



# ” Impact of the COVID-19 pandemic on the single-family house market in Warsaw agglomeration

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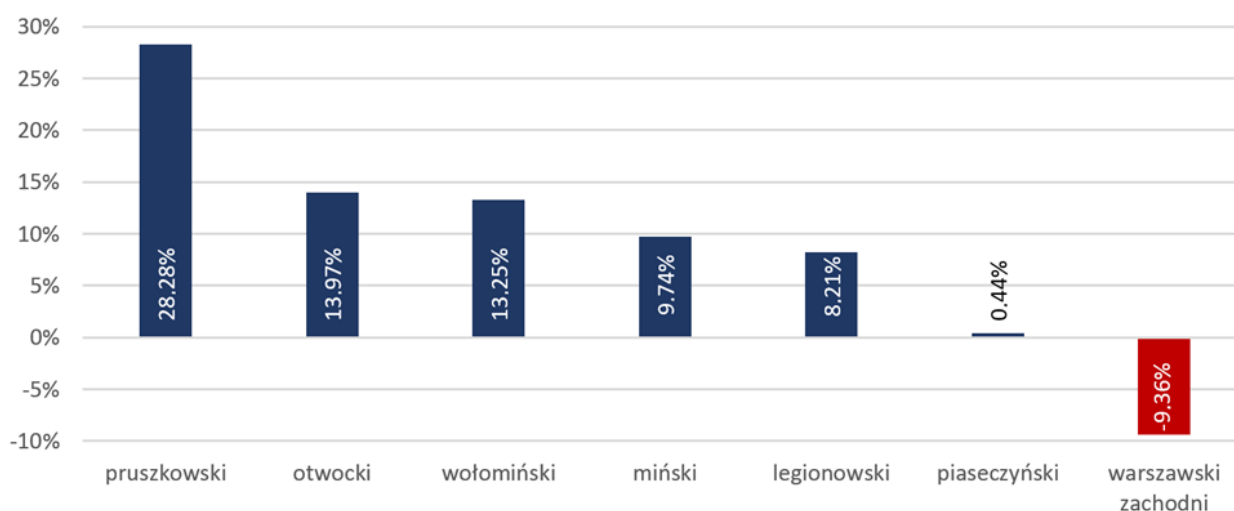


COVID19 pandemic has brought significant turbulences in the real estate market. Apart from the changes of the macroeconomic situation, like a decline in GDP or an increase in inflation, it also caused important social changes, resulting from the movement restrictions or a reduction of the social trust. Introduction of the possibility to work or study remotely was also an important factor that had a significant impact on the housing market. For obvious reasons commercial real estate market, including primarily its retail and office sectors, was the most affected by the pandemic, while on the housing market the strongest impact of the pandemic was seen in the individual rental segment. Based on these changes, already in the second half of 2020 some observers and participants of the housing market indicated a significant increase in the interest in purchasing or building of a single-family house. It is therefore worth verifying what is the condition of single-family houses market in Warsaw agglomeration after the year of the COVID-19 pandemic.

### INVESTORS' ACTIVITY

The increased demand for single-family houses should result in an increase in the number of construction notifications or granted building permits. Central Statistical Office data show that, despite the pandemic, the number of permits or notifications for the construction of a single-family house in the Warsaw agglomeration in 2020 was actually higher than a year earlier. In year 2020, in seven poviats neighbouring Warsaw, 4 996 single-family houses building permits were obtained, which was as much as 9% more than the year before. The largest increase in the number of permits and notifications was recorded in the pruszkowski powiat - by 28%, i.e. from 587 in 2019 to 753. In otwocki and wołomiński poviats, the increases exceeded 13%. The only powiat, where a decrease was recorded, was warszawski zachodni, where only 542 houses obtained a building permit, which was 9.4% less than in the previous year.

CHART 1. DYNAMICS OF CHANGES IN THE NUMBER OF CONSTRUCTION PERMITS AND CONSTRUCTION NOTIFICATIONS WITH A CONSTRUCTION PROJECT IN 2020



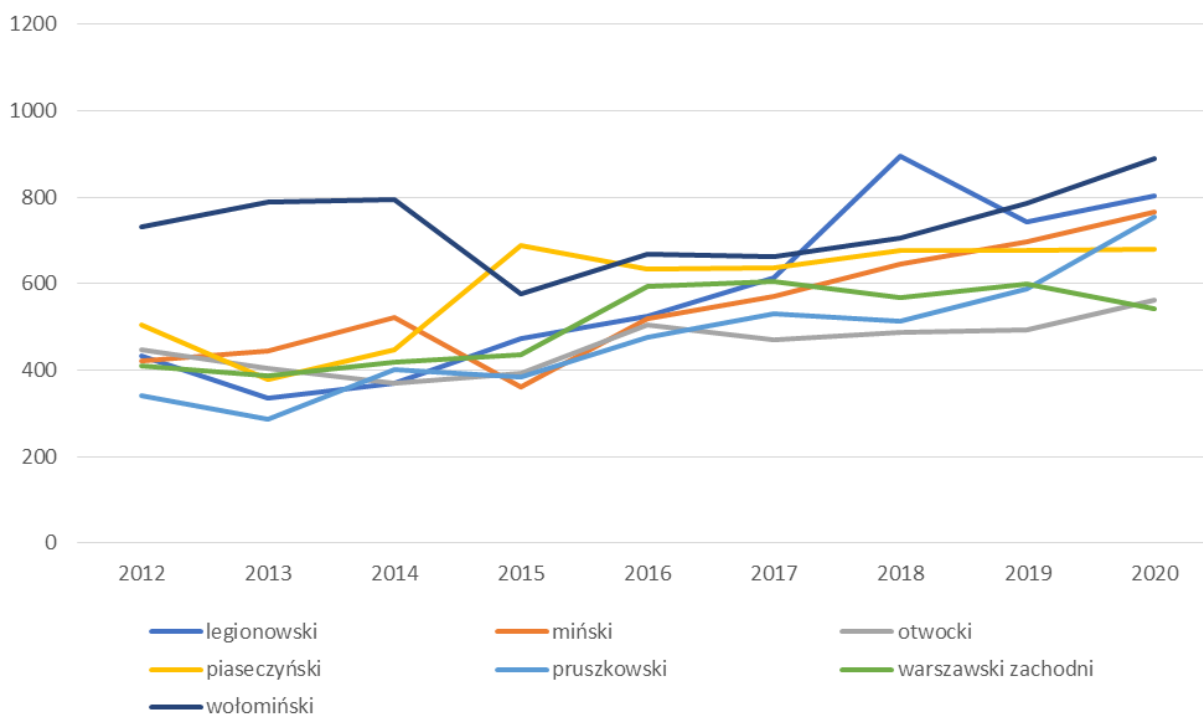
Source: Central Statistical Office



Among the Warsaw neighbouring poviats, it was wołomiński that stood out with the highest activity of individual investors. In 2020, constructions of 889 single-family houses were reported or permitted. The lowest number of permits and notifications, i.e. 542, was recorded in this period in warszawski zachodni.

Analysing data from the previous years, it is difficult to attribute the increase in individual investors' activity recorded in 2020 to the COVID-19 pandemic. The upward trend in the number of submitted applications or building permits obtained in Warsaw agglomeration has been clearly visible for several years. Changes recorded in 2020 should therefore be treated rather as a continuation of this trend, especially since the data do not indicate a clear acceleration of this phenomenon after the outbreak of the pandemic.

**CHART 2. NUMBER OF CONSTRUCTION PERMITS AND NOTIFICATIONS WITH A CONSTRUCTION PROJECT 2012 - 2020**



Source: Central Statistical Office

## PRICE LEVEL

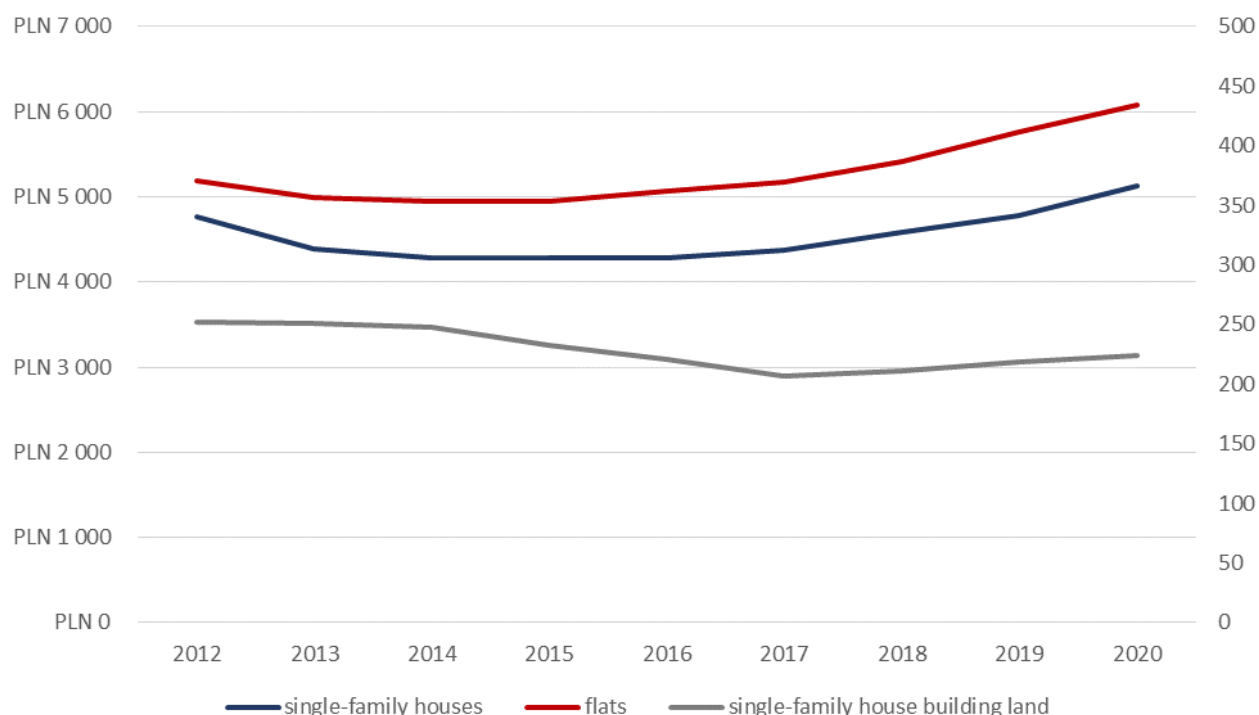
According to the data of the AMRON Centre, in 2020 no increased dynamics of prices of single-family houses in the Warsaw agglomeration was recorded. In all of the analysed poviats, the increase in the prices of single-family houses was similar to the level recorded in the previous periods. The highest increase in the average price per square meter of usable floor area of a single-family house was recorded in 2020 in warszawski zachodni powiat - 9.6%. High dynamics of prices



was also recorded in the miński powiat - 8.2%. On the other hand, the lowest increase in the average price was recorded in powiat wołomiński - 4.36%. Throughout the whole year 2020, the highest average prices per one square meter of usable floor area of a single-family house were recorded in the following poviats: pruszkowski (PLN 5 642.45), piaseczyński (PLN 5 367.40) and warszawski zachodni (PLN 5 346.76). The lowest average prices were recorded in miński (PLN 4 317.93) and wołomiński (PLN 4 632.75) poviats. It is worth noting that the dynamics of changes in the prices of an average single-family houses in the analysed locations corresponds to the level of increases in the flats prices in Warsaw agglomeration. This allows for the conclusion that there is no additional demand impulse in the growth of prices of single-family houses during the pandemic.

It is also difficult to find evidence of such an impulse in case of the single-family building land market. According to the AMRON Centre's data, the average price of 1 m<sup>2</sup> of a plot area in seven poviats around Warsaw has remained at a level close to PLN 200 for several years.

**CHART 3. AVERAGE PRICE OF 1 M<sup>2</sup> OF HOUSING UNITS, SINGLE-FAMILY HOUSES AND SINGLE-FAMILY BUILDING plots IN 7 POVIATS NEIGHBORING WARSAW IN 2012 - 2020**



Source: AMRON System

A review of basic data from the market of single-family houses in the Warsaw agglomeration allows to draw a conclusion that the impact of the coronavirus pandemic on this segment of the residential real estate market is very limited. It seems that at the moment there was no noticeable, excess increase in demand for both land for single-family housing and for single-family buildings, caused by factors related to the pandemic. The number of applications and permits granted for the construction of single-family houses, average prices of land and houses remain in the



trends observed on the market for a long time. Therefore, the conclusion about the resistance of this market to the factors originating in the COVID-19 pandemic seems to be more legitimate. Perhaps, however, the time that has elapsed since the beginning of the pandemic is still too short for them to change the situation on this market in a decisive way.



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