EYE ON RETAIL IN POLAND
NOVEMBER 2018
The retail industry benefits massively from solid economic fundamentals. The significant increase in purchasing power (+20% over the last 5 years), steadily growing private consumption, unemployment rate at its historically low and rising salaries, as well as the positive attitude of consumers, means that the favourable situation in the retail sector will continue to prevail. The past years’ stellar growth in consumption and retail sales have compensated for stationary retailing share losses to ecommerce. Despite steady growth of the retail stock, turnover in shopping centres has been increasing and achieved +5% over the last five years. The e-commerce volume has recorded a double-digit growth year-on-year, but it creates only ca. 4% of the total retail sales.

After the dynamic pace of growth of the market over the past decade, with the average of approx. 660,000 sq m of new space per annum, the distinctly lower volume of new supply achieved in 2017 and the volume forecast for the years 2018–2020 indicated that the market is entering a mature stage now. Remodelling and refurbishment of older schemes, often connected with extensions, will become one of the major triggers of the market development.

The issue that currently concerns the entire modern retail industry in Poland is the potential impact of the ban on Sunday trading on footfall and turnover, as well as the possible implications in respect of rents. First results do not reflect major inflictions, however, the next two years will be a stress test for landlords of the retail properties.

The prospects for the modern retail sector in Poland remain bright, however, the growing consumption aspirations of Polish consumers and their appetite for new brands seem to be insatiable.
THE MARKET IN THE WARSAW AGGLOMERATION OFFERS A DIVERSIFIED SELECTION OF FORMATS AND RETAILER POOL. At the end of Q3 2018, a volume of 1.9 million sq m of GLA was recorded across all retail formats. Large shopping and leisure complexes, such as Arkadia, Złote Tarasy and Galeria Mokotów dominate the market. Owners of secondary but well-established shopping centres react strongly to toughening competition and undertake extensions and refurbishments in order to bolster their market position and increase the value of their assets.

LEADING SHOPPING CENTRES are the most sought-after destination for newcomers, however, the availability of space is limited and operators have to wait for reasonable opportunities. Last year Hamleys, Newbie, Love Republic and Zarina entered the newly opened Galeria Północa. A new medium-sized concept store by IKEA opened in Blue City, while Primark will come on stage next summer in a new shopping and leisure complex, Galeria Młociny.

In the southern, western and northeastern outskirts of Warsaw operate three outlet centres. Two IKEA-driven retail parks of paramount importance serve the north and the south of the agglomeration respectively. Small, convenience retail schemes have emerged in new residential clusters in the suburbs as well as in the satellite towns of Warsaw.

PRIME SHOPPING CENTRE RENTS PEAK AT €120 – 130 / SQ M / MONTH. Rental conditions in lower class schemes, however, have tightened since customers’ have shifted towards more convenience retailing.

For the past several years the vacancy rate has been oscillating around a healthy 2%. There are, however, clear disparities between locations, with a number of distressed assets suffering from limited tenant demand.

High street retailing is dominated by Filial facilities thus premium and luxury brands are clustered in leading shopping centres such as Galeria Mokotów, Atrium Promenada, vitkAc and Klif.

**SELECTED MAJOR RETAIL SCHEMES**

<table>
<thead>
<tr>
<th>NAME</th>
<th>GLA (sq m)</th>
<th>CITY</th>
<th>FORMAT</th>
<th>OWNER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Arkadia</td>
<td>105,000</td>
<td>Warsaw</td>
<td>SC</td>
<td>Unibail Rodamco-Westfield</td>
</tr>
<tr>
<td>2. HOMEDEPOT Targówek + IKEA</td>
<td>102,000</td>
<td>Warsaw</td>
<td>RP</td>
<td>Pradera / IKEA</td>
</tr>
<tr>
<td>3. Wola Park</td>
<td>76,300</td>
<td>Warsaw</td>
<td>SC</td>
<td>Inter IKEA</td>
</tr>
<tr>
<td>4. Centrum Jaki</td>
<td>75,500</td>
<td>Warsaw</td>
<td>SC</td>
<td>Crosswind Property Group</td>
</tr>
<tr>
<td>5. Galeria Młociny</td>
<td>64,000</td>
<td>Warsaw</td>
<td>SC</td>
<td>GTC</td>
</tr>
<tr>
<td>6. Atrium Varso</td>
<td>64,000</td>
<td>Warsaw</td>
<td>SC</td>
<td>Pradera / IKEA</td>
</tr>
<tr>
<td>7. HOMEDEPOT Jaki + IKEA</td>
<td>61,000</td>
<td>Warsaw</td>
<td>RP</td>
<td>Pradera / IKEA</td>
</tr>
<tr>
<td>8. Blue City</td>
<td>60,000</td>
<td>Warsaw</td>
<td>SC</td>
<td>TwoM</td>
</tr>
<tr>
<td>9. Atrium Czyżyny</td>
<td>51,000</td>
<td>Warsaw</td>
<td>SC</td>
<td>Atrium European Real Estate</td>
</tr>
<tr>
<td>10. Atrium Promenada</td>
<td>47,300</td>
<td>Warsaw</td>
<td>SC</td>
<td>Atrium European Real Estate</td>
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<tr>
<td>11. Atrium Młociny</td>
<td>47,300</td>
<td>Warsaw</td>
<td>SC</td>
<td>Atrium European Real Estate</td>
</tr>
</tbody>
</table>

**Typology of shopping centres & retail parks (as a percentage of GLA)**

1. Atrium European Real Estate
2. Unibail Rodamco-Westfield
3. Pradera / IKEA
4. Crosswind Property Group
5. GTC
6. Atrium European Real Estate
7. TwoM | Investment Group BU
8. Atrium European Real Estate
9. Atrium European Real Estate
10. Atrium European Real Estate
11. Atrium European Real Estate

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2. Unibail Rodamco-Westfield
3. Pradera / IKEA
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**SELECTED MODERN RETAIL PROVISION**

Warsaw agglomeration

1. Central Statistical Office
2. MB Research, as of 2017
3. BNP Paribas Real Estate Poland, at the end of Oct. 2018
4. RP – retail park, UC – under construction

**Retail formats (% of GLA)**

- Shopping Centre: 69%
- Outlet Centre: 3%
- Warehousing: 14%
- Retail: 6%
- Office: 5%
- Residency: 6%
**SELECTED MAJOR RETAIL SCHEMES**

<table>
<thead>
<tr>
<th>Name</th>
<th>City</th>
<th>SC</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silesia City Centre</td>
<td>Katowice</td>
<td>64,000</td>
<td>DEKA Immobilien</td>
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<tr>
<td>Europa Centralna</td>
<td>Gliwice</td>
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<td>M1 Cieszyn</td>
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<td>BNP Paribas Real Estate Poland</td>
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<td>M1 Katowice</td>
<td>Katowice</td>
<td>49,000</td>
<td>Channel Top Group</td>
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<tr>
<td>Galeria Katowicka</td>
<td>Katowice</td>
<td>48,000</td>
<td>EPI</td>
</tr>
<tr>
<td>Galeria Libere</td>
<td>Katowice</td>
<td>49,000</td>
<td>Echo Investment</td>
</tr>
<tr>
<td>Forum Silesia</td>
<td>Silesia</td>
<td>43,000</td>
<td>EDEA Immobilien</td>
</tr>
</tbody>
</table>

**Retail formats (% of GLA)**

- Outlet Centre: 7%
- Shopping Centre: 75%
- Retail Park: 17%
- Neighborhood convenience: 7%
- Hypermarket-driven schemes: 8%

**Type of shopping centres & retail parks (as a percentage of GLA)**

- Leaders in the region: 19%
- Leaders in the city: 22%
- District centres: 22%
- Neighborhood convenience: 7%
- Hypermarket-driven schemes: 8%

**SELECTED MODERN RETAIL PROVISION**

Upper Silesia conurbation


**THE MODERN RETAIL MARKET WITH 1.45 MILLION SQ M OF GLA IS THE SECOND LARGEST IN POLAND, AFTER WARSAW.**

The retail offer in the region is well diversified across all formats, from dominant regional shopping & leisure centres to small convenience strip malls, outlet centres and retail parks.

Katowice is the core market in the region and accumulates a vast portion of modern retail amenities, including top shopping centres of regional capture power such as Silesia City Centre and Galeria Katowicka. Still in 2018, another large shopping and leisure complex – Galeria Libero – will open in the southern part of the city, hence competition will intensify.

Other cities in the region are also relatively well provided with modern assets of local importance such as Forum Gliwice and Europa Centralna in Gliwice, M1 and Platan in Zabrze, M1 in Czeladź, Agra and Plejada in Bytom, Pogoria in Dąbrowa Górnicza, Gemini Park in Tychy and Galeria Galena in Jaworzno, to name but a few. Platan, the shopping centre conveniently located in the centre of Zabrze, will bolster its market position this year following the extension by 11,000 sq m with a cinema, new fashion anchors and additional dining options.

An established retail destination for the entire region is Sosnowiec Designer Outlet which has gained its solid market position due to convenient location and well-balanced selection of renowned mass market brands. Next year the scheme will face a new competitor as works on Silesia Outlet Gliwice are ongoing.

**PRIME RENTS IN KATOWICE PEAK AT €60/SQ M/MONTH** and are expected to remain stable. Rental levels in established retail schemes in other cities in the region should stay unchanged, while secondary schemes may face downward pressure.

**3.6% Vacancy rate**

**€7,998 Purchasing power (per capita / year)**

**1,509,000 m²**

Existing modern retail stock / Existing shopping centre stock (GLA)

**702 / 531**

Density of modern retail stock / Density of shopping centre stock (sq m / 1,000 inhabitants)

**37,200 m²**

Retail stock under construction

**€1,930 Shopping centre turnover index in Katowice in 2017 (sq m / year)**
THE TRICITY REGION IS POLYCENTRIC WITH GDANSK AND GDYNIA RETAIL SUB-MARKETS OF EQUAL IMPORTANCE.

At the end of Q3 2018 the modern retail stock in the conurbation reached 960,000 sq m of GLA across all formats, with nearly 70% comprised in 25 shopping centres.

In the area there is a clear distribution of retail provision between the central locations along a major arterial road which goes through Gdańsk and Gdynia and hot spots established along the Tricity ring road such as Matarnia retail park developed around the IKEA furniture store, Designer Outlet Gdańsk together with Morski retail park and Auchan complex.

Galeria Bałtycka in Gdańsk Wrzeszcz and Riviera in Gdynia, both located next to stops of SKM (a metropolitan fast railway) and well accessible from the central and outer residential areas, dominate in the region. In May 2018 in the downtown of Gdańsk opened a new shopping centre – Forum Gdańsk – which is an example of most contemporary retail venues blending unique design and architecture with shopping experience following the most recent trends in retailing. The shopping centre is expected to attain top position in the region and to facilitate reinforcement of retailing in the downtown which until now was a destination for tourists rather than for residents. Moreover, regeneration of the derelict Granary Island into a modern buzzing quarter of Gdańsk would create opportunities for new retail and leisure concepts.

Sopot, which is a fashionable summer destination, maintains a very limited volume of modern retail stock but has relatively strong high street presence.

PRIME RENTS IN TOP CLASS SHOPPING CENTRES ARE BETWEEN €45 AND €55 / SQ M / MONTH, but the delivery of Forum Gdańsk will result in a strong downward pressure on rents in the shopping centres located in Gdańsk.

### SELECTED MAJOR RETAIL SCHEMES

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<thead>
<tr>
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<th>GLA</th>
<th>CITY</th>
<th>FORMAT</th>
<th>OWNER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matarnia Park Handlowy</td>
<td>81,500</td>
<td>Gdańsk</td>
<td>RP</td>
<td>Inter IKEA</td>
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<tr>
<td>Centrum Wroclaw</td>
<td>75,900</td>
<td>Gdynia</td>
<td>SC</td>
<td>Union Investment</td>
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<tr>
<td>Forum Gdańsk</td>
<td>62,000</td>
<td>Gdańsk</td>
<td>SC</td>
<td>Blackstone</td>
</tr>
<tr>
<td>Galeria Bałtycka</td>
<td>46,500</td>
<td>Gdańsk</td>
<td>SC</td>
<td>ECE</td>
</tr>
<tr>
<td>Galeria Klif</td>
<td>32,000</td>
<td>Gdynia</td>
<td>SC</td>
<td>AEW</td>
</tr>
<tr>
<td>Morena</td>
<td>16,500</td>
<td>Gdańsk</td>
<td>SC</td>
<td>BodenNickell</td>
</tr>
</tbody>
</table>

### RETAIL FORMATS (% OF GLA)

- **Shopping Centre**: 69% of GLA
- **Retail Park**: 14% of GLA
- **Districentre**: 11% of GLA
- **Retail Shopping**: 3% of GLA
- **Neighbourhood Convenience**: 2% of GLA
- **Hypermarket Driven Retail**: 1% of GLA

### Typology of shopping centres & retail parks (as a percentage of GLA)

- Leaders in the region: 33%
- Leaders in the city: 47%
- Districentre: 11%
- Neighbourhood Convenience: 2%
- Hypermarket Driven Retail: 1%

### SELECTED MODERN RETAIL PROVISION

**Vacancy Rate**

- **3.6%**

**Existing modern retail stock / Existing shopping centre stock (sq m of GLA)**

- **960,500 m²**
- **662,000 m²**

**Shopping centre turnover index in 2017 (sq m / year)**

- **€7,874**

**Density of modern retail stock / Density of shopping centre stock (sq m of GLA per 1,000 inhabitants)**

- **916 / 632**

**Retail stock under construction**

- **16,500 m²**

**Purchasing power (per capita / year)**

- **2**

**Population**

- **1m**

1. Central Statistical Office
2. MB Research, as of 2017
3. BNP Paribas Real Estate Poland, at the end of Oct. 2018
4. PRCH
5. SC – shopping centre, RP – retail park, OC – outlet centre
POZNAŃ AGGLOMERATION

ALTHOUGH THE SHOPPING CENTRE STOCK IN Poznań HAS ENLARGED BY HALF SINCE 2013 and today the city is among most saturated large markets, improving economy coupled with bolstering consumer confidence and growing purchasing power increased the shopping centre turnover index by 11% over that time.

WITH 888,500 SQ M OF GLA, THE MODERN RETAIL MARKET IN Poznań AGGLOMERATION is very well provided with all retail formats of various types, profiles and positioning. The central area of Poznań is tightly packed with shopping centres totalling nearly 290,000 sq m. The position of regional leaders is shared between Posnania, a shopping & leisure complex comprising as much as 300 most popular tenants, and Stary Browar, an urban shopping centre offering wide selection of retail, leisure and F&B options, including up-market designer brands.

OVER THE LAST TWO YEARS THE SHOPPING CENTRES SECTOR IN Poznań CHANGED FUNDAMENTALLY; most importantly in the aftermath of opening of Posnania shopping and leisure complex that brought another 99,000 sq m of a new GLA in the city centre. The delivery of such a big retail scheme to already competitive environment has made the local market turbulent, pushing the vacancy rate over 5% and lowering rental levels by a significant 10–15%.

Outer areas of the city are developed with older, albeit established, assets which still benefit from well identified catchment areas and loyal customer base. A number of retail locations have substantial extension, remodelling and repositioning potential.

PRIME RENTS IN TOP CLASS SHOPPING CENTRES ARE STABLE BETWEEN €45 AND €55 / SQ M / MONTH. Fierce competition, however, has resulted in noticeably high vacancies in lower class schemes and has exerted downward pressure on rents, most visibly in secondary / tertiary class assets. The local market needs another 2–3 years to absorb the available space and stabilize.

SELECTED MODERN RETAIL PROVISION

<table>
<thead>
<tr>
<th>SELECTED MAJOR RETAIL SCHEMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAME</td>
</tr>
<tr>
<td>Posnania</td>
</tr>
<tr>
<td>istraPark Framow + USA</td>
</tr>
<tr>
<td>Avenia</td>
</tr>
<tr>
<td>Stary Browar</td>
</tr>
<tr>
<td>King Cross Wannsee</td>
</tr>
<tr>
<td>M1 Poznań</td>
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</tbody>
</table>

Retail formats (% of GLA)

<table>
<thead>
<tr>
<th>Typology of shopping centres &amp; retail parks (as a percentage of GLA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leaders in the region</td>
</tr>
<tr>
<td>shopping centre</td>
</tr>
<tr>
<td>neighbourhood</td>
</tr>
</tbody>
</table>

SELECTED MAJOR RETAIL SCHEMES

1. Auchan Komorniki
2. Auchan Swadzim
3. Avenia
4. Centrum Framow
5. Stary Browar
6. M1 Poznań
7. Factory Poznań
8. Galeria A2
9. Galeria Opole
10. Galeria Malowina
11. Galeria NNM
12. Galeria Festiva
13. HOMEPRK Franklin
14. King Cross Wannsee
15. King Cross Marcin
16. M1 Poznań
17. Panorama
18. Swadzim
19. M1 Poznań
20. Stary Browar

UC – under construction

1. Central Statistical Office
2. Wikimatrix, as of 2017
3. BNP Paribas Real Estate Poland, as of Oct. 2018
4. Armada
5. ECE / Resolution Property
6. DAWM
7. Chariot Top Group
8. EPP
9. ECE / Resolution Property
10. ECE / Resolution Property
11. ECE / Resolution Property
12. ECE / Resolution Property
13. ECE / Resolution Property
14. ECE / Resolution Property
15. ECE / Resolution Property
16. ECE / Resolution Property
17. ECE / Resolution Property
18. ECE / Resolution Property
19. ECE / Resolution Property
20. ECE / Resolution Property

EC, SC – shopping centre, RP – retail park, UC – under construction

888,500 m²
662,500 m²

Existing modern retail stock / Existing shopping centre stock (sq m of GLA)

1,082 / 807

Density of modern retail stock / Density of shopping centre stock (sq m of GLA per 1,000 inhabitants)

Retail stock under construction

0 m²

Shopping centre turnover index in 2017 (sq m / year)

€2,938

€8,870

Purchasing power (per capita / year)

0.82 m

Population

€55 / SQ M / MONTH.

Vacancy rate
WROCŁAW AGGLOMERATION

Within a range of approx. 2 km operate other established retail & leisure destinations, e.g. Pasaż Grunwaldzki, Renoma, Galeria Dominikańska.

Magnolia Park, the complex with a wide selection of retail, service, leisure and dining options, conveniently located in the western quadrant of the city, is expected to retain its solid position of regional leader owing to critical mass and strong capture power.

In the southernmost fringe of Wrocław, close to A4 highway, around IKEA blue box clustered a strong complex – Aleja Bielany – composed of a shopping & leisure complex and a retail park.

PRIME SHOPPING CENTRE RENTS PEAK AT €55 – €60 / SQ M / MONTH. In turn, high competition has been compressing rents in secondary assets with some schemes suffering from vacancies.

Selected Modern Retail Provision

SELECTED MODERN RETAIL PROVISION

Wrocław agglomeration

Typology of shopping centres & retail parks (as a percentage of GLA)

- 33% Leaders in the region
- 27% Leaders in the city
- 23% District centres
- 21% Retail Park
- 17% Neighbourhood centres
- 16% Shopping Centre
- 11% Retail clustering
- 7% Hypermarket driven schemes
- 6% Convenience centres

Retail formats (% of GLA)

- 62% Shopping Centre
- 21% Retail Park
- 6% Retail clustering
- 3% Convenience centres
- 1% Hypermarket driven schemes

SELECTED MAJOR RETAIL SCHEMES

<table>
<thead>
<tr>
<th>NAME</th>
<th>GLA</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Arkadia Wrocławskie</td>
<td>143,000</td>
<td>Bielany, Wrocławskie</td>
<td>SC + RP</td>
<td>Inter IKEA</td>
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<td>Wroclavia</td>
<td>64,000</td>
<td>Wrocław</td>
<td>SC</td>
<td>Unibail-Rodamco-Westfield</td>
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<tr>
<td>Pasaż Grunwaldzki</td>
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<td>Wrocław</td>
<td>SC</td>
<td>Esso Investment</td>
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<tr>
<td>Galeria Dominikańska</td>
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<td>24,000</td>
<td>Wrocław</td>
<td>SC</td>
<td>Asian-European Real Estate</td>
</tr>
</tbody>
</table>

1. Central Statistical Office
2. Roll Research, as of 2017
3. BNP Paribas Real Estate Poland, at the end of Q3 2018
4. PwC
5. SC – shopping centre, RP – retail park, GC – outlet centre
6. BNP Paribas Real Estate

Wrocław Agglomeration

Wrocław agglomeration is inhabited by approx. 900,000 residents with purchasing power exceeding the national average by 25%. Although the modern retail sector in the region enlarged by 20% over the last three years, shopping centre turnover index remains stable.

The Modern Retail Market in the Wrocław Agglomeration is Well Established and Developed with a Wide Diversity of Formats. At the end of Q3 2018, the modern retail stock in the region reached 862,500 sq m of GLA. The spectrum of shopping centres ranges from small, convenience type schemes to large shopping & leisure complexes which offer very wide selection of retail facilities, leisure amenities and F&B options.

A strong cluster of modern retailing formed in the central part of Wrocław which consequently results in fierce competition. The most recent completion, Wroclavia, a large shopping & leisure complex by Unibail-Rodamco-Westfield, is about to gain the leading position and reshape fundamentally the picture of retailing in the downtown.

SELECTED MODERN RETAIL PROVISION

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<td>Pasaż Grunwaldzki</td>
<td>52,000</td>
<td>Wrocław</td>
<td>SC</td>
<td>Esso Investment</td>
</tr>
<tr>
<td>Galeria Dominikańska</td>
<td>18,000</td>
<td>Wrocław</td>
<td>SC</td>
<td>SM Investments</td>
</tr>
<tr>
<td>Galeria Śląska</td>
<td>24,000</td>
<td>Wrocław</td>
<td>SC</td>
<td>Asian-European Real Estate</td>
</tr>
</tbody>
</table>

1. Central Statistical Office
2. Roll Research, as of 2017
3. BNP Paribas Real Estate Poland, at the end of Q3 2018
4. PwC
5. SC – shopping centre, RP – retail park, GC – outlet centre
6. BNP Paribas Real Estate
**KRAKÓW AGGLOMERATION**

**1m**

Population

**€8,290**

Purchasing power (per capita / year)

**776 500 m²**

Existing modern retail stock / Existing shopping centre stock (GLA)

**565 500 m²**

Existing modern retail stock / Existing shopping centre stock (GLA)

**751 / 547**

Density of modern retail stock / Density of shopping centre stock (sq m of GLA per 1,000 inhabitants)

**20,900 m²**

Retail stock under construction

**€2,458**

Shopping centre turnover index in 2017 (sq m / year)

**3.5%**

Vacancy rate

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**SELECTED MODERN RETAIL PROVISION**

**AT THE END OF Q3 2018, THE MODERN RETAIL STOCK IN KRAKÓW STOOD AT 776,500 SQ M OF GLA, with 72% of the space accumulated in 14 traditional shopping centres. A dominant position in the region is held by Galeria Krakowska, a downtown shopping centre prominently located next to the main train station in the close vicinity to the Old Town area, and Bonarka, a large shopping and leisure complex located on the southern edge of the city centre. Serenada shopping centre opened in Autumn last year, together with the already existing retail and leisure amenities next door, which is expected to create a strong complex of critical mass capturing consumers from further afield. Well established older schemes such as ML Czyżyny and Zakopianka, located in dense residential clusters, benefit from a loyal customer base and have significant potential for further reinforcement. The only outlet centre in the region, Factory Kraków, operates in the north-western suburbs of the city – in Modliniczka. The scheme is part of a bigger retail cluster also composed of a Futura retail park. Reflecting current market trends, the range of F&B facilities in the scheme was improved recently. In the near future, another outlet centre may commence operation in the city as Kraków Plaza is intended to be remodelled into the outlet destination with an up-market positioning.

A LOW UNEMPLOYMENT RATE and steadily increasing wages have been reflected in growing retail sales and a large increase in the shopping centre turnover index which improved by over 30% between 2014 and 2017.

**PRIME RENTS IN THE LEADING SHOPPING CENTRES PEAK AT €60 / SQ M / MONTH and are expected to remain stable in the mid-term, while the gap between rental levels in top and secondary schemes, unless augmented, will gradually widen.**

**KRACOW FEATURES THE MOST ESTABLISHED HIGH STREET retailing among the Polish major agglomerations. The most sought-after high street location is the historical Old Town area which is greatly fuelled by tourist traffic.**

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**SELECTED MAJOR RETAIL SCHEMES**

<table>
<thead>
<tr>
<th>NAME</th>
<th>GLA</th>
<th>CITY</th>
<th>FORMAT</th>
<th>OWNER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bonarka City Center</td>
<td>91,500</td>
<td>Kraków</td>
<td>SC</td>
<td>NEPI / Rockcastle</td>
</tr>
<tr>
<td>2. Galeria Bronowice</td>
<td>60,000</td>
<td>Kraków</td>
<td>SC</td>
<td>Immochan</td>
</tr>
<tr>
<td>3. Galeria Krakowska</td>
<td>58,000</td>
<td>Kraków</td>
<td>SC</td>
<td>ECE Projektmanagement</td>
</tr>
<tr>
<td>4. M1 Kraków</td>
<td>49,000</td>
<td>Kraków</td>
<td>SC</td>
<td>EPP</td>
</tr>
<tr>
<td>5. Serenada</td>
<td>41,500</td>
<td>Kraków</td>
<td>SC</td>
<td>NEPI / Rockcastle</td>
</tr>
</tbody>
</table>

---

**RETAIL FORMATS (% OF GLA)**

<table>
<thead>
<tr>
<th>Typology of shopping centres &amp; retail parks (as a percentage of GLA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leaders in the region</td>
</tr>
<tr>
<td>Leaders in the city</td>
</tr>
<tr>
<td>District centres</td>
</tr>
<tr>
<td>Neighbourhood convenience (differentiation)</td>
</tr>
<tr>
<td>Hypermarkets / drucks schemes</td>
</tr>
</tbody>
</table>

---

**NAME**

1. Wieliczka (UC)
2. Bonarka City Center
3. Czyżyny
4. Factory Kraków
5. Futura Park
6. Kraków Plaza
7. Kraków Plaza
8. Krzesinska
9. M1
10. Serenada
11. UC – under construction
THE SELECTION OF MODERN RETAIL OFFER IN ŁÓDŹ IS VARIED IN TERMS OF FORMATS AND LOCATIONS, with two of the country’s largest shopping schemes operating in the city. Although the retail space saturation index for Łódź urban area is 744 sq m / 1,000 inhabitants, clearly below the largest agglomerations’ average of 800 sq m, the vacancy rate of around 5–7% coupled with moderate purchasing power of the region have resulted in no new deliveries for a couple of years.

COMPETITION IN THE SHOPPING SECTOR IS CUT-THROAT. A large portion of shopping centre space (44%) is situated in the city centre. Manufaktura, a large shopping and leisure complex which is a great case of revitalisation of post-industrial sites, comprises 300 tenants, a wide selection of entertainment amenities, numerous dining options, Museum of Art and other attractions. The scheme has become not only a shopping and leisure destination but even more importantly a major town square and meeting venue for residents. The complex has definitely cornered the market and its dominant position is incontestable. The southern edge of the city centre is a battle field of three retail schemes, Galeria Łódzka, Sukcesja and Pasaż Łódzki, which are situated within a short distance.

Port Łódź, a large retail complex anchored by IKEA furniture big box and Leroy Merlin “do-it-yourself” store, is situated in the south-western outskirts of Łódź, which is an extremely challenging location for an attached shopping centre of 200 units.

Apart from a small Tkalnia shopping centre in a small, satellite town of Pabianice, there are no significant pipeline projects in the region. Selected secondary schemes in Łódź, however, have considerable upside potential.

PRIME RENTS IN THE LEADING MANUFAKTURA COMPLEX ARE STABLE AROUND €55 / SQ M / MONTH. The remaining schemes have been facing strong tenants’ pressure on lowering rental levels and increasing tenants’ incentives.

SELECTED MAJOR RETAIL SCHEMES

<table>
<thead>
<tr>
<th>NAME</th>
<th>GLA</th>
<th>CITY</th>
<th>FORMAT</th>
<th>OWNER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufaktura</td>
<td>110,000</td>
<td>Łódź</td>
<td>SC</td>
<td>Union Investment</td>
</tr>
<tr>
<td>Port Łódź</td>
<td>105,000</td>
<td>Łódź</td>
<td>SC</td>
<td>Inter IKEA</td>
</tr>
<tr>
<td>Galeria Łódzka</td>
<td>45,000</td>
<td>Łódź</td>
<td>SC</td>
<td>ECE Projektmanagement</td>
</tr>
<tr>
<td>Pasaż Łódzki</td>
<td>37,000</td>
<td>Łódź</td>
<td>SC</td>
<td>Pradera</td>
</tr>
</tbody>
</table>

Retail formats (% of GLA)

- Outlet Centre: 2%
- Retail Park: 5%
- Shopping Centre: 73%
- Retail Warehouse: 17%

Typology of shopping centres & retail parks (as a percentage of GLA)

- Leaders in the region: 20%
- Leaders in the city: 19%
- District centres: 19%
- Neighbourhoods / Convenience: 34%
- hyperspecialised schemes: 34%

The selection of modern retail provision in Łódź is varied in terms of formats and locations, with two of the country’s largest shopping schemes operating in the city. Although the retail space saturation index for Łódź urban area is 744 sq m / 1,000 inhabitants, clearly below the largest agglomerations’ average of 800 sq m, the vacancy rate of around 5–7% coupled with moderate purchasing power of the region have resulted in no new deliveries for a couple of years.

Competition in the shopping sector is cut-throat. A large portion of shopping centre space (44%) is situated in the city centre. Manufaktura, a large shopping and leisure complex which is a great case of revitalisation of post-industrial sites, comprises 300 tenants, a wide selection of entertainment amenities, numerous dining options, Museum of Art and other attractions. The scheme has become not only a shopping and leisure destination but even more importantly a major town square and meeting venue for residents. The complex has definitely cornered the market and its dominant position is incontestable. The southern edge of the city centre is a battle field of three retail schemes, Galeria Łódzka, Sukcesja and Pasaż Łódzki, which are situated within a short distance.

Port Łódź, a large retail complex anchored by IKEA furniture big box and Leroy Merlin “do-it-yourself” store, is situated in the south-western outskirts of Łódź, which is an extremely challenging location for an attached shopping centre of 200 units.

Apart from a small Tkalnia shopping centre in a small, satellite town of Pabianice, there are no significant pipeline projects in the region. Selected secondary schemes in Łódź, however, have considerable upside potential.

Prime rents in the leading Manufaktura complex are stable around €55 / sq m / month. The remaining schemes have been facing strong tenants’ pressure on lowering rental levels and increasing tenants’ incentives.

Selected major retail schemes:
WITH 393,000 SQ M OF GLA, THE MODERN RETAIL SECTOR IN SZCZECIN is the smallest one among major Polish markets. The region is yet reasonably well provided with a wide pool of formats and schemes.

TRADITIONAL SHOPPING CENTRES DOMINATE IN THE CENTRAL AREA. Galaxy and Galeria Kaskada, both downtown located, have been striving for region’s number one. Last year Galaxy, the large shopping and leisure centre which comprises a large food operator, a leisure component and a diverse selection of 190 most popular mass market brands, secured its leading market position through extension and inclusion of new fashion anchors and F&B amenities. Galeria Kaskada whereas, with its selection of premium brands, is positioned to a bit more affluent clientele.

A decent cluster of retail facilities emerged in the south-eastern, dense residential Dąbie district. Along the major arterial road in the area operate Outlet Park (a complex of an outlet centre with a leisure element), Galeria Gryf with Carrefour and an attached MMG retail park, Auchan hypermarket and retail warehousing retailers.

Ster shopping complex caters residents of outer city clusters in the west of the city. This location is planned to be empowered through major extension by nearly 25,000 sq m of new GLA.

For a couple of years the vacancy rate in Szczecin has been oscillating around 2% – 3% which demonstrates a healthy balance in the regional market. Between 2013 and 2017 the shopping centre turnover index increased by 10% despite a 12% growth of retail space. Due to the location of Szczecin close to Germany and Scandinavia, cross-border traffic strongly supports the retail and service segments in the entire region.

PRIME RENTS IN THE LEADING SHOPPING CENTRES OSCILLATE AROUND €50 / SQ M / MONTH and are expected to remain stable in the mid-term perspective.

<table>
<thead>
<tr>
<th>NAME</th>
<th>GLA</th>
<th>CITY</th>
<th>FORMAT</th>
<th>OWNER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centrum Galaxy</td>
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<td>Szczecin</td>
<td>SC</td>
<td>EPP</td>
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<tr>
<td>Galeria Kaskada</td>
<td>43,000</td>
<td>Szczecin</td>
<td>SC</td>
<td>ECE Projektmanagement</td>
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<tr>
<td>Outlet Park</td>
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<td>Szczecin</td>
<td>UC</td>
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<tr>
<td>Auchan</td>
<td>7%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Atrium Molo</td>
<td>2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auchan</td>
<td>3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auchan</td>
<td>24%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Galeria Gryf</td>
<td>19%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Centrum Ster</td>
<td>10%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outlet Park</td>
<td>3%</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

1. Central Statistical Office
2. MB Research, as of 2017
3. BNP Paribas Real Estate Poland, at the end of Oct. 2018
4. PRCH
5. UC – under construction

Retail formats (% of GLA)

Typology of shopping centres & retail parks (as a percentage of GLA)

Scoring 30% Leaders in the region
Scoring 10% Leaders in the city
Scoring 12% District centres
Scoring 11% Residential
Scoring 11% Neighbourhood centres
Scoring 2% Outlets
Scoring 7% Shopping Centre
Scoring 3% Retail Park
Scoring 3% Shopping Centre

1. Zdmoire
2. Stolczyn
3. Bukowo
4. Kąklowo
5. Bukowo
6. Kołbaskowo
7. Smętowice
8. Przecław
9. Ulma
10. Warkocz

SELECTED MODERN RETAIL PROVISION

Szczecin agglomeration
Glossary

Modern Retail Market – all retail formats – shopping centres, outlet centres retail parks and standalone retail warehouses – which were developed or fully redeveloped / refurbished after 1990.

Shopping Centre – a retail property that is planned, built and managed as a single entity, comprising units and common areas, with a minimum GLA of 5,000 sq m and more than 10 units in the shopping centre.

Outlet Centre – a consistently designed, planned and managed scheme with separate store units, where manufacturers and retailers sell merchandise at discounted prices that may be surplus stock, prior-season or slow selling.

Retail Park – a retail complex that is planned, developed and managed as a single entity, composed of at least 2 units with a minimum total GLA of 5,000.

Stand-Alone Retail Warehouse – a single level retail store with a minimum GLA of 2,500 sq m, occupied by DIY operators, electricals, household appliances, sport equipment, furniture and furnishings, food hypermarkets and cash & carry retailers.

Prime Shopping Centre Rents – market rents (net) that could be achievable within a given period for approx. 100 sq m units, located in the most prestigious areas of leading shopping centres and leased to tenants from the fashion sector.

Occupyancy Costs

Rent Currency – quoted predominantly in Euro and paid in Polish Zloty, monthly in advance.

Service Charge – generally quoted in Polish Zloty per month per square metre, reconciled at the end of the year.

Marketing Charge – generally quoted in Polish Zloty per month per square metre.

Typical Lease Terms

Lease Length – typically 3 to 5 years for small and medium-sized units, 10 years for large units such as food store, a DIY store and a cinema. The maximum lease length is 10 years, with an option for renewal.

Rent Review – rents are usually indexed annually based on the European Union Consumer Price Index, if the rent is stated in Euro or the inflation index published by Central Statistical Office of Poland (GUS) if the rent is in Polish Zloty.

Guarantee and Security Deposit – cash deposit or a bank guarantee of 3 months of the gross rent of the lease, service charge and marketing fee. Additionally the notary deed according to Art. 777 of the Code of Civil Procedure.

Break Options and Terminations – applied in the case of lease length longer than 5 years. Options are negotiable but a period of at least 3 years length is generally asked for.

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BNP Paribas Real Estate

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