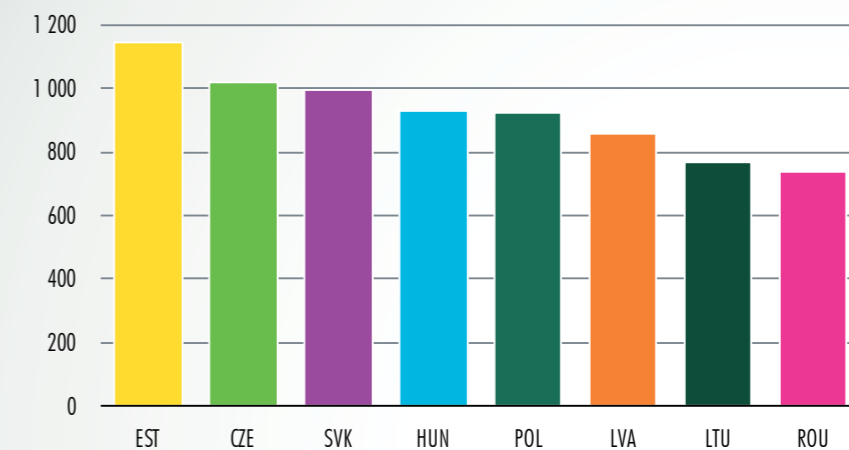


Source: Central Statistical Offices / CBRE Research, 2016

LABOUR

One of the major factors influencing the location of businesses here is labour cost. The average wage for the CE economy amounted to EUR 896 /month and it was significantly diversified across the region from EUR 1,146 /month in Estonia to EUR 735 /month in Romania.

FIGURE 4. AVERAGE NATIONAL GROSS SALARY (EUR/MONTH)*

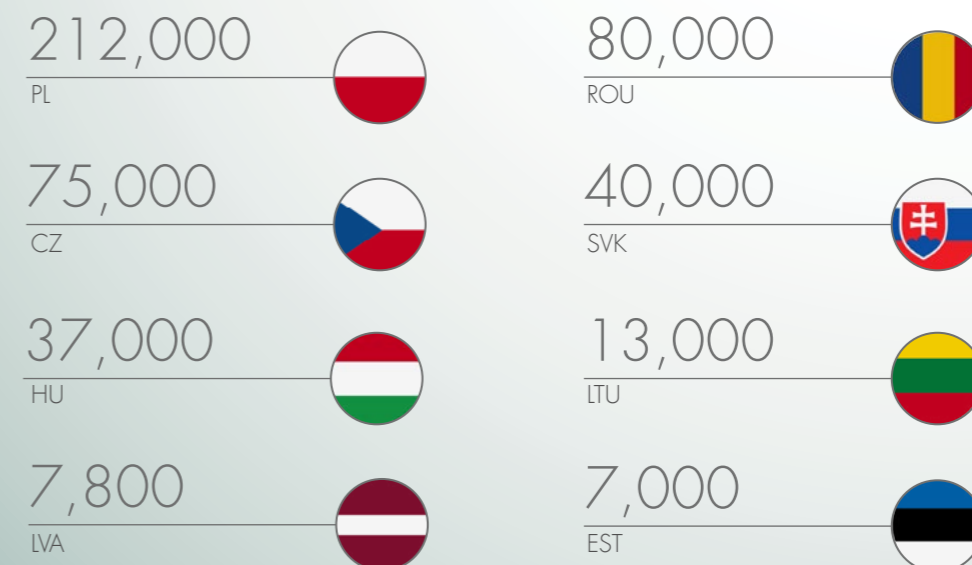


*gross

Source: Central Statistical Offices, 2016

Furthermore, most people in the Business Services Sector work in Poland, Romania and the Czech Republic. These three markets are major players in the region, almost 80% of employees from the BSS work in above countries.

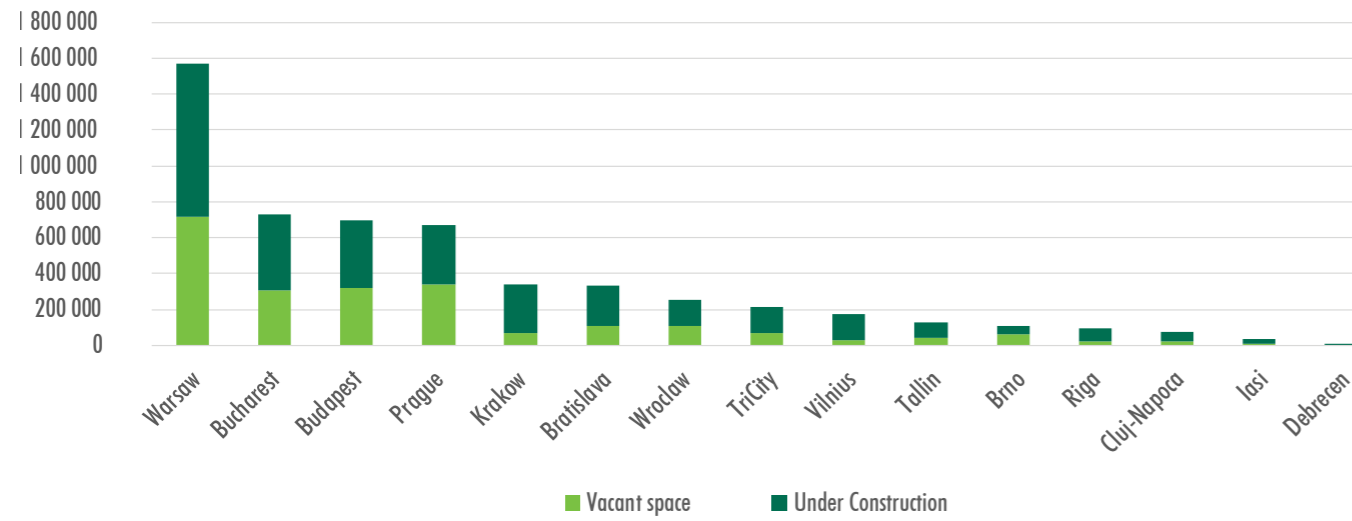
FIGURE 5. PEOPLE WORKING IN BSS*



Source: ABSL / CBRE Research, 2016

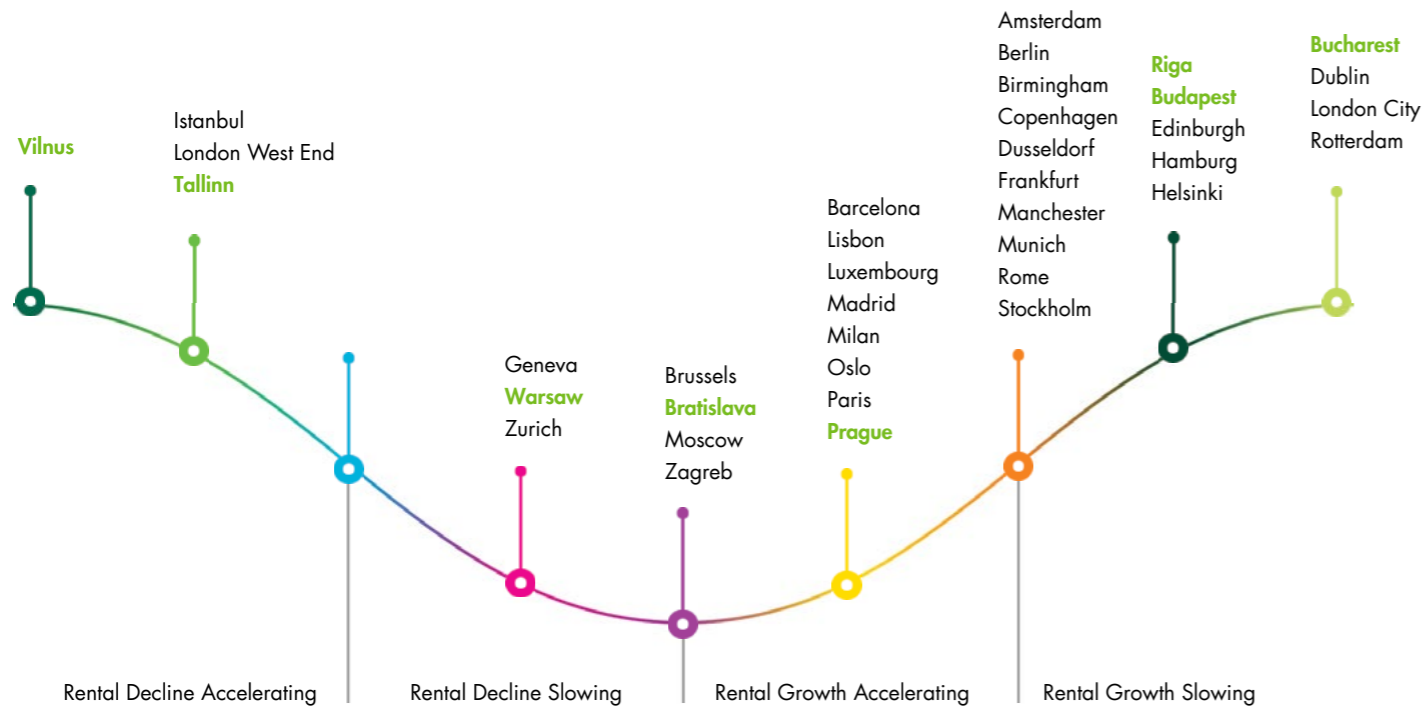
REAL ESTATE

FIGURE 6. OFFICE AVAILABILITY IN CE CITIES (SQ M)



Source: CBRE, Q1 2017

FIGURE 7. OFFICE MARKET RENT CYCLE



Source: CBRE Research 2017

FIGURE 7. RENTAL RATES IN CE CITIES

	Prime rents central (EUR/sq m/mth)	Prime rents non-central (EUR/sq m/mth)	Standard Incentives (rent free months per each year of lease)
Warsaw	23.00	14.50	1 – 1.5
Krakow	15.00	14.00	1.5
Wroclaw	15.50	14.50	1.5
Tri-City	13.50	12.50	1.5
Prague	20.00	17.00	1.5
Brno	13.00	11.00	1.5
Budapest	21.00	13.00	1
Bucharest	18.50	16.00	1
Cluj-Napoca	14.00	12.00	1
Iasi	15.00	12.00	1

Source: CBRE, Q1 2017



INCENTIVES

FIGURE 8. COUNTRY'S INVESTMENT INCENTIVES FOR BUSINESS SERVICE SECTOR

POLAND

	Minimum Employment	Minimum Investment Expenditures	Maximum level of governmental state aid, excluding local support
Support for creation of new job places	250	€ 350,000*	From € 750 to € 3,700 per employee**
Support for new investments	200 /500	€ 180 M / € 120 M	Up to 10% of eligible costs, depending on the location and size

CZECH REPUBLIC

	Minimum Employment	Minimum Investment Expenditures	Maximum level of governmental state aid, excluding local support
Support for creation of new job places	min. 70 newly created jobs	—	<p>25% of eligible costs for large enterprises throughout the Czech Republic, with the exception of Prague, for all types of business support services centres except data centres</p> <ul style="list-style-type: none"> • Corporate income-tax relief for a period of ten years • Cash grants for job creation up to the amount of € 11,500; two years' wage costs of newly created jobs • Cash grants for retraining and training new employees up to the amount of 50% of training costs

HUNGARY

	Minimum Employment	Minimum Investment Expenditures	Maximum level of governmental state aid, excluding local support
Support for creation of new job places	min. 50 newly created jobs	—	<p>20 – 50 % of eligible costs, depending on the location and size</p> <ul style="list-style-type: none"> • Cash subsidies for investments, training, job creation and R&D • Tax incentives reduction of corporate tax, social tax, or for encouraging R&D activities • SPECIAL INCENTIVES of the free enterprise zones

SLOVAKIA

	Minimum Employment	Minimum Investment Expenditures	Maximum level of governmental state aid, excluding local support
Support for creation of new job places	min. 40 newly created jobs, the company must employ at least 60% of employees having university education	min. investment of € 400,000 on the fixed assets Shared services centres at least € 250,000 must be covered by own equity at least € 200,000 must be covered by own equity	<p>20 – 35 % of eligible costs, depending on the location and size Maximum of € 6,000 – 30,000 per employee</p> <ul style="list-style-type: none"> • tax reliefs, • cash grants, • contributions for the newly created jobs and transfer of state/municipal property for a discounted price

ROMANIA

	Minimum Employment	Minimum Investment Expenditures	Maximum level of governmental state aid, excluding local support
	Minimum 10 new jobs/ per location	Minimum € 10 M investment	<p>2 10 – 50 % of eligible costs, depending on the location and size</p> <p>New Investment:</p> <ul style="list-style-type: none"> • Construction of new buildings • Renting costs for existing buildings • CAPEX aimed at technical installations and tools • Acquisition of intellectual property <p>New jobs:</p> <ul style="list-style-type: none"> • Salary costs registered for a 2 consecutive year period resulted as a direct consequence of the investment • Salary costs are comprised of gross average annual salary plus benefits

LATVIA

	Minimum Employment	Minimum Investment Expenditures	Maximum level of governmental state aid, excluding local support
Support for creation of new job places	—	—	<p>For Development of Business – Loans from State Aid Programs at Mortgage and Land Bank of Latvia Mezzanine Loans for Improving Competitiveness of Economic Operators administrated by Latvian Guarantee Agency labour related support and grants</p>

Source: Slovak Investment and trade Development Agency (SARIO), Hungarian Investment Promotion Agency (HIPA), Polish Investment and Trade Agency (PAIH), CzechInvest, Foreign Direct Investment Department – Invest in Romania, Investment and Development Agency of Latvia (LIAA), Estonian Investment Agency, Invest Lithuania, 2017

The above data is for information only and does not cover all potential forms of country or city support, it also excludes the special economic zones conditions and other forms of local aids

*All amounts rounded, given in EUR based on www.oanda.com as of 10.07.2017.

COUNTRY DESCRIPTION

The well-educated workforce, sufficient labour supply and many academic hubs are the main factors related to the development of the Business Services Sector in Poland. Inflow of new companies and new advanced services requires huge office supply and real estate development. Expansion of the BSS has led to a significant evolution in Poland like Krakow, Wroclaw, Tri-City and more. However, Warsaw still remains the biggest and most developed market in Poland with office supply exceeding the sum of supply in other cities counted together.

Along with the BSS development more sophisticated and essential services have been moving to Poland. Nowadays many mid-office operations like Research & Development, Valuation or Risk Management are transmitted to Poland.

There are numerous BSS hubs in Poland and many regional markets have developed thanks to Business Services Sectors in Poland. International companies locate their services centres in Warsaw, the main regional cities like Krakow, Wroclaw or Tri-City and also in emerging markets like Lodz, Lublin or Szczecin. Many city councils have specialized in how to attract investors to their cities and try to offer many incentives for newcomers.

The low labour costs were the main driver for the location of business in Poland about 15-20 years ago. Over the years the high level of services, economy development and political stability have placed Poland to be one of the leaders across BSS hubs and every year this sector is becoming a stronger and stronger branch of the economy.

MARKET SNAPSHOT

ECONOMIC DATA

Population (2016)	38,440,000
Inflation Rate (Monthly - Feb. 2017)	0.8%
GDP per capita PPP real (Yearly - Dec. 2016 / USD)	\$ 25,323
GDP growth rate (YoY 2016)	3%
GDP forecast (2017 - 2020)	18.2%

EDUCATION

No. of students	1,405,000
No. of graduates	395,000

LABOUR DATA

Unemployment (May 2017)	7.40%
Average National Salary 2016 (gross per month)	€ 926
Employment cost	approx 20.61% Social Insurance: 9.76% - Retirement 6.5% - Pension Insurance 1.8% (0.4% - 3.6%) Accidents 2.45% - Labour fund 0.10% - Guaranteed Employee Benefits Fund

LANGUAGES – ENGLISH

No. of language students	73,300
Declared proficiency	61%

BUSINESS SERVICES SECTOR DATA ACROSS COUNTRY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	936
No. of employees in the Business Services Sector	212,000
Employment growth in Business Services Sector (YoY - 2016)	25%

Source: Central Statistical Office, ABSL, CBRE Research 2016

WHY POLAND?



Joanna Mroczek
Head of Research & Marketing
CBRE Poland

“The BSS market in Poland is getting stronger and more mature and this attracts more and more both investors and employees. The positive fact is that Poland can rely not only on own vast labour resources but also the Ukrainian ones, which in reality doubles the potential of our market.”

MARKET SNAPSHOT

OFFICE MARKET

Prime rents central (EUR/sq m/mth)	23.00
Prime rents non-central (EUR/sq m/mth)	15.50
Office stock (sq m)	5,045,400
Vacancy rate (%)	14.2%
Take-up (sq m)	754,900
Under construction stock (sq m)	855,900
Pipeline 2017 (sq m)	367,000
Pipeline 2018 (sq m)	334,000

BUSINESS SERVICES SECTOR IN THE CITY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	155
No. of employees in the Business Services Sector	36,700

LABOUR DATA IN THE CITY

Population (2016)	1,744,440
Unemployment (Dec 2016)	3.0%
Average Salary (2016)	€ 1,250
No. of employees in Business Services Sector	36,700
Employment growth in the Business Services Sector (YoY)	36%

SALARIES (EUR/MTH) GROSS

F&A	
AP/AR Accountant	€ 1,381
GL Accountant	€ 1,786
Financial Analyst	€ 2,262
IT	
IT Help Desk - 1st line support	€ 1,143
Tester	€ 2,262
JAVA Developer	€ 3,452
CUSTOMER SERVICE	
Customer Service Specialist	€ 1,310
Customer Service Team Leader	€ 1,905

Benefits (standard, non-standard)

- Private medical care
- Multisport card / gym / fitness card
- Company Social Fund
- Group life insurance
- Bonuses for individual contribution
- Free fruits in the Office
- Reimbursement of trainings
- Flexible working hours
- Laptop
- Possibility for Home Office
- Additional bonus for goals achievement

EDUCATION

No. of universities	70
No. of students	239,500
No. of graduates	56,500

SELECTED BUSINESS SERVICES SECTOR PLAYERS IN CITY

Accenture	BPO
Citi Service Center	SSC
Goldman Sachs	SSC
Procter & Gamble	SSC
Samsung	R&D
Royal Bank of Scotland (RBS)	SSC
Schneider Electric	SSC
Colgate Palmolive	SSC
Lionbridge	SSC
CBRE Corporate Outsourcing Services	BPO, F&A

Source: Central Statistical Office of Poland, ABSL, Randstad, CPL Jobs, 2016

MARKET SNAPSHOT

OFFICE MARKET

Prime rents central (EUR/sq m/mth)	15.00
Prime rents non-central (EUR/sq m/mth)	14.00
Office stock (sq m)	915,800
Vacancy rate (%)	7.2%
Take-up (sq m)	187,800
Under construction stock (sq m)	273,200
Pipeline 2017 (sq m)	207,300
Pipeline 2018 (sq m)	144,500

BUSINESS SERVICES SECTOR IN THE CITY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	138
No. of employees in the Business Services Sector	50,300

LABOUR DATA IN THE CITY

Population (2016)	761,100
Unemployment (Dec 2016)	3.8%
Average Salary (2016)	€ 1,206
No. of employees in Business Services Sector	50,300
Employment growth in the Business Services Sector (YoY)	41%

SALARIES (EUR/MTH) GROSS

F&A	
AP/AR Accountant	€ 1,310
GL Accountant	€ 1,310
Financial Analyst	€ 1,964
IT	
IT Help Desk - 1st line support	€ 1,071
Testet	€ 2,262
JAVA Developer	€ 2,619
CUSTOMER SERVICE	
Customer Service Specialist	€ 952
Customer Service Team Leader	€ 1,667

Benefits (standard, non-standard)

- Private medical care
- Multisport card / gym / fitness card
- Company Social Fund
- Group life insurance
- Bonuses for individual contribution
- Free fruits in the Office
- Reimbursement of trainings
- Flexible working hours
- Laptop
- Possibility for Home Office
- Additional bonus for goals achievement

EDUCATION

No. of universities	21
No. of students	154,300
No. of graduates	43,700

SELECTED BUSINESS SERVICES SECTOR PLAYERS IN CITY

Shell	SSC
Google	SSC, R&D
Motorola Solutions	SSC, R&D
State Street	BPO
HSBC	SSC
Capgemini	BPO
SABRE	SSC
Lufthansa	SSC
Aon Hewitt	BPO
IBM	ITO, BPO

Source: Central Statistical Office of Poland, ABSL, Randstad, CPL Jobs, 2016

MARKET SNAPSHOT

OFFICE MARKET

Prime rents central (EUR/sq m/mth)	15.50
Prime rents non-central (EUR/sq m/mth)	14.50
Office stock (sq m)	847,800
Vacancy rate (%)	12.5%
Take-up (sq m)	124,500
Under construction stock (sq m)	146,700
Pipeline 2017 (sq m)	96,600
Pipeline 2018 (sq m)	95,500

BUSINESS SERVICES SECTOR IN THE CITY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	111
No. of employees in the Business Services Sector	34,200

LABOUR DATA IN THE CITY

Population (2016)	635,800
Unemployment (Dec 2016)	3%
Average Salary (2016)	€ 1,102
No. of employees in Business Services Sector	34,200
Employment growth in the Business Services Sector (YoY)	44%

SALARIES (EUR/MTH) GROSS

F&A	
AP/AR Accountant	€ 1,310
GL Accountant	€ 1,786
Financial Analyst	€ 1,964
IT	
IT Help Desk - 1st line support	€ 1,024
Testet	€ 2,857
JAVA Developer	€ 2,381
CUSTOMER SERVICE	
Customer Service Specialist	€ 1,190
Customer Service Team Leader	€ 1,667

Benefits (standard, non-standard)

- Private medical care
- Multisport card / gym / fitness card
- Company Social Fund
- Group life insurance
- Bonuses for individual contribution
- Free fruits in the Office
- Reimbursement of training
- Flexible working hours
- Laptop
- Possibility for Home Office
- Additional bonus for goals achievement

EDUCATION

No. of universities	25
No. of students	119,600
No. of graduates	30,400

SELECTED BUSINESS SERVICES SECTOR PLAYERS IN CITY

IBM	ITO
HP	BPO
Nokia Siemens Networks	ITO, R&D
Credit Suisse	BPO
Tieto Poland	ITO, R&D
Google	BPO
UPS	SSC
Capgemini	BPO
EY	BPO
Qatar Airways	BPO

Source: Central Statistical Office of Poland, ABSL, Randstad, CPL Jobs

MARKET SNAPSHOT

OFFICE MARKET

Prime rents central (EUR/sq m/mth)	13.50
OPrime rents non-central (EUR/sq m/mth)	12.50
Office stock (sq m)	633,900
Vacancy rate (%)	11.0%
Take-up (sq m)	93,200
Under construction stock (sq m)	141,800
Pipeline 2017 (sq m)	112,000
Pipeline 2018 (sq m)	107,600

BUSINESS SERVICES SECTOR IN THE CITY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	104
No. of employees in the Business Services Sector	16,900

LABOUR DATA IN THE CITY

Population in agglomeration (2016)	1,297,000
Unemployment (Dec 2016)	2.5-3.6%
Average Salary (2016)	€ 1,088
No. of employees in Business Services Sector	16,900
Employment growth in the Business Services Sector (YoY)	23%

SALARIES (EUR/MTH) GROSS

F&A	
AP/AR Accountant	€ 1,310
GL Accountant	€ 1,429
Financial Analyst	€ 1,488
IT	
IT Help Desk - 1st line support	€ 1,143
Testet	€ 1,905
JAVA Developer	€ 2,500
CUSTOMER SERVICE	
Customer Service Specialist	€ 905
Customer Service Team Leader	€ 1,786

Benefits (standard, non-standard)

- Private medical care
- Multisport card / gym / fitness card
- Company Social Fund
- Group life insurance
- Bonuses for individual contribution
- Free fruits in the Office
- Reimbursement of training
- Flexible working hours
- Laptop
- Possibility for Home Office
- Additional bonus for goals achievement

EDUCATION

No. of universities	20
No. of students	87,500
No. of graduates	21,800

SELECTED BUSINESS SERVICES SECTOR PLAYERS IN CITY

THYSSENKRUPP	SSC
Arla Foods	SSC
Intel	ITO
Lufthansa Systems	ITO,SSC
SII	ITO, BPO
Arla Foods	SSC
Kemira	SSC
Bayer Service Center	SSC
Jeppesen Poland	ITO, R&D
Metsa Group Services	BPO

Source: Central Statistical Office of Poland, ABSL, Randstad, CPL Jobs

COUNTRY DESCRIPTION

The business services sector is becoming one of the major players on the job market within the Czech Republic. In 2016 employment growth in the business services sector reached 16% which provides evidence of the increasing role of the sector in the economy.

During the year 2016, there were 200 business services centres in the Czech Republic with approximately 75,000 employed people in total. The composition of jobs in the business services sector mainly consisted of jobs in the shared service sector (41%), followed by IT centres (34%) and business process outsourcing centres (15%). With regard to the number of employees, 55% of companies employed less than 200 people. The share of these companies has been increasing in the recent years.

80% of centres were foreign, with the remaining 20% being Czech centres. In the Czech centres, most people were employed in the IT outsourcing centres (59%). On the contrary, foreign centres were mainly characterized by providing jobs in shared services centres (41%).

2 key Czech business services hubs are Prague and Brno. There are many companies which are on the way to becoming big players among the business service sector companies (Amazon, Lego, Novartis, Avast/AVG or Mann + Hummel Service).

Employment in the business services sector is forecast to increase by 16% in 2017. The sector is on the way to reaching 100,000 employees in 2020.

MARKET SNAPSHOT

ECONOMIC DATA

Population (2016)	10,600,000
Inflation Rate (Monthly - Feb. 2017)	0.4%
GDP per capita PPP real (Yearly - Dec. 2016 / USD)	30,179 USD
GDP growth rate (YoY 2016)	2.3%
GDP forecast (2017 - 2020)	6.3%

EDUCATION

No. of students	311,000
No. of graduates	77,000

LABOUR DATA

Unemployment (Dec 2016)	3,9%
Average National Salary 2016 (gross per month)	€ 1,020
Employment cost	25% Social Insurance (paid by employer) 2.3% - Sickness insurance 21.5% - Pension insurance 1.2% - Contribution to politics of employment

LANGUAGES – ENGLISH

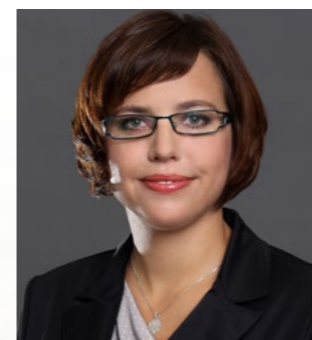
No. of language students	15,200
Declared proficiency	59.09%

BUSINESS SERVICES SECTOR DATA ACROSS COUNTRY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	200
No. of employees in the Business Services Sector	75,000
Employment growth in Business Services Sector (YoY - 2016)	16%

Source: Central Statistical Office CBRE Research, 2016

WHY CZECH REPUBLIC?



Klara Bejblova
Head of Research & Consulting
CBRE Czech Republic

“The Czech Republic is one of the most successful transition economies in terms of attracting foreign direct investment. The main reasons for this can be attributed to its healthy GDP growth with a positive outlook, the lowest unemployment level within the EU, as well as its political and currency stability. In addition, the country can boast a highly qualified and educated workforce and the best competitiveness score in comparison to other CE countries. The Czech Republic aims to become one of the most attractive countries for foreign investment in the EU by 2018.”

CZECH REPUBLIC

PRAGUE

PRAGUE

MARKET SNAPSHOT

OFFICE MARKET

Prime rents central (EUR/sq m/mth)	20.00
Prime rents non-central (EUR/sq m/mth)	17.00
Office stock (sq m)	3,208,400
Vacancy rate (%)	11
Take-up (sq m)	305,400
Under construction stock (sq m)	330,300
Pipeline 2017 (sq m)	155,100
Pipeline 2018 (sq m)	250,100

BUSINESS SERVICES SECTOR IN THE CITY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	109
No. of employees in the Business Services Sector	40,000

LABOUR DATA IN THE CITY

Population (2016)	1,267,400
Unemployment (Dec 2016)	2.3%
Average Salary (2016)	€ 1,285
No. of employees in Business Services Sector	40,000
Employment growth (YoY)	16%

SALARIES (EUR/MTH) GROSS

F&A	
AP/AR Accountant	€ 1,040 - 1,480
GL Accountant	€ 1,110 - 1,670
Financial Analyst	€ 1,480 - 2,220
IT	
IT Help Desk - 1st line support	€ 1,030 - 1,370
Tester	€ 1,480 - 2,590
JAVA Developer	€ 1,480 - 2,220
CUSTOMER SERVICE	
Customer Service Specialist	€ 1,000 - 1,400
Customer Service Team Leader	€ 1,480 - 2,220

Benefits (standard, non-standard)

Flexible working hours
 Additional holiday entitlement
 Training
 Meal contribution
 Pension contributions and/or life insurance
 Contribution for sport, cultural activities, medical care, Managerial training
 Home office
 Company car
 Cell phone

EDUCATION

No. of universities	33
No. of students	132 300
No. of graduates	32 000

SELECTED BUSINESS SERVICES SECTOR PLAYERS IN CITY

Accenture	Professional services
ExxonMobil	IT + F&A
Barclays	Banking
DHL Express	Professional services
Microsoft	IT
RWE	Customer Service
SAP Services	F&A

Source: Central Statistical Office CBRE Research, 2016

CZECH REPUBLIC

BRNO

BRNO

MARKET SNAPSHOT

OFFICE MARKET

Prime rents central (EUR/sq m/mth)	13.00
Prime rents non-central (EUR/sq m/mth)	11.00
Office stock (sq m)	525,100
Vacancy rate (%)	12%
Take-up (sq m)	56,700
Under construction stock (sq m)	44,300
Pipeline 2017 (sq m)	17,300
Pipeline 2018 (sq m)	56,100

BUSINESS SERVICES SECTOR IN THE CITY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	32
No. of employees in the Business Services Sector	15,000

LABOUR DATA IN THE CITY

Population (2016)	377,000
Unemployment (Dec 2016)	3.8%
Average Salary (2016)	€ 988
No. of employees in Business Services Sector	15,000
Employment growth (YoY)	16%

SALARIES (EUR/MTH) GROSS

F&A	
AP/AR Accountant	€ 850 - 1,220
GL Accountant	€ 1,040 - 1,220
Financial Analyst	€ 1,290 - 1,850
IT	
IT Help Desk - 1st line support	€ 920 - 1,300
Testet	€ 1,110 - 2,220
JAVA Developer	€ 1,040 - 1,670
CUSTOMER SERVICE	
Customer Service Specialist	€ 810 - 1,300
Customer Service Team Leader	€ 1,300 - 1,900

Benefits (standard, non-standard)

Flexible working hours
 Additional holiday entitlement
 Training
 Meal contribution
 Pension contributions and/or life insurance
 Contribution for sport, cultural activities, medical care, Managerial training
 Home office
 Company car
 Cell phone

EDUCATION

No. of universities	12
No. of students	65,900
No. of graduates	17,000

SELECTED BUSINESS SERVICES SECTOR PLAYERS IN CITY

Avast	IT
Deloitte	Professional services
Honeywell	Manufacturing
Kiwi.com	IT
Mann + Hummel	Manufacturing
Seznam.cz	IT
SAP Services	F&A

Source: Central Statistical Office, CBRE Research 2016

COUNTRY DESCRIPTION

The business services sector – particularly that pertaining to cross-border operations – is a significant driver on the Hungarian labour market, as attested by the 13% employment growth registered in the sector in 2016. Sizeable business services outposts have played a key role in Hungary amassing the highest share of foreign direct investment from GDP across the region.

The country is proving attractive to employers based on the generally skilled workforce and vast recruitment pools they can tap into around the academic institutions in the major cities. Budapest, with its cosmopolitan culture and picturesque cityscape, is a favoured destination amongst expats and students alike.

At year end, there were approx. 110 business service centers across the country, employing some 42,000 people. The dominant hub for the sector is Budapest (>70% share), complemented by the country's second largest city, Debrecen. The latter won the title 'Emerging City of the Year' in the 2017 CEE Shared Service and Outsourcing Awards. Recently, new target cities such as Szeged and Pécs are also appearing on the map. Most of these regional cities fall into the highest tier of subsidy eligibility across the EU, and local authorities or investment promotion organisations are readily available to assist prospective employers with local intelligence and incentives.

The business services sector in Hungary is not only developing in terms of scale but also in the nature of operations – in recent years there has been a clear shift towards value-add activities such as R&D and financial/risk management. Major companies with such outposts in the country include General Electric, Nokia Networks, IBM, National Instruments and Morgan Stanley amongst many others.

EDUCATION

No. of students 287,000

No. of graduates 55,100

LABOUR DATA

Unemployment (Dec 2016) 4.4%

Average National Salary 2016 (gross per month) € 932,00

Employment cost
 Social Insurance:
 10% - Pension contribution
 3% - Health insurance (in cash)
 4% - Agricultural insurance (in kind)
 1.5% - Labour market contribution

LANGUAGES – ENGLISH

No. of language students N/A

Declared proficiency 58.72%

BUSINESS SERVICES SECTOR DATA ACROSS COUNTRY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc) 110

No. of employees in the Business Services Sector 42,000

Employment growth in Business Services Sector (YoY - 2016) 13%

Source: Central Statistical Office, CBRE Research 2016

MARKET SNAPSHOT

ECONOMIC DATA

Population (2016)	9,830,000
Inflation Rate (Monthly - Dec. 2016)	1.8%
GDP per capita PPP (Yearly - Dec. 2016 / USD)	24,837 USD
GDP growth rate (YoY 2016)	2%
GDP forecast (2017 - 2020)	9.6%

WHY HUNGARY?



Gabor Borbély
 Head of Business Development
 & Research
 CBRE Hungary

“Hungary has one of the most open economies in the world and is proud to have one of the highest FDI/capita figure in the EU. Budapest ranks high in life quality and attracts new workforce from regional cities as well as skilled professionals from beyond the border. The cost of living is lower in Hungary than in many other CE countries due to low income tax rates and affordable property prices – especially in regional cities. Debrecen, the country's second city by population, has recently been awarded the best emerging SSC destination in CEE and has been established as a true alternative to Budapest for more cost-conscious operations.”

HUNGARY

BUDAPEST

BUDAPEST

MARKET SNAPSHOT

OFFICE MARKET

Prime rents central (EUR/sq m/mth)	21.00
Prime rents non-central (EUR/sq m/mth)	13.00
Office stock (sq m)	3,360,000
Vacancy rate (%)	9.5%
Take-up (sq m)	284,600
Under construction stock (sq m)	427,400
Pipeline 2017 (sq m)	98,000
Pipeline 2018 (sq m)	297,900

BUSINESS SERVICES SECTOR IN THE CITY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	77
No. of employees in the Business Services Sector	30,000

LABOUR DATA IN THE CITY

Population (2016)	1,760,000
Unemployment (Dec 2016)	3.6%
Average Salary (2016)	€ 10,600
No. of employees in Business Services Sector	28,000
Employment growth (YoY)	4.5%

SALARIES (EUR/MTH) GROSS

F&A	
AP/AR Accountant	€ 1,166.67
GL Accountant	€ 1,583.33
Financial Analyst	€ 1,291.67
IT	
IT Help Desk - 1st line support	€ 1,000
Tester	€ 1,583.33
JAVA Developer	€ 2,250
CUSTOMER SERVICE	
Customer Service Specialist	€ 1,166.67
Customer Service Team Leader	€ 1,916.67

Benefits (standard, non-standard)

N/A

EDUCATION

No. of universities	36
No. of students	105,800
No. of graduates	22,000

SELECTED BUSINESS SERVICES SECTOR PLAYERS IN CITY

IT Services Hungary	IT
Morgan Stanley	F&A
Ericsson	IT
BP Global Business Services Europe	F&A
Diageo	Customer Services, F&A
GE Global Operations Center	Various
IBM ISSC	IT
SAP	Customer Services, IT
ExxonMobil BSC	Various

Source: Central Statistical Office, CBRE Research 2016

HUNGARY

DEBRECEN

DEBRECEN

MARKET SNAPSHOT

OFFICE MARKET

Prime rents central (EUR/sq m/mth)	12.50
Prime rents non-central (EUR/sq m/mth)	12.50
Office stock (sq m)	50,100
Vacancy rate (%)	
Take-up (sq m)	
Under construction stock (sq m)	34,300
Pipeline 2017 (sq m)	7,700
Pipeline 2018 (sq m)	26,600

BUSINESS SERVICES SECTOR IN THE CITY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	6
No. of employees in the Business Services Sector	3,000

LABOUR DATA IN THE CITY

Population (2016)	203,000
Unemployment (Dec 2016)	8.6%
Av. Wage (2016)	
No. of employees in Business Services Sector	3,000
Employment growth (YoY)	3.8%

SALARIES (EUR/MTH) GROSS

F&A	
AP/AR Accountant	€ 875
GL Accountant	€ 1,188
Financial Analyst	€ 969
IT	
IT Help Desk - 1st line support	€ 750
Testet	€ 1,188
JAVA Developer	€ 1,688
CUSTOMER SERVICE	
Customer Service Specialist	€ 875
Customer Service Team Leader	€ 1,438

Benefits (standard, non-standard)

EDUCATION

No. of universities	1
No. of students	30,000
No. of graduates	

SELECTED BUSINESS SERVICES SECTOR PLAYERS IN CITY

IT Services Hungary	IT
British Telecom	Client and Delivery Management, IT
Flowserve	F&A
National Instruments	F&A, IT
EPAM	IT

Source: Central Statistical Office, CBRE Research 2016

COUNTRY DESCRIPTION

Romania is one of Europe's most important destinations for business services providers, such as BPO, ITO, R&D or SSC, thanks to the local environment that delivers a perfect balance between cost and quality, a flourishing technology hub and a plentiful professional and multilingual labour pool.

Bucharest is one of the important destinations for companies that offer outsourced services. In A.T. Kearney's Global Services Location Index™ top 20, measuring financial attractiveness, people skills and availability and business environment, Romania ranks 3rd position in Europe and 13th globally, but is in 1st position in Europe and 6th in the world in terms of the number of certified IT specialists per total population.

MARKET SNAPSHOT

ECONOMIC DATA

Population (2016)	19,900,000
Inflation Rate (Monthly - Dec. 2016)	-0.1%
GDP per capita PPP (Yearly - Dec. 2016 / USD)	22,319
GDP growth rate (YoY 2016)	5%
GDP forecast (2017 - 2020)	2017: 5.2%, 2018: 5.5%, 2019: 5.7%, 2020: 5.7%

LABOUR DATA

Unemployment (Dec 2016)	4.77%
Average National Salary (2016) gross/net	€ 735 / 525

Employment cost

Health Fund: 15.80%
 Pension Fund: 5.2%
 Unemployment 0.50%
 Medical Leave Tax: 0.85%
 Disabled Contribution: 0.21%
 Guarantee Fund: 0.25%

BUSINESS SERVICES SECTOR DATA ACROSS COUNTRY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	250
No. of employees in the Business Services Sector	80,000
Employment growth in Business Services Sector (YoY - 2016)	10%

Source: Romania's National Prognosis Commission

WHY ROMANIA?



Daniela Gavril
 Research Analyst
 CBRE Romania

“Knowledge of foreign languages and high level of qualification and specialization are the key advantages of Romania when attracting multinational companies.”

MARKET SNAPSHOT

OFFICE MARKET

Prime rents central (EUR/sq m/mth)	18.50
Prime rents non-central (EUR/sq m/mth)	14.00-16.00
Office stock (sq m)	2,64 mil
Vacancy rate (%)	11.7%
Take-up (sq m)	412,000
Under construction stock (sq m)	424,000
Pipeline 2017 (sq m)	187,900
Pipeline 2018 (sq m)	404,600

BUSINESS SERVICES SECTOR DATA IN THE CITY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	N/A
No. of employees in the Business Services Sector	40,000

LABOUR DATA IN THE CITY

Population (2016) - Bucharest	1,880,000
Unemployment (Dec 2016)	2%
Average Salary (2016) net.	€ 635
No. of employees in Business Services Sector	40,000
Employment growth (YoY)	10%

SALARIES (EUR/MTH) GROSS

F&A	
AP/AR Accountant	€ 750-1,000
GL Accountant	€ 850-1,000
Financial Analyst	€ 950-1,300
IT	
IT Help Desk - 1st line support	€ 800
Tester	€ 1,700
JAVA Developer	€ 2,500
CUSTOMER SERVICE	
Customer Service Specialist	€ 1,000
Customer Service Team Leader	€ 1,600

Benefits (standard, non-standard)

Medical & life insurance
Flexible working hours
Christmas/Easter bonuses
Meal vouchers
Gym subscription
Work car

EDUCATION

No. of universities	34
No. of students	170,000
No. of graduates.	42,000

SELECTED BUSINESS SERVICES SECTOR PLAYERS IN CITY

Genpact	BPO: Business Processes
CGS	BPO: Business Processes
Webhelp	BPO: Contact Centre
HP	BPO/SSC: Business Processes/ ITO: Application Development & Maintenance
Oracle	SSC: Business Processes
Ericsson	ITO: IT Infrastructure
Stefanini	BPO: Contact Centre, ITO: Application Development & Maintenance
Accenture	BPO: Business Processes
DB Schenker	SSC: Finance & Accounting
Mysis	ITO: Application Development
BASSE	SSC: Finance & Accounting
WNS	BPO: Contact Centre

MARKET SNAPSHOT

OFFICE MARKET

Prime rents central (EUR/sq m/mth)	11.00-14.00
Prime rents non-central (EUR/sq m/mth)	10.00-12.00
Office stock (sq m)	240,000
Vacancy rate (%)	10%
Take-up (sq m)	30,000
Under construction stock (sq m)	50,000
Pipeline 2017 (sq m)	30,000
Pipeline 2018 (sq m)	34,800

BUSINESS SERVICES SECTOR IN THE CITY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	N/A
No. of employees in the Business Services Sector	20,000

LABOUR DATA IN THE CITY

Population (2016)	325,000
Unemployment (Dec 2016)	2%
Average Salary (2016)	€ 450
No. of employees in Business Services Sector	20,000
Employment growth (YoY)	10%

SALARIES (EUR/MTH) GROSS

F&A	
AP/AR Accountant	€ 450-600
GL Accountant	€ 900-1,100
Financial Analyst	€ 1,200-1,600
IT	
IT Help Desk - 1st line support	€ 800
Tester	€ 1,800
JAVA Developer	€ 2,300
CUSTOMER SERVICE	
Customer Service Specialist	€ 700
Customer Service Team Leader	€ 1,500

Benefits (standard, non-standard)

Medical & life insurance
Flexible working hours
Christmas/Easter bonuses
Meal vouchers
Gym subscription
Work car

EDUCATION

No. of universities	10
No. of students	80,000
No. of graduates	14,000

BUSINESS SERVICES SECTOR PLAYERS IN CITY

Ebs	ITO: Application Development & Maintenance
Belfair	SSC: Application Development & Maintenance
Iquest	ITO: Application Development & Maintenance
Evoline	ITO: Application Development & Maintenance
Sykes Enterprises	BPO: Business Processes
3Pillar Global	ITO: Application Development & Maintenance
Emerson	R&D: Manufacturing, BPO: Business Processes
Bombardier Shared Service Center	SSC: Contact Center
Steelcase	SSC: Business Processes
Office Depot Service Center	SSC: Business Processes
Genpact	BPO: Business Processes

MARKET SNAPSHOT

OFFICE MARKET

Prime rents central (EUR/sq m/mth)	13.50-15.00
Prime rents non-central (EUR/sq m/mth)	8.00-12.00
Office stock (sq m)	165,000
Vacancy rate (%)	7%
Take-up (sq m)	19,000
Under construction stock (sq m)	23,400
Pipeline 2017 (sq m)	23,400
Pipeline 2018 (sq m)	-

BUSINESS SERVICES SECTOR IN THE CITY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	N/A
No. of employees in the Business Services Sector	13,000

LABOUR DATA IN THE CITY

Population (2016) - Iasi	363,142
Unemployment (Dec 2016)	4.51%
Average Salary (2016)	€ 486
No. of employees in Business Services Sector	13,000
Employment growth (YoY)	10%

SALARIES (EUR/MTH) GROSS

F&A	
AP/AR Accountant	€ 500-600
GL Accountant	€ 800-01,200
Financial Analyst	€ 1,200-1,500
IT	
IT Help Desk - 1st line support	€ 800
Tester	€ 1,800
JAVA Developer	€ 2,300
CUSTOMER SERVICE	
Customer Service Specialist	€ 700
Customer Service Team Leader	€ 1,500

Benefits (standard, non-standard)

Medical & life insurance
Flexible working hours
Christmas/Easter bonuses
Meal vouchers
Gym subscription
Work car

EDUCATION

No. of universities	11
No. of students	55,000
No. of graduates	14,000

BUSINESS SERVICES SECTOR PLAYERS IN CITY

Amazon	ITO: Application Development & Maintenance
Oracle	SSC: Business Processes
Capgemini	ITO: IT Infrastructure
Continental	R&D: Manufacturing, SSC: Business Processes
Unicredit Business Integrated Solutions	SSC: Business Processes
Xerox	SSC: Business Processes
Gfk	SSC: Business Processes
Ness	ITO: Application Development & Maintenance
Webhelp	BPO: Contact Centre
Endava	ITO: Application Development & Maintenance
SCC Services Romania	ITO: IT Infrastructure

COUNTRY DESCRIPTION

Employers in the business services sector are among the major employers providing job opportunities in larger cities in Slovakia. In general, the BSS companies are mostly present in the capital city of Bratislava and in Košice, the second largest Slovak city. Among the most important of the BSS companies are IBM, Henkel, T-Systems, Accenture, Amazon, AT & T, DELL and Lenovo. In total there are more than 62 active BSS centres in Slovakia of which 42 are located only in Bratislava.

The total workforce employed by BSS companies exceeds 40,000 employees with annual growth of the employment in the sector reaching 10%.

While in the beginning the BSS employed mostly a local workforce, the share of employees from other EU countries has been increasing gradually in the last few years..

The main advantages, attracting BSS companies to Slovakia, are an available and skilled labour force, broad knowledge of languages, geographic and cultural proximity to Western Europe, well-developed infrastructure and significantly lower wage costs compared to Western European or North American levels.

EDUCATION

Higher education rate	13.8
No of students	159,000
No of graduates	53,000

LABOUR DATA

Unemployment (Dec 2016)	8.76%
Average National Salary 2016 (gross per month)	€ 912
Employment cost	Total: 35.2%; out of it Social Insurance: 25.2% (retirement 14%, disability 3%, reserve solidarity fund 4.75%, health 1.4%, accidents 0.8%, labour fund 1%, Guaranteed Employee Benefits Fund 0.25%) health insurance 10%

LANGUAGES – ENGLISH

No of language students	10,800
Declared proficiency	57.34%

BUSINESS SERVICES SECTOR DATA ACROSS COUNTRY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	62
No. of employees in the Business Services Sector	40,000
Employment growth in Business Services Sector (YoY - 2016)	10%

MARKET SNAPSHOT

ECONOMIC DATA

Population (2016)	5,430,000
Inflation Rate (Monthly - Dec. 2016)	0.1%
GDP per capita PPP (Yearly - Dec. 2016 / USD)	28,453 USD
GDP growth rate (YoY 2016)	3%
GDP forecast (2017 - 2020)	17.84%

WHY SLOVAKIA?



Filip Penthor
Researcher
CBRE Slovakia

“Slovakia’s biggest advantages are a stable economic environment strengthened by the common European currency Euro, competitive taxation system and highly skilled and educated workforce offering high labour productivity with favorable labour costs.”

MARKET SNAPSHOT

OFFICE MARKET

Prime rents central (EUR/sq m/mth)	16.00
Prime rents non-central (EUR/sq m/mth)	13.00
Office stock (sq m)	1,618,024
Vacancy rate (%)	6.61
Take-up (sq m)	148,500
Under construction stock (sq m)	225,000
Pipeline 2017 (sq m)	85,000
Pipeline 2018 (sq m)	125,000

BUSINESS SERVICES SECTOR IN THE CITY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	N/A
No. of employees in the Business Services Sector	40,000

LABOUR DATA IN THE CITY

Population (2016)	422,932
Unemployment (Dec 2016)	4.4%
Average Salary (2015)	€ 1,322
No. of employees in Business Services Sector	N/A
Employment growth (YoY)	4.3%

SALARIES (EUR/MTH) GROSS

F&A	€ 1,686
AP/AR Accountant	€ 1,130
GL Accountant	€ 1,148
Financial Analyst	€ 1,422
IT	€ 1,751
IT Help Desk - 1st line support	€ 1,219
Tester	€ 1,252
JAVA Developer	€ 1,596
CUSTOMER SERVICE	
Customer Service Specialist	€ 1,020
Customer Service Team Leader	€ 1,058

Benefits (standard, non-standard)

EDUCATION

No. of universities	12
No. of students	64,406
No. of graduates	N/A

SELECTED BUSINESS SERVICES SECTOR PLAYERS IN CITY

Amazon	SALE, Customer service
DELL	IT, Customer service, F&A, Legal
LENOVO	IT, F&A, Sales, Software development
IBM	IT, Customer service
Henkel	IT, Logistics, Sale, F&A, Customer service, HR
Nestlé	F&A,
Mondelez	F&A,
AT&T	Sales, Customer service

COUNTRY DESCRIPTION

Estonia is an established location for Shared Services, providing a high quality workforce, competitive business environment and sustainable financial attractiveness. Today there are over 80 captive and BPO Shared Service centres in Estonia, employing in excess of 7,000 people. All functions are represented, with higher order tasks and regional or global responsibilities becoming the norm.

Estonia possesses a number of unique factors which contribute to its attractiveness for Shared Services. It is the most digitally advanced society in the world and ease of conducting business or interacting with the government creates endless time and cost benefits. Businesses benefit from lower operational risk, process efficiencies through automation and better decisions.

Estonia's location gives it a unique mix of languages while strong education ensures these are spoken to a high level of proficiency. English, Finnish and Russian are widely spoken, with German and Nordic languages also increasingly used. Businesses benefit from having a good alignment to the business and employees can add value from day one.

Estonia has long standing links with the Nordic region and modern day integrated economic, energy, financial and transport systems. This creates a shared business culture characterised by transparency, efficiency and quality. Estonia benefits from strong corporate governance, high productivity and a process improvement mind-set.

EDUCATION

No. of students	51,000
No. of graduates	25,000

LABOUR DATA

Unemployment (Dec 2016)	6.8%
Average National Salary 2016 (gross per month)	€ 1,146
Employment cost	social tax of 33%

LANGUAGES – ENGLISH

No. of language students	50,000
Declared proficiency	63.73%

BUSINESS SERVICES SECTOR DATA ACROSS COUNTRY

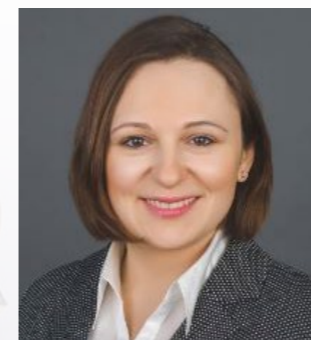
No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	82
No. of employees in the Business Services Sector	7,000
Employment growth in Business Services Sector (YoY - 2016)	9.5%

MARKET SNAPSHOT

ECONOMIC DATA

Population (2016)	1,317,000
Inflation Rate (Monthly - Dec. 2016)	0.5%
GDP per capita PPP (Yearly - Dec. 2016 / USD)	17,935.20 USD
GDP growth rate (YoY 2016)	2%
GDP forecast (2017 - 2020)	18.9%

WHY ESTONIA?



Vineta Vigupe
Head of Research & Consulting
CBRE Baltics

“Estonia’s profit orientated and user-friendly business environment has attracted a great number of foreign investors and significant world-renowned international companies to the country – Ericsson, ABB, Kuehne + Nagel, Stora Enso, Symantec, Stoneridge, Vopak EOS, Deutsche Post DHL and many others. An investment friendly taxation system, transparent and functioning legislation, economic freedom, ease of doing business rating, per capita investments, the record-low national debt, belonging to the Euro zone, a low corruption index – these are only a few advantages relating to the ease of doing business in Estonia.”

MARKET SNAPSHOT

OFFICE MARKET

Prime rents central (EUR/sq m/mth)	12.00 - 16.00
Prime rents non-central (EUR/sq m/mth)	8.00 - 11.50
Speculative modern office stock (sq m)	608,000
Vacancy rate (%)	6.5%
Take-up (sq m)	40,000
Under construction speculative stock (sq m)	85,000
Pipeline 2017 (sq m)	35,000
Pipeline 2018 (sq m)	50,000

BUSINESS SERVICES SECTOR IN THE CITY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	82
No. of employees in the Business Services Sector	7,000

LABOUR DATA IN THE CITY

Population (2016)	413,000
Unemployment (Dec 2016)	6%
Average Salary (2016)	€ 1,271
No. of employees in Business Services Sector	5,500
Employment growth (YoY)	0.7%

SALARIES (EUR/MTH) GROSS

F&A	
AP/AR Accountant	€ 1,250
GL Accountant	€ 1,250
Financial Analyst	€ 1,500
IT	
IT Help Desk - 1st line support	€ 1,248
Tester	€ 1,192
JAVA Developer	€ 2,149
CUSTOMER SERVICE	
Customer Service Specialist	€ 809
Customer Service Team Leader	€ 1,235

Benefits (standard, non-standard)

Statutory annual leave
Non-standard can be sports compensation and extra days off.

EDUCATION

No. of universities	22
No. of students	15,000
No. of graduates	7,350

SELECTED BUSINESS SERVICES SECTOR PLAYERS IN CITY

ABB
 NATO cyber security centre of excellence
 CMA CGM
 Playtech
 Transferwise
 Ericsson
 Ramirent
 Kone Cranes
 Arvato
 Kuehne-Nagel
 Itella/Opus Capita
 Transcom

COUNTRY DESCRIPTION

With its high-quality workforce, competitive business environment, easy access and world class communications infrastructure Latvia offers outstanding opportunities for Global Business Service operations.

- Riga is #1 for its regional accessibility and Riga International Airport maturity; furthermore Riga is the home base for the leading regional airlines – airBaltic
- Latvia is #1 in the Baltics in terms of competitiveness for Business Service Centre development (according to “A.T. Kearney Global Services Location Index” 2016)
- Latvia is #2 in the EU for broadband speed
- Latvia #3 in the EU for starting a business
- Latvia is #5 in the EU for paying taxes

Although the Business Service Sector in Latvia has been developing more rapidly in the recent years, it is important to note that it is still not saturated. With approx. 7,800 people employed in the sector, there is still much room for other entrants as well. Existing GBS centres have created a unique environment in Latvia. For potential employees, the existing centres are known as desirable employers, with high requirements and good work conditions. This certainly provides a good basis for the establishment of new service centres.

EDUCATION

Higher education rate	40.0% (25-34 year-olds)
No. of students	8,3000
No. of graduates	15,800.

LABOUR DATA

Unemployment (Dec 2016)	9.6%
Average National Salary 2016 (gross per month)	€ 859,00
Employment cost	Personal Income Tax - 23% Social security contribution - 10.5% Employer's part of social security contribution - 23.59%

LANGUAGES – ENGLISH

No. of language students	60,300
Declared proficiency	57.16%

BUSINESS SERVICES SECTOR DATA ACROSS COUNTRY

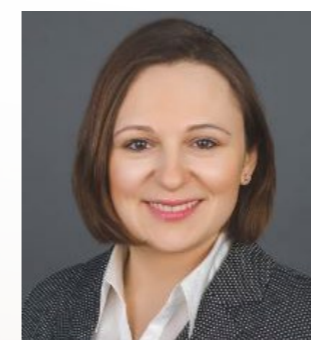
No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	41
No. of employees in the Business Services Sector	7,800
Employment growth in Business Services Sector (YoY - 2016)	8.5%

MARKET SNAPSHOT

ECONOMIC DATA

Population (2016)	1,950,000
Inflation Rate (Monthly - Dec. 2016)	0.1%
GDP per capita PPP (Yearly - Dec. 2016 / USD)	14,712 USD
GDP growth rate (YoY 2016e)	2%
GDP forecast (2017 - 2020)	14.0%

WHY LATVIA?



Vineta Vigupe
Head of Research & Consulting
CBRE Baltics

“According to Inc.5000 Europe, currently Riga holds 7th place for the fastest growing companies in Europe and being a Metropolis of the Baltic region, has become the place to be for such large companies as CABOT, Tele2 SSC, DnB bank ASA, Accenture, Circle K, C.T.CO, VISMA and many others, engaging ca. 8,000 employees. Currently, Latvia is a very good option for newcomers in terms of the qualified talent pool supply and the availability of good office locations. At the same time Riga International Airport offers quick and easy access to most of the major destinations in Europe.”

MARKET SNAPSHOT

OFFICE MARKET

Prime rents central (EUR/sq m/mth)	13.00 - 16.00
Prime rents non-central (EUR/sq m/mth)	9.00 - 13.00
Speculative modern office stock (sq m)	415,500
Vacancy rate (%)	5.7%
Take-up (sq m)	35,000
Under construction stock (sq m)	70,000
Pipeline 2017 (sq m)	50,000
Pipeline 2018 (sq m)	57,000

BUSINESS SERVICES SECTOR ACROSS COUNTRY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	37
No. of employees in the Business Services Sector	7,000

LABOUR DATA IN THE CITY

Population (2016): Metropolitan area	1,000,000
Unemployment (Dec 2016): Metropolitan area	7%
Average Salary (2016)	€ 942
690.0 EUR/mth (neto)	5,500
No. of employees in Business Services Sector	7,000
Employment growth (YoY)	0.0%

SALARIES (EUR/MTH) GROSS

F&A	
AP/AR Accountant	€ 1,000
GL Accountant	€ 1,250
Financial Analyst	€ 1,417
IT	
IT Help Desk - 1st line support	€ 1,350
Tester	€ 1,383
JAVA Developer	€ 1,625
CUSTOMER SERVICE	
Customer Service Specialist	€ 917
Customer Service Team Leader	€ 1,750

Benefits (standard, non-standard)

Standard: Health insurance
Bonus system for results
Non Standard: Sports
Entertainment: cinema tickets, activity rooms (X-Box, billiard etc.)
Subsidized language training
Subsidized studies or other professional courses
Working from home
Free bicycle parking/Showers
Annual granted salary indexation
Covering telephone costs (position based)
Fully covered coffee/tea

EDUCATION

No. of universities	20
No. of students	61,000
No. of graduates	8,800

TOP BUSINESS SERVICES SECTOR PLAYERS IN CITY

Accenture	IT delivery, customer support, software consultancy
Allnex	Finance, procurement, HR, data management
ATEA	F&C, HR, procurement, CRM
C.T.CO	Software development
Cabot	F&A, AR/AP, purchasing, CRM, logistics, data management, IT, HR
Circle K	F&C, HR, logistics, IT, customer support
DnB bank ASA	AR/AP, credit processing
Evry	IT Helpdesk, F&A
Opus Capita Competence Center	IT solutions delivery, slightly F&C
Runway	Call center
SEB bank	Wire transfers, securities market, stock exchange
Solvay	Finance, HR, IT procurement, Customer support, MDM, logistics
Tele 2	IT delivery, data processing, finance
Tieto	F&A&C, MDM, process design
Transcom	Call centre
VISMA	Software development, project development

COUNTRY DESCRIPTION

Although still relatively young, the Lithuanian Business Services Sector has been growing for the past 5 years and has already attracted a number of well-known international corporations like Barclays, Nasdaq, AIG, Western Union, Uber, WIX and others, employing over 13,000 young, multilingual and well educated specialists. The scope of services offered is certainly diverse: covering, in more than 34 languages, everything from F&A operations, money laundering prevention, HR, IT and big data analytics.

As the sector has grown in size, scope and complexity, a specialized talent pool has developed to meet its every need. This talent pool is still growing and is significantly less saturated than other prominent locations for business services in the CEE region. 19.0 and 6.7 people are employed in business service centres per 1,000 residents in Vilnius and Kaunas. Krakow has 66.1, Prague – 32.3 residents out of 1,000 employed in the industry (Europe’s Business Services Destinations, ABSL, 2016, National Statistics Departments).

LABOUR DATA

Unemployment (Dec 2016)	8.80%
Average National Salary 2016 (gross per month)	€ 770
Employment cost	15% personal income tax 9% social security tax paid by employee 30.98% social security tax paid by employer

LANGUAGES – ENGLISH

No. of language students	65,000
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BUSINESS SERVICES SECTOR DATA ACROSS COUNTRY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	60
No. of employees in the Business Services Sector	13,000
Employment growth in Business Services Sector (YoY - 2016)	15%

MARKET SNAPSHOT

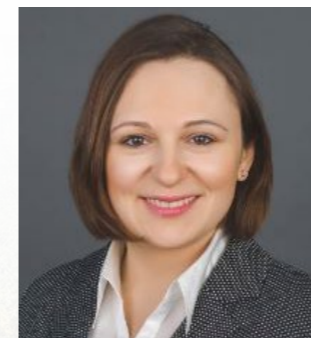
ECONOMIC DATA

Population (2016)	2,900,000
Inflation Rate (Monthly - Dec. 2016)	0.7%
GDP per capita PPP (Yearly - Dec. 2016 / USD)	16,117 USD
GDP growth rate (YoY 2016e)	2%
GDP forecast (2017 - 2020)	12.3%

EDUCATION

Higher education rate	54.8%
No. of students	159,000
No. of graduates	46,500

WHY LITHUANIA?



Vineta Vigupe
Head of Research & Consulting
CBRE Baltics

“The Lithuanian capital Vilnius fully justified itself as the best location for shared service and outsourcing in the CEE region in 2015 and 2016, according to the annual Central and Eastern Europe Shared Services and Outsourcing awards. The second largest city, Kaunas, also received a nomination as the best emerging city for shared services and outsourcing in the CEE in 2015. The service centres of global business leaders including Barclays, Western Union, Nasdaq, Danske Bank and many others are already established in Vilnius. The ongoing establishment of several new Shared Service Centres in 2017 and continuous interest from well known international companies generate an optimistic outlook for the rapid development of the Business Service Sector in Lithuania.”

MARKET SNAPSHOT

OFFICE MARKET

Prime rents central (EUR/sq m/mth)	13.00 - 16.00
Prime rents non-central (EUR/sq m/mth)	9.00 - 13.00
Speculative modern office stock (sq m)	527,000
Vacancy rate (%)	4.8%
Take-up (sq m)	70,000
Under construction stock (sq m)	148,000
Pipeline 2017 (sq m)	80,000
Pipeline 2018 (sq m)	68,000

BUSINESS SERVICES SECTOR IN THE CITY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	47
No. of employees in the Business Services Sector	1,1000

LABOUR DATA IN THE CITY

Population (2016)	805,000
Unemployment (Dec 2016)	7.5%
Average Salary (2016)	€ 893
No. of employees in Business Services Sector	N/A
Employment growth (YoY)	2%

SALARIES (EUR/MTH) GROSS

F&A	
AP/AR Accountant	€ 1,150
GL Accountant	€ 1,117
Financial Analyst	€ 1,500
IT	
IT Help Desk - 1st line support	€ 950
Tester	€ 1,625
JAVA Developer	€ 1,625
CUSTOMER SERVICE	
Customer Service Specialist	€ 817
Customer Service Team Leader	€ 1,617

Benefits (standard/non-standard)

Standard: Private health insurance or medical package
 Non Standard: Sports/Entertainment
 Subsidized language training
 Subsidized studies or other professional courses
 Life insurance
 Private pension schemes
 Preferential share purchase options
 Child/infant care subsidies, kindergarten
 Flexible working hours
 Working from home
 Extra vacation days
 Free parking
 Partly or fully covered meals and snacks

EDUCATION

No. of universities	11
No. of students	74,000
No. of graduates	18,000

SELECTED BUSINESS SERVICES SECTOR PLAYERS IN CITY

Adform	IT, analytics
Ahlstrom	F&A, customer support
AIG	F&A, customer support
Barclays Bank (BTCL)	IT, HR
Citco	F&A, legal operations
Cognizant	F&A, IT, other
Computer Sciences Corporation (CSC)	IT, customer services
Cowi	IT, design, F&A, HR, engineering
CSD Engineers	IT, F&A, engineering
Danske Group IT Lithuania	IT
Euromonitor International	Analytics , marketing research and support, sales,
Lindorff	BI, F&A, customer support, other
Nasdaq	F&A, IT
Skandinaviska Enskilda banken (SEB)	IT, HR, F&A, other
Swedbank Global Services	Fund administrators, lending administrators, other banking operations
Western Union	IT, HR, F&A, AML, procurement, customer support

MARKET SNAPSHOT

OFFICE MARKET

Prime rents central (EUR/sq m/m)th	10.00 - 13.00
Prime rents non-central (EUR/sq m/m)th	7.00 - 10.00
Speculative modern office stock (sq m)	53,600
Vacancy rate (%)	7.3%
Take-up (sq m)	7,000
Under construction stock (sq m)	70,400
Pipeline 2017 (sq m)	41,500
Pipeline 2018 (sq m)	40,100

BUSINESS SERVICES SECTOR IN THE CITY

No. of Business Services Centres (SSC, BPO, ITO, R&D, etc)	13
No. of employees in the Business Services Sector	2,000

LABOUR DATA IN THE CITY

Population (2016)	583,000
Unemployment (Dec 2016)	7.1%
Average Salary (2016)	€ 803
No. of employees in Business Services Sector	N/A
Employment growth (YoY)	1.99%

SALARIES (EUR/MTH) GROSS

F&A	
AP/AR Accountant	€ 983
GL Accountant	€ 983
Financial Analyst	€ 1,408
IT	
IT Help Desk - 1st line support	€ 883
Tester	€ 1,475
JAVA Developer	€ 1,475
CUSTOMER SERVICE	
Customer Service Specialist	€ 750
Customer Service Team Leader	€ 1,433

Benefits (standard/non-standard)

Standard: Private health insurance or medical package
Non Standard: Sports/Entertainment
Subsidized language training
Subsidized studies or other professional courses
Life insurance
Private pension schemes
Preferential share purchase options
Child/infant care subsidies, kindergarten
Flexible working hours
Working from home
Extra vacation days
Free parking
Partly or fully covered meals and snacks

EDUCATION

No. of universities	6
No. of students	55,000
No. of graduates	14,000

SELECTED BUSINESS SERVICES SECTOR PLAYERS IN CITY

Adform	IT, analytics
Transcom Worldwide	Customer support, SCM, other
Micro Matic SSC	F&A, IT, HR, BI
Intermedix	IT, F&A, customer support, other
Callcredit	IT
Dematic Limited	IT, engineering
GeoPhy	IT development
Runway International	Call centre
Festo	IT, HR, F&A, customer support, engineering, other
NFQ Technologies	IT development
Virtustream	IT development
Visma	IT development
Nortal	IT development

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