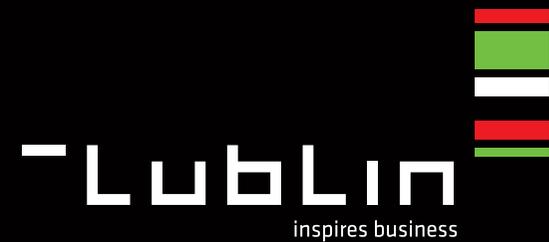


Economic  
Lublin





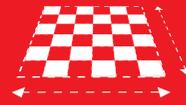
**350'000**

Population  
of the City of Lublin



**715'000**

Population of the Lublin  
Metropolitan Area



**147 km<sup>2</sup>**

Total area  
of the city



**9**

Number  
of universities



**75'000**

Number  
of students



**3'000**

Number  
of foreign students



**43'000**

Number  
of registered companies



**195 mln €**

Investment budget  
of the city in 2014



**139'800 m<sup>2</sup>**

Up-to-date  
office space



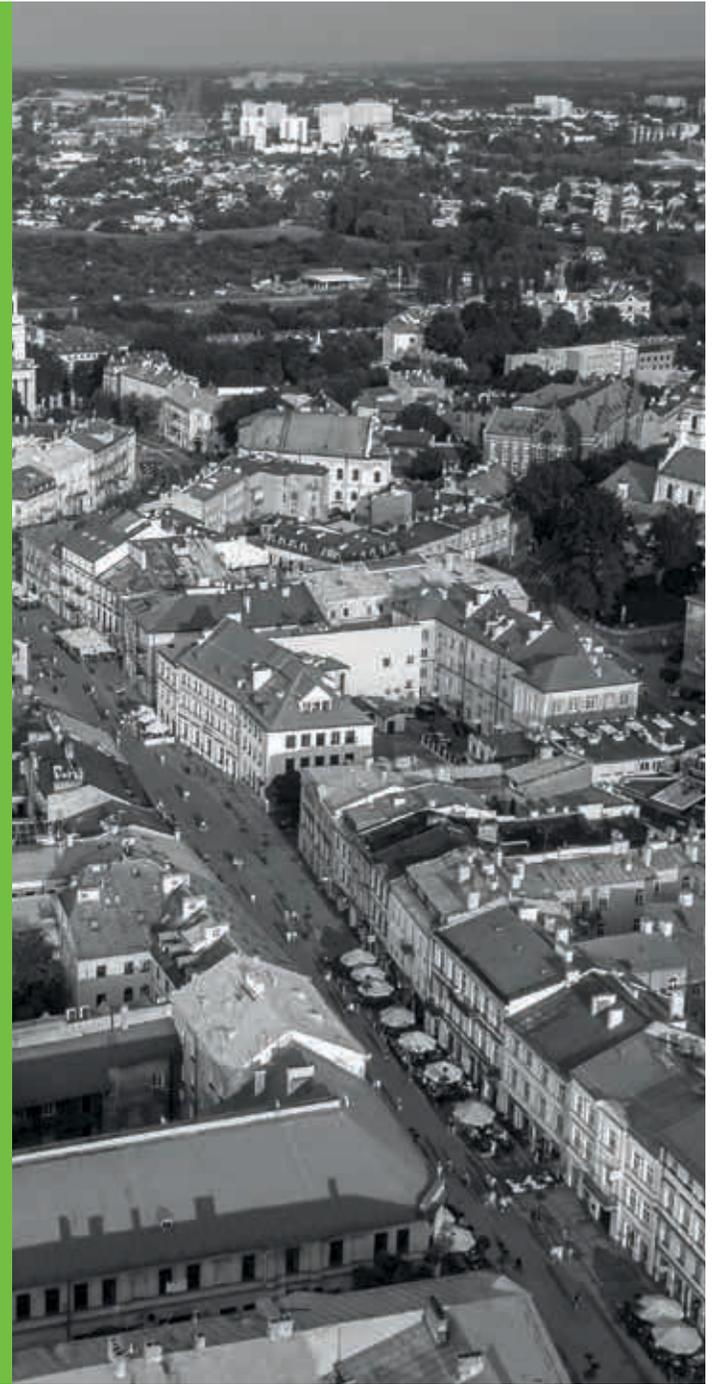
**9,8%**

Unemployment  
rate



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## Location

Lublin is located on the northern end of the Lublin Upland, Eastern Poland. The valley of the Bystrzyca river divides the city into two parts that differ in terms of landscape: the left-bank one with a varying relief, deep valleys and old loess gorges, and the right-bank one, which is a part of the Świdnik Plateau. Historically, the city is located in Małopolska (Lesser Poland) and is the capital of the Lublin region. One of the city's greatest assets is its proximity to the eastern border of the European Union.

Lublin is the greatest university, economic and administrative centre to the east from the Vistula river. The nearest border crossing with Ukraine, Dorohusk, is at a distance of less than a hundred kilometres from here. The city of Lviv in the west of Ukraine is only 217 kilometres and some three hours from Lublin by car, and a 506-kilometre journey to Minsk, the capital of Belarus, takes about six hours. In today's geopolitical reality, the location of Lublin allows the city to play a leadership role in advocating Eastern European issues within the European Union and the EU issues in the East.

Lublin is a crossing point of important international transport routes. The constant improvement of the transport infrastructure results in launching new highway and railway routes connecting Lublin with Central and Eastern Poland, while Lublin Airport opened in December 2012 provides fast access to Europe's major cities and transportation hubs, including Dublin, Frankfurt, Milan, London, Oslo, Rome and Stockholm.





Informacje dotyczą odległości drogowych

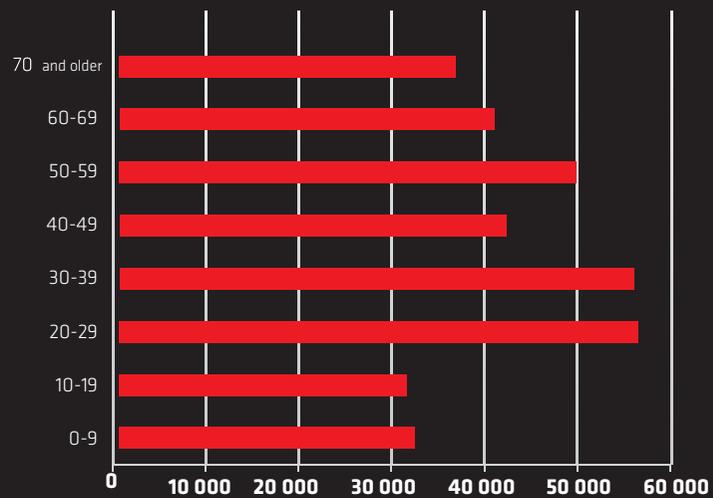


## Demography and labour market

With the population of almost 350 thousand, Lublin is ranked 9th in Poland in terms of the number of population. More than twice as many people (717 thousand) live in the Lublin Metropolitan Area that includes, beside Lublin, 41 municipalities from the four neighbouring districts: the powiat of Lublin, the powiat of Lubartów, the powiat of Łęczna and the powiat of Świdnik). The area is increasingly well-integrated through both the city transport network and railway connections due to the cooperation of local governments. This fosters a better integration of Lublin with the suburbs and economic activation of new territories.

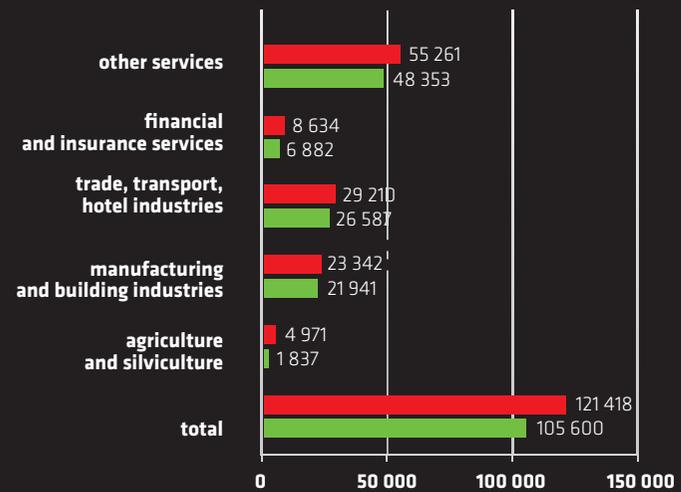
Lublin is the city of young and ambitious people. People aged 15–64 constitute as many as 71 percent of inhabitants, and 27 percent of the population completed university-level education. Services sector employment is growing in Lublin, like it is in other parts of Poland. This is confirmed by the statistics for particular branches that show a 14-percent increase in the number of people employed in service sector in the years 2005 to 2012. It should be noted, however, that unemployment rate has remained stable at the level of 9.6 to 10 percent. As statistics show, the local market is characterized by a low staff turnover, as born Lubliners are reluctant to migrate searching for jobs. One out of five residents of the city changes employer only once in a lifetime, while one out of three Lubliners works at one place for life.

At presents, there function over 43 thousand companies in Lublin, of which 96 percent are micro-enterprises employing less than 10 persons. Much smaller is the number of small enterprises employing less than 50 persons—they constitute only three percent of the market. This ensures a high diversification of the local economy.



### Population according to age

Source: Central Statistical Office of Poland, 2013



### Employees by branches of industries

Source: Central Statistical Office of Poland, 2014

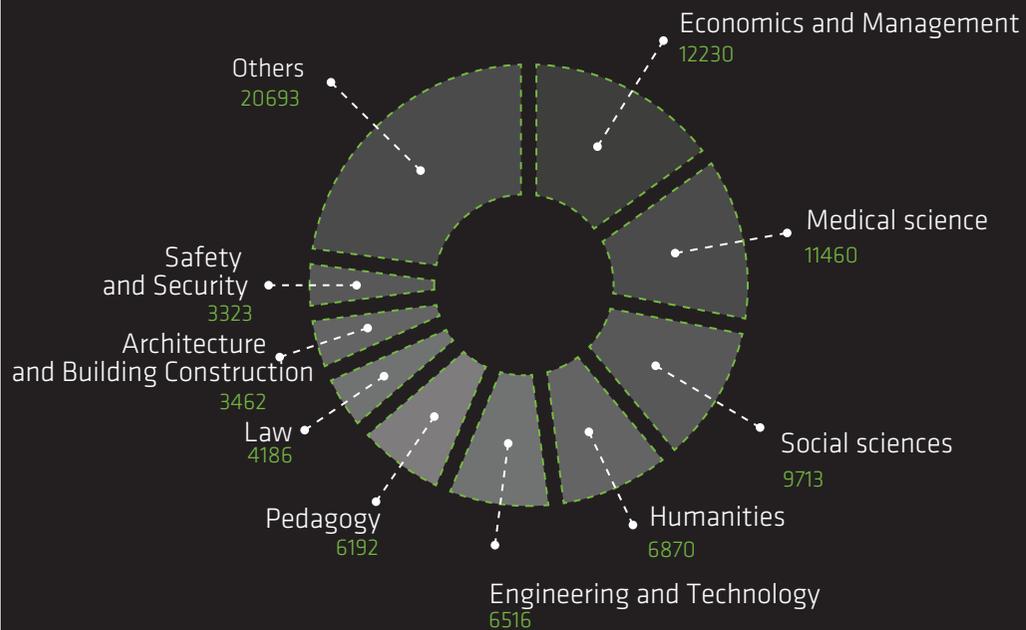
## Academic potential

Academic traditions of Lublin go back to the mid-sixteenth century and the Talmudical academy founded here by the known Lublin-based rabbi Shalom Shachna. The Yeshiva, whose first rector was the famous Solomon Luria, called Maharshal, was very popular and after a short time, became well-known abroad, attracting to the city students from all over Poland, Bohemia and Germany.

At present, Lublin is still one of the key academic centres of Poland and the largest one in the eastern part of the country: the number of students per 10 thousand inhabitants amounts to almost two and a half thousand! In total, as of the academic year 2013/14, seventy-five thousand students, including more than three thousand foreigners, study here at ten universities. Importantly, as many as five of the universities functioning in the city are public ones: Maria Curie-Skłodowska University, John Paul II Catholic University of Lublin, University of Life Sciences, Lublin University of Technology and Medical University of Lublin.

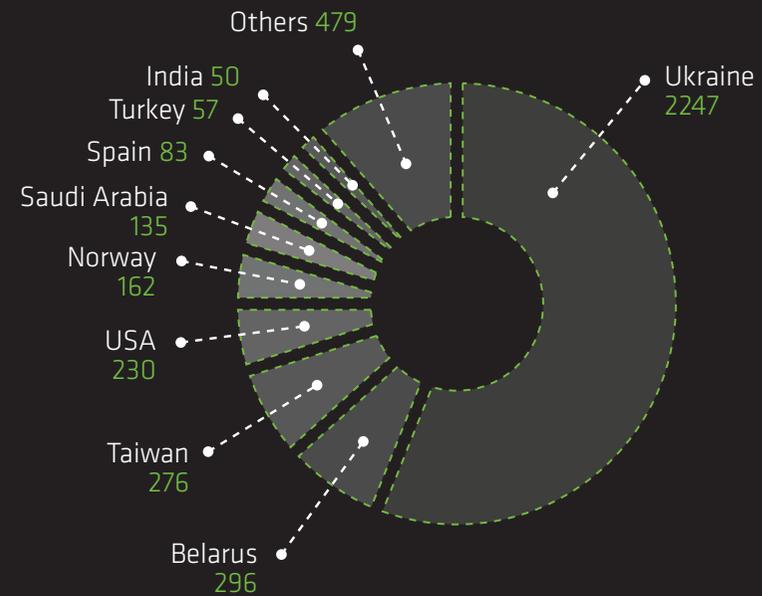
Lublin's academic background is today one of the greatest assets of the city. It not only shapes a peculiar genius loci, attracting large numbers of young and energetic people to Lublin, but first and foremost, it encourages innovativeness of the local industry by its research and development potential. It is the effective cooperation between Lublin-based scholars and local companies, as well as the possibility of applying their joint research to production that will influence the growth of such sectors as biotechnology and pharmacy.





Students by groups of major fields of study

Źródło: Urząd Statystyczny w Lublinie, 2014  
Dane dotyczą roku akademickiego 2013/2014



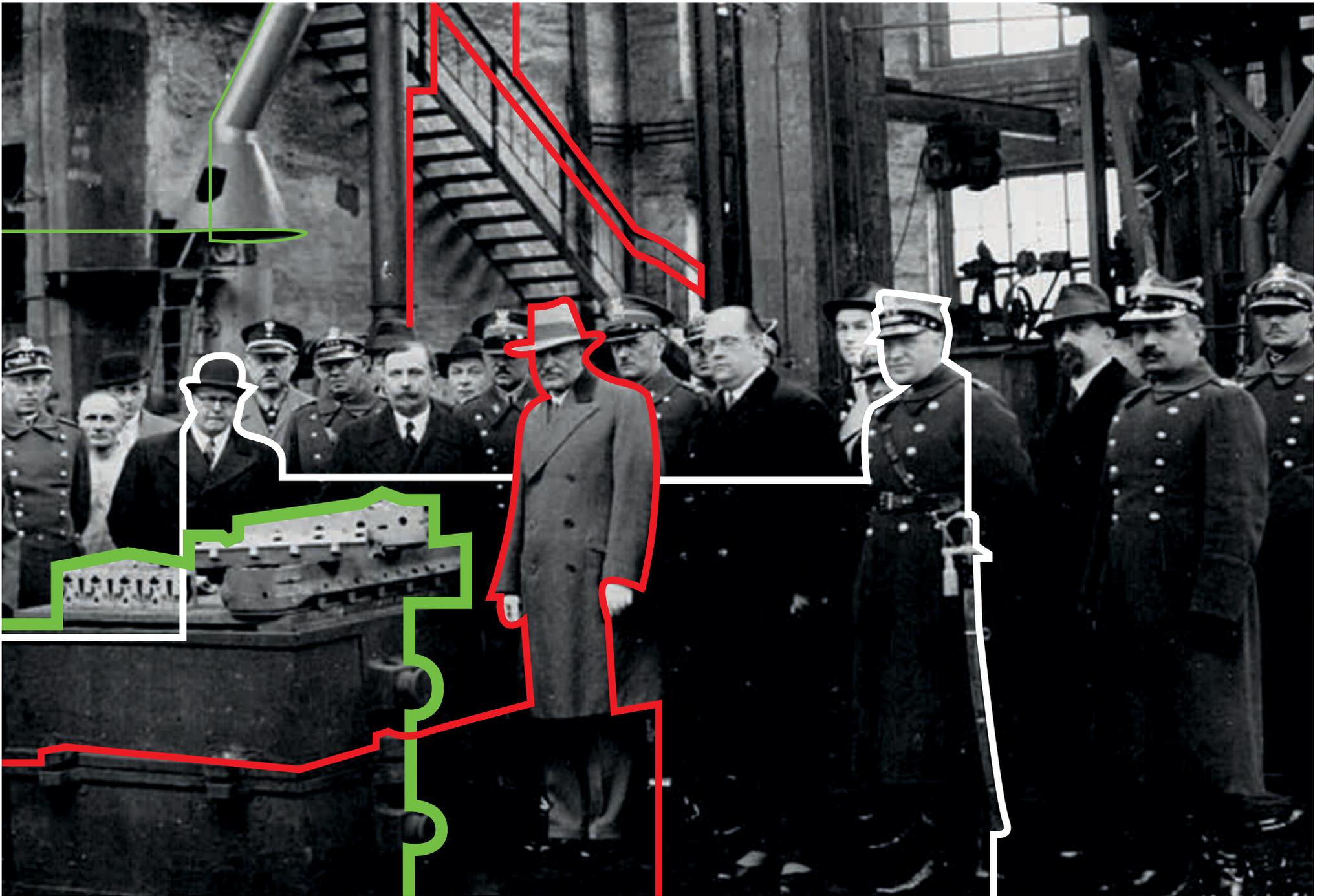
Foreign students, by the country of origin

Source: Statistical Office in Lublin, 2014

## Traditions of Lublin's economy

As early as the 15th century, Lublin was among the cities whose economy was developing rapidly. This was possible due to its excellent geographical location on the Jagiellonian trade route leading from the Black Sea to the west of Europe. The economic boom occurred in Lublin in the second half of the 19th century. The first manufacturing plants, factories and other works appeared in the city, and Lublin became one of the most important industrial centres of the Polish Kingdom. One of the most important plant of that time was the factory of Plage and Laskiewicz producing steam boilers, and after World War I, also aircraft and bodies for passenger cars and buses. In 1864, Wacław Moritz and Mieczysław Wolski founded a factory for the production of agricultural machines and tools. It was also in Lublin, that the largest scales factory in Poland, founded by Wilhelm Hess, started its production before World War I. The products of the tannery of the Domanski brothers were highly regarded and won prizes at international exhibitions. Due to the agricultural character of the region, not only production but also food processing developed in Lublin. Mills, sugar and malt production, breweries—those were the main trends of Lublin's developing industries shaped and financed primarily by local Protestant Lutherans.

During the Second Republic period, in the years 1936–39, Lublin was included in the Central Industrial Area and became one of its important centres. In 1936, the production of modern Mewa, Żubr and Czapla aircraft started in the Lublin Aircraft Factory. The intensive industrialization of the inter-war period was accompanied by investments in the area of electrification and communication, which were interrupted by the outbreak of World War II. The first post-war witnessed the reconstruction of the city destroyed by the war and occupation. The nationalization of industry resulted in the closure of companies known for generations. New ones were established in their place, such as the Lublin Printing Plant, the Lublin Automobile Repair Plant and the Agricultural Machines Plant. In the 1950s, the Truck Factory was launched here which was specializing in the production of vans (including popular models such as FSC Żuk and FSC Lublin). With the annual production of more than 10 000 trucks, it was one of the largest automotive plants in Poland. In the years 1995 to 2001, the South Korean company Daewoo Motors produced here such models as Nexia, Lublin, Musso, Corrado, as well as Honker military pick-up trucks.



## Economic multifunctionality of the city

### Business Process Outsourcing (BPO/SSC)

The academic potential of Lublin and the constant development of office and transport infrastructure indicate the potential of Lublin in the field of up-to-date business services. At present, service centres located in Lublin employ more than three and a half thousand persons, of whom a majority work for companies with foreign capital specializing mainly in contacts with customers and financial and accounting processes. The globally recognizable companies that opened their business services centres in Lublin include Genpact, Orange and Convergys. The city also houses offices of customer service centres of PKO Bank Polski, Alior Bank, Warta and Proama that are leaders in the Polish market of financial services.

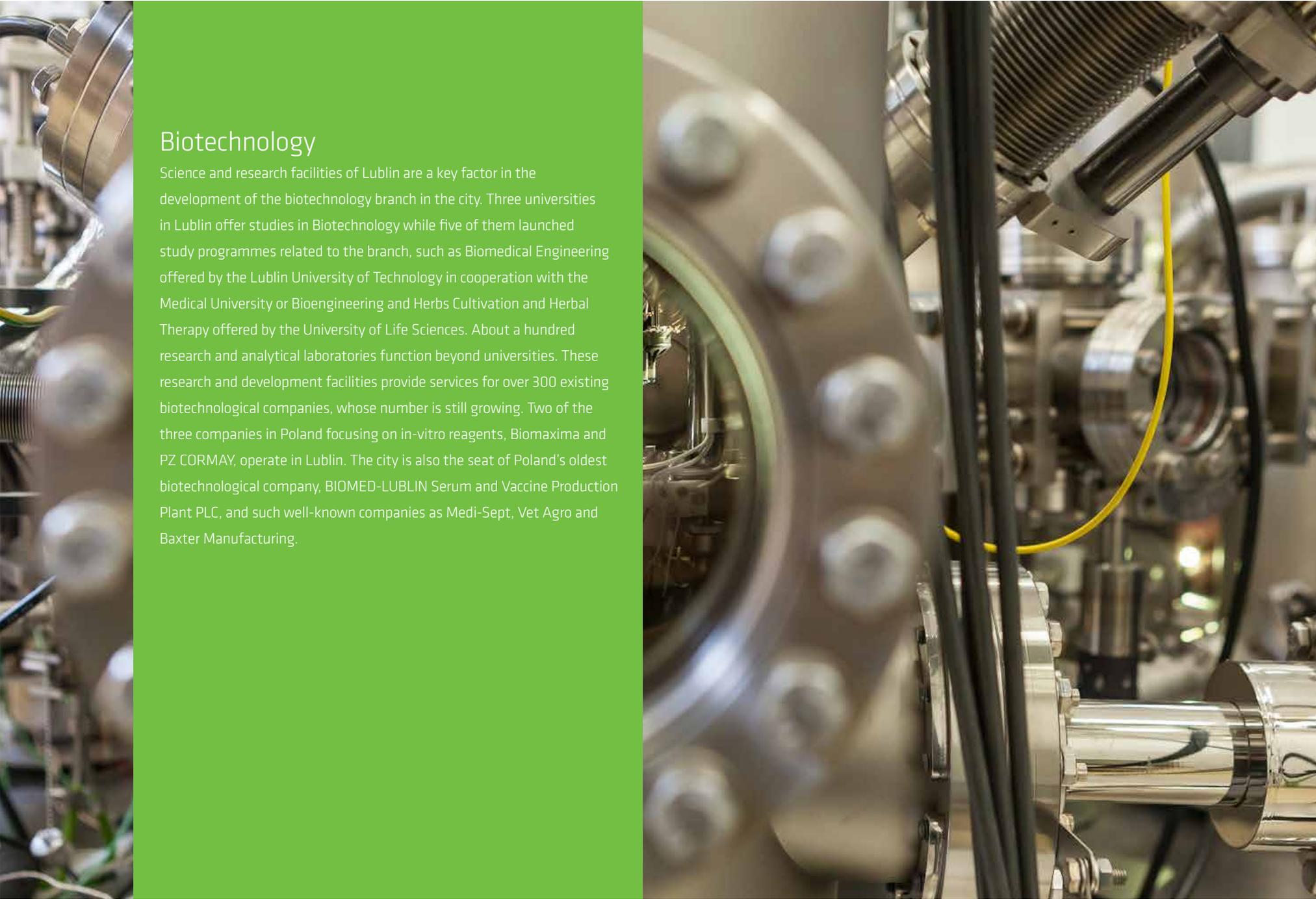
### IT and telecommunications

More than 750 companies of the IT and telecommunications sector function in Lublin. The overwhelming majority of them are micro- and small enterprises that employ, in total, 1 400 people. In turn, more than 50 large and middle companies operating in the city have 1 400 employees. These companies annually create some 400 new jobs, which shows their dynamic development. The strength of Lublin-based IT companies lies in the diversity of goods and services they offer. Here you will find firms specializing in software for hospitals, banks, insurance and pharmaceutical

companies or the energy industry. Major representatives of the sector in Lublin include Asseco Business Solutions, eLeader, SIM Ltd, and CompuGroup Medical Polska. Among the recently established companies, worth mentioning are Comarch, Mobica, Sii, Simple, Transition Technologies, and Sollers Consulting.

### Food processing industry

Being the capital of an agricultural region, Lublin, is one of the largest centres of food processing industry in Poland. It is here that as many as 35 percent of Polish food is produced. The Lublin Voivodship is Poland's leader in cultivating hop, tobacco, berries and berries, notably blueberries, as well as the largest supplier of raspberries, currants and gooseberries. The region holds the second place in Poland in terms of the total area of orchards and the scale of cultivation of grains. Furthermore, more than two thousand farms operating here produce certified organic food. Lublin's most recognizable products include sweets produced by Solidarność, herbal teas and syrups made by Herbapol, meads manufactured by Apis, as well as pasta characteristic of Lubella. Such popular brands as Perła and Stock originated in Lublin, too.

The image features a close-up, shallow depth-of-field shot of industrial machinery, likely a bioreactor or pharmaceutical manufacturing equipment. The foreground is dominated by a large, circular metal flange with several bolts, which is out of focus. In the background, various pipes, valves, and mechanical components are visible, some in sharper focus. A prominent yellow cable runs vertically through the scene. A solid green rectangular overlay covers the left side of the image, containing white text. The overall lighting is bright and clinical, typical of a laboratory or industrial setting.

## Biotechnology

Science and research facilities of Lublin are a key factor in the development of the biotechnology branch in the city. Three universities in Lublin offer studies in Biotechnology while five of them launched study programmes related to the branch, such as Biomedical Engineering offered by the Lublin University of Technology in cooperation with the Medical University or Bioengineering and Herbs Cultivation and Herbal Therapy offered by the University of Life Sciences. About a hundred research and analytical laboratories function beyond universities. These research and development facilities provide services for over 300 existing biotechnological companies, whose number is still growing. Two of the three companies in Poland focusing on in-vitro reagents, Biomaxima and PZ CORMAY, operate in Lublin. The city is also the seat of Poland's oldest biotechnological company, BIOMED-LUBLIN Serum and Vaccine Production Plant PLC, and such well-known companies as Medi-Sept, Vet Agro and Baxter Manufacturing.

## Renewable energy

The environmental conditions of the Lublin Voivodship are a positive factor in the development of the renewable energy industry. The annual average of solar radiation in the region amounts to 1200 kWh/m<sup>2</sup>, while in the most parts of the country it is no more than 1000 kWh/m<sup>2</sup>. This provides perfect conditions for the development of companies operating in the field of renewable energy. Examples of best practices in this area include, among others, such companies as Watman, a manufacturer of small household turbines and solar panels, and AG Metal Poland that manufactures next-generation photovoltaic cells. The academic background provides support for the development of business as well. Scientists of the Lublin University of Technology focus in their research on using biogas as an alternative fuel and analyze the technological aspects of producing thin-layer photovoltaic cells. Mention should also be made of the Lublin Eco Energy Cluster comprising as many as 37 entities.

## Logistics

Lublin's main advantage in the development of the logistics sector is its geographical location and the close vicinity of Eastern European countries. Equally significant are local universities with the annual number of more than two thousand students studying Transport and Logistics, as well as the dynamics of road investments in Lublin. While Lublin Airport is constantly developing its network of connections, plans are underway to build a cargo terminal. Ten logistics centres currently operate in Lublin. The largest areas are occupied by the centres of the Eurocash Group (17 000 m<sup>2</sup>), Poczta Polska (17 500 m<sup>2</sup>) and the Raben Group (16 200 m<sup>2</sup>). There exist also 13 warehouse buildings, totalling more than 50 000 m<sup>2</sup>. Millenium Logistics Park (54 000 m<sup>2</sup>) is under construction on the territory of the economic zone, the Vettors Logistics Centre (6 000 m<sup>2</sup>) and the logistics centre initiated by the Wikana company (13 000 m<sup>2</sup>) are in preparation as well. In the long run, such an intensive infrastructure development will translate into the development of the branch and have its effect on creating new jobs.



## Automotive industry

Today's Lublin is a powerful centre of automotive and machine-building industry. Local enterprises produce, among others, tractors and trailers, cars, fuel tanks, engines, springs, leaf springs, as well as other auto parts produced by drop-forging, casting and machining work. This kind of industry finds strong support in high-level technical and infrastructure facilities and qualified staff recruited mostly among the Lublin University of Technology graduates. More than ten thousand students study subjects related to the industry. The longstanding traditions of automotive industry are now being renewed, while machine-building industry is developing dynamically as well. The most recognizable manufacturers of machines include Ursus, Sigma and Sipma, while Inergy Automotive Systems Poland, ABM Greiffenberger, Daewon Europe and MW Lublin are the most distinguished manufacturers of auto parts



## Real estate market

### Office space

The first modern office space facilities appeared in Lublin in the years 2001–2003, when the first projects with total area of about 23 300 m<sup>2</sup> entered the market. As the service sector developed in the city, new office facilities were gradually constructed mainly by local developers. In total, more than 24 300 m<sup>2</sup> were completed in 2013, which was the highest value ever achieved in Lublin. With the total area of office space Lublin equaling 139 800 m<sup>2</sup>, the city is ranked 9th in Poland and holds the leading position in the eastern part of the country.

### Hotel market

According to the data provided by the Ministry of Sport and Tourism of the Republic of Poland, 23 hotels operated in Lublin as of the end of the second quarter of 2014, including one 5-star hotel, three 4-star ones, fifteen 3-star ones, two 2-star ones and two 1-star hotels. Nine new hotels entered the market within the last three years. The recently completed investments include Hotel Alter, the first 5-star accommodation in Lublin, located in an ancient tenement house in the Old Town. The 3-star Wieniawski Hotel to be located in the downtown area is under construction. The opening of the airport and the economic recovery in the region have translated into the increase in the number of overnight stays of foreigners, which in 2012 constituted 32% of the total number of overnight stays. In 2011, the occupancy rate in Lublin's hotels was the highest among cities with comparable populations, reaching the level of 52.5%.

### Retail space

Equally intense is the development of retail space market with the gross leasable area of 360 000 m<sup>2</sup> (as of April 2014). This means that Lublin offers 794 m<sup>2</sup> of retail space per 1 000 inhabitants, while the average index for cities with populations between 200 000 and 400 000 is now 576 m<sup>2</sup>. Similarly, the city is at the leading position in the segment of shopping centres with 642 m<sup>2</sup> of shopping centre space per 1 000 inhabitants. The average for cities with comparable populations is 472 m<sup>2</sup>. The opening of new malls, the Tarasy Zamkowe shopping and entertainment centre and the City Outlet centre with the total area of 50 100 m<sup>2</sup> will strengthen the position of Lublin at the top of the ranking.

### Housing market

According to the Central Statistical Office of Poland, in 2012 the residential market in Lublin included almost 142 thousand housing units with a total useful floor area of over 8 500 000 m<sup>2</sup>, which means about 408 housing units per 1 000 inhabitants. The average apartment area was estimated 59.8 m<sup>2</sup>. The annual supply of new apartments in Lublin has averaged around 1 700 within the last eight years. In 2013, the number of apartments completed reached a record-high 2 358. At the same time, the city is going to provide new areas for housing developments, especially in the eastern and northern districts. Taking into consideration the projects currently under development, average asking prices for apartments in shell and core condition range from 4 000 to 6 000 Polish zlotys per m<sup>2</sup>.



**139 800 m<sup>2</sup>**

Modern  
office space



**3,5 - 4 €/m<sup>2</sup>**

Przeciętna stawka najmu  
powierzchni magazynowo produkcyjnej



**11 - 12 €/m<sup>2</sup>**

Average rate  
for office space



**360 000 m<sup>2</sup>**

Gross  
leasable area



**2%**

Percentage of unused  
retail space



**1700**

Average annual supply  
of new apartments



**4711 zł/m<sup>2</sup>**

Average annual supply



**21**

Number of hotels



**52,5%**

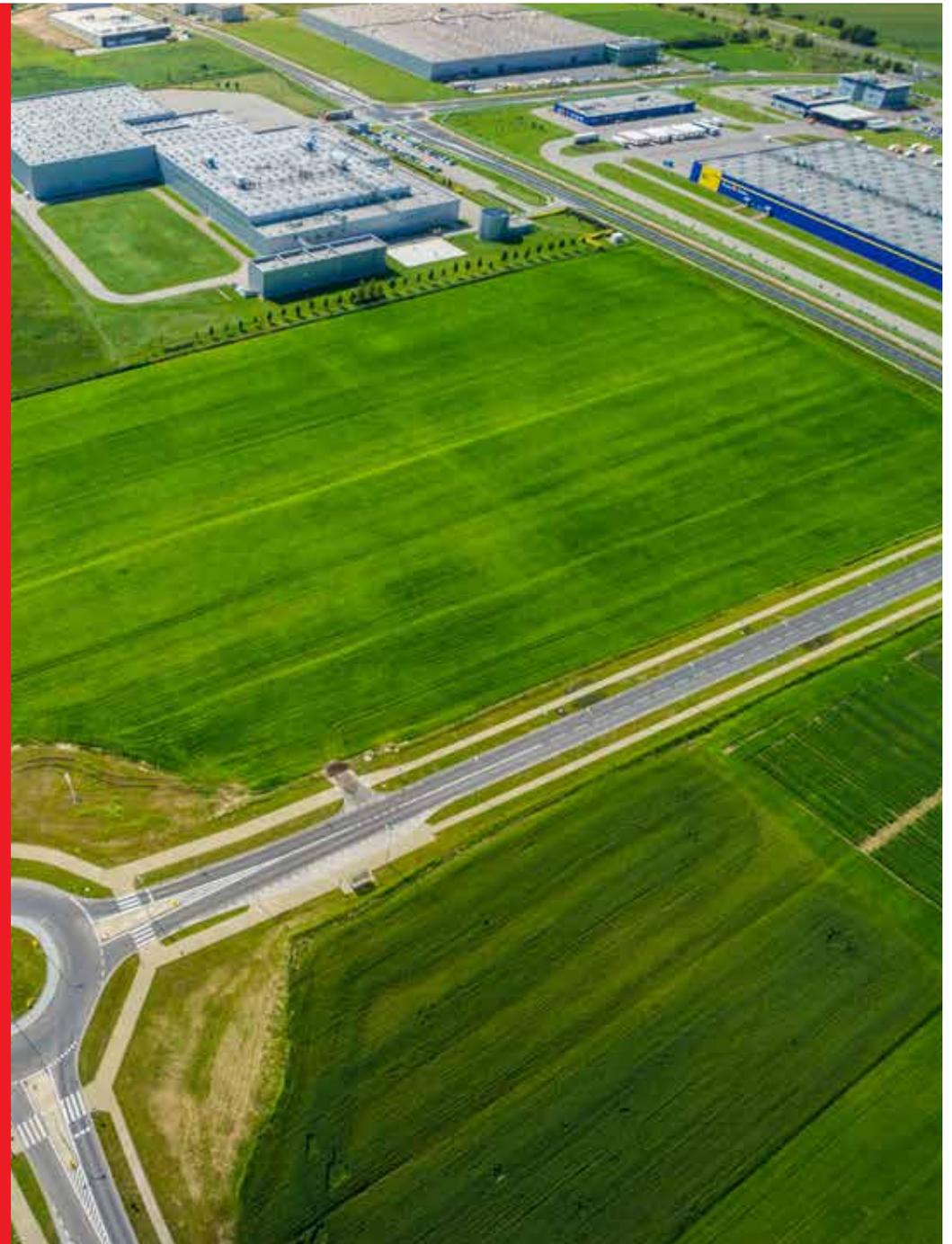
Occupancy rate

## Economic zone

The Lublin Sub-zone is an integral part of the EURO-PARK MIELEC Special Economic Zone managed by the Industrial Development Agency – Branch in Mielec. The Lublin Sub-zone includes the areas located in the south-eastern part of the city, close to Witosa Avenue, in the vicinity of the ring road of Lublin under construction, transport hub of the Expressway S-17 and Lublin Airport. At present, the sub-zone occupies the total area of 116 ha that are included in the current Local Spatial Development Plan as economical activity areas and are prepared for development.

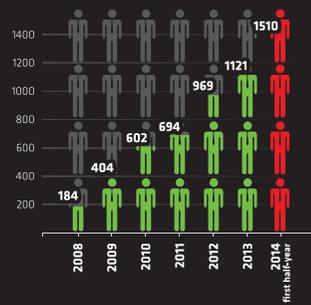
On the basis of the Permit issued by the Minister of Economy, entrepreneurs who undertake activities on the territory of the Lublin Sub-zone included in the EURO-PARK MIELEC Special Economic Zone is eligible for public aid, which is a regional aid, in the form of corporate income tax exemptions (PIT/CIT). The public aid is granted with regard to investment expenses or creation of new jobs.

The Lublin Sub-zone currently covers 116 ha of fully-improved land. Due to the high interest of investors, the city's authorities plan to expand the sub-zone's territory up to 198 ha in the coming years. This will probably be the last chance for investors to receive regional aid at that level, still amounting in the Lublin Voivodship to 50 to 70 percent, unlike in the central and western regions of Poland.

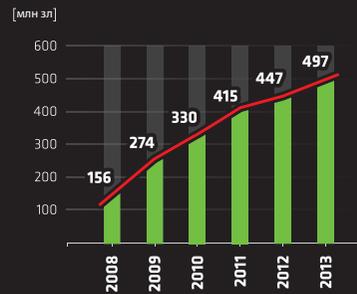




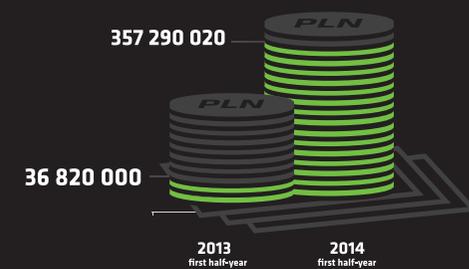
permits issued



jobs in 2008-2014



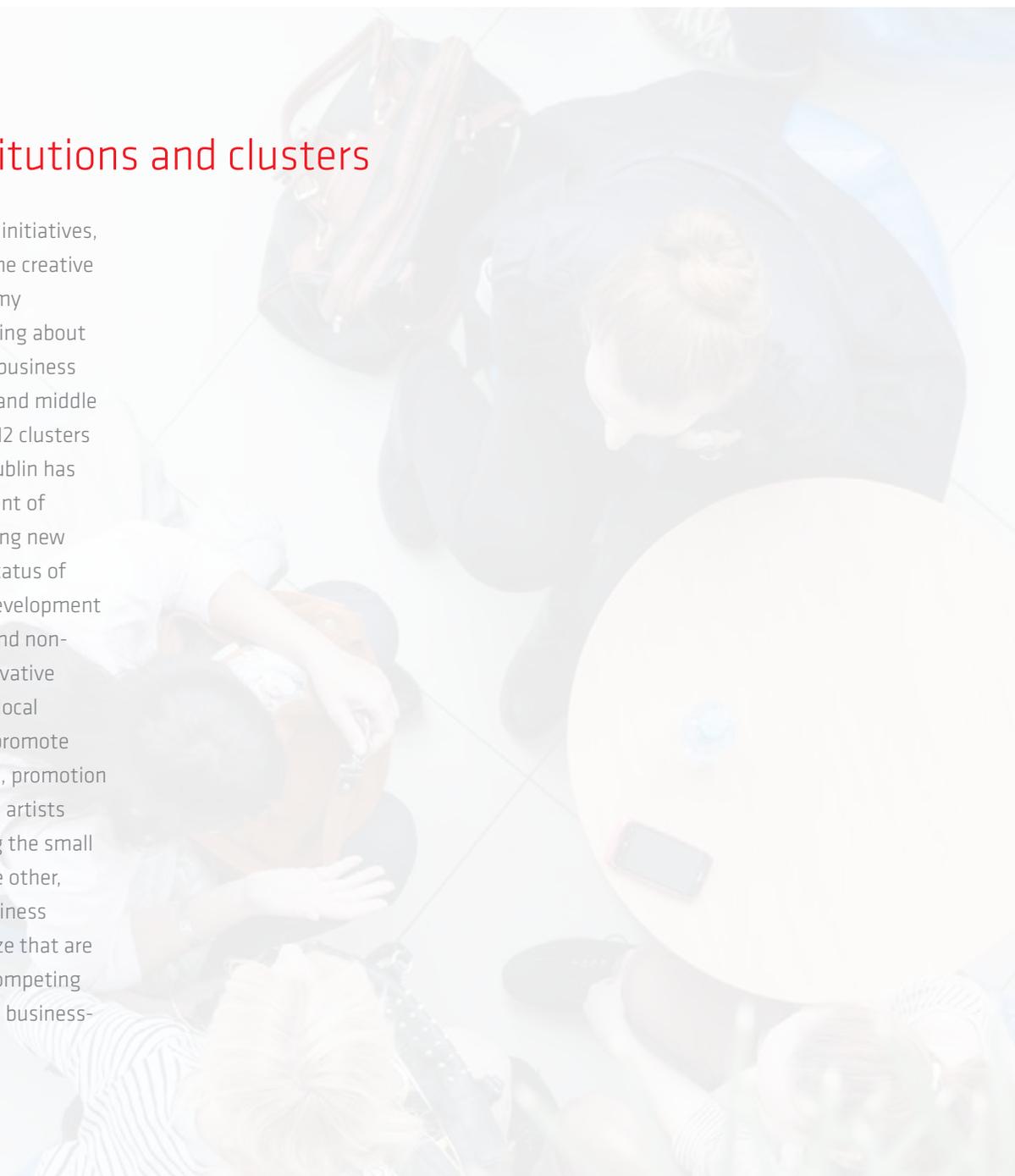
investment value in 2008-2013



investment costs declared by investors

## Business environment institutions and clusters

Lublin effectively supports talents, organizations and initiatives, helping to build a network of connections that form the creative and social capital which is the basis of a stable economy development. Already six business incubators embracing about 80 companies operate now in the city. As many as 16 business environment institutions provide assistance to small and middle enterprises. More than 520 entities cooperate within 12 clusters and cluster initiatives. A local TED committee, TEDxLublin has been established, which works for the self-development of young and ambitious people who are interested in using new technologies. More and more companies obtain the status of a research and development centre. Along with the development of coworking infrastructure, new creative industries and non-trivial start-ups emerge. The active promotion of innovative ideas under various projects increases the chances of local companies to find investors or partners and helps to promote a business-friendly image of Lublin. At the same time, promotion of unconventional initiatives integrates businessmen, artists and academic circles. The city builds a network among the small and creative, on one hand, and the big and rich, on the other, through activities in many spheres. The emerging business community brings together companies of different size that are united by the idea of competitive cooperation, both competing and cooperating with each other and jointly creating a business-friendly atmosphere in Lublin.

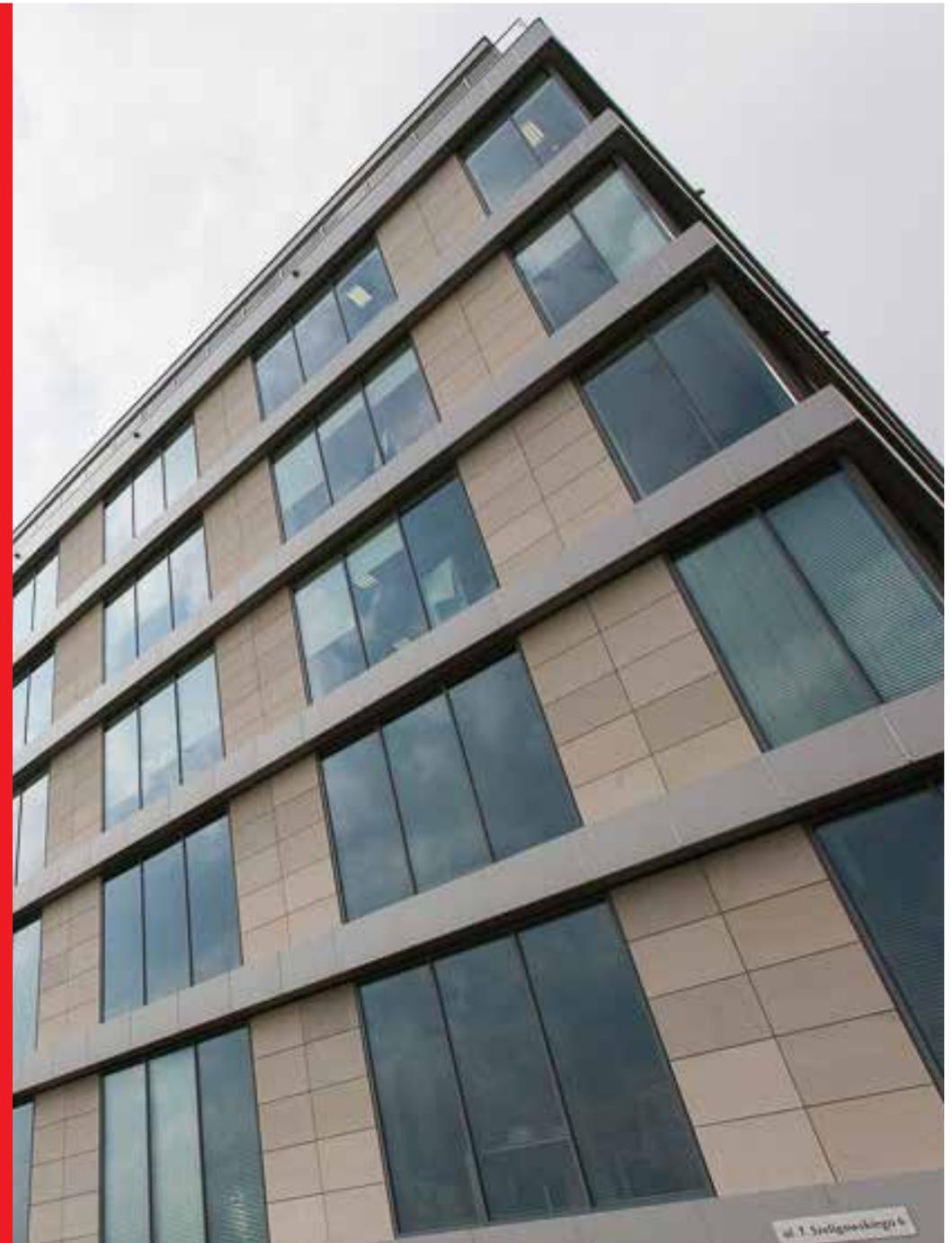




## Investors' service

To facilitate access to information and directly support investment processes, the Investors's Service team provides assistance to companies interested in developing their activities in Lublin. The team's main tasks are the promotion of the city's economic potential and active support of providing services to domestic and foreign investors including:

- establishing relations between investors, on one hand, and the city and its services, on the other,
- consulting in choosing areas for investment,
- information services concerning exemptions and incentives for investors, taxes and local charges, etc.,
- consultancy and assistance through the whole process (starting from planning the location up to the end of the investment process),
- cooperation with investors in the process of applying for permissions and permits which are required by law,
- cooperation with investors in obtaining permissions and permits required by law from technical infrastructure providers, which is necessary in the process of investment planning and realization.



ul. 1. Świągockiego 6



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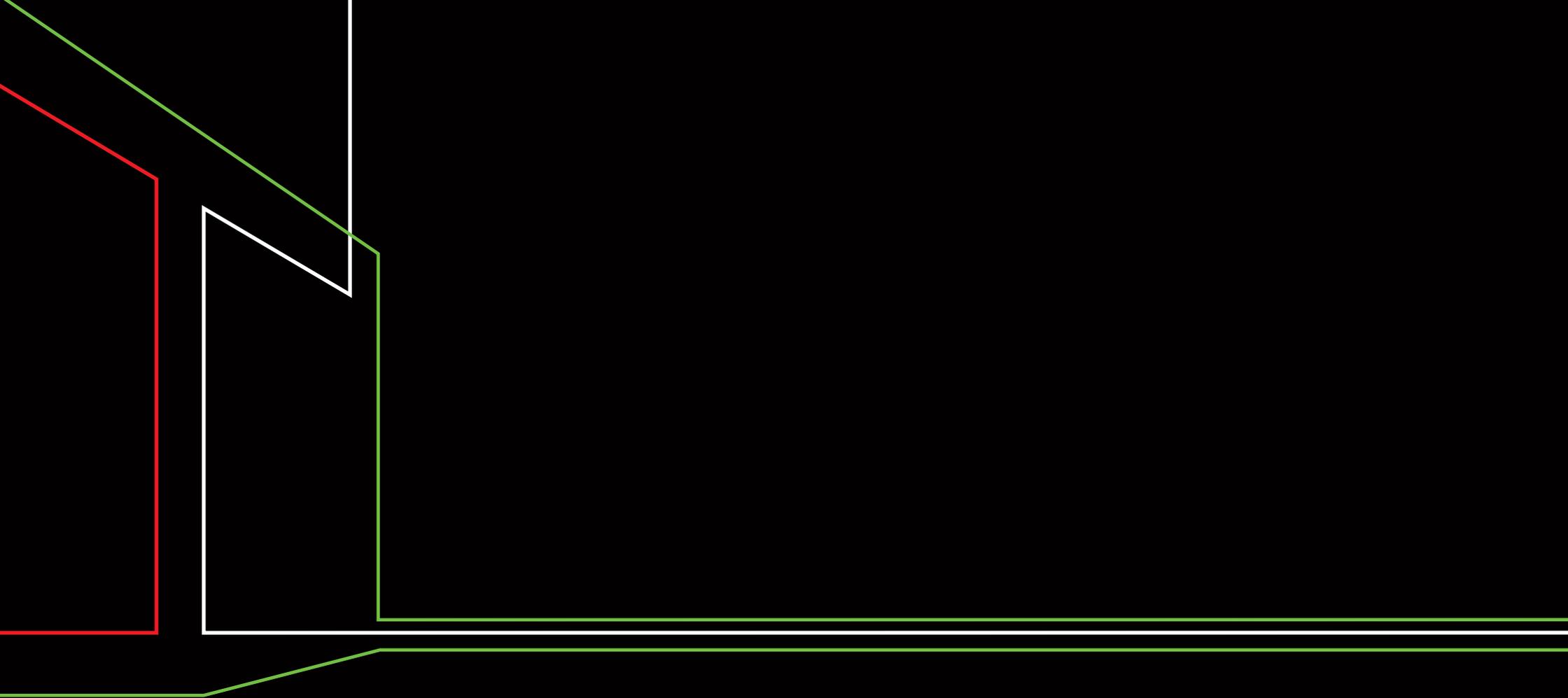
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