

POLAND

Retail market Q1 2024



PLN 7,979

Average monthly salary

YoY change



12-month forecast



€145

Rent* (sq m/month)



6.45%

Retail yield



Source: Statistics Poland (GUS); Cushman & Wakefield; Q1 2024; *prime shopping centre rents

ECONOMIC INDICATORS AND OUTLOOK 2024

1.0%

YoY GDP growth (Q4 2023)

YoY change



12-month forecast



5.3%

Unemployment rate in Poland (March 2024)



1.9%

YoY inflation (March 2024)



6.1%

YoY retail sales growth (February 2024)



Source: Statistics Poland (GUS), f - forecast

ECONOMY: Poland's GDP growth accelerates as inflation falls to its lowest since March 2019 and retail sales rise strongly

According to estimates, Poland's GDP (a non-seasonally adjusted value) expanded in real terms by 1% year-on-year in the last quarter of 2023, marking an improvement over the second and third quarter figures. Inflation readings in the first quarter of 2024 were below 4%, with the country's inflation rate falling to 1.9% in March, the lowest level since March 2019. Although annual retail sales for December 2023 remained in negative territory, January and February 2024 saw positive growth of 3.0% and 6.1% year-on-year respectively.

SUPPLY: A good first quarter, with retail parks accounting for all the new completions

2024 got off to a good start with 82,000 sq m of GLA delivered in the first quarter of the year. Supply statistics comprise schemes of over 5,000 sq m of GLA and include new buildings, extensions and redevelopments.

The first quarter of 2024 saw six new retail park openings - these included OTO Park in Koszalin with an area of 38,000 sq m, the largest retail park completion since 2013. All the other retail parks were smaller than 8,000 sq m. In addition, approximately 12,000 sq m of new retail space was delivered through five extensions. New supply also included the redevelopment of Wysockiego Retail Park in Białystok and the refurbishment of Galeria Sieradzka.

Poland's total retail stock stands at approximately 16.3 million sq m. The outlook for 2024 remains positive as the development pipeline suggests that new supply is likely to match or surpass 2023's total.

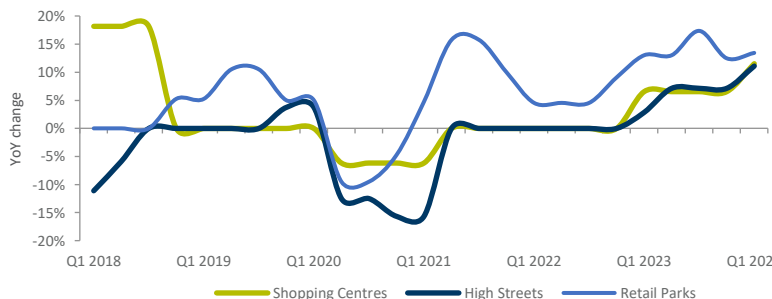
The retail development pipeline comprises 42 schemes with a combined leasable area of 400,000 sq m

At the end of the first quarter of 2024 there was approximately 400,000 sq m of GLA under construction. Of that total, around 310,000 sq m will be delivered through new retail projects, with the remaining 90,000 sq m expected to come on stream through extensions and redevelopments. Shopping centres account for 18% of the stock underway, while retail parks with a 76% share in the pipeline continue to dominate the Polish development market. The largest projects under construction include the Nowa Sukcesja Shopping Centre in Łódź (35,000 sq m) and retail parks: Silwana in Gorzów Wielkopolski (26,000 sq m) and BIG Ostróda (25,000 sq m).

DEMAND: The Polish retail market welcomes five new brands

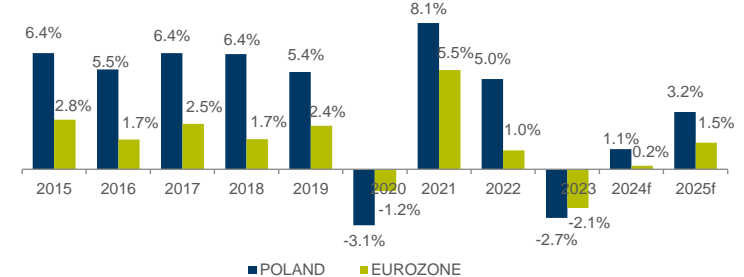
In the first quarter of 2024, five brands debuted in Poland, including: Jack & Jones, House of Diamond, Kamalion, Made by Society, and Hesburger. During the first three months of the year, only one retailer withdrew from the Polish market: the Dutch retailer Hunkemöller.

RENTS, YoY CHANGE



Source: Cushman & Wakefield

RETAIL SALES, YoY CHANGE



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

RETAIL SALES: A rebound after a very weak 2023

According to data published by Statistics Poland (GUS), retail sales in constant prices improved significantly during the first quarter of 2024. Retail spend fell throughout 2023, with only one month seeing positive growth. By contrast, retail sales were encouraging in the early months of 2024, growing 3.0% in February and 6.1% in March.

Analysis of retail sales for February 2024 has revealed that only two retail categories experienced falls year-on-year of all the eight categories listed. Textiles, clothing and footwear - products that are particularly important to shopping centres - saw retail sales fall by 21.5% year-on-year, while figures for furniture, radio, tv and household appliances showed a slump in sales of 5.2%. By contrast, the strongest year-on-year growth in February retail sales was recorded for motor vehicles, motorbikes and spare parts (+26.6%) and the category 'others' (+23.0%). Interestingly, sales of newspapers and books rose 2.9% year-on-year after many months of negative growth in 2023.

In February 2024, Poland's online penetration rate stood at 8.6%, down by 0.2 pp since January and by a mere 0.1 pp year-on-year. The best online performers were multimedia (newspapers, books and other sales in specialised stores), fashion, and furniture, radio, tv and household appliances.

FOOTFALL AND TURNOVER: Statistics show that shopping centres remain popular retail destinations attracting big spenders

The average footfall for shopping centres and retail parks in Q1 2024 was approximately 420,000 customers per retail scheme, a significant improvement over previous years. When compared with 2023, the footfall index was up by 5% year-on-year and by 16% compared with 2022. The strongest month was March 2024 with approximately 455,000 visitors.

Average financial inflows of shopping centre tenants for the first quarter of 2024 are relatively close to last year's. Net nominal turnover averaged PLN 972 per square metre in January 2024, a year-on-year increase of 4.3%, before falling slightly to PLN 849 per square metre in February. With inflation slowing, real turnover was no longer in negative territory of several per cent while consumer sentiment remained resilient compared to previous months.

RENTS: Retail parks are seeing the strongest rental growth

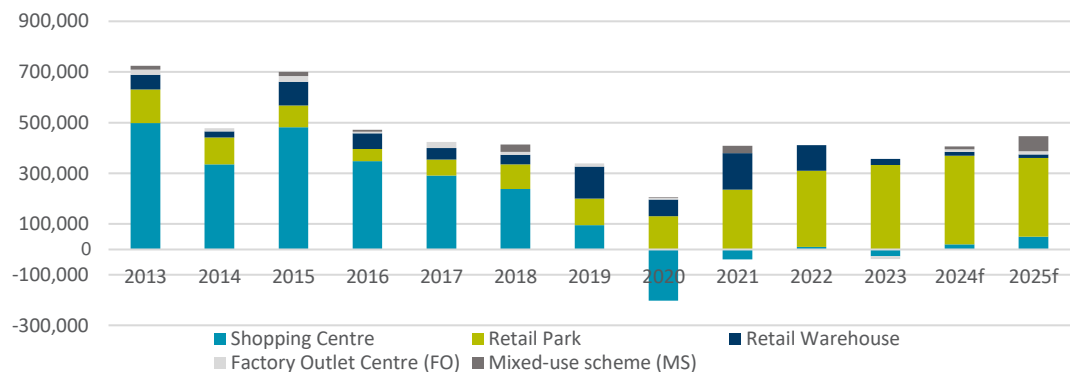
Shopping centres, retail parks and high streets alike experienced average year-on-year rental growth in the first quarter of 2024, with the strongest rise of 13.5% reported for retail parks. Meanwhile, prime shopping centre and high street rents increased by approximately 11% year-on-year. The relatively strong rental growth at the beginning of 2024 was driven by annual rent indexation translating into higher rates in new leases.

MAJOR RETAIL OPENINGS IN Q1 2024

SCHEME / CITY	FORMAT	DEVELOPER	RETAIL FLOORSPACE (sq m)
OTO Park / Koszalin	Retail park	Acteeum/ Falcon	38,000
Port A-Centrum / Pyskowice	Retail park	P.A. Nova/ ALDI	8,000
Rock Park / Przeworsk	Retail park	Rock Capital	6,800
Atut / Dawidy Bankowe	Retail park	KG Group	6,000
Smart Park / Syców	Retail park	Smart Park Żerański	6,000
M Park / Ilawa	Retail park	LCP Properties	5,400

Source: Cushman & Wakefield

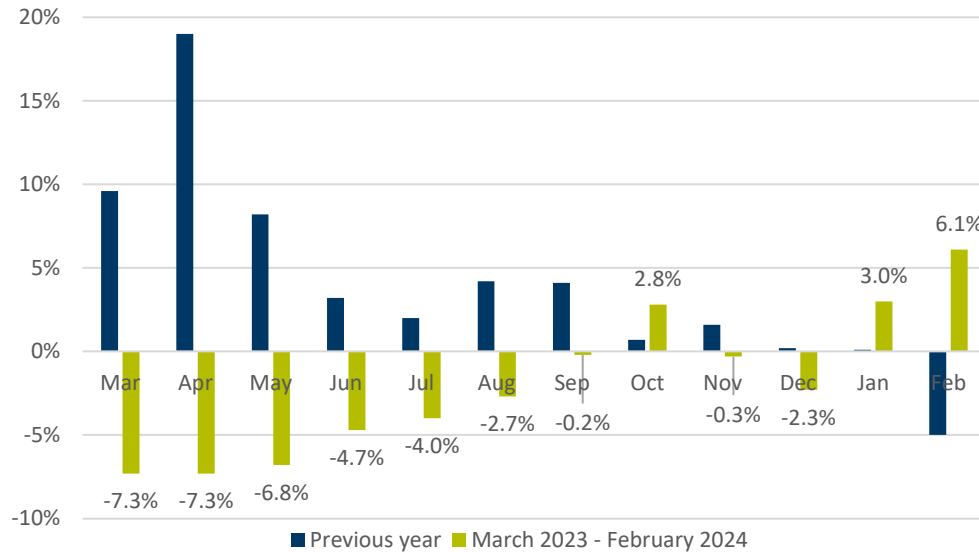
RETAIL SPACE SUPPLY BY FORMAT



Source: Cushman & Wakefield, f-forecast

RETAIL SALES

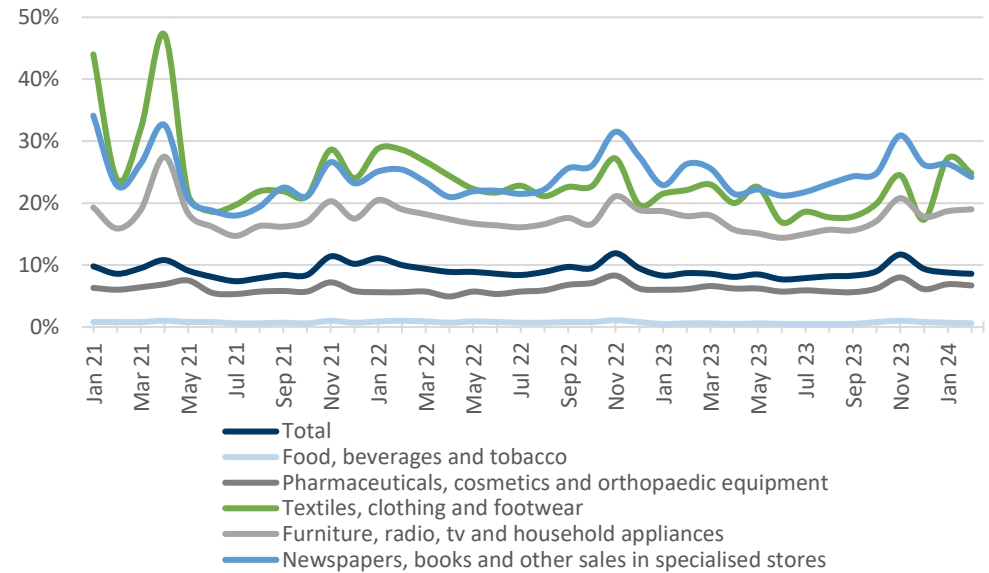
(% CHANGE YoY; IN CONSTANT PRICES)



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

SHARE OF ONLINE SALES IN TOTAL RETAIL SALES

(%; CURRENT PRICES; 2021-2024)



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

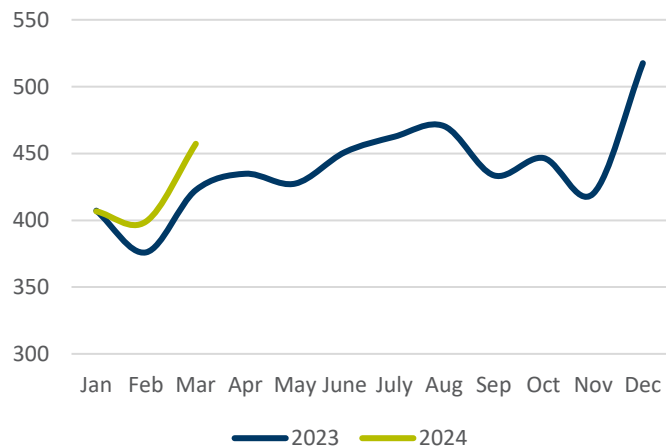
MAJOR RETAIL OPENINGS PLANNED FOR Q2 2024

SCHEME	TOWN / CITY	FORMAT	RETAIL FLOORSPACE (sq m)	DEVELOPER
Galeria Goplana	Leszno	Retail park	15,200	Prestige MGC Invest
S1 Bytom (redevelopment of a Tesco store)	Bytom	Retail park	14,200	Saller
Galeria Kwiatowa	Tychy	Retail park	12,000	Komart Investments
Karuzela Jastrzębie-Zdrój	Jastrzębie-Zdrój	Retail park	11,300	Karuzela Holding/ Mitiska
Karuzela Świebodzin	Świebodzin	Retail park	11,000	Karuzela Holding
Kępno City Mall	Kępno	Retail park	8,600	Lech-Pol Invest
Alfred Wojkowice Retail Park	Wojkowice	Retail park	7,500	Wojkowice Park

Source: Cushman & Wakefield

SHOPPING CENTRE FOOTFALL

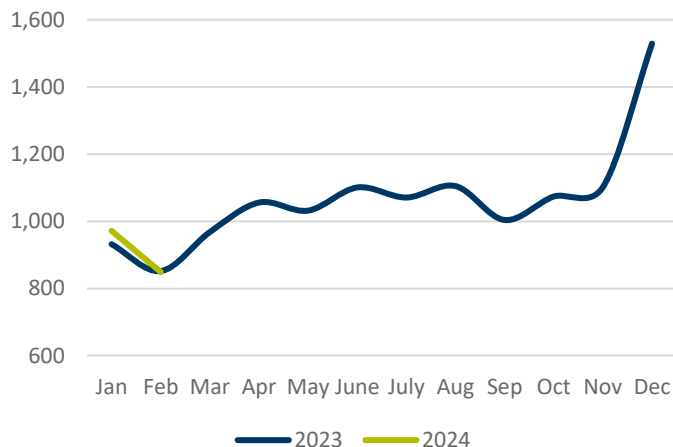
(AV. NUMBER OF VISITORS PER SHOPPING CENTRE; IN THOUSANDS)



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 DENSITY (sq m/1,000 inhabitants)	PRIME YIELD
Warsaw, city centre	2,388,200	1,415,800	506	6.45%
Warsaw, non-central locations				7.00%
Silesian Conurbation	1,529,800	1,017,600	507	7.00%
Tricity	981,500	630,800	565	7.00%
Poznań	866,600	693,600	728	7.15%
Wrocław	846,800	527,400	594	7.00%
Krakow	806,600	535,400	476	7.00%
Łódź	640,800	466,800	514	7.00%
Szczecin	446,600	257,100	484	7.55%
Poland totals	16,311,800	10,446,300	272	6.45%

Source: Cushman & Wakefield

EWA DERLATKA-CHILEWICZ

Associate Director, Head of Research
ewa.derlatka-chilewicz@cushwake.com

EWELINA STARUCH

Analyst, Strategic Consulting & Research
ewelina.staruch@cushwake.com

PAULINA BAUER

Associate, Head of Retail
 Retail Asset Services I Poland
paulina.bauer@cushwake.com

cushmanwakefield.com

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