Polish Economic Institute

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More than half of the Land Development Conditions decisions were issued by municipalities experiencing population decline

in 2025, the number of LDC decisions more than doubled in

45%

of municipalities, compared with just 3% before the reform

residential development accounted for

82%

of all LDC decisions in 2025

54%

the share of Land Development Conditions decisions issued in 2025 by municipalities that experienced a population decline between 2015 and 2025

▶ **In the last year before the regulatory changes, the total number of LDC (Land Development Conditions) in Poland more than doubled, but no distinct clusters of municipalities with particularly high growth emerged.** The number of decisions increased in municipalities scattered throughout the country, often neighboring municipalities where the number of decisions changed only slightly. The scale of the phenomenon was determined more by local factors, primarily the extent to which a municipality was covered by Local Spatial Development Plans (MPZP), and likely also by the individual decisions of landowners. This is evident from the latest BDL GUS data for 2025, which confirm the conclusions of the PEI analysis from September.

▶ **The declines in the number of LDC decisions issued in municipalities – which were typical before the reform – became the exception in 2025.** A comparison of the three periods on the same scale shows that in 2018-2019, every other municipality recorded a decline in the number of LDC decisions; in 2024, every fourth municipality did so; and in 2025, only every ninth municipality did so. At the same time, the percentage of municipalities in which the number of decisions more than doubled rose from 3% before the reform to 45% in 2025. The median change in the number of decisions per municipality was 0% in 2018-2019, 26% in 2024, and 89% in 2025.

▶ **Where the number of LDC decisions increased depended largely on the extent to which municipalities were covered by Local Spatial Development Plans (MPZP).** Where these plans covered almost the entire municipal area, LDC decisions were not required. This is reflected in the maps by grey areas, which remain in the same locations across all three periods, mainly in the Małopolska, Silesia and Lublin regions. However, the absence of local plans alone does not determine the scale of the increase. Among municipalities with almost no plan coverage, some saw the number of LDC decisions increase several-fold, while in others the change was relatively small. Individual decisions by landowners seeking to take advantage of the existing rules may therefore also have played a role.

▶ **More than half of the LDC decisions were issued by municipalities experiencing population outflow.** In municipalities where the population declined by an average of more than 0.2% annually between 2015 and 2025,[1] the number of decisions more than doubled in 2025, reaching a total of approximately 211,000. For example, in Polanów (West Pomeranian Province), the population fell by 12% over the decade, local zoning plans cover about 1% of the municipality's area, and the number of zoning decisions rose from 70 in 2024 to 515 in 2025.

▶ **The decisions issued in 2025 are part of a longer-term trend toward urban sprawl.** Satellite data[2] show that between 2010 and 2020, the built-up area increased in all municipalities in Poland. This phenomenon also occurred in depopulating municipalities, where, by the end of this period, there was one-fifth more built-up area per capita than at the beginning. According to an OECD report, in Poland's depopulating rural areas, built-up

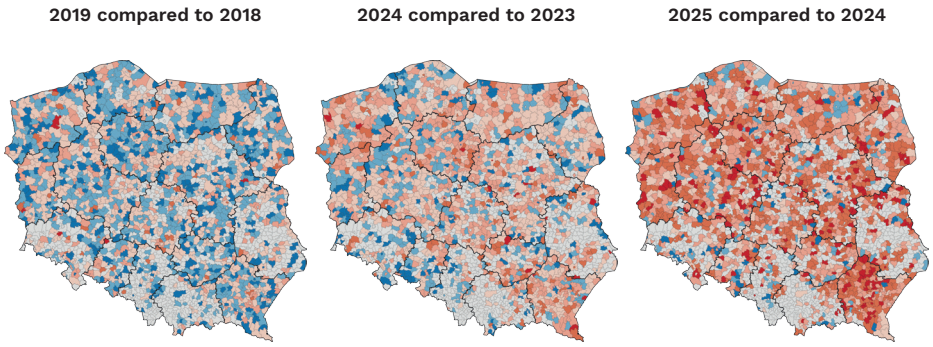
[1] To ensure comparability, the same depopulation thresholds were used as in the report *The Geography of Choice* (OECD, 2026).

[2] The data, compiled by the JRC, comes from the Copernicus program.

areas grew faster than the average in OECD countries. The report's authors point out that a decline in population does not reduce the area over which roads, infrastructure, and public services must be maintained. The costs of maintaining them are therefore spread across an ever-smaller number of residents, a point highlighted by PEI in its report *The Disappearing Local Poland*.

▶ **As the deadline for the adoption of general plans – which are intended, among other things, to organize the built environment and reduce related costs – approaches, the number of decisions allowing for scattered development has increased.** There are strong indications that landowners were securing their development rights before the regulations changed, rather than responding to current demand for new homes. In depopulating municipalities, they may have had an additional reason for doing so: residential zones in general plans are designated based on demographic forecasts, so these areas may have the least land available for new development. This does not mean that a house will be built in every location for which a Land Development Conditions decision has been issued. However, the stock of issued decisions will influence where construction takes place for years to come.

Map 1. Before the reform, declines in the number of LDC decisions were common; by 2025, the increase had affected nearly all municipalities



Data: y/y change in the number of LDC decisions (Land Development Conditions) issued, by municipality (%): 2019 compared to 2018, 2024 compared to 2023, and 2025 compared to 2024.

Note: all maps are drawn to the same scale. Municipalities without data on LDC decisions are marked in gray – mostly municipalities almost entirely covered by local land-use plans, in which zoning decisions are not issued. The absence of a clear spatial pattern is confirmed by the spatial autocorrelation test (the global Moran's I statistic for the 2024-2025 change is significant but very low: 0.06). Coverage by local plans according to the GUS Land Use Database (BDL), as of the end of 2025.

Source: Polish Economic Institute (PEI) based on the GUS database.

(Agata Mróz)

The labor market remains stagnant

9.2 months

that was the average time spent looking for a job in the second quarter of 2026

by 9.7%

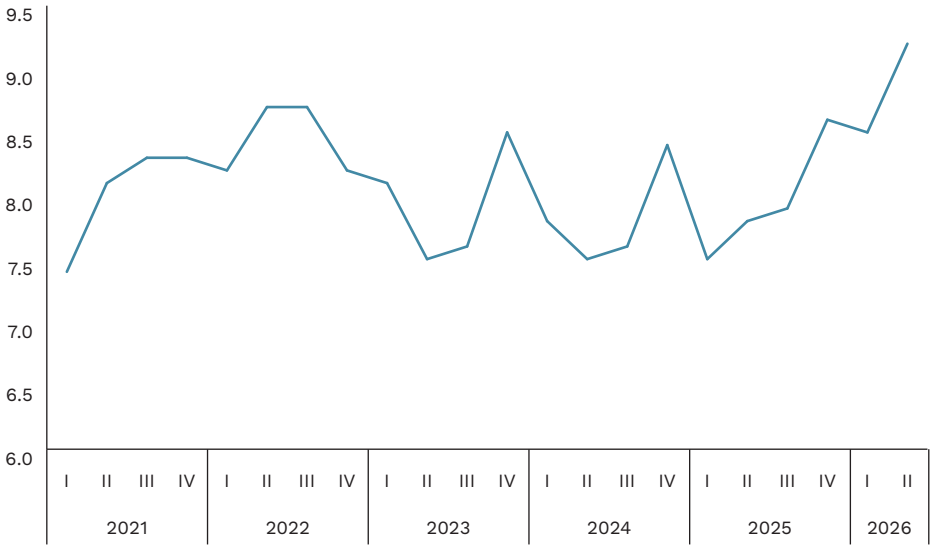
fewer job openings were reported to employment offices in the third quarter of 2026 than a year earlier

▶ **The economic recovery has not translated into a significant increase in labor demand.** In the second quarter of 2026, Poland's GDP grew by 4.1% y/y, but average employment in the corporate sector from January through September was 1.0% lower than a year earlier. The unemployment rate according to the BAEL in the second quarter stood at 3.2%, compared with 2.8% a year earlier. The current situation does not indicate a sharp rise in unemployment, but rather suggests that businesses remain cautious about increasing hiring.

▶ **The number of job openings remains low, though there are early signs of stabilization.** In the third quarter of 2026, 114,100 job openings were reported to employment offices, compared with 126,300 a year earlier. Data from online job portals, however, point to a slight improvement. A September report by Grant Thornton and Element indicated that 269,400 new job postings were published on the 50 largest recruitment portals, a 2% increase y/y. This marked the fourth consecutive month of growth, however, the number of job openings remained 9.3% lower than in September 2019 and about 14% lower than in 2022. The improvement is uneven: the number of job openings in healthcare rose by 14% y/y, while those for manual laborers decreased by 3%.

▶ **Companies remain cautious in their hiring plans.** Results from the NBP's Rapid Monitoring survey indicate that employment forecasts remain below long-term averages. The quarterly employment forecast index fell to 13.5 percentage points in the fourth quarter of 2026, the lowest level since the first quarter of 2021. The October PEI Monthly Business Climate Index paints a similar picture. The employment component stood at 98.3 points, and 82% of the surveyed companies did not plan to change their headcount. 9% of companies announced layoffs. The results point more to a limited willingness to create new jobs than to the risk of mass layoffs.

Figure 1. The time spent looking for a job is increasing



Data: average reported duration of job search in Poland (in months).
Source: Polish Economic Institute (PEI) based on data from GUS and BAEL.

▶ **Weaker demand for workers is accompanied by longer job search times.** According to BAEL data, in the second quarter of 2026, the unemployed spent an average of 9.2 months looking for work, compared with 7.8 months a year earlier. In addition, the share of long-term unemployed those who have been looking for work for at least 13 months increased from 15.9% of all unemployed to 21.8%.

▶ **In general, the labor market reacts with a lag to an improving economic climate.** In addition, high labor costs and economic uncertainty prompt companies to exercise caution when increasing the number of jobs. Companies may first seek to make better use of their current workforce, limit replacement hiring, and increase productivity. Another factor may be the development of automation and artificial intelligence (although the impact of this remains unclear). As a result, even maintaining a high rate of economic growth does not necessarily mean that demand for workers will quickly return to the levels seen in previous years.

(Sebastian Sajnóg)

European Commission sets out its plans for EU enlargement

21 (out of 35)

the number of negotiating chapters provisionally closed by Montenegro, the frontrunner in the enlargement process

7 and 25

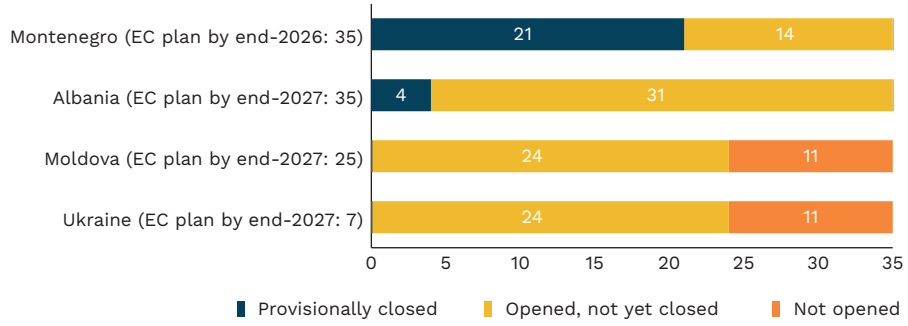
the number of chapters Ukraine and Moldova, respectively, are expected to close in 2027 under the Commission's roadmaps

9

the number of chapters in which Ukraine's progress was assessed as limited

▶ **EU enlargement is becoming increasingly realistic, but the candidates are moving towards membership at different speeds.** In its 2026 Enlargement Package, the European Commission took stock of the progress made by the countries seeking EU membership. Montenegro is closest to the finish line: it has closed 21 of the 35 chapters and could close the remaining ones by the end of this year. Albania could conclude negotiations in 2027, Moldova in early 2028 and Ukraine by the end of 2028. For the other candidate countries, the challenges are of a different nature. Serbia has made no significant progress over the past year, although the government that emerged from the recent elections has received a strong mandate for reform. North Macedonia has still not adopted the constitutional amendments required by the EU. Bosnia and Herzegovina, meanwhile, is drifting ever further from its European path, while the accession processes of Georgia and Türkiye remain de facto frozen.

Figure 2. By the end of 2027, Moldova is set to close 25 chapters, Ukraine just 7



Data: number of negotiating chapters closed, opened and not yet opened in the EU enlargement negotiations

Source: Polish Economic Institute (PEI) based on European Commission data (2026 Enlargement Package; roadmaps – annex to Communication COM(2026) 690).

▶ **Ukraine remains among the four frontrunners in the accession process, but reforms have slowed in many areas over the past year.** The 2027 roadmap envisages Ukraine closing just 7 negotiating chapters, compared with as many as 25 for Moldova, which had until now posted similar results. Ukraine's progress was rated as good or very good in only 10 chapters, against 26 for Moldova. Ukraine performed markedly worse in aligning with EU single market rules – such as those on the right of establishment, the free movement of workers and capital, and competition policy – as well as in the chapters on regional policy and on financial and budgetary provisions. Kyiv is also struggling to meet the interim benchmarks on the rule of law, the fight against corruption and human rights. This significantly increases the likelihood that the paths of Ukraine and Moldova towards EU membership will diverge.

▶ **Nor is the picture helped by Ukraine's very difficult economic situation, which may strengthen voices critical of its integration within EU member states.** After a period of slow growth, the Ukrainian economy has entered recession, partly as a result of the Black Sea blockade. The National Bank of Ukraine has cut its forecast for 2026 from 1.8% growth to a 0.4% contraction. This would be the first negative annual result since 2022. PEI's report on Ukraine's integration shows that Ukraine's accession would benefit both Ukraine and EU member states primarily in a scenario of rapid convergence and fast economic growth in Ukraine.

(Jan Strzelecki)

The concept of digital sovereignty is well understood amongst Europeans

49%

of Europeans feel familiar with the concept of digital sovereignty

72%

of Europeans – and the same proportion of respondents in Poland – agree that Europe should have control over digital technologies and infrastructure

82%

of people in Portugal

and 66%

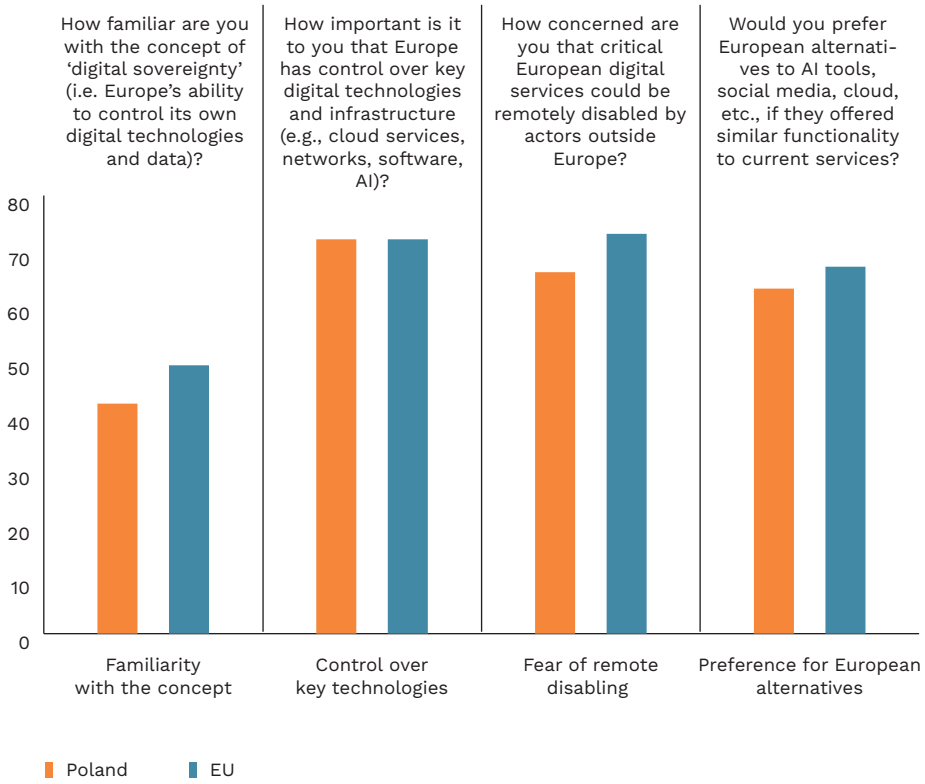
in Poland are concerned about digital services being remotely shut down by entities outside the EU

▶ **Only around half of Europeans feel familiar with the term 'digital sovereignty' – one of the key concepts recently shaping public policy in the field of digitalisation.** A survey conducted in June this year shows that, despite meetings of European leaders, the materialising risks associated with dependencies and high-profile regulatory proposals, the term itself is not widely recognised. Poland is among the countries with lower awareness of this term – 4% of respondents said they were familiar with it, a figure similar to that in Germany, but significantly lower than in the Netherlands (62%) or Sweden (59%).

▶ **At the same time, however, a significant majority agree with the general principles of the concept of digital sovereignty – 72% agree that it is important for Europe to have control over key digital technologies and infrastructure.** Europeans also fear that digital services could be remotely disabled by actors outside Europe. Such an event (e.g. being unable to use email or other cloud-based services) would potentially have enormous economic consequences, which may explain the high proportion of respondents expressing such concerns – ranging from 59% in Romania, through 66% in Poland, to as high as 82% in Portugal. However, it seems that the likelihood of such a large-scale incident is minimal.

▶ **Finally, a significant proportion of Europeans state that they would prefer European alternatives to the currently dominant AI tools or social media platforms.** The current services (i.e. predominantly provided by US suppliers) are preferred by between 20% in Sweden and 46% in Romania, with an EU average of 33%. Although these statements can be seen as a sign of unmet demand for new, European-made services, it is not yet possible to verify them in practice.

Figure 3. Over half of respondents agree with the fundamental concepts behind 'digital sovereignty'



Data: the survey used a four-point Likert scale; the bar values represent the sum of two positive responses (e.g. 'to a large extent' and 'to some extent' or 'I strongly prefer' and 'I somewhat prefer').
Source: Polish Economic Institute (PEI) based on data from the Bertelsmann Foundation.

▶ **In Poland, stated attitudes towards digital sovereignty vary markedly depending on political views.** Respondents with more left-wing views attach greater importance to digital sovereignty and are more likely to prefer European providers. Conversely, a clear minority of those with right-wing views, particularly those who describe their views as far-right, emphasise the importance of gaining control over technologies or would choose European solutions (33% and 15% respectively). This pattern of responses may be linked to assessments of the geopolitical situation and the importance attached to relations with the current US administration. In the other countries surveyed, support for sovereignty is concentrated to a greater extent amongst those with more centrist views.

▶ **These findings confirm that initiatives centred on the concept of 'digital sovereignty' are falling on fertile ground.** Awareness of the term is relatively widespread, but declared support for the key principles associated with it is significantly broader. The EU, whose approach to technological development and regulation is often cited as a negative example, may nevertheless prove to be a leader in this change. For the time being, it is taking regulatory action; however, success will also require making full use of the economic significance of the single market.

(Ignacy Święcicki)

Fewer than half of working Poles understand the meaning of investment risk diversification

33%

of Poles with regular income achieved the maximum score in a financial literacy test conducted the Polish Economic Institute

46%

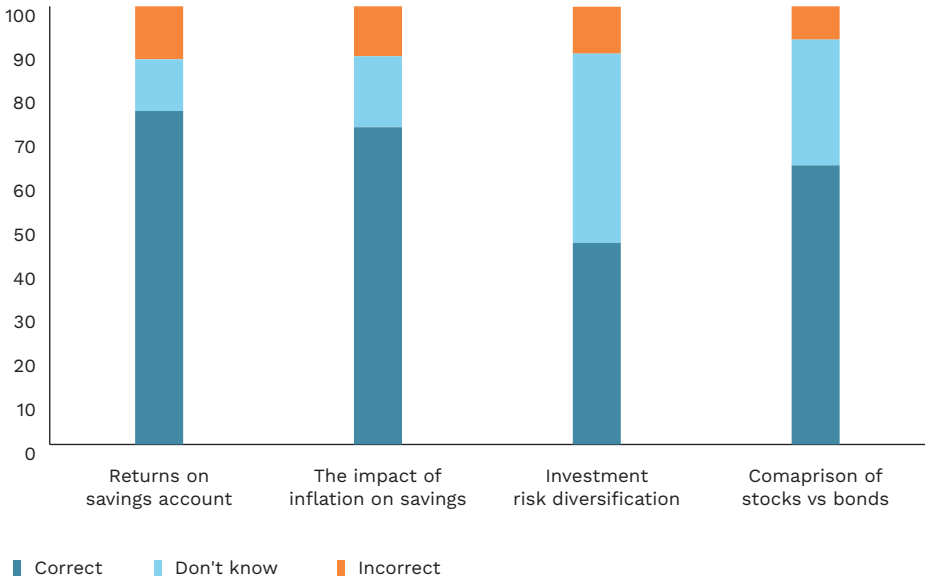
of Poles with regular income understand the meaning of investment risk diversification

▶ **Only 33% of respondents answered all the financial literacy questions correctly.** The survey,[3] conducted by the Polish Economic Institute (PEI) in October this year among working individuals, covered four topics: returns on savings accounts, inflation, the comparison of stocks and bonds, and investment risk diversification. A further 24% of respondents made one mistake (including answering "don't know"), while 10% answered none of the questions correctly. The survey used questions commonly employed to measure basic financial literacy, covering an understanding of interest on savings, inflation and risk diversification, as well as the difference between stocks and bonds.

▶ **The easiest question concerned returns on a savings account, which 76% of respondents answered correctly.** Participants were asked to imagine having PLN 100 in a savings account paying 2% annual interest and to indicate how much money they would have in the account after five years, assuming the money remained there throughout the period (less than PLN 102, more than PLN 102, or exactly PLN 102).

▶ **72% of respondents correctly answered the question about inflation.** They were asked to assess how purchasing power changes when inflation exceeds the interest rate on a savings account. Only **64% of respondents** correctly compared the investment risks associated with stocks and bonds.

Figure 4. The easiest question concerned returns on a savings account, while the most difficult concerned investment risk diversification.



Data: percentage of correct and incorrect answers, as well as "don't know" responses, to individual financial literacy test questions.
Source: Polish Economic Institute (PEI).

[3] The survey was conducted using the CAWI (Computer-Assisted Web Interviewing) method among a sample of 1,982 working Polish adults.

▶ **The most difficult question concerned investment risk diversification. Only 46% of respondents answered it correctly, while as many as 43% selected "don't know".** Participants were asked to assess whether buying shares in a single company generally involves less risk and offers more predictable returns than investing in a diversified equity fund portfolio.

▶ **The average number of correct answers was 2.6.** Men scored an average of 2.8 correct answers, compared with 2.3 for women. Most differences between respondent groups were in line with expectations. The youngest respondents, aged 18-24, performed worst (2.3), while the oldest respondents, aged over 55, performed best (2.9). The lowest score was recorded among those with lower secondary, primary, incomplete primary or no formal education (1.6), while those with higher education achieved the highest score (3.0). Particularly strong results were achieved by men aged 55 and over with higher education, who recorded the highest scores in three out of the four questions.[4] In terms of place of residence, rural residents achieved the lowest score (2.4), while residents of very large cities with populations of 500,000 to 1 million (2.8) and Warsaw (3.0) achieved the highest scores.

▶ **The low proportion of Poles who understand the meaning of investment risk diversification highlights the need for effective financial education in this area, particularly in the context of the introduction of Individual Investment Accounts (OKI), scheduled for January 2027.** The findings also confirm the conclusions of a similar study conducted in 2023, in which the question on investment risk diversification was likewise the most challenging for respondents. At that time, the proportion of correct answers was 67%, compared with 84% for the question on returns on savings accounts and 74% for the question on inflation.[5] PEI research indicates that education on the fundamentals of investing and the basic mechanisms of financial markets should be a permanent element of public policy, particularly in connection with the development and implementation of new programmes such as OKI.

(Katarzyna Kubik)

Authors: Katarzyna Kubik, Agata Mróz, Sebastian Sajnóg, Jan Strzelecki, Ignacy Święcicki

[4] They achieved particularly high scores, with 94% answering the inflation question correctly, 90% correctly comparing stocks and bonds, and 75% correctly answering the question on risk diversification.

[5] However, in the previous survey, the sample was not restricted exclusively to economically active individuals, and the question on investment risk diversification was phrased in a somewhat simpler way: "Do you think the following statement is true or false? Buying shares in one company generally provides a safer return than buying shares in many different companies. The technical term "equity fund portfolio" may have been more difficult to understand could have influenced the results obtained.

The Polish Economic Institute

The Polish Economic Institute is a public economic think tank with a history dating back to 1928. The Institute produces reports, analyses and recommendations on key areas of the economy and social life in Poland, taking into account the international situation. Its research areas primarily include macroeconomics, energy, the global economy, the digital economy, behavioural economics and social processes.

In compiling this material, artificial intelligence tools were used for purposes including, amongst others, language editing, organising the material, supporting analysis, preparing programming code and translation. All content, analyses and conclusions have been verified and approved by the authors.

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