MARKETBEAT

ROMANIA

Industrial Q4 2022

	YoY Chg	12-Mo. Forecast
5.60% Vacancy Rate	▲	▼
€4.50 Prime Rent, PSM	▲	▲
7.15% Prime Yield	▼	▲

(class A stock only)

ECONOMIC INDICATORS Q4 2022

	YoY Chg	12-Mo. Forecast
4.3% GDP growth 2022	▼	▼
5.6% Unemployment Rate	▼	▲
-1.4% Industrial Production	▼	▲
15.9% CPI*	▲	▼

Source: Moody's Analytics
**Q4 2022 vs Q4 2021*

ECONOMY: Robust economic growth despite inflation

The y-o-y inflation rate reached 15.9% in Q4 2022 in Romania, one of the highest levels in the European Union and, although expected to stabilize in Q1 2023, it is likely to remain in double digits throughout the year. The monetary policy rate has also been increased by the National Bank of Romania, up to a most recent level of 7.00%. The 2022 economic growth has been solid (+4.3%), the local economy proving again its resilience considering the overall impacts of the inflationary pressures and also of the side effects caused by the Russian invasion of Ukraine. The largest contribution to economic growth came from household consumption. For the next two years, a GDP growth slowdown to approximately 2-3% is forecasted mainly as a result of the inflation rate and the increasing financing costs. Foreign direct investment (FDI) in Romania reached a record level of €10.3 billion in the January - November period, corresponding to a 29% y-o-y increase.

SUPPLY & DEMAND: Vacancy rate remains low, encouraging new developments

The industrial and logistics market fundamentals remain strong, as the segment registered a new record year both in terms of supply and demand. Thus, the total take-up for 2022 was of almost 1.3 million sq. m, reflecting a 28% growth when compared with 2021, with 370,000 sq. m being transacted in Q4. The new demand was the main driver of the overall leasing activity, accounting for a robust share of 85% (1.1 million sq. m) in the 2022 gross take-up, the Romanian industrial and logistics market being one of the most active in the Central and Eastern Europe.

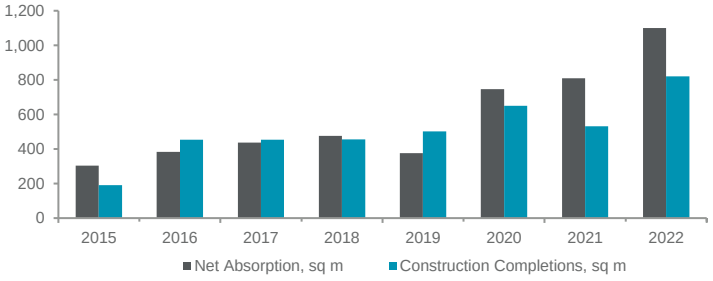
The largest transaction closed in Q4 2022 pertained to a 65,000 sq. m pre-lease of LPP within CTPark Bucharest West, followed by the new lease agreed by Diehl Controls for a 18,000 sq. m production space in CTPark Brasov and by the renegotiation and expansion lease signed by Logistic E Van Wijk, for a 14,500 sq. m space within P3 Bucharest A1. Bucharest attracted 60% of the total take-up in 2022, with Ploiesti being the only other location with a demand of more than 100,000 sq. m throughout the year.

In Q4 2022, over 337,000 sq m of warehouse spaces were completed in Romania, the development activity reaching 834,000 sq m during 2022. As a result, the modern industrial and logistics stock exceeded 6.4 million sq m. nationwide. Additionally, developers plan to deliver new projects with a total leasable area of more than 450,000 sq. m across the country by the end of 2023. However, given the dynamics of this segment's development activity, the 2023 new supply could be higher than the plans announced by the major market players at the beginning of the year.

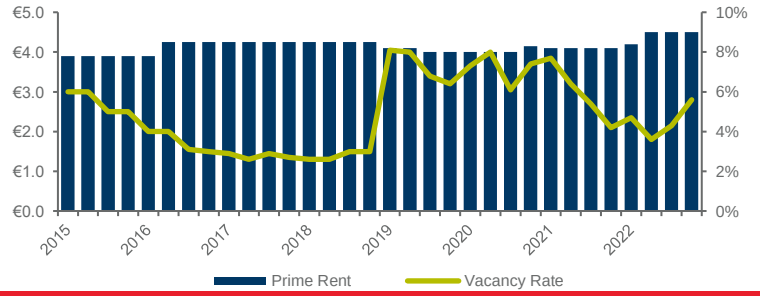
PRICING: Rents still under pressure

Even though the rising development costs and the increasing energy and land prices continued to put pressure on the new projects' asking rents, the prime headline level stood at a level between €4.25 - 4.50 / sq. m / month in Q4. We expect to see marginal increases in the following months due to the conservative approaches taken by developers which are building less speculative projects and also due to a consistent demand for new spaces. The occupier market remains competitive, with a growing interest being also shown for new manufacturing facilities throughout Romania.

SPACE DEMAND / DELIVERIES (SQM)



OVERALL VACANCY & PRIME RENT



MARKETBEAT

ROMANIA

Industrial Q4 2022

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	3,241,000	190,100	5.9%	217,200	764,300	428,200	164,900	4.50
Timisoara	680,700	80,100	11.8%	17,900	63,200	139,200	43,000	4.00
Ploiesti	386,600	4,500	1.2%	11,500	150,900	17,000	2,500	4.00
Cluj - Napoca	420,100	17,900	4.3%	-	6,700	19,200	-	4.50
Brasov	354,000	15,500	4.4%	40,600	47,200	60,000	68,000	4.00
Pitesti	253,800	0	0%	4,500	10,800	14,800	-	4.00
Sibiu	160,800	7,700	4.8%	5,000	13,100	-	-	4.00
Other Cities	949,200	44,600	4.7%	73,700	230,200	155,800	174,200	4.00
ROMANIA	**6,446,200**	**360,400**	**5.6%**	**370,400**	**1,286,400**	**834,200**	**452,600**	**4.50**

KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	SIZE (SQ. M)	TYPE
CTPark Bucharest West	Bucharest	LPP	65,000	Pre-lease
CTPark Brasov	Brasov	Diehl Controls	18,000	New lease
P3 Bucharest A1	Bucharest	Logistic E Van Wijk	14,500	Renegotiation + Expansion

KEY CONSTRUCTION COMPLETIONS Q4 2022

PROPERTY	SUBMARKET	SIZE (SQ. M)	OWNER/DEVELOPER
WDP Park Timisoara	Timisoara	57,000	WDP
CTPark Timisoara	Timisoara	40,400	CTP
CTPark Bucharest BUN 3	Bucharest	34,000	CTP
ELI Park 3 – Phase II	Bucharest	30,000	Element Industrial

PIPELINE PROJECTS 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ. M)	OWNER/DEVELOPER
WDP Park Stefanesti	Bucharest	Modivo	47,300	WDP
CTPark Oradea (Cargo)	Oradea	-	39,300	CTP
WDP Park Slatina	Slatina	Pirelli	37,000	WDP
ELI Park 3 phase III	Bucharest	-	21,500	Element Development

VLAD SAFTOIU *Head of Research*
+40 21 310 3100 / vlad.saftoiu@cwechinox.com

CRISTINA LUPASCU *Director PR & Research*
+40 21 310 3100 / cristina.lupascu@cwechinox.com

Independently Owned and Operated / A Member of the Cushman & Wakefield Alliance

©2023 All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cwechinox.com
cushmanwakefield.com