

AT A GLANCE

Q2 2021

POLAND'S MODERN RETAIL MARKET*

Key information

- 4th May – retail industry reopens after fourth lockdown
- Great beginning of June in shopping centres with footfall as before the pandemic
- Primark to open another store in Poland: time for Kraków now
- HalfPrice – strong debut of new Polish brand owned by CCC group






TOP 3 OPENINGS

1. IKEA Szczecin (29,000 sqm, IKEA)
2. Sekunda Jędrzejów (13,000 sqm, Quantum One)
3. Odyseja Brzesko (11,500 sqm, private investor)

TOP 3 UNDER CONSTRUCTION

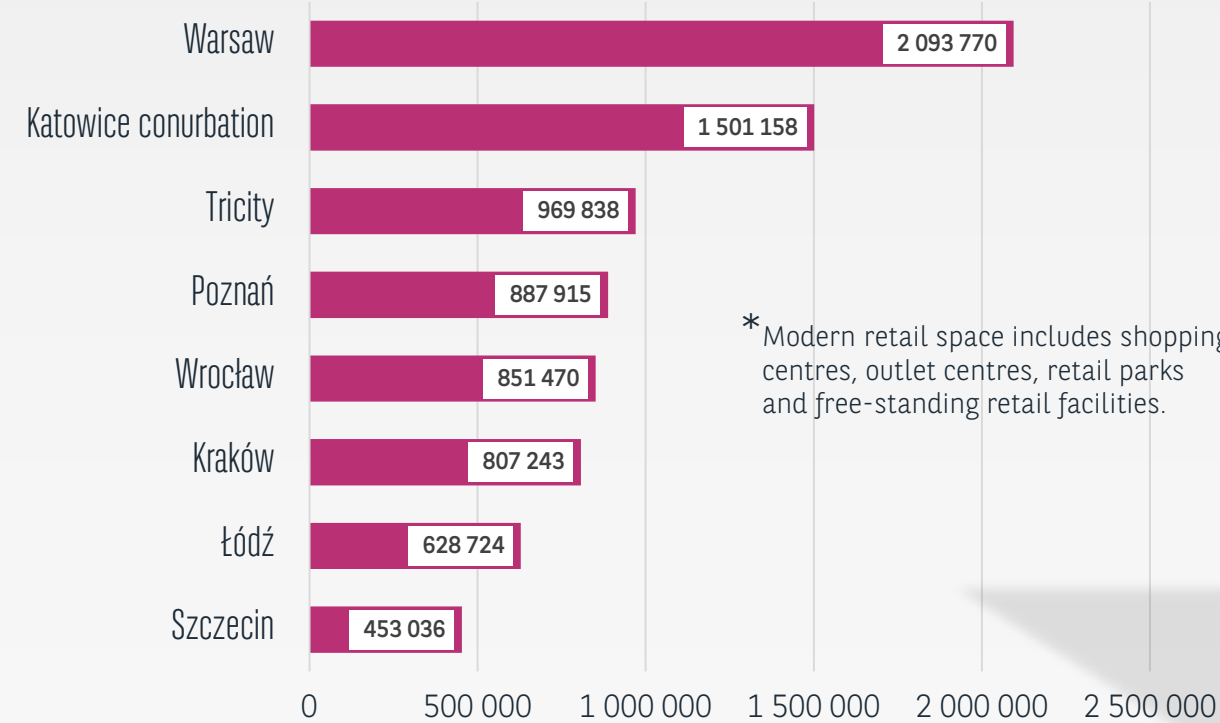
1. Karuzela Kołobrzeg (30,000 sqm, Karuzela Holding, Q4 2022)
2. Galeria Andrychów (24,000 sqm, Acteum & Equilis, Q3 2021)
3. Fabryka Norblina Warsaw (24,000 sqm, Capital Park, Q3 2021)

Economic forecasts for Q4 2021

		Trend	Change y/y
	GDP	6.6%	↑ ↓
	Unemployment rate	6.1%	↑ →
	Private consumption	6.9%	↑ ↓
	Wages in enterprise sector	7.2%	↑ ↑
	Inflation (CPI)	4.6%	↑ ↑

Source: BNP Paribas, as of the end of June 2021

Modern retail stock* in major agglomeration



* Modern retail space includes shopping centres, outlet centres, retail parks and free-standing retail facilities.

Source: BNP Paribas Real Estate Poland



84%
AVERAGE SHOPPING CENTRE
FOOTFALL

(PRCH: 17-23 May 2021 r, as regards figures for 2019)

9.1%
SHARE OF ONLINE SALES
IN TOTAL RETAIL SALES

(Statistics Poland: May 2021)

nearly **15.2 M sqm**
EXISTING RETAIL SPACE

127,000 sqm
NEW SUPPLY Q2

317,000 sqm
SPACE UNDER
CONSTRUCTION

(to be delivered to the market by the end of 2021)

” The best reopening for the retail industry following a lockdown

Shoppers are happy to return to shopping centres: the first week of May ended with the best reopening result recorded so far immediately after the end of a lockdown. The average footfall for retail schemes between 3rd-8th May reached 97% of the result recorded in the corresponding period in 2019, which means it was only 3% lower than before the pandemic. This is proof that Polish shoppers are not giving up on traditional shopping; they had even put off satisfying some of their shopping needs until the reopening of the shopping centres. The scale of the demand released is also evidenced by the turnover recorded in May, which significantly exceeded the results achieved in 2019, i.e. before the pandemic. Data provided by payment card operators and research published show that shoppers were waiting to be able to go shopping at traditional stores. All this allows us to expect- exercising cautious optimism – a rapid recovery in terms of retail chains and operators achieving results at pre-pandemic levels.

Expert comment



Klaudia Okoń

Consultant,
Business Intelligence Hub & Consultancy

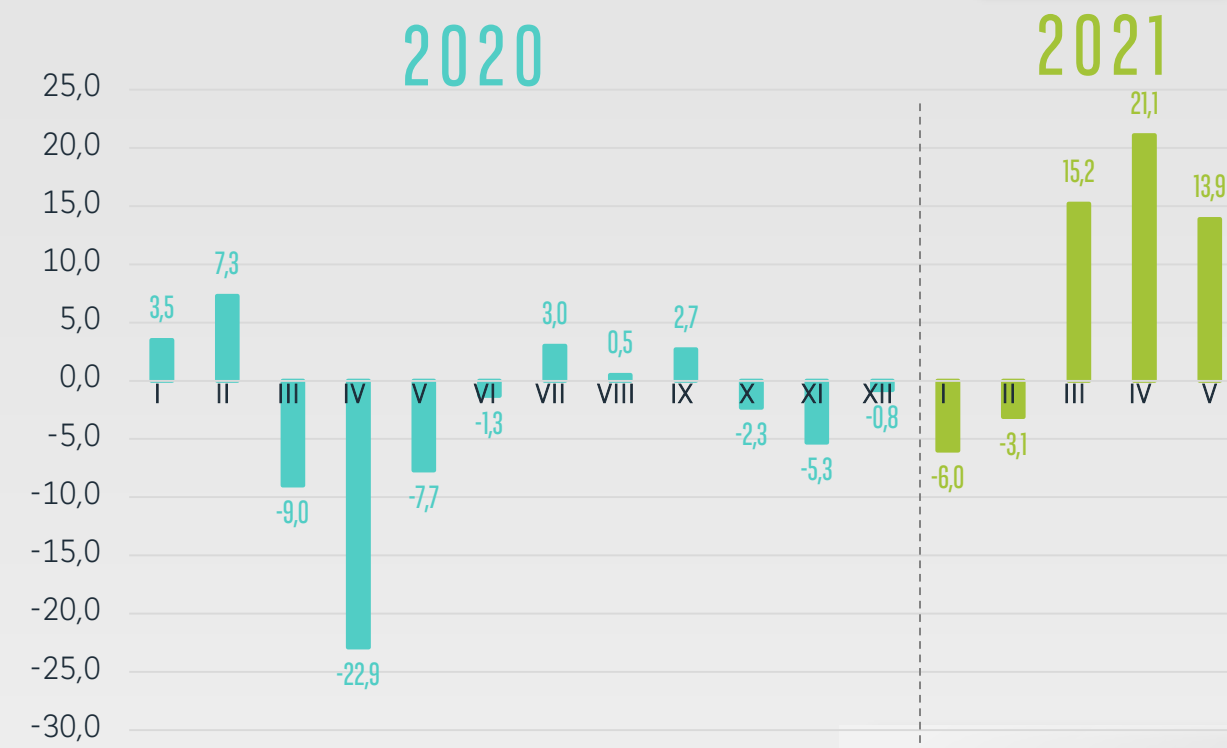
May 2021 saw traditional retail sales regain momentum with high figures exceeding the expectations of economists, thus balancing out the share of online sales in the total figure. In terms of constant prices, traditional retail sales increased in May 2021 by 13.9% y/y and 8.2% mth/mth. The highest increase of the traditional retail sales figure (in terms of constant prices) as compared to the corresponding period in 2020 was recorded by car, motorcycle and related parts traders and the textile and pharmaceutical segments. Online sales, in terms of current prices, recorded a 7.8% drop in May. The share of online sales in the total figure dropped from the 10.8% recorded in April this year to a 9.1% result in May.

Retail sales

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

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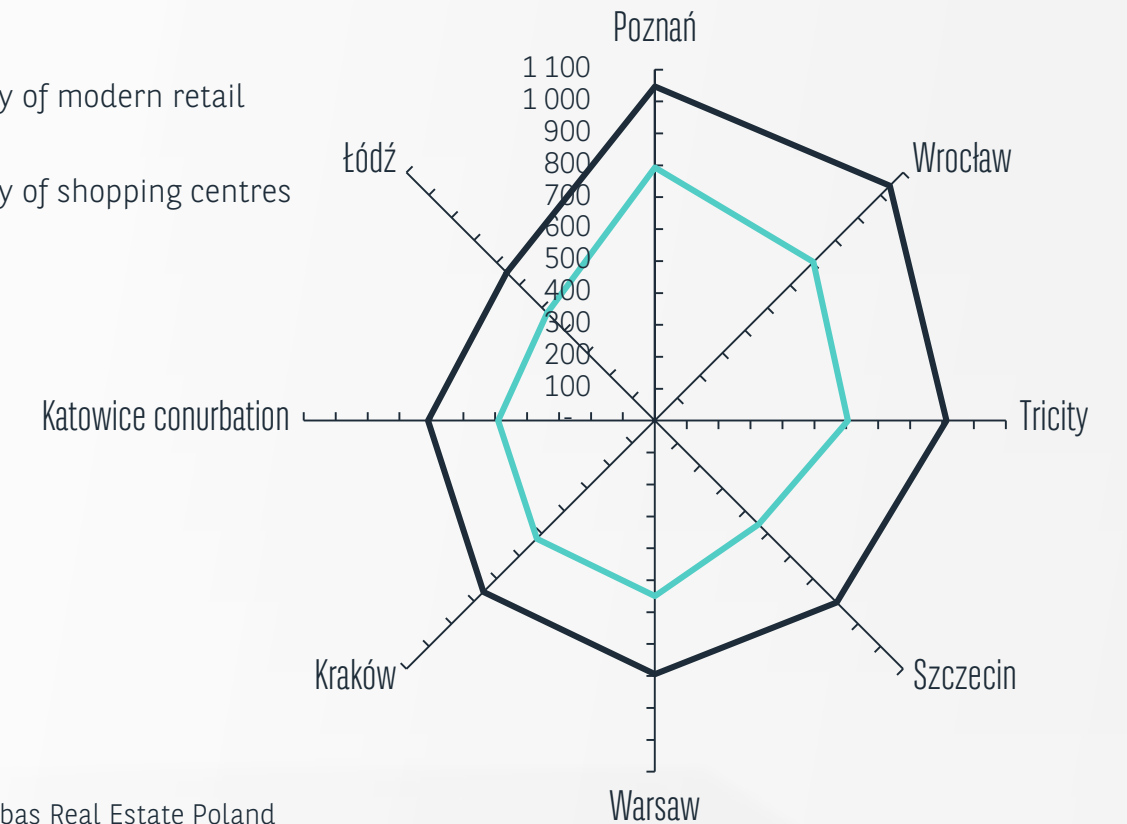


Source: Statistics Poland

Density of modern retail stock in major agglomerations

(sqm of GLA/ 1,000 inhabitants)

— Density of modern retail space
— Density of shopping centres

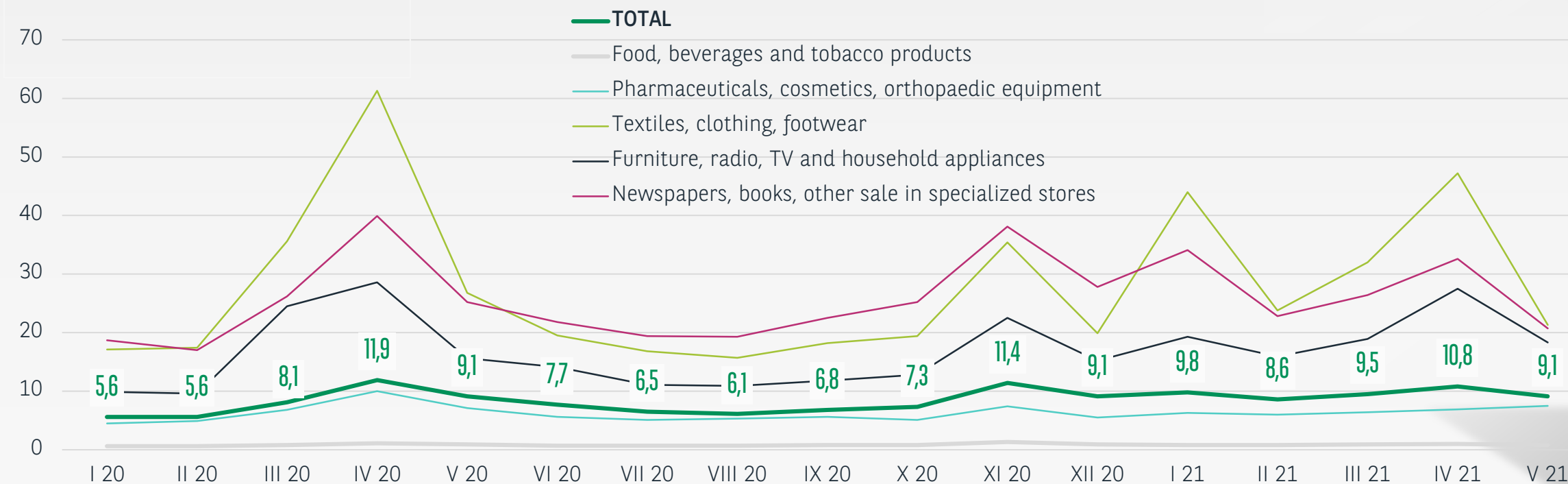


Source: BNP Paribas Real Estate Poland

The highest modern retail space saturation rates were recorded in the Poznań and Wrocław agglomerations, standing at 1,047 sqm and 1,041 sqm/1,000 residents respectively, while the lowest rates were recorded in the Katowice and Łódź conurbations (711 sqm and 656 sqm/1,000 residents).

Share of internet sales in retail sales

(w %; constans prices, 2020-2021)



Source: Statistics Poland

Budget brands getting stronger

The four lockdowns imposed on the retail sector and the prolonged restrictions resulting from the Covid-19 pandemic have affected consumer behaviour and needs. The uncertainty concerning the future and the lack of stability on the labour market have additionally boosted this trend. The pandemic led Polish consumers to pay more attention to the prices of goods, which in turn resulted in a dynamic growth of budget brands such as Pepco, KiK, Dealz, Action and Tedi offering a wide range of wares at attractive prices, in particular when compared to other stores. On top of that the budget brands tend to be located at smaller formats falling into the "convenience" category recently attracting the greatest developer and consumer interest. Local shopping centres and retail parks proved to be the most crisis resistant as the regulations restricting the operations of large shopping centres did not apply to them.

Expert comment



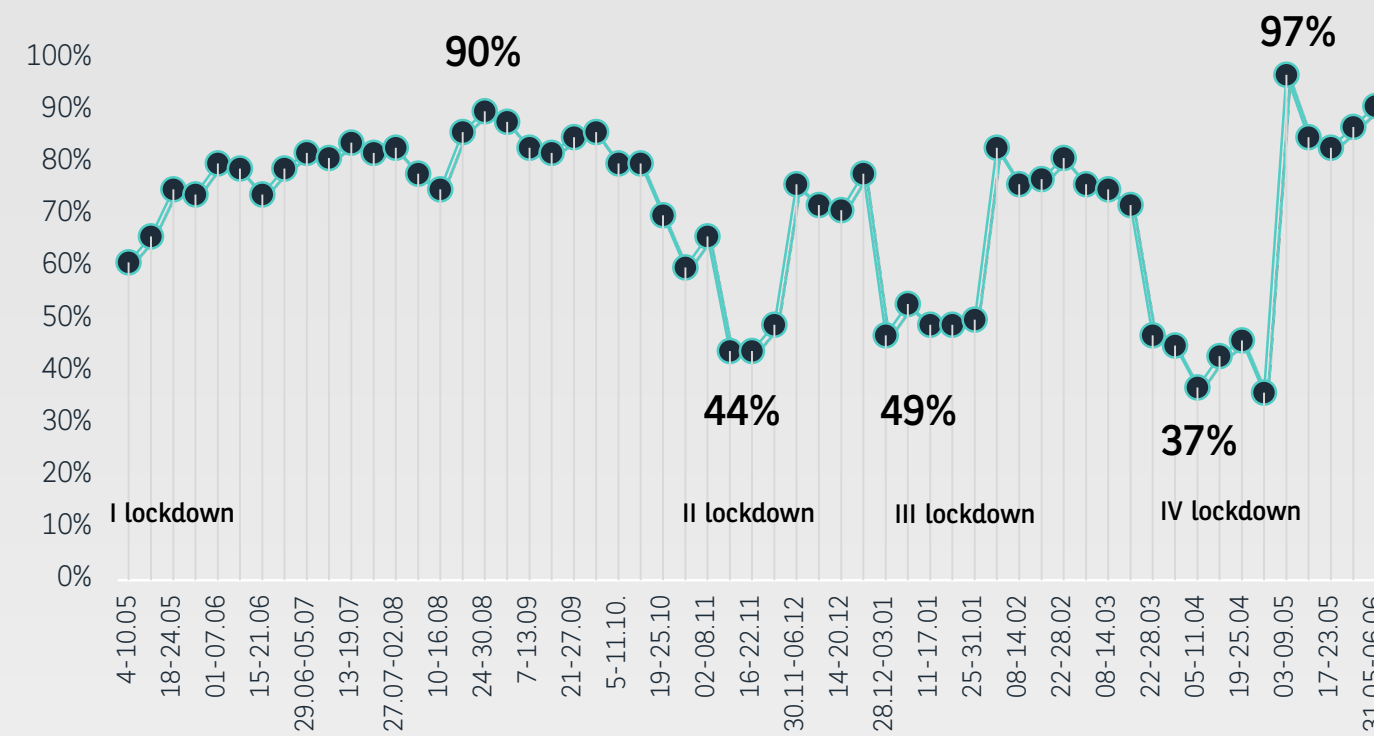
Małgorzata Fibakiewicz

Head of Business Intelligence Hub & Consultancy

May saw the Polish market welcome a new retail chain from the off-price category – HalfPrice owned by the CCC group. The range of goods offered by the chain includes clothing, footwear, fashion accessories, beauty products, toys and home furnishings and accessories at reduced prices. Thus, the chain will become a competitor to the TK Maxx stores operating on the market for more than a decade now. Additionally, the “zero waste” concept is becoming increasingly popular, e.g. a new fashion sales model based on the principles of the circular economy at five Auchan stores, introduced in May. In addition to the already available fashion collections (e.g. its InExtenso brand), customers will be able to buy second-hand, verified, clean and sorted clothing from other brands at low prices.

Footfall in shopping centres

% of visits: May – December 2020 compared to 2019, January – February 2021 compared to 2020, March and following months of 2021 compared to 2019



Source: BNP Paribas Real Estate Poland, based on PRCH

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AUTHOR

Klaudia Okoń
Consultant,
Business Intelligence Hub & Consultancy
klaudia.okon@realestate.bnpparibas

CONTACTS

Fabrice Paumelle
Head of Retail
Central and Eastern Europe
fabrice.paumelle@realestate.bnpparibas

Natasa Mika
Director Retail Leasing
natasa.mika@realestate.bnpparibas

Anna Pływacz
Associate Director
Retail Leasing
anna.plywacz@realestate.bnpparibas

Mateusz Skubiszewski, MRICS
Head of Capital Markets Poland
mateusz.skubiszewski@realestate.bnpparibas

Małgorzata Fibakiewicz
Head of Business Intelligence Hub
& Consultancy
malgorzata.fibakiewicz@realestate.bnpparibas



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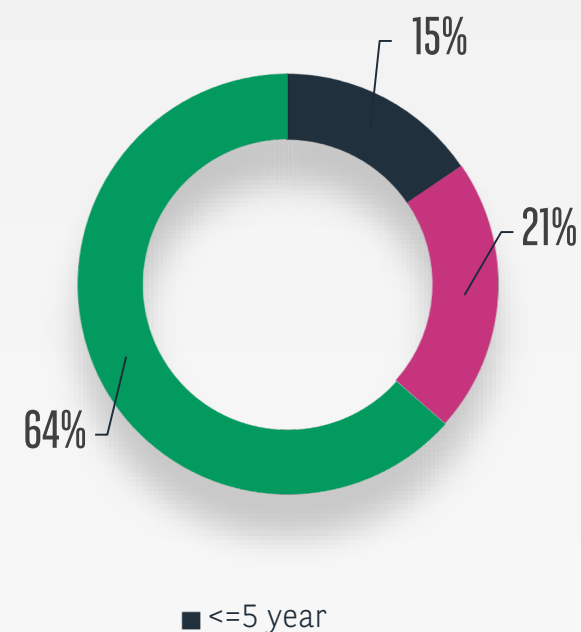
Erik Drukker
President of the Board
Central and Eastern Europe
erik.drukker@realestate.bnpparibas

Michał Pszkit
Head of Property Management
Central and Eastern Europe
Member of the Board
michal.pszkit@realestate.bnpparibas

Izabela Mucha, MRICS
Head of Valuation
Central and Eastern Europe
izabela.mucha@realestate.bnpparibas

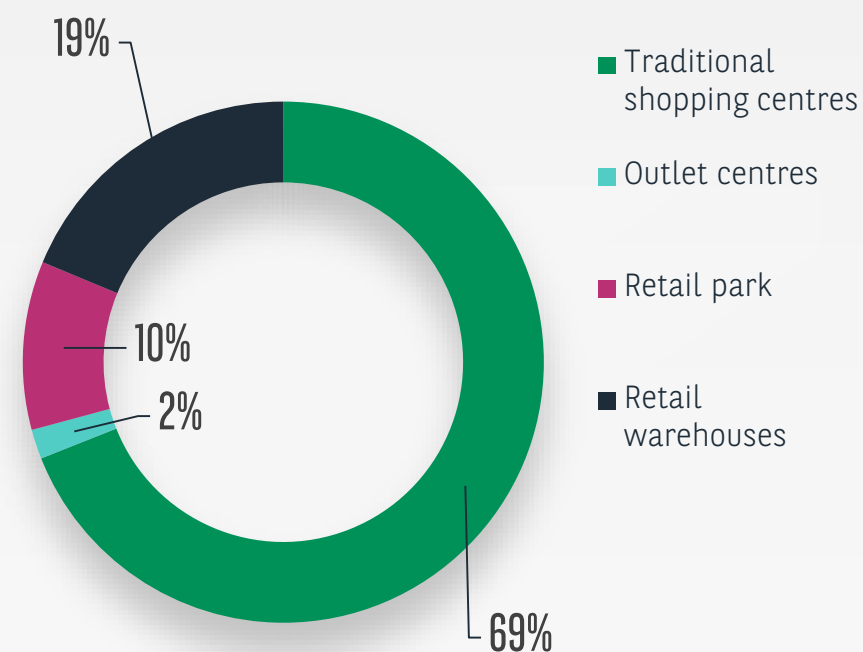
**BNP Paribas Real Estate
Poland Sp. z o.o.**
ul. Grzybowska 78,
00-844 Warsaw
Tel. +48 22 653 44 00
www.realestate.bnpparibas.pl

Modern retail space by age



Source: BNP Paribas Real Estate Poland

Modern retail space by formats



Source: BNP Paribas Real Estate Poland

” The German retail giant DM-Drogerie has officially confirmed its plans to expand into our market. Poland will be the 14th market in Europe for the brand to open its beauty supply stores.

” Pepco debuted on the Stock Exchange on 26 May, which was this year’s largest debut on Poland’s trading floor.

” Shopping centres have joined the COVID-19 vaccination campaign. There are 9 pilot vaccination stations in operation at different shopping centres at the moment, with further openings in the pipeline.