

MARKETBEAT

CENTRAL EUROPE

Retail Q4 2021



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Bulgaria

Czech Republic

Hungary

Poland

Romania

Slovakia



BULGARIA

Retail Q4 2021



	YoY Chg	12-Mo. Forecast
€991 Gross Income per capita	▲	▲
€8,845 GDP per capita 2020	▼	▲
4.6% Unemployment Rate	▼	■

Source: National Statistical Institute

BULGARIAN ECONOMIC INDICATORS 2021

	YoY Chg	12-Mo. Forecast
2.77% GDP Growth	▲	▲
7.8% HICP, YoY December	▲	▲
6.45% Retail Sales YoY	▲	▲

Source: National Statistical Institute, Moody's

ECONOMY: Price increase

Despite the rising inflation, the expectations about the Bulgarian economy are still positive. The draft budget for 2022 envisages 4.8% economic growth, higher than in 2021, and 5-6% inflation. The price increase remains concern, reaching 7.8% y-o-y in December, and forecasted to remain high at least in the first half of 2022. The inflation is fueled by the rising energy costs and will have badly affect the private consumption. With regard to this, it is expected that the economic performance in 2022 will depend to a greater extent on public investments, compared to the previous years.

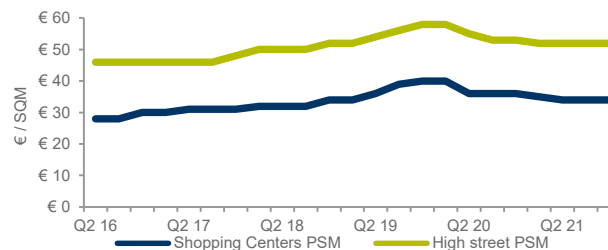
SUPPLY AND DEMAND: Omnichannel sales

The last year saw gradual recovery of the retail market, after a prolonged period of lockdowns and uncertain business environment. Although the number of new openings didn't surpass the figures of 2020, the shopping centers in Sofia and the big cities perform well. The new stores in 2021 exceeded 34,700 sqm, compared to 37,670 sqm in the precedent year. The low rate of new openings can be explained with the lack of new completions of shopping centers. The overall stock countrywide remained 815,000 sqm, with 418,000 sqm operating in Sofia. The vacancy rate also supports the good performance of the schemes in the capital city, having dropped to 5% on average in the last quarter of 2021. Discount stores, FMCG, Health & Beauty and sport goods are among the fast-growing categories. Despite the customers' return to physical shops, online shopping remains popular and many brands rely on omnichannel solutions. In line with the CEE trend, retail parks continue to enjoy popularity among investors and developers, with about 15,700 sqm new deliveries in the last quarter of 2021. Total supply in this segment reached 219,000 sqm and the pipeline still increases. In general, retail parks are good opportunity for many retailers to diversify their store networks and to expand in regional cities.

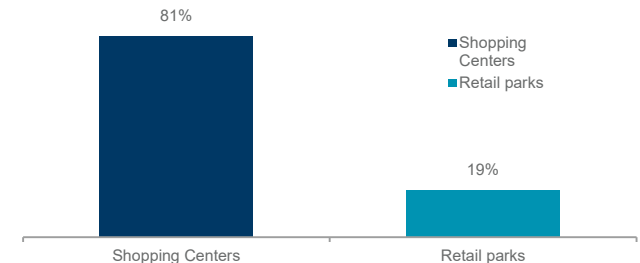
PRICING: Stable rents

After the slight decline of the rents in shopping centers, the last quarters brought stabilization. Prime asking levels in Sofia remained 34 euro/sqm. Main street shops also demonstrate good performance, with asking rents stable around 52 euro/sqm for 100-150 sqm in central location. Rents in the retail parks remain at 8-10 euro/sqm in Sofia and 7-9 euro/sqm in the regional cities. Prime yield for shopping centers is stable at 7.5%.

PRIME RENT SOFIA



AVAILABILITY BY PRODUCT TYPE





MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK	SHOPPING CENTRE PIPELINE*	PRIME RENT (€/SQM)	PRIME YIELD
Sofia	402,270	-	€ 34	7.50%
Plovdiv	75,700	-	€ 24	8.00%
Varna	122,000	-	€ 25	8.00%
Burgas	62,500	-	€ 21	8.00%

*Only projects with building permit included

KEY OPENINGS Q4 2021

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
Mall Plovdiv	Plovdiv	Emag Showroom	400	New lease
Plovdiv Plaza	Plovdiv	House	530	New lease
Paradise Center	Sofia	Emag Showroom	560	New lease
Delta Planet Mall	Sofia	KiK Design	500	New lease
The Mall	Sofia	Bio Market	180	New lease
Burgas Plaza	Burgas	Pause Jeans	90	New lease
Stand alone store	Sofia	Sport Depot	3,000	New lease
Jumbo Plaza Retail park	Sofia	New Yorker	1,095	New lease

*Renewals not included in leasing statistics

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CZECH REPUBLIC

Retail Q4 2021

	YoY Chg.	12-Mo. Forecast
€1,471 Average monthly wage (EUR)	▲	▲
€220.00 Prime Rent, Sq m/month	▲	▬
4.75% Prime Yield	▬	▬

Prime rent and yield for High Street units

ECONOMIC INDICATORS Q4 2021

	YoY Chg.	12-Mo. Forecast
3.0% GDP*	▲	▲
2.6% Unemployment Rate	▼	▼
6.5% CPI*	▲	▼
6.1% Retail Sales Volume Index*	▲	▲

*Annual growth forecasts
Source: Moody's Analytics

ECONOMY: Czech economy is gradually returning to pre-pandemic conditions

The situation of the Czech economy is gradually improving as the industrial companies start to recover from the crisis. However, a return to the pre-pandemic conditions is still unlikely in 2022. According to Moody's, GDP supported by higher private consumption and an improved foreign trade balance could grow by 5.2% in 2022. Outlook of unemployment and possible reduction of the current account deficit also remain positive. Nevertheless, the rapidly growing inflation will play a significant role in the coming months. The Czech National Bank is expected to increase the base rate further, which might reach 4% at the end of Q1.

SUPPLY & DEMAND: The Czech retail market remains attractive for retail brands

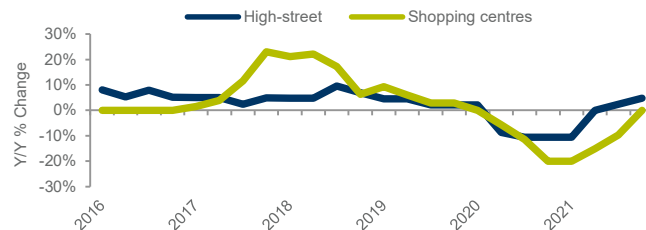
The Government decided not to implement any severe anti-pandemic measures in reaction to the current and hopefully the last Covid-19 wave in the Czech Republic, which brought more than 40,000 daily new cases at its peak at the end of January. However, eating in restaurants, going to the cinema, and many other leisure activities still require a valid Covid-19 certificate, and face masks are obligatory in most public places, including shops.

Retail sales in the Czech Republic and especially in Prague are also influenced by domestic and international tourism, which recorded levels far from those pre-pandemic. Overall, the number of guests in accommodation facilities decreased by 51% in Q1-Q3 2021 compared to the same period in 2019 in the whole country. The number of international guests in Prague fell by 85%, negatively affecting shopping schemes and high streets in the capital city.

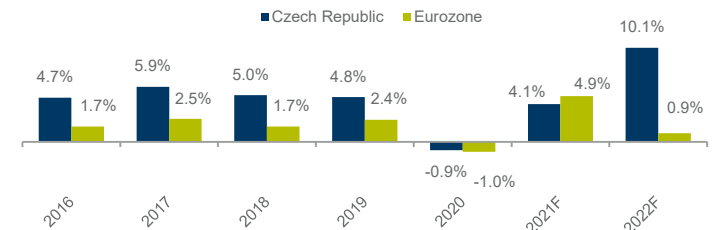
As a result, C&W shopping centres indexes showed 2021 sales 21% below the levels reached in 2019, while footfall lagged by 32% on average in the Czech Republic. Differences persist among individual retail sectors: while hypermarkets, health & beauty, and electronics retailers performed better than before the pandemic, fashion stores, restaurants, and cafes have not recovered from the crisis yet, primarily due to the ongoing anti-pandemic measures.

Despite the ongoing challenges brought by the Covid-19 pandemic, the Czech retail market and physical retail segment remain attractive for retail brands, as the arrival of thirty-eight new international brands last year confirms. Most of the new brands are from the fashion segment, while the leisure and food operators will need more time to recover fully. Several pop-up stores also opened last year. This new concept allows for effective use of vacant space and enables a brand to open a shop for a shorter time and test the market while not requiring significant investments.

PRIME RENT



RETAIL SALES Y/Y GROWTH





MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK (SQ M)*	SHOPING CENTRE PIPELINE** (SQ M)	DENSITY (STOCK PER 1,000 INH.)
Praha	955,563	48,144	711
Brno	216,906	30,500	559
Ostrava	215,583	5,080	756
Liberec	136,800	0	1,312
Olomouc	132,170	0	1,277
Plzeň	129,543	0	734
Hradec Králové	103,036	0	1,112
České Budějovice	82,969	0	864
Teplice	70,257	0	1,413
Ústí nad Labem	52,640	0	552
Karlovy Vary	48,450	0	1,003
Zlín	46,485	30,130	505
Pardubice	41,418	5,290	451
Mladá Boleslav	40,271	0	811
Jihlava	27,764	0	543
CZECH REPUBLIC TOTAL	2,299,855	119,144	215

* Including total leasable area of traditional centres and mixed-use schemes over 5,000 sq m retail GLA.

** Only permission granted and under construction centres and schemes included

PRIME RENTS & YIELDS

		PRIME RENTS		PRIME YIELDS	
		€/SQ M/MTH	Y-O-Y GROWTH	Current Q	Last Y
HIGH STREET SHOPS	Prague (Pařížská)	220.00	4.8%	4.75%	4.75%
	Brno (Svobody Sq.)	60.00	9.1%	6.50%	6.50%
SHOPPING CENTRES	Prague	140.00	0%	5.50%	5.25%
	Brno	62.00	0%	5.75%	5.75%
RETAIL PARKS (OUT OF TOWN)	Prague	11.00	2.3%	5.25%	5.75%
	Brno	9.50	2.7%	5.75%	6.50%

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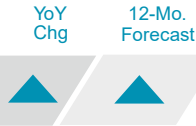
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HUNGARY

Retail Q4 2021

€1,138 Average monthly wage (EUR) *



€120.00 Prime HS Rent, Sq m/month



5.25% Prime HS Yield



* As at November 2021, HCSO. Average regular gross salary
Prime rent and yield for High Street units as at 31 December 2021
Source: Cushman & Wakefield, Moody's

ECONOMIC INDICATORS Q4 2021

6.96% GDP Real, LCU *



3.78% Unemployment Rate *



7.07% Consumer Price Index



1.13% Retail Sales Volume Index *



* Annual growth forecast
Source: Moody's as of 1 December 2021

ECONOMY: GDP is projected to rebound by 7.9% in 2021 and 5.5% in 2022 respectively

The Hungarian economy is on its way to recovery from the pandemic-induced recession. Moody's Analytics estimate that GDP growth decelerated in Q3 2021 following two strong quarters as the boost from reopening measures ran its course. The unemployment rate has further trended downwards, currently standing at 3.7% which is only 20 basis points above its pre-pandemic levels. Real wage growth has accelerated, and the average real wage is now higher than it was pre-pandemic contributing to inflation pressures. Inflation is above the National Bank's target, currently standing at 5.1% y-o-y in 2021. The increase in real wages combined with pent-up demand will keep consumption healthy in 2022.

SUPPLY AND DEMAND: Improved market activity with refurbishments further accelerating

The retail sales exceeded expectations in the second half of 2021 following the removal of restrictions, as tourism activity returned and pent-up demand from consumers have been released. Indeed, according to preliminary CSO data, retail sales increased by 3.5% in 2021 with clothing & footwear sales growing by a strong level of 37%. The improving turnovers in shopping centres continued, with footfalls on average kept below their pre-pandemic levels. Whilst brick-and-mortar shopping experience still dominates the market, online sales has reached the 10% mark by year-end, accelerating further, towards Western European levels.

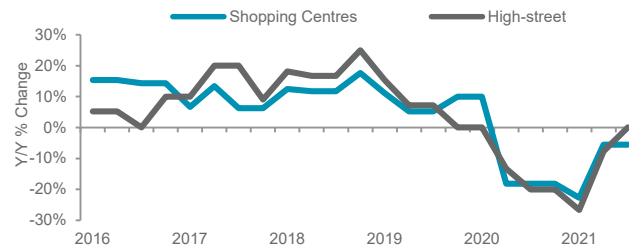
Hungary remains attractive for international retailers and 2021 saw nine brands make their debuts, such as Bonami, a Czech home & furniture brand opened its first store in Aréna Mall, HalfPrice which belongs to CCC Group opened in Vörösmarty 1 and Mesopotamia, a Romanian fast-food chain will open units in Westend and Etele Plaza.

About 42,300 sq m of retail space is currently under refurbishment in Budapest, these include Campona Shopping Center with proposed finish of mid-2022, Euro Center and the former Corvin Áruház. A smaller retail warehousing scheme of 6 000 sq m was delivered In Tatabánya in Q4 2021.

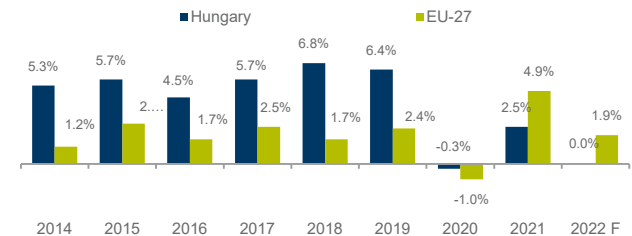
PRICING: Prime rents remained stable

In most sectors, prime rents have remained unchanged for the past quarter. On annual level, high street rents have already bounced back, whilst shopping centre rents are still 5.6 % below H2 2020 levels. Rents in retail parks show constant uptrend and we have registered an overall average increase of 6.3% y-o-y in centres throughout Hungary.

PRIME RENT



RETAIL SALES Y/Y GROWTH



MARKET STATISTICS

SUBMARKET	RETAIL STOCK SQ M	RETAIL PIPELINE SQ M
BUDAPEST SHOPPING CENTRES	822 470	42 300 *
CENTRAL TRANSDANUBIA SHOPPING CENTRES	24 130	58 700 **
NORTHERN HUNGARY SHOPPING CENTRES	184 110	0
SOUTH TRANSDANUBIA SHOPPING CENTRES	146 270	0
WEST TRANSDANUBIA SHOPPING CENTRES	134 900	0
HUNGARY SHOPPING CENTRES	1 311 800	0
BUDAPEST HIGH STREET	75 000	3 000 *
HUNGARY RETAIL PARKS	2 900 000	49 200 **

KEY SALES TRANSACTIONS 2020/2021

PROPERTY	TYPE	SELLER / BUYER	Year	SQ M
Target Center	Shopping center	Local Developer / Erste Fund	2020	23 500
Ceetrus Dunakeszi	Retail Park	Ceetrus / Private	2020	5,000
Pécs Plaza	Shopping Center	Private / Indotek	2020	15 000
Hegyvidék Központ	Shopping Center	WING / GTC	2021	7 000
Csillag Center	Shopping Center	M7 Real Estate / Private	2021	8 500

KEY PIPELINE PROJECTS

PROPERTY	SUBMARKET	DELIVERY DATE	TYPE	SIZE
Bia Korzó Üzletház	Biatorbágy	2022	New	3 200
Campona	South Buda – Budapest	2022	Refurbishment	10 000
Euro Center	North Buda – Budapest	2022	Refurbishment	25 000
Corvin áruház	Central Pest - Budapest	2022	Refurbishment	7 300
Antana	Budaörs	2022	Refurbishment	40 000

Source: Cushman & Wakefield Research

	PRIME RENTS		PRIME YIELDS	
	EURO/MONTH /SQ M	Y-O-Y GROWTH	CURRENT Q	LAST Y
BUDAPEST HIGH STREET	120.0	0.0%	5.25%	5.25%
BUDAPEST PRIME SHOPPING CENTRES	85.0	-5.6%	6.00%	6.00%
RETAIL PARKS (OUT OF TOWN)	12.0	4.3%	7.00%	7.25%

* Includes refurbishment , ** Includes planned and U/C. U/C can be new supply and refurbishment

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€1,457

Average monthly salary

YoY change



12-month forecast



280

Saturation (sq m/1,000 inhabitants)



5.35%

Retail yield



Source: GUS; Cushman & Wakefield; Q4 2021

ECONOMIC INDICATORS AND OUTLOOK 2022

YoY change

12-month forecast

4.26%

Unemployment rate in Poland (December)



5.1%

Inflation (2021)



7.61%

GDP growth (2021)



7.84%

Retail sales growth (2021)



Source: GUS, NBP, Moody's

45 new retail completions in 2021, up by 12 on the previous year

Close to 0.5 million sq m of retail space was delivered in 2021 across all retail formats through 45 new projects and 12 extensions. However, net supply expanded by 370,000 sq m as almost 130,000 sq m had come off the market. The highest concentration of new openings was in Q4 2021 – more than 50% of the new retail space supply came on stream from October through to December. Over 64% of the new retail space was completed in towns with a population below 100,000 while only 18% was added to the retail stock of the eight largest cities.

In 2021, small retail parks and new retail warehouses dominated the Polish market, accounting for 43% and 34% of the new supply, respectively. DIY and furniture retailers continued to expand their store chains while construction of retail parks came in response to the strong demand reported by brands targeting customers in smaller cities. Another notable trend was the growing share of the newest retail format, i.e. retail space in large, mixed-use developments such as Norblin Factory and Warsaw Brewery, which made up close to 7% of the new supply.

The development pipeline comprises 40 new projects, of which 30 are retail parks

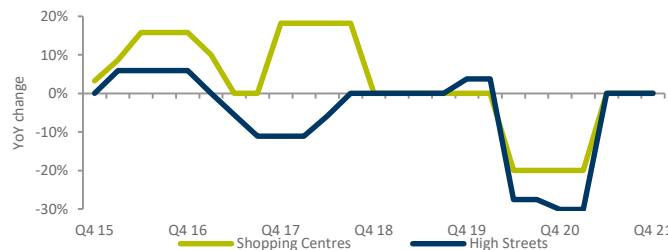
At the end of 2021, more than 370,000 sq m of retail space was under construction and scheduled for delivery in 2022-2023. The largest projects underway included the redevelopment of the Tesco hypermarket in Warsaw into a new 30,000 sq m home improvement centre of Leroy Merlin, the 25,000 sq m extension of the Atut Ruczaj shopping centre in Krakow, Galeria Bawelnianka in Bełchatów (23,000 sq m) and the Galeria Andrychów retail park (24 000 sq m).

Over 60% of the development pipeline will be delivered in smaller cities with a population below 100,000. Going forward, we will continue to see convenience shopping centres and small retail parks being added to the existing retail stock. Retail parks account for more than 60% of the development pipeline, with 30 new completions or extensions expected in the coming years.

18 Polish and international brands make debut

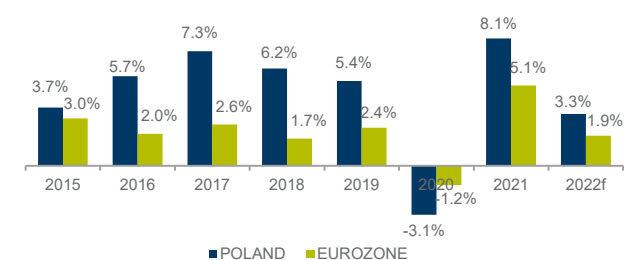
2021 saw 18 Polish and international brands enter the Polish market such as Karl Lagerfeld, Rituals Cosmetics, Colynn, Half Price, Nectar Bath Treats, Bogner and King of Cotton. Four retailers, including Tesco and Norauto, decided to withdraw from Poland.

RENTS, YoY CHANGE



Source: Cushman & Wakefield

RETAIL SALES, YoY CHANGE



Source: Eurostat, GUS, f-forecast



Retail sales continue to rise amid a stable share of e-commerce

Retail sales in constant prices in November and December 2021 were up by 12.1% and 8% year-on-year, respectively. Total retail sales volumes for 2021 rose 8.1% over the year compared to a 3.1% decrease in 2020. These figures were clearly impacted by retail restrictions resulting from national lockdowns introduced in March, April and November 2020 and in January 2021. Additionally, the year-on-year comparison of data is substantially skewed by retail shutdown. In 2021, the strongest growth in retail sales compared to 2020 was reported for textiles, fashion and footwear (up by 32%), motor vehicles (10.7%), pharmaceuticals, cosmetics and orthopaedic equipment (8.6%), as well as newspapers, books and specialised stores (7.3%).

Retail restrictions boosted the growth of the Polish e-commerce market. Poland's online retail penetration rate stood at around 5-6% before the pandemic, but it peaked at 11% during the ban on brick-and-mortar retailing before falling back to 8% as restrictions were eased. The large share of online sales reported in November 2021 (11.4%) reflects the trend seen in more mature markets where online shopping activity is the highest in November. Traditionally, the best performers were fashion, multimedia (newspapers, books and other sales in specialised stores), as well as furniture, radio, TV and household appliances.

Shopping centre footfall in November 2021 up by 9% compared to pre-pandemic

In November 2021, the average footfall for shopping centres and retail parks stood at 411,200, surpassing the pre-pandemic 2019 levels for the first time. This represents an increase of 9% compared to 2019. Although the number of shoppers reached its highest monthly value of 443,600 in December 2021, it was still 8% lower than its pre-pandemic figure. The cumulative footfall for the whole of 2021 was down by 17% on 2019 but up by 15% compared to 2020. The previous year's footfall volumes fell more sharply, averaging 28%. In the second half of the year alone, when shopping centres were required to follow strict hygiene protocols (1 person per 15 sq m, excluding vaccinated customers) footfall volumes were down around 5% compared to H1 2019, which suggests that the sharpest falls are already behind us.

Cumulative turnover for 2021 sees an uptick compared to 2020 but is still below the 2019 levels

Turnover data for shopping centres shows that retail sales were up in December 2021 by 12% year-on-year, but down by 11% on the same month in 2019. The average turnover for the whole of 2021 grew by 5% compared to the previous year, but was down by approximately 25% on 2019's level.

MAJOR RETAIL OPENINGS IN 2021

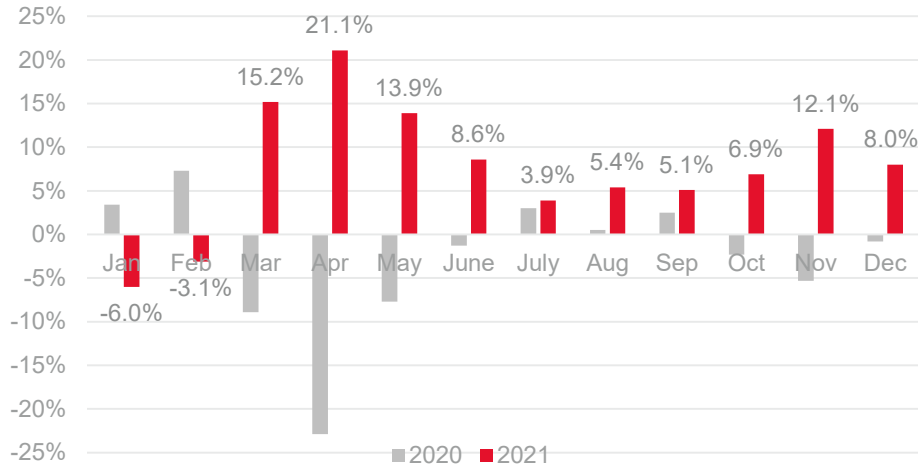
SCHEME / CITY	FORMAT	DEVELOPER	RETAIL FLOORSPACE (SQ M)
IKEA / Szczecin	Standalone retail warehouse	IKEA	29,000
Norblin Factory / Warsaw	Part of a mixed-use development	Capital Park	26,000
Galeria Andrychów / Andrychów	Retail park	Acteeum Central Europe	24,000
Park Handlowy Saller / Lipnik	Retail park	Saller	18,000
Galeria Olawska / Olawa	Shopping centre	ERGO	17,000
Focus Mall extension / Zielona Góra	Shopping centre	Rockcastle	15,000
Leroy Merlin GIGAMARKET / Łódź	Standalone retail warehouse	Leroy Merlin	15,000

Source: Cushman & Wakefield



RETAIL SALES

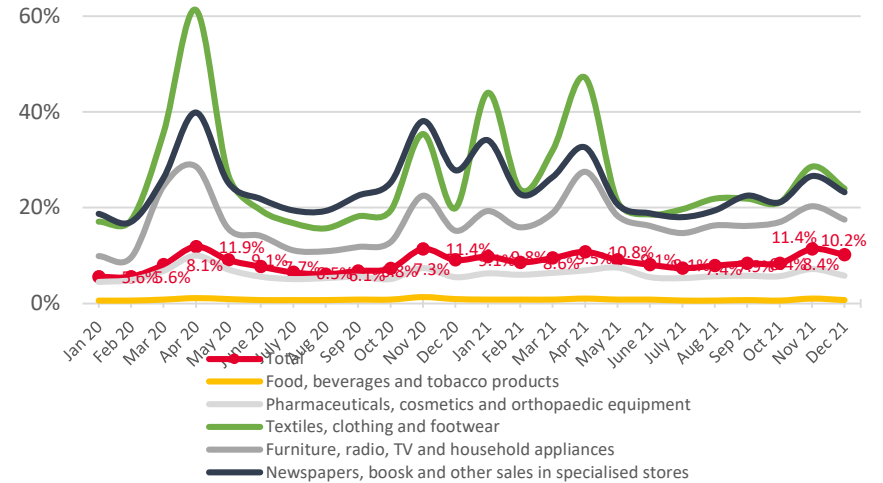
(% CHANGE Y/Y; 2021/2020; CONSTANT PRICES)



Source: Cushman & Wakefield, based on GUS data

SHARE OF ONLINE SALES IN TOTAL RETAIL SALES

(%; CURRENT PRICES; 2020, 2021)



Source: Cushman & Wakefield, based on GUS data

MAJOR RETAIL OPENINGS PLANNED FOR 2022

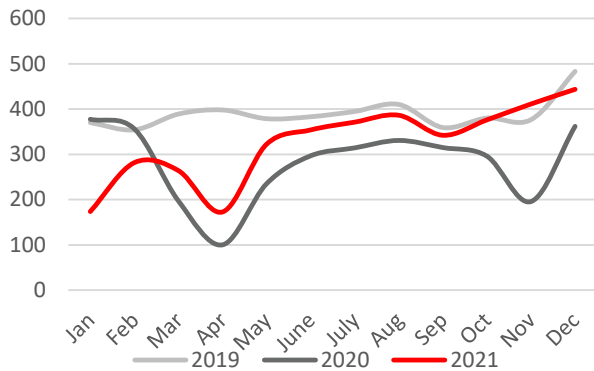
SCHEME	CITY	FORMAT	RETAIL FLOORSPACE (SQ M)	DEVELOPER
Leroy Merlin	Warsaw	Standalone retail warehouse, redevelopment	30,000	Leroy Merlin
Karuzela	Kolobrzeg	Shopping centre and retail park	30,000	Karuzela Holding
Atut Ruczaj	Krakow	Retail park	25,000	KG Group
Galeria Bawelnianka	Bełchatów	Shopping centre	23,000	GBB Invest
Karuzela	Puławy	Retail park	14,000	Karuzela Holding
OBI	Warsaw / Mysiadło	Standalone retail warehouse	12,000	OBI

Source: Cushman & Wakefield



SHOPPING CENTRE FOOTFALL

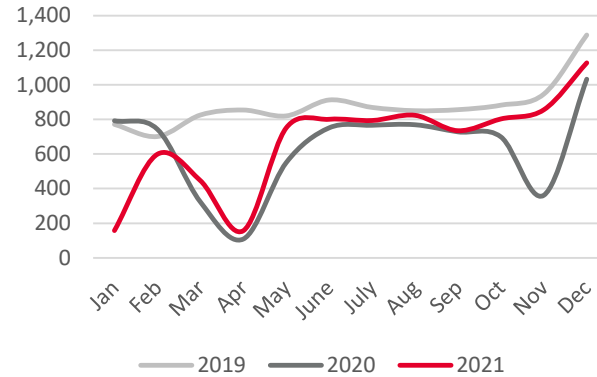
(AV. NUMBER OF VISITORS PER SHOPPING CENTRE, IN THOUSANDS)



Source: Cushman & Wakefield, based on PRCH data

SHOPPING CENTRE TURNOVER

(PLN / SQ M)



Source: Cushman & Wakefield, based on PRCH data

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SHOPPING CENTRES MARKET STATISTICS

CONURBATION	SHOPPING CENTRES (SQ M)	SHOPPING CENTRES UNDER CONSTRUCTION (SQ M)	SATURATION (SQ M PER 1,000 INHABITANTS)	PRIME YIELD
Warsaw, city centre	1,350,000	0	524	5.35%
Warsaw, non-central locations				5.80%
Silesian Conurbation	1,112,700	6,600	518	5.80%
Poznań	693,600	0	845	6.00%
Wrocław	692,000	0	865	6.00%
Tricity	666,500	0	644	6.00%
Krakow	535,400	0	518	5.80%
Łódź	466,800	0	498	6.00%
Szczecin	263,300	0	473	6.50%

Source: Cushman & Wakefield

ROMANIA

Retail Q4 2021

€7,500

Disposable Income Per Capita

YoY Chg ▲ 12-Mo. Forecast ▲

€75.00

Prime Rent, sq. m/month

YoY Chg ▼ 12-Mo. Forecast ▼

6.50%

Prime Yield

YoY Chg ▼ 12-Mo. Forecast ▼

ROMANIA ECONOMIC INDICATORS Q4 2021

4.67%

GDP

YoY Chg ▲ 12-Mo. Forecast ▲

5.07%

Unemployment Rate

YoY Chg ▲ 12-Mo. Forecast ▲

8.02%

CPI

YoY Chg ▲ 12-Mo. Forecast ▼

3.87%

Retail Sales

YoY Chg ▲ 12-Mo. Forecast ▲

Sources: Moody's Analytics

New deliveries in tertiary cities

In Q4 2021, six modern retail projects have been completed, with a total GLA of around 69,000 sq. m, bringing the overall new supply in 2021 to approximately 100,000 sq. m GLA. The most important deliveries were Prahova Value Centre (21,900 sq. m), Sepsi Value Centre (16,300 sq. m) and Barlad Value Centre (16,300 sq. m), all of them developed by Prime Kapital – MAS Real Estate, one of the most active players in the market, while Scallier and Square 7 Properties – Mitiska have also expanded their retail portfolios in the local market in Q4 2021. As a result of a new wave of Covid-19 infections, the access to retail projects (with the exception of standalone food stores) is only allowed to customers presenting the Digital Covid Certificate, these restrictions having an immediate effect on footfall.

Retail parks dominate the pipeline

There are currently new schemes or extensions to existing projects totaling around 100,000 sq. m which are under construction and are expected to be delivered by the end of 2022, while other important projects amounting to more than 300,000 sq. m are under different planning stages. Among the most significant projects under construction are the 16,500 sq. m extension of Colosseum Mall in Bucharest, which would be the first shopping center delivered in the Capital City after six years without new such completions or Funshop Park Mosnita Noua, Timisoara developed by Scallier. In regards to developers, Prime Kapital (in joint-venture with MAS Real Estate), Scallier, Square 7 Properties - Mitiska and Iulius Group have the most consistent pipeline, aiming to extend their presence in Romania.

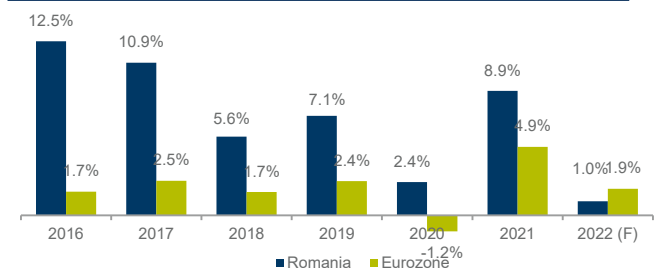
Stable rents across the market

The rental level remained mostly flat, in retail parks especially, since the beginning of the pandemic, with a more consistent incentive package being offered in shopping centers to mitigate the uncertainty caused by the sanitary situation and by the government measures adopted to combat the pandemic. The headline rent achieved for 100 sq. m units in dominant shopping centers in Bucharest was of around € 75 / sq. m/ month at the end of Q4 2021, while in secondary cities, such as Cluj-Napoca, Timisoara, Iasi, Constanta or Brasov, headline rents in dominant shopping centers ranged between € 40 – 55 / sq. m/ month. In tertiary cities the level falls between € 27 – 32/ sq. m/ month.

BUCHAREST PRIME RENT



ROMANIA VS. EURO ZONE RETAIL SALES VOLUME YY 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	715,000	16,500	1,883,425	380	€75	6.50%
Cluj-Napoca	125,500	-	324,576	387	€55	7.25%
Timisoara	173,000	-	319,279	542	€45	7.25%
Iasi	82,000	-	290,422	282	€45	7.25%
Constanta	122,000	-	283,872	430	€40	7.25%
Brasov	136,700	-	253,200	540	€40	7.50%
OTHER CITIES	966,200	-			€32	8.00%
TOTAL	2,320,400	16,500	20,121,641	115	€75	6.50%

Source: 2011 Census

NEW-COMERS YTD

PROPERTY	SUBMARKET	TENANT	SIZE (SQ. M)	SECTOR
Sun Plaza	Bucharest	Anson's	1,500	Fashion
Iulius Town	Timisoara	My-K	N/A	Cosmetics
Constanta Shopping City	Constanta	JD Sports	N/A	Sports
Promenada Mall	Bucharest	Pop-up store Tesla	N/A	Auto
Fashion House Pallady	Bucharest	Numero Uno	N/A	Fashion Outlet
Palas Iasi	Iasi	Sokolov	N/A	Jewelry

KEY CONSTRUCTION COMPLETIONS YTD

PROPERTY	SUBMARKET	MAJOR TENANTS	SIZE (SQ. M)	OWNER / DEVELOPER
Prahova Value Centre	Ploiesti	Carrefour, Altex, JYSK, KFC, Hervis	21,900	PK – MAS REI
Sepsi Value Centre	Sfantu-Gheorghe	Carrefour, Flanco, New Yorker, Hervis	16,300	PK – MAS REI
Barlad Value Centre	Barlad	Carrefour, Agroland, C&A, Flanco, KFC, JYSK	16,300	PK – MAS REI
Prima Shops I	Sibiu	C&A, Takko, JYSK	9,000	Oasis Retail

MAJOR PROJECTS IN PIPELINE 2022

PROPERTY	SUBMARKET	MAJOR TENANTS	SIZE (SQ. M)	OWNER / DEVELOPER
Collosum Mall Extension	Bucharest	Sinsay, New Yorker, Deichmann, Happy Cinema	16,500	Colosseum Mall
Funshop Park Moshita Noua	Moshita Noua (Timisoara)	Lidl, Penny	10,600	Scallier

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€1,185

Average monthly wage



€65.00

Prime SC Rent, PSM



6.00%

Prime SC Yield



Note: SC – shopping centre.
Average monthly wage relates to Q3.

ECONOMIC INDICATORS Q4 2021

0.69%

Real GDP



7.44%

Unemployment Rate
(December 2021)



4.95%

CPI



2.81%

Retail Sales



Measurement: Yoy change estimate, unless indicated otherwise.
Source: Moody's, ÚPSVaR

ECONOMY: Supply-Side Shortfalls and Rising Prices Take Over as the Main Themes of the Quarter

The end of the year was marked by rising prices resulting from supply-side shortfalls, which affected not only production but also the transport of goods. The acute shortage of components has reduced the production of the automotive industry by almost a third, which has a negative impact on exports and economic growth forecasts. According to the National Bank of Slovakia, the situation in chip imports should stabilize by the end of 2022, which would help exports and compensate producers for losses from previous periods. The situation is also aggravated by the shortage of skilled workers, but the reopening of the economy drives the growth of total employment. Accelerating price growth caused a decline in real household incomes at the end of the year, pushing consumers to use mainly their accumulated savings for spending. However, strong wage growth continues, especially in industry and services due to the need to attract new workers. The favourable development of the domestic part of the economy helped tax revenues. Bratislava's office-using industries should continue to provide a steady stream of well-paying jobs mainly from the tech sector. These high-wage jobs will have important downstream effects on local consumer-driven industries.

SUPPLY & DEMAND: 11 New Foreign Brands Opened Their Shops in 2021, Leasing Activity Rebounds

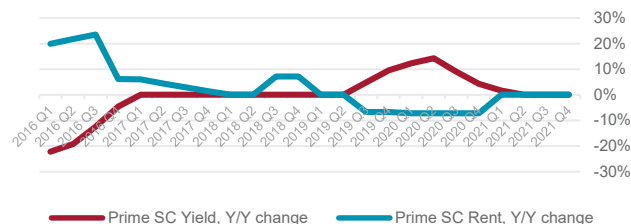
Despite the impact of the pandemic on the performance of shopping centres, new schemes have been opening across Slovakia. In September, the Eperia shopping centre was expanded by approximately 11,000 square metres, competing for Prešov consumers with Novum Prešov, which has been open since October 2020. A new major shopping centre was added to the map of Bratislava retail after the opening of Nivy, which should also have an impact on the performance of surrounding projects and regroup existing consumers among them. Eurovea 2, which is expected to open in the spring of 2023, is now the only large-scale retail project under construction in Bratislava. Promenada shopping centre in Nitra with 26,000 square metres of leasable space is expected in the first half of 2022. Some projects in the planning phase face the problem of rising prices for building materials, which reduces their potential profitability.

Unclear communication from the Government about the reopening before Christmas led consumers to opt for online shopping. Tenants can no longer draw subsidies in the form of rent relief, and pandemic aid to businesses has been reduced as well. However, we record a bigger stability as the leasing activity rebounds. The Slovakia retail market welcomed 11 new foreign brands, 8 of which opened in Bratislava and the rest in Novum Prešov.

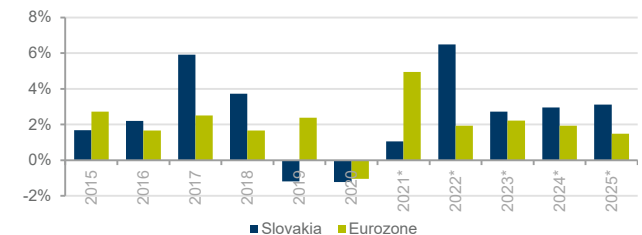
PRICING: Investors Take Advantage of Competitive Retail Yields

The main Bratislava shopping centres maintain a rather stable level of rents with individual agreements on eased contractual terms that result from the difficult situation of tenants during the pandemic. Popular measures include turnover rents, step rents or fit-out contributions due to the depleted financial reserves of tenants. Income difficulties due to past lockdowns have made shopping centres harder to sell, especially taking into consideration the uncertainties stemming from the opening of new schemes. Prime rent for shopping centres remains at 65 euros per sq m per month. Prime yield also remained at 6.00% as we record a healthy appetite for retail assets across the country mainly from domestic investors. Retail parks and standalone retail warehouses continue attracting attention of investors, creating pressure on yields with prime retail park yield attacking 7.00% in the fourth quarter with the potential of further narrowing.

PRIME RENT & PRIME YIELD (Y/Y CHANGE, %)



RETAIL SALES INDEX (Y/Y CHANGE, %)





MARKET STATISTICS

REGION	POPULATION	SHOPPING CENTRE STOCK (\$M)	SATURATION (SC+RP STOCK PER 1,000 INH)	SHOPPING CENTRE PIPELINE (\$M)	PRIME RENT	PRIME YIELD
Banská Bystrica	643,000	97,600	238	0		6.00%
Bratislava	677,000	576,800	929	35,900	€65.00	6.00%
Košice	802,000	183,000	273	16,000		6.00%
Nitra	671,000	137,700	287	30,400		6.00%
Prešov	827,000	129,200	261	-		6.25%
Trenčín	582,000	76,400	253	-		6.25%
Trnava	565,000	102,300	270	-		6.00%
Žilina	691,000	165,400	347	38,400		6.25%
SLOVAKIA TOTAL	5,460,000	1,468,300	357	120,700	€65.00	6.00%

KEY PIPELINE PROJECTS

PROPERTY	MUNICIPALITY	PLANNED RETAIL GLA	EXPECTED OPENING	INVESTOR
Promenada Living Park	Nitra	26,000	2022	ICT ISTROCONTI
Eurovea II	Bratislava	25,000	2023	private investor
OC Madaras (extension)	Spišská Nová Ves	10,000	2022	IMBIZ

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