

PRESS RELEASE

## SPRING IS IN THE AIR FOR RETAIL REAL ESTATE

**The first quarter of 2023 on the Polish retail property market was overshadowed by inflation. It saw substantial new retail space supply come on stream, new brands enter the market and the revamped Fort Wola shopping centre reopen in Warsaw. Meanwhile, landlords continued to benefit from implementing green ESG-compliant solutions.**

### Key statistics:

- Existing retail stock: around 15.8 million sqm
- Q1 2023 supply: 82,000 sqm
- Average shopping centre footfall (January 2023/January 2022, Monday through Sunday): 17.8%
- Share of online sales as a proportion of total retail sales (Statistics Poland, February 2023): 8.7%
- New retail stock under construction (scheduled for delivery by the end of 2024): 280,000 sqm
- Reformatted schemes and extensions (scheduled for delivery by the end of 2024): 120,000 sqm

In the first quarter of 2023, the Polish retail sector remained in the throes of high inflation which had a significant influence on all the market players: landlords, tenants and shoppers alike. Retail sales for January 2023 were up by 0.1 pp compared to the same time in 2022, but fell by 5 pp year-on-year in February. Polish shoppers are economizing across virtually all shopping categories, with grocery sales, for example, falling 4.6 pp year-on-year. Looking ahead, the increased price consciousness will underpin the fast growth of smaller retail formats such as retail parks and convenience centres, as well as discounters, including German-based Woolworth, which will open its first Polish store in Krakow in May. The only stand-out shopping category reporting positive growth in Poland was “textiles, fashion and footwear”, with retail sales up by 9.9 pp year-on-year, which may have been due to a seasonal wardrobe switchover for spring and summer.

Three new brands debuted in Poland in the first quarter of 2023. These included Lush, which opened its first brick-and-mortar store in Złote Tarasy; Master Burger, which came to Blue City; and CentrumRowerowe.pl, which set up and opened its first physical store in Okęcie Park. All these openings took place in Warsaw. *“The merger of Orlen and Lotos saw some petrol stations acquired by Hungarian-based MOL, which opened its first station under its logo in February 2023. The coming months will see quite a lot of new market entrants and openings. Stores are expected to be launched by Woolworth, Butlers, Popeyes, and Żabka Drive,”* says **Klaudia Okoń**, Senior Consultant, Business Intelligence Hub & Consultancy, BNP Paribas Real Estate Poland.

Retail landlords are increasingly seeing and talking about the value of implementing green solutions based on sustainability and ESG strategies. Net zero carbon emissions, improved energy efficiency of buildings and waste reduction have become central to achieving environmental targets and helping shopping centres gain a competitive advantage in the eyes of potential investors as well as tenants and consumers. In addition, promoting the use of green modes of transport, including cycle lanes and bicycle racks, will support building social awareness and responsibility surrounding environmental protection. Education and encouraging the use of such amenities play an important role in communication and marketing strategies for a growing number of property landlords, managers and tenants alike.



## Out with the old, in with the new

In the first quarter of 2023, the Warsaw retail market welcomed a refurbished Fort Wola shopping centre after a six-year break. Mayland, the new owner, carried out a major renovation, turning the complex into a facility tailor-made for today's needs. *"A shortage of plots is forcing developers to take an interest in older retail schemes. First-generation shopping centres or other facilities that have closed down will be increasingly returning to the market after modernization. Well-planned and calculated refurbishment strategies will be fundamental to the success of such projects,"* says **Fabrice Paumelle**, Head of Retail, BNP Paribas Real Estate Poland. Another example of a return to the retail market is former Tesco hypermarkets, which have been redeveloped and reopened. And in 2023, like a Phoenix from the ashes, the Sukcesja shopping centre in Łódź will be reopened after a two-year hiatus.

In the first quarter of 2023, there were several retail schemes under construction, including three major projects which will enrich the Polish market in the near future. The first one is Sukcesja in Łódź, which is being redeveloped by the Amush Investment Group and is scheduled for opening in the third quarter of 2023. The second is the Koszalin Power Center of Karuzela Holding, which will provide 38,000 sqm of floorspace and open in the first quarter of 2024. The third is Karuzela Biała Podlaska, which is also being developed by Karuzela Holding. This 28,000 sqm shopping centre is scheduled for opening in the third quarter of 2023.

## Acquisitions and expansions

In the first quarter of 2023, Sportsdirect.com Poland announced its acquisition of the chain of GoSport stores, while Ukrainian-based EpicentrK acquired Intersport Polska. Meanwhile, Benefit Systems made public its acquisition of 16 Calypso Fitness clubs. Another notable development is the acceleration of the expansion of dm, which following its last year's debut on the Polish market, is planning to open around 25 drug stores across Poland by the end of 2023. Stokrotka, on the other hand, launched online sales - a service that will be available in over 70 locations. It is also worth noting that Galeria Bawełnianka in Bełchatów, completed in 2012 and never opened, is about to finally open its doors.

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As a committed stakeholder in sustainable cities, BNP Paribas Real Estate intends to spearhead the transition to more sustainable real estate: low-carbon, resilient, inclusive and conducive to wellbeing. To achieve this, the company has developed a CSR policy with four objectives: to ethically and responsibly enhance the economic performance and use of buildings; to integrate a low-carbon transition and reduce its environmental footprint; to ensure the development, commitment and well-being of its employees; to be a proactive stakeholder in the real estate sector and to build local initiatives and partnerships.



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### Press contacts:

Justyna Magrzyk-Flemming : +48 511 155 274  
[justyna.magrzyk-flemming@realestate.bnpparibas](mailto:justyna.magrzyk-flemming@realestate.bnpparibas)



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