

DETERMINANTS OF HIGHER EDUCATION ENROLLMENT: DO RENTAL PROPERTY PRICES MATTER?

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The Polish real estate market is experiencing rapid changes due to internal factors such as the unstable situation on the credit market, the pandemic, as well as external factors such as the influx of refugees and the war in Ukraine, which have increased the price of students' rental properties. Students have been forced to review their rental options and thus also their educational plans, especially the long-term ones. This is an extremely important issue as young people constitute the largest proportion of all renters. A group that is extremely mobile but, at the same time, with few financial possibilities, which in turn excludes the purchase of their own property.

The results of a report carried out by the Warsaw Banking Institute Foundation and the Polish Banks Association indicated that in 2022, as many as 52% of students rented property paying for it. In this group, the largest number, namely 37%, lived in a private property, 11% in a student dormitory and 3% with family or friends. Characteristically, there was an increase in the number of students living with family or friends and not paying rent compared to previous years.

Despite high prices, 84% of respondents agreed to the offer price and only 9% managed to negotiate a lower rate. Due to the cost of renting solely 13% of students were living alone while 38% of the respondents with a roommate and over 50% with two or more tenants. Moreover, accommodation fees ranged from 751 to 1,000 zł per person for full-time students and over 1.500 zł for extramural students, respectively. The price varied according to the location. Warsaw turned out to be the most expensive city, followed by Wrocław, Tricity, Łódź and Cracow. The scarcity of real estate meant that not many students decided to swap during the year despite the fact that 50% of students who did not change location reported a 5-10% increase in rental costs. Unsurprisingly, low price was cited as the main determinant of its choice. Moreover, in response to the question whether they have considered dropping out of education in the last 12 months due to their financial situation, as many as 20% of respondents answered affirmatively.

The trend of students dropping out of further education initiated in 2022 is deepening to the extent that the cost of renting accommodation has now become a key factor in the decision to study for those living outside academic centres.