PERISKOP

Real Estate Market Report Poland

/ Q4 2025

1. GENERAL MARKET OVERVIEW — POLAND

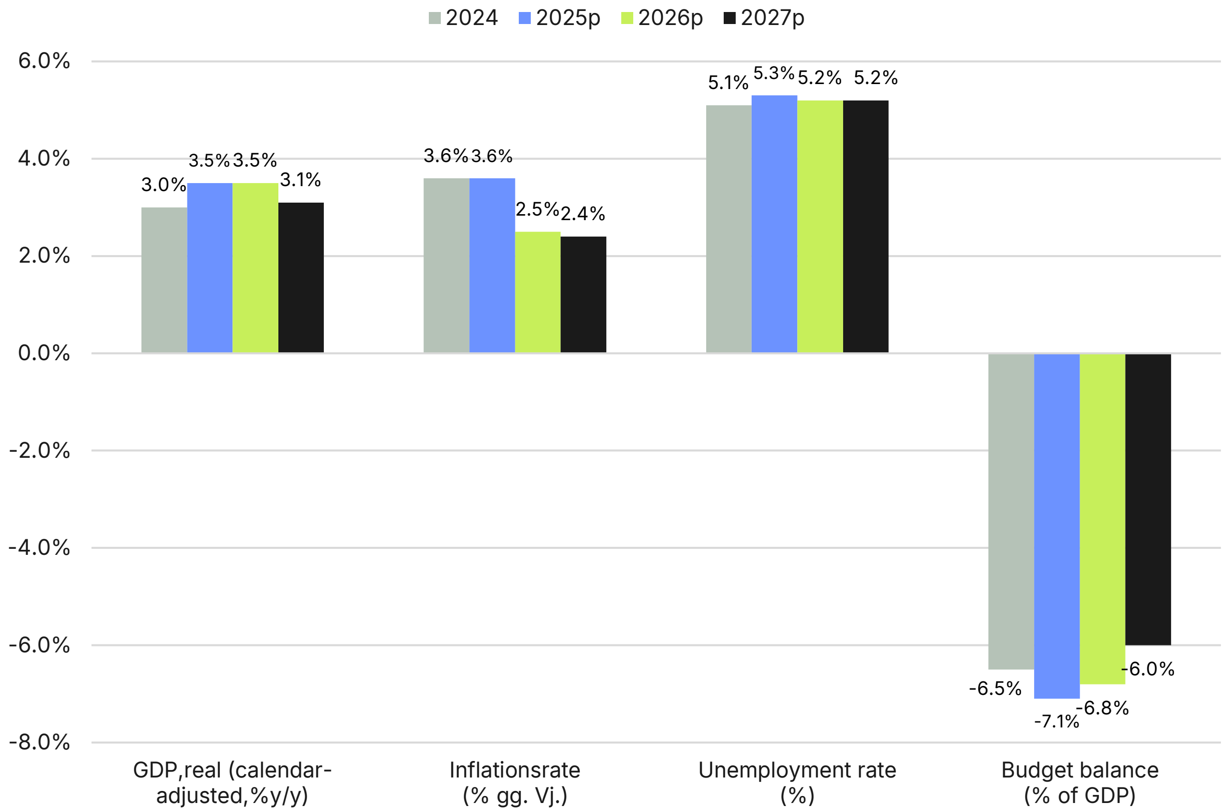
Polish economy continues to outpace EU average

The Polish economy is maintaining its robust growth path and continues to outperform most EU economies. For 2025, GDP growth of approximately 3.5%-3.6% is expected, driven primarily by still solid private consumption and dynamic public demand. In the third quarter of 2025, growth accelerated to 3.8% y/y – the highest rate since 2022 – with government spending and investment in particular providing positive impetus. By contrast, the industrial sector remains subdued, while modern service industries are increasingly becoming the main growth engine. Inflation has developed more favorably than expected and stood at approximately 2.4% y/y at the end of 2025, below the National Bank of Poland's target. Against this backdrop, policy rates have already been cut, and further easing to approximately 3.25% by the end of 2026 is considered likely. The economic outlook is increasingly supported by EU funds from the Recovery and Resilience Facility (KPO) and structural funds, which are set to stimulate investment. At the same time, structural challenges are moving further into focus: the labour market is characterized by skills shortages and a declining availability of low-cost labour, increasing the pressure for automation and productivity gains. Despite strained public finances and high borrowing requirements, Poland remains one of the most resilient markets in Central and Eastern Europe, supported by solid growth dynamics, moderate inflation and a stable external environment.

Monetary Policy: NBP Likely to Pause in January

The January 2026 meeting of the Monetary Policy Council of the National Bank of Poland (NBP) marks the start of the new monetary policy year and serves to assess the extensive easing measures implemented in 2025. Following several rate cuts, the key policy rate currently stands at 4.0%, significantly below the level at the beginning of the previous year. The inflation environment argues for a continued cautious stance: consumer price inflation has recently eased to approximately 2.5%-2.7%, close to the NBP's inflation target, while core inflation has fallen to roughly 3%. At the same time, there are growing signs of a loss of economic momentum. Although the labour market remains broadly stable, employment and wage growth are slowing, and the unemployment rate is edging up slightly. Against this backdrop, a rate pause in January is considered likely, in order to allow time for the lagged effects of previous easing measures to unfold and to incorporate additional data from the first months of the year. A continuation of the easing cycle is therefore not ruled out, but – provided inflation and growth developments permit – would likely proceed in a moderate and gradual manner. For markets, the communication of the Council will be more important than the decision itself, as it will signal whether this is merely a temporary pause or a move towards a neutral rate level.

MACROECONOMIC INDICATORS POLAND



Source: Erste Group Research, 10.12.2025

Completions with slight increase amid declining permitting activity

Between January and November 2025, a total of 184,100 residential units were completed, representing an increase of 3.0% compared with the same period of the previous year. Completions were predominantly realized by developers, accounting for 117,700 units (+6.9% y/y), while private investors delivered 60,300 units (-4.4% y/y). The total residential floor space of the newly completed units amounted to 16.1 million sqm (+0.3% y/y). In contrast, permitting activity declined significantly. From January to November 2025, the number of building permits fell by 11.4% to 237,600. The downturn was particularly pronounced among developers, whose permits decreased by 19.6%. The number of housings starts also declined, falling by 9.9%. Overall, approximately 849,900 dwellings were under construction at the end of November, corresponding to a moderate increase of 0.8% compared with the previous year.

Polish Investment Market Stabilizing After Strong Prior Year

The Polish commercial real estate investment market is in a phase of steady recovery in 2025, following the strong rebound seen in 2024. According to Knight Frank, transaction volume in the first three quarters amounted to approximately €2.6 billion (-8% y/y), with market liquidity remaining high and more than 100 deals completed. C&W expects full-year 2025 transaction volumes to be broadly in line with, or slightly above, the previous year, although the slower interest rate cutting cycle of the ECB is dampening momentum somewhat. A notable feature is the growing importance of domestic capital: Polish investors accounted for approximately 20% of total transaction volume and as much as 40% of office investments up to Q3 2025. At the same time, Western European capital – particularly from France, the United Kingdom and the USA – is gradually returning to the market, while German investors remain comparatively selective. Prime yields were largely stable over the course of the year and most recently stood at approximately 6.0% for office properties, 6.25% for logistics and shopping centers, and 5.5% in the institutional residential segment (build-to-rent, BTR). As a result, Poland continues to offer a significant yield premium over Western European core markets and, owing to its market size, liquidity and robust macroeconomic fundamentals, remains the preferred target market in the CEE region.

Structural Demand Drivers for Senior and Student Housing

Long-term population decline combined with ongoing demographic ageing is increasingly shaping the structural development of the Polish residential market. The growing number of single-person households is driving demand for small, functional units. In parallel, the need for barrier-free, safe and comfortable housing is rising, turning senior living schemes into an increasingly integral segment of the real estate market. The student housing market likewise continues to exhibit a structural supply shortfall. In the 2025/2026 academic year, the number of students is expected to exceed 1.28 million (+approximately 3% y/y), including more than 108,600 international students. At the same time, private and university-owned dormitories cover only approximately 10% of demand, which underpins the sustained investment potential of the private student housing segment. Although approximately 2,000 new beds were completed in September 2025 and further projects are under construction or in the planning stage, even with the approximately 8,000 additional beds announced for delivery over the next two to four years, the market – despite its long-standing existence – is only at the beginning of its strongest growth phase.

Spatial Planning Reform as a Key Factor for New Residential Development

The Polish spatial planning reform, based on the amendment to the 2003 Act on Planning and Spatial Development, will fundamentally change the framework for investment in the rental housing sector from 2026 onwards. While much of the reform has already entered into force, binding general master plans are now being introduced as the central planning instrument, to be adopted by municipalities by 30 June 2026. These plans will define the areas eligible for new construction and densification. From that point on, building permits will only be issued in designated zones, reducing flexibility for developers and constraining development opportunities, particularly in municipalities without updated plans. In addition, building permits issued after 31 December 2025 will be limited to a term of five years. This increases time pressure on developments, accelerates project timelines and requires adjustments to land acquisition strategies. In the short term, there is considerable planning uncertainty, as the deadline for preparing the master plans is widely regarded as unrealistic and delays are expected in many municipalities. This could temporarily slow new residential construction and add to upward pressure on prices. In the medium to long term, however, the reform is expected to improve transparency and planning certainty and should therefore create a more stable regulatory environment, particularly for institutional investors.

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