

# POLAND

## Retail market Q1 2021

€ 7 514

Av. household disposable income

Y/Y change



12-month forecast



283

Saturation (sq m per 1,000 inhabitants)



5,35%

Prime Yield



Source: Moody's; Cushman & Wakefield; Q1 2021

### ECONOMIC INDICATORS Q1 2021

-2,30%

GDP growth

Y/Y change



12-month forecast



4,98%

Unemployment rate, Poland



3,60%

Unemployment rate, Warsaw



0,56%

Retail sales



Source: Moody's

### Q1 2021 saw close to 70,000 sq m of retail space built, largely across small retail parks and standalone stores

Nearly 70,000 sq m was delivered to the market across all retail formats in Q1 2021. The new supply comprised eight new retail schemes sized between 5,000 sq m and 11,000 sq m, most of which were standalone stores and small retail parks. Additionally, extensions of two existing retail parks were completed in Q1 2021. Around 35% of the new supply is retail space returned to Poland's retail stock following the conversion of Tesco's shopping centres closed in recent months to Castorama DIY stores in Starogard Gdański, Ruda Śląska and Tychy.

### Growing popularity of convenience shopping in small retail schemes close to where people live

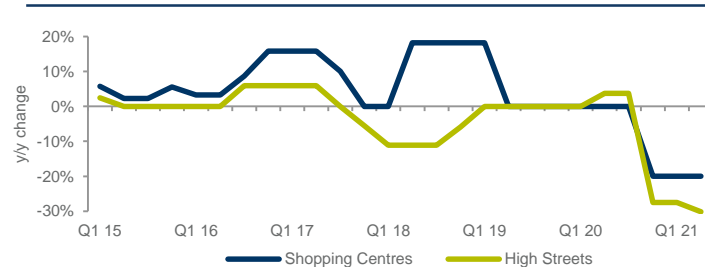
More than 380,000 sq m of retail space is currently under construction and scheduled for delivery this year and in 2022. The largest projects underway include a mixed-use development Norblin Factory in Warsaw (26,000 sq m of floorspace), Galeria Andrychów (24,000 sq m) and Galeria Bawelnianka in Bełchatów (23,000 sq m). Of the 31 schemes in the pipeline, 16 are retail parks, with the biggest expected to provide 18,000 sq m. The pandemic has accelerated the growth of this format, which - together with convenience shopping centres - fits in with the growing popularity of convenience shopping in small retail schemes close to where people live.

### Q1 2021 was particularly challenging for both tenants and landlords of shopping centres

A total of nine weeks of lockdown, an unclear lease status of many tenants, uncertainty caused by the worsening pandemic and the lack of a specific date for the lifting of retail restrictions have all left their mark on the entire sector. Many tenants are restructuring their chains and closing unprofitable stores. At the same time, new concepts and brands are being created in the off-price category, such as Half Price owned by CCC, which plans to open the first 5 stores in May. Economy brands such as Pepco, Dealz, Action, and KiK, Tedi, as well as grocery retailers continue to grow. The segment of hard discounters, joined by Russian-based Mere last year, has expanded to include the Polish retailer Vollmarkt, which opened its first store in February 2021.

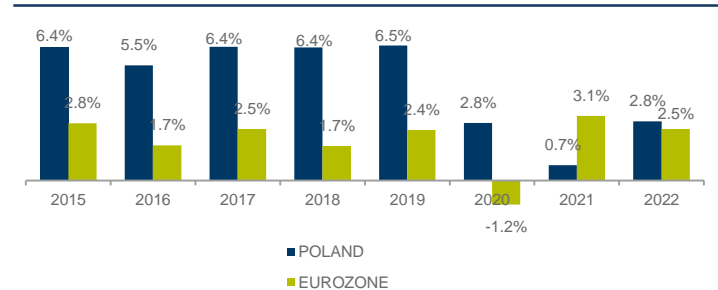
Other newcomers in Q1 2021 include Rolf Benz from Germany and Swedish-based Duxiana, which opened furniture stores in Warsaw and Krakow. Among new market entrants in the "health and beauty" category is the Italian brand DentalPro Clinic, which started operations in Manufaktura Łódź, while German retailer DM-Drogerie announced plans to expand into the Polish market.

### RENTS



Źródło: Cushman & Wakefield

### RETAIL SALES, Y/Y CHANGE



Źródło: Eurostat, Moody's

While exhibiting a very high level of caution with regard to making long-term lease commitments, tenants are increasingly opting for short-term pop-up stores. There is also substantial demand for store locations in high streets in residential and office settings or in residential districts.

Q2 2021 will certainly be a period of major challenges for the entire retail industry, but the lifting of lockdown restrictions scheduled for 4 May will be very encouraging to see.

According to economic forecasts, the forthcoming months are expected to see a rebound amid substantial consumption growth.

### March retail sales higher than expected

Retail sales in constant prices in March 2021 were up by 15.2% year-on-year compared to an 8.9% decrease in March 2020. Although the point of reference for the March 2021 data from GUS (year-to-year) is March 2020, a period of the hardest lockdown, the scale of recovery surprised analysts. In March 2021, retail sales rose by 15.0% compared to February 2021. In January-March 2021, sales were up by 1.2% year-on-year against a 0.8% growth in 2020.

With restrictions on physical retail in force in January and March 2021, the share of online sales in total retail sales stood at 9.8% and 9.5%, respectively, compared to 8.6% in February 2021.

### Footfall data for February 2021 provides confirmation of a trend that consumers will return to shopping centres quickly once restrictions are lifted

In Q1 2021, there were no major trading restrictions in shopping centres and retail parks only during the four weeks of February. January 2021 saw a continuation of the third lockdown since the pandemic broke out, while March began with regional restrictions put in place and ended with the fourth complete national lockdown.

Footfall data for February 2021 (PRCH Footfall Index) supports the retail trend recorded during last year's lockdown-free periods. Consumers responded to the lifting of retail restrictions quite quickly, with February footfall averaging approximately 80% of last year's level.

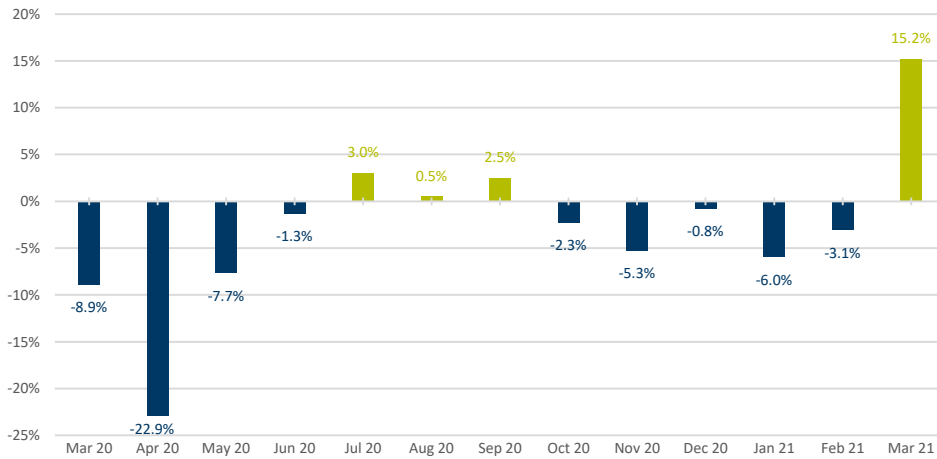
### MAJOR RETAIL OPENINGS IN Q1 2021

SCHEME / CITY	FORMAT	DEVELOPER	RETAIL FLOORSPACE (SQ M)	OPENING DATE
Agata Meble / Jelenia Góra	Retail warehouse unit	Agata Meble	11,000	Q1 2021
Castorama / Tychy	Retail warehouse unit	Kingfisher	10,000	Q1 2021
Castorama / Ruda Śląska	Retail warehouse unit	Kingfisher	8,000	Q1 2021
Galeria Dworcowa / Łomża	Shopping centre	Piekarnia Kraska	7,000	Q1 2021
Castorama / Starogard Gdański	Retail warehouse unit	Kingfisher	7,000	Q1 2021
Aura Park / Nakło	Retail park	n/a	6,500	Q1 2021
Pasaż Warmiński / Lidzbark Warmiński	Retail park	TUF Real Estate	6,000	Q1 2021
Atut Bielany / Kraków	Retail park	KG Group	5,200	Q1 2021

Source: Cushman & Wakefield

### RETAIL SALES

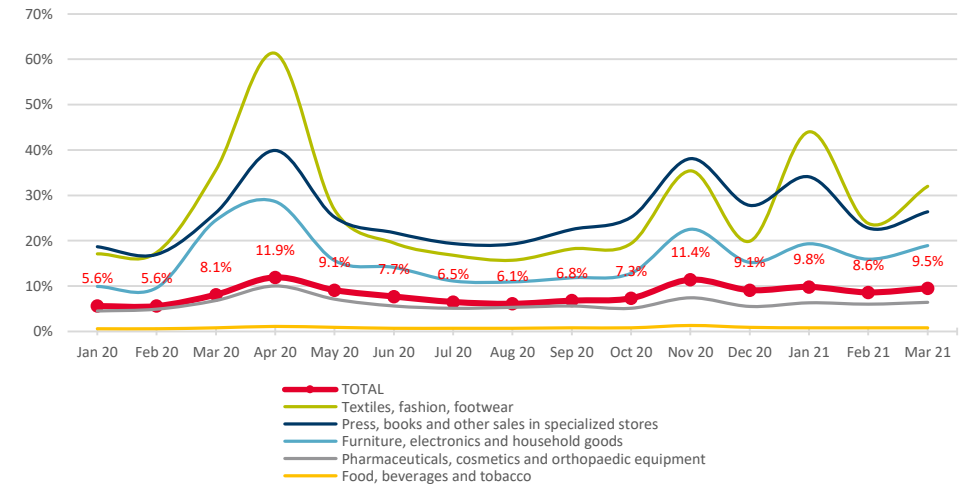
(% CHANGE, Y/Y; 2020/2019; 2021/2020; IN CONSTANT PRICE TERMS)



Source: Cushman & Wakefield, based on data from the Central Statistical Office (GUS)

### SHARE OF ONLINE SALES IN TOTAL RETAIL SALES

(%; CURRENT PRICES; 2020; 2021)



Source: Cushman & Wakefield, based on data from the Central Statistical Office (GUS)

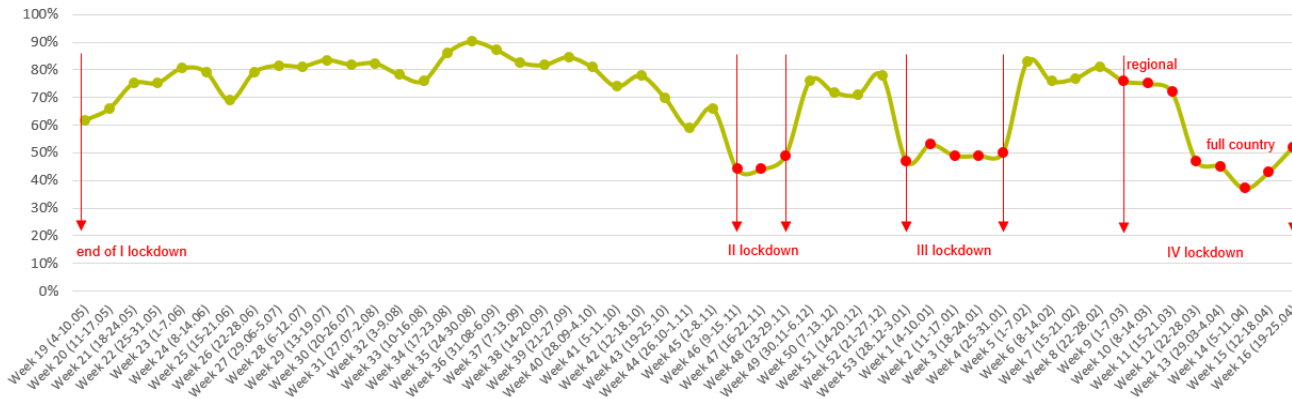
### MAJOR RETAIL OPENINGS PLANNED FOR 2021/2022

SCHEME / CITY	FORMAT	DEVELOPER	RETAIL FLOORSPACE (SQ M)	OPENING DATE
Fabryka Norblina / Warszawa	Mixed-use	Capital Park	26,000	2021
Galeria Andrychów / Andrychów	Park handlowy	Grupa Acteem	24,000	2021
Galeria Bawelniczanka / Bełchatów	Shopping centre	GBB Invest	23,000	2022
Karuzela / Kołobrzeg	Shopping centre	Karuzela Holding	20,000	2021
Park Handlowy Saller / Lipnik	Retail park	Saller	18,000	2021
Sekunda / Jędrzejów	Shopping centre	Vanstar	13,000	2021
PH Panova / Ząbkowice Śląskie	Retail park	P.A. Nova	10,000	2021

Source: Cushman & Wakefield

### SHOPPING CENTRE FOOTFALL

(% SHARE, Y/Y, 2020/2019; 2021/2019; WEEKS FOLLOWING THE REOPENING ON 4 MAY 2020)



Source: Cushman & Wakefield, based on PRCH data

### RETAIL MARKET STATISTICS

CONURBATION	SHOPPING CENTRES (SQ M)	SHOPPING CENTRES UNDER CONSTRUCTION (SQ M)	SATURATION (SQ M PER 1,000 INHABITANTS)	PRIME YIELD
Warsaw, city centre	1,423,147	0	554	5.35%
Warszawa, non-central locations				5.80%
Katowice	1,120,443	6 600	521	5.80%
Poznań	693,554	0	845	6.00%
Wrocław	692,006	0	865	6.00%
Gdańsk	678,193	0	656	6.00%
Kraków	535,394	0	518	5.80%
Łódź	493,087	0	526	6.00%
Szczecin	263,286	0	473	6.50%

Source: Cushman & Wakefield

### KATARZYNA LIPKA

Head of Consulting & Research  
[katarzyna.lipka@cushwake.com](mailto:katarzyna.lipka@cushwake.com)

### MAŁGORZATA DZIUBIŃSKA

Associate Director  
 Consulting & Research  
[malgorzata.dziubinska@cushwake.com](mailto:malgorzata.dziubinska@cushwake.com)

### BEATA KOKELI

Partner, Head of Retail Agency Poland  
[beata.kokeli@cushwake.com](mailto:beata.kokeli@cushwake.com)

[cushmanwakefield.com](http://cushmanwakefield.com)

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