

PLN 7,670

Average monthly salary

YoY change



12-month forecast



€130

Rent* (sq m/month)



6.45%

Retail yield



Source: Statistics Poland (GUS); Cushman & Wakefield; Q4 2023; *prime shopping centre rents

ECONOMIC INDICATORS AND OUTLOOK 2023

0.4%

YoY GDP growth (Q3 2023)

YoY change



12-month forecast



5.0%

Unemployment rate in Poland (Nov 2023)



6.1%

YoY inflation (Dec 2023)



-0.3%

YoY retail sales fall (Nov 2023)



Source: Statistics Poland (GUS), f - forecast

ECONOMY: GDP picks up as inflation continues on a downward trend, with retail sales positive only in October

Poland's economy, which contracted year-on-year in the first two quarters, bounced back in the third quarter of 2023. The non-seasonally adjusted GDP for Q3 2023 grew in real terms by 0.4% year-on-year. The consumer price index - the key measure of inflation in Poland - rose by 6.1% year-on-year in December, the lowest increase since September 2021. Retail sales in constant prices remained in negative territory throughout 2023, except for October, which saw a 2.8% year-on-year growth.

SUPPLY: A good year for the retail market, with 217,000 sq m of GLA delivered in the fourth quarter

New retail supply in 2023 comprising only new openings and extensions of schemes sized over 5,000 sq m totalled 447,000 sq m of GLA. However, with 104,000 sq m taken off the market last year through closures, 2023's total supply of retail space was 343,000 sq m. Retail parks accounted for 80% of the new supply, while shopping centres made up only 15%. Closures included four shopping centres and an outlet centre in Bydgoszcz.

The highest supply of retail space in 2023 was recorded in the fourth quarter, which saw 217,000 sq m of GLA added to the market through 20 new openings, three redevelopments and the extension of Sonata Park in Sochaczew, alongside four refurbishments. The largest completions of the fourth quarter were Ozimska Park in Opole with 17,000 sq m of GLA (the redevelopment of Galeria Ozimska, which used to be anchored by Tesco), N-Park in Olkusz (16,000 sq m) Pasaż Kępiński in Baranów (a 12,000 sq m retail park) and Targowa Retail Park (12,000 sq m). Poland's total retail stock stands at approximately 16.3 million sq m. The outlook for 2024 is promising as the development pipeline suggests that new supply is likely to match or surpass volumes posted in the prior year.

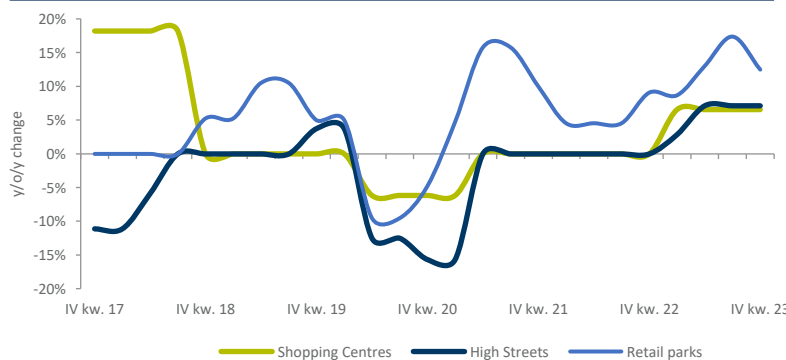
The retail development pipeline comprises 38 schemes with a combined leasable area of 370,000 sq m

At the end of 2023 there was approximately 370,000 sq m of retail space under construction and scheduled for opening in 2024-25. Schemes in the pipeline sized over 5,000 sq m include 27 new projects: 21 retail parks, four shopping centres and the Designer outlet centre in Krakow. In addition, there are nine extensions underway. Redevelopments comprise the Sukcesja shopping centre in Łódź and Tesco's two stores (in Bytom and Przemyśl), which will be repurposed by Saller as retail parks.

DEMAND: The best statistics for new brand openings in six years

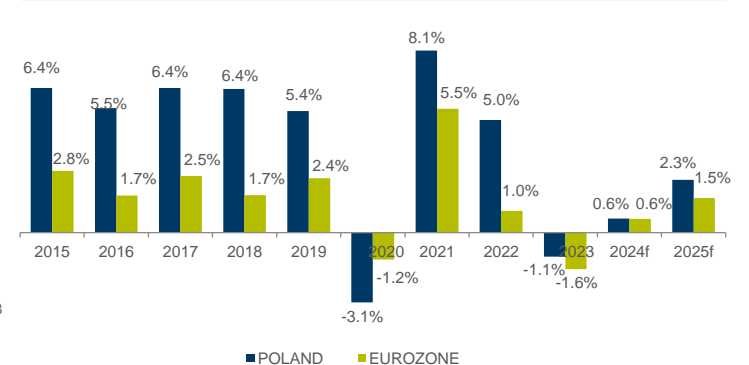
The last quarter of 2023 saw 11 new brands enter the Polish retail market. These were Lichi, Moschino Jeans, Herse, Milk Bar, PLNY LALA, Guerlain, OD Store, WMF, Moomin shop, JUST IN CASE, and Mokida, bringing last year's total number of debuts to 29 – the best result since 2017. Meanwhile, only two retailers withdrew from Poland.

RENTS, YoY CHANGE



Source: Cushman & Wakefield

RETAIL SALES, YoY CHANGE



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

RETAIL SALES: October was the only positive growth month in 2023

Statistics for retail sales in constant prices for January-November 2023 and published by Statistics Poland (GUS) show that spend across the sector was up by 2.8% year-on-year in October - the only positive growth month of last year. The other months of 2023 saw falls, with the largest drop of 7.3% recorded in March and April. Retail sales in November were down by 0.3% year-on-year, while data for January-November 2023 shows a fall of 2.4% year-on-year (an increase of 5.4% in 2022).

November is a special month for retail on account of Black Friday, which marks the beginning of the run-up to Christmas lasting several weeks. Analysis of retail sales for November 2023 has revealed that only two retail categories grew year-on-year: motor vehicles, motorbikes and spare parts, with sales up by 11.8% year-on-year, and pharmaceuticals, cosmetics and orthopaedic equipment (up by 4.1% year-on-year). The biggest slump in business was recorded for furniture, radio, tv and home appliances (-10.1% year-on-year), and newspapers and books (-9.1% year-on-year). Sales volumes for textiles, clothing and footwear were down by 4.4% year-on-year.

The fourth quarter of a year tends to be the best for e-commerce sales. In November 2023, the share of e-commerce in overall retail sales hit 11.7%, last year's highest. According to Statistics Poland, of the nine retail categories, motor vehicles, motorbikes and spare parts, and food, beverages and tobacco had the lowest online penetration rates - 0.9% and 1.0% respectively.

FOOTFALL AND TURNOVER: Strong footfall, turnover after taking account of inflation slightly higher compared to 2022

Although the footfall index for shopping centres and retail parks was up in Q4 2023 compared to 2022, it remained below the level recorded in the pre-pandemic year of 2019. The average footfall was 452,000 customers per retail scheme in October 2023, 424,000 in November 2023 and over 520,000 in December 2023, up by 3.7%, 1.8% and 0.5% year-on-year respectively.

Shopping centre tenants post the strongest financial inflows in the fourth quarter of a year. Net nominal turnover averaged more than PLN 1,070 per square metre in October 2023 and improved slightly to approximately PLN 1,130 per square metre in November 2023, up by 5% and 8% year-on-year respectively. Real turnover (taking account of inflation) was down by 1.6% year-on-year in October, but increased by 1.4% in November on the back of slower price growth and improving consumer sentiment.

RENTS: Retail parks report the strongest rental growth

All three retail sectors - shopping centres, retail parks and high streets - posted positive average rental growth in 2023, with the strongest year-on-year rise of 12.5% recorded in Q4 2023 for retail parks compared to around 7% for shopping centres and high streets. These figures are for prime retail schemes having the strongest position in their respective local markets. Tenants should brace themselves for further rent increases in early 2024 due to indexation and rising service charges.

VACANCIES: The highest vacancy rate of 4.4% is in Poznań

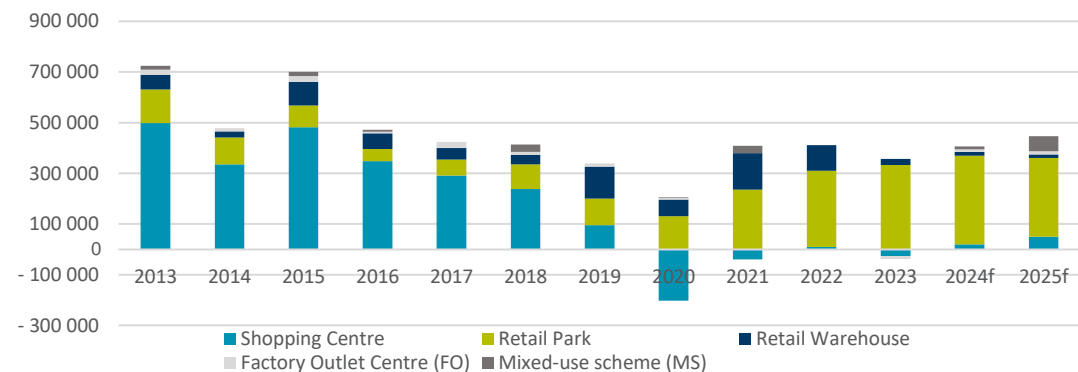
As of the third quarter of 2023, the average retail vacancy rate for Poland's 16 largest cities with a population of over 180,000 was 3.4%, with the lowest availability of retail space recorded in Toruń (1.1%), Kielce (1.4%), Krakow (1.7%) and Łódź (1.8%).

MAJOR RETAIL OPENINGS IN Q4 2023

SCHEME / CITY	FORMAT	DEVELOPER	RETAIL FLOORSPACE (sq m)
Ozimska Park/ Opole	Retail park	Redkom	16,900
N-Park/ Olkusz	Retail park	Napollo	16,000
Pasaż Kępiński/ Baranów (Kępno)	Retail park	Refield	12,000
Targowa Retail Park/ Przasnysz	Retail park	ARBA	12,000
S1 Retail Park/ Gorzów Wielkopolski	Retail park	Saller	11,400
Atut Myszków/ Myszków	Retail park	BOIG	11,000

Source: Cushman & Wakefield

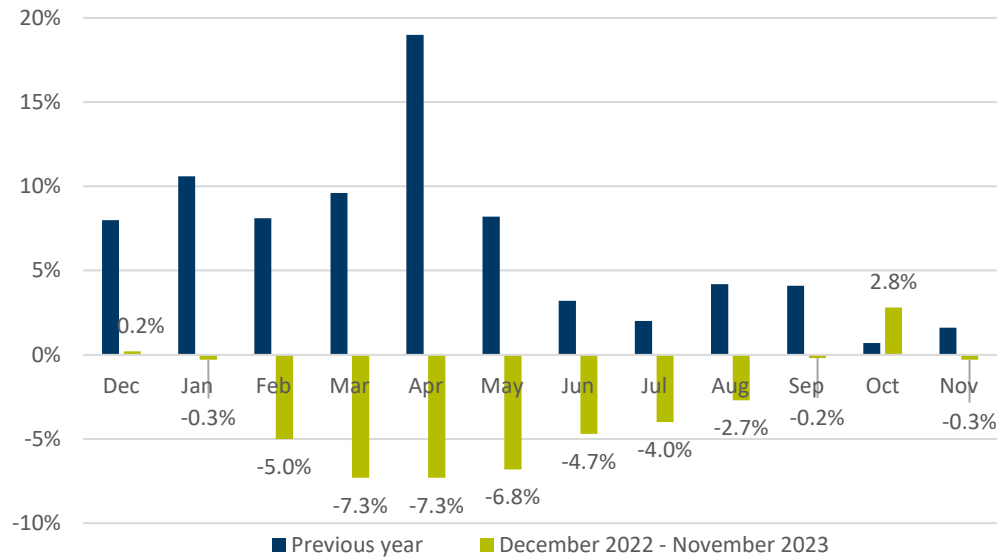
RETAIL SPACE SUPPLY BY FORMAT



Source: Cushman & Wakefield, f - forecast

RETAIL SALES

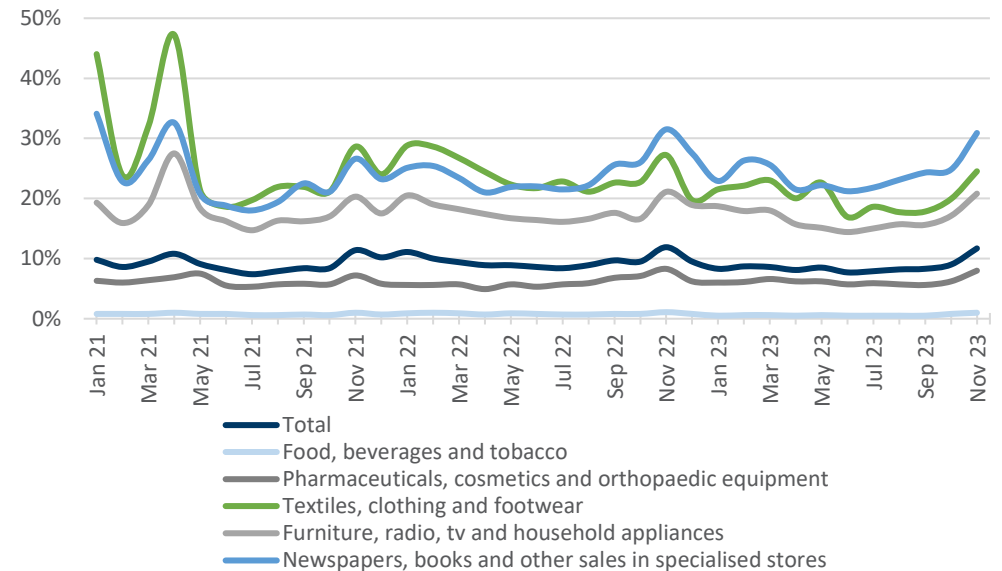
(% CHANGE YoY; IN CONSTANT PRICES)



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

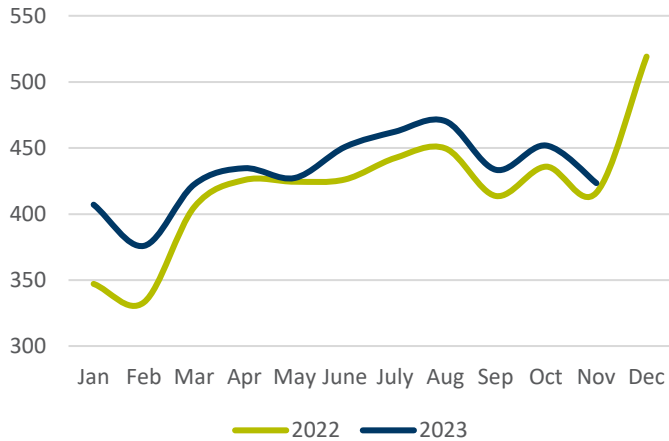
MAJOR RETAIL OPENINGS PLANNED FOR Q1 2024

SCHEME	CITY	FORMAT	RETAIL FLOORSPACE (sq m)	DEVELOPER
Koszalin Power Center	Koszalin	Retail park	38,000	Acteum Central Europe/ Falcon Investment Management
Galeria Goplana	Leszno	Retail park	9,000	HJ Invest
PA Nova Park	Pyskowice	Retail park	8,000	P.A. Nova/ALDI
Wojkowice Retail Park	Wojkowice	Retail park	7,500	Wojkowice Park
Rock Capital Park	Przeworsk	Retail park	6,800	Rock Capital
Atut Dawidy Bankowe	Dawidy Bankowe	Retail park	6,000	KG Group
S1 Bytom [redevelopment of a Tesco store]	Bytom	Retail park	5,400	Saller

Source: Cushman & Wakefield

SHOPPING CENTRE FOOTFALL

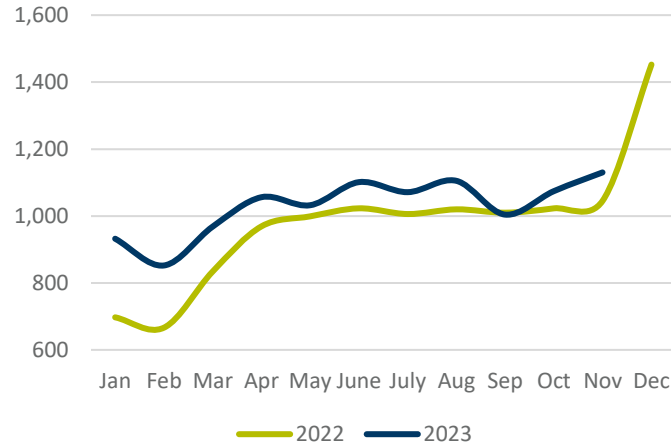
(AV. NUMBER OF VISITORS PER SHOPPING CENTRE, IN THOUSANDS)



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	2,375,600	1,409,200	504	6.45%
Warsaw, non-central locations				7.00%
Silesian Conurbation	1,524,300	1,015,800	506	7.00%
Tricity	981,500	630,800	565	7.00%
Poznań	866,600	693,600	728	7.15%
Wrocław	876,800	557,400	627	7.00%
Krakow	806,600	535,400	476	7.00%
Łódź	640,800	466,800	514	7.00%
Szczecin	440,900	251,400	474	7.55%
Poland totals	16,242,500	10,475,100	273	6.45%

Source: Cushman & Wakefield

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