

# PRCH RETAIL RESEARCH FORUM

REPORT H1 2016

*Morena shopping centre*



**POLSKA RADA  
CENTRÓW HANDLOWYCH**  
POLISH COUNCIL  
OF SHOPPING CENTRES

## Report H1 2016

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## Report H1 2016



**Radosław Knap**

General Director  
Polish Council of Shopping Centres

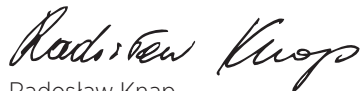
### Ladies and gentlemen,

We are happy to provide you with another edition of the PRCH Retail Research Forum Report, which is the result of the work of the best specialists in retail market research. The development of shopping centres continues; new assets are built, the older ones are modernised and extended, new retail chains and new technologies appear. These positive events make us very happy.

Traditionally, the first part of the report contains the most important information and parameters describing the Polish retail market by the end of H1 2016. In this chapter, you will find data concerning the retail space density, the vacancy rate, a summary of investment transactions and a list of assets which have been newly-built or extended. I would particularly encourage you to get familiar with the subchapter, in which we present data obtained from our unique PRCH Turnover Index, providing information on trends in turnover and sales efficiency.

The previous half of 2016 was also a time of a heated debate concerning restrictions to be imposed on trade. From January to June, the Polish Council of Shopping Centres actively participated in consultations concerning the new Polish retail tax, which we believed to be harmful for trade from the very beginning. With a great concern, we were watching the action of Solidarność trade union to gather signatures under the voter bill initiative to considerably limit trading on Sundays. At the same time, we were trying to educate and explain the specificity of the functioning of retail projects and draw attention to the negative consequences of the said regulations. We are going to continue our actions to stop this bill, which is detrimental to trade. A more detailed study of the above-mentioned topics can be found in the third chapter of the report.

Enjoy the reading!



Radosław Knap  
General Director  
Polish Council of Shopping Centres

### H1 2016 Report PRCH Retail Research Forum

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# 1 CURRENT CONDITION OF THE RETAIL MARKET IN POLAND

*Radosław Knap, Bożena Garbarczyk, Piotr Pierikos, Anna Staniszevska, Wioleta Wojtczak*

## 1.1. STOCK OF RETAIL SPACE AND RETAIL FORMATS

As of the end of H1 2016, the total retail space stock in Poland amounted to 11,127,000 sqm within 486 projects, divided into three formats: traditional shopping centres, retail parks and outlet centres.

Traditional shopping centres include specialised centres (namely DIY and interior design) as well as mixed-use projects, whose aggregate space totalled 191,000 sqm by the end of H1 2016, which compared to the end of 2015 is an increase by 30,000 sqm within a single project: DomExpo in Warsaw.

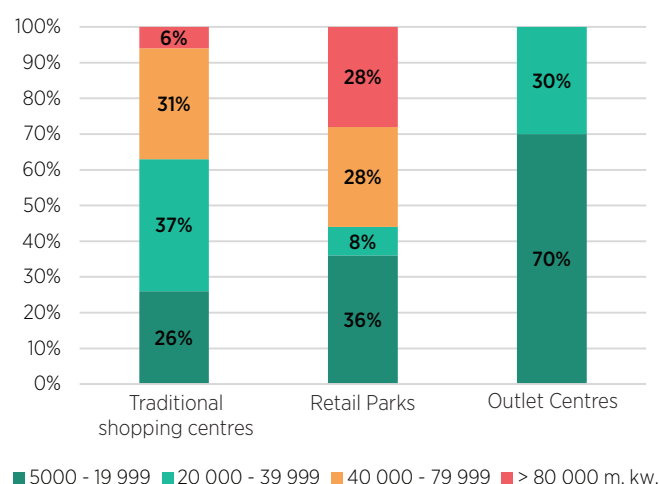
Traditional shopping centres create the largest share in terms of the existing space volume and the number of projects, nearly 90% of the market; retail parks constitute 8% and outlet centres – 2%.

It is worth noting that even though the share of the latter remains at an unchanged level, throughout the past two years the area of outlet centres increased by 20% within seven projects (two new buildings and five extensions). Such projects display the least diversification in terms of the project size. Small assets with an area under 20,000 sqm constitute 70%. The remaining 30% are medium-sized projects, whose floor space, mainly thanks to extensions, totals between 20,000 sqm and 40,000 sqm.

The size structure of shopping centres and retail parks is much more diversified. In the case of retail parks, the majority of projects in stock are small buildings under 20,000 sqm (340,000 sqm distributed across 39 projects) or large-scale ones exceeding 80,000 sqm (there are only three such projects with an aggregate area of 261,000 sqm). The situation is different in the case of shopping centres. The largest share consists of medium-sized centres with a floor space between 20,000 sqm and 40,000 sqm (3.68 million sqm across 130 projects).

The analysis of shopping centres in terms of the location and scale of projects shows that in the smallest towns with a population under 100,000 inhabitants, nearly 80% of existing assets are shopping centres with a floor space under 20,000 sqm. Medium-sized cities (between 100,000 and 400,000 inhabitants) are dominated by projects between 10,000 sqm and 30,000 sqm – this is more than 60% of all shopping centres. The largest agglomerations are mature markets, which are the most diversified; both small buildings as well as large-area assets constitute a considerable share in the number of projects. As a result, it is difficult to determine the average scale of projects typical for the largest cities; this is determined mostly by the micro location.

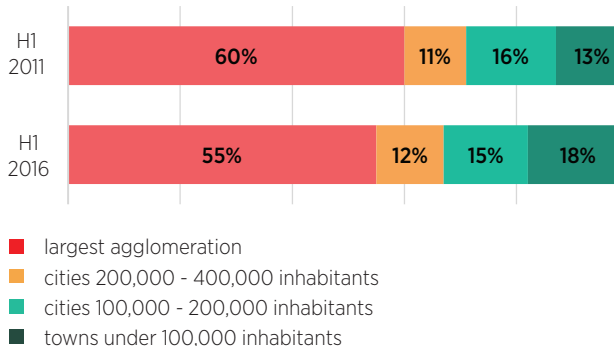
**Fig. 1. Retail formats by their floor space (H1 2016)**



Source: PRCH Retail Research Forum, H1 2016

H1 2015 was very peaceful in terms of the developer activity; as a result, the supply structure by location did not change during the past half a year. The majority of stock (55%) is located in the largest agglomerations: 6.12 million sqm. However, the share of agglomerations in the total stock in the country has been decreasing year by year in favour of the smallest towns inhabited by less than 100,000 people. Within the past five years, there has been a 5% shift of the market share to this category of destinations. Given the fact that a considerable share of space under construction is located in the largest agglomerations, next year we are going to witness a reversal of that trend.

**Fig. 2. Changing structure of the retail space stock in Poland; H1 2011 vs. H1 2016**



Source: PRCH Retail Research Forum, H1 2016

## 1.2 NEW SUPPLY, SPACE UNDER CONSTRUCTION, VACANCIES

In H1 2016, no considerable number of new openings or extensions of existing shopping centres were recorded. The stock of retail space in Poland increased by only 80,000 sqm. Three new shopping centres were opened for customers, and extensions of other five projects were completed.

The new assets in the retail map of Poland are: Galeria Glogovia in Głogów, with an area of 25,000 sqm, Galeria Awangarda in Bartoszyce, with an area of 7,000 sqm, and Karuzela Września, offering 12,000 sqm of retail space. The following shopping centres were extended: Atrium Promenada in Warsaw, by 3,450 sqm, Auchan Gdańsk by 3,000 sqm, Galeria Sudecka in Jelenia Góra, by 15,000 sqm, and Morena in Gdańsk by 8,000 sqm, as well as a single retail Galeria Leszno, by 6,500 sqm.

**Table 1. List of openings of new and extended assets H1 2016**

| No. | City         | Project name                 | Format | GLA    | Q 2016 | Developer                    |
|-----|--------------|------------------------------|--------|--------|--------|------------------------------|
| 1   | Warsaw       | Atrium Promenada (extension) | SC     | 3,450  | Q1     | Atrium ERE                   |
| 2   | Głogów       | Galeria Glogovia             | SC     | 25,000 | Q1     | Saller                       |
| 3   | Bartoszyce   | Galeria Awangarda            | SC     | 7,000  | Q2     | OPB Development              |
| 4   | Gdańsk       | Auchan Gdańsk (extension)    | SC     | 3,000  | Q2     | Immochan                     |
| 5   | Jelenia Góra | Galeria Sudecka (extension)  | SC     | 15,000 | Q2     | Echo Investment              |
| 6   | Września     | Karuzela Września            | SC     | 12,000 | Q2     | Boza Inwestycje              |
| 7   | Gdańsk       | CH Morena (extension)        | SC     | 8,000  | Q2     | Carrefour Polska             |
| 8   | Leszno       | Galeria Leszno (extension)   | RP     | 6,500  | Q2     | Multi Mall Management Poland |

Source: PRCH Retail Research Forum, H1 2016

However, it is worth remembering that despite the relatively small number of new openings in the first half of the year, in the second half we are going to see nearly 300,000 of new retail space, which is under development in 22 new and extended projects. More openings of nearly 420,000 sqm within 15 projects which currently are under construction have been scheduled for the next year and early 2018.

Out of the total volume of 720,000 sqm which are currently being constructed, 64,600 sqm are developed as extensions of assets in stock. Among the largest extensions, there are Galaxy shopping centre in Szczecin (expansion of the leasable space by 17,000 sqm), outlet centre Metropolitan Outlet Bydgoszcz (extension by 11,500 sqm), and shopping centre Vivo! Stalowa Wola (extension by 10,000sqm). The largest new shopping centres under construction are Posnania in Poznań (100,000 sqm), Galeria Północna in Warsaw (64,500 sqm), Wroclavia in Wrocław (64,000 sqm), and Forum Gdańsk (62,000 sqm).

Thanks to Posnania, Wroclavia, Galeria Północna, Forum Gdańsk as well as a few smaller projects (e.g. Serenada in Kraków, Galeria Libero in Katowice, Galeria Metropolia in Gdańsk or Gemini Park Tychy), and the extensions (i.a. Arkadia in Warsaw, the above-mentioned Galaxy in Szczecin or Retail Park Franowo in Poznań), the share of space under construction in the largest agglomerations is now more than 81%. The cities with the population between 100,000 and 400,000 inhabitants constitute less than 3%. (2 projects: RP Kalinka in Kalisz and the

above-mentioned Metropolitan Outlet Bydgoszcz), whereas the smallest towns constitute 16% of the total volume.

According to estimates, in the case of shopping centres currently under construction, the ultimate structure of formats is practically identical with the structure of space currently in stock.

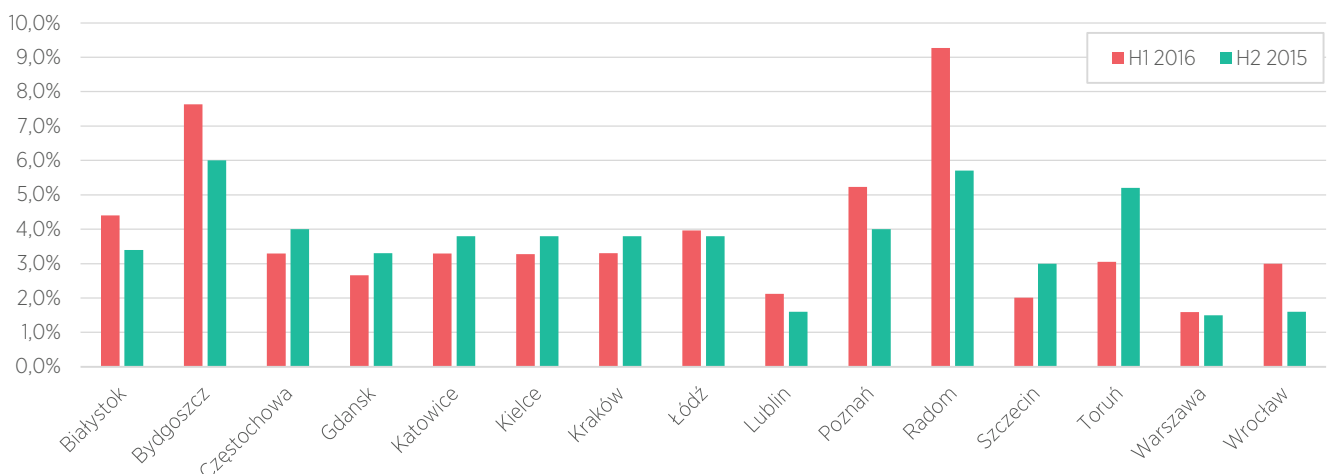
The vacancy rate in the eight largest agglomerations amounted to 3.3%, according to the latest research conducted by Polish Retail Research Forum by the end of H1 2016, and increased slightly (by 20 base points) compared to the result recorded by the end of the previous year.

The highest vacancy rate increase was recorded in Poznań and Wrocław (by 1.3 p.p. in both cities) and Bydgoszcz (by 1.7 p.p.), whereas the biggest decreases were recorded in Szczecin (by 1 p.p.) and Toruń (a drop by 2.1 p.p.)

The highest vacancy rates could be observed in Radom (9.3%) and Bydgoszcz (7.6%), whereas the lowest was recorded in Warsaw agglomeration (1.6%) and Szczecin agglomeration (2%).

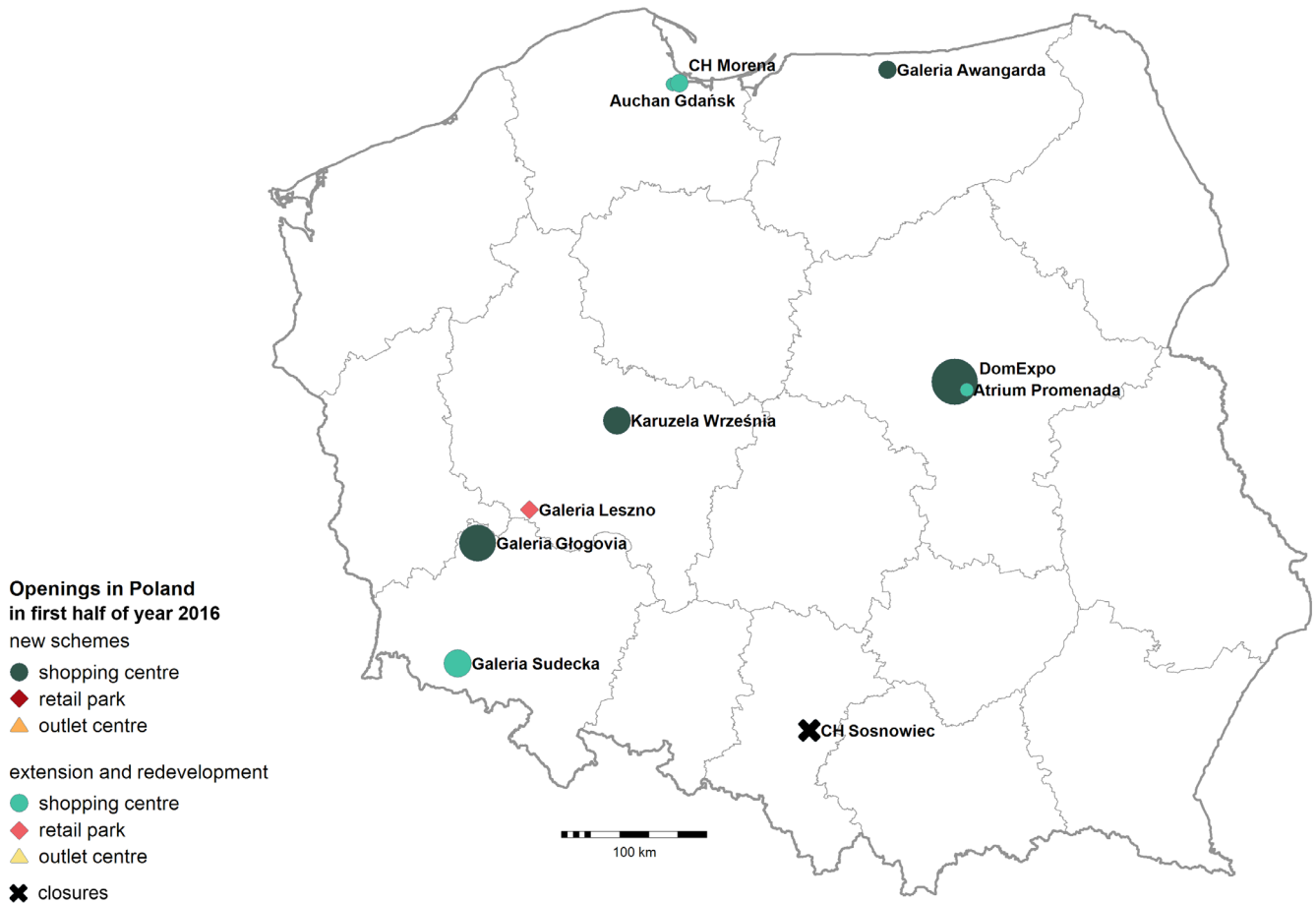
The rate reflects the competition, which is also related to the dynamics of the development of retail properties in each local market. Increases in the vacancy rate were recorded especially in the case of cities where new shopping centres are being built.

**Fig. 3. Vacancy rate in the largest cities in Poland, H1 2016**



Source: Colliers/PRRF

Fig. 4. Map of new openings and extensions in Poland, H1 2016



Source: PRCH Retail Research Forum H1 2016

### 1.3. RETAIL SPACE DENSITY AND SUPPLY AGAINST THE PURCHASING POWER OF CITY INHABITANTS IN H1 2016

In H1 2016, the value of the retail space density in the entire country was 289 sqm per 1,000 inhabitants. Compared to the end of 2015, the increase was less than 3 sqm per 1,000 inhabitants. If all shopping centres currently under construction are delivered within the next few years, the average density rate in Poland will increase to 308 sqm per 1,000 inhabitants.

The density in the largest agglomerations was 616 sqm per 1,000 inhabitants. Compared to the end of 2015, the rate is higher by slightly more than 4 sqm per 1,000 inhabitants. Growths by 10–15 sqm per 1,000 inhabitants took place in Warsaw, Poznań and Tri-City agglomerations, while in Katowice conurbation the density rate decreased by nearly 8 sqm per 1,000 inhabitants because of the closing of CH Sosnowiec. In large (200,000–400,000 inhabitants) and medium-sized cities (100,000–200,000 inhabitants), there are respectively 743 sqm (no changes compared to the previous period) and nearly 839 sqm per 1,000 inhabitants (a drop by 8.5 sqm per 1,000 inhabitants). Among all the cities with a population of more than 100,000 inhabitants, only Zielona Góra saw a considerable change in retail density (a decrease from nearly 676 to 580 sqm per 1,000 inhabitants), which, however, was not a result of changes in the local market, but of an administrative decision to include the rural commune Zielona Góra in the city limits, which was reflected in the analysis. This resulted in the above-mentioned drop of the density rate for the entire medium-sized cities category. The average value of the density rate for small towns with a population of less than 100,000 was 441 sqm per 1,000 inhabitants.

The floor space delivered to the market as a result of completion of projects under construction will increase the density rate mostly in the largest agglomerations and in small towns, where the investors and developers are currently most active.

The purchasing power of cities, where shopping centres are located, is determined thanks to the GfK General Purchasing Power index. The average amount of financial resources of city and town inhabitants per 1 sqm of space in stock and under construction is currently PLN 47,800 (for the space in stock alone: PLN 50,900 per a sqm).

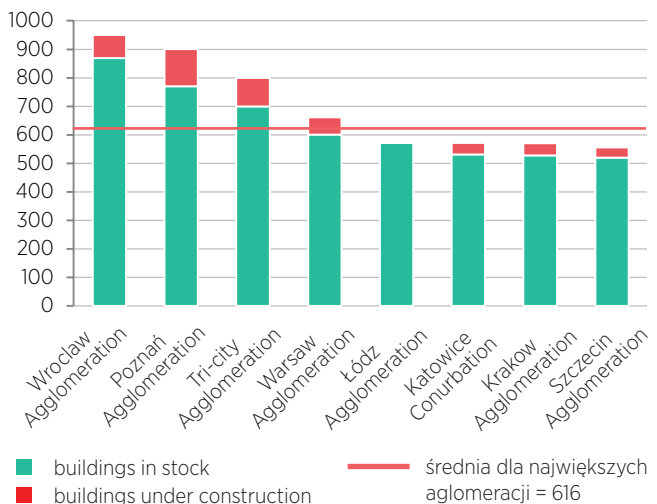
Overall, inhabitants of the largest agglomerations and small towns (under 100,000 inhabitants) have greater resources than the average for all cities and towns, respectively PLN 50,700 and PLN 56,600 a year per 1 sqm GLA. The average amount of capital per 1 sqm of retail space in large cities was PLN 37,200 PLN per a sqm GLA, whereas in medium-sized cities it was PLN 34,000 per 1 sqm GLA.

**Fig. 5. Average retail space density in sqm per 1,000 inhabitants in each size category**



Source: PRCH Retail Research Forum H1 2016

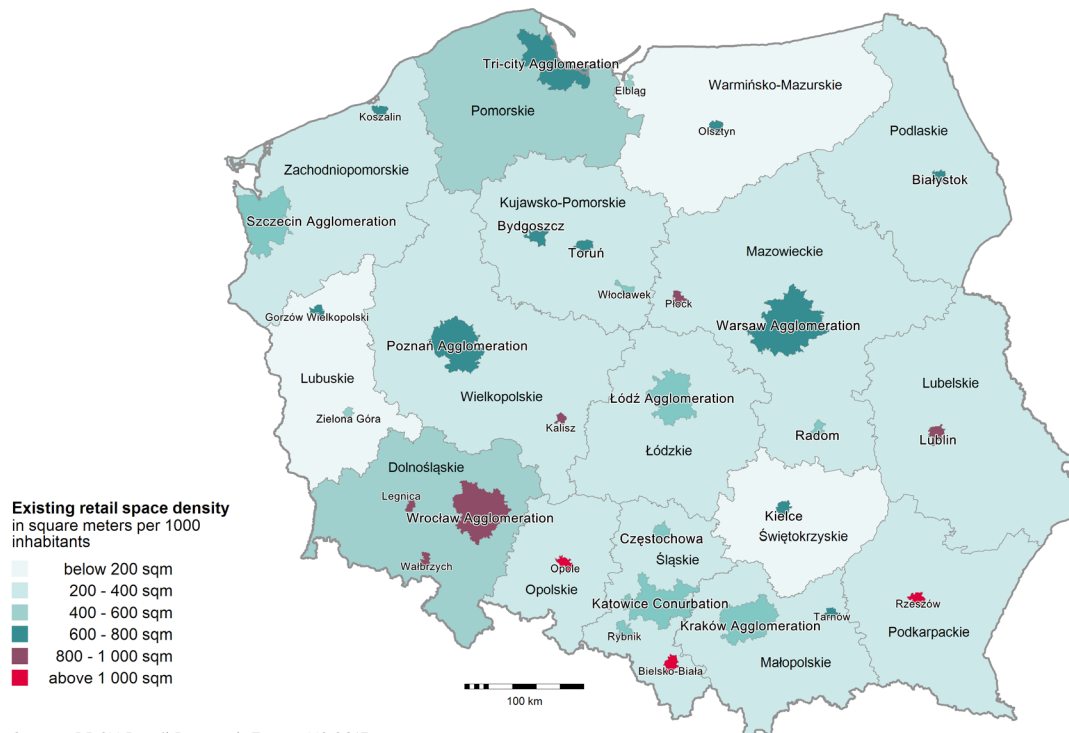
**Fig. 6. Retail space density in sqm per 1,000 inhabitants in the largest agglomerations**



Source: PRCH Retail Research Forum H1 2016



**Fig. 7. Existing retail space density map in sqm per 1,000 inhabitants**



Source: PRCH Retail Research Forum H2 2015

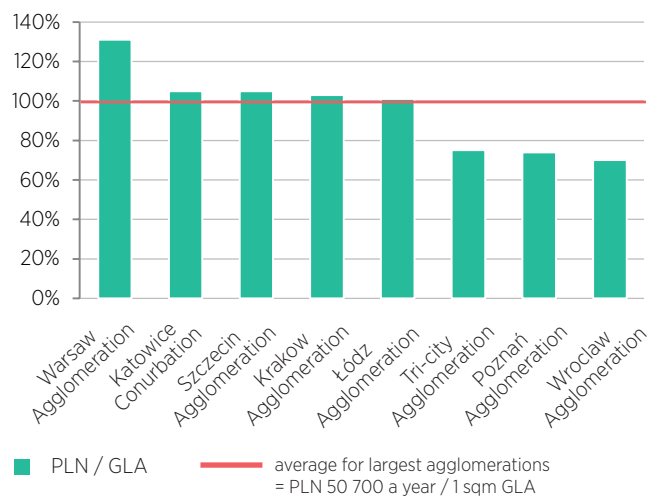
**Fig. 8. GfK General Purchasing Power in H1 2016 in thous. PLN against the retail space (existing and under construction) by city-size category**



Source: PRCH Retail Research Forum, H1 2016

If we look at the three largest agglomerations in detail, three of them: Tri-City, Poznań and Wrocław, achieve results considerably below the average for the largest agglomerations as well as the Poland-wide average.

**Fig. 9. GfK General Purchasing Power in H1 2016 compared to retail space stock (existing and under construction) in the largest agglomerations**



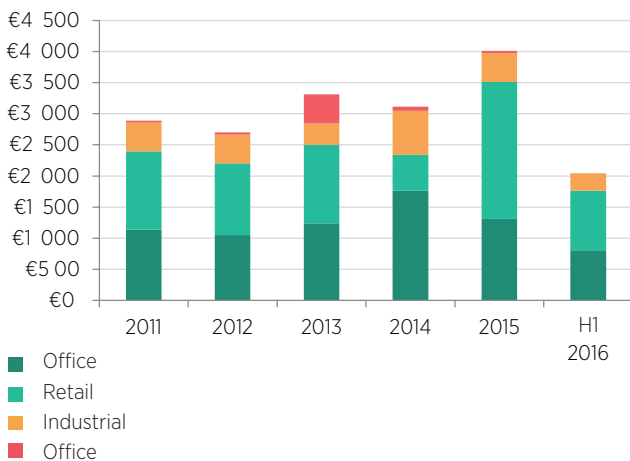
Source: PRCH Retail Research Forum, H1 2016

## 1.4 INVESTMENT TRANSACTIONS IN THE RETAIL MARKET IN POLAND IN H1 2016

In H1 2016, the total value of investment transactions in Poland amounted to more than EUR 2 billion. Compared to the corresponding period last year, the volume increased by more than 150%. However, it is worth stressing that such a high level of investments was a result of the purchase of 75% of shares in Echo Prime Properties by Redefine Properties fund from RSA for around EUR 891 million. Retail properties constituted around 75% of the value of the portfolio; the remaining part are office properties.

It was this very transaction, one of the largest in the history of Central and Eastern Europe, which resulted in the share of the retail sector in the entire volume amounting to 46.5%, and totalling EUR 956 million after adding a few minor deals. By comparison, in H1 2015, the total capital invested in retail projects was around EUR 260 million, which constituted 32.5% of the entire transaction volume.

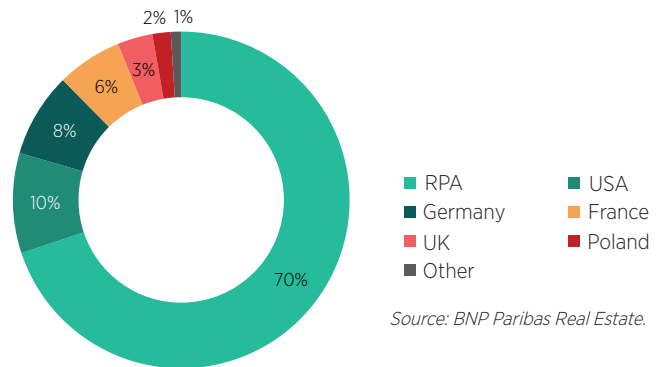
**Fig. 10. Investment transaction volume in Poland by sector (in million euros), 2011–H1 2016**



Source: BNP Paribas Real Estate.

In terms of the origin of capital, the definite leader in H1 2016 was a new player in the Polish market, the above-mentioned Redefine from RSA. A high activity of US and German funds could be seen as well, namely CBRE Global Investors (purchase of CH Jantar in Słupsk for around EUR 92 million) and Union Investment (purchase of Ferio Konin for around EUR 71 million). The interest in smaller assets and value add projects, whose value can be increased by extension or modernisation, is not decreasing. The majority of those investors, looking for attractive yields, were from the UK and Poland.

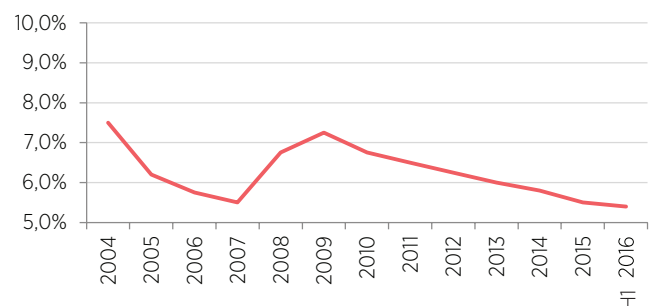
**Fig. 11. Origin of capital for investment transactions in the retail sector in H1 2016**



Source: BNP Paribas Real Estate.

A considerable interest in retail projects on the part of investors translated into an increase in prices and a decrease of capitalisation rates on prime assets, which amounted to 5.5%. In the case of remaining shopping centres, capitalisation rates on average oscillate between 6.50% and 7.50%, although there are also offers worth 8.0–9.0%.

**Fig. 12. Capitalisation rates for prime retail spaces in Poland from 2004 to H1 2016**

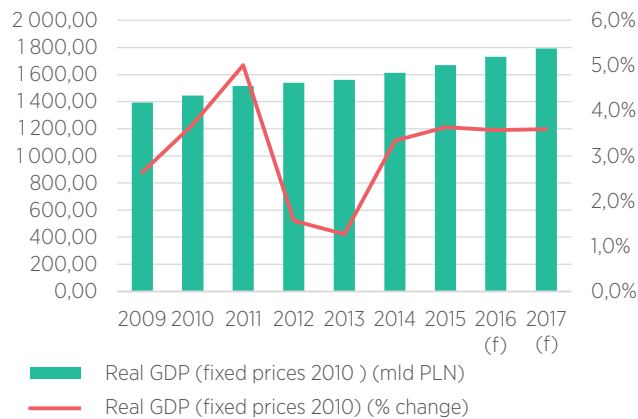


Source: BNP Paribas Real Estate.

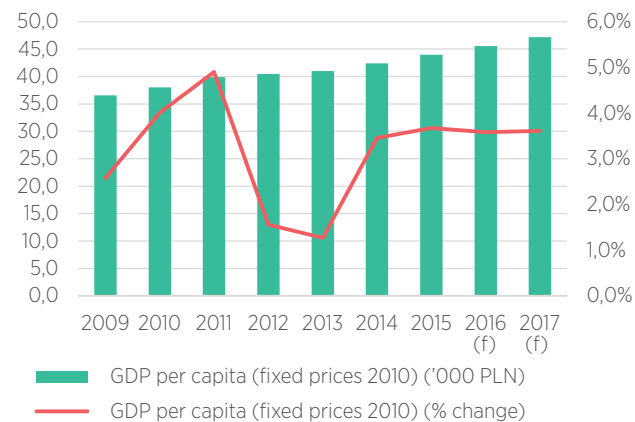
Given the transactions in the course of the due diligence process, as well as the unwavering interest of investors in the Polish market, BNP Paribas Real Estate expects that by the end of the year the total investment transaction volume will reach a level similar to the previous year, that is around EUR 4 billion. The share of the retail sector will oscillate around 50%.

## 1.5 CONSUMER POSITION IN THE MARKET KEY MACROECONOMIC FACTORS IN H1 2016

**Fig. 13. Real GDP**



**Fig. 14. GDP per capita**



**Fig. 15. Minimum wage in Poland**



**Fig. 16. Average monthly remuneration in Poland**

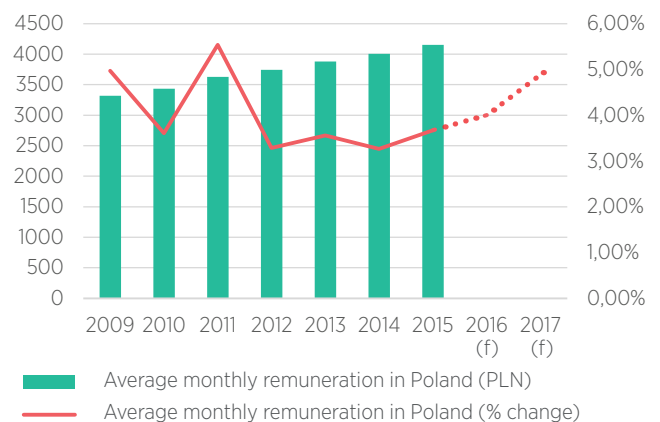
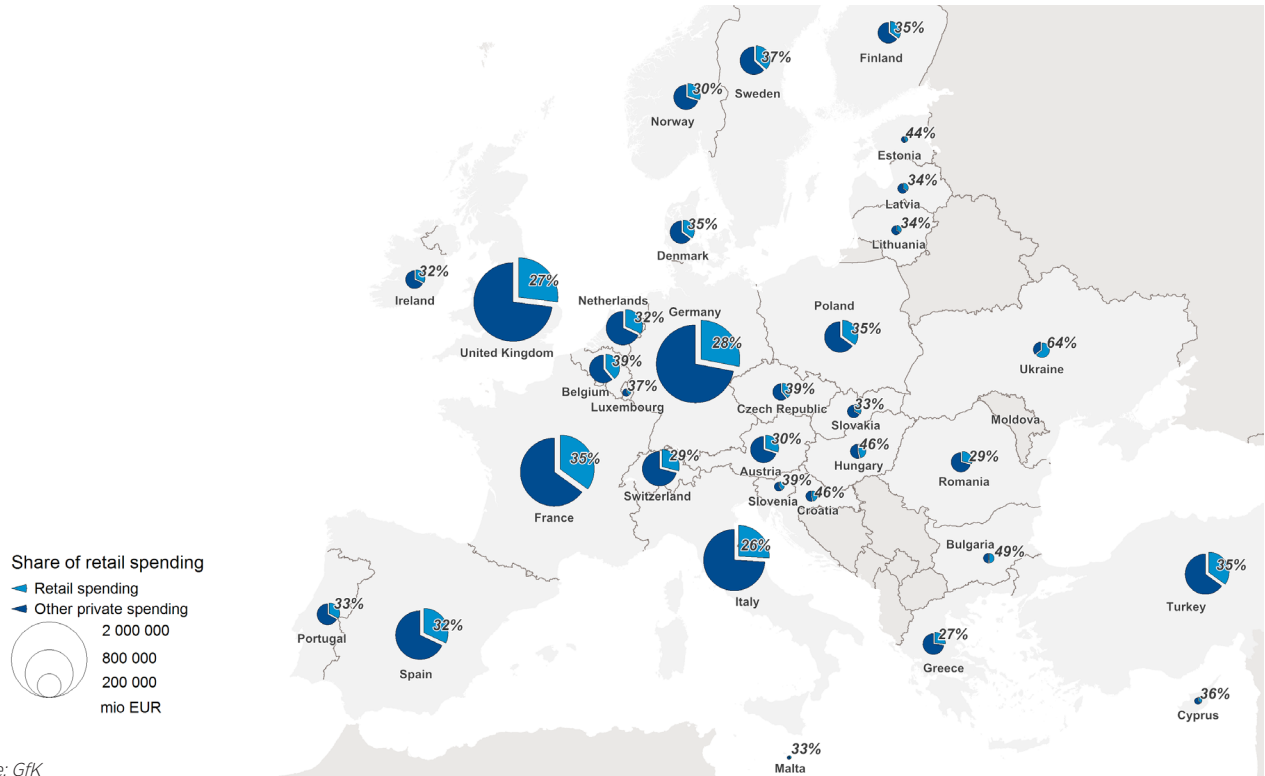
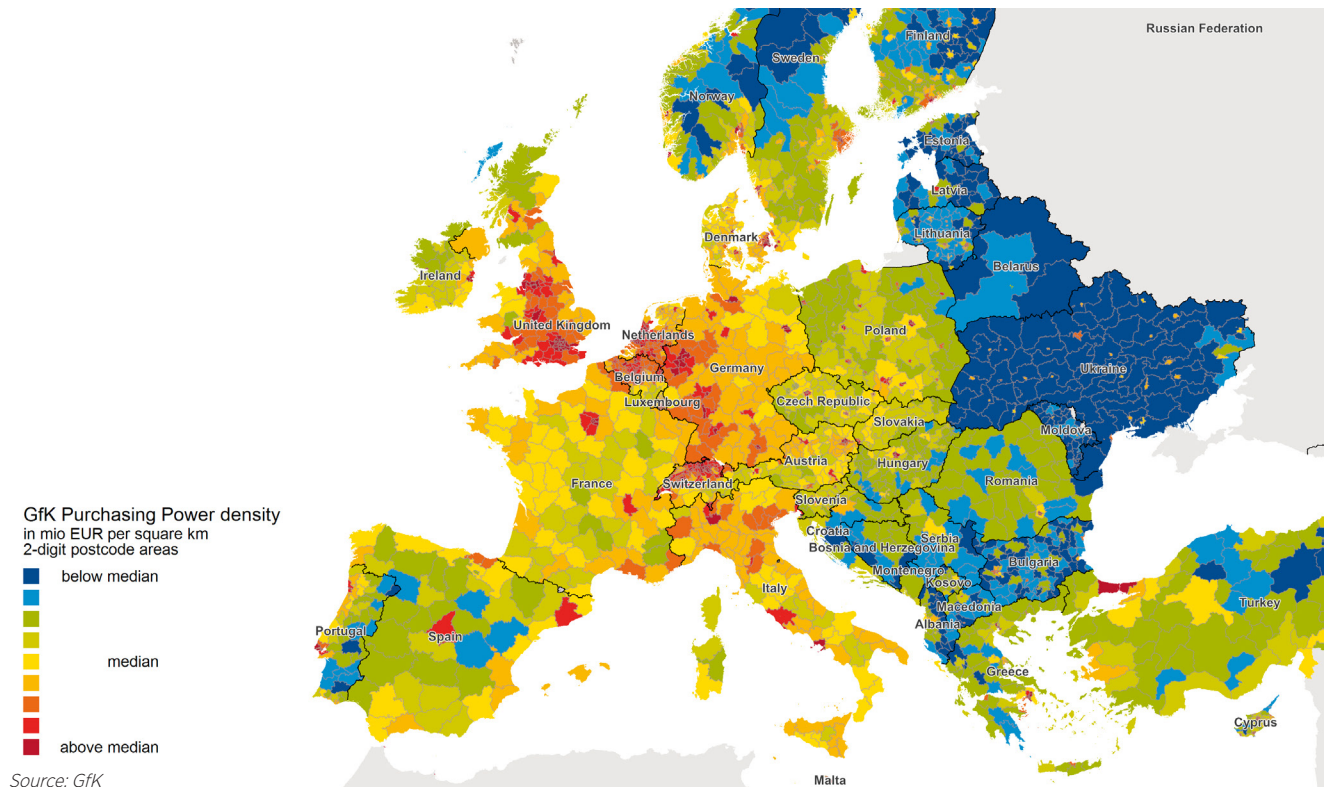


Fig. 17. Share of retail in private consumption



Source: GfK

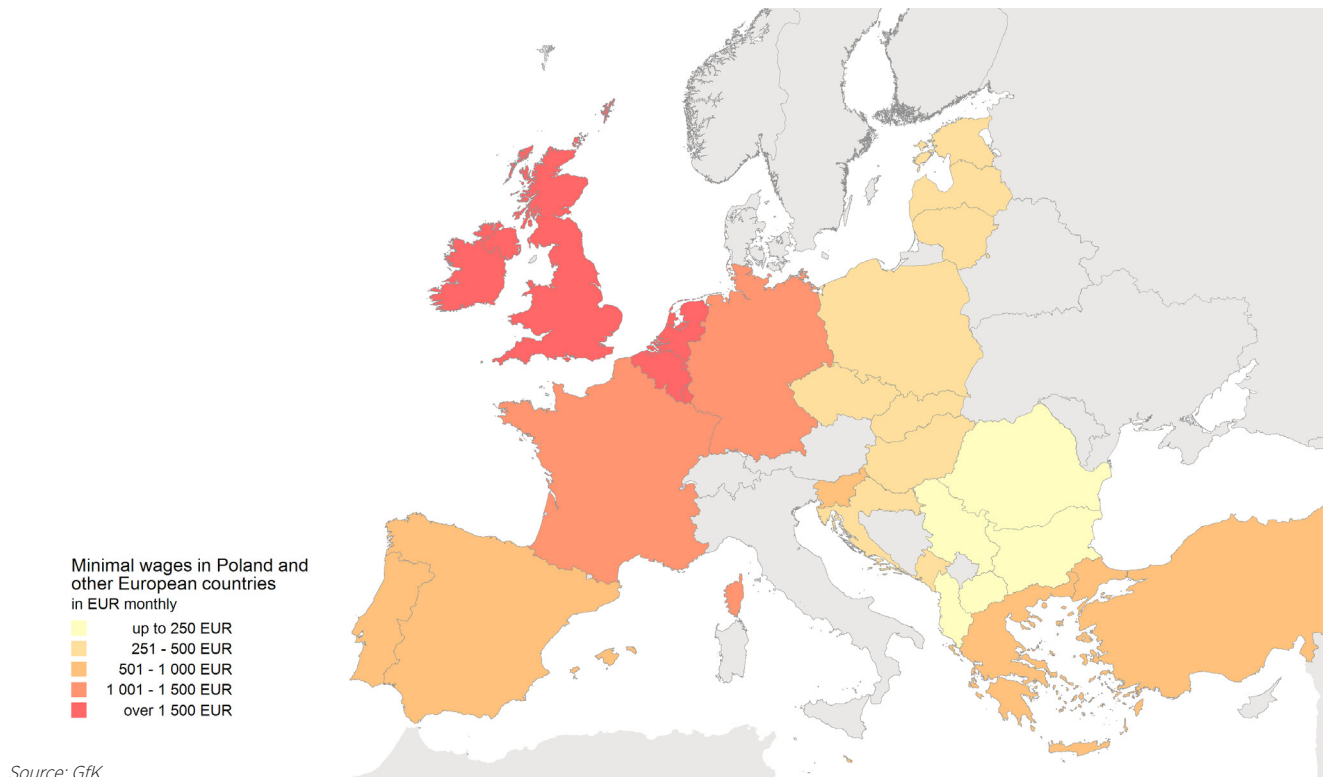
Fig. 18. GfK Purchasing power density in million euros per a square km



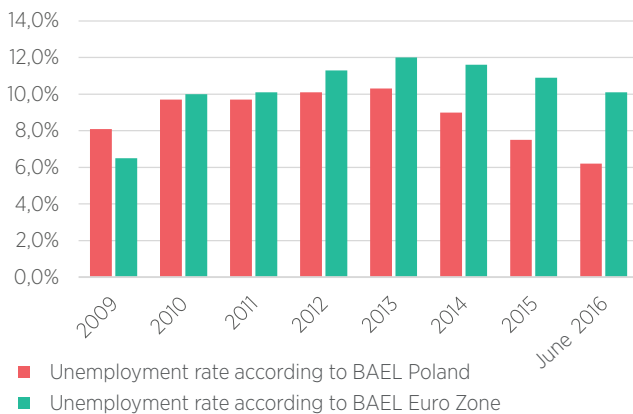
Source: GfK



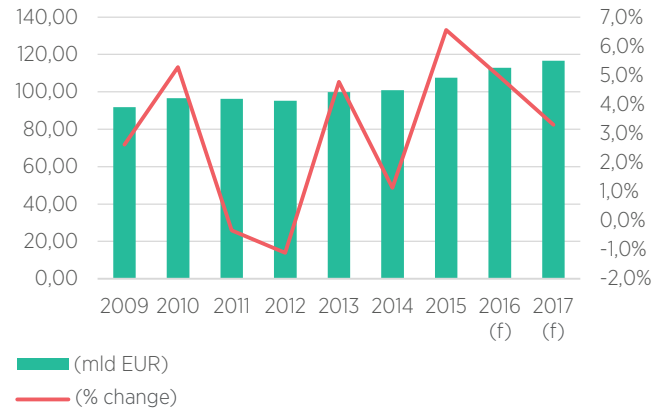
**Fig. 19. Minimum wage in Poland against other European countries**



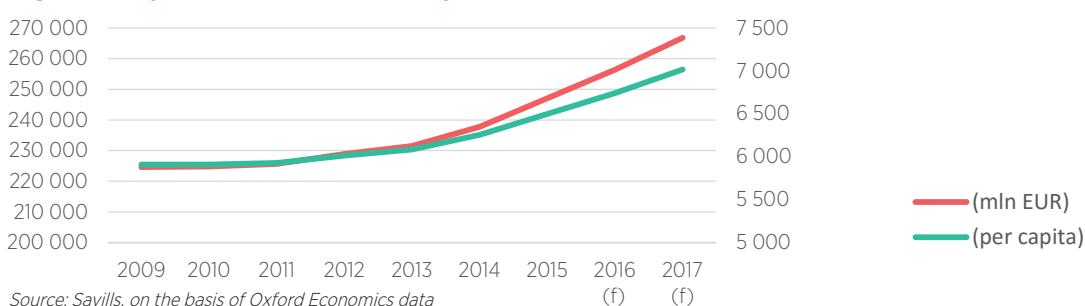
**Ryc. 20. Unemployment rate according to BAEI**



**Fig. 21. Retail sales (fixed prices 2010)**



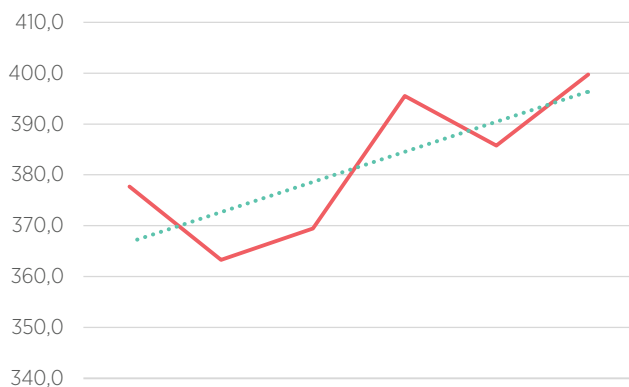
**Fig. 22. Disposable income (fixed prices 2010)**



## 1.6 SALES EFFICIENCY IN SHOPPING CENTRES IN POLAND IN H1 2016

The PRCH Database program was established in 2008 as a pioneering program in Poland, which is based on syndicate research of key factors for the retail industry. It involves reporting and presenting turnover in shopping centres in eight different categories per a sqm

**Ryc. 23. PRCH Footfall Trends – average footfall dynamics trend in H1 2016 (Poland, data from 74 shopping centres).**



Source: PRCH Retail Research Forum, H1 2016

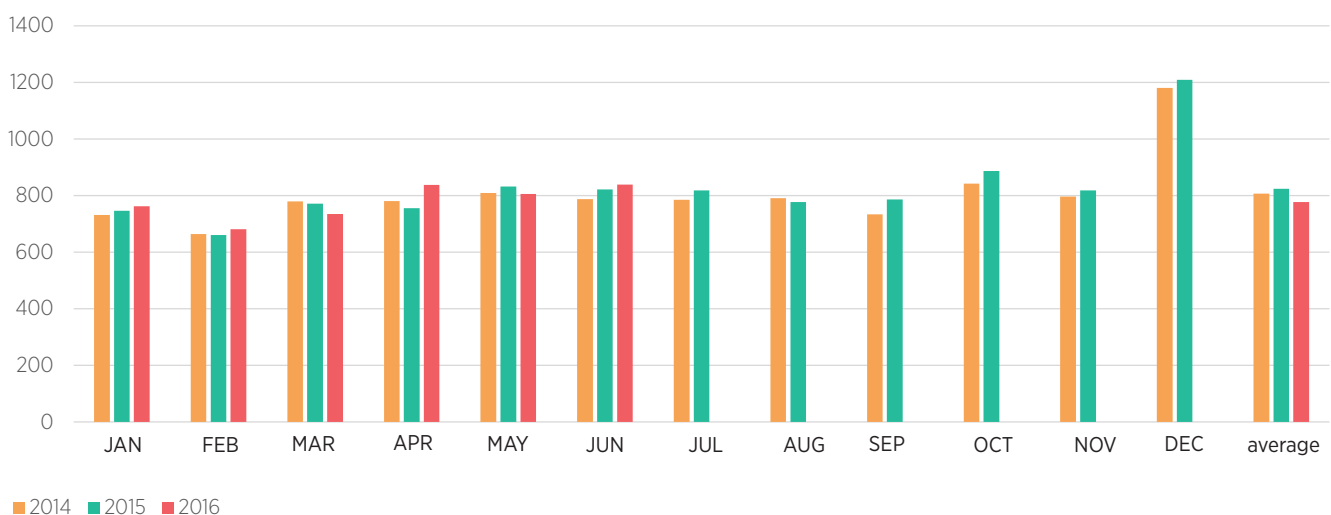
(PRCH Turnover Index), with more indicators to come. Also PRCH Footfall Trends index has been developed since 2012.

The program is constantly developed and adapted to the needs of its users. Data for the report are aggregated and presented per sqm GLA by retail categories or, in the case of the Footfall index, as an average number of visits in the analysed group of shopping centres.

The average footfall rate saw a continuation of the upward trend, and the value of aggregate change for the first six months of the year totalled 8.5%. Compared to the corresponding period of 2015, it recorded an increase by 3.4 p.p.

When analysing the turnover results per a sqm in separate categories of the Turnover Index PRCH report, it can be seen that some categories recorded considerable growths, while the rest remained at a stable level. Looking at the general picture of the results of all categories, there is an impression that the habits and needs of consumers are gradually changing. Let us look at the efficiency of sales per a sqm in each category.

**Ryc. 24. PRCH Turnover Index - average turnover (in PLN net) in shopping centres per a sqm GLA (Poland, all categories, >90 reported shopping centres)**



Source: PRCH Retail Research Forum, H1 2016

The highest increase since the beginning of the year was recorded in the category **Services**. This means that shoppers increasingly often use venues located in shopping centres such as bank branches, GSM operators or travel agencies. The cumulative change rate for this category for the past half a year was 15.2%, and the turnover per a sqm was PLN 2,528. Compared y/y it is possible to see a clear growth (13.6%).

Another category, which records constant increase, although at a slightly lower level (3.3% change month to month), is the category **Food**. Looking at these data, it would seem obvious, as food is an essential product; however, the PRCH Turnover Index does not include data from hypermarkets, only from smaller stores. This supports the thesis about changing consumer habits, who now buy food in specialised stores with traditional products or healthy food, and pay more attention to the quality of a product than to its price. The turnover rate for H1 2016 in this category amounted to PLN 590 per a sqm of leasable area.

Another category which recorded a stable level of turnover is **Home and interior**, including electronic appliances. In this case, the change rate year to year was 3.8%.

A stable level was also observed in the categories **Health and beauty** and **Specialised Products**. The former recorded an increase by 1.4% year to year, while the change rate since the beginning of the year was 1.8%. The latter recorded an increase by 4.8 p.p. compared to the corresponding period; the cumulative change rate in 2016 was 5.4%.

It was not a very successful half of a year for tenants from the **Entertainment** category, which recorded a drop in sales efficiency; compared year to year it decreased by -1.8%. The cumulative change in six months of this year was -2.6%.

On the other hand, in the category **Restaurants** (food court, restaurants, cafés), the sales efficiency rate PRCH Turnover Index remained at a stable level, with a 2.4% compared to the previous year.

The category Fashion and accessories, which totals as much as 52% of the reported floor space of shopping centres, traditionally recorded major fluctuations. They may be caused by seasonality and adaptation of the product. In H1 2016, sales in this category managed to recover losses

sustained in the first quarter and recorded a 0.3% increase YoY; the sales value in this category totalled PLN 746 net per a sqm.

To sum up the PRCH Turnover Index as an average turnover level in all categories, it would be possible to state that in H1 2016 there was a growth tendency, which is a good sign for the coming months. The cumulative change rate in all categories totalled 2.4% compared to 2015, while the average sales turnover per a sqm amounted to PLN 838 net.

**Tab. 2. Contents of reports and presentations in PRCH Database  
(PRCH Turnover Index & Footfall Trends)**

|  | Full PRCH Database Report<br>(for Participants<br>reporting data) | Monthly Brief<br>for all PRCH Members |
|--|---|---------------------------------------|
| Current YoY & YTD results  | ✓   | ✓                                     |
| Charts for general indexes   | ✓   | ✓                                     |
| Complete historical data in Excel files  | ✓   | -                                     |
| Statistics of market coverage: Shopping centres reported as a part of Polish retail market | ✓   | ✓                                     |
| Eight retail categories: total reported GLA and average annual turnover                    | ✓   | -                                     |
| Turnover Index in retail categories overview   | ✓   | ✓                                     |
| Turnover Index in retail categories per 6 regions  | ✓   | -                                     |
| Turnover Index in categories per 8 agglomerations  | ✓   | -                                     |
| PRCH Turnover Index by shopping centre size  | ✓   | -                                     |
| PRCH Footfall Trends by shopping centre size   | ✓   | -                                     |
| List of shopping centres reported  | ✓   | -                                     |
| Downloadable for verified users from secure external server                                | ✓   | -                                     |
| For all and only PRCH Members  | -   | ✓                                     |
| Reports for each month   | ✓   | ✓                                     |

Source: PRCH Turnover Index, H1 2016



## 2 FORMS OF LEASING

*Katherine Heiberg*

### 2.1 LEASING – LEASE AGREEMENT AND RELATIONAL CONTRACT

The relationship between a shopping center landlord and retail tenants needs to be treated very differently than the relationship between landlord and an office or a private tenant. The reason is that the retail space is an integrated part of the tenant's "production facility", the location of the retail space impact the operation of the store and vice versa.

The nature of lease contract has not changed for many years. It is based on the situation where the landlord has built a store, and the retailer want to use it and pay rent for getting access to it. Each party minds their own business as long as the rent is paid and the roof is closed; A very easy relationship.

Over the years a lot of new rules and terms of conditions have been entered in to the lease contract. The landlord wanted all the shops to have opened at the same time, so minimum opening hours were included to control the (opportunistic) behavior of the tenants. Turnover rent clauses were included for several reasons where one is to share risk and success, the other to give the landlord incentive to keep improve the attractiveness of the shopping center to consumers. However as the base rent for turnover rent its limited to 2-5% in most European countries the effect on landlord behavior is quite limited.

The more clauses that are included in the contract to try to control the behavior of the parties, the more expensive and time consuming they get to negotiate and administer. Furthermore the nature of the contract often results in a situation where landlords and tenants often end up as "enemies" instead of partners. (In the daily life running the stores and maintaining the mall this is of cause not the case, most shopping center managers understand the needs of their tenants and do the best they can to help them).

As the relationship between landlord and tenants is getting even more complex and integrated due to the importance of the life between stores and the omni-channel distribution

(see "Why we are at public space" and "Distribution formats") the paradigm for the lease contract needs to change.

The lease contract needs to change from a contract based on traditional and old-fashioned instore distribution channel principles - selling commodities - and into a contract regulating the relation and trust between the parties (a relational contract), so that both parties are motivated to a behavior that create most values for the consumers. And the relational contract also will have to embrace and promote the omni-channel performance.

(The step beyond relational contracts are vertical integration, the parties becoming one legal unit. That is a traditional department store)

A result of moving into a relational contract could be that there is no fixed length of the lease contract. As long as we benefit from each other the tenant stays, but if this is no longer the case, it is because the tenant is not used by the consumers, and therefore the tenant should not stay, no matter if it is after 2 years or 20 years. And why wait until a certain time of the year? If we are not making value together, then it is better to split right away.

The relational contract should not be used in all situations. A temporary pop-up store can be regulated by a contract based on simple market transaction, after a short period the tenant is out, neither landlord or the tenant makes a lot of investment in the relationship, and none of them are heavily depending on each other.

#### Conclusion

The paradigm of the lease contract is no longer a mirror of the complex relationship between landlords and most tenants in a shopping mall.

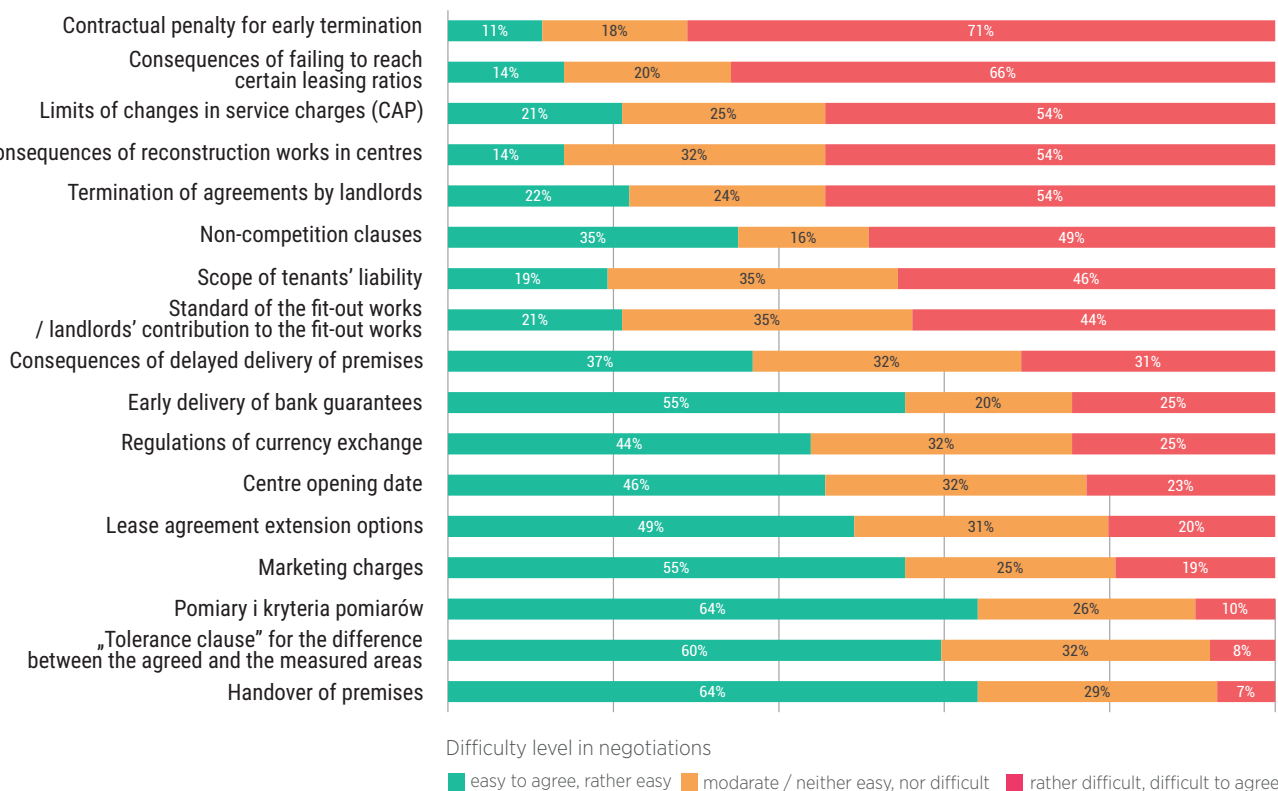
The contract strategy has to be changed to reduce transaction costs and encourage the behavior of both landlords and tenants to create as much value as possible to the consumer.

## 2.2 LEASE AGREEMENTS - MOST DISPUTABLE CLAUSES

This year, the Polish Council of Shopping Centres in co-operation with law firm Galt has conducted the second edition of a research on problematic clauses in lease agreements (CAWI – Computer Assisted Web Interview research). The survey was conducted at turn of March and April; it was participated in mostly by representative

of companies on higher managerial positions: directors, managers and specialists. In the survey, 48% of respondents were the representatives of tenants in shopping centres, whereas 45% represented landlords. Representatives of intermediaries, agencies and other businesses accounted for 7% of the surveyed.

**Fig. 25. Disputable clauses in lease agreements in 2016.**



Source: Lease agreements in shopping centres - the most disputable clauses, 2016, Galt & PRCH

**Tab. 3. The most disputable clauses - comparison of answers from 2014 to 2016**

| TOP 5 MOST DIFFICULT CLAUSES 2014 |  | TOP 5 MOST DIFFICULT CLAUSES 2016 |  |
|-----------------------------------|--|-----------------------------------|--|
| 1                                 | Consequences of failing to reach certain leasing ratios – <b>72%</b> | 1                                 | Contractual penalty for early termination – <b>71%</b>               |
| 2                                 | Consequences of reconstruction works in centres – <b>66%</b>         | 2                                 | Consequences of failing to reach certain leasing ratios – <b>66%</b> |
| 3                                 | Contractual penalty for early termination – <b>60%</b>               | 3                                 | Limits of changes in service charges (CAP) – <b>54%</b>              |
| 4                                 | Limits of changes in service charges (CAP) – <b>51%</b>              | 4                                 | Termination of agreements by landlords – <b>54%</b>                  |
| 5                                 | Standard of the fit-out works – <b>42%</b>                           | 5                                 | Consequences of reconstruction works in centres – <b>54%</b>         |

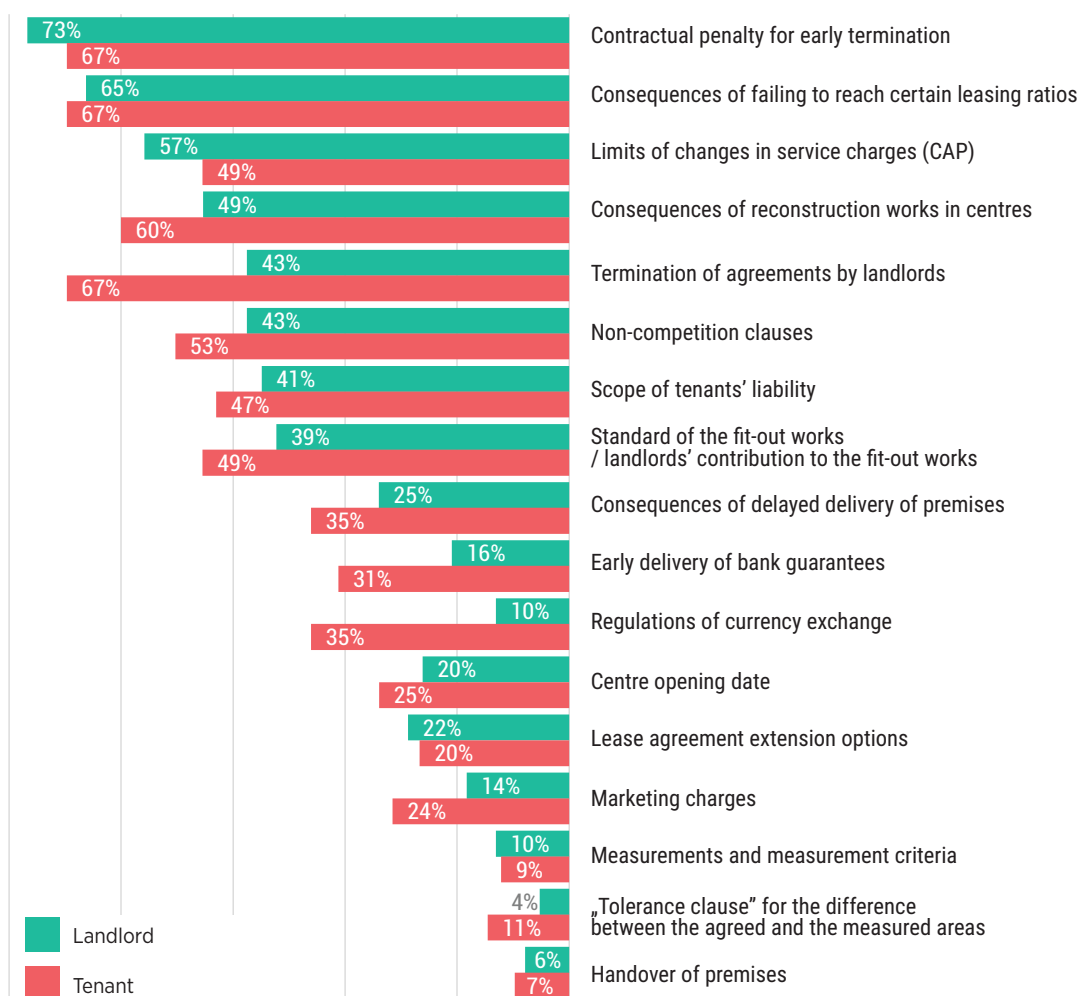
Source: Lease agreements in shopping centres - the most disputable clauses, 2016, Galt & PRCH

Throughout the past two years, considerable changes took place with respect to the issue of the non-competition clauses and the scope of tenants' liability. The perception of these clauses as difficult points during the negotiations increased by 20 pp, which positioned them respectively on the 4th and 5th place in this ranking. It is worth noting that there were very few (16%) neutral responses concerning non-competition clauses, claiming that their difficulty is moderate, which may show that the importance of the issue varies considerably depending on other factors.

## Summary

The conducted survey displayed considerable differences in the perception of particular clauses in lease agreements by tenants and landlords. Among the issues which are generally considered to be the most time-consuming, both tenants and landlords agree on the two most difficult ones, namely contractual penalties for early termination and the consequences of failing to reach certain leasing ratios. Settling the issue of regulating service charges is more problematic for landlords. All remaining issues are more problematic for the representatives of tenants.

**Ryc. 26. Comparison of responses of landlords and tenants**



Full version of the report:

<http://galt.pl/raporty/umowy-najmu-w-centrach-handlowych-najbardziej-sporne-klauzule-2016/>

<http://prch.org.pl/aktualności/z-prch/wynajmujący-vs-najemcy---czyli-najbardziej-sporne-klauzule-w-umowach-najmu-w-centrach-handlowych>

Source: Lease agreements in shopping centres – the most disputable clauses in 2016, Galt and PRCH

3

## NEW LAW REGULATIONS AND THEIR EFFECTS ON RETAIL AND SHOPPING CENTRES

### 3.1 TAX ON RETAIL SALES (the so-called retail tax) - legal comment.

*Rafał Mierkiewicz, Sylwia Kilińska, Aleksandra Trzópek*

On 1 September 2016 the Retail Tax Act of 6 July 2016 entered into force, introducing a new tax into the Polish tax system: the tax on retail. According to the Act, retail sales should be understood as sales of goods to consumers for remuneration, in case an agreement is concluded on the business premises or away from the business premises of a given taxpayer. Importantly, e-commerce sales should not be subject to this tax. The tax should be imposed on the excess retail sales revenues (excluding the tax on goods and services) over the amount of PLN 17 million for a given month. The Act introduces two tax rates:

- 1) 0.8% of the tax base for the given month, in the part not exceeding the amount of PLN 170 million and
- 2) 1.4% of the excess of the tax base, in the part exceeding the amount of PLN 170 million

It is worth noting that the amount of revenue is the only criterion determining the tax rate applicable to a given entrepreneur. The lawmakers, contrary to their previous announcements, did not decide to introduce separate, higher rates for retail sales on Saturdays, Sundays and public holidays. It is expected that retailers will be looking for solutions allowing to avoid this tax liability or to decrease the applicable tax rate. There have been voices that one of the possible solutions for retail chains is e.g. to create separate taxpayers from each point of sales, so that their revenue does not exceed the tax-free base or allows for taxation at the lower rate. However, it is worth remembering that these entities would become separate taxpayers not only of the tax on retail sales but of other taxes as well. Thus, whatever can be saved on the tax on retail sales, may be offset by increased liabilities in the form of other taxes (especially the income tax).

Furthermore, the Ministry of Finances points out to the fact that there is a legal basis to question such actions: the tax avoidance clause from Article 119a §1 of the Tax Ordinance, which stipulates that the performance of an act primarily in order to achieve a tax advantage, contrary to the subject and purpose of the tax law provision, does not result in the achievement of a tax advantage, if the action was artificial. Given that the Act comes into force on 1 September 2016, it is important to remember that the first PSD-1 tax declarations for September shall be submitted until 25 October 2016 r. \* The European Commission (EC) has issued a negative decision concerning the introduction of the retail sales tax in Poland. On 20 September 2016, the Minister of Finance announced that the application of the retail sector tax in the current form will be suspended. The ministry has to prepare a draft bill on the large-area retail sales tax in a different formula and to correct the draft budget for the next year. The tax in the new form was to become effective on 1 January 2017.

\*Source: <http://www.money.pl/gospodarka/wiadomosci/artykul/zawieszenie-podatku-handlowego-bruksela,1170,2157685.html>



**Tab. 4. Summary of the Retail Tax Act of 6 July 2016**

| Details/Characteristics |  | Tax on retail sales |   |
|-------------------------|--|---------------------|---|
| Who is subject to tax?  | Subject to tax are retailers selling goods, i.e. movables or parts thereof. Taxpayers whose retail sales value in a given month does not exceed PLN 17 million are exempted from the tax and the obligation to submit tax declarations.      |                     |   |
| Taxable transactions    | The tax applies to retail sales, namely sales of goods to consumers, understood as natural persons not conducting business activity or purchasing goods without relation to the conducted business activities, as well as flat-rate farmers. |                     |   |
| Tax base                | Excess retail sales revenues <b>exceeding PLN 17 mln</b> . The revenue from retail sales does not include the applicable tax on goods and services.  |                     |   |
| Tax rates               | Tax base in PLN  |                     | The tax rate is   |
|                         | Over   | Under               |   |
|                         | 17 mln PLN   | 170 mln PLN         | <b>0,8 %</b>  |
|                         | 170 mln PLN  |                     | <b>1,4 %</b> . of excess retail sales revenues exceeding PLN 170 million. |
| Taxation on weekends    | There are no regulations on separate tax rates on sales on Saturdays, Sundays and public holidays.   |                     |   |
| Tax payment             | Taxpayers submit a declaration on the amount of tax (PSD – 1) to their respective Tax Office; they shall calculate and pay the tax until <b>the 25th day</b> of the month following the month the tax is paid for.                           |                     |   |
| Recording revenue       | Revenue shall be determined on the basis of the turnover volume recorded by cash registers and unrecorded turnover in case of entities subject to exemption.   |                     |   |
| Exemptions              | Exemptions from taxation include sales of energy, natural gas, heat, water, different kinds of fuels and medicines, special purpose nutrition, partially-refunded or fully reimbursed medical products.                                      |                     |   |

Source: Galt law firm, [www.galt.pl](http://www.galt.pl)

## 3.2 SUNDAY TRADING RESTRICTIONS

*Sylwia Kilińska, Radosław Knap, Iwona Teter*

As a result of the citizen's bill initiative prepared by the Solidarity trade union, which has gathered around 400,000 signatures, the topic of the ban on Sunday trading has come back. After the formal calculation of citizens' signatures supporting the draft, works on the bill are likely to start in October. The bill may become effective even on 1 January 2017, after a *vacatio legis* of two weeks. This study presents the assumptions of the draft bill and a compendium of information about shopping habits and footfall in shopping centres. We will also attempt to discuss the potential effects of restrictions on Sunday trading.

### The assumptions of the act limiting trading on Sundays - legal comment Consumer habits and awareness

The prohibition of work on Sundays would apply not only to workers with an employment contract, but also to employees hired pursuant to civil-law contracts, namely contract of mandate and contract for specific work. It is one of the novelties that can be found in the presented draft. Another is a ban on trading at petrol stations; although in this case it is not a complete ban, but a limited one. According to the draft, a petrol station will be able to sell goods, provided that its retail area is up to 80 sqm if the station is located in a built-up area and up to 150 sqm outside a built-up area. The above clause is to prevent retail chains from creating their points of sales next to petrol stations.

The draft, apart from the general ban trading, contains numerous derogations from the said prohibition. First, the draft includes all Sundays except of those expressly specified therein.

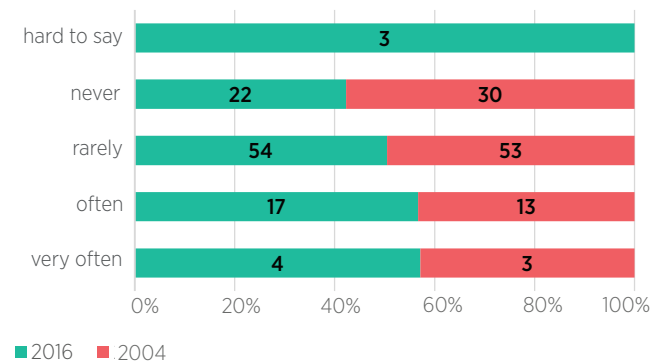
There are few of the latter in the calendar year; only seven, including two Sundays before Christmas, when retail sales will be allowed until 2 PM. Derogations shall also apply to businesses where „retail activities” are conducted only by sole proprietors themselves. The draft provides for another solutions for those who conduct individual business activities, but perform it pursuant to a franchise or agency contract. According to the draft, the ban shall apply to them as well. The above-mentioned solution raises a number of concerns, especially in terms of equality of entrepreneurs before the law. The above example is not the only one that can be found in the draft. Another issue that can raise questions is conducting retail sales in a kiosk whose floor space does not exceed 50 sqm, and where sales of public transport tickets and tobacco products constitute 30 %

of monthly turnover, which will be able to function without any restrictions, whereas a point which fails to meet one of the above criteria, will have to be closed down. It is also worth noting the sanctions included in the draft. Apart from a fine or penalty of limitation of liberty, there is also a penalty of two years' imprisonment. However, it is unlikely that Polish MPs will be able to retain this provision in its current form, as it may turn out to be too rigid.

### Consumer habits and awareness

The last year's survey by CBOS of March 2015 „Sfery sacrum i profanum w życiu społecznym” (sacrum and profanum spheres in social life) showed that 66% of Poles has nothing against shopping on Sundays. 59% of respondents did not show any objections to working on that day, while 71% admitted doing Sunday shopping themselves. On the other hand, according to a TNS survey of May 2016, conducted on a Poland-wide, representative sample of 1015 citizens of Poland aged 15 and more, a half of Poles (54%) declare that they rarely do the shopping on Sundays and public holidays. Slightly more than one fifth of the surveyed (21%) admitted that they do it often, whereas 4% declared that they do it very often. A considerable group of the respondents (22%) said that they never do their shopping on Sundays and public holidays.

**Fig. 27. „Do you do the shopping on Sundays?”**



Source: TNS survey „Do we want to shop on Sundays?“, May 2016

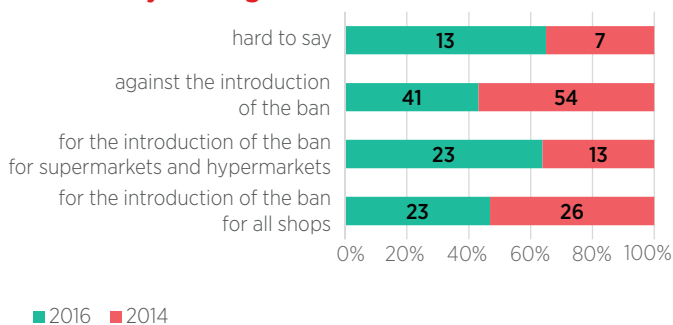
Compared to 2004, the share of those frequently going to the shop on Sundays and public holidays increased (by 5 pp).

The share of those who never do their shopping on those days has decreased (a change by 8 pp).

Sunday shopping is more popular among young people (aged 20–39), from the largest cities and those that prefer shopping in a supermarket. Those that resign from this kind of activity are usually seniors (aged 60+), inhabitants of rural areas and those who prefer small shops, where products are handed by the shopkeeper.

According to the TNS survey, 41% of Poland oppose the introduction of the Sunday shopping ban, whereas 13% have no opinion.

**Fig. 28. „Are you for the introduction of the ban on Sunday trading?”**



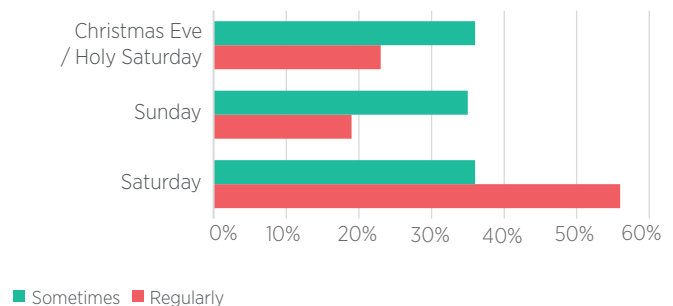
Source: TNS survey „Do we want to shop on Sundays?“, May 2016

Generally, 46% of Poles support the introduction of restrictions in various forms; 23% of them would like the ban to apply to all shops, while just as many want it to apply only to supermarkets and hypermarkets.

The supporters of the Sunday shopping ban in all shops usually inhabit rural areas and prefer small or medium-sized self-service shops.

A research conducted by IQS, which is presented on the chart below, shows the percentage breakdown of the responses of the surveyed to a question about the frequency of shopping on Saturdays, Sundays and public holidays.

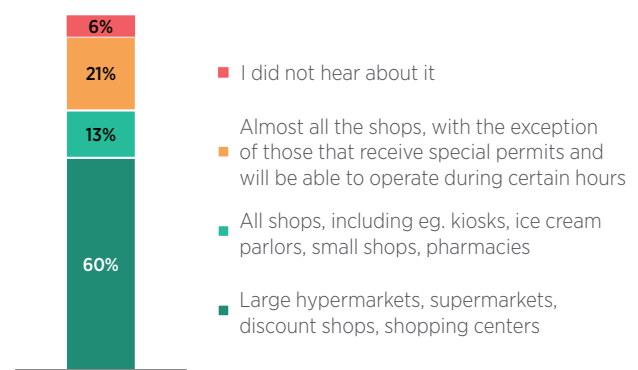
**Fig. 29. Shopping on weekends and days before public holidays**



Source: IQS research, CAWI, sample N=810

According to the IQS research, only 6% of the respondents have not heard about the planned ban on Sunday shopping. 60% of them know that the ban will apply to large-area schemes.

**Ryc. 30. The results of a consumer awareness survey conducted by IQS „Awareness of the draft bill on the ban on Sunday trading”**



Source: IQS research, CAWI, sample N=810

## 3.3 FOOTFALL IN SHOPPING CENTRES ON SUNDAYS

It is worth noting that each shopping centre has its own specificity, resulting mostly from its location.

Some centres are more weekday-oriented, whereas others are more weekend-oriented, depending on the frequency of visits in a particular location.

Weekends have a greater share in turnover.

Generally it is estimated that usually Sundays generate 50% of the turnover achieved on Saturdays, which traditionally is the best trading day. It remains uncertain whether turnover from Sunday will distribute proportionally among other days of the week.

The above data are concerned by the table below, quote after money.pl, which shows footfall across the week.

It can clearly be seen that mixed-use centres' footfall on Sundays is only slightly lower than on Saturdays.

In the case of food markets, Saturday is the only day of the week clearly preferred by customers, whereas on other days the share of visitors spreads evenly. When looking closely at Sunday footfall charts presented on the following page (based on the example of 14 Sundays between March and June 2016), by the format of a shopping centre and product categories, it can be clearly seen that Sunday is around 25% of visits a week in outlet centres. Usually, they are centres located in the outskirts of cities and not „on the way” from work, which means that this kind of shopping has to be planned in advance. In the case of large

shopping centres, in the analysed period of time, Sundays generated nearly 28%, of footfall whereas in the case of small centres it was nearly 17%. The categories which are particularly sensitive to „Sunday shoppers” are household appliances & electronics as well as fashion. This results from the fact that consumers want to spend more time on this kind of shopping to become familiar with the product's parameters and to compare product prices, or, in the case of fashion, to try on clothing without a rush. Many customers choose Sunday to do calm shopping because of a slightly smaller traffic. From the consumer's point of view, shopping in a shopping centre means a wider range of products and their greater availability. Of course, customers can do food shopping on Fridays or Saturdays; however, when looking at consumer behaviour in shops days before any public holidays, it is clear that this kind of shopping will be very uncomfortable, especially in the first phase after the introduction of the ban. Consumers will also be quick to realise they buy too much. All that may translate into a decrease in turnover, whereas the majority of specialised shopping will move to the Internet, to which the ban does not apply. The ban may also have a considerable effect on the food court and entertainment industry. For these two sectors, Sundays are the most important days in terms of turnover. The above is illustrated by the footfall charts for small and large shopping centres. They show even visits recorded on Sundays which are public holidays: 27 March (Easter), 1 May or 15 May (Pentecost). Footfall in these days was generated because cinemas and restaurants, or food courts were open.

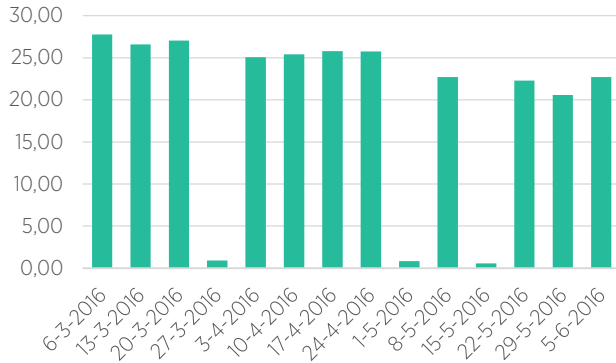
**Tab. 5. Footfall in markets during the week „What day do Poles do their shopping on?”**

| Day of the week      | Monday    | Tuesday   | Wednesday | Thursday  | Friday    | Saturday  | Sunday    |
|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>traditional</b>   | 376 435   | 375 021   | 380 727   | 391 120   | 408 687   | 461 400   | 364 263   |
|                      | 13,65%    | 13,60%    | 13,81%    | 14,18%    | 14,82%    | 16,73%    | 13,21%    |
| <b>multi-purpose</b> | 1 090 511 | 1 147 124 | 1 148 530 | 1 125 718 | 1 122 957 | 1 505 365 | 1 485 223 |
|                      | 12,64%    | 13,30%    | 13,32%    | 13,05%    | 13,02%    | 17,45%    | 17,22%    |

Source: Experian Footfall, according to money.pl

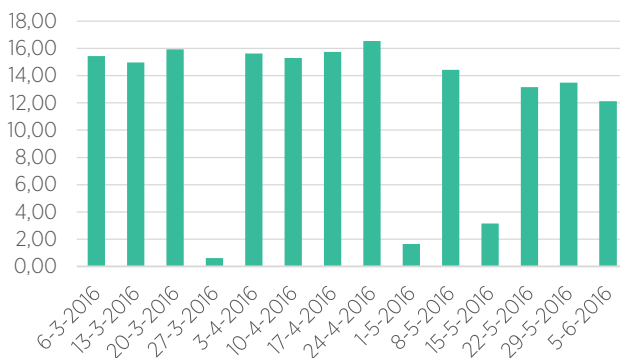


**Fig. 31. Outlet: footfall % share of Sundays in a week**



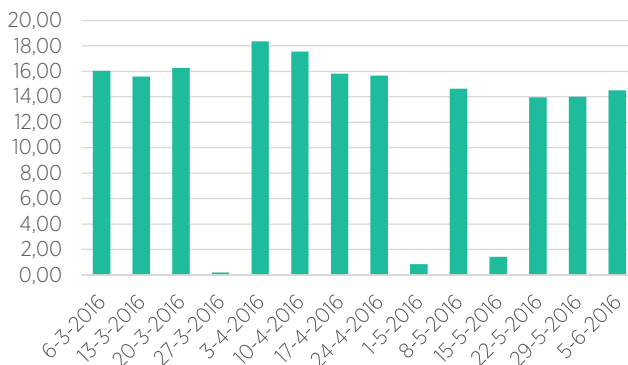
Source: PRCH Retail Research Forum, H1 2016

**Fig. 32. Small centres: footfall % share of Sundays in a week**



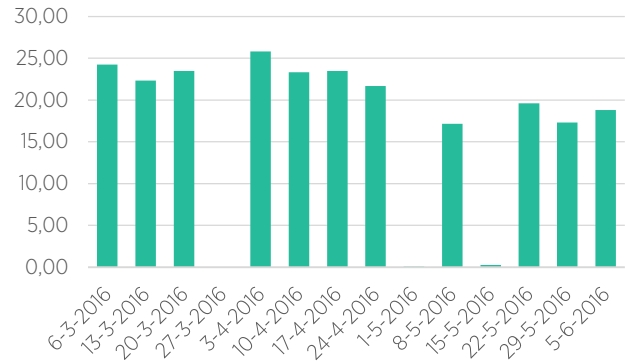
Source: PRCH Retail Research Forum, H1 2016

**Fig. 33. Large centres: footfall % share of Sundays in a week**



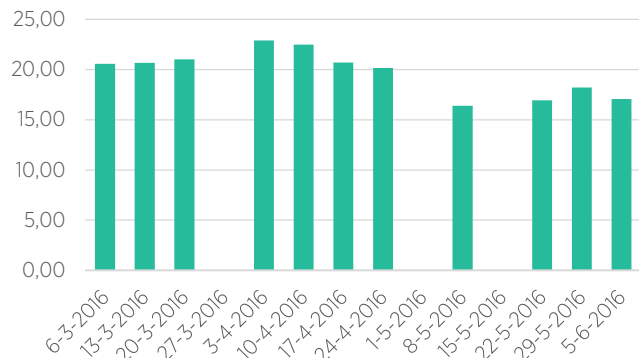
Source: PRCH Retail Research Forum, H1 2016

**Fig. 34. Fashion: footfall % share of Sundays in a week**



Source: PRCH Retail Research Forum, H1 2016

**Fig. 35. Household appliances: footfall % share of Sundays in a week**



Source: PRCH Retail Research Forum, H1 2016

Percent breakdown of visits on Sundays depends on numerous factors, such as the season, the weather, no time for shopping on other days, or the fact that it is a shopping Sunday before a public holiday. One thing is certain: consumers are already used to Sunday shopping and changing this habit will be difficult. A perfect solution would be if demand was regulated by the market. If footfall in shopping centres dropped drastically on Sundays, closing them on that day would be more reasonable.

## 3.4 POTENTIAL CONSEQUENCES OF IMPOSING THE BAN

### **Sunday is a problem not only for retailers**

The draft of the bill on Sunday trading ban has raised a lot of controversies. According to many experts, the introduction of the act on Sunday trading ban in its current shape will result in numerous negative consequences for the economy. It will hit the hardest large area stores and shopping centres, as well as warehouse and distribution centres, which are to be closed until 6 AM on Monday, as intended by the initiators of the bill.

### **Problem for employees**

In its current shape, the ban on Sunday trading would result in a reduction of employment. There are around 400,000 people employed in shopping centres across Poland (not only people working in stores, but also employees of maintenance and security companies or distribution centres). The Polish Council of Shopping Centres estimates that between 30,000 and 50,000 people may lose their jobs after the introduction of the ban. On the other hand, according to an analysis by PwC in a report „Retail market in Poland” of May 2015, resigning from one day of shopping may decrease the employment in the entire sector by 62,300–85,500 people.

### **Consequences for the state budget**

According to the Polish Council of Shopping Centres, turnover of shopping centres alone is estimated to total around PLN 109 billion net a year. Assuming that Sundays account for 12% of all trading days in a year, and excluding them from a share in the turnover, will decrease retail sales by as little as 6%, the loss in the form of the tax on goods and services would amount to PLN 1 billion and 110 thousand. This is nearly as much as the expected state budget income from the suspended tax on retail sales in 2017. These estimates have been confirmed by an analysis in PwC and POHID's report „Retail market in Poland”, which stated that VAT loss to the state budget could total even PLN 1.5 billion a year.

### **Restriction to the freedom of establishment**

Consideration should be given to how the draft of the bill on Sunday trading ban may affect small shops and franchise boutiques operating as tenants in shopping centres. These venues will not be able to trade on Sundays, even though from the draft's point of view, their owners will be allowed to engage in trading activities. This may lead to

a bizarre situation that in practice the freedom of establishment will be limited not because of statutory provisions but due to commercial reasons.

### **Limitation of activities aimed at local communities**

At weekends various cultural and entertainment as well as pro-social events take place in shopping centres. New restrictions will considerably limit time frame possibilities of organising such events and, at the same time, will decrease employment and revenue of service and marketing companies related to that sector.

### **Price increase for final consumers**

Limited possibility of competition between different formats of stores on Sundays may result in higher prices in those few shops that will be open on that day. Furthermore, a limited freedom of choice and freedom to organise one's time may result in a more dynamic outflow movement of consumers to the e-commerce sector (including food product shopping).

### **Losses for shopping centre landlords**

Closing of shopping centres on Sundays may result in a tenants' willingness to renegotiate agreements in case of decreased turnover. Meanwhile, building maintenance costs on the part of the landlord are not going to change considerably. A day off does not mean that a centre will stop being heated or lit. It still needs to be properly technically and physically secured. The costs of servicing the debt will also not change.

### **Summary**

It is impossible to predict all the consequences, as the Government's stand on this issue remains unknown, as well as whether the ban (in the form proposed in the draft) will be introduced at all. The only thing left to do is to keep a close eye on the development of the situation and analyse all elements. One thing is certain: the tax on retail sales combined with potential restrictions on Sunday trading may considerably weaken the retail sector and the commercial real estate industry.

## AUTORZY:

### Chapter 1



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He joined PRCH in 2009 as Development & Market Research Manager to deal with membership issues and develop pioneering projects related to the knowledge database. Radosław has also coordinated activities of thematic clubs and was a co-author of numerous market reports. He has been a member of the ICSC European Research Group for 4 years.



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Bożena holds a Master degree in Spatial Management from Warsaw University of Life Sciences - SGGW and is a graduate of post-graduate studies in Real Estate Valuation at Warsaw School of Economics. As a senior consultant in the market research department, she is responsible, among others, for analyses of retail market in Poland for banks, developers, investment funds as well as private investors.



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For two years he has been working as a researcher on analytical projects aimed at supporting investments on the commercial real estate market, as well as on research projects related to analysis of consumer behaviour patterns, allowing for better configuration and management of shopping centres at every stage of their operations.



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Anna is also a member of the International Council of Shopping Centres and Urban Land Institute.



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Wioleta Wojtczak has a track record of over ten years in the field of market research and analysis and consulting. She is a graduate of the Warsaw University of Technology. Wioleta is responsible for supporting all departments by providing the latest data and comments concerning the market as well as preparing retail, office and industrial space research and analysis on behalf of the clients.

### Chapter 2



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CEO  
Reteam Group

A graduate of MSc law & economics, CBS (Copenhagen Business School). Since 2007 she has been a member of ICSC, where in 2015 she received a ICSC Gold Medallion, awarded for contributions to the organisation and the shopping centre industry. Katherine has contributed to the creation of Mind16, a socio-graphic research tool to determine values important for consumers, tenants and competing shopping centres. Currently, she holds the position of CEO at Reteam Group, a Danish firm seated in Copenhagen, with branches in many countries.

Reteam is a research and consulting company, operating in the retail scheme revitalisation market.

## Chapter 3



**Rafał Mierkiewicz**

RK Legal (Rączkowski, Kwieciński Adwokaci)

Legal trainee at RK Legal law firm (Rączkowski, Kwieciński Adwokaci), responsible for providing complex services for companies and enterprises. He specialises in civil and commercial law, especially commercial companies law, insolvency and restructuring law. He advises clients on, among others, forming new business entities and, as part of ongoing legal assistance, provides opinions on and prepares commercial agreements. He has experience in proceedings before the President of the Office of Competition and Competition Court.



**Sylwia Kilińska**

RK Legal (Rączkowski, Kwieciński Adwokaci)

Sylwia specializes in professional advisory to business entities in the field of commercial, corporate and civil law. She is responsible for providing complex services for companies and enterprises. Sylwia represents clients in court litigation, especially in the field of the board members' liability for company obligations, or practices infringing on collective consumer interests. Her team provides services to companies from the following industries: Automotive, Health-care; Finance, Pharma, Advertising, Industry, E-commerce, etc.



**Aleksandra Trzópek**

GALT

Tax advisor at GALT law firm. Aleksandra has gained professional experience in tax advisory providing advice on restructuring and M&A transactions, international tax optimization and tax proceedings. She is involved in general tax advisory and tax planning as well as development of transfer pricing policy and documentation of transactions with related parties. Her area of interest includes taxation of companies and legal-administrative procedure.



**Radosław Knap**

Director General  
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He joined PRCH in 2009 as Development & Market Research Manager to deal with membership issues and develop pioneering projects related to the knowledge database. Radosław has also coordinated activities of thematic clubs and was a co-author of numerous market reports. He has been a member of the ICSC European Research Group for 4 years.



**Iwona Teter**

Research Projects Coordinator  
Polish Council of Shopping Centres  
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She is a graduate of Roman Studies and Small and Medium-sized Company Management Department at IUT Bourges. She has been involved in the retail industry since 2007. In the Polish Council of Shopping Centres, she is responsible for coordination of research projects, in which she can use her extensive market knowledge.

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## METHODOLOGICAL REMARKS

For the needs of the supply and retail density statistics published in PRCH RRF reports, the following cities and towns were included as part of agglomeration and conurbations:

**Warsaw Agglomeration:** Warszawa, Brwinów, Konstancin-Jeziorna, Łomianki, Marki, Piaseczno, Piastów, Podkowa Leśna, Raszyn and Błonie, Grodzisk Mazowiecki, Józefów, Kobyłka, Legionowo, Milanówek, Otwock, Ożarów Mazowiecki, Pruszków, Radzymin, Sulejów, Wołomin, Ząbki, Zielonka, as well as Halinów, Izabelin, Jabłonna, Lesznowola, Michałowice, Nadarzyn, Nieporęt, Stare Babice and Wiązowna.

**Katowice Conurbation:** Katowice, Bytom, Chorzów, Czeladź, Dąbrowa Górnicza, Gliwice, Knurów, Mikołów, Mysłowice, Piekary Śląskie, Ruda Śląska, Siemianowice Śląskie, Sosnowiec, Świętochłowice, Tarnowskie Góry, Tychy, Zabrze, as well as Będzin, Jaworzno, Radzionków, Gierałtów, and Wojkowice.

**Kraków Agglomeration:** Kraków, and Niepołomice, Skawina, Wieliczka and Zabierzów, as well as Biskupice, Igołomia-Wawrzeńczyce, Kocmyrzów-Luborzyca, Koniusza, Liszki, Michałowice, Mogilany, Świątniki Górne, Wielka Wieś, and Zielonki.

**Łódź Agglomeration:** Łódź, Pabianice, Rzgów and Zgierz, as well as Aleksandrów Łódzki, Andrespol, Brojce, Konstancin Łódzki, Ksawerów, Nowosolna, Ozorków, and Stryków.

**Poznań Agglomeration:** Poznań, Swarzędz and Tarnowo Podgórne, as well as Komorniki, Kórnik, Luboń, Mosina, Puszczykowo, Rokietnica, Suchy Las and Czerwonak, Dopiewo, and Kleszczewo.

**Szczecin Agglomeration:** Szczecin and Kołbaskowo, as well as Dobra, Goleniów, Gryfino, Kobyłka, Police, and Stare Czarnowo.

**Tri-City Agglomeration:** Gdańsk, Gdynia, Rumia and Wejherowo as well as Pruszcz Gdański, Reda and Sopot, as well as Cedry Wielkie, Kolbudy, Kosakowo, Szemud, and Żukowo.

**Wrocław Agglomeration:** Wrocław, Kąty Wrocławskie and Kobierzyce, as well as Czernica, Długołęka, Miękinia, Oborniki Śląskie, Siechnice, Wieszka Mała and Żórawina.

The common database developed by the companies representing PRCH Retail Research Forum allows for publishing consistent information concerning the supply of modern retail space in Poland, and shopping centres under construction (in the latter category, RRF includes all shopping centres the construction of which started and continues).

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Footfall data



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## ABOUT PRCH RETAIL RESEARCH FORUM

The PRCH Retail Research Forum was created as an initiative of the Polish Council of Shopping Centres in 2009. The Forum may be participated in by those members of PRCH, who devote a considerable part of their business activity to market analysis and research as well consulting in the field of commercial real estate. Members of PRCH RRF act through their official representatives: experts with a long track record in the industry, who have key positions in those companies.

### **PRCH RRF goals:**

- Regularly share the knowledge of and exchange views on the retail market in Poland;
- Regularly publish opinions and reports concerning the retail market, following the ICSC (International Council of Shopping Centers) standards and definitions;
- Coordinate and promote the group of experts and researchers involved in studying the shopping centre market in Poland;
- Regularly publish opinions and reports to provide consistent and transparent information about the condition of the market;
- Organise research seminars and discussions devoted to the exchange of knowledge and experience.

PRCH RRF meetings take place at least once every quarter. The candidates for new members are recommended by current members of PRCH RRF or PRCH Director and approved by the Management Board of PRCH. Those interested in becoming involved in PRCH RRF activities are welcome to contact us.

### **Developing the report PRCH RRF H1 2016: PRCH team**

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# PRCH RETAIL RESEARCH FORUM

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#### **PRCH TURNOVER INDEX**

The first such syndicated research in Poland and one of the few in Europe. The research shows the sales efficiency rate in analysed shopping centres in Poland.

#### **PRCH FOOTFALL TRENDS**

An index co-created with the participation of managers and landlords of shopping centres. The research shows the latest footfall trends analysed shopping centres in Poland.

#### **THE CATALOGUE OF SHOPPING CENTRES (on-line)**

Contains data about nearly 500 retail schemes in Poland, both in stock and under construction. The online version of the catalogue allows for searching and filtering of information according to user-selected criteria, depending on needs.

More information at [www.prch.org.pl](http://www.prch.org.pl)

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