Housing market in Lublin city center

Klara Petrusewicz

2A

Superviser: dr Marta Kusznerczuk

International Secondary School Paderewski

Content page

1. Introduction

1.1.   Aim of the project

RESEARCH OBJECTIVE: establishing the 3 most important criteria that has the greatest impact on the price of the analyzed real estate.

1.2.   Theoretical background

The land value model

This model is the urban equivalent of von Thünen's rural land use model, in that both are based upon locational rent. The main assumption is that in a free market the highest bidder will obtain the use of the land. The highest bidder is likely to be the one who can obtain the maximum profit from that site and so can pay the highest rent. Competition for land is biggest in the city centre. The most expensive or 'prime' sites in most cities are in the CBD, mainly because of its accessibility and the limit of space there.

Away from the CBD, land rapidly becomes less attractive for commercial activities – as indicated by the steep angle of the bid-rent curve (A-A). Industry, partly because it takes more space and uses it less intensively, bids for land that is less valuable than that prized by shops up and offices. Residential land, where the flat is located - test of the three bid-rent curves (C-C), is found further out from the city centre where the land values have decreased due to less competition. Individual householders cannot afford to pay the same rents as shopkeeper and industrialists.

Retrived from: David Waugh- Geography an Integrated Approach part 2

1.3.   Additional research sources

KEY TAKEAWAYS
- o   Location is key to valuable real estate. Homes in cities that have little room for expansion tend to be more valuable than those in cities that have plenty of capacity.
- o   Consider the accessibility, appearance, and amenities of a neighbourhood as well as plans for any development.
- o   Proximity to things like busy roadways and community centers may make it less desirable for resale.
- o   Acreage often trumps the quality of a house, since land tends to increase in value.

Retrived from: www.investopedia.com

"The condition and price of any home can be changed. You can even change the size of the house. The one thing you can't change is the home's location."

"The location creates desirability, desirability creates demand, and demand raises real estate prices."

"Anyone who doesn't understand how the real estate market works will tell you to buy in a good/safe neighbourhood. Well, guess what, neighbourhoods change, just like everything else."
Retrived from: www.releighrealtyhomes.com

"Whenever you look at a certain area, ask yourself "how much would it cost to live there?""
Retrived from: www.myproperty.ph

According to these articles we can easily tell that location is the base for choosing our new home/ apartment. Everything can be changed apart from the location. Real estate market requires looking in the future, for example 5 years forward. Because of that, we can see a potential in a place where initially, we could not see it.

2. Area of investigation
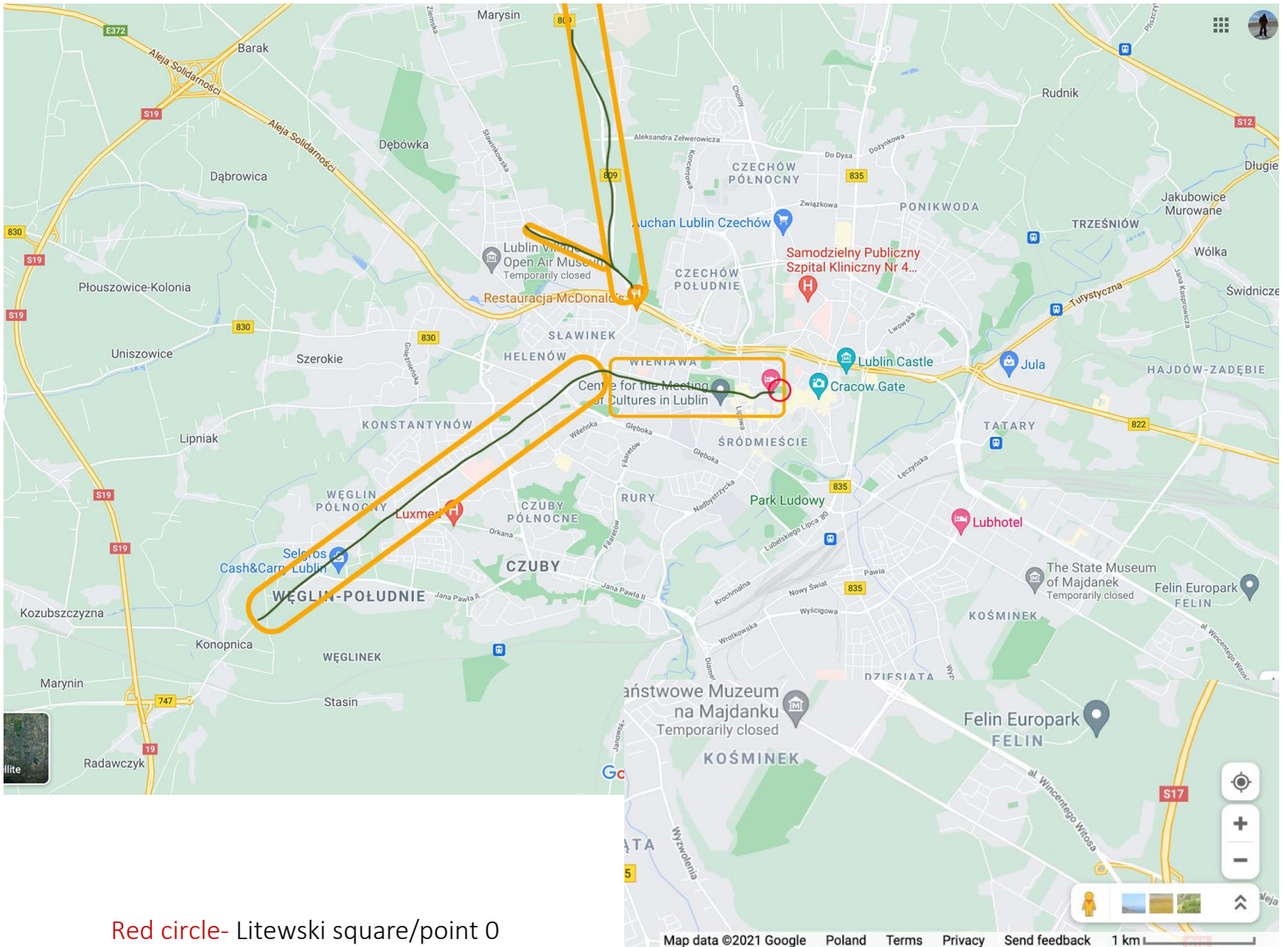
Red circle- Litewski square/point 0
Orange area - area of investigation

Investigated districts: Rogatka Warszawska, Czuby, LSM, South Węglin, Botanik, Center, Strict center

The analysis included 52 offers for the sale of apartments located in several selected residential districts of the city of Lublin. The analysis included apartment sales offers from the primary and secondary market.

General characteristics of the city of Lublin:
In terms of population, Lublin is the ninth city in Poland. There are 321,619 permanently registered residents (as of December 31, 2018), and a total of 339,784 (as of January 1, 2019). Lublin had the largest population in 1999 - according to the Central Statistical Office data (GUS, 2020) - 359,154 inhabitants. Since then, the number of people registered in Lublin has been steadily decreasing every year.

to the list GUS, 2020: Wyniki badań bieżących - Baza Demografia - Główny Urząd Statystyczny, retrived from: www.lublin.stat.gov.pl

Table 1: number of offers in the analyzed districts, broken down into the primary and secondary market

Location - district	Number of oferts	Including aftermarket offers	Including primary market offers
Strict center	12	10	2
Center	8	8	0
Botanik	9	7	2
South Węglin	6	4	2
LSM	6	6	0
Czuby	6	5	1
Rogatka Warszawska	5	5	0
Razem	52	45	7

Litewski Square, which is the central point of the city, was used as a reference point for the analysis of the apartment sales market in Lublin. The analysis covered the immediate surroundings of Litewski Square and two alternative directions, considering typical residential districts of Lublin:

1. Northern: Al. Racławickie, Rogatka Warszawska, the Botanik estate;
2. South-west: the LSM estate, the Czuby estate and the South Węglin estate.

3. Methods and planning

- **rent-bid theory** (teoria stawek czynszu)
- **vertical zoning** (podział na strefy pionowe, kondygnacje budynku)

Labor-intensity analysis in person hours (each sub-point)
Writing down difficulties and problems for a given research stage.

1. Create a work plan **(1,5 hour)**
2. Theoretical background - finding articles presenting the most effective methods of comparing real estate **(1,5 hour)**
3. Planned location selection **(half an hour)**
   a. Street (in the very center) (near Krakowskie Przedmieście) center - the initial plan, however, it will not be considered because there are 19th-century buildings there, which means that the buildings are of a very diverse and incomparable standard
   b. We take the area from Aleje Racławickie to the north
4. Categories of analyzed real estate **(20 minutes)**
   a. Apartments
   b. Commercial premises located at the bottom of the residential premises
   c. Establishing criteria for the evaluation (comparison) of the analyzed real estate

Working criteria:
- we need to set a point 0 from which the distance from the center of the analyzed real estate will be calculated
- The exact location of the building
- Yearbook of the construction of the buildings
- The amount of the rent
- Cooperative/tenants
- Distance from the MPK stop
- Distance to the nearest school, grocery store, park
- The area of the apartment
- Number of rooms
- The floor of the flat
- Type of heating
- Storage space (if any)
- Parking place/garage
- Balcony (if any)
- Is there an elevator
- When was the last renovation (date)
- Standard of finish:
  - Window joinery
  - Internal carpentry
  - Floors
  - Glaze
  - Built-in kitchen
  - etc.

5. Method of obtaining information **(8 hours)**
    a. Pages with offers of selected real estate agencies from Lublin
    b. Websites comparing real estate offers in selected locations
    c. Analysis of the building surroundings based on google Earths and Google maps
6. Designing a sheet to collect (compile) the obtained data **(40 minutes)**
    a. The worksheet is designed in Microsoft Excel
7. Determining the size of the research group
    a. Determining what number of flats and commercial premises we are taking for analysis
8. Preparation a poll **(half an hour) (71 people took part in the poll)**
    a. Analise survey results **(1,5 hour)**
9. Preparation and definition of research hypotheses **(10 minutes)**

Working hypotheses:
- Buildings closer to point 'zero' will be more expensive
- The price of the flat is influenced by the year of construction of the building (the older the higher the price)
- The price of the property is influenced by the finishing standard (the better finished, the higher the price)

RESEARCH OBJECTIVE: establishing the 3 most important criteria having the greatest impact on the price of the analyzed real estate

10. Analysis of the collected data **(3 hours)**
    a. Choosing a tool to analyze the collected data
    b. Microsoft Excel applications selected
    c. Selection of statistical methods of collected data
    d. Conducting calculations and analyzes
    e. Preparation of working reports and charts
11. Interpretation of the analysis results - how the collected results compare to the defined research objective and working hypotheses **(2 hours)**
    a. Discussing the results of the analyzes with a group of people with an orientation in the real estate market
12. Preparation of a report on the test results (product creation) **(1,5 hour)**
    a. Structure of the final product
    b. Product form
    c. The tool with which the product was created
13. Practicing the presentation of the final product
14. Test presentation, verification of the final product
    a. Collecting comments and suggestions
    b. Final minor corrections
15. Preparation and final assembly of the final product

4. Data presentation and analysis

Questionnaire:
https://docs.google.com/forms/d/e/1FAIpQLScY8LS7pSg8VtNqGoYR4Um4asSetg3Wk9B_Wxr SKMz-6Svr6A/viewform?usp=sf_link

I had to prepare this poll to show what people looking for in their new apartments and what they would like to invest in. It shows how people in different age, sex and family status have various needs. Thanks to this poll we can make analise and diagrams.

The most important factors influencing the choice of a flat to buy - answers from the survey for the total studied group
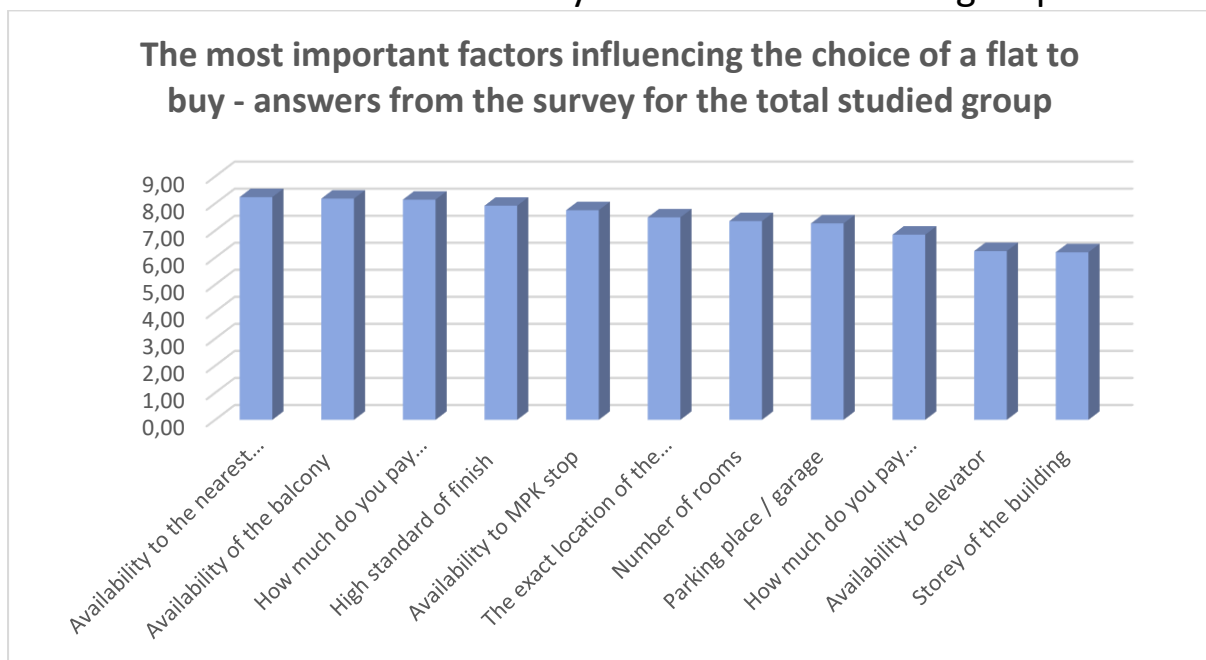
From this poll we can see that most people really pay attention to the availability of schools, parks and grocery shops near new apartments. This may be due to the people liking to have key places at their convenience. Also, irrespective of age participants like to be able to walk somewhere without the need to get a bus or driving a car.

The least selected answer in the poll is the floor of the building. This shows that people prefer to have a high finish of the apartment with a balcony. They focus more on the apartment area and the inside look.

The most important factors influencing the choice of an apartment to buy - answers from the questionnaire for families with children

The most important factors influencing the choice of an apartment to buy - answers from the questionnaire for families with children
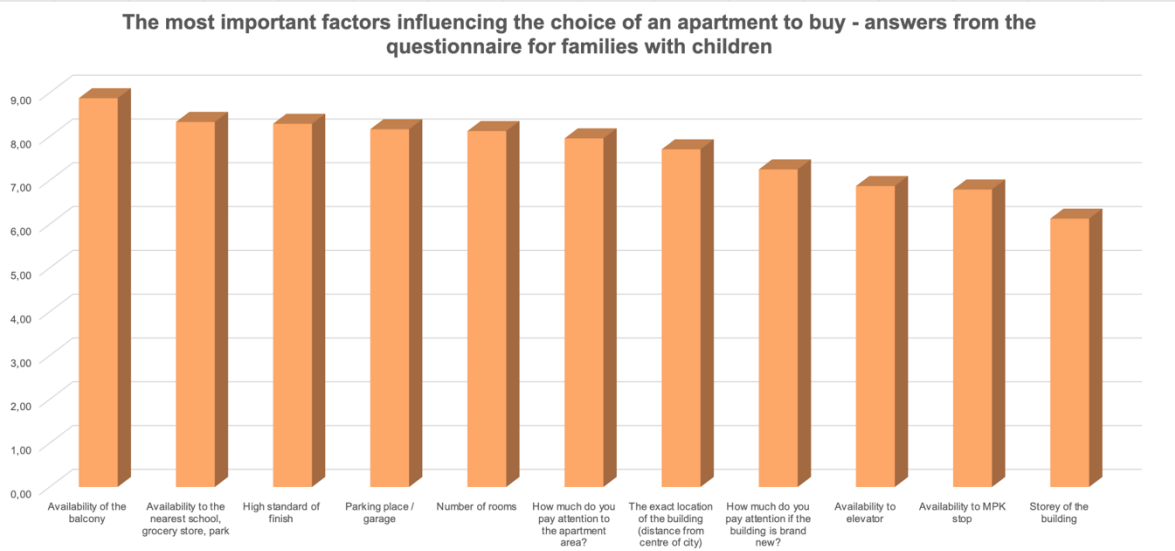
After asking families with children, we can see from surveys that people need balconies. It can be due to the desire to have outside space, whilst living in a flat. They also pay attention to availability to nearest schools, parks and groceries shops. Life can be much easier if they have these commodities in close distance. Because of that, all families can save much time in the future. Likewise, a high standard of finish is the most important thing. If you have children, especially really young ones, you prefer to move to a place where you don't have to worry about anything.

The least important thing for this group of participants is the storey of the building. As I said before people care much more about the area and inside of the apartment. It doesn't really matter if a flat is on the second floor of fifth.
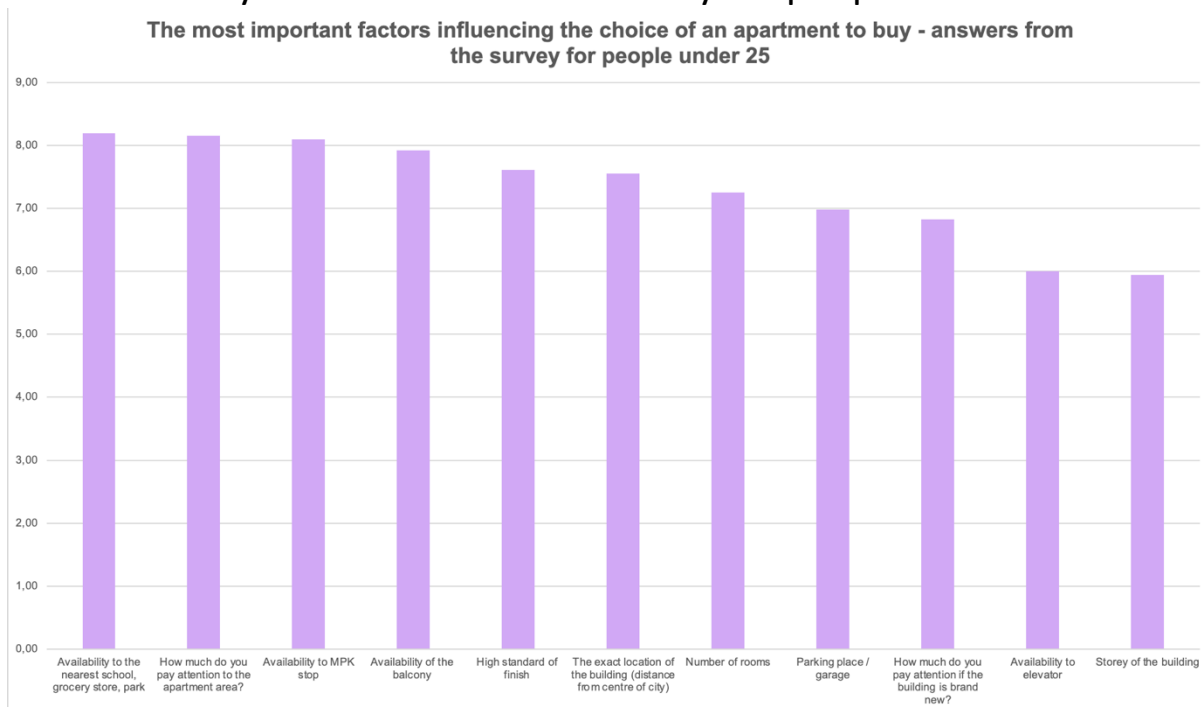
The most important factors influencing the choice of an apartment to buy - answers from the questionnaire for people without children
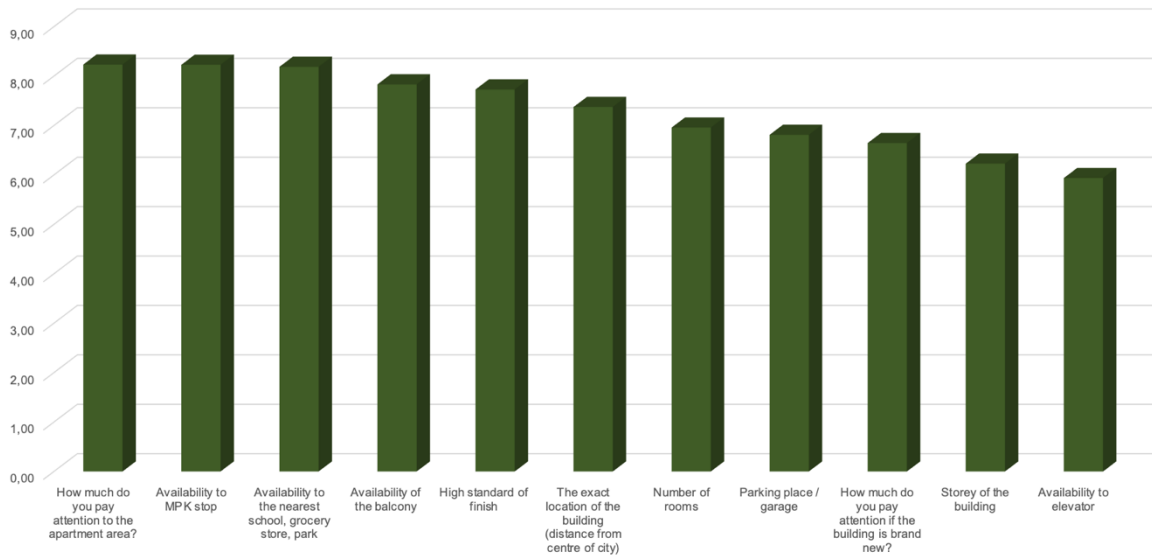
The most important factor is the area the apartment is located in. Most families without children are less stressed about the inside of the apartment. They prefer (as we can see from the poll) to have a nice area near the building. Also, they would like to have MPK stop close to their apartment. It is logical, because most of the participants are aged between 15 to 25 so they do not own a car or driving license yet.

Least important things are availability of elevators and storey of the building. That shows us that people without children are fit to walk up and down the stairs, hence they do not pay attention to those details.

The most important factors influencing the choice of an apartment to buy - answers from the survey for people under 25

Poll here is quite similar to the "People Without Children". Most major factors are being close to parks, shops and schools. Young people prefer to walk then drive to the other end of the city. Also, the availability of walking anywhere you want by foot can save a lot of money - avoiding buying bus tickets that often or paying for Uber or Bolt.

Least important things are the same as in poll "People Without Children". Due to the similar age range people have quite similar needs.

The most important factors influencing the choice of an apartment to buy - answers from the survey for people over 25 years of age

Last poll took into consideration participants over 25 years old. They selected availability of balconies as the most valued thing. Most people in this age bracket have jobs and are graduates. They may want balconies as a place where they can relax and be able to be outside without leaving the apartment. They also care about the high finish of the apartment. People prefer to have high standards of living when they start to have their own home for a longer time.

Least valued thing is the storey of the building and being close to a MPK stop. As before, the questionnaire showed that participants do not pay a lot of attention to the floor the flat is located on. Most people after 25 age do not use buses, because they prefer to use their cars.

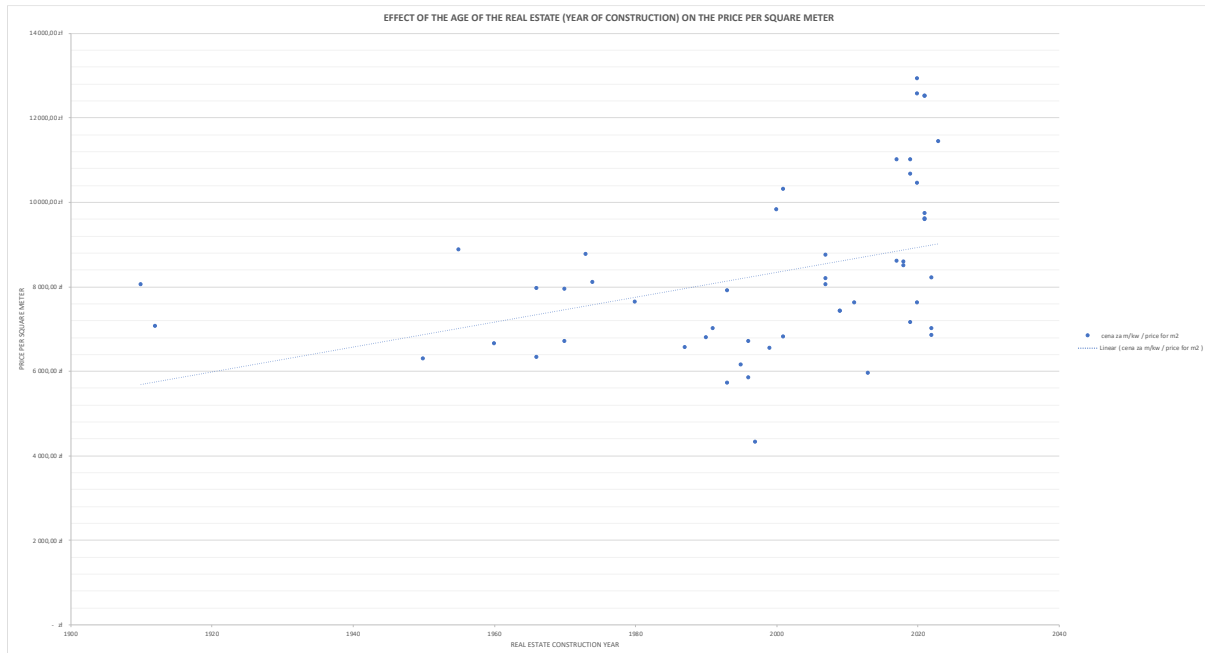# analyzed apartments - analysis, charts
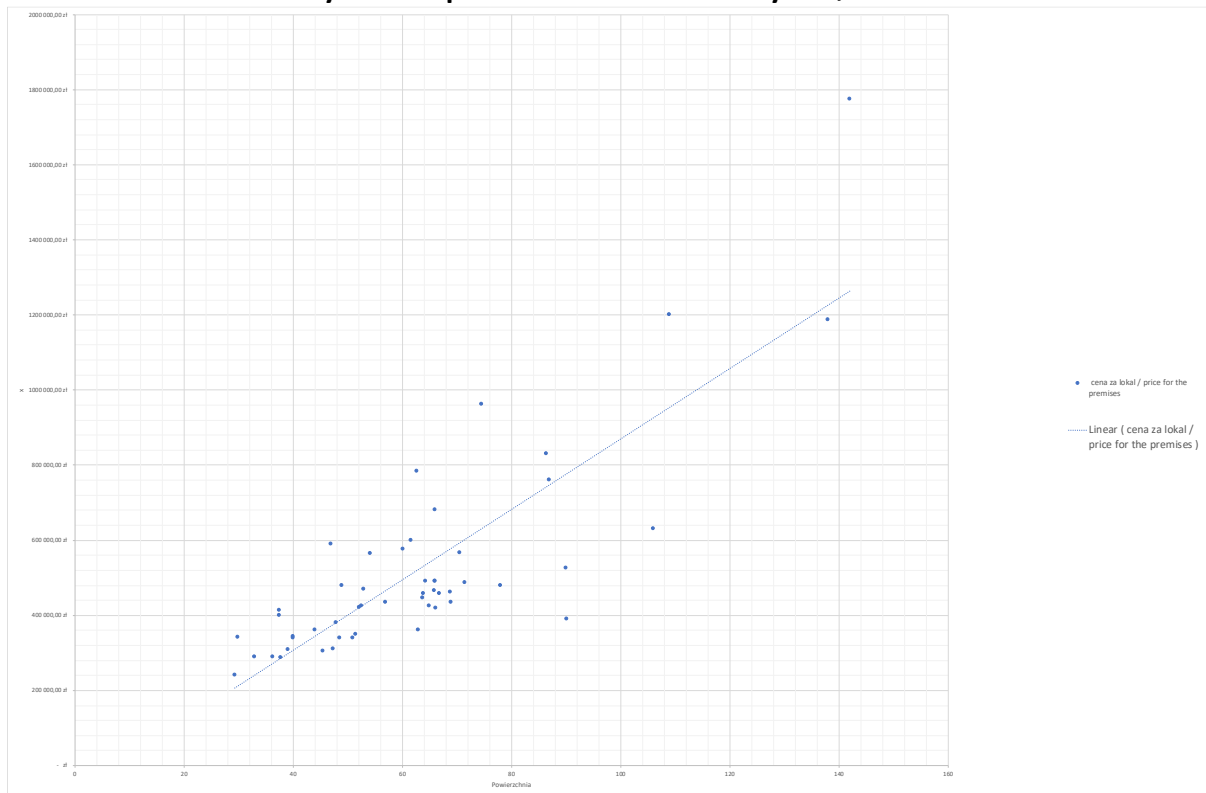
In the analyzed sample, the largest group are flats with an area of 40 to 70 square meters in the price range from PLN 250,000 to PLN 600,000.
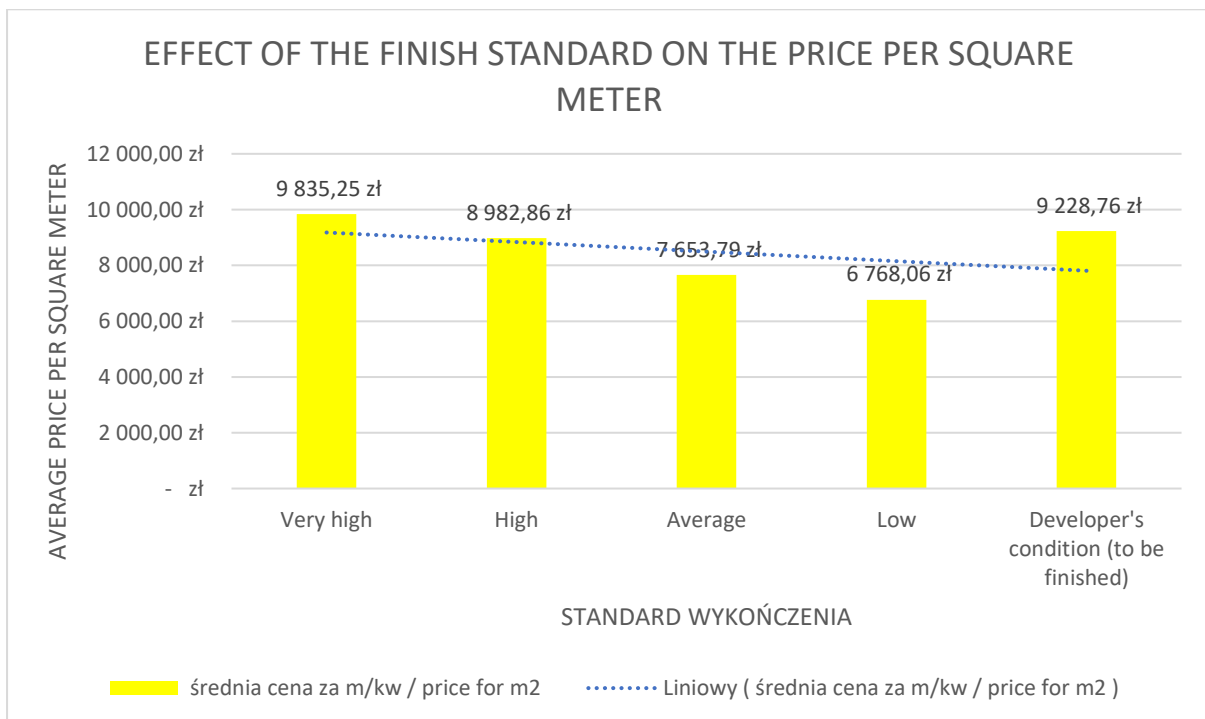
The analysis of the collected offers shows that there is a relationship between the price of a flat and the proximity to the very center, i.e. Litewski Square.


The analysis of the collected offers shows that there is a relationship between the price for 1 sq m / sq m and the date of construction of the building (the newer the building, the higher the price per sq m).
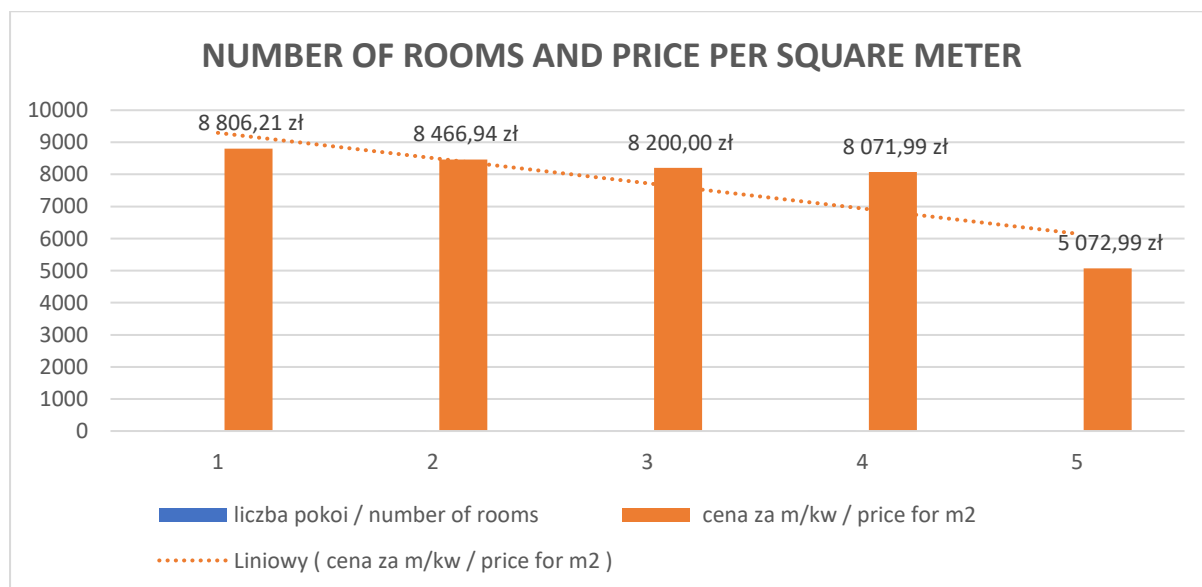

The analysis of the collected offers shows that there is a relationship between the standard of finishing the flat and the price for 1 sq m / sq m. The higher the standard of the flat, the higher the price. It should be noted that a separate category are local in development, the price of

which is between premises with a very high and high standard of finish. Which is due to the fact that these are new premises, which allows individual finishing of the apartment.

**Average price per square meter in the analyzed districts of Lublin**
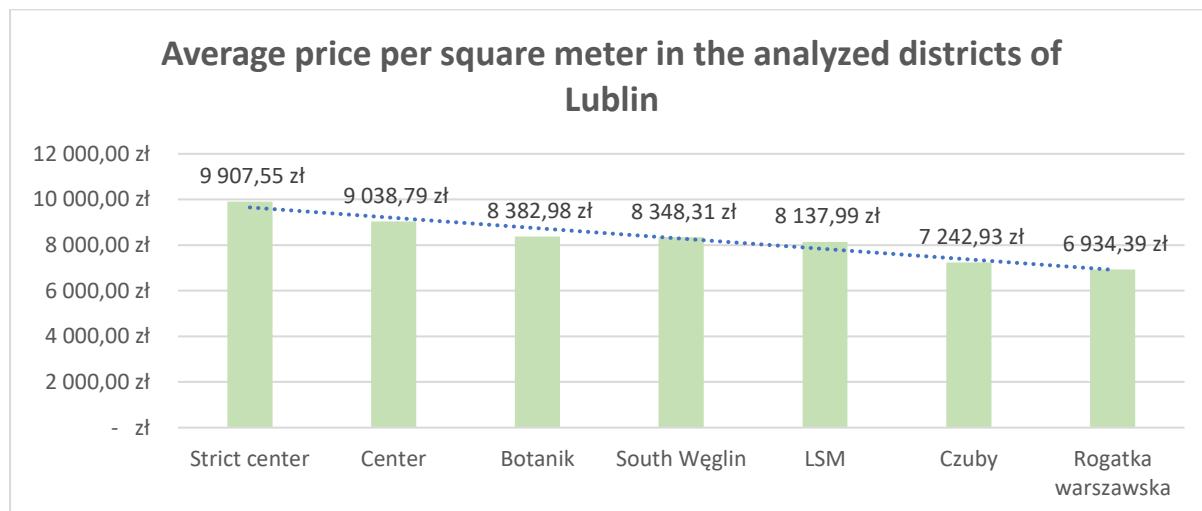
The analysis confirms that the highest price per square meter is in the center of Lublin and in the immediate vicinity of the center. In the Botanik estate and in the South Węglin district, which are located farthest from the city center (Litewski Square), the price for 1 sq m of a flat is higher due to the fact that many new residential buildings are being built there (the majority of offers from the primary market).

In the districts of LSM, Czuby and Rogatka Warszawska, which are located closer to the center, there are no offers in newly built buildings, while offers from the second-hand market in older buildings dominate.

NUMBER OF ROOMS AND PRICE PER SQUARE METER

The analysis of the collected offers shows that 1 or 2-room apartments have the highest price for 1 sq m. 5-room apartments have the lowest price.

FLOOR AND AVERAGE PRICE PER SQUARE METER
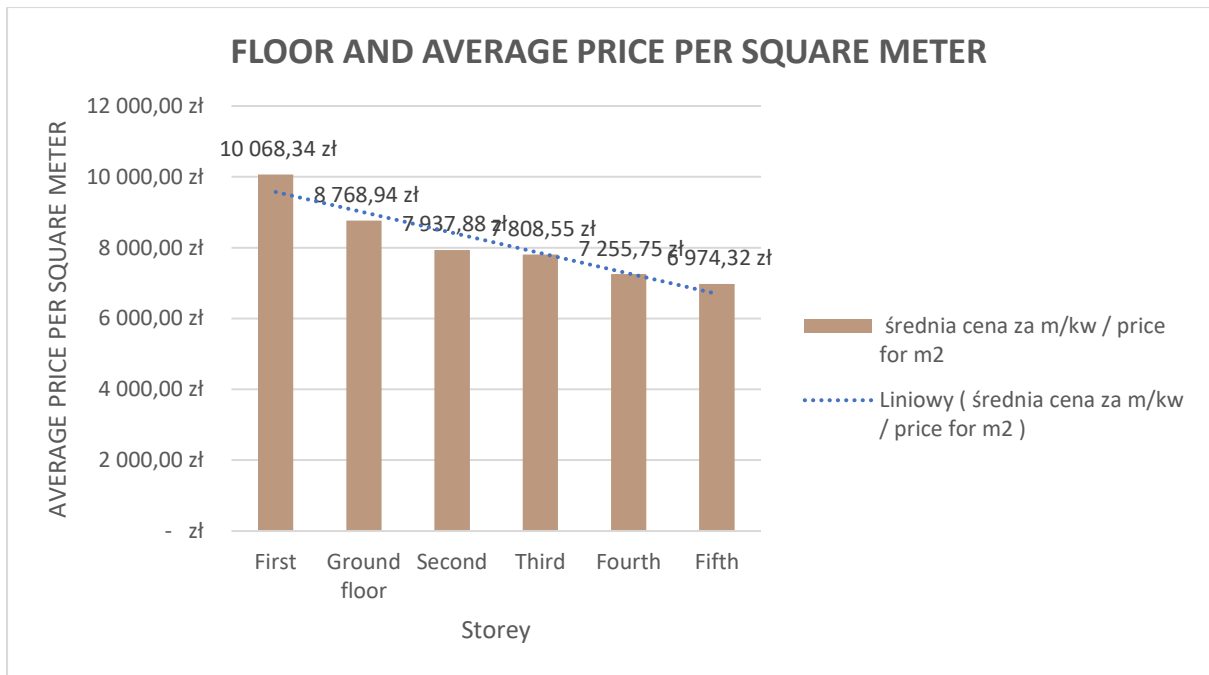
The analysis of the collected offers shows that the highest price per 1 sqm is for apartments on the first floor and on the ground floor. Apartments located on the upper floors have a lower price for 1 sq m / sq m.

5. Conclusion

Referring to the charts which I made after comparing 52 apartment offers in Lublin, we can see that my assumption of the apartments closer to point 0 (Litewski Square) are more expensive than apartments which are located a bit further is correct. Additionally, when new apartments close to point 0 have the highest standard of finish, they have extremely high prices. Due to this, many people prefer buying new apartments further, because they can get a really good standard of finish for a much lower price.
We can also see that new apartments are much more attractive when the building is new and have 1 or 2 rooms. People prefer having smaller flats, but in the newer building than bigger apartments in older buildings. This shows that people pay much more attention to standard of living.
Another quite interesting find is that apartments on the first and ground floor per sq m are the most expensive. That is why people will be buying apartments on higher storey if they are looking for lower prices.

From my polls I can see that age has a big influence on what we look for in apartments. People from 17 to 25 years will be paying much more attention to the location of the building and how far are the nearest shops, parks and schools. They do not want a really high standard of finish, probably because they do not have enough resources to buy more luxury apartments.
People with children and people older than 25 years will look for places with balconies and with high standards of finish. They are probably starting a new chapter in their life, so they desire a higher standard of living.

Combining these two investigations allows me to make a conclusion that 3 of the most important criteria which have the greatest impact on a price are location, standard of finish and yearbook of the building. These three combined together (location close to point 0, really high standard of finish and new yearbook of building) are making the highest prices of flats on the market.

6. Blibliography

The source of the analyzed apartment sales offers were the following portals:

1. https://adresowo.pl

2. https://www.morizon.pl

3. https://lublin.nieruchomosci-online.pl

4. https://www.otodom.pl

5. https://www.domiporta.pl

6. https://gratka.pl

7. https://lublin.stat.gov.pl/vademecum/vademecum_lubelskie/portrety_miast/miasto_lublin.pdf

Articles:

Struyk T., 2021. The 5 Factors of a 'Good' Location. USA
o retrived from: https://www.investopedia.com/financial-edge/0410/the-5-factors-of-a-good-location.aspx

Fitzgerald R., 2021. Why is Location so Important in Real Estate?. USA
o retrived from: https://www.raleighrealtyhomes.com/blog/why-is-location-so-important-in-real-estate.html

10 factors that make location important in real estate. 2019. Philippines
o retrived from: https://www.myproperty.ph/journal/2019/02/13/10-factors-that-make-location-important-in-real-estate/

Institute of Urbanism and Landscape, The Oslo School of Architecture and Design, 2019. House prices and relative location. Norway
o retrived from: https://www.sciencedirect.com/science/article/pii/S0264275118312241