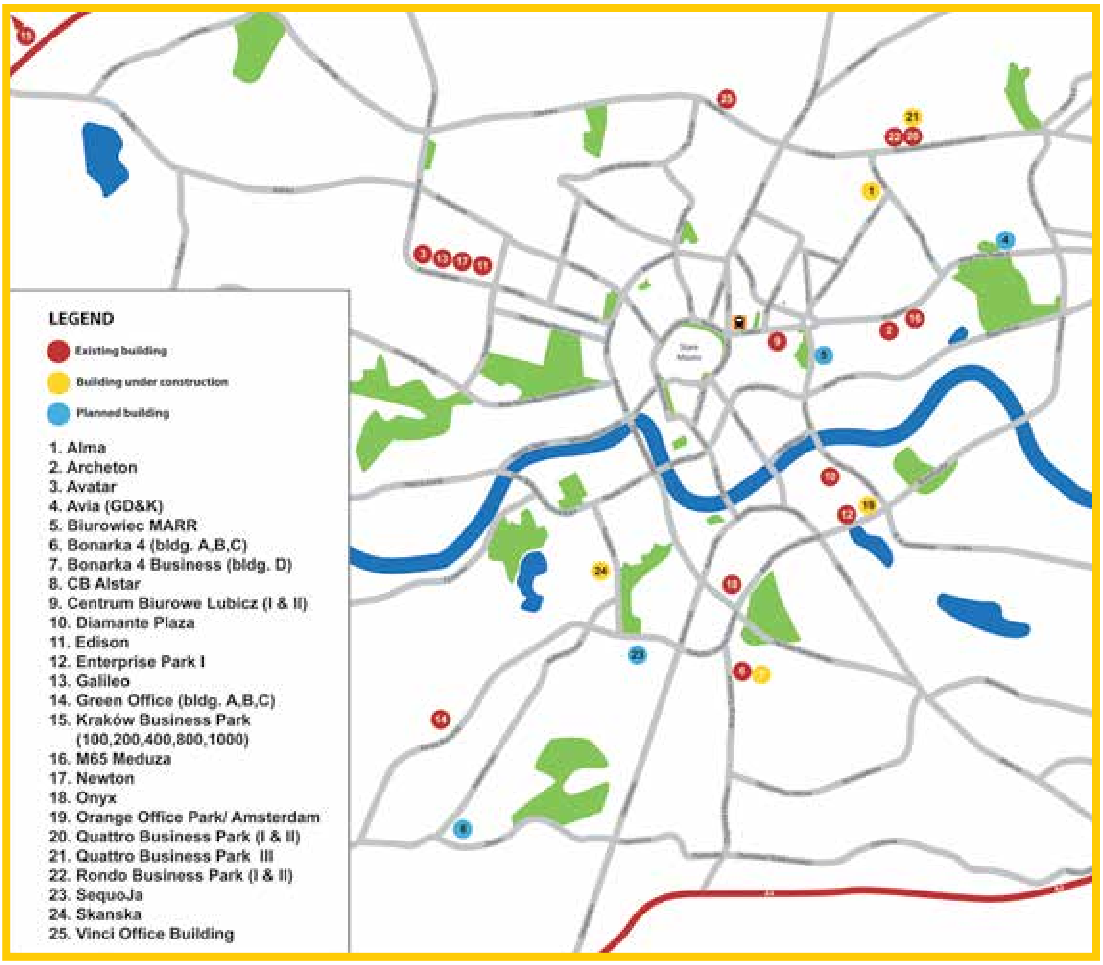
Contents

The real estate market in Kraków (Kraków Metropolitan Area)

Offices

Modern office space stock for rent in Kraków is estimated at 515,800 m^2, making the city the second (after Warsaw) largest office market in Poland. Office spaces are available in modern office projects, as well as restored historic buildings. In the area of the city centre there is approximately 99,300 m^2 of office space for lease, which represents 19% of the total supply in Kraków. The vast majority of the office space (81%) is located in areas outside the city centre (mainly in the districts of Prądnik Biały, Prądnik Czerwony, Podgórze and along the Armii Krajowej avenue).

Krakow office space market is relatively young. The year 2007, when a sharp increase in the supply of the office space dedicated for use was noted may be considered as a beginning of its dynamic development. The following years brought a further, significant increase in the available space. In 2010, 9 new projects were completed with a total area of 57,700 m^2; in 2011 the office space market resources increased by 39,000 m^2 in 5 buildings, and in 2012, six new investments were put into service, with a total surface of 50.600 m^2.



Map 1: Location of office projects in Kraków (fourth quarter 2012)

Source: Knight Frank

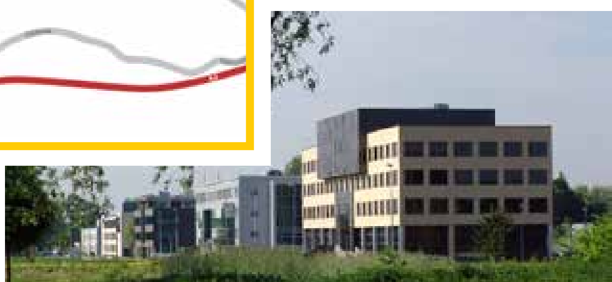
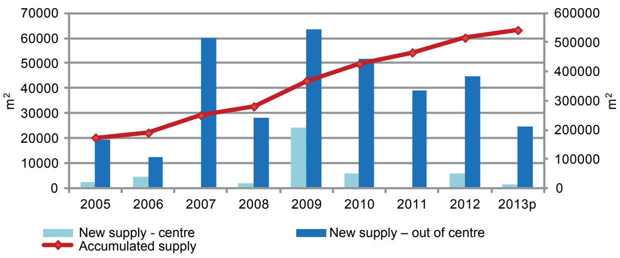


Chart 1: Annual supply of modern office space in Kraków (2005-2013, f) f - forecast based on projects under construction



Source: Knight Frank

In 2013 it is planned to add 5 office buildings, which will provide 26,200 m^2 for the market. A total of approximately 59,500 m^2 remained under construction in the end of 2012. The decrease in vacancy rates and continued high interest in Kraków from foreign investors encourages developers to invest in office space, which remained in the planning stage in recent years.

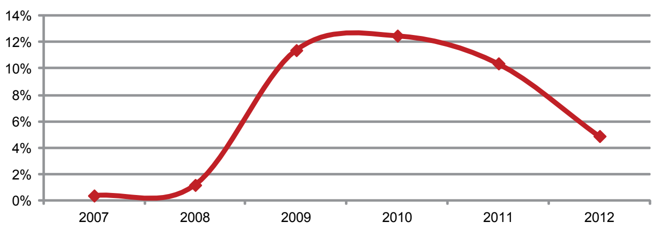
The year 2012 was another period of decline in vacancy rates in Kraków. According to research by Knight Frank, at the end of the fourth quarter of 2012 in Kraków, there were more than 25,500 m^2 of vacant space offered for rent (4.9% of total resources). Given the absorption noted in Kraków office space market and the number of office projects scheduled for completion in 2013 - a slight increase in the vacancy rate is expected.

Since 2010, the volume of leasable area is growing in the office space market in Kraków A significant share of the total transactions concluded are the renegotiated contracts. The total volume of transactions reached a level of 19,430 m^2 in the fourth quarter of 2012, and was slightly higher than the gross demand recorded in the previous quarter. The value of net demand (defined as the sum of the new, pre-let and expansion transactions) amounted to more than 78,600 m^2 in 2012, which may indicate a lasting upward trend of office space absorption. In 2012, the net demand accounted for 136% of the value recorded in 2011 and 116% of the value recorded in 2010.

Krakow is still the largest BPO centre in Poland (number of centres at 66). Total number of employees in this sector exceeds 23,000 people. In 2013 Tholons and Global Services published the „Top Outsourcing Cities in 2013" report, in which Kraków is classified in 10th position in the world in terms of attractiveness for investments in the BPO sector. This result makes the Kraków one of the top rated cities in Europe.

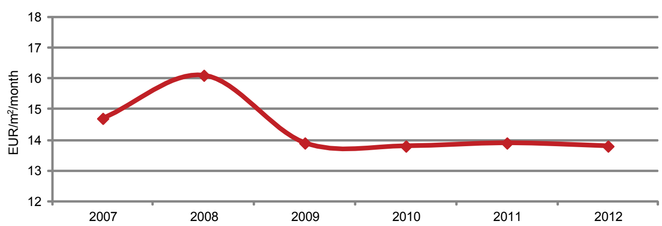
The year brought a slight decrease in the weighted average rental rates - at the end of December it amounted to 13.8 EUR/m^2/month. At the end of the fourth quarter of 2012, the rents quoted for office rental in Class A buildings ranged between 13.5 and 14.5 EUR/m^2/month, while in Class B buildings - between 10 and 13 EUR/m^2/month. Tenants are also required to incur costs in the form of maintenance fees, the amount of which stands at 7-16 PLN/m^2/month or in some buildings - 3.5-4 EUR/m^2/month[1].

Chart 2: The vacancy rate in Kraków (2002–2012)



Source: Knight Frank

Chart 3: Weighted average rental rates in Kraków (2006–2012)



Source: Knight Frank

[1]*EURES, European Job Mobility Portal.*

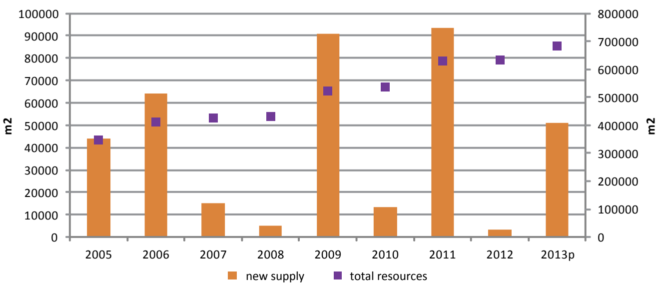
Retail Space

Plans for further expansion of brands in the Polish market confirm the forecasts for the year 2013, regarding the maintenance of a stable rate of absorption of retail space. It is expected for the total retail space resources will grow and the starting prices of rents in shopping centres to stabilize.

The resources of the modern retail space in Kraków are estimated at approximately 633,000 m^2. The resource structure is dominated by 2 and 3 generation shopping centres, which are 63% of the supply. Other formats in the local market include: retail parks, outlet centres, retail warehouses, shopping centres, wholesale and convenient shopping. Retail warehouses constitute 14% of the resources, retail parks 10%, and outlet centres represent 7% of the market in Kraków. Wholesale stores and convenient shopping centres constitute 5% and 1% of the total retail space stock respectively.

Chart 4: Annual supply of retail space and a total retail market stock in Kraków (2005-2013f)

f - forecast based on the projects under construction



Source: Knight Frank

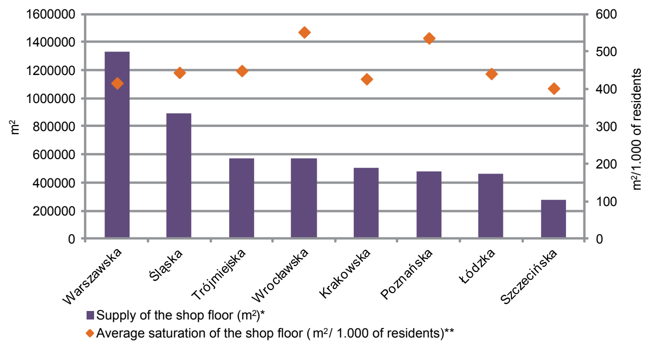
The retail space saturation factor in the agglomeration of Kraków amounted to 427 m^2 per 1,000 inhabitants in the end of 2012, which puts the city on the penultimate place among the eight largest retail markets in Poland. The retail space saturation in Kraków is not uniform. The central area of the metropolis is characterized by a high saturation, where - in addition to the large commercial facilities such as Kraków Gallery and Kazimierz Gallery - there is also a zone of shopping streets. Retail chains locate their showrooms in the area of Planty and the Old Town of Kraków, given that the region is characterized by high pedestrian flow.

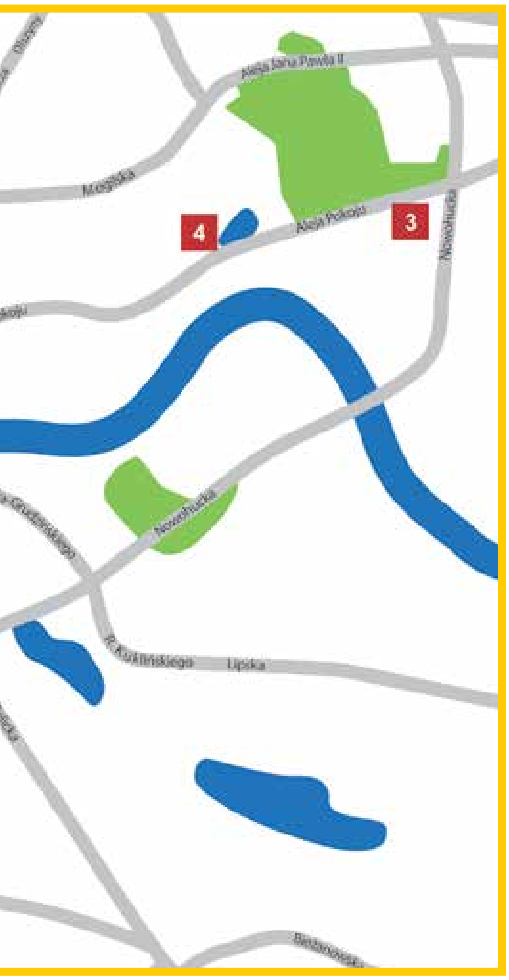
In contrast to the Old Town area, many areas outside the city centre remains relatively low saturated with retail space. This shows the great potential for the development of the local market.

Chart 5: Market saturation in the largest Polish agglomerations (the fourth quarter of 2012)

* - including shopping centres outlet centres and retail parks

** - for agglomerations





Map 2:
Location of retail projects in Krakow (the fourth quarter of 2012)

Source: Knight Frank

During the year 2012, the retail space market was powered by a single investment (Dekada convenient shopping centre), the resources of the local market increased by an additional 3,350 m². In December 2012, a single project (Bronowice Gallery) was on the construction stage. Together with the commissioning of this investment, the retail market space resources will increase by 51,000 m².

Rents in shopping centres in Kraków, as well as in other Polish cities depend on the length of the contract, the type of tenant, the location of the premises in the shopping centre and the size of the module. Top located premises with an area of 100 m², are available at approximately 40 - 60 EUR/m²/month, while rates for more than 100 m² modules are at a level of 15 - 40 EUR/m²/month. Due to the high demand for space in shopping centres, especially in prime type places, the starting rents in the commercial market in Kraków in 2013 should remain stable.

The location and standard of the shopping centre is carefully analyzed by before concluding the contract both by current retail chains and the retail chains entering the Polish market. Due to the limited availability of commercial space, its absorption is maintained at a relatively high level, although in case of less well localized objects, the commercialization process takes longer than in the case of prime type projects. Investments in unique locations are consistently the most popular choice among tenants.

The high demand for space in shopping centres is confirmed by the plans to open in 2013 new stores of the largest retail chains in Poland, such as GAP, Deichmann, Toys „R" Us, Marc O'Polo, Alma Market, W. Kruk, Ryłko, Media Expert and Dr Irena Eris Institute. New foreign brands, such as Banana Republic, Disney, All Saints, Superdry and Debenhams are planning to enter the Polish market in 2013.

Warehouse and industrial space

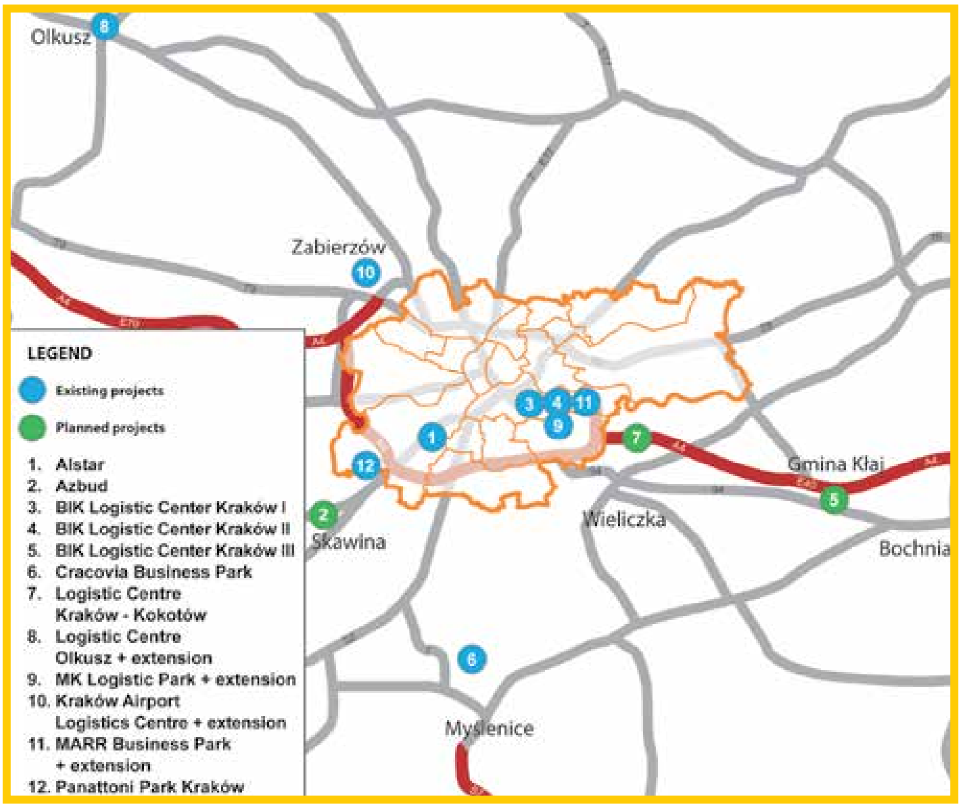
The Polish market for industrial and manufacturing space is classified and recorded together with the warehouse facilities that are part of industrial and warehouse complexes. The concept of industrial (manufacturing) objects includes the production halls, storage areas, warehouses and ancillary facilities within the complex, such as built office space. Thus the data on the size of warehouse and logistics sector relate to explicitly understood industrial space.

Newly constructed buildings allow flexible use of space, both for production and storage. The current market is directed by the investor interest in "build-to-suit" type objects, adapted to the needs of a particular customer. This is particularly important for structures used for manufacturing purposes.

Also older objects function in the market - located on the grounds of the former production facilities and small area objects, built by individual investors, mostly aimed at small businesses.

Kraków is a city located in the vicinity of roads of national and European level, including the A4 motorway and the S7 express road. In addition, the city has well developed air transport (Kraków-Balice Airport). Infrastructural aspects play an important role in terms of Kraków significance among the logistics centres of Poland, affecting the strengthening process of the city's position as one of the main areas of concentration of warehouse space in the country. Also the special economic zones need to be taken into account when creating a logistics region. Kraków is situated within the Małopolska Special Economic Zone, where the investment activity is conducted on preferential terms. Government assistance is granted both for new investments and the creation of new jobs. On 31 January 2013, the area of the Małopolska Special Economic Zone has been increased by an additional 90.5 hectares, so the total area of the Zone is currently 628 hectares.

The logistics real estate market of Kraków is one of the smallest (after Szczecin), and one of the most expensive (after Zone I in the region of Warsaw) in Poland. The logistics facilities are located within the city Kraków and in neighbouring towns, such as Olkusz, Skawina, Jawornik and Modlniczka.

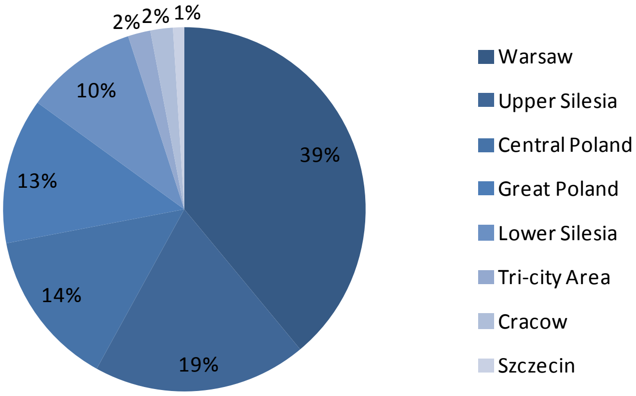


Map 3: Location storage facilities in the Kraków region (fourth quarter 2012)

Source: Knight Frank

The total stock of modern storage space for rent in Kraków at the end of 2012 was estimated at about 141 300 m², thus accounted for only 2% of the volume of logistics in Poland. Almost half of the resources in the area of Kraków were supplied to the market by the two largest developers in the country: Goodman and Panattoni, while the remaining space was supplied by the developers working on the local warehouse market, such as the Regional Development Agency SA (RDA) and MK Logistic.

Chart 6: Storage space in Poland by location (end of 2012)

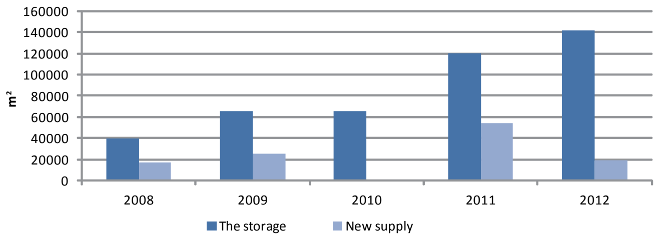


Source: Knight Frank

Due to the expected economic slowdown in 2013, the credit policy of banks in 2012 was rigorous in terms of funding for new construction projects. Uncertainty in the market was reflected in a prolonged decision-making process, and thus postponed the decisions on the construction start of new warehouse projects for 2013.

In 2012, in the vicinity of Kraków, three storage facilities were completed in the development of Kraków Airport Logistics Centre complex conducted by Goodman, the total area of which was 18,800 m². With the construction of the subsequent stages, the total storage space of the largest complex in the region reached a level of 53,700 m².

Chart 7: The storing capacities and new supply in Kraków



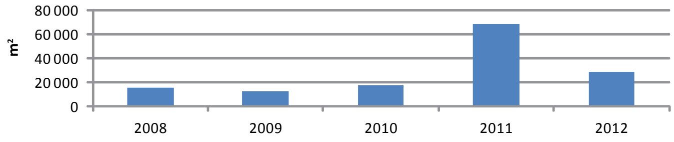
Source: Knight Frank

At the end of 2012 in Kraków there was no storage facility under construction. Several projects had a valid building permit, but the decisions to launch the construction processes were delayed until obtaining a key tenant. It is expected that future supply both in Kraków and in other parts of the country will be - to a large extent - will be implemented as "built-to-suit" projects. The construction of speculative objects may take place only in the context of high occupancy rate prior to the start of the construction.

Portfolios of land belonging to the developers operating on the Kraków market make it possible to build a 208,000 m² of storage space as an expansion of the existing complexes. Almost 50% of this space is planned to be included in the following steps of Kraków Airport Logistic Centre implementation, 11% in the MARR Business Park, 9% in the BIK Logistic Centre. The remaining 30% will be carried out by RB Logistic, MK Logistic and Panattoni.

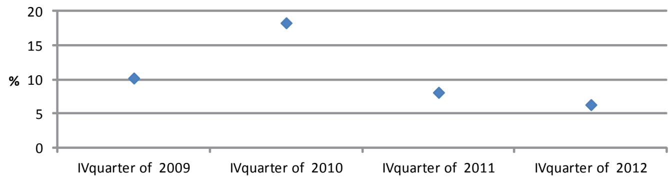
The absorption of warehouse space in Kraków in 2012 amounted to 26 700 m². This volume accounted for 40% of demand observed in the previous year, a record in terms of demand for logistics space. The decrease was primarily the result of the limited availability of space for lease.

Chart 8: Leased space in Kraków



Source: Knight Frank

Chart 9: The vacancy rate in Kraków (year-on-year)



Source: Knight Frank

In 2012, new contracts were signed in the vicinity of Kraków, covering a total area of 21,500 m², of which four transactions - with a volume of 14,400 m² - were pre-let contracts, while the remaining 5,200 m² has been renegotiated. Market demand was mainly reported from tenants that operate in sectors of production, distribution and logistics.

Vacant space in Kraków in the fourth quarter of 2012 accounted for 6.3% of the total warehouse space resources. This ratio was one of the lowest recorded in all areas of concentration. Compared to the same period of 2011- a decrease of available space by 1.8 percentage points was noted, which was mainly due to the gradual absorption of vacant warehouse space resources in speculative projects and launch of new projects, which were rented in a large extent. In 2013, a continuous gradual decline in the vacancy rate in the vicinity of Kraków is expected.

Vacant warehouse space in Kraków in the fourth quarter of 2012, amounted to 8,900 m², located on four projects. Cracovia Business Park was one of the sites that offer the greatest volume of vacant space - 4,200 m², the next was the Kraków Airport Logistics Centre - 1700 m². The remaining area was located in MARR Business Park and Olkusz Logistic Centre.

The monthly starting quotes of rents for storage space rental in the vicinity of Kraków remained stable in 2012. This situation has also been noted in other areas of concentration, were slight fluctuations in the cost of renting were noted. In the fourth quarter of 2012, the rates in Kraków were at the level of 4-4.5 EUR/m²/month, placing the region in the second position in terms of the fee, right behind the Zone I in Warsaw. In view of the increased tendency to build BTR type projects and a relatively low vacancy rate, a slight increase in effective rents may be expected in 2013.

Table 1: Selected storage space transactions in Kraków in 2012

Name of the investment.	Developer	Tenant	Space leased (m²) / Type of agreement)	Transaction date
Logistics Centre Kraków II	BIK	G4 Garage	3,300 / new	1st quarter 2012
Logistics Centre Kraków II	BIK	Premium Distributors	2,800 / renegotiation	1st quarter 2012
Kraków Airport Logistics Centre	Goodman	Eurodruk-Kraków	3,900 / pre-let	2nd quarter 2012
Kraków Airport Logistics Centre	Goodman	DB Schenker Logistics	4,400 / pre-let	3rd quarter 2012
Kraków Airport Logistics Centre	Goodman	Royal Canin	3,500 / pre-let	3rd quarter 2012

Source: Knight Frank

Greenfield type commercial real estate

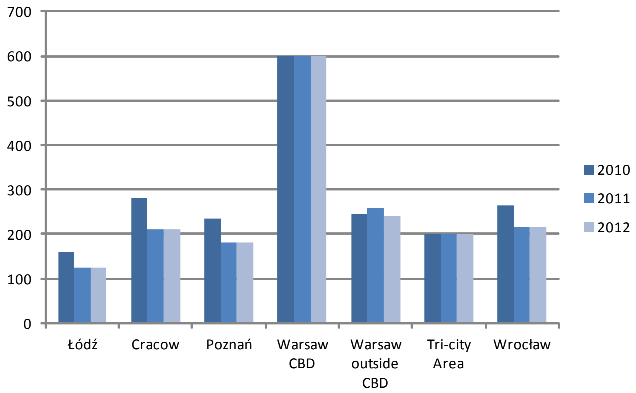
Characteristics of the sector

Undeveloped investment land sector is characterized by high sensitivity to the global economic situation and - in particular - the situation on the financial markets. The most common transactions in the investment land sector are related to real estate allocated to the residential and service, less often to trade land for commercial buildings (approximately 10% of transactions) and storage (approximately 5% of the transactions). The total value in 2012 amounted to approximately PLN 1.5 billion.

In the years 2010-2012, the price of land- both for housing and office investments in Poland were in decline. The evolution of average prices of land designated for residential and office buildings in major cities in Poland is presented in charts 10 and 11. In the largest cities of Poland, the prices of land for residential investments in 2012 remained at a similar level compared to the previous year. Only in Warsaw a slight decline has been noted in prices in the areas outside the so-called Central Business District (CBD). Prices of land for office investments in Kraków and Łódź remained at the same level, while in Warsaw, Poznań, Wrocław and Trójmiasto, slight decline of prices was noted in comparison to the previous year (by approximately 7-15%)[2].

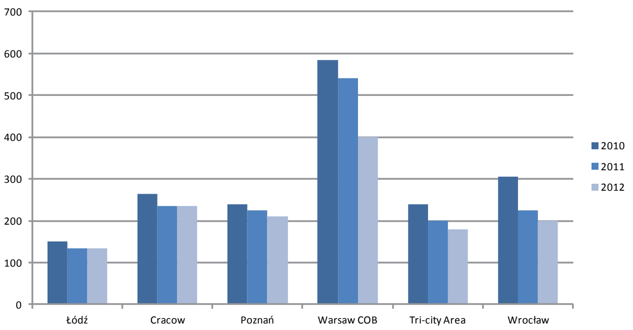
[2] *The estimate made on the basis of Poland Research & Forecast Report, Colliers International and United States real estate review reports; 2011-2013*

Chart 10: The price of land for residential investments (€/m^2 of usable space)



Source: developed on the basis of Colliers International Poland Research & Forecast Report, Colliers International and Poland Real Estate Review reports, 2011-2013

Chart 11: The price of land for office investments (€/m^2 GLA)



Source: developed on the basis of Colliers International Poland Research & Forecast Report, Colliers International and Poland Real Estate Review reports, 2011-2013

The *greenfield* type real estate market in the Krakow Metropolitan Area (KMA) is characterized by a diverse structure. The vast majority of the resource includes residential land and residential-service land, which at the same time account for the largest share of turnover in respect of all transactions carried out. Commercial - industrial, retail and warehouse land have a much smaller share.

The areas of industrial and technology parks and special economic zones (SEZs), where the investors can conduct business on favourable terms are areas of the large supply of land for development in KMA. The special economic zones are characterized by a large supply of available land with regulated legal status and suitable for investment, with some limitations in terms of this land use. The land is attractive to investors who wish to establish production (with additional functions). Most real estate transactions located in SEZs are transactions in the primary market. Comparing the market of undeveloped land located in SEZs and the market outside the SEZs, it can be concluded that the prices of plots in SEZs are much lower than the prices of land located outside the SEZs.

In KMA, there are ten SEZ sub-zones with land still available for development (the free surface shown in brackets): Kraków Nowa Huta, Kraków Podgórze (9,28 ha), Bochnia (60,85 ha), Dobczyce (1,903 ha), Gdów (9,67 ha), Niepołomice (28,23 ha), Skawina, Słomniki (1,72 ha) and Zabierzów.

Table 2: Selected investment land offers in KMA Special Economic Zone

Location	County	Space (m^2)	Function
Dobczyce	Myślenice	6 700	industrial (production--services)
Bochnia	Bochnia	259 000	industrial--services
Gdów	Wieliczka	178 500	industrial--services
Niepołomice	Wieliczka	168 400	industrial--production
Branice	Kraków	200,700 (total)	warehouse--services
MARR Business Park	Kraków	42,800 (total)	industrial--services--warehouse
Pychowice	Kraków	86 300	production--services
Czyżyny	Kraków	130 000	services
Nowa Huta	Kraków	37 000	industrial

Source: developed on the basis of www.sse.krakow.pl and www.paiz.gov.pl websites.

Supply

The market of land for commercial development is unbalanced in different districts in terms of number of transactions and value of trading. One of the factors that create the supply of greenfield type land is the creation of local development plans, in particular the emergence of areas for service , commercial, or industrial warehousing development in those plans. Another factor is the creation of economic activity zones in municipalities that undertake preparatory activities, integrating new areas, building technology infrastructure and making changes in local land use plans. Most sale offers of industrial and service land in KMA is noted in the SEZs and in areas of economic activity, selected offers are shown in Table 2.

In Kraków, outside the SEZs a large variation in the size of the offered parcels of land and the polarization in terms of type of land use in the individual town districts is noted. Most sale offers of investment land were recorded in the Podgórze district. The average area of land offered for sale in Krowodrza is approximately 0, 94 hectares (median 0, 64 ha), in Nowa Huta - 1, 2 ha (median 0, 66 ha), in the Podgórze district - 1, 2 ha (median 0.83 ha), while in the city centre - 0.3 hectares (median 0.25 ha). At the turn of 2012/2013, the largest number of offers of land for housing projects appeared in the Podgórze district and Krowodrza. Industrial and warehouse land was offered primarily in Nowa Huta and Podgórze, while the land for office projects - in Podgórze district (near Wadowicka and Wielicka streets). Land offered at City Centre is primarily service or service and housing function plots. The selected offers of investment land are shown in Table 3.

Table 3: Selected offers of investment land in KMA

District	Location	Area (m^2)	Price (PLN/m^2)	Function
Krowodrza	Bronowice	35 000	794	retail and recreation
Krowodrza	Prądnik Biały	42 550	1 528	residential (multi-family)
Krowodrza	Zwierzyniec	13 744	648	residential (single-family)
Nowa Huta	Łęg	27 000	481,5	production-warehouse, services
Nowa Huta	Mistrzejowice	55 813	213,5	residential (multi-family)
Podgórze	Półłanki	25 090	311	industrial
Podgórze	Pychowice	10 000	400	residential (multi-family)
Podgórze	Wola Duchacka	35 642	1122	residential (multi-family)
Śródmieście	Grzegórzki	7 800	3205	residential-services
Śródmieście	Stare Miasto	7 819	2 417	office

Source: developed on the basis of www.krn.pl, www.otodom.pl, www.dominium.pl websites

The city of Kraków, which provides unbuilt and undeveloped land in good locations for sale plays an important role in the investment land market. Currently, the offer of the municipality includes 18 investment proposals (greenfield type land) with different purposes and areas (from 1.5 and up to 820 acres). Sample offers and locations are presented in Table 4.

Table 4: Selected investment offers from the city of Kraków

Location	Area (m^w)	Asking price (PLN)	Function	Planning situation
Mydlnicka	12 133	3 472 000	services	existing local area development plan
Wrocławska	450	776 000	retail-services	existing local area development plan
Spiska	18 000	20,000,000	residential-services (multi-family building)	existing local area development plan
Powstańców Wielkopolskich	2 770	1 317 000	hotel and office services	existing local area development plan
Wróblowicka	33 000	no data	sport and recreation	existing local area development plan
Rogozińskiego	878	1 169 607	residential-services	lack of local area development plan
Karmelicka	8 222	30 000 000	residential-services	lack of local area development plan
Jakuba	158	1 810 900	residential-services (multi-family building)	final decision about land development conditions

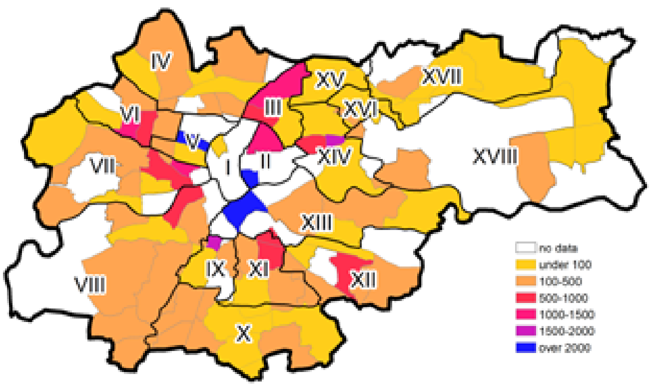
Source: developed on the basis of www.ofertyinwestycyjne.um.krakow.pl website

Greenfield type real estate purchase prices

The prices of investment land are very diverse and depend, among others, on factors such as: location, location in the area covered by the local plan (designation of land as defined in the local plan) or the provisions of the zoning decision, distance from main roads, access to technical infrastructure and shape of the plot.

In 2012, the prices on the land market have stabilized, while there was a decrease of approximately 15% compared to the previous year in the number of transactions and value of trading. The largest share in the land market was taken by plots for residential and residential-service development, mainly in the area of Podgórze and Krowodrza. Average transaction prices of land for multifamily housing in individual districts were as follows: in Krowodrza - 1200 PLN/m^2, in Nowa Huta - 800 PLN/m^2, in Podgórze - 1100 PLN/m^2 and 2200 PLN/m^2 in the City Centre. Prices of land for commercial development ranged 500-1300 PLN/m^2. Prices of land for office space development and hotels ranged from 1500-4000 PLN/m^2. Industrial land prices ranged 50-300 PLN/m^2 in Podgórze district, in Nowa Huta - they ranged 50 do 220 PLN/m^2. Average prices of undeveloped land are presented in the Map 4.

Map 4: Average prices of undeveloped land as for June 30 2012. (PLN/m^2)



Source: www.msp.krakow.pl website

The average offer price of investment land, at the turn of 2012 and 2013, amounted in 1300 PLN/m^2 in Krowodrza, 600 PLN/m^2 in Nowa Huta, 900 PLN/m^2 in Podgórze, while in the City Centre - 3000 PLN/m^2.

Development forecasts for the sector

The market of land for housing development is strongly associated with the housing market. The decrease in the volume of transactions and the lack of real demand for housing inhibits the housing investment, and thus reduces the demand for land. However, commercial and industrial land is associated with both the credit market and economic conditions. In 2013 and 2014, a slowdown is expected in the market. It is expected that in 2013, the demand for land for business and office investments will remain at the same level as in previous years. The price of land designated for office and retail investments will probably experience a slight reduction.

At the turn of 2012 and 2013, there were a lot of offers of land for the implementation of housing projects in conjunction with the service or office function. It is expected, that the interest in land for housing will remain unchanged in the forecast period.

Housing market

Housing demand

Housing demand in Kraków Metropolitan Area is shaped by young households. Research shows that households, in which the head of household is less than 35 years (statistically they are three of every five households looking for an apartment or house in Kraków and its surroundings) dominate among households looking for a flat. Most often those are people after graduation, which set up a family recently, do not have children yet, or have only one.

Research show, that half of the households is planning to spend no more than PLN 350 thousand for a flat, and a double-digit group declares a willingness to spend over PLN 500 thousand on it. Purchasing power is limited by a restricted access to mortgages and the situation on the labour market.

Economic and demographic conditions influence the housing aspirations. Two or three bedroom flats are most demanded. Buyers often look for homes with relatively small areas, the surface of which does not exceed 60 m^2.

Buyers take into account the characteristics of the investment and the flats themselves. According to research, the most important selection criterion is price. It is confronted with budget constraints of households (for example the creditworthiness, or the „Family on its own" limit), and thus defines a set of choices on the basis of which the final selection will be made. Less important are:

area and functional distribution. The communication availability is less important - but at the same time it is worth noting that only 1 in 10 of potential buyers is looking for a flat outside of town.

The most popular sites in Krakow include areas in the northern and north-western parts of the city: Łobzów, Salwator Krowodrza Górka, Azory, Olsza, Bronowice. For obvious reasons, the Old Town is very attractive for buyers. Grzegórzki, Górka Narodowa, Prądnik Czerwony, Prądnik Biały, Stare Podgórze are relatively popular.

Less popular are: Dębniki and Zabłocie (in the vicinity of the city centre, but partially degraded buildings), Przegorzały, Olszanica, Bielany (nice neighbourhood, but at a distance from the city centre), Kurdwanów, Ruczaj, Bieżanów, Borek Fałęcki, as well as Czyżyny and Mistrzejowice.

The least attractive areas are located in the north-eastern part of Kraków - Mogiła, Kombinat, Ruszcza, Przylasek Rusiecki, Wzgórza Krzesławickie, Nowa Huta, or Bieńczyce, as well as Skotniki, Swoszowice, Sidzina, Kobierzyn located in the southern part of Kraków.

Housing supply

The supply of housing in Kraków - both in the primary and secondary markets - remains at a high level. Statistical analysis of the offers on the primary market is hampered by the fact that - besides the flats actually built, the primary market offers flats under construction, or even such, the construction of which haven't yet started (for example - the developer has land, building permit, visualizations).

In the first half of 2012, a significant statistical increase in the number of development investments reported for sale could be observed. In the end of 2012, there were more than 4,500 existing housing units and over 5,000 housing units under construction with delivery dates at the latest in 2013 were offered for sale in the primary market. This was due to the entry into force of the provisions imposing an obligation of carrying out escrow accounts by developers. According to the analysis, more than 60 projects were presented for sale by developers, also in order to circumvent the provisions of the new law, and not for the purpose of immediate sale. A large share of investments in this group was investments with completion date planned in 2015 and later[3].

In Kraków the majority of housing built for sale is located in two districts - Podgórze and Krowodrza. Slightly fewer homes are being built in the City Centre, although some projects - such as Novum apartments at Rakowicka Street (over 400 apartments with a higher standard) built by Hines Poland or Lubicz Browar at Lubicz Street (comprehensive revitalization of post-industrial land) realized by the Balmoral Properties, were among the most spectacular in the city. In 2012 least investment were carried out in Nowa Huta (less than 10%), where the construction activity was concentrated mainly in the Czyżyny district (such as Avia project, in the vicinity of the former airport airstrip).

Housing offered by developers is relatively well matched in terms of the preferences of buyers, although there is a small (10%) shortage of small (less than 50m^2) housing. During 2012, there was, however, improvement noted in the fit indices of housing supply and demand. Some developers decided recently to redesign housing systems, in the hope that it will accelerate the sale. This does not change the fact that the pace of housing sales is very slow.

[3] *P. Krochmal, Residential property development market in Kraków - winter 2012/2013, the Institute of Real Estate Market Monitor, mrn.pl*

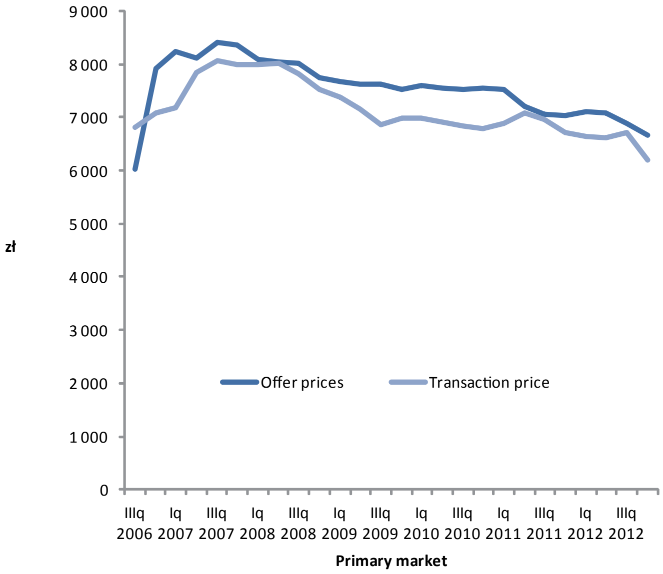
Housing prices

Analyzing the prices of apartments in Kraków and its surroundings, it should be noted that they are characterized by the worst ratio to disposable income of households (which is the primary indicator of the availability of housing). The average monthly salary in Kraków allows buying a 0.5 m^2 of a typical flat, while for example in Katowice - approximately 1 m^2.

Housing prices in KMA are varied. In the city itself the highest prices seen in the city centre (an average of over PLN 10, 000 per m^2), which is caused by a prestigious, central location and high standard of investments. Also Krowodrza is characterized by high prices (about PLN 8000 per m^2), which is due to the nature of the residence of the district. Slightly lower prices are recorded in Podgórze (about PLN 6700 per m^2), especially in its south-eastern part and on the outskirts of the city. The lowest in Nowa Huta (about PLN 5500 per m^2). This follows directly from the reluctance of buyers to live in the eastern part of Kraków, and is the result of a lower standard of housing. Similar relations are also present on the secondary market. The highest rates are observed in the city centre (where the prices are high despite the age and the associated technical wear of the housing stock) and Krowodrza. Lower prices are observed in Podgórze and in Nowa Huta (where a significant part of housing buildings are blocks of flats built in years 1970-1989).

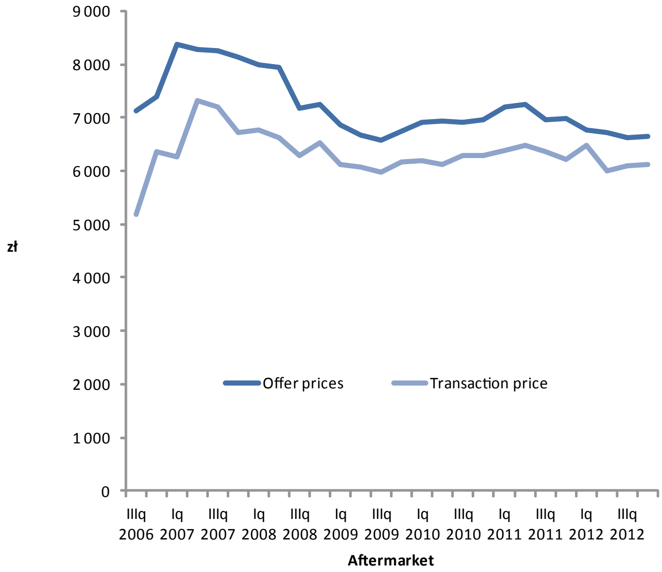
Housing prices outside the administrative boundaries of Kraków are lower than in the city - an average of about PLN 1,000 per m^2. Housing prices in developments in the municipalities in the KMA are in the range between PLN 4500 and PLN 5000 per m^2.

Chart 12: Quotation and transaction prices in the primary market (left panel) and secondary market (right panel) in Kraków (Q3 2006 - Q4 2012)



Source: www.msp.krakow.pl website

Chart 13: Price indexes in the primary market (left panel) and secondary market (right panel) in Kraków (Q1 2007 = 100)



Source: www.msp.krakow.pl website

In recent years, housing prices in Kraków were stable, with a tendency to decrease after a relative recovery in 2011, in 2012 the housing market in Kraków observed declines - both in primary and secondary markets. There is a clear difference between quotation and transaction prices, amounting to over a dozen percent. In the second half of 2012 - waiting time for the sale of flats prolonged as well.

At the end of the year, housing prices in the secondary market reached a level from 6 years ago (end of 2006). Even a more visible difference occurred in case of the primary market. In the fourth quarter of 2012, the average prices of housing in the primary market in Kraków were ten percent lower than in the fourth quarter of 2006 (6 years ago). In real terms (adjusted for inflation) decline in housing prices was even more visible.

Housing rents

Low availability of housing makes the housing rental segment grow. Seasonality is the specific feature of the housing rental market in Kraków. Kraków is, after Warsaw, the largest academic centre in Poland, and so the demand of the rental market is largely formed by the students - the largest activity is recorded in the late summer and fall, when the academic year begins.

As for location, tenants prefer the areas closer to the centre, with convenient connections to other parts of the city. Also the areas near the universities are popular (Dębniki, because of the Jagiellonian University campus). Also Krowodrza, and then the Podgórze are attractive. In case of the rental market, the layout of the apartment is very important. This is due to the fact that often the flats rented are shared by separate households (for example students or young graduates), looking for an apartment in a suitable functional layout (separate kitchen, and the possibility of independent access to all intransitive rooms from the main corridor). It is possible to rent 2 room flats with a relatively good functional layout fair quickly. Young households (without children, or with a small child) are usually satisfied with a single room flat.

The supply of rental housing is focused in the city centre (the so-called Second Ring Road precinct), in the north-western part of the city and the Dębniki.

In Kraków, an average rent is PLN 30 m^2/month In 2012, the net rent for single room apartments was on average PLN 1100 per month. The rent for two room apartments was on average PLN 1500 per month. The rent for three room apartments is usually slightly over PLN 2000 per month[4].

In the relatively less frequently offered larger premises (4 and 5 bedroom), based on the location, rents vary in the range of PLN 3000 - PLN 5000. In the case of 3-room and larger housing, the amount of rent is based on the fact that they are often rented by several people sharing the rent. The offer includes cases strongly protruding from the other - for example, substandard flats, dark, in the outbuildings, with a high cost of media, or suitable for refurbishment are characterized by respectively lower rental rates.

Short term forecast

Based on the data collected, it seems that 2013 and 2014 will be years of further stagnation in primary and secondary housing market. Several main causes of stagnation in the real estate market may be listed. On the demand side, these include the economic situation of the buyers (especially insecurity of jobs, difficulties in finding work for graduates in Kraków, that limit the tendency to make investment decisions), constraints and blanking the Family on its own program, and expectations of a further fall in prices, which tend the households to delay the housing investment. In 2012 a change could be seen in the buyers' expectation on the situation in the housing market, compared with the previous year. Whereas in 2011 the forecasts were divided, and the conviction of price stability was slightly dominating - over a year the moods deteriorated significantly. In 2012, the dominating belief was that during the next year, prices will fall (more than half of the potential homebuyers inquired in the Real Estate Market Monitor mrn.pl in November 2012). On the other hand, in recent years - the situation in the mortgage market has improved. Following four consecutive reductions in NBP reference rate by the Monetary Policy Council, the three month 3M WIBOR rate has decreased, on which the interest rate of the most PLN mortgages is dependent. Lowering the cost of credit has increased the availability of funds for housing projects, which can be regarded as a demand stimulus.

On the supply side, the large number of homes completed in recent years and a large number of homes available on the secondary market are crucial. All these fundamental conditions lead to the conclusion that the decline in housing prices will continue. It seems that the price expectations - in addition to the number of homes on the market and the situation in the mortgage market - are the most important factors influencing the dynamics of the housing market in the coming year. The moods of buyers indicate, that the year 2013 will not be one of the easiest for developers in Kraków.

[4] *House Price Index at szybko.pl website*

Real Estate Market in Małopolska

Map 5: Real estate market in Małopolska

Source: own development

Greenfield type real estate (industrial)

North-Western Małopolska

Characteristics of the area

The north-western part of Małopolska covers six districts: Chrzanów, Kraków, Myślenice, Olkusz, Oświęcim and Wadowice. This is an area characterized by a great diversity in terms of both natural and economic.

Northern part of Małopolska, from the town and municipality of Wolbrom, through a part of the Kraków district - is characterized by favourable natural conditions to carry out the development of agriculture, with persistently weak economic growth.

The central and southern zones of this part of Małopolska are areas with a high degree of urbanization and well developed economic functions. Centres of concentration of industrial activities are primarily: Kraków, Chrzanów, Myślenice, Olkusz, Oświęcim Wadowice and Trzebinia along with smaller, neighbouring municipalities.

In terms of the land structure, approximately 60% to 70% is agricultural land. Investment land of greenfield industrial nature is located primarily in cities, industrial areas and areas designated for business development. Often these are areas:

- special economic zones (SEZ);
- economic activity zones (EAZ), industrial and technology parks;
- designated for investment activities of an industrial, service nature etc..

Zones of economic activity (EAZ) are areas dedicated and prepared for investment, suited to the needs of future developers. They usually are formed at the initiative of local governments, which, depending on the land conditions - perform spatial transformation of land, equip it with technical infrastructure, and adopt local plans for them. The creation of those zones is co-financed from European funds. The economic activity zones may be fully or partially included in the SEZs. Real estate offered in those zones includes both *greenfield* and *brownfield* type investment land, as well as new industrial buildings, warehouses and offices.

Within the Małopolskie voivodeship, a Special Economic Zone operates, covering an area of 628 hectares, managed by the Kraków Technology Park. Its range goes beyond the Małopolskie voivodeship (Podkarpackie voivodeship area). There are 25 sub-zones in 23 municipalities.[5] In addition to the Małopolska SEZ, there are areas covered by the Katowice Special Economic Zone in the north-western part of Małopolska.

Areas covered by the privilege of **special economic zones** are located, among others in Andrychów, Bukowno, Chełmek, Dobczyce, Myślenice, Oświęcim, Słomniki, Wolbrom, Zabierzów and Zator.

In turn, the **areas of economic activity** and **investment zones** located in the north-western part of Małopolska include:

- Urban Economic Activity Zone in Chełmek;
- Chrzanów-Trzebińsk Industrial Park;
- Economic Activity Zone in Andrychów;
- Economic Activity Zone in Bukowno;
- Economic Activity Zone in Libiąż;
- Economic Activity Zone in Skawin;
- Economic Activity Zone in Wolbrom;
- Pcim-Chałupniki Economic Zone;
- „Green Dobczyce" Industrial Zone;
- Myślenice Investment Zone in Jawornik;
- NOWE DWORY Economic Activity Zone in Oświęcim;
- Western Małopolska Economic Activity Zone in Zator.

In addition to the SEZs and the EAZs - the municipalities, within the adopted zoning plans, define the so-called areas of investment activity. These include both land in the ownership of public entities (municipalities, the State Treasury), and private sector.

[5] *http://www.sse.krakow.pl/pl/specjalna-strefa-ekonomiczna.html*

Table 5: Selected areas of investment and industrial activity in the north-western Małopolska

Municipality / Town	County	Land area in m²	Ownership	Land designation
Chrzanów, investment area of Dolina Chechło-Północ (the Chechło-North Valley)	Chrzanów	240000	the Chrzanów County, private owners	Production-services
Chrzanów, investment area within industrial zone (Chrzanów and Balin)	Chrzanów	1020000	the Chrzanów County, private owners	Production-warehouse
Western Małopolska Business Activity Zone in Zator	Oświęcim	386200	the Treasury, the Chrzanów County, private owners	Production-services
Myślenice - Dolne Przedmieście Investment Zone	Myślenice	170000	the Myślenice County, the Treasury, private owners	Industrial
Myślenice - Investment Zone - Jawornik Polanka	Myślenice	600000	Private ownership	Industrial
Investment Zone of Zielone Dobczyce ("Green Dobczyce")	Myślenice	510000	the Dobczyce County, private ownership	Industrial, recreation and sport, retail and services, and other

Source: Department of Real Estate and Investment Economics, Cracow University of Economics

Main locations

In the north-west Małopolska region, most offers of greenfield type of industrial areas are located in the Kraków district, in municipalities of: Krzeszowice, Mogilany, Skawina, Zabierzów, in the Chrzanów district in - among others - municipalities of: Alwernia, Chrzanów, Libiąż, Trzebinia and in Myślenice district, in the Myślenice municipality. A larger number of offers concern the main district towns and towns with industrial functions. The analysis covered plots with an area of at least a few dozen acres and larger. In the offers group under research, most were offers of plots of an area of 1 ha or more.

Table 6: Exemplary private offers of land with industrial functions

County	County	Area in m²	Price	Price PLN/m²	Designation
Alwernia	Chrzanów	199000	7000000	35	Industrial-services- -warehouse
Alwernia	Chrzanów	72000	2808000	39	Industrial-services- -warehouse
Chrzanów	Chrzanów	100400	20000000	199	Retail and warehouse
Chrzanów	Chrzanów	34400	3442600	100	Industrial
Trzebinia	Chrzanów	35600	2200000	62	Services
Krzeszowice	Kraków	12000	1989000	166	Industrial-services- -warehouse
Skawina	Kraków	28000	6440000	230	Industrial-warehouse
Skawina	Kraków	50000	11000000	220	Industrial-warehouse
Zabierzów	Kraków	26500	8000000	302	Industrial
Zabierzów	Kraków	11200	4030000	310	Industrial-services
Zabierzów	Kraków	11000	2530000	230	Services
Mogilany	Kraków	17700	2832000	160	Services
Mogilany	Kraków	50000	6000000	120	Services
Mogilany	Kraków	17700	1590000	160	Services
Olkusz	Olkusz	20100	3100000	154	Industrial-retail
Olkusz	Olkusz	16474	2470000	150	Retail-service-resi- dential
Oświęcim	Oświęcim	58000	9500000	164	Retail-services
Oświęcim	Oświęcim	12600	3 500 000	278	Retail-services
Wadowice	Wadowice	19400	8500000	438	Industrial-services
Wadowice	Wadowice	10000	2200000	220	Industrial-services
Myślenice	Myślenice	14700	1900000	129	Industrial-services- -residential
Myślenice	Myślenice	17200	3784000	220	Industrial-warehouse
Pcim	Myślenice	11200	1250000	112	Warehouse-services

Source: Department of Real Estate and Investment Economics, Cracow University of Economics

The offers with greater surface worth to mention include few, covering tens of hectares of land.

Table 7: Exemplary private offers of land with industrial functions of a surface of several hectares or more

Municipality / county	Area in m²	Area designation
Bukowno / the Olkusz County	230000	Industrial-ware- house
Dobczyce / the Myślenice County	220000	Services
Słomniki/ the Kraków County	532800	Industrial-services, warehouse
Oświęcim / the Oświęcim County	200000	Industrial
Oświęcim / the Oświęcim County	1000000	Industrial
Trzebinia / the Chrzanów County	230000	Industrial
Wolbrom / the Olkusz county	875000	Industrial-ware- house

Source: PAIiIZ
http://infobase.paiz.gov.pl/indexl.php

In the case of offers of real estate located in special economic zones and zones of economic activity, bigger area *greenfield* type plots are offered in Bukowno, Oświęcim, Trzebinia and Zator.

Table 8: Exemplary offers of special economic zones and zones of economic activity

County	County	Land area in m²	Area designation	Land owner	The area within SEZ (Special Economic ZOne) and / or SAG (Business Activity Zone)
Bukowno	Olkusz	91857	Industrial	no data	SAG (Business Acti / SEZ (Special Economic Zone)
Oświęcim	Oświęcim	159000	Industrial-services	individuals, the Oświęcim County	SAG (Business Activity Zone)
Oświęcim	Oświęcim	25674	Industrial-services	the Oświęcim County	SAG (Business Acti / SEZ (Special Economic Zone)
		25573			
Trzebinia	Chrzanów	177550	Industrial-services	the Trzebinia County	SEZ (Special Economic Zone)
Zator	Oświęcim	5054	Industrial-services	The Zator County	SAG (Business Acti / SEZ (Special Economic Zone)
		52025			
		27211			
		24712			
		5053			
		12898			
		12217			
		12155			
		11265			
		7046			
		8900			
		5051			

Source: http://www.sse.krakow.pl/pl/specjalna-strefa-ekonomiczna.html, http://www.strefa.zator.pl/pl/48311/0/Oferta_Inwestycyjna.html

In conclusion, the main locations of *greenfield* type industrial sites in this part of the voivodeship concern the Kraków district municipalities. It is facilitated by the close proximity of the town of Kraków and trend to locate production activities outside the capital city. Traditionally, land of industrial and service functions are available in the towns of historical industrial functions (for example Olkusz and Chrzanów) and in urban areas. The development of industrial functions is boosted by the emergence of SEZ sub-zones and the EAZ economic activity zones.

Average sales prices

Greenfield type land sales prices with industrial-warehouse and retail-service functions, the area of which is not less than several dozens of acres vary between a few dozen to several hundred PLN per m² of land. The average offer price in the north-western part of Małopolska is PLN 180 per m², which is an approximate, because the investment land price is influenced by a number of factors:

- planning situation (existence of current development plan, issuance of the decision on the building conditions, land-use of real estate in the neighbourhood, etc.),

- parameters and limitations of building (due to planning documents and the conditions in the field),
- plot area (the size of a plot of land available, the mosaic of land in terms of different features and ground conditions),
- progress of preparation for construction (land with a building permit or for example of sale of agricultural land with an investment potential before reclassification),
- location (economic and social potential of the location),
- access to the roads (neighbourhood routes, conditions of access roads to the plot),
- technical infrastructure.

For these reasons, there are areas of various attractiveness, where average prices reach a level higher or lower than the level specified for the area of north-western Małopolska. For example, in the district of Kraków, the average starting price was more than PLN 200 per m^2, in the district of Olkusz: PLN 140 per m^2. It can be assumed, that the average offer price range varies from PLN 100 to PLN 400 per m^2.

As for the land acquired from municipalities and districts, the price is based on the value determined by the real estate appraiser and is determined under individual negotiations with the buyer or the tender process. Especially in the areas of SEZs and EAZs, the process may reach a level lower than in the course of free market.

North-Eastern Małopolska

Characteristics of the area

North-Eastern part of the Małopolska voivodeship covers six districts: Bochnia, Brześć, Dąbrowa, Proszowice, Tarnów, Wieliczka and the city of Tarnów.

The area can be divided into two functional areas:

1. the northern area, with favourable conditions for agriculture, including the Proszowice and Dąbrowa districts (Proszowicki Plateau, Nadwiślańska Plain, Bocheński Foothills and Tarnowski Plateau); those are the least urbanized areas, with poor transport accessibility, sparsely populated, with a negative net migration.
2. the area along the A4 motorway including the counties of: Wieliczka, Bochnia, Brześć, Tarnów and the city of Tarnów; municipalities located along the transit corridor from Western Europe to Ukraine and potentially the most attractive investment areas. Tarnów - a city of regional importance as a centre for concentrating economic and cultural activities.

Greenfield investment lands are located primarily in cities, in industrial areas and areas designated for business development. Often these are the areas of special economic zones or zones of economic activity. SEZs areas are located, among others. in Bochnia, Gdów, Książ Wielki, Niepołomice, Tarnów.

The areas of economic activity (investment zones) of north-east Małopolska include:

- Bochnia Economic Activity Zone;
- Niepołomice Investment Zone;
- Niepołomice – Zagórze Investment Zone;
- „Kryształowy" Green Industrial Park in Tarnów;
- Wieliczka Economic Activity Zone;
- Green Industrial Park in Wojnicz;
- Dąbrowa Tarnowska Economic Activity Zone;
- Trzciana Economic Activity Zone;
- Nowobrzeg Economic Area;
- Niszowa Economic Activity Zone;
- Szczurowa Economic Activity Zone.

In the nearest future it is planned to create new areas of economic revival - Zakliczyn Economic Activity Zone and Tuchów Economic Activity Zone.

Main locations

Most offers of investment land intended for industry and manufacturing at the turn of 2012/2013 was recorded in the districts of Bochnia, Brześć, Tarnów and Wieliczka. Least offers of this type of land were recorded in the districts of Dąbrowa and Proszowice. Most offers from private owners appeared in such municipalities as Brzesko, Bochnia Niepołomice, Gdów, Szczurowa, Tarnów, and Wieliczka.

Table 9: Selected areas of investment and industrial activity in the north-eastern Małopolska

Tarnów	Tarnów	16 500	825 000	50	industrial
Biskupice	Wieliczka	19 700	2 200 000	112	Warehouse
Niepołomice	Wieliczka	97 000	9 500 000	98	Warehouse
Niepołomice	Wieliczka	84 800	8 482 100	100	Industrial
Niepołomice	Wieliczka	34 300	5 145 000	150	Production-services
Kłaj	Wieliczka	23 500	2,350,000	100	Services
Wieliczka	Wieliczka	14 000	1,680,000	120	Services
Wieliczka	Wieliczka	10 400	4,000,000	385	Services

Source: Department of Real Estate and Investment Economics, Cracow University of Economics

The offers with greater surface worth to mention include few, covering tens of hectares of land.

Table 10: Exemplary private offerings of greenfield type land with an area of several hectares or more in the north-eastern Małopolska

Municipality / county	Area in m²	Area designation
Bochnia / the Bochnia County	437 400	production-services
Brzesko / the Brzesko County	345 800	industrial
Niepołomice / the Wieliczka County	1 160 000	production-services
Radziemice / the Proszowice County	426 000	industrial-services
Szczurowa / the Brzesko County	363 700	production-warehouse
Tarnów	880 000	industrial-services, warehouse
Żabno / the Tarnów County	320 000	industrial

Source: PAIiIZ http://infobase.paiz.gov.pl/indexl.php

Table 11: Exemplary offers of SEZs and EAZs in the north-eastern Małopolska

County	County	Land area in m²	Area designation	Land owner
Wojnicz	Tarnów	14 300	Production-warehouse, services	Tarnowska Agencja Rozwoju Regionalnego S.A. (Tarnow Agency for Regional Development SA)
Wojnicz	Tarnów	20 000	Production-warehouse	Tarnowska Agencja Rozwoju Regionalnego S.A. (Tarnow Agency for Regional Development SA)
Wojnicz	Tarnów	15 377	Services-production	Tarnowska Agencja Rozwoju Regionalnego S.A. (Tarnow Agency for Regional Development SA)
Dąbrowa Tarnowska	Dąbrowa Tarnowska	281 200	Production-services	117,000 - private ownership
				12,600 - property of the Dąbrowa Tarnowska Municipality
				151,600 - property of the Żabno Municipality
Bochnia	Bochnia	110800	Services-industrial	the Bochnia Municipality
Brzesko	Brzesko	405800	Retail-industrial	the Brzesko Municipality
Szczurowa	Brzesko	15 000	Services	the Szczurowa Municipality and Common Land of the village Rząchowa

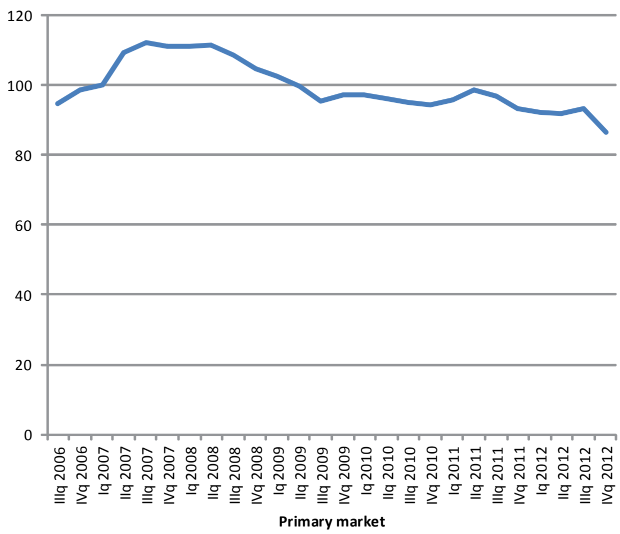
Source: Department of Real Estate and Investment Economics, Cracow University of Economics

In the north-eastern part of the Małopolska voivodeship most of the greenfield type offers with industrial and manufacturing function is located within municipalities in which the SEZs sub-zones are located and economic activity zones. Areas covered by SEZs are separate areas, prepared mostly by local governments and designed to increase the investment attractiveness of municipalities. The ownership structure of these areas is varied. They are owned both by private persons, land communities, as well as the Agricultural Property Agency.

Average purchase prices

Average bidding purchase price of land of industrial functions for the study area is 128 PLN/m². Taking into account the great diversity of the north-eastern part of Małopolska, in terms of supply of this type of land, it does not reflect the distribution of prices in particular districts. In the first quarter of 2013, the lowest offer prices were recorded in Tarnów district (39 PLN/m²) and Brześć district (44 PLN/m²), while the highest - in the district of Wieliczka (127 PLN/m²) and Tarnów city (134 PLN/m²). Offer prices in Tarnów range from 30 to 320 PLN/m². Average offer prices of investment land in different districts are presented in the chart 14.

Chart 14: Average offer prices in the districts of the north-eastern Małopolska at the turn of 2012 and 2013. (PLN/m²)



Source: Department of Real Estate and Investment Economics, Cracow University of Economics

In the district of Wieliczka, where the one of the biggest SEZS sub-zone of Małopolska voivodeship is located (Niepołomice) - the prices vary from 20 PLN/m² to over 1000 PLN/m².

Southern Małopolska

Characteristics of the area

The southern part of Małopolska covers six districts: Limanowa, Gorlice, Nowy Sącz, Nowy Targ, Sucha Beskidzka and Tatra Mountains. This is an area of high natural and landscape values, due to the terrain, soil quality and its natural and cultural character, has a clearly weaker level of development of agricultural and industrial activities. Mountains and forests in the areas in the south of the voivodeship, its specific microclimate, natural resources and the history and culture of the region determines the development of certain sectors of the economy - particularly the field of tourism and services. The structure of the land has a significant share of agricultural land and forests.

Due to the spatial-economic differences, the area can be divided into two sub-areas:

- the south-western part with mountain areas and villages of health resorts, stretching from the Zawoja in the Sucha Beskidzka district through Zakopane, Nowy Targ, Nowy Sącz, Krynica, to Wysowa-Zdrój in Gorlice district, is characterized by attractive conditions for the development of tourism and recreational activities,
- the south-eastern part of the Małopolska voivodeship with the dominant functions of agricultural and horticultural districts of Limanowa and Gorlice and growing industrial and service activity limited to the urban areas of: Nowy Sącz, Nowy Targ and Gorlice.
- Greenfield type investment land with industrial nature can be found mainly in the cities of southern Małopolska - Limanowa, Nowy Sącz, Nowy Targ and Gorlice. In these areas, there are also:
- special economic zones (SEZs), and
- economic activity zones (EAZs) and investment zones,
- Areas of special economic zones are located in: Czorsztyn, Limanowa and Nowy Sącz in the Małopolska Special Economic Zone and in Gorlice in the Europark Mielec Special Economic Zone.
- The areas of economic activity in this part of Małopolska include:
- Limanowa Economic Activity Zone,
- Nowy Targ Economic Activity Zone,
- Sucha Beskidzka Economic Activity Zone,
- Gorlice Economic Activity Zone.

Individual municipalities, under the local zoning plans enacted, designate areas of economic activity in their area and prepare investment offers mainly composed of municipal plots.

Table 12: Selected areas of investment and economic activity of Southern Małopolska

Municipality / Town	County	Land area in m^2	Ownership	Area designation
Limanowa	Limanowa	3314	Municipality	Commercial services and public services
Limanowa	Limanowa	26800	Municipality	Commercial services excl. retail and public services
Limanowa	Limanowa	9091	Municipality	Commercial services excl. retail and tourism and sport services
Limanowa	Limanowa	4100	Municipality	Commercial services excl. retail and public services
Sucha Beskidzka	Sucha Beskidzka	5000	Municipality and private	Tourism and recreation services
Sucha Beskidzka	Sucha Beskidzka	40000	private	Tourism and recreation services

Source: Department of Real Estate and Investment Economics, Cracow University of Economics

Investment offers in this area Małopolska contained on the pages of municipalities are rather related to land to allocate service functions or mixed - services and commercial or tourism and recreation functions.

Main locations

In the southern region of Małopolska, only few offers of greenfield type offers of industrial and service nature. Most of them were recorded in Limanowa, Gorlice, Nowy Sącz, Nowy Targ and in the Sucha Beskidzka districts. In addition to the major cities of: Limanowa, Gorlice, Nowy Sącz, Nowy Targ and Sucha Beskidzka, few offers appeared in smaller municipalities: Dobra, Rabka Zdrój and Maków Podhalański. It should be noted that in these areas, the greenfield type investment offers usually concern mixed industrial, service and commercial, residential, and tourism and recreation functions.

Analysis of private offers in terms of prices and the location covered plots with area bigger, than 20 acres. Those offers included industrial and service land with an area of several acres/ dozen or so hectares. However, these were individual cases. This reflects the marginalization of industrial functions in these areas.

County	County	Area in m²	Price	Price PLN/m²	Designation
Gorlice	Gorlice	3300	309000	94	Industrial-services-retail
Gorlice	Gorlice	3200	270000	84	Industrial-warehouse
Limanowa	Limanowa	3500	595000	170	Production-services
Dobra	Limanowa	5000	400000	80	Services
Nowy Sącz	Nowy Sącz	160000	8500000	53	Industrial-services
Nowy Sącz	Nowy Sącz	12500	2500000	200	Services
Nawojowa	Nowy Sącz	13100	2340000	179	Industrial-services
Nawojowa	Nowy Sącz	4300	1250000	291	industrial
Nowy Targ	Nowy Targ	6800	1500000	221	Industrial-warehouse
Nowy Targ	Nowy Targ	3000	660000	220	Retail-office-warehouse
Nowy Targ	Nowy Targ	7000	1400000	200	Industrial-retail-services
Rabka Zdrój	Nowy Targ	2100	309150	150	Services
Rabka Zdrój	Nowy Targ	3400	920000	271	Services
Sucha Beskidzka	Sucha Beskidzka	6400	1300000	203	Industrial-warehouse
Maków Podhalański	Sucha Beskidzka	13000	3560000	274	Industrial-services-warehouse
Maków Podhalański	Sucha Beskidzka	10500	1300000	124	Industrial-services-warehouse

Table 13: Exemplary private offerings of industrial land in the southern Małopolska

Source: Department of Real Estate and Investment Economics, Cracow University of Economics

The larger surface offers worth mentioning includes a few, covering plots with an area from a few to nearly thirty acres. There are, however, only few of those in the region.

County	County	Area in m²	Area designation
Limanowa	Limanowa	47300	Industrial-services
Krynica Zdrój	Nowy Sącz	101700	Industrial
Krynica Zdrój	Nowy Sącz	275000	Industrial
Łącko	Nowy Sącz	17700	Industrial-services
Czorsztyn/ Maniowy	Nowy Targ	44200	Industrial-services- -warehouse
Nowy Targ	Nowy Targ	94000	Industrial-services- -warehouse

Table 14: Exemplary offers of industrial land with an area of several hectares and more in the southern Małopolska

Source: PAIiIZ, http://infobase.paiz.gov.pl/indexl.php

In summary, the main locations for greenfield type areas with industrial functions in this part of Małopolska include the districts of: Limanowa, Gorlice, Nowy Sącz, Nowy Targ and Sucha Beskidzka - especially in urban areas. In the Tatry district there are no industrial offers. Investment offers concern tourism, recreation, services and housing. Generally it can be said that in the southern Małopolska most investment offers include mixed functions: tourism, retail and housing, and there are only few typically industrial offers.

Average sales prices

Sales prices of land with industrial functions in the analyzed group of offers ranged from a few dozen to as much as 2.5 thousand PLN per m² of land. On average, however, they are shaped in the range from about PLN 60 to approximately PLN 300 per m² of land. The average offer price in the southern part of Małopolska was PLN 244 per m², with a median of PLN 165 per m². Of course areas may be identified, where the average offer prices are much lower - particularly in the districts Limanowa and Gorlice - PLN 57/m² - PLN 67/m², or higher - in Nowy Targ, where the average offer price was PLN 395 per m². In addition to the location, the price level in the area is affected by such factors as the planning situation, progress of administrative procedures necessary for accession to the construction, area appropriation and permissible parameters of the development, access to the roads and access to the site.

Brownfield type real estate

North-Western Małopolska

Characteristics of the area

Most of the brownfield type real estate of an industrial nature is located in the northern part of the Małopolskie voivodeship.

Main locations

Among the six districts of the region, the key importance districts include: Chrzanów, Oświęcim and Olkusz. In addition, at the turn of 2012 and 2013, there were few offers in the district of Kraków, in the Skawina, Zielonki and Mogilany municipalities. The region is dominated by real estate with an area of few dozens of acres (average area of approximately 70 acres). There are also few offers of plots with an area of few dozens of hectares each year. As for the technical condition, the offers are very diversified, but recently more and more offers concerns plots fitted with halls warehouses or manufacturing buildings with acceptable technical standard, which can be exploited relatively easily for new business.

Table 15: Examples of brownfield type property sale offers - offers from selected real estate agencies

County	County	Area in m²	Price	Description of the building
Olkusz	Olkusz	14120	4500000	Warehouse and retail facility
Olkusz	Olkusz	10100	4500000	Warehouse and industrial halls with office and service building
Chrzanów	Chrzanów	40000	8490000	Warehouse and retail facility
Alwernia	Chrzanów	9600	350000	Production hall
Trzebinia	Chrzanów	10000	4300000	Warehouse and production facility
Trzebinia	Chrzanów	4000	800000	Warehouse facility
Chełmek	Oświęcim	4738	2500000	Warehouse and production facility
Oświęcim	Oświęcim	5400	1300000	Warehouse and production facility
Oświęcim	Oświęcim	3966	2000000	Production hall and warehouse facility
Zabierzów	Kraków	3547	2999000	Production and retail facility
Skawina	Kraków	11600	3000000	Production hall
Zielonki	Kraków	4200	3000000	Production hall
Wadowice	Wadowice	1458	620000	Production hall and warehouse facility
Kalwaria Zebrzy-dowska	Wadowice	3600	2500000	Production - warehouse - residential facility
Dobczyce	Myślenice	19500	4900000	Warehouse and office facility

Source: Department of Real Estate and Investment Economics, Cracow University of Economics

Average sales prices

Offer prices of brownfield type real estate sales are formed in a wide range. In addition to the location - the technical condition of buildings, adaptability, including all construction costs and the relationship between the surface of buildings and the surface of the land on which they are located - are factors crucial for the development of the price. Average offer prices in late 2012 and 2013 ranged from about PLN 36 to PLN 1150 per m^2 in the district of Kraków municipalities. Average offer for the entire study area in the analyzed time amounted to approximately PLN 400 per m^2 of land, which is an increase by about 30% in relation to the previous year. This increase is explained by an increased supply of the newer real estate, with better technical parameters, which require relatively smaller amounts of money after its acquisition by the investor.

North-Eastern Małopolska

Characteristics of the area

Characteristics of the area were made in the analysis of the greenfield type real estate market.

Main locations

In the North-Eastern Małopolska, at the turn of 2012 and 2013, in the area of brownfield type offers - the districts of Wieliczka, Bochnia, Brześć and the city of Tarnów were clearly dominating. The lowest activity was observed in this area of Dąbrowa and Miechów districts and this is a situation that is observed for several years. In comparison with the north-western part of voivodeship, the analyzed area is dominated by smaller plots offers, usually not bigger than 33 acres, while the average area of the brownfield type real estate offered is approximately 50 acres. Most of the real estates in the 2012/2013 market offer are waiting for a buyer for several years.

Table 16: Examples of brownfield type property sale offers - offers from selected real estate agencies

County	County	Area in m^2	Price	Description of the building
Łapanów	Bochnia	3600	195000	Warehouse facility
Bochnia	Bochnia	2400	1100000	Warehouse facility
Brzesko	Brzesko	18000	320000	Warehouse and production facility
Biskupice-Melsztyńskie	Brzesko	3000	189000	Production hall
Mędrzechów	Dąbrowa Tarnowska	8400	180000	Production hall and retail facility
Charsznica	Miechów	3027	450000	Warehouse facility
Proszowice	Proszowice	5000	850000	Production hall
Kłaj	Wieliczka	2700	1050000	Warehouse and service hall
Wieliczka	Wieliczka	6400	2000000	Warehouse and office facility
Niepołomice	Wieliczka	10000	999000	Commercial
Jodłówka-Wałki	the Tarnów County	2170	298000	Production hall
Pleśna	the Tarnów County	4700	1100000	Production hall
Tarnów	Tarnów	1800	310000	Warehouse facility

Source: Department of Real Estate and Investment Economics, Cracow University of Economics

Average sales prices

Sales offer prices of *brownfield* type real estates in the north-eastern part of the Małopolska are very varied. Their lower unit price may be noted in the western part of the voivodeship. The current market offer includes the real estate in the price range between PLN 155 000 to more than PLN 6 000 000. Unit prices of brownfield type land at the turn of 2012 and 2013 ranged between PLN 17 /m^2 and PLN 790

/m², the average was more than PLN 250 per m² (this is more than 20% increase compared to previous years, dictated by the increased supply of the newer real estate, with better technical parameters).

Southern Małopolska

Characteristics of the area

Characteristics of the area were made in the analysis of the greenfield type real estate market.

Main locations

The southern part of Małopolskie voivodeship is of a tourist and agriculture nature. Few locations has industrial functions, and the brownfield type real estate offers appear in urban areas - especially Nowy Sącz, Nowy Targ, or in the area of Gorlice, where the traditions of industrial activity result from the local history. Brownfield type real estate offers are often the result of asset restructuring and economic changes in recent years. Buildings are usually small (not exceeding 2 000 m² of usable area), and the surface of the ground itself rarely exceeds 1 hectare. The size of real estate's seems to be relatively well matched to the needs of investors, who typically look for small objects.

Part of brownfield type real estate's is located in small towns, where the industrial activity is no longer carried out, thanks to which the function of the building could be saved. It is therefore necessary to adapt the buildings to new functions or demolish them and build new ones on the free land. Both solutions are expensive.

Average purchase prices

Brownfield type real estate prices ranged from PLN 1 million to PLN 2.6 million. Unit price of the brownfield type land ranged between PLN 100 and PLN 1000 per m² (average was no calculated due to the different nature of objects), and the differences resulted from many individual factors, such as: the possibility of adaptation to other functions, the location (for example, in the city centre), the technical condition of buildings.

Table 17: Examples of brownfield type property sale offers in Southern Małopolska

County	County	Area in m²	Price	Description of the building
Czorsztyn	Nowy Targ	1120	1000000	Administration building and garage facility; possible tourism functions
Nowy Targ	city of Nowy Targ	no data	no data	Sports hall with associated infrasrtucture; possible multi-family residential building development
Mszana Dolna	Limanowa	1 689	1400000	Building for demolition, possible business functions
Zakopane	Tatra	607	2600000	3-storey office and administration building
Nowy Targ	city of Nowy Targ	2700	no data	Production hall
Gorlice	Gorlice	5261	no data	Production hall
Biecz	Gorlice	6700	no data	Production hall

Source: Department of Real Estate and Investment Economics, Cracow University of Economics

Other land property markets

Investment land property in tourist and recreational functions

Małopolskie voivodeship is highly diverse in terms of environmental quality and the functions of economic, historically and naturally shaped in the specific areas. In the area of Małopolskie voivodeship, areas may be distinguished of typically industrial functions, especially in the north-western part of the voivodeship, of dominating agricultural functions - northern region and areas attractive in terms of tourism and recreation - southern part of Małopolska.

Favourable conditions for tourism development arise from natural and landscape values, as well as the historical and cultural legacy of Małopolska.

The most attractive tourist areas, due to the historical and cultural values, are located in the western and central part of Małopolska and comprise mainly of Krakow - the main point on the Polish tourist map, Oświęcim, Wadowice, Wieliczka and Bochnia. Due to the natural and environmental assets - mountain landscape, landscape and climate and mineral water resources - attractive areas are located to the south of voivodeship in the districts of Gorlice, Nowy Sącz, Nowy Targ, Sucha Beskidzka and Tatry.

In addition to the villages known for their mountain tourism and the conditions for winter sports, with well-developed base of hotels and guesthouses - in central and southern parts of the region there are also resort towns:

- within the city of Kraków – Swoszowice;
- in the Wieliczka district – Salt Mine in Wieliczka (underground resort);
- in Nowy Sącz district –Krynica Zdrój, Muszyna Zdrój, Piwniczna Zdrój, Żegiestów Zdrój;
- in Nowy Targ district - Rabka Zdrój, Szczawnica;
- in Gorlice district - Wapienne, Wysowa Zdrój.

Investment land offered for sale in the southern part of Małopolska in its designation under zoning plan is most often designed for housing functions and tourist and recreational-sports objects, that is the construction of apartments, hotels, guest houses, spa facilities, farm tourism, recreational estate and sports and recreation objects such as ski lifts water parks, etc. In the north-western and north-eastern parts of the Małopolska there are also offers of real estate for tourist activities - in the developed tourist areas, also offers of hotels and catering facilities along national and provincial roads.

Main locations of investment offers of touristic, recreational and sports activities functions were recorded in the southern part of Małopolska, in the districts of: Gorlice, Nowy Sącz, Nowy Targ and Tatry. Single offers emerged in the northern part of Małopolska, in the districts of: Kraków, Myślenice, Brzešć and Oświęcim.

The analysis covers plots with an area of over 20 acres. The average prices of private investment areas offers with tourism, recreation and sports and recreational facilities function vary considerably depending on the attractiveness of the location and investment potential.

In the northern part of Małopolska voivodeship, an average offer price was approximately PLN 255 per m^2. On the other hand, in the southern part of Małopolska, the offer prices range is characterized by a large spread - from dozens of PLN to nearly six thousand of PLN per m^2. The most expensive lands are located in Tatry district - where offer prices range oscillates from approximately 300 PLN/m^2 to approximately 5600 PLN/m^2, and the average offer price was around PLN 816 per m^2. It is possible to buy relatively cheap land for investment of touristic nature in the districts of Gorlice, Nowy Sącz and Sucha Beskidzka - where the price often varies from approximately few dozen to a hundred PLN per square meter. The average offer price for the southern Małopolska (excluding the Tatry district) was approximately PLN 105 per m^2.

Table 18: Examples of private land offers with functions of tourism, resorts and sports facilities

County	County	Area in m²	Price	Price PLN /m²	Designation
Kryspinów	Kraków	38100	4800000	126	Service-tourism
Brzezinka	Oświęcim	11900	6000000	504	Service-tourism
Myślenice	Myślenice	4300	1376000	320	Service-tourism
Klimkówka	Gorlice	9300	530000	57	Service-tourism
Uście Gorlickie	Gorlice	9700	550000	57	Recreation
Nowy Sącz	Nowy Sącz	10000	2000000	200	Service-tourism
Krynica Zdrój	Nowy Sącz	37000	1950000	53	Service-tourism
Krynica Zdrój	Nowy Sącz	49300	5666050	445	Residential-tourism
Piwniczna Zdrój	Nowy Sącz	43000	10750000	250	Residential-tourism
Nowy Targ	Nowy Targ	7800	1170000	150	Service-tourism
Rzezawa	Bochnia	5400	216000	40	Recreation-tourism
Waksmund	Nowy Targ	14000	1700000	121	Tourism-recreation
Szczawnica	Nowy Targ	3600	839040	233	Tourism-recreation
Czorsztyn	Nowy Targ	3300	600000	182	Residential-tourism
Zawoja	Sucha Beskidzka	6000	1500000	250	Residential-tourism
Zawoja	Sucha Beskidzka	4300	370000	86	Residential-tourism
Zakopane	Tatra	2700	5000000	1852	Service-tourism
Zakopane	Tatra	3700	1670000	451	Residential-tourism
Zakopane	Tatra	3000	5000000	1667	Residential-tourism
Zakopane	Tatra	2800	10500000	3750	Residential-tourism
Zakopane	Tatra	2100	1000000	476	Service-tourism
Kościelisko	Tatra	5500	4400000	800	Residential-tourism

Source: Department of Real Estate and Investment Economics, Cracow University of Economics

Investment land property for housing functions

The nature and investment opportunities on the land available for housing depends mainly on the provisions of the local zoning plan or, in the absence of a plan, the neighbouring real estate, technical infrastructure and roads. Among the offers of investment land, plots may be diversified both for single-family housing (fully-detached, terraced, semi-detached), multi-family, and combined. Often the local development plan allows combining the residential function with the trade and services or tourism and recreation functions.

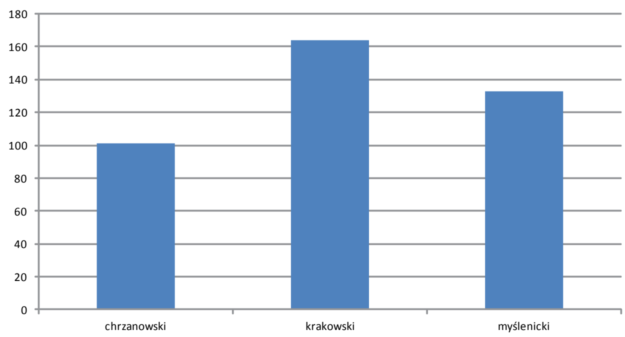
The analysis took into account the offers of land with an area of few dozens of acres and bigger. They were often offers addressed to investors building residential properties for sale. Sometimes this included land with a valid building permit for the complex of detached or semi-detached houses or houses of other types, or - in the absence of local plan, the decision of the General Meeting for a specific project.

In Małopolska voivodeship, most offers of housing were recorded in urban areas (in Chrzanów, Krynica-Zdrój, Myślenice, Nowy Sącz, Nowy Targ, Tarnów, Proszowice, Niepołomice, Wieliczka and Zakopane), in the municipalities near Krakow (Kraków district) and in mountain areas (in the districts of Nowy Sącz, Nowy Targ and Tatry). Municipalities, where the number of land for construction offers was the highest included: in Kraków district: Michałowice Mogilany Zabierzów, Zielonki and in the southern part of the voivodeship: Łapsze Niżne, Zawoja, Zakopane and Kościelisko.

The level of residential property offer prices is influenced by many factors: the location of the property, destination, type of housing permitted and its intensity limit, size and shape of the plot, technical infrastructure as well as possible decisions the GM or a building permit owned.

In the north-western Małopolska, the average offer price for land for housing development was approximately PLN 150 per m². Offer prices fluctuated within the range of PLN 130 to PLN 417 /m². The lowest prices were recorded in the Chrzanów district, where the average offer price was approximately PLN 101 /m², while the highest prices were recorded in the Kraków district, where the average price amounted to PLN 164 /m². In the Oświęcim and Wadowice districts only single transactions appeared, not allowing for the preparation of price summaries.

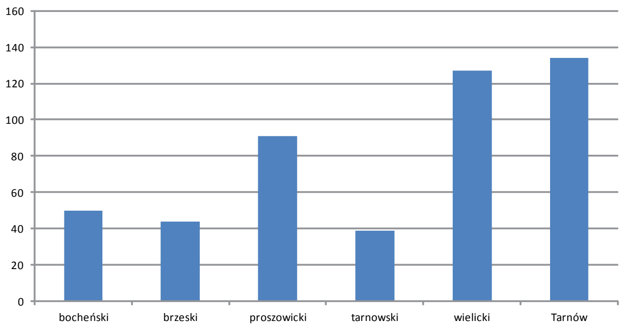
Table 13: Exemplary private offerings of industrial land in the southern Małopolska



Source: Department of Real Estate and Investment Economics, Cracow University of Economics

In the north-eastern Małopolska average offer price was approximately PLN 60 /m². Offer prices within the area are in the range from several PLN per m² up to PLN 900 /m² (Niepołomice). The lowest prices were recorded Dąbrowa district (PLN 4 /m² to PLN 22 /m²), while the highest prices were recorded in the Wieliczka district (about PLN 130 /m²) and Tarnów (PLN 90 /m²). In the districts of Bochnia, Brześć, Proszowice and Tarnów, prices were at a similar level and amounted to an average of PLN 30-40 /m².

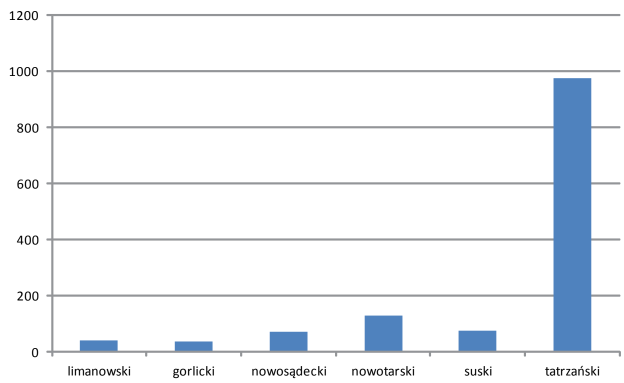
Chart 16: Average offer prices of investment land for housing development in the north-eastern Małopolska (PLN/m²)



Source: Department of Real Estate and Investment Economics, Cracow University of Economics

In the southern Małopolska, the average offer price was approximately PLN 358 /m². This high level of price was influenced mainly by the prices in the Tatry district. The range of offer prices in the region is very high, from PLN 11 /m² (Limanowa) for up to PLN 5625 /m² (Tatry). The lowest prices were recorded in Gorlice district, where the average offer price was approximately PLN 36 /m²; while the highest land prices were recorded in Tatry district (the function of those lands was usually not limited to housing, but also allowed investments in the fields of tourism and recreation).

Chart 17: Average offer prices of investment land for housing development in the southern Małopolska (PLN/m²)



Source: Department of Real Estate and Investment Economics, Cracow University of Economics

Agricultural land property

For the purposes of the analysis of agricultural land property, plots were adopted with an area of over 20 acres. Among the offers of typical land used for agricultural purposes, with a possibility of habitat construction, areas appeared, with and investment potential for investment, where there is a possibility to change its designation.

Most offers of agricultural land in the north-western Małopolska were recorded in Krakow and Myślenice districts. Average price of land in the analyzed area was PLN 17 /m^2 (minimum price - PLN 3 /m^2). The most expensive offer appeared in the municipality of Zielonki, where offer price amounted to PLN 400/m^2.

In the north-eastern part of Małopolska, the most offers were recorded in the districts of Proszowice, Bochnia, Tarnów, and Wieliczka. The average offer price of agricultural land was PLN 18/m^2 (from several PLN /m^2 to PLN 125/m^2).

Southern Małopolska is an area characterized by areas of high natural values as well as areas of agricultural character. Number of offers in all districts of the southern part of Małopolska voivodeship was similar. The average offer price in the analyzed area was PLN 37/m^2 (from PLN 3/m^2 to PLN 285/m^2).

Business in Małopolska

Procedure for obtaining a building permit

Procedure description

A building permit is an administrative decision, which allows the investor to start and conduct the construction or execute the works other than object construction. A building permit is issued at the request of the investor.

Obtaining a building permit requires the performance of the various stages of the procedure, such as: obtaining the zoning decision - if the investment will be carried out on site not included in the local development plan, the development of a construction project, and finally obtaining a final decision on the building permit. Each of these stages creates separate procedures, governed by separate provisions of law, implemented with the participation of different actors and institutions.

The first step is to choose a location for the planned investment (**Stage 1**). Then it should be checked, whether the parcel is covered by local development plan (**Stage 2**). It also should be determined whether the proposed investment is a project that could significantly affect the environment (**Stage 3**). This may result in the classification of the project to prepare a report on the environmental impact before proceeding with the next steps. Then it should be confirmed, that the plot belongs to the area covered by the existing local development plan. Determination of land destination, distribution of a public investment and the land use ways is done under the local zoning plan (**Stage 4**).

In the absence of local spatial development plan, the determination of the land use way and development conditions of land takes place by way of the zoning decision (**Stage 4**).

After obtaining documents confirming the convergence of investment with the development conditions conversation and documenting rights to use the property for construction purposes (**Stage 5**), an application for a building permit should be submitted (**Stage 6**).

Administrative procedure on obtaining a building permit

Investor's Stage - the preparation and submission of the application

The application and attachments shall be submitted in the filling office of the body to issue a decision on the building permit. In the case of Kraków, the place for resolving the case is the **Department of Architecture and Urban Planning, Rynek Podgórski 1, 30-533 Kraków**.

Documents required at this stage:

- Application for a decision on the building permit;
- Annexes:
- construction project (4 copies) together with the opinions, guidelines, permits and other documents;
- statement of author and person verifying the project on its preparation in accordance with the applicable regulations and rules of technical knowledge;
- documents evidencing that the designers were in possession of all the applicable permissions required by law, namely a decision confirming the possession of the required powers and the certificate of registration in relevant professional chamber (valid on the date of the project);
- statement on holding the right to use the property for construction purposes;
- drawing from the cadastral map showing

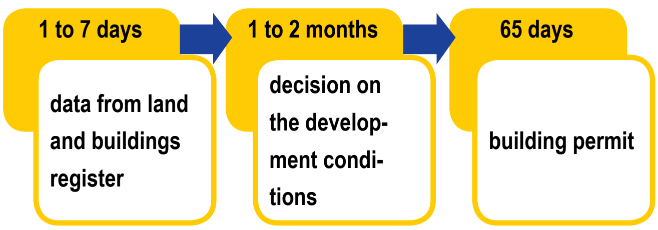
the location of parcels of land covered by the investment process and neighbouring plots;

- extract from the land register of the parcels covered by the investment process;
- decision on building conditions, if the parcel is not subject to the provisions of the local spatial development plan;
- extract and drawing from local spatial development plan, if the parcel is located within the existing local spatial development plan;
- proof of payment of stamp duty;
- the application shall be accompanied by a decision on the environmental conditions if the issuance of it is required under the provisions of the Act of 3 October 2008 on the provision of information about the environment and its protection, public participation in environmental protection and environmental impact assessment (Article 72 paragraph 3 of the Act).

Deadlines of obtaining a decision[6]

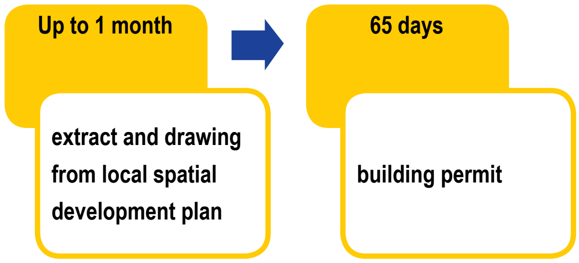
Lack of local spatial development plan

Figure 3: Scheme of the procedure to obtain a building permit



Presence of local spatial development plan

Figure 4: Scheme of the procedure to obtain a building permit



Where the investment project can have a forever significant impact on the environment or can have a potentially significant impact on the environment, it is necessary to obtain a decision on the environmental conditions, which is required before submitting an application for the development conditions decision and before the application for the issuance of a building permit. The deadline for issuing the environmental decision is one month, and in particularly complex situations - up to 2 months.

[6] *All dates are given from the date of the application submission; additionally - the deadlines laid down in Article 35 and 36 of the Administrative Code and Article 35 Paragraph 6 of the Construction Law do not include the time limits provided by law to carry out certain activities, periods of suspension of the proceedings and the periods of delay caused by the fault of the party, or for reasons beyond the control of the body.*

Environmental decision

Environmental decision is issued for investment projects which might or may potentially impact the environment. In both cases, the administrative procedure looks different.

For Projects that may have a **forever** significant impact on the environment include, among others:

conventional power plants, power plants, nuclear power plants, airports, highways and express roads, installations for waste recovery or disposal, installations for the manufacture of paper or paperboard, installations for surface treatment of metals and plastic materials using electrolytic or chemical processes, plants for roasting and sintering iron ores, electrical energy distribution stations, dismantling stations, treatment facilities of equipment containing dangerous substances and preparations, used batteries and accumulators and waste disposal (all projects listed in the Regulation of the Council of Ministers of 9 November 2010 on projects likely to have significant effects on the environment, Journal of Laws 213, item 1397)

The projects likely to have a **potentially** significant impact on the environment include, among others:

plants for production of products by mixing, emulsifying or confectioning chemical intermediates or basic products, installations for surface treatment of metals and plastic materials using electrolytic or chemical processes, plants for the production of glass, plants for or processing and tanning of leather, processing plants for cellulose, cross-country skiing , bobsleigh tracks, ski lifts, ski resorts or hotels located outside residential, industrial and other areas - built-up areas and urbanized non built-up areas, permanent camping or caravan sites, industrial or warehouse buildings with an area of not less than 0.5 ha in areas covered by nature conservation forms, not less than one hectare in other areas, residential development and its accompanying infrastructure covered by provisions of the local spatial development plan or local plan of reconstruction, with an area of not less than two hectares in areas covered by nature conservation forms 4 hectares in other areas, residential development not covered by the provisions of the local spatial development plan with a development area of not less than 0.5 ha in areas covered by nature conservation forms and two hectares outside these areas, shopping centres with an area of not less than 0.5 ha in areas covered by nature conservation forms and two hectares in other areas, service buildings, in particular, hospitals, educational institutions, theatres, cinemas, sports facilities, garages, car parks, amusement parks, golf courses, stadiums, hard surface roads with a total length of over 1 km, service stations or renovation stations of construction, agricultural or transport equipment, merge of land.

In the case of projects that may have a forever significant impact on the environment, the investor submits the borough leader, mayor or president of a city with a request for a decision on the environmental conditions attaching a report on the environmental impact. However, in the case of projects which may have a potentially significant impact on the environment, the investor submits an application for a decision on the environmental conditions attaching a project information sheet (in some cases a report may be required).

The application and attachments shall be submitted in the filling office of the body to issue a decision on the environment conditions. In the case of Kraków, the place for resolving the case is the **Department of Environmental Management Office of the City of Krakow, Os. Zgody 2, 31-949 Kraków.**

The decision should be issued within a month, and in particularly complex cases - within two months from the date of receipt of the application.

Report on the impact of the project on the environment, which is attached to the application for the environmental decision is a development, that it should include the following elements:

- description of the proposed project, and in particular its characteristics, conditions of use of land during construction and operation or use of, the main characteristics of the production processes, the types and amounts of pollutants resulting from the operation of the proposed project;
- description of the natural environment within the

scope of the expected impact of the proposed activity on the environment;

- description of the monuments that exist in the vicinity of the planned project;
- description of the anticipated environmental effects of the project in the event of inaction;
- description of the analyzed variants: an applicant, a reasonable alternative variant, the variant most beneficial to the environment and their expected impact on the environment;
- justification for the variant offered by the applicant;
- description of the methods of forecasting of impacts of the proposed activity on the environment along with their description taking into account direct, indirect, secondary, cumulative, short, medium, long-term, permanent and temporary impact, resulting from the existence of the project, the use of natural resources and emissions,
- assumptions for rescue operations of monuments research and the protection of monuments and cultural landscape conservation as well as analysis and evaluation of possible risks and damage to monuments protected by law - only in the case of public roads classified as projects that may forever impact on the environment,
- indication as to whether the proposed project requires the establishment of limited use area, together with specifying the limits of the potential area, limitations in terms of land use and the technical requirements for construction works and their ways of use - this requirement does not apply to the construction of national roads,
- analysis of the potential social conflicts,
- proposals for monitoring the impact of the proposed project on the environment during its implementation and operation, including Natura 2000 sites,
- specification of problems arising from the shortcomings of technology or gaps in the contemporary knowledge.