Trends on the retail market in Poland’s largest agglomerations – data analysis and forecasts

According to the report entitled “The Polish retail market. An analysis of 8 agglomerations”, the first six months of 2015 saw the domestic retail market grow by 183 000 sqm of modern retail space, and the supply now is at a total level of approx. 10.5 million sqm. BNP Paribas Real Estate Poland experts state that the key trends observed on the market include the growing investor and developer interest in the largest cities, the increasing role played by processes related to modernization and repositioning, as well as the ever stronger role played by high streets and… e-commerce.

KEY TRENDS

Investors and developers are now bringing investment schemes back to the largest cities. As per the estimates of BNP Paribas Real Estate Poland, 40 percent of the space planned to be completed this year will be appearing in the largest agglomerations, and this trend will continue through the years 2016 – 2018. Furthermore, the largest players will again take the leading position on the market, this to include Unibail Rodamco, ECE, InterIkea, Atrium European RE, Apsys, Multi and GTC.

“Despite the fact that over the recent years, the majority of new space has been supplied in small and medium cities, between 2016 and 2016 this trend may turn in favour of large agglomerations. Schemes such as Posnania implemented by Apsys in Poznań (100 000 sqm), Wrocławia in the capital city of Lower Silesia (64 000 sqm), Galeria Północna, a scheme being executed in Poland’s capital city by GTC (65 000 sqm) and the Forum Gdańsk scheme (62 000 sqm) will be contributing towards it.” – comments Anna Staniszewska, Head of Research and Consultancy CEE, BNP Paribas Real Estate Poland.

The report drawn up by BNP Paribas Real Estate Poland experts highlights the fact that only one out of the 5 largest schemes (in terms of their area in sqm) delivered to the market in the first half of 2015, i.e. Galeria Neptun (25 000 sqm) in Starogard Gdański, is located within one of the eight largest Polish agglomerations. The largest shopping centre newly constructed between January and June this year was opened in Lublin: Tarasy Zamkowe completed by Immofinanz (38 000 sqm).

Additionally, the group of the abovementioned 5 schemes includes three completions consisting in the extension of existing facilities. The first half of the year saw three debuts in terms of extended space: Ogrody Shopping Centre in Ełbląg (22 500 sqm), Atrium Copernicus in Toruń (17 000 sqm) and Galeria Sudecka located in Jelenia Góra (12 900 sqm).

“Extension, modernization and repositioning – are the key issues that owners and managers of older facilities are paying an ever increasing attention when wanting to stay in competition with newer schemes. The number of owners that take the decision to implement long-term strategies for development of their schemes based on modernization and repositioning is growing month by month.”
In some cases, we are also talking about extending the existing facilities. Over the coming years, minimum 25 percent of space delivered to the market will be coming from extensions and modernizations.” – observes Fabrice Paumelle, Head of Retail, BNP Paribas Real Estate Poland.

The authors of the report point out the differences in the level of retail space saturation in the 8 largest agglomerations. The most saturated markets include Wrocław and the capital city of Greater Poland. The other end of the scale is occupied by Szczecin. Additionally, BNP Paribas Real Estate Poland experts note the growing significance of high streets, both for property owners and managers and the retail brands themselves. This sector is growing most dynamically in Warsaw and Kraków.

The growing significance of urban lifestyles, development of public spaces in city centres and greater mobility of their residents are providing room for modern schemes that combine the office, retail, entertainment and cultural functions. The common denominator for these schemes is their central location and unique architecture. This type of investment schemes includes certain developments in Poland’s capital city, i.e. Hala Koszyki, Ethos, CEDET and Art. Norblin, as well as Bazar Poznański and Półwiejska_2 located in Poznań.

Another visible trend is the growth of the high street format, at the basis of which lies the progressively more and more diverse offer presented by urban life and the increasing financial resources of the Polish population. It is not only restaurants, cafes and various art gallery forms that are becoming gradually more popular; boutiques and department stores situated in the vicinity of high streets are also attracting more interest now. It has to be pointed out that prestigious spaces in large city centres are now being managed better than ever before by the authorities and local governments in terms of aesthetics and architecture, as well as cultural events.

A phenomenon that the authors of the report bring their attention to is the integration within shopping spaces of the shopping function with other, more socially-oriented activities from the field of entertainment, culture and education. The future belongs to formats that will be able to become an attractive and generally accessible part of the urban space within which they operate.

When analysing a typical shopping centre tenant-mix, the changing purchasing trends of the Polish population and the changing spending patterns, BNP Paribas Real Estate Poland experts highlight that the domestic market continues to be a good place for expansion of new brands. The first two quarters of 2015 saw the debut on the Polish market of several new brands, including: KIABI (fashion), Superdry (fashion), Decimas (fashion), Colin’s (fashion), à Tab (interior design and furnishings), Desquared 2 (children’s fashion) and Courir (footwear).

“Poland has the potential to welcome new brands and over the next few quarters we can expect an announcement in respect of entry onto the market of new international chains, including some from the fashion sector.” – adds Anna Staniszewska.

The authors of the report point out that no significant fluctuations in rents were noted over the first few months of 2015. The highest rents per square meter are being paid in Warsaw, where they oscillate around 100 euro / sqm. This is a value nearly twice as high as in the remaining seven agglomerations analysed.
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