Poland

By Agnieszka Nierodka, Polish Bank Association

IN A NUTSHELL

- → Economic growth accelerated to 3.6%, substantially above the EU average, while annual average HICP inflation fell to 2.5%.
- → The monetary easing cycle improved mortgage affordability: six interest-rate cuts lowered the NBP reference rate by a combined 175 bps to 4.00%.
- → Housing completions recovered, but the decline in permits and housing starts indicated a weaker future construction pipeline.
- → Mortgage lending reached a record PLN 90.5 bn, while transaction prices broadly stabilised and the quality of the mortgage portfolio improved further.

MACRO-ECONOMIC OVERVIEW

The Polish economy strengthened considerably in 2025. According to Eurostat, real GDP increased by 3.6%, compared with 2.9% in 2024 and an EU average of 1.5%. Poland therefore remained among the faster-growing larger economies of the European Union.

Annual average HICP inflation was 2.5%, compared with 3.7% in 2024. Although inflation remained elevated compared with the EU average (2.0%), price pressures moderated during the year. The labour market continued to support household income and housing demand. The annual average unemployment rate was 3.1%, compared with 6.0% in the EU. Only Czechia recorded a lower rate, while Poland and Malta had the second-lowest unemployment rates in the Union.

Monetary conditions eased significantly. Between May and December 2025, the Monetary Policy Council reduced the NBP reference rate on six occasions, by a total of 175 bps, from 5.75% to 4.00%. Lower market interest rates, combined with competition between banks, gradually reduced mortgage pricing and improved the borrowing capacity of households. However, housing finance remained relatively expensive in comparison with the period preceding the inflationary shock.

LOOKING AHEAD

The outlook for the housing and mortgage markets is shaped by two opposing developments. On the demand side, lower interest rates, low unemployment and continued nominal income growth should support the creditworthiness of households and encourage transactions. Unlike the market recovery observed in late 2023 and early 2024, however, the improvement in demand during 2025 was not driven by a broad mortgage-subsidy programme. The recovery was therefore more gradual and predominantly market-based.

On the supply side, the decline in both building permits and housing starts suggests that the number of dwellings completed may weaken with a lag. The relatively large stock of dwellings offered by developers should limit immediate price pressure, but a prolonged reduction in new construction could create supply constraints in the largest and fastest-growing urban areas.

Further monetary easing could strengthen mortgage demand. Its impact on house prices will depend on the ability of developers to adjust supply, the availability and cost of development land and the pace at which the existing stock of unsold dwellings is absorbed. A rapid demand recovery combined with a weak construction pipeline would increase the risk of renewed price pressure, particularly in the largest cities.

HOUSING MARKETS

In 2025 nearly 208,800 dwellings were completed in Poland, an increase of 4.1% y-o-y. Developers completed 134,100 dwellings intended for sale or rent, 7.6% more than in the previous year. Individual investors completed 67,600 dwellings, a decline of 2.8%. Together, these two forms of construction accounted for 96.6% of all new dwellings.

The improvement in completions largely reflected projects initiated in previous years. Forward-looking construction indicators weakened: the number of dwellings for which permits were issued or construction projects were registered fell by 8.8%, while the number of housing starts declined by 9.2%. Among developers, construction started on approximately 212,400 dwellings, 9.2% fewer than in 2024, while permits were obtained for approximately 266,400 dwellings, a decline of 8.7%.

The price dynamics changed markedly compared with 2024. Data for the seven largest housing markets indicate that between Q4 2024 and Q4 2025 average transaction prices increased by approximately 1.5% on the primary market and by 2.5% on the secondary market. By contrast, average offer prices rose by approximately 3.6% and 3.5%, respectively. The divergence between asking and transaction prices pointed to greater buyer negotiating power and slower adjustment of sellers' expectations.

Poland's residential construction market showed a mixed performance in 2025. The number of dwellings completed increased by 4.1% y-o-y to 208,800, with their total useful floor area rising by 1.5% to 18.1 mn m^2, although both figures remained below their 2021–2025 averages. The average size of a completed dwelling declined from 89.2 m^2 to 87.0 m^2. At the same time, forward-looking indicators weakened: building permits were granted for 266,400 dwellings, 8.7% fewer than in 2024, while housing starts fell by 9.2% to 212,400 units. Construction for sale or rent accounted for 61.1% of all housing starts, while private construction represented 37.1%. Overall, the increase in completions reflected projects initiated in earlier years, whereas the decline in permits and starts pointed to a weaker residential construction pipeline and potentially lower housing supply in the following years.

MORTGAGE MARKETS

MARKET DYNAMICS

The mortgage market continued to recover in 2025. Banks granted 232,654 new residential mortgage loans with a total value of PLN 90.5 bn. Compared with 2024, the number of new loans increased by approximately 14.8%, while their value rose by 8%. The value of new lending was the highest annual result ever recorded.

Despite the strong volume of new lending, the number of active mortgage agreements continued to decline, reflecting amortisation, prepayments and early repayments of older loans. At the end of 2025, there were approximately 2.149 mn active agreements, 4.0% fewer than a year earlier. At the same time, the outstanding value of the residential mortgage portfolio increased by 3.5% to PLN 513 bn. The opposite movements in the number and value of outstanding loans reflected the growing average size of newly originated mortgages.

The cost of mortgage borrowing declined during the year. According to NBP data the average interest rate on new residential mortgages was 6.2% in Q4 2025, compared with 7.5% one year earlier. The NBP bank lending survey also indicated that banks eased mortgage credit standards and reduced lending margins in Q4, primarily in response to stronger competitive pressure and lower central bank interest rates.

Periodically fixed-rate mortgages remained the predominant product, although their share decreased as borrowers increasingly anticipated further interest-rate reductions. In 2025, periodically fixed-rate loans (usually with the fixation period of 5 years) accounted for approximately 73% of newly granted mortgages. The narrowing difference between the pricing of fixed- and variable-rate products increased the relative attractiveness of variable-rate loans for borrowers expecting further monetary easing.

The quality of the mortgage portfolio remained strong. The share of impaired residential mortgages fell to 1.34% at the end of 2025, the lowest level ever recorded. The improvement was supported by low unemployment, income growth and the declining debt-service burden on newly granted and repriced loans.

MORTGAGE FUNDING

Customer deposits remained the principal source of mortgage funding, while mortgage covered bonds continued to provide a smaller but strategically important source of long-term finance. Under Polish law, covered bonds may be issued only by specialised mortgage banks. Gross issuance of mortgage covered bonds increased by approximately 66% in 2025, from PLN 5.68 bn in 2024 to the equivalent of around PLN 9.42 bn, comprising PLN-denominated issues of PLN 7.3 bn and one EUR-denominated issue of EUR 500 million.

During 2025, banks' funding strategies were increasingly influenced by the implementation of the Long-Term Funding Ratio (Wskaźnik Finansowania Długoterminowego, WFD), adopted by the Polish Financial Supervision Authority in July 2024. Under the version of the Recommendation in force at the end of 2025, the supervisory authority expected eligible banks - those with assets exceeding PLN 2 bn and residential mortgage exposures accounting for more than 10% of their assets - to maintain a WFD of at least 40% from 31 December 2026. However, in November 2025 the supervisory authority launched consultations on amendments to the Recommendation, including changes to the calculation methodology and a proposed recalibration of the initial expected ratio to 20%. The final calibration of the WFD therefore remained subject to the completion of the regulatory review.

The objective of the WFD is to reduce the liquidity and interest-rate risks arising from the financing of long-term residential mortgage loans predominantly with shorter-term deposits and to increase the use of stable, long-term funding. The framework provides preferential treatment for mortgages carrying fixed or periodically fixed interest rates and for qualifying green debt instruments, while covered bonds remain an important eligible source of long-term funding.

	POLAND 2024	POLAND 2025	EU 27 2025
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)*	2.9	3.6	1.5
Unemployment Rate (LSF), annual average (%) (1)	2.9	3.1	6.0
HICP inflation (%) (1)	3.7	2.5	2.0
HOUSING MARKET			
Owner occupation rate (%) (1)	87.1	87.2	68.5
Gross Fixed Investment in Housing (annual change) (1)	-4.2	1.1	2.8
Building Permits (2015=100) (2)	122.5	111.8	86.9
House Price Index - country (2015=100) (1)	215.0	228.9	161.92
House Price Index - capital (2015=100) (2)	217.0	250.1	n/a
Nominal house price growth (%) (1)*	14.2	6.45	5.5
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (1)	110,593	121,584	5,617,435.11
Outstanding Residential Loans per capita over Total Population (EUR) (2)	3,169	3,257	12,472.10
Outstanding Residential Loans to disposable income ratio (%) (1)	23.4	21.3	81.39
Gross residential lending, annual growth (%) (1)	52.2	n/a	2.8
Typical mortgage rate, annual average (%) (2)	7.65	6.93	3.31

(1) Eurostat Data
(2) European Mortgage Federation – Hypostat 2026, Statistical Tables
** Eurostat Reviewed*
*** EU 2025 to be confirmed*

POLAND FACT TABLE

Which entities can issue mortgage loans in your country?	Banks and credit unions
What is the market share of new mortgage issuances between these entities?	No detailed data available. Rough estimates indicate that less than 1% of new lending is granted by credit unions and more than over 99% by banks.
Which entities hold what proportion of outstanding mortgage loans in your country?	Approximately 99.9% is held by banks and 0.1% by credit unions.
What is the typical LTV ratio on residential mortgage loans in your country?	The typical LTV ratios are: • 27.32% of new loans granted in 2024 had LTVs over 80%. • 46.34% - LTVs between 50-80%. • 10.83% - LTVs between 30-50%. • 15.51% - LTVs below 30%.
How is the distinction made between loans for residential and non-residential purposes in your country?	The distinction is based on the borrower's declaration. The borrower must state in the loan application the purpose for which the loan will be used, and the bank is entitled to verify whether the loan has been used in accordance with that declaration.
What is/are the most common mortgage product(s) in your country?	Approximately 73% of loans were periodically fixed-rate loans, PLN denominated.
What is the typical/average maturity for a mortgage in your country?	More than 61.0% of loans granted in 2025 had a maturity of between 25 and 35 years.
What is/are the most common ways to fund mortgage lending in your country?	Banking deposits and interbank lending.
What is the level of costs associated with house purchase in your country (taxes and other transaction costs)?	• Tax on the establishment of a mortgage – usually PLN 19, where the mortgage secures claims of an undetermined amount, including interest and other ancillary claims; a rate of 0.1% applies where the mortgage secures an existing claim of a fixed amount. • Notarial fee (depending on the value of the property) – usually PLN 1,010 plus 0.4% of the value exceeding PLN 60,000 (plus 23.0% VAT). Different thresholds apply to properties worth more than PLN 1 million. • Certified copies or extracts of the notarial deed – up to PLN 6 per commenced page, usually plus VAT. • Land and mortgage register fees – PLN 200 for registration of ownership and PLN 200 for registration of the mortgage. Where a new land and mortgage register must be opened, an additional fee of PLN 100 applies. • Tax on civil law transactions – generally 2.0% of the market value when a residential property is purchased on the secondary market. Since 31 August 2023, an individual purchasing their first residential unit or single-family house may qualify for an exemption, subject to the statutory eligibility conditions. • Property valuation – depending on the bank and the type of property, approximately PLN 400–1,500. The valuation may be commissioned by the bank or provided by the borrower, if accepted by the bank. • Real estate broker's commission, where applicable – determined in the brokerage agreement; typically around 3.0% plus VAT.
What is the level (if any) of government subsidies for house purchases in your country?	(1) Family Housing Loan (Rodzinny Kredyt Mieszkaniowy) – which may include a down-payment guarantee and a subsequent partial principal repayment after the birth of a second or later child. (2) Continuing instalment subsidies for the existing stock of Safe Credit 2% (Bezpieczny Kredyt 2%) loans. However, the programme was closed to new borrowers in 2024.