



*The Polish Cadastral  
System Reforms  
in Counteracting the  
Financial Crisis*

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# Poland – concise Information

- Total area – 312 689 km<sup>2</sup>
  - agricultural: 192 260 km<sup>2</sup>,
  - forestry: 92 060 km<sup>2</sup>
- Inhabitants: 38 200 037 (GUS-2010)
  - 62% in urban area
- Administration system:
  - 16 provinces (voivodships)
  - 379 districts



# The Polish Cadastral System

- The first legal regulation is of 24 September 1947 „The Decree on Land and Building Cadastre” covering the area of Poland
- The order of Land and Building Register of 2 maj 2001 and its further modernisation
- The Land and building register (cadastre) is supervised and maintained by The Surveyor General of Poland as government mandate. The register contains
  - 34 975 504 parcels
  - 17 486 194 buildings (ca 60% registered)



- Globalisation of financial market
- Sub-prime Credits
- Collateralized Debt Obligations
- Credit Default Swaps (insurance)
- **US mortgage practices available too late**



# The world financial crisis 2009

- Collapse of some financial institutions
- The bailout of banks by national governments
- Downturn in the stock markets around the world
- Many people and companies lost their assets
- Recession affected European countries



# The world financial crisis

Poland – the only EU economy to avoid recession in 2009



# The Polish macroeconomy factors

	2007	2008	2009	2010	2011
GDP growth	6,60%	4,80%	1,70%	3,40%	3,9%*
Inflation	2,50%	4,20%	3,50%	2,60%	3,8%*
Unemployment rate	11,20%	9,50%	12,10%	12,30%	11,6%*
Total consumption (y/y)	4,60%	6,10%	2,0%	3,20%	N.A.
Retail sales growth (y/y)	16,00%	12,90%	7,20%	8,60%	11,4%
Average salary (PLN)	2 691,03	2 943,88	3 102,96	3 224,98	3581,94
FDI inflow to Poland (million EUR)	17 242	10 085	9 863	7 358	N.A.
GDP growth in EU (27 countries)	3,00%	0,50%	-4,20%	1,80%	1,7%
GDP per capita in PPS (EU 27 = 100)	54	57	61	61.	61.

**Sources: Central Statistical Office, National Bank of Poland, Cushman&Wakefield**

# Factors of the Polish economy's resistance to the financial crisis was diversified

Dynamic growth based on:

- Domestic demand
- Consumer confidence
- Private consumption growth



Retail sales in December 2010 increased by 9,1%  
(in November 2011 -11,4%)

Private consumption growth = positive impact

# The financial crisis impact on the Polish real property market

## Decline in the level of Foreign Direct Investments

- In 2009 Poland FDI fell by 25% compared to the 50% towards the 10 new EU countries
  - 2009 FDI at the level of 9,9 billion €
  - 2010 FDI at the level of 7,5 billion €
  - FDI prognosis for 2011 12,7 billion €
- FDI for (I-IV) 2011 was – 5,9 bilion €**



# The financial crisis impact on the Polish real property market

2009 - real property investments slowed down

- Financial crisis impact
- Investors looking at alternative markets
- Investors waiting with further acquisitions



***Złota 44  
stopped in 2009***



***Wspolna Street, stopped also in 2009***

# The financial crisis impact on the Polish credit and real property markets

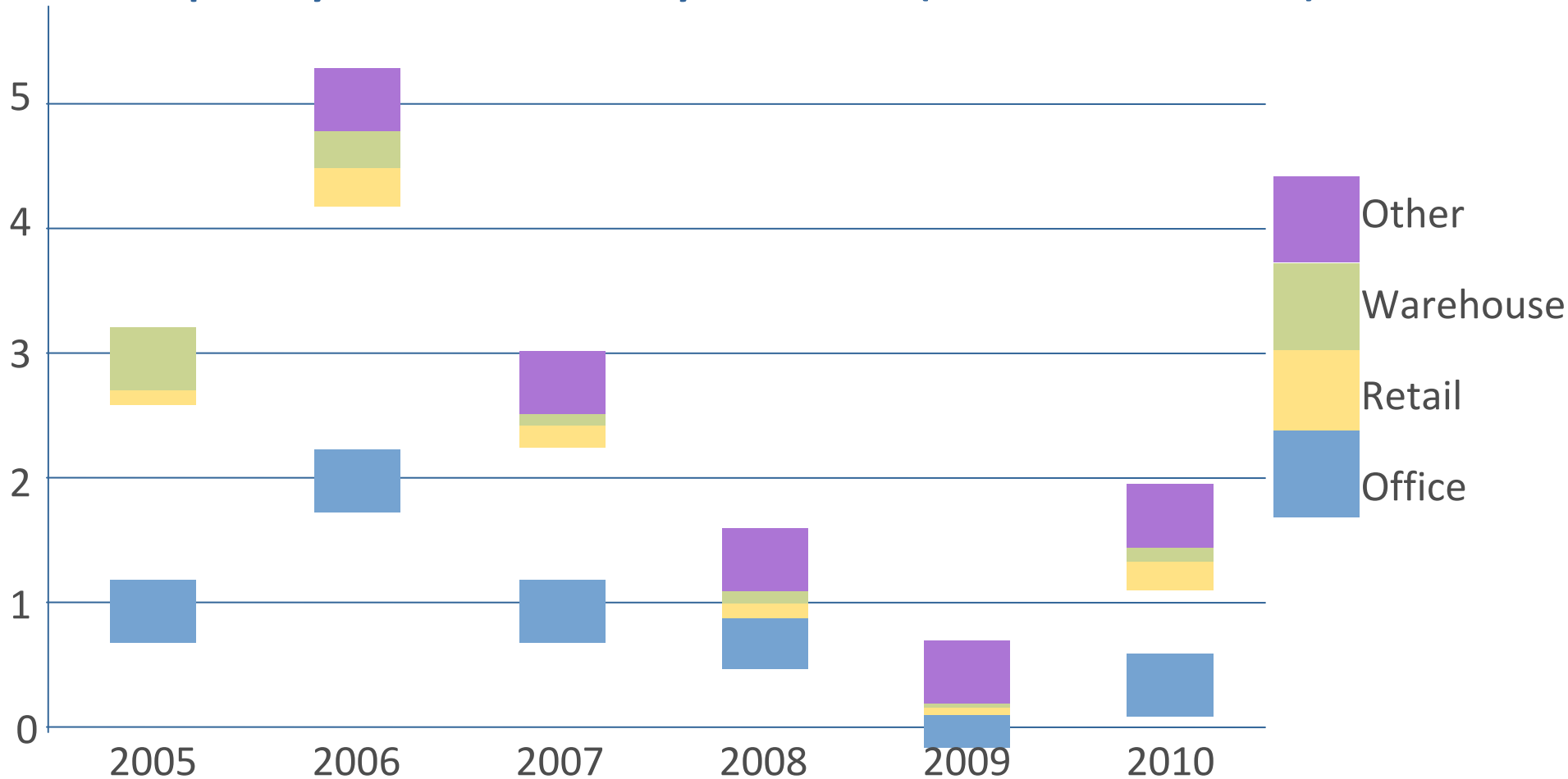
## 2009 Banks' problems with liquidity of assets

- International situation impact on Polish banks
- Rapid decrease of new credits



# 2010- slow real property market recovery

## Volume of transactions in Commercial Real Property in Poland by sector (in billion of €)



## 2010 situation in commercial market

- 2 billion Euro level of investment in commercial RE
- 50% accounted for the retail sector
- 32% of transactions in office development
- Increase in office development by 75% compared to 2009
- Remarkable office transactions



## Office transactions completed in 2010

<b>Building</b>	<b>Price (million €)</b>	<b>Yield (%)</b>	<b>The buyer</b>
Galeria Lipińskiego	28,5	7,0-8,0	Union Investment
Trinity Park III	93	7,5	SEB Immo Invest
Horizon Plaza	102	7,14	Union Investment
Harmony Office Centre	55	6,95	Commerzreal
Grunwaldzki Centre	76,5	7,3	RREEF
Mokotów Plaza	30,1	8,15	Azora Europa
Athina Park	32,2	7,25	PZU AM

## Galeria Lipińskiego

Warsaw

Price: 28,5 million €

Yield: 7 – 8 %

Union Investment



## Trinity Park III

Warsaw

Price: 93 million €

Yield: 7,3 %

SEB Immo Invest



## Horizon Plaza

Warsaw

Price: 102 million €

Yield: 7,15 %

Union Investment



## **BANK REQUIREMENTS – PRE-LEASE AGREEMENT**

- Future lease agreement (built-to-suite)
- Pre-construction agreement
- Pre-completion agreement

## 2008 situation overview

- Very good prosperity
- Developers profit often exceeded 100%
- ROI averaged 50 – 100%
- 165 189 flats completed (23,55% growth y/y)



*Construction of Miasteczko Wilanow in Warsaw*

- The residential property market and its performance is largely driven by consumer demand but is limited by tougher credit restrictions
- Banks expected higher downpayment, even up to 50%
- High developers supply and bank restrictions resulted in **smaller price level** and **smaller amount of transactions**

# Slow market recovery in 2011

- 2011 started with slow upward trends in rents for **commercial space** among all sectors
- In spite of bank security requirements developers decide to **continue investments**
- More transactions on land and more positive municipal auctions

## Real Estate Investments restarted



***Stopped in 2009***



***Restarted in 2011***



***Złota 44, planned as a highest apartments building in Poland,***

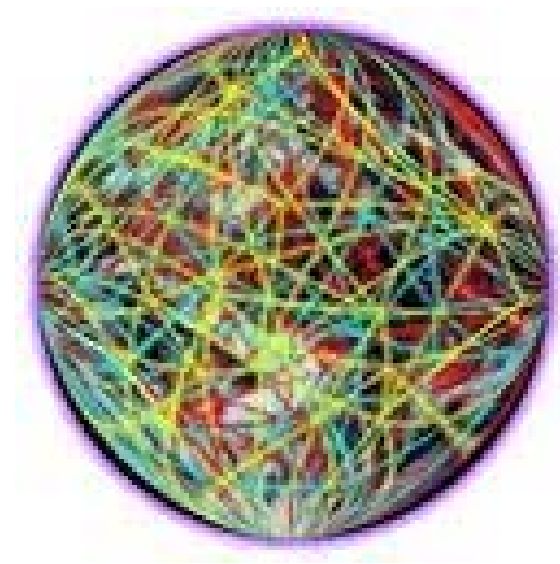
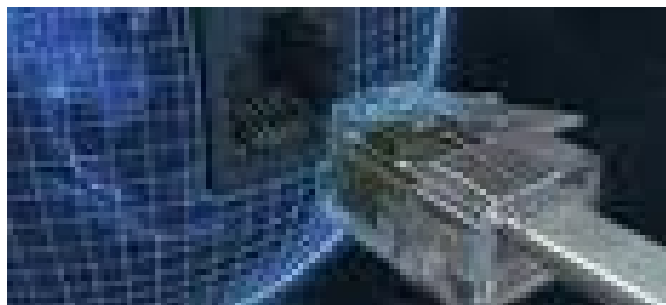
- Globalisation
- Free movement of capital
- Cross-border bank security system
- The risk of future investment return



**GLOBALIZATION**  
GLOBAL WORLD PLANET MEDIA EARTH INTERNATIONAL ...

Globalisation of the financial markets and real property investments evoke:

- Operational system on a National Level
- Operational system on an EU Level
- Operational system on an International Level



## Individual decision makers:

- SWOT analyses
- Continuous risk assesment
- Multipurpose information system aimed at providing legal register of property objects, title rights and physical planning are essential

# Real property information requirements

- Real Property market administration and management, spatial planning policy, emergency management and fiscal tools require current easy accessible cadastral objects databasis.
- It is worth noticing raising awareness of economic justification for investment in cadastral system reform as the source of trusted information

In Poland separate public registers exist:

- Land registers held by local courts
- Land and building registers (**cadastre**) - managed by the district chief or President of the city
- Real property district' price and value registers accessible for valuers

*and*

Planning information of developed objects:  
(possibilities and restriction)

# The Polish Cadastral System Reforms

- Ongoing developments in the Polish cadastral system are the Surveyor General responsibility
- Much theoretical and preparational work is underway.
- Several legal acts are implemented, for a few the process of legislation has already been undertaken

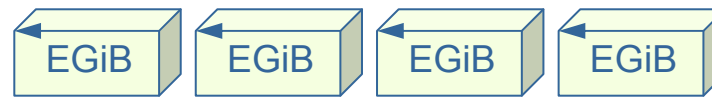
- **FIRST - The Law of Spacial Data Infrastructure**  
(came into force - 4th March 2010)
- The project of the Order of Integrated Real Property Information System
- The project of changes in the Order of Land and Building register evolving EU operational standards in data modelling and processing
- Two projects concerning „air rights” under discussion

## **Integrated Real Property Information System (ZSIN) consists of:**

- The Integrating Electronic Platform (IPE)
- The Central Repository of cadastral document copies and control data exchange among public registers
- The Land and Mortgage Register
- Other public registers as georeference systems
- Communication infrastructure: interface and teleinformatic systems

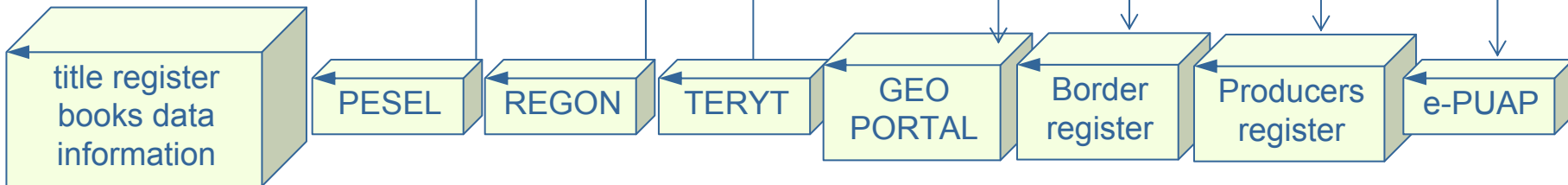
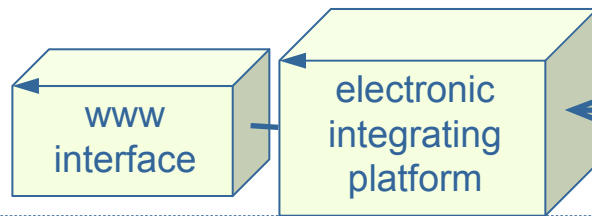
# Architecture of The Integrated Real Property Information System (ZSIN)

district cadastre registers



ZSIN – central component

ZSIN user



**The digital Integrated Information System is the source of updated property related data collection, selecting, processing and distribution, principally for administration purposes**

Added value to the system:

- The project of creating a topographical databasis covering the whole area of Poland is in progress
- The project of a point address database for the whole country is underway

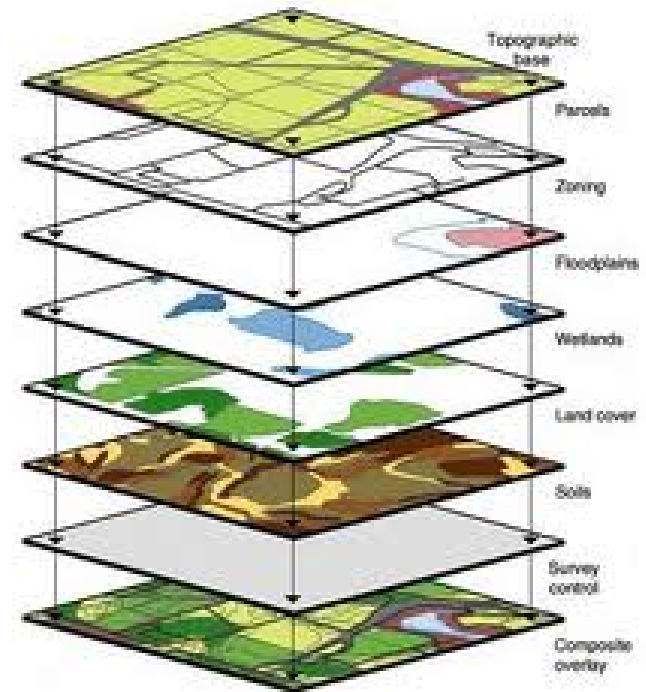
# Key tools in Cadastral System Reforms

Polish legal directions in order of land and building registration applying EU operational standards are making system interoperable on national level:

- **Survey data produced in local coordinate systems transformation to the system „2000”**
- **Applying GIS object definitions and description in Unified Modelling Language (UML)**
- **Applying Geography Markup Language (GML)**
- **Teleinformatic system for data transmission**

# The Cadastral System Reforms

- SDI strategy - can be visualised as many layers of spatial information resting on a reliable geodetic foundation
- **Cadastral System Reforms are fundamental to linking spatial information to the parcel as core spatial element in INSPIRE**



# The Cadastral System Reforms

- The Integrated Cadastral System and GIS available in digital form is ready-to-use data modelling techniques.
- Cadastral data together with other spatial data obtained using GIS technology are the basis for data modelling required in SWOT analyses and further property development.



# The Cadastral System Reforms and sustainable land development policy

- GIS data availability help decision makers in sustainable land development policy.
- Cadastral System is the information of real property matters and the reference in crisis and emergency management as a navigation tool

# The Cadastral System Reforms and land administration and management

- Cadastral System Reforms lead to changing the approach to property administration and management
- Cadastral System should be the tool in utility transmission management



# Requirements for Modern Cadastre

- Multipurpose cadastre as the main Public Register consisting unified property objects data collection may be considered as the **fundamental layer** in Spatial Data Infrastructure

Combined with other SD  
*may be*

The basis for data modelling



- The institutional investors (Insurance Companies, Property Unit Trusts, Mortgage Banks) clearly need a long-sighted strategy
- Decisions are based on analysing up-to-date digital databases and modelling techniques
- The Integrated real property data and GIS technology has potential as the source of information, its integration, modelling and streamlining of the processes and services

# New tool in the Polish real property market development

The shift toward urbanisation is associated with the current trend in land development:

- Looking for opportunities to invest in already developed city centres
- Rebuilding, extending or using „empty space”

Legal work in preparation meets the demands

Two projects of establishing „air rights” in Poland are underway

## Ministry of Justice:

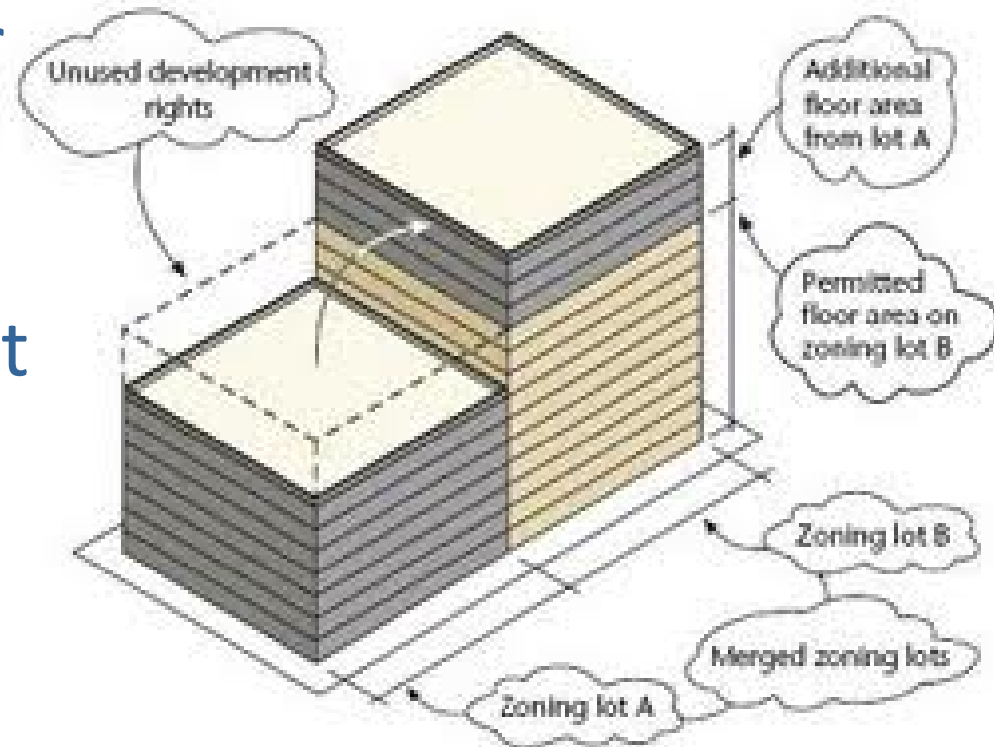
- „Air building rights”

## Ministry of Infrastructure:

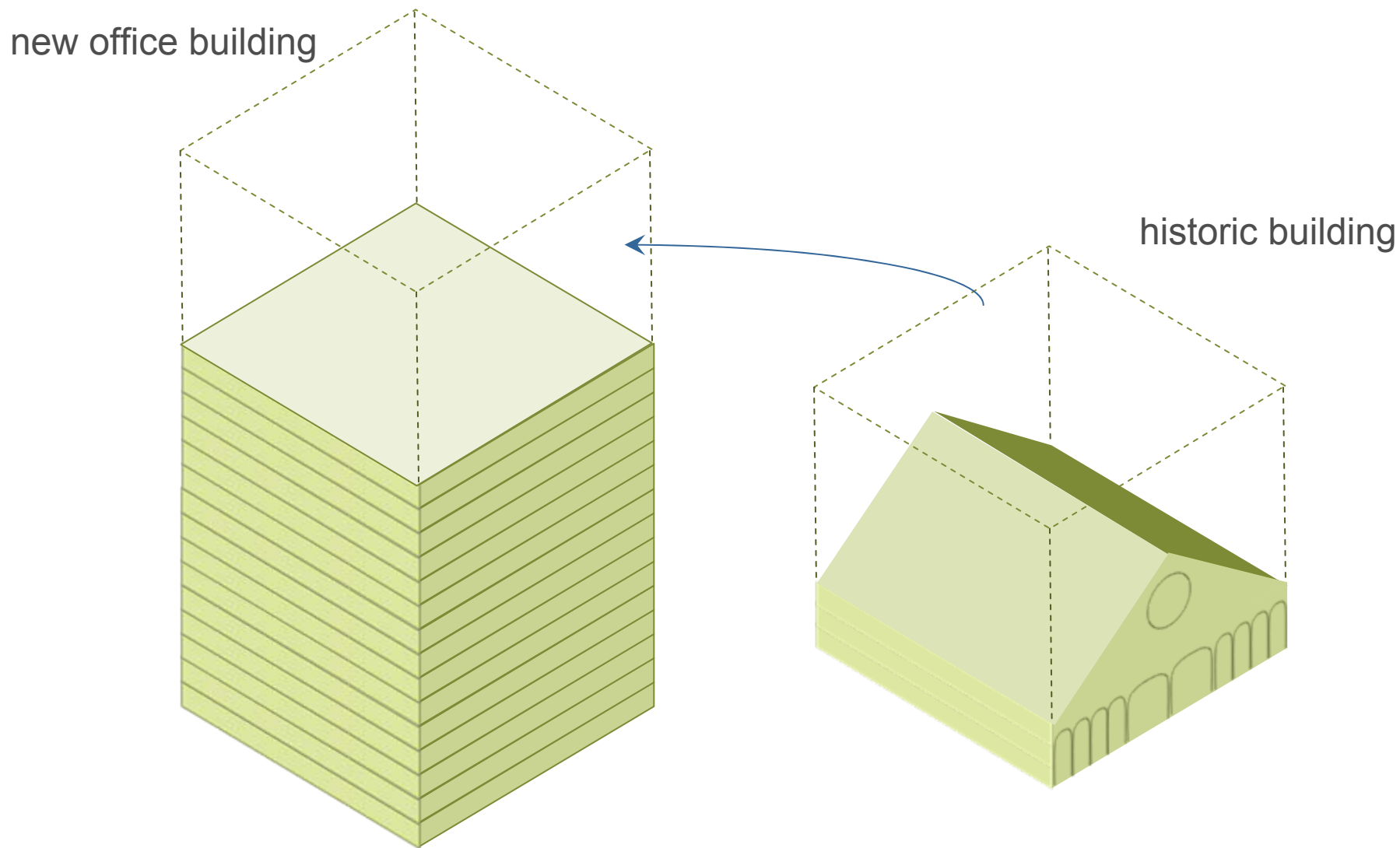
- „The separate building object ownership”
- **Fundamental is: legal ownership of „air rights” allows to procure an investment mortgage**

## The way for more effective urban development

Legal ownership of air rights above or under the parcel allows to procure an investment mortgage



# Air rights – transfer of development rights



New York is the leader in air rights market transactions recognised in public registers

There also exist consolidation of unused air rights of above nearby land

# The case of New York - air rights transfer as a development strategy



wirednewyork.com

# Case study - Al. Jerozolimskie 54, WARSAW

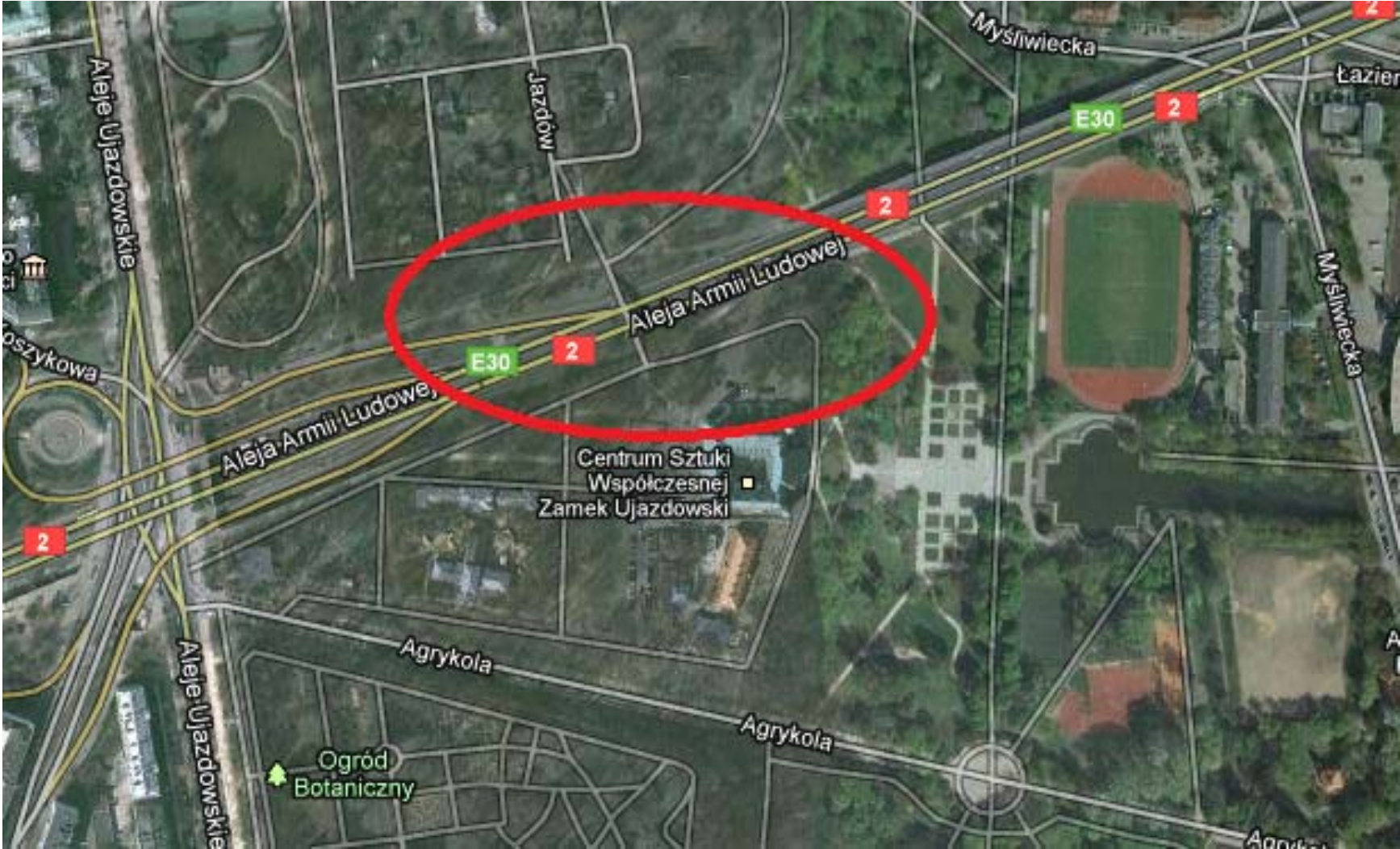


google maps

# Case study – parking lot Al. Jerozolimskie 54



# Case study-Polish History Museum-“air rights”



google maps

**Real property are the city's value and the city's and nation's visit-card.**

- The location of under-and upper-ground utilities, metro and train stations and „air rights” born volume parcels and should be determined by global 3D coordinates and recorded in 3D cadastre. It might be the next step in the Cadastral Reforms. It is the direction for the future development of dense city centres

- **The reliable and streamline Cadastral System information plays an important role in safe real property and financial market coexistence.**
- **In the time of financial crisis investing in a low risk real property market is the challenge and securely counteracts the financial crisis turmoils.**

