

AT A GLANCE

Q1 2024

POLAND'S MODERN RETAIL MARKET*

KEY HIGHLIGHTS Q1 2024

- Retail parks continue to shine
- Retail development pipeline declines
- New debuts on the Polish retail market
- Virtual shopping malls
- AI in retail

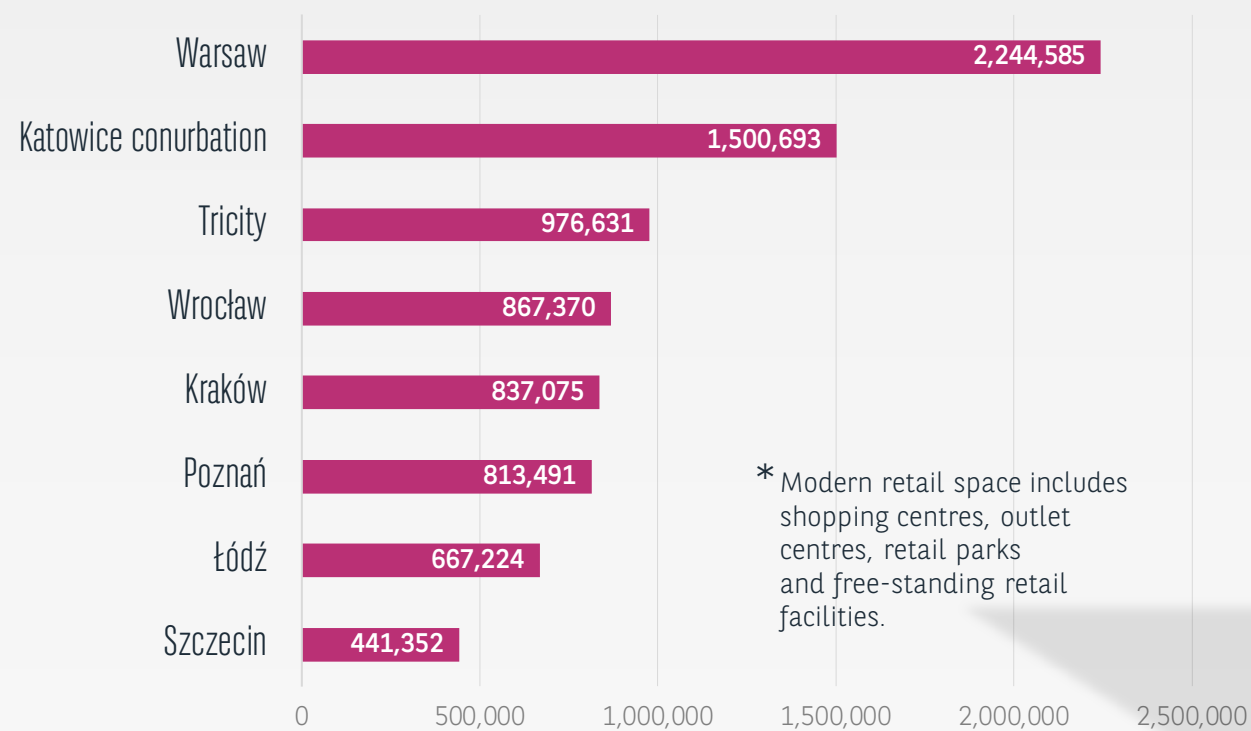
TOP 3 OPENINGS Q1

1. OTO Park Koszalin (38,000 sqm, Acteeum & Falcon)
2. Rock Park Przeworsk (6,800 sqm, Rock Capital)
3. Smart Park Syców (6,000 sqm, RG Leasing)

TOP 3 UNDER CONSTRUCTION

1. Nowa Sukcesja – reconstruction (46,300 sqm, Amush Investment Group, Q4 2024)
2. Silwana Gorzów Wlkp. (25,000 sqm, Acteeum & Equilis, Q3 2024)
3. Vendo Park Szczecin (22,000 sqm, Trei Real Estate, Q4 2024)

Modern retail stock* in major agglomerations



* Modern retail space includes shopping centres, outlet centres, retail parks and free-standing retail facilities.

Source: BNP Paribas Real Estate Poland



+4.6% y/y

AVERAGE SHOPPING CENTRE FOOTFALL

(PRCH: 2023/2022)

8.0%

SHARE OF ONLINE SALES IN TOTAL RETAIL SALES

(Statistics Poland: March 2024)

about **16.06 M sqm** EXISTING RETAIL SPACE

71,000 sqm

NEW SUPPLY Q1 2024

303,000 sqm

NEW SPACE UNDER CONSTRUCTION

(to be delivered to the market by the end of 2025)

114,500 sqm

CHANGES IN FORMAT & EXTENSION

(to be delivered to the market by the end of 2025)

Forecast of major macro indicators

	2023	2024	2025
GDP	0.2%	4.0%	3.5%
Unemployment rate	5.2%	5.3%	5.2%
Private consumption	-1.0%	4.5%	3.5%
Wages in enterprise sector	12.5%	13.0%	8.0%
Inflation (CPI)	11.6%	4.3%	4.1%

Source: Statistics Office, NBP, Eurostat, BNP Paribas, as of March 2024, average in the quarter (% y/y)

Q1 2024 on the Polish retail market

More than 71,000 sqm of modern retail space was added to Poland's total stock during the first three months of 2024. New supply comprised both new openings and extensions. All the projects completed in the first quarter were retail parks, of which OTO Park in Koszalin with an area of 38,000 sqm accounted for more than half of the new retail supply. The first quarter of 2024 also saw new brands debut in Poland – these included Made by Society, Jack & Jones and Kamalion; in addition, House of Diamonds opened its first Polish store at the Norblin Factory in Warsaw. Another newcomer to the Polish market is Hesburger, the largest fast-food chain in the Baltics and in Finland. Meanwhile, the online grocery retailer Barбора.pl of the Lithuanian-based Maxima Group, decided to withdraw from Poland after three years. It delivered grocery shopping to customers in several cities: Tricity, Warsaw, Katowice, Krakow, Wrocław and Łódź. The coronavirus pandemic caused a boom in online shopping with home delivery for grocery, homeware and home care products. Demand for such services, however, weakened significantly post-pandemic, with HalfPrice closing its online store on 1 April 2024. Meanwhile, Biedronka announced the launch of its new online grocery store, with order fulfilment provided by Glovo, which it had already successfully worked with before.

Expert comment



Klaudia Okoń

Senior Consultant,
Business Intelligence Hub & Consultancy

Artificial intelligence (AI) is increasingly spreading to new spheres of life, with the retail market being no exception.

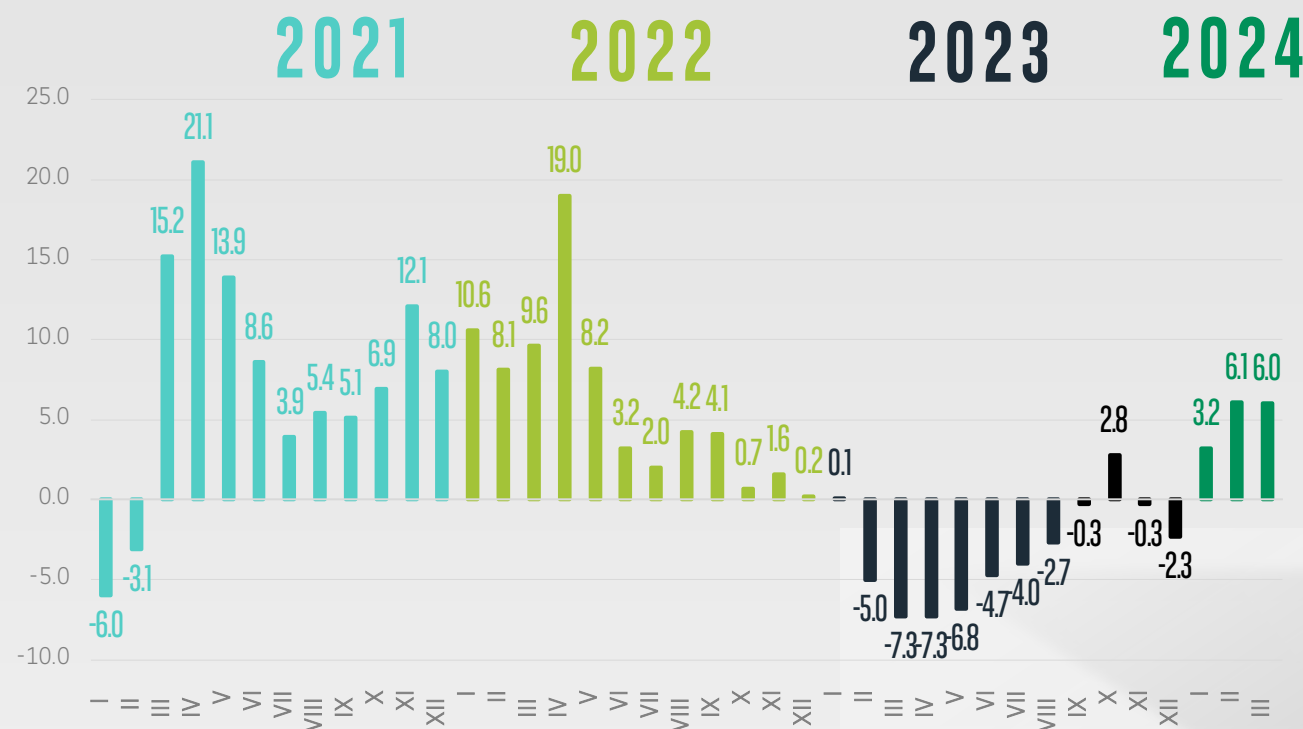
One of the key advantages of leveraging AI in retail is that it helps retailers and entrepreneurs make business decisions faster. By using this new technology, they are better positioned to navigate the rapidly changing retail landscape and adapt their offer to various customer needs. AI also generates savings – by using AI analytics, companies will be able to order only what they can sell and minimize warehousing costs, with queues at cash desks becoming a thing of the past. Recent examples include Żabka Nano v an innovative concept of quick, cashier less, queue less and cashless shopping. AI image recognition and processing technologies track consumer behaviour in-store and add products taken off shelves by shoppers to their bills. Upon exit, Żabka will automatically charge their card linked to the store’s app for the items bought.

Retail sales

change % y/y,
at constant prices

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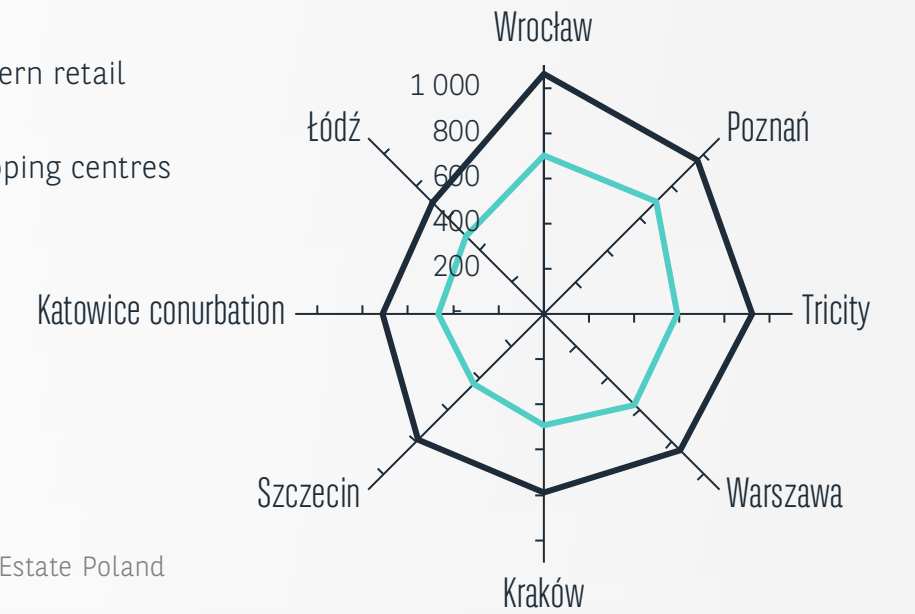


Source: Statistics Poland

Density of modern retail stock in major agglomerations

(sqm of GLA/ 1,000 inhabitants)

— Density of modern retail space
— Density of shopping centres

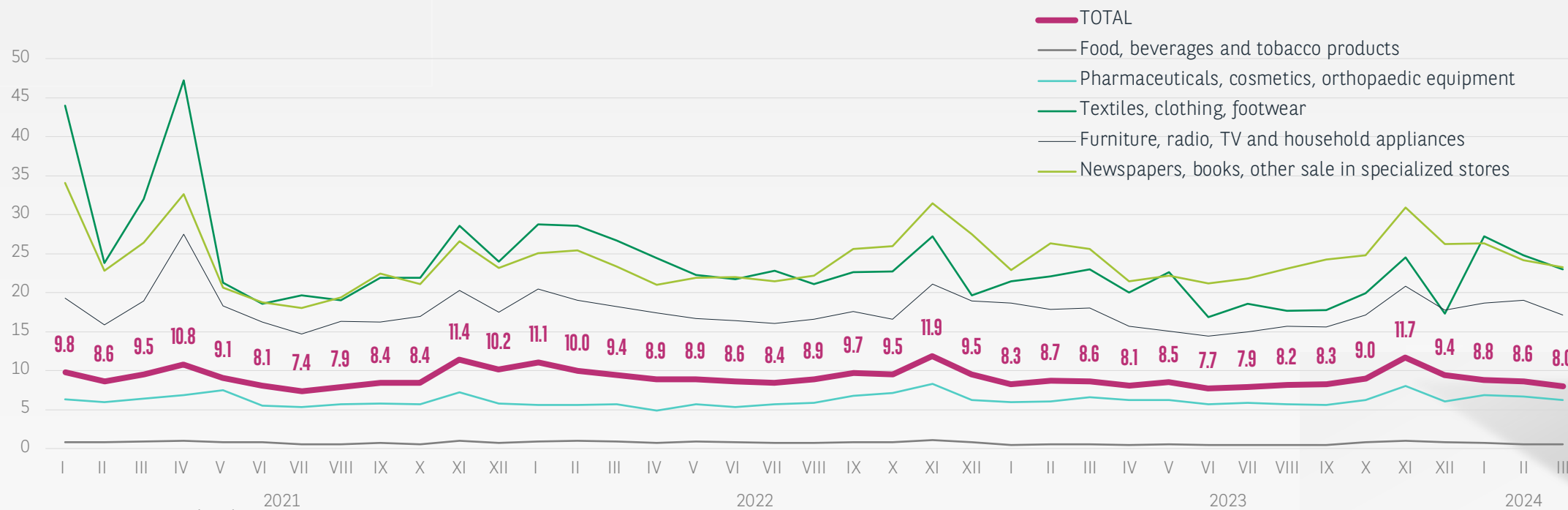


Source: BNP Paribas Real Estate Poland

“ The highest retail space saturation rates have for long been seen in Wrocław and Poznań, where they stand at 1,061 sqm and 960 sqm per 1,000 inhabitants respectively, with the lowest in Katowice and Łódź – 711 sqm and 696 sqm per 1,000 inhabitants respectively.

Share of internet sales in retail sales

(in %; constant prices, 2021-2024)



Source: Statistics Poland

Virtual shopping malls – a success or failure?

The concepts of virtual shopping malls are in their infancy in many locations across the globe – such projects came to fruition in Dubai and London, among others. Building a virtual shopping mall is very challenging – logistically it is a very complicated process that requires close cooperation of retail tenants and landlords. In terms of scale and offer, virtual shopping malls must be similar to brick-and-mortar retail facilities. The biggest challenge with such projects is high e-commerce costs and low margins. Shopping mall tenants are frequently small companies that cannot afford to launch online sales. In addition, not all brands are technologically advanced enough to implement such solutions, not to mention high implementation costs. A marketplace built by a shopping mall would enable sales channels to become more intertwined, leading to omnichannel retailing which is so popular on the market. However, Polish shopping malls are not ready to embrace such a solution as some retail tenants have not adopted omnichannel strategies yet. Additionally, an online marketplace of a shopping mall may also pose a risk to retail brands of them losing their distinct identity. Retailers open stores under their logos to attract customers to their brands. And there are also many customers who are strangers to e-commerce and omnichannel.

Expert comment



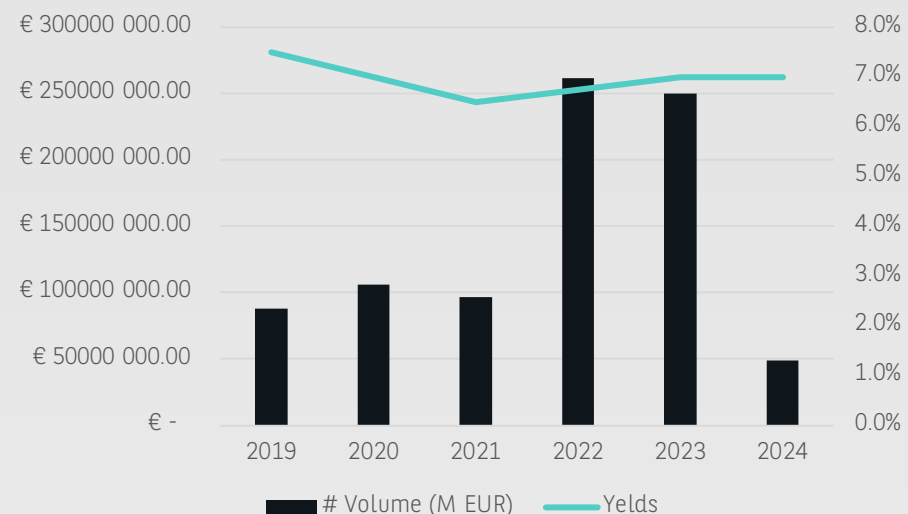
Fabrice Paumelle

Head of Retail

Last year's key retail market trends continue into 2024 and include the dominance of retail parks in terms of both new supply and stock under construction, and the remodelling of older retail schemes. New trends emerging this year comprise the shrinking development pipeline (down by around 10% quarter-to-quarter) and the stabilization of Poland's online penetration rate. 2023 was a year of challenges for e-retailers, with some experiencing financial difficulties as a result of falling online sales and growing online returns. E-commerce players are facing competition from traditional retailers who are stepping up their efforts to build integrated multichannel models. As a result, tenants of retail facilities are reevaluating their retail sales concepts, focusing increasingly on rightsizing, pruning unprofitable stores and reinvesting in expanding their chains of smaller stores.

Investment market in the segment of retail parks

Investment volume in the retail park segment in the period 2019-2023



Capitalization rates for the retail park segment in 2019-2023

Source: BNP Paribas Real Estate Poland

Despite an overall slowdown in investment activity, retail parks continue to see strong investor interest and remain a sought-after asset class. They are seen as relatively stable and safe investments, with a cost that can be attractive relative to other countries in the region and range from €5 million to €15 million. That's why our country attracts new investors looking for such deals every year. The first quarter of 2024 saw four retail park transactions, the largest in terms of GLA and value being Terg's acquisition of the 18,000 sqm Aniołów Park in Częstochowa for EUR 25 million.

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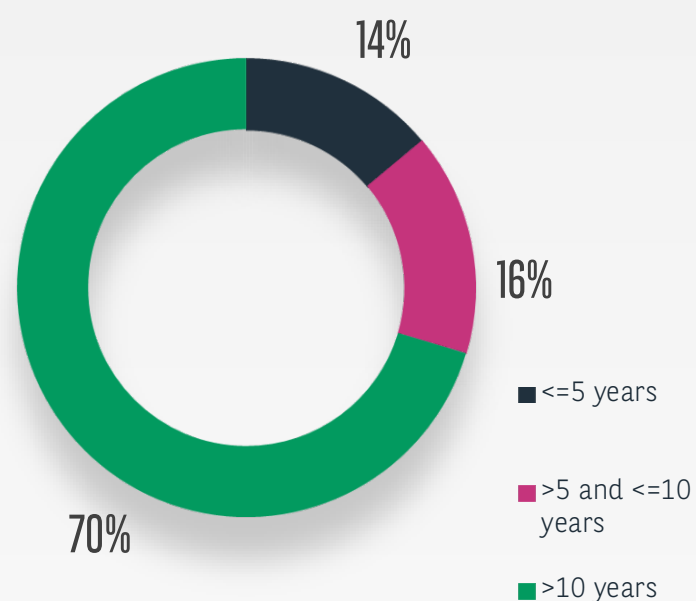
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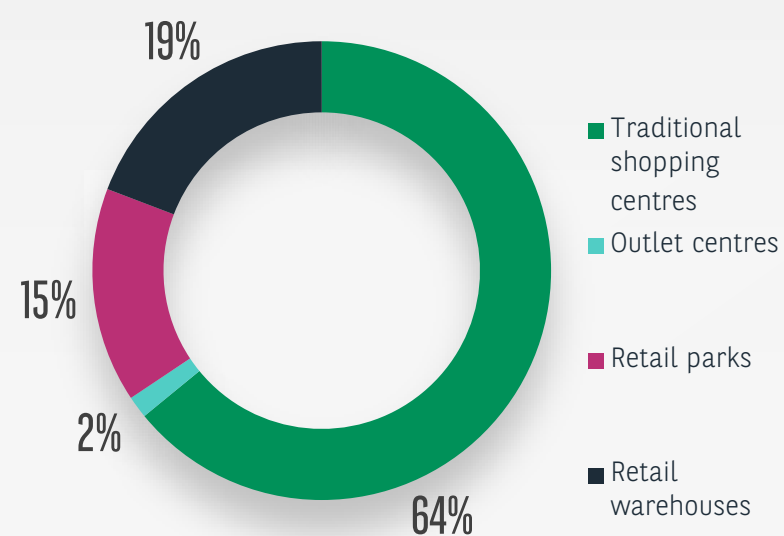
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Modern retail space by age



Source: BNP Paribas Real Estate Poland

Modern retail space by format



Source: BNP Paribas Real Estate Poland

” Allegro entered into a cooperation agreement with Ruch, which provides Orlen Paczka delivery services.

” DHL eCommerce Polska announced the start of its direct cooperation with Żabka. Its parcels will be handled in a vast majority of Żabka's 10,000-plus stores – an important link of its network of service points (DHL POP) and parcel lockers (DHL POP BOX).

” Malaysian home improvement retailer MR.D.I.Y. is launching operations on the Polish market with the opening of its logistics centre in Zgierz.

” Easy Auchan is expanding its presence at BP petrol stations. The French grocery giant is planning to increase its Easy Auchan store totally to at least 120 by the end of 2025.