

AT A GLANCE

Q2 2023

POLAND'S MODERN RETAIL MARKET*

KEY HIGHLIGHTS Q2 2023

- A strong first half of the year for retail
- Shopping centre footfall and turnover on the rise
- The Silver Generation takes over the market
- Retailers from the Baltic states and Ukraine debut on the Polish retail market
- New supply is still dominated by retail parks






TOP 3 OPENINGS Q2

1. Galeria Bawełniana, Bełchatów (21,700 sqm, Gbb Invest)
2. Węglin Retail Park, Lublin (10,600 sqm, Interbud)
3. S1 Dzierżoniów (8,100 sqm, Saller)

TOP 3 UNDER CONSTRUCTION

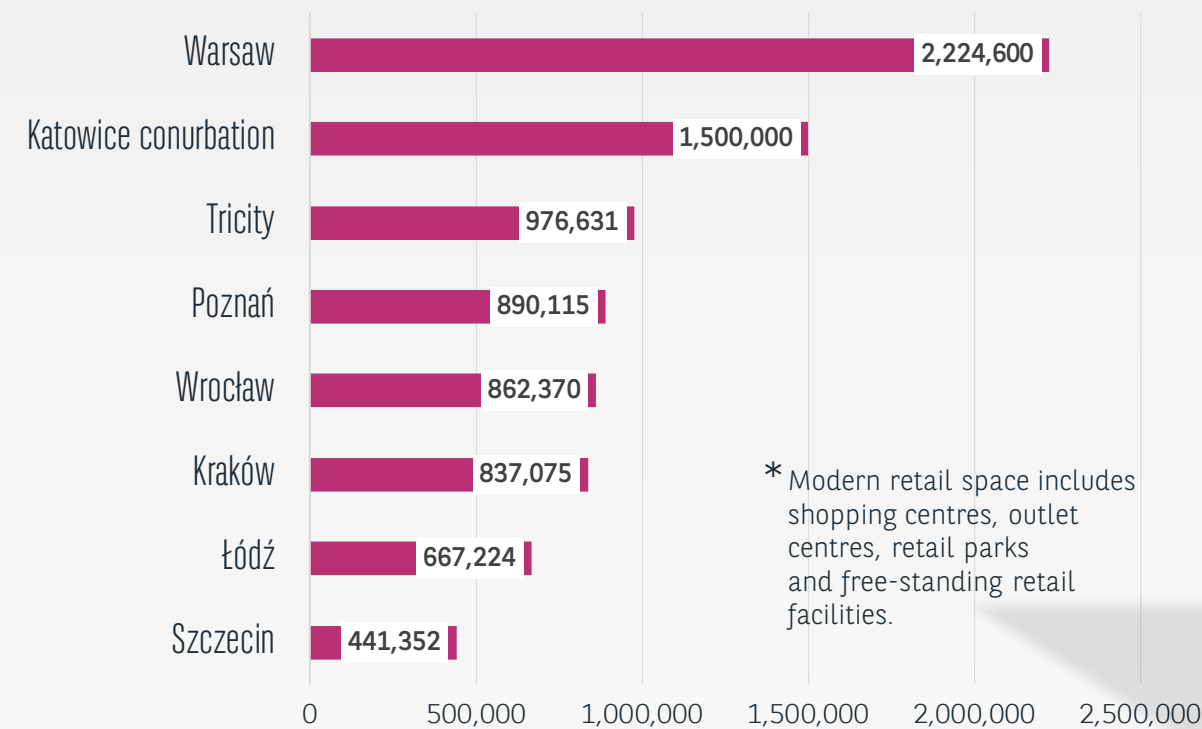
1. Nowa Sukcesja – reconstruction (46,000 sqm, Amush Investment Group, Q2 2024)
2. Koszalin Power Center (38,000 sqm, Karuzela Holding, Q1 2024)
3. Karuzela Biała Podlaska (24,000 sqm, Karuzela Holding, Q3 2023)

Economic forecasts for 2024

			Trend	Change y/y
	GDP	3.0%	↑	↑
	Unemployment rate	5.6%	↓	↓
	Private consumption	0.0%	↑	↑
	Wages in enterprise sector	12.5%	↓	↓
	Inflation (CPI)	12.0%	↓	↓

Source: Statistics Office, NBP, Eurostat, BNP Paribas, as of June 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

+2.6%

AVERAGE SHOPPING CENTRE FOOTFALL

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

8.5%

SHARE OF ONLINE SALES IN TOTAL RETAIL SALES

(Statistics Poland: March 2023)

about 15.9 M sqm EXISTING RETAIL SPACE

66,000 sqm NEW SUPPLY Q2 2023

290,000 sqm NEW SPACE UNDER CONSTRUCTION

(to be delivered to the market by the end of 2024)

150,000 sqm CHANGES IN FORMAT & EXTENSION

(to be delivered to the market by the end of 2024)

The Polish retail market performed strongly during the first half of 2023, with approximately 150,000 sqm of new retail space coming on stream since the beginning of the year. Of that total, more than 66,000 sqm was delivered in Q2 2023. New openings were dominated by retail parks, with only one shopping centre – Galeria Bawełniana in Bełchatów – opened in the period April-June 2023 after nearly 10 years since its construction began. According to data from Statistics Poland (GUS), retail sales for May 2023 (in constant prices) were down by 6.8% year-on-year and by 1% compared to April 2023, with the second quarter of 2023 being the third quarter in a row with falling consumption. By contrast, shopping centre tenants saw (in current prices) a 9% increase year-on-year in turnover for April 2023, reveals data from the Polish Council of Shopping Centres (PRCH), with growth reported across all retail formats. The best-performing categories were services (up by 30% in April year-on-year), F&B (+17.8%) and fashion (+10.2%). Despite this, the Polish retail market maintains its momentum. Developer focus continues to be on retail parks in smaller cities amid the growth in mixed-use projects which – on account of their complementary retail function – are aligned with the concept of a 15-minute city. The trend is to marry revitalised historical spaces with a new urban fabric.

Expert comment



Klaudia Okoń

Senior Consultant,
Business Intelligence Hub & Consultancy

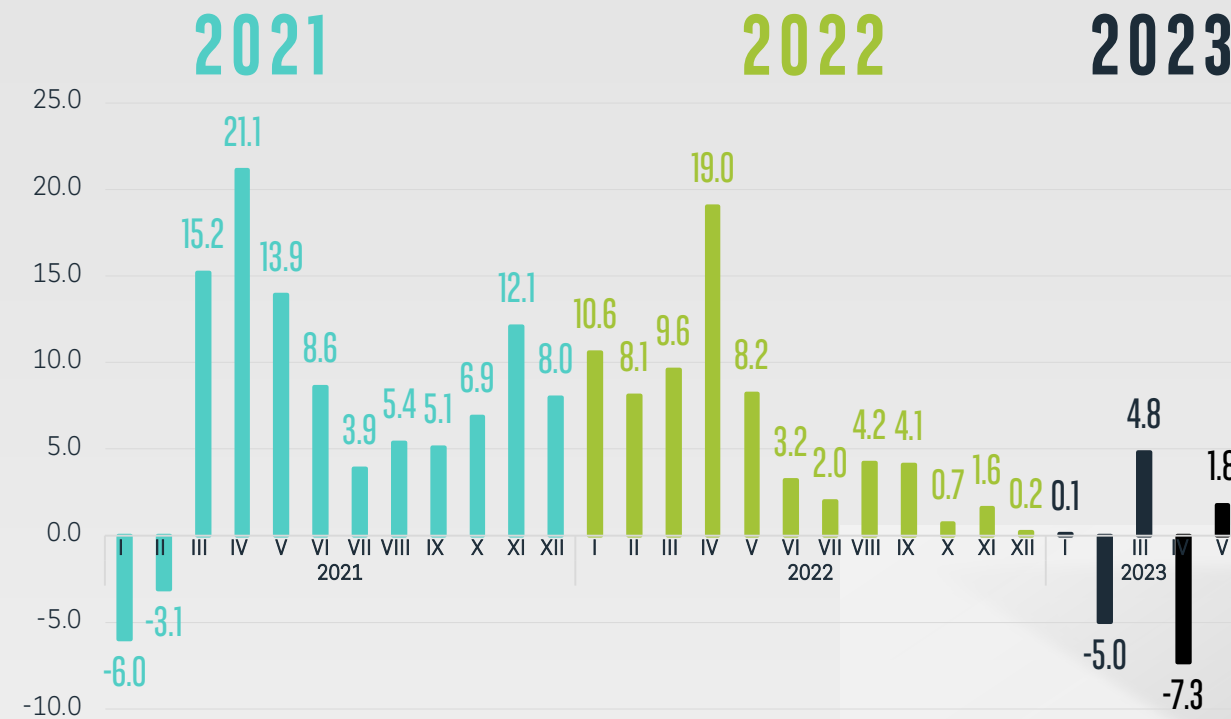
The Polish retail market continues to excel despite unforeseen challenges in recent years: the COVID-19 pandemic and the war in Ukraine. Retail parks have been a dominant retail format since the beginning of 2023, representing more than 65% of the total new retail supply in the first half of the year, or approximately 100,000 sqm. New retail parks were delivered throughout Poland, in small and medium-sized towns and large cities alike. It is notable that towns with a population below 50,000 also came onto the radar of developers, with new retail park completions in Ostrzeszów and Dzierżoniów. Alongside the growth in retail parks, there is a growing momentum for discounters to continue to expand. Dealz, for instance, has recently announced its plan to double the number of stores to 340 by the end of 2023.

Retail sales

change % y/y,
at constant prices

AT A GLANCE

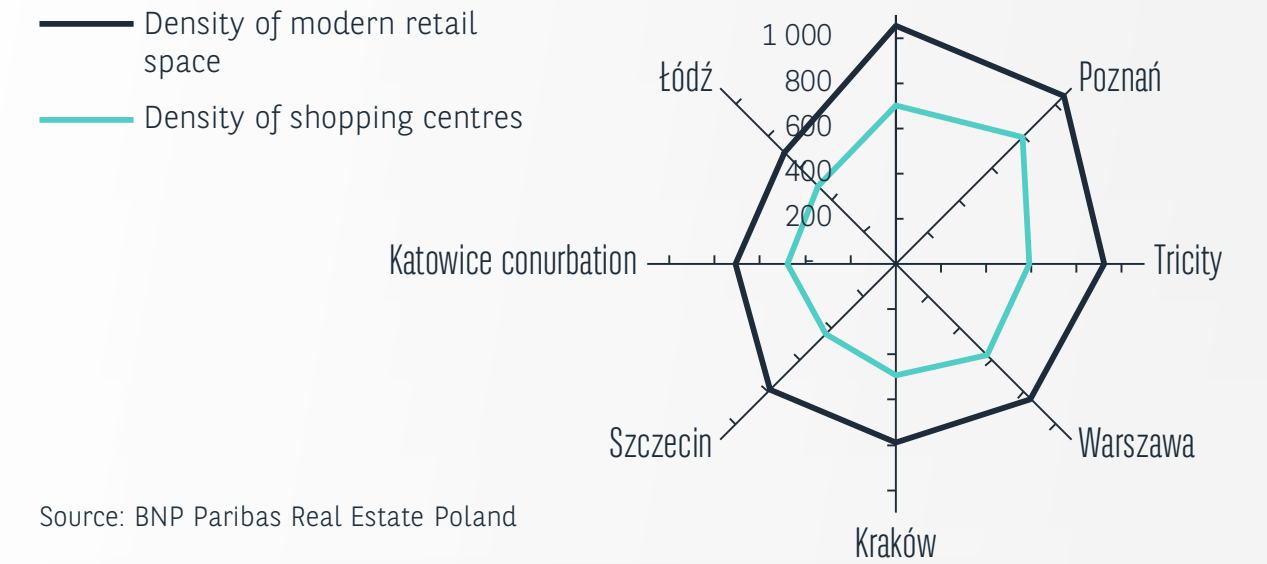
Q2 2023



Source: Statistics Poland

Density of modern retail stock in major agglomerations

(sqm of GLA/ 1,000 inhabitants)

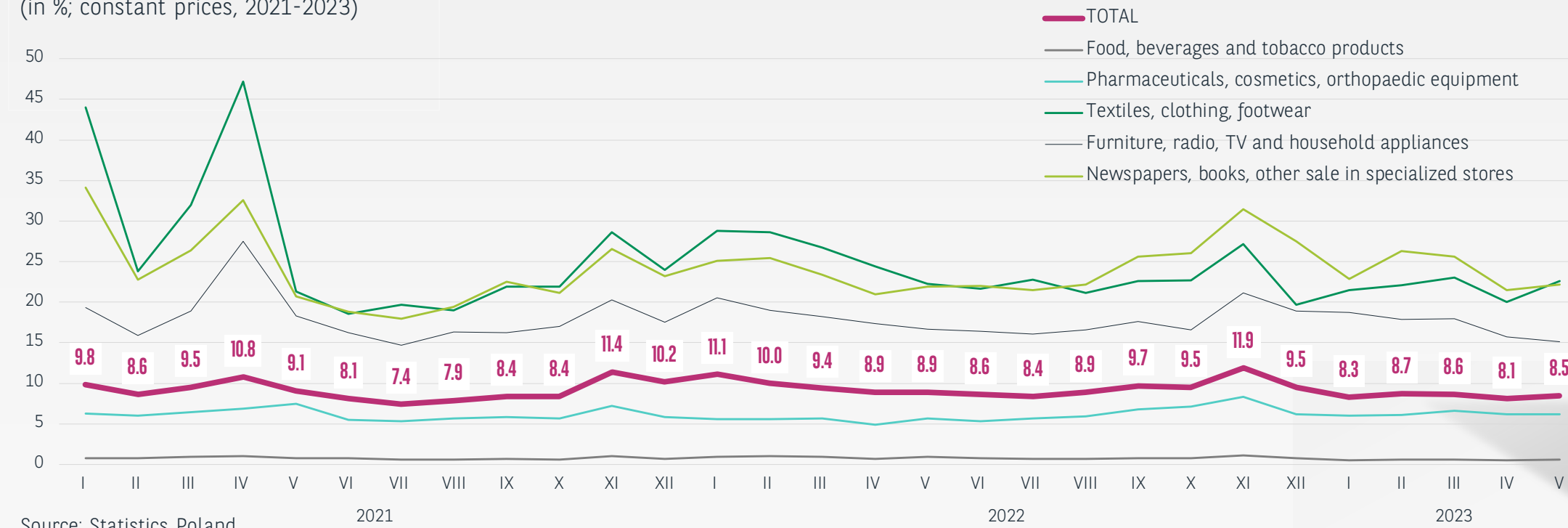


Source: BNP Paribas Real Estate Poland

The highest retail space saturation rates have for long been seen in Wrocław and Poznań – 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

The Silver Generation takes over the market

According to data from Statistics Poland, people aged 65+ will account for 23.2% of the Polish population by 2035 and for 32.7% in 2050. The percentage of those aged 85+ will increase from 3.1% to 6.1%. The Silver Generation, i.e. people above 65, is a growing consumer demographic. Many seniors moved online during the pandemic. Data from Statistics Poland shows that 86% of the Silver Generation are everyday internet users. According to "Silver Generation in E-commerce 2022", a report from the E-business Women Foundation (Fundacja Kobiety e-biznesu), a majority of seniors surfing the internet use online banking (58%), shop online (55%), and manage emails (52%) and social media accounts. As a result, both companies and industries focusing on the needs of the elderly will experience rapid growth in the coming decades. Senior citizens are a considerably more demanding demographic of shoppers who – due to age and age-related limitations – frequently need more time to make a purchase decision and more detailed information and assistance from in-store staff. Seniors who represent a growing demographic with significant buying power are also frequently referred to in the context of a "silver economy" or even a "silver tsunami".

Expert comment



Fabrice Paumelle

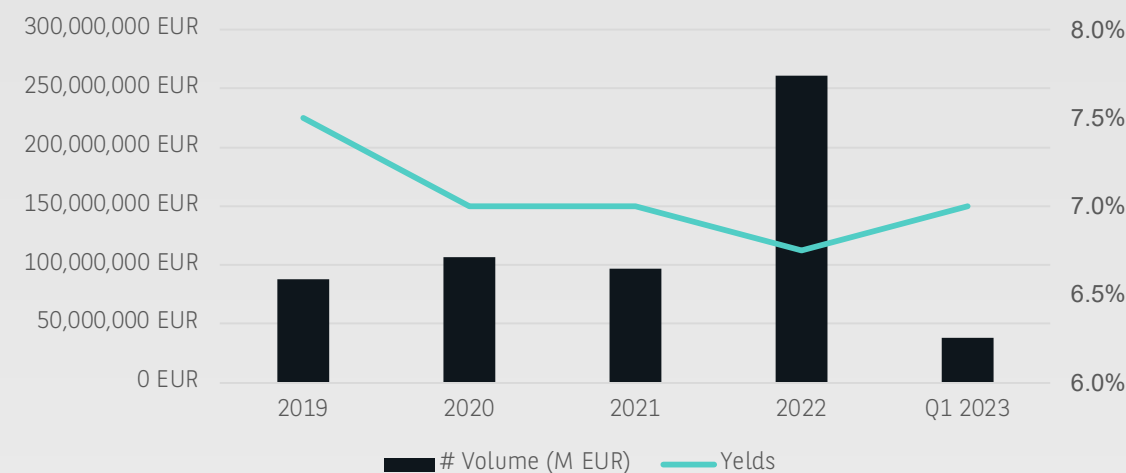
Head of Retail

The Polish retail market has become an attractive location for CEE companies in recent months, with brands from the Baltic states and Ukraine planning to expand into Poland. For retailers from such countries as Lithuania, Latvia and Estonia, Poland is a natural destination on account of its geopolitical stability and cultural affinity. Most are targeting large established shopping centres. Newcomers include the Lithuanian-based brand Candy POP, which will open its first stores in Warsaw's Złote Tarasy and Westfield Mokotów in late July, and the Ukrainian fashion retailer Solmar, which has chosen the Posnania shopping centre for its debut in Poland.

Investment market in the segment of retail parks

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

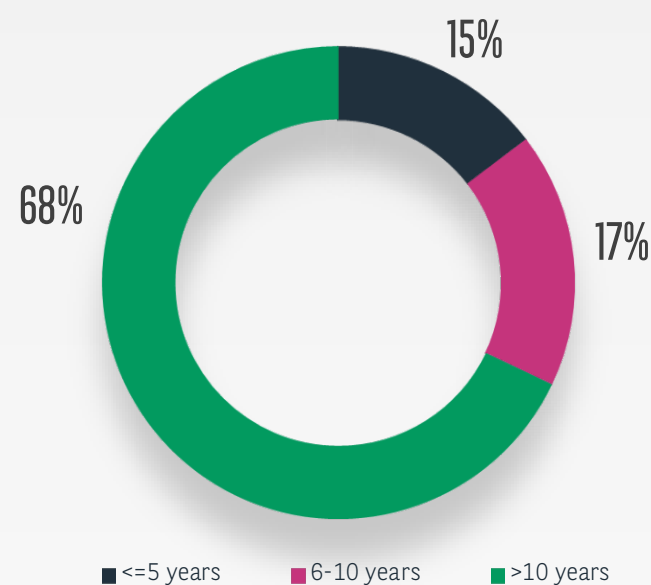
Capitalization rates for the retail park segment in 2019-2023



Source: BNP Paribas Real Estate Poland

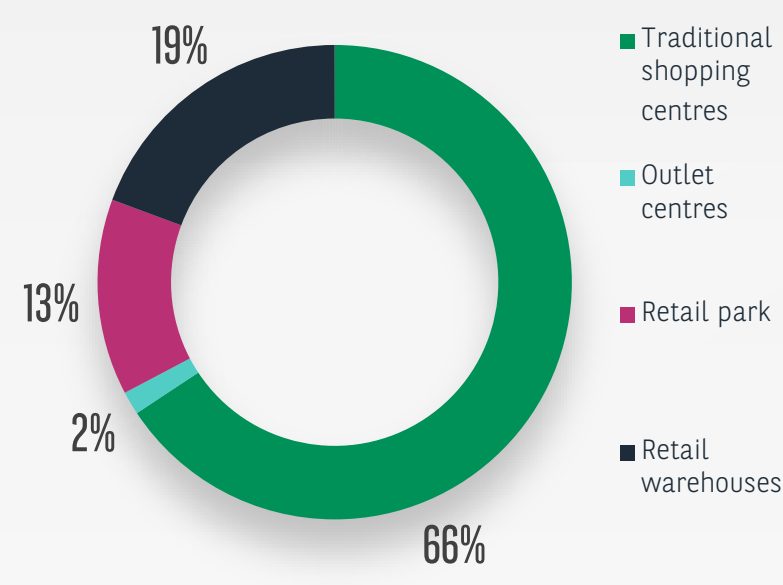
” Retail investment volumes for 2023 are rather unlikely to match 2022’s level. Looking forward, the renewed momentum after the pandemic in 2021 is expected to weaken. Retail parks will remain an important part of the retail sector and will continue to attract investors.

Modern retail space by age



Source: BNP Paribas Real Estate Poland

Modern retail space by format



Source: BNP Paribas Real Estate Poland

” Auchan Polska has opened its first innovative self-service Auchan GO store in Warsaw. The new, cashier-free store is open 24/7.

” Drone-delivery services mark the next step in the expansion of online retailers. This type of services has been recently tested by Żabka Jush.

” The fast-food chain Popeyes has entered Poland. It launched its first restaurant in Wrocław and will open another one in Złote Tarasy in Warsaw in the coming weeks.

” More than 250 Biedronka stores in tourist destinations in Pomerania, in the mountains and Masuria switched to summer holiday operating hours, with some open 24 hours a day.

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