



↓ Starter's orders: Guy Perry tries out a horse-riding path that forms part of his development on the outskirts of Warsaw



↑ Home economics: the scheme aims to house 20,000 people within eight years

Race to the Poles

■ Development is gathering apace on a vast new town on the outskirts of Warsaw. Doug Morrison reports

IT IS MINUS FIVE DEGREES CELSIUS, THE SNOW IS lying several inches deep and, on the face of it, there are more inviting places to visit in the first week of March than Wilanów. Yet this frozen site on the southern outskirts of Warsaw is proving to be something of a property hot spot.

'No one believed it could happen. Now it is happening extremely quickly,' says Guy Perry, gesturing westwards towards the blocks of flats that punctuate the otherwise featureless landscape. 'We will have 1,500 residents by the end of the year.'

First impressions can be deceptive, which is why the French-American architect and masterplanner behind Miasteczczo Wilanów – Wilanów New Town – is keen to add some local colour as he puts the site into some historical perspective. In the opposite direction lies the 17th century Wilanów Palace – the 'Polish Versailles', as it is widely known – and it is evident early on in his guided tour that Perry

believes the new development will sit comfortably in such an illustrious setting.

For now, it is the sheer scale of ambition at Wilanów that impresses. Homes, shops, schools and two technology parks are among the proposals for the 417 acre (169 ha) site, at a total cost of €1.8bn (£1.2bn). It is one of the largest centrally planned, mixed-use communities being built in Europe and will take at least 15 years to complete. Perry expects 20,000 people to be resident within eight years.

FITTING IN

Landowner Prokom Investments brought Perry in six years ago when he was senior vice-president of TrizecHahn. The US development group subsequently pulled out of Europe but Perry stayed put and founded Investment Environments (INVI) to oversee the development of large-scale urban projects such as Wilanów.

Central to the thinking behind Wilanów is

← that it integrates with its surroundings. As a 17th century palace is a near neighbour, such splendour features in the mix of uses: a path has been designated for horse-riding, cutting across the main highway. It was originally a bone of contention with the planning authority, which, unlike its counterparts in the UK, appears to be in favour of road transport.

OPEN SEASON

More conventionally, a 'town centre' will embody that idea of integration, serving an 1,111 acre (450 ha) area around Wilanów that has been designated for growth.

'We don't call this a shopping centre,' says Perry. It gives the wrong connotation, he adds, pointing to the wide-open site he has set aside for retail and entertainment. Furthermore, it will be largely open air. 'The mall phenomenon has run out of steam in North America,' explains Perry. 'People would rather have a mixed-use environment – residential, offices and hotels – around squares and streets, with some interior arcades.'

Perry says the mall is 'a remnant of another era', while Wilanów town centre will be 'as walkable as possible' come rain, shine or snow. He points out that the best-performing shopping centre in the US, in Ohio, is open air. 'Its climate is worse than Poland's,' he says.

Other than the weather, little is being left to chance at Wilanów. Perry's masterplan defines density, materials and the height of the development. About 80% of the 417 acre (169 ha) site has been sold to eight developers, including Dutch/Israeli company Roby Development and Fadesa Inmobiliaria from Spain. It is hoped that this international collaboration will foster a spirit of architectural variety.

The companies must adhere to the guidelines in Perry's masterplan. He meets the developers and their architects at least five times a year to ensure they do, although things have not gone entirely to plan. A couple of

office blocks have been abandoned half-built on a prominent site near the entrance to the new town after Turkish developer Deniz ran into difficulties on the project. Prokom has retained a financial interest in all the plots apart from this one, which was a joint venture with the City of Warsaw. 'Otherwise, we would have been able to find another investor very efficiently,' says Perry. 'In this case, it was tied up in the courts because of bankruptcy. These are things that happen on large projects. The lesson learned is that you have got to keep a foot in the door, even if it is only 10%.'

It appears to be a minor mishap in the scheme of things. In all other respects, market forces have favoured the new town. Demand for the flats has picked up, from overseas buyers as well as well-heeled professionals prepared to decamp from the city.

The various residential developers have achieved between €1,000/sq m and €2,400/sq m (£64.42-£154.60/sq ft), which is a higher price than for equivalent space in Warsaw.

'But we are not building for the rich only,' says Perry. He insists that at least 80% of the new town's population will be Poles – and therefore a proper community. But the presence

of overseas investors looking to buy to let is testimony to the strength of the economy and the real estate market.

This growth will be illustrated in May, when more than 3,000 people are expected at Warsaw's Central Europe Property and Investment Fair, which organisers describe as a 'mini-MIPIM' for the region. That figure would be more than a third up on last year, when visitors from 34 countries attended the fair.

FAST DEVELOPING

Such interest is hardly surprising given that, as Cushman & Wakefield suggests, Poland is one of the fastest-developing countries in central and eastern Europe. Research from the firm reveals that it attracted €3.4bn (£2.3bn) of foreign direct investment in 2005. This year, it should top €5bn (£3.4bn), which is underwritten by low inflation, economic stability and a consumer spending boom.

In property terms, Michael Atwell, a partner in the firm's capital markets group, says the perceived risk of investment in Poland has plummeted. He adds that as interest levels have increased, investment yields have been falling and converging with those in eastern Europe.

Prime yields for both office and retail have fallen to less than 7%.

It has all come good for Prokom, INVI and other developers that got in early on Poland's regeneration. Most notable among these are ING Real Estate, which is developing the 2.42m sq ft (225,000 sq m) Złote Tarasy retail and office complex in Warsaw, and Apsys, a French group whose soon-to-be-completed Manufaktura project in Lodz will be one of Europe's largest shopping, office and leisure complexes.

But only Wilanów has residential in the mix. 'We try to be as pragmatic as Americans economically, but we have a social conscience,' says Perry. 'We have to strike a balance that makes sure investors make money and that it is a community worth living in.' ■



↑ Go to town: the €1.8bn, 417 acre scheme will feature homes (above), shops, schools and two technology parks