



Supply

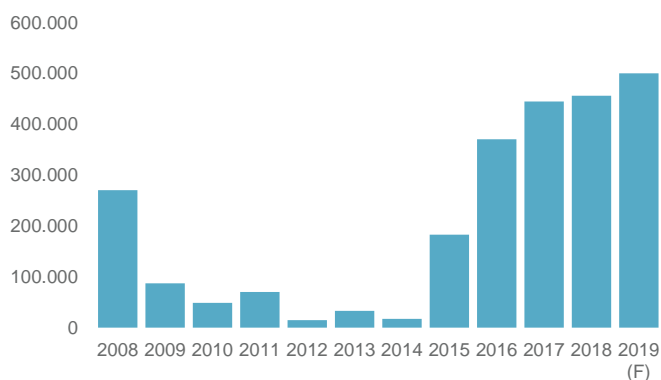
At the end of H1 2019, the industrial & logistics market in Romania reached 3.61 million sq. m. Bucharest remains the largest market, with almost 1.8 million sq. m, followed by Timisoara, which is rapidly approaching the 500,000 sq. m threshold.

Throughout the first half of the year, new supply amounted a little over 200,000 sq. m and was completed mainly in Bucharest, where projects totalling 115,000 sq. m were delivered.

For the second half of 2019, approximately 300,000 sq. m of industrial & logistics space are planned to be built. More than 60% of this pipeline is developed by WDP, which plans to deliver new spaces in Bucharest, Ploiesti, Deva and Oradea

Figure 1

New industrial & logistics supply evolution (sq. m)



Demand

During H1 2019, demand for industrial & logistics spaces in Romania was of approximately 234,000 sq. m. Almost 90% of the demand was represented by net take-up, with renewals and renegotiations covering the remaining 10%.

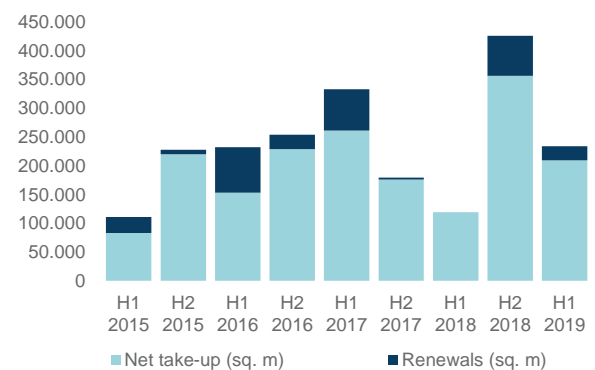
Bucharest remains the most sought-after destination, given that approximately 41% of the total demand was recorded in the capital city, representing the main logistics destination in Romania.

Regarding the industrial & logistics regional centers in the country, major transactions were recorded in Slatina with preleasing of Italian group Pirelli of 62,000 sq.m (26% market share) and respectively in Oradea, with a built-to-suit project for French group Sogefi.

Other cities with transactions in the first half of the year have been Timisoara (10%) and Ploiesti (4%).

Figure 2

Structure of demand H1 2015 – H1 2019 (sq. m)



Source: C&W Echinox

As a consequence, throughout H1 2019, the most active tenants were companies from the automotive sector, recording a total volume of 113,000 sq. m (48% share from the total take-up), followed by occupiers from a variety of sectors, such as general goods, archiving, industrial equipment & logistics.

Table 1

Major transactions in H1 2019

Company	GLA (sq. m)	Project	Region
Pirelli	62,000	WDP Slatina	Slatina
Sogefi	34,000	WDP Oradea	Oradea
Honeywell	17,000	Equest Logistics Park	Bucharest
NDB Logistica	11,900	Global Logistics Timisoara	Timisoara

Source: C&W Echinox

Vacancy rate end of H1 2019

Romania		
	6%	
Bucharest	Cluj	Timisoara
8%	9%	8%
Ploiesti, Pitesti, Brasov		
0 - 3%		

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.

In H1 2019, the rental levels have slightly declined for prime properties, given the significant new supply delivered during the previous four years. Prime headline rents for A-class units are between 3.7 – 4.1 EUR /sq. m /month.

For units larger than 5,000 sq. m, the net rental level is marginally below and can reach 3.5 – 3.6 EUR /sq. m / month. In addition to the rent, a service charge allowance applies, ranging between 0,6 – 0,9 EUR /sq. m / month, covering property tax, insurance, exterior security, technical maintenance costs and landscaping.

Table 2

New supply H1 2019

Project	GLA (sq. m)	Developer	Type	City
CTPark Bucharest West	68,000	CTP	BTS / Speculative	Bucharest
CTPark Cluj	22,000	CTP	Pre-lease / Speculative	Cluj
Olympian East Park	22,000	Helios Phoenix	Pre-lease / Speculative	Bucharest
Global Logistics Timisoara	18,000	Globalworth	Pre-lease / Speculative	Timisoara

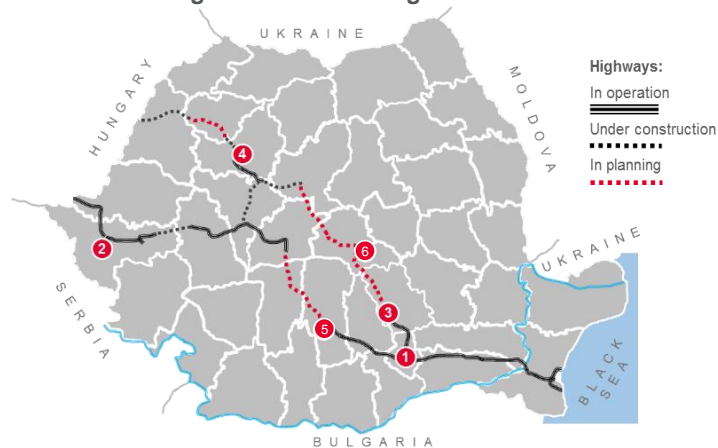
Source: C&W Echinox

Outlook

The industrial & logistics market in Romania continues the development phase which started in 2015, when it started to recover after the crisis. In this half-decade (2015 – 2019), the total stock doubled, from less than 2 mil. sq. m to almost 4 mil. sq. m, a level which is expected to be reached at the beginning of 2020. The market is expected to consolidate going-forward, with a limited number of players, such as CTP, WDP and P3, to have control over 80% of the stock.

Map 1

Romania – Largest industrial & logistics markets H1 2019



City	Industrial & logistics stock (sq. m)	Share of total stock
1 Bucharest	1,767,000	49%
2 Timisoara	495,000	14%
3 Ploiesti	350,000	10%
4 Cluj-Napoca	279,000	8%
5 Pitesti	233,000	6%
6 Brasov	220,000	6%

Source: C&W Echinox

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