

Acquisition of real estate by foreigners. A study on the readiness to purchase real estate

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Research Aim and Methodology

This study primarily investigates two key aspects. The first concerns the acquisition of agricultural land by foreigners, as well as the scale of residential property purchases, land acquisitions, and the acquisition of shares and stakes in companies by foreign nationals. The second aspect pertains to the willingness of foreigners to purchase residential property in Poland and to take out a mortgage for this purpose. The analysis is based on source materials obtained from the European Statistical Office (Eurostat), the Central Statistical Office of Poland (GUS), data published by the Ministry of Foreign Affairs, and reports from the Agricultural Property Agency of the State Treasury, specifically from the activity reports of the National Support Centre for Agriculture concerning the Agricultural Property Stock of the State Treasury.

The work determined the size of real estate acquired by foreigners and the general trends of phenomena and the size of the pre-emptive right exercised by the NRSP Agency ("capturing" agricultural land at the stage of the purchase-sale transaction for the State Treasury) and the number of apartments acquired by foreigners, taking into account the spatial distribution of the subject of the transaction (sold residential premises).

Discussion

The data collected in the registers shows that foreigners being natural and legal persons, both on the basis of the required permit and without the obligation to apply for it, acquired real estates with a total area of approx. 5,600 ha per year in recent years 2018-2021. In 2022, the area of acquired real estates increased significantly to 12,823 ha. The area of agricultural and forest real estates amounted to approx. 1,308 ha per year on average in 2018-2021, and in 2022 it also increased to over 5,119 ha (Fig. 1). During the research, consideration was given to the predominance of countries from which foreigners purchasing real estate came. Among individuals, the largest number of real estates in the last analyzed years were purchased by citizens of Germany (Tab. 1). In the case of legal entities, the largest number of real estates were purchased by entities with a majority of German, Luxembourgish and Dutch capital. The list shows five countries whose citizens purchased the largest area of real estate or from which the capital for purchasing real estates came.

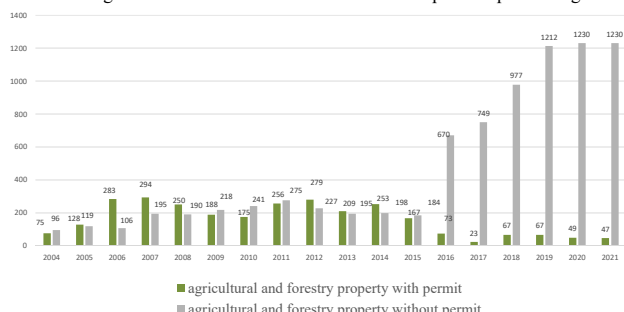


Figure 1. Number of purchase and sale transactions of agricultural and forest real estate conducted by foreigners in Poland in 2004-2021 – purchase based on a permit and without the obligation to apply for a permit. Source: own study

Country of origin of the buyer	2019		2020		2021	
	Area of acquired real estates [ha]	Including agricultural and forest real estates [ha]	Area of acquired real estates [ha]	Including agricultural and forest real estates [ha]	Area of acquired real estates [ha]	Including agricultural and forest real estates [ha]
Germany	541.67	379.76	448.22	302.40	540.33	305.66
Austria	81.70	64.83	229.59	189.01	128.80	76.42
Netherlands	48.58	23.71	79.41	70.85	65.20	43.47
Great Britain	46.71	16.91	68.09	48.68	63.34	23.60
France	46.02	28.71	61.74	51.11	52.86	25.16

Table 1. Nationality of individuals purchasing real estate in 2019-2021 by area of acquired real estate – five highest ranked.

In the last year, foreigners purchased 17,442 residential properties, in the previous year 13,165 residential and commercial premises. According to the report of PKO Bank Polski entitled: "Foreigners increasingly active on the Polish housing market" (2023), last year there was a significant decrease in the number of apartments purchased by domestic buyers, while an increase in transactions involving foreigners was noted. Taking into account the report of the Ministry of the Interior and Administration and data from the Central Statistical Office, even every seventh sale-purchase agreement was concluded by a foreigner. The motives for the action are of an investment nature, but it is also often a purchase for one's own housing needs. As noted annually in the reports of the Ministry of Interior and Administration, foreigners were most willing to buy residential and commercial premises in large cities such as: Warsaw, Krakow, Wrocław, Łódź, and Gdańsk. The list (table 2, 3) also includes a much smaller city, but located in the seaside region, and at the same time in close proximity to the Polish border with Germany - Świnoujście, where foreigners buy over 100 transactions per year.

City	2018		2019		2020		2021		2022	
	Area m ²	No. of entries	Area m ²	No. of entries	Area m ²	No. of entries	Area m ²	No. of entries	Area m ²	No. of entries
Gdańsk	10021	186	17901.52	298	14899.61	191	15125.07	287	28954.3	348
Gdynia	4095	65	6065.23	71	2147.44	41	4352.74	74	5023.3	93
Gorzów Wlkp.	2446	49	2705.67	49	4044.05	78	6704.10	120	7350.6	136
Kraków	55182	966	87507.54	1509	67211.44	1218	79172.12	1382	99580.3	1709
Łódź	9180	151	54955.48	313	22116.11	378	26042.16	485	31367.3	589
Poznań	11109	192	16790.28	274	20413.40	262	28603.06	385	35040	598
Szczecin	8407	117	9442.04	153	7415.79	111	11274.56	134	18135.9	208
Świnoujście	2936	0	6548.81	142	4917.04	119	5334.29	128	7276.7	171
Warszawa	130029	1984	454794.86	3208	280779.51	2501	284092.60	3480	295392.2	4790
Wrocław	43413	764	59048.22	1029	57214.70	1002	92605.68	1332	119164.1	1526
Zakopane	715	5	611.80	14	220.95	7	263.92	5	153.4	176
Suma	277 533	4482	716317.46	7060	481340.03	5908	553570.29	7046	647418.3	10434

Table 2. Total area and number of residential and commercial premises acquired by foreigners and the number of transactions made (for selected cities). Applies to natural persons and legal persons.

Country/territory of origin of the buyer	Natural persons			Total :	Legal persons			Total:
	Residential premises (m ²)	Commercial premises (m ²)	Total		Residential premises (m ²)	Commercial premises (m ²)	Total	
Ukraine	328 231.19	22 320.25	350 551.44	6 815.99	8 336.67	15 152.66		
Germany	72 262.04	14 504.58	89 766.61	4 832.95	12 553.10	17 386.01		
Belarus	70 075.76	6 030.50	76 106.26	780.83	518.81	1 299.64		
Russia	21 585.74	1 835.42	23 421.16	59.85	0.02	59.87		
France	18 388.70	1 801.39	20 190.09	935.42	12 173.18	13 108.60		
Great Britain	14 421.53	1 196.17	15 617.70	1 638.87	9 384.80	11 023.67		
Netherlands	9 483.71	1 621.06	11 104.77	2 622.78	19 013.30	21 636.07		
Israel	8 979.84	2 032.56	11 012.41	2 333.05	10 881.79	13 220.84		
India	7 762.74	804.75	10 567.49	86.59	90.19	176.78		
Spain	7 757.56	1 134.29	8 891.85	301.45	4 396.80	4 698.22		

Table 3. Area of premises purchased by foreigners on the basis of a permit and without the obligation to obtain a permit (by the buyer's country of origin) – ten countries with the highest rankings in 2022

Conclusions

Based on the conducted research, the following final conclusions were reached:

- In the European Union countries, each country shapes the rules for the sale of agricultural land independently. The Polish state pursues a policy of interventionism towards its citizens and foreigners.
- In addition to agricultural land, real estate is subject to restrictions on sale, the acquisition of which in order to meet the needs of life by a foreigner cannot exceed an area of over 0.5 ha.
- Russia's aggression against Ukraine, lack of security and the unstable situation in Ukraine, as well as in other countries located in the east of Poland, affects the increase in the purchase of apartments by foreigners in Poland. In 2022, Ukrainian citizens (individuals) purchased residential premises in Poland with a total area of 350,551.44 m², in third place were citizens of Belarus with the area of purchased residential premises at the level of 76,106.26 m². Traditionally, German citizens rank high - second place with the area of purchased residential premises of 89,788.61 m². Ukrainians and Belarusians purchase residential premises to meet housing needs, but in the case of German citizens, investment motives prevail.
- There has been a rapid increase in the purchase of apartments by foreigners in Poland, especially in large cities, perceived as an attractive place to live, with an offer of new jobs and a rich educational offer. Among the dominant cities over the past few years have been Warsaw, Krakow and Wrocław.