

POLISH HOUSING ARCHITECTURE IN THE PROCESS OF TRANSFORMATION – MACRO-ENVIRONMENT AND COMPETITIVE ENVIRONMENT FACTORS

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Abstract

The process of transformation and introduction of the free market economy transformed the real estate market in Poland. The most serious changes dropped in on the housing market. Developers offering new houses and flats to chosen segments of consumers replaced the state edifying investor for anonymous recipient. Cooperative and municipal building became however minimized. Many houses and flats were introduced on the secondary market, intermediaries deal with the service of this segment of the market. The development of the housing market depends now in the large measure on the shape of developers' and intermediary firms condition; this however is conditioned by the factors influencing enterprises in the free market.

The aim of my paper is the identification and description of macro-environment and competitive environment factors influencing active subjects on the housing market. The analysis of the factors of surroundings lets one subordinate them to the groups of factors: supporting or inhibiting the development of the housing market and to qualify their character. Factors encouraging development are first of all the competition on the market of materials and services connected with the real estate market and also the development of the electronic media which offer facilities in the communication among the participants of the market and also makes easier education of the consumers', producers and intermediaries. The most important factor that hampers development on the housing market is the price barrier of the demand and also lack of the effective housing politics of the state. The legal system does not help: neither difficult procedures connected with all structural constituents of the investment process and lack of legal settlements of relating spaces.

Streszczenie

Proces transformacji ustrojowej i wprowadzenie gospodarki rynkowej przeobraziły polski rynek nieruchomości. Najpoważniejsze zmiany zaszły na rynku nieruchomości mieszkaniowych. Państwowego inwestora budującego dla anonimowego odbiorcy, zastąpił deweloper oferujący nowe domy i mieszkania wybranym segmentom odbiorców. Budownictwo spółdzielcze i komunalne zostało natomiast zmarginalizowane. Na rynek wtórny wprowadzono wiele domów i mieszkań, obsługą tego segmentu rynku zajmują się pośrednicy. Obecnie rozwój budownictwa mieszkaniowego zależy, więc w dużej mierze od kondycji firm deweloperskich oraz pośredników w obrocie nieruchomościami; ta natomiast uwarunkowana jest czynnikami oddziałującymi na przedsiębiorstwa w warunkach wolnego rynku.

Celem mojego artykułu jest identyfikacja i opis czynników makrootoczenia i otoczenia konkurencyjnego wpływających na podmioty aktywne na rynku nieruchomości mieszkaniowych. Analiza czynników otoczenia pozwala przyporządkować je jednej z grup uwarunkowań: wspierających lub hamujących rozwój rynku nieruchomości mieszkaniowych oraz określić ich charakter. Rozwojowi sprzyja przede wszystkim konkurencja na rynku materiałów i usług związanych z rynkiem nieruchomości, a także rozwój mediów elektronicznych, który ułatwia komunikację między poszczególnymi uczestnikami rynku i przyczynia się do edukacji jego uczestników. Najistotniejszym czynnikiem hamującym rozwój rynku nieruchomości mieszkaniowych jest cenowa bariera popytu na domy i mieszkania oraz brak skutecznej polityki mieszkaniowej państwa. Rynekowi nieruchomości mieszkaniowych nie sprzyja także system prawny: skomplikowane procedury związane z wszystkimi fazami procesu inwestycyjnego oraz brak uregulowań prawnych dotyczących przestrzeni.

Keywords: Housing architecture; Free market economy; Factors of environment; Macro-environment; Competitive environment.

1. POLISH HOUSING ARCHITECTURE IN THE CONDITIONS OF THE FREE MARKET

Introducing the rules of free market economy has revolutionized functioning of the housing market in Poland. Houses and apartments have become the subject of market trade and the game of demand and supply regulates their prices. All participants of the investment process also operate in the conditions of free market and in the strife for the market position they use such strategies that are the most efficient in gaining competitive advantage. On mature, balanced markets the most efficient idea for managing a company is the marketing idea which assumes gaining competitive advantage through the best satisfaction of the needs of chosen customer segments. The expectations and preferences of the consumers are thus researched and analysed and the process of segmentation is conducted on the basis of such analyses. Such process involves the division of consumers into groups with similar characteristics and preferences. The offer of the products that are introduced onto the market can therefore be suited to the needs of chosen recipient segments.

Market system is a dynamic scheme, which changes under the influence of the environment. The analysis of the environmental conditioning enables correct assessment of the market condition as well as the chances and threats for a company operating on the market.

Environment factors have powerful influence on companies – participants of the housing market. They have enormous impact on the state and conditions of the investors who build apartments that are to be sold, i.e. developers. Review of the elements making up the environment of a developer company allows to assess the activity of apartment producers and to foresee the directions in which it might develop in the future. Such a diagnosis is important because developers' share in the amount of newly built apartments is 80%. Since the country's policy is passive, this state of affairs will probably not change in the years to come. The image of Polish housing architecture will thus be shaped under the influence of the factors discussed above.

2. THE ENVIRONMENT OF A COMPANY: MACRO-ENVIRONMENT AND COMPETITIVE ENVIRONMENT

Each organisation operates within an environment which influences its ability to achieve assumed targets, conditions the methods of action, creates opportunities and threats. The processes which take place in the environment are dynamic; they are subject to constant changes and they generate various kinds of feedback. Monitoring the company's environment is aimed at identifying the processes described above and the relationships between them. The results of such observation and analysis add to the information base of a company and enable elimination or decrease of the level of uncertainty and risk [1]. For the environment analysis to be of any use, its' structure has to be defined and precisely described. The notion of environment with regard to the market, segment or subject in question, must always be analysed as a system and the variety of data about the environment should encourage precise description of the reason why such system of information is being created [2]. Division that is generally accepted by researchers and practitioners is the division into MACRO-ENVIRONMENT (further environment) and COMPETITIVE ENVIRONMENT. Macro-environment is a set of conditions in which a company operates, defined by geographical location, regional context (also administrative), climate as well as political and legal context. It is independent of the company but very strongly defines the framework for its activity. It opens new possibilities and creates various threats. On the other hand, competitive environment comprises the subjects that are „closer” to the company and as such affect it in a significant way. Competitive environment includes customers, suppliers, existing and potential competitors. Their relationship with the company has the features of an economic game: the company has an opportunity to react to the created stimuli; it can foresee these stimuli and shape them consciously creating positive feedback [3]. Environment analysis allows to discover and order the factors important for the building and implementation of the marketing strategy. It is significant for the process of specifying strategic goals and formulating variants of marketing strategy. Macro-environment can be subdivided into smaller segments, each of which has a different impact on the company, conditioning its marketing strategy just as well. These segments are as follows: economic, technological, social, demographic, political, legal and international environment [4].

The elements of the further environment enumerated above have different power of affecting subjects that are active on different markets. International environment has considerably low importance for the subjects on the real estate market, contrary to the natural and urban environment, which generates the group of factors of largest significance for this market. Macro-environment factors affect not only the company that is being analysed, but also its competitive environment. These factors generate and determine the shape of the elements of the consumer market and the company market, both of which remain connected by feedback, as well as institutional recipients. All of these create a continuously changing network of conditions in which the company operates. The specificity of the segments distinguished in this way allows us to observe and foresee the processes which may create the factors which will in turn affect the company.



Figure 1.
Macro-environment and competitive environment of a company.

Source: own study on the basis of: [2] *Kramer J., Structure of Polish Households' environment, in: Marketing – Trade – Consumer in the global informative society, editor: Gregor B., University of Łódź 2004, p. 121-124 (in Polish)*

3. ELEMENTS OF A COMPANY'S MACRO-ENVIRONMENT ON THE HOUSING MARKET

On the real estate market there are many groups of subjects which represent various kinds of activity, as far as both production and services connected with real estate are concerned. Such variety of activities is to be found in each functional category. Some companies, e.g. developers, building contractors and designers frequently specialize in servicing one market segment, e.g. housing. Intermediaries, geologists and suppliers of building materials tend to penetrate the whole market at once or a few chosen segments. The macro-environment analysis presented below will be performed for a model developer company operating on the housing market in Krakow.

3.1. Demographic environment

In the global scale in the last few decades there has been a demographic explosion. Rich societies, contrary to global tendency, are becoming older quite fast. Demographic tendencies in Poland are not favourable from the point of view of economic development of the country. For the last few years the number of citizens over 65 has been increasing – by more than several dozen thousands each year. The ratio of people in pre-working age to those in post-working age is deteriorating. The number of people in post-working age is increasing and the number of those in pre-working age is decreasing with regard to the people who are professionally active. It means that the society, where fewer and fewer people are working, must shoulder the responsibility for the support of an increasing group of pensioners.

On the real estate market demographic factors are among the most important conditionings determining a demand for houses and apartments. Each household has changing needs, as it goes through all stages in the life cycle of a family. The preferences connected with housing change accordingly. Demographic changes discussed above will influence the size of particular segments and in the long run also their affluence. Sudden increase in the number of households within the segment of „older empty nest” (fig. 2) will become a considerable burden for the working people and for the budget. The pensions, which are already low, might be even lower. As a result, the households belonging to this group will be looking for the ways to minimize regular expenditures, for example by swapping the flat for a smaller

one and (or) such that will be cheaper in exploitation. The behaviour of the households that are at the stage of a „full nest” will depend largely on which family model will be shaped in the nearest future. Strongly promoted traditional patriarchal model may result in the increase of the number of children in family and in excluding the woman from professional activity for a longer period of time. Such families are likely to appreciate residential forms of housing – in their own, if small, house with a garden situated even some distance away from the city. Partnership model (working parents, smaller number of children) is likely to look for apartments in the city, which enables fast transport to work and easy access to services.

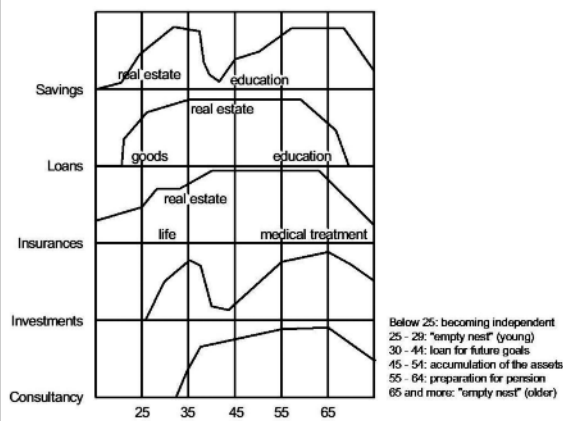


Figure 1.
The life cycle of a family versus the directions of chosen expenditures
Source: own study

The models of behaviour and lodging of „young empty nests”, i.e. singles, are being shaped right now and as such remain unknown at the moment. The one to prevail might be the Italian model, in which young people continue living with their parents until they reach middle age, or the German model, which advocates independence and separate lodging from the age of 18. Preferences connected with living together of separately, or with the legalisation of partner relationships will significantly influence the decisions about lodging. Figure 2 allows us to observe changes in the intensity of expenditures of households at various stages of their life cycle. These changes are closely related to the purchasing power for the households and to the models of behaviour described above.

3.2. Economic environment

At the beginning of the analysis of economic environment it is worth emphasizing that broadly understood economic condition has significant influence on the development of each company, also a developer one. High GNP level and low unemployment favour the development of developer companies and the demand for flats and houses. A developer addresses his offer to individual customers; that is why in this case the most important factors of the economic environment are those which directly or indirectly influence the economic condition of the consumers. Income and purchasing power for the households as well as prices, their structure and tax burden are crucial among the elements of supply and demand on the housing estate market. The cost of building and equipping a lodging is high and so is the price of it, which is particularly high when compared to other goods purchased by households. Most developers and consumers who buy houses and apartments use bank loans. Favourable loan policy for individual customers and business subjects may stimulate both the supply and the demand for houses and apartments. It also has considerable influence on the final price of the property. Loan conditions remain closely related to the level of the rates of interest, level of inflation and the size of other macroeconomic indices. Low rates of interest and the possibility to get a loan in a stable foreign currency encourage customers to take long-term mortgages secured by the value of the property. In the recent years one could observe the decrease of the margin of housing loans. Competition in the banking sector is growing, so that the customers are being offered more and more attractive products. Security requirements of the banks are, however, on the level which excludes the people whose income is below the average. Business subjects are in a more difficult position than individual customers. Obtaining an investment loan is secured by conditions that are hard to fulfil, especially for small companies that are only just entering the market. This is why the practice of financing the housing investments by prospective inhabitants is becoming increasingly popular. Passive housing policy of the state, failure of social building and lack of high standard council houses result in the fact that there is currently no alternative to the cheap version of developer building. One can therefore expect that the demand for such apartments in the years to come will be relatively high.

Economic environment also has its regional context. A developer company operating in an expansive city

has a greater chance of development and growth than a similar company in a backward and stagnant region. Regardless of the level of the indices discussed above, the analysis of economic environment has to take into account the results of experts' reports and forecasts made by the institutions monitoring and comparing the development of the EU countries in all aspects. These results have considerable informative value and at the same time they create the image of Poland in the united Europe. This image is reflected in the readiness to make investments in Poland as well as in the willingness to visit our country in general.

3.3. Technological environment

Technological environment has been changing dynamically for the last few decades. In the recent years we have witnessed spectacular changes connected with the development of IT technologies. They influence not only particular branches of economy, but also the life of an average citizen. They change the lifestyle and enable the implementation of new working methods; they broaden the opportunities to obtain information and to communicate with all world. In such conditions consumption models spread faster than they used to a few decades ago and they affect people much stronger. Technologies connected with building also develop rapidly. It has to be emphasized that technological development in the field of building and construction proceeds unevenly. Technologies connected with the construction of houses, especially single-storeyed ones, have remained basically unchanged for over a century. Improvements in traditional technology result in the creating of new materials and building elements. On the Polish market one can obtain more and more new substances in the field of construction chemistry: protective antimycotic impregnants that ensure protection against fire at the same time. Window and door carpentry is constantly improving its features and pattern-designing and it is lowering prices as well. One can provide more examples of improving the traditional technology. However, a real revolution has taken place in the field of installation, finishing and interior equipment. Environment friendly heating installations are becoming increasingly popular, especially those that make use of solar energy. Houses aim at reading the thoughts of their users, at facilitating everyday functioning and saving time. Changes in the pattern-designing of kitchens, bathrooms and furniture proceed very fast and, much like the clothes market, they create certain trends.

Although Poland is not among the leaders in developing new technologies and construction materials, it uses them in building, also in the case of housing. Since market economy was introduced, the construction branch and specialists connected with it have made a large leap forward as far as technology is concerned.

3.4. Natural and urban environment

Natural environment of a developer company must be expanded by adding the issue of built-up space, which shapes the conditioning important from the point of view of each construction plan. Thus we will analyse the natural and urbanized environment. The most broadly understood trends in natural environment are directly connected with technological environment. Limited natural resources, environment pollution and increasing cost of energy influence the directions of technological development in all domains.

In a country natural environment constitutes climatic and ground conditions connected with the relief, which are important for investments. The climate considerably influences the structure of each building. In Poland one can most often encounter architectural and construction solutions from the North. It means that the buildings have closed and compact forms, most roofs are steep, which makes them better suited to frequent rainfalls. Contrary to most southern European countries, there are strict rules concerning the heating technology, heating insulation, anti-humidity insulation as well as the rules for draining off rain-water from the building.

Similar problems are connected with setting the building on the grounds whose durability is low or uneven, or on boggy grounds or even such that create natural landslides, where no building can stand. That is why before examining the characteristics of the ground it is difficult to predict whether the shape of the lot and its size are favourable in connection with the design. The shape of the terrain is both the ally and the enemy of the building to plan. Sometimes the excellent features of the landscape create a fantastic decoration and the background forming unique characteristics of the space and aesthetics. They favour organic architecture, embedded in the surrounding, discreetly emphasizing the beauty of nature; however, it makes it difficult to erect large cubature with aggressive architecture that interferes with the scenery.

For the buildings that are being constructed right

now architectural urban conditionings are determining. They are unique, but they always create requirements which must be met by the new investment. Urban environment comprises the set of spatial and functional relationships of a given area, its communication network and settlement structure. Architectural environment, however, determines to a large extent the suggested functional and artistic solutions. The relationships between the object being built and its surroundings create a new quality through the newly shaped context. This new quality in the space affects both the standard of lodging and the way in which the objects perform their functions. The problem of contemporary Polish urbanised space is the lack of communication and infrastructure conditions for the development of housing in towns. New developer housing estates cannot integrate with their surroundings because in town plans made in the past they were not foreseen. In the 1970s, when migration from the country to the towns took place, nearly whole attractive building space - with land improvements, good durability parameters of the ground and situated close to the city centre – was filled with the apartment blocks made of huge plates. Their architecture, adopted indices, town-planning and urban solutions are a factor that determines the look of Polish cities even nowadays. Contemporary developers have to make do with more difficult (in each sense) locations. The most difficult areas to develop are historical centres of large and medium-size towns, urban and suburban areas with prestigious character, connected with groups of monuments and landscape parks – i.e. areas where the realisation of conservatory conditionings is difficult and expensive. Developers on the housing market should consider all of the above before they make any location decisions.

3.5. Political environment

Political environment comprises: legal system, government institutions and ginger groups. Political tendencies have strong influence on the subjects operating on the market. Apart from the legislature, which defines the rules of functioning of business subjects in Poland, the conditions of developers' activity are determined directly by two statutes fundamental for the housing market:

- the act about space planning
- building law and a decree concerning technological conditions that buildings and their location must fulfill

Space planning act changed the map of available building space in Poland and seriously limited the supply of such space. It also caused the creation of large area whose status remains unclear and so the purchase of such ground is a high risk for an investor. The act thus creates new and more difficult conditions for the investors. Building areas available on the market and accounted for in the local space plan are often difficult grounds. They require investment in the infrastructure: way of approach or land improvements, and their geological characteristics indicate the necessity of ground examination. These areas are often in a bad location regarding the communication network of a town, surrounded with chaotic, incoherent building structure and their shape and size are difficult to manage. Building in difficult areas raises the cost of design documentation and of the whole investment. Ground or urban conditions often necessitate the use of more complicated technology. No access to attractive building sites and, what follows, locating housing estates in the difficult areas described above, decrease the competitiveness of the developer's offer with regard to secondary market. At the same time, clever decisions about the purchase of good building areas might distance not only secondary market offers but also the offer of houses and apartments prepared by other developers. The space planning act increased the influence of location decisions on the competitive position of a developer company.

Building law in its current shape may also raise the cost of the investment process. It prolongs the time needed to obtain designing conditions as well as the conditions for determining the project documentation. We can also observe growing level of formal requirements for the investors and designers. Such requirements are posed by the Architecture Departments of municipal and district authority offices. These conditions are becoming unclear and they largely depend on the interpretation of a particular clerk. Consequently, it is hard to evaluate the amount of time needed to confirm the documentation and one cannot precisely pinpoint the moment when the investment is likely to begin nor plan the course of the investment. Such a situation is particularly inconvenient for the investors on the housing market. Segmentation of the customers on the housing market is shaped under the influence of the country's housing policy. Active support of all forms of building, discounts and financial encouragement for the households who purchase apartments and cooperation with the banks in the sphere of housing loan

policy are the actions that are constantly present among the declarations of the decision-makers. When a suitable package of acts supporting housing is created as a result of a social debate (and it will not be subject to constant changes), we will be able to notice the conditioning of developers' activity rooted in the country's housing policy. Depending on particular solutions in the acts regulating this policy, developer companies may broaden or lose certain segments of customers, they may also gain (or not) better conditions for their activity.

3.6. Social and culture environment

Social and cultural environment comprises the total of the phenomena taking place in the world, country, city and neighbourhood. The factors that have their source in facts, events, emotions connected with the global community create the atmosphere that results in similar attitudes and behaviours in particular countries of towns, although they definitely have their local specific features. They apply to individuals, families, workplaces, environments and social groups alike. The global sources of threat that are easiest to recognize are limited resources of earth gas and oil, world terrorism and natural environment pollution which threatens human health. In the social environment of a developer company there are clear pro-ecological attitudes, strife to save energy, limiting the cost of exploitation of houses and apartments as well as the need to guarantee the safety of materials and technologies used while building the houses. The level of acceptance for alternative energy sources increases out of necessity (e.g. solar energy). We can also observe the attempt to become at least partly independent of external energy sources.

Social atmosphere in Poland is reflected both in the attitudes and behaviours of consumers and in the relationships with suppliers with whom the developer cooperates. Consumers are often distrustful and suspicious of the developer. Such attitude is the result of bad experience gained during the contacts with service providers of various branches, of the atmosphere prevalent in business and also of the information given by the media about problems and difficulties encountered by those who bought other developer apartments. Newspapers and magazines dealing with real estate also persuade the readers to remain careful – to control the documents and material results of the developer's work - rather than to trust. The developers' customers are constantly frightened of losing their money in the course of the investment.

B2B relationships are also largely uncomfortable for the participants of the investment process. On the difficult and highly competitive housing market the dangerous phenomenon of dumping is spreading. Among institutional and individual customers there is a conviction that each price can be lowered: the price of designer works, expert reports and construction works. In the auctions a practice that is dangerous for the quality of building has become popular – evaluation of the offers exclusively on the basis of the price. In this situation the technological quality of new buildings is threatened, not to mention the architectural value. Optimizing the investment process is often replaced with minimizing the expenditures connected with this process. The relationships with the suppliers are also determined by the lack of trust discussed above. All participants of the market have difficulties in reasonable financing of the building enterprises because of the unpredictability of financial flows.

Culture is the creator of models as far as lodging is concerned. It sets out trends for consumption, aesthetic norms and it affects the fashion and brief fascinations. It increases our sensitivity to aesthetic stimuli and its native output mingles with the achievements of foreign creators. It also determines the lifestyle and customs. Main cultural values that are valid in a given society influence the people's perception: of themselves, of others, of the natural environment, of institutions and of the world as a whole. House and lodging are important means of self-definition and self-realisation of a person as a consumer. Just like in the case of other products, the choice of a lodging is a sort of declaration made to the environment, a piece of information on who the consumer is and what values he cherishes. It is also a manifestation of material status and of the preferred lifestyle as compared to the reference group. The location of the lodging, which can say a lot about the consumer's attitude to the nature, family and community, is of similar importance.

In the conditions of contemporary Poland one of the main values is family understood as a stronghold of respect for tradition, history, religion and hospitality. Relationships between neighbours, or community in the sense of a block of apartments, have limited value for a contemporary Pole. A sign of distrust towards the state and its institutions may be the fact that Poles treat their lodgings as an independent, closed world established according to the values they believe in and which have no right to be voiced in the surrounding reality. It is important for the boundaries of

your own world to be precisely drawn, e.g. with a fence around your property. Such attitude accounts for the fact that in common grounds one does not feel a host and does not take any responsibility for them. In large towns, among young, well-educated people the lifestyle characteristic of huge European cities is becoming popular together with adopting the European style of work. At the same time the model of city lodging is developing – with its modern equipment, designed interior, which corresponds to one of the aesthetic trends present in the world.

4. THE STRUCTURE OF COMPETITIVE ENVIRONMENT TOWARDS THE SUBJECT OF LODGING MARKET

Competitive environment defines the terms of functioning as well as the development of a firm on the market. The environment is created by all the subjects with whom the firm has business connections, these are deliverers, buyers, competitors or partners. Some of these connections reinforce the firm whereas some other weaken its position. Competition spreads beyond current participants of the game, it embraces newcomers who offer either substitutable or brand new products.

In the environment close to the developers' firms on the housing market, the customers present the strongest bargaining force. They compete with developers making them lower the prices, improve the quality and widen the scope of services. It is the wide range of needs that is to be met by the functions of a house or a flat which forms motivation to active approach of the customer.

For competing developers it is the threat which new (innovative) and replaceable products pose, that makes a considerable significance. These new products appear on the lodging market quite rarely but the substitutable materials make a big group of products. The most important substitute for the purchased house is its renting. The offer of council houses whose supply will be growing (if the government policy is favourable) can also be perceived as a substitute. Alongside the improvement of lodging conditions, households will allocate the financial surplus in shares, debentures or insurance policy. They will also alter their lifestyles, e.g. make frequent long-time journeys rather than sedative stable life at home.

In the developer's environment deliverers play significant role, especially those subjects which are engaged in investment process particularly producers

and distributors of building materials and technology. These manufacturers serve both housing constructions and other fields of market such as industrial building, trade and service also individual customers. As they are the participants of the developed market they use marketing instruments on wide scale in practice. All above mentioned attributes are the source of importance and high position of this group of subjects in relation with the developers.

In Table 1, the factors creating marketing chances and posing threat for the most important participants on the lodging market: developers intermediaries and starosties have been compared. These factors are divided into three categories: influence only one group of subjects, concern two out of three groups or strongly influence all subjects on the housing market. Among the factors influencing the development of the market and concerning all the participants, the most significant is the rise of the demand for houses and flats. The above mentioned demand results from the growth in wealth in the society and in case of big cities this demand is reinforced by the development of the metropolitan functions. The growth in demands visible in various segments of the customers: households (also single, student) buying the first flat or the group of families who improve their dwelling standard. The factor which creates the demand is also a kind of lack of economic thinking such as incorrect use of older housing stock, also houses built from concrete boards. This leads to a fast wear of the houses and consequently to a drastic deterioration of living conditions. There is quite a large stock of houses like this and the inhabitants of these demonstrate demands for new flats. The improvement of housing conditions may mean either the demand for a bigger flat or the one of higher standard. Economic factors motivate people to change their lodging for something of better technological quality which means either a new house or the one that underwent major renovation. A new flat equipped with better insulation features, with the use of new heating systems is cheaper in use than older places. Customers value modern solutions both technological and those used to finish. These features are perceived as the sign of modernity and fashion and they also satisfy the aesthetic aspirations.

A new type of participant on the housing market is a domestic or a foreign customer placing his/her savings in lodging. They count on the increase in the value which goes beyond the possible income in case of other forms of investment. Families whose children went away to study in academic centres do

Table 1.
Environmental factors influencing groups of subjects active on the real estate market
 Source: own study

CHANCES	The force of influence	THREATS	The force of influence
Big demand for flats in big cities, many inhabitants and inhabitants of neighbouring places are looking for new flats; development of metropolitan functions		Price barrier to the demand – low in comparison to the purchase force of average households	
Poland has become fashionable esp. its most attractive regions; foreign customers and investors enter Polish housing market		Merely declarative state housing policy	
Customers' preferences induce demand: environment friendly, energy saving and aesthetic solutions in house construction business		Unfavourable bank policy connected with credit granting, difficult access to credits for households with lower than average income	
Demand inducing convictions connected with the idea of locating savings in the real estate		Unstable fiscal policy of the state, lack of significant tax allowance for customers purchasing their first flat	
Large population of students in academic centres; advantages of purchase of a bed-sit over its rent, increase of demand		Unclear legal regulations, often incompatible with the requirements of building reality, complicated and unclear procedures connected with the approval of the design documentations	
Increasing affluence of the society		Strong competition among developers' firms	
Growth in the number of inferior flats due to incorrect exploitation of old flats		Lack of space planning which leads to diminishing of the developed and well situated building terrains	
Parliament Bill concerning lodging co-operatives facilitates developers' activity		Excessive protection of the tenants rights, difficulties in execution of rent payments and difficulties with eviction	
Increasing supply of flats, wide and diversified offer		Foreign corporations dealing with real estate business entering Polish market	
Widening of the flat renting market connected with mobility of the society; bigger groups of tenants and landlords		Relatively high price of intermediary	
Strong competition on the market of suppliers, better terms of contracts on the housing market		Unfavourable image of an intermediary: reproves: abuse of paragraphs in the contract concerning exclusive rights, ineffective actions and passive approach	
Intermediaries become more professionally oriented, systems of multiplied offering of a real estate		Incomplete and self-contradictory documentation concerning the rights of property (in land registers, area registers, land maps)	
Development of electronic media: wider access to the Internet, diversified and attractive forms of offers		Prolonged waiting for necessary information about the estate, needed to transact business. Long and costly arrangements concerning property rights	
Gradual growth of investment funds which are at the disposal of regional administration		Social policy of the state: making local self-governments bear the burden of temporary regulations concerning welfare benefits	
Gradual reduction of centralized system of decision making, growing independence and increase in importance of local self-governments		Small participation of self-governments in their income distribution	
International cooperation with towns and regions favourable for investments		Lack of data base concerning development and equipment of the terrain which is necessary for decision making in planning construction investments	



Weak factor



Factor of medium force



Strong factor

similar calculations. The cost of renting a room or a bed-sit for a student for 4-5 years is comparable to the price of such and monthly payments connected with the rent is comparable with monthly instalments for the bank credit. More and more popular is sentimental demand, and people buy estates in the region the buyers were once connected with. The increase in wealth and the growth in demand are closely connected with the increase in the supply of houses and flats on a secondary market (second-hand flats or houses). Also growing is the range of prices for the houses or flat similar in size.

A significant competition on the housing, technology and production market as well as complementary services is an important **factor encouraging the development** on the market. Such conditions mean better possibilities for profitable contracts and maintaining good cooperation of firms in the long-term run. Development of electronic media serve the real estate market well; units which are involved in building and the suppliers make communication with their customers via electronic media. The Internet is also helpful in exchange of information and induces making profitable relationships, it also encourages education of all segments of the market. The most independent are factors which support self-governmental investors. They are connected with legal full powers of these subjects, ways of financing of investments and raising capital for them.

Factors which hamper development on the housing market as well as the chances encouraging its development, may influence all the subjects, two groups or only one of them. They are situated in two areas. First is connected with the price barrier of the demand for houses and flats, the price of the estate is comparatively high to the purchase force of the families. The members of less affluent groups can count on neither help from the state to co-finance the purchase of the flat or favourable credit offers nor allowances and tax reductions. Current state housing policy does not encourage community house building or cooperation between developers and investors from self-government. The second area is connected with legal system and the land register which breeds significant factors hampering development of the market. This is connected with obstacles and complicated procedures referring to both the process of design, construction and making transactions on housing market. The lack of data base about the existing development, plans of spatial development, queues in courts where the necessary documents

must be obtained, is the source of concern.

Unfavourable image of an intermediary, who is an important competitor of a developer serving on the second-hand market, forms another factor perceived as a threat. The price of the service is said to be high in relation to its quality and effectiveness and commitment are perceived as low.

The analysis demonstrated above shows that the estate market has reached high level of uniformity. All active subjects are influenced by more or less the same factors contributing to its development or hampering it. Clear segmentation (products and customers), technological and technical progress and a growing purchase force of the customers as well as the competition between developers will be conducive to diversification of housing estate development. Prices as well as the quality of new objects will be more diversified which will result in better quality and architectural value. Developer firms taking over the state duties create the danger of returning to the bad practise of the past demonstrated in dull architectural form and low technological quality. The lack of commitment in spatial and urban planning from the authorities, will result in chaotic growth of towns also on the green belt areas as well as the creation of terraced houses insufficiently equipped.

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