

ROMANIA

Industrial Market Snapshot

First Quarter | 2017



Overview

The industrial & logistics market in Romania had a promising start in the first quarter of 2017, new supply being almost three times higher compared with the same period last year.

Demand was strong, coming especially from companies active in the Logistics/Distribution and Retail sectors. The rental level has remained relatively stable, with prime headline rents around €4.25/sq.m/month.

Occupier focus

In Q1 2017 demand for industrial & logistics spaces reached approx. 150,000 sq.m. The largest deals were performed by Retail and E-commerce occupiers. Since retail sales continued to increase throughout the quarter, demand was generated mainly by Retail/E-commerce and Logistics/Distribution companies, seeking to expand operations.

Bucharest attracted a little over 65% from the total take-up recorded in Romania throughout the first quarter of 2017. Outside Bucharest, transactions were closed in regions such as Timisoara, Ploiesti, Cluj Napoca and Roman.

Investment focus

The industrial & logistics segment attracted 44% from the total investment value recorded in Q1. Globalworth Real Estate, an investment company targeting opportunities in the CEE region, announced that it acquired a ~68,000 sq.m warehouse facility, fully leased by Dacia, a Romanian car manufacturer. Also, Helios Phoenix acquired 12,000 sq.m of logistics space located in Bucharest. The prime industrial yield stands at 8.75%.

Outlook

For 2017, more than 450,000 sq.m of industrial & logistics spaces are expected to be delivered, which will increase the total stock by ~17%. With a constant increase in private consumption, demand will continue to be strong, determining developers to keep up with tenants' needs.

MARKET INDICATORS

Market Outlook

Prime Rents:	Prime headline rents will continue to be stable, at the same level.	▶
Prime Yields:	With a limited number of projects available for sale, the yields are not expected to change.	▶
Supply:	New supply is forecasted to surpass the level recorded in the previous year.	▼
Demand:	Demand will continue to be strong, with occupiers focused on expanding operations.	▼

Prime Industrial Rents – March 2017

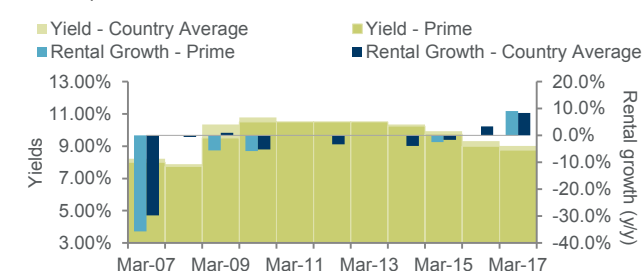
LOGISTICS LOCATION	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Bucharest	4.25	51.0	5.16	9.0	1.2
Brasov	3.75	45.0	4.55	7.1	0.8
Timisoara	3.75	45.0	4.55	7.1	0.8
Constanta	3.75	45.0	4.55	7.1	0.8

Prime Industrial Yields – March 2017

LOGISTICS LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Bucharest	8.75	8.80	9.00	12.00	7.50
Brasov	9.50	9.55	9.75	10.50	7.75
Timisoara	9.50	9.55	9.75	10.50	7.75
Constanta	9.50	9.55	10.00	10.50	7.75

With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

Recent performance



Mihaela Galatanu

Head of Research
 Floreasca II Business Center, 3rd Floor, 40-44
 Banu Antonache Street, Bucharest, 011665 |
 Romania
 Tel: +4 021 310 3100
mihaela.galatanu@cwechinox.com
cushmanwakefield.com / cwechinox.com