



# Poland's residential market

Report by redNet Consulting and [tabelaofert.pl](http://tabelaofert.pl)  
SITUATION IN THE RESIDENTIAL MARKET  
DECEMBER 2008

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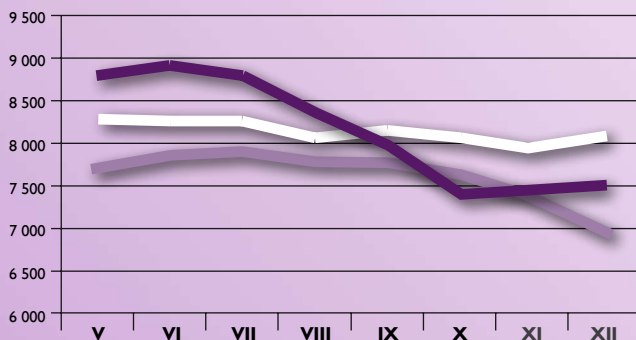
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## MATERIAL fall in prices at the end of 2008

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Although the average price of the dwelling offer available in the market in December in the main cities rose by about 2.1%, and thus, after the decrease in November, returned to the level from October 2008, in fact the price of flats has significantly fallen.



AVERAGE PRICE OF FLATS IN EIGHT 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
- **Average price of new flats on offer** – the average price per sqm of flats in new developer projects put up for sale in the last three months

The average price of the offer of flats is not currently the adequate meter of the present residential market situation. This is because its slight rise has not resulted from an improvement in the economic situation in this sector but mainly from the high sale of cheap flats. Mostly expensive offers remain in the market not finding buyers, which together with the increase in price of new investments being put up for sale leads to a rise in the average offer price of available flats.

In order to assess the ongoing market situation accurately attention should be paid to the price of flats sold and flats from the new market offer. In December further stratification of the market was observed being visible in the growing discrepancy between the falling price of flats sold and the rising average price of new flats appearing in the market as well as the average price of all flats available in the offer.

Further significant fall in the average price of flats sold is the situation that mainly attracts our attention. Only in December it decreased on average by 5.3% in the country. The highest falls were recorded in Wrocław (7.5%) and in the Tri-City Agglomeration (6.9%). The rate of sale in December was low and the small group of buyers comprised those who found the individual most advantageously prices flats.

As a result, the average price of flats sold in the major cities was by 14% lower than the average offer price in December (in November this discrepancy was 7.3%). The highest difference in price exceeding 10% was observed in the Warsaw Agglomeration and in Wrocław.

Also, the difference between the new and sold dwellings increased. In November it was on average 1% in the major cities, while in December it reached as much as 7.2%. In Warsaw and in Łódź this rate stayed at the level of 17.4% and in Katowice it amounted to 22.3%.

The average price of new flats on offer which has been in a downward trend since June did not practically change in December. Very few new investments are currently being put up for sale and projects from the popular segment have basically ceased appearing. The highest rise in this price was recorded in Warsaw (10%), which resulted from the fact that a few single investments from the higher standard entered the market. Also in Wrocław developers try to sell their highly priced offer, the price of which has grown since November by nearly 5%. Introducing lower prices in the case of new offers is mainly practiced in Łódź and Poznań.

## SITUATION IN THE RESIDENTIAL MARKET DECEMBER 2008

cities	average offer price	average price of flats sold	average price of new flats on offer	price of new flats on offer /price of flats sold	price of flats sold /offer price
Katowice	6,338	5,731	7,008	22.3%	-9.6%
Krakow	7,777	7,178	6,660	-7.2%	-7.7%
Lodz	6,095	5,550	6,513	17.4%	-8.9%
Poznan	7,978	7,327	7,227	-1.4%	-8.2%
Gdansk	6,429	5,802	6,595	13.7%	-9.8%
Warsaw	9,380	8,189	9,611	17.4%	-12.7%
Wroclaw	8,143	6,951	8,123	16.9%	-14.6%
Szczecin	5,981	5,788	6,275	8.4%	-3.2%
Warsaw Agglomeration	8,751	7,367	8,335	13.1%	-15.8%
Tri-city Agglomeration	6,248	5,684	6,231	9.6%	-9.0%
Silesian Agglomeration	5,406	5,494	6,248	13.7%	1.6%
average for eight agglomerations	8,079	6,945	7,445	7.2%	-14.0%

Summing up it should be said that the price of flats in the main cities has significantly fallen and in December this tendency clearly appeared to be stronger. It is also worth stressing that due to the wave of promotions and developers' high willingness for negotiations the actual price at which it was possible to purchase a flat was on average by 8% lower than the offered one; skilled negotiators were able to obtain discounts reaching even 10%. High discounts will still remain at the beginning of 2009 and developers will gradually stop the policy of granting so high deductions from the offer price. Limiting

cities	average offer price	average price of flats sold	average price of new flats on offer	change in average offer price December / November	change in average price of flats sold December / November	change in average price of new flats December / November
Katowice	6,338	5,731	7,008	-8.15%	-4.13%	0.85%
Krakow	7,777	7,178	6,660	6.37%	-2.43%	-1.62%
Lodz	6,095	5,550	6,513	0.24%	-1.75%	-15.90%
Poznan	7,978	7,327	7,227	-3.25%	-5.75%	-6.77%
Gdansk	6,429	5,802	6,595	-2.13%	-5.38%	-1.47%
Warsaw	9,380	8,189	9,611	1.64%	-4.00%	10.08%
Wroclaw	8,143	6,951	8,123	8.68%	-7.46%	4.89%
Szczecin	5,981	5,788	6,275	-2.76%	-2.48%	-4.21%
Warsaw Agglomeration	8,751	7,367	8,335	1.86%	-4.61%	1.61%
Tri-city Agglomeration	6,248	5,684	6,231	-3.85%	-6.93%	-3.53%
Silesian Agglomeration	5,406	5,494	6,248	-15.79%	-5.99%	-2.05%
average for eight agglomerations	8,079	6,945	7,445	2.10%	-5.28%	0.53%

the number of new project put up for sale that is currently observed and holding the majority of investments planned in 2009 results in the ongoing offer being less powered by new investments. Together with the slow but systematic sale of the most attractive flats in the available projects, we can also observe a gradual fall in the available supply.

As for people planning to purchase a new dwelling the first quarter of 2009 will be a good moment for choosing from still a wide offer and taking advantage of high deductions from the price. The subsequent periods will be characterised by a rise in the liquidity of sale (the shrinking offer of flats and the improvement of financing conditions) – this process is going to stars in the middle of 2009.