BNP PARIBAS REAL ESTATE

POLSKA RADA CENTRÓW HANDLOWYCH
POLISH COUNCIL OF SHOPPING CENTRES

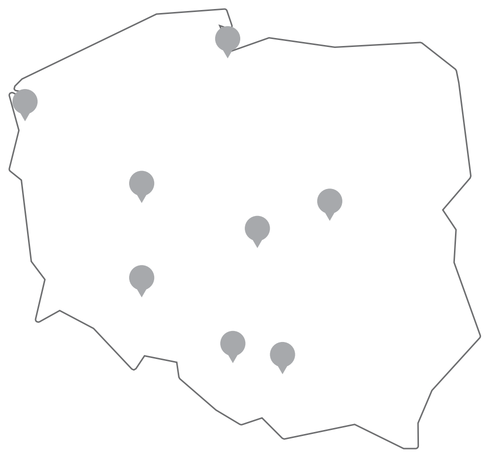
THE HIGH STREETS

ANALYSIS
STRATEGY
POTENTIAL

Development perspectives for the 8 largest agglomerations in Poland

MAY 2014

Index



The authors of this report would like to extend their thanks for the kindness shown and collaboration on the part of the mayors and representatives of the city halls involved in the preparation of responses and materials for the survey, as well as to all the staff at BNP Paribas Real Estate, the Polish Council of Shopping Centres, SW Research, our printing partner Altavia Polska, and all the experts that provided their comments.

Under the previous political regime, the high street, the local neighbourhood shop and market, as well as the department store were practically the only options for Poles in terms of meeting their shopping needs. For more than 20 years now, they have been facing free-market economy style competition from modern shopping centres and alternative sales channels, in particular in the case of non-food goods. In fact, it is the non-food goods market that has virtually entirely dominated shopping centres.

It is an extremely fascinating experience to be able to see the revival of the high street which is nowadays receiving an increased amount of interest from both Polish and international brands that are making the decision to lease retail premises here.

As is the case with Western European cities, the Polish high street's role should be to balance out and complement the retail mix available at shopping centres by offering a diverse range of goods, irrespective of whether located within the city centre or outside. In addition, a high street can represent natural and healthy competition for the ever growing shopping centre market.

The Polish middle class, which is increasingly able to afford variety as far as retail and services are concerned, will play a substantial part in the development of the high street, and thus be able to observe and actively participate in the process of transforming the Polish city centre.

Patrick Delcol
President of the Polish Council of Shopping Centres

IN SEARCH OF A CITY'S HEART

The high street is an alternative form of commercial space compared with the traditional perception of modern retail. It has several characteristics that make it unique from the other formats. These include among others:

- **Prestigious location and representative character**
- **Excellent visibility of shop windows**
- **Significant share of the food service sector in the tenant-mix**
- **Dispersed groups of tenants, property managers and landlords**
- **Dominant share of units up to 150 sqm**
- **Location along pedestrian routes as well as shared zones with intensive pedestrian and motor traffic, usually with good access to public transport**
- **Frequent restrictions: conservation of historical monuments and lack of parking**

However, it has to be pointed out that the concept of the "high street" is not clearly defined, and it is frequently seen by market experts in a manner contrasting to that of consumers and city residents. This may be due to the fact that retail here is identified as the synonym for shops as opposed to the more widely understood retail and services activities. There is no one unambiguous definition in either the industry publications or the regulations relating to planning and spatial development. The authors of this report carried out a conceptual analysis and for the purposes of this publication adopted the definition coined by the UK Department for Communities and Local Government:

"The high street is a predominant retail centre that serves the needs of the local community (including local workers, entrepreneurs, customers, tourists as well as residents). It includes other facilities beyond shops such as leisure and cultural facilities, as well as public spaces, public utility buildings and commercial and residential buildings. It is also close to offices and other non-retail businesses (i.e. services and restaurants) and is accessible by a number of transport options."

For the purposes of this report, the conditions for identifying a given street as the "main high street" and a "potential high street" were: historical determinants and the prominence of the street in the city, opinions of experts from the city as well as the responses obtained in the consumer survey carried out. Commercial factors such as the location of the street within the highest rental zone within the given city as well as the profile and broad spread of tenants were also taken into account. Despite the fact that the high street may also be located in a neighbourhood outside of the city centre, in reality it is typically situated in the centre where it contributes to the creation of a vibrant city heart.

What is the reason for the lack of the expected pace of high street development?

The challenge for the high street, both in Poland and abroad, are shopping centres. They have certainly attracted a significant fraction of retailers, and therefore constitute genuine competition for the high street in terms of supply. This is mainly due to the fact that management strategies and activities implemented on the modern shopping centre market over the past 20 years have not been applied to the high street at all. Thus, in the opinion of the authors, the main difficulties faced in the process of development of the high street stem from problems relating to the lack of coordination, communication and agreement on the issue of the high street among all the market participants, i.e. the regulators, local governments, investors as well as landlords and tenants. Repeatedly, its development is not supported by the city's public parking policy or the legal regulations in respect of opportunities for adapting the existing retail and service units to the needs of tenants. Then there is inadequate marketing, both in relation to consumers and tenants that could potentially make the decision to place their business on the high street. Another aspect is the competition from e-commerce, where the growth rate has now reached 20-25% per annum. The above factors mean that the pace of high street development in Poland is not as satisfying as many might have hoped. However, assuming that certain conditions are met, it is undoubtedly possible.

THE REPORT'S OBJECTIVES

1. To redefine the concept of the high street in order to align it with modern retail models and city development
2. To analyse the potential of the high street and the key elements for its growth
3. To present the strategies, tools and best practices applied in Poland's biggest cities

FACTORS AFFECTING THE DEVELOPMENT OF THE HIGH STREET

1. External factors
2. Local and physical constraints
3. Market factors
4. Social and economic factors
5. Legal environment
6. Management

When analysing the supply of space along the main high streets, it has to be noted that their combined leasable area frequently constitutes the equivalent of one large, or two smaller, shopping centres. The lack of available retail space in urban malls represents an opportunity for the high street to become the place for brand expansion as well as create an offer alternative to the standard solutions available in shopping centres where the spread of tenants is repetitive.

As shown by the survey, beyond the usual retail chains, residents in large cities would like to see the entry of new brands. The main difficulties commonly faced by tenants are the restrictions relating to the size of the premises, types of activities permitted in the given location as well as the lack of a suitable strategy for development of the given street that could positively affect the number of visiting customers and turnover of a given shop.

The great absentees named by the majority of respondents in the surveyed cities are Abercrombie & Fitch, Primark and Next. Additional brands include H&M, Reserved, C&A, River Island and Marks & Spencer, which, despite their presence in shopping centres, continue to be identified as desirable, which in turn means that there is potential for development along the high street.

"The high street is a place that should represent a space complementary to what is offered by shopping centres, as due to its specific nature in terms of spatial and architectural as well as marketing aspects, it is destined to fail in direct competition. This is not to say, however, that there is no potential in it. The unique nature of the high street immersed in the city's heart means that it is the city's showpiece, while in a natural manner it additionally generates a significant flow of people.
These are strong arguments for tenants from the point of view of the development of their retail network. On the other hand, we are unfortunately being challenged by the insufficient supply of retail premises of the required standard, fragmented landlord structure as well as a lack of coherent management and development strategies for those areas."

Wojciech Normand
Vice-President of the Board, Deichmann-Obuwie

Table 1. The most sought-after brands in 8 Polish cities

	Shopping	High street
Primark	✗	✗
H&M	✓	✓
Reserved	✓	✓
C&A	✓	✗
River Island	✓	✗
Top Shop	✓	✗
Abercrombie & Fitch	✗	✗
Marks & Spencer	✓	✗
Next	✗	✗
Nike	✓	✓

Source: SW Research, S=1900, Open question: "What brands are in your opinion missing the most from Polish city centres and high streets?"

Introduction

The residents of Poland's eight largest agglomerations count the high parking fees and the proximity of food service establishments as the most important characteristics of the high street that make it distinctive from shopping centres, which is confirmed by analyses of the retail mix.

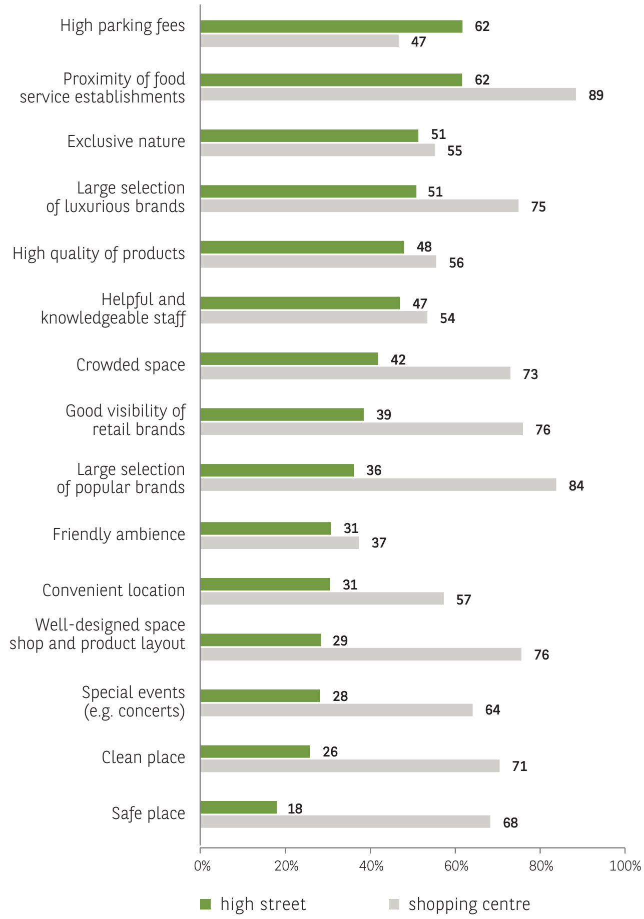
The high street is additionally seen as being of an exclusive nature and having a wide selection of luxurious brands, where the products offered are of high quality and the staff knowledgeable, which is comparable to shopping centres. The need to introduce more of the luxurious brands to the high street is visible here.

An important criterion as far as the development of retail is concerned is the number of visiting customers, which is a feature typical of both formats. Additionally, it should be a place that is safe, clean and with a friendly ambiance. There are significant differences in respect to the respondents' assessment of spatial organization and brand visibility, and further differences can be seen with regard to a number of factors relating to the manner in which the range of goods and services is communicated as well as the provision of entertainment and conveniences.

The key issue to be resolved in order to utilize the potential of the Polish high street is the lack of multi-faceted cooperation. The interested parties here are not only the residents, city authorities, landlords and tenants, but also workers from nearby offices, students and tourists. When undertaking any activities relating to the high street, it is extremely important to involve as wide a group of participants as possible. When all of the interested parties take part in the project, the belief in its validity and the determination to execute it is greater than in the case of arrangements imposed from a higher authority which concerns the types of activities permitted, size of the retail and service premises, concepts for development of public spaces as well as the manner in which the space is promoted.

Despite the lack of a clear strategy for the high street, the authorities in the majority of the surveyed cities are aware that there is great hidden potential. Thus, many municipalities, such as Wrocław and Poznań, create tools to make the appearance of

Graph 1. Selected elements of perception of the high street and shopping centres by the residents of Poland's eight largest agglomerations



Source: SW Research, S=1900

the high street even more attractive, expand the range of goods and services offered and proactively promote them. However, the only city with an official strategy for development of its high street is Łódź.

The high street should be a space complementary to shopping centres and e-commerce. It should distinguish itself by offering unique products and services, while planned and designed in a people and environmentally friendly manner. It is owing to these features that it will be possible to gradually change the perception and function of the high street, which, in place of ordinary traffic routes, will have the chance to become the real hub of the city where numerous diverse events are organized and where people want to spend time. The informative and creative role to city life played by the high street is not to be underestimated, and the key to reaching this level of advancement is the collaboration of all those that both use and manage this type of urban space.

Another positive aspect arising from maximising the potential of the high street are improved turnovers for tenants and higher tax revenues for the authorities.

The analyses carried out by the authors find their confirmation in foreign reports1 which name the key elements that are critical to high street success. The recommended steps aimed at developing the potential of the high street are:

1. Creation of a vision – strategic, multifaceted planning
2. Creation of a unique sense of place
3. Creation of an attractive public realm
4. Proactive marketing and leasing aimed at achieving the optimum retail mix
5. Accessibility and adequate parking
6. Order, cleanliness and safety
7. Regulatory and fiscal support

1. Developed by the authors based on: 21st Century High Streets: A New Vision for our Town Centres, 2011, Ten Principles for Rebuilding Neighbourhood Retail, Urban Land Institute, The Portas Review, An independent review into the future of our high streets

"The high street has always been present in Poland and it continues to be here today, however its potential is not fully recognized. It requires a different approach and the convergence of numerous factors, see for example Krakowskie Przedmieście / Nowy Świat and the Marszałkowska axis in Warsaw, Piotrkowska in Łódź, Floriańska in Kraków as well as Świętojańska in Gdynia. Worldwide there are many famous shopping streets organized in a manner that is unique to them, e.g. Champs-Élysées in Paris (wide, with manic motorized traffic, cafés and restaurants on both sides), which is similar in a sense to 5th Avenue in New York (where everything is available, a lot of it and on an intensive scale), Oxford Street in London (wide pavements, narrow road just for buses and taxis, no restaurants, cafés or cinemas – only shops); there are also many high streets that function exclusively as pedestrian areas.
Features that have to be brought up within context are the arrangement, critical mass and quality of the goods and services offered, pedestrian and public transport (after all!) access, as well as the business and logistics aspects of organizing the property management processes in respect to properties whose ownership structure is always very unique!"

Aleksandra Zentile-Miller
Director, Chapman Taylor

WARSAW

DEFINITION AND DELIMITATION

As it can be seen from the survey, Warsaw does not have an unambiguous definition or delimitation for its high streets.

As per the definition adopted for the purposes of this report, the main high streets in Warsaw include: Nowy Świat, Chmielna, Mokotowska, the vicinity of Plac Trzech Krzyży as well as selected stretches of Marszałkowska and Aleje Jerozolimskie.

In addition to the well-established shopping locations, the potential area along Świętokrzyska should be named, which has the opportunity to strengthen its position in the medium-term perspective due to the construction of the second metro line.

Furthermore, it has to be remembered that different formats of retail space are located within the above neighbourhoods and in their near vicinity, i.e. Złote Tarasy, Wars, Sawa, Junior, VitkAc, which all enhance the retail and service nature of the area, while at the same time constitute competition for the high street.

Interest in Warsaw's high streets is now being shown by numerous investors that can see the potential in the medium- and long-term perspective.

The respondents agree as to the established delimitation of the city's high streets. As far as perception itself and actual shopping activities are concerned, the fourth position of Aleje Jerozolimskie is surprising, as it is placed before Mokotowska and Plac Trzech Krzyży.

Warszawa, ul. Chmielna

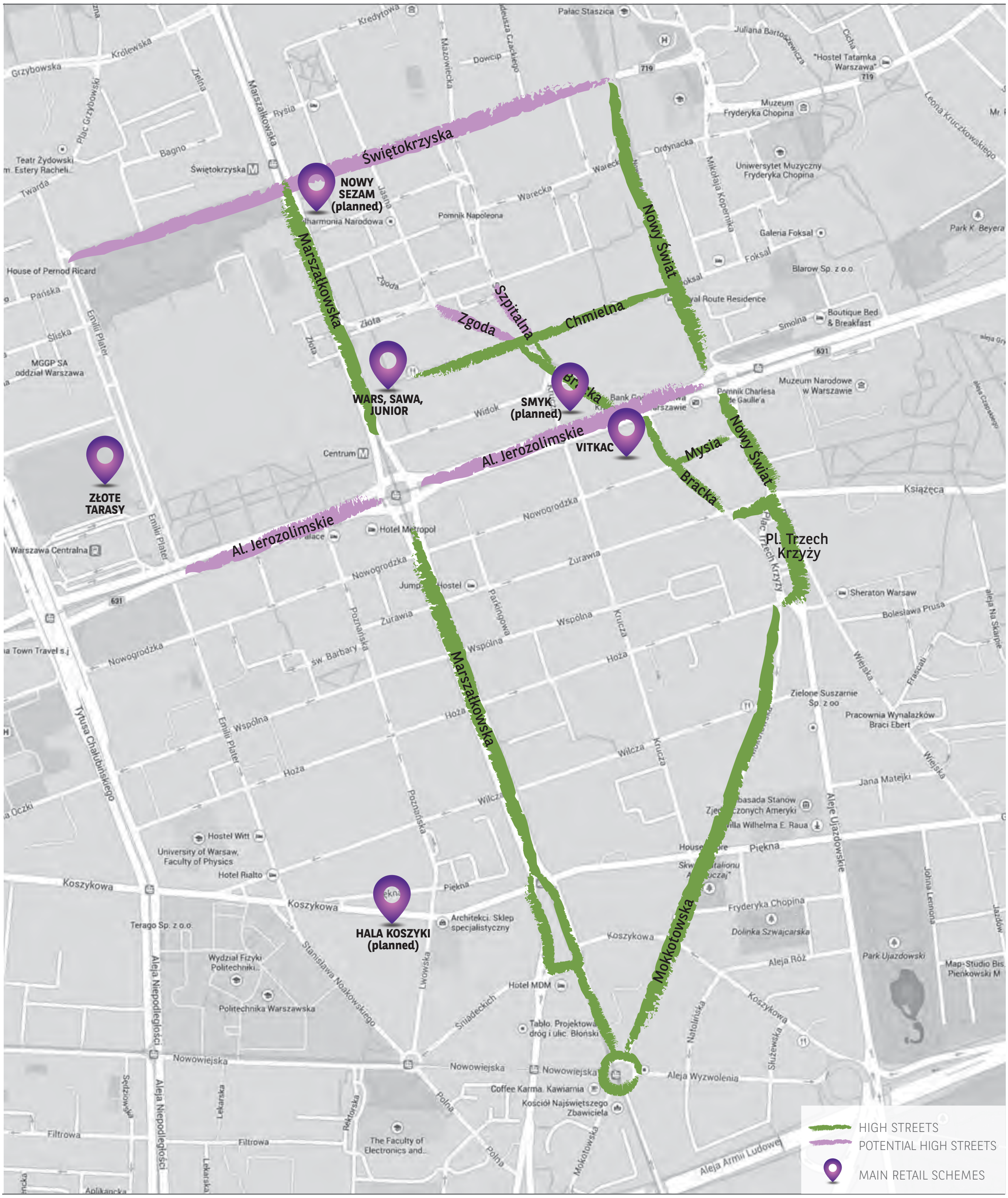
Table 1. Selected main high streets in Warsaw together with an indication whether the city's residents do their shopping there

	High street (% of responses)	Do you shop here? (% of responses)
Nowy Świat	69.2%	31.9%
Chmielna	59.4%	23.1%
Marszałkowska	48.1%	42.9%
Al. Jerozolimskie	31.2%	32.4%
Mokotowska	18.8%	4.9%
Plac Trzech Krzyży	15.8%	2.7%
Bracka	13.9%	3.3%
Mysia	4.1%	2.7%

Source: SW Research, S=500

"Warsaw residents and tourists alike are more and more often going by foot as opposed to car, and hardly anyone expected the city bike project to become such a great success. It is particularly easy in Warsaw to spot the newly emerging shops, galleries, cafés, restaurants and breakfast eateries that sometimes even gain a cult or fashionable status. All this means that the centre of Warsaw is beginning to live a true big city life."

Piotr M. Krawczyński
Managing Director, Board Member
Kulczyk Silverstein Properties



Source: PRCH, BNP Paribas Real Estate, Google Maps

THE RANGE OF GOODS AND SERVICES OFFERED ON THE HIGH STREET AND CONSUMER HABITS

Two sectors combined, the food service sector (28%) as well as the clothing, footwear and underwear sector (20%), account for nearly half of the tenant-mix present in units along the analysed high streets in Warsaw. The share of the service sector in the market accounts for another 15%, while the next position is taken by the health and beauty sector (8%). The remaining categories fall in the range of 2-4% (graph 1).

Warszawa, ul. Chmielna

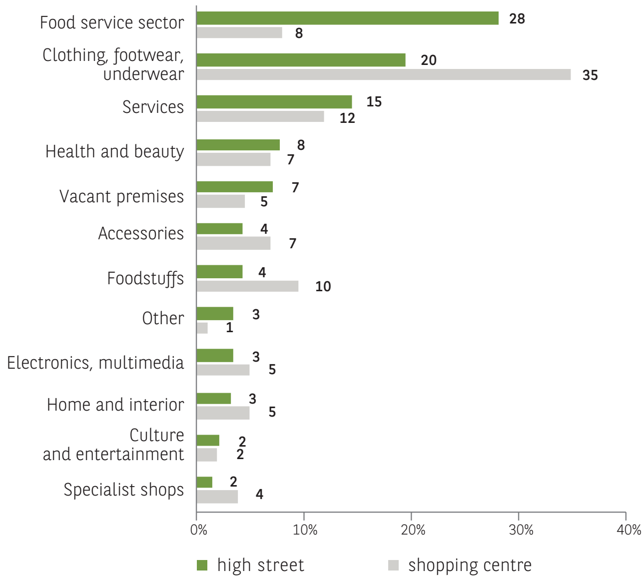
Many retail chains from the fashion sector operate along Warsaw's high streets, and these include for example: H&M, Tatuum and Calzedonia. Additionally, designers such as Maciej Zień can be found here too. As far as the food service sector is concerned, in addition to chains such as Subway, Sphinx, Starbucks and KFC, the market is dominated by independent restaurants and cafés that have their own ambience.

When comparing the tenant-mix in Warsaw's shopping centres, there is a noticeable difference as regards the share of the food service sector, which amounts to 8%, compared with 28% on high streets (graph 1). The share of premises from the clothing, footwear and underwear category is noticeably higher at 35% of the total number of shops in Warsaw's shopping centres as compared to the 20% share in the tenant-mix along the high streets.

It is estimated that vacant premises account for approx. 7% of supply, while for shopping centres this ratio is 5%.

The results of the survey clearly show that irrespective of the category, consumers spend the majority of their money in shopping centres, which is further confirmed in all the cities surveyed.

Graph 1. Retail mix on selected high streets and in selected shopping centres in Warsaw



Source: the Polish Council of Shopping Centres, BNP Paribas Real Estate

The retail mix is reflected in the spending structure. Spending on the high street is made principally with regard to the food service sector (69%) as well as the fashion, clothing and underwear (62%). The relatively high position of the foodstuffs sector is striking, as – despite having only a 4% share in the number of premises on the high street – 55% of respondents stated that the high street is where they do their grocery shopping (graph 2).

60% of respondents spend less than an hour on Warsaw's high streets. This results from the fact that in the majority of cases, the high street is not the purpose of the visit, but only a place in "passing" (graph 3).

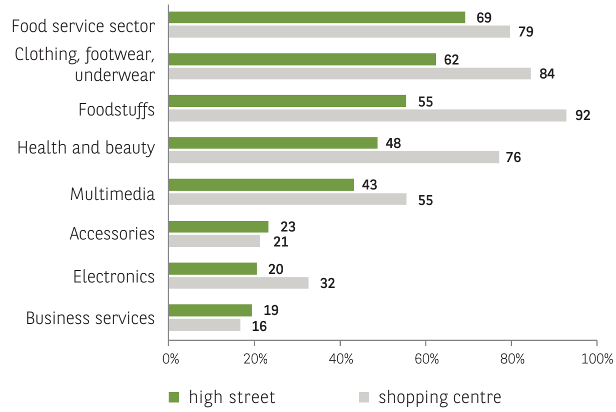
In comparison, for 66% of respondents a visit to a shopping centre lasts between 1 and 3 hours, while for 16% it will be in excess of 3 hours.

The lack of a consistent and complementary retail tenant-mix on the high street as well as the frequent apparent randomness and repeatability of tenant categories met there, are factors that put the high street concept at a disadvantage. With the exception of Nowy Świat and Chmielna, which have a relatively dense structure, the fact that retail premises are commonly dispersed over a rather sizeable area and access by car and parking opportunities are restricted, is not without significance.

"As a result of a traffic flow study carried out by Millward Brown (Autumn 2012), we have learnt that a total of approximately 12 million pedestrians walk along Chmielna street every year. More than a half of them declare that they have enough money for ongoing expenses as well as savings. This means that they enjoy a relatively high financial status. 55% of them declare to have made a purchase while there. It is primarily a more diverse spread of clothing stores that they are awaiting with particular interest. The above has reassured us that our first project, i.e. Nowy Dom Jabłkowskich, can be repeated successfully, which is how completion of Chmielna 25 came about. We now have new projects in the pipeline on the same street."

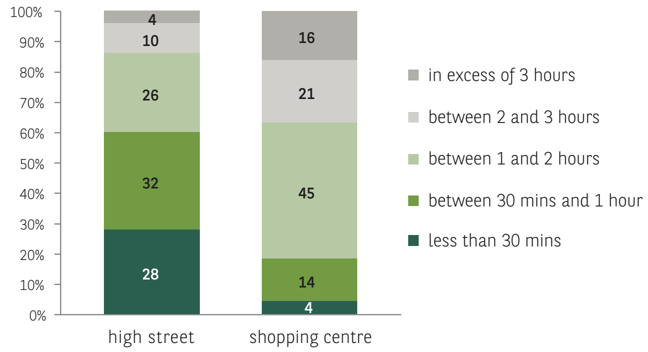
Robert Mandżunowski
CEO, LHI Sp. z o.o.

Graph 2. Consumer expenses on the high streets and in the shopping centres in Warsaw by given retail category



Source: SW Research, S=500

Graph 3. Time spent on the high street and in a shopping centre in Warsaw during a single visit



Source: SW Research, S=500

THE HIGH STREET AS SEEN BY THE CITY AUTHORITIES

Warsaw does not have a homogeneous strategy for the development of its high streets. The regulations on leasing of commercial premises from the city's supply are taken as guidelines here, in pursuance of which the basic format for obtaining the given premises is to participate in tenders and auctions. The highest bid wins. The exception here are premises situated in less attractive locations that can be allocated to non-governmental organizations to carry out their statutory activities.

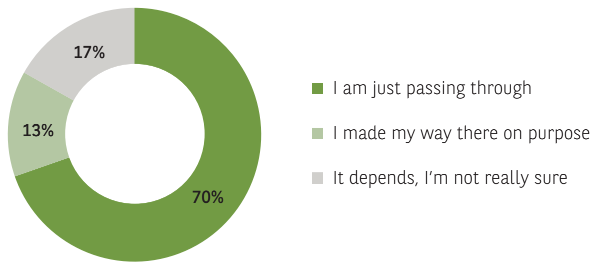
Warsaw City Hall can influence the tenant structure within specific sections of given retail and service areas by organizing profiled tenders, in which the permitted business activities for the premises in question are stipulated.

"An example of the above is the creation of a designated space for street booksellers, i.e. at Chmielna 10 in the borough of Śródmieście, where in addition to 4 commercial units (bookstores), there are more than 10 street book stalls available within close proximity."

Warsaw City Hall

Additionally, every three years, the Warsaw borough authorities are obliged to draw up a management plan for the commercial premises held by them, which is aimed at establishing the rules for efficient and effective management of the supply. Among others, the plans are to include an analysis of the income obtained from leasing activities, stipulations for sale of premises to existing tenants as well as for the sale of vacant premises under auctions, while at the same time taking into consideration the necessity to reserve a number of premises for the purpose of fulfilling the needs of local communities.

Graph 4. I shop on Warsaw's high streets because ...



Source: SW Research, S=200

"As we are aware of the potential of the premises placed under a tender or an auction, the asking rates for premises located on the high street are higher than those relating to, for example, premises situated in a courtyard. The analysis of market lease rates for comparative purposes drawn up every three years by commission of the mayor is a useful tool when setting the aforesaid rates."

Warsaw City Hall

For financial reasons, Warsaw City Hall took the decision to restrict the sales of commercial premises in the Trakt Królewski area.

It follows from the survey obtained that within selected areas, e.g. in the borough of Śródmieście, "steps have been taken with the aim of effecting changes within the business and spatial sphere, the result of which is to improve the attractiveness of the selected district." However, there are no concrete proposals in respect to the solutions to be implemented in order to meet this particular objective.

It has to be noted that the areas defined in this report as high streets are not covered by local zoning plans, which means that the guidelines with regard to the manner in which the given area is to be developed are included in the currently valid 'Study of Determinants and Directions in Spatial Development for Warsaw', according to which all the streets analysed are located within the active downtown area. Pursuant to the above document, the area in the proximity of Chmielna is located in the C/UH30 zone, i.e. multifunctional areas with a possible retail use in excess of 2,000 sqm, while the remaining streets mentioned in this report bear the symbol C30, i.e. they are classed as multifunctional areas. The local zoning plan for the so-called Eastern Wall, which applies, among others, to the area analysed, is currently being developed.

The urban layout of Trakt Królewski, which includes Nowy Świat, the surroundings of Plac Trzech Krzyży, Mokotowska and Chmielna, as well as many tenement houses in the area, is subject to the protection of the conservator of historical monuments, which limits the opportunities for modernization of numerous premises and buildings.

1.4 million sqm shopping centre GLA	**70,000** sqm estimated GLA on the main high streets	**47** zł/m²/month average rent, publicly-owned commercial premises
		589 zł/m²/month highest rent, publicly-owned commercial premises
43 number of shopping centres within the agglomeration	**4** number of retail facilities in a radius of 1 km from the main high streets	**150-170** zł/m²/month average rent, privately-owned commercial premises
3 number of shopping centres in a radius of 1 km from the main high streets	**595** m² total retail space saturation per 1000 residents within the agglomeration	**473** zł/m²/month highest rent, privately-owned commercial premises

SUMMARY AND PROSPECTS

Warsaw, due to its population and economic potential, has a relatively well developed system of high streets. Owing to its urban layout, existing transport system and trends, three diverse high street profiles have developed in the city. As a result, Marszałkowska and Aleje Jerozolimskie offer retail for the masses, the area around Nowy Świat and Chmielna offer mainly food service establishments and fashion dedicated to the middle class and wealthy customers, while the tenant-mix at Plac Trzech Krzyży and along Mokotowska is aimed at the wealthiest consumers.

Due to the planned opening of the second metro line in the autumn of 2014, the north frontage of Świętokrzyska has the chance to become an attractive region for the development of high streets in Warsaw. Additionally, a retail stretch connecting Świętokrzyska with Chmielna and Aleje Jerozolimskie might be created in the future across Zgody, Szpitalna and Bracka (northern section).

Despite the fact that Nowy Świat and Chmielna are rooted in the consciousness of Warsaw's residents as high streets, their potential is not yet fully recognized. The combined surface of premises located within the area covered by this analysis amounts to approx. 70,000 sqm, which is the equivalent of two medium-size shopping centres. In the face of the lack of available space in inner-city shopping centres, this represents a great opportunity to create an attractive alternative along the high streets.

Warszawa, ul. Marszałkowska

Unfortunately, planning restrictions and those imposed by the conservator of historical monuments, the lack of a coherent policy for managing the development of this part of the city as well as the lack of any solutions in respect to parking in the city result in the majority of changes that take place there having an incidental character. The steps taken from the bottom up are aimed at arriving at a compromise between the city authorities, landlords, tenants and residents, which in turn would make it possible to develop a consistent strategy for development of those areas and attracting tenants to them.

Kraków

> *"Kraków, as the historical capital of Poland, does draw today upon its cultural heritage by concentrating its retail activities in the centrally located historical quarter of the city. However, due to the adopted rules for development, new directions for retail locations are being set."*
>
> ***Kraków City Hall***

DEFINITION AND DELIMITATION

The city of Kraków has not provided an unambiguous definition or delimitation of its high streets. For the purposes of this report, its authors adopted the definition set out in the Introduction to this report. As far as location is concerned, the analysis covered the areas marked on the map, which primarily include Rynek, Grodzka and Floriańska, and several smaller streets situated within the Old Town.

53.3% and 43% of responses respectively. In addition to the above-mentioned high streets, 12% of respondents also named Długa, which lies outside of the Old Town perimeter, as one of the main high streets.

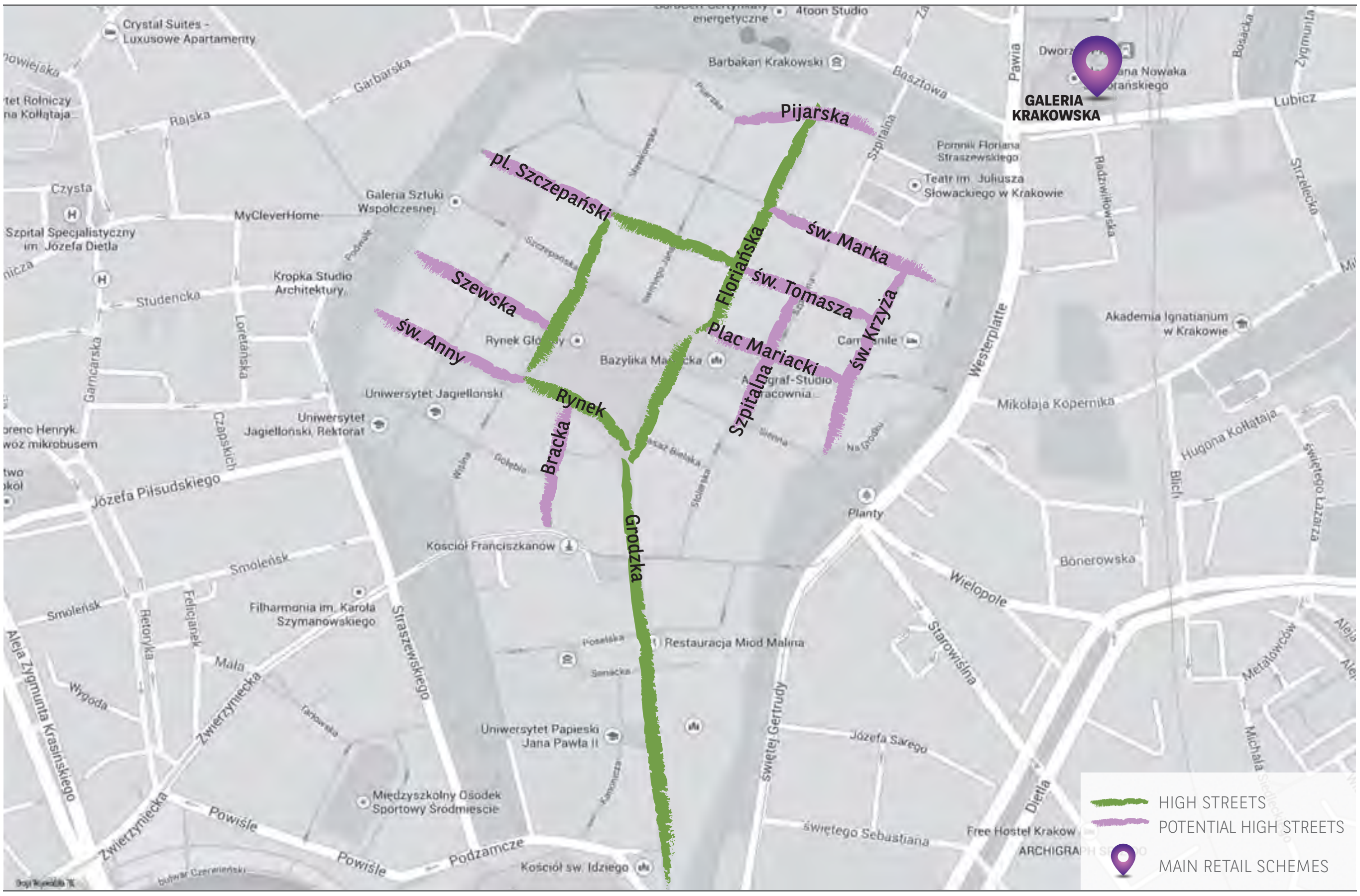
It is worth mentioning that the nearest shopping centre, i.e. Galeria Krakowska, is located at a distance of 1 km from the area analysed, which is the furthest away among other surveyed inner-city areas. This results from urban policy, which preserves the traditional character of high streets by spreading the large-format shopping facitilies near the outer edges of the city.

With a result of 78.5% of responses, the recognition of Floriańska is unquestionably the highest among Kraków's high streets. This is also where consumers do most of their shopping. There is a relatively high awareness of the fact that Grodzka and Szewska also play the role of high streets, and it amounts to 53.3% and 43% of responses respectively. In addition to the abovementioned high streets, 12% of respondents also named Długa, which lies outside of the Old Town perimeter, as one of the main high streets.

Table 1. Selected main high streets in Kraków together with an indication whether the city's residents do their shopping there

	High street (% of responses)	Do you shop here? (% of responses)
Grodzka	53,3%	31,7%
Floriańska	78,5%	50,8%
Rynek Główny	34,6%	28,6%
Szewska	43,0%	22,2%
Bracka	8,4%	4,8%
św. Anny	3,7%	4,8%
Other	12,1%	-
There is no high street in my city	6,5%	-

Source: SW Research, S=200



Source: the Polish Council of Shopping Centres, BNP Paribas Real Estate, Google Maps

Kraków, Rynek Główny

THE RANGE OF GOODS AND SERVICES OFFERED ON THE HIGH STREET AND CONSUMER HABITS

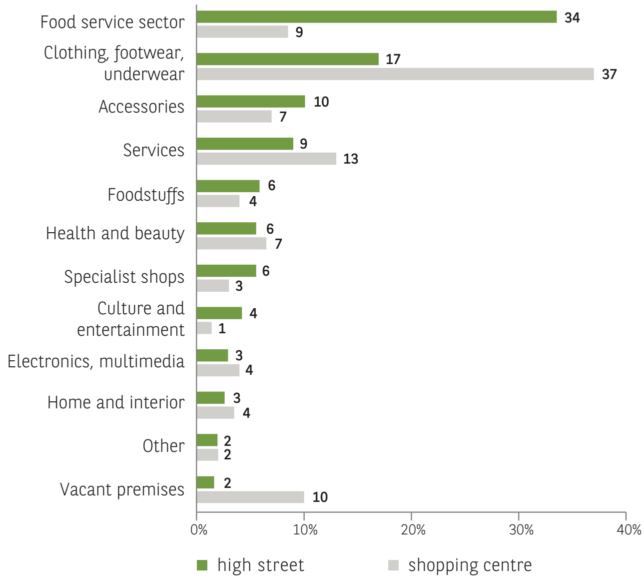
The highest share in the tenant-mix amounting to 34% of the total number of units on Kraków's high streets is held by the food service sector (graph 1). It is not surprising due to the high volume of tourists and students. The clothing, footwear and underwear category with a result of 17% takes the second position. In shopping centres this ratio amounts to 37%. Compared with other cities surveyed, Kraków has more clothing chain stores operating on its high streets, for example Simple, Paul & Shark, Max Mara, Intimissimi, Orsay, Hexeline, Tatuum, Ryłko and Gino Rossi.

Due to the high number of visitors to the area analysed, it is not surprising that there is a very small ratio of vacant premises, which constitute approx. 2% of all available premises, as compared with a vacancy ratio of 10% for Kraków's shopping centres (as per the number of vacant premises.) To compare, the proportions between specific sectors in shopping centres are more disparate, however attention is drawn by the considerably lower share of the food service sector, which amounts to only 9%.

Similarly to other cities, shopping centres are the preferred location for shopping (graph 2). On high streets, money is spent on food services (74%). Apart from foodstuffs (63%), the vast majority purchases these types of goods in shopping centres (95%). There are similar disproportions with regard to the health and beauty and services categories. Shopping centres have a clear lead, with a ratio of 81% to 52% and 87% to 49% respectively.

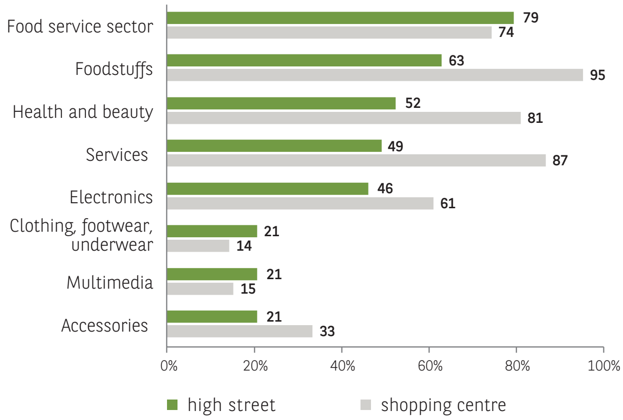
77% of Kraków's residents spend no more than 1 hour on the high streets. To compare, this amount of time is spend in shopping centres by 26% of respondents. As much as 50% of respondents dedicate between 1 and 2 hours to shopping at shopping centres, as opposed to 16% of respondents on the high street.

Graph 1. Retail mix on selected high streets and in selected shopping centres in Kraków



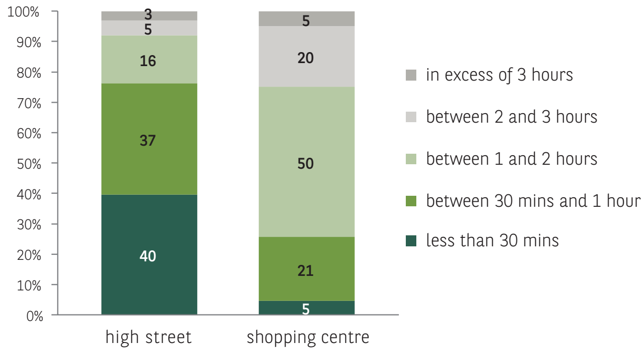
Source: the Polish Council of Shopping Centres, BNP Paribas Real Estate

Graph 2. Consumer expenses on the high streets and in the shopping centres in Kraków by given retail category



Source: SW Research, S=200

Graph 3. Time spent on the high street and in a shopping centre in Kraków during a single visit



Source: SW Research, S=200

THE HIGH STREET AS SEEN BY THE CITY AUTHORITIES

The city of Kraków does not have a homogeneous strategy for the management and maximization of the potential of high streets in the city. A key element of the urban policy in respect to spatial development is the concept of a densely structured city, implemented through the concentration and structural integration of space.

The general rules are contained in the City's Spacial Zoning Study (works on the updated Study is currently in progress), while the detailed provisions are based on the local master plans, which include the currently valid Master Plan for "Stare Miasto" from 2011. This area, enclosed within the high streets, is dominated by multi-family developments with commercial premises, where activities dominate from the sectors of retail, culture and tourism as well as the entertainment and food service sector.

Kraków, ul. Floriańska

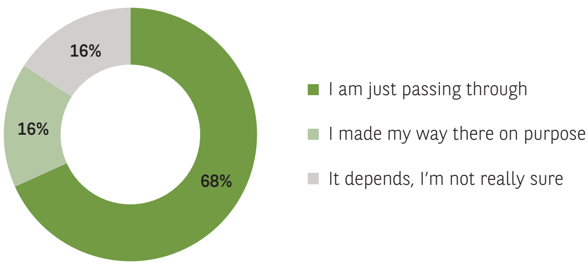
The supply along the high streets is predominantly located on the ground floors of the historic tenement buildings. Additionally, it is a characteristic feature for Kraków that numerous premises are located in courtyards and basements. It is usually activities from within the food service and entertainment sector that are carried out here.

The city of Kraków is not taking any specific steps aimed at maximizing the potential of its existing high streets, which can be a result of the city's attractiveness with respect to tourism as well as the continuously high level of demand on the part of tenants.

It is only spontaneity that causes the majority of respondents to shop on the high street, usually because they are just passing through. Only 16% declare that they specifically aim for the high street as a destination.

"The high street tradition in our city, even though it is now being ousted by the robust shopping centre market, continues to attract the attention of investors who wish to promote their brand by trading in a prestigious location."
Kraków City Hall

Graph 4. I shop on Kraków's high streets because ...



Source: SW Research, S=200

549 400 m²
shopping centre GLA

15 number of shopping centres within the agglomeration

1 number of shopping centres in a radius of 1 km from the main high streets

30 500 m²
estimated GLA on the main high streets

566 m²
total retail space saturation per 1,000 residents within the agglomeration

90-110 zł/m²/month
average rent, privately-owned commercial premises

300 zł/m²/month
highest rent, privately-owned commercial premises

SUMMARY AND PROSPECTS

Due to an extensive number of customers, the core of which are mostly tourists and students, Kraków's high streets remains unflaggingly popular among tenants, which in turn translates into one of the highest rental rates.

Owing to the fact that demand in Kraków is higher than the supply of available space, rents in the city count among the highest in Poland. Despite the lack of a long-term strategy for the city's high streets, this commercial space format works relatively well in Kraków. Nonetheless, this is not to say that it is an ideal arrangement. Some of the streets, which could potentially develop in more of a commercial direction, are not promoted suitably. Additionally, the issue of selection of a more diverse tenant-mix should also be addressed.

The lack of available space with a suitable surface area and of the required standard means that a number ofchain brands that would be interested in opening a store on one of the main high streets in the city are not able to execute their plans. And this is despite the already existing potential: the estimated leasable area on Kraków's high streets amounts to approx. 30 500 sqm.

Kraków, ul. Grodzka

ŁÓDŹ

DEFINITION AND DELIMITATION

The policy documentation drawn up by the city of Łódź does not include a precisely outlined definition of the high street, it does however name Piotrkowska as the principal high street in the city. In addition to that, the results of the survey carried out qualify all the streets located within the Core of the Metropolitan Area (stretching from Żeromskiego and Targowa to Stary Rynek and Aleja Mickiewicza/Piłsudskiego) as high streets.

Due to the "inward" and revitalization policy for development of the city pursued for the past 2 years, the concept of the high street in Łódź is becoming broader and potentially covers all the streets that meet the requirement of having a frontage (this to include a partial frontage) and hosting commercial premises situated in basements.

For the purposes of this publication, the areas covered in the analysis include Piotrkowska, Aleja Piłsudskiego and Zachodnia as high streets, as well as Zielona, Mickiewicza and the Nowe Centrum Łodzi district as potential areas.

The results of the survey carried out among the residents of Łódź are to a large extent convergent with what is considered to constitute the city's high streets by Łódź City Hall. Piotrkowska is in a clear lead, both in respect of its recognisability as a high street and as the place to do shopping.

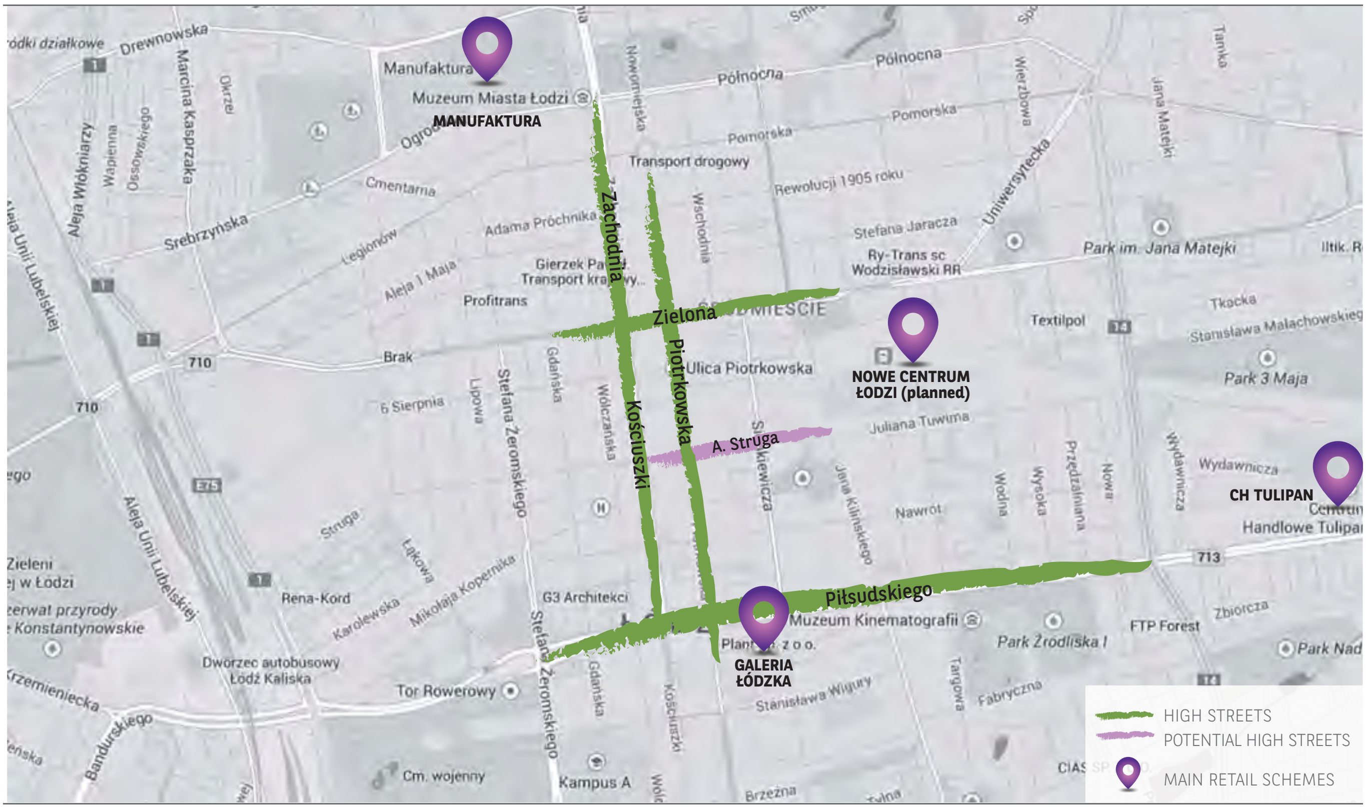
The main objective of the Development Strategy for Piotrkowska for the years 2009-2020 is to:

"educe and promote in a modern formula the unique qualities of Łódź's representative street which is to be a welcoming place for residents and tourists alike. Piotrkowska will regain its glamour and become, as in the past, the place for social gatherings, a cultural and entertainment centre, the destination for a family walk, an important tourist route, and within a designated stretch, it will be a pedestrian street playing the role of the city's promenade."

Table 1. Selected main high streets in Łódź together with an indication whether the city's residents do their shopping there

	High street (% of responses)	Do you shop here? (% of responses)
Piotrkowska	86.6%	79.6%
Piłsudskiego	22.4%	27.8%
Mickiewicza	13.4%	11.1%
Zachodnia	19.4%	18.5%
Zielona	19.4%	9.3%
Other	6.0%	-
There is no high street in my city	3.0%	-

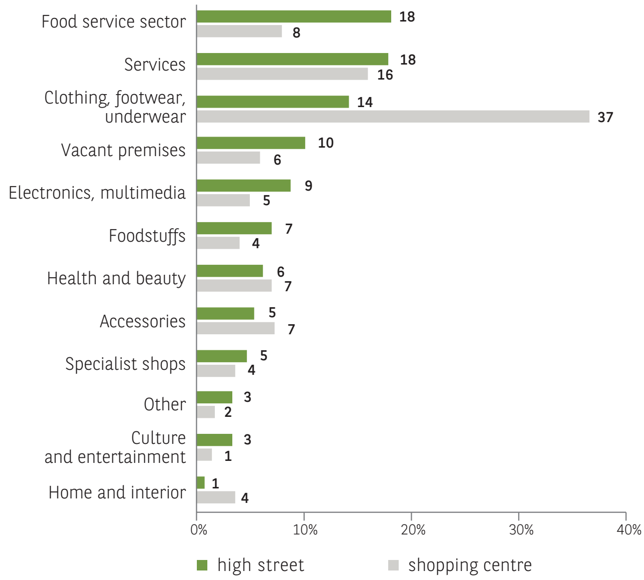
Source: SW Research, S=200



Source: the Polish Council of Shopping Centres, BNP Paribas Real Estate, Google Maps

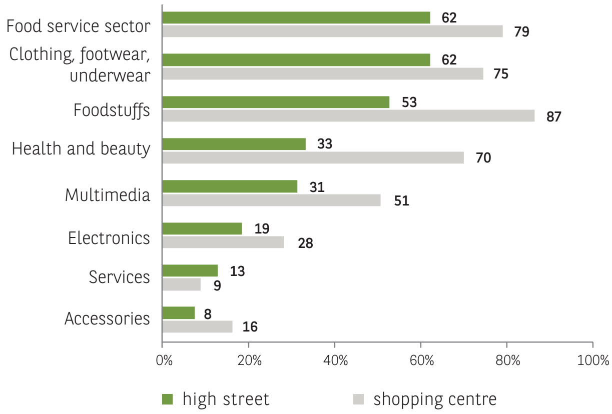
Łódź, ul. Piotrkowska

Graph 1. Tenant-mix on selected high streets and in selected shopping centres in Łódź



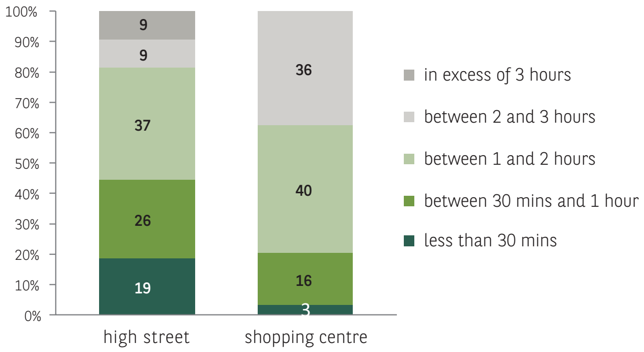
Source: the Polish Council of Shopping Centres, BNP Paribas Real Estate

Graph 2. Consumer expenses on the high streets and in the shopping centres in Łódź by given retail category



Source: SW Research, S=200

Graph 3. Time spent on the high street and in a shopping centre in Łódź during a single visit



Source: SW Research, S=200

THE RANGE OF GOODS AND SERVICES OFFERED ON THE HIGH STREET AND CONSUMER HABITS

The situation of Piotrkowska, is unique. The completion of Manufaktura in 2006, a multifunctional scheme having a strong impact, led to radical changes. A number of retailers left, resulting in the increase of vacancy and rent decline. It is now dominated by the food service sector, clubs and the financial services. The situation is slowly improving, and the tenant-mix is becoming more balanced, however vacancy remains relatively high (10%). A crucial element stimulating the city's development are the steps undertaken by the City aimed at rejuvenating Piotrkowska.

The current tenant-mix in Łódź is quite varied (graph 1). The food service sector and services (each occupies 18% of premises on the high streets) are in a slight lead over the remaining categories. The clothing, footwear and underwear sector is placed in the third position with a 14% share; however when compared with shopping centres, the share is more than 2.5 times lower. Among others, the following brands operate from premises on Piotrkowska: Tatuum, Quiosque, Deni Cler, Kastor and Bialcon.

Despite the high disproportion in respect of units occupied by the clothing, footwear and underwear sector on the high street and in shopping centres, this category remains to be identified as being shopped on the high street (62%), it has the second position after the food service sector (graph 2). Foodstuffs and health and beauty products are unquestionably most often shopped for in shopping centres with a respective share of 87% and 70% compared to a 53% and 33% share recorded on the high street.

For 45% of respondents, a visit to Piotrkowska takes less than 1 hour, while they spend significantly more time in shopping centres, where for 76% of respondents a visit lasts between 1 and 3 hours.

THE HIGH STREET AS SEEN BY THE CITY AUTHORITIES

The city of Łódź has undertaken a number of initiatives aimed at comprehensive and effective management of the existing supply within the so-calledMetropolitan Area, which is where Piotrkowska, among others, is located.

As per the Development Strategy for Piotrkowska in Łódź for the years 2009-2020 approved in 2009, "Piotrkowska is the city's heart, it is its axis, artery and representative feature. [...] the objective is to educe and promote in a modern formula the unique qualities of Łódź's representative street which is to be a welcoming place for residents and tourists alike. Piotrkowska will regain its glamour and become, as in the past, the place for social gatherings, a cultural and entertainment centre, the destination for a family walk, an important tourist route, and within a designated stretch, it will be a pedestrian street playing the role of the city's promenade."

The key objectives of the strategy include:

- improvement of Piotrkowska's spatial quality
- improvement of public transport access to Piotrkowska
- improvement of public order
- improvement of attractiveness of the public space
- enhancement of Piotrkowska's centre-forming and metropolitan functions
- improvement of attractiveness with respect to tourism

A crucial element of this strategy is the fact that it was developed using the community method, which means that it was Piotrkowska's residents, its visitors and customers, as well as sympathizers along with the city authorities, who agreed on its final shape and objectives by mean of public consultations. The results of the work carried out by the Piotrkowska Committee were approved in the form of a social contract bearing the name of "Contract for Piotrkowska".

Further documents created are the Nowe Centrum Łodzi Policy and the Strategy for Spatial Development in Łódź 2020+. Both of the above documents recognize the importance and necessity to undertake steps aimed at inward development of the city, a part of which is to develop all the streets from within the Metropolitan Area as multifunctional streets with a possible retail use.

To be able to set appropriate rental rates, the city of Łódź divided the city into zones with regard to commercial premises. Zones "0", "I" and "II" include streets with increased pedestrian traffic; where zone "0", which applies to the stretch of Piotrkowska from Plac Wolności to Aleja Piłsudskiego (including commercial premises situated on Plac Wolności), covers only premises located on the ground floors of frontage buildings. The remaining commercial premises situated on Piotrkowska are covered by zone "I" and "II".

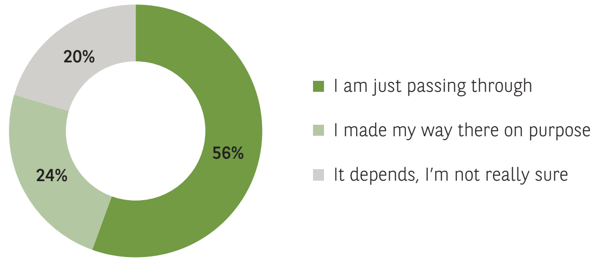
Another tool allowingfor a more efficient implementation of the strategy and management of Piotrkowska's promotional and marketing policies is the regular measurement of the street's traffic, as well as a special website dedicated to the street, where it is possible to obtain information on various events, the street's history and tenants.

Moreover, the Piotrkowska Foundation is active in the city, and there is a website – www.ulicapiotrkowska.pl, on which one can find information relating to, among others, the street's history, ongoing events, the city's policies and strategies, as well as aforum used by the residents and Łódź's urban space users to partake in various discussions.

"Socio-economic benefits arising from a comprehensive approach to the high street include:
- *social and commercial revival of neighbourhoods within the Metropolitan Area;*
- *creation of new work places and development of services in a revitalized and extended centre;*
- *improvement of the city image as welcoming to its residents and visitors;*
- *increase of the city's income derived from taxes paid as well as leasing and sale of commercial premises."*

Łódź City Hall

Graph 4. I shop on the high streets in Łódź because ...



Source: SW Research, S=200

504 700 m²
shopping centre GLA

14 number of shopping centres within the agglomeration

2 number of shopping centres in a radius of 1 km from the main high streets

35,000 m²
estimated GLA on the main high streets

2 318
number of commercial premises owned by the city of Łódź, of which 22% is covered by zone "0", "I" and "II"

90-100 zł/m²/month
average rent, privately-owned commercial premises

300 zł/m²/month
highest rent, privately-owned commercial premises

547 m²
total retail space saturation per 1,000 residents within the agglomeration

SUMMARY AND PROSPECTS

The city of Łódź is one of the few cities in Poland that approaches the issues of high streets and the best possible utilization and development of the city's Śródmieście district in a comprehensive manner. This is of particular importance in the context of the existing Manufaktura shopping centre, which has changed the shape and force of impact made by Piotrkowska, as well as having regard to one of the largest projects in Central and Eastern Europe, i.e. Nowe Centrum Łodzi to be developed near the street. The direct consequences to stem from implementation of the strategy will not become apparent for a while yet, however it certainly constitutes one of the tools applied to effectively manage the city, and due to the participation of the public and suitable publicity, it has a chance to succeed.

Łódź, pl. Wolności / ul. Piotrkowska

Wrocław

However, experts from Wrocław City Hall apply the following description to the concept of the high street:

"It is a public space, a living fragment of the city that, in addition to playing a utilitarianrole, is also of importance with regard to the economy, entertainment and tourism. The high street is a place for social gatherings and interaction."

DEFINITION AND DELIMITATION

The city of Wrocław does not have a precisely outlined definition of the high street. The reason for referring to certain streets as a "high street" has its roots in the history and the residents' shopping habits, in particular from the era from before the emergence of shopping centres in the city.

The development of high streets is a relatively new topic, affected by numerous factors and elements of the city's operations such as: public transport, road infrastructure, car parks, urban developments structure, social factors and, to a certain extent, the climate. Therefore, Wrocław endeavours to draw on the experience of cities such as Lyon, Berlin and Paris, where retail development strategies have been in effect for many years now.

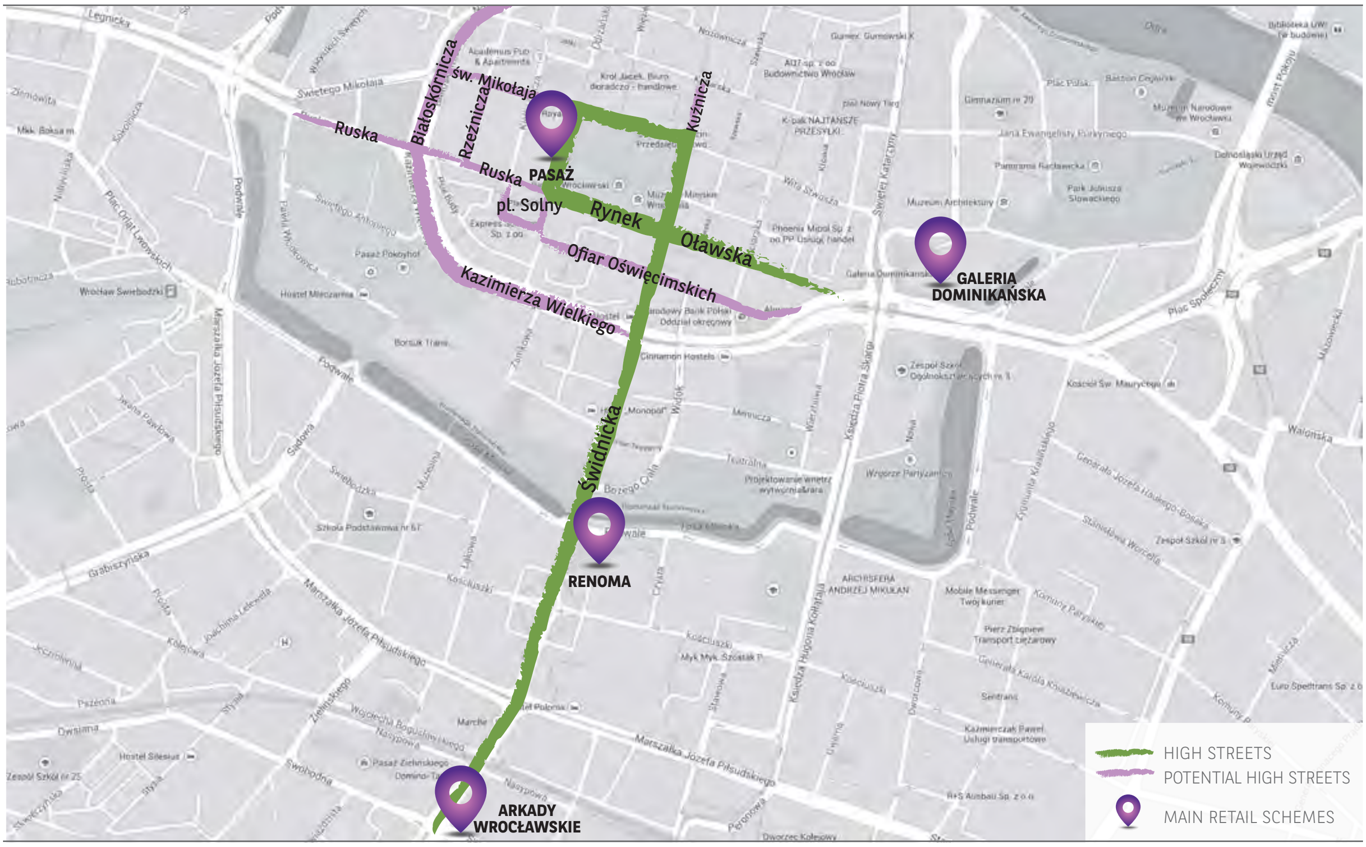
It follows from the survey forwarded by the city of Wrocław that the main high streets are Świdnicka and Oławska. Streets of historical significance, situated at some distance from the core of the city, and now being of consequence only on a local scale are: Jedności Narodowej, Bolesława Chrobrego, Pomorska and Piłsudskiego stretching from the main railway station. Wrocław has three rental zones distinguished in respect of location of commercial premises: city centre, inner-city and the outskirts. The majority of streets covered by the analysis are located in the city centre and the inner-city zones. In the city centre, the city of Wrocław owns 310 ground floor units in frontage buildings with the total area of 32,586 sqm, 38 of which are currently vacant and available to lease.

The streets named in the survey carried out among Wrocław's residents are convergent with what is considered to constitute the city's high streets by the City Hall. Świdnicka, Oławska as well as Rynek and Ruska are in a clear lead here, both in terms of their recognisability as a high street and as the place to do shopping (table 1).

Table 1. Selected main high streets in Wrocław together with an indication whether the city's residents do their shopping there

	High street (% of responses)	Do you shop here? (% of responses)
Świdnicka	75.6%	41.6%
Oławska	61.4%	30.3%
Rynek	45.7%	48.3%
Ruska	30.7%	13.5%
Kazimierza Wielkiego / Nowy Świat	17.3%	7.9%
Kiełbaśnicza	11.8%	3.4%
Other	3.1%	-
There is no high street in my city	6.5%	-

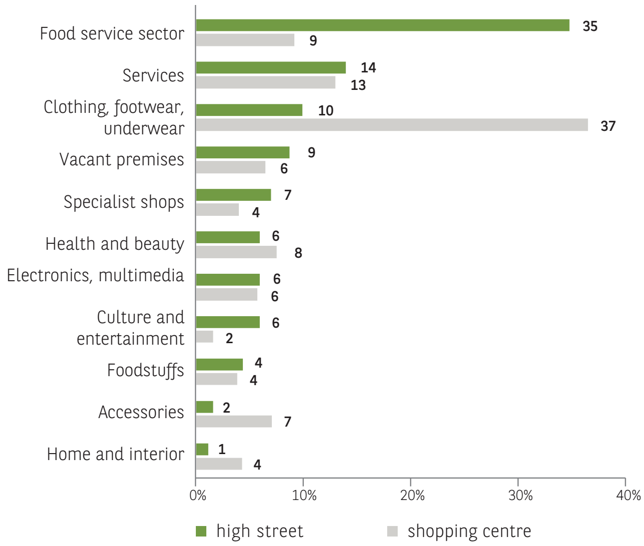
Source: SW Research, S=200



Source: the Polish Council of Shopping Centres, BNP Paribas Real Estate, Google Maps

Wrocław, Rynek

Graph 1. Tenant-mix on selected high streets and in selected shopping centres in Wrocław



Source: the Polish Council of Shopping Centres, BNP Paribas Real Estate

THE RANGE OF GOODS AND SERVICES OFFERED ON THE HIGH STREET AND CONSUMER HABITS

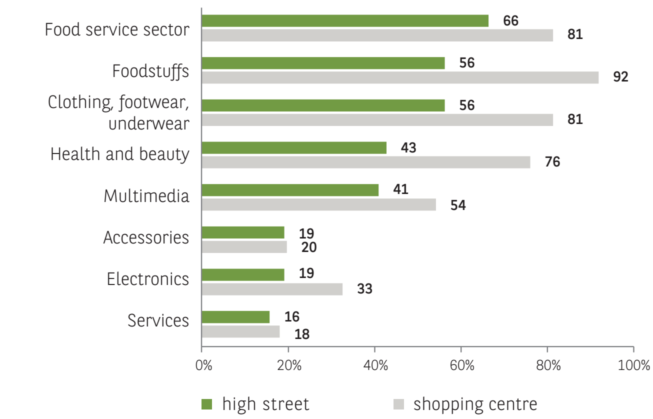
The tenant-mix found on Wrocław's high streets is relatively varied (graph 1). The food service sector, with a share of 35% of all premises on the city's high streets, has the greatest prominence, while in shopping centres it accounts for only 9% of premise. Services have a 14% share in the market, which is on a level similar to that represented in shopping centres. The fashion category represents only 10% of tenants on the streets surveyed, which is a testimony to the still limited number of business offering clothing and footwear as compared to shopping centres.

The remaining categories fall in the range of 6-7% (electronics and multimedia, health and beauty as well as specialized and other shops). The share of foodstuffs amounts to 4%, while the lowest share is held by the following categories: culture and entertainment, accessories and home and interior.

It is estimated that the share of all vacant premises available to lease on the high streets amounts to approx. 9%, while for the shopping centres this ratio amounts to approx. 6%, although this differs from scheme to scheme.

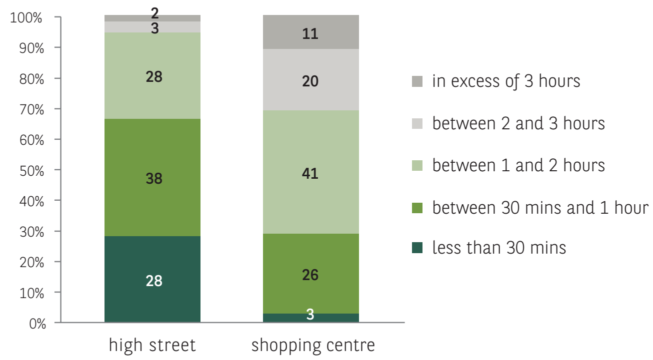
The tenant-mix is reflected in the expenses structure. Similarly to other cities, the shopping centres remain the preferred place for shopping (graph 2). In terms of the high street, the expenses most frequently declared by consumers are for the food service category (66%), then foodstuffs (56%), and this is despite the fact that there is a relatively small number of this type of shops on the main high streets. Another category identified by respondents is the clothing, footwear and underwear sector, which accounts for 56% of responses, while the health and beauty sector with 43% and multimedia with 41% have a slightly smaller share.

Graph 2. Consumer expenses on the high streets and in the shopping centres in Wrocław by given retail category



Source: SW Research, S=200

Graph 3. Time spent on the high street and in a shopping centre in Wrocław during a single visit



Source: SW Research, S=200

> *"The necessity to reconcile the interests of residents, customers, retailers, as well as the city, imposes an obligation to develop common solutions to be approved by the majority; these include activities in respect of publicity, infrastructure, image and logistics. With this aim, the City Hall has appointed a special body within its structure to be responsible for development and communications among participants of the process."*
>
> ***Wrocław City Hall***

THE HIGH STREET AS SEEN BY THE CITY AUTHORITIES

It follows from the responsereceived from Wrocław City Hall that to change the image of the core of the city is one of the priorities of Wrocław's authorities. Admittedly, the city's authorities have not yet taken the decision to draw up a strategy, however there are certain documents and policies that regulate and consolidate specific issues relating to retail.

The City Hall has identified the top priorities and objectives, among which the most crucial one is to establish a partnership and a mutual dialogue with all parties involved in the operations of the Stare Miasto retail district, and subsequently to draw up a list of goals and tools to achieve them. The body appointed to coordinate the entirety of issues relating to retail is the Office for Economic Development.

Small retail stores are what dominates in the Stare Miasto retail district, although there are areas where large-format retail facilitiesin excess of 2,000 sqm are permitted, in particular in place of existing traditional department stores now operating as shopping centres, an example of which is the modernized Renoma (formerly the Wertheim department store).

Wrocław, ul. Oławska

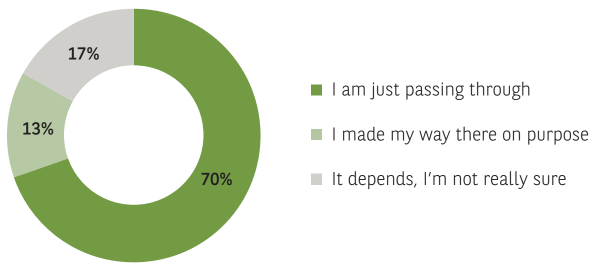
With the aim of improving the image of Wrocław's high streets, the City Hall has undertaken the following steps:

- **in terms of infrastructure:** ongoing refurbishments, street cleaning, additional townscape elements, as well as maintenance and development of green areas, which is to maintain a high level of aesthetics in the given space;
- **in terms of publicity:** preparation of a website for Świdnicka, workshops for entrepreneurs and bilateral Polish-German programmes designed to exchange experiences between entrepreneurs and retailers operating on high streets;
- **in terms of legal regulations and policies:** having an influence as to what types of businesses operate within the given area by developing local zoning plans and rental policies; many zoning plans, in particular in respect of the Stare Miasto district, certain designations/uses are not permitted at all, and sometimes even entirely banned; additionally, a resolution relating to the Culture Park, which is to include the city's retail zone, will enter into effect with the aim of systematizing the advertising policy (outdoor advertising) of the entities operating within the park.

The main obstacle to achieving the objectives in respect of changing the image of the main high street which plays the role of Wrocław's representative feature, is the inconsistent ownership structure of commercial premises, which, to a large extent, deprives the City Hall of the ability to influence what types of business activities are carried out by landlords and tenants in the premises that are not publicly-owned.

The city of Wrocław is now at the beginning of a well-chosen path, however as shown by the research carried out, at the moment only 17% of respondents chooses to go shopping on the city's high streets. This undoubtedly results from the range of goods and services offered and the perception of the streets as a place to go and eat out at and maybe use other services as opposed to actually purchase anything per se.

Graph 4. I shop on Wrocław's high streets because ...



Source: SW Research, S=200

593,000 m^2
shopping centre GLA

19 number of shopping centres within the agglomeration

3 number of shopping centres in a radius of 1 km from the main high streets

25,000 m^2
estimated GLA on the main high streets

792 m^2
total retail space saturation per 1,000 residents within the agglomeration

48 zł/m^2/month
average rent, publicly-owned commercial premises

90-110 zł/m^2/month
average rent, privately-owned commercial premises

180 zł/m^2/month
highest rent, privately-owned commercial premises

105 m^2
average area of publicly-owned premises

SUMMARY AND PROSPECTS

The high streets in Wrocław, the leasable area of which is estimated to amount to approx. 3-5% of the current leasable area of shopping centres, do undoubtedly have a considerable potential for development owing to the long-standing retail traditions, architecture that supports the operation of shops as well as provision of services on the lower floors of buildings, and, last but not least, consumer needs in terms of diversification of the range of goods and services offered.

Similarly to other cities, there are certain limitations arising from the inconsistent ownership structure of commercial premises, parking difficulties, as well as impaired channels for contact and information flow with landlords.

The city of Wrocław has to be distinguished for coordinating all of the issues relating to retail through appointing the Office for Economic Development. Importantly, the city leads the development of its high streets (currently Świdnicka) towards not only services and the foods service sector, but also in the direction of luxurious goods, including fashion and accessories, which is a phenomenon of sorts among the cities analysed.

In addition to drawing up a rent policy and regulations in respect of the tenant-mix and maintaining a website with an interactive map of Świdnicka, numerous other promotional activities are being undertaken in the city such as the Christmas Market and the Midsummer Night Market. There are also some other carefully selected cultural events that attract residents from all over the city and tourists to the centre. Further strengths positively affecting the development and operation of Wrocław's high streets are various infrastructure projects executed in the proximity of the main retail thoroughfare and partially financed with EU funds: construction of a car park on Plac Nowy Targ implemented under a public-private partnership, construction of the National Forum of Music and refurbishment of the Capitol music theatre.

"As needed, certain uses are not permitted at all, and sometimes even entirely banned, under the provisions of local zoning plans. Additional requirements and restrictions can be also applied with regard to land and building development and management, where examples of these include a percentage of usable area of a facility against its total area, permitted type of activities and restrictions in terms of percentages of e.g. office space, etc."

Wrocław City Hall

Poznań

DEFINITION AND DELIMITATION

The policy documentation drawn up by the city of Poznań does not include a precisely outlined definition of the high street, however for the purpose of implementation of the city's objectives, it is deemed that a high street is **"a pedestrian route as well as a shared zone with intensive traffic levels and having spatial and cultural significance, which is traditionally seen by residents as the place where retail as well as retail and service units are located, in particular those that are more than just basic in their nature"**.

In the survey provided, the city of Poznań identifies the following routes as the city's high streets: 28 Czerwca 1956, 27 Grudnia, Dąbrowskiego, Garbary, Głogowska, Górna Wilda, Marcinkowskiego, Paderewskiego, Półwiejska, Stary Rynek together with the streets within the Stare Miasto district, Święty Marcin and Wierzbięcice.

The results of the survey carried out among Poznań's residents are to a large extent convergent with what Poznań City Hall identifies as the city's high streets. Półwiejska is in a clear lead, both in respect of its recognisability as a high street and as the place to do shopping.

In addition to the streets located outside of the Stare Miasto district, respondents named Głogowska and Dąbrowskiego, which represent approx. 10% and 6% of responses respectively.

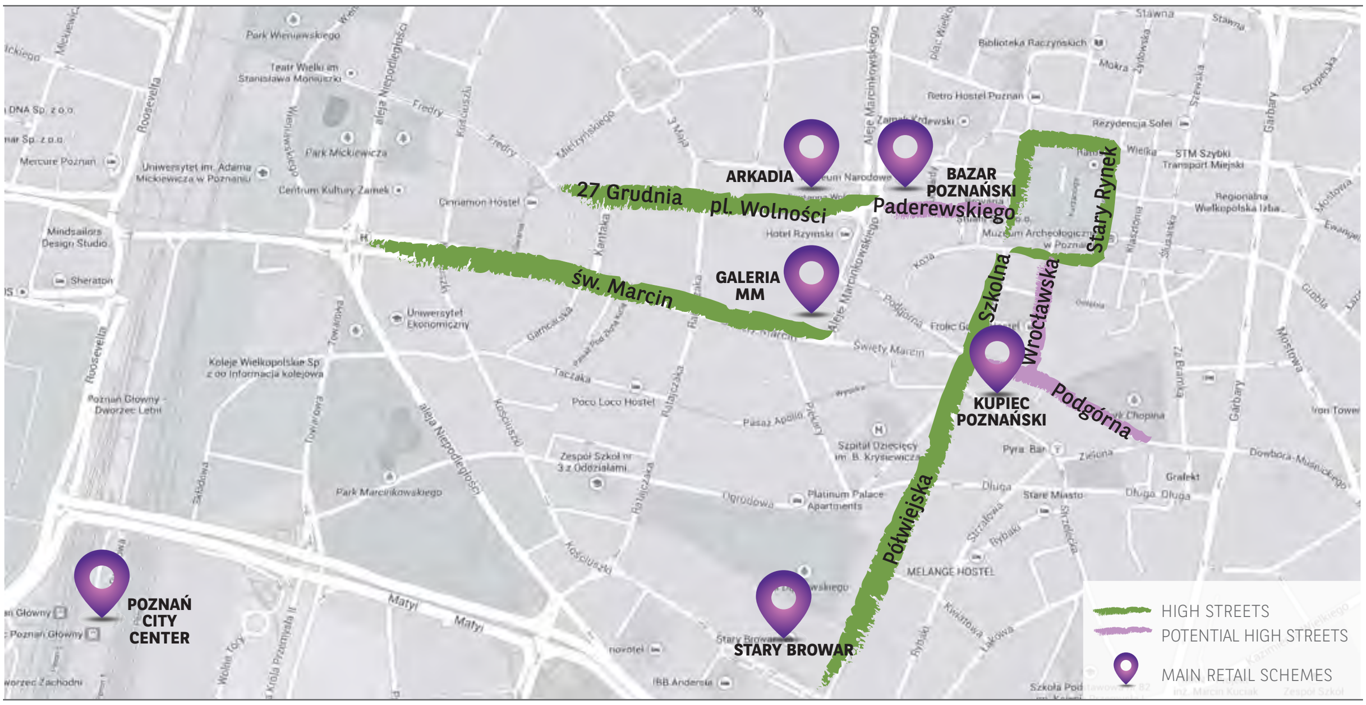
"The high street is a place for social gatherings, a cultural and entertainment centre, the destination for a family walk and an important tourist route. A comprehensive approach to high streets makes it possible to improve the attractiveness and aesthetics of those areas. It positivelyrevives of both the high streets and the central district where they are situated, and additionally improves the conditions in which retail and retail and service activities are conducted along those streets. Residents start identifying themselves with their city to an increased extent and tend to be more conscientious as regards the public space."

Poznań City Hall

Table 1. Selected main high streets in Poznań together with an indication whether the city's residents do their shopping there

	High street (% of responses)	Do you shop here? (% of responses)
Półwiejska	95.5%	85.3%
św. Marcin	55.9%	22.7%
Pl. Wolności	14.4%	5.3%
Paderewskiego	8.1%	1.3%
Other	8.1%	-
There is no high street in my city	0.9%	-

Source: SW Research, S=200



Source: the Polish Council of Shopping Centres, BNP Paribas Real Estate, Google Maps

Poznań, Rynek

THE RANGE OF GOODS AND SERVICES OFFERED ON THE HIGH STREET AND CONSUMER HABITS

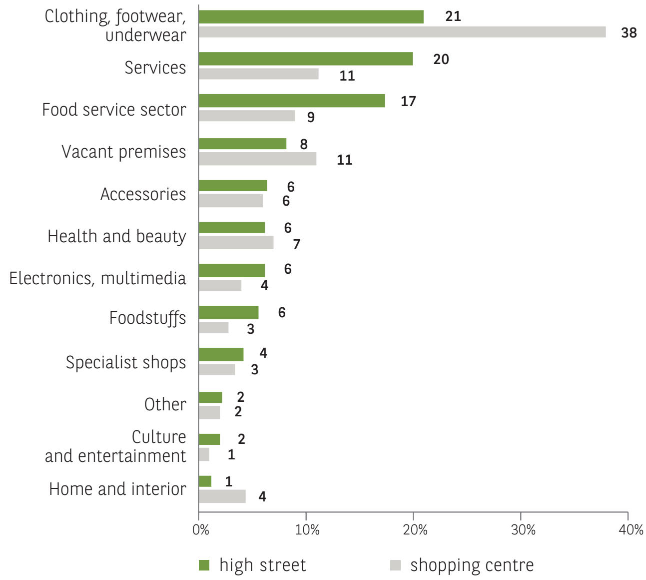
In contrast to the other cities, in which the tenant-mix is dominated by the food service sector, the majority (21%) of units represent the clothing, footwear and underwear category (graph 1). Services and the food service sector achieve similar results, with 20% and 17% of the total supply respectively. The remaining categories fall in the range of 4-7%.

When comparing the above with the tenant-mix in shopping centres, the latteris more diverse there. In addition, the share of services and the food service sector is considerably lower and amount to 11% and 9% respectively. In turn, the share of the clothing, footwear and underwear category in the total supply of premises is higher and accounts for 38%.

Similarly to other cities, shopping centres remain the preferred place for shopping (graph 2). In terms of the high street, the goods most often purchased by consumers come from the clothing, footwear and underwear category (67% of responses). The food service sector (65%) and foodstuffs (61%) record only slightly lower results.

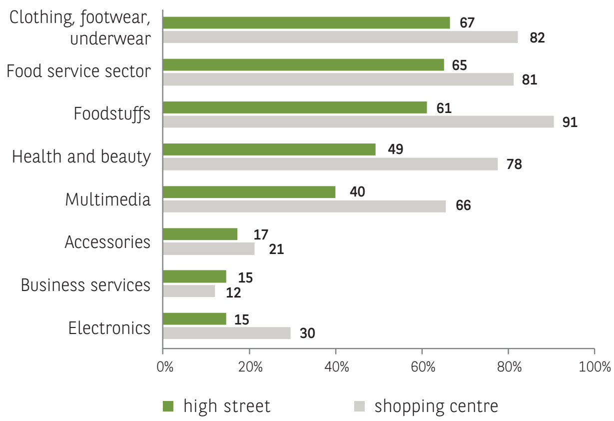
For 57% of respondents, a high street visit takes less than 1 hour, while a significantly larger amount of time is dedicated to a shopping centre – for 63% of respondents, this can take between 1 and 3 hours (graph 3).

Graph 1. Tenant-mix distribution on selected high streets and in selected shopping centres in Poznań



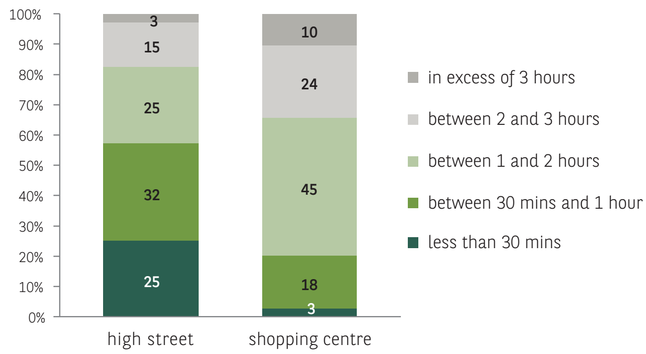
Source: the Polish Council of Shopping Centres, BNP Paribas Real Estate

Graph 2. Consumer expenses on the high streets and in the shopping centres in Poznań by given retail category



Source: SW Research, S=200

Graph 3. Time spent on the high street and in a shopping centre in Poznań during a single visit



Source: SW Research, S=200

THE HIGH STREET AS SEEN BY THE CITY AUTHORITIES

Poznań, Pl. Wiosny Ludów / ul. św. Marcin / ul. Podgórna

The city of Poznań is aware of the role played by high streets in the city. Despite the lack of a strategy for development of its individual high streets, pilot activities are being undertaken that encompass the following streets: Święty Marcin (run by the Zamek Culture Centre) and Gołębia (run by the Office for Project Coordination at Poznań City Hall). Additionally, support is given to the bottom-up activities on Wrocławska.

As confirmedby the response to the survey received from Poznań City Hall, under the Integrated Programme for Rejuvenation and Development of Poznań's City Centre, development plans have been adopted for pedestrian and representative streets of the city, which frequently are also high streets. The first stage will cover the following streets: Święty Marcin, Gołębia and Żydowska. Subsequently, depending on the results of the pilot activities being carried out, the undertaking will extend to: Głogowska, Dąbrowskiego, Wierzbięcice, Górna Wilda, Garbary, Taczaka and Wroniecka.

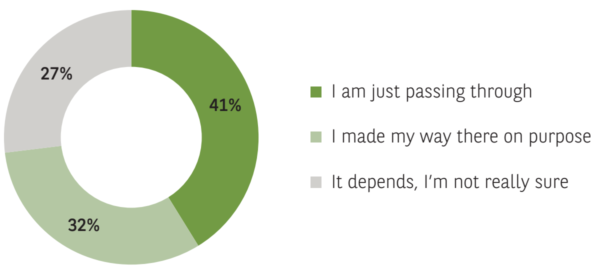
In order to make its high streets more attractive, the city is implementing projects in respect of green spaces and townscaping, which over the past 5 years covered the following streets: 27 Grudnia, Półwiejska and Wrocławska. Additionally, conversion of the Zamek Culture Centre Great Auditorium complex, construction of a fountain on Plac Wolności, as well as construction of a car park underneath Plac Wolności, are those investment activities that directly and indirectly influence the attractiveness of the city's high streets. Furthermore, the "30 zone" initiative is now being implemented in the centre of Poznań, which reaches to, among others, Święty Marcin and 27 Grudnia.

In the nearest future, the city of Poznań is intending to undertake further activities aimed at improving the attractiveness of the city's main streets. This includes refurbishment of Święty Marcin, 27 Grudnia as well as Stary Rynek and the streets within the Stare Miasto district.

The obstacle that restricts the city's influence with regard to the leasing of commercial premises and impedes the pursuance of comprehensive policies relating to the development of high streets in Poznań is a fragmented ownership structure.

However, the policy pursued by the city of Poznań is yielding concrete results, as 32% of respondents take the conscious decision to shop on the city's high streets, which is the best result among all the cities analysed.

Graph 4. I shop on Poznań's high streets because ...



Source: SW Research, S=200

"A comprehensive approach to high streets makes it possible to improve the attractiveness and aesthetics of those areas. It has a positive effect on the liveliness of both the high streets and the central district where they are situated, and additionally improves the conditions in which retail and retail and service activities are conducted along those streets. Residents start identifying themselves with their city to an increased extent and tend to be more conscientious as regards the public space."

Poznań City Hall

617 200 m² shopping centre GLA	**36,000** m² estimated GLA on the main high streets	**217** zł/m²/month highest rent, publicly-owned commercial premises
18 number of shopping centres within the agglomeration	**101** commercial premises owned by the city of Poznań within the area covered by the high streets analysed	**100-110** zł/m²/month average rent, privately-owned commercial premises
3 number of shopping centres in a radius of 1 km from the main high streets	**8 729** m² area of commercial premises owned by the city of Poznań within the area covered by the high streets analysed	**250** zł/m²/month highest rent, privately-owned commercial premises
		801 m² total retail space saturation per 1000 residents within the agglomeration

SUMMARY AND PROSPECTS

The high streets in Poznań are relatively clearly defined, which is reflected in the survey results identifying Półwiejska and Święty Marcin as the two main streets. They constitute an alternative to the existing shopping centres, both the large ones such as Stary Browar and Poznań City Center, as well as the smaller ones such as Bazar Poznański and Półwiejska 2.

Despite thefragmented ownership structure of premises located along the high streets, the city's authorities are taking proactive steps aimed at their development. This is done through the promotion of local agreements and social contracts between business owners and the local community, as well as instigating and supporting initiatives driven by businesses operating on the high streets, where the objective is to improve their attractiveness.

Furthermore, in addition to organizing street events and festivals (such as, for example, Żydowska celebrations and Święty Marcin nameday), the city of Poznań grants subsidies for implementation of culture and art projects that revive the public space.

Having regard to the gross leasable area available in premises on Poznań's high streets, which is estimated at 36,000 sqm, a comprehensive strategy and management of the supply could constitute an interesting alternative for customers that live, visit, work and study within the reach of the surveyed high streets in Poznań. However, the premises' dispersion could represent a significant obstacle to its implementation.

Tricity

DEFINITION AND DELIMITATION

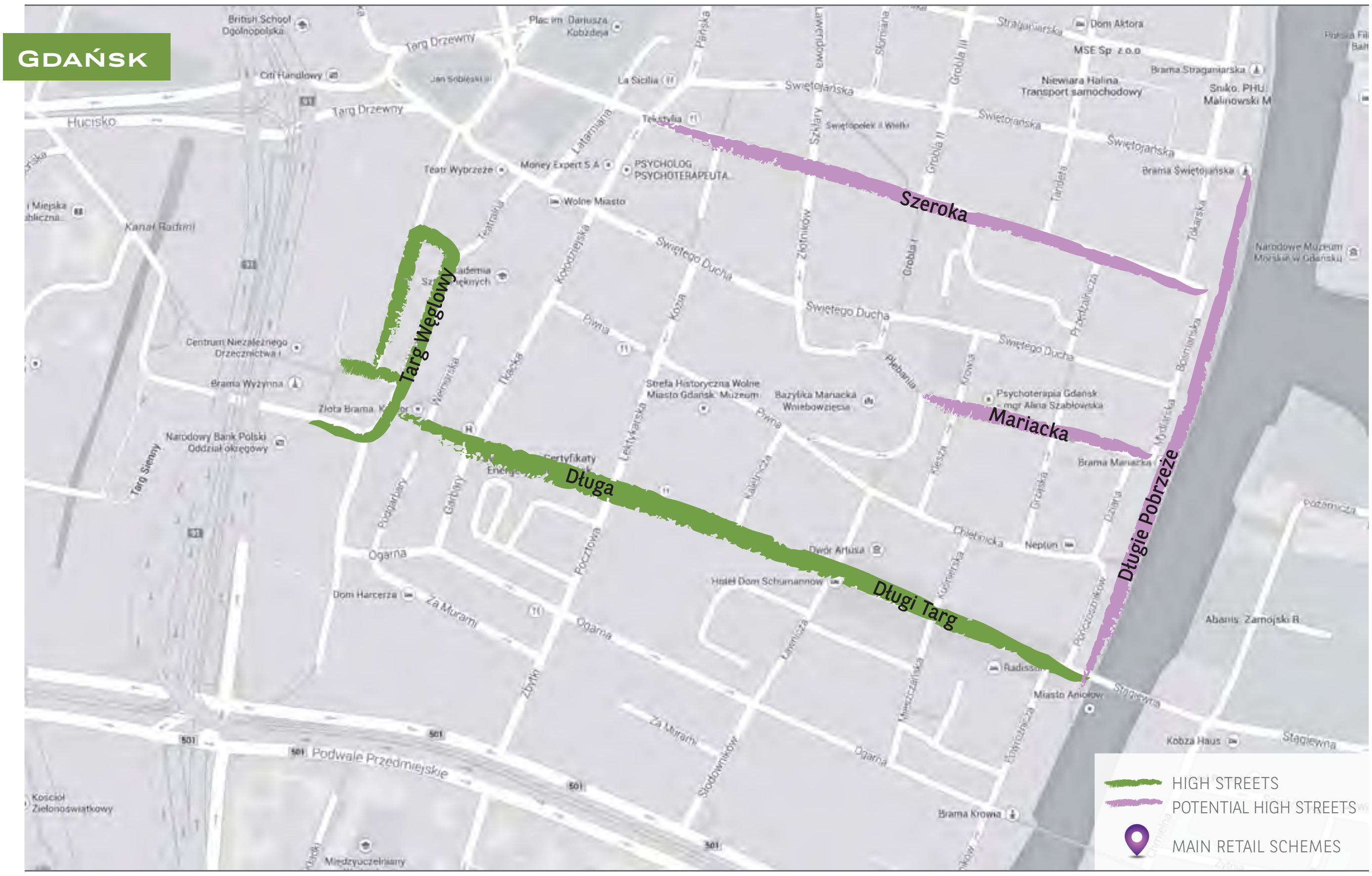
The cities of Gdańsk, Gdynia and Sopot do not have a formalized definition for a high street, and therefore the delimitation of streets serving retail and services functions is set primarily under resolutions related to development of commercial premises, as well as local master plans.

Two rental zones have been defined in Gdańsk: **the Prestige Zone** covering the following streets: Długa and Długi Targ, as well as **the Urban Zone** covering the remaining streets in the city. The zones cover both the identified streets as two-sided retail thoroughfares, as well as the specific areas, where the boundaries are demarcated by the streets. According to the data received, the City owns 36 premises totalling 5,266 sqm within the Prestige Zone, and 188 premises with the total area of 15,229 sqm within the Old Town.

In turn, Gdynia is divided into **three retail zones: central, inner-city and urban**. Under the provisions of applicable resolutions, the manner for development and management of City's commercial premises is set out in the regulation of the City Mayor. Within the central zone, the municipality owns 31 premises with the total area of 2,727 sqm.

As follows from the documents analysed by the authors of this report, **four districts are established in Sopot**, out of which two are located centrally: (1) the commercial axis of Bohaterów Monte Cassino (East-West), oriented primarily at the food service sector and tourism, as well as (2) the administration and business commercial axis (North-South) between Aleja Niepodległości and the railway line, which is to play a predominantly office role.

As far as Gdańsk is concerned, the main high streets are Długa and Długi Targ, Targ Węglowy and a section of Aleja Grunwaldzka in Gdańsk Wrzeszcz running from Do Studzienki to Galeria Bałtycka. In Gdynia, Świętojańska plays the role of the main high street. Taking into account the architecture and retail and service traditions, the potential of 10 Lutego and Władysława IV is noticeable, yet retail there has been considerably restricted over the past decade and there is a significant number of vacant premises. The only high street in Sopot the main high street is Monte Cassino, even though not many retail premises are actually located there. It focused on services, culture and entertainment, which is due to the city's policy to lead its development in this direction.



Source: the Polish Council of Shopping Centres, BNP Paribas Real Estate, Google Maps

Gdańsk, ul. Długi Targ

Table 1. Selected main high streets in Gdańsk, Gdynia and Sopot together with an indication whether the city's residents do their shopping there

	High street (% of responses)	Do you shop here? (% of responses)
GDAŃSK: Długa	39.4%	32.9%
GDAŃSK: Targ Węglowy	27.5%	26.6%
GDAŃSK: Szeroka	27.5%	13.9%
GDYNIA: Świętojańska	70.6%	26.6%
GDYNIA: 10 Lutego	25.7%	13.9%
GDYNIA: Władysława IV	21.1%	10.1%
SOPOT: Monte Cassino	55.0%	11.4%
SOPOT: Grunwaldzka	17.4%	3.8%
SOPOT: Kościuszki	9.2%	5.1%
Other	4.6%	-
There is no high street in my city	5.5%	-

Source: SW Research, S=200

The results of the survey (table 1) carried out among Tricity's residents confirm our opinion as to the perception of high streets. The decisive responses are those naming the given street as the place of choice for shopping. However, lack of votes for Aleja Grunwaldzka in Gdańsk Wrzeszcz is the result of the fact that it was not included on the list provided to respondents. Despite the above, the residents of Tricity who took part in the survey most often named it spontaneously among "other" high streets.

Source: the Polish Council of Shopping Centres, BNP Paribas Real Estate, Google Maps

THE RANGE OF GOODS AND SERVICES OFFERED ON THE HIGH STREET AND CONSUMER HABITS

Graph 1 demonstrates that the retail mix on the high streets in Tricity is relatively varied depending on which of the three cities is considered. In order to make the analysis process easier, the categories on the graph are arranged per city in relation to the average value for shopping centres (as per the number of premises). As far as clothing, footwear and underwear shops are concerned, while they have the strongest presence in shopping centres (35%), they are very rarely seen on the analysed high streets. In Gdańsk's Śródmieście district (the main streets of the district were analysed, i.e. streets within the so-called Prestige Zone such as Długa, Długi Targ, Targ Węglowy and Szeroka), there are practically no shops of this type, however they are present on Aleja Grunwaldzka in Gdańsk Wrzeszcz. The category with the strongest presence in Gdańsk's Old Town and the main streets in Sopot is the food service sector, which has a slightly less prominent presence on Gdynia's high streets covered by the analysis (i.e. Świętojańska, 10 Lutego and Władysława IV). Numerous service providers (such as banks, insurance companies, currency exchanges and travel agencies) and shops offering specialized and other items are present on the cities' streets, particularly on Świętojańska in Gdynia.

It is estimated that the share of vacant premises in the total number of premises located along the analysed high streets amounts to 5-7%, while this ratio for shopping centres in Tricity amounts to approx. 8%, although this differs from scheme to scheme.

The tenant-mix is reflected in the consumer expenses structure. Similarly to other cities, the shopping centres remain the preferred place for shopping for most categories (graph 2).

In terms of shopping on the high streets in Tricity, the expenses most frequently declared by consumers are for the food service category and foodstuffs (58%), and this is despite the fact that there is a relatively small number of this type of shops on the main high streets. Most often they are basic commodities and alcohol. Another category identified by respondents is the health

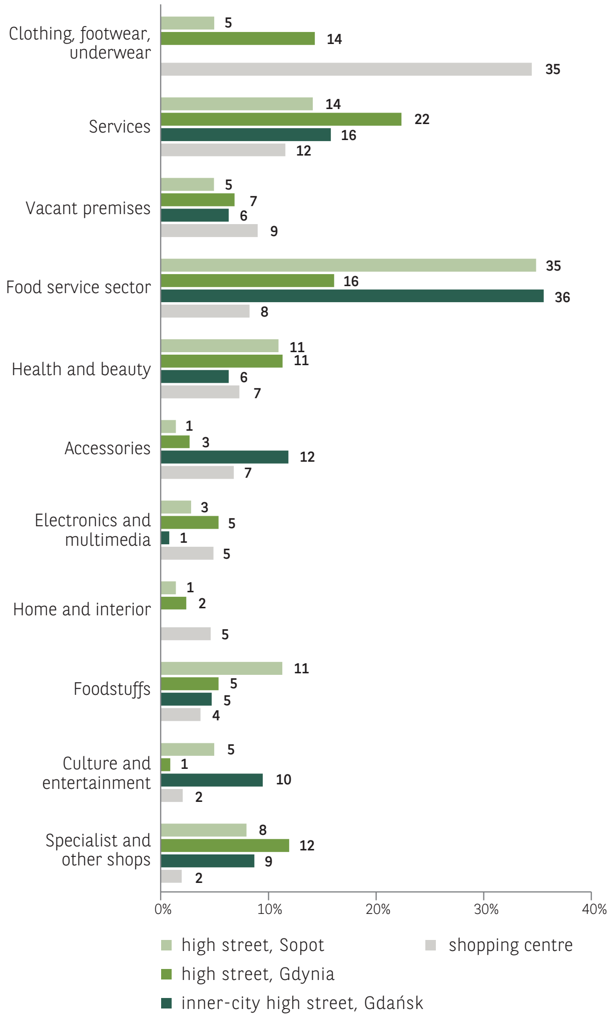
Source: the Polish Council of Shopping Centres, BNP Paribas Real Estate, Google Maps

and beauty sector, as well as the clothing, footwear and underwear sector, which account for 44% of responses each. Interestingly, in Tricity purchases of accessories and the use of services other than the food service sector are more frequently made on the high street than in a shopping centre.

According to the survey conducted, seven out of ten respondents living in Tricity dedicate less than one hour to a single visit to a high street. In turn, similarly to other cities, a significantly larger amount of time is dedicated to visiting a shopping centre – for 54% of respondents, this can take between 1 and 3 hours. Only one out of four respondents spends as much time on the high street (graph 3).

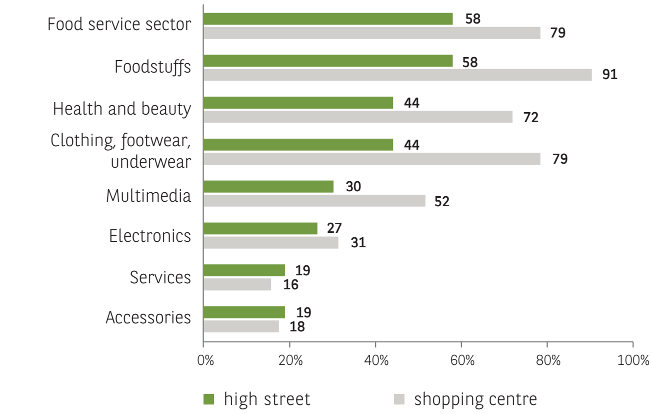
Sopot, ul. Monte Cassino

Graph 1. Retail mix on selected high streets and in selected shopping centres in Tricity



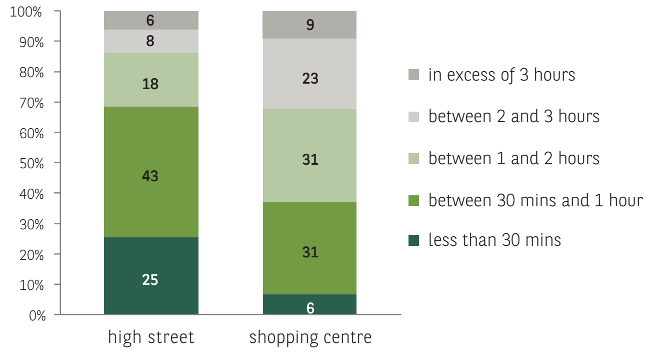
Source: the Polish Council of Shopping Centres, BNP Paribas Real Estate

Graph 2. Consumer expenses on the high streets and in the shopping centres in Tricity by retail category



Source: SW Research, S=200

Graph 3. Time spent on the high street and in a shopping centre in Tricity during a single visit



Source: SW Research, S=200

> *"The outcomes of a coherent and comprehensive policy of the town authorities in respect of the socio-economic development of the high street will be: improved competitiveness of the high street against the shopping centre, increased attractiveness in terms of new investments and tourism, increased quality and availability of public spaces, increased safety, development of entrepreneurship, increased social responsibility for the mecca of inner-city retail, increased income for the city's budget derived from taxes, as well as increased range of cultural services offered on the high street."*
> ***Gdynia City Hall***

THE HIGH STREET AS SEEN BY THE CITY AUTHORITIES

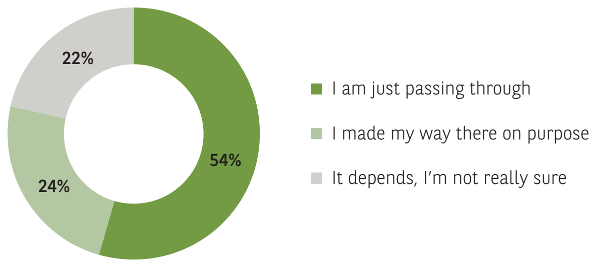
The provisions of the Development Strategy for the City of Gdańsk and the study of determinants and directions in spatial development for the city emphasise development of areas with high intensity of retail and service activities. The basic principle for the development is to revive the inner-city areas and to prevent a slowdown in the city's pace of life, while the main investment areas covered by the revival plan for the service stretches within Gdańsk are to be Śródmieście and Wrzeszcz.

One of the strategic objectives included in the Development Strategy for Gdynia is to revitalize Gdynia's Śródmieście district. This covers steps aimed at improving the quality of streets and buildings in the city centre, as well as creating representative neighbourhoods along the shoreline associated with the modern and European image of the city. The City wants to introduce specialized services of supralocal, regional and international character to support business, retail and culture services as well as activities from the hotel and food service sectors (hospitality).

In Sopot, it was resolved that the so-called commercial functions shall not be the key development, and that they are to be converted into the services category. The so-called Dolny Sopot, stretching from Aleja Niepodległości to the beach, is of greatest significance in terms of business operations and development in the City. This is where the majority of hotels, restaurants and other companies providing services to tourists are located.

It is at any city's discretion to restrict and specify the type of activities to be conducted in municipal premises by introducing suitable provisions to the terms of tender. Additionally, the city authorities are able to influence the type of activities conducted within a given area by introducing specific restrictions and preferences for individual types of activities in the local zoning plan. An interesting example here are the tools described in the survey received from Gdańsk City Hall, where a proactive rental policy is applied in respect of premises owned by the city through, for example, admitting to tender only those entities conducting the type of activities to fit the set profile (food service sector, galleries, hostels, clubs), or by introducing preferential rents for tenants occupying commercial premises in which activities from the food service sector are conducted with opening times extended up until 12.00 a.m. Another tool applied is to effect exchanges of premises.

Graph 4. I shop on the high streets in Gdańsk, Gdynia and Sopot because ...



Source: SW Research, S=200

A number of initiatives is undertaken with the aim of improving the image of the local high streets. As demonstrated by the survey received from Gdańsk, the steps can include improvement of the city's aesthetics with regard to, the technical condition and colours of facades' to increase the attractiveness of the retail and service zones and access roads; promotion of the city as a business hub with a large potential in retail and services; development of active mobility and introduction of cycle parking facilities (cycle racks); removal of architectural and urban barriers; as well as revitalization of selected districts within Gdańsk, which are aimed at refurbishment of road, pavement and car park surfaces to improve the attractiveness of public spaces in the city.

The city of Gdynia is intending to introduce townscaping elements and city furniture; additionally the city's green spaces and pavements are being modernized. Certain effects are expected to be seen as a consequence of organizing special events and through creation of tourist products to encourage visitors to spend time on the high streets (e.g. Gdynia Culinary Route, Gdynia Maritime Legend Route, Gdynia Modernism Route).

In addition to the strategic development of the services sector and the food service sector on the main streets of Sopot, the key investment there from the point of view of retail is the project for "Revitalization of the PKP Railway Station and Surrounding Facilities in Sopot", partially financed with funds from the European initiative JESSICA. This includes an underground car park for 250 cars, the city's promenade extending all the way to the railway station, a new hotel, as well as new spaces for shops, restaurants and cafés. The area around the PKP railway station in Sopot falling between the streets of Podjazd, Kościuszki and Chopina will be entirely transformed.

As follows from the survey, at the moment nearly one out of four respondents living in Tricity takes the conscious decision to shop on the local high streets, while others do their shopping there while on their way somewhere else. This is doubtless the result of a weak image of the individual streets as retail destinations, as they are perceived to be more of a type of place where services from the food service sector and others can be obtained.

686,000 m² shopping centre GLA	**722** m² total retail space saturation per 1,000 residents within the agglomeration	**151** m² average area of publicly-owned commercial premises in Gdańsk
		84,0% leased publicly-owned commercial premises in Gdańsk
25 number of shopping centres within the agglomeration	**120-140** zł/m²/month average asking rent, privately-owned commercial premises in Gdańsk (Prestige Zone)	**119** m² average area of publicly-owned commercial premises in Gdynia
5 number of shopping centres in a radius of 1 km from the main high streets	**75** zł/m²/month average rent, publicly-owned commercial premises in Gdańsk (Prestige Zone)	**88,6%** leased publicly-owned commercial premises in Gdynia
	25 zł/m²/month average rent, publicly-owned commercial premises in Gdańsk Wrzeszcz	**90-100** zł/m²/month average rent, privately-owned commercial premises in Gdynia (Świętojańska)
52 200 m² estimated GLA on Tricity's main high streets	**12** zł/m²/month average rent, publicly-owned commercial premises in Gdańsk Śródmieście	**17** zł/m²/month average rent, publicly-owned commercial premises in Gdynia

SUMMARY AND PROSPECTS

As can be seen from the strategic documents analysed and the responses to the survey received, certain planned steps are being undertaken (Gdańsk, Gdynia) with the aim of revitalizing the cities' central areas, within which the authors of this report were able to place the main high streets. The cities have at their disposal a number of tools such as zoning plans and rental policies, and they are implementing projects in respect of transformation and improvement of aesthetics on the high streets. From the point of view of the retail structure, those measures are directed at preferential treatment with regard to business activities from the food service sector, as well as the services and entertainment sector, which in turn is reflected in the tenant-mix in the individual cities. The too small number of premises located on the high streets, which would offer clothing and footwear, as well as accessories and products from the health and beauty categories, means that customers are attracted to shopping centres, in which a lion's share of premises is dedicated to those sectors.

"A comprehensive approach to the issue of retail and services can result in socio-economic benefits in respect of, among others, improvement of attractiveness of areas with centralized service and retail functions, increasing the quality of life of residents through concentration of retail and services, establishing suitable conditions for leisure time through bringing together the retail, entertainment and culture functions, creation of prospects for new jobs, generation of income for the city derived from the sale of real estate for new developments."

Gdańsk City Hall

Szczecin

> *"The development of spatial order in Szczecin is, to a large extent, determined by the historic functional and spatial structure of the city, where the city's additional potential lies in the valuable heritage complex encompassing more than 60% of the historic city centre."*
>
> ***Szczecin City Hall***

DEFINITION AND DELIMITATION

The city of Szczecin did not provide an unambiguous definition or delimitation of its high streets, however each year the city's authorities commission an analysis of the business activities on the streets in the city centre (26 streets) whose boundaries are demarcated by the following streets: Bolesława Krzywoustego, Bohaterów Warszawy, 5 Lipca changing into Józefa Piłsudskiego on Plac Szarych Szeregów, and then from Plac Grunwaldzki through Aleja Jana Pawła II, Jagiellońska, Świętego Wojciecha, Obrońców Stalingradu to Aleja Wojska Polskiego, and arriving again at Bolesława Krzywoustego.

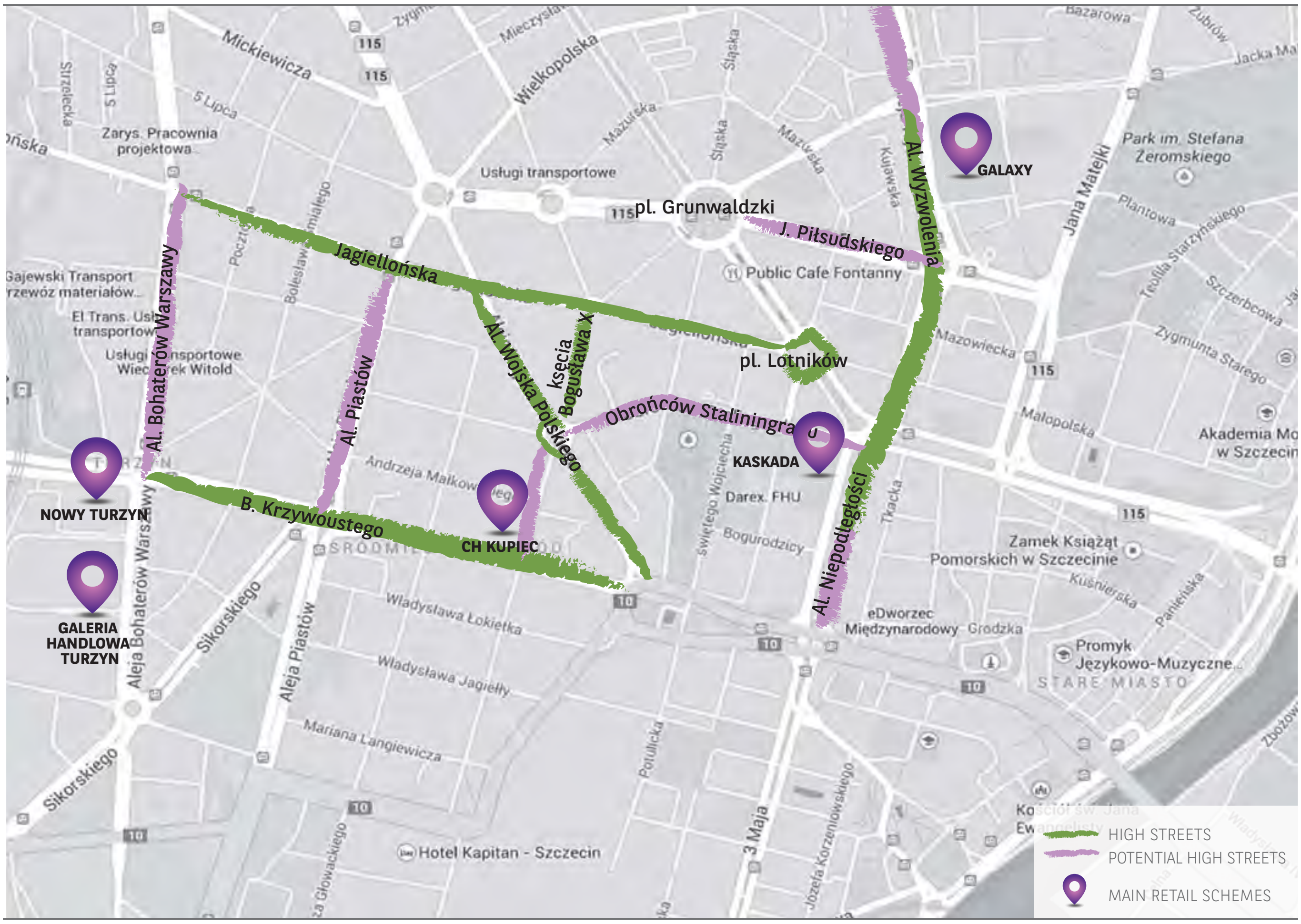
The authors of this report used the abovementioned analysis prepared for the city's authorities, thus when setting the criteria for the high streets marked on the map, only the streets with the highest number of businesses located within sections that are the most developed or have the biggest potential were taken into consideration. It is worth noting here that three modern shopping centres and two wholesale centres are located in the vicinity of those streets. Therefore, it seems necessary to create a complementary offer on the highs streets.

The results of the survey carried out among Szczecin's residents confirmed the crucial role played by Aleja Wyzwolenia and Aleja Wojska Polskiego as high streets, while at the same time they demonstrated that there is a large number of other streets that are also seen as high streets.

Table 1. Selected main high streets in Szczecin together with an indication whether the city's residents do their shopping there

	High street (% of responses)	Do you shop here? (% of responses)
Al. Wyzwolenia	71.1%	73.7%
Al. Wojska Polskiego	31.6%	31.6%
Marszałka Józefa Piłsudskiego	10.5%	0.0%
Other	23.7%	-
There is no high street in my city	13.2%	-

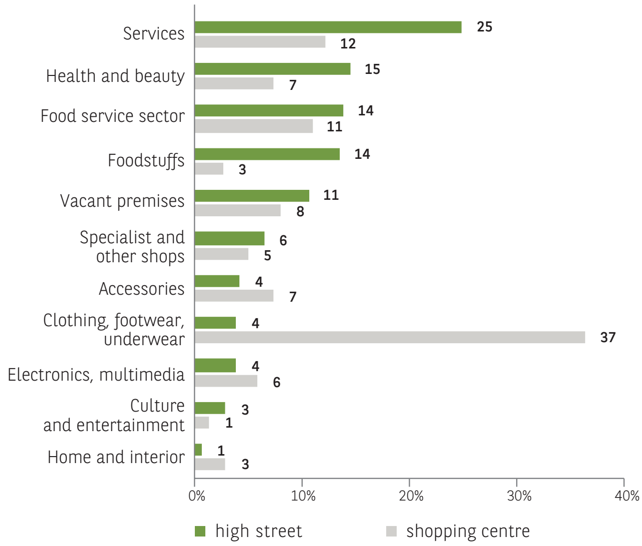
Source: SW Research, S=200



Source: the Polish Council of Shopping Centres, BNP Paribas Real Estate, Google Maps

Szczecin

Graph 1. Tenant-mix on selected high streets and in selected shopping centres in Szczecin



Source: the Polish Council of Shopping Centres, BNP Paribas Real Estate

THE RANGE OF GOODS AND SERVICES OFFERED ON THE HIGH STREET AND CONSUMER HABITS

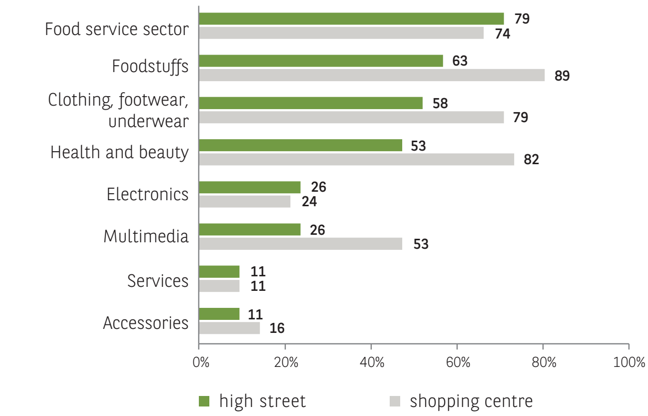
The highest share in the tenant-mix (25%) on the high streets in Szczecin, is held by the services category, predominantly financial and insurance services (graph 1). Health and beauty category is the second largest one. In addition to beauty products and pharmacies, there are hairdressing salons (8 operate on Aleja Wyzwolenia). Food service sector (dominating on Księcia Bogusława X) and foodstuffs units are placed the third. There is a distinct lack of fashion shops, the majority of them are second-hand clothing shops, although there are gems such as TRU TRUSSARDI, Marc Cain and Deni Cler Milano stores.

Due to a very high number of premises and the technical condition of many tenement buildings, it is not surprising that there is a high vacancy ratio which amounts to approx. 11%. This is in contrast to the 5% vacancy ratio in Szczecin's shopping centres (as per the number of vacant premises).

Similarly to other cities, the shopping centres remain the preferred place for shopping (graph 2). In terms of shopping on the high streets, consumers most often visit the food service sector (79%), even more frequently than in shopping centres. Subsequent categories include foodstuffs (63%), and the clothing, footwear and underwear sector which amounts to 58% of responses. The health and beauty sector records only slightly lower results.

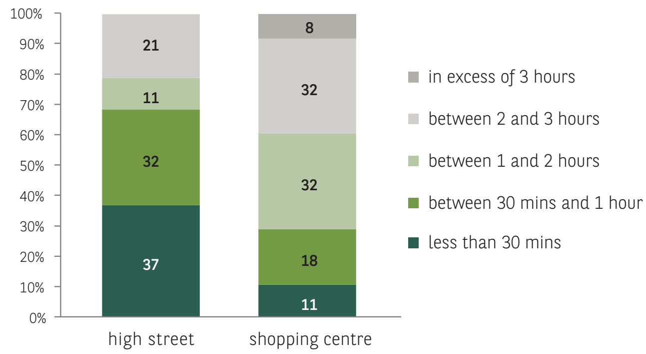
For 68% of Szczecin's residents, a visit to the high street takes less than 1 hour. In comparison, it is 29% of respondents that spend a similar amount of time in a shopping centre, while as much as 32% dedicate between 1 and 2 hours to shopping there. This is in contrast to only 11% of respondents who confirm that they dedicate this amount of time to shopping on the high street (graph 3).

Graph 2. Consumer expenses on the high streets and in the shopping centres in Szczecin by retail category



Source: SW Research, S=200

Graph 3. Time spent on the high street and in a shopping centre in Szczecin during a single visit



Source: SW Research, S=200

THE HIGH STREET AS SEEN BY THE CITY AUTHORITIES

The city of Szczecin does not have a uniform strategy concerning the development of the potential of the city's high streets. The basis for planning solutions in terms of drawing up and passing zoning plans for the city is the study of determinants and directions in spatial development for the city of Szczecin as a concrete identification of the municipality's spatial policies, adopted within the process of implementation of the Development Strategy for Szczecin 2025.

The majority of retail supply on the high streets in the centre of Szczecin is located on the ground floors of the historic tenement buildings. In general, the city (within its central districts) continues to retain the architectural and urban character given to it in the late nineteenth and early twentieth century.

It is of course possible to implement renovation and construction measures consisting in the joining (or dividing) of already existing premises, and it is also possible to convert residential premises into commercial premises (and vice versa in some cases), however the physical fabric has remained unchanged for many years now. The streets in themselves are being modernized (e.g. Bolesława Krzywoustego, Bohaterów Warszawy, Jagiellońska and Księcia Bogusława X) through restoration of the buildings located on them, refurbishment of the premises within and renovation of the surrounding infrastructure.

The study allows for conversion of basements into commercial premises for retail, financial and legal services, as well as the food service sector; and it is possible to convert buildings no longer in any part designated for residential purposes into premises for hotels, public and business administration, social organizations, political institutions, culture, entertainment, exhibitions, tourist services, entrepreneurship, etc. The local master plans are to incorporate specific provisions in respect of elevation designs, display of advertising and the positioning of technical equipment.

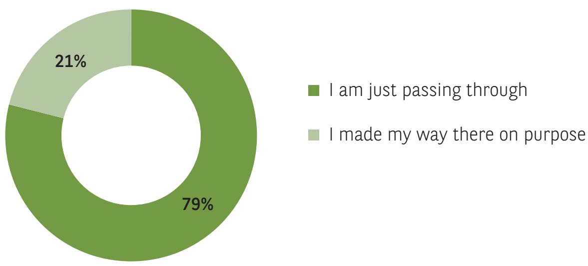
The majority of respondents shop on the high street spontaneously, just because they happen to be passing through. It is only 16% of respondents that declare that they made their way there on purpose.

"One of the key aims of the planning measures applied for the city is to create and develop the core of Szczecin as the main service hub of a citywide and supralocal consequence. The core of the city is identified and designated as a public space that covers the existing and planned retail and service streets, squares, as well as recreational green areas with specific investment terms set out for them within the zoning plans."

Szczecin City Hall

Szczecin, Plac Grunwaldzki

Graph 4. I shop on Szczecin's high streets because ...



Source: SW Research, S=200

276,000 m^2
shopping centre GLA

27 500 m^2
estimated GLA on the main high streets

60-70 zł/m^2/month
average rent, privately-owned commercial premises

11 number of shopping centres within the agglomeration

544 m^2
total retail space saturation per 1,000 residents within the agglomeration

121 zł/m^2/month
highest rent, privately-owned commercial premises

3 number of shopping centres in a radius of 1 km from the main high streets

SUMMARY AND PROSPECTS

Szczecin is characterised by the high number of premises located on the main high streets. As can be seen from the analysis carried out for Szczecin City Hall in 2013, on the 26 streets in the city centre, there were a total of 1,943 private entities, 118 public entities as well as more than 240 vacant premises. There is no clear concentration of any one business sector on Szczecin's city centre streets. On the contrary, they represent an extreme diversity and offer a remarkably wide range of goods and services to their potential clients and consumers. It has to be noted that a significant number of premises from the finance and insurance sector, as well as hairdressing services, continue to be visible across the city. However, the question of how many entities and premises can fit within the given area or street is not the only issue here. The matter of greater consequence is what types of entities they are and what industry branches and business sectors they represent, as well as the footfall ratio for each given street section. Therefore, there is a far-reaching potential in emergence for shop owners; however before arriving at a final decision, a careful analysis of the streets' structure and consumer behaviour has to be carried out for a new shop or other commercial premises to be financially viable for the owner. Additionally, all those taking the decision to locate their business on the high street have to be aware of the fact that the premises they are dealing with were built several decades, and frequently even more than hundred years ago.

Katowice

DEFINITION AND DELIMITATION

The city of Katowice does not have a precisely outlined definition of the high street. The preferred directions for location of retail services are set out in the document entitled "A study of determinants and directions in spatial development for the city of Katowice", which outlines the hierarchical arrangement of service and retail hubs of metropolitan dimensions located within the core of the city. The document highlights certain areas where particular attention is being given to introducing a versatile range of urban services.

The main areas identified by Katowice City Hall for the purpose of restoration of the centre include the following streets: Korfantego, 3 Maja, Warszawska, Dworcowa, Staromiejska, Mielęckiego, Mariacka, Mickiewicza, Piotra Skargi and Plac Synagogi, as well as the development of a new square and street layout in between the existing buildings of the northern frontage of Rynek, Piotra Skargi and the planned extension of Moniuszki.

It follows from the survey carried out among the residents of Katowice that they consider the main high streets to be 3 Maja, Stawowa, Staromiejska and Mickiewicza, where 3 Maja is in a clear lead in terms of being a shopping destination. Interestingly, nearly 5% of respondents are of the opinion that there is no high street in the city, while another 5% named other streets such as Mariacka and Aleja Korfantego, which the authors of the report identified as potential high streets.

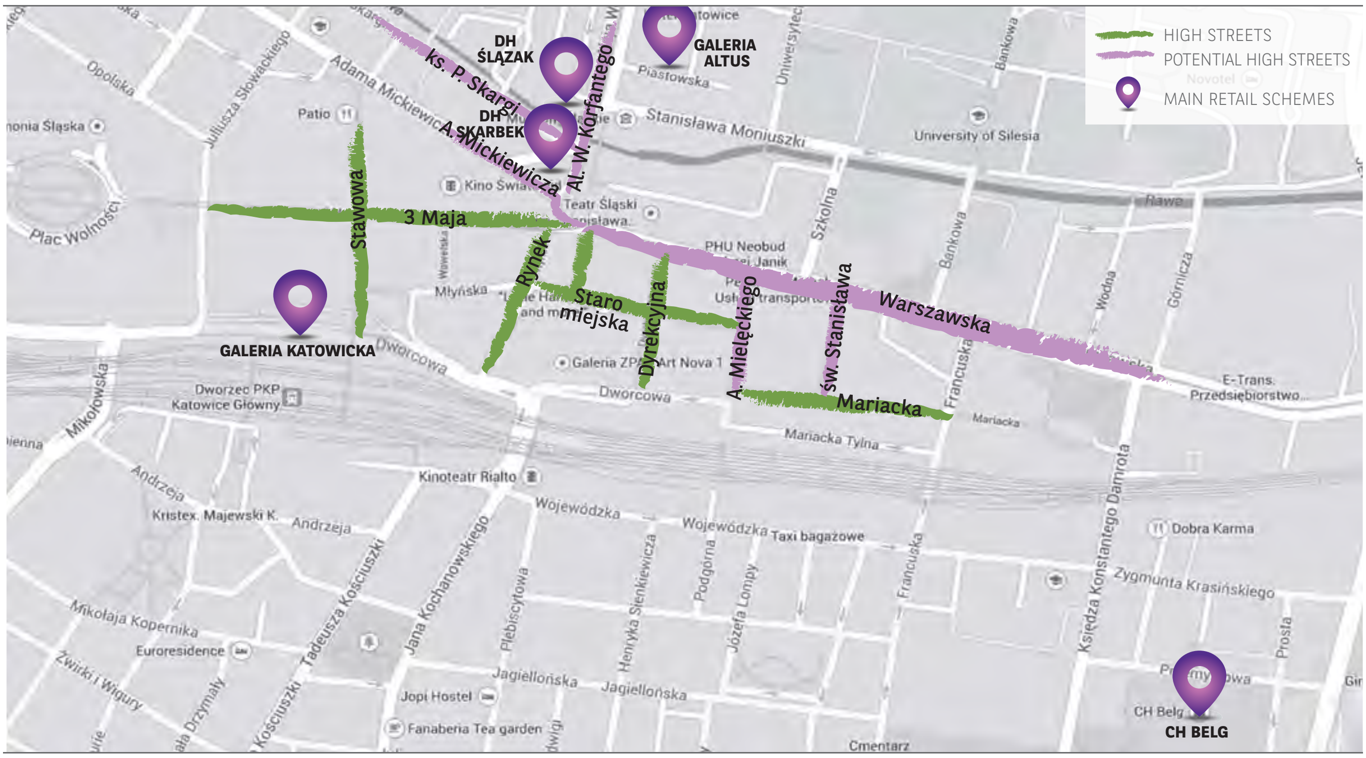
"The centre that plays the role of the city's showpiece is a modern and attractive space brimming with a variety of functions and forms, it is where round-the-clock life has its focus and where culture and art events of international consequence take place; it is a place for integration: welcoming to people, well designed and without any barriers; it is where the common identity of Katowice's residents and the emerging metropolis is being forged [...]"

Katowice City Hall

Table 1. Selected main high streets in Katowice together with an indication whether the city's residents do their shopping there

	High street (% of responses)	Do you shop here? (% of responses)
3 Maja	69.8%	71.1%
Stawowa	66.7%	37.8%
Staromiejska	58.7%	31.1%
Mickiewicza	39.7%	26.7%
Rynek	22.2%	6.7%
Dyrekcyjna	17.5%	8.9%
Other	4.8%	-
There is no high street in my city	4.8%	-

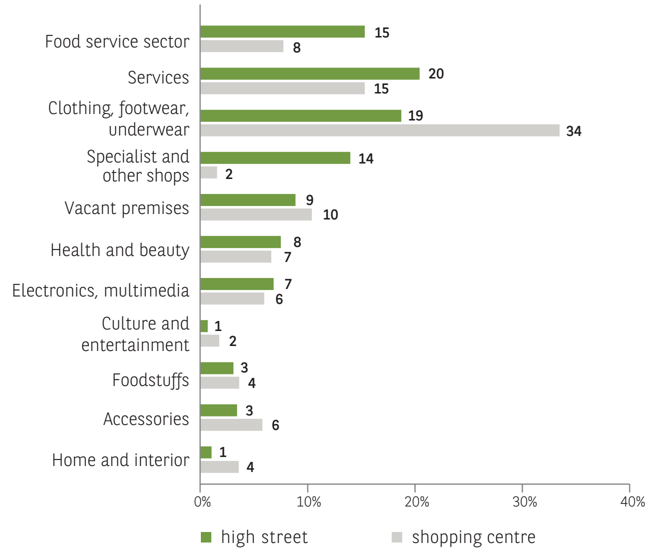
Source: SW Research, S=200



Source: the Polish Council of Shopping Centres, BNP Paribas Real Estate, Google Maps

Katowice, Al. Korfantego i Rynek

Graph 1. Tenant-mix on selected high streets and in selected shopping centres in Katowice



Source: the Polish Council of Shopping Centres, BNP Paribas Real Estate

THE RANGE OF GOODS AND SERVICES OFFERED ON THE HIGH STREET AND CONSUMER HABITS

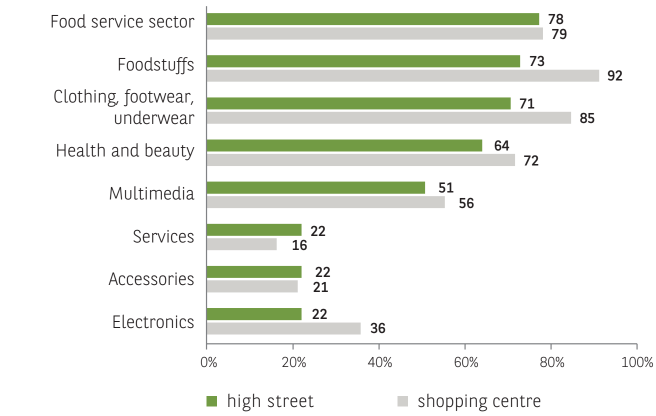
The tenet-mix on Katowice's high streets (graph 1) stands out against the other cities as retail units offering clothing, footwear and underwear have the strongest presence. This is where the shopping preferences for the above retail categories come from. Services represent a 20% market share for high streets and a 15% for shopping centres, while the specialist and other category, which has a strong presence on the city's streets, is also noticeable.

It is estimated that the vacancy ratio on the high streets amounts to 9% of total number, while for the shopping centres this ratio is slightly higher – at 10%.

In Katowice, the structure of expenses from the food service sector on the high streets is unusually similar to the shopping centres (graph 2). The second largest category in respect of the high street as declared is the foodstuffs sector (73%), followed by clothing, footwear and underwear (71%). The subsequent position on the shopping list of consumers shopping on the high street are goods and services from the health and beauty sector (64%), followed by multimedia (51%) and specialist goods (40%). Interestingly, respondents declared that there are two categories slightly more frequently shopped for on the high street, i.e. services and accessories both at 22%.

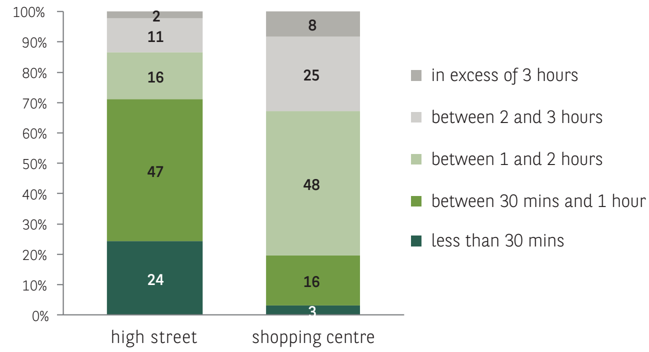
Majority of respondents (71%) spend less than an hour on the high streets. For nearly one out of three respondents this takes more than an hour, while a considerably larger amount of time is dedicated to visiting a shopping centre – 80% of respondents declare that a single visit takes more than an hour, with nearly half of the 80% setting the exact time at between 1 and 2 hours (graph 3).

Graph 2. Consumer expenses on the high streets and in the shopping centres in Katowice by retail category



Source: SW Research, S=200

Graph 3. Time spent on the high street and in a shopping centre in Katowice during a single visit



Source: SW Research, S=200

THE HIGH STREET AS SEEN BY THE CITY AUTHORITIES

The development strategy for the city's retail areas is set out in the document entitled "Part II; directions in spatial development with regard to the shaping of a hierarchical system of service and retail hubs, transformation of the city's core and localisations for retail facilities in excess of 2,000 sqm." The main premise of the strategy is the transformation of the city centre and specific areas within selected service and retail hubs through implementation of strategic linear projects, road infrastructure, revitalization of real estate and collaboration during execution of commercial projects.

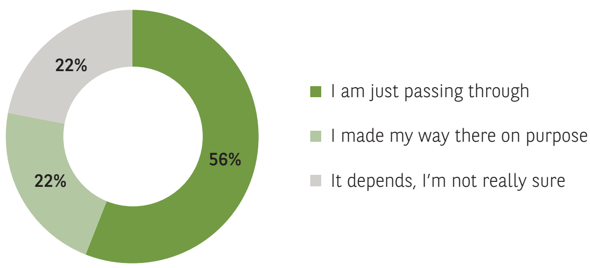
The key socio-economic benefits that can be derived from a comprehensive approach to the issue of high streets are, as can be seen from the response provided by Katowice City Hall, systematization of retail premises, transparency and stabilization in terms of locations for services, as well as generation of population traffic/flow aimed at supporting retail and services.

The transformation process for the city centre is to be instigated by projects playing the role of catalysts for further improvements. This should be achieved by: strategic investments within the areas formerly occupied by the Katowice Coal Mine and which are now being revitalized with the aim of creating a cultural hub, restoration of the principal public spaces, the Katowice Transport Node, integration of the University of Silesia campus within the centre, as well as commercial projects within the Rynek – Rondo zone, which are to attract new retail brands so far missing from Katowice. These include the ongoing revitalization and conversion of the Supersam Department Store, modernisation of the Zenit Department Store, as well as construction of a new, multi-purpose facility on the site of the old Silesia hotel. Additionally, plans are in place for restoration of the Old Railway Station building. An example of an already completed project is the new facility constructed in conjunction with the modernized main PKP railway station, i.e. Galeria Katowicka.

The city's authorities are of the opinion that measures supporting implementation of the strategy include step-by-step refurbishment of roads and pavements that result in improved aesthetics and functionality of the city's streets, modernization of elevations and top-to-bottom refurbishment of tenement houses owned by the municipality along with changing the designation for the finished premises. The rental policy for commercial premises is set out under the Regulation of the Mayor of the City of Katowice and it covers all aspects of leasing of commercial premises from the supply held by the municipality.

The obstacles and restrictions in terms of implementation of the adopted strategy are, similarly to other cities, the highly inconsistent ownership structure within any single street, disparate technical condition of the properties and the technical and financial restrictions in respect of modernization of street frontage buildings.

Graph 4. I shop on Katowice's high streets because ...



Source: SW Research, S=200

> *"Retail trade and services for the local population should be concentrated primarily within designated hubs, i.e. places located within the urban structure, central in relation to the area which they are to serve (districts and neighbourhoods, and – as an exception – complexes of such districts and neighbourhoods), and in particular in the city centre and within the area designated for development of the city's metropolitan functions."*
>
> ***Katowice City Hall***

1,1 mln m^2
shopping centre GLA within the agglomeration

43 number of shopping centres within the agglomeration

2 number of shopping centres in a radius of 1 km from the main high streets

25 650 m^2
estimated GLA on the main high streets

505 m^2
total retail space saturation per 1,000 residents within the agglomeration

38 zł/m^2/month
average rent, publicly-owned commercial premises

80-90 zł/m^2/month
average rent, privately-owned commercial premises

170 zł/m^2/month
highest rent, privately-owned commercial premises

88 m^2
average area of publicly-owned premises

SUMMARY AND PROSPECTS

To summarize, the public spaces in the centre of Katowice do not form a homogeneous system. There is no clear definition of what role is to be played by each individual location (e.g. the dominant feature of Rynek, i.e. transport, is in conflict with the envisaged venue for cultural events and social gatherings); additionally the transparency and functionality of pedestrian and cycling connections leaves much to be desired, both in the city centre and going out toward the surrounding areas.

The city of Katowice endeavours to influence the shaping of the service and retail zone through establishing local revitalization areas and allocating specific functions to them (Mariacka, the city core). Furthermore, selection of new tenants for vacant premises is effected based on service and retail needs identified in respect of the given area. Additionally, legal solutions effected under the local law enable the so-called vanishing services to be retained on preferential rental terms.

The process of making the streets more attractive is taking place through organization in collaboration with local business of spectacular celebratory events such as bazaars, markets and fairs supported by cultural and entertainment performances. The streets are being given individual style and character through application of lighting for buildings and streets, as well as provision of townscaping features that are to attract the city's residents.

Methodology

The report was drawn up on the basis of data derived from numerous independent sources. These included:

1. Own databases, telephone interviews, as well as publicly accessible Internet resources, based on which selected information was prepared concerning the shopping centre market, high street GLA supply, value of rents, etc.
2. Data obtained during viewings in the cities analysed. This was the method applied to catalogue the retail mix on the selected high streets and in the selected shopping centres, as well as to estimate the surface area of premises.
3. Surveys addressed to the representatives of city halls. The information concerning the cities' strategies in respect of their high streets is based on the survey results and responses received from the city halls. Additionally, the authors analysed available planning documents, as well as other strategy documents drawn up by the cities (e.g. development strategies, studies of determinants and directions in spatial development, local zoning plans, as well as other reports as made available and referenced by the cities' representatives). The research questionnaire was drawn up by SW Research in collaboration with the Polish Council of Shopping Centres and BNP Paribas Real Estate.
4. Consumer survey in Poland's largest cities.

   The consumer survey was carried out between 1 and 16 April 2014 by means of individual Internet interviews (Computer Assisted Web Interviews) using the copyrighted 3S system. The invitation to participate in the survey was extended to individuals registered on the SW Panel, residing in Poland's largest agglomerations. The total number of completed surveys was 1 900, and the distribution in specific cities was as follows:

   - Warsaw: S=500
   - Kraków, Łódź, Poznań, Wrocław, Katowice, Tricity, Szczecin: S=200

   Random sampling was applied, and the estimate accuracy was 4.4 percentage points for Warsaw and 7 percentage points for the remaining cities.

O Autorach

POLSKA RADA
CENTRÓW HANDLOWYCH
POLISH COUNCIL
OF SHOPPING CENTRES

Polish Council of Shopping Centers

Polish Council of Shopping Centers (PRCH) is an not-for-profit association with over 200 member companies operating in the retail real estate industry, making it the largest in Poland organization bringing together the industry. The mission of PRCH is to support the development of member firms and professionals operating in the commercial real estate market in Poland, as well as the promotion of a positive image of shopping centers and shopping streets. The main PRCH business objectives include:

1. Promoting best practices in the retail real estate industry
2. Promoting a positive image of shopping centers and shopping streets in the opinion-forming circles
3. Active dialogue with organizations that have an impact on the future and the dynamics of the commercial real estate industry in Poland
4. Elimination of legal barriers to the development of retail in Poland
5. Issuing and updating reports on the industry
6. Creating a broad forum for the development of business networking, research and knowledge

Radosław Knap

Deputy General Manager

New Business & Market Research Manager

Polish Council of Shopping Centers
ul. Nowogrodzka 50 lok. 448
00-695 Warszawa
Tel./ fax: + 48 22 629 23 81
rknap@prch.org.pl
www.prch.org.pl

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Anna Staniszewska

Head of Research & Consultancy

CEE

BNP Paribas Real Estate
Al. Jana Pawła II 25
00-854 Warszawa
Tel.: +48 22 653 44 400
Fax: +48 22 653 44 01
anna.staniszewska@bnpparibas.com
www.realestate.bnpparibas.pl

PARTNER OF CONSUMER RESEARCH:

SW RESEARCH
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Piotr Zimolzak
Chief Analysis Officer

SW Research Agencja Badań Rynku i Opinii
ul. Łucka 2/4/6
00-845 Warszawa
Tel.: +48 22 11 82 307
p.zimolzak@swresearch.pl
www.swresearch.pl

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POLSKA RADA
CENTRÓW HANDLOWYCH
POLISH COUNCIL
OF SHOPPING CENTRES

ul. Nowogrodzka 50 lok. 448
00-695 Warszawa
Tel.: +48 22 629 23 81
www.prch.org.pl

BNP PARIBAS
REAL ESTATE

Al. Jana Pawła II 25
00-854 Warszawa
Tel.: +48 22 653 44 00
www.realestate.bnpparibas.pl