



Warsaw, 5 October 2021

## **Dom Development S.A. Consolidated Group: Trading update Q3 2021**

### **1. Sales**

In Q3 2021, Dom Development Group sold 856 units net, including 389 units in Warsaw, 304 in the Tri-city area, 116 in Wrocław, and 47 in Cracow.

The biggest sales volumes were in the following projects: Metro Zachód (119 units), Urbino (64), and Żoliborz Artystyczny (62) in Warsaw, DOKI (72 units) in the Tri-city, and Osiedle Komedy (60 units) in Wrocław.

Total Group sales for 9M 2021 amounted to 2 972 units, i.e., 13% up on 9M 2020.

### **2. Deliveries**

In Q3 2021, the Group delivered 599 units. Delivery volume was in line with the plan and its breakdown by market is as follows: 394 units in Tri-city, 141 in Warsaw, 41 in Cracow, and 23 in Wrocław.

The financial results for Q3 2021 were chiefly influenced by deliveries on the following Tri-city projects: Osiedle CIS (129 units), Osiedle Beauforta (100), Dawna Poczta (93), and Locus (60).

Total 9M 2021 Group deliveries amounted to 2 521 units, i.e., 30% up on 9M 2019.

### **3. Market**

Q3 2021 saw continued robust demand for new apartments in major Polish agglomerations. As demand outstripped supply, prices continued to rise, although at a slightly slower pace than in the first half of the year.

Negative real interest rates and a fear of cash savings losing value both helped boost the demand for apartments. We saw strong buyer interest across all market segments, although transactions volume was limited by a shortage of offers and protracted mortgage application procedures. Accelerating inflation and record-high household savings increased the share of cash purchases, which amounted to 45% of sales at Dom Development Group.

The availability of new flats is closely related to the supply of land, the effectiveness of planning procedures and the pace of administrative decisions. Warsaw is the most challenging market in that respect, as the ratio of apartments available for sale relative to sales volumes has hit record lows.

Following the sharp rise in prices, and limited availability of, construction materials in H1, Q3 proved to be a period of relative market stability. Nevertheless, reports of growing inflation did lead to upward pressure on prices, which may well contribute to rising construction costs in the coming quarters. Dom Development Group has an important advantage in the form of its in-house general contractors, whose solid, long-term relations with subcontractors help mitigate construction risks. Despite market turbulence, we can report a record number of ongoing projects, all of which are on schedule and generating satisfactory margins.

In our opinion, Q4 is going to be a period of hard work for housebuilders to replenish their apartment stock. Given the volatile nature of the current market, experienced developers with a high-quality, diversified land bank, such as Dom Development Group, will be best placed to face such challenges.

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