





## POLISH REAL ESTATE MARKET ALMOST STABLE

The real estate market declined only marginally compared to the previous quarter by 0.15 %, from just under 194 to 189 points. This is mainly due to the strong January which, taken by itself, recorded growth of around 2.5 % above the 2017 year-end figure. The two following months were marked by waning momentum, however. With a 6.5 % contraction compared to the previous month, March 2018 registered a sharper decline to 189.0 points. Whether this was a case of the beginning of the year blues or a trend reversal remains to be seen during the coming months and quarters.

The constant decline of the WIG 20 was largely responsible for this development. The closing price on the last day of trading in March indicated a month-on-month decrease of 6.5 % to 2,210.4 points. It was down by even more compared to the previous quarter, with a drop of 10 %. Poland's business sentiment currently underscores the downturn on the real estate market. It is currently showing a 1.8 % decline compared to the previous month, with a level of 110.0 points. The quarter-on-quarter comparison is much more positive, where the index gained 3.1 %. Meanwhile, the WIG real estate index had a balancing effect. It displayed a certain degree of stability with slight gains of 0.3 % month-on-month and 0.2 % compared to the previous quarter to 2,202.4 points.

## COMMENT ON THE MARKET



Beata Latoszek,  
Managing Director  
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“The REECO shows that the Polish real estate market stagnated during the first quarter of 2018 – but at a sustained high level. There is still a great deal of optimism on the market. We are currently seeing a growing number of international investors from the US, Canada, South Africa and Asia, for example, who – in an increasingly unstable political world – are seeking safe investments in Warsaw and other major Polish cities. Demand for high-quality properties considerably outstrips supply, however. The result is rising prices and lower yields. It is more important than ever to prepare detailed market analyses before deciding to buy! Prices are set to increase even further going forward as construction costs are expected to rise in the foreseeable future. This is not least due to the fact that there is a growing shortage of qualified labour and that contractors are having to pay their best employees more and more just to keep them.”

*“It is now more important than ever to prepare detailed market analyses before deciding to buy!”*

### Key figures of the real estate economies

Country	Change of input variables in Q1					Change of the real estate economy Q4/17 – Q1/18	Values of the real estate economy				
	Leading share index	Real estate share index	Indicator of economic sentiment	Basic interest rate	Risk-free interest rate		Q4/17	Jan 18	Feb 18	Q1/18	Δ Q4/17 Q1/18
Germany	↓	↑	↓	→	↓		314	318	308	306	-8
UK	↓	↓	↓	→	↓		221	219	216	212	-9
France	↓	↓	↓	→	↓		245	244	237	235	-10
Netherlands	↓	↓	↑	→	↑		207	208	205	203	-4
Poland	↓	→	↑	→	→		189	194	191	189	0
Spain	↓	↓	↓	→	↓		206	205	201	200	-6

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