

# AMRON-SARFiN Report

on housing loans  
and real estate transaction prices

# 1 / 2022

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ZWIĄZEK BANKÓW POLSKICH



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# REPORT IN NUMBERS

**PLN 511.655 billion**


| total housing loans debt


change  
Q1 2022/Q4 2021


**0.08%**


**PLN 2.528 million** number of active loan agreements **0.80%** 


**47 767** number of concluded agreements **25.27%** 


**PLN 16.932 billion** value of concluded agreements **24.59%** 


**PLN 351 251** average value of a housing loan **0.20%** 


**166.27 points** Housing Availability Index (HAI M3) **30.17 points** 

**26.51%** share of new housing loans with LtV above 80% **4.75 pp** 

**99.08%** share of new housing loans in PLN. by value **0.06 pp** 

**68.64%** share of new housing loans with lending period of 25-35 years **0.59 pp** 

**PLN 11 382** average transaction price per square meter of a dwelling in Warsaw **2.70%** 

**PLN 2 042** average monthly rent rate of a housing unit in Warsaw **8.27%** 



EFFECTS OF THE RUSSIAN FEDERATION'S AGGRESSION ARE EVIDENT WHEN IT COMES TO NUMBERS DESCRIBING POLISH HOUSING MARKET IN THE FIRST QUARTER OF 2022 AND WE WILL FACE THEM FOR FOLLOWING QUARTERS.

*dr. Jacek Furga*

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

*Dear Readers,*

it is the fifty-first edition of the AMRON Centre Report published by the Polish Banks Association. For 13 years, we have been systematically providing you with up-to-date information on lending activity of Polish banks in area of housing financing as well as on trends and transaction prices on residential real estate market. In current edition of the Report, we present extremely interesting results for the first quarter of 2022 in relation to the results from the previous few quarters. Changes are coming!

The narrative about the real estate market environment has definitely started to change. In last few reports, commenting events on mortgage and housing markets, we referred mostly to the impact of the coronavirus pandemic on recorded results. Today, because of war going on for three months in Ukraine, we have practically forgotten about the pandemic. Aggression of the Russian Federation on Ukraine on February 24 had a number of negative consequences for the housing construction sector, in particular in terms of workforce availability. A significant number of refugees from Ukraine has completely changed the situation on rental market, putting strong pressure on rent increases. Effects of the Russian Federation's aggression are evident when it comes to numbers describing Polish housing market in the first quarter of 2022 and we will face them for following quarters.

In last few editions of the Report, we emphasized the impact of NBP interest rate cuts made in spring

2020 on record-breaking lending results in following quarters of 2020 and 2021. We were also warning that borrowers should take into account that low rates, contrary to NBP Governor assurances, may change. We also encouraged to take out loans with a periodically fixed interest rate. The surprise came in October 2021, after the first in 11 years decision of the Monetary Policy Council to raise the interest rates. In the first quarter of 2022, the Monetary Policy Council made subsequent increases on a monthly basis. As a result, at the end of the first quarter the reference rate increased to the level of 3.50%, what resulted in an increase of WIBOR 3M, one of the components of the mortgage loan price ratio, to 4.43% and the average mortgage interest rate to 6.70%. The impact of these changes on the credit market is clearly visible in our Report.

In the first quarter of this year the number of new housing loans amounted to **47 767**, which was lower by **25.27%** than in the previous quarter and by **16.45%** than in the first quarter of 2021. The value of newly granted mortgage loans equalled to **PLN 16.932 billion**, which meant a decrease by **24.59%** compared to the fourth quarter of last year and by **5.36%** to the same period year ago.

The average value of a housing loan increased, by the force of inertia, to the level of PLN 351 251. Compared to the previous quarter the increase was slight, but in a one-year time horizon this increase amounted to 12.16%. In nominal terms it equalled to PLN 38 089.

Developers are also adapting to changing scale of demand on the housing market. In the first quarter of this year, they started construction of **31 675** flats, which was **17.40%** less than in the previous quarter and **21.07%** less than the year before. The number of apartments with building permits obtained by developers dropped by **4.70%** in this period. The deepest decline was recorded in the category of completed dwellings, the number of which decreased in Q1 2022 by **33.95%** in relation to the result noted in the previous quarter.

In most of the largest Polish cities, increases in the average transaction price of 1 sqm of usable floor space continued, however with a much slower dynamics. The highest increase in the average nominal price, by 2.70%, was recorded in Warsaw, where the average transaction price in the first quarter of 2022 accounted for PLN 11 382/ sqm. The first decrease among the largest Polish cities was also recorded. The average price in Gdansk decreased by 0.44%. **It should be noted that in none of surveyed locations the average prices increase exceeded the level of 3%. Taking into account the level of inflation recorded in the first quarter of this year (3.80%) it means that in real terms, the average prices of 1 sqm of apartments decreased in all analysed locations.** In relation to the corresponding period of 2021, the largest increases in average prices of apartments were recorded in Poznan (by 13.71%), Warsaw (12.99%) and Cracow (12.81%). The lowest increase, amounted to 8.36%, was recorded in Gdansk. Slowing prices dynamics is however visible in smaller provincial cities.

Inflow of refugees from Ukraine to Poland has fundamentally changed the situation on the rental market once again in the course of last few years. As a result, in March we recorded dynamic increases in apartment rent rates. At the moment, the situation stays dynamic and it is difficult even to imagine an equilibrium on the rental market. The market prospects, in particular prospects for maintaining current levels of rent rates, will depend both on development of the situation in Ukraine and possible refugees' readiness to return home, as well as on the future potential absorption of a significant number of Ukrainian workers by the Polish labour market.

Increases in the average residential rent rates were noted in all analysed locations. In relation to the levels recorded in the previous quarter, the highest

increase was recorded in Wroclaw – **10.18%**. The average rent rate for a flat in Warsaw in the first quarter of 2022 amounted to PLN 2 042 and was higher than the one recorded quarter before by **8.27% (PLN 156)**.

In Centrum AMRON's opinion, transaction prices per square meter will continue to grow this year, although at a much slower pace than in the period from 2018 to 2021. Price increases will result also from higher construction costs, caused among others by rapidly rising inflation.

Dynamically rising level of inflation and new tax rules under the Polish Order with its subsequent adjustments and changes, introduced uncertainty as to the future economic situation, as well as to the future income of potential borrowers and housing buyers. **These factors, together with drastic increases in the interest rate on mortgage loans, resulted in a decline in the IDM3 Residential Availability Index, to the level noted in 2014.**

The banking sector has once again founded itself between a rock and a hard place. On one hand, the Monetary Policy Council for eight consecutive months has decided to raise NBP interest rates, what resulted in increase in the WIBOR ratio and, in consequence, more expensive mortgage loans. On the other hand, the government, hand in hand with the opposition, puts the blame for increasing costs of mortgage loans on banks and uninhibitedly presents proposals, which are to help borrowers repay their loans. Only Marek Suski, MP from the ruling party PiS, managed to speak frankly, stating: "Unfortunately, when you take out loans, you must pay them back." I assume that he spoke in favour of approx. 20 million Poles, who participate in PPK pension scheme, are OFE members or directly holders of bank shares. All of them, as well as the whole economy, do care about the safe development of banks. In this context, it seems at least surprising when the Prime Minister and former president of one of the largest banks in Poland accuses banks of generating profits. After all, loan agreements contain relevant provisions, including repayment suspension periods in case of temporary problems with debt repayment. Since 2016, banks have been co-financing the Borrowers Support Fund established specially for such cases.

During the period of low interest rates, i.e. from May 2020 to September 2021, banks granted

approx. 340 thousand new loans both for the purchase of apartments for the borrowers' own needs and for investment purposes. During this period of low interest rates, banks, based on Recommendation S, used a buffer of 250–300 basis points when calculating creditworthiness. There is no need or justification for automatic input of the following solution for all, especially when so-called “credit holidays” will weaken payment discipline and torpedo anti-inflationary policy of the government and the NBP. Moreover, the “credit holidays” will bring only partial and temporary effect to the borrowers, limited to a short-term suspension of instalments at cost of extending the repayment period.

The solution proposed by the government is harmful, motivated by populism and above all – completely disproportionate, as the banking sector has repeatedly declared its readiness for working out a tool, allowing to support borrowers who actually need this support.

For years Polish Banks Association has consistently recommended implementation of solutions and financial instruments that in neighbouring countries ensure incomparably more effective way to meet the citizens' housing needs. We are not only open to such discussion, but also systematically initiate it. Unfortunately, these initiatives rarely find fertile ground among decision-makers. It is a pity, because we would avoid wasting energy on solutions such as “Flat Plus” or recently launched “Flat without own contribution” programmes. According to the analyses of Centrum AMRON, the share of new loans with the LtV ratio higher than the level

recommended by the Polish Financial Supervision Authority, i.e. 80%, fell from over 53% in 2013 to 26% in the first quarter of 2022. It is not a lack of the down-payment that is a problem and persuading those, who have not managed to collect even 10% of their own contribution, to take out a long-term loan of 100% of the property value is really a disservice. However, it seems that limits and restrictions to both eligible persons and premises, usually implemented in governmental programmes of this kind, will make this initiative successful if more than 1 000 borrowers will take advantage of it this year.

Of course, we will continue our efforts to popularize the fixed-rate loan, to launch a long-term savings system and a contract loan with a fixed rate in the formula of housing-saving banks (bausparkassen), and to finally outflow mortgage bonds emission and trade that has been ailing for 25 years. There are many proven ways and mechanisms to accelerate this economic flywheel, which can and should be housing construction.

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](mailto:raport@amron.pl).

Jacek Furga, Ph.D.

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\* 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 Law and Information

# ANALYSIS OF MARKET ENVIRONMENT

The first quarter of 2022 brought a tightening of banks' lending policy with regard to housing loans, resulting mainly from worsening forecasts for the country's economic development, increases in NBP interest rates and pessimistic forecasts for the housing market. This resulted in a significant decline in demand for mortgage loans. On the housing market, Q1 brought a clear weakening of the growth rate of average housing prices in the largest Polish cities. Rapidly rising level of inflation and the entry into force of new tax rules under the Polish Order from the beginning of the year followed by its subsequent adjustments and changes, introduced uncertainty as to the future economic situation, as well as the amount of future income of potential borrowers and housing buyers. All these factors resulted in the greatest decrease in the availability of flats since 2006.

Russia's aggression against Ukraine on February 24, apart from a significant drop in consumer optimism, has had a number of negative consequences for housing construction, including primarily availability of workforce (an outflow of up to 30% of Ukrainian workers). Massive inflow of refugees from Ukraine changed completely the situation on the rental market, putting strong pressure on increases in rental rates.

The most important factors shaping the situation on both residential real estate market and mortgage market in the first quarter of 2022 were:

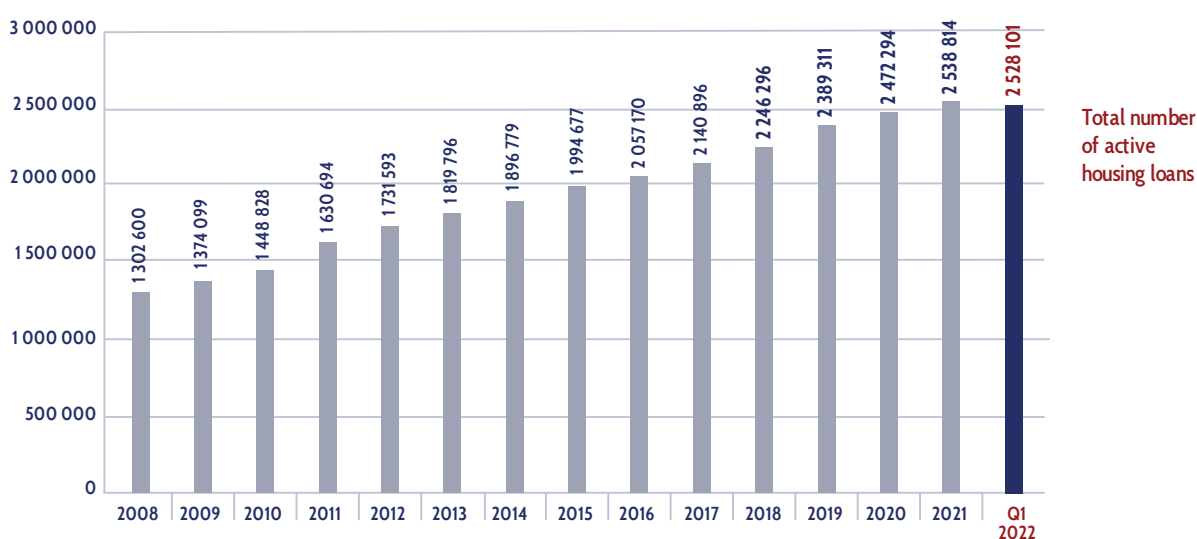
- arrival of a significant number of refugees from Ukraine (nearly 2.5 million people reached Poland by the end of March);
- threefold increase in NBP interest rates from 1.75% to 2.25% (January 5, 2022), 2.75% (February 9, 2022) and 3.50% (March 9, 2022);
- dynamic increase in the inflation rate – in the first quarter of 2022 the consumer price index of the Central Statistical Office amounted to 9.7% compared to the corresponding period of the previous year (in the previous quarter it was 7.7%);
- persistently low level of unemployment – at the end of March 2022, the registered unemployment rate amounted to 5.4%, and thus remained unchanged compared to the end of the previous quarter;
- a clear decline in the growth rate of housing prices in the largest Polish cities, as well as slight drops in prices in the vast majority of voivodships' capitals and regional cities;
- significant increases in rent rates for flats in all surveyed cities, mainly related to inflow of refugees from Ukraine;
- dynamic decrease in the availability of flats in the largest Polish cities;
- another significant drop in consumer optimism, visible in the BWUK quotations (consumer confidence index recorded by the Central Statistical Office);
- limited activity of developers, visible mainly in the consistently (for 3 quarters) declining number of started construction;
- a significant increase in the prices of building materials, on average by over 29% compared to the same period last year. The prices increase was recorded in all 20 product groups (data from PSB Handel S.A.).

# SITUATION ON HOUSING LOANS MARKET

## Active housing loans

As of March 31 this year, total number of active housing loan agreements in Poland amounted to **2 528 101**. This meant an decrease by **0.8%** in

the first quarter of 2022, i.e. nominally by **20 459** loans, compared to the end of 2021 year.

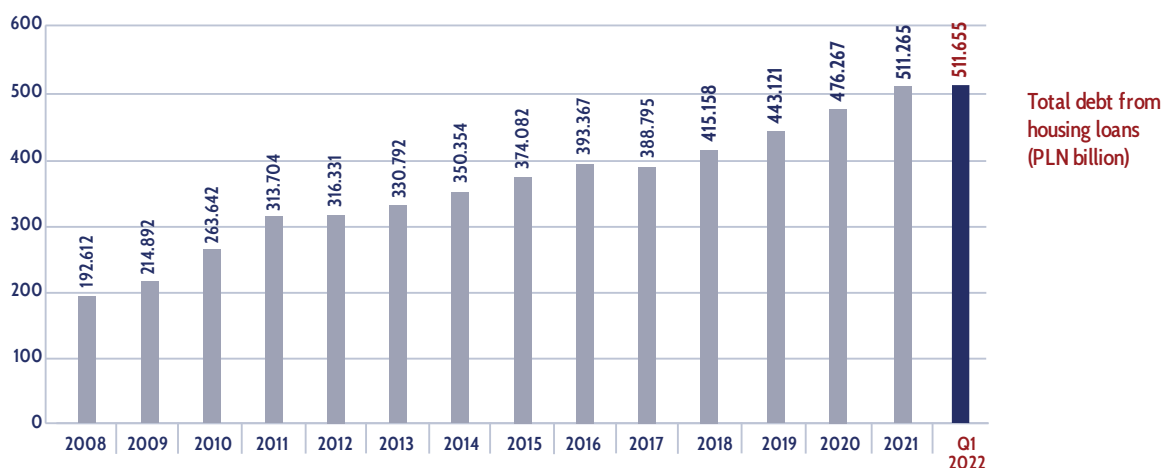


SOURCE: SARFIN

## Total housing loans debt

The total value of Polish households debt due to granted housing loans at the end of the first quarter of 2022 amounted to **PLN 511.655 billion**, compared to **PLN 511.265 billion** at the end of

the previous quarter. In the period from January to March this year, the value of active mortgage loans for housing purposes increased by **0.08%**, i.e. by **PLN 390 million**.



SOURCE: SARFIN

## New housing loans

In the first quarter of 2022 banks tightened their lending policy with regard to housing loans. That resulted mainly from the worsening forecasts of the country's economic situation, as well as from increases in NBP interest rates and pessimistic forecasts for the housing market. Changes concerned also the amount of the buffer for the interest rate risk increased by the Polish Financial Supervision Authority and higher cost of living taken under consideration in loan amount calculation. A decline in demand for mortgage loans was also noted.

Number of housing loans granted in the first quarter of this year amounted to **47 767**, i.e. **25.27%** less than in the previous quarter (**16 151** loans in nominal terms). The value of newly granted mortgage loans amounted to **PLN 16.932 billion**, which meant a decrease by **PLN 5 521 million**, or **24.59%** compared to the Q4 2021.

Compared to the corresponding period of the previous year, i.e. Q1 2021, **9 405** (i.e. **16.45%**) fewer loan agreements were concluded and their value was lower by **PLN 1.010 billion (5.36%)**.

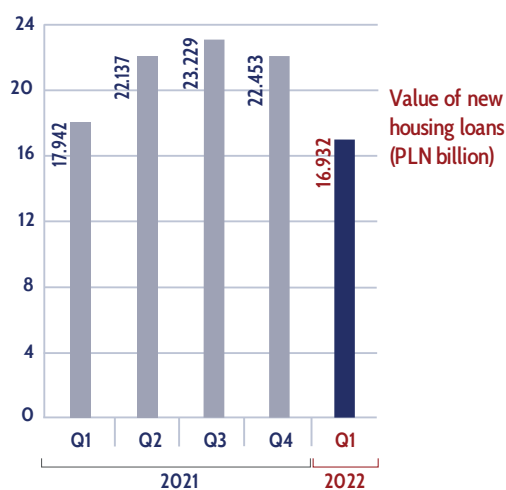
QUARTER	VALUE (PLN BILLION)	CHANGE/ previous quarter	NUMBER	CHANGE/ previous quarter
Q1 2021	17.942	9.17% ↗	57 172	6.35% ↗
Q2 2021	22.137	23.38% ↗	67 013	17.21% ↗
Q3 2021	23.229	4.94% ↗	68 353	2.00% ↗
Q4 2021	22.453	3.34% ↘	63 918	6.49% ↘
<b>Q1 2022</b>	<b>16.932</b>	<b>24.59% ↘</b>	<b>47 767</b>	<b>25.27% ↘</b>

Value and number of new housing loans

SOURCE: SARFIN



SOURCE: SARFIN



SOURCE: SARFIN

## Loan currency

Changes in the currency structure of newly granted housing loans recorded in the first quarter of this year were minimal. PLN housing loans accounted for **99.08%** of the value of all new mortgage loans, i.e. **0.06 pp** less compared to the previous quarter. Share of CHF loans in the new loans portfolio remained at the level noted in the previous quarter and amounted to only **0.01%** (decrease by **0.01 p.p.**). The share of EUR loans increased to **0.80%**, which was by **0.05 pp** more compared to the previous quarter and loans granted in other

foreign currencies constituted **0.10%** of the new loans portfolio, which was more by **0.02 pp** than in the fourth quarter of 2021 year.

Compared to the first quarter of 2021, the share of the value of newly granted loans in PLN decreased by **0.07 pp**, the share of euro housing loans increased by **0.10 pp**, the share of loans denominated in other foreign currencies decreased by **0.04 pp**, while the share of loans denominated in Swiss francs has not changed.

QUARTER	PLN	CHF	EUR	OTHER
Q1 2021	99.15%	0.01%	0.70%	0.14%
Q2 2021	99.21%	0.01%	0.64%	0.14%
Q3 2021	99.28%	0.01%	0.64%	0.07%
Q4 2021	99.15%	0.02%	0.76%	0.08%
Q1 2022	99.08%	0.01%	0.80%	0.10%

Currency structure of the value of new loans

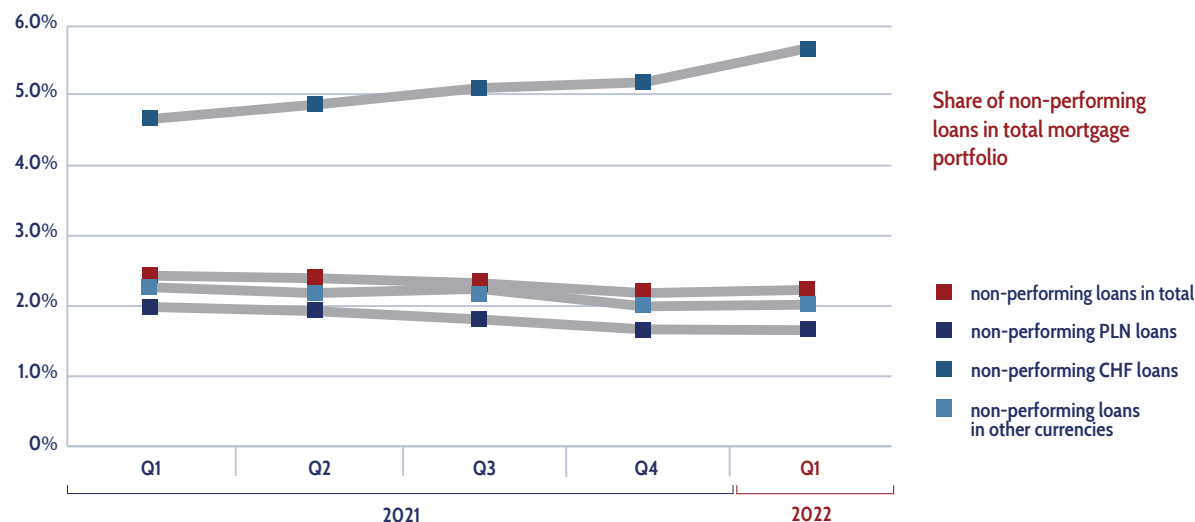
SOURCE: SARFIN

## Quality structure of mortgage loans portfolio

In the first quarter of 2021, share of non-performing loans in total housing loan portfolio amounted to **2.35%** and therefore slightly increased (by **0.04 pp**) compared to the level recorded in the previous quarter. At the end of March, PLN housing loans with overdue payments constituted **1.74%** of the portfolio of loans in PLN, which meant a decrease by **0.04 pp**. The upward trend in the share of non-performing loans in

Swiss francs continued – at the end of the quarter it amounted to **5.70%** of the portfolio and was higher by **0.45 pp** than a quarter earlier. The share of non-performing loans denominated in other currencies increased to **2.14%** (more by **0.02 pp**).

Compared to the first quarter of 2021, the share of total volume of non-performing housing loans slightly decreased (by **0.17% pp**). Share of PLN loans with arrears in repayments decreased by **0.28 pp**, share of loans denominated in Swiss francs increased by **1.00 pp**, while shares of non-performing loans in other foreign currencies decreased by **0.44 pp**.



SOURCE: NATIONAL BANK OF POLAND

QUARTER	NON-PERFORMING LOANS IN TOTAL	NON-PERFORMING PLN LOANS	NON-PERFORMING CHF LOANS	NON-PERFORMING LOANS IN OTHER CURRENCIES
Q1 2021	2.52%	2.02%	4.70%	2.35%
Q2 2021	2.49%	1.97%	4.98%	2.28%
Q3 2021	2.43%	1.87%	5.18%	2.33%
Q4 2021	2.31%	1.75%	5.25%	2.12%
Q1 2022	2.35%	1.74%	5.70%	2.14%

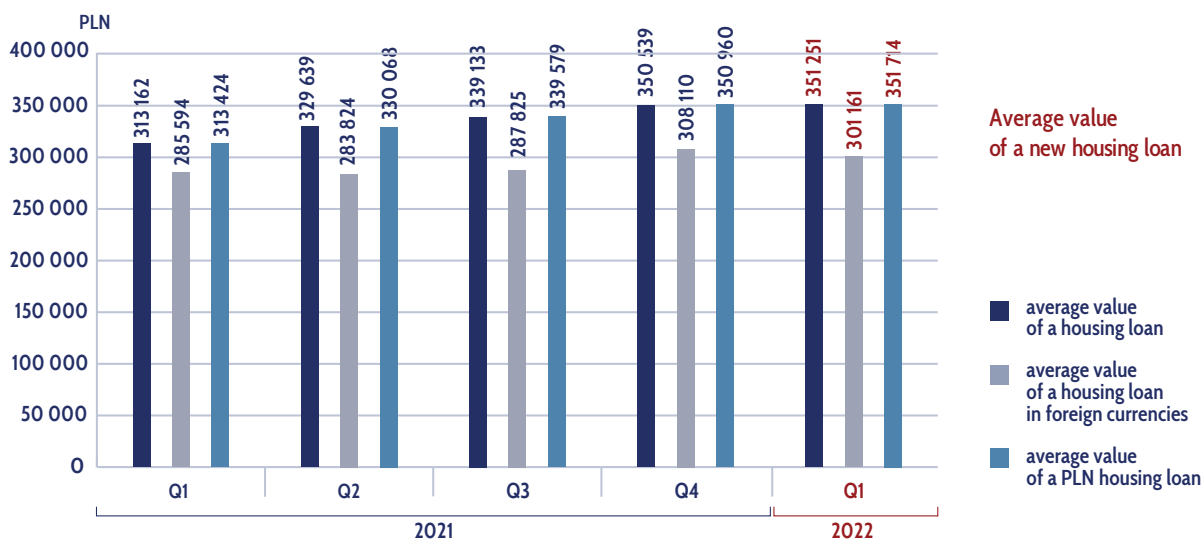
Share of non-performing loans in total mortgage portfolio

SOURCE: NATIONAL BANK OF POLAND

## Average value of a loan

The average value of newly granted housing loans in total in the first quarter of 2021 amounted to **PLN 351 251**, which meant an increase by **PLN 711 (0.20%)** compared to the previous quarter. In the same time, the average value of a foreign currency loan decreased by **PLN 6 949**, i.e. **2.26%** and amounted to **PLN 301 161**. The average amount of a housing loan in Polish zlotys was **PLN 351 714**, i.e. more by **PLN 754 (0.21%)** compared to the value recorded in the fourth quarter of 2021 year.

In relation to the first quarter of last year, the average value of new housing loans granted in domestic currency was higher by **12.22%** (by **PLN 38 289** in nominal terms) and the average value of loans denominated in foreign currencies was higher by **5.45%** (i.e. **PLN 15 567**). The average value of the total mortgage loan increased by **12.16%**, i.e. by **PLN 38 089** in nominal terms, compared to the analogous quarter of 2021 year.



SOURCE: SARFIN

QUARTER	AVERAGE VALUE OF A HOUSING LOAN	AVERAGE VALUE OF A HOUSING LOAN IN FOREIGN CURRENCIES	AVERAGE VALUE OF A PLN HOUSING LOAN
Q1 2021	313 162	285 594	313 424
Q2 2021	329 639	283 824	330 068
Q3 2021	339 133	287 825	339 579
Q4 2021	350 539	308 110	350 960
Q1 2022	351 251	301 161	351 714

Average value of a new housing loan

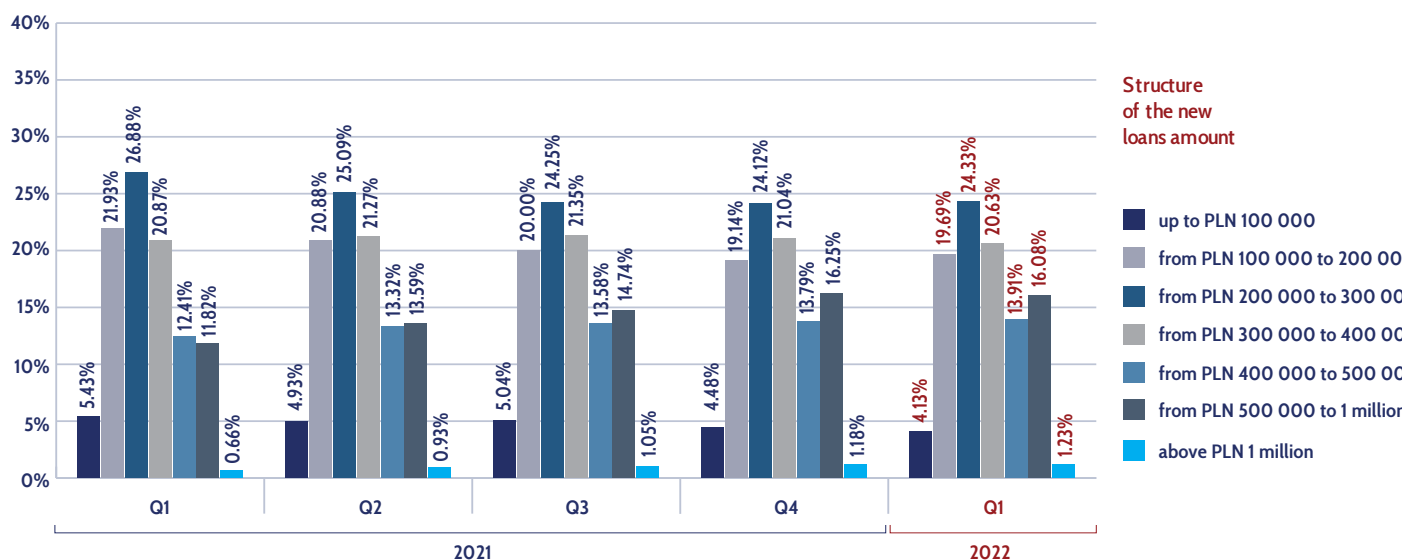
SOURCE: SARFIN

## Structure of new loans, by amount

In the first quarter of 2022, only slight changes were noted in the structure of newly granted housing loans in terms of value. Decreases were observed in shares of loans with a value below PLN 100 thousand (by **0.35 pp**), between 300 and 400 thousand (by **0.41 pp**) and from 500 thousand to PLN 1 million – (by **0.17 pp**), while the shares of all other loan categories increased. The largest increase was recorded in case category of loans amounting from PLN 100 to 200 thousand – by **0.55 pp**. Observed changes in shares of particular categories of mortgage loan amounts were a continuation

of the consistent trend of the market “shifting” towards loans of higher values, observed for several quarters.

Compared to the first quarter of 2020, share of loans with the lowest values i.e. up to PLN 100 thousand, from PLN 100 to 200 thousand and from PLN 200 to 300 thousand decreased, respectively by **1.46 pp**, **4.00 pp** and **2.91 pp**. In other value categories (from PLN 300 thousand) increases were recorded – from **0.51 pp** in case of loans exceeding PLN 1 million, up to **5.37 pp** for loans from PLN 500 thousand to 1 million.



SOURCE: SARFIN

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
up to PLN 100 000	5.43%	4.93%	5.04%	4.48%	4.13%
from PLN 100 000 to 200 000	21.93%	20.88%	20.00%	19.14%	19.69%
from PLN 200 000 to 300 000	26.88%	25.09%	24.25%	24.12%	24.33%
from PLN 300 000 to 400 000	20.87%	21.27%	21.35%	21.04%	20.63%
from PLN 400 000 to 500 000	12.41%	13.32%	13.58%	13.79%	13.91%
from PLN 500 000 to 1 million	11.82%	13.59%	14.74%	16.25%	16.08%
above PLN 1 million	0.66%	0.93%	1.05%	1.18%	1.23%

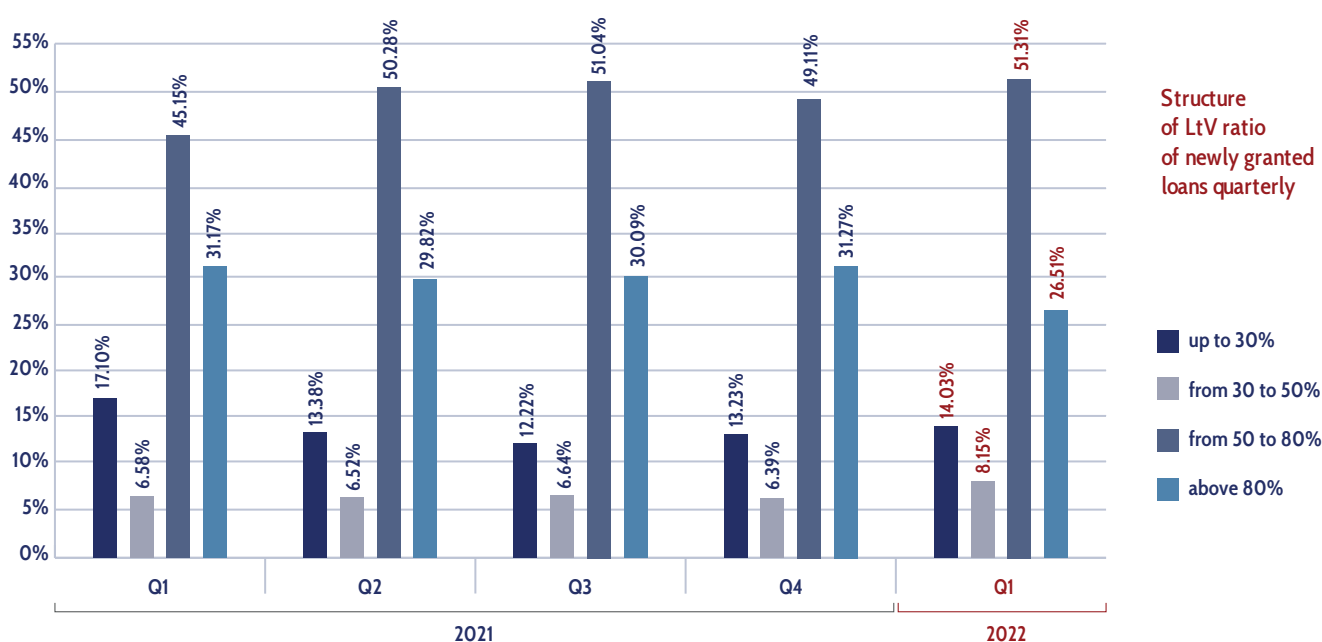
SOURCE: SARFIN

Structure of the new loans amount

## Structure of new loans, by LtV ratio

In the first quarter of 2022, dynamic changes in the structure of the housing loans market in terms of the LtV ratio were recorded once again. Share of loans with LtV ratio between 50 and 80% increased by **2.20 pp** and amounted to **51.31%**. Percentage of loans with LtV ratio accounting to 80% and more decreased by **4.75 pp**, i.e. to **26.51%**, share of loans with a LtV ratio ranging from 30 to 50% increased by **1.76 pp** to **8.15%**, while share of loans with LtV not exceeding 30% increased by **0.79 pp** to the level of **14.03%**.

In relation to the first quarter of 2021, there was a clear decrease in share of loans with a LtV ratio at the level of 80% or more – by **4.66 pp**. Share of loans with LtV up to 30% decreased as well, by **3.08 pp**. In remaining LtV categories increases were recorded – by **1.57 pp** in case of loans with LtV ratio ranging from 50 to 80% and by **6.17 pp** in category of loans with the LtV ratio from 30 to 50%.



SOURCE: SARFIN

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
up to 30%	17.10%	13.38%	12.22%	13.23%	14.03%
from 30 to 50%	6.58%	6.52%	6.64%	6.39%	8.15%
from 50 to 80%	45.15%	50.28%	51.04%	49.11%	51.31%
above 80%	31.17%	29.82%	30.09%	31.27%	26.51%

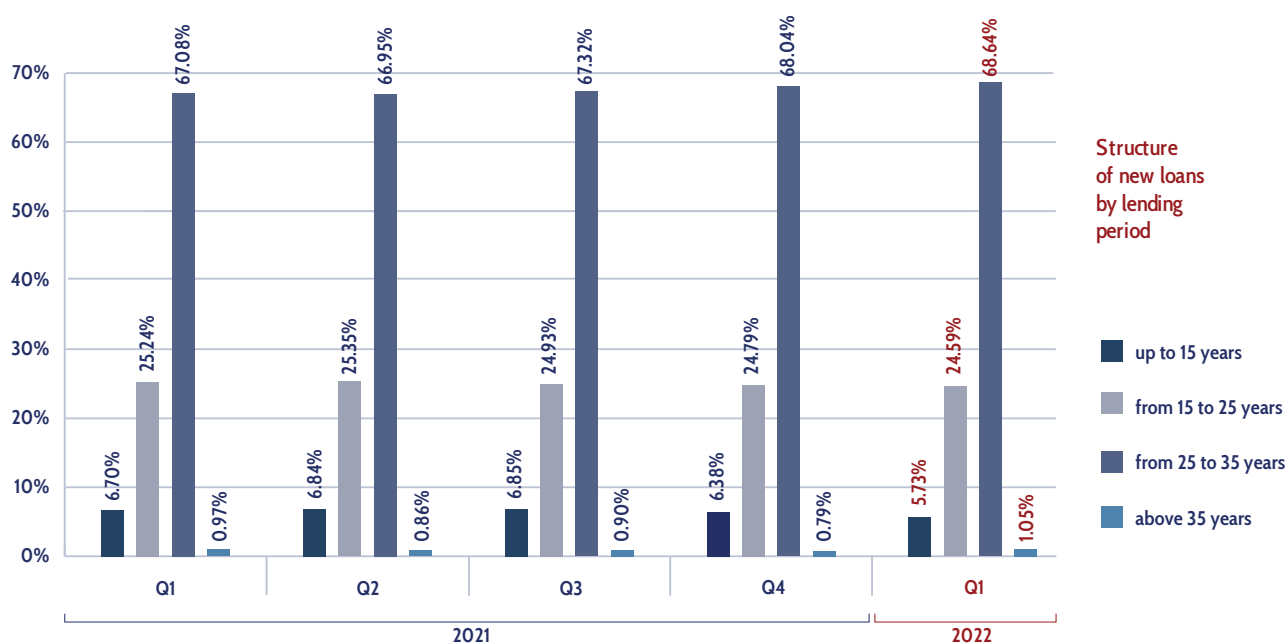
SOURCE: SARFIN

Structure of LtV ratio of newly granted loans quarterly

## Lending period

In the first quarter of 2022, slight increases were recorded in categories of loans with maturities from 25 to 35 years and over 35 years – their market shares equalled to **68.64%** and **1.05%**, what means that they increased respectively by **0.59 pp** and **0.25 pp**. In other two categories, declines were recorded: by **0.65 pp** in case of loans granted for up to 15 years and by **0.20 pp** for loans with maturity between 15 and 25 years.

Compared to the results recorded in the first quarter of 2021, there were no significant changes in the market structure in terms of loan maturity. Share of loans with maturities from 25 to 35 years increased (by **1.55 pp**), while the share of housing loans granted for up to 15 years and between 15 and 25 years decreased (by **0.98 pp** and **0.65 pp**, respectively). Share of loans with maturities over 35 years also slightly decreased, by only **0.07 pp**.



SOURCE: SARFIN

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
up to 15 years	6.70%	6.84%	6.85%	6.38%	5.73%
from 15 to 25 years	25.24%	25.35%	24.93%	24.79%	24.59%
from 25 to 35 years	67.08%	66.95%	67.32%	68.04%	68.64%
above 35 years	0.97%	0.86%	0.90%	0.79%	1.05%

SOURCE: SARFIN

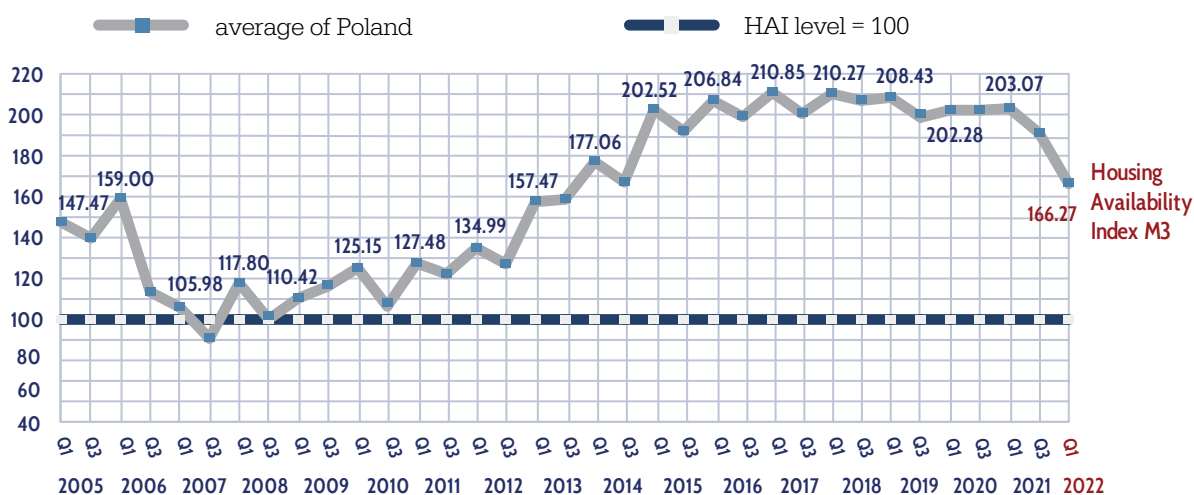
## Housing Availability Index M3 – HAI M3

**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 slight decrease of dwelling availability in Q1 2022 was influenced by the following factors:

- slight prices decrease 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 **0.60%** in relation to Q4 2021;
- an increase in interest rates of newly granted loans – according to National Bank of Poland real interest rate of loans granted in Q1 2022 amounted to **5.80%** (while in Q4 2021 it was **3.82%**);
- growth of the average gross family income by **1.97%** in the first quarter of 2022 compared to the previous quarter;

- raised level of living costs, 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 **3.80%** in relation to the fourth quarter of 2021.

The disposable income for IDM3 (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 the lower amount is taken into account) increased by **2.22%**, however. After taking into account an increase in housing prices, the housing availability index in Q1 2022 decreased by **30.17 points**, to the level of **166.27 points**.



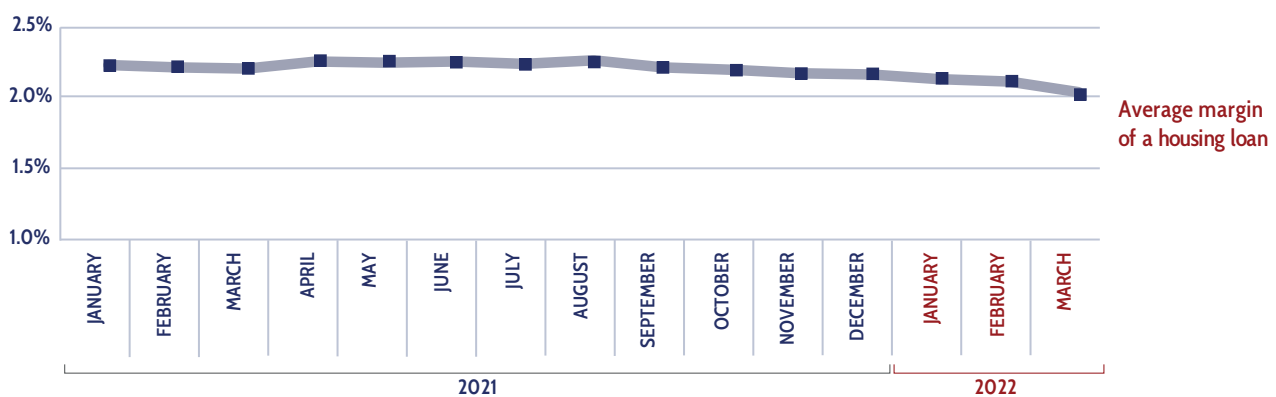
SOURCE: AMRON

## Average margin levels and mortgage interest rates

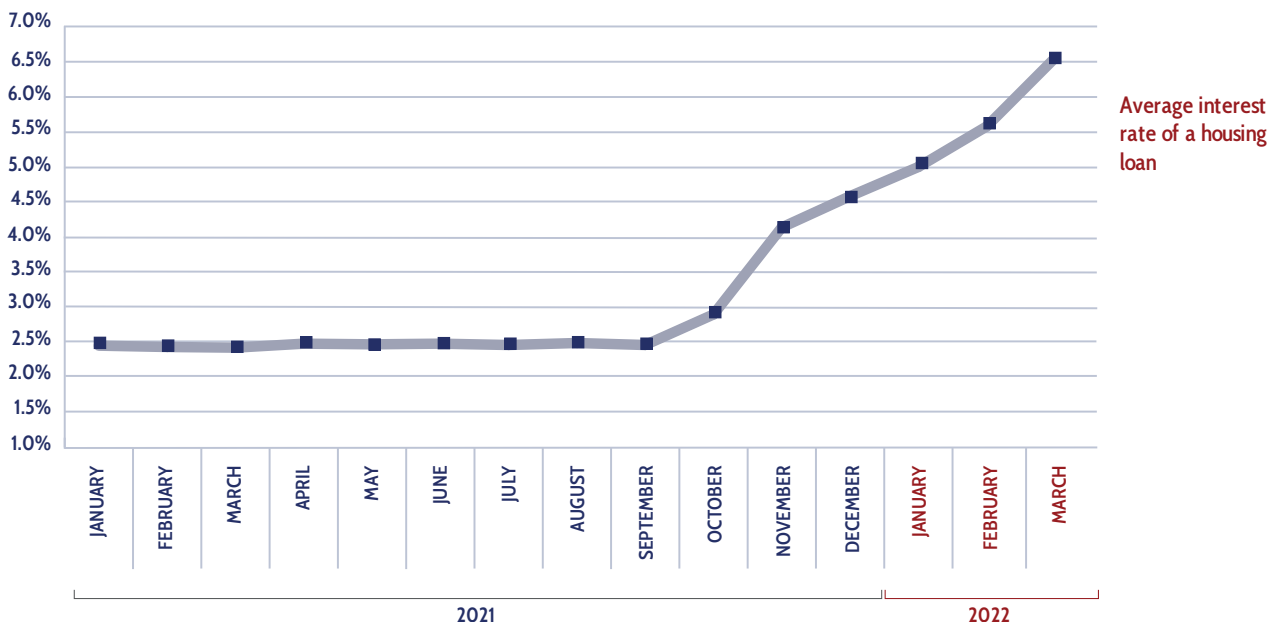
At the end of the first quarter of 2022, the average margin of a housing loan (for a model mortgage loan in amount of PLN 300 000. with the LtV ratio of 75% and granted for the period of 25 years) amounted to **2.01%**, which was less by **0.15 pp** compared to the end of the fourth quarter of 2021. Relating to the end of the corresponding period of 2021, the average mortgage margin was lower by **0.2 pp**. The banks were forced to lower their loan

spreads by both significant decrease in demand for mortgage loans and growing competition.

The average interest rate of a model mortgage loan at the end of the first quarter of 2022 accounted for **6.78%**, i.e. by **2.08 pp** more compared to the end of the fourth quarter of 2021 year and more by **4.36 pp** than as for the end of the first quarter of the last year.



SOURCE: AMRON CENTRE BASED ON BANKS' CREDIT OFFERS



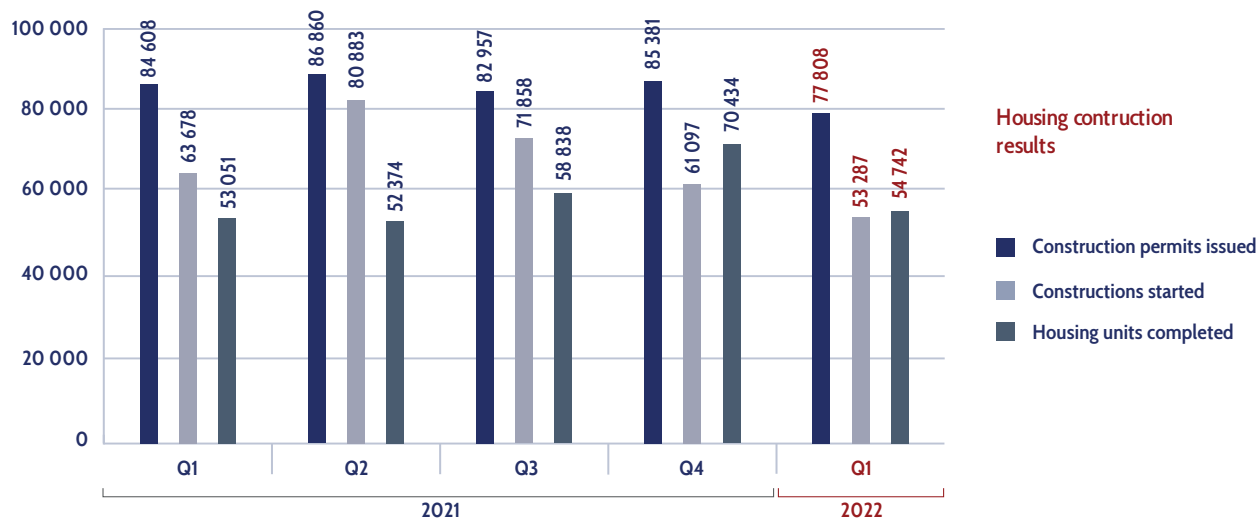
SOURCE: AMRON CENTRE BASED ON BANKS' CREDIT OFFERS

# SITUATION ON HOUSING MARKET

## Housing construction results

Compared to the quotations from the last quarter of 2021, the number of flats completed in the first quarter of 2022 year fell by **22.28%** (54 742 flats were completed). The number of constructions started decreased by **12.78%**. It should be emphasized that it was the third consecutive quarter, in which a decrease of this indicator was recorded. The number of dwellings, for which a building permit was issued or a building design application was submitted, decreased by **8.87%** and amounted to **77 808**.

Compared to the first quarter of 2021, an increase was recorded only in the number of completed flats. In the first quarter of this year, **3.19%** more housing units were completed than in the corresponding period of the previous year. In case of two remaining indicators, declines were recorded. Decrease in number of dwellings under construction amounted to **16.32%**, while the number of dwellings, for which construction permits were issued or for which a construction design applications were submitted, decreased by as much as **8.04%**.



SOURCE: CENTRAL STATISTICAL OFFICE

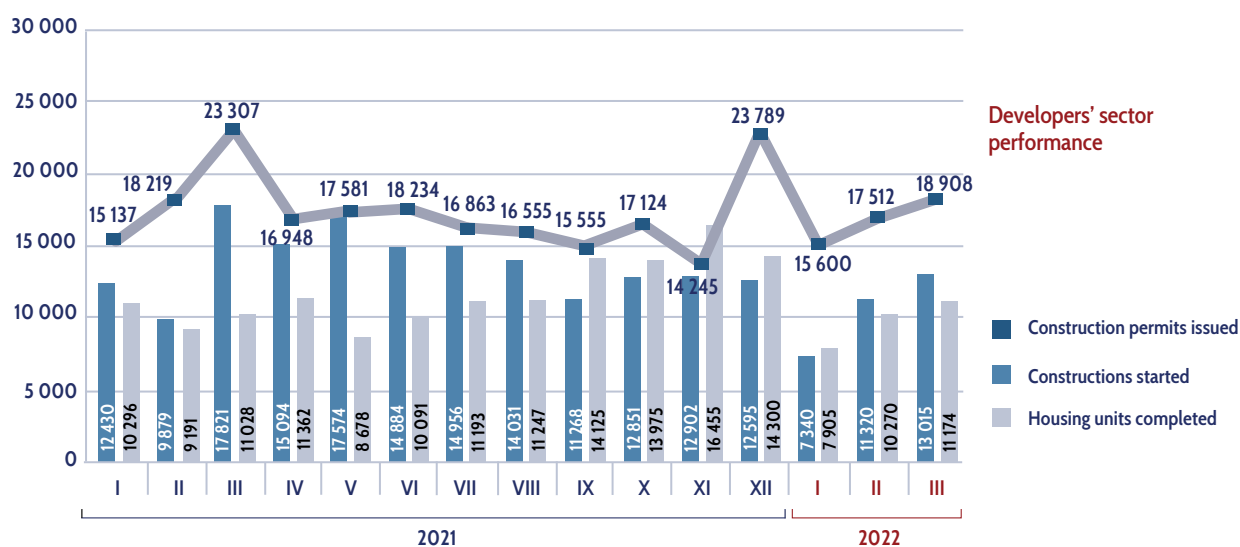
## Developers' sector results

In the first quarter of this year developers started construction of **31 675 flats**, which was more by **17.40** than in the previous quarter. The number of apartments, for which developers obtained building permits in this period, amounted to **52 020**, which meant a decrease by **4.70%**. The deepest decline was recorded in the category of completed dwellings. In period from January to March only **29 349** dwellings were completed, which was less by **33.95%** than in the previous quarter.

Compared to the results achieved by the real estate development sector in the corresponding period last year, decreases were recorded in all categories. In case of dwellings under construction, decrease amounted to **21.07%**, while the number of dwellings, for which developers obtained permits

or submitted applications for construction, was lower by **8.19%** than the year before. The lowest decrease was recorded in number of dwellings completed – in the first quarter of 2022, **3.61%** fewer dwellings were completed than in the previous year.

In the first quarter of 2022, the number of building permits obtained by developers accounted for **66.83%** of all building permits obtained in the housing sector (more by **2.92 pp** compared to the previous quarter). The number of flats started by developers constituted **59.44%** of all commenced investments (less by **3.32 p.p.** than in the previous quarter) and the number of flats completed by developers accounted for **53.61%** of all completed flats (less by **9.47 p.p.** in relation to the previous quarter).

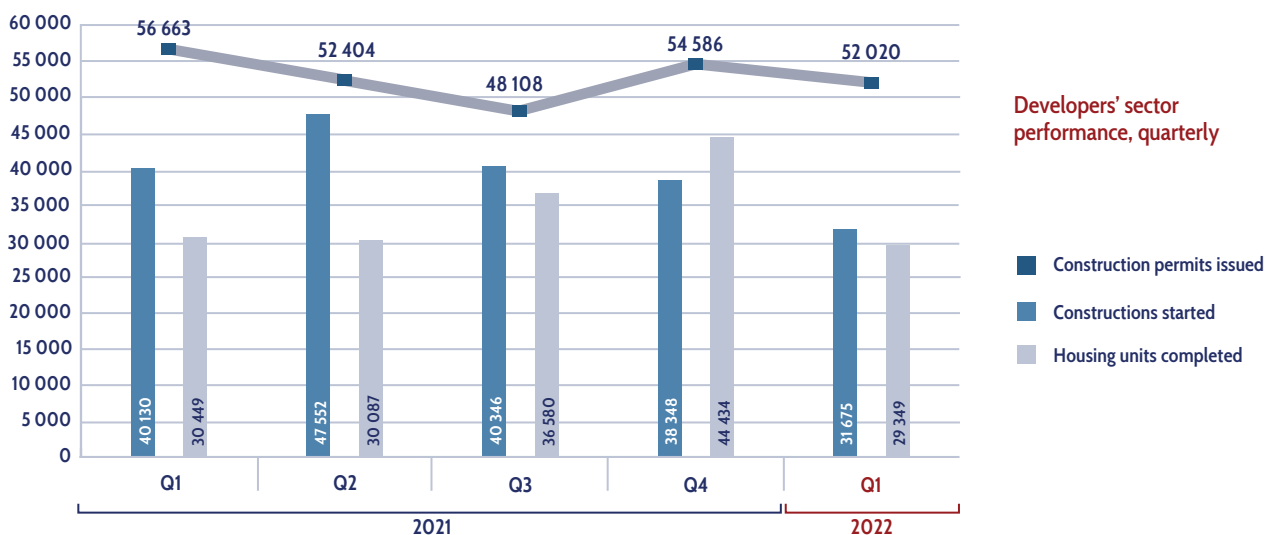


SOURCE: CENTRAL STATISTICAL OFFICE

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Construction permits issued	56 663	52 404	48 108	54 586	52 020
Constructions started	40 130	47 552	40 346	38 348	31 675
Constructions started	30 449	30 087	36 580	44 434	29 349

SOURCE: CENTRAL STATISTICAL OFFICE

Developers' sector performance, quarterly



SOURCE: CENTRAL STATISTICAL OFFICE

## Average transaction prices of housing units

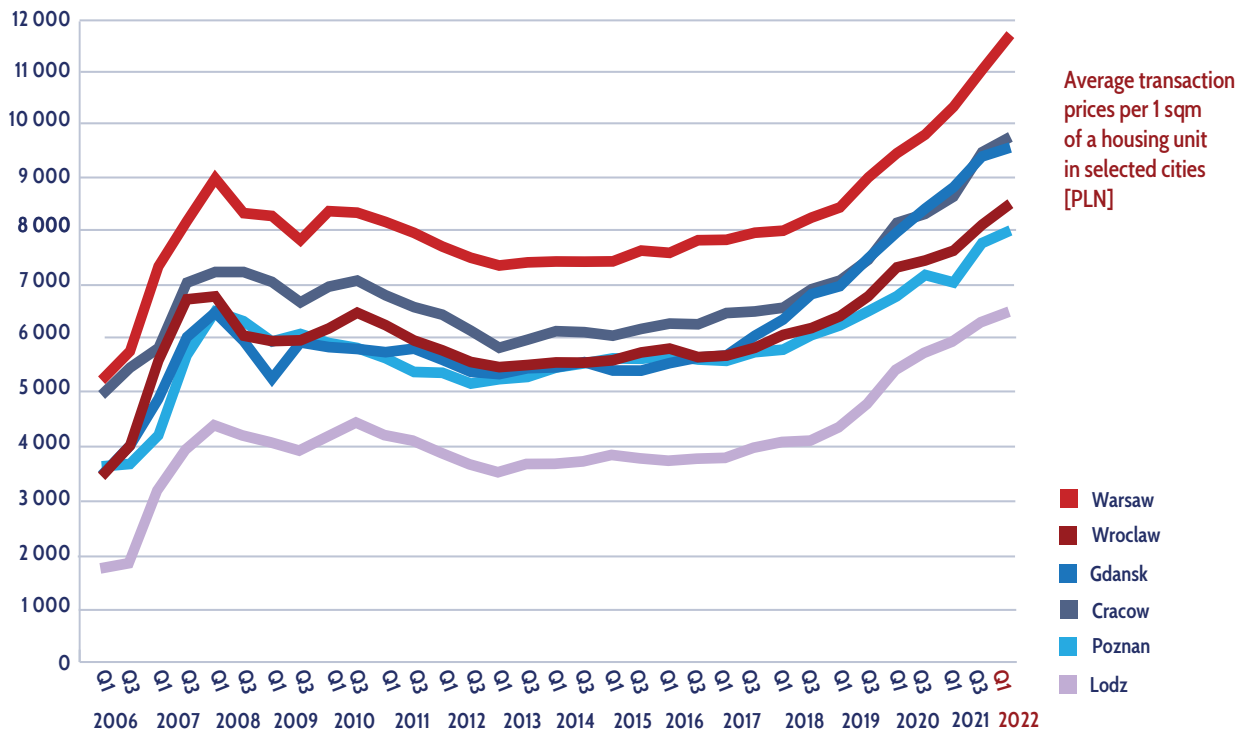
The first quarter of 2022 brought a clear slowdown in the growth rate of average apartment prices in the largest Polish cities. A series of interest rate increases and the amendment to the S recommendation resulted in significant reduction in demand for mortgage loans and, in consequence, for housing. Dynamically rising inflation and new tax rules under Polish Order, with its subsequent adjustments and changes, additionally complicated the situation and introduced uncertainty about the future economic situation, as well as about the level of future income of potential borrowers and housing buyers. Russia's aggression on Ukraine, apart from a significant drop in consumer optimism, has had a number of negative consequences for housing construction, including in particular availability of labour (an outflow of up to 30% of employees from Ukraine).

The highest increase in the average nominal price, by **2.70%**, was recorded in Warsaw, where the average transaction price in the first quarter

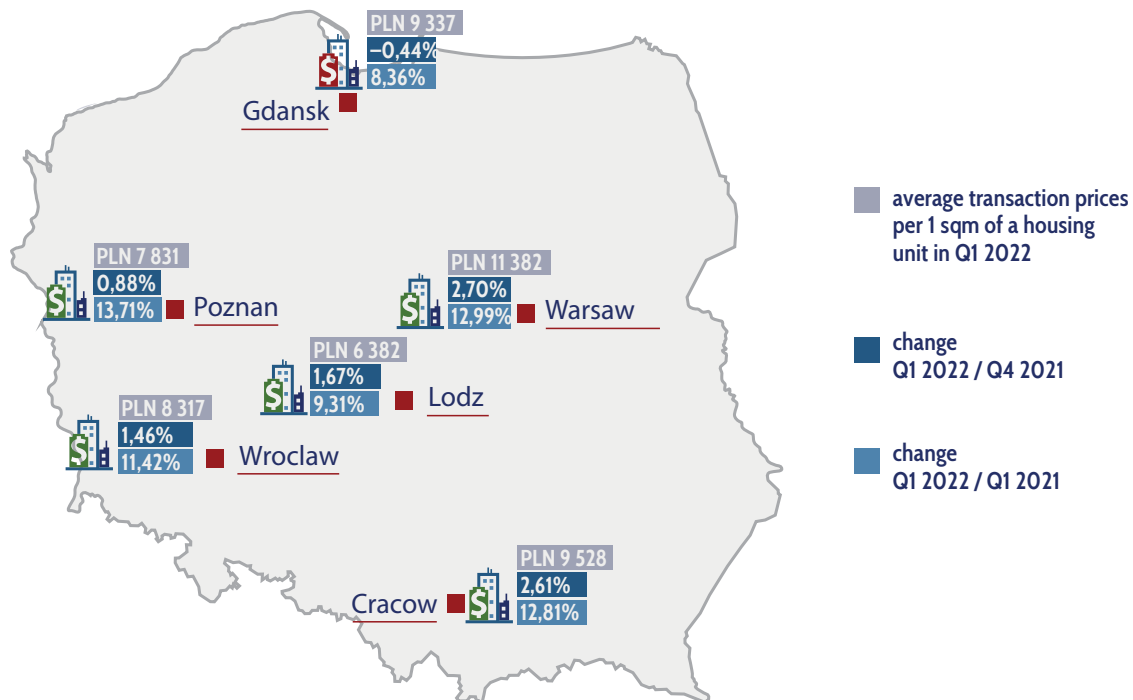
of 2022 was **PLN 11 382/sqm**. Increases in average prices were also recorded in Wrocław (by **1.46%**), Cracow (by **2.61%**), Poznan (by **0.88%**) and Lodz (by **1.67%**). The only city among the largest cities in Poland, where the average price dropped, was Gdansk – average prices fell by **0.44%**.

**It should be noted, however, that increases in average prices did not exceed the level of 3% in any large Polish city. Taking into account the level of inflation recorded in the first quarter of this year (3.80%), this means that in real terms, the average prices of one square meter of housing dropped in all the examined locations.**

In relation to the corresponding period of 2021, the largest increases in the average price of apartments were recorded in Poznan (by **13.71%**), Warsaw (**12.99%**) and Cracow (**12.81%**). The lowest increase was recorded in Gdansk (**8.36%**).



SOURCE: AMRON



SOURCE: AMRON

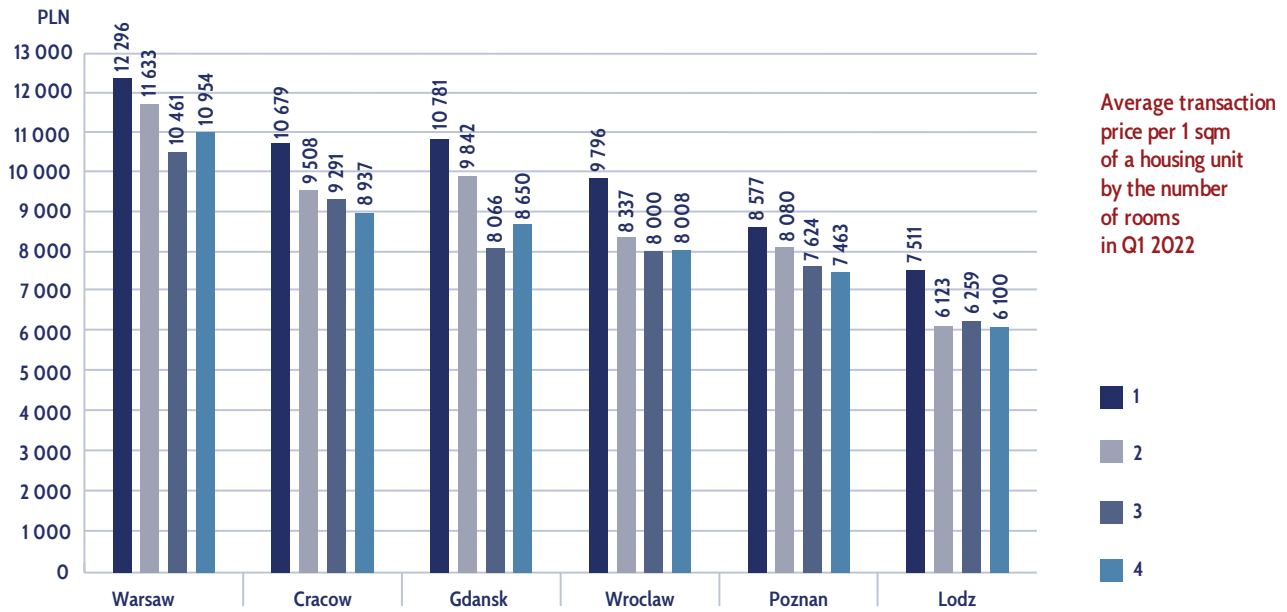
QUARTER	WARSAW	WROCLAW	GDANSK	CRACOW	POZNAN	LODZ
Q1 2015	7 267	5 475	5 289	5 921	5 509	3 782
Q2 2015	7 354	5 534	5 253	5 973	5 454	3 732
Q3 2015	7 463	5 617	5 287	6 044	5 502	3 720
Q4 2015	7 339	5 563	5 343	6 013	5 426	3 742
Q1 2016	7 422	5 687	5 423	6 141	5 564	3 677
Q2 2016	7 503	5 554	5 388	6 279	5 429	3 621
Q3 2016	7 651	5 533	5 525	6 128	5 489	3 714
Q4 2016	7 527	5 540	5 687	6 310	5 530	3 898
Q1 2017	7 659	5 560	5 562	6 332	5 465	3 729
Q2 2017	7 704	5 585	5 717	6 202	5 445	3 864
Q3 2017	7 787	5 701	5 919	6 361	5 622	3 913
Q4 2017	7 882	5 928	6 162	6 489	5 727	3 972
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
<b>Q1 2022</b>	<b>11 382</b>	<b>8 317</b>	<b>9 337</b>	<b>9 528</b>	<b>7 831</b>	<b>6 382</b>

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

SOURCE: AMRON

The analysis of changes in the average transaction price for 1 sqm of usable floor area indicates its strong correlation with the number of rooms in an apartment in most of the analysed locations. The size of the housing market seems to be the key factor here, which certainly is not always strictly related to the size of the city itself or a group of cities. The larger the market, the greater variety

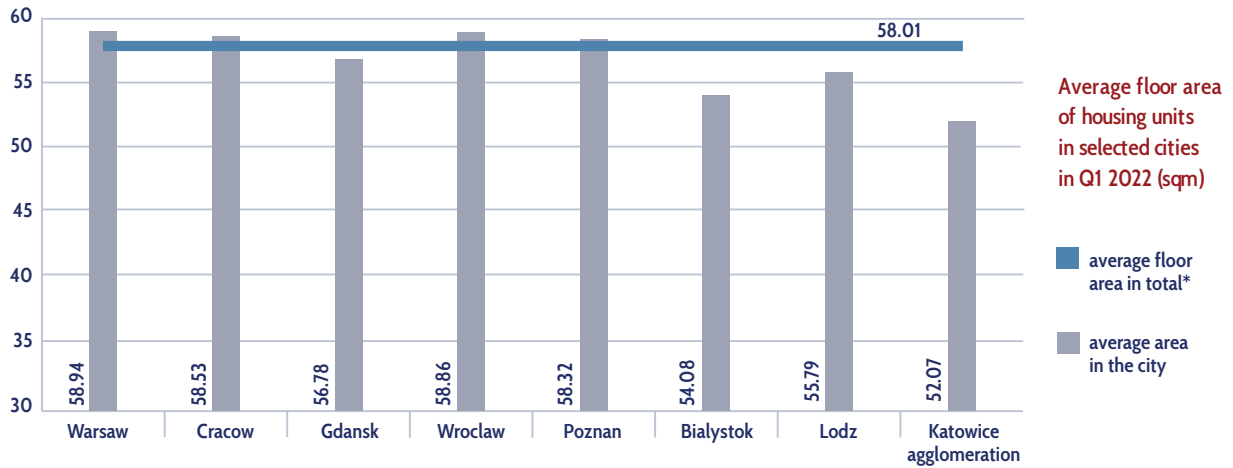
of prices. and vice versa – the smaller the market, the more homogeneous in terms of prices. In the first quarter of 2022, the average price of 1 square meter of a studio apartment in Warsaw was **PLN 12 296** per sqm, a two-room apartment – **PLN 11 633** per sqm, a three-room apartment – **PLN 10 461** per sqm and a four-room apartment – **PLN 10 954** per sqm.



SOURCE: AMRON

The average usable floor area of dwellings purchased in the first quarter of 2022 in the eight largest Polish agglomerations slightly increased compared to the value recorded in the previous quarter and amounted to **58.01** sqm. The

highest average area of sold flats was recorded in Warsaw (**58.94** sqm) and Poznan (**58.86** sqm), while the smallest flats were traded in Katowice agglomeration where the average space was **52.07** sqm.



\* in 8 surveyed locations

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.

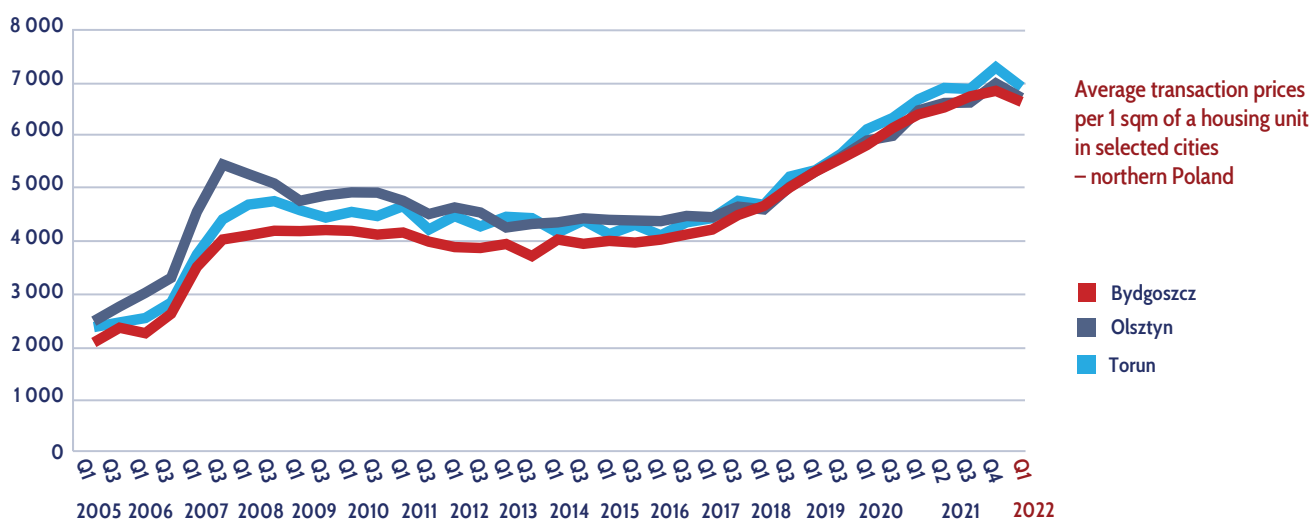
### Region – northern Poland

In the first quarter of 2022, the highest average price of 1 square meter of a flat among the

northern region cities was recorded in **Torun – PLN 6 778**. In Torun there was also the highest price dynamics recorded, compared to the fourth quarter of 2021 – decrease by **5.11%**. Price decreases were also noted in other  
In relation to the fourth quarter of 2020, prices grew the fastest in **Olsztyn – by 12.82%**.

city	Price in Q1 2022	Change Q1 2022/Q4 2021	Change 2022/2021
Bydgoszcz	6 498	-3,06%	3,70%
Olsztyn	6 573	-3,98%	3,64%
Torun	6 778	-5,11%	3,53%

SOURCE: AMRON



SOURCE: AMRON

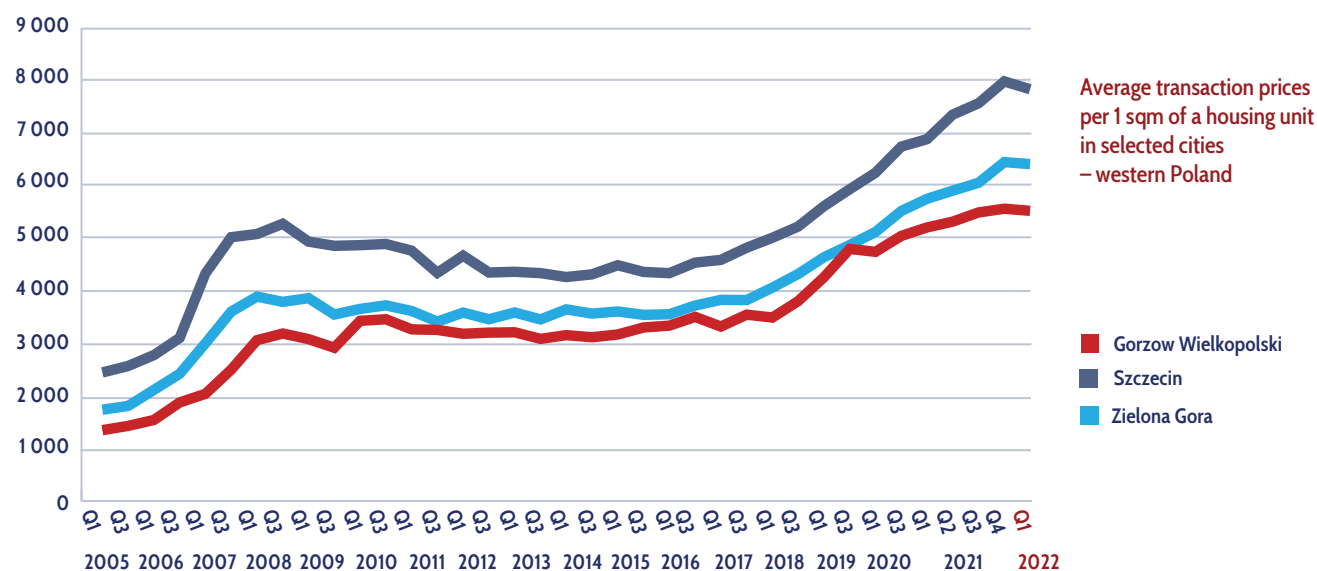
## Region – western Poland

Among the cities of western Poland, the highest prices were recorded in **Szczecin**, where the average price per 1 square meter of a flat in Q1 2022 amounted to **PLN 7 664** and was lower than a quarter earlier by **1.88%**. The lowest average

price was recorded in **Gorzow Wielkopolski** – **PLN 5 399**. The lowest dynamics of the average price in Q1 2022 was also recorded in Gorzow Wielkopolski – a decrease by **0.71%**. In annual terms, the highest price dynamics was recorded in **Szczecin** – **13.80%**.

city	Price in Q1 2022	Change Q1 2022/Q4 2021	Change 2022/2021
Gorzow Wielkopolski	5 399	-0,71%	6,07%
Szczecin	7 664	-1,88%	13,80%
Zielona Gora	6 271	-0,58%	11,47%

SOURCE: AMRON



SOURCE: AMRON

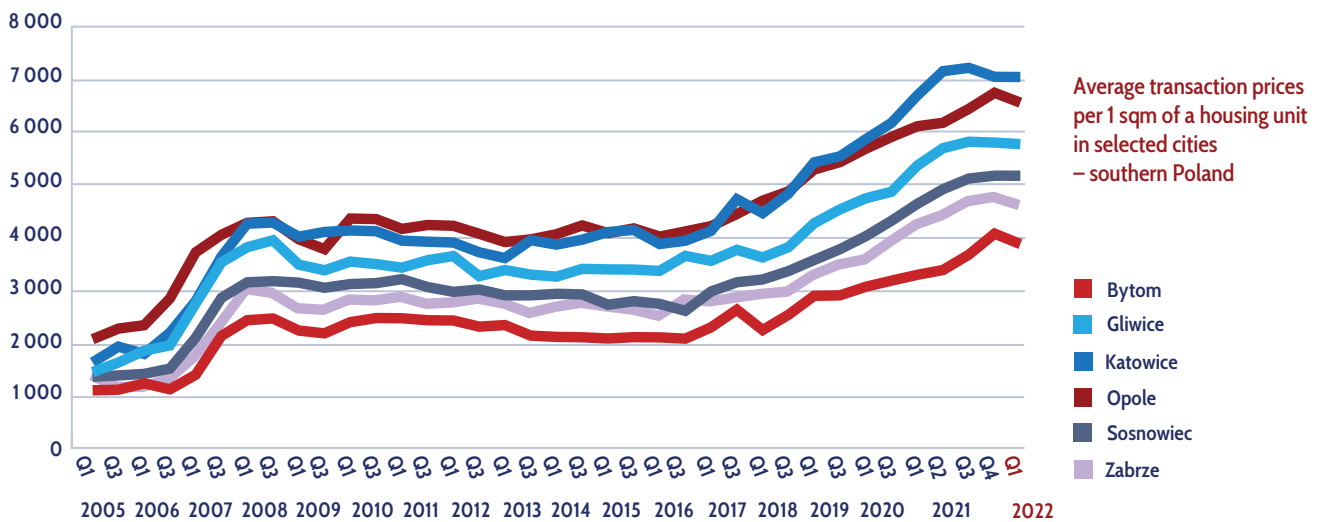
## Region – southern Poland

**Katowice** continued to be the most expensive city among the examined cities in southern Poland. The average price per 1 square meter of a flat in Katowice in Q1 2022 amounted to **PLN 6 904** and was by **0.05%** lower than in the previous quarter.

The city with the highest price dynamics was again **Bytom**, which was also the cheapest city in the region with an average price of 1 sqm amounting to **PLN 3 791**. Compared to the value recorded in the previous quarter, it meant a decrease by **4.89%**. In annual terms, the average price recorded in Bytom in the first quarter of 2022 was higher by **17.76%**.

city	Price in Q1 2022	Change Q1 2022/Q4 2021	Change 2022/2021
Bytom	3 791	-4,89%	17,76%
Gliwice	5 654	-0,50%	7,59%
Katowice	6 904	-0,05%	5,25%
Opole	6 426	-2,79%	7,33%
Sosnowiec	5 066	-0,04%	11,53%
Zabrze	4 544	-3,22%	8,60%

SOURCE: AMRON



SOURCE: AMRON

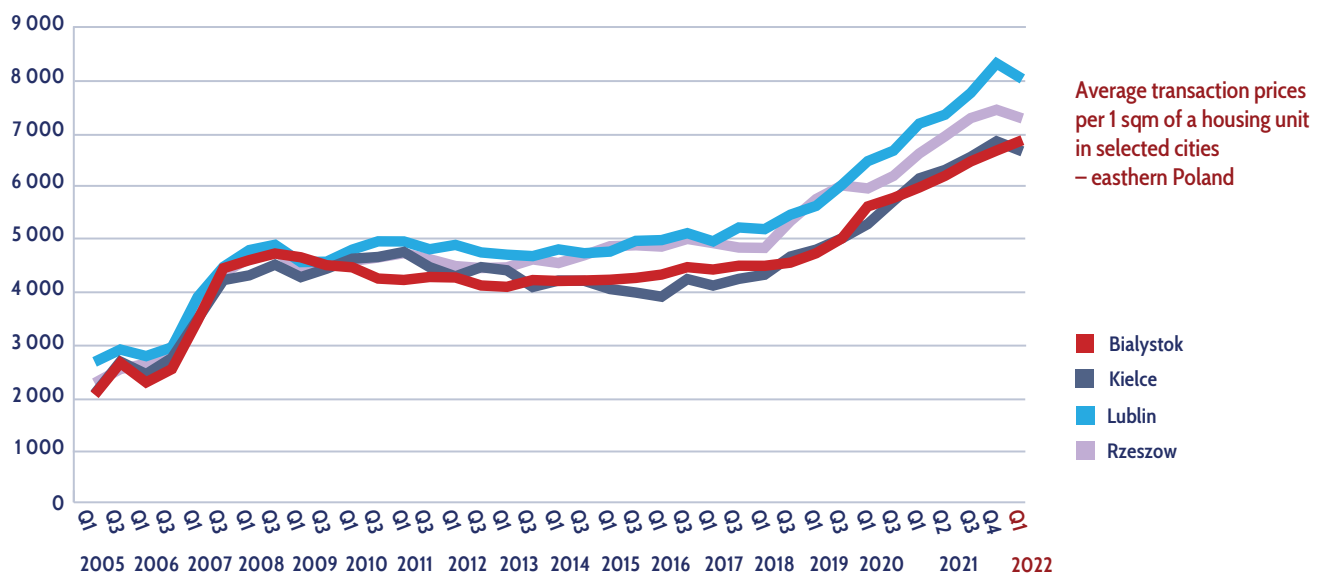
### Region – eastern Poland

In the group of cities in eastern Poland, the highest average price in Q4 2021 was recorded in **Lublin** – it was equal to **PLN 7 880**. The lowest average price was recorded in **Bialystok** – it amounted to **PLN 6 738**. **Bialystok** was however the only city, where the average price

increased during this period. The increase amounted to **2.96%** compared to the values recorded in the fourth quarter of last year. In annual terms, the largest change in apartment prices was also recorded in **Bialystok**, where the price recorded in the first quarter of 2022 was higher by **15.04%** than recorded a year earlier.

city	Price in Q1 2022	Change Q1 2022/Q4 2021	Change 2022/2021
Bialystok	6 738	2,96%	15,04%
Kielce	6 531	-2,81%	8,33%
Lublin	7 880	-3,53%	11,81%
Rzeszow	7 144	-2,20%	10,05%

SOURCE: AMRON



SOURCE: AMRON

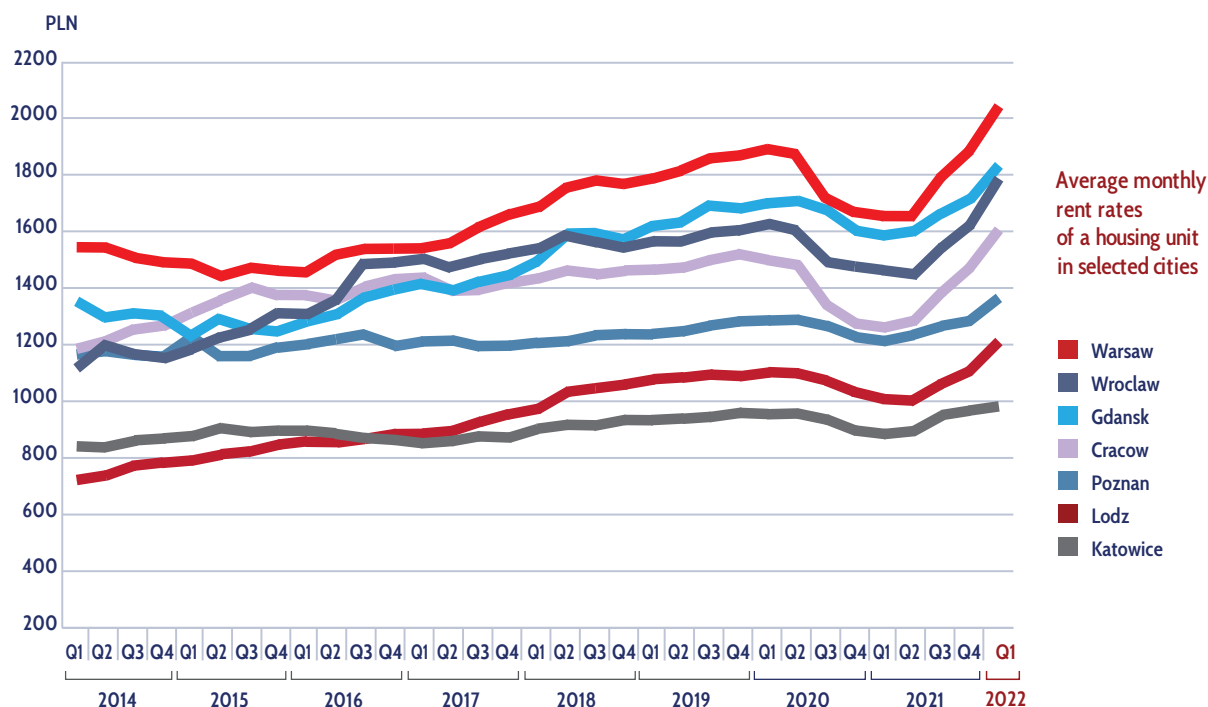
## Average rent rates of housing units

Inflow of a significant number of refugees to Poland as a result of Russia's aggression on Ukraine on February 24 this year, has fundamentally changed the situation on Polish rental market once again in the course of last few years. On one hand, a supply reduction resulting from withdrawal of flats intended for refugees housing was observed, while on the other hand, a simultaneous, significant increase of demand for flats for rent was a result of Ukrainians forced to flee the war. However, **what is important in the context of rental prices, to a large extent it was a specific demand for a relatively short period of rent – limited to approx. one quarter.** As a result, in March dynamic increases in rent rates were recorded. At the moment, the situation stays dynamic and it is difficult even to imagine an equilibrium on the rental market. The market prospects, particularly the prospects for maintaining the current level of rent rates, will depend both on development of the situation in Ukraine and possible refugees' readiness to

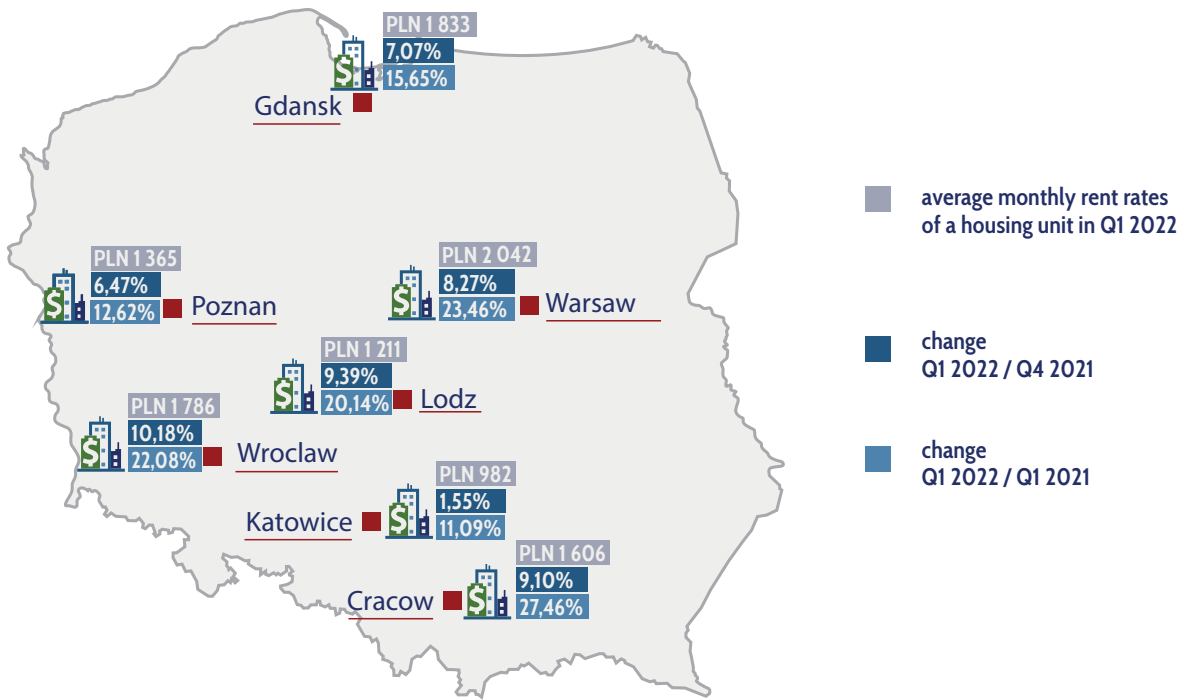
return home, as well as on the future possible absorption of a significant number of Ukrainian workers by the Polish labour market.

Increases in the average rent rates for apartments were observed in all examined locations. The highest rent increase in relation to the level recorded in the previous quarter was noted in Wrocław – **10.18%**. Increases exceeding 9% were also recorded in Łódź (by **9.39%**) and Cracow (**9.10%**). The average rent rate for a flat in Warsaw in the first quarter of 2022 amounted to **PLN 2 042** and was higher than the one recorded in the previous quarter by **8.27%** (PLN 156).

In Poznań and Gdańsk, increases in rent rates were slightly lower – respectively by **6.47%** and **7.07%**. Average rent rates in the first quarter of this year equalled to **PLN 1 365** (Poznań) and **PLN 1 833** (Gdańsk). The lowest increase of the average rent rate among the examined locations was recorded in Katowice – by **1.55%**.



SOURCE: AMRON



SOURCE: AMRON

Average monthly  
rent rates  
of a housing unit  
in selected cities

QUARTER	WARSAW	KATOWICE	WROCLAW	GDANSK	CRACOW	POZNAN	LODZ
Q1 2014	1 544	841	1 116	1 353	1 185	1 165	722
Q2 2014	1 543	837	1 205	1 295	1 212	1 177	737
Q3 2014	1 507	862	1 172	1 311	1 255	1 164	773
Q4 2014	1 491	869	1 152	1 302	1 265	1 157	784
Q1 2015	1 486	876	1 187	1 229	1 313	1 228	791
Q2 2015	1 440	905	1 230	1 290	1 356	1 156	813
Q3 2015	1 472	891	1 254	1 256	1 404	1 160	823
Q4 2015	1 461	899	1 314	1 246	1 373	1 192	847
Q1 2016	1 456	899	1 307	1 282	1 375	1 202	859
Q2 2016	1 518	887	1 358	1 305	1 357	1 219	857
Q3 2016	1 538	870	1 494	1 368	1 405	1 237	867
Q4 2016	1 539	864	1 490	1 394	1 431	1 194	884
Q1 2017	1 540	852	1 505	1 416	1 438	1 214	886
Q2 2017	1 559	859	1 470	1 389	1 390	1 216	894
Q3 2017	1 617	877	1 502	1 424	1 393	1 193	927
Q4 2017	1 659	874	1 521	1 445	1 417	1 196	955
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

SOURCE: AMRON

The rent rates survey was based on the information from current rent agreements (active at the date of the review). The analysis was based on the monthly amounts

owed to the landlord before tax, excluding administration fees and maintenance costs, rent management fees, projected and current utility charges, etc.



## System for Analysis and Monitoring of Real Estate Transactions

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.

During this period, we have collected more than 3,86 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 real estate 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

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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](mailto: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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