

# ŁÓDŹ

## DEVELOPMENT POTENTIAL OF THE CITY AND POSSIBILITIES OF GROWTH



# REPORT

City Strategy Bureau, The City of Łódź  
JULY 2017





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## CHARACTERISTICS OF THE CITY

Łódź is a special city, both from the genetic and functional point of view. It is a city of very strong industrial roots, based on the light industry. Its sudden growth took place in the 19th century, when it transformed from an agricultural village with less than 800 inhabitants into an industrial centre known all over the Kingdom of Poland and having nearly 300 thousand residents, and became one of the most dynamically-developing cities in the world in those days. Today, Łódź, following a difficult period of economic and political transformation of Poland, is, regarding the number of residents, the third city in the country, after Warsaw and Krakow (as at the end of 2016 - 696.5 thousand residents) and one of five metropolises with a population of more than 500 thousand.

Traditional and historical entrepreneurial skills of the residents of Łódź and their consistent modernisation activities have contributed to the achievement of a balanced and diversified economy. Today, Łódź has solid grounds for modern development, and the emerging creative industries create opportunities for reaching the level of other largest cities in Poland. Łódź is a strong metropolitan, academic, and cultural centre, with a significant potential for manufacture, services, as well as research and development in the logistics, home appliance industry, and IT industry.

Moreover, Łódź has been recognized as one of the leaders among centres dedicated to modern business services and high technologies.

In 2015-2016, 37 companies from the business services industry opened their offices in Łódź or decided to extend their activities and implement another project in the city, declaring the intention to create 4000 jobs. In the same period, 31 companies from the manufacture and logistics industry (new investments and reinvestments) declared the intention to create approx. 3500 jobs.

According to the ABSL report for 2017, Łódź is among the top three cities with the highest percentage increase in employment in the business service industry from the 1st quarter of 2016 to the 1st quarter of 2017. In Łódź, there are 71 BPO/SSC, IT, and R&D centres, and the number of all employees of those centres exceeds 19,000. What is more, Łódź is distinguished by considerable number of reinvestments, both in the case of manufacturing companies, as well as modern business services industry. According to the report mentioned above, Łódź was awarded the top ranking regarding the cooperation with local authorities. The cooperation with local universities was rated very high as well.

**We are trusted by well-known international companies,** such as Fujitsu Technology Solutions, Accenture, DHL Express, SouthWestern BPO, Nordea Operations Centre, Hewlett-Packard, ACS a Xerox Company, Dell, Procter&Gamble, Amcor, Hutchinson, Indesit, B/S/H or Barry Callebaut Manufacturing Poland and others.

### SELECTED SSC COMPANIES

- |                     |               |
|---------------------|---------------|
| 1 CLARIANT SERVICES | 5 NORDEA BANK |
| 2 FLINT GROUP       | 6 PHILIPS     |
| 3 MCCORMICK         | 7 TAKEDA      |
| 4 MBANK             | 8 TATE&LYLE   |

### SELECTED IT COMPANIES

- |             |            |
|-------------|------------|
| 1 ATOS      | 7 GFT      |
| 2 ASSECO    | 8 MOBICA   |
| 3 COMARCH   | 9 TOMTOM   |
| 4 CYBERCOM  | 10 SII     |
| 5 ACCENTURE | 11 FUJITSU |
| 6 ERICSSON  |            |

### SELECTED LOGISTICS COMPANIES

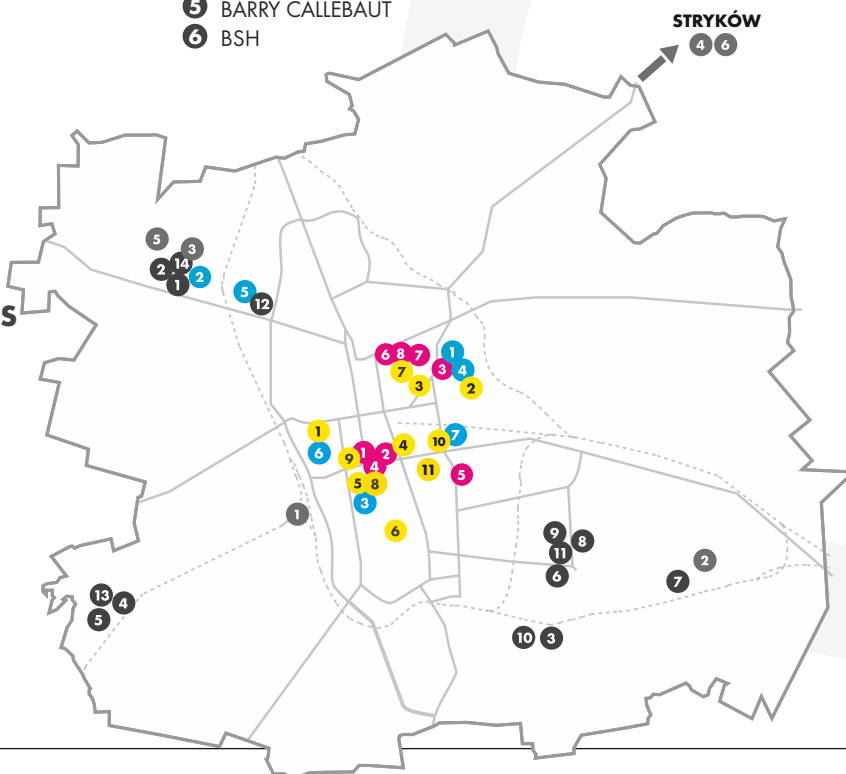
- |               |            |
|---------------|------------|
| 1 DB SCHENKER | 4 RABEN    |
| 2 FLEX        | 5 ROSSMANN |
| 3 HATTRANS    | 6 UPS      |

### SELECTED BPO COMPANIES

- |                              |          |
|------------------------------|----------|
| 1 CAPITA                     | 6 TELMON |
| 2 CERI INTERNATIONAL         | 7 MELLON |
| 3 HPE                        |          |
| 4 INFOSYS                    |          |
| 5 BUSINESS SUPPORT SOLUTIONS |          |

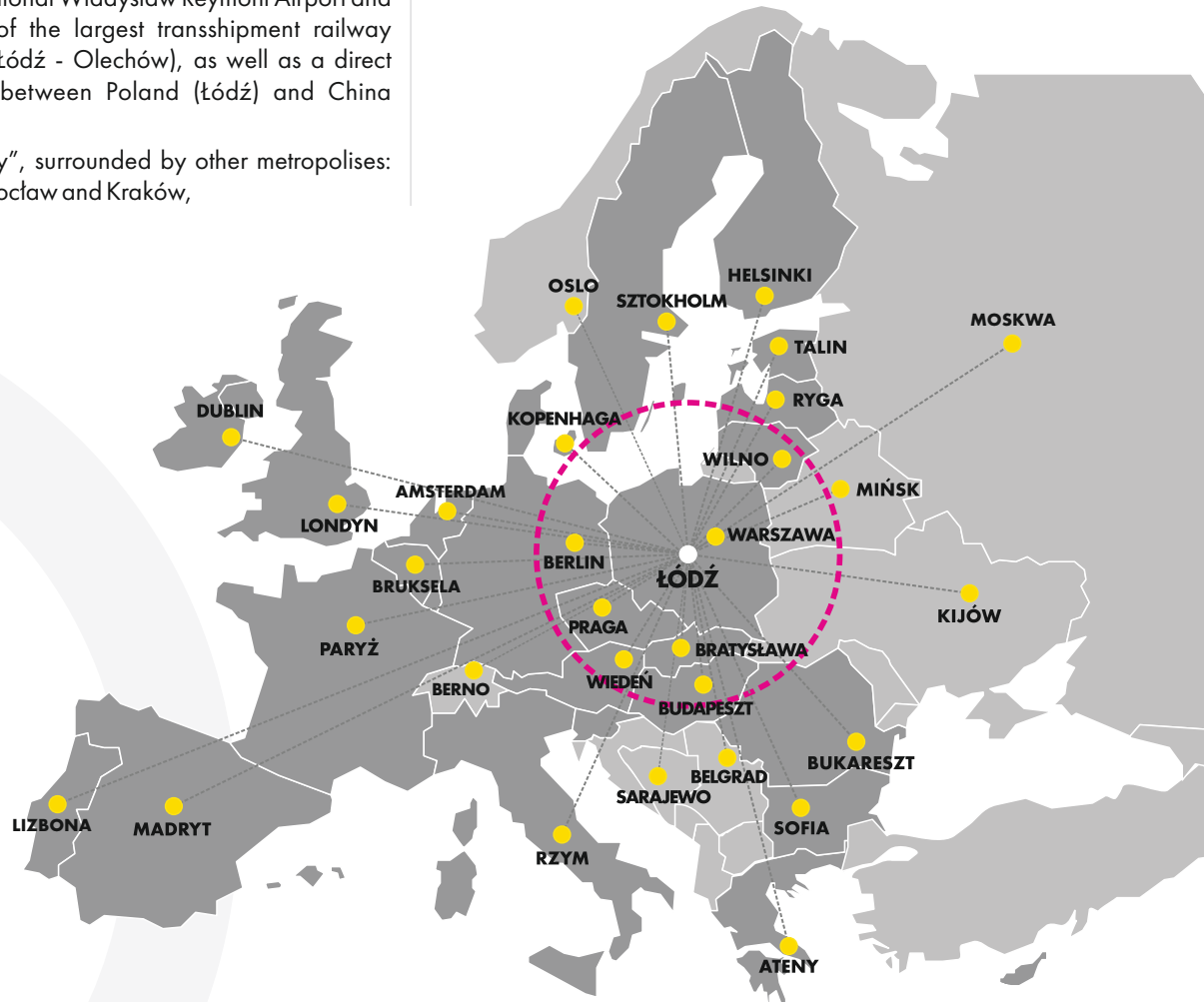
### SELECTED MANUFACTURING COMPANIES

- |                   |                  |              |
|-------------------|------------------|--------------|
| 1 ABB             | 7 DELL           | 11 WHIRLPOOL |
| 2 AMCOR           | 8 DRAHTZUG STEIN | 12 PELION    |
| 3 ASCO NUMATICS   | 9 GE             | 13 P&G       |
| 4 AUGUST FALLER   | 10 HUTCHINSON    | 14 SUPERDROB |
| 5 BARRY CALLEBAUT |                  |              |
| 6 BSH             |                  |              |



## THE CHIEF ASSETS OF ŁÓDŹ ARE THE FOLLOWING:

- central location - the city is located at the junction of A1 and A2 motorways, S8 express road, and the future western S14 ring road. Due to modernization and construction of roads, it is possible to travel from Łódź to Warsaw in less than 1.5 hours, and to Berlin in approx. 4 hours,
- location of the international Władysław Reymont Airport and the vicinity of one of the largest transshipment railway terminals in Poland (Łódź - Olechów), as well as a direct railway connection between Poland (Łódź) and China (Chengdu),
- Łódź is a "middle city", surrounded by other metropolises: Warsaw, Poznań, Wrocław and Kraków,
- the developing transport infrastructure that provides easy access to the largest business centres in Poland and Europe,
- extensive academic facilities and competitive costs of conducting business activity.



Łódź concentrates larger part of the demographic potential (more than 60% of the population of the Łódź Metropolitan Area of approx. 1.1 million residents), as well as the economic potential (70% of business entities of the ŁMA). The city fulfils a number of functions of at least a regional scale. Łódź can be distinguished by a high (approx. 60%) share of people in the working age (men aged 18-64 and women aged 18-59), which, combined with a large number of students, constitutes a social and economic potential for highly-qualified employees in the labour market. Thanks to the Łódź Agglomeration Railway and strong connections between cities, Łódź has access to large resources of employees from the whole region – **nearly 1.5 million people within a radius of 30 km.**

**Positive migration balance, that is approx. 700 people a year in the most significant age group (20-29) reflects the social and economic development of Łódź.**

Young people well know that the largest global companies, such as recently Airbus, locate their production as well as research and development centres in our creative city.

**As at the end of 2016, there were nearly 93 thousand economic entities operating in Łódź, that is nearly 500 more than in 2015, which placed Łódź fifth, just after Warsaw, Kraków, Wrocław, and Poznań. The average employment in the corporate sector in December 2016 was 120.0 thousand people. In comparison to the level observed in December 2015, it increased by 2.7%.**



## DEMOGRAPHY

Long-term demographic changes and the emergence of permanent low interest in having children lead to the reduction of population, mainly in the largest cities. If we look at the last 50 and the next 35 years, we can see that, apart from Warsaw, all large Polish cities, including Łódź, have faced or will face a moment when their population started or will start to decrease.

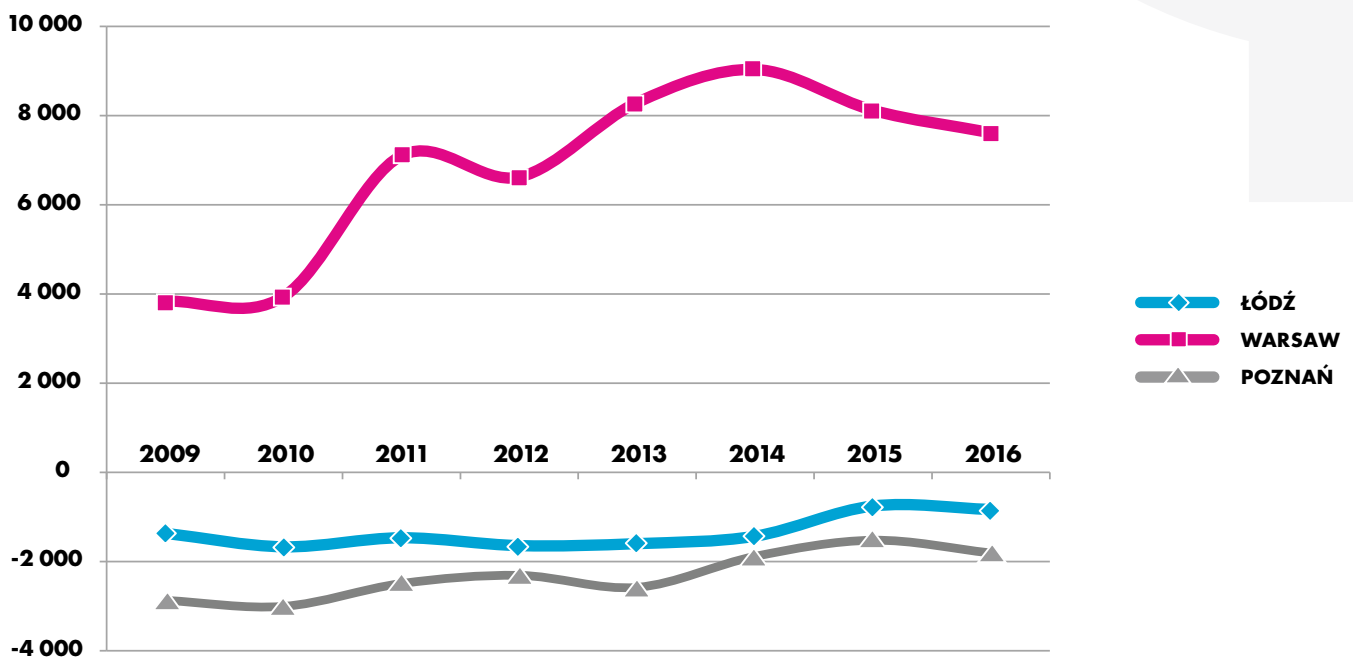
**The population of Łódź in 2000 - 2016 dropped by approx. 100 thousand, mainly as a result of natural decrease (80% difference between the number of births and deaths).**

The monoculture of the textile industry, negatively affecting natural and social environment, has already been overcome (diversification of the economy) and Łódź does not differ significantly in terms of the diversity of the employment structure from other Polish cities. It is also making up intensively for structural deficiencies in the level of education of its residents (estimate growth of the share of people with higher education from 14 to 22% in the last inter-census period – the decade after 2000), which has a significant influence on lifestyle changes and translates directly into lengthening of the average life expectancy, and a decrease in mortality rates in the future.

Łódź has been distinguished by a slight negative net migration (20% of the negative demographic growth, that is approx.

1500 people/year in total), starting from 2000. The main direction of migration are the suburban areas of Łódź (the poviats forming the Łódź Metropolitan Area – within 30 km around Łódź). Generally, nearly 70% of the migration from the city is connected with settling within the ŁMA, and only small part of the number of emigrants, that is 7.2% on average, move to Warsaw, the main migration destination in the country. Therefore, suburbanisation has a definitely greater impact on the process of migration than the actual escape from the Łódź labour market and Łódź settlement space. Even stronger intensity of that phenomenon has been recently observed in Poznań, a well-developing city. The net migration rate for Poznań is one of the most negative in Poland (- 4.7‰), but it is also the reason for continuous growth of the population of the metropolitan area of the city.

**GRAPH 1. NET MIGRATION RATE FOR ŁÓDŹ, POZNAŃ, AND WARSAW IN PERSONS**



Source: Own study based on data from the Central Statistical Office of Poland

**TABLE 1. NET MIGRATION RATE (IN PERSONS) FOR ŁÓDŹ, POZNAŃ, AND WARSAW IN 2009-2016**

| YEARS         | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015    | 2016   |
|---------------|--------|--------|--------|--------|--------|--------|---------|--------|
| <b>ŁÓDŹ</b>   | -1 367 | -1 669 | -1 467 | -1 643 | -1 598 | -1 431 | -755*   | -832*  |
| <b>WARSAW</b> | 3 837  | 3 940  | 7 102  | 6 623  | 8 293  | 9 033  | 8 118*  | 7 615  |
| <b>POZNAŃ</b> | -2 871 | -3 005 | -2 493 | -2 310 | -2 578 | -1 884 | -1 522* | -1 808 |

Source: Own study based on data from the Central Statistical Office of Poland (\*-lack of data concerning international migration)

The age structure of people coming to Łódź and leaving Łódź, despite the fact that the net migration rate is negative as a whole, does not lead to a reduction in the human capital of the city. People aged 20-29 are the most numerous group among those who come to Łódź to stay here permanently, and their share in the general volume of migration inflow is stable over time and constitutes approx. 40%. People aged 30-39 are also a very active group in this regard; their share in the migration inflow amounts to more than 20% and is increasing. Children aged 0-9 are an important group among people coming to Łódź; their

number amounts to 10% of all immigrants, and their share is growing year by year. The most important fact is that Łódź has been characterised by a positive net migration rate for years now, as far as the group of people aged 20-29 is concerned. In 2013, the inflow rate in this group was more than 700 people, that is by 200 people more than in the preceding year (500). In total, in 2008-2013, due to that migration, the city's resources of the most active young residents increased by more than 3.3 thousand people.



## ŁÓDŹ COMPARED TO EUROPE, POLAND, AND THE VOIVODESHIP - MACROECONOMIC INDICATORS

Łódź is located in the heart of the European continent. Among the capital cities of Poland's neighbouring countries, from Łódź, in a straight line, it is the closest to Prague – 399 km, and Berlin – 422 km. Apart from the two mentioned above, there are also other 3 European capitals located within the distance up to 500 km from Łódź: Bratislava, Budapest, and Vienna.

With regard to the size of the population, Łódź is the third largest city in Poland. As at the end of December 2016, the population of the city amounted to 697 thousand people, and, in comparison to the previous years, it had dropped slightly. Decrease in population is typical of the whole country; in 2016, its population amounted to 38.4 million people.

Łódź is a multifunctional city dominated by the service sector, which employs more than 70% of all employees. The most important services addressed to the residents of the whole metropolitan area include: education activity (secondary and higher education), healthcare, functioning of cultural facilities (theatres, museums) and entertainment facilities, as well as public administration institutions (above all, combined and non-combined administration offices at the voivodeship level). As far as the services stretching beyond the area of Łódź are concerned, the supreme role of the so-called professional activity should be emphasized, including, above all, the design, research, legal, and banking activity, as well as the activity regarding widely understood outsourcing services (the so-called BPO sector);

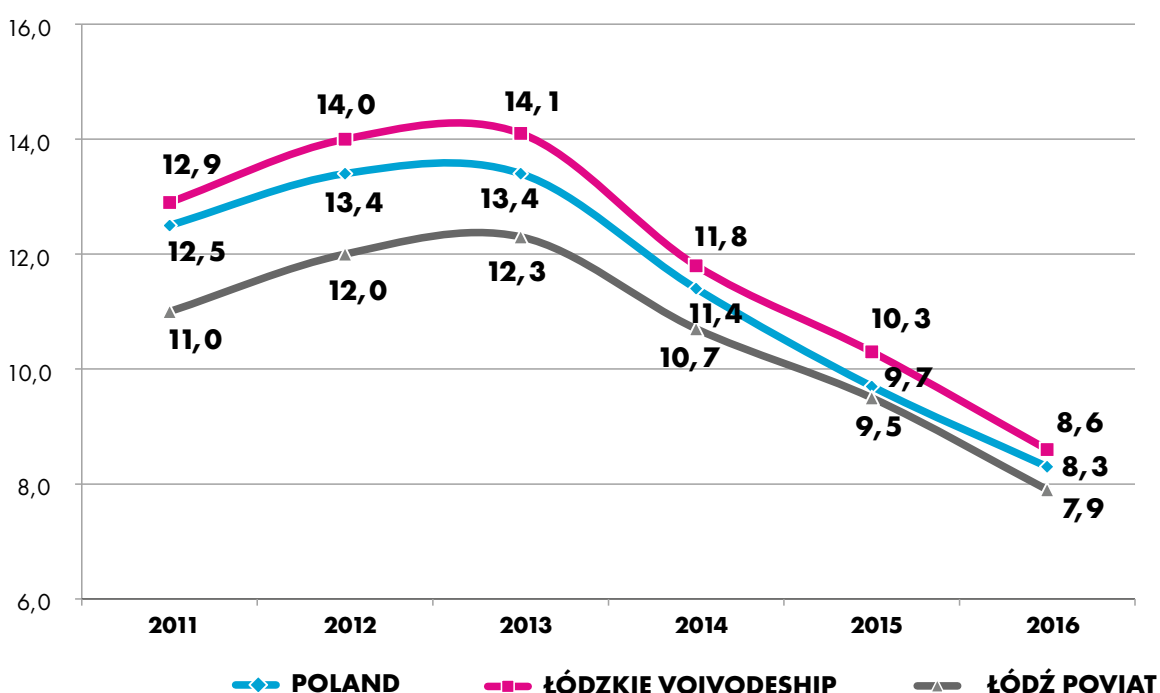
85% of such companies located within the Łódź Metropolitan Area have their offices in Łódź.

According to the most recent data from the Central Statistical Office, in 2014, Łódź generated PLN 39.5 billion of the **gross domestic product**, which gave 2.3% of the country's GDP.

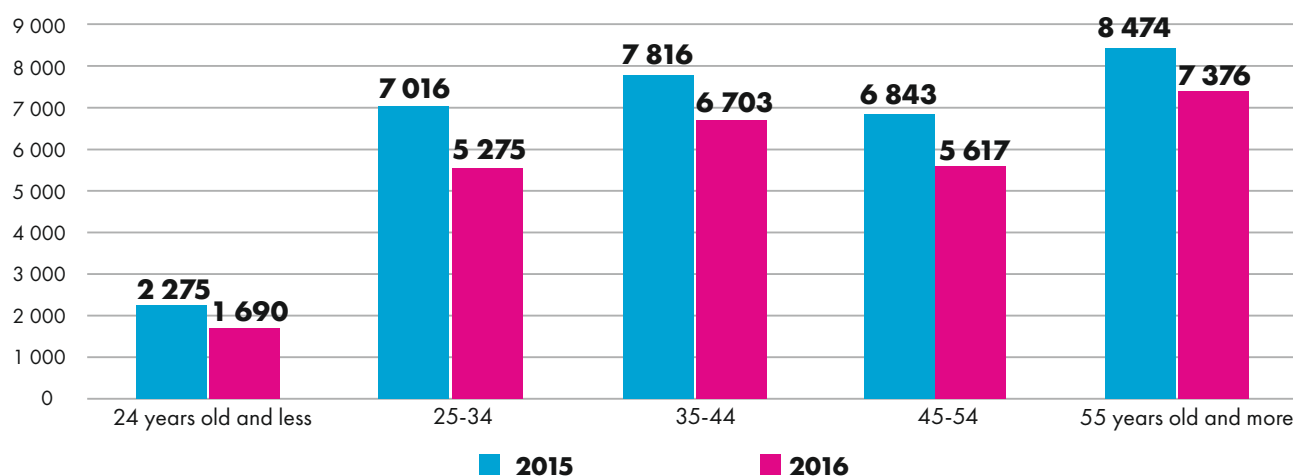
The **unemployment rate** registered in Łódź at the end of December 2016 amounted to 7.9% and was lower than a year earlier by 1%. In December 2016, the unemployment rate decreased also on the voivodeship, as well as national level. Compared to the unemployment rate in Poland and in the Voivodeship, the unemployment rate in Łódź is lower by 0.4% and 0.7%, respectively. As far as the number of unemployed in 2016 is concerned, the value dropped by 17% compared to 2015. The decrease in the number of unemployed could be observed in all age groups.

In 2016, people aged 55 and more constituted the most numerous group of unemployed. The smallest number of unemployed was registered in the group aged 24 and less. The situation in this group improved the most as well.

GRAPH 2. UNEMPLOYMENT RATE IN 2011-2016



**GRAPH 3. UNEMPLOYED ACCORDING TO AGE IN 2015 AND 2016**



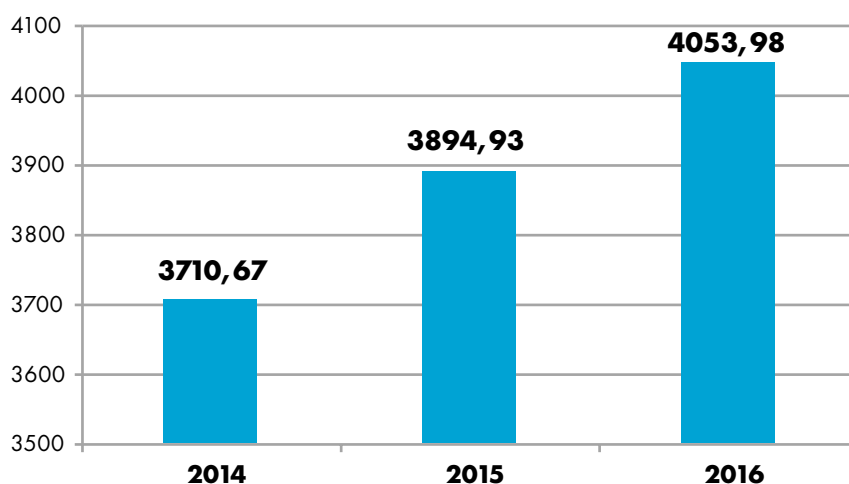
Source: Own study based on data from the Central Statistical Office of Poland

In 2016, the **average gross monthly remuneration** of a resident of Łódź amounted to more than PLN 4.054, which, compared to the previous year, means an increase of 4.1%, and, compared to 2014, of 9.3%.

Due to changes in the labour market and the demographic trends, we can observe quick growth of the average gross remuneration

of Łódź residents and of their purchasing power. It means a visible change to the structure of expenses of the residents of Łódź, such as growing property prices per square metre in the secondary market, which will be followed by prices in the primary market. This change to the structure of expenses of residents can be observed more and more clearly in the Łódź housing market.

**GRAPH 4. AVERAGE MONTHLY REMUNERATION IN ŁÓDŹ IN 2014-2016 (IN PLN)**



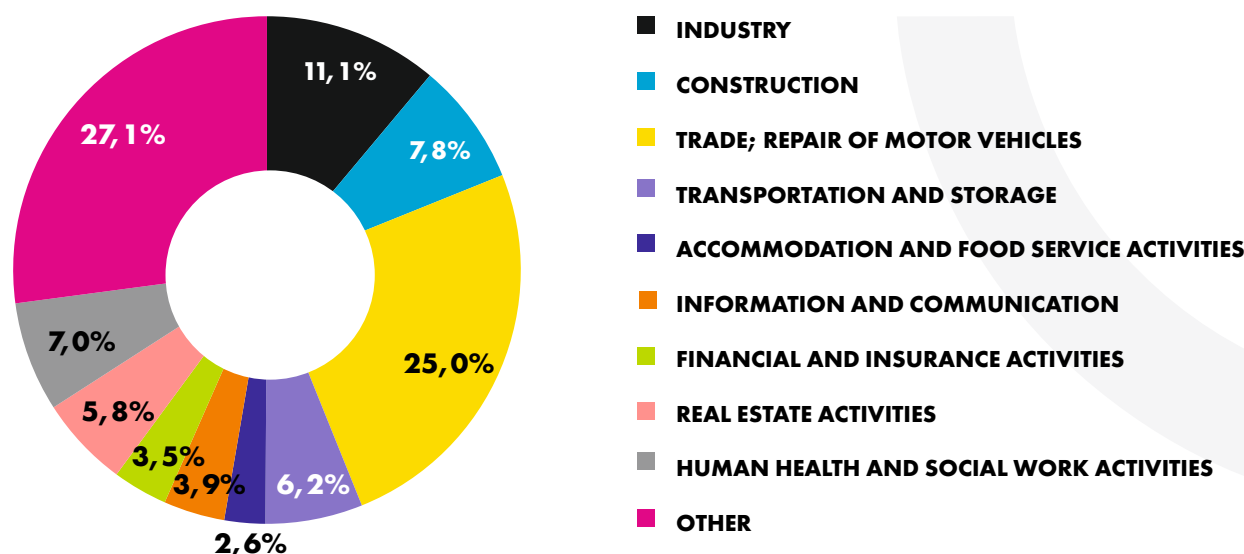
Source: Own study based on data from the Central Statistical Office of Poland

As at the end of December 2016, the number of national economy entities in Łódź grew in comparison to 2015, and amounted to 92.7 thousand. The growing power of the Łódź market, as well as the dynamics of changes to the structure

of demand are reflected by the number of new registered business entities. In recent years, the number of registered business entities in Łódź increased by more than 1.3%.



**GRAPH 5. STRUCTURE OF BUSINESS ENTITIES IN ŁÓDŹ (AS AT 31 DECEMBER 2016)**



Source: Own study based on data from the Central Statistical Office of Poland

In 2016, sold production of industry amounted to PLN 16.1 billion (in current base prices). In comparison to 2015, there was an increase of 2.7%. The greatest increase of sold production of industry was noted in the sector of manufacture of leather and related products (increase of 69.1%), manufacture of paper and paper products (27.3%), manufacture of motor vehicles, trailers

and semi-trailers (23.3%), and manufacture of furniture (16.8%).

Work efficiency in industry, measured with sold production (in current base prices) per employer, was in 2016 higher by 0.4% (in the stable prices) in comparison to the previous year, and amounted to PLN 371.0 thousand, accompanied by an increase of 2.3% in the average employment in this section.

**TABLE 2. SOLD PRODUCTION OF INDUSTRY (IN STABLE PRICES, PLN)**

|   | January - December 2016 | CHANGE IN COMPARISON TO 2015 |
|---|-------------------------|------------------------------|
| <b>TOTAL</b>  | <b>16 160,0</b>         | <b>102,7</b>                 |
| <b>MANUFACTURING</b>  | <b>14 848,8</b>         | <b>102,6</b>                 |
| - MANUFACTURE OF FOOD PRODUCTS  | 1 775,2                 | 108,1                        |
| - MANUFACTURE OF BEVERAGES  | 223,1                   | 95,5                         |
| - MANUFACTURE OF TEXTILES   | 1 424,7                 | 105,2                        |
| - MANUFACTURE OF WEARING APPAREL                                      | 788,5                   | 104,4                        |
| - MANUFACTURE OF LEATHER AND RELATED PRODUCTS                         | 40,7                    | 169,1                        |
| - MANUFACTURE OF PRODUCTS OF WOOD, CORK, STRAW AND PLAITING MATERIALS | 85,3                    | 92,8                         |
| - MANUFACTURE OF PAPER AND PAPER PRODUCTS                             | 185,8                   | 127,3                        |
| - PRINTING AND REPRODUCTION OF RECORDED MEDIA                         | 928,4                   | 106,6                        |
| - MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS                      | 132,9                   | 110,1                        |
| - MANUFACTURE OF RUBBER AND PLASTIC PRODUCTS                          | 2 245,6                 | 108,9                        |
| - MANUFACTURE OF METAL PRODUCTS                                       | 949,4                   | 81,8                         |
| - MANUFACTURE OF COMPUTER, ELECTRONIC AND OPTICAL PRODUCTS            | 277,9                   | 90,0                         |
| - MANUFACTURE OF MACHINERY AND EQUIPMENT                              | 263,5                   | 104,6                        |
| - MANUFACTURE OF MOTOR VEHICLES, TRAILERS AND SEMI-TRAILERS           | 330,5                   | 123,3                        |
| - MANUFACTURE OF FURNITURE  | 381,0                   | 116,8                        |

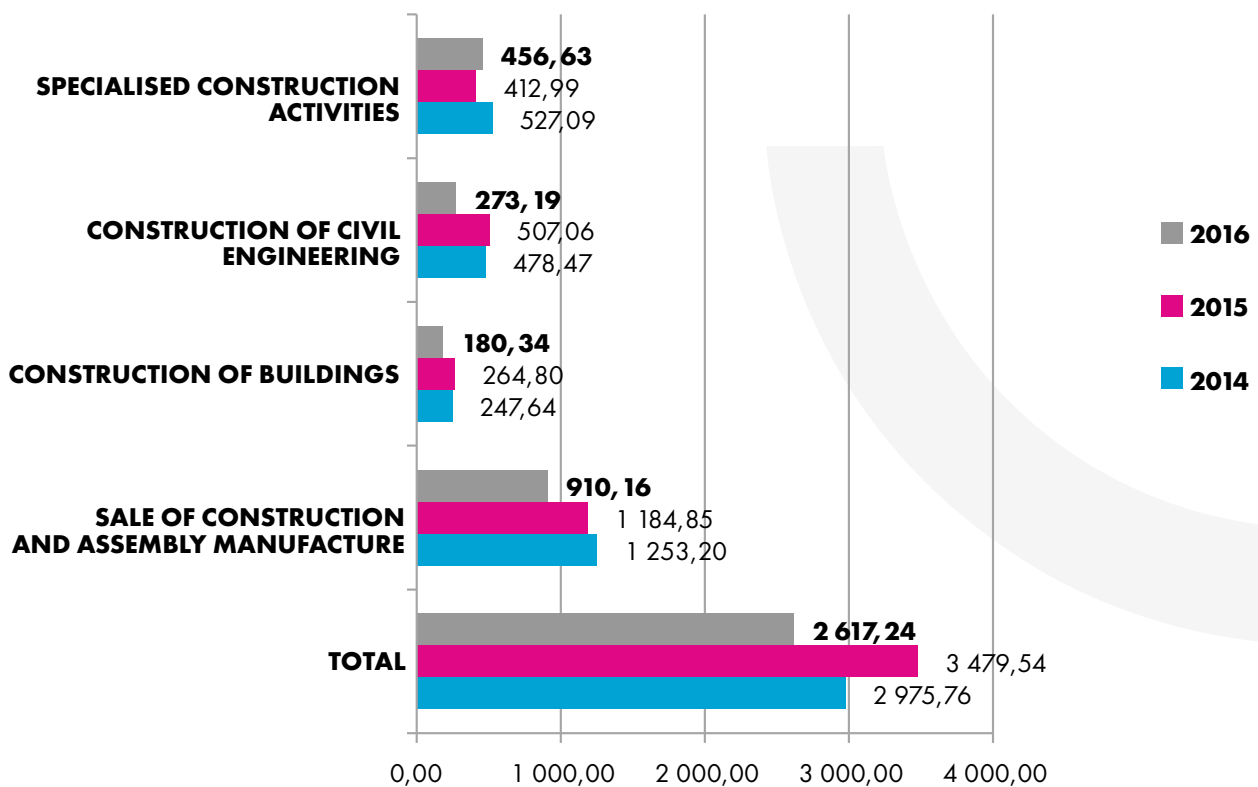
Source: Own study based on data from the Central Statistical Office of Poland

In 2016, the value of construction output dropped by 24.8% in comparison to 2015 and amounted to approx. PLN 2,617.2 million.

Sold production of construction per employer that measures work efficiency amounted to PLN 466.5 thousand in 2016 and was lower by 16.6% in comparison to the previous year, accompanied by a decrease of 9.8% in the average employment in this section.

Positive changes in the Łódź labour market and economy have already reflected positively in the structure of demand for specialist vocational education. The more educated specialists there are in the Łódź labour market, the lower the unemployment and the greater the volume of local demand are.

**GRAPH 6. SOLD PRODUCTION OF CONSTRUCTION (IN PLN MILLION)**



Source: Own study based on data from the Central Statistical Office of Poland

## SHARE OF THE NUMBER OF STUDENTS OF VOCATIONAL SCHOOLS IN THE NUMBER OF STUDENTS OF ALL UPPER SECONDARY SCHOOLS:

2012 – 40,48 %  
 2013 – 42,40 %  
 2014 – 44,97 %  
 2015 – 44,69 %  
 2016 – 42,47 %

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## DEGREE OF PRIVATISATION OF THE MUNICIPALITY'S HOUSING ASSETS (NUMBER OF HOUSING UNITS IN THE MUNICIPALITY'S HOUSING STOCK):

2012 – 57 250  
 2013 – 51 720  
 2014 – 48 627  
 2015 – 47 250  
 2016 – 46 169

Fast privatisation of council housing stock creates favourable conditions for relaunching of the Łódź real estate market after years of stagnation. Only during 5 years, the stock was reduced by approx. 11 thousand flats, that is by 20%.



The implementation of the city budget focused on activities ensuring the city further consistent development.

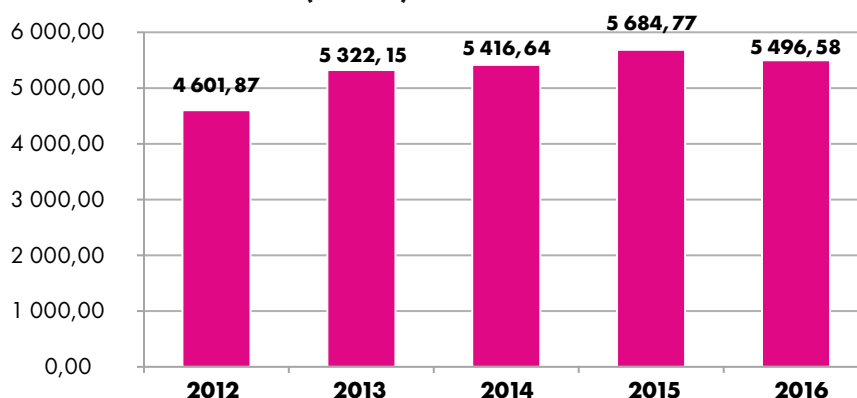
In 2016, the sum of PLN 766,202,064 was allocated to investments (an amended plan), of which investments valued at PLN 633,838,099 (82.7 %) were implemented. In 2015, the sum of PLN 1,300.8 million was allocated to investments (PLN 1,308.5 million after amendments), of which investments valued at PLN 1,104.4 million were implemented. In 2014, the sum of PLN 1,315.4 million was allocated to investments (PLN 1,174.5 million after amendments), of which investments

valued at PLN 1,020.4 million were implemented. It means that, for the second time in the history of the self-government of Łódź, more than PLN 1 billion was spent on investments.

In 2013, according to the plan, the sum of PLN 13.4 million was allocated to investments (after amendments at the end of the year, the sum of PLN 1,142.6 million was to be spent), and near PLN 1 million (PLN 999.67 million) was spent.

In comparison to previous years, total expenditure per resident remains unchanged. The strength of the finance of Łódź and the plausibility of investment plans of the City are indicated by growing operating surplus in the budget of Łódź.

**GRAPH 7. EXPENDITURE PER RESIDENT (IN PLN)**



Source: Own study based on data from the Central Statistical Office of Poland

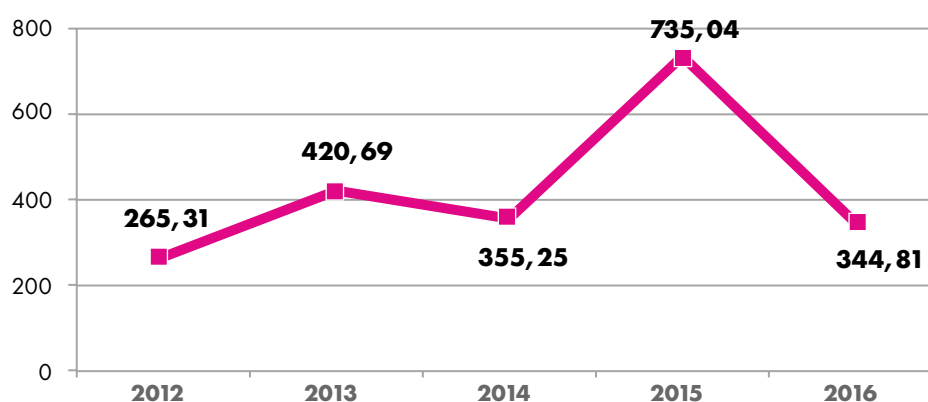
**SHARE OF PROPERTY  
-RELATED EXPENDITURE  
IN TOTAL EXPENDITURE:**

2012 - 16,00%  
2013 - 26,26%  
2014 - 26,6%  
2015 - 27,6%  
2016 - 16,5%

**AMOUNT OF OPERATING  
SURPLUS IN THE CITY  
BUDGET IN PLN MILLION:**

2012 - 27,6  
2013 - 166,93  
2014 - 226,1  
2015 - 279,8  
2016 - 280,8

**GRAPH 8. USE OF EU FUNDS PER RESIDENT IN PLN**



Source: Own study

In 2015, the amount of raised EU funds per resident was almost three times higher than in 2012. In 2016, EU funds were used equally as in 2014. In the current EU perspective, revitalisation of

cities is one of the key priorities for Łódź, and therefore the city is going to raise external funds on a much greater scale (counted in PLN billions together with the city's contribution).

## RANKINGS AND AWARDS

### INTERNATIONAL RANKINGS

fDi Magazine, an English-language bimonthly from the Financial Times Group that specialises in foreign direct investments issues published the **"EUROPEAN CITIES AND REGIONS OF THE FUTURE 2016/17"** ranking. It points out the best European locations (cities and regions) in five categories: economic potential, human capital and quality of life, cost effectiveness, infrastructure and business friendliness, and investment attracting strategy.

In the detailed category regarding Polish cities, Polish Cities of the Future 2017/18, Łódź was ranked 6th on the synthetic and global list, just after Warsaw, Kraków, Wrocław, Poznań, and Gdańsk.

In the following detailed categories:

- economic potential: Łódź was ranked 6th after the same cities as in the general category.
- human capital and quality of life: Łódź was ranked 10th.
- business friendliness: Łódź took the same place as in the general classification.

### NATIONAL RANKINGS

#### RANKING OF LOCAL GOVERNMENTS OF RZECZPOSPOLITA 2016

In the annual Ranking of Local Governments prepared by the Polish national daily Rzeczpospolita, Łódź was ranked within the first 20 cities with poviata rights; from the 21st place taken in 2015, it moved up 8 places and took the 14th place.

#### EUROBUILD AWARDS 2016

In the Eurobuild Awards 2016 competition, an annual event honouring the most important achievements in the commercial real estate industry organised by the Eurobuild CEE publishing house, Łódź received awards in two categories:

- "Most investor-friendly city" (followed by Wrocław and Warsaw). The category is awarded to cities that have the best investment climate and effective investor attracting strategy. In 2014, Łódź was awarded in this category as well.
- "Personality of the Year"
  - the award went to Ms Hanna Zdanowska, Mayor of Łódź. She won against Rafał Mazurczak from Echo Investment and Ewa Kuryłowicz from Kuryłowicz & Associates.

#### OPEN CITIES RANKING 2016

In the ranking prepared by Dziennik Gazeta Prawna daily paper editors aimed at listing smart, sustainable, and engaged cities, focused on their residents' needs, Łódź took the 7th place just after Gdynia, Poznań, Olsztyn, Lublin, Rzeszów, Warsaw, Legnica, and Bydgoszcz.

### CITIES ATTRACTIVE FOR BUSINESS 2016

In the "Cities attractive for business" ranking prepared by Forbes.pl together with the Economic Information Centre and presented during the 7th Congress of Regions in Wrocław, Łódź was ranked within the first 10 cities and took the 7th place. The ranking was based on the study of the rate of increase in the number of companies per 1000 residents, the number and type of programmes of cooperation with universities, as well as programmes to support the activity of companies in their early stages of development.

### MODERN BUSINESS SERVICES SECTOR IN POLAND 2016 ABSL REPORT

The Report of the Association of Business Service Leaders in Poland chose Łódź as the city that in 2016 was the leader of the modern business services sector in Poland.





## PRO-DEVELOPMENT PROSPECTS

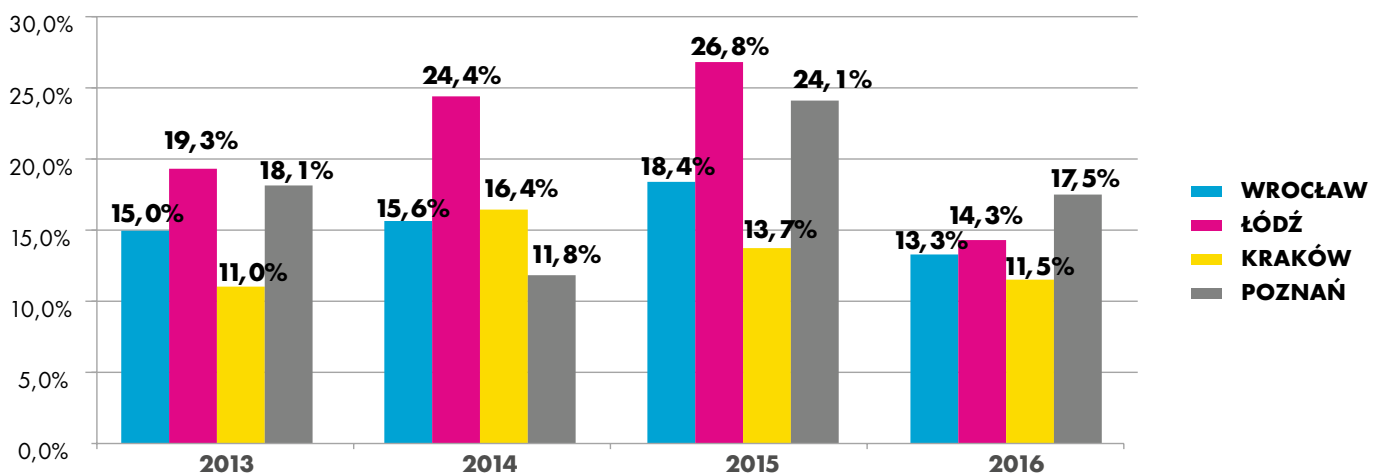
Łódź has one of the most pro-development budgets in Poland. Both income and expenditure are increasing. Among the compared cities, in 2015, Łódź had the highest share of property-related expenditure (on investments) in the total expenditure. In the 2015 budget, the investment expenditure was planned to amount to PLN 1.1 billion, which, compared to 2014, means an increase of 14%. In 2016, the investment expenditure of the city dropped to PLN 550 million.



### CRUCIAL INVESTMENTS IMPLEMENTED IN 2016:

1. **Miasto Kamienic (City of Tenement Houses)**  
Programme and area revitalization of Łódź centre
2. **Revitalization of Księży Młyn**
3. **Multimodal node by the Łódź Fabryczna Station**
4. **Reconstruction of the road layout around the Łódź Fabryczna Multimodal Station**
5. **New Łódź Centre Programme – reconstruction of infrastructure around the Łódź Fabryczna Station**
6. **Reconstruction of the road layout around the Łódź Widzew stadium**
7. **Development of the system of cycle lanes**
8. **Reconstruction of the City Stadium in Unii Alley**
9. **Construction of a football stadium in Piłsudskiego Alley (Łódź Widzew)**
10. **Construction of a speedway stadium**
11. **Complex programme of integration of low-emission public transport network in the Łódź metropolis and a purchase of rolling stock to handle the east-west route and other communication lines, as well as modernisation of tram depots in Łódź**
12. **Revitalization of EC-1**

GRAPH 10. INVESTMENT EXPENDITURE IN TOTAL EXPENDITURE



Source: Own study based on data from the Central Statistical Office of Poland

**Total investment expenditure on construction of roads amounted to PLN 802.3 million in 2015, PLN 675.3 million in 2014, PLN 453.6 million in 2013, and PLN 192.3 million in 2012.**

Łódź is implementing the largest public European investment: construction of the New Centre of Łódź. It is a project of great importance to the development of the city, region, and country. When the process of revitalisation is finished, this postindustrial area will fulfil commercial, as well as public and cultural functions. The key element of the New Centre of Łódź is a multi-storey underground railway station with storeys descending even 16.5 metres under the ground surface. The project includes also development of infrastructure, with particular attention paid to the needs of public transport through construction of a multimodal transport node, together with construction of new systems of roads, public transport, and car parks.

The city is improving the attractiveness of the central part of Łódź through area revitalisation: reconstruction of the historical urban fabric while giving it new functions. The adopted strategy for the spatial development of the city from within, as well as the housing policy have tools enabling the city to quickly improve housing conditions, council housing stock, and public space, with the use of external assistance funds. As part of these activities, the "Mia 100 Kamienic" ("City of Tenement Houses") Programme is being implemented. It involves improving the aesthetics of the urban space, raising the security, and improving the quality of life of residents through complex renovations of tenement houses from the 19th and early 20th century, as well as changing the structure of their tenants. Because of the project, Łódź stands out from other Polish cities. Revitalisation of the big-city space will make the centre of Łódź an attractive place to live, conduct business activity, and spend free time. The Polish Government decided to release PLN 35 billion from EU funds and allocate that amount to the National Revitalisation Programme aimed at protecting centres of Polish cities from degradation. Łódź is the place where the initiative started and the city where pilot programmes regarding complex revitalisation will be implemented. The city is also going to be the largest beneficiary of the programme (PLN 5 billion).

Łódź observes also development of the hotel market. There are five four-star hotels in the city (Andel's, Holiday Inn, Ambassador Centrum, Novotel, and Double Tree by Hilton). There are also dozen or so three-star facilities, such as the Focus Hotel, located in a historical building of the former Juliusz Kindermann Cotton Textiles Factory, the Tobacco Hotel located in renovated buildings of the former cigarette factory, as well as the Qubus Hotel and the Ambassador Chojny Hotel.

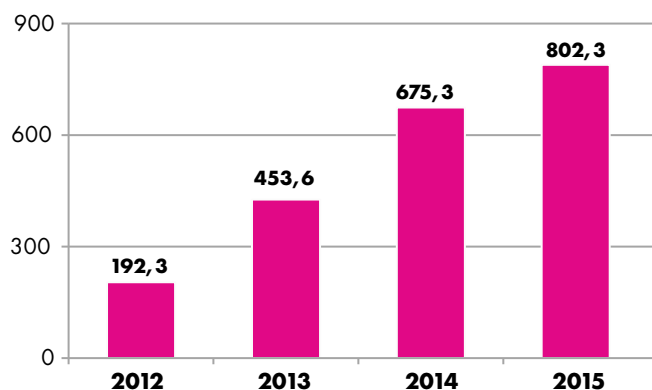
The city offers also modern conference space. The International Łódź Fair Conference and Exhibition Centre opened in 2012 that has been functioning as EXPO-ŁÓDŹ Sp. z o.o. since September 2013, is located in the centre of Łódź.

EXPO is a great opportunity for Łódź to attract investments and boost the economy. EXPO in Łódź promotes Poland and Łódź in the international arena, generates investments and new jobs, potential additional income to the budget of the city, region, and country, and attracts millions of guests from around the world, which translates into socio-economic recovery and GDP growth. The preparation of EXPO will involve the process of revitalisation of the indicated area. It is also essential that after EXPO finishes, the whole infrastructure connected directly or indirectly with the event will stay in Łódź.

The City of Łódź is a well-communicated place on the map of Poland, and, in the coming years, it will become the best-communicated city in Poland due to the construction of S14 road that will connect A2 motorway with S8 express road and at the same time close the ŁMA ring road system by way of the western ring road of Łódź, Zgierz, Konstantynów, and Pabianice.

The city is also becoming the Polish leader in implementing civic participation mechanisms. Last year, another voting as part of the participatory budget took place. The projects for implementation in 2017 amounting to PLN 40 million were chosen directly by the residents from among 1188 applications put to the vote.

**GRAPH 11. INVESTMENT EXPENDITURE ON CONSTRUCTION OF ROADS**



Source: Report on the condition of the city 2014 and 2015



Since 2012, the City of Łódź has been cooperating closely and intensively with communes and municipalities from the surrounding poviats that together form the Łódź Metropolitan Area. Establishing the JST (Local Authority Units) Association is a result of those activities. The Association will help local authorities to gain EU funds more effectively as part of the 2014-2020 financial perspective, within the Integrated Territorial Investments (ITI) Programme.

ITI is a tool that will facilitate fund raising on a large scale that will enable local authorities to fully integrate their activities within the indicated territory. Investments that favour improving intermetropolitan linkages, particularly pertaining to social, economic, transport, and infrastructure issues, take priority with regard to raising financial funds. The planned support from the ERDF amounts to nearly PLN 800 million, and from the ESF to more than PLN 131 million.

Apart from the resources planned to be raised as part of the ITI Programme, Łódź has also adopted the List of Strategic Projects that enabled the City to plan investments amounting to PLN 3.25 billion in total in the new 2014-2020 EU financial perspective (EU funding: PLN 2.4 billion), divided between the following thematic sections:

- revitalisation - PLN 1.6 billion,
- transport and communication - PLN 1.3 billion,
- environmental protection - PLN 0.3 billion,
- education and sport - PLN 0.07 billion.

**The City of Łódź has high ratings (BBB+) awarded by the Standard & Poor's Ratings Services Agency. The ratings, updated twice a year, have remained high for years.**

In its recent reports, the Agency has noticed the improvement of the city's financial liquidity and more resources in the municipal treasury in comparison to the previous periods.

**According to the Agency, large investment projects will improve the attractiveness of the centre of Łódź and help keep residents in that residential area. " They will also support the economic development, which, according to the base scenario presented by the Agency, will progress as fast as the development of the whole country" , and "the planned special investment programme for the city should help transform the local economy into a logistics centre and therefore contribute to a further decrease in unemployment" .**



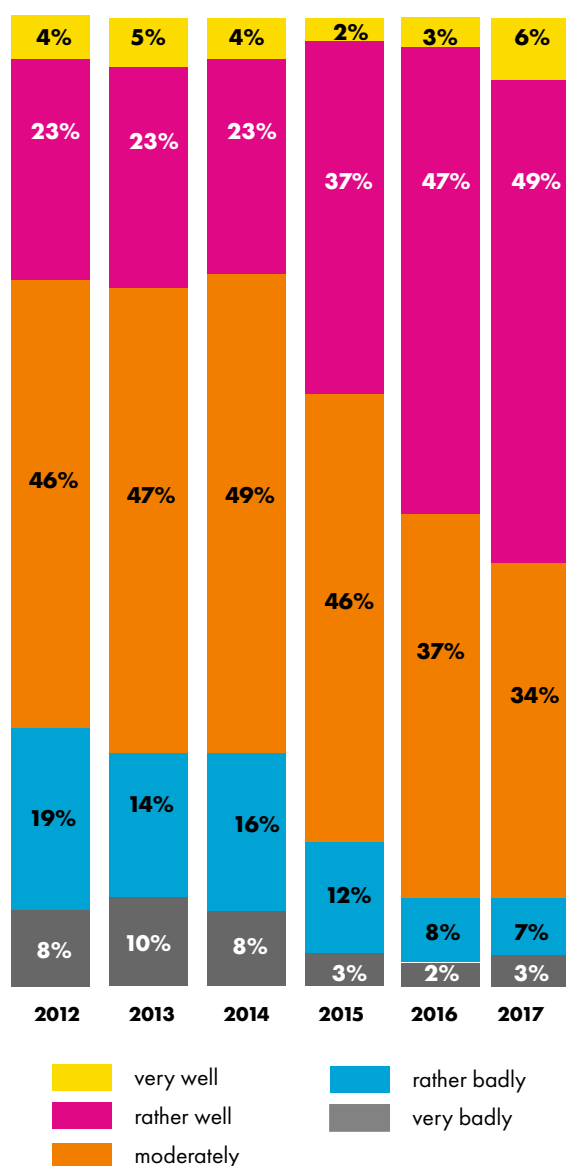
## LIVING CONDITIONS

Based on public opinion research concerning the quality of life in Łódź and the expectations of residents concerning the city budget of May/June 2017, it can be concluded that consistent implementation of the Integrated Development Strategy for Łódź 2020+ adopted in 2012 has the desired effects.

**Residents of Łódź evaluate living conditions in their city as getting better, and the vast majority of them want to stay here permanently.**

**GRAPH 12. RESULTS OF PUBLIC OPINION RESEARCH FOR 2012-2017**

**How do you generally evaluate Łódź as a place to live?**



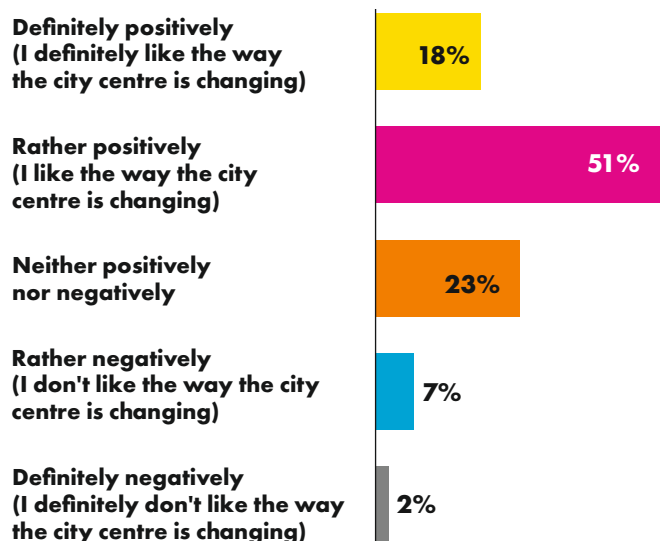
Source: A study developed at the request of the City of Łódź Office, MEDIATOR Market Research Company

- During the last year, there was further improvement of the evaluation of Łódź as a place to live. The increase in positive evaluations can be observed among all age groups.
- 55% of the residents evaluate Łódź as a good or very good place to live. At the same time, only 10% of the residents have a negative opinion in this regard.
- Middle-aged people (aged 35-44) have the most critical attitude towards the city. However, the percentage of the dissatisfied residents is lower than in the previous years.
- The group of satisfied residents was most numerous among the residents of Bałuty and Polesie. The residents of Górna evaluate Łódź more negatively than the residents of other districts. The level of satisfaction is in direct proportion to the level of income.
- In comparison to 2016, the level of satisfaction increased significantly among people aged 45-54 (15 percentage points), as well as among those who cannot afford even the most immediate needs.

The advantage of living in Łódź that was most frequently mentioned is the geographical situation of the city and the fact that it is close to everywhere. Another advantage is that the city has a "unique atmosphere", there is a lot of clubs, cafés, pubs, a lot of events, and a wide cultural offer for people aged 18-24 and 35-44. The residents of the city value also forests and the closeness of nature in the area of the city, as well as continuously emerging cycle lanes.

### HOW DO YOU EVALUATE THE DIRECTION OF CHANGES TO THE CENTRE OF ŁÓDŹ?

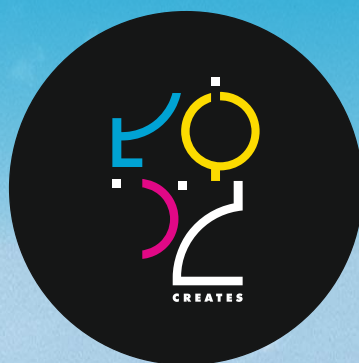
Similarly as in 2016, the vast majority of the residents of Łódź (69%) evaluate positively the changes to the centre of Łódź. The younger generations of the respondents (30% of the "definitely positively" evaluations among people aged 18-24) have better opinion about the changes.



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**City Strategy Bureau, The City of Łódź  
2017**