

# **The Effect of Large Property Owners on the Real Estate Market and Local Development**

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**Key words:** property market, local development, large owners, government units

## **SUMMARY**

The entities with the largest share in the real estate resources in Poland include local government units, state agencies, private business and universities. The role and importance of these entities is emphasised by the fact that they are frequently one of the basic factors influencing local development for reasons including employment and new investment. Such entities may significantly affect supply, demand and, in effect, the prices on the local market, but also the image of the town and region. The focus of the authors' interest in this study is the commune and its role on the real estate market.

In well-developed market economies, not encumbered with the remnants of central control of the past, the problem of the effect of local government units on the real estate market does not exist as the resources at the disposal of such units are not sufficient for the units to affect the local market by their actions. In Poland, the problem is of considerable importance as the communes own real estate resources which may not make them monopolists, but whose management affects the market, and especially local markets, to quite a significant extent.

This study attempts at identifying the link between the activities of the owners of considerable real estate resources on the one hand and the local and regional development, as well as the level of the basic market features, i.e. supply, demand and transaction prices, on the other. The results will show changes in the land value as a consequence of real estate division and the construction of technical infrastructure facilities. The study will also contain an assessment of the economic and spatial effect of changes in the designation of an area by changes in, or implementation of, a new area development plan. In effect, the study will present the concept of a model of the effect that large property owners have on the real estate market and local development.

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## **INTRODUCTION**

The development of the real estate market in Poland is closely connected with the crucial political changes of the late 1980s and early 1990s, which enabled the functioning of the economy on market principles. A considerable part of the real estate stock which previously belonged to the Treasury was communalized, transferred, as a result of enfranchisement, to state and self-government legal persons, or privatized. As a result of these actions, there emerged a substantial group of subjects which, being in possession of a relatively large real estate stock, have at present full, or almost full autonomy in matters of real estate management, also including matters concerning sale and purchase.

The owners have, through the possession of a large real estate stock, certain tools and instruments by which they can influence the real estate market. Controlling the real estate supply usually affects the formation of particular values and prices reached on the market. These owners can also influence oriented investment development, both on account of conducting their own investments and attracting outside investors with the real estate's attractive localization and price.

A properly conducted sale policy is directed towards a particular segment of buyers, which can indirectly lead to maintaining and shaping spatial order through developing a particular spatial and ownership structure of cities. The real estate owner (the local government) has financial instruments for controlling demand, namely taxes, charges, the creation of special economic zones and technical-planning instruments, i.e. change in appropriation, mergers and divisions of real estate. It follows that the actions of large real estate owners can create bases for instituting positive changes in particular areas within the market's scope.

The effects of the actions of the district, as the owner of a considerable real estate stock, can also negatively influence the real estate market, by introducing regulations which do not always further the free functioning of the market.

One of the aims of research conducted by the Department of Real Estate Management and Regional Development at the University of Warmia and Mazury in Olsztyn is to determine the role and significance on the real estate market of subjects in possession of a substantial real estate stock. The role and significance of these subjects appears particularly in the context of local development, for they can shape to a considerable degree not only the supply and demand and resulting prices on the local market, but also the municipal and regional image.

## 1. INSTITUTIONAL OWNERS ON THE REAL ESTATE MARKET IN POLAND

The real estate market is affected by multiple factors – physical, economic and social. The manner of land use may also be affected by institutional factors (Barlowe, 1978), related to institutional owners and to legal acts which regulate their function. Of considerable importance is also the type of rights which can be exercised by institutional owners (Payne, 1997). Although most land owned by institutional owners is used for roads, parks and other public areas, part of it can be marketed for investment projects (Needham, 1992).

Among the most important subjects having a considerable share in the real estate stock in Poland one can single out units of the territorial government (e.g. districts), state agencies (e.g. the Agricultural Property Agency or the Military Property Agency) as well as businesses (e.g. Polish State Railways). At the same time it should be noted that despite the well-developed organisational structures of the above-mentioned subjects and resources belonging to them throughout the country, their activity on the real estate market has, above all, a local dimension.

Among other subjects playing a considerable role on local markets in Poland in real estate ownership, one can mention private businesses (or with private capital participation) as well as higher schools together with auxiliary enterprises. Their significance is emphasized by the fact that they often constitute one of basic factors of local development, among others, on account of employment or new investments.

The activity of the above-mentioned subjects on the real estate market takes place within the framework of existing legal regulations. The superior legal regulation in Poland is the Constitution of the Republic of Poland, protecting, among others, ownership and the right to inheritance. The civil code in turn regulates such basic issues as defining forms of holding real estate and ensuring the freedom of concluding contracts, including those concerning real estate.

The main law regulating the issue of state and local government participation in the real estate market in Poland is the act on real estate management. It determines, among others, the principles and procedures of district and Treasury real estate sale, leasing out for perpetual usufruct as well as rental and leasing agreements. In most cases, the sale of district and Treasury real estate or leasing grounds out for perpetual usufruct takes place by tender, where the minimum price should be no lower than the value estimated by a property assessor. Significant implications for the real estate market ensue from procedures of sales without tender, which mostly concerns the sale of communal dwellings to their former tenants. Also, the procedures of leasing real estate out for perpetual usufruct cause important consequences on the real estate market, namely, that a real property's price and its market value can sometimes considerably differ.

Businesses and higher schools as well as other subjects having a great influence on the shape of the real estate market, function on the basis of a range of many rules, both legislative and executive, regulating, among other things, the issue of managing the real estate in their

resources. As a rule, they grant autonomy to these subjects in the scope of sale and purchase of real estate with observing procedures defined in regulations.

The main subject of the object of analyses is the Olsztyn district in the northeastern region of Poland. This subject, having at its disposal a considerable real estate stock, considerably influences the shape of the local real estate market in Olsztyn. The Olsztyn district has in its stock more than 7000 dwellings with a total area of more than 32 0000 m<sup>2</sup>, and land with an area of more than 4000 ha, while the total surface of the city area amounts to about 8000 ha.

## 2. MANAGING PUBLIC REAL ESTATES

The concept of real estate management is still waiting for comprehensive clarification. There are various interpretations, which indicate that it regards only public real estate and that it affects, by detailed regulations, the relations between public entities and individuals.

Real estate management means, *inter alia*, the process of regulating real estate development, use and protection of land, earning income from its sale, lease and taxes, as well as settlement of conflicts regarding the rights to real estate and the principles of its use (Dale, McLaughlin, 1999)

Real estate management is a component of two concepts: management and real estate. In this context management is understood to denote human activities of an individual or collective character which consists in distribution of limited resources among competing applications with a view to achieving the optimal benefit and to satisfy social needs without detriment to the natural environment or to the living conditions of the population. The other component is derived from the civil law concept of things – as material objects, whose main components are real estates, defined in Art 46 of the Civil Code, with three categories: land, buildings and apartments.

The object of real estate management is property in its broad sense, defined as ownership and other property rights (Art. 44 of the Civil Code). The subjects are entitled individuals (persons) with specific property rights to things, i.e. owner, perpetual usufructuary, creditor, lessee, tenant, etc.

Consequently, real estate management determines sets of relations between subjects and real estates and the procedures which lead to decisions concerning the management of space and its resources. In order to identify the relations, such groups of activities have to be considered:

- analysis of geometric data (physical, geometric and spatial location, topology, descriptive parameters – area);
- examination of legal relations (ownership, perpetual usufruct, restricted property rights, holding, contractual law, right of priority, right of pre-emption, etc.);
- investment (description and analysis of real estate market, crediting and financing possibilities, taking investment-related decisions and analyses of profitability);

- analyses of completed investment projects (type of buildings, functions and intended use, access to technical infrastructure facilities, relations between land and its components, parameters describing the state of land);
- examination of opportunities (analysis of the status quo, recommendations of local area development plans, searching for development variants with assessment, choice of the optimal manner of use, increasing value following improvement, forecasts).

Such activities are performed in compliance with the law of real estate management and the executive regulations for the law and other regulations concerning public real estates.

Public real estates constitute an immense resource which greatly affects the real estate market. It comprises the following public real estate resources:

- the real estate owned by the State Treasury, comprising 11.7 million ha of land, including 7.5 million ha of forest;
- communal real estate resources, comprising about 0.72 million ha of real estate, situated mainly in urbanised areas;
- county real estate resources, comprising about 0.08 million ha of real estate, situated mainly in urbanised areas;
- provincial real estate resources, comprising about 0.03 ha of real estate, situated mainly in urbanised areas.

Apart from these resources, public real estate includes the property owned by, or in perpetual usufruct of, state-owned companies, totalling about 0.05 million ha of mainly agricultural and urbanised land (source: CODGiK, 2006).

Public real estate management is closely related to land use planning, socio-economic planning and economic policy of local government units. This stems from its main functions, such as:

- creating conditions which favour the achieving of goals of area-related policy by assigning land to perform specific functions, its division, joining and re-division for building plots;
- managing real estate owned by the State Treasury and local government units;
- creating and enlarging real estate resources for completing public assignments and preparing them for specific purposes;
- acquiring land which is necessary to execute programs and completing plans, managing it and transferring to various users;
- creating legal and administrative conditions of using land, both by individuals, legal persons, entities, companies, etc.;
- preventing or hindering the land use which is contrary to what is provided for in land use plans;
- ensuring proper income from public real estate management;
- real estate expropriation for public purposes and returning expropriated real estate.

#### 4. INSTRUMENTS OF PUBLIC REAL ESTATE MANAGEMENT

Real estate management can be discussed from two angles. Firstly, it is the disposal and management of real estate from public resources, executed through the legal instruments being at the disposal of public administration bodies, which make it possible to transfer real estate to third parties by: sale, exchange, renouncing, perpetual leasing, leasing, lending, placing in durable administration, encumbering with restricted property rights, contributing to companies or donating for public assignments (Art. 13 of the law of real estate management). Secondly, real estate management denotes the whole of coherent and legally permitted actions which are complementary to the real estate situated in the area of a given local government unit, which serve the purpose of achieving specific socio-economic goals by completing certain assignments.

This interpretation of the concept of real estate management can be used to refer the legally permitted actions that such entities may take with regard to the real estate market to the instruments of management. According to the legal and formal classification proposed by Kokot (2006), based on Topczewska and Siemiński (2003), the instruments, being at the disposal of a commune (as one of the basic subjects of real estate management, after the State Treasury), can be divided into plan-related and execution-related. The division can be continued: plan-related instruments can be further divided into strategic and operative, execution related ones – into administrative and financial. A detailed division of such instruments is presented in Table 1.

**Table 1** Instruments of real estate management which affect real estate market

Instruments of real estate management			
Plan-related		Execution-related	
Strategic	Operative	Administrative	Financial
commune development strategy	local land use plans	selling and acquiring	taxes related to real estate ownership
		pre-emption	annual fees for perpetual usufruct
land use plan	space and area-related studies	expropriation	penalties for failing to develop the land in due time
		servitude	
	economic programs		
	outline planning permission		rezoning fees
			improvement fees

*Source: the authors' analysis based on: Topczewska, Siemiński; 2003*

The instruments provide a relatively broad spectrum of measures that can be used by subjects of real estate management to interfere in real estate market. In practical terms they should be applied with a view to achieving their goals in a coherent and harmonised manner. Their reckless or chaotic application may bring chaos to the local real estate market, which will negatively affect the social and economic situation in the area (Kokot, 2006). This may refer to too broad an offer of public land for sale, which will result in a drop in land prices and in profiteering actions taken by investors. This effect may occur if a commune refrains from

collecting fees, such as a re-zoning fee, improvement fee, from real property owners. On the other end of the spectrum, too limited an offer of public real estate, absence of local preferences or tax exemptions may result in price rises and may make investors unwilling to carry out their investment projects in the area. Investments made by public administration in building technical infrastructural facilities, with public resources, make the area more attractive and make investors more interested in real estate. Other results include price increases, improvement of the living conditions of the population and an increase in the revenue earned by the public budget due to fees for putting real estate in perpetual lease, in durable administration or leasing fees.

## **5. THE RELATIONSHIPS AND EFFECTS OF ACTIONS TAKEN BY PUBLIC ENTITIES ON THE REAL ESTATE MARKET**

Real estate management, regarded as a set of relations and procedures associated with them, which take place between the subjects and object of management makes it possible to identify some cause-and-effect relations. These include: individual and general relationships, deterministic and stochastic ones and sufficient and necessary conditions (Żróbek, 2006).

Individual relationships are related to specific objects and events (e.g. real estate expropriation for a specific public purpose). If a number of cases are analysed, general relationships may be found (e.g. the relationship between real estate prices and its value on a selected local market). Deterministic and stochastic relationships may be exception-free or probable; in this case exception-free relationships are rare. Sufficient and necessary conditions are associated with conditional and unconditional relationships. In real estate management, conditional relationships mainly occur, in which complementary or alternative conditions may occur (e.g. real estate expropriation may result in having to calculate compensation due to deterioration of the adjacent real estates).

The relationships and instruments which are used by public entities, especially communes, to influence the real estate market, can be determined by dividing real estate into three groups. The first one is made up of the real estates which comprise the communal real estate resource, i.e. they are owned by a commune and they have not been perpetually leased or they are perpetually used by the commune. The second group is made up of the real estates which are owned by a commune (perpetual usufruct), but which are outside the communal resource of real estate. The third group are the other real estates to which the commune has no material rights.

Instruments of communal real estate management which can be applied for particular groups of real estates are presented after Kokot (2006) in Table 2.

**Table 2** Instruments of real estate management at the communal level

<b>Groups of real estate</b>	<b>Instruments of real estate management</b>
Communal real estate resource	sale, exchange, renouncing, putting to perpetual usufruct, lease, lending charging with restricted property rights, contributing real estate to a company, division, joining and division
Communal real estate outside the communal real estate resource	annual fees due to perpetual usufruct, enforcing the contract of putting a real estate in perpetual usufruct, pre-emption, acquiring by contract, issuing opinions on division plans, expropriations, re-zoning instruments, policy of ownership-related taxes
Other real estate	expropriation, pre-emption, acquiring by contract, issuing opinions on real estate division plans, improvement fees, rezoning instruments, policy of ownership-related taxes.

*Source: the authors' analysis based on Kokot, 2006*

Although the actions taken by large real estate owners, e.g. communes, are mainly legal or physical (legal and actual actions), the effects of such actions may also include economic and social aspects.

Table 3 shows the effects of influence exerted by a commune as a large owner on the real estate market.

**Table 3** Selected effects of a commune's actions on the real estate market

<b>Selected effects of a commune's actions on the real estate market space</b>			
<b>Physical effects</b>	<b>Legal effects</b>	<b>Economic effects</b>	<b>Social effects</b>
Change in the manner of land use	Changes in the legal status of real estate	Increase or decrease in real estate prices	Migrations of the population
Building new objects	Change in the borders of real estates	Changes in the amount of income to be earned from real estate	Increase/decrease in the population safety level
Construction of access roads	Changes in the rights and obligations of the owners towards their real estate	Increase/decrease in real estate supply	Improvement /deterioration of the living conditions of the population
Technical development of land	Changes in the bylaws	Change in the employment rate	Improvement /deterioration of the social structure

*Source: the authors' analysis*

## **6. AN ASSESSMENT OF THE EFFECT OF SELECTED ACTIONS TAKEN BY A COMMUNE ON THE REAL ESTATE MARKET, WITH THE PRICES OF LAND IN THE CITY OF OLSZTYN TAKEN AS AN EXAMPLE**

The influence of the actions taken by communes on the local real estate market can be assessed in many dimensions described in the first part of the paper. The analyses performed by the authors focused on the trade in undeveloped plots of land, assigned for residential buildings, in which the commune participated. The city of Olsztyn was taken as an example of the effect that the actions of a commune may have on the real estate market. Such actions

include the sale and placing in perpetual usufruct of land real estate. Although the procedures to be followed in those actions are laid down in the law, their adoption is included in the commune's own assignments and they are followed upon a resolution passed the commune council.

According to the legal principle generally adopted in the trade in real estate owned by the State Treasury or local government units in Poland, it is necessary for an executive authority, representing the owner in real estate management, to hold auctions to sell real estate. The principles and procedures applied in selling real estate at such auctions are regulated by legal acts, e.g. by the law of real estate management. In a sale of a real estate from the assets of the State Treasury or a local government unit, the principle of openness has to be applied, which means that it is necessary to inform the public about which real estates are intended for sale. The reserve price in the first auction is established at a level at least equal to its value. If the sale of the real estate at the first auction is not effected, the reserve price at the second auction can be reduced to even 50% of the value estimated by a real estate appraiser.

A hypothesis was adopted in the course of the study that the real estate market can be divided into two distinct areas according to the subject criterion – the market of real estates owned by communes and those owned by individuals. This may be indicated by differences in the prices of real estates sold by communes and those sold by individuals.

In order to perform the analyses, data have been collected regarding the trade in undeveloped plots of land situated on the outskirts of the city of Olsztyn. The data regarded the transactions concluded in the years 2004-2007. The register of prices and values of plots of land kept by the Municipal Office in Olsztyn was used to identify the set of transactions whose market nature was beyond doubt.

Over 500 undeveloped plots of land were sold in the analysed area, totalling more than 380,000 m<sup>2</sup>. 127 of them, totalling nearly 60,000 m<sup>2</sup>, were sold by auction (table 4).

**Table 4** The sale of undeveloped plots of land by auction

Year	Number of plots	Total area	Mean area of a plot, m <sup>2</sup>	Total value, PLN	Mean value of 1 m <sup>2</sup> , PLN
2004	19	12,025	633	790,706	65.76
2005	52	17,245	532	2,080,215	120.63
2006	42	21,049	501	3,078,361	146.25
2007	14	8,927	638	2,056,000	230.31

*Source: the authors' analysis*

At the same time, over 300 plots of land were sold in transactions between individuals (ownership), totalling over 265,000 m<sup>2</sup> (table 5)

**Table 5** The sale of undeveloped plots of land on the free market

Year	Number of plots	Total area	Mean area of a plot, m <sup>2</sup>	Total value, PLN	Mean value of 1 m <sup>2</sup> , PLN
2004	73	48,461	664	4,000,368	82.55
2005	78	43,021	552	4,101,937	95.35
2006	87	73,810	848	7,362,900	99.75
2007	88	99,945	1136	13,749,676	137.57

*Source: the authors' analysis*

Every year the mean prices obtained in the auction sale were higher than those for which land was sold by individuals. However, the price difference itself is not proof of its statistical significance. In order to determine the significance of the differences between the mean prices of undeveloped plots of land sold by the commune (by auction) and in the open market by individuals, the analysis of variance (ANOVA) was applied as a method of analysing observations which depend on one or more concurrent factors. The method explains what is the probability of occurrence of a selected factor being the reason of differences between the observed group mean values. The aim of the analysis of variance is to test the statistical significance of differences between the mean values (for groups or variables). The aim is achieved by analysing variances, i.e. by dividing the total variance into a component corresponding to the actual random error and those components which correspond to the differences between the mean values. The latter components of variance are subsequently tested for their statistical significance and if that is ascertained, the zero hypothesis, assuming the absence of differences between the mean values, is rejected, and an alternative one, according to which the mean values (in the population) are different, is accepted.

In 2007, 14 transactions of sale of undeveloped plots of land by auction were recorded in the area as well as 73 transactions concluded by individuals. The mean price achieved in the auctions amounted to PLN 230.31 for 1 m<sup>2</sup>, whereas in the transactions between individuals the price was equal to PLN 137.57 for 1 m<sup>2</sup>. The information about the difference between the mean prices does not make it possible to state whether the prices are significantly different, as the variability of prices may indicate that the difference is statistically insignificant. Similarly, the prices achieved in auctions in 2005 and 2006 were higher than those achieved in free transactions. Only in 2004 were the plots sold by auction cheaper than those sold by individuals. The results of the analysis of variance for the differences in mean prices (table 6).

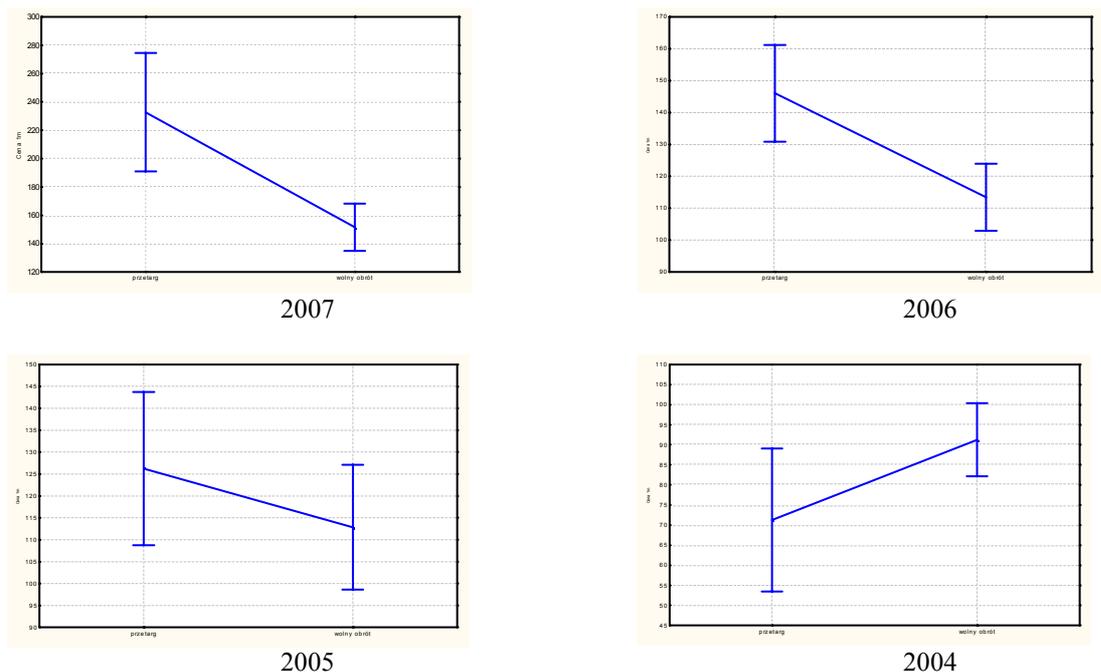
**Table 6** The results of the analysis of variance for the mean prices of plots of land sold by auction and in free transactions.

<b>2007</b>					
	SS	Degrees of freedom	MS	F	p
Absolute term	1784349	1	1784349	287.1021	0.0000
Form of trade	79405	1	79405	12.7763	0.0005
Error	621503	100	6215		
<b>2006</b>					
	SS	Degrees of freedom	MS	F	p
Absolute term	1907198	1	1907198	777.5872	0.0000
Form of trade	30023	1	30023	12.2408	0.0006
Error	311494	127	2453		
<b>2005</b>					
	SS	Degrees of freedom	MS	F	p
Absolute term	1784315	1	1784315	439.4259	0.0000
Form of trade	5597	1	5597	1.3785	0.2425
Error	519752	128	4061		
<b>2004</b>					
	SS	Degrees of freedom	MS	F	p
Absolute term	398239.0	1	398239.0	259.8086	0.0000
Form of trade	6016.2	1	6016.2	3.9249	0.0506
Error	137953.5	90	1532.8		

*Source: the authors' analysis*

The hypothesis, according to which the form of transaction (auction or free trade) in 2006 and 2007 did not affect the mean prices, should be rejected in favour of the alternative one. The level of significance equal to 0.0006 and 0.0005, respectively, indicates that the probability is close to zero. Only in 2005 was the difference in prices statistically insignificant, and the level of significance in 2004 indicates that there is a 5% probability that the difference occurred by chance.

This is also indicated by the graphic illustration of the results (Fig. 1)

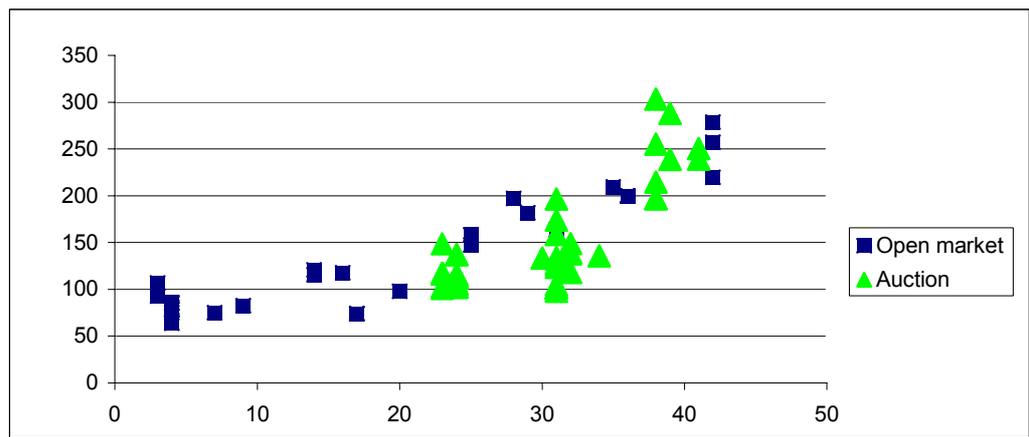


**Fig. 1.** Comparison of the mean prices of plots of land sold by auction and on the open market.

*Source: the authors' analysis*

The study results presented here indicate beyond doubt that the prices of plots of land sold by communes by auction and of those sold by individuals on the open market are significantly different.

A hypothesis has been suggested that the information about transaction prices, achieved in auctions may affect those for which plots of land are sold by individuals. To this end, transactions in two housing estates in Olsztyn have been analysed. The results are shown in Fig. 2.

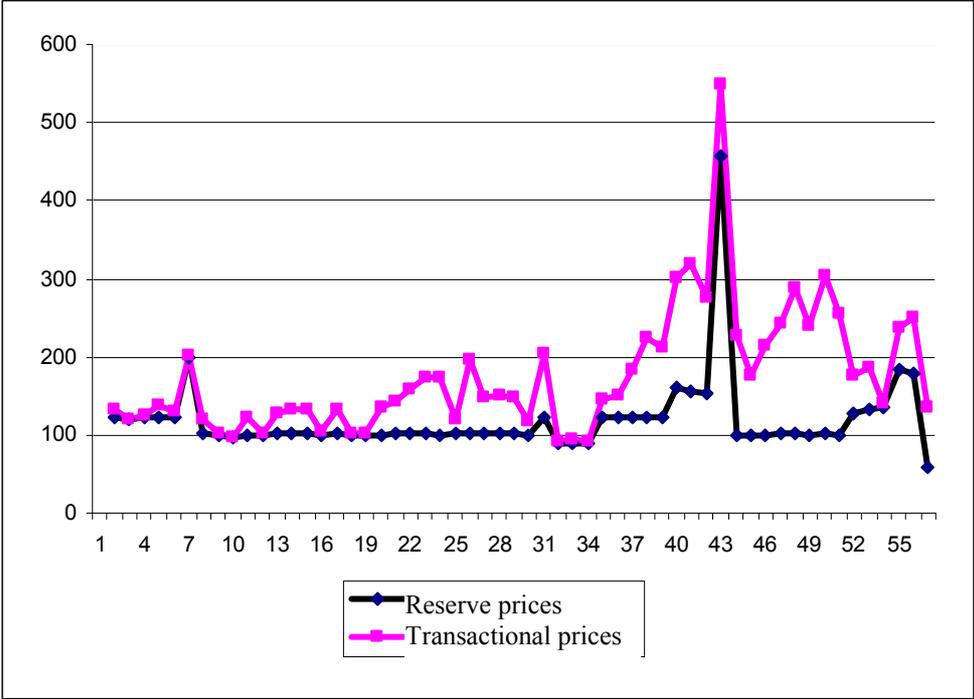


**Fig. 2.** A comparison of transaction prices achieved in auction and in the open market

*Source: the authors' analysis*

The analysis may lead to the conclusion that each time after an auction the mean prices in the open market were equal or slightly higher than those achieved in the auction. Obviously, the information from the auction may not have had a deciding effect, but it may be assumed that it played a significant role.

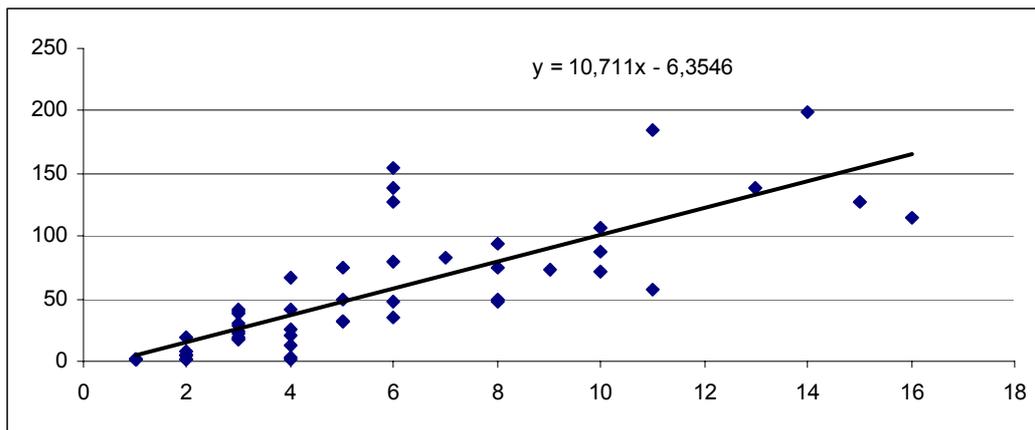
The mechanism of establishing the final auction price is quite complicated, with the decisive role being played by the relationship between the supply and demand on a local market. In the Polish real estate market an important role can be played by the strong tendency of price change with the passage of time. The time span between the day of valuating a real estate and the day of settling an auction can be quite long. On a variable market, this may result in the reserve prices being lower than the transactional prices achieved for similar real estates as of the day of starting the auction. In effect, cases have been recorded quite frequently in the real estate market in Olsztyn where the difference between the reserve price and the final price exceeded 100% (Fig. 3)



**Fig. 3.** Comparing the reserve prices and the transactional prices at auctions for vacant plots of land (in the chronological order)

*Source: the authors' analysis*

The high level of demand for land sold by communes may be indicated by a relatively large number of people taking part in auctions. In 2006 there were 5 people on average per each real estate to be sold, with 8 auctions out of the 50 undecided. In 2007 each auction was attended by 8 people on average, with one auction out of 15 undecided. The relationship between the number of participants in an auction and the difference between the reserve price and the transactional price (in %) is shown in Fig. 4.



**Fig. 4.** The relationship between the number of participants in an auction and the span between the reserve price and the transactional price

*Source: the authors' analysis*

The price difference increases with an increase in the number of participants in an auction. For each 10 people there is a difference between the reserve price and the transactional price of up to 100%, with the average transactional price higher by 50% than the reserve price.

## 7. SUMMARY AND CONCLUSIONS

The effect of actions taken by communes on the real market space is noticeable in multiple dimensions, including the physical, legal, social and spatial aspects. Of particular significance is the economic dimension, which is perceived through the prices and value of real estate. The effect is the result of various factors, including the market principles which are applied in the real estate management; the most important of them include the possibility of trading in various forms of holding a real estate, pricing, establishing fees and charges based on market data, obligation to organise auctions or taking into account the economic value of space and the rights of ownership.

Examples of actions performed by communes which affect real estate markets include the sale of plots of land by auction. The prices of land sold in this manner differ significantly from those achieved in the secondary market, when land is sold and bought by individuals. This may stem from multiple reasons, including the legal regulations which lay down the procedures of real estate trade. In this case, the hypothesis can be confirmed that the land real estate market where a commune is the seller is different than the market where transactions are concluded between individuals. According to the comparative analyses presented in this paper, the prices achieved in communal real estate transactions are much higher than those achieved in the secondary market by individuals. By organising auctions, a commune can greatly affect the secondary market prices.

The commune's influence on the shape of local real estate markets in Poland should, however, be examined in a broader context. Not only through renting, sale or leasing real estate out for perpetual usufruct, but through the prism of local policy in the scope of spatial management,

spatial planning and local development, as well as policy directed towards prosocial actions. The presented results of studies and analyses evidence that the district's influence on the real estate market is not always positive in the economic dimension. A feature of the real estate market is its imperfection, which means, among others, that market realities are not conditioned only by demand and supply, but by a whole range of factors resulting from legal regulations, an example of which is the real estate market in Olsztyn.

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