



” Increase in the prices of building plots in Poland

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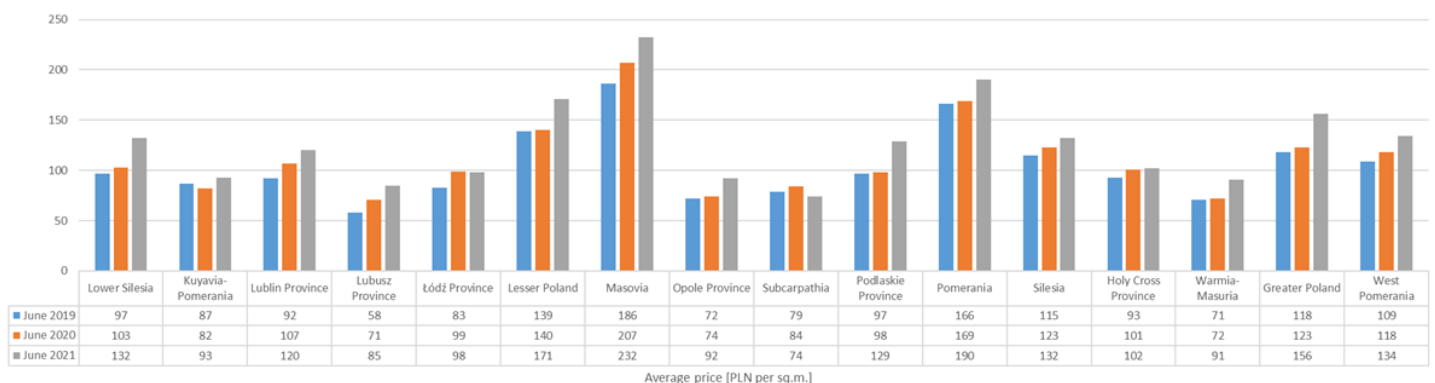


The COVID-19 pandemic has left its mark on the construction industry. The global situation has affected the speed of land purchase decisions and increased interest in building homes. The popularity of single-family houses is constantly growing, and this trend is strongly reinforced by fears of further pandemic waves and the imposition of remote working as a standard operating model. More and more people appreciate the opportunity to own their own home with a garden or recreational plot.

Factors influencing the prices of building plots are primarily:

- location,
- shape and size,
- availability of access road,
- access to utilities,
- plot environment and development conditions,
- soil quality.

CHART 1. AVERAGE OFFER PRICES OF BUILDING PLOTS BY PROVINCES



Source: own elaboration based on data from otodom.pl

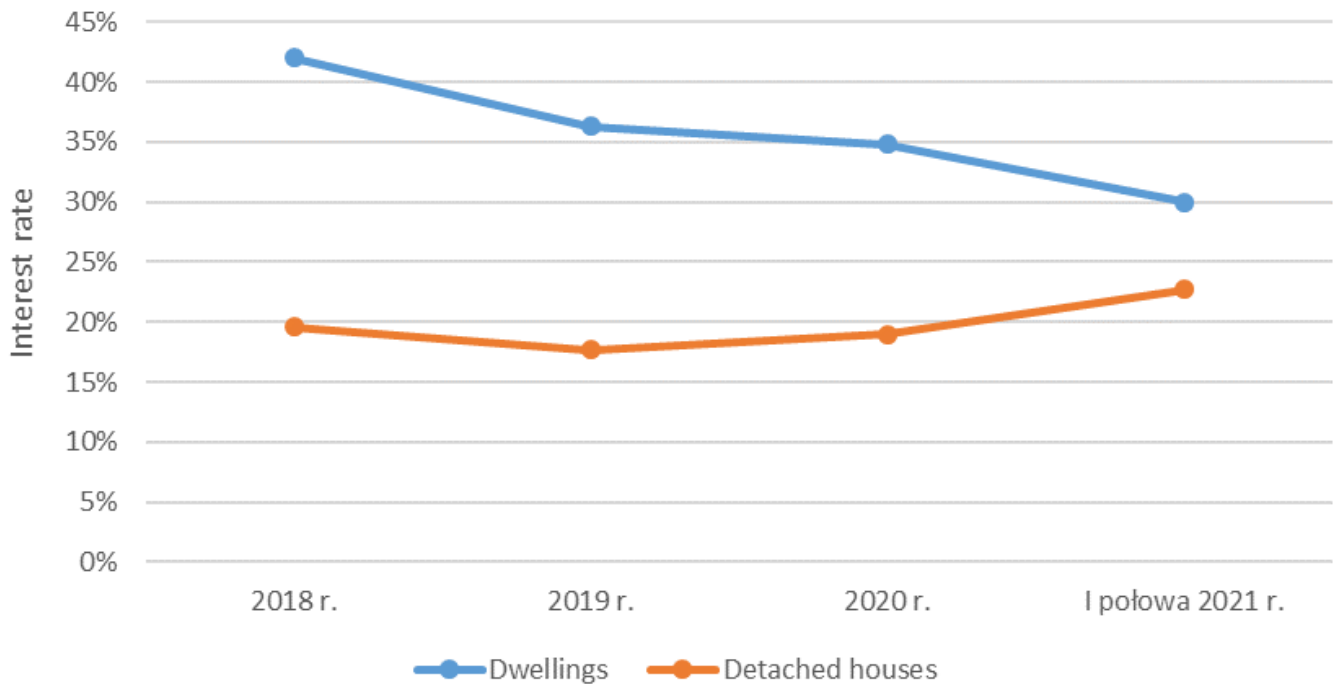
The first half of 2021 revealed a significant increase in the offer prices of building plots in almost all provinces. The largest increases could be observed in Lower Silesian Voivodeship, where prices increased by 28% compared to 2020, and in Podlaskie Voivodeship, where prices increased by almost 32%. There was also a significant upward trend in the Warmian-Masurian Voivodeship (↑26%), as well as in the Greater Poland Voivodeship (↑27%). The only voivodeship, where a decrease was observed, was the Subcarpathian Voivodeship (↓12%), while in the Lodz Voivodeship prices remained stable.

In June 2021 the highest offer prices were in Masovian Voivodeship. The average price per sqm of land amounted to PLN 232. The second position was taken by Pomerania, where the average offer price for a building plot was PLN 190 per sqm. The last place was occupied by Malopolska Voivodeship with the average price of PLN 171 per sqm. Land for building development reached the lowest prices in the following voivodeships: Subcarpathian (PLN 74 per sqm), Lubusz (PLN 85 per sqm), Warmian-Masurian (PLN 91 per sqm), Opole (PLN 92 per sqm) and Kuyavian-Pomeranian (PLN 93 per sqm).



Data from the Central Statistical Office (GUS) shows that in the first half of 2021, the construction of more than 54 thousand single-family homes began. This was a 22% higher result compared to the same period in 2020. From January to June 2021, more than 60 thousand building permits for single-family homes were issued to individual investors, which is almost 29% more than in the first half of 2020. Last year, 101 600 permits were issued, which was 5 percent more compared to 2019.

CHART 2. RATE OF INTEREST IN THE PURCHASE OF APARTMENTS AND SINGLE-FAMILY HOUSES



Source: own elaboration based on data from nieruchomosci-online.pl

Analysing the results of interest in purchasing particular types of property, it can be seen that the popularity of dwellings is declining in favour of an increase in interest in single-family houses.

Currently we observe a significant decrease in the number of advertisements. In all the voivodeships the number of land offers is falling. The largest decrease was noted in Podlaskie Voivodeship (\downarrow 24%), Pomeranian Voivodeship (\downarrow 23%), West Pomeranian Voivodeship and Silesian Voivodeship (\downarrow 21%). The exception is the Subcarpathian Voivodeship, where the number of announcements at the end of the second quarter increased by 4 percent. Decreasing supply of advertisements has a significant impact on the increase of prices of undeveloped land. The highest increase was noted in Kosakowo (Pomeranian Voivodeship), where the offer prices of plots increased by 20 percent compared to the first quarter and by 35 percent over the last six months.¹

¹ <https://forsal.pl/nieruchomosci/mieszkania/artykuly/8205294,ceny-mieszkan-domow-dzialek-ii-kwartal-2021-raport-mapy-tabele.html>



Over the past year, a constant increase in land prices can be observed. The growing demand for undeveloped land properties is undoubtedly impacted by low interest rates. Another factor which influences the popularity of plots is the rising inflation rate. Poles are willing to invest their savings in real estate. Additionally, the increase in prices of undeveloped land is constantly driven by the rising prices of apartments and houses. According to real estate analysts, people who are planning to buy a plot of land should hurry up with their decision, because probably in 5 years the prices may strongly increase.



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AMRON Centre

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