



BREAKING GROUND

THE SMALL-TOWN RETAIL PARK WAVE

This week: dm and others are riding a property development wave in small towns and city fringes across Central & Eastern Europe. How long can this wave last?

Ask any retail CEO who in their organization is the ‘unsung hero,’ and they will often point to their property department. The property department has two difficult, some say impossible, tasks.

First, they need to predict where shoppers are going to want to shop before shoppers even know what they want. It goes something like: “Hey Ms Smith, when you have a baby in five years and move to a new neighborhood with a new shopping mall, did you know you’re going to really love shopping at the STOP SHOP retail park?”

Second, they need to predict which categories are going to be the growth platform for ageing stores and then either remodel the stores or relocate them. It goes something like: “Hey Mrs Smith, when you’re a bit older and tired of shopping weekly, did you know that you are going to love having a nutrition and wellness section at our local beauty store?”

Every so often, retailers catch a lucky wave. In Central & Eastern Europe, that wave is what Retail Cities is calling the small-town retail park wave. If you have not yet ventured to the fringes of cities and smaller, more regional towns of Central & Eastern Europe, you should. According to Retail Cities’ research, new retail parks have emerged by the dozen in places like Poland, Czechia, Serbia, Slovakia, and Croatia. Poland saw thirty-three new retail parks open in just the first nine months of 2025, according to CBRE.

However, we are not here to predict more retail parks – we are here to predict when this lucky wave is going to crash and hit some rocky shores. The easiest way to make this prediction is to ask three questions. 1) How many more towns/cities can accommodate a brand-new retail park?

2) Which retailers fit into these parks? 3) Do these retailers have the property teams and financing to exploit the opportunity and open stores in these parks?

We have reviewed the ‘small-town and city-fringe retail park wave’ in five markets: Poland, Czechia, Serbia, Slovakia, and Croatia. Several candidates for ‘unsung hero’ emerged. At the top of our list is the property department at dm, followed by that of LPP (which is the parent of the Sinsay brand). Other candidates included Zoo City, Kik, Tedi and NKD. The good news is that when we look at both dm and LPP, we get the statistics we need to begin assessing how long this wave could last.

Those two stats are simple ones: EBITDA & CAPEX.

However, it’s not just the percentage or even the CAGR we need to evaluate – it’s the relative annual rate of deceleration. For instance, if capex is growing by 18%, 17% and 16% over a three-year period but EBITDA is growing by 7%, 3% and 1% in the same period, it’s easy to predict what comes next. What comes next is that the CEO is no longer going to say that his property team is the company’s ‘unsung hero.’

So now back to the original question: How much longer will companies like dm, Zoo City, NKD, Tedi and LPP be able to ride this small-town retail park wave?

Between 2022 and 2025, dm’s capex grew by 17% a year. LPP’s grew by 40%. EBITDA grew by just 5% and 21%, respectively. Investment is racing ahead of earnings.

These figures suggest this wave still has momentum. Suppliers should ride it while they can, but prepare for what happens if the wave crashes against the rocky realities of fewer places to break new ground or tighter financing. Wishing you success at catching a good wave when it arrives.

About European Retail This Week

European Retail This Week has been running on LinkedIn since 2013. The work summarizes research that I, Ray Gaul, participate in or lead. The stories are shaped by real conversations with Europe’s commercial leaders and the questions they are asking. We keep individual identities anonymous and publish the research at a high level.

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