



Supply

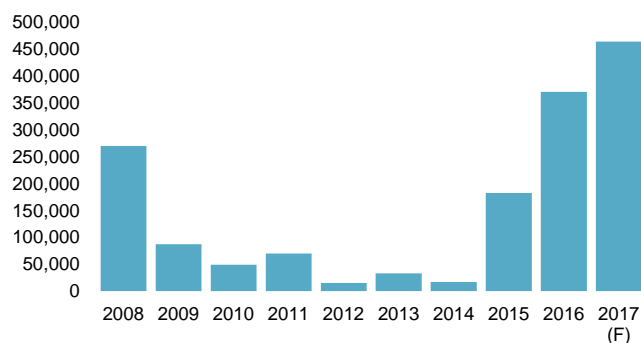
At the end of H1 2017, industrial & logistics stock in Romania reached 2.65 million sq. m. The largest market remains Bucharest, with almost 1.2 mil. sq. m, representing a share of 45% from the total stock. Outside the capital city, the largest markets continue to be Timisoara, with a share of 12% from the total stock, followed by Ploiesti – 9%, Brasov – 7% and Pitesti – 6%.

In the first half of 2017, approximately 80,000 sq. m of industrial & logistics spaces were delivered. A little over 65% from the total volume was completed in Bucharest. The rest of almost 30,000 sq. m was equally divided between Timisoara and Cluj.

For H2 2017, more than 400,000 sq. m are scheduled for completion. 56% of the space is expected to be delivered in Bucharest and 14% in Timisoara, followed by Pitesti – 9%, Cluj – 5%, Ploiesti and Sibiu, each with a 2% share.

Figure 1

New industrial & logistics supply evolution (sq. m)



Source: C&W Echinox

Demand

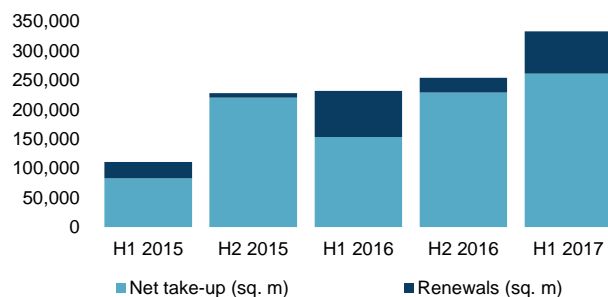
In H1 2017, the market continued to be dynamic. Throughout the first half of the year, approximately 350,000 sq. m were transacted. This represents a level with 40% higher, compared with the same period last year.

Out of the total volume of industrial & logistics space transacted in H1 2017, net take-up amounted more than 260,000 sq. m.

In terms of new demand, the most active market was Bucharest, accounting for 56% share, with approximately 150,000 sq. m transacted in the first half of 2017. Outside Bucharest, Pitesti and Roman attracted 12% each of the net take-up recorded, followed by Timisoara, with a share of 9%.

Figure 2

Structure of demand H1 2015 – H1 2017 (sq. m)



Source: C&W Echinox

Throughout H1 2017, the most active occupiers were companies operating in the Logistics & Distribution sector, with approximately 45% share, followed by the Retail sector – 21% and E-commerce – 12%.

Table 1

Major transactions H1 2017

Company	GLA (sq. m)	Project	Region
DSV	35,000	CTPark Bucharest West	Bucharest
Profi	27,000	WDP Park	Roman
Fildas	11,500	LogIQ Mogosoaia	Bucharest
CEVA Logistics	10,500	WDP Park	Pitesti

Source: C&W Echinox

Vacancy rate end of H1 2017

Romania		
4%		
Bucharest	Ploiesti	Timisoara
2%	5%	5%
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.

Throughout the first half of 2017, the rental levels have remained relatively stable. Prime headline rents for A-class units are between 3.75 – 4.25 EUR /sq. m /month. For units below 5,000 sq. m, the rental level is marginally above and can exceed 4.25 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, landscaping.

Table 2
New supply H2 2017

Project	GLA (sq. m)	Developer	Type	City
LogIQ Mogosoaia	40,000	Logicor	Speculative	Bucharest
CTPark Bucharest West	60,000	CTP	Speculative	Bucharest
P3 Park Bucharest	64,000	P3	Speculative	Bucharest
WDP Park	25,000	WDP	Speculative	Timisoara
VGP Park	20,000	VGP	Speculative	Timisoara
Transilvania Logistics Park	13,000	Transilvania Constructii	Speculative	Cluj

Source: C&W Echinox

Outlook

The Romanian industrial & logistics market is expected to continue to grow going forward. For the second half of 2017, another ~400,000 sq. m are scheduled for completion across the country. Taking into account the new deliveries expected to be completed by the end of the year, the stock will exceed the 3 million sq. m threshold at the end of 2017.

Sustained by a growing economic environment, VAT cuts and average income increases, demand continues to be strong. With an increasing number of companies looking to expand operations, investors focus on developing on a speculative basis – more than 60% from the units scheduled for completion are the subject of such type.

Map 1

Romania – Largest industrial & logistics markets 2016



City	Industrial & logistics stock (sq. m)	Share of total stock (sq. m)
1 Bucharest	1,200,000	45%
2 Timisoara	320,000	11%
3 Ploiesti	240,000	9%
4 Cluj	200,000	8%
5 Brasov	180,000	7%
6 Pitesti	155,000	6%

Source: C&W Echinox

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