



” Warsaw tenement market

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Tenement houses – some of them are neglected and have shabby facades with plaster falling off the walls, while others impress because they are richly decorated and maintained in excellent condition. Living in a historical and well-kept tenement house is currently synonymous with luxury that costs a lot. In Warsaw, a square meter of a floor area in tenement house is on average more expensive than in the new building. It is therefore not surprising that tenement houses are attracting more and more interest, not only among enthusiasts of old buildings with atmospheric interiors, but also among investors. This article presents the characteristics of tenements in Warsaw, the advantages and disadvantages of living in that kind of buildings, as well as the purchase and rental prices of their premises.

The tenement house is at least a two-storey residential building, usually located in a compact urban area and built in traditional stone or brick technology. In Poland this type of housing dominated from the late Middle Ages until the second half of the 20th century. The tenement house is the most often a part of a row of buildings called the frontage. In gaps left by buildings demolished or destroyed during the war, new ones are being built. In many cases, they refer stylistically to the surroundings. Typically, tenements have both residential and commercial sections.

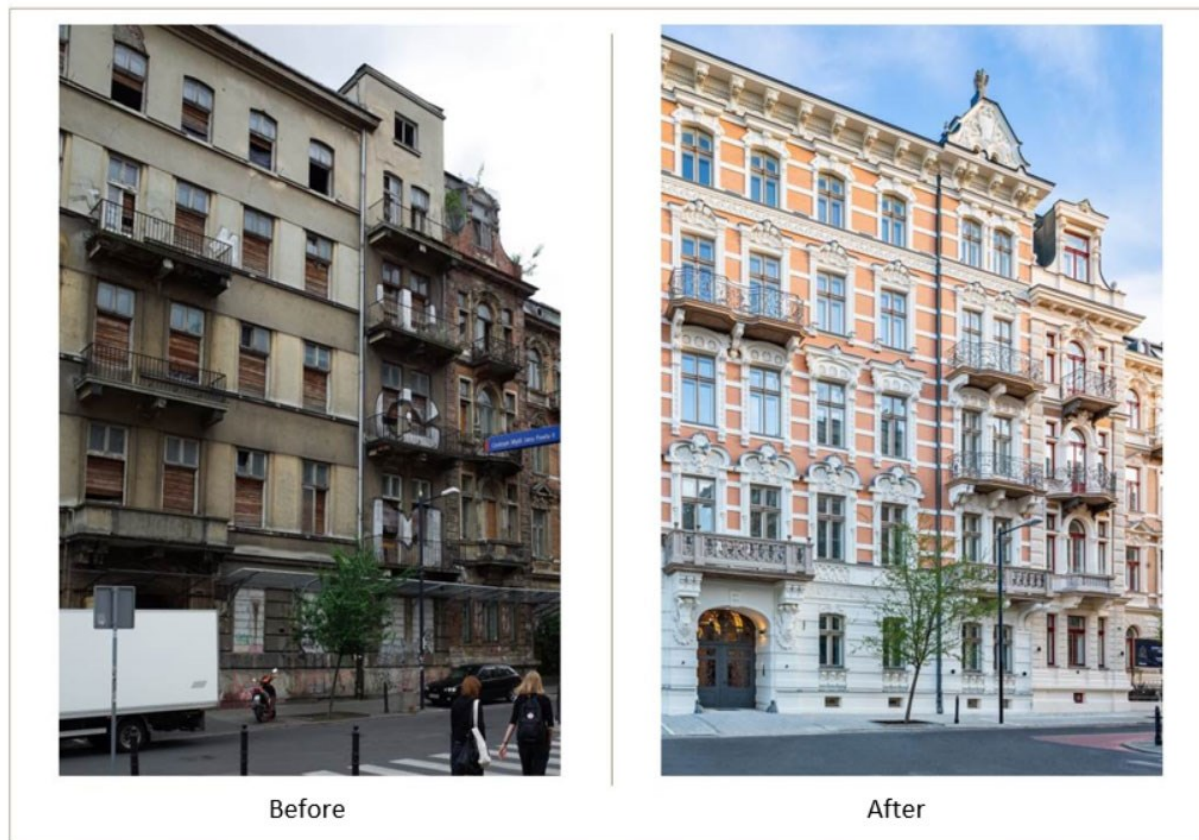
CHARACTERISTICS OF TENEMENT HOUSES IN WARSAW

Warsaw tenements are located in the oldest districts of the city, mainly in Śródmieście, Praga Północ, Mokotów, Żoliborz and Ochota. Only a small number of them survived the war and still delights the locals and tourists. It is estimated that even 72% of residential buildings were destroyed during World War II. The reconstruction of the city devastated on such a huge scale was a real challenge. After the rebuilding of the Old Town, this part of Warsaw was added to the UNESCO World Heritage List in 1980. The tenements in the Old Town originate from the 15th to the 19th century. Most of them were rebuilt between 1947 and 1953. Frequently they are under the protection of the Warsaw Monuments Conservator. Moreover, these buildings are often given names derived from their owners or the ornament, such as "Riaucourt's house" or "lion's house". On the walls of some of the tenements, there are plaques commemorating the stay of excellent artists, leaders and other prominent personalities. Apartments in buildings, where famous people used to live, are on average fifteen percent more expensive per square meter in comparison with those in the neighbourhood. Additionally, the purchase or rental of commercial premises in tenement houses is very popular in Warsaw. They are the most often located on the first floor and used as restaurants, cafes, luxury boutiques, museums, theatres or offices.

Many old and damaged tenements received a new life. They are not only completely renovated, but also overbuilt. If necessary, extensions or conversions of the premises were carried out. The profitability of such undertakings may reach even several dozen percent. In Warsaw, there are many well-established companies, the activities of which focus on renovation and resale of tenement houses. Their potential is also recognized by a growing group of individual investors.



CHART 1. REVITALIZATION OF THE TENEMENT HOUSE AT 13/15 FOKSAL STREET IN WARSAW



Source: nowawarszawa.pl

ADVANTAGES OF LIVING IN A TENEMENT HOUSE

- **UNIQUE ATMOSPHERE** – the historical tenements are distinguished by their impressive architecture and aesthetics. They have rich ornaments and usually bas-reliefs and portals. Poles call them “buildings with the soul”.
- **EXCELLENT LOCATION** – the majority of Warsaw tenements are located within a short distance from the city centre. Thanks to this, residents have such conveniences as the prestige of the area, good access to public transport, as well as service points and cultural centres.
- **LARGE AREA** – apartments in tenements are usually bigger than in newly constructed buildings. Old dwellings usually have a separate kitchen and a spacious hallway. In addition, high ceilings can be a great advantage because they allow to construct mezzanines or storage spaces.
- **HIGH STANDARD** – tenement houses are no longer associated with shabby walls and gloomy interiors. Currently they experience a renaissance. Existing buildings undergo renovation and expansion works. Common parts of the buildings are renewed, while obsolete installations are replaced. Apartments offered for sale are often of a standard similar to modern buildings.
- **ACOUSTICS** – tenements have thick walls which effectively suppress noise from the outside and from the neighbouring apartments.



DISADVANTAGES OF LIVING IN A TENEMENT HOUSE

- **OWNERSHIP RIGHTS** – the purchase of premises is in many cases problematic due to an unregulated legal status. It may be caused by the lack of heir's entry in the land and mortgage register. Resolving the ownership issue can significantly lengthen the purchase process and generate additional costs. Moreover, it happened that buyers had to pay for additional square meters of the apartment because the area disclosed in the land and mortgage register differed from the actual one.
- **TECHNICAL CONDITION OF THE BUILDING** – even if the building looks well-maintained, before buying an apartment it is always worth checking when the last renovation took place and what modernization are planned in the near future. Also the particular attention should be paid to the condition of the electrical and plumbing installations as they may be obsolete or inoperable.
- **HEATING** – unfortunately, poor thermal insulation and leaky windows are common problems in old buildings. Rooms are usually large and have high ceilings, which makes it more difficult to heat them up. Before buying an apartment, check the operation of the heating system and make sure that the air humidity is appropriate and that there is no mould on the walls. All of this means that tenants usually face high heating bills.
- **SUPERVISION OF THE MONUMENT CONSERVATOR** – entry in the register of historical monuments is certainly a source of pride and guarantees the preservation of the unique architecture. On the other hand, it can hinder modernization and renovation works and increase their costs. Interference with a historical building requires special permission from the conservator.
- **NO PARKING SPACES** – new apartments include a parking space in a garage, while in case of tenements residents typically have to park their cars on the street.
- **NO ELEVATOR** – elevators are rather rare in tenements, but in many cases they are installed during major renovations.

PURCHASE AND RENTAL PRICES

Apartments in Warsaw tenements are sold less frequently than those in large-panel concrete blocks or in new buildings. According to the AMRON Centre's data on the structure of sales on the secondary market, in 2020 a tenement house was chosen by every seventh buyer. This is mainly due to limited supply, as obviously the number of historical buildings does not increase. Opponents of buying apartments in old buildings point out numerous risks. Despite them, in recent years the popularity of tenements and investors' optimism have been growing. The reconstruction of deteriorating buildings allows to eliminate their defects and sell them at a great profit.

On the tenement market there is a wide range of prices. This is mainly due to differences in the technical condition of buildings and the interior finishing standard. The analysis of transactions concluded in 2020 in Warsaw showed that prices below PLN 10 000/sqm concern apartments for general renovation located in neglected tenement houses. For example, a low-standard 40 sqm apartment in the building in bad technical condition, with a 20-minute commute to the city centre by public transport, was sold for as little as PLN 7 000/sqm. On the other hand, there are luxury apartments in renovated tenements close



to the city centre, which cost more than PLN 20 000/sqm. Nominal prices of apartments larger than 200 sqm reach even several million zlotys. The greatest impact on the value of such properties have their historical character, architectural values and attractive location.

The subject of trade is not only individual premises, but also entire tenement houses. There are certainly much fewer such transactions on the market, and the buyers are mostly the specialized flipping companies. Old buildings are often bought far under the average market price per square meter. After renovation, their value increases even twice.

The rent rates of apartments in tenements, similarly to purchase prices, are highly diversified. In Warsaw two rooms in a low standard currently cost from approx. PLN 1 600 per month, including counter charges. More demanding renters can find offers that exceed PLN 10 000 per month. The most expensive are large apartments located near the city centre, which cost around 20 000 PLN per month.

SUMMARY

Buying an apartment in a historical building can turn out to be a dream come true and an excellent investment, provided that all the risks associated with such a transaction are considered. Finding a profitable offer is difficult due to exorbitant prices. Apartments in Warsaw's Old Town cost on average PLN 18 000/sqm and everything seems to indicate that they will continue to gain in value.



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