



MARKETBEAT
INDUSTRIAL & LOGISTICS MARKET H1 2018
Cautious start for the market in H1 2018

Supply

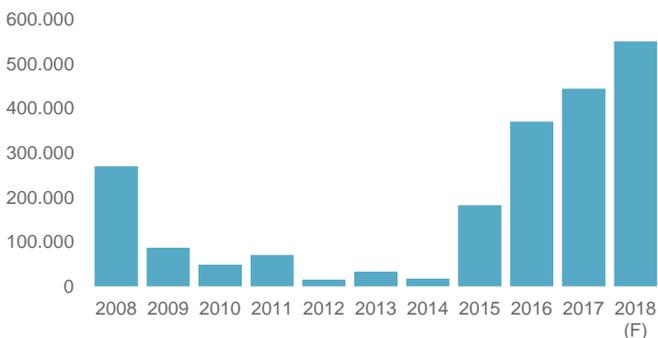
At the end of H1 2018, the industrial & logistics market in Romania reached 3.12 million sq. m. Bucharest remains the largest market, with almost 1.5 million sq. m, followed by Timisoara, with 400,000 sq. m of industrial & logistics space, representing a share of 13%, and Cluj – 8%.

Throughout the first half of the year, new supply amounted a little over 100,000 sq. m and was completed mainly in Bucharest – a share of 55%. It was followed by Roman, with a share of ~20% and Cluj - ~17%.

For the second half of 2018, approximately 450,000 sq. m of industrial & logistics space are planned to be delivered. More than half of the projects (54%) are located in Bucharest. Outside Bucharest, Timisoara, Cluj and Ploiesti will attract the largest volume of deliveries.

Figure 1

New industrial & logistics supply evolution (sq. m)



Source: C&W Echinox

Demand

At the end of H1 2018, demand for industrial & logistics spaces in Romania was of approximately 120,000 sq. m. It was represented mainly by net take-up, with very few renewals and renegotiations recorded.

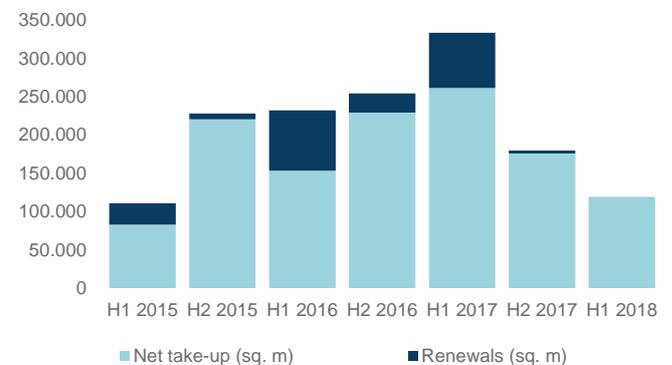
Bucharest remains the most sought after destination, given that approximately 53% of the total demand was recorded in the capital city, representing the main logistics destination in Romania.

Regarding the industrial & logistics regional centers in the country, after Bucharest, Cluj was the second most dynamic market in terms of transactions, accounting for 21% from the total take-up. It was followed by Timisoara, with a share of 17%.

In terms of the total volume transacted, demand was mainly represented by expansions, which accounted for ~40% share. Pre-lease activity represented approximately 37%, while new leases only 22%.

Figure 2

Structure of demand H1 2015 – H1 2018 (sq. m)



Source: C&W Echinox

Throughout H1 2018, the most active occupiers were companies active in Logistics / Distribution sector, recording a total volume of almost 90,000 sq. m (73% share from the total take-up).

Table 1

Major transactions in H1 2018

Company	GLA (sq. m)	Project	Region
Van Moer	20,000	CTPark Bucharest West	Bucharest
NOD	14,000	CTPark Bucharest West	Bucharest
RPW Logistics	9,300	CTPark Timisoara II	Timisoara
Mediapost	7,000	LogIQ Mogosoaia	Bucharest

Source: C&W Echinox

Vacancy rate end of H1 2018

Romania		
4%		
Bucharest	Ploiesti	Timisoara
3%	5%	4%
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.

In H1 2018, 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 larger than 5,000 sq. m, the 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 H2 2018

Project	GLA (sq. m)	Developer	Type	City
CTPark Bucharest	50,000	CTP	Speculative	Bucharest
CTPark Cluj II	30,000	CTP	BTS / Speculative	Cluj
CTPark Pitesti	30,000	CTP	BTS	Pitesti
WDP Park	25,000	WDP	Speculative	Timisoara

Source: C&W Echinox

Outlook

The industrial & logistics market in Romania maintained a rather slow pace, with ~20% of the new supply being delivered throughout H1 2018. By the end of the year, approximately 450,000 sq. m of space is expected to be completed, which will increase the total stock in the country by 14%, thus exceeding the 3.5 million thresholds.

If in the first half of 2018, new supply was mainly represented by built-to-suit facilities, for H2 2018 however, approximately 61% from the total logistics & industrial space expected to be completed are built on a speculative basis, showing developers' confidence in the market.

Map 1

Romania – Largest industrial & logistics markets H1 2018



City	Industrial & logistics stock (sq. m)	Share of total stock (sq. m)
1 Bucharest	1,490,000	48%
2 Timisoara	400,000	13%
3 Ploiesti	240,000	8%
4 Cluj	245,000	8%
5 Brasov	190,000	6%
6 Pitesti	175,000	6%

Source: C&W Echinox

Oana Iliescu
Managing Director

+40 21 310 3100
oana.iliescu@cwechinox.com

Rodica Tarcavu
Partner
Industrial Agency

+40 21 310 3100
rodica.tarcavu@cwechinox.com

Mihaela Mihai
Research Analyst

+40 21 310 3100
mihaela.mihai@cwechinox.com

Mihaela Galatanu
Head of Research

+40 21 310 3100
mihaela.galatanu@cwechinox.com

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Cushman & Wakefield Echinox
40 – 44 Banu Antonache
3rd Floor
Bucharest, 011665
phone +40 21 310 3100
fax +40 21 313 9010
email info@cwechinox.com