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## ASSESSMENT OF THE REAL ESTATE MARKET ON THE EXAMPLE OF THE MUNICIPALITY MAŁDYTY

**Ilisio Manuel de Jesus**

University of Warmia and Mazury in Olsztyn  
Olsztyn, Poland  
imdj@uwm.edu.pl

***Key words:** municipality, real estate property, land.*

***Summary.** An assessment of the real estate market in the Municipality of Małdyty is an illustration of the problems related to developed land plots. The paper describes certain aspects which relate to how a local government unit manages land, buildings and space in the buildings. The aim was to familiarise readers with changes occurring on a local real estate market and to analyse factors which influence the market value of immovable properties. The main factors affecting the development of the said market have been defined and analysed.*

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**Introduction:** The management of real estate properties on a local level is a task assigned to local governments. With respect to every immovable property, it is admitted that the exclusive competence is granted to the property's owner, although the local government, possessing the so-called planning authority, is endowed with certain rights that enable them to restrict the scope of ownership rights [Bieniek, Rudnicki 2007].

Forms of land use play an important role in real estate management. Land development can take place in one of the three types of land zones: urban, rural or intermediate. In an analysis of the structure of a municipality, the highest importance will be assigned to the land plots located in towns and larger villages. Urban land is defined as located within the administrative limits of a town. Within this category, certain models are distinguished which identify the purpose that particular land parcels serve, and the main aim of the division is to identify the land for housing, industries, services, infrastructure as well as degraded land. Rural areas are the ones lying outside the limits of any larger city, town or locality. There the land is used according to the models serving agriculture, forestry, fisheries as well as infrastructure and relaxation. All the land use types help to identify the actual land area owned and its usefulness.

**Aim:** The purpose of this study has been to familiarise readers with changes on a local real estate market, and the Municipality of Małdyty served as an example.

**Material and methods:** The article takes advantage of literature data and statistical information. Documents provided by the Municipal Office include contracts for purchase and sale of real estates, which were done in 2013-2015 in the Małdyty Municipality, situated in the Province of Warmia and Mazury. The subsequent analysis of the real estate market in the municipality was based on the method consisting of an analysis of documents and contracts for the purchase and sale of real estates completed in the analysed area. The research results are presented in tables and described in the following text.

**Research results:** The Municipality of Małdyty (*gmina Małdyty*) lies in the Province of Warmia and Mazury (*województwo warmińsko-mazurskie*). This administrative unit has a status of a rural municipality. It is located in the Elbląg subregion, in the northern part of the District of Ostróda (*powiat ostródzki*). The neighbouring municipalities are: Zalewo, Pasłek, Rychliki, Morąg and Miłomłyn. With its surface area of 188.86 km<sup>2</sup>, the Małdyty Municipality covers 10.7% of the district. It is a community of 46 towns, villages and hamlets, grouped in 21 sub-municipal units (*sołectwo*). The largest localities are Małdyty, Zajezierze, Jarnołtowo, Sambród, Wielki Dwór. In 2014, the municipality had a population of 6 561 people and a low population density rate, i.e. 34.7 persons/ km<sup>2</sup>. Table 1 contains some statistics regarding the population of the Małdyty Municipality in the years 2011-2016 (*Strategia...2016*, p. 5).

Table 1 – Population of the Małdyty Municipality in 2011-2015

Specification	Years				
	2011	2012	2013	2014	2015
Population of the municipality	6518	6514	6431	6409	6370
Population per 1 km <sup>2</sup>	35	34	34	34	34
Population growth per 1,000 inhabitants	2.6	-2.3	-1.7	-0.8	0.8

Source: the author, based on data from the Polish Central Statistical Office GUS

The population of the municipality has been diminishing steadily year after year. The difference between the year 2011 and 2015 is 148 persons. As for the population density per 1 km<sup>2</sup>, the value of this parameter has decreased too. Over the analysed period, the population growth per 1,000 residents was not promising either. Fig. 1 shows the population in the Małdyty Municipality from 2011 until 2015, divided between men and women.

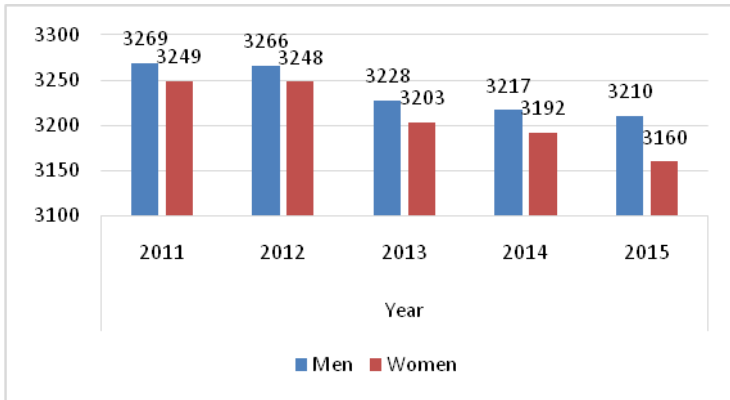


Figure 1 – Number of women and men living in the Municipality of Małdyty

Source: the author, based on the GUS data

With respect to unemployment, the data pertaining to the Małdyty Municipality are presented graphically in fig. 2. The diagram shows that the number of unemployed women exceeded that of jobless men. In 2012, compared to the base 2011 year, the highest increase in the unemployment among women was noted, and 41% of female residents did not have work. However, after 2012, the unemployment rate in this group has been gradually decreasing. The unemployment rate among men follows a similar course as among women.



Figure 2 – Unemployment in the Municipality of Małdyty

Source: the author, based on the GUS data

The structure of the land owned by the Municipality of Māldyty in 2011-2015 is presented in table 2. The data collated there indicates that the land which was the property of the Māldyty Municipality covered around 280 ha in the time period analysed. In 2011, the total area owned by the municipality was 281 ha, decreasing to 278 ha in 2012. Overall, between 2012 and 2015, there was a modest increase in the total area of the municipal land.

Table 2 – Structure of municipal land divided into legally defined types of land use in the municipality of Māldyty

Specification	Year									
	2011		2012		2013		2014		2015	
	ha	%	ha	%	ha	%	ha	%	ha	%
Total:	281	100	278	100	286	100	284	100	284	100
in the municipal real estate property stock	243	86	242	87	250	88	252	89	252	89
given as a usufruct	21	8	20	7	20	7	18	6	18	6
usufruct of natural persons	17	6	16	6	16	5	14	5	14	5

Source: the author, based on the GUS data

Table 3 contains some information regarding the housing economy in the Municipality of Māldyty in 2011-2015. It shows that the number of residential houses in the municipality increased over the analysed time period (from 967 in 2011 to 1,002 in 2015), which resulted in a higher number of flats and rooms available. There was also a visible rise in the usable floor area of houses and flats, from 133,060 m<sup>2</sup> in 2011 to 138,805 m<sup>2</sup>, which translates to an increase of 5,745 m<sup>2</sup>.

Table 3 – Housing economy in the municipality of Māldyty

Specification	Year				
	2011	2012	2013	2014	2015
Number of residential buildings in the municipality	967	981	993	997	1002
Number of flats	1972	1991	2007	2011	2017
Number of rooms in flats	7272	7368	7456	7471	7498
Floor area of flats in m <sup>2</sup>					
Total floor area	133060	135185	137665	138067	138805
Average size of a flat	67,5	67,9	68,6	68,7	68,8
Average floor area per resident	20,4	20,8	21,4	21,5	21,8
Housing stock in the municipality					
Flats per 1,000 residents	302,5	305,6	312,1	313,8	316,6
Average number of residents per flat	3,31	3,27	3,2	3,19	3,16
Average number of persons per room	0,9	0,88	0,86	0,86	0,85

Source: the author, based on the GUS data

Figure 3 illustrates the number of flats made available to residents over the analysed period. It demonstrates that the highest number of flats appeared in 2012 (19) and 2013 (16 flats), while the smallest number of new flats appeared on the local market in 2014 (4 flats) and 2015 (6 flats).

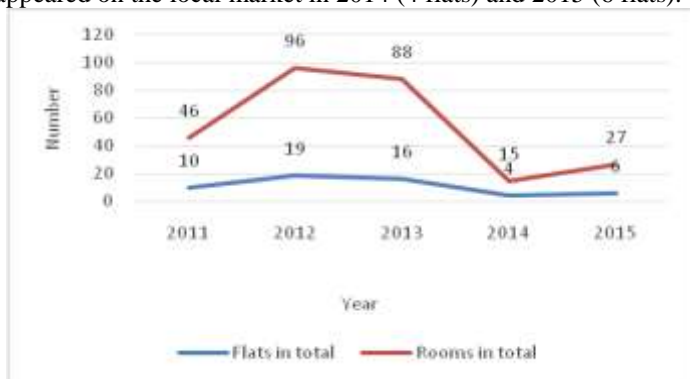


Figure 3 – Flats made available in the municipality of Małdyty

Source: the author, based on the GUS data

The structure of real estate sale in the municipality of Małdyty in 2013-2015 is illustrated in fig. 4. It shows that the sale of vacant land made up 72% of the total real estate properties sold in the municipality in the time period analysed, while 16% corresponded to houses and flats, and the remaining 12% was composed of developed land plots. To recapitulate, the sale of houses and developed land plots was on similar level.

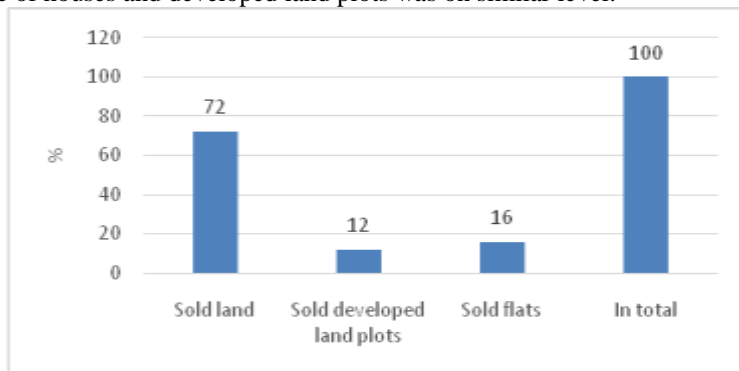


Figure 4 – Structure of sold real estate in the municipality of Małdyty in 2013-2015

Source: the author, based on the data from the District Office in Ostróda

Figure 5 represents the structure of sellers and buyers engaged in the real estate transactions in the Municipality of Małdyty in 2013-2015. It shows that immobile properties were most often sold and bought by natural persons. The number of properties purchased in the municipality by natural persons was 95, while 74 real estate properties were sold by natural persons. The number of legal persons buying real property was 5 and the number of legal persons selling it was 26.

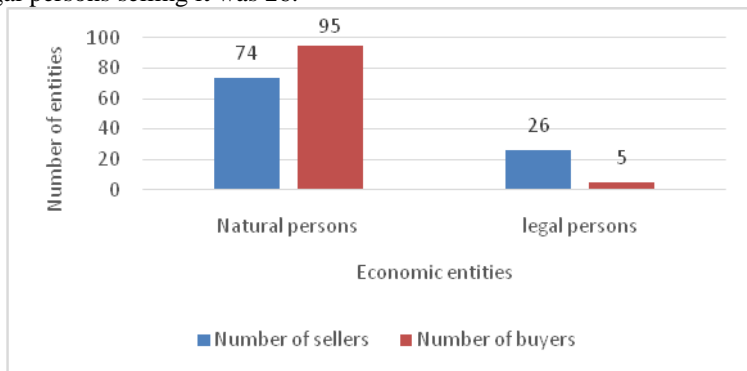


Figure 5 – Number of buyers and sellers of immobile properties in the municipality of Małdyty in 2013-2015.

*Source: the author, based on the data from the District Office in Ostróda*

The use of the land plots bought in the Municipality of Małdyty in 2013-2015 is illustrated in diagram 6. It shows that 35% of the land purchased was used as vacant plots of agricultural land to expand the acreage of farms. The smallest percentage was used for residential housing and services (2%) and detached houses (3%).

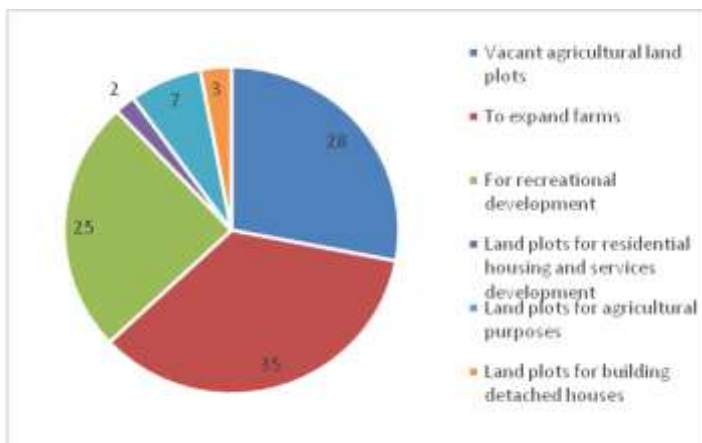


Figure 6 – The use of purchased land plots in the municipality of Małdyty in 2013-2015

Source: the author, based on the data from the District Office in Ostróda

Figure 7 shows the use of immobile properties in the Municipality of Małdyty in 2013-2015. The data demonstrate that 40% of the purchased real estate was used for residential purposes. The same percentage, i.e. 23.35%, of the real estate properties bought in the analysed time period was intended to be used for housing and services as well as for other functions. 13.30% of the properties bought in the municipality served recreational aims.

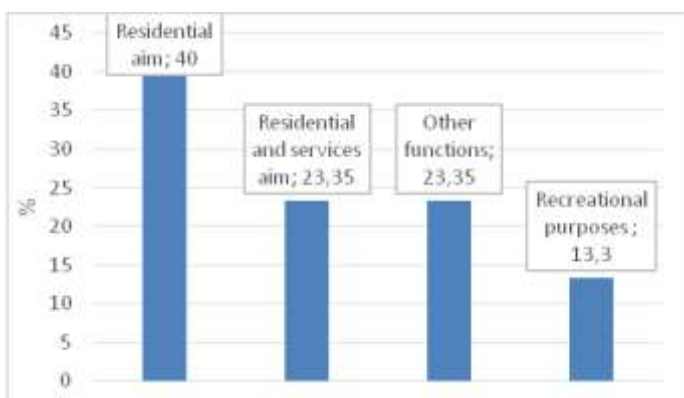


Figure 7 – Use of the developed immobile properties bought in the municipality of Małdyty in 2013-2015.

Source: the author, based on the data from the District Office in Ostróda

## Summary

The real estate market in every municipality has its own, distinctly different characteristics. It is mostly influenced by the factors which characterise a given area. A stimulus that affects the development of real estate economy is the sale of land, buildings or building space. Other significant circumstances are the real estate stock owned by the municipality, growth in the construction industry, and housing policy. These factors influence the development of a local real estate market in a given area, as well as other conditions which a given community finds important.

While studying the real estate economy in the Municipality of Małdyty, the following features were considered: demographic situation, economic factors, information regarding the housing stock in 2011-2015, sale and purchase transactions for real estate properties concluded in 2013-2015. The analysis justifies the following conclusions:

The demographic aspect which affects the real estate market in the analysed community is not very promising because the population living in the municipality is steadily decreasing. This has a negative bearing on the working age population, number of new marriages or the population growth. The demographic situation has a strong effect on the real estate market because the low demographic indicators mean there is not enough population who would be interested in buying land, buildings or flats.

Sale and purchase transactions for real estate properties in 2013-2015 indicate a low level of activity. Over the analysed period, only 252 real estate properties were sold, and the reasons are both demography and economy.

The real estate properties are mostly bought by natural persons. A small percentage of buyers is composed of legal persons. This is mostly because the Municipality of Małdyty is small and investors are unwilling to locate their capital where it is not likely to generate a high profit.

Our analysis has revealed that the real estate market in the Małdyty Municipality did not develop in the analysed time period.

## LITERATURE

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