

Polish Cities of the Future 2015/16



WARSAW HAS BEEN NAMED **fDi**'S POLISH CITY OF THE FUTURE 2015/16 IN **fDi**'S INAUGURAL RANKING OF CITIES IN THE COUNTRY. KRAKOW AND POZNAN HAVE COME IN SECOND AND THIRD PLACE, RESPECTIVELY. **CATHY MULLAN** REPORTS

In **fDi**'s Polish Cities of the Future 2015/16, Warsaw ranked in first place. The country's capital topped four of the six categories – Economic Potential, Human Capital and Lifestyle, Business Friendliness, and Connectivity. According to greenfield investment monitor **fDi** Markets, Poland's most populous city attracted the highest levels of FDI in the country between 2003 and 2013, with a total of 504 projects.

Warsaw receives FDI from a wide range of sectors, but the highest proportion of inward FDI in this period – 15.3% – was in business services. Major investments have been made by companies such as Ireland-based management consultancy Accenture, which announced the creation of 500 jobs in the city in 2012; France-based advertising company Publicis Groupe, which established headquarters in the city in 2008; and US-based aerospace company Boeing, which established a training facility in the city in 2007.

The city's real estate and financial services sectors were the next best performing sectors in the past decade, attracting 14.5% and 12.7% of total FDI, respectively. But it is the communications sector that is proving to be the rising star in Warsaw. Investment in this sector peaked in 2013, when it accounted for approximately 16% of the city's total FDI. In the same year, the UN's International Telecom Union, a specialised agency for ICT, decided to host its 2013 global symposium in Warsaw, reflecting the city's growing reputation in the industry.

To further highlight Warsaw's position as the economic heart of

Poland, the Polish capital's GDP and GDP per capita figures far surpass those of any other city in the country. Warsaw also has the highest level of retail sales in the country, and attracts the highest number of workers.

The Polish pull

Krakow ranked second in **fDi**'s Polish Cities of the Future 2015/16 ranking. The southern Polish city is the country's second largest, not only in terms of population, but also in economic terms, with a GDP of more than 45bn zlotys (\$12.13m). The city's airport, John Paul II International Airport, permits good connectivity, with almost 2 million tourists and business visitors annually. Ranking second in the Human Capital and Lifestyle category, Krakow is a lively student city – one in every 17 residents are students.

Of those investors that cited their motives for choosing Krakow, more than 50% cited the skilled workforce availability as a determinant in their decision. UK-based online grocery company Ocado credited its decision to open a software development centre in the city to Krakow's abundance of IT graduates. At the time of opening the centre, chief executive Tim Steiner said: "Because we do not have enough computer science graduates in the UK, we are looking to open a base in Poland, which produces 10 times the number of relevant graduates."

Krakow also proved an attractive location for reinvestment, with 29 FDI expansion projects recorded between 2003 and 2013. In December 2013, Netherlands-based Royal Dutch

Shell announced plans to create 150 jobs with the expansion of its financial centre in the city, while UK-based Serco, which operates as a service and outsourcing company, expanded its Krakow offices in August 2012 with the addition of 450 staff.

Poznan, located in western Poland, ranked third in the overall rankings. The city performed well in the economic potential category, generating a high level of GDP per capita, thanks in part to its low unemployment rate and high level of economic activity. Poznan is home to more than 6200 companies in knowledge-based sectors, supported by a high level of graduates in the city. More than 600,000 students at primary and secondary level are enrolled in language learning programmes, an asset to many foreign investors.

Germany-based optical systems company Carl Stiftung credited its decision to expand in Poznan – creating 100 jobs – to the city's "highly qualified and multilingual staff". Again, Poznan is a favourable location for reinvestment – 24 expansion projects were recorded in the city between 2003 and 2013.

As would be expected, large cities in Poland proved to be the most expensive locations for investment, commanding higher property and labour costs. Of the cities making up the top 10 locations in the Cost Effectiveness category, the only one not classified as a small city was Sosnowiec, a city with a population of more than 200,000 in the south of the country.

Meanwhile, Lodz topped the voting in an additional, subjective category, FDI Strategy, which does not

TOP 10 CITIES – OVERALL

RANK	CITY	REGION
1	Warsaw	Masovia
2	Krakow	Lesser Poland
3	Poznan	Greater Poland
4	Wroclaw	Lower Silesia
5	Lodz	Lodz
6	Gdansk	Pomerania
7	Katowice	Silesia
8	Szczecin	West Pomerania
9	Gdynia	Pomerania
10	Gliwice	Silesia

TOP 5 LARGE CITIES – OVERALL

RANK	CITY	REGION
1	Warsaw	Masovia
2	Krakow	Lesser Poland
3	Poznan	Greater Poland
4	Wroclaw	Lower Silesia
5	Lodz	Lodz

TOP 5 MID-SIZED CITIES – OVERALL

RANK	CITY	REGION
1	Gdynia	Pomerania
2	Gliwice	Silesia
3	Bielsko-Biala	Silesia
4	Legnica	Lower Silesia
5	Rzeszow	Subcarpathia

TOP 5 SMALL CITIES – OVERALL

RANK	CITY	REGION
1	Niepolomice	Lesser Poland
2	Blonie	Masovia
3	Kostrzyn	Greater Poland
4	Kobierzyce	Lower Silesia
5	Olawa	Lower Silesia

“Krakow’s high ranking confirms its strong position as a stable location for business development”

Jacek Majchrowski, mayor, Krakow

“Poznan is a city of ambitious people. Therefore, the city is very ambitious to reach social and economic success”

Jacek Jaskowiak, mayor, Poznan

TOP 10 CITIES – ECONOMIC POTENTIAL

RANK	CITY	REGION
1	Warsaw	Masovia
2	Poznan	Greater Poland
3	Wroclaw	Lower Silesia
4	Krakow	Lesser Poland
5	Szczecin	West Pomerania
6	Gdynia	Pomerania
7	Lodz	Lodz
8	Gdansk	Pomerania
9	Katowice	Silesia
10	Legnica	Lower Silesia

TOP 5 LARGE CITIES – ECONOMIC POTENTIAL

RANK	CITY	REGION
1	Warsaw	Masovia
2	Poznan	Greater Poland
3	Wroclaw	Lower Silesia
4	Krakow	Lesser Poland
5	Szczecin	West Pomerania

TOP 5 MID-SIZED CITIES – ECONOMIC POTENTIAL

RANK	CITY	REGION
1	Gdynia	Pomerania
2	Legnica	Lower Silesia
3	Bielsko-Biala	Silesia
4	Opole	Opole
5	Gliwice	Silesia

TOP 5 SMALL CITIES – ECONOMIC POTENTIAL

RANK	CITY	REGION
1	Niepolomice	Lesser Poland
2	Kobierzyce	Lower Silesia
3	Kostrzyn	Greater Poland
4	Slubice	Lubusz
5	Blonie	Masovia

TOP 10 CITIES – HUMAN CAPITAL AND LIFESTYLE

RANK	CITY	REGION
1	Warsaw	Masovia
2	Krakow	Lesser Poland
3	Wroclaw	Lower Silesia
4	Lublin	Lublin
5	Poznan	Greater Poland
6	Bialystok	Podlasie
7	Bydgoszcz	Kujavia-Pomerania
8	Rzeszow	Subcarpathia
9	Lodz	Lodz
10	Szczecin	West Pomerania

TOP 5 LARGE CITIES – HUMAN CAPITAL AND LIFESTYLE

RANK	CITY	REGION
1	Warsaw	Masovia
2	Krakow	Lesser Poland
3	Wroclaw	Lower Silesia
4	Lublin	Lublin
5	Poznan	Greater Poland

TOP 5 MID-SIZED CITIES – HUMAN CAPITAL AND LIFESTYLE

RANK	CITY	REGION
1	Rzeszow	Subcarpathia
2	Tarnow	Lesser Poland
3	Gdynia	Pomerania
4	Torun	Kujavia-Pomerania
5	Gliwice	Silesia

TOP 5 SMALL CITIES – HUMAN CAPITAL AND LIFESTYLE

RANK	CITY	REGION
1	Swidnica	Lower Silesia
2	Mielec	Subcarpathia
3	Starachowice	Swietokrzyskie
4	Piotrkow Trybunalski	Lodz
5	Nowa Sol	Lubusz

“I believe the distinction was awarded to Katowice for our pro-investment strategy”

Marcin Krupa, mayor, Katowice

feed into the overall results.

The Polish economy has grown substantially since the country’s transition from communism to democracy, doubling in size since 1989. According to international economic organisation Organisation for Economic Co-operation and

Development (OECD), Poland’s GDP has increased year on year since 2000, increasing at the highest level of any EU country.

This trend is set to continue, with OECD forecasts predicting 2.3% and 2.6% growth in 2015 and 2016, respectively. However, with high lev-

els of emigration and an ageing population, the question is, will this predicted growth be widespread? Or will economic growth be disparate, and serve to drive a gulf between more affluent, modern cities and older, less fortunate ones? Only time will tell. ■

REGIONS

POLISH CITIES OF THE FUTURE

TOP 10 CITIES – COST EFFECTIVENESS

RANK	CITY	REGION
1	Piotrkow Trybunski	Lodz
2	Kamienna Gora	Lower Silesia
3	Radomsko	Lodz
4	Strykow	Lodz
5	Slubice	Lubusz
6	Srem	Greater Poland
7	Mielec	Subcarpathia
8	Stargard Szczecinski	West Pomerania
9	Sosnowiec	Silesia
10	Nowa Sol	Lubusz

TOP 5 LARGE CITIES – COST EFFECTIVENESS

RANK	CITY	REGION
1	Lodz	Lodz
2	Lublin	Lublin
3	Szczecin	West Pomerania
4	Krakow	Lesser Poland
5	Bydgoszcz	Kujavia-Pomerania

TOP 5 MID-SIZED CITIES – COST EFFECTIVENESS

RANK	CITY	REGION
1	Sosnowiec	Silesia
2	Walbrzych	Lower Silesia
3	Tarnow	Lesser Poland
4	Chorzow	Silesia
5	Tychy	Silesia

TOP 5 SMALL CITIES – COST EFFECTIVENESS

RANK	CITY	REGION
1	Piotrkow Trybunski	Lodz
2	Kamienna Gora	Lower Silesia
3	Radomsko	Lodz
4	Strykow	Lodz
5	Slubice	Lubusz

“Szczecin is a truly modern and dynamic metropolis”

Piotr Krzystek, mayor, Szczecin

“Dabrowa Gornicza is a vibrant city with well-developed road infrastructure and transport links, inhabited by a young and educated workforce”

Zbigniew Podraza, mayor, Dabrowa Gornicza

TOP 10 CITIES – CONNECTIVITY

RANK	CITY	REGION
1	Warsaw	Masovia
2	Chorzow	Silesia
3	Myslowice	Silesia
4	Sosnowiec	Silesia
5	Blonie	Masovia
6	Krakow	Lesser Poland
7	Katowice	Silesia
8	Wroclaw	Lower Silesia
9	Gdynia	Pomerania
10	Gdansk	Pomerania

TOP 5 LARGE CITIES – CONNECTIVITY

RANK	CITY	REGION
1	Warsaw	Masovia
2	Krakow	Lesser Poland
3	Katowice	Silesia
4	Wroclaw	Lower Silesia
5	Gdansk	Pomerania

TOP 5 MID-SIZED CITIES – CONNECTIVITY

RANK	CITY	REGION
1	Chorzow	Silesia
2	Sosnowiec	Silesia
3	Gdynia	Pomerania
4	Dabrowa Gornicza	Silesia
5	Tychy	Silesia

TOP 5 SMALL CITIES – CONNECTIVITY

RANK	CITY	REGION
1	Myslowice	Silesia
2	Blonie	Masovia
3	Mielec	Subcarpathia
4	Chrzanow	Lesser Poland
5	Niepolomice	Lesser Poland

TOP 10 CITIES – BUSINESS FRIENDLINESS

RANK	CITY	REGION
1	Warsaw	Masovia
2	Poznan	Greater Poland
3	Krakow	Lesser Poland
4	Wroclaw	Lower Silesia
5	Lodz	Lodz
6	Katowice	Silesia
7	Gdansk	Pomerania
8	Gliwice	Silesia
9	Szczecin	West Pomerania
10	Gdynia	Pomerania

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RANK	CITY	REGION
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TOP 5 MID-SIZED CITIES – BUSINESS FRIENDLINESS

RANK	CITY	REGION
1	Gliwice	Silesia
2	Gdynia	Pomerania
3	Bielsko-Biala	Silesia
4	Rzeszow	Subcarpathia
5	Legnica	Lower Silesia

TOP 5 SMALL CITIES – BUSINESS FRIENDLINESS

RANK	CITY	REGION
1	Kostrzyn	Greater Poland
2	Swidnica	Lower Silesia
3	Blonie	Masovia
4	Kutno	Lodz
5	Olawa	Lower Silesia

“Today Gliwice is a place of advanced industry, innovative startups and modern infrastructure”

Zygmunt Frankiewicz, mayor, Gliwice

FDI strategy

JUDGING CRITERIA

ECONOMIC POTENTIAL

- Population
- Balance of migration (per 1000 people)
- Entities unregistered from the region register (per 10,000 people)
- Entities entered per 1000 people in working age
- Foreign capital by poviats (per capita)
- People conducting economic activity
- Percentage of the population economically active
- Total registered unemployed
- GDP per capita (current prices)
- GDP total (millions zloty)
- Outward FDI per 100,000 (Jan 2003 to Dec 2013)
- Inward FDI per 100,000 (Jan 2003 to Dec 2013)

HUMAN CAPITAL AND LIFESTYLE

- Number of cinemas per capita
- Botanical and zoological gardens (per capita by voivodeship)
- Sports clubs including religious and UKS clubs
- Tourist accommodation establishments equipped with conference facilities
- Overnight stays of foreign tourists in tourist accommodation establishments
- Beds in general hospitals (per 10,000 people)
- Number of doctors and dentists (per capita)
- Life expectancy
- Percentage of children covered by preschool education
- Compulsory foreign language instruction in primary schools and secondary schools
- Number of universities
- Graduates per 10,000 people
- The percentage of foreign students studying at Polish universities
- Population density
- Green belts
- Crimes in process with judicial system (per capita)
- Number of international business schools (per capita)

COST EFFECTIVENESS

- Price of petrol (zloty per litre)
- Cold water per cubic metre (zloty)
- Education price index
- The price purchase/sale of agricultural land per hectare in private turnover (zloty)
- Average monthly gross wages and salary (zloty)
- Hotel prices (zloty)

CONNECTIVITY

- Percentage of enterprises with broadband access
- Cable television subscribers per capita
- Telephone main lines per 1000 people
- New buildings completed per square metre
- Bus routes (per 100 hectares)
- Roads surfaced per 10,000 hectares
- Passenger traffic (arrivals) in airports
- Number of international destinations served
- Distance to primary major airport (miles)
- Upload speed (kilobytes per second)
- Download speed (kb/s)

BUSINESS FRIENDLINESS

- Percentage of population with tertiary education (2012)
- Permanent marketplaces
- Retail sales of goods (zloty per capita)
- Balance of commuting journeys (incoming – outgoing)
- Number of companies in the hi-tech manufacturing sector
- Number of companies in the hi-tech service sector
- Number of companies in the knowledge-based sector
- Number of companies in the hi-tech manufacturing sector per 100,000 people
- Number of companies in the hi-tech service sector per 100,000 people
- Number of companies in the knowledge-based sector per 100,000 people
- Number of jobs created by all inward FDI (2011) (including estimates, excluding retail)
- Number of jobs created by all inward FDI (2012) (including estimates, excluding retail)
- Number of expansion/colocation projects (2003-2013)
- Number of patents (2003-2013)

For fDi's Cities and Countries of the Future rankings, officials in economic development and those charged with attracting investment are invited to tell us about their specific strategy for attracting FDI. The FDI Strategy category is the only category in the ranking that is qualitative, with the winning locations decided by an expert judging panel. In the FDI Strategy category for fDi's Polish Cities of the Future 2015/16, Lodz, the third most populous city in Poland, has ranked in first place. The Investor Service Bureau at Lodz City Hall comprises four teams, employing 18 people. The four teams focus on local investors, investor services, real estate and infrastructure to ensure all elements of inward investment are covered. Lodz has a range of incentives on offer for potential investors, including corporate income tax and real estate tax exemptions, grants for priority sectors and human resources support.

Judges were impressed by the Youth in Lodz programme, which has been running since 2008 and aims to foster relations and co-operation between the city of Lodz and its major universities and employers. Judges were particularly complimentary of the city's unique project to invest in languages, namely its Language Crazy programme, which aims to educate young people in the city in "the area of rare languages, especially Norwegian. These languages are most searched for among the employers from the business process outsourcing (BPO)/IT branch," according to its submission. Lodz's New City Centre project, which forms

part of its 2020 strategy, incorporates 100 hectares in the centre of the city. The public sector has committed to more than 50 projects as part of this project, whose value is worth more than 4bn zloty (\$1.07bn). The 2020 development strategy's economic element, which runs alongside its corresponding social and environmental elements, aims to increase revenues of both the city and its residents. This strategy gave judges the impression of a city with a tangible and solid direction.

Katowice, a city of more than 300,000 people, ranked second in the ranking. Katowice City Hall has nine dedicated employees working in its strategic investors assistance department, in addition to staff working to attract investment at Katowice Special Economic Zone, which received an honourable mention in fDi's Global Free Zones of the Year 2014. Judges were impressed with Katowice's international outreach and strategy for approaching investors. Important to their strategy is their presence at various conferences and exhibitions around the world, including property exhibition Mipim in Cannes and the World BPO/IT Forum in New York. Supplementing the city's international physical presence, the judging panel also commented on the city's reach in international and domestic media.

Wroclaw's achievement

Wroclaw, in western Poland, has been ranked third in fDi's FDI Strategy category. The Business Support Centre at Wroclaw Agglomeration Development Agency employs eight full-time staff, and provides a range of training programmes and workshops on attracting FDI. fDi's judging panel noted the close partnership between the centre and the national investment agency, Invest in Poland, and was also impressed with the agency's collaboration with other international embassies and chambers of commerce in promoting and attracting investment.

The judging panel also highlighted the city's aftercare service. In its submission, Wroclaw Agglomeration Development Agency stated: "The city authorities arrange regular meetings with the presidents and managing directors of Wroclaw-

TOP 15 FDI STRATEGY

RANK	CITY	REGION
1	Lodz	Lodz
2	Katowice	Silesia
3	Wroclaw	Lower Silesia
4	Gdansk	Pomerania
5	Krakow	Lesser Poland
6	Piotrkow Trybunalski	Lodz
7	Poznan	Greater Poland
8	Bialystok	Podlasie
9	Gliwice	Silesia
10	Dabrowa Gornicza	Silesia
11	Strykow	Lodz
12	Krosno	Subcarpathia
13	Lublin	Lublin
14	Bydgoszcz	Kujavia-Pom.
15	Gdynia	Pomerania

Lodz is a perfect place for investors to develop their businesses, due to its central location, important position as a dynamically developing academic centre and outstanding co-operation of higher education institutions with companies

Hanna Zdanowska, mayor, Lodz



Part of the new centre of Lodz, EC1 East

based companies so as to know each other, discuss important matters, listen to the problems and important issues of the companies in order to react to them and generally to create a healthy business environment for present and future investors”.

Judges also liked the city’s academic hub – the first of its kind in Poland. It operates as a platform for local government, business and academics to come together to support the development of science and university education in the city, all the while co-operating with the local business environment.

The capital of the Pomeranian voivodeship Gdansk ranked fourth in the FDI Strategy category of the ranking. Gdansk Economic Development Agency employs 11 people, all charged with investment promotion and facilitation. The city has several interesting initiatives to attract investment, including the Gdansk Voucher, a financial tool companies can use to help them with PR activities for their investment. Additionally, it provides a series of educational programmes, preparing employees for working in sectors investing in the city, and an aftercare system, ensuring the investor is confident, happy and comfortable in their investment.

Poland’s second most populous city, Krakow, ranked fifth in our FDI strategy category. The city’s Investment Support Centre employs eight staff members, all specialised in economic promotion. Krakow’s Special Economic Zone offers financial state aid to incoming investors. Judges were impressed by Krakow’s strategy to fill a gap in the labour market. The Krakow Science Centre identifies skills needed by companies in various sectors and works with represent-

atives of the city, business and science institutions to plug these gaps.

Piotrkow Trybunalski, which ranked sixth, impressed the judging panel with its investment incentives. State aid is available at various levels for companies, depending on their size and the level of employment created, and there are also real estate tax exemptions.

Support and encouragement

Poznan, which ranked seventh and is one of the biggest cities in Poland, provided a lot of support for encouraging employment in the city, and had effective policies in place to tackle long-term unemployment in particular. While funds are available to employers for internships and trainees, there are also programmes to attract unemployed parents back to work and for getting unemployed people over 50 years of age into the workplace.

Gliwice, located in the Silesian voivodeship, ranked in ninth place of the FDI Strategy category. Judges liked its use of mapping tools to attract investment. Its Municipal Geographical Information system provides information to users relating to architecture and real estate management.

The level of inward investment a location receives can be dramatically affected by the policies and strategies individual locations put in place. When comparing locations in one country, of course we are likely to find some national incentives and initiatives on offer designed to make that country stand out. It is what individual locations do thereafter, however, that differentiates them from their neighbour and makes a CEO sit up and take notice. ■

METHODOLOGY

To create a shortlist for fDi’s Polish Cities of the Future 2015/16, the fDi Intelligence division of the Financial Times collected data using the specialist online tools fDi Markets and fDi Benchmark. The list of 50 locations was drawn up to include the top 50 locations in Poland in terms of inward FDI projects on fDi Markets.

Data was then collected for these 50 locations under five categories: economic potential, business friendliness, human capital and lifestyle, cost effectiveness, and connectivity. Locations scored up to 10 points for each data point, which was then weighted by importance to the FDI decision-making process to compile both the subcategory rankings, as well as the overall ranking.

A sixth category, FDI strategy, is the only qualitative category, and does not feed into the overall result. For this category there were 31 submissions – locations submitted details about their strategy for promoting FDI, which was then scored by fDi’s judging panel. In previous rankings, FDI strategy had been included in the overall ranking, however in order to separate totally qualitative and quantitative data, we chose to list FDI strategy as a standalone ranking.

Cities in the study were categorised according to population. In total, 11 cities were classed in the ‘large’ category. This included locations with a population greater than 250,000. In addition, 16 cities were classed as ‘mid-sized’, with a population between 100,000 and 250,000. ‘Small’ locations (23 locations) had a population of less than 100,000. ■