MARKETBEAT

ROMANIA

Industrial Q2 2023

	YoY Chg	12-Mo. Forecast
4.8% Vacancy Rate	▲	▼
€4.50 Prime Rent, PSM	▲	▲
7.25% Prime Yield	▲	▲

(class A stock only)

ECONOMIC INDICATORS Q2 2023

	YoY Chg	12-Mo. Forecast
3.0 % GDP growth Q2 2023	▼	▼
5.9% Unemployment Rate	▲	▲
-4.8% Industrial Production	▼	▲
10.7% CPI (Q2 2023)	▼	▼

Source: Moody's Analytics

ECONOMY: Decreasing inflation and stable economic growth

The inflation rate has been on a downward trend in Q2, reaching an y-o-y level of 10.7% at the end of H1 2023 in Romania and it is expected to be in single digits from Q3 onward. The monetary policy rate has not been increased by the National Bank of Romania since January, remaining at 7.00% with possible downward shifts at the end of the year. The Q1 and Q2 economic growth has been solid (3.8% and 3% respectively), the local economy being one of the best – performing ones in Europe in a very challenging context characterized by inflationary pressures and also by numerous geopolitical issues. A consistent GDP growth of 2.6% is also forecasted for 2024, a year with 4 rounds of elections in Romania.

SUPPLY & DEMAND: Fewer available spaces, development activity is slowing down

The leasing activity on the industrial and logistics property market registered another strong quarter in Q2 2023, with a gross take-up of over 215,000 sq. m, bringing the transactional volume for the first half of the year at 547,000 sq. m, corresponding to a slight growth when compared with H1 2022. The new demand continues to be the main driver of the leasing market, with a share of 90% out of the Q2 2023 gross take-up and 72% overall in H1 2023. Moreover, the pre-lease agreements signed in H1 2023 amounted to over 40% of the net take-up, a demand which will be mainly accommodated in the projects planned to be delivered during 2024.

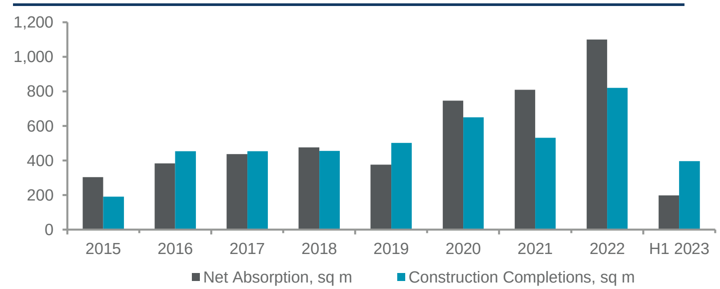
The largest transaction closed in Q2 2023 pertained to a pre-lease of 47,000 sq. m signed by Intercars within VGP Park Brasov, followed by a 25,000 sq. m expansion of the existing space contracted by Maersk - IB Cargo (the freight forwarding and logistics provider which operates the regional IKEA distribution center) in CTPark Bucharest West and by a new lease transaction of 12,600 sq. m concluded by EKR Elektrokontakt within Mures City Logistics.

The total modern stock reached 6.77 million sq. m at the end of June, as developers delivered new projects with a total leasable area of 202,000 sq. m across the country in the H1 2023, with 104,000 sq. m completed in Q2. The total development activity in H1 2023 slowed down when compared with H1 2022, when it accounted for 300,000 sq. m, as we estimate the new supply for the rest of the year at around 250,000 sq. m. The overall vacancy rate slightly decreased at a level of 4.8%, while a further drop is expected by the end of the year as a result of a more cautious approach taken by developers.

PRICING: Rents still under pressure

The prime rents in Bucharest and in the main industrial and logistics destinations in Romania stood at a level between €4.25 - €4.50 / sq. m / month in Q2 2023, with higher benchmarks applied to new projects located near Bucharest. Given the limited supply and the sustained ongoing demand, asking rents are expected to maintain this current upward trend in H2 and also in the first half of 2024.

SPACE DEMAND / DELIVERIES (SQM)



OVERALL VACANCY & PRIME RENT

MARKETBEAT

ROMANIA

Industrial Q2 2023

CUSHMAN & WAKEFIELD

MARKET STATISTICS

SUBMARKET	STOCK (SQM)	AVAILABILITY (SQ. M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ. M)	YTD TAKE-UP (SQM)	YTD COMPLETIONS (SQ. M)	UNDER CNSTR (SQ. M)	PRIME RENT (€/SQ M/MONTH)
Bucharest	3,372,800	187,700	5.6%	95,800	208,800	92,600	114,500	4.50
Timisoara	732,300	50,100	6.8%	2,800	87,800	-	43,000	4.25
Ploiesti	386,600	4,500	1.2%	-	-	9,000	-	4.25
Cluj - Napoca	420,100	19,900	4.7%	10,400	10,400	-	-	4.50
Brasov	372,000	12,500	3.4%	57,100	57,100	18,000	38,000	4.25
Pitesti	283,900	0	0%	-	30,000	-	-	4.25
Sibiu	160,800	7,900	4.9%	5,100	15,200	-	8,800	4.25
Other Cities	1,040,800	42,400	4.1%	44,600	137,700	82,600	132,000	4.25
ROMANIA	**6,769,300**	**325,000**	**4.8%**	**215,800**	**547,000**	**202,200**	**336,300**	**4.50**

KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	SIZE (SQ. M)	TYPE
VGP Park Brasov	Brasov	Intercars	47,000	Pre - lease
CTPark Bucharest West	Bucharest	Maersk - IB Cargo	25,000	Expansion
Mures City Logistics	Targu Mures	EKR Elektrokontakt	12,600	New lease

KEY CONSTRUCTION COMPLETIONS Q2 2023

PROPERTY	SUBMARKET	SIZE (SQ. M)	OWNER/DEVELOPER
CTPark Oradea (Cargo)	Oradea	39,400	CTP
WDP Park Slatina	Slatina	25,000	WDP
CTPark Bucharest South	Bucharest	16,700	CTP
CTPark Bucharest Chitila (Extension)	Bucharest	12,700	CTP

PIPELINE PROJECTS 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ. M)	OWNER/DEVELOPER
ELI Park Bacau	Bacau	-	37,000	Element Development
ELI Park 4	Bucharest	-	21,000	Element Development
VGP Park Brasov	Brasov	-	20,000	VGP
MLP Bucharest Park II	Bucharest	-	15,000	MLP Group

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