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## NEW HOUSING INVESTMENTS COMPLETED IN WARSAW, 2002-2012

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### Abstract

The map presents the geography of housing supply in Warsaw during the years 2002-2012. The paper presents the main actors and trends in the Warsaw's housing market with special attention directed to spatial implications of new housing development. Used unique data for the detailed location of housing investments in Warsaw.

### Key words

post-socialist city • housing supply • urban growth • developers • Warsaw

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## Housing supply and urban growth

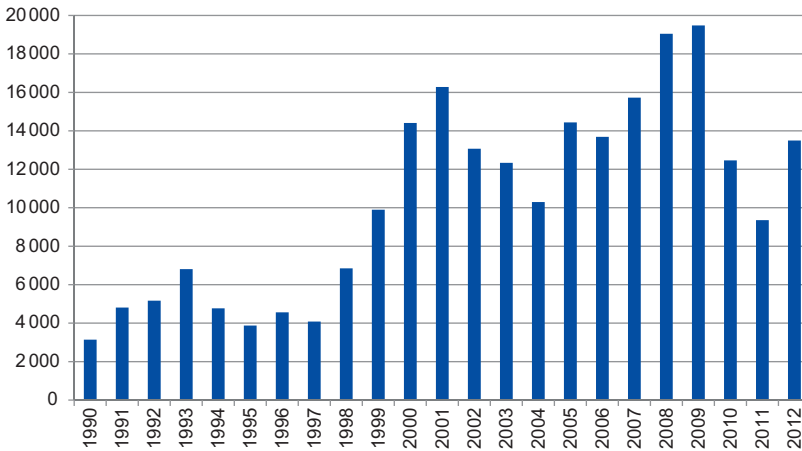
Housing supply plays a major role in the urban growth process (Goldberg 1974; Goldberg et al. 1978; Glaeser et al. 2005; Gyourko 2010). Residential functions demand a major amount of land in cities and, therefore, it is housing that to a large extent determines the spatial pattern of a city's urban fabric and its population. Taking this into consideration, new housing supply has immense implications on urban growth, townscape and city structure, both in terms of urban morphology and socio-economic differentiation.

The scale of housing supply in the period of post-socialist transformation of Warsaw was enormous

and had considerable implications on the city's urbanisation process. In the period 1990-2012 a dynamic growth in new housing was recorded, with almost 240 thousand dwellings completed within Warsaw's present city limits (Fig. 1). As a consequence, by 2012 approximately 29% of the entire housing stock of Poland's capital consisted of dwellings built after 1989. No other city in Central and Eastern Europe experienced the production of more housing units in the period since 1990 than the Polish capital city (Mendel 2010). Also when compared with Western European cities there were only a few that recorded a larger number of completions (i.e. Madrid, London). Most of these developments were completed during the

last decade (approximately 63% between 2002 and 2012). Although, as Pobłocki (2012: 272) mentions, 1989 is usually seen as the starting point of Poland's road to capitalism, from the urban perspective, the real watershed moment occurred around the year 2004 with the financialised, metropolitan, corporate and cosmopolitan capitalism of the 2000s differing radically from the small-scale, entrepreneurial and 'car-boot sale' capitalism of the 1990s. Nevertheless, the dynamics of housing supply has not yet been able to overcome the huge housing shortage in Warsaw (Śleszyński 2004; Stępiak et al. 2009).

2003). In numbers the importance of cooperatives in Warsaw declined from a peak of 7,700 units built in 2001 to less than 1,000 units in 2010. State-owned companies, whose aim was to provide housing for their workers, disappeared entirely from the housing supply side by 2005. Municipal construction remained insignificant between 2000 and 2010, never surpassing 600 completed dwellings per year. Social Housing Associations (Towarzystwo Budownictwa Społecznego - TBS), another new player in the market, had a short period of activity between 2000 and 2007 in which they produced a little over 2,000 dwellings before



**Figure 1.** Number of dwellings completed in Warsaw in 1990-2012.

Source: based on Central Statistical Office data.

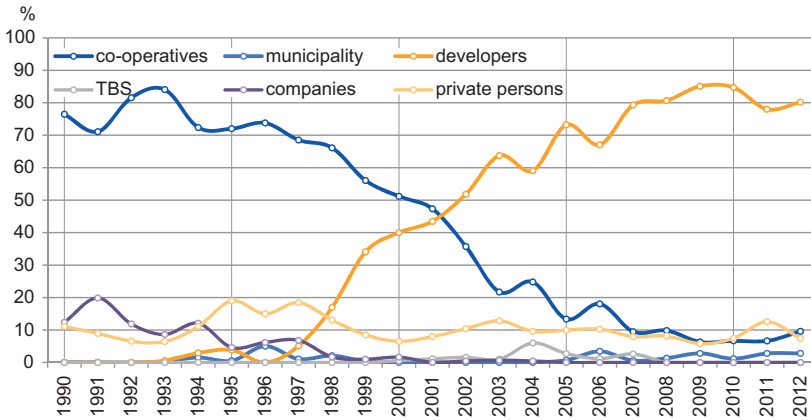
## Key players in housing supply

Housing supply in Warsaw in the first post-socialist decade was chiefly characterised by the activities of housing cooperatives that accounted for approximately 70% of new housing unit completions between 1990 and 1999. As housing cooperatives had already received building land from the state during the socialist system, there were able to commence developments under very favourable financial conditions (Kornitowicz & Żelawski 2007). However, the vigorous activity of cooperatives in housing construction declined dramatically due to several reasons, above all because of the exploitation of the inherited land portfolio as well as the end of preferential financing and access to land due to a change in the law in 2000 (Markham

activities came to a halt, chiefly due to a lack of funding (Brzeski et al. 2009).

Housing construction by private persons remained relatively stable between 1,000-1,500 units per annum, focussing chiefly on building single-family houses in the peripheral districts of Wawer, Białołęka and Wilanów. Last but not least, residential developers started activities during the 1990s.

The housing supply side underwent considerable change in the second post-socialist decade, mainly due to the increasing importance of residential developers. In fact these private development companies had already emerged as new market players in the beginning of the 1990s (Werner et al. 2002), with the first physical output of their activities in Warsaw being noted by the Central Statistical Office in 1993 (39 completed



**Figure 2.** Share of dwellings completed by builder entities in Warsaw in 1990-2012.

Source: based on the Central Statistical Office data.

\* developers, i.e. the 'for sale and rent' category

\*\* public bodies, i.e. the municipality, TBS (Social Housing Associations), and state-owned companies

dwellings). Initially, the importance of developers increased only slowly. However, commencing from the new millennium the scale of housing supply built by developers began to increase dynamically. Eventually a total of 126,409<sup>1</sup> dwellings were built by developers between 2000 and 2012, i.e. 69% of all completions within Warsaw's city limits, bringing along significant implications on urban space and city growth. At the same time, the remaining five types of housing providers (co-operatives, companies, municipality, TBS, private persons) produced only a fraction of the output of developers (Fig. 2). Hence, the recent increase in the number of completed dwellings is mainly related to the activities of private property developers. This trend has not changed, even during the economic and financial crisis which arose at the end of the first decade of the 21st century, and impacted seriously on the business activities of players in the private market.

## Geography of new housing

New residential developments constructed in the post-socialist transformation period were not evenly distributed across the territory of Warsaw.

<sup>1</sup> The number of 126,409 completed dwellings derives from the 'for sale and rent' category from the Central Statistical Office which covers an estimated 95% of developers' activities. However, it needs to be born in mind that a part of developers output is recorded within other categories (Socha 2000; Werner et al. 2002) and, thus, the scale of residential construction by developers is actually higher.

Quite the opposite, a look at the map reveals concentrations of housing projects in certain areas, albeit that concentration patterns differed markedly between single-family and multifamily housing development. The former tend to concentrate in the city's peripheral districts, mainly in Wawer, Białołęka and Wilanów. The latter account for the vast majority of new dwellings and can be found dispersed across all districts, though with major shares being located in Białołęka, Ursynów, Mokotów and Bemowo. In Białołęka the scale of new residential construction is noteworthy in the neighbourhoods of Tarchomin and Nowodwory between the Vistula River and Modlińska Street as well as the formerly rural areas in the eastern parts of the district around Głębocka Street. The focus of new housing developments in the Ursynów district was on the Kabaty neighbourhood at the end of the metro line in the vicinity of the Kabaty Forest. The largest new housing estates in Mokotów were Marina Mokotów and EkoPark, both situated around Pole Mokotowskie, though otherwise Mokotów revealed a rather scattered development pattern of new residential construction. In Bemowo, residential projects were mainly focused along Górczewska, Lazurowa and Obrońców Tobruku Streets. Since 2006 the scale of new residential development has risen enormously in the Wilanów district, primarily due to the construction of the newly built, 169 ha large Miasteczko Wilanów neighbourhood destined for some 20-30 thousand inhabitants on completion.

The concentration of housing estates in Skorosze in the Ursus district, the southern parts of the Ochota district and the Zacisze neighbourhood in Targówek is also noteworthy.

## Spatial implications

The spatial impact of new housing supply depends chiefly on the types of land used for residential construction, characteristics of the housing estate and urban fabric of the existing surroundings. In addition, it turned out to be of utmost importance whether there was a binding local land-use plan or not.

For instance, centrally located projects were typically infill developments into the existent urban fabric that are often, though to varying extent, adjusted to the adjacent urban fabric. In contrast, sub-central and peripheral investments were often large-scale housing estates that consume a greater amount of land often including an internal road infrastructure in a private estate that locks out outsiders and has no connection to its immediate surroundings. A sub-central example is the infamous Marina Mokotów neighbourhood, Warsaw's largest gated community. On the other hand, a project like Miasteczko Wilanów that is built on on the foundation of a local land-use plan is likely to eventually accomplish a natural extension of the city and a functioning neighbourhood (despite present shortcomings in these respects). In addition to infill projects, the inner city has also seen the emergence of residential high-rises, mainly in Śródmieście and to some extent along the eastern fringe of the Wola district. They have a significant impact on the cityscape and skyline.

The main land types used for housing construction can be distinguished as 1) infill housing located in areas with existing urban fabric, 2) residential projects on green fields in peripheral districts, and 3) brownfield land developments in sub-central locations. In addition, there were also rare cases of so called greyfield developments, i.e. redevelopments of existing housing facilities, which are more difficult as the ownership structure in Warsaw is typically fragmented due to the privatisation of individual apartments. More unusual situations appeared as a result of property restitutions which even prepared the ground for housing developments on land hitherto used as parks.

Besides changes in land-use, land consumption and urban morphology, there were also

crucial socio-economic consequences of the provision of new housing. A first attempt to provide a brief outline of these effects should include the effects on the urbanisation process, including the determination of the pattern of population distribution. Furthermore, gentrification processes need to be mentioned through the introduction of new buildings targeted at homebuyers from the middle class or upper income classes in areas so far characterised by a different socio-economic population structure. Moreover, the privatisation of urban space and socio-spatial segregation are important aspects. In this context it should be borne in mind that the vast majority of housing supply, particularly that delivered by developers, is gated (Werth 2005; Gąsior-Niemiec et al. 2007; Gądecki 2007; Mendel 2010b). Overall housing development requires the provision of technical infrastructure and social facilities wherever new residential neighbourhoods are established (Smętkowski 2009).

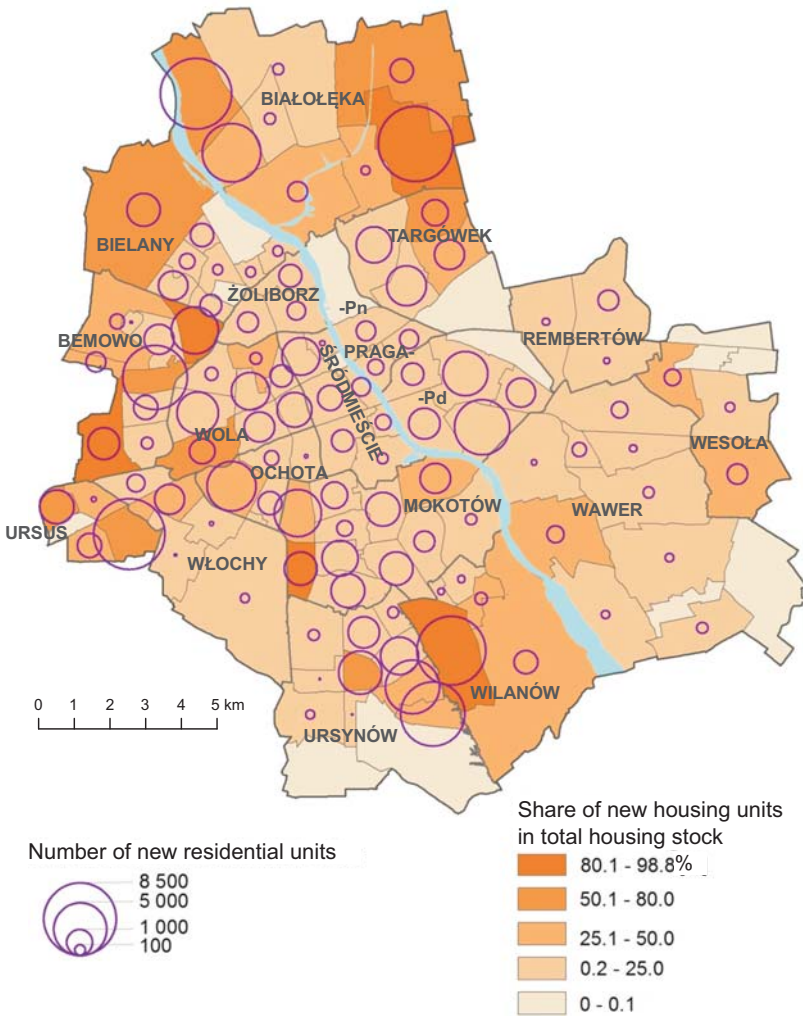
Hence, new housing supply has played an important role in urban growth and in determining the pattern of urban space in post-socialist Warsaw. Also it is predicted to have a significant further impact on city growth and spatial differentiation. Despite the impacts of the global financial crisis on the local housing market from late 2008 onwards, the scale of housing supply has remained high in Warsaw – approximately 9,300 to 13,500 completed units per annum between 2010 and 2012 (Fig. 1). The housing starts in 2012 and the first months of 2013 recorded by Poland's Central Statistical Office leave no doubt that there will be large numbers of new housing units contributing to new housing supply in the short-term perspective. Housing market analysts see a stable and balanced market in the coming years and all the information available indicates a gradual improvement, though the periodic character of the market with ups and downs in the scale of supply and demand remains an undisputed assumption. From a spatial perspective, there is still ample room for new residential developments within the Warsaw city borders, both in central and peripheral areas. So there are compelling reasons to believe in a continuation of a dynamic housing supply in Warsaw and there is a need for research on its implications in spatial differentiation.

### Putting new housing on the map

The locations of new housing estates were marked on the main map using precise geographical coordinates, based on data derived from REAS and our own investigation. In order to provide essential background information on the importance of new investments in particular parts of the city, a supplementary map is attached which presents two kinds of data aggregated into MSI neighbourhood units (MSI: *Miejski System Informacji*, the units used by

Warsaw city council): the total number of new dwellings in the neighbourhood unit, and the share of new housing units in the entire housing stock.

The main map provides additional information about the scale of particular residential developments, which allows one to detect areas where new housing investments are concentrated within the Warsaw city limits. Nevertheless, it is clearly visible that a significant element of the investment is spread across space. This is related to the fact that there were many empty spaces within the city borders, even in the city centre (Stępnik 2012). As a consequence, there are hardly any MSI



**Figure 3.** New housing investments per MSI neighbourhood unit in Warsaw, 1990-2012.

Source: based on data of REAS Sp. z o.o. and National Census 2002 (Central Statistical Office).

neighbourhood units where housing investments have not been located during the last decade. According to predictions (Kozłowski et al. 2009) any change in this dispersed spatial pattern can-

not be expected in the immediate future as a consequence of both a quite unrestrained spatial planning policy and a relatively large reserve of plots of developable land within the city limits.

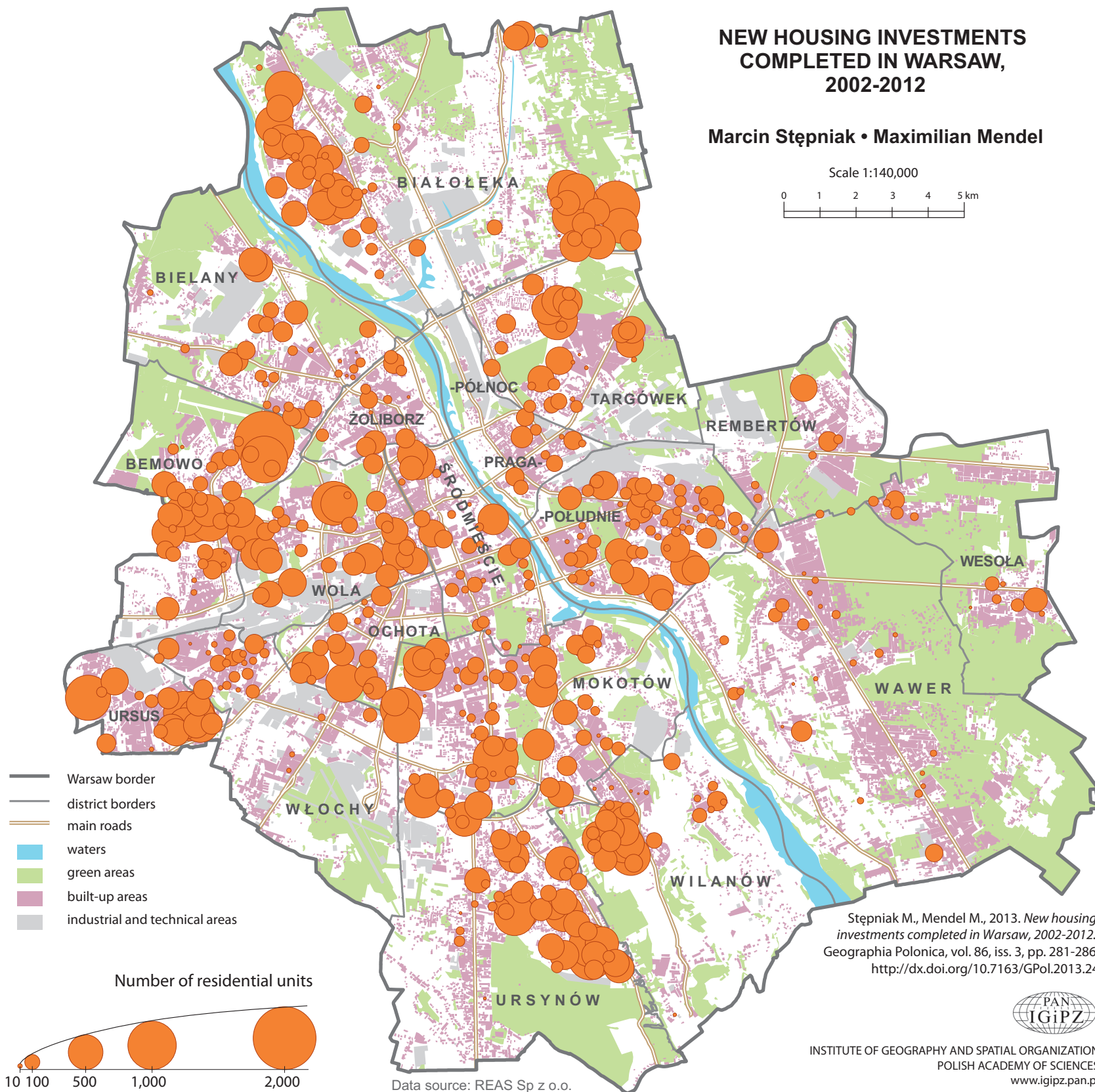
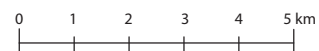
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Scale 1:140,000



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Data source: REAS Sp z o.o.