

Future outlook for Poland's retail market is bright



The range of restaurant, entertainment and cultural amenities are growing in importance

Total modern retail stock in Poland has nearly reached 13 million sqm, out of which 9.3 million sqm is accounted for by shopping centres (71 percent), followed by 3.5 million sqm for retail parks and warehouses and 0.2 million sqm for outlet centres. With a shopping centre density of 241 sqm per 1,000 inhabitants, Poland remains under the Western European level of 262 sqm.

Anna Wysocka, Head of Retail Agency at JLL, said: "2015 was a good year for the retail market in Poland. So far, schemes totaling 650,000 sqm GLA have been delivered to the market – 33 percent more than in 2014. Currently, 566,000 sqm of retail space is under construction with shopping centres accounting for 94 percent of this number. Furthermore, we recorded an increase in retail sales and positive GDP results. The level of purchasing power and increasing awareness among Polish people regarding the significance of brands is influencing decisions regarding market debuts and expansions."

A significant number of interesting objects were launched in 2015, and a number of large projects are under development in major Polish agglomerations such as Warsaw, Poznan, Wrocław and Tri-City. In Warsaw, a construction permit has been obtained by one of GTC's flagship investments – Galeria Północna (64,000 sqm) located in Białoleka while administrative works are being carried out at Galeria Wilanów (61,000 sqm), GTC's second project. Its development is scheduled to be launched in 2016.

In terms of retail formats, large shopping centres continue to dominate in major cities while local centres and convenience-type schemes are predominant in smaller cities. Developers more rarely decide to develop retail parks. Outlets are very popular with Warsaw's three outlet centres all performing well. Furthermore, new outlets are under construction, such as Metropolitan Outlet Bydgoszcz.

According to JLL, retailers are developing dynamically but tenants are increasingly selective when it comes to the standard and location of new retail objects. As a result, they are thoroughly revising the leasing of further units.

The most well-known fashion debut on the Polish retail market was Superdry. Furthermore, fashion brands such as Kiabi, with an offer for families, and sport brands Decimas and Courir, entered Poland this year. The fitness market also saw further development (Fitness24Seven). In addition, Ecco Leather Goods, Origins, Fuddruckers, Loake, Dairy Queen, B11 and Benihana all opened their first stores in Poland.

There was an overall reduction in the number of debuts by foreign brands in Poland. However, according to JLL, this temporarily lower activity did not stem from a lack of attractiveness of our retail market but rather from the search for good franchise partners.

Marta Augustyn, National Director, Retail Agency at JLL, said: "We are glad that Polish

retailers are developing their portfolios. A good example of this is a Tab from the LPP group. Furthermore, retailers are looking for new locations and occupying more space, just as either CCC or Reserved which recently opened its biggest Polish store in Galeria Jurajska. Some foreign brands such as H&M are selecting space for new concepts including, for example, interior design."

A significant trend includes the expansion of non-shopping offer within shopping centres. The range of restaurant, entertainment and cultural amenities are growing in importance and shopping centres are beginning to play a significant role in local communities by taking over non-commercial functions. The best example here is the opening of a library in Forum Gliwice (Biblioforum) and an amphitheater scheduled to be developed in Centrum Skalka in Tychy.

Omnichannel sales is developing alongside the expansion of online shopping. In addition, there is a trend involving the development of services and shopping offers in transportation hubs such as railway stations and airports. Revitalization, remodelling and expansion of existing projects continue to be an important trend on the Polish retail market. This is the owners and property managers' response to the ageing of buildings, growing competitiveness and the constantly changing expectations of clients. Furthermore, high streets are now developing and providing extensive restaurant and fashion offers.

"The next few years will be very active in terms of the new retail stock – numerous large projects will enter the market with Galeria Północna and Galeria Wilanów in Warsaw being prime examples. Furthermore, we expect to see more debuts of new brands on the Polish market. Their presence will positively refresh and diversify the retail offer. We have a great deal of work to do regarding the tenant portfolio, but in this area Poland has positive development prospects. Nevertheless, Poland still lacks brands such as Debenhams, American Apparel, Uniqlo, Urban Outfitters and Primark, which are popular in other countries, or Kidzania – entertainment and education theme parks for children," concluded Anna Wysocka.