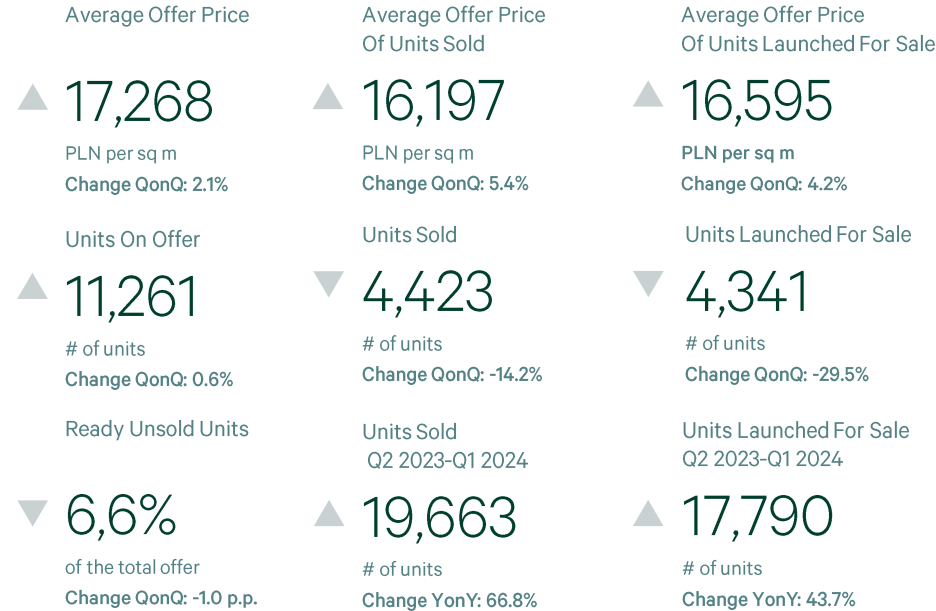


Warsaw Build-for-Sale Residential Market - Figures

KEY PERFORMANCE INDICATORS, THE BUILD TO SELL MARKET (Q1 2024)



At the beginning of 2024, the acceptance of applications for housing loans under the Government programme "Safe Credit 2%" was suspended. The reason was the use of funds allocated for this purpose. The programme, offering mortgage loans with interest rates that were much more favourable than market rates, was launched on July 1, 2023, but resulted in a revival in demand for apartments from the beginning of 2023, after very poor sales in 2022. In the first months of 2024, sales, deprived of the support of subsidized loans, dropped significantly. In Warsaw, 4,423 apartments were sold in the first quarter of 2024, 14% less than in the previous quarter. However, compared to the very poor sales results from the third quarter of 2022, this result is more than twice as high, which means that the level of sales is influenced not only by the presence of subsidies, but also by the changing economic environment (including lower mortgage loan interest rates, lower inflation and rising wages).

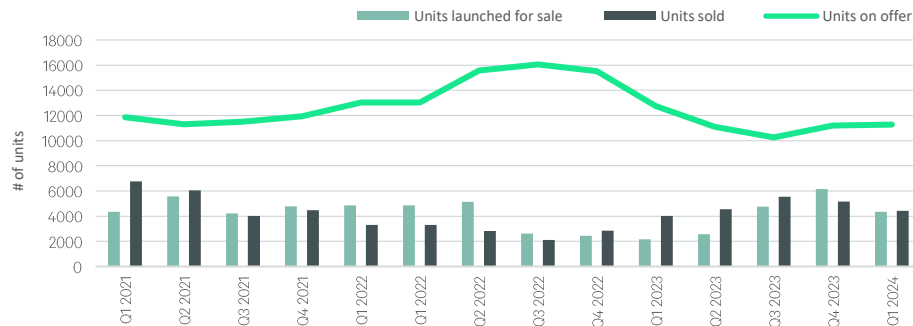
In the first quarter of 2024, developers launched the sale of 4,341 apartments. This was almost 30% less than in the previous quarter, but due to the simultaneous decline in demand, the total number of apartments on offer (11,261) at the end of the quarter exceeded the offer from the end of 2023 by several dozen apartments. Developers have announced the launching of new investments in the coming months, but the pace of their implementation will depend both on the efficiency of administrative procedures and the market environment.

The average offer price of a new apartment at the end of the first quarter of 2024 was PLN 17,268/sq m (an increase of 17.0% y/y, with inflation of 2.0% in March 2024). The average price of apartments launched for sale for the first time was PLN 16,595/sq m, the highest since Q4 2022. Meanwhile, the offer price of apartments sold increased once again. The offer of cheaper units is becoming reduced, and buyers are being forced to choose from more expensive options.

The new Government announced a new programme in January 2024, which is to replace the "Safe Credit 2%" scheme. In the first quarter of the year, only its preliminary assumptions were known. The full content of the first draft was announced in early April 2024. Compared to its predecessor, the new "#naStart Housing Loan" programme is intended to support large families to a greater extent. However, its beneficiaries may be very different groups of buyers. Work on the programme is ongoing and it is expected to come into force in the fall of this year. Depending on the final provisions and the effective date of implementation, both potential buyers and developers will react.

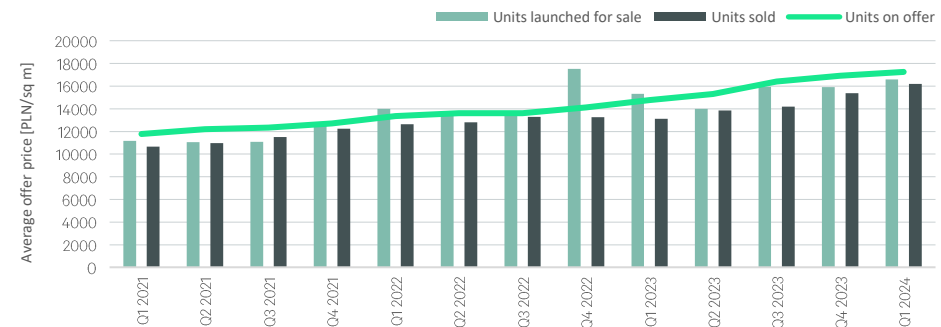
A further price increase is also highly probable in the coming months, although the pace of increase should slow down.

MARKET TREND



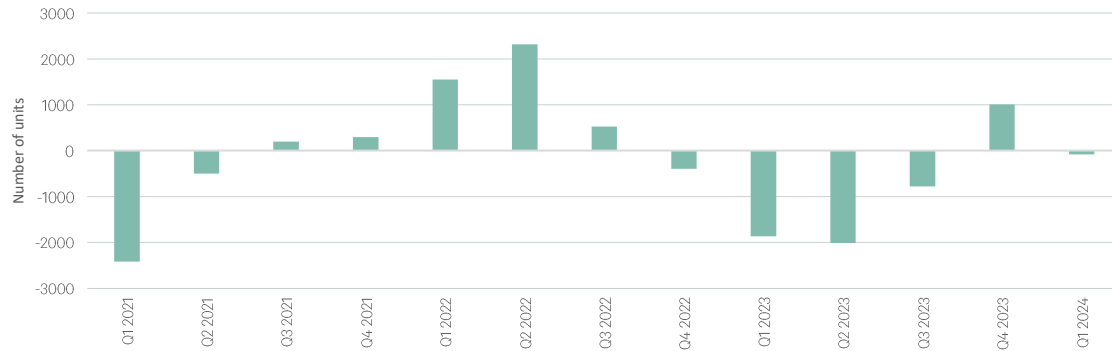
Source: REDNET Consulting

PRICE DEVELOPMENT



Source: REDNET Consulting

DIFFERENCE BETWEEN THE NUMBER OF FLATS LAUNCHED FOR SALE AND SOLD



Source: REDNET Consulting

In the first quarter of 2024, for the first time in over a year, there was no significant difference between the number of apartments sold and the number of apartments put on sale in Warsaw. Both of these values were almost equal, which resulted in the stabilisation of the size of the offer available at the end of the quarter. However, the market is out of sustainable equilibrium due to the small size of the total supply in relation to current demand.

The lack of supply is still indicated by the relationship between the total number of apartments on offer and current sales. The number of apartments that were offered at the end of the first quarter of 2024 (11,261 units) would be sold out in less than 7 months, if the sales level of last year was maintained. Meanwhile, in conditions close to market equilibrium, this indicator is approximately one year. Taking into account only the sales results from the last quarter in the calculations, as the level of demand without additional support from subsidies, the current offer would be enough for approximately 8 months of sales. This confirms that the housing market in Warsaw currently needs more new housing investments.

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Definitions

The signing of development agreements, preliminary agreements in the form of a Notarial Deed and final sales agreements (according to what came first) was considered the moment when sales started. Customer reservations for units were not included in the sales volume, except in respect of a few projects where developers considered paid reservation agreements as a guarantee of sales in the nearest future and withdrew such units from the offer altogether. The average offer prices of sold flats and the average prices of the flats on offer have been calculated on the basis of projects that have been successfully monitored.

Survey Criteria

The aim of the monitoring is to cover the entire primary residential market in Warsaw based on publicly available information and a mystery client survey

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