

MARKETBEAT

CENTRAL EUROPE

Retail Q4 2020



CONTENTS

Bulgaria

Czech Republic

Hungary

Poland

Romania

Slovakia



BULGARIA

Retail Q4 2020



CUSHMAN & WAKEFIELD



F FORTON

€3,834

Disp. HH Income per capita

YoY Chg



12-Mo. Forecast



€53.00

Prime Rent, Sq m/month



7.50%

Prime Yield



Source: Moody's Analytics, Cushman & Wakefield

ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
-5.8% GDP*		
4.8% Unemployment Rate		
-0.1% CPI*		
-20.2% Retail Sales Volume Index*		

*Annual growth forecasts

Source: Moody's Analytics (January 2021)

ECONOMY: Downward trend continues

The Bulgarian economy experienced the adverse impact of the coronavirus with worsening market indicators and a partial lockdown in the end of 2020. The containment measures affected negatively household incomes, consumption and retail turnover, which is more than 5% down y-o-y in October. The drop in the domestic demand and net exports led to GDP contraction for a second quarter and forecasts for annual decrease of 5.1% for 2020. After slight increase, the unemployment stabilized at 4.8% in the fall, since the wage support schemes partly mitigated the effects of the weak economic activity.

SUPPLY & DEMAND: Increasing

The second closure of shopping centers in December affected negatively retail sales and put the brakes on the occupiers' expansion plans in Q4. Some of the planned openings didn't happen, although the stores were equipped and fully-stocked. With two lockdowns and downward economic trend, 2020 registered only 38,600 sq m new store openings in shopping centers, 57% decrease from the previous year. Sports goods, food & beverage, as well as discount stores are among the most active occupiers. The average vacancy rate in shopping centers in Sofia slightly decreased in Q4, before the second lockdown, to 7.9%, having reached almost 9% in the previous quarters.

Having their stores in the shopping centers closed, some fashion and shoes chains focused on their high-street and retail park locations instead, as well as the online sales. The retail parks enjoy growing popularity in Sofia and the regional urban centers. It was only in the last few months that three medium-sized schemes opened in Shumen, Yambol and Dupnitsa respectively, and other ones are in development or planning phase. With this contribution the total area of retail parks countrywide reached 184,800 sq m. This format is preferred by FMCG operators and discount brands as a platform for expansion outside the big cities.

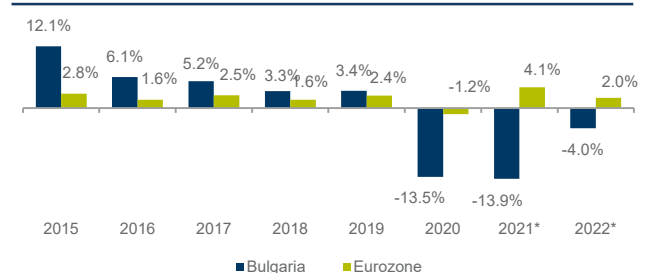
PRICING: Under pressure

After slight decrease in the previous quarters, the asking rents in Sofia stabilised in the end of 2020 at 53 euro/sqm on average for high street locations and 36 euro/sqm for shopping centers. However, the volatile market keeps rents under pressure. Rents in the retail parks remain unchanged, in the range of 8-10 euro/sqm in Sofia and 7-9 euro/sqm in the regional cities.

PRIME RENT



RETAIL SALES Y/Y GROWTH





MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK	SHOPING CENTRE PIPELINE*	PRIME RENT (€/SQM)	PRIME YIELD
Sofia	402,270	-	36.00	7.50%
Plovdiv	75,700	-	27.00	8.00%
Varna	122,000	-	28.00	8.00%
Burgas	62,500	-	24.00	8.00%

*Only projects with building permit included

KEY OPENINGS Q4 2020

PROPERTY	SUBMARKET	TENANT	SQ M	TYPE
High street location	Sofia	Vitalite Drogerie	290	New lease
Sofia Ring Mall	Sofia	Sportisimo	600	New lease
The Mall	Sofia	Madame Coco	205	New lease
Burgas Plaza	Burgas	Techmart	2,500	New lease
Jumbo Plaza retail park	Sofia	Sportisimo	700	New lease
Delta Planet Mall	Varna	Matstar	600	New lease
Retail park Dupnitsa	Dupnitsa	Billa	1,195	New lease
Retail park Dupnitsa	Dupnitsa	JYSK	1,290	New lease

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CZECH REPUBLIC

Retail Q4 2020

	YoY Chg	12-Mo. Forecast
€9,458 Disp. HH Income per capita	▼	▲
€180.00 Prime Rent, Sq m/month	▼	▬
4.75% Prime Yield	▲	▬

Prime rent and yield for High Street units

ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
-6.9% GDP*	▼	▲
4.0% Unemployment Rate	▲	▲
2.7% CPI*	▼	▼
-3.4% Retail Sales Volume Index*	▼	▲

*Annual growth forecasts

Source: Moody's Analytics (January 2021), Czech Ministry of Labour and Social Affairs

ECONOMY: 2020 economy results better than expected

After a relatively "normal" summer, severe restrictions were imposed again in Q4 caused by the second and third waves of the pandemic. GDP estimate for 2020 remains roughly the same with an expected drop of -6.2% y/y. However, the containment measures hit retail much harder than other sectors of the economy. From October 22 to December 2, brick-and-mortar shops were closed. They operated in a relatively normal mode for three weeks after that, with limits of the number of customers per sq m of the shopping area. The gradually deteriorating pandemic situation has forced the government to close shops and services again from December 27.

SUPPLY & DEMAND: There is no reason to imply that retail will not work in a longer-term

Although the Christmas season was comparable to the previous year in sales, it was not enough to pay for losses from the periods when stores were closed, and Government help could not compensate for customer spending. Prague high streets and city centre shopping malls are the most affected again. They suffer from a sharp drop in both international and recently also domestic tourism. According to the Czech Statistical Office, in November 2020, sales declined the most in clothing and footwear (-77.8% y/y) followed by products for culture, sports, and recreation (-37.1% y/y). On the other hand, retail trade via the Internet or mail order services increased by 36.5% y/y in the same period, showing a similar transfer of customers to e-commerce as in the first wave in spring.

Although few Czech local retailers announced first bankruptcies due to Covid-19 crisis, there is no reason to imply that retail will not work in a longer-term. There was never an oversupply on the Czech retail market, and some sectors (electronics, home equipment) did well despite closed shops in 2020. Investments currently flow into the construction and expansion of retail parks, which proved to be more resistant to current challenges. On the other hand, landlords of schemes above 50,000 sq m will have to re-evaluate and adapt them to the post-Covid times.

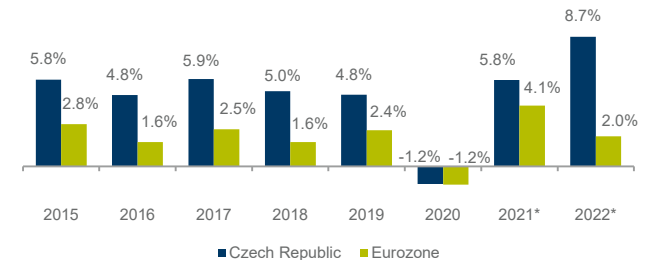
PRICING: Landlords continue to prevent losing tenants and offer more flexible conditions

Prague shopping centres and almost all big schemes and high street faced another drop in sales and footfall at the end of 2020, which caused an increase in vacancies and further pressure on rental levels. Landlords continue to prevent losing tenants and offer more flexible conditions and competitive rents. Further development of the anti-pandemic restrictions will show how long the crisis will last. However, rents should return to their 2018/2019 level soon after the end of the pandemic.

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	926,800	147,200	1,324,277	700	140.00	5.25%
Moravia-Silesia	332,600		1,200,539	277	62.00	7.50%
South Moravia	269,400	69,300	1,191,989	226	48.00	5.75%
Ústí nad Labem	182,700		820,965	223		
Liberec	177,500		443,690	400		
Olomouc	156,800		632,015	248		
Pilsen	121,800	40,200	589,899	206		
Central Bohemia	120,200	64,600	1,385,141	87		
Hradec Králové	101,100		551,647	183		
South Bohemia	96,800		644,083	150		
Zlín	77,000	30,200	582,555	132		
Karlovy Vary	69,700	10,000	294,664	237		
Pardubice	48,100	57,600	522,662	92		
Vysočina	36,600		509,813	72		
CZECH REPUBLIC TOTAL	2,717,100	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	6.00%
Brno Retail parks					9.25	6.50%

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

**Precise rental level is difficult to assess as there is currently a lack of evidence on the market.

KEY CONSTRUCTION COMPLETIONS 2020

PROPERTY	SUBMARKET	ANCHOR TENANTS	SQ M	OWNER / DEVELOPER
RP Kolín Ověčáry	Kolín	Lidl, SuperZOO, Teta, Wiky, NKD, Banquet	12,000	KPD Group
RP Okružní	České Budějovice	Lidl, Mountfield, dm drogerie, Pepco, JYSK	8,000	KPD Group
OC Opatovská	Prague	Lidl, Pet Center, dm drogerie, Pepco, Pompo	6,200	TTP Invest

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HUNGARY

Retail Q4 2020

€6,251

Disp. HH Income per capita

YoY Chg



12-Mo. Forecast



€120.00

Prime HS Rent, Sq m/month

YoY Chg



12-Mo. Forecast



5.25%

Prime HS Yield

YoY Chg



12-Mo. Forecast



Source: Cushman & Wakefield, Moody's Analytics

ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
-9.3% GDP Real, LCU *	▼	▲
4.8% Unemployment Rate	▲	▼
2.5% CPI*	▼	▼
-4.6% Retail Sales Volume Index *	▼	▲

* Annual growth forecast

Source: Moody's Analytics (January 2021)

ECONOMY: Forecasted slow-down in decline of GDP growth, with bounce-back in 2021.

According to CSO figures, the Hungarian economy bounced back through GDP growth of 9% in Q3 2020 exceeding expectations with total retail sales at 1.7% up y-o-y in 2020. However, similarly to the rest of Europe, the second wave of COVID-19 has had a significant impact and further lockdown measures have been implemented. It is expected that this will lead to a fall again in Q4 and Moody's forecast that GDP will contract by 9.2% this year. 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. GDP is forecast to growth 3.0% in 2021 and 4.4% in 2022.

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

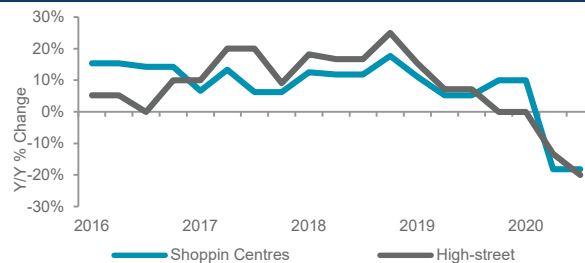
Hungary implemented a total store closure in April, that lead to a serious drop in turnover and footfall. Life has resumed to its pre-crisis norm in the summer months demonstrating that demand has not decreased, and when presented with the opportunity customers will show up. The second wave of COVID-19 is affecting Hungary with restaurants, cafés and bars are currently closed and can only accept take-away orders. In accordance with the new regulation, shopping centre and high street schemes operate under reduced hours until 7 p.m.

High street retail shops are experiencing a much lower footfall due to travel bans which resulted in 50-70 % decline in turnovers. Shopping centres and retail parks, that chiefly cater to the local market, proved to be comparatively resilient. In general, Hungary has a comparatively resilient position as shopping centre saturation is significantly below the Western European average. Moreover, Hungary lags behind the rest of Europe in terms of online retail share, but the growth is expected to be much quicker. Indeed, online sales rocketed up to 9% by year-end, which represents a growth of 40% y-o-y and should exceed 10% by 2022 even assuming it reverts to pre-COVID growth rates. The traditional in store model is changing and retailers are faced with a new situation that is driving innovation and flexibility. The growing importance of e-commerce is undeniable, despite it only being in its infancy in Hungary.

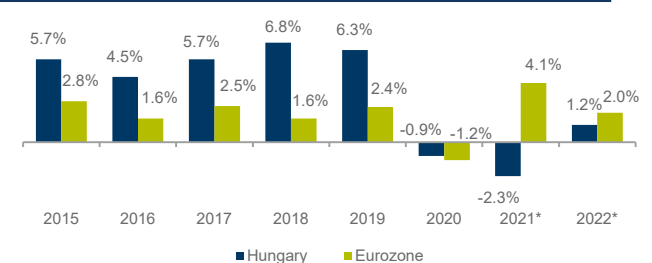
PRICING: Prime high street and shopping centre rents are already affected

High street and leisure have strongly been affected by the second wave 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	767 467	54 000	90	6,00%
Central Transdanubia	24 128	0		
Northern Hungary	184 105	0		
South Transdanubia	146 274	0		
West Transdanubia	123 898	0		
HUNGARY TOTAL	1 245 872	54 000	90	6,00%
Budapest High Street			120	5,25%
Budapest Retail Parks			11,50	7,25%

KEY SALES TRANSACTIONS YTD 2020

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 CONSTRUCTION COMPLETIONS 2019 / 2020

PROPERTY	SUBMARKET	COMPLETION DATE	SIZE
Galéria Center	Mosonmagyaróvár	November 2019	4 500

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€ 6,820

Disp. HH Income per capita

YoY Chg
12-Mo. Forecast



284

Retail Market Saturation*



5.25%

Prime Yield



* sq m per 1,000 inhabitants

Source: Moody's Analytics; Cushman & Wakefield

ECONOMIC INDICATORS Q4 2020

YoY Chg
12-Mo. Forecast

-4.6%

GDP Growth*



6.0%

Unemployment Rate



2.8%

CPI*



2.9%

Retail Sales Volume Index*



*Annual growth forecasts

Source: Moody's Analytics (January 2021)

New retail space supply tops 340,000 sq m during 2020. Although retail remains affected by the pandemic crisis, the market saw 33 new completions

Close to 130,000 sq m was delivered to the market across all retail formats in Q4 2020, bringing last year's total new supply to more than 340,000 sq m. Despite pandemic-related restrictions and successive lockdowns (7-28 November and from 28 December onwards), the fourth quarter witnessed 11 new retail completions and an outlet centre extension. Newly built schemes were sized under 20,000 sq m, and nearly half of the Q4 2020 new supply was delivered through openings in cities below 50,000 inhabitants. 2020 also saw a record-breaking square meterage come off the market. It amounted to close to 200,000 sq m of retail space following the closure of nine first-generation shopping centres (four Auchan and five Tesco schemes) and the Sukcesja shopping centre in Łódź.

Retail parks sized between 5,000-10,000 sq m account for more than 30% of retail stock underway

Approximately 380,000 sq m of retail space is currently under construction and scheduled for delivery in 2021. A substantial proportion of the development pipeline (over 30%) includes retail parks sized under 10,000 sq m. By providing a quick and convenient shopping experience, retail parks are ideally aligned with today's consumer needs. This format has gathered momentum in Poland in recent years and its appeal has grown in particular during the pandemic. Minimum communal space, convenient car parks and separate entrances to each retail unit are both very attractive to customers and provide a significantly higher level of safety. Additionally, small and medium-sized retail schemes demonstrated more resilience to the pandemic-related consequences in comparison with large and very large shopping centres. They reported significantly smaller footfall and turnover decreases, and were able to make up for losses more quickly.

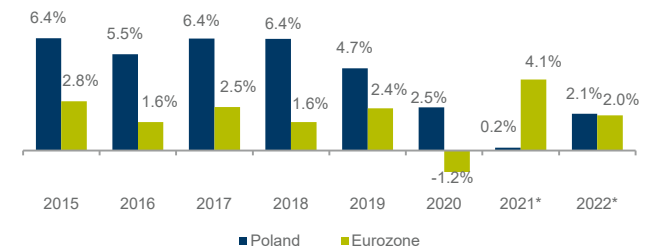
Financing institutions have a key role to play in negotiations between tenants and landlords

Successive periods of retail restrictions and unclear and inconsistent rules regarding which categories of tenants are permitted to open are not making for easy rental negotiations between tenants and landlords. Therefore, banks that frequently play a major role in financing both landlords and tenants are instrumental in such negotiations.

RENTS



RETAIL SALES, Y/Y CHANGE





It remains to be seen in the coming months whether the current situation will have a lasting impact on retail rents. While temporary rent discounts average 20%, tenants also demand financial contributions and turnover-based rents. Landlords will consent to such conditions most often in exchange for a lease extension for about a year.

The current pandemic has been a catalyst for change on the retail market and accelerated restructuring or closure decisions by many retailers. International brands that have left or will withdraw from Poland soon include Camaieu, Promod, Sportisimo, Salamander, and Stefanel. Meanwhile, fourteen brands opened their first Polish stores last year, including Primark, American Urban Outfitters, American Vintage, Giorgio Armani Beauty, Falconeri, Mere, and Mömax.

Average shopping centre footfall in the last week before the December lockdown reached 78% of last year's level

Shopping centre footfall was rising steadily after the first spring lockdown, reaching as much as 90% of last year's level in the last week of August 2020. Following the increase in infections last October, the shopping centre and retail park footfall fell to approximately 60%, but moved up to around 70-78% of the previous year's level after the second November lockdown. Footfall in small and medium-sized retail schemes was reported to have been several percent higher than in large and very large schemes. Customers strongly favoured shopping centres located close to where they live, avoided crowded facilities and minimized in-store dwell times.

Cumulative turnover for January-November 2020 down across all product categories

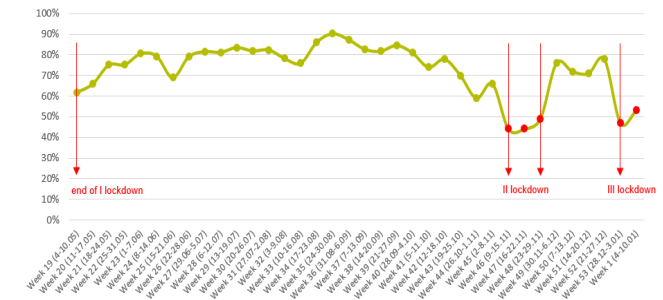
According to PRCH data, October 2020 retail sales were down by 21.4% year-on-year in large shopping centres (sized 40,000-plus sq m) and by 18.5% in smaller retail schemes (below 40,000 sq m). The cumulative fall for January-November 2020 amounted to 28.9% for large and very large shopping centres, and to 24.7% for small and medium-sized centres compared to the previous year. The steepest cumulative year-on-year falls in turnover for January-November 2020 were reported in services (-66.2%) and entertainment (-60.1%). Food & Beverage tenants suffered a 33% loss of turnover while fashion retailers witnessed a 32.4% loss. Falls were more limited in health and beauty (-21.5%) and food (-7.8%). Despite very good results in May-October, homeware retailers also reported an 8.0% decrease in turnover in January-November 2020 compared to the same period a year earlier.

Pandemic accelerates the digital transformation of retail

The online retail penetration rate (share of total retail sales) stood in Poland at around 5-6% before the pandemic. As a result of successive retail restrictions and many weeks of a total ban on brick-and-mortar retailing, e-commerce was the only distribution channel available to many retailers. Poland saw its online retail penetration rate reach all-time highs of 11.9% in April and 11.4% in November 2020. The pandemic has, however, demonstrated that brick-and-mortar retailing looks set to continue as many Polish people remain attached to traditional shopping, best illustrated by much weaker online sales following the lifting of lockdowns and easing of restrictions imposed on shopping centres.

SHOPPING CENTRE FOOTFALL

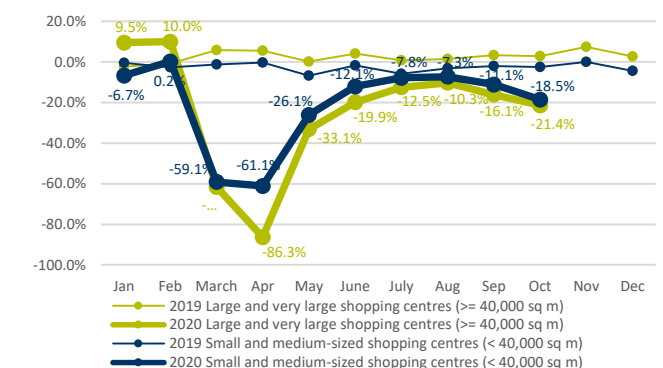
(% SHARE, Y/Y, 2020/2019; WEEKS FOLLOWING THE REOPENING ON 4 MAY)



Source: Cushman & Wakefield, based on PRCH data

SHOPPING CENTRE TURNOVER

(% CHANGE, Y/Y, 2020/2019)

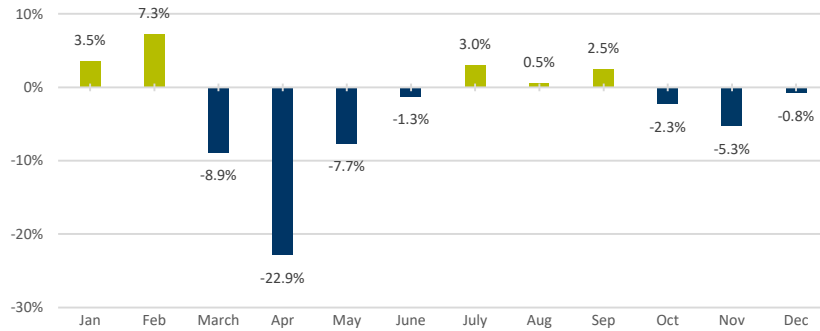


Source: Cushman & Wakefield, based on PRCH data



RETAIL SALES

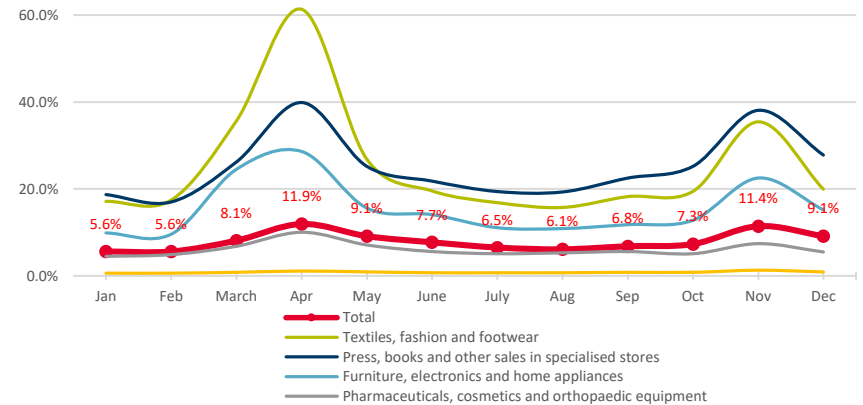
(% CHANGE, Y/Y; 2020/2019; IN CONSTANT PRICE TERMS)



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

SHARE OF ONLINE SALES IN TOTAL RETAIL SALES

(%; CURRENT PRICES; 2020)



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

MAJOR RETAIL OPENINGS PLANNED FOR 2021

SCHEME / CITY	FORMAT	DEVELOPER	RETAIL FLOORSPACE (SQ M)	OPENING DATE
Norblin Factory / Warsaw	Mixed-use	Capital Park	26,000	2021
Karuzela Kołobrzeg / Kołobrzeg	Shopping centre	Karuzela Holding	25,000	2021
Galeria Andrychów / Andrychów	Shopping centre	Acteum Group	24,000	2021
Galeria Bawelnianka / Bełchatów	Shopping centre	GBB Invest	23,000	2021
Galeria Wieliczka / Wieliczka	Shopping centre	Soray Park	16,000	2021
Sekunda / Jędrzejów	Shopping centre	Vanstar	13,000	2021
Multishop / Suwałki	Retail park	Multishop	10,000	2021
PH Panova / Ząbkowice Śląskie	Retail park	P.A. Nova	10,000	2021

Source: Cushman & Wakefield



MAJOR RETAIL OPENINGS IN Q4 2020

SCHEME / CITY	FORMAT	DEVELOPER	RETAIL FLOORSPACE (SQ M)	OPENING DATE
Dekada / Nysa	Shopping centre	Dekada Realty	20,000	Q4 2020
Galeria Wiślanka / Żory	Shopping centre	Błysk Investment	20,000	Q4 2020
Karuzela / Elk	Retail park	Karuzela Holding	16,000	Q4 2020
Stacja Mława / Mława	Shopping centre	Scotia Development	12,000	Q4 2020
Vendo Park / Częstochowa	Retail park	TREI Real Estate	8,200	Q4 2020
Galeria Hosso / Barlinek	Shopping centre	Hosso	7,500	Q4 2020
RedHill / Augustów	Retail park	Redmill	7,500	Q4 2020
Vendo Park / Łuków	Retail park	TREI Real Estate	6,800	Q4 2020

Source: Cushman & Wakefield

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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	5.25%
Warszawa, non-central locations				5.65%
Katowice	1,120,443	6,600	521	5.70%
Poznań	693,554	0	845	5.90%
Wrocław	692,006	8,000	865	5.90%
Gdańsk	678,193	0	656	5.90%
Krakow	565,894	16,000	547	5.65%
Łódź	516,955	0	552	5.90%
Szczecin	263,286	0	473	6.45%

Source: Cushman & Wakefield

€1,596

Disp. HH Income per capita

YoY Chg
12-Mo. Forecast



€75.00

Prime Rent, Sq m/month



7.00%

Prime Yield



ROMANIA ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
-6.6% GDP Growth*	▼	▲
4.2% Unemployment Rate	▲	▼
2.1% CPI*	▼	▲
2.0% Retail Sales Volume Index*	▼	▼

*Annual growth forecasts
Source: Moody's Analytics (January 2021), National Institute of Statistics

Major regional shopping center delivered

AFI Palace Brasov, a major regional 45,000 sq m shopping center was delivered in Q4, one of the most important modern retail deliveries of 2020, the total yearly supply reaching almost 126,000 sq m. However, cinemas and indoor F&B units have been closed in Q4 as a result of a new wave of restrictions caused by the increasing number of Covid-19 cases in October and November. The start of vaccination campaign in January 2021, combined with a decrease of the number of daily cases is expected to suspend most of these restrictions during H1 2021.

Uncertain pipeline on the short term

Presently, new schemes or extensions to existing projects totaling around 50,000 sq. m are under construction and expected to be delivered by the end of the year, 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 Sepsi Value Center in Sfantu Gheorghe, Transylvania. 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.

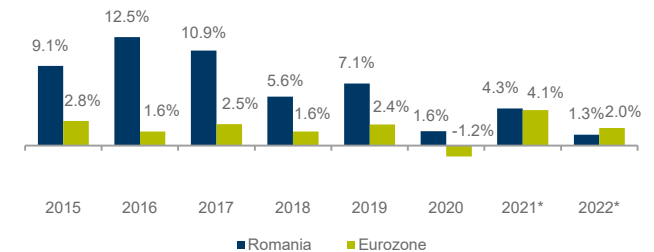
Prime rents facing extended pressure

The suspension of activity during the state of emergency from March to May had a strong impact on a number of tenants which resulted in renegotiations which slightly decreased the headline rents in several locations with more consistent incentive packages becoming the norm, a trend which continued until the end of the year and which is expected to carry on going forward. Therefore, the headline rent achieved for 100 sq m units in prime dominant shopping centers in Bucharest was of around € 75/sq m/month at the end of Q4 2020 compared to a value of € 85/sq m/month at the end of 2019. 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 € 30–35/sq m/month.

BUCHAREST PRIME RENT



RETAIL SALES VOLUME Y/Y GROWTH





MARKET STATISTICS

SUBMARKET	SC STOCK (SQ M)	SC 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	75.00	7.00%
Cluj-Napoca	125,500	-	324,576	387	50.00	7.75%
Timisoara	173,000	-	319,279	542	45.00	7.75%
Iasi	82,000	-	290,422	282	45.00	7.75%
Constanta	122,000	-	283,872	430	45.00	7.75%
Brasov	136,700	-	253,200	540	35.00	7.75%
OTHER CITIES	966,200	-			35.00	8.00%
TOTAL	2,308,800	16,500	20,121,641	115	75.00	7.00%

NEW-COMERS 2020

PROPERTY	SUBMARKET	TENANT	SIZE (SQ. M)	SECTOR
Baneasa Shopping City	Bucharest	Armani Beauty	~50	Beauty Products
Baneasa Shopping City	Bucharest	Breitling	~50	Jewellery
Bucharest Mall	Bucharest	Calvin Klein Jeans	~160	Clothing
Baneasa Shopping City	Bucharest	Yves Saint Laurent Beauty Boutique	~50	Beauty Products

KEY CONSTRUCTION COMPLETIONS 2020

PROPERTY	SUBMARKET	MAJOR TENANTS	SIZE (SQ. M)	OWNER / DEVELOPER
AFI Palace Brasov	Brasov	Carrefour, Zara, Mango, Intersport, Deichmann	45,000	AFI Europe
Shopping City Targu Mures	Targu Mures	Carrefour, Cineplexx, LPP, New Yorker, LC Waikiki	40,000	NEPI Rockcastle
Dambovita Mall	Targoviste	Carrefour, Cinema City, Altex, Pepco, CCC	31,200	Prime Kapital / MAS Real Estate

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
Sepsi Value Center	Sfantu Gheorghe	Carrefour, JYSK, New Yorker, Hervis	16,300	PK – MAS REI

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€9,363

Disp. HH Income per capita

YoY Chg
12-Mo. Forecast



€65.00

Prime SC Rent, Sq m/month



6.00%

Prime SC Yield



Source: Moody's Analytics

ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
-2.5% GDP Growth*	▼	▲
7.6% Unemployment Rate	▲	▼
1.5% CPI*	▼	▲
2.8% Retail Sales Volume Index*	▲	▼

*Annual growth forecasts

Source: Moody's Analytics, ÚSVaR

ECONOMY: Slovakia's economy on a rocky road to recovery

As COVID-19 continues to trigger unprecedented Government response, the business environment must navigate through this unique playing field. According to the estimate of the National Bank of Slovakia, Slovakia's GDP fell 5.7% last year, while according to the estimate of the European Central Bank, the GDP of euro area as a whole fell 7.3%. The third quarter has seen a real GDP drop of 2.4% and a similar sentiment is expected at the year end. After an excellent third quarter, production, exports and turnovers fell slightly month-on-month. The adopted anti-pandemic measures have reflected in employment as well as in wages, the growth of which slowed down.

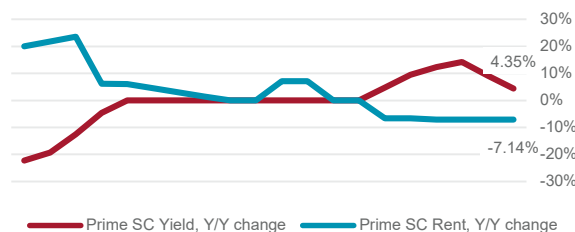
SUPPLY & DEMAND: COVID-19 Has Put E-Commerce at the Forefront of Retail

As the nationwide lockdown measures extended, further demand slump continued looming over struggling retailers. These unenviable circumstances have reflected in the overall turnovers of retailers, which recorded a month-on-month decrease of 2.0% in November, according to the Statistical Office of the Slovak Republic. Even December did not provide them with the much-needed rebound in consumption, as evidenced by the month-on-month decline in consumer prices, mainly prices for food, clothing, transport and furniture. Businesses that got into financial difficulties during the pandemic will continue to be affected and lose market share to the sectors and concepts that flourished – sporting goods, variety discount chains, hobby markets, electronics, gardening supplies, etc. Every retailer who has managed to effectively implement omnichannel sales is in a significantly better position during and after this pandemic. Retail property development saw a slowdown in 2020, expanding Slovakia's shopping centre stock by less than 70,000 sq m; a number that includes Novum Prešov, which only opened about one third of its retail areas in 2020. However, we record a strong development and investment pipeline planned for 2021.

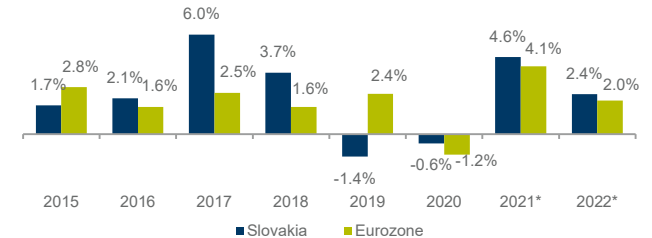
PRICING: CRE investment poised for a rebound as last year's volume waned amid the ongoing pandemic

Total commercial real estate investment amounted to EUR 502 million in 2020, a year-on-year decrease of 27%. The retail market was hit hardest this year by a decline in mobility and a consequent decline in turnovers of shopping centres. Retail transactions in 2020 amounted to only around 56 million euros, mostly transactions from the first quarter. The investment sentiment was consistent with pricing, as shopping centres were forced to lower their asking rents, which reduced the prime rent to 65 EUR / sq m / month, a 5 EUR decrease compared to 2019. Prime yields increased by 25 basis points year-on-year to 6.00%.

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



RETAIL SALES INDEX (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	92,600	10,600	645,000	217		6.00%
Bratislava	506,800	115,500	670,000	825	€65.00	6.00%
Košice	175,000	29,000	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	1,351,200	240,900	5,458,000	331	€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	Bratislava	25,000	2022	J&T
OC Ruža	Ružomberok	24,000	2021	TetraStav
Eperia Prešov	Prešov	11,000	2021	J&T

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