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# **Information on home prices and the situation in the housing and commercial real estate market in Poland in 2017 Q3**

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## The analysis of the situation in the property market in Poland in 2017 Q3<sup>1</sup> leads to the following conclusions:

- **Heightened activity in the housing market continues with persistently high levels of real estate demand and supply in the largest markets. This activity has not generated excessive tensions in the property market so far,** yet the growing mismatch between housing supply and high housing demand was accompanied by modest price increases. Transactions continued to be financed by a significant share of buyers' own funds, yet lending increased noticeably.
- **The average offer and transaction prices per square metre of housing in the primary and secondary markets increased in the analysed period.** The observed price hikes in the primary market were due to the fact that a larger number of better quality dwellings in better locations were put on the market and sold (rental housing located in city centres accounted for a large proportion of these). The price trends observed in the secondary market were similar to those in the primary market. Prices calculated with the use of the hedonic index<sup>2</sup> increased slightly in 6M (2.5% y/y and 6.2% q/q respectively), which means an actual rise in prices per square metre of similar type of housing compared to the previous year. In all the analysed groups of cities (Warsaw, 6M, 10M) prices in the primary market were higher than in the secondary market, with the difference between average transaction and average offer prices declining. Average rents (both offer and transaction rents) per square metre of housing increased in the analysed quarter, which resulted from a higher share of dwellings in a good location, with a better structure and quality, and also higher demand for such dwellings.
- **The index of the estimated availability of housing in large cities fell slightly in the analysed quarter to 0.84 square metres,** but was still 0.35 square metres higher than the record low observed in 2007 Q3 (as a result of an increase in home prices). The index of the estimated maximum availability of a housing loan<sup>3</sup> to average households in Warsaw and in 6M remained almost stable. The index of loan-financed availability of housing in Warsaw and 6M declined slightly.

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<sup>1</sup> The analysis carried out in the present Report is based on data available till 2017 Q3. On account of delays in access to data, some figures include data until 2017 Q2 (inclusive). Data series with average prices per square metre of housing, commercial rents and transaction prices per square metre of office space reflect the available pool of data and may be subject to revision according to the new incoming data. These series are being constantly updated so as to reflect the full pool of data available at any given moment. Historic data are also subject to change due to revision of data for errors. Such an approach is used by other central banks and statistical offices.

<sup>2</sup> The hedonic index of home prices is adjusted for differences in various attributes of dwellings (e.g. location, usable area, standard of finishing) sold in particular periods. The hedonic index is calculated with the use of the imputation method. A hedonic price is an average transaction price from the base period multiplied by the hedonic index. More information in the article by M. Widłak (2010) "Metody wyznaczania hedonicznych indeksów cen jako sposób kontroli zmian jakości dóbr" ["Methods of computing hedonic price indices as the way to control changes in goods quality"], *Wiadomości Statystyczne* no. 9.

<sup>3</sup> The maximum housing loan available in a particular market is a measure expressed in PLN thousand, taking into account banks' lending requirements and loan parameters (i.e. interest rate, amortization period of 25 years, minimum wage understood as the minimum income after the repayment of loan instalments). The assessment does not take into consideration changes in banks' lending policy, including lending terms and criteria.

- **Housing investment** (excluding transaction costs) **continued to be profitable in the short term.** Assuming the average rent possible to be negotiated in the Warsaw market and in the market of 6M, the profitability of housing investment was higher than the interest on banking deposits and yields on 10-year government bonds, and was close to the return likely to be achieved in the commercial property market. The relation of the housing debt servicing costs to rent still enables to finance the cost of credit with income from rent.
- **The value of newly granted loans<sup>4</sup> in PLN** (excluding renegotiated agreements) in the analysed quarter **stood at<sup>5</sup>** approx. PLN 11.8 billion, i.e. 2.8% lower as compared with figures from the previous quarter and 22.4% higher as compared with 2016 Q3 figures. The results of the NBP survey concerning the situation in the credit market<sup>6</sup> indicate that the surveyed banks slightly tightened their criteria of granting housing loans. At the same time, banks cut non-interest credit costs and eased the conditions not examined in the survey, i.e. concerning liberalization as regards documentation needed in the credit granting procedure. In 2017 Q4 individual banks envisage an increase in demand for credit and announce there will be no changes in the lending policy. The quality of housing loans in PLN continues to be high, and the share of impaired loans in PLN remained at approx. 2.5% at the end of 2017 Q3.
- **Since 2012 the share of FX denominated loans<sup>7</sup> has been on a steady decline in the structure of housing loans in banks, which is favourable for financial and macroeconomic stability.** The decreasing share of FX loans is due to the fact that banks ceased to grant such loans to persons not being in receipt of a regular income in the given currency, as well as due to systemic amortization, earlier repayments, and refinancing those loans with PLN denominated loans. The quality of FX housing loans is still high – the share of impaired loans increased slightly and stood at approx. 3.4% at the end of 2017 Q3.
- **The estimated profitability of housing investment projects was high and increased slightly.** This was related to high demand for housing, the growing share of buyers' advance payments, the accumulation of the stock of land for the construction of new housing projects<sup>8</sup>, and the ratio of home prices to building materials and construction costs, which so far favours real estate developers. Financial data of real estate developers usually indicate low profitability of their opera-

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<sup>4</sup> Data concerning new loans prepared by NBP are available on the NBP internet site: [http://www.nbp.pl/home.aspx?f=/statystyka/pieniezna\\_i\\_bankowa/oprocentowanie\\_n.html](http://www.nbp.pl/home.aspx?f=/statystyka/pieniezna_i_bankowa/oprocentowanie_n.html), in the "4 OPN2PLN" tab. It should be remembered that a housing loan frequently complements the financing of housing (part of financing comes from the sale of another property).

<sup>5</sup> According to BIK data, in 2017 Q3 there was a 5.2% increase in the number of housing loans (y/y) extended by banks and their total value increased by 11.7%.

<sup>6</sup> "Situation in the credit market - results of the senior loan officer opinion survey in 2017 Q4", NBP, October 2017.

<sup>7</sup> The share of FX denominated loans in the structure of housing loans extended by banks until the end of 2017 Q3 stood at approx. 36 % as compared to 71% recorded in 2009 Q1.

<sup>8</sup> The pool of land owned by real estate developers must be replenished constantly due to high production and sales. The Act of 14 April 2016 on the suspension of the sale of Agricultural Property owned by the State Treasury and on the amendment of certain acts (Journal of Laws 2016, item 585, as amended) may hamper this process. Soon, real estate developers will be building on lands which has been defined as intended for housing construction in local area development plans, which may impact both costs and prices.

tions, a claim not corroborated by the analysis carried out on average investment projects in the largest markets. It points to a very high level of estimated profitability of developer projects in housing construction as compared to other branches of industry. The estimate results are confirmed by the high number of newly commenced and finalised investment projects and the purchase of rental housing by professional external investors.<sup>9</sup> According to Coface experts, the three quarters of 2017 saw an increasing number of bankruptcies in the construction industry.<sup>10</sup>

- **The pool of unsold housing in Poland's six largest markets**<sup>11</sup> increased slightly again in the analysed quarter and stood at 50.8 thousand. At the same time, the number of dwellings whose construction had been launched<sup>12</sup> increased, which indicates that real estate developers try to match the size of production to demand. The home selling time in the primary market<sup>13</sup> in 6M decreased to less than 2.8 quarters in the analysed period.<sup>14</sup> The number of homes under construction and the number of projects under construction weighted by sales volume as well as the number of completed dwellings put up for sale decreased, which is likely to pose a risk to price growth.
- **2017 Q3 saw an increase in the number of new home building permits, including those in existing projects.** The estimated high margins on developers' profits as well as rates of return on housing projects and high demand contributed to the increase in the number of issued home building permits<sup>15</sup> and the number of dwellings ready for occupancy<sup>16</sup>. High home sales make it necessary to replenish land banks. High demand in this market contributed to a considerable rise in the prices of land for developer construction – particularly in city districts with good transport links, with well-developed urban infrastructure and retail and service facilities.
- **In the housing market, there is a growing mismatch between housing supply and high demand for housing.** A drop in the share of finished flats in the offer on the market and a decline in production in progress (adjusted by current sales) was observed. Also, the structure of dwellings offered deviates from buyers' preferences (too many large dwellings in relation to the demand for

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<sup>9</sup> For example, a big foreign real estate fund which bought the second housing project in Poland. Buildings bought in Warsaw and Krakow serve as rental housing.

<sup>10</sup> In 2016 a new restructuring law was introduced. At present, the restructuring procedure applies both to insolvent companies and to companies threatened with insolvency. According to Coface experts, the increase in the number of bankruptcies among construction companies in the three quarters of 2017 was driven by such factors as growing costs of materials, shortage of qualified workers, the markedly delayed recovery in investment and the introduction of the VAT reverse charge on construction services. Many companies may find it difficult to meet increased demand for construction services due to the shortage of labour. Being forced to wait for VAT refund, many companies faced problems with the timely payment of their liabilities. In the second half of 2017 the situation stabilised somewhat and the impact of changes in the bankruptcy law should be much smaller on bankruptcy statistics.

<sup>11</sup> According to the REAS report entitled "The housing market in Poland in 2017 Q3".

<sup>12</sup> According to GUS data, in 2017 Q3 in Poland the construction of 54.8 thousand homes was started, i.e. approx. 8 thousand more in comparison with 2016 Q3 and approx. 7 thousand less compared to the previous quarters.

<sup>13</sup> The index of home selling time in the primary market calculated by REAS is the ratio of the number of homes on offer at the end of a quarter to the average sales from the previous year.

<sup>14</sup> Similarly to the primary market, also the secondary market saw the home selling time get shorter.

<sup>15</sup> According to GUS data, 59.8 thousand home building permits were issued in 2017 Q3, i.e. approx. 3.6 thousand more than in 2016 Q3, yet approx. 10.6 thousand less than in the previous quarter.

<sup>16</sup> According to GUS data, in 2017 Q3 a total of 45.6 thousand homes were completed and made ready for occupancy, which is approx. 7 thousand more compared to 2016 Q3 and approx. 7.7 thousand more than in the previous period.

them). There are also signs of changes in terms of production factors, such as increases in estimated prices of construction sites for multi-family housing and emerging problems with the availability of labourers for construction companies and the shortage of building materials. This is confirmed by the results of a survey addressed to housing developers (Annex No. 1). Maintaining flexible supply with such a high demand is the main challenge of the current market situation and the condition of maintaining stable prices. Despite the increase in sales volume, the production of dwellings in progress is not growing proportionally, and the number of dwellings completed in the developer offer is declining, as is the home selling time. As a consequence, the position of the home buyer is weakening, which is reflected in increasing deviation of the structure of the offered dwellings in relation to demand and the decreasing difference between offer and transaction prices in both markets.

- **Under the gradually phased out MDM government-subsidized scheme, since 2014 a total of approx. PLN 2.1 billion worth of subsidies have been paid to 81,771 borrowers.**<sup>17</sup> On 8 August 2017, BGK started to accept applications for the pool of housing subsidies unused in 2017.<sup>18</sup> As the offer enjoyed exceptional interest, BGK had to stop accepting applications on the very next day. In January 2018 the bank will start to accept the last applications for subsidies under the MDM government-subsidized scheme. Buyers' considerable interest in the disbursement of subsidies in 2016 may be attributed to the scheduled discontinuation of the scheme after 2018. Given the strong demand, the government's withdrawal of fiscal stimulus provided to this market may be considered a positive phenomenon. In 2017 Q4 numerous changes in prices per square metre of dwelling eligible under the MDM scheme<sup>19</sup> were noted. However, as the funds available for subsidies in 2017 have been exhausted, this should not affect the housing market.
- In 2017 several initiatives were launched as part of the National Housing Programme<sup>20</sup>, adopted by the government in September 2016 (see Table no. 1).

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<sup>17</sup> According to the post-audit conclusions of the Supreme Audit Office, the majority of beneficiaries of the MDM housing scheme throughout its implementation period were childless households (77% before the amendment and 72% after the amendment).

<sup>18</sup> In accordance with the Act of 7 July 2017 (Journal of Laws item 1413), as not all the funds available under the current disbursement limit were used (95% of the value of submitted applications), the principle of accepting 100% of applications was introduced.

<sup>19</sup> Identification in the NBP database of transactions concluded in the period 2016 Q4 – 2017 Q3 involving housing whose area and price meet the conditions of the "Housing for Young" scheme, taking into account the breakdown into the primary and secondary market, made it possible to determine eligibility under the programme in 16M. The largest number of transactions in the primary market meeting the conditions of the programme in the discussed quarter were recorded in Zielona Góra and Kielce, while the largest number of transactions in the secondary market were recorded in Kielce, Zielona Góra and Katowice. The lowest availability of housing in the primary market in Poland was recorded in Łódź and Warsaw, and in the secondary market in Warsaw and Kraków

<sup>20</sup> On 27 September 2016, the Council of Ministers approved resolution No. 115/2016 on the adoption of the National Housing Programme. The main objective of the National Housing Programme is to make housing more accessible to low- and middle-income earning persons and to improve the technical condition of the housing stock while, at the same time, increasing its energy efficiency. A more detailed description of the assumptions of the National Housing Programme is provided in the Information on home prices and the situation in the housing and commercial real estate market in Poland in 2016 Q3 (NBP, December 2016).

**Table 1 Government's initiatives concerning housing real estate**

Programme	Legal basis	Commencement of the programme	Expected expenditure	Expected effects	Current effects
<b>National Housing Programme</b>					
1) Housing Plus Scheme					
1.1) Programme supporting social housing, sheltered housing, shelters and homes for the homeless	Journal of Laws of 2015, item 833 as amended	2007	6 210 million PLN in 2018-2025		1 382 projects were deemed eligible for financing under the scheme (the total value of projects exceeding PLN 2.8 billion) for the creation of 23 thousand night shelters
1.2) Programme supporting the construction of municipal housing	Journal of Laws of 10.09.2015, item 1582	2016	4.5 billion PLN during 10 years	30 thousand dwellings during 10 years	Until now, under the programme: - 150 applications have been submitted for the total amount of PLN 832 million for the construction of 6872 dwellings - 44 loan agreements have been signed for the total amount of PLN 197 million destined to finance 1821 dwellings
1.3) Housing Plus – funding from BGK Real Estate	Resolution of the Council of Ministers no. 115/2016 of 27 September 2016				1.2 thousand dwellings under construction, 10 thousand being prepared for construction (under investment contracts)
2) Individual Housing Accounts		Programme in preparation	Premium payouts in the amount of 4.41 billion PLN in 2021-2025		
<b>Other scheme (outside the National Housing Programme)</b>					
Housing for the Young	Journal of Laws of 27.09.2013, item 1184 as amended	2014	3.45 billion PLN in 2014-2018		On a cumulative basis since 01.01.2014, the total of approx. 82 thousand beneficiaries benefited from the programme; subsidies amounted to 2.1 billion PLN, including 0.7 billion PLN for the secondary market housing
Borrowers' Support Fund	Journal of Laws of 09.10.2015, item 1925	19.02.2016	593.8 million PLN		On a cumulative basis since 19.02.2016, the total of 705 subsidy agreements were concluded for the amount of 15.7 million PLN and subsidies in the amount of 8.7 million PLN were paid
Rental Housing Fund	Own initiative of BGK	2014			Contracts for the construction of 3.3 thousand dwellings were signed. 1647 dwellings were made available for sale on a commercial basis

- The project concerning **Individual Housing Accounts (IKM)**<sup>21</sup> is pending a decision to be qualified to the Council of Minister's legislative works.
- In accordance with the announcement of Deputy Minister of Family, Labour and Social Policy, **a pilot programme of subsidies to sheltered housing** (used by the elderly and the disabled) **run by the local governments was supposed to be launched in mid-2017**. A total of PLN 20 million was allocated for this purpose. It has not been decided yet in which cities the programme will be launched.
- **The commercial real estate market continued to see growing imbalance resulting from oversupply of rental space as compared to fairly stable demand**. This concerned in particular the rental of office space and retail and service premises. The continued high availability of foreign financing contributed to the rapid growth in fixed assets. This can be largely attributed to low interest rates in developed

<sup>21</sup> In accordance with the information published on the website of the National Housing Programme, in the years 2021-2025 the government plans to set aside PLN 4.41 billion for the disbursement of bonuses to Individual Housing Accounts.

countries, and thus low opportunity cost. The value of transactions in 2017 Q3 exceeded EUR 700 million; from the beginning of the year investment transactions totaled EUR 2.35 billion. Half of the transactions were commercial space investments and 30% office space investments.<sup>22</sup>

- The level of corporate loans for real estate investment amounts to PLN 53 billion; these loans comprised loans granted to real estate developers, for office space and other real estate. The level of debt of real estate developers and debt resulting from loans for office space was stable, whereas the level of loans for other real estate increased by over PLN 2 billion as compared to 2017 Q2. The quality of loans to developers has improved somewhat, and the high rate of impaired loans (20%) is mainly due to the fact that banks' loan portfolios include loans from previous years.<sup>23</sup> The share of impaired loans in the total loans for office real estate has been on the rise since the beginning of 2017 and now stands at 8.6%. On the other hand, the share of impaired loans in the total loans for other real estate has been slightly diminishing and stands at 8.5%.
- Rents for A class office space in Warsaw, quoted in EUR per square metre per month, declined slightly. On the other hand, rents in class B office buildings in the largest markets are on a steady downward trend, whereas those in smaller markets have increased somewhat. As a result of intensified activity of lessees, the vacancy rates in the whole of Warsaw dropped by 1 p.p. to reach 12.9% at the end of 2017 Q3.<sup>24</sup> This level may still be considered elevated.
- Rents for retail space in shopping centres across the country show a slight downward trend. On the other hand, in large cities rents for retail space of 100-500 square metres in shopping centres located in economically important parts of cities remain stable. As regards the sale of small retail and commercial real estate, the median of the offer price all over Poland shows a slight upward trend.

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<sup>22</sup> The above investments concern the sale of the whole company which leases a building and generates profits on it. Such transactions take place between: 1/ a real estate developer who commercialized the real estate and sells it to an investor or 2/ two investors. Yet, it should be emphasized that these data do not make it possible to draw conclusions on foreign investors' share in commercial real estate in Poland. There is a large stock of real estate built by the owner for their own purposes, sometimes even decades ago. Also, some domestic investors establish a real estate development company which builds for them rental real estate and then manages it. The above economic developments are not recorded in commercial investment statistics.

<sup>23</sup> See Financial Stability Report, NBP, July 2017.

<sup>24</sup> See Raport Colliers International: Market Insights, 2017 Q3, Poland.



The figures below describe the key developments in the housing market in Poland's major cities in 2017 Q3. Charts and figures present:

- 1) home prices (Figures 1–14),
- 2) availability of loan-financed housing, loan availability, profitability of housing investment (Figures 15–20),
- 3) mortgage loan disbursements and interest rates (Figures 21–28),
- 4) operating profitability of housing and real estate development projects, costs of construction and assembly output and economic situation of real estate developers in Poland (Figures 29–46),
- 5) housing construction and the residential market in selected cities in Poland (Figures 47–60),
- 6) housing policy (Figures 61–72),
- 7) commercial real estate (Figures 73–77).

The analysis of housing prices (offer, transaction and hedonic) in the primary and secondary markets as well as housing rents relies on the data acquired from the housing market survey of the Real Estate Market Database (BaRN).<sup>25</sup> On the other hand, as part of the survey of the commercial real estate market, the Commercial Real Estate Market Database (BaNK) data on rent, offer prices and transaction prices of commercial real estate are collected and analysed.

In addition, data from PONT Info Nieruchomości, AMRON and SARFIN, Polish Banks' Association and Comparables.pl were used in the analyses. The authors drew on the reports issued by REAS, the Polish Financial Supervision Authority (KNF) as well as aggregate credit data released by the Credit Information Bureau (BIK). The statistical data published by the Central Statistical Office (GUS) and analyses including sectorial data have been used in the structural analysis.

Since 2017 Q3, the quarterly report on the real estate market has been adjusted to data availability, which means that contents in particular quarters may differ. In Q1 and Q3 the report will contain a more extensive description of the commercial real estate market, whereas in Q2 and Q4 the real estate development sector and prices of land for multi-family construction will be described in more detail.

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<sup>25</sup> The survey of prices of housing and commercial real estate in selected cities of Poland in 2016 Q1 was announced in the Decree of the Council of Ministers of 27 August 2014 concerning the Programme of statistical research of public statistics for 2015 (Journal of Laws of 2014, item 1330, number 1.26.09(073)). The obligation to submit statistical data results from Article 30 item 3 of the Act of 29 June 1995 on public statistics (Journal of Laws of 2012 item 591) and from the Decree of the Council of Ministers referred to above. The reporting forms for 2017 were announced in the Decree of the Prime Minister of 14 March 2017 on reporting forms, completion instructions and statistical questionnaires and questionnaire forms used in surveys of public statistics for 2017 (Journal of Laws of 2017 item 837). Since the survey is carried out by NBP, the Bank publishes the surveys on its website. In listings concerning 2017 Q3, approx. 115.8 thousand records were collected, including approx. 24.2% of records concerning transactions and 75.8% of records concerning offers. Altogether approx. 2.6 million records were collected in the base, including 21.3% of records concerning transactions and 78.7% of records concerning offers.

### List of abbreviations

<b>5M</b>	5 biggest cities: Gdańsk, Kraków, Łódź, Poznań, Wrocław
<b>6M</b>	6 biggest cities: Gdańsk, Gdynia, Kraków, Łódź, Poznań, Wrocław
<b>7M</b>	7 biggest cities: Gdańsk, Gdynia, Kraków, Łódź, Poznań, Warsaw, Wrocław
<b>10M</b>	10 big cities: Białystok, Bydgoszcz, Katowice, Kielce, Lublin, Olsztyn, Opole, Rzeszów, Szczecin, Zielona Góra
<b>BaNK</b>	Commercial Real Estate Market Database
<b>BaRN</b>	Real Estate Market Database
<b>BIK</b>	Credit Information Bureau
<b>CPI</b>	Consumer Price Index
<b>DFD</b>	Large real estate development company
<b>GD</b>	Households
<b>GUS</b>	Central Statistical Office
<b>IRR</b>	Internal Rate of Return
<b>EURIBOR</b>	Euro Interbank Offer Rate
<b>FMW</b>	Rental Housing Fund
<b>KNF</b>	Polish Financial Supervision Authority
<b>KRS</b>	National Court Register
<b>LIBOR</b>	London Interbank Offered Rate
<b>LTV</b>	Loan-to-Value ratio
<b>MDM</b>	Government-subsidized housing scheme Mieszkanie dla Młodych [Housing for the Young]
<b>IFRS</b>	International Financial Reporting Standards
<b>NBP</b>	Narodowy Bank Polski
<b>PONT</b>	PONT Info Nieruchomości
<b>REAS</b>	Real Estate Advisory System
<b>RNS</b>	Government-subsidized housing scheme Rodzina na Swoim [Family on their own]
<b>RP</b>	Primary housing market
<b>PAS</b>	Polish Accounting Standards
<b>RW</b>	Secondary housing market (Existing housing stock market)
<b>ROE</b>	Return on Equity
<b>WIBOR</b>	Reference interest rate of loans in the Warsaw Interbank Offered Rate
<b>WIG20</b>	Index including top 20 companies listed on the Warsaw Stock Exchange with the highest value of publicly traded shares
<b>ZBP</b>	Polish Bank Association
<b>ZKPK</b>	Accumulated index of changes in banks' credit policy criteria

1. Transaction, hedonic, and offer prices of housing, the primary market (PM), and the secondary market (SM)

Figure 1 Transaction prices per square metre of housing in 7M- PM (PLN/sq. m)

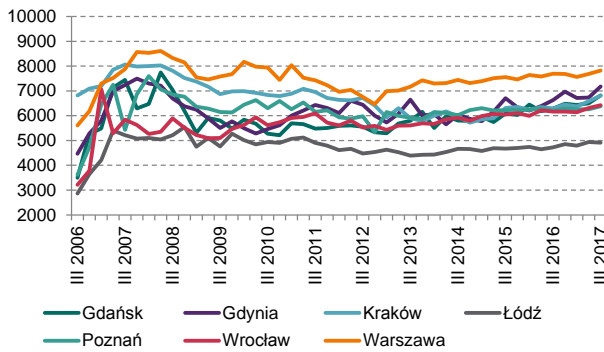
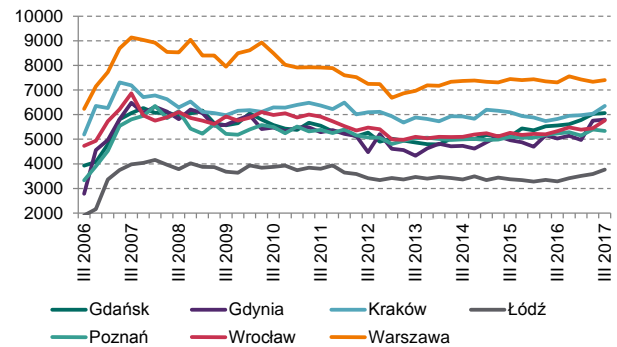


Figure 2 Transaction prices per square metre of housing in 7M - SM (PLN/sq. m)



Note: the home price database of NBP (BaRN) has existed since 2006 Q3; a description of the database can be found in the report "Information on home prices and the situation in the residential and commercial real estate market in Poland in 2016" available on the bank's website.

Source: NBP.

Figure 3 Weighted average price per square metre of housing, offers and transactions - PM (PLN/sq. m)

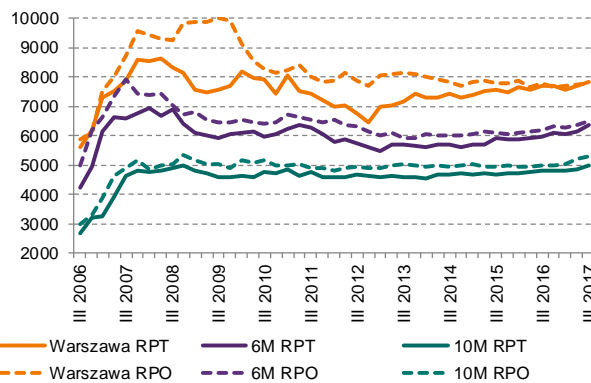
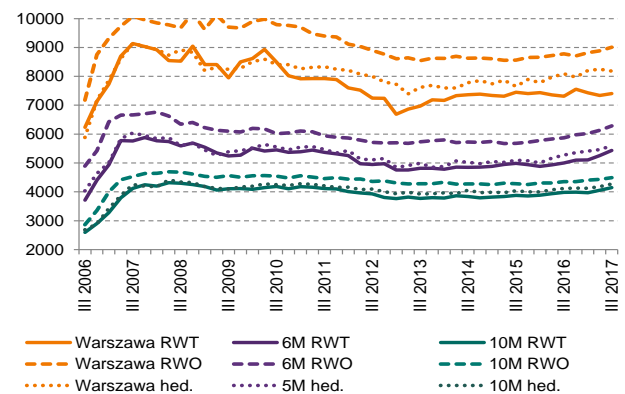


Figure 4 Weighted average price per square metre of housing, offers, trans and hedonic - SM (PLN/sq. m)



Note to Figures 3-14: the price weighted with the share of housing in the market stock, the average price for Warsaw.

Source: NBP.

Source: NBP.

Figure 5 Ratio of the average weighted transaction price per square metre of housing - PM to SM

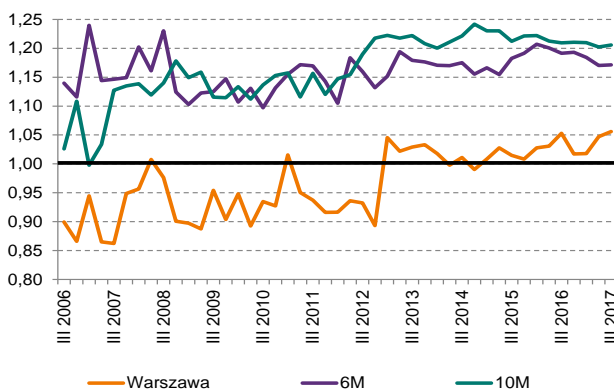
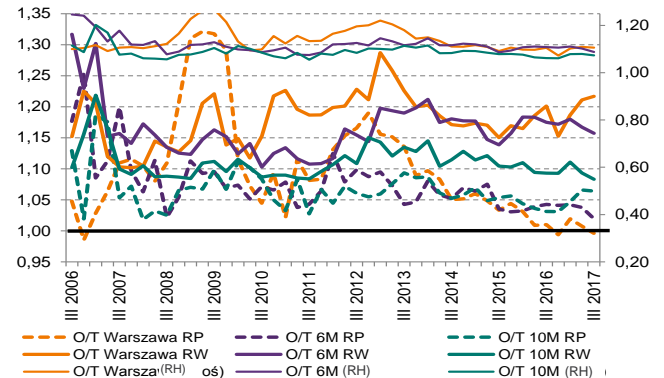


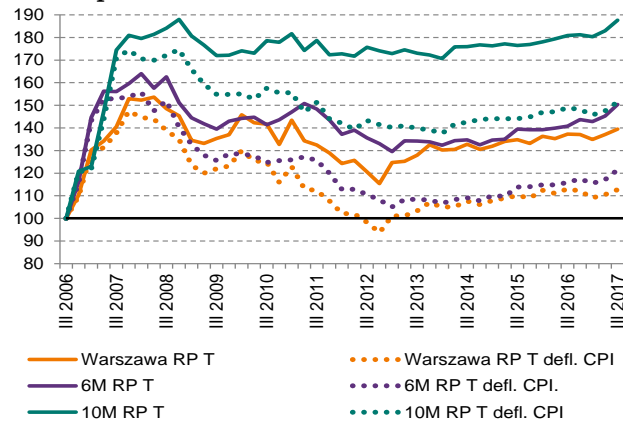
Figure 6 Ratio of the average weighted offer price to transaction price per square metre of housing - PM and SM



Source: NBP.

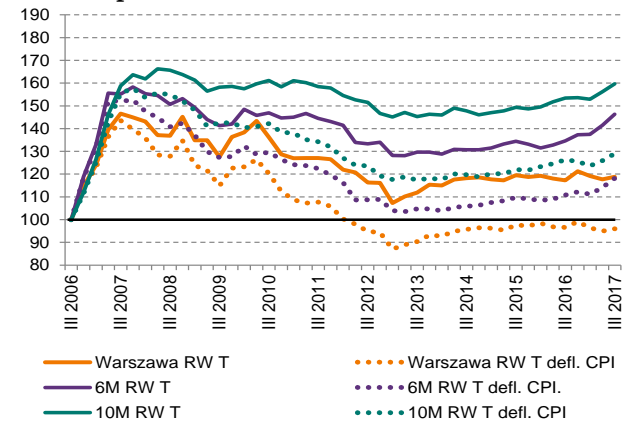
Source: NBP.

**Figure 7 Index of the average weighted transaction price per square metre of housing in the PM to CPI-deflated price (2006 Q3 = 100)**



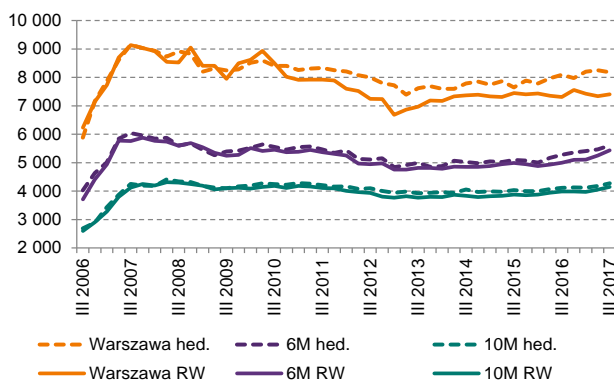
Source: NBP, ZBP (AMRON), GUS.

**Figure 8 Weighted average weighted and real price per square metre of housing in the SM to CPI-deflated price (2006 Q3 = 100)**



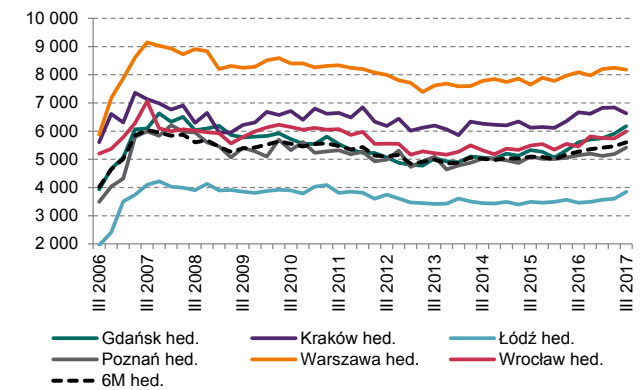
Source: NBP, ZBP (AMRON), GUS.

**Figure 9 Weighted average price per square metre of housing in SM and price adjusted by the hedonic index**



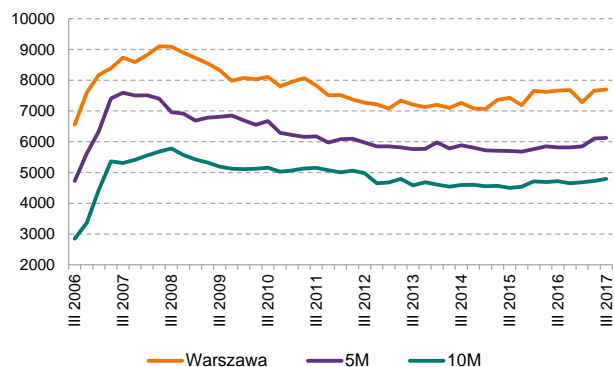
Source: NBP.

**Figure 10 Weighted average price per square metre of housing in SM, adjusted by the hedonic index (in 6M)**



Source: NBP.

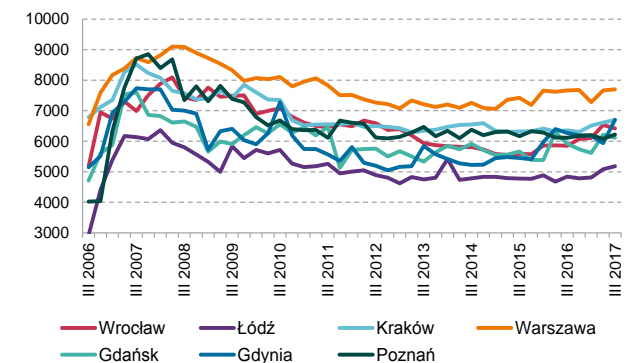
**Figure 11 Average offer prices per square metre of housing – PM (selected markets)**



Note to Figures 11-12: prices are collected from all available sources.

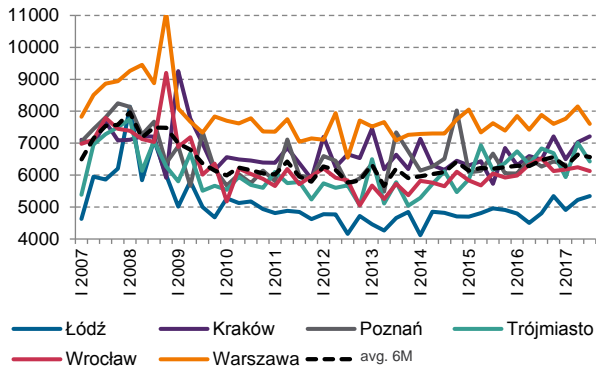
Source: PONT Info Nieruchomości.

**Figure 12 Average offer prices per square metre of housing – PM (Warsaw and 6M)**



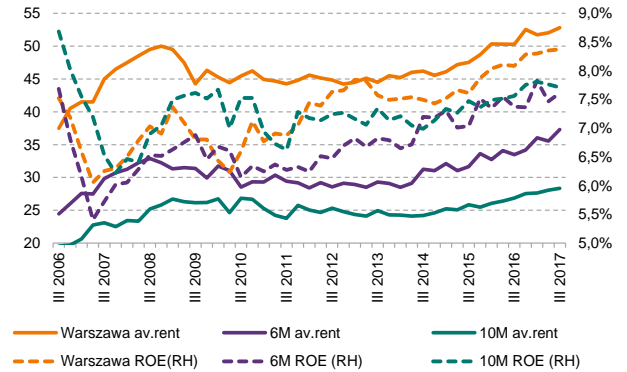
Source: PONT Info Nieruchomości.

**Figure 13 Average offer prices per square metre of housing, new housing contracts – PM (selected markets), (PLN/sq.m)**



Note: prices refer only to new contracts put on the market for the first time.  
Source: REAS.

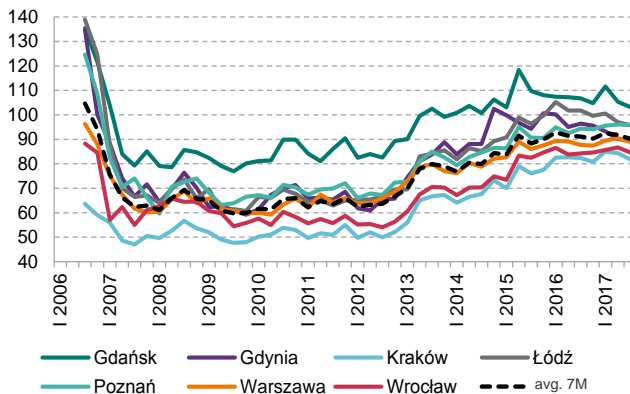
**Figure 14 Average rent rates (offer and transaction) per square metre of housing in SM (left-hand scale) and estimated profitab. in rental housing (right-hand scale) in selected cities (PLN/sq. m)**



Note: the analysis does not take into account the high transaction costs in the housing market and the potentially long time needed to exit from such an investment.  
Source: NBP.

## 2. Availability of loan-financed housing, loan availability, profitability of investment in housing

**Figure 15 Estimated availability of loan-financed housing (7M)**



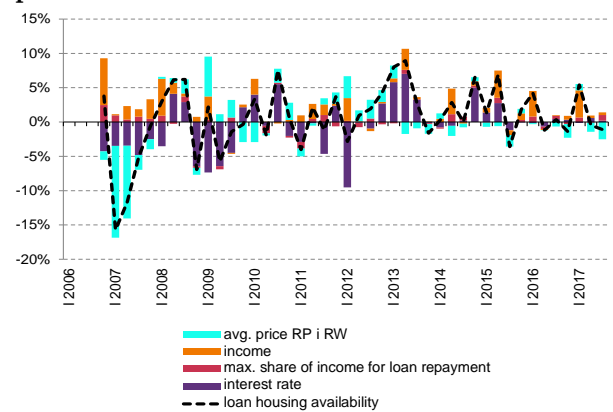
**Available housing loan** – a measure (expressed in PLN thousand) specifying the potential maximum housing loan in a particular market, taking into account banks' lending requirements and loan parameters (i.e. interest rate, depreciation period, minimum wage as the minimum income after payment of loan instalments).

**Availability of loan-financed housing** – a measure specifying how many square metres of housing may be purchased with a mortgage loan obtained based on the average monthly wage in the enterprises sector in a particular market (GUS), in view of the bank's lending requirements and loan parameters (interest rate, depreciation period, social minimum understood as the minimum income after payment of loan instalments) at an average transaction price of housing (40% in the PM and 60% in the SM) in a particular market (BaRN). The pace of changes of the index and differences between particular markets provide important information.

**ZKPK Index** – accumulated index of changes in banks' lending policy criteria; positive values mean easing, and negative values tightening of lending policy as compared to the initial period, i.e. 2003 Q4. Computing methods are described in the *Financial stability report, December 2012, NBP*.

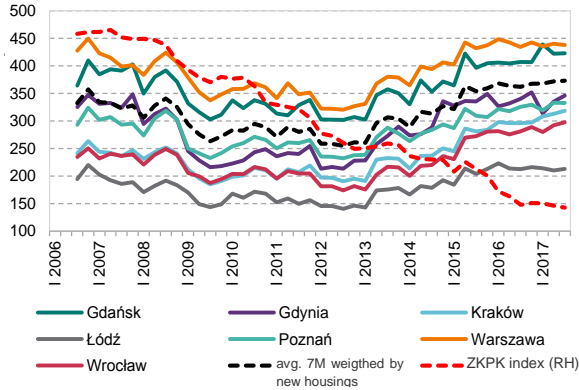
Source: NBP, GUS.

**Figure 16 Quarterly changes (in %) in the estimated availability of loan-financed housing in 7M and the force and direction of the impact of particular components**



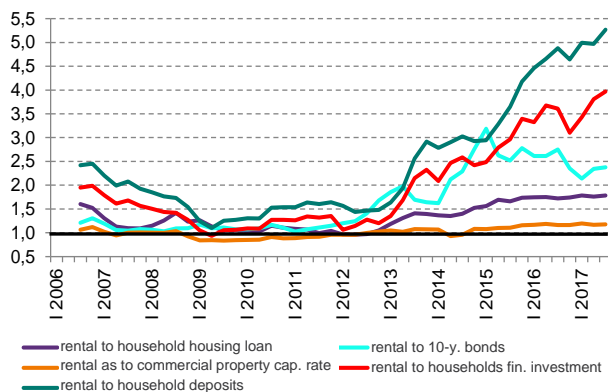
Source: NBP, GUS.

**Figure 17** Estimates of available weighted mortgage loans and accumulated index of changes in banks' housing loan policy (ZKPK, right-hand scale)



Source: NBP, GUS.

**Figure 19** Profitability of home rental (average in 7M) as compared with alternative GD investments

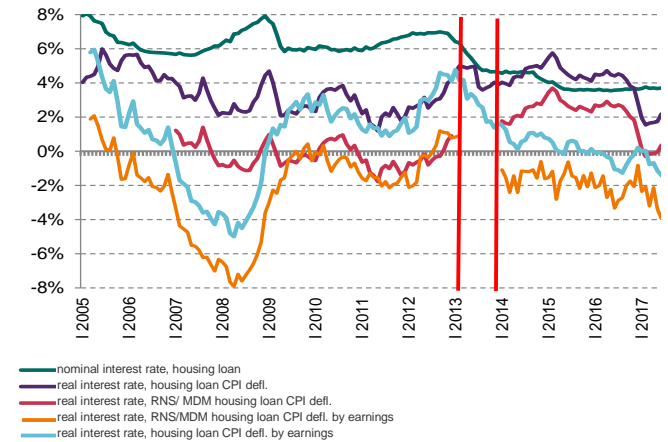


Note to Figure 19: a value exceeding than 1 means higher profitability of investing in housing for rent to third parties than investing capital in iother investments. This analysis does not take into account the high transaction costs in the housing market and the potentially long payback periods.

Note to Figure 20: total estimated demand consists of consumer demand – 60%, investment demand – 30%, and speculative investor's profit – 10%; the weights were estimate by experts; the index presents the moving average of two consecutive quarters.

Source: NBP, GUS.

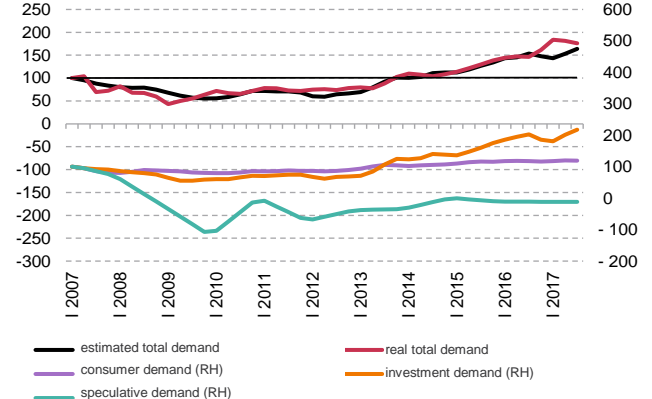
**Figure 18** Profitability of housing loans for the consumer deflated with CPI or wage growth in the enterprise sector



Note: values below 0 denote a negative real interest rate for the borrower; the red lines separate the one-year period where there were no government subsidised housing programmes, i.e. the RNS scheme (operating between 2007-2012) and the MDM scheme (operating between 2014- 2018).

Source: NBP, GUS, BGK.

**Figure 20** Estimated demand for housing in PM (average in 7M) and its components

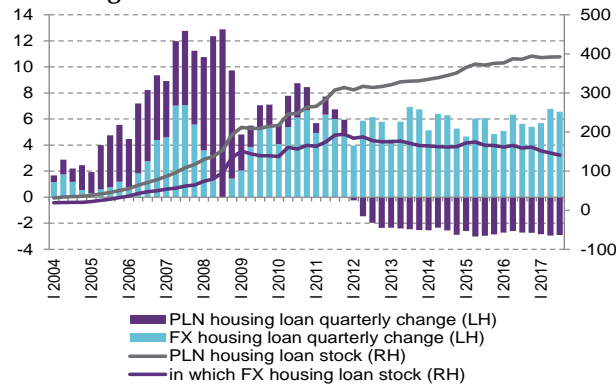


Source: NBP, GUS.



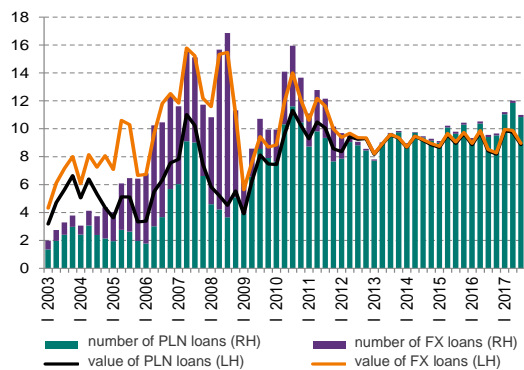
### 3. Disbursement of housing loans, interest rates

**Figure 21 Balance and quarter-on-quarter changes in housing loan receivables from GD after adjustments and currency structure of quarter-on-quarter increases in housing loan receivables (PLN billion)**



Source: NBP.

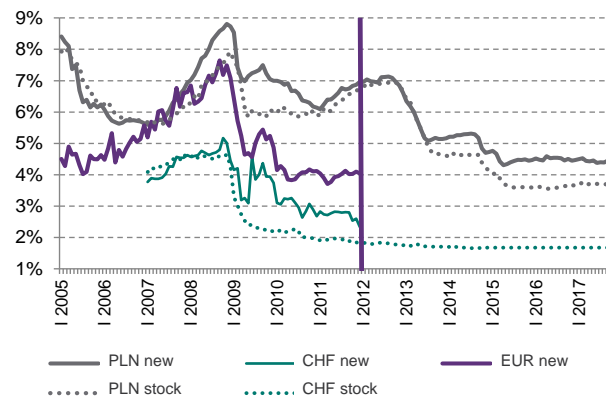
**Figure 23 New housing loans: value and number**



Note to Figures 23 and 24: the data inform about signed residential mortgage loan contracts and not the actual disbursement of residential mortgage loans. The third quarters are marked by red points.

Source: ZBP, prepared by NBP.

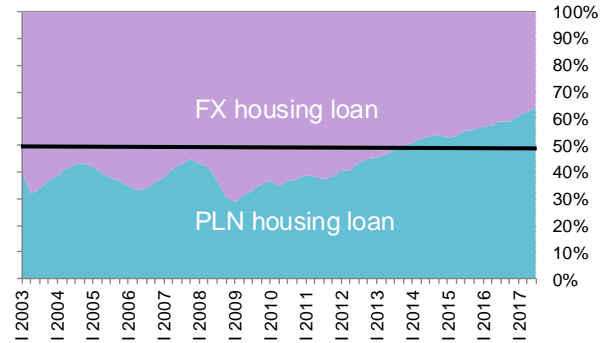
**Figure 25 Interest rates on housing loans for households in Poland**



Note: Foreign currency loans practically ceased to be granted in 2012

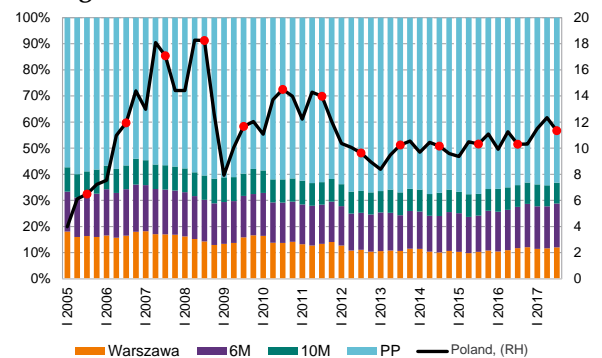
Source: NBP.

**Figure 22 Currency structure of housing loan receivables from GD resulting from residential housing loans (%)**



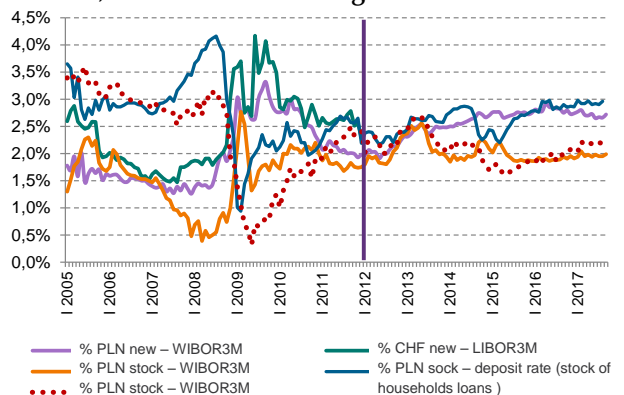
Source: NBP.

**Figure 24 Territorial structure of the value of new housing loan contracts in Poland**



Source: BIK.

**Figure 26 Bank margins (for WIBOR, LIBOR, EURIBOR 3M) in the case of housing loans**



Note: the bank margin is the difference between the housing loan rate (according to NBP data) and the WIBOR3M or LIBORCHF3M rate. Source: NBP.

**Tabela 2 Estimated gross mortgage loan disbursements to households in Poland and estimated value of cash and loan-financed purchases of developer housing in 7M (in PLN million)**

Date	Estimated value of mortgage loans in Poland	Estimated value of housing transactions in the PM in 7M	Estimated value of disbursed housing loans with client's down-payment for home purchase in the PM in 7M	Estimated value of cash home purchases in the PM in 7M	Estimated share of cash home purchases in the PM in 7M
I 2013	6295	2705	1121	1584	59%
II 2013	7867	3047	1428	1620	53%
III 2013	9140	3599	1690	1908	53%
IV 2013	9084	4095	1773	2321	57%
I 2014	7571	3870	1478	2392	62%
II 2014	8899	3673	1737	1936	53%
III 2014	8894	3709	1736	1973	53%
IV 2014	8416	3953	1643	2310	58%
I 2015	8996	3980	1756	2224	56%
II 2015	10640	4437	2077	2360	53%
III 2015	10341	4713	2019	2694	57%
IV 2015	11237	5115	2194	2921	57%
I 2016	9742	5095	1902	3193	63%
II 2016	11661	5359	2276	3083	58%
III 2016	9632	5171	1880	3291	64%
IV 2016	9933	6555	1939	4616	70%
I 2017	10945	6675	2137	4539	68%
II 2017	12139	6412	2370	4043	63%
III 2017	11794	6556	2302	4254	65%

Note: The estimates are based on the following assumptions:

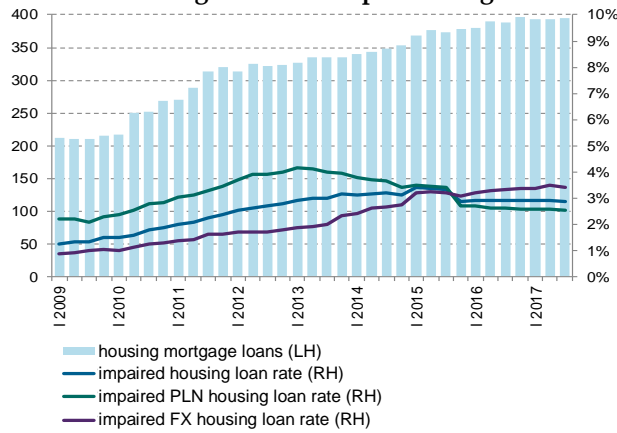
In the period April 2012 – April 2014, the estimated value of newly granted loans in Poland in particular quarters was based on increases in the volume of loans to households adjusted for loan amortization and flows between the foreign currency loan portfolio and the zloty loan portfolio, available in the NBP reporting. The entire banking system was taken into account, including SKOK credit unions. Since 2015 Q1, the value of disbursements has been estimated based on data collected from banks.

In order to calculate the estimated value of PM transactions in 7M (Gdańsk, Gdynia, Kraków, Łódź, Poznań, Warszawa, Wrocław), the average home price was multiplied by the average home size in square metres and the number of housing units sold (based on REAS data). On the basis of ZBP data it was assumed that the value of newly granted loans for the purchase of housing in the primary markets of 7M in 2012 accounted for 50% of the value of housing loans in those cities, whereas at the end of 2013 this share accounted for 57%. The estimated value of cash transactions was calculated as the difference between transactions in 7M and disbursements of loans requiring buyer's own contribution (down-payment). Price and surface area data for all periods were updated.

Source: NBP, REAS, ZBP, GUS.



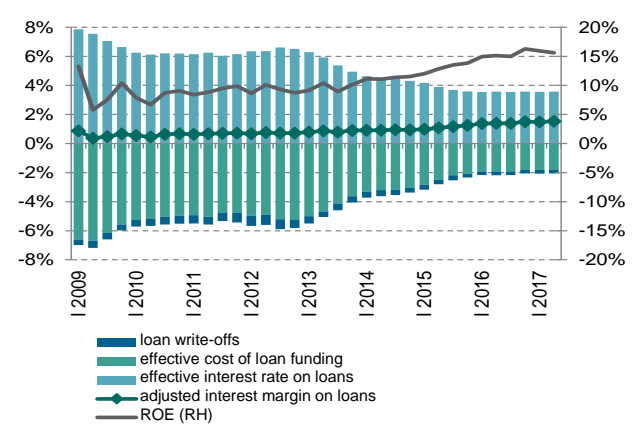
**Figure 27 GD loans for housing real estate and indicator of loans recognised as non-performing loans**



Note: receivables (loans) with determined loss of value – receivables from portfolio B, in relation to which objective premises of loss in value were identified and a decrease in the expected value of future cash flows (in banks using the IFRS) or which were recognized as non-performing receivables in accordance with the Ordinance of the Minister of Finance on establishing provisions against the risk associated with banking activities (in banks using the PAS).

Source: NBP.

**Figure 28 Estimated ROE on residential mortgage loans denominated in PLN for banks in Poland**

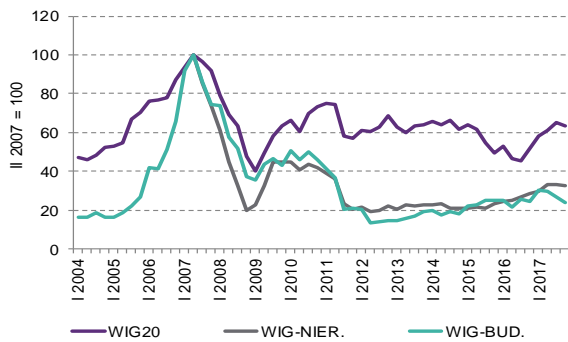


Note: Income and costs related to the mortgage loan portfolio are provided excluding costs of conducting bank's activity and taxes. Estimated ROE is calculated as the adjusted interest margin on mortgage loans with respect to the minimum required down-payment (buyer's own contribution). Calculation based on KNF publication, *Solvency ratio* - until 2014, *Total capital ratio* - as of 2014. The adjusted interest margin is the result of all income being added and all costs being deducted. The effective cost of financing was computed based on the WIBOR rates by adding estimative costs related to bank's own financing.

Source: NBP, KNF.

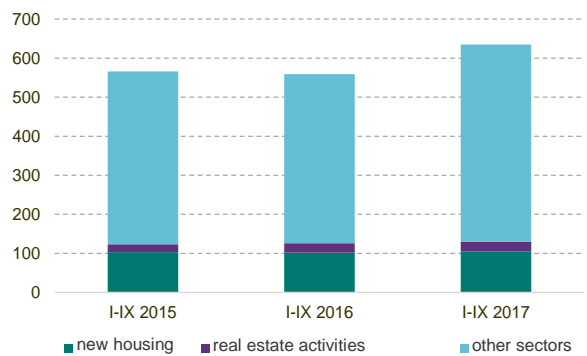
#### 4. Operating profitability of housing and real estate development projects, costs of construction and assembly output and economic situation of real estate developers in Poland

**Figure 29 Rescaled exchange indices: WIG20 and for real estate developers and construction companies (2007 Q2=100)**



Note: harmonized data, 2007 Q2 = 100. The WIG index for real estate developers has been recorded since 2007 Q2; 2017 Q1 as at 20 February 2017. Source: Warsaw Stock Exchange.

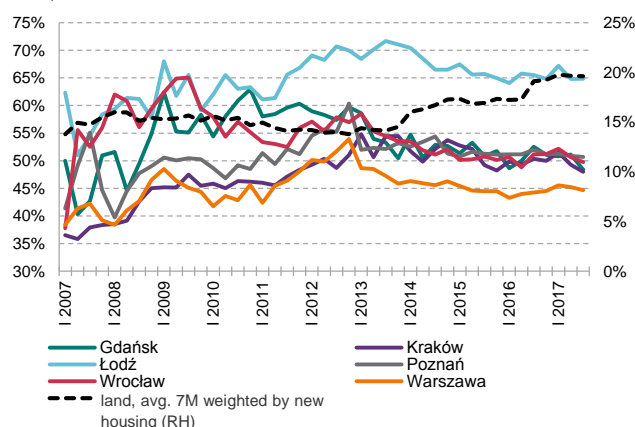
**Figure 30 Number of bankruptcies in particular sectors (as at the end of September)**



Note: breakdown according to the first entry into the KRS. Source: Coface Poland.

Note do Figureu 30: as of 1 January 2016, the former provisions in the bankruptcy law were amended - the new restructuring law entered into force. The main goal of the restructuring proceedings, in addition to satisfying creditors, is to avoid debtor's bankruptcy by allowing debtor's restructuring through entering into an arrangement with creditors, in the event of the recovery proceedings - also by carrying out recovery measures, while safeguarding the legitimate rights of creditors. A significant change is also the fact that according to the current law, the restructuring proceedings concern both insolvent companies and those threatened with insolvency, accordingly, the statistics show not only the number of bankrupts, but also companies at risk of bankruptcy. Previously, the applicable law allowed to declare arrangement bankruptcy only if the company was actually insolvent.

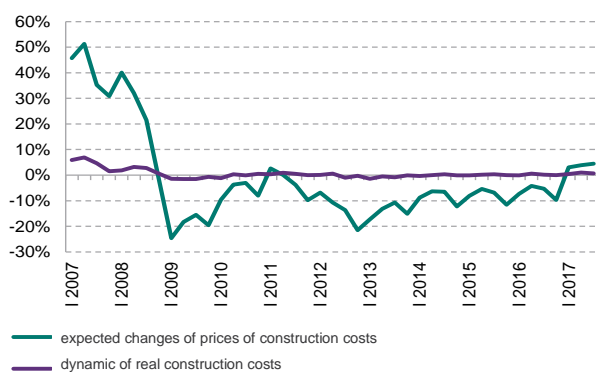
**Figure 31** Estimated share of direct construction costs per square metre of the residential building's usable area (type 1122-302<sup>26</sup>) in the transaction price in the PM)



Note to Figure 32: the estimated rate of return on equity from typical new investment projects assuming the currently applicable interest rates, banks' requirements and production costs; calculated on the basis of the diagram included in Annex 3 of the *Report on the situation of the Polish market of residential and commercial real estate in 2011*. Since 2014, NBP's own appraisal of land for multi-family housing construction has been used, which has changed the previous estimates. \*/DFD – ROE of an average large real estate development company according to GUS data (employment size =>50 persons).

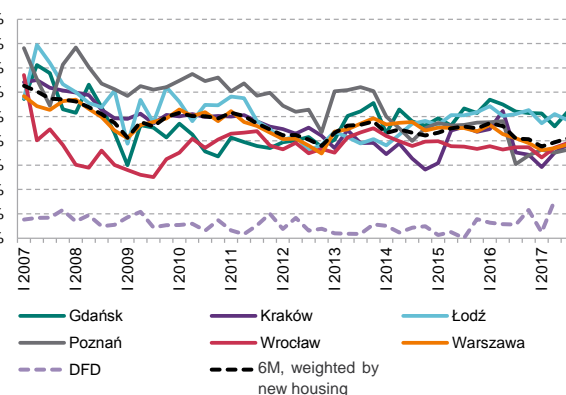
Source: NBP based on Sekocenbud.

**Figure 33** Predicted changes in prices of construction and assembly works (+3M) and growth in construction costs of usable area of a residential building (type 1122-302<sup>26/</sup>)



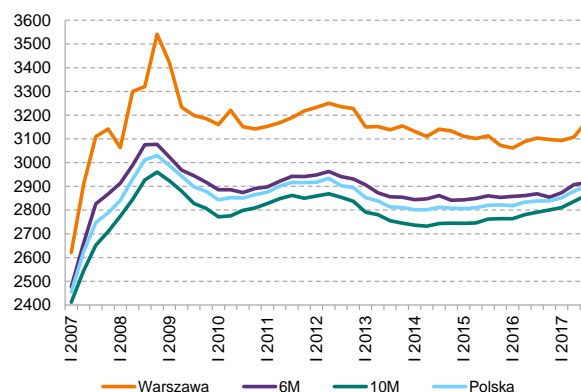
Source: NBP based on GUS data (business conditions survey), Sekocenbud.

**Figure 32** Estimated rate of return from investment projects (type 1122-302<sup>24/</sup>) in the largest cities and the reported rate of return for DFD\*



Source: NBP based on Sekocenbud, GUS (F01).

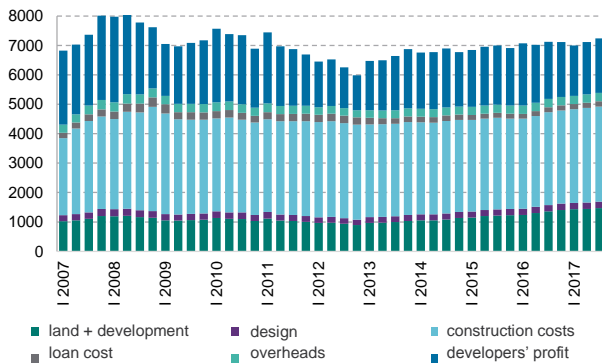
**Figure 34** Average cost of construction of square metre of the residential building's usable area (type 1122-302<sup>26/</sup>) in selected markets (PLN/sq. m)



Source: NBP based on Sekocenbud.

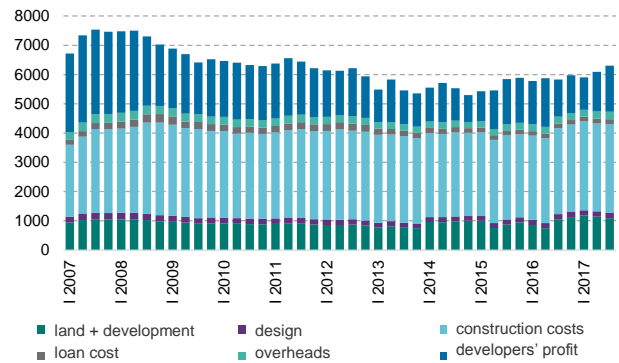
<sup>26</sup> **Type 1122-302 building** monitored by NBP as of 2016 2H based on Sekocenbud data: an average residential multi-family building, five-storey, with an underground garage; construction technology: continuous footing, construction walls and ceilings – reinforced concrete, monolithic, masonry curtain walls made from ceramic hollow brick units (MAX); change in the type of the building analysed is associated with closing of cost estimation for facility 1121. Analytical assumptions related to building 1121 have been maintained.

**Figure 35 Warsaw – estimated structure of price per square metre of housing usable area in the PM (building type 1122-302<sup>26/</sup>) for consumer.**



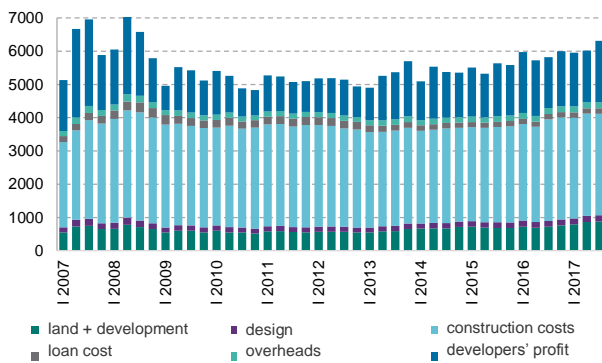
Source: NBP na podstawie Sekocenbud, REAS.

**Figure 36 Kraków – estimated structure of price per square metre of housing usable area in the PM (building type 1122-302<sup>26/</sup>) for consumer.**



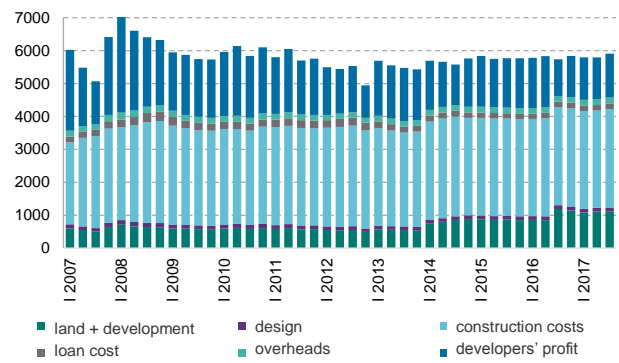
Source: NBP na podstawie Sekocenbud, REAS.

**Figure 37 Gdańsk – estimated structure of price per square metre of housing usable area in the PM (building type 1122-302<sup>26/</sup>) for consumer.**



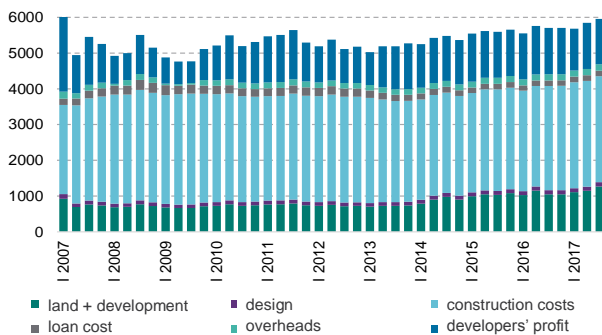
Source: NBP based on Sekocenbud, REAS.

**Figure 38 Poznań – estimated structure of price per square metre of housing usable area in the PM (building type 1122-302<sup>26/</sup>) for consumer.**



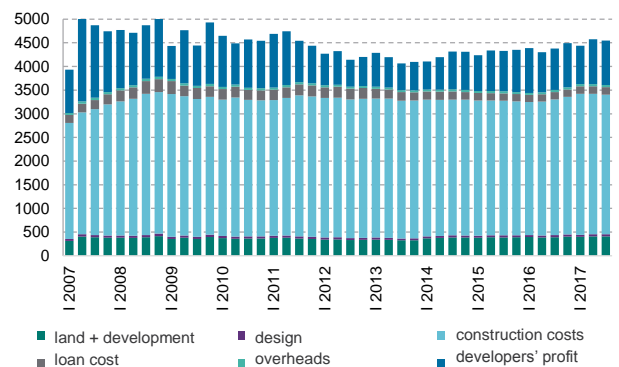
Source: NBP based on Sekocenbud, REAS.

**Figure 39 Wrocław – – estimated structure of price per square metre of housing usable area in the PM (building type 1122-302<sup>26/</sup>) for consumer.**



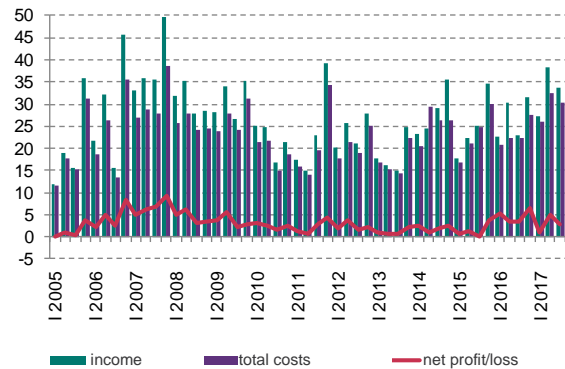
Source: NBP based on Sekocenbud, REAS.

**Figure 40 Łódź – – estimated structure of price per square metre of housing usable area in the PM (building type 1122-302<sup>26/</sup>) for consumer.**

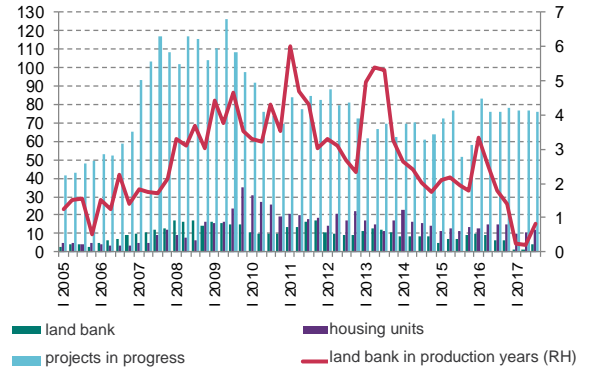


Source: NBP based on Sekocenbud, REAS.

**Figure 41 Economic indicators of an average DFD (in mln PLN)**



**Figure 42 Situation of an average DFD (left-hand scale in mln PLN, right-hand scale in years)**

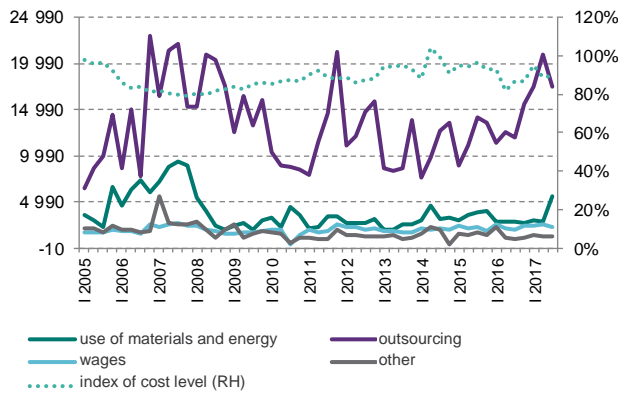


Note to Figures 41-44: DFD – a large developer employs over 50 persons according to GUS. More recent data not available.

Source: NBP based on GUS (F01).

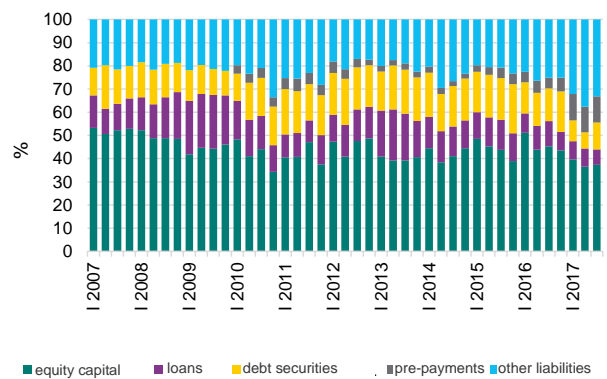
Source: NBP based on GUS (F01).

**Figure 43 Costs of average DFD (in thousand PLN)**



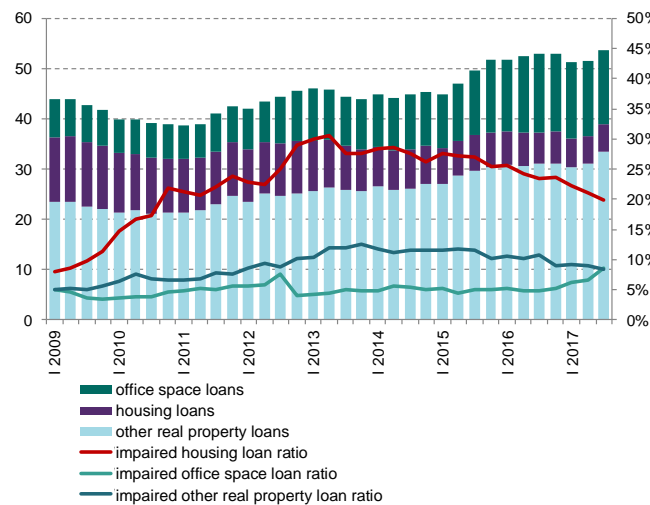
Source: NBP based on GUS (F01).

**Figure 44 Structure of liabilities of larger developers**



Source: NBP based on GUS (F01).

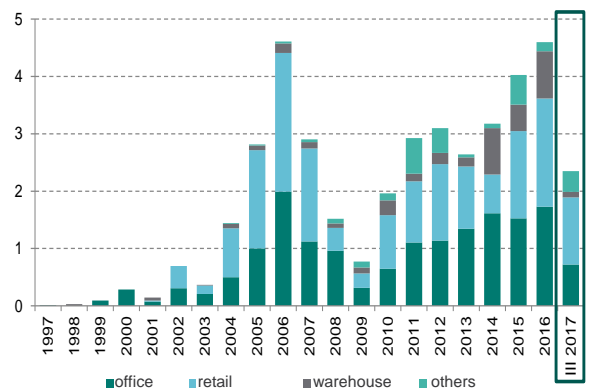
**Figure 45 Loans to corporations for real estate purchases (in PLN billion, left-hand scale) and the share of loans recognised as non-performing loans (in %, right-hand scale)**



Note: data exclusive of BGK.

Source: NBP.

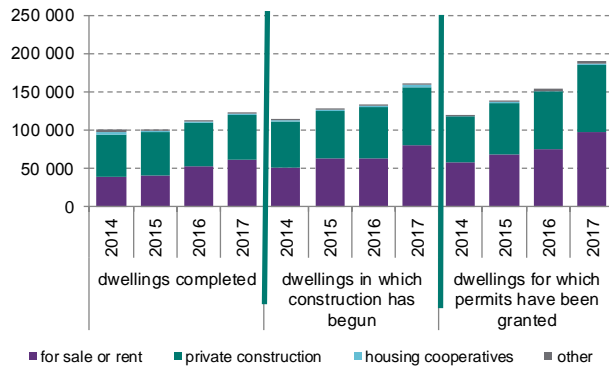
**Figure 46 Value of investment transactions (EUR billion)**



Source: Comparables.pl.

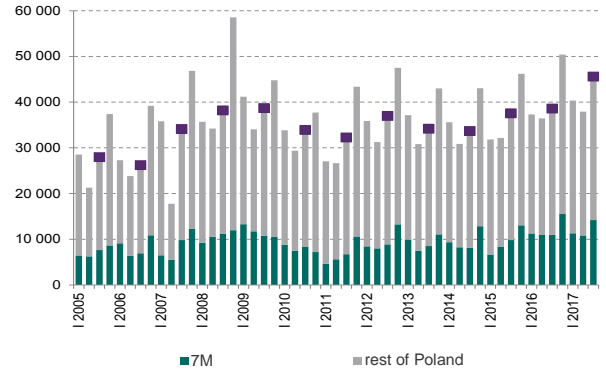
### 5. Residential construction and the housing market in selected cities in Poland

**Figure 47 Structure of residential construction investors in Poland in three quarters of the years 2014–2017**



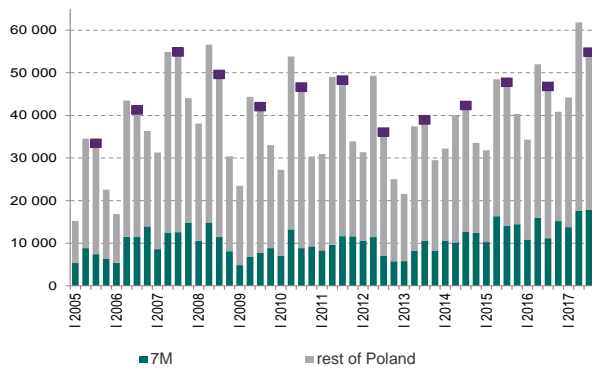
Source: GUS.

**Figure 48 Completed dwellings in Poland, in quarter-on-quarter terms**



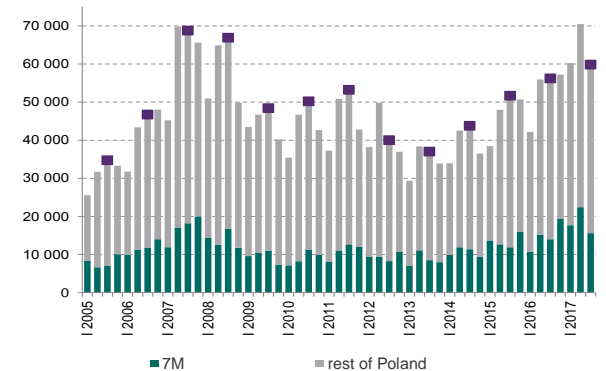
Note to Figures 48–50: only third quarters have been marked in violet. Source: GUS.

**Figure 49 Dwellings under construction in Poland, in quarter-on-quarter terms**



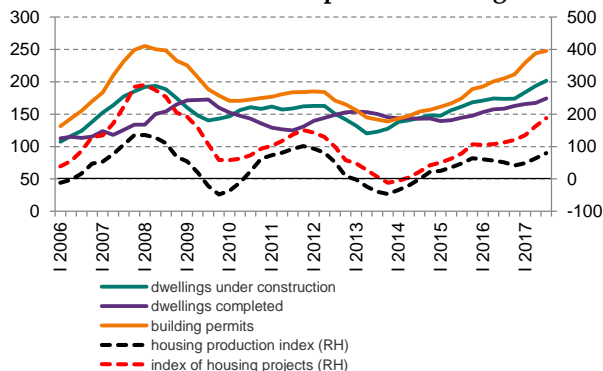
Source: GUS.

**Figure 50 Issued building permits in Poland in quarter-on-quarter terms**



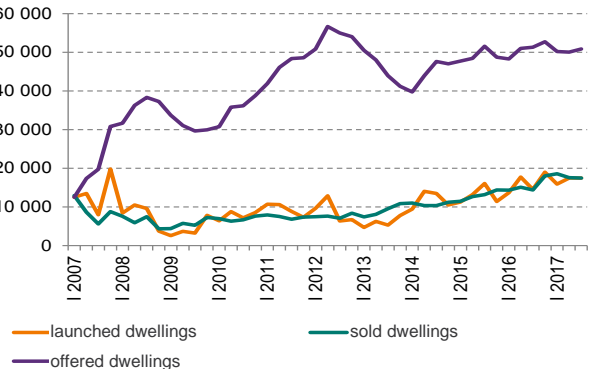
Source: GUS.

**Figure 51 Housing construction (thousand dwellings) and home construction indicator in Poland (dwellings under construction minus completed dwellings)**



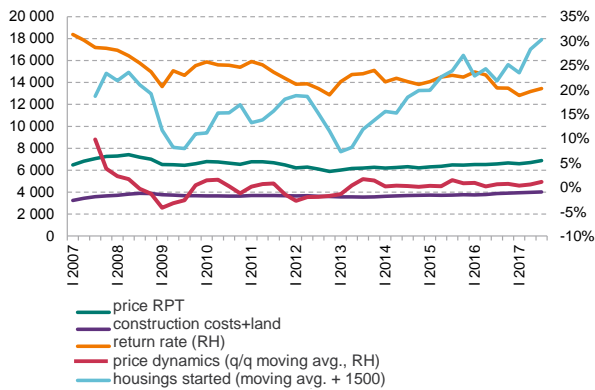
Note: rolling averages for the last four quarters. Source: NBP based on PABB i GUS.

**Figure 52 Number of dwellings put on the market, sold and offered for sale in 6 largest markets\* in Poland**



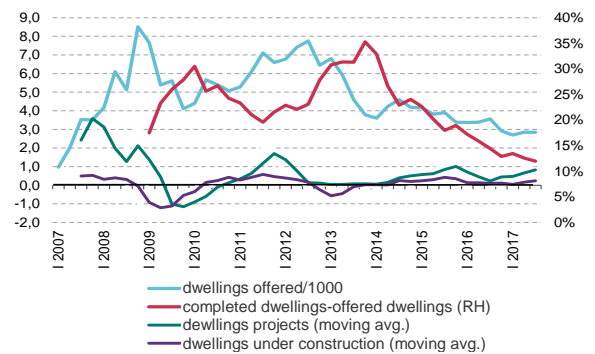
\*Warsaw, Kraków, Tricity Agglomeration of Gdańsk-Sopot-Gdynia, Wrocław, Poznań, Łódź. Source: REAS.

**Figure 53 Housing supply and estimated rate of return on housing investment in the PM in 7M**



Source: NBP, GUS, REAS, Sekocenbud.

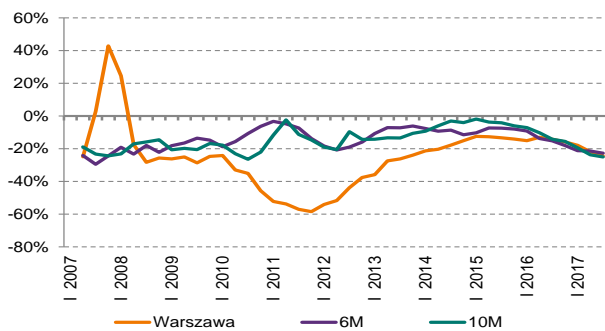
**Figure 54 Housing projects and housing under construction as well as the offer of completed dwellings compared to sales in 7M**



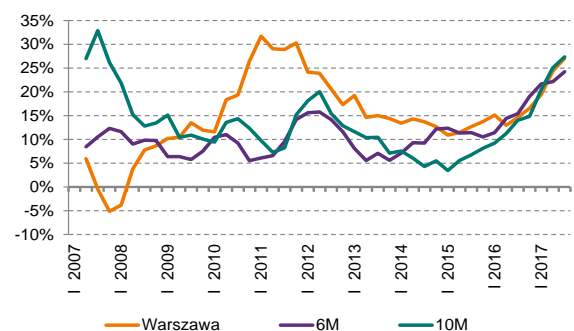
Note: Housing projects under construction=building permits for dwellings minus completed dwellings; dwellings under construction=dwellings whose construction has begun minus completed dwellings; Wielkości podzielone przez sprzedaż w danym okresie.

Source: NBP na podstawie GUS.

**Figure 55 Measure of adjustment of dwellings on offer to demand in terms of area ≤ 50 sq. m, PM in selected cities in Poland**



**Figure 56 Measure of adjustment of dwellings on offer to demand in terms of area >50 sq. m, PM in selected cities in Poland**

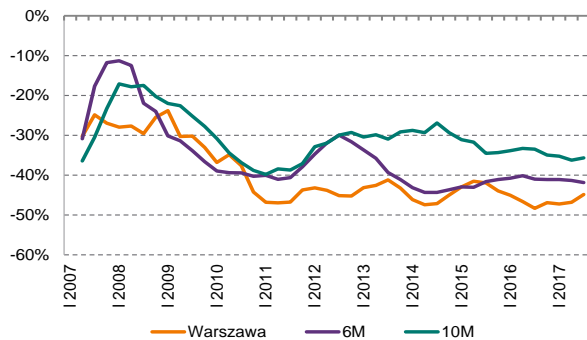


Note: Figure 55 presents, in percentage terms, a short-term mismatch in the primary market between supply (developers' housing offer) and the estimated demand (housing transactions) in terms of dwelling size, according to the data from the BaRN database. The mismatch is calculated as the ratio of the share of housing units with usable area of up to 50 square metres offered for sale to the number of transactions involving housing units with a total area of up to 50 square metres (the average figure for the last four quarters). The positive result (above the black line) indicates a surplus of housing of this particular size, whereas the negative result indicates a shortage thereof. Figure 5d is parallel for the PM. Figures 57-58 are parallel, but they concern the SM only.

Source: NBP.

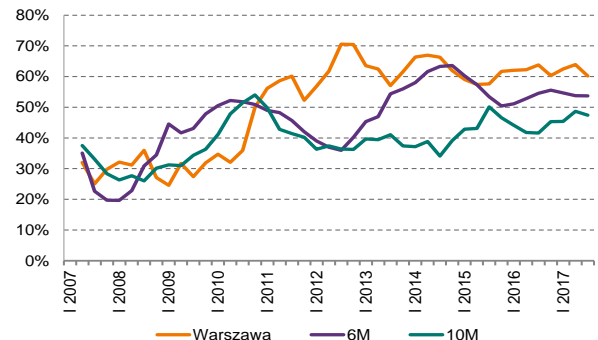
Source: NBP.

**Figure 57 Measure of adjustment of dwellings on offer to demand in terms of area  $\leq 50$  sq. m, SM in selected cities**



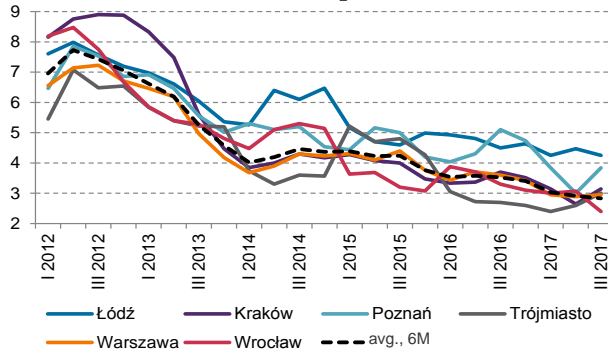
Source: NBP.

**Figure 58 Measure of adjustment of dwellings on offer to demand in terms of area  $>50$  sq. m, SM in selected cities**



Source: NBP.

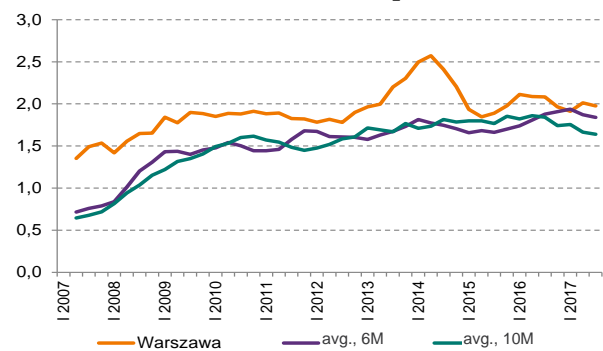
**Figure 59 Selling time of dwellings on offer in the PM in selected cities (number of quarters)**



Note: selling time is the relation of the number of housing units on offer at the end of the current quarter in relation to the number of housing units sold in the last four quarters.

Source: NBP based on REAS.

**Figure 60 Selling time of housing units on offer in the SM in selected cities (number of quarters)**

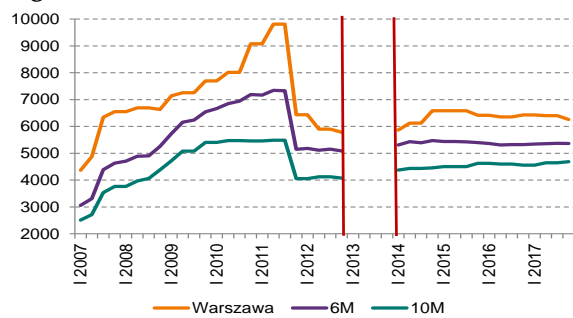


Note: real selling time, average of the last four quarters; data are not comparable with Figure 59. Selling time of housing in the secondary real estate market take into account only transactions ended with sale. The data are underestimated since they do not contain offers entered but not sold yet.

Source: NBP.

## 6. Housing policy

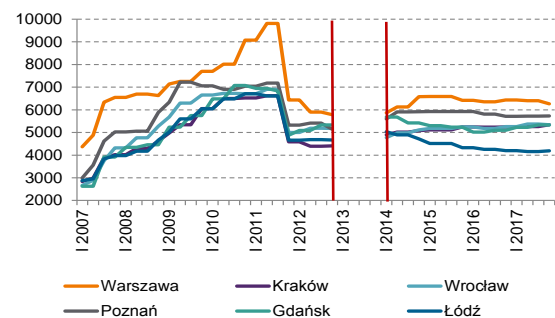
**Figure 61 Upper limits of prices per square metre of housing in the PM within thresholds set under the government-subsidised housing schemes in Poland's largest cities (in PLN)**



Note to Figures 61-66: the red lines separate the period without government-subsidised housing schemes.

Source: BGK.

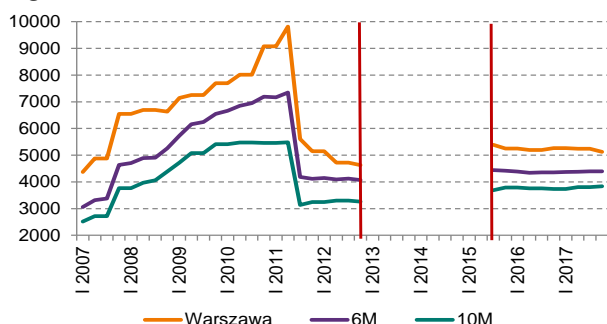
**Figure 62 Upper limits of prices per square metre of housing in the PM within thresholds set under the government-subsidised housing schemes in selected cities in Poland (in PLN)**



Source: BGK.

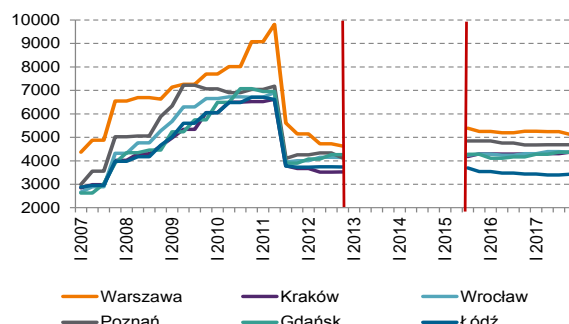


**Figure 63 Upper limits of prices per square metre of housing in the SM within thresholds set under the government-subsidised housing schemes in Poland's largest cities (in PLN)**



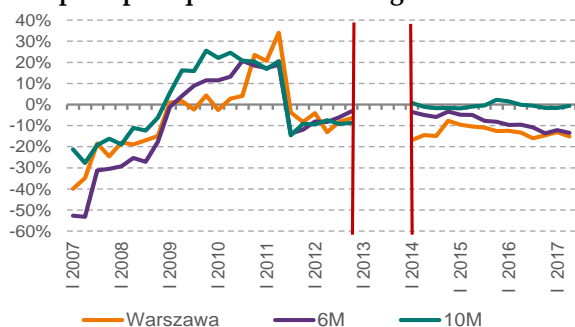
Source: BGK.

**Figure 64 Upper limits of prices per square metre of housing in the SM within thresholds set under the government-subsidised housing schemes in selected cities in Poland (in PLN)**



Source: BGK.

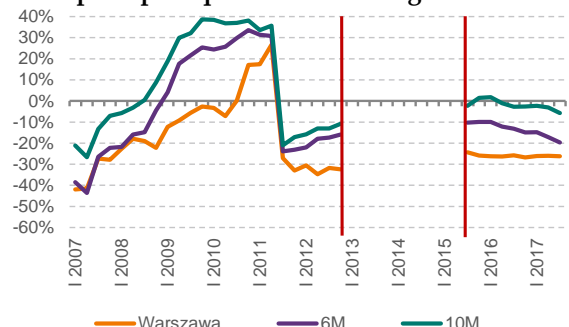
**Figure 65 Gap in the limit of government-subsidised housing schemes as compared to the median of transaction price per square m of housing in the PM**



Note to Figures 65-66: the gap is calculated as the difference of the maximum price (upper limit) in the RNS/MDM government subsidised housing scheme in the PM and SM in relation to the median of transaction price. The positive difference means that the scheme finances housing with prices exceeding the median, the negative difference means the opposite.

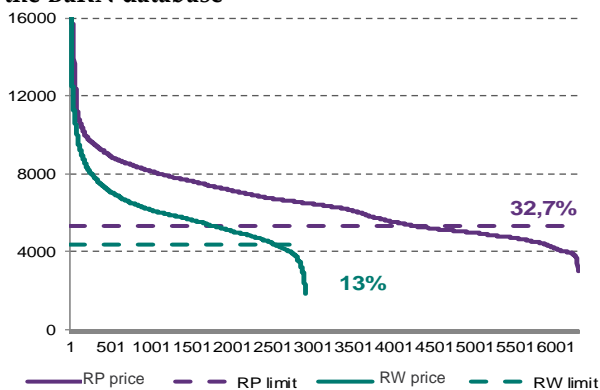
Source: NBP, BGK.

**Figure 66 Gap in the limit of government-subsidised housing schemes as compared to the median of transaction price per square m of housing in the SM**

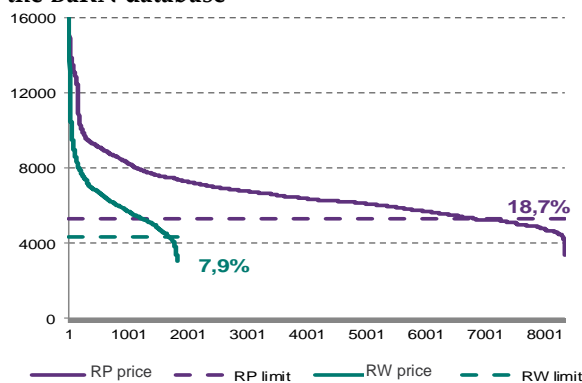


Source: NBP, BGK.

**Figure 67 Transactions involving dwellings, including those meeting the eligibility criteria for admission to the MDM housing scheme\* in Gdańsk according to the BaRN database**



**Figure 68 Transactions involving dwellings, including those meeting the eligibility criteria for admission to the MDM housing scheme\* in Kraków according to the BaRN database**



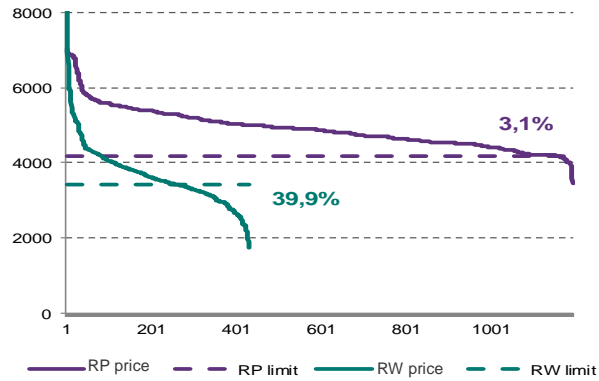
\*Note do Figureów 67-72: udziały mieszkań na RP i RW objętych limitami programu MDM w III kwartale 2017 r. obliczono na podstawie transakcji mieszkaniami o powierzchni mniejszej niż 75 mkw. zawartych w okresie IV 2016 – III kw. 2017. wg bazy BaRN.

Source: NBP.

Source: NBP.

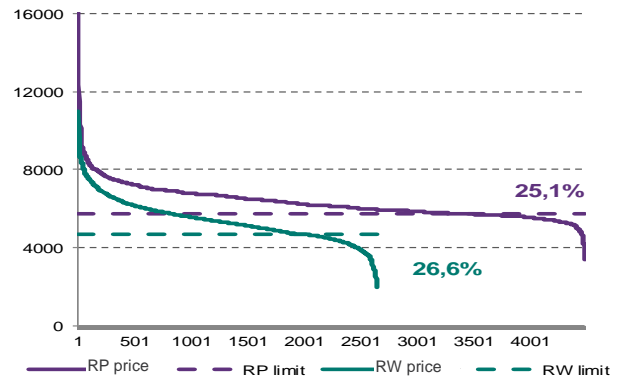


**Figure 69 Transactions involving dwellings, including those meeting the eligibility criteria for admission to the MDM housing scheme\* in Łódź according to the BaRN database**



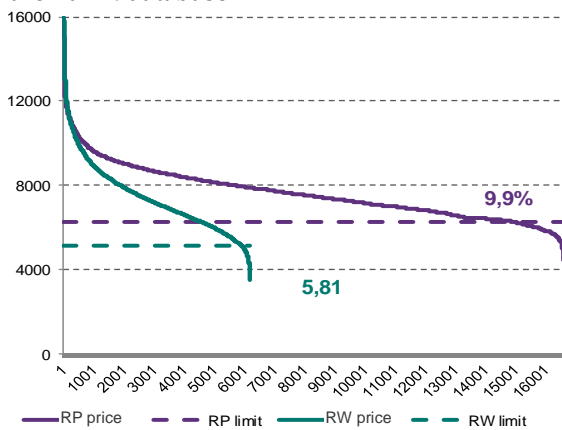
Source: NBP.

**Figure 70 Transactions involving dwellings, including those meeting the eligibility criteria for admission to the MDM housing scheme\* in Poznań according to the BaRN database**



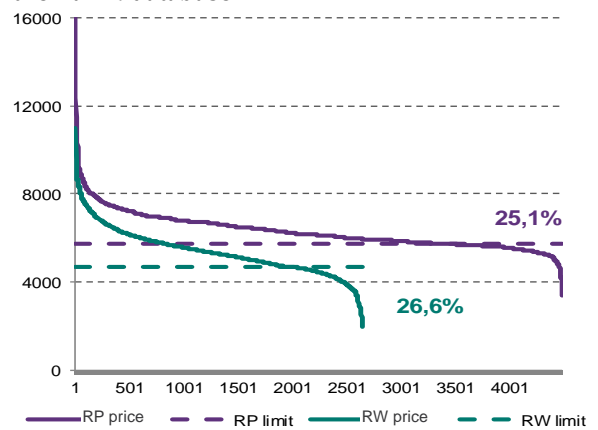
Source: NBP.

**Figure 71 Transactions involving dwellings, including those meeting the eligibility criteria for admission to the MDM housing scheme\* in Warsaw according to the BaRN database**



Source: NBP.

**Figure 72 Transactions involving dwellings, including those meeting the eligibility criteria for admission to the MDM housing scheme\* in Wrocław according to the BaRN database**



Source: NBP.

**Tabela 3 The share of dwellings in 2017 Q3, according to the BaRN database, meeting the limit of the housing area and the limit of the housing area and maximum price in the PM and the SM set by the MDM housing Scheme**

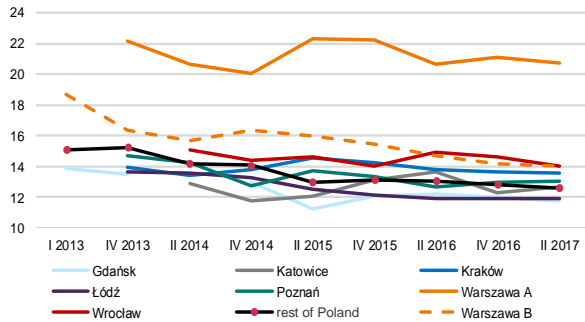
	PM		SM	
	The share of dwellings with an area <75 sq.m	The share of dwellings with an area <75 sq.m & that meet the MDM price limits	The share of dwellings with an area <75 sq.m	The share of dwellings with an area <75 sq.m & that meet the MDM price limits
Białystok	96,3%	34,7%	95,9%	33,4%
Bydgoszcz	90,4%	62,5%	95,2%	60,2%
Gdańsk	93,3%	31,9%	88,4%	11,5%
Katowice	92,4%	28,5%	93,2%	64,0%
Kielce	95,7%	80,1%	97,5%	79,8%
Kraków	93,9%	20,8%	93,9%	7,5%
Lublin	93,4%	24,0%	94,0%	15,4%
Łódź	90,5%	2,4%	90,8%	36,2%
Olsztyn	97,9%	70,1%	93,8%	51,6%
Opole	96,1%	31,4%	92,0%	17,5%
Poznań	93,8%	24,2%	92,0%	24,9%
Rzeszów	93,6%	31,9%	94,7%	11,1%
Szczecin	93,3%	40,9%	86,4%	29,1%
Warszawa	89,4%	8,3%	89,8%	4,7%
Wrocław	94,6%	20,7%	86,4%	12,2%
Zielona Góra	92,1%	89,0%	96,6%	77,3%

Note to table 3: the share of dwellings in PM and SM offer, covered by the MDM scheme limits, has been calculated based on transactions involving dwellings from the BaRN database, which were concluded in the period 2016 Q4–2017 Q3. Changes in the share of dwellings arise from changes in the limits and from quarter on quarter changes in the sample of transactions involving dwellings.

Source: NBP, BGK.

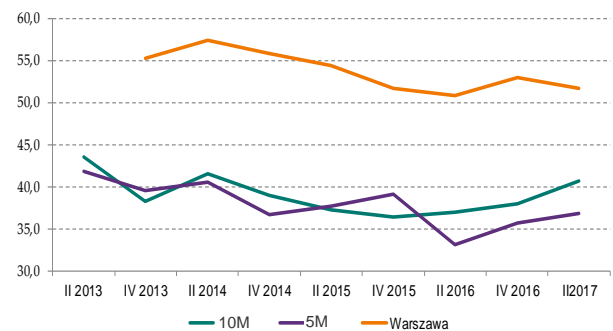
## 7. Rents in commercial real estate and transaction prices of commercial real estate

**Figure 73 Transaction rents for A class office space (average prices in EUR/sq. m./month)**



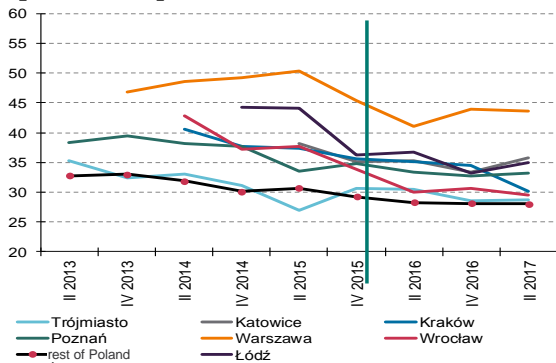
Note: Warsaw A – A class office buildings, Warsaw B – B class office buildings.  
Source: NBP.

**Figure 74 Transaction rents for B class office space (average prices in EUR/sq. m./month)**



Note: 5 cities include: Gdańsk, Gdynia, Kraków, Łódź, Poznań, Wrocław.  
Source: NBP.

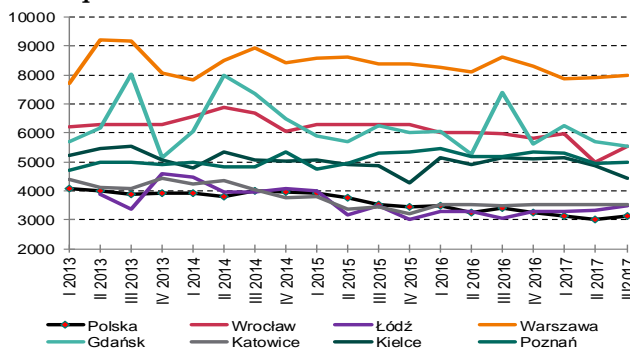
**Figure 75 Transaction rents for retail space in shopping centres (shopping malls) with an area of 100- 500 sq. m (EUR/sq.m/month)**



Source: NBP.

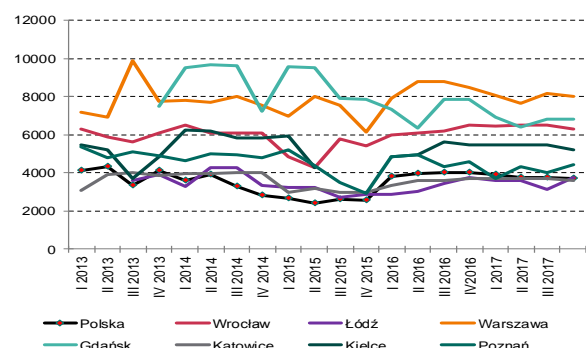
Note to Figures 73-75: as of the beginning of 2015 Q4, the number of records in the base, including respondents, increased significantly, consequently changing the analysed sample. Rents for facilities located in economically significant parts of the city are analysed.

**Figure 76 Median of offer selling price of small retail and service premises in the secondary market (PLN/sq.m)**



Source: PONT, prepared by NBP.

**Figure 77 Median of offer selling price of small office premises in the secondary market (PLN/sq.m)**



Source: PONT, prepared by NBP.

**Table 4 Average prices of housing sq. m in the PM in Gdańsk**

specification	III Q 2016		IV Q 2016		I Q 2017		II Q 2017 r.		III Q 2017	
	offer	trans.	offer	trans.	offer	trans.	offer	trans.	offer	trans.
average price (PLN/sq.m)	6 536	6 283	6 550	6 481	6 462	6 430	6 775	6 501	7 329	6 816
growth (q-o-q)	99,3	101,6	100,2	103,1	98,7	99,2	104,9	101,1	108,2	104,9
growth (y-o-y)	101,9	103,2	100,9	107,5	97,4	99,7	102,9	105,1	112,1	108,5
dwelling price range	3 584	1 313	3 517	1 647	3 600	1 951	4 211	1 655	3 656	1 669
<=4 000 PLN/sq.m	70	37	41	50	45	58	28	61	23	14
(4 001; 6 000] PLN/sq.m	1 553	651	1 535	649	1 609	853	1 572	691	1 284	535
(6 001; 8 000] PLN/sq.m	1 322	461	1 298	684	1 385	699	1 446	604	1 105	715
(8 001; 10 000] PLN/sq.m	501	95	493	215	431	257	1 054	231	924	366
>10 001 PLN/sq.m	138	69	150	49	130	84	111	68	320	39
dwelling space range	3 584	1 313	3 517	1 647	3 600	1 951	4 211	1 655	3 656	1 669
<= 40 sq.m	611	353	487	480	610	536	828	444	584	511
(40,1; 60] sq.m	1 721	641	1 649	799	1 702	917	1 865	784	1 650	756
(60,1; 80] sq.m	1 018	242	1 105	308	1 075	387	1 243	345	1 151	326
> 80,1 sq.m	234	77	276	60	213	111	275	82	271	76
average price of 1 sq.m. of dwelling	6 536	6 283	6 550	6 481	6 462	6 430	6 775	6 501	7 329	6 816
<=4 000 sq.m	6 884	6 026	6 715	6 747	6 954	6 509	7 301	6 798	7 587	6 909
(40,1; 60] sq.m	6 275	6 177	6 331	6 371	6 232	6 334	6 583	6 441	7 019	6 751
(60,1; 80] sq.m	6 485	6 581	6 505	6 163	6 326	6 368	6 518	6 186	7 102	6 674
> 80,1 sq.m	7 760	7 418	7 740	7 457	7 572	7 062	7 660	6 787	9 627	7 450
average offer price deviation	4,0%	x	1,1%	x	0,5%	x	4,2%	x	7,5%	x
<= 40 sq.m	14,2%	x	-0,5%	x	6,8%	x	7,4%	x	9,8%	x
(40,1; 60] sq.m	1,6%	x	-0,6%	x	-1,6%	x	2,2%	x	4,0%	x
(60,1; 80] sq.m	-1,5%	x	5,6%	x	-0,7%	x	5,4%	x	6,4%	x
> 80,1 sq.m	4,6%	x	3,8%	x	7,2%	x	12,9%	x	29,2%	x

Source NBP.

**Table 5 Average prices of housing sq. m in the SM in Gdańsk**

specification	III Q 2016		IV Q 2016		I Q 2017		II Q 2017 r.		III Q 2017	
	offer	trans.	offer	trans.	offer	trans.	offer	trans.	offer	trans.
average price (PLN/sq.m)	6 226	5 555	6 455	5 610	6 566	5 778	6 970	6 030	7 035	6 065
growth (q-o-q)	98,5	100,6	103,7	101,0	101,7	103,0	106,2	104,4	100,9	100,6
growth (y-o-y)	103,9	108,6	105,3	103,1	106,0	107,7	110,3	109,2	113,0	109,2
dwelling price range	1 726	966	1 719	929	1 308	628	1 207	747	1 098	968
<=4 000 PLN/sq.m	122	93	90	88	77	67	44	53	41	65
(4 001; 6 000] PLN/sq.m	876	606	867	574	640	338	502	391	438	476
(6 001; 8 000] PLN/sq.m	490	205	487	195	363	166	408	218	367	330
(8 001; 10 000] PLN/sq.m	137	36	139	38	112	36	116	57	108	66
>10 001 PLN/sq.m	101	26	136	34	116	21	137	28	144	31
dwelling space range	1 726	966	1 719	929	1 308	628	1 207	747	1 098	968
<= 40 sq.m	250	246	274	234	204	151	167	184	153	223
(40,1; 60] sq.m	560	435	543	414	432	253	404	342	378	421
(60,1; 80] sq.m	554	227	546	212	383	155	353	179	335	210
> 80,1 sq.m	362	58	356	69	289	69	283	42	232	114
average price of 1 sq.m. of dwelling	6 226	5 555	6 455	5 610	6 566	5 778	6 970	6 030	7 035	6 065
<=4 000 sq.m	6 756	5 955	6 879	6 298	6 995	6 244	7 629	6 642	7 494	6 637
(40,1; 60] sq.m	6 237	5 466	6 454	5 436	6 523	5 829	6 929	5 943	7 142	6 063
(60,1; 80] sq.m	6 084	5 159	6 355	5 160	6 438	5 332	6 876	5 762	6 937	5 619
> 80,1 sq.m	6 061	6 088	6 285	5 699	6 496	5 579	6 755	5 209	6 700	5 778
average offer price deviation	12,1%	x	15,1%	x	13,6%	x	15,6%	x	16,0%	x
<= 40 sq.m	13,5%	x	9,2%	x	12,0%	x	14,9%	x	12,9%	x
(40,1; 60] sq.m	14,1%	x	18,7%	x	11,9%	x	16,6%	x	17,8%	x
(60,1; 80] sq.m	17,9%	x	23,2%	x	20,7%	x	19,3%	x	23,5%	x
> 80,1 sq.m	-0,4%	x	10,3%	x	16,4%	x	29,7%	x	16,0%	x

Source: NBP.

**Table 6 Average prices of housing sq. m in the PM in Kraków**

specification	III Q 2016		IV Q 2016		I Q 2017		II Q 2017 r.		III Q 2017	
	offer	trans.	offer	trans.	offer	trans.	offer	trans.	offer	trans.
average price (PLN/sq.m)	6 526	6 298	6 711	6 451	6 619	6 373	6 746	6 583	6 931	6 810
growth (q-o-q)	97,8	99,3	102,8	102,4	98,6	98,8	101,9	103,3	102,7	103,4
growth (y-o-y)	98,0	99,8	102,9	101,5	101,5	102,1	101,1	103,8	106,2	108,1
dwellings price range	7 299	1 686	6 236	2 156	7 194	2 269	6 210	2 225	5 916	1 689
<=4 000 PLN/sq.m	12	4	8	2	12	2	11	4	7	2
(4 001; 6 000] PLN/sq.m	2 768	752	2 233	779	2 193	1 000	1 741	815	1 536	530
(6 001; 8 000] PLN/sq.m	3 785	813	3 053	1 180	4 094	1 018	3 508	1 063	3 359	860
(8 001; 10 000] PLN/sq.m	557	90	761	156	796	226	844	311	821	269
>10 001 PLN/sq.m	177	27	181	39	99	23	106	32	193	28
dwellings space range	7 299	1 686	6 236	2 156	7 194	2 269	6 210	2 225	5 916	1 689
<= 40 sq.m	1490	534	1116	676	1161	673	938	619	1126	513
(40,1; 60] sq.m	3985	824	3452	1038	4083	1171	3480	1177	3312	857
(60,1; 80] sq.m	1378	261	1219	356	1518	329	1370	342	1125	245
> 80,1 sq.m	446	67	449	86	432	96	422	87	353	74
average price of 1 sq.m. of dwelling	6 526	6 298	6 711	6 451	6 619	6 373	6 746	6 583	6 931	6 810
<=4 000 sq.m	6494	6261	6923	6554	6888	6605	7166	6883	7600	7263
(40,1; 60] sq.m	6329	6084	6470	6224	6430	6170	6513	6405	6630	6472
(60,1; 80] sq.m	6759	6656	6838	6560	6672	6412	6821	6505	6884	6902
> 80,1 sq.m	7670	7840	7685	7922	7502	7084	7491	7177	7782	7287
average offer price deviation	3,6%	x	4,0%	x	3,9%	x	2,5%	x	1,8%	x
<= 40 sq.m	3,7%	x	5,6%	x	4,3%	x	4,1%	x	4,6%	x
(40,1; 60] sq.m	4,0%	x	4,0%	x	4,2%	x	1,7%	x	2,4%	x
(60,1; 80] sq.m	1,5%	x	4,2%	x	4,1%	x	4,9%	x	-0,3%	x
> 80,1 sq.m	-2,2%	x	-3,0%	x	5,9%	x	4,4%	x	6,8%	x

Source: NBP.

**Table 7 Average prices of housing sq. m in the SM in Kraków**

specification	III Q 2016		IV Q 2016		I Q 2017		II Q 2017 r.		III Q 2017	
	offer	trans.	offer	trans.	offer	trans.	offer	trans.	offer	trans.
average price (PLN/sq.m)	6 837	5 820	6 910	5 951	6 859	5 979	6 992	6 038	7 205	6 347
growth (q-o-q)	101,2	101,4	101,1	102,3	99,3	100,5	101,9	101,0	103,0	105,1
growth (y-o-y)	98,4	95,5	101,7	100,2	100,5	101,6	103,5	105,2	105,4	109,1
dwellings price range	1 537	321	1 464	391	1 160	452	1 301	486	766	475
<=4 000 PLN/sq.m	4	8	4	6	3	11	3	5	0	0
(4 001; 6 000] PLN/sq.m	557	184	493	216	390	243	399	263	214	222
(6 001; 8 000] PLN/sq.m	690	111	677	143	553	168	631	176	350	200
(8 001; 10 000] PLN/sq.m	203	16	200	19	155	26	192	36	145	40
>10 001 PLN/sq.m	83	2	90	7	59	4	76	6	57	13
dwellings space range	1 537	321	1 464	391	1 160	452	1 301	486	766	475
<= 40 sq.m	292	128	277	156	217	177	266	183	155	187
(40,1; 60] sq.m	640	134	608	180	511	195	559	213	302	215
(60,1; 80] sq.m	355	44	365	44	278	59	304	65	214	59
> 80,1 sq.m	250	15	214	11	154	21	172	25	95	14
average price of 1 sq.m. of dwelling	6 837	5 820	6 910	5 951	6 859	5 979	6 992	6 038	7 205	6 347
<=4 000 sq.m	7 250	6 035	7 445	6 363	7 480	6 423	7 645	6 384	8 079	6 758
(40,1; 60] sq.m	6 547	5 692	6 737	5 722	6 709	5 739	6 799	5 788	6 824	6 123
(60,1; 80] sq.m	6 762	5 602	6 759	5 455	6 742	5 642	6 781	5 776	7 020	6 006
> 80,1 sq.m	7 205	5 763	6 970	5 845	6 694	5 421	6 987	6 314	7 405	5 759
average offer price deviation	17,5%	x	16,1%	x	14,7%	x	15,8%	x	13,5%	x
<= 40 sq.m	20,1%	x	17,0%	x	16,5%	x	19,8%	x	19,6%	x
(40,1; 60] sq.m	15,0%	x	17,7%	x	16,9%	x	17,5%	x	11,5%	x
(60,1; 80] sq.m	20,7%	x	23,9%	x	19,5%	x	17,4%	x	16,9%	x
> 80,1 sq.m	25,0%	x	19,2%	x	23,5%	x	10,7%	x	28,6%	x

Source: NBP.

**Table 8 Average prices of housing sq. m in the PM in Łódź**

specification	III Q 2016		IV Q 2016		I Q 2017		II Q 2017 r.		III Q 2017	
	offer	trans.	offer	trans.	offer	trans.	offer	trans.	offer	trans.
average price (PLN/sq.m)	4 900	4 727	5 110	4 850	4 943	4 792	5 180	4 940	5 147	4 911
growth (q-o-q)	100,1	101,7	104,3	102,6	96,7	98,8	104,8	103,1	99,4	99,4
growth (y-o-y)	100,4	101,1	105,8	103,3	103,6	101,1	105,8	106,3	105,0	103,9
dwellings price range	1 306	165	1 794	233	1 138	316	1 394	237	1 881	352
<=4 000 PLN/sq.m	1	3	1	4	3	4	2	0	1	3
(4 001; 4 500] PLN/sq.m	365	63	170	66	151	77	141	43	104	50
(4 501; 5 000] PLN/sq.m	424	55	742	83	509	127	418	95	709	186
(5 001; 5 500] PLN/sq.m	460	29	543	50	310	91	467	63	648	69
(5 501; 6 000] PLN/sq.m	47	15	214	21	140	15	257	31	302	25
> 6 001 PLN/sq.m	9	0	124	9	25	2	109	5	117	19
dwellings space range	1 306	165	1 794	233	1 138	316	1 394	237	1 881	352
<= 40 sq.m	124	26	158	38	87	38	143	51	189	82
(40,1; 60] sq.m	614	85	830	109	508	174	658	118	839	175
(60,1; 80] sq.m	448	41	641	73	404	83	459	50	676	82
> 80,1 sq.m	120	13	165	13	139	21	134	18	177	13
average price of 1 sq.m. of dwelling	4 900	4 727	5 110	4 850	4 943	4 792	5 180	4 940	5 147	4 911
<=4 000 sq.m	4 822	4 961	5 042	4 934	4 942	4 851	5 284	5 069	5 304	4 853
(40,1; 60] sq.m	4 929	4 755	5 107	4 789	4 942	4 780	5 189	4 884	5 135	4 938
(60,1; 80] sq.m	4 857	4 581	5 089	4 935	4 914	4 791	5 142	4 829	5 102	4 875
> 80,1 sq.m	4 992	4 534	5 271	4 640	5 028	4 782	5 157	5 248	5 208	5 130
average offer price deviation	3,7%	x	5,4%	x	3,2%	x	4,9%	x	4,8%	x
<= 40 sq.m	-2,8%	x	2,2%	x	1,9%	x	4,2%	x	9,3%	x
(40,1; 60] sq.m	3,7%	x	6,6%	x	3,4%	x	6,3%	x	4,0%	x
(60,1; 80] sq.m	6,0%	x	3,1%	x	2,6%	x	6,5%	x	4,7%	x
> 80,1 sq.m	10,1%	x	13,6%	x	5,1%	x	-1,7%	x	1,5%	x

Source: NBP.

**Table 9 Average prices of housing sq. m in the SM in Łódź**

specification	III Q 2016		IV Q 2016		I Q 2017		II Q 2017 r.		III Q 2017	
	offer	trans.	offer	trans.	offer	trans.	offer	trans.	offer	trans.
average price (PLN/sq.m)	4 036	3 284	4 096	3 417	4 149	3 509	4 203	3 582	4 241	3 762
growth (q-o-q)	100,7	98,1	101,5	104,0	101,3	102,7	102,6	104,8	102,2	107,2
growth (y-o-y)	104,2	97,3	106,4	102,3	105,3	107,1	106,7	109,3	105,8	112,4
dwellings price range	968	86	1 006	95	932	127	842	131	829	123
<= 3 000 PLN/sq.m	131	25	115	27	107	30	84	27	68	18
(3 001; 3 500] PLN/sq.m	175	30	174	28	141	46	109	33	116	21
(3 501; 4 000] PLN/sq.m	251	19	251	22	226	28	210	38	202	38
(4 001; 4 500] PLN/sq.m	187	7	198	12	196	13	177	20	188	31
(4 500; 5 000] PLN/sq.m	90	3	119	0	114	3	111	4	97	8
> 5 001 PLN/sq.m	134	2	149	6	148	7	151	9	158	7
dwellings space range	968	86	1 006	95	932	127	842	131	829	123
<= 40 sq.m	168	30	170	27	149	40	123	39	122	45
(40,1; 60] sq.m	356	37	386	44	332	64	313	65	282	56
(60,1; 80] sq.m	195	9	207	12	201	16	167	15	190	14
> 80,1 sq.m	249	10	243	12	250	7	239	12	235	8
average price of 1 sq.m. of dwelling	4 036	3 284	4 096	3 417	4 149	3 509	4 203	3 588	4 241	3 762
<=4 000 sq.m	3 800	3 270	3 939	3 539	4 121	3 546	4 067	3 594	4 118	3 900
(40,1; 60] sq.m	4 004	3 257	4 087	3 496	4 077	3 581	4 138	3 607	4 252	3 868
(60,1; 80] sq.m	4 181	3 711	4 232	3 375	4 296	3 501	4 403	3 809	4 246	3 108
> 80,1 sq.m	4 127	3 045	4 106	2 892	4 144	2 653	4 220	3 193	4 289	3 393
average offer price deviation	22,9%	x	19,9%	x	18,2%	x	17,3%	x	12,7%	x
<= 40 sq.m	16,2%	x	11,3%	x	16,2%	x	13,2%	x	5,6%	x
(40,1; 60] sq.m	22,9%	x	16,9%	x	13,8%	x	14,7%	x	9,9%	x
(60,1; 80] sq.m	12,7%	x	25,4%	x	22,7%	x	15,6%	x	36,6%	x
> 80,1 sq.m	35,5%	x	42,0%	x	56,2%	x	32,2%	x	26,4%	x

Source: NBP.

**Table 10 Average prices of housing sq. m in the PM in Poznań**

specification	III Q 2016		IV Q 2016		I Q 2017		II Q 2017 r.		III Q 2017	
	offer	trans.	offer	trans.	offer	trans.	offer	trans.	offer	trans.
average price (PLN/sq.m)	6 453	6 195	6 403	6 304	6 429	6 262	6 435	6 260	6 479	6 381
growth (q-o-q)	99,9	98,4	99,2	101,8	100,4	99,3	100,1	100,0	100,7	101,9
growth (y-o-y)	99,5	99,5	98,3	101,1	100,1	100,3	99,6	99,4	100,4	103,0
dwellings price range	4 366	935	4 462	1 236	4 415	1 140	4 332	1 353	3 977	1 043
<=4 000 PLN/sq.m	1	3	2		11	1	11		8	4
(4 001; 6 000] PLN/sq.m	1 588	516	1 560	566	1 550	546	1 527	616	1 250	390
(6 001; 8 000] PLN/sq.m	2 488	369	2 654	616	2 588	551	2 567	708	2 512	607
(8 001; 10 000] PLN/sq.m	230	46	192	48	222	38	185	25	178	38
>10 001 PLN/sq.m	59	1	54	6	44	4	42	4	29	4
dwellings space range	4 366	935	4 462	1 236	4 415	1 140	4 332	1 353	3 977	1 043
<= 40 sq.m	826	248	799	391	663	331	648	322	578	235
(40,1; 60] sq.m	2367	485	2475	568	2521	584	2539	746	2329	571
(60,1; 80] sq.m	938	154	936	223	939	180	877	224	832	185
> 80,1 sq.m	235	48	252	54	292	45	268	61	238	52
average price of 1 sq.m. of dwelling	6 453	6 195	6 403	6 304	6 429	6 262	6 435	6 260	6 479	6 381
<=4 000 sq.m	6 738	6 203	6 692	6 441	6 700	6 314	6 700	6 481	6 763	6 562
(40,1; 60] sq.m	6 391	6 209	6 332	6 258	6 366	6 227	6 379	6 194	6 439	6 319
(60,1; 80] sq.m	6 327	6 110	6 306	6 157	6 382	6 221	6 385	6 160	6 376	6 378
> 80,1 sq.m	6 578	6 290	6 536	6 398	6 511	6 488	6 481	6 280	6 548	6 258
average offer price deviation	4,2%	x	1,6%	x	2,7%	x	2,8%	x	1,5%	x
<= 40 sq.m	8,6%	x	3,9%	x	0,06	x	0,03	x	3,1%	x
(40,1; 60] sq.m	2,9%	x	1,2%	x	0,02	x	0,03	x	1,9%	x
(60,1; 80] sq.m	3,5%	x	2,4%	x	0,03	x	0,04	x	0,0%	x
> 80,1 sq.m	4,6%	x	2,2%	x	0,00	x	0,03	x	4,6%	x

Source: NBP.

**Table 11 Average prices of housing sq. m in the SM in Poznań**

specification	III Q 2016		IV Q 2016		I Q 2017		II Q 2017 r.		III Q 2017	
	offer	trans.	offer	trans.	offer	trans.	offer	trans.	offer	trans.
average price (PLN/sq.m)	6 093	5 236	6 123	5 282	5 966	5 147	6 080	5 399	6 052	5 334
growth (q-o-q)	100,9	101,2	100,5	100,9	97,4	97,4	101,9	104,9	99,6	98,8
growth (y-o-y)	112,6	102,7	106,9	104,4	100,5	101,6	100,7	104,3	99,3	101,9
dwellings price range	865	939	950	839	651	863	740	769	548	432
<=4 000 PLN/sq.m	41	86	38	98	37	109	35	68	39	24
(4 001; 6 000] PLN/sq.m	467	658	498	559	356	589	402	507	285	319
(6 001; 8 000] PLN/sq.m	262	185	315	166	191	144	220	179	160	83
(8 001; 10 000] PLN/sq.m	69	10	77	15	56	19	63	14	51	6
>10 001 PLN/sq.m	26		22	1	11	2	20	1	13	
dwellings space range	865	939	950	840	651	863	740	769	548	432
<= 40 sq.m	151	294	172	252	99	246	113	243	70	133
(40,1; 60] sq.m	299	430	348	369	237	373	276	334	187	198
(60,1; 80] sq.m	222	158	240	164	169	181	182	151	143	87
> 80,1 sq.m	193	57	190	55	146	63	169	41	148	14
average price of 1 sq.m. of dwelling	6093	5236	6123	5282	5966	5147	6080	5399	6052	5334
<=4 000 sq.m	6686	5575	6665	5755	6599	5498	6690	5920	6387	5757
(40,1; 60] sq.m	6240	5222	6240	5303	6151	5268	6173	5355	6328	5310
(60,1; 80] sq.m	5785	4854	5785	4820	5638	4685	5799	4888	5763	4845
> 80,1 sq.m	5754	4663	5843	4345	5615	4376	5821	4556	5826	4675
average offer price deviation	16,4%	x	15,9%	x	15,9%	x	12,6%	x	13,5%	x
<= 40 sq.m	19,9%	x	15,8%	x	20,0%	x	13,0%	x	11,0%	x
(40,1; 60] sq.m	19,5%	x	17,7%	x	16,8%	x	15,3%	x	19,2%	x
(60,1; 80] sq.m	19,2%	x	20,0%	x	20,3%	x	18,6%	x	18,9%	x
> 80,1 sq.m	23,4%	x	34,5%	x	28,3%	x	27,8%	x	24,6%	x

Source: NBP.

**Table 12 Average prices of housing sq. m in the PM in Warsaw**

specification	III Q 2016		IV Q 2016		I Q 2017		II Q 2017 r.		III Q 2017	
	offer	trans.	offer	trans.	offer	trans.	offer	trans.	offer	trans.
average price (PLN/sq.m)	7 772	7 696	7 638	7 686	7 707	7 562	7 740	7 683	7 788	7 820
growth (q-o-q)	101,6	101,5	98,3	99,9	100,9	98,4	100,4	101,6	100,6	101,8
growth (y-o-y)	99,6	101,8	98,1	103,0	97,8	99,0	101,2	101,3	100,2	101,6
dwellings price range	14 447	3 931	14 567	4 343	12 765	4 490	14 057	4 782	14 288	4 606
<=4 000 PLN/sq.m	0	0	0	0	0	1	0	0	0	0
(4 001; 6 000] PLN/sq.m	831	127	1 227	217	1 119	230	1 189	285	888	252
(6 001; 8 000] PLN/sq.m	8 801	2 516	8 872	2 585	7 467	2 827	7 852	2 841	8 251	2 507
(8 001; 10 000] PLN/sq.m	4 054	1 092	3 692	1 307	3 327	1 283	4 043	1 430	4 290	1 577
>10 001 PLN/sq.m	761	196	776	234	852	149	973	226	859	270
dwellings space range	14 447	3 931	14 567	4 343	12 765	4 490	14 057	4 782	14 288	4 606
<= 40 sq.m	2 409	987	2 189	1 101	1 736	1 012	1 769	928	1 708	1 066
(40,1; 60] sq.m	6 691	1 803	6 869	1 971	5 853	2 223	6 445	2 467	6 282	2 227
(60,1; 80] sq.m	3 837	793	3 974	920	3 574	921	4 110	975	4 571	938
> 80,1 sq.m	1 510	348	1 535	351	1 602	334	1 733	412	1 727	375
average price of 1 sq.m. of dwelling	7 772	7 696	7 638	7 686	7 707	7 562	7 740	7 683	7 788	7 820
<=4 000 sq.m	7 699	7 889	7 517	7 805	7 539	7 814	7 734	7 643	7 662	8 015
(40,1; 60] sq.m	7 683	7 529	7 506	7 569	7 534	7 424	7 603	7 602	7 672	7 687
(60,1; 80] sq.m	7 650	7 547	7 620	7 522	7 686	7 372	7 698	7 621	7 784	7 744
> 80,1 sq.m	8 586	8 354	8 449	8 397	8 564	8 241	8 354	8 397	8 349	8 244
average offer price deviation	1,0%	x	-0,6%	x	1,9%	x	0,7%	x	-0,4%	x
<= 40 sq.m	-2,4%	x	-3,7%	x	-3,5%	x	1,2%	x	-4,4%	x
(40,1; 60] sq.m	2,1%	x	-0,8%	x	1,5%	x	0,0%	x	-0,2%	x
(60,1; 80] sq.m	1,4%	x	1,3%	x	4,3%	x	1,0%	x	0,5%	x
> 80,1 sq.m	2,8%	x	0,6%	x	3,9%	x	-0,5%	x	1,3%	x

Source: NBP.

**Table 13 Average prices of housing sq. m in the SM in Warsaw**

specification	III Q 2016		IV Q 2016		I Q 2017		II Q 2017 r.		III Q 2017	
	offer	trans.	offer	trans.	offer	trans.	offer	trans.	offer	trans.
average price (PLN/sq.m)	8 778	7 309	8 709	7 556	8 816	7 429	8 885	7 338	9 009	7 405
growth (q-o-q)	100,7	99,4	99,2	103,4	101,2	98,3	100,8	98,8	101,4	100,9
growth (y-o-y)	102,5	98,1	100,6	102,1	101,8	99,9	101,9	99,8	102,6	101,3
dwellings price range	4 272	2 078	5 949	3 127	5 107	1 358	4 558	1 345	4 764	1 082
<=4 000 PLN/sq.m	1	5	2	29	3	5	2	1	0	0
(4 001; 6 000] PLN/sq.m	361	474	468	628	390	289	345	264	335	189
(6 001; 8 000] PLN/sq.m	1 619	1 001	2 359	1 441	1 933	645	1 617	687	1 618	569
(8 001; 10 000] PLN/sq.m	1 334	469	1 877	708	1 656	296	1 530	303	1 618	253
>10 001 PLN/sq.m	957	129	1 243	321	1 125	123	1 064	90	1 193	71
dwellings space range	4 272	2 078	5 949	3 127	5 107	1 358	4 558	1 345	4 764	1 082
<= 40 sq.m	554	671	913	1 015	763	481	701	476	730	319
(40,1; 60] sq.m	1 481	937	2 265	1 355	1 941	567	1 640	576	1 674	495
(60,1; 80] sq.m	1 102	300	1 420	489	1 182	197	1 083	200	1 107	197
> 80,1 sq.m	1 135	170	1 351	268	1 221	113	1 134	93	1 253	71
average price of 1 sq.m. of dwelling	8 778	7 309	8 709	7 556	8 816	7 429	8 885	7 338	9 009	7 405
<=4 000 sq.m	9 159	7 656	9 125	7 912	9 200	7 949	9 301	8 032	9 450	7 982
(40,1; 60] sq.m	8 399	6 958	8 236	7 164	8 379	7 030	8 559	6 935	8 671	7 150
(60,1; 80] sq.m	8 351	7 079	8 380	7 312	8 405	7 108	8 450	6 765	8 514	7 028
> 80,1 sq.m	9 501	8 277	9 565	8 632	9 667	7 779	9 515	7 503	9 640	7 630
average offer price deviation	20,1%	x	15,3%	x	18,7%	x	21,1%	x	21,7%	x
<= 40 sq.m	19,6%	x	15,3%	x	15,7%	x	15,8%	x	18,4%	x
(40,1; 60] sq.m	20,7%	x	15,0%	x	19,2%	x	23,4%	x	21,3%	x
(60,1; 80] sq.m	18,0%	x	14,6%	x	18,2%	x	24,9%	x	21,1%	x
> 80,1 sq.m	14,8%	x	10,8%	x	24,3%	x	26,8%	x	26,3%	x

Source: NBP.



**Table 14 Average prices of housing sq. m in the PM in Wrocław**

specification	III Q 2016		IV Q 2016		I Q 2017		II Q 2017 r.		III Q 2017	
	offer	trans.	offer	trans.	offer	trans.	offer	trans.	offer	trans.
average price (PLN/sq.m)	6 335	6 162	6 443	6 163	6 460	6 136	6 461	6 314	6 390	6 433
growth (q-o-q)	102,2	98,9	101,7	100,0	100,3	99,6	100,0	102,9	98,9	101,9
growth (y-o-y)	103,3	102,0	103,2	100,7	104,4	101,8	104,2	101,4	100,9	104,4
dwellings price range	5 570	1 355	5 266	1 719	5 296	1 585	5 584	1 850	5 343	1 751
<=4 000 PLN/sq.m	0	28	0	15	0	0	2	3	9	7
(4 001; 6 000] PLN/sq.m	2 380	567	2 161	809	2 370	756	2 431	817	2 338	762
(6 001; 8 000] PLN/sq.m	2 645	693	2 505	773	2 259	736	2 501	868	2 456	778
(8 001; 10 000] PLN/sq.m	442	62	393	98	431	64	415	110	419	155
>10 001 PLN/sq.m	103	5	207	24	236	29	235	52	121	49
dwellings space range	5 570	1 355	5 266	1 719	5 296	1 585	5 584	1 850	5 343	1 751
<= 40 sq.m	678	366	597	360	735	270	734	428	593	365
(40,1; 60] sq.m	2948	673	2837	939	2750	919	2884	980	2781	907
(60,1; 80] sq.m	1568	252	1474	366	1491	330	1626	363	1606	412
> 80,1 sq.m	376	64	358	54	320	66	340	79	363	67
average price of 1 sq.m. of dwelling	6 335	6 162	6 443	6 163	6 460	6 136	6 461	6 314	6 390	6 433
<=4 000 sq.m	6671	6469	7027	6642	7190	6351	7431	6718	7082	7432
(40,1; 60] sq.m	6231	6027	6337	6038	6304	6112	6387	6192	6358	6239
(60,1; 80] sq.m	6271	6041	6296	5951	6293	5910	6133	6103	6160	5998
> 80,1 sq.m	6807	6304	6923	6581	6901	6715	6559	6620	6515	6300
average offer price deviation	2,8%	x	4,5%	x	5,3%	x	2,3%	x	-0,7%	x
<= 40 sq.m	3,1%	x	5,8%	x	13,2%	x	10,6%	x	-4,7%	x
(40,1; 60] sq.m	3,4%	x	4,9%	x	3,1%	x	3,2%	x	1,9%	x
(60,1; 80] sq.m	3,8%	x	5,8%	x	6,5%	x	0,5%	x	2,7%	x
> 80,1 sq.m	8,0%	x	5,2%	x	2,8%	x	-0,9%	x	3,4%	x

Source: NBP.

**Table 15 Average prices of housing sq. m in the SM in Wrocław**

specification	III Q 2016		IV Q 2016		I Q 2017		II Q 2017 r.		III Q 2017	
	offer	trans.	offer	trans.	offer	trans.	offer	trans.	offer	trans.
average price (PLN/sq.m)	6 062	5 332	6 165	5 480	6 253	5 390	6 267	5 445	6 293	5 764
growth (q-o-q)	101,3	102,5	101,7	102,8	101,4	98,4	100,2	101,0	100,4	105,9
growth (y-o-y)	102,2	101,3	104,2	105,9	105,1	103,3	104,7	104,7	103,8	108,1
dwellings price range	1 098	481	1 128	374	1 221	321	1 501	267	1 542	254
<=4 000 PLN/sq.m	29	44	23	27	25	29	33	23	29	17
(4 001; 6 000] PLN/sq.m	585	323	569	239	591	197	745	167	749	136
(6 001; 8 000] PLN/sq.m	398	104	438	97	488	89	572	73	615	89
(8 001; 10 000] PLN/sq.m	61	7	69	10	79	6	99	3	102	12
>10 001 PLN/sq.m	25	3	29	1	38		52	1	47	
dwellings space range	1 443	647	1 128	374	1 221	321	1 501	267	1 542	254
<= 40 sq.m	481	260	171	77	176	61	208	47	220	55
(40,1; 60] sq.m	423	231	442	169	478	149	580	117	598	118
(60,1; 80] sq.m	335	115	326	87	363	80	452	69	468	61
> 80,1 sq.m	204	41	189	41	204	31	261	34	256	20
average price of 1 sq.m. of dwelling	6 284	5 530	6 165	5 480	6 253	5 390	6 267	5 445	6 293	5 764
<=4 000 sq.m	6 989	6 105	7 069	6 171	7 260	5 814	7 182	6 371	7 140	6 524
(40,1; 60] sq.m	6 118	5 335	6 171	5 355	6 254	5 455	6 341	5 379	6 362	5 848
(60,1; 80] sq.m	5 898	5 001	5 902	5 317	5 979	5 118	6 013	5 196	6 021	5 220
> 80,1 sq.m	5 600	4 473	5 786	5 045	5 871	4 953	5 812	4 895	5 898	4 836
average offer price deviation	13,7%	x	12,5%	x	16,0%	x	15,1%	x	9,2%	x
<= 40 sq.m	14,5%	x	14,6%	x	24,9%	x	12,7%	x	9,4%	x
(40,1; 60] sq.m	14,7%	x	15,2%	x	14,7%	x	17,9%	x	8,8%	x
(60,1; 80] sq.m	17,9%	x	11,0%	x	16,8%	x	15,7%	x	15,4%	x
> 80,1 sq.m	25,2%	x	14,7%	x	18,5%	x	18,7%	x	22,0%	x

Source: NBP.

## **Annex no. 1**

### **Pilot Survey for real estate developers**

At the end of July/beginning of August 2017 selected branches of Narodowy Bank Polski conducted the second edition of the pilot survey of real estate developers, i.e. companies carrying out housing and commercial development projects and conducting construction works involving the erection of buildings. 20 companies whose housing production accounts for approx. 7% in Poland, participated in the survey. The survey covered selected areas of business activity of those companies, including the assessment of their current economic situation (2<sup>nd</sup> half of 2017 as compared to the 1<sup>st</sup> half of 2017) and forecasts of their situation for the 1<sup>st</sup> half of 2018.

#### **1. Assessment of the current economic situation**

Real estate developers assessed their current economic situation as good. 55% of companies saw an improvement in their situation (10% a significant improvement and 45% a slight improvement as compared to the previous half-year period) and 40% of them considered it to be stable. 50% of respondents reported an increase in demand for their business (i.e. demand for residential real estate, commercial space and construction works involving the construction of buildings) as compared to the previous half-year period. 40% of real estate developers reported no changes in demand.

Respondents pointed to a number of barriers to the development of their activity. The most frequently mentioned ones included:

- central government policy in the field of construction and real estate market (market intervention, e.g. government programmes),
- shortage of qualified staff,
- uncertainty regarding the general economic situation,
- market competition,
- restrictions in the access to land for construction, including problems resulting from changes in regulations governing the trade in land.

Respondents estimated the resources of their land bank will be sufficient for approx. 5.2 years under the assumption of the current production level

In the opinion of 55% of the surveyed enterprises, the second half of 2017 (as compared to the first half of the year) saw an increase in net prices of land for construction projects. According to the remaining percentage of companies (45%), prices remained at a similar level.

The results of the pilot survey indicated an increase in the costs of construction, both for housing and commercial development projects. In the case of residential real estate, the increase in costs was reported by 78% of respondents, and in the case of commercial real estate by 80%. The remaining group of respondents (22% in the case of residential development projects and 20% in the case of commercial development projects, respectively) considered that prices remained at the level observed in the previous half-year period.

An increase in net profitability of activity was reported by 26% of respondents, 26% of respondents posted a decrease, and in the case of about 48% net profitability remained unchanged.

44% of respondents increased their net sale prices of residential real estate, 39% of them kept prices at the level recorded in the first half of 2017, and 17% of them decreased their prices. In the case of net rent of residential real estate, 90% of enterprises did not change prices. In the opinion of 14% of real estate developers, the level of sale prices of commercial property dropped in half-year-to-half-year terms, 71% of respondents did not report any changes in this respect, and approx. 14% reported an increase in these prices. For 90% rents of commercial real estate did not change, while the rest reported an increase.

In the opinion of 44% of respondents, the portfolio of construction contracts involving the erection of residential or non-residential buildings remained at the level of the previous half-year period, while 44% of companies reported an increase in the orders portfolio.

71% of respondents already carrying out or embarking on housing investment projects in the second half of 2017 increased investment expenditure. As regards commercial development projects, an increase in outlays was reported by 43% of respondents.

90% of the surveyed enterprises reported no financial liquidity problems in the last half-year period. 74% of companies did not face difficulties with timely payment of financial obligations to banks, and 65% to other entities.

## **2. Forecasts of economic situation for the first half of 2018**

45% of the surveyed companies predicted no changes in their economic situation in the first half of 2018, and the remaining part (55%) believed their situation would improve.

Respondents planning to increase the production of residential and commercial real estate accounted for 76% and 38%, respectively. In the case of residential real estate, 18% of companies forecast they would keep their production level unchanged, while in the case of commercial real estate an unchanged production level was forecast by 50% of respondents. As regards the volume of construction works, all respondents involved in the production of residential and non-residential buildings predicted its growth.

70% of enterprises were of the opinion that in the first half of 2018 there would be no significant change in demand for real estate and construction works. The remaining enterprises predicted an increase in demand.

Most of the enterprises expected net prices of materials and construction land to increase in the first half of 2018. 74% of the respondents believed the construction land and net prices of materials would increase in that period.

All the enterprises predicted that the net rent for commercial space would remain at the current level. The majority of respondents (60%) also believed that there would be no major changes as regards the net price of sold properties.

Investments planned for the first half of 2018 will be carried out mainly with the use of bank loans (53%) and enterprises' own funds (35%).

Among the problems which are significant for their economic situation during the coming year, respondents listed high competition, increasing costs of construction, including both prices of materials and services, restrictions in the access to land for construction as well as uncertainty regarding the overall economic situation.

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