



” Buyers' preferences on the Warsaw real estate market in 2021

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Buyers' behaviour on the real estate market is often the subject of analysis by economic scientists and real estate professionals. Preferences are divided into revealed and declared. Declared preferences refer to the behaviour of potential consumers at the time of the interview or survey. The other ones relate to the actual market choices made by consumers and can be analysed using the transaction prices database. The main objective of the survey of buyer preferences is to gain knowledge of what influences the decision to purchase a dwelling, while also influencing demand on the housing market. Analysis of the results of the cyclical surveys makes it possible to determine which offers best meet the expectations of potential purchasers and may contribute to adjustments in housing policy, which may ultimately lead to a better meeting of housing needs. Influential factors are the attributes of a property and allow an evaluation of the property in terms of e.g. location, transport accessibility, space, aesthetics, infrastructure and service facilities. Other attributes that potential buyers usually pay attention to are the availability of green areas, proximity to cultural and sports facilities, and in Warsaw, the proximity of the subway is an additional big advantage. It should be noted that preferences also depend on the living situation of buyers, as young, single people have different requirements, while families with two children have different ones. A fundamental role when buying a property is the price, as it is often a blocker to buying an apartment despite meeting expectations in other aspects. Considering the attributes of the apartment, the area of the apartment, the number of rooms, the floor of the premises or even the standard play a big role. This article is based on data on transaction prices of primary and secondary market flats in 2021 in Warsaw from the AMRON database.

One of the factors determining consumers' decisions to purchase real estate is **the floor area**. Surfaces have been divided into groups according to the classification used by the National Bank of Poland.

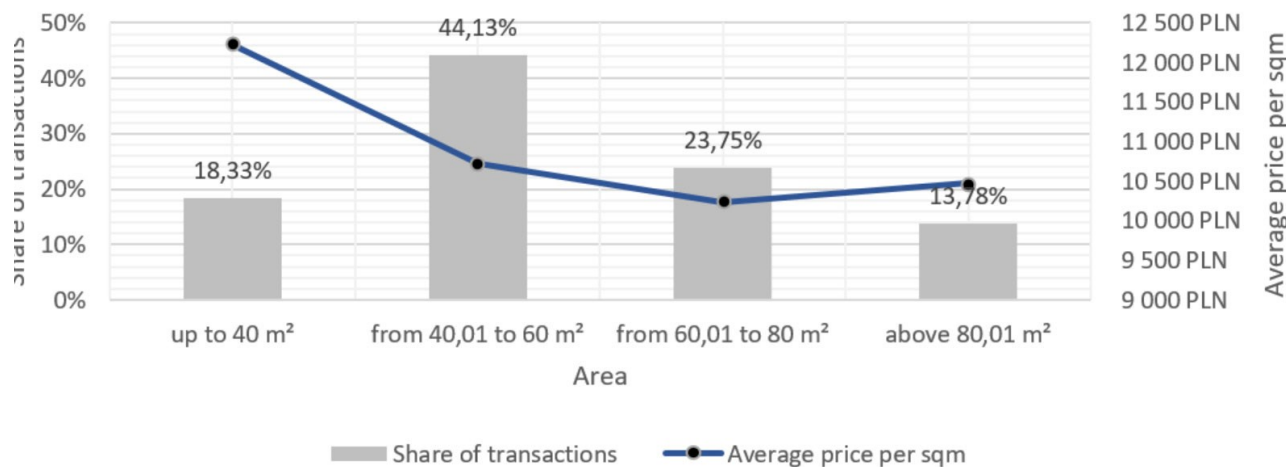
TABLE 1. SHARE OF TRANSACTIONS AND AVERAGE PRICE PER SQM BY AREA

| <u>Category</u> | <u>Area</u> | <u>Share of transactions</u> | <u>Average price per sqm</u> |
|--------------------------|----------------------------------|------------------------------|------------------------------|
| <i>Small</i> | <u>up to 40 m²</u> | 18.33% | 12 216.45 PLN |
| <i>Medium</i> | from 40.01 to 60 m ² | 44.13% | 10 720.52 PLN |
| <u><i>Large</i></u> | from 60.01 to 80 m ² | 23.75% | 10 238.86 PLN |
| <u><i>Very large</i></u> | <u>above 80.01 m²</u> | 13.78% | 10 470.36 PLN |

Source: own elaboration based on AMRON database



GRAPH 1. SHARE OF TRANSACTIONS AND AVERAGE PRICE PER SQM BY AREA



Source: own elaboration based on AMRON database

Analysing the above data, it can be concluded that medium-sized flats, with areas between 40.01 m² and 60 m², are the most popular. 44.13% of the analysed transactions were in this market segment, and the average price per square metre amounted to PLN 10 720.52. Large flats came second in terms of the number of transactions (23.75%) - the average price per square metre for flats between 60.01 and 80 m² was the lowest and amounted to PLN 10 238.86. Transactions of small flats represent 18.32% of the sample, although the average price per square metre in this segment is the highest and amounted to PLN 12 216.45 (the difference with the cheapest category amounted to PLN 1 977.59). It is worth adding that the total price of this type of dwelling is usually much lower than that of medium, large or very large dwellings, and often such an area of a dwelling is enough for one-person households. The smallest share (13.78%) in the number of transactions is accounted for very large flats. A discouraging factor is most likely the high total price per flat.

Another analysed attribute is the **number of rooms**. Two- and three-room dwellings were the most popular among buyers, with a total of more than 75% of all transactions in the sample. In second and third place were four-room flats and studio flats, with 11.99% and 10.23% of recorded transactions. Once again, the studio flats were the most expensive considering the average square meter price – 12 551,38 PLN. It is worth mentioning that the larger the number of rooms, the lower the average price per sqm. Five- and six-room flats had the smallest share, only 3%. As in the case of area, this is due to much higher total prices. The lowest average price per m² was recorded for five-room flats - PLN 10 055.87.

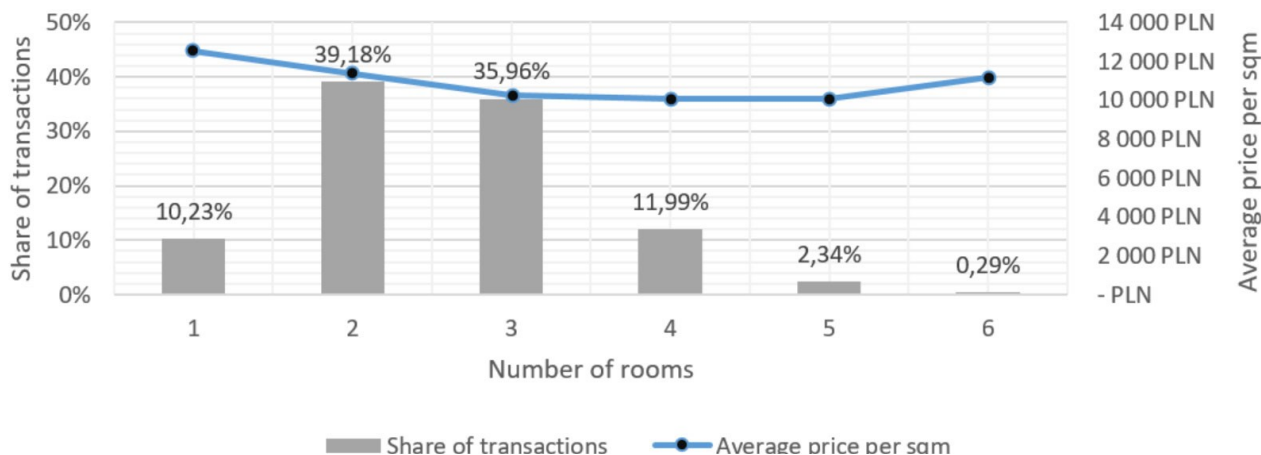
TABLE 2. SHARE OF TRANSACTIONS AND AVERAGE PRICE PER SQM DEPENDING ON THE NUMBER OF ROOMS

| <u>Number of rooms</u> | <u>Share of transactions</u> | <u>Average price per sqm</u> |
|------------------------|------------------------------|------------------------------|
| 1 | 10.23% | 12 551.38 PLN |
| 2 | 39.18% | 11 336.26 PLN |
| 3 | 35.96% | 10 279.85 PLN |
| 4 | 11.99% | 10 062.61 PLN |
| 5 | 2.34% | 10 055.87 PLN |
| 6 | 0.29% | 11 186.01 PLN |

Source: own elaboration based on AMRON database



GRAPH 2. SHARE OF TRANSACTIONS AND AVERAGE PRICE PER SQM DEPENDING ON THE NUMBER OF ROOMS



Source: own elaboration based on AMRON database

The number of transactions and the average price were also analysed according to the **location of the dwelling on each storey in the building**. The market was dominated by transactions of flats located on lower storeys (1 - 4) - they accounted for 69.4% of the sample. The largest number of transactions were for dwellings located on the second and third storey (transactions accounted for 18.66% and 19.25% of the total sample) - buyers were more likely to buy flats on these storeys than on the ground floor (with a 14.63% share). This may be related to the commercial premises increasingly located on the ground floor, the greater sense of security and privacy and the greater distance from noise (car noise, playground etc.) on the upper floors. There is also a noticeable downward trend in terms of the number of transactions by storey - the higher the storey, the less interest from buyers. The smallest number of transactions was recorded for premises located on the 10th storey (1.34%). There is a correlation between the average price per square metre and the storey of the apartment - as the storey increases, the average price per square metre increases. The most expensive dwellings turned out to be those located on storeys 9, 6 and 7 (PLN 12 474.50, PLN 11 649.64 and PLN 11 467.15).

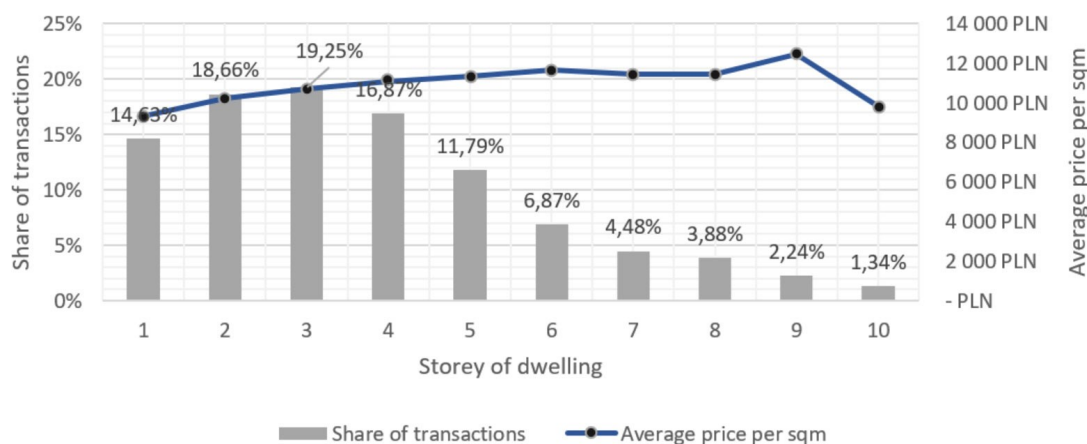
TABLE 3. SHARE OF TRANSACTIONS AND AVERAGE PRICE PER SQM DEPENDING ON THE LOCATION OF THE DWELLING ON THE STOREY

| <u>Storey of dwelling</u> | <u>Share of transactions</u> | <u>Average price per sqm</u> |
|---------------------------|------------------------------|------------------------------|
| 1 | 14.63% | 9 361.24 PLN |
| 2 | 18.66% | 10 230.14 PLN |
| 3 | 19.25% | 10 701.27 PLN |
| 4 | 16.87% | 11 109.98 PLN |
| 5 | 11.79% | 11 372.82 PLN |
| 6 | 6.87% | 11 649.64 PLN |
| 7 | 4.48% | 11 467.15 PLN |
| 8 | 3.88% | 11 435.41 PLN |
| 9 | 2.24% | 12 474.50 PLN |
| 10 | 1.34% | 9 804.57 PLN |

Source: own elaboration based on AMRON database



GRAPH 3. SHARE OF TRANSACTIONS AND AVERAGE PRICE PER SQM DEPENDING ON THE LOCATION OF THE DWELLING ON THE STOREY



Source: own elaboration based on AMRON database

The correlation between the number of transactions and the average price per square metre and the **number of storeys in the building** was also assessed. The analysis was made according to the classification of buildings in accordance with the Regulation of the Minister of Infrastructure on technical conditions to be met by buildings and their location. Graph 4 shows the dominance of medium-high buildings - almost half (48.83%) of all transactions in the sample concerned dwellings located in this type of building. Low-rise buildings came second with a 28.51% share. At the end were buildings with at least 10 storeys -22.66% of transactions. The dominance of mid-rise buildings may have to do with rising land prices, which makes developers decide to construct buildings higher than four storeys in order to make more profit. Low-rise buildings are popular mainly because consumers associate them with the intimate nature of the neighbourhood and quietness. Considering the average price per sqm, the highest price was recorded for flats in mid-rise buildings – PLN 11 269.40, which far exceeded the average price for flats in low-rise buildings - the difference was PLN 1 723.67. The average price per sqm for premises in high-rise buildings in 2021 was comparable to those in medium-high buildings and amounted to PLN 11 085.69.

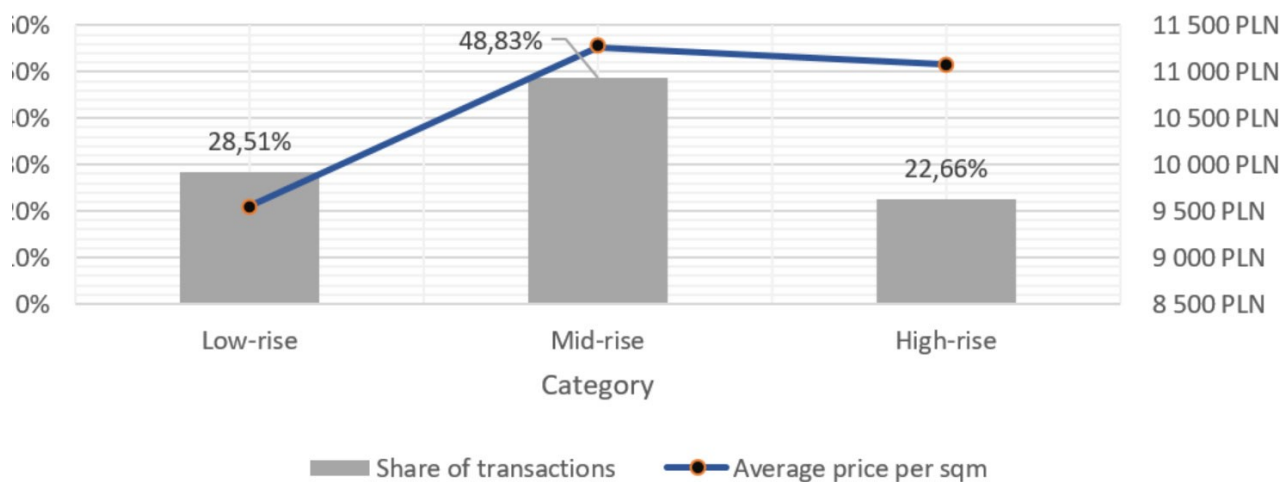
TABLE 4. SHARE OF TRANSACTIONS AND AVERAGE PRICE PER SQM DEPENDING ON THE NUMBER OF STOREYS IN THE BUILDING

| <u>Category</u> | <u>Number of storeys</u> | <u>Share of transactions</u> | <u>Average price per sqm</u> |
|------------------|--------------------------|------------------------------|------------------------------|
| <u>Low-rise</u> | <u>Up to 4</u> | 28.51% | 9 545.73 PLN |
| <u>Mid-rise</u> | <u>4 - 9</u> | 48.83% | 11 269.40 PLN |
| <u>High-rise</u> | <u>10 - 18</u> | 22.66% | 11 085.69 PLN |

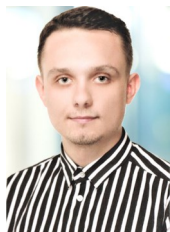
Source: own elaboration based on AMRON database



GRAPH 4. SHARE OF TRANSACTIONS AND AVERAGE PRICE PER SQM DEPENDING ON THE NUMBER OF STOREYS IN THE BUILDING



Source: own elaboration based on AMRON database



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AMRON Centre

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