

# Characteristics of the Market Value of Undeveloped Land in Health Resort Municipality of Kolobrzeg

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## Abstract

The article presents a statistical analysis of selected properties of undeveloped real estate market in the municipality of Kolobrzeg. The municipality of Kolobrzeg is located in the West Pomeranian Vivodeship in the north-western part of Poland. Municipality of Kolobrzeg is mainly a health resort region utilising natural resources. The study has been conducted within the administrative boundaries of the municipality of Kolobrzeg between 2008-2014. The results of the study were examined using the multiple regression analysis method. The following attributes of the real estates were taken into consideration when conducting the aforementioned analysis: the price, size, location and environmental conditions. The analysis presented in this article is just a portion of a larger scale research conducted by the authors which will further be expanded upon.

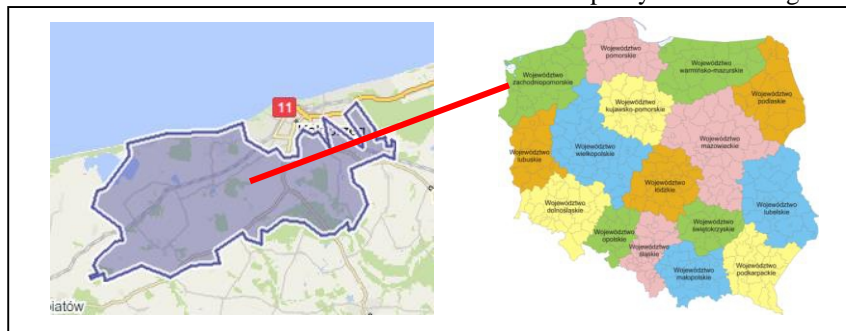
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**Keywords:** The value of real estate, land properties, the municipality of Kolobrzeg

## Introduction

The real estate market just like any other market requires a thorough statistical analysis which may provide valuable data upon which the process of property valuation can be greatly simplified. According to Kalkowski L. who has conducted an analysis of the available estate in Poland allocated for the real estate market: “given the significance of acquired data such an important segment of the capital market which is the real estate market should be routinely analysed by the Central Statistical Office.”(Kalkowski, 2001). The following article presents an analysis of the undeveloped real estate market in the municipality of Kolobrzeg.

Pic. 1. The administrative boundaries of the municipality of Kolobrzeg



Source: worldmap.pl/polska/ (05.01.2017)

The municipality of Kolobrzeg is an administrative region located within the borders of the Kolobrzeg county and is situated in the Western Pomeranian Voivodeship in north-western Poland. The municipality covers 144.75 square kilometres and is consisted of about 30 villages and settlements. Some of these settlements such as Grzybowo or Dzwirzyno are conveniently situated near the Baltic Sea thus giving them the status of health resorts.

The land real estates share many common characteristics. The literature regarding the subject identifies the following: physical, economical, institutionally legal. The physical characteristics include: the complexity of the physical stability of the site, stability over time, diversity, indivisibility. Among the economic characteristics the following can be identified: scarcity, location, interdependence, high capital intensity, low liquidity of real estate, the ability to generate profit, the ability to meet specific needs.

### **The characteristics of an undeveloped real estate**

The concept of property is regulated by the law. According to art. 46 of the Civil Code the real estate consists of parts of the earth's surface which are separate property (land), as well as buildings permanently connected with the ground or parts of such buildings, which under the specific provisions constitute to be separate from the land. A detailed definite one of the term - real estate property can be found in the Real Estate Management Act, according to which the property is defined as the ground with all that comes connected with it in a permanent manner, with the exception of buildings and premises that are separate property (Act, 21.08.1997).

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following can be identified: scarcity, location, interdependence, high capital intensity, low liquidity of real estate, the ability to generate profit, the ability to meet specific needs (Pawlikowska-Piechota, 1999).

### **Sales growth of the real estate plots in the municipality of Kolobrzeg**

The number of transactions concluded during the period indicated a wide variation. Since 2008 a significant increase in the number of transactions of sale and purchase of land in the municipality of Kolobrzeg was observed. This trend continued well into 2012 after which a decline in the number of transactions, (approximately 10% decrease) was observed. The period between 2008 and 2012 was one in which the real estate market of undeveloped land concluded the largest number of transactions. The above was generally consistent with the predominant trend observed in Poland (Gierałtowska, Putek-Szelag, 2012). During this period the transaction prices of real estate plots in most Polish cities fell which significantly increased the number of finalised transactions. Since 2014 an overall increase in agricultural land prices has been noted (Dz.U.poz. 585, T.1). The main cause of that increase was an introduction of the legal act limiting sales of agricultural land which resulted in fewer transactions finalised.

**Table 1.** A total number of finalised transaction and an averaged acreage of plot sold in the municipality of Kolobrzeg between 2008-2014

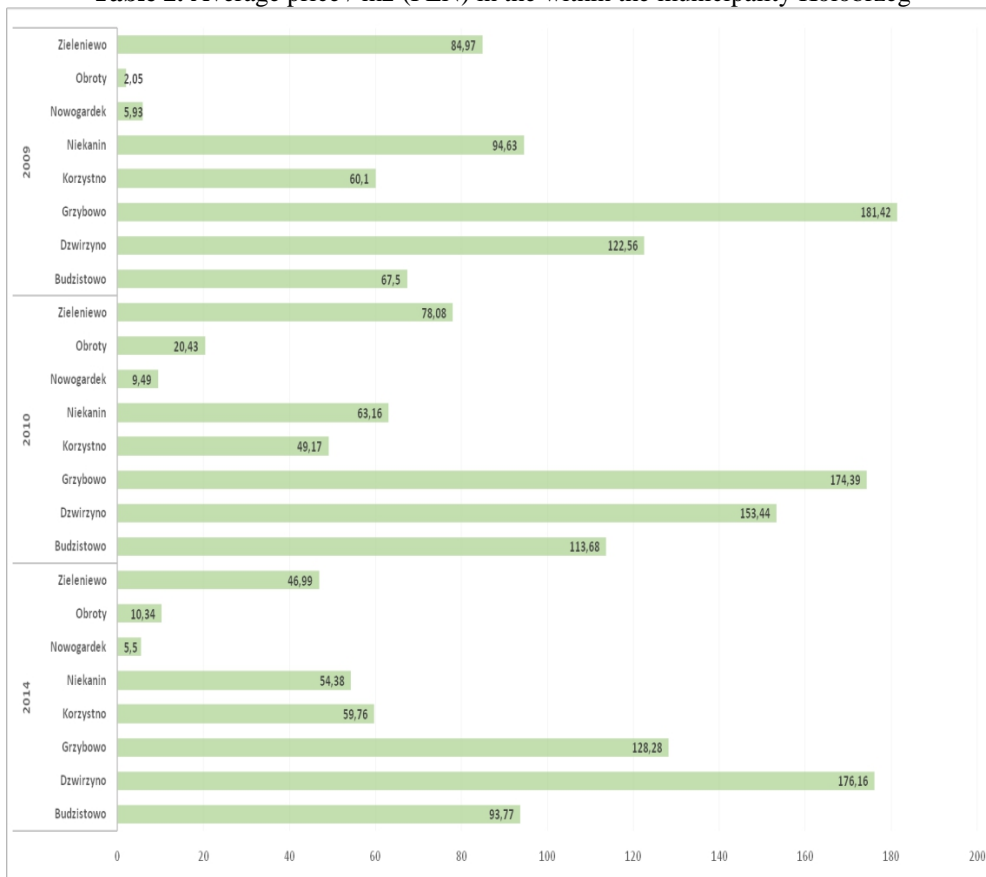
Year	Number of transactions	Acreage (ha)
2014	78	270,21
2013	87	161,09
2012	104	191,52
2011	119	157,48
2010	121	561,62
2009	132	151,96
2008	39	94,68
Średnia	85	198,57

Source: own

### **The structure of transactions**

The analysis of transactions is presented taking into consideration the fact that there are 8 districts belonging to the municipality of Kolobrzeg: Budzistowo, Dzwirzyno, Grzybowo, Korzystno, Niekanin, Nowogardek, Obroty, Zieleniewo. As seen in table 2. the average plot prices in the area of Grzybowo and Dzwirzyno were much higher than in other districts. Within the analysed period the average price observed within those districts increased, peaking at 190%.

In conclusion and according to the analysed data the average asking price for the plot of land rises with the increased proximity to the shoreline and vice versa.

**Table 2.** Average price / m2 (PLN) in the within the municipality Kolobrzeg

Source: own

## Conclusion

The results presented show the situation prevailing in the real estate market in the municipality of Kolobrzeg in the years 2008-2014. The study allows the following conclusions:

1. The property undeveloped land located in the immediate location of the Baltic Sea are characteristic by a higher price transaction, despite this fact does not decrease the number of transactions in this within,

2. Prices transactions more distant from the coastline are significantly lower, up to 190%

3. The real estate market of undeveloped land on the area of the municipality Kolobrzeg is characteristic by a mean increase in the number of transactions in the period from 2009 to 2012, which is identical to the situation prevailing in Poland. After this period slowed down.

4. The total area of land sold every year is variable, equivalent to the situation in the country, depending on the legislative power. The analysis shows that the market for undeveloped land in the municipality of Kolobrzeg

is characterised by frequent fluctuations and since 2012 the number of transactions has been steadily decreasing. The prices of land per square meter of real estate situated in direct line of the Baltic Sea - such as in Dzwirzyno and Grzybowo - are so high due to the fact that these settlements' main source of income is tourist traffic. The major investments made towards development of tourist accommodations such as hotels and resorts has been the major factor for the increase of the prices of real estate within that region.

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