

Institutional PRS Market in Poland

Strong Fundamentals and Positive Prospects

RESEARCH



Contents

INTRODUCTION	4
THE SOCIO-ECONOMIC CONTEXT OF THE INSTITUTIONAL PRS MARKET IN POLAND	6
Economic trends	6
Demographic trends	9
Housing deficit and low quality of existing housing stock	12
Ownership vs tenancy	14
Residential for sale affordability	15
Mortgage market	16
Rental growth and rental housing affordability	18
PRS MARKET IN POLAND	20
PRS market in Poland, main figures, Q1 2025	20
Development and current supply of the institutional PRS market	21
Supply growth forecasts for 2025-2027	23
Structure of PRS market players	24
Rents	26
Vacancy rates	27
Characteristic features of contracts on the PRS institutional market in Poland	28
Main institutional PRS markets	30
LIVING INVESTMENT MARKET	32
From Asking Gross Rent, Gross Rental Income to NOI	36
ESG	38
CONTACTS	40

01.

Introduction

The term institutional PRS market refers to the residential rental sector, where apartments are rented by professional property managers, usually large institutional investors, rather than private individual owners. Within the institutional PRS market, apartments are managed as part of larger real estate portfolios, offering tenants a high standard of service, transparency of lease terms and additional amenities.

The institutional PRS market contributes to increasing the mobility of society, which is important in the context of internal migration to large cities and the influx of immigrants from abroad. In addition, it supports the labour market by providing flexible housing conditions for employees.

One of the key advantages of the institutional PRS market is the wide range of amenities and services provided by property managers. The professional approach of the owners of these buildings serves to not only attract a diverse groups of tenants, but also increases the comfort of everyday life of the residents.

In Poland, this sector is showing dynamic development, supported by a number of key factors. This report presents an analysis of the current institutional state of the PRS market, its challenges and future prospects.

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02. The socio-economic context of the institutional PRS market in Poland

ECONOMIC TRENDS

GDP

Economic development and a positive situation on the labour market are factors that support the mobility and aspirations of society, thus contributing to the development of the modern PRS sector.

The year 2024 was a time of challenges for the Polish economy, but also brought with it surprisingly positive results. According to the most recent data, the average annual GDP growth in 2024 reached 2.9%, which is a very good achievement in the context of the economic slowdown in Europe (EU GDP growth of 1% in 2024). GDP growth in Poland is due to both private consumption and investment, which, although still at a relatively low level, are showing an upward trend.

After the first quarter of 2025 a positive picture of the Polish economy remains. The National Bank of Poland forecasts further GDP growth in 2025 at the level of 3.7%, and more cautious forecasts of the World Bank indicate that the growth of the Polish economy in 2025-2026 will stabilize at an average level of 3.1% per year. In the coming years, the Polish economy is expected to continue to grow, supported by private consumption, investments supported by EU funds, and exports. However, there are also some risks, such as uncertainty in global markets and demographic challenges.

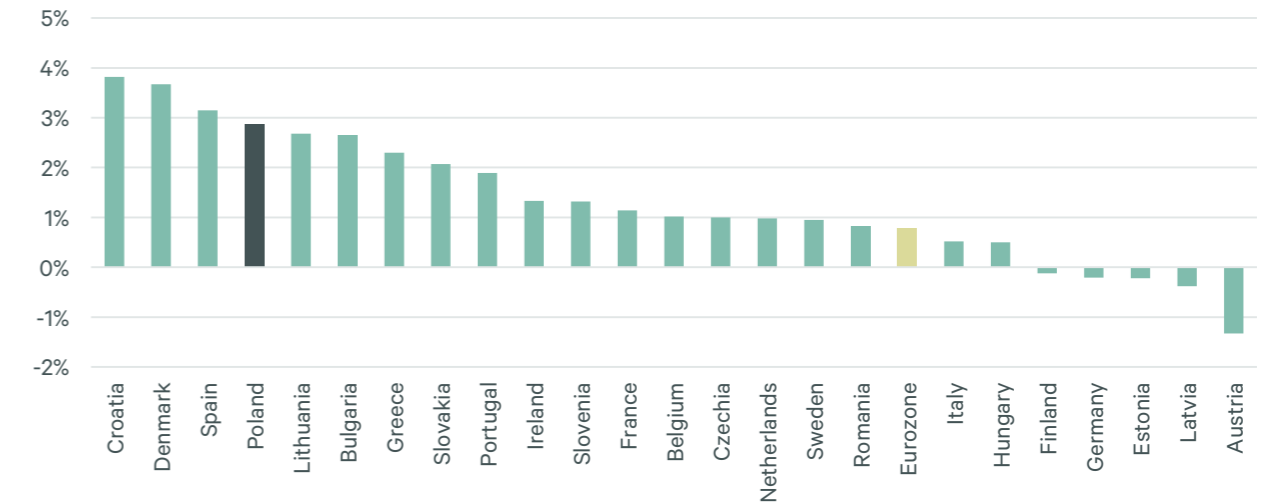
Annual GDP growth, 2024:

2.9%

Forecasted GDP growth, 2025:

3.7%

Figure 1: GDP, real, annual growth in selected European countries in 2024



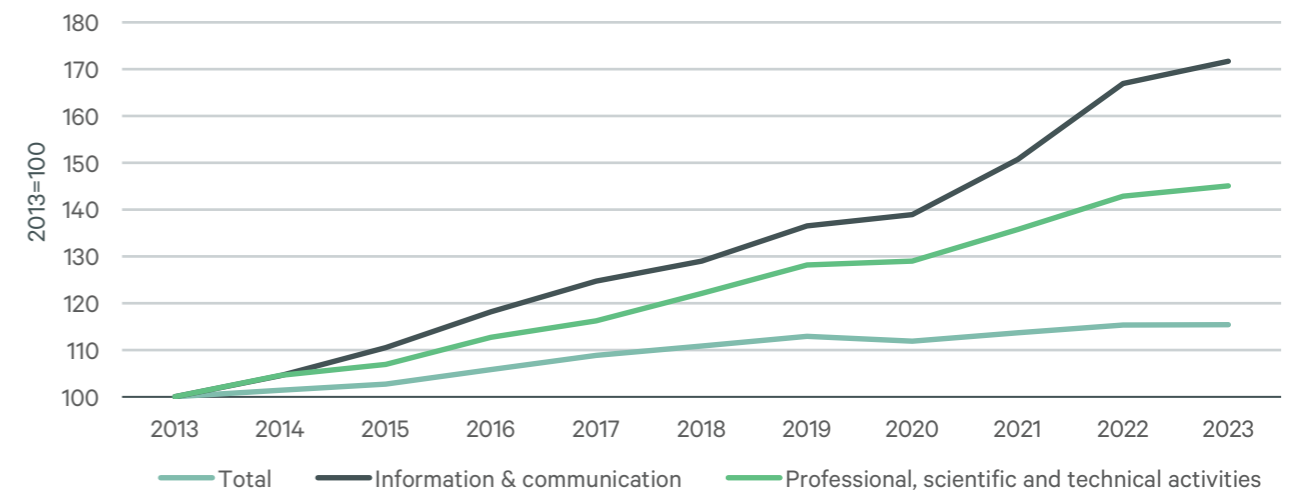
Source: CBRE Research, Oxford Economics

LABOUR MARKET

The labour market in Poland is in a very good condition. Unemployment is low, at around 5%, and Poland remains one of the countries with the lowest unemployment rates in Europe. In addition, we are observing an increase in salaries, which is the result of both high demand for employees and wage pressure related to inflation. The average salary in the enterprise sector in Q1 2025 amounted to over PLN 8,700 (EUR 2,080) gross, which is an increase of 8% year-on-year.

New employment trends, such as working from home or a hybrid work model, support demand in the rental market. Also noteworthy is the dynamic growth of employment in the professional and technical services sector, which significantly exceeds the average for the entire labour market. Many residents of PRS institutional facilities contribute to the above mentioned sectors.

Figure 2: Dynamics of average employment in selected sections of the economy



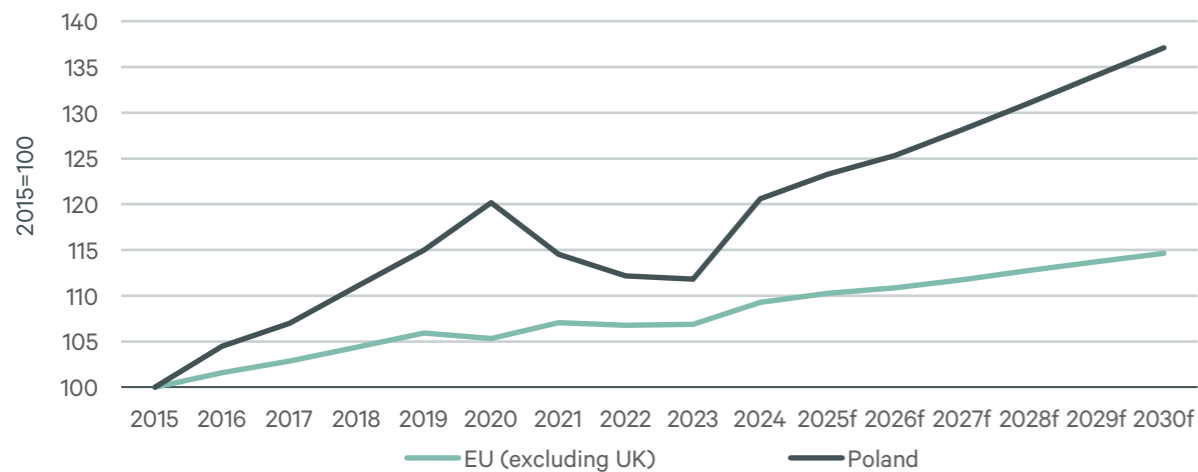
Source: CBRE Research based on Statistics Poland data

DISPOSABLE INCOME

In real terms (taking inflation into account), the average disposable income of a household in Poland decreased in 2021-2023, due to the pandemic and temporary high inflation (CPI in 2022: 14.4%; in 2023: 11.4%). From 2024 (when inflation decreased and reached 3.6%), the average disposable income returned to the path of dynamic growth. According to Oxford Economics' forecast, in

2025 disposable income will be nearly 25% higher than 10 years earlier, and in 2025-2030 it will grow by a further 11%. Rising disposable income is one of the factors contributing to the increase in demand and rental growth in the institutional PRS sector.

Figure 3: Dynamics of household disposable income (real; in 2015 prices)



Source: CBRE Research based on Oxford Economics data

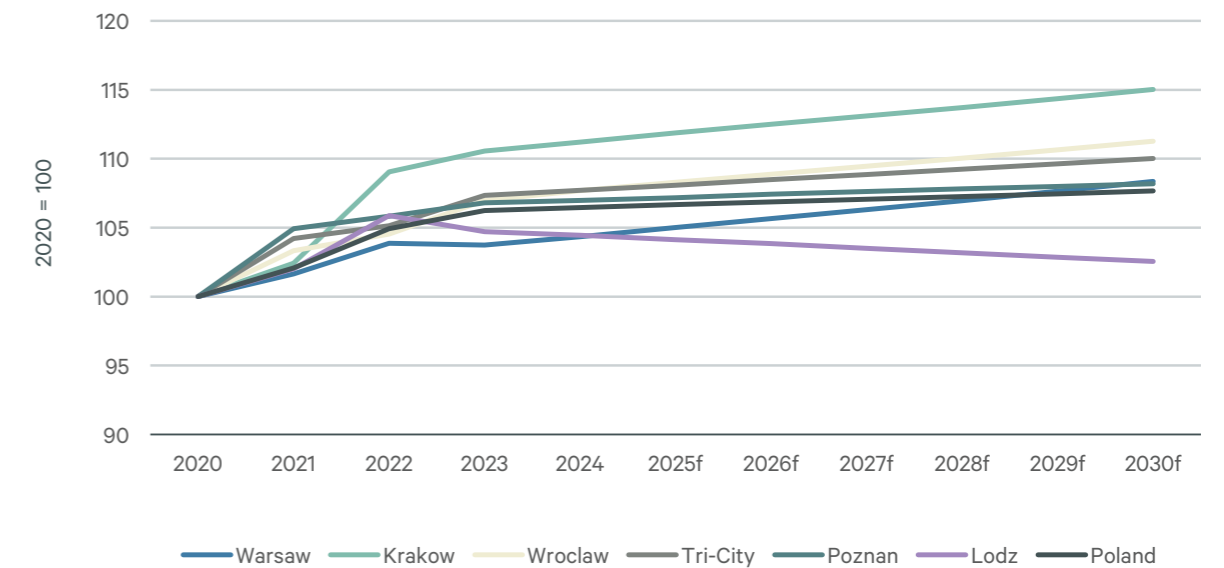
Rising disposable income is one of the factors contributing to the increase in demand and rental growth in the institutional PRS sector.

DEMOGRAPHIC TRENDS

Poland, like other European countries, is experiencing negative demographic trends, in particular a decreasing number of inhabitants and ageing of the population. However, not all regions of the country will be affected to the same extent. For the largest cities: Warsaw, Krakow, Wroclaw, a systematic increase in population is forecasted in the next decade, as a result of migration in search of education, work and better living conditions. Taking into account the fact that the institutional PRS market in Poland is developing only in the largest agglomerations, demographic forecasts are promising for its further growth.

Another trend supporting demand in the housing market, including the rental market, is the decreasing size of the average household. This results from demographic shifts, including delayed family formation, an increasing number of singles, single parents, divorced individuals, widowers, and the anticipated earlier independent living of young people. As a result, although according to forecasts the population in Poland will decrease, the number of households, and thus also the number of dwellings they need, will increase.

Figure 4: Dynamics of the number of households



Source: CBRE Research based on Oxford Economics data

Poland is also becoming an increasingly attractive market for economic immigrants. According to Statistics Poland, at the end of 2024, more than one million foreigners worked in Poland (5% increase y-o-y). The upward trend in the employment of foreigners is expected to continue, both due to the growing attractiveness of Poland as a labour market, but also due to the needs of the economy having regard to the decreasing local population numbers.

This trend is favourable for the PRS institutional market. Working foreigners are eager to choose renting from an institutional landlord, not being well versed in the functioning of the market for apartments rented by private individuals.

Figure 5: Dynamics of the number of foreigners working in Poland



Source: CBRE Research, based on Statistics Poland data



Poland is also becoming an increasingly attractive market for economic immigrants.

HOUSING DEFICIT AND LOW QUALITY OF EXISTING HOUSING STOCK

Over 1.1 million dwellings have been completed in Poland in the past five years, 61% of which were delivered by development companies for sale to individual buyers, with 36% (mostly single-family

houses) having been built by private individuals for their own needs. Despite this, the amount and quality of housing stock still places Poland among those countries with the greatest housing needs in Europe.

Figure 6: Average number of rooms per person

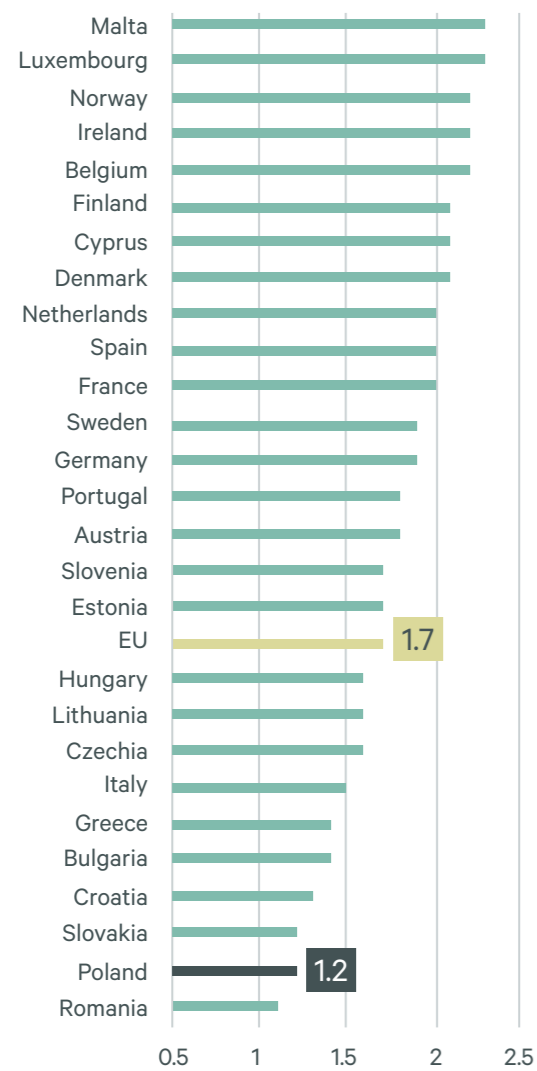
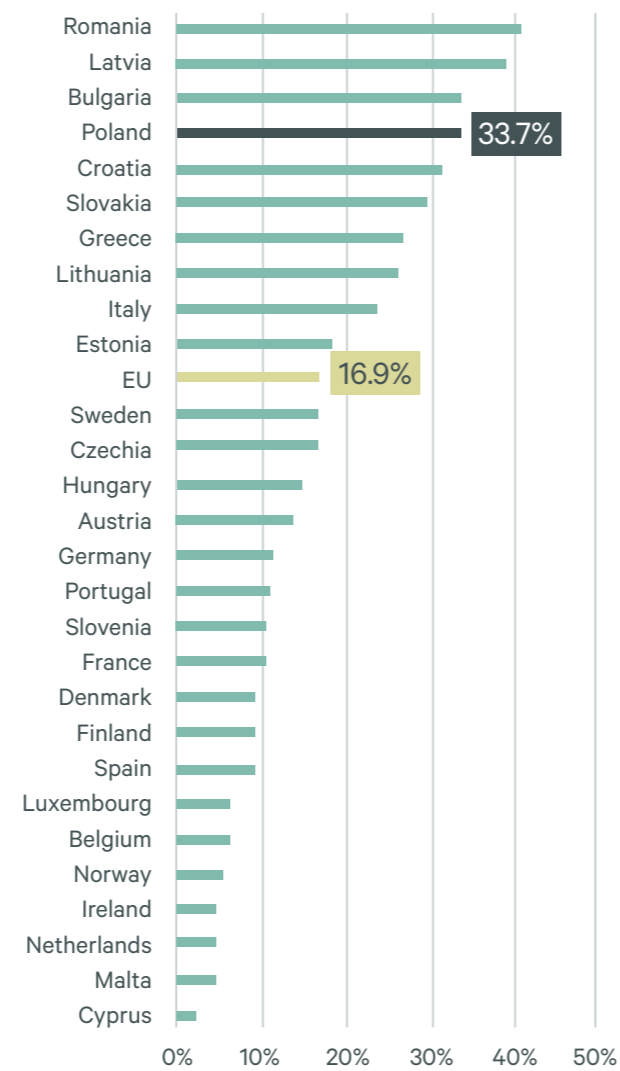


Figure 7: Overcrowding rate



Source: Eurostat. The overcrowding rate is defined as the percentage of the population living in an overcrowded household. A detailed definition of overcrowding rate, used by Eurostat, can be found [here](#).

Poles live in some of the smallest and most overcrowded apartments in the European Union. According to the National Census of 2021, almost one in two inhabited apartments was built between 1945 and 1988, when panel construction was the dominant technology. Although many of these buildings undergo regular renovations, their quality often does not meet the preferences of modern residents, but also fails to reach the current standards of energy efficiency.

Construction of apartments for sale by developers meets the needs of only a part of the market, just like single-family houses built by individuals for their own needs. The private rental market has been developing for years based on apartments owned by private individuals. However, the needs and preferences of tenants are changing, and now the institutional PRS sector is an attractive alternative to the privately rented sector.



OWNERSHIP VS TENANCY

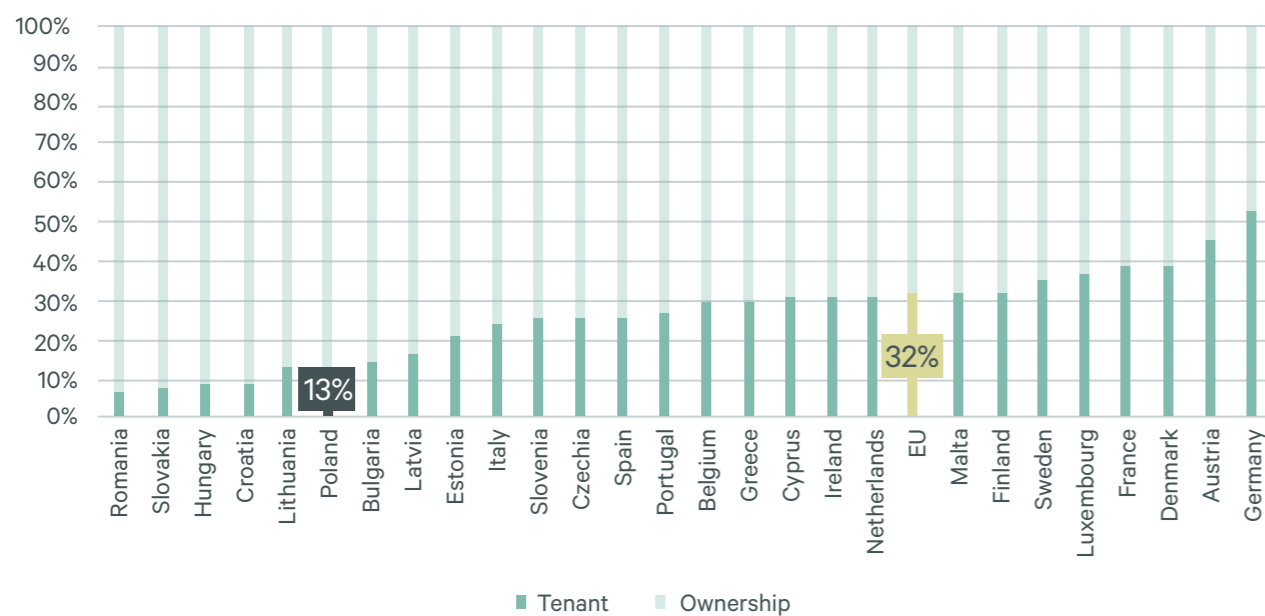
Poland has one of the highest homeownership ratios in Europe (87%). This is a characteristic typical of CEE countries, resulting from both their history and tradition. In comparison, across the EU in 2024, 68% of the population lived in a household owning their home, while the remaining 32% lived in rented housing.

It is expected that Poland will follow the pattern of western countries and shift into a higher rental share in the coming years. This will be caused by a variety of factors. Among them is the importance of the changing preferences of younger generations, who choose the flexibility of renting and the lack of long-term financial obligations over owning an apartment.

In addition, renting usually allows the tenant to live in a property of a higher standard, the purchase of which could exceed their financial capabilities.

The limited affordability of apartments for sale and difficulties in obtaining a loan (high interest rate, large deposit required) are also important factors related to the increase in the rental market, pushing especially young couples and professionals into the renting sector.

Figure 8: Population by tenure status, ownership vs rental in EU countries, 2024



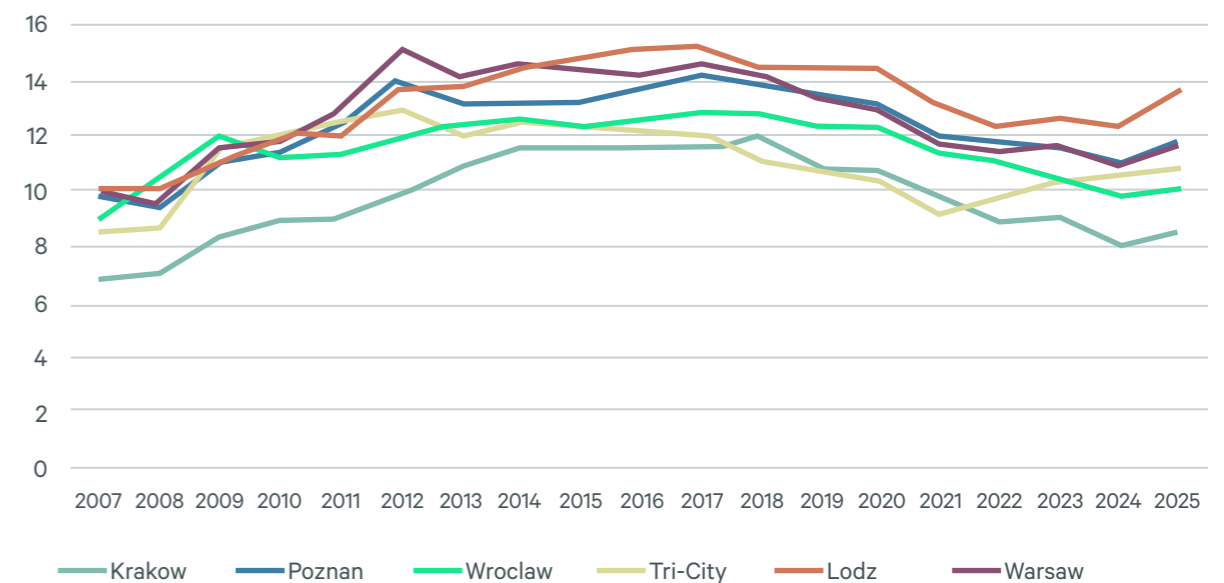
Source: Eurostat

RESIDENTIAL FOR SALE AFFORDABILITY

Despite the dynamic growth of wages and household incomes, the parallel increase in housing prices causes problems with their availability. In most large cities, the number of square meters of new housing that can be purchased for the average annual household income has decreased since 2017. It was only the slowdown in housing price growth in 2024, with wages still rising, that caused this indicator to improve at the beginning of 2025.

Despite this, the average annual household income would be enough to buy only 8 to 14 sq m. Therefore, the purchase of a 50 square meter apartment should be financed with total income from about 4 to 6 years. It is worth noting that despite the slowdown in price increases, a return of the growth trend cannot be ruled out. For example, new spatial planning regulations (fully effective as of July 1, 2026) may temporarily limit the availability of plots, resulting in an increase in the price of land and therefore the prices of apartments built on it.

Figure 9: Number of apartment sq m to be purchased for an average annual household income in 6 major cities in Poland



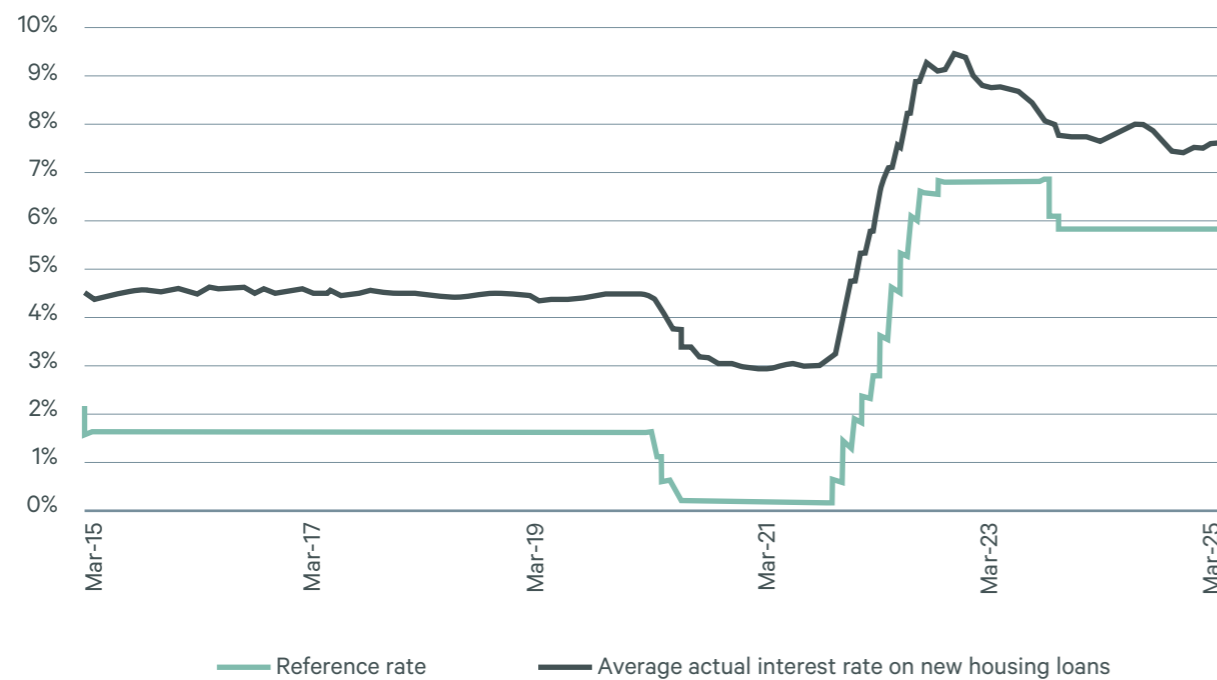
Source: CBRE Research, based on Oxford Economics and National Bank of Poland data

MORTGAGE MARKET

Housing loans in Poland are granted primarily in the local currency (PLN), for a period of 25 to 35 years, with an LtV below 80%. According to ZBP data, the average value of a mortgage loan granted in Q1 2025 is PLN 424,370 (EUR 101,000). Historically, the vast majority of loans were taken out with a floating interest rate, but the dynamic increase in interest rates has caused this proportion to reverse since 2022 and currently about 80% of loans are taken out with a periodically fixed interest rate. The fixed interest rate period is usually around 5 years, less often between 5 and 10 years.

One of the key factors affecting the PRS market in Poland are high interest rates. As interest rates have risen from Q4 2021, the creditworthiness of most Poles has fallen dramatically. As a result, starting from 2022 renting an apartment in Poland has become more cost effective than purchasing it with a mortgage.

Figure 10: Average interest rates in Poland (March 2015-March 2025)



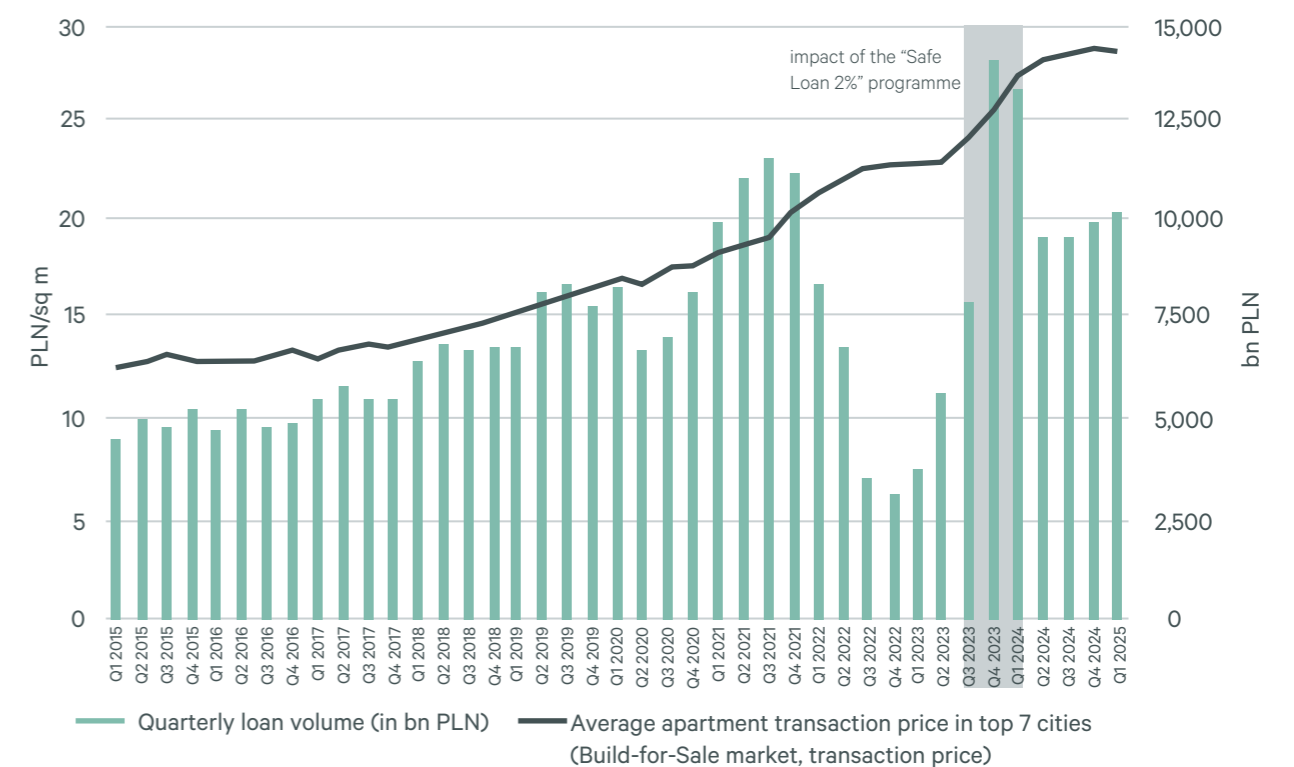
Source: National Bank of Poland

An attempt to remedy the low availability of housing was the launch of the government housing loan subsidy programme “Safe 2% Loan” in mid-2023. Wide access to an attractive loan offer resulted in a clear increase in demand for flats even before the programme was launched, and then a rapid reduction in the offer of available flats, accompanied by an increase in the average prices of flats remaining on the market. The funds provided for the programme were exhausted in the same year. According to BIK data, 92,600 people benefited from the “Safe 2% Loan” programme for a total amount of PLN 27.2 billion. This programme accounted for 36 % of the annual value of lending in the housing loans segment

in 2023, and in the second half of the year alone it generated more than half (51%).

Since then, the housing sales market has remained without significant government support, a factor which limited demand and caused a recovery of supply. Subsequent government support projects for the housing sector, announced since the beginning of 2024, have not reached the final implementation phase. For those who were planning to buy an apartment, a large offer of apartments and stable prices remain beneficial. In May 2025, the reference rate was also cut for the first time in over a year and a half, to 5.25% (from 5.75% in October 2023).

Figure 11: New mortgage loan volumes and average apartment prices in main cities in Poland



Source: CBRE Research, based on BIK and National Bank of Poland data

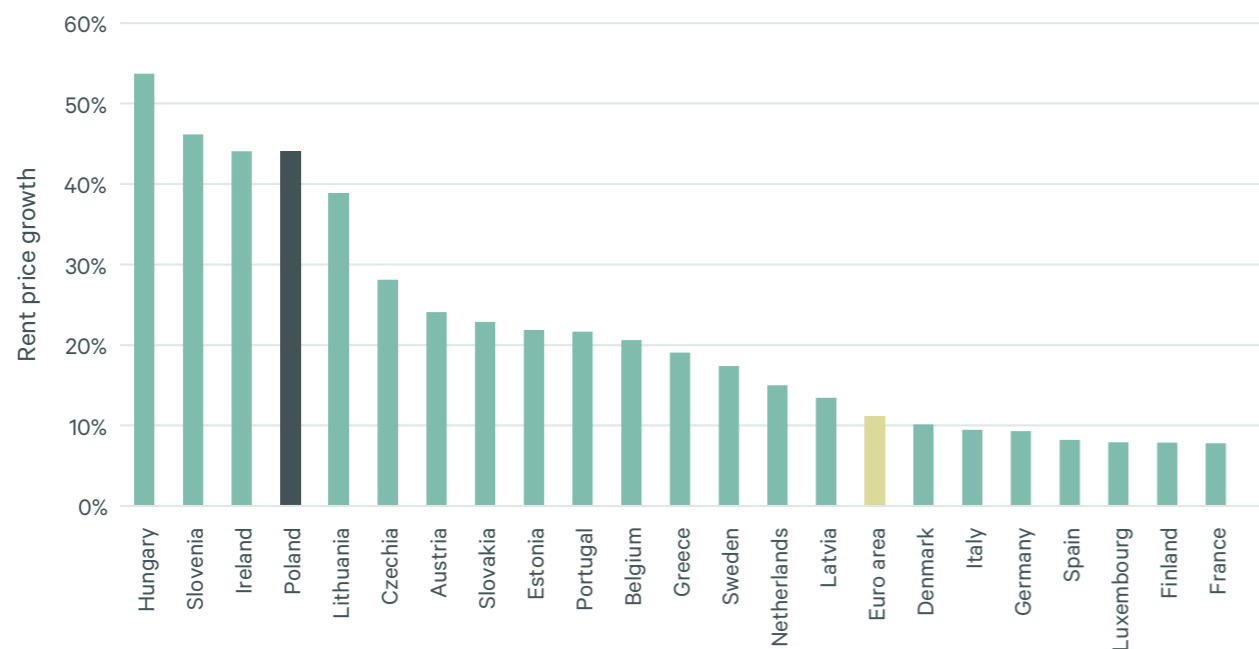
RENTAL GROWTH AND RENTAL HOUSING AFFORDABILITY

Since 2022, Poland has experienced a significant surge in rental demand. This trend was primarily driven by the influx of Ukrainian refugees. Additionally, many residents postponed home purchases due to economic uncertainty. As a result, a larger share of the population remained in the rental sector.

Simultaneously, rental supply expanded. Private investors acquired properties for leasing purposes. According to data from the National Bank of Poland, every year since 2018, at least 27% of apartments have been purchased on the Build-for-Sale market to

be rented out. At the end of 2022, after the interest rate hike, this share temporarily reached as much as 70%. Institutional players also grew their portfolios in the PRS. These new units have been typically modern and high-quality. Consequently, the overall standard of rental housing has improved. Persistent inflation has added further upward pressure on rental prices. Together, these factors have contributed to a rapid and sustained increase in rents. Since 2023, however, the pace of rental growth has slowed down – rents are stabilizing.

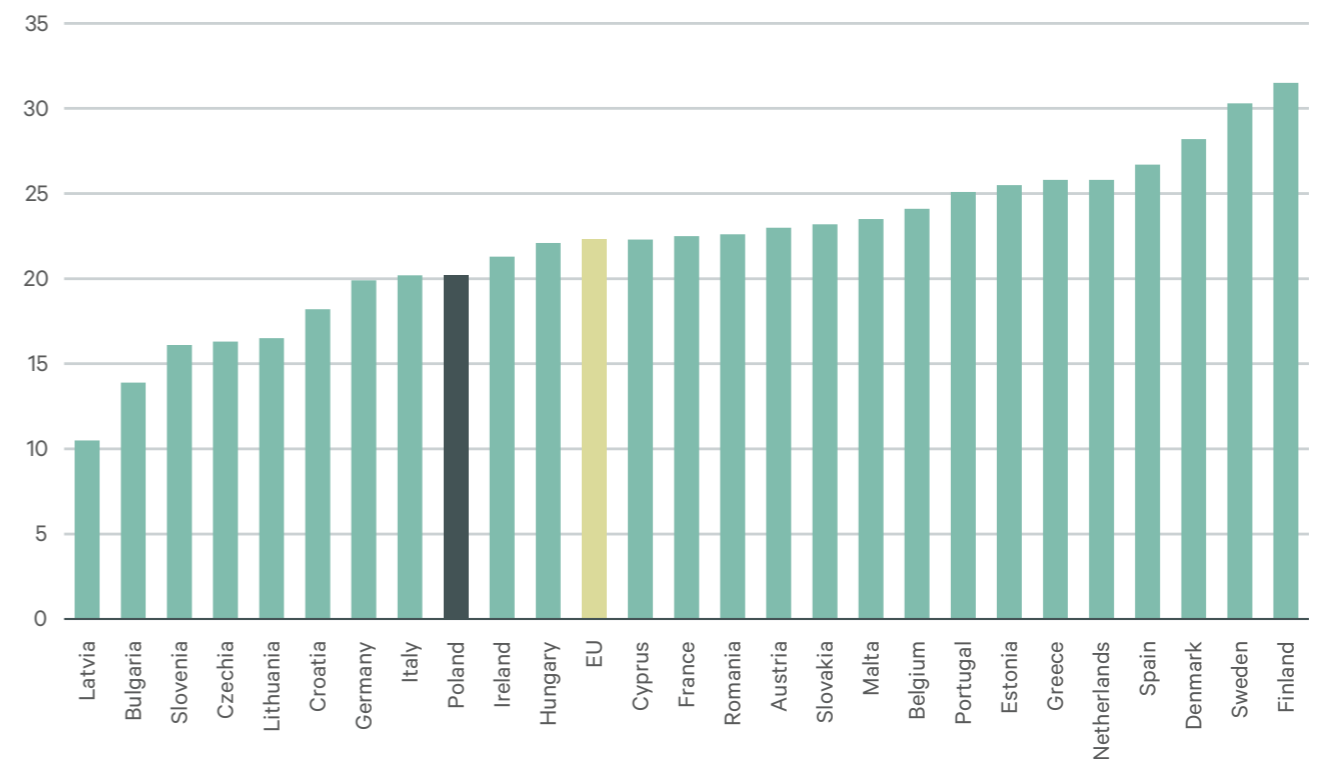
Figure 12: Rental growth in selected European countries Q1 2020-Q1 2025



Source: CBRE Research, OECD

Despite the increase in rents, renting a flat in Poland is still relatively more affordable on average than in other European countries. The share of housing rent in disposable income stood at ca. 20% in Poland at the end of 2023 (compared to 22.5% for the EU). Only 15% of tenants live in a household where the total housing costs (net of housing allowances) represent more than 40% of the total disposable household income. In this respect, Poland ranks 5th best in the European Union.

Figure 13: Share of rent related to an occupied dwelling in disposable household income, 2024 [%]



Source: CBRE Research, Eurostat

Despite the increase in rents, renting a flat in Poland is still relatively more affordable on average than in other European countries.

03.

PRS market in Poland

PRS MARKET IN POLAND, MAIN FIGURES, Q1 2025

<p>OPERATING PROJECTS</p> <p>136</p> <p>25% UP Y-Y</p>	<p>PROJECTS UNDER CONSTRUCTION</p> <p>33</p> <p>-6% DROP Y-Y</p>	<p>PROJECTS PLANNED WITH A GIVEN COMPLETION DATE</p> <p>11</p> <p>-21% DROP Y-Y</p>
<p>UNITS IN OPERATING PROJECTS</p> <p>24,400</p> <p>30% UP Y-Y</p>	<p>UNITS IN PROJECTS UNDER CONSTRUCTION</p> <p>9,400</p> <p>-7% DROP Y-Y</p>	<p>UNITS PLANNED, WITH A GIVEN COMPLETION DATE</p> <p>4,600</p> <p>-43% DROP Y-Y</p>
<p>MARKET LEADER</p> <p>Resi4Rent</p> <p>4,900 UNITS IN OPERATION</p>	<p>AVERAGE PRIME RENT AT THE MAIN MARKETS</p> <p>75-136</p> <p>PLN/sq m/monthly</p>	<p>PRIME YIELDS AT THE MAIN MARKETS</p> <p>5.25%-6.5%</p> <p>buildings on the service zoning plan</p>

Source: CBRE, March 2025

DEVELOPMENT AND CURRENT SUPPLY OF THE INSTITUTIONAL PRS MARKET

The institutional PRS market in Poland is a relatively new segment of the real estate market, which has started to develop dynamically within the last 10 years. At the end of the first quarter of 2025, there were 24,400 residential units in operation owned by 33 institutional investors. The total supply of institutional premises increased by 30% compared to March of the previous year.

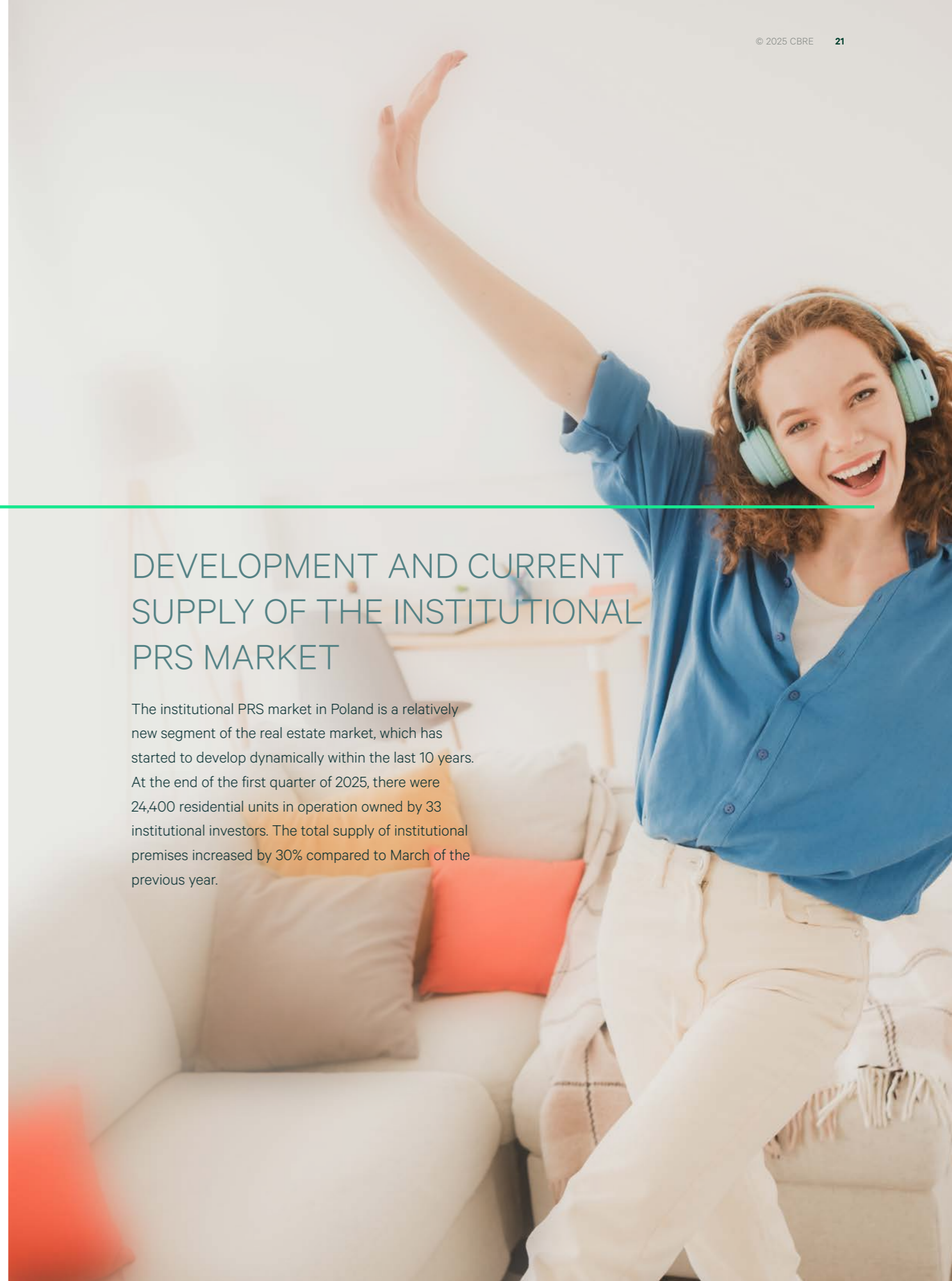
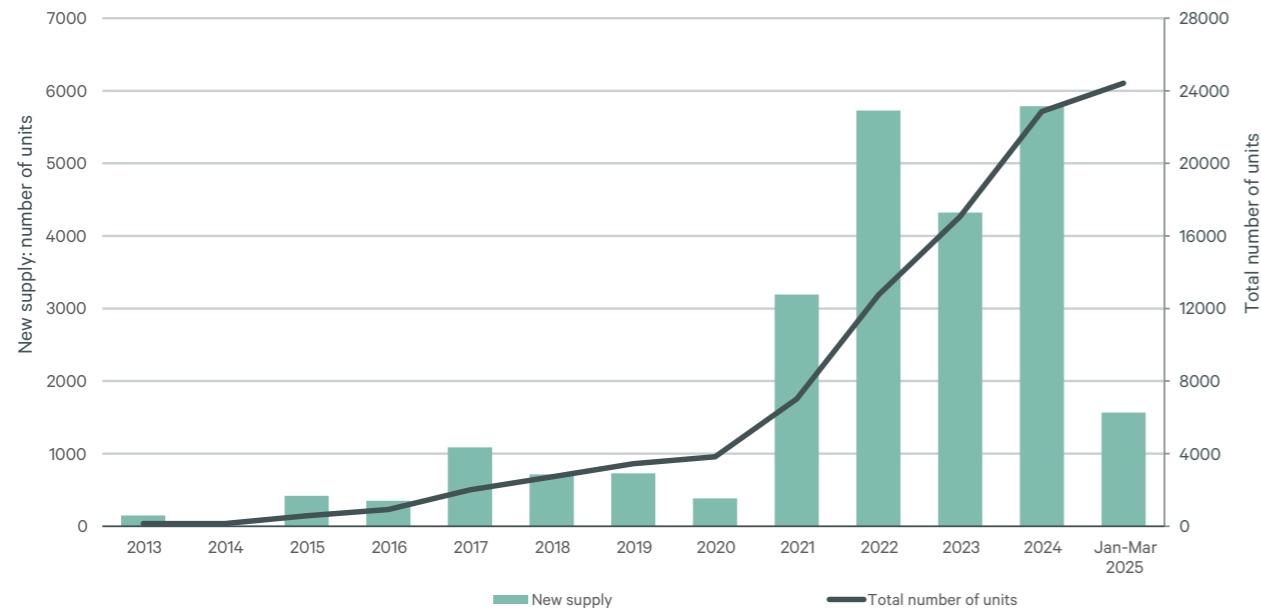


Figure 14: Evolution of PRS stock in Poland



Source: CBRE Research, March 2025

PRS schemes operate on both residential zoning plans (offering classic apartments) and service zoning plans (providing long-term accommodation in buildings that meet hotel technical standards). PRS investors face strong demand on the Build-for-Sale market for projects on residential land, which is primarily why many new PRS projects are being developed on commercially zoned land. In the current market environment, Build-for-Sale developers are securing commercially zoned land to partner with PRS investors rather than offering projects on residential zoning. This indicates that the PRS market is expected to grow in commercially zoned areas.

This strategy offers several advantages, including optimal unit mix, fewer parking spaces required, greater land availability in desirable locations, the potential to convert commercial buildings (e.g., offices) into long-term housing, and the opportunity to increase the housing stock in the city. However, schemes located on commercial plots may be less

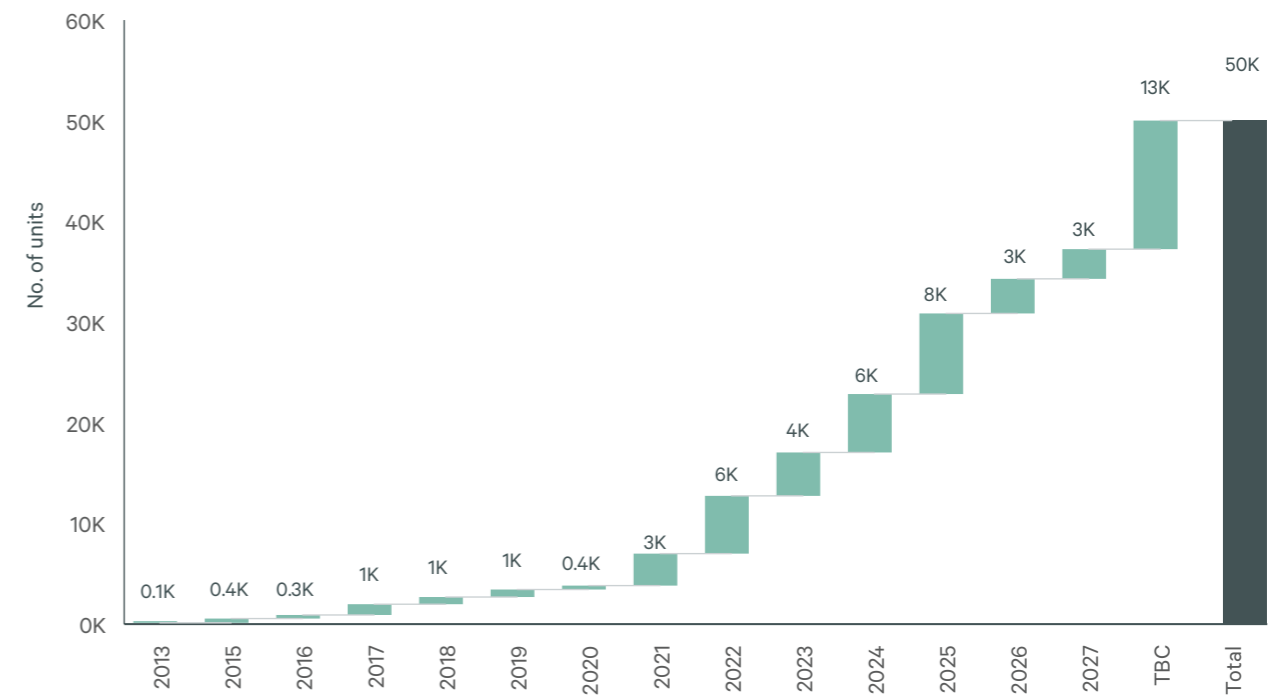
attractive to long-term tenants. Additionally, one of the ultimate exit strategies—separating residential units and selling them individually on the secondary market—is limited for buildings constructed under a service zoning plan. This limitation is reflected in higher entry yield expectations. In contrast, for residential projects, capital value expectations align with the Build-for-Sale market, creating a strong barrier to entry for new PRS projects.

Despite the dynamic development, even in the largest cities, the share of PRS units in the total housing stock usually does not exceed 1% (in Wrocław a record 1.2%). In some cities, such as Warsaw, we are dealing with a concentration of institutional PRS facilities in several areas of the city; in others, such as Poznań, there are many fewer facilities which are more widely spread.

SUPPLY GROWTH FORECASTS FOR 2025-2027

According to the investors' revealed plans, supply is likely to increase by another 26% by the end of 2025. Forecasts for 2025-2027 assume further dynamic development of the PRS market. By the end of 2027, the number of operating units in the PRS sector should exceed 37,000, and plans without a given implementation date include an additional 12,800 units.

Figure 15: Institutional Rental Units In Operation & In Preparation



Source: CBRE Research, March 2025

In some cities, such as Warsaw, we are dealing with a concentration of institutional PRS facilities in several areas of the city; in others, such as Poznań, there are many fewer facilities which are more widely spread.

STRUCTURE OF PRS MARKET PLAYERS

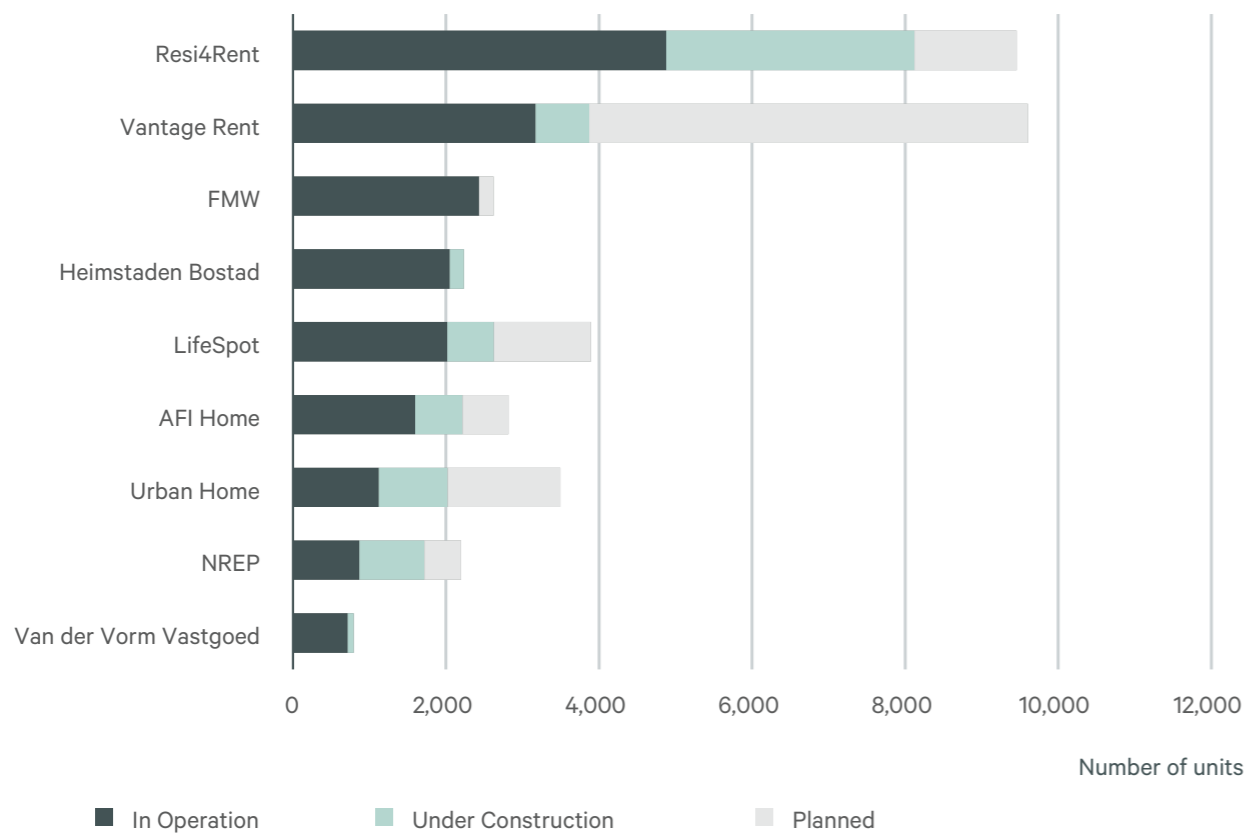
In total, there are nearly 50 institutional entities present in Poland that have operational schemes on the PRS market or are planning to launch such schemes. The majority of the institutional PRS market in Poland is controlled by only a few entities whose activities are pioneering. Apart from the Rental Housing Fund (Fundusz Mieszkan na Wynajem, FMW; Polish joint-stock company owned by the State Treasury), most investors are linked to foreign capital.

The market leader is Resi4Rent with nearly 4,900 operating units, followed by Vantage Rent with nearly 3,200 operating units, with the third being the state-

owned Rental Housing Fund (FMW) with about 2,400 operating units; the list of entities with over 2,000 operating units is completed by Heimstaden Bostad and LifeSpot. Together, these five entities account for 51% of the total supply.

Among the largest entities, it is popular both to build a portfolio independently, using companies from a given group, or to establish cooperation with developers. In recent years, however, this cooperation has been hindered due to the very favourable situation on the new housing market for developers, with unmet demand and rising prices.

Figure 16: The most active PRS platforms in Poland



Source: CBRE Research, March 2025

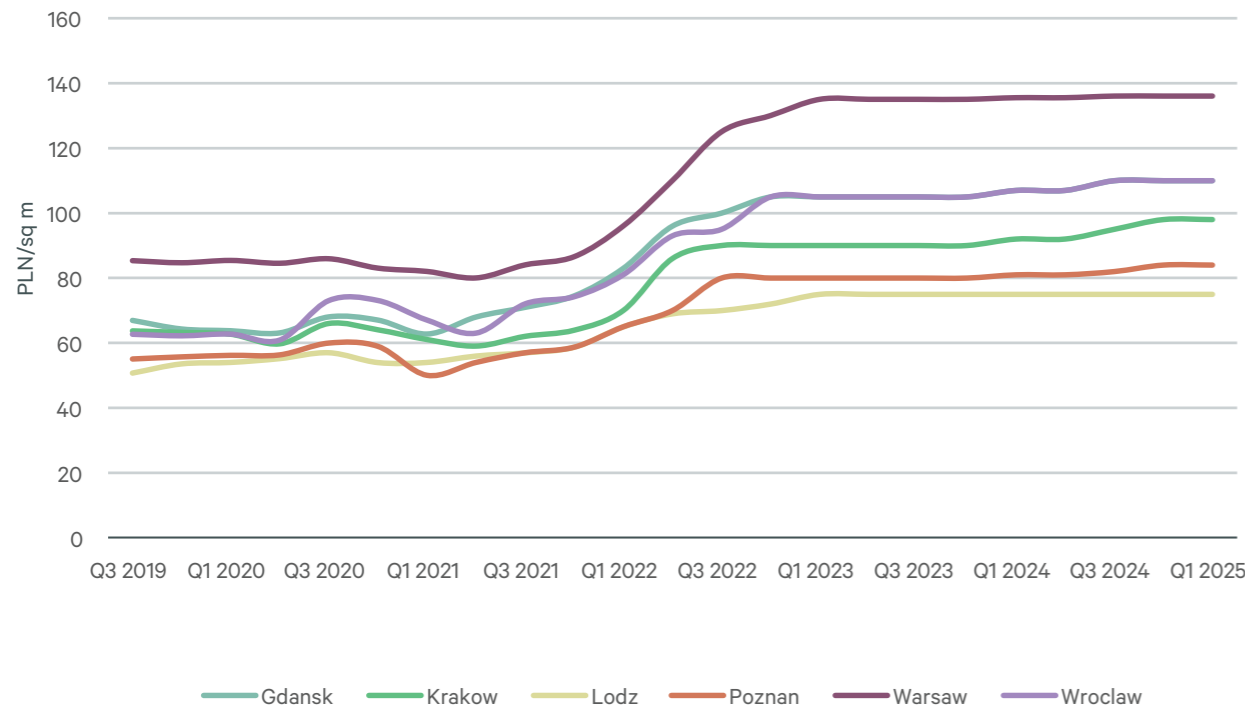


RENTS

The pandemic has put downward pressure on PRS rents, but we have witnessed a gradual increase since mid-2021. In 2022, the influx of refugees from Ukraine resulted in a drastic reduction in the number of apartments available on the rental market. In particular, in most of the institutional PRS facilities, the vacancy rate was zero, sometimes even at the time of formal commissioning. At the same time,

strong demand contributed to rental growth. Over the course of 2022, rents have increased dynamically, from 23% in Lodz to 50% in Warsaw. In 2023, there was a temporary stabilisation, but in 2024 the first rent increases were observed, which were justified by rising operating costs, general inflation and continued high demand. At the beginning of 2025, rents remained at a similar level as at the end of 2024.

Figure 17: Prime rents in the largest cities in Poland (institutional PRS schemes)



Source: CBRE Research, March 2025, rents without media charges, including service charges

In CBRE’s forecast, we expect further rental growth, at least in line with inflation, thanks to strong market fundamentals. Among them, the most important are favourable demographic trends in the largest cities,

the enrichment of the society, the influx of immigrants in order to work or study at university and cultural changes (greater mobility and less attachment to ownership).

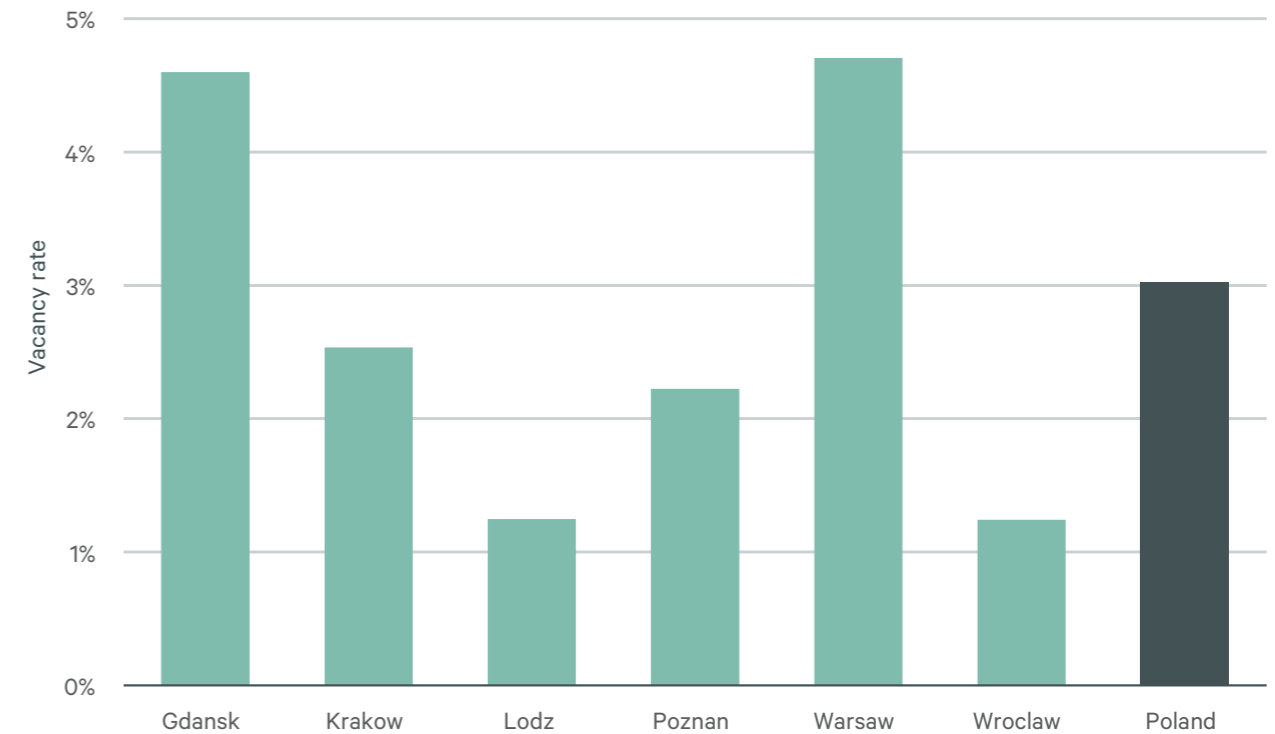
VACANCY RATES

PRS schemes in Poland in general accommodate higher quality and modern designed units compared to the flats offered on the wider private rental market, which drives sustainable demand on the PRS market. Professional management and additional amenities for tenants distinguish institutional PRS from apartments rented by individual owners. Most PRS schemes eventually reach an occupancy rate of 95-98%, which proves a positive assessment of apartments by tenants and the effectiveness of asset management. However, it may take several quarters

to reach the target occupancy rate in a new building. In March 2025, the average vacancy rate in schemes completed before 2024 was below 5% in the largest cities.

The year 2025 may bring even more interest in the rental market from tenants, due to the persistently high interest rates on mortgage loans, high housing prices and emerging reports of difficulties in the labour market, which may make it difficult to receive a housing loan.

Figure 18: Vacancy in institutional PRS projects in Poland, March 2025 (schemes completed before 2024)



Source: CBRE Research, March 2025, based on 61 operating schemes with publicly available information out of 101

CHARACTERISTIC FEATURES OF CONTRACTS ON THE PRS INSTITUTIONAL MARKET IN POLAND



Contracts are usually concluded for a period of 1 year. It is possible to renew the contract, but the average stay of one tenant in a given apartment usually does not exceed 2 years.



Mainly furnished apartments are rented.



The short duration of contracts allows for free-market rents.



There is protection for tenants against eviction, but in the case of institutional leases it is lower than in the case of other types of lease agreements.



Rents are settled mainly in the Polish currency, which generates an exchange rate risk for investors with foreign capital. Only in a few operating facilities rents are quoted only in EUR or both in EUR and PLN.



MAIN INSTITUTIONAL PRS MARKETS

POZNAN

INHABITANTS	533,108
TOTAL RESI. STOCK	307,606
PRS UNITS (IN OPERATION/PIPELINE)	2,439/3,166
PRS RENT (PRIME/AV.) [PLN/SQ M]	84/82
PRS SHARE IN TOTAL STOCK	0.79%

WROCLAW

INHABITANTS	674,049
TOTAL RESI. STOCK	394,821
PRS UNITS (IN OPERATION/PIPELINE)	4,782/4,381
PRS RENT (PRIME/AV.) [PLN/SQ M]	110/95
PRS SHARE IN TOTAL STOCK	1.21%

KRAKOW

INHABITANTS	811,429
TOTAL RESI. STOCK	468,186
PRS UNITS (IN OPERATION/PIPELINE)	3,841/2,405
PRS RENT (PRIME/AV.) [PLN/SQ M]	98/90
PRS SHARE IN TOTAL STOCK	0.82%

TRI-CITY

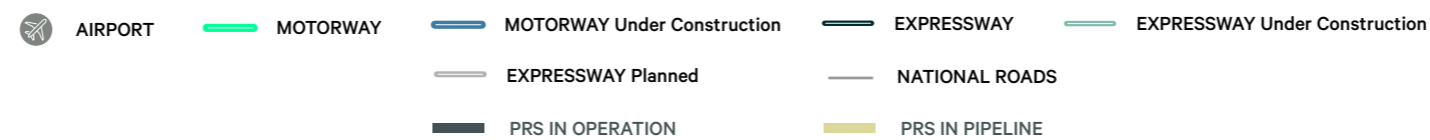
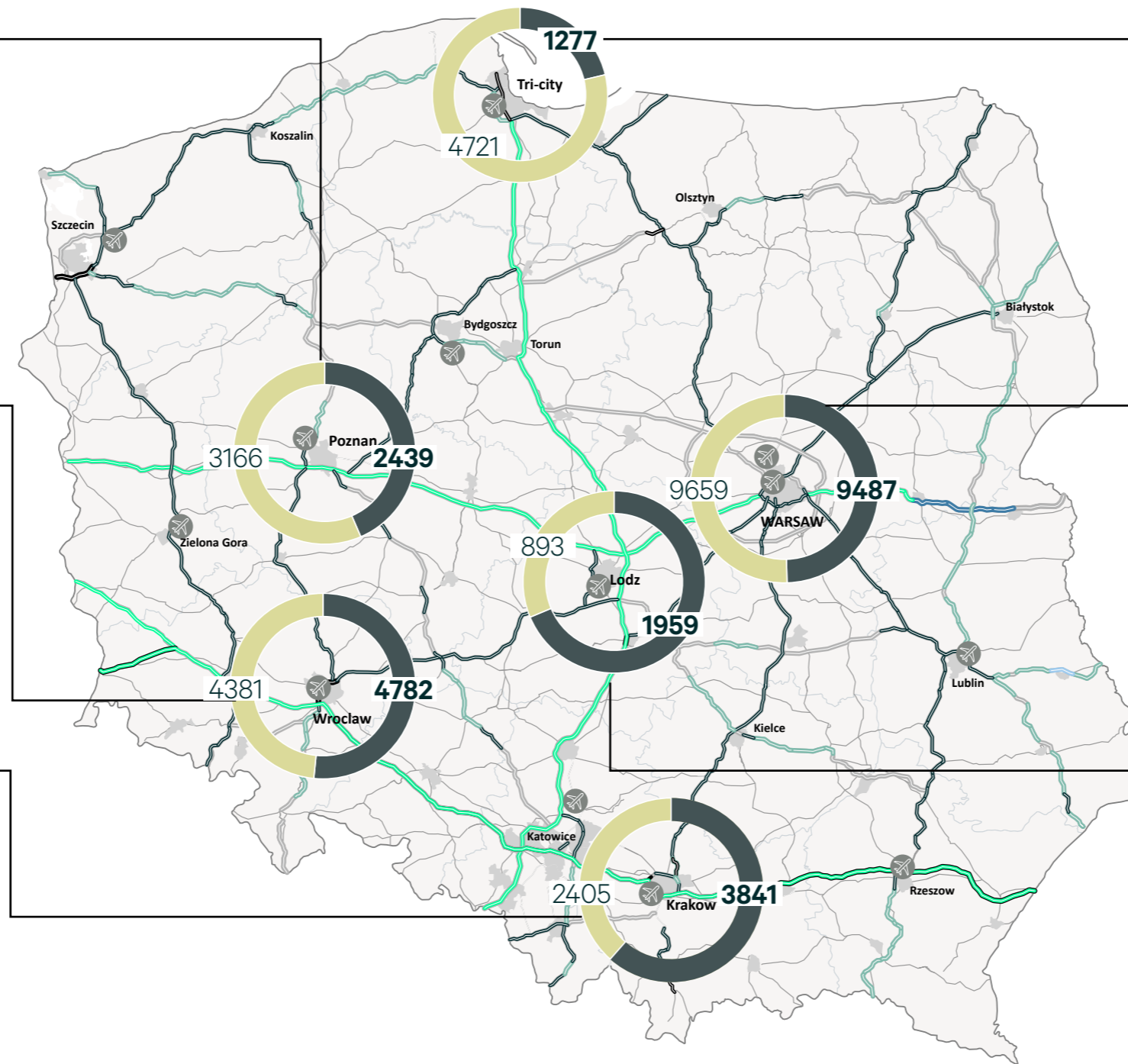
INHABITANTS	757,789
TOTAL RESI. STOCK	414,278
PRS UNITS (IN OPERATION/PIPELINE)	1,277/4,721
PRS RENT (PRIME/AV.) [PLN/SQ M]	110/95
PRS SHARE IN TOTAL STOCK	0.31%

WARSAW

INHABITANTS	1,873,127
TOTAL RESI. STOCK	1,096,542
PRS UNITS (IN OPERATION/PIPELINE)	9,487/9,659
PRS RENT (PRIME/AV.) [PLN/SQ M]	136/105
PRS SHARE IN TOTAL STOCK	0.87%

LODZ

INHABITANTS	642,890
TOTAL RESI. STOCK	387,821
PRS UNITS (IN OPERATION/PIPELINE)	1,959/893
PRS RENT (PRIME/AV.) [PLN/SQ M]	75/72
PRS SHARE IN TOTAL STOCK	0.51%



04.

Living investment market

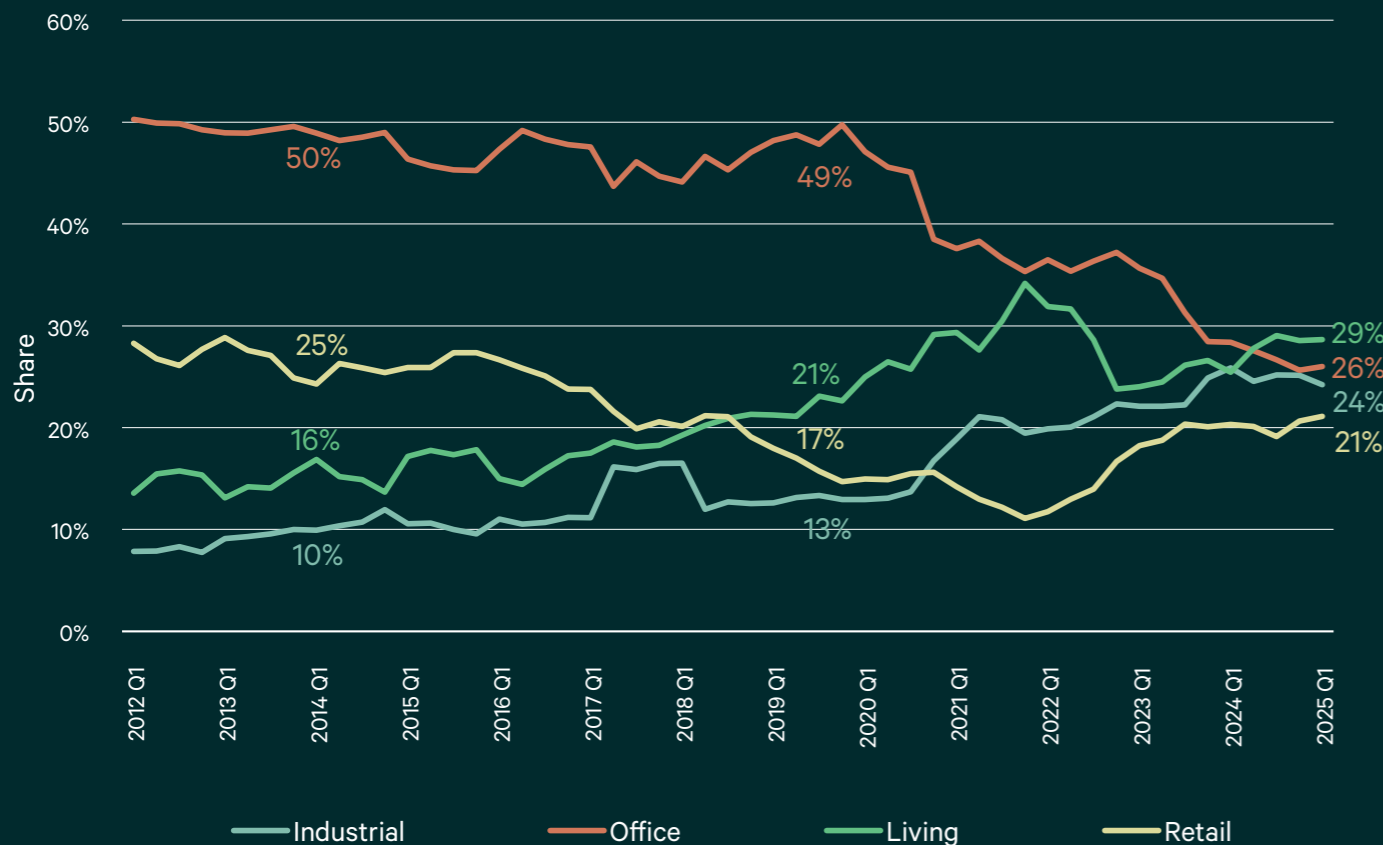
In 2024, the Living sector experienced a gradual improvement in investor sentiment despite challenges in financing and the unstable geopolitical situation. Transactions in the Living sector (excluding hotels) in Europe reached a volume of EUR 46 billion in 2024, an increase of 32% compared to the previous year. Of this, EUR 25 billion was allocated to transactions in the multi-family housing sector, including affordable rental housing. In 2025, interest

in the Living sector continues, with transaction volumes in Q1 2025 of EUR 9 billion, compared to EUR 7.5 billion in Q1 2024. In the recent years, we have observed a significant increase in the share of transactions from the Living sector, from a dozen or so percent to nearly 30%. In 2024, the Living sector was ranked first among all commercial real estate sectors in terms of its share in the volume of investment transactions.

The outlook for the sector is also very positive. In CBRE's 2025 Investors Intentions Survey, the Multifamily sector was ranked first among the preferred sectors, with 32% of indications. According to CBRE's forecasts, activity in the sector will increase

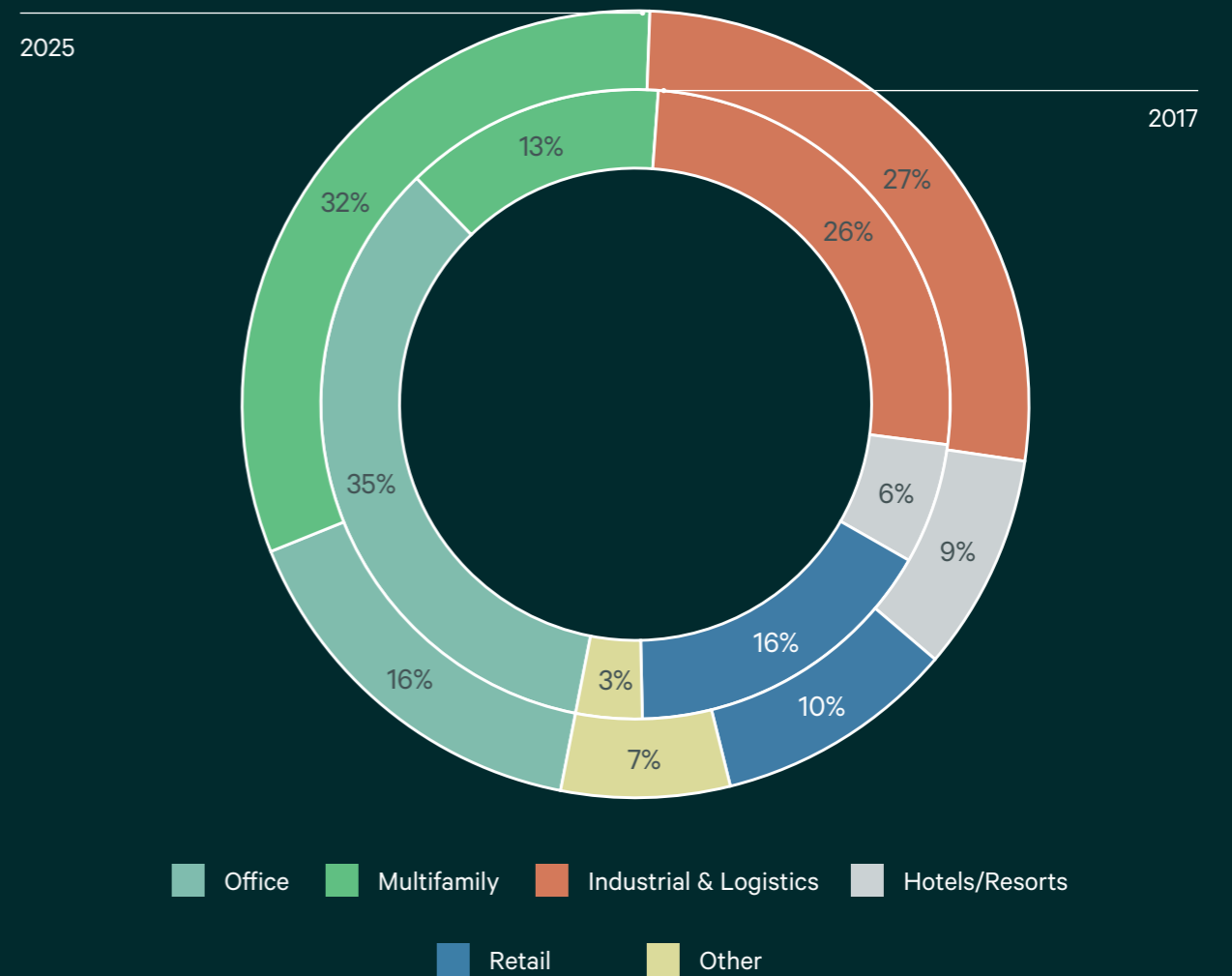
significantly in 2025: while the forecast total volume of investment transactions will increase by 6%, the expected growth in the Living sector is likely to be as much as 20%.

Figure 19: Evolution of market share across 4 main sectors (trailing 12 months) 2012-2025, Europe



Source: CBRE Research

Figure 20: Preferred Property Sector – EMEA Investor Intentions Survey (2017 vs 2025)

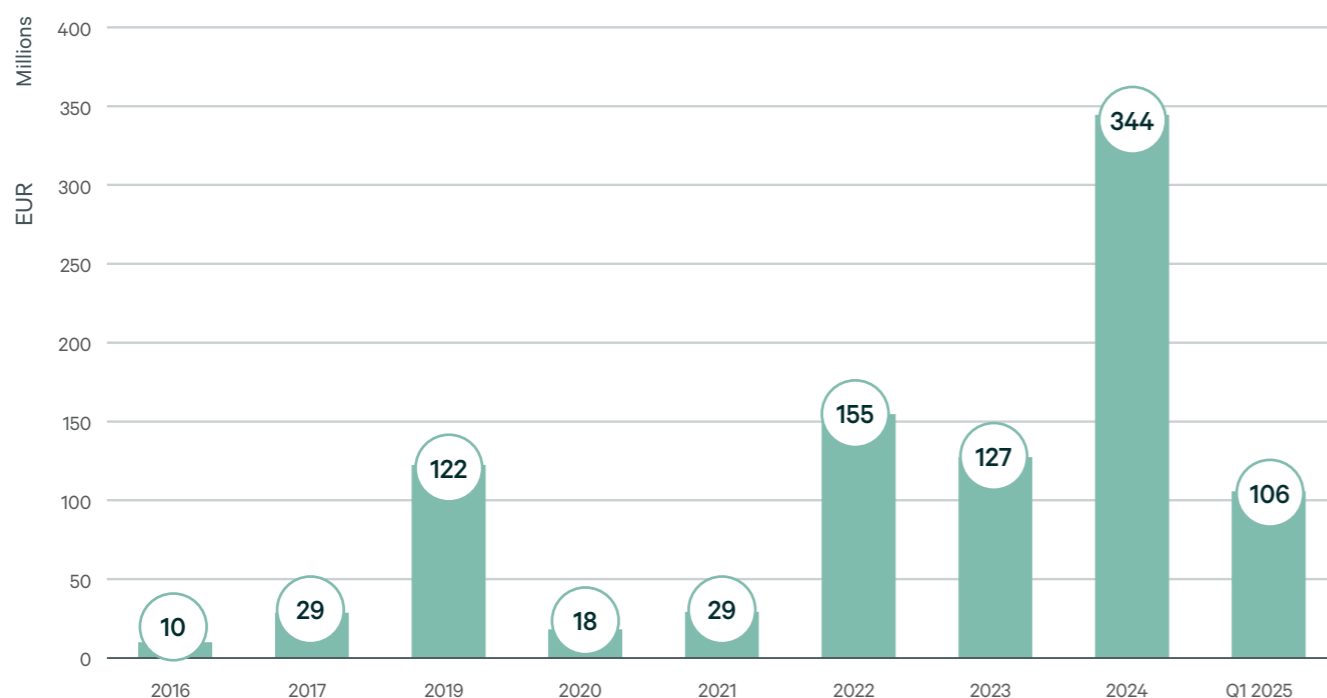


Source: CBRE Investors Intentions Survey 2025

In Poland, total transaction volume in 2024 for the Living sector reached over EUR 344 million, marking a year-on-year increase of 170%. This volume consists of 12 closed transactions in the PRS sector. In addition, one transaction in the PBSA sector was closed, and one forward transaction took place, which will be included in the investment volume in the future.

In 2024, most transactions involved the closing of forward purchase agreements concluded in previous years (along with the final transfer of ownership to the buyer).

Figure 21: PRS Investment Volumes in mEUR, based on closed transactions, Poland



Source: CBRE Research

In 2024, most transactions involved the closing of forward purchase agreements concluded in previous years.

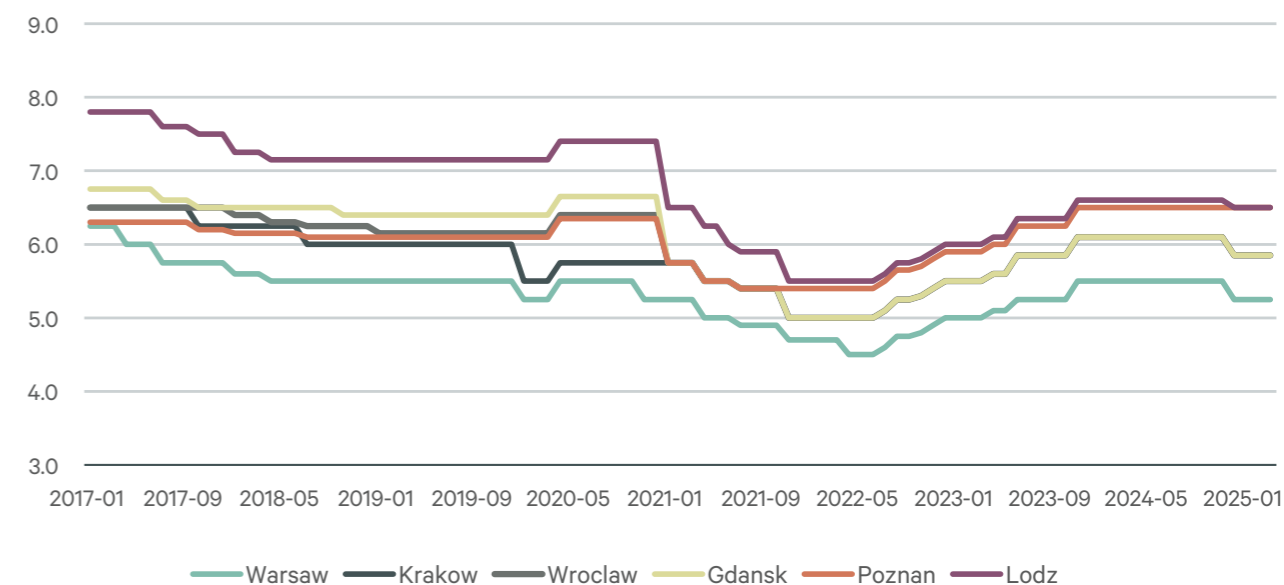
Due to the development of the market, transactions related to operational schemes occur more often. In the first quarter of 2025, the sale of a PRS scheme by Syrena Real Estate to XIOR Student Housing SV is an example of such a transaction, with a simultaneous change in the purpose of the asset within the Living sector - from PRS to PBSA. We are also observing growing interest from family office investors, but also investment funds in income-generating operational schemes. What is new is that this interest does not apply, as before, only to schemes built on land designated in local zoning plans for residential development, but also to schemes implemented on land designated for service purposes.

Among the new trends present on the investment market in Poland, it is also worth noting the greater involvement of capital of Polish origin, both in terms of building own PRS schemes portfolios (i.e. MS Budownictwo) and presence on the transaction market (i.e. the purchase of a PRS scheme from G-City by Lew Investment (Polish High-Net-Worth)).

Another trend, also observed in other European markets, is testing the exit strategy in the PRS sector by selling individual apartments to individual buyers. In Q4 2024, Resi4Rent decided to make such a move in the case of two of their schemes. Such a strategy may become more popular after the first successful examples, but it cannot be used for all PRS schemes. The difficulties apply especially to buildings without the possibility of legal separation of individual premises (e.g. built on land designed for commercial purposes in the local spatial development plan).

After lower investment activity seen in 2022 and 2023 in the Polish real estate market, the investment volumes in 2024 surpassed EUR 5 billion, more than doubling the previous year's figure. Poland continues to mirror more mature Western markets and remains highly attractive. Decline of bank interest rates and borrowing costs to be expected later this year will allow for a good return on investment and should attract investor interest in Polish PRS back again. In some European markets, including Poland, we are already observing yield compression caused by increasing liquidity in the market.

Figure 22: Multifamily prime yields [%], Poland



Source: CBRE Research

FROM ASKING GROSS RENT, GROSS RENTAL INCOME TO NOI

Operational real estate assets are characterized by a complex cost structure compared to typical triple net lease investments, which are reflected in the owner's profit and loss statements. In emerging markets, operators employ various methodologies regarding what is included in gross rental income and how it should be understood.

metered media, and VAT (if applicable). This serves as a benchmark for operational leakage, which is often estimated at approximately 20% of gross rental income. This leakage encompasses factors such as voids, market vacancy, bad debts, fixed unrecoverable costs, and property taxes, insurances, all of which contribute to Net Operating Income (NOI).

Generally, the market interprets gross rents to include service charges and 8% VAT, while excluding media fees that are paid individually by tenants for their unit. These rates are typically available in publicly accessible offers. From the owner's perspective, gross rental income is usually viewed as the potential for 100% occupancy gross rental income for the property, excluding service charge provisions, individually

Typically, platform asset management fees and reserve funds are positioned below the NOI, as they are closely related to individual investor strategies. Consequently, investors focus on gross rents, seeking opportunities to increase gross rent and optimize costs, since the value they capitalize on is the NOI prior to asset management fees and reserve funds.

Typically, platform asset management fees and reserve funds are positioned below the NOI, as they are closely related to individual investor strategies.



05.

ESG

The PRS segment in Poland is not the leading commercial sector in terms of implementation of the sustainable construction programme. However, there are signs of increasing involvement in practices well known from the office, logistics and retail sectors. There are more and more Build-to-Rent buildings certified in the BREEAM system while the total residential area certified in BREEAM amounts to 1.2m sq m recording a 60% increase y-o-y. What's more, some PRS developers like LifeSpot or Urban Home certify their buildings within the BREEAM IN-USE system to confirm the very good performance of their assets. Also, the Polish certificate ZIELONY DOM developed by PLGBC has been gaining greater importance and recognition recently.

During the transaction process with apartments for rent, investors more and more often expect answers to the questions arising directly from the 'green' agenda. Moreover, due to the banks' policies, in which the terms of financing are becoming more dependent

on the implementation of sustainable development goals, investors on the PRS market analyze the compliance of their projects with the EU Taxonomy. They also pay attention to the level of the EP (non-renewable primary energy) index included in the Energy Performance Certificate of the building. It is worth noting that in 2024 ZIELONY DOM has been also adjusted to the EU Taxonomy requirements.

The certified buildings offer usually higher quality for the residents of such developments. The investments with green certificates would differ in the used solutions, however, they are characterized typically by lower energy consumption, water-saving devices, higher quality of the used materials and thoughtful consideration of the role of green areas and biodiversity.

The certified buildings offer usually higher quality for the residents of such developments.



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