



” The Housing Market in 2024

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The year 2024 brought significant changes to Poland's housing market. Demand for both mortgage loans and apartments fluctuated, influenced primarily by political factors. Two government subsidy programmes for housing loans played a major role – the 'Safe Loan 2%' programme, introduced before the 2023 parliamentary elections, and the '0% Loan for a Start' programme, announced for the post-election period.

During the first quarter of 2024, the trends observed at the end of the previous year continued, driven by the introduction of the 'Safe Loan 2%' subsidy programme. Mortgage loans under this programme were issued until the end of March 2024, having a crucial impact on the housing market during this period. In total, banks granted nearly 90 000 loan agreements under the programme, exceeding PLN 36 billion in value. The average amount of a granted loan was PLN 403 000, significantly higher than the market average before the programme's introduction. The majority of loans were used for purchasing properties on the secondary market (over 45% of loans), while over 38% was granted for purchases on the primary market. Approx. 10% of the loans were intended for building a house or purchasing a plot for single-family housing development.

The programme's structure and limitations led to higher participation among residents of smaller towns, particularly in central and western Poland. Among major cities, interest in loans under the programme among citizens of Warsaw was relatively low, while in Lodz, there was recorded the highest participation. This geographical distribution was influenced by two key factors: the demographic structure of each region's population and the programme's loan limits, which affected the availability of eligible properties.

By the end of the first quarter of 2024, banks had granted 64 504 new mortgage loans, totalling for PLN 26.876 billion. This was the second-highest mortgage financing result in Poland's history, only behind the fourth quarter of 2023.

However, the 'Safe Loan 2%' programme also had negative consequences, which housing market experts had warned about long before its implementation. Between Q3 2023 and Q3 2024, the average price of apartments in Poland increased by 14.4%, making Poland one of the European leaders in housing price growth. Only Bulgaria recorded a higher increase. According to AMRON Centre's data, price hikes in major cities were even more pronounced, exceeding 20% in Warsaw and Cracow. Paradoxically, in Lodz, the lowest price increase during this period was recorded, slightly over 10%.

In the following three quarters, the housing market was shaped by three key factors:

1. the previous surge in demand triggered by the 'Safe Loan 2%' programme;
2. prolonged uncertainty surrounding the new housing programme due to inconsistent government statements about its launch date, eligibility criteria and overall feasibility;
3. expected interest rate cuts by the National Bank of Poland (NBP), which were continuously postponed.

The '0% Loan for a Start' programme, intended to replace 'Safe Loan 2%', was one of the key election promises of the new government, initially planned for early 2024. Like its predecessor, it was designed for individuals meeting specific income and age criteria, with subsidies varying based on, among others, household size. However, differences in housing policy opinions within the ruling coalition soon became apparent,



making it unlikely that the programme would be implemented as initially announced. Debates and disputes over the programme lasted throughout the year, with legislative proposals emerging in April and July. Ultimately, the programme remained in the planning stage but significantly influenced market behaviour and shaped housing market conditions throughout 2024.

As a result, prospective homebuyers and mortgage applicants, who had not taken advantage of the 'Safe Loan 2%' programme, found themselves in a relatively comfortable position. They could make rational decisions without additional pressure – either taking out a loan and buying a property under current conditions or waiting for a better opportunity. The key question was whether the new subsidy programme would be launched. Regardless, for buyers, the market presented two favourable scenarios: if the new programme was introduced, they could secure more attractive mortgage terms, but if it wasn't, they could expect price drops, as predicted by various publications and some housing market experts. As a result, home sales slowed significantly starting in the second quarter. In April and May, primary market sales fell to levels comparable to the crisis period of late 2022 and early 2023. Mortgage lending also slowed, with banks granting 45 434 loans worth PLN 19.118 billion in Q2. Compared to Q1, this represented a 29.56% drop in loan volume and a 28.87% decline in total loan value.

Despite weakening demand, developers remained highly active. According to the Statistics Poland (GUS), developers began construction of 41 994 apartments in Q1 and added 38 597 more in Q2. New project approvals also remained strong, with 51 078 building permits issued in Q2, matching Q1 levels. Ultimately, housing supply grew, with over 48 000 units available for sale by the end of Q2.

The second half of 2024 was marked by stabilization, with fading hopes for the new subsidy programme and anticipation of NBP interest rate cuts. Sales remained steady but lower than before and as of November 2024, total primary market sales were down about 25% compared to the previous year.

Developers were consequently launching new projects, starting construction of 63 719 apartments and obtaining permits for 85 957 more (excluding December data). As a consequence, the number of available developer-listed apartments exceeded 50 000 by the end of the year.

Launching new investments and placing new dwellings on market despite slowdown in sale results might be considered as quite surprising. Crucial for this phenomena were two main factors: on one hand, developers' confidence that the new subsidy programme would eventually launch and on the other - the need to replenish supply, particularly in the affordable housing segment, after the 'Safe Loan 2%' demand surge.

Despite the slowdown after Q1, the mortgage market remained strong as well. In 11 months of 2024, banks issued nearly 190 000 mortgage loans for the total value of PLN 79.4 billion. This might suggest that AMRON Centre's forecast for 200 000 new mortgage loans worth PLN 84–85 billion in 2024 was realized. In terms of total loan value, this result matches the record-high level of 2021 and marks a 23% increase from the previous year.

Starting from Q2, weakened demand and rising supply in major Polish cities significantly slowed price growth or led to stabilization. According to preliminary AMRON data, in Q4 2024 the highest price increases did not exceed 2.5% and in cities like Wrocław and Gdansk, even slight declines were noted. Over the entire



year, the highest price increases (around 20%) were recorded in Cracow and Warsaw, while in Lodz and Poznan the lowest price growths (around 10%) were recorded. It's essential to note that average price increases in 2024 were driven not only by absolute price changes, but also by a shift in transaction structure. The 'Safe Loan 2%' programme cumulated demand in specific property segments, whereas in later quarters increased purchases of higher-priced apartments was observed, further boosting average prices. Similarly, the current price stabilization is not solely due to a market cooldown, but also a return to balance in transaction structure, affecting both the primary and secondary markets.

In summary, 2024 was a year of rapid shifts – from an accelerated boom to uncertainty and hesitation. Despite this, both the housing market and mortgage market recorded strong results.

What lies ahead in 2025? At least in the early months, uncertainty is expected to continue – both regarding the government's new housing programme (at least until the presidential elections) and NBP interest rates (likely for a longer period).



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