Residential Market Report

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OBER HAUS
REAL ESTATE ADVISORS

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WARSAW

Participants of the real estate market are get used to deficiency of unambiguous forecast as well as to many divergent information referred to perspectives for nearest quarter, a year or two years. It's easier to say about long-term forecast.
We forecast month by month precisely observing situation that changes not only in our sector. Financial advisors announced that their budgets are also dynamically changed depending on how situation develops. Due to the fact we expect further activities on the financial sector, observing gradual growth of activities referring to the mortgage.

Both the secondary and primary market is dominated by the client who has credit rating on the level 450 000-500 000 PLN, looking for 2 rooms flat in good localization – in the center and in the neighborhood. The client is mostly well prepared to purchase from financial side or made initial analysis of own means and possibilities thanks to financial advisor's assistance. He knows what apartment he can buy, doesn't want to take a risk and pay more than he can taking into consideration his professional status and steady income.

In regard of supply number of transactions is on the low level despite that there are many offers on the market. Clients still hesitate to buy an apartment and there is a huge unwillingness of sellers to decrease the price of estate that they bought in the residential boom and this way in time of steep prices. Unfortunately, it is difficult to expect so profitable situation again. Therefore it is worth to finish a flat, prepare it to rent or sell it in the market price, counting on small profit or repayment. Nobody expects new investors who buy apartments in package or other individual players.
Continuous prices correction downwards makes that the most expensive estates and the most exclusive ones (about 20.000PLN/sqm) don't find buyers. Banks don't give so high loans and purchase for cash is unreal. An exciting client usually don't hasten to buy it and waits for better price – for most of Poles purchase on the level 20000-25000PLN is not taken into consideration and under any conditions. There is expectation for decrease in prices of this kind of estates.

Rent of apartments and flats is on the pretty high level, especially apartments which are easy to rent and that are desirable on the market in regard both purchase and rent. The most popular are 2 rooms apartments, in new or a few years old buildings, located in good localization in the centre or in the neighborhood, finished in a good standard, in the price to 2.400PLN. Additional benefit is parking place in the price, basic furniture and AGD, RTV. Rental prices slightly fallen down last months. The reason is probably increase of apartments supply for renting.
Land plots and suburbs houses sector is not very popular as usually was in the season last years. It is related to the price for built house (banks don't want to give so high bank loan)

APARTMENTS (PLN/sqm)

	1 room		*2 rooms*		*3 rooms*		*4 rooms plus*	
	from	*to*	*from*	*to*	*from*	*to*	*from*	*to*
Warsaw City Centre								
New apartments	8 500	20 000	8 500	25 000	8 500	25 000	8 000	25 000
Apartments built before 1989	7 000	20 000	8 500	25 000	8 500	25 000	8 500	25 000
Warsaw outside City Centre								
New apartments	6 500	17 000	6 500	15 000	6 500	15 000	6 500	15 000
Apartments built before 1989	6 500	15 000	7 000	12 000	7 000	12 000	7 000	15 000

DETACHED HOUSES (PLN/sqm)

	new		*renewed*		*for renovation*	
	from	*to*	*from*	*to*	*from*	*to*
Warsaw	5 000	15 000	4 000	12 000	4 000	9 000

RENTINGS (PLN/month)

	1 room		*2 rooms*		*3 rooms*		*4 rooms*		*houses*	
	from	*to*	*from*	*to*	*from*	*to*	*from*	*to*	*from*	*to*
Warsaw	1 200	2 500	2 000	4 000	2 500	10 000	3 500	12 000	6 000	30 000

Prices in PLN, 1 EUR= 4,39 PLN

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CRACOW

In April there was optimism on the real estate market for the first time in several months. Despite situation that the most active residential segment are apartments included in the "Family on its own" program, it is growing interest not only in the cheapest apartments but also in the exclusive ones. Part of potential clients who has been going to buy an apartment for some months conceded the time for the most suitable for finalizing a transaction.

This situation is especially comfortable for these clients who has big amount of money and can buy a finished apartment in a relatively short time and without a risk that a developer will not finish an investment, not to mention about possibility of price reduction. The right example is the investment Krakowskie Kamienice Herbowe at Poznańska street. Clients appreciate a good localization, good finishing standard of building and relatively advanced working that they can easily prepare their arranging projects and to move in to their new apartments in a short time.

The secondary market has own rules. Only these clients sell apartments and reduce their prices who are forced to sell it. The others decide for renting and postpone selling. This situation makes that there are lots of offers on the market and buyers have a big choice. Most of inquiries is referred to apartments till 300 000 PLN. There is also enough big interest in exclusive apartments. Unlike to the primary market clients' interest in apartments in average standard were least of all.

One can observe significant increase of interest in apartments and houses rental. More and more inquiries are referred to more exclusive apartments and in good localizations. In April clients inquired first of all about the Old Town. The most wanted were apartments in the center of Cracow, however in new buildings and obligatory with parking place. There are more and more inquiries referred also to houses (however not more as in the case of apartments)– the most suitable localization for future lessees is Wola Justowska.

In April, similarly to March we didn't observe such characteristic for the period growth of interest in house or land plot buying - the subject of interest are expensive residences in popular Cracow suburbs, mostly on south and west of Cracow.

APARTMENTS (PLN/sqm)

	1 room		2 rooms		3 rooms		4 rooms plus	
	from	*to*	*from*	*to*	*from*	*to*	*from*	*to*
Cracow City Centre								
New apartments	10 000	18 600	9 500	16 700	8 990	18 900	15 320	18 000
Apartments built before 1989	6 700	20 950	7 000	22 500	5 960	21 750	7 000	24 100
Cracow outside City Centre								
New apartments	3 230	17 100	4 900	15 450	3 400	15 550	4 530	14 900
Apartments built before 1989	3 900	12 900	4 050	16 100	3 750	14 700	3 900	12 850

DETACHED HOUSES (PLN/sqm)

	new		renewed		for renovation	
	from	*to*	*from*	*from*	*to*	*from*
Cracow	2 700	21 000	2590	20 500	2750	13 500

RENTINGS (PLN/month)

	1 room		2 rooms		3 rooms		4 rooms		houses	
	from	*to*	*from*	*to*	*from*	*from*	*to*	*from*	*to*	*from*
Cracow	700	3200	850	5500	1400	12000	2100	12 500	2850	21 000

Prices in PLN, 1 EUR= 4,39 PLN

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GDAŃSK-GDYNIA-SOPOT

In Tricity we still can observe big problems with apartments decrease in prices. Despite developers more and more encourage potential clients to buy by offering price reductions or making growth of price level of apartments included in the governmental project "Family on its own", sale is not being increased.

Potential clients don't understand the project's regulations yet despite in each developer's offices there is a special person who occupies only with the project and inform about it . There is less and less offers on the real estate market because developers don't start new investments as they are afraid of problems with sale. It can cause significant supply decrease in new offers. It is difficult to expect further new apartments decrease in prices, otherwise developers would be forced to sell their apartments below the constructing costs.

Secondary residential market works badly. In real estate agencies there is less and less inquiries referring to flats. This situation is caused by rather low apartment prices on the primary market. Interest in exclusive offers in respect of localization and architecture has fallen down. Such offers are rarely a subject of transactions.
Rental market keeps on the quite good level, despite their owners are more and more being prepared to summer season rental where they gain significantly higher rents than average ones. The owners of such apartments has already been booking them for the longer June weekend for example.

Interest in buying houses has fallen down. There are not many transactions in this segment. Crisis is also on the primary market in the family house segment. Here we observe sale decrease, too.

In the turn of March and April residential fairs took a place in Gdańsk. There was a big number of visitors, but there were not too many transactions.

APARTMENTS (PLN/sqm)

	1 room		*2 rooms*		*3 rooms*		*4 rooms plus*	
	from	*to*	*from*	*to*	*from*	*to*	*from*	*to*
Gdańsk City Centre								
New apartments	5600	8700	5500	9800	5700	8600	5500	8000
Apartments built before 1989	4100	5700	4400	5600	4100	5200	3900	5500
Gdańsk outside City Centre								
New apartments	4500	6300	5100	6300	4800	6100	4200	5700
Apartments built before 1989	4000	4800	4100	5300	3900	5200	3800	5000

DETACHED HOUSES (PLN/sqm)

	new		*renewed*		*for renovation*	
	from	*to*	*from*	*from*	*to*	*from*
Tricity	3800	6200	3900	5500	2900	4100

RENTINGS (PLN/month)

	1 room		*2 rooms*		*3 rooms*		*4 rooms*		*houses*	
	from	*to*	*from*	*to*	*from*	*from*	*to*	*from*	*to*	*from*
Tricity	800	1200	850	1500	1100	1800	1500	4500	2500	8 000

Prices in PLN, 1 EUR= 4,39 PLN

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POZNAŃ

As far April was the best month of the year. Many planned transactions were finalized. We still observe increase of transactions made on the real estate market. We notice clearly growth of interest of clients both on the primary and secondary market.

In the mid of the month there were Residential Fairs in Poznań that draw many visitors. Large attendance was a big surprise for organizers and participants of the event. Developers signed many attractive contracts. Many apartments in good localizations were sold out.

The most popular were apartments in already finished projects, in popular localizations, especially in the center or places with good access to the center, but in neighborhood of green and recreation area. Clients were looking for 2-3 rooms apartments, in high standard buildings. Price has still big meaning. Many clients inquired about apartments in the price below 7000 PLN/sqm. There was no lack of clients for such apartments. Many developers begin adapt their profit margins to expectations and possibility of the market. In this regard "Family on its own" program plays a major role and fix the price in a certain way.

We begin to observe a tendency that offers with so called surcharge dominate on the market. Unfortunately number of these offers is shortening. Within next 6-8 months on the market there will stay expensive apartments realized by developers offering a product for more exacting clients or for these clients who bought an expensive land plot and started realizing the project during residential boom.

The secondary market stays unchanged. The most popular are new apartments, not older than 10 years . We still observe that restricted loan bank policy affects the real estate market and there is lack of firm and positive solutions. Within next few months we expect extensive supply limitation, what consistently makes that client's market will slowly start changing. Invariably the most popular in Poznań are Piątkowo, Winogrady and Rataje districts.

Rental market is clearly smaller. Additionally many clients begin counting costs and postpone a decision to buy for later. The most popular are invariably 2 rooms flats. For such a flat and in good localization one can pay between 1700-2300PLN. For a flat far from the center, in older building a client will pay about 1500PLN. 1room flats are also very popular and their average rental price is between 900-1400PLN.
We observe growth of interest In the houses and land plots segment. Prices of houses and land plots in average localization start falling down. Prices of estates in good localizations don't decrease. Taking into consideration growth of clients' activities and decrease in prices of construction supplies and working, we think that land plots prices will not fall down.

APARTMENTS (PLN/sqm)

	1 room		*2 rooms*		*3 rooms*		*4 rooms plus*	
	from	*to*	*from*	*to*	*from*	*to*	*from*	*to*
Poznań City Centre								
New apartments	6100	10500	5900	10300	5700	10000	5500	9800
Apartments built before 1989	6800	7200	5300	7000	4800	6900	4500	8750
Poznań outside City Centre								
New apartments	4300	7200	4200	6500	4100	6700	4000	6900
Apartments built before 1989	3700	5600	3500	6500	3300	6300	3100	5700

DETACHED HOUSES (PLN/sqm)

	new		*renewed*		*for renovation*	
	from	*to*	*from*	*from*	*to*	*from*
Poznań	4500	5200	3000	6000	2500	3500

RENTINGS (PLN/month)

	1 room		*2 rooms*		*3 rooms*		*4 rooms*		*houses*	
	from	*to*	*from*	*to*	*from*	*from*	*to*	*from*	*to*	*from*
Poznań	800	1 600	1 200	3 000	1800	5000	2500	5500	2500	10 000

Prices in PLN, 1 EUR= 4,36 PLN

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ŁÓDŹ

Real estates decrease in prices tendency appearing for autumn last year has clearly come to a standstill. On Łódź market there were price reductions by 7-8 % and it appears that there will be no more reductions. Economic growth on the real estate market observed in spring is still persisting. Comparing to the beginning of the year demand is on good level , however supply of new buildings exceeds demand significantly. Clients who decided to buy an apartment can make a choice in big number of offers. They are looking for it without haste and it makes big extension of making decision about purchase. This decision making process is longer due to procedures connected with purchase bank financing that can last between 4-6 months.

On the rental market we observe huge growth, we noticed the biggest demand at the beginning of April. We suppose that this tendency will last till the end of May. In Łódź clients the most willingly rent nicely finished and fully equipped 2-3 rooms apartments in the price not above 2.000 PLN. It doesn't mean that there is lack of clients looking for exclusive apartments, however there is a few of them. Clients coming from other cities willingly use real estate agencies assistance. It guarantees them the best choice in offers, safety and efficiency of made transactions.

Łódź is an unique city in terms of industry architecture in the world. Revitalization of XIXth Karol Scheibler factory (at Tymienieckiego street) lasting since 2006 is a proud of the city. Apartments - lofts built in this historical place delights inhabitants their both industrial and modern style. The idea of making lofts in old historical objects was created by American artists. Łódź inhabitants took it with enthusiasm, as in the city there were many destroyed industry buildings. At the moment there are first technical grades that will end in July. It means that this factory will be again teeming with life next few months. Success of the unique investment has become inspiration for others.

Next revitalized investment is cotton Franciszek Ramisch factory (at Piotrowska 138/140 street). Orange Property Group is going to revitalize this object, remaining its historical character. Shops, restaurants, clubs, art galleries, offices class A and apartments will be build there. All works will be agreed with voivodship restaurateur. It is a next project after Manufactura and Scheibler's lofts that brings life to destroyed buildings for the use of inhabitants. Construction works are going to start this year. Orange Property Group made a decision to renovate one of the most interesting tenant houses in Łódź (at Jaracza 47 street) that was owned to Edmund Stefanus. In historical interiors developer plans to build a commercial area class A. In the building currently there has been conservative works – during working they found gilt from 1900 year.

APARTMENTS (PLN/sqm)

	1 room		*2 rooms*		*3 rooms*		*4 rooms plus*	
	from	*to*	*from*	*to*	*from*	*to*	*from*	*to*
Łódź City Centre								
New apartments	4600	8000	4300	10000	4900	9000	4900	10000
Apartments built before 1989	3200	7000	3500	6000	3600	6000	4000	7000
Łódź outside City Centre								
New apartments	4500	5900	4500	5800	4500	6000	4500	8300
Apartments built before 1989	3500	5500	3500	6000	3600	6000	3800	5800

DETACHED HOUSES (PLN/sqm)

	new		*renewed*		*for renovation*	
	from	*to*	*from*	*from*	*to*	*from*
Łódź	4100	10000	3000	6000	2400	3500

RENTINGS (PLN/month)

	1 room		*2 rooms*		*3 rooms*		*4 rooms*		*houses*	
	from	*to*	*from*	*to*	*from*	*from*	*to*	*from*	*to*	*from*
Łódź	450	1400	650	2500	1000	3500	2000	5000	2500	10000

Prices in PLN, 1 EUR= 4,36 PLN

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