ROMANIA
GLOBAL CITIES
RETAIL GUIDE

2025 EDITION

Better never settles

ROMANIA OVERVIEW

Romania is the second largest country in Central & Eastern Europe (CEE), accounting for an official population of 19.0 million. Approximately 53% of the population lives in urban areas. The capital and the largest city is Bucharest, with a population of 1.7 million (2.3 million including the surrounding Ilfov county). Romania has 18 cities of over 100,000 inhabitants, the largest after Bucharest being Cluj-Napoca, Iasi, Constanta and Timisoara with more than 250,000 inhabitants each.

The first modern shopping centre outside Bucharest opened in 2000, in Iasi, while the market really started to develop after the country joined the EU in 2007. As of the end of 2024, there are very few cities without modern retail schemes across the country.

Moreover, a clear shift has been noticed in the last few years towards retail parks, a format which has performed very well during the pandemic and which has dominated the new supply from 2020 onwards.

However, 2 major shopping centres (GLA >50,000 sq. m) have also been completed in the last 12 months and a few more large, super-regional ones have been announced (being in different planning or construction stages) and are expected to be delivered by the end of the decade outside the capital city, thus illustrating the significant purchasing power growth across the country and also the potential Romania still offers on this segment, especially when considering that its retail density is among the lowest in CEE.

ROMANIA
Economic Overview

ECONOMIC SUMMARY

ECONOMIC INDICATORS	2023	2024F	2025F	2026F	2027F
GDP (% y/y change)	2.1	2.0	3.5	3.7	4.5
Consumer spending (% y/y change)	2.9	7.7	5.4	4.8	4.4
Industrial production (% y/y chante)	-4.4	-1.0	1.0	3.2	3.6
Investment (% y/y change)	14.5	4.8	4.5	2.9	4.1
Unemployment rate (%)	5.6	5.3	6.0	6.7	7.0
Inflation rate (%)	10.4	5.4	3.3	2.5	2.1
Exchange rate vs USD	4.6	4.6	4.4	4.4	4.5
Interest rates short-term (%)	7.0	6.8	6.3	6.0	5.9

NOTE: *annual % growth rate unless otherwise indicated. Figures are based on local currency and in real terms. E estimate F forecast

SOURCE: Moody's

RETAIL SALES GROWTH: % CHANGE ON PREVIOUS YEAR

INDICATOR	2019	2020	2021	2022	2023
Retail sales growth volume (%)	-1.7	-0.2	8.0	-4.0	-2.4

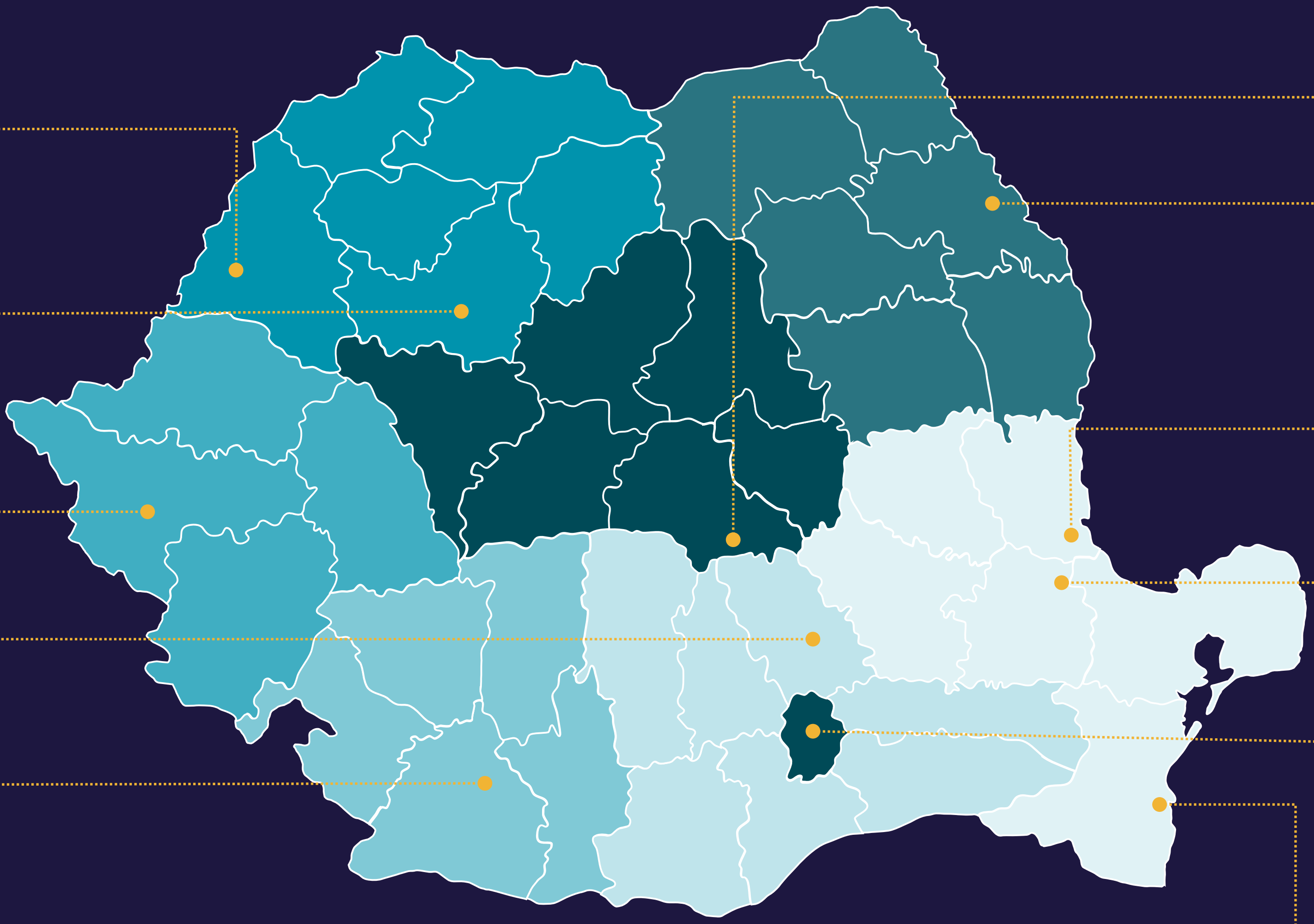
ECONOMIC BREAKDOWN (2023)

Population (million)	19.0
GDP nominal (bil. USD)	629.3
Public sector balance (% of GDP)	-5.6
Public sector debt (% of GDP)	46.6
Current account balance (% of GDP)	-5.8

PARLIAMENT	Coalition of the Social Democratic Party (PSD) and the National Liberal Party (PNL)
HEAD OF STATE	Klaus Iohannis
PRIME MINISTER	Marcel Ciolacu
ELECTION DATE	November – December 2024 (Presidential), December 2024 (Parliamentary)

ROMANIA

Largest Cities



Oradea
183,105

Cluj – Napoca
286,598

Timisoara
250,849

Ploiesti
180,539

Craiova
234,140

Brasov
237,589

Iasi
271,692

Galati
217,851

Braila
154,686

Buchares
t
1,716,983

Constant
a
263,707

ROMANIA
Retail Overview

MAJOR DOMESTIC NON-FOOD RETAILERS

Dedeman, Altex, eMAG, Flanco, Mobexpert, Carturesti, Musette, Benvenuti, BebeTei, B&B Collection, Teilor, Otter

MAJOR DOMESTIC FOOD RETAILERS

Regional chains of supermarkets such as La Cocos, Annabella, Diana, Unicarm, Paco Supermarket etc

MAJOR INTERNATIONAL FOOD RETAILERS

Lidl, Kaufland, Carrefour, Auchan, Metro Cash & Carry, Selgros Cash & Carry, Mega Image, Penny, Profi, Zabka

INTERNATIONAL RETAILERS IN POLAND

Inditex Group (Zara, Bershka, Pull & Bear, Stradivarius, Oysho, Zara Home, Massimo Dutti, Lefties), Primark, Pepco, H&M - COS, C&A, New Yorker, Peek & Cloppenburg - Anson's, LC Waikiki, LPP Group (Reserved, House, Cropp, Mohito, Sinsay), Intersport, Sport Vision, Hervis, Decathlon, Nike, Adidas, Under Armour, US Polo Assn., Calzedonia, Deichmann, CCC, Humanic, Sephora, Douglas, DM drogerie markt, IKEA, Leroy Merlin, Brico Depot, xxxLutz, Cinema City, HalfPrice, JD Sports, Jumbo, Lagardere

NEW ENTRANTS TO MARKET

Lefties, Wittchen, Zabka, Crocs, Pikito, Jimmy Key, Rituals, Anson's

FOOD AND BEVERAGE OPERATORS

McDonald's, KFC, Burger King, Pizza Hut, Taco Bell, Subway, Starbucks, Popeyes, Paul, Chopstix, Jerry's Pizza, Spartan, Mesopotamia, Fryday

TYPICAL HOURS

MONDAY-FRIDAY	SATURDAY	SUNDAY
10.00-22.00	10.00-22.00	10.00-22.00

ROMANIA

Retail Scene

Romania is one of the most emerging and high performing retail markets in Europe, with a solid GDP growth and major retail sales increases during the last 10 years.

The 2023 economic growth has been relatively robust (2.1%) especially when compared with most European Union countries, which reported lower or even negative numbers, in very difficult macroeconomic and geopolitical conditions. Moreover, the perspectives are also solid for 2024, when a GDP growth of ~3% is expected. Retail sales are forecasted to increase by 7.3% y-o-y in 2024, with further positive evolutions expected in the coming years. Unemployment is relatively low (5.3%), while the average net income saw 2 consecutive double digit increases in 2022 and 2023 (11.3% and 16.1% y-o-y respectively), with another impressive growth due in 2024 (14.8%).

The pioneer brands, such as McDonald's (1995), Carrefour (2001) or Zara (2004) are today among the market leaders, but followers such as IKEA (2007), C&A (2009) and H&M (2011) succeeded to develop profitable operations.

Modern retail stock in Romania amounts to approximately 4.6 million sq m GLA at the end 2024, distributed in more than 100 shopping centres, retail parks and commercial galleries. Around 30% of this stock is in Bucharest, but cities such as Cluj - Napoca, Timisoara, Iasi, Constanta, Craiova, Pitesti or Ploiesti also have dominant regional shopping centres with total GLA between 50,000 sq. m to 70,000 sq. m each.

With the exception of electro-IT, DIY and bookstores, the rest of the retail segments are dominated by international groups, having IKEA (furniture), Schwarz Gruppe (Lidl + Kaufland – food retail), Decathlon (sport articles), Inditex/ Pepco (fashion), Deichmann (shoes) or Jumbo (kids - toys) as market leaders.

Several international retailers in Romania operate through franchises. Brands such as Inditex, IKEA, Carrefour and Auchan initially entered the market through franchises, but have since decided to directly operate their units in the country.

The market has a good momentum, with a balanced relationship between tenants and landlords, since traffic and sales for most retail schemes are back to pre-pandemic levels, in some cases even reporting higher figures. Major shopping centre owners in Romania are NEPI Rockcastle, Prime Kapital – MAS Real Estate, Iulius Group – Atterbury Europe, CPI Property Group, AFI Europe or Nhood, each having retail portfolios exceeding 100,000 sq. m GLA.

E-commerce has been rapidly expanding in Romania especially since the onset of the Covid-19 pandemic, as online sales have more than doubled across the country since 2019. These spectacular results also came because of aggressive discounts promoted by online retailers, diversified payment methods and increasing number of retailers with on-line coverage. eMag, owned by South-African group Naspers, is the largest online store in Romania, being by far the dominant player on the market, while also expanding outside the country.

ROMANIA

Shopping Centres

LARGEST SHOPPING CENTRES BY SIZE

NAME	CITY	YEAR OPENED	SIZE (GLA SQM)
Iulius Mall	Timisoara	93,000	2005*
Electroputere Parc	Craiova	71,000	2011
Vivo!	Cluj - Napoca	61,000	2007
Coresi Shopping Resort	Brasov	59,000	2015
Shopping City Timisoara	Timisoara	57,000	2016
Iulius Mall	Cluj - Napoca	57,000	2007
Palas	Iasi	57,000	2012
Braila Mall	Braila	55,000	2008**
Promenada	Craiova	53,000	2023
Ploiesti Shopping City	Ploiesti	53,000	2012***
City Park	Constanta	51,000	2008****
Arges Mall	Pitesti	51,000	2024
Vivo!	Constanta	51,000	2011

* Extended in 2019; ** Extended in 2011; *** Extended in 2024; **** Extended in 2016

LARGEST SHOPPING CENTERS IN PIPELINE

NAME	CITY	YEAR OPENED	SIZE (GLA SQM)
Cluj Mall	Cluj - Napoca	130,000	2028
Mall Moldova	Iasi	126,000	2025
Rivus	Cluj - Napoca	120,000	2028
Bacau Mall	Bacau	51,000	2027

ROMANIA

Key Features of Lease Structure

ITEM	COMMENT
Lease Term	Traditionally, in Romania leases have been for a term of 5 - 10 years and could be higher – with 20 - 30 years often seen in parts of the retail market (eg for an anchor tenant). Leases are now more typically for 3-5 years. Break options were rare in the past but now are case by case negotiable, mainly for the anchor tenants. In the absence of a clear agreement in the lease, the tenant has no legal right to break as long as the landlord fulfils his obligations. Additionally, anchor tenants ask for break options linked to the occupancy of the project or the presence of certain tenants within the scheme.
Rental Payment	Rents are usually payable in advance on a monthly basis. Turnover/percentage rents are common seen in shopping centres and factory outlet. A security deposit is normally required for tenants as bank letter of guarantee or bank deposit in amount of 3 months of base rent + service charges + marketing fee + VAT. In specific cases of international anchors with a strong covenant or where a parent company guarantee (or less frequently a bank guarantee) is provided, it is not requested a security deposit. Premium payments are not common place in the retail market.
Rent Review	Annual indexation to CPI. There is no standard review mechanism and this may be negotiated in the lease.

ITEM	COMMENT
Service Charges, Repairs and Insurance	A service charge is usually payable in multi-tenanted buildings and covers management fees, security, cleaning, landscaping, internal maintenance of common parts, external maintenance and insurance, servicing of elevators, water, heating, air conditioning, management fees and property taxes. It excludes internal maintenance and insurance of rented accommodation, utility charges and VAT. The landlord is responsible for external/structural matters in shopping centres (charged back via service charge) or tenant (except in multi-let buildings). The tenant is responsible for internal matters of the premises. The landlord usually ensures the main structure and external fabric but will charge this back to the tenant. Insurance for common parts is also paid by the landlord and charged back. The tenant usually pays for internal insurance directly.
Property Taxes and other costs	The local government authority charge the ‘rates’, the local property tax for individual, while for the companies is calculated as percentage from the book value (0.75 – 1.50 %). Land taxes are based on sqm basis.

ROMANIA

Key Features of Lease Structure

ITEM	COMMENT
Disposal of a Lease	Sub-letting is usually possible under the terms of the lease, subject to landlord's approval. Assignment rights are not normally barred in the lease but will also be subject to consent – which should not be unreasonably withheld. Early termination is only by break clause – to be negotiated at outset of lease by mutual consent upon negotiation. At lease end, the tenant is responsible for re-instating the premises to the same condition as at the start of the lease, subject to normal wear and tear. All tenant improvements must be approved by the landlord subject to the alteration covenant in the lease and the fact that approval should not be unreasonably withheld. Older leases may have Privity of Contract whereby all former lessees can be held liable for any default by a later tenant under the same lease.
Valuation Methods	Shops are valued on the derived methods of income approach such as: direct capitalisation, discounted cash flow etc.
Legislation	Leases must be in writing and the lease document forms the standard documentation required. A formal deed is required for all leases. A mandatory standard form of lease does not exist although a market standard is in place.

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