



2020

# EVALUER INDEX

ANALYSIS OF TRANSACTION PRICES AND FORECASTS  
FOR THE RESIDENTIAL MARKET IN POLAND  
PRIMARY AND SECONDARY MARKET



EMMERSON  
EVALUATION

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# Introduction

Dear Readers,

We are pleased to present to you the seventh edition of the Evaluator Index report on the residential market in Poland.

This year, as in previous years, we focused on the markets of the largest Polish cities. We have analyzed price changes that have occurred over the past year in over 30 locations. We have described in detail the markets of the 7 major agglomerations: Warsaw, Cracow, Wroclaw, Poznan, Tricity, Lodz, Katowice and the Silesian Agglomeration, as well as selected regional cities. The results of our analysis clearly show that 2019 was another record year in terms of housing price increases. At present, the COVID-19 pandemic has put an end to several years of boom on the housing market, which still continued in the first two months of this year. Apart from the traditional analysis of last year's indicators and current trends, we decided to look at the previous editions of the Evaluator Index, which we have been publishing since 2014 and summarize 6 years of very good market conditions. We hope that this publication will be positively received and will supplement your knowledge of the current and historical situation on the residential market in Poland. Should you have any questions or wish to obtain a more detailed analysis of a given topic or a study of a different scope, please contact us.

Management Board of Emmerson Evaluation



# RESIDENTIAL MARKET ANALYSIS IN 2019

**2019 was another year of new records on the residential market. The upward trend in apartment prices was not even halted by a slowdown in increases of prices of building materials and cost of labor. On the cost side, high prices and very limited availability of land for new developments were particularly important drivers of growth.**

The conditions for price increases were created mainly by demand factors. Good macroeconomic conditions contributed strongly to both own purchases and investments in residential properties for rent. Very good situation on the labor market and continued low unemployment combined with rising wages resulted in growing household savings. The above mentioned factors and low interest rates on bank deposits prompted consumers to invest the accumulated funds, among others, in the real estate market. Purchases of flats for investment purposes were very popular, as residential properties are undoubtedly perceived as safe assets. Even dynamic increases in apartment prices did not diminish the demand. On the primary market, sales throughout the year exceeded new supply, which translated into a limited offer at the end of the year.

Over the last few years we have observed a significant share of cash purchases in the total volume of transactions made. This trend was caused by the ebbing of accumulated capital from low-interest bank deposits. Since 2015, the economic situation on the housing market has also been supported by cheap mortgage loans. It was then that NBP interest rates reached the historically lowest level, making saving on bank deposits completely unprofitable, while at the same time contributing to high attractiveness of loan interest rates. The number and volume of mortgage loans also

reached record levels last year. According to the data of the Credit Information Bureau, in 2019 4% more loans were granted in numerical terms than in 2018. The value of newly granted mortgage loans increased by almost 15% in value terms compared to the previous year.

The steadily growing pace of sales on the largest markets resulted in increased interest in apartments already at the stage of the proverbial 'hole in the ground'. More attractive price and a wider choice of flats at the initial stage of investment often encouraged to take risk.

At the end of last year the median price of sq. m for new flats increased on average by over 10% in all locations under analysis. Prices of second-hand units grew even faster on most markets, on average about 14% per year. Among the analyzed locations, only in five cities price increase on the primary market was higher than on the secondary market. These are: Wrocław, Gorzów Wielkopolski, Zielona Góra, Lublin i Rzeszów. Sopot has had the highest prices on the primary market for years with the median price of square meter exceeding PLN 15 thousand. In Warsaw, which has invariably held the second place for years, the median price of a unit's square meter exceeded 10 thousand PLN. The next places on the podium in this respect belong to the other Tri-City centers, i.e. Gdansk and Gdynia. Their median prices of sq. m oscillated around PLN 9 thousand in the analyzed period. On the other hand, despite one of the highest residential price growth rates (17 and 15% y/y), the lowest median prices of sq. m were still recorded in the capital cities of the Lubuskie Voivodship - Zielona Góra and Gorzów Wielkopolski. The median price of sq. m. for new units there amounted to PLN 4,850 and PLN 4,510 respectively.

According to the historical analysis, from 2014 onwards, Gdansk and Sopot have recorded the biggest growth (52% and 50% respectively). The third place is jointly held by Wroclaw (where the median price from 2014 increased from PLN 5,538 to PLN 8,050 at the end of 2019) and Warsaw (the median price increased from PLN 6,957 in 2014 to PLN 10,080 in 2019).

Dynamic development of the primary market stimulated price increases on the secondary market. Due to the fact that the supply of new units has not kept pace with high demand, some buyers shifted to the secondary market. Units from the secondary market, which are often in better locations than newly built housing estates, were often more attractive to buyers.

**The most expensive locations were still Sopot, Warsaw and Cracow. In 2019, however, second hand apartments in Szczecin recorded the fastest growth of prices (23%). Very large increases in units' prices were also recorded on the Tri-City market. The median price of sq. m increased by 20% in Sopot, by 18% in Gdansk and by 16% in Gdynia. Similarly to the primary market, the highest growth in the period 2014-2019 was recorded in Gdansk (48%). The next places belonged to Szczecin, Katowice, Lodz and Gorzów Wielkopolski.**

## Price information

This analysis includes data on transaction prices. Readers of the report should note that a transaction price should be understood only as the price at which the purchase/sale transaction was made and which was recorded in the notarial deed at the stage of the preliminary or final agreement.

## Median

In this report we use the median real estate transaction prices. The median (the so-called middle value, dividing the set into two equal parts) better reflects information on real estate prices than the average, because its result is not influenced by single values deviating considerably from most transactions typical for the whole set (such as the purchase of one luxury property).

In this report, all prices are given per 1 sq. m of usable floor area of a flat (PLN/sq. m).

For both the primary and secondary market, reference is made to gross prices.

# RESIDENTIAL MARKET IN POLAND

## MEDIAN PRICE ON THE PRIMARY AND SECONDARY MARKET AND THE ANNUAL TREND IN PRICE CHANGES

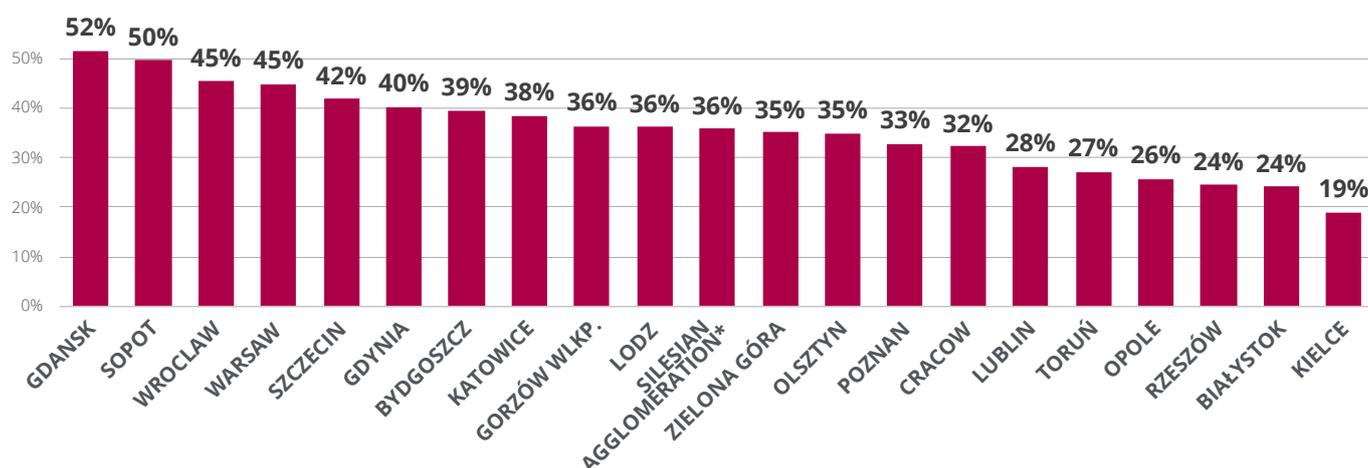
Source: Evaluator data base

	primary market		secondary market			primary market		secondary market	
	median price 1 m <sup>2</sup>	annual trend	median price 1 m <sup>2</sup>	annual trend		median price 1 m <sup>2</sup>	annual trend	median price 1 m <sup>2</sup>	annual trend
<b>WARSAW</b>	10 080	12%	9 100	12%	<b>SZCZECIN</b>	6 270	12%	5 500	23%
<b>CRACOW</b>	8 510	11%	7 440	11%	<b>GORZÓW WLKP.</b>	4 510	15%	3 600	14%
<b>WROCLAW</b>	8 050	13%	6 580	11%	<b>ZIELONA GÓRA</b>	4 850	17%	4 050	15%
<b>POZNAN</b>	7 560	7%	6 200	8%	<b>OPOLE</b>	5 300	9%	5 040	10%
<b>GDANSK</b>	8 840	12%	7 370	18%	<b>KIELCE</b>	5 350	9%	4 400	13%
<b>GDYNIA</b>	9 070	9%	6 870	16%	<b>BYDGOSZCZ</b>	6 080	13%	4 760	12%
<b>SOPOT</b>	15 000	11%	9 650	20%	<b>TORUŃ</b>	6 340	9%	5 010	15%
<b>LODZ</b>	6 070	9%	4 540	15%	<b>OLSZTYN</b>	6 020	13%	5 090	13%
<b>KATOWICE</b>	6 230	8%	4 650	17%	<b>BIALYSTOK</b>	5 560	7%	5 060	15%
<b>SILESIA AGGLOMERATION (not incl. KATOWICE)</b>	5 025	6%	3 460	11%	<b>LUBLIN</b>	6 010	11%	5 380	9%
					<b>RZESZÓW</b>	5 580	11%	5 250	8%

## CHANGE IN MEDIAN PRICE ON THE PRIMARY MARKET (YEAR 2019/YEAR 2014)

\*Not incl. Katowice

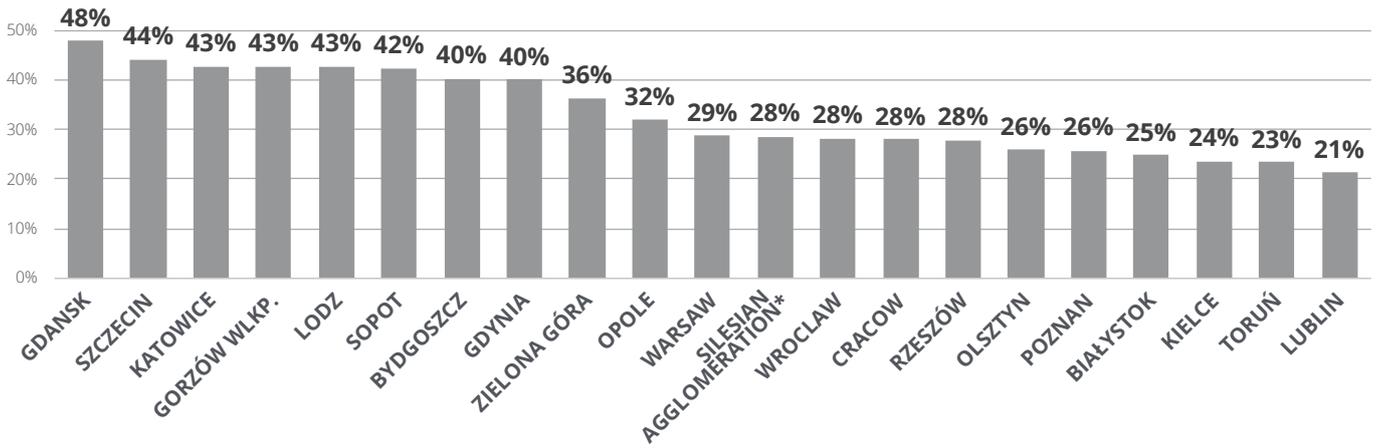
Source: Evaluator's data base



## CHANGE IN MEDIAN PRICE ON THE SECONDARY MARKET (YEAR 2019/YEAR 2014)

\*Not incl. Katowice

Source: Evaluator's data base



### MEDIAN PRICE OF SQUARE METER 2014-2019

#### PRIMARY MARKET

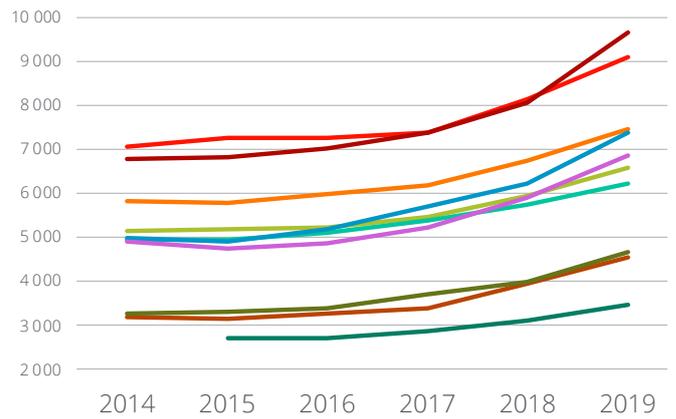
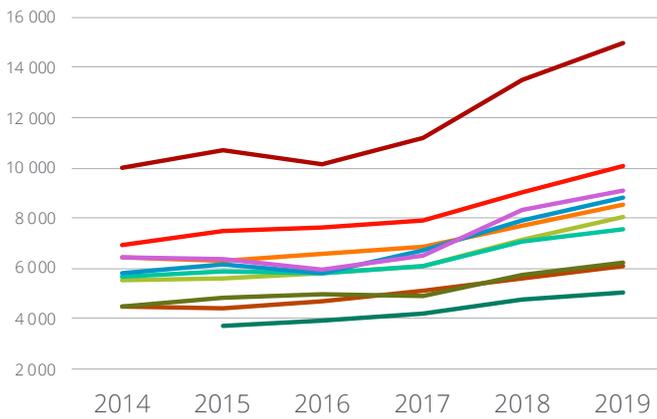
Source: Evaluator's data base

### MEDIAN PRICE OF SQUARE METER 2014-2019

#### SECONDARY MARKET

Source: Evaluator's data base

### BIGGER CITIES



### MEDIAN PRICE OF SQUARE METER 2014-2019

#### PRIMARY MARKET

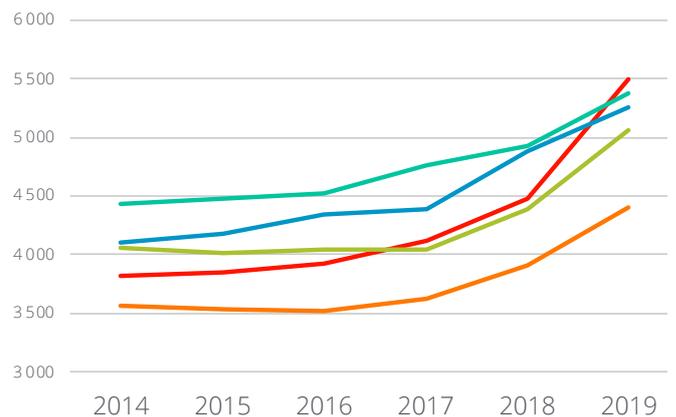
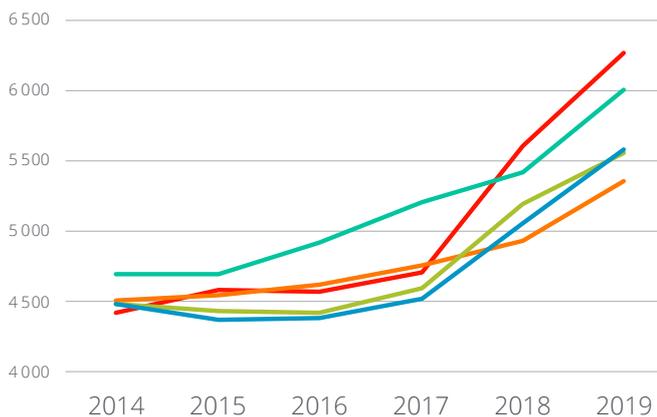
Source: Evaluator's data base

### MEDIAN PRICE OF SQUARE METER 2014-2019

#### SECONDARY MARKET

Source: Evaluator's data base

### MIDDLE-SIZED CITIES



MEDIAN PRICE OF SQUARE METER 2014-2019

PRIMARY MARKET

Source: Evaluator's data base

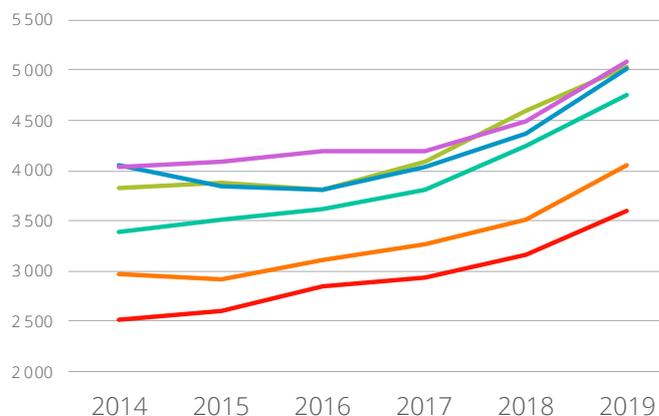
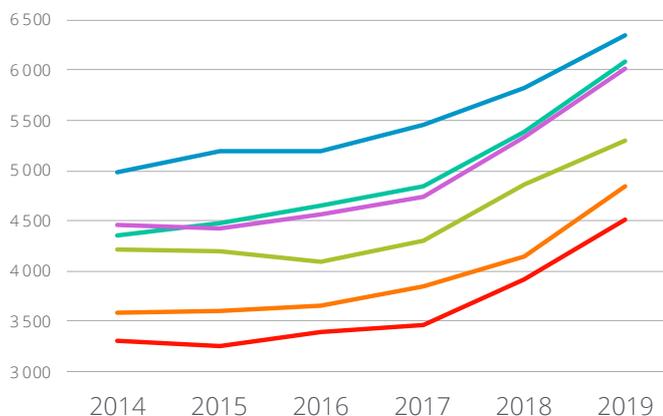
MEDIAN PRICE OF SQUARE METER 2014-2019

SECONDARY MARKET

Source: Evaluator's data base

SMALLER CITIES

— GORZÓW WLKP. — ZIELONA GÓRA — OPOLE — BYDGOSZCZ — TORUŃ — OLSZTYN



# WARSAW

**For another year in a row, flat prices on the capital's real estate market reached record high levels. Price increases in the whole capital city reached 12% on average. The median price of sq. m on the primary market exceeded PLN 10 thousand, and on the secondary market PLN 9 thousand. Price increases were recorded in all the districts on both markets.**

On the primary market in seven out of eighteen Warsaw districts the median price of sq. m exceeded 10 thousand zloty. Dynamic price increases were recorded in central districts, i.e. Śródmieście, Wola, Ochota, Żoliborz and Praga-Północ. The biggest price increases exceeding 20% were recorded in Wola and Praga-Północ last year. In 6 years, the highest increases were recorded in Śródmieście (City Centre) and the districts which became the main beneficiaries of the second underground line, i.e. again Wola and Praga-Północ. In terms of flat prices, the leader is invariably Śródmieście with the median price of square meter approaching

PLN 20 thousand (PLN 19,230). The biggest number of developments in this district were located in Powiśle close to the revitalized Powiśle Power Plant. Proximity of recreational areas (e.g. boulevards), very good transport as well as accessibility of educational and health-care facilities made this place attractive for developers and buyers (for own needs as well as for rent).

A large price increase also occurred in Bielany. Most developments in this district were located near Żoliborz, on the Bielany side of Marymont. Very good transport accessibility (proximity to the underground and S8 route) and location near green areas translated into higher real estate prices in this area.

For years now, high median price of unit's square meter has been recorded in Mokotów. The diversity of this district, and above all the proximity of the city center and the great availability of green areas make buyers willing to buy apartments here. Closer to the center, smaller developments (buildings with a dozen or so units) of a higher standard (e.g. at the Royal Łazienki Park or at the Królikarnia Palace) were executed.

**MEDIAN PRICE ON THE PRIMARY AND SECONDARY MARKET AND THE ANNUAL TREND IN PRICE CHANGES**

Source: Evaluator data base

	primary market		secondary market	
	median price 1 m <sup>2</sup>	annual trend	median price 1 m <sup>2</sup>	annual trend
Bemowo	8 740	12%	8 200	11%
Białołęka	7 550	10%	7 200	11%
Bielany	10 200	14%	9 430	27%
Mokotów	11 070	12%	10 120	11%
Ochota	12 000	17%	9 800	13%
Praga Pd.	9 590	8%	8 030	9%
Praga Pn.	11 500	22%	8 000	13%
Rembertów	7 200	5%	6 770	7%
Śródmieście	19 230	9%	12 360	10%
Targówek	8 730	10%	7 610	15%
Ursus	8 000	10%	7 630	12%
Ursynów	9 900	9%	9 260	9%
Wawer	7 560	6%	7 270	10%
Wesoła	7 370	10%	6 750	8%
Wilanów	9 660	10%	9 880	11%
Włochy	9 000	14%	8 400	11%
Wola	12 320	24%	10 060	14%
Żoliborz	12 000	13%	10 740	11%

Developments located in the vicinity of the office district in Służewiec (near Galeria Mokotów) and in Wyględów precinct (by the railway line) were of great interest to buyers.

Białołęka remained the leader in terms of the size of the development offer featuring about 20% of all available apartments in Warsaw at the end of the year. In addition, large supply was recorded in Mokotów (16%) and Praga-Południe (14%), where the largest number of new flats were introduced for sale in 2019. The regions of Nowodwory and Żerań continue to develop in Białołęka. In Mokotów, new developments are being built mainly in Stegny, near the Siekierkowska route. The areas at Aleja Polski Walczącej, where successive stages of the Wiśłany Mokotów investment are being built, are still developing intensively. In Praga-Południe, on the other hand, the areas at the intersection of Marsa and Grochowska streets and the areas close to the railway route in Kamionek are developing most dynamically. Due to the lower availability of land for development, the smallest number of developments was carried out in the heavily built-up central districts of Warsaw, such as Ochota or Żoliborz, as well as in the districts dominated by single-family housing, i.e. Wawer and Wesoła.

On the secondary market, flat prices grew as dynamically as on the primary market. Demand was generated mainly by good access to public transport, urban infrastructure, proximity to green areas and better location in terms of commuting to workplace

**MEDIAN PRICE OF SQUARE METER 2014-2019**

**PRIMARY MARKET**

Source: Evaluator's data base

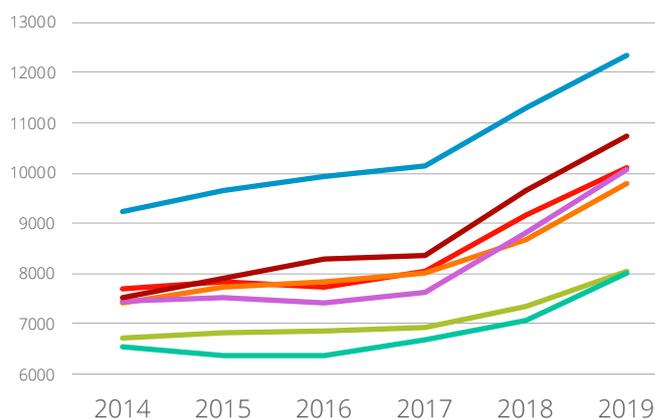
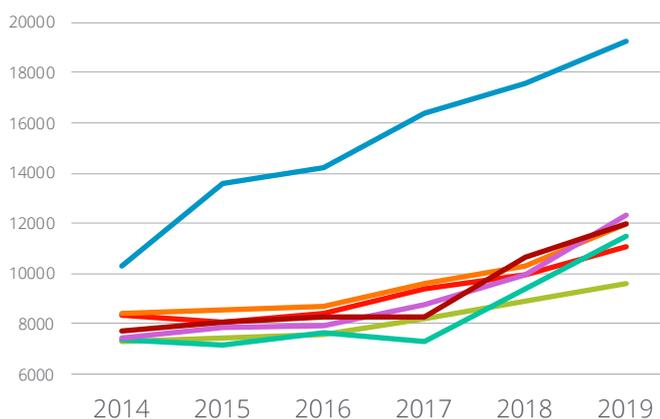
**MEDIAN PRICE OF SQUARE METER 2014-2019**

**SECONDARY MARKET**

Source: Evaluator's data base

**CENTRAL DISTRICTS**

Mokotów Ochota Praga-Południe Praga-Północna  
Śródmieście Wola Żoliborz



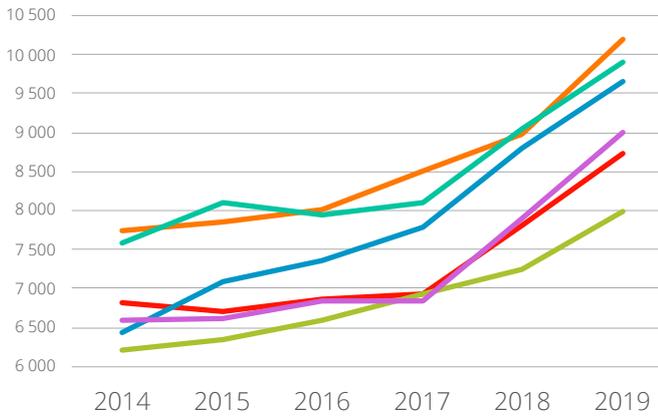
MEDIAN PRICE OF SQUARE METER 2014-2019

PRIMARY MARKET

Source: Evaluator's data base

DISTRICTS ON THE LEFT BANK OF THE VISTULA RIVER

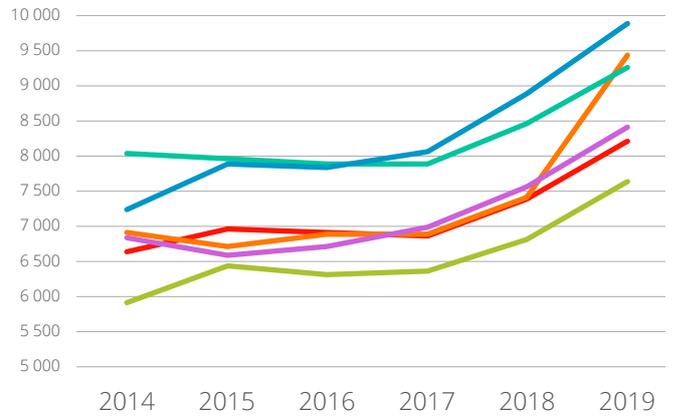
— Bemowo — Bielany — Ursus  
— Ursynów — Wilanów — Włochy



MEDIAN PRICE OF SQUARE METER 2014-2019

SECONDARY MARKET

Source: Evaluator's data base



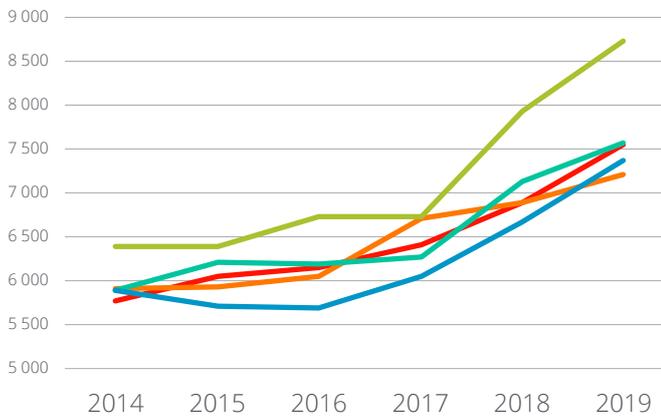
MEDIAN PRICE OF SQUARE METER 2014-2019

PRIMARY MARKET

Source: Evaluator's data base

DISTRICTS ON THE RIGHT BANK OF THE VISTULA RIVER

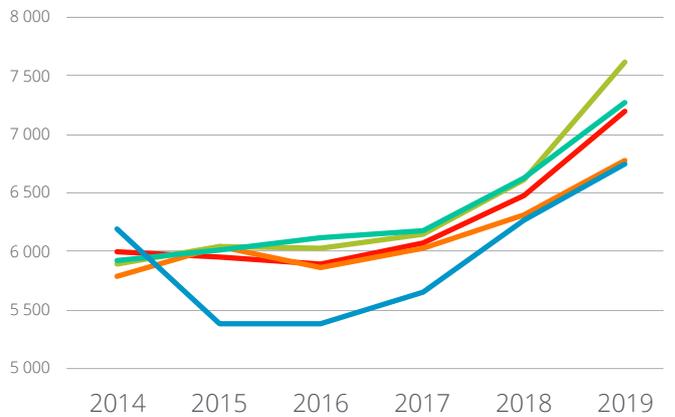
— Białołęka — Rembertów — Targówek  
— Wawer — Wesola



MEDIAN PRICE OF SQUARE METER 2014-2019

SECONDARY MARKET

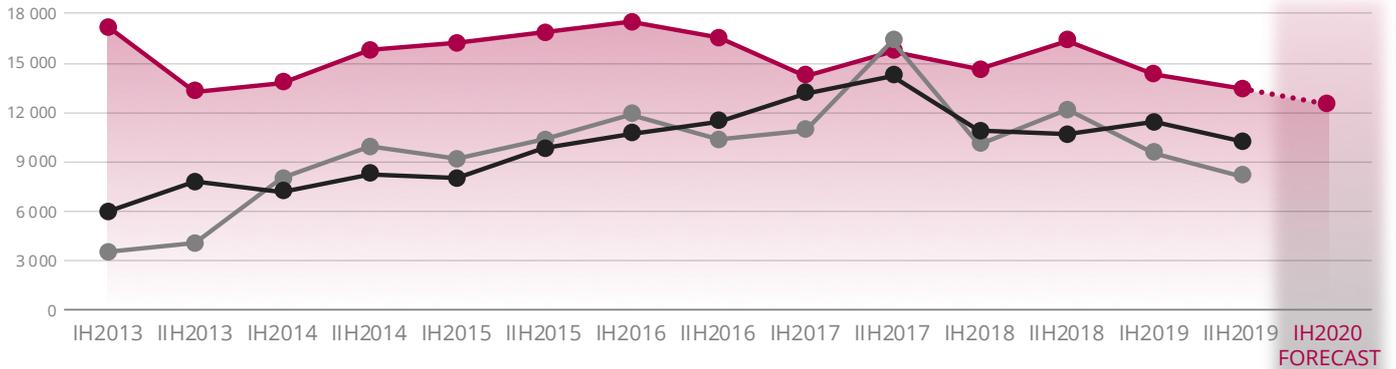
Source: Evaluator's data base



## SUPPLY AND DEMAND ON THE RESIDENTIAL INVESTMENT MARKET TOGETHER WITH A SUPPLY FORECAST PRIMARY MARKET

Source: Emmerson Evaluation based on Evaluator data

offer at the end of the period  
number of flats introduced onto the market in the period  
no. of flats sold flats in the period



## RELATION OF FLATS SOLD TO TOTAL OFFER PRIMARY MARKET

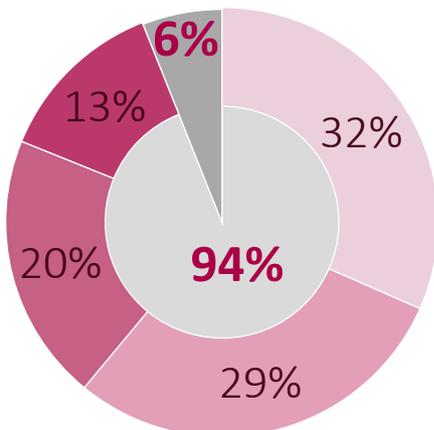
% of the sold offering in the given period  
Source: Emmerson Evaluation based on Evaluator data



## AVERAGE RATE OF SALES OF FLATS DURING THE INVESTMENT IMPLEMENTATION PERIOD 2018-2019\* [%] PRIMARY MARKET

\*% of flats sold in individual halves of the year after the introduction of the investment onto the market (average)  
Source: Emmerson Evaluation based on Evaluator data

sales in 1H  
sales in 2H  
sales in 3H  
sales in 4H  
remaining for sale after 2 years



Dynamic price increases were recorded in all districts with direct access to the underground. Expansion of the second underground line strongly influenced price increases in Wola and Targówek. On the other hand, numerous infrastructural investments, including the announced construction of a tram line in the direction of Wilanów, as well as the redevelopment of Płaskowicka street, translated into price increases in the southern districts (i.e. Mokotów, Wilanów and Ursynów). In the northern part of the city (Bielany), the opening of Galeria Młociny was a factor stimulating dynamic increases in property prices.

## CHANGES ON THE DEVELOPER'S MARKET 2019/2018



Source: Emmerson Evaluation based on Evaluator data

# CRACOW

**In Cracow, both on the primary and secondary market, price increases of 11% per year were recorded. The median price of basic units as built by the developer amounted to PLN 8,510.**

In all the districts, an increase of several percent was recorded. The biggest change occurred in Nowa Huta (15%). Such a large increase was due to developments located in the vicinity of the Polish Aviators' Park, where prices of sq. m reached even PLN 11 thousand. Unit prices in this location were high due to very good public transport, access to a broad scope of services, proximity of recreational areas, as well as location at the border with the Śródmieście district.

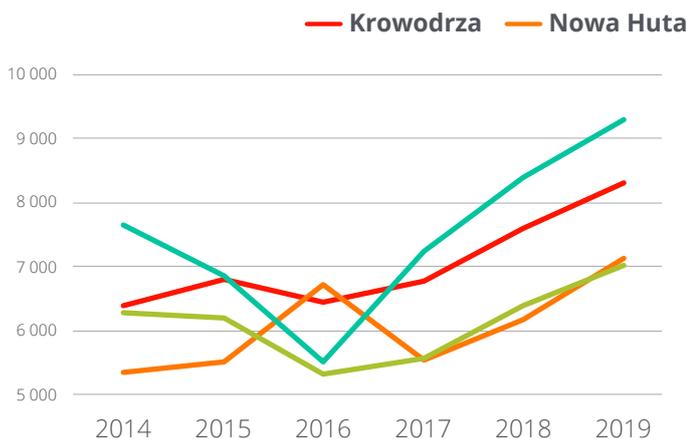
In the remaining districts increases were at a similar level (about 10%) compared to 2018. The situation on the secondary market remained equally good for sellers. As in the case of the primary market, the largest increase in the price of sq.m was recorded in Nowa Huta (15%), where the median price of sq.m of residential property amounted to PLN 6,320. Dynamic growth was also recorded in Podgórze (13%). The median price of sq.m for this location reached PLN 7,300. For years, the most expensive district has been the Śródmieście with a median price of sq. m at PLN 8,320. Since 2014, the biggest increase in the price of sq. m on the secondary market has been observed in the Podgórze district where it amounted to 34%.

Since 2017, sales of flats have remained at a similar level. At the end of 2019, the number of newly completed flats was almost equal to the level of sales. New developments were executed in each area of the city, depending on the availability of land for multi-family housing. Most new flats were built in Podgórze within Dębniki and Podgórze Duchackie precinct. Equally many developments were completed in Krowodrza. Salwator was an expensive area in this district, where prices of square meter reached even 12 thousand PLN. Over 6 years, the median price of sq.m on the primary market in Cracow increased by 32%.

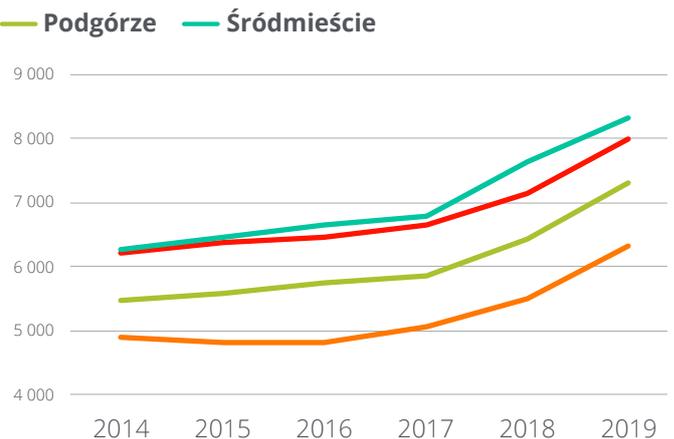
MEDIAN PRICE ON THE PRIMARY AND SECONDARY MARKET AND THE ANNUAL TREND IN PRICE CHANGES  
Source: Evaluator data base

	primary market		secondary market	
	median price 1 m <sup>2</sup>	annual trend	median price 1 m <sup>2</sup>	annual trend
Krowodrza	8 310	10%	8 000	10%
Nowa Huta	7 120	15%	6 320	15%
Podgórze	7 030	10%	7 300	13%
Śródmieście	9 500	13%	8 320	9%

MEDIAN PRICE OF SQUARE METER 2014-2019  
PRIMARY MARKET  
Source: Evaluator's data base



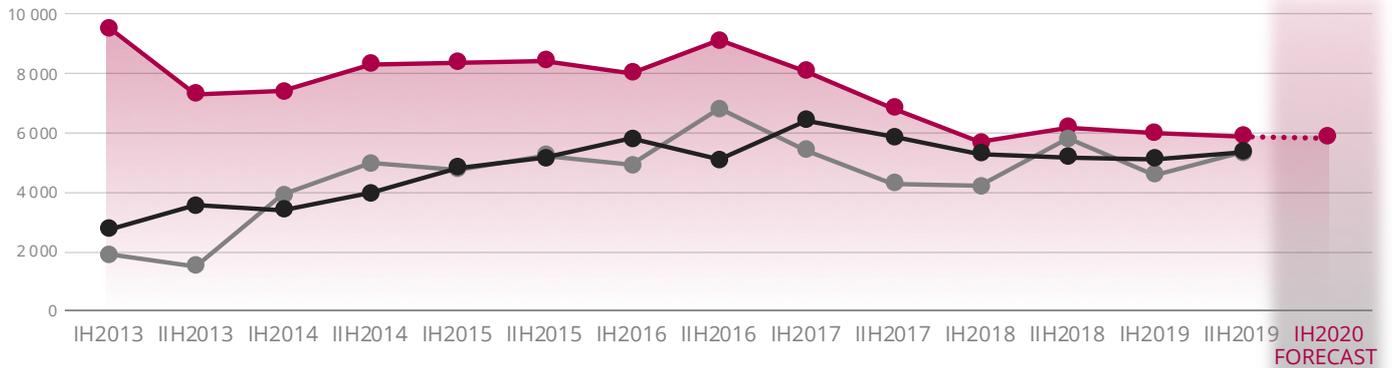
MEDIAN PRICE OF SQUARE METER 2014-2019  
SECONDARY MARKET  
Source: Evaluator's data base



## SUPPLY AND DEMAND ON THE RESIDENTIAL INVESTMENT MARKET TOGETHER WITH A SUPPLY FORECAST PRIMARY MARKET

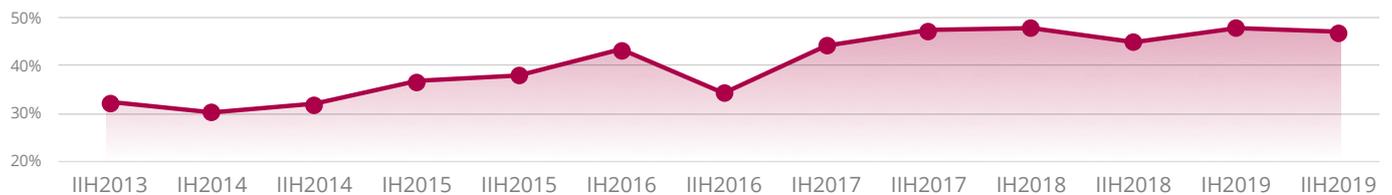
Source: Emmerson Evaluation based on Evaluator data

offer at the end of the period  
number of flats introduced onto the market in the period  
no. of flats sold flats in the period



## RELATION OF FLATS SOLD TO TOTAL OFFER PRIMARY MARKET

% of the sold offering in the given period  
Source: Emmerson Evaluation based on Evaluator data



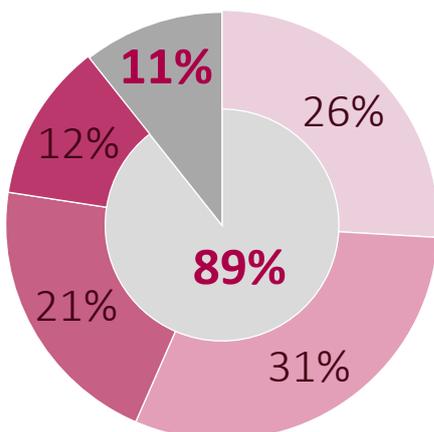
In the Cracow's offering we can also distinguish prestigious developments, where prices were significantly different from the average for a given district. They were

carried out within the precinct marked by such streets as Barska or Klimeckiego. In their case, prices of sq. m. reached even a few dozen or so PLN. The works related to the construction of a section of the fast agglomeration railway line connecting the Złocień housing estate with the city center, which is planned to be completed at the end of 2020, proved to be a major revolution. Currently, Zlocien is one of the areas of Cracow with the poorest accessibility, and thanks to the development of infrastructure, the number of developments in this housing estate will increase. Already in 2019, several developers operating on a national scale were active in the area.

## AVERAGE RATE OF SALES OF FLATS DURING THE INVESTMENT IMPLEMENTATION PERIOD 2018-2019\* [%] PRIMARY MARKET

\*% of flats sold in individual halves of the year after the introduction of the investment onto the market (average)  
Source: Emmerson Evaluation based on Evaluator data

sales in 1H  
sales in 2H  
sales in 3H  
sales in 4H  
remaining for sale after 2 years



## CHANGES ON THE DEVELOPER'S MARKET 2019/2018

TOTAL OFFERING	↔
NO. OF FLATS INTRODUCED ONTO THE MARKET	↔

Source: Emmerson Evaluation based on Evaluator data

# WROCLAW

**The boom in the Wrocław housing market in 2019 was maintained on both the primary and secondary market. Price increases of flats sold by developers reached about 13%. The median price of a sq. m of a new unit amounted to PLN 8,050. Dynamic growth also occurred on the secondary market. The median price of sq. m amounted to PLN 6,580 and was 10% higher than last year.** On the primary market there was a strong upward price trend with prices rising by a dozen or so percent in all districts of Wrocław. The fastest price increases were recorded in Śródmieście (16%) and the Old Town (15%). Large price increases in Śródmieście were mainly driven by new developments in Nadodrze. On the other

hand, next stages of the Wrocławskie Breweries development were carried out in Ołbin, which is adjacent to Nadodrze. In the revitalized, post-industrial buildings from the nineteenth century and in the new buildings, about a thousand flats, lofts and apartments are to be built. Proximity of the city center and a very good transport infrastructure meant that there were many eager apartment buyers despite high prices. Significant increases (11%) of flat prices were recorded in Krzyki, where the median price of sq. m exceeded 7 thousand PLN. The large price increase in this location was mainly due to smaller single-building developments located near green areas. The price of sq. m. of such properties started from PLN 10 thousand. Prices of apartments on the secondary market grew as fast as those on the primary market. Another year in a row, the highest prices for sq. m were recorded in the Old Town. The most expensive flats in this district were located in pre-war tenement houses in the very center of the city (Oławska, Kazimierza Wielkiego, Nowy Świat, Grodzka streets). Prices of sq. m. of such properties exceeded PLN 10 thousand. It is in Śródmieście that the highest increases in flat prices have been recorded in the last 6 years. Due to the historical character of the district and its excellent location, the purchased units were usually intended for short-term rent. In other locations the median price of sq. m exceeded PLN 6 thousand.

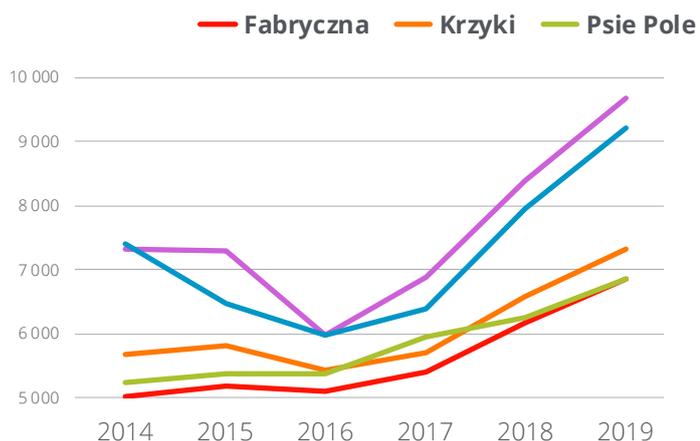
MEDIAN PRICE ON THE PRIMARY AND SECONDARY MARKET AND THE ANNUAL TREND IN PRICE CHANGES

Source: Evaluator data base

	primary market		secondary market	
	median price 1 m <sup>2</sup>	annual trend	median price 1 m <sup>2</sup>	annual trend
Fabryczna	6 840	11%	6 190	10%
Krzyki	7 320	11%	6 400	6%
Psie Pole	6 850	10%	6 040	11%
Stare Miasto	9 670	15%	7 260	9%
Śródmieście	9 200	16%	6 760	14%

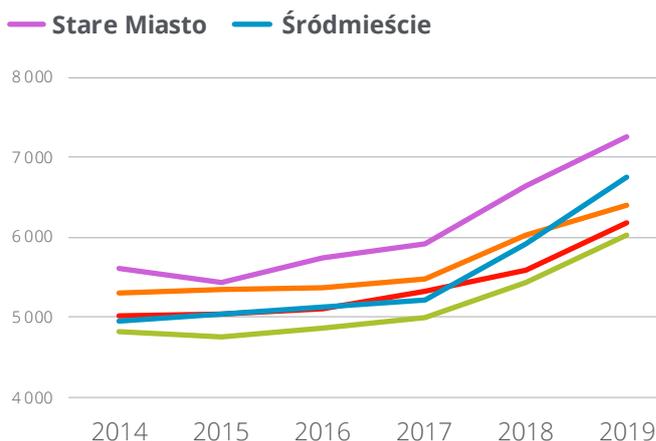
MEDIAN PRICE OF SQUARE METER 2014-2019 PRIMARY MARKET

Source: Evaluator's data base



MEDIAN PRICE OF SQUARE METER 2014-2019 SECONDARY MARKET

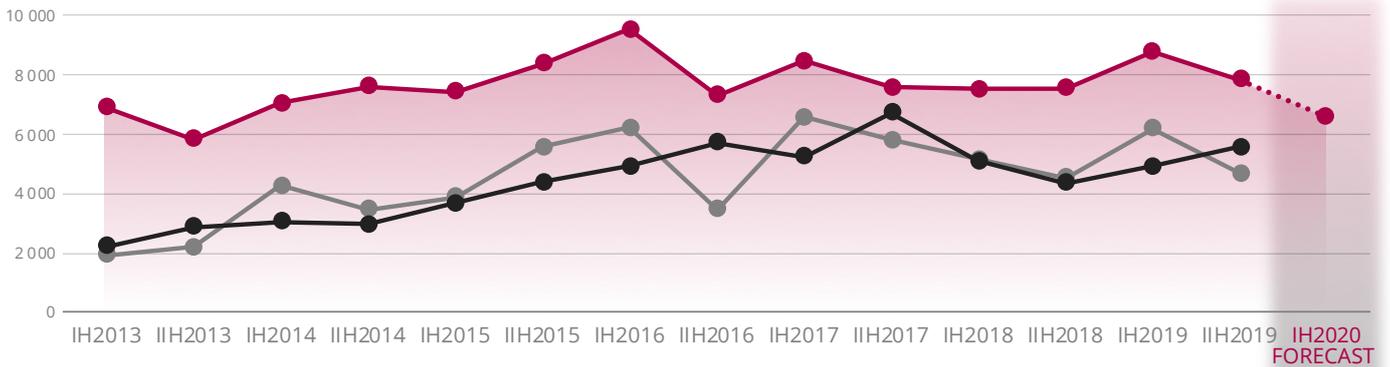
Source: Evaluator's data base



## SUPPLY AND DEMAND ON THE RESIDENTIAL INVESTMENT MARKET TOGETHER WITH A SUPPLY FORECAST PRIMARY MARKET

Source: Emmerson Evaluation based on Evaluator data

offer at the end of the period  
number of flats introduced onto the market in the period  
no. of flats sold flats in the period



## RELATION OF FLATS SOLD TO TOTAL OFFER PRIMARY MARKET

% of the sold offering in the given period  
Source: Emmerson Evaluation based on Evaluator data



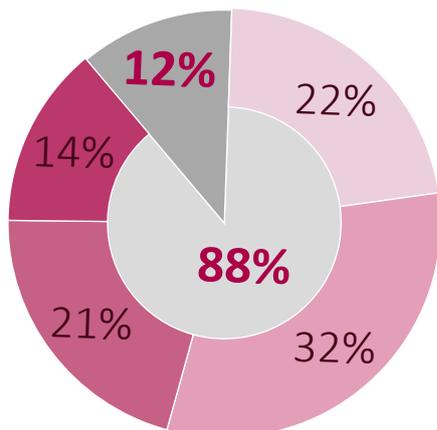
The smallest increase (6%) in flat prices during the year was recorded in Krzyki, where transactions in units from older stock had a greater share. At the same time, it is in the Krzyki district that the offer of new flats has significantly increased. Most developments were locat-

ed within the precinct of Jagodno housing estate, which has been developing intensively for several years now. Many developments were executed in Gaj and Tarnogaj, near Al. Armii Krajowej, which is one of the main arteries in Wrocław. Most developments were carried out in the Fabryczna district. Developments were mainly executed in the north-eastern part of the district, in the area of Stabłowice, Maślice and Popowice, where successive stages of the existing developments were carried out. The areas in Psie Pole within Swójczyce and Lipa Piotrowska precinct were developing rapidly. Due to the high availability of land for development, developers were willing to carry out new developments there and continue further stages of investment.

## AVERAGE RATE OF SALES OF FLATS DURING THE INVESTMENT IMPLEMENTATION PERIOD 2018-2019\* [%] PRIMARY MARKET

\*% of flats sold in individual halves of the year after the introduction of the investment onto the market (average)  
Source: Emmerson Evaluation based on Evaluator data

sales in 1H  
sales in 2H  
sales in 3H  
sales in 4H  
remaining for sale after 2 years



## CHANGES ON THE DEVELOPER'S MARKET 2019/2018

TOTAL OFFERING	↗
NO. OF FLATS INTRODUCED ONTO THE MARKET	↗

Source: Emmerson Evaluation based on Evaluator data

# POZNAN

**In 2019, the Poznan real estate market saw lower increases in residential property prices than in other analyzed cities. The median price of sq. m of new flats increased by 7% and stood at PLN 7,560. On the other hand, the median price of flats on the secondary market increased by 8% and reached PLN 6,200.**

The biggest increases in prices of flats sold by developers prices were recorded in the district of Jezyce (12%) Flats from developments located within the precinct marked by Przybyszewskiego, Bukowskiej, Roosevelta

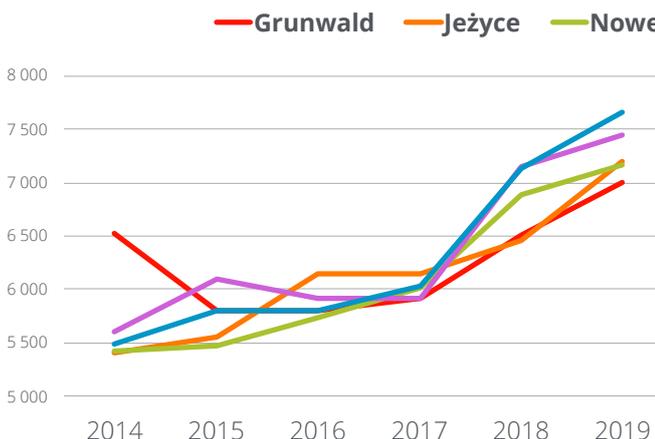
and Grudzieniec streets had a direct influence upon the increase of prices. Prices of sq. m. in these developments started from PLN 7,500. The smallest price increases (4%) were recorded in the central districts of Nowe Miasto and Stare Miasto. Here, units in older developments achieved higher prices. Since 2014, the highest price increases on the Poznan market have been recorded in Wilda (39% on the primary market and 30% on the secondary market). Developers were eager to introduce premium standard buildings for sale here, which directly affected the prices in this location.

On the secondary market, the highest increase in the median price of sq. m – by 11% compared to 2018 – was recorded in the district of Grunwald where it amounted to PLN 6,050. Price increases in this location were mainly influenced by transactions in units from the new stock (built after 2005), which reached the highest rates. A significant price increase (by 10% y/y) was also observed in the Jezyce district. The median price of sq. m for this location was PLN 6,400 and it was the highest of the recorded median values for Poznan districts. The most expensive flats in this district turned out to be those located in close proximity to the center. Similar price increases were observed in other districts as compared to 2018, with the median values not exceeding PLN 6 thousand per square meter.

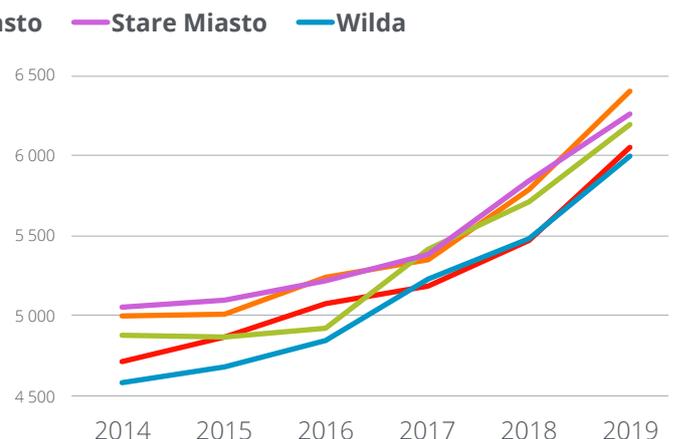
MEDIAN PRICE ON THE PRIMARY AND SECONDARY MARKET AND THE ANNUAL TREND IN PRICE CHANGES  
Source: Evaluator data base

	primary market		secondary market	
	median price 1 m <sup>2</sup>	annual trend	median price 1 m <sup>2</sup>	annual trend
Grunwald	7 000	8%	6 050	11%
Jezyce	7 200	12%	6 400	10%
Nowe Miasto	7 160	4%	6 200	8%
Stare Miasto	7 440	4%	6 260	7%
Wilda	7 660	7%	6 000	9%

MEDIAN PRICE OF SQUARE METER 2014-2019  
PRIMARY MARKET  
Source: Evaluator's data base



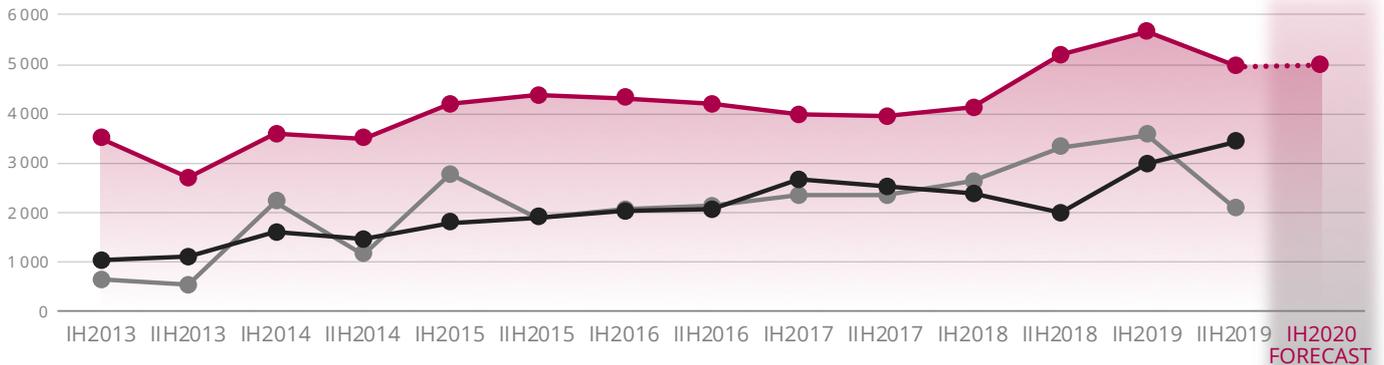
MEDIAN PRICE OF SQUARE METER 2014-2019  
SECONDARY MARKET  
Source: Evaluator's data base



## SUPPLY AND DEMAND ON THE RESIDENTIAL INVESTMENT MARKET TOGETHER WITH A SUPPLY FORECAST PRIMARY MARKET

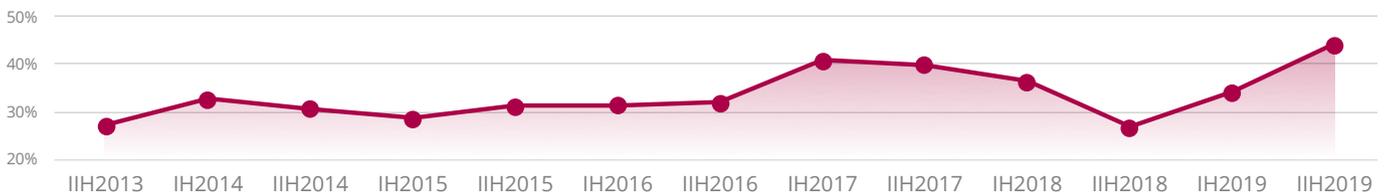
Source: Emmerson Evaluation based on Evaluator data

offer at the end of the period  
number of flats introduced onto the market in the period  
no. of flats sold in the period



## RELATION OF FLATS SOLD TO TOTAL OFFER PRIMARY MARKET

% of the sold offering in the given period  
Source: Emmerson Evaluation based on Evaluator data



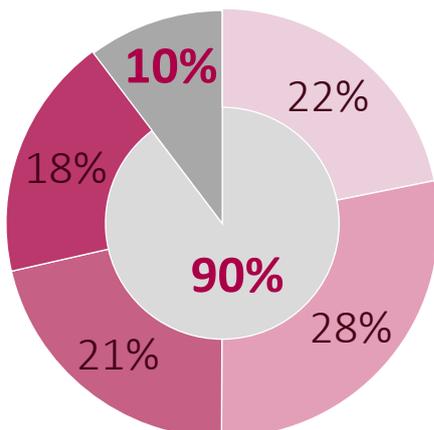
Over the past year, many new developments have been introduced in almost all districts (except Wilda). The largest number of new developments was recorded in the Jeżyce district (about 20). New developments in this part of the city were located mainly in the Jeżyce precinct and Podolany.

In Nowe Miasto, the Łacina region continued to develop intensively, where successive stages of developments were introduced. Quite a lot of new developments appeared in the area of Główno. Particularly noteworthy is the investment in smart apartments for students, located right next to the city center on the premises of the old mill. In the Old Town district, most developments were located in areas such as Naramowice and Winogrady. On the other hand, the least new developments were executed in Wilda. In this smallest district of the capital of Wielkopolska, mainly small developments of a higher standard are being executed, located in close proximity to the center of Poznan. Last year, only 4 new developments were carried out by developers in this area.

## AVERAGE RATE OF SALES OF FLATS DURING THE INVESTMENT IMPLEMENTATION PERIOD 2018-2019\* [%] PRIMARY MARKET

\*% of flats sold in individual halves of the year after the introduction of the investment onto the market (average)  
Source: Emmerson Evaluation based on Evaluator data

sales in 1H  
sales in 2H  
sales in 3H  
sales in 4H  
remaining for sale after 2 years



## CHANGES ON THE DEVELOPER'S MARKET 2019/2018



Source: Emmerson Evaluation based on Evaluator data

# TRI-CITY

**In 2019, the Tri-city market saw significant increases in the prices of flats on the secondary market. The highest unit prices were recorded in Sopot (20% increase compared to 2018). The median price of the square meter of a second-hand flat was PLN 9,650. The second place belonged to Gdansk, with an 18% increase compared to the previous year and a median of PLN 7,370. A high annual upward trend reaching 16%, was also observed in Gdynia, and the median price of square meter of second-hand flats came close to PLN 7,000 (PLN 6,870).**

Considerable price increases (approx. 10%) were recorded on the primary market. In Gdansk, the median price of sq. m approached the level of PLN 9,000 (PLN 8,840) with an upward trend of 12% y/y. The most important and largest investments were the developments of Granary Island. New luxurious developments, as well as changes in the transport system generated great interest in this location.

In the case of districts intended mainly for housing de-

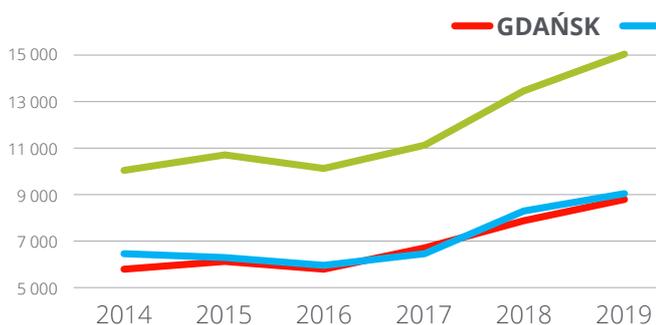
velopment, the districts of Piecki-Migowo and Jasień were very popular. Thanks to completion of new road infrastructure, the creation of new public transport lines and new educational institutions, connection with other districts of the city became easier and more convenient, and the location of educational centers in the neighborhood made families with children willing to buy apartments there. The districts of Łostowice-Ujeścisko and Letnica, where, due to the availability of land for investment, a lot of developments were still underway, also enjoyed constant interest among buyers. The development affecting the increase in prices in the Jasień district was the extension of Bulońska Street, which greatly facilitated access to the district. In 2019, the median price of square meter of flats sold by developers in Gdynia exceeded PLN 9 thousand and grew by 9% y/y. The districts of Chwarzno-Wiczlino and Obłuże, where successive stages of new housing estates are constantly executed by developers, were very popular among buyers. Moreover the Mały Kack district, where many small, higher-standard housing estates were completed, was equally attractive. It is an area located in the immediate vicinity of forest with good transport infrastructure connecting it with both other districts of the city as well as Sopot.

For years, the most expensive flats have been sold by developers Sopot. The median price of sq. m on the primary market has already amounted to PLN 15 thousand here. The offering is made up of only a few developments. Developers have limited investment opportunities due to dense development and lack of new land for investments.

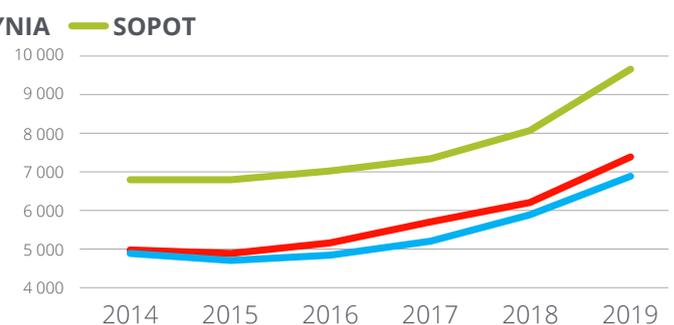
MEDIAN PRICE ON THE PRIMARY AND SECONDARY MARKET AND THE ANNUAL TREND IN PRICE CHANGES  
Source: Evaluator data base

	primary market		secondary market	
	median price 1 m <sup>2</sup>	annual trend	median price 1 m <sup>2</sup>	annual trend
GDAŃSK	8 840	12%	7 370	18%
GDYNIA	9 070	9%	6 870	16%
SOPOT	15 000	11%	9 650	20%

MEDIAN PRICE OF SQUARE METER 2014-2019  
PRIMARY MARKET  
Source: Evaluator's data base

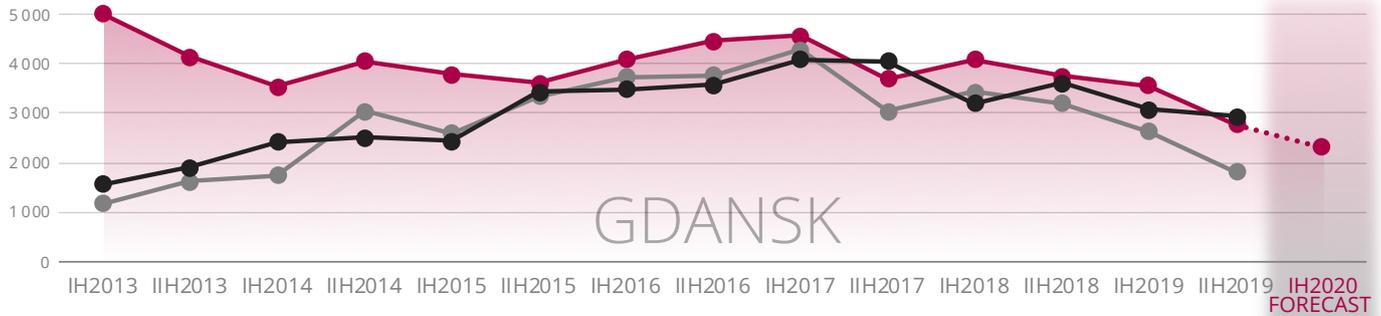
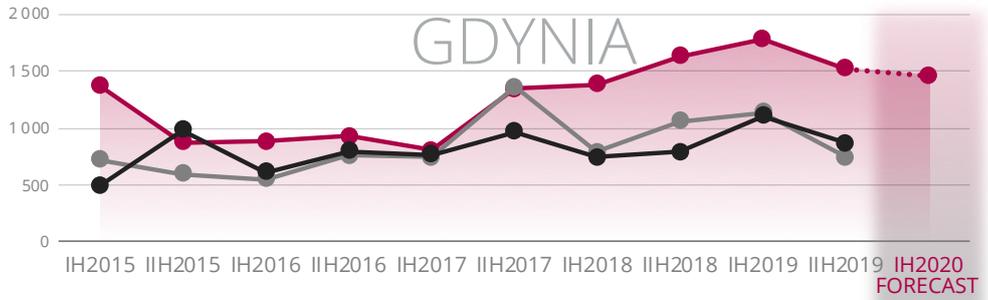


MEDIAN PRICE OF SQUARE METER 2014-2019  
SECONDARY MARKET  
Source: Evaluator's data base



**SUPPLY AND DEMAND ON THE RESIDENTIAL INVESTMENT MARKET TOGETHER WITH A SUPPLY FORECAST PRIMARY MARKET**

offer at the end of the period  
 number of flats introduced onto the market in the period  
 no. of flats sold flats in the period  
 Source: Emmerson Evaluation based on Evaluator data



**RELATION OF FLATS SOLD TO TOTAL OFFER PRIMARY MARKET**

% of the sold offering in the given period; The data presented concern Gdansk  
 Source: Emmerson Evaluation based on Evaluator data



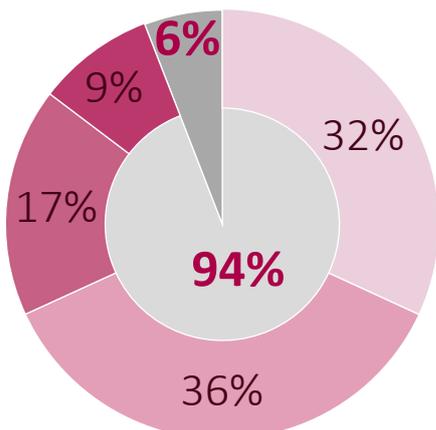
As in previous years, the most expensive flats are located in coastal districts and downtown, where there is very little land available for development. The cheapest units are located in an area close to and behind the Tri-City Ring Road or at a considerable distance from the

city center. Median price of sq. m in Gdansk and Gdynia has oscillated at a similar level each year for 6 years now, maintaining an upward trend throughout this period. In addition, Gdansk is the city which has seen the largest increase in the price of sq. m of residential units on both the primary and secondary market in Poland over the last 6 years. It amounted to about 50% when compared to 2014. The percentage increase in flat prices on the primary market in Sopot, known for the most expensive flats in the whole country, was at a slightly lower level. However, due to the generally high prices, it was in this city that the highest increases were recorded reaching even PLN 2,000 per sq. m y/y.

**AVERAGE RATE OF SALES OF FLATS DURING THE INVESTMENT IMPLEMENTATION PERIOD 2018-2019\* [%] PRIMARY MARKET**

sales in 1H  
 sales in 2H  
 sales in 3H  
 sales in 4H  
 remaining for sale after 2 years

\*% of flats sold in individual halves of the year after the introduction of the investment onto the market (average); The data presented concern Gdansk  
 Source: Emmerson Evaluation based on Evaluator data



CHANGES ON THE DEVELOPER'S MARKET 2019/2018	GDANSK	GDYNIA
TOTAL OFFERING	↘	↗
NO. OF FLATS INTRODUCED ONTO THE MARKET	↘	↗

Source: Emmerson Evaluation based on Evaluator data

# LODZ

**The boom on the housing market was also visible in Lodz. Price increases of new flats in the whole city reached on average 9% y/y. Very good economic situation translated into an increase in the number of transactions concluded on the developer's market. As a result, the offering at the end of 2019 was considerably smaller (by almost 1/3 compared to the end of 2018), despite the successive introduction of new developments for sale.**

On the primary market, the median price of sq. m of flats increased across all the districts of the city. The most visible increase of 9% was observed in Śródmieście. Prices also grew in the Górna, Polesie and Bałuty districts. The lowest price increase was recorded

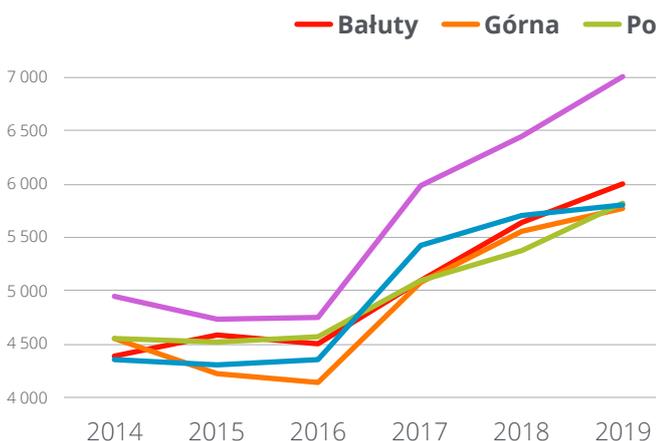
in the district of Widzew – it amounted to only 2%. However, it was Górna that was the cheapest district in Lodz, with an average price of 5,770 PLN per square meter. Śródmieście is still the most expensive district with the median price of sq. m at PLN 7,000.

2019 was a record year for developers in terms of flat sales. The greatest interest of buyers was recorded in Śródmieście. Analyzing the results from previous years, it is possible to notice location-related changes in demand on the primary market. Sales in the districts of Śródmieście and Polesie are increasing, while in other districts they remain stable or are falling. The Lodz housing market is distinguished by a high density of developments in the central zone of the city. Furthermore, emerging developments are quite diverse in terms of standard, price and size. You can find both several-stage developments as well as smaller developments here. Additionally, revitalization of industrial areas is one of the directions that gives second life to already existing facilities in the city. As part of the area restructuring, tenement houses, former factory facilities as well as urban infrastructure are being restored. A noteworthy project is, for example, a multi-functional complex of buildings, built on the premises of the former Karol Scheibler's factory. This development aims to create an area in Lodz which will serve not only residential, but also office, retail and service functions.

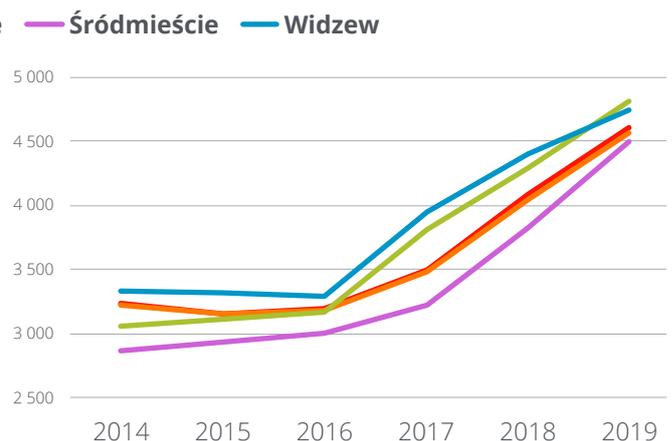
MEDIAN PRICE ON THE PRIMARY AND SECONDARY MARKET AND THE ANNUAL TREND IN PRICE CHANGES  
Source: Evaluator data base

	primary market		secondary market	
	median price 1 m <sup>2</sup>	annual trend	median price 1 m <sup>2</sup>	annual trend
Bałuty	6 000	6%	4 600	13%
Górna	5 770	4%	4 560	12%
Polesie	5 820	8%	4 810	12%
Śródmieście	7 000	9%	4 490	17%
Widzew	5 810	2%	4 740	8%

MEDIAN PRICE OF SQUARE METER 2014-2019  
PRIMARY MARKET  
Source: Evaluator's data base



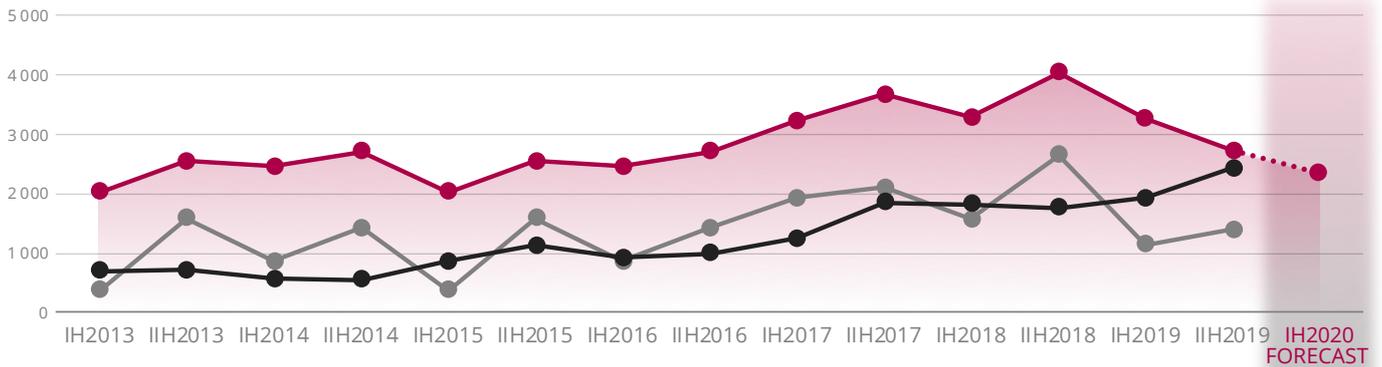
MEDIAN PRICE OF SQUARE METER 2014-2019  
SECONDARY MARKET  
Source: Evaluator's data base



## SUPPLY AND DEMAND ON THE RESIDENTIAL INVESTMENT MARKET TOGETHER WITH A SUPPLY FORECAST PRIMARY MARKET

Source: Emmerson Evaluation based on Evaluator data

offer at the end of the period  
number of flats introduced onto the market in the period  
no. of flats sold in the period



## RELATION OF FLATS SOLD TO TOTAL OFFER PRIMARY MARKET

% of the sold offering in the given period  
Source: Emmerson Evaluation based on Evaluator data



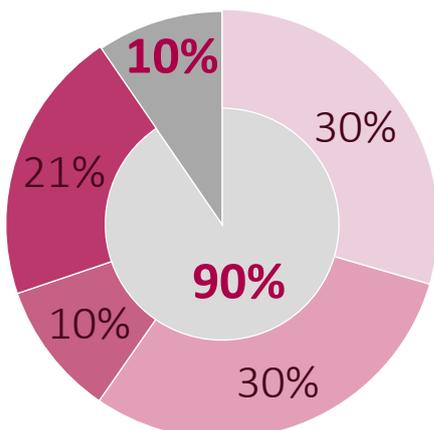
On the secondary market, a 15% price increase was recorded. The median price of sq. m for the whole city was at PLN 4,540. The biggest price increase was recorded in the Śródmieście district, amounting to as much as 17% compared to the previous year. Despite it, the median price of sq. m in this district remains the

lowest one (PLN 4,490) in the whole city. The most expensive district in terms of second-hand flats is Polesie. The median price for this location was PLN 4,810 per square meter. Price increases in the districts of Górna and Polesie were at the level of 12%. Prices in the Bałuty district increased slightly more - by 13%, with the median price of square meter at PLN 4,600. In the Widzew district, similarly to the primary market, prices changed the least (8% increase compared to the previous year). Analyzing historical data, in the years 2014-2016 the situation on both primary and secondary markets was stable. There were only slight fluctuations of the median values. However, since 2016, price increases were recorded, which continued until the end of 2019.

## AVERAGE RATE OF SALES OF FLATS DURING THE INVESTMENT IMPLEMENTATION PERIOD 2018-2019\* [%] PRIMARY MARKET

\*% of flats sold in individual halves of the year after the introduction of the investment onto the market (average)  
Source: Emmerson Evaluation based on Evaluator data

sales in 1H  
sales in 2H  
sales in 3H  
sales in 4H  
remaining for sale after 2 years



## CHANGES ON THE DEVELOPER'S MARKET 2019/2018



Source: Emmerson Evaluation based on Evaluator data

# KATOWICE+ SILESIA AGGLOMERATION

In the capital city of Silesia, the median price of a square meter of new flats increased by 8% and stood at PLN 6,230. On the other hand, for units on the secondary market it increased by 17% and amounted to PLN 4,650 per sq. m. Over 6 years, flat prices in both markets increased on average by 40%.

As for the other cities of the agglomeration, the median price of sq. m on the primary market grew by 6% and reached PLN 5 thousand (PLN 5,025). On the secondary market, the increase was greater, over 11%, and the median price of sq. m amounted to nearly PLN 3.5 thousand (PLN 3,460). Over the last 6 years, the prices of flats in the Sile-

sian Agglomeration grew faster on the primary market (36%) than on the secondary market (28%).

Most developments in Katowice were located in the northern part of the city. The most expensive developments were located in the very center of the city, close to the Main Railway Station and the intercity route. Flats in this location cost on average PLN 7 thousand per square meter. On the other hand, the cheapest flats were in the southern parts of the city. The median price of sq. m in this location reached PLN 5,700.

Apart from Katowice, most new developments were carried out in Gliwice. They were mainly located in the area between the Silesian University of Technology and Arena Shopping Centre. Gliwice is considered to be the second most expensive city in the Silesian Agglomeration (after Katowice), and the median price of sq. m of new units in 2019 was PLN 6,000.

Quite a lot of developments were also located in Chorzów, Sosnowiec, Tychy and Zabrze. In the remaining analyzed locations, new developments are executed on a smaller scale, mainly by local entrepreneurs.

Second hand flats in the best locations of Katowice were purchased for over PLN 7,000 per square meter. Moreover, the highest prices per sq. m were achieved in case of flats built after 2005. The median price of sq. m for such flats reached PLN 6,500.

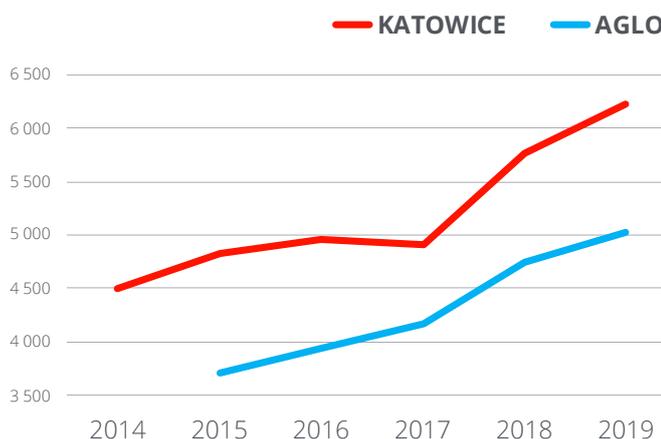
MEDIAN PRICE ON THE PRIMARY AND SECONDARY MARKET AND THE ANNUAL TREND IN PRICE CHANGES

Source: Evaluator data base

	primary market		secondary market	
	median price 1 m <sup>2</sup>	annual trend	median price 1 m <sup>2</sup>	annual trend
KATOWICE	6 230	8%	4 650	17%
SILESIA AGGLOMERATION (not incl. KATOWICE)	5 025	6%	3 460	11%

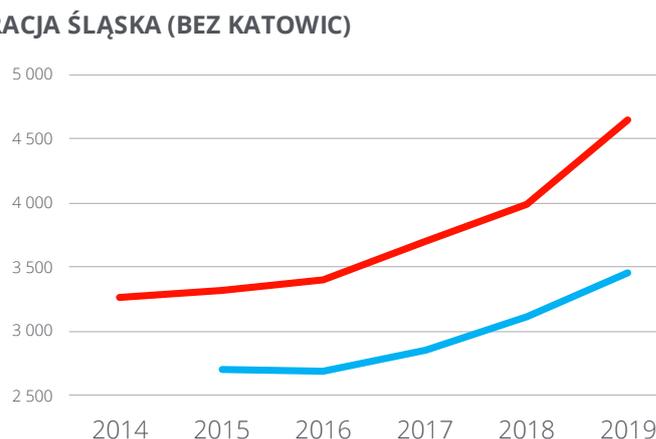
MEDIAN PRICE OF SQUARE METER 2014-2019 PRIMARY MARKET

Source: Evaluator's data base



MEDIAN PRICE OF SQUARE METER 2014-2019 SECONDARY MARKET

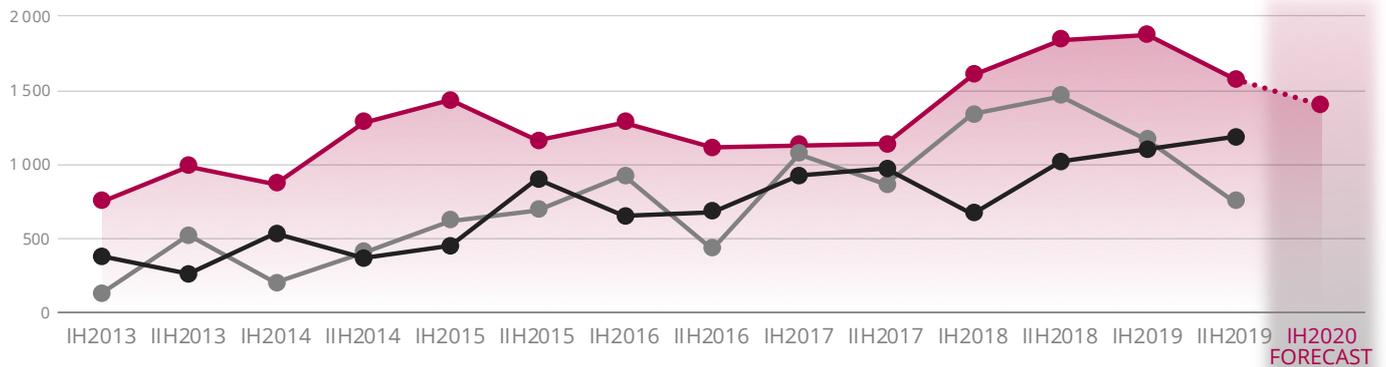
Source: Evaluator's data base



## SUPPLY AND DEMAND ON THE RESIDENTIAL INVESTMENT MARKET TOGETHER WITH A SUPPLY FORECAST PRIMARY MARKET

The data presented concern Katowice  
Source: Emmerson Evaluation based on Evaluator data

offer at the end of the period  
number of flats introduced onto the market in the period  
no. of flats sold flats in the period



## RELATION OF FLATS SOLD TO TOTAL OFFER PRIMARY MARKET

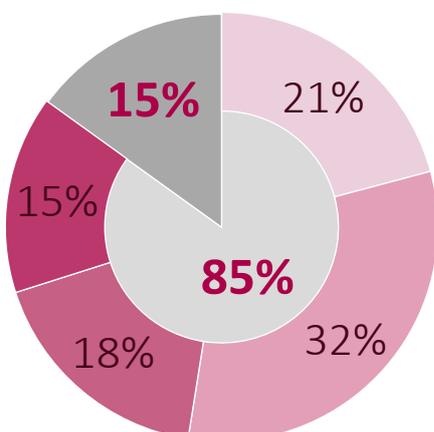
The data presented concern Katowice  
% of the sold offering in the given period  
Source: Emmerson Evaluation based on Evaluator data



## AVERAGE RATE OF SALES OF FLATS DURING THE INVESTMENT IMPLEMENTATION PERIOD 2018-2019\* [%] PRIMARY MARKET

\*% of flats sold in individual halves of the year after the introduction of the investment onto the market (average)  
The data presented concern Katowice  
Source: Emmerson Evaluation based on Evaluator data

sales in 1H  
sales in 2H  
sales in 3H  
sales in 4H  
remaining for sale after 2 years



In the cities of the agglomeration, apart from Katowice, the most expensive second-hand flats were located in Tychy and Gliwice (the median price of sq. m was PLN 4,500 and PLN 4,000 respectively). In Siemianowice Śląskie, Chorzów and Mysłowice, the median price of square meter of flats oscillated around PLN 3,800. Moreover, in Sosnowiec, Dąbrowa Górnicza, Zabrze and Jaworzno, the median price of square meter exceeded PLN 3.5 thousand. On the other hand, the lowest prices were in Ruda Śląska, Bytom and Świętochłowice, where the median price of square meter of flats oscillated around PLN 3 thousand.

## CHANGES ON THE DEVELOPER'S MARKET 2019/2018



Source: Emmerson Evaluation based on Evaluator data

# REGIONAL CITIES

## SZCZECIN

The Szczecin housing market saw large price increases in 2019. The median price of sq. m on the primary market increased by 12% compared to 2018 and reached PLN 6,270. Growth on the secondary market was the highest among all the cities analyzed in this report and amounted to 23% year-on-year. The median price of sq. m for secondary market flats was PLN 5,500. Over the last 6 years, flat prices on both the primary and secondary markets have increased by over 40% (by 42% and 44% respectively).

As in previous years, the largest number of developments were carried out in the Śródmieście district, where real estate prices reach the highest levels. Prices of square meter of new flats in the city center often exceed PLN 7,500. A lot of developments were also carried out in districts further from the center, i.e. in Niebuszewo and Warszew. Apartment properties in these locations cost more than in the center of Szczecin. In 2019, the highest price of sq. m on the secondary market was achieved by apartments located in Śródmieście and in the districts directly adjacent to the center, including Turzyn, Pogodno, Pomorzany. Flats in buildings from the new stock (built after 2005) located not far from the center were also expensive. Prices of such units exceeded 7 thousand per sq. m. On the other hand, the cheapest units on the secondary market could be bought in Prawobrzeże, Skolwin or Stołczyn. In these locations it was possible to find a flat for below PLN 4,000 per square meter.

## LUBLIN

In 2019 a dynamic increase in residential property prices was recorded in Lublin. On the primary market, increases reached 11% compared to 2018. The median price of new units exceeded PLN 6 thousand. On the secondary market, slightly lower price increases (9%) were recorded than on the developer's market. The median price of a second hand flat amounted to PLN 5,380. Analyzing the period of the last 6 years, the prices of flats from the secondary market have grown

by 21%, whereas those from the primary market by 28%. In case of the primary market, the areas with the largest number of developments include: Wrotków, Felin and Węglin Południowy. High interest in flats encouraged developers to introduce new developments onto the market. A wide range of units influenced the high level of sales. Not only flats from the primary market are becoming more and more popular, but also the historic flats in Śródmieście and the Old Town, where prices remain at the highest level. In addition, we also recorded a demand for luxury apartments with prices as high as PLN 10,000 per square meter.

## RZESZÓW

For several years now, the capital of the Podkarpackie Voivodship has been witnessing increases in residential property prices. In 2019, increases reached 11% on the primary market and 8% on the secondary market. The median price of sq. m. of new flats was PLN 5,580, and for second-hand flats – PLN 5,250. Over a 6-year period, the price of sq. m has increased by 24% for new flats and by 28% for second hand flats.

Due to the intensive development of the city, more and more developments were executed. In 2019, most developments were located in the vicinity of Nowe Miasto and the Wisłok River. Moreover, new developments appeared in the vicinity of major transport hubs. Prices of square meter of flats in these locations oscillated around PLN 5,800. The most desirable two-room flats stood at over PLN 6,000 per square meter.

In 2019, the secondary market was dominated by transactions in small flats (studios and smaller 2-room flats). Prices of such units oscillated around PLN 6,000 per sq. m, and in case of flats built after 2005 sellers achieved even such prices as PLN 7,000 per sq. m. Less interest was shown in units from the old stock (e.g. in the so-called prefabricated buildings made of large slabs) with an area of over 70 sq. m. Such flats could be purchased even below 4 thousand PLN per square meter.

## BIAŁYSTOK

In 2019 we recorded a 7% price increase on the primary market. The median price of a square meter of flat amounted to 5,560 PLN. On the secondary market, the growth was much higher and amounted to as much as 15% compared to 2018. The median price of sq. m also exceeded PLN 5 thousand (PLN 5,060). In Białystok, over the last 6 years flat prices on the primary and secondary markets have increased by 1/4.

In the analyzed period, the largest number of developments were located in Antoniuk. Some developments in this location offered flats with prices exceeding PLN 6 thousand per square meter. Moreover, many developments were located on the outskirts of the city, which directly translated into prices. In case of some peripheral developments it was still possible to buy flats whose price per square meter did not exceed PLN 5 thousand. On the secondary market, the highest price per sq. m in 2019 was achieved by flats located in the heart of the city and close to the center, at major transport hubs. Transaction prices of the best located properties exceeded PLN 7 thousand per square meter. On the other hand, the cheapest properties were located in the housing estates built in the 1970s and 1980s made of prefabricated large slabs. The transaction price per square meters in these buildings oscillated around PLN 4,500.

## KIELCE

In recent years, the Kielce housing market has seen a considerable price difference between the primary and secondary market. On the primary market, the median price of sq. m increased by 9% compared to last year and reached PLN 5,350. On the secondary market, the increase was 13% compared to 2018, and the median price of sq. m amounted to PLN 4,400. Over a 6-year period, the prices of sq. m of residential properties have increased by 19% on the primary market and by 24% on the secondary market.

In 2019, most developments were executed on the outskirts of Kielce, e.g. near the Chernów, Szydłówek and Barwinek housing estates. Due to their location, developments in these areas were characterized by relatively low prices per sq. m starting from PLN 4,100. The most expensive developments were executed near the city center, and their prices for sq. m oscillated around PLN 5,700.

In the case of second-hand flats, the highest prices were achieved by units located in highly popular locations, such as: the City Center, Baranówek czy Ślichowice. Prices of flats in these locations often exceeded PLN 5,000 per square meter. The highest price per sq. m was achieved by small two-room flats, as well as flats in low buildings, which were located on the second floor.

## REMAINING REGIONAL CITIES

Over the last 6 years, prices of residential properties on the primary and secondary market have been growing dynamically in other voivodship cities. For new flats the price per sq. m increased by over 35% in Bydgoszcz, Gorzów Wielkopolski, Zielona Góra and Olsztyn. Price increase per sq. m by approx. 25% was recorded in Opole and Toruń. In case of the secondary market, increases in flat prices were stronger. In Gorzów Wielkopolski and Bydgoszcz the median prices per sq. m increased by over 40%, whereas in Zielona Góra and Opole by over 30%. The smallest increases, at 25%, were recorded in Toruń and Olsztyn.

In 2019, we recorded some of the smallest price increases in the residential property market in Opole. The median price per sq. m on the primary market amounted to PLN 5,300 and was higher by 9% in comparison to the previous year. On the secondary market, on the other hand, we recorded a price increase of 10%, and the median price per square meter reached 5,040 PLN.

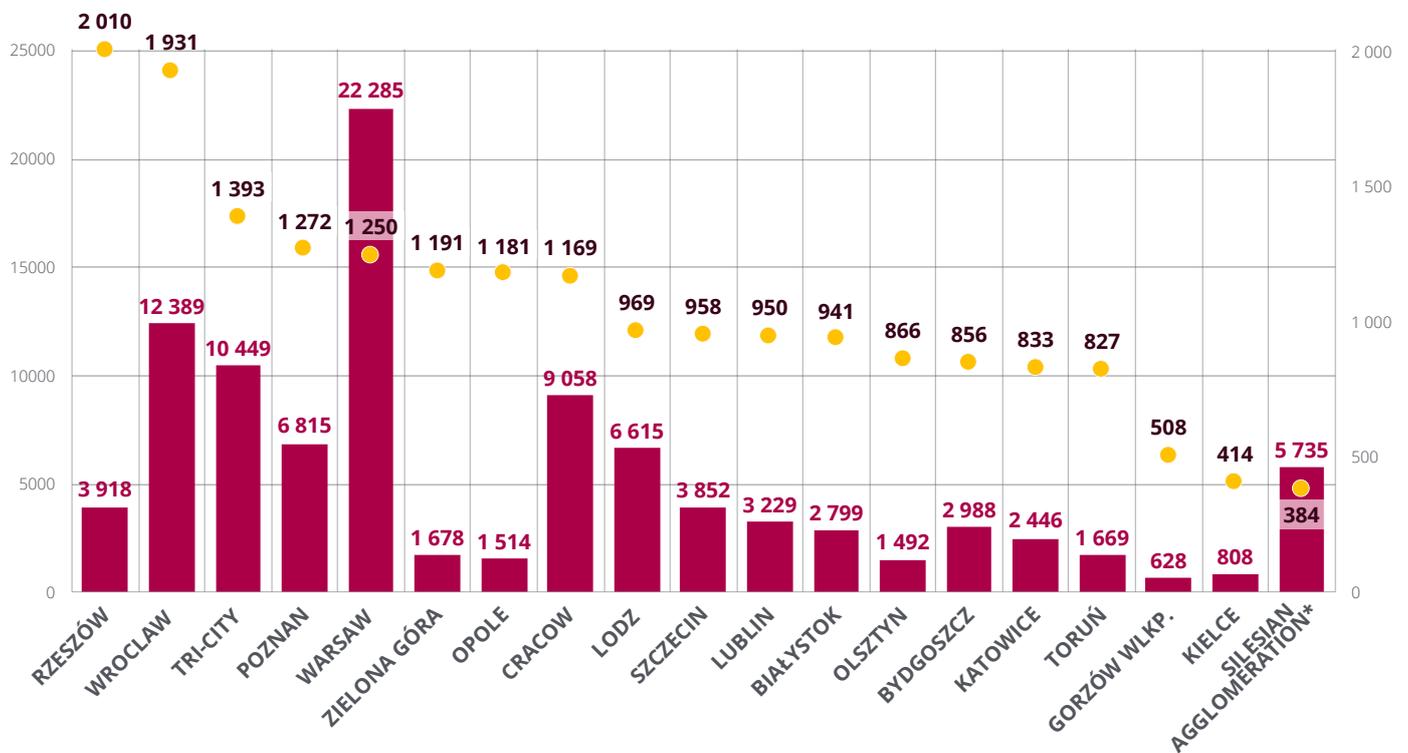
In Olsztyn last year, we recorded higher increases in flat prices than in Opole. Prices increased on average by 13% on the primary and secondary market. The median price of sq. m for new flats amounted to PLN 6,020, whereas for second-hand flats to PLN 5,090. In the cities of the Kujawsko-Pomorskie Voivodeship, we have also recorded considerable increases in residential property prices. In Bydgoszcz they reached 13% on the primary market and 12% on the secondary market. The median price of sq. m was at PLN 6,080 for new flats and PLN 4,760 for second-hand flats. On the other hand, in Toruń we recorded price increases of 9% on the primary market and 15% on the secondary market. The median price of sq. m on these markets amounted to PLN 6,340 and PLN 5,010 respectively.

# BUILDING PERMITS

## ANALYSIS OF BUILDING PERMITS ISSUED PER 100 THOUSAND INHABITANTS

number of flats for which building permits have been issued in 2019 (total) ■  
 number of flats for which building permits have been issued per 100 thousand inhabitants in 2019 ●

\*Silesian agglomeration Chorzów, Jaworzno, Dąbrowa Górnicza, Gliwice, Sosnowiec, Mysłowice, Ruda Śląska, Siemianowice Śląskie, Świętochłowice, Tychy, Bytom, Zabrze  
 Source: Emmerson Evaluation based on GUS (the Central Statistical Office) data

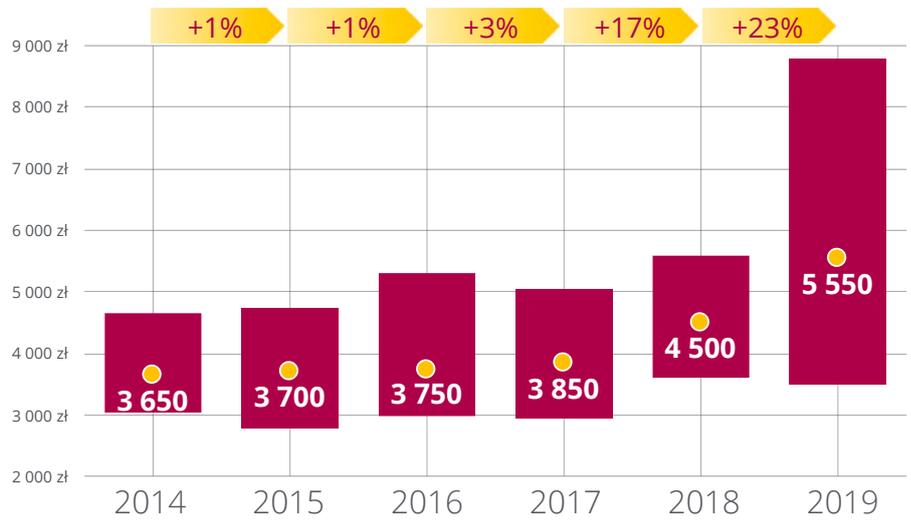


# CONSTRUCTION COSTS OF DEVELOPMENT INVESTMENTS

## CONSTRUCTION COSTS OF DEVELOPMENT INVESTMENTS [PLN / SQ.M OF USABLE FLOOR AREA]

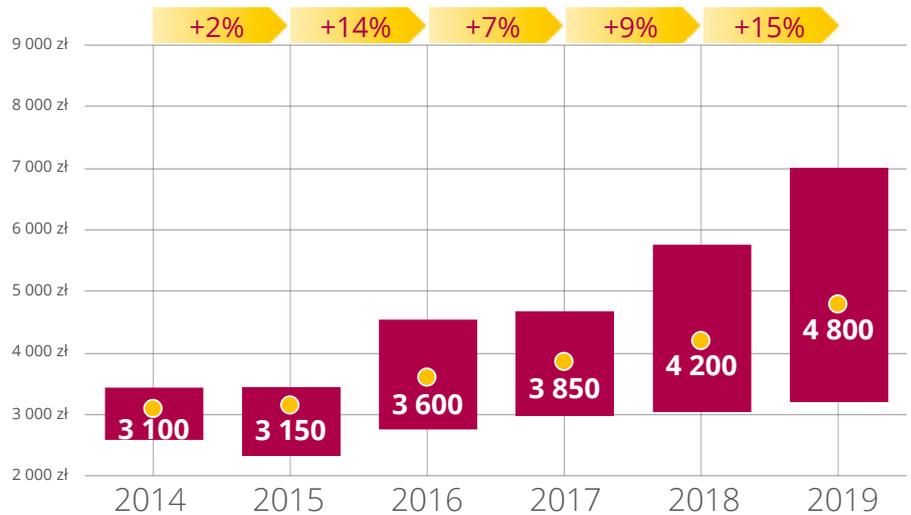
min-max range of hard construction costs  
 average hard construction cost (net)  
 changes in an average hard construction cost

### WARSAW



### REMAINING MARKETS\*

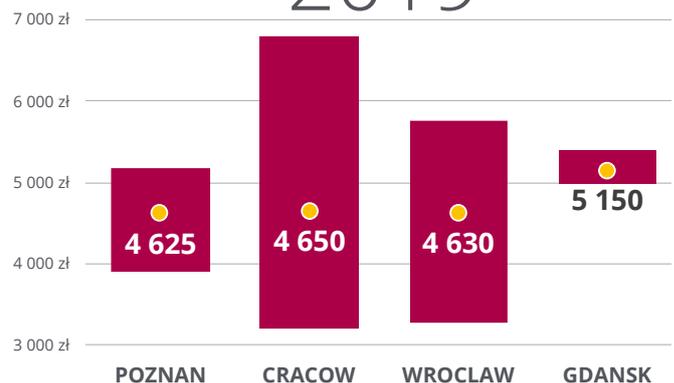
\*CRACOW, POZNAN, WROCLAW, GDANSK, GDYNIA, SZCZECIN, RZESZÓW, TORUŃ, BYDGOSZCZ, LODZ, LUBLIN, KATOWICE



## CONSTRUCTION COSTS OF DEVELOPMENTS (BY DEVELOPERS) CHOSEN CITIES [PLN / SQ.M USABLE FLOOR AREA]

min-max range of hard construction costs  
 average hard construction cost (net)

### 2019



# FORECAST 2020

FLATS  
PUT INTO USE

NUMBER  
OF FLATS  
FOR WHICH  
BUILDING  
PERMITS WERE  
ISSUED

MEDIAN PRICE  
OF A UNIT'S  
SQ.M

The first two months of this year heralded continued housing boom and subsequent price increases, but the outbreak of COVID-19 pandemic caused the market to freeze in the second half of March and in April. During this period, only pre-agreed transactions were in principle carried out on the market. Since the beginning of May we have been observing a gradual return of the market to normal. However, it should be stressed that in the meantime, practically all banks have significantly tightened their credit policies, increasing the required level of one's own contribution and margins as well as limiting the sources of income accepted in calculating creditworthiness. On the other hand, the interest rate on deposits has further decreased (as a result of two NBP interest rate cuts), which is more likely to encourage people with cash to invest it in the real estate market. However, the number of people who can afford to buy real estate for cash is limited. Therefore, the reduction in lending will certainly have a noticeable impact on the volume of transactions concluded in the following months of this year. The inevitable increase in unemployment, wage cuts in many companies and general uncertainty will contribute significantly to the decline in actual demand on the real estate market. In addition, some of the people originally planning to buy a flat for their own needs will shift their interest towards plots and houses. Increased interest in this market is already being observed, and at the root of this trend is the perception that peripheral locations as safer in times of epidemiological threat.

As a result, we expect that flat prices will continue falling at least until the end of 2022. Unit prices are likely to fall by several – about 5-7 percent a year and will stop at about 15-20% lower than the peak that was recorded during the boom at the turn of 2019/2020. Of course, on the primary market, part of this adjustment will be implemented not through classic price reductions, but through various bonuses offered for purchased flats, such as free storage rooms or parking spaces.

It can also be predicted that after a period of market stagnation, which we believe may last until the end of the year, the supply of flats on the secondary market will increase. Due to the limitation of travel, both private and business, interest in short-term rental apartments, which have been a great investment in recent years, will decrease. Until now, practically all such units were introduced onto long-term rental market, causing a drop in rental prices in most locations. Investors who have invested their capital in properties for short-term rent may feel that in the new reality these investments are not sufficiently profitable. In particular, people who started to invest in flats for rent by financing their purchases with a mortgage loan will find themselves under pressure. As a result, we anticipate that many such investors will decide to sell their units on the secondary market.

We expect the residential market to rebound at the turn of 2022-2023. In a period of decline, however, developers will be successively selling out the current large offering, while launching fewer and fewer new developments to balance supply and demand. This will lead to a significant reduction in the offering in 2-2.5 years' time compared to prosperity times, which will consequently allow developers to start a new cycle of increases, especially for the most attractive flats.

The rebound of the primary market will then become a signal for the recovery also on the secondary market. In the long-term perspective, real estate should be an attractive investment, especially if the base rates of the National Bank of Poland (which have been recently lowered twice from the historically lowest level anyway) are still at an exceptionally low level, and thus the interest rate on other safe assets, such as deposits or treasury bonds will be close to zero.

## DESCRIPTION OF OPERATIONS OF EMMERSON EVALUATION AND EVALUER

Emmerson Evaluation Sp. z o.o. has been operating since 2008 and providing valuation services for residential and commercial properties (offices, retail, warehouses, development investments, hotels). The Company performs valuations for all purposes, including, among others, debt protection, financial statements and evaluation of profitability of purchase or sale. It also has extensive experience in the valuation of large property packages, fixed asset valuation and market analysis. All studies prepared by Emmerson Evaluation are in accordance with Polish and international standards. The company has regional offices in 4 major Polish cities and employs over 50 real estate specialists, including 30 appraisers. Emmerson Evaluation aims its services primarily at banks, residential and commercial developers, investment funds and listed companies.

Evaluer Sp. z o.o. is a special purpose vehicle established in July 2019 as a result of organizational changes in Emmerson Evaluation Sp. z o.o. consisting in separating from Emmerson Evaluation Sp. z o.o. an organized part of the enterprise providing services in the scope of making available the EVALUER Transactional Database and analytical reports concerning various segments of the real estate market. Emmerson Evaluation Sp. z o.o. holds 100% shares in Evaluer Sp. z o.o. The area of activity of Evaluer Sp. z o.o. includes preparing reports and analyses on the real estate market on the basis of data obtained from developers, as well as collected in the EVALUER Database and monitoring the primary market in major Polish cities. In addition, the company maintains and makes available the EVALUER database containing transactional data from the real estate market (currently more than 1,500,000 transactions from across the country).

MORE INFORMATION:

[www.emmerson-evaluation.pl](http://www.emmerson-evaluation.pl)

## WARSAW

### Headquarters

Emmerson Evaluation Sp. z o.o.

al. Jana Pawła II 23

00-854 Warszawa

phone +48 22 379 99 00

warszawa@emmerson-evaluation.pl

## WROCLAW

ul. Nabycińska 19, lok. 102

53-677 Wrocław

phone +48 71 780 01 41

wroclaw@emmerson-evaluation.pl

## POZNAN

ul. Grottgera 6/1

60-757 Poznań

phone +48 61 222 54 41

poznan@emmerson-evaluation.pl

## TRI-CITY

ul. Grunwaldzka 76/4

81-771 Sopot

phone +48 58 341 99 45

trojmiasto@emmerson-evaluation.pl



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