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## Property market in Poland in 2004

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Tekst jest udostępniony do wykorzystania w ramach dozwolonego użytku.

## PROPERTY MARKET IN POLAND IN 2004

**Abstract.** The paper presents data extracted from the Notarial Deeds concluded in Poland in 2004, with categorisation of properties. The author discusses property markets in 16 Polish Regions, taking into account the subdivision of property deals into the following types of transactions: market and non-market transactions, land transactions, deals by natural persons, legal entities, the State Treasury, and communes. The author also distinguishes groups of transactions based on their intensity and value. Market operations in 2004 were considered.

**Key words:** property market, Notarial Deed, transaction, Land Register, spatial structure of the property market, transaction value

### 1. General Characteristics of Transactions

Notarial reports show that in 2004, which was the 15th year of the transformation of the Polish economy, there were 533,667 transactions in agricultural real properties and buildings. That number includes 68.2% of market transactions, while 31.8% are non-market transactions (Table 1).

Table 1

Notarial Deeds concluded in Poland in 2004 as revealed by notarial reports

Specification			Poland		
			number	percentage	
Total Notarial Deeds			1 336 304	100.0	
Agricultural properties sold	by the State Treasury or local government bodies		17 414	market 68.2%, incl. agricultural 15.0%	
	by other entities		62 857		
Other properties sold	by the State Treasury or local government bodies	flats in residential buildings	50 013		
		residential buildings	2 791		
		under perpetual usufruct	2 846		
		non-developed land plots	9 076		
		building land plots	5 463		
		other	9 149		
by other entities		160 137			
Properties let on perpetual usufruct by the State Treasury or a local government unit	a non-developed land plot		1 259		
	other property		2 888		
	together with the sales of	flat in a residential building	26 854		
		residential building	274		
other building		528			
Sales of properties to the State Treasury or local government units			12 184		
Property donations	agricultural		60 034		non-market 31.8, incl. agricultural 15.7%
	other		74 551		
Inheritance division and abolition of the property co-ownership	agricultural		6 404		
	other		9 409		
Annuity agreements concerning properties	agricultural		2 268		
	other		2 289		
Property sales agreements in exchange for social insurance benefits			14 979		

Source: Exactly as per the notarial reports' arrangement.

Original reports from notarial operations, presented in Table 1 above, provide more detailed data on property transactions. The structure of that specification focuses, first of all, on tracing the ownership transfer between various entities. It is just based on that report that the Institute of Urban Development has prepared a synthetic Table 2, which represents a more economic approach to the property market.

Table 2

Structure of Notarial Deeds concerning the property market in Poland in 2004

No.	Specification	Poland	
		number	percentage
I	Total Notarial Deeds(II + III)	1 336 304	100.0
II	Various notarial deeds	802 637	60.1
III	Total Property Notarial Deeds	533 667	39.9-100.0
	including those related to agricultural properties	163 956	30.7
	1. Total market transactions	363 733	68.2
	A. Sale by the State Treasury or communes	96 752	18.1
	B. Let on perpetual usufruct by the State Treasury or communes	31 803	6.0
	C. Sale by other entities	235 178	44.1
	including agricultural properties	80 271	15.0
	2. Total non-market transactions	169 934	31.8
	including agricultural properties	83 685	15.7
	other	86 249	16.2
IV.	Relation of Item III to the number of Land and Mortgage Registers	3.1%	X

The stream of market transactions (monetary turnover) is in 1/3 a result of decisions on selling and letting numerous properties on perpetual usufruct by the State Treasury and local government communes. 2/3 of transactions were conducted between natural persons.

The general volume of transactions was in 2004 smaller by 5% than in the previous year, while the market turnover volume was smaller by ca. 7.3%. That maintained the existing, several-year long depression on the Polish property market. The number of transactions effected by the so-called other natural persons and legal persons was in 2004 by ca. 12% smaller, and it was only the involvement of the State Treasury and communes that increased by 1.1%. Following transactions concluded in 2004, 3.1% of Land and Mortgage Registers changed their owners.

## 2. Spatial Structure of the Property Market in 2004

Spatial structure of the property market exerts a considerable influence on the development of network of entities that provide services on that market, as well as on the activities of regional authorities, which treat the local market as an essential element of the regional market's position. Spatial analysis of the Polish property market is based on half-yearly reports of notarial offices covered by the supervision of ten appeal courts. Data included in those reports were converted to data concerning particular Regions with the use of a notarial key. It was only in that, slightly distorted way that the set of property transactions, presented in Table 3, could be prepared for further analysis. The Table

presents, based on the arrangement of 16 Regions, only the most important data: division of transactions into market and non-market ones, sale of properties by natural and legal persons, by the State Treasury, and communes.

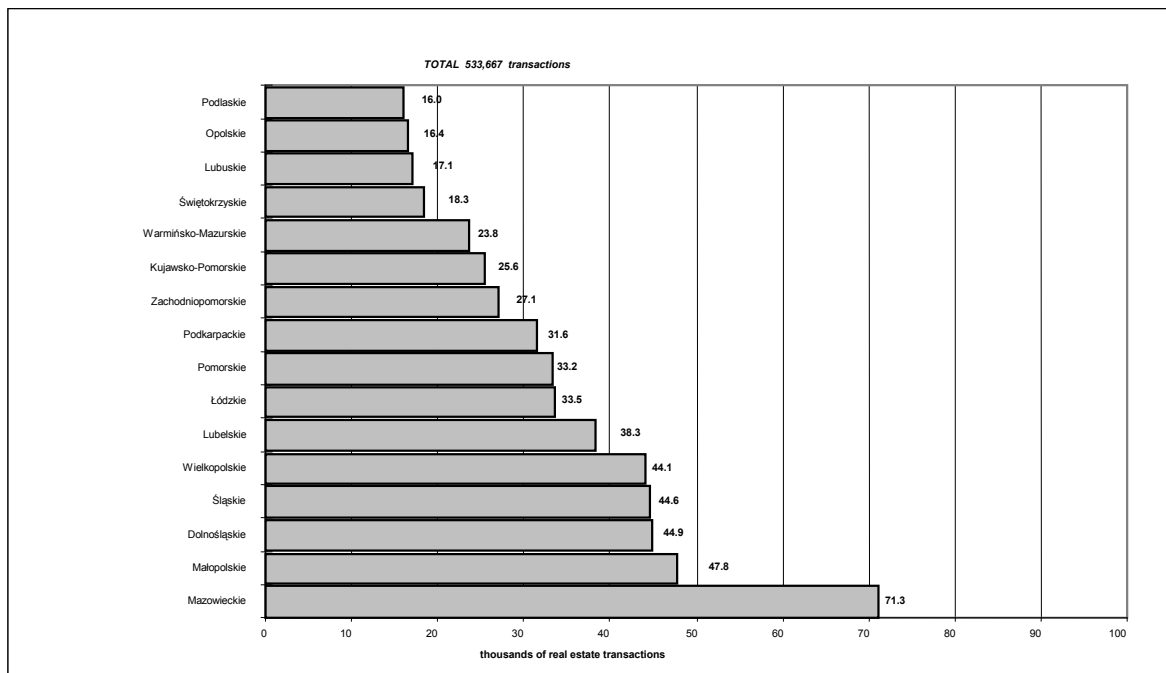
Table 3

Property market in Poland in 2004 as per Regions

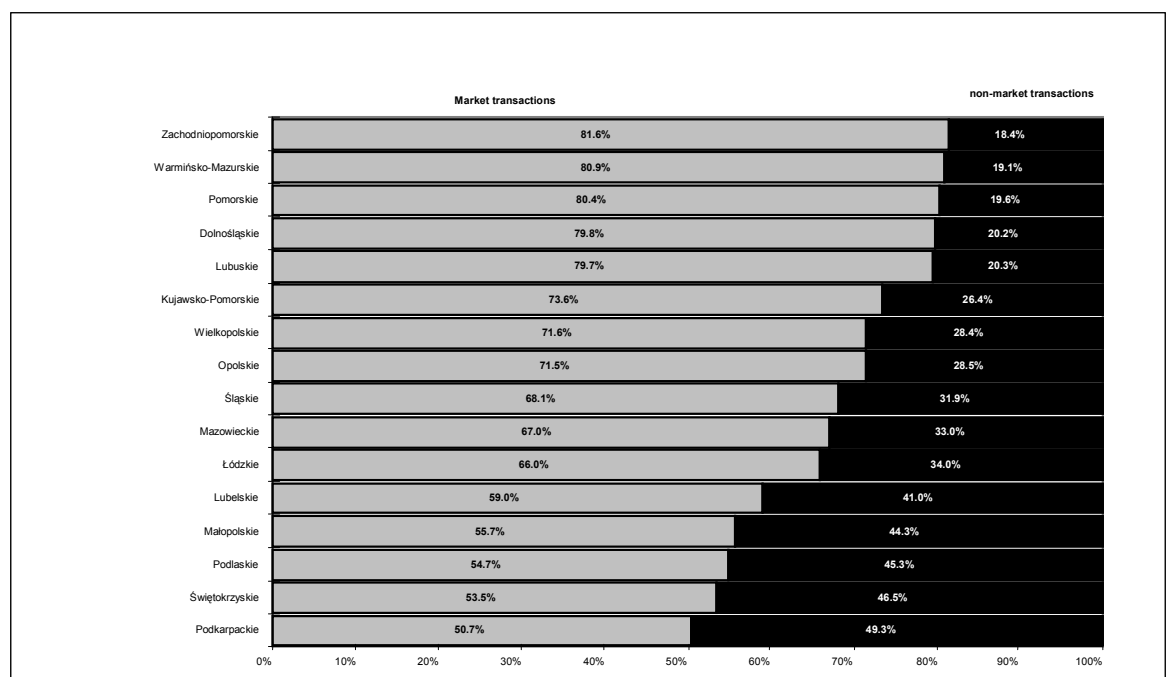
No	Region	Number of property transactions		Market transactions			Non-market transactions
		total	incl. agricultural properties	total	including:		
					State Treasury and communes	other entities	
1.	Podlaskie	15 965	9 156	8 733	2 112	6 276	7 232
2.	Opolskie	16 359	4 412	11 689	3 836	6 723	4 670
3.	Lubuskie	17 139	3 203	13 660	5 875	6 387	3 479
4.	Świętokrzyskie	18 316	9 886	9 802	2 525	6 823	8 514
5.	Warmińsko-mazurskie	23 823	6 111	19 282	8 042	9 625	4 541
6.	Kujawsko-pomorskie	25 608	7 588	18 840	4 909	12 457	6 768
7.	Zachodniopomorskie	27 147	5 475	22 152	8 809	11 097	4 995
8.	Podkarpackie	31 554	14 674	15 985	5 226	9 210	15 569
9.	Pomorskie	33 224	5 931	26 716	7 239	17 513	6 508
10.	Łódzkie	33 521	11 899	22 114	5 114	14 180	11 407
11.	Lubelskie	38 310	22 377	22 588	4 622	17 154	15 722
12.	Wielkopolskie	44 078	12 172	31 558	8 088	21 980	12 520
13.	Śląskie	44 643	5 676	30 403	6 216	19 582	14 240
14.	Dolnośląskie	44 928	7 307	35 841	12 634	17 698	9 087
15.	Małopolskie	47 801	16 322	26 609	3 755	20 956	21 192
16.	Mazowieckie	71 251	21 767	47 761	7 750	37 517	23 490
Total Poland		533 667	163 956	363 733	96 752	235 178	169 934

The intensity of transactions all over the country was different. Table 3 and Fig. 1 show, in the growing order, the numbers of notarial property transactions. Apart from the dominating Mazowieckie Region, there are 4 more Regions, which show more than 40,000 transactions a year, and still another 4 with more than 30,000 transactions. On the contrary, there are also 4 Regions (Lubuskie, Podlaskie, Opolskie, and Świętokrzyskie), which are not even able to reach the level of 20,000 transactions within a year.

A similar, considerable diversification can be seen in the market/non-market structure (Fig. 2). It should be noticed that the share of non-market transactions in 8 Regions of the north and western Poland that coincide with the area of the post-war Regained Territories is low. The second half of "old Polish" Regions shows a constantly high share of 30-40% of non-monetary donations, bequests, or transfers of farms in exchange for social benefits, as well as other transactions.



**Fig. 1. Polish property market in 2004 [in thousands of transactions]**



**Fig. 2. Structure of property transactions in Poland in 2004 [in percentage values]**

Market activities of particular Regions do not develop in a concentrated way.

Figure 3 reveals characteristic pairs of Regions, which lean towards each other:

- Mazowieckie and Lubelskie – total 20.6% of the whole domestic market,
- Śląskie and Małopolskie – in total 17.4% of the whole domestic market,
- Wielkopolskie and Dolnośląskie – in total 16.7% of the whole domestic market.

Those 6 Regions represent in total 54.7% of the whole Polish property market.



Fig. 3. Intensity of property transactions in 2004 (domestic market shares)

### 3. Transaction Type Structure

Table 4 enables insight into the segment structure of transactions in selected parts of Poland. It presents, in detail, the share of flats, land plots and other properties in five Regions that show the highest numbers of transactions (constituting in total 47% of market transactions in Poland). At the same time, those areas are marked by the changeable dynamics of transactions concluded between 2002 and 2004. The second half of transactions was effected in the remaining 11 Regions, in which area the new century initiated a visible increase in the number of transactions (in each property segment).

Two-thirds of the overall number of market transactions in 2004 comprised flats and residential buildings. Such proportions have maintained for many years. Interesting conclusions can be drawn, when comparing the number of transactions on the secondary market with the number of new flats transferred for use in given years (flats built by house builders, housing cooperatives, or individual persons).

Table 4

The segment structure of market property transactions

Region	Market segment	2002	2003	2004	2003/2002	2004/2003
		number of transactions			dynamics in %	
Dolnośląskie	<i>flats</i>	26 615	26 767	27 158	100.6	101.5
	<i>land</i>	6 508	5 105	4 523	78.4	88.6
	<i>other</i>	5 225	4 256	4 160	81.5	97.7
Wielkopolskie	<i>flats</i>	21 440	23 812	21 505	111.1	90.3
	<i>land</i>	6 658	6 517	6 449	97.9	99.0
	<i>other</i>	3 772	4 031	3 604	106.9	89.4
Śląskie	<i>flats</i>	23 990	26 392	23 556	110.0	89.3
	<i>land</i>	2 165	1 898	2 330	87.7	122.8
	<i>other</i>	5 161	4 679	4 517	90.7	96.5
Małopolskie	<i>flats</i>	19 462	21 038	17 014	108.1	80.9
	<i>land</i>	4 737	4 961	6 129	104.7	123.5
	<i>other</i>	2 830	3 433	3 466	121.3	101.0
Mazowieckie	<i>flats</i>	35 250	35 426	33 587	100.5	94.8
	<i>land</i>	11 906	11 083	9 652	93.1	87.1
	<i>other</i>	3 852	4 457	4 522	115.7	101.5
Total 5 Regions of highest market transaction volumes	<i>flats</i>	126 757	133 435	122 820	105.3	92.0
	<i>land</i>	31 974	29 564	29 083	92.5	98.4
	<i>other</i>	20 840	20 856	20 269	100.1	97.2
Total other 11 Regions	<i>flats</i>	116 501	128 905	117 249	110.6	91.0
	<i>land</i>	57 244	54 626	51 188	95.4	93.7
	<i>other</i>	22 678	24 629	23 124	108.6	93.9
Total Poland	<i>flats</i>	243 258	262 340	240 069	107.8	91.5
	<i>land</i>	89 218	84 190	80 271	94.4	95.3
	<i>other</i>	43 518	45 485	43 393	104.5	95.4
	TOTAL	375 994	392 015	363 733	104.3	92.8

Table 5

Primary and secondary housing markets in 2004

No	Region	Number of transactions (secondary market)	Number of flats turned for use (primary market)	Secondary market: primary market relation
1.	Dolnośląskie	27 158	6 497	4.18
2.	Kujawsko-pomorskie	12 447	4 606	2.70
3.	Lubelskie	8 915	4 137	2.15
4.	Lubuskie	9 264	2 570	3.60
5.	Łódzkie	14 376	5 486	2.62
6.	Małopolskie	17 014	10 818	1.57
7.	Mazowieckie	33 587	23 849	1.41
8.	Opolskie	7 939	1 232	6.44
9.	Podkarpackie	7 528	4 571	1.65
10.	Podlaskie	3 841	3 377	1.14
11.	Pomorskie	20 031	8 835	2.35
12.	Śląskie	23 556	9 938	2.37
13.	Świętokrzyskie	4 680	1 978	2.36
14.	Warmińsko-mazurskie	12 619	4 136	3.05
15.	Wielkopolskie	21 505	11 093	1.94
16.	Zachodniopomorskie	15 609	5 294	2.95
Total Poland		240 069	108 117	2.22

Those conclusions are presented in Table 5. The data show that there were 2.2 secondary market flats per a single new flat transferred for use in 2004, and the differentials of that relation ranged from 1.1 (in the Podlaskie Region) to 6.4 (in the Opolskie Region). The less new flats are built in a given Region, the greater is the role of flats acquired on the secondary market.

#### 4. Value of Market Transactions in 2004

The above-quoted figures concerning the property market in Poland involved considerable capital amounts. Earlier editions of the monitoring data forced their authors to estimate turnover volumes, due the lack of detailed information on transaction prices existing in the market reality. Since 2003, it has become possible to determine more accurately the stream of money flowing through the domestic property market. The respective values for 2003 and 2004 are presented in other parts of "1990-2004 Polish Property Market Monitoring", prepared at the Institute of Urban Development. Those data are derived from reports, submitted by County Managers to GUS Central Office of Statistics on a half-yearly basis, and concerning only the market transactions. Originally, there occur certain differences in the total number of reported transactions: data from the Ministry of Justice report more transactions, and those data seem to be more reliable, but they lack valuation. The County Managers report a smaller number of transactions, but they include actual transaction prices. Based on the latter, we present in Table 6 the estimated valuation of all market transactions, as per both sources of information.

Table 6

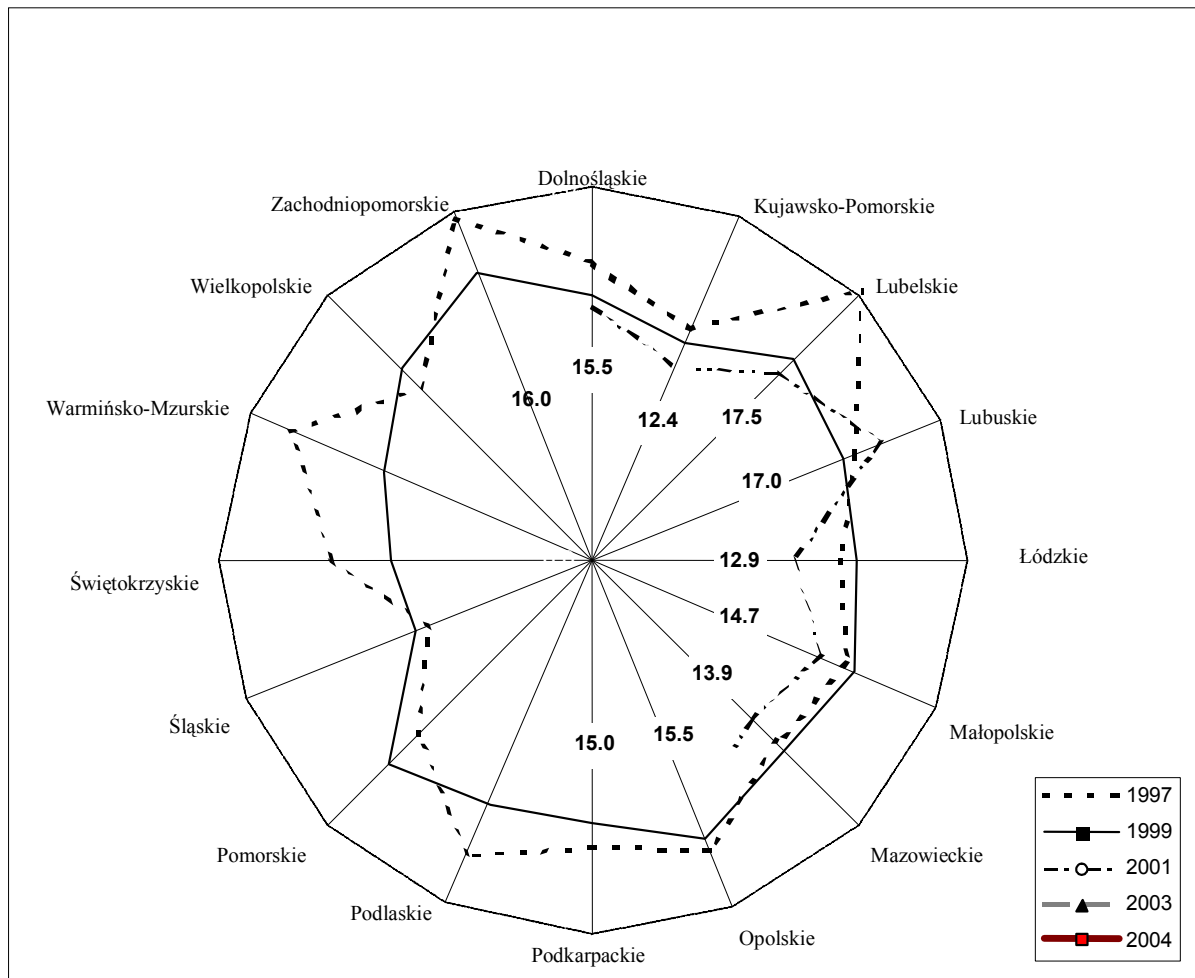
Value of property transactions in Poland

Description	Transactions in 2003			Transactions in 2004		
	in thousands	average value in PLN thousands	total value in PLN billions	in thousands	average value in PLN thousands	total value in PLN billions
Property market as per the Ministry of Justice	392.0	ca. 85.0	33.3	363.7	ca. 70.0	25.5
Property market as per the GUS	271.3	77.0	21.3	285.6	70.0	21.0

#### 5. Assessment of Market Operations in 2004

Year 2004 was the 15th year of the transformation of Polish economy. As far as the turnover volume is concerned, that year continued the losing streak observed during the last five years and related to the systematically decreasing number of transactions. It was so in each type segment of the property market, as well as in almost each and every Region. The bases for that comprised a decrease in capital investment demand, however at the existing big and diversified supply of land plots and buildings.





**Fig. 4. Number of property transactions per 1,000 population in 1997, 1999, 2001, 2003, 2004 (average values for Poland: 17.3; 16.6; 14.5; 14.7; and 14.0, respectively)**

Table 7 data show a synthetic image of macro proportions on the Polish property market in 16 Regions. The most significant measure of the intensity of movement on the secondary property market is the number of concluded transactions per 1,000 population (Fig. 4). In 2004, the value of that ratio amounted to 14.0 and ranged from 9.5 in the Śląskie Region to 17.5 in the Lubelskie Region. The same ratio in the Mazowieckie region, Poland's largest property "basin" approximated the national average, and amounted to 13.9 transactions per 1,000 population.

The turnover density can be measured by means of the number of transactions per 100 km<sup>2</sup>. That ratio, whose average value for the whole Poland is 170, shows considerable fluctuations: from 79 in the Podlaskie Region to 362 transactions in the Śląskie Region.

If one assumes GDP to be the general measure of the region's wealth, and looks for a relationship between GDP and the number of concluded property transactions, then the ratio (with the average value for Poland being 0.68) ranges from 0.42 in the still relatively affluent Śląskie Region to 1.22 in the Lubelskie Region.

Table 7

## Characteristics of Regional property markets in 2004 in Poland

No	Region	Number of property transactions		Population in thousands <sup>a)</sup>	Surface area in km <sup>2 a)</sup>	GDP in PLN billions	No. of Notarial Deeds per 1,000	No. of Notarial Deeds per 100 km <sup>2</sup>	No. of Notarial Deeds per PLN 1 billion of GDP <sup>b)</sup>	No. of Notaries <sup>c)</sup>	No. of property transactions per 1 Notary Public
		total	%								
1	Dolnośląskie	44 928	8.4	2 898.3	19 948	61 616.4	15.5	225.2	0.73	106	424
2	Kujawsko-pomorskie	25 608	4.8	2 068.1	17 970	38 567.3	12.4	142.5	0.66	80	320
3	Lubelskie	38 310	7.2	2 191.2	25 114	31 446.8	17.5	152.5	1.22	96	399
4	Lubuskie	17 139	3.2	1 008.8	13 989	18 012.6	17.0	122.5	0.95	32	536
5	Łódzkie	33 521	6.3	2 597.1	18 219	48 305.5	12.9	184.0	0.69	100	335
6	Małopolskie	47 801	9.0	3 253.0	15 190	57 101.3	14.7	314.7	0.84	147	325
7	Mazowieckie	71 251	13.4	5 135.1	35 566	159 462.4	13.9	200.3	0.45	305	234
8	Opolskie	16 359	3.1	1 055.7	9 412	17 816.0	15.5	173.8	0.92	31	528
9	Podkarpackie	31 554	5.9	2 097.2	17 844	30 656.4	15.0	176.8	1.03	75	421
10	Podlaskie	15 965	3.0	1 205.3	20 187	18 998.1	13.2	79.1	0.84	54	296
11	Pomorskie	33 224	6.2	2 188.9	18 293	44 370.8	15.2	181.6	0.75	99	336
12	Śląskie	44 643	8.4	4 715.0	12 331	107 288.4	9.5	362.0	0.42	149	300
13	Świętokrzyskie	18 316	3.4	1 292.3	11 708	20 728.8	14.2	156.4	0.88	45	407
14	Warmińsko-mazurskie	23 823	4.5	1 428.6	24 192	21 797.7	16.7	98.5	1.09	61	391
15	Wielkopolskie	44 078	8.3	3 359.9	29 826	70 644.3	13.1	147.8	0.62	125	353
16	Zachodniopomorskie	27 147	5.1	1 696.1	22 896	34 300.0	16.0	118.6	0.79	69	393
Total Poland		533 667	100,0	38 190.6	312 685	781 112.8	14.0	170.7	0.68	1 574	339

Notes: <sup>a</sup> as at the end of 2003, according to GUS data. <sup>b</sup> as at the end of 2002 in current prices.

<sup>c</sup> as at 30 April 2004; data provided by the Notarial Chamber.

Also, the customer handling efficiency and prosperity of particular notarial offices developed differently, since at the average work load of 339 property cases imposed on a notary public in 2004, the ratio ranged from 234 cases in the Mazowieckie Region to 536 cases in the Lubuskie Region.

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