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**INVESTMENT
POTENTIAL
OF LUBLIN**

IN THE NEW
ECONOMIC
REALITY

WYDAWCA



PARTNER







LUBLIN

Voivodeship	Lubelskie
Mayor	PhD Krzysztof Żuk
Area	148 sq. km
Population density	2,306 people per sq. km
Population	339,682

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INTRODUCTION

The economic crisis triggered by the coronavirus pandemic has challenged cities around the world to find a new economic model taking into account the position of individual agglomerations with their demographic and economic potential.

In this particularly difficult time, standards and priorities must be redefined. Being a part of the economy of the future requires maintaining the liquidity of companies and preserving jobs and this, in turn, calls for a strong impulse, which will release the economic potential of Lublin anew.

Our city has recently become one of the fastest growing metropolises in the country. It is a modern, open and recognizable place, not only in Poland, but also in Europe. It is the result of accurate infrastructural investments, which translate into both the quality of life of its residents and the city's economic potential. In the last 10 years, the city of Lublin has allocated almost PLN 5 billion for infrastructure investments, nearly 60% of which came from European funds. The mechanism for supporting investments, which is based on close cooperation with universities and local institutions, has also proved effective, allowing us to attract almost 80 external entities to Lublin, which invested their capital here. A good approach to supporting entrepreneurship, well-chosen investments and a strategy to maintain the city's diversified economy have made it easier to ensure stable economic development in Lublin.

I am convinced that in 10 years' time Lublin will be an important European metropolis with prestigious universities, educating excellent professionals, as well as an important industrial center with companies investing in R&D centers.



**PhD Krzysztof Żuk,
Mayor of Lublin**

How does Lublin inspire entrepreneurs during the pandemic?

A girl wearing a gauzy outfit meditating in an idyllic meadow scenery—in recent years residents of the major Polish cities could see such a picture as part of a campaign promoting the Lublin region. In another one there is a young woman carrying a basket full of apples. These billboards perfectly reflected the image of the region as a green, secluded land. However, this is only part of the truth about the Lublin region, whose capital is today a vibrant, multicultural academic city and one of Poland's fastest growing economic centers, attracting high-tech companies. Lublin is on a good way to become a real European metropolis. The Covid-19 pandemic is unlikely to stop this process. On the contrary, it may highlight some of the factors determining the investment attractiveness of the city.

Over the last dozen or so years, from a city on the sidelines of the European Union, cut off in terms of transport routes and struggling with the effects of deindustrialization and emigration, Lublin has become a representative eastern gateway to the EU, a modern and dynamic city, friendly both to entrepreneurs and residents. Both technologically advanced industrial and service companies are willing to invest there. The information and telecommunications industry is flourishing, as well as the automotive, engineering and aviation industries, not to forget about the biotechnology industry. The city can also boast of its domestic companies operating on an international scale, built from scratch, as well as start-ups which are successful globally.



This has been possible thanks to investments in infrastructure, which have improved Lublin’s accessibility in terms of transport, a large supply of qualified employees and constantly developing warehouse and office space. All business representatives are unanimous that Lublin can boast of an exceptionally friendly and kind local government, which animates the whole local ecosystem of business support, created also by universities, which are open to cooperation, business incubators and industry clusters.



We conduct innovative, technologically advanced activities. Ever since the inception of the company we have been operating in Lublin and we have never planned to move somewhere else, because this city is very friendly for entrepreneurs. The cooperation with the City Hall is really great. Our investment, consisting in building a plant for the production of professional disinfectants and cleaning products, was very difficult, it was the first of its kind in Poland. We received a lot of support from the city, thanks to which everything went smoothly. Lublin is also a very good place to live: it’s a city big enough to offer everything you need, but small enough not to be tiring.

4,202

new companies were registered last year



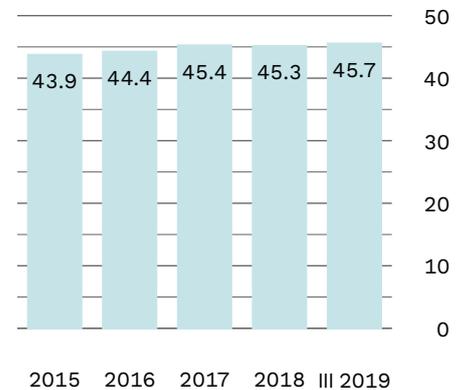
**Przemysław Śnieżyński,
President of Medisept**

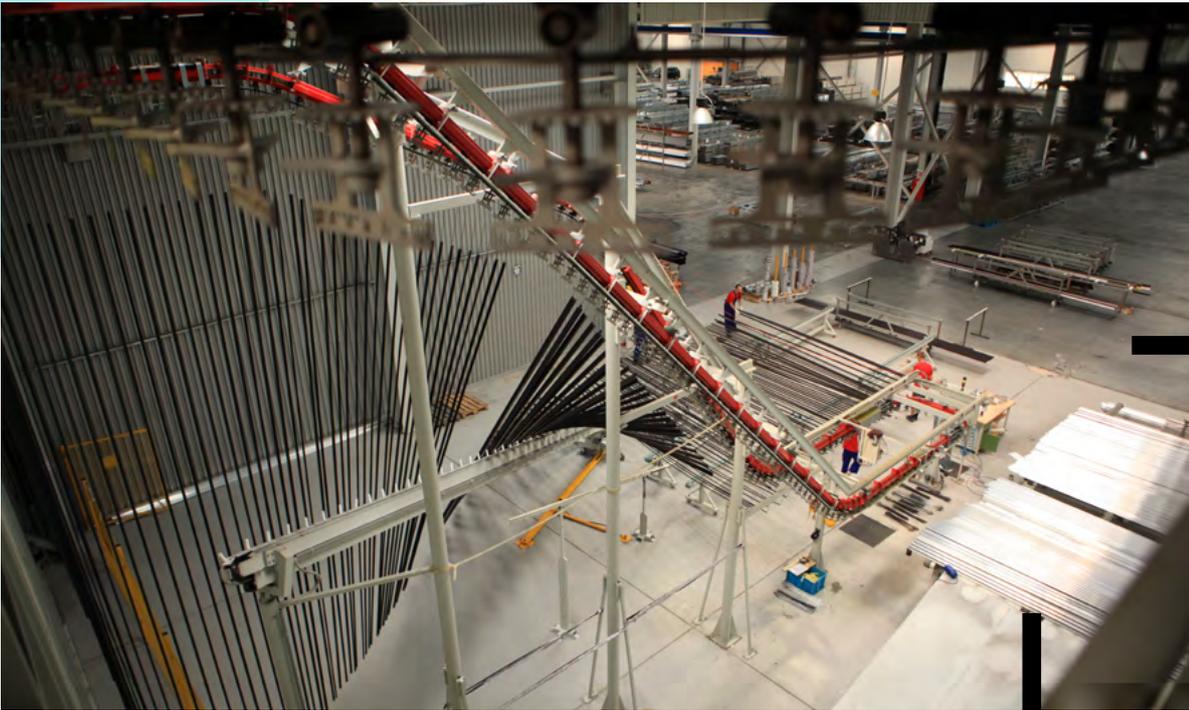
Lublin’s competitiveness is confirmed by numerous reports. For example, in the ranking of 100 functional areas of Poland published by the Jagiellonian Club in autumn 2019, which compared cities in terms of development in the last dozen or so years and potential for further growth, Lublin got a high, eighth place. It was also on the list of 60 most attractive European cities (excluding capital cities) for investors, drawn up in 2019 by fDi Magazine, a think-tank associated with the “Financial Times”. In this basket, apart from, among others, Munich, Gothenburg and Rotterdam, there were as many as nine cities from Poland—which, in the opinion of the authors of the list, proves a relatively even distribution of foreign investment between the capital and other centers—but only one located east of the Vistula River. The same think-tank in the “Polish Cities of the Future” ranking chose Lublin as one of the top cities in the “Human Capital and Lifestyle” category twice in a row (5th and 6th place), which is a good reflection of its greatest competitive advantages: availability of qualified workers, who are attracted to the Lublin region by good living conditions. Another of these advantages is reflected in the 2nd place of Lublin in the same ranking in terms of cost effectiveness (ratio of earnings to the cost of living) among large cities. Another advantage of the eastern EU gateway is the second place in the category “Support of local authorities for business” in this year’s ranking of the British think-tank Emerging Europe, which includes 75 cities in Central and Eastern Europe. Only Budapest did better in this respect.

“It was the attitude of officials who are open and proactive that ultimately convinced us to invest in Lublin. This is where we met with the greatest willingness to cooperate and real care. We could start the recruitment process before we opened the office, because the City Hall provided us with premises to conduct interviews,” recalls Filip Merklejn, director of the Lublin branch of Lingaro company (its seat is in Warsaw and the remaining

Enterprises Operating in Lublin

(in thousands)





branches in Manila, Singapore and Cincinnati) specializing in consulting and production of IT tools, especially in the field of data analysis and business intelligence. “A year after the office was opened, I am pleased to say that this cooperation has not stopped. As soon as the Covid-19 pandemic broke out, employees of the Strategy and Entrepreneurship Department of the City Hall called me to ask whether they be of any help, if we had any problems, and with instructions on how to deal with important issues,” he adds.

However, the success of the capital of the Lublin region is best proved by hard data. In the city’s development strategy for the years 2013–2020, the authorities have selected several priority industries, which are to be the pillars of the local economy. These include modern business services sector, IT sector, medical, pharmaceutical and biotechnological industries, engineering, automotive, food processing, including the production of functional food, transport and logistics. The number of representatives of each of these industries in Lublin is consistently increasing. Only in the last year, production plants were opened there by such companies as Borg Automotive (regeneration and sale of car parts), Turck (production of sensors and other components for process automation) and Data Module (supplier of display technologies, touch and system technologies for industry) and—in Niemce near Lublin—Varroc Lighting System (manufacturer of outdoor and electronic lighting systems for the automotive industry). Global giants such as PwC and Capgemini, as well as Predica, Pakke, Onwelo, ProService Finteco, Cushman&Wakefield, Venture Devs and the aforementioned Lingaro have started operating in the Lublin service sector. New investors from the logistics and transport sector are FedEx, TNT Express, Tedi Dystrybucja, InPost and PKS.

11%

**of all the companies
registered are foreign
companies**

The City Hall reports that in 2019, 145 companies operated in Lublin’s priority industries, more than twice as many as in 2012, before the new development strategy was implemented. Employment in these companies increased by 70 percent, reaching nearly 20 thousand people. There were 151 companies operating in priority service industries, compared to 76 in 2012. The number of their employees increased by 75 percent during that time. Development of the modern business services sector is particularly impressive. According to the industry organization ABSL, in the first quarter of this year in Lublin there were 72 such service centers (including research and development, IT, outsourcing), by 6 more than a year before. Since 2012 their number has tripled. There were 7.9 thousand people working in them, and this number has been growing at a rate of 12.8% per year for the past four years. To compare, throughout the country, employment in this sector grew at a rate of 12.1 percent per year. ABSL estimates that Lublin may already be regarded as a center specializing in modern business services. The share of this sector in the total employment in the city is higher than the average in other cities, where this sector plays an important role.



The Lublin labor market drives growth of employment in the whole voivodship, from which it attracts employees. According to the Central Statistical Office (GUS) data, in February this year—just before the outbreak of the Covid-19 pandemic—the business sector (only companies with at least 10 employees) employed 211.7 thousand people in the entire Lublin region, by 27.1% more than a decade earlier. Only four voivodeships can boast a greater increase in employment.

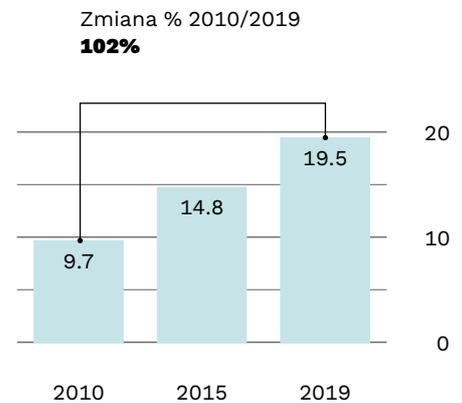
The Covid-19 pandemic may interfere with Lublin’s and all economic centers current development path. However, it is not certain that the new path will be worse. “As a result of the pandemic, the criteria for locating investments will be reevaluated,” notes Director Sagan. Little is still known about which factors will become more important for investors and which will lose their significance. Torn supply chains and problems with the supply of components may cause international companies to move their production closer to the sales markets. “Before the pandemic reached Europe, many factories in China were temporarily closed down, putting intermediate goods supplies at risk. To reduce such risks for the future, companies will probably seek to diversify their sources of supply, however China is not expected to lose its position as a global supplier. The process of diversification triggered by the pandemic may create new opportunities for CEE countries, which may increase their share in global supply chains,” argues Grzegorz Siewicz, Coface’s chief economist in Poland, in his recently published report “Post-pandemic Shifts in Production: an Opportunity for CEE Countries”.

Lublin may easily come to terms with the new global order, for instance due to the greater availability of employees than in other parts of Poland and the inflow of staff from neighboring countries, including Ukraine and Belarus. The pandemic has also accelerated the process of digitization and companies around the world have found out how many services can be



Employment in Priority Sectors in Lublin

(in thousands)





provided remotely. “Employees will not have to look for a job in the biggest centers, they will prefer those in which one can have a good life. And Lublin has a lot to offer,” argues Marzena Strok-Sadło, board member and secretary of the Lublin Medicine Cluster. She adds that in difficult times employers appreciate the loyalty of employees and low attrition rate, for which Lublin is also famous. This is confirmed by Zbigniew Kurant, the President of Noyen company, which produces industrial car washes, cleaning machines and chemical products for washing in Lublin. “As a result of the pandemic, the importance of team cooperation will increase, along with the importance of keeping these teams intact. The importance of cooperation of employees is also visible in the case of remote work. At Noyen, we have been trying to build a team with the best specialists for years to come. Now, we can benefit from our strategy executed so far,” says President Kurant.

Closer than to Mokotów

As the eastern gateway to the EU, Lublin is an important transport hub. It lies at the intersection of north-south and east-west routes. The first of them is national road 19, connecting three agglomerations of Eastern Poland: Białystok, Lublin and Rzeszów. Ultimately, it will be a part of the Via Carpatia route, which will connect the northern and southern European countries, from Lithuania to Greece. This route is included in the EU list of priority investments to be financed from the Connecting Europe Facility for

Average Remuneration in Lublin

(in thousands of PLN)





2021–2027 and has the chance to become part of the Trans-European TEN-T Transport Network. The S19 section to Rzeszów, which is to be completed in 2021, will provide quick access to the A4 motorway, which in turn will improve communication between Lublin and Silesia, which is currently—as some Lublin industrial entrepreneurs admit—time-consuming.

The capital city of Lublin is connected with the capital city of Poland by the S17 expressway, which is being completed, and which will shorten the travel time between these cities to 1h 30 min (today it is about 2h, and not long ago 2h 30 min). This means that it will be possible to get to Lublin from Warsaw faster than from some suburban towns to the office districts of the capital, such as Mokotów. The S17 is to be extended to the border with Ukraine in Hrebenne in the coming years. The national road 12, which leads from Lublin to the border crossing in Dorohusk, is to become an express road by 2025. It will connect Ukraine with Via Carpatia. The already existing Lublin bypass has removed the once burdensome transit traffic out of the city.

Lublin is also an important railway hub, which is crossed by, among others, line no. 7, connecting Warsaw with Dorohusk on the border with Ukraine. After modernization, which is coming to an end, it will be possible to get from the capital city to Lublin by train in 1h 30 min (currently at least 2h 20 min). Within two years, travelers will be able to use the Integrated Intermodal Metropolitan Railway Station, which will be an interchange hub, bringing together in one place railway, bus and car communication (P+R car parks and infrastructure for electric cars).



Over the last ten years we have attracted 80 companies to Lublin, both domestic and foreign, including 60 service and 20 industrial companies. This would not have been possible without infrastructural investments improving the city's accessibility to transport, including the construction of an express road to Warsaw. But business also appreciates the availability of office and production space, a large supply of skilled workers and high quality of life.



**PhD Mariusz Sagan,
Director of Strategy
and Entrepreneurship
Department of Lublin City Hall**

Entrepreneurs appreciate the LUZ International Airport, located in nearby Świdnik. From the center of Lublin, it takes 15 minutes by car or 20 minutes

by train to get there and even less from the economic subzone. Opened at the end of 2012, the airport last year served over 4 thousand flights carrying 360 thousand passengers. Currently, the airport offers permanent connections to Dublin, Eindhoven, London, Oslo, Tel Aviv and Warsaw. Every year during the holiday season there are also flights to typical tourist destinations, currently to Croatia (Split), Greece (Corfu) and Turkey (Antalya).

“An international airport is a big advantage of Lublin. The opportunity to travel from Lublin to many European cities has a positive impact on business. The connection with Munich once contributed to winning an important contract for Noyen,” says Zbigniew Kurant, President of Noyen.

As far as infrastructure development is concerned, EU financial plans are good news for Lublin. In addition to the traditional 2021–2027 budget, which will amount to almost EUR 1.1 trillion, EU countries will have EUR 750 billion from the Reconstruction and Development Fund to spend until 2024. As a result, Poland, which before the pandemic had to reckon with the fact that it will receive less than 104 billion euros from the next EU budget (for the years 2014–2020), can now get as much as 160 billion euros. Additional funds for investments may help to mitigate the loss of income in Lublin related to changes in the tax system (reduction of PIT to 17%, exemption of the youth from PIT).

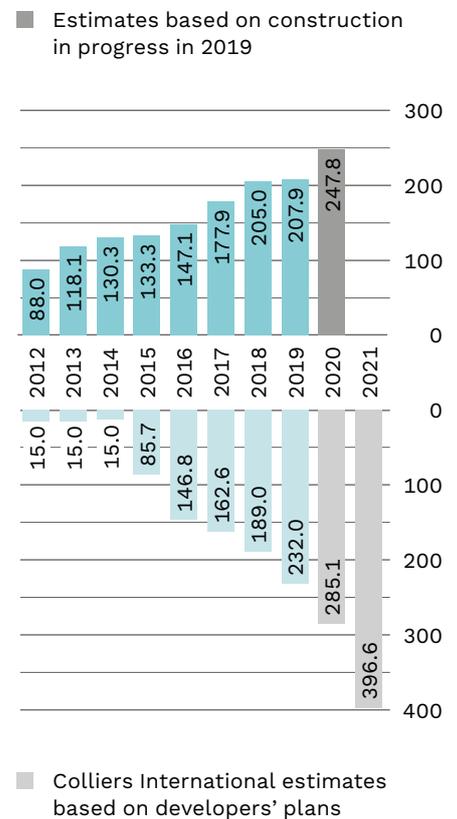
Business infrastructure for everyone

Lublin is one of the cities that can be considered as an example of success of the special economic zones. Although after the creation of the so-called Polish Investment Zone in 2018, support (tax reliefs) once available in SSE became also available to companies investing anywhere in the country, the Lublin zone—and formally the Mielec sub-zone of the SSE Euro-Park—is still the heart of the local economy, especially the industrial and logistics sector. And even though the city no longer has land for sale there, there are still new investors.

66 enterprises with both domestic and foreign capital operate within the area of the 128-ha subzone. The total value of the executed investments is already over PLN 2 billion, and the fact that they have fulfilled the hopes placed in them may be evidenced by the fact that almost 4.5 thousand people work in the subzone at present, twice as many as the investors’ plans indicated. The review of what is produced in the subzone today is a good illustration of the industrial diversification of Lublin. The companies include manufacturers of electric drives and motors (ABM Greiffenberger), cranes and lifts (Lift Service), parts for helicopters and planes (Asquini), sensors (Turck), aluminium systems for the construction industry (Aliplast), windows and doors (Polskone), roofing of terraces and gardens (Gorbi), equipment for shops and warehouses (Modern-Expo), disinfectants and cleaning agents (Medisept), cleaning machines (Noyen), reagents, diagnostic tests and equipment (BioMaxima), syringes and other medical devices (Margomed), agricultural machines (Henry Batyra), conveyor heaters (Verano), cereal products (Lubella), laminate tubes (Elpes), pharmaceutical and cosmetic packaging and leaflets (Intrograf).

Modern Office Spaces

(in thousands m²)*



Modern warehouse space

(in thousand m²)**

* Source: Lublin City Hall
 ** Source: Colliers International

Outside the subzone, the areas that once belonged to the bankrupt Dae-woo plants, the Lublin Foundry and along Mełgiewska and Metalurgiczna Street are being revived. The Raben Group's logistics center and Goodman warehouse complex have been built there, among others. The latter is one of the seven existing facilities of this type, but more are already under construction and are planned. The developer Panattoni is already building the third warehouse and production park, and one of the existing parks is going to be expanded. Colliers International estimates that in 2019 the warehouse space in Lublin for lease increased by 43 thousand sq. m, reaching 232 thousand sq. m. Despite the rapid and steady growth, it was fully covered by lease agreements. Taking into account the construction works in progress and the developers' plans, in 2021 the warehouse space may come close to 400,000 sq. m. This will be a great advantage for the capital of the Lublin region during the boom of Internet trade and near-shoring (moving production closer to the sales markets) caused by the Covid-19 pandemic.

Still a few years ago it was more difficult to get high-class office space than warehouse and production space in Lublin. However, this is also changing. As it is emphasized in the "Report on the state of the Polish metropolises"—in the Lublin metropolitan area the level of space coverage by zoning plans is over 20% higher than the average in the analyzed cities. According to Colliers International, in the „city of inspirations”—which is the promotional slogan of Lublin—at the end of last year there were 48 modern office buildings offering a total of approx. 191.3 thousand square meters of space. This gave Lublin the seventh place on the list of the largest office markets in Poland. Over the past two years, modern office space in the capital of the Lublin region has grown by over 20 thousand square meters. Colliers estimates that by the end of 2023 the available stock will increase by another 51.5 thousand sq. m. and at the end of 2025 it may even double compared to what is available today. Rapid development of the office space market, while maintaining attractive rental prices, was one of the factors which determined that in 2018 Lublin received the "Rising City of the Year" award, granted to the most promising cities in Central and Eastern Europe for the modern business services industry. In turn, in the investment attractiveness of cities (BEAS) survey conducted in 2017–2019 by Antal, Cushman & Wakefield and Vastint, based on assessments of companies' management, Lublin received the highest marks among the eight largest cities in the "Real Estate" category.

Due to the Covid-19 pandemic and the popularization of remote work in companies, rents in Lublin may decrease even further, attracting new investors. "We are renting half a floor in an office building at 14 Nałęczowska Street. We were planning to rent the whole floor, but now it may not be necessary," says Filip Merklejn, director of Lingaro Lublin branch. "We had no problem with finding an attractive office. Perhaps in the aftermath of the pandemic it will be even easier to do so, because the demand for offices and rental prices will decrease. Remote work in companies will remain more popular than before the pandemic as that's what employees expect," admits Justyna Daniel, director of Concentrix (formerly Convergys) branch in Lublin.



Multi-million labor market

Formally, according to GUS data, Lublin has 340,000 inhabitants, while the Lublin City Hall estimates that in reality there are almost 360,000 of them. The entire metropolitan area, including the adjacent municipalities, has over 700,000 inhabitants. In practice, however, the power of attraction of Lublin goes much further. “The companies operating here have access to employees from practically the whole voivodeship, but also from Podkarpacie and Ukraine,” notes director Mariusz Sagan. Employers particularly value those immigrants who have already come to Lublin to study.

Labor costs in the capital of the Lublin region remain slightly lower than the Polish average. In the whole voivodship the average monthly remuneration in the enterprise sector was in Q1 2020 PLN 4500, compared to nearly PLN 5400 being the country average. In Lublin alone, it was about PLN 4800. And although this is still a factor attracting enterprises here, the availability and quality of staff is much more important. This is related, among others, to the still relatively favorable demographic structure of Lublin, which is a young city: 49% of the population are under 40 years old, and 60% are of working age. “Companies in Lublin appreciate the availability of qualified staff. Relatively low employee attrition rate is an additional factor lowering the costs of running a business,” says Paulina Olchowska, Project Manager of the Automotive and Machinery Highland Cluster.



We analyzed the possibilities of building an industrial chemistry plant in Lubartów and Dębica, among others, due to the availability of the land and transport facilities. However, the vast majority of engineers and office workers working in the company are graduates of Lublin universities or people from Lublin who went away to study but decided to return to the city. Production workers also live in Lublin or commute to the company from nearby towns—the Lublin agglomeration.

Lublin owes the high-quality human resources to the local universities. There are nine of them in total, including five public and four non-public ones, such as for instance the Lublin University of Technology, the Medical University and the University of Life Sciences. In total, they educate over 60 thousand people, which gives about 16 thousand graduates a year. From a business perspective, it is particularly important that a large proportion of students choose technical and IT faculties. In the “Report on the State of Polish Metropolises”, PwC stresses that in Lublin, 30% more students are admitted to IT studies every year than the average in the analyzed cities. “Every year, 500–600 people with IT competences graduate from Lublin’s universities,” says Maciej Zaporowski, head of the unit supporting academic studies in the Department of Strategy and Entrepreneurship of the City Hall. The authorities are actively trying to make sure that there are even more such graduates. This is the aim of the “Lublin IT Highland” program and the “Student on the IT Highland” project, under which the IT companies operating in Lublin show teenagers what opportunities they will have if they choose IT studies. In turn, the conference “Engineers for Lublin”, which has

Area covered by the zoning plan

53,3%

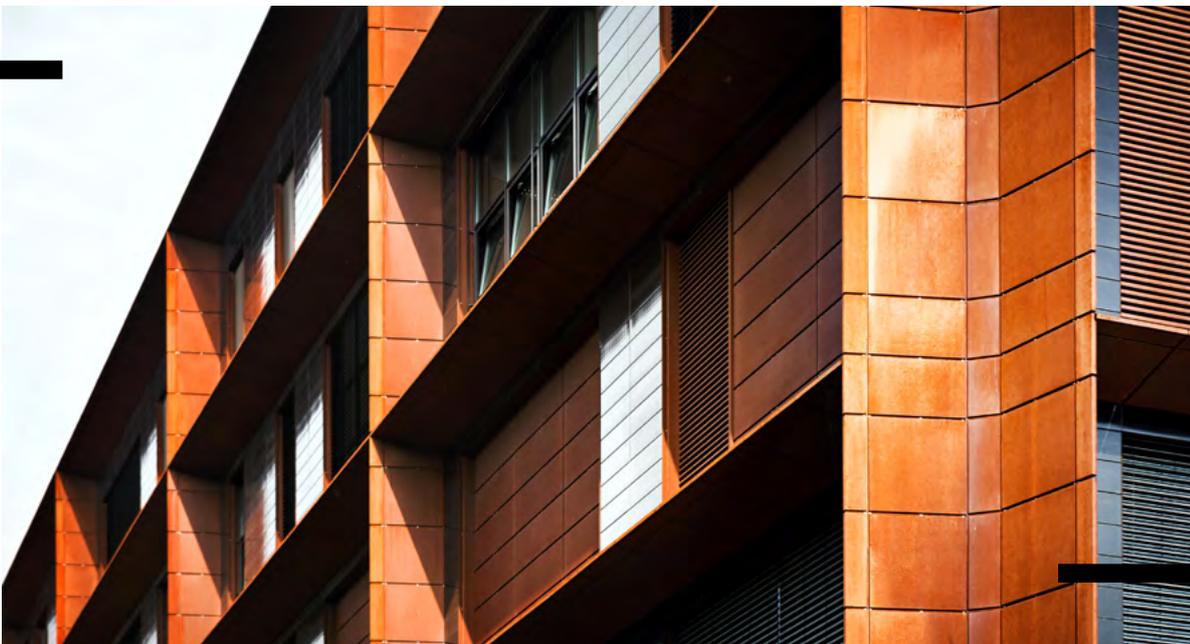


**Zbigniew Kurant,
President of Noyen**

been organized for several years now, is to encourage students to choose technical fields of study so as to prepare for working in the local industry.

Another distinguishing feature of Lublin's universities is the degree of their internationalization. In the current academic year about 11% of all students come from abroad—no other academic city in Poland can boast such a result. This is largely due to the strategic activities of the city authorities together with Lublin's universities, including the "Study in Lublin" programme launched in 2011. As early as in the academic year 2012/2013, the degree of internationalization of Lublin's universities was only 3%. "About half of the foreign students come from Ukraine, the second largest group are students from Taiwan who come to study at the Medical University. According to our estimates, about 20–25 percent of foreign graduates of Lublin universities stay in Lublin after graduation," says Wiktoria Herun, coordinator of the "Study in Lublin" program. Internationalization of universities brings numerous benefits to Lublin. First of all, it alleviates the effects of unfavorable demographic changes, which all academic centers in Poland are facing. Thus, it increases the inflow of young people to the local labor market. Secondly, it builds multiculturalism, openness and tolerance of the city, which is very important for foreign investors. Thirdly, it ensures good foreign language skills also among Polish students.

In response to the great interest of foreign students, Lublin's universities willingly create courses in foreign languages. According to data from the City Hall, in the academic year 2018/2019 there were a total of 63 such faculties, while two years earlier there were 40, and four years earlier only 11. As a result, according to Antal, over 90% of students speak English, 30% speak German and 20% speak Russian. These are not just declarations. The Pro Progressio Foundation calculated that in Lublin there are 82 outsourc-



ing centers with English, 11 with German, but also at least two with Czech, Ukrainian, Russian, French, Spanish, Italian, Japanese and Hungarian. “We opened our office in Lublin because in the office in Szczecin, existing for 12 years, it was already difficult for us to find employees speaking German. In western Poland, if someone speaks German well, they go to work abroad. It was easier to find such workers here. We also employ over 100 people from Ukraine, also in the management team,” says Justyna Daniel from the American company Concentrix.

Lublin’s universities are also open to the needs of employers. “KUL invited me to a meeting to discuss what I value in students and graduates of this university. We cooperate with WSPA in terms of internships. We did not want to offer free internships, because it is not fair to students. But the university has won a grant, thanks to which it can pay the interns. We already employ some former interns. We also cooperate with the Maria Curie-Skłodowska University,” says Filip Merklejn from Lingaro. As he adds, compared to Warsaw, the employees in Lublin are characterized by a better attitude and greater enthusiasm.

“All departments of the Lublin University of Technology obtain information from the market about which graduates they should educate. The Faculty of Electrical Engineering and Computer Science of the Lublin University of Technology has been using grants to change the curriculum of both Master’s and Engineer’s studies for 10 years. What students should be taught is based on extensive consultations with companies. The curriculum implemented since October last year at the first-degree studies has changed 30% compared to the previous one,” assures Dariusz Czerwiński, Professor of Lublin University of Technology who has a post-doctoral degree, Head of the Department of Computer Science at the Faculty of Electrical Engineering and Computer Science.

However, qualified staff are not only graduates of universities, but also technical and industry schools, of which there are as many as 30 in Lublin. They educate employees for, among others, logistics and shipping, automotive, machinery, chemical, food, IT, electrical and construction industries. Since 2015, a task force for vocational education has been operating in the city, created by representatives of companies, schools, universities, the labor office and the city authorities, whose aim is to adapt educational programmers to the needs of employers.

It is not surprising that in the aforementioned BEAS study Lublin collected the highest marks in the category “Educational potential, understood as availability of future employees”. Only Krakow was rated better in this respect. At the same time, Lublin received the highest score among all eight cities covered by the survey in terms of availability of specialists (category “Employment potential”).



What investors may like about Lublin is the quality of human capital. The employees here are young, dynamic, open, creative, less tired than in more developed cities. This gives companies greater flexibility. Lower labor costs are an additional benefit



Justyna Daniel,
director of Concentrix
office in Lublin

Fatherly care

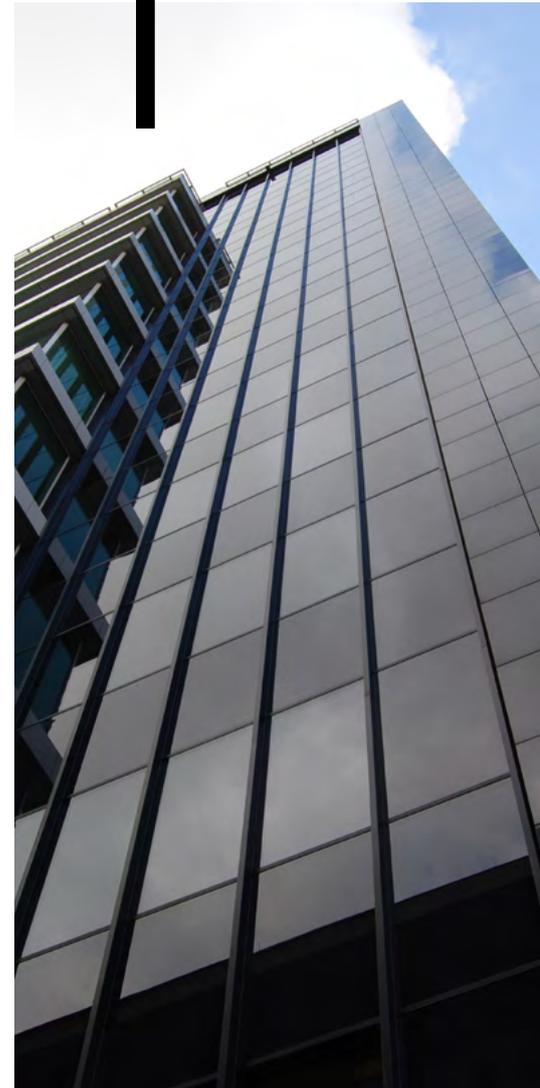
The common denominator of all discussions with representatives of Lublin's business is praise for officials from the Department of Strategy and Entrepreneurship and the Investor Service Office. This is also confirmed by the rankings. In the list of the most business-friendly cities in Central and Eastern Europe published in June 2019, drawn up by think-tank Emerging Europe, Lublin ranked fifth in the category "Support for local authorities". Among Polish metropolises, only Poznań ranked higher. In turn, in the aforementioned BEAS survey, Lublin received the highest score (8 out of 10 points) among the eight largest cities in the category "Support from public administration representatives". Since 2016, investors, both domestic and foreign, have been able to find all the necessary information about the conditions of conducting business activity in Lublin, as well as necessary contact details, on special websites.

"We take care of good cooperation in the city between enterprises, authorities, universities, within clusters," assures director Mariusz Sagan. Enterprises notice it. "Lublin is certainly distinguished by the fact that the local authorities care about attracting new investors more than larger centers. This is reflected in the City Hall's approach to business: caring, supportive," admits Przemysław Śnieżynski, President of Medisept.

Employees of the City Hall involved in direct contact with investors not only act as their guardians, but also see themselves as animators of the entire economic ecosystem of Lublin, which consists of companies, universities, local government institutions and business environment institutions. Cooperation between these stakeholders is concentrated within the so-called Lublin economic highlands. Currently, there are five such ecosystems in Lublin, in which there are also formalized clusters, related to key sectors of the economy from Lublin's perspective: Lublin Biotechnology Highland, Lublin Medical Highland, Lublin IT Highland, Lublin Motor and Machinery Highland and Lublin Aviation Highland.

"Cooperation within clusters is very popular. When we created clusters, we often had to encourage this cooperation. But today everyone realizes the benefits it brings," assures Marzena Strok-Sadło, member of the board and secretary of the Lublin Medicine Cluster existing since 2014. Only this one cluster brings together over 150 entities, including over 120 companies, 10 public hospitals and two private ones as well as 9 Lublin's universities. Among the companies there are not only those directly related to medicine, but also IT companies which are increasingly interested in projects in the area of health and medicine. According to the data of the City Hall, apart from the so-called economic highlands, there are 13 also other clusters in Lublin.

Lublin's universities are open to cooperation with business, not only in the field of human resources training, but also joint research projects. All five public universities have centers of research commercialization and technology transfer. Facilitating the flow of knowledge between science and business is also one of the tasks of the Lublin Science and Technology Park, existing since 2005. "Companies commission research on commercial terms, but in recent years joint applications for research grants have been



**Inventions submitted
in the city in 2018**

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very popular,” says Dariusz Czerwiński, PhD with a post-doctoral degree, professor at Lublin University of Technology, director of the Institute of Computer Science. Cooperation between science and business paid off during the pandemic, which created demand for new products and services. Researchers from the University of Life Sciences helped Noyen create a surface disinfection robot.

Filip Merklejn, director of Lingaro office in Lublin, recalls that after moving from Warsaw, he was struck by the fact that in the capital city of Lublin the competition between companies is different, less aggressive. “Companies from one sector are willing to cooperate in the common interest, for example in the field of personnel training,” he says. This spirit of cooperation, as well as good business relations with the local government, may become more important for investors after the pandemic. In times of crisis, companies have similar problems, which they can solve together. At the same time, the role of public administration bodies in the economy increases, which on the one hand provide support, but on the other hand introduce new regulations, sanitary requirements, etc.

Clusters do not exhaust the long list of institutions operating in Lublin that make up the business ecosystem. It is also created, among others, by the Chamber of Industry and Commerce, Chamber of Crafts and Entrepreneurship, Employers’ Forum, Lublin Business Club and several other organizations.

Breeding unicorns

As you would expect from an academic city, where cooperation between scientists and entrepreneurs is an everyday occurrence, Lublin is also one of the most innovative Polish metropolises.

According to a report published last December by the Startup Poland Foundation, Lublin is fourth on the list of the largest startup ecosystems by the Vistula River, after Warsaw, Wrocław and Krakow, but before Tricity or Poznan. The capital city of the Lublin region has thus maintained its position from the previous edition of this report. In terms of some indicators, it performs even better. For example, the number of startups is increasing faster only in Krakow. The ratio of their number to the number of inhabitants is higher only in two cities (Warsaw and Wrocław). In recent years Lubelskie voivodship has also clearly advanced in the ranking of innovative potential of voivodeships, prepared by Bank Millennium. While in 2016 it was in the ninth position, in 2018 it already ranked fifth and a year later sixth. In this respect, the Lublin region outclasses other voivodeships of eastern Poland.

The innovative potential of Lublin is, among others, the consequence of nurturing crawling, innovative companies. In the “City of Inspirations” there are 16 incubators and business accelerators and 3 starter platforms. They exist at universities, but also outside them. One incubator belongs to, among others, the Lublin Science and Technology Park, another one is run by Samsung in cooperation with the NASK Institute and the Lublin University of Technology. Moreover, Unicorn Hub and Idealist starter platforms operate here. The multitude of such entities, each of which has a slightly different profile, makes it easier for aspiring entrepreneurs to implement

Patent applications filed in 2018 in Lublin

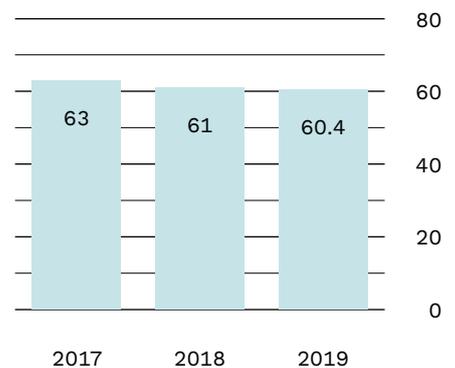
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Education Facilities

 **universities**

Students

(in thousands)





ideas from various fields. Since 2017, Lublin has been a Polish partner of the global Creative Business Cup competition. It organizes its national edition, selecting the best start-up, which is given the opportunity to present itself during the global final of the event in Copenhagen. Last year, the winner of CBC in Poland was the Lublin-based start-up Previlly, developing a preventive anti-bedsore patch, which in the first phase of development used the Unicorn Hub launch platform. Lublin's startup ecosystem also helped create companies such as Ozobot, a manufacturer of programming robots, Plantalux, a manufacturer of lighting supporting plant growth in greenhouses and Predictail, creating systems supporting the maintenance of wind turbines. "Startups are our strong point, there are a lot of them here. Last year there were as many as 480 of them, while in 2013 there were about 30. Startup Poland Foundation lists us as a city with one of the largest concentration of startups in Poland," says Diana Ciszewska-Tolak, specialist in the development of creative industries in the Lublin City Hall.

However, Lublin's innovativeness is determined not only by a thriving startup scene, but also by the inventions born at universities. The Lublin University of Technology stands out in this field. In 2019 it obtained patents for 116 inventions, with as many as 75 coming from the Faculty of Mechanical Engineering. This is a record in the history of the university, which has already been a leader among Polish technical universities in terms of the number of patents per number of employees. The large number of patents is the main reason for the high position of lubelskie voivodeship in the aforementioned Millennium Index. For three years in a row, Lublin University of Technology has ranked 1st in the Perspective ranking as the most innovative university

in Poland. PoLub effectively transfers the best solutions to the market. Three spin-off companies have been created there in recent years. In turn, a few years ago the UMCS launched the Ecotech Complex research center, which serves the purpose of business cooperation with scientists.

Wide access to professional knowledge and a labor market full of specialists make innovative and pioneering companies willing to invest in Lublin. “Lublin’s industry is very efficient, highly automated. We focus on attracting medium-sized, engineering companies that need highly qualified employees,” says Mariusz Sagan. Many companies locate not only production facilities, but also their R&D centers in Lublin. “In terms of R&D activity it is an ideal city. Here, we have access to scientists from practically all fields. In our case, we have no problems to consult issues in the field of microbiology,” says Przemysław Śnieżyński, president of Medisept, who already has his laboratory and in December last year received a grant to build another laboratory—this time a viral one. The company planned this investment already in 2018, and the Covid-19 pandemic showed that the decision was right. In connection with the pandemic, it can be expected that Lublin, with its strong medical and biotechnological industry, will attract more and more such investments.

However, the creative spirit is more than just new technologies and inventions. The Lublin local government also focuses on the development of the broadly understood creative sector, which includes, among others, architecture, design, fashion, craftsmanship, but also the production of computer games. “This sector has always existed in Lublin, but now it is developing exceptionally fast, at a rate of about 8% per year. This is good news, because the creative sector is characterized by great flexibility, can adapt to changing circumstances, is a kind of bridge between micro companies and large enterprises,” says Diana Ciszewska-Tolak. According to the city’s data, the share of entities from the creative sector among new enterprises was in 2019. 7.7%, compared to 6.7% on average in Poland, and compared to 2012 it increased by 1.6 percentage points.

Compact city

“Before I came to Lublin to create a new branch, I had never been there. I have become enchanted and I would like to stay here,” stresses Filip Merklejn, director of Lingaro’s Lublin office. As he explains, the capital of the Lublin region is a good place to live. Why? Because everything is close, no time is wasted on commuting. The city is affordable, green, offers numerous attractions, rich cultural life, and above all, the pace of life is much slower than e.g. in Warsaw and calmer, which combined with the previously mentioned factors provides a very high comfort of living.

Philip Merklein is not alone in this assessment. “In Warsaw it took me 45 minutes to commute to work, here only 7 minutes. Many people who initially worked in larger centers return to Lublin to start a family here. For the price of a flat in Warsaw you can buy a house here. And at the same time the educational and cultural offer is rich. It is safe in the city and around Lublin there are many opportunities to spend free time,” says Justyna Daniel, director of the Lublin branch of Concentrix. No wonder that in the



Filip Merklejn,
Director of Lingaro

above-mentioned Antal (BEAS) survey, Lublin received a very high score (7.8 points out of 10 possible) in the category “quality of life”.

The attractiveness of the cultural offer of Lublin and the natural wealth of the whole region is evidenced by the growing number of tourists visiting the city before the pandemic. In 2019, according to the City Hall, over 573 thousand tourists stayed in Lublin, which is almost twice as many as in 2010. In response to this increased tourist traffic, the city’s accommodation facilities are flourishing. In 2019, there were 55 facilities with 4.6 thousand places available, 11% more than the year before and 80% more than five years before. And yet these data do not include apartments offered for short-term rent. The capital of Lublin attracts visitors to such events as Carnaval Sztukmistrzów, Inne Brzmienia Festival, Central European Theater Festival “Neighbors”, Jarmark Jagielloński, Konfrontacje Teatralne and Fantasy Falcon Festival. Permanent residents also have plenty of ways to spend their free time. The Zemborzycki Lagoon, the Aqua Lublin swimming pool complex and the Meeting of Cultures Centre are very popular.

The quality of life in Lublin is also determined by the friendly scale of the not very dense development. BiqData.pl calculations show that 20% of the city’s area is green. This is one of the best results among Polish metropolises. You can easily move around Lublin riding a bicycle, which is further facilitated by the infrastructure (in 2019 almost 19 km of bicycle routes were added, and their total length reached 170 km), but also relatively low traffic intensity. Already earlier, the “city of inspirations” had the status of one of the more cyclist-friendly big cities (Morizon ranking). Apart from the density of infrastructure, it resulted, among other things, from the existence of a very efficient city bicycle system. In this year’s ranking of the centrumrowowe.pl portal, based, among others, on the number of bikes made available and the number of inhabitants per each of them, their rental price, number of stations, etc., the Lublin City Bike got 6th place out of 53 classified ones. This is an important aspect in the era of the coronavirus, which encourages people around the world to give up public transport and cars for cycling.

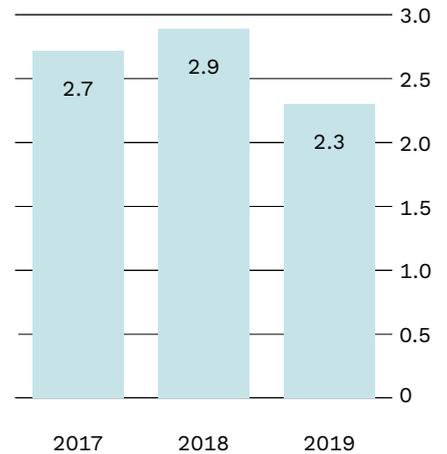
At the same time, Lublin remains friendly to drivers. According to a report published by Oponeo in May, the capital of the Lublin region ranks first among cities with over 300,000 inhabitants. This is due to the fact that traffic in Lublin is smooth and fuel prices and parking fees are low. Lublin also has car and electric scooter sharing systems. The city itself invests a lot in sustainable development and ecological transport, e.g. by increasing the zero-emission public transport fleet.

The quality of life in cities may be an aspect of their competitiveness that will increase significantly after the pandemic. “Popularization of remote work allows a better balance between work and leisure time. This is certainly easier to achieve in Lublin than, for example, in Warsaw,” predicts Marzena Strok-Sadło.

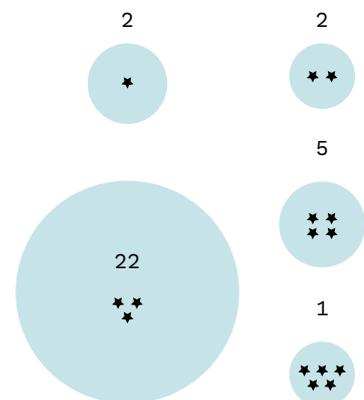
The uniqueness of Lublin is also reflected in the way key decisions are made for the city. For years, the Lublin’s local government has been involving its residents in this process, using, among other things, referendum mechanisms, such advanced tools as the citizens’ panel, and civic budgets permanently inscribed in the city’s finances. This year is the seventh edition of the classic Civic Budget financing initiatives at the level of districts and

Housing Resources

Completed flats (in thousands)



Hotels



31 hotels with conference facilities

the entire city. Parallely to it, the Green Civic Budget has been functioning since 2017, thanks to which the residents can gain direct influence on the arrangement of urban greenery and new planting. According to PwC, this was the first participatory initiative of this type in Poland. In autumn this year, the first edition of the Youth Civic Budget will also be launched, financing ideas for activities for the local community of an educational, cultural, sports, social or civic nature.

Such initiatives cement the attachment of the inhabitants to Lublin and build local patriotism. "In Lublin, everyone wants to contribute to the development of the city, and a great commitment can be seen. It attracts young people who want to have a well-organized free time and a friendly environment," says Justyna Daniel from Concentrix.

With a very broad participation of the inhabitants, a new development strategy for Lublin is also being prepared, planning the city's development in a 10-year, multidimensional perspective. The axis of this multi-stage process is social participation understood as the participation of the largest and most diverse group of citizens of the city in designing its future. Its essence is the deep involvement of the inhabitants in the decision-making process and, consequently, giving them part of the power and responsibility for the city. Within the framework of the two-year process, a document will be created which is, on the one hand, a projection of the inhabitants' ideas and a collection of reflections on the current state of Lublin in various areas, and on the other hand, a result of the city's real needs resulting from its organic development and the trends and currents that bring it towards the future.

"So far, no Polish local government has applied such an extensive and advanced participatory mechanism in the process of creating a long-term city development strategy. The rule, on the other hand, is to create the strategy in an expert model, in which social consultations are only a formal element implemented at the end of the whole process. While building the Lublin 2030 strategy, we want to reverse those proportions, basing the process on direct dialogue with the inhabitants to whom we attribute the role of co-authors rather than addressees of the city's strategy," says Michał Furmanek, Chief Specialist for Strategic Planning at the Lublin City Hall.

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Lublin (photo the City Hall of Lublin)

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