

ECONOMIC INDICATORS

PLN 8,821 YoY change ▲ 12-month forecast ▲
Average monthly gross salary (December 2024)

9.8% ▲ ▼
Average annual salary growth (December 2024)

5.1% - -
Unemployment rate (December 2024)

3.6% ▼ ▲
Annual inflation (2024)

27.0% ▲ ▼
Mortgage enquiries in December 2024, year-on-year

MARKET FUNDAMENTALS

PLN 16,785 ▲ ▲
Average offer price per sqm of a flat on the primary market in Warsaw

PLN 18,678 ▲ ▲
Average offer price per sqm of a flat on the secondary market in Warsaw

+2% ▼ ▲
Average annual residential rental growth in 7 cities (total housing stock)

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

GDP

After the economic revival in 2024, when Poland's GDP is estimated to have grown by 2.9%, according to Statistics Poland (GUS), the country's economy is expected to maintain steady growth in the coming years. Moody's predicts Poland's economy will expand by 3.3% in 2025 and 2.8% in 2026 (year-on-year). The main driver of growth in the fourth quarter of 2024 was private consumption, stimulated by an increase in the minimum wage, a strong labour market, and the declining or stable unemployment rate. However, low investment levels and an unfavourable trade balance slightly hampered overall growth. The current rate of economic growth is one of the highest in the EU. Future GDP expansion will depend on the improvement of the economic situation in Western Europe and the inflow of EU funds, including disbursements under the National Recovery and Resilience Plan and structural funds.

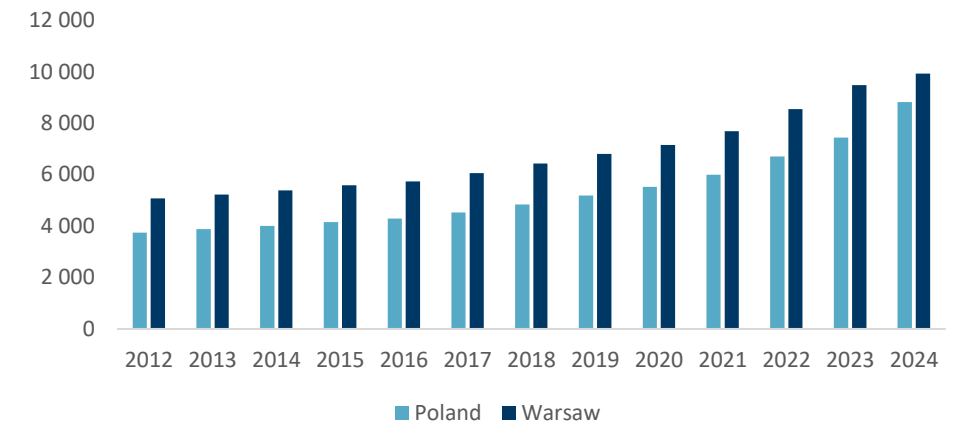
INFLATION

According to GUS calculations, the average annual inflation rate was 3.6% in 2024; Moody's forecast for 2025 inflation is 4.5%. The highest price increases in 2024 were recorded in education, restaurants and hotels, as well as housing and energy costs. Higher interest rates are therefore expected to continue, with potential cuts likely only in the second half of 2025.

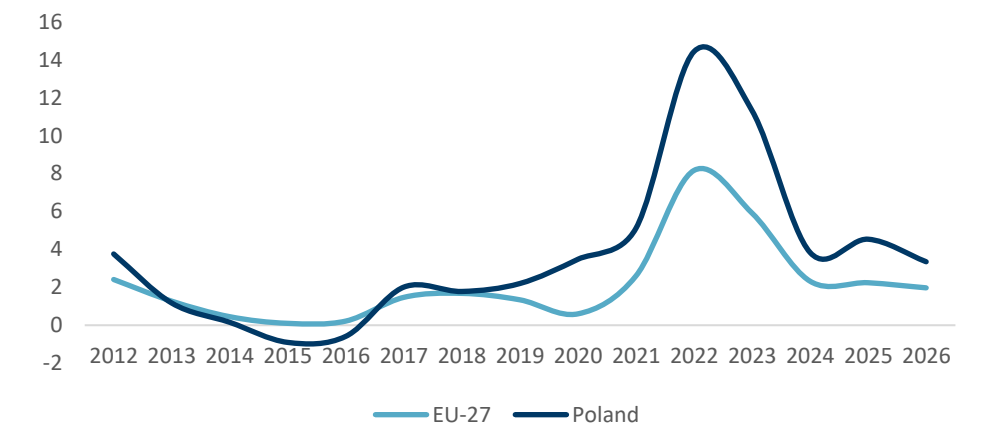
MORTGAGES

In December 2024, the Polish mortgage market experienced a significant decline. According to data from the Credit Information Bureau (BIK), the value of mortgage loan inquiries decreased by 45.4% year-on-year. The decline in demand was also reflected in the number of individuals applying for financing. In December 2024, 26,030 people submitted mortgage loan applications, representing a 43.8% decrease on December 2023, when the number of applicants was 46,310. Looking at the month-to-month changes, the number of applications fell by 3.4% compared to November 2024, deepening the downward trend. Despite the declining number of inquiries, the average requested loan amount actually increased. In December 2024, it reached PLN 444,900, marking a 2.2% year-on-year increase and a 2.0% rise on the corresponding figure for November 2024.

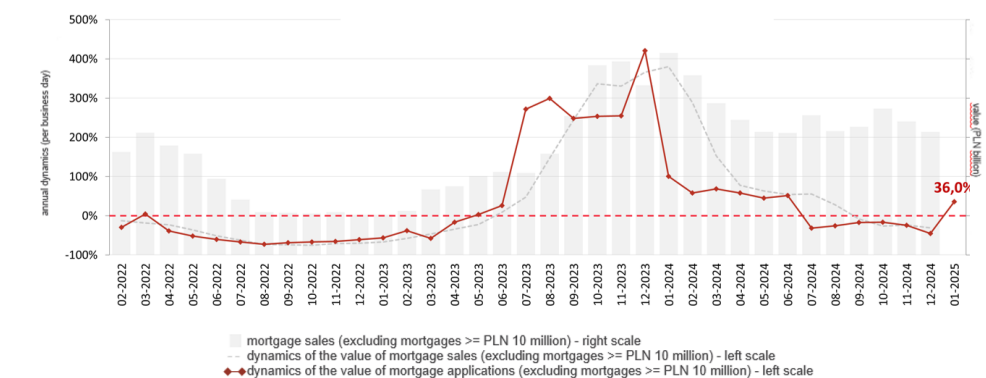
AVERAGE MONTHLY GROSS SALARY, PLN



INFLATION



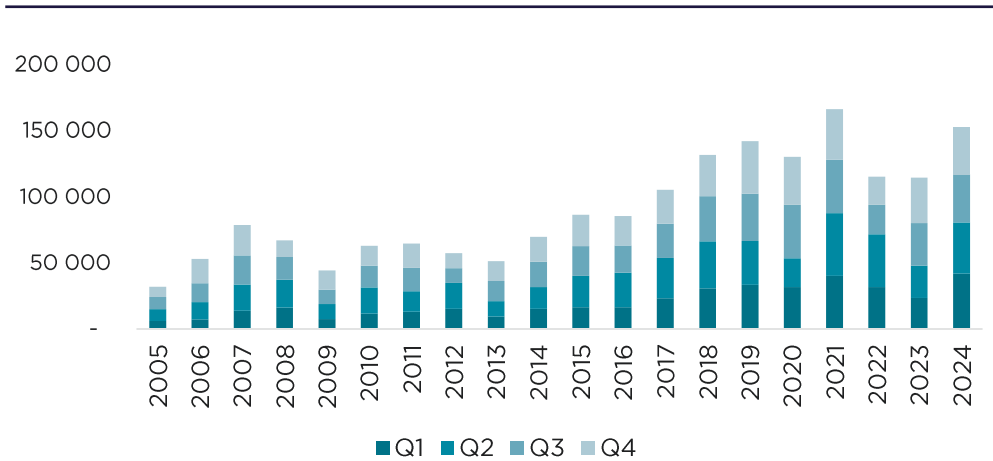
MORTGAGES



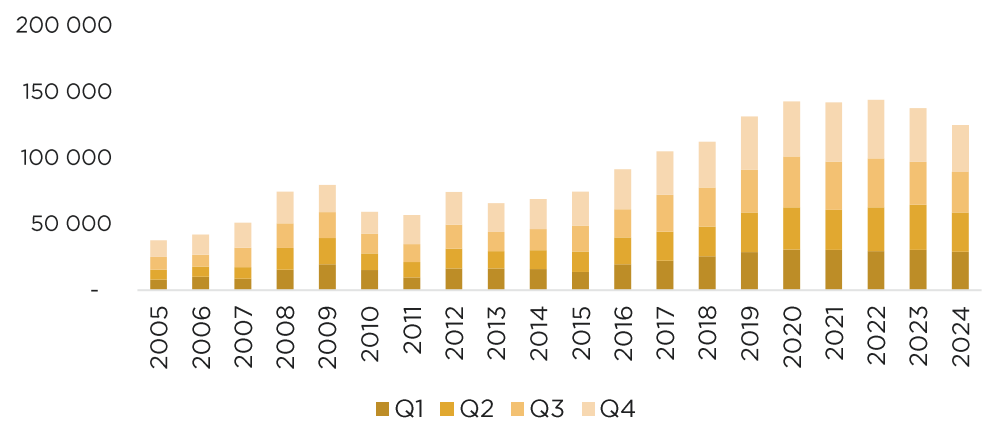
Source: GUS, NBP, otodom, Moody's, BIK

MARKET OVERVIEW

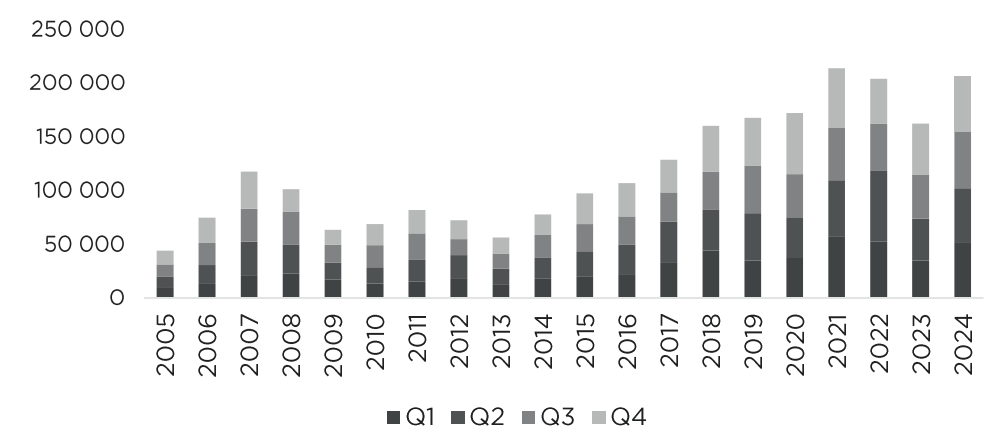
BUILD-TO-SELL AND BUILD-TO-RENT FLATS STARTED



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 FLATS STARTED

Analysis of GUS data confirms that 2024 recorded the second-highest number of flats starts for sale or rent - surpassed only by the record-breaking year 2021. With 152,513 flats initiated, this figure is just 8% lower than the 2021 peak of 166,285, signalling a significant revival in the construction market - despite the conclusion of the government program *Bezpieczny Kredyt 2%* ('Safe Loans 2%') at the end of 2023. According to data from Otodom, just over 35,000 flats were available at the end of 2023, while by the end of 2024 supply had risen to 55,800 on the primary market. Throughout 2024, 37,000 developer flats were sold, representing a 25% year-on-year decline.

FLAT COMPLETIONS

In 2024, the total number of completed flats in the build-to-sell and build-to-rent category was 124,920. This represents a 9% decrease compared to 2023 - when 137,583 flats were completed - and a 13% decrease compared to 2022 with 143,971 completions.

With the number of new starts remaining very high in 2024, the years 2026 and 2027 are expected to see an increase in new flat completions.

FLATS WITH BUILDING PERMITS

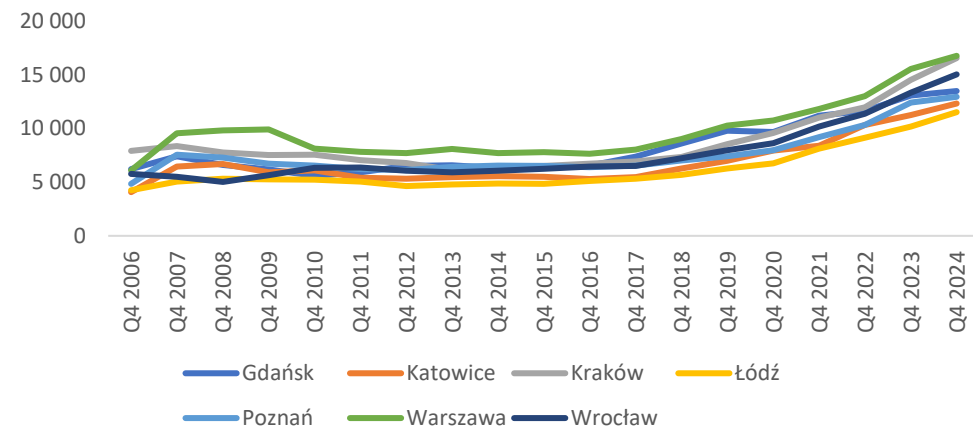
GUS data on building permits for flats for sale or rent reveals that 2024 was the second consecutive record year, following the previous record-holder 2021. In 2024, a total of 205,523 permits were granted - a 27% increase compared to 161,972 permits issued in 2023.

This increase can be attributed to two key regulatory changes. The first is the introduction of new technical conditions that came into effect in the second quarter of 2024. The second is the upcoming urban planning reform - set to take effect in January 2026. Both changes have increased demand for planning and building permits.

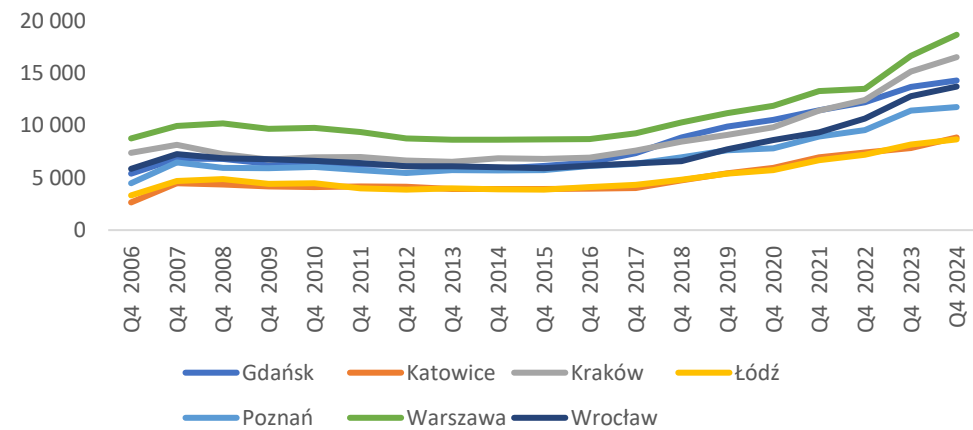
There is a risk that the urban planning reform may render many plots without building permits impossible for development, particularly in areas that will not be designated by local authorities as zones for infill development. As a result, investors—not developers—are seeking to obtain permits as quickly as possible to avoid the risk that future regulatory changes could block projects on these plots. The process of securing building permits remains lengthy and, in many cities, challenging. This increases the value of properties which already possess permits. Owners are often inclined to secure permits 'in advance' and wait for a more favourable moment in the market to proceed with development.

- The combination of historically low interest rates and strong demand led to a record-breaking 166,285 housing starts for sale and rent in 2021 (+28%). This was driven by exceptionally strong apartment sales, with approximately 59,000 units sold across Poland's six largest cities, according to data from the NBP. However, by mid-2021, inflationary pressures began to intensify. Interest rate hikes continued from October 2021 to July 2022, when the reference rate reached 6.5%. The outbreak of war in Ukraine in February 2022 further contributed to rising prices of construction materials, energy and transportation costs. At the same time, mortgage affordability declined as banks tightened lending criteria. Consequently, the number of housing unit starts fell to 115,285 (-31%), with the most difficult period occurring in Q3 and Q4, when quarterly housing starts dropped below 22,500. After the 2022 downturn, the market stabilised in 2023, with 114,526 housing starts (-1%).
- A key factor shaping the market in 2023 was the government's 2% *Mortgage* program, which triggered a surge in demand that outstripped supply, leading to a significant depletion of available inventory and record-high price increases. In 2024, although the program ended, the market managed to rebound confidently. By the end of Q3, more housing starts had been recorded than in the entirety of 2023. The total number of housing starts for the year reached 152,513 (+33%), with a significant share of transactions completed with cash buyers.

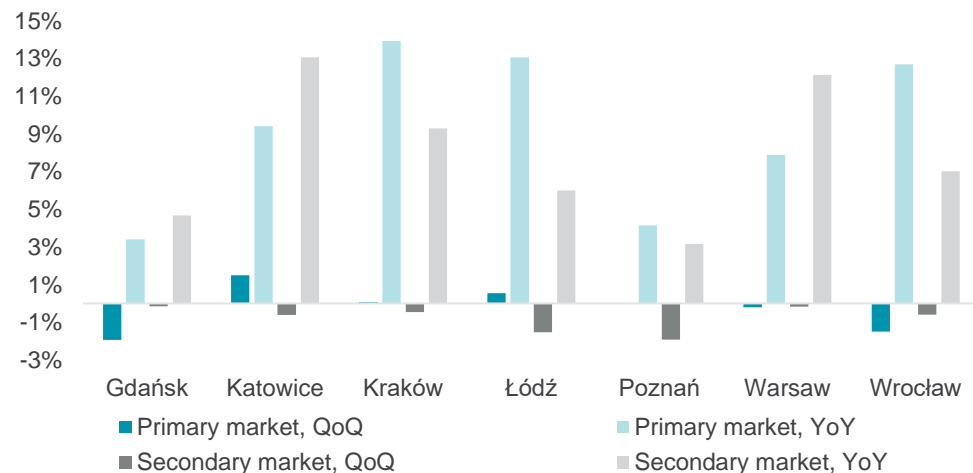
AVERAGE OFFER PRICES ON THE PRIMARY MARKET (PLN/SQM)



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



AVERAGE PRICE DYNAMICS IN MAJOR CITIES Q4 2024



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

TRENDS IN POLAND'S RESIDENTIAL REAL ESTATE MARKET: Q4 2024

Both the primary and secondary housing markets exhibited slight declines in asking prices on a quarter-over-quarter basis. The most pronounced decrease in average asking prices was in Gdańsk (-2% QoQ), followed by Wrocław (-1% QoQ). By contrast, Warsaw and Kraków remained stable, while Łódź and Katowice were the only major cities to register a modest increase of 1% QoQ.

In the secondary market, asking prices declined in Poznań and Łódź (-2% QoQ), as well as in Wrocław and Katowice (-1% QoQ). Kraków, Warsaw, and Gdańsk, on the other hand, remained stable.

On the primary market, the average asking price in Warsaw reached PLN 16,785 per sqm by the end of Q4 2024 - an annual appreciation of 8%.

Kraków notably registered the highest annual increase, with an average price approaching parity with Warsaw at PLN 16,581 per sqm. Wrocław also exhibited substantial annual growth, with an increase of 13% and developers offering new housing at an average price of PLN 15,046 per sqm.

Among Poland's major metropolitan areas, Łódź remains the most affordable, with new apartments averaging PLN 11,528 per sqm. This represents a 13% annual increase, mirroring Wrocław's trajectory. Meanwhile, Gdańsk exhibited the highest degree of market stability, with the lowest annual and quarterly price fluctuations. Its annual growth rate stood at 3%, with new housing averaging PLN 13,505 per sqm.

In the secondary market, Warsaw's average asking price reached PLN 18,678 per sqm in Q4 2024 - a 12% year-over-year increase. Kraków followed closely with PLN 16,552 per sqm, marking a 9% annual rise. The most modest annual growth was noted in Poznań, where prices increased by 3%, culminating in an average asking price of PLN 11,769 per sqm in the secondary market by the end of Q4 2024.

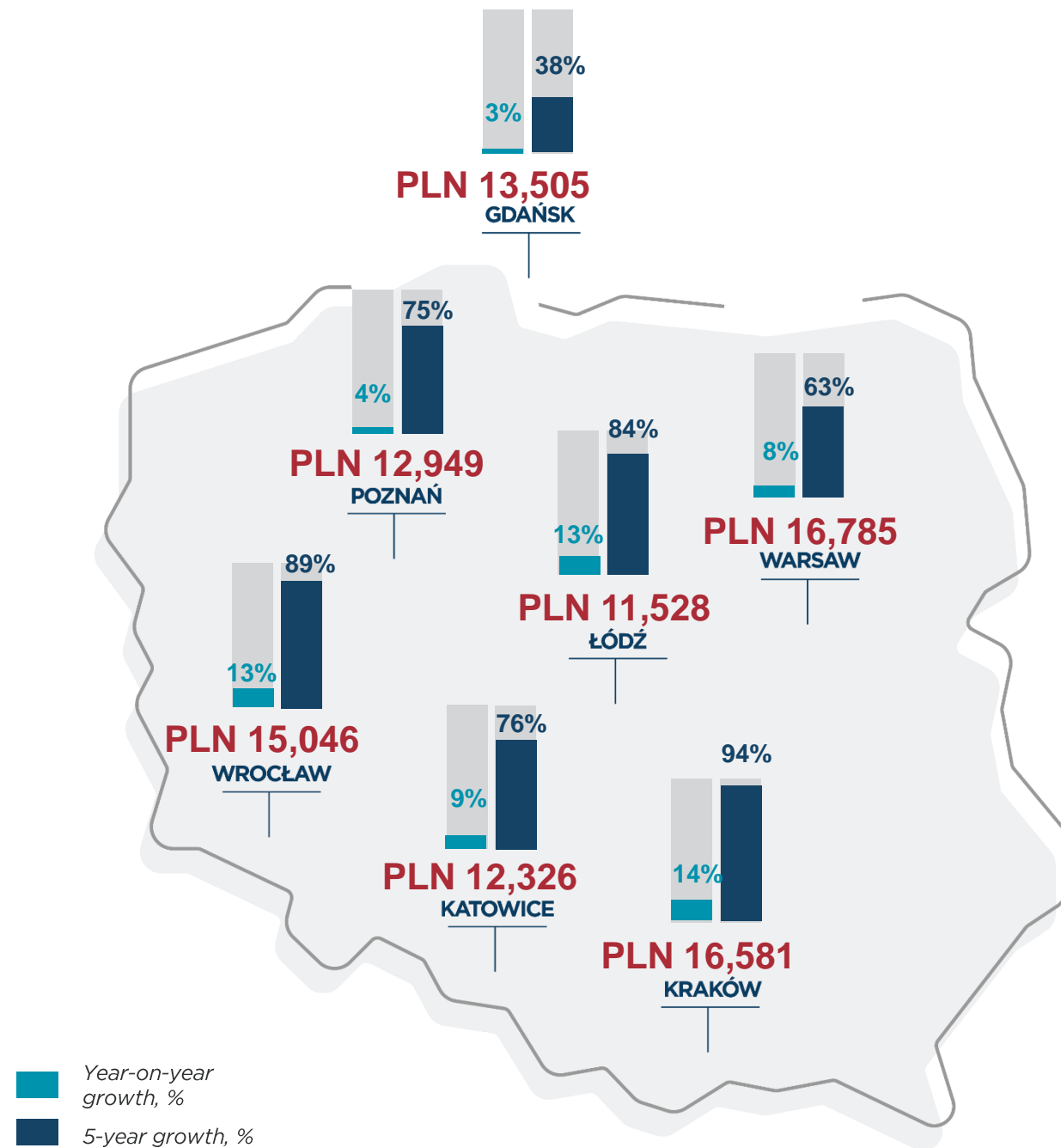
SUPPLY DYNAMICS

The relative stability of developer asking prices is primarily the result of the level of available supply, which by the end of 2024 had surpassed 57,000 new apartments for sale across the seven major markets. Over the course of 2024, a total of 37,000 apartments were sold, according to Otodom, marking a 26% year-over-year decline. This significant drop was generally attributed to the absence of the government-backed *Bezpieczny Kredyt 2%* mortgage program.

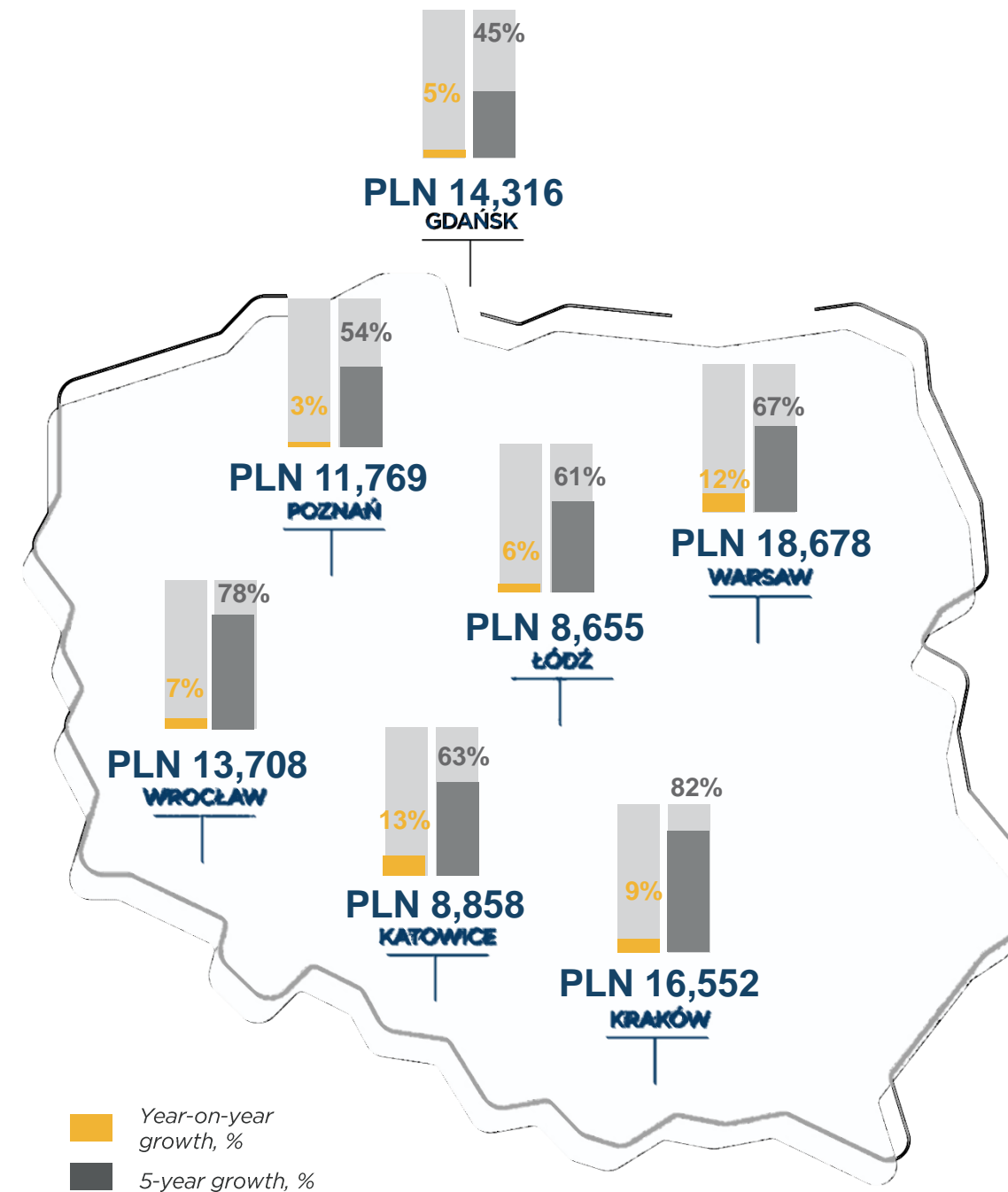
Despite the slowdown in sales, new supply remained robust, with developers introducing over 53,300 new units to the market throughout the year.

- After the termination of the *Bezpieczny Kredyt 2%* government program, the market waited in anticipation of it being extended. However, Poland's government announced plans to introduce a new program, *Keys*. This program will be based on several pillars. The first pillar focuses on the construction of municipal housing. The second pillar supports the development of social housing associations. The third pillar, known as *First Keys*, provides financial support for purchasing homes on the secondary market. The Ministry of Economic Development and Technology has indicated that the program will follow the structure of the earlier *Mieszkanie dla Młodych* ('A flat for the Young') initiative - assisting first-time buyers with home purchases. Price caps will be set at PLN 10,000 per square metre nationwide and PLN 11,000 per square metre in the five largest and most expensive cities, with local governments having the option to increase these limits.
- Currently, the secondary market offers fewer than 200 flats in Warsaw and Kraków that would meet the program's criteria. However, it remains uncertain whether these initiatives will lead to price reductions, particularly in major cities - or if local governments will raise price limits.
- The introduction of the *Keys* program is expected to stimulate the secondary market. Meanwhile, the market is currently undergoing a period of stabilisation, with slight price corrections following previous increases.

AVERAGE OFFER PRICES FOR NEW-BUILD FLATS ON THE PRIMARY MARKET, Q4 2024 (PLN/SQM)

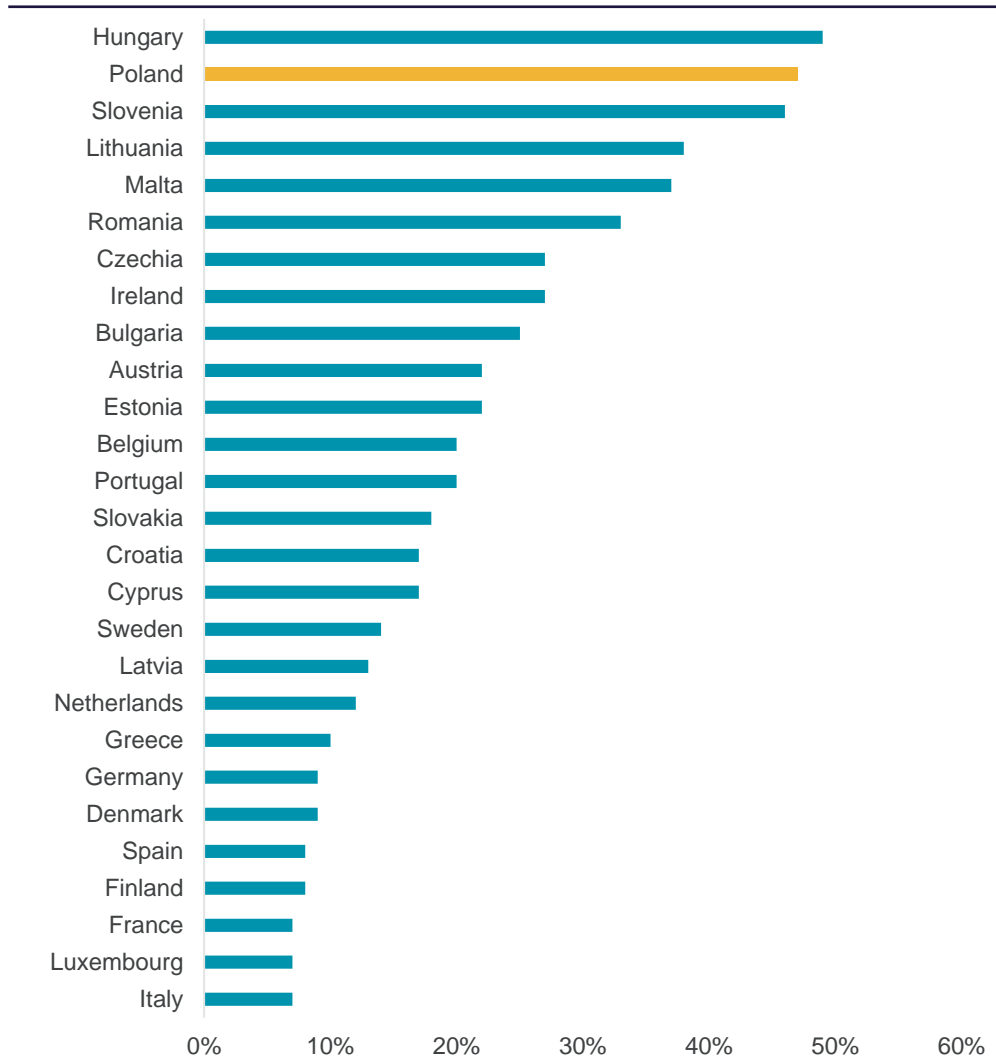


AVERAGE OFFER PRICES FOR FLATS ON THE SECONDARY MARKET, Q4 2024 (PLN/SQM)

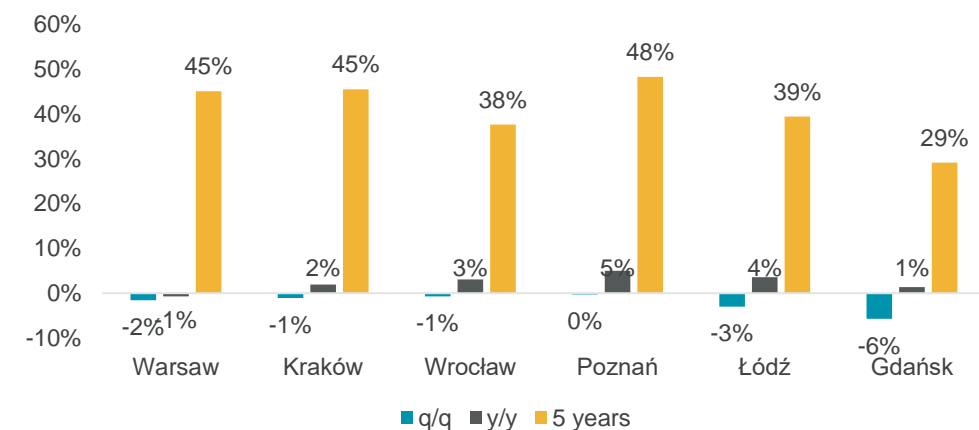


Source: Cushman & Wakefield, based on data from the NBP

RENTAL GROWTH IN EUROPE IN THE LAST FIVE YEARS



RENTAL GROWTH IN POLISH CITIES



RESIDENTIAL RENTAL MARKET

Over the past five years, rental rates in Poland have increased by 47%, positioning the country just behind Hungary in terms of rent growth within the European Union.

In major Polish cities, the average five-year increase reached double digits, with Poznań (+48%) experiencing the highest growth, followed by Warsaw and Kraków (both +45%). Despite Gdańsk's recent 6% drop, the long-term growth in the city remains significant at 29%.

While short-term fluctuations (QoQ declines in most cities) suggest temporary corrections, the overall YoY growth (+2% on average) reflects continued demand in the rental market.

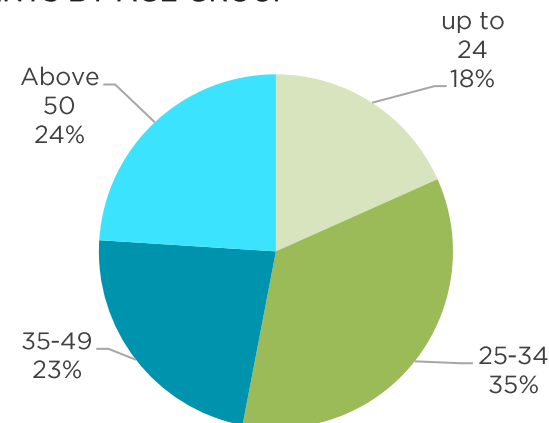
TENANT PROFILE

A survey carried out by SW Research for Cushman & Wakefield has found that housing tenants in Poland are primarily young adults and young professionals, with over 56% being under the age of 34. Childless couples account for 42% of surveyed tenants, followed by single adults with 29%.

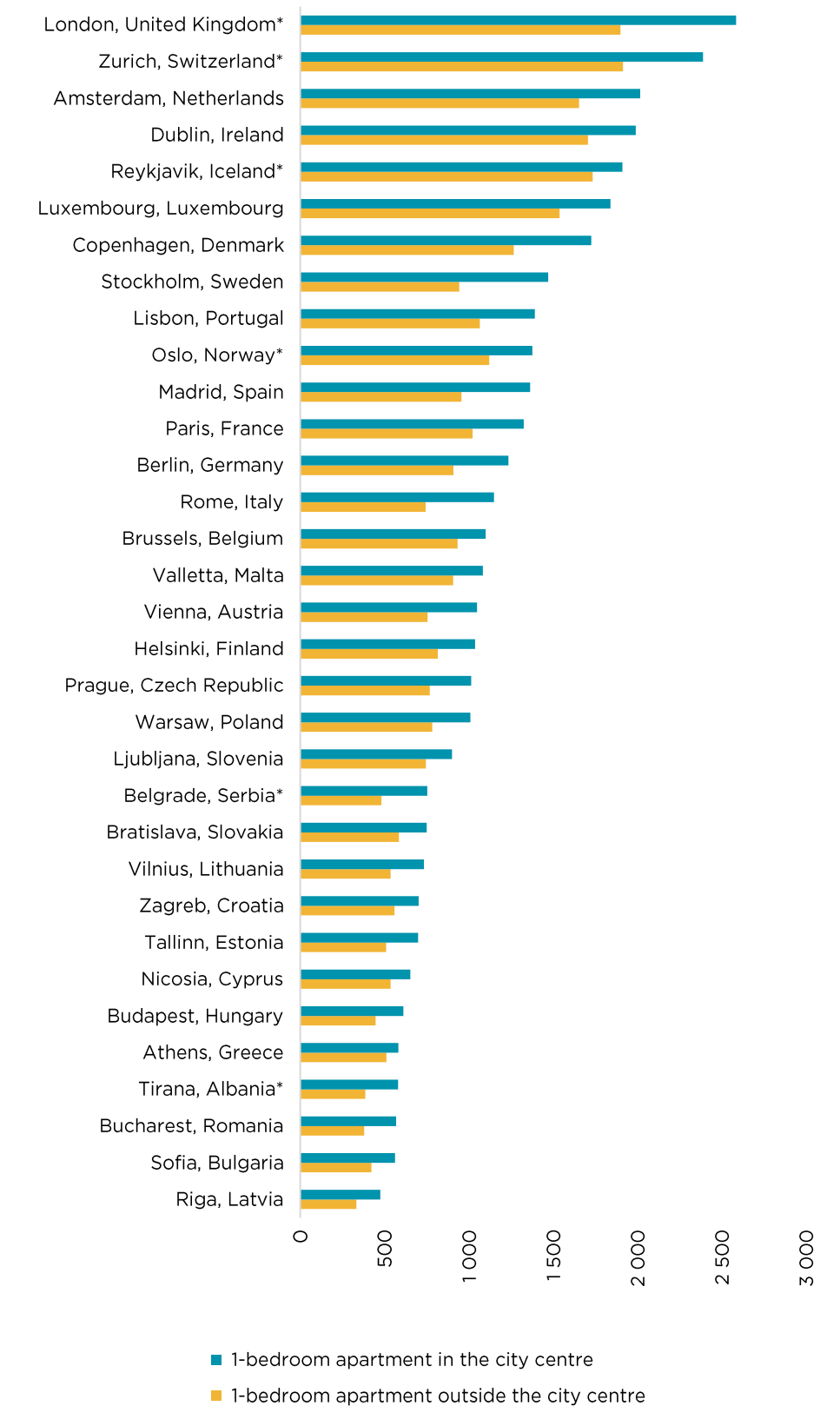
52% of tenants live in one-bedroom flats, with the vast majority considering them to be the right size for their needs. As many as 85% of respondents expect a fully or partly furnished flat. Key priorities for tenants are: rent levels, the standard of the flat and easy access to public transport.

TENANT PROFILE

SHARE OF TENANTS BY AGE GROUP

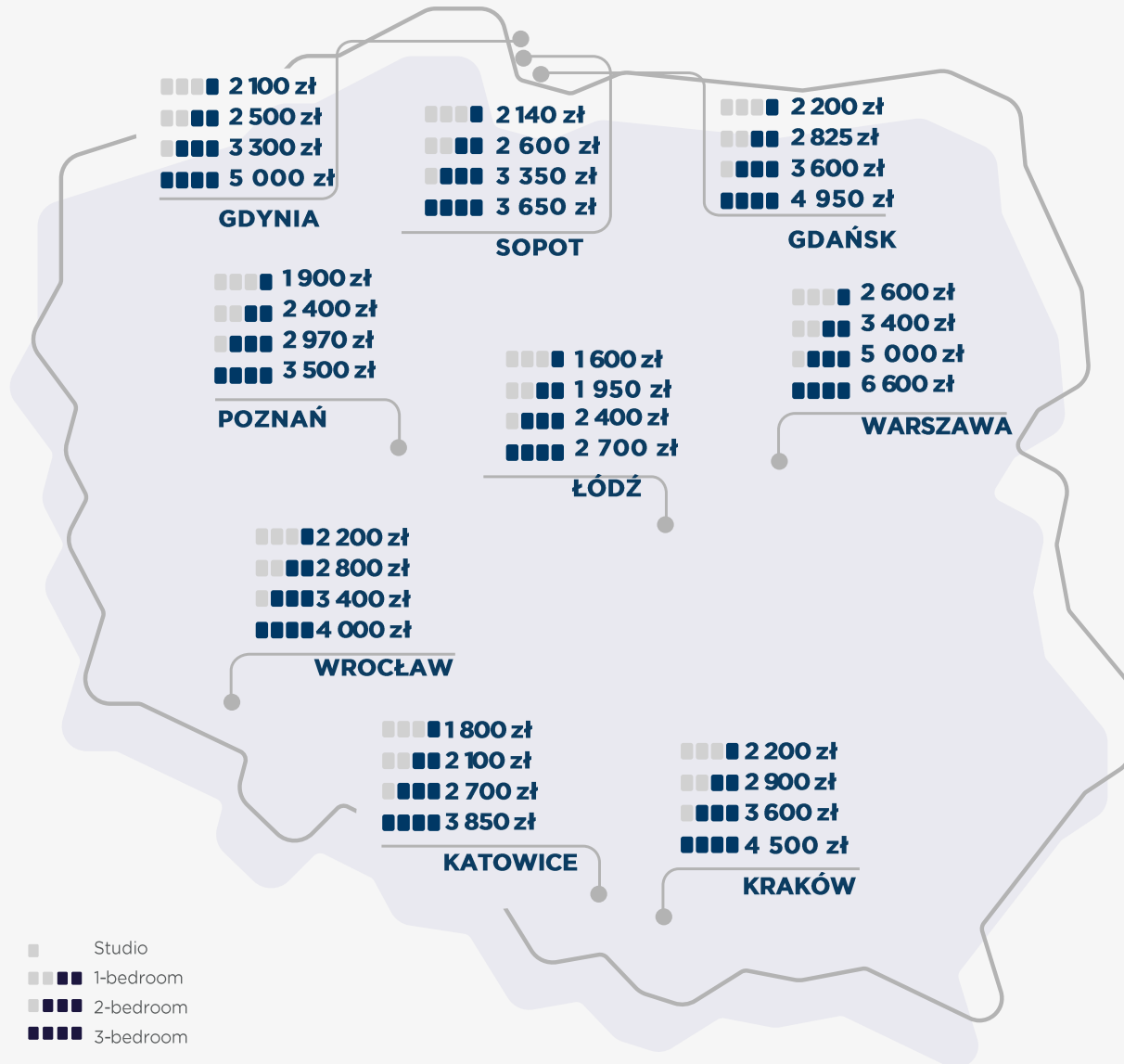


AVERAGE RESIDENTIAL RENTS IN EUROPEAN CAPITALS (EUR/MONTH)

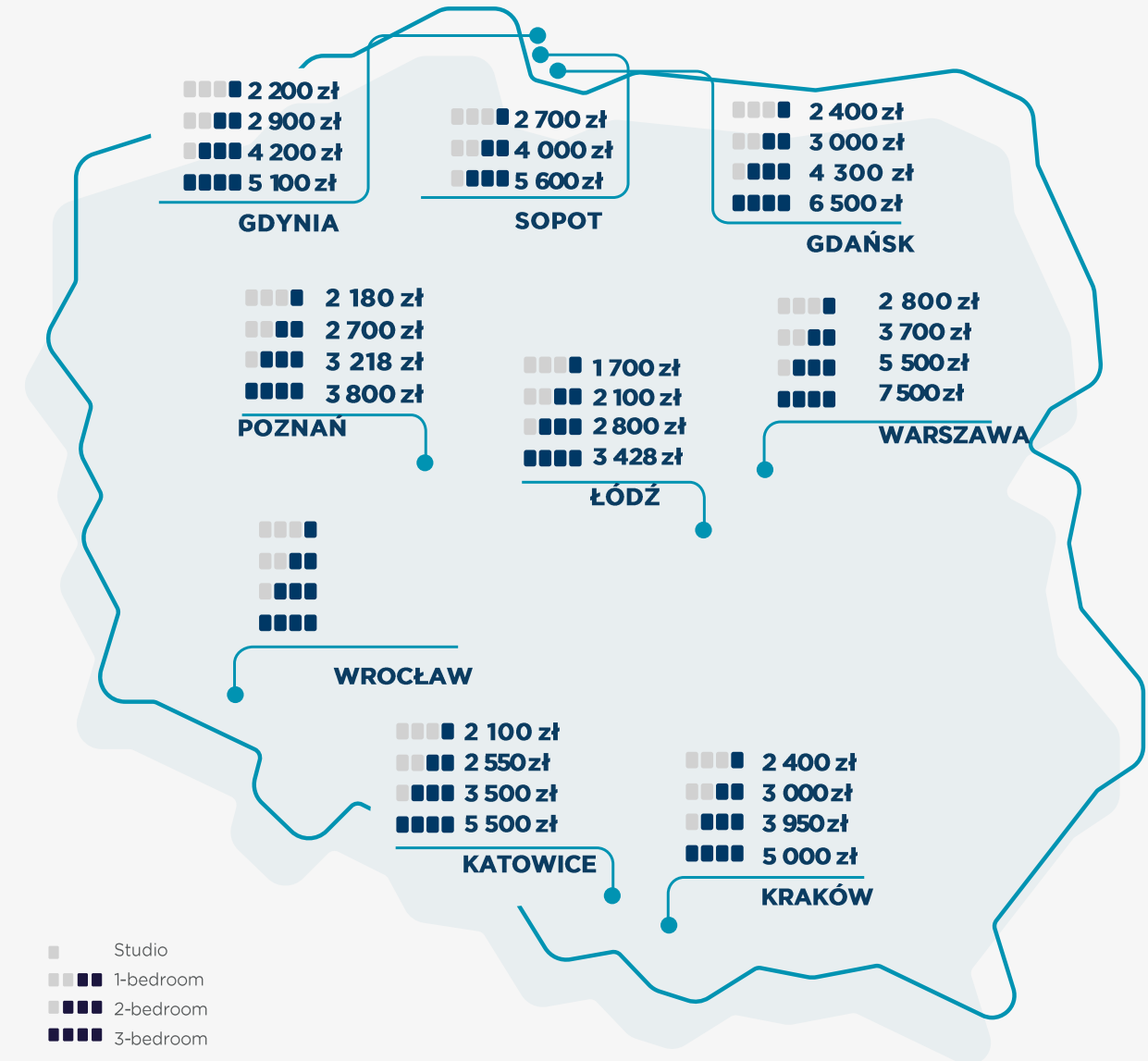


Source: Cushman & Wakefield, based on data from Eurostat, otodom, Numbeo, cenatorium

**MEDIAN ASKING RENTS
(EXCLUDING SERVICE CHARGES AND UTILITY COSTS, Q4 2024)
TOTAL STOCK**

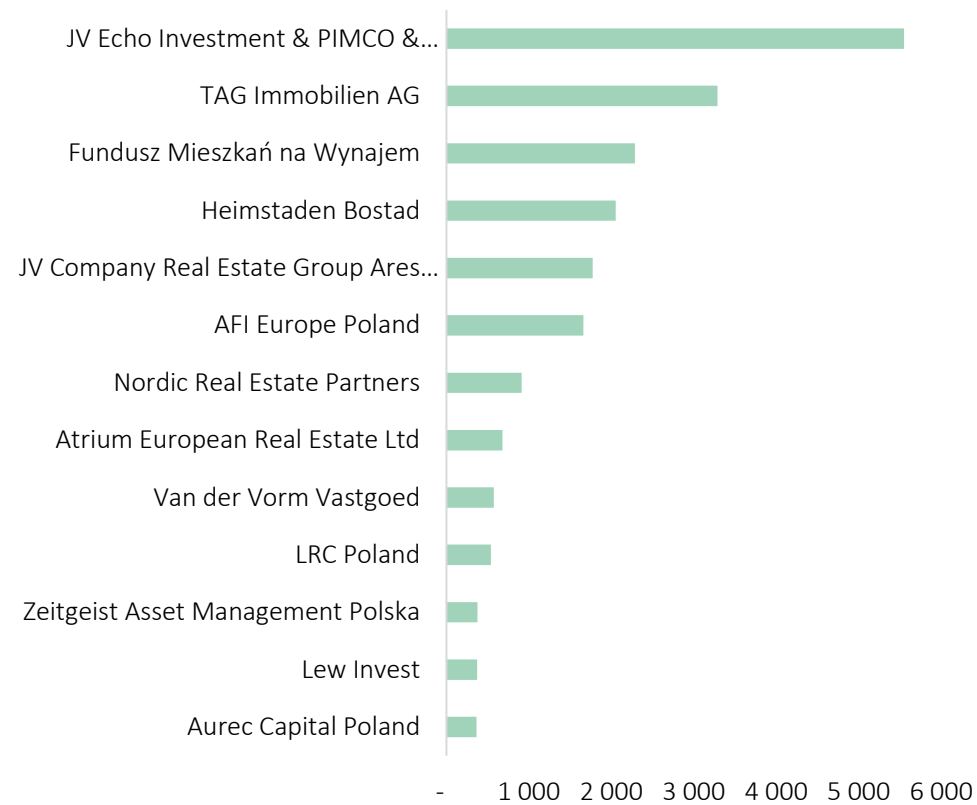


**MEDIAN ASKING RENTS
(EXCLUDING SERVICE CHARGES AND UTILITY COSTS, Q4 2024)
NEW STOCK (BUILT AFTER 2010)**

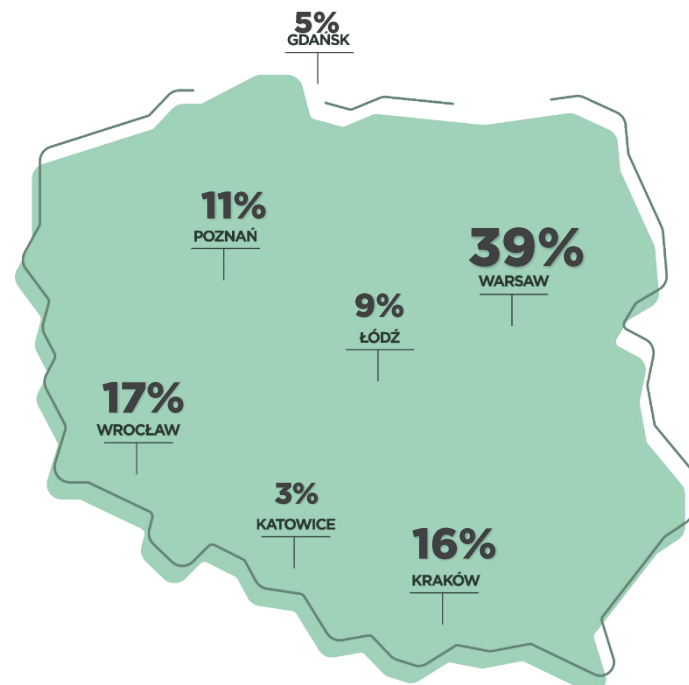


Source: Cushman & Wakefield, based on data from Eurostat, otodom, cenatorium

LEADING PRS INVESTORS, NUMBER OF OPERATING FLATS



SHARE OF OPERATING FLATS IN PRS PROJECTS



AS AT THE END OF DECEMBER 2024

Source: Cushman & Wakefield

PRS MARKET

Poland's PRS stock consists of more than 21,000 flats for rent 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 country's largest and continues to grow. Three rental platforms Resi4Rent, Vantage Rent and Life Spot together account for 50% of operating PRS projects.

Projects that have already been publicly announced are expected to add another 25,000 rental flats to the Polish PRS market in the coming years. And this figure will certainly continue to rise 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 driven by consistently high demand which, however, is slightly lower than it was immediately after the outbreak of the war in Ukraine. Rents are undergoing 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%.

Both institutional and private landlords offer mostly small and compact flats - studios and 1-bedroom flats account for 82% of all rental properties. The average size of a studio and a 1-bedroom flat is 29 sqm and 41 sqm respectively. Larger (3-bedroom) flats account for a mere 3% of total stock, with their average size being 81 sqm. The average size of all operating PRS flats taken together is just under 40 sqm.

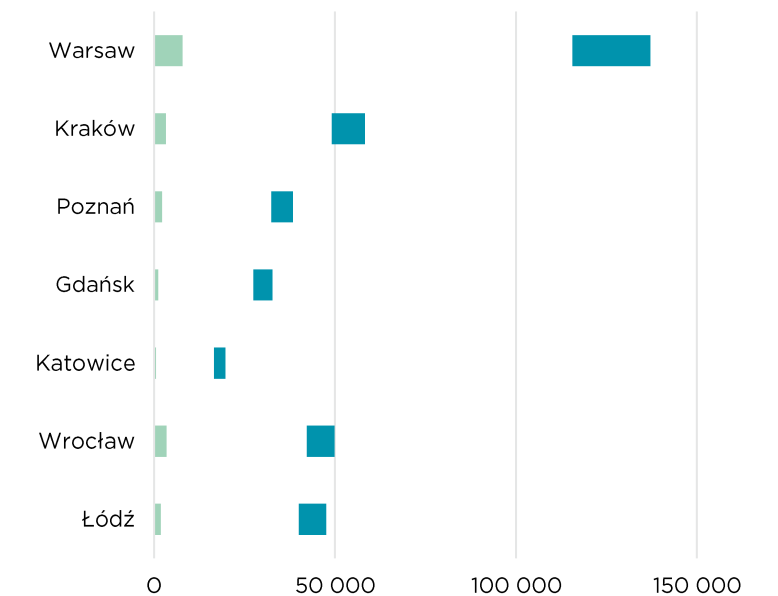
Warsaw, representing 39% of all operating PRS flats, is well ahead of other cities. Other leading cities are Wrocław (17%), Krakow (16%) and Łódź (9%). Poznań and Tricity account for 11% and 5% of total stock respectively, while Katowice makes up a mere 3%.

With many PRS projects under construction, the number of rental flats is expected to grow at a considerable pace.

MARKET OVERVIEW

- The PRS is undergoing substantial growth, with a clear distinction between operational and planned rental units across major urban agglomerations. Nearly 56% of the rental stock in Poland is still in the planning stage, while only 44% is operational, reflecting the significant pipeline of new developments that will shape the market in the years to come.
- Nevertheless, in relation to the total number of rental apartments, estimated at around 10-12% of the total housing stock in the six largest Polish cities, the scale of the PRS market remains comparatively small. While the sector is experiencing rapid growth and gaining prominence, it still faces significant competition for tenants from individual landlords.

ESTIMATED RENTAL STOCK HELD BY INDIVIDUAL LANDLORDS (BLUE VALUE), COMPARED WITH THE SIZE OF THE PRS STOCK (GREEN VALUE).



Source: Cushman & Wakefield

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 (NBP), 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 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 February 2025, 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.

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