

# Polish retail market remains strong in 2017

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**Results comparable to 2016. 20 new foreign brands and over 330,000 sq m of shopping centre space delivered to market. Retail transaction volume exceeded €1.9 billion.**

**Advisory firm JLL highlights the results on the retail market in Poland for 2017.**

Total retail stock in Poland currently totals 13.8 million sq m GLA, the majority of which consists of shopping centres – 408 such projects account for nearly 9.8 million sq m. The remaining formats include retail parks and stand-alone warehouses: 3.8 million sq m, and outlet centres: 0.24 million sq m.

“During 2017 the retail market grew by 466,000 sq m of modern retail space in all formats. Shopping centres accounted for 331,000 sq m – which is a result comparable to 2016’s volume. In terms of location, the new shopping centre space delivered in 2017 was concentrated to a large degree in top tier agglomerations. This trend will very likely continue, as more than 70% of emerging shopping centre stock will be located in major metropolitan areas”, comments Anna Wysocka, Head of Retail Agency, JLL.



Anna Wysocka, Head of Retail Agency, JLL.  
Image: JLL

## The biggest shopping centers delivered to market in 2017.

Project	City	GLA (sq m)
Glar Galeria Północna	Warsaw	64,000
Wroclawia	Wrocław Wrocław	64,000
Skende Shopping	Lublin	57,500
Serenada	Kraków	42 000
Vivo!	Krosno	22,000

### Source: JLL, Q4 2017

The Polish retail market remained strong in the fourth quarter of 2017. The market saw growth of 236,000 sq m of new GLA across all retail formats, accounting for approximately 51% of total new stock delivered in 2017. In Q4 2017, five new shopping centres entered the market and four more were extended.

Thanks to recent openings, shopping centre density in Poland now stands at 255 sq m per 1,000 inhabitants although this is still below the Western European average (266 sq m / 1,000 inhabitants).

“Around 361,000 sq m of shopping centre space might be delivered to market in 2018, out of which nearly 327,000 sq m is under construction. Investors continue to find value in mixed-use projects. Although, the majority of such projects are in Warsaw, we can see that the first examples of such developments are starting to appear in regional cities as well”, comments Joanna Tomczyk, Research Analyst, JLL.

## The largest investment undergoing development

Project	City	GLA (sq m)
Glar Galeria Młociny	Warsaw	76,000
Forum Gdańsk	Gdań Gdańsk	62,000
Libero	Katowice	45,000
Gemini Park	Tychy	36,600

Color Park	Nowy Targ	27,000
Nowa Stacja	Pruszków	26 800

**Source: JLL, Q4 2017**

## **Demand and rents**

“Last year 20 new international brands entered the Polish market; a slight increase on 2016, confirming that Poland remains an attractive and stable market for tenants. Interestingly, new entrants largely represent the mid to upper market segment, which demonstrates the confidence of these brands in the strength of the Polish shopper, who is increasingly perceived as someone who looks for goods of a higher quality”, underlines Anna Wysocka.

Exemplary market debuts of 2017 included the opening of a store with a full offering of the American Victoria’s Secret brand in Arcadia, the entrance of the British toy chain Hamley’s and the debut of Russian fashion brands from the Melon group: Befree, Zarina, Love Booking in Galeria Północna as well as the Spanish Sfera in Wroclavia.

Prime shopping centre rents, which refer to units of 100 sq m earmarked for fashion & accessories and located in the best performing assets in a given city, remain the highest in Warsaw (up to €130 / sq m / month). JLL anticipates that prime rents in Poland’s other major markets, which currently range from €45 / sq m / month to €60 / sq m / month, will remain stable in the short- to mid-term.

## **Retail investment market**

“Last year saw over €1.93 billion of retail investment deals concluded in Poland. However, it is worth underlining that some major transactions that were expected to close by the end of 2017 have been moved to early 2018, suggesting a strong start to the year ahead. One such transaction – the sale of the portfolio of 28 retail schemes for approximately €1 billion – took place at the beginning of January”, says Agata Sekuła, Head of Retail Investment CEE at JLL.

The major retail transactions completed in Q4 2017 included: the sale of Magnolia Park in Wrocław by Blackstone to Union Investment for approx. €380 million, the sale of four retail parks – two in Warsaw Agglomeration and one in both Katowice and Poznań – by IKEA Centres to Pradera European Retail Parks SCSp, and the acquisition of outlet centres (Warsaw Agglomeration, Gdańsk and Sosnowiec) by the Deutsche Asset Management fund, as well as the sale of Galeria Słoneczna in Radom and Alfa in Białystok.



Agata Sekuła, Head of Retail Investment CEE at JLL. Image: JLL

The prime yields for best-in-class, dominant, major shopping centres in Poland currently stand at 4.9%, while prime retail parks are expected to trade at approximately 7.0%.

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