

## Cushman & Wakefield's report: Polish retail market in Q3 2018

- Retail assets accounted for nearly 45% of the total investment volume recorded in the first three quarters of 2018
- 42% of the retail space to be completed by year-end 2018 will open in cities with fewer than 100,000 inhabitants
- Five new brands entered the Polish market in Q3 2018: San Marina, Ximi Vogue, Kocca, Saffiano and Armani Exchange
- During the first six months of the Sunday trading restrictions in force, average shopping centre footfall was down by 6.6% and turnover fell by 3.0%

**Warsaw, 22 October 2018 – The Polish retail market maintains its momentum despite the partial Sunday trading ban. This year's supply is expected to hit approximately 490,000 sq m, the highest annual level in the last three years. Of that total, 52% will be delivered in cities a population of more than 400,000 while 42% will be handed over in cities with a population of less than 100,000, says global real estate services Cushman & Wakefield in its latest report *MARKETBEAT POLISH RETAIL MARKET IN Q3 2018*.**

*"The investment volume on the commercial real estate market in Poland hit nearly EUR 5bn after the first three quarters of 2018, an equivalent of 2017's total. Retail assets remained the most in-demand sector attracting EUR 2.14bn worth of capital, which accounted for 45% of the total transaction volume. More than 1.24 million sq m of retail space changed hands in 2018, accounting for 8.5% of Poland's total retail stock. 55% of the investment volume noted in the CEE region in the retail sector was registered in Poland," says **Jakub Budych, Senior Consultant, Capital Markets, Cushman & Wakefield**. "This year's investment volume is likely to set an all-time high on the Polish commercial real estate market. The final market performance will, however, depend on whether pending transactions are closed by the end of the year. Poland's upgrade to a developed market status on the FTSE Russel index has led to an increased investor interest in the Polish market and is a confirmation that Poland is ranked as an attractive and safe haven for capital," adds **Jakub Budych**.*

Poland's total retail stock amounted to more than 14.4 million sq m at the end of September 2018. In Q3 2018, only 20,000 sq m of new retail space was opened across two new DIY stores (Leroy Merlin in Tarnów and Castorama in Grudziądz) and an extension of the Dekada retail park in Grójec. Poland also saw several smaller shopping centres and retail parks (sized below 5,000 sq m) completed in the period, including Vendo Park in Chodzież, Retail Park in Olecko and Retail Park in Radomsko.

The strongest development activity is in both Poland's largest cities and smaller cities and towns with a population of less than 100,000. More than 800,000 sq m of retail space is currently under construction or has a valid building permit. Nearly 40% of that total will come on stream by the end of 2018. This year's total supply is expected to hit approximately 490,000 sq m, the highest completion level in the last three years. Urban agglomerations are dominated by large-scale shopping and leisure centre developments (Galeria Libero in Katowice, which is scheduled for opening in October 2018), mixed-use concepts (Praga Koneser Center) and extensions of existing schemes (Atrium Promenada in Warsaw with its new floorspace scheduled for opening in the fourth quarter of 2018). Smaller cities are developing largely through small-scale projects, retail parks and convenience shopping centres.

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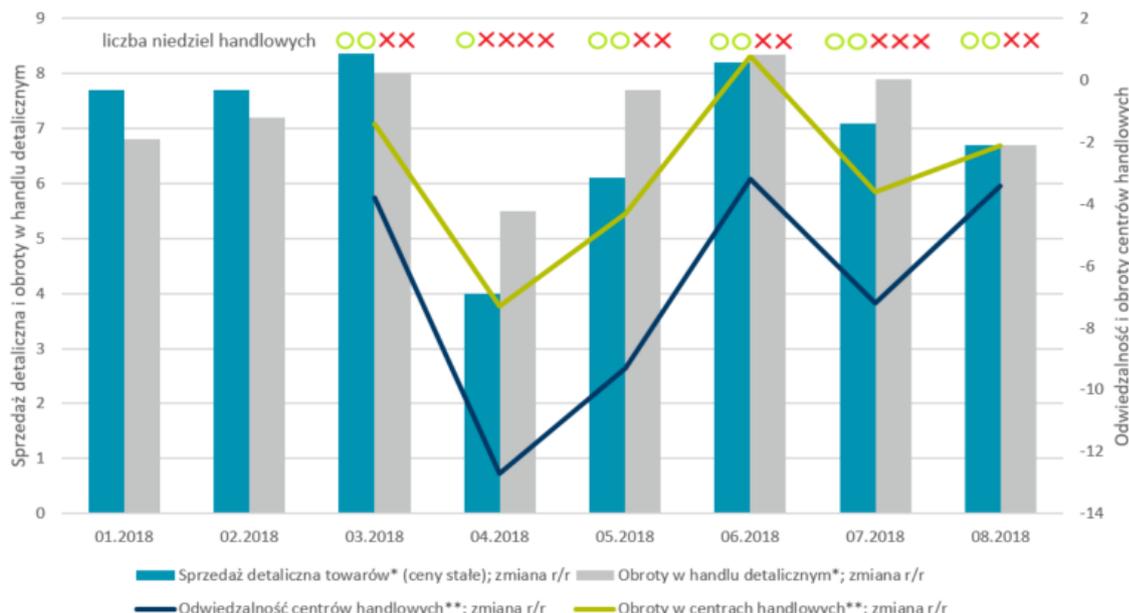
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According to Cushman & Wakefield's analysts, five new brands decided to expand into the Polish retail market in the third quarter of 2018: San Marina, an Italian footwear, bags and accessories retailer (Wroclavia); Ximi Vogue, a Chinese and Korean brand offering home accessories and toys (Galeria Wileńska); Kocca, an Italian fashion retailer, and Saffiano, offering designer bags (Galeria Północna), as well as Armani Exchange, which opened its first store in Galeria Mokotów. The Irish fashion retailer Primark is planning its debut in Poland next year with its first Polish store to open at Galeria Młociny.

*"The Implant project, which will soon break ground in Chmielna Street in Warsaw, is an interesting, brand-new concept on the Polish market. With its modular structure consisting of modern shipping containers, the scheme will be modelled on London's BoxPark and Bangkok's ArtBox. Implant will be divided into three core zones: F&B, retail and services, and an event zone to create a social and cultural space that complements its main commercial use,"* says **Małgorzata Dziubińska, Associate Director, Consulting and Research at Cushman & Wakefield and author of the report.**

In the first six months of the Sunday trading restrictions in force, shopping centres recorded lower footfall and turnover levels - on average down by 6.6% and 3.0%, respectively, compared with the same period in 2017. ING's economists expect consumer spending to slow down in the near future and investment activity to play an increasingly important role with Poland's GDP forecast to expand by 4.8% in 2018. The Polish government is, however, taking steps to extend the Sunday trading ban to last from 10pm on Saturdays until 5am on Mondays and to ban opening stores as post offices on Sundays.

#### Retail sales and turnover vs. shopping centre performance



Source: Cushman & Wakefield, Central Statistical Office (CSO)

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The Polish food sector is also transforming, report analysts of Cushman & Wakefield. Large-scale hypermarket operators are not planning any new openings, focusing instead on restructuring and development of smaller, compact supermarkets and small-format stores. Discount retailers are experimenting with new formats – Biedronka, which has taken over some Piotr i Paweł stores, has invested in retail offer and fit-out improvements. To increase customer loyalty, the food sector is also opting for new technologies such as beacons to monitor the customer’s in-store journey, combining offline and online retailing (with many discount retailers in Poland currently working on it) and “Tap To Go” solutions enabling customers to pay for products at a shelf using a special card.

*“Retail continues to evolve and is likely to see more changes in the coming years than in the past decades. Technology-powered shopping will become easier, more convenient and enjoyable. It will be a golden age for consumers while the retail sector will continue to analyse and respond quickly by adjusting to growing consumer needs and requirements,”* says **Małgorzata Dziubińska, Associate Director, Consulting and Research, Cushman & Wakefield.**

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Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 48,000 employees in approximately 400 offices and 70 countries. In 2017, the firm had revenue of \$6.9 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.pl](http://www.cushmanwakefield.pl) or follow @CushWakeCE on Twitter.

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