

It has been proven that the developed long-term housing rental (LTR) market may influence the stability of the residential real estate market and is beneficial for the whole economy. However, the Polish housing rental market is among the least developed in the European Union. Just before the COVID-19 pandemic, in 2019, only 4.2% of all households inhabited apartments rented on a market basis, compared to 22.2% in the whole EU. Even though the country-wide switch from owning towards renting is progressing slowly, in the years 2011-2019, the percentage of apartments in Polish biggest cities that have been rented rose sharply. On the other hand, the short-term rental (STR) market has also grown rapidly in Poland in recent years what may be linked with the development of the Internet platforms, out of which Airbnb is by far the most popular.

However, the tendencies that may spur the Polish rental market and reveal its potential have been observed recently. The first of them is the growing number of foreigners residing in Poland. Immigrants, especially at the beginning of their stay in the country, rarely decide to buy an apartment, choosing rental as a solution guaranteeing higher elasticity. Secondly, one can notice the growing mobility of the Polish society, especially its younger representatives. It manifests itself in the higher propensity to take a job that requires changing the place of residence or in the increasing number of gig workers. Thirdly, the dynamically rising prices of apartments, particularly in bigger cities, may play an important role. Finally, it all contributes to the gradual, multidimensional shift from the 'homeownership society' towards 'generation rent'. Importantly, the growth of the demand is being supported by the pandemic-related historically low-interest rate levels and other monetary-easing actions in the EU countries. These have been attracting private and institutional investors to buy apartments specifically for STR or LTR purposes.

In the latest research, the propensity to rent instead of pursuing ownership of an apartment has been observed in Poland. One-third of Poles would consider renting if it was financially beneficial over buying and a similar share prefers to rent than buy an apartment with a mortgage. On the other hand, Poles name too high rents, the lack of the rental agreement's stability, and the non-satisfactory comfort of the offered apartments, among factors that limit the development of the rental market.

Considering the above, we want to explore the micro-level price-setting factors on the STR and LTR markets. It will be done on the example of Poland's nine most populated cities. In the next step, the microeconomic models will serve us to aggregate information and obtain hedonic (quality-adjusted) price indices on the meso (regional) and macro (national) levels. Finally, the interdependencies between the STR and LTR markets will be determined. The goals of the project are as follows:

1. We will compare the participants' preferences in the STR and LTR markets. We will investigate how the individual apartment characteristics determine the rents on the STR and LTR markets. We will identify and compare the relative importance, spatial distribution of the rent-setting factors and whether they changed over time, highlighting the COVID-19 pandemic period.

2. Based on individual observations, we will build STR and LTR market rent indices. We will use hedonic methods that allow us to control for qualitative and quantitative changes of the analysed sample to determine the pure change in rents. Finally, we will indicate which hedonic methods work the best in the rental market, focusing on the adequacy of methods in times of turbulent market conditions, e.g. the COVID-19 pandemic.

3. We will investigate how the indices of rents on the STR and LTR markets have changed over time and explore the interrelation between both markets and their rent indices. We aim to examine the convergence phenomena in STR and LTR in local rental markets. We want to check if seasonality exists in rental markets and differentiate between STR and LTR.

4. We will investigate what factors influence the course of meso-level LTR indices. In particular, we want to rank the variables in each city and look for similarities and differences. We will aggregate the regional indices to construct one macro-level LTR index for the country. We will test the importance of selected fundamental factors for the fluctuations in the rent level in Poland.

The importance of the rental market development and the ongoing social changes that show its high potential constitute the demand for understanding the market's rules. Our research will extend scientific knowledge and impact the professional groups linked with the subject of housing rental. The novelty in our study is that we will carry out estimations on the micro, meso and macro-level in STR and LTR in the biggest cities in Poland, which will be done with the use of unique datasets. To sum up, the value of the project, first of all, lies in the ideas of STR and LTR markets, which have not yet been researched, not only in the Polish conditions but also in others.