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## **PHOENIX WITHIN A PHOENIX: GOOGLE CAMPUS WARSAW AND THE FASCINATING, INTENTIONAL REBIRTH OF WARSAW'S PRAGA DISTRICT**

### **1. INTRODUCTION**

Warsaw is a city which embodies rebirth. This phoenix city's population has proven extremely resilient to change. Nazi Germany attacked Warsaw in 1939 and occupied the city for the duration of the Second World War. After the Warsaw Uprising, the Polish Home Army's incredibly courageous but ultimately unsuccessful 1944 effort to liberate the city, Nazi military commander Heinrich Himmler ordered the city to be pummeled<sup>1</sup>. The result – the blitzkrieg intensified and Warsaw was razed; at the end of World War II, 85% of the city's buildings had been demolished<sup>2</sup>. Today, nowhere is the rebirth of the city more evident than in Warsaw's spectacular Old Town, a historic district which has rightly earned a spot on the UNESCO World Heritage List<sup>3</sup>. After German forces took down nearly every building in Old Town in 1944, the historic district was painstakingly rebuilt post-war using bricks preserved from wartime destruction and using pre-war sketches to emulate the original beauty of Old Town's architecture<sup>4</sup>.

While Himmler's forces were razing Warsaw's Old Town in 1944, Soviet troops looked on from the other side of the Vistula, the river that splits the city<sup>5</sup>. Winston Churchill noticed the passiveness of the Soviets, commenting to an aide, "It is certainly very curious that at the moment the Underground Army

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<sup>1</sup> A. Curry, *Revolt... and Betrayal*, World War II 2012, p. 43.

<sup>2</sup> P. Bennett, *Rising From Its Brutal Past, Warsaw Transforms Itself*, World War II 2008, p. 22.

<sup>3</sup> *Ibidem*.

<sup>4</sup> *Historic Centre of Warsaw*, UNESCO World Heritage Convention, at <http://whc.unesco.org/en/list/30>. Stanislaw Lorentz, a university professor, is credited with smuggling two truckloads of documentation about Warsaw's historic structures out of the city during Nazi occupation. The documentation was hidden in the stone coffins of dead monks at Piotrków Monastery and retrieved after the war ended. A. M. Tung, *Preserving the World's Great Cities: The Destruction and Renewal of the Historic Metropolis*, New York 2001, p. 81.

<sup>5</sup> See A. Curry, *Revolt...*, p. 42.

has revolted, the Russians should have halted that offensive against Warsaw and withdrawn some distance”<sup>6</sup>. As it turned out, the Soviets were allowing the Nazis to do their dirty work for them, beating the Poles into submission and perfectly setting up the subsequent Soviet takeover of Poland in January 1945<sup>7</sup>, which lasted until 1989<sup>8</sup>. Interestingly, the 1944 Soviet occupation of the eastern bank of the Vistula had an unintended, positive effect on the area – this was the only area in Warsaw in which numerous pre-war buildings were preserved from Nazi destruction. Whereas the historic district of Old Town required almost complete rebuilding after the war, the Praga district on the eastern bank still boasts many pre-World War II buildings.

Filmmaker Roman Polanski chose Warsaw’s Praga district in 2001 as the site for filming “The Pianist”, his award-winning movie about Jewish pianist Władysław Szpilman’s survival in the Warsaw Jewish ghetto during World War II<sup>9</sup>. Much of the filming took place on Zabkowska Street, where the oldest building dates back to 1880<sup>10</sup>. Polanski certainly chose Praga because of the old buildings, but he also chose Praga because the district had a rundown, ghetto feel<sup>11</sup>. In fact, Praga has historically been known as the district with Warsaw’s highest concentration of poverty, social deprivation, working poor, and municipal renters<sup>12</sup>.

In recent years, however, the Praga district of Warsaw has been experiencing a rebirth of its own. This phoenix district, lying within the eastern central part of a larger phoenix city, is experiencing a period of rapid growth and revitalization. Five years ago Praga was thought of as a “dumping ground for stolen cars in a crime-ridden district”<sup>13</sup>, but the area’s low rental prices and large, historic spaces have started attracting creative types – web designers, artists, musicians and others. In June 2014, Praga landed a windfall when internet giant Google announced

<sup>6</sup> A. Curry, *Revolt...*, p. 45 (quoting British Prime Minister Winston Churchill, 1944).

<sup>7</sup> *Ibidem*, p. 47.

<sup>8</sup> E. Badertscher, *Poland, Our World: Poland*, Toledo, Ohio 2011.

<sup>9</sup> See P. Green, *Polanski Film about Holocaust and Suffering in Poland*, N.Y. Times, September 6, 2001, at <http://www.nytimes.com/2001/09/06/movies/arts-abroad-polanski-film-about-holocaust-and-suffering-in-poland.html>.

<sup>10</sup> T. Saltzman, *The Crumbling Beauty of Warsaw’s Praga District*, The Globe and Mail, November 21, 2010, at <http://www.theglobeandmail.com/life/travel/destinations/the-crumbling-beauty-of-warsaws-praga-district/article571562/>.

<sup>11</sup> See A. O. Scott, *Surviving the Warsaw Ghetto against Steep Odds*, N.Y. Times, December 27, 2002, at <http://www.nytimes.com/2002/12/27/movies/27PIAN.html?pagewanted=all>.

<sup>12</sup> *Report of European Spatial Planning Observation Network (ESPON), Best Metropolises: Best Development Conditions in European Metropolises – Paris, Berlin and Warsaw*, 2013, p. 91, at [http://www.espon.eu/export/sites/default/Documents/Projects/TargetedAnalyses/BESTMETROPOLISES/BestMetropolises\\_FR\\_Scientific\\_Report.pdf](http://www.espon.eu/export/sites/default/Documents/Projects/TargetedAnalyses/BESTMETROPOLISES/BestMetropolises_FR_Scientific_Report.pdf).

<sup>13</sup> V. Gera, *Decaying Factories Transformed into Culture Center in Warsaw*, San Diego Union-Trib., June 3, 2015, available at <http://www.sandiegouniontribune.com/news/2015/jun/03/decaying-factories-transformed-into-culture/>.

plans to build a center for technology startup companies in the district<sup>14</sup>. Ironically, the new site of Google Campus Warsaw is on Żąbkowska Street<sup>15</sup>, the same spot filmmaker Roman Polanski selected in 2001 to represent wartime poverty and oppression<sup>16</sup>. The effects of Google opening Campus Warsaw are likely to be profound for the district of Praga.

## 2. THE RENAISSANCE OF PRAGA

Praga proper is actually two districts – Praga Południe (Praga South) and Praga Północ (Praga North). These two districts of Praga are among the seven districts which make up the central zone of Warsaw<sup>17</sup>. The Vistula River divides the city on a north-south axis. While real estate prices in Warsaw are the highest in Poland<sup>18</sup>, prices are generally far lower on the right bank.

The city of Warsaw is now flourishing, having enjoyed 25 years of economic growth, albeit in fits and starts, following the end of Soviet dominance<sup>19</sup>. Poland, traditionally a hub of East-West trade, now also benefits from its relatively new membership in the European Union<sup>20</sup>. Developers and investors have begun to take notice of Warsaw, and in particular the lower-priced opportunities on the right bank of the Vistula River. Praga, situated on the right bank, is experiencing renaissance as it slowly sheds its reputation as Warsaw's underbelly and becomes a cultural and entertainment center as well as a hip, lower-cost alternative for convenient city housing<sup>21</sup>.

The rebirth of Praga began organically, spawned from political change. When Soviet rule of Poland ended in 1989, dramatic changes occurred in Poland's hous-

<sup>14</sup> *Google to Open Innovation Campus in Poland*, The Star Online, June 5, 2014, at [http://www.thestar.my/Tech/Tech-News?2014/06/05/Google-to-open-innovation-Campus-in\\_Poland/](http://www.thestar.my/Tech/Tech-News?2014/06/05/Google-to-open-innovation-Campus-in_Poland/).

<sup>15</sup> *Contact Information for Campus Warsaw*, at <https://www.campus.co/warsaw/en/contact>.

<sup>16</sup> Polanski shot some scenes on side streets off Żąbkowska. M. Gross, *In Warsaw, a Once-Lawless Area Starts its Way Up*, N.Y. Times, October 22, 2006.

<sup>17</sup> *Report of European Spatial Planning Observation Network (ESPON), Best Metropolises...*

<sup>18</sup> G. Gorzelak, M. Smetkowski, *Warsaw as a Metropolis – Successes and Missed Opportunities*, Regional Sci. Pol'y & Practice 2012, pp. 35–36.

<sup>19</sup> See V. Gera, *Decaying Factories Transformed...*

<sup>20</sup> See C. Lammers, *Warsaw, a City Reborn*, New Zealand Herald, October 4, 2015, at [http://www.nzherald.co.nz/hamilton-news/lifestyle/news/article.cfm?c\\_id=1503360&objectid=11095831](http://www.nzherald.co.nz/hamilton-news/lifestyle/news/article.cfm?c_id=1503360&objectid=11095831); R. Sikorski, *10 Years of Poland in EU: Opportunity Seized*, Ministry of Foreign Affairs, Republic of Poland, at [http://www.mfa.gov.pl/en/news/10\\_years\\_of\\_poland\\_in\\_eu\\_opportunity\\_seized](http://www.mfa.gov.pl/en/news/10_years_of_poland_in_eu_opportunity_seized) ([“D]uring these ten years of EU membership [2004–2014], Poland's GDP skyrocketed, increasing by 48.7%. Even in 2008–2013, during the depth of the global financial crisis, [Poland's] economy grew by 20% – by far the best result in the EU”).

<sup>21</sup> C. Lammers, *Warsaw...*

ing market. The first changes were decentralization and privatization<sup>22</sup>. Decentralization of government authority in Poland necessarily shifted responsibility to local authorities to provide public housing<sup>23</sup>. Privatization enabled some apartment tenants to acquire private ownership of their dwellings<sup>24</sup>. During the 1990s, private developers gained increased influence in housing trends, affected by market demand<sup>25</sup>.

At first, developers were not enticed by Praga's historic buildings. At the turn of the millennium, many of the pre-World War II buildings in Praga had been left vacant and untended, allowed to fall into serious disrepair and in danger of condemnation and demolition<sup>26</sup>. In stepped Janusz Sujecki of the Warsaw Cultural Patrons Group (ZOKDW) and Jarosław Zieliński of the City-History Pro Futuro Organization<sup>27</sup>, who devised a plan for renovation and preservation, particularly for the Żąbkowska Street area in Praga<sup>28</sup>. Local authorities approved the plan, and numerous renovation projects were begun, enabled in part by European Union funding<sup>29</sup>. At the same time, Praga was experiencing an influx of artists, musicians, students and restaurateurs, attracted by the area's low rents and spacious, historic buildings, turning Praga into "one of new Europe's creative capitals"<sup>30</sup>.

One of the first real estate developments signaling Praga's possible rebirth occurred in 2003. Entrepreneur Wojciech Trzciński transformed a 1916 marmalade factory into a modern venue – Fabryka Trzciny<sup>31</sup>. The new development now includes a restaurant, bar, meeting rooms, theater and gallery. Another factory was repurposed in 2005, when the Fabryka Wódek Koneser, at the time a func-

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<sup>22</sup> M. Cremaschi, F. Eckhardt, *Changing Places: Urbanity, Citizenship & Ideology in the New European Neighbourhoods*, Amsterdam 2011.

<sup>23</sup> *Ibidem*.

<sup>24</sup> *Ibidem*, pp. 177–178.

<sup>25</sup> *Ibidem*, p. 179.

<sup>26</sup> A. Wysocka, *The other Side*, The Warsaw Voice Online, April 20, 2005, at <http://www.warsawvoice.pl/WVpage/pages/article.php/8257/article>.

<sup>27</sup> *Ibidem*; see also A. Kocinska, *Settling with History: Group Moves to Protect Warsaw's Historic Buildings*, Warsaw Bus. J., February 25, 2002.

<sup>28</sup> A. Wysocka, *The other Side*...

<sup>29</sup> *Ibidem*. "Warsaw is a major beneficiary from the new cycle of European Commission funding for the period 2014–2020. Poland is the largest recipient of money, at over €90 billion, and this envelope will include big investments in sustainable transport". G. Clark, T. Moonen, *The Density Dividend: Solutions for Growing and Shrinking Cities, Appendix Case Study: Warsaw*, Urb. Land Inst., p. 15, at <http://europe.uli.org/wp-content/uploads/sites/3/ULI-Documents/The-Density-Dividend-Warsaw-case-study-FINAL.pdf>.

<sup>30</sup> H. Heuler, *Warsaw's Wild Side*, The Guardian, August 27, 2008, at <http://www.theguardian.com/travel/2008/aug/27/warsaw.poland>.

<sup>31</sup> C. Quirk, *A Warsaw 'Hood Reinvents Itself*, L.A. Times, November 5, 2006.

tioning vodka factory<sup>32</sup>, began also housing the Wytwórnia Theatre<sup>33</sup>. A third multi-use development on the right bank is the SoHo Factory, the brainchild of entrepreneur Rafał Bauer who took inspiration from New York's SoHo and Meatpacking Districts<sup>34</sup>. Bauer first became interested in developing Praga in 1997 but did not consider the area ripe for investment until breaking ground in 2010<sup>35</sup>. Even in 2010, Bauer was taking a chance, as many Varsovians still considered the area the “wrong” side of the river, dangerous and crime-ridden<sup>36</sup>. Bauer took a dilapidated ammunition factory dating back to the early part of the twentieth century and transformed it into an enticing space which now includes housing, office space, shops, restaurants and museums<sup>37</sup>.

A recent improvement that is undoubtedly leading to increased interest and a heightened sense of renewal in Praga is the opening of a new subway line. Until recently, there was only a north-south metro line in Warsaw, but on March 8, 2015, a new east-west line was opened<sup>38</sup>. The new four-mile subway line, which runs under the Vistula River, links the Praga District to Warsaw's city center and western districts<sup>39</sup>. Numerous new projects have been announced in anticipation of and in response to the construction of the new metro line<sup>40</sup>. The former Pollena cosmetics factory is being transformed into 900 apartments in Praga. Another apartment complex, Port Praski, is in development next to Poland's new National Stadium in Praga<sup>41</sup>.

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<sup>32</sup> The vodka factory has since been closed, but a Polish vodka museum is currently under construction on the site. Koneser Praga Center, <http://koneser.eu/en/museum/>. The old factory is currently under renovation to house retail space, office space, and apartments. It also houses Google's new Campus Warsaw. *Polish Vodka Museum at Koneser*, Koneser Praga Center, at <http://koneser.eu/en/news/polish-vodka-museum-at-koneser/>.

<sup>33</sup> C. Quirk, *A Warsaw 'Hood...*

<sup>34</sup> V. Gera, *Decaying Factories Transformed...*

<sup>35</sup> *Ibidem.*

<sup>36</sup> See *Ibidem.*

<sup>37</sup> SoHo Factory, at <http://www.sohofactory.pl/en>. Some parts of the SoHo Factory development were still under construction at the time of writing of this article.

<sup>38</sup> *Crowds Take First Ride on Warsaw's New Subway Line*, San Diego Union-Trib., March 8, 2015, at <http://www.sandiegouniontribune.com/news/2015/mar/08/crowds-take-first-ride-on-war-saws-new-subway-line/>. Interestingly, one of the reasons that the \$1.1 billion metro line opened more than a year later than expected was that construction crews encountered unexploded World War II explosives as they dug under the Vistula River.

<sup>39</sup> *Ibidem.*

<sup>40</sup> W. Rylukowski, *The Praga Spring*, Warsaw Bus. J., August 22, 2015.

<sup>41</sup> *Ibidem.* Commenting on the positive effect of the metro line's construction, one investment executive, Bogumił Rutkowski, vice president of PPI Investments, recently explained that 75% of the apartments at his company's new development in Praga were sold two months before the completion of the line. The National Stadium was opened in Praga in January 2012 in anticipation of Warsaw hosting the Euro 2012 Championships. *Poland's New National Soccer Stadium Opens with a Bang*, CNN, January 30, 2012, at <http://edition.cnn.com/2012/01/30/sport/football/>

### 3. THE FORMAT OF CHANGE

New renovations in Praga, among them the Koneser and the SoHo Factory, are being built as mixed-use and transit-oriented developments. Although an appetite for large single-family dwellings with private yards remains engrained in many societies<sup>42</sup>, since the 1990s mixed-use developments have gained much global appeal, especially to younger generations<sup>43</sup>. The advantages of living in a mixed-use development are myriad – variety in housing, reduced or altogether eliminated commute times, environmental savings, ease of pedestrian traffic, reduction in certain inner-city crime rates because of increased foot traffic, and convenience to shopping, entertainment and the arts<sup>44</sup>. Praga now has “the potential to become a genuinely mixed-use centre of housing, offices, media, culture and trade”<sup>45</sup>. The inherent challenge for Warsaw’s government is to pull off effective revitalization while simultaneously preserving the history of Praga, without displacing the area’s significant low-income population<sup>46</sup>.

The appeal of Praga’s riverside location is not just aesthetic; the new, mixed-use developments’ location on the river creates an additional, different kind of appeal for residents living east of the Vistula River. Traditionally, Varsovians have endured long commutes to work because of the distances between suburban residential areas and the city center<sup>47</sup>, and the problem of lengthy commutes has been exacerbated for residents living east of the Vistula. There are a finite number of bridges, and the bridges are notorious for rush-hour traffic jams<sup>48</sup>. Mixed-use developments which would enable residents to both live and work in Praga, east of the Vistula, hold much appeal for city planners interested in reducing traffic on the Vistula bridges as well as for Varsovians interested in avoiding long commutes. It is estimated that somewhere between 300,000 and 500,000 persons commute to Warsaw for work each day and 80% of Varsovians’ jobs require

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football-euro-2012-poland/; *Stadion Narodowy w Warszawie, The Stadium Guide*, at <http://www.stadiumguide.com/stadionnarodowy/>.

<sup>42</sup> D. Elliott, *A Better Way to Zone: Ten Principles to Create More Livable Cities*, Washington D.C. 2008, p. 147.

<sup>43</sup> See G. Clark, T. Moonen, *The Density Dividend...*; Telephone Interview with Chuck Konas, Executive Vice President, Head of Construction & Property Services, Post Properties, Inc., November 21, 2015.

<sup>44</sup> Telephone Interview with Chuck Konas...

<sup>45</sup> G. Clark, T. Moonen, *The Density Dividend...*, p. 20.

<sup>46</sup> See A. Zdrodowski, *Praga: Revitalise, But Be Wise*, Poland Today, June 17, 2015, at <http://poland-today.pl/magazine/all-issues/poland-today-magazine-10/praga-revitalise-but-be-wise>.

<sup>47</sup> G. Clark, T. Moonen, *The Density Dividend...*, p. 10.

<sup>48</sup> Lecture from M. Grochowski, Lecturer at the Dep’t. of Geography and Regional Stud., U. Warsaw, Changes in Demography of Warsaw, June 19, 2015; see also J. Kronenberg, T. Bergie, *Challenges of Sustainable Development in Poland*, Wroclaw 2010, pp. 279–280.

commuting to the inner city<sup>49</sup>. Some experts have perceived a pressing need for construction of three or four additional river crossings<sup>50</sup>, but rather than building more bridges over the Vistula, some city planners are now interested in moving jobs to the eastern shore. Meetings about the planned urban renewal of Praga generate much interest among those Varsovians interested in reducing traffic congestion and preserving the historic district; a recent meeting was “so full that the door could not be opened or shut”<sup>51</sup>.

#### 4. GOOGLE CAMPUS WARSAW AND THE ANTICIPATED, POSITIVE EFFECTS OF THE ENTREPRENEURIAL CYCLE ON THE PRAGA DISTRICT

When Google announced on June 4, 2014, that it would soon begin development of Campus Warsaw in Praga, it was touted as evidence of “Poland’s New Golden Age”<sup>52</sup>. Google now has opened entrepreneurial hubs – or campuses – in London, Madrid, Seoul, Tel Aviv and – most recently – Warsaw<sup>53</sup>. These campuses are physical locations of the internet giant’s “Google for Entrepreneurs” effort. The goal of Google’s campuses is lofty – providing space and help for tech entrepreneurs to “learn, connect, and build companies that will change the world”<sup>54</sup>. When announcing the opening of Campus Warsaw, Google’s CEO explained that the Google campus model of helping startup companies is a natural fit for Google because the internet giant itself began in a garage in 1998<sup>55</sup>.

Google’s stated interest in running its worldwide campuses is long-term<sup>56</sup>. Google is seeking to build up tech communities, leading the way for innovation

<sup>49</sup> Lecture from M. Grochowski, Lecturer at the Dep’t. of Geography...

<sup>50</sup> See G. Gorzelak, M. Smetkowski, *Warsaw as a Metropolis...*, p. 43.

<sup>51</sup> *Ibidem*.

<sup>52</sup> See, e.g., C. Nimani, *Warsaw Opens Hub for Startups from Europe*, Startup World, December 1, 2014, at <http://digjital.com/2014/12/warsaw-opens-hub-for-startups-from-europe/>.

<sup>53</sup> Google for Entrepreneurs, Campuses, at <https://www.googleforentrepreneurs.com/campuses/>. Campus Warsaw opened its doors on November 19, 2015. *Google Kickstarts Campus Warsaw*, Radio Poland, November 20, 2015, at <http://www.thenews.pl/1/12/Artykul/229642,Google-kickstarts-Campus-Warsaw>.

<sup>54</sup> G. McKeel, *Partnerships Manager, Google for Entrepreneurs, Address at Open Reaktor meeting*, Warsaw, October 15, 2014, video available at <https://vimeo.com/110725271>.

<sup>55</sup> “Google started as a start-up in a garage, so supporting start-ups is part of our DNA”. *Google to Open Warsaw Start-up Campus*, Polskie Radio, June 5, 2014 (quoting Google CEO Eric Schmidt). Google founders Larry Page and Sergey Brin set up their first shop in a garage in Menlo Park, California, in September 1998. *Google, Our History in Depth*, at <https://www.google.com/about/company/history/>.

<sup>56</sup> G. McKeel, *Partnerships Manager...*

and increased competition. At each of its campuses, Google seeks to assist in building local startup tech enterprises, with the eventual goal of helping them go global, but Google does not earn revenue from these startup ventures. Google's theory behind its investment is that, when an ecosystem is performing well, all players in the market will benefit. Or put another way, a rising tide lifts all boats<sup>57</sup>.

Google's campuses are intended to serve the technology startup community as business incubators rather than accelerators<sup>58</sup>. Accelerators generally require an entrepreneur to give up a portion of business ownership in exchange for needed resources and other help. Google announced it was "not coming [to Warsaw] to compete with the local ecosystem", but rather it would pair startup entrepreneurs with partners already accomplishing this same work<sup>59</sup>. At its campuses, Google provides entrepreneurs with event space, co-working space, educational space, and space to pair with accelerators or mentors<sup>60</sup>. Thus, at Campus Warsaw, tech entrepreneurs can get one-on-one help, attend group training sessions, and connect with mentors as well as sources of venture capital<sup>61</sup>.

When determining the location of its Google Campuses, the internet giant looks for three things – a flourishing entrepreneurial community, an opportunity for local entrepreneurs to benefit from Google's global network, and current, local Google employees who would be able to assist startups<sup>62</sup>. Google determined that Warsaw was comprised of a dense entrepreneurial community. Google also determined that many entrepreneurs in the area could greatly benefit from Google's global resources. Finally, the internet giant recognized that local mentors, current "Googlers", were available and eager to help startups<sup>63</sup>. Praga, now perceived as an area of rebirth, is poised to become a hub of tech entrepreneurial ventures.

A specific, identifiable business cycle occurs commonly in the tech entrepreneurial world. Although many tech entrepreneurs are less than successful, those who are very successful often want to invest in others' ideas after retirement from their own ventures. In other words, a cycle commonly develops in which a tech innovator introduces a new idea, builds and grows a business – perhaps globally, retires or divests from the business when it has become mature enough that others can manage its operations, and then becomes a mentor and investor in other

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<sup>57</sup> G. McKeel used this idiom in her address at Open Reaktor, *ibidem*. The idiom was first attributed to President John F. Kennedy in 1960. President John F. Kennedy, *Address at Mun. Auditorium*, Canton, Ohio, Sep. 27, 1960, transcript available at <http://www.presidency.ucsb.edu/ws/?pid=74231>.

<sup>58</sup> G. McKeel, *Partnerships Manager...*

<sup>59</sup> *Ibidem*.

<sup>60</sup> *Ibidem*.

<sup>61</sup> Google for Entrepreneurs, Campus Warsaw, *News Releases*, at <http://googlepolska.blogspot.com/2015/10/zapisy-do-campus-warsaw-otwarte.html>.

<sup>62</sup> G. McKeel, *Partnerships Manager...*

<sup>63</sup> *Ibidem*.



tech startups<sup>64</sup>. This cycle creates jobs and resultant positive spillover into a local economy. Google foresees this cycle taking effect in Warsaw<sup>65</sup>, and in particular in Praga, foreseen as the center of a burgeoning tech ecosystem.

This entrepreneurial cycle seems to be developing at Google's first campus, opened in London in 2012, and Google hopes to duplicate Campus London's record of success at its newest campus – Campus Warsaw, which has just opened at the Koneser Center in Praga. Campus London's startups created 576 jobs and raised 34 million Great British Pounds (GBP) in venture capital in 2013<sup>66</sup>; in 2014, startups at Campus London created 1200 jobs and raised 41 million pounds in capital<sup>67</sup>. Campus Warsaw opened its doors in November 2015 in a repurposed nineteenth-century vodka distillery. The old factory is now a mixed use development that will eventually house, along with Campus Warsaw, office space, retail space including art galleries and restaurants, loft apartments, and the Museum of Polish Vodka<sup>68</sup>. The Koneser is quickly becoming a hive of creative and entrepreneurial activity.

## 5. PROMISE AND DANGER INHERENT IN THE REVITALIZATION PROCESS

Praga now has an opportunity for rebirth of both its physical buildings and its local economy. The rebirth of Praga has very recently begun the process of gentrification, “upgrading urban neighbourhoods, previously neglected and declining areas which are modernised and revitalised so that former working-class areas are

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<sup>64</sup> See, e.g., *Rafał Plutecki is Head of Campus Warsaw*, ITKey Media, August 26, 2015, at <https://itkey.media/rafal-plutecki-is-head-of-google-campus-warsaw/> (Rafał Plutecki was fascinated with the internet when he was studying at the University of Delaware in 1993. He returned to Poland and started one of the country's first internet service providers, eventually selling it and becoming an angel investor for other tech startups); A. Conrad, *How Super Angel Chris Sacca Made Billions, Burned Bridges And Crafted The Best Seed Portfolio Ever*, Forbes, March 25, 2015, at <http://www.forbes.com/sites/alexkonrad/2015/03/25/how-venture-cowboy-chris-sacca-made-billions/> (Chris Sacca made several million in fees in a spectrum auction project, then invested in tech startups, gaining a net worth of 1.2 billion); see also S. Parker (eds.), *The Life Cycle of Entrepreneurial Ventures*, New York 2006.

<sup>65</sup> See G. McKeel, *Partnerships Manager...*

<sup>66</sup> *Ibidem*. At the time of writing this article, 34 million pounds is the equivalent of \$51,104,765 (USD).

<sup>67</sup> Google for Entrepreneurs, Campus London, *News Releases*, at <http://googlepolicyeurope.blogspot.com/2015/03/happy-3rd-birthday-campus-london.html>. At the time of writing this article, 41 million pounds is the equivalent of \$61,626,334 (USD).

<sup>68</sup> *Polish Vodka Museum at Koneser*, at <http://koneser.eu/en/news/polish-vodka-museum-at-koneser/>.

turned into middle or upper middle-class neighbourhoods”<sup>69</sup>. The danger inherent in this process is that, when property values rise, resulting in inevitable, accompanied rise of property taxes and property rental rates, lower income residents may be displaced because of their inability to afford the increased costs<sup>70</sup>.

The opening of Google Campus Warsaw, with its expectation to create jobs, is hopeful for Praga’s existing lower-income residents looking for employment or improved employment; however, tech jobs usually require creative talent or education. Campus Warsaw will attract a skilled labor pool that will benefit numerous tech startups<sup>71</sup>, but this labor pool is likely to be comprised of individuals drawn from outside of Praga to new job opportunities within Praga. An influx of highly educated job seekers would mean few new tech jobs will become available to current Praga residents, a factor which could exacerbate rather than mitigate displacement of current residents<sup>72</sup>. To ward off this effect, Warsaw’s local government should create incentives for Praga employers to hire current residents rather than displace them, assuring that new jobs created in the service and retail industries are available to current Praga residents. Additionally, local government should create job training programs and incentivize private companies to create job training programs, enabling local residents to acquire marketable skills.

Gentrification generally occurs in three stages: first, vacant buildings are occupied and rehabbed, causing no displacement<sup>73</sup>. Next, the area catches on in earnest, and displacement begins<sup>74</sup>. In the final stage of gentrification, widespread displacement occurs if authorities do not take steps to mitigate it<sup>75</sup>. Many buildings in Praga are currently vacant<sup>76</sup>, meaning development can now occur without immediate displacement of current residents, but authorities must recognize the potential negative effects of gentrification on current residents.

Warsaw City Hall is currently undertaking a huge revitalization project for Praga, costing about 1.4 billion zloty<sup>77</sup>. Funds should be allocated not only for revitalization, but also for mitigation of residential displacement. Fortunately, the

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<sup>69</sup> *Report of European Spatial Planning Observation Network (ESPON), Best Metropolises...*, p. 94 (internal citation omitted).

<sup>70</sup> *Ibidem*.

<sup>71</sup> See S. Parker (eds.), *The Life Cycle...*, pp. 347–348.

<sup>72</sup> See *Report of European Spatial Planning Observation Network (ESPON), Best Metropolises...*, p. 94.

<sup>73</sup> M. Kennedy, P. Leonard, *Dealing with Neighborhood Change: A Primer on Gentrification and Policy Choices*, Brookings Inst. Ctr. on Urban and Metro. Policy, at <http://www.brookings.edu/~media/research/files/reports/2001/4/metropolitanpolicy/gentrification.pdf>.

<sup>74</sup> *Ibidem*.

<sup>75</sup> *Ibidem*.

<sup>76</sup> During a June 2015 visit to Praga, the author observed firsthand many vacancies in Praga. See also V. Gera, *Decaying Factories Transformed...*

<sup>77</sup> A. Zdrodowski, *The “Right” Side of the River*, Poland Today, June 17, 2015, at <http://poland-today.pl/magazine/all-issues/poland-today-magazine-10/the-right-side-of-the-river>. At the time of writing this article, 1.4 billion zloty is the equivalent of \$347,213,972 (USD).

European Commission has earmarked significant euros for Poland's development during the period 2014-2020, more than for any other country in the European Union<sup>78</sup>. Included in the European Commission's agenda are initiatives which can mitigate displacement - creating programs for individuals experiencing difficulties in the labor market, the unemployed, those at risk of poverty, women, startup enterprises, and for development of formal and non-formal job training<sup>79</sup>.

To further protect against displacement of lower-income residents in Praga, Warsaw's housing policy should provide for development of residences – both owned and rented – for all income groups within the area<sup>80</sup>. One innovative approach which has been applied in U.S. cities with positive results is the allocation of a certain percentage of homes specifically to lower income residents<sup>81</sup>. Another, more extreme example of government-mandated displacement prevention recently occurred in Berlin, a city where 85% of residents rent their housing<sup>82</sup>. Rents were spiraling out of control, rising by as much as 50% in five years, and many long-time residents were finding themselves unable to afford their housing<sup>83</sup>. Under extreme pressure from citizen groups, the state legislature passed the Berlin Rent Referendum in November 2015, promising to provide 400,000 affordable homes, limiting rents to 30% of income through use of state subsidies, limiting yearly rent increases, and mandating tenant participation in city planning sessions<sup>84</sup>. Certainly the Praga district is not experiencing a housing crisis like that of Berlin, but Warsaw city planners should learn from the social housing policy now demanded by city residents in their northern European neighbor; as Praga is revitalized, city planners should reserve affordable housing for its current residents and should welcome current residents' input.

<sup>78</sup> See G. Clark, T. Moonen, *The Density Dividend...*

<sup>79</sup> See, e.g., *More than €17 Billion of EU Regional Funds Allocated to Polish Regions for Innovation, SMEs and Green Growth*, European Commission, Press Release, February 13, 2015, at [https://ec.europa.eu/commission/2014-2019/cretu/announcements/more-eu17-billion-eu-regional-funds-allocated-polish-regions-innovation-smes-and-green-growth\\_en](https://ec.europa.eu/commission/2014-2019/cretu/announcements/more-eu17-billion-eu-regional-funds-allocated-polish-regions-innovation-smes-and-green-growth_en).

<sup>80</sup> See *Report of European Spatial Planning Observation Network (ESPON), Best Metropolises...*, p. 230.

<sup>81</sup> For example, the city of Atlanta has required new, urban, mixed-used developments to include a certain amount of "workforce housing" for residents who earn 60% or less of the area's median income. See Telephone Interview with Chuck Konas...; see also D. Levy, J. Comey, S. Padilla, *In the Face of Gentrification: Case Studies of Local Efforts to Mitigate Displacement*, Urban Inst., March 17, 2006, at <http://www.urban.org/sites/default/files/alfresco/publication-pdfs/411294-In-the-Face-of-Gentrification.PDF>. The city of Berlin has also developed effective housing programs which Warsaw could emulate *Report of European Spatial Planning Observation Network (ESPON), Best Metropolises...*, pp. 230–231.

<sup>82</sup> S. Braun, *Grassroots Push Law to Ease Berlin Housing Crisis*, Deutsche Welle, June 28, 2015, at <http://www.dw.com/en/grassroots-push-law-to-ease-berlin-housing-crisis/a-18520497>.

<sup>83</sup> *Ibidem*.

<sup>84</sup> S. Braun, *Berlin Social Housing Winning the Residential Race*, Saturday Paper, November 21, 2015, at <https://www.thesaturdaypaper.com.au/2015/11/21/berlin-social-housing-winning-the-residential-race/14480244002645>.

Planning meetings must be open, and urban planners should make genuine efforts to include current residents in their planning processes. It is essential to include all groups of stakeholders in discussions<sup>85</sup>. Without current residents' representation, the very things that they have longed for, the things that signal an end to urban blight and make their neighborhoods more livable, may be the very things that start the process of their own displacement. For example, when neighborhoods finally get proper streetlights and adequate police patrol, things the current residents have likely wanted for years, these may be the very things that make the improved neighborhoods attractive to outsiders. Reduction of urban blight can lift the human spirit and reduce the risk of marginalization<sup>86</sup>, but the process of urban revitalization must involve inclusive planning and consideration of all stakeholders' interests in order to reduce risk of displacement. Jobs created by small businesses and availability of public transportation should be a boon for current low-income residents, not just factors to attract new higher-income residents.

## 6. CONCLUSION

Nowhere in Poland is rebirth now more palpable than Praga. Reduction of urban blight and bringing new life to deteriorating, historic buildings are worthy goals for Praga. Historic factories which were recently in danger of demolition are now being repurposed as new, mixed-use, transit-oriented developments. Google Campus Warsaw is set to create new jobs and bring creative minds to Warsaw, a fascinating city which experienced rebirth through physical rebuilding of its historic district after World War II and is now in full bloom, having emerged from 44 years of Soviet dominance and since grown into a hub of technology and East-West trade. The transformation of Warsaw's Praga district from a crime-infested area on the wrong side of the river into a trendy cultural and creative center is an intriguing and positive change; however, as Praga enjoys revitalization of its buildings and growth of its economy, current residents should be considered and inclusive planning should be employed.

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<sup>85</sup> *Report of European Spatial Planning Observation Network (ESPON), Best Metropolises...*, p. 230.

<sup>86</sup> Prof. John T. Marshall, Opening Address at *Katrina's Legacy*, Symposium at Ga. St. U., Atlanta, Ga., October 2, 2015; see also *Report of European Spatial Planning Observation Network (ESPON), Best Metropolises...*, p. 92.

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## **PHOENIX WITHIN A PHOENIX: GOOGLE CAMPUS WARSAW AND THE FASCINATING, INTENTIONAL REBIRTH OF WARSAW'S PRAGA DISTRICT**

### **Summary**

The Praga district of Warsaw has been experiencing a rebirth. This phoenix district, lying within the eastern central part of Warsaw, is experiencing a period of rapid growth and revitalization. Five years ago Praga was thought of as crime-ridden and impoverished, but the area's low rents and large, historic spaces have started attracting creative types – web designers, artists, musicians and others. In June 2014, Praga landed a windfall when internet giant Google announced plans to build a center for technology startup companies in the district. The location of Google Campus Warsaw will undoubtedly have beneficial effects on employment and property values in the district, but authorities must be careful to assure current Praga residents are among those who enjoy the benefits.

## **FENIKS W MIEŚCIE FENIKS, CZYLI GOOGLE CAMPUS WARSAWA JAKO PRZYKŁAD ZAPLANOWANEJ REWITALIZACJI WARSZAWSKIEJ PRAGI**

### **Streszczenie**

Warszawska Praga to odradzająca się dzielnica położona we wschodniej części centrum Warszawy. Doświadcza ona gwałtownego rozwoju i jest rewitalizowana. Pięć lat temu Praga była kojarzona głównie z ludźmi o bardzo niskich dochodach i z wysokim wskaźnikiem przestępczości, ale niskie lokalne czynsze i spore, historyczne przestrzenie zaczęły przyciągać ludzi kreatywnych: twórców stron internetowych, artystów, muzyków i innych. W czerwcu 2014 roku na Pragę niczym manna z nieba spadła wiadomość o planach Google dotyczących budowy centrum technologicznego dla tzw. start-upów. Lokalizacja Google Campus Warszawa z pewnością pozytywnie przyczyni się do wzrostu zatrudnienia i cen nieruchomości w dzielnicy, ale lokalne władze muszą zwrócić uwagę na to, by obecni mieszkańcy Pragi również korzystali z tej inwestycji.

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#### KEYWORDS

Praga, mixed-use development, revitalization, gentrification, displacement, startup

#### SŁOWA KLUCZOWE

Praga, rozwój wielofunkcyjny, rewitalizacja, gentryfikacja, przemieszczanie się, startupy