

# AMRON-SARFiN Report

on housing loans  
and real estate transaction prices

# 1 / 2023



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ZWIĄZEK BANKÓW POLSKICH



## CHAPTER 1

- 3 REPORT IN NUMBERS
- 4 INTRODUCTION
- 7 ANALYSIS OF MARKET ENVIRONMENT

## CHAPTER 2

- 8 SITUATION ON HOUSING LOANS MARKET
- 8 ACTIVE HOUSING LOANS
- 8 TOTAL HOUSING LOANS DEBT
- 9 NEW HOUSING LOANS
- 10 FIXED RATE LOANS
- 10 LOAN CURRENCY
- 11 QUALITY STRUCTURE OF MORTGAGE LOANS PORTFOLIO
- 12 AVERAGE VALUE OF A LOAN
- 13 STRUCTURE OF NEW LOANS, BY AMOUNT
- 14 STRUCTURE OF NEW LOANS, BY LTV RATIO
- 15 LENDING PERIOD
- 16 HOUSING AVAILABILITY INDEX M3 – HAI M3
- 17 AVERAGE MARGIN LEVELS AND MORTGAGE INTEREST RATES

## CHAPTER 3

- 18 SITUATION ON HOUSING MARKET
- 18 HOUSING CONSTRUCTION RESULTS
- 19 DEVELOPERS' SECTOR PERFORMANCE
- 20 AVERAGE TRANSACTION PRICES OF HOUSING UNITS
- 23 AVERAGE TRANSACTION PRICES OF FLATS IN SMALLER POLISH CITIES
- 27 AVERAGE RENT RATES OF HOUSING UNITS

## CHAPTER 4

- 30 EXPERT'S COMMENT
- 31 SYSTEM FOR ANALYSIS AND MONITORING OF REAL ESTATE TRANSACTIONS
- 31 SYSTEM FOR ANALYSIS OF REAL ESTATE FINANCING MARKET

# REPORT IN NUMBERS

## 485.529 billion

| total housing loans debt

CHANGE  
Q1 2023/Q4 2022

2.11 %

2.328 million	number of active loan agreements	1.63%	↓
21 968	number of concluded agreements	16.04%	↑
PLN 7.472 billion	value of concluded agreements	21.14%	↑
PLN 329 552	average value of a housing loan	4.43%	↑
138.67 points	Housing Availability Index (HAI M3)	7.30 points	↑
18.78%	share of new housing loans with LtV above 80%	1.69%	↑
98.31%	share of new housing loans in PLN. by value	0.55 pp	↑
56.98%	share of new housing loans with lending period of 25–35 years	2.60 pp	↓
PLN 11 704	average transaction price per square meter of a dwelling in Warsaw	4.38%	↑
PLN 2 263	average monthly rent rate of a housing unit in Warsaw	1.68%	↑



AFTER THE LAST FIVE QUARTERS OF DYNAMIC DECLINES IN BANKS' LENDING ACTIVITY, THE FIRST QUARTER OF 2023 BROUGHT INCREASES IN BOTH THE NUMBER AND THE VALUE OF NEWLY GRANTED HOUSING LOANS. HOWEVER, THE SCALE OF MORTGAGE LENDING REMAINED AT A VERY LOW LEVEL, AND THE HIGH GROWTH DYNAMICS WAS PRIMARILY DUE TO THE BASE EFFECT, I.E. VERY POOR RESULTS OF 2022.

*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-fifth edition of the AMRON Centre Report published by the Polish Banks Association. For 14 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 extremely interesting results of the first quarter of 2023 in relation to results of the few previous quarters.

After the last five quarters of dynamic declines in banks' lending activity, the first quarter of 2023 brought increases in both the number and the value of newly granted housing loans. However, the scale of mortgage lending remained at a very low level, and the high growth dynamics was primarily due to the base effect, i.e. very poor results of 2022.

This revival of housing loans market was influenced by the Monetary Policy Council, which, after eleven monthly decisions to increase the NBP interest rates, has maintained a stable NBP reference rate at the level of 6.75% since September. It resulted not only in slowing down the increase of WIBOR 3M index in November 2022 at the level of 7.60%, but led to its gradual decrease to the level of 6.90% at the end of first quarter. The verification by the Polish Financial Supervision Authority of its decision of March 2022, as a result, among others, of Polish Banks Association appeal,

and lowering since February 2023 the buffer amount for creditworthiness calculations from 5% to 2.5% for loans with a periodically fixed interest rate was another impulse contributing to increased demand for mortgage loans. Decisions about taking out a housing loan are eased by psychological familiarisation with high but stable inflation and interest rates, especially in the context of public statements by the Monetary Policy Council members about the possible first cut in NBP interest rates in the coming months. The increase in wages also matters. All this factors make the creditworthiness increase, which was also confirmed by Housing Availability Index monitored by AMRON Centre. The average value of newly granted housing loans also increased after four quarters of declines.

The number of housing loans granted in the first quarter of 2023 accounted for 21 968, which was by 16.04% more than in the previous quarter and their value amounted to PLN 7.472 billion, which meant an increase by 21.14%. In comparison to the corresponding period of 2022, however, these results were lower nearly by half.

Will this recovery be more lasting and longer, or is it just a short rebound? In a moment, a new offer of loans with a variable rate based on WIRON index will be available, many potential borrowers are waiting for the government's 'Safe Loan 2%', and others are counting on the first interest rate cut by the MPC. It can only get better.

The level of repayments of active housing loans was still higher than the new loans. In the period from January 1, 2022, the number of active housing loan agreements in Poland decreased by over 221 thousand to the level of 2 328 thousand, and total indebtedness of Polish households due to housing loans decreased by over PLN 25 billion and amounted to PLN 486 billion.

The housing construction sector, which achieved very good results in the previous year (not so good for the banking sector) and completed in 2022 a record number of over 238 thousand new flats and single-family houses, in the first quarter this year has demonstrated investment reticence, understandable especially considering rapidly growing construction costs. In comparison to the first quarter of 2022, the number of started constructions decreased by 27.61%, and the number of dwellings with construction permits issued or construction design applications submitted was lower by 33.66%. The number of completed dwellings was slightly, by only 0.08%, higher than a year earlier.

In the first quarter of this year, after several periods of floating dynamics of changes, significant increases in average housing prices in the largest Polish cities were recorded. The highest increases were recorded in Cracow, Warsaw and Poznan – respectively by 5.95%, 4.38% and 4.12%, and in other agglomerations monitored by AMRON Centre – at the level of approximately 3.5%. One of the reasons for this increase in prices were the expectations of potential beneficiaries of the government's 'Safe Loan 2%' programme. After the first announcements of this undoubtedly very attractive solution, the number of reservation agreements with developers increased significantly.

There is practically no trace of the two main factors that have influenced demand in the last few quarters (the demand from refugees from Ukraine and the demand 'shifted' from the housing market to the rental market after the interest rate increases). The first quarter of 2023 on the rental market brought a significant increase in the supply of apartments in most of the largest Polish cities. In the first quarter of 2023, the highest increase in rent rates in relation to the level recorded in the previous quarter was recorded in Katowice – 3.64%, but Warsaw recorded an increase by only 1.68% and Cracow – by 0.83%. In other analysed cities, average rents decreased by approximately 1.50%.

It is pleasant to observe the increase in lending in the first quarter of 2023, which improves the moods, especially among developers, who, apart from potential beneficiaries of the 'Safe Loan 2%' programme, can still count on cash investors and institutional rent companies (PRS). When it comes to forecasts for the housing loan market, it seems impossible to improve the result from the disastrous year 2022. Reaching the level of 100 thousand new loans with a total value of PLN 35 billion in 2023 will be a success.

Certainly, much depends on the situation beyond our eastern border, on the Polish government's decisions on European funds for the implementation of the National Recovery Plan and pre-election ideas. As I mentioned, 'Safe Loan 2%' promises to be a very attractive solution. The question is, how many people will finally benefit from it. In the introduction to the previous AMRON-SARFIN Report, I mentioned the effectiveness of government ideas included in the Polish Deal. Only 329 borrowers took out a housing loan without a downpayment, and 1 058 individual investors started building a house without a permit. On May 16, 2023, the Minister of Economic Development and Technology announced that the most important housing programme of the current government 'Flat Plus Programme', which has been implemented since 2016, will be closed, but apparently the government is already preparing a surprise in this regard. It seems that we will face more surprising ideas, not consulted with the participants of the housing and financial markets.

Unfortunately, the pre-election atmosphere is not conducive to the systemic solutions for the housing loan market, but it could certainly be used to increase the supply of land for housing construction, for example by offering land owned by the State Treasury, state-owned companies or local governments, collected and recorded in the National Properties Resources under 'Flat Plus Programme'. It should be in the interest of the government not only to spectacularly support demand, but above all to increase supply on the housing market. We can definitely afford a higher scale of budget for this purpose than before. It just pays off for all of us. The latest analyses showed that as much as 37% of the price paid to developer on primary market goes to the state budget in fees and taxes!

We are not waiting for another 'housing surprise' from the government. We are waiting for the

possibility of a fair discussion, exchange of arguments and presentation of real numbers. Let's take a chance on launching a fixed-rate contract loan in Poland as construction unions, or to finally unblock the process of issuing and trading in covered bonds, which has been inefficient for 25 years. We provide conclusions and arguments collected during the extremely interesting 19th Housing Finance Congress, which took place at the beginning of March this year with numerous representatives of banks, developers, insurance industry and academic sectors. Unfortunately, there were no government's representatives of housing and finance departments. On May 16, 2023, Director Kamil Liberadzki from the Polish Financial Supervision Authority presented an

interesting initiative regarding covered bonds in the presentation 'Long-term financing of mortgage loans'.

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

After several quarters of dynamic declines, the first quarter of 2023 brought increases in both the number and the value of newly granted housing loans. Nevertheless, the scale of banks' lending remained at a very low level, and the high growth dynamics was primarily due to the base effect. The increase in banks' lending activity was also a partial reversal of changes visible in previous quarters – an increase in the average loan value and a change in the structure of LtV ratio.

The activity of investors on the construction market remained at a low level. The lower results achieved by developers were caused by both seasonal factors and adjusting the supply of apartments to the reduced demand.

In the first quarter of this year, significant increases in average prices in the largest Polish cities were recorded. However, despite the recorded price increases, in most of the analysed locations, decreases in average prices in real terms were continued. Cracow and Warsaw were the exceptions, where the increase in the average price in the first quarter of this year slightly exceeded the rate of inflation.

The first quarter of 2023 on the rental market brought a significant increase in the supply of apartments in most of the largest Polish cities (measured by the number of offers). With stable demand in the coming quarters, a reduction in rent rates increases is expected, or even actual decreases. The increase in the cost of housing maintenance, which should be expected as a consequence of the increase in the prices of energy and services, will also exert pressure on the reduction of rent rates.

The most important factors shaping the situation on the residential real estate market and the mortgage loan market in the first quarter of 2023 were:

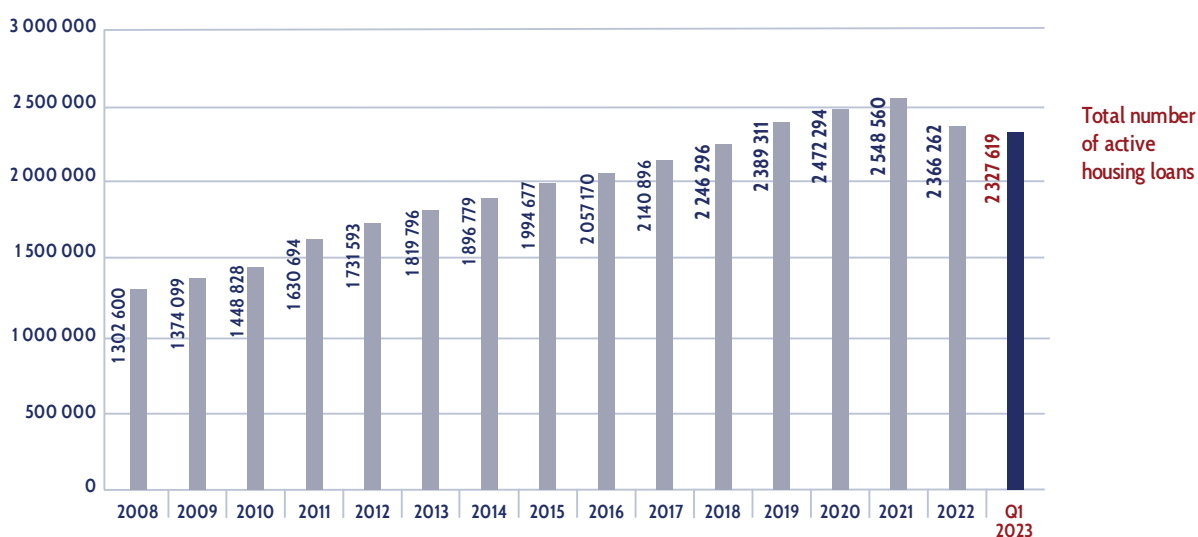
- keeping the NBP interest rates by the Monetary Policy Council at the current level at the following MPC meetings on January 3, February 7 and March 7 this year;
- persistently high level of inflation – in the first quarter of 2023, Central Statistical Office consumer price index amounted to 4.3% in relation to Q4 2022;
- higher than expected GDP growth – in the first quarter of 2023 the economy decreased by 0.2% y/y;
- persistently low level of unemployment – at the end of March 2023, the registered unemployment rate accounted for 5.4%, i.e. slightly increased (by 0.2%) compared to the end of the previous quarter;
- a slight increase in consumer optimism, visible in the BWUK quotations (consumer confidence index recorded by the Central Statistical Office);
- persistently low level of developers activity;
- persistently high prices of construction materials, higher by 14% on average in comparison to the same period last year. An increase in prices was recorded in 19 product groups (data from PSB Handel S.A.).

# SITUATION ON HOUSING LOANS MARKET

## Active housing loans

As for March 31, 2023, the total number of active housing loan agreements in Poland amounted to **2 327 619**. This meant a decrease by **1.63%**, i.e. nominally by **38 642** loans, in comparison to the end of Q4 2022. It meant that the number of

housing loans repaid in the third quarter almost three times exceeded the number of newly granted loans. Q1 2023 was therefore another period of decrease in the portfolio of active housing loans.

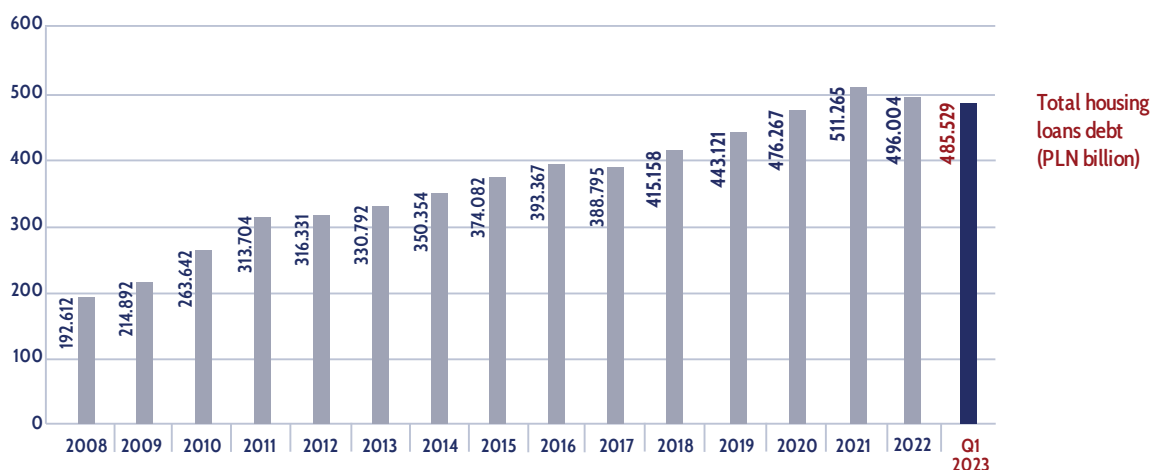


SOURCE: SARFIN

## Total housing loans debt

The total value of Polish households debt due to granted housing loans at the end of Q1 2023 amounted to **PLN 485.529 billion**, compared to **PLN 496.004 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 decreased by **2.11%**, i.e. by **PLN 10.475 billion**.



SOURCE: SARFIN

## New housing loans

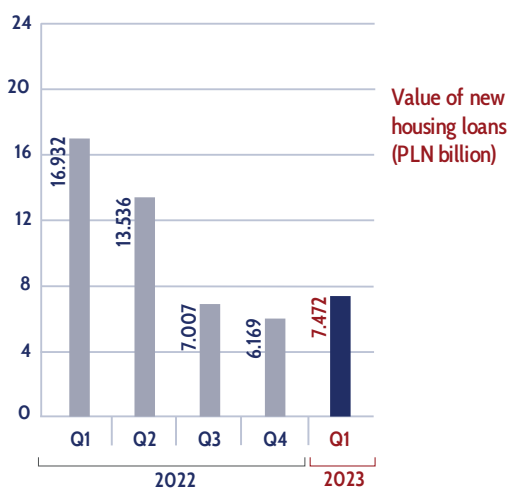
The number of housing loans granted in Q1 2023 amounted to **21 968**, which was by **16.04%** more than in the previous quarter (nominally more by **3 036** loans). The value of newly granted mortgage loans amounted to **PLN 7.472 billion**, which meant an increase by **PLN 1 304 million**, i.e. **21.14%** more in comparison to Q4 2022.

In relation to the corresponding period of the previous year (Q1 2022), **25 799** (i.e. **54.01%**) less loan agreements were concluded of a value lower by **PLN 9.460 billion** (**55.87%**).

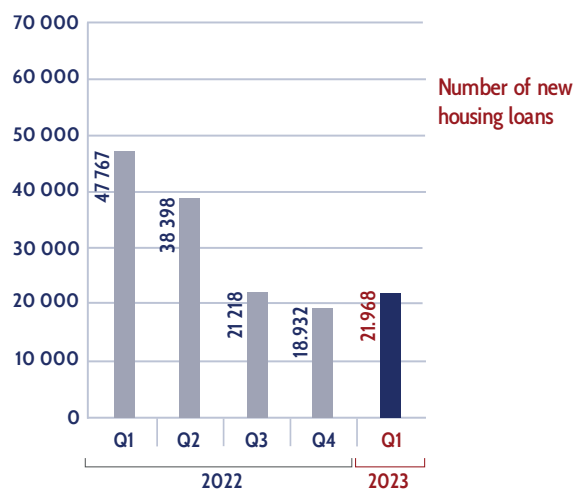
QUARTER	VALUE (PLN BILLION)	CHANGE/ previous quarter	NUMBER	CHANGE/ previous quarter
Q1 2022	16.932	24.59% ↓	47 767	25.27% ↓
Q2 2022	13.536	20.06% ↓	38 398	19.61% ↓
Q3 2022	7.007	48.23% ↓	21 218	44.74% ↓
Q4 2022	6.169	11.97% ↓	18 932	10.77% ↓
<b>Q1 2023</b>	<b>7.472</b>	<b>21.14% ↑</b>	<b>21 968</b>	<b>16.04% ↑</b>

Value and number of new housing loans

SOURCE:SARFIN



SOURCE:SARFIN

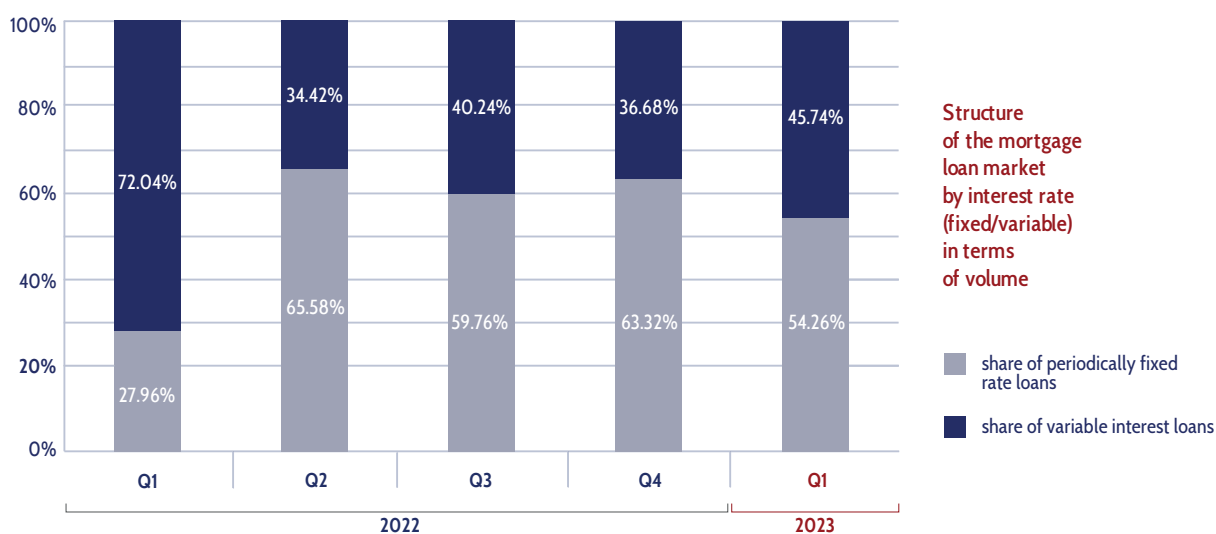


SOURCE:SARFIN

## Fixed rate loans

In the period from January to March 2023, banks granted **17 663** loans with a periodically fixed interest rate (both newly signed and annexed loan agreements). It was **54.26%** of total sales of mortgage loans. The number of newly granted loans with a periodically fixed interest rate amounted to **11 919** in this period, which meant a slight decrease – by **0.57%** in comparison to

the previous quarter. Total value of loans with a periodically fixed interest rate granted in Q1 2023 amounted to **PLN 4 761.94 billion**, which accounted for **52.33%** of the total lending activity of banks in this period. The value of new loans with a periodically fixed interest rate was by **5.91%** higher than in the previous quarter and amounted to **PLN 3 909.81 billion**.



SOURCE: DATA OF THE REAL ESTATE FINANCE COMMITTEE OF PBA PREPARED BY M. WYDRA

## Loan currency

In the first quarter of this year, PLN housing loans accounted for **98.31%** of the value of all newly granted housing loans, i.e. more by **0.55 pp** in relation to the previous quarter. The share of loans denominated in CHF in the portfolio of new loans remained at the level of **0.01%**. The share of loans denominated in EUR decreased by **0.54 pp**, to the level of **1.57%**. Loans granted in other foreign currencies accounted for **0.11%**,

i.e. less by **0.01 pp** than in the fourth quarter of last year.

In comparison to Q1 2022, the share of value of newly granted loans in PLN decreased by **0.77 pp**, the share of EUR housing loans increased by **0.76 pp**, the share of loans denominated in other foreign currencies increased by **0.01 pp** and the share of loans denominated in CHF did not change.

QUARTER	PLN	CHF	EUR	OTHER
Q1 2022	99.08%	0.01%	0.80%	0.10%
Q2 2022	98.64%	0.01%	1.26%	0.09%
Q3 2022	97.52%	0.01%	2.33%	0.14%
Q4 2022	97.76%	0.01%	2.11%	0.12%
Q1 2023	98.31%	0.01%	1.57%	0.11%

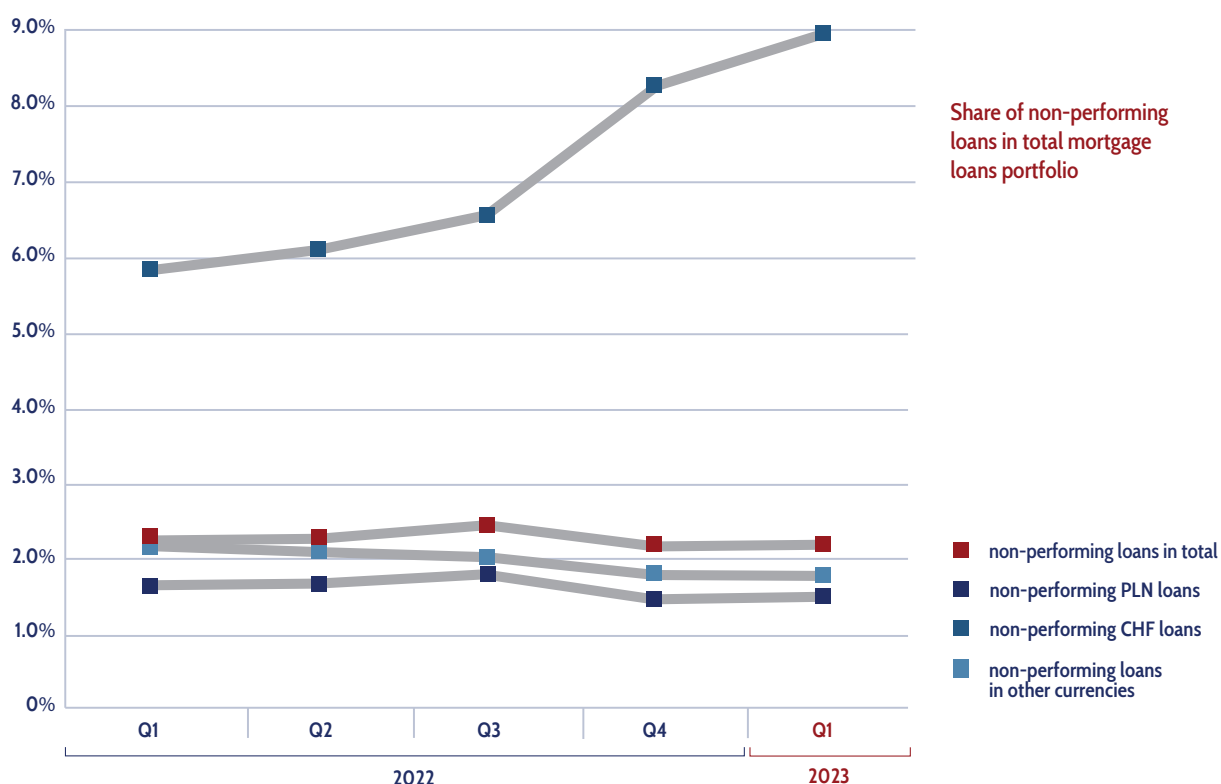
SOURCE: SARFIN

## Quality structure of mortgage loans portfolio

At the end of Q1 2023, the share of non-performing housing loans in the mortgage portfolio was equal to **2.29%**, which was by **0.026 pp** more comparing to the level noted a quarter earlier. At the end of March this year, the share of PLN housing loans with default on payments amounted to **1.54%**, which meant an increase by **0.044 pp**. The share of non-performing loans in CHF accounted for **8.93%** of the portfolio (more by **0.70 pp** than a quarter earlier), while the share of non-performing loans

in other foreign currencies amounted to **1.86%** (more by **0.05 pp**).

In comparison to Q1 2022, the share of total volume of non-performing housing loans decreased by **0.046 pp**. The share of PLN loans with default on payments decreased by **0.18 pp**, the share of non-performing loans in CHF increased by **3.07 pp**, while the share of non-performing loans in other foreign currencies decreased by **0.3 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 2022	2.34%	1.72%	5.86%	2.15%
Q2 2022	2.36%	1.74%	6.10%	2.08%
Q3 2022	2.52%	1.85%	6.51%	2.02%
Q4 2022	2.27%	1.49%	8.23%	1.81%
Q1 2023	2.29%	1.54%	8.93%	1.86%

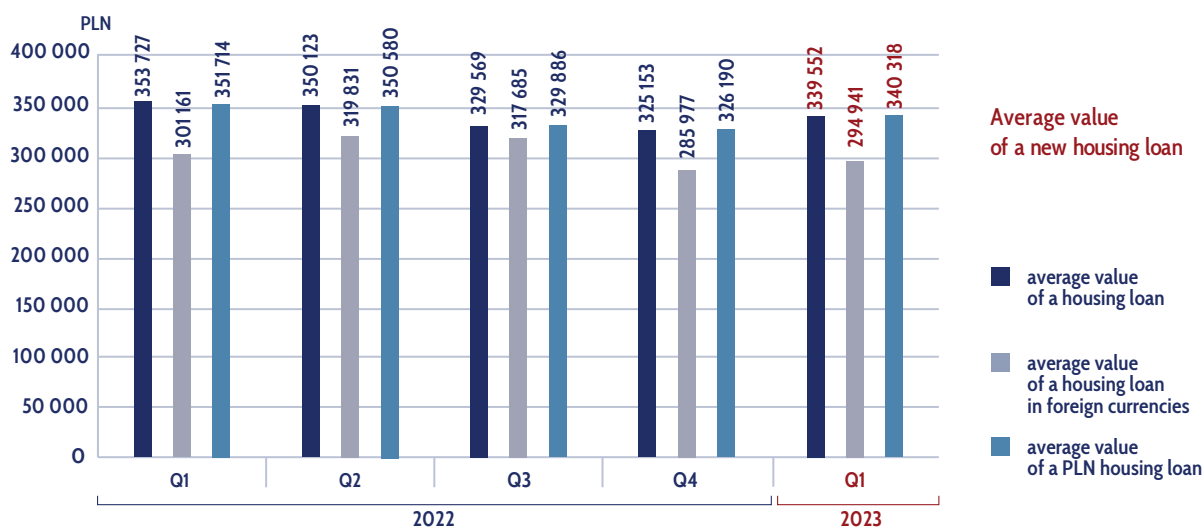
SOURCE: NATIONAL BANK OF POLAND

Share of non-performing loans in total mortgage portfolio

## Average value of a loan

The average value of newly granted housing loans in Q1 2023 amounted to **PLN 339 552**, which was more by **PLN 14 400 (4.43%)** in comparison to the previous quarter. At the same time, the average value of a foreign currency loan increased by **PLN 8 964**, i.e. **3.13%** and amounted to **PLN 294 941**. The average amount of a housing loan granted in PLN amounted to **PLN 340 318**, which meant an increase by **PLN 14 128 (4.33%)** in relation to the value noted in Q4 2022.

Comparing to Q1 2022, the average value of new housing loans granted in domestic currency diminished by **3.24%** (nominally by **PLN 11 396**) and the average value of loans denominated in foreign currencies decreased by **2.07%** (i.e. by **PLN 6 220**). The average value of a mortgage loan in total decreased by **4.01%**, i.e. nominally by **PLN 14 175** in comparison to the analogous quarter of 2022.



SOURCE: SARFIN

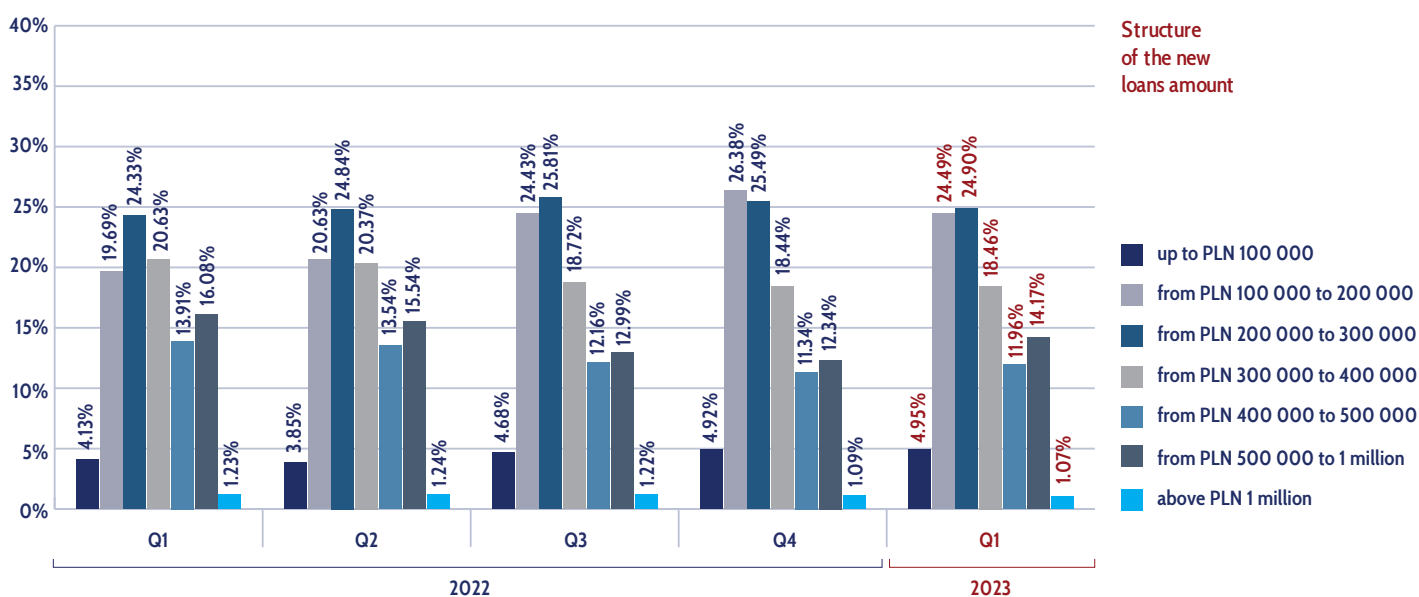
QUARTER	AVERAGE VALUE OF A HOUSING LOAN	AVERAGE VALUE OF A HOUSING LOAN IN FOREIGN CURRENCIES	AVERAGE VALUE OF A PLN HOUSING LOAN
Q1 2022	353 727	301 161	351 714
Q2 2022	350 123	319 831	350 580
Q3 2022	329 569	317 685	329 886
Q4 2022	325 153	285 977	326 190
Q1 2023	339 552	294 941	340 318

SOURCE: SARFIN

## Structure of new loans, by amount

In Q1 2023, dynamic changes in the structure of newly granted housing loans in terms of value were noted again. In comparison to the fourth quarter of last year, increases were observed in shares of loans with a value from PLN 400 to 500 thousand (by **0.62 pp**) and from PLN 500 thousand to 1 million (by **1.83 pp**). On the other hand, the shares of all other loan categories decreased. The largest decrease, by **1.89 pp**, was recorded in category of loans amounting from PLN 100 to 200 thousand.

In relation to Q1 2022, increases were recorded in shares of loans with values up to PLN 300 thousand – by **0.82 pp** in the category of loans up to PLN 100 thousand, by **4.80 pp** for loans between PLN 100 and 200 thousand and by **0.57 pp** in the category of loans with amount from PLN 200 to 300 thousand. In other value categories decreases were noted – the greatest (by **2.17 pp**) in case of loans for amount from PLN 300 to 400 thousand.



SOURCE: SARFIN

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
up to PLN 100 000	4.13%	3.85%	4.68%	4.92%	4.95%
from PLN 100 000 to 200 000	19.69%	20.63%	24.43%	26.38%	24.49%
from PLN 200 000 to 300 000	24.33%	24.84%	25.81%	25.49%	24.90%
from PLN 300 000 to 400 000	20.63%	20.37%	18.72%	18.44%	18.46%
from PLN 400 000 to 500 000	13.91%	13.54%	12.16%	11.34%	11.96%
from PLN 500 000 to 1 million	16.08%	15.54%	12.99%	12.34%	14.17%
above PLN 1 million	1.23%	1.24%	1.22%	1.09%	1.07%

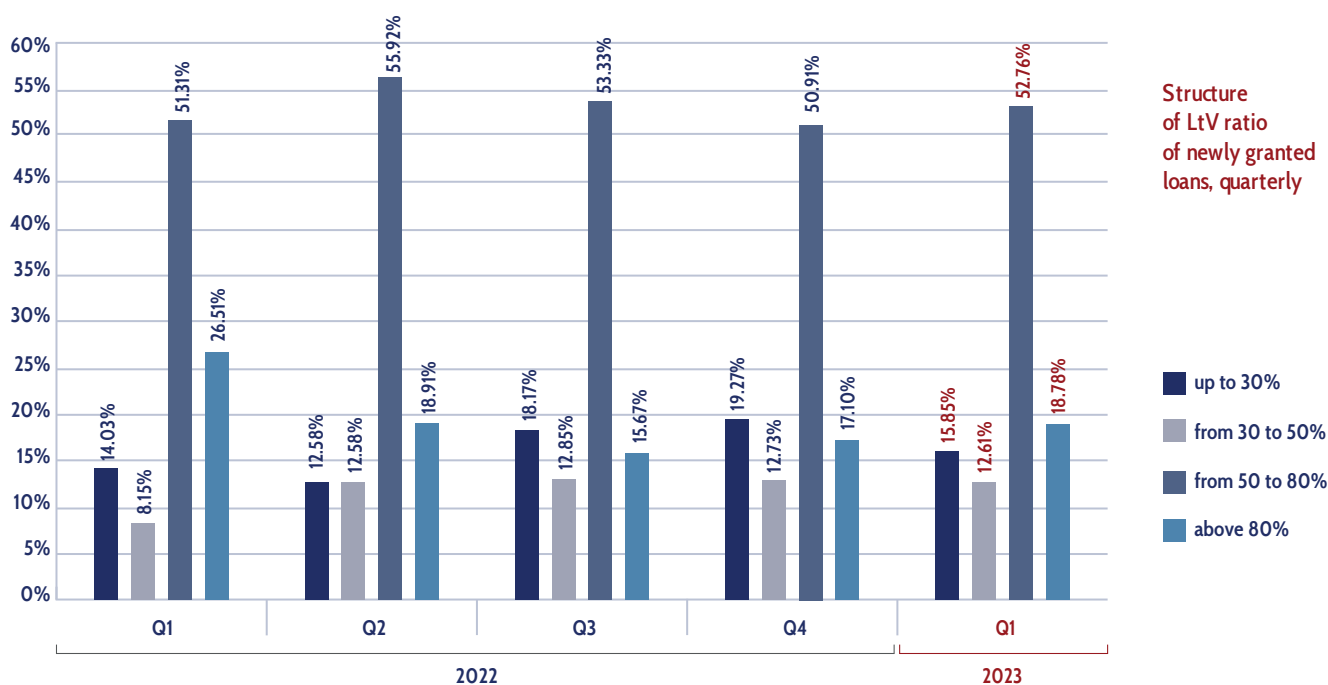
Structure of the new loans amount

SOURCE: SARFIN

## Structure of new loans, by LtV ratio

Q1 2023 brought a reversal of changes observed in the previous two quarters in the structure of new housing loans by LtV ratio. The percentage of loans with LtV ratio between 50 and 80% increased by **1.86 pp** and accounted for **52.76%**. The percentage of loans with LtV ratio amounting to 80% and more increased by **1.69 pp** to **18.78%**, the share of loans with LtV ratio ranging from 30 to 50% decreased slightly by **0.12 pp** to **12.61%**, while the share of loans with LtV not exceeding 30% decreased the most – by **3.42 pp** to the level of **15.85%**.

In relation to Q1 2022, there was noted a dynamic decrease in share of loans with LtV ratio at the level of 80% or more – by **7.73 pp**. In all other LtV categories increases were recorded – by **1.45 pp** in case of loans with LtV from 50% to 80%, by **4.46 pp** in case of loans with LtV ratio ranging from 30 to 50% and by **1.82 pp** in category of loans with LtV ratio up to 30%.



SOURCE: SARFIN

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
up to 30%	14.03%	12.58%	18.15%	19.27%	15.85%
from 30 to 50%	8.15%	12.58%	12.85%	12.73%	12.61%
from 50 to 80%	51.31%	55.92%	53.33%	50.91%	52.76%
above 80%	26.51%	18.91%	15.67%	17.10%	18.78%

SOURCE: SARFIN

Structure of LtV ratio of newly granted loans, quarterly

## Lending period

In Q1 2023, increases were recorded again in categories of loans with maturities up to 15 years and from 15 to 25 years. Their shares in the structure of new housing loans due to lending period accounted for respectively **9.94%** and **32.49%**, i.e. grew by **0.84 pp** and **2.02 pp**. In other two categories, declines were recorded: by **2.60 pp** in case of loans granted for the period from 25 to 35 years and by **0.25 pp** for loans with maturity above 35 years.

In relation to the results recorded in Q1 2022, share of housing loans granted for up to 15 years increased (by **4.21 pp**) and from 15 to 25 years (by **7.90 pp**), while shares of other categories decreased – respectively by **11.66 pp** in case of loans granted for the period between 25 and 35 years and by **0.46 pp** in case of loans with maturities over 35 years.



SOURCE: SARFIN

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
up to 15 years	5.73%	6.02%	7.30%	9.10%	9.94%
from 15 to 25 years	24.59%	27.18%	28.51%	30.47%	32.49%
from 25 to 35 years	68.64%	66.14%	63.60%	59.59%	56.98%
above 35 years	1,05%	0.66%	0.59%	0.84%	0.59%

SOURCE: SARFIN

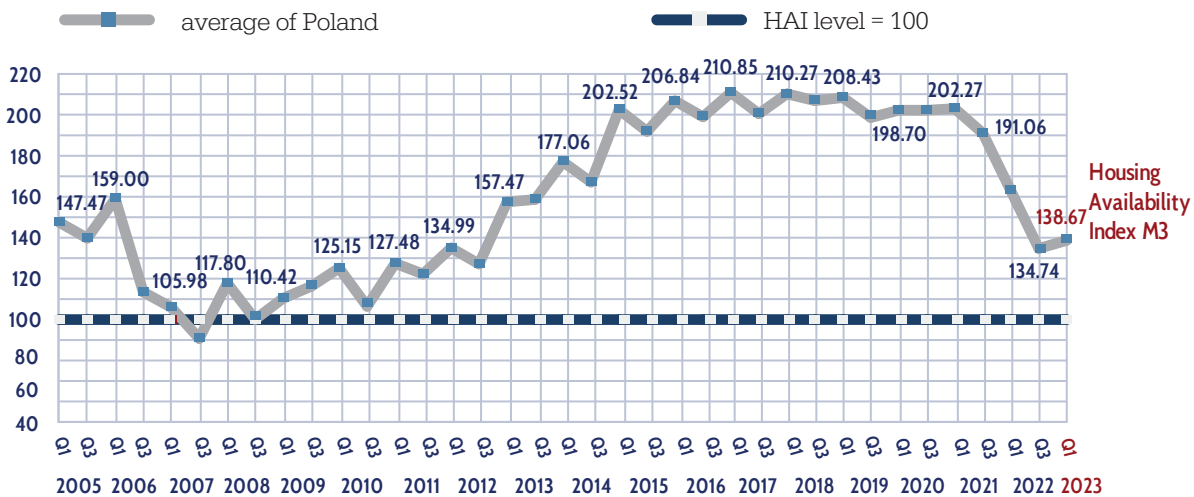
## Housing Availability Index M3 – HAI M3

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 2023 was influenced by the following factors:

- a slight prices increase 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 **1.29%** in relation to Q4 2022;
- a slight decrease in interest rates of newly granted loans – according to National Bank of Poland real interest rate of loans granted in Q1 2023 amounted to **8.82%** (while in Q4 2022 it was **9.29%**);
- an increase of the average gross family income by **3.05%** in Q1 2023 comparing to the previous quarter;

- an 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 **4.30%** in relation to Q4 2022.

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 **2.85%**. After taking into account an increase in housing prices, the housing availability index in Q1 2023 increased slightly by **7.30 points**, to the level of **138.67 points**.

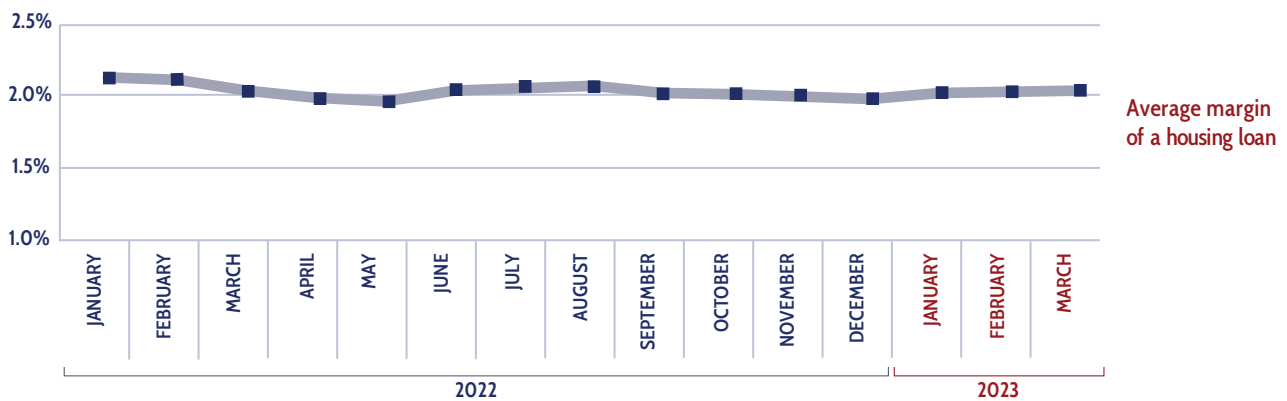


SOURCE: PBA, AMRON CENTRE

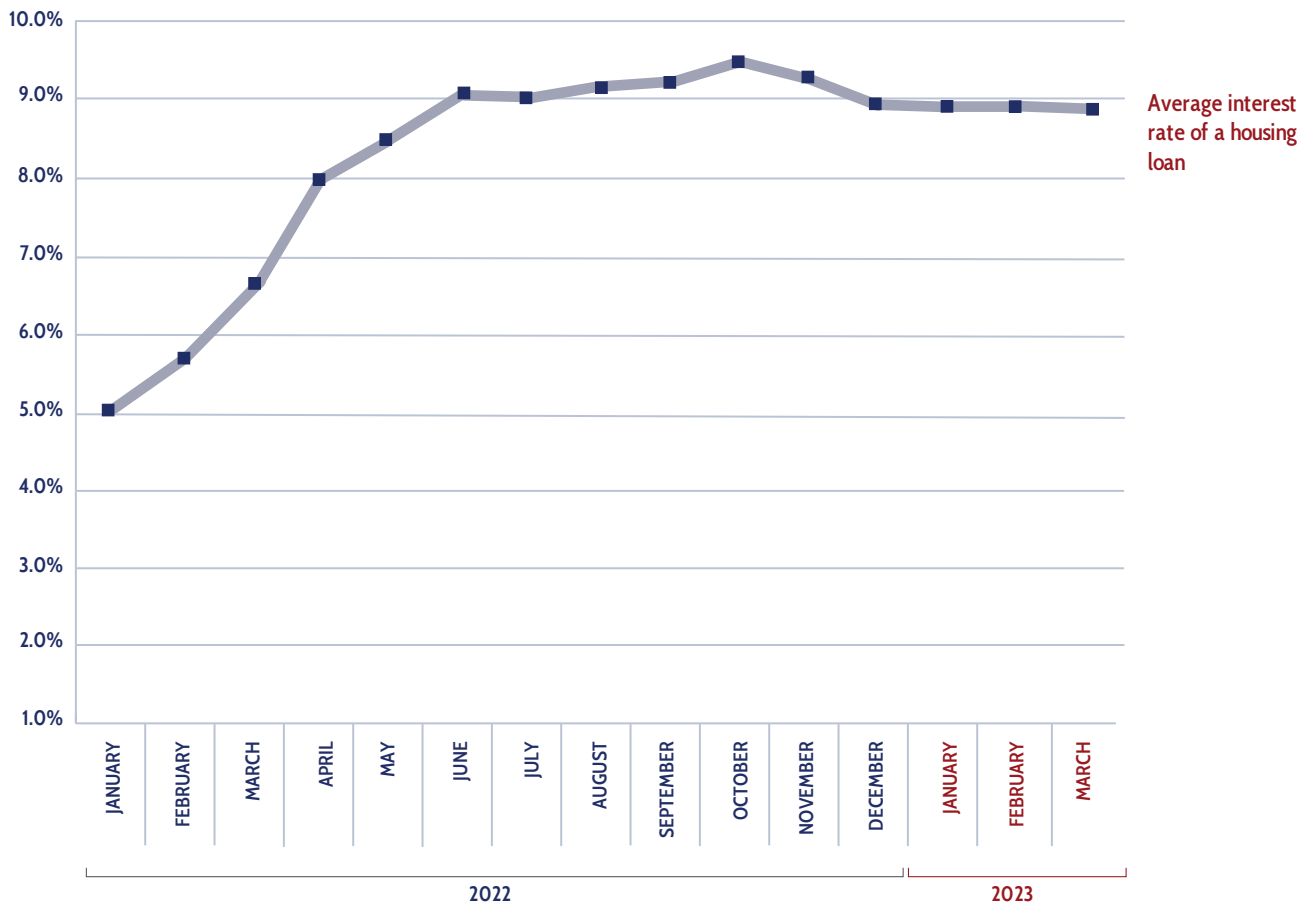
## Average margin levels and mortgage interest rates

At the end of Q1 2023, 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%**, i.e. more by **0.01 pp** in comparison to the end of Q4 2022. In relation to the end of the corresponding period of 2022, the average mortgage margin did not change.

The average interest rate of a model mortgage loan at the end of Q1 2023 accounted for **8.90%**, i.e. by **0.04 pp** less in relation to the end of Q4 2022 and more by **2.12 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

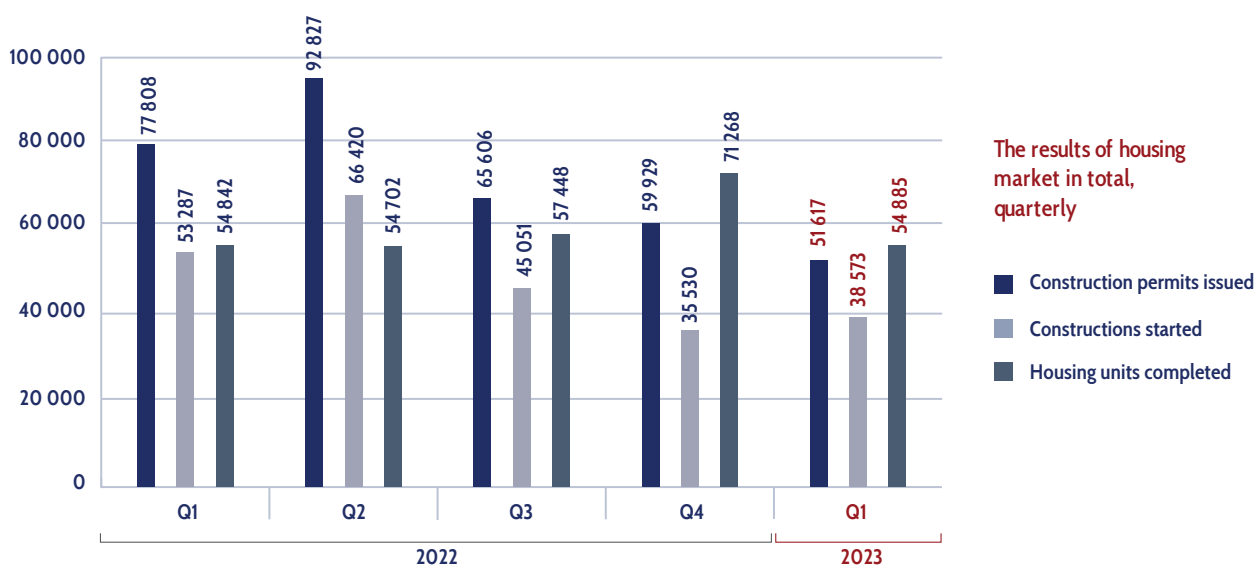
# SITUATION ON HOUSING MARKET

## Housing construction results

The newest data published by the Central Statistical Office on the housing market in Poland showed that the activity of investors on the building market remained at a low level. In comparison to the results from the previous quarter, the number of flats completed in Q1 2023 decreased by **22.99%** (in total **54 885** dwellings were completed). The number of constructions started increased by **8.56%** and amounted to **38 573** flats. The number of dwellings, for construction of which a building permit was issued or a building design application

was submitted, accounted for **51 617**, which meant a decrease by **13.87%**.

In relation to Q1 2022, decreases were recorded in the number of constructions started (which was lower by **27.61%**) and in the number of dwellings with construction permits issued or construction design applications submitted (decrease by **33.66%**). The number of completed dwellings increased slightly, i.e. by only **0.08%**.



SOURCE: CENTRAL STATISTICAL OFFICE

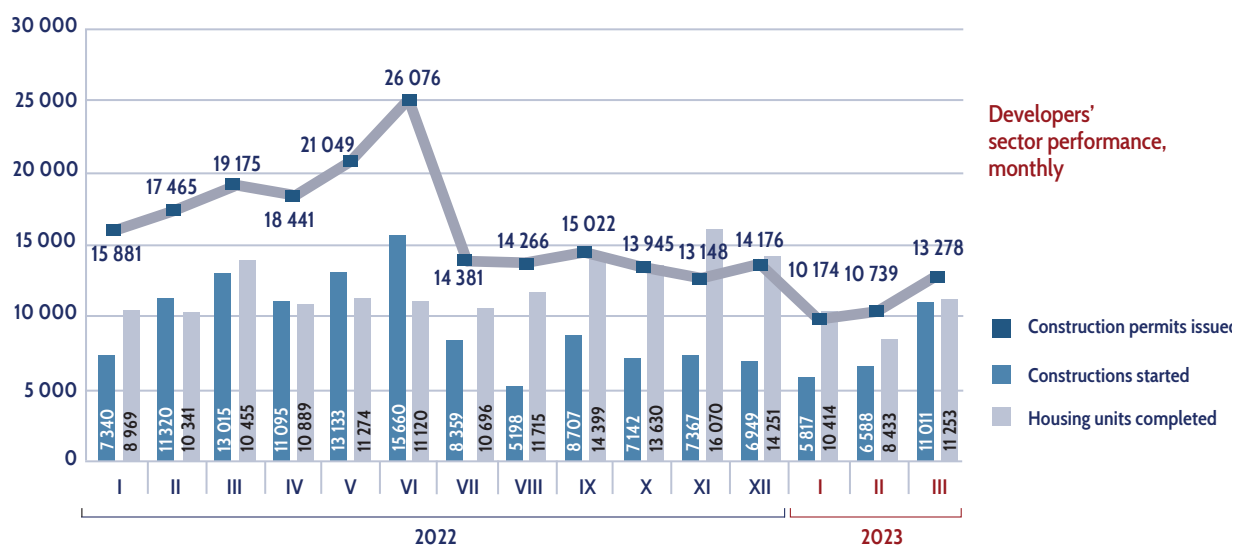
## Developers' sector performance

In the first quarter of this year developers started construction of **23 416** dwellings, which was more by **9.12%** than in the previous quarter. The number of dwellings with construction permits obtained by developers in this period amounted to **34 191**, which meant a decrease by **17.15%**. A decrease was also noted in category of completed dwellings. In Q1 2023, **30 100** dwellings were completed, which was by **31.51%** less than in the previous quarter. Weaker results of developers' activity may result from both seasonal factors and developers adjusting the supply of apartments to the reduced demand.

In comparison to the results achieved by the developers' sector in the corresponding period of the last year, decreases in two categories were

recorded. The number of constructions started decreased by **26.07%** and number of issued construction permits or submitted applications was lower by **34.27%**. The number of completed dwellings increased in analysed period by **1.13%**.

In Q1 2023, the number of construction permits obtained by developers accounted for **66.24%** of all building permits in the housing sector (less by **2.62 pp** comparing to the previous quarter). The number of dwellings started by developers amounted to **60.71%** of all commenced investments (more by **0.31 pp** than in the previous quarter) and the number of flats completed by developers accounted for **54.84%** of all completed apartments (less by **6.83 pp** in relation to the previous quarter).



SOURCE: CENTRAL STATISTICAL OFFICE

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Construction permits issued	52 020	64 984	43 057	41 269	34 191
Constructions started	31 675	39 888	22 264	21 458	23 416
Constructions started	29 765	33 283	36 353	43 951	30 100

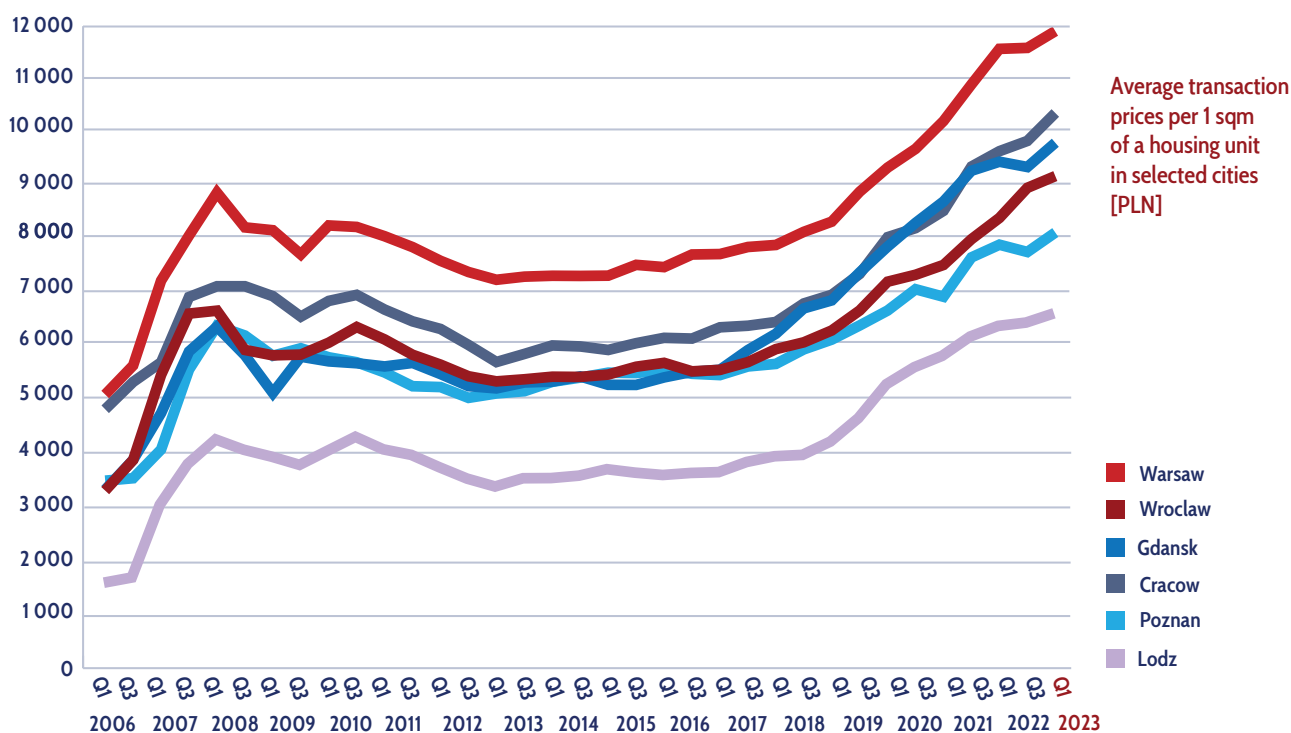
SOURCE: CENTRAL STATISTICAL OFFICE

## Average transaction prices of housing units

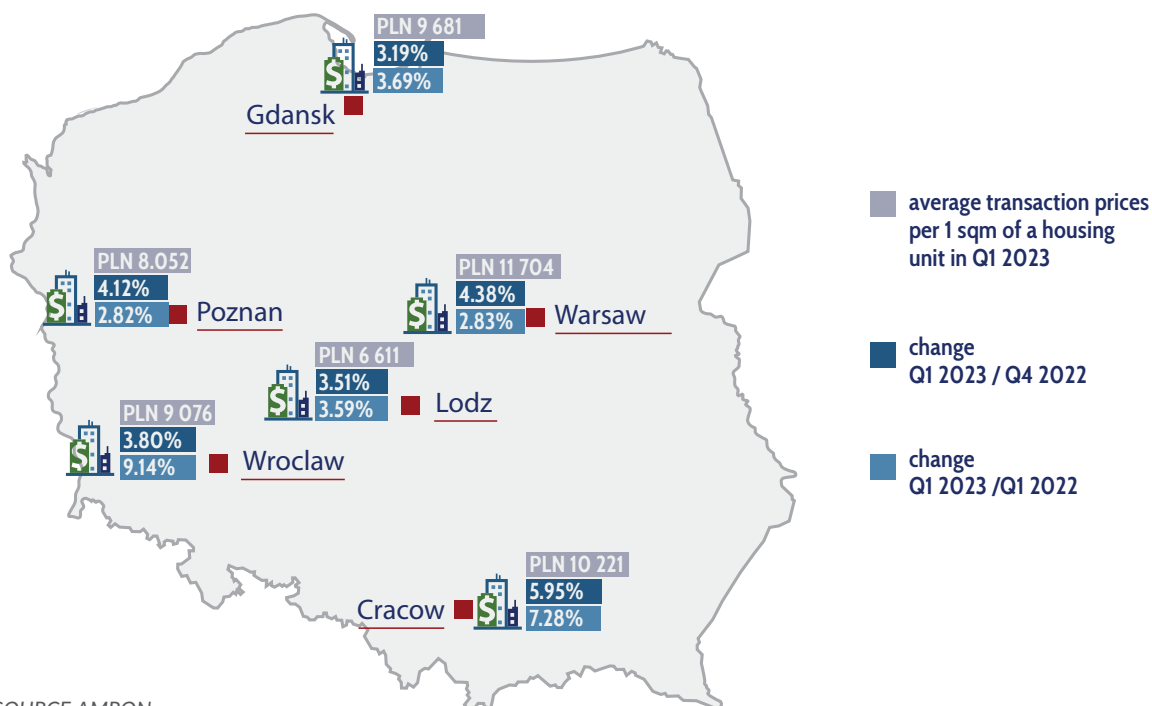
In the first quarter of this year, after several periods of varied dynamics of changes in average flat prices, significant increases in average prices in the largest Polish cities were recorded. The highest increases were recorded in **Cracow**, **Warsaw** and **Poznan** – respectively by **5.95%**, **4.38%** and **4.12%**. The average transaction prices in Q1 2023 in these cities amounted to **PLN 10 221/sqm**, **PLN 11 704/sqm** and **PLN 8 052/sqm**, respectively. Slightly lower price increases were recorded in Wroclaw (by **3.80%**), Lodz

(by **3.51%**) and **Gdansk**, where the lowest dynamics of the average price increase was recorded – by **3.19%**. Despite the recorded price increases, in most of the analysed locations, decreases in average prices in real terms continued. **Cracow** and **Warsaw** were the exceptions, where the increase in the average price in the first quarter of this year slightly exceeded the rate of inflation.

In comparison to the corresponding period of 2022, the largest increases in the average price of apartments were recorded in Wroclaw (by **9.14%**) and **Cracow** (by **7.28%**). The lowest increase was noted in **Poznan** – **2.82%** and in **Warsaw** – **2.83%**.



SOURCE:AMRON



SOURCE:AMRON

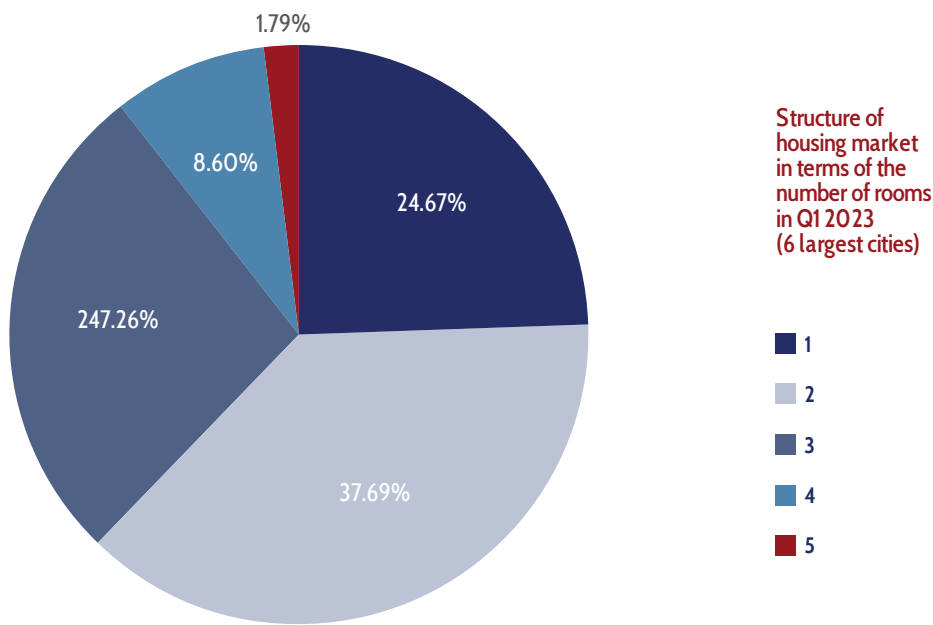
QUARTER	WARSAW	WROCLAW	GDANSK	CRACOW	POZNAN	LODZ
Q1 2015	7 267	5 475	5 289	5 921	5 509	3 782
Q2 2015	7 354	5 534	5 253	5 973	5 454	3 732
Q3 2015	7 463	5 617	5 287	6 044	5 502	3 720
Q4 2015	7 339	5 563	5 343	6 013	5 426	3 742
Q1 2016	7 422	5 687	5 423	6 141	5 564	3 677
Q2 2016	7 503	5 554	5 388	6 279	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
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

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

SOURCE:AMRON

Two-room dwellings were the largest group of flats in total turnover. In Q1 2023, they accounted for **37.69%** of all transactions on the housing markets in the largest six Polish cities. The second most frequently traded group of flats were three-room

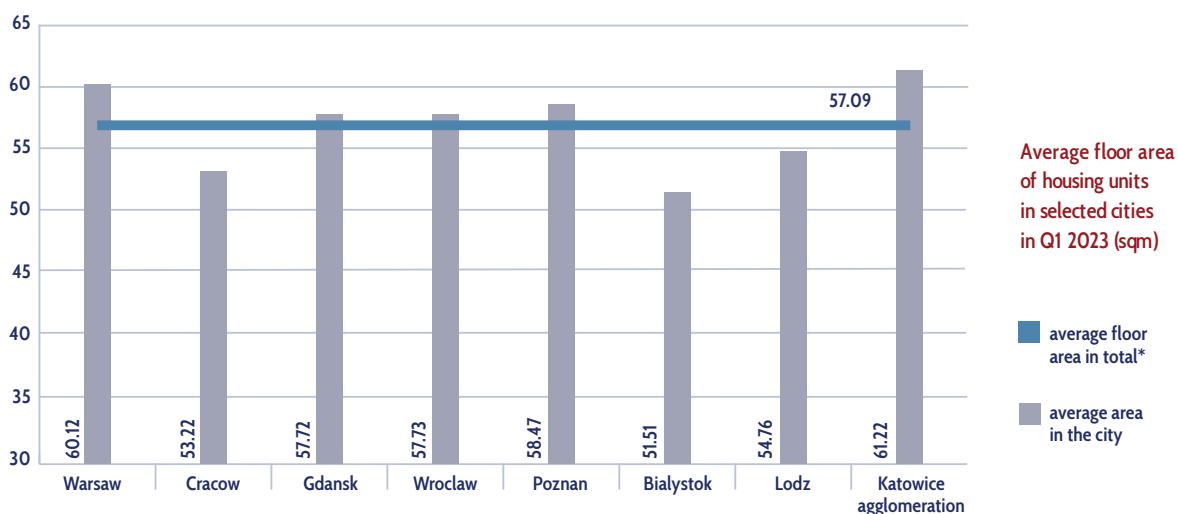
apartments, with a market share of **27.26%**. The largest flats – five-room and larger – were definitely the least frequently purchased. Their share in the turnover structure in the analysed period amounted to only **1.79%**.



SOURCE: AMRON

The average usable floor area of dwellings purchased in Q1 2023 in the eight largest Polish agglomerations increased in comparison to the value recorded in the previous quarter and amounted to **57.09 sqm**. The highest average

area of sold flats was recorded in Katowice agglomeration (**61.22 sqm**) and in Warsaw (**60.12 sqm**), while the smallest flats were traded in Bialystok, where the average usable floor area was equal to **51.21 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.

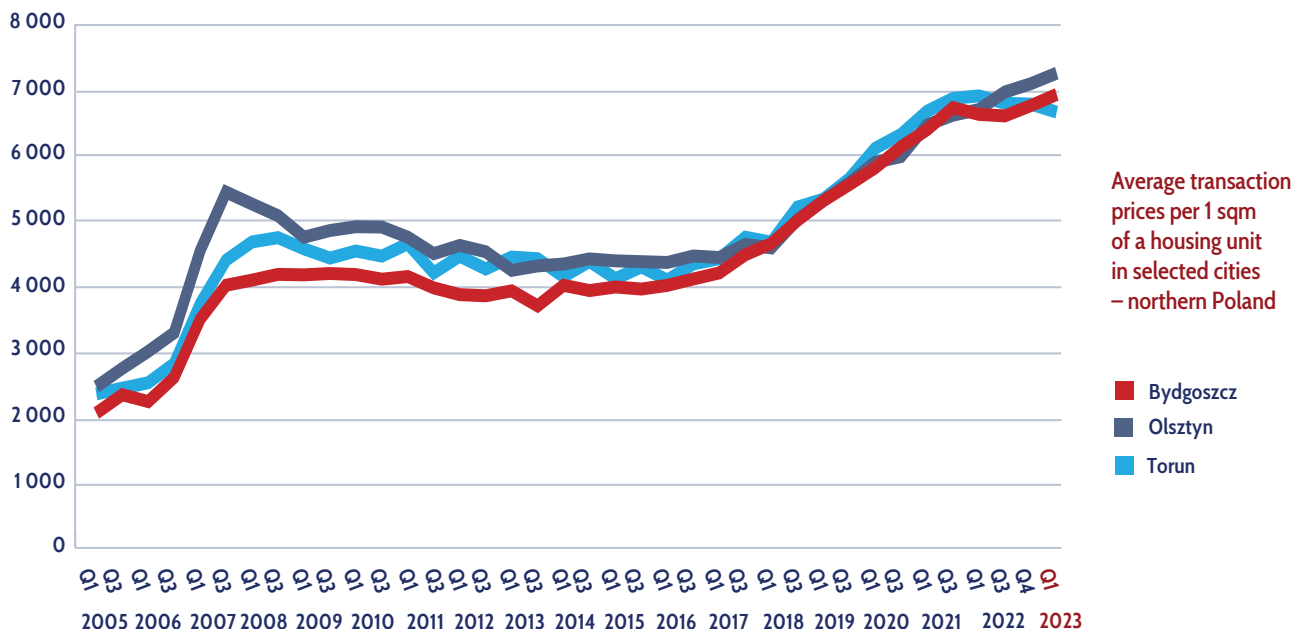
### Region – Polska północna

Among the cities of the northern region, the highest average price per square meter of a dwelling in Q1 2023, was recorded in **Olsztyn** – **PLN 7 119**, which meant an increase by **2.28%** in comparison to the previous quarter. The highest dynamics of the average price in relation to Q4 2022 – an increase by **2.52%** – was recorded

in **Bydgoszcz**. A decrease in the average price by **1.80%** to the level of **PLN 6 534** was recorded in **Torun**. In relation to the first quarter of the previous year, a decrease was also recorded in **Torun** – by **3.60%**. The average price in **Olsztyn** was by **8.31%** higher than in the previous year, while in Bydgoszcz – by **4.60%** higher.

city	Price in Q1 2023	Change Q1 2023/Q4 2022	Change Q1 2023/Q1 2022
Bydgoszcz	6 797	2.52%	4.60%
Olsztyn	7 119	2.28%	8.31%
Torun	6 534	-1.80%	-3.60%

SOURCE:AMRON



SOURCE:AMRON

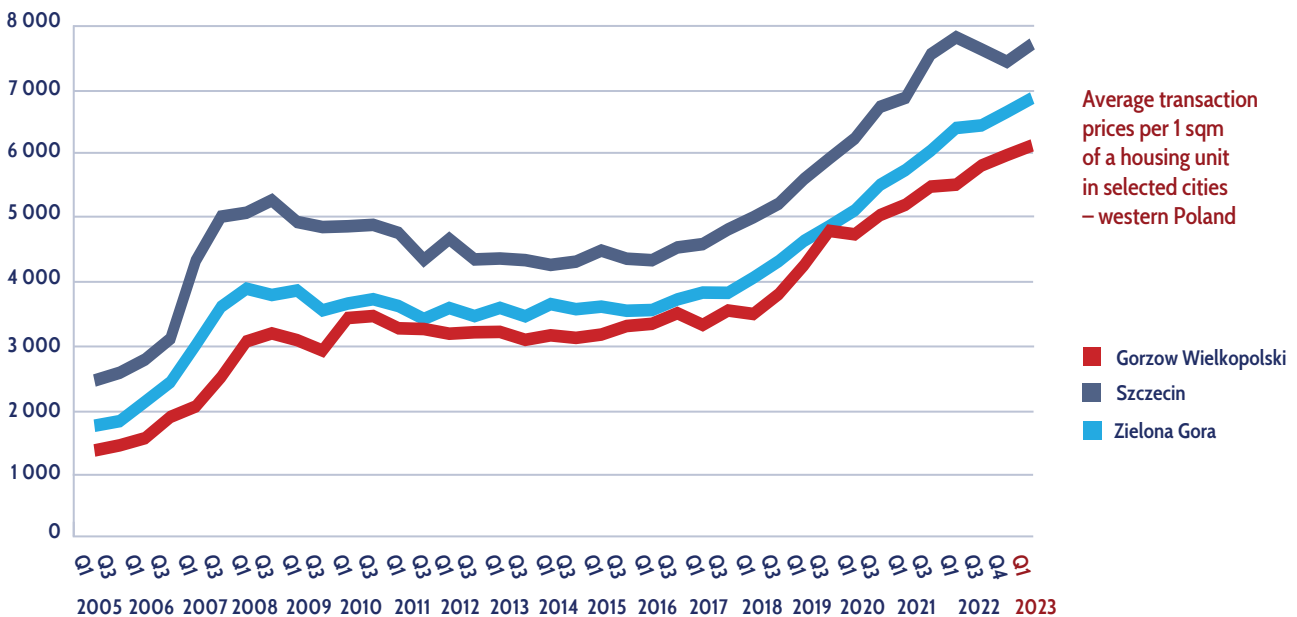
## Region – western Poland

Among the cities of Western Poland, the highest average price per square meter of a flat was recorded in **Szczecin**. In Q1 2023 it amounted to **PLN 7 562** and was higher than the one recorded in the previous quarter by **3.76%**. The highest dynamics of the average price in Q1 2023 was also

recorded in **Szczecin**. The lowest average price was recorded in **Gorzow Wielkopolski - PLN 6 002**. In annual terms, the highest price dynamics was also recorded in **Gorzow Wielkopolski** - an increase by **11.16%**.

city	Price in Q1 2023	Change Q1 2023/Q4 2022	Change Q1 2023/Q1 2022
Gorzow Wielkopolski	6 002	2.56%	11.16%
Szczecin	7 562	3.76%	-1.33%
Zielona Gora	6 731	3.29%	7.34%

SOURCE:AMRON



SOURCE:AMRON

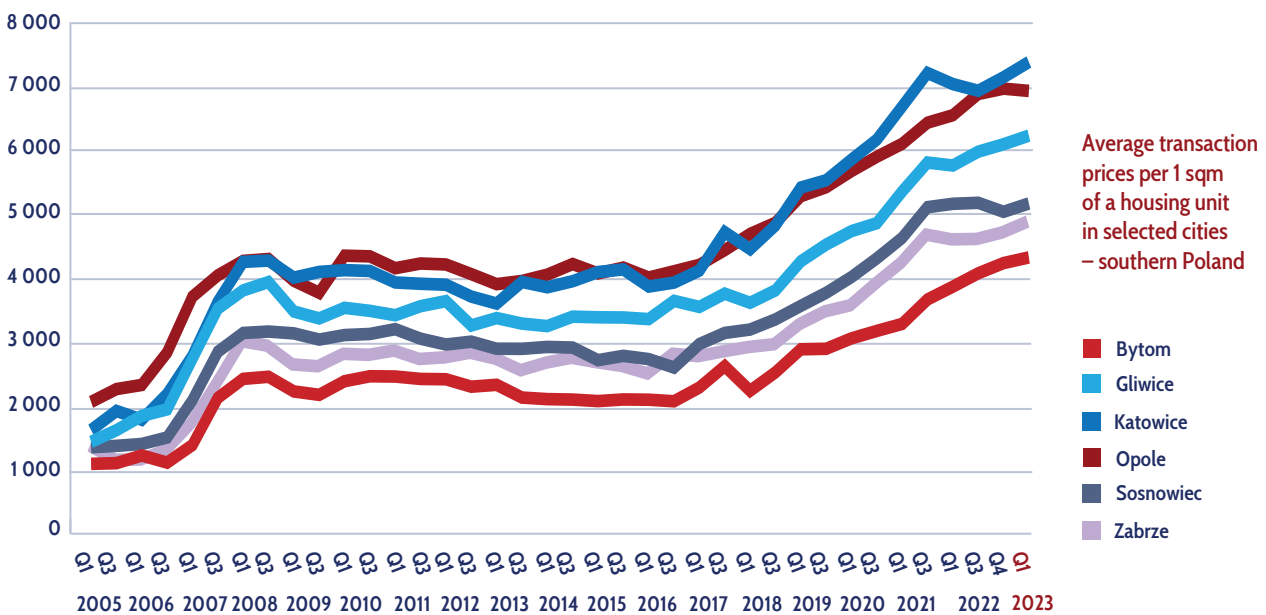
## Region – southern Poland

**Katowice** continued to be the most expensive city among the analysed cities in southern Poland. In Q1 2023, the average price per square meter of a flat in Katowice amounted to **PLN 7 243** and was by **3.33%** higher than in the previous quarter. A higher dynamics of the average price in the analysed period was recorded only in **Zabrze**

– increase by **3.59%**. A slight price decrease was noted in **Opole** – by **0.52%**. In other cities of the region, increases were noted – from **2.08%** in **Bytom** up to **3.33%** in **Katowice**. The city with the highest price dynamics in annual terms was **Bytom**, where the average price recorded in Q1 2023 was higher by **11.83%** than a year earlier.

city	Price in Q1 2023	Change Q1 2023/Q4 2022	Change Q1 2023/Q1 2022
Bytom	4 240	2.08%	11.83%
Gliwice	6 113	2.22%	8.11%
Katowice	7 243	3.33%	4.90%
Opole	6 799	-0.52%	5.80%
Sosnowiec	5 071	2.57%	0.10%
Zabrze	4 818	3.59%	6.03%

SOURCE:AMRON



SOURCE:AMRON

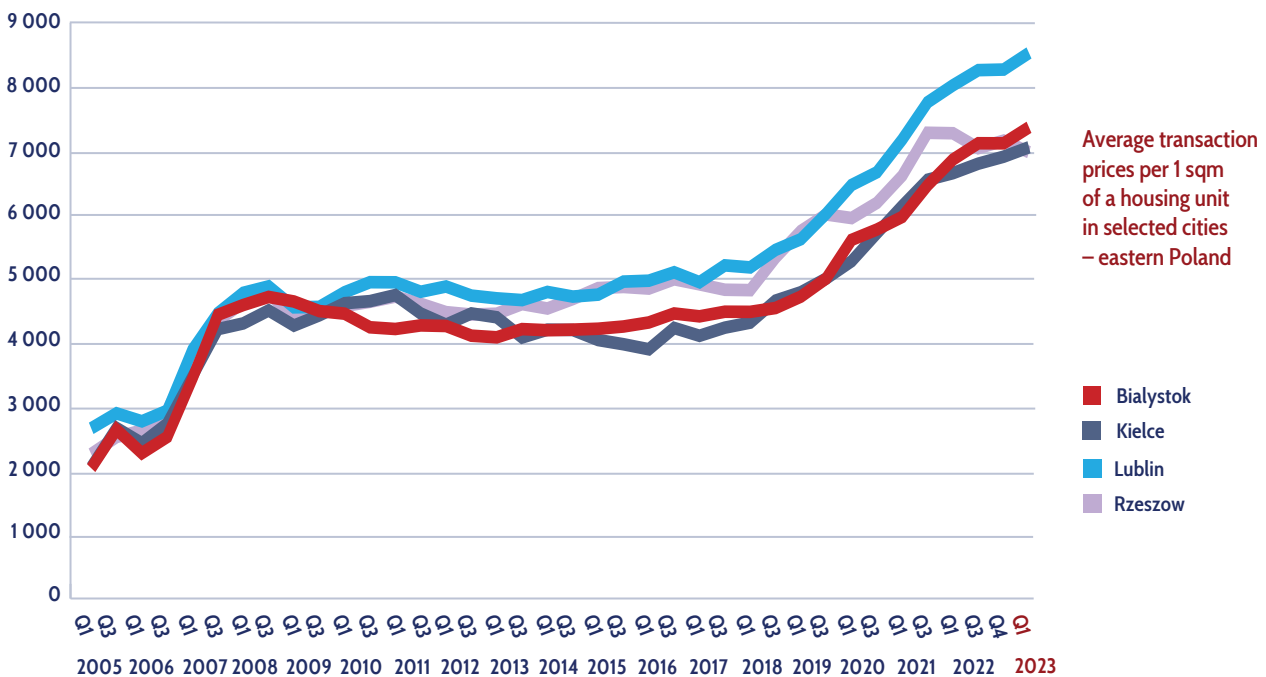
## Region – eastern Poland

In Q1 2023, the highest average price among the cities in eastern Poland was recorded in **Lublin** – **PLN 8 377**. The highest price dynamics was recorded also in Lublin – an increase by **3.14%** in relation to the value recorded a quarter earlier. The lowest average price in this period was

recorded in **Rzeszow** – **PLN 6 853**. In annual terms, the most significant change in housing prices was recorded in **Białystok**, where the price noted in Q1 2023 was higher by **7.35%** than the one recorded a year earlier.

city	Price in Q1 2023	Change Q1 2023/Q4 2022	Change Q1 2023/Q1 2022
Białystok	7 233	3,53%	7,35%
Kielce	6 929	2,13%	6,10%
Lublin	8 377	3,14%	6,31%
Rzeszów	6 853	-2,52%	-4,08%

SOURCE:AMRON



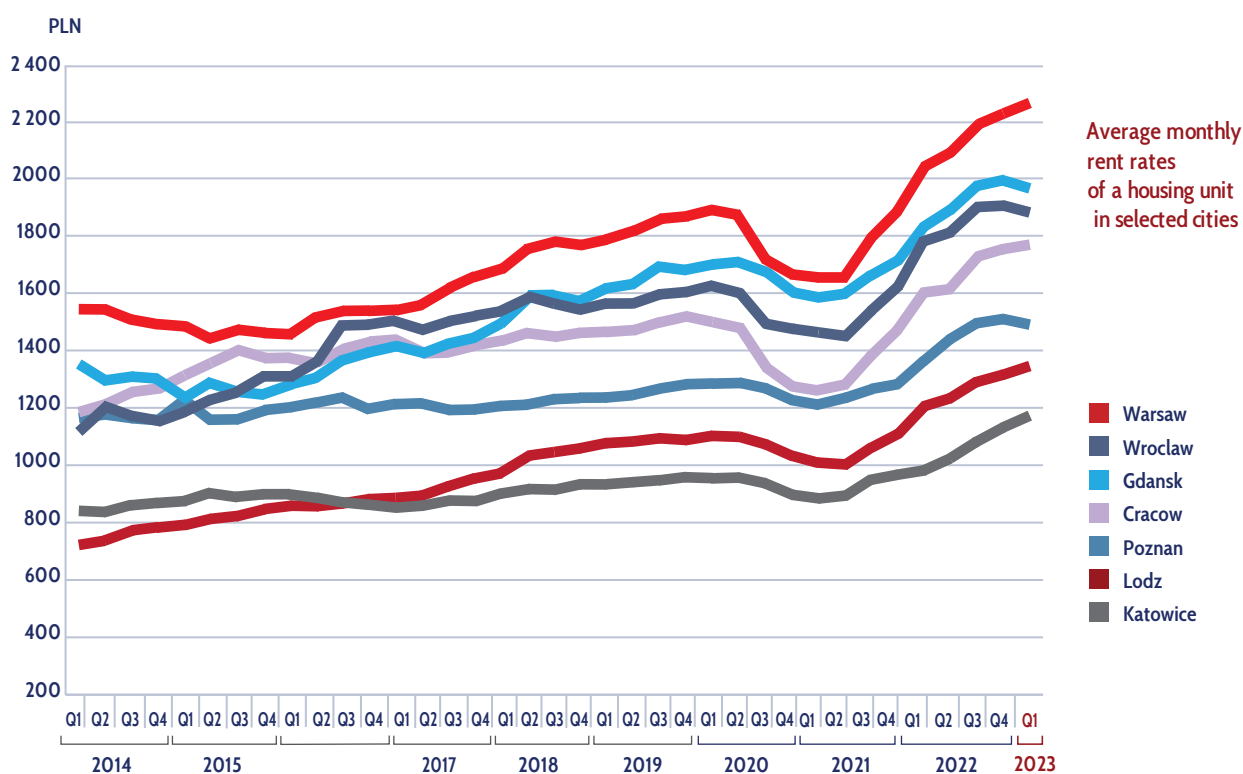
SOURCE:AMRON

## Average rent rates of housing units

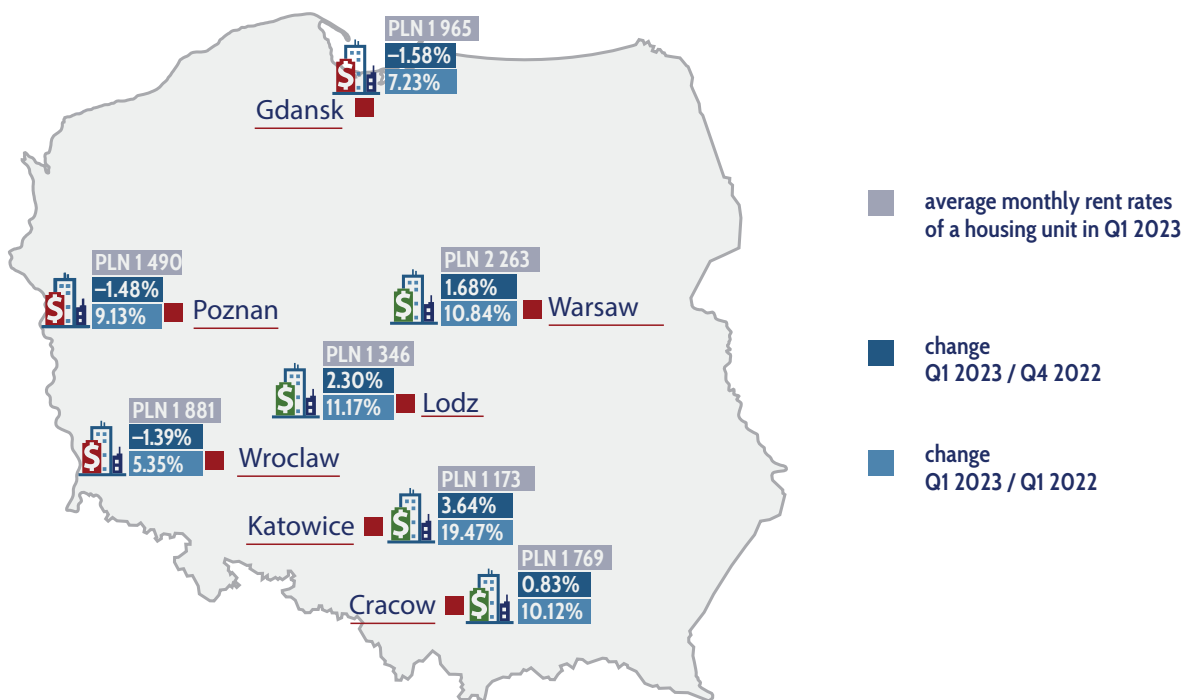
There is practically no trace of the two main factors that have influenced demand in the last few quarters (the demand from refugees from Ukraine and the demand 'shifted' from the housing market to the rental market after the interest rate increases). The first quarter of 2023 on the rental market brought a significant increase in the supply of apartments in most of the largest Polish cities (measured by the number of offers). Therefore, in the upcoming quarters, a reduction in rent rates increases or even rent rates decreases are expected. In the first quarter of this year, a clear diversity in the growth dynamics of changes in rents in individual locations were noted. At the same time, it should be mentioned that dynamics

of these changes is definitely lower than in previous quarters, which, of course, is partly caused by seasonal factors.

The highest increase in relation to the level of rent rates recorded in the previous quarter was noted in Katowice – by **3.64%** (up to **PLN 1 173**) and Lodz – by **2.30%** (up to **PLN 1 346**). Rent rates in **Warsaw** grew slightly slower – by **1.68%** (up to **PLN 2 263**) and in **Cracow** – by **0.83%** (up to **PLN 1 769**). In other analysed cities, rent rates decreases were recorded – by **1.58%** in **Gdansk** (to **PLN 1 902**), by **1.48%** in **Poznan** (to **PLN 1 490**) and by **1.39%** in **Wroclaw** (to **PLN 1 881**).



SOURCE:AMRON



SOURCE: AMRON

QUARTER	WARSAW	KATOWICE	WROCLAW	GDANSK	CRACOW	POZNAN	LODZ
Q1 2014	1544	841	1116	1353	1185	1165	722
Q2 2014	1543	837	1205	1295	1212	1177	737
Q3 2014	1507	862	1172	1311	1255	1164	773
Q4 2014	1491	869	1152	1302	1265	1157	784
Q1 2015	1486	876	1187	1229	1313	1228	791
Q2 2015	1440	905	1230	1290	1356	1156	813
Q3 2015	1472	891	1254	1256	1404	1160	823
Q4 2015	1461	899	1314	1246	1373	1192	847
Q1 2016	1456	899	1307	1282	1375	1202	859
Q2 2016	1518	887	1358	1305	1357	1219	857
Q3 2016	1538	870	1494	1368	1405	1237	867
Q4 2016	1539	864	1490	1394	1431	1194	884
Q1 2017	1540	852	1505	1416	1438	1214	886
Q2 2017	1559	859	1470	1389	1390	1216	894
Q3 2017	1617	877	1502	1424	1393	1193	927
Q4 2017	1659	874	1521	1445	1417	1196	955

Average monthly rent rates of a housing unit in selected cities [PLN]

QUARTER	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
<b>Q1 2023</b>	<b>2 263</b>	<b>1 173</b>	<b>1 881</b>	<b>1 965</b>	<b>1 769</b>	<b>1 490</b>	<b>1 346</b>

Average monthly rent rates of a housing unit in selected cities [PLN]

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.



HIGH INFLATION IS DRIVING INVESTMENT DEMAND, AND AS THE DEMAND FOR PROPERTY DECREASES, THE DEMAND FOR RENTAL IS INCREASING. AT THE SAME TIME, DEVELOPERS SKILFULLY MANAGE CONSTRUCTION AND SALES. AS A CONSEQUENCE, IT SEEMS THAT THE HOUSING SECTOR AND THE ECONOMY WILL SLOWLY RETURN TO BALANCE.

**prof. Jacek Łaszek**

*Warsaw School of Economics*

### **Interference of housing cycles in Poland – extinction, mega boom or bust?**

Housing cycles are standard phenomenon on real estate market, including housing (rigid supply vs quick changes in demand). They are poorly comparable both on a national and international scale due to the multiplicity of interacting factors. However, it can be risked to state and proved statistically that most of them resulted from financial cycles, i.e. interest rate cycles, for which monetary and fiscal policy are the most important, i.e. the macroeconomic policy of a modern state. The problem is that the sector's reactions to macroeconomic policy are much stronger than in relation to the rest of the economy, which causes the familiar problems with cycles and often housing crises. Hence the importance attached to the monitoring of this sector, both on a national and international scale (ECB and ESRB).

The mechanism of the cycle is similar to a longitudinal wave, i.e. disturbances of some kind of centre or field, and its shape, as well as its amplitude and length, are not regular, which result from many additional interfering factors (demography, speculation, economic and political shocks etc.). These factors, as in physics, interfere with the developing cycle, increasing or reducing its amplitude and length, depending on how they phase-shifted. But what will happen when the almost classic, long-term financial cycle in the construction boom phase is met by two strong shocks – more demand and more supply? What will prevail? Such an interesting case for an economist, although probably less interesting for market participants, is observed in Poland.

The Polish real estate sector entered the development phase after GFC around 2013, which was influenced, apart from the improving economic situation, by monetary policy stimulating the rapid development of this sector through low interest rates. However, interest rates were significantly higher than in the EU, so the rapid development generated a construction boom with a relatively low level of tension. The COVID shock in 2019 mainly caused a strong reduction in demand, which resulted in a strong monetary (strong interest rates cuts) and fiscal (subsidies) reactions, and in 2020 it caused an acceleration of general inflation and a sharp increase in demand and prices, especially of construction land. In the following year, the Russian-Ukrainian war caused a sharp increase in prices of energy and construction materials, and a decrease in demand accelerated by the increase in interest rates (inflation) and tightened loan requirements (income buffer). The increase in building costs and the decrease in demand resulted in slumpflation, i.e. a decrease in sale and construction, and rapid prices increase. However, high inflation is driving investment demand, and as the demand for property decreases, the demand for rental is increasing. At the same time, developers skilfully manage construction and sales. As a consequence, it seems that the housing sector and the economy will slowly back to balance, but this is what today looks like and reality, as you can see, can and likes to surprise.

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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.



## 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.

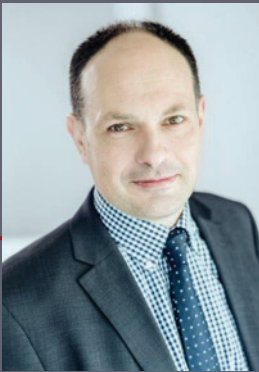
During this period, we have collected more than 4.1 million data on prices and real estate values and we gained both huge experience and the trust of our business partners. Our offer also includes periodic analytical publications and standard reports as well as individual reports prepared accordingly 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**

*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](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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