



Poland's residential market

Report by redNet Consulting and tabelaofert.pl
SITUATION IN THE RESIDENTIAL MARKET
AUGUST 2009

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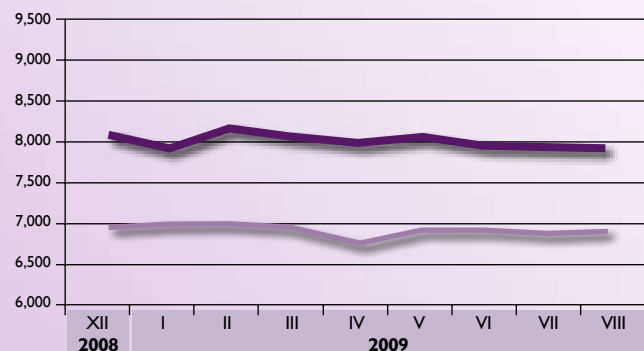
Residential Market

JULY 2009

The summer holiday is the period of a substantial slow-down in the residential market. Similarly to July, August did not bring about any significant changes. The rate of sale of flats was indeed lower than in spring, but its level was relatively high considering that time of year. Developers still are not willing to start new residential investments and are carefully observing the market conditions for the time being.

Not much has happened in terms of prices, either. Both the change in the average offer price and the average price of flats sold have not exceeded 1%. The situation showing stabilisation has been observed for over half a year indicating that the market starts to regain its balance and some revival visible in the rise in the volume of sale can be expected in autumn.

The average price of flats available on offer in seven main cities settled at the level of 7,940 zł/sqm in August and was by 0.3% lower than in July. The fall was as small as last month, which is mainly the result of a lack of new investments put up for sale that depending on their standard might have significantly made the average price of flats on offer higher or lower. The average price of flats sold in August recorded an increase of 0.8% amounting to 6,931 zł/sqm. After a slight fall in July, it returned to its level recorded in May and June. Such a situation, together with a relatively liquid sale as for holiday period, shows that the market has settled on the new price level that has been accepted by buyers. Customers started to be aware that there is no point in waiting for a further fall in prices and are willing to make a purchase at the present price level.



AVERAGE PRICE OF FLATS IN SEVEN MAIN CITIES
SOURCE: tabelaofert.pl

LEGEND:

Average offer price – the average price per sqm of flats in developer 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 past three months

SITUATION IN THE RESIDENTIAL MARKET AUGUST 2009

Price situation in individual cities is as follows:

City	Offer price of flats	Price of flats sold	Price of flats sold/ offer price
Katowice	5,445	4,764	-12.5%
Kraków	7,731	6,659	-13.9%
Łódź	5,538	5,224	-5.7%
Poznań	7,568	6,721	-11.2%
Gdańsk	6,496	5,400	-16.9%
Warsaw	9,274	8,219	-11.4%
Wrocław	8,265	6,410	-22.4%
Warsaw Agglomeration	8,506	7,537	-11.4%
Tri-City Agglomeration	6,615	5,469	-17.3%
Silesian Agglomeration	4,622	4,550	-1.6%
The average for the seven agglomerations	7,941	6,931	-12.7%

City	Offer price of flats	Price of flats sold	Change in the average offer price August/July	Change in the price of flats sold August/July
Katowice	5,445	4,764	6.4%	2.6%
Kraków	7,731	6,659	1.7%	1.5%
Łódź	5,538	5,224	2.1%	-2.1%
Poznań	7,568	6,721	-3.4%	-0.8%
Gdańsk	6,496	5,400	1.2%	-3.2%
Warsaw	9,274	8,219	-0.4%	-0.3%
Wrocław	8,265	6,410	1.6%	0.8%
Warsaw Agglomeration	8,506	7,537	-0.1%	-0.7%
Tri-City Agglomeration	6,615	5,469	0.8%	-0.1%
Silesian Agglomeration	4,622	4,550	1.2%	4.6%
The average for the seven agglomerations	7,941	6,931	-0.3%	0.8%

The fall in the average offer price and the rise in the price of flats sold, although their range was very small, resulted in slight narrowing of the market. The discrepancy between these prices, which still in July was 13.7%, fell down by 1 percentage point in August reaching 12.7%. This is another premises proving the return of the market balance between customer expectations and developer offer. The biggest differences are still present in Wrocław where they reach 22% and in Gdańsk – about 17%. In Łódź the offer price level is most similar to the level accepted by buyers, though.

The highest growth in the average offer price was recorded in Katowice; however, it did not result from increasing the price in available projects but from putting a new investment at a higher standard up for sale. A similar situation took place in Poznań as well where an over 3% fall was the result of a change in the composition of the offer, not any significant cuts in contemporarily available projects. In other cities changes were rather scarce, not exceeding 2%.

Some fluctuations were also observed in the price of flats sold. In four out of seven monitored cities (Łódź, Poznań, Gdańsk, Warsaw) it slightly fell, which resulted from the fact that more flats at a popular standard were sold there. A slight increase was recorded in Katowice (after a considerable decline in July), Kraków and Wrocław.

Despite the holiday period the residential market in the biggest cities in Poland kept its liquidity in August. In such a situation, it should be expected that next autumn will bring about considerable revival of sale. The market will be mainly emptied of the finished flats and those in the final phase of construction process, which will allow its buyers lower the level of risk connected with transactions concluded.