

## Analysis of Changes in Trade in Developed Land Property in Poland between 2017 and 2020

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**Quote as:** Hajduga, P. (2023). Analysis of Changes in Trade in Developed Land Property in Poland between 2017 and 2020. *Biblioteka Regionalisty. Regional Journal*, (23), 22-31.

**DOI:** 10.15611/br.2023.1.03

**JEL Classification:** R33

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**Abstract:** In contemporary socio-economic reality, there are many elements, both material and non-material, that play a significant role in shaping it. Treating economics as a science that studies people's behaviour in producing, distributing, and consuming goods and services, then undoubtedly, one of the most critical elements shaping this process is real estate, which cannot be overestimated in market processes. From the beginning of the formation of the market economy, real estate was at its very centre and determined directly and indirectly the direction of development of this economy. This author focused on identifying changes taking place in the trade in developed land properties on the Polish real estate market in terms of its forms. The research procedure used methods of literature criticism and descriptive statistics.

**Keywords:** real estate, forms of real estate trading, sales volume, sales value

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### 1. Introduction

In today's economic reality, real estate plays a significant role not only among natural persons seeking to satisfy one of their most important needs, namely achieving security by owning real estate for residential purposes, but also among investment activities undertaken by individual or group business entities aiming to maximise their profits. From the point of view of the country's socio-economic development, the changes taking place in the real estate market, including the increase in the number of transactions and in the value of real estate, should indicate an excellent economic situation, as it is closely related to the growing demand for real estate, and therefore also with the tendency of society to invest.

This article aimed to identify the changes taking place in the trade in developed land properties in the Polish real estate market in terms of its forms.

The research was conducted based on source materials, particularly data provided by the Central Statistical Office. The article used a critical analysis of the subject, a descriptive method, and a heuristic approach. The subjective scope of the research concerned land properties developed in Poland in 2017-2020. The subject scope included changes in real estate trade based on the number of transactions, the number of properties traded, and the sales value expressed in thousands of zloty.

## 2. Forms of Real Estate Trading

Pursuant to Art. 13 section 1. Act of 21 August 1997 on real estate management, subject to exceptions resulting from acts, real estate may be the subject of trade, and therefore may be subject to sale, exchange, lease, surrender, lending, rental, contribution in kind to companies, putting into perpetual usufruct and permanent management, transfer as equipment of established state-owned enterprises and as assets of established foundations. Real estate may also be encumbered with limited property rights (LexLege, art. 13. ustawy z dnia 21 sierpnia 1997 r. o gospodarce nieruchomościami...).

In a broad sense, real estate trade includes all forms of transfer of rights to real estate, including changes of ownership and transfer of possession, usually related to rental and tenancy agreements (Czechowski, 2022, p. 232). Generally speaking, real estate transactions include the purchase, sale, rental, lease, and encumbrance of real estate (Jagoda, 2019, p. 126).

In international literature, real estate trading is most often defined as the transfer of rights to real estate. It is associated, among others, with assignment, lease, mortgage, title deed, and encumbrance (Borden, 2011, p. 6). However, in relation to foreign real estate trade, marketing is an essential aspect, which in Poland is sometimes omitted when discussing the issue of real estate trade. However, it should be noted that it makes it much easier to find and select a property that will be sold, purchased, rented, or leased (Orth, 2015, p. 40).

It is worth remembering that a critical element in the case of transferring ownership rights to real estate is the form of a notarial deed ensuring certainty of civil law transactions. In real estate transactions, a notary prepares this form of declaration of will, ensuring both parties' appropriateness, effectiveness, and security related to the legal act of transferring real estate ownership (Baran, 2012, p. 66-67).

The forms of real estate trade are an inherent element of the real estate market because this market can also be defined as a structure that includes participants in the real estate trading process, consisting of the exchange of ownership rights and the rights of use of real estate using financial resources (Kałkowski, 2003, p. 15).

The primary forms of trading real estate include three types of sales: sales under a tender procedure, sales without a tender, and free market sales (Kulesza & Ostasiewicz, 2009, p. 73).

It should also be mentioned that the first two forms concern trading activities in public real estate, i.e. selling or granting perpetual usufruct (Dolnicki, 2021, p. 746).

Note that the sale of public real estate as a tender is considered a rule, while the use of the non-tender procedure is mainly conditioned by the conditions specified in sections 2 and 3 art. 37 Act of 21 August 1997 on real estate management (Kosikowski & Salachna, 2012, p. 316).

As mentioned above, tender and non-tender sales apply only to public real estate, i.e. real estate owned by the State Treasury and local government units. One should also take into consideration public properties that are owned by entities providing public services, such as National Parks, State Forests, and the Agricultural Property Agency.

However, the Act of 21 August 1997 on real estate management also contains other possible forms of organizing a tender, including an unlimited oral tender, a limited oral tender, an unlimited written tender, and a limited written tender. Notably, the goal of oral tenders is to obtain the highest possible price, while in the case of written tenders, the goal is to select the most advantageous offer.

The entity responsible for the sale of real estate, both in an open oral tender and in an open written tender, could be the State Treasury, local government units, National Parks, State Forests, and the Agricultural Property Agency. In the case of a limited written tender, only the National Parks cannot be the entity responsible for the sale of real estate. However, in the case of a limited oral tender, only the State Treasury and local government units could be the responsible entity (Prusik & Żróbek, 2014, pp. 295-308).

Since trade in real estate owned by the State Treasury and local government units is subject to the principle of transparency of trade, the competent authority is obliged to provide public information on the intention to sell, put into perpetual usufruct, rent, lease or use of given real estate (in the form of a list real estate) and using the tender procedure.

In the case of real estate, the body that announces, organizes, and conducts the tender is the executive body. The conditions for the sale of real estate through a tender are published in the tender announcement. In contrast, the conditions for the sale of real estate without a tender are determined in negotiations with the buyer.

The tender announcement contains information included in the list of properties intended for sale, as well as the time, place, and terms of the tender. When another tender is held, information about the dates of previous tenders must also be made public.

The basis for concluding an agreement in the form of a notarial deed after the completed tender or negotiations is the tender protocol or negotiation protocol (Lipowicz, 2022, p. 741).

To determine the starting price for the tender, it is necessary to obtain the opinion of a property appraiser and this is related to the principle of the market basis for determining the price of the real estate being sold.

The starting price in the first tender is set at a value not lower than the value of the property determined on the basis of an appraiser's opinion, yet in a situation with a second tender, the starting price may be reduced to a maximum of 50% of the property value determined by a property appraiser. However, when the second tender ends with a negative result, the property's price is determined in negotiations with the buyer, but in an amount that cannot be lower than 40% of its estimated value.

In the case of a non-tender procedure, the price of the property cannot be lower than its value, but in situations where the property is sold in connection with the fulfillment of claims, the price is set at an amount equal to the property's value. It is also worth noting that in a non-tender procedure, the competent authority may, based on an ordinance, grant a discount on the real estate price (Dydenko, 2020, pp. 202-221).

The last form of real estate sales discussed is the free market mode, the assumptions of which are availability, unlimited choice, variety of offers, lack of coercion in decision-making processes, favorable transaction conditions, and compliance with the principles of the legal code (Kotodziejczak et al., 2015, p. 356). The free market mode is characterised by concluded transactions resulting from voluntarily made decisions between participants. This applies in particular to the offer and transaction prices, which may change significantly in relation to the offer price, among others, based on negotiations between the seller and the buyer. Importantly, the free market mode is not subject to restrictions or coercion from external entities, including public authorities. However, just like the tender and non-tender procedures, it requires the preparation of a notarial deed. The free market mode in relation to real estate also includes the transfer of rights to real estate due to inheritance and donations (Maśniak, 2011, pp. 111-112).

### **3. Sales Volume of Developed Land Properties**

The sales volume of developed land properties should be understood as the number of transactions in a specific period, the number of properties that were the subject of trade, and the sales value expressed in thousands of PLN. Note that developed land properties are divided into: developed land

properties with residential buildings, developed agricultural properties, and other developed land properties.

Table 1 presents a summary of data regarding the total number of transactions, the number of developed land properties, and the sales value in thousands of PLN during individual years of the audited period.

Table 1. Sales volume of developed land properties in Poland

Year	Total				Dynamics
	2017	2018	2019	2020	year 2017 = 100%
The number of transactions	71 314	79 947	79 429	84 368	118.3
The number of properties	76 495	85 878	83 672	89 347	116.8
The value of sales in thousands of PLN	30 009 617	35 211 926	33 134 535	40 720 706	135.7

Source: own study based on Central Statistical Office data.

As can be seen in the table above, the fewest purchase and sale transactions among developed land properties took place in 2017, which also resulted in the lowest sales value. However, it is worth noting that the number of traded properties exceeded the number of transactions, which means that several developed land properties were traded during one transaction.

The largest number of transactions with the highest sales value in thousands of PLN was made in 2020. Analysing the number of transactions and its variability between the base year and the final year, this amounted to an 18.3% increase. The number of traded properties increased by 16.8% and exceeded the number of transactions. The largest increase was recorded in the sales value (in PLN thousands) and amounted to 35.7%. This means that within just three years the value of developed land properties increased significantly.

Table 2 presents data only regarding the number of transactions, the number of properties, and the sales value (PLN thousands) in the free market in Poland.

Table 2. Volume of free market sales of developed land properties in Poland in 2017-2020

Year	Free market				Dynamics
	2017	2018	2019	2020	year 2017 = 100%
The number of transactions	67 453	76 558	76 969	81 849	121.3
The number of properties	72 379	82 312	81 082	86 580	119.6
The value of sales in thousands of PLN	28 325 901	34 054 759	32 384 454	39 870 138	140.8

Source: own study based on Central Statistical Office data.

Comparing the above to the data presented in Table 1, one can notice the same trend. On the free market, the fewest transactions with the lowest sales value and the lowest number of properties were recorded in 2017.

However, in the case of the highest results achieved, the situation was analogous to the data covering all forms of trade combined, i.e. for 2020. This is not a coincidence, because among transactions on the Polish developed land real estate market, free market transactions accounted for the largest share among the forms of trade.

Between 2017 and 2020, analysing the number of transactions, there was a 21.3% increase, which is 3.0% higher than among all the forms of trade combined. The increase in the number of developed land properties traded between the base and final years amounted to a further 19.6%, which is again more than for data covering all forms of trade. Among free-market transactions, sales value (in thousands of PLN) increased by 40.8%, i.e. 6.1% more than all transactions involving only developed land properties.

Table 3 presents data on the sales volume of developed land properties achieved through non-tender sales.

Table 3. The volume of non-tender sales of developed land properties in Poland in 2017-2020

Year	No-bid sales				Dynamics 2019/2017
	2017	2018	2019	2020	year 2017 = 100%
The number of transactions	2287	2067	1392	1466	60.9
The number of properties	2424	2167	1482	1657	61.1
The value of sales in thousands of PLN	660 348	509 262	266 300	458 797	40.3

Source: own study based on Central Statistical Office data.

The volume of non-tender sales of developed land properties in Poland showed a completely different trend than in the case of free-market sales, because from 2017 to 2019 there was a decrease in the number of transactions, the number of properties, and the sales value in (PLN thousands).

Therefore, 2017 turned out to be the year with the highest number of transactions and the highest sales value achieved in thousands of zloty. The most significant decline in the factors presented in the table was recorded between 2017 and 2019. The number of transactions in 2019 was 39.1% lower than in the base year. A smaller decrease was observed in the number of developed land properties, which amounted to precisely 38.9%, however the largest decrease concerned the sales value among non-tender sales which amounted to 59.7%. This means that the decline in interest in transactions involving only developed land properties resulted in a significant price drop in non-tender sales.

Table 4 presents data covering the volume of tender sales on the Polish market of developed land properties in 2017-2020, divided into three factors defining the sales volume mentioned above.

Table 4. The volume of tender sales of developed land properties in Poland in 2017-2020

Year	Tender sale				Dynamics
	2017	2018	2019	2020	year 2017 = 100%
The number of transactions	1574	1322	1068	1053	66.9
The number of properties	1692	1399	1108	1110	65.6
The value of sales in thousands of PLN	1 023 368	647 905	483 781	391 771	38.3

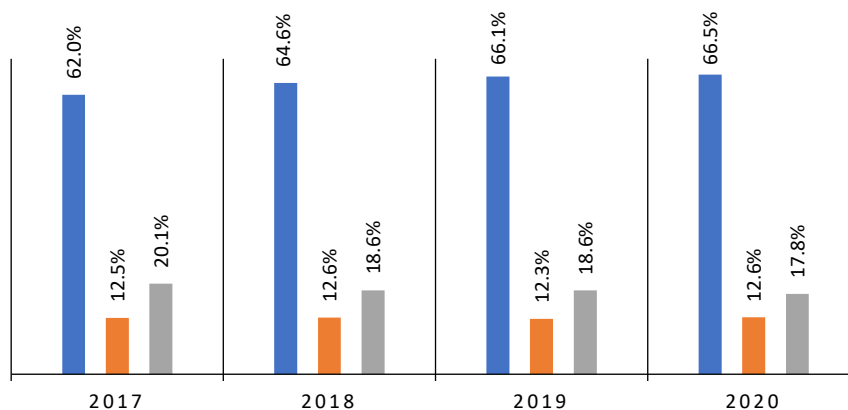
Source: own study based on Central Statistical Office data.

As can be seen by comparing the above table with Table 3, tender sales accounted for the smallest percentage among the trade forms compared to non-tender and free market sales.

However, as with the non-tender sales, in 2017, both the number of transactions concluded thanks to tender sales, the number of developed land properties that were their subject, and their value achieved in thousands of PLN, turned out to be the highest in that year.

The largest decrease in the number of purchase and sale transactions could be observed between the base year and the final year, and amounted to 33.1%. Among the number of properties, the highest decline was recorded between 2017 and 2019 at 34.5%, while in the final year, this value was 0.1% lower. As for non-tender sales, the highest percentage decrease among the analyzed factors concerned the sales value in thousands of PLN among the analysed tender sales. This decrease amounted to 61.7% between 2017 and 2020, which is 2.0% more than for non-tender sales in the same period.

Figure 1 presents the share of three types of land properties developed in Poland, considering only the number of properties that were the subject of transactions carried out on the free market in 2017-2020.



properties with residential buildings – ■  
 developed agricultural properties – ■  
 other developed properties – ■

Figure 1. Percentage share of individual types of developed land properties sold on the free market in Poland in 2017-2020

Source: own study based on Central Statistical Office data.

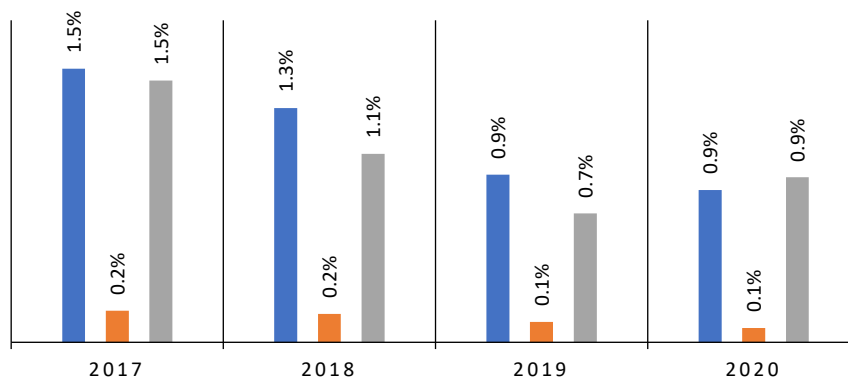
As can be seen, among free market sales covering only the number of developed land properties, the largest share was made up by properties with residential buildings. Throughout the entire period under review, they accounted for an average of 64.8% of the number of properties traded on the free market in Poland’s real estate market.

‘Other developed properties’ turned out to be the second category constituting a large percentage of the number of properties on the free market, their share in the entire period under study amounted to an average of 18.8%.

The smallest share went to the number of developed agricultural properties, as it accounted for an average of 12.5% on the free market.

It is worth mentioning that the total average volume of free market sales among all the types of developed land properties was 96.1% in the entire period.

Figure 2 presents data on the number of developed land properties, divided into three types, including non-tender sales.



properties with residential buildings – ■  
 developed agricultural properties – ■  
 other developed properties – ■

Figure 2. Percentage share of individual types of developed land properties subject to non-tender sales in Poland in 2017-2020

Source: own study based on Central Statistical Office data.

Among non-tender sales, as with free market transactions, the largest share was 'properties with residential buildings'. However, because this form of trading is used less frequently, the share amounted to 1.2% on average throughout the period under study.

Once again, 'other developed properties' had a larger share than agricultural properties. This time, however, with a result of 1.0% in 2017-2020.

The share of 'developed agricultural properties' among non-tender sales was only 0.1%, the lowest share achieved so far.

The total volume of non-tender sales among all three types of developed land properties in the entire period amounted to 2.3%.

Figure 3 refers to tender sales in 2017-2020, taking into account the share of individual types of developed land properties.

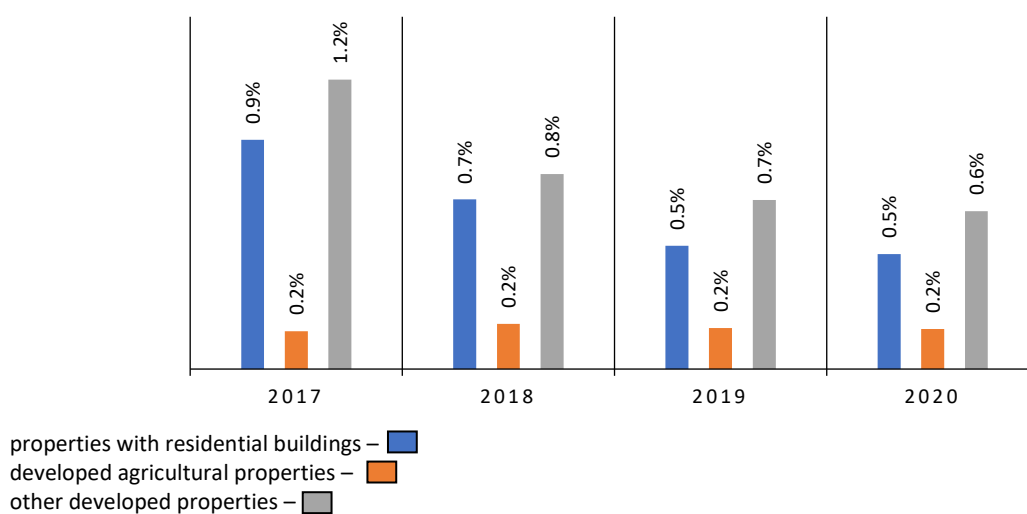


Figure 3. Percentage share of individual types of developed land properties subject to tender sales in Poland in 2017-2020

Source: own study based on Central Statistical Office data.

As seen in Figure 3, a different phenomenon occurred among auction sales compared to other forms of trade, namely that its highest share consisted of 'other developed properties' and not 'properties developed with residential buildings', as was the case so far. The share of remaining developed properties in the entire analysed period amounted to 0.8% on average.

In the case of auction sales, real estate with residential buildings achieved an average share of 0.6% over the entire period under review.

However, the smallest share, which amounted to 0.2%, regarded 'developed agricultural properties', which accounted for the smallest share in each form of trade presented, which means that it was the least desirable subject of trade in Poland's real estate market in 2017-2020.

It is also worth noting here that the share of the number of developed land properties being the subject of transactions among auction sales was the lowest among the three forms of trade and amounted to exactly 1.6%.

Figure 4 refers again to free-market sales among the types of developed land properties, but this time for sales value (in thousands of PLN).

Since the largest share of land properties developed on the free market concerned developed properties with residential buildings, it is not surprising that the largest share of the sales value on the

free market was also achieved among 'properties with residential buildings' and amounted to an average of 53.3% throughout the period. However, this value was lower than the number of these properties by 11.5%.

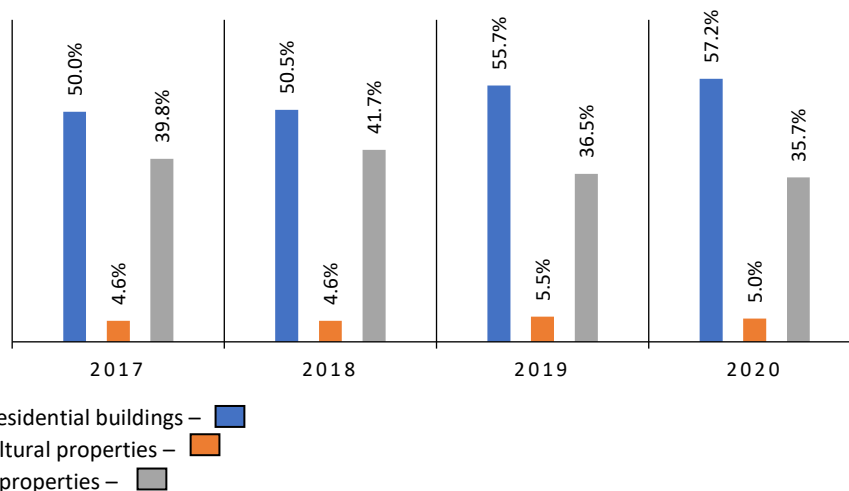


Figure 4. Percentage of sales value in thousands of zloty among individual types of developed land properties sold on the free market in Poland in 2017-2020

Source: own study based on Central Statistical Office data.

The share of sales value achieved thanks to developed properties remaining on the free market was on average 38.4%, which was 19.7% more than in the case of the number of properties. This means that this type of real estate was priced much higher than real estate with residential buildings.

However, for the last type of developed land properties, i.e., developed agricultural properties, the achieved sales value was 4.9% on the free market. Therefore, this value is 7.6% lower than in the case of the number of properties, which means that the price for such a property was relatively low.

Notably, the total average share of the achieved sales value in the entire period under review for developed land properties amounted to 96.7%.

Figure 5 concerns non-tender sales and the resulting sales value in thousands of PLN involving only developed land properties.

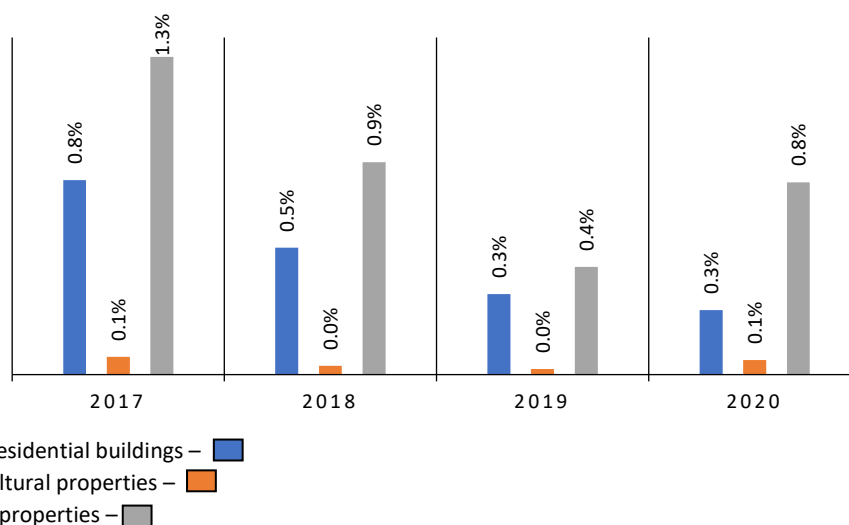


Figure 5. Percentage of sales value in thousands of PLN among individual types of developed land properties subject to non-tender sale

Source: own study based on Central Statistical Office data.



For non-tender sales, the share of sales value in thousands of PLN, similarly to the number of properties, was highest due to the remaining developed properties. Its average value over the entire period under review was 0.9%, i.e. 0.1% less than the share of the number of properties.

The share of sales value for real estate with residential buildings among non-tender sales was 0.5%, i.e. 0.6% less than in the case of the share of the number of real estate of this particular type. This means that the price for such a property is relatively low among non-tender sales.

A zero share in the achieved sales value in thousands of PLN during the entire period under study belonged to developed agricultural properties. The small number of traded properties contributed to a practically zero share in the sales value in each individual year is the subject of the analysis.

However, it is worth noting that the average share of sales value in thousands of PLN through non-tender sales in the entire examined period amounted to 1.4%, which, compared to the number of properties, means that it contributed to a lesser extent to the value achieved as the total sum of the three forms of trade.

Figure 6 includes data on the shares achieved through three specific types of developed land properties according to the value of the completed sales transactions.

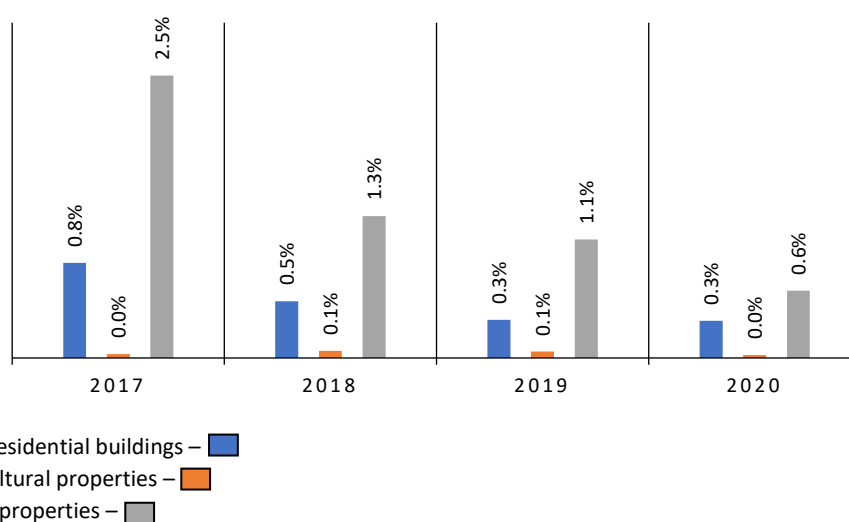


Figure 6. Percentage of sales value in thousands of zloty among individual types of developed land properties subject to tender sale

Source: own study based on Central Statistical Office data.

Among tender sales, the largest share in the achieved sales value in thousands of PLN regarded other developed properties throughout the period under review and amounted to an average of 1.4%. This value was 0.6% higher than the share achieved in the number of properties traded in the auction sale. This means that the price for such a property was so high that the share of the sales value in thousands of PLN exceeded the share of the number of properties.

The situation among properties with residential buildings in the tender sale was very similar to that regarding the share of the number of properties, because on average the share of sales value in thousands of PLN was at 0.5%, and among the number of properties it was on average at 0.6% throughout the period under study.

As in the case of non-tender sales, in tender sales the average share of the achieved sales value in thousands of PLN for 'developed agricultural properties' was throughout the period under review at 0.0%.

Notably, the average share of value in thousands of PLN for three types of developed land properties amounted to a total of 1.9%, i.e. 0.5% more than in the case of non-tender sales. However, this was not the same as the share of developed land properties, because in this instance, non-tender sales exceeded tender sales by 0.7%.

## 4. Conclusions

Based on the analysis of changes in the sales volume of developed land properties in Poland in 2017-2020, the following conclusions were formulated:

- the number of transactions involving developed land properties increased by 18.3%;
- sales value in thousands of PLN among developed land properties increased by 35.7%;
- the most significant share among individual types of developed land properties, both in terms of the number of properties traded and the sales value, was for properties with residential buildings;
- taking into account the prices of developed land properties, other developed properties turned out to be the most expensive.

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## Analiza zmian w obrocie zabudowanymi nieruchomościami gruntowymi w Polsce w latach 2017-2020

**Streszczenie:** We współczesnych realiach społeczno-gospodarczych można wskazać bardzo wiele elementów zarówno tych materialnych, jak i niematerialnych, które odgrywają ponadprzeciętną rolę w ich kształtowaniu. Jeżeli będziemy traktowali ekonomię jako naukę badającą zachowanie ludzi w procesie produkcji, dystrybucji oraz konsumpcji towarów i usług, to niewątpliwie do istotniejszych elementów kształtujących ten proces należy zaliczyć nieruchomości, które w procesach rynkowych są nie do przecenienia. Od początku formowania się gospodarki rynkowej w samym jej centrum znajdowały się nieruchomości, które decydowały w sposób bezpośredni i pośredni o kierunkach rozwoju tejże gospodarki. W niniejszym artykule skoncentrowano się na zidentyfikowaniu zmian zachodzących w obrocie nieruchomościami gruntowymi zabudowanymi na polskim rynku nieruchomości pod względem form obrotu. W postępowaniu badawczym posłużono się metodami krytyki piśmiennictwa oraz statystyki opisowej.

**Słowa kluczowe:** nieruchomość, formy obrotu nieruchomościami, wielkość sprzedaży, wartość sprzedaży