Büdenbender, M. & Aalbers, M.B. (2019)

How subordinate financialization shapes urban development: The rise and fall of Warsaw's Służewiec business district.

International Journal of Urban and Regional Research, in press.

Mirjam Büdenbender & Manuel B. Aalbers

KU Leuven/University of Leuven

Division of Geography & Tourism

Celestijnenlaan 200e – bus 2409

B-3001 Leuven

BELGIUM

mirjam.budenbender@gmail.com

manuel.aalbers@kuleuven.be

Acknowledgements

The authors would like to thank the editors and reviewers of this journal as well as Sinéad Kelly, Daniela Zupan and the members of The Real Estate/Financial Complex research group for their comments and suggestions on an earlier version of this paper.

Funding

This work was supported by the European Research Council under grant number 313376.

How subordinate financialization shapes urban development: The rise and fall of Warsaw's Służewiec business district

Abstract

This paper studies the development of Warsaw's Służewiec neighbourhood, Poland's largest business district, as a case of real estate financialization. We argue that the neighbourhood's chaotic 'de-contextualised' growth was shaped by Poland's semi-peripheral position in the global economy on the one hand—enabling a process of subordinate financialization—and legacies of state socialism on the other. In so doing, we mobilise research on peripheral financialization and global economic hierarchies as well as studies of post-socialism to enhance debates about real estate financialization. Commercial real estate—and office development in particular—is a crucial domain in which contemporary core-periphery structures are produced and negotiated. A key function of subordinate financialization is to absorb globally mobile capital—the product of financialization in the core. The case of Służewiec shows that only by considering the interplay of global hierarchies (Poland's position as capital absorbent), local dynamics (fragmented urban development, which was characterised by competition amongst these unequal municipalities, with local growth coalitions in some municipalities, but not in others) and specific historical legacies (Warsaw's socialist-time functional organisation and its transformation, which weakened the city) we can fully understand the specific dynamics that shape real estate financialization in different places.

Figure 1 Goodbye Mordor (photo: Michael Dembinski)

1. Introduction

In spring 2016 Stanley Black & Decker launched an advertising campaign in Warsaw with posters all over the city proclaiming: “GOODBYE MORDOR—On September 1st we are moving to Rondo Daszyńskiego” (figure 1). But why did the company refer to its previous location in Służewiec, Poland’s biggest business district as Mordor, the territory occupied by dark wizard Sauron in Tolkien’s novel *Lord of the Rings*? And what are the reasons for a Fortune 500 American manufacturer of industrial tools and household hardware with no service facilities or other activities engaging the broader public, to advertise its change of offices? While these questions sound rather mundane, they point to a bigger picture, that is, the urban manifestation of Poland’s real estate-financial nexus in the Służewiec business district.

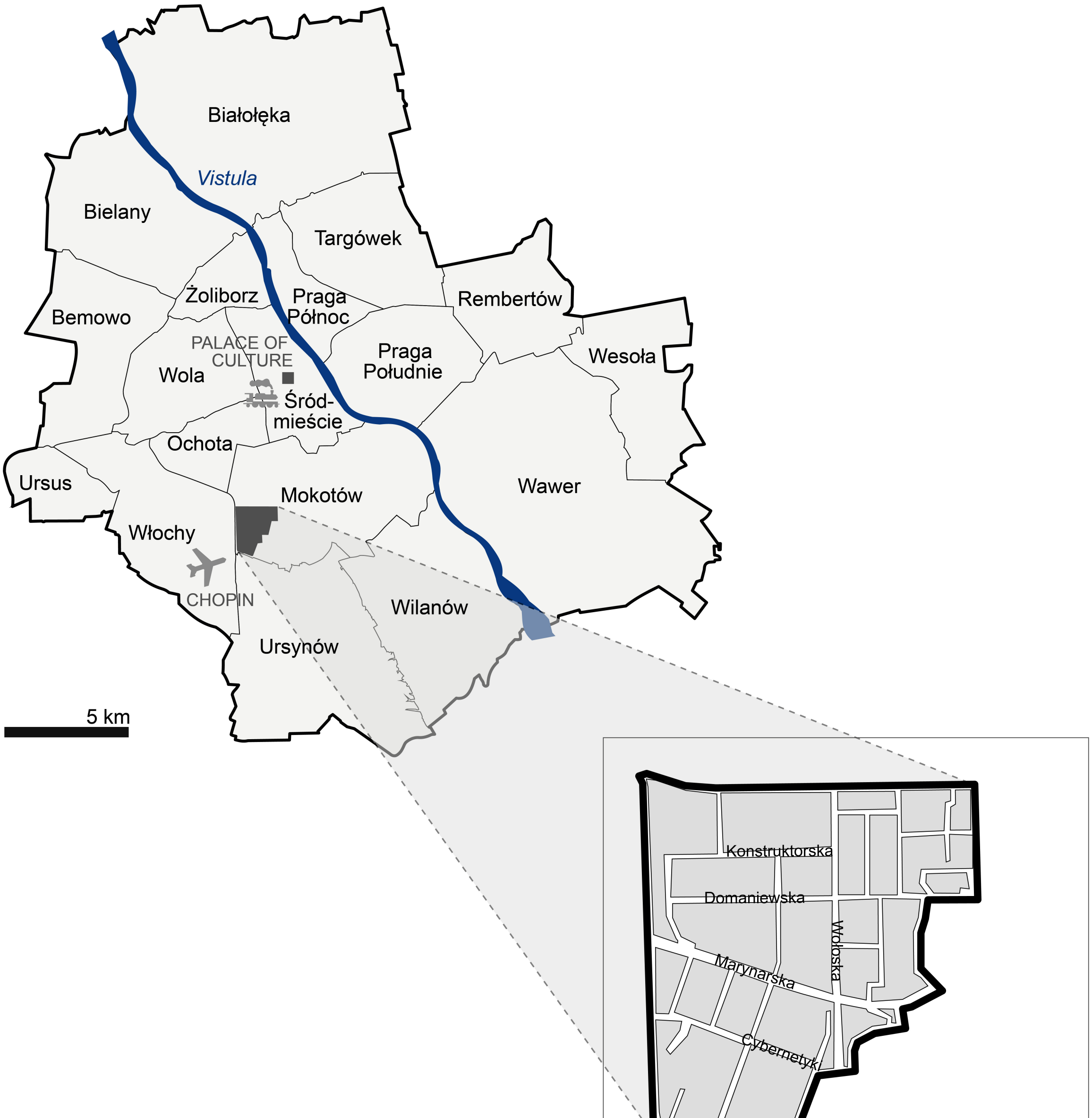

Figure 2 Służewiec business district and its location within Warsaw

Służewiec Przemysłowy is a neighbourhood in the Mokotów district in the South-West of Warsaw, located between the international airport and the city centre (figure 2). Being home to 75 modern office buildings (1.03 million square metres) and employing 83,000 white collar workers, Służewiec is the largest office district in Poland (JLL 2016c:5). Despite its size and inevitable symbolism of Poland's market economy, the neighbourhood is anything but glamorous. It is made up of low- and medium-rise buildings that are scattered across the neighbourhood and display little architectural coherence. Recently, multi-family residential blocs have popped up, squeezed between modern glass buildings and grey office facilities that remind more of drab suburban industrial estates than the heart of Poland's post-socialist success story. During rush hour traffic jams block not only the main thoroughfares but also internal streets, making it difficult to enter/leave and move within the neighbourhood.

In this paper, we account for Służewiec's development into Poland's largest business district as a case of real estate financialization. We argue that the neighbourhood's chaotic 'de-contextualised' growth was shaped by Poland's semi-peripheral position in the global economy on the one hand—enabling a process of subordinate financialization—and legacies of state socialism, which thwarted the formation of a coherent growth coalition, on the other. In so doing, we mobilise research on peripheral financialization and global economic hierarchies as well as studies of post-socialism to enhance debates about real estate financialization.

In urban studies cases of real estate financialization are often told as local stories situated in, or in opposition to, the international literature. Globalization is said to be localized, but it is rarely specified how exactly local stories are shaped by the intersection of local and global actors, and the hierarchical structures of global capitalism. This results in an effective bracketing of the question why the financialization of real estate takes different forms across countries, cities and neighbourhoods. The case of Służewiec shows that only by considering the interplay of *global* hierarchies, *local* dynamics and specific *historical* legacies we fully understand the specific dynamics that shape real estate financialization in different places. In so doing, we do not merely point at path dependencies and local politics but theorize the idea of financialization as intrinsically variegated across space and time.

In the next section of this paper, we discuss the literature in more detail and elaborate on the themes introduced above. We first provide a review of the literature on real estate financialization and then consider how studies on peripheral financialization and the debate on post-socialism can strengthen this field of research. In section 3 we recount the rise of Służewiec business district in the 1990s and early 2000s. We examine how the interplay between urban-level transition reforms and socialist legacies affected Warsaw's municipalities in uneven ways and made Służewiec more attractive for office development than other neighbourhoods. We also shed light on the specific type of 'global-Polish' actors that drove the transformation of the neighbourhood at this early stage. Section 4 studies the construction boom in Służewiec in the mid 2000s, its *global*, *national* and *urban* drivers. It shows that the neighbourhood's finance-driven unregulated growth was facilitated by the coincidence of its limited political relevance as non-residential neighbourhood and the dominance of external actors in the context of a global liquidity glut. It also examines the material-urban consequences of these developments. Suggesting that this un-regulated growth has sowed the seeds of the neighbourhood's gradual decline, the section considers the potential for its current transformation. In the final section we discuss the findings in the context of wider considerations about the global financial drivers of office developments, the role of local politics and the evolution of institutions of urban governance in post-transition cities. We also consider how the dynamics of subordinate financialization we describe in this article, contribute to discussions on financialization in general and finance-driven urban transformations more specifically.

To study the development of Służewiec business district, we deployed a mix of qualitative research methods. We undertook a historical analysis based on secondary literature and primary sources, such as government, professional and media publications (specialised journals in urban planning and design, planning documents, blogs, published and unpublished reports). Between April 2015 and October 2016, we also conducted twenty in-depth, semi-structured interviews with urban planners and architects, real estate developers, consultants, lawyers, civil servants, journalists and urban activists (see Appendix 1).

2. Accounting for real estate financialization—Global hierarchies and local histories

The financialization of the built environment

The growing role of financial actors and technologies in real estate is driven by financial re-regulation, technological innovation and economic globalization (Clark and Lund 2000; Coakley 1994; Lindahl 1996). Pension funds and other institutional investors are key financial actors in property and especially commercial real estate markets, thereby driving the financialization of real estate (Corpataux et al., 2009; Fernandez and Aalbers, 2016; Lizieri and Pain 2014). To these investors commercial real estate is an attractive investment outlet that can absorb huge volumes of capital and, in contrast to the highly volatile stock market, provides stable and regular income streams through rental income. Yet, as commercial properties are very capital intensive, they are also risky for an investor to purchase.

The rise of financial actors in real estate has therefore been closely linked to the adoption of innovative financial products that reduce the risks associated with idiosyncratic and fixed properties by transforming them into standardised, easily tradable financial assets (Aalbers 2018; Bardhan and Kroll 2007; Gotham 2006). This has changed the very nature of property investment and ownership, leading scholars to speak of the 'financialization of real estate investment strategies' (Van Loon and Aalbers 2017). On the urban level, the 'increasing tendency to treat land as a financial asset' has already been observed by David Harvey (1982, 1985) and Anne Haila (1988:92) in the 1980s. More recently, Kaika and Ruggiero have argued that land is mobilized as a financial asset, performing "not just a *coordinating* but also a *transformative* role in the transition from industrial to financial capitalism" (Kaika and Ruggiero, 2016:3, emphasis in original). Others have paid attention to how land is assembled as a resource prior to redevelopment (Li 2014; Mosciaro et al. in press).

But the scholarship on the financialization of urban development really formed in the aftermath of the global financial crisis (Aalbers, 2008; Newman 2009; Rutland 2010; Weber 2010). This literature studies how urban redevelopment projects increasingly cater to the interests of financial investors, with little concern for the needs of the local population (e.g. Guironnet et al., 2016; Savini and Aalbers, 2016). The growing presence of financial actors in the domain of real estate has also initiated a process whereby property market actors themselves become financialized. Real estate developers, for instance, have been found to change accounting and valuation strategies as they increasingly raise money from capital markets and engage directly with financial investors (Guironnet et al. 2016; Halbert and Rouanet 2014; Van Loon 2016). In the case of Mexico, David and Halbert (2014) showed how small local developers change their business model and reporting practices to attract financing from global investors. Finally, Brill (2018:1) has demonstrated how international developers use different strategies "to negotiate global-local tensions to territorialise their work and secure planning permissions."

On the urban level, the financialization of the urban built environment is frequently linked to the transformation of local state actors and urban elites into agents of financialization (Buckley and Hanieh 2014; Gotham 2016; Kaika and Ruggerio 2016; Pacewicz 2013; Van Loon et al. 2018; Wijburg, 2019). These studies foreground the conflicting roles of urban governments in harnessing globally mobile capital and positioning themselves in global inter-city competition, at the same time as being responsible for and accountable to the wider population (Taşan-Kok, 2004; Weber, 2010). As these functions often stand in contradiction with each other, urban projects become "a key space of confrontation between *global* marketplaces and *local* socio-economic demands" (Savini and Aalbers 2016:880, emphasis added; also see Fainstein 2001; Olds 1995; Swyngedouw et al. 2002). With few exceptions (Theurillat and Crevoisier 2013; Weber 2010), the literature is sceptical of the possibilities and capabilities of cities or municipalities to mobilise financial markets to their benefit (Guironnet et al. 2016; Halbert and Rouanet 2014; Mosciaro et al. in press; Savini and Aalbers 2016).

This literature offers rich insights into the multiple places, practices and actors of real estate financialization. They even explore how 'the long arm of finance', to borrow Hendrikse's (2016) phrase, has extended its reach to real estate and urban development beyond advanced capitalist markets. Challenging the implicit assumption of much of the first wave of financialization literature that the expansion of financialization would lead to the global convergence towards an Anglo-American financial logic (Engelen et al. 2010). Yet, while these works acknowledge that real estate markets and actors across countries are exposed to and engage with different financial sources and practices and pursue distinct agendas—i.e. that financialization is fundamentally variegated—they rarely specify how exactly local stories are shaped by the intersection of local and global actors and structures. In their study of commercial real estate markets in India, Halbert and Rouanet (2014), for instance, foreground the different groups that negotiate this process, but refer to the external actors and sources of capital indistinctly as foreign finance investors. Hence, while highlighting that the expansion of foreign capital into property markets is a political process that is shaped by local actors, they fall short of explaining why real estate markets in different countries become entangled with distinct financial sources and mechanisms and how this affects the resulting form of real estate financialization.

To address this gap and to account for the local manifestation of real estate financialization requires a spatial framework of the hierarchies of international finance, as well as a careful study of the historical-political context of the places that absorb global capital in their built environment. In Poland this means considering the country's transformations from state socialism to market capitalism. With the exception of a number of studies on housing financialization in the former German Democratic Republic (Bernt et al 2017; Fields and Uffer 2016; Wijburg and Aalbers 2017) and single studies on Hungary (Pósfai, Gál, and Nagy 2017) and Macedonia (Mattioli 2018), few works examine real estate financialization in post-socialist Europe. This does not only imply a lack of scholarly attention to the rapid growth in mortgage lending and inflow of financial capital to these countries' real estate markets in recent years (Bohle 2014; Pósfai et al. 2017). It also means that there has been little conceptual work exploring how transformation and post-socialism relate to dynamics of real estate financialization and financialization more generally. Hence, we do not know whether Poland's experience of state socialism is likely to produce barriers to real estate financialization, whether it facilitates this process or how it might shape it in different ways.

The following subsection advances a spatial framework of subordinate financialization and discusses the enabling capacities of state socialist legacies. Together, these insights provide the conceptual tools for our analysis of the de-contextualised financialization of Służewiec business district, which we discuss in section 3 of this article.

Subordinate financialization and post-socialism

Real estate development is a crucial domain in which contemporary core-periphery structures are produced and negotiated. Yet, existing research has done little in the way of considering how these financialization dynamics reflect and re-produce wider power relations within the global political economy. This gap is now considered increasingly problematic and a number of works have called for a broader perspective that analyses financialization through the lens of global hierarchical relations and examines how non-core countries are implicated in this (Kaltenbrunner and Painceira 2018). Today a growing number of studies within international political economy, heterodox economics and economic geography take the uneven dynamics of global capitalism as a starting point to consider how non-core economies have become entrenched into dynamics of financialization from positions of subordination (Becker et al. 2010; Lapavitsas 2013; Painceira 2012; Rodrigues, Santos, and Teles 2016). They show that while countries of the semi-periphery do not necessarily exhibit the same complex tools and the same pervasiveness of finance, they are drawn in and complement financialization in core countries from a position of subordination, often reproducing dynamics of uneven development and peripheralization (McKenzie and Pons-Vignon 2012).

The starting point for these works is the recognition that capitalism is an expansive system that is defined by internal contradictions, which it temporarily resolves through the integration and subordination of ever-new spaces into the capitalist economy (Harvey 2001:204). In this respect, Poland, like other post-socialist countries, presents a new space for capital to expand to. Yet, this process does not lead to equal relations and homogenous spaces, but is instead characterised by socio-spatial hierarchies and uneven development. The world system is made up of three groups: the hegemonic core (the dominant Western capitalist countries), the periphery (developing countries of the South) and the semi-periphery—countries with some industrial capacity and national capital (Wallerstein 1974). The semi-periphery includes states that are in an intermediary stage: they exhibit characteristics both of core and of peripheral countries. This group includes commodity exporting and newly industrialising economies (Knox and Agnew 1998: 62) as well as post-socialist states in East-Central Europe. The latter share the dominant values of the E.U. and participate in its political institutions and alliances. Yet, they are not equal partners but depend both economically and militarily on the core states they are attached to. Financialization is a crucial domain in which contemporary core-periphery structures are produced and negotiated.

A key function of subordinate financialization is to absorb globally mobile capital—the product of financialization in the core (cf. Fernandez and Aalbers 2019). Subordinate financialization therefore deepens global economic hierarchies through the one-sided export of financial profits from the semi-periphery to the core and the exposure of the former to the risks and discipline of financial markets. The extension of credit by Western banks and non-bank financial institutions to the private sector in the semi-periphery is a key channel in this regard. Increasingly losing out from the shift from bank-based to market-based finance, banks in mature economies have not only boosted their non-interest income from fee earning services, e.g. derivatives trading, but also expanded their traditional mediating activities to new markets (Raviv 2008). In this respect, financial institutions operating in already financialized economies have extended their operations to semi-peripheral countries, where they channel capital into private credit and especially mortgage loans. Relatively higher interest rates, and extremely low levels of private debt make these countries particularly attractive for Western banks (Karwowski and Stockhammer 2016). The expansion of foreign banks to semi-peripheral markets is then part and parcel of financialization in core economies.

Subordinate financialization of the semi-periphery is not limited to banking but extends into other corners of finance, including institutional investments. The rise of institutional investors in core economies is widely considered a corollary of disintermediation as well as a crucial aspect of contemporary financialization (Clark 2000; Harmes 2001). Adopting sophisticated financial strategies, these investors often seek to diversify their rapidly growing portfolios both with regard to asset class and geography (Bonizzi 2013). During the global boom period of the 2000s semi-peripheral economies—being discursively constructed as emerging markets by the financial industry (Lee 2003:347; see also Heinemann 2016)—became especially attractive for investors due to their often-undervalued assets and seemingly unlimited growth potential (Braasch 2010). Commercial real estate has been particularly popular amongst these institutions, absorbing global excess liquidity through direct and indirect investment tools (Baum and Murray 2011) and contributing to local construction booms in many of the cities of the semi-periphery. Research on subordinate financialization has also pointed to the importance of real estate in this process, but has not studied real estate development through the lens of subordinate financialization.

These insights about the different channels, scales and places of subordinate financialization are important for the purposes of this paper. They foreground modern finance as a key channel through which core-periphery relations are reproduced, therefore offering a spatially sensitive perspective in which to embed our study of real estate financialization in Warsaw. Yet, most of the literature does not fully specify differences within the broad ‘periphery’ category in terms of distinct channels and actors of subordinate financialization (Becker et al. 2010; for an exception, see Becker 2013). While some scholars have identified East-Central Europe as semi-core (Greskovits 2005) or satellite states (Lane 2010), we identify those within the E.U. as the periphery of core E.U. states, such as Germany and France, even though from a global perspective they exhibit many traits of the semi-periphery. Studying Warsaw through the lens of core/(semi-)periphery relations can then add further clarity concerning the variegated nature of subordinate financialization. By examining the case of Służewiec in Warsaw, this study contributes to a spatially sensitive reading of real estate financialization and enhances the literature’s understanding of the role of real estate in subordinate financialization. Yet, it is impossible to do so without considering the country’s transformation from state socialism to market capitalism.

While there is a rich and dynamically developing scholarship on post-socialism, it remains dominated by the problematic assumption that post-socialism is a *temporary* condition, which is characterised by presence of socialist legacies, for instance of central planning or in the built environment, which constrain the development of capitalism ‘proper’ (Goldman 2003; Kornai 2008; Robinson 2013). Socialist legacies, while temporarily combining with new institutional forms, are seen to be fundamentally static and separate from capitalism like independent ‘carriers of history’ that distort capitalist development (MacKinnon et al. 2009). Only once these legacies have completely faded away, either through the passing of time or active reforms, can we speak of market dynamics in their own right. Adopting such a perspective, any study of post-socialist urban development would be bound to attribute specificity or difference to the temporary distortion by socialist legacies, rather than the inherently dynamic and transformative nature of capitalism itself.

Instead, we draw on recent studies in urban and economic geography that foreground the expansive nature of capitalism, its ability to develop through different institutional landscapes and the market-enabling capacity of socialist legacies. Golubchikov et al. (2014) conceptualise the relation between socialist legacies and expanding capitalist relations as "mutually embedded … hybrid spatialities" (618). This reading of hybridity differs from that advanced by most post-socialist studies and is based on an understanding of legacies as pliable and potentially enabling. Instead of distorting present-day capitalist institutions, socialist legacies are dynamically transformed as they enter in contact with new market logics (Papastergiadis 2005:40). For instance, the policy of economic specialisation of Soviet cities was originally aimed at eliminating disparities within the socialist space economy. Now, it enhances inter-city competition and socio-spatial polarisation. The meanings and functions of these legacies are therefore neither distorting nor enabling per se, but depend on the wider environment they are embedded in. Even when retaining their socialist-time appearances, these legacies "are now fundamentally subordinated to, and cater for, capitalist immediacies and are, accordingly, rendered a rather different ideology, meaning and significance than in the past" (Golubchikov et al. 2014:623). This understanding of post-socialism in general, and of legacies in particular, allows us to study real estate development in Warsaw as time- and space-specific expressions of capitalism as multiple and transformative system.

The case of Służewiec helps us to understand subordinate financialization or global asymmetries in fixing capital in the built environment. By considering specific *historical* legacies (Warsaw's socialist time functional organisation and its transformation, which weakened the city, dividing it into politically and economically autonomous administrative units of different sizes, budgets and demographic profiles), *local* dynamics (fragmented urban development, which was characterised by competition amongst these unequal municipalities, with local growth coalitions in some municipalities, but not in others), and *global* hierarchies (Poland's position as capital absorbent), we can better understand how the neighbourhood became financialized and why this took the shape of de-contextualised development.

3. From factories to offices—or, 'time is money'

The rise of Służewiec business district in the 1990s was driven by a growing demand for office space as Poland's economy began its upward trajectory, and the specificities of Warsaw's urban transformation. Indeed, the concentration of new office buildings in Służewiec was not the outcome of a conscious planning policy but in part of the lack thereof. The interplay of socialist planning tools and land distribution with national and urban-level transition reforms—i.e. privatisation and decentralisation—drove the uneven development of land and real estate markets within Warsaw. In contrast to more centrally located neighbourhoods, Służewiec's attractiveness for real estate development was most notably propelled by the de-linking of land from industrial functions during privatization; clear land titles—a pre-socialist legacy—the neighbourhood's industrial past that endowed it with (socialist time) plans for commercial development and fully functioning infrastructure; the absence of localised interests and institutions that could have regulated investment in the district, and its strategic location between the city centre and airport. Reflecting more general trends in Poland's property market, it took a specific set of actors that had both knowledge of local conditions and networks on the one hand and access to global expertise and financing on the other to recognise as well as unlock Służewiec's potential. These *global-Polish pioneers* paved the ground for the in Służewiec business district and its thorough internationalization in the mid 2000s. Before considering the financialization of the neighbourhood in the twenty-first century, the next paragraphs will briefly recount the socialist legacies, local political specificities and global economic dynamics that enabled this process in the first place.

Formerly a village, Służewiec became a designated industrial zone in the mid-1950s (Górecki 2016:93). Hosting state-owned companies that produced household goods, heavy machinery and defence technology for domestic use and for export to its socialist neighbours, Służewiec flourished. In 1975, during its peak 24,364 workers were employed in the neighbourhood (Górecki 2016:93). However, as Poland and the Soviet Union entered a protracted recession in the 1980s, industrial activities in Służewiec began to decline. A number of half-hearted market reforms throughout the 1980s only deepened these problems, pushing many state-owned companies to the verge of collapse (Engelberg 1992; Adam 1994).

The situation deteriorated further with the election Lech Walesa as Poland's President in 1990. He implemented reforms, such as the liberalization of prices and of foreign trade, which caused a wave of bankruptcies amongst state-owned companies. At the same time the government sought to strengthen struggling companies and ensure their survival after privatisation by making them the holders of 'perpetual usufruct'[1] rights over the land on which they operated—for a period of 40 to 99 years—and by transferring to them the ownership of all buildings located thereon (Szafarz 2015:7). These steps did not rescue most of these companies from bankruptcy. Instead, they unwittingly opened the door for a different kind of business, that of land and real estate.

Rather than securing companies' continued industrial activities, the de-facto privatisation of land facilitated its transformation from a factor of production to a commodity in its own right. Many companies that had to declare bankruptcy sold their remaining assets: land and real estate. One interviewee who was involved in the parliamentary group designing privatisation suggested that the failure of the policy to achieve what it had set out to do, i.e. support industrial activities, was grounded in an inadequate understanding of the function and value of land in a market economy:

> For us [Polish politicians] the major value of those entities was the enterprise, the productivity, technology, but workers were dismissed and the only thing that was left was the real asset with buildings … and they [privatised

[1] Perpetual usufruct is a form of public leasehold contract that grants the lessee broader property rights, and is considered to fall between a long-term leasehold and full ownership. Under perpetual usufruct the land belongs to the state, while the property built on it can be privately owned.

> companies] were either selling these assets or in some cases they were also setting up development companies with new partners. … And it was real lack of maturity on polish side, because we were not aware of the value of the land. (Interview 4)

Hence, at the same time as industrial activities in Służewiec declined, the number of available land plots increased. Yet, even though bankrupt companies were actively involved in the creation of a land market, they were still not fully aware of the potential value of their land and frequently "sold their properties much below their real value" (Interview 4). At the same time as its land became increasingly detached from industrial functions, Służewiec's attractiveness for real estate development was also propelled by other transition reforms; or rather, the way these reforms transformed socialist legacies varyingly into obstacles and enablers of the market, namely the legacy of socialist and pre-socialist land ownership, socialist planning in the context of the simultaneous rupture in Warsaw's administrative organisation.

The decentralization of local governance

Poland's transition reforms broke with the severe centralisation of socialist rule by decentralising government functions, including the division of Warsaw into seven independent municipalities with their own budgets and planning policies.[2] This division not only meant that some municipalities had a lager territory and bigger budget, but also that landownership and planning policies that had been made in socialist times with the whole city in mind, now facilitated the development of market-based urban development in some municipalities while constraining it in others.

In 1945 Poland's socialist regime 'communalized' (de facto, nationalized) all land within the pre-war city territory, effectively dispossessing all private land and real estate owners. Forty-five years later the Third Polish Republic recognised pre-war owners and allowed their heirs to apply for the restitution of their land and property. This step affected Warsaw's municipalities in a highly uneven way. Opening the door to restitution claims created an extremely unclear ownership situation in central Warsaw with its historically-layered and fragmented ownership structure, which frustrated the development of a land market and construction activities (Muziol-Weclawowicz 2000:85). Yet, not all land that underwent communalization had been previously privately owned. In 1945, Służewiec, even though located within Warsaw's territory, consisted mostly of undeveloped land and the 1990 recognition of pre-war ownership hardly affected the neighbourhood, giving the state-owned companies clear land titles and therefore green light for real estate development.

Służewiec also benefitted from the institutional gaps that transition reforms had opened up. Municipalities were now in charge of many tasks, such as organizing their own economic spatial development, which had formerly been executed on the national level, but often lacked the capacity or instruments to do so. The Spatial Development Act of 1994 introduced two

[2] The organisation of municipalities was changed in 1994, but their independent status and simultaneous weakness of Warsaw as a City remained unchanged.

planning tools to the municipal level, only one of which, the local master plan, was legally binding. Yet, the majority of Warsaw's territory did not have local master plans. As the Act of 1994 had extended the validity of socialist-time plans for all areas not covered by Local Plans until 2003, few municipalities commissioned the costly and time consuming Plans. Hence, to temporarily overcome the chaos of perpetual change, socialist plans and tools remained the basis for most urban development until 2003, when they finally expired (Kusiak 2016: 70). Rather than resulting in socialist type, egalitarian and redistributive urban development, the hybrid of old instruments in a new context facilitated uneven development. While centrally located areas were mainly reserved for residential use, Służewiec and other peripheral areas were designated for commercial development, facilitating the construction of offices.

Last but not least, municipalities differed in terms of their institutional strength in engaging with private interests. This depended on demographics, coalitions of local business interest and the approach of local administrations. A pro-active administration could both facilitate real estate projects, e.g. by helping developers raise financing through public private partnerships, as was in the case in the Wola municipality (Taşan-Kok 2004:154), or constrain them by 'standing up' to excessive demands of private investors. Ochota's mayor, for example, rejected a very low offer[3] on a land plot by Zbigniew Niemczycki, the Polish-born investor who would eventually build the first office building in Służewiec, after consulting with a delegation of the organisation of U.S. real estate evaluators (Interview 4).

The Mokotów municipality lacked this institutional strength with regard to post-industrial Służewiec. When its industrial companies declared bankruptcy, Służewiec lost not only its local constituency, but was also relegated to the bottom of priorities by local politicians. Indeed, the absence of local businesses interests or significant numbers of residents led to Służewiec's political abandonment and the Mokotów authorities focussed its activities and resources on more densely populated areas. In other words, in the absence of residents—the area had mainly served industrial functions—and businesses—they had disappeared with the bankruptcy of local industries—the was no basis for a local coalition of stakeholders that could have developed a long-term vision for the development of the neighbourhood. When foreign investors showed up, interested in buying land in Służewiec, the municipality happily gave them green light (Interviews 1, 3). This can not least be explained by the fact that municipalities collect taxes on real estate and land. Real estate investment and development therefore provided a much-needed source of income for the cash-strapped municipalities. In addition, municipal authorities were often overwhelmed by and ill prepared to deal with these investors. As one interviewee who was involved in development in the area put it: "Officials of the municipality did not really understand what we were doing and what it meant for the area" (Interview 1).

In other words, while investors did not benefit from special support by Mokotów's administration, they were given a free hand in the rapid realisation

[3] The price Niemczycki offered was based on the 'grain productivity' of the plot, the typical valuation method for agricultural land at that time.

of their plans, which as an architect recalled was of the essence: “There was a rush. Because time is money, and the market turned out to be an insatiable monster” (Bartoszewicz 2015).

Unlocking Służewiec: Global-Polish pioneers

As Poland recovered from the transition-induced recession, foreign companies entered the country and new domestic businesses sprung up. In this context the demand for office space far outstripped the existent stock. As rents for the few available offices rose to European records of up to $50 per square metre and many companies failing to find any office space had to temporarily settle in apartments or hotels, the development of new offices appeared a unique business opportunity (Heeg and Bitterer 2015:345). Yet, realising the commercial potential of office development was far from a straightforward task. Although Służewiec, in contrast to more centrally located areas, offered attractive conditions for real estate development, international investors were not yet willing to venture beyond the very centre of Warsaw, and domestic actors either did not recognise Służewiec’s potential or lacked capital and expertise of real estate development. It took a very specific set of actors to recognise and unlock the advantages Służewiec offered. Reflecting a more general trend in Poland’s property market at that time, the development of Służewiec was driven by *global-Polish companies* that combined *local* knowledge with *foreign* capital and expertise (see also Heeg and Bitterer 2015).

Zbigniew Marian Niemczycki was one such actor. Niemczycki had migrated to the U.S. in the 1970s, where he had worked his way up at electronics manufacturer Curtis International. In the late 1980s, he moved back to Poland where he set up a Curtis subsidiary to take advantage of the opportunities of the impending transition. Realising the availability of cheap land plots with clear ownership titles and commercial designation in Służewiec, Niemczycki bought a plot in this neighbourhood. He then founded a development company, Curtis Development, which constructed one of the first state-of the art office buildings in Warsaw. Curtis Plaza, as the building was named, opened in 1991 and was fully leased to international companies such as Philip Morris and Motorola, despite charging record rents of up to $50 a month per square metre (Muziol-Weclawowicz 2000). In a 2015 interview Niemczycki himself highlighted the combination of local knowledge and global expertise that made entrepreneurs like him pioneers in shaping the ‘new’ Poland: “Being an entrepreneur requires experience that I have gained in the U.S. It was a crucial competitive advantage in the old Poland. But those who opened companies in those days were pioneers. Together we created a new economic reality in our country” (Zielewski, 2015, authors' translation).

Kardan, an Israeli investment company, was the next to enter the neighbourhood. Kardan too was a *global-Polish actor* in the sense that many of its employees had family ties to Poland, placing the company in a good position to take advantage of the opportunities of transition. In 1993, Kardan was looking to buy developable land in Warsaw and was able to acquire 7 hectares from a bankrupt former state-owned company named CEMI (Interviews 5, 19; Linden 1998:12). In 1994, Kardan set up its own development company, Global Trade Center (GTC), and one year later started the construction of nine office buildings known as Mokotów Business Park. To reduce costs and speed up construction, GTC first refurbished three of CEMI's old facilities and later added six newly constructed buildings. By 1998 Mokotów Business Park had been completed and fully let. GTC also acquired three land plots next to Curtis Plaza, on which it developed one of Poland's biggest shopping malls at that time, Galeria Mokotów.

Global-Polish actors financed their projects with equity and small-building loans, as it was still difficult to acquire traditional bank loans (Interview 3). Curtis and GTC were quickly considered 'major Polish real estate developers', which broadened their access to finance (PR Newswire 1998). As such they were also crucial vehicles for more traditional foreign capital that was seeking exposure to the promising Polish market, thus paving the way for the subsequent financialization of Służewiec. In 1997 and 1998, Citibank and Bankers Trust each acquired a 10 per cent stake in GTC. This reflected a cautious trend towards the integration of Poland's real estate into global financial flows on the one hand and optimism with regard to Służewiec's future on the other.

Służewiec became a powerful symbol of Poland's transformation. The new shiny buildings in the semi-abandoned post-industrial ghost town reflected both Poland's past and (potential) future. The symbolic significance of the neighbourhood was about the promise of Poland's successful integration into the global capitalist order. Thus, while several unrelated transition-linked processes had propelled Służewiec's attractiveness for real estate development, it took global-Polish pioneers to recognise as well as unlock this potential in the 1990s and early 2000s. They did so by drawing on local knowledge and networks on the one hand and access to global expertise and financing on the other. These actors became firmly embedded into the local market and literally paved the way (some of the streets lacked proper pavement) for the entry of purely foreign developers and institutional investors.

4. "The City has nothing to do with that"[4]—or, the making of fast, financialized and decontextualized development

In the mid 2000s Służewiec experienced a boom in office construction and increasing financialization—in terms of dominant actors/practices, the transformation of non-financial actors and the transmission of financial risks. This was driven by the inflow of *foreign capital and several global and national-level processes*, namely: strong economic growth, the country's accession to the E.U. in 2004 and a global wall of capital searching for yields. At the same time it was facilitated by *local dynamics*, most notably the continuing low level of regulation in Służewiec, which was further enhanced by the abolition of all pre-1994 local land-use plans in 2003, and simultaneous constraints to construction in Warsaw's city centre. Yet, Służewiec's finance-driven piecemeal, sprawl-like development during the boom years also created serious infrastructure problems, which changed the neighbourhoods'

[4] Interview 2.

image and challenged its position as prime office market and function as outlet for global finance.

After GTC had completed Galeria Mokotów, foreign developers—who had benefitted from the commercialisation of Poland's property market as part of the country's E.U. accession—began to buy land in Służewiec, keen to take advantage of cheap land and unmet demand for office space. Their activities were also facilitated by the inflow of foreign banks that snapped up pre-existing Polish banks or set up their own subsidiaries. This offered access to cheaper global capital and therefore improved lending conditions. In contrast to the early day pioneers that had used much of their own equity, development became increasingly debt-driven, and, in the run-up to the global financial crisis there were several cases of bank lending for speculative construction projects (Interviews 16, 19).

At the same time, institutional investors began to enter Poland, scanning the market for commercial properties of sufficient volume. Due to the area's dynamic growth and the size of its projects Służewiec became an entry point for many of those investors, recording some of the first investment transactions in Poland. In 2003 Rodamc[5], Europe's largest listed commercial real estate company, bought a 50 per cent stake in Galeria Mokotów, marking Poland's first institutional transaction of retail property (Focke 2005:173). In 2004, Bokserska and Cybernetyki Office Centre, Ghelamco's first projects in the neighbourhood were acquired by Austrian Akron Investment CEE (AICEE). GTC sold Mokotów Business Park to Heitman European Property Partners III Fund in 2006. All buildings that were subsequently constructed were sold as soon as they were fully leased, usually within a year of completion. Within a few years all newly built real estate in the neighbourhood was transferred from their original developers to globally active institutional investors, especially German open-ended funds. This not only indicates the growing presence of financial actors, but also the transformation of Służewiec properties into quasi-financial assets (cf. Coakley 1994; Van Loon and Aalbers 2017). This in turn had further implications for the strategies of developers.

The interest of financial investors not only added further impetus to the construction boom but also brought about a shift in developers' business from building-and-managing to building-and-selling. In the context of strong investor demand, developers built as much as they could, paying little attention to the long-term effects of their activities on the urban landscape. As the global wall of money (Fernandez and Aalbers 2016) was seeking investment outlets in the mid-2000s, office development in Służewiec expanded with little regard for infrastructure provision, architectural coherence or a mix of functions. Belgian developer Ghelamco alone built six office buildings amounting to 130,000 square metres in the period between 2001 and 2009. These processes did not take place in a spatial vacuum however. Other factors that account for Służewiec's rapid and relatively unregulated

[5] Now Unibail-Rodamco-Westfield RE, a result of multiple mergers between the French (Unibail), Dutch (Rodamco) and Australian (Westfield) companies. The company is headquartered in Paris and specializes in shopping malls but also owns offices and convention/exhibition centres.

growth throughout the 2000s include: impediments to real estate construction in other areas of the city, changes in the country's planning regulation, and Służewiec's status as neighbourhood that was irrelevant for electoral politics. In the following paragraphs we discuss these aspects in more detail.

Several factors constrained construction in the centre of Warsaw, which consequently shifted to peripheral locations. First, by the mid-2000s developable land in central Warsaw became increasingly scarce and expensive, as restitution dragged on and only few plots with clear ownership titles remained on the market. Moreover, mayor Lech Kaczyński (Poland's later president) and his City architect Michal Borowski were critical of commercial real estate projects in central Warsaw. Equipped with new powers through another round of administrative reforms, Kaczyński was able to effectively curb the development of high-rises and other commercial objects in the city centre. The combination of scarcity of developable land and stricter control over construction in the centre contributed to the concentration of new office supply in more peripheral areas between 2001 and 2008. In 2001 and 2002, non-central districts even delivered 80 per cent of the new office supply, much of it in Służewiec (EY 2008:8).

Second, the explosion of construction activities in Służewiec was also enabled by changes to Poland's planning regulation. In 2003 all old, socialist-time plans became invalid. At the same time the 2003 Spatial Development Act introduced a mechanism, the Development Conditions, commonly referred to as *wuzetki*. In the absence of a Local Plan, investors can now apply for a wuzetki which circumvents the necessity of a Local Plan. To speed up investors' route from plan to development project, the wuzetki system precludes public consultations. While wuzetkis were officially intended for exceptional circumstances only, they have now become the rule in many cities, effectively increasing developers' influence over the planning process. Decisions to grant such wuzetki are made on the basis of the 'good neighbourhood principle', which requires a certain coherence of the proposed building with the wider urban environment. As this definition is very vague and the wuzetki do not require any public consultation, the mechanism effectively enabled unregulated real estate development, especially in post-industrial areas such as Służewiec (Kusiak 2016; Interviews 3, 4).

Foreign developers and investors had no long-term interest in the neighbourhood. As long as developers were able to attract tenants they could sell the properties to investors, whose main problem in the pre-global financial crisis period was "to find assets to invest all that money" (Interview 20). This reflects Weber's (2015:50–55) observations about financialized real estate development in the Chicago office market. She found that in boom periods developers supplied buildings with investors (rather than tenants) in mind, transferring to them the risk of oversupply. The situation in Służewiec was similar.

The City administration did little to curb these dynamics. In fact, it indirectly enabled them by virtue of non-intervention. At the same time it was unwilling to invest in the neighbourhood's infrastructure as property market actors were awash with money and there were no residential functions in the area. As a result of the conjuncture of capital pressure, a market dominated by external actors and a passive City, Służewiec did not develop a network of localised institutions and actors that would have been able to channel investments in line with local needs. The absence of such regulating urban institutions and mechanism enabled unimpeded financialization and 'de-contextualized' urban development in Służewiec during the 2000s. Yet, the cumulative effect of a long period of intense development in Służewiec on the one hand, and simultaneous changes in other parts of Warsaw on the other have led to the neighbourhood's gradual decline and transformation in the past years.

The urban consequences of decontextualized growth

Little-regulated construction has created infrastructure and traffic problems, which increasingly outweigh Służewiec's convenient location for offices and contribute to its negative image as corporate 'Mordor'. At the same time wider, city-wide developments, including the release of new land plots, the loosening of development control with the departure of Kaczyński and Borowski in 2006, and the construction and extension of Warsaw's metro lines, have facilitated office construction in other parts of Warsaw, contributing to Służewiec's transformation from hyper–modern business district to destination for back office operations, from core to somewhat more risky asset, and, from office to mixed-use neighbourhood.

As Służewiec has become Poland's largest office district, its growing workforce (from 20,000 in 1975 to today's 80,000) puts increasing strain on its roads. Moreover, in contrast to socialist times when most workers lived in nearby residences, today's employees commute from around Warsaw (JLL 2016c:5). The popular nickname 'Mordor' is indicative of this development. It emerged in the late 2000s on different social media platforms, used by office workers describing their daily experience with hour-long traffic jams and overcrowded tramlines. Picked up by the print media, Mordor became widely used in place of Służewiec and inspired different memes and jokes. Thus, while the first modern office buildings that emerged in Służewiec in the late 1990s and early 2000s represented an optimistic glimpse into Poland's yet to be realised future, the rise of 'Mordor' is reflective of the country's arrival in actually existing capitalism and the everyday experiences of corporate life.

The increase of available plots in other districts is a second factor that explains developers' focus away from Służewiec and towards more central locations (Kowalczyk and Skrzypczak 2013:32). Since around 2008 we have seen the release of significant number of land plots that was previously 'locked' for developers due to on-going restitution and privatization processes. Presented with newer, more centrally located offices, tenants too have begun to move away from Służewiec. Aviva, Unilever, Philip Morris and Stanley Black & Decker are some of the big firms that relocated in the past four years from Służewiec to locations situated near to the extended M1 and newly constructed M2 metro lines (JLL 2016). This has driven vacancy rates in the neighbourhood to a historically high level of 20.1 per cent and suppressed rents to €10-15 per square metre, the lowest in Warsaw (Knight Frank 2016c). While some new tenants still enter Służewiec, they tend to be domestic companies or less established international firms (JLL 2016).

For investors the changing tenant profile and growing vacancy rates in Służewiec mean a revision of the neighbourhood's' risk profile (Interview 3). The number of investment transactions has declined in the past years and now mainly involve opportunistic investors rather than risk-averse pension funds. Furthermore, "the game of musical chairs in which developers are slaughtering each others' throats with the rents" (Interview 3), puts further downward pressure on investors' revenues and exacerbates the investment risk in Służewiec. This highlights how financialized urban development enhances growth and crisis dynamics, rather than providing counter-cyclical or equalising impetus. Hence, while the rise of Służewiec as office district in the late 1990s was enabled by the limited political relevance of the neighbourhood and the absence of a strong local growth coalition, these very factors contributed to its recent decline.

The story of Służewiec does not end here, however. At the same time as it is experiencing a decline as business district, Służewiec is undergoing another transformation, namely, into a mixed-use district with strong residential functions. While this development too is market- rather than policy-driven, it has the potential of changing Służewiec's political status, reduce dynamics of financialization (and therefore de-contextualisation) and facilitate a more localised and balanced urban development.

5. Conclusion

In this paper we have presented the rise and fall of Służewiec, Poland's largest business district. The evolution of Służewiec from socialist-time industrial district to the heart of Poland's new market economy and spatial fix for globally mobile capital, was informed by the interplay of urban-level transition reforms and socialist legacies, which affected Warsaw's municipalities in uneven ways. Concurrently, the neighbourhood's development was also driven by the opening up of the Polish property market to, and integration with foreign actors and capital. The case of Służewiec therefore allows us raise important questions about global drivers of urban development, the enabling/constraining role of local politics and the peculiar way socialist- legacies can serve the interests of capital and facilitate uneven development. Finally, the concept of subordinate financialization provided a theoretical basis to account for the intrinsically variegated nature of financialization across spaces. Subordinate financialization in non-core economies is driven by and complements financialization in Europe and the U.S., amongst others by absorbing globally mobile capital in its built environment. In this respect this study also reframes current theories of financialization, considering how financialization dynamics draw on and reproduce hierarchies and power relations within the global political economy.

Setting out from such a spatially sensitive perspective we showed that Poland's commercial real estate market has become thoroughly permeated by practices and technologies of modern finance, advancing a process of subordinate financialization. Since its inception, it has followed a steady trajectory of increasing integration and exposure to global financial flows and practices. Poland's real estate market is integrated into dynamics of financialization from a position of subordination, serving as a spatial fix for globally mobile capital. In this respect, the other members of the Visegrád 4—Hungary, Czech Republic, Slovakia—are likely to exhibit similar real estate-financial dynamics. Indeed, they share key characteristics, including the dependence on foreign capital, the subordinate integration in the E.U. and the mediation of social conflict through democratic processes and welfare concession, suggesting similarities in the phenomenon in question. Yet, as the comparative political economy literature shows, there are also crucial differences within this group pertaining, amongst others, to the specific types of welfare regimes and the extent of foreign capital dependence (Bohle and Greskovits 2012; Myant and Drahokoupil 2011). Further studies within this group would therefore be insightful, determining whether we can speak of a Visegrád-specific trajectory of real estate financialization. Moreover, by accounting for variegation in real estate-financial dynamics of similar political economies, such studies could shed light on additional drivers of differences, beyond modes of state power and channels of international economic integration, in informing the phenomenon in question.

Of course, the notion of subordinate financialization could also be mobilised to study real estate financialization in other non-core cities and countries. Although conditions will vary widely between places, (some) other non-core political economies are likely to be dependent on foreign capital as well. In that sense, we hope to contribute not only to the literature on East-Central Europe but also to the wider literature on financialization by studying how subordinate financialization in non-core countries works differently from ‘core financialization’ processes.

In this paper we have used the concept of subordinate financialization to detail the *channels* through which foreign capital entered real estate in Służewiec, showing *how* these channels have changed over time and in *what ways they affect* the district’s urban form. We have highlighted the importance of global-Polish pioneers in the early 1990s who had knowledge of *local* conditions and networks on the one hand and access to *global* expertise and financing on the other to both recognise and unlock Służewiec’s potential for office development. After these pioneers had literally explored the territory, foreign capital and real estate actors entered the country more directly. Institutional investors, for instance, expanded their activities to add commercial properties in Poland to their investment portfolios. As developers’ focus shifted from tenants to investors, the use-function of buildings became secondary to their role as objects of investment. This affected the timeframe of real estate activities from long-term interests to a short-term perspective, where developers sold their buildings to investors as soon as possible (cf. Weber 2015).

These developments also resulted in an increasing disconnect between Służewiec’s local conditions and needs, and its actual development, driven by the rationales of international investors (cf. Savini and Aalbers 2016). Indeed, financialization drove the disembedding of Służewiec from its local context. Awash with capital, in the context of a global boom period, investors were equally unconcerned by the rapid expansion of the neighbourhood and emerging traffic problems. Hence, Służewiec’s thorough integration into global financial circuits, via foreign capital and developers, enabled its rapid, ‘de-contextualised’ growth in the 2000s.

Yet, these developments did not take place in spatial vacuum, but were facilitated by urban-level transition reforms and socialist legacies. In particular, Służewiec benefitted from its industrial legacy, the de-linking of land from industrial functions during privatization, the persistence of socialist-time plans, and the absence of residential functions or local business interests. Hence, Służewiec business district developed the way it has not despite, but because of the absence of a locally embedded growth coalition. This raises two important issues: first, the role of local politics in negotiating the financialization of the built environment; and second, the capacity of socialist-time legacies to enable capitalist uneven development.

Whether politics facilitates or constrains foreign investments in the built environment does not only depend on the attitude of local politics but also on the wider institutional and regulatory context within which a project is embedded in. Transition reforms fragmented Warsaw and endowed subordinate administrative units with unequal financial, human and institutional resources. The interplay of these reforms with pre-existing, socialist-time legacies created an uneven politico-institutional landscape, which capital readily exploited. It was therefore the relative political weakness of the Służewiec neighbourhood vis-à-vis other districts, which gave investors and real estate developers free reign to pursue their interests with little regard to the neighbourhood's long-term development.

This brings us to the final point, the capacity of socialist legacies to facilitate capitalist, uneven development. The role of socialist-time planning tools, land ownership and infrastructures in propelling Służewiec's rise as office district supports our argument about the enabling role of socialist legacies. The paper has shown that rather than representing obstacles, the above legacies became the infrastructure for the advance of capitalist relations, allowing us to think of the two, past and present, old and new, as "mutually embedded … hybrid spatialities" (Golubchikov et al. 2014, 619). Yet, while the interplay of socialist legacies and transition reforms enabled Służewiec's rapid and 'de-contextualised' growth, the very same factors in conjunction with other, citywide developments have more recently sowed the seeds of its gradual decline.

References

Aalbers, M.B. (2008) The Financialization of Home and the Mortgage Market Crisis. *Competition & Change* 12(2):148–66.

Aalbers, M.B. (2018) Financial geography II: Financial geographies of housing and real estate. *Progress in Human Geography* DOI:10.1177/0309132518819503.

Adam, J. (1994) The Transition to a Market Economy in Poland. *Cambridge Journal of Economics* 18(6):607–18.

Bardhan, A. and C.A. Kroll (2007) *Globalization and the Real Estate Industry: Issues, Implications, Opportunities*. Cambridge. http://web.mit.edu/sis07/www/kroll.pdf (accessed 7 August 2018).

Bartoszewicz, D. (2015) Jak Służewiec Stał Się 'Mordorem'? Biura w Miejsce Upadających Fabryk [How Służewiec Became 'Mordor'? Offices in the Place of Declining Factories]. *Warszawa.Wyborcza.Pl*. http://warszawa.wyborcza.pl/warszawa/1,34862,17913477,Jak_Sluzewiec_stal_sie__Mordorem___Biura_w_miejsce.html (accessed 7 August 2018).

Baum, A. and C. Murray (2011) *Understanding the Barriers to Real Estate Investment in Developing Economies*. *Working Paper*. 03/111. Reading: Henley University of Reading.

Becker, J. (2013) The Periphery in the Present International Crisis: Uneven Development, Uneven Impact and Different Responses. *Spectrum: Journal of Global Studies* 5(1):21–41.

Becker, J., J. Jäger, B. Leubolt, and R. Weissenbacher (2010) Peripheral Financialization and Vulnerability to Crisis: A Regulationist Perspective. *Competition & Change* 14(3):225–47.

Bernt, M., Colini, L. and Förste, D. (2017) Privatization, financialization and state restructuring in East Germany: The case of 'Am Südpark. *International Journal of Urban and Regional Research* 41(4):555-571.

Bohle, D. (2014) Post-Socialist Housing Meets Transnational Finance: Foreign Banks, Mortgage Lending, and the Privatization of Welfare in Hungary and Estonia. *Review of International Political Economy* 21(4):913–48.

Bohle, D. and Greskovits. B. (2012) *Capitalist Diversity on Europe's Periphery*. Ithaca, NY: Cornell University Press.

Bonizzi, B. (2013) *Capital Flows to Emerging Markets: Institutional Investors and the Post-Crisis Environment*. London: SOAS.

Braasch, B. (2010) Financial Market Crisis and Financial Market Channel. *Intereconomics* 45(2):96–105.

Brill, F. (2018) Playing the game: A comparison of international actors in real estate development in Modderfontein, Johannesburg and London's Royal Docks. *Geoforum.* DOI:10.1016/j.geoforum.2018.05.015.

Buckley, M. and A. Hanieh (2014) Diversification by Urbanization: Tracing the Property-Finance Nexus in Dubai and the Gulf. *International Journal of Urban and Regional Research* 38(1):155–175.

Clark, G.L. (2000) *Pension Fund Capitalism*. Oxford: Oxford University Press.

Clark, E. and A. Lund (2000) Globalization of a Commercial Property Market: The Case of Copenhagen. *Geoforum* 31(4):467–75.

Coakley, J. (1994) The Integration of Property and Financial Markets. *Environment and Planning A* 26(5):697–713.

Corpataux, J., Crevoisier. O. and Theurillat, T. (2009) The expansion of the finance industry and its impact on the economy: A territorial approach based on Swiss pension funds. *Economic Geography* 85(3):313–334.

Engelberg, S. (1992) 21 Months of 'Shock Therapy' Resuscitates Polish Economy. *The New York Times*, December 17. Retrieved February 25, 2017 (http://www.nytimes.com/1992/12/17/world/21-months-of-shock-therapyresuscitates-polish-economy.html).

Engelen, E., M. Konings, and R. Fernandez (2010) Geographies of Financialization in Disarray: The Dutch Case in Comparative Perspective. *Economic Geography* 86(1):53–73.
EY (2008) *The Polish Real Estate Guide – The Real State of Real Estate*. Warsaw: Ernst & Young.
Fainstein S. (2001) *The City Builders: Property Development in New York and London, 1980–2000*. 2nd ed. revised. Lawrence, KS: University Press of Kansas.
Fernandez, R. and M.B. Aalbers (2016) Financialization and Housing: Between Globalization and Varieties of Capitalism. *Competition & Change* 20(2):71–88.
Fernandez, R. and M.B. Aalbers (2019) Housing Financialization in the Global South: In Search of a Comparative Framework. Working paper. Leuven: KU Leuven.
Fields, D. and Uffer, S. (2016) The financialization of rental housing: A comparative analysis of New York City and Berlin. *Urban Studies*, 53(7):1486-1502.
Focke, C. (2005) *Gewerbe-Immobilien-Investments in Polen* [Commercial Real Estate Investments in Poland]. Thesis, European Business School, Oestrich-Winkel.
Goldman, M. (2003) *The Piratization of Russia: Russian Reform Goes Awry*. London; New York: Routledge.
Golubchikov, O., A. Badyina, and A. Makhrova (2014) The Hybrid Spatialities of Transition: Capitalism, Legacy and Uneven Urban Economic Restructuring. *Urban Studies* 617–33.
Górecki, R. (2016) Farewell to Mordor? Not so Fast. *Gazeta Bankowa*, June 30, 6, 91–93.
Gotham, K.F. (2006) The Secondary Circuit of Capital Reconsidered: Globalization and the U.S. Real Estate Sector. *American Journal of Sociology* 112(1):231–75.
Gotham, K.F. (2016) Re-Anchoring Capital in Disaster-Devastated Spaces: Financialization and the Gulf Opportunity (GO) Zone Programme. *Urban Studies* 53(7):1362–83.
Greskovits, B. (2005) Leading sectors and the variety of capitalism in Eastern Europe. *Actes du GERPISA* 39: 113–128.
Guironnet, A., K. Attuyer, and L. Halbert (2015) Building Cities on Financial Assets: The Financialization of Property Markets and Its Implications for City Governments in the Paris City-Region. *Urban Studies* .
Haila, A. (1988) Land as a Financial Asset: The Theory of Urban Rent as a Mirror of Economic Transformation. *Antipode* 20(2):79–101.
Halbert, L. and H. Rouanet (2014) Filtering Risk Away: Global Finance Capital, Transcalar Territorial Networks and the (Un)Making of City-Regions: An Analysis of Business Property Development in Bangalore, India. *Regional Studies* 48(3):471–84.
Harmes, A. (2001) Institutional Investors and Polanyi's Double Movement: A Model of Contemporary Currency Crises. *Review of International Political Economy* 8(3):389–437.
Harvey, D. (1982) *The Limits to Capital*. Oxford: Blackwell.
Harvey, D. (1985) *The Urbanization of Capital: Studies in the History and Theory of Capitalist Urbanization*. Baltimore, Md: The Johns Hopkins University Press.
Harvey, D. (2001) *Spaces of Capital: Towards a Critical Geography*. New York: Routledge.
Heeg, S. and N. Bitterer (2015) Communities of Practice and Transnational Standards: Changing Building Practices in Warsaw's Commercial Property Sector. *Global Networks* 15(3):343–59.

Heinemann, T (2016) Relational geographies of emerging market finance: The rise of turkey and the global financial crisis 2007. *European Urban and Regional Studies* 23(4):645-661.
Hendrikse, R. (2016) *The Long Arm of Finance – Exploring the Unlikely Financialization of Government's and Public Institutions*. PhD, University of Amsterdam, Amsterdam.
JLL (2016) *Służewiec 2.0*. Warsaw: JLL.
Kaika, M. and L. Ruggiero (2016) Land Financialization as a 'Lived' Process: The Transformation of Milan's Bicocca by Pirelli. *European Urban and Regional Studies* 23(1):3–22.
Kaltenbrunner, A. and Painceira, J.P. (2018) Subordinated Financial Integration and Financialisation in Emerging Capitalist Economies: The Brazilian Experience. *New Political Economy* 23(3):290–313.
Karwowski, E. and E. Stockhammer (2016) Financialization in Emerging Economies: A Systematic Overview and Comparison with Anglo-Saxon Economies. *Economics Discussion Paper*. 2016–11. School of Economics, Kingston University London.
Knight Frank (2016) *Warszawa – OFFICE MARKET H1 2016*. Warsaw: Knight Frank.
Knox, P. and Agnew, J.A. (1998) *The Geography of the World Economy*. Halsted Press.
Kowalczyk, R. and J. Skrzypczak (2013) Politics, History, and Height in Warsaw's Skyline. *CTBUH Journal* (III):32–37.
Kornai, J. (2008) *From Socialism to Capitalism: Eight Essays*. Central European University Press.
Kusiak, J. (2016) *Chaos Warsaw: A Cognitive Mapping of the City*. PhD, Technische Universität Darmstadt, Darmstadt.
Lane, D. (2010) Post-Socialist States and the World Economy: The Impact of Global Economic Crisis. *Historical Social Research / Historische Sozialforschung* 35(2):218–41.
Lapavitsas, C. (2013) *Profiting without Producing: How Finance Exploits Us All*. London ; New York: Verso Books.
Lee, R. (2003) The Marginalization of Everywhere? Emerging Geographies of Emerging Markets. In: J. Peck and W.-c. Yeung (eds) *Remaking the Global Economy: Economic-Geographical Perspectives*, pp. 61–82. London: SAGE Publications Ltd.
Li, T.M. (2014) What is land? Assembling a resource for global investment. *Transactions of the Institute of British Geographers* 34(4):589–602.
Lindahl, D.P. (1996) *New Frontiers of Capital - A Geography of Commercial Real Estate Finance*. PhD, University of Washington, Seattle, WA, United States.
Linden, G. (1998) *Building Production Networks in Central Europe: The Case of the Electronics Industry*. 126. Berkeley, California: University of California, Berkeley.
Lizieri, C. and K. Pain (2014) International Office Investment in Global Cities: The Production of Financial Space and Systemic Risk. *Regional Studies* 48(3):439–55.
MacKinnon, D., A. Cumbers, A. Pike, K. Birch, and R. McMaster (2009) Evolution in Economic Geography: Institutions, Political Economy, and Adaptation. *Economic Geography* 85(2):129–150.
Mattioli, F. (2018) Financialization without liquidity: in-kind payments, forced credit, and authoritarianism at the periphery of Europe. *Journal of the Royal Anthropological Institute* 24(3):568-588.
McKenzie, R.A. and N. Pons-Vignon (2012) Volatile Capital Flows and a Route to Financial Crisis in South Africa. *Augur Working Paper* 2. Johannesburg:

School of Economics and BUsiness Sciences University of the Witwatersrand Johannesburg.
Mosciaro, M., Pereira, A.L. and Aalbers, M.B. (in press) The Financialization of Urban Redevelopment: Speculation and Public Land in Porto Maravilha, Rio de Janeiro. *The Speculative City*, edited by C.L. Chu and S. He. Toronto University Press, Toronto.
Muziol-Weclawowicz, A. (2000) Property Development and the Land Market in Warsaw – A Challenge for Urban Planning. In: K. Böhme, B. Lange and M. Hansen (eds) *Property Development and Land-Use Planning Around the Baltic Sea*, pp. 71–88. Stockholm: Nordregio.
Myant, M. and Drahokoupil, J. (2011) *Transition Economies: Political Economy in Russia, Eastern Europe, and Central Asia*. Hoboken, NJ: John Wiley & Sons.
Newman, K. (2009) Post-industrial widgets: Capital flows and the production of the urban. *International Journal of Urban and Regional Research* 33(2):314-331.
Olds, K. (1995) Globalization and the production of new urban spaces: Pacific Rim megaprojects in the late 20th century. *Environment and Planning A* 27(11):1713–1743.
Painceira, J.P. (2012) *Developing Countries in the Era of Financialization: From Deficit Accumulation to Reserve Accumulation*. In: C. Lapavitsas (Ed.) *Financialisation in Crisis*, pp.185-217. Boston: Social Sciences E-book.
Papastergiadis, N. (2005) Hybridity and Ambivalence Places and Flows in Contemporary Art and Culture. *Theory, Culture & Society* 22(4):39–64.
Pacewicz, J. (2013) Tax increment financing, economic development professionals and the financialization of urban politics. *Socio-Economic Review* 11(3):413–440.
Pósfai, Z., Z. Gál, and E. Nagy (2017) Financialization and Inequalities: The Uneven Development of the Housing Market in the Eastern Periphery of Europe. In: edited by S. Fadda and P. Tridico (Eds) *Inequality and Uneven Development in the Post-Crisis World*, pp. 167–91. New York: Routledge.
PR Newswire (1998) Bankers Trust Acquires Stake in Major Polish Development Company. *PR Newswire*, July 1, 1.
Raviv, O. (2008) Chasing the Dragon East: Exploring the Frontiers of Western European Finance. *Contemporary Politics* 14(3):297–314.
Robinson, N. (ed.) (2013) *The Political Economy of Russia*. Lanham, Md.: Rowman & Littlefield.
Rodrigues, J., A.C. Santos, and N. Teles (2016) Semi-Peripheral Financialization: The Case of Portugal. *Review of International Political Economy* 23(3):480–510.
Rutland, T. (2010) The Financialization of Urban Redevelopment. *Geography Compass* 4(8):1167–1178.
Savini, F. and M.B. Aalbers (2016) The de-contextualization of land use planning through financialisation: Urban redevelopment in Milan. *European Urban and Regional Studies* 23(4):878-894.
Swyngedouw E, Moulaert F. and Rodriguez A. (2002) Neoliberal urbanization in Europe: Large-scale urban development projects and the new urban policy. *Antipode* 34(3):542–577.
Szafarz, P. (2015). *Poland*. Fiesole: European University Institute.
Taşan-Kok, T. (2004) *Budapest, Istanbul, and Warsaw: Institutional and Spatial Change*. PhD, Utrecht University, Utrecht.
Theurillat, T. and O. Crevoisier (2013) The sustainability of a financialized urban megaproject: The case of Sihlcity in Zurich. *International Journal of Urban and Regional Research* 37(6):2052–2073.

Van Loon, J. (2016) Patient versus Impatient Capital: The (Non-) Financialization of Real Estate Developers in the Low Countries. *Socio-Economic Review* 14(4):709–28.

Van Loon, J. and M.B. Aalbers (2017) How Real Estate Became 'Just Another Asset Class': The Financialization of the Investment Strategies of Dutch Institutional Investors. *European Planning Studies* 25(2):221-240.

Van Loon J., Oosterlynck, S. and Aalbers, M.B. (2018) Governing urban development in the Low Countries: From managerialism to entrepreneurialism and financialization". *European Urban and Regional Studies*. DOI: 10.1177/0969776418798673.

Wallerstein, I. (1974) *The Modern World-System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*. New York: Academic Press.

Weber, R. (2010) Selling City Futures: The Financialization of Urban Redevelopment Policy. *Economic Geography* 86(3):251–74.

Weber, R. (2015) *From Boom to Bubble*. Chicago: Chicago University Press.

Wijburg, G. (2019) Reasserting state power by remaking markets? The introduction of real estate investment trusts in France and its implications for state-finance relations in the Greater Paris region. Working paper, KU Leuven & Utrecht University, Leuven/Utrecht.

Wijburg, G. and Aalbers, M.B. (2017) The alternative financialization of the German housing market. *Housing Studies* 32(7):968-89.

Zielewski, P. (2015) Jak Prowadziło Się Biznes w Dawnej Polsce [How Business Was Conducted in the Old Poland]. *Pjerwszy Milion*. http://pierwszymilion.forbes.pl/zbigniew-niemczycki-jak-prowadzilo-sie-biznes-w-dawnej-polsce,artykuly,191343,1,1.html [accessed 06 August 2018].

Appendix 1: List of interviews in Warsaw

1. Developer GTC, May 06 2016
2. Developer Ghelamco, May 18 2016
3. Real estate lawyer, May 30 2016
4. Planner, May 16 2016
5. City Architect, May 19 2016
6. Journalist, May 12 2016
7. Journalist, May 16 2016
8. Bank, May 20 2016
9. Bank, May 20 2016
10. Journalist, June 01 2016
11. Developer, May 12 2016
12. Global consultant, May 12 2016
13. Domestic residential consultant, May 11, 2016
14. Civil Servant, infrastructure department, May 19 2016
15. Global consultant, May 30 2016
16. Developer and investor, September 26 2016]
17. Real estate Lawyer, September 16 2016
18. Urban activist, October 21 2016
19. Domestic developer, 30 April 2015
20. Global consultant, 06 May 2015