

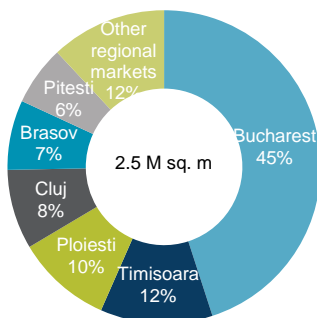


Supply

Throughout 2016 the industrial & logistics stock in Romania increased by 20% and reached 2.5 million sq. m. With a stock exceeding 1.1 million sq. m, Bucharest remains the largest market. Outside Bucharest, the existing supply is of 1.4 million sq. m, the vast majority being divided between five regional markets: Timisoara, Ploiesti, Cluj, Brasov and Pitesti.

Figure 1

Romania industrial & logistics supply by region

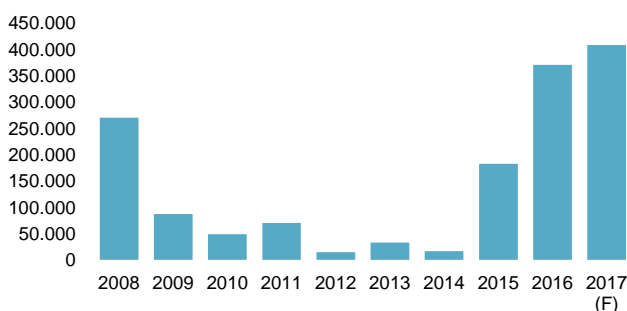


Source: C&W Echinox

In 2016 more than 370,000 sq. m of industrial & logistics spaces were completed. This represents the highest level recorded so far in Romania. For this year, new supply is projected to be higher by 8%, given that around 400,000 sq. m are scheduled for completion. Most of the space will be delivered in Bucharest, ~75%, followed by Timisoara - 14%, Cluj – 7% and Brasov – 4%.

Figure 2

New industrial & logistics supply evolution (sq. m)



Source: C&W Echinox

Demand

Last year net take-up reached record heights, confirming that within the CEE region Romania is a viable location for industrial & logistics occupiers. Demand amounted approx. 400,000 sq. m and was mostly divided between new leases and prelease agreements.

Bucharest attracted marginally over 60% of the net take-up, with 245,000 sq. m transacted. Outside Bucharest the most active regions in terms of demand were Timisoara, with 30% share of net take-up and Cluj, with 7%.

Most of the major deals closed last year were recorded in Bucharest and were performed by logistics and e-commerce players. Delamode signed 10,000 sq. m in AIC Industrial Park and E-mag rented 28,000 sq. m in P3 Logistics Park. Outside the capital city, the some of the largest transactions were concluded in Braila, Timisoara and Cluj. HeyForm leased 13,400 sq. m in Helios Phoenix's Olympian Park, while Profi pre-leased 11,500 sq. m in CTP Park Cluj

Table 1

Major transactions 2016

Company	GLA (sq. m)	Project	Region
E-mag	28,000	P3 Logistics Park	Bucharest
Delamode	10,000	AIC Industrial Park	Bucharest
Altex	15,000	P3 Logistics Park	Bucharest
HeyForm	13,400	Olympian Park	Timisoara

Source: C&W Echinox

Considering that in the first 11 months of last year retail sales in Romania increased by 14.2% y-o-y, the most dynamic tenants in 2016 were companies from E-commerce and Logistics, with a share of ~30% and 26% of net take-up. Automotive companies continued to be active as well and ranked third in terms of demand, with a share of 23% of net take-up.

Vacancy rate end of 2016

Romania		
4%		
Bucharest	Ploiesti	Timisoara
3%	5%	6%
Cluj, Oradea, Pitesti, Brasov		
0%		

Source: C&W Echinox

Occupancy costs

In terms of occupancy costs for industrial & logistics spaces, Romania is one of the most competitive markets in Europe.

At the end of 2016 the rental levels have remained relatively stable. Prime headline rents for A-class units are between 3.85 – 4 EUR /sq. m /month. For units below 5,000 sq. m, the rental level is marginally above and can exceed 4 EUR /sq. m/ month. In addition to the rent, a service charge allowance applies, ranging between 0,6 – 0,93 EUR /sq. m /month, covering property tax, insurance, exterior security, technical maintenance costs, landscaping.

Table 2
New supply 2017

Project	GLA (sq. m)	Developer	Type	City
LogIQ Mogosoaia	40,000	Logicor	Speculative	Bucharest
CTPark Bucharest West & CTPark Bucharest	120,000	CTP	Speculative	Bucharest
P3 Park Bucharest	64,000	P3	Speculative	Bucharest
WDP Park	20,000	WDP	Speculative	Timisoara
VGP Park	20,000	VGP	Speculative	Timisoara
Transilvania Logistics Park	13,000	Transilvania Constructii	Speculative	Cluj

Source: C&W Echinox

Outlook

Given the economic growth based on private consumption and investments, demand for industrial & logistics spaces in Romania is set to follow the same uptrend. Retail & E-commerce and Logistics & Distribution companies will continue to look for options in their quest to accommodate operations. Developers are confident and determined to keep up with tenants' needs. With around 400,000 sq. m planned for completion, 2017 might hold a new record in terms of supply.

Bucharest will continue to lead in terms of new stock, since this year approx. 300,000 sq. m are scheduled for delivery in this market alone. Outside the capital city, industrial & logistics markets such as the hub Cluj Napoca – Turda or the region of Timisoara are attracting the attention of both developers and occupiers.

Map 1

Romania – Largest industrial & logistics markets 2016



City	Industrial & logistics stock (sq. m)	Share of total stock (sq. m)
1 Bucharest	1,131,000	45%
2 Timisoara	300,000	12%
3 Ploiesti	250,000	10%
4 Cluj	210,000	8%
5 Brasov	180,000	7%
6 Pitesti	155,000	6%

Source: C&W Echinox

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