

Retail market

The positive economic growth recorded during the last 2 years, corroborated with the evolution of the retail sales encouraged developers to initiate the construction works for large format retail developments (Mega Mall, Parklake Plaza, Kaufland hypermarkets) or to carry out the procedures to implement off plan projects. A similar tendency is recorded in regional cities that have a very limited stock of modern retail developments. The extension of discounters was a characteristic of the retail market in 2013.

The Bucharest market recorded the opening of Promenada Mall that added 35.000 sq m to the existing stock. During 2014-2016, a number of 3 new commercial developments are proposed for completion: Mega Mall (60.000 sq m), Parklake Plaza (63.000 sq m) and Victoria City Lifestyle (35.000 sq m).

DIY segment was significantly affected by the reduction in the construction activity on the residential segment. Bricostore was affected by the drop in the sales. In 2013, Bricostore network (15 stores) was acquired by the UK based group Kingfisher that plans to extend the number of stores on the medium term.

Demand for on street retail units was sustained by proximity stores, some of them being represented by small format (Carrefour Express, La Doi Pasi) of large retail chains (Carrefour, Metro). On the supermarket segment, Mega Image is the leader of expansions. This retailer covers also the segment of proximity stores (Shop & Go) directly competing the stores of large retailers. On this segment, demand was sustained by supermarkets, groceries, garment and footwear stores, service providers (insurance, medical services, travel agencies).

The relatively high level of availability for on street retail units generated a reduction in the rental levels on this segment. Demand is active, but the economic activities carried out within the leased premises are not able to sustain the occupancy costs, forcing tenants to vacate the occupied spaces. This segment has a higher degree of uncertainty, beside the general factors that influence the retail market, an important role is played by micro-location. In general, monthly rents for on street retail units in Bucharest fluctuate between €30-50/sq m in centrally located areas, between €10-25/sq m in secondary areas and between €5-15/sq m in peripheral areas.

Demand on shopping center segment was generated by fashion and footwear retailers and service providers. On this segment, the fluctuation of tenants is more reduced, their typology being limited by the tenant mix imposed by the owner of the shopping center.

Shopping center segment did not recorded significant fluctuations of the rental levels. Within shopping centers located in large cities, rental levels fluctuate between Euro 25-40/sq m/month for small areas and between Euro 6-12/sq m/month for large or anchor tenants.

Rental levels for on street retail units and spaces located within shopping centers will remain comparable with those recorded in 2013. The market will grow on shopping center, hypermarket and proximity store (supermarket) segments. Extensions will be recorded also in regional cities that have a low level of modern retail stock. At the same time with the completion of shopping centers in middle size towns, fashion and footwear stores will continue their expansion at the national level in order to benefit of lower occupancy costs and proper retail units that meet specific requirements.