Due to increasing competition in the retail market in Poland, the owners of older shopping centres have had to adapt to the market’s needs. The trend of extensions and re-lettings continued in 2015. The total area of extended retail schemes amounted to approximately 30% of the total new supply in Poland. The largest volume of extended projects was completed in the major markets – 140,000 sq m within seven schemes. It is worth mentioning that high interest in outlet centres was also recorded in 2015. One scheme was completed as a new centre and four were extended. Furthermore, there are other outlet projects included in the developers’ plans, e.g. Metropolitan Outlet Centre in Bydgoszcz, Outlet Toruń and another extension of Outlet Park Szczecin. Since 2014, this format of retail schemes is also available in the medium-sized cities (in Lublin and Białystok). Thus the retail stock in these cities is diversified in terms of all retail formats.

At the end of 2015, there was 650,000 sq m of retail space under construction in Poland. The vast majority of this space is located in the major agglomerations – approximately 500,000 sq m, which is a result of several large-scale shopping centres under construction, among others: Posnania in Poznan (100,000 sq m); Wroclavia in Wroclaw (62,000 sq m) and Galeria Północna in Warsaw (60,000 sq m). Almost the total remaining space (except for one scheme) constitutes projects located in the small-sized cities, of which the largest are: Galeria Glogovia in Glogow (27,000 sq m) and Galeria Aviator in Mielec (20,000 sq m). The retail market in Poland is getting more and more saturated. At the end of 2015, the saturation ratio of the shopping centre’s stock in the country amounted to approximately 240 sq m/1,000 citizens, exceeding an average ratio for Europe, but being still below average for Western Europe.

Furthermore, due to increasing competition and saturation of retail space in Poland, in particular in major cities, developers are working on mixed-use schemes, combining commercial features (office, retail, entertainment and cultural) forming unique projects. Examples: Hala Lodowa, Hala Koszyki, Mielec Forum, Centrum Praskie Koneser, Hala Koszyki or ArtM in Warsaw. These kind of investments are usually considered supplementary to the offer represented by the traditional shopping centres. In 2015, the vacancy rate in shopping centres in Poland remains at a stable level and did not exceed 5%. Additionally the demand for retail space noted a relatively good pace in 2015. A number of chains have made their debuts in the Polish market, e.g. the French bakery Paul, the French fashion brand Kiabi and the British fashion brand SuperDry. Moreover, other chains plan to invest in Poland and open their first stores in the country. These are i.a. Pizza restaurant Papa John’s and the US fashion brand Forever 21.

Monthly headline rents for retail space in shopping centres have remained stable in Poland in 2015. The highest rents for prime units (below 100 sq m) in prime projects are recorded in Warsaw and noted an increase in 2015 to the level exceeding EUR 150/sq m/month. In the regional markets the rents are usually lower and depend on a number of factors, e.g. tenant brand, the size of the unit, and its location within a project.
The traditional retail offer is no longer satisfying modern consumers. It is recognized that retail schemes should also operate as a social or meeting place, offering other things than just doing the shopping. It should not only be about being in particular place, making purchases, benefitting from entertainment and cultural facilities but also remembering the place as an interesting, exceptional product on the market whereby the client remains loyal.

Adjusting the retail offer is also seen in other retail formats, such as outlet centres or retail parks where fitness clubs or cinemas are opening. Until recently, the offer of outlet centres consisted of nearly 100% fashion tenants. Currently, developers are implementing extended foodservice offers or playgrounds for children.

The retail market in Poland is getting more mature and more saturated. The average saturation of retail space in Poland is approx. 240 sq m/1,000 inhabitants which is slightly above to the EU average saturation. A result of the development of the Polish retail market is the launch of new formats of retail facilities, such as mixed-use projects, communication centres, convenience shopping centres and the expected development of high street retail.

As a consequence of increasing customer demand, developers are working on large-scale schemes, known as mixed-use projects. By combining commercial features such as retail, office, entertainment and cultural items, forming one unit, mixed-use projects create a unique and recognizable place on the map of the city. These kinds of projects can be considered similar to high street retail which constitute only a supplement to the traditional shopping centres, and cannot be considered as their competition. Examples of mixed-use projects might be ArTh, Bohemia, Hala Koszyki or Koneser in Warsaw. One of the most interesting is the Koneser project, located in the Praga district, combining residential, retail, business and cultural features.
The retail sector in Poland is still changing as the market is maturing. The most important is following the market trends, especially by developers, owners and retail chains which adjust the offer to the demanding consumers, looking for new ‘shopping experience’.

The value of the Polish e-commerce sector is predicted to reach PLN 35.8 bn in 2016 and may double within the next 5 years, reaching 10% share of the retail trade. Furthermore, it is forecasted that in 2020 e-shopping will account for 45% of the total sales income in Europe.

Strong e-commerce growth stimulates changes in existing stores (the volume of leased retail space, exhibition space and the pick-up place of the purchases made online). Therefore, entrepreneurs should bet on innovative solutions and technologies to win the race for customers.

**E-Commerce Sector**

One of the key factors influencing the Polish retail market is undoubtedly the rapidly growing e-commerce sector, which affects consumer’s behaviour. Progressive technological development and changing consumer habits result in a growing number of online consumers.

According to the data compiled by e-Commerce Polska, the growth rate of the e-commerce industry in Poland amounts to 15-20% annually and it is expected to maintain a stable level. It makes Poland one of the three fastest growing e-commerce markets in Europe (after Germany and Spain).

**E-commerce Trends:**

1. **Personalisation**
   - Big Data and modern marketing tools make it possible to customize offers for each client individually. This way of increasing a competitive advantage of the brand is gaining traction in the market.

2. **Cross-border sale**
   - By entering into force the Law on Consumer Right buying online in 2014, Polish law was adapted to EU regulations. Consequently, Polish online retailers are more willing to expand to foreign markets (i.e. Polish fashion platform Showroom is accessible in Germany) as safety of online shopping through the European Union increased.

3. **Omni-channel**
   - Multi-channel strategy is a response to changing clients’ habits and increasing requirements. Online shop is often the first place for researching products and comparing prices, while the purchases are made both online and in stores.

4. **Simplification of m-commerce**
   - Mobile commerce is becoming an increasingly important sale channel in Europe. Smartphone devices have re-visited their approach to shopping. In Poland, this form of product purchase is gaining importance, nevertheless, barely 13.9% of all online shoppers are buying by mobile devices (7.8% by smartphone and 6.1% by tablet), while in Europe 20% (12.5% and 7.5% respectively). It is still behind the average for the US, where approximately 27% of all online buyers do their shopping by mobile devices (14.4% by smartphone and 12.4% by tablet).

5. **Stronger role of UX (user experience) design**
   - Creating a positive shopping experience includes all stages of purchasing path as user experience encompasses all aspects of the end-user’s interaction with the company and its products. Small changes are often enough to influence consumer behaviour and purchasing decisions.

6. **One-day delivery, free delivery**
   - Terms of delivery are an increasingly distinctive advantage for online stores. It can determine a business’ success in a highly competitive market.

According to the consumers, making purchases should be easier and more convenient. As a result the projects which became more popular in recent times, are small retail centres with less than 5,000 sq m with few tenants and easy access to the items of daily needs.

In the largest agglomerations these are alternative solutions for hypermarkets in the shopping centres, and are usually located “on the way”, in the close vicinity of residential areas. In small cities they are usually the only centres, in which operate only few retail chains.

According to the Polis Koleje Państwowe SA (Polish State Railways) is also following the market trends, particularly regarding retail facilities as a recognizable place on the map, mostly by developing land situated close to railway stations. These are attractive areas with investment potential not only in large cities but also in smaller ones, usually close to the city centre. There are already a few such projects in Poland such as Galeria Katowicka or Poznań City Center. The negotiations on further projects assume combining the functions of office, residential, retail and recreational and sports areas. The company plans to build 40 such projects by the end of 2018.

**Communication Centres**

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Contacts in Poland:
+48 22 596 50 50
www.KnightFrank.com.pl

RESEARCH
Elżbieta Czerpak
elzbieta.czerpak@pl.knightfrank.com

ASSET MANAGEMENT
Monika A. Dębska - Pastakia
monika.debska@pl.knightfrank.com

ASSET MANAGEMENT - OFFICES AND LOGISTICS
Bartłomiej Łepkowski
bartlomiej.lepkowski@pl.knightfrank.com

ASSET MANAGEMENT - RETAIL
Małgorzata Szychułda
malgorzata.szychulda@pl.knightfrank.com

CAPITAL MARKETS
Joseph Borowski
joseph.borowski@pl.knightfrank.com

COMMERICAL AGENCY - OFFICE
Izabela Potrykus-Czachowicz
izabela.potrykus@pl.knightfrank.com

COMMERICAL AGENCY - RETAIL
Paweł Materny
pawel.materny@pl.knightfrank.com

PROPERTY MANAGEMENT
Magdalena Oksańska
magdalena.oksanska@pl.knightfrank.com

VALUATIONS
Grzegorz Chmielak
grzegorz.chmielak@pl.knightfrank.com

Contacts in London:
INTERNATIONAL RESEARCH
Matthew Colbourne
matthew.colbourne@knightfrank.com

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