

	YoY Chg	12-Mo. Forecast
5.7% Vacancy Rate	▲	▼
€4.65 Prime Rent, PSM	▲	▲
7.35% Prime Yield	▲	▬

ECONOMIC INDICATORS Q3 2023

	YoY Chg	12-Mo. Forecast
2.1% GDP growth	▼	▲
5.9% Unemployment Rate	▲	▲
-3.9% Industrial Production	▼	▲
8.5% CPI	▼	▼

Source: Moody's Analytics

ECONOMY: Single - digit inflation with a consistent GDP growth

The inflation rate reached a single – digit level in Q3 (8.5% y-o-y), a positive trend which is due to continue in the next 12 months. The monetary policy rate has remained at 7.00% since January, but no downward shifts are expected by the end of the year. A consistent 2.1% y-o-y GDP growth was recorded in Q3, thus confirming Romania's robust economic performance in 2023 so far, in a challenging context characterized by numerous financial and geopolitical issues which have already troubled the European Union both from an economic and social perspective. Moreover, another strong GDP growth (3.6%) is also forecasted for 2024, a year with 4 rounds of elections in Romania.

SUPPLY & DEMAND: Consistent pipeline for the next 18 months

In Q3 2023, the total leasing activity in Romania slowed down compared with the previous quarter, with the gross take-up totaling around 169,000 sq. m, corresponding to a 20% q-o-q decrease, while Bucharest saw a sharper decline of 26%. As result, the YTD transactional volume was of 716,000 sq. m, resulting in a 22% y-o-y drop. The new demand continues to be the main driver of the leasing market, with a share of over 70% out of the gross take-up registered in Q3 2023 and also in first 9 months of 2023.

The largest transaction closed in Q3 pertained to a 22,200 sq. m renewal signed by Gebruder Weiss within P3 Bucharest A1, followed by a 20,700 sq. m new lease contract signed by SFC Solutions Automotive Romania (WDP acquired the industrial park operated by the automotive company in Mioveni in a sale and lease back transaction) and by a pre-lease of 12,500 sq. m concluded by Huennebeck within ELI Park Ploiesti.

The YTD new supply consists of 252,000 sq. m across the country, with only 70,000 sq. m completed in Q3, bringing the total modern industrial & logistics stock in Romania at 6.84 million sq. m at the end of September. The total yearly development activity in 2023 will be lower compared with 2022 (821,000 sq. m), as the Q4 new supply is estimated at around 183,000 sq. m. The overall national vacancy rate increased to a level of 5.7%, as a result of the high number of pre-lease agreements signed during 2023, a demand which will be mainly accommodated in projects planned to be delivered in 2024. Moreover, the construction of new projects on a speculative basis continues to slow down, as 60% of the 2024 pipeline of 372,000 sq m is already pre-leased.

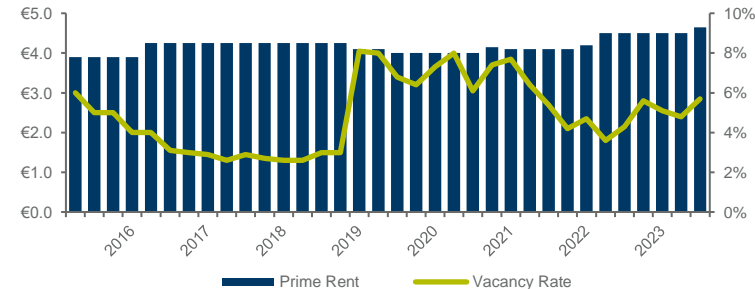
PRICING: Slight rental upward movements

The prime headline rents in Bucharest and in the main industrial & logistics destinations in Romania slightly increased at levels ranging between €4.25 - €4.65 / sq. m / month in Q3 2023, an upward trend which is expected to continue going forward, albeit at a slower pace, given the limited pipeline of speculative projects. As the economic uncertainty continues to affect the tenants' expansion plans, developers may adopt more cautious approaches when it comes to commencing new investments in industrial & logistic facilities on the short term at least.

SPACE DEMAND / DELIVERIES (SQM)



OVERALL VACANCY & PRIME RENT



MARKETBEAT ROMANIA

Industrial Q3 2023



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	3,402,800	248,000	7.3%	70,400	279,200	122,700	154,100	4.65
Timisoara	742,300	51,200	6.9%	13,800	101,900	10,000	33,500	4.25
Ploiesti	395,600	4,500	1.1%	28,900	28,900	9,000	23,600	4.25
Cluj - Napoca	420,100	18,100	4.3%	-	10,400	-	-	4.60
Brasov	372,000	12,500	3.4%	3,500	60,600	18,000	108,000	4.25
Pitesti	283,900	0	0%	-	30,000	-	-	4.25
Sibiu	160,800	7,900	4.9%	900	16,100	-	8,800	4.25
Other Cities	1,061,800	44,800	4.2%	51,400	188,800	92,600	226,500	4.20
ROMANIA	6,839,300	387,000	5.7%	168,900	715,900	252,300	554,500	4.65

KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	SIZE (SQ. M)	TYPE
P3 Bucharest A1	Bucharest	Gebruder Weiss	22,200	Renewal / Renegotiation
WDP Park	Mioveni	SFC Solutions Automotive Romania	20,700	Sale & leaseback
ELI Park Ploiesti	Ploiesti	Huennebeck	12,500	Pre-lease
WDP Park Ploiesti	Ploiesti	Trico	11,400	New lease

KEY CONSTRUCTION COMPLETIONS Q3 2023

PROPERTY	SUBMARKET	SIZE (SQ. M)	OWNER/DEVELOPER
ELI Park 4, phase I	Bucharest	20,000	ELI Parks
Solo Parc III	Iasi	10,000	Oresa Industria
Sanandrei Industrial Park IV	Timisoara	10,000	Artemis

PIPELINE PROJECTS Q4 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ. M)	OWNER/DEVELOPER
ELI Park Bacau	Bacau	-	37,000	ELI Parks
VGP Park Brasov B	Brasov	-	20,000	VGP
WDP Park	Targu Lapus	Taparo	15,000	WDP

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