

AT A GLANCE

Q2 2022

POLAND'S MODERN RETAIL MARKET*

KEY HIGHLIGHTS

- Raising inflation influences consumers' decisions
- Increase of shopping centre footfall in April and May (2022/2019)
- Further development of retail parks and convenience centre segments
- Retail tenants rotation: debuts and exits
- New trends: Q-commerce and Re-commerce

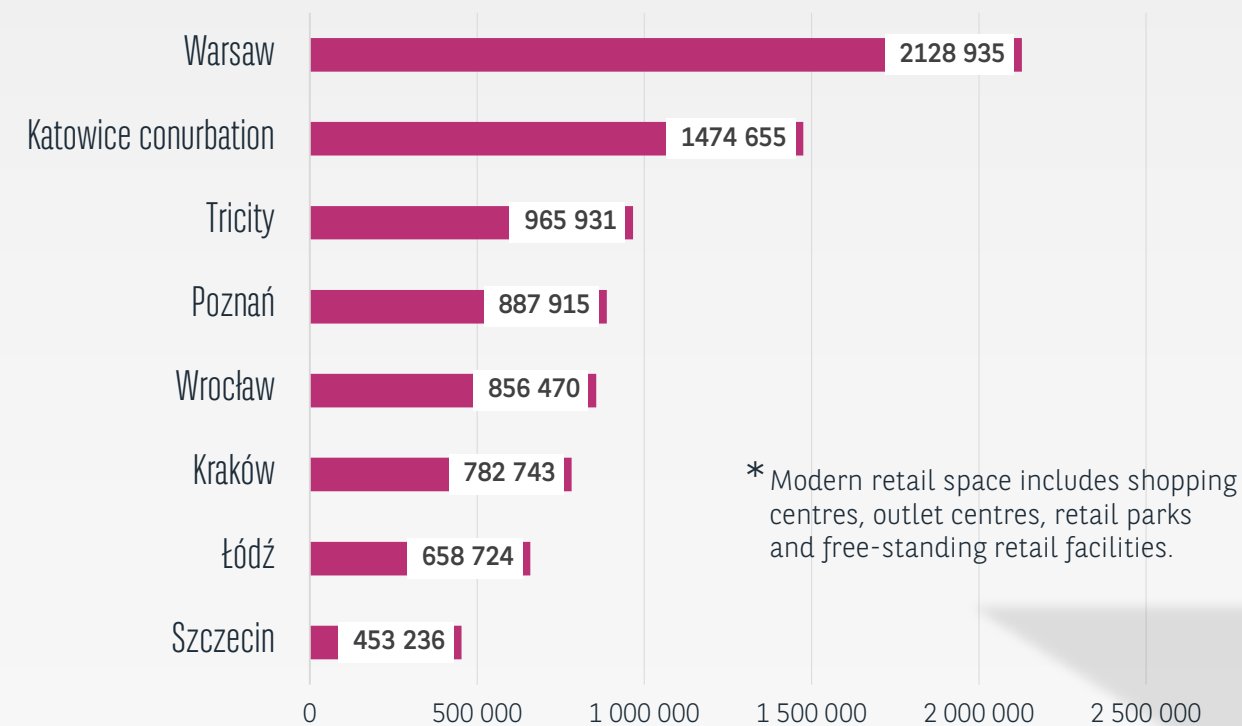
TOP 3 OPENINGS Q2

1. Karuzela Puławy (14,000 sqm, Karuzela Holding)
2. OBI Lesznowola (12,000 sqm, OBI)
3. Go!Park Jasło (10,500 sqm)

TOP 3 UNDER CONSTRUCTION

1. Koszalin Power Center (38,000 sqm, Acteeum, Q1 2023)
2. Karuzela Kołobrzeg (30,000 sqm, Karuzela Holding, Q4 2022)
3. Fort Wola (reconstruction) (23,000 sqm, Mayland, Q4 2022)

Modern retail stock* in major agglomerations



Source: BNP Paribas Real Estate Poland



108%

AVERAGE SHOPPING CENTRE FOOTFALL

(PRCH: May 2022, compared to the same week in 2019, Monday-Sunday)

8.9%

SHARE OF ONLINE SALES IN TOTAL RETAIL SALES

(Statistics Poland: May 2022)

nearly 15.4 M sqm

EXISTING RETAIL SPACE

155,500 sqm

NEW SUPPLY H1 2022

490,000 sqm

SPACE UNDER CONSTRUCTION

(to be delivered to the market by the end of 2024; includes new projects, redevelopments, changes in commercial formats)

Economic forecasts for 2022

		Trend	Change y/y
GDP	5.2%	↓	↓
Unemployment rate	5.1%	↑	↓
Private consumption	3.5%	↓	↓
Wages in enterprise sector	11.7%	↑	↑
Inflation (CPI)	13.9%	↑	↑

Source: GUS, NBP, Eurostat, BNP Paribas, as of June 2022, average in the quarter (% y/ y)

” Economic situation sets the consumption trends

The retail space market, still suffering from the effects of the pandemic, as well as from the double-digit and still growing inflation, ended Q2 2022 with a result of over 100,000 sqm GLA of new supply. According to PRCH data, in May 2022 the footfall in shopping centers, measured by the number of customers per 1 sqm of rented space, was 7.8% higher than in May 2019. The latest data on the turnover of shopping centers in Poland, also indicate better results than those before the pandemic. However, let us not be misled by improving ratios! Increased consumption in April including shopping done for Ukrainian refugees and those done directly by customers from Ukraine, have been driving the increase in April's turnovers. Growing inflation and uncertainty about future economic events are changing the structure of Poles' spending on food - over 40% of consumers declare they will buy cheaper food products, which is fueling the further growth of food retailers & discounters. The same factors make Poles manage their home budgets more carefully, which has a negative impact on the level of sales of most goods (also via on-line channels), with the exception of basic products.

Expert comment



Klaudia Okoń

Consultant,
Business Intelligence Hub & Consultancy

The pandemic accelerated the development of q-commerce, thereby increasing the number of so-called dark stores in the largest Polish cities.

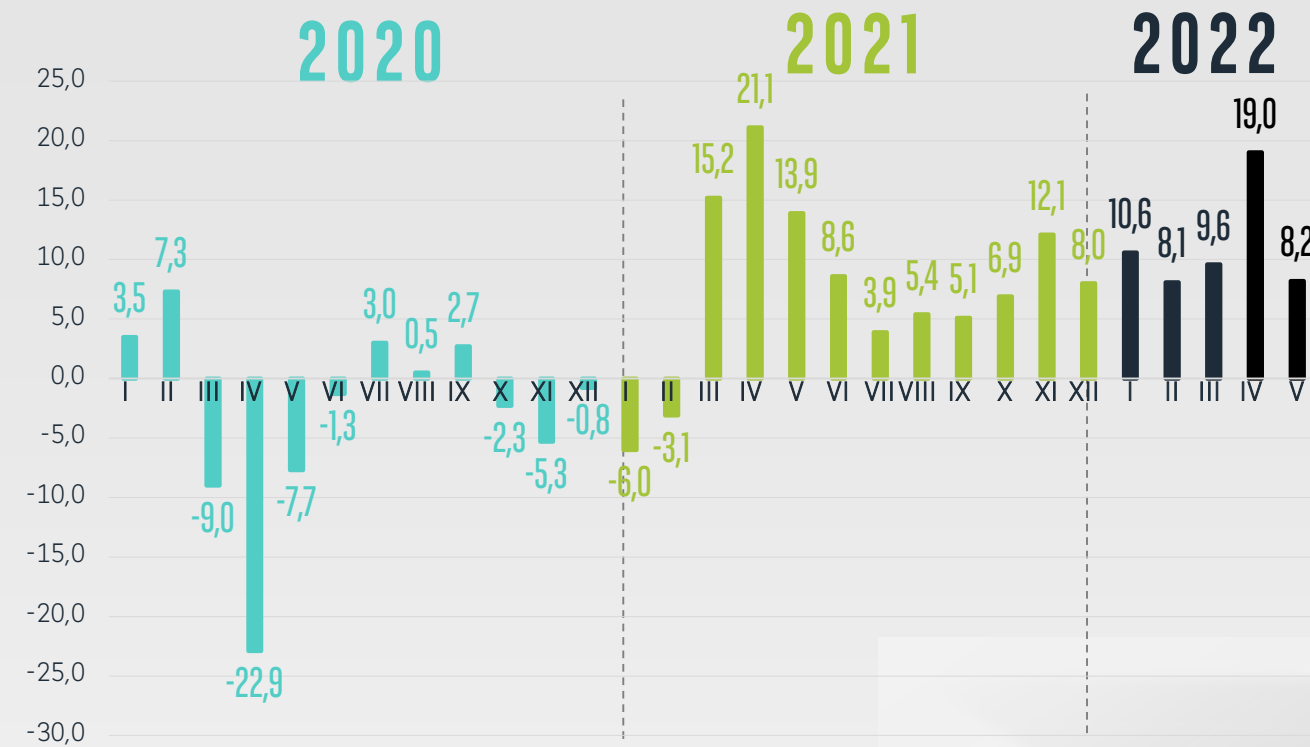
Dark stores were created as a result of changed habits of consumers who used express deliveries of basic products more frequently during lockdowns. Moreover, the traditional retail chains have entered the e-commerce market. There are several platforms operating in the q-commerce model on the Polish market: Lisek.app (a precursor of this type of service in Poland), Glovo, as well as the Biek, Wolt Market, Bolt Market, GetNowX and Żabka Jush. Most dark stores operate in Warsaw in close proximity to residential areas or on the ground floors of residential buildings.

Retail sales

change % y/y 2020/2019
and 2021/2020, at constant prices

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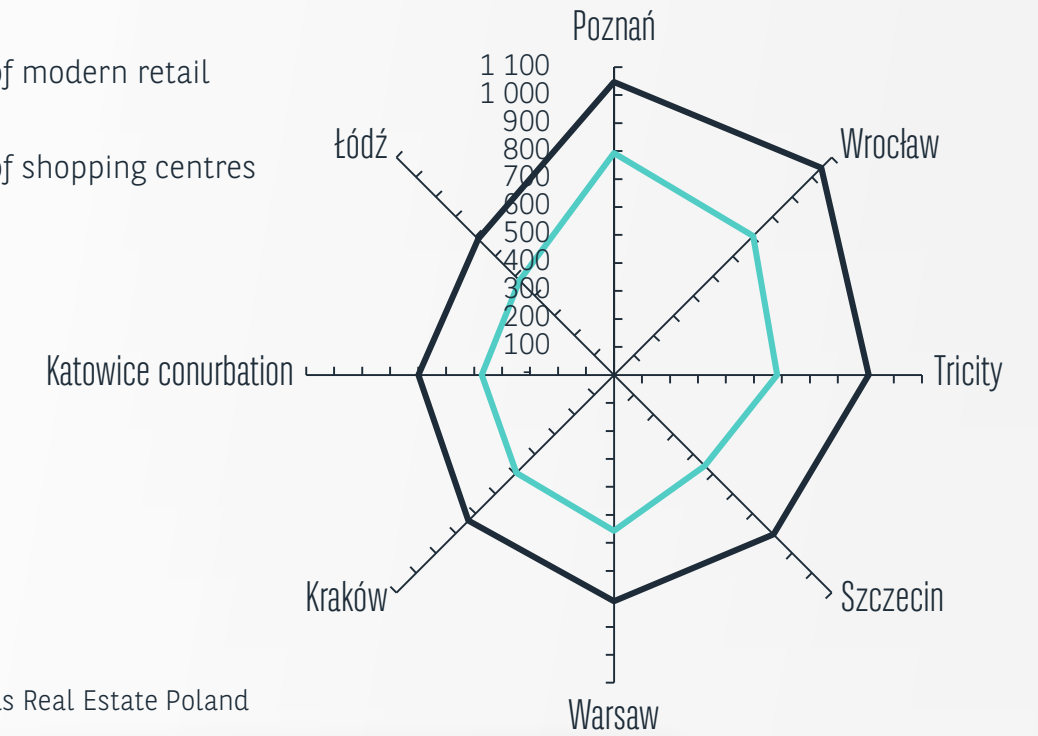


Source: Statistics Poland

Density of modern retail stock in major agglomerations

(sqm of GLA/ 1,000 inhabitants)

- Density of modern retail space
- Density of shopping centres

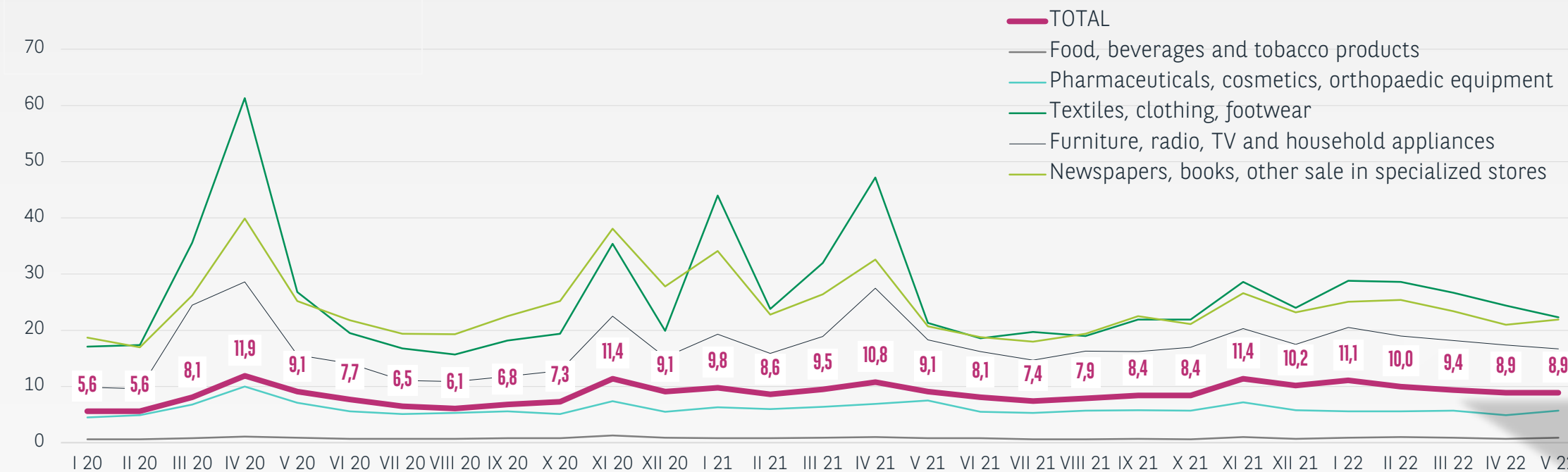


Source: BNP Paribas Real Estate Poland

For a long time, the highest saturation indicators of modern retail space have been observed in Poznań and Wrocław agglomerations, where they are at the level of 1047 sqm per 1000 inhabitants, whereas the lowest ones have been observed in the Katowice conurbation and Łódź agglomerations area (699 sqm and 687 sqm per 1000 inhabitants respectively).

Share of internet sales in retail sales

(in %; constant prices, 2020-2021)



Source: Statistics Poland

Retail parks on the rise. New player enters the retail market

In the first half of 2022, over 155,000 sqm of modern retail space was delivered on the Polish retail market, almost half of which belongs to retail parks. The largest newly opened facility in this segment is Karuzela Puławy (former Tesco asset), with an area of 14,000 sqm. 280,000 sqm remains under construction, with a completion date planned between 2022 and 2023. Most of the assets remaining under construction are located in small towns and, as a rule, they are small facilities with an area of several thousand square meters. In the shopping center segment, much less is currently under construction. In the second quarter of this year, a new network of retail assets operating under the Smart Park brand, made its debut on the Polish real estate market. Completion of the first two projects under the Smart Park brand (Mława and Działdowo) is scheduled for the second half of 2022.

Expert comment

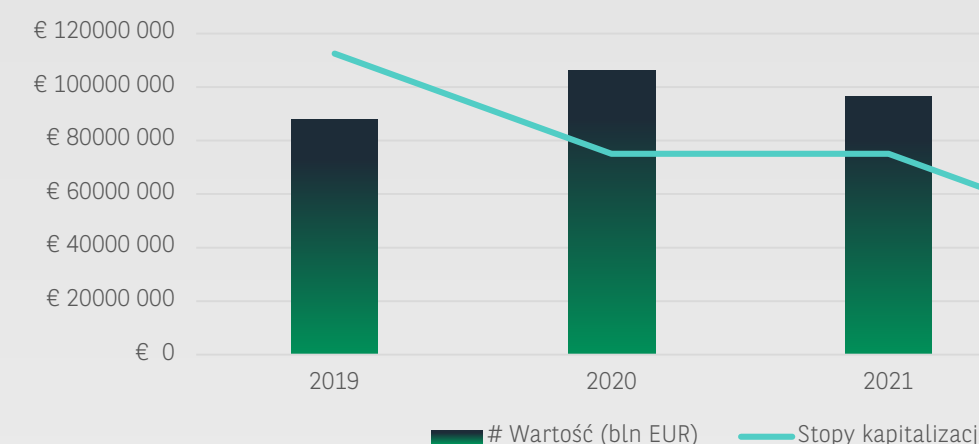


Renata Weikert
Senior Consultant
Retail Department

In the second quarter of 2022, the Orsay brand announced its exit from the Polish retail market, while the Go Sport chain and the management board of TXM filed for bankruptcy. However, new players are appearing in place of tenants leaving the Polish retail market. The LOVISA brand, offering jewelry and accessories, enters Polish market by opening the first store in Galeria Katowicka and the first Haribo brand store in Poland will open this fall, in the Factory Ursus shopping center in Warsaw. On the other hand, on June 2, the first boutique was officially opened with the personal participation of Philipp Plein at Dom Dochodowy, in a historic tenement house at Plac Trzech Krzyży in Warsaw.

Investment market in retail parks segment

Investment volume in the retail park segment in the period 2019-2022



Prime yields for retail parks segment in the period 2019-2022

Source: BNP Paribas Real Estate Poland

In the first half of 2022, the retail sector generated transactions worth nearly EUR 730 million. In the second quarter of 2022, the largest transaction was the portfolio sale of SMART retail parks owned by Newbridge Poland. The retail parks included in the transaction are located in Namysłów, Włocławek and Grodzisk Mazowiecki and offer a total leasable area of approx. 13,000 sqm.

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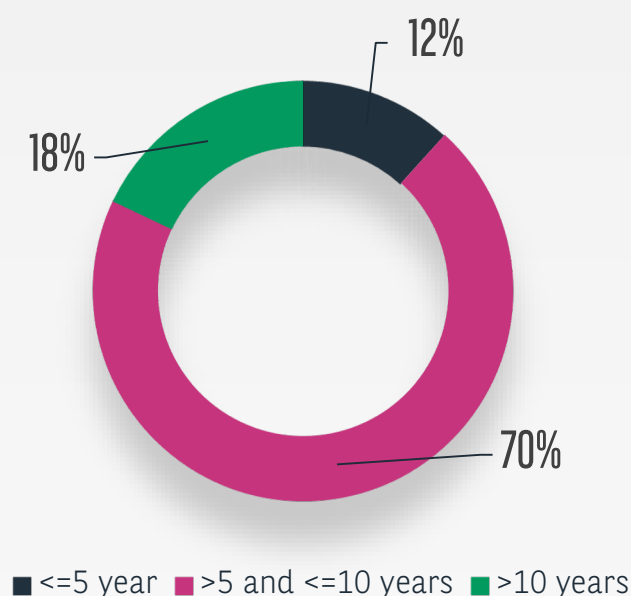
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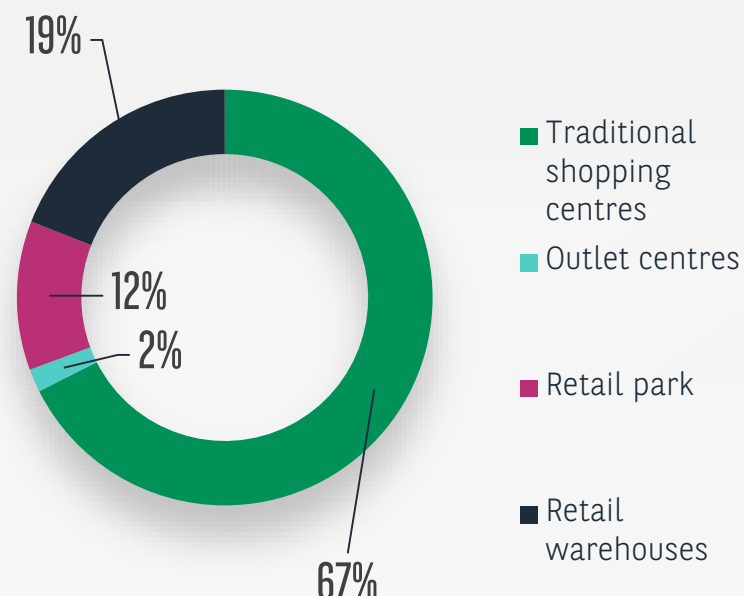
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Modern retail space by age



Source: BNP Paribas Real Estate Poland

Modern retail space by format



Source: BNP Paribas Real Estate Poland

” **The eco trend also maintains its popularity,** in the form of ecological packaging, sustainable production and commercial offer. This embraces the concepts of the so-called closed circuit, e.g. VIVE Profit, Re-Store or Clothes to Donate.

” **The e-commerce sector is one of the fastest growing in Poland.** Currently, in our country, there are already approx. 50,000 e-shops, which translates into a stable growth of the sector, which we have been observing for a couple of years (peaks during lockdowns considered unique events).

” **The Russian discount Mere exits from Poland.** This is a consequence of the outbreak of the war in Ukraine. The Russian discount store planned to open 105 of its stores in Poland, while ends with 8.