



**GROW WITH WARSAW**  
**„CHANGING THE CENTRE OF WARSAW”**  
**REPORT FROM THE SIXTH EDITION OF THE WORKSHOP**  
**29 November 2018**

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## 1. What kind of workshop is it? Who organises it? Who is the addressee?

**Grow with Warsaw** is a series of workshop meetings for the representatives of the real estate industry. Its aim is to present Warsaw's spatial policy and to develop – through an open dialogue with key representatives of the real estate industry – proposals for system solutions, which will serve as guidelines for the new Study on Conditions and Directions of Spatial Development of the City of Warsaw, which is shaping the city's spatial policy.

The Grow with Warsaw project is run by the **Architecture & Spatial Planning Department and Economic Development Department of the City of Warsaw**.

The partner of the project is **Urban Land Institute Poland**, responsible for the substantive preparation and organisation of workshops and moderation of discussions.



## 2. What was discussed during the sixth edition?

The **Grow with Warsaw** meeting focusing on changes in the inner centre of Warsaw was held on 28th November 2018 in the ZODIAK Warsaw Pavilion of Architecture.

What were the experts talking about during the sixth workshop in the series? Here are the topics:

- What mechanisms can the city use to encourage investors to implement the concept of development of the Palace of Culture and Science (the PKiN) surroundings as prepared by Warsaw's authorities?
- Is there potential for residential buildings around the PKiN? Is it possible – apart from the construction of upmarket apartments – to introduce affordable housing in this location?
- What should be the action plan for the surroundings of the Palace of Culture and Science? What formula should be adopted for the development of this area?
- The commercial development of areas around the PKiN: What is the potential for trade and what is the potential for office space?

- Should a second city under the ground be built around the PKiN?
- What is the significance of the PKiN's surroundings for tourism?
- What is the importance of public space around the PKiN?

### 3. Introduction of workshop organisers into the discussion.



The workshop summing up the series was opened by **Michał Olszewski, Deputy Mayor of Warsaw**.

“Meetings within **Grow with Warsaw** are extremely valuable to us. When planning the new centre of Warsaw, we want to take advantage of the experience of other cities, both Polish and foreign,” said Michał Olszewski, Deputy Mayor of Warsaw.

“During the five workshops we have learned the perspective of actual businesses investing in our city. We have found out that the newly created study must be a more flexible document than before, so that it would allow for the implementation of various development scenarios. This also applies to local plans. We are looking for ways to draw up provisions to ensure spatial order in the constantly changing conditions of running a business.”

**Dorota Wysokińska – Kuzdra, Chair of ULI Poland**, stressed the importance of meetings between Warsaw authorities and investors, developers and other market participants and listening to the voice of the real estate industry. “I would like to thank the city, the partners and all participants in the series of workshops for a lively discussion. This dialogue will go on.”

### 4. Summary of the Grow with Warsaw series

**Piotr Sawicki, acting Director of the Economic Development Department of the City of Warsaw (EDD)**, in a summary of the five editions of the workshops, assured that he had taken specific actions to facilitate the formal preparation of the investment process for investors. “EDD will form a team that will support investors and lead them through the administrative path, as it is already happening in other cities. Each supported project should have its own official manager,” said Piotr Sawicki.





He added that the priority after the workshop was also to create fully-developed shopping streets. The first market study had already been prepared and streets had been selected for the pilot action.

“The JLL study identifies those areas in the heart of the city that should be developed first. At the same time, E&Y developed a study on trade in the revitalised area in Praga Północ,” said Piotr Sawicki. “We would like to support local business when it comes to trade development. We are ready to run a pilot programme on a selected part of the street in order to create a new dynamic commercial area. In autumn 2019, we are planning a conference on the strategy for the development and management of shopping streets so that they can become a catalyst for space changes in the centre of Warsaw.”



Piotr Sawicki added that the regulation of the Mayor, allowing the so-called legal sublease of premises being in the city's resources, has already come into force. For the time being it applies only in the revitalised area, but there are plans to extend it to the whole city. This means that one entity will be able to rent up to 10 premises from the city which it can then sublet in order to create a coherent fragment of a shopping street (according to the planned selection of shops or services).

The city also confirmed that it was ready to carry out joint ventures with private partners on its plots, for example in the streets: Szwedzka – Stalowa, in the quarter with the Różycki bazaar, in the surroundings of the National Stadium, in the Warsaw Social District in Wola or in Hala Gwardii.

“The first four locations alone provide possibilities to build approx. 550,000 sq. m of usable space for various purposes,” said Director Sawicki.

The city authorities declared that they are open to various cooperation tools, e.g. investments in public-private partnerships (PPP) (in the form of tenders, negotiations, competitive dialogue, etc.), concessions, activities through JV and SPV companies. Tools of cooperation successfully applied abroad, e.g. LVC (Land Value Capture) or RFP (Request for Proposals) will also be analysed.



## 5. Results of the survey of shopping streets in Warsaw

**Jan Jakub Zombirt, director of JLL's Strategic Advisory Department**, spoke about how to develop shopping streets in the city. Its experts carried out a study of the conditions and potential of shopping streets in the central area of Warsaw and created a preliminary concept for the development of selected shopping streets in the heart of the city.



“The most important aspect of the study was to accurately identify an area which not only offers high commercial potential, but in which the pilot programme also has the greatest chance of success. Due to the high share of premises belonging to the city’s resources, Marszałkowska Street (in its middle section) and Jerozolimskie Avenue – (in its eastern section) were selected for the pilot programme,” reported Jan Jakub Zombirt.

The JLL expert stressed that these areas turned out to be more prospective than Nowy Świat or Chmielna Streets which are not so much commercial as restaurant areas.

“We were surprised that despite the lack of a clear example of a showcase shopping street in Warsaw, as many as 82% of the retail chains that took part in our study would consider opening their shops in such a street, provided that they met certain criteria,” said Jan Jakub Zombirt.

“Another surprise was the immense public support for giving priority to three groups of users: pedestrians, cyclists and public transport users in the organisation of traffic at Marszałkowska Street. Therefore, it seems that the inhabitants of Warsaw are ready for profound changes in the space of the city centre.”

The JLL expert also calculated the most interesting conclusions from the study:

- The key to increasing interest among prospective tenants involves introducing parallel activities in many fields. Urban planning changes are needed, including the redevelopment of Constitution Square

(plac Konstytucji) to make it a genuine square and the heart of its district, rather than a car park and traffic junction.

- It is necessary to increase pedestrian traffic by building the missing metro station in Constitution Square.
- Changes in the premises policy are necessary. It is important to manage the city's premises stock in a representative street in a way similar to the management of a shopping centre. It is also important to encourage private owners of commercial premises to cooperate with each other.
- Marketing activities are very much needed – creating a coherent image of the area as a commercial district and improving the quality and attractiveness of the public space.

What can be done to facilitate the pilot programme? “An action plan should be defined, and a timetable should be drawn up for the steps needed to achieve this vision. The key will be the cooperation of many entities: the city, retail chains, private owners of premises in the pilot area and the opinion of the residents of Warsaw,” summed up the JLL expert.

## 6. Changes planned around the Palace of Culture and Science

During the workshop, **Marlena Happach, Director of the Architecture & Spatial Planning Department, City Architect**, spoke about the changes under consideration in the centre of Warsaw.

“The space around the PKiN is huge and has great potential. For this area, we have a study from a decade ago, which allows us to locate large-format retail buildings (the so-called WOH) there, among other things. There is also a local spatial development plan for the PKiN area from 2010. However, we can see that the needs of residents and businesses have changed since then,” said Marlena Happach. The value of socialist realism architecture is also perceived differently. Now we are beginning to see the importance of this legacy, as well as the legacy of modernism.”

The city initiated the entry of the surroundings of the Palace of Culture and Science into the register of monuments.

Individual buildings around the PKiN are already protected by a conservator. It is, for example, the Warszawa Śródmieście railway station with two pavilions, which were to be demolished in the local plan, because a new frontage was planned there. Now, complete demolition is not an option.

“When discussing the development of Parade Square (Plac Defilad), we do not have to look for revolutionary visions and slogans. New concepts should include valuable elements that we want to preserve and projects that are worth implementing. Only by compiling the old with the new, adding new functions and ideas can we get an area of a healthy, multifunctional city,” emphasised Marlena Happach.

Since comprehensive activities concerning the development of Plac Defilad have for years been prevented by problems related to the regulation of ownership issues, the issues of reprivatization and claims of former owners, not regulated by law, as well as the lack of legal solutions for stratum ownership titles, which hinders negotiations with the Polish State Railways (PKP), the city wants to apply the technique of small steps to Plac Defilad. While waiting for final solutions,





the city plans to apply temporary solutions and implement those elements which are possible in the current situation.

What actions are involved? After Emilia Plater Street, where a new arrangement of greenery was created, or the new green Świętokrzyska Street (on which, after renovation, there have been more passers-by, more willing to use the premises in that place), a similar transformation is to be carried out in Marszałkowska Street.

“Along the section from Plac Konstytucji to Świętokrzyska Street, a bidirectional bicycle path will be built and we will plant a row of trees. It is planned to reduce traffic lanes and use external lanes to park cars. We also want to change the Dmowski Roundabout into a crossroads operating at one level, bringing out pedestrian traffic from the underground,” enumerated Director Hapbach.

A project was developed to create a square of urban activity - at the corner of Świętokrzyski Park, at the junction of Świętokrzyska and Marszałkowska Streets. There is already a tender for a contractor. Nearby, the Emilia pavilion is to be reconstructed with its new function as an urban winter garden (in the Świętokrzyski Park, on the axis of the Palace of Culture and Science). This building is designed to attract passers-by to Plac Defilad. It is also known that next to it the Museum of Modern Art (a building permit is already in place) and a building of the TR Warszawa theatre will be built. “These two buildings will form an integral whole, and in terms of functionality, they will complement each other completely – they are planned from Świętokrzyska Street. From the side of Jerozolimskie Avenue we would see their mirror image. This is not the final decision, but this is how we would like to close the whole composition,” said Marlena Hapbach.



She also added that the theatre building will be connected with the future Central Square (whose design was recently chosen), as the facade of the theatre has large gates planned on the side of the square – an almost open wall.

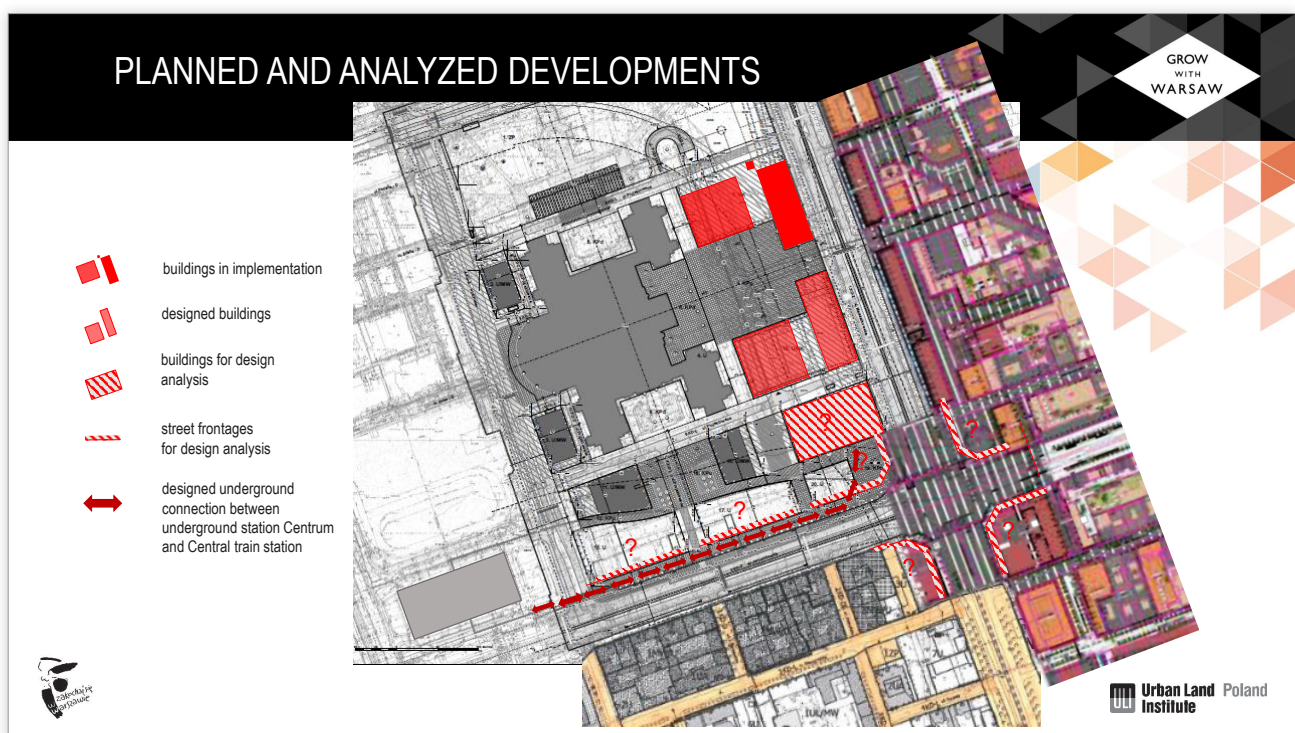
Director Hapbach reminded that the local plan provides for new buildings along Jerozolimskie Avenue, which, however, depends on the reconstruction of the roof over the cross-city line. Without this, nothing can be built at the top.



“Will PKP take this possibility into account? We hope so, although it will probably take years. Meanwhile, the section between the Centrum metro station, Złote Tarasy and Central Railway Station (Dworzec Centralny) is one of the most frequently used by pedestrians in the city. Therefore, before decisions are made and before an agreement with the Polish State Railways is possible, we plan to implement the so-called Warsaw Aorta. The works would consist in renovating the surface, widening the alleys, adding flowers, placing small architecture on the section from Centrum metro station to the Central Railway Station,” explained Marlena Happach.

Meanwhile, a decision has to be made: how to permanently develop the frontage from Jerozolimskie Avenue?

What should be done with narrow plots of land on the side of Emilia Plater Street: should very tall buildings really be built there?



**Dorota Wysocka-Kuzdra, Chair of the Urban Land Institute Poland (ULI Poland)** added that in the case of the PKiN's surroundings, the design assumptions should include the idea that the project which is to be created there must be alive 24 hours a day and be attractive for the residents of Warsaw, as well as for visitors and tourists.

## 7. Discussion: How to revive the surroundings of the Palace of Culture and Science to attract investors, residents and tourists?

The discussion was moderated by **Grażyna Błaszczak**, editor, author of the blog “Nieruchomości z górnej półki” (“Real Estate from the Top Shelf”).

Participants discussed the potential solutions to revive the surroundings of the Palace of Culture and Science to attract investors, residents and tourists.

The debate was accompanied by thematic slides, prepared especially for this meeting by the workshops' Knowledge and Legal Partners.

**I. DENTONS: WHAT MECHANISMS CAN THE CITY USE TO ENCOURAGE INVESTORS TO IMPLEMENT THE CONCEPT OF DEVELOPING THE PKiN'S SURROUNDINGS DRAWN UP BY THE CITY?**

### Transforming Central Warsaw – Summary

**What mechanisms can the City use to encourage investors to deliver on the vision the City has for developing the area around the Palace of Culture?**

- The 2010 local zoning plan provides for a complex of buildings to be constructed around the Palace of Culture, featuring five office buildings (90, 140, 220 and 2x245 m). As external funding will be needed, the City will need to create an ownership formula for each of these projects.
- Each form of long-term provision by the City of real estate to third parties (investors / operators) will by law (Property Management Act) trigger a competitive procedure:
  - e.g. tender (competition) open to developers resulting in making real estate available under a PPP formula, and/or
  - sale / grant of perpetual usufruct rights / long-term lease.
- Granting a construction works concession comes as an additional legal option
  - The building is built and operated by a private entity in return for a fee charged to the building's occupants

#### Other major concerns

- Perfection of legal title to land (restitution claims, municipalization)
- Update to the Local Zoning Plan of 2010, as it's now 8 years old and the projects contemplated by the plan did not come to fruition (except Metro Line 2)

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大成 DENTONS

**Dentons** experts indicated the need to regulate the legal title to land (restitution claims, municipalisation). At the same time, they also pointed out that it is necessary to update the 2010 local plan.

“On the city’s website you can still see, next to the Palace of Culture and Science, five high-rise office buildings, which the city probably does not want there anymore,” said **Piotr Staniszewski, partner in Dentons Law Firm**.

According to what formula could the city cooperate with investors interested in building in the area of the PKiN, how could it obtain the necessary capital?

“There are several possibilities, all of them require transparency and a competitive mode. It may be e.g. a tender or a competition for developers combined with making real estate available in the increasingly popular PPP mode, or the sale or establishment of perpetual usufruct or long-term lease,” enumerated Piotr Staniszewski. “The city could also decide to award a concession for construction works.”

According to the discussion participants, the city should prepare a programme for Plac Defilad and specify its expectations towards private investors, but also present a set of economic benefits that an investor will be able to obtain once the capital is invested.

“A dialogue with the residents and the private sector is necessary in order to make both sides satisfied. However, in order to gain a private partner, one has to take into account that the project has to pay off,” summed up Piotr Staniszewski.

During the discussion, also **Bogdan Zasada, Managing Director, Strabag Real Estate**, stressed that the changing

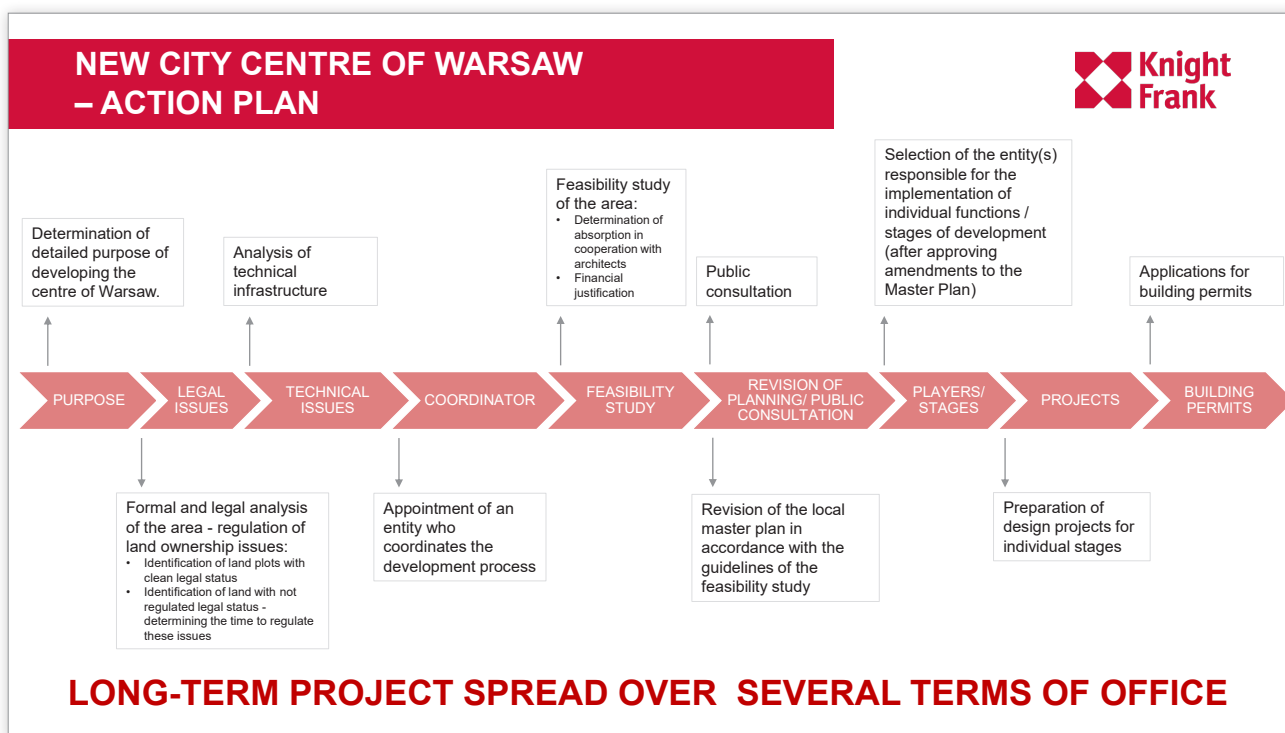


PPP formula is an opportunity for action. “However, the city cannot be a passive participant in the process, i.e. it can only act as a provider of real estate. It can also act as a user of the real estate under construction. Earlier, in conversations with the city’s authorities, the topic of building a town hall in this place, which is one of the most prestigious in the city, was mentioned,” reminded the Managing Director of Strabag Real Estate.

Piotr Staniszewski admitted that the PPP formula is no longer perceived as “such a terrible tool” as until recently. “All over Poland, about 150 projects are implemented under this concept. Why shouldn’t this happen in Warsaw, on Plac Defilad? It is an attractive solution, among other things, because of the possibility of beneficial settlement of debt related to this type of investments,” admitted Piotr Staniszewski.

## II. KNIGHT FRANK: WHAT SHOULD BE THE ACTION PLAN FOR THE SURROUNDINGS OF THE PALACE OF CULTURE AND SCIENCE? WHAT FORMULA FOR THE DEVELOPMENT OF THE PKIN’S SURROUNDINGS CAN BE ADOPTED?

The action plan for the areas around the Palace of Culture and Science was prepared by **Monika Dębska-Pastakia, Chairman of the Board at Knight Frank**, based on her experience of working at London’s Kings Cross.



“Many years ago, in 1989, the first phase of preparation for this project began. The most important thing was to define from the very beginning what should be created on this largest revitalisation plot in Great Britain, if not in Europe, with 50 hectares and various types of real estate already present,” said Monika Dębska-Pastakia.

There were many limitations in the revitalised area, but London did not have such enormous ownership problems as Warsaw, because the legal status of the land was mostly regulated. “A special purpose vehicle was established between the landowner and the developer, and it was this company that started the process of preparing for the development of the whole area. It lasted several years, because the economic slowdown came, and then the crisis,” said Chairman of the Board at Knight Frank.



She stressed that at the beginning the London City Council was involved in the preparations, in the public consultations at each stage, but in general, the construction of Kings Cross was not a city-managed project. This allowed the company to operate more efficiently.

“The company’s main task was to create a destination, a place that will perform many functions, heavily differing between each other, will be intensively developed, but at the same time with a large part occupied by greenery, cultural and entertainment facilities. The local historical buildings were also used, which limited, but also gave interesting possibilities of adaptation,” reported Monika Dębska-Pastakia.

She pointed out that the question asked by the investors in the company was very important: will the programme planned for Kings Cross meet the financial requirements, i.e. will it be possible to implement it?

“The project, planned in 1989, was granted a decision on land development and management conditions in 2006. In the meantime, however, technical infrastructure was being developed, without which investments would not have been possible. This is also crucial for the PKiN’s surroundings,” stressed Monika Dębska-Pastakia, adding that we should also think about improving public transport around the new facilities. “For such a large project, it is also necessary to ensure coherence and implementation of subsequent stages within a certain time frame. There can be no fragmentation or accidental development of individual plots of land. In Kings Cross, 50 buildings, 20 streets with over 1.9 thousand flats, 20 parks and squares were built and 30 thousand inhabitants appeared there. Thanks to the cohesion of actions, it was possible to create a real city within a city – a place which attracts people to come was created, one perfectly connected with the urban tissue.”

However, as experts have stressed, Warsaw has a slightly different situation than London. The key issue is the ownership of plots of land around the Palace of Culture and Science. “But planning should be approached in the same way, that is we should ask ourselves what we want to create there and whether we will be able to approach it as a whole or to follow the technique of small steps. Today, I think the overriding concept for this area is missing. We need to decide what it should be for the inhabitants, what role it should play on a daily basis,” concluded Dębska-Pastakia.

**Tomasz Bojęć, think.co expert**, added that, contrary to appearances, not much can be built on Plac Defilad. “Considering the latest information from the city, saying that the old trees must be preserved, that some buildings - e.g. the Śródmieście station - are not to be demolished, that PKP has its plans for development above the tunnel, it seems to me that there is already little room for developers within the space around the Palace of Culture and Science,” he said.



### III. BNP PARIBAS REAL ESTATE: SHOULD A SECOND CITY UNDER THE GROUND BE BUILT AROUND THE PKiN?

According to the proposals presented **BNP Paribas Real Estate** experts, when planning a new environment for the Palace of Culture and Science, we should drop the idea of parking cars on Plac Defilad and give priority to pedestrian traffic. The plans provide for 2-5 parking spaces per thousand sq.m. of future office space and a maximum of one parking space per one residential unit. Experts propose making underground streets under Plac Miejski and on the extension of Złota Street. Bicycle paths are a must. Bicycle traffic would be conducted in the planned above-ground streets.

#### SHOULD AN UNDERGROUND CITY BE BUILT AROUND PALACE OF CULTURE AND SCIENCE? IS IT NECESSARY TO EXCLUDE THE INDIVIDUAL TRAFFIC AROUND PALACE OF CULTURE AND SCIENCE?

Based on a local plan approved by an act no. XCIV/2749/2010 of the Warsaw City Council of 9th of November 2010

##### MAIN PUBLIC SPACES

Pedestrian-friendly boulevard next to Aleje Jerozolimskie  
Square in front of the main entrance to PKiN building  
PKiN courtyards and pedestrian arcades

##### CAR TRAFFIC

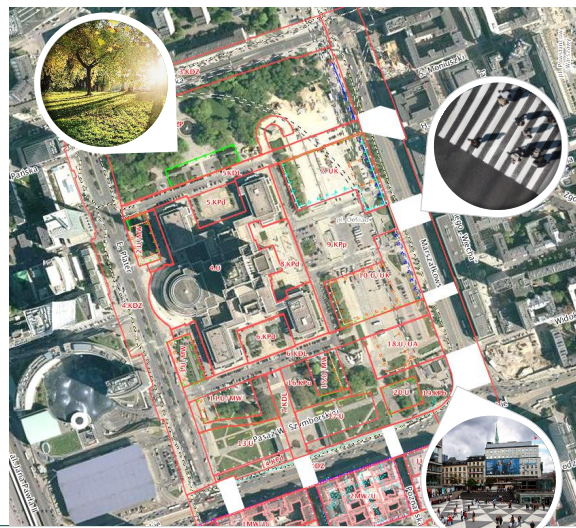
2-5 parking places per 1000 sqm gross office space, (maximum one per 1 residential unit)  
No above-ground garages  
Underground streets below the main square and Złota Street continuation  
Cycling allowed on planned streets at the ground level

##### PUBLIC SPACES FOR ALL: RETAIL PURPOSE

Retail units must be accessible directly from the pedestrian passages  
Retail space of more than 2000 sqm, but no more than 500 sqm on the ground floors of the buildings  
The impassable development lines, street frontages, fencing not allowed

##### PEDESTRIAN TRAFFIC

Prioritise walking  
New crossings at Aleje Jerozolimskie and Marszałkowska street  
Unobstructed access from train and underground stations. Access from bus and tram stops at one-level.



Real Estate for a changing world

“Preference for pedestrians around the Palace of Culture and Science is a very important issue. Already today, there is a lot of pedestrian traffic in this area. There is also a small version of an underground city thanks to the Centrum metro station and the Central Railway Station. We also have ground floor functions and multi-level functions, which are handled today by the Palace of Culture and Science. What is already there cannot be omitted,” emphasized **Wojciech Wójtowicz, an expert of BNP Paribas Real Estate agency.**

According to the company’s experts, it is necessary to locate retail space at the ground floor in new facilities. This will attract pedestrians, make them stop for longer and do shopping.

What about the owners of shopping facilities already operating in the vicinity of the PKiN? Would they be willing to undertake another investment in that place?

“All of us would probably be ready to invest there, because the area around the Palace of Culture and Science is a phenomenal place. However, the biggest problem that makes it impossible to operate is the position of PKP, which has an underground cross-city line,” commented **Jan Dębski, president of Unibail-Rodamco-Westfield Poland**, the owner of Złote Tarasy shopping centre. “However, if you can’t get along with PKP, you can’t create a sensible plan for this place. In my opinion, doing something a little bit on one part of the square and a little bit on the other is not a good idea. It’s the only such place in Warsaw and it would be a shame to waste this potential. I would rather wait for the end

of the dispute and then make a comprehensive project for the PKiN's surroundings to have a chance to be such a great project as Kings Cross."

#### IV. CBRE: COMMERCIAL DEVELOPMENT OF AREAS AROUND THE PKiN: WHAT IS THE POTENTIAL FOR TRADE AND WHAT IS THE POTENTIAL FOR OFFICES?

### PKiN AREA DEVELOPMENT

#### RETAIL POTENTIAL

Number of shopping centres in the close area **Złote Tarasy** and **Wars Sawa Junior** excludes any new such developments. Development of gastronomy in Warsaw rapidly increases demand for high street retailing – **35%** - restaurants share, with **4%** annual growth.

**66 million people per year**

– footfall in WSJ & Metro Centrum,

**10%** foreign tourists – potential for the area to develop.



Recommendation: **urban development in the form of high street retailing, without car traffic, with a tourist character, being a connector between the Metro station and the Central Railway Station and Złote Tarasy, "climatic" office buildings with services and food and beverage offer, being an alternative for skyscrapers.**

#### OFFICE POTENTIAL

**880,000 sq m** – office stock in CBD, much smaller than in other European capital cities.

**150,000 sq m.** – average yearly demand for offices in CBD  
**6%** - vacancy ratio in CBD

**49,800 sq m.** – take-up in Warsaw by coworkings in 2018  
Observed high demand for central locations with excellent public transportation access with a developed public space areas

**CBRE**

"The surroundings of the Palace of Culture and Science have such a huge potential for trade as few other locations in Warsaw. If we want to attract to Plac Defilad people who today move between the Central Railway Station and the Centrum metro station, we will not do it effectively with green alleys with flowers. Such actions do not make much sense," said **Joanna Mroczek, Head of Marketing & Research at CBRE**, during the workshops.

In her opinion, because Warsaw is developing rapidly, which can be seen from the demand for offices, retail and service premises, aparthotels and hotels, the area between the metro and the station should also be developed, creating a kind of reflection of buildings on the other side of Jerozolimskie Avenue.

"The natural pedestrian traffic in that place should be used. There is no better location for a shopping street in Warsaw. Trade, services, mixed functions, tourism - all of them should be located on the side of Jerozolimskie Avenue," said Joanna Mroczek. "This will contribute not only to strengthening the Avenue's functions, but also the Marszałkowska Street itself, and on the other side of Chmielna Street, to which pedestrian traffic would lead in a natural way."

According to CBRE experts, however, it is not possible to build a second Złote Tarasy-like shopping centre near the Palace of Culture and Science. It is rather about commercial functions on the ground floors of frontage buildings on the street, i.e. creating a shopping route that will complement what is already there.

"However, on the upper floors of these small tenement houses, business and office functions could be located. Such a solution will be compatible with both Department Stores (Domy Towarowe) at Marszałkowska Street and Złote



Tarasy,” said Joanna Mroczek. CBRE recommended low height-buildings, and creating shopping streets without car traffic, with a tourist atmosphere – as a possible alternative to glass skyscrapers.

**Bogdan Zasada, Managing Director of Strabag Real Estate**, pointed out that although the frontage of Jerozolimskie Avenue, the area over the PKP railway line, is extremely attractive, one should remember about the costs associated with the foundation of buildings in that place. They determine what can be built in that place.

“Some time ago I participated in the preparation of a study for the whole railway line: from the Dmowski roundabout to the Warszawa Ochota railway station. It turned out that it would be very difficult to finance investment projects over the PKP line, even if only low-intensity and low development projects were considered,” said Bogdan Zasada.

What is the stance of PKP? “The lack of a strata property law certainly hinders activities along Jerozolimskie Avenue. Despite this, PKP is carrying out intensive analytical and design work in order to develop the area,” said **Witostław Kwieciński, project manager, architect, expert of X-City, a company belonging to PKP**. He admitted that a dispute between the city and PKP, or rather its resolution, is crucial for buildings to be constructed above the cross-city line.

“On the part of PKP, there is a willingness to invest in that place, but after the modernisation of the cross-city line, the railway would like to be able to build up the area above it. Unfortunately, the costs of such an investment are high and the local plan provides for low development in this place. This entails problems with financing. In addition, the only part of the area that could be built up there now, between the towers of the Śródmieście station, is a road in the local plan, and recently the conservator decided to keep the towers, which were to be demolished. That is why it is necessary to make arrangements with the city,” explained the X-City expert.

**Magdalena Bartkiewicz - Podoba, General Manager of Liebrecht&wood Polska**, pointed out that waiting for the city to come to an agreement with PKP could take a very long time.

Therefore, when I compare the scale of the problems associated with the launch of the investment around the Palace of Culture and Science with these experiences, I believe that it could take 15, or maybe even 20 years for some projects to be completed in the Plac Defilad area,” summed up Magdalena Bartkiewicz - Podoba.



**V. COLLIERS INTERNATIONAL: IS THERE A POTENTIAL FOR RESIDENTIAL BUILDINGS AROUND THE PKiN? IS IT POSSIBLE – APART FROM THE CONSTRUCTION OF EXCLUSIVE APARTMENTS – TO INTRODUCE AFFORDABLE HOUSING?**

According to experts from **Colliers International**, residential development is possible in the eastern frontage of Emilia Plater Street (at the back of the PKiN, along the line Central Railway Station - InterContinental). According to them, premium apartments can be built in that location.



"The surroundings of Plac Defilad constitute a unique plot of land, the most attractive place in Warsaw for top quality apartments. Even in the form of skyscrapers," said **Emil Domeracki, Associate Director in the Investment Services / Land department, Colliers International**.

Colliers International estimated the average value of land for residential development in the Warsaw city centre at PLN 30,000 per square metre (ca. PLN 7,000 per square metre of usable residential area), although the price for the plot next to the PKiN could be higher (recently, in Wola district, the investor bought the land for a high-rise building for over PLN 50,000 per square meter). "I wouldn't be afraid of skyscrapers around the PKiN, even with a residential or mixed function. Just look at Manhattan. There, the buildings are all extremely crowded together, but next to it is Central Park, greenery, theatres - the same could be in Warsaw," argued Emil Domeracki.

During the discussion one more question was raised. Is there any sense in building affordable flats around the PKiN? Would there be a private investor who, in return for handing over the plot of land, would finance a building for city tenants next to its investment? Opinions were divided.

According to the Colliers International expert, plots of land in this place are too valuable for this type of flats. "Everything depends on the final economic calculation as to whether it will be possible to reconcile the creation of two segments – affordable flats and upmarket apartments," concluded Emil Domeracki.



According to **Moniki Dębskiej - Pastakia, Chairman of the Board at Knight Frank**, affordable flats could also be found in the best locations in the city.

“This is what happens abroad, where developers start building their commercial projects. They enter into agreements with city authorities and build affordable flats as part of such projects,” she argued.

## VI. CUSHMAN & WAKEFIELD: WHAT IS THE SIGNIFICANCE OF THE PKIN'S SURROUNDINGS FOR TOURISM?

### VICINITY OF THE PALACE OF CULTURE AND SCIENCE GROWING IMPORTANCE OF TOURISM

**EXISTING HOTEL STOCK**  
The hospitality market of Warsaw's city centre is strongly dominated by four- and five-star hotels:

- 17 four- and five-star hotels,
- 4 three- and two-star hotels.

Most hotels cater for business clients.

**Mercado de San Miguel Madrid**





### RECOMMENDED DEVELOPMENTS



A family zone (a fun and leisure area)  
A line of restaurants and an open market  
Response to expectations of inhabitants and tourists

Attractions for children  
A line of restaurants  
Cultural facilities  
Cultural function

Modern economy-class hotel and aparthotel concepts (e.g. Zoku and Qbic projects) including co-working space.

Hotel  
A line of restaurants

**CUSHMAN & WAKEFIELD**



Dresden




Dam Square Amsterdam

Experts from **Cushman & Wakefield** proposed to create a special family zone next to the Palace of Culture and Science (an area of fun and entertainment). They also recommended the creation of a restaurant arcade and the so-called open market, i.e. places that respond to the expectations of residents and tourists.

“At Plac Defilad, modern hotel and aparthotel concepts of economy class - e.g. Zoku or Qbic projects, are needed,” said C&W advisors. “It would be good for them to provide co-working space.”

However, they did not recommend the construction of more high-class hotels in this place, explaining that in the very centre of the city, the dominance of buildings with four or five stars is already visible.

## VII. SAVILLS: WHAT IS THE IMPORTANCE OF PUBLIC SPACE AROUND THE PKIN?

“Public space around the Palace of Culture and Science does not really exist today. Instead, we have a concrete desert with pedestrians going in and out as quickly as possible, because there is nothing to keep them around,” says **Wioleta Wojtczak, Head of Research at Savills**. “This place comes alive during occasional events such as collective watching of football matches or Light to the Sky by WOŚP (the Great Orchestra of Christmas Charity). However, the potential of Plac Defilad is much greater.



Today, the Palace of Culture and Science itself enjoys great success. According to data, every year 639 thousand people enter the PKiN viewing terrace alone.

## What is the significance of the public space around Palace of Science and Culture?

savills

### What do we have now?

- A huge parking, a concrete, unattractive desert that people cross on their way to...
- A square used during the WOŚP Finale, New Year's Eve (the last one in the Bankowy Sq.)

It is not a public space suitable for a large city, a central location and the potential resulting from footfall generated by the Palace, metro, Śródmieście station, DTC and car traffic on Marszałkowska St. and Jerozolimskie Av.

What should be done to consume the potential of the space?

### ▪ #wszyscy naplac

- Liquidation of the parking and proper development of the area
- Marketing actions to promote the new space
- Cooperation between local authorities with cultural institutions and the Palace itself

New, common spaces in Warsaw are rapidly gaining on popularity, eg. Bulwary Wiślane, Europejski Sq., Koneser. Residents and tourists are longing for places where culture meets entertainment.

### Potential of the place?

### IMMENSE!!

Attendance at selected tourist facilities and cultural institutions:

- The Royal Łazienki Museum: **3 000 000** people
- Copernicus Science Centre: **1 145 000** people
- The Warsaw Rising Museum: **713 000** people
- PKiN Viewing Terrace: 639 000 people
- National Museum: **321 000** people
- Teatr Wielki – Polish National Opera: **294 000** viewers
- ROMA Musical Theatre: **219 000** viewers
- Center for Contemporary Art Ujazdowski Castle: **181 000** people
- Zachęta National Gallery of Art: **122 000** people
- Warsaw Philharmonic: **117 000** listeners
- National Theatre: **88 000** viewers

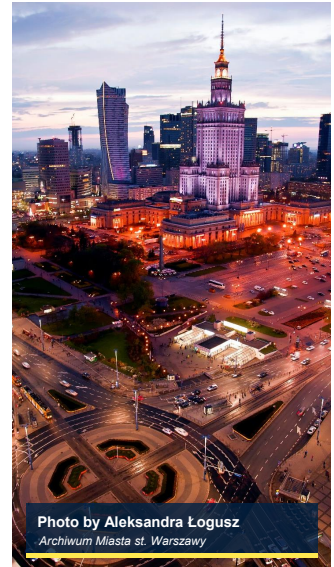


Photo by Aleksandra Łogusz  
Archiwum Miasta st. Warszawy

Source: Turystyka w Warszawie. Raport 2017

This is more than the National Museum in Warsaw (321 thousand people) or the Grand Theatre - National Opera (294 thousand spectators per year) (data for 2017).

“Not only tourists, but also residents crave places in the city where you can find culture combined with entertainment.

Getting rid of the car park at Plac Defilad and appropriate land development, actions promoting the new space, the city's cooperation with cultural institutions and private investors, who will create cafes, restaurants or other places where people can sit down – these are essential initiatives,” emphasised Wioleta Wojtczak.



## 8. Summary - conclusions and demands of workshop participants

Summarising the discussion, **Maciej Wróblewski, Vice President of Apsys Polska**, said that the Grow with Warsaw initiative is unique in Poland.

“Both sides: the city and investors learn a lot from each other during the workshops. This is of great importance to the development of Warsaw. Developers are aware that it is not only about construction of an office or another building. They know that it cannot be taken out of context, it must fit into the environment in which it is built. Only then will it be a joint success – the city and its residents with both benefit, as will the investor, who, in the end, is also looking for commercial success,” said Maciej Wróblewski.

What changes or actions do the participants of the 6th Grow with Warsaw workshop expect from the city? Here is the list:

- To prepare a flexible study and local plans that allow real estate owners to develop along with the changes on the market, rather than rigidly maintaining a function in a given area that was planned a decade ago;
- To look at Plac Defilad as a whole and create a new vision for its entire space, instead of only analysing concepts for individual plots of land;
- To create places in Plac Defilad where pedestrians, residents and tourists can spend their time (cafes, restaurants, meeting places with permanent or regular events);
- To close the ground car park in Plac Defilad and move cars underground;
- To set up a website for Plac Defilad, which would contain all the information of interest to potential investors, e.g. in what part of the square the land belongs to the city, where the claims are made, where the private owners have recovered the land, how the technical infrastructure runs, buildings of what heights and dimensions are planned in a given place, what functions they may have, for which projects the city is looking for a co-investor, etc.
- To consider the possibility of the city's creating a special purpose vehicle to manage the investment process of Plac Defilad, bringing together the largest real estate owners.
- To include entities with claims in investment plans by estimating the value of their current claims and their possible satisfaction from the future profits of the development project.







## 9. Final information

As part of the **Grow with Warsaw** project, six workshops were held from autumn 2017 to autumn 2018. Each workshop was dedicated to a different sector of the real estate market.

The Grow with Warsaw workshop reports are available on the Internet - on the city's website:

<http://architektura.um.warszawa.pl/>

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