

AT A GLANCE

Q3 2023

POLAND'S MODERN RETAIL MARKET*

KEY HIGHLIGHTS Q3 2023

- Shopping centres report a year-on-year increase in turnover and footfall in July
- Lower vacancy rates in shopping centres year-on-year
- Retail parks and convenience centres continue to expand
- AI enters the retail market
- Mixed-use schemes aligned with the concept of a 15-minute city

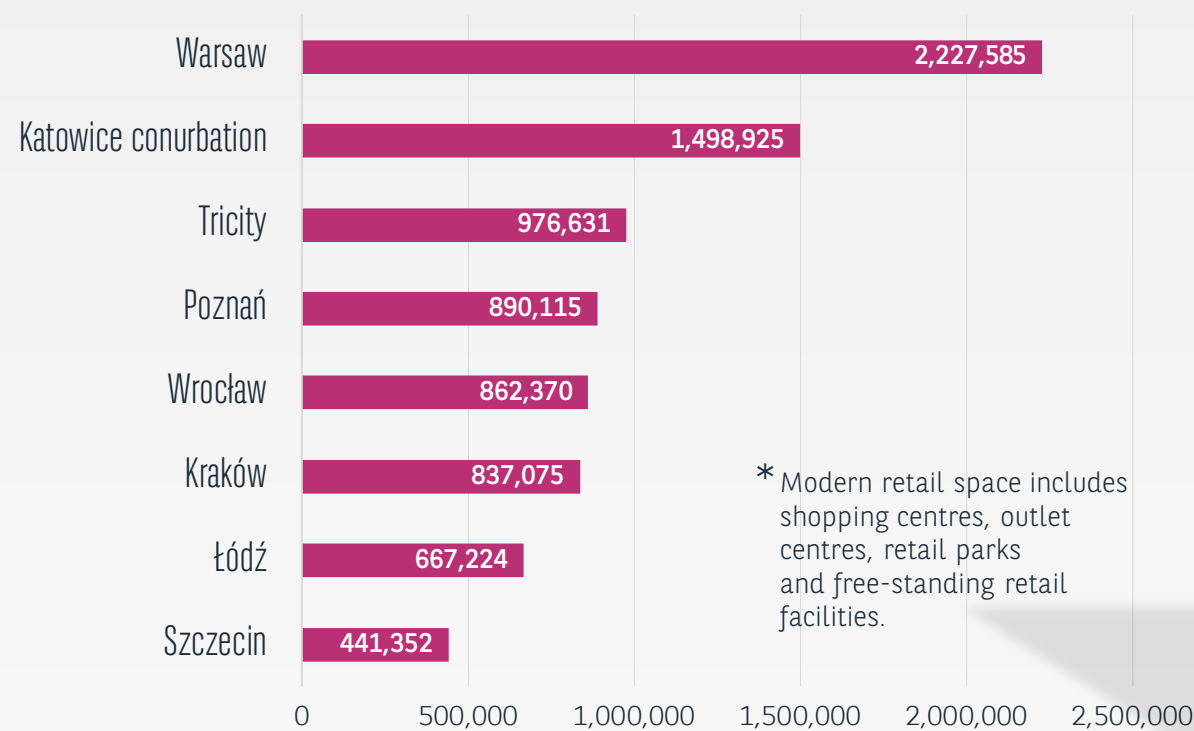
TOP 3 OPENINGS Q3

- Karuzela Biała Podlaska (24,000 sqm, Karuzela Holding)
- Retail Park Hosso Żary (6,500 sqm, Hosso Group)
- Vendo Park Łapy (6,000 sqm, Trei Real Estate Poland)

TOP 3 UNDER CONSTRUCTION

- Nowa Sukcesja – reconstruction (46,300 sqm, Amush Investment Group, Q2 2024)
- Koszalin Power Center (38,000 sqm, Acteeum, Q1 2024)
- Gorzów Power Center (25,000 sqm, Acteeum, Q3 2024)

Modern retail stock* in major agglomerations



Source: BNP Paribas Real Estate Poland



+4.3%
AVERAGE SHOPPING CENTRE FOOTFALL
(PRCH: July 2023/July 2022)

8.2%
SHARE OF ONLINE SALES IN TOTAL RETAIL SALES
(Statistics Poland: August 2023)

about **15.9 M sqm**
EXISTING RETAIL SPACE

44,000 sqm
NEW SUPPLY Q3 2023

318,700 sqm
NEW SPACE UNDER CONSTRUCTION
(to be delivered to the market by the end of 2024)

155,800 sqm
CHANGES IN FORMAT & EXTENSION
(to be delivered to the market by the end of 2024)

Forecast of major macro indicators

	2023	2024	2025
GDP	0.0%	3,0%	3,5%
Unemployment rate	5.2%	5,5%	5,4%
Private consumption	-1.0%	3,5%	3,0%
Wages in enterprise sector	12.5%	9,5%	7,5%
Inflation (CPI)	11.7%	6,3%	4,0%

Source: Statistics Office, NBP, Eurostat, BNP Paribas, as of September 2023, average in the quarter (% y/y)

Retail market in Q3 2023

The Polish retail market performed strongly during the first three quarters of 2023, with approximately 193,500 sqm of new retail space delivered through 22 schemes, mainly retail parks sized below 10,000 sqm. Larger retail completions included the opening of Karuzela Biała Podlaska with 24,000 sqm of leasable area in the third quarter of 2023. Non-food discounters remained the fastest-growing group of retail tenants. Mixed-use developments with complementary retail facilities continue to rise as they are aligned with the concept of a 15-minute city. The development pipeline comprises 474,500 sqm of retail space, most of which will be delivered in smaller cities. In July 2023, shopping centre tenants reported a 6.5% increase in turnover year-on-year, with growth recorded across all retail formats. This was a good result as retail sales in current prices rose in the same period by 2.1% according to Statistics Poland (GUS). Overall footfall for shopping centres increased by 4.3% versus July 2022, reaching its highest since the beginning of 2023. The continued growth in customer numbers shows that the Poles have returned to shopping centres for good. Meanwhile, high inflation had a direct impact on shopping decisions, particularly in small and medium-sized retail schemes in July.

Expert comment



Anna Pływacz
Director, Retail Leasing

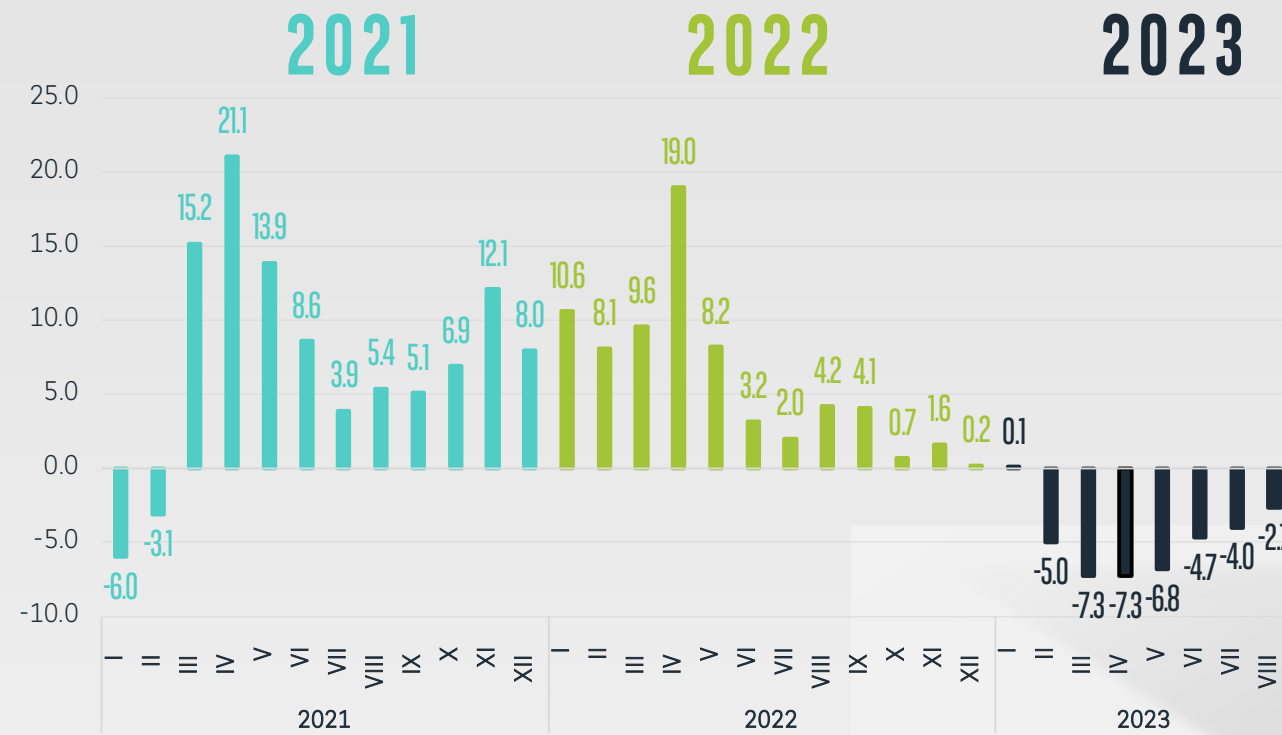
Artificial intelligence (AI) is effectively transforming the retail landscape. It is revolutionizing the entire market, from manufacturing through to logistics and sales, both in the offline and online realm. Technology growth in online stores was accelerated by the pandemic, which in turn translated into rising expectations of customers, including in brick-and-mortar stores. To meet their requirements, optimize costs and improve efficiency, retailers are increasingly deploying AI-based solutions, mainly to further improve the quality of customer service by reaching consumers with a bespoke and personalised offer. Other meaningful benefits of AI deployment in the retail sector include optimized operations, improved efficiency, better inventory and order management.

Retail sales

change % y/y,
at constant prices

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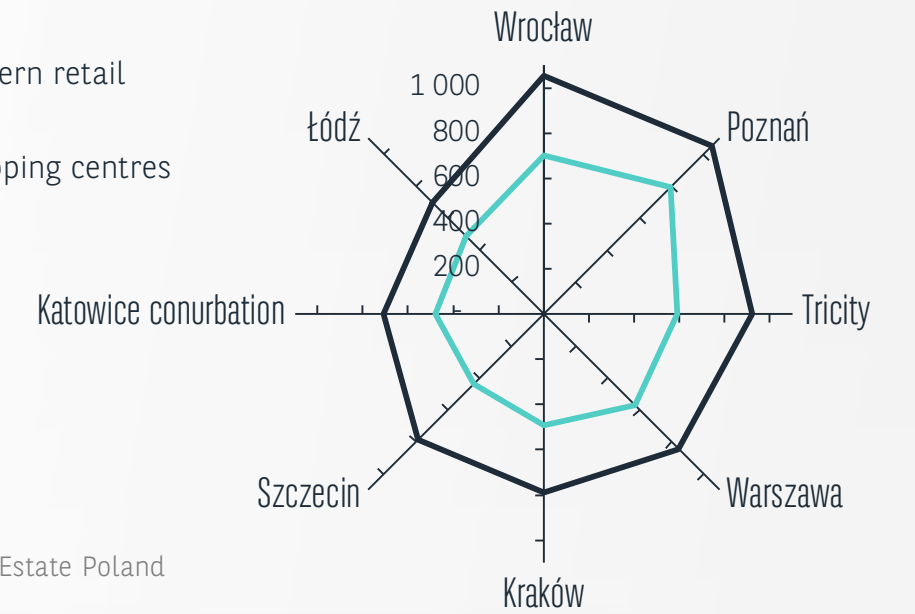


Source: Statistics Poland

Density of modern retail stock in major agglomerations

(sqm of GLA/ 1,000 inhabitants)

— Density of modern retail space
— Density of shopping centres

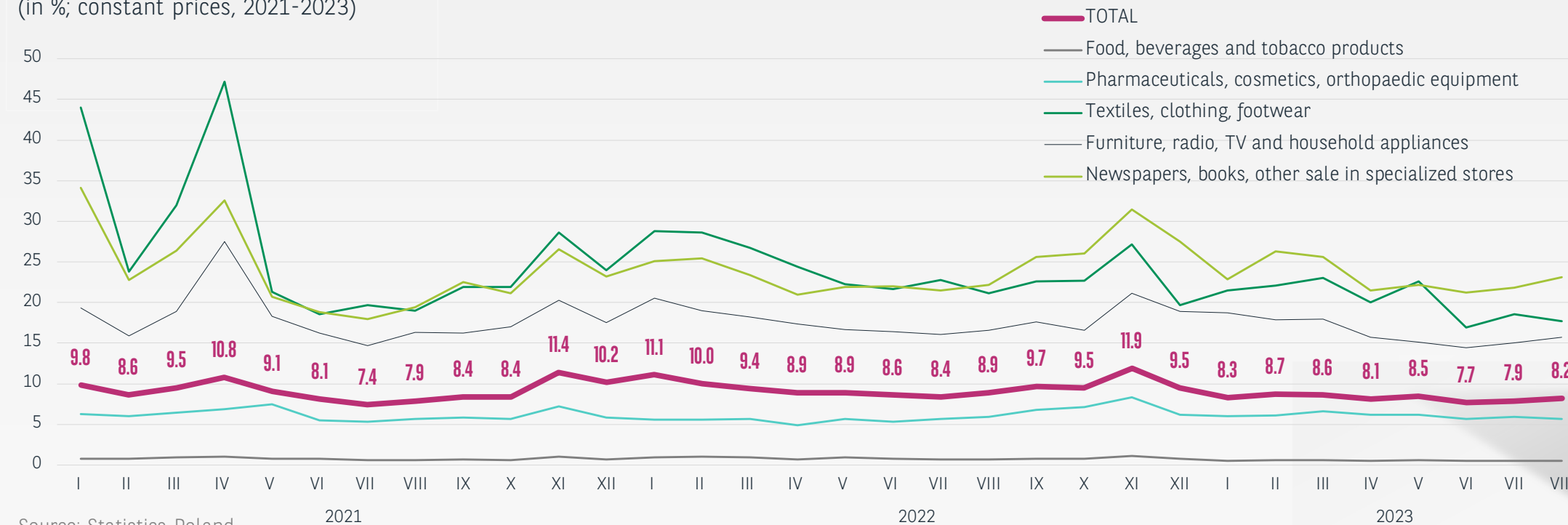


Source: BNP Paribas Real Estate Poland

“ The highest retail space saturation rates have for long been seen in Wrocław and Poznań – they currently stand at 1,054 sqm and 1,050 sqm per 1,000 inhabitants, respectively, with the lowest in Katowice and Łódź – 710 sqm and 696 sqm per 1,000 inhabitants, respectively.

Share of internet sales in retail sales

(in %; constant prices, 2021-2023)



Source: Statistics Poland

Mixed-use projects

The growth of mixed-use developments has gathered pace on the commercial real estate market in Poland in recent years. Around 40 have been completed across the country so far. Among the first were Centrum LIM, Stary Browar in Poznań and Manufaktura in Łódź, but this market segment is now gaining momentum. The highest concentration of mixed-use projects underway is in the Mazovian province (Warsaw and its suburbs), Tricity, Łódź, Wrocław and Poznań, but new projects are also being launched throughout the country. The best-known mixed-use developments in Poland include Quorum in Wrocław, Nowy Rynek in Poznań, DOKI in Gdansk, Global Office Park in Katowice, Elektrownia Powiśle, Fabryka Norblina Browary Warszawskie all three located in Warsaw, which combines office, residential and service functions. Mixed-use projects allow for an efficient use of plots, especially in large cities where there are practically no undeveloped greenfield sites. The commercial real estate market is already saturated with traditional projects. A good example is Warsaw’s Mordor, which had been an office monoculture for over a decade and is gradually turning into a modern, urban office and residential district.

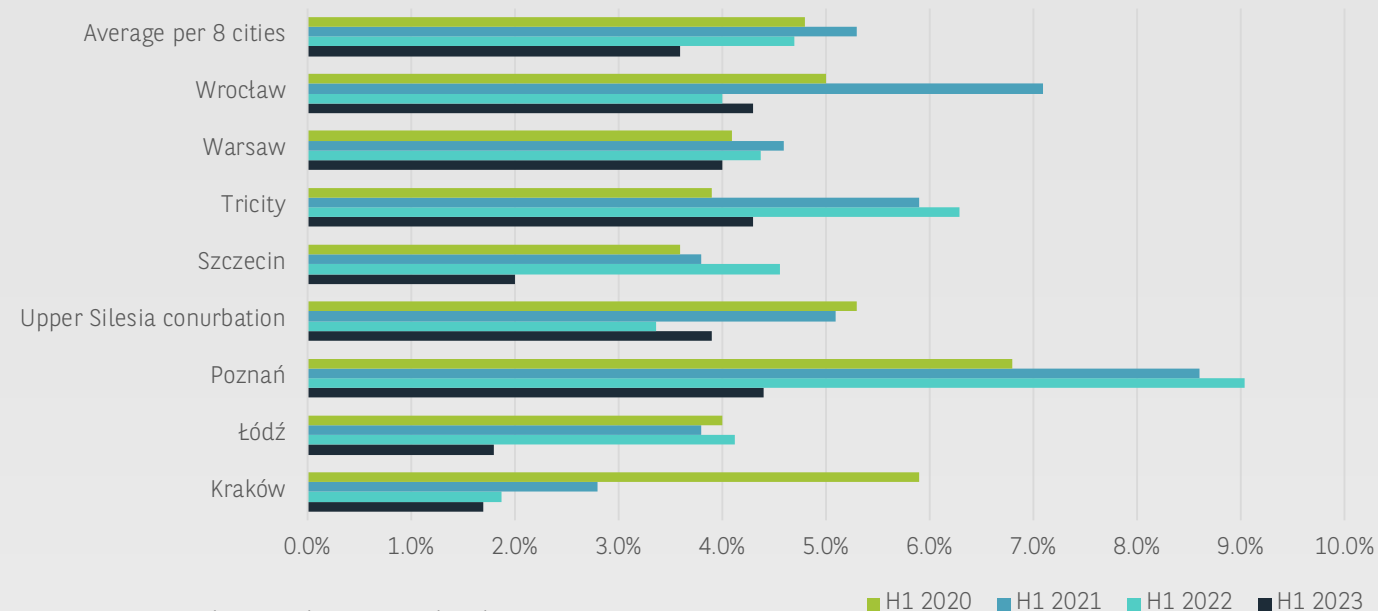
Expert comment



Fabrice Paumelle
Head of Retail

Lower vacancy rates are among the key commercial property market metrics reflecting a situation in each sector. At the end of the first half of 2023, the lowest retail vacancy rate of 1.7% was in Krakow, down from 1.9% in 2022. The second lowest was in Łódź: 1.8%, down from 4.1% in 2022. Szczecin took third spot with 2.0% of its retail stock being vacant, a decrease of 2.6 pp year-on-year. The highest vacancy rate of 4.4% was reported in the Poznań retail market, down by as much as 4.6 pp year-on-year, largely due to the closure of two retail schemes that had large volumes of vacant space in 2022. The only large cities to see vacancy rates edge up year-on-year were Katowice – 3.9% (+0.5 pp) and Wrocław – 4.3% (+0.3 pp).

Vacancy rate in shopping centers H1 2020 – H1 2023



Source: BNP Paribas Real Estate Poland

“ At the end of the first half of 2023, the average retail vacancy rate for the largest Polish cities stood at 3.6%, down by 1.1 pp year-on-year, suggesting a gradual recovery of the retail sector in Poland. Falls were recorded in six out of the eight biggest cities, with the availability of retail space at the lowest in Krakow, Łódź and Szczecin.

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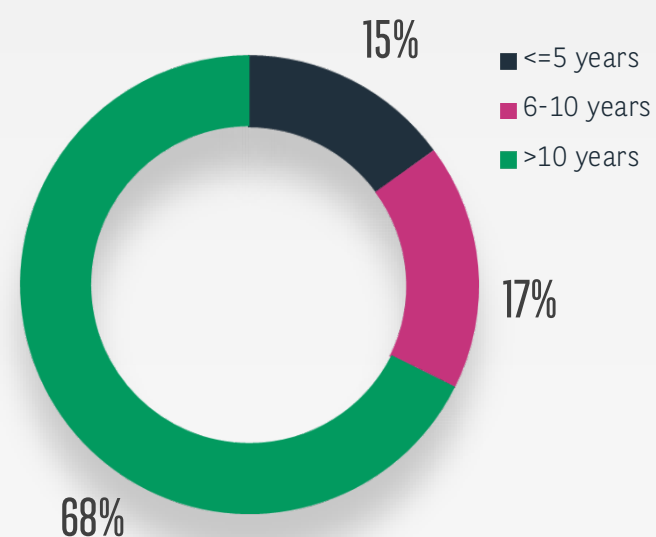
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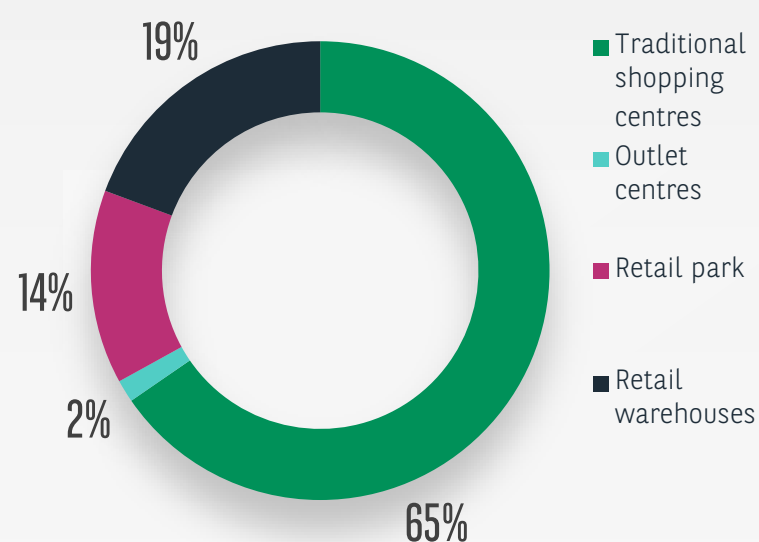
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Modern retail space by age



Source: BNP Paribas Real Estate Poland

Modern retail space by format



Source: BNP Paribas Real Estate Poland

“ The Italian restaurant brand **L'Osteria debuted** on the Polish market with the opening of its first restaurant in Centrum Praskie Koneser in Warsaw.

“ **Primark opened its first store in Łódź**, its sixth location in Poland and twelfth in Central and Eastern Europe.

“ The US cult fast food chain **Popeyes opened its first restaurant in Warsaw's Złote Tarasy**, having previously debuted in Wrocław and Szczecin.

“ The **SPAR Group** decided to take strategic action to sell its SPAR business in Poland, including 212 retail stores.