



**INVESTMENT
POTENTIAL
OF KATOWICE**

IN THE NEW
ECONOMIC
REALITY

PUBLISHER

 RZECZPOSPOLITA

 Zycie Regionów

PARTNER


KATOWICE
dla odmiary





KATOWICE

Voivodship	Silesian
Mayor	Marcin Krupa
Total area	164,7 km ²
Population	289,2 K
Enterprises as per REGON	50 991
Average salary	6484,02 zł
Unemployment rate	1,8%
City budget	2,299 mld zł

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INTRODUCTION

Green, innovative and filled with modern infrastructure – this is what describes best Katowice in 2021. 93 shared services centres with the dominance of the IT and gaming sectors, a strong scientific base with 11 universities and an attractive cultural offer due to the presence of art schools. A forum for global discussions on the issues of ecology, climate and the future of cities. This is the modern image of Katowice – a city that used to bring to mind heavy industry.



The current economic profile of the city results from the combination of three factors: requirements, needs and opportunities. What was required of the city was to abandon the monoculture of the mining and metallurgical industries, which were harmful to the environment and to a large extent restricted the development of other sectors of the economy. What was needed was to classify and redefine anew all attributes of the city, which could attract investors to start business activity here. What were the opportunities then? The immense potential of the city and the region, its excellent location and transport infrastructure as well as valuable human resources growing year by year, including well-educated graduates of Upper Silesian universities. These three factors have translated into a stable and balanced modern economic profile of Katowice, which continues to transform in line with the trends of the modern business services sector, which has had the fastest development dynamics among all sectors of economy.



**Marcin Krupa,
the Mayor of Katowice**



Leader of the Transport Sector

Katowice is an important transport hub in the southern part of Poland. Its central location makes it accessible to the largest Polish cities, including Wrocław, Kraków, Warsaw and Łódź, but also to cities abroad, like Prague and Bratislava. The A4 motorway, running through Katowice, is at the same time part of the E40 European route connecting Germany and Ukraine; in turn, the S1 express road connects the city to the A1 motorway, running from north to south of the country. Katowice and other cities of Upper Silesia are also connected by the so-called Drogowa Trasa Średnicowa (Intercity Road). The region has two international railway connections – E30 and E56, 4 major domestic ones, as well as its own airport, located twenty-five kilometres from Katowice, in the Pyrzowice municipality. In 2018, the traffic at the airport was estimated at 4.83 million passengers, 4.84 million in 2019 and 1.44 million in 2020 during the pandemic. According to the airport authorities, in 2021, despite lockdown throughout the first half of the year, the traffic increased compared to 2020. For the first nine months of the year, the facility served 1.73 million passengers, while the entire 2021 is expected to close with 2.4 million. The forecast for 2022 is 4 million passengers.

– It should be pointed out that Katowice Airport is a nationwide leader in the charter flight segment. In 2019 alone, out of the total number of 4.84 million passengers, over 2 million travelled to and from Pyrzowice by charter flights organised by travel agencies – says Piotr Adamczyk, PR manager of the airport. One of the strengths of the Upper Silesian airport is also freight transport.

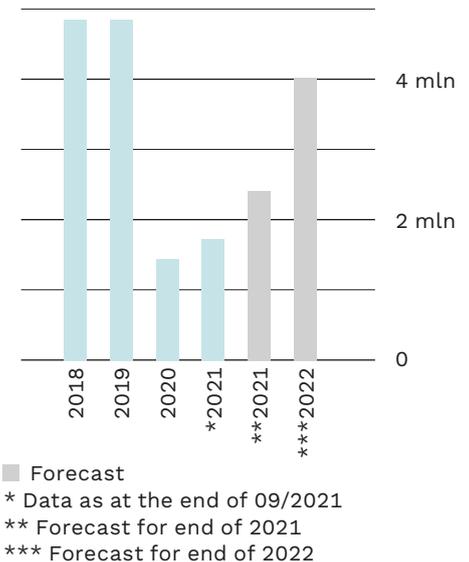
From the beginning of January to the end of September this year, 22.6 thousand tonnes of cargo were handled there, which is 8.1 thousand tonnes more (an increase of 56.7%) compared to the same period in 2020. This is also more than in the entire record-breaking year of 2020, when 20.2 thousand tonnes of cargo were transported to and from Pyrzowice. During those nine months, cargo aircraft made 3,138 take-offs and landings at Katowice Airport, which is 939 more (an increase of 42.7%) than in the same period last year.



Since 2007, when we started a major expansion project of Pyrzowice airport, we have been guided by the idea of creating a multifunctional airport that would not only offer the required infrastructure to handle passenger traffic but also air freight. In 2016, we opened a new cargo zone in the south-eastern part of the airport, which is made up of a cargo terminal with an area of almost 12,000 sq. m and a pre-terminal large apron for 10 freight aircraft. The infrastructure itself does not generate transport, this is the responsibility of forwarders, with whom we have been building good relations for years, trying to respond to their needs. Consistent implementation of the adopted strategy allowed to achieve positive results during the pandemic. Passenger traffic collapsed as a result of the pandemic, but Katowice Airport was one of those few airports in Poland that had an alternative in the form of cargo transport, which helped us a great deal in maintaining financial liquidity in those difficult times.

Passenger traffic at Katowice Airport

(in million of passengers)



Source: Katowice Airport



**Artur Tomasiak,
CEO of Górnślaskie
Towarzystwo Lotnicze SA,
the company responsible
for the management of
Katowice Airport**

As Artur Tomasiak explains, Katowice Airport currently offers ten regular cargo connections – DHL Express and UPS operate one route each, while two are handled by TNT and Fedex. In addition, Amazon has been dynamically expanding its activity in Pyrzowice for around two years now, and currently operates four regular connections. In January 2021, Lufthansa Cargo joined the group of operators that lease the Pyrzowice cargo terminal. The company launched a nationwide freight integration point here and simultaneously operates two regular routes in the RFS model: to Vienna and Frankfurt.

Katowice Airport expects to close the year with a record of over 30 thousand tons of cargo, while the figure for 2022 is forecast at 40 thousand tons.

– In order to make it possible, we are working hard on the project of a second cargo terminal. In the next few years we want to more than double the area of the freight handling facilities – announces Artur Tomasiak.

(IIIB) THE FIRST METROPOLIS IN POLAND

Katowice is not only the largest city in Silesia and the capital of the region, but also an agglomeration – the first in Poland to be granted the formal status of a metropolis. Górnośląsko-Zagłębiowska Metropolia (GZM) was officially launched on 1 January 2018. The area comprises 41 cities and municipalities, the majority of which are located in Silesia, but a few also in Lesser Poland. GZM is the most urbanised area in Poland with a population of 2.3 million, 240,000 companies operating in the area and generating around 8 of Poland’s GDP.

Metropolization of the region has also made it possible to standardise and improve

public transport. Each day, approx. 1,500 vehicles operate on 430 bus lines, 30 tram lines and 7 trolleybus lines, taking on and letting off passengers at almost 7,000 stops. Public transport vehicles travel over 100 million km annually. They can all be used with a single type of ticket. In the near future, the metropolis is planning to build a modern fleet of buses.

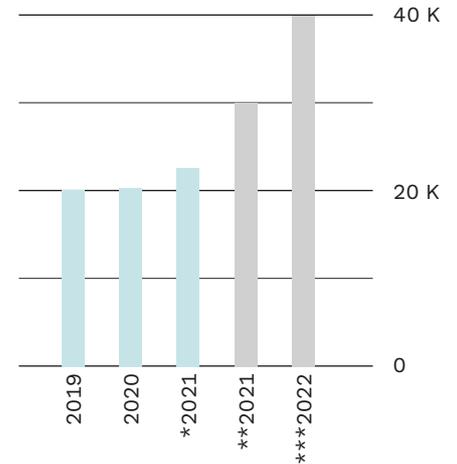


We are one of the first regions in the country, where in the near future regular bus lines will be operated by hydrogen-powered vehicles. We have received co-financing to purchase 20 buses of this kind. Only a couple of years ago it was unthinkable that hydrogen could be an alternative to coal. Since we are trying to achieve climate neutrality, and sooner or later will have to abandon fossil fuels, hydrogen can be a way for us to ensure energy security, as well as revolutionise professional transport. An important aspect for us is that hydrogen buses have a longer range than conventional battery-powered vehicles. They do not require such an extensive charging network, either, which is a crucial point when you take into account that we have more than 1,500 vehicles operating in our public transport system.

Cities and municipalities that are part of GZM also want to build the Metropolitan Railway. Works on a feasibility study are currently in progress.

Cargo traffic in Katowice

(in thousand tonnes)



■ Forecast
 * Data as at the end of 09/2021
 ** Forecast for end of 2021
 *** Forecast for end of 2022

Source: Katowice Airport



Kazimierz Karolczak,
 chairman of GZM
 Management Board

Simultaneously, the GZM authorities have submitted 13 projects that are in line with the concept of the future Metropolitan Railway, two of which run through Katowice.

Works on a metropolitan bicycle rental network are also under way. Three companies will take part in the competitive dialogue procedure. The basic assumption of the project is to create a year-round rental system, consisting of 8,000 4th generation bicycles, the so-called smart bikes, and racks every few hundred metres. The key player in the project is the city of Katowice, which already operates 107 stations and 866 bicycles. After the integration with the Metropolitan Bicycle network, the city target will be 150 stations and 1,000 bicycles. At the same time, bicycle path system will be expanded to connect municipalities. In Katowice alone the total length of the existing bicycle path network is 182 km, 85 km of which run through forest and park areas within the city.

Logistics Centre of the South

A convenient location, an existing network of roads and the increasing cargo handling capacity of Katowice Airport are conducive for the development of the logistics sector which, also due to those reasons, has been actively expanding its warehousing base.

– Upper Silesia has the second largest market in Poland in terms of the existing warehousing space, which is constantly developing. Many investments are under way; in Q2 2021, they covered the area of nearly 600,000 sq. m – says Maciej Chmielewski, Senior Partner, Head of the Industrial and Logistics Space Department at Colliers, a global real estate and investment management company. – We see a growing interest in leasing space in the region, mainly among manufacturing companies, e-commerce and – above all – retail chains, which are increasingly willing to consolidate their warehousing space in Upper Silesia. The main advantage that attracts investors is the strategic location of the region, close to Southern and Western Europe, as well as the availability of skilled labour.

According to Colliers, at the end of H1 2021 the total warehousing space in the region was approx. 3.97 mln sq. m, with 589,000 sq. m under construction. The vacancy rate was 8.7%, and base rents ranged from EUR 3 to EUR 3.6 per month per sq. m. Effective rents, in turn, are at the level of EUR 2.1 to 2.8. Warehouses are located all over the entire area of GZM, with their largest concentration in Katowice, as well as in Gliwice and Tychy.

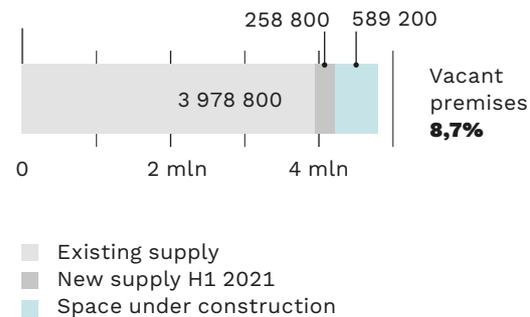


What is seen increasingly often in Upper Silesia are the so-called “last mile” logistic parks, which represent a novelty in the region that is in great demand now. Another evident trend is also nearshoring – companies are striving to be closer to the potential recipients of their products, so instead of outsourcing production to Asia or other regions of Europe they choose to locate it in Poland, for example in Upper Silesia.



Katowice logistics market

Q2 2021
(mln m²)



Source: Colliers



Maciej Chmielewski,
Colliers

Dynamic Office Space Market

The sector that is developing hand in hand with the warehousing market is the office space market. As reported by Colliers, the total office space area in Katowice at the end of Q3 2021 was estimated at 601.5 thousand sq. m, with as much as 209.9 thousand sq. m under construction, out of which 11.5 thousand is to be delivered by the end of this year, and 118.9 thousand sq. m by the end of 2022. This means that Katowice may close 2022 with the total office space area of approx. 731.9 thousand sq. m.

– The prospects for the office space market in Katowice are very good – we can see a post-covid rebound both in terms of lessees and developers – comments Barbara Prysycz, Regional Director of Colliers in Katowice. – During the first three quarters of 2021, the volume of lease transactions on the city market reached over 41.5 thousand sq. m – This represents a growth by nearly 22% compared to the corresponding period of the previous year (34 thousand sq. m). This means that companies are gradually becoming more willing to lease office space again. It is also evidenced by one of the lowest vacancy rates (10.1%) among other cities in the region. It is the second best result in the country (with Szczecin in the lead). The enormous potential of Katowice has also been appreciated by developers, as proven by the second largest total area of office space currently under construction (following Warsaw). Next year we may expect a historical record in terms of supply on the local market. Will the newly completed offices attract businesses? They definitely will. An undeniable advantage of both the city itself and the whole agglomeration, which draws investors, is access to human resources and qualified specialists – says Barbara Prysycz.

The largest projects currently under construction include KTW II (39.9 thousand sq. m) and Global Office Park (55.1 thousand sq. m).

The clear dynamics of growth and record area of space under construction with simultaneous low vacancy rates are also mentioned by analysts of Jones Lang LaSalle, another global real estate company.

– At the end of Q3 2021, the vacancy rate of office space in Katowice was estimated at 10.1%, which was lower than the average for all regional markets (13.5%). Comparable rates are recorded for Tricity – 10.7%, while lower ones only for Szczecin – 5.8%. All other markets are experiencing higher vacancy rates – estimates Ewa Grudzień, Senior Market Analyst at JLL.

In Katowice, the rates for highest-quality office space range between EUR 13.5 and EUR 14.5 per sq. m per month.

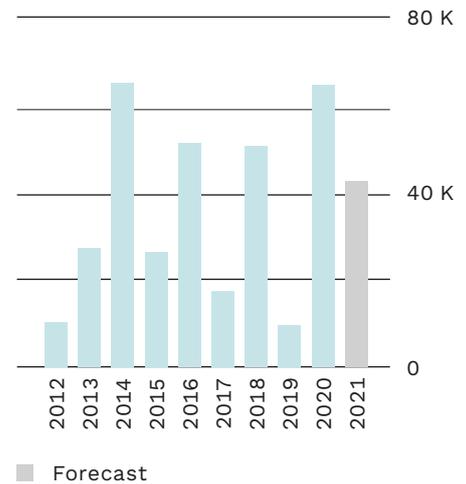
93 Shared Services Centres

The growing office space market is the backbone for the modern business services sector.

– We observe that a considerable percentage share of all lessees are enterprises offering modern business services, with tech companies in the lead – comments Ewa Grudzień, Senior Market Analyst at JLL. – In 2020, one of the major transactions on the office space market in Katowice were pre-lease agreements concluded by ING Tech Poland in Global Office Park

New office space delivered in 2012-2021

(in thousand m²)



Source: Colliers

Vacancy rate 2010-2020

(in %)



Available space	54 000
Rental rate of projects delivered in 2020	29%

Source: Colliers

for 16,600 sq. m, by Capgemini in the Face2Face complex for 11,000 sq. m. In turn, in 2021, a record agreement for a total of nearly 20 thousand sq. m of office space in A4 Business Park was signed by Rockwell Automation. Other noteworthy transactions included lease agreements signed by UPC (4,000 sq. m) and Hyland Software (2,600 sq. m) in the Global Office Park, as well as the expansion of Keywords Studios in the Green Park complex (1,900 sq. m).

The mentioned companies are undoubtedly the biggest players on the Katowice market.

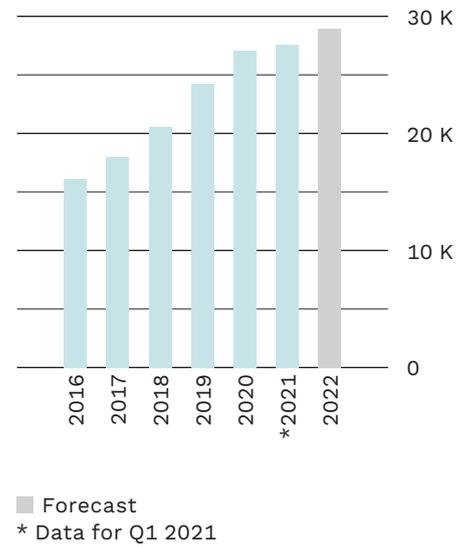
Capgemini is a French concern providing business consultancy and comprehensive IT services for entities all over the world. Two of its centres are located in Katowice. PwC, one of the global players on the accounting, auditing and advisory services market, has established in the city one of the two Shared Services Centres in Poland. The office specialises in providing services for the mining, metallurgical, metal, energy, automotive and new technologies sectors. Rockwell Automation deals with industrial automation and information technology, and operates from three locations in Katowice.

IBM is another big player on the market. The giant has opened in Katowice one of the two Client Innovation Centres in Poland. In turn, the Dutch concern ING chose the capital of Upper Silesia for the headquarters of ING Tech Poland, a company providing comprehensive IT and operational services, and employing 1750 people.

Investments of global corporations are reflected in the statistics. According to the Association of Business Service Leaders (ABSL), which incidentally also has its branch in Katowice, 42.9% of companies operate in the SSC/GBS (Shared Services Centre/Global Business Services) segment, and 33% in IT (Information Technology). This is followed by BPO (Business Process Outsourcing) – 12.6%, RD (Research & Development) – 7.5% and Hybrid segments – 4%. Along with the development of the office space sector, the number of service centres is growing dynamically. According

Employment in modern business services sector

(in thousand)



Source: ABSL



to ABSL statistics, in 2016 there were less than 60 of them. In the same year, 8 new centres were launched, in 2017 – 5, in 2018 – 7, while in 2019 and 2020 – 5 were added each year. At the end of Q2 2021, there were already 93 centres in Katowice and 119 in the entire GZM. The new service centres generate new jobs – employment grew from 16,000 jobs in 2016 to 27,000 this year. According to ABSL forecast, the modern business services centres are expected to employ approx. 28,900 people by 2022.

– Katowice and the GZM Metropolis is the most industrialised region in Poland. It is hardly surprising that along with the development of modern industrial technologies, the development of closely related IT and telecommunications solutions has become of key importance – explains Marcin Krupa, Mayor of Katowice. – The challenge has been taken up by universities in Katowice and the entire Upper Silesia, which, in order to meet the requirements of these dynamically growing sectors of economy, have started to produce on a large scale specialists in such areas as IT, automation, telecommunications and related engineering fields. Every year, the graduates of those institutions help to strengthen the labour market, and apart from strictly professional qualifications and competences, are also skilled in English and other languages, which opens opportunities for them to work in an international environment. This potential was quickly recognised by companies from the modern business services sector, which is currently the most dynamically developing segment of the economy of Katowice and the Metropolis. Among the different types of services offered by these companies, IT services are clearly dominating. This also explains the rapid development of this sector, which involves not only the services themselves, but also research and development works, technological innovations and the fast-developing computer games segment. It is no coincidence that Katowice has become one of a kind e-sports capital of the world, hosting the finals of Intel Extreme Masters tournaments every year – an event that attracts as many as 230 million online viewers from all over the world.

Creation of a Gaming And Technology Hub

The relatively young, spectacular and fast-growing gaming industry is a veritable gem in the IT sector in Katowice. Apart from large-scale commercial activities, gaming companies are also conducting R&D works. The companies based in Katowice are carrying out research projects on AI for analysing player behaviour, augmented reality and improving game mechanics. They include Artifex Mundi, Anshar Studios, JUJUBEE, Incuvo, Spectral Games, Torqumada Games, Rejected Games, Code Horizon, DevHero, Garmory, or Keyword Studios, a global provider of services for video game developers.

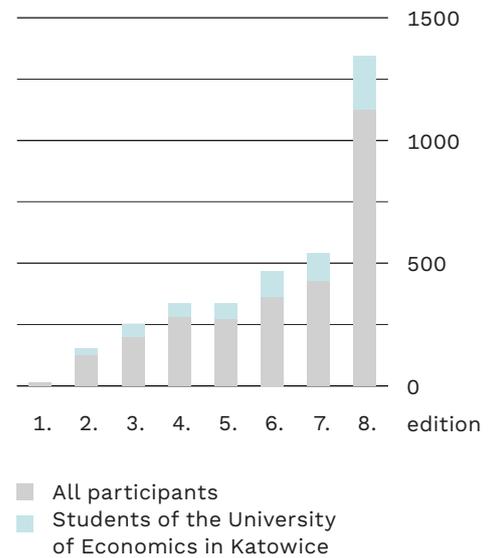
The gaming industry also includes such entities as the ASI Gaming Investment Group Fund, the Esports Association Poland running gaming education programmes and Katowice Gaming House, which is a e-sports team bootcamp. The large concentration of gaming companies, scientific institutions and gaming aficionados makes Katowice an ideal place for industry-specific events and meetings, as well as e-sports competitions.



– The city of Katowice has just launched the Start-up Mine project, which is a competition targeting young companies looking for innovations. Its aim is to create an ecosystem that will bring together corporations from the business services sector, modern manufacturing industry and start-ups. Gaming and e-sports businesses perfectly fit into this initiative, as they employ state-of-the-art technologies, attract mainly young people from the region’s unique talent pool, and offer creative solutions. The prospects for development of this segment are extremely optimistic. Already at this point, the global gaming market is worth approx. USD 175 billion, with high growth dynamics and a promising local potential of USD 600 million of the Polish gaming industry. However, it is not only about money, but also about providing an impulse for development for the city of Katowice and the entire region. Large concentration of gaming and esports companies is a chance to strengthen the economic potential of the region, but also to promote Katowice as a global creative industries and state-of-the-art technologies centre – says Marcin Krupa, the Mayor of Katowice.

The Katowice Gaming and Technology Hub is to be created in the near future. The authorities of Katowice have signed a letter of intent in this matter with Spółka Restrukturyzacji Kopalń S.A., as the Hub is to be located in the Pułaski shaft of the former “Wieczorek” mine. The project assumes the creation of an office and technological complex, which will serve as the seat of high-tech companies, in particular those operating in the field of computer games production and e-sports. A special working team for the purpose of the investment has already been formed by the city authorities. The Hub is to be part of a larger project, “The New Technology District”, the aim of which is a comprehensive redevelopment and “rebranding” of the Janów – Nikiszowiec district, which is a famous mining settlement of a unique style, built at the beginning of the 20th century. In September this year, a competition was announced for the development of an architectural and urban concept.

Participants of the CRC programme (Corporate Readiness Certificate)



Source: Uniwersytet Ekonomiczny w Katowicach

Theory And Practice Under the Eye of Technological Giants

Katowice has 11 universities, including large and thriving technical and humanistic educational institutions, such as the University of Silesia, the University of Economics in Katowice, the Silesian University of Technology and the Silesian Medical University, as well as important artistic centres, including the Karol Szymanowski Academy of Music and the Academy of Performing Arts. According to Statistics Poland, the number of students enrolled in 2020 was estimated at 52,400. The universities are an important backbone for businesses, as many fields and majors are created precisely to meet the demand for specific specialisations, mostly in such sectors as ITO, BPO, SSC and R&D, which dominate in the modern business services area. Last year, 13,700 students in total graduated from the universities in Katowice. As part of the joint strategy, companies, universities and the city authorities are conducting projects allowing young people to combine theoretical knowledge with practice.



An example is the Corporate Readiness Certificate, a prestigious programme for students and graduates, organised by IBM Client Innovation Center, ING Tech Poland, Accenture, and since its 8th edition also by Ernst & Young. CRC partners are selected universities, including – since the launching of the programme – the University of Economics in Katowice. 2167 students have participated in CRC so far, including 700 from the University of Economics in Katowice.



The programme enables rapid development of skills and competences, as well as development of basic practical knowledge in the IT area, which enables the participants to take up employment in the business environment. The best students were offered internship and apprenticeship programmes in the company that conducted the training of their choice. After passing an examination at the end of the training, the participant is awarded a certificate, which is appreciated among employers.



**dr Monika Kućmierczyk,
manager of the Career
and Alumni Centre at the
University of Economics
in Katowice**

Another initiative that targets young people is the global educational and professional development programme P-TECH (Pathways to Technology), implemented since 2019. Its aim is to prepare them for work in IT-related specialties that do not require a degree in the field. The first institution that took part in the first edition of the programme in 2011 was a school in Brooklyn. The programme was managed by the City University in New York, the local government and IBM. Since then, P-TECH has been launched in over 300 schools in 28 countries. Two schools in Katowice were the first to take part in the Polish pilot edition of the programme in 2019. One partnered with Fujitsu Technology Solutions, while the other with IBM Poland. The workshops are conducted by practitioners and mentors. Students can also take part in open days organised by companies and take advantage of

apprenticeship offers. Covered topics include artificial intelligence, programming, quantum computers and cloud computing. P-TECH graduates may find employment in partner companies or continue their education at universities.

(VII) THE BEST ZONE IN EUROPE

Entrepreneurs, including potential investors interested in business operation in Katowice, can count on support of the city. The major unit designated for this purpose is the Investors Assistance Department of the Katowice City Hall, which this year provided its services to such new investors as Aebi Schmidt, AT&T, Ammega, Guess, LKQ, SD Worx, while last year for Infobip, TMF Group, Sandvik, Hyland and Pubnub.

The existing business may count on the support of numerous entrepreneurs' associations, funds and incubators, including the Rawa.Ink. Municipal Business Incubator targeting start-ups that have been on the market for less than 3 years. The initiative is a place of work, training and integration of start-ups, the scientific community and local administration bodies. ABSL, the Association of Business Service Leaders, also has its branch in the city.

The Katowice Special Economic Zone (KSSE), with approx. 900 hectares of available development area, has been operating since 1996. In 2015 – 2017 and 2019, it was named by FDI Business Financial Times the best economic zone in Europe, and the second best zone in the world. Currently, there are 450 enterprises operating in the KSEE, which have invested a total of around PLN 42 billion and created over 80,000 new jobs.

“Katowice 2030”

The rapid development of the modern business services sector, the IT industry, can be attributed to the efforts of the companies and their employees, but also to the activities of the local government, which has been working hard for years to change the image of the city. For years Katowice and Upper Silesia have been associated with heavy industries, mostly mining and metallurgy. These industries are still active. Polska Grupa Górnicza S.A., which was established in place of Kompania Węglowa and took over the mines from Katowicki Holding Węglowy, is based here and owns the mines of Upper Silesia. However, in order to meet the requirements of the EU's green transformation, the mines will be gradually shut down, the last one scheduled to close in 2049.

– Without mining and metallurgy, there would be no modern Upper Silesia and there would be no Katowice as we know it today – a modern, dynamically developing agglomeration. The industrialisation of the region sparked an influx of migrants, making it the most densely populated area in Poland. In order to meet the needs of heavy industry, a strong scientific and technical base was developed, including vocational schools established to educate specialists for those sectors of the economy. Heavy industry has been an enormous asset and source of potential for the city and the region – admits Marcin Krupa, the Mayor of Katowice. – But the resulting degradation of the natural environment is a cost that we cannot afford to pay any longer. That is why the economy of Katowice and the region has been transformed in a planned and consistent way, towards modern

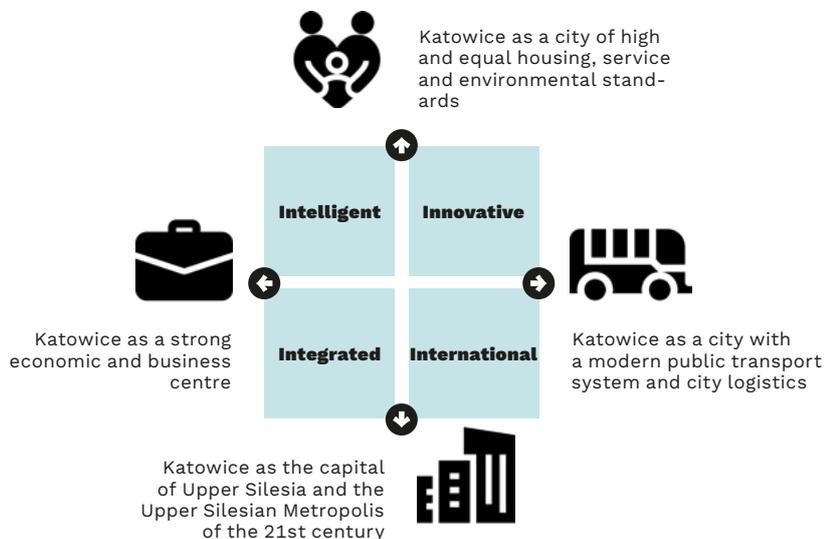
technologies and services, and the city has become a model example of successful economic transformation for the rest of the world.

The transformation plan was included in the development strategy “Katowice 2030”, adopted back in 2015, which is the most important document for the city. The strategy assumes 4 areas that require changes: quality of life, metropolitan and downtown areas, entrepreneurship, as well as development, of economy, transport and logistics. The objective is to make Katowice a city of high and equal housing, service and environmental standards, the capital of Upper Silesia and the metropolis, a strong economic, business and financial centre and modern public transport and city logistics hub by 2030. The strategy incorporates the 4i concept of an intelligent, innovative, integrated and international city. As an intelligent city, Katowice will incorporate and absorb the extensive knowledge potential of its inhabitants. It will be innovative and will serve as an important centre for creating and implementing technological, cultural and social innovations. It will achieve integration thanks to considerable social, economic and territorial cohesion and cooperation with other cities. Finally, it will be an international city, highly accessible and recognised all over the world.

In just six years, it was possible to implement numerous aspects of the strategy – Katowice is now the capital of the first Polish metropolis and both the economic and spatial structure of the city is undergoing changes.

– I am fully convinced that we have succeeded in many areas, including the transformation of post-mining areas, such as the monumental Culture Zone that was established on the site of the former Katowice Mine, in the area of sustainable transport, development of sports and leisure infrastructure, development of business tourism, improvement of safety and air quality in the city, creation of new green areas within the city, construction projects carried out in cooperation with the metropolis, which we are the heart of, as well as offering attractive conditions for investment. We also

4i Concept



undertake various initiatives in cooperation with local communities to help them build their potential for resilience – these activities, including the KATOobywatel Project, are noticed and appreciated on the international arena. We want to remain a city developing in line with the “4i” concept, combining intelligence, innovation, integration and internationalisation – says Marcin Krupa, Mayor of Katowice.

The KATOobywatel project was launched in 2018. Its aim is to engage city residents to take care of the local environment through apps, actions and social campaigns. In 2020, the project received the Transformative Action Award, granted by ICLEI in recognition of actions aimed at bringing about socio-cultural, socio-economic and technological transformation of communities, and making a local or regional contribution to achieving Sustainable Development Goals and objectives of the Paris Climate Agreement. As part of the project, the city has also launched an application Naprawmyto.pl. It helped to solve 14,000 problems reported by city residents. Another application, wCOPTree, helped to plant nearly a thousand trees in the city, in places of the residents’ choice.

In Anticipation of the World Urban Forum

The local government is taking active measures to achieve sustainable urbanisation, in line with the objectives of sustainable development and the UN’s new urban agenda. At the end of 2018, Katowice hosted the COP24 International Conference on Climate Change, which is the largest global forum organised to discuss common climate policy. It was attended by over 20,000 delegates from 200 countries, who participated in 22120 meetings and events. The success of the forum was certainly an important factor in the decision to entrust Katowice with the organisation of the 11th edition of the World Urban Forum in 2022. The World Urban Forum is the most important global event focusing on the issues of politics, transformation and development of cities. It dates back to 2002, when the first session was held in Nairobi. Subsequent sessions were held in Barcelona, Vancouver, Nanjing, Rio De Janeiro, Naples, Medellin, Kuala Lumpur and Abu Dhabi.



Katowice hosted COP24 – the UN Climate Change Conference in 2018 and is currently organising the Internet Governance Forum (IGF) scheduled for December 2021. The opportunity to host WUF11 highlights the importance of Katowice as a city of visible and significant socio-economic transformation and as a place where important events are taking place. It is a great honour for Poland and a sign of confidence on the part of our partners in the UN.



**Marcin Krupa,
the mayor of Katowice**

20,000 people are expected to attend the forum in Katowice, thus contributing to increased recognition of the city on a global scale and generation of business tourism. In 2019, Katowice hosted 6453 business events, including Extreme Masters, the World Anti-Doping Conference, the European Economic Congress, the Fryderyki Awards Gala, the Interpol European Regional

Conference and the CyberTek conference. The total number of business event participants in that year exceeded one million people.

Thanks to business tourism, the catering and hotel industry is also growing. In 2019, 22 hotels were operating in the city with a total number of 2206 rooms, and 7 new hotels with a total of 1083 rooms are planned to be added in the coming years. According to estimations, during WUF11 in 2022, the number of four-star hotels will double compared to 2018.

(IX) GREEN CITY

The economic potential of Katowice stems from a high quality of life of its residents. In recent years, the city has undergone a major transformation from an industrial metropolis into a modern, resident-friendly urban centre. One of the greatest achievements of the redevelopment project is the Culture Zone, created on the site of the former coal mine “Katowice”. The zone comprises the International Congress Centre built in 2015. The facility has 35 conference rooms, the largest of which can accommodate up to 12 thousand people. The adjacent, legendary concert hall Spodek can hold up to 11,000 spectators. In 2014, the new headquarters of the Polish National Radio Symphony Orchestra was established here, comprising a concert hall with 1,800 seats, a chamber hall and a recording studio. The Culture Zone is also home to the Silesian Museum. The total value of investments in the zone are estimated at over PLN 1 billion. The next area prepared for a major redevelopment is the former mining settlement Janowo – Nikiszowiec.

New investments attract events, Well-known cultural events organised here include the OFF Festival, the Silesian Jazz Festival, the Rawa Blues Festival, Tauron Nowa Muzyka, the APART International Theatre Festival or the “Interpretations” Festival of Directing Art. Katowice is also known as a host of major sporting events, such as the Tour de Pologne, the Men’s World and European Volleyball Championships, the Volleyball League of Nations, the Wizz Air Katowice Half Marathon, and the e-sports Intel Extreme Masters.

What is interesting, the capital of Upper Silesia, commonly associated with heavy industry, is in fact a green city – over 50% of its area is covered with forests, parks, squares and the remnants of the Silesian Forest with two nature reserves – Ochojec and Las Murckowski. Following its new strategy, the city is constantly developing its cultural and leisure infrastructure. An example is a network of bicycle paths of a total length of 180 km. Katowice is also the first city in Poland to fulfil the obligations specified in the Electromobility Act. It currently operates 68 charging stations for electric vehicles (168 charging points). The municipal transport operator has one pantograph charger with two charging stations and 10 portable chargers, which are used by 20 electric buses.

Stable Economy Despite the Pandemic

According to the data of the Association of Polish Cities, as many as 29% of the residents of Katowice are entrepreneurs. 94% of PIT in Katowice is paid by entrepreneurs, while 58% of employers in the city are micro and small companies accounting for 58% of jobs on the market. The outbreak

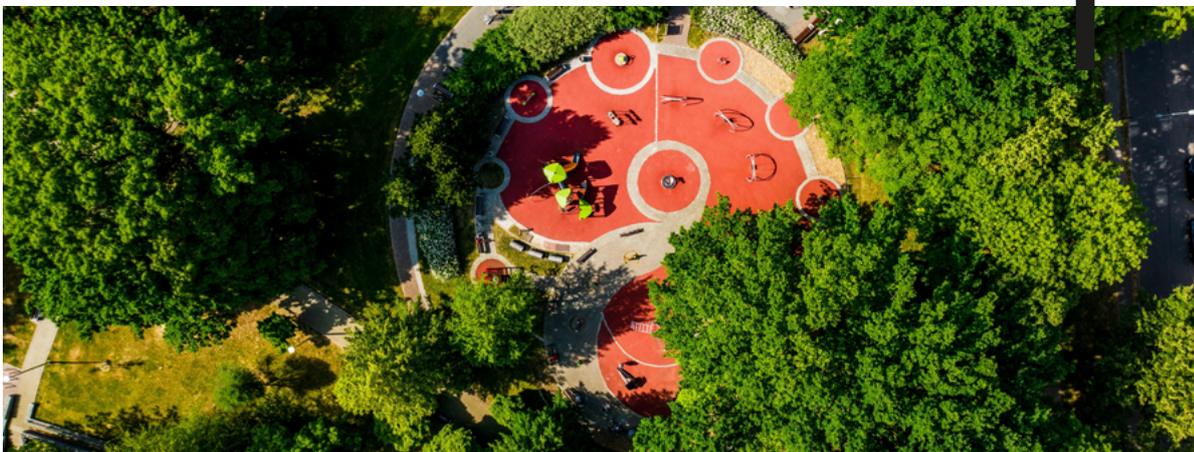
of the pandemic and the resulting lockdown on entire sectors of the economy was a major test for both the local government and entrepreneurs alike. The city undertook remedial measures in the form of anti-crisis packages offered to entrepreneurs, entities from the NGO and culture sector. The package included exemption or discount on rent and property tax. In cooperation with the Regional Chamber of Commerce in Katowice, a Crisis Advisory Point was established at the SME Support Centre, which provided assistance to over 150 companies operating in the city. In October 2020 the Katowice Entrepreneur Package 2.0 and 2.0+ was launched for entities leasing office space and land belonging to the city, as well as for companies from the HoReCa, sports and leisure, and culture sectors.

The crisis mitigation measures taken, as well as the good overall condition of the local enterprises, the registered unemployment rate rose only slightly to 1.7% at the end of 2020 (from 1% in 2019). It was the lowest rate in the whole Silesian Voivodship (4.9%) and one of the lowest in Poland (6.2%).

At the end of September 2021, the unemployment rate in Katowice was estimated at 1.8%, compared to the average for the province (4.5%) and the country (5.6%). The average salary in Katowice in September 2021 was PLN 6484.02 (compared to PLN 5894.14 for the whole region).

In May 2021, Fitch affirmed Katowice's long-term foreign and local currency IDR at "A-" and long-term national rating at "AA+(pol)". According to the agency, the ratings have a stable outlook. In turn, the credit risk profile was assessed as medium. The assessment took into account 6 aspects: in four of them the city's rating was "medium", in one "weak" and in one "strong".

The weak rating concerned the capacity level for revenue increase, which Fitch gave to most Polish cities. The arguments raised to back the decision included tax rates (PIT) and transfer of money from the state budget, which the local governments do not control. In turn, the strong rating, concerned expenditure flexibility. According to Fitch, the city has the necessary reserves to limit its expenditure, which is important to ensure stability in the face of the pandemic.



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Photos

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Content

“Investment potential of Katowice in the new economic reality”
(Michał Stankiewicz)

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Gremi Media S.A.

Publisher

Gremi Media S.A.
ul. Prosta 51, 00–838 Warszawa
www.rp.pl

Warszawa, October 2021

