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NEW DATA ON THE PROPERTY MARKET

Abstract. *The GUS Central Office of Statistics has been providing information on the number and value of property deals, concluded annually in the form of notarial deeds since 2003. Detailed information has been available on ca. 75% of market deals, in the amount of more than 300,000 and valued at ca. 44 billion Polish zlotys (2007 data). The data are split according to market segments (business premises and office space, land and developed properties) and to deals (those in Municipal Counties, Rural Counties, and Regional Capital Cities). One can identify transactions that were based on auctions, as well as those carried out on free market, in the context of ownership or perpetual usufruct. Also average deal values are included, based on the respective segments. That information has extended our knowledge on the property market in particular years of the period 2003-2007.*

Key Words: market deals in the form of notarial deeds, auction, perpetual usufruct, property market segments.

The diversity of transactions conducted on the property market is not fully documented in the official statistical reports. We know nothing about the scale or structure of the leases, not to mention a fairly wide-spread issue of subleases. It is not easy to understand a regional scale and structure of leased lands, expanding the practice of land and premise lease. No records of such transactions are kept.

Therefore, it is necessary to limit ourselves to the knowledge drawn from notarial deeds relating to transferred properties. Such documents are revealed in six-month reports prepared by Notary Publics, provided for dozens of years, serving mainly legal purposes¹. Only by the end of the 1990's, such reports became objects of analysis by the Central Office of Statistics (GUS) and limited distribution in the form of GUS Bulletins².

The former Institute of Housing Economy (presently the Institute of Urban Development) assumed the task of approaching the notarial reports with the intention to use them economically in 1990. From the beginning of systemic transformation in Poland, the Institute started to publish the *Polish Property Market Monitoring*, first in the form of photocopies and later in the Internet as well, as a substantive and regional classification of completed transactions. Presently, we have a collection of 18 annual analyses of property transactions, still according to quantities, because the reports do not provide prices or values of the completed deals.

Year 2003 presented a breakthrough in obtaining solid knowledge on real estates. GUS implemented the obligation of reporting the number, value and surface area of the

¹ See *Problemy Rozwoju Miast* 4/2005.

² Under the title of *Transakcje kupna/sprzedaży nieruchomości in 2007-2008*.

properties handled by notarial deeds by County Managers twice a year (GUS Form M-04s). After data collection and verification, GUS passed such data to analysis by the government ministries. The scope of collected data is presented in Fig. 1.

$\Sigma = 100\%$	Market transactions, GUS: 306,085 deals.		
Premises: 23.6%	Municipal Counties including Regional Capitals 53.1% 26.3%		Rural Counties 46.3%
Buildings: 0.9%	12.0%	23.0%	76.9%
Land: 55.2%	5.1%	10.0%	90.0%
Developed properties: 20.2%	10.0%	25.0%	75.0%
	Market transactions not accounted by GUS in 2007: ~ 110,500 deals		Market transactions Min. of Justice: 416,585 deals
	Property transactions		
	<p>Transactions conducted outside the market: 198,921 deals</p> <p>The data of the Ministry of Justice discussed in detail in <i>IRM Monitoring 2007</i></p>		

Fig. 1. Property Market Structure in Poland in 2007, according to the number of transaction (number of notarial deeds)

Source: L. Kałkowski z zesp., *Monitoring polskiego rynku nieruchomości*, IRM, czerwiec 2008 r.; W. Rydzik z zesp., *Transakcje kupna-sprzedaży nieruchomości w 2007 r.*, IRM, lipiec 2008 r.

615,000 property transaction were concluded in Poland in 2007, and GUS analysed 306,000 market transactions according by value. At that point, quite a few of them (more than 110,000) were omitted in the analysis owing to registry faults (not all Counties responded to the study, while some forms were found to be incomplete or contained mistakes etc.). Perhaps gradually, such faults will be removed in subsequent study editions.

The property market image is supplemented by the non-market transactions, carried out without monies. Those include donations, estates or property transfer agreements, relating mainly to farms, in exchange for social insurance allowances. For a number of years, the proportion of such deals in comparison to the whole market volume is estimated at ca. 30%. A detailed specification of such deals, by types of transactions and Regions, is presented in the *Monitoring* provided by the Institute of Urban Development.

Since 2003, GUS has been providing information on the property transaction values, showing the structure of sales (Fig. 2). 306,000 notarial deeds concluded in 2007 produced the total amount of 44 billion Polish zlotys (PLN), with the largest proportion of land transactions (more than 40%) and developed real estates (more than 39%). Residential properties and houses constituted altogether nearly 25% of the number of deals and ca. 20% of the total value. That was the first and important observation that expanded our property market knowledge. The same about the spatial aspects of that market. As we can infer from the data presented in Figs. 1 and 2, the majority of the transactions were carried out in Rural Counties: 46-90% according to deal numbers and 32-63% according to deal value.

$\Sigma = 100\%$ Total: PLN 44.0 billion

Premises: 18.2%	Municipal Counties: 67.8%		Rural Counties: 32.2%
	including Regional Capitals: 48.9%		
Buildings: 1.9%	24.0%	40.0%	60.0%
Land: 40.6%	including: 11.6%	18.4	81.6%
Developed properties: 39.3%	including: 37.9%	52.0%	48.0%

Fig. 2. Property Market Structure in Poland in 2007, according to the market deal value (GUS data)

Source: W. Rydzik z zesp., *Transakcje kupna-sprzedaży nieruchomości w 2007 r.*, IRM, lipiec 2008 r.

Among the Municipal Counties, Regional Capital Cities dominate: 5-26% according to deal numbers and 29-48% according to deal value (Fig. 3). That was another important novelty in learning the structure of the Polish property market.

The implementation of the value aspect to the property market monitoring system allows us to follow the transaction fluctuations, separately for the number of deals and for the deal values (Fig. 4). We can observe a characteristic increase of the deal value, proving a considerable increase of property prices since 2004. The increase took place with a basically similar structure of particular transaction segments applicable to properties. Only a considerable group of developed properties (mainly farm complexes, or compound

properties) indicated a constant increase of the number and value of deals in recent years. That is a new piece of information on our market morphology.

2006				2007		
COUNTIES:				COUNTIES:		
RURAL	MUNICIPAL		COMMERCIAL SPACE	MUNICIPAL		RURAL
38.4%	19.1%	42.5%			48.9%	18.9%
Regional Capital Cities				Regional Capital Cities		
33.9%	12.6%	53.5%	BUILDINGS	24.3%	15.7%	60.0%
LAND				LAND		
88.5%				11.6%		
5.5%				81.6%		
DEVELOPED PROPERTIES				DEVELOPED PROPERTIES		
50.6%	20.5%	28.9%		37.9%	14.1%	48.0%
Regional Capital Cities				Regional Capital Cities		
49.9%	16.5%	33.6%	TOTAL PROPERTY MARKET	36.3%	12.9%	50.8%
RURAL	MUNICIPAL			MUNICIPAL		RURAL
COUNTIES:				COUNTIES:		

Fig. 3. Property Market Structure in Poland according to the market deal value in Counties

Remarks: the shaded areas concern the shares of the deal values obtained in Regional Capital Cities in the value of the market deals of the Municipal Counties.

Own studies based on GUS data.

A new GUS report brings detailed information on the unit prices in each property segment, with property locations. A respective collective presentation is shown in Fig. 5. The prices specified there constitute average figures of a large collection of more than 300,000 transactions concluded in 2007. On the whole market scale, the average price was ca. PLN 143,000 per deal. The highest average prices were recorded in Regional Capital Cities (PLN 65,000-1,015,000) and the lowest in Rural Counties (PLN 65,000-227,000), while the middle price segment was occupied by the property prices found in the remaining towns of Municipal Counties (PLN 141,000-575,000). The GUS report and ministerial analyses that made available such a broad specification of unit prices by types and locations in recent years (2003-2007) constitute valuable materials allowing us to draw many economic conclusions.

Among other new aspects, we should point out the information on the forms of sales conducted on our property market. There is differentiation between auction sales, non-auction sales and free-market sales, all for each market segment separately. The auction form of sale was used in 7.9% deals in 2007 (including 4.0% in case of premises and 18.9% of houses or buildings). Non-auction sale was applied to 17% deals, including 8.2% of land deals, and 41.8% of premises deals. Free-market deals amounted to 3/4 of the transactions. The same sources mentioned the rights to land real estates, distinguishing perpetual usufruct

and ownership. In 2007, perpetual usufruct concerned 5.8% of deals (4,0% of land, 15.3% of buildings and 17.0% of developed properties), while 94.2% of deals concerned ownership rights (Fig. 6).

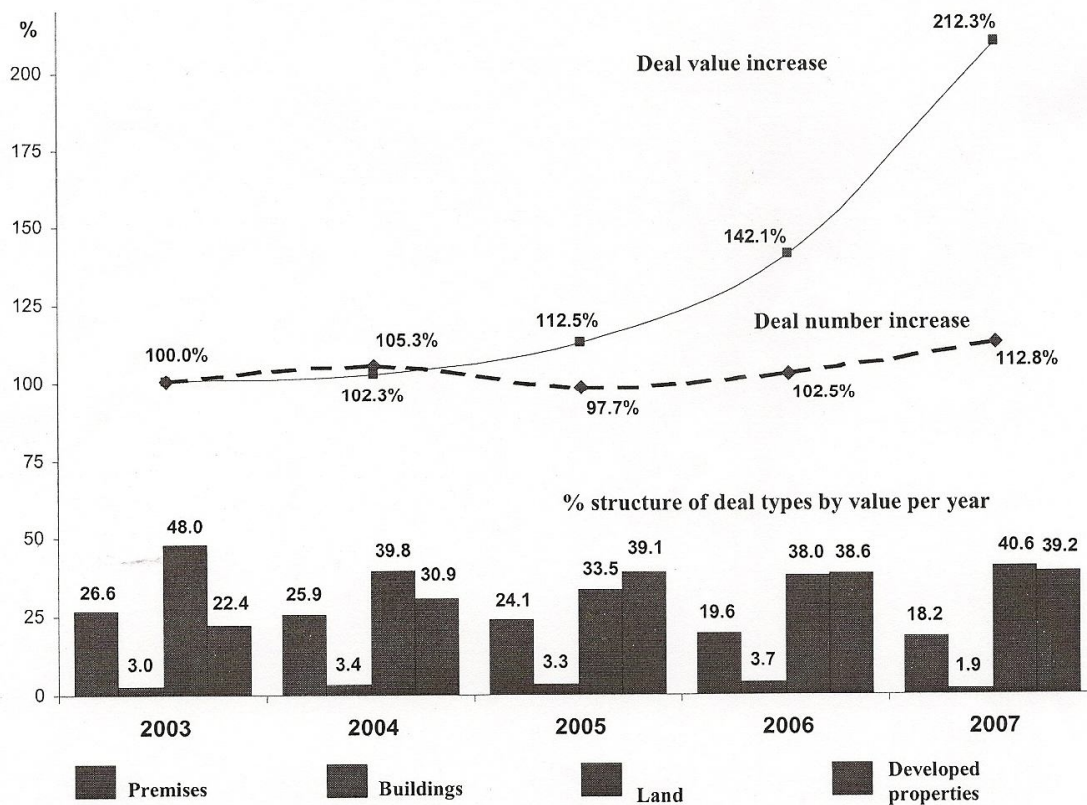


Fig. 4. Property Market transactions in Poland in 2003-2007, according to GUS data on market deals

Own studies based on GUS data.

Regardless of the implementation of the new aspects mentioned above, GUS continues to offer data about the so-called properties' usable area for several years. That area is specified in thousands of square metres. The five year period under consideration here (2003-2007) showed the total area of 2.3 million hectares for ca. 1.4 million of deals. That area covered 7.5% of the Polish territory, which means that on the average 1.5% of land change hands a year. That proportion included the following:

- 2.04 million ha of lands, average: 2.8 ha per deal,
- 0.29 million ha of developed properties, average: 1.17 ha per deal,
- 0.13 million ha of premises and buildings, or ca. 74 m² per deal.

One hectare of area in trade represented the value of PLN 60,000 on average.

The GUS reports and analyses, performed upon the initiative of the Department of Properties and Spatial Planning of the Ministry of Infrastructure by the Institute of Urban Development, considerably expanded our knowledge of the property market.

Further activities designed to order deal records will expand the studies by including the previously omitted areas of market observation, although even the current approach

described above allows the local authorities to apply such data in their business and spatial policies, similarly to the investors, real estate agents and property appraisers operating on the market in question. They can study the local market trends.

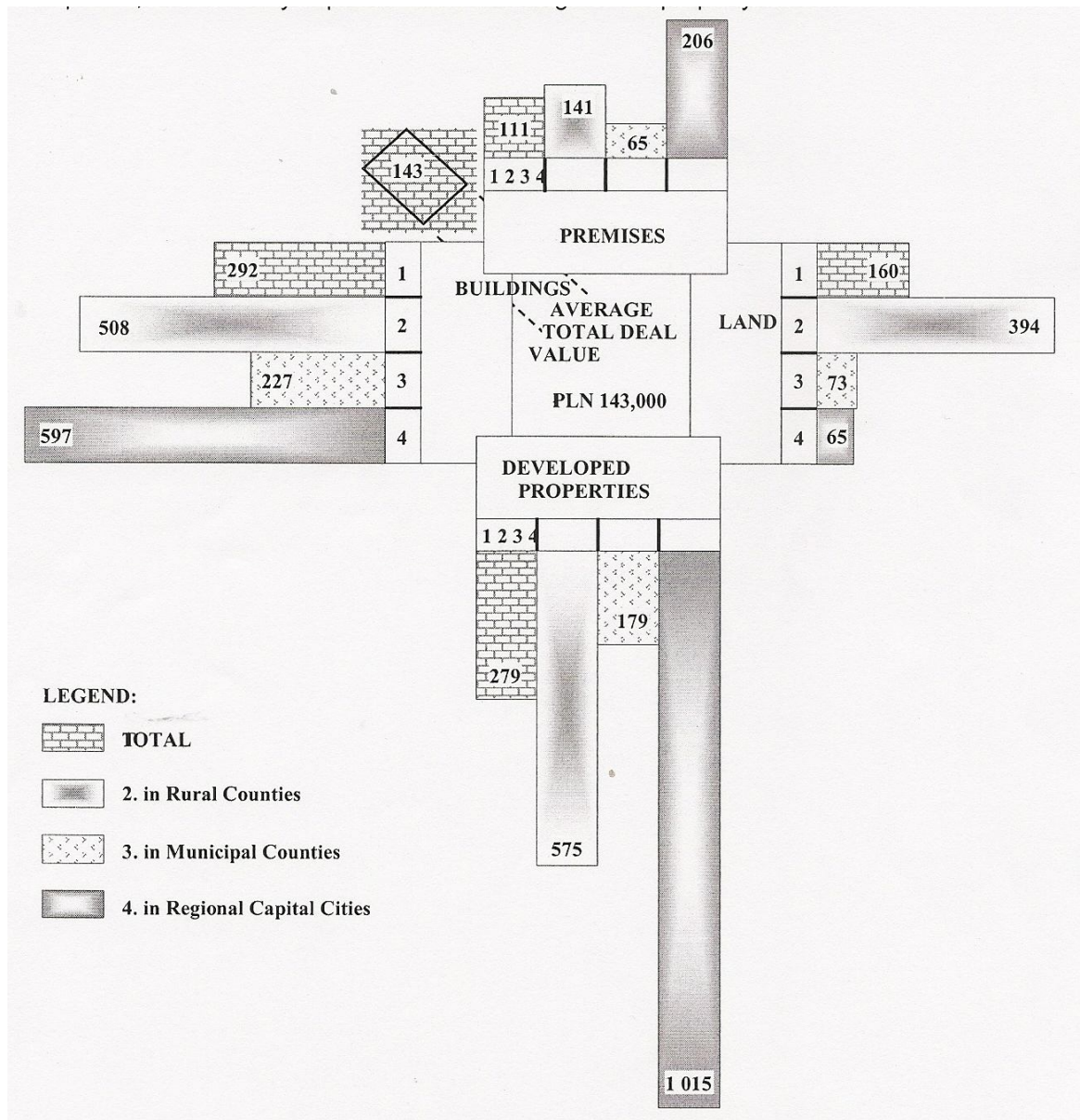
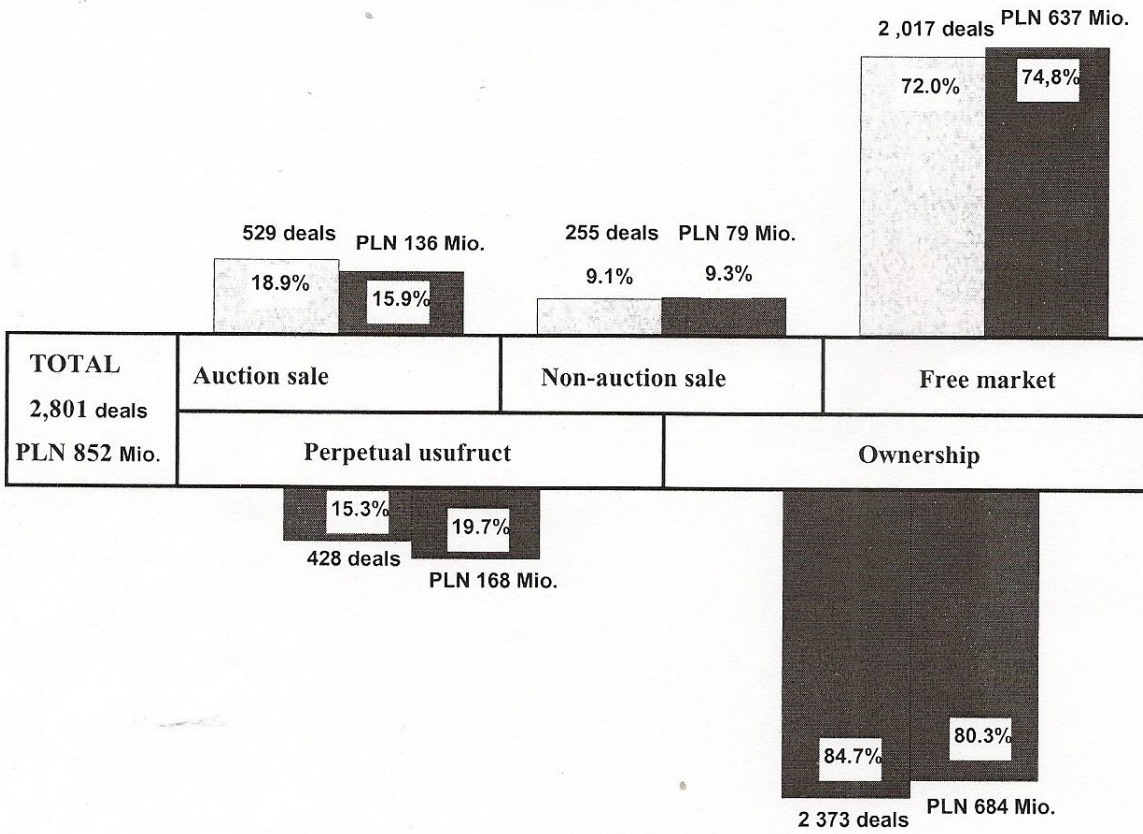


Fig. 5. Average single deal value in 2007, according to GUS data on market transactions (in thousands of PLN)
Own studies based on GUS data.

The works started by GUS and intended to individualize the parameters that describe particular transactions open the way to the implementation of further studies to determine economic relationships dominating on the property market, in respect of other business economic parameters, to attain a better understanding of the property market's effectiveness in national economy.

A. Deals regarding buildings



B. Deals regarding premises

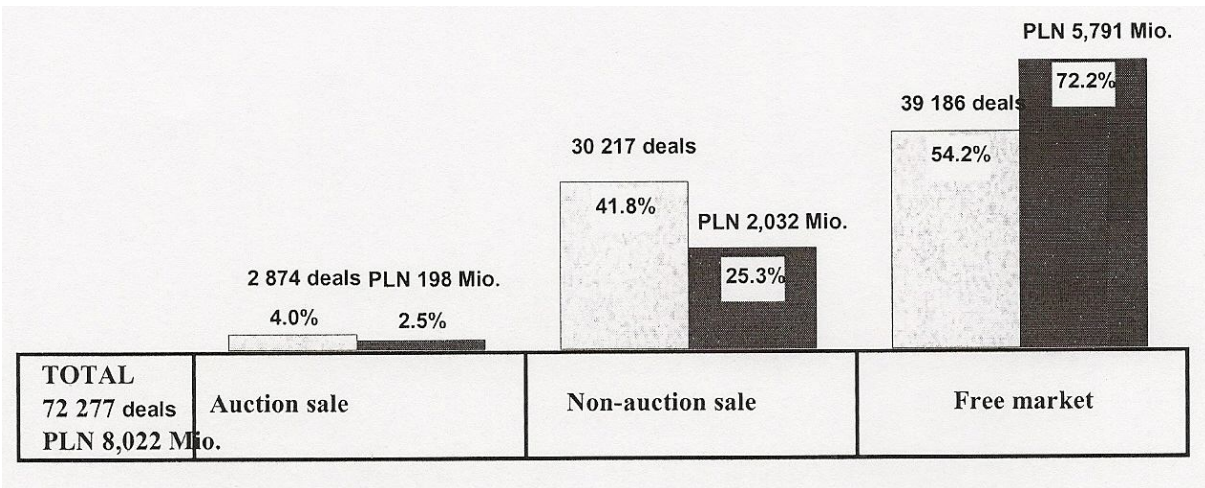
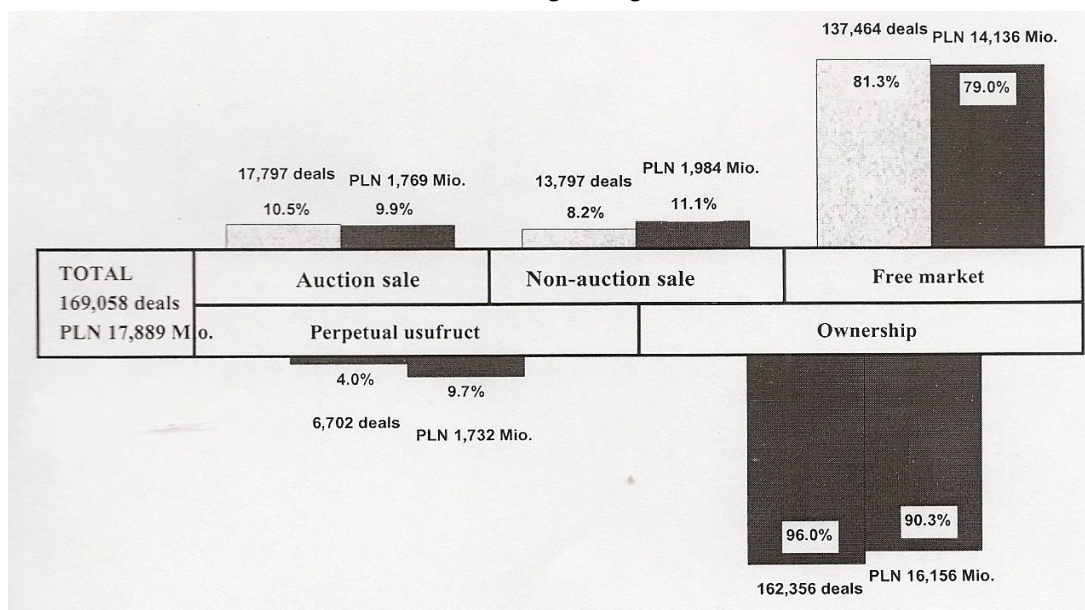
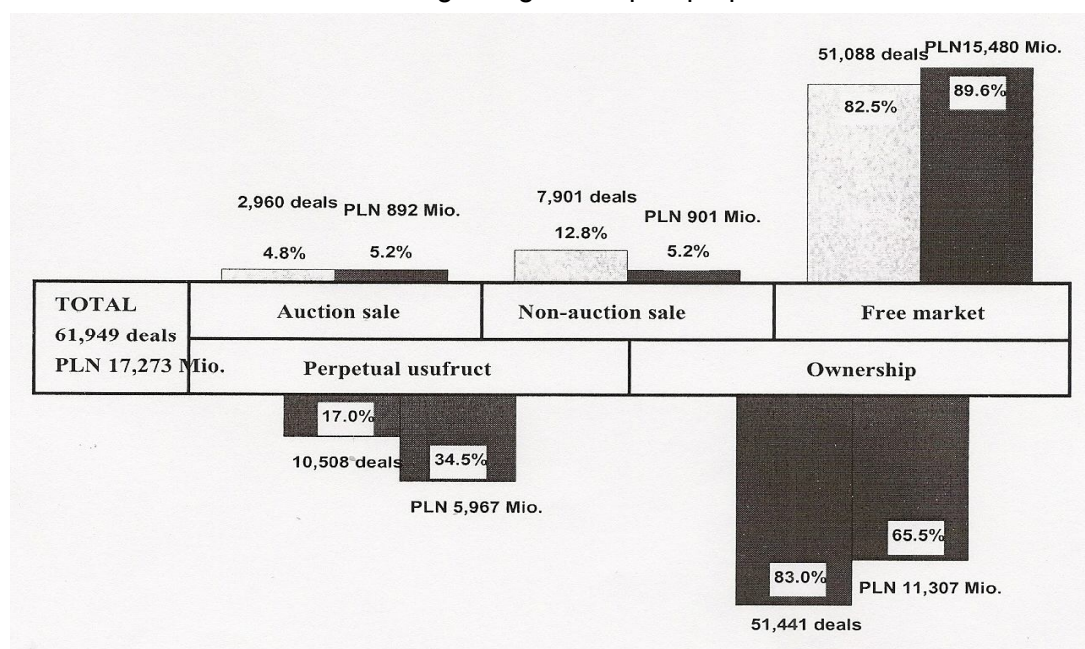


Fig. 6. Forms of sale and rights to land, according to GUS data on the numbers and values of market deals in 2007

C. Deals regarding land



D. Deals regarding developed properties



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