

With the growth of the market economy in Poland, some markets which played a marginal role in the pre-transition economic system have grown in importance. The housing market is undoubtedly one of them. The significant role this segment of the real estate market plays in the economy may be attributed to the fact that real estate is perceived as capital, which makes it possible to create added value for the owner as well as for the local and national economy. Moreover, the global financial crisis caused by a collapse in the real estate market in the United States, led to the growing interest in the relationship between the housing market and the economic situation of individual countries. The fact that economists are paying increasing attention to the issue of changes in the real estate market is the result of fears concerning the consequences of the drop in housing prices. The housing market is affected by changes in the economy. On the other hand, through different channels, it can also influence the economic development of regions or countries. Changes in this market affect business cycles, have a significant impact on the transmission of monetary policy impulses, and, under some circumstances, on the stability of the financial system.

Studies conducted in various countries show that there is a close connection between fluctuations in this market and changes in business activity in particular countries. Generally speaking, changes in housing prices precede changes in business cycles. Moreover, prices of flats may influence household spending – higher prices make property owners richer, which may, in turn, lead to increased consumption. What is a direct effect of the fluctuations of housing prices in the economic sphere are changes in the volume of real estate investments. An increase in housing prices makes such investments more profitable. Taking into account above-mentioned issues the main objective of the project is to identify and classify the determinants of variation in housing prices in 18 cities (provincial cities) in Poland in years 2000-2017, and on this basis to create price prediction models. The realisation of the proposed project should give answers to following questions:

1. What factors and influence the changes in housing prices in selected cities?
2. Is it possible to construct powerful forecast models of housing prices in provincial cities in Poland?
3. Did the convergence of housing prices take place in local housing markets in Polish cities (18) in years 2000-2017?
4. Did the demand and supply shocks take place in housing markets in Poland?
5. Was there a speculative bubble in housing prices in provincial cities in Poland in years 2006-2007?
6. Which methods give the best forecast of housing prices in Polish circumstances?