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Real estate development multi-product

Abstract

The concept of real estate multi-product involves multi-functional development of an area, focused on the comfort of potential inhabitants, i.e. application of large areas where people may live, work, shop and spend their free time actively. This trend is observable at the Polish residential estate market, especially in large cities, including Wrocław. The objective of the paper is to identify this type of investments at Wrocław real estate market. The discussion is based on the analysis of specialist literature and case analysis. The selected examples reflect changing consumer expectations and aspirations concerning multifunctional nature of the offer they are provided with, i.e. their expectations and aspirations to obtain a well-tailored real estate development multi-product.

Keywords: real estate market, real estate developer, housing needs, multi-product.

JEL classification: M31, M39, R21.

Introduction

The development of the Polish housing estates market tends to solutions, which are increasingly adapted to the needs revealed by consumers. Such behaviour is reflected in real estate multi-product concepts of a “town-in-the-town” – there are few of them so far, but they are already being implemented. This concept involves optimal application of space to develop it into multi-functional area focused on the comfort of potential inhabitants, i.e. application of large areas where people can live, work, shop and spend their free time actively. Implementation of such an offer requires the real estate developer to cooperate with many entities in its environment to ensure satisfaction of a complex of needs of

inhabitants of such a “town”. The objective of this paper is to identify such investments included in the offer of development companies operating at Wrocław real estate market. The selected examples reflect the changing lifestyle of inhabitants of such quarters and their expectation that the provided offer is multi-functional, that it is a “well-tailored” real estate multi-product. The research is explorative one with application of case study method, too.

1. Consumer needs and preferences vs. features of the real estate offer in urban areas

Modern consumers at the real estate market seek products, which are increasingly adapted to their specific needs, products to meet not only basic physiological needs, but also those related to lifestyle or economic status. Human needs related to owning a flat may be presented with the model of needs offered by Maslow and respectively adapted. Table 1 presents the meaning of housing needs at subsequent stages of this model.

Table 1. Types of housing needs

Groups of needs, according to Maslow hierarchy	Needs satisfied by housing assets	Features of housing assets, which allow for satisfaction of the needs
Basic needs	Hunger and thirst, sleep and rest, protection from weather, biological and sanitary needs, procreation	Place to store food, drink and eat meals, place for sleep, recreation and rest, isolation from external conditions (air-conditioning, heating), sanitary equipment, source of water, intimacy
Safety needs	Protection from external threats, need for physical and psychological safety, order and economic safety	Security of the quarter, fencing of the property, lightning conductor and fire protection equipment, protection from trespassing of private property and calm, protection of personal property, capital investment, place to store property, protection from theft
Needs related to social contacts	Need to have family and children, need of social bonds, need to participate in a local community	Rooms for particular family members and place to spend time together, place to bring children up, place for social meetings, definition of membership in a local community
Esteem needs	Need for self-acceptance, high social and economic position	Feeling of independence, autonomy, allowing for application of one's own lifestyle, prestige, value of the real estate owned
Self-actualization needs	Development and improvement needs	Place to grow up / bring children up, meditate, learn, to realize one's passions and hobbies

Source: Based on [Jakubowski 2010, pp. 36-37].

2. Modern factors of real estate offer development

Consumer market behaviour is shaped by many factors and identification of these factors allows for understanding of the nature of consumer decisions. Understanding of the determining factors of these decisions may enable better understanding of consumer behaviour and application of this knowledge to shape the market offer [Kieźel (ed.) 2000, p. 103]. Consumer behaviour at the real estate market is shaped by the following factors:

- personal factors (age, life stage, level and type of education, professional activity and work, economic situation, lifestyle, personality, ambitions),
- cultural factors (approved family values, tradition, postmodern influence, openness to external effects and patterns),
- social factors (reference groups: family, local community, company, social acquaintances, social class),
- psychological factors (personality, attitudes and opinions, perceived risk, motivation and innovativeness) [Rozborska 2011, pp. 518-530].

As shown by researchers, in Poland after the political transitions the social and cultural factors came to play an especially important role. The reasons for this situation may be found in postmodern effect, newly-revealed increasingly open and creative thinking about place of residence, bolder presentation of one's own needs. Within the so-called urban subculture, requirements concerning architecture and development projects have grown in the residential sector. In Poland, this trend has led to spreading of a new model of living space among the higher middle class (high qualifications and income): living at estates distant from city-centres, with thick, intensive and modern development. Such buildings, characteristic of cities, allow the inhabitants to use rich offer of trade, services or culture and recreation [Stachura 2013, pp. 50-56]. Further, as young, well-educated people take over the European style of work, the lifestyle similar to European metropolises has become more and more popular. It is reflected in development of an urban flat model: with modern arrangement and design, access to services and workplace.

Considering the described phenomena, the paper further analyses effects of development companies' operations: residential investments meant for inhabitants, who belong to the so-called urban subculture and expect multifunctional solutions within a real estate development product.

3. Developer's role at the modern real estate market

In real estate development business, a company undertakes various roles: from market analysis, financial analysis, construction law, geodesy and cartography expertise, to law, marketing and sales. These versatile roles are necessary for subse-

quent investments to succeed. This is also why large-scale development enterprises are complex organizations of variable legal forms, different scopes and methods of operation, which create various models of development process organization.

A real estate developer should be able to perceive and implement a cluster of functions, which could be realized at a given residential investment. In the case of construction of residential apartments, investors are sought who would provide advance payments to cover the investment process. In the case of construction of commercial buildings (offices, shops, hotels), a developer acts the most frequently upon a commission of a specific investor or the developer itself is the investor, searching for organizations to rent the newly built surfaces at the stage of the construction process.

Flats offered by Wrocław development enterprises are varied by investment's character and at the same time they reflect the direction of change of consumer expectations and aspirations at the flat market and their effect on investment decisions. A review of development companies' websites allows to identify four development companies in Wrocław, which stress it at the strategic level, i.e. by their official mission, that they know that customers aspire to and expect multi-functional urban estates (see Table 2).

Table 2. Examples of missions of development companies, which offer multifunctional estates at Wrocław real estate market

	Development company	Mission
1	Verity Development	The mission of Verity Development is to create high-quality residential and office surfaces
3	Echo Investment SA	The customer is the most important for us. We remember that our customers are not only corporations, shopping networks or hotel operators – Echo's customer is above all human: flat owner, shopping mall customer, office employee, hotel guest
4	Archicom SA	"We shape space to make it beautiful, functional and human-friendly". "Beautiful" – due to well-considered urbanistic and architectural concepts as well as meticulous care for every detail and quality of performance. "Functional" – by carefully designed, perfectly lighted, economic and comfortable flats and offices, individually adapted to specific needs . "Friendly" – through security and recreation-integration potential
5	Olczyk Sp. z o.o.	Integrity, punctuality and addressing Customers' needs are foundations of the company LOKUM Deweloper. Wrocław and the region are a space we are constantly trying to shape since 2004

Source: Based on [www 1; www 2; www 3; www 7].

When trying to classify the residential offer in Wrocław agglomeration we may identify – based on the reports by the Polish Association of Development Companies – the following types: Town-in-town, River City, Revitalisation of Urban Zones, New Era Blocks, Skyscrapers, Suburban Sleeping Areas. They are characterised in Table 3. Such investments as "Town-in-town" and its variation

of “River City” are examples of the best developed complex multifunctional real estate products currently carried out at Wrocław market. Meanwhile, the WUWA2 project remains in the conceptual phase, although it is worth attention because of its assumptions, which ensure its perception as an architectural landmark of Wrocław as the European Capital of Culture in 2016.

Table 3. Examples of investments in Wrocław by the suggested types

Offer	Investment	Development company	Location
Town-in-town	Promenady Wrocławskie Lokum da Vinci	Vantage Development Lokum Deweloper	Śródmieście Fabryczna
River City	Olimpia Port Angel Wings	Archicom Wings DEvelopment	Psie Pole Krzyki
Revitalisation of Urban Zones	Kurkowa Wyspa Przy Słowiańskim Wzgórzu Kręta 10 Kościuszki/Prądyńskiego	Profit Development Echo Investment Azysa Polska Inter-es	Stare Miasto Śródmieście Stare Miasto Krzyki
New Era Blocks	Wilanowska/Gorlicka Cztery Pory Roku	Dach Bud Archicom	Psie Pole Krzyki
Skyscrapers	Sky Tower Odra Tower	LC Corp Gant	Krzyki Stare Miasto
Suburban Sleeping Areas	Zielone Wzgórze/Osiedle Królewicka Osiedle Rubinowe/Słoneczne Groblice Piastowski Mędlów Krzeptowa Dolina Kielczów	CTE SA/Dach Bud DPI Malachit/AS-Hajto Inwestgrupa As-Bau Milart	Maślice Siechnice/Groblice Mędlów Krzeptów Kielczów
so-called third city-centre of Wrocław – sample project	Osiedle WUWA2 – Nowe Żerniki	Gmina i Miasto Wrocław, Dolnośląska Okręgowa Izba Architektów RP, inwestorzy	Nowe Żerniki – ul. Kosmonautów, between the high- way ringway and Ługowina river

Source: Based on concept of the Polish Association of Development Companies, www.wroclaw.pzfd.pl and WUWA2: [www 5].

The concept of “town-in-town” involves optimal application of space to include flats, service providers, offices and space for entertainment, rest and recreation. It is meant to create multi-functional development focused on comfort of potential inhabitants, i.e. on using large spaces where people may live, work, shop and spend their free time actively. Such investments are included in the offer of development companies, which operate at Wrocław market (Promenady Wrocławskie, Lokum da Vinci). Considering large scale of such investments, the investment process is divided into several stages.

There is currently a visible tendency that developers turn to the Oder – with their investments they try to contribute to revitalisation and restoration of the riverbank areas. In the coming years, Wrocław will witness investments attempting to draw the inhabitants closer to the city’s main river. There are plans to create promenades on the Oder with shops, restaurants and recreation areas

along them, as well as a slope for boats and yachts. These projects correspond also to the idea of “town-in-town” considering the multiple designed functions.

There are more and more investments of revitalisation of urban zones, e.g. in Śródmieście city-centre quarter, dominated by old development of former tenant houses. Śródmieście is perceived as one of the most neglected and dangerous parts of the city and at the same time as a magical place of unique atmosphere, which shows the quarter’s potential. Proximity to the Market Square and good transport connections encourage new inhabitants of the area, so the number of investments grows, affecting revitalisation of the quarter.

For the worse-off groups of the society, there are also available flats at the city’s peripheries, mainly at Psie Pole quarter where the price per square metre is lower than elsewhere in the city. The newly built estates visually are hardly different from concrete panel buildings and they comprise large numbers of small-surface flats. There are also higher-standard investments of similar structure, i.e. many small flats, mainly 2-room flats, e.g. in the quarter of Jagodno.

Wrocław, like European cities, has also its skyscraper of Sky Tower. This is the first investment like this in Poland, 212 m height and 51 floors making the Sky Tower complex one of the highest residential buildings in Poland. Luxury apartments, functional offices, modern shopping mall and extensive service and recreation centre – all these elements are included in the investment of surface above 171 thousand m². The complex includes the podium building with the shopping mall in it and two residential and office buildings.

As every big city, Wrocław, too, has investments called suburban sleeping areas, mainly for people who want to avoid urban fuss, but also for those tempted by the price lower proportionally to the growing distance from the city centre. Low buildings, bigger flat surfaces with terraces or small gardens – for many, this is a sufficient compensation of longer distance travelled on the way to work. This type of investments can be found mainly at Maślice, Kielczów or outside the formal borders of the city of Wrocław: in Siechnice, Groblice, Mędłów or Krzeptów.

Special attention should be paid to the new concept of WUWA2 estate (The Apartment and Place of work – Wohnung und Werkraum Ausstellung). It was conceived as a sample residential estate corresponding to the needs of a modern city, its active inhabitants who work at home, too. The project involves going beyond individual flats, responding to the need for public space, integration with collective communication, crèche, preschool and other service. The investment, referred to, as the third city centre of Wrocław, will be carried out with patronage of the city of Wrocław and Chamber of Architects. About 40 of the best Lower Silesian architects work on how the estate should work with respect to public spaces for the inhabitants, basic services (childcare, education, trade,

catering), security, environmental protection, transport optimisation linked to the municipal transport system, new forms of construction organisation.

Concluding, within Wrocław agglomeration, the developers' offer includes about 150 residential investments and among them, one may identify nine big, complex, multi-stage estates with comprehensive infrastructure that is about 6% of all investments.

4. Multi-functional products at Wrocław real estate market – case analysis

Projects referred to as “town-in-town” or “river city” are currently the most advanced investments and these are: Promenady Wrocławskie, Lokum da Vinci and Olimpia Port. These estates are characterised as examples of multi-functional real estate products (currently in construction) in Table 4.

Table 4. The concepts of three modern estates in Wrocław

Real estate development products	Designer, investment period	Investment's features	Functions – development multiproduct
1	2	3	4
Promenady Wrocławskie <i>Developer:</i> Vantage Development <i>Location:</i> Wrocław Śródmieście	<i>Designer:</i> international architectural and urbanistic atelier INVI managed by Guy Perry	<ul style="list-style-type: none"> • multifunctional “new” quarter in Wrocław • surface of 15 ha • located on the Oder (Śródmieście) • access to tram, bus and rail connections • proximity of main ways out of Wrocław toward Warszawa and Poznań as well as highway ringway 	Residential function: 2000 modern flats
			Trade and services: revitalised riverbank and promenade with restaurants and cafes
			Recreation: green areas located between buildings of the estate, proximity to the promenade situated along the Municipal Canal of the Oder; bike station of Wrocław City Bike
			Offices: <i>Promenady Business Park</i> , i.e. a complex of five office buildings (total office surface of 90 thousand m ²)
Lokum da Vinci <i>Developer:</i> Lokum Deweloper <i>Location:</i> Wrocław Fabryczna	<i>Designer:</i> Wrocław atelier Pietrucha&Mroziuk Projekt	<ul style="list-style-type: none"> • multi-functional complex (so-called mixed-use estate) • located in Western Wrocław (Gądów) • surface of 40 thousand m² • modern design similar to estates of great metropolises 	Residential function: 684 modern flats
			Trade and services: surface of 4 thousand m ² called <i>Pasaż da Vinci</i> , where cafes, boutiques and shops will be located
			Recreation: multiples green areas (town-garden); separated square as a centre of relax and social life (yard surrounded with a pergola with a fountain similar to Wrocław Pergola), playgrounds

Table 4 cont.

1	2	3	4
Olimpia Port	<i>Designer:</i> Archicom Wrocław	<ul style="list-style-type: none"> • cohesive, independent urbanity complex • the estate located on the Oder, at a river promenade and harbour • exceptional architecture ensuring that all flats have a view on the river • big, green terrace surface on the roofs, available only for inhabitants of the building 	Residential function: for 10.000 inhabitants, intimate, mostly three-storey buildings
<i>Developer:</i> Archicom			Trade and services: shopping passages with shops and service outlets situated along main streets and boulevards, Magellan public preschool at the estate
<i>Location:</i> Wrocław Psie Pole			Offices: diversified commercial surface which may be used as offices too (from 24 m ² to 189.6 m ²)
			Recreation: space including parks, squares, green belts with walking alleys and cycling facilities, marina for kayaks and boats, fitness and club
			Entertainment and culture: barges at the riverbank serve entertainment and cultural purposes

Source: Based on: [www 1; www 3; www 6].

The concepts of three modern estates in Wrocław, as presented in Table 4, reflect their multi-functionality. The dominating residential function is enriched with other functions located in the estates' public space, providing comfortable independence for inhabitants of "town-in-town" estates. Assuming that commercial surfaces (trade, services and offices) as well as recreation areas of the estates will be developed, according to the design, the value offered to customers-inhabitants will arise from complexity of the offer and level of implementation of its components.

Conclusions

Among the set of many factors, which affect consumer behaviour at the real estate market in Poland, social and cultural factors have become especially important. They have observable effect even on operations of real estate development companies situated in Wrocław agglomeration. The social atmosphere of Wrocław, which is a big business, education and culture centre drawing many tourists, has an impact of customers' attitudes and expectations, also at the residential estates market. Development companies are increasingly aware that the choice of a place to live is a piece of information about the consumer and his/her values, reflecting the material status and preferred lifestyle. The selected location indicates the consumer's attitude to the nature, family and community.

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