

# Investment market in Poland

H1 2024

Overview of the commercial property investment market in Poland, review and outlook.

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- ▶ The second quarter of 2024 has seen a much-anticipated resurgence in the investment market. Investor activity and the number of transactions approaching completion signal a positive trend. This optimism suggests that the transaction volume for 2024 will surpass last year's figures.

The second quarter of 2024 witnessed the anticipated revival in the investment market, with the total investment volume in Poland exceeding EUR 1.3 billion, marking the highest quarterly value in over a year.

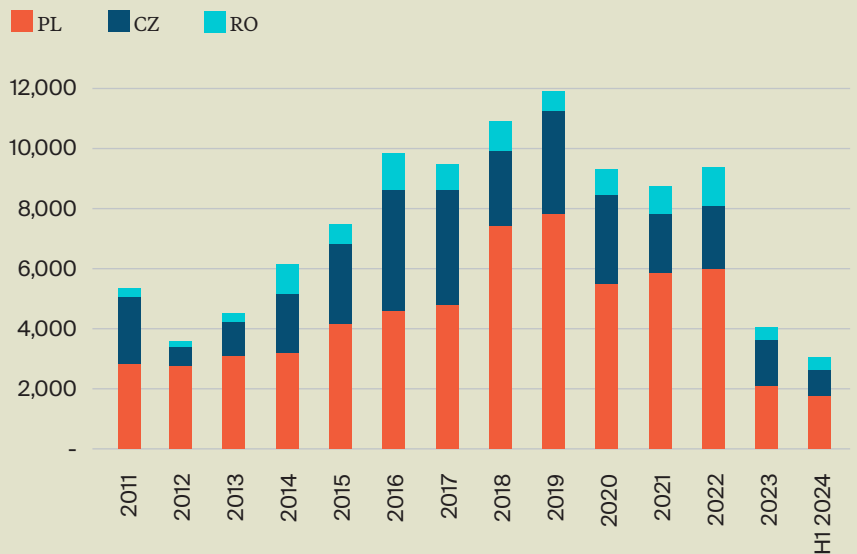
Throughout the first half of 2024, the capital injected into commercial real estate in Poland totalled nearly EUR 1.8 billion, representing an impressive 80% increase compared to the same period in the previous year.

A similar positive trend was observed across other countries in the region. The combined investment volume in Poland, the Czech Republic, and Romania for the first half of 2024 rose to almost EUR 3 billion, hitting 75% of the total value recorded in the entirety of 2023 after just two quarters.

Expectations lean towards the continuity of this upward trajectory in the coming quarters, fuelled by a notably improved sentiment prevailing in the market. Factors such as interest rate reductions by the European Central Bank and stable market indicators contribute to the positive outlook for sustained growth.

In June 2024, the ECB followed through with its earlier announcement by reducing interest rates. This move was prompted by declining inflation, a trend that had already led central banks in various European nations

**Total investment volume in Poland, Czech Republic and Romania**



Source: Knight Frank Research

## Main macroeconomic indicators

	Annual inflation rate June 2024	GDP growth Q1 2024	GDP growth forecast 2025	Central bank's key interest rates Q2 2024
Poland	2.90%	0.5%	3.4%	5.75%
Czech Republic	2.20%	0.2%	2.8%	4.75%
Romania	5.30%	0.7%*	3.1%	6.75%
Euro Area	2.50%	0.3%	1.4%	4.25%

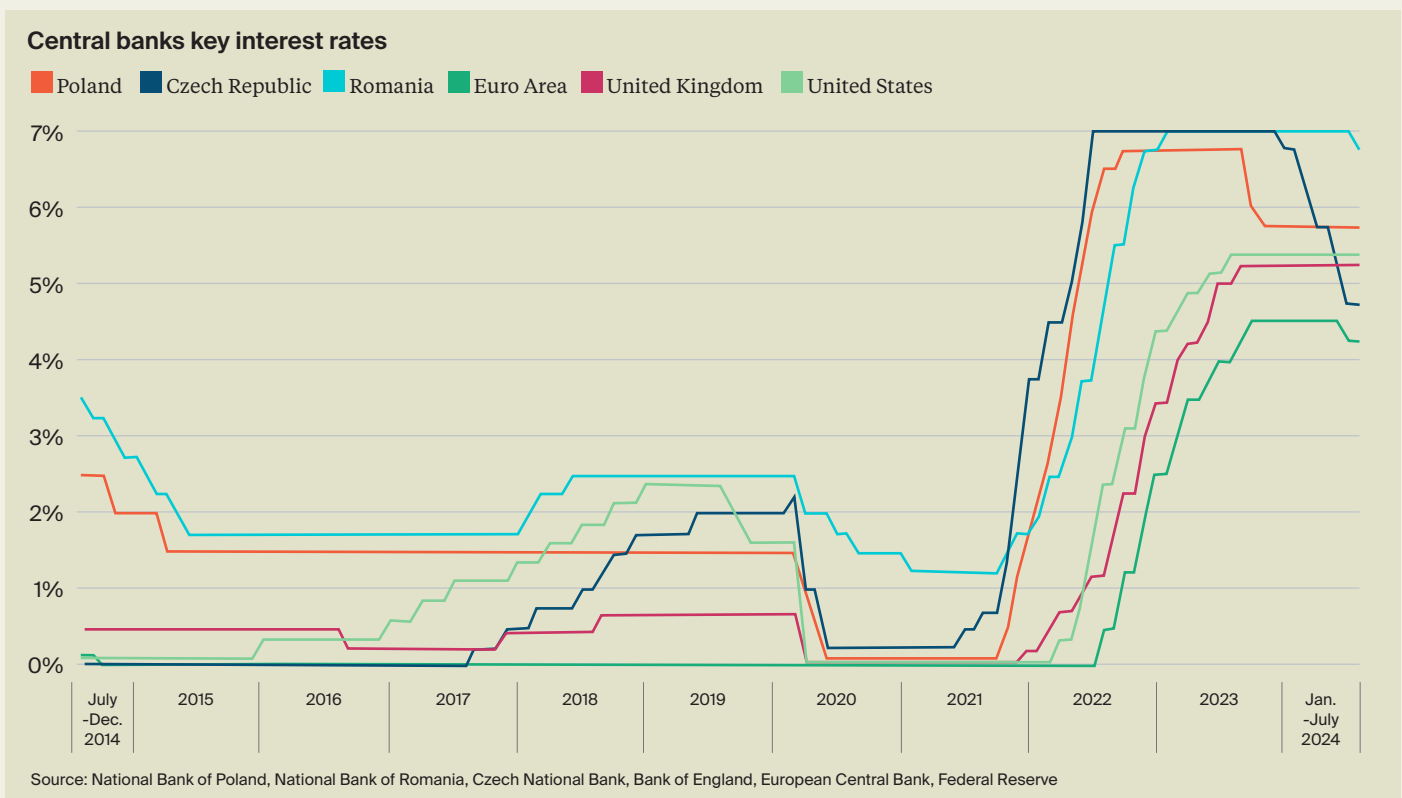
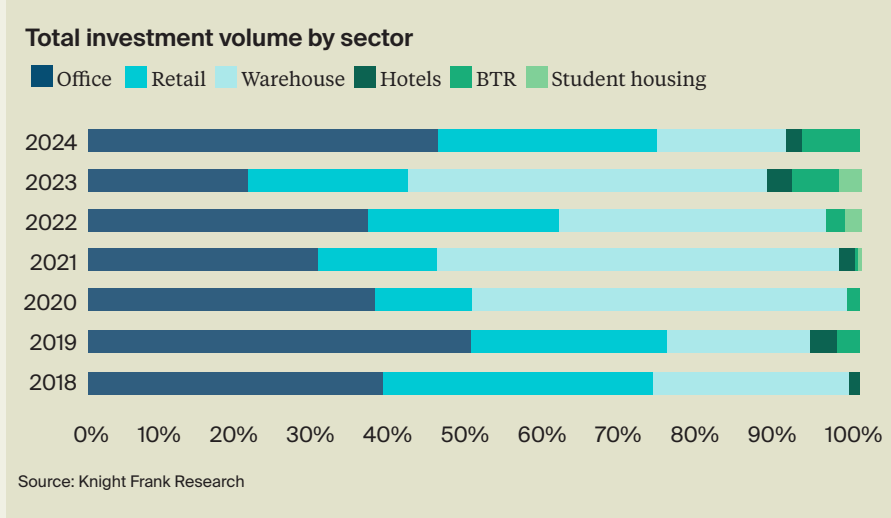
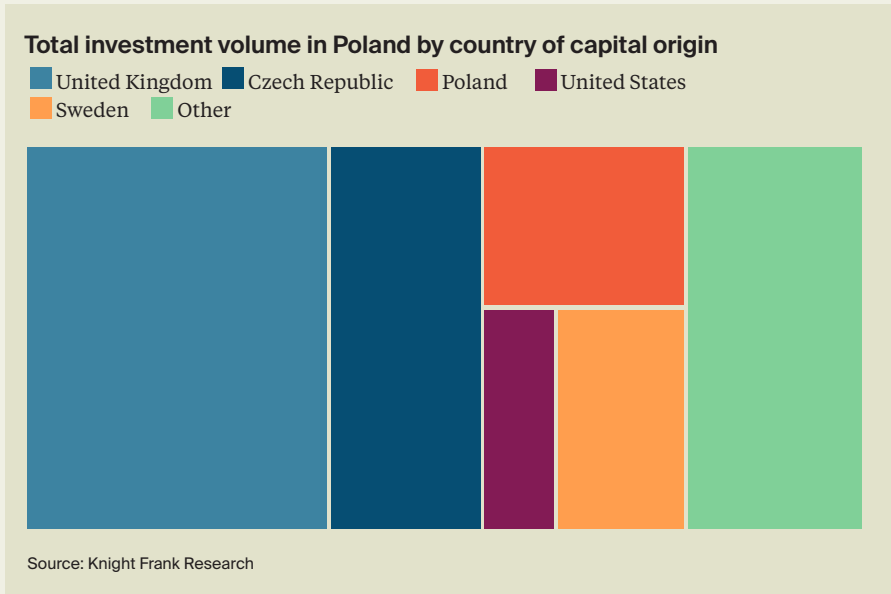
\*provisional

Source: European Commission, National Bank of Poland, National Bank of Romania, Czech National Bank, Bank of England, European Central Bank

like Sweden, Switzerland, Poland, the Czech Republic, and Hungary to implement similar interest rate cuts. Anticipation is high that major economies, including the United Kingdom and the USA, will also opt for interest rate reductions in the second half of the year. Such actions are poised to bolster investment market sentiment and enhance market liquidity in the latter part of 2024.

Noteworthy, is the gradual return of institutional investors to the investment landscape in Poland. However, throughout the first half of 2024, the market was predominantly influenced by opportunistic investors, who engage smaller capital amounts.

During the initial six months of 2024, the upsurge in investment activity in Poland was primarily driven by local and regional entities. Notably, transactions featuring Polish capital held a substantial (over 10%) share in the overall volume. Furthermore, there was a notable rise in capital inflows from the Central and Eastern European region, which accounted for a historic share exceeding 30% in the investment volume. Yet, a significant portion of this increase was attributable to a single transaction—the acquisition of six shopping centres by Czech Star Capital Finance for EUR 285 million. This transaction also propelled the retail sector’s share in the total



investment volume in Poland to an unprecedented level not witnessed since 2018, reaching 30%.

Interest in office buildings increased, leading to offices comprising the largest share in the overall volume during the first half of 2024.

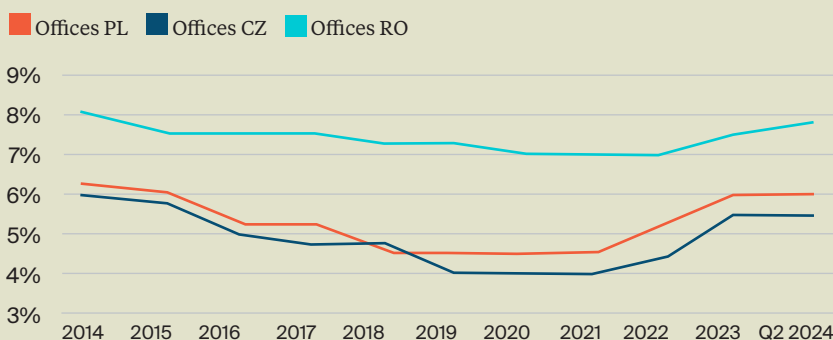
However, as with retail properties, this noteworthy outcome was largely influenced by a single substantial transaction—the purchase of a 49% stake in the CPI portfolio by British Sona Asset Management. Despite this, there was a noticeable uptick in demand for office properties, including in regional markets. A significant transaction highlight was the acquisition of Nowy Rynek E in Poznań by Eastnine for over EUR 79 million, marking the first prime office building transaction in several quarters.

As activity in the office and retail sectors intensified, the percentage contribution of the warehouse segment to the total investment volume dropped below 20% for the first time since the onset of the pandemic. Despite this decrease, investor interest in the warehouse sector remains robust, underscoring the substantial growth potential of the Polish warehouse market within the European context.

Likewise, the Build-to-Rent (BTR) sector presents promising prospects. The investment volume in this segment neared EUR 130 million during the initial half of 2024, representing a 7% share in the total investment volume.

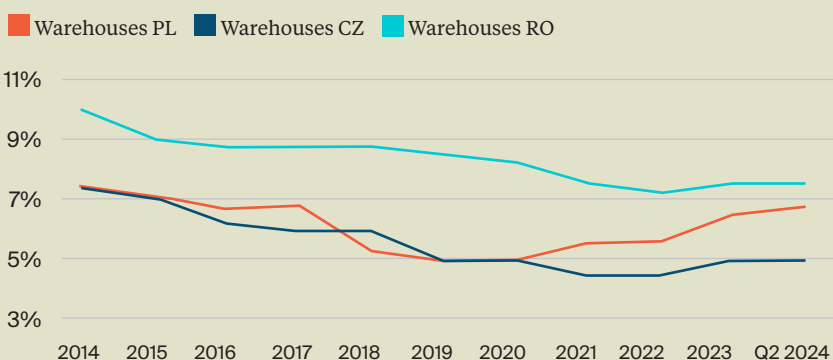
Yields remained relatively stable in the first two quarters of 2024 after experiencing growth in previous years, however, the number of prime transactions continued to be very limited. Nevertheless, with the positive shift in market sentiment, an anticipated downward trend in yields is expected in the upcoming quarters.

### Prime yields - offices



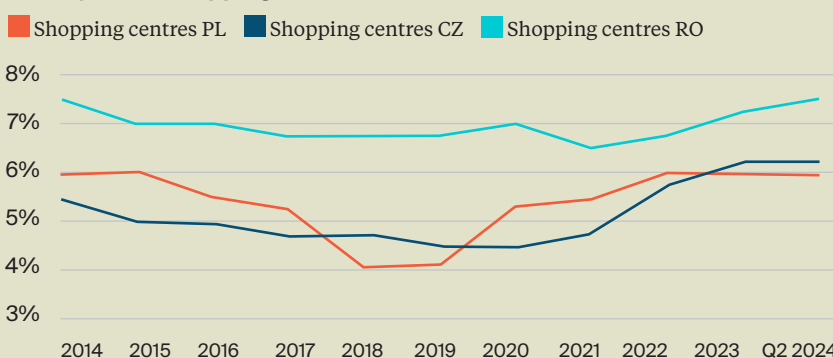
Source: Knight Frank Research

### Prime yields - warehouses



Source: Knight Frank Research

### Prime yields - shopping centres



Source: Knight Frank Research

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