

ROMANIA

Retail Q3 2020

€18,700

Av. HH Disposable Income

YoY Chg



12-Mo. Forecast



€80.00

Prime Rent, sq. m/month



7.00%

Prime Yield



ROMANIA ECONOMIC INDICATORS Q3 2020

-5.5%

GDP (est.)

YoY Chg



12-Mo. Forecast



4.2%

Unemployment Rate



-7.8%

Consumer Spending



1.3%

Retail Sales



Low supply in Q3

Only one delivery has been recorded in Q3, namely Dambovita Mall (31,200 sq. m) developed by Prime Kapital, the first modern retail project in Targoviste. Another major delivery is expected in Q4, when AFI Palace Brasov (45,000 sq. m) is scheduled to be completed. Cinemas and indoor F&B units have mostly been reopened in Q3, thus making shopping centers fully functional, but a new wave of restrictions is expected in Q4 as a result of the increasing number of Covid-19 cases in Romania.

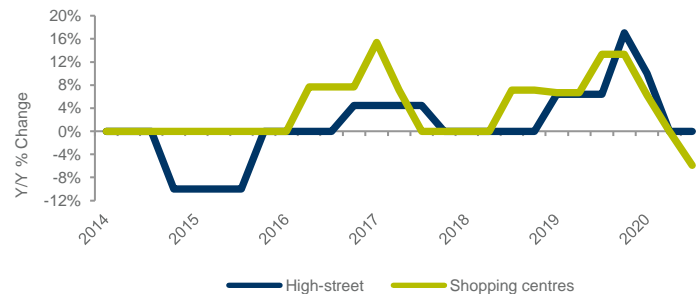
Pipeline remains consistent despite the pandemic

Presently, new schemes or extensions to existing projects totaling around 170,000 sq. m are under construction and expected to be delivered in the following two years, while a few other significant projects find themselves under various planning stages, being difficult to assume that all of them will be delivered as planned due to the uncertain climate caused by the Covid-19 pandemic. In terms of developers, Prime Kapital (in joint-venture with MAS Real Estate) and Mitiska have the most consistent pipeline, further increasing their presence in Romania.

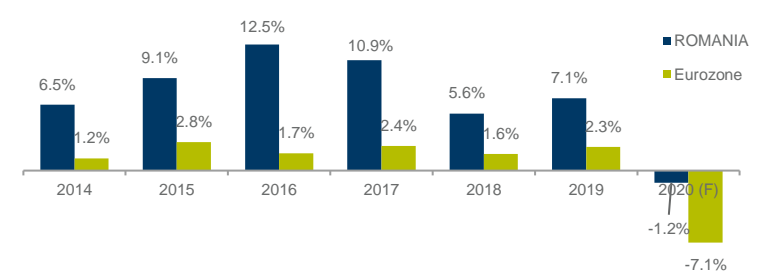
Increasing pressure on prime rents after the lockdown period

The owners of the dominant shopping centers in Romania were experiencing a flourishing period before the emergence of the Covid-19 pandemic, with occupancy rates close to 100%, as most tenants reported double-digit growth rates. However, the suspension of activity during the state of emergency has a strong impact on a number of tenants which resulted in renegotiations which slightly decreased the headline rents in several locations with more consistent incentive packages becoming the norm. As such, headline rents achieved for 100 sq. m units in prime dominant shopping centers in Bucharest ranged between € 80 – 85 / sq. m/ month at the end of Q3 2020. In secondary cities such as Cluj-Napoca, Timisoara, Iasi or Constanta, headline rents in dominant shopping centers ranged between € 40 – 50 / sq. m/ month, while in tertiary cities the level falls between € 30 – 35/ sq. m/ month.

BUCHAREST PRIME RENT



RETAIL SALES VOLUME Y/Y GROWTH



Source: Oxford Economics, National Institute of Statistics

MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK (SQ. M)	SHOPPING CENTRE PIPELINE UC (SQ. M)	POPULATION*	DENSITY (SQ. M / 1,000 INHABITANTS)	PRIME RENT (€/MONTH)	PRIME YIELD (%)
Bucharest	703,400	16,500	1,883,425	373	€80	7.00%
Cluj-Napoca	125,500	-	324,576	387	€50	7.75%
Timisoara	173,000	-	319,279	542	€45	7.75%
Iasi	82,000	-	290,422	282	€45	7.75%
Constanta	122,000	-	283,872	430	€45	7.75%
Brasov	91,700	45,000	253,200	362	€40	7.75%
OTHER CITIES	966,200	-			€35	8.00%
TOTAL	2,263,800	51,500	20,121,641	113	€80	7.00%

Source: 2011 Census

NEW-COMERS YTD 2020

PROPERTY	SUBMARKET	TENANT	SIZE (SQ. M)	SECTOR
Baneasa Shopping City	Bucharest	Armani Beauty	~50	Beauty Products
Baneasa Shopping City	Bucharest	Breitling	~50	Jewellery

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANTS	SIZE (SQ. M)	OWNER / DEVELOPER
Shopping City Targu Mures	Targu Mures	Carrefour, Cineplexx, LPP, New Yorker, LC Waikiki	40,000	NEPI Rockcastle
Dambovita Mall	Targoviste	Carrefour, Cinema City, Altex, Pepco, CCC	31,200	Prime Kapital / MAS Real Estate

MAJOR PROJECTS IN PIPELINE 2020

PROPERTY	SUBMARKET	MAJOR TENANTS	SIZE (SQ. M)	OWNER / DEVELOPER
AFI Palace Brasov	Brasov	Carrefour, Zara, Mango, Intersport, Deichmann	45,000	AFI Europe

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