

2017

Destination Wola

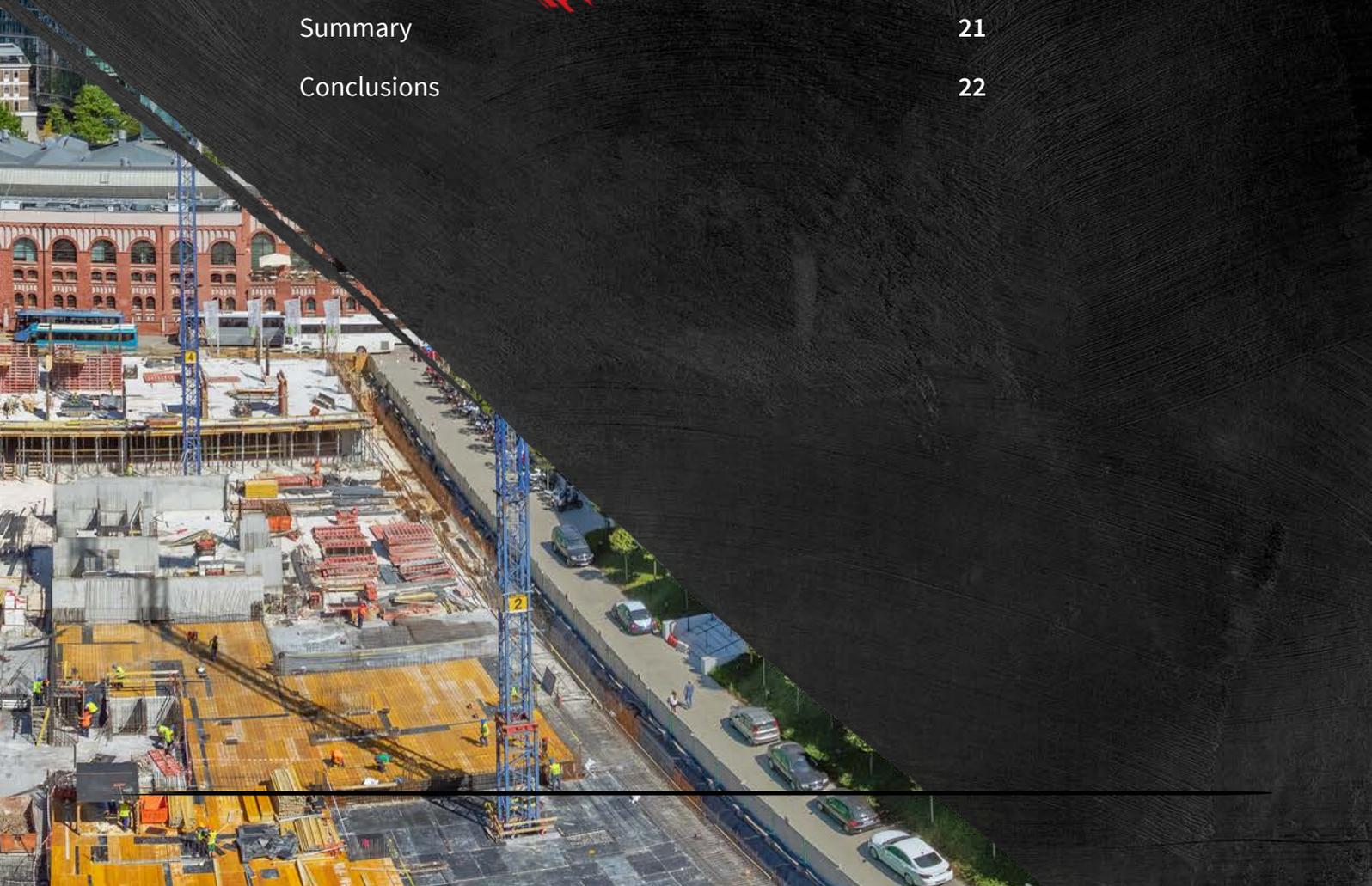
- the new business heart of Warsaw





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In June 2016 JLL published a report about Służewiec Przemysłowy in which we analysed the further development perspectives for this district in the context of the growing challenges faced by the employees working in it. We wanted to start a debate on how to improve the performance of the district. During the work on our report last year we also identified a number of criteria which well-functioning office districts all over the world share.

Due to the dynamic development of the office market in the Wola district, this year we combined our efforts and skills to investigate whether this district has all the attributes that are necessary to become a fully functional part of the city, and whether the lack of sustainability of development will build up over time and put this district in peril.

From the point of view of the city authorities, the location of a given company, whether it is in Wola or Służewiec or Wilanów is irrelevant, the relevant taxes will still be allocated to Warsaw's central budget. But it is still the city authorities who have the power to decide on the future shape and well-being of this district.

Is Wola well prepared for the construction boom? Are the existing transport, parking and social infrastructure able to handle tens of thousands of new workplaces? Will the new development eventually result in the loss of the unique character of this district and, in the long run, make it look like other less expressive office locations?

In this report, which is based on interviews with tenants, developers and city officials, as well as upon a sizeable amount of independent research, we will attempt to answer the above questions and assess how likely it is that Wola will change the current geography of office market in Warsaw.



Jan Jakub Zombirt

Associate Director,
Strategic Consulting
JLL

Wola's potential



For the purposes of this report, we have used the boundaries of Wola as set out in the PORF definition of the City Centre West submarket. We are aware that this is only a small part of the Wola district, and is most often referred to as “Near Wola” or, more rarely, “Mirów”; we also note the fact that these boundaries also contain a fragment of the Ochota district. Nevertheless, from the office market perspective this area is characterised by internal cohesion and a significant increase in new supply which has been delivered over the last few years, but at the same time it differs from the neighbouring Central Business District (CBD).

Currently the City Centre West submarket (260 hectares) has 38 office buildings, with a total area of 603,000 m². We estimate that those buildings provide workplaces for more than 55,000 employees. By contrast, the area is home to fewer than 29,000 residents.

The gradual migration of the centre of Warsaw to the west was noticed as far back the 1990s, when the first office buildings were completed on the western side of Jana Pawła II Avenue. For many years Towarowa Street, where the Warsaw Trade Tower opened in 1999, was perceived as the district's western boundary.

However, the true acceleration of office expansion was triggered by not any opening but merely the announcement of construction of the central section of the M2 metro line. The metro was the major catalyst of change, which is particularly visible near Rondo Daszyńskiego and along Towarowa Street. Today the boundary of the Wola office cluster has moved further west, as far as Karolkowa Street.

PORF: the Polish Office Research Forum. The boundaries of the City Centre West submarket are Chałubińskiego Street, Jana Pawła II Av. (excluding buildings on the western side of the avenue), Solidarności Av., Karolkowa Street (including the buildings on the western side of the street) and Koszykowa Street.

But can we go as far as saying that Wola is an example of a well-functioning district? Will the further development plans lead to the situation which districts such as Służewiec Przemysłowy find themselves in?

The answers to these questions will be ambiguous. The transportation accessibility of the district is much better than in many other Warsaw office districts, and the well-developed rail transport network (which features the metro, trams and SKM trains) seems to have significant reserves for further development of the office sector in Wola. Nevertheless, similarly as with Służewiec, the expansion of Wola is not based on a coherent development vision, but rather is a result of more or less successful projects being delivered within a rather loose planning framework. The main drawbacks of Wola today are the same as in other parts of the city, problems such as a lack of attractive public areas (including greenery), inconsistent urban design and parking problems. The overall effect of the above-mentioned is the spatial chaos which is visible throughout the city.

Moreover, within a few years from now, when Wola has been transformed in to the one of Warsaw's major office districts, the pressure on the transport network will only increase. Five years from today some 115,000 people will work in office buildings located here, and nearly 31,000 residents will live in the district. As far as public transport is concerned, thanks to the metro and its extensive tram network, Wola will not be as vulnerable to congestion as the Służewiec area, to give just one example of a district which suffers from that. On the contrary, as a result of the extension of the metro and the SKM the accessibility of Wola will be even better. Therefore perhaps it is worth focusing on the other operational aspects of the district (i.e. excluding transport), which will, in the end, contribute to the fact that Wola will become a most sought-after address for a head office in Warsaw?



The major factors prompting developer activity in this part of the city include:

- proximity to the centre of Warsaw;
- significant supply of development plots;
- good accessibility (the street grid is a natural extension of the downtown one and the district is located at the intersection of many routes, both east–west and north–south);
- proximity to and accessibility of the Warsaw Chopin airport;
- relative decrease of the attractiveness of other office locations in Warsaw.

Vision

The vast majority of modern business districts across the world emerged as a result of a coherent vision, formulated beforehand, which outlined the purposes and aspirations that new development was expected to achieve. Such a vision is transformed into a master plan, which is a holistic document specifying the framework, development conditions, mix of uses and particular actions which are needed to bring the vision into being, as well as the timeframe. In contrast to zoning plans, which are primary spatial planning documents in Poland, a master plan does not only determine development parameters but also sets out particular actions which are needed to achieve the expected result.



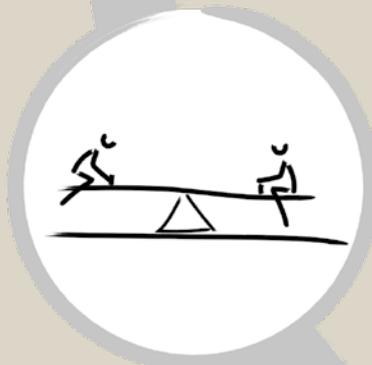
Connectivity

A well-functioning business district needs to be very well connected to the key points in the given city. These include, among others, the airport, key transportation nodes, other business districts and the neighbourhoods where substantial number of office employees live. The districts should be primarily accessible by public transport, with rail transport being the most important mode.



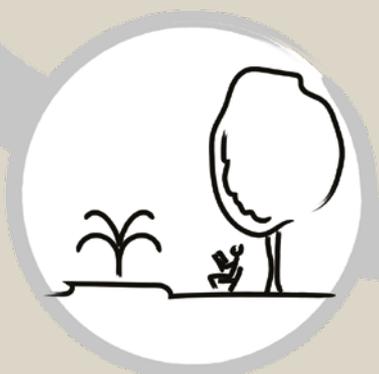
Functional balance

Modern office districts are typically very diverse, interweaving various functions of buildings, and are well integrated with other areas of cities. Nowadays the excessive domination of just one function is avoided, as it leads to a number of undesirable effects. Well planned districts are multifunctional, so they provide favourable conditions for working, living, and spending one's free time.



The public realm

What makes a city is not only buildings, but also the space between them. So it is essential that public spaces, such as squares, parks and ponds, are located in close proximity to their users and that they provide attractive conditions to spend time and relax. The role of such facilities is not to be overestimated: they usually become local landmarks and provide locations for various cultural and social events that integrate local communities.



*Key priorities
of well-functioning
business*

Principles
functioning
districts

Walkable streets

One of the key aspects of well-designed office districts is convenience for pedestrians. Short distances between the key points, priority for those who walk, a broad range of retail units and service providers on ground floors, and visually pleasing landscape are the key drivers of increased walkability and limiting the necessity to use of other modes of transport.



Retail, services and gastronomy

The accessibility of a broad range of retailers and service providers fosters the balance of functions and helps with building the attractiveness of a given place to pedestrians. Once a certain critical mass has been reached, this range can become a stimulus for drawing new visitors to the districts, including after office opening hours. It is essential for retail and gastronomy units to have large shop windows and to be easily accessible from the street level. Only then will these units contribute to the overall surroundings and the common perception of the area and help to build the attractive character of a business district on a par with office buildings. It is also crucial that a wide range of food and beverages are on offer, and to accommodate units that have pricing which is affordable to a range of clients which is wider than just white-collar staff.



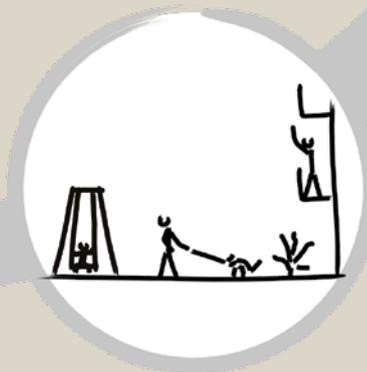
Identity and authenticity

Modern office districts often emerge in areas that previously had a different function. It is important that new developments enter into this local context and reference it by bringing new qualities, but not in contrast, instead rather as a continuation. Respect for local history is appreciated by residents and other users and underlines the social responsibility of the developer. Districts that are transformed in such a way do not lose any of their authenticity but are in fact enriching it. In contrast to districts that are designed from scratch, such areas can boast of having their own DNA.



Dynamics and proactivity

Nowadays it is not only urban fabric that determines quality of life, increasingly it is also users. Individuals and associations who cater for the district's wellbeing are often best equipped with information on the local needs and can quickly react to changes and crises. Users' activity and multiple grassroots initiatives are key attributes shaping social capital and creating vibrant local communities. If treated as partners by authorities and developers, such communities can have a large positive contribution to the overall wellbeing of a business district.



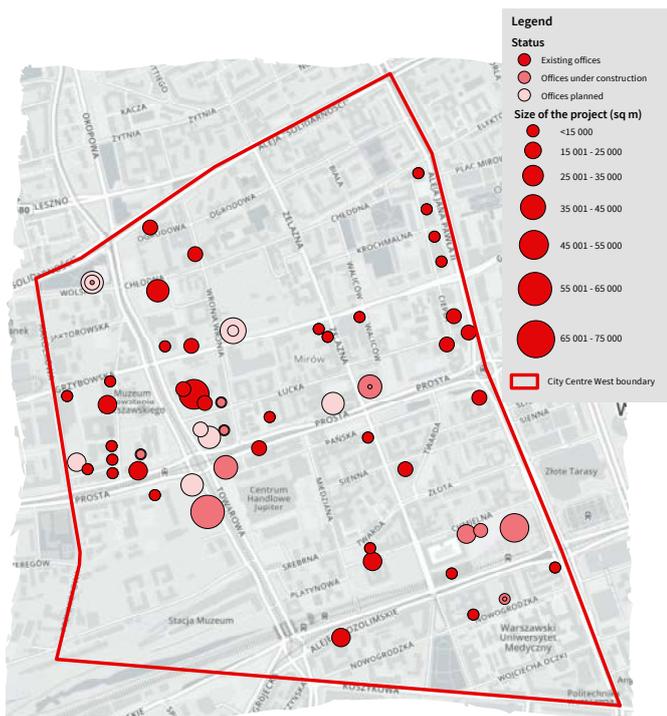
Office sector

Wola currently is the most dynamically developing part of Warsaw. It is also home to the largest office projects in the history of the Polish real estate market. Notable projects include the Warsaw Spire office complex (100,000 m²) which was completed in 2016 and a number of buildings which are currently under construction: the Warsaw Hub (80,000 m²), Generation Park (79,000 m²), Spark (67,000 m²), Spinnaker (55,000 m²), Mennica Legacy Tower (61,000 m²) and the Warsaw Brewery office complex (50,000 m²).

Over the last five years developers have delivered more than 250,000 m² of new office space in the area covered by this report.

According to JLL's estimates, within the next four years the modern office stock in the City Centre West submarket will cross the threshold of 1 million m², which is an amount comparable to the current modern office stock available in Warsaw's largest office hub: Służewiec Przemysłowy. Well-known international and Polish developers, such as Echo Investment, Ghelamco, Golub Gethouse, Hines and Skanska are currently active in this area and noticed the potential of the district several years ago, announcing their first projects along with securing the land for future office developments.

The new supply was followed by new demand. Over the last three years tenants have concluded lease agreements for 360,000 m², of which some 279,000 m² came from new deals (including expansions) and 81,000 m² as renewals of previously concluded contracts.



This shows the rapid inflow of new businesses to this part of the city. There is also very noticeable tendency for tenants to relocate from other parts of Warsaw, which often feature worse transportation accessibility, to Rondo Daszyńskiego and its surroundings. Interestingly, over the last few years the City Centre West and Służewiec Przemysłowy were the office submarkets most often chosen by companies in Warsaw: the volumes of concluded leases were the highest in these areas.

Among the most spectacular relocations over the past three years were those by Samsung (21,000 m²), Raiffeisen Polbank (19,500 m²), Frontex (14,000 m²), JLL (13,200 m²), Agricultural Market Agency (10,000 m²), Benefit Systems (6,000 m²) and Stanley Black&Decker (4,400 m²).

BNP Paribas Securities Services and Goldman Sachs have already opened competence centres here and soon Citi Service Center Poland will also relocate their operations to this area. Historically, this part of Warsaw was characterised by the presence of headquarters of some large financial institutions and this general picture of the districts remains the same today.

Source: JLL, Q1 2017

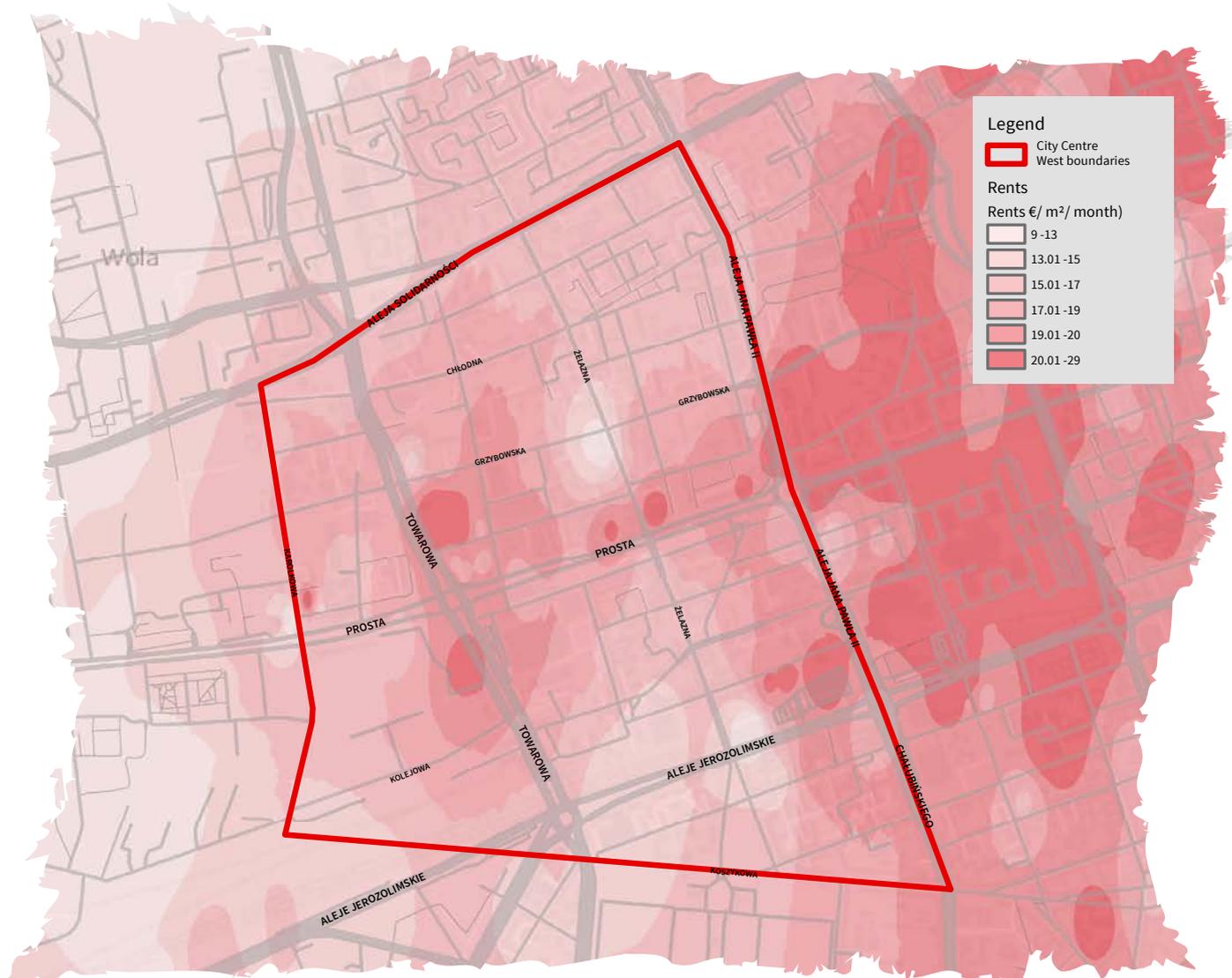
Over the last two years numerous companies have decided to relocate to Wola, including a number of companies previously found in Służewiec Przemysłowy. Rondo Daszyńskiego is in general a more expensive area than Służewiec, as the rents are here at least a couple euro per square metre higher. Nevertheless, there is a group of companies in Warsaw which can afford to pay higher rental costs. By ensuring that their employees have a better commute and a more prestigious location, among other factors, firms are building a positive image on the market as employers.

Companies located at Rondo Daszyńskiego pay from €16 to €20 / m² / month for good quality office space. The relatively large discrepancy between the lower and upper rental band is caused mainly by the standard of the offered office space/buildings, and age and micro-location thereof.

The rental map below confirms that the rents achievable along the second metro line are among the highest in Warsaw and are similar to those found in the Central Business District (the “CBD”). Even in this respect the “Near Wola” district is perceived as a natural extension of the CBD. This is driven by the convenient transportation network, the further extension the second metro line and the high level of interest from companies, including those, which, due to their profiles and prestige, need to be located in the wider city centre.

In the last three years the vacancy rate in the City Centre West submarket has, despite the record levels of the new supply coming to the market in recent years, remained below the average for Warsaw. In Q1 2017 the vacancy rate in City Centre West was 8.2%, compared to 14% for the whole of Warsaw. Low vacancy levels are a clear confirmation that there is high and constantly growing interest from companies which want to locate their offices in this submarket.

Asking rents in Q1 2017



Source: JLL, Q1 2017

Connectivity

One of the key advantages of Wola as an office location is its transportation accessibility. Among the main office areas of Warsaw, Wola's public transport accessibility is behind only that of the CBD and the Dworzec Gdański district, and is significantly superior to that of Służewiec. Seven hundred and forty-four thousand people live in places from which Rondo Daszyńskiego is no more than 30 minutes by public transport at 9 a.m. In 2020, following the opening of the stations on the M2 line, which are currently being constructed, the population of that catchment area will increase to 782,000 and will reach 823,000 once the entire second line has been completed.

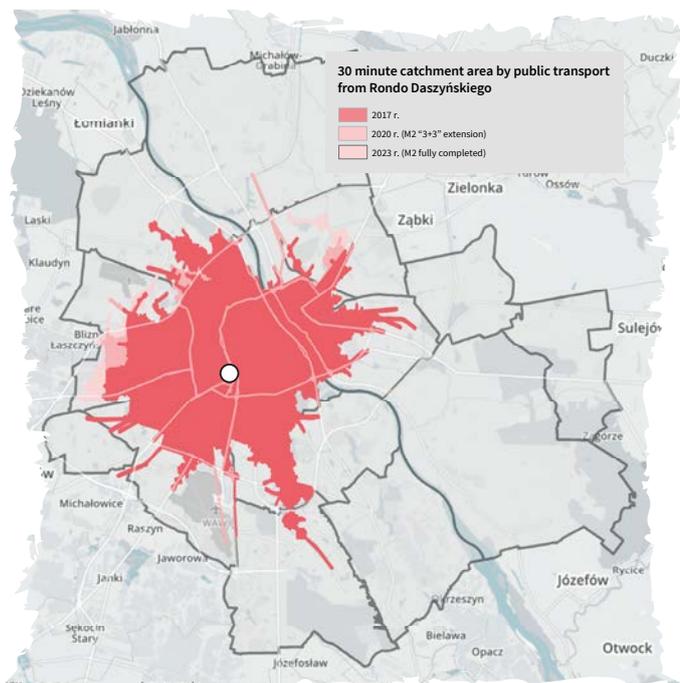
Extending the M2 will be beneficial for nearly all of the key business areas of Warsaw, apart from Służewiec. The most significant growth in terms of the 30-minute catchment population will be recorded by the CBD, which will gain at both ends of the M2 line. The second largest beneficiary will be City Center West. As well as providing a more rapid means of transport for the residents of the adjacent areas, the M2 will facilitate commuting in the wider agglomeration. This will predominantly involve the areas around Wołomin and Warszawski Zachodni powiats, the inhabitants of which will use one of the furthest stations for transfers.

We estimate that some 31% of employees of Wola offices get to work by car, including 5.5% who are passengers. In terms of automobile accessibility, Wola also ranks third. However, this time, as well as being surpassed by the Dworzec Gdański district, it is behind the conveniently located Aleje Jerozolimskie office districts and slightly ahead of the CBD.

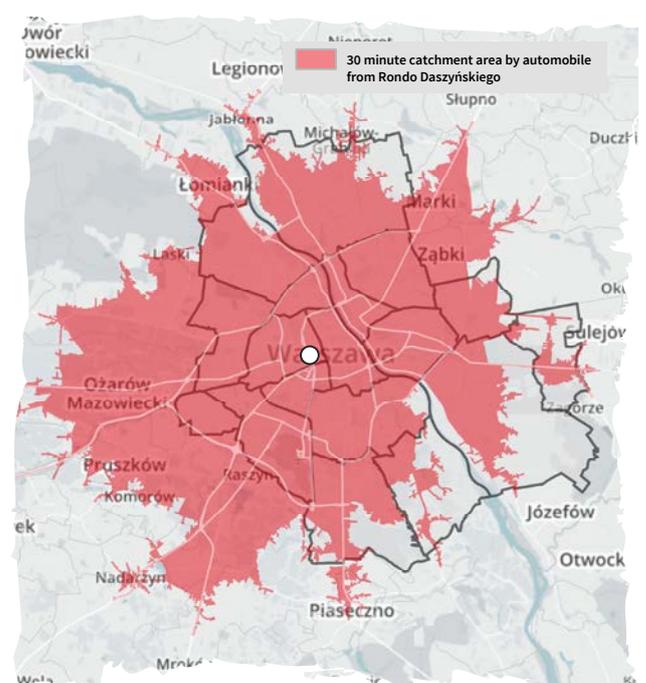
Population living in the 30-minute catchment area

District	Public Transport		Automobile
	2017	2020	2017
CBD (Świętokrzyska Metro Station)	1 003 400	1 064 700	2 020 000
Dworzec Gdański	828 800	866 000	2 244 600
City Centre West (Rondo Daszyńskiego)	744 100	782 500	2 185 900
Al. Jerozolimskie Avenue (Rondo Zesłańców Syberyjskich)	644 200	665 400	2 237 000
Służewiec Przemysłowy	408 200	408 200	1 994 700

Public Transport



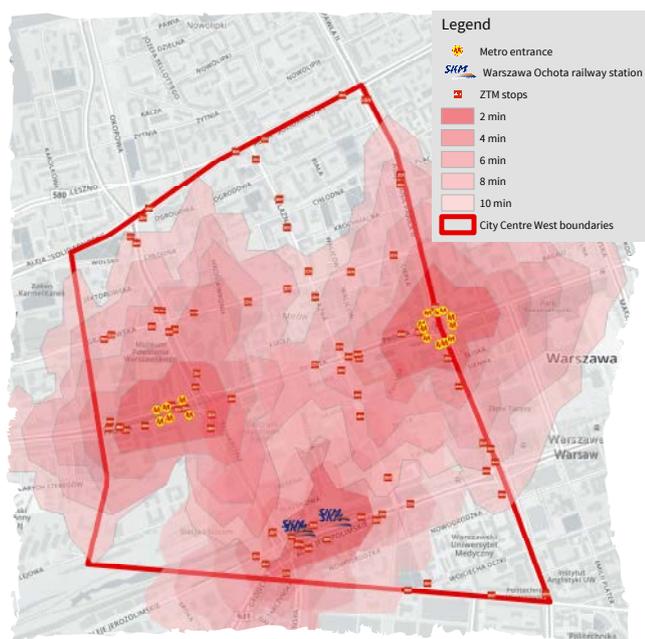
Automobile



Source: JLL own calculations based on official public transport timetables (ZTM, KM, WKD, KML) and TomTom road network data.

Close proximity to a metro station is gaining in importance for both office developers and tenants / occupiers, particularly those, whose personnel typically use public transport. A JLL survey showed the main parts of the City Centre West submarket lie within the immediate catchment area of the metro. Eighty-nine percent of office employees walk no more than ten minutes to the nearest station.

In addition, the southern part of the district, which is further away from the metro, is served by Warszawa Ochota railway station, which offers SKM, Koleje Mazowieckie and WKD suburban trains. Twenty-four percent of office employees can reach this station on foot in ten minutes or less. In recent years new rail investments have involved not only the replacement of rolling stock with more modern units, but also increasing the average speeds of trains servicing the agglomeration. As a result, an increasing number of companies point to proximity to an SKM station being an influential location factor.



It is still the metro that generates the largest passenger flows and the metro is the key magnet and catalyst for changes in Wola. As opposed to SKM, which is of a more suburban character, the metro serves densely populated neighbourhoods of Warsaw, which are where a sizeable portion of office employees live. Trams and buses are additional modes of transport serving areas that lie within an acceptable distance from the metro or the SKM. Their routes generally follow the pattern of the major streets. There are still some areas, however, from which the walking time to the nearest public transport stop takes more than five minutes.

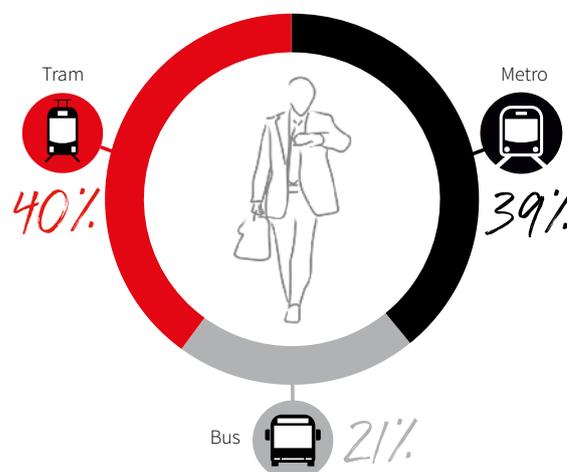
Although the metro is generally fairly easily accessible, the situation would be even better if the existing stations were better connected with their surroundings. According to our survey,

during an average morning peak hour the number of passengers exiting Rondo Daszyńskiego station was 3,658, of which 31% headed towards the eastern side of Towarowa Street, therefore crossing over Rondo Daszyńskiego itself. The majority of them are not able to make that crossing within just one cycle of the traffic lights, and it takes as long as 90 seconds to cross the roundabout.

This suggests that the location of metro station entrances there is less than ideal, as thousands of workers in offices located on the eastern side of Towarowa Street waste valuable time every day. Therefore the construction of additional entrances to the metro on the opposite side of the street would be helpful. An alternative, and a significantly less expensive one, would be changing the timing of the traffic lights so that pedestrians could cross in one cycle. The latter solution may become feasible after the completion of the currently debated refurbishment of Towarowa Street, which, according to the city hall, may be turned into a local street rather than the thoroughfare of major importance that it is today.

Despite being a major stimulus of growth, the second metro line is still not the dominant transport mode within the district. Our survey revealed that during a morning rush hour 9,138 public transport users got off at Rondo Daszyńskiego. Metro passengers accounted for 39% of that figure, while trams brought 40% and buses 21%. Those proportions are more than likely to change in favour of the metro along with the gradual extension at both ends of the second line; however, the share of the remaining modes of transport will remain high. Trams are of a particularly high significance, as they are the main transport mode for north-south routes and serve office workers in neighbourhoods such as Ochota and Żoliborz, as well as many parts of right-bank Warsaw.

Public transport passengers getting off at Rondo Daszyńskiego area during the morning traffic peak according to the transport mode



Source: JLL survey conducted between 8.15 and 9.15 a.m. on a weekday.

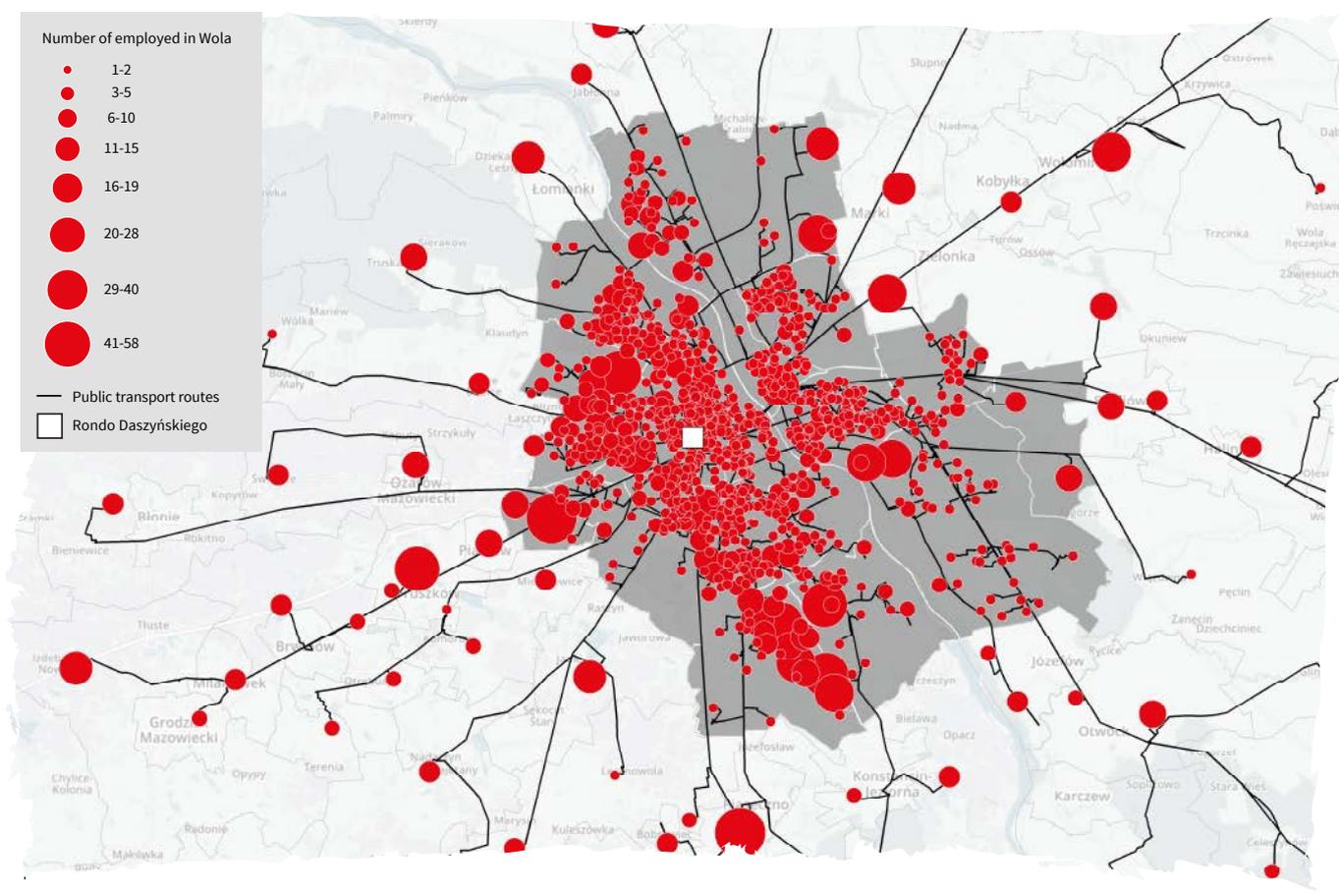
In order to estimate the actual demand for transportation to the area covered by this report, JLL asked companies present in Wola to provide the postal codes of their employees. The survey, the sample for which was 3,100 employees, showed that as many as 80% of them live within Warsaw's city limits, mostly in the Mokotów, Wola and Ursynów districts (those three districts combined account for 36% of all employees which reside in Warsaw). High concentrations are also recorded in Praga Południe, Bemowo, Bielany, Śródmieście and Białołęka (which together account for another 36%). Amongst Warsaw's satellites, Piaseczno ranks first, with 2.5% of all surveyed employees.

The high share of Mokotów and Praga Południe can be put down to the high populations of those districts. In the cases of Wola, Wilanów, Ursynów and Bemowo, those who work in Wola are somewhat overrepresented when compared to the weight of those districts measured by population. We are fairly confident when saying that some Wola office employees chose to move

to Wola or Bemowo due to proximity to work. In the case of Ursynów and Wilanów, the key factor behind their popularity is the fact that both are characterised by large amounts of young residents and those who have university degrees. An additional factor there is the large modern residential stock, which raises their popularity among the middle classes.

The average commuting time using public transport of the surveyed office workers living within Warsaw's city limits is 35 minutes, while the average travel time of those commuting by car ranges from 15 to 35 minutes depending on the traffic. One has to bear in mind, however, that those figures do not include either walking time to a particular building or the time needed for parking.

The graphic below shows public transportation routes providing commuter services for the surveyed employees from their places of residence to arrive at Rondo Daszyńskiego at 9.a.m.



Source: JLL own calculations based on official public transport timetables (ZTM, KM, WKD, KMŁ)

Parking

Despite the excellent public transport accessibility of Wola, a number of employees commute there by car. Currently approximately 55,000 people work in the area covered by this report: we estimate that 25% of them drive to their offices, which translates into the demand for some 14,000 parking spaces. However, the modern office developments in this area have slightly fewer than 10,000 parking spots (of which some are intentionally kept vacant for potential new tenants). Therefore, we estimate that at the moment the district's office staff need an additional 5,100 surface parking spots.

There are a number of commercial car parks in the area, usually located on undeveloped plots or parts of those. We estimate that these currently offer some 15,000 parking spaces. However, one has to take into consideration the fact that these car parks are often used not only by office employees but also by local residents.

Another option is parking one's car in a public parking space, which are found on the side of streets. It is quite difficult to estimate the exact number of such parking spaces, as the city authorities do not keep records of them. However, these spaces are also used by local residents, which means that the availability of public parking spaces for office staff is quite limited.

The vast majority of City Centre West is a paid parking zone, with the exception of the area to the west of Towarowa Street. Unsurprisingly, the parking situation in that subzone is very similar to that found in the Służewiec district: cars occupy every single available piece of land, whether it's a place for parking, a pavement or even a lawn. This results in reduced comfort and safety for pedestrians and a general lack of aesthetics in the area. Moreover, no fee being charged for parking results in a lack of rotation of spaces, which makes finding a space extremely difficult.

The office district of Służewiec is a less prestigious and cheaper location, which can be put down (in a large part) to much poorer availability of public transport in the area. It is also often chosen by companies which have significant car fleets. On the other hand, Wola, as it forms a natural extension of the strict city centre, has all the strengths that characterise a prestigious office district. Moreover, after the completion of the M2 metro line, the need to come to Wola by car will lessen and any arguments that there is insufficient public transport will not be as powerful. Eliminating some parking spaces along the streets will allow the space to be redeveloped so as to not only be more pedestrian-friendly but also more safe and attractive. Examples from outside of Poland show that despite initial resistance, such changes are well-appreciated by residents, employees, and local retailers in the long term. Importantly, they usually provide significant boosts to the prestige of a given district.

One also needs to remember that offices have to be easily accessible for visitors, who often travel by car. One solution could be assigning a number of dedicated parking spaces with limited parking time or introducing special guest parking spaces in the underground car parks of office buildings.

Currently the availability of parking in the area covered by this report seems to be sufficient. However, the dynamic growth of the office supply in the district may result in the problem becoming increasingly severe. An additional 60,000 employees are expected to move into the district in the next five years but new offices will only provide around 7,000 new parking spaces. If too many those new employees choose to drive to work instead of taking public transport, the number of cars without a place in the underground parking lots will increase, perhaps to as many as 12,000. Taking into consideration that the supply of surface parking spaces is not likely to increase, the pressure on parking in the area may become problematic, and drivers looking for a free space will contribute to even bigger traffic jams.



Spatial planning



The City Centre West is amongst those areas of Warsaw in which zoning procedures are most advanced. Currently there are three zoning plans (for the northern and southern parts of the Żelazna Street area and for the area of Towarowa Street). These plans cover almost 50% of the City Centre West district; in the remaining areas the zoning procedure is on-going.

The current zoning plans assume that 'Near Wola' will mimic the city centre in terms of having a similar urban grid and density. This will be fostered by an appropriate balance between different building uses that will involve a mix of residential, office and retail functions, which should respect the historical street plan.

In some places, such as the former Warsaw Brewery area, the zoning plan requires the creating of public spaces and the reconstruction of a part of Krochmalna Street which has not existed for a long time. It is important that the new office buildings in Wola will be developed next to the existing and planned residential blocks, which often include retail components. These principles should be regarded as beneficial for the sustainable development of the city.

For the last few years we have been seeing a gradual change in developers' approaches: they now increasingly often appreciate the benefits of improving the aesthetics of the surroundings of

their projects. New squares, green areas and other public spaces are being designed as part of the developments. However, due to the usually rather moderate scale of these facilities, they are typically used only by employees working in the given building, and not a wider audience. Moreover, these spaces are usually not linked with one another. The project that could become Wola's future spine is Towarowa Street. The city authorities are analysing whether the class of this street can be downgraded. If the outcome of that analysis is positive, the street will be narrowed, automobile traffic calmed and the area will become more pedestrian-friendly.

The decision to redevelop Towarowa Street will most likely result in the abandoning of the plan to build a tunnel under Solidarności Avenue. Moreover, that decision will also affect Plac Zawiszy Square, which also awaits redevelopment. Although its ultimate shape remains unknown, it is supposed to become a true city square rather than just being a transportation hub.

One of the largest commercial developments planned within the City Centre West area is a new shopping centre in place of the existing Jupiter centre, but the final size of that is still to be confirmed and will be subject to the zoning plan which is currently being produced. To the east of that project the developer (Echo Investment) plans to reconstruct Plac Kazimierza Wielkiego square, which existed there before WWII.

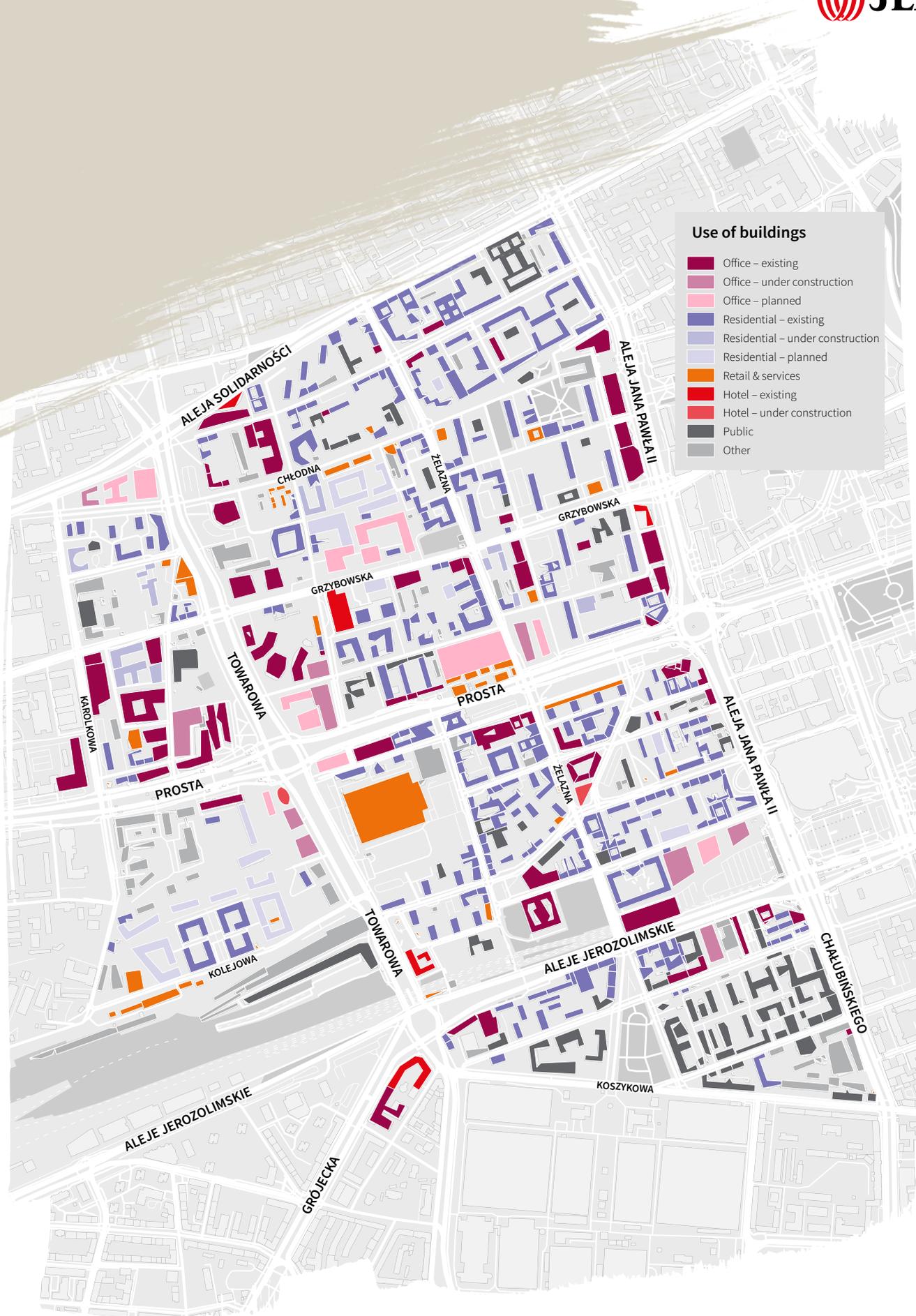


Marlena Happach,
Director of the Warsaw Office of
Architecture and Spatial Planning,
The City of Warsaw.

"The intense development of the edge of Wola and Śródmieście is causing changes to the character of this area – it is moving from being an industrial and labour class district into a modern office destination. Until now, the development limits have been set by Towarowa Street, which forms a section of planned city centre inner ring-road. Today, it seems necessary to reduce the class of that street and to move the ring-road further to the west, to Prymasa 1000-lecia Avenue, due to which areas located to the west of Towarowa will also become parts of the wider city centre.

Despite having excellent public transport accessibility, the dominating role of transportation along Towarowa Street remains somewhat problematic. But it is not the only issue in this part of the city. The desired urban character of this area needs diversification of uses in order to prevent unfavourable office homogeneity. Other desired actions include shaping urban, compact building line frontages and public space arrangement related to buildings' ground floors. The city plans require close co-operation with private entities, which play significant roles in Wola. Only with this co-operation will it be possible to shape the area of the New City Centre, the landmark of modern Warsaw."







**Kazimierz Kirejczyk,
President of the Board, REAS**

“ Wola is an example of a Cinderella-like district. During a few years it has gone through an evolution from being a district with a low ratio of new residential developments, which

offered average standards, into the district with the largest amount of developments in Warsaw, which offer a broad spectrum of prices and quality. In 2006 fewer than 100 flats were constructed in this district, while during the next ten years the total was 17,000 apartments.

The number of flats sold in central Wola in each of the years from 2009 to 2015 was approximately 300 units. Against this backdrop the results from 2016 are a record high: more than 1,000 flats were sold with the similar number of new delivered units in the market. This also meant the sharp increase of share this area in total of all apartments sold in the city of Warsaw, which exceeded 4% in 2016.

What should be underlined is the clear and systematic rise in prices in the past three years. The average price for one square metre of residential space offered at the end of 2016 was 11,500 PLN, which was 9% higher than price in the same period of the previous year and 12% higher than two years and 16% higher than three years ago. One could predict that in the next few years prices of flats in Wola will record successive increases.

The increasing popularity of this area is particularly driven by two major factors: the huge increase of the number of workplaces in modern office buildings and the easy access by metro. The crucial driver for sales increase in 2016 was buyer activity, with buyers looking to invest in flats for rent, and this also concerns institutional investors. A series of new investments is still planned to be developed in the area. The largest of them will be the complex located on the site of a former brewery on Grzybowska Street. Another will be a skyscraper opposite the aforementioned brewery, on the site between the Hilton hotel and Pekao SA's headquarters. In addition, numerous other projects will be developed, both on the eastern and western sides of Towarowa Street. **”**

According to city authorities, there are a number of infrastructural improvements planned for the City Centre West area that aim to ease traffic on Towarowa Street. One of them is the construction of an overpass crossing the railway tracks between Kolejowa Street and Jerozolimskie Avenue, which would allow the bypassing of Plac Zawiszy Square and Towarowa Street entirely. In addition, a pedestrian footbridge is planned in parallel. Plac Zawiszy Square will also be redeveloped, although its final shape remains uncertain.

Other planned improvements include the extension of Przyokopowa Street towards Towarowa Street and Jaktorowska Street and the redevelopment of the junction of Kolejowa, Srebrna and Towarowa. None of those changes will require significant funds, but they will greatly improve the availability of currently poorly connected areas within the district. They also follow the trend of adjusting traffic to the city-centre scale, which is one of the conditions for boosting the attractiveness of the area.

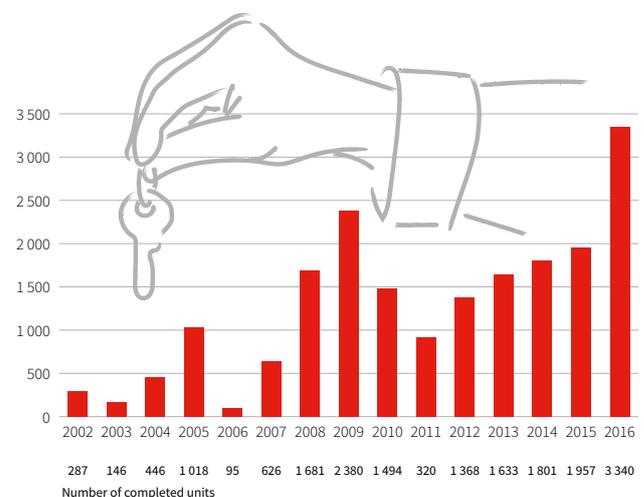
One other development that has significant city-forming potential is Dworzec Główny, a development by Polskie Linie Kolejowe. During the renovation of cross-city line from 2018 to 2020 Dworzec Główny will play an important role, taking over some local and regional connections. As opposed to the Warszawa Ochota Station, trains will terminate there.

Apart from the planned infrastructural improvements, one of the main changes will be the extension of the Warsaw Rising Museum, which will gain new wing by the corner of Towarowa and Grzybowska Streets and an additional pavilion in the southern part of the museum site. Also, a new square with a direct access to Towarowa Street will be built between Towarowa Street and the existing museum building.

In the next five years the character of the district will be dramatically changed. Commercial developments, mainly offices, will fill in the empty spaces and completely transform the skyline of the area. Just a few years ago the area around Rondo Daszyńskiego was surrounded by post-industrial buildings and empty plots. Today it is filled with new construction, mostly office towers. It will be those towers which will become Wola's new landmarks and will contribute to the creation of a new local identity.

However, the rapid growth of Wola district is not limited to office buildings. The district is gaining popularity in terms of residential developments. Under construction and planned residential projects will increase the population of the area from 29,000 today to 31,000 five years from now.

Completed residential units in Wola district in 2002-2016



Source: Central Statistical Office, 2016

The residential component of the district is one of the key advantages of City Centre West. Moreover, it will ensure that the area does not depopulate after office hours. Sustainable development of the district allows for a synergy between all of the functions, for example the services and food sectors will benefit from various customer groups, with residents in the evenings and office workers during the day.

More people living in the district means more safety, as well as higher engagement in local matters. As has been made clear by the example of Służewiec, not enough residents, who would be ready to raise local issues, can result in the area being neglected by the city authorities. By contrast, a growing middle-class and new local initiatives may stimulate the development of an entire district.



Public realm

Warsaw's rapidly developing office market, the increasing awareness of the city's residents, their high expectations regarding the aesthetics and quality of the public spaces, and ferocious competition between developers have prompted a change in approach to the designs of new office buildings and their surroundings.



That trend is clearly visible in the Wola district and its new commercial developments, especially compared to the Służewiec district. In Wola new developments take into account the historical context of their surroundings and bring new quality to public spaces. An excellent example of such approach is the Warsaw Spire complex, where Ghelamco has created a large public space, Plac Europejski square, which attracts not only employees working there but also local residents and tourists.

Unfortunately, developers' actions and efforts to improve surroundings of their developments are just a small part of the whole picture. Although the effective zoning plans foster the reconstructing of pre-WWII urban fabric, the perception of the districts is a result of what one sees from a pedestrian perspective. Such point of view of Wola gives a rather unattractive picture, lacking architectural coherence, continuous building frontages and green areas. In addition, a number of undeveloped plots are used as car parks and the condition of roads and pavements is bad.

Therefore, the question about the future of public spaces remains. Should the construction of squares, parks and other public spaces, which are crucial for any city, be subject to developers' decisions (which primarily focus on return on investment)? Or should the amount of involvement of the city authorities be greater? Until now the city has not created a single park or even a small green area in the district. That would require the purchasing of land in one of the most expensive parts of Warsaw, which the city authorities are not too keen to do. Nevertheless, thinking about office districts should not be limited solely to possible returns on sale or leasehold of the land but also include creating a sustainable urban fabric, which typically features public spaces and green areas. In the long term these are the elements that improve a district's prestige and thus further increase the price of land. The city authorities' landbank in the area covered by this report is large enough to create such spaces. However, there needs to be the political will to do so.



Jarosław Zagórski,
Commercial & Business Development
Director, Member of the Management
Board, Ghelamco Poland

“ In 2006 Ghelamco acquired a post-industrial plot located on a site between Grzybowska, Wronia, Łucka and Towarowa streets. After ten years of planning, design and construction work, the Warsaw Spire complex was built. At its foot we created a public square, Plac Europejski square, filled with greenery, fountains and streams, surrounded by cafes and restaurants, and complemented by a public outdoor Art Walk gallery. The whole project triggered changes taking place in Wola. We have brought life back to a once inaccessible part of the city.

When creating Plac Europejski square and Warsaw Spire, we already knew that it could not be yet another ordinary development project. We decided to create a central point of “New Wola”, a public place to go, friendly to pedestrians and open to the needs of local residents. We used social media to communicate with them. Facebook profiles for Warsaw Spire and Plac Europejski square have been created. The first of them has already over 21,000 followers, the second 11,500. The illumination with a slogan “Kocham Warszawę” (in English I love Warsaw) has appeared on the frontage of the Warsaw Spire tower. Thanks to that, the project became widely recognised throughout the city.

Plac Europejski square has played host to many events, and other actions strengthen the bond between local residents, tenants and the project. In the winter there is free of charge ice-rink and during the summer an open-air cinema will operate. Every three months we present new artists in the Art Walk Gallery. Within the actions of our “Sztuka w Mieście” foundation (in English “Art in the City”) we organise numerous workshops related to architecture and urban life. Today, Plac Europejski square is a vivid and friendly part of the city. **”**

Wola's identity

Wola is one of the 'old districts' which were the core of pre-war Warsaw. As such, it has an extremely interesting history and a strong local identity. Once it was an industrial area with a slightly bad reputation, but almost all of that architecture was destroyed during the war. This resulted in a quite significant amount of undeveloped land, which led to interest from developers in the district.

Despite all the destruction, some parts of the historical urban fabric of Wola remained intact. Now those places are reminders of Wola's history and its continuous development. There are a number of historical buildings that are in a bad shape; however, as they are usually protected by the city authorities, their future seems secure. This historical background is one of Wola's key advantages compared to some other rapidly developing office districts, such as Stuzewiec.



Planned development of the Warsaw Brewery



**Karol Klin, Regional Director,
Office and Hotel Projects Department,
Echo Investment S.A.**

“ Wola has been the centre of focus for the most important developers for some time.

Undoubtedly, the district is having its 'prime time', so it is very important for investors and developers to include in their projects the fact that future derives from the past and it's worth drawing on local identity. This kind of respect for the local uniqueness and efforts of office developers can help ensure further growth.

An excellent example of such an approach is the Browary Warszawskie project (the Warsaw Brewery). From 1846 until the period just after World War II, the Haberbusch & Schiele brewery was located in this part of Warsaw. It was the largest brewery in Warsaw and one of the most important breweries in this part of Europe. Thanks to Echo and its precise renovation of three historical buildings – the manufacturer's villa, the brewhouse, and the laboratory, as well as the exposing of some part of XIX-century basements, the history of this place will be appropriately addressed.

Our development will provide a new, modern, friendly and easily accessible part of Warsaw, in the centre of the Wola district, close to the city centre, with convenient transportation to other districts, and where one can find many historical accents. It will be a place of living and working, catering for everyday needs and relaxing. The place will be also very friendly for pedestrians. They will easily move between the buildings around the clock. The inspiration came naturally from historical events which took place in this part of the Wola district. This was always a bustling place and we are happy that thanks to our development, the plot will be devoid of any fences. It can certainly be said that in the case of the Browary Warszawskie project, we are restoring the historical urban fabric to life in a new, friendly style. **”**

Today history is an important attribute for modern architecture and identity. There is a worldwide trend to preserve and highlight historical elements within modern office districts and we see that happening in Wola. Developers now tend to incorporate historical architecture into their modern developments, which makes for a great added value and prestige for the entire project.

A good example of such good practices is a new development by Echo Investment: Browary Warszawskie (the Warsaw Brewery). The developer will restore some historical buildings in the area and create a number of new public spaces in the revitalised surroundings. Moreover, Echo Investment is planning to develop a new shopping centre in place of the existing CH Jupiter. Part of that project is rebuilding Plac Kazimierza Wielkiego square, a place which not existed since the end of WWII.

However, the city authorities have the leading role in preserving local history and identity. It is for them to decide whether new developments will dominate Wola or respect the local history and architecture and fit in. Furthermore, discussions about the future of any district should include city authorities, developers, architects and, most of all, the residents of the area.

It is essential to involve local communities. Incentives such as participatory budgets, public consultations and workshops are not only tools to engage the local residents, but also to build the social capital, which will pay off in the future.



Ewelina Katużna,
Leasing and Asset Management Director,
Skanska Property Poland

“ *Wola is becoming the business centre of Warsaw before our eyes. It is attracting an increasing number of global players, including those from the financial sector; transforming itself into Warsaw's 'City'. We discovered the potential of this district more than 20 years ago, and became the most active developer in this part of the city. To date we have already completed eight office projects here, and another two, Generation Park and Spark, are in progress.*

We feel an exceptional bond with Wola: we stay close to the local community and we understand their needs. Because of the neighbours of our projects, we conducted an audit of this part of Wola, involving public safety and comfort of users. Our analyses were very important parts of the district development strategy and translated into real actions, among others the planned revitalisation of the square next to the former Pedet store and the creation of the CytryNowy Square adjacent to our Spark project. It is a public space, open to everyone, which we established for Warsaw residents as far back as the construction stage.

The plan is to create an open square, which will be a part of a linear park, where we will have trampolines, water misters and intense greenery. Moreover, Spark will be the first project in Skanska Poland's portfolio with WELL certification, the most advanced sustainable development system. Next to our adjacent project, Generation Park, we arranged a 'pocket-park' with mini art gallery by independent/alternative artists and a place where one can taste the dishes from all over the world. As we are active in the Wola district, we create not only modern office parks conducive to comfortable work, but we also create lively areas, open for all generation forming the community. **”**

Summary

The moving of the city centre of Warsaw towards the west is becoming a fact. This formerly neglected post-industrial district is becoming more densely built up and is taking on a metropolitan character. The catalyst for those changes was undoubtedly the decision to build the M2 metro line, which accelerated many developers' investment plans.

Over last three years the vacancy rate in City Centre West has been below the average for Warsaw, despite the record-high levels of new office completions in this part of the city. This confirms that the office market in this business district is highly absorptive and popular among companies.

The trend for companies to relocate to this part of the city should continue in future years. Rents in Wola are markedly higher than those found in Służewiec; however, there is a group of certain companies which are willing to pay a premium in rent for offices which offer much better accessibility and more prestigious locations.

As the research conducted by JLL has shown, the employees of offices in Wola mostly live in the Mokotów, Wola and Ursynów districts. Compared to the total population of Warsaw, the districts that are most over-represented in terms of these employees are Wola, Wilanów, Ursynów and Bemowo. Amongst the satellite cities of Warsaw, the highest number of Wola office staff reside in Piaseczno.

Conclusions

In the perspective of the next few years Wola will not be threatened by the negative consequences of the lack of sustainable development which can be seen in the area of Służewiec Przemysłowy. The reasons for that are the highly accessible public transport, the diversified mix of uses (with the significant share of residential buildings in particular), the strong local identity and the material culture of the district. Changes in developers' attitude are also a very good sign. They now pay much more attention to creating attractive new public zones that correspond with the existing built environment.

There are still many areas, however, which are in need of revitalisation, or at least refreshment leveraging on their aesthetics. The district definitely lacks green areas where employees and local residents can relax. Attractive public zones remain somewhat isolated and most of main traffic routes do not encourage people to take walks along them. In many places there are still not enough restaurants or service points. There are great expectations with regard to the "Nowa Towarowa" (New Towarowa Street) development project.

Despite the excellent availability of public transport in this district, over time the pressures from cars associated with the influx of new employees will only increase. Even today the parking situation differs greatly between the free of charge and paid parking zones. Parking fees greatly increase the rotation of parking spots and encourage employees to use public transport. Further extensions of the second metro line should also increase the number of people choosing the public transport. That is why the enlargement of paid parking zone to cover the other side of Towarowa Street is worth considering.

Due to the unfavourable locations of the entrances to the Rondo Daszyńskiego metro station, thousands of people who work in nearby office buildings waste valuable minutes waiting to cross Towarowa Street. If the narrowing of Towarowa Street will turn out to not be feasible, we consider it appropriate to build additional entrances to the metro on the eastern side of the roundabout.

Despite having a high percentage of its total areas already covered by a zoning plan, Wola still lacks a consistent vision of what the district should look and perform in the next few years and decades. While the striving for a balance between office and residential functions should be considered to be positive, zoning plans do not guarantee coherent development or create spatial order or the overall aesthetics of the urban landscape. Unfortunately, without those elements, building Wola's reputation as a prestigious district for locating business will be much more difficult.



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