

CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



## Economic Momentum Builds as Logistics Boom

Poland

Q4 2024

### Market Outlook

Poland experienced notable GDP growth of 1.5% q-o-q and 3.2% y-o-y in Q2, establishing itself as the fastest-growing economy in the EU. Both private and public consumption have been pivotal in driving this exceptional performance, mitigating the effects of inventory depletion and a negative foreign balance. The removal of energy price subsidies in July has pushed the inflation rate up to 4.2% and is expected to exert upward pressure on the CPI through 2025. Poland's GDP is projected to expand by 2.8% to 3.1% in 2024, fueled by strong domestic demand, particularly household consumption backed by robust wage growth. Furthermore, inflows of EU funds and a revival in investment, coupled with sustained vigorous consumption, are expected to elevate GDP growth to 3.5% to 3.9% in 2025.

Poland's logistics market kept its strong momentum into Q2, with leasing activity doubling from the previous quarter to 1.76 million sqm, the highest volume in Europe. Total stock hit 33.5 million sqm and is set to surpass 35 million by year-end, making it the fifth-largest market in Europe. Vacancy rates remained healthy at 8.3% in Q2 and are expected to stay elevated in 2024 before dropping as construction slows and demand strengthens. Poland captured €1.3 billion in Q2, quadrupling the Q1 figure and accounting for 54% of the CEE's quarterly volume. The logistics sector attracted €156 million in Q2, solidifying its role as a top focus for investors. Despite new supply, headline rents stayed steady. Backed by a solid foundation, Poland's logistics market is well-positioned for growth, driven by nearshoring, booming e-commerce, and revived investment on the back of improving financial conditions...

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