

MARKETBEAT

CENTRAL EUROPE

Retail Q1 2021



CONTENTS

Bulgaria

Czech Republic

Hungary

Poland

Romania

Slovakia



BULGARIA

Retail Q1 2021



€3,813

Disp. HH Income per capita

YoY Chg



12-Mo. Forecast



€52,00

Prime Rent, Sq m/month



7.50%

Prime Yield



Source: National Statistical Institute

ECONOMIC INDICATORS Q1 2021

-3.1%

GDP*

YoY Chg



12-Mo. Forecast



1.7%

Unemployment rate



0.2%

CPI*



-5.9%

Retail Sales Volume Index*



*Annual growth forecasts
Source: Moody's Analytics

ECONOMY: Downward trend continues

The Bulgarian economy experienced noticeable decline by 4.2% in 2020, affected by the coronavirus spread and the containment measures. The lockdown periods left many shops closed for months, having a negative impact on the business of shopping centers and retailers. Despite the wage support schemes, household incomes posted only a symbolic increase in the last quarter of 2020, while retail sales continue to fall. However, slight improvement is likely to start with the expected economic upturn in the second half of 2021.

SUPPLY AND DEMAND: Increasing

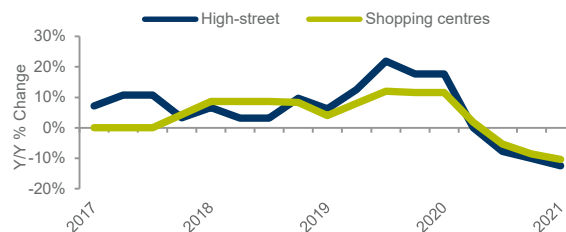
The uncertain environment caused by the lockdowns badly affected sales and expansion plans of many occupiers in the non-essential retail. The first quarter of 2021 registered moderate activity in terms of new stores, with roughly 8,200 sqm openings in shopping centers countrywide. The most active tenants remain FMCG, sport goods, drugstores and discount stores. As part of their global strategies, some brands rely on new formats and locations. Such example is the big-box sports retailer Decathlon, which added a small-size store in the center of Sofia to its network. Similarly, as part of its global strategy, IKEA is ready with its third order and collection point in Bulgaria. The store will operate on 1,200 sqm in Mall of Sofia. In general, the convenient retail is on the rise, driven by the increasing number of customers who appreciate the proximity and time saving options. Many of these stores are serving as click-and-collect point, especially in lockdown periods.

On the supply side, retail parks remain in the focus of developers, with 31,800 sqm under construction countrywide. As at the beginning of 2021, the total stock in this segment amounts at 179,363 sqm, concentrated in Sofia and Plovdiv. Smaller projects are in development phase in regional cities. Retail parks gain ground among actively expanding tenants and are considered as good and cost effective opportunity for market entry in regional cities.

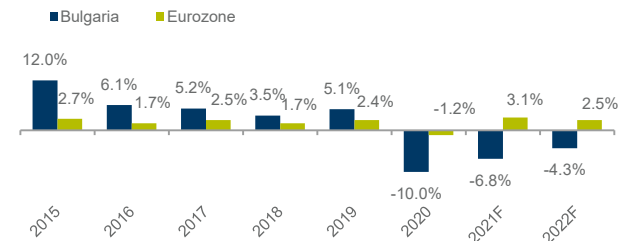
PRICING: Under pressure

The asking rents in shopping centers remain under pressure, posting slight decrease in the first quarter of 2021. The prime levels in Sofia projects declined to 35 euro/sqm, with prospect to decline further. The vacancy rate remains stable at 7% on average. Rents in the retail parks are stable at 8-10 euro/sqm in Sofia and 7-9 euro/sqm in the regional cities.

PRIME RENT SOFIA



RETAIL SALES Y/Y GROWTH





MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK	SHOPPING CENTRE PIPELINE*	PRIME RENT (€/SQ M)	PRIME YIELD
Sofia	402,270	-	€ 35	7.50%
Plovdiv	75,700	-	€ 25	8.00%
Varna	122,000	-	€ 26	8.00%
Burgas	62,500	-	€ 22	8.00%

*Only projects with building permit included

KEY OPENINGS Q1 2021

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
The Mall	Sofia	Za-za	110	New lease
Sofia Ring Mall	Sofia	Peek & Cloppenburg	3,000	New lease
Mall of Sofia	Sofia	Bershka	770	New lease
Serdika Center	Sofia	Zlatna ribka	68	New lease
Serdika Center	Sofia	Next kids	140	New lease
Bulgaria Mall	Sofia	Pepco	556	New lease
High street location	Sofia	Decathlon	639	New lease
Retail park Dupnitsa	Dupnitsa	KiK	575	New lease

*Renewals not included in leasing statistics

RADOSTINA MARKOVA

Research Lead

Direct: +359 (2) 805 90 12

Mobile: +359 883 260 333

radostina.markova@cwforton.com

cwforton.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

CZECH REPUBLIC

Retail Q1 2021



€9,875

Disp. HH Income per capita

YoY Chg. 12-Mo. Forecast



€180.00

Prime Rent, Sq m/month



4.75%

Prime Yield



Prime rent and yield for High Street units

ECONOMIC INDICATORS Q1 2021

	YoY Chg.	12-Mo. Forecast
-2.1% GDP*	▼	▲
3.3% Unemployment Rate	▲	▲
2.2% CPI*	▼	▼
-2.2% Retail Sales Volume Index*	▼	▲

*Annual growth forecasts
Source: Moody's Analytics

ECONOMY: The Czech economy is showing solid performance

The worsening of the pandemic situation has led to the reintroduction of measures that have affected retail. Throughout Q1 2021, all non-essential stores had to remain closed. However, even in the period with the strictest lockdown, the government decided to prioritise comprehensive testing over industry closure. As a result, the GDP decreased by 0.3%, quarter-on-quarter, in Q1 2021. In the year-on-year comparison, it fell by 2.1%, which is a better result than expected. Employment increased by 0.2%, quarter-on-quarter, and the unemployment rate keeps slightly above 4%, which is one of the lowest rates in the EU.

SUPPLY & DEMAND: The brick-and-mortar shops are fighting for survival, e-commerce thrives

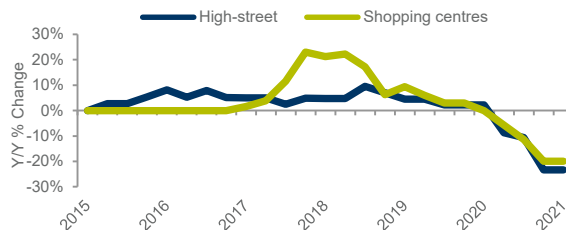
According to the Czech Statistical Office, retail sales, including e-commerce, were comparable in Q1 2021 to the same period last year. However, the closure of brick-and-mortar stores severely impacted many retailers, especially those who could not fully develop their online distribution channel. On the other hand, a significant proportion of customers still prefer "traditional" shopping in some sectors, especially in fashion, where the retail sales fell by 62% y-o-y in the first quarter. Experience from other countries reopening all shops recently proved a strong interest in shopping due to deferred consumption, which can act as a glimmer of hope to retailers. Nevertheless, it seems that omnichannel will be a crucial element to the future success of the retail sector.

While only one new shopping centre with more than 5,000 sq m GLA opened last year, developers completed a total of 23 new retail parks adding more than 55,000 sq m GLA to the retail stock in the Czech Republic. The construction of retail park schemes, which proved to be more resilient amidst the pandemic crisis, is concentrated in smaller towns up to 40,000 inhabitants. Some retailers traditionally present in shopping centres consider retail park locations more often when planning expansion or relocation of their stores.

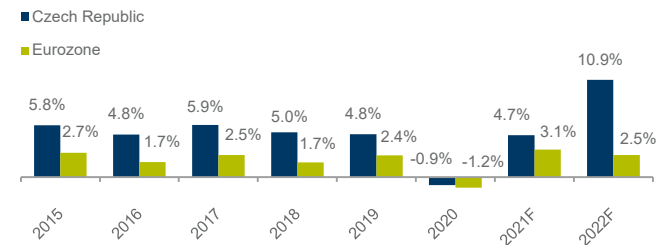
PRICING: Rents keep stable, landlords offering other incentives

Prime rents remained stable in Q1 2021. The leases are closed with more flexible terms, including shorter periods or some short-term reliefs, as landlords want to prevent a decrease in the value of their properties. Although rents will not immediately return to their pre-crisis levels, a gradual increase could occur as early as the second half of this year, if tourism resumes at least at the regional level.

PRIME RENT



RETAIL SALES Y/Y GROWTH





MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK (SQ M)*	SHOPPING CENTRE PIPELINE (SQ M)	POPULATION	DENSITY (STOCK PER 1,000 INH.)	PRIME RENT (€/SQ M/MONTH)	PRIME YIELD
Prague metro	818,900	147,200	1,324,277	700	140.00	5.25%
Moravia-Silesia	315,600		1,200,539	277	48.00	7.50%
South Moravia	247,600	69,300	1,191,989	226	62.00	5.75%
Ústí nad Labem	177,100		820,965	223		
Liberec	169,400		443,690	400		
Olomouc	156,700		632,015	248		
Central Bohemia	121,800	40,200	589,899	206		
Pilsen	120,700	64,600	1,385,141	87		
South Bohemia	94,000		551,647	183		
Hradec Králové	93,000		644,083	150		
Zlín	61,000	30,200	582,555	132		
Karlovy Vary	53,300	10,000	294,664	237		
Pardubice	45,400	57,600	522,662	92		
Vysočina	36,600		509,813	72		
CZECH REPUBLIC TOTAL	2,598,700	419,100	10,693,939	254		
Prague High street					180.00	4.75%
Brno High street					55.00	6.50%
Prague Retail parks					10.75	5.50%
Brno Retail parks					9.25	5.75%

*SC stock including traditional centres and mixed-use schemes over 5,000 sq m retail GLA, excluding retail warehouse units.

KEY COMPLETIONS 2021

PROPERTY	QUARTER OF OPENING	SUBMARKET	ANCHOR TENANTS	SQ M	OWNER / DEVELOPER
Spektrum Čestlice	Q1	Prague	Billa, Sparkys, dm drogerie	6,600	CPI Group
RP Aventin Jihlava	Q2	Vysočina	Lidl, Electro World, Mountfield	26,000	Aventin
Bořislavka Centrum	Q2	Prague	Lidl, dm drogerie, knihy Dobrovský	8,300	KKCG

MARIE BALÁČOVÁ

Head of Research

+420 234 603 740 / marie.balacova@cushwake.com

TOMÁŠ NOVOTNÝ

Research Analyst

+420 234 603 362 / tomas.novotny@cushwake.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 53,000 employees in 400 offices and 60 countries. In 2019, the firm had revenue of \$8.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

HUNGARY

Retail Q1 2021

	YoY Chg	12-Mo. Forecast
€22,020 Disposable HH income	▲	▲
€110.00 Prime HS Rent, Sq m/month	▼	▲
5.50% Prime HS Yield	▲	▬

Prime rent and yield for High Street units as at 31 March 2021
Source: Cushman & Wakefield, Moody's

ECONOMIC INDICATORS Q1 2021

	YoY Chg	12-Mo. Forecast
-4.3% GDP*	▼	▲
4.7% Unemployment Rate	▲	▼
2.9% CPI*	▲	▲
-4.3% Retail Sales Volume Index*	▼	▲

*Annual growth forecasts
Source: Moody's Analytics

ECONOMY: GDP is projected to rebound by about 4.9% per year on average in 2021/2022

Following a contraction of 5.1% in 2020, the Hungarian GDP is expected to rebound this year, supported by strong fiscal and monetary stimulus. Hungary is expected to significantly benefit from the next generation EU recovery fund agreed in 2020 which will provide a stimulus to the Hungarian economy, equal to some 6.7% of GDP in the period of 2021-2025. Restrictions to contain the second and third waves of infections since autumn 2020 are delaying the recovery whereby the economy grew by only 1.4% in Q4 2020 following a robust expansion of 11.4% registered in Q3. As restrictions are gradually lifted, an effective vaccine is deployed, and global trade picks up, domestic and external demand are expected to recover from mid-2021 onwards.

SUPPLY AND DEMAND: Retail saturation in Hungary remains well below WE or CEE average

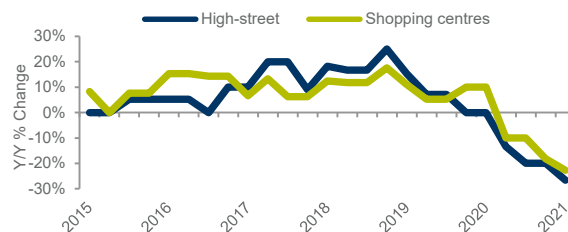
In Q4, Hungary has experienced a major bounce back in footfall as physical retail has reopened in the holiday season, however at the beginning of the year stores had to close once again as the number of COVID – 19 cases have increased, and restrictions were once again implemented. Retail units including fashion stores and other non-essential stores have gradually reopened by mid-April with normal shopping hours, but under a capacity limit to be calculated on a square metre basis. This limitation is present for non-essential stores and most groceries as well. The regulation determines the maximum number of people allowed to be inside and to be applied during the opening hours. Restaurants are currently functioning only with take-away and home delivery services, however from May, units that have terrace might have the possibility to reopen.

According to CSO figures, the total retail sales (excluding fuel) improved by 0.9% in the first quarter of 2021. E-commerce has experienced a boom during the lockdown period which proved to be sustainable with online sales rocketing up to 9% in Year 2020 and 10.5% in Q1 2021 respectively. Indeed, the Q1 online sales represented an all time record high figure, with a growth rate of 30% y-o-y. New supply include a 11,000 sq m retail park scheme in Kaposvár, developed by SES and was delivered in March 2021. Current pipeline includes several ongoing shopping centre refurbishment projects and one new development scheme of the 55,000 sq m Etele Plaza, planned to be delivered in Q3 2021.

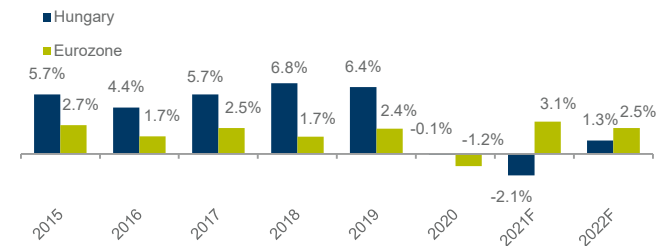
PRICING: Prime high street and shopping centre rents have been affected

High street and leisure have strongly been affected by the second and third waves of COVID-19; however, shopping centres experienced an improved footfall from early November. Most retailers are focusing at present on saving their existing portfolios, yet, FMCG players remained active. Landlords continue to protect tenants with offering more flexible conditions.

PRIME RENT



RETAIL SALES Y/Y GROWTH





MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK	SHOPPING CENTRE PIPELINE	PRIME RENT (Euro/month/sq m)	PRIME YIELD
Budapest	767,470	55,000	85	6.00%
Central Transdanubia	24,130	0		
Northern Hungary	184,110	0		
South Transdanubia	146,270	0		
West Transdanubia	123,900	0		
HUNGARY TOTAL	1,245,870	55,000	85	6.0%
Budapest High Street			110	5.50%
Budapest Retail Parks			11.50	7.00%

KEY SALES TRANSACTIONS 2020/2021

PROPERTY	TYPE	SELLER / BUYER	SQ M
Target Center	Shopping center	Private / Erste Fund	23,500
Jysk Kiskunhalas	Retail Park	Private / Erste Fund	1,000
Ceetrus Dunakeszi	Retail Park	Ceetrus/ Private	5,000
Burger King Székesfehérvár	Retail - Other	n/a	2,000
Pécs Plaza	Hypermarket	n/a	15,000

KEY PIPELINE PROJECTS

PROPERTY	SUBMARKET	DELIVERY DATE	TYPE	SIZE
Etele Plaza	South Buda	2021 Q3	New	55,000
Campona	South Buda	2022 Q1	Refurbishment	10,000
Euro Center	North Buda	2022 Q2	Refurbishment	22,000
Corvin áruház	Central Pest	2022	Refurbishment	7,300

Orsolya Hegedűs MRICS

Head of Advisory & Research Budapest

Mobile: +36 30 399 5106

Orsolya.hegedus@cushwake.com**Bence Soós**

Research Graduate

Mobile: +36 70 373 7482

Bence.soos@cushwake.com[cushmanwakefield.com](https://www.cushmanwakefield.com)**A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

POLAND

Retail Q1 2021



€7,514

Av. household disposable income

Y/Y change 12-month forecast



283

Saturation (sq m per 1,000 inhabitants)



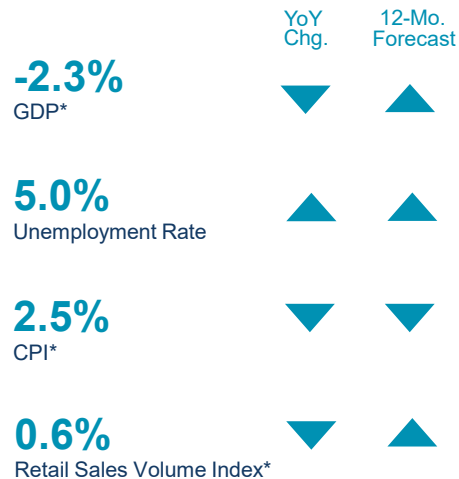
5.35%

Prime Yield



Source: Moody's Analytics; Cushman & Wakefield

ECONOMIC INDICATORS Q1 2021



*Annual growth forecasts
Source: Moody's Analytics

Q1 2021 saw close to 70,000 sq m of retail space built, largely across small retail parks and standalone stores

Nearly 70,000 sq m was delivered to the market across all retail formats in Q1 2021. The new supply comprised eight new retail schemes sized between 5,000 sq m and 11,000 sq m, most of which were standalone stores and small retail parks. Additionally, extensions of two existing retail parks were completed in Q1 2021. Around 35% of the new supply is retail space returned to Poland's retail stock following the conversion of Tesco's shopping centres closed in recent months to Castorama DIY stores in Starogard Gdański, Ruda Śląska and Tychy.

Growing popularity of convenience shopping in small retail schemes close to where people live

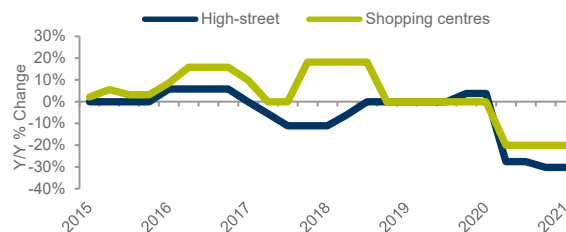
More than 380,000 sq m of retail space is currently under construction and scheduled for delivery this year and in 2022. The largest projects underway include a mixed-use development Norblin Factory in Warsaw (26,000 sq m of floorspace), Galeria Andrychów (24,000 sq m) and Galeria Bawelnianka in Bełchatów (23,000 sq m). Of the 31 schemes in the pipeline, 16 are retail parks, with the biggest expected to provide 18,000 sq m. The pandemic has accelerated the growth of this format, which - together with convenience shopping centres - fits in with the growing popularity of convenience shopping in small retail schemes close to where people live.

Q1 2021 was particularly challenging for both tenants and landlords of shopping centres

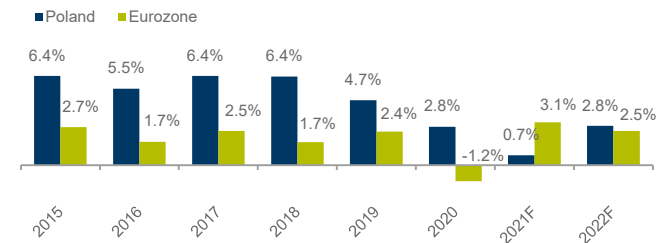
A total of nine weeks of lockdown, an unclear lease status of many tenants, uncertainty caused by the worsening pandemic and the lack of a specific date for the lifting of retail restrictions have all left their mark on the entire sector. Many tenants are restructuring their chains and closing unprofitable stores. At the same time, new concepts and brands are being created in the off-price category, such as Half Price owned by CCC, which plans to open the first 5 stores in May. Economy brands such as Pepco, Dealz, Action, and KiK, Tedi, as well as grocery retailers continue to grow. The segment of hard discounters, joined by Russian-based Mere last year, has expanded to include the Polish retailer Vollmarkt, which opened its first store in February 2021.

Other newcomers in Q1 2021 include Rolf Benz from Germany and Swedish-based Duxiana, which opened furniture stores in Warsaw and Krakow. Among new market entrants in the "health and beauty" category is the Italian brand DentalPro Clinic, which started operations in Manufaktura Łódź, while German retailer DM-Drogerie announced plans to expand into the Polish market.

PRIME RENTS



RETAIL SALES, Y/Y CHANGE



While exhibiting a very high level of caution with regard to making long-term lease commitments, tenants are increasingly opting for short-term pop-up stores. There is also substantial demand for store locations in high streets in residential and office settings or in residential districts. Q2 2021 will certainly be a period of major challenges for the entire retail industry, but the lifting of lockdown restrictions scheduled for 4 May will be very encouraging to see. According to economic forecasts, the forthcoming months are expected to see a rebound amid substantial consumption growth.

March retail sales higher than expected

Retail sales in constant prices in March 2021 were up by 15.2% year-on-year compared to an 8.9% decrease in March 2020. Although the point of reference for the March 2021 data from GUS (year-to-year) is March 2020, a period of the hardest lockdown, the scale of recovery surprised analysts. In March 2021, retail sales rose by 15.0% compared to February 2021. In January-March 2021, sales were up by 1.2% year-on-year against a 0.8% growth in 2020.

With restrictions on physical retail in force in January and March 2021, the share of online sales in total retail sales stood at 9.8% and 9.5%, respectively, compared to 8.6% in February 2021.

Footfall data for February 2021 provides confirmation of a trend that consumers will return to shopping centres quickly once restrictions are lifted

In Q1 2021, there were no major trading restrictions in shopping centres and retail parks only during the four weeks of February. January 2021 saw a continuation of the third lockdown since the pandemic broke out, while March began with regional restrictions put in place and ended with the fourth complete national lockdown.

Footfall data for February 2021 (PRCH Footfall Index) supports the retail trend recorded during last year's lockdown-free periods. Consumers responded to the lifting of retail restrictions quite quickly, with February footfall averaging approximately 80% of last year's level.

MAJOR RETAIL OPENINGS IN Q1 2021

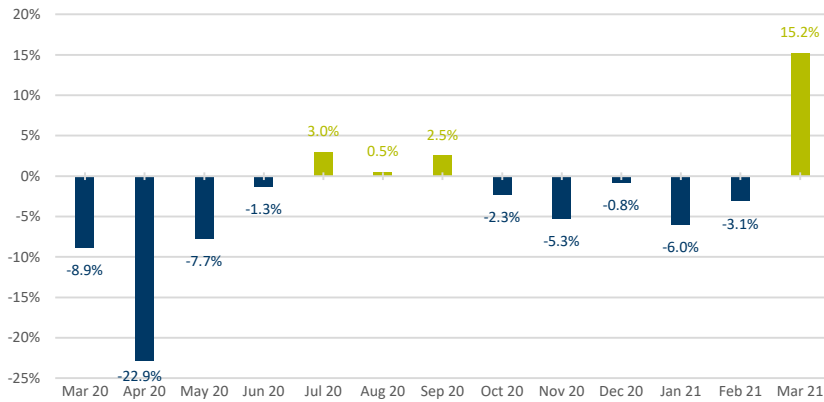
SCHEME / CITY	FORMAT	DEVELOPER	RETAIL FLOORSPACE (SQ M)	OPENING DATE
Agata Meble / Jelenia Góra	Retail warehouse unit	Agata Meble	11,000	Q1 2021
Castorama / Tychy	Retail warehouse unit	Kingfisher	10,000	Q1 2021
Castorama / Ruda Śląska	Retail warehouse unit	Kingfisher	8,000	Q1 2021
Galeria Dworcowa / Łomża	Shopping centre	Piekarnia Kraska	7,000	Q1 2021
Castorama / Starogard Gdański	Retail warehouse unit	Kingfisher	7,000	Q1 2021
Aura Park / Nakło	Retail park	n/a	6,500	Q1 2021
Pasaż Warmiński / Lidzbark Warmiński	Retail park	TUF Real Estate	6,000	Q1 2021
Atut Bielany / Kraków	Retail park	KG Group	5,200	Q1 2021

Source: Cushman & Wakefield



RETAIL SALES

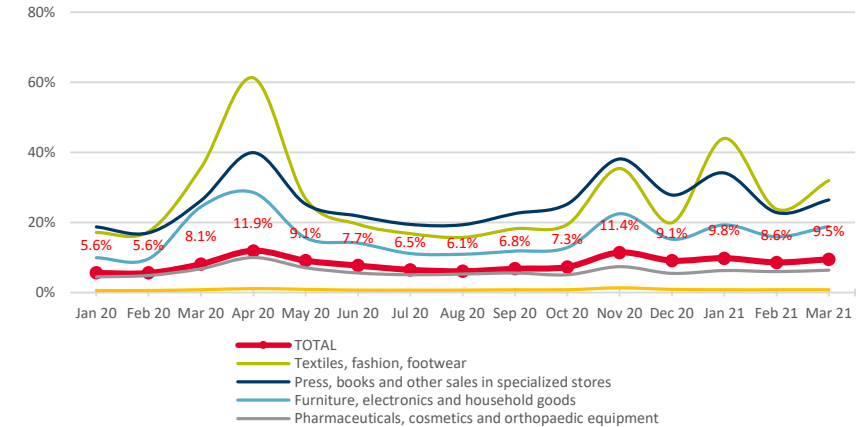
(% CHANGE, Y/Y; 2020/2019; 2021/2020; IN CONSTANT PRICE TERMS)



Source: Cushman & Wakefield, based on data from the Central Statistical Office (GUS)

SHARE OF ONLINE SALES IN TOTAL RETAIL SALES

(%; CURRENT PRICES; 2020; 2021)



Source: Cushman & Wakefield, based on data from the Central Statistical Office (GUS)

MAJOR RETAIL OPENINGS PLANNED FOR 2021/2022

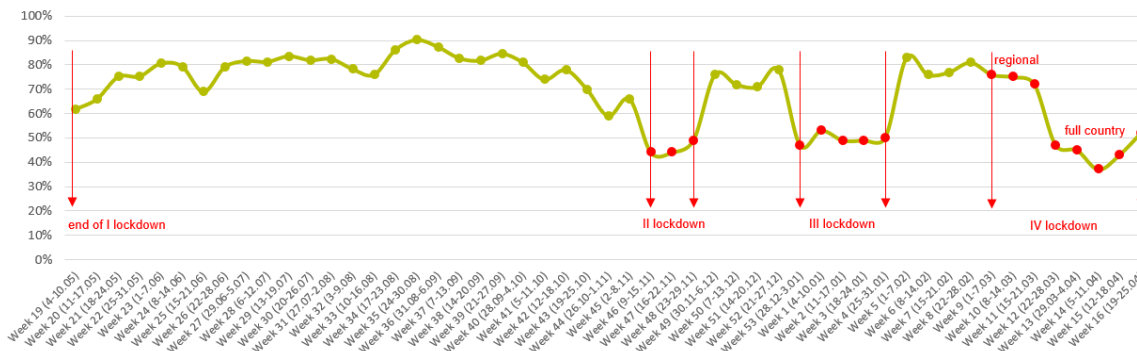
SCHEME / CITY	FORMAT	DEVELOPER	RETAIL FLOORSPACE (SQ M)	OPENING DATE
Fabryka Norblina / Warszawa	Mixed-use	Capital Park	26,000	2021
Galeria Andrychów / Andrychów	Park handlowy	Grupa Acteeum	24,000	2021
Galeria Bawelnianka / Bełchatów	Shopping centre	GBB Invest	23,000	2022
Karuzela / Kołobrzeg	Shopping centre	Karuzela Holding	20,000	2021
Park Handlowy Saller / Lipnik	Retail park	Saller	18,000	2021
Sekunda / Jędrzejów	Shopping centre	Vanstar	13,000	2021
PH Panova / Ząbkowice Śląskie	Retail park	P.A. Nova	10,000	2021

Source: Cushman & Wakefield



SHOPPING CENTRE FOOTFALL

(% SHARE, Y/Y, 2020/2019; 2021/2019; WEEKS FOLLOWING THE REOPENING ON 4 MAY 2020)



Source: Cushman & Wakefield, based on PRCH data

RETAIL 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	1,423,147	0	554	5.35%
Warszawa, non-central locations				5.80%
Katowice	1,120,443	6 600	521	5.80%
Poznań	693,554	0	845	6.00%
Wrocław	692,006	0	865	6.00%
Gdańsk	678,193	0	656	6.00%
Kraków	535,394	0	518	5.80%
Łódź	493,087	0	526	6.00%
Szczecin	263,286	0	473	6.50%

Source: Cushman & Wakefield

KATARZYNA LIPKA

Head of Consulting & Research
katarzyna.lipka@cushwake.com

MAŁGORZATA DZIUBIŃSKA

Associate Director
 Consulting & Research
malgorzatadziubinska@cushwake.com

BEATA KOKELI

Partner, Head of Retail Agency Poland
beata.kokeli@cushwake.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

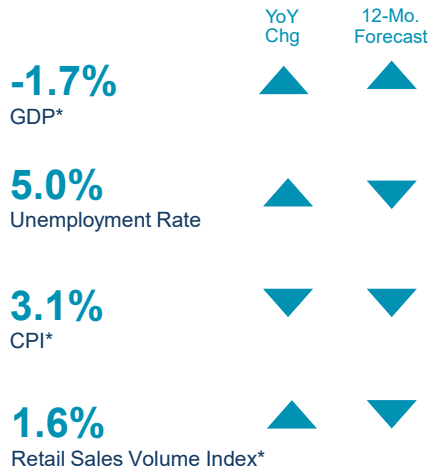
©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

ROMANIA

Retail Q1 2021



ROMANIA ECONOMIC INDICATORS Q1 2021



*Annual growth forecasts
Source: Moody's Analytics

New projects in pristine areas

The only project completed in Q1 2021 was Sepsi Value Centre, a 16,300 sq. m scheme delivered by Prime Kapital in Sfantu Gheorghe, one of the last county seats which did not previously benefit from a modern retail project. Cinemas and indoor F&B units have mostly remained closed in Q1 due to a surge of Covid-19 cases that kept a series of government restrictions in place. However, it is expected that a large part of these restrictions will be gradually lifted in May and June, as a result of the vaccination program combined with a decrease of new cases in late April / early May.

Moderate pipeline on short and medium term

Presently, new schemes or extensions to existing projects totaling around 85,000 sq. m are under construction and expected to be delivered by the end of 2021, while a number of important projects have either been put on hold or are currently under different planning stages. The most significant projects currently under construction are represented by the extension of Colosseum Mall in Bucharest and Barlad Value Centre in the Moldova region. In terms of developers, Prime Kapital (in joint-venture with MAS Real Estate), Scallier and Mitiska have the most consistent pipeline, aiming to extend their presence in Romania.

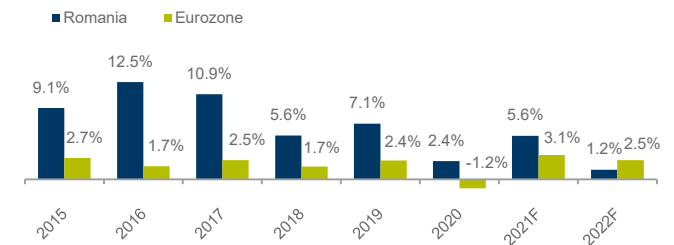
Prime rents are still facing pressure

The 90-day suspension of activity during the state of emergency from March to June 2020 had a strong impact on a number of tenants which resulted in renegotiations which slightly decreased the headline rents in several locations. However, rental level in retail parks remained flat, as this type of assets continued to have positive results also during 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 Q1 2021 compared with a value of € 85 / sq. m/ month in the first quarter of 2020. In secondary cities, such as Cluj-Napoca, Timisoara, Iasi or Constanta, headline rents in dominant shopping centers ranged between € 40 – 50 / sq. m/ month, while in tertiary cities the level falls between € 27 – 32/ sq. m/ month.

BUCHAREST PRIME RENT



RETAIL SALES, Y/Y CHANGE





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	703,400	16,500	1,883,425	373	€75	7.00%
Cluj-Napoca	125,500	-	324,576	387	€50	7.75%
Timisoara	173,000	-	319,279	542	€45	7.75%
Iasi	82,000	-	290,422	282	€45	7.75%
Constanta	122,000	-	283,872	430	€40	7.75%
Brasov	136,700	-	253,200	540	€35	7.75%
OTHER CITIES	966,200	-			€32	8.00%
TOTAL	2,308,800	16,500	20,121,641	115	€75	7.00%

Source: 2011 Census

NEW-COMERS Q1 2021

PROPERTY	SUBMARKET	TENANT	SIZE (SQ. M)	SECTOR
Iulius Town	Timisoara	My-K	N/A	Cosmetics

KEY CONSTRUCTION COMPLETIONS Q1 2021

PROPERTY	SUBMARKET	MAJOR TENANTS	SIZE (SQ. M)	OWNER / DEVELOPER
Sepsi Value Centre	Sfantu Gheorghe	Carrefour, JYSK, New Yorker, Hervis	16,300	PK – MAS REI

MAJOR PROJECTS IN PIPELINE 2021

PROPERTY	SUBMARKET	MAJOR TENANTS	SIZE (SQ. M)	OWNER / DEVELOPER
Colosseum extension	Bucharest	Sinsay, New Yorker, CCC, DM, World Class	16,500	Colosseum Mall
Barlad Value Centre	Barlad	Carrefour, JYSK, New Yorker, Hervis	16,300	PK – MAS REI
Fashion House Pallady	Bucharest	Puma, Adidas, US Polo, Under Armour, Marc O'Pollo	8,500	Liebrecht & wood

CRISTI MOGA

Head of Research

+40 21 310 3100 / cristi.moga@cwechinox.com

VLAD SAFTOIU

Research Analyst

+40 21 310 3100 / vlad.saftoiu@cwechinox.com

cwechinox.com

cushmanwakefield.com

Independently Owned and Operated / A Member of the Cushman & Wakefield Alliance

©2021 All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

SLOVAKIA

Retail Q1 2021



€9,428
Disposable income per capita

YoY Chg ▲
12-Mo. Forecast ▲

€65.00
Prime SC Rent, PSM

YoY Chg ▬
12-Mo. Forecast ▬

6.00%
Prime SC Yield

YoY Chg ▲
12-Mo. Forecast ▬

Note: SC – shopping centre.
Disposable income was estimated by Moody's.

ECONOMIC INDICATORS Q1 2021

2.9%
GDP*

YoY Chg ▼
12-Mo. Forecast ▲

8.6%
Unemployment Rate

YoY Chg ▲
12-Mo. Forecast ▼

0.8%
CPI*

YoY Chg ▼
12-Mo. Forecast ▲

-2.1%
Retail Sales Volume Index

YoY Chg ▼
12-Mo. Forecast ▲

*Annual growth forecasts
Source: Moody's Analytics

ECONOMY: Prolonged Lockdowns Weighed On the Economy, but Pent-up Demand Should Accelerate Upcoming Recovery

The prolonged restrictions introduced due to the second wave of the COVID-19 pandemic weighed on the real output of Slovakia, resulting in a 5.2% contraction of GDP in 2020. The gradual easing in the second quarter of 2021 along with the continued government support is expected to contribute to the rebound in GDP growth, mostly driven by pent-up demand and maintained low borrowing costs. Slovakia's heavy focus on manufacturing is both a blessing and a curse, as the industrial sector is proving to be shielded from the direct impacts of the pandemic. Housing market has been bolstered by lower interest rates together with buyers, whose economic situation was not negatively affected by the lockdown, looking for more living space as commuting times matter less. With the assumed reopening of the economy in the later first half of 2021, a sharp rebound in spending should prop up consumer-oriented businesses.

SUPPLY & DEMAND: Retail Landlords Tout Pre-COVID Footfall Following the Reopening of Stores

Although vaccine rollout across the world heralds the slow return to normal life, the pandemic has also clouded the outlook for retail properties, given the increasing adoption of online shopping and work-from-home. During the first quarter, retail continued to be burdened by prolonged lockdowns, which resulted in subdued leasing activity. However, prime retail schemes enjoyed pre-COVID footfalls after the Government decided to lift the restrictions on retail in April.

The possibility to apply for a rent subsidy has been extended until the end of June. The subsidy can be provided to a tenant in the amount in which the discount from the rent was provided based on an agreement between the landlord and the tenant, but not more than 50% of the rent for the period of difficult use. Despite this measure, however, some tenants had to terminate their leases. Tenancy mix is undergoing a shift towards more competitive brands and sectors of retail that showed resilience during the pandemic.

New development stalled, and no major completions were recorded during the first quarter. Nitra, Žilina, Bratislava and Martin remain the only cities with more than 1 sq m of shopping centre GLA per capita. The modern and highly competitive shopping centre Novum Prešov has opened more than a half of its shops earlier this year and is ready to launch most of its remaining units soon.

PRICING: Pricing Direction Remained Ambiguous As Continued Lockdown Froze Rental Activity

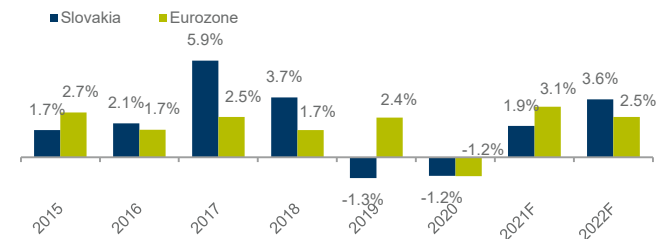
After the investment "de-risking" period, which largely benefited the industrial property sector, a partial rotation back towards other segments of real estate is anticipated in 2021. The assumed shift from unknown risks to known risks, as well as the easing of government restrictions support the ongoing negotiations which now indicate revival of investment activity across the commercial real estate landscape.

We can see a notable pick up in the investment activity in 2021, including several ongoing negotiations in the retail sector. The only major retail transaction closed in the first quarter was the acquisition of a majority stake in Cassovar Business Center in Košice by InTeFi, which includes 7,000 sq m of leasable retail areas. The direction of the shopping centre pricing remains to be somewhat ambiguous, and it must be determined on a case-by-case basis. However, the recent optimism associated with the partial reopening of retail gives a glimpse of hope to investors who are reliant on the performance of all retail businesses. The curfew and the closure of much of retail during the first quarter have turned into a freeze on rental activity in shopping centres, and the full impact of the pandemic on rental conditions will not be visible until the economy fully reopens. Prime yield for shopping centres remains at 6% with a negative outlook.

PRIME RENT



RETAIL SALES, Y/Y CHANGE





MARKET STATISTICS

REGION	SHOPPING CENTRE STOCK (SM)	SHOPPING CENTRE PIPELINE (SM)	POPULATION	SATURATION (SC+RP STOCK PER 1,000 INH)	PRIME RENT	PRIME YIELD
Banská Bystrica	97,600	10,600	645,000	225		6.00%
Bratislava	506,800	118,500	670,000	825	€65.00	6.00%
Košice	175,000	47,000	801,000	263		6.00%
Nitra	123,700	33,300	675,000	261		6.00%
Prešov	118,200	16,400	826,000	243		6.25%
Trenčín	76,400	-	585,000	248		6.25%
Trnava	102,300	-	564,000	264		6.00%
Žilina	156,200	36,100	691,000	338		6.25%
SLOVAKIA TOTAL	1,356,300	261,800	5,458,000	332	€65.00	6.00%

KEY PIPELINE PROJECTS

PROPERTY	MUNICIPALITY	PLANNED RETAIL GLA	EXPECTED OPENING	INVESTOR
Stanica Nivy	Bratislava	70,000	2021	HB Reavis
Promenada Living Park	Nitra	26,000	2021	ICT ISTROCONTI
Eurovea II	Bratislava	25,000	2022	private investor
OC Ruža	Ružomberok	24,000	2024	TetraStav
Eperia Prešov (extension)	Prešov	11,000	2021	J&T
OC Madaras (extension)	Spišská Nová Ves	10,000	2022	IMBIZ

JURAJ BRONČEK

Research Analyst

+421 (0) 910 162 011 /

juraj.broncek@cushwake.comcushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.