AT A GLANCE Q3 2024

POLAND'S MODERN RETAIL MARKET*

KEY HIGHLIGHTS

- Healthy new supply levels
- Small-format retail store sales continue to grow
- Gen Zers emerge as demanding consumers on the retail market
- Reports of the imminent decline of shopping centres in Poland prove premature
- Average retail vacancy rates edge down year-on-year

TOP 3 OPENINGS Q3

1. BIG Gorzów Wlkp. (25,000 sqm, BIG Shopping Centres)
2. BIG Ostróda (24,000 sqm, BIG Shopping Centers/Acteeum Group)
3. San Park Piaseczno, Mysiadło (18,450 sqm, ED SAN III Sancak

TOP 3 UNDER CONSTRUCTION

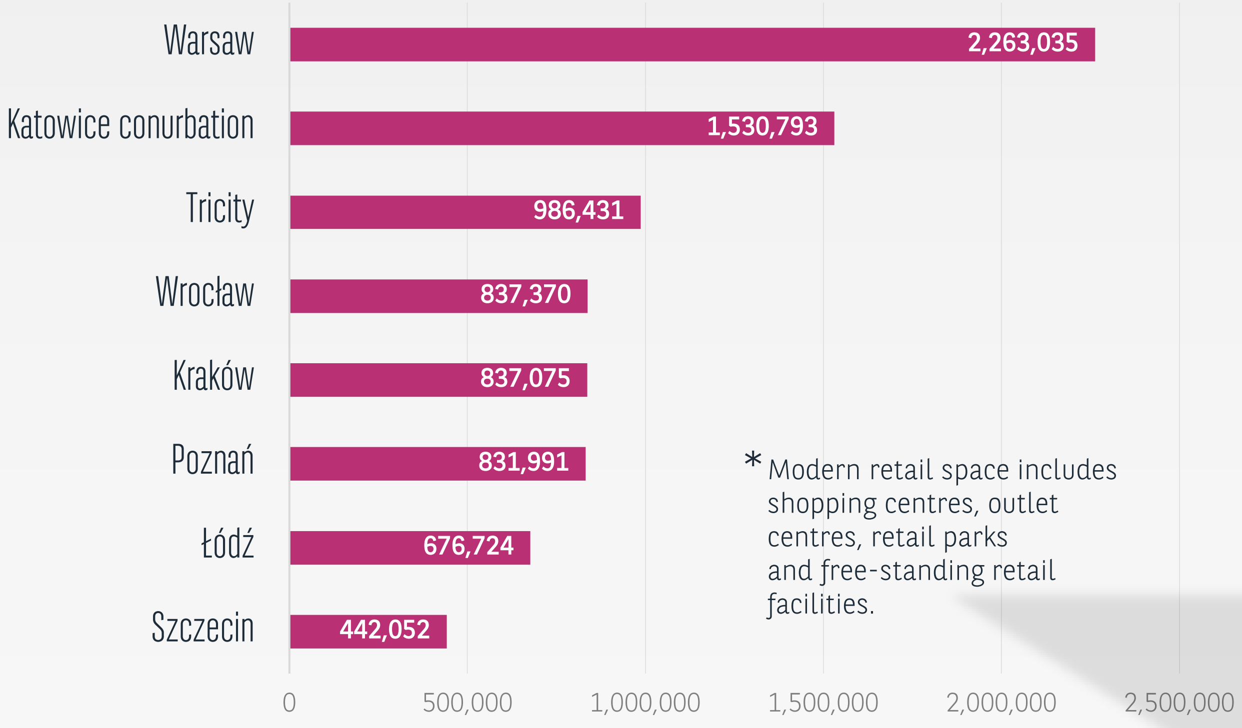
1. Nowa Sukcesja – reconstruction (46,300 sqm, Amush Investment Group, Q4 2024)
2. Vendo Park Szczecin (22,000 sqm, Trei Real Estate, Q4 2024)
3. Designer Outlet Kraków (21,000 sqm, Peakside Capital, Q1 2025)

Forecast of major macro indicators

	2023	2024	2025
GDP	0.2%	3.0%	3.8%
Unemployment rate	5.2%	5.2%	5.2%
Private consumption	-1.0%	5.0%	3.8%
Wages in enterprise sector	12.5%	13.5%	8.0%
Inflation (CPI)	11.6%	3.5%	3.8%

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

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

KEY FIGURES

+0.9% y/y
AVERAGE SHOPPING CENTRE FOOTFALL
(PRCH: H1 2024 / H1 2023)

8.0%
SHARE OF ONLINE SALES IN TOTAL RETAIL SALES
(Statistics Poland: August 2024)

about 16.3 M sqm
EXISTING RETAIL SPACE

116,000 sqm
NEW SUPPLY Q3 2024

278,000 sqm
NEW SPACE UNDER CONSTRUCTION
(to be delivered to the market by the end of 2025)

115,000 sqm
CHANGES IN FORMAT & EXTENSION
(to be delivered to the market by the end of 2025)

Polish retail market continues its strong momentum in Q3 2024

The Polish retail market experienced strong activity in the July-September period, with the opening of seven new retail parks, three retail park extensions and the redevelopment of a former Tesco building into a retail park. Importantly, the Q3 new supply included three large completions: two exceeding 20,000 sqm each and one just under 20,000 sqm. This marks a significant shift from previous quarters, which were dominated by smaller projects of around 10,000 sqm. Another sign of the strength of the Polish retail sector is the overall retail vacancy rate in the largest cities, which edged down by 0.3 pp year-on-year. At the end of the first half of 2024, it stood at 3.3%, signifying a gradual recovery of the retail sector. Additionally, shopping centre tenants reported a 4.2% increase in turnover in the first half of 2024 compared to the same period in 2023. This growth significantly outpaced the 2.7% rise in the consumer price index, showing that shopping centres remain a strong sales channel. In contrast, shopping centre footfall (PRCH Footfall Density Index) for the first half of 2024 was 0.9% higher than in the same period last year. The first six months of 2024 also saw Lviv-based Rebernia enter the Polish market, with its first restaurant opening in Łódź's Manufaktura in July.

AT A GLANCE Q3 2024

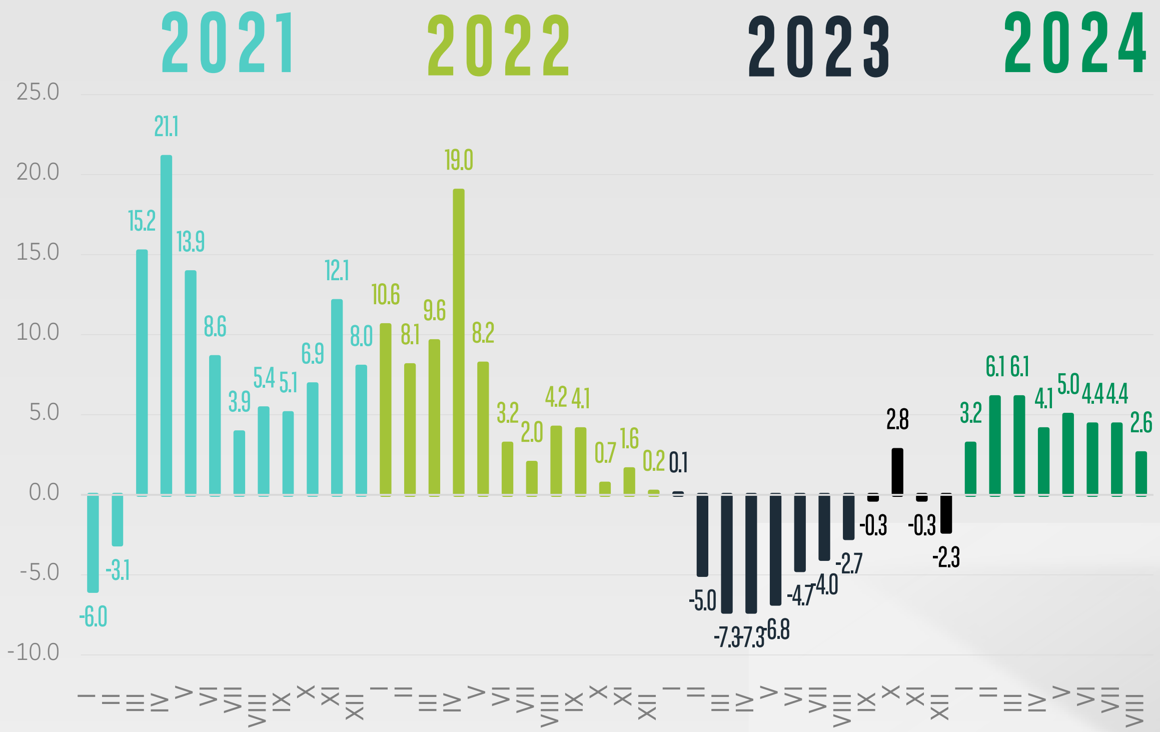
Expert comment

Klaudia Okoń
Senior Consultant,
Business Intelligence Hub & Consultancy

According to the Polish Chamber of Commerce, in August 2024, small-format stores (with a maximum area of 300 sqm) reported a 4.9% year-on-year increase in total retail sales in spite of a 2% decrease in the number of transactions. The average value of transactions amounted to PLN 24.89, or 7% more than a year ago, while the average number of shopping basket items was four, representing a 2% year-on-year increase. Over the years, small-format stores have experienced a steady decline in the percentage of customers making large purchases, with the highest rates recorded at the beginning of the pandemic. Back in May 2020, one in every 12 customers bought more than 10 products in such stores. Despite the falling number of items in the shopping basket, the average transaction value continues to rise. This increase in basket value is attributed to escalating prices, as nearly all product categories have seen significant year-over-year price increases. However, month-to-month price rises are not as pronounced as they were in 2022. While Polish people enjoy shopping in small-format stores, research shows that they tend to make relatively small purchases there. For transactions exceeding PLN 100, consumers typically prefer large stores, mainly discount retailers. This trend is driven by lower product prices and promotions which are key to Polish shoppers.

Retail sales

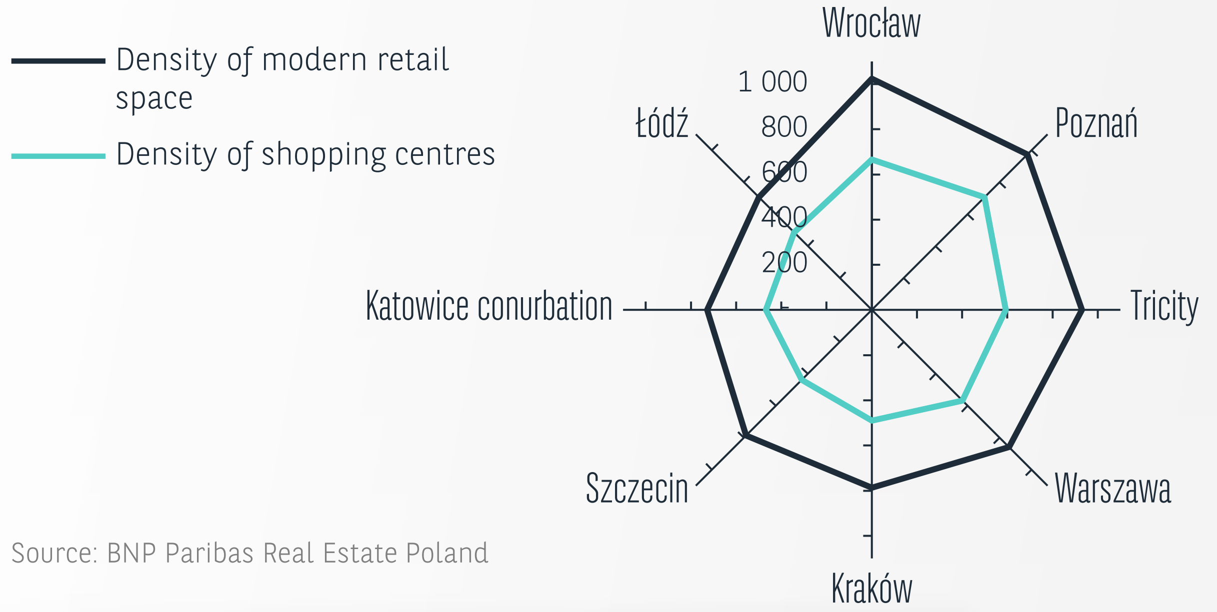
change % y/y,
at constant prices



Source: Statistics Poland

Density of modern retail stock in major agglomerations

(sqm of GLA/ 1,000 inhabitants)

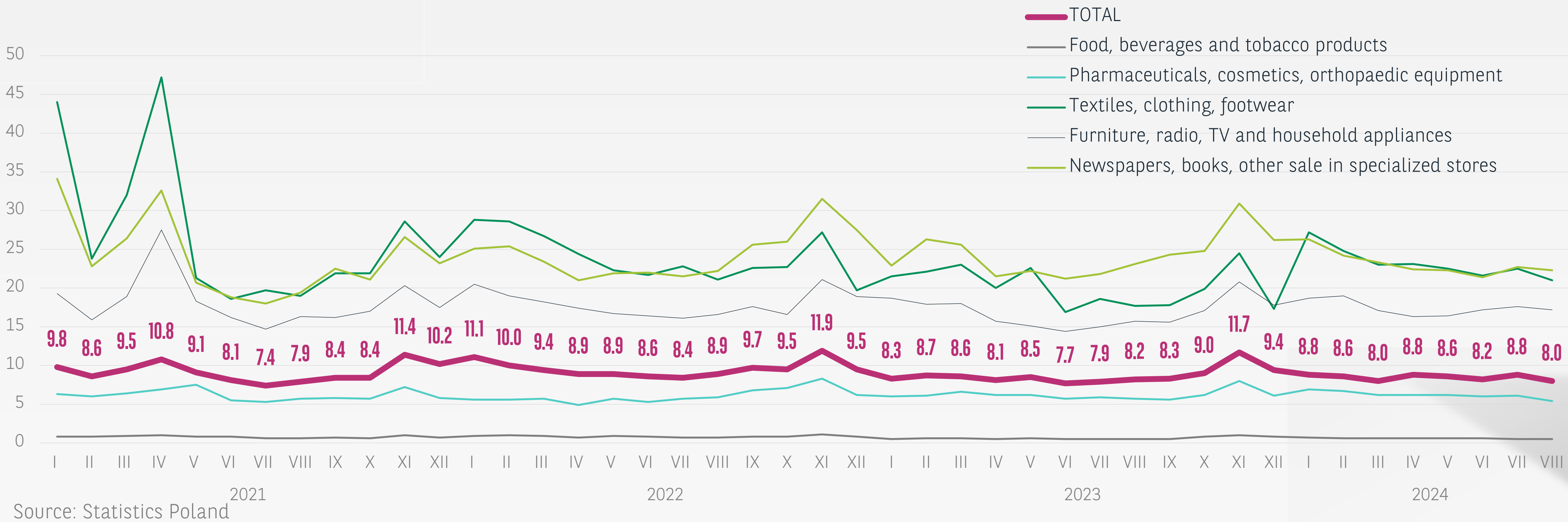


Source: BNP Paribas Real Estate Poland

The highest retail space saturation rates have for long been seen in Wrocław and Poznań, where they stand at 1,024 sqm and 973 sqm per 1,000 inhabitants respectively, with the lowest in Katowice and Łódź – 728 sqm and 706 sqm per 1,000 inhabitants respectively.

Share of internet sales in retail sales

(in %; current prices, 2021-2024)



Source: Statistics Poland

Gen Zers

Generation Z is the first generation to have grown up with access to the internet, smartphones and social media as integral parts of their daily lives. The digital world uniquely shapes their behaviours, preferences and expectations, making them not only consumers of digital content but also active participants and creators. According to a report by SWPS University and They.pl, 93% of Polish Gen Zers began using social media before the age of 13 and 55% entered the digital world between the ages of 10 and 13. This means that traditional marketing strategies are ineffective for this target group. Gen Z consumers expect fast and intuitive shopping exaligned with their daily lives. They are increasingly turning to TikTok rather than Google for information and product discovery. This shift calls for rethinking SEO strategies to create brand visibility on social media platforms. Generation Z prefers mobile shopping and using modern technologies such as shopping apps and NFC payments, but they value recommendations from friends the most. Additionally, Generation Z's social impact, along with their strong stance on environmental protection and sustainability, will push retailers and FMCG companies periences to better understand the consequences of environmental changes for consumers.

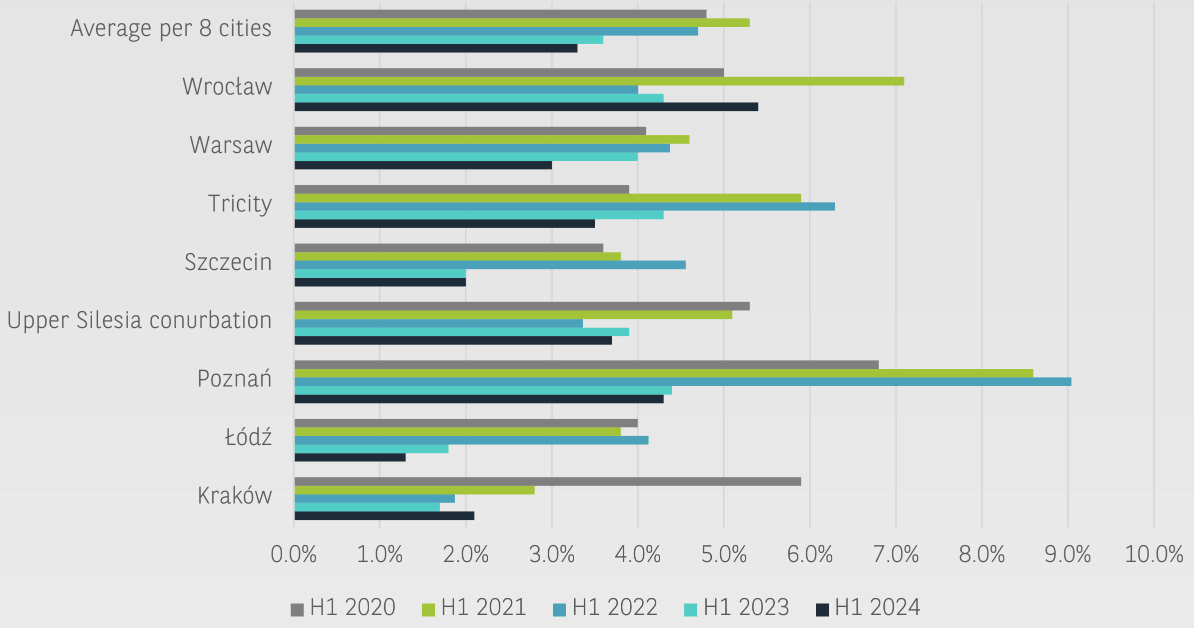
Expert comment

Fabrice Paumelle
Head of Retail

According to "The Scale of Omnichannel Behaviours in Retail Schemes", a joint survey carried out by research company GfK and the Polish Council of Shopping Centres, the primary reason for visiting shopping centres in Poland is still traditional shopping (88.5% of visits). Another 10% of visits combine traditional shopping with omnichannel behaviours, while exclusively omnichannel behaviours account for only 1.5% of visits. Shopping centre tenants saw a 4.2% increase in turnover in the first six months of 2024 compared to the first half of 2023. This growth significantly outpaced the 2.7% rise in the consumer price index, demonstrating that shopping centres remain a strong sales channel. It also shows that experts' predictions about the imminent decline of shopping centres in Poland did not materialise.

******The survey "The Scale of Omnichannel Behaviours in Retail Schemes" covered 105 diverse shopping centres and included exit poll interviews conducted on a sample of 5,071 respondents in 12 shopping centres representing different types of retail schemes, along with a nationwide online survey of 2,500 respondents.*

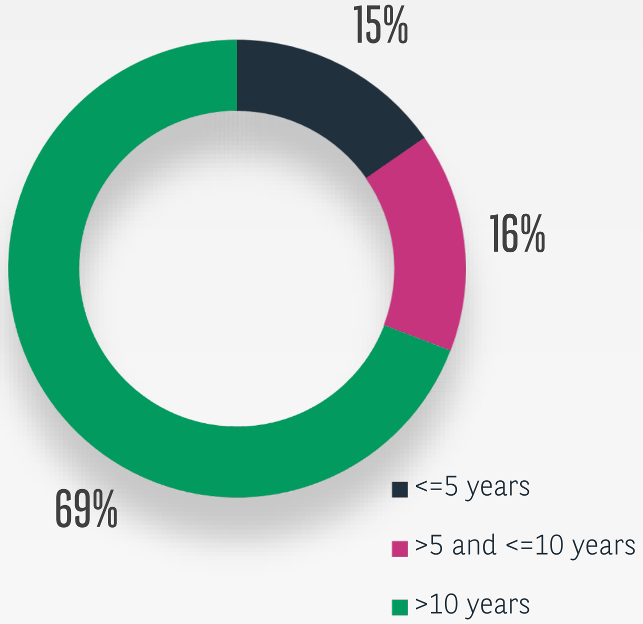
Average vacancy rate in retail assets H1 2024



Source: BNP Paribas Real Estate Poland

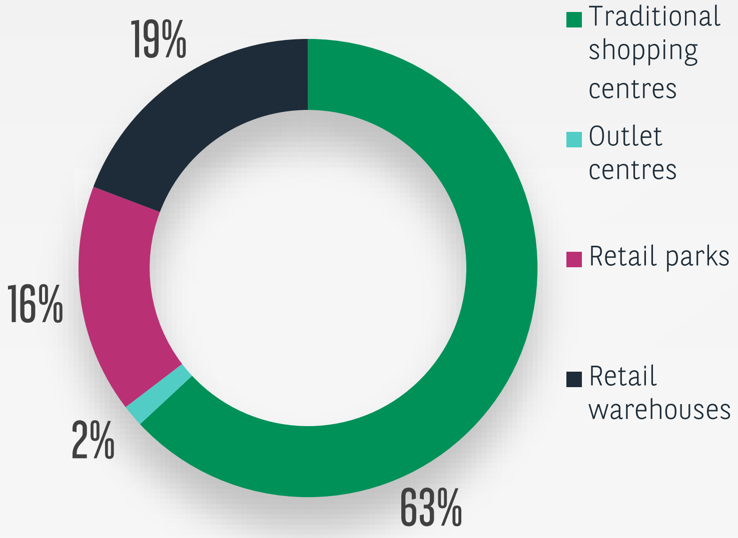
At the end of the first half of 2024, the average retail vacancy rate for the largest Polish cities stood at 3.3%, down by 0.3 pp year-on-year, indicating a gradual recovery of Poland's retail sector. Vacancy rate declines were recorded in six of the eight key cities, increases in two markets, and one city reported no change in vacancies.

Modern retail space by age



Source: BNP Paribas Real Estate Poland

Modern retail space by format



Source: BNP Paribas Real Estate Poland

The InPost Group, the European leader in logistics solutions for e-commerce, has opened Poland's largest logistics centre in Wola Bykowska, located between Warsaw and Łódź. When fully operational, the new 36,000 sqm facility will be capable of handling up to 85,000 parcels per hour.

UNIQLO is opening its first permanent store in Poland. Located on Marszałkowska Street in Warsaw, within the Wars Sawa Junior complex, the retailer will convert its pop-up store, opened two years ago, into a high street store with 1,700 sqm of retail floorspace.

Żabka has announced ambitious plans for the next five years, aiming to open 4,500 new stores, with potential expansion to reach a total of 19,500 stores.

Zalando has launched its AI-powered assistant in Poland and added Warsaw as one of four new cities to the Trend Spotter, which highlights the latest fashion trends.

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