



# Poland's residential market

Report by redNet Consulting and [tabelaofert.pl](http://tabelaofert.pl)  
SITUATION IN THE RESIDENTIAL MARKET  
**OCTOBER 2011**

## redNet Property Group Sp. z o.o.

Wiśniowy Business Park, Building C  
ul. 1-go Sierpnia 6a, 02-134 Warszawa  
tel.: +48 22 318 72 00  
fax: +48 22 318 72 10  
[info@rednetproperty.com](mailto:info@rednetproperty.com)  
[www.rednetproperty.com](http://www.rednetproperty.com)

KRS: District Court for Warsaw,  
XIII Commercial Division  
KRS: 0000043992  
NIP: 632-17-99-435  
Company stock: 57 500 PLN

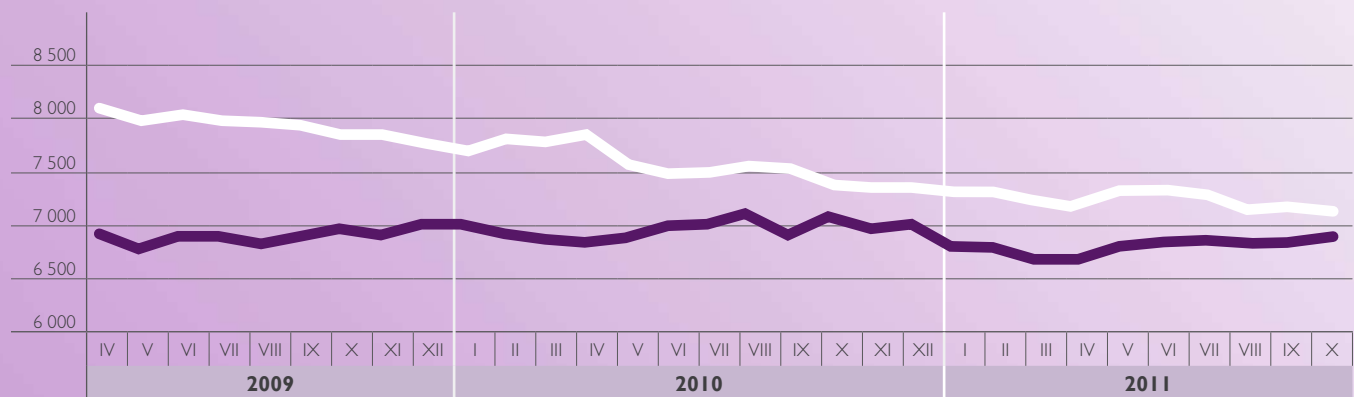
President: Robert Chojnacki  
Vice-president: Michał Kosyrcz

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## Residential Market – OCTOBER 2011

October is a month when high interest in buying flats on the primary market is cyclically recorded. This is also next consecutive month of organising real estate fairs in the majority of main Polish cities. Buyers have not been discouraged by the signals coming from Greece, among others, about the next wave of crisis or by the unstable Swiss franc and euro exchange rates. The offer of new flats is still high and everything indicates that in the next few months the number of flats on offer will be increasing. The large and diversified supply of new residential premises is still present on the Warsaw, Tri-City, Cracow, Poznań and Wrocław markets. The new provisions of the governmental programme "Rodzina na swoim" introduced significant changes, though. Developers will be forced to adjust their offer to the new conditions in the next few months.

The average price of flats on offer in the seven main Polish cities at the end of October 2011 reached PLN 7,061 per sqm. and was 0.5% lower than the average price at the end of September 2011. A come-back to the trend of small cuts in prices which has been observed since the beginning of May 2011 is clearly visible. This results from the fact that a lot of inexpensive projects offering flats from the economy segment have been launched. These dwellings are currently the most popular product among prospects. The monthly average price of flats sold is still very strongly positioned and reaches PLN 6,765 per sqm. The rise observed compared to September is small – only 0.1%. It is clearly visible that the offer price of flats has been falling and clients have been buying flats at a similar price for nine months now. The price scissors between these two indices of the offer price and the price of flats sold are therefore narrowing very slowly.



**AVERAGE PRICE OF FLAT IN SEVEN MAIN CITIES**  
SOURCE: redNet Consulting on the basis of tabeloafert.pl

Legend:

- **Average offer price** – the average price per sqm. of all flats on offer in real estate development projects put up for sale, as of 29th day of each month
- **Average price of flats sold** – the average price per sqm. of flats sold in the last three months

## SITUATION IN THE RESIDENTIAL MARKET OCTOBER 2011

Situation regarding the prices of flats in individual cities has been presented below:

city	Offer price of flats	Price of flats sold	Price of flats sold/offer price of flats
Katowice	<b>4,945</b>	<b>5,097</b>	<b>3.1%</b>
Kraków	<b>7,101</b>	<b>6,738</b>	<b>-5.1%</b>
Łódź	<b>5,115</b>	<b>5,066</b>	<b>-1.0%</b>
Poznań	<b>6,311</b>	<b>6,070</b>	<b>-3.8%</b>
Gdańsk	<b>6,405</b>	<b>5,494</b>	<b>-14.2%</b>
Warsaw	<b>8,208</b>	<b>7,820</b>	<b>-4.7%</b>
Wrocław	<b>6,779</b>	<b>6,434</b>	<b>-5.1%</b>
Warsaw agglomeration	<b>7,686</b>	<b>7,380</b>	<b>-4.0%</b>
Try-City agglomeration	<b>6,202</b>	<b>5,500</b>	<b>-11.3%</b>
Silesian agglomeration	<b>4,744</b>	<b>4,493</b>	<b>-5.3%</b>
<b>Average for the 7 main cities</b>	<b>7,061</b>	<b>6,765</b>	<b>-4.2%</b>


city	Offer price of flats	Price of flats sold	Change in the offer price of flats August / October	Change in the price of flats sold August / October
Katowice	<b>4,945</b>	<b>5,097</b>	<b>-1.8%</b>	<b>-0.3%</b>
Kraków	<b>7,101</b>	<b>6,738</b>	<b>0.2%</b>	<b>0.0%</b>
Łódź	<b>5,115</b>	<b>5,066</b>	<b>-0.9%</b>	<b>0.4%</b>
Poznań	<b>6,311</b>	<b>6,070</b>	<b>-2.0%</b>	<b>-0.4%</b>
Gdańsk	<b>6,405</b>	<b>5,494</b>	<b>3.2%</b>	<b>1.4%</b>
Warsaw	<b>8,208</b>	<b>7,820</b>	<b>0.3%</b>	<b>-0.1%</b>
Wrocław	<b>6,779</b>	<b>6,434</b>	<b>0.5%</b>	<b>1.1%</b>
Warsaw agglomeration	<b>7,686</b>	<b>7,380</b>	<b>-0.1%</b>	<b>-0.2%</b>
Try-City agglomeration	<b>6,202</b>	<b>5,500</b>	<b>0.6%</b>	<b>1.5%</b>
Silesian agglomeration	<b>4,744</b>	<b>4,493</b>	<b>-0.7%</b>	<b>-2.4%</b>
<b>Average for the 7 main cities</b>	<b>7,061</b>	<b>6,765</b>	<b>-0.5%</b>	<b>0.1%</b>

SOURCE: redNet Property Group (Consulting Department) on the basis of tabelaofert.pl

In the majority of cities under analysis it was observed that the price of flats sold was lower than the offer price. Still, the discrepancy between the average offer price and the average price of flats sold has been falling. Currently it is 4.2%. High supply of new flats will be the strongest factor influencing the change in the price, which, considering the uncertain macroeconomic situation, can result in further cuts in the offer price. At the same time, the large number of expensive dwellings launched on offer in a different market reality and at different prices on the market hindered a significant cut in the average offer price. The difference between the two indices, that is between the offer price of flats and the price of flats sold, is still single-digit in most of the cities. The exception is only made by Gdańsk and the whole Tri-City Agglomeration where the flats sold were at a price respectively 14.2% and 11.3% lower than the average offer price. In the case of only Gdańsk such a large difference in prices is an outcome of the fact that currently the most popular type of flats purchased by buyers there are cheap dwellings located in Chełm and in the district Praga Południe. The only city where the price of flats sold was higher than the offer price was Katowice.

When analysing the above-mentioned indices it should be highlighted that the difference between the average prices of flats on offer has not been large for the past two months. The average price of flats offered by real-estate developers in the biggest Polish cities was 0.5% lower in October than in September. The most explicit changes were observed on the Gdańsk market where we could see a rise in the offer price by 3.2%. The small change in the offer price in all other cities derives from the fact that developers continued to launch new projects on those markets at a price similar to the price of dwellings currently on offer.

As for the change in the average price of flats sold, the biggest rise in October compared to September could be observed in the Tri-City Agglomeration (1.5%) and in Wrocław (1.1%). In all other agglomerations the discrepancy was scarce, which proves that mainly the less expensive flats available on offer are continued to be purchased on these markets. The biggest fall in the average price of flats sold was registered in the Silesian Agglomeration (2.4%) and in Poznań. Nonetheless, in the case of the latter the difference was slight and reached only 0.4%. In the seven main Polish agglomerations the average price of flats sold, compared to September, practically remained on the same level.

A large, ornate building dome, likely a government or institutional structure, is visible in the background of the left column. The image is faded and serves as a decorative element for the text.

October occurred to be the next consecutive month when a high rate of sale of new flats was seen. Encouraged by promising selling results, real-estate developers will be launching new projects, mostly ones with inexpensive flats offering smaller than currently floorage. Higher supply in the next months can be also caused by introducing the so-called "developer's" act at the end of April 2012 which is to protect the rights of buyers of residential premises and single-family houses on the primary market. Some developers who want to avoid the consequences connected with introducing the said act can decide to start selling their projects earlier than planned, which will lead to a rise in the offer of flats with a long realisation time.

## A few words about CHANGES IN THE PROGRAMME "RODZINA NA SWOIM"

The heralded changes in the governmental programme "Rodzina na swoim" were introduced in the third quarter of 2011. On the one hand the programme was enlarged and covered also single people, on the other it introduced changes in calculating the price limits. This was the reason why starting from 31 August 2011 the said price rates were lowered largely. Besides this, the requirements were divided into those relating to flats from the primary market and those from the secondary market. The outcome of launching the changes are well-visible on the Warsaw market.

Before introducing the changes nearly 62% of flats on offer in Warsaw at the end of August 2011 qualified for the governmental programme. Lowering the price limits, which has been binding since 31 August 2011, significantly lowered the range of

residential premises which met the new requirements set forth in the programme "Rodzina na swoim". In September the price limit for flats on the primary market was lowered in Warsaw to PLN 7,011.5 per sqm. The share of flats on offer at the end of September which met the conditions of the programme went down to less than 19%. The changes observed in October were even more profound. At the end of the month the share of flats in the offer covered by the programme decreased to slightly more than 13%. This resulted from the fact that in the fourth quarter the price limit for flats purchased on the primary market was lowered to PLN 6,435 per sqm. In the case of Warsaw the changes hit clients looking for flats in the area of Białołęka least. In this district the share of flats on offer qualifying for the programme at the end of October was 54% (at the end of August the corresponding share reached as much as 88%). The programme "Rodzina na swoim" can be also used by buyers of some chosen flats in Ursus, Wawer and Włochy. In the case of other districts there are practically no such inexpensive flats on offer. The choice available to single childless people is even smaller; since, according to the new requirements of the programme, they can take advantage of the programme on condition that they choose a flat with an area not exceeding 50 sq m. Such flats which met the price conditions set forth in the programme constituted only 5% of the total offer in the capital at the end of October.

The uncertain macroeconomic situation and frantic Swiss franc and euro exchange rates can lead to the situation where more people will decide to use the programme "Rodzina na swoim" instead of taking out the credit in the foreign currency (especially considering the fact that single people have joined this group). However, in the case of the majority of agglomerations they will be able to consider purchasing real estate only in less attractive districts which are located far from the city centre in areas where inexpensive flats from the economy segment are in majority.

# Example analysis that we can prepare for you:

## Market Monitoring

This analysis provides useful knowledge about the current and forecast market situation. Thanks to the data on the number of new flats on offer and flats already sold, you will be easily able to notice market gaps and will possess reliable knowledge about the market absorption capacity. Market monitoring is currently run for Warsaw, Kraków, Łódź, Tri-City, Poznań, Wrocław, Katowice, Szczecin and Olsztyn, in every city being divided into districts, investments and standards of flats (redNet Consulting's original division).

## Competition Review

This review is an extremely helpful and practical study when drawing up a project. It will allow you to find out about the exact number of flats in competitive investments and their prices in an easy and clear way. This review will let you become familiarised with the market and assess the position your investment has compared to direct competitors.

## Customer preference analysis

This review will help you get to know your target customer thanks to the fact that it clearly shows who the buyers are and what kind of flats they are looking for. As a result, your offer will be possibly most adapted to customer expectations.

## Disintegration of prices of flats

This review will let us assess for you the most adequate price of flats sold by you. Thanks to this analysis flats will be sold at possibly highest prices with a satisfactory rate of sale; this will let you maximise your profits.

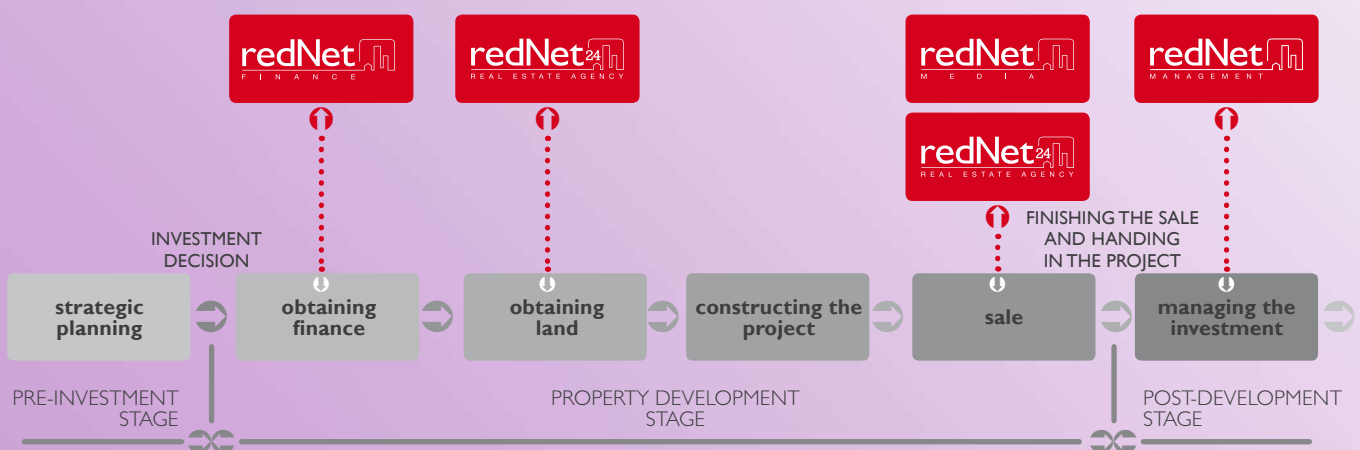
## Cooperation with architects

This service encompasses providing architects with guidelines relating to architectural and spatial solutions as well as layouts preferred by buyers. Thanks to our knowledge you will possess a successful project which, thanks to its adjustment to market needs, will be characterised by a high rate of sale.

## Business plans

It is an essential study drawn up in order to obtain finance. We are specialised and experienced in creating business plans for the property development industry. Analyses written by us take into account all conditions that the real estate market is characterised by.

Thanks to the fact that we operate within the redNet Property Group, we are the only entity in Poland that is able to participate in all stages of the investment process, starting from planning the investment, obtaining finance and land, via selling the project and finally ending with managing the real estate. Therefore, only we can provide you with comprehensive service of the investment under realisation.



market review	opinion on the project	price disintegration	managing portfolio
market development forecast	feasibility study	marketing strategy development	
opinion on location	business plan		