

Quick Stats

	Change from	
	H2 10	H1 11
Stock	↑	↑
Prime rent	→	→

Hot Topics

- The highest level of supply was due to an exceptional Q4 that brought some 200,000 sq m of new retail space to the market.
- When pipeline properties currently under construction are delivered the retail stock will increase by 11% and the level of retail stock per 1,000 inhabitants will rise to 130 sq m.
- Supermarket and discounter operators were among the winners of 2011, some of them reaching over 100 operational units each at the end of 2011 (Profi, Mega Image, Lidl).
- Bucharest continues to be a magnet for newcomers like New Look, Leroy Merlin and Valentino, while Escada, Burberry and Max Mara will open or re-open units during the first months of 2012.

OVERVIEW

• Highest level of new supply since 2008

In H2 2011 approx. 230,000 sq m of new retail space were completed throughout Romania, comprised of the major schemes being opened in cities such as Constanta (Maritimo Center), Arad (Galleria), Oradea (Oradea Shopping City) or Craiova (Electroputere Parc). This represents the highest level of new supply since 2008, when approx. 435,000 sq m of retail space were opened. At the present time the modern retail stock stands at approx. 2.6 million sq m.

• Retailer expansion

International retailers continued their expansion in Bucharest and also in the regional cities. Fashion retailers like H&M, Inditex brands, C&A, NewYorker were the most active players on the market, alongside food retailers such as Mega Image, Profi, Lidl, Carrefour, Cora or Auchan. Among the new international names that entered the market during the past six months were New Look and Leroy Merlin. On the luxury market Valentino launched their new store, while Escada and Burberry are expected in 2012.

• Prime retail space in major cities still in high demand

Prime properties are being targeted by both newcomers and also by the existing international retailers and developers. Bucharest and cities such as Iasi, Constanta, Craiova or Brasov will register an increase in the shopping center stock in the next three to four years, sustainability being the biggest concern. Turnover rents are still applied especially to anchors and the large size retailers, whilst hypermarket, DIY and cash & carry operators were the most active in recent land transactions throughout the country.

• Prime rent stable in the past several quarters

The prime rent for both on-street retail spaces (EUR 70 / sq m / month) and for shopping centers (EUR 50 / sq m / month) recorded no changes for the last two quarters of 2011, compared to previous quarters. No significant variations are expected in the near future as the local market is stable despite European economic turmoil.

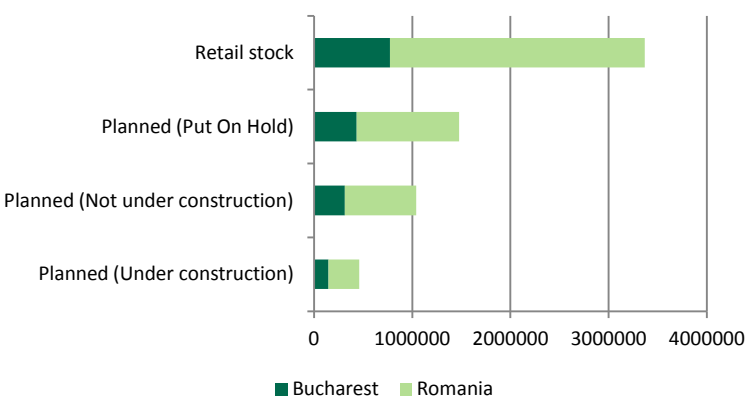
• Pipeline focused mainly on over 180,000 inhabitants cities

Currently there are 287,000 sq m of retail space under construction in Romania, which are due to be delivered in 2012 and 2013. When opened these new centers will bring the stock close to 2.8 million sq m, a ratio of 130 sq m of modern retail space per 1,000 inhabitants (compare this to 120 sq m at the end of 2011, 230 sq m in Poland, 200 sq m in Hungary, 180 sq m in Czech Republic and 80 sq m in Bulgaria).

Major Retail Indicators H2 2011

Retail Indicator	H2 2011
Modern retail stock	2,596,850 sq m
New retail supply in H2 2011	229,705 sq m
Forecast Completions H1 2012	103,770 sq m
Prime Rent (On-Street Bucharest) Q4 2011	70 €/ sq m/ mth
Prime Yield (On-Street Bucharest) Q4 2011	10.25%
Prime rent (Shopping Centers) Q4 2011	50 €/ sq m/ mth
Prime yield (Shopping Centers) Q4 2011	8.75%

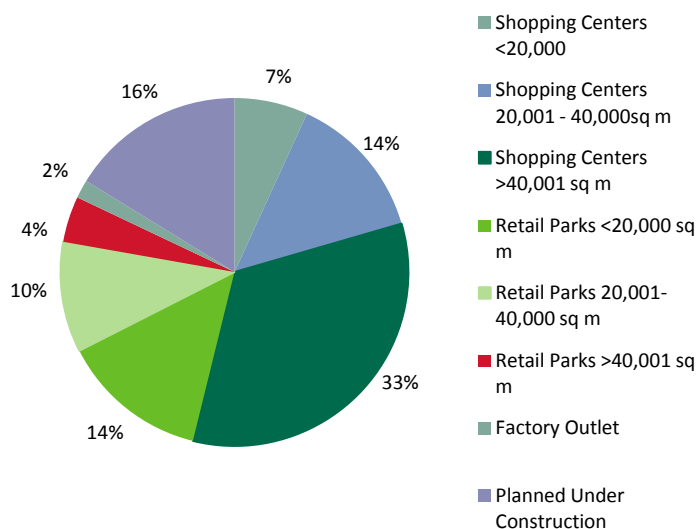
Retail Stock & Pipeline Bucharest & Romania as at Q4 2011



Retail schemes under construction in Romania (selection)

Retail Scheme	GLA (sq m)	Developer	City
Cora	18,630	Romania Hypermarche	Bacau
Cora Rahova	15,000	Romania Hypermarche	Bucharest
Cora	10,000	Romania Hypermarche	Slobozia
Palas	53,800	Iulius Group	Iasi
InterCora Mihai Bravu	12,800	InterCora	Bucharest

Split of modern retail space in Bucharest by retail segment as at Q4 2011



STOCK & PIPELINE ROMANIA

The majority of the shopping centers delivered in H2 2011 are located in regional cities. The biggest schemes were Maritimo Shopping Center in Constanta (50,000 sq m), Electroputere Parc in Craiova (43,000 sq m opened so far), Galleria in Arad (33,000 sq m) and Oradea Shopping City (30,000 sq m). Other schemes that were part of the new supply are European Retail Park Botosani, InterCora Ploiesti, Colosseum Bucharest (the first stage of phase I), plus the extension Jupiter in Pitesti and Baneasa Shopping City.

The volatility of pipeline development is evident in Romania. Only 15%, of more than 2 million sq m of retail space in various stages of planning, are under construction (meaning 314,000 sq m). Schemes planned for opening in 2012 are: Cora Bacau, Bucharest and Slobozia, Palas Iasi and InterCora Bucharest. Other projects with a high probability of completion in 2012 are European Retail Park in Deva, and in Bucharest AFI Laromet Bucharest and the second stage of phase I within the Colosseum project Both are located in the North-Western area of the Capital. If completed these schemes would add some new 200,000 sq m to the Romania's shopping center stock by the end of 2012.

BUCHAREST

The Bucharest retail space stock is dominated by the shopping centers with more than 40,000 sq m GLA, followed by those with areas between 20,000 and 40,000 sq m GLA. The retail parks are well represented, accounting for 28% of the stock with areas ranging from below 20,000 sq m to over 40,000 sq m. There is only one operational outlet center in Bucharest to date.

The on-street activity was dominated by supermarkets who leased premises throughout the city (Mega Image and Shop & Go - over 15 units opened in 2011, Carrefour Express - 3 units and Carrefour Market - 5 units).

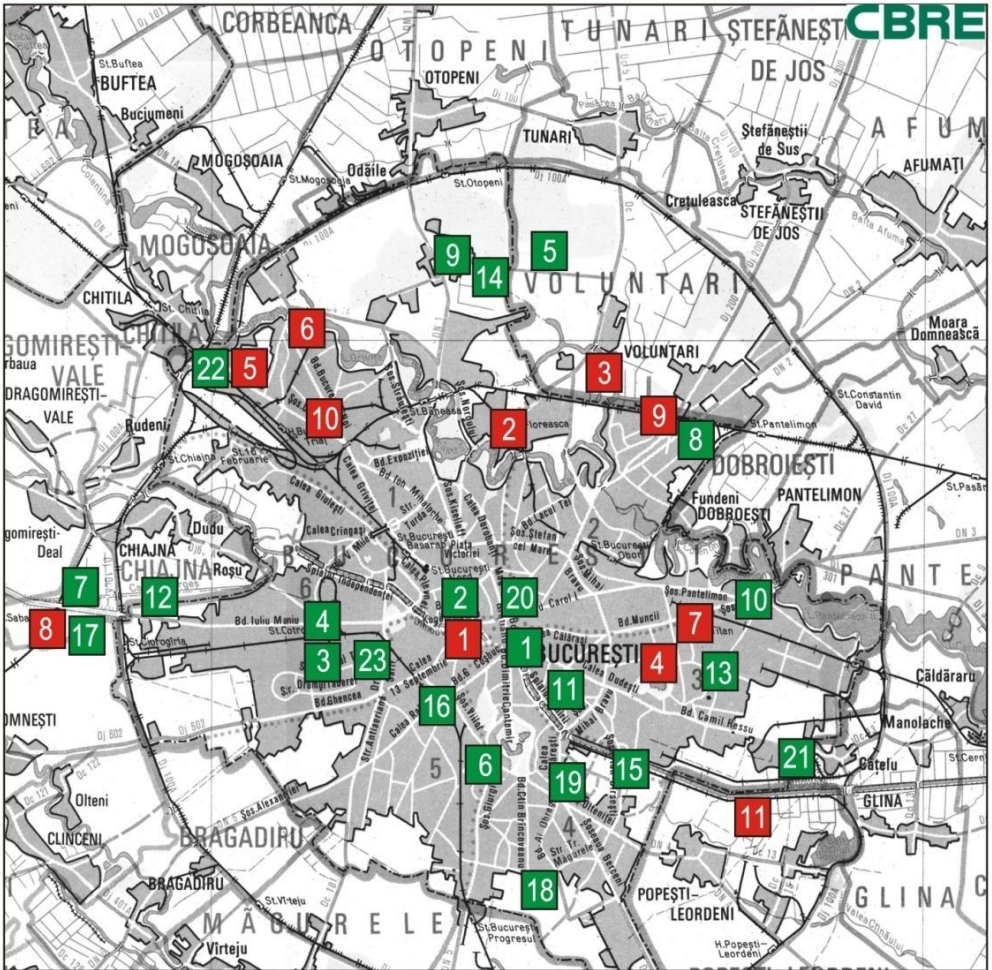
The luxury and upmarket sector saw the opening of the first Valentino shop in Romania, plus a relocation of the Stefanel within a villa in Romana Square. In the near future Burberry, Max Mara and Escada will enter the market.

INVESTMENT ACTIVITY

The investment volume for H2 2011 was dominated by retail products - 79% of transacted schemes were shopping centers:

- ARGO Real Estate Opportunities Fund became the major shareholder of ERA Shopping Parks in Oradea and Iasi;
- City Mall was sold at auction for EUR 17 million, after the previous owner was declared bankrupt at the beginning of 2011;
- Macromall Brasov was sold by Carpathian in November 2011.

Bucharest retail competition map



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| <ul style="list-style-type: none"> ■ Existing schemes 1. Unirea Shopping Center 2. Carrefour Orhideea 3. Plaza Romania 4. Cora Lujerului 5. Jolie Ville 6. City Mall 7. Carrefour Militari 8. Carrefour Colentina 9. Feeria Shopping Center 10. Cora Pantelimon 11. Bucuresti Mall 12. Militari Shopping 13. Auchan Titan & Iris Shopping Center 14. Baneasa Shopping City 15. Vitantis Retail Park 16. Liberty Center 17. Fashion House Outlet Center (West Park) 18. Grand Arena 19. Sun Plaza 20. Cocor 21. Estrada 22. Colloseum Phase I 23. AFI Palace Cotroceni | <ul style="list-style-type: none"> ■ Proposed or under construction schemes 1. Casa Radio 2. Promenada Mall 3. Galleria 4. ParkLake Plaza 5. Colosseum phase II 6. AFI Laromet 7. Mega Mall 8. Mega Designer Outlets 9. Colentina Mall 10. Victoria City 11. Pallady Shopping Park |
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For More information regarding this MarketView, please contact:

Marius Ene
Research Manager

CBRE
Europe House,
51 – 53 Lascar Catargiu Blvd.,
Sector 1, Bucharest

t: +40 21 313 10 20
e: marius.ene@cbre.com

Luiza Moraru
Head of Retail Department

CBRE
Europe House,
51 – 53 Lascar Catargiu Blvd.,
Sector 1, Bucharest

t: +40 21 313 10 20
e: luiza.moraru@cbre.com

Razvan Iorgu
Managing Director

CBRE
Europe House,
51 – 53 Lascar Catargiu Blvd.,
Sector 1, Bucharest

t: +40 21 313 10 20
e: razvan.iorgu@cbre.com

