MARKETBEAT

POLAND

Retail market Q3 2021

	YoY change	12-month forecast
€ 1,262 Average monthly salary	▲	▲
280 Saturation (sq m per 1,000 inhabitants)	▬	▬
5.35% Retail yield	▲	▬

Source: Moody's; Cushman & Wakefield; Q3 2021

ECONOMIC INDICATORS AND OUTLOOK 2021

	YoY change	12-month forecast
5.6% Unemployment rate in Poland (September)	▼	▬
1.9% Unemployment rate in Warsaw (September)	▼	▼
5.8% GDP growth in 2021	▲	▼
7.1% Retail sales growth in 2021	▲	▼

Source: GUS, NBP, Moody's

Q3 2021 saw more than 90,000 sq m of retail space built across Poland, mostly in small retail parks and standalone retail warehouses

Poland's retail stock expanded by 81,100 sq m net in the past quarter. The new retail space supply comprised 92,500 sq m delivered through ten new projects and one extension. Tesco's hypermarket in Gorzów Wielkopolski was, however, closed down and acquired by Saller, a retail park developer.

As in previous quarters of 2021, new retail warehouses and small retail parks dominated on the Polish market. Key market players included DIY and furniture retailers who continued to expand their store chains. New stores were opened by Agata Meble in Bydgoszcz, Castorama in Żary (in the building vacated by Tesco), Leroy Merlin in Kutno and in Bydgoszcz (also in the former Tesco building).

The largest completion in the shopping centre sector was the 15,000 sq m extension of Focus Mall in Zielona Góra.

Small cities with a population below 100,000 continued to dominate on the market of new openings, accounting for over 57% of the new retail supply.

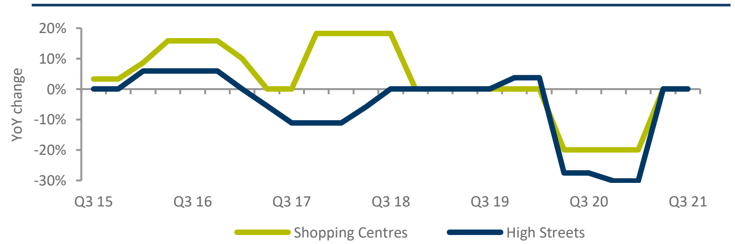
The development pipeline comprises 40 new projects, of which 29 are retail parks

At the end of the third quarter of 2021, more than 470,000 sq m of retail space was under construction and scheduled for delivery in 2021-2022. The largest projects underway included the redevelopment of Tesco's hypermarket in Warsaw into a new 30,000 sq m home improvement centre of Leroy Merlin, the 25,000 sq m extension of the Atut Ruczaj shopping centre in Krakow, Galeria Bawełnianka in Bełchatów (23,000 sq m) and Galeria Andrychów (24,000 sq m). Over 60% of the development pipeline will be delivered in smaller cities with a population below 100,000. Looking ahead, we will continue to see convenience shopping centres and small retail parks being added to the existing retail stock. Small retail parks account for more than half of all schemes underway and scheduled for opening in the fourth quarter of 2021.

Two global brands make debuts

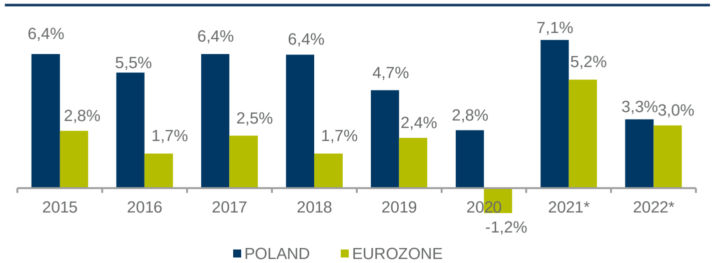
Poland remains an attractive market for international retailers. The third quarter of 2021 saw two global brands make their debuts: Rituals Cosmetics, a Dutch cosmetics brand with presence in 33 countries worldwide which opened its first Polish store in Westfield Arkadia, and Colynn, a boutique with Italian and French womenswear (Galeria Północna).

RENTS, YoY CHANGE



Source: Cushman & Wakefield

RETAIL SALES, YoY CHANGE



*Source: Eurostat, Moody's; *forecast*

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Retail sales continue to rise amid a stable share of e-commerce

According to GUS data, retail sales in constant prices in September 2021 were up by 5.1% year-on-year versus a 2.5% increase in September 2020. Retail sales, however, fell by 2.4% compared to August 2021. Total retail sales for the first three quarters of 2021 were up by 7.3% year-on-year versus a fall of 3.1% in 2020. In September 2021, the strongest growth in retail sales compared to the same period in 2020 was reported for textiles, fashion and footwear (up by 14.5%), pharmaceuticals, cosmetics and orthopaedic equipment (8.2%), as well as furniture, electronics and home appliances (8%).

Before the pandemic, the online retail penetration rate (the share of total retail sales) stood in Poland at around 5%-6%. Due to successive retail restrictions and many weeks of a blanket ban on brick-and-mortar retailing, e-commerce was the only distribution channel available to many retailers. Poland saw its online retail penetration rates reach the all-time highs of 11.9% in April 2020, 11.4% in November 2020 and 10.8% in April 2021. However, as the restrictions on shopping centres were eased, consumers returned to brick-and-mortar stores.
The third quarter of 2021 saw the online penetration rate in current prices stabilise at 7.4%-8.4%. Traditionally, the highest rates were for fashion (21.9%), multimedia (press, books and other sales in specialised stores, at 22.5%), as well as furniture and electronics (16.2%).

Shopping centre footfall in September 2021 only 6% lower than pre-pandemic and 7% higher than a year ago

Shopping centre and retail park footfall in the third quarter of 2021 averaged 365,000 visitors per month, representing just a 6% decrease on 2019's level. The cumulative footfall for January-September 2021 was down by 23% compared to the same period in 2019 and up by 14% on 2020. Last year's footfall volumes for the first three quarters fell more sharply, by 26% on average. This is an indication of moderate optimism among buyers returning to their pre-pandemic preferences for shopping locations.

Cumulative turnover for January-August 2021 up by 3% year-on-year

Turnover data for shopping centres shows that retail sales in August 2021 were up by 7% year-on-year, but down by just 3% on the same month in 2019. Average turnover for January-August 2021 grew by 3% compared to the previous year, but was down by 30% on 2019's level. However, if compared to the turnover for the months when shopping centres were permitted to operate in a restriction-free environment, falls averaged only 9%.

MAJOR RETAIL OPENINGS IN Q3 2021

SCHEME / CITY	FORMAT	DEVELOPER	RETAIL GLA (SQ M)
Focus Mall extension / Zielona Góra	Shopping centre	NEPI Rockcastle	15,000
Agata Meble / Bydgoszcz	Standalone retail warehouse	Agata Meble	14,500
Leroy Merlin (redevelopment of Tesco's facility) / Bydgoszcz	Standalone retail warehouse	Leroy Merlin	11,000
Gwarek / Jastrzębie-Zdrój	Shopping centre	Grupa Zdrowit	8,000
Leroy Merlin / Kutno	Standalone retail warehouse	Leroy Merlin	7,500
Stalchemia / Siedlce	Shopping centre	Budomatex	6,600
Browary Warszawskie/ Warsaw	Part of a mixed-use scheme	Echo Investments	6,500

Source: Cushman & Wakefield

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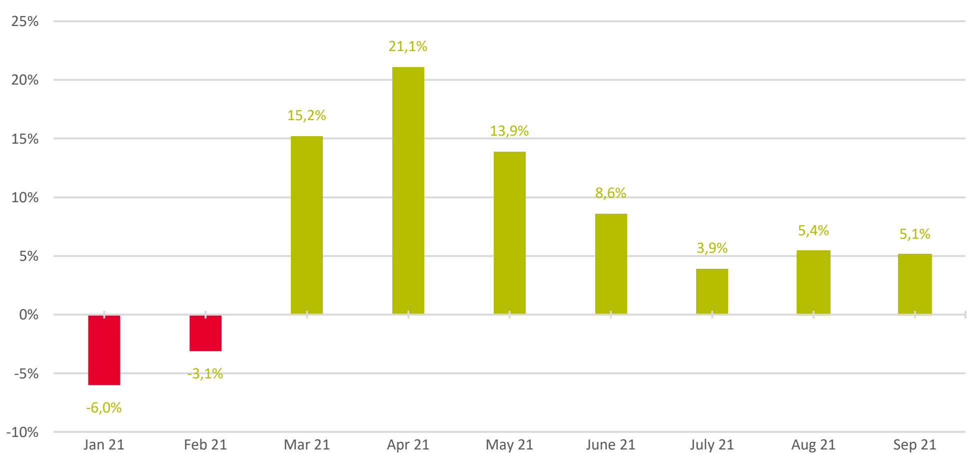
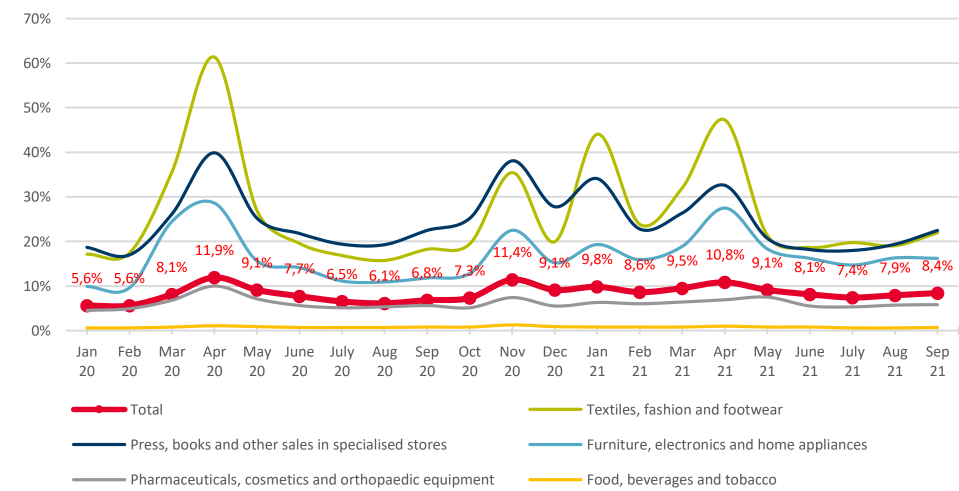
Retail market Q3 2021

RETAIL SALES
(% CHANGE Y/Y; 2021/2020; CONSTANT PRICES)



Source: Cushman & Wakefield, based on GUS data

SHARE OF ONLINE SALES IN TOTAL RETAIL SALES
(%; CURRENT PRICES; 2020, 2021)



Source: Cushman & Wakefield, based on GUS data

MAJOR RETAIL OPENINGS PLANNED FOR 2021/2022

SCHEME / CITY	FORMAT	DEVELOPER	RETAIL GLA (SQ M)	OPENING DATE
Leroy Merlin / Warsaw	Standalone retail warehouse, redevelopment	Leroy Merlin	30,000	2021
Atut Ruczaj / Krakow	Shopping centre	KG Group	25,000	2022
Galeria Andrychów / Andrychów	Retail park	Acteeum Central Europe	24,000	2021
Galeria Bawełnianka / Bełchatów	Shopping centre	GBB Invest	23,000	2022
Karuzela / Kołobrzeg	Shopping centre	Karuzela Holding	20,000	2022
Park Handlowy Saller / Lipnik	Retail park	Saller	18,000	2021
Karuzela / Puławy	Retail park	Karuzela Holding	14,000	2021

Source: Cushman & Wakefield

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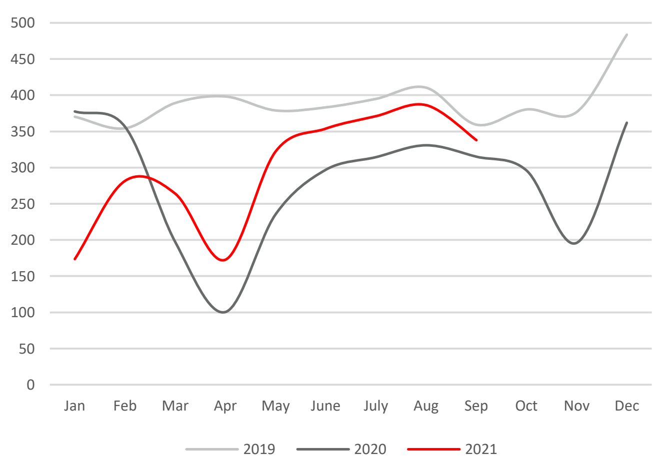
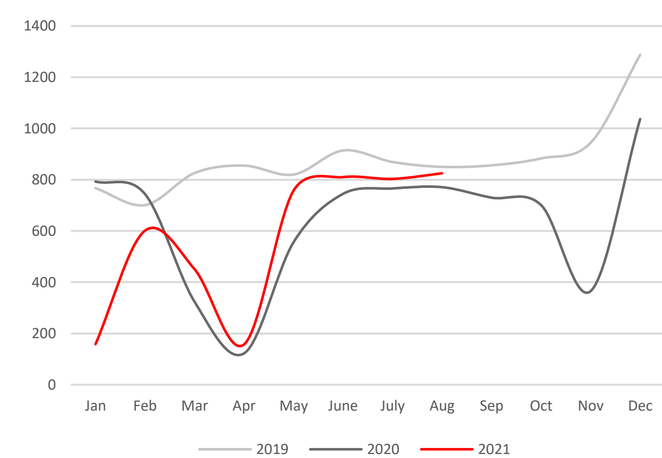
Retail market Q3 2021

SHOPPING CENTRE FOOTFALL
(AV. NUMBER OF VISITORS PER SHOPPING CENTRE, IN THOUSANDS)



Source: Cushman & Wakefield, based on PRCH data

SHOPPING CENTRE TURNOVER
(PLN / SQ M)



Source: Cushman & Wakefield, based on PRCH data

SHOPPING CENTRE MARKET STATISTICS

CITY/ AGGLOMMERATION	SHOPPING CENTRES (SQ M)	SHOPPING CENTRES UNDER CONSTRUCTION (SQ M)	SATURATION (SQ M PER 1,000 INHABITANTS)	PRIME YIELD
Warsaw, city centre	1,631,900	0	524	5.35%
Warsaw, non-central locations				5.80%
Silesian Agglommeration	1,112,700	6,600	518	5.80%
Poznań	693,600	0	845	6.00%
Wrocław	692,000	0	865	6.00%
Tricity	658,200	0	636	6.00%
Krakow	535,400	0	518	5.80%
Łódź	466,800	0	498	6.00%
Szczecin	263,300	0	473	6.50%

Source: Cushman & Wakefield

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