



# Krakow Retail Update

## Supply Will Double

### Economy

The economic recovery was in full swing in 2004, with GDP growth of 5.4% beating expectations. Economists forecast that GDP should grow by 4.5% in 2005. The National Bank of Poland lending rate started 2005 at 6.5%. The large influx of Foreign Direct Investment drove the Polish zloty up 15% against the euro in 2004. Poland joined the EU in 2004 and is widely expected to join the Euro currency in 5-7 years.

### Supply

Krakow has a total modern shopping centre stock of 256,000 sqm. The biggest are: Zakopianka (50,000 sqm) opened in 1999, M1 (52,000 sqm) opened in 2001, Krakow Plaza (40,000 sqm) opened in 2001, Krokus shopping centre (29,000 sqm), opened in 1997 and the latest, opened in 2002, Czyzyny Shopping Centre (25,000 sqm). They are located outside city centre, near main streets in residential districts. Many shopping centres offer leisure facilities: cinema, water parks, bowling.

Modern shopping space is located also on prestigious Florianska, Szewska and Grodzka streets and in the Old Town Square. They are housing numerous cafes and restaurants, as well as fashion shops of up to 300 sqm. Buildings in the Old Town Square continue to be converted to high street shopping, such as Galeria Rynek 13 and 12.

Number of space in shopping centres will double during next few years.

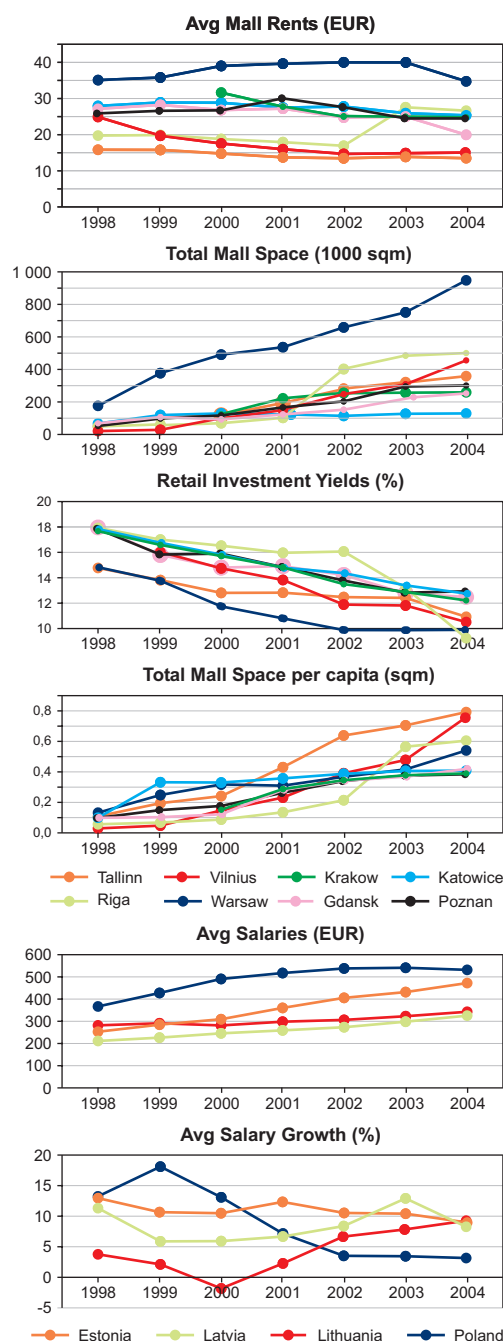
Globe Trade Centre is developing 60,000 sqm **Galeria Kazimierz**, which will consist of a supermarket, small to medium retail units, entertainment premises and a hotel. 38,000 sqm of retail space is scheduled to open in Spring 2005.

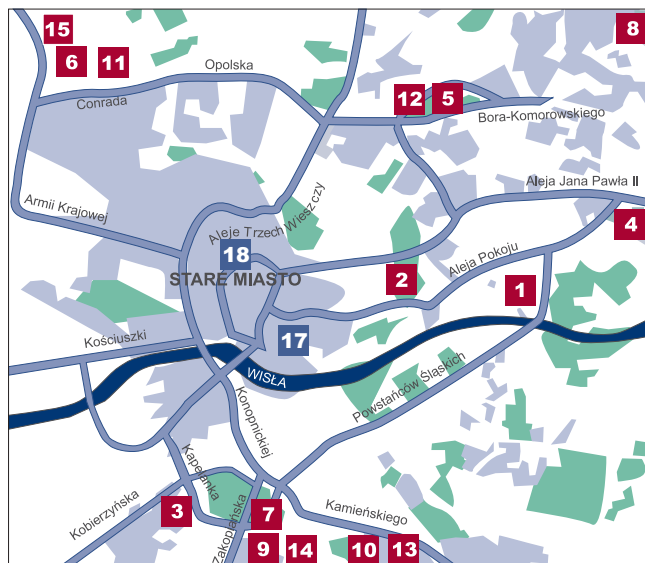
Construction of the EUR 250 mln Nowe Miasto development in the centre of Krakow has already begun. ECE started construction of **Galeria Krakowska**, a 60,000 sqm shopping centre with 10,000 sqm of offices. A second stage will consist of a hotel and a cinema. First phase is scheduled for completion in 2006. The second phase of the project of a further EUR 250 mln will consist of a second hotel and a 45,000 sqm office space.

Pradnickie Centrum Inwestycyjne opened this year 4,000 sqm Kaufland. Leroy Merlin and Macro Cash&Carry are considering locating their stores in Krakow's suburbs.



Part of one of the biggest shopping centre – **Krokus** (27 000 sqm) located in the north of Krakow





## Demand

Demand for retail units in the Old Town is still very high, primarily for small units with a large amount of window display, and locations on prestigious streets. The most highly sought after streets are Florianska, Szewska and Grodzka. International branches open their shops in both shopping centres and on high street locations.

Demand for retail space in shopping centres is also very high. Modern shopping centres are fully rented out.

## Rents

Average rents in shopping centres were stable during last three years and varied between 20 and 40 EUR/sqm, they decreased slightly, by 10%, in 2004. New supply should result in a decrease of rent levels during a medium term.

Rents on high-profile street locations in the Old Town are stable at between 60 to 70 EUR per sqm.

## Retail sqm existing in Krakow

Property name	sqm
1 Centrum Handlowe M1	57 000
2 Plaza Krakow	40 000
3 Tesco	23 000
4 Selgros	22 000
5 Geant	20 000
6 Makro Cash&Carry	12 000
7 Castorama	12 000
8 Carrefour - Czyzyny	12 000
9 Carrefour - Zakopianka	11 000
10 Tesco-Hit	11 000
11 Ikea	10 000
12 OBI - Bora-Komorowskiego	8 000
13 OBI - Wielicka	6 000
14 Office Depot - Zakopianka	1 300
15 Office Depot - Jasnogorska	1 200
16 Zakopianka II phase *	10 000
<b>TOTAL</b>	<b>256 500</b>

## Retail sqm planned in Krakow

Property name	sqm
17 Galeria Kazimierz	36 000
18 Nowe miasto	80 000
Others	50 000
<b>TOTAL</b>	<b>166 000</b>
* Outside of the map area	

### FOR COMMERCIAL LEASING OPPORTUNITIES THROUGHOUT THE REGION, PLEASE CONTACT:

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