

AT A GLANCE

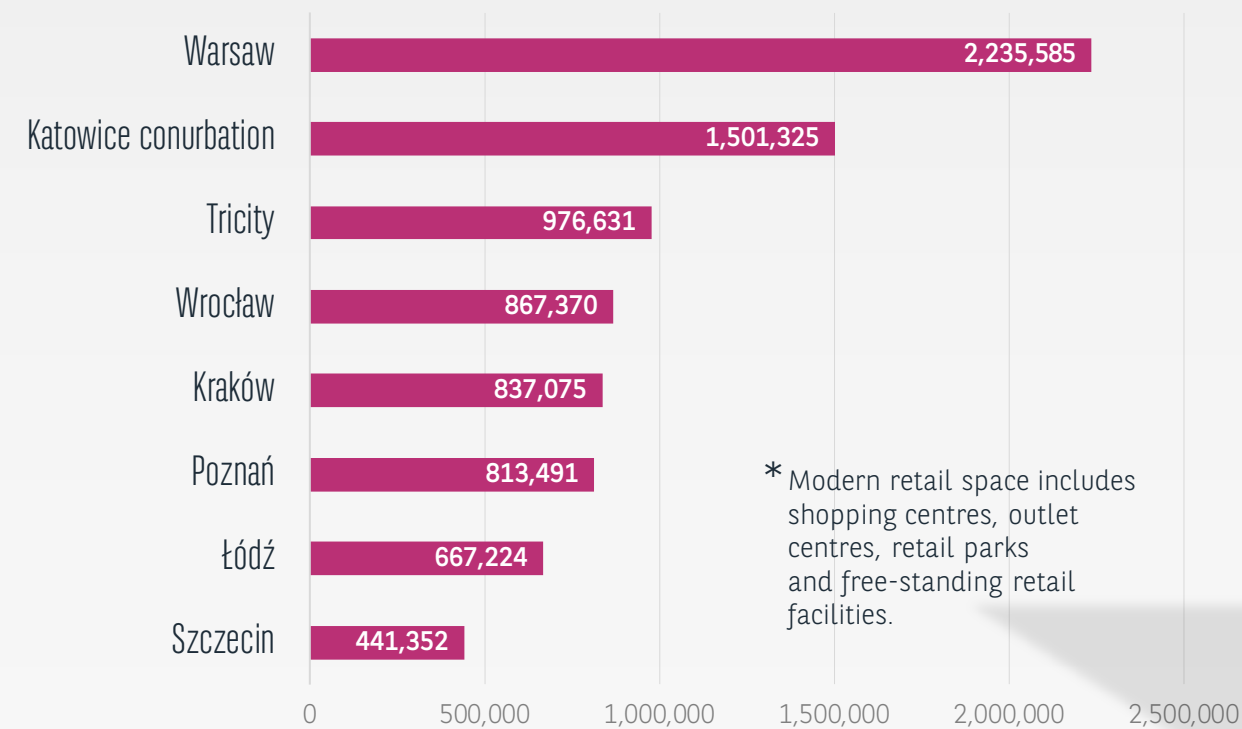
Q4 2023

POLAND'S MODERN RETAIL MARKET*

KEY HIGHLIGHTS 2023

- Development activity picks up
- 29 retailers debut in Poland, with well-known brands launching new formats
- Slower price growth boosts consumer sentiment
- Retail footfall on the rise
- The share of e-commerce in total retail sales back at pre-pandemic levels

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

TOP 3 OPENINGS Q4

- S.C. E.Leclerc Jelenia Góra (24,500 sqm, E.Leclerc)
- Ozimska Park Opole (17,000 sqm Redkom Development)
- N-Park Olkusz (15,800 sqm, Napollo)

TOP 3 UNDER CONSTRUCTION

- Nowa Sukcesja – reconstruction (46,300 sqm, Amush Investment Group, Q2 2024)
- OTO Park Koszalin (38,000 sqm, Acteeum, Q1 2024)
- Turawa Park Opole – modernisation and extension (36,000 sqm, Focus Estate Fund, 2024)



+2.0%
AVERAGE SHOPPING CENTRE FOOTFALL
(PRCH: October 2023/October 2022)

9.4%
SHARE OF ONLINE SALES IN TOTAL RETAIL SALES
(Statistics Poland: December 2023)

about **16.0 M sqm**
EXISTING RETAIL SPACE

234,000 sqm
NEW SUPPLY Q4 2023

320,000 sqm
NEW SPACE UNDER CONSTRUCTION
(to be delivered to the market by the end of 2025)

130,000 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	0.5%	4.0%	3.5%
Unemployment rate	5.2%	5.5%	5.4%
Private consumption	-0.5%	4.5%	3.5%
Wages in enterprise sector	12.2%	9.5%	7.5%
Inflation (CPI)	11.7%	5.0%	4.0%

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

Retail market in 2023

In 2023, the Polish retail market saw heightened development activity, with nearly 440,000 sqm of new retail space delivered through both new projects and redevelopments. The highest supply of over 230,000 sqm of GLA was in the fourth quarter of 2023, which brought Poland's total retail stock to more than 16.0 million sqm. The outlook for 2024 remains positive as new supply is expected to match or even exceed last year's volume. 29 new brands debuted on the Polish retail market in 2023 – the highest number since 2017. Meanwhile, only two retailers decided to withdraw from Poland in the last 12 months. Brands with an established presence in Poland chose to open new format stores. These included DIY retailers which launched smaller concepts such as Castorama Smart and Express, Pszczółka Express, and IKEA, which is expanding its network of IKEA Planning Studios. At the same time, Decathlon opened its first City format store appropriate in scale to its downtown location. Shopping center turnover for October 2023 was up by 5% year-on-year and broadly in line with statistics for retail sales in current prices published by Statistics Poland (GUS) showing an increase of 4.8%. Fashion was the stand-out category, with spend in shopping centers up by nearly 9%.

Expert comment



Anna Pływacz
Director, Retail Leasing

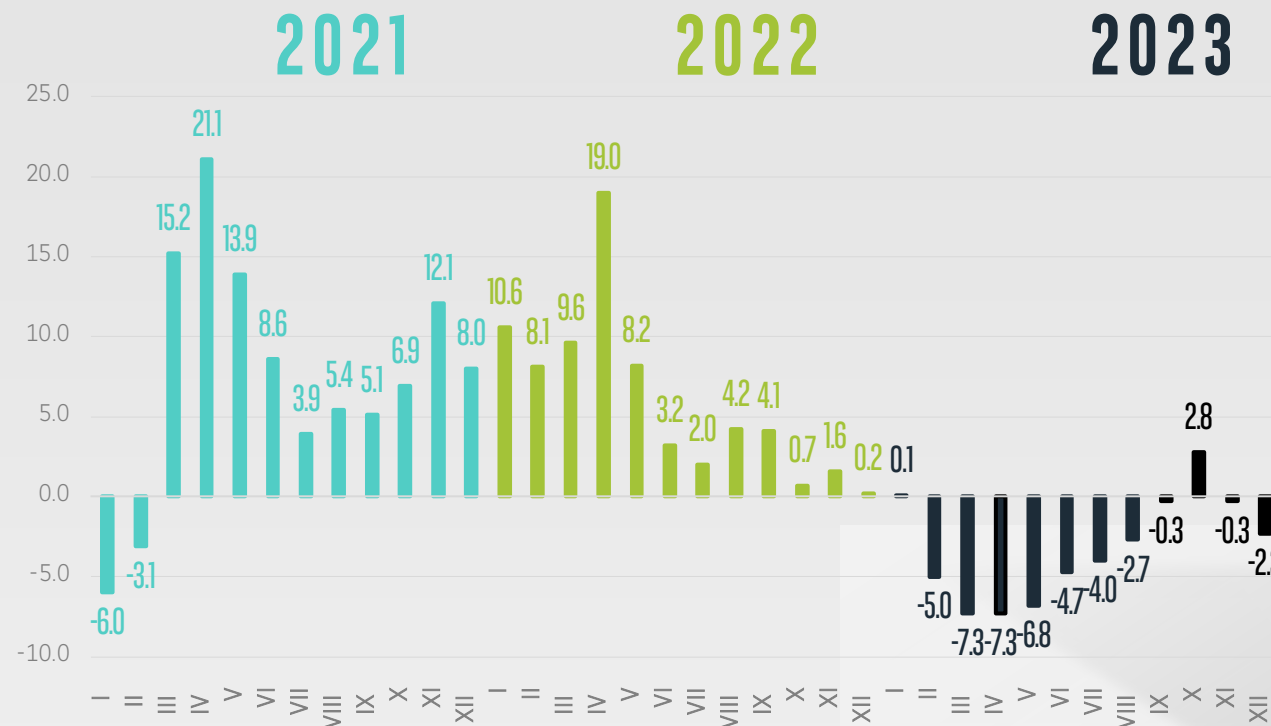
Food halls as a food and beverage (F&B) concept are increasingly becoming more mainstream and have experienced a steady rise for several years in spite of the challenging pandemic years of 2020-21. Such F&B spaces serving as meeting, leisure and entertainment venues are likely – to some extent – to address the changing needs of customers who would like not only to shop in a shopping center or other urban facilities but also to socialize with friends, spend time with a family or to taste new cuisines. 2023 saw many new F&B openings and transformations, including the opening of such food halls as Montownia in Gdansk (part of the mixed-use project Doki) and Hala Targowa in Bydgoszcz, as well as the Pedet zone in Wrocław's Renoma. This follows the social eating trend – meeting new people and enjoying food together.

Retail sales

change % y/y,
at constant prices

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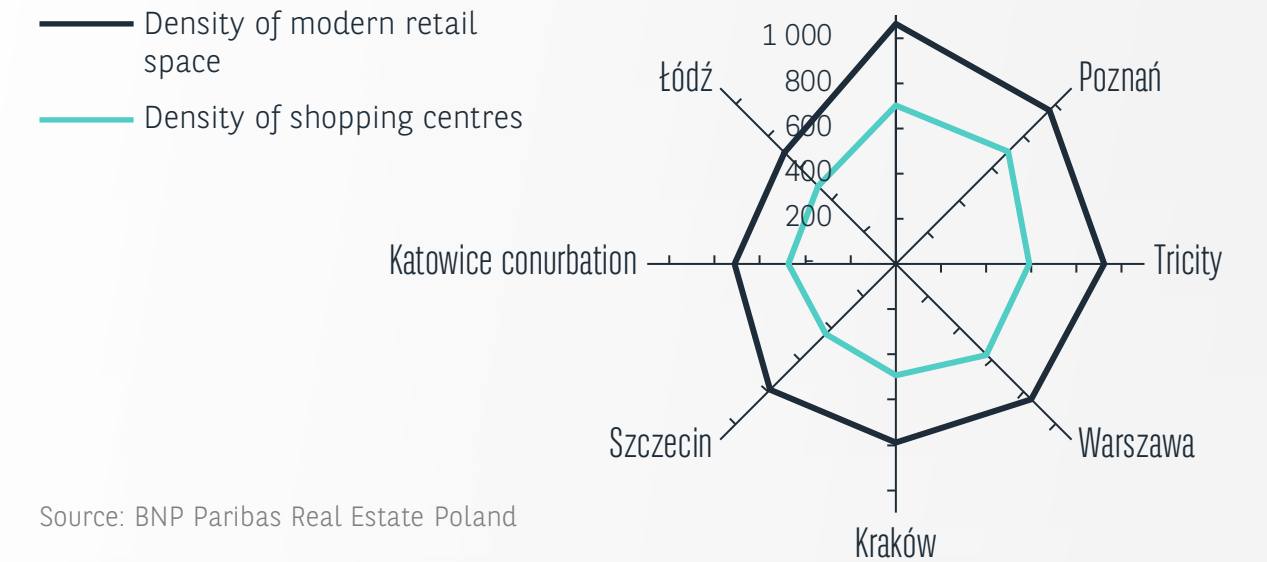
Q4 2023



Source: Statistics Poland

Density of modern retail stock in major agglomerations

(sqm of GLA/ 1,000 inhabitants)

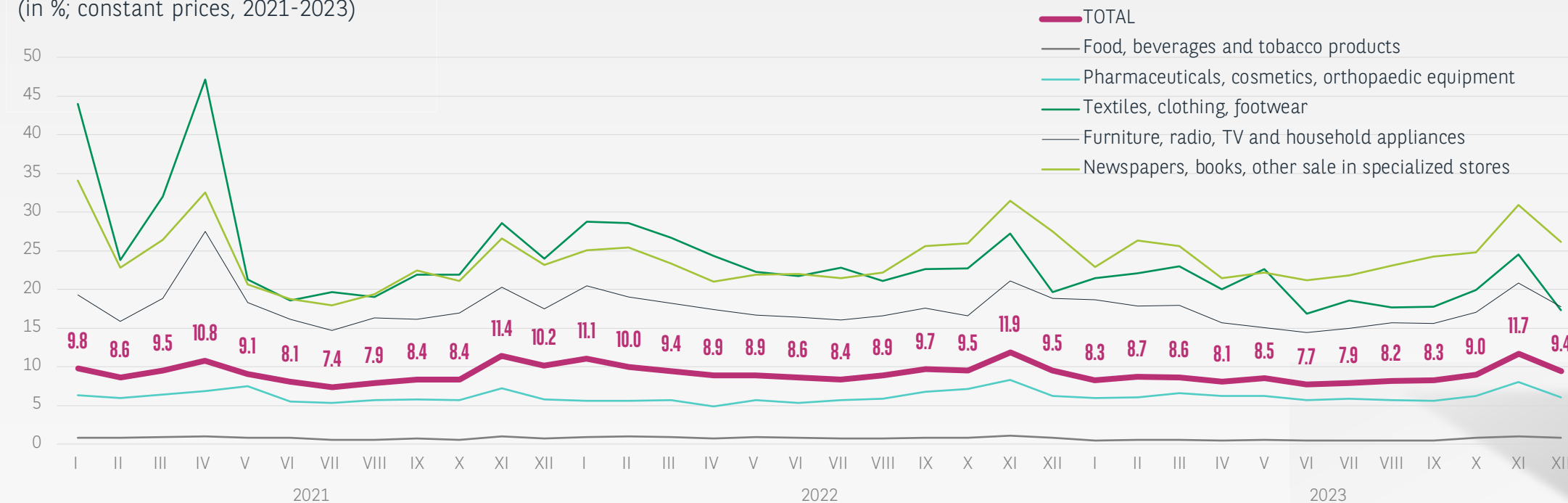


Source: BNP Paribas Real Estate Poland

“The highest retail space saturation rates have for long been seen in Wrocław and Poznań, where they stand at 1,061 sqm and 960 sqm per 1,000 inhabitants respectively, with the lowest in Katowice and Łódź - 712 sqm and 696 sqm per 1,000 inhabitants respectively.”

Share of internet sales in retail sales

(in %; constant prices, 2021-2023)



Source: Statistics Poland

On-line or off-line

The online retail penetration rate which soared during the pandemic is gradually returning to pre-Covid-19 pandemic levels – it stood at 9.4% in December 2023.

Although the share of online sales in total retail sales is expected to increase in the coming years, it is unlikely to rise as sharply as it did during the pandemic. Oxford Economics' forecast puts it in Poland at around 14% in 2024-2027. The continued rise of online shopping will not, however, mean any slowdown in brick-and-mortar retailing. Omnichannel will continue to be a retail market standard in the coming years as online and offline realms become more entwined. The comfort of online shopping and a physical store experience will be inextricably linked to each other. Omnichannel retailing enables retailers to increase both turnover and reach, but also creates a number of challenges. Social commerce (selling through social media apps) and phygital (physical + digital) will be some of the buzzwords in modern retail in the near future. Multichannel retailing is a must for retailers who want to meet the shopping expectations of Gen Z, i.e. digital natives who have been exposed to the internet since their earliest days. Gen Z shoppers expect a wide and personalised offer, but they also make purchases quickly, on impulse, and seek inspiration on social media platforms.

Expert comment



Fabrice Paumelle

Head of Retail

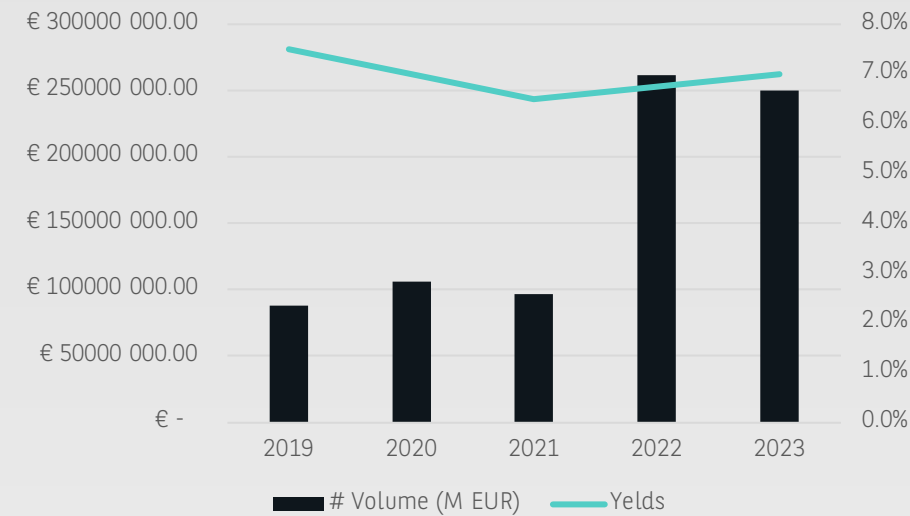
The Polish retail market has in recent years been dominated by retail park openings which in 2023 accounted for over 80% of last year's new supply.

This trend is expected to continue throughout 2024.

The remaining 2023 supply comprised shopping centers – largely redevelopments and re-openings (e.g. Fort Wola), and retail reinvention projects (the conversion of stores vacated by Tesco). The last regional shopping center with more than 50,000 sqm of leasable area to open in Poland was Galeria Młociny in Warsaw, which was launched in 2019. The shopping center development pipeline includes only three retail schemes scheduled for opening in 2024: the redeveloped Nowa Sukcesja shopping center in Łódź, Brama Jury in Częstochowa and the extension of Galeria Hosso in Police. They account for just under 20% of the retail stock under construction. The remaining 80% is in retail parks and convenience centres.

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

Investor appetite for retail parks remains strong, which has resulted in many deals closed in this retail segment. In 2023, retail parks accounted for 12% of the total investment volume. New market players joined an already large group of domestic and cross-border retail investors – these include Lords LB Asset Management from Lithuania, BHM from the Czech Republic or the reputable French-based company Frey. Polish private investors also remain active. There is strong demand for retail parks, especially those anchored by food and DIY retailers which continue to perform well.

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Q4 2023

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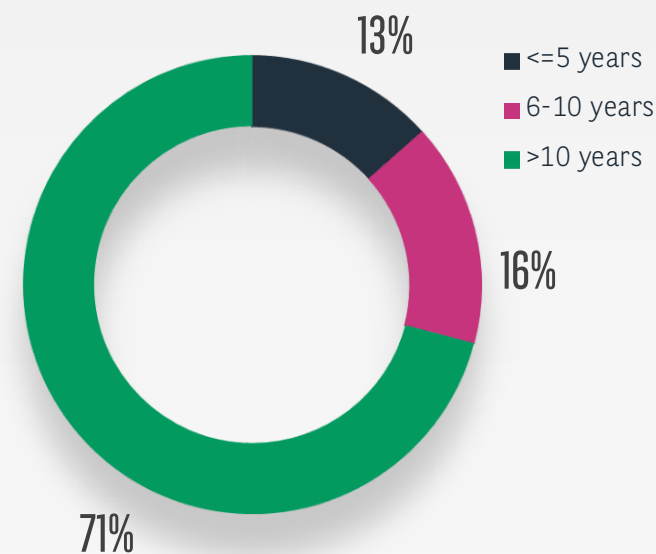
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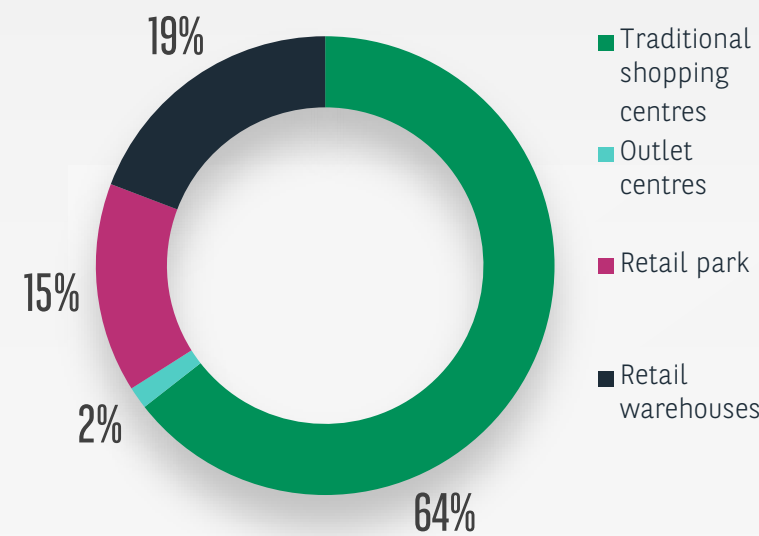
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Modern retail space by age



Source: BNP Paribas Real Estate Poland

Modern retail space by format



Source: BNP Paribas Real Estate Poland

“ **Primavera Furniture**, a high-end Polish producer of premium furniture, opened its store in Warsaw's Domoteka complex.

“ **Medicover will launch STELLAR – a new brand of premium fitness clubs.** The new brand will provide customized services, world-class fitness equipment, new training methods, high-skilled personal trainers and fitness instructors, as well as spa services.

“ **In 2023, the InPost Group delivered 892.1 million parcels**, an increase of 20% compared to the prior year. This parcel volume comprised 589.5 million in Poland (+16%) and 302.6 million on international markets.

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