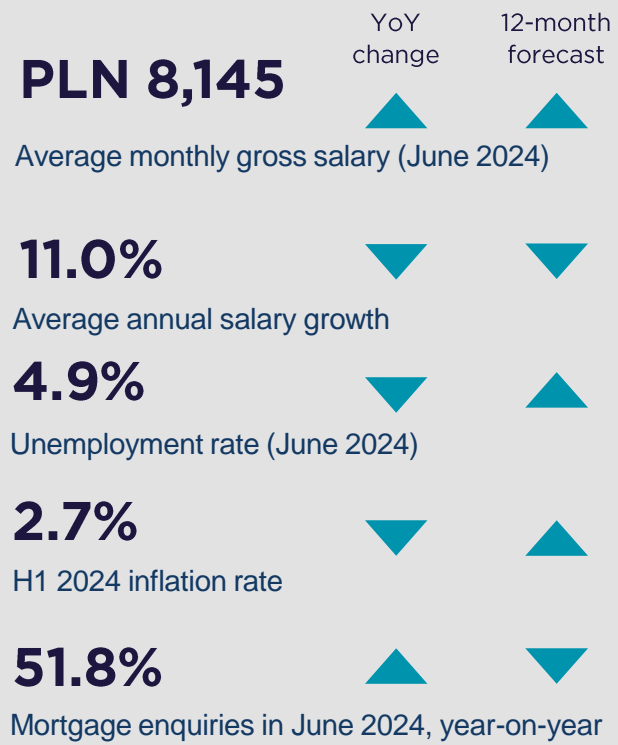
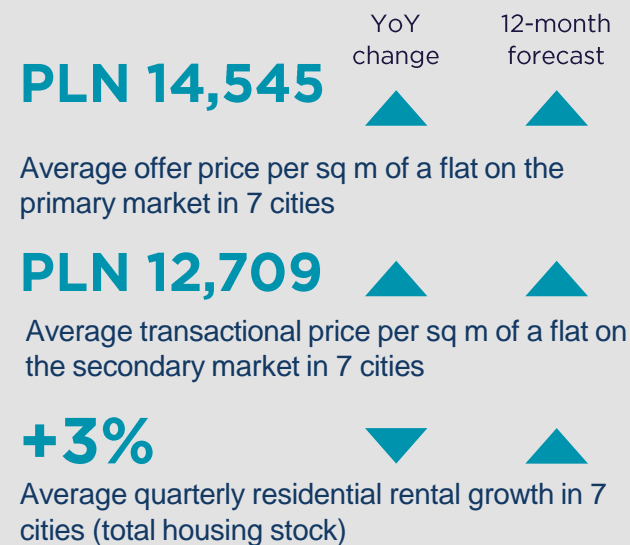


ECONOMIC INDICATORS



MARKET INDICATORS



Source: C&W, GUS, NBP, Moody's

GDP

Poland's real GDP grew by 2% year-on-year, slightly more than expected (1.9%). The seasonally adjusted GDP growth reached 1.3% year-on-year. In addition, Poland's economy expanded by 0.5% quarter-on-quarter, also growing by more than expected. This growth was largely driven by household consumption and public spending which contributed 2.7 pp and 1.9 pp respectively. Investment, however, was a drag on the country's GDP, taking 0.2 pp off the growth rate. The Minister of Finance anticipates that Poland's GDP will grow in 2025 following the disbursement of EU funds under the National Recovery Plan.

According to forecasts from the Polish Economic Institute and the Ministry of Finance, Poland's GDP growth will continue to be driven by consumption and is expected to reach around 3% in 2024. High salary levels and low inflation will lead to rising household affluence.

INFLATION

The pace of inflation growth has slowed. In early 2024, inflation softened to 3.7% in January, 2.8% in February, 2.0% in March, 2.4% in April, 2.5% in May and 2.6% in June. According to Moody's Analytics, Poland's inflation rate will remain at the lower levels of 3.8% in 2024, 4.5% in 2025 and 3.1% in 2026.

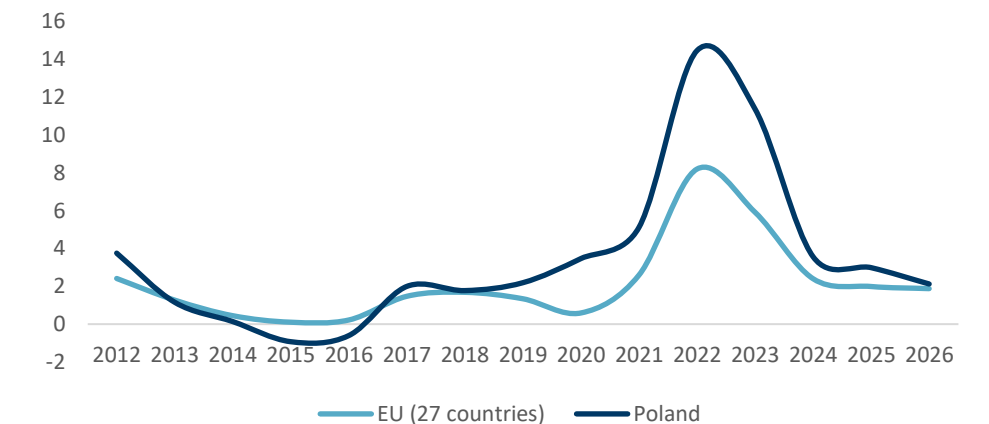
MORTGAGES

According to data from BIK (Biuro Informacji Kredytowej, a credit market monitoring agency), June 2024 saw a 51.8% year-on-year increase in mortgage enquiries. The requested mortgage loan averaged PLN 442,830, up by 15.9% year-on-year. Rising demand is attributed to an increase in the number of potential mortgagees and rising property prices. Looking ahead, these figures are expected to be lower due to a high base effect from 2023 and a potential lack of new support schemes.

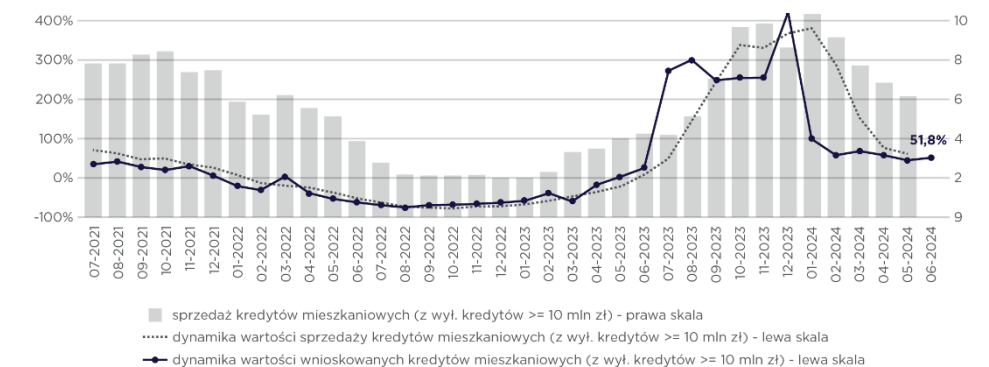
AVERAGE MONTHLY GROSS SALARY, PLN



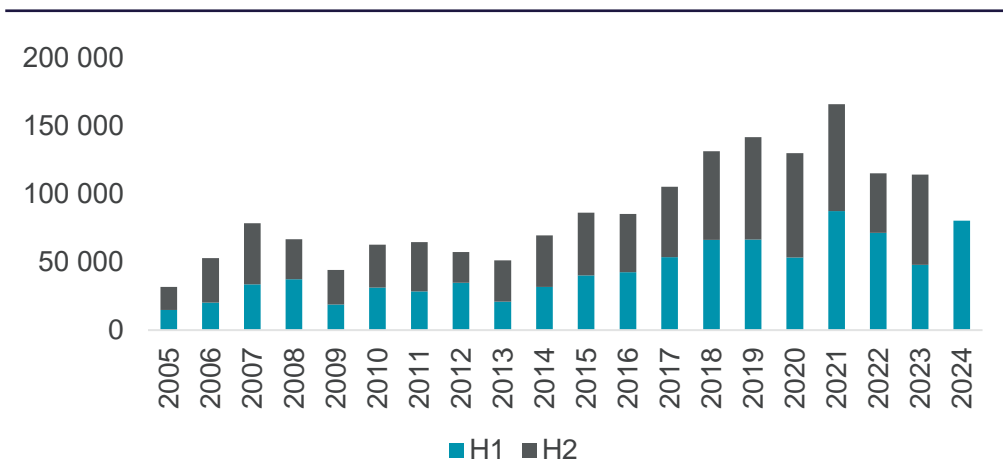
INFLATION



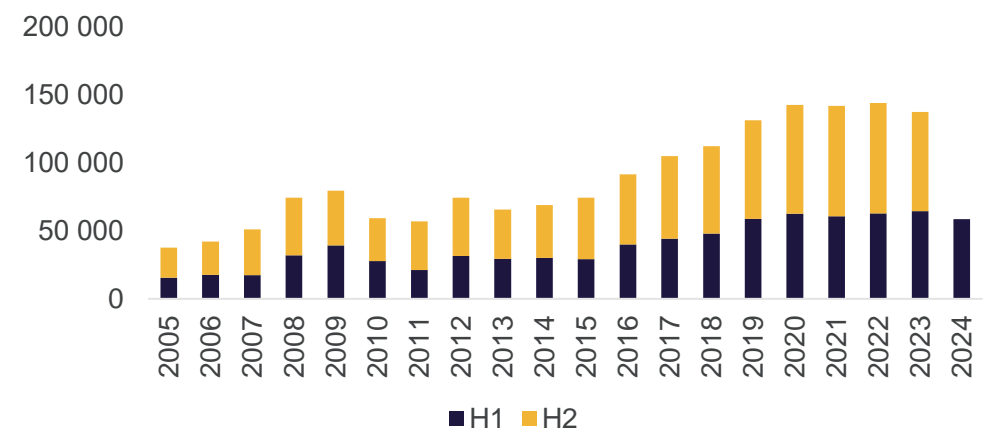
MORTGAGES



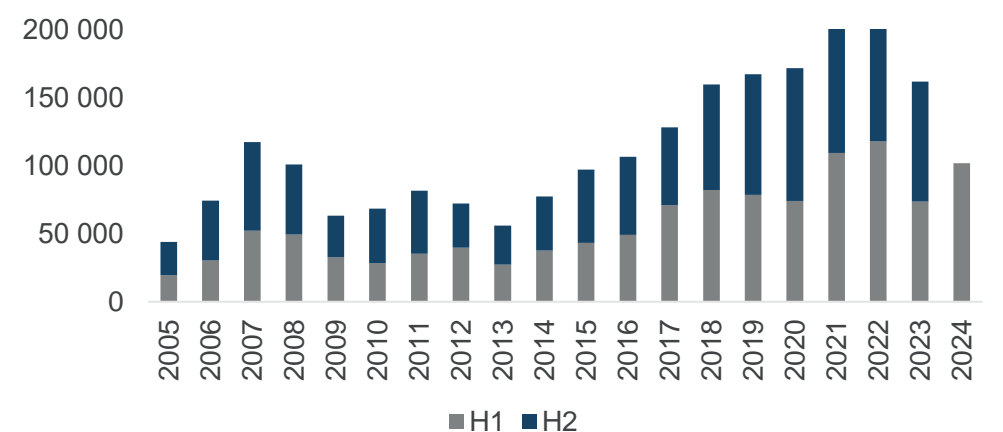
BUILD-TO-SELL AND BUILD-TO-RENT FLATS STARTED



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 accounted for around 62% of new housing supply in Poland in the last five years, with 36% contributed by private investors in single-family houses for owner occupation, built mostly in the suburbs of large cities, small towns and villages. Non-commercial developers have been notably less active. Recent years have seen a significant fall in the construction of council flats and flats built by housing cooperatives and Social Housing Associations (TBS). In 2023, council, social rented housing and company flats made up a mere 2% of all flat completions.

FLATS STARTED

The first half of 2024 saw the second-highest number of build-to-sell and build-to-rent starts after 2021, up by 68% year-on-year and by 13% from the first six months of 2022. Considering that over the past 20 years (except for 2009), more new home starts were recorded in the second half of the year, 2024 is shaping up to be a record year, as it would surpass the 2021 record when construction began on over 166,000 flats for sale and rent.

It is important to note that many construction projects were launched in response to new regulations on technical conditions, while in the second half of the year, another catalyst for construction could be the governmental Flat for a Start loan subsidy programme, provided it comes into effect.

This growth in new starts has translated into more flats on offer on the largest markets. According to data from otodom, at the end of June 2024 there were more than 50,000 flats on offer on the primary market.

FLAT COMPLETIONS

Total flat completions remained robust during the first half of 2024 and were only slightly down from the first six months of 2019-2023, and 9% lower than in H1 2023 and 7% lower than in H1 2022.

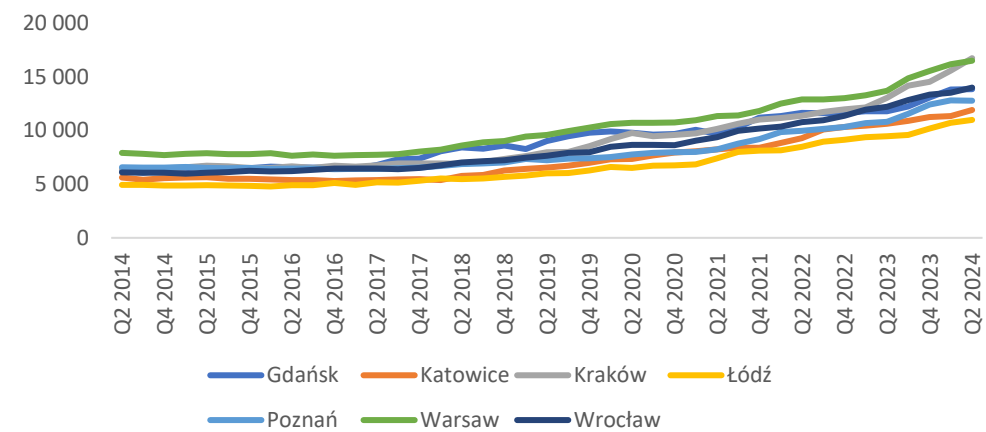
FLATS WITH BUILDING PERMITS

The highest number of building permits was issued in 2021, totalling 213,557, while the lowest point was in 2009 with 63,411 permits. In the first half of 2024, developers secured 38% more building permits than in the previous year, which is slightly lower than in the record years - 14% less than in the first half of 2022 and 7% less than in 2021.

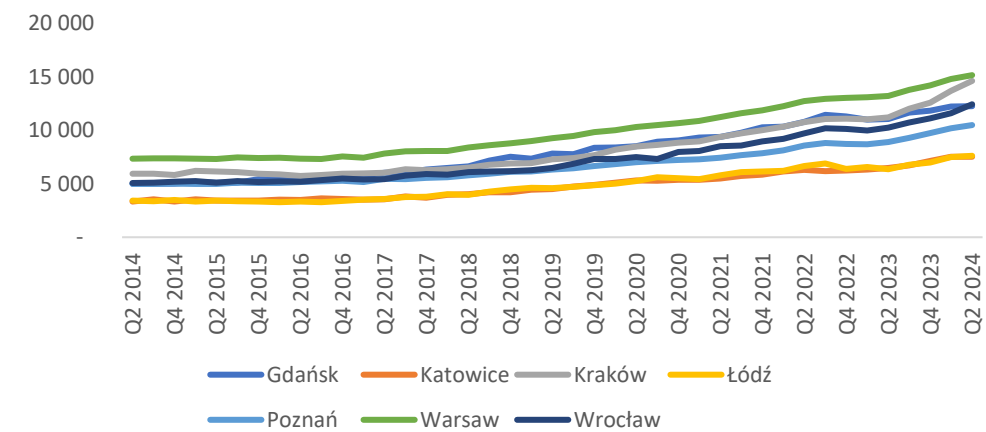
MARKET OVERVIEW

- 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, 53% 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).

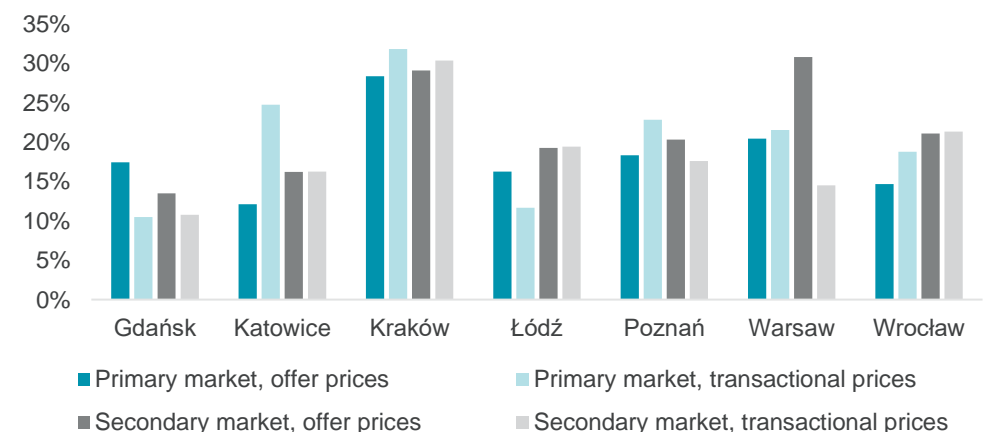
AVERAGE OFFER PRICES ON THE PRIMARY MARKET (PLN/SQ M)



AVERAGE TRANSACTIONAL PRICES ON THE SECONDARY MARKET (PLN/SQ M)



ANNUAL GROWTH IN MAJOR CITIES



PRIMARY MARKET

Average offer prices for new flats on the primary markets continued to grow in the first half of 2024, although growth stabilised. Most major cities saw moderate quarter-on-quarter growth in offer prices on the primary market, with the pace of growth slowing down significantly. Offer prices remained largely unchanged over the quarter in Gdańsk and Poznań but rose slightly in Kraków (+7%) and Katowice (+5%). This temporary stabilisation is attributable to weaker demand which was driven in previous quarters by the 2% Safe Mortgage scheme. As a result, offer prices on the primary market continued an upward year-on-year trend, rising on average by 16-20% compared to the second quarter of 2023. The strongest annual growth was recorded in Kraków (+28%) and Warsaw (+20%). Katowice posted the lowest price growth, which was, however, still in double-digit territory at 12%. In the second quarter of 2024, the average price of a square metre was more than PLN 16,500 in Warsaw, nearly PLN 12,000 in Katowice and more than PLN 11,000 in Łódź.

SECONDARY MARKET

In the first half of 2024, average transactional prices on the secondary market also rose, but price growth varied by location. The strongest quarter-on-quarter growth was recorded in Wrocław, where transactional prices reached PLN 12,420 per sq m, up by 7.1%. Kraków also saw a significant increase of 6.7% to PLN 14,585 per sq m. Transactional prices in Gdańsk remained largely flat, edging up by a mere 0.02%. The strongest annual growth of 30.4% was seen in Krakow, with transactional prices averaging PLN 14,585 per sq m. Strong growth was also recorded in Łódź and Wrocław – 19.4% and 21.4% respectively. The highest five-year growth of 100% was in Kraków, ahead of Wrocław with 91.6%. Other cities also saw significant growth.

Offer prices on the Warsaw secondary market reached PLN 18,677 per sq m, up by 6% over the quarter and by 31% year-on-year. Transactional prices averaged PLN 15,123 per sq m, rising by 2% over the quarter and 15% year-on-year. The difference between offer and transactional prices suggests that sellers frequently demand higher prices compared to what buyers finally accept. Meanwhile, transactional data may be reported with a delay, impacting market analysis.

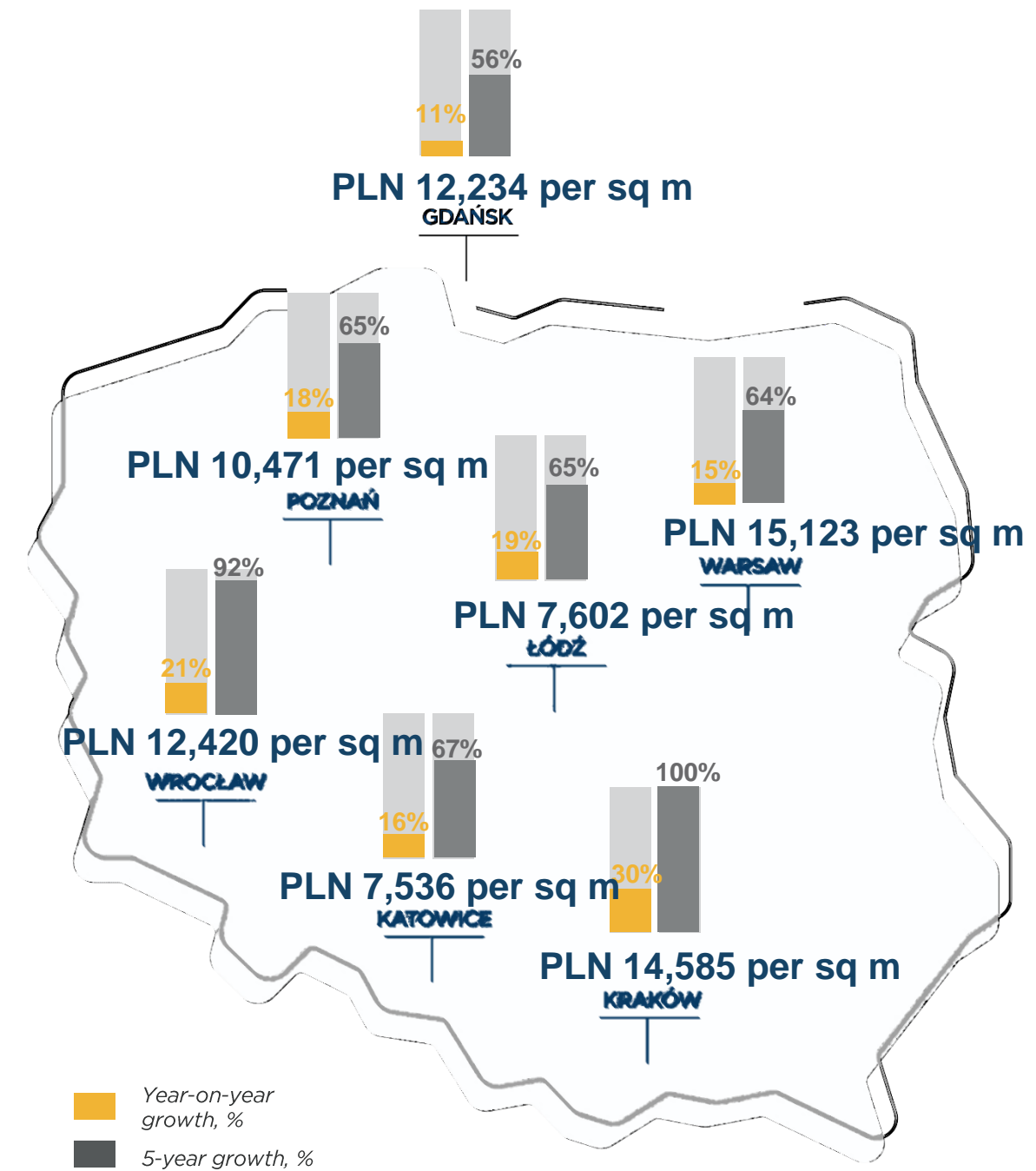
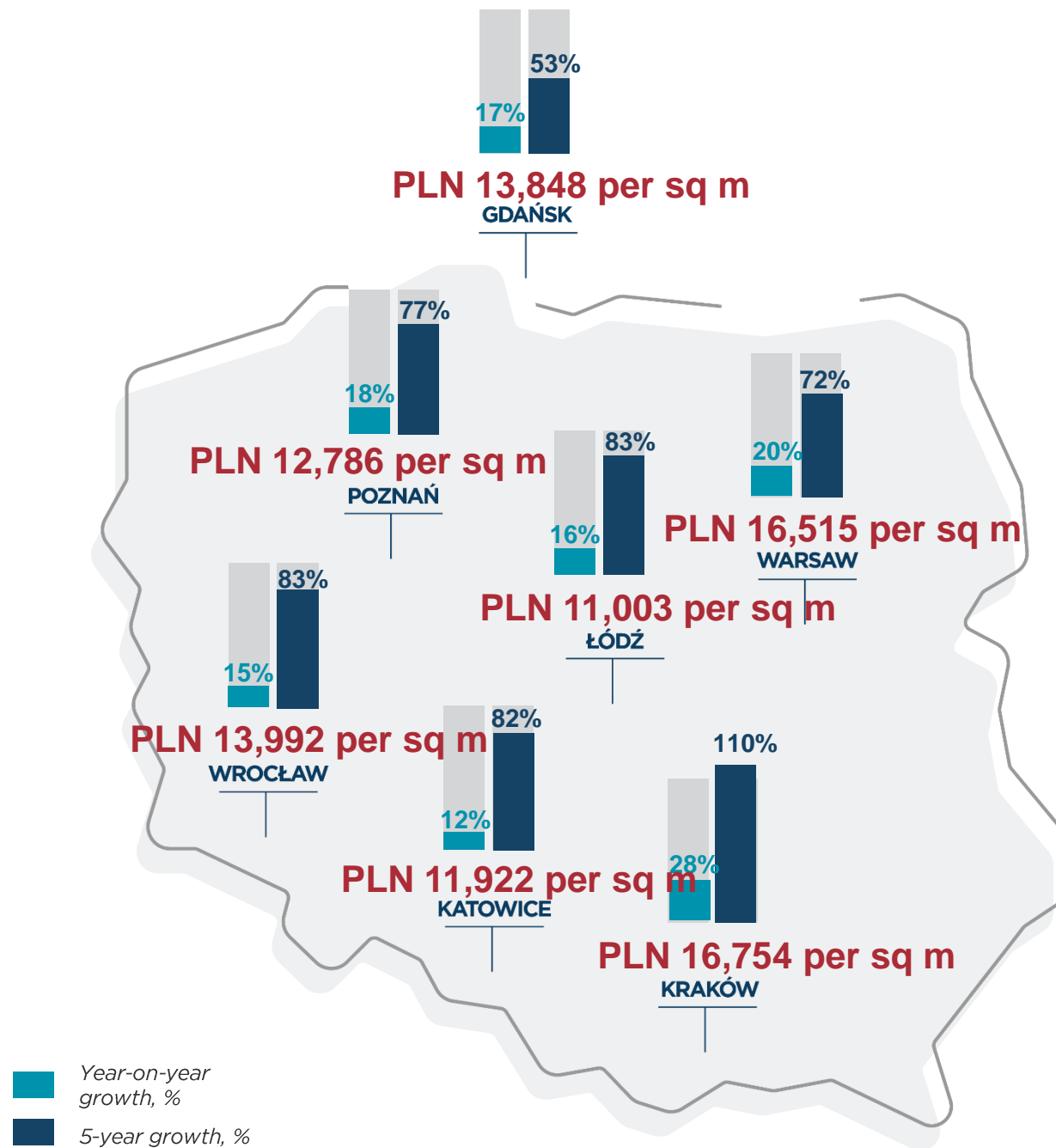
MARKET OVERVIEW

- Flat prices rose sharply due to strong insatiable demand, low housing supply, the governmental support scheme with a 2% mortgage, the prospect of new governmental programmes and interest rate cuts, as well as still high construction costs and rising land prices. According to data from the National Bank of Poland, in 2023, prices of land for multifamily housing projects rose year-on-year by an average of 20% in secondary locations and 32% in prime locations.
- Zoning reforms set to take full effect in January 2026 will contribute to further increases in residential land prices.
- The launch of the new Mortgage for a Start scheme will have a significant impact on the residential market.

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

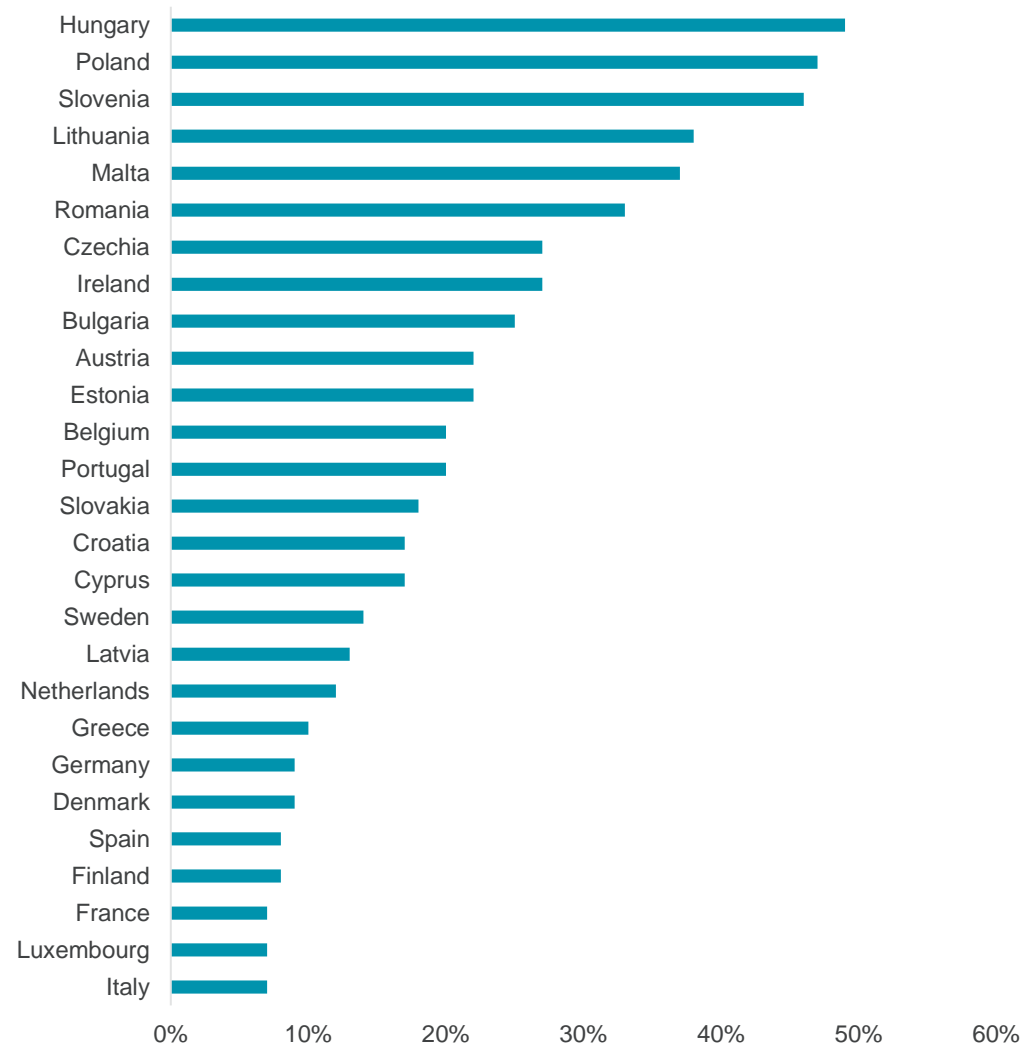
AVERAGE OFFER PRICES FOR NEW-BUILD FLATS ON THE PRIMARY MARKET, Q2 2024

AVERAGE TRANSACTIONAL PRICES FOR FLATS ON THE SECONDARY MARKET, Q2 2024

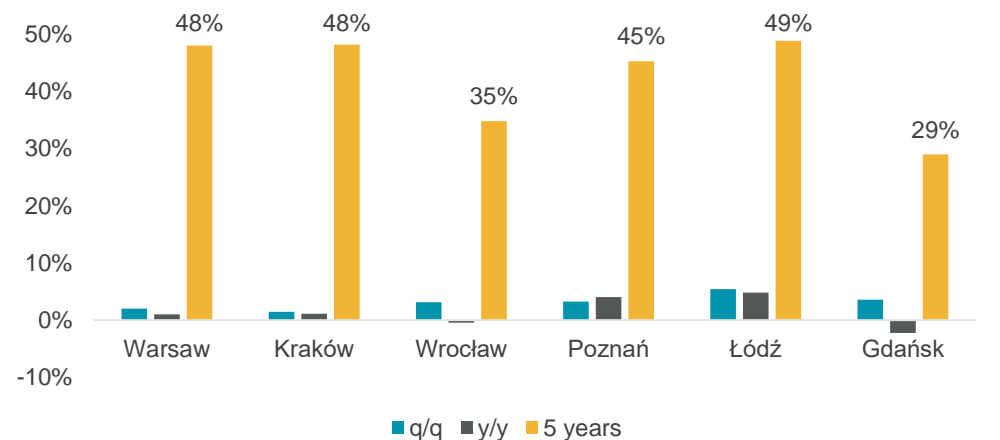


Source: Cushman & Wakefield, based on data from the NBP

RENTAL GROWTH IN EUROPE IN THE LAST FIVE YEARS



RENTAL GROWTH IN POLISH CITIES



RESIDENTIAL RENTAL MARKET

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 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 Łódź, Kraków and Warsaw reporting the highest rises. The least intense growth was noted in Wrocław and Gdansk, where rents rose by 35% and 29% respectively.

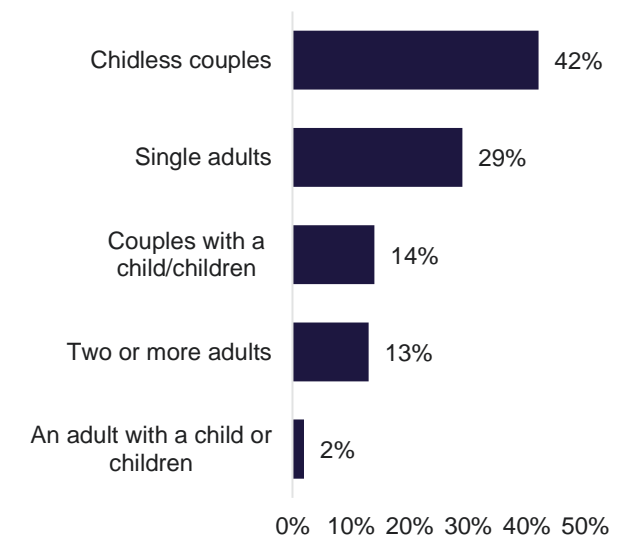
TENANT PROFILE

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

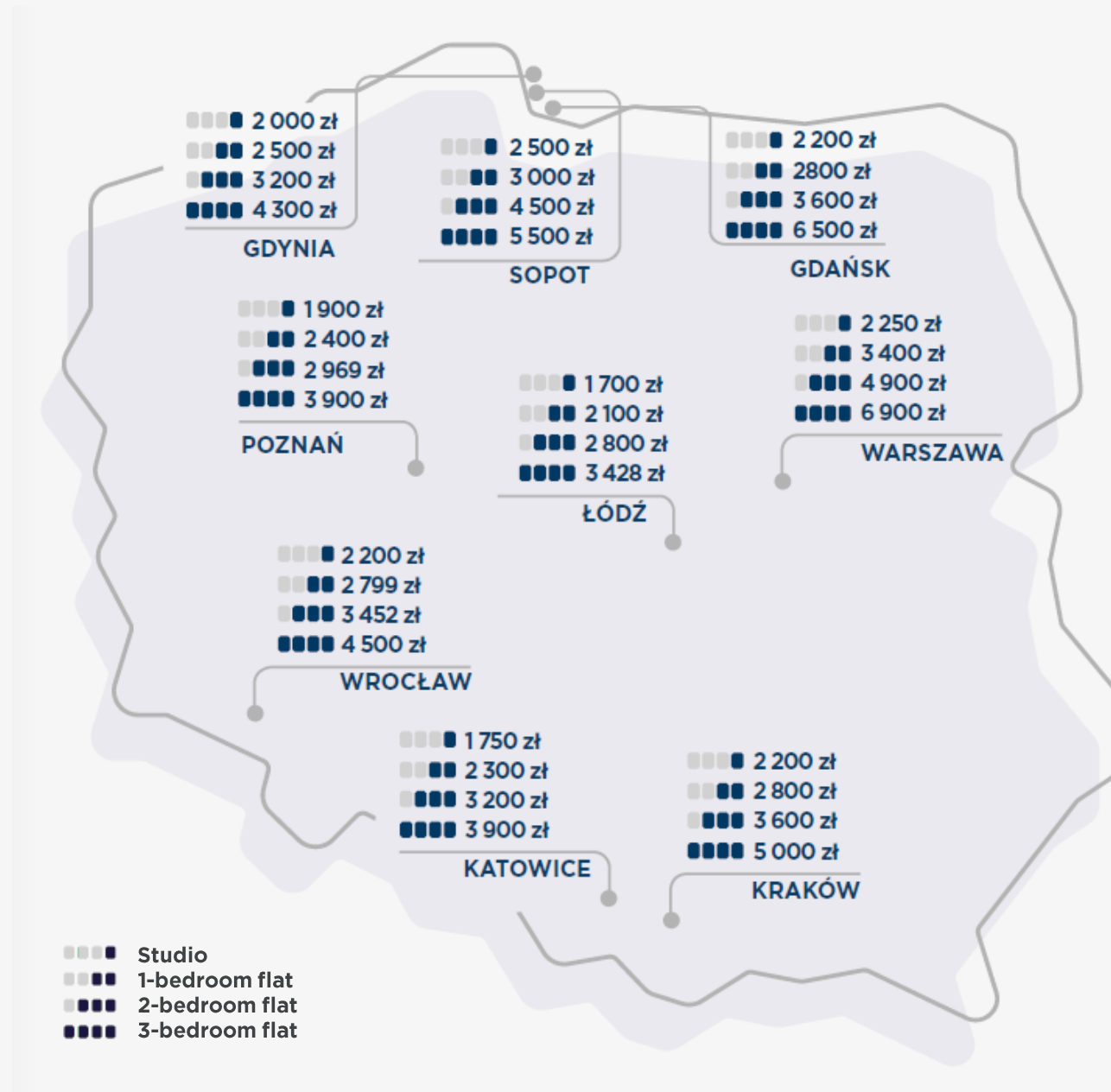
- The residential rental market in Poland is fragmented, dominated by private landlords and concentrated in the largest cities. According to official Eurostat data, 4% of Poland’s population live in rented accommodation at market rents.
- It is clear, however, from market research that these statistics 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

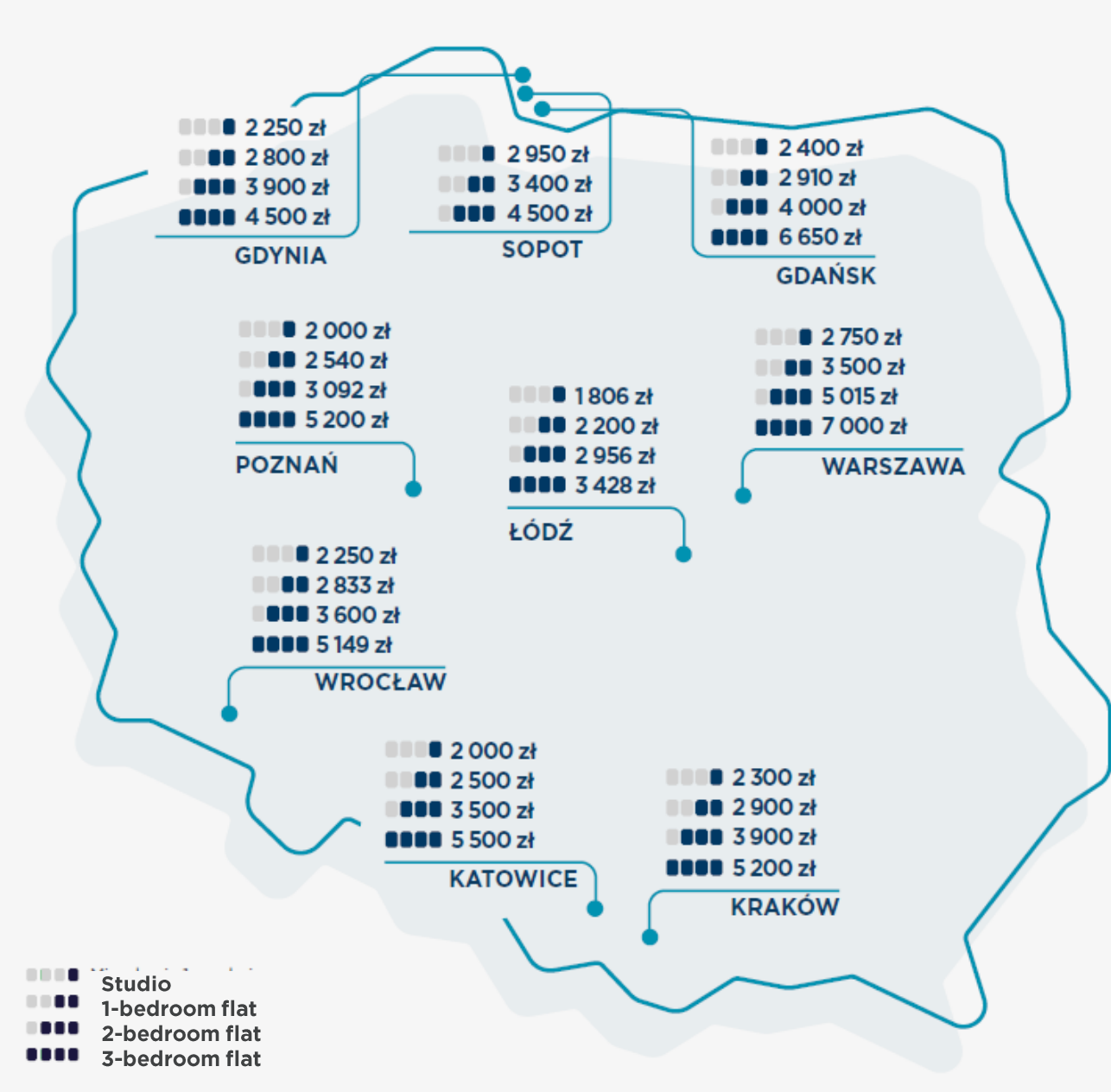


Source: Cushman & Wakefield, based on data from Eurostat, otodom, cenatorium

**MEDIAN ASKING RENTS
(EXCLUDING SERVICE CHARGES AND UTILITY COSTS, Q2 2024)
TOTAL STOCK**

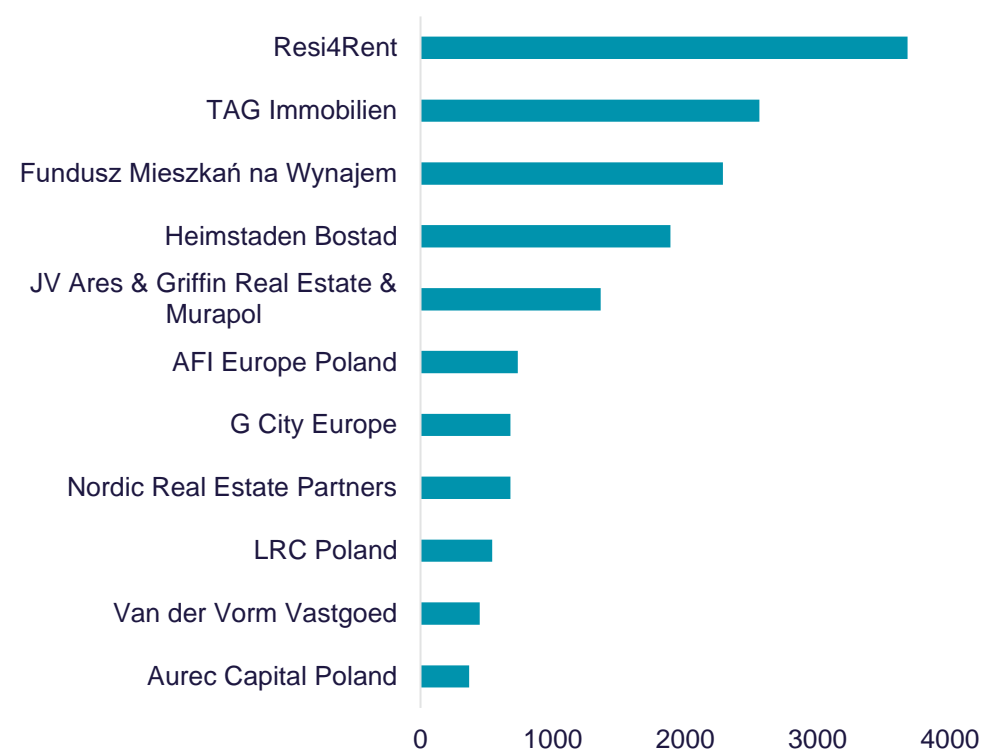


**MEDIAN ASKING RENTS
(EXCLUDING SERVICE CHARGES AND UTILITY COSTS, Q2 2024)
NEW STOCK (BUILT AFTER 2010)**

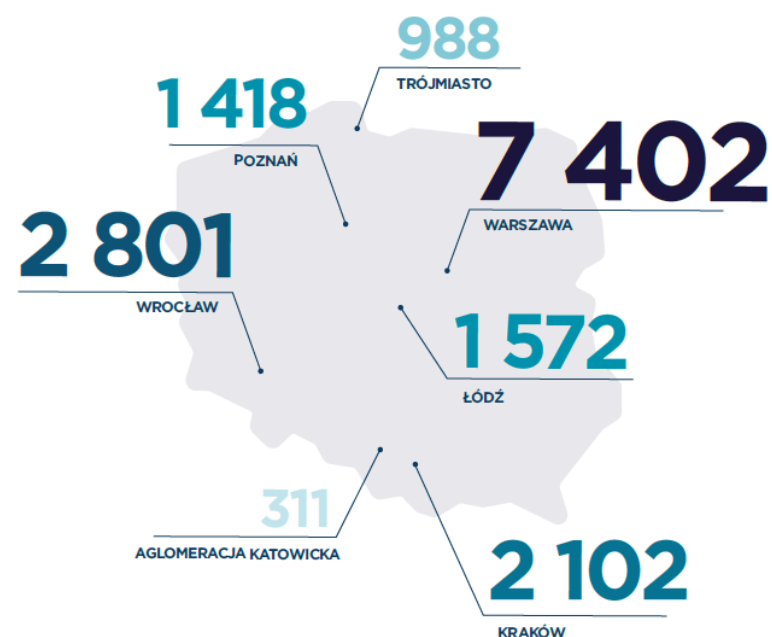


Source: Cushman & Wakefield, based on data from otodom, cenatorium

LEADING PRS INVESTORS, NUMBER OF OPERATING FLATS



NUMBER OF OPERATING FLATS IN PRS PROJECTS



AS AT THE END OF JUNE 2024

Source: Cushman & Wakefield

PRS MARKET

Poland’s PRS stock comprises nearly 16,600 flats in the largest Polish 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 PRS projects enjoy occupancy levels of 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 sq m and 41 sq m respectively. Larger (3-bedroom) flats account for a mere 2% of total stock, with the average size of such flats being 81 sq m. The average size of all PRS flats is just under 40 sq m.

Warsaw, representing 45% of all operating PRS flats, is well ahead of other cities as the market leader. Other leading cities are Wrocław (17%), Krakow (12%) and Łódź (10%). Poznań and Tricity account for 9% and 6% of total stock respectively, with Katowice making up a mere 2%. With many PRS projects under construction, the number of rental properties 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 own set of properties. 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 half of the year is preliminary and all information contained in this report may be subject to corrections and changes based on any additional data received. Data is provided as at the end of June 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



EWA DERLATKA-CHILEWICZ
Head of Research
Associate Director
Tel: +48 606 116 006
Ewa.Derlatka-chilewicz@cushwake.com



KAROLINA FURMAŃSKA
Associate
Tel: +48 884 202 220
Karolina.Furmańska@cushwake.com

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