

PLN 7,335

Average monthly salary

YoY change



12-month forecast



€130

Rent* (sq m/month)



6.00%

Retail yield



Source: Statistics Poland (GUS); Cushman & Wakefield; Q2 2023; *prime shopping centre rents

ECONOMIC INDICATORS AND OUTLOOK 2023

-0.3%

YoY GDP decline (Q1 2023)

YoY change



12-month forecast



5.0%

Unemployment rate in Poland (June 2023)



11.5%

YoY inflation (June 2023)



-4.7%

YoY retail sales fall (June 2023)



Source: Statistics Poland (GUS), f - forecast

ECONOMY: Polish economy posts the strongest quarterly growth in Europe as inflation slows

Poland's seasonally adjusted GDP posted the strongest quarterly growth in Europe of 3.9% (Q1 2023/Q4 2022), estimates Statistics Poland (GUS). This, however, has not translated into positive annual GDP growth, with the Polish economy shrinking by 0.3% in Q1 2023 compared to Q1 2022. The inflation rate continues its downward trend, with annual growth slowing for almost all categories since March. Poland's annual inflation rate fell from the February peak of 18.4% to 11.5% in June. Retail sales for June 2023 were down by 4.7% year-on-year.

SUPPLY: new retail space supply hits 136,000 sq m in the first half

Approximately 70,000 sq m was added to the Polish retail market in the second quarter of 2023 through schemes over 5,000 sq m, marking the second lowest quarterly result since 2015, with only the second quarter of 2017 seeing less retail space come on stream. That total comprised six new openings, two extensions of existing retail parks and one redevelopment. New retail developments included the Bawelnianka shopping centre and five retail parks: in Bytów, Dzierżonów, Lublin, Ostrzeszów and Piotrków Trybunalski. The second quarter also saw the completion of the extensions of two retail parks: Aura Park in Nakło nad Notecią and Nowe Bielawy in Toruń. In addition, the revamped Atrium Promenada shopping centre was reopened in April.

Poland's total retail stock stands at just over 16.1 million sq m. Another 300,000 sq m is expected to be added to the market by the end of 2023.

The development pipeline comprises 47 retail schemes with a combined leasable area of 460,000 sq m

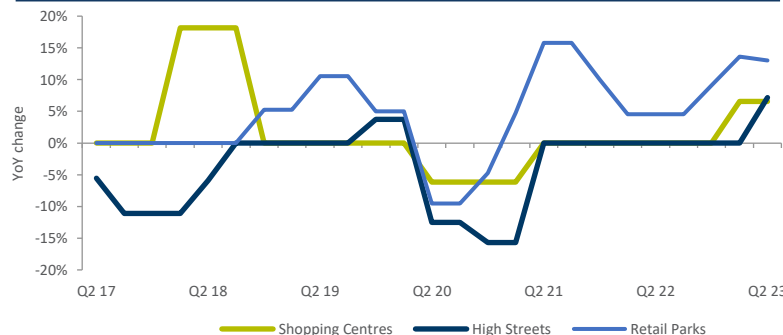
At the end of June 2023, there was approximately 460,000 sq m of retail space under construction and scheduled for opening in 2023-24. 360,000 sq m will be delivered through 37 new projects, including 30 retail parks, with this format continuing to dominate the development market. The remaining 100,000 sq m will be added through extensions and redevelopments. Extensions underway include six retail parks and two shopping centres (Bonarka City Center and Galeria Wołomin) while redevelopments comprise three schemes vacated by Tesco and Sukcesja in Łódź.

In terms of GLA in the pipeline, the largest projects under construction are: Koszalin Power Center (38,000 sq m), Nowa Sukcesja in Łódź (35,000 sq m), Karuzela in Białá Podlaska (28,000 sq m) and Gorzów Power Center (26,000 sq m).

DEMAND: seven new brands enter Poland in the second quarter

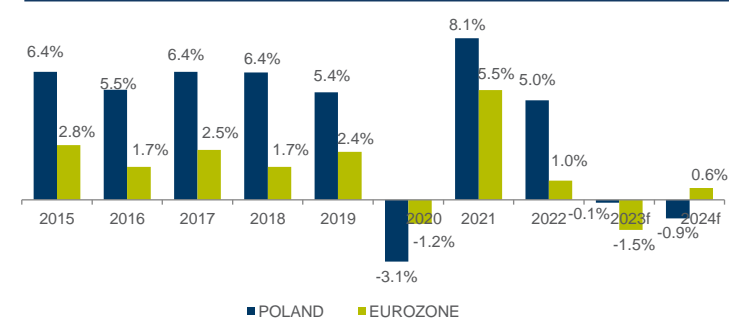
The second quarter of 2023 saw more debuts than the first three months of the year, with seven new retailers opening their stores in Poland. The newcomers in the June quarter were Woolworth, Hugo, Helly Hansen, Nuumo, Bob Snail and two pure online retailers, which opened their first physical stores: Centrumrowerowe.pl and Engwe E-Bikes.

RENTS, YoY CHANGE



Source: Cushman & Wakefield

RETAIL SALES, YoY CHANGE



Source: Eurostat, GUS, Moody's; f - forecast

RETAIL SALES: a negative second quarter

Retail sales contracted in the second quarter of 2023, echoed by sharp annual falls. The average retail sales performance for the second quarter was worse than for the first quarter. Retail sales readings were: -7.3% for April, -6.8% for May and -4.7% for June, with a modest 0.9% month-to-month increase in June.

The biggest annual slump in business in constant prices in June 2023 was recorded for newspapers and books (-16.6%) and furniture, radio, tv and household appliances (-14.4%), followed by other (-12.6%) and solid, liquid and gaseous fuels (-8.3%). Sales of food, beverages and tobacco contracted by 3.8% year-on-year, with sales volumes for textiles, clothing and footwear down by just 1.9%. Pharmaceuticals, cosmetics and orthopaedic equipment were the standout category, which reported no negative growth versus June 2022. By contrast, fashion and health & beauty - the categories which are particularly important for shopping centres - saw an improvement since May 2023, with retail sales in June up by 5.5% and 1.6%, respectively. Sales also bounced back from their May low for food, beverages and tobacco (+2.1%), as well as motor vehicles and motorbikes (+2.9%).

In June 2023, Poland's online penetration rate stood at 7.7%, down by 0.8 pp over the month and by 0.9 pp year-on-year. The best online performers were multimedia (newspapers, books and sales in specialised stores), fashion, furniture, radio, TV and household appliances.

FOOTFALL AND TURNOVER: many customers, nominal turnover up but real turnover down

The average footfall for shopping centres and retail parks in the second quarter of 2023 was 428,000 per retail scheme, an 8.6% increase on the first quarter and a 3.0% rise year-on-year. The footfall for June 2023 averaged 441,000. The largest shopping centres with over 60,000 sq m of GLA outperformed, attracting on average around 1,020,000 customers per retail scheme in June, up by 27% year-on-year, while the average footfall for the entire second quarter was approximately 12% higher than for the second quarter of 2022.

In May 2023, net nominal retail sales in prime retail schemes averaged PLN 1,037 per square metre of floorspace, showing an improvement over previous months and May 2022 (up by 3.8% year-on-year). However, real turnover (taking account of inflation) was down by 9.2% year-on-year. In April 2023, net retail sales averaged PLN 1,056 per square metre. Rising prices continue to weigh heavy on shopping centre turnover levels.

RENTS: retail parks see positive rental growth

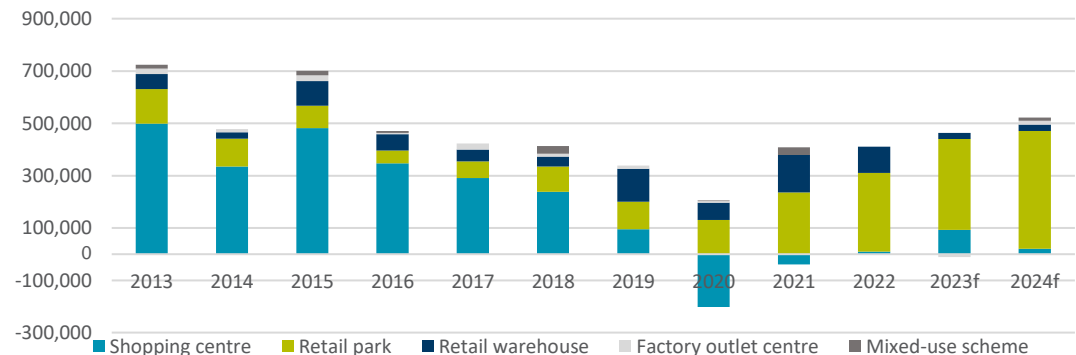
All retail sectors posted positive year-on-year rental growth in the second quarter of 2023, with a marginal uplift in rents over the first quarter for prime units in the best-in-class retail parks. The downturn in the consumer market and lower real turnover levels experienced by tenants are the main drivers behind the downward pressure on non-prime rents.

MAJOR RETAIL OPENINGS IN Q2 2023

SCHEME / CITY	FORMAT	DEVELOPER	RETAIL FLOORSPACE (sq m)
Galeria Bawelniczka / Bełchatów	Shopping centre	GBB Invest	22,000
Aripark / Bytów	Retail park	Sputnik	12,000
S1 Retail Park / Dzierżonów	Retail park	Retail Partners/ Saller	8,100
N-Park / Piotrków Trybunalski	Retail park	Napollo	7,700
Ostrzeszów Plaza / Ostrzeszów	Retail park	K&K Group/ Scallier	6,400

Source: Cushman & Wakefield

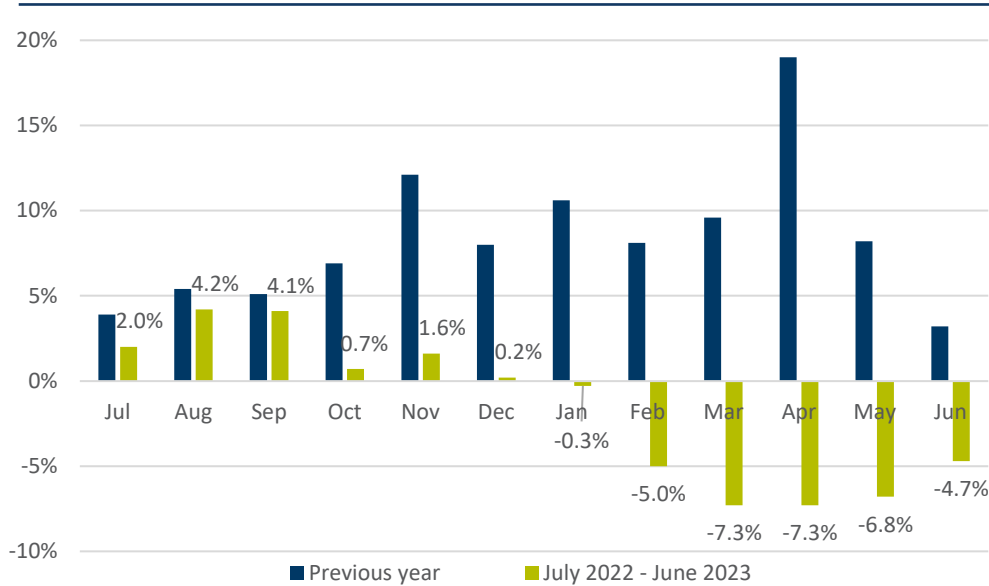
RETAIL SPACE SUPPLY BY FORMAT



Source: Cushman & Wakefield, f - forecast

RETAIL SALES

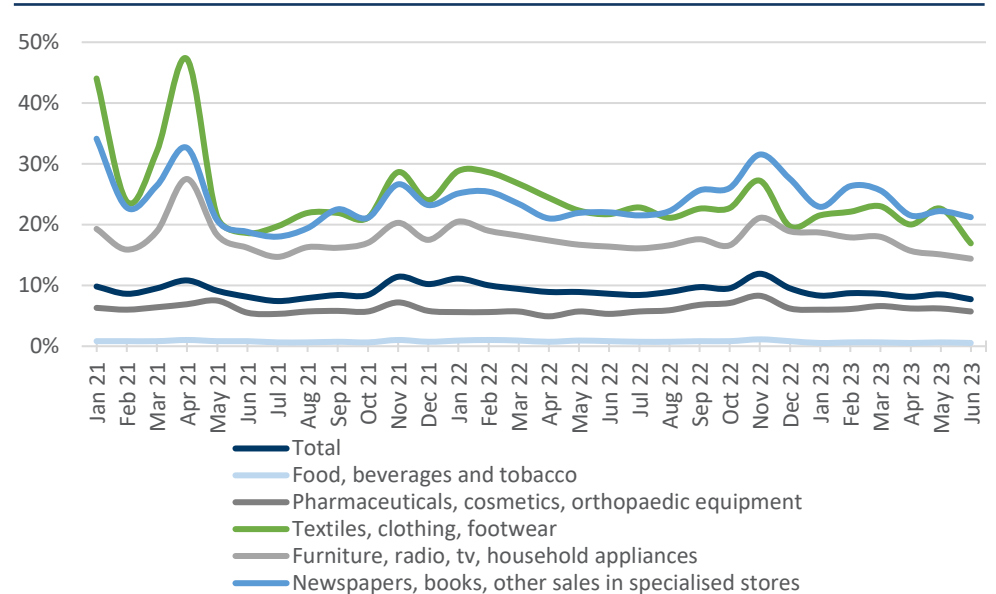
(% CHANGE YoY; IN CONSTANT PRICES)



Source: Cushman & Wakefield, based on data from Statistics Poland

SHARE OF ONLINE SALES IN TOTAL RETAIL SALES

(%; CURRENT PRICES; 2021, 2022, 2023)



Source: Cushman & Wakefield, based on data from Statistics Poland

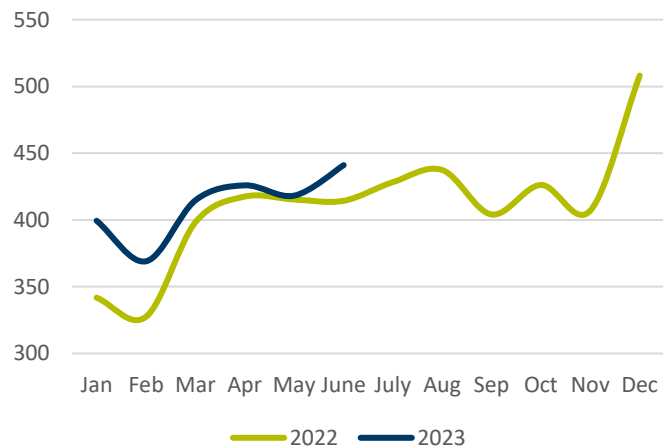
MAJOR RETAIL OPENINGS PLANNED FOR Q3 2023

SCHEME	CITY	FORMAT	RETAIL FLOORSPACE (sq m)	DEVELOPER
Karuzela	Biała Podlaska	Retail park	28,000	Karuzela Holding
Go! Park	Jasło	Retail park	7,500	WMJ Invest
CH Jaworzyna	Krynica-Zdrój	Shopping centre	7,000	Private developer
Galeria Hosso	Żary	Shopping centre	6,500	Hosso Group
Quantum Park	Łódź	Retail park	6,500	Quantum Development
Keya Retail Park	Giżycko	Retail park	5,100	AMIZG Invest
S1 Retail Park	Lubaczów	Retail park	5,000	Saller

Source: Cushman & Wakefield

SHOPPING CENTRE FOOTFALL

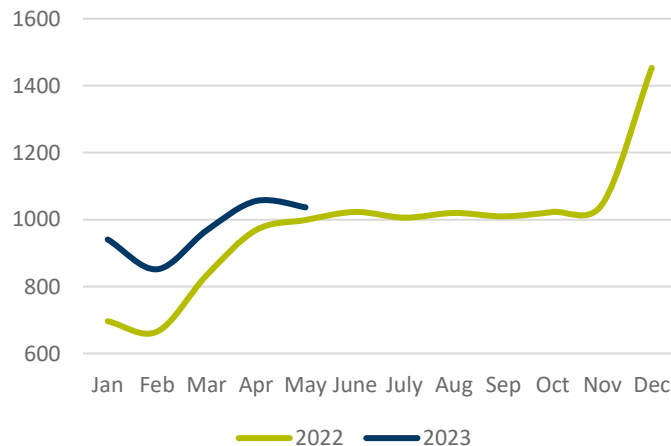
(AV. NUMBER OF VISITORS PER SHOPPING CENTRE; IN THOUSANDS)



Source: Cushman & Wakefield, based on PRCH data

NOMINAL SHOPPING CENTRE TURNOVER

(PLN/sq m)



Source: Cushman & Wakefield, based on PRCH data

RETAIL MARKET STATISTICS

CONURBATION	ALL RETAIL FORMATS (sq m)	SHOPPING CENTRES (sq m)	SHOPPING CENTRE SATURATION (sq m/1,000 inhabitants)	PRIME YIELD
Warsaw, city centre	2,319,900	1,380,500	494	6.00%
Warsaw, non-central locations				6.50%
Silesian Conurbation	1,556,300	1,063,500	530	6.50%
Tricity	986,200	646,500	579	6.50%
Poznań	920,600	693,600	790	6.75%
Wrocław	870,100	557,400	627	6.50%
Kraków	806,600	535,400	476	6.50%
Łódź	640,800	466,800	514	6.50%
Szczecin	452,800	263,300	496	7.10%
Poland totals	16,104,200	10,589,800	276	6.00%

Source: Cushman & Wakefield

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