

ROMANIA

CONSUMER HABITS POST-COVID-19

BUCHAREST
2020



The Covid-19 pandemic proved to be a major disruptor for the global economy and for the retail market in particular, since in most of the countries the shopping centers and other retail units have been closed as a precautionary measure needed to combat the spread of this new and challenging virus. Romania makes no exception in this regard, as almost all retail units have been closed since mid-March as a consequence of the 2-month state of emergency that has been declared.

Romania has a modern retail stock of almost 4 million sq. m, as this particular sector has been constantly expanding in the last decade. Modern retail projects have been developed in almost all county seats and cities with a population of more than 50,000 inhabitants. The vast majority of these new projects have been quite successful, as retail sales even reached double digit growths in the period between 2015 - 2019, a trend which was expected to continue in 2020 and beyond.

However, the Covid-19 pandemic has significantly changed this scenario as most retailers have been negatively impacted by the lockdown in terms of sales, while a number of deliveries due in H1 2020 have been postponed for the second part of the year, when retail stores are expected to be fully reopened.

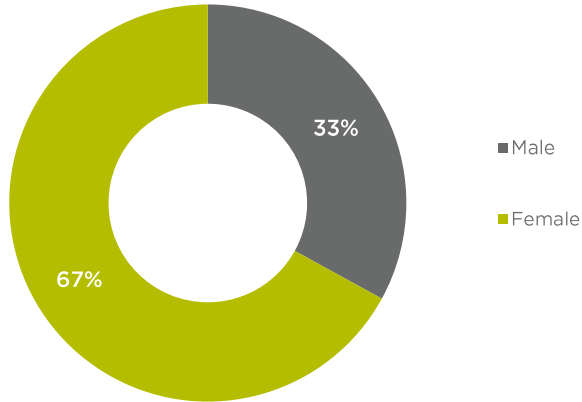
The main objective of this survey is to determine how will the consumer behavior change after the medical situation is stabilized. In order to do so, we tried to understand what were the consumption patterns of our respondents before the lockdown and if these patterns will be different or not when the retail activity resumes.

The first conclusion is that there is still a consistent appetite for shopping, dining, attending sporting events and cultural activities, but also for vacations, as the majority of our respondents claim that they will engage into these activities at least as often as before the lockdown. However, it is clear that some of them will be cautious, due to the fact that there is still an element of risk involved, a matter which will probably impact the immediate period following the resumption of those activities in question.

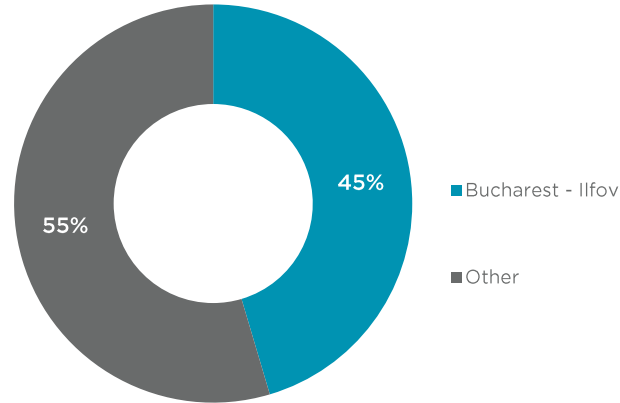
This report is based on a survey conducted in May 2020 on a sample of 599 respondents. The report was conceived by Cushman & Wakefield Echinox, while the data was collected by MKOR Consulting, an independent market research company

WHO ARE THE RESPONDENTS

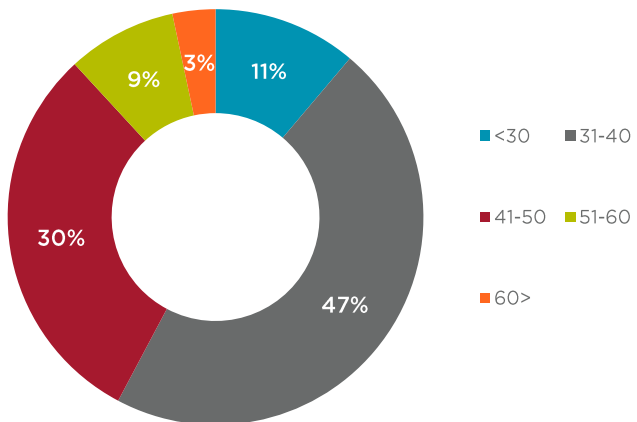
Your gender is:



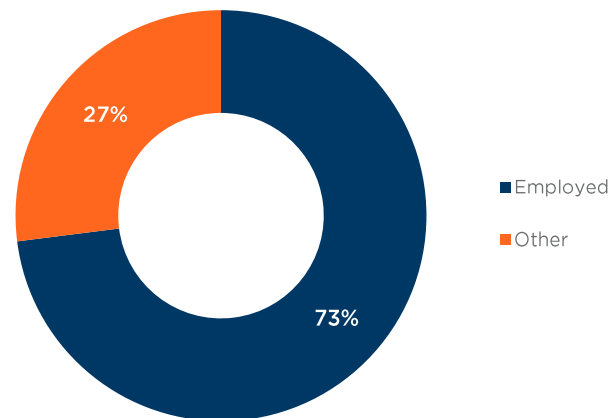
Where do you live:



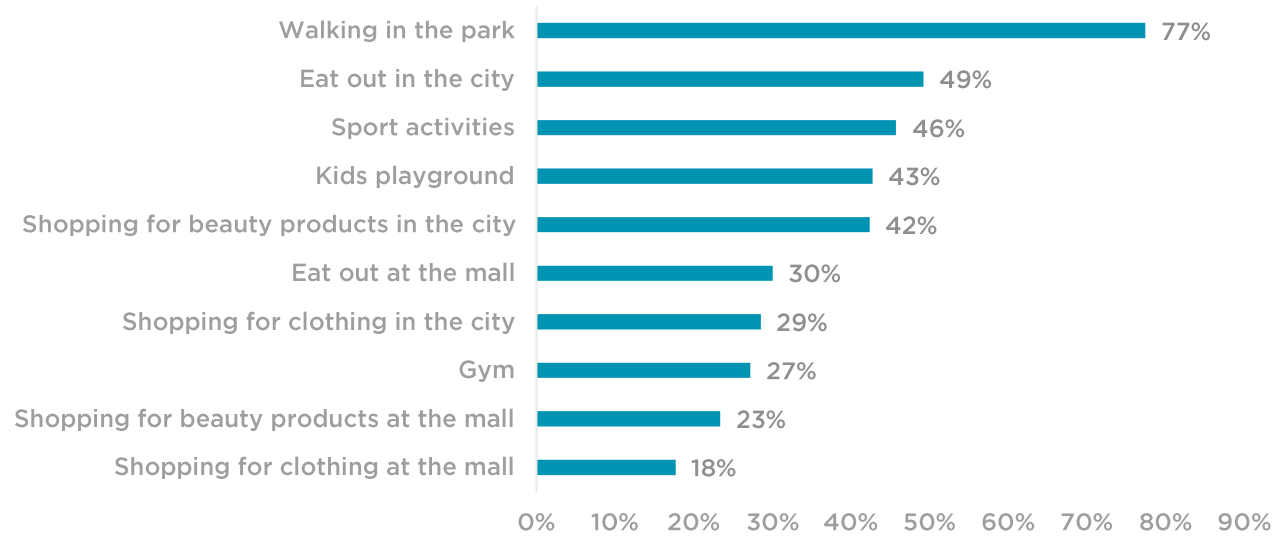
Age structure:



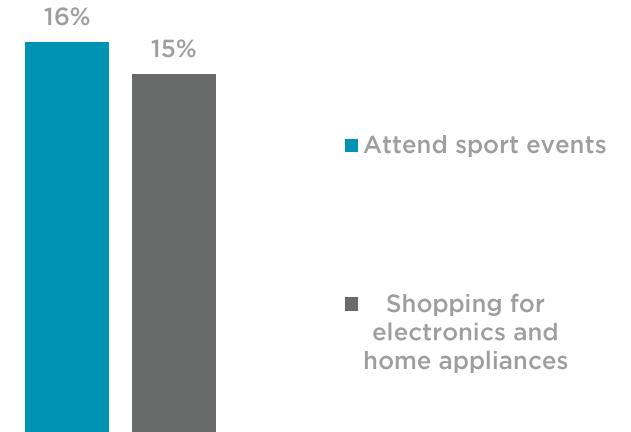
Employment status:



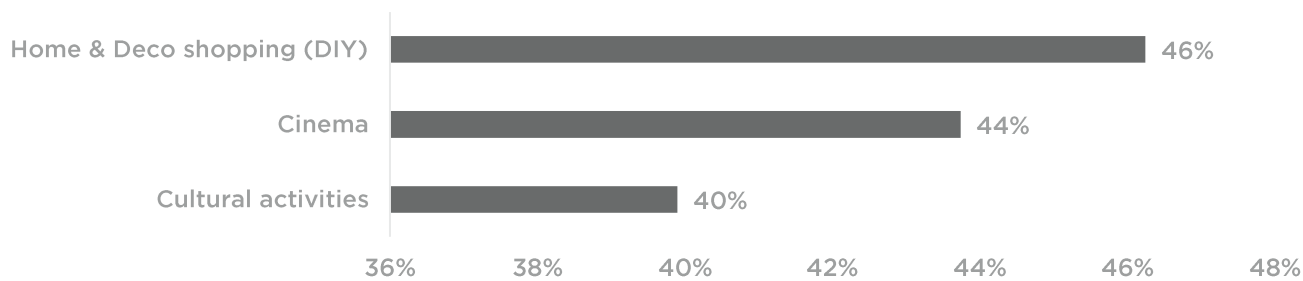
ACTIVITIES PERFORMED AT LEAST ONCE PER WEEK



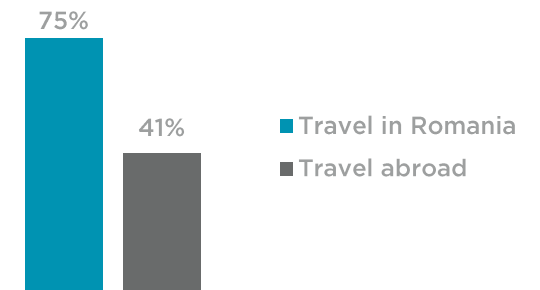
ACTIVITIES PERFORMED AT LEAST FIVE TIMES PER YEAR



ACTIVITIES PERFORMED AT LEAST ONCE PER MONTH

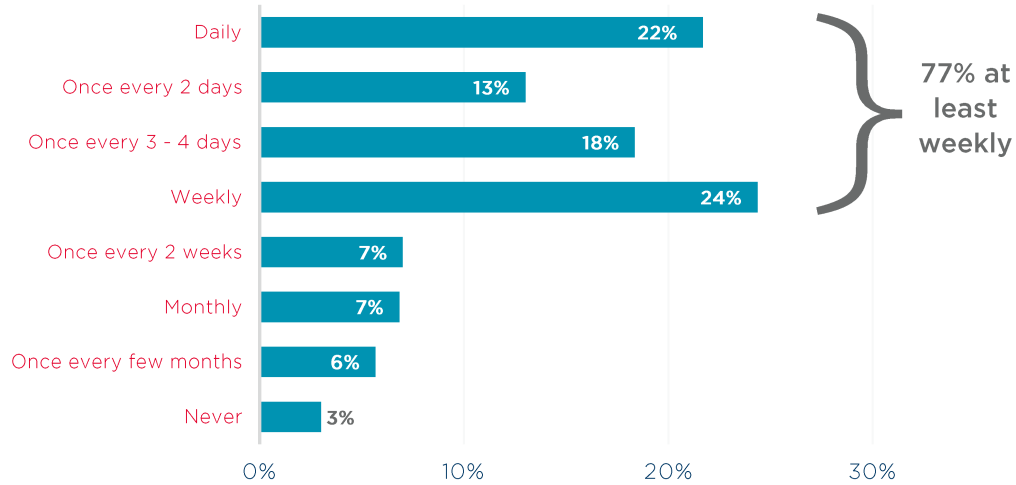


ACTIVITIES PERFORMED AT LEAST TWICE PER YEAR

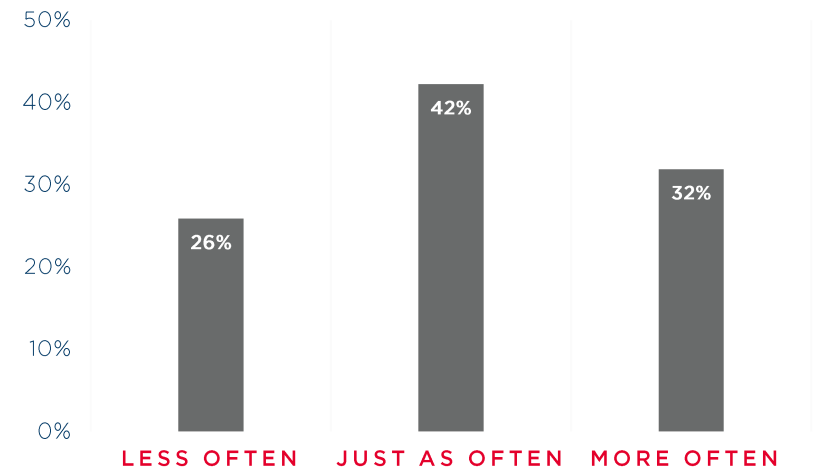


GO FOR A WALK IN THE PARK

BEFORE LOCKDOWN



AFTER LOCKDOWN

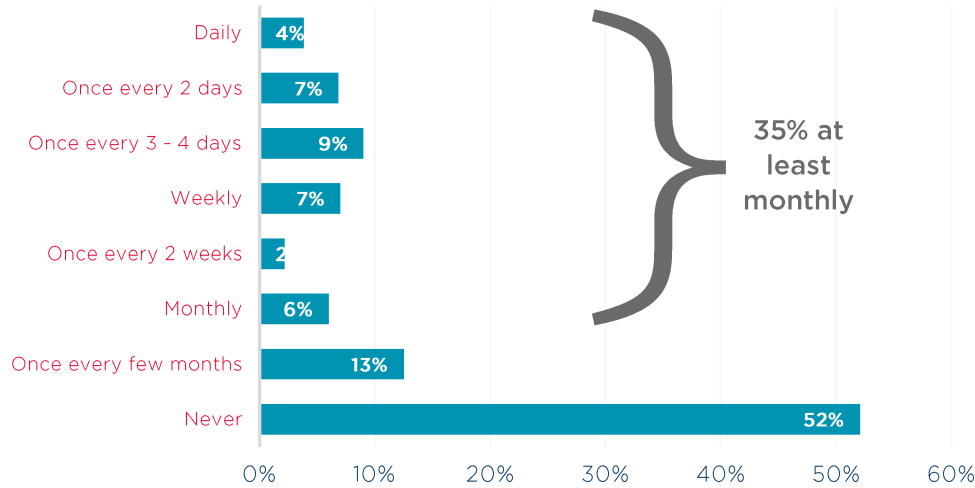


187 ha
Is the size of King Michael I Park (Herastrau), the largest park in Bucharest

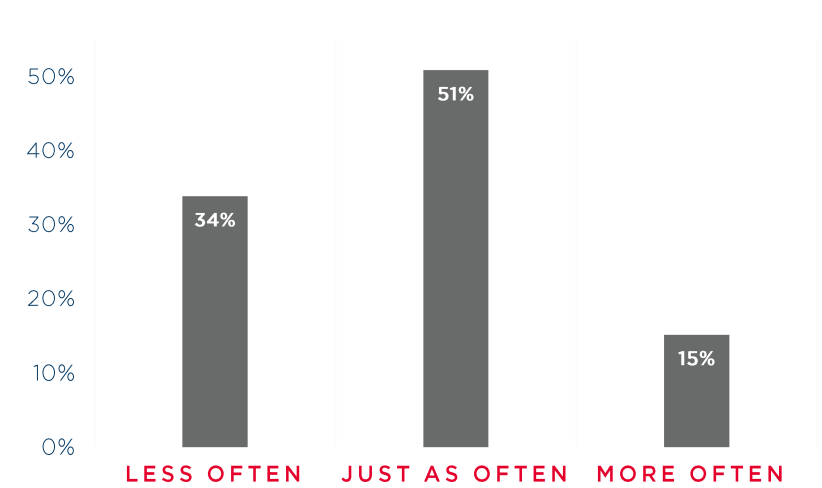
The parks are considered to be a pretty safe method to spend the spare time and will probably replace other activities which were practiced indoors; the retail schemes, the residential projects and the office buildings located close to a park will enhance further this competitive advantage

GO TO GYM

BEFORE LOCKDOWN



AFTER LOCKDOWN

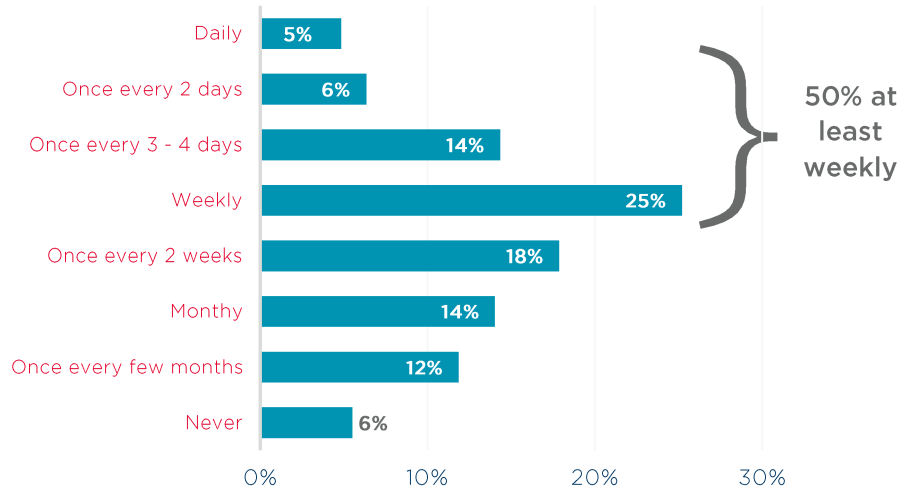


350,000
Is the number of subscriptions to sports facilities in Romania

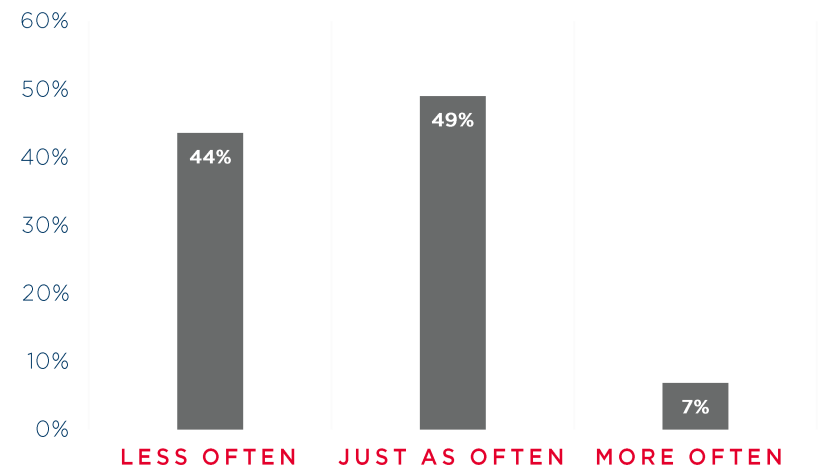
After two months of lockdown, most people want to resume physical activity, but gyms are considered pretty unsafe. Fitness trainers continued their activity through video calls and live streaming workouts from the gym. The activity inside gyms might resume beginning on June 15, but the number of subscriptions is expected to decline on the short term.

EAT OUT IN THE CITY

BEFORE LOCKDOWN



AFTER LOCKDOWN



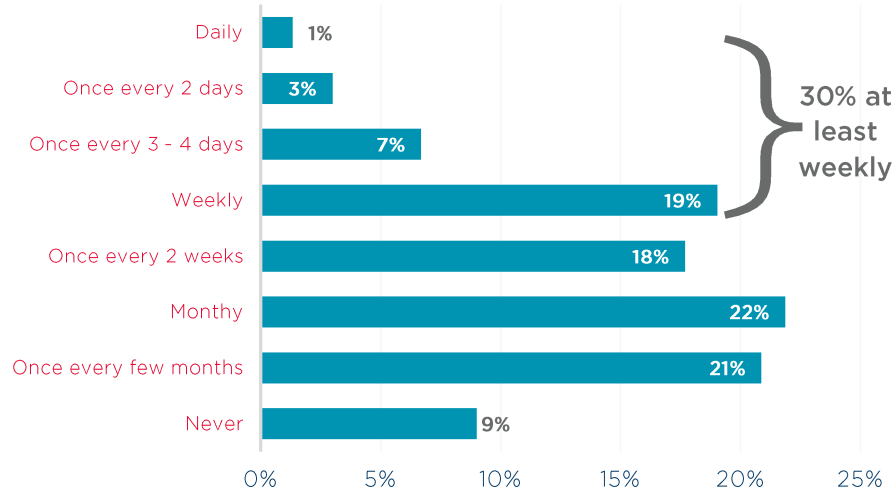
€3.5 billion

Was the estimated turnover of the F&B industry in Romania in 2019

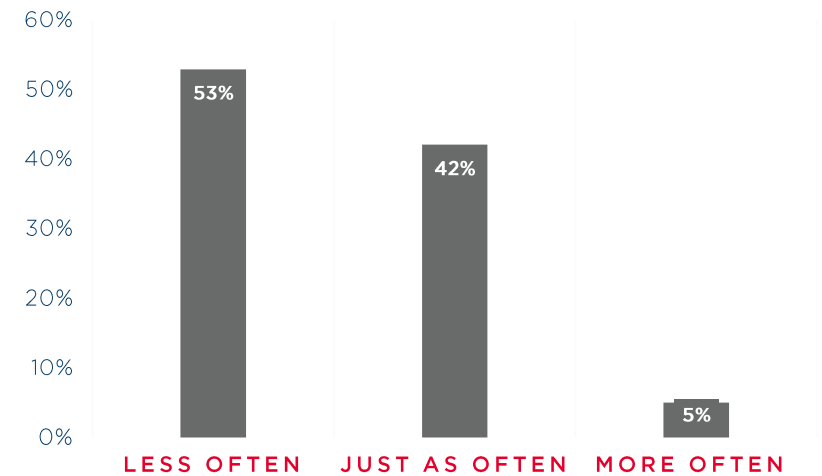
Eating out in the city will change, since restaurants will be forced to reduce capacity. The premises with large terraces have a major advantage during the summer season, but once the weather will get colder all operators will be able to serve fewer clients in order to comply with the current legal obligations. Terraces have opened starting June 1, with restaurants expected to receive customers after June 15.

EAT AT THE MALL

BEFORE LOCKDOWN



AFTER LOCKDOWN



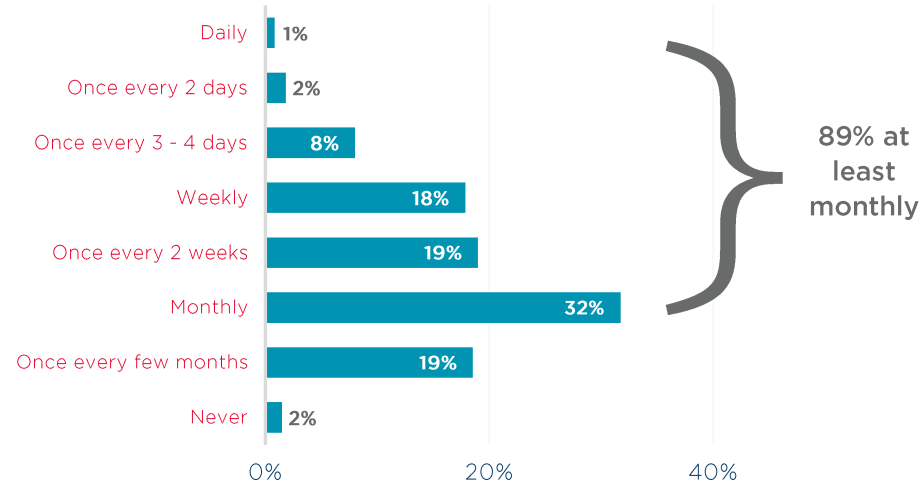
150 F&B units

Are located in top 6 most important shopping centers in Bucharest

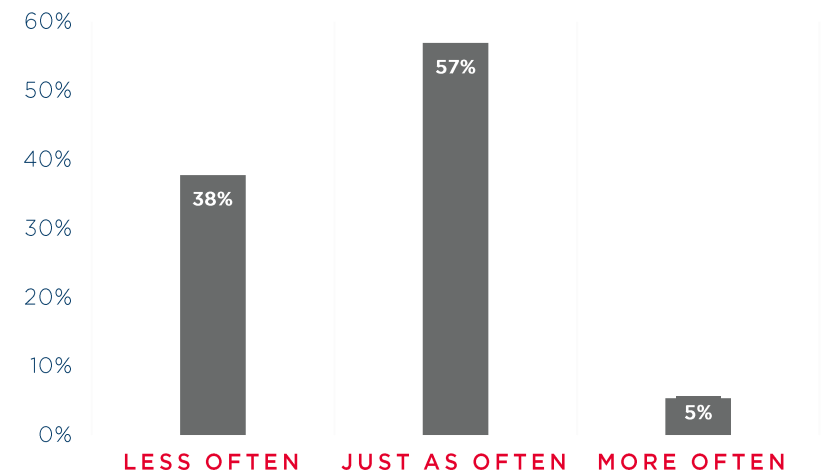
The food-courts' overall capacity will need to reduce significantly, since clients will be reluctant to sit shoulder to shoulder with customers from the neighboring table. Projects where food-courts benefit from large terraces are more resilient, since they will be able to accommodate more clients during the summer season.

SHOPPING FOR CLOTHING ITEMS IN THE CITY

BEFORE LOCKDOWN



AFTER LOCKDOWN



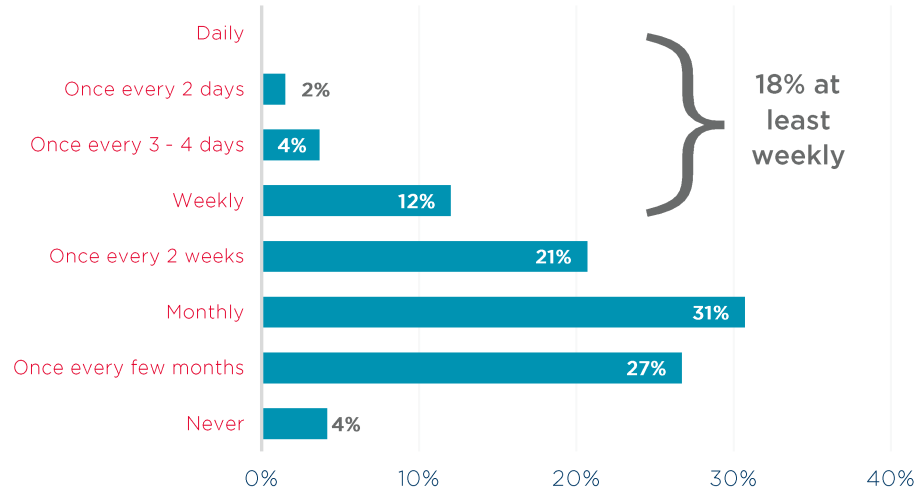
5.0 billion

Was the estimated turnover of the fashion industry in Romania in 2019

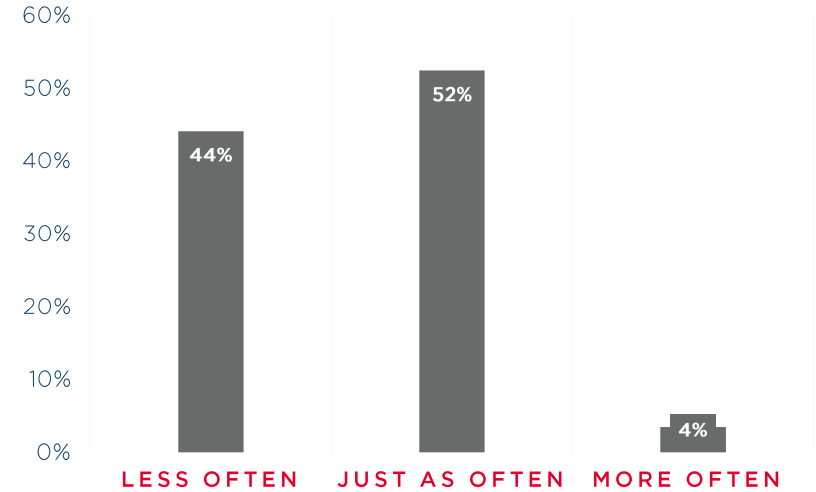
Except for the extremes – some luxury and a few discount stores – most fashion retailers are located in shopping centers. Calea Victoriei in Bucharest has become more attractive during the last few years, attracting several luxury retailers, but both leisure and business travel is expected to reduce significantly during the following period, influencing their activity.

SHOPPING FOR CLOTHING ITEMS AT THE MALL

BEFORE LOCKDOWN



AFTER LOCKDOWN

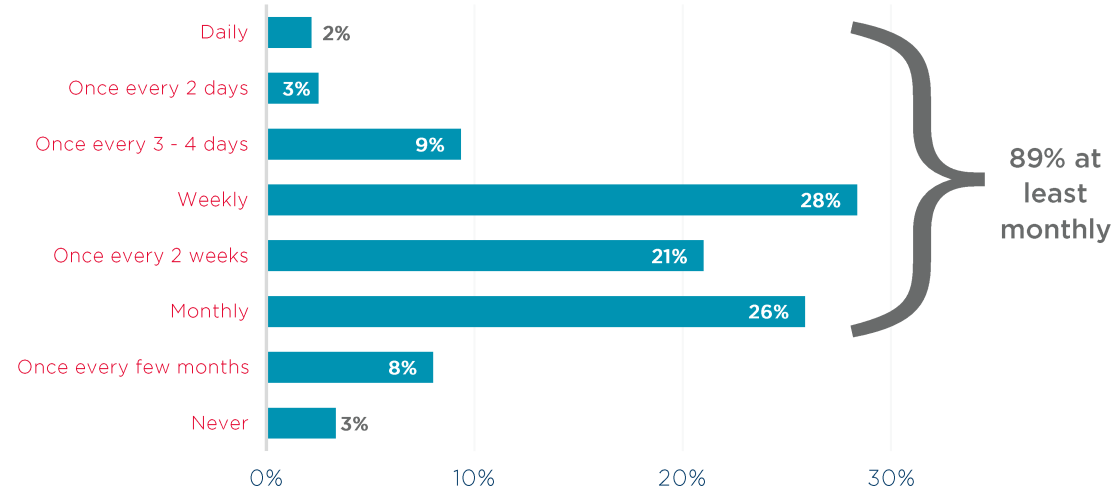


8.9%
Was the average annual retail sales growth rate in Romania during the 2015-2019 period

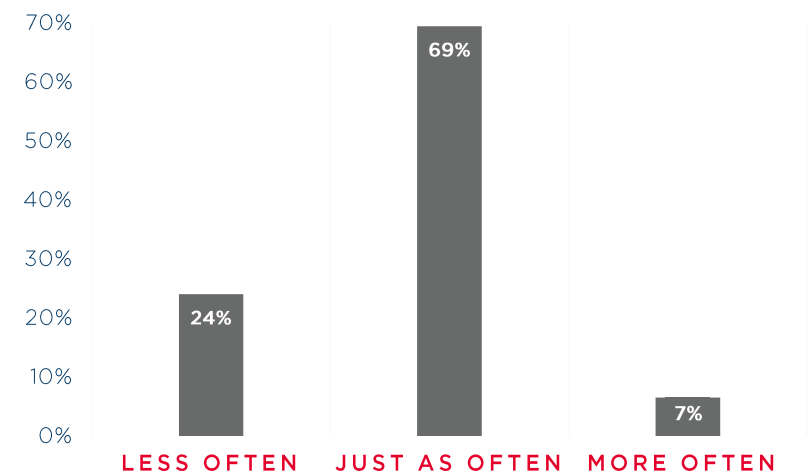
Shopping visits for fashion items at the mall will need to change, retailers being in the position to provide health & safety solutions for fitting rooms and stands with dozens of items. Black Friday or sales periods were notorious for people over-crowding stores, but we do not expect this to be the case anymore, at least on the short term.

SHOPPING FOR BEAUTY PRODUCTS IN THE CITY

BEFORE LOCKDOWN



AFTER LOCKDOWN



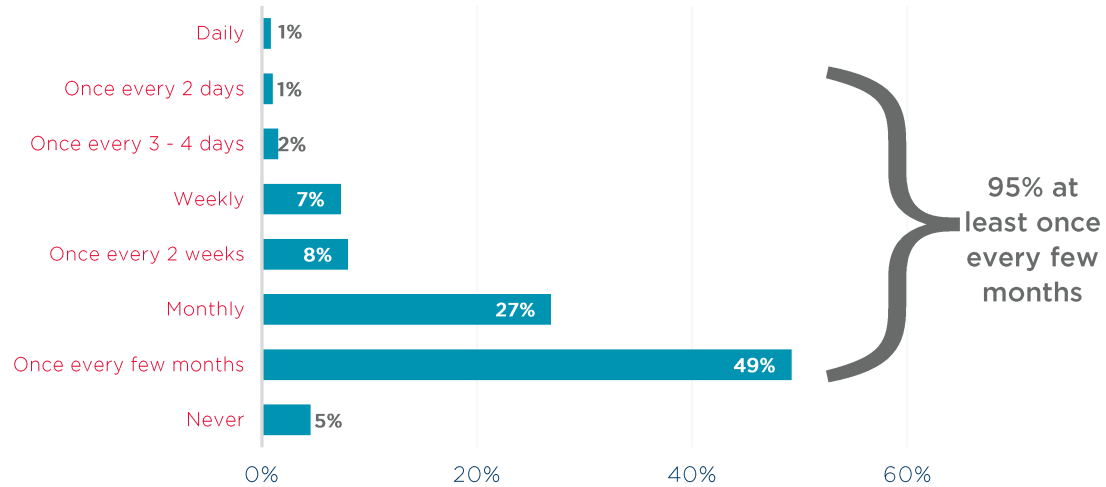
€1.0 billion

Was the estimated turnover of the beauty industry in Romania in 2019

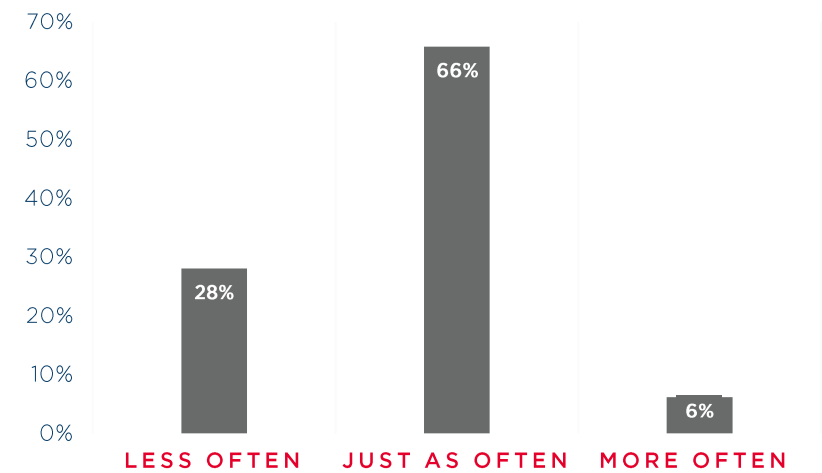
High-street locations might draw the retailers' attention, since shopping restrictions have mainly affected the shopping centers. We expect to see an increasing activity in terms of refurbishing historical buildings, but also extended retail components of mixed-use projects, which will try to provide a wider range of amenities to their clients.

SHOPPING FOR HOME PRODUCTS

BEFORE LOCKDOWN



AFTER LOCKDOWN



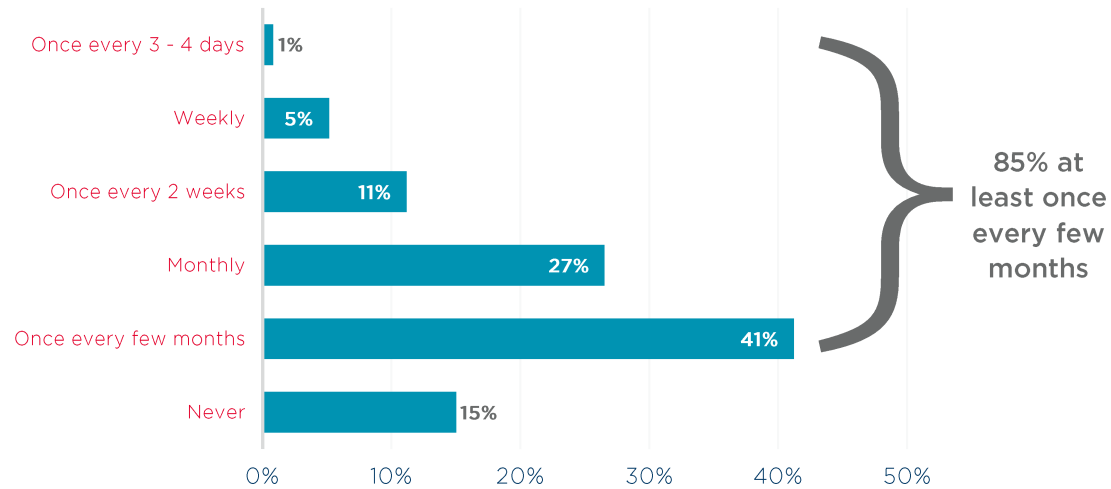
€3.0 billion

Was the estimated turnover of the DIY industry in Romania in 2019

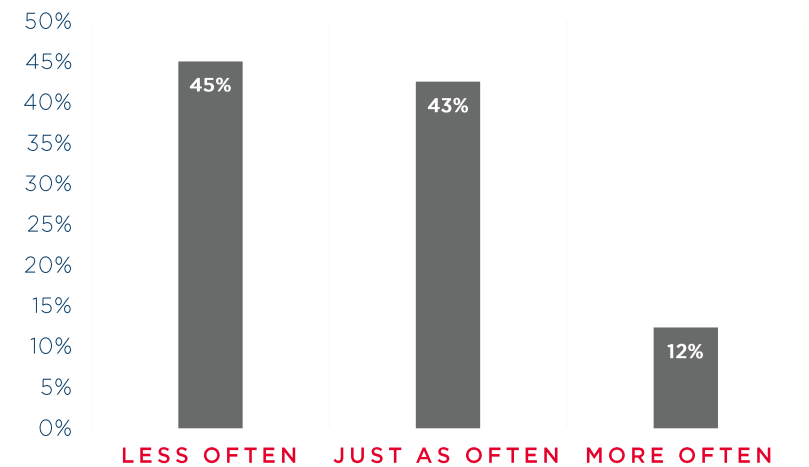
We expect Home & Deco and DIY sector to be resilient, since many people will try to increase the comfort of their homes, investing both in indoor items, such as desks, office chairs or couches, but also in garden furniture.

GO TO CINEMA

BEFORE LOCKDOWN



AFTER LOCKDOWN



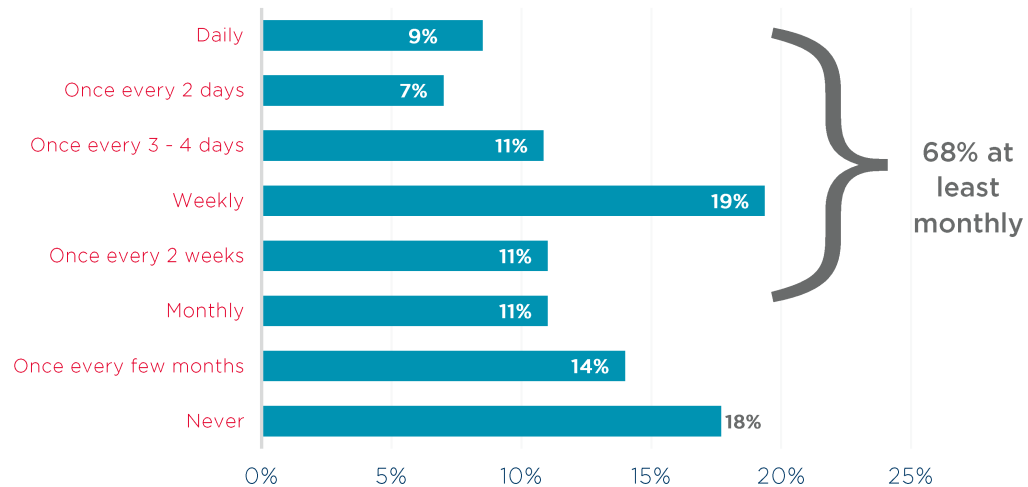
13.1 million

Was the total number of cinema admissions in Romania in 2019

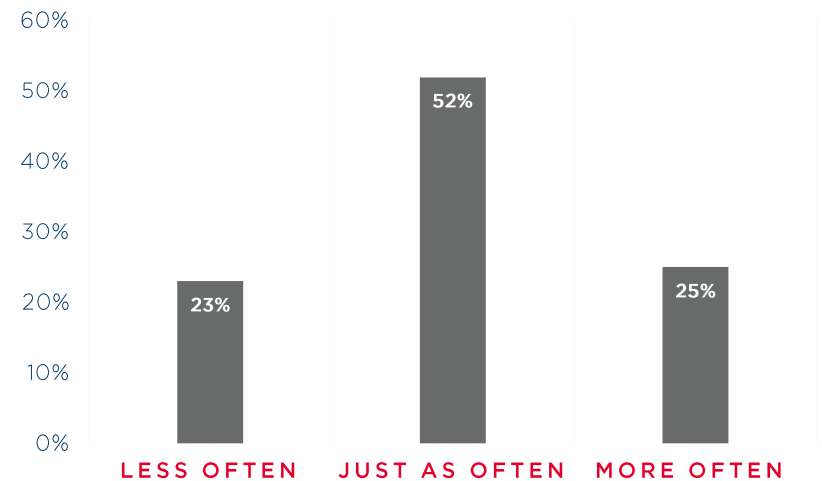
Cinema halls will be affected by distancing measures, increasing the popularity of video streaming websites with the movie industry as a whole facing numerous postponements and cancellations because of the coronavirus pandemic. While the average occupancy rate of the cinema halls has never been too high, some film fans will prefer to entertain themselves couch surfing.

PLAY SPORTS

BEFORE LOCKDOWN



AFTER LOCKDOWN

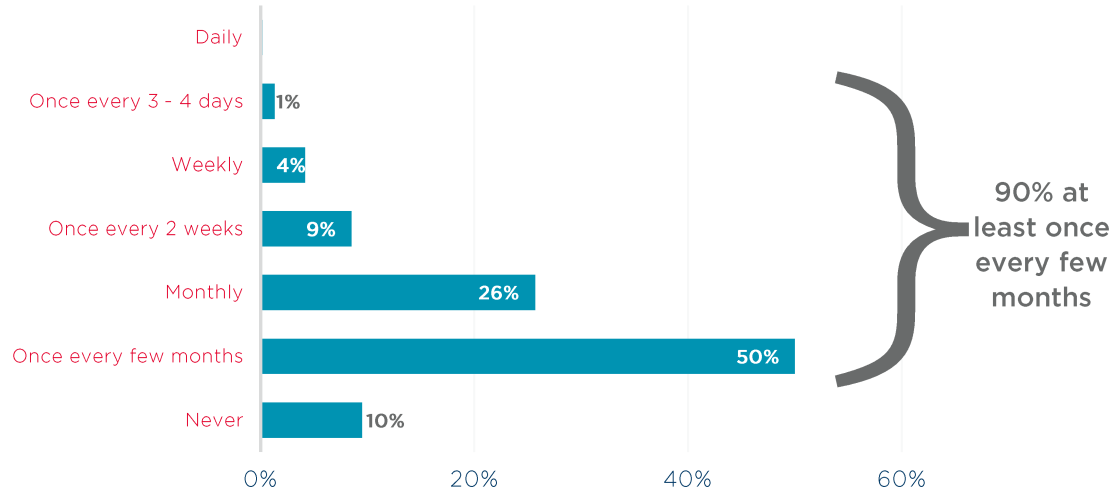


280,000
Is the number of registered athletes in Romania

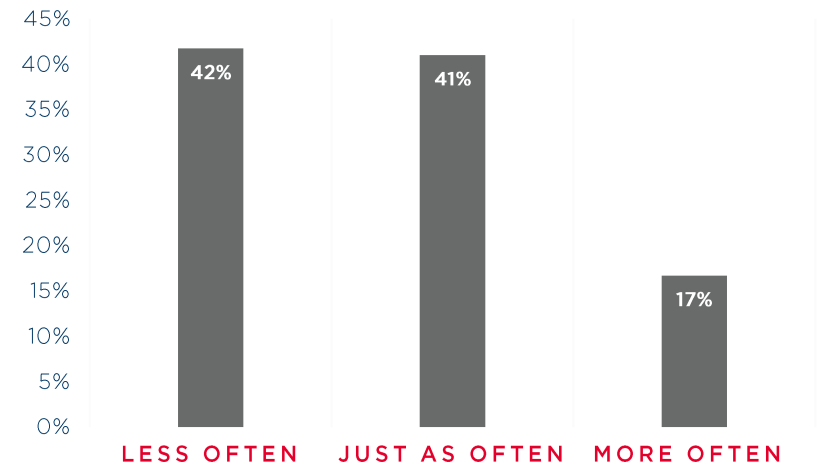
After two months of lockdown, most people want to resume physical activity, but gyms are considered pretty unsafe. Fitness trainers continued their activity through video calls and live streaming workouts from the gym. The activity inside gyms might resume beginning on June 15, but the number of subscriptions is expected to decline on the short term.

ATTEND CULTURAL ACTIVITIES

BEFORE LOCKDOWN



AFTER LOCKDOWN



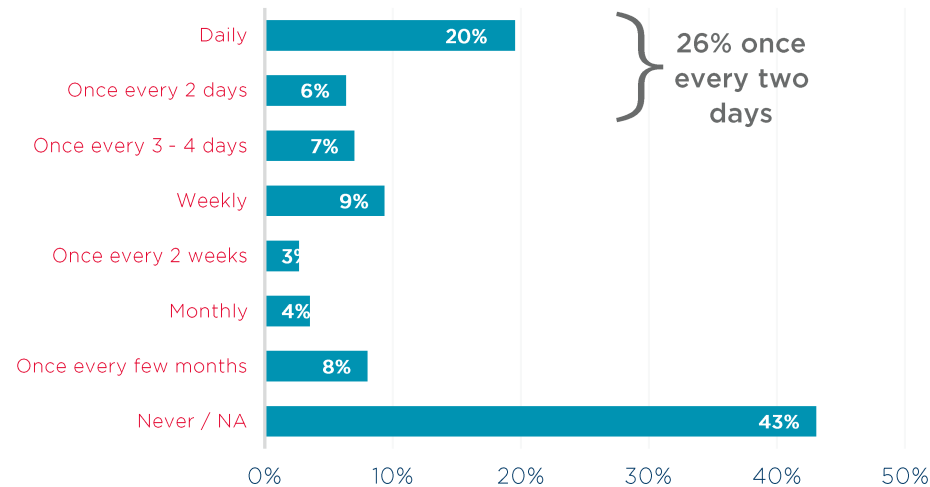
250,000

Was the total live and online attendance of the George Enescu Festival in 2019

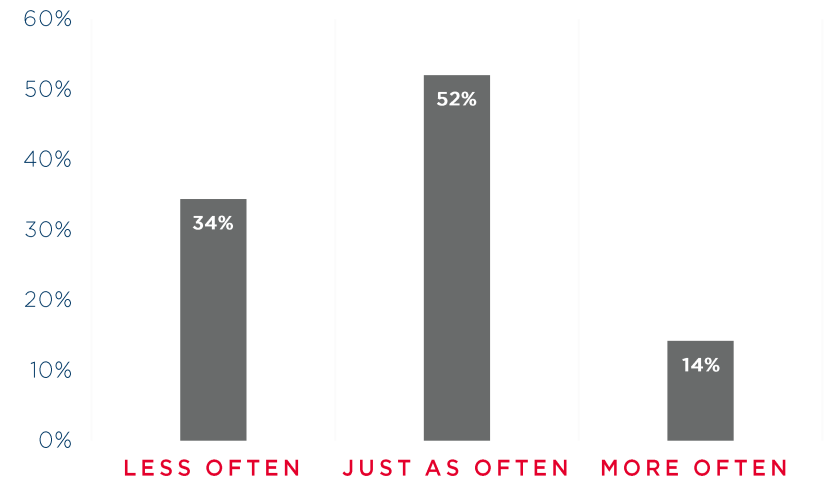
There is a significant desire to attend cultural events after the lockdown, but this sector will be significantly affected going forward. Drive-in events are a solution, but some artists are reluctant to this kind of performances. While concert halls will probably operate at less than 20% of their normal capacity, museums resumed their activity on the 1st of June and most of them had long queues since access is restricted to avoid overcrowding.

GOING TO CHILDREN PLAYGROUNDS

BEFORE LOCKDOWN



AFTER LOCKDOWN



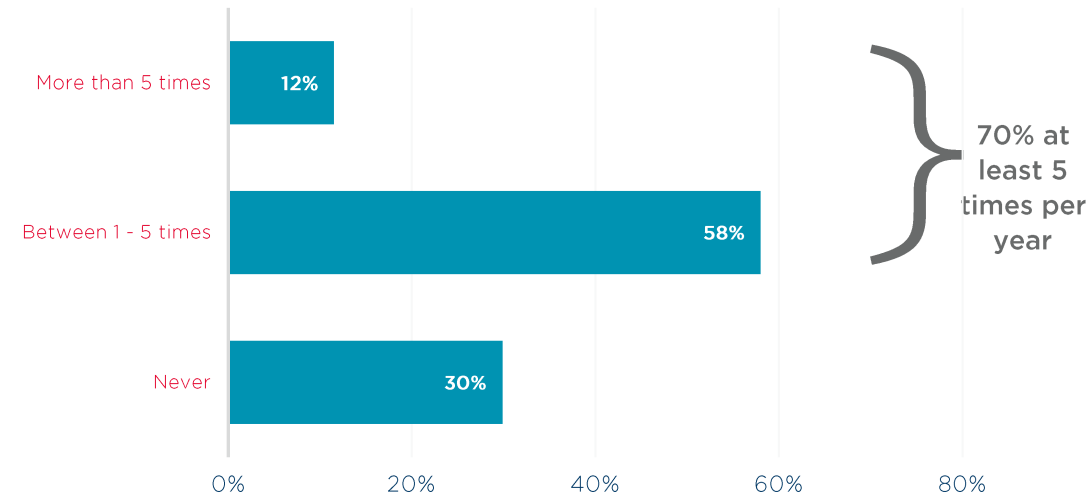
17,000 sq. m

Is the size of Superland Brasov, the largest indoor children playground in Romania

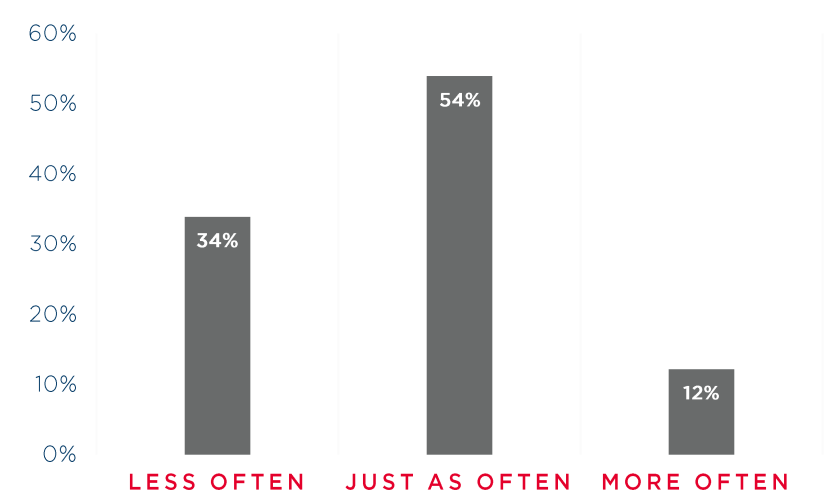
Children playgrounds are still closed both indoors and outdoors and their activity will be affected since it is difficult to convince children to respect social distancing restrictions. Despite the fact that children have plenty of energy, some parents will most probably search for alternative activities in the following period.

PARTICIPATING TO SPORTING EVENTS

BEFORE LOCKDOWN



AFTER LOCKDOWN

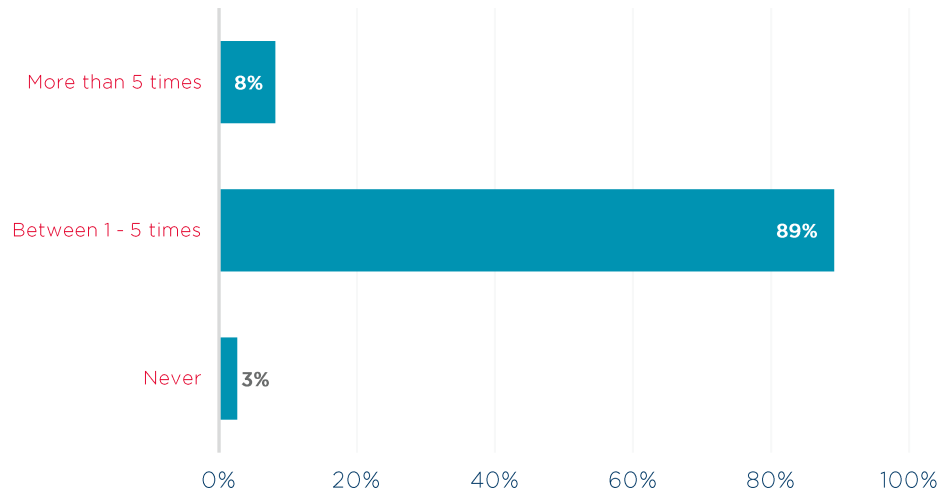


20,000
Was the total number of participants at the Bucharest Marathon in 2019

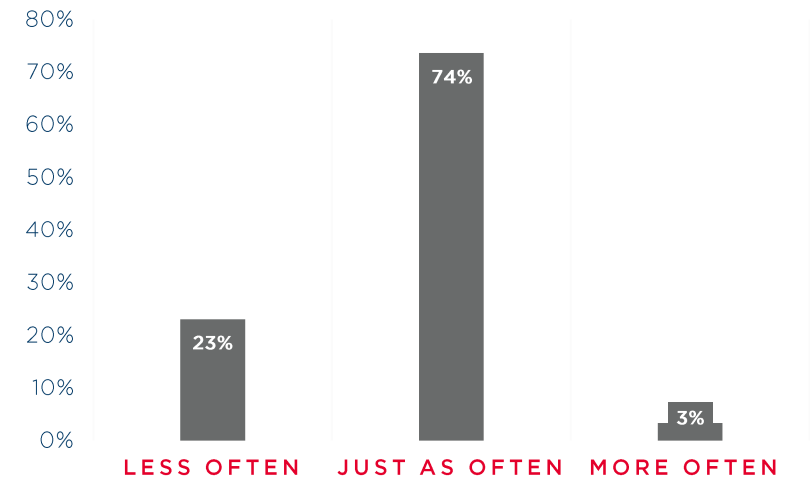
Sport competitions were postponed since March, and their calendar has changed significantly. For instance, Bucharest was supposed to host four matches from the UEFA Euro 2020, which was rescheduled for 2021. In Bucharest three new football stadiums are currently under construction which will create an increasing interest from football fans once delivered.

PURCHASING ELECTRONICS AND HOME APPLIANCES

BEFORE LOCKDOWN



AFTER LOCKDOWN



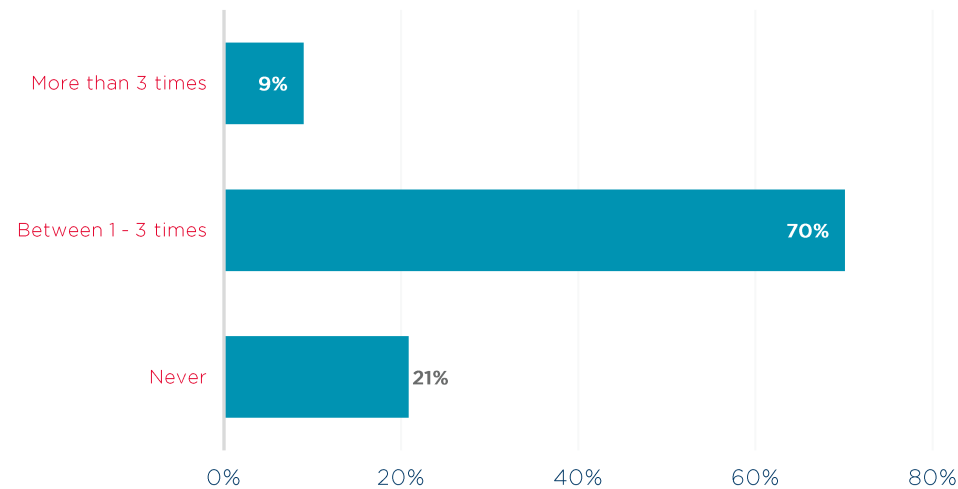
€4.3 billion

Was the estimated turnover of the electro-IT market in Romania in 2019

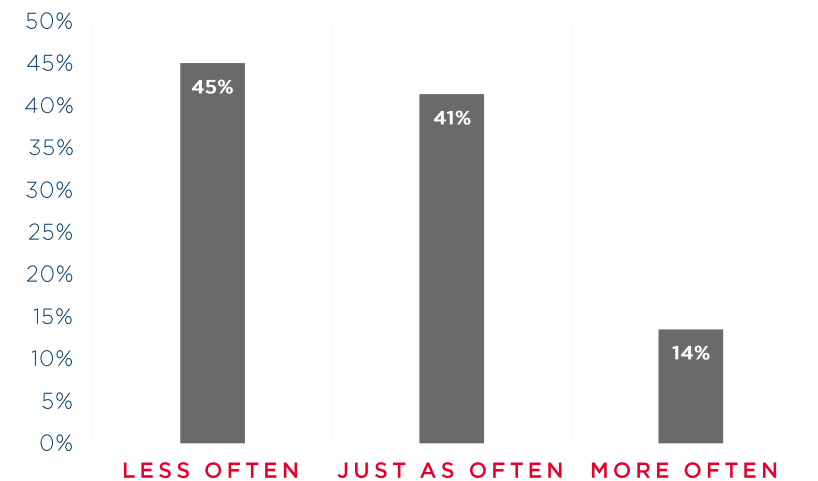
Electro-IT retailers were active during the lockdown period as well, since people looked to acquire better devices and gadgets for home working and entertainment. Regarding the white goods segment, some customers will tend to keep the existing machines longer, to reduce spending, their usage therefore increasing, since people will eat at home more (using the fridge, oven, etc.), while also doing their laundry more often.

GOING ON HOLIDAY ABROAD

BEFORE LOCKDOWN



AFTER LOCKDOWN



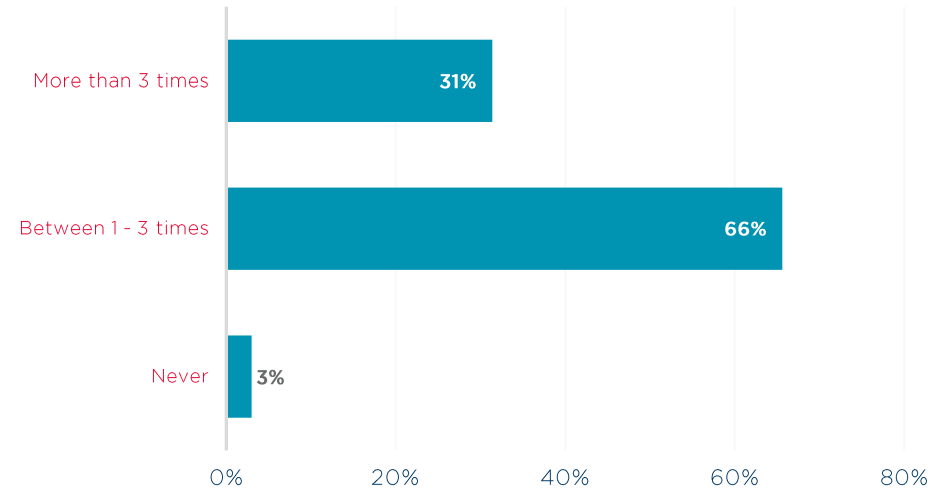
€5.3 billion

Was the estimated amount spent by Romanian tourists abroad in 2019

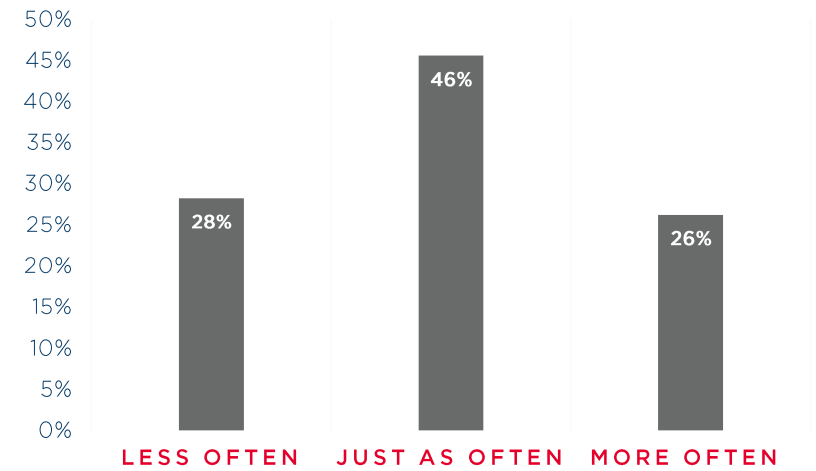
The risks related to potential contamination during the flight and being placed under quarantine when returning to Romania will significantly influence the appetite for holidays abroad, with nearby foreign destinations, reachable by car, such as Bulgaria and Greece, being less affected.

GOING ON HOLIDAY IN ROMANIA

BEFORE LOCKDOWN



AFTER LOCKDOWN



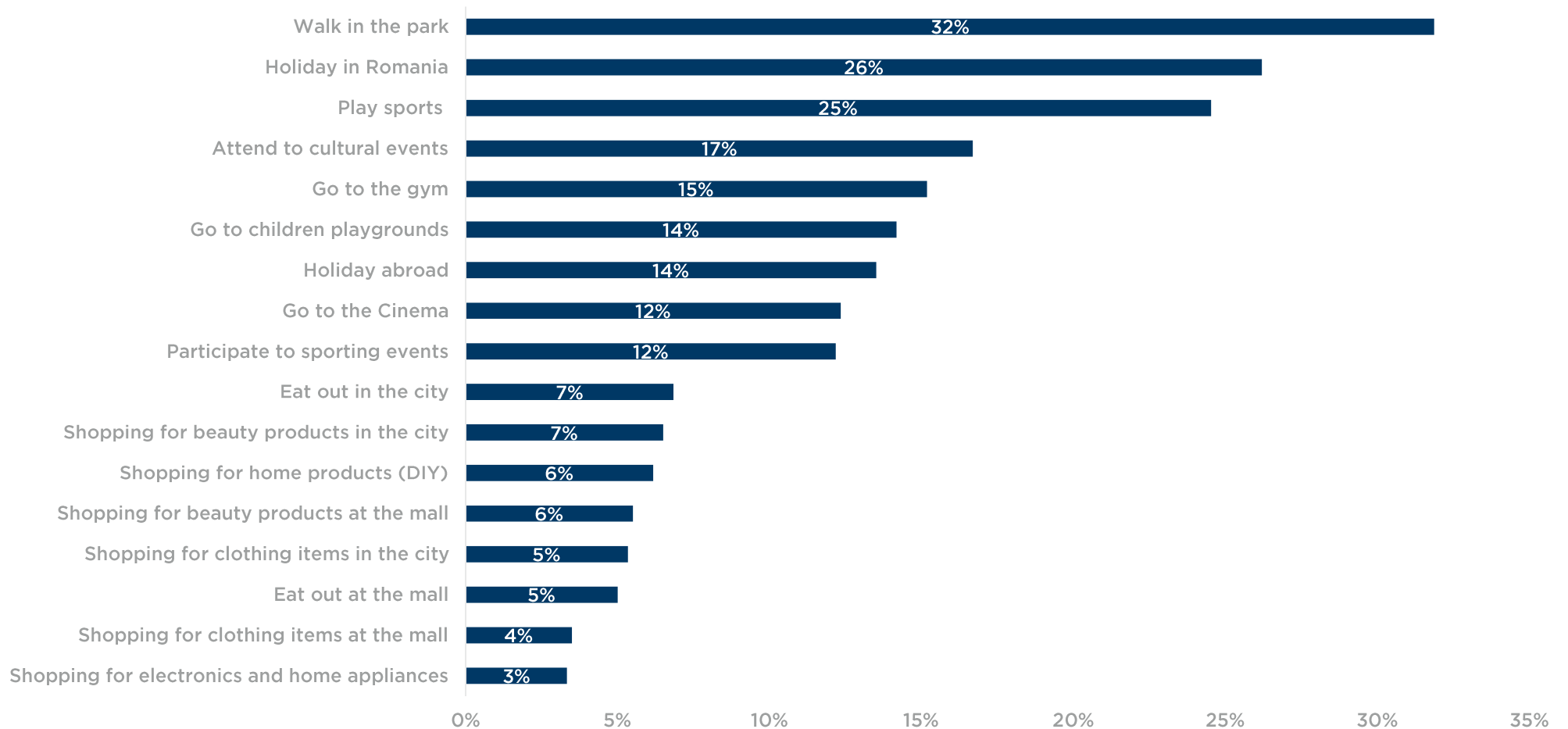
10.6 mil.

Was the total number of Romanian tourists that spent at least 1 night in touristic accommodation units in Romania in 2019

While business trips will continue to be affected, hospitality sector in Romania will benefit from an increasing flow of local tourists, due to the fact that some people will be reluctant to travel abroad. Valea Pahovei and Mamaia are the most popular mountain and seaside destinations, respectively, but we will most probably see an increasing interest for other, less crowded, resorts.

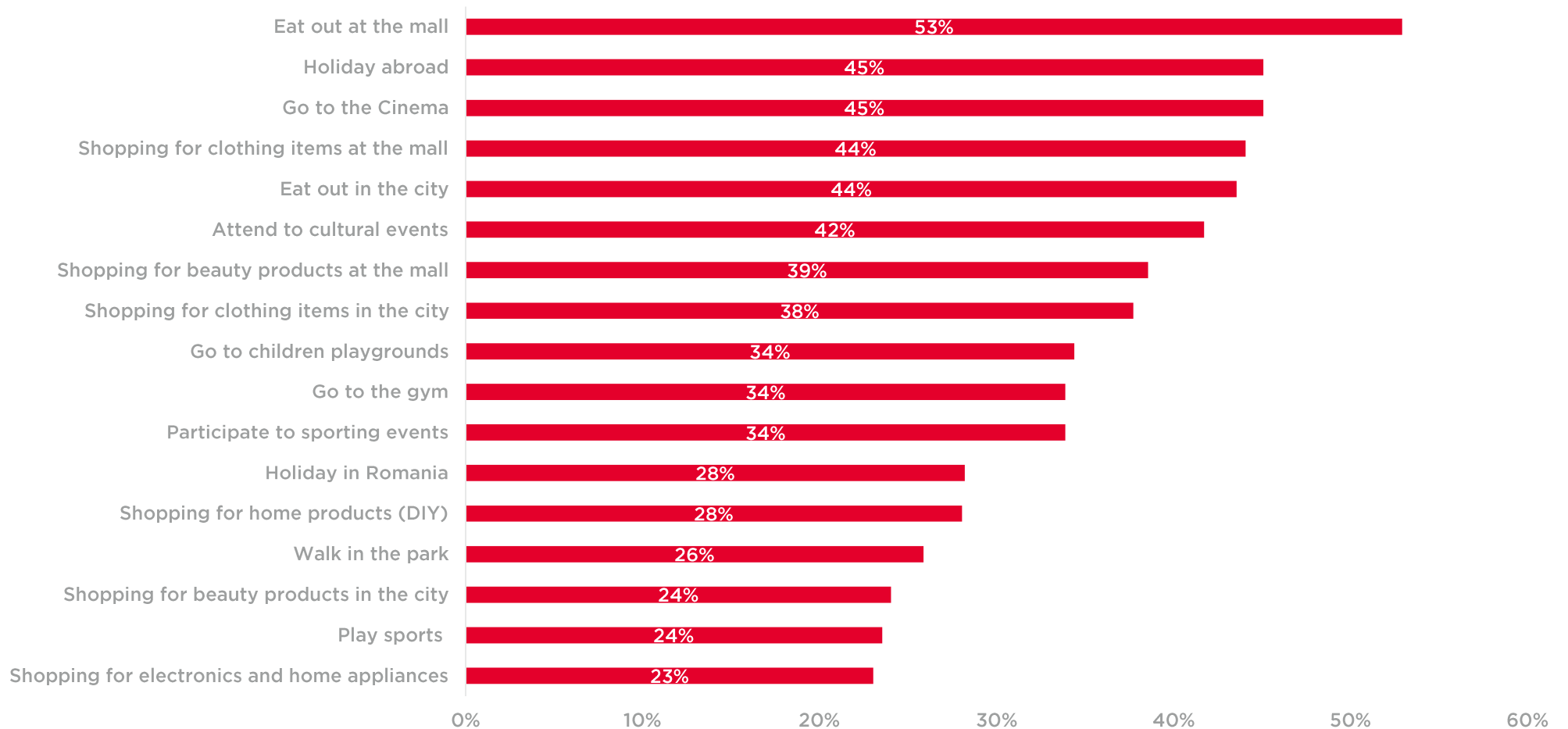
“MORE OFTEN” TOP

Projects located close to the parks, hospitality sector focusing on local leisure tourists and sport clubs with mainly outdoor activities should be the “winners” of the post-lockdown period, since at least 25% of the respondents estimate that they will go walking in the park, spend holiday in Romania and play sports more often than they used to do.



“LESS OFTEN” TOP

Food & Beverages components of the shopping centers, tourism industry (agencies, ticketing, airlines) and cinemas will be most affected, since at least 45% of the respondents will eat out at the mall, spend holidays abroad and go to the cinema less often than they used to before Covid-19.



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The Research Department follows the evolution of the real estate market, interprets the important events and anticipates the trends of the sector. During the last three years, the Research Department has conducted more than 50 customized reports for local and international investors, banks and European institutions.

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