

ROMANIA

Retail Q2 2024



ECONOMY: Inflation is coming down and the economy is highly resilient

Inflation has been contracting in Romania for more than 6 months, reaching an average level of 6.8% in Q2 2024. Forecasts are positive for the rest of the year, with expectations that it will fall below 5% in Q4. The National Bank of Romania has reacted by decreasing the monetary policy rate in June by 25 bp to 6.75%, the first such movement in 18 months, thus following the example set by the European Central Bank a few weeks beforehand. Moreover, the economy was highly resilient in H1, with GDP growth rates of 1.8% and 2.1% being recorded in Q1 and Q2 respectively. An overall annual growth of 2.7% is anticipated for 2024, a notable evolution given the still volatile macroeconomic and geopolitical context.

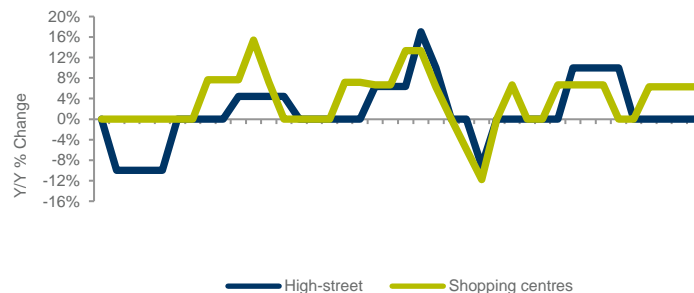
SUPPLY & DEMAND: Solid activity in H1, strong perspectives by the end of 2024

The retail market has been very active throughout Q2 2024, when projects totaling 78,100 sq. m of were delivered, corresponding to a sharp increase compared with the previous quarter (9,300 sq. m) and also with Q2 2023 (17,000 sq. m). Two shopping center schemes were completed in Q2, namely Arges Mall (51,400 sq. m) in Pitesti developed by Prime Kapital – MAS Real Estate and the 2nd phase of Fashion House Pallady in Bucharest (5,700 sq. m), owned by Liebrecht & Wood. Moreover, two retail parks were also delivered: Aurora Retail Park in Giurgiu and OK Shopping Center in Bistrita totaling 21,000 sq. m GLA. Therefore, the H1 2024 new supply reached 87,400 sq. m vs. 30,000 sq. m in H1 2023. The modern retail stock in Romania was of 4.54 million sq. m, out of which 55% consists of shopping centers, while retail parks and commercial galleries account for the other 45%. The pipeline for the H2 2024 is also robust, as projects totaling around 155,000 sq. m are due to be delivered by the end of the year.

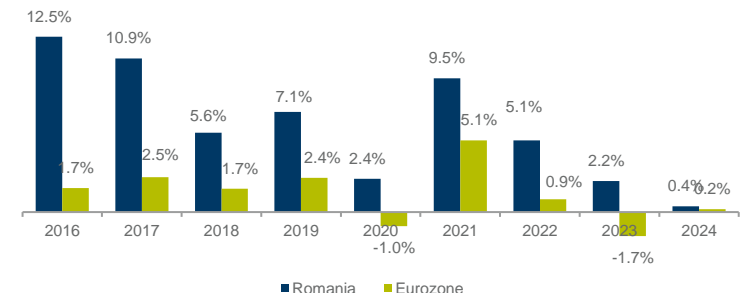
PRICING: Flat rental levels

There were no major changes pertaining to rental levels in Q2. The prime shopping center rent in Bucharest stood at €80 - 85/ sq. m/ month for a 100 - 150 sq. m unit located in a dominant project, while the corresponding figures in secondary cities, such as Cluj - Napoca, Timisoara, Iasi and Constanta were ranging between €50 - 65/ sq. m/ month, the same situation being observed in tertiary locations, where levels between €30 - 35/ sq. m/ month were recorded.

BUCHAREST PRIME RENT



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



Indicator	YoY Chg	12-Mo. Forecast
€8,300 Disposable Income Per Capita	▲	▲
€85.00 Prime Rent, sq. m/month	▲	▬
7.25% Prime Yield	▲	▬

ROMANIA ECONOMIC INDICATORS Q2 2024

Indicator	YoY Chg	12-Mo. Forecast
2.1% GDP growth	▲	▲
6.3% Unemployment Rate	▲	▲
6.8% CPI	▼	▼
0.3% Retail Sales Volume	▼	▲

Source: Moody's Analytics



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	774,700	45,700	1,716,983	451	€85	7.25%
Cluj - Napoca	125,500	-	286,598	438	€65	7.60%
Timisoara	173,000	-	250,849	690	€55	7.70%
Iasi	82,000	122,200	271,692	302	€55	7.60%
Constanta	122,000	-	263,707	463	€50	7.90%
Brasov	136,700	-	237,589	575	€40	8.00%
OTHER CITIES	1,062,200	12,900			€35	8.00%
TOTAL	2,476,100	180,800	19,053,815	130	€85	7.25%

Source: 2022 Census

KEY CONSTRUCTION COMPLETIONS Q2 2024

PROPERTY	SUBMARKET	MAJOR TENANTS	SIZE (SQ. M)	OWNER / DEVELOPER
Arges Mall	Pitesti	Carrefour, Zara, Peek & Cloppenburg, C&A, CCC, Hervis, Pepco, Reserved	51,400	Prime Kapital – MAS Real Estate
Aurora Retail Park	Giurgiu	ALTEX, Animax, C&A, DM, Kaufland, KIK, Sinsay	13,000	Cometex
Fashion House Pallady – phase II	Bucharest	adidas, Tommy Hilfiger, Calvin Klein, Under Armour	5,700	Liebrecht & Wood

MAJOR PROJECTS IN PIPELINE*

PROPERTY	SUBMARKET	SIZE (SQ. M)	OWNER / DEVELOPER
Transilvania Mall	Cluj - Napoca	130,000	Prime Kapital – MAS Real Estate
Mall Moldova	Iasi	122,200	Prime Kapital – MAS Real Estate
Rivus Cluj	Cluj - Napoca	115,000	Iulius Group – Atterbury Europe
Prima Shopping Center	Sibiu	70,000	Oasis Consulting
Bacau Shopping Mall	Bacau	51,000	Prime Kapital – MAS Real Estate
Nhood Resita	Resita	35,000	Nhood
Galati Retail Park	Galati	33,000	NEPI Rockcastle
Promenada Mall extension	Bucharest	32,000	NEPI Rockcastle

*Under construction or in different zoning / planning stages

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