

AT A GLANCE

RETAIL MARKET H1 2023



KEY HIGHLIGHTS

- » 2023 is a year rich in new store openings.
- » In the first half of 2023, four retail parks were delivered in small towns, where no new spaces of modern commerce before: Giurgiu, Dej, Vaslui and Calarasi. In the second half of the year, new such deliveries of retail parks will follow, in Turda and Mosnita.
- » In another hand, in the second half of the year, major developers such as NEPI, MAS & Prime Kapital, AFI and Oasis are preparing to open four new shopping malls, with over 200,000 sqm, targeting major cities, like Craiova, Sibiu, Timisoara and Iasi.
- » In 2023, in the Romanian market entered new retailers such as HalfPrice (Poland), Lefties (Inditex, Spain) and Jimmy Key (Turkey).
- » The prime rents in prime shopping malls are stable, with slowly increase in exceptional situations.

KEY FIGURES



4,24 M. m²

EXISTING RETAIL SPACE



30,000 m²

NEW SUPPLY H1 2023



520,000 m²

PIPELINE H2 2023-2025



+2.7% YoY

RETAIL SALES



+2.7% YoY

NON-FOOD SALES



11%

ONLINE SALES

ECONOMIC STATISTICS 2023

- » GDP: +2.4%
- » Wages in enterprise sector: 13.5%
- » Unemployment rate: 5.4%
- » Inflation (CPI): 9.7%
- » Yield: 8%

Source: INSSE, GPEC

EXPANSION MARKET

In 2023, it is estimated that 379,282 sqm of modern retail spaces will be put into use in Romania.

From smaller cities, such as Cismădie or Slobozia, to larger cities such as Sibiu, Craiova and Arad and even in Bucharest, several hundred new retail units will open, in 17 new retail parks and in 5 new malls.

Promenada Mall Craiova - the largest mall delivered in the last 13 years

Promenada Mall, in Craiova will have 78,500 sqm leasable and is developed by NEPI. Promenada Mall will be inaugurated in October, with a total investment of over 125 million euros, and will include over 150 retail units and the Dedeman DIY, 16,000 sqm. Among them, there is the Lefties brand, part of the Inditex group, which officially marks the entry on the Romanian market.

It is also worth noting **the extensions of shopping centers**, with very varied surfaces, from 3,300 sqm, in Shopping Park Tulcea and 70,000 sqm, in Prima Shopping Center Sibiu, developed by Oasis. Prima Sibiu will increase its leasable area from 9,000 sqm to 79,000 sqm, which means an almost 8-fold increase in leasable space. Another example of an extension of a retail park, following increased demand of retailers, is Cosmopolis Plaza), which will put into use another 16,000 sqm in October 2023.

The 2023 key developers in the Romanian retail park sector are: Prime Kapital, NEPI Rockcastle, Scallier Investments, Oasis Retail Development & Consulting, Mitiska REIM, RC Europe Development, Iulius Group.



PROMENADA SHOPPING MALL, CRAIOVA, NEPI ROCKCASTLE



PROMENADA SHOPPING MALL, CRAIOVA, NEPI ROCKCASTLE

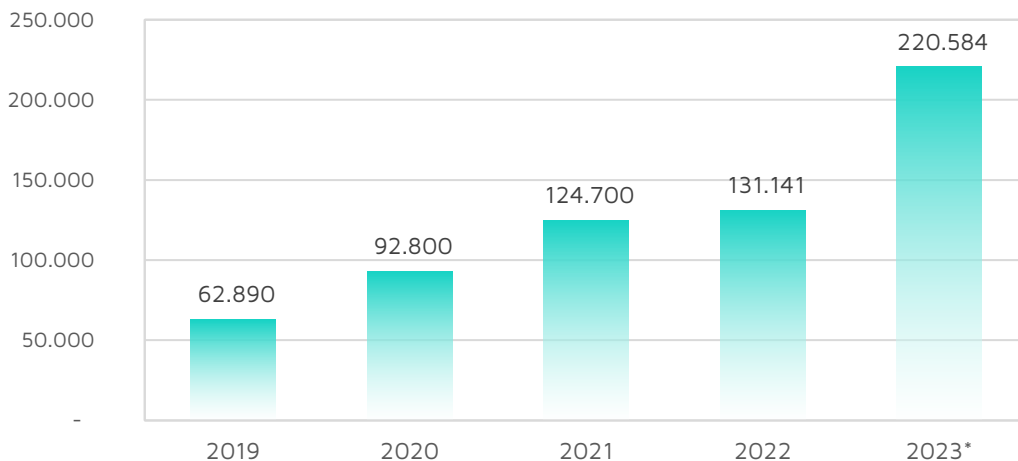
THE INVESTMENTS VOLUME IN THE RETAIL SECTOR

The property investment sector in the first half of the year (H1 2023) have attracted a volume of 210.2 mil. euro. The retail segment represent just 6% of total investment market, with 35.5 million Euro. The largest retail transaction was the purchase of 50% of the company that owns 2 retail parks inaugurated last year, under the Family brand, in the surrounding areas of Iasi, for 10 million euro; the buyers was W & E Assets, a private investor and the seller was Iulius Group.

Several large transactions are in the pipeline and are expected to close in the second half of the year. The first in this series is the purchase of Liberty Center (25,700 SQM surface), by retailer Jumbo (Greece), from a group of lending banks (Eurobank EFG, Alpha Bank and Bank of Cyprus), In the future, Jumbo will use his own toys & decorations store like mall' anchor and will refurbish the retail spaces.

SUPPLY

Retail park deliveries continue to have an increasing trend. Developers consider both surrounding areas of large cities, as well as smaller cities or cities where they bring for the first time a form of modern retail. In 2023, the milestone of 2 million square meters of commercial space in retail parks will be exceeded, which means that their stock is approaching that of malls in volume.



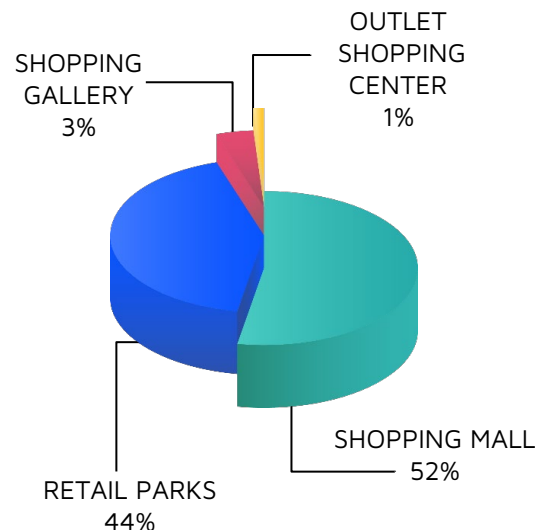
SHOPPING MALL SEGMENT

In 2023, developers prepares to delivered 5 shopping mall, with total surface at 141,917 sqm GLA, an area almost 8 times larger than last year. In 2022, the only important delivery on the modern retail market in Bucharest is extension of Colosseum Mall, with 16,000 sqm GLA.

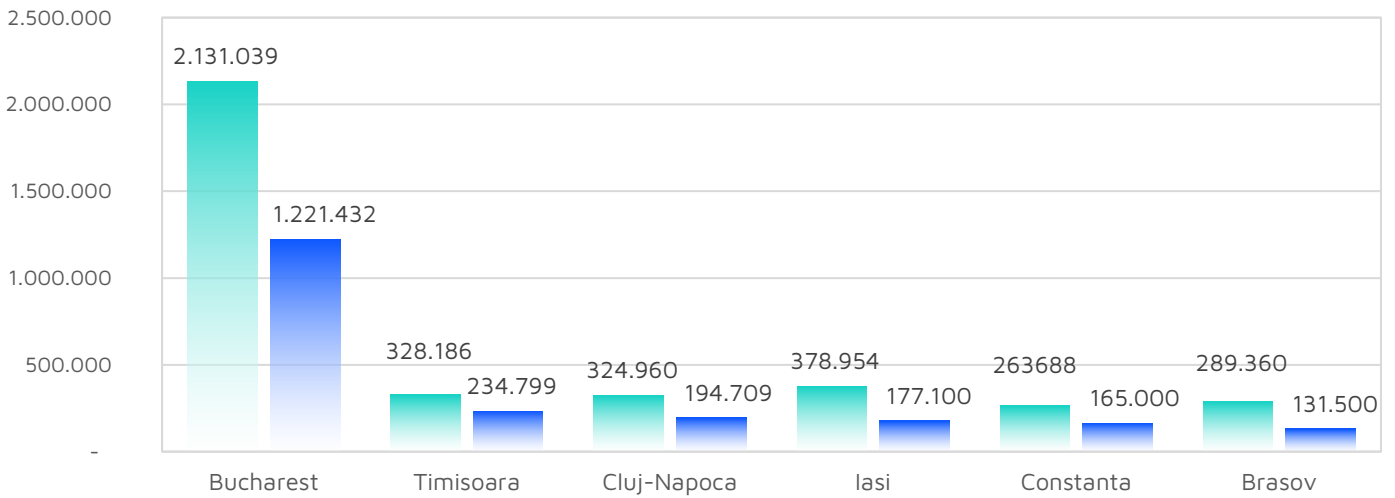
However, the share of malls in the total market decreases slightly, from 53% in 2022 to 52% in 2023. The growth rate of the retail parks segment is higher than that of malls, their share in the market increasing from 42% in 2022 to 44% in 2023.

At the beginning of 2023, there were 2,276,417 sqm of mall spaces in Romania, 1,926,538 sqm of retail parks.

MODERN RETAIL SPACE BY FORMAT (SQM)



MODERN RETAIL STOCK IN MAJOR CITIES, H1 2023



Last year, developers considered Bucharest, Timisoara, Cluj-Napoca and Iasi.

In 2023, modern stores will open in Craiova, Alba Iulia, Sibiu and Bucharest again follow.

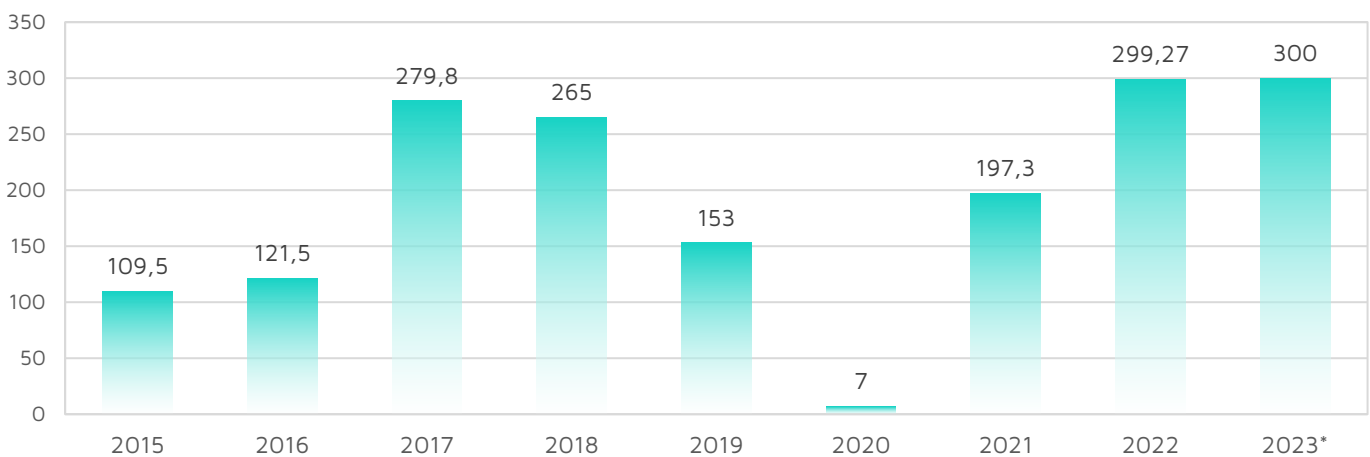
In 2023, **in the Romanian market entered new retailers** such as HalfPrice (Poland), Lefties (Inditex, Spain) and Jimmy Key (Turkey). HalfPrice is a modern department store that is installed on the ground floor of malls, in spaces vacated by supermarkets and hypermarkets, in the process of reducing the sales area. The first HalfPrice will be in AFI Cotroceni Mall and will occupy part of the Auchan space.



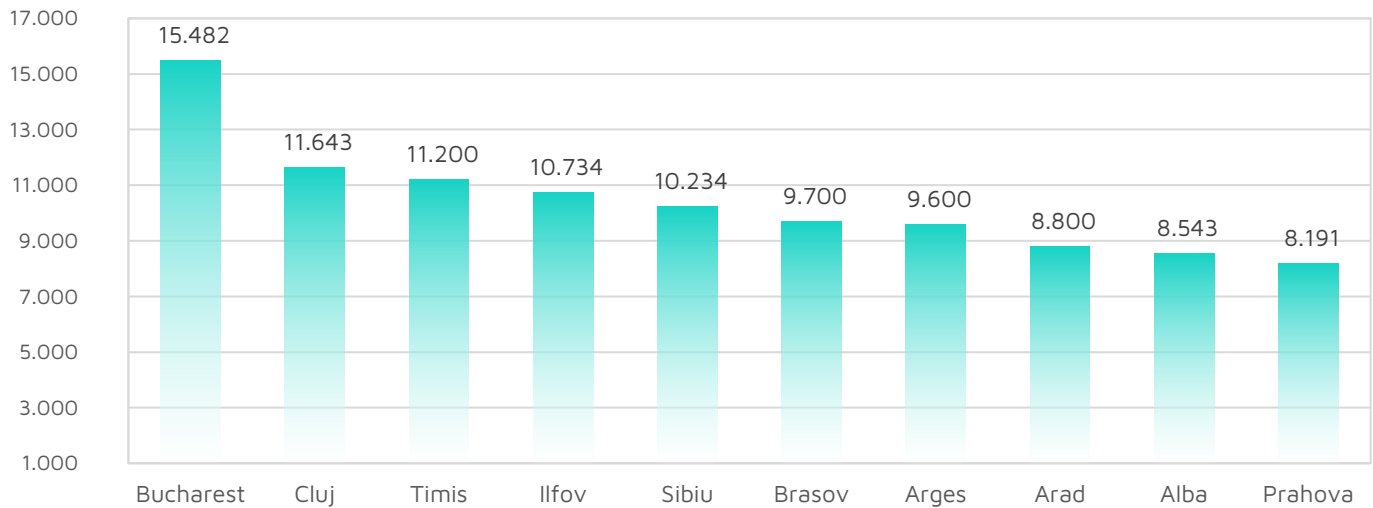
HALFPRICE PRESENCE IN EUROPE

In addition to traditional retail, the on-line commerce contributes to developments. It is estimated by GPeC that, in 2023, e-commerce will be more of 6.5 billion EUR.

INVESTMENT MARKET IN RETAIL PARKS SEGMENT (mil. euro)



PER CAPITA PURCHASING POWER IN EUR



THE PURCHASING POWER INCREASE IN BUCHAREST AND IN CLUJ-NAPOCA

The average per capita purchasing power in Romania in 2022 was 8,018 euro and continues to grow, according to Gfk study, but the top Romanian first 10 counties exceed the national average.

In Bucharest, in 2022, the average per capita purchasing power rises to 15,482 euro (from 10,173 euro, in 2020, +52%). This value representing of 187% compared to the country's average. Therefore, it is no surprising that Bucharest concentrates a stock of 1.2 million square meters of modern spaces, one third of the total stock in the country. The first large delivery, Promenada Mall extension, of 34,000 square meters, is estimated only in 2025. Sooner, in 2023-2024, just few commercial galleries will be put into use, in the new residential areas, with high density.

Cluj County climbed to second place in the average per capita purchasing power, with 11,643 euros. New retail spaces are provided in large, mixed-use developments, like Iulius project, but not before 2025-2026.

EXPERT COMMENT



Nicolae Ciobanu
Head of Advisory

Over the past year, there has been an excited return of people to physical stores after the pandemic and a slight drop in online sales in Romania. Overall, sales increased by 2.5% from June 2022 to June 2023, while online sales fell by 5.7%. But the future belongs to retailers who will manage to bring digitization to physical stores to create new shopping experiences. Customers will expect a discover brand experience both in the physical store and in the online magazine, but also in the social media or mobile App.

In terms of dividing private consumption by product types, the first in the top are pharmaceutical, cosmetics and perfumery stores, which had the highest growth, + 24.6%, in the last year and the second in the top are clothing stores, + 10.4%.

Through retail parks and mixed-use projects, developers have managed to bring closer to consumers retailers of clothes, cosmetics, pharmaceuticals and services such as hairdressers, banks and laundry. In the future, it will be the turn of small furniture and decoration retailers to come as close as possible to customers, to enter deeper and deeper into neighbourhoods where there are residents with average and above average incomes.



NEW ENTRIES IN ROMANIA IN 2023

TOP PIPELINE 2023-2025

PROPERTY NAME	CITY	TOTAL RENTABLE AREA / GLA (SQM)	OWNER / LANDLORD	RETAIL TYPE	YEAR BUILT
ERA SHOPPING PARK MOLDOVA MALL: EXTENSION	IASI	58.600	MAS REAL ESTATE FINANCE S.R.L	SHOPPING MALL	2024
PROMENADA MALL CRAIOVA	CRAIOVA	78.500	NEPI ROCKCASTLE (NEPI INVESTMENT MANAGEMENT)	SHOPPING MALL	2023
ARGES MALL	PITESTI	52.100	PRIME KAPITAL	SHOPPING MALL	2024
AFI ARAD	ARAD	32.000	AFI EUROPE	RETAIL PARK	2023
ALBA IULIA MALL	ALBA IULIA	28.900	PRIME KAPITAL	SHOPPING MALL	2023
PRIMA SHOPPING CENTER	SIBIU	70,000	OASIS	RETAIL PARK	2023
IULIUS MALL SUCEAVA II - RETAIL PARK	SUCEAVA	14.000	IULIUS GROUP SRL	SHOPPING MALL	2023
FUNSHOP RETAIL PARK MOSNITA NOUA	MOSNITA	10.600	SCALLIER INVESTMENT S.R.L.	RETAIL PARK	2023
FUNSHOP RETAIL PARK VASLUI	VASLUI	9.975	SCALLIER INVESTMENT S.R.L.	RETAIL PARK	2023
SHOPPING PARK GIURGIU	GIURGIU	9.300	MITISKA REIM	RETAIL PARK	2023
FUNSHOP RETAIL PARK TURDA	CLUJ-NAPOCA	9.082	SCALLIER INVESTMENT S.R.L.	RETAIL PARK	2023
COSMOPOLIS PLAZA -EXTENSION	BUCURESTI	13.600	COSMOPOLIS	RETAIL PARK	2023
PRIMA SHOPS	LUGOJ	12.000	OASIS	RETAIL PARK	2023
FUNSHOP RETAIL PARK VLADIMIRESCU (ARAD)	ARAD	7.000	SCALLIER INVESTMENT S.R.L.	RETAIL PARK	2024
GREENFIELD PLAZA	BUCURESTI	6.730	IMPACT DEVELOPER & CONTRACTOR	RETAIL PARK	2023
SHOPPING PARK PITESTI	PITESTI	12.500	MITISKA REIM	RETAIL PARK	2023
SLOBOZIA VALUE CENTER EXTENSION	SLOBOZIA	4.300	PRIME KAPITAL	RETAIL PARK	2023
ZACARIA RETAIL PARK CISNADIE	CISNADIE	9.000	ZACARIA	RETAIL PARK	2023
PROMENADA MALL EXTENSION	BUCHAREST	34.000	NEPI	SHOPPING MALL	2025



CONTACTS

Costin Nistor
Managing Director
Romania
costin.nistor@fortim.ro

Nicolae Ciobanu
Managing Partner
Head of Advisory
nicolae.ciobanu@fortim.ro

Bogdan Cange
Managing Partner
Business Development
bogdan.cange@fortim.ro

Stefan Oană
Head of Capital Markets
Romania
stefan.oana@fortim.ro

Diana Noje
Leasing Specialist
Office Agency
diana.noje@fortim.ro

Maria Neda
Deputy Head PR & Research
Romania
maria.neda@fortim.ro

Bianca Batin
Office Consultant
Romania
bianca.batin@fortim.ro

FORTIM TRUSTED ADVISORS SA

America House Office Building, Bld. Nicolae Titulescu 4-8,
West Wing, 2nd Floor, District 1, Bucharest.
Tel: +40 21 312 70 00 Fax: +40 21 312 70 01
office@fortim.ro / www.fortim.ro / [linkedin.com/company/fortim-trusted-advisors/](https://www.linkedin.com/company/fortim-trusted-advisors/)

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