

Polish Cities of the Future 2019/20



WARSAW REIGNS SUPREME FOR THE THIRD CONSECUTIVE TIME AS **fDi**'S POLISH CITY OF THE FUTURE FOR 2019/20. KRAKÓW AND WROCŁAW ALSO HELD ON TO THEIR RESPECTIVE SECOND AND THIRD POSITIONS. **CATHY MULLAN** ANALYSES THE RESULTS

Poland welcomed more than 1300 foreign investment projects between 2014 and 2018, with a surge in FDI between 2015 and 2017 according to greenfield investment monitor **fDi** Markets. Investment in the eastern European country peaked in 2017 with 343 FDI projects – a 72% increase compared with 2015. Job creation and capital investment also peaked in 2017 with almost 88,500 jobs created and \$14.73bn announced.

Warsaw remains the country's largest draw for investors, attracting more than any other Polish city between 2014 and 2018. The capital welcomed 262 FDI projects, followed by Kraków (95) and Wrocław (91). Warsaw has seen an upswing in the number of investments in sales, marketing and support and business services operations, with 22 such investments in 2014 almost doubling to 43 in 2018.

Warsaw wins again

Contributing to its success in the ranking, Warsaw performed strongly in the Economic Potential, Human Capital and Lifestyle, Connectivity and Business Friendliness categories. The capital has the highest number of higher education institutions of all Polish cities and boasts the highest number of students studying a foreign language. This makes the city ideal for shared services operations, as UK law firm Dentons confirmed when its Warsaw business services centre opened in 2016. The company attributed its investment decision to the city's "mature shared



Top performer: Warsaw has retained its number one position

services market" and the "multi-lingual business services workforce Warsaw is renowned for".

More than 110 international locations can be reached directly from the city's Warsaw Chopin Airport, less than 10 kilometres from the city centre. UK-based financial services company Standard Chartered credited the city's good transport links, as well as the city's talented workforce, as the reason behind its decision to open its global business services hub there in June 2018.

Kraków thinks clever

Kraków retains its second place in this year's ranking, thanks to runners-up positions in the Economic Potential, Human Capital and

Lifestyle and Business Friendliness categories. The composition of this southern Polish city's FDI has changed over the years, moving towards more knowledge-intensive operations.

In the five-year period between 2009 and 2013, software and IT services was the largest FDI sector in Kraków, representing just over 20% of the city's investments, followed by real estate (13.89%) and transportation (11.11%). Almost one-quarter of all investment in the city was in sales, marketing and support operations, followed by design, development and testing (16.67%) and construction (13.89%).

Between January 2014 and December 2018, Kraków's top sector

TOP 10 CITIES – OVERALL

RANK	CITY	REGION
1	Warsaw	Masovia
2	Kraków	Lesser Poland
3	Wrocław	Lower Silesian
4	Poznań	Greater Poland
5	Gdańsk	Pomerania
6	Łódź	Łódź
7	Katowice	Silesian
8	Błonie	Masovia
9	Pruszków	Masovia
10	Gdynia	Pomerania

TOP 5 LARGE CITIES – OVERALL

RANK	CITY	REGION
1	Warsaw	Masovia
2	Kraków	Lesser Poland
3	Wrocław	Lower Silesia
4	Poznań	Greater Poland
5	Gdańsk	Pomerania

TOP 5 MID-SIZED CITIES – OVERALL

RANK	CITY	REGION
1	Gdynia	Pomerania
2	Chorzów	Silesia
3	Tychy	Silesia
4	Rzeszów	Subcarpathia
5	Bielsko-Biała	Silesia

TOP 5 SMALL CITIES – OVERALL

RANK	CITY	REGION
1	Błonie	Masovian
2	Pruszków	Masovian
3	Grodzisk Mazowiecki	Masovia
4	Września	Greater Poland
5	Stryków	Łódź

"I am delighted that Gdynia's efforts have been again noticed and appreciated by foreign experts"

Katarzyna Gruszecka-Spychała, deputy mayor, Gdynia

"Poznań can be proud of big urban projects, efficient city transport, recreational areas and a wide cultural offering"

Jacek Jaskowiak, mayor, Poznań

TOP 10 CITIES – ECONOMIC POTENTIAL

RANK	CITY	REGION
1	Warsaw	Masovia
2	Kraków	Lesser Poland
3	Poznań	Greater Poland
4	Wrocław	Lower Silesia
5	Gdańsk	Pomerania
6	Łódź	Łódź
7	Błonie	Masovia
8	Grodzisk Mazowiecki	Masovia
9	Katowice	Silesian
10	Gdynia	Pomerania

TOP 5 LARGE CITIES – ECONOMIC POTENTIAL

RANK	CITY	REGION
1	Warsaw	Masovia
2	Kraków	Lesser Poland
3	Poznań	Greater Poland
4	Wrocław	Lower Silesia
5	Gdańsk	Pomerania

TOP 5 MID-SIZED CITIES – ECONOMIC POTENTIAL

RANK	CITY	REGION
1	Gdynia	Pomerania
2	Tychy	Silesia
3	Legnica	Lower Silesia
4	Opole	Opole
5	Gliwice	Silesia

TOP 5 SMALL CITIES – ECONOMIC POTENTIAL

RANK	CITY	REGION
1	Błonie	Masovia
2	Grodzisk Mazowiecki	Masovia
3	Września	Greater Poland
4	Stryków	Łódź
5	Niepołomice	Lesser Poland

TOP 10 CITIES – HUMAN CAPITAL AND LIFESTYLE

RANK	CITY	REGION
1	Warsaw	Masovia
2	Kraków	Lesser Poland
3	Wrocław	Lower Silesia
4	Poznań	Greater Poland
5	Gdańsk	Pomerania
6	Lublin	Lublin
7	Białystok	Podlaskie
8	Łódź	Łódź
9	Bydgoszcz	Kuyavia-Pomerania
10	Rzeszów	Subcarpathia

TOP 5 LARGE CITIES – HUMAN CAPITAL AND LIFESTYLE

RANK	CITY	REGION
1	Warsaw	Masovia
2	Kraków	Lesser Poland
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4	Poznań	Greater Poland
5	Gdańsk	Pomerania

TOP 5 MID-SIZED CITIES – HUMAN CAPITAL AND LIFESTYLE

RANK	CITY	REGION
1	Rzeszów	Subcarpathia
2	Tarnów	Lesser Poland
3	Gdynia	Pomeranian
4	Chorzów	Silesian
5	Toruń	Kuyavia-Pomerania

TOP 5 SMALL CITIES – HUMAN CAPITAL AND LIFESTYLE

RANK	CITY	REGION
1	Pruszków	Masovia
2	Września	Greater Poland
3	Mielec	Subcarpathia
4	Błonie	Masovia
5	Grodzisk Mazowiecki	Masovia

"The fDi ranking confirms our investment potential and distinguishes us from the largest business centres in Poland"

Marcin Krupa, mayor, Katowice

for FDI remained software and IT services, increasing its share from 20.83% in 2009 to 2013 to almost 30% in the later period. Design, development and testing projects rose from ranking second among Kraków's business activities between 2009 and 2013 to topping the list by 2018.

Almost one-quarter of all investment projects in the city between January 2014 and December 2018 were in design, development and testing.

Netherlands-based software development company Symphony Solutions established a presence in the city in November 2017, choosing

Kraków for its "IT talent and great technical universities". Of all cities analysed for the ranking, Kraków boasts the highest number of graduates on a per capita basis (almost 150 per 10,000 people), helping its second place ranking in the Human Capital and Lifestyle category. ■

TOP 10 CITIES – COST EFFECTIVENESS

RANK	CITY	REGION
1	Radomsko	Łódź
2	Piotrków Trybunalski	Łódź
3	Nowa Sól	Lubusz
4	Stargard Szczeciński	West Pomerania
5	Stryków	Łódź
6	Zory	Silesia
7	Niepolomice	Lesser Poland
8	Tarnów	Lesser Poland
9	Kutno	Łódź
10	Września	Greater Poland

TOP 5 LARGE CITIES – COST EFFECTIVENESS

RANK	CITY	REGION
1	Białystok	Podlaskie
2	Lublin	Lublin
3	Łódź	Łódź
4	Szczecin	West Pomeranian
5	Kraków	Lesser Poland

TOP 5 MID-SIZED CITIES – COST EFFECTIVENESS

RANK	CITY	REGION
1	Tarnów	Lesser Poland
2	Chorzów	Silesia
3	Gorzów Wielkopolski	Lubusz
4	Sosnowiec	Silesia
5	Częstochowa	Silesia

TOP 5 SMALL CITIES – COST EFFECTIVENESS

RANK	CITY	REGION
1	Radomsko	Łódź
2	Piotrków Trybunalski	Łódź
3	Nowa Sól	Lubusz
4	Stargard Szczeciński	West Pomerania
5	Stryków	Łódź

“Lublin provides superb living conditions and natural business potential resulting from cost-effectiveness”

Krzysztof Żuk, mayor, Lublin

“I believe that none of the companies which invested in Kutno are regretting their choice”

Zbigniew Burzyński, mayor, Kutno

TOP 10 CITIES – CONNECTIVITY

RANK	CITY	REGION
1	Warsaw	Masovia
2	Pruszków	Masovia
3	Błonie	Masovia
4	Sosnowiec	Silesia
5	Chorzów	Silesia
6	Niepolomice	Lesser Poland
7	Kraków	Lesser Poland
8	Katowice	Silesian
9	Grodzisk Mazowiecki	Masovia
10	Wrocław	Lower Silesia

TOP 5 LARGE CITIES – CONNECTIVITY

RANK	CITY	REGION
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3	Katowice	Silesia
4	Wrocław	Lower Silesia
5	Gdańsk	Pomerania

TOP 5 MID-SIZED CITIES – CONNECTIVITY

RANK	CITY	REGION
1	Sosnowiec	Silesia
2	Chorzów	Silesia
3	Tychy	Silesia
4	Tarnów	Lesser Poland
5	Częstochowa	Silesia

TOP 5 SMALL CITIES – CONNECTIVITY

RANK	CITY	REGION
1	Pruszków	Masovia
2	Błonie	Masovia
3	Niepolomice	Lesser Poland
4	Grodzisk Mazowiecki	Masovia
5	Mysłowice	Silesia



Adding up : Białystok came top among large cities for Cost Effectiveness

SPOTLIGHT ON GRODZISK ADVERTISEMENT FEATURE



LOCATION, LOCATION, LOCATION

The city of Grodzisk is leveraging geographical advantages to become an investment hotspot

People in the Polish city of Grodzisk say it is on the up and is capitalising on its location to become a hotspot for international investment.

According to Grzegorz Benedykciński, the city's Mayor, 20 years ago Grodzisk and the surrounding area were neglected and seemed unable to move forward. "We attempted to encourage a few companies to settle here. They were big enough to provide significant employment and pay taxes to boost the city's income. Since then, the city has gone one step further and created a special unit to support both new investors and existing companies. Over the years, more and more companies have come to Grodzisk, and this has driven a steady increase in employment, budgets and

the construction of social infrastructure."

A whole host of advantages are encouraging businesses to set up shop in Grodzisk, including ready access to a skilled workforce, support from local authorities, good infrastructure, pleasant environment and high quality of life. Further pluses are Grodzisk's location and transport links as it sits between major motorways and is on the route of two railway lines. It has good airport links as well, with plans for a mega airport that will act as a hub for central Europe by 2027.

Recent major investments in Grodzisk include H&M's 2017 construction of a 4 hectare central distribution warehouse. "The location decision was made after Grodzisk affirmed its commitment to support the investment," says Mr Benedykciński. "One example of this is adjusting the public transportation system to meet the needs of shift-based work schedules." Another win for the city was Al Fakher's decision to construct its largest global factory here.

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Grodzisk Mazowiecki



TOP 10 CITIES – BUSINESS FRIENDLINESS

RANK	CITY	REGION
1	Warsaw	Masovia
2	Kraków	Lesser Poland
3	Wrocław	Lower Silesia
4	Poznań	Greater Poland
5	Łódź	Łódź
6	Gdańsk	Pomerania
7	Pruszków	Masovia
8	Katowice	Silesia
9	Szczecin	West Pomerania
10	Rzeszów	Subcarpathia

TOP 5 LARGE CITIES – BUSINESS FRIENDLINESS

RANK	CITY	REGION
1	Warsaw	Masovia
2	Kraków	Lesser Poland
3	Wrocław	Lower Silesia
4	Poznań	Greater Poland
5	Łódź	Łódź

TOP 5 MID-SIZED CITIES – BUSINESS FRIENDLINESS

RANK	CITY	REGION
1	Rzeszów	Subcarpathia
2	Gdynia	Pomerania
3	Zielona Góra	Lubusz
4	Bielsko-Biała	Silesia
5	Gliwice	Silesia

TOP 5 SMALL CITIES – BUSINESS FRIENDLINESS

RANK	CITY	REGION
1	Pruszków	Masovia
2	Stryków	Łódź
3	Błonie	Masovia
4	Grodzisk Mazowiecki	Masovia
5	Września	Greater Poland

“We are delighted to be ranked so highly in yet another edition of fDi’s Polish Cities of the Future ranking. We appreciate the international exposure this brings”

Grzegorz Benedykciński,
mayor, Grodzisk Mazowiecki

METHODOLOGY

To create a shortlist for fDi’s Polish Cities of the Future 2019/20, 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 a maximum of 10 points for each datapoint, which were weighted by importance to the FDI decision making process in order to compile both the subcategory rankings as well as the overall ‘Polish Cities of the Future 2019/20’ ranking.

In addition, surveys were collected under a sixth category, FDI Strategy. This category is the only qualitative category, and does not feed into the overall result. For this category there were 13 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, 18 cities were classed as ‘Mid-Sized’, with a population between 100,000 and 250,000. ‘Small’ locations (21 locations) had a population below 100,000.



“Our most important goal is that the advancement of Wrocław will have a positive impact on the quality of life of the residents”

Jacek Sutryk, mayor, Wrocław

JUDGING CRITERIA

ECONOMIC POTENTIAL

- Economic Potential
- Population
- Average annual population growth rate (%)
- Total registered unemployed (per 10,000 people)
- GDP per capita (zloty – current prices)
- GDP (m zloty)
- Inward FDI per 100,000 (2011-2015)
- Outward FDI per 100,000 (2011-2015)
- Balance of migration (per 1000 people)
- Entities unregistered from the region register (per 10,000 people)
- Entities entered in working age (per 1000 people)
- Foreign capital by poviats (per capita)
- Percentage of the population economically active
- Inward FDI (2011-2015)
- Outward FDI (2011-2015)

HUMAN CAPITAL AND LIFESTYLE

- Total number of cinemas (per 10,000 people)
- Botanical and zoological gardens (per 100,000 people – by voivodeship)
- Tourism and recreation 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)
- Total number of doctors and dentists (per 10,000 people)
- Life expectancy
- Percentage of children covered by pre-school education
- Students following compulsory foreign language instruction (all school types)
- Number of higher education institutions
- Graduates (per 10,000 people)

- Percentage of foreign students studying at Polish universities
- Population density
- Green belts
- Crimes in process with judicial system (per 10,000 people)
- Number of IB schools (per 100,000 people)

COST EFFECTIVENESS

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

CONNECTIVITY

- Percentage of enterprises with broadband access
- Cable television subscribers (per capita)
- Telephone main lines (per 1000 people)
- New buildings completed
- Length of bus lanes (km)
- Roads surfaced (per 100 sq km)
- Number of international destinations served by airports within 80km
- Distance to primary major airport (miles)
- Upload speed (kb/s)
- Download speed (kb/s)

BUSINESS FRIENDLINESS

- Percentage of population with tertiary education (2012)
- Permanent marketplaces
- Retail sales of goods (zloty per capita)
- Total number of companies in the knowledge-based sector
- Total number of companies in the knowledge-based sector (per 100,000 people)
- Number of jobs created by all inward FDI (2011-2015 including estimates, excluding retail)
- Number of expansion/colocation projects (2011-2015)
- Total number of patents per 100,000 people (2003-2015)

SPOTLIGHT ON KATOWICE ADVERTISEMENT FEATURE

UMK/Alex Wisniewski



KATOWICE LOOKS TO A TECH FUTURE

The Polish city of Katowice is continuing to make ground in the tech world. The city is ranked by the CBRE's EMEA Tech Cities - Opportunities In Technology Hotspots report in September 2018 as one of the top 10 in the Growth Clusters category of cities with the biggest growth potential in the tech sector.

And the Association of Business Service Leaders (ABSL) report on the Business Services Sector in Poland 2018 places the Katowice Agglomeration among the largest

business services locations (Tier 1 and Tier 2) for IT and R&D activities.

Already known as the city of IT, thanks to the presence of big names such as Fujitsu, Accenture and IBM, Katowice is also becoming a home for start-ups. Its authorities report that it is due to support new tech firms through the Municipal Incubator of Entrepreneurship – a project providing space for meetings and development as well as training, workshops, innovation festivals and collaboration opportunities. The city is also forging social

and business links and encouraging collaboration between major firms and agile start-ups. At the heart of its support plans is the consolidation of its entrepreneurship ecosystem and cooperation with IT-focussed institutions and organisations, including SoDA Software Development Association Poland.

Katowice scores well in the European business rankings. It was the winner in fDi Intelligence's Polish Cities of the Future 2019/20 for FDI strategy; was in the top five Large Polish Cities of the Future 2019/20 for connectivity, and featured in the Top 10 Polish Cities of the Future 2019/20, where it ranked well overall and in the economic potential, connectivity and business friendliness categories. Start-ups and major international players are enthusiastic about the city's skilled workforce, with access to more than 2.2 million people in the whole metropolitan area, convenient location, good quality of life and great infrastructure, backed up by attractive investment incentives and competitive costs for salaries, rent, establishing a business, energy and tax.

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KATOWICE
for a change

Katowice takes FDI Strategy prize

Poland has seen an increasing level of US investment of late, experiencing year-on-year increases in FDI projects between 2014 and 2017, according to green-field investment monitor **fDi** Markets. In 2018, 38 US-based companies invested in 53 projects in Poland.

To capitalise on the recent upswing, the investors assistance department of Katowice City Hall established a presence in the US's Silicon Valley, the world-famous technology and innovation hub, to act as a conduit for US investors with designs on Poland. The aim of the project is to support US companies wishing to invest in Poland, as well as Polish companies investing in the US. The city takes part in economic missions with investors from around the world, and is part of the International Entrepreneurship Incubator, along with agencies from France, Switzerland, Tunisia and Madagascar. It is this sort of international thinking that has seen Katowice claim the FDI Strategy title in **fDi**'s Polish Cities of the Future 2019/20 ranking.

The ABSL Academy was established in Katowice, in collaboration with Poland's Association of Business Leaders and three Silesian universities, to increase the number of qualified employees for business sector companies in the country. Plans are in place to establish an ABSL Tech Academy to develop a competent workforce with technical skills. The city works closely with universities, ensuring that prospective investors have the qualified labour pool they need by tailoring education programmes to their needs. Investors are invited to take part in consultations regarding the development strategy of the city and have the opportunity to work jointly with non-governmental organisations to strengthen co-operation between the city and the investor, with the intention of making the investor feel integral to the local economic system.

Kraków ranks second for FDI Strategy, due to housing institutions dedicated to developing the local economy and improving the city's brand for investors. The Investor and Innovative Economy Support Centre was established to attract investment and work internationally to promote the city. Kraków also boasts the



Top ranking: Katowice leads the FDI Strategy ranking

Entrepreneurs Growth Centre and a Business Service Point. Several new developments planned include the city's airport and Kraków New City, a 250,000-square-metre shopping, office and entertainment complex.

Wrocław Agglomeration Development Agency (WADA), the agency responsible for the promotion of Wrocław, ranks third for FDI Strategy. Working closely with a range of agencies, including international chambers of commerce, special economic zones, real estate agencies and human resources agencies, WADA ensures that investors are offered the optimum conditions for their investment. The Wrocław Academic Hub is an initiative to bring together business, academia and local government to develop science and education in the city and strengthen the local labour market. ■

TOP 5 FDI STRATEGY

RANK	CITY	REGION
1	Katowice	Silesia
2	Kraków	Lesser Poland
3	Wrocław	Lower Silesia
4	Gdynia	Pomerania
5	Sosnowiec	Silesia

"Kraków offers not only a high standard of living and urban infrastructure, but above all it is the most advantageous location in Europe for the shared services sector"

Jacek Majchrowski, mayor, Kraków



 **Kraków**



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