



# Poland's residential market

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

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## Residential Market October 2009

When looking at the October data it is difficult not to be under the impression that the stabilisation of the average price in Poland has already become a fact. Especially, having dynamic changes that the residential market was undergoing not so long ago in the background, a lack of significant fluctuations in the price since the second quarter of 2009 is something new.

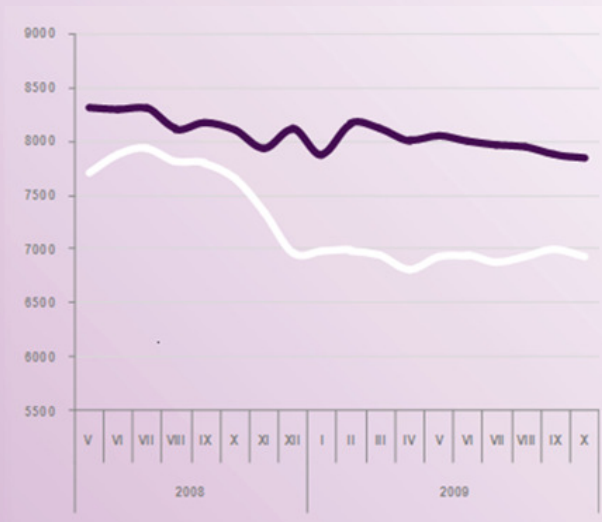
The average offer price of flats in the main cities in Poland has barely changed (-0.2% in comparison to September) and the average price of flats sold has fallen by 1%. However, it is visible that the satisfactory level of sales has been maintained, which was still not so obvious in the first quarter of 2009.

After a good holiday period, which according to chosen developers was better than the holidays during the bull market, the goals were set quite high. Nonetheless, buyers made the grade during the autumn shopping and kept a relatively high liquidity of the sale of flats. The time for shopping was even better thanks to the fact that the choice could still be made from a wide range of finished flats.

Yet, it should be kept in mind that the number of new investments has fallen dramatically and thus the strong inflow of new flats put up for sale is going to stop. In the first row in respect of popularity among buyers there are flats which can be entered into, touched and in the case of which the risk of failing to finish the investment by developer can be turned away. This is a rational choice made by customers who have such a possibility now.

Not many people remember how it was when flats were sold in the stage of a hole in the ground. However, due to a small number of investments started at the time of the crisis the most wanted flats that have already been put into use can be slowly running out; maybe we will not come back to buying in the hole-in-the-ground stage, but more and more often functional two-room flats (currently most popular ones) will be in shortage in the completed projects.

The average price of flats available on offer in seven main cities levelled off at PLN 7,849 per sqm in October and was by 0.2% lower than in September. The fall is cosmetic and indicates an even stronger developers' adjustment to the market. The average price of flats sold still stays at the level reached in this year's January and amounted to PLN 6,926 per sqm in October, which indicates its slight decrease (of 1%). Such changes (previously a rise of 1%, now a fall of 1%) maintained for a long time after a downward trend prove that further cuts in the price are less and less probable, since the price behaves in such a way as if it is testing the balance level.



### AVERAGE PRICE OF A FLAT IN SEVEN MAIN CITIES

#### LEGEND:

█ Average offer price – the average price per sqm of all flats on offer 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 last three months

The price situation in individual cities is as follows:

City	Offer price of flats	Price of flats sold	Price of flats sold/offer price of flats
Katowice	5 416	4 744	-12,4%
Kraków	8 056	6 851	-15,0%
Łódź	5 581	5 023	-10,0%
Poznań	7 418	6 572	-11,4%
Gdańsk	6 917	5 738	-17,0%
Warszawa	9 253	8 077	-12,7%
Wrocław	8 346	6 603	-20,9%
Warsaw Agglomeration	8 407	7 431	-11,6%
T-ri-City Agglomeration	6 817	5 679	-16,7%
Silesian Agglomeration	4 884	4 578	-6,3%
The average for 7 agglomerations	7 849	6 926	-11,8%

City	Offer price of flats	Change in the offer price of flats October/September	Change in the price of flats sold October/September
Katowice	5 416	0,6%	0,4%
Kraków	8 056	3,0%	1,2%
Łódź	5 581	-1,6%	-1,1%
Poznań	7 418	-0,3%	-1,6%
Gdańsk	6 917	8,6%	7,8%
Warszawa	9 253	-0,0%	-1,9%
Wrocław	8 346	0,6%	1,8%
Warsaw Agglomeration	8 407	-0,7%	-1,5%
Tri-City Agglomeration	6 817	6,7%	3,5%
Silesian Agglomeration	4 884	0,1%	1,0%
The average for 7 agglomerations	7 849	-0,2%	-1,0%

The discrepancy between the price of flats sold and the average price of the whole offer indicates that buyers still choose those flats from individual investments which in the result of price disintegration occur to have the lowest price per sqm, or simply those residential premises which are in less expensive investments than the average price would indicate. The biggest discrepancy of this type can be seen in Wrocław (-20%) where we can again observe the biggest discrepancy between buyers and developers' expectations. A very high index is also in Gdańsk (-17%), but there two relatively large investments with the offer price substantially exceeding the average offer price were put up for sale. The smallest difference (-6.3%) is recorded in the Silesian Agglomeration. Such a situation results more from the whole agglomeration than Katowice itself where the discrepancy amounts to 12.4%.

A move away from the situation where changes were month by month negative is visible. Currently in four out of seven cities analysed in October there is a growth in the average price of the available offer, and in one (Warsaw) the situation remained unchanged. The highest rise was recorded in Gdańsk, but such a high result (+8.6%) is justified by introducing a large number of expensive flats in the two new investments. The fall in the offer price took place in two cities and, apart from Łódź (-1.6%), they were rather cosmetic (0.3% in Poznań).

What is true the price of flats sold fell in general, but it is noticeable that there are cities where buyers are starting to accept a higher and higher price level (Wrocław, Gdańsk, Kraków, Katowice). In other cities less expensive flats are being sold – in Warsaw (-1.9%), Łódź (-1.1%) and Poznań (-1.6%).

The charts presenting average price in Poland indicate a clear side trend. Maybe for some people it is surprising that the price stays at a relatively stable level, but this is fully compatible with the redNet Consulting forecasts from the beginning of the year when on the basis of the analysis of basic factors shaping the market the conference "Is it the End to the Fall in Price?" was organised. The thesis that was put forward has been realised in reality. The stop to the avalanche of new investments, still not met needs of a gross of clients, the "Rodzina na swoim" programme, slight slackening of the credit policy in comparison to the beginning of the year are only a few factors which have moulded the new shape of the residential market. The comeback to balance is also visible in the fact that developers are less and less willing to grand discounts, which can be seen as a type of litmus paper of the market situation. What is going to happen in the last two months of the year – we will see; however, when looking at the surprising holiday period, it can be expected that it will not be boring.