

CGL IM Financial Management Limited

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## **Economy Rallies as Logistics Market Holds Strong**

**Poland**

**Q3 2024**

### **Market Outlook**

Poland's economy has emerged from a slowdown and is now back on a growth trajectory. GDP rebounded by 0.5% q-o-q and 2.0% y-o-y in Q1, propelled by strong growth in consumption and positive net exports. The inflation rate eased to 2.5% in May 2024, with core inflation at 3.8%. Higher-than-expected growth in both private and public consumption outweighed declines in investment and de-stocking. Looking ahead, Poland's GDP is projected to grow between 2.8% and 3.0% in 2024, driven mainly by robust household consumption supported by a tight labor market and strong wage growth. In 2025, GDP growth is expected to accelerate to 3.5%, underpinned by substantial EU funding and strengthened net exports as the global economy recovers.

In Q1 2024, Poland's logistics market has displayed resilience, reaching a total stock of 32.1 million sqm, positioning it as the sixth largest in Europe. Leasing activity moderated to 872,000 sqm, reflecting more sustainable pre-pandemic levels, with significant demand led by the Warsaw and Łódzkie regions. Despite a slight increase in the national vacancy rate to 8.2%, traditional sub-markets remain relatively low. The Polish CRE market attracted €364 million in Q1 2024, with logistics being the most sought-after asset class, capturing 38% of total investment, amounting to €138 million. Rents have stabilized, with modern assets in prime locations commanding higher rates. The logistics market is expected to remain strong, driven by nearshoring, e-commerce growth, and the development of renewable energy-related industries. Investment activity is projected to recover in H2 2024, supported by improved financial conditions and economic revival...

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