

AMRON-SARFiN Report

on housing loans
and real estate transaction prices

3 / 2024



ZWIĄZEK BANKÓW POLSKICH

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REPORT IN NUMBERS

PLN 493.210 billion



















total housing loans debt

change Q3 2024/Q2 2024

1.00 % 

change Q3 2024/Q3 2023

2.19 % 

| Q3 2024 | | change Q3 2024/Q2 2024 | change Q3 2024/Q3 2023 |
|--------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| PLN 2.267 mln | number of active loan agreements | 0.54%  | 1.08%  |
| 45,897 | number of concluded agreements | 1.02%  | 12.63%  |
| PLN 19.315 billion | value of concluded agreements | 1.03%  | 21.92%  |
| PLN 421,695 | average value of a housing loan | 0.39%  | 8.69%  |
| 132.69 points. | Housing Availability Index (HAI M3) | 3.06 points  | 1.03 points  |
| 28.66% | share of new housing loans with LtV above 80% | 2.05 pp  | 4.45 pp  |
| 99.02% | share of new housing loans in PLN, by value | 0.08 pp  | 0.29 pp  |
| 60.49% | share of new housing loans with lending period of 25–35 years | 2.04 pp  | 4.58 pp  |
| PLN 14,548 | average transaction price per square meter of a dwelling in Warsaw | 1.89%  | 12.01%  |
| PLN 2,301 | average monthly rent rate of a housing unit in Warsaw | 2.59%  | 1.32%  |



ANALYSING THE RESULTS OF BANKS' LENDING ACTIVITY AND CHANGES IN RESIDENTIAL MARKET TRANSACTION PRICES, ONE MIGHT ARGUE THAT THE HOUSING MARKET IS NORMALIZING. IT WOULD BE EVEN BETTER IF INTEREST RATES WERE SLIGHTLY LOWER.

Jacek Furga, Ph.D.

*Chairman of the Real Estate Finance Committee,
Polish Banks Association and President of the Management
Board of Centre of Banking Processes and Information
(Centrum Procesów Bankowych i Informacji Sp. z o.o.)**

Dear Readers,

It is the sixty-first edition of the AMRON Centre Report published by the Polish Banks Association. For 15 years we have been systematically providing you with up-to-date information on lending activity of Polish banks in the area of housing financing, as well as on trends and transaction prices on the residential real estate market. In current edition of the Report we present results of the third quarter of 2024 in relation to results of the few previous quarters.

We are gradually leaving behind the '2% Safe Loan' programme, and hopes for zero-interest loans seem to be fading, especially given the disappointment with the previous product. Analysing the results of banks' lending activity and changes in residential market transaction prices, one might argue that the housing market is normalizing. It would be even better if interest rates were slightly lower. In the third quarter of this year, the number of granted housing loans amounted to 45,879, which was practically the same result as in the previous quarter (a slight increase by 1%). This quarterly level of mortgages translates straightforwardly into an annual result of approximately 180 thousand loans. Regular readers of the AMRON-SARFiN Report may remember the concept of the 'organic level of banks' lending activity', which we coined at the AMRON Centre in the second decade of this century. This level, resulting from demographics, lifestyle and financial capacity, consistently generated about 180 thousand loans annually, regardless of government support programmes. A decade ago, this number translated into an annual value of new mortgage

loans of PLN 40 billion. Meanwhile, only in the third quarter of 2024, banks granted new housing loans for the amount of almost PLN 20 billion. Similar to the number of loans, this matches the result of the previous quarter. Interestingly, this result was by almost 22% better than a year ago, when '2% Safe Loan' programme was introduced. So there is no reason to complain or proclaim a crisis on the housing or mortgage market.

Moreover, we are currently observing a reversal of the trend of shrinking active housing loans portfolio. The decline in the number of active housing loan agreements in the third quarter of this year amounted to only 0.54% (to the level of 2.267 million). Regarding the value of Polish households debt due to granted housing loans, a slight increase (similarly to the previous quarter) by 1%, i.e. to the amount of PLN 493.210 billion, was noted. This reflects a clear slowdown in early repayments of loans granted in previous years, with a systematic increase in the average value of a new housing loan, which reached PLN 421,695 in the third quarter of 2024. This meant an increase in one year by 8.69% (nominally by over PLN 33.7 thousand). It was the result of rising prices, but also – importantly – the higher creditworthiness of borrowers.

Several factors supported decisions to take out housing loans: reports of the President of National Bank of Poland on the reversal of the upward trend in inflation, a slight decline in average interest rates for new housing loans, and noticeable easing of

creditworthiness criteria by some banks for household borrowers. Additionally, stabilizing housing prices and wider offer of properties encouraged decisions to buy a flat. The Housing Affordability Index (HAI M3) has also remained stable for nearly two years.

The quality of the housing loans portfolio also improved – non-performing loans accounted for 1.69% of the total housing loan portfolio, which was one quarter less than a year ago. The share of non-performing CHF loans has also decreased significantly, driven by accelerated settlements between banks and CHF borrowers.

We forecast that this year banks in Poland will grant at least 200 thousand new housing loans with a total value exceeding PLN 84 billion. And even a record result of PLN 85.8 billion from 2021 is possible to achieve.

The normalization of the housing loan market positively impacts the residential construction sector, as suggested by Statistics Poland (GUS) data. The number of building permits issued in the third quarter of 2024 by developers amounted to 52,258, i.e. by 27.34% more compared to the third quarter of 2023. At the same time, they completed 30,946 units, which was by 4.71% less than in the previous year, but the number of started construction increased by 12.84% (it was 36,382 units). This propensity to initiate new projects was also enhanced by stable construction costs. Building material prices slightly diminished, while labour costs remained under pressure of overall wage growth. Nevertheless, the growth rate of construction costs has significantly slowed in recent quarters.

Transaction prices of dwellings in the largest Polish cities were still increasing, although quarterly growth rates were much lower in most locations than in previous quarters. In the third quarter of 2024, Cracow recorded the most significant price increase by 5.04%. Average transaction prices increased by 3.01% in Poznan, by approximately 2.5% in Gdansk and Wroclaw, and by only 1.89% in Warsaw compared to the second quarter of 2024. A slight price decline, by only 0.45%, was noted in Lodz. Some housing market analysts predict future decrease in house prices. For now, however, the declines were noted only in offer prices.

Year-on-year price increases, driven by the launch of '2% Safe Loan' programme in the third quarter of 2023, reached 20% in Cracow, Wroclaw, and

Poznan. In other major cities, double-digit annual price increases were also recorded, but at the level of 11-12%. Surprisingly, smaller cities experienced higher quarterly and annual price growth rates than larger agglomerations.

Meanwhile, residential rents increases in the third quarter of 2024 were slightly higher than in the previous quarter, likely due to seasonal effects related to the new academic year. In Warsaw, the average rent reached PLN 2,301, which meant quarterly increase by 2.59%, but only by 1.32% in comparison to the third quarter of 2023.

The Polish Banks Association actively participates in debates and consultations to develop proposals and recommendations for enhancing the efficiency of Poland's banking sector, to the benefit the national economy, including financing solutions for residential construction market on both the demand and supply sides. We see an opportunity to implement systemic and responsible actions in this area, grounded in coalition agreement provisions. A critical issue, not only for the banking sector, is reversing the narrative of undermining long-term agreements between consumers and banks – a threat to the stability of Poland's financial system. It is the government's responsibility to stop this trend. We propose contributing to the development of long-term systemic solutions for creating a new housing loan market, leveraging proven financial instruments and solutions that effectively address housing needs in neighbouring countries. Unfortunately, despite a year under the current government, no significant proposals or actions in this area have emerged. In September, the attention of the entire government, and in particular the ministries responsible for construction and infrastructure, was focused on the areas of southwestern Poland affected by the catastrophic flood, but this does not justify the stagnation in this area.

I invite you to read the Report. We will be obliged for any comments that will help us improve its future versions. Please send your questions and suggestions to the following e-mail address: raport@amron.pl.

Jacek Furga, Ph.D.

AMRON Centre was established by Polish Banks Association to manage and develop the System for Analysis and Monitoring of Real Estate Market Transactions and it operates within the organizational structure of a limited-liability company Centre of Banking Processes and Information

ANALYSIS OF MARKET ENVIRONMENT

The third quarter of 2024 was a period of continuation of the sentiments dominating the housing and the mortgage markets in previous quarter. This period was characterized by ongoing anticipation and a standoff between buyers and sellers. Demand for housing remained high but elevated prices, limited creditworthiness of Poles due to high financing costs and uncertainty regarding government support programmes blocked transactions. A significant number of potential buyers chose to delay property purchases, awaiting the introduction of the zero-interest housing loan (or its substitute) or hoping for a decline in property prices and interest rates. Investors have also largely withdrawn from the market due to reduced profitability caused by the significant price increases in previous years.

The supply of housing increased significantly on both the primary and secondary markets. Developers' sales decreased, and as a consequence promotions such as free parking spaces or favourable payment schedule, e.g. 20/80%, and even (although still rare) price discounts, have re-appeared. On the secondary market, offer prices were still very high, which is why the sales period has been significantly extended – many offers remained on real estate platforms for months. This led sellers to verify their expectations and make greater concessions during price negotiations. The market is clearly entering a new phase, initiated in the previous quarter – the phase of waning influence of the government's '2% Safe Loan' programme, high housing supply, stabilization of property prices and rents, and normalization of relations between buyers and sellers.

KEY FACTS FROM THE RESIDENTIAL REAL ESTATE MARKET AND THE MORTGAGE LOAN MARKET IN THE THIRD QUARTER OF 2024

MACROECONOMY

- **Stable interest rates** – the Monetary Policy Council (RPP) maintained the NBP interest rates at their current levels (at the end of the third quarter of 2024, the reference rate amounted to 5.75%);
- **Slowdown in the economic growth** – in the third quarter of this year, GDP (seasonally unadjusted) increased by 2.7% year-on-year, compared to 3.2% in the previous quarter.
- **Increasing inflation** – in the third quarter of 2024, the Consumer Price Index (CPI) published by Statistics Poland amounted to 101.6 in relation to the previous quarter (quarterly inflation rate: 1.6%) and 104.5 in relation to the same period of the previous year (annual inflation rate: 4.5%).
- **Stable unemployment rate** – at the end of September 2024, the registered unemployment rate amounted to 5.0%, what meant an increase by only 0.1 pp in comparison to the end of the previous quarter.
- **Wage growth** – in the third quarter of 2024, the average gross monthly wage and salary in the enterprise sector (excluding profit-sharing bonuses) amounted to PLN 8,266.30 and increased by 1.21% quarterly and by 10.78% year-on-year.
- **Low consumer optimism** – in the third quarter of 2024, the consumer confidence indicators published by Statistics Poland (BWUK, WWUK) slightly declined compared to the previous quarter (BWUK by 2.2 pp, WWUK by 2.8 pp). Although in September both current and future consumer moods improved – BWUK increased by 2 pp and WWUK by 0.6 pp in comparison to the previous month – both indicators remained below zero, indicating a predominance of pessimistic over optimistic consumers.
- **Continuing declines in the prices of construction materials** – prices in September 2024 were by 0.8% lower compared to the previous year. On an annual basis, price increases were recorded in 5 product categories, while declines were noted in 14 (data from PSB Handel S.A.).

- **Flood** – in mid-September, several hundred towns in Lower Silesia were flooded, making government plans related to implementing a new housing policy suspended. This significantly reduced the probability of launching a new housing loan subsidy programme in the first quarter 2025.

HOUSING LOANS MARKET

- **Decrease in active housing loans** – the total value of Polish households debt due to granted housing loans increased by 1% (reaching PLN 493.210 billion), while the total number of active housing loan agreements declined by 0.54% and accounted for 2.267 million. This indicates that once again more loans were repaid than new agreements signed, however, this trend is clearly slowing down. On an annual basis, a decline by 1.10% was noted, compared to 3.13% in 2023 and 7.15% in 2022.
- **Increase in mortgage loan availability** – in the third quarter of 2024, banks slightly eased the lending criteria to households in terms of creditworthiness and reduced loan margins. As a result, the average interest rate on new housing loans decreased to 7.80% (by 0.05 pp less than a quarter earlier).
- **Slight growth in lending activity** – both the number and value of newly granted housing loans increased by approximately 1% in the third quarter of 2024 (45,897 new agreements were granted for the amount of PLN 19.315 billion). Although these results were significantly weaker compared to Q3 2023 and Q1 2024 due to the high baseline effect of '2% Safe Loan' programme, increases by nearly 13% year-on-year in the number of new loans and by 22% in their value were noted, even though the '2% Safe Loan' programme was already in operation.
- **Increase in average value of a new housing loan** – the average value of a new housing loans granted in the third quarter of 2024 reached the level of PLN 421,695, which was more by 8.69% than a year earlier. This change was reflected in the loan structure by amount. The share of loans exceeding PLN 500 thousand increased by 5 pp over the year. The LtV ratio structure of new loans also changed, with the share of loans with LtV ratio above 80% increased by 2.05 pp compared to

the previous quarter and by 4.45 pp on an annual basis.

- **Significant improvement in the quality of the housing loans portfolio** – the share of non-performing loans in the total housing loan portfolio decreased for the fifth time in a row and in the third quarter of 2024 amounted to 1.69%, which was by 0.23 pp less in comparison to the previous quarter and approx. 1/4 less than a year ago. At the same time, the share of non-performing loans in CHF decreased by 3.81 pp in relation to the second quarter of 2024 and accounted for 10.22% of the portfolio. This improvement may be partly due to the increasing number of settlements concluded by banks and CHF borrowers.

RESIDENTIAL REAL ESTATE MARKET

- **Developers' cautious optimism** – despite weaker sales, developers expect their result to improve or at least remain at the current level. In the third quarter of 2024, they obtained construction permits for over 52,000 housing units – one third more than in the same period last year. At the same time, they started construction of over 36,000 units, which was by almost 6% lower quarter-on-quarter but by 13% higher year-on-year and significantly better compared to the weak results from 2022 (over 60% more than in Q3 2022). The number of completed housing units increased by nearly 5% quarterly but decreased compared to the result from a year ago.
- **Decline in housing price growth dynamics** – quarterly increases in average transaction prices per square meter of dwellings observed in almost all surveyed cities exceeded wage growth, but noticeably slowed due to reduced demand. This trend was observed in most provincial cities, where price increases compared to the same quarter in 2023 were lower or similar to those in the previous quarter. From July to September this year, only Lodz recorded a slight quarterly decrease in the average housing price – by 0.45%, while the most significant change was noted in Cracow – increase by 5.04%. Year-on-year comparisons showed double-digit growth in the average transaction price per square meter of floor area across all analysed cities, with the highest increase in Cracow, approximately by 24%.

● **Stabilization on the rental market** – the quarterly increases in residential rent rates recorded in all cities analysed in the Report during the third quarter of this year was minor, although the dynamics of changes slightly accelerated. The average rent in Poznan was

higher by 3.52%, while increases in other locations did not exceed 3%. Year-on-year, Poznan also recorded the largest increase in the average rent – by 4.78%, while Gdansk was the only city, where a slight decline was noted – by 1.06%.

SITUATION ON HOUSING LOANS MARKET

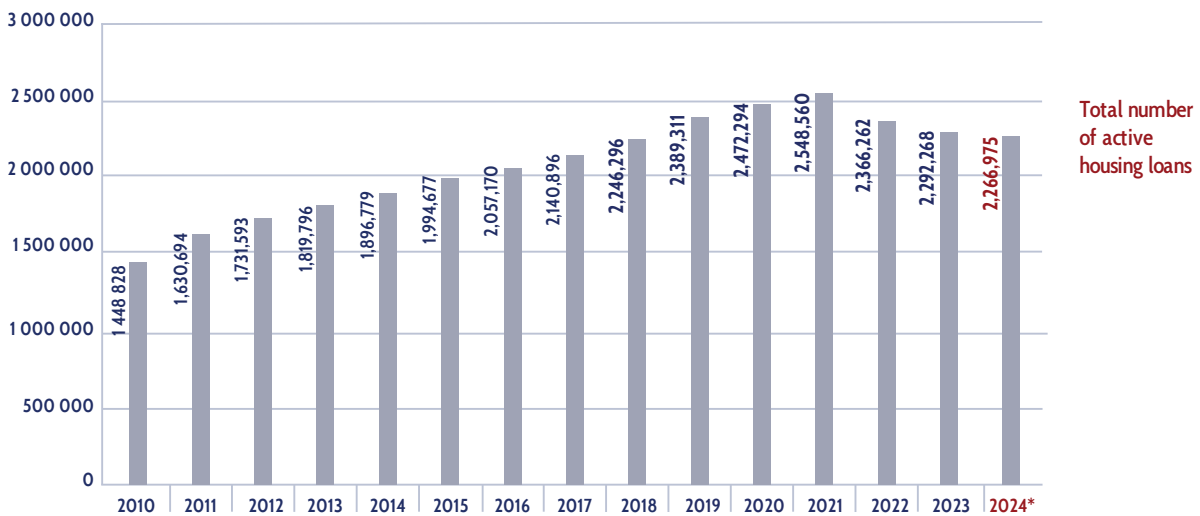
Active housing loans

Total number of active housing loans

2,266,975

0.54% q/q

1.08% y/y



SOURCE: SARFIN, * AT THE END OF Q3 2024

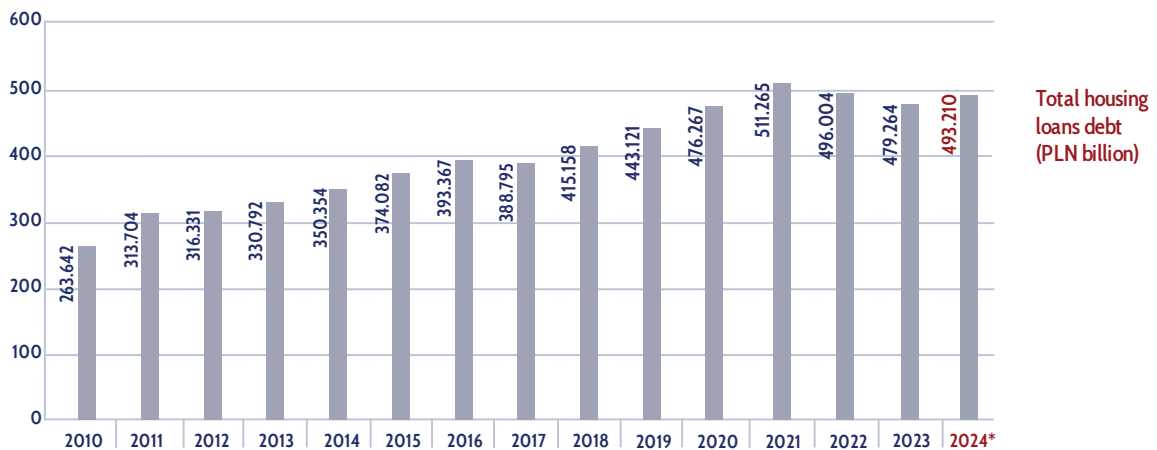
Total housing loans debt

Total housing loans debt

PLN 493.210 bn

1.00% q/q

2.19% y/y



SOURCE: SARFIN, * AT THE END OF Q3 2024

New housing loans

Value of new housing loans

PLN 19.315 bn

1.03% q/q
21.92% y/y

Number of new housing loans

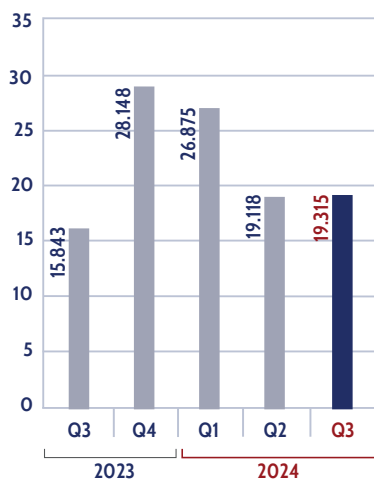
45,897

1.02% q/q
12.63% y/y

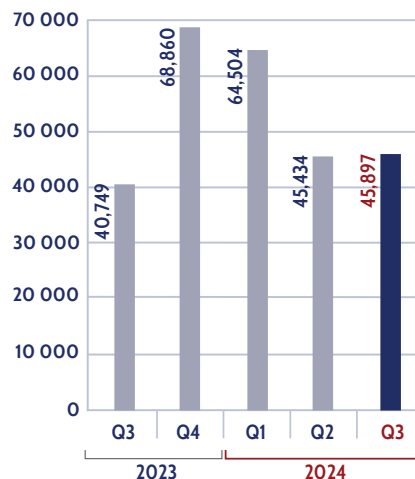
| QUARTER | VALUE PLN BILLION | CHANGE / PREVIOUS QUARTER | NUMBER | CHANGE / PREVIOUS QUARTER |
|----------------|----------------------|------------------------------|---------------|------------------------------|
| Q3 2023 | 15.843 | 40.20% ↗ | 40,749 | 32.31% ↗ |
| Q4 2023 | 28.148 | 77.67% ↗ | 68,860 | 68.99% ↗ |
| Q1 2024 | 26.875 | 4.52% ↘ | 64,504 | 6.33% ↘ |
| Q2 2024 | 19.118 | 28.87% ↘ | 45,434 | 29.56% ↘ |
| Q3 2024 | 19.315 | 1.03% ↗ | 45,897 | 1.02% ↗ |

Value and number
of new housing loans

SOURCE: SARFIN



SOURCE: SARFIN



SOURCE: SARFIN

Loans with a Fixed Interest Rate

Share in the value of new loans

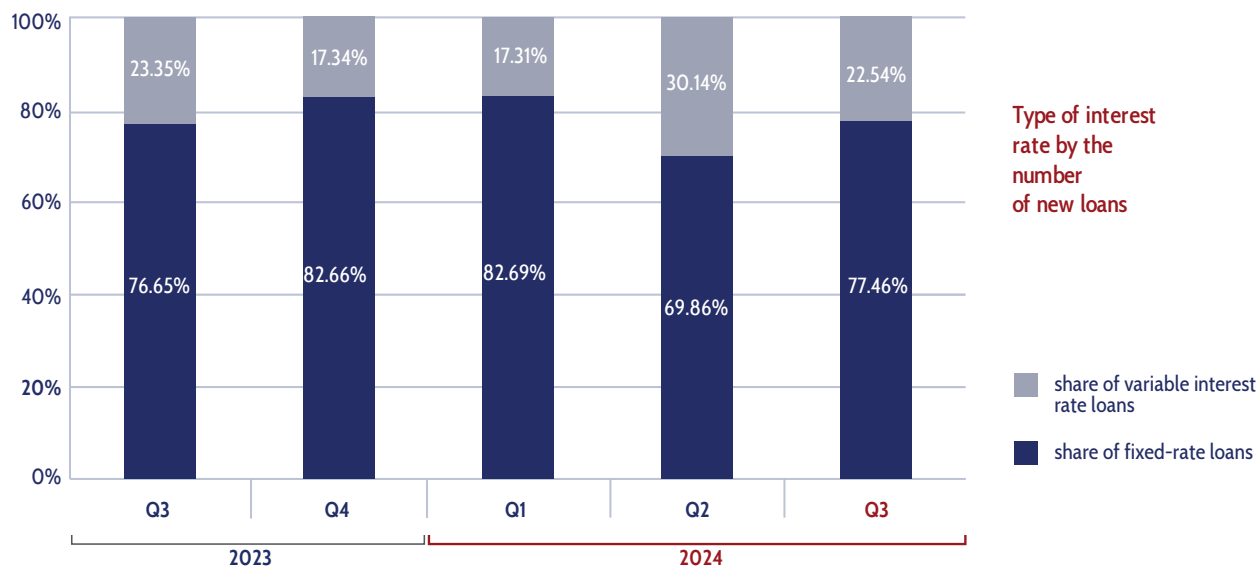
75.15%

7.31 pp q/q 
1.54 pp y/y 

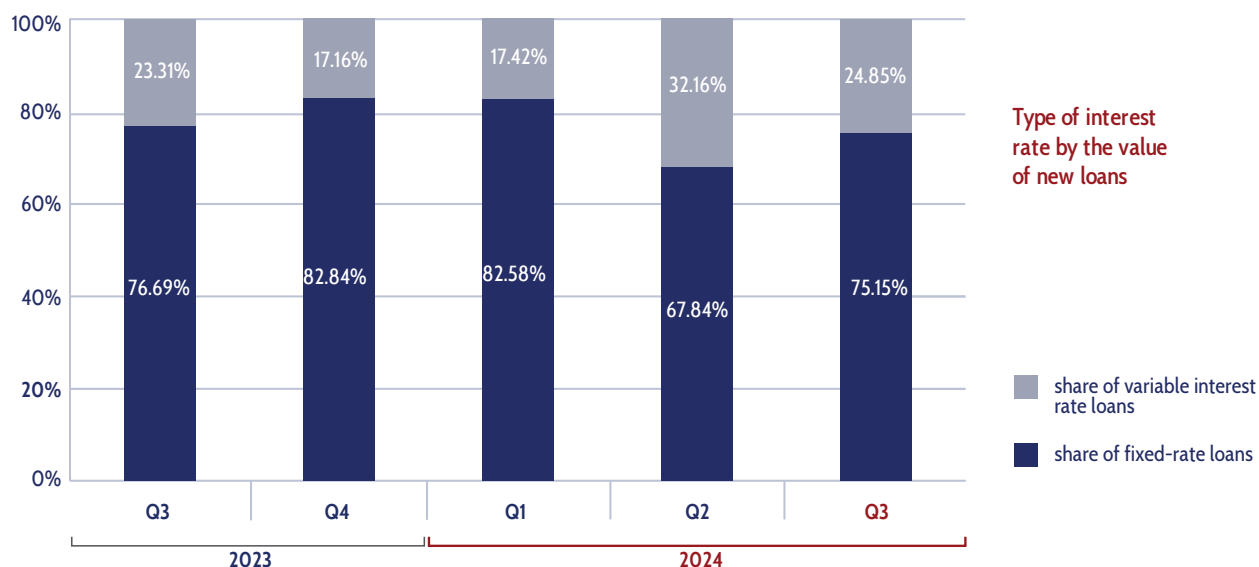
Share in the number of new loans

77.46%

7.60 pp q/q 
0.81 pp y/y 









SOURCE: POLISH BANKS ASSOCIATION



SOURCE: POLISH BANKS ASSOCIATION

Loan currency

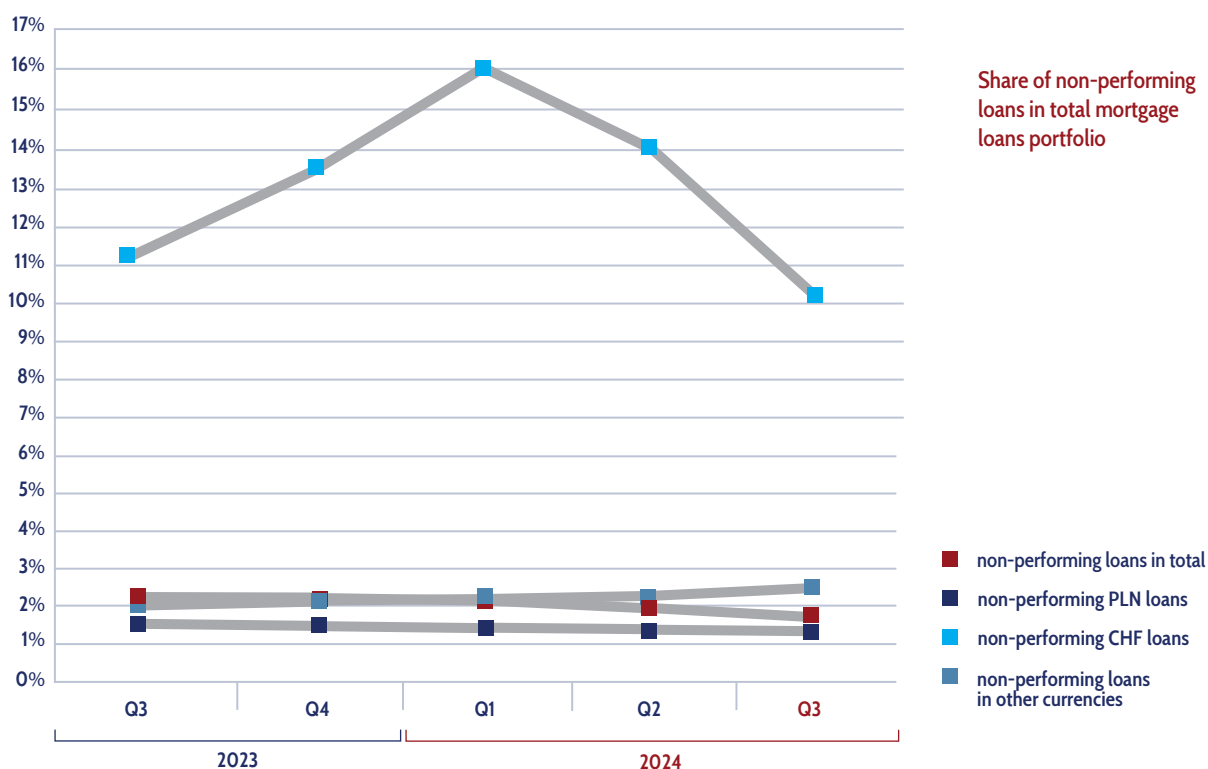
| PLN | CHF | EUR | OTHER |
|-----------------------------------------------------------------------------------------------|--------------|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| 99.02% | 0.01% | 0.92% | 0.05% |
| 0.08 pp q/q  | 0.00 pp q/q | 0.07 pp q/q  | 0.01 pp q/q  |
| 0.29 pp y/y  | 0.00 pp y/y | 0.27 pp y/y  | 0.02 pp y/y  |

| QUARTER | PLN | CHF | EUR | INNE | |
|----------------|---------------|--------------|--------------|--------------|----------------------------------------------|
| Q3 2023 | 99.31% | 0.01% | 0.65% | 0.03% | Currency structure of the value of new loans |
| Q4 2023 | 99.69% | 0.01% | 0.29% | 0.01% | |
| Q1 2024 | 99.46% | 0.01% | 0.52% | 0.01% | |
| Q2 2024 | 99.10% | 0.01% | 0.85% | 0.04% | |
| Q3 2024 | 99.02% | 0.01% | 0.92% | 0.05% | |

SOURCE: SARFIN

Quality structure of mortgage loans portfolio

| non-performing loans in total | non-performing PLN loans | non-performing CHF loans | non-performing loans in other currencies |
|-------------------------------|--------------------------|--------------------------|------------------------------------------|
| 1.69% | 1.40% | 10.22% | 2.40% |
| 0.23 pp q/q | 0.04 pp q/q | 3.81 pp q/q | 0.06 pp q/q |
| 0.58 pp y/y | 0.17 pp y/y | 1.02 pp y/y | 0.35 pp y/y |



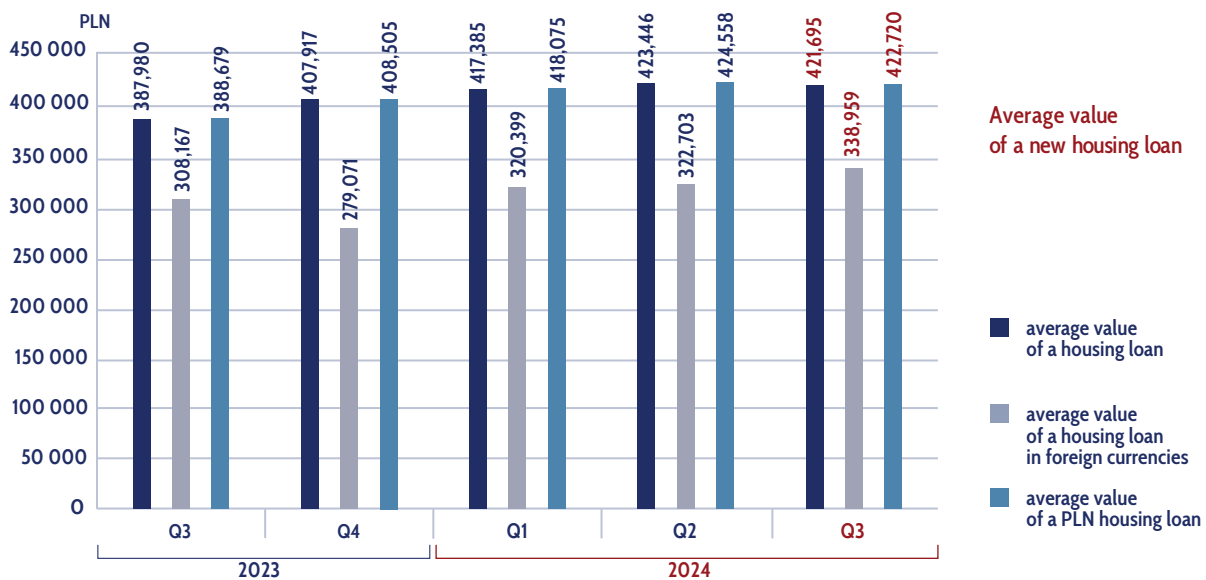
SOURCE: NATIONAL BANK OF POLAND

| PERIOD | NON-PERFORMING LOANS IN TOTAL | NON-PERFORMING PLN LOANS | NON-PERFORMING CHF LOANS | NON-PERFORMING LOANS IN OTHER CURRENCIES |
|----------------|-------------------------------|--------------------------|--------------------------|------------------------------------------|
| Q3 2023 | 2.27% | 1.57% | 11.24% | 2.04% |
| Q4 2023 | 2.22% | 1.52% | 13.55% | 2.18% |
| Q1 2024 | 2.14% | 1.47% | 16.02% | 2.25% |
| Q2 2024 | 1.92% | 1.44% | 14.02% | 2.34% |
| Q3 2024 | 1.69% | 1.40% | 10.22% | 2.40% |

Share of non-performing loans in total mortgage portfolio

SOURCE: NATIONAL BANK OF POLAND

Average value of a loan



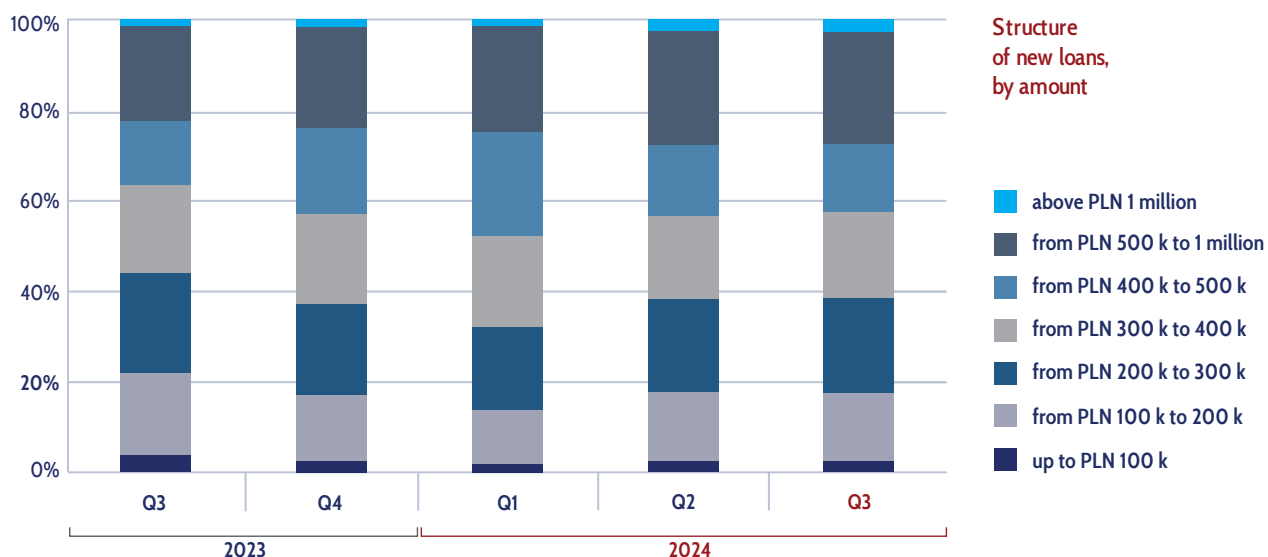
SOURCE: SARFIN

| PERIOD | AVERAGE VALUE OF A HOUSING LOAN | AVERAGE VALUE OF A HOUSING LOAN IN FOREIGN CURRENCIES | AVERAGE VALUE OF A PLN HOUSING LOAN |
|----------------|---------------------------------|-------------------------------------------------------|-------------------------------------|
| Q3 2023 | 387,980 | 308,167 | 388,679 |
| Q4 2023 | 407,917 | 279,071 | 408,505 |
| Q1 2024 | 417,385 | 320,399 | 418,075 |
| Q2 2024 | 423,336 | 322,703 | 424,558 |
| Q3 2024 | 421,695 | 338,959 | 422,720 |

SOURCE: SARFIN

Structure of new loans, by amount

| up to PLN 200 k | from PLN 200 k to 300 k | from PLN 300 k to 400 k | from PLN 400 k to 500 k | above PLN 500 k |
|----------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|
| 17.43% | 21.01% | 18.86% | 15.19% | 27.50% |
| 0.18 pp q/q ▼ | 0.45 pp q/q ▲ | 0.53 pp q/q ▲ | 0.52 pp q/q ▼ | 0.28 pp q/q ▼ |
| 4.42 pp y/y ▼ | 1.08 pp y/y ▼ | 0.53 pp y/y ▼ | 1.04 pp y/y ▲ | 5.00 pp y/y ▲ |



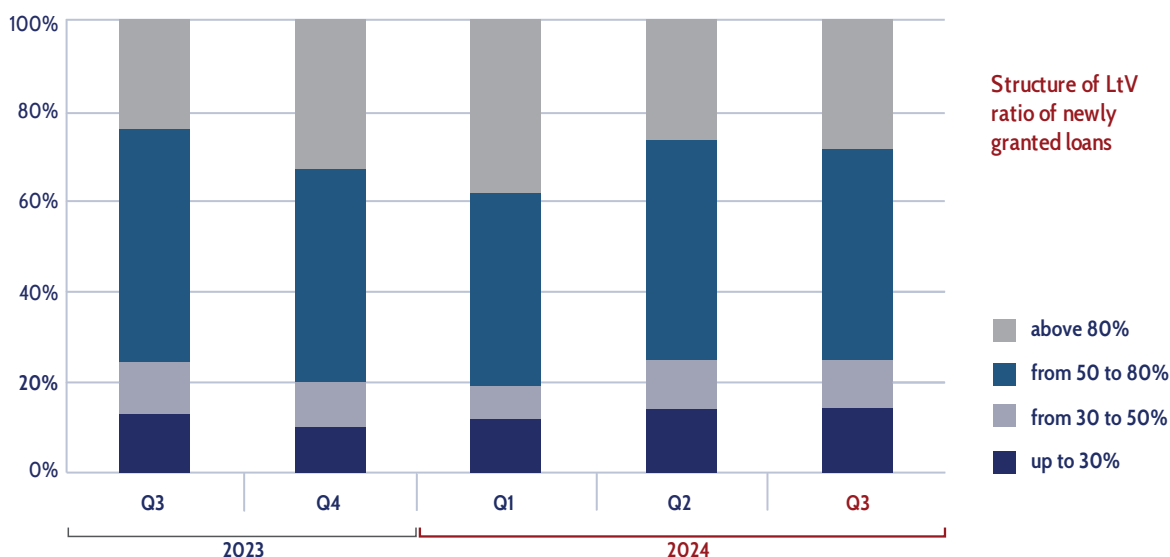
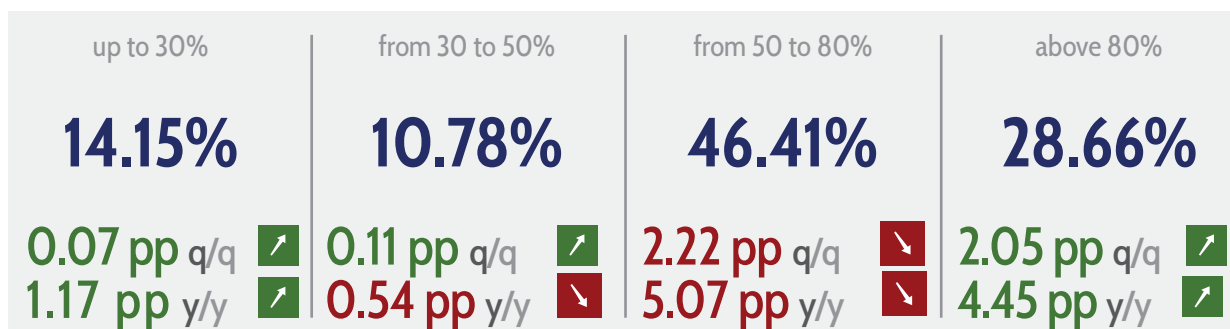
SOURCE: SARFIN

| | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 | Q3 2024 |
|---------------------------------|---------|---------|---------|---------|---------|
| up to PLN 100 k | 3.74% | 2.58% | 1.86% | 2.41% | 2.39% |
| from PLN 100 k to 200 k | 18.12% | 14.48% | 11.75% | 15.20% | 15.04% |
| from PLN 200 k to 300 k | 22.10% | 19.98% | 18.44% | 20.56% | 21.01% |
| from PLN 300 k to 400 k | 19.39% | 19.97% | 19.91% | 18.34% | 18.86% |
| from PLN 400 k to 500 k | 14.15% | 18.95% | 23.06% | 15.71% | 15.19% |
| from PLN 500 k to PLN 1 million | 20.76% | 22.18% | 23.32% | 25.12% | 24.65% |
| above PLN 1 million | 1.75% | 1.86% | 1.66% | 2.66% | 2.85% |

Structure of new loans by amount

SOURCE: SARFIN

Structure of new loans, by LtV ratio











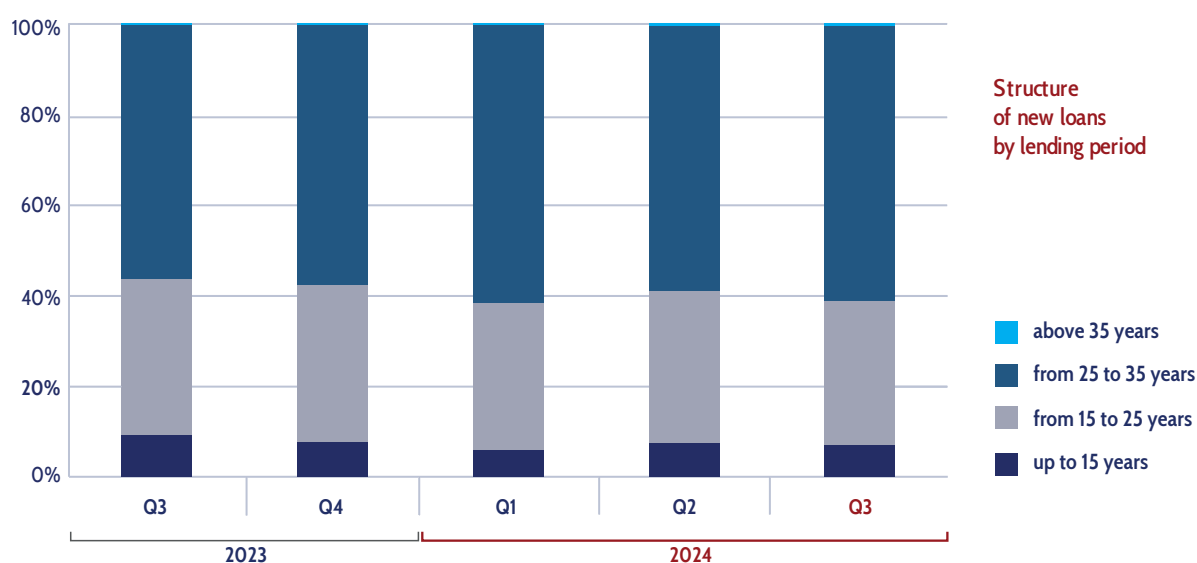
SOURCE: SARFIN

| | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 | Q3 2024 | |
|----------------|---------|---------|---------|---------|---------|-----------------------------------------------|
| up to 30% | 12.98% | 10.12% | 11.85% | 14.08% | 14.15% | Structure of LtV ratio of newly granted loans |
| from 30 to 50% | 11.32% | 9.76% | 7.17% | 10.67% | 10.78% | |
| from 50 to 80% | 51.49% | 47.15% | 42.67% | 48.64% | 46.41% | |
| above 80% | 24.21% | 32.97% | 38.30% | 26.61% | 28.66% | |
| | | | | | | |

SOURCE: SARFIN

Lending period

| up to 15 years | from 15 to 25 years | from 25 to 35 years | above 35 years |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6.93% | 31.85% | 60.49% | 0.74% |
| 0.48 pp q/q  2.13pp y/y  | 1.70 pp q/q  2.73 pp y/y  | 2.04 pp q/q  5.07 pp y/y  | 0.14 pp q/q  0.27 pp y/y  |



SOURCE: SARFIN

| | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 | Q3 2024 |
|---------------------|---------|---------|---------|---------|---------|
| up to 15 years | 9.06% | 7.69% | 5.77% | 7.41% | 6.93% |
| from 15 to 25 years | 34.58% | 34.43% | 32.62% | 33.54% | 31.85% |
| from 25 to 35 years | 55.90% | 57.53% | 61.15% | 58.45% | 60.49% |
| above 35 years | 0.47% | 0.35% | 0.45% | 0.59% | 0.74% |

Structure of new loans by lending period

SOURCE: SARFIN

Housing Availability Index M3 – HAI M3

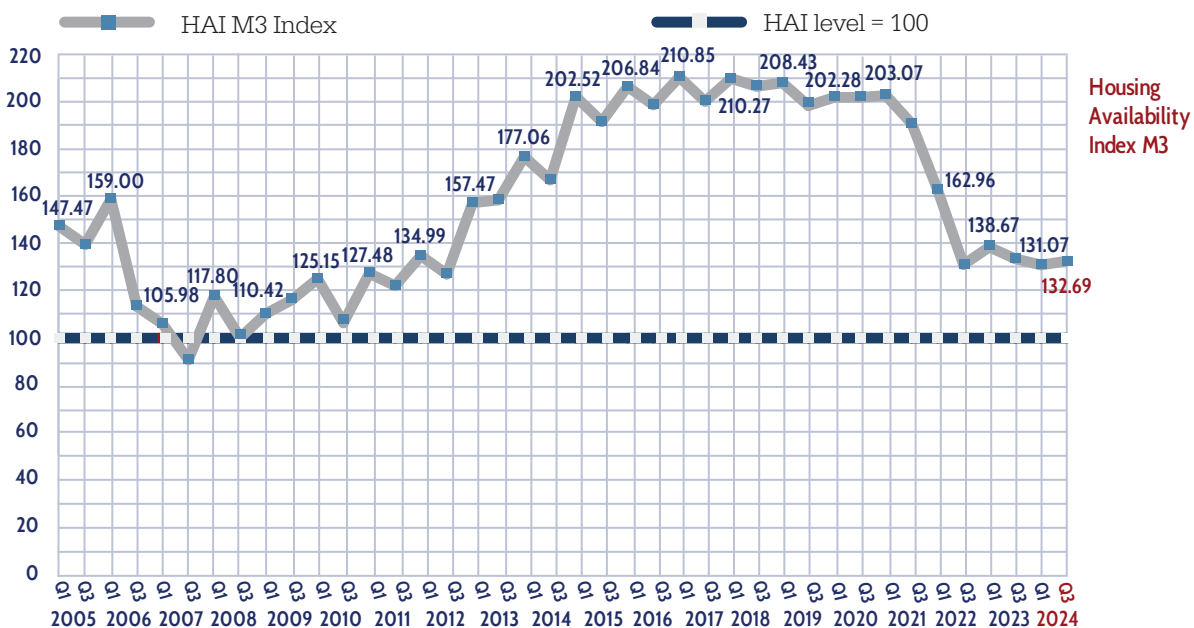
| Average prices in analysed housing segment | Interest rates of newly granted loans | Average gross family income | Level of living costs |
|--------------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| 2.41% q/q 19.33% y/y | 0.05% q/q 1.25% y/y | 2.49% q/q 14.47% y/y | 1.60% q/q 4.47% y/y |

Housing Availability Index (HAI M3), a synthetic measure presented in AMRON-SARFiN Reports, shows quarterly changes in availability of housing units in Poland for the exemplary family comprising of two employed adults with one older child. A decrease of dwelling availability in Q3 2024 was influenced by the following factors:

- a transaction price increases in analysed housing segment (with floor area from 45 to 55 sqm) in cities monitored in order to calculate HAI M3 Index (8 biggest cities) – by **2.41%** in relation to Q2 2024;
- a slight decrease in interest rates of newly granted loans – according to National Bank of Poland, real interest rate of loans granted in Q3 2024 amounted to **7.80%** (while in Q2 2024 it was **7.85%**);
- an increase of the average gross family income by **2.49%** in Q3 2024 comparing to the previous quarter;

- a slight increase in the living costs level, which for the Report purposes are expressed as the minimum subsistence level of the previous quarter (calculated as inflation quarter on quarter due to the postponement of announcing the minimum subsistence level by the Institute of Labour and Social Affairs for the next quarter) – by **1.60%** in relation to Q2 2024.

The disposable income for HAI M3 (being the difference between the family income and the amount of the loan instalment amount or the value of the minimum subsistence level – in order to calculate the Housing Availability Index M3, the lower amount is taken into account) increased by **2.35%**. After taking into account an increase in housing prices, the housing availability index in Q3 2024 decreased by **3.06 points**, to the level of **132.69 points**.



SOURCE: PBA, AMRON CENTRE

Average margin levels and mortgage interest rates

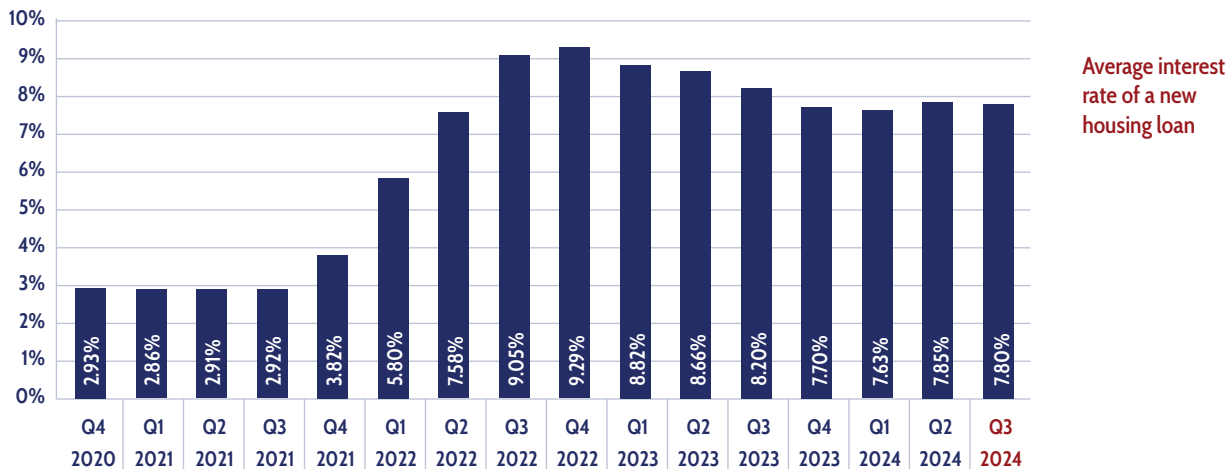
Average interest rate of a new housing loan

7.80%

0.05 pp q/q



0.40 pp y/y



SOURCE: NATIONAL BANK OF POLAND

SITUATION ON HOUSING MARKET

Housing construction results

Developers' share in the number of housing units completed in Q1-Q3 2024

61.6%

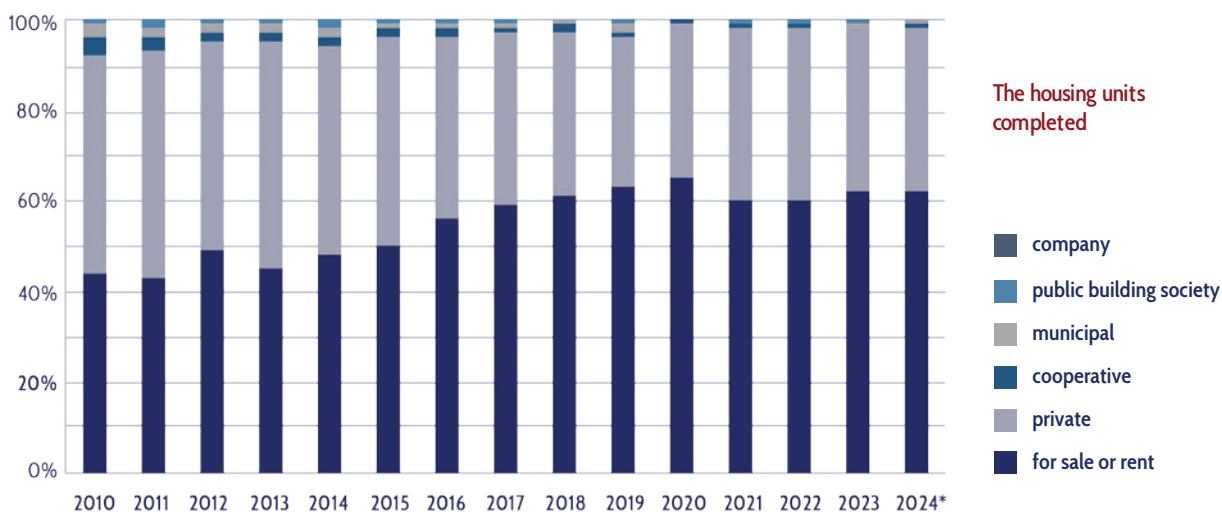
1.3 pp q/q



Share of private investors in the number of housing units completed in Q1-Q3 2024

35.5%

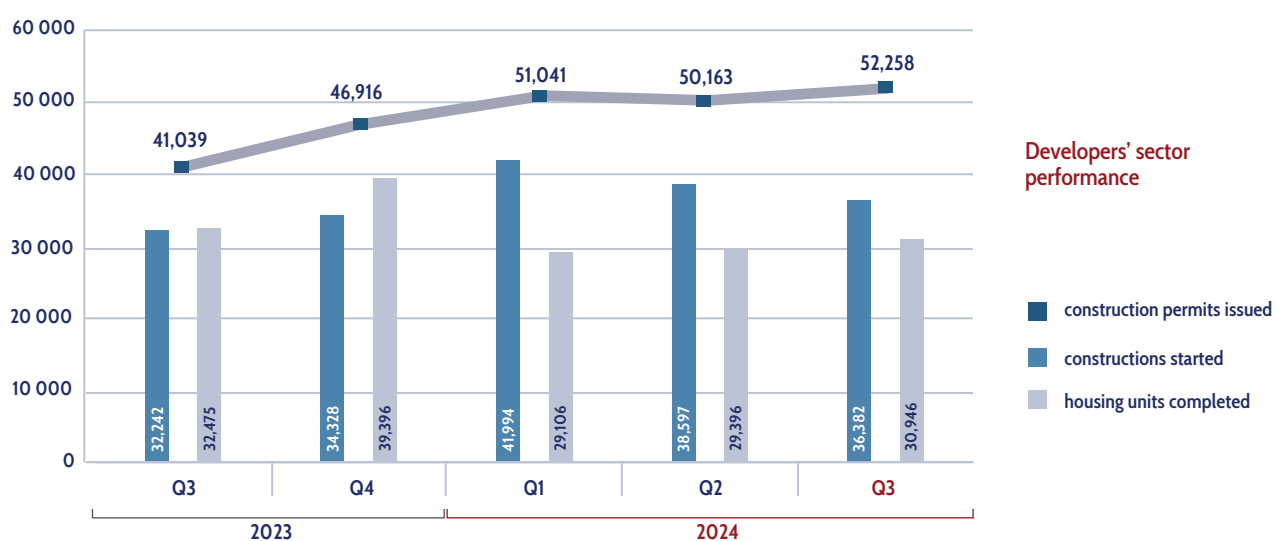
2.2 pp y/y



SOURCE: STATISTICS POLAND, * AT THE END OF Q3 2024

Developers' sector performance

| Number of construction permits issued | Number of constructions started | Number of housing units completed |
|---------------------------------------|---------------------------------------|--------------------------------------|
| 52,258 | 36,382 | 30,946 |
| 2.31% q/q 27.34% y/y | 5.74% q/q 12.84% y/y | 4.70% q/q 4.71% y/y |



SOURCE: STATISTICS POLAND

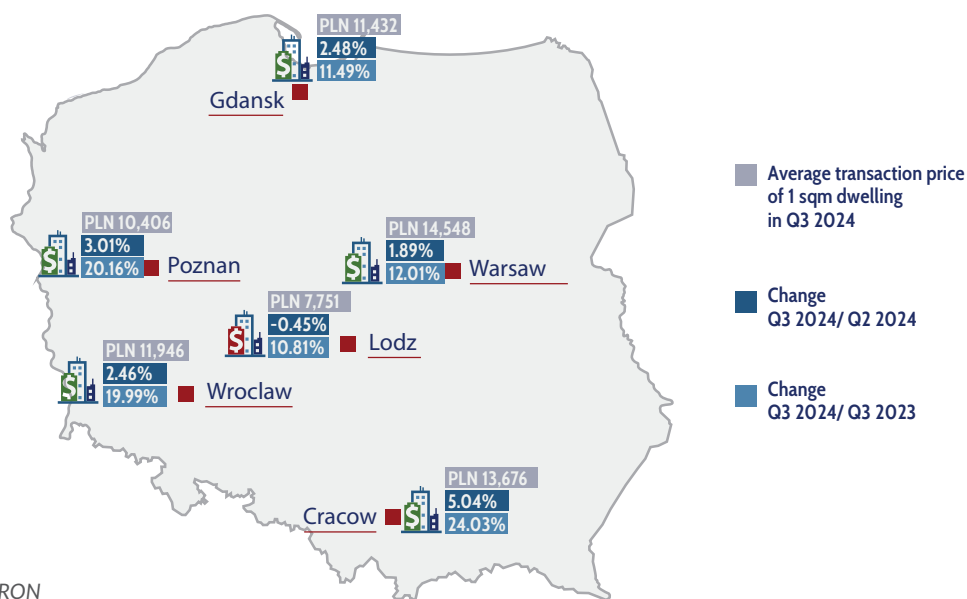
| | Q3 2023 | Q4 2023 | Q1 2024 | Q2 2024 | Q3 2024 |
|-----------------------------|---------|---------|---------|---------|---------|
| construction permits issued | 41,039 | 46,916 | 51,041 | 50,163 | 52,258 |
| constructions started | 32,242 | 34,328 | 41,994 | 38,597 | 36,382 |
| housing units completed | 32,475 | 39,396 | 29,106 | 29,396 | 30,946 |

Developers' sector performance

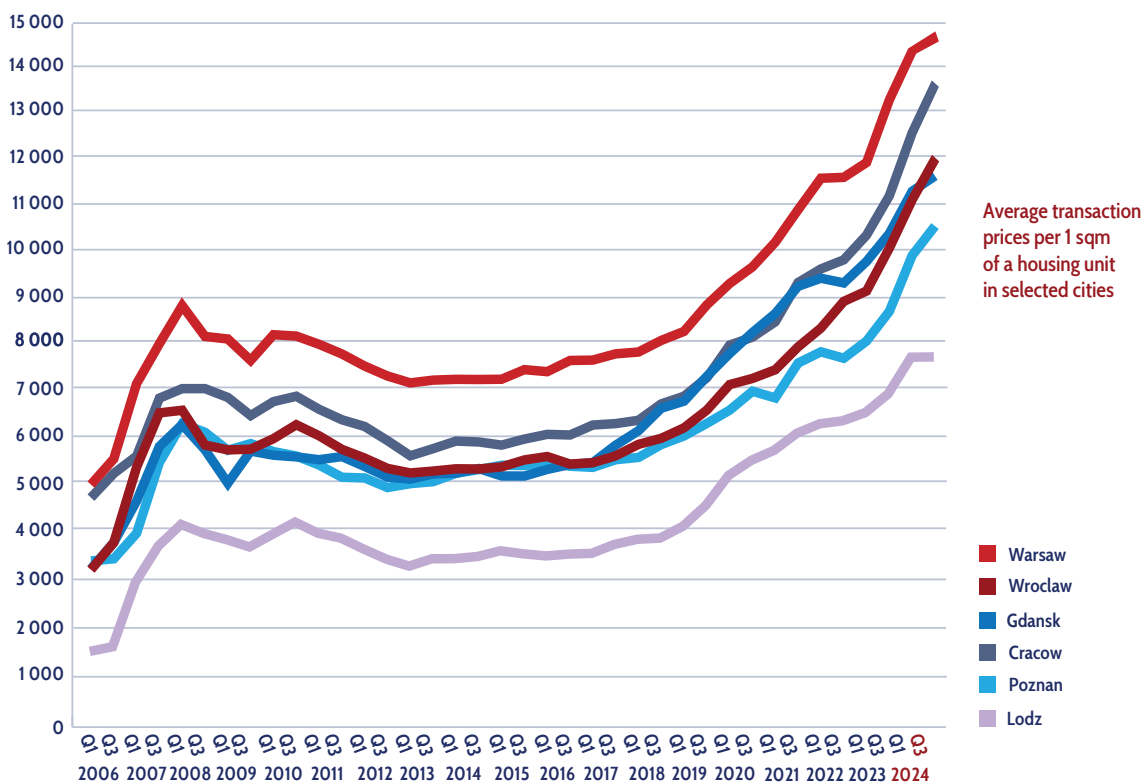
SOURCE: STATISTICS POLAND

Average transaction prices of housing units

| CITY | AVERAGE TRANSACTION PRICE OF 1 SQM DWELLING IN Q3 2024 | CHANGE Q3 2024/ Q2 2024 | CHANGE Q3 2024/ Q3 2023 |
|---------|--------------------------------------------------------|-------------------------|-------------------------|
| Warsaw | 14,548 | 1.89% | 12.01% |
| Wroclaw | 11,946 | 2.46% | 19.99% |
| Gdansk | 11,432 | 2.48% | 11.49% |
| Cracow | 13,676 | 5.04% | 24.03% |
| Poznan | 10,406 | 3.01% | 20.16% |
| Lodz | 7,751 | -0.45% | 10.81% |



SOURCE: AMRON



SOURCE: AMRON

| | WARSAW | WROCLAW | GDANSK | CRACOW | POZNAN | LODZ |
|----------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Q1 2018 | 7,824 | 5,936 | 6,215 | 6,429 | 5,668 | 4,017 |
| Q2 2018 | 7,961 | 5,941 | 6,327 | 6,567 | 5,685 | 4,077 |
| Q3 2018 | 8,062 | 6,060 | 6,676 | 6,765 | 5,932 | 4,042 |
| Q4 2018 | 8,117 | 6,150 | 6,808 | 6,789 | 6,026 | 4,201 |
| Q1 2019 | 8,247 | 6,275 | 6,821 | 6,922 | 6,109 | 4,284 |
| Q2 2019 | 8,447 | 6,546 | 7,046 | 7,029 | 6,214 | 4,553 |
| Q3 2019 | 8,790 | 6,638 | 7,329 | 7,301 | 6,366 | 4,709 |
| Q4 2019 | 9,021 | 6,921 | 7,711 | 7,714 | 6,532 | 5,037 |
| Q1. 2020 | 9,228 | 7,160 | 7,797 | 7,968 | 6,637 | 5,324 |
| Q2 2020 | 9,331 | 7,064 | 8,007 | 7,873 | 6,827 | 5,519 |
| Q3 2020 | 9,568 | 7,286 | 8,227 | 8,132 | 7,023 | 5,633 |
| Q4 2020 | 10,081 | 7,227 | 8,289 | 8,015 | 6,988 | 5,651 |
| Q1 2021 | 10,073 | 7,464 | 8,616 | 8,446 | 6,887 | 5,839 |
| Q2 2021 | 10,224 | 7,598 | 8,757 | 8,738 | 7,222 | 5,853 |
| Q3. 2021 | 10,738 | 7,932 | 9,173 | 9,249 | 7,601 | 6,189 |
| Q4 2021 | 11,082 | 8,197 | 9,378 | 9,285 | 7,762 | 6,278 |
| Q1 2022 | 11,382 | 8,317 | 9,337 | 9,528 | 7,831 | 6,382 |
| Q2. 2022 | 11,249 | 8,713 | 9,379 | 9,851 | 7,673 | 6,688 |
| Q3 2022 | 11,400 | 8,863 | 9,241 | 9,714 | 7,699 | 6,443 |
| Q4 2022 | 11,213 | 8,744 | 9,382 | 9,648 | 7,733 | 6,388 |
| Q1 2023 | 11,704 | 9,076 | 9,681 | 10,221 | 8,052 | 6,611 |
| Q2 2023 | 12,036 | 9,142 | 9,504 | 10,197 | 7,922 | 6,678 |
| Q3 2023 | 12,988 | 9,955 | 10,254 | 11,027 | 8,660 | 6,995 |
| Q4 2023 | 13,252 | 10,575 | 10,652 | 11,767 | 9,303 | 7,358 |
| Q1 2024 | 13,986 | 10,943 | 11,118 | 12,316 | 9,804 | 7,745 |
| Q2 2024 | 14,278 | 11,659 | 11,155 | 13,020 | 10,102 | 7,786 |
| Q3 2024 | 14,548 | 11,946 | 11,432 | 13,676 | 10,406 | 7,751 |

Average transaction prices per 1 sqm of a housing unit in selected cities

SOURCE: AMRON

Average transaction prices of flats in smaller Polish cities

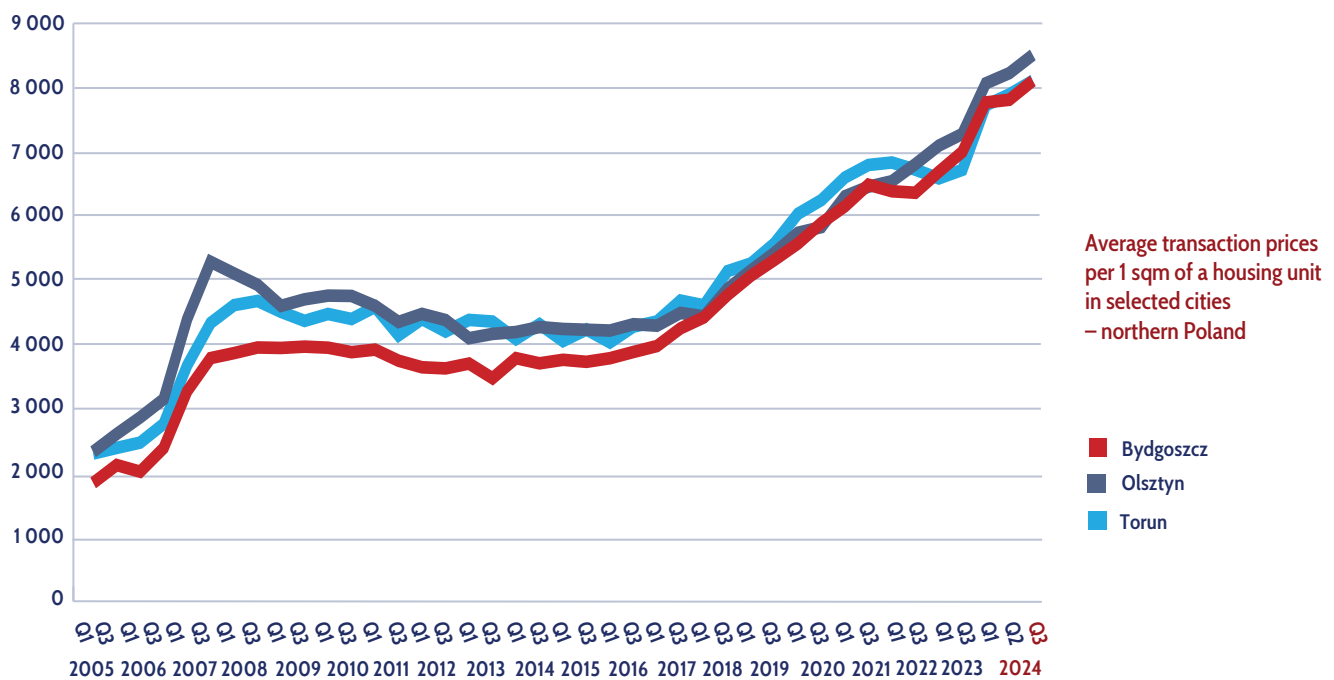
The analysis below presents changes in the average prices of 1 sqm of dwellings in all

voivodship capital cities and in the largest cities of the Katowice agglomeration, by regions.

Region – northern Poland

| CITY | PRICE IN Q3 2024 | CHANGE Q3 2024/ Q2 2024 | CHANGE Q3 2024/ Q3 2023 |
|-----------|------------------|-------------------------|-------------------------|
| Bydgoszcz | 8,195 | 3.69% | 15.37% |
| Olsztyn | 8,512 | 3.40% | 16.62% |
| Torun | 8,034 | 2.68% | 20.53% |

SOURCE: AMRON

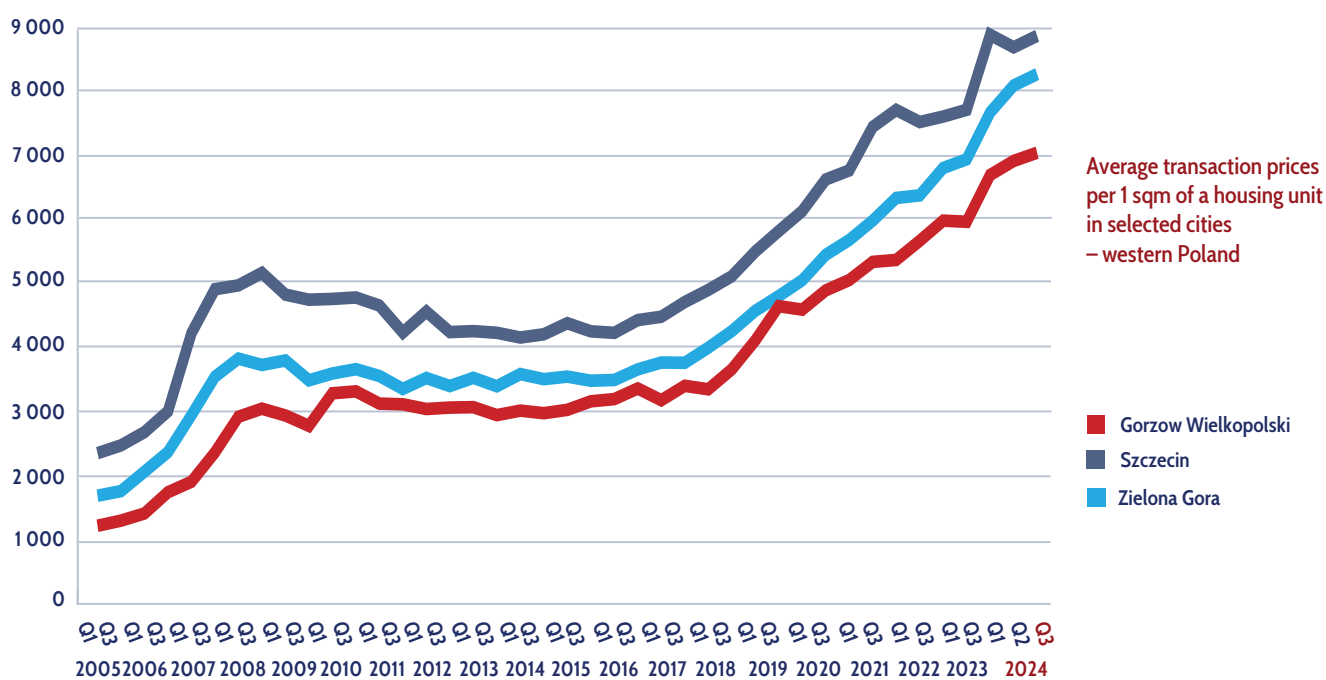


SOURCE: AMRON

Region – western Poland

| CITY | PRICE IN Q3 2024 | CHANGE Q3 2024/ Q2 2024 | CHANGE Q3 2024/ Q3 2023 |
|---------------------|------------------|-------------------------|-------------------------|
| Gorzow Wielkopolski | 7,045 | 1.83% | 17.70% |
| Szczecin | 8,802 | 2.05% | 14.83% |
| Zielona Gora | 8,173 | 2.18% | 19.05% |

SOURCE: AMRON

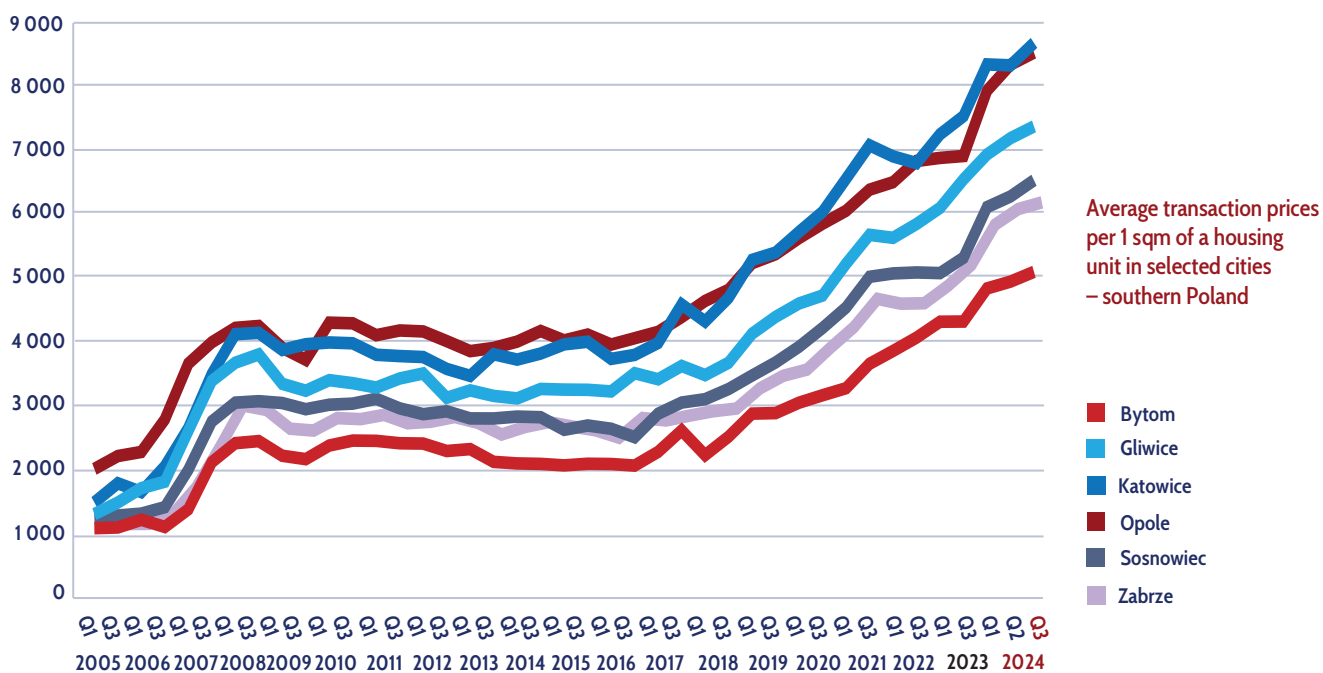


SOURCE: AMRON

Region – southern Poland

| CITY | PRICE IN Q3 2024 | CHANGE Q3 2024/ Q2 2024 | CHANGE Q3 2024/ Q3 2023 |
|-----------|------------------|-------------------------|-------------------------|
| Bytom | 5,006 | 3.10% | 17.97% |
| Gliwice | 7,365 | 2.53% | 12.41% |
| Katowice | 8,647 | 4.15% | 14.95% |
| Opole | 8,416 | 2.25% | 23.27% |
| Sosnowiec | 6,497 | 3.98% | 22.43% |
| Zabrze | 6,100 | 1.71% | 18.72% |

SOURCE: AMRON

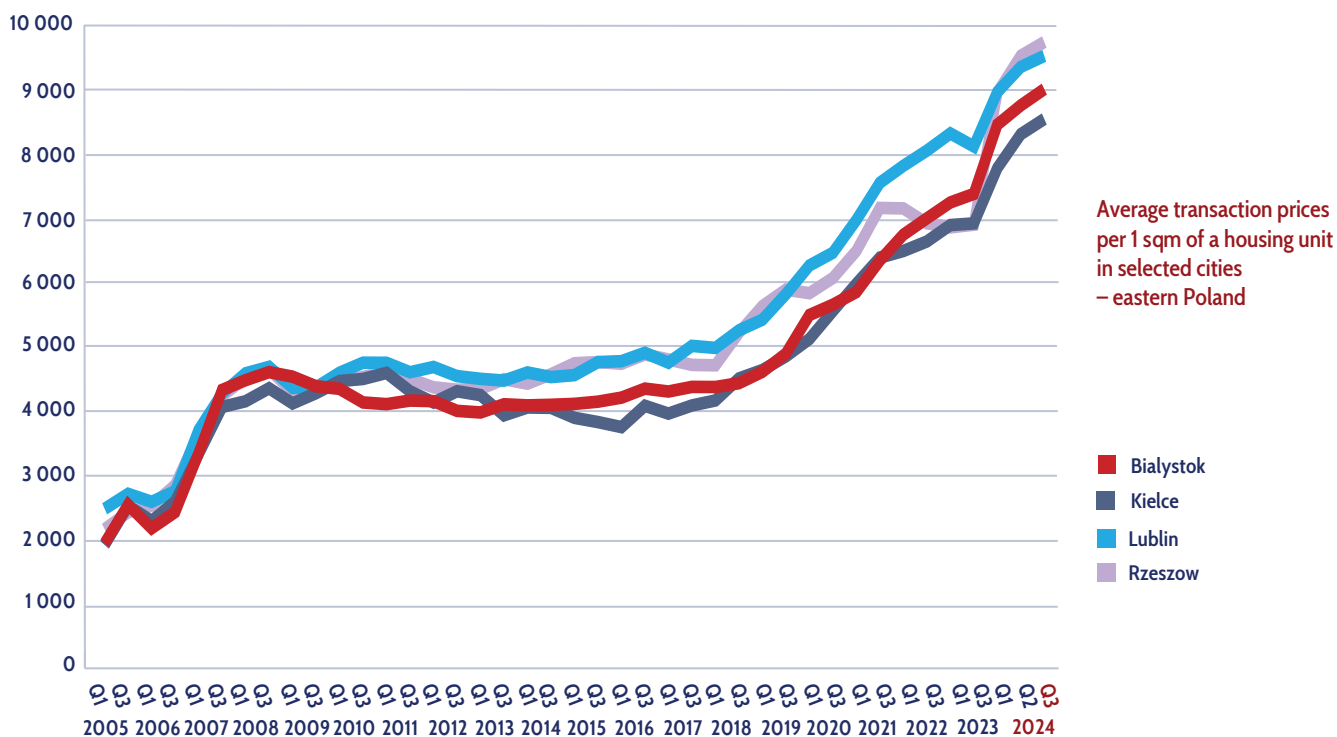


SOURCE: AMRON

Region – Eastern Poland

| CITY | PRICE IN Q3 2024 | CHANGE Q3 2024/ Q2 2024 | CHANGE Q3 2024/ Q3 2023 |
|-----------|------------------|-------------------------|-------------------------|
| Białystok | 8,973 | 2.87% | 21.85% |
| Kielce | 8,558 | 2.80% | 23.04% |
| Lublin | 9,568 | 1.80% | 16.99% |
| Rzeszów | 9,699 | 2.22% | 23.89% |

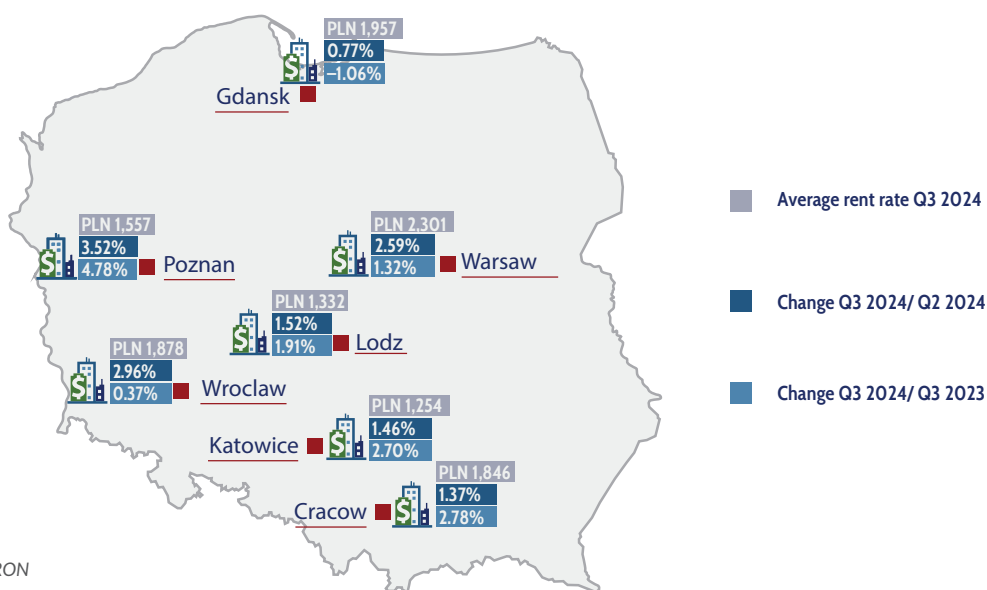
SOURCE: AMRON



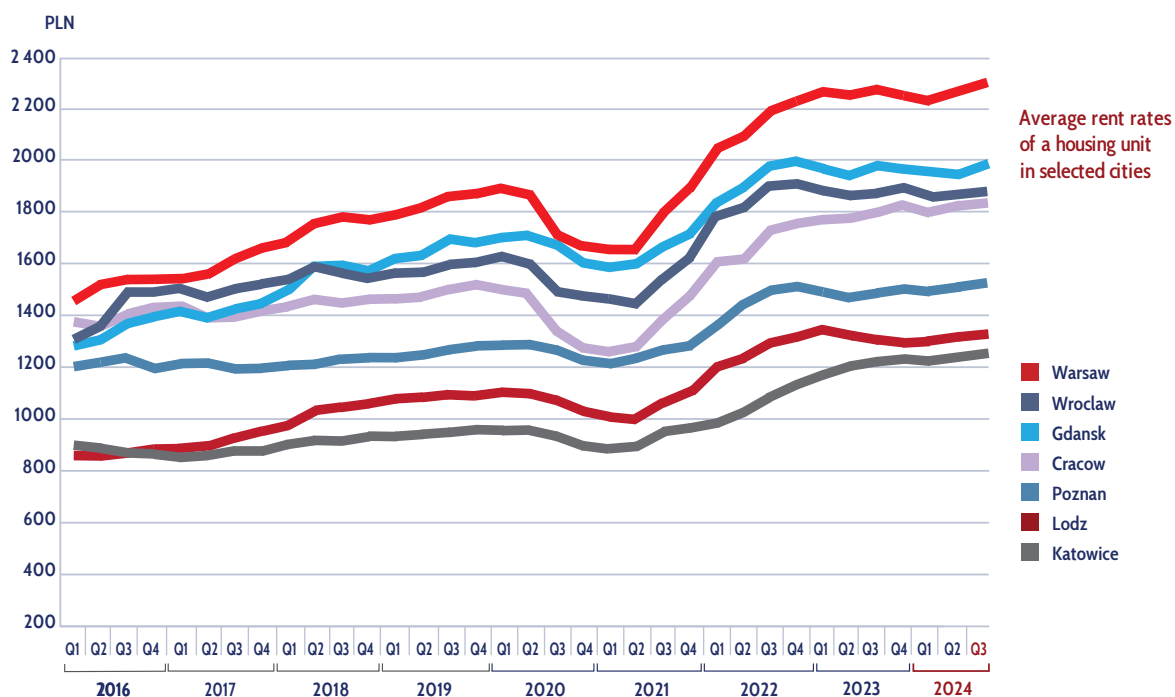
SOURCE: AMRON

Average rent rates of housing units

| CITY | AVERAGE RENT RATE Q3 2024 | CHANGE Q3 2024/ Q2 2024 | CHANGE Q3 2024/ Q3 2023 |
|----------|---------------------------|-------------------------|-------------------------|
| Warsaw | 2,301 | 2.59% | 1.32% |
| Katowice | 1,254 | 1.46% | 2.70% |
| Wroclaw | 1,878 | 2.96% | 0.37% |
| Gdansk | 1,957 | 0.77% | -1.06% |
| Cracow | 1,846 | 1.37% | 2.78% |
| Poznan | 1,557 | 3.52% | 4.78% |
| Lodz | 1,332 | 1.52% | 1.91% |



SOURCE: AMRON



SOURCE: AMRON

| | WARSAW | KATOWICE | WROCLAW | GDANSK | CRACOW | POZNAN | LODZ |
|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Q1 2018 | 1,682 | 902 | 1,537 | 1,495 | 1,433 | 1,196 | 972 |
| Q2 2018 | 1,755 | 917 | 1,589 | 1,592 | 1,462 | 1,211 | 1,033 |
| Q3 2018 | 1,780 | 915 | 1,563 | 1,594 | 1,447 | 1,232 | 1,046 |
| Q4 2018 | 1,767 | 934 | 1,542 | 1,571 | 1,462 | 1,237 | 1,059 |
| Q1 2019 | 1,787 | 933 | 1,565 | 1,620 | 1,464 | 1,236 | 1,078 |
| Q2 2019 | 1,816 | 941 | 1,564 | 1,632 | 1,470 | 1,246 | 1,083 |
| Q3 2019 | 1,859 | 948 | 1,596 | 1,695 | 1,499 | 1,267 | 1,094 |
| Q4 2019 | 1,868 | 959 | 1,604 | 1,680 | 1,519 | 1,282 | 1,088 |
| Q1 2020 | 1,891 | 955 | 1,627 | 1,700 | 1,499 | 1,285 | 1,103 |
| Q2 2020 | 1,872 | 957 | 1,603 | 1,709 | 1,484 | 1,288 | 1,099 |
| Q3 2020 | 1,714 | 937 | 1,492 | 1,676 | 1,342 | 1,268 | 1,073 |
| Q4 2020 | 1,666 | 897 | 1,476 | 1,603 | 1,275 | 1,227 | 1 033 |
| Q1 2021 | 1,654 | 884 | 1,463 | 1,585 | 1,260 | 1,212 | 1,008 |
| Q2 2021 | 1 652 | 892 | 1 442 | 1 597 | 1 278 | 1 234 | 998 |
| Q3 2021 | 1,793 | 951 | 1,541 | 1,664 | 1,383 | 1,266 | 1,061 |
| Q4 2021 | 1,886 | 967 | 1,621 | 1,712 | 1,472 | 1,282 | 1,107 |
| Q1 2022 | 2,042 | 982 | 1,786 | 1,833 | 1,606 | 1,365 | 1,211 |
| Q2 2022 | 2,087 | 1,024 | 1,812 | 1,892 | 1,611 | 1,441 | 1,234 |
| Q3 2022 | 2,187 | 1,083 | 1,902 | 1,976 | 1,727 | 1,496 | 1,292 |
| Q4 2022 | 2,226 | 1,141 | 1,908 | 1,997 | 1,754 | 1,512 | 1,316 |
| Q1 2023 | 2,273 | 1,173 | 1,881 | 1,965 | 1,769 | 1,490 | 1,346 |
| Q2 2023 | 2,247 | 1,204 | 1,862 | 1,936 | 1,774 | 1,467 | 1,321 |
| Q3 2023 | 2,271 | 1,221 | 1,871 | 1,978 | 1,796 | 1,486 | 1,307 |
| Q4 2023 | 2,248 | 1,232 | 1,894 | 1,964 | 1,827 | 1,502 | 1,296 |
| Q1 2024 | 2,226 | 1,223 | 1,857 | 1,933 | 1,794 | 1,491 | 1,302 |
| Q2 2024 | 2,243 | 1,236 | 1,824 | 1,942 | 1,821 | 1,504 | 1,312 |
| Q3 2024 | 2,301 | 1,254 | 1,878 | 1,957 | 1,846 | 1,557 | 1,332 |

Average monthly
rent rates
of a housing unit
in selected cities

SOURCE: AMRON



prof. Jacek Łaszek

Warsaw School of Economics

Our Own Housing Cycle

It is quite an experience to go through a classic financial cycle and the associated real estate market cycle, especially when one can do so relatively unscathed. This is our second market cycle, but the first 'classic' one, as the previous cycle was driven by a loan boom and foreign currency mortgages. Generally, the mechanism has been the same for over a century: lower interest rates to stimulate the economy, rapid loan growth in real estate markets, including housing (often with additional factors), excess demand, inflation, central bank reaction (interest rates), multiplier and accelerator mechanisms, a decline in demand, interest rate cuts, and then the cycle starts anew. In Poland, the second cycle had two deviations: there was no loan boom, but rather a housing boom (cash purchases) and there were disruptions caused by COVID, the war, and government interventions (buffers, subsidy programmes), which prolonged the period of declining demand (multi-cycles, poly-cycles) and led to further, smaller-scale fluctuations. This, of course, reflects poorly on our economic policy, as over a century of cyclical experience should have helped in preparing better tools rather than ad hoc measures resulting in high costs. However, there is hope that as the economy stabilizes, inflation will decrease, leading to lower interest rates, increased housing demand and another cycle, during which these negative experiences might contribute to improved economic policies.

However, we cannot forget about real risks. Historical experience shows that political tensions

often work in the opposite direction, particularly through military spending, which sooner or later lead to inflationary pressures and upward pressure on interest rates. On the other hand, despite a significant improvement in the housing in Poland and negative demographic forecasts, there is still a significant growth potential for the housing stock in the vicinity of major cities.

The exhaustion of the potential of the sector's current financing model is another problem. Two old and well-known truths are worth recalling here. The housing sector, especially the owner-occupied sector financed by mortgages, is one of the key drivers of economic success in the most developed countries, particularly the USA. This is not so much about the sector's direct impact on GDP, which usually does not exceed a few percent, but about so-called induced expenditures and social effects. The first ones make the housing-related expenditures exceeding half of a household's budget, making it the most significant factor in consumption and consumer satisfaction. Owning a flat becomes the primary form of household savings and repaying loan is a strong motivation for productive work. This relates to owner-occupied dwelling, which is the primary and most accessible form of housing. Other, more social forms also play an important societal role, but for obvious financial reasons, their scale is limited, and it is not possible to base mass housing programmes on them. Politicians may obviously promise everything, but only before the next elections, and after that it is as usually, as our Polish experience has also clearly shown.

However, owner-occupied housing requires long-term and, moreover, gentle financing. This issue has also been known for at least a hundred years, which is why housing financing systems have nothing in common with organic market systems (which were very unfriendly), but are instead designed by policymakers and financial experts. These systems aim to reconcile conflicting objectives such as long credit terms (high risk), low-interest rates and high loan and housing accessibility, resistance to speculation and market shocks, and ensuring the stability of the financial system. Naturally, these goals are contradictory, which is why historical experiences vary, as do the current and historical housing financing systems.

It may be worth considering again what our mortgage financing system should look like, particularly from the perspective of interest rate risk. International experience shows there are many possible solutions to this problem, although none are without flaws. However, financing fixed-rate loans with variable-rate deposits, thereby burdening financial intermediaries with this risk in a relatively large country, raises concerns. It may not be an issue on a small scale, but in the future, as demand for loans returns, it will certainly

require a systemic solution. The issue of CHF loans also seemed negligible at first but ended with significant problems. It is worth recalling that adopting a solution, where the risk of interest rate transformation burdens the financial intermediary (i.e. the bank) generated a substantial banking crisis in the USA, led to a systemic change and is no longer proposed by anyone today.

Attention should also be drawn to the persistent disinformation spread by various media, repeatedly claiming the emergence of a price bubble and an imminent collapse of the housing market. It is difficult to understand the grounds for such disinformation or whose interests it serves, but the facts are hard to argue with. Disinformation and poor consumer information from various sources are undoubtedly significant factors that should be considered in future consumer education in this area. This contrasts with the already quite decent consumer protection on primary market.

Expert's comments published in AMRON-SARFIN Report reflect authors' opinions, which not always are consistent with opinions presented by Polish Banks Association and AMRON Centre.



System for Analysis and Monitoring of Real Estate Transactions

AMRON System is a standardised, nationwide database on real estate prices and values, equipped with advanced reporting and analytical modules for monitoring changes on the property market. System was established in 2004 in response to the banking supervisory requirements related to credit risk management and monitoring security instruments for mortgage lending. Since 2010, System is available for all real estate market participants. This year we celebrate the 20th anniversary of the AMRON System. The last two years were a period of work on a new version of the system and from April 2, 2024, we made a new version available to banks and other users – the AMRON III System, which meets the requirements of Recommendation J of the Polish Financial Supervision Authority, amended in March 2023.

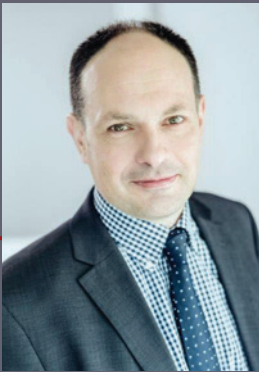
During this period, we have collected more than 4.2 million data on prices and real estate values, and we gained both huge experience and the trust of our business partners. Our offer also includes periodic analytical publications and standard reports as well as individual reports prepared accordingly to the detailed specifics of the market segment, location and time period. Since the beginning of 2014 we also offer services of property valuation.



System for Analysis of Real Estate Financing Market

SARFiN System is a system for exchanging information on sales of housing loans and information relating to the monitoring of the risk portfolio of housing loans. The System is run by the Polish Banks Association since July 2001 and it is available for banks only. Access to the data stored in the SARFiN System has also the National Bank of Poland.

The data processed in the SARFiN System are also used in specialist analytical publications prepared by AMRON Centre, developed at the individual request of banks, investors, developers and other entities interested with reliable information about a particular market segment in the selected location and time period.



Jerzy Ptaszyński

*Research and Market
Service Director at AMRON Centre*

About AMRON-SARFiN Report

This Report was developed by AMRON Centre in cooperation with the Committee for Housing Finance at Polish Banks Association and prof. Jacek Łaszek. Figures and comments have been developed by AMRON and SARFiN teams under the direction of Jerzy Ptaszyński (jerzy.ptaszynski@amron.pl).

In addition to the data collected in the AMRON and SARFiN Systems. This Report also includes data from Central Statistical Office and National Bank of Poland.

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