

CBRE Report: Romania's Retail Market Thrives. Sales and Traffic Figures Surpass Pre-Pandemic Levels



CBRE, the global and national leader in commercial real estate services and investments, reveals that despite many challenges faced by the retail market the industry shows a great evolution. Sales and traffic figures registered in the first half of 2023 are higher than the similar period of 2019, considered the best year for retail in Romania, according to the Turnover Retail 2023 market study powered by CBRE.

„The financial results of 2022 confirm that the Romanian companies are aligned with the trend across the CEE region where total sales are mostly at or above the record year 2019. For 2023 the expectations are higher but remain under great incertitude, with retailers' main concerns being inflation and reduced purchasing power which can have a great impact on their sales. But we see that retailers are targeting higher process efficiency and supply stabilization, almost half, 45%, plan to invest in software solutions. Moreover, sustainability to become embedded in retailers' work culture and the omnichannel approach is a major point in the strategy of the retailers. We also see a shifting focus in Romania's retail market, counterbalancing the dominance of traditional formats. More than half the retailers would like to locate new physical stores in regional shopping centres, followed by city centre high streets and retail parks”, stated **Carmen Ravon**, *Head of Retail Occupier CEE, CBRE*.

Economic growth and stability determined an increase in consumer spending annual growth of 21% in 2022. When analyzed, 2022 against the 2019 data, shopping centers managed to surpass the 2019 total turnover by 16%, while retail parks show a decrease of 5%.

This extensive analysis is based on CBRE's internal retail database and publicly available financial data from the Romania Ministry of Finance. The study delves into various aspects of Romania's retail market, shedding light on significant trends and developments.

„For the purpose of the study, we analyzed 449 SPVs of Romanian companies split by the domain of activity in sectors and sub-sectors, as well as 92 retail schemes with a total GLA representing more than half (63%) of the country's modern retail stock. The financial results reveal a clear scaling up of the business, with an expected impact in the forthcoming period”, stated **Daniela Gavril**, *Head of Research, CBRE Romania*.

- **Retailers - financial figures on an upward trend**

Shopping centers and retail parks across the country showed their resilience towards the challenging regulations imposed for health and security reasons and initiated the recovery process, recording annual increases in the last

two years. According to the „Turnover Retail” market study, retail schemes completed 2022 with a positive yearly increase in aggregated turnover volumes, surpassing EUR 1.0 bln. milestone and marking a 5% increase when compared with the total amount registered for 2019 - a reference year for the retail market in terms of sales, footfall, new supply, and the last year before de sanitary crisis. Thus, when comparing the sum of the turnover registered in 2022 with the ones from 2021, at the national level, shopping centers marked an 18% YoY increase, and 2% retail parks. But, when analysed 2022 against the 2019 data, shopping centers managed to surpass the 2019 total by 16%, while retail parks show a decrease of -5%.

"As we still navigate a post-pandemic landscape, the trends are becoming clearer: our shopping centers and retail parks are not only resilient but poised for a remarkable resurgence. In fact, Fashion, Food & Beverage, and Leisure sectors have led the charge with impressive annual increases of 33%, 26%, and 23%, respectively. These figures not only signify recovery but a return of consumer confidence and appetite. The road ahead promises a dynamic retail sector, with growth rates ranging from 28% to an astonishing 50% when compared to pre-pandemic levels. The story of our retail landscape is one of adaptation, tenacity, and ultimately, a promising future." ”, added Daniela Gavril.

The same analysis but against 2019 reveals the real facet of retail activity picking up at pre-pandemic levels, where industries such as Fashion, Food, Speciality Retail, Food & Beverage and Services concluded the year 2022 with turnover growths ranging from 50% to 28%. Buyers' consumption appetite returned as well after the lockdown when such industries faced the greatest impairments, but now their comeback is mirrored in the 2022 financial results.

- **Investors keep adding modern stock to the Romanian retail market**

By the end of 2022, the modern stock reached 4.00 mln. sq m threshold after constant yearly deliveries. In the first half of the current year Romania retail stock gathers circa 4.15 mln. leasable sq m of modern shopping centers and retail parks spread throughout the country. The total volume of modern retail spaces increased by 22,000 sqm in the first three months of the year, after an investment of 9 million euros in two retail parks. Other small to medium-sized retail schemes or added to the country's modern stock, thus in the first half of 2023 the combined surface is totaling 69,300 sq m. At the country level, the share of retail parks in modern retail stock is constantly growing, at the end of the first half of 2023 claiming 39%.