PROPERTY INVESTMENT MARKET Q1 2025

Get off to a promising start

Investment market

Investment market keeps up the pace

The 2024 results signalled a return to stability in Poland's real estate market, accompanied by a renewed sense of optimism. Total transaction volume more than doubled compared to 2023, reflecting a strong resurgence in market activity. This positive momentum is expected to continue into 2025, supported by anticipated interest rate cuts, improved liquidity, and the emergence of numerous new opportunities across all real estate segments.

As of Q1 2025, Poland recorded €686 million in investment transaction volume representing a 64% year-on-year increase. A 46% rise was observed in market liquidity. The transaction structure was primarily driven by the retail sector, particularly retail parks, and non-core offices. As a result, the average transaction size remained relatively modest, with only four deals falling within the €50–€75 million range. Domestic investors accounted for 17% of the disclosed investment volume, underscoring the stable presence and growing influence of Polish capital in the market.

The industrial investment market gained strong momentum, accounting for 29% of total transaction volume, and additionaly recorded a large M&A deal. Office transactions were recorded both in Warsaw and in regional markets, while retail investments were concentrated in retail park assets and shopping centres located in secondary cities. The market also witnessed three living sector transactions closed, alongside a hotel acquisition that marked the entry of a French SCPI into the Polish investment landscape.

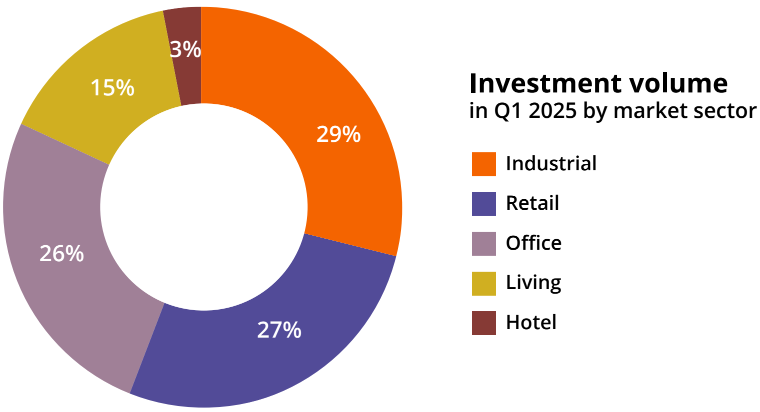
€686m
total investment volume
in Q1 2025

35
transactions
in Q1 2025

high liquidity with moderate tickets

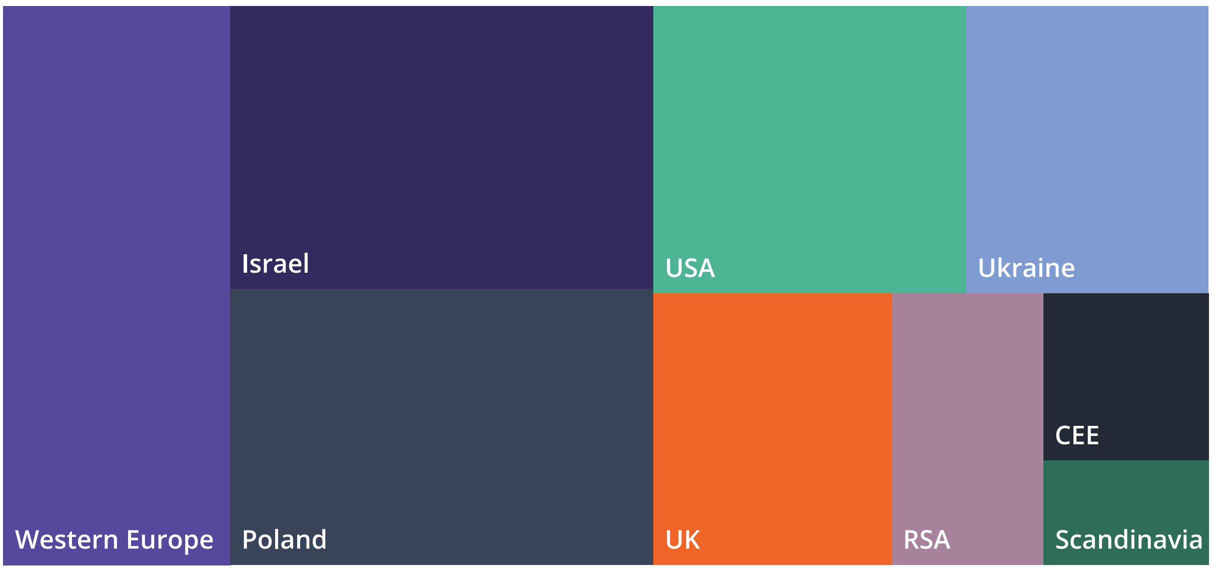
GLP to Ares
large industrial M&A
in Q1 2025

Investment volume
in Q1 2025 by market sector



Source: Avison Young

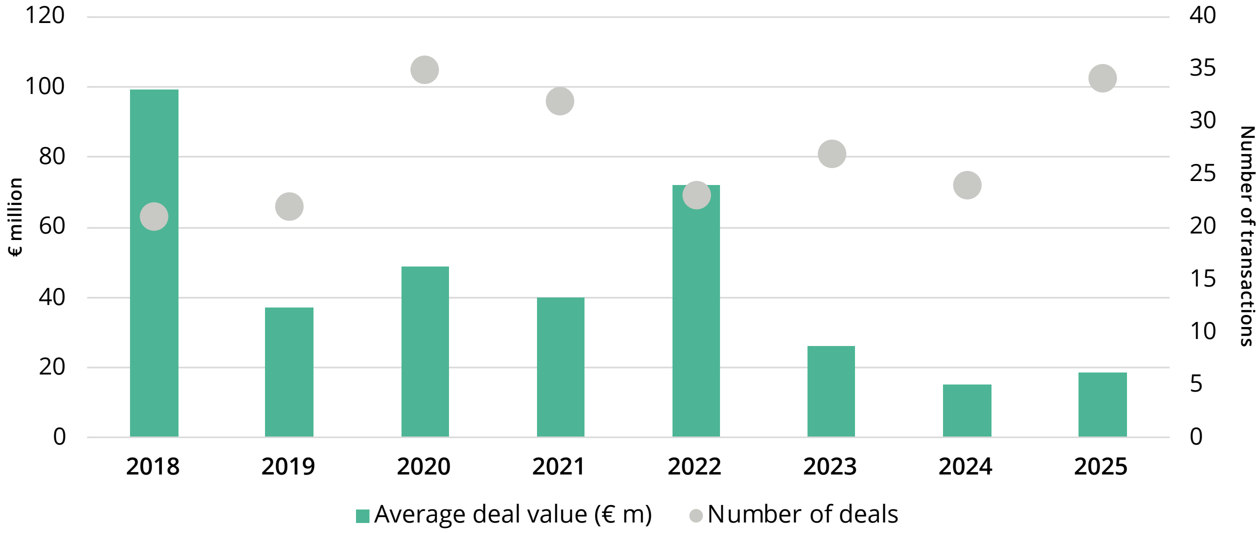
Capital inflow (%) by investors' origin



Source: Avison Young, excluding confidential buyers

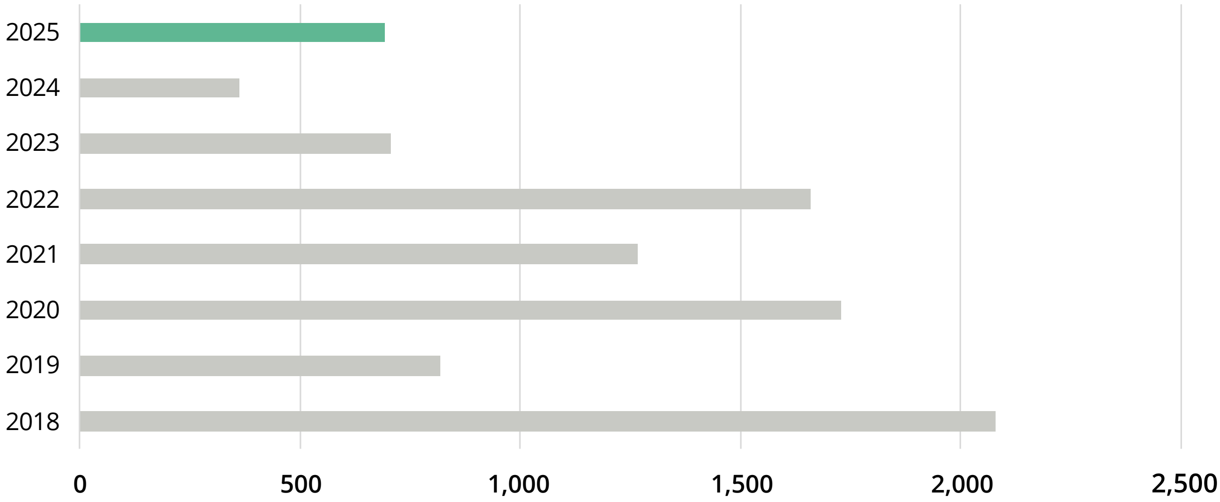
Investment market

Average deal value (€ m) and number of transactions
in Q1 periods



Source: Avison Young

Investment volume (€ m)
in Q1 periods



Source: Avison Young

Industrial market

Safe bets

Sustained investor interest in Poland's logistics sector signals continued acceleration in this real estate segment. Amid ongoing geopolitical uncertainty, Poland stands out as a strategic destination for foreign investors pursuing nearshoring strategies, highlighting the sector's strong long-term growth potential.

In Q1 2025, the industrial sector recorded five completed transactions totalling €202 million, accounting for the largest share 29% of Poland's total investment volume during the period. The deals involved large-scale big-box logistics assets located in the Tricity and Warsaw agglomerations, as well as a modern logistics and cold storage facility situated in Warsaw zone I.

Another indication of potential acceleration in this market sector is the number of technical due diligence (TDD) projects carried out by our Technical Advisory team. The majority of these TDDs relate to industrial assets, which serves as a strong signal of upcoming transaction activity in this segment.

Poland's industrial sector has consistently remained a strong performer, even during challenging times. Therefore, with the anticipated acceleration in the investment market, we expect a growing number of portfolio deals as well as M&A transactions. One notable transaction has already been finalized, with GLP divesting its assets, including extensive Polish portfolio, to Ares Management, as a part of global M&A deal.

€202m
industrial investment volume
in Q1 2025

5
assets sold
in Q1 2025

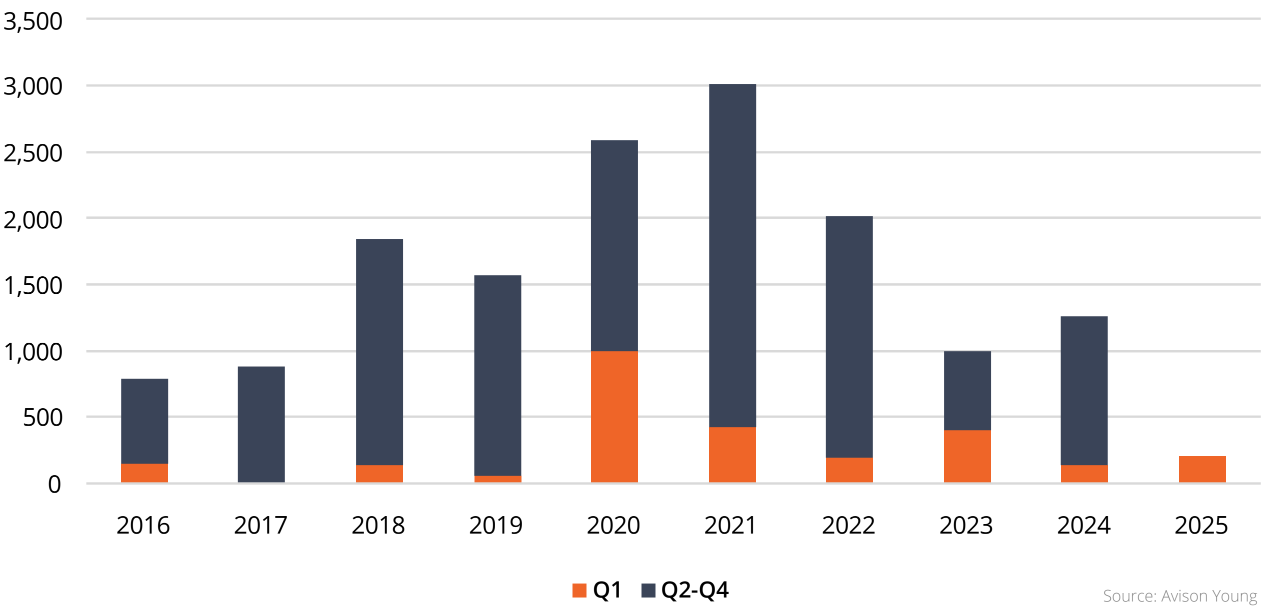
GLP to Ares
large industrial M&A
in Q1 2025

Major deals closed in the logistic sector
in Q1 2025

Project	Location	Industrial hub	GLA sqm
Panattoni Park Tricity South II	Pruszcz Gdański	Tricity	78,500
P3 Grodzisk Park	Grodzisk Mazowiecki	Warsaw II	69,400
Panattoni Park Tricity East V	Gdańsk	Tricity	50,000
Panattoni Park Gdańsk IV	Gdańsk	Tricity	42,300
HAVI Logistics Warsaw AY technical advisory	Warsaw	Warsaw I	12,800

Source: Avison Young

Industrial investment volume (€ m)
in previous years



Source: Avison Young

Retail market

Convenience format out of major cities

Poland's retail sector continues to attract strong investor interest. Following the sale of several large prime shopping centres in 2024, early 2025 has been dominated by convenience-driven assets. As of Q1 2025, the market has recorded 14 retail transactions, with Avison Young acting as advisor in 20% of the completed deals.

The retail investment volume in early 2025 was dominated by retail parks, with 56% share in the investment volume. This asset class continue to be viewed as a reliable and secure investment option, maintaining their appeal among investors. Key transactions in Q1 2025 included the acquisition of Power Park Olsztyn by BIG Shopping Centres and Comfy Park Bielik in Bielsko-Biała, where Avison Young facilitated the purchase by Newgate Investment. Additionally, a portfolio of two retail parks was purchased by Terg.

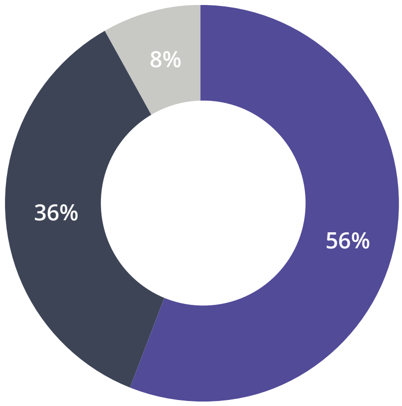
Interestingly, convenience-oriented shopping centres located outside Poland's major cities were responsible for over 1/3 of the retail investment volume. Among four transactions in this segment, the largest was the acquisition of three Plaza Centers in Silesia by the Ukraine-based Focus Estate Fund. This deal highlights the growing investor appetite for regional centres, which continue to benefit from strong locations, well-established retail positioning and attractive pricing.

Other notable assets sold in this category include Galeria Świdnicka, Pasaż Świętokrzyski, and Galeria Młyńska brokered by Avison Young. The period also saw the divestment of several smaller convenience schemes and stand-alone retail assets, reflecting ongoing demand across various retail formats.

€189m
retail investment volume
in Q1 2025

6/14
transactions regarding retail parks
in Q1 2025

2
portfolio deals
in Q1 2025

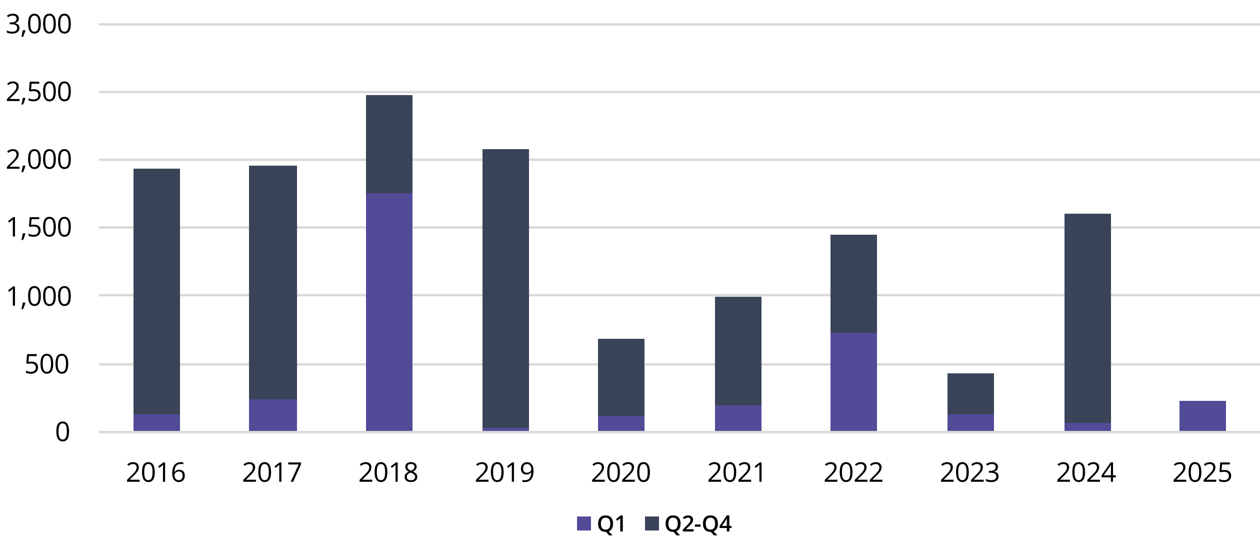


Retail investment volume
by property type in Q1 2025

- Retail parks and convenience retail
- Regional shopping centres
- Stand-alone retail

Source: Avison Young

Retail investment volumes (€ m)
in previous years



Source: Avison Young

Office market

Stable interest but selective demand

There is continued investor apetite for Poland's office investment market, although buyers remain highly selective. Value-add and core+ strategies are gaining traction in specific submarkets, particularly where repricing has brought buyer and seller expectations into closer alignment.

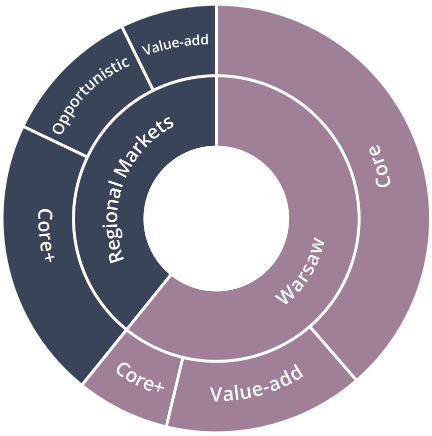
The Polish office market closed Q1 2025 with an investment volume of €176 million. The largest transaction of the quarter—and the only core deal—was the acquisition of Wronia 31 in Warsaw by Uniqa Real Estate. Notably, over 60% of the assets transacted were value-add or opportunistic in nature, reflecting investors' interest for repositioning opportunities. While regional cities are growing in popularity, their share of total investment volume remains limited. Although 8 out of 12 transactions took place in regional markets, their combined volume accounted for slightly over 40% of the total.

Core capital remains only marginally active, as it continues to avoid economic and geopolitical risks. In contrast, value-add and opportunistic investors are showing greater activity, albeit with a cautious and disciplined approach—seeking well-priced opportunities without overpaying for assets.
We are aware of several pending office deals in Warsaw and regional cities to be closed in the near future.

€176m
office investment volume
in Q1 2025

8/12
deals closed in regional markets
in Q1 2025

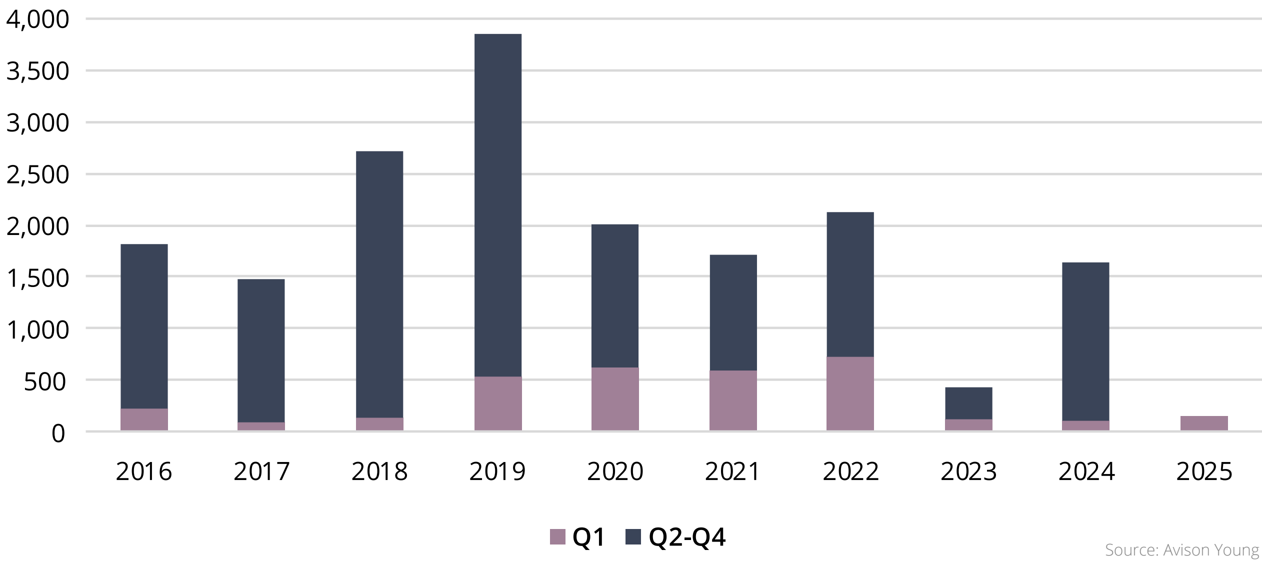
One core capital transaction
in Q1 2025



Office investment volume
by location and asset type

Source: Avison Young

Office investment volume (€ m)
in previous years



Source: Avison Young

PRS

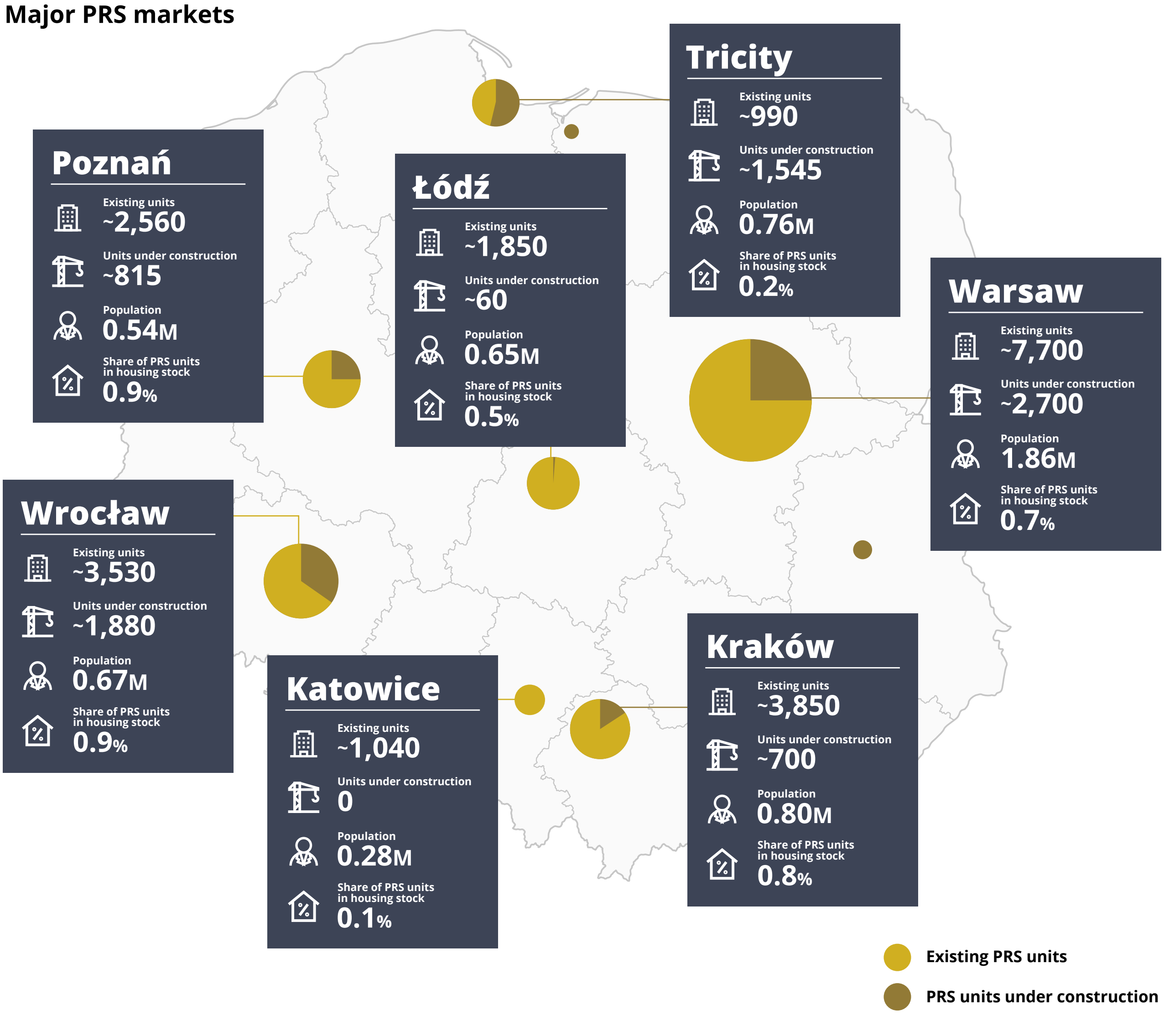
Conversions and new players

In 2024, the residential market in Poland saw a total of 12 closed transactions in PRS sector, achieving a record-breaking result of €344 million. The PRS deals were primarily finalised by already active market operators. Notably, Sweden based investors were responsible for 50% of the total PRS investment volume.

Q1 2025 started with three deals finalised in the living sector, altogether accounting for over €100 million. The biggest one was the forward funding PRS Metro Szwedzka acquired by AFI Europe. Another closed forward funding project was the co-living Nad Stawem by NREP. The third deal regarded secondary market, as Xior Student Housing acquired PRS project in Warsaw from Syrena. This is one of the few secondary market transactions in Poland, as the market is still on its early stage. Also the new market player, namely Polski Holding Nieruchomości, has announced the entrance into the PRS segment. PHN will use its own stock and rebuild owned vacant assets into PRS units. The new platform will offer approx. 800 PRS units by the end of 2030.

We are seeing increasing interest from investors looking to purchase older office buildings with the potential for conversion into student housing, residential, or PRS units. One of the key advantages of these properties is attractive location with very good access to public transport. Additionally, repurposing existing buildings can often be more cost-effective and time-efficient than developing new ones from the ground up. Avison Young's technical consultants have already conducted multiple analyses of office buildings for potential residential conversions. Encouragingly, our findings suggest that adapting office spaces for residential use - without demolition - is quite feasible under current technical regulations. In fact, it is notably easier to convert office buildings into residential units than the other way around.

Major PRS markets



Source: Avison Young

What's next?

- Poland remains one of the most promising markets in the region, offering stability and opportunities for dynamic growth
- Strong fundamentals driving a renewed interest in high-quality assets
- Investors are focusing on high-quality assets that meet ESG criteria or changing function of opportunistic assets
- The anticipated interest rate cuts will help bridge the pricing expectation gap between buyers and sellers
- A significant activity increase of REITs and SCPIs
- Efforts toward achieving net-zero emissions will become essential not only for developers and investors but also for banks financing the real estate market

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