



**RESEARCH**



**AT A GLANCE  
Q4 2019**

**MODERN RETAIL MARKET<sup>1</sup> IN POLAND**

- **Limited new supply. Small convenience schemes take the stage.**
- **The ban on Sunday trading stimulates structural changes on the market. Takeovers seen as a way to facilitate rapid growth for retail chains.**
- **Remodelling, refurbishments, extensions and an improved entertainment and F&B offer are the trends to prevail in the coming years.**

**NEW SUPPLY**

Poland's modern retail market has entered its maturity phase and its growth is now stimulated by qualitative – rather than quantitative – changes, and consequently the volume of new supply is diminishing year by year. In 2019 new supply amounted to approx. 410,000 sqm, a figure significantly lower than the average 500,000 sqm recorded for the past five years. More than half

of the new supply was delivered in the main urban agglomerations, largely due to the opening of Galeria Młociny in Warsaw. Another 25% – usually in small retail parks and shopping centres – appeared in cities with a population of up to 100,000 residents, a result confirming the unflagging interest of developers and tenants in these locations. 2019 saw Chetmno, Drawsko Pomorskie and

Śrem join the list of markets with a modern retail offer. The steady increase in the Polish population's purchasing power stimulates growth of "home&garden" sector. In 2019, operators from this market segment launched 13 new large-scale stand-alone stores, with their operations now covering cities with a population of less than 50,000 residents.

**KEY FIGURES (January 2020)**



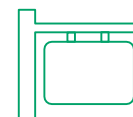
**15m<sup>m2</sup>**  
EXISTING MODERN RETAIL  
SPACE



**410,000 m<sup>2</sup>**  
NEW SUPPLY  
IN 2019



**430,000 m<sup>2</sup>**  
SPACE UNDER  
CONSTRUCTION



**4%**  
VACANCY RATE<sup>2</sup>



**5.4%**  
RETAIL SALES  
GROWTH  
(GUS: 2019, y-o-y)

1. Modern retail sales includes shopping centres, outlet centres, retail parks and stand-alone retail warehousing.  
2. PRCH, applies to cities with a population in excess of 150,000 residents, vacant space in shopping centres, retail parks and outlet centres.

### STOCK UNDER CONSTRUCTION

There were approx. 430,000 sqm of leasable space under construction at the end of 2019, out of which 340,000 sqm are to be completed this year. This will be the smallest volume of new supply to have been delivered in over 20 years. Nearly 70% of the volume currently under construction will be completed and delivered in cities with a population of up to 100,000 residents. The high share of the retail park format is rather noteworthy here as there are 20 schemes of this type currently under construction. Among the projects under construction dominate small schemes with the leasable area of between 5,000 and 10,000 sqm located in cities with a population of up to 100,000 residents. The segment's growth is boosted by the high level interest of the dynamically expanding discount store chains offering convenience goods.

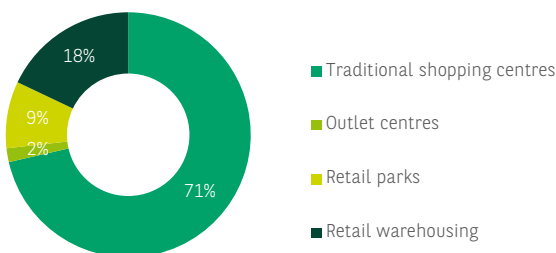
Also among the currently constructed shopping centres dominate small projects with the leasable area of less than 20,000 sqm, while only four of the schemes will be larger. There are no plans for a large shopping centre to be opened in the next few years.

Modernizations, remodelling, refurbishments, extensions and repositioning of existing shopping centres and retail parks are the trends currently prevailing on the market. Growing customer requirements force owners to constantly look for and introduce new brands and entertainment and "F&B" facilities. The extremely well liked by customers Designer Outlet centre located in Piaseczno near Warsaw is one of the schemes currently being extended.

### TENANT DEMAND

The average vacancy rate in shopping centres on the main markets has remained stable, not exceeding 4% in the past three years. The gap between the vacancy rate in schemes which are leaders in their category and assets of an inferior standing is becoming wider. Despite the ban on Sunday trading that has been in effect for nearly two years now, the stable situation on Poland's modern retail market, steadily increasing purchasing power of consumers and stable growth prospects are a magnet for new retail, entertainment and "F&B" operators and concepts, with more than 20 of them – including Cornelian, Monki, Filippa Fabiani, Carrefour Bio, Under Armour, TEP Factor and WeekDay – making their debut in Poland in 2019. The openings to be taking place in 2020 include Primark and Urban Outfitters, with the luxury brands Channel and Dior to join Hermes, which launched last year, in the prestigious location at Warsaw's Krakowskie Przedmieście.

### MODERN RETAIL STOCK BY FORMAT



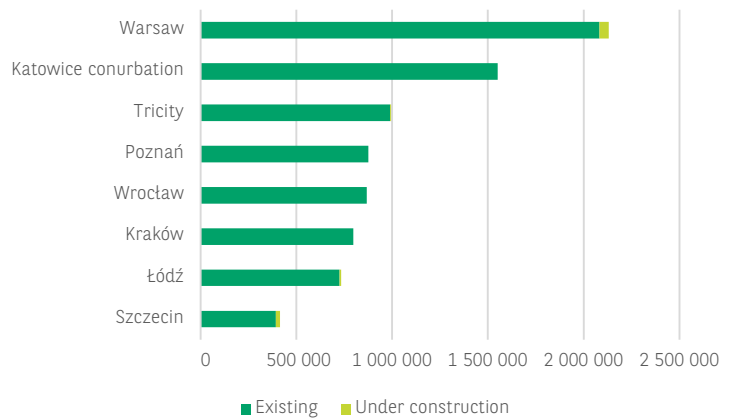
Source: BNP Paribas Real Estate

### STOCK AND NEW SUPPLY OF MODERN RETAIL SPACE (m<sup>2</sup> of GLA)



Source: GUS, Oxford Economics, f – forecast

### MODERN RETAIL STOCK IN MAJOR URBAN AGGLOMERATIONS (m<sup>2</sup> of GLA)



Source: BNP Paribas Real Estate

### DENSITY OF MODERN RETAIL STOCK (m<sup>2</sup> / 1,000 inhabitants)



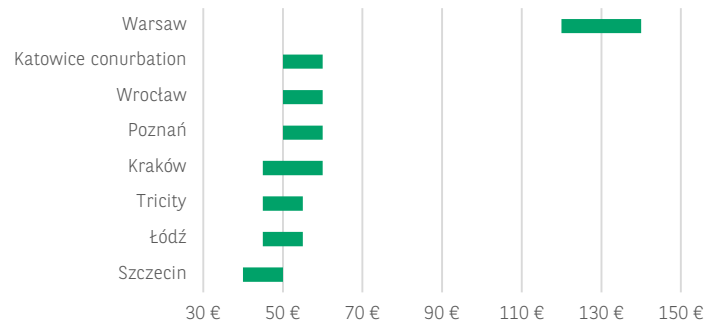
Source: BNP Paribas Real Estate

## PRIME RENTS

Prime rents in leading shopping centres in Warsaw have increased slightly over the past several months and now stand at € 120-140 / sqm / month. In the other main urban agglomerations prime rents are stable and remain within the range of € 40 - 60 / sqm / month.

As far as schemes of a lower class are concerned – particularly those struggling with lower footfall and turnover resulting from unfavourable market conditions – the differences are much greater. Their market position is becoming significantly weaker and they have to face the growing pressure from tenants to decrease rents. Subsequently, those are the schemes that are first in line for remodelling and repositioning.

## PRIME SHOPPING CENTRE RENTS IN MAJOR URBAN AGGLOMERATIONS (€/ m<sup>2</sup>/ month)



Source: BNP Paribas Real Estate

## SELECTED MAJOR RETAIL PROJECTS DELIVERED 2018 - 2019

SCHEME	FORMAT	LOCATION	POPULATION (in thousands)	DEVELOPER	GLA (sqm)
Galeria Młociny	SC	Warszawa	over 400	Echo Investment / EPP	76 000
Forum Gdańsk	SC	Gdańsk	over 400	Blackstone	62 000
Galeria Libero	SC	Katowice	over 400	Echo Investment	42 000
Gemini Park	SC	Tychy, Katowice conurbation	over 400	Gemini Holding	36 600
Stara Ujeżdźalnia	SC	Jarostaw	over 50	CD Locum	28 500
Nowa Stacja	SC	Pruszków, Warsaw agglomeration	over 400	ECC Real Estate	27 000
Centrum Janki (extension)	SC	Janki, Warsaw agglomeration	over 400	Cromwell	21 000
Morski Park Handlowy (extension)	P	Gdańsk	over 400	Liebrecht&wood	16 500
Silesia Outlet	OC	Gliwice, Katowice conurbation	over 400	6B47 Real Estate Investors	12 000
Galeria Hosso	SC	Świebodzin	below 50	Hosso Holding	12 000
Tkalinia	SC	Pabianice, Łódź agglomeration	over 400	A&A	12 000

## SELECTED MAJOR RETAIL PROJECTS UNDER CONSTRUCTION (January 2020)

SCHEME	FORMAT	LOCATION	POPULATION (in thousands)	DEVELOPER	PLANNED	GLA (sqm)
Color Park	SC	Nowy Targ	below 50	Nowotarska	2020	28 000
Fabryka Norblina	SC	Warszawa	over 400	Capital Park	2021	24 000
Bawetnianka (resumption of construction)	SC	Bełchatów	50-100	Gbb Invest	2021	23 000
Galeria Podhalańska	SC	Nowy Targ	below 50	FPUH Bryjax	2020	22 000
Karuzela	P	Ełk	50-100	Mitiska REIM / Karuzela Holding	2020	21 000

SC – shopping centre, P – retail park, OC – outlet centre  
Source: BNP Paribas Real Estate

# 6 BUSINESS LINES in Europe

## A 360° vision

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