



Invest in Debrecen



5+1 REASONS TO INVEST IN DEBRECEN

1

ACCESSIBILITY



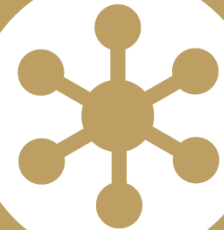
2

LABOUR FORCE



3

BUSINESS ENVIRONMENT



4

INCENTIVES



5

QUALITY OF LIFE

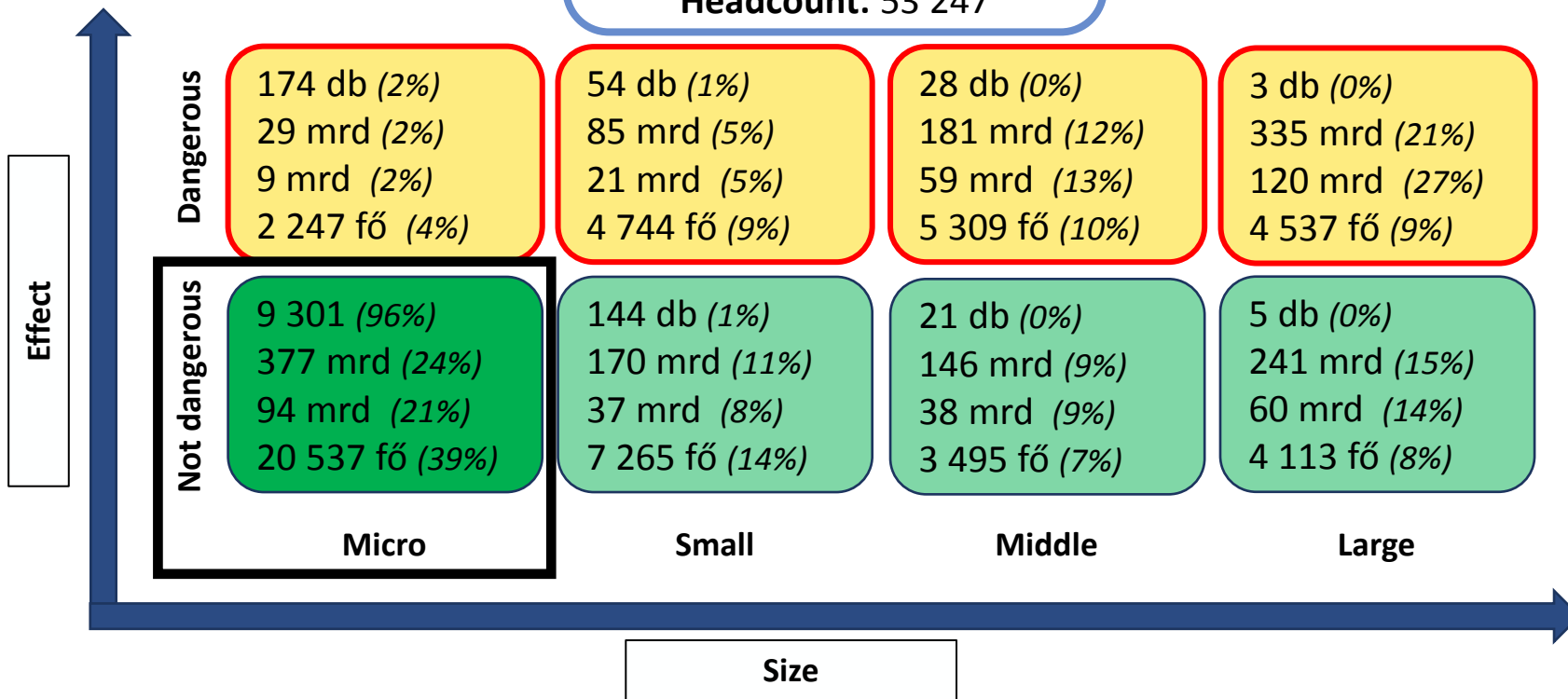


+1

EDC DEBRECEN



Debrecen companies
Amount : 9 730
Revenue: 5 billion EUR
GDP: 1.4 billion EUR
Headcount: 53 247





Investor services

- **Full-scale investor service** to give you a complete picture on what Debrecen can offer to your company
- We have the **answers to all your questions** – transparent and up-to-date information from HR to infrastructure, past trends and future tendencies, development opportunities and available services
- **Visit Debrecen** – we organise your visit to meet city leaders, education institutions, local companies, or anyone else you need
- Our services are **free of charge** for investors

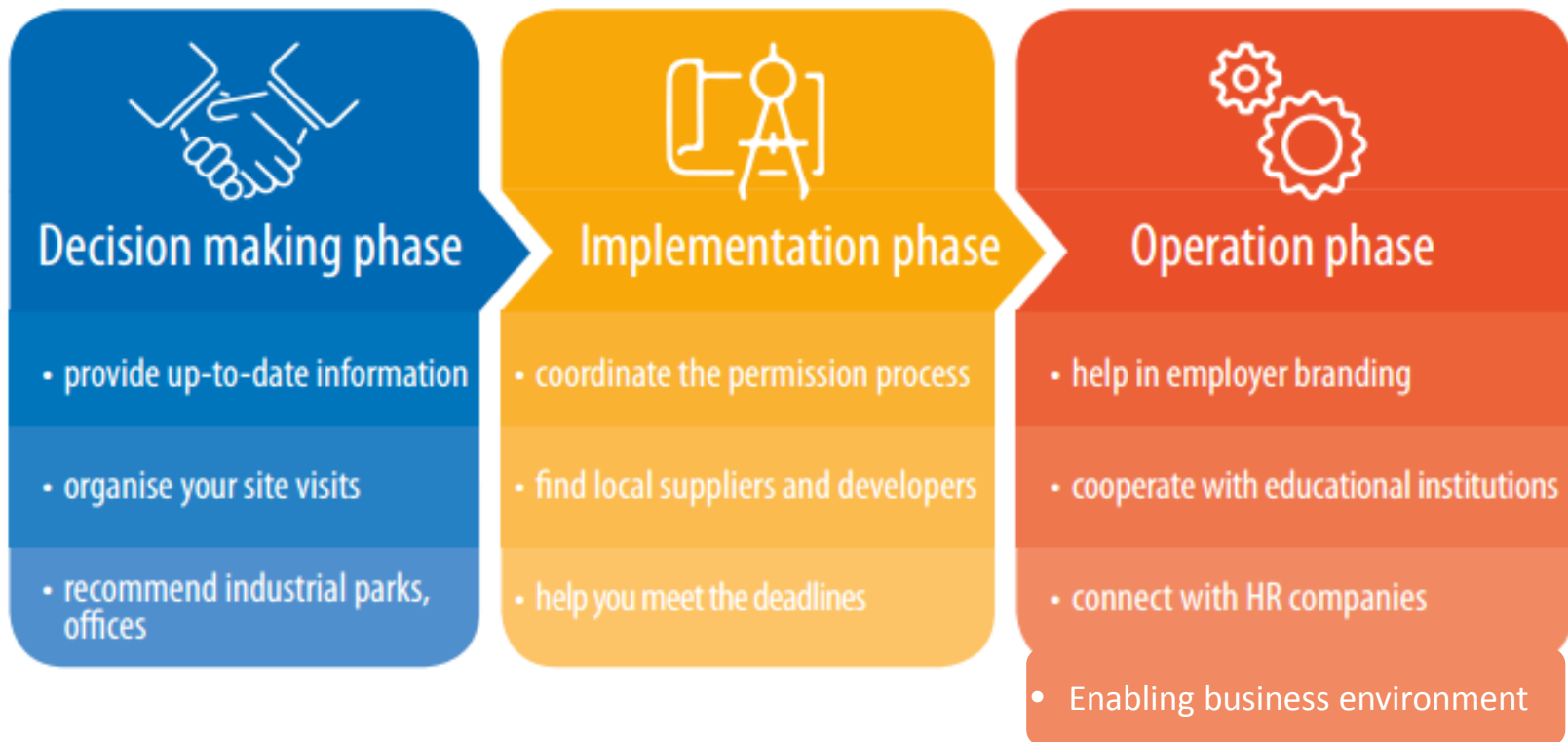



Dedicated team

- A **powerful team** of experienced and business-minded professionals is at your service any any requests
- **Flexibility and dedication** to ensure you make the right choice



We provide you efficient help throughout the whole investment period, from data collection to after-care:





Decision making phase

- provide up-to-date information
- organise your site visits
- recommend industrial parks, offices



Winner of 2017

CEE SHARED SERVICES AND OUTSOURCING AWARDS

- Emerging city of the year
- Best university – business cooperation of the year (BT)



fDi
EUROPEAN
CITIES & REGIONS
OF THE FUTURE 2018/19

BEST FDI STRATEGY
SMALL CITIES
WINNER

DEBRECEN

Typical questions we answer 1/2

Legal due diligence

Land register / cadastral map

- Current excerpts of the land/cadastral register
- Documents of registration concerning the ownership title of the current owners
- Documents of registration concerning unusual encumbrances in the property sheet of the respective land register, with special regard to the wire easement right registered (i.e. contracts served as basis for registration, together with relevant drawings, etc.)
- Agreement on use of co-owners
- Applications in progress, all documents related to such applications
- Unregistered encumbrances including servitudes established by law
- Marked site map (.dwg file containing relevant information, e.g. area of final property, utilities, road connections, area affected by possible limitations such as easement rights)
- Documents, information regarding land formation (e.g. land merger, including geometrical plans) concerning possible extension of the final real estate property

Public law restrictions

- Limitations as a result of the location of the property within applicable local zoning and building or other relevant local regulations
- Public development agreements
- Administrative decrees, orders and proceedings
- On-going building/occupancy/demolition permit applications
- Environmental surveys re status of soil, ground-water, air and noise; emission related restrictions prescribed by law or authorities
- List of all storage (underground and above ground) of dangerous substances, irrespective of present use
- Other restrictions prescribed by authorities as to the use or utilization
- Subsidies provided in connection with the Object, use or change of control related restrictions upon subsidy contracts, documents related to the local real estate tax exemptions

- Statutory pre-emption rights
- Local building codes and zoning regulation currently in force, together with any other local regulation currently in force and which are relevant to the Object
- Special rules and policies currently in force and to be applied in the course of sale by the current owners

Contractual Agreements in connection with the Object

- Use restrictions based on neighborhood agreements
- Lease agreements or other agreements related to the use or utilization of the property by third parties

Litigation and disputes

- List of all proceedings conducted, pending or threatened, including Restitution/Reprivatisation claims/Expropriation

Technical due diligence

Property characteristics

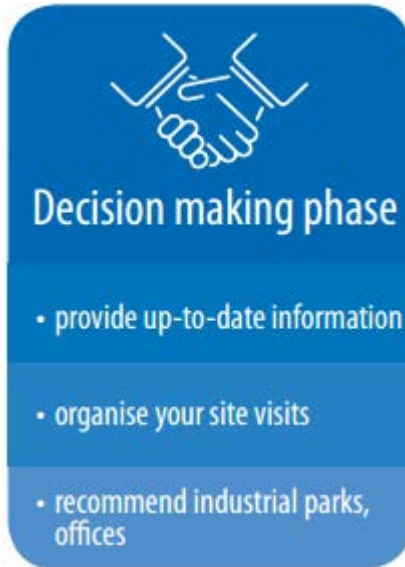
- Local development plan, restrictions and conditions for new buildings, environmental restrictions, etc.
- Topographic plan
- Geological survey, soil analysis, contamination analysis
- Ground water declaration / statistics, Environmental extract, Flooding statement
- Available public roads and utilities network
- Archaeological surveys and archaeology related documents, restrictions prescribed by law or authorities; monumental, cultural or cemetery (and historical cemetery) and public health protection related restrictions, with all relevant documents

Utilities check

- Railroads, roads and public transportation to the plot
- Existing networks for power, gas, fresh water, sewage
- Restriction imposed by utilities providers
- Maximum availability of infrastructure consumption

Approvals assessment

- Necessary approval steps and permits for environmental issues, building permit, operation permit
- Heritage significance
- Other necessary approvals and permits



Decision making phase

- provide up-to-date information
- organise your site visits
- recommend industrial parks, offices

Typical questions we answer 2/2

HR related questions

Future talent pool

- University connection, last 5 years data form the relevant fields
- Faculty cooperation (dual program, industry partnering, sponsoring)
- Vocational data, connection and partnering program (Dual training and educational partnerships)

Current talent pool

- Key manufacturing employers in the region
- Local HR services companies
- Key tools to attract people, surveys, learning
- Already established companies site visit

Labor cost

- Current labor cost structure, analysis and data
- Future labor cost expectations analysis

Debrecen HR strategy

- Development programs to increase the number of inhabitants and future students

Supports

Regional incentives

- HIPA managed incentives program and their local examples

Local incentives

- Debrecen Municipality Decree on Local Investment Incentive
- Employment Pact
- Debrecen special research and development incentive
- Adjustment of the local public transport system
- VIP status
- Integration to the local community

Livability

Living as an expatriate

- Expat club Debrecen, experiences (Over 5 000 expat residents in Debrecen)
- International School of Debrecen (IB program) connection
- Real estates information

Other livability factors

- Crime statistics: registered crimes in 2015 were 20% below previous year's figure, connection to local police
- Hotels and other temporary solutions
- Shopping and hospitality
- Culture: Museums, theatres, cinemas, carnivals and thematic festivals
- Leisure and wellness: The biggest indoor aqua park of Hungary, traditional thermal spas, ice rinks, fitness and leisure centers The Great Forest offers quality spare time opportunities for the whole family
- Sports: International sport events, first class sport teams, a new stadium with a capacity of 20 000, indoor and outdoor swimming pools, regular mass sport events
- Health services: Clinical department of the university of Debrecen, Public and private hospitals, clinics and services in general and dental care

Other

Logistics

- Services, point of contacts, prices

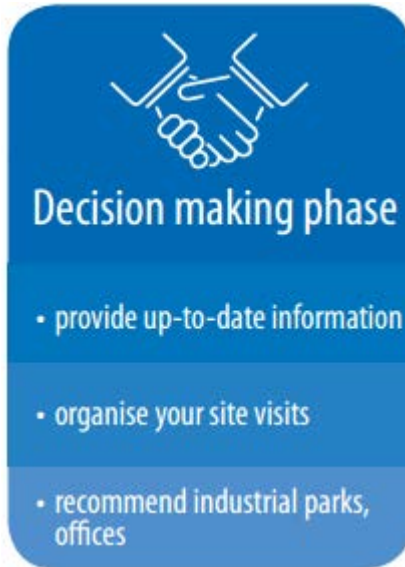
Establishing business information

- Contacts for lawyers (English speaking as well), bookkeepers, auditors

Temporary offices

Supplier database

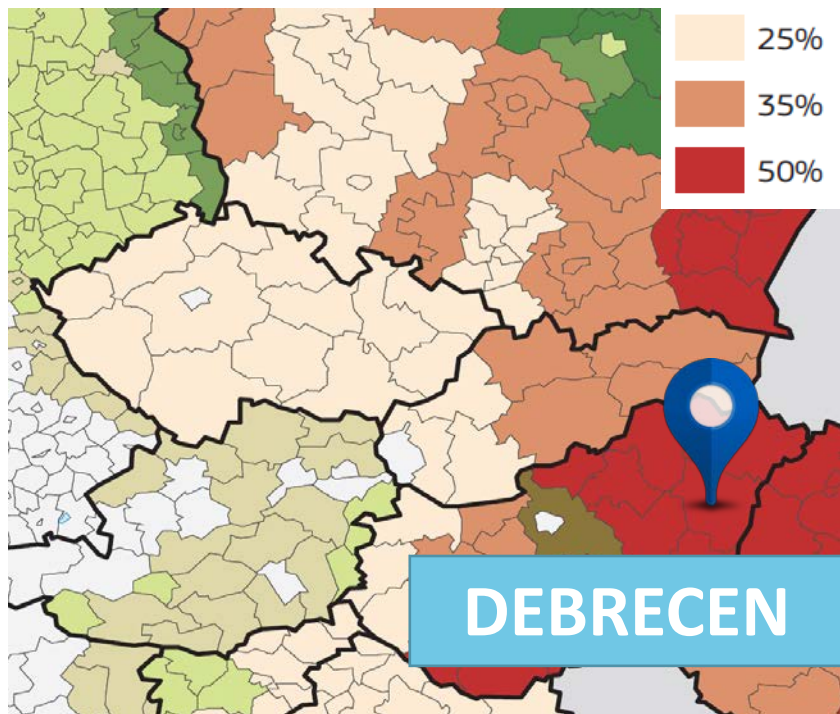
Sustainability



Decision making phase

- provide up-to-date information
- organise your site visits
- recommend industrial parks, offices

Highest aid intensity in EU



National incentives

- Non-refundable cash subsidies
- EU co-financed funds
- Development tax allowance
- Training subsidy
- Workshop establishment and development aid
- Social tax allowance
- Wide range of other tax base allowances

Debrecen local incentives

- Employment Pact
- Local Investment Cash Incentive Programme
- R&D Tax Discount
- Adjustment of the local public transport system
- VIP status
- Dual training programme in vocational schools
- Partnership with University of Debrecen
- Integration to the local community

Experiences

Item	2015	2016	2017	SUM
Projects	22	56	49	127
Site visits	10	26	29	65
Success	2	9	11	22

Newcomers



thyssenkrupp



CALLFACTORY.



Reinvestments



RICHTER GEDEON

SCHAEFFLER



FAG

oerlikon



RR
DONNELLEY

Where we help

example

VIP status

- Dedicated person from the Mayor's Office and EDC Debrecen available to help the investor and provide fully comprehensive support in every step of the **permission process**.

- Find the **right temporary offices** to start the recruitment



- Connect to **HR related authorities** and present local **HR companies**, that helps the integration and recruitment

CALLFACTORY.

- Establishing connection and future collaboration with **vocational schools** and university faculties



- Helps on **announcing** the investment, gather right audiences, **press connection**



Where we help

example

Employer Branding

Media

- TV, Radio, Online media, Print

Events

- Gastronomy festivals
- Sport festivals
- Campus Festival
- Flower Carnival „Virágkarnevál”

Sponsored interface

- Educational institutions
- Transport
- Sport facilities, teams
- Főnix Event Organizer
- Crowded locales

Cooperation with Educational institutions

- Vocational Schools
- University



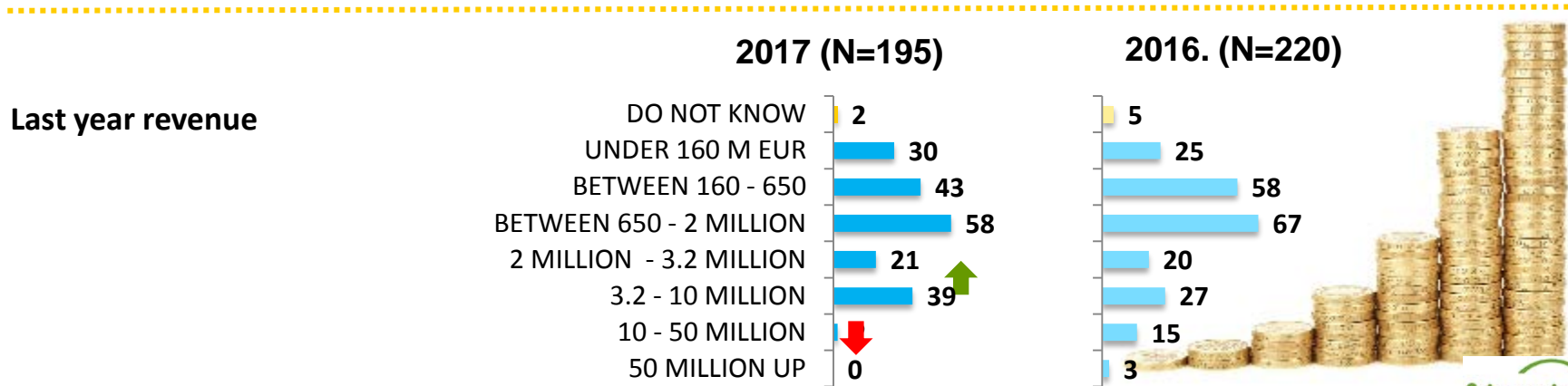
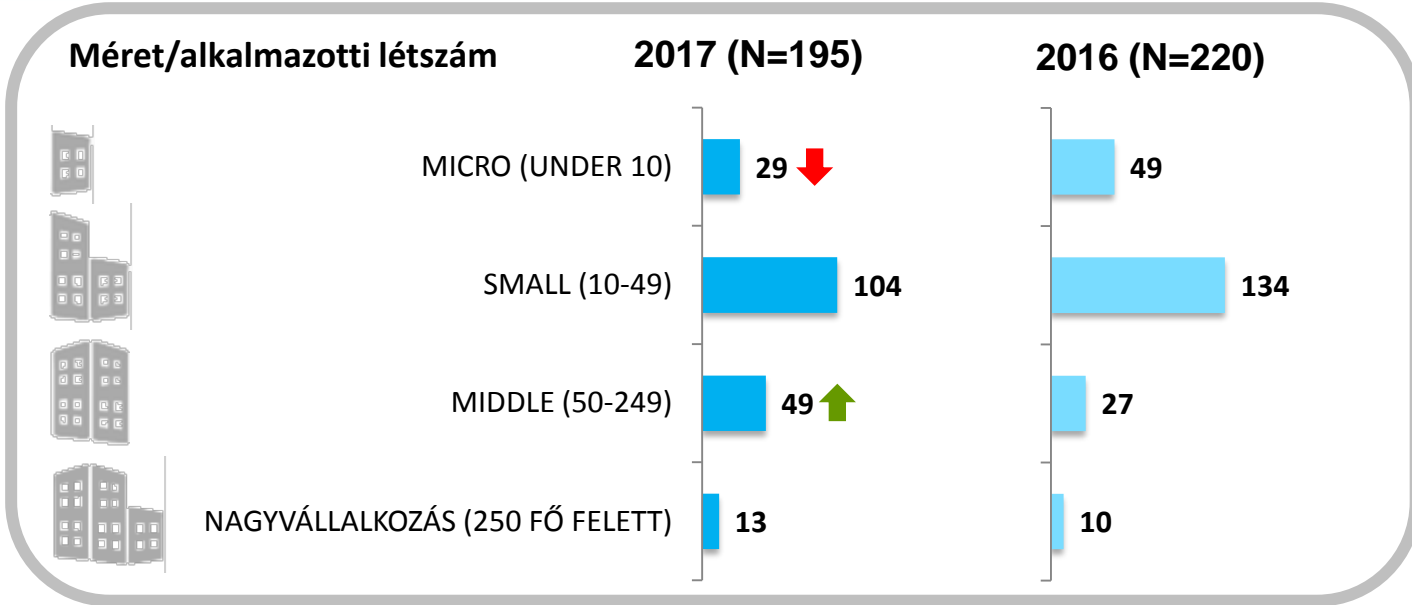
Operation phase

- help in employer branding
- cooperate with educational institutions
- connect with HR companies
- Enabling business environment



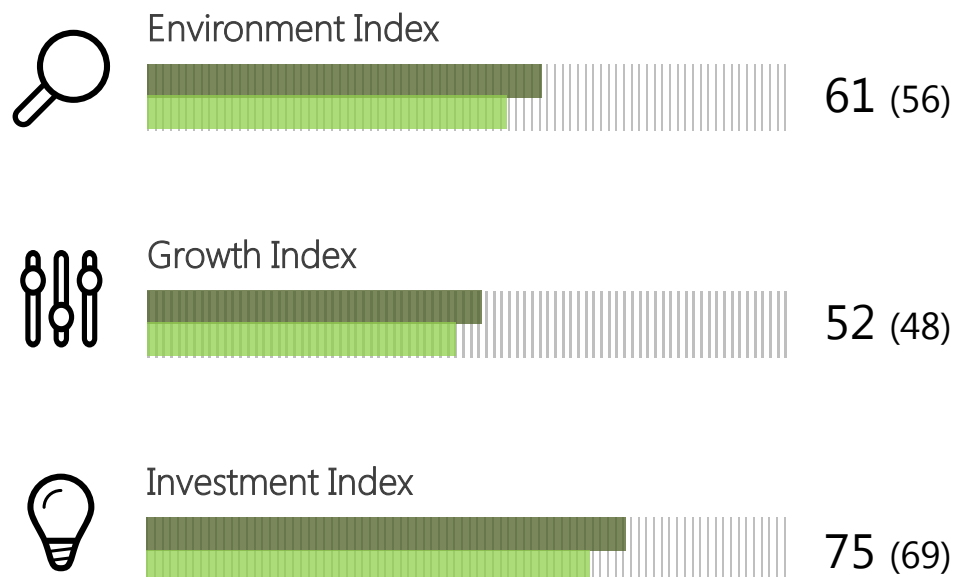
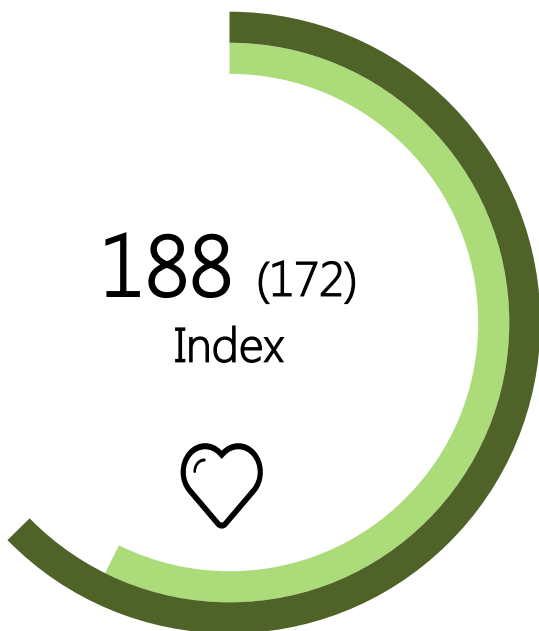
Country	City	Starting a business		Dealing with construction permits		Getting electricity		Registering property		Enforcing contracts		Average	Absolute rank
		DTF Score	Rank	DTF Score	Rank	DTF Score	Rank	DTF Score	Rank	DTF Score	Rank		
	Budapest	87,28	20	67,89	13	63,25	7	80,08	6	73,75	11	74,5	6
	Debrecen	87,61	13	72,71	7	63,36	6	81,16	1	81,72	1	77,3	1
Hungary	Győr	87,32	18	73,35	5	63,25	7	80,8	4	74,2	10	75,8	5
	Miskolc	87,61	13	73,47	4	61,76	9	80,92	2	79,53	2	76,7	4
	Pécs	87,61	13	75,58	1	65,21	4	79,96	7	77,07	4	77,1	3
	Szeged	87,57	16	74,38	2	67,46	1	80,8	4	75,98	6	77,2	2
	Székesfehérvár	87,32	18	73,7	3	65,53	2	80,92	2	79,12	3	77,3	1
Bulgaria	Burgas	90,05	3	69,23	11	65,49	3	70,67	18	72,68	15	73,6	7
	Pleven	90,5	2	71,92	8	54,66	13	70,44	19	73,63	12	72,2	11
	Plovdiv	90,05	3	68,3	12	65,06	5	69,59	21	72,36	17	73,1	8
	Ruse	88,33	11	71,34	9	54,71	12	71,53	17	75,38	7	72,3	10
	Sofia	86,82	21	72,75	6	54,64	14	69,23	22	67,04	20	70,1	12
	Varna	90,56	1	70,53	10	59,05	10	70,19	20	74,23	9	72,9	9
Romania	Brasov	88,78	9	56,28	17	49,56	19	74,65	9	64,24	22	66,7	19
	Bucharest	89,53	5	58,09	15	53,23	15	74,65	9	72,25	18	69,6	15
	Cluj - Napoca	88,78	9	54,32	20	50,41	18	73,81	16	73,34	14	68,1	17
	Constanta	87,52	17	49,26	21	49,06	20	74,65	9	75,04	8	67,1	18
	Craiova	86,27	22	61,31	14	53,01	16	74,65	9	73,37	13	69,7	14
	Iasi	88,28	12	56,01	18	57,76	11	74,65	9	72,64	16	69,9	13
	Oradea	89,53	5	57,84	16	50,8	17	75,48	8	72,01	19	69,1	16
	Ploiesti	89,53	5	54,4	19	47,22	21	74,64	15	65,86	21	66,3	21
Timisoara	89,53	5	48,92	22	43,56	22	74,65	9	76,13	5	66,6	20	

The World Bank conducted an analysis comparing business regulations in 22 cities in Bulgaria, Hungary and Romania entitled “Ease of Doing Business in the European Union 2017”. The report analyses business regulations five areas: Starting a Business, Dealing with Construction Permits, Getting Electricity, Registering Property, and Enforcing Contracts. The results reveal that Debrecen provides the most favourable business conditions for newcomer entrepreneurs in the covered region.



16 points increase vs year ago

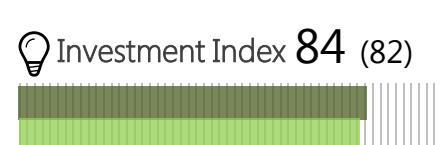
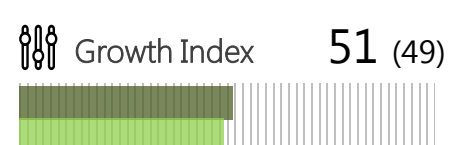
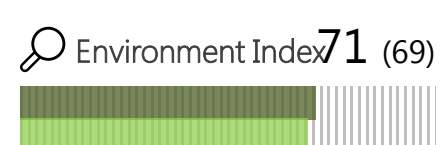
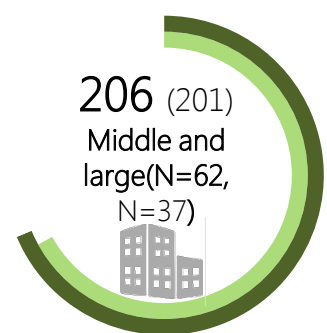
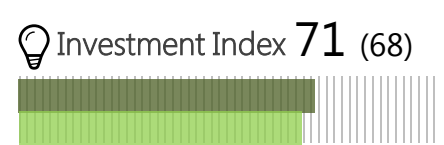
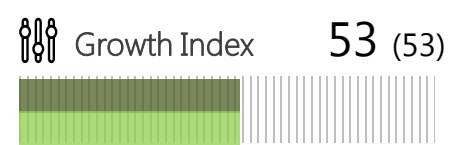
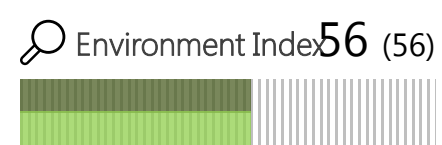
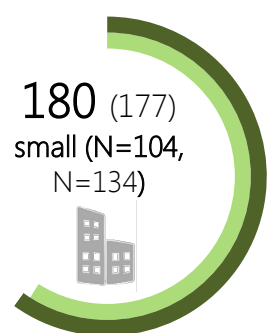
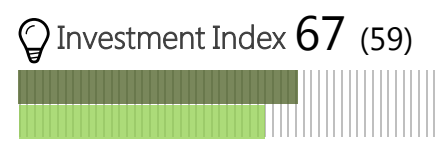
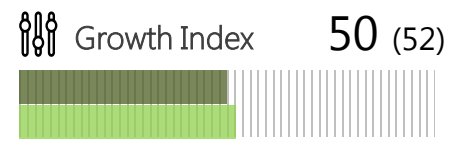
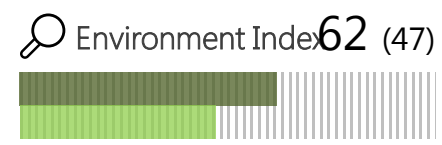
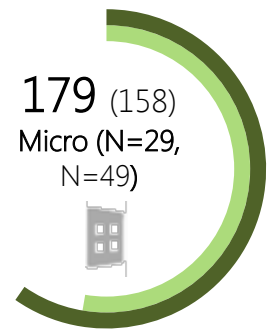
■ 2017
■ 2016



A Debreceni üzleti index egy 0-300 indexpont közé eső érték, amely 14 különálló kérdést vesz figyelembe azonos súllyal, három kategóriában: környezeti index, növekedési index, fejlesztési index. A nagyobb érték a jobb eredmény. Az indexpont változás az általános gazdasági erősödést vagy csökkentést jelzi az üzleti szereplők szemszögéből.

DEBRECENI BUSINESS INDEX BY SIZE

2017
2016





50%
2017



41%
2016

POSITIVE FUTURE EXPECTATIONS IN THE REGION



81%
2017



76%
2016



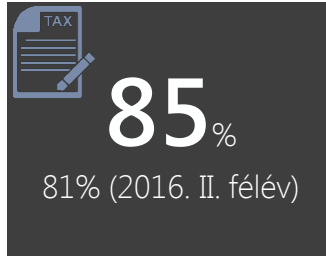
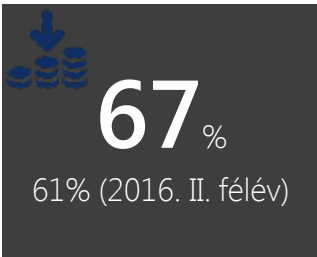
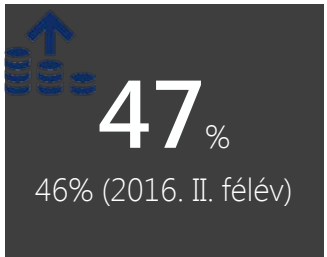
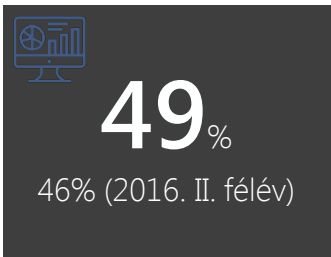
73%
2017



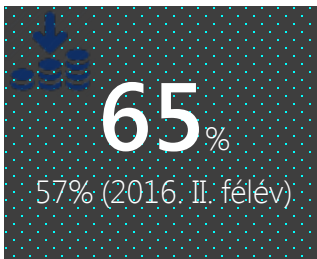
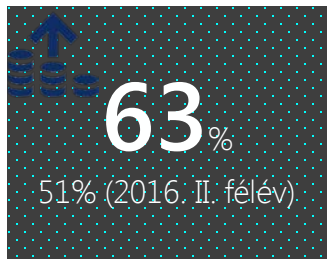
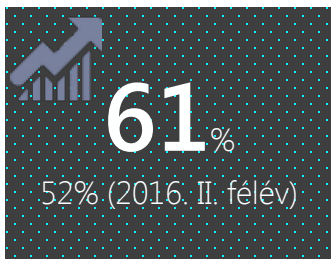
69%
2016



Current



Future



Business expectations



Market trend



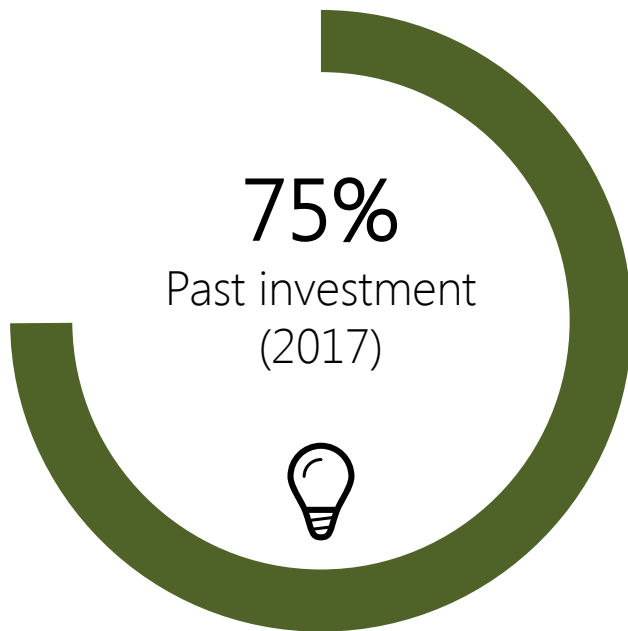
Revenue increase



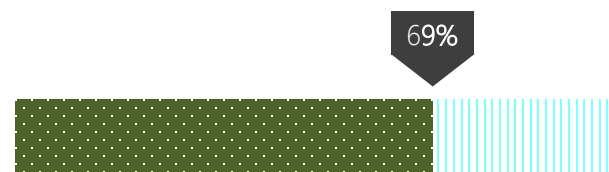
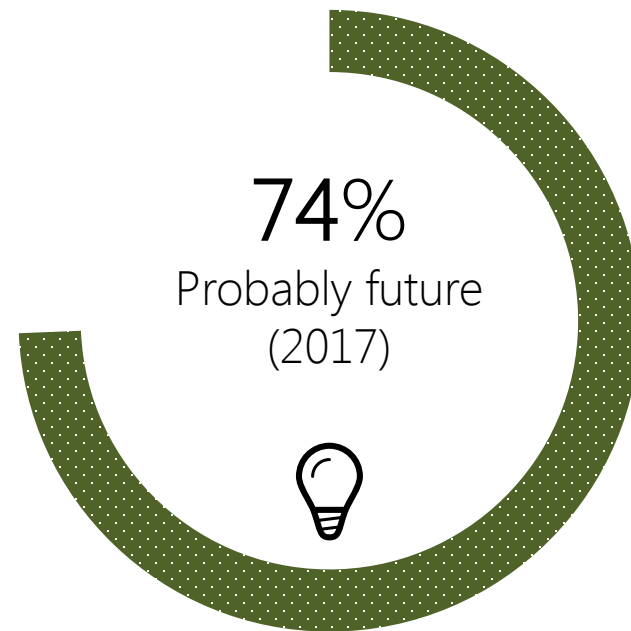
Total cost increase



Profit increase



2016



2016



Zoltán Póser

CEO

poser.zoltan@edc.debrecen.hu

+36 30 251 3235

**EDC Debrecen Urban and Economic
Development Center**

Széchenyi street 31, H-4031 Debrecen,
Hungary

invest.debrecen.hu

Debrecen



Backup



300,000
by
2050

SHORT TERM – Sufficient labour pool to allow a fast and smooth ramp-up.

1. **Fresh graduates** – regionally ~80,000 students in University and vocational schools, 15,000 graduates per year
2. **Experienced employees** – 40,000 employees in manufacturing industry (Top 60 companies) in the region
3. **Regionally ~7% unemployment** provides a comfortable buffer
4. **Attractive region** for Ukrainian and Romanian workers

LONG TERM LABOUR DEVELOPMENT PROGRAM

Debrecen has launched its strategic development program to reach the total population of 300,000 by 2050, via strengthening its role as a regional center.

1. **Higher and vocational education development**
 - university strategic plan: from 30,000 to 50,000 students by 2050
 - increase students in vocational education by 30% until 2025, via investments in training capacity and active scouting
2. **Long Term Labour Programme** – Debrecen Urban & Economic Development program to attract new inhabitants (see attachment)

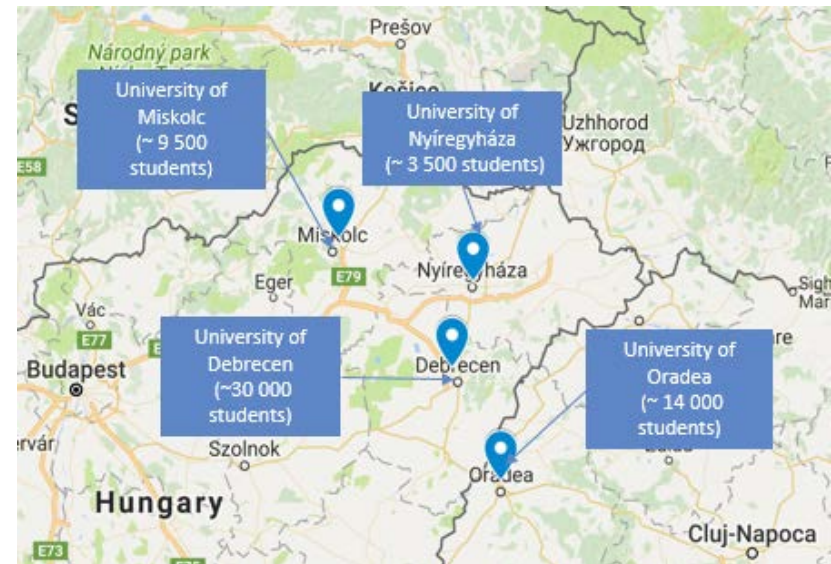
Undergraduate System

- 45 Nurseries
 - 36 Elementary schools
 - 37 Grammar and vocational schools
- Language classes:** English, German, Latin, French, Italian, Spanish, Russian, Chinese, Finnish
- Bilingual education:** In 9 schools (French, English, Spanish, German, Italian)
- Dual vocational program**
- IB international school start in September 2019**



University System

- The largest Hungarian higher education institution outside Budapest (30,000 students)
- Wide range of programs in **14 faculties**
- **25 doctoral schools with ~1,000 PhD students**
- **5,000 foreign students** from 105 countries
- Outstanding academic staff: **~1,700 faculty members** (including 142 Doctors of Science and 932 members with PhD degree)
- University with **Research Excellence**



Will I have enough good workers?

The factors of workforce availability in different time horizons

Short



Existing industry

Medium



Education

Long



Demographics



Ideal location

- diverse portfolio of companies in similar industries
- sufficient number of employees with relevant skills and experience
- mid-large companies, preferably with international background
- Close to Ukrainian, Slovakian Romanian border



Debrecen

- 40,000 employees in the region at the major manufacturing employers
- 18,000 in vehicle or machine industry
- strong international background (Germany, USA, UK, France, Israel, Netherlands, Italy etc.)
- large recruitment pool to hire project team and middle management





Ideal location

- extensive infrastructure in vocational education
- appropriate curriculum and training method
- major university with strong engineering faculties



Debrecen

- 1,751 annual fresh graduates in engineering vocational training in Debrecen, further 3,200 in the region
- healthy co-operation with industry
- dual training opportunities both in vocational and university level
- university very strong in engineering and other supporting fields (finance, IT etc.)



Fresh graduates – Vocational school

Vocational school	Yearly Graduate	Current Students
Debrecen region – Engineering vocational	1,751	8,757
Commuting region (Miskolc, Nyiregyhaza, Oradea)– Engineering vocational (est.)	3,200	16,000
Total	4,951	24,757

Fresh graduates - University

Number of graduates at the regional university system					Current students
University/Faculty	2014	2015	2016	Total	
Debrecen – Engineering, IT, Science	1,674	1,634	1,629	4,937	7,720
Debrecen – Economics, Linguist	1,374	1,153	1,197	3,724	5,246
Miskolc, Nyiregyhaza, Oradea - Engineering , IT, Science,	1,569	1,529	1,497	4,595	7,484
Miskolc, Nyiregyhaza, Oradea - Economics, Linguist	1,748	1,723	1,787	5,258	8,936
Total	6,365	6,039	6,110	18,514	29,386

Experienced labour – in the region

	Automotive	Electronics	Plastic	Other Mnfg	ICT	Pharma	Metal	Total
Number of people	17,663	7,289	4,077	3,938	3,027	2,100	1,906	40,000
% of total	44%	18%	10%	10%	8%	5%	5%	



Ideal location

- sizable population
- good regional transportation network to help commuters
- population at least stagnating, preferably increasing



Debrecen

- 250,000 citizens in Debrecen metropolitan area, ~1 million in commuting distance
- growing population
- active policies to increase the speed of population growth

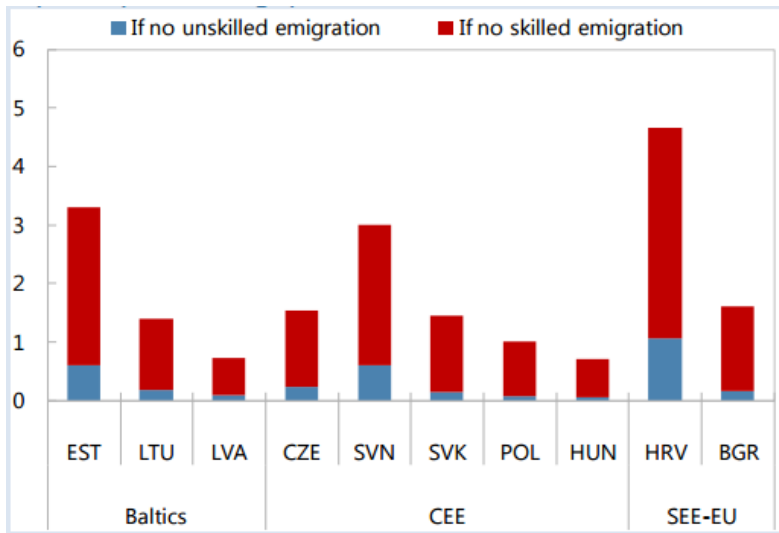


Debrecen development strategy

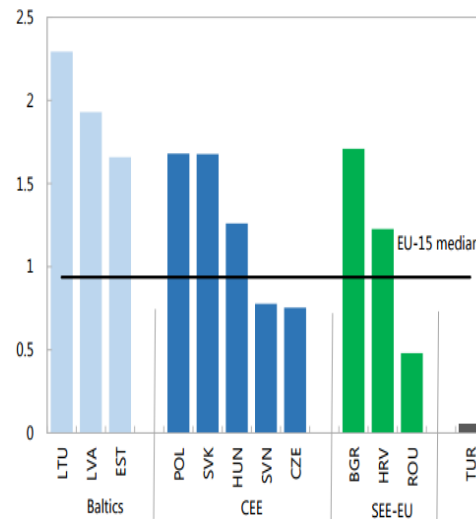
Major labour market trends in CEE

- 1. Near-shoring** Western European multinationals expansion to CE, both in manufacturing and service sectors
- 2. Emigration to Western Europe*** Outflow of skilled labour to Western Europe
- 3. Shortage of high-skill labour*** Gap between the share of high-skill labour in total employment and the same share in total population
- 4. Skill mismatches*** Available skills often do not meet employer demand

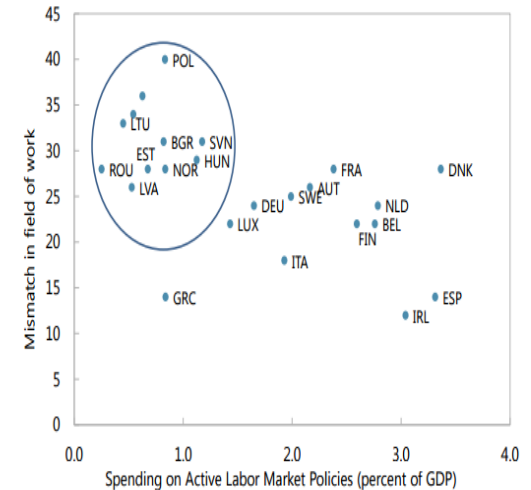
2. Emigration effect on GDP



3. Skill Shortage Index, 2000-14



4. Skill Mismatches and Active Labor Market Policies

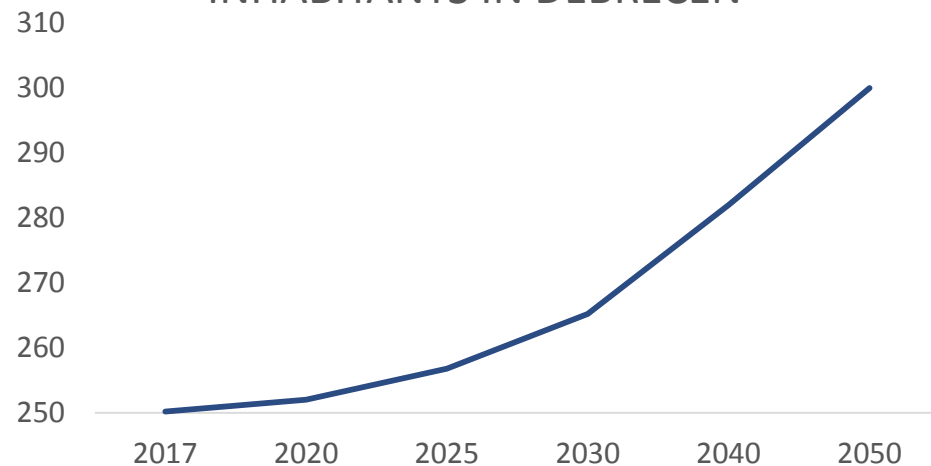


Pressure on workforce quality and quantity

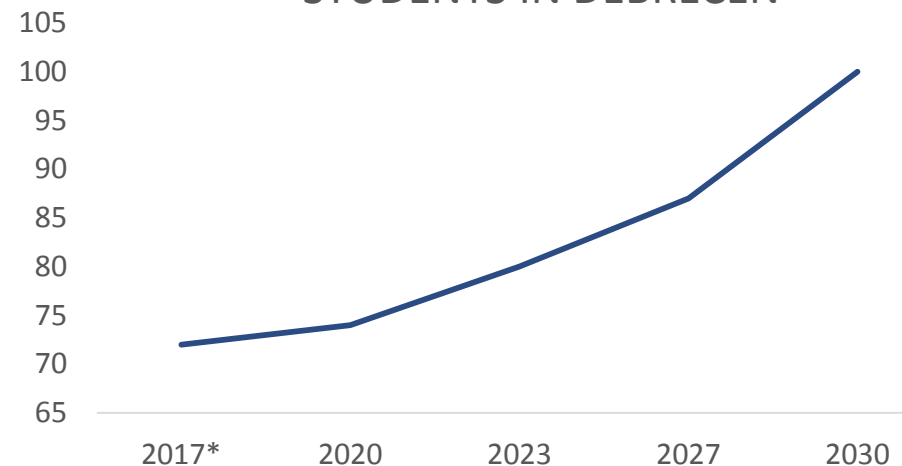
Addressing the trends: Debrecen Long Term Labour Programme

1. Increase population from 250,000 to 300,000 by 2050
addressing the near-shoring and western emigration trends
2. Increase the number of students from 72,000 to 100,000 by 2030*
addressing the high-skill labour shortage trend
3. Align the labour market supply to labour market demand
addressing skill mismatches trends

INHABITANTS IN DEBRECEN



STUDENTS IN DEBRECEN



Firm actions by Debrecen to answer external factors

1. Increase population from 250,000 to 300,000 by 2050

- **Affordable housing programme** – introducing municipally managed large scale rental housing and workers' home program
- **Quality of life programmes** – Candidate for Cultural Capital of Europe in 2023, Nagyerdei Spa and Zoo reconstruction, public transport/road/bike lane developments, green city programme, Smart City
- **Quality jobs programme** – increase FDI and strengthen the local SME sector via
 - ✓ dedicated professional team at EDC Debrecen
 - ✓ infrastructure development: industrial park, quality offices, motorway, airport, Central Station etc.
 - ✓ local tax and cash incentives



Tócsövölgy Apartments



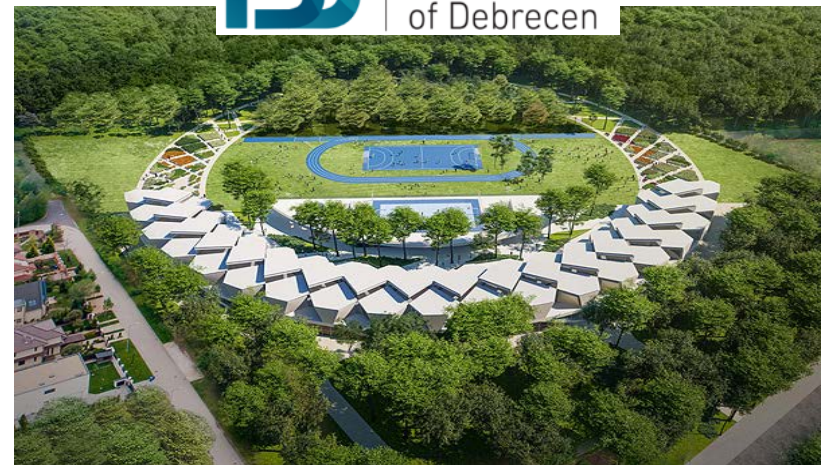
Forest Offices

2. Increase the number of students from 72,000 to 100,000 by 2030

- **University Development Programme** – Student hostel programme, infrastructure and headcount development in the field of engineering, IT and medical studies, University Innovation Center, European Energetic Study Centrum
- **Public Education Development Programme** – renovation and enlargement of 11 nurseries, 23 kindergartens, 3 elementary and 3 vocational schools; establishing 2 new student hostels
- **International School of Debrecen** – International Baccalaureate (IB) program school with 500 students in all ages between 3-18 by 2019



University Innovation Center



International School of Debrecen

3. Align the labour supply to market demand

- **Employment Pact** – Align the vocational and adult education program to the market needs, channel European Union and Hungarian Government financed labour programmes to local needs, implementing more active labour market local policies
- **Vocational School Alignment** – Introduce Industry 4.0 and Shared Service Educational programme to vocational schools
- **Debrecen Digital Literacy Program** – Industry-NGO-Municipality-Educational institutes co-designed program to increase the digital literacy of the citizens



Digital literacy

Each and every citizen has the inalienable right to acquire digital literacy skills

