



” Flat sales in Poland among foreigners in 2015 - 2020

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AMRON CENTRE ANALYSIS

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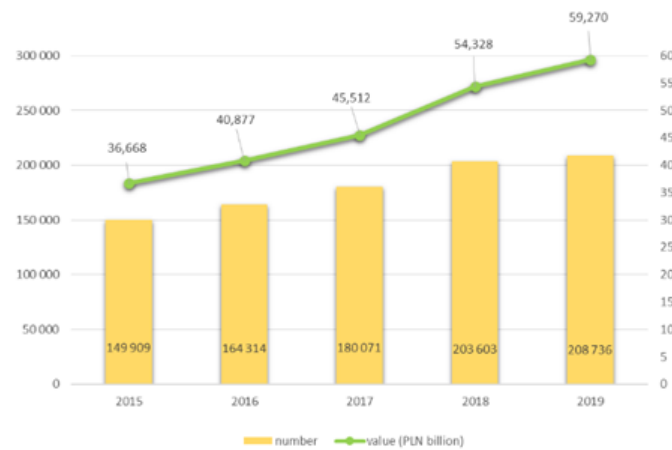
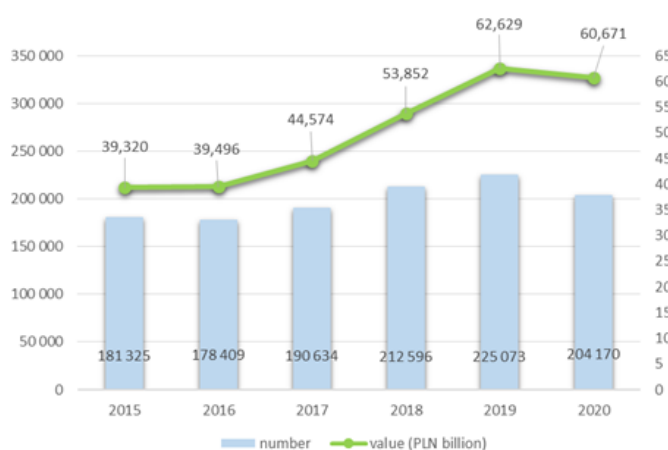




Record low interest rates, which have been maintained for several years, and loosening of the banks' requirements regarding down-payment have a strong impact on high demand on the housing market, which translates into economic growth. Since 2016, more and more housing loans have been granted each year. A slowdown of the upward trend could be observed only in 2020. According to the data presented in the AMRON-SARFiN Report, the number of housing loans granted in 2020 amounted to 204 170, which was lower by 3.13% than the number recorded in 2019. The value of newly issued mortgage loans in the indicated period amounted to PLN 60.671 billion, which is an increase by 9.29% as compared to the previous year. Data presented by Central Statistical Office (GUS) are comparable, where the number and value of dwellings sold annually have been gradually increasing since 2015.

CHART 1. NUMBER AND VALUE OF NEW HOUSING LOANS GRANTED FROM 2015 TO 2020

CHART 2. NUMBER AND VALUE OF DWELLINGS SOLD IN TOTAL MARKET TRANSACTIONS FROM 2015 TO 2019



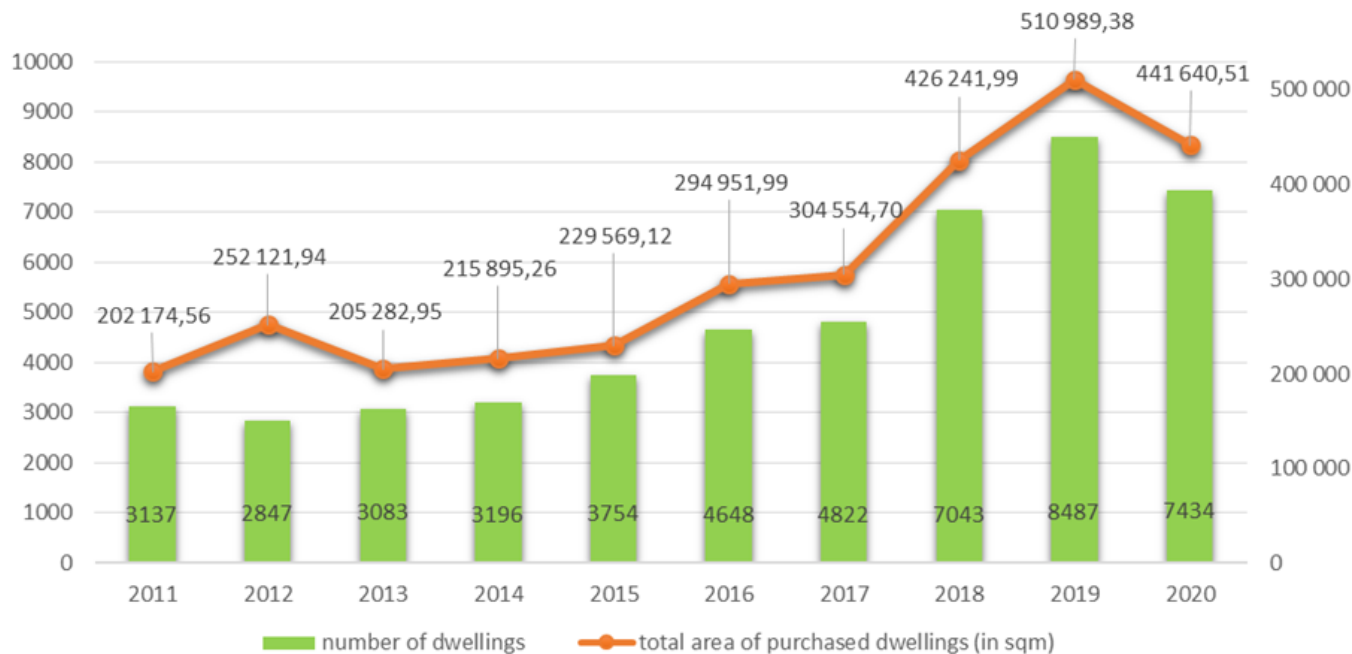
source: self-study based on the SARFiN System data

source: self-study based on data of Central Statistical Office

As stated in the Ministry of the Interior and Administration (MSWiA) Report on execution of the act on real estate acquisition by foreigners in 2020, last year foreigners purchased more than 7 400 dwellings with a total area of almost 442 000 sqm. This was a significant decrease compared to 2019, when foreigners purchased more than 8 400 flats with an area of nearly 511 000 sqm. In comparison, in 2018 the Ministry of the Interior and Administration registered the acquisition by foreigners of 7 043 dwellings with a total area of over 426 000 sqm. The number of flats sold to foreigners in 2020 is lower by 12.41% compared to 2019, but still higher by 5.55% compared to 2018. The percentage of dwellings purchased by foreigners in relation to the total number of flats sold in 2017 was 2.68%, in 2018 it accounted for 3.46%, and in 2019 - 4.07%. Despite an apparent slowdown in property sales among foreign nationals in 2020, caused by the pandemic and the associated restrictions that have extended the application process for permit to buy a flat, as well as limited migration to Poland, interest of foreign buyers in Polish apartments remains strong.



CHART 3. NUMBER OF ENTRIES TO REGISTERS REGARDING DWELLINGS PURCHASED BY FOREIGNERS ON THE BASIS OF PERMITS AND WITHOUT OBLIGATION TO OBTAIN THE PERMISSION AND THE TOTAL AREA OF PURCHASED DWELLINGS FROM 2011 TO 2020



source: self-study based on the report of Ministry of the Interior and Administration (MSWiA) on execution of the act on real estate acquisition by foreigners in 2011 - 2020

TABLE 1. PERCENTAGE OF DWELLINGS ACQUIRED BY FOREIGNERS ON THE BASIS OF PERMITS AND WITHOUT OBLIGATION TO OBTAIN THE PERMISSION IN TOTAL NUMBER OF DWELLINGS SOLD UNDER MARKET TRANSACTIONS IN 2015 - 2019

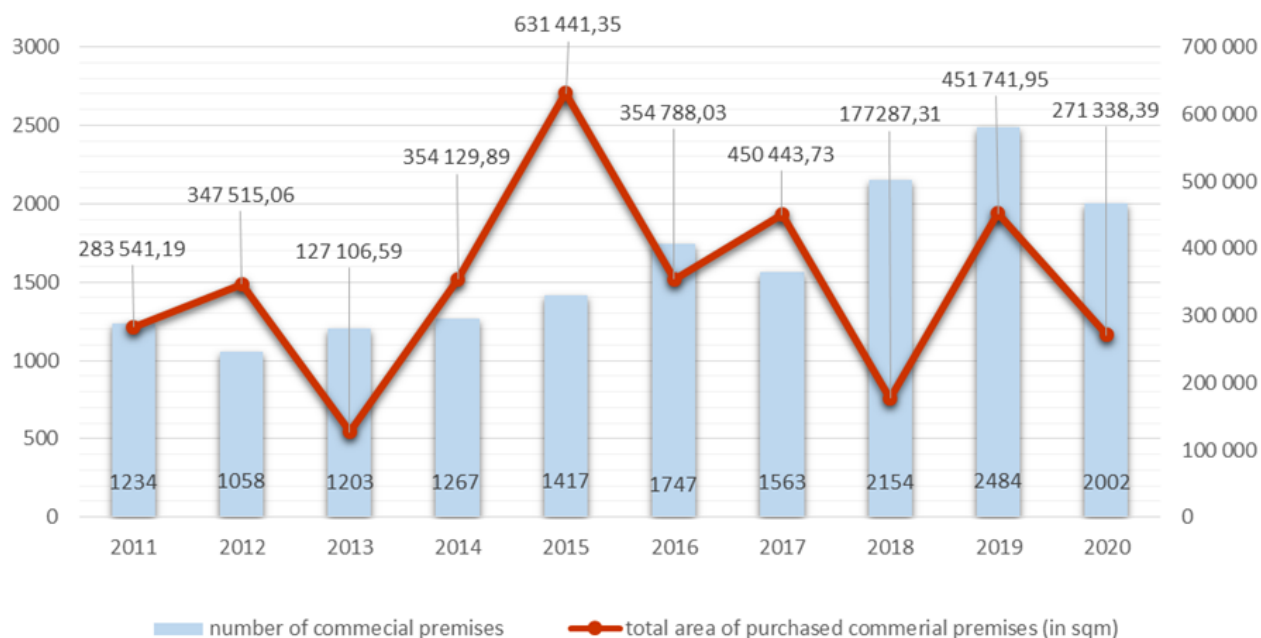
2015	2016	2017	2018	2019
2,50%	2,83%	2,68%	3,46%	4,07%

source: self-study based on the report of Ministry of the Interior and Administration (MSWiA) on execution of the act on real estate acquisition by foreigners in 2015 – 2019 and data of Central Statistical Office

In case of commercial premises, the situation is similar. The upward trend observed since 2013 slowed down only in 2020, when foreigners purchased over 2 000 commercial premises (less by 19.4% compared to 2019), in which almost 2 500 properties were sold. The total area of commercial premises purchased in 2020 amounted to 271 000 sqm.



CHART 4. NUMBER OF ENTRIES TO REGISTERS REGARDING COMMERCIAL PREMISES PURCHASED BY FOREIGNERS ON THE BASIS OF PERMITS AND WITHOUT OBLIGATION TO OBTAIN THE PERMISSION AND THE TOTAL AREA OF PURCHASED DWELLINGS FROM 2011 TO 2020



source: self-study based on the report of Ministry of the Interior and Administration (MSWiA) on execution of the act on real estate acquisition by foreigners in 2011 – 2020

For years, the number and area of dwellings purchased by French, German, British and Italian nationals have remained stable and represented a significant share of transactions among foreigners. A notable increase in interest in housing in Poland can be observed among the citizens of Belarus, Russia, China and Belgium. However, it is the citizens of Ukraine who, constantly for the past 5 years, have been leading among foreigners in the purchase of apartments - in 2020 they purchased 3 200 apartments, which accounted for 36% of all transactions. Such a result was influenced by the growing number of Ukrainians living permanently in Poland and binding their future with Poland.

Despite a slight decline in 2020 compared to the previous year (by 2.7%), caused by restrictions on migration to Poland due to the COVID-19 pandemic and a slowdown in housing acquisition processes, 2020 was the second year in a row, when Ukrainian nationals purchased more than 3 times as many apartments as Germans. Moreover, the total floor area of residential units bought by Belarusians over the past 10 years has increased five times and their share in the structure of buyers in 2020 was equal to 5.5%.

Similarly, in case of the Chinese, who in the previous year purchased dwellings with a total area three times larger (10 584 sqm) than in 2011 (2 708 sqm). Demand for apartments in Poland among Belgians and Indian nationals is also noticeable. Belgians purchased 8 477 sqm of flats last year, which was an increase by 65% compared to 2019, whereas Indian nationals purchased 5 526 sqm in 2020, i.e. more by 45% compared to 2019.



TABLE 2. TOTAL AREA OF DWELLINGS (IN SQM) PURCHASED BY FOREIGNERS ON THE BASIS OF PERMITS AND WITHOUT OBLIGATION TO OBTAIN THE PERMISSION (BY THE COUNTRY OF PURCHASER'S ORIGIN) - SELECTED COUNTRIES IN 2011 - 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOTAL
Austria	6 671	6 640	3 801	4 752	5 999	6 569	8 314	9 193	7 265	7 124	53 016
Belgium	1 630	3 790	2 834	3 855	3 223	3 152	3 093	5 244	5 150	8 477	35 026
Belarus	4 672	7 099	7 036	6 805	8 806	11 590	13 469	20 350	26 826	24 442	119 324
China	2 708	2 269	3 119	4 875	5 285	5 994	8 480	9 380	11 021	10 584	58 739
Cyprus	6 434	6 443	5 884	12 598	8 631	7 402	4 580	4 661	24 779	8 268	76 803
Czech Republic	1 868	791	1 557	2 665	2 417	3 642	2 148	5 329	3 168	3 197	24 123
France	10 051	10 311	11 382	15 395	11 678	13 976	15 381	16 885	18 248	14 878	117 823
Spain	11 325	19 621	5 541	4 083	2 721	7 465	6 078	6 289	9 147	5 590	46 914
Holland	5 403	11 054	8 335	6 181	9 773	4 385	6 172	6 895	6 976	7 520	56 236
India	1 142	1 145	801	970	1 500	2 471	2 400	3 547	3 792	5 526	21 006
Ireland	8 162	3 333	5 085	3 334	2 429	1 797	1 863	2 679	5 127	3 385	25 700
Israel	4 582	35 193	3 447	6 770	5 731	14 349	5 726	14 240	16 310	6 174	72 747
Luxemburg	692	11 882	1 271	2 319	1 865	1 201	10 318	1 451	1 946	1 429	21 800
Germany	34 107	36 804	36 889	32 485	36 164	43 081	40 179	64 349	55 485	46 821	355 452
Russia	6 644	8 864	7 777	6 685	8 467	8 806	9 417	12 558	15 330	14 100	83 140
Slovakia	1 611	2 246	1 511	2 595	1 963	2 770	2 085	3 359	5 862	2 597	22 741
Sweden	7 063	5 795	5 639	6 337	7 021	8 003	9 346	8 996	10 052	6 237	61 631
Turkey	1 057	1 286	773	1 075	1 909	2 753	3 102	5 983	4 059	5 576	25 231
Ukraine	12 597	17 109	18 665	24 558	35 372	64 118	71 264	110 370	162 483	158 027	644 858
USA	6 308	4 917	9 080	6 017	6 668	6 596	5 714	7 174	8 218	4 789	54 256
Great Britain	17 766	13 506	18 576	15 068	15 254	17 857	17 398	23 884	22 297	17 937	148 270
Vietnam	7 498	3 739	2 951	3 438	3 398	3 382	3 799	7 856	3 932	5 554	34 310
Italy	10 017	7 041	10 205	9 841	10 455	11 939	11 602	16 750	18 275	14 151	103 219
other countries	32 165	31 245	33 124	33 195	32 841	41 654	42 627	58 818	65 243	59 258	821 057
TOTAL	202 175	252 122	205 283	215 895	229 569	294 952	304 555	426 242	510 989	441 641	3 083 422

source: self-study based on the report of Ministry of the Interior and Administration (MSWiA) on execution of the act on real estate acquisition by foreigners in 2011 - 2020

According to the data presented by the MSWiA, for years the largest area of dwellings have been purchased by foreigners in the Voivodeship of Mazovia - in 2020, there were 137 000 sqm, which accounted for 31.08% of the total area of residential properties bought by foreigners. The Voivodeship of Lower Silesia was on the second place, where dwellings with a total area of 68 000 sqm were purchased (15.35%). The Voivodeship of Lesser Poland was third - flats with a total area of 65 000 sqm were sold there (14.63%). Slight decreases were recorded every year in the Voivodeship of Pomerania and the Voivodeship of Silesia. Other provinces were much less popular, although their share remained stable.



TABLE 3. STRUCTURE OF THE TOTAL AREA OF DWELLINGS ACQUIRED BY FOREIGNERS ON THE BASIS OF A PERMIT AND WITHOUT THE OBLIGATION TO OBTAIN A PERMIT DUE TO THE VOIVODESHIP, WHERE THE REAL ESTATE IS LOCATED IN THE YEARS 2015 - 2020

voivodeship	2015	2016	2017	2018	2019	2020
The Voivodeship of Lower Silesia	10.94%	13.70%	13.37%	14.84%	14.33%	15.35%
The Voivodeship of Cuiavia and Pomerania	1.85%	2.54%	2.58%	2.05%	2.56%	2.50%
The Voivodeship of Lublin	1.75%	1.81%	1.49%	1.76%	1.76%	1.49%
The Voivodeship of Lubusz	1.34%	1.49%	1.64%	2.02%	2.33%	2.74%
The Voivodeship of Lodz	3.07%	2.34%	2.93%	2.84%	3.52%	4.85%
The Voivodeship of Lesser Poland	12.62%	15.29%	15.98%	14.38%	14.26%	14.63%
The Voivodeship of Masovia	37.63%	35.92%	35.11%	35.88%	34.52%	31.08%
The Voivodeship of Opole	1.38%	1.43%	1.60%	1.28%	1.66%	1.67%
The Voivodeship of Sub-Carpathia	1.33%	1.31%	0.94%	1.05%	1.05%	0.93%
The Voivodeship of Podlaskia	1.13%	1.21%	0.93%	1.02%	0.85%	1.10%
The Voivodeship of Pomerania	7.24%	5.82%	5.12%	5.22%	5.15%	4.17%
The Voivodeship of Silesia	6.92%	6.76%	6.50%	6.30%	6.24%	5.59%
The Voivodeship of Kielce	0.40%	0.31%	0.47%	0.39%	0.34%	0.54%
The Voivodeship of Warmia and Masuria	1.41%	1.04%	1.42%	1.46%	1.28%	1.33%
The Voivodeship of Greater Poland	5.60%	4.06%	4.32%	4.27%	5.36%	6.91%
The Voivodeship of Western Pomerania	5.40%	4.98%	5.61%	5.24%	4.82%	5.13%
TOTAL	100%	100%	100%	100%	100%	100%

source: self-study based on the report of Ministry of the Interior and Administration (MSWiA) on execution of the act on real estate acquisition by foreigners in 2015 - 2020

Among the cities, where dwellings were the most willingly bought by foreigners, Warsaw was the most popular. In 2020, foreigners purchased 1 704 flats in the capital of Poland, accounting for 22.92% of all purchased premises, which meant an increase by 2.31 pp compared to 2019 and as much as 5.25 pp compared to 2018. The second place was continuously occupied by Kraków, where in 2020 977 dwellings were purchased by foreigners, accounting for 13.14% of all sale transactions. Third place was taken by Wrocław, where the number of apartments purchased by foreigners amounted to 787, which constituted as much as 10.59% of all transactions. Growing interest among foreign buyers in dwellings located in Lodz can be observed – the share of transactions on the Lodz residential market in 2020 has tripled since 2015 - from 99 to 323 premises, while compared to 2019 the increase in the number of flats purchased by foreigners accounted for 23.28%. The greatest decrease in activity was recorded in Gdansk - by 43% compared to the previous year.

TABLE 4. NUMBER OF ENTRIES TO REGISTERS REGARDING DWELLINGS PURCHASED BY FOREIGNERS ON THE BASIS OF PERMITS AND WITHOUT OBLIGATION TO OBTAIN THE PERMISSION ACCORDING TO CITY IN WHICH DWELLING IS SITUATED IN 2015 - 2020

City	2015	2016	2017	2018	2019	2020
Gdansk	2.74%	2.84%	2.72%	2.64%	2.90%	1.86%
Gdynia	1.09%	1.03%	0.81%	0.92%	0.68%	0.51%
Gorzow Wielkopolski	0.51%	0.30%	0.48%	0.70%	0.55%	0.96%
Cracow	12.60%	14.97%	15.24%	13.76%	13.68%	13.14%
Lodz	2.64%	2.13%	2.53%	2.24%	3.09%	4.34%
Poznan	3.94%	2.65%	2.70%	2.73%	2.63%	2.78%
Szczecin	1.86%	1.48%	1.82%	1.66%	1.37%	1.21%
Swinoujscie	0.93%	0.90%	1.04%	0.85%	0.87%	0.94%
Warsaw	26.80%	27.02%	25.16%	28.17%	25.23%	22.92%
Wroclaw	7.35%	10.52%	9.93%	10.85%	9.31%	10.59%
Zakopane	0.27%	0.28%	0.29%	0.09%	0.09%	0.03%
other	39.26%	35.86%	37.29%	35.40%	39.60%	40.72%
TOTAL	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

source: self-study based on the report of Ministry of the Interior and Administration (MSWiA) on execution of the act on real estate acquisition by foreigners in 2015 - 2020



In the last five years, significant changes have been observed on the market of residential and commercial premises purchased by foreigners. The growing number of foreign nationals in Poland will determine the growing number of residential property transactions concluded by foreigners. Furthermore, the prices of dwellings on the Polish market, despite the growth in recent years, are still lower than in Western European countries, which makes them an attractive capital investment for investors. According to data from the SARFiN System, a total of 124 185 housing loans were granted in the first half of 2021 and amounted for PLN 40.079 billion and if current trends continue, record results are expected by the end of this year. The publication of the MSWiA Report on real estate acquisition by foreigners in 2021 will verify if the expected record increase in dwellings' sales will also apply to foreigners and to what extent this market segment will be affected by the COVID-19 pandemic in 2021.



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