

	YoY Chg	12-Mo. Forecast
€8,000 Disposable Income Per Capita	▲	▲
€80.00 Prime Rent, sq. m/month	▲	▲
6.50% Prime Yield	▼	—

ROMANIA ECONOMIC INDICATORS Q2 2022

	YoY Chg	12-Mo. Forecast
2.6% GDP (Q2 2022 F)	▲	▲
5.5% Unemployment Rate	▲	▲
14.3% CPI*	▲	▼
-3.0% Retail Sales Volume*	▼	▼

Source: Moody's Analytics
* June 2022 vs June 2021

ECONOMY: Increasing inflation and interest rates

The y-o-y inflation rate reached 14.3% in June in Romania, one of the highest levels in the European Union and, although expected to stabilize in Q3, it is likely to remain in double digits at least until the end of the year. The monetary policy rate has been constantly increased by the National Bank of Romania in order to tackle this inflationary trend, up to a most recent level of 5.50%, with further increases expected. The Q1 2022 economic growth has been solid (+6.4% y-o-y), but a slowdown may be observed in H2, as the latest European Commission forecast implies a 3.9% GDP growth for the whole year, which is still a good level considering the overall impacts of the inflationary pressures and also of the side effects caused by the war in Ukraine.

SUPPLY & DEMAND: Robust under construction pipeline on short and medium term

Q2 2022 has seen the delivery of Scallier's Funshop Park Timisoara project (10,800 sq. m GLA) and also Supernova's 9,000 sq. m GLA extension of its Pitesti recently-acquired scheme. Moreover, there is currently a pipeline of around 140,000 sq. m of under construction projects, all due to be delivered by 2025, while other projects totaling around 610,000 sq. m GLA are under different planning stages (Prime Kapital – MAS RE, Scallier or Mitiska REIM being among the most active players), thus confirming the market's potential for a further robust expansion.

The elimination of all the pandemic related restrictions in March resulted in a consistent initial increase in both footfall and sales in physical stores. However, the high inflation is expected to impact the retail market on the short term, as the overall retail sales growth in H1 2022 has been lower than the corresponding figures for inflation.

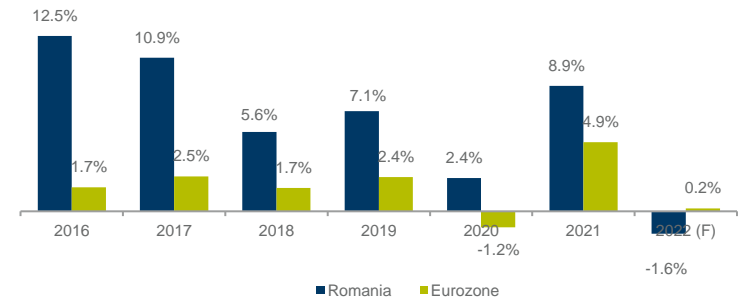
PRICING: Rental growth pushed by low vacancy rates

The rental level in prime shopping center locations remained relatively stable, in Q2 2022. Therefore, the headline rent achieved for 100 - 150 sq. m units in dominant shopping centers in Bucharest was of around € 75 - 80 / sq. m/ month at the end of Q2 2022, while in secondary cities, such as Cluj-Napoca, Timisoara, Iasi and Constanta headline rents in dominant shopping centers ranged between € 45 – 55 / sq. m/ month, while a level falling between € 27 – 32/ sq. m/ month was recorded in tertiary cities.

BUCHAREST PRIME RENT



ROMANIA VS. EURO ZONE RETAIL SALES VOLUME Y/Y GROWTH



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	731,500	34,000	1,883,425	388	€80	6.50%
Cluj-Napoca	125,500	-	324,576	387	€55	7.25%
Timisoara	173,000	-	319,279	542	€50	7.25%
Iasi	82,000	-	290,422	282	€55	7.25%
Constanta	122,000	-	283,872	430	€45	7.25%
Brasov	136,700	-	253,200	540	€35	7.50%
OTHER CITIES	966,200	34,500			€32	8.00%
TOTAL	2,336,900	68,500	20,121,641	116	€80	6.50%

Source: 2011 Census

KEY CONSTRUCTION COMPLETIONS Q2 2022

PROPERTY	SUBMARKET	MAJOR TENANTS	SIZE (SQ. M)	OWNER / DEVELOPER
Funshop Park Timisoara	Timisoara	Kaufland, C&A, Pepco, Tedi, Takko, Sportisimo	10,800	Scallier
Supernova Pitesti extension	Pitesti	Reserved, Sinsay, Takko, Pepco, Deichmann	9,000	Supernova

MAJOR PROJECTS IN PIPELINE 2022

PROPERTY	SUBMARKET	MAJOR TENANTS	SIZE (SQ. M)	OWNER / DEVELOPER
Alba Iulia Mall	Alba Iulia	Carrefour, Sinsay, Sportisimo, New Yorker, Deichman, Altex, Pepco	29,000	PK-MAS RE
Funshop Park Mosnita Noua	Timisoara	Lidl, Penny	10,600	Scallier

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