

AT A GLANCE

Q1 2023

POLAND'S MODERN RETAIL MARKET*

KEY HIGHLIGHTS Q1 2023

- High inflation is driving prices up
- A good start into the year in terms of new retail space supply
- New entrants to the Polish market
- Mergers and acquisitions of retailers
- ESG and eco-friendly solutions in retail schemes
- The revamped Fort Wola shopping centre is back on the market




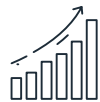

TOP 3 OPENINGS Q1

- Fort Wola – reopening (23,000 sqm, Mayland)
- Retail Park Glinianka, Łubna (10,200 sqm, REDKOM Development)
- Retail Park Kłodzko (10,000 sqm, PA Nova)

TOP 3 UNDER CONSTRUCTION

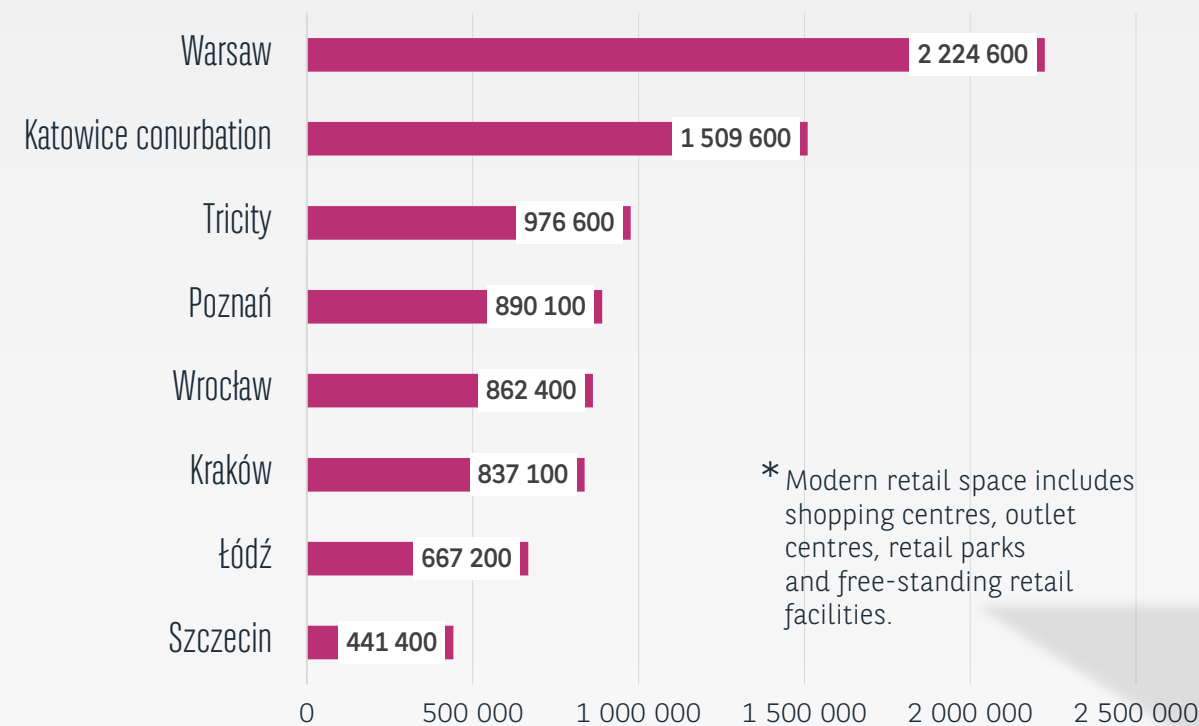
- Sukcesja Łódź - reconstruction (46,000 sqm, Amush Investment Group, Q3 2023)
- Koszalin Power Center (38,000 sqm, Karuzela Holding, Q1 2024)
- Karuzela Biała Podlaska (28,000 sqm, Karuzela Holding, Q3 2023)

Economic forecasts for 2024

		Trend	Change y/y
 GDP	3.0%	↑	↑
 Unemployment rate	6.0%	↑	↑
 Private consumption	2.3%	↑	↑
 Wages in enterprise sector	9.3%	↓	↓
 Inflation (CPI)	8.0%	↓	↓

Source: Statistics Office, NBP, Eurostat, BNP Paribas, as of March 2023, 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

about **15.8 M sqm**
EXISTING RETAIL SPACE

82,000 sqm
NEW SUPPLY Q1 2023

280,000 sqm
NEW SPACE UNDER CONSTRUCTION
(to be delivered to the market by the end of 2024)

120,000 sqm
CHANGES IN FORMAT & EXTENSION
(to be delivered to the market by the end of 2024)

17.8%
AVERAGE SHOPPING CENTRE FOOTFALL

(PRCH: January 2022/January 2023, Monday-Sunday)

8.6%
SHARE OF ONLINE SALES IN TOTAL RETAIL SALES
(Statistics Poland: March 2023)

The biggest single challenge facing the retail sector in the first quarter of 2023 was high inflation which had a significant influence on all the retail market players – both landlords and tenants (higher property maintenance costs) and shoppers (the erosion of their purchasing power). According to Statistics Poland (GUS), retail sales in constant prices for January 2023 were up by just 0.1 pp compared to the same time in 2022, but in February 2023 fell by 5 pp year-on-year. Polish customers are economizing across virtually all shopping categories, with grocery sales down by 4.6 pp year-on-year. The increased consumer price consciousness is likely to fuel the continued rapid growth of discounters who are also benefiting from the expansion of retail parks. By contrast, “textiles, fashion and footwear” was the stand-out category, with retail sales up by 9.9 pp year-on-year, the likely cause for this growth being shopping for the new season of the year. New discount retailers expected to enter the market include German-based Woolworth, which offers a vast array of everyday products – it will open its first Polish store in Krakow in May 2023.

Expert comment



Klaudia Okoń

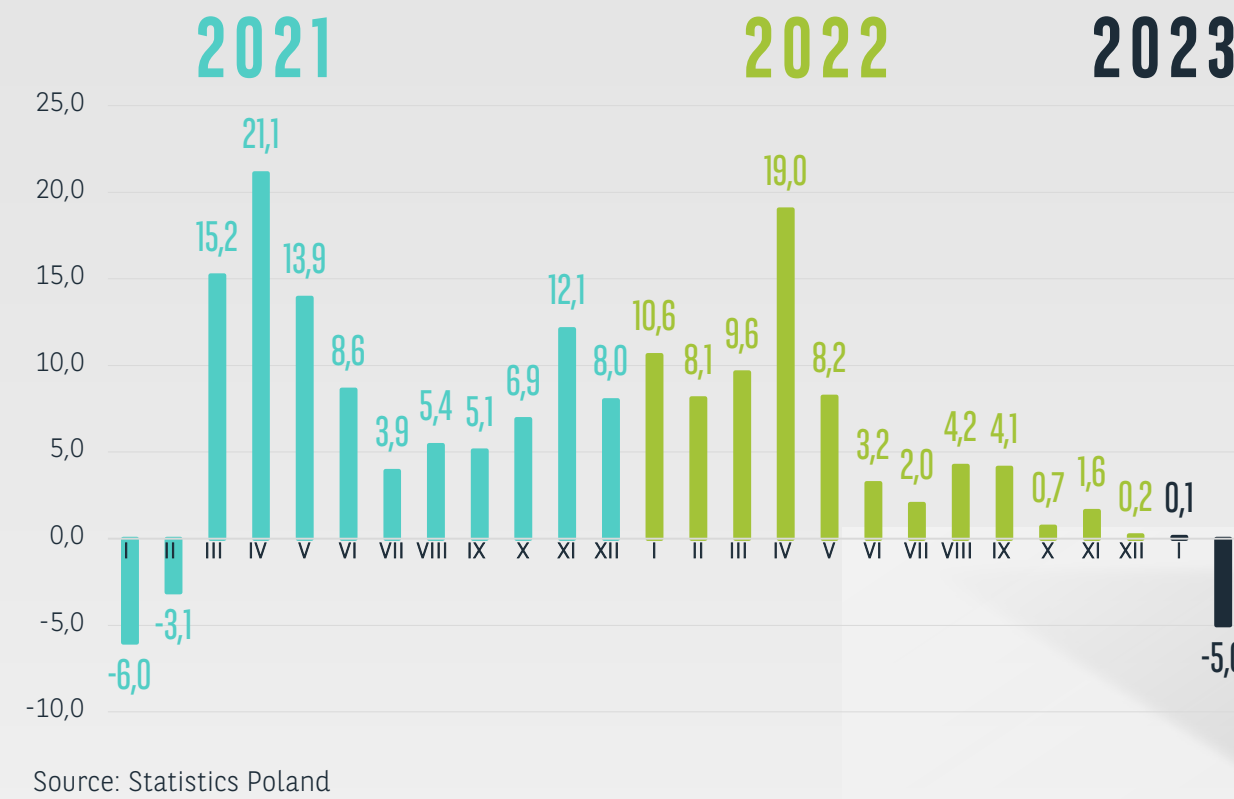
Senior Consultant,
Business Intelligence Hub & Consultancy

Three new brands debuted in Poland in the first quarter of 2023. These included the UK brand Lush, which opened its first Polish brick-and-mortar store in Warsaw's Złote Tarasy complex in February 2023, and the international fast food chain Master Burger, which also opened its first restaurant in the capital - in the Blue City shopping centre. The third newcomer was CentrumRowerowe.pl, which opted for a physical store in Warsaw's Okęcie Park. The merger of Orlen and Lotos saw some petrol stations in Poland acquired by Hungarian-based MOL in late 2022, with the first station under a new logo launched in early February 2023. New entrants expected to open in the coming months include - in addition to Woolworth - Butlers, Popeyes, and Żabka Drive, to be launched by the owner of Żabka.

Retail sales

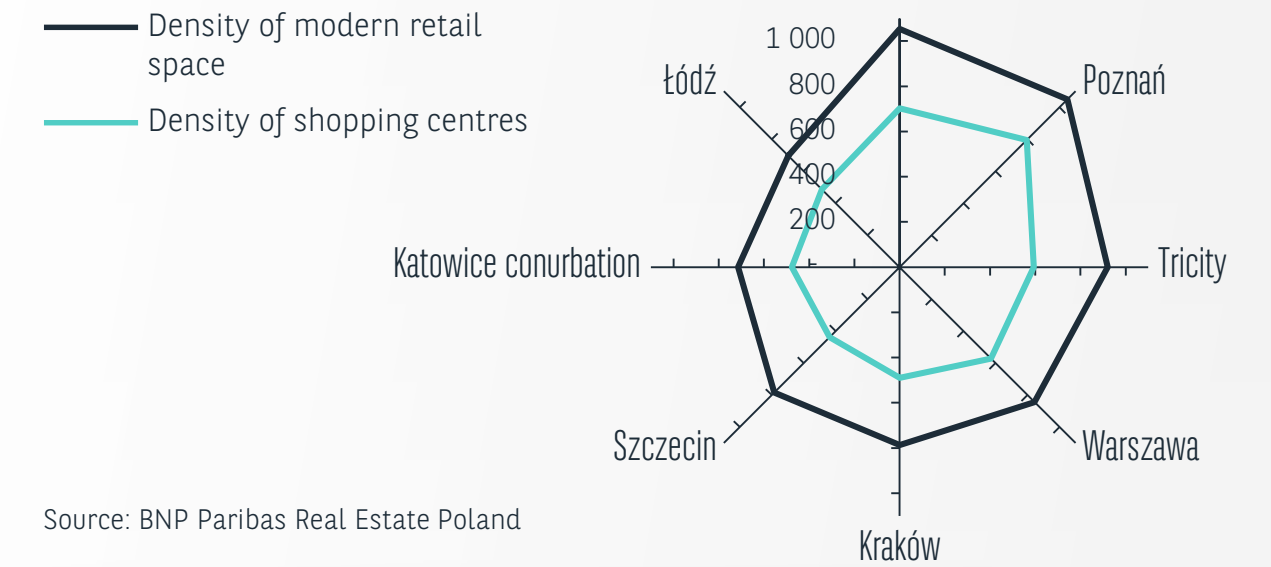
change % y/y,
at constant prices

AT A GLANCE Q1 2023



Density of modern retail stock in major agglomerations

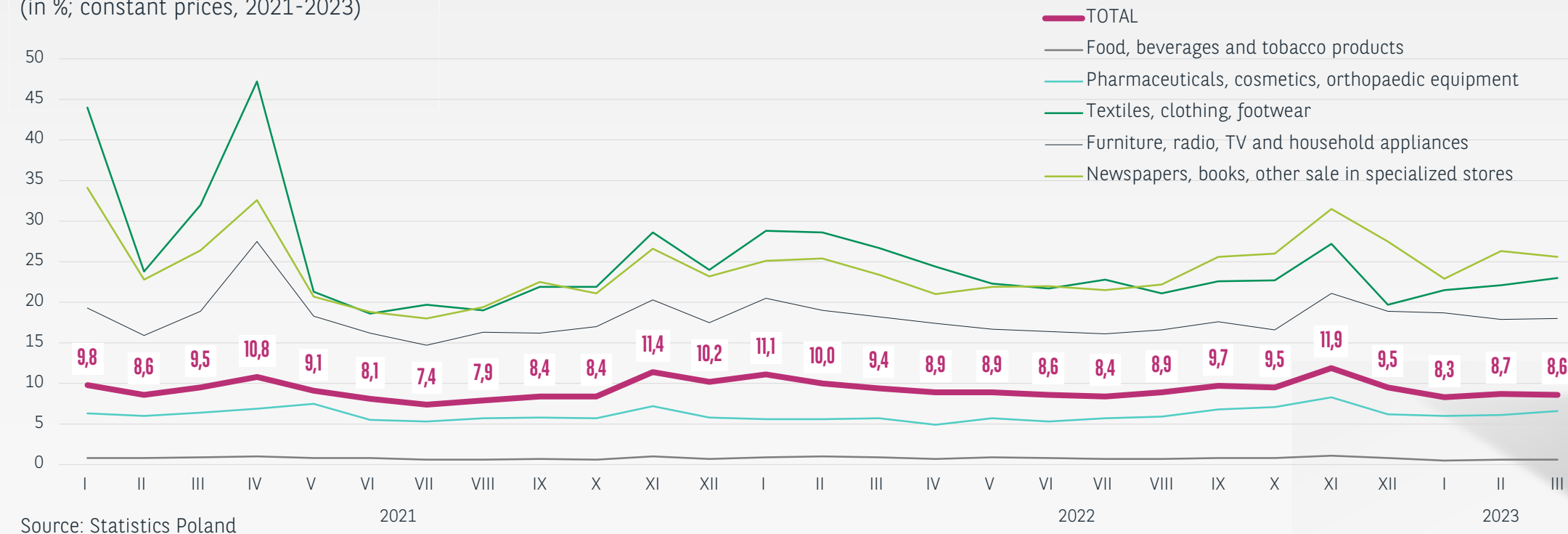
(sqm of GLA/ 1,000 inhabitants)



“ For a long time, the highest saturation rates of modern retail space have invariably been observed in the Wrocław and Poznań agglomerations, where they are at the level of 1,054 and 1,050 sqm/1,000 residents, respectively, while the lowest are in the Katowice conurbation and the Łódź agglomeration (704 sqm and 687 sqm/1,000 residents, respectively).

Share of internet sales in retail sales

(in %; constant prices, 2021-2023)



ESG and eco-friendly solutions in retail schemes

Retail landlords are increasingly highlighting the value of green, environmental, social and governance (ESG) solutions in buildings. To maintain their competitive advantage in the eyes of potential investors as well as tenants and consumers, shopping centres are taking steps to reach net zero carbon emissions. Energy efficiency in buildings is an important part of reducing their environmental footprint. The higher it is, the less impact on the natural environment. More and more retail schemes are embracing the principles of the circular economy, among other things, by implementing solutions that reduce waste production. Transport is another key element of a building's total carbon footprint. The provision of facilities supporting green mobility is an important part of not only opening up opportunities, but primarily of building social awareness and responsibility surrounding environmental protection which is a major selling point for property landlords, managers and tenants alike. Cycle lanes, bicycle racks and self-service bike repair stations are a few examples of how consumer needs can be met. Fundamental to this is also education and encouraging their use.

Expert comment



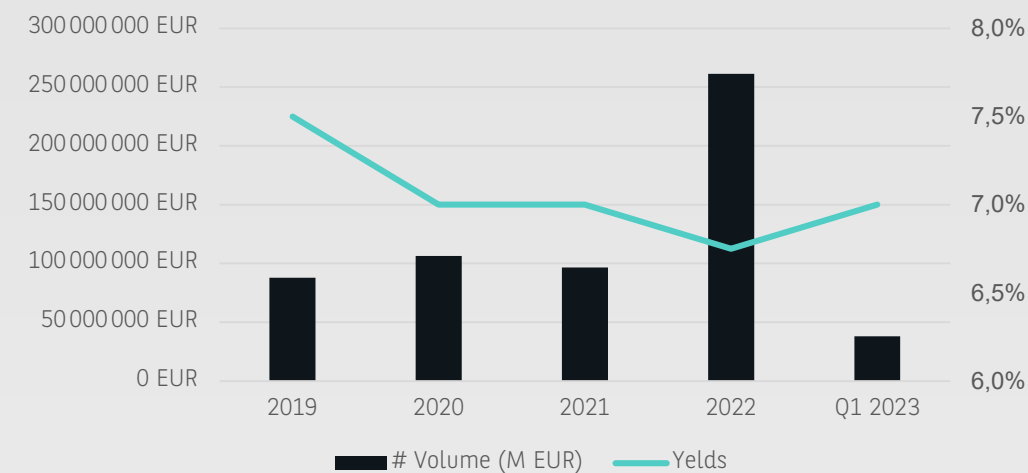
Fabrice Paumelle

Head of Retail

In Q1 2023, Warsaw's retail market was enriched with the refurbishment of another shopping centre - Fort Wola. The first shopping centre to close in Warsaw returned to the market after a six-year break. Mayland RE, the new owner of Fort Wola carried out a major renovation, turning the first-generation shopping centre into a facility tailor-made for today's convenience and value retail needs. Shrinking land banks and high greenfield development costs are forcing developers to take an interest in first-generation malls or facilities that have closed down. After modernization, these can find their way back onto the market. A large number of Tesco hypermarket sites, back on the market after redevelopment, are changing their retail formats. And like a Phoenix from the ashes, after a two-year hiatus the Sukcesja shopping centre in Łódź will be reopened this year.

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

” The retail park sector recorded over EUR 260m of investment transactions in 2022, but the first quarter of 2023 saw only one retail park change hands - in Rawa Mazowiecka. Despite the low investment activity in this market segment in the first three months of the year, retail parks are likely to remain on investor radars.

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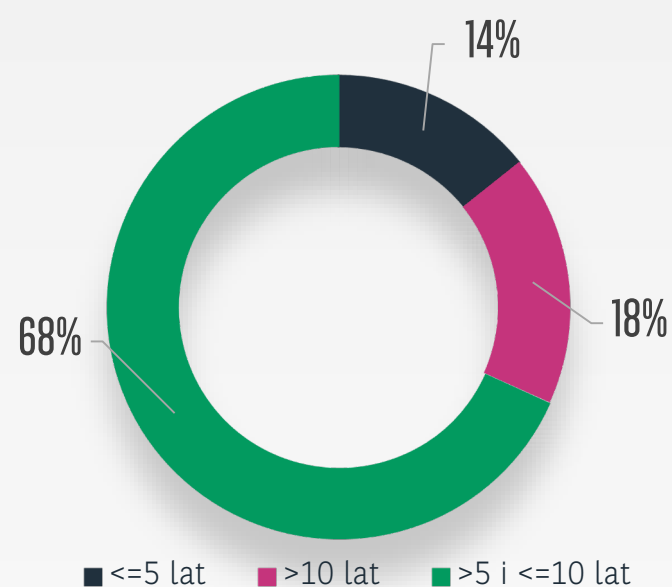
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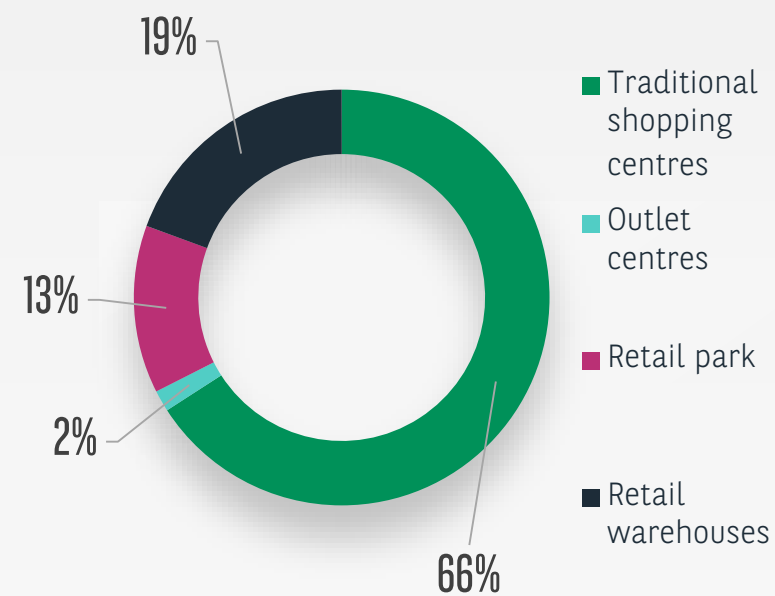
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Modern retail space by age



Source: BNP Paribas Real Estate Poland

Modern retail space by format



Source: BNP Paribas Real Estate Poland

” The chain of Go Sport stores was acquired by Sportsdirect.com Poland, while Ukrainian company EpicentrK invested in Intersport Polska.

” Benefit Systems announced its acquisition of 16 Calypso Fitness clubs.

” After a year since its debut on the Polish market, dm is moving forward with new openings and is planning to have around 25 drug stores across Poland.

” Stokrotka is launching an online sales platform – a service that will be available in over 70 locations throughout Poland.

” Galeria Bawelnianka in Bełchatów is to open its doors soon. The construction of the shopping centre in Bełchatów began in 2010 and was completed three years later, but the complex has never opened.