

CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



## I&L Market Revives with Robust Lease Activity

**Poland**

**Q1 2024**

### **Market Outlook**

Poland's economy showed signs of recovery in Q3 2023, with a 0.5% y-o-y increase and a 1.5% q-o-q rise. This growth was driven by robust exports, higher household and government consumption, and a positive net export balance. The year 2023 is projected to end with a GDP growth of 0.3%, marking a notable recovery from the recession. The outlook for 2024 and 2025 remains optimistic, with an expected growth acceleration.

In Q3 2023, the Polish Industrial and Logistics (I&L) market saw a moderate recovery, spurred by strong leasing activity. Total stock increased to 30.5 million sqm, a 12% rise y-o-y, with 3.1 million sqm of new space completed in the first three quarters. However, the market's development pace has slowed, as evidenced by a reduction in new completions and construction, primarily due to elevated financing costs. Despite a 25% y-o-y decrease in total leasing activity in the first three quarters of 2023, totaling 3.9 million sqm, the third quarter saw a 56% increase in total demand compared to Q2, reaching 1.5 million sqm, signaling a strong rebound. The vacancy rate climbed to 7.7%, impacted by the influx of new supply and speculative developments that are only partially leased. Third-Party Logistics (3PL) remains dominant, contributing 57% of the total leasing demand. Average rent stayed consistent in Q3 and is expected to remain stable for the remainder of the year. With an anticipated economic upturn, rising consumption, and ongoing trends like nearshoring, e-commerce growth, and the automotive sector, the industrial market in Poland is poised to sustain its vitality...

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