

ECONOMIC INDICATORS

	YoY change	12-month forecast
PLN 8,141 Average monthly gross salary (September 2024)	▲	▲
10.3% Average annual salary growth (September 2024)	▼	▼
5.0% Unemployment rate (September 2024)	▼	▲
4.9% Inflation (September 2024)	▼	▼
51.8% Mortgage enquiries in June 2024, year-on-year	▲	▼

MARKET FUNDAMENTALS

	YoY change	12-month forecast
PLN 17,358 Average offer price per sqm of a flat on the primary market in Warsaw	▲	▲
PLN 18,806 Average offer price per sqm of a flat on the secondary market in Warsaw	▲	▲
+4% Average quarterly residential rental growth in 7 cities (total housing stock)	▼	▲

Source: GUS, NBP, otodom, Moody's, BIK

GDP

Poland's GDP has returned to growth following a period of stagnation in 2023. According to Moody's, the Polish economy is projected to expand by 3.1% in 2024 and 3.6% in 2025. In the first three quarters of 2024, economic growth was largely driven by domestic consumption, fuelled by minimum wage increases and a strong labour market. This growth was, however, slightly hampered by weak investments and a negative balance of foreign trade. Despite this, Poland is one of the fastest-growing economies in the EU, with its GDP growth expected to depend on the economic recovery in Western Europe, particularly in Germany, and an increase in public spending on investments following the disbursement of EU funds under the National Recovery and Resilience Plan.

INFLATION

According to Moody's, the average annual inflation is projected to reach 4.0% in 2024 and 4.6% in 2025. The 2024 consumer price index is expected to be below the levels recorded in 2022 and 2023 but still above the NBP's inflation target. The strongest price growth was recorded for education, restaurants, hotels, selected goods and services, recreation and culture. Food prices and energy bills which drove inflation growth the most in 2023 are now rising at a slower pace, leading to inflation stabilisation. Rising salaries and increased social transfers are, however, fuelling price growth. Interest rates are projected to remain high, with cuts unlikely until the second half of 2025.

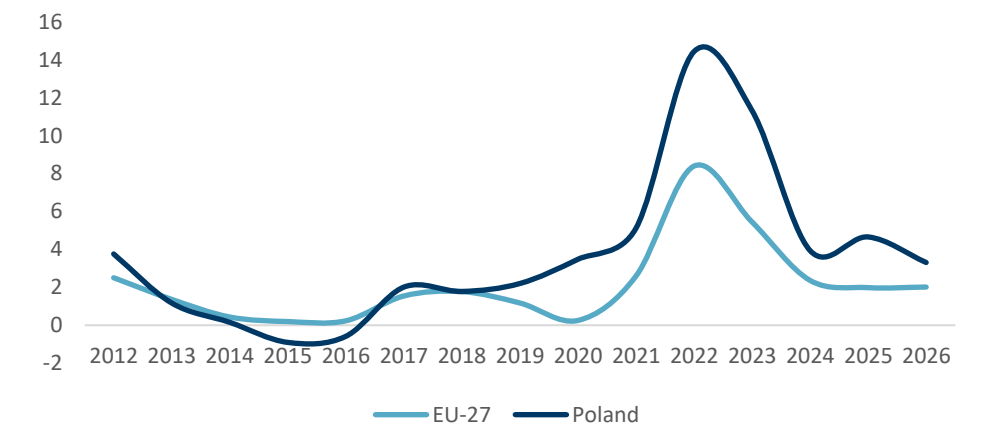
MORTGAGES

In September 2024, mortgage enquires fell by 16.9% year-on-year, according to data from BIK (Biuro Informacji Kredytowej, a credit market monitoring agency). The requested mortgage loan averaged PLN 444,740, up by 6,6% year-on-year. September 2024 marked yet another consecutive month of negative growth in mortgage values as the low base effect from the first half of 2023 faded away. The number of mortgage applicants was 22% lower than in September last year but 8% higher than in August 2024, which bodes well for the future.

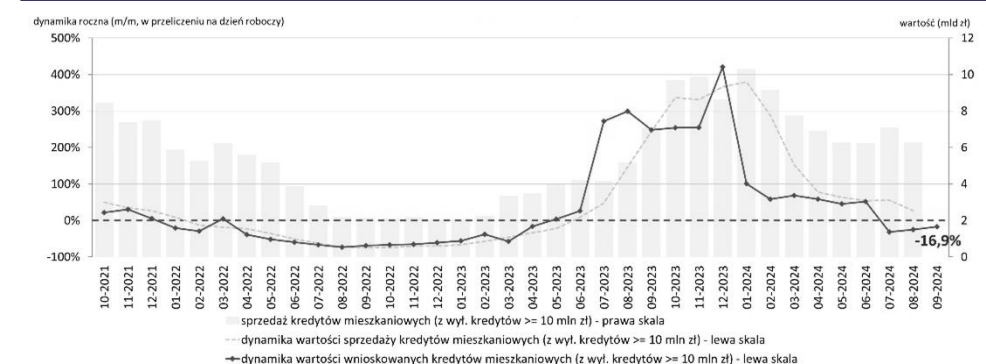
AVERAGE MONTHLY GROSS SALARY, PLN



INFLATION

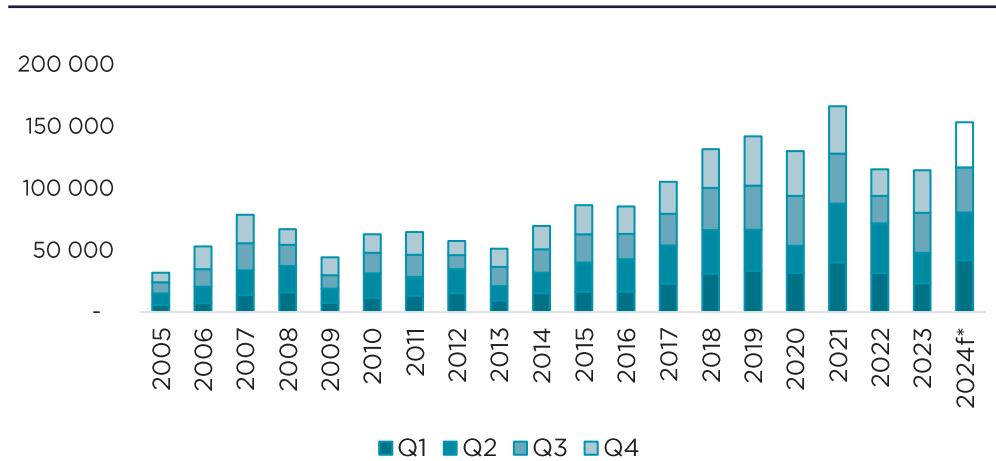


MORTGAGES

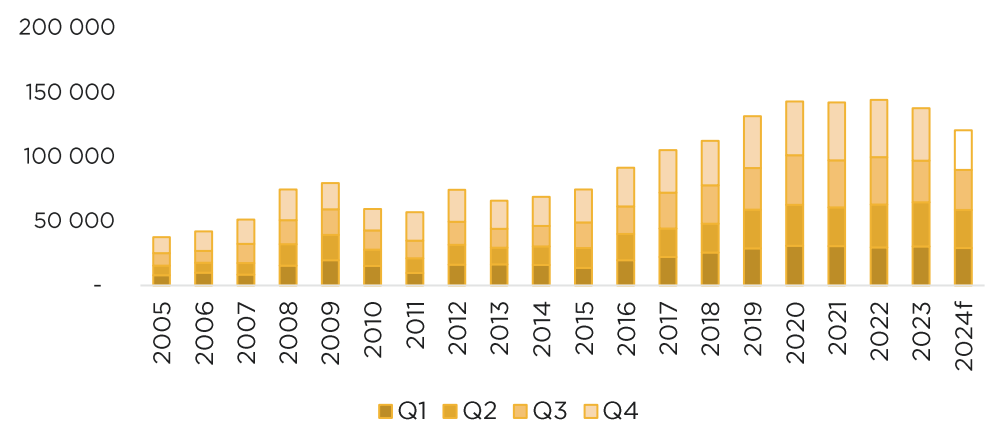


Source: BIK

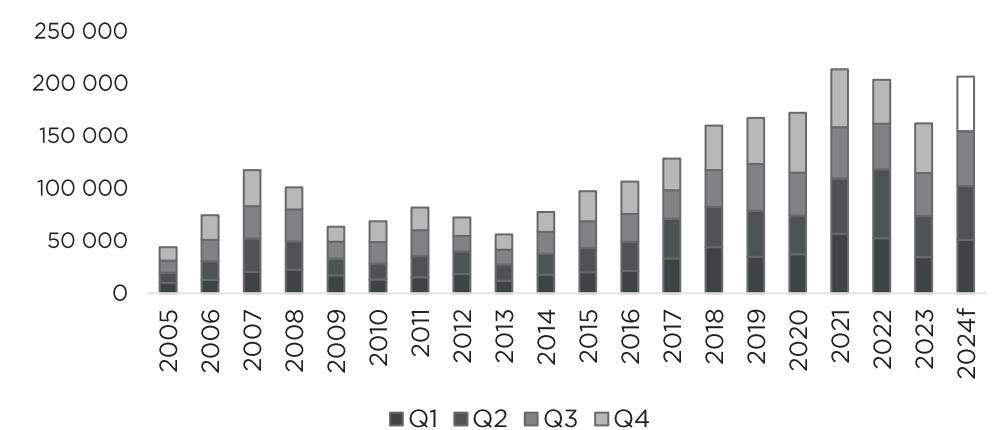
BUILD-TO-SELL AND BUILD-TO-RENT FLATS STARTED



BUILD-TO-SELL AND BUILD-TO-RENT FLATS WITH OCCUPANCY PERMITS



BUILD-TO-SELL AND BUILD-TO-RENT FLATS WITH BUILDING PERMITS



Source: Statistics Poland (GUS)

NEW-BUILD HOUSING MARKET

Developers have been the most active players on the residential market in Poland, accounting for 62% of new housing supply in the last five years. By contrast, individual investors, primarily focused on single-family houses for owner occupation, hold a smaller but still significant share of around 36%. Council and social rented housing projects account for a marginal share. In 2023, council, social rented and company flats collectively made up just 2% of all flat completions.

FLATS STARTED

Analysis of GUS data reveals that 2024 is likely to see the second-highest number of build-to-sell and build-to-rent starts, with only 2021 recording a higher figure. During the first three quarters of 2024, new starts were up by 46% year-on-year and 25% compared to the same period in 2022. It is important to note that many construction projects were launched in the first half of 2024 in response to new regulations on technical conditions. Meanwhile, in the second half of the year, the likelihood of introducing another loan subsidy programme Flat for a Start is diminishing. The increase in new starts has resulted in more flats being offered on the largest markets. According to data from otodom, at the beginning of October 2024 there were more than 53,000 flats on offer on the primary market.

FLAT COMPLETIONS

Total flat completions remained robust during the first three quarters of 2024, amounting to more than 89,600 units. This represents only an 8% decrease compared to Q1-Q3 2023 and a 10% decline compared to the same period in 2022. With the number of new starts remaining very high in 2024, the years 2026-2027 are expected to see an increase in new flat completions.

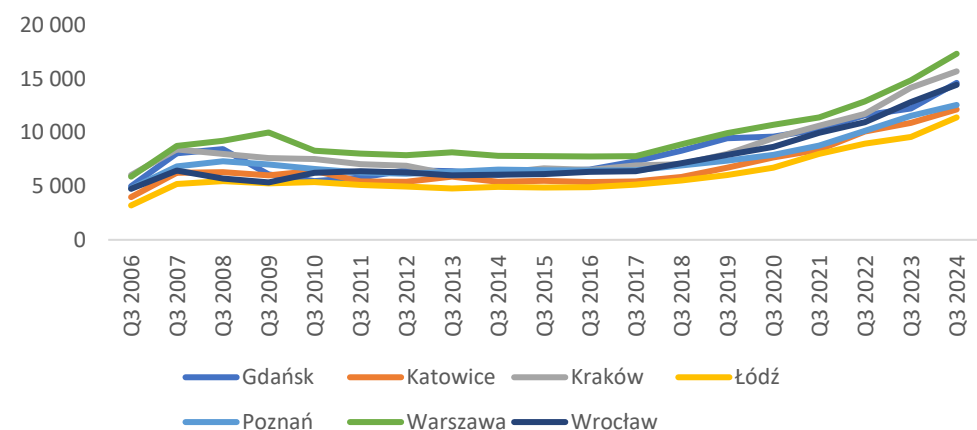
FLATS WITH BUILDING PERMITS

In 2024, developers secured building permits for more than 154,000 flats across Poland, up by 34% year-on-year but down by 5% from 2022. The highest number of building permits was issued in 2021, totalling 213,557, while the lowest point was in 2009 with 63,411 permits issued.

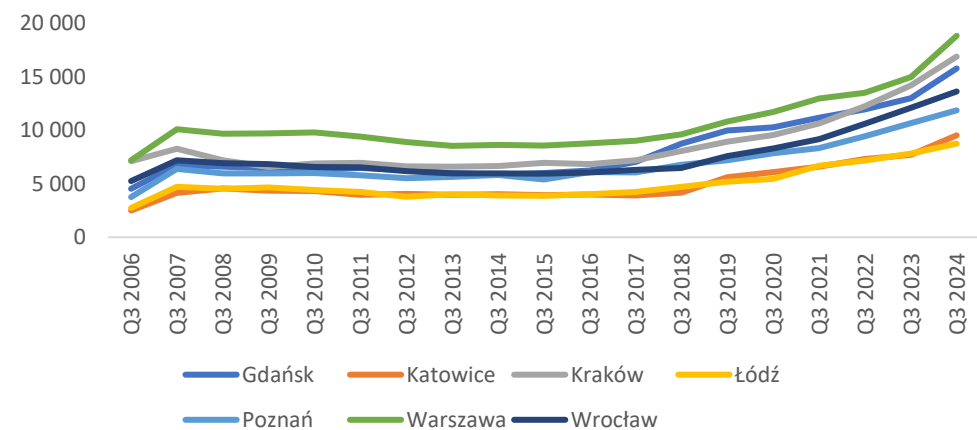
MARKET OVERVIEW

- Despite robust growth and a boom in the residential market in recent years, **Poland continues to face a shortage of flats, with the average flat size per person remaining relatively small.** Flats in old, low-quality buildings completed before 1990 account for a considerable proportion of housing stock at nearly 60%. **The statistical housing deficit is estimated at between two and four million flats.** Poland's overcrowding rate stands at 36.9% and is 19.4 percentage points above the European average.
- **Poland has a very high percentage of young adults living with their parents.** In 2023, 52.9% of young adults aged 25-34 lived with their parents (an upward trend). This means that the rate of 'growing-ups' in Poland is well above the EU average of 30% (a downward trend).

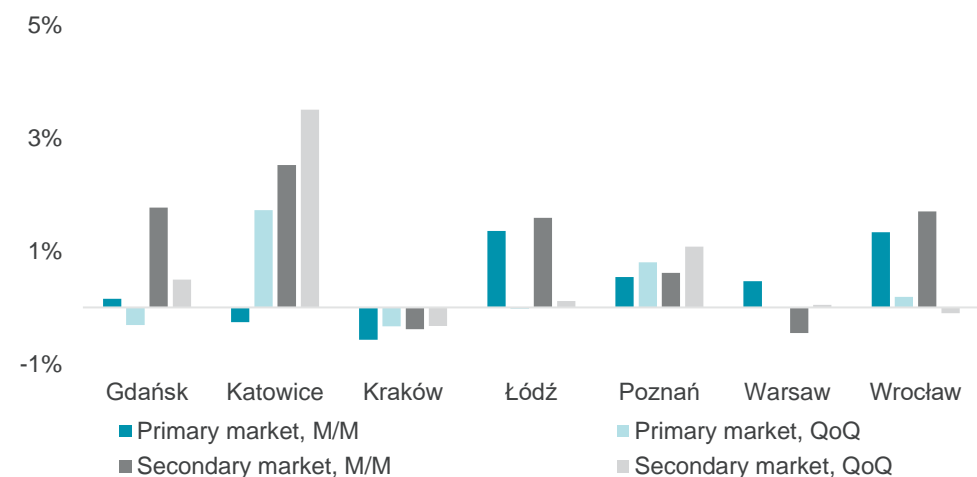
AVERAGE OFFER PRICES ON THE PRIMARY MARKET (PLN/SQM)



AVERAGE OFFER PRICES ON THE SECONDARY MARKET (PLN/SQM)



AVERAGE PRICE DYNAMICS IN MAJOR CITIES



Source: Cushman & Wakefield, based on data from the NBP, and otodom

PRIMARY MARKET

Average offer prices on the primary market continued to trend upwards in the first half of 2024 before stabilising in the third quarter. Most major cities saw moderate quarter-on-quarter growth in offer prices on the primary market, with the pace of growth slowing down significantly. Prices rose by 2% over the quarter in Katowice but held firm in all the other cities. Primary market prices remained unchanged month-on-month, with a mere 1% increase recorded in Łódź and Poznań. Looking ahead, price growth is expected to continue to plateau in the coming months.

This stabilisation is attributed to weaker demand which was driven in previous quarters by the 2% Safe Mortgage programme. As a result, offer prices on the primary market continued an upward year-on-year trend, rising on average by 10% compared to the third quarter of 2023. The strongest annual growth was recorded in Łódź (+20%) and Wrocław (+13%). Gdańsk and Poznań posted the lowest price growth of 6%. At the end of the third quarter of 2024, the average price of a square metre was more than PLN 17,358 in Warsaw, nearly PLN 12,163 in Katowice and over PLN 11,407 in Łódź.

SECONDARY MARKET

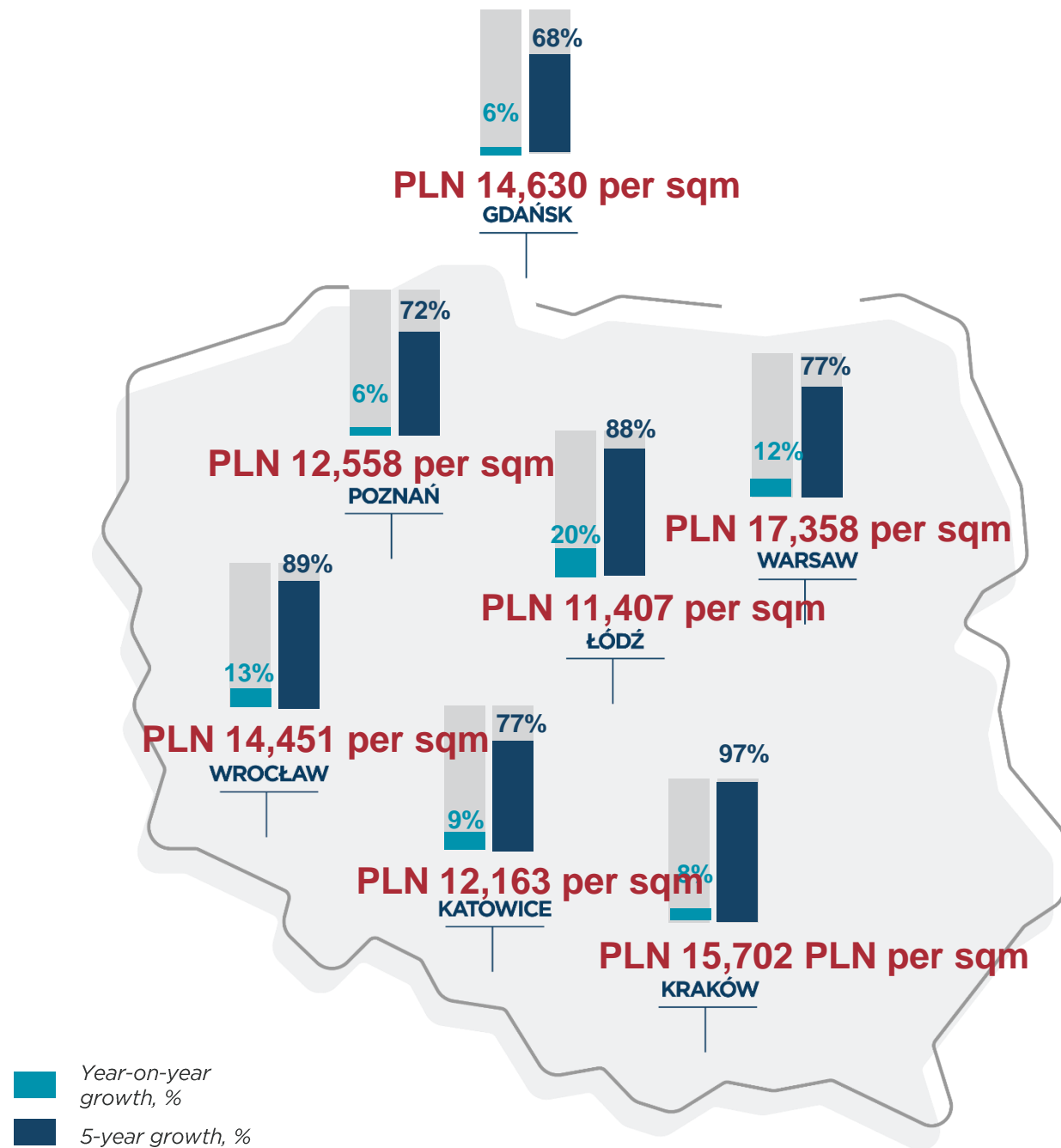
In 2024, average offer prices on the secondary market rose in nearly all cities, though the rate of growth varied by location. The strongest quarter-on-quarter growth was recorded in Katowice, with prices rising by 3% to PLN 9,525 per sqm. Poznań also posted a slight increase of 1% up to PLN 11,841 per sqm. On other markets, average offer prices remained flat, with Wrocław and Kraków reporting small decreases of 0.1% and 0.3% respectively. The strongest year-on-year growth of 19% was recorded in Katowice, with prices also rising in Kraków and Warsaw (+15%) and Wrocław (+14%). The weakest year-on-year growth of 10% was in Gdańsk, where at the end of the third quarter of 2024 the average offer price on the secondary market stood at PLN 15,759 per sqm. Offer prices are likely to differ significantly from transaction prices; according to data from the NBP, the seller-buyer price gap for the second quarter was between 10% and 24%, depending on location, with the largest recorded in Warsaw.

No transaction data is yet available for the third quarter of 2024.

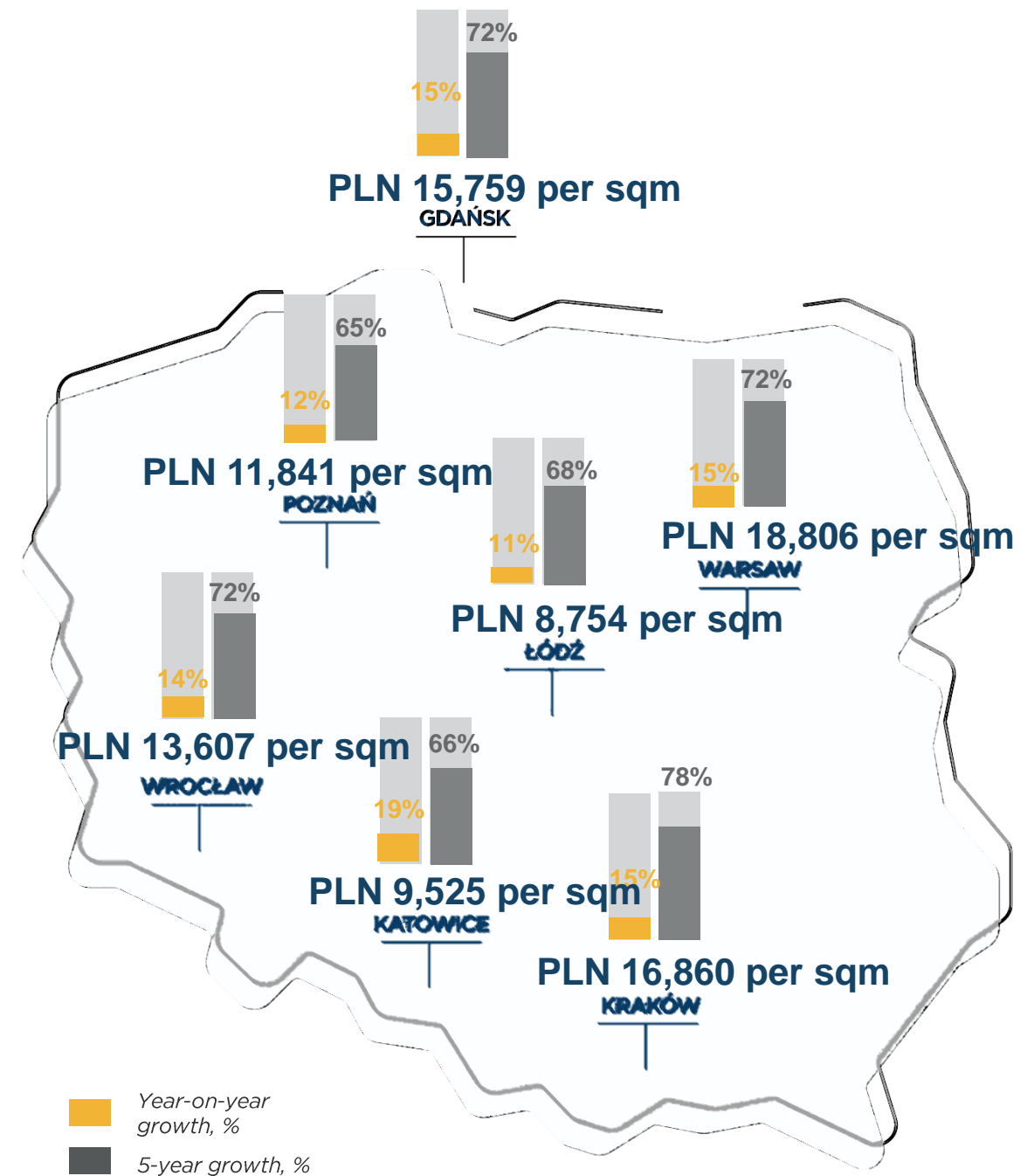
MARKET OVERVIEW

- The residential market is in a wait-and-see mode that has led to a temporary stabilisation. On the one hand, many potential home buyers have put their decisions on hold in anticipation of another government subsidy programme (such as Mortgage for a Start or 0% Mortgage). On the other hand, developers, buoyed up by the recent 2% Safe Mortgage programme and driven by the Polish government's promises of launching a new programme, are expanding their offerings, with the number of new flats for sale steadily rising.
- This stabilisation follows a period of rapid growth in flat prices.
- The zoning reform set to take full effect in January 2026 is expected to have a significant impact on residential land prices. Additionally, with the supply of land zoned for residential development expected to shrink considerably, this is likely to drive up the prices of residential plots, not only for multifamily housing, impacting the prices of flats and houses in the long term.

AVERAGE OFFER PRICES FOR NEW-BUILD FLATS ON THE PRIMARY MARKET, Q3 2024

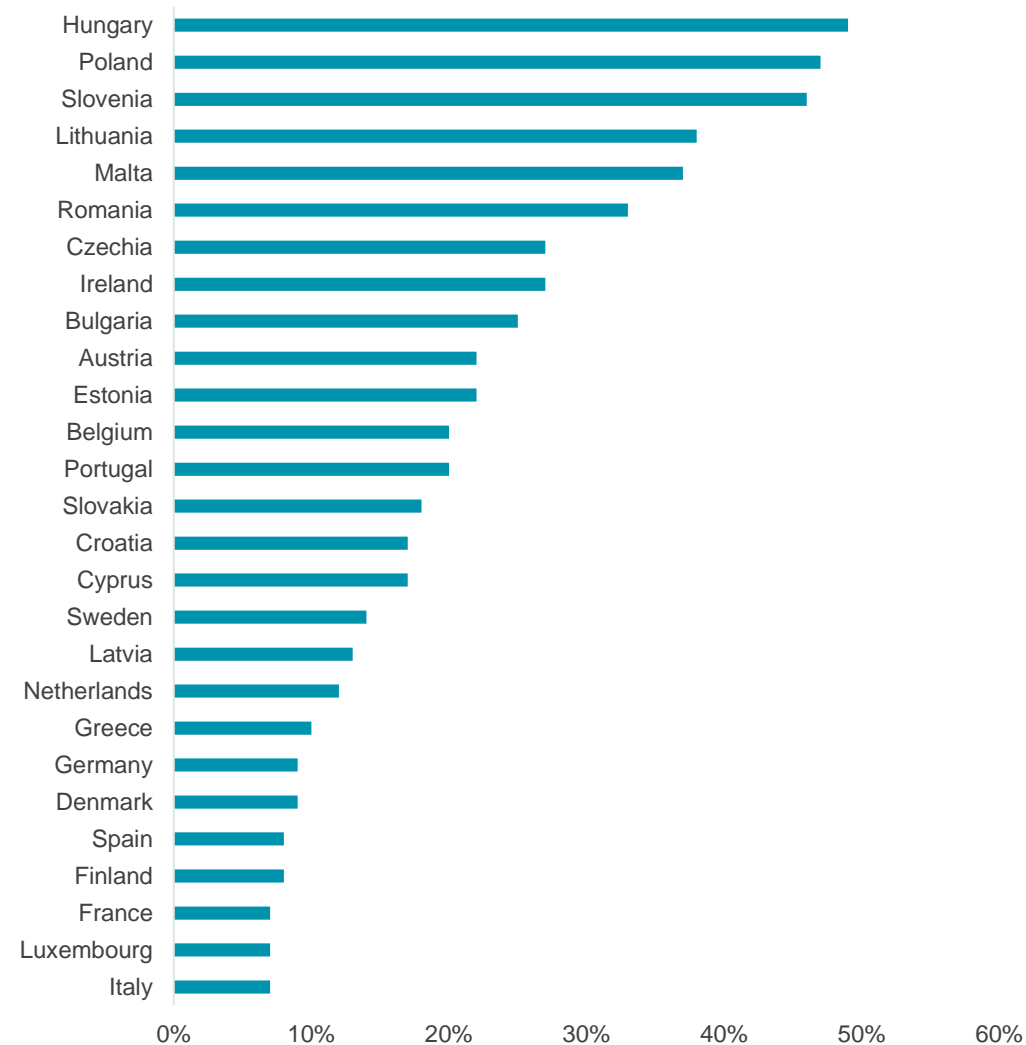


AVERAGE OFFER PRICES FOR FLATS ON THE SECONDARY MARKET, Q3 2024

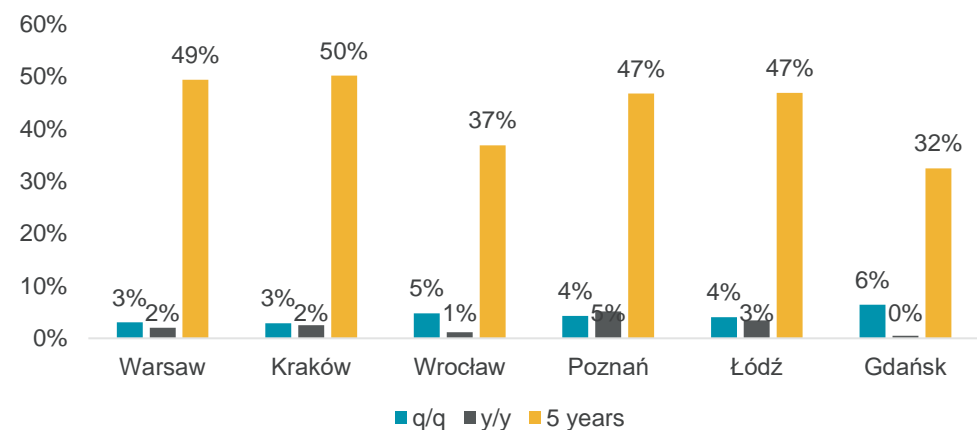


Source: Cushman & Wakefield, based on data from otodom

RENTAL GROWTH IN EUROPE IN THE LAST FIVE YEARS



RENTAL GROWTH IN POLISH CITIES



RESIDENTIAL RENTAL MARKET

Conditions have been highly conducive to rising residential rents in recent years – and not only in Poland, but all across Europe. Rental growth has been driven by high inflation, rising electricity and gas bills, interest rate hikes and high property-purchase prices.

Rental growth in Poland accelerated in particular as a result of the surge in demand for rental flats in the largest Polish cities following the record influx of refugees from Ukraine, with rental inflation in major cities rising to double-digit levels within just a few months from the outbreak of war.

In the second half of 2022, the demand for rental flats began to stabilise, with the number of listings steadily rising. As the number of available rental apartments increased, the growing supply pressure caused a halt in rent increases, and in some cities there was even a decline in rents. This correction can be seen as a natural process: rents had spiked dramatically after the military conflict began and are now returning to more sustainable levels.

Average rents per square metre saw double-digit increases over the last five years, with Kraków and Warsaw reporting the highest rises. The least intense growth was noted in Wrocław and Gdańsk, where rents rose by 37% and 32% respectively. Quarterly offer rental growth for the largest cities averaged 4%.

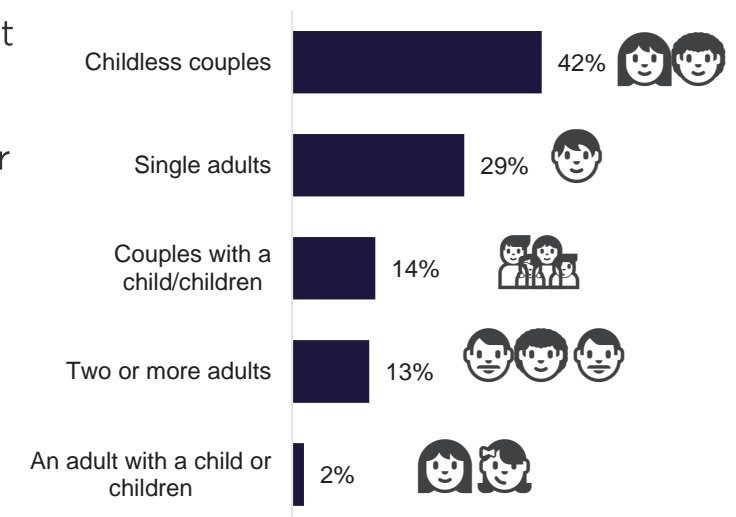
TENANT PROFILE

A survey carried out by SW Research for Cushman & Wakefield has found that housing tenants in Poland are primarily young adults and young professionals - over 56% are under the age of 34. Childless couples account for 42% of surveyed tenants, followed by single adults - 29%. 52% of tenants live in one-bedroom flats, with a vast majority considering them to be the right size for them. As many as 85% of respondents expect a fully or partly furnished flat. Key priorities for tenants are the amount of rent, the standard of a flat and easy access to public transport.

MARKET OVERVIEW

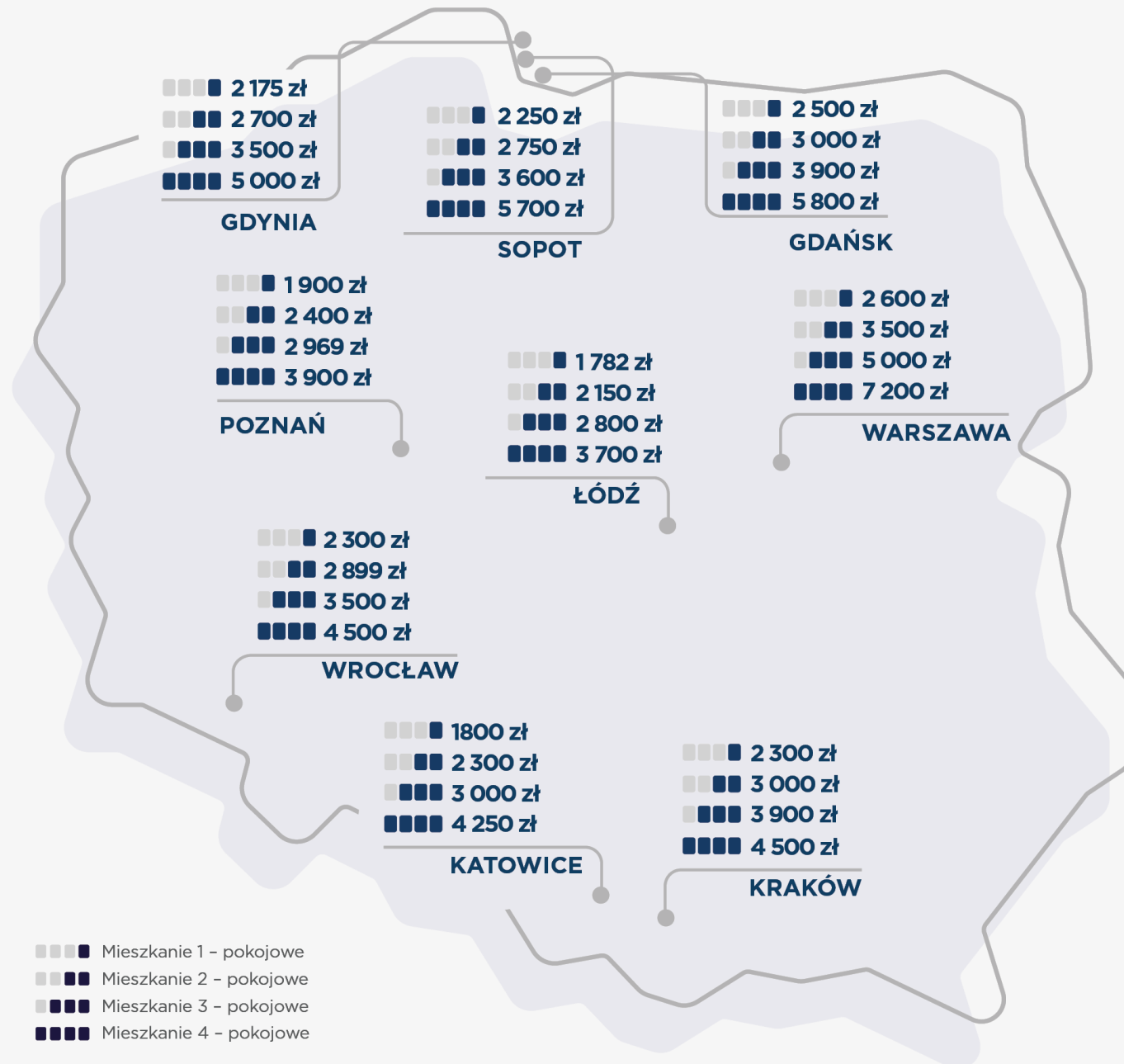
- The residential rental market in Poland is fragmented, dominated by private landlords and concentrated in the largest cities. According to official Eurostat data, 4% of Poland’s population live in rented accommodation at market rents.
- It is clear, however, from market research that these statistics substantially underestimate the real situation. The number of rental property listings indicates that the residential rental market is much larger and more dynamic than official estimates suggest.

TENANT PROFILE

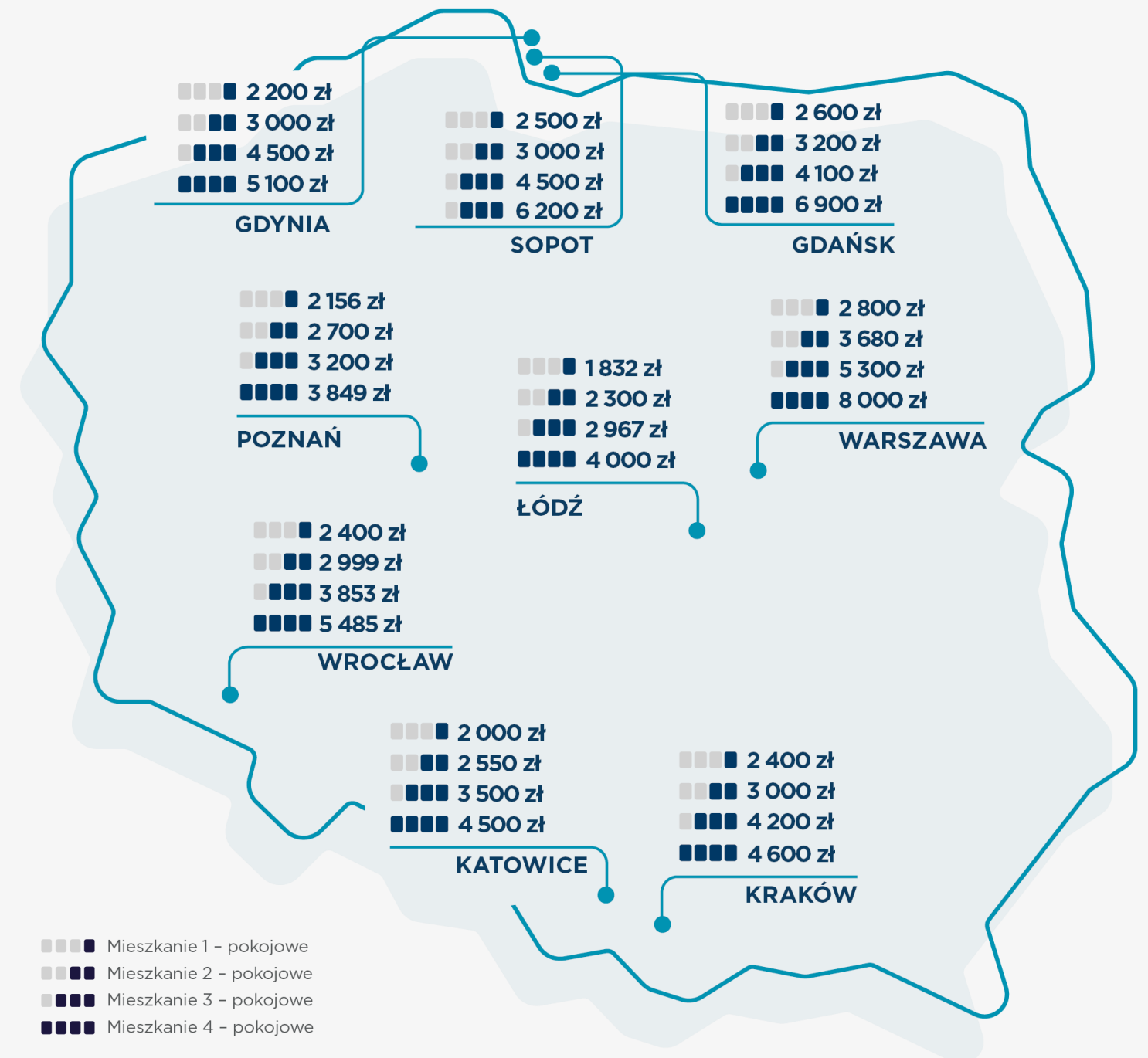


Source: Cushman & Wakefield, based on data from Eurostat, otodom, cenatorium

**MEDIAN ASKING RENTS
(EXCLUDING SERVICE CHARGES AND UTILITY COSTS, Q3 2024)
TOTAL STOCK**

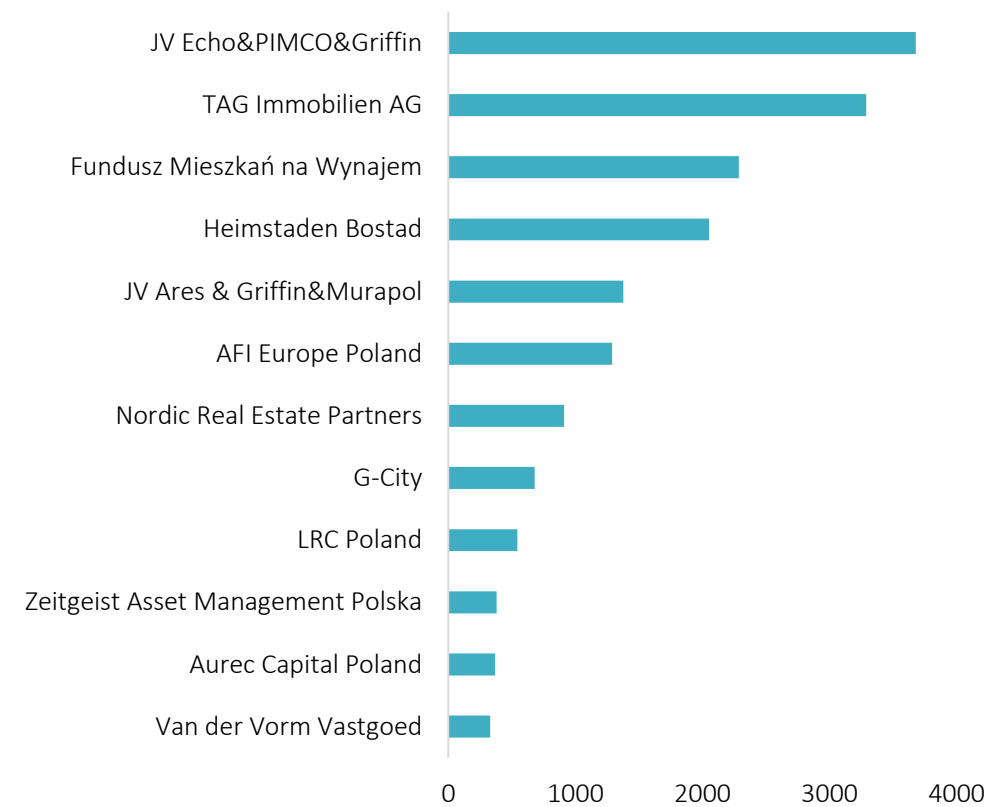


**MEDIAN ASKING RENTS
(EXCLUDING SERVICE CHARGES AND UTILITY COSTS, Q3 2024)
NEW STOCK (BUILT AFTER 2010)**

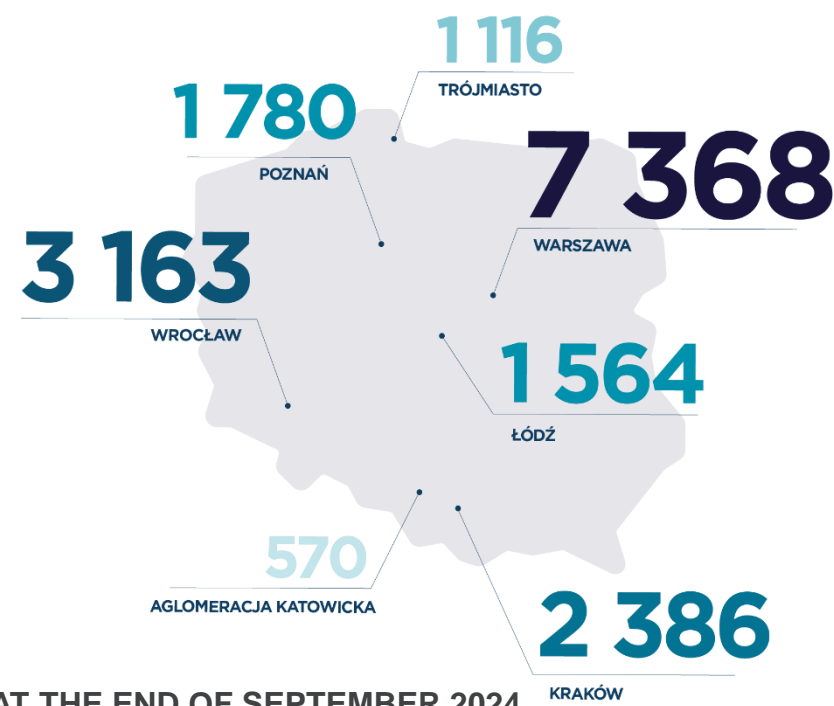


Source: Cushman & Wakefield, based on data from Eurostat, otodom, cenatorium

LEADING PRS INVESTORS, NUMBER OF OPERATING FLATS



NUMBER OF OPERATING FLATS IN PRS PROJECTS



AS AT THE END OF SEPTEMBER 2024

Source: Cushman & Wakefield

PRS MARKET

Poland’s PRS stock comprises nearly 18,000 flats in the largest cities. The leader on the Polish market is Resi4Rent - an investor, developer and manager (JV Echo Investment, Griffin Capital Partners and PIMCO) whose portfolio in Poland is the largest and continues to grow. Three rental platforms Resi4Rent, Vantage Rent and Life Spot account together for 46% of operating PRS projects.

Publicly announced projects are expected to add another 30,000 rental flats to the Polish PRS market in the coming years. And this figure will certainly continue to rise over time as developers are generally stepping up activity in this sector - alongside investors specialising in the PRS market. Build-to-sell developers are increasingly shifting their attention to developing build-to-rent projects to create a second revenue stream - one operating independently of the sale of flats to individual buyers. The Polish rental market is being driven by continuously strong demand which, however, is slightly weaker than it was immediately after the outbreak of the war in Ukraine. Rents are seeing a correction following a period of strong increases but are expected to grow at a steady pace. Nearly all operating PRS projects enjoy occupancy levels of 96-98%.

Both institutional and private landlords offer mostly small and compact flats - studios and 1-bedroom flats account for 85% of all rental properties. The average size of a studio and a 1-bedroom flat is 28 sqm and 41 sqm respectively. Larger (3-bedroom) flats account for a mere 2% of total stock, with the average size of such flats being 81 sqm. The average size of all operating PRS flats is just under 40 sqm.

Warsaw, representing 41% of all operating PRS flats, is well ahead of other cities as the market leader. Other leading cities are Wrocław (18%), Krakow (13%) and Łódź (9%). Poznań and Tricity account for 10% and 6% of total stock respectively, with Katowice making up a mere 3%. With many PRS projects under construction, the number of rental flats is expected to grow at pace.

MARKET OVERVIEW

- The history of the PRS market in Poland dates back to 2014, when *Fundusz Mieszkań na Wynajem* (FMnW, Rental Housing Fund) acquired its first building with flats for rent. In 2017, FMnW - Poland’s biggest PRS platform - launched its first project in Zakładowa Street in Wrocław.
- In 2018, the Polish PRS market began to gain momentum. With interest rates remaining high, elevated financing costs have been the main barrier to the PRS growth and have resulted in limited transactional activity in the last two years. However, when this problem eases on the back of falling inflation - expected to occur in the near future - investor interest in the PRS will grow, exponentially. Demand fundamentals remain very strong - both in the PRS and in other living subsectors such as student housing, co-living and serviced apartments for seniors.

METHODOLOGY

Cushman & Wakefield data comes from various sources, including external data sources and its proprietary data. Market statistics are based on data from Statistics Poland (GUS), the National Bank of Poland, Moody’s Analytics, Eurostat, otodom and obido, cenatorium, Numbeo, as well as internal data gathered by and on behalf of Cushman & Wakefield.

The numerical data for the first three quarters of 2024 is preliminary and all the information contained within this report may be subject to corrections and changes based on any additional data received. Data is provided as at the end of September 2024, even if the report is published thereafter.

TERMS AND DATA EXPLAINED

The unemployment rate, salary levels and their growth are calculated according to statistics from Statistics Poland (GUS), with forecasts based on data from Moody’s Analytics.

The number of mortgage enquiries represents the number of submitted mortgage applications, according to the methodology of the Polish Bank Association. Flats (residential buildings) are dwellings whose completion has been reported by an investor to a poviast building supervision authority and such authority has either raised no objections or issued an occupancy permit for such dwellings.

Data may vary by source.

A CUSHMAN & WAKEFIELD PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.

CUSHMAN & WAKEFIELD OFFICES IN POLAND



**HEAD OF RESEARCH
EWA DERLATKA-CHILEWICZ**

Associate

Tel: +48 606 116 006

Ewa.Derlatka-chilewicz@cushwake.com



**LOCAL MARKET RESEARCH LEAD
KAROLINA FURMAŃSKA**

Associate

Tel: +48 884 202 220

Karolina.Furmanska@cushwake.com

©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield (“CWK”). This report has been produced solely for information purposes, may contain errors or omissions and is presented without any warranty or representations as to its accuracy.