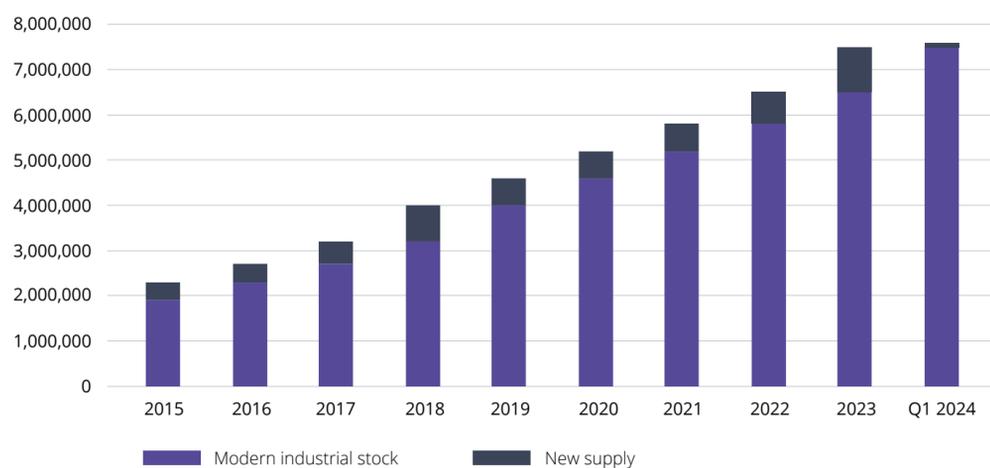




Industrial stock and pipeline

With deliveries of new Class A industrial units just over 100,000 sqm in the first quarter of 2024, Romania's modern industrial stock surged past 7.6M sqm. These deliveries occurred predominantly in the Bucharest area (hosting roughly 47% of Romania's modern industrial and logistics stock). There is a large pipeline (in excess of 700,000 sqm) announced by the developers for the remainder of 2024 – which may push the modern stock in the area of 8.3M sqm by the end of the year. Around 40% of the pipeline is concentrated in the Bucharest area. Other cities where significant deliveries are planned in 2024 are Brasov, Timisoara, Ploiesti, Constanta, Slatina and Iasi. So, the industrial developments in Romania continue the growth trend, as Romania becomes a more attractive industrial and logistic destination due to its geographic location, EU membership, recent inclusion in the Schengen area (internal air and maritime border, only, as of 31st March 2024), advancing infrastructure, and the general convergence with more mature European markets.

Modern industrial stock evolution (sqm)

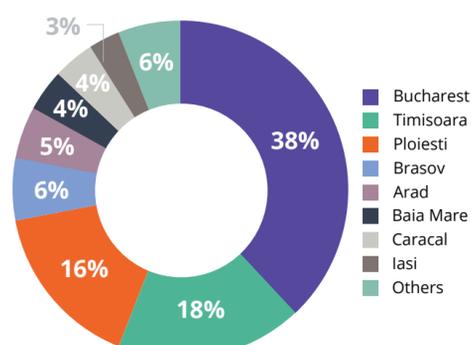


Industrial demand

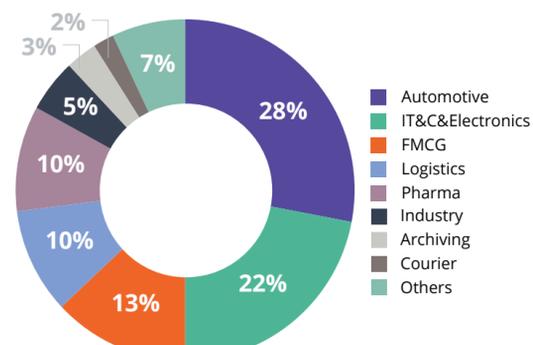
The total industrial leasing activity in the opening quarter of 2024 amounted to cca 253,000 sqm, in line to cca 312,000 sqm in Q1 2023 and 347,000 sqm in Q1 2022, and to the quarterly average of 252,000 sqm in the last 3 years. No surprises in the geographical distribution – as the main hubs comprised most of the take-up – Bucharest 38%, Timisoara 18%, Ploiesti 16%, Brasov 6% and Arad 5%.

The sector which generated the largest share of the demand for modern industrial/logistic spaces was automotive (companies producing auto components such as windscreen wipers, brake pads, electrical components, tyres, etc.). The automotive sector witnessed a surge in 2023, when it generated 20% of the total annual demand. This quarter, the IT&C&Electronics sector generated a large part of the demand – 22%. FMCG companies generated cca 13% of the demand. In the first quarter of 2024, logistic companies accounted for only 10% of the demand, compared to 15% in 2022 and 26% in 2023. Pharma companies also generated 10%, compared to 12% in 2023. So, we have another quarter with a robust demand, setting the trend for the year ahead.

Gross take-up by geography in Q1 2024

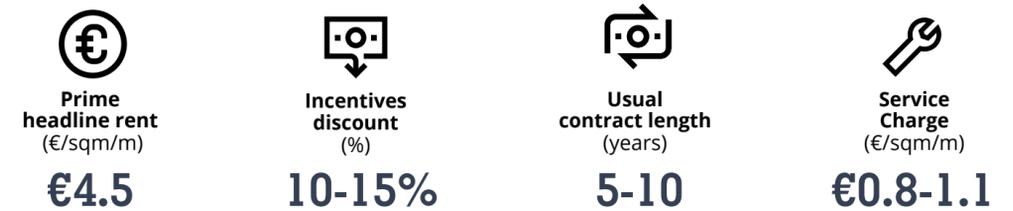


Gross take-up by business sector in Q1 2024



Occupancy costs

After the first quarter of 2024, the prime industrial headline rent remained stable at €4.5/sqm/month. There is some upward pressure, and we expect a slight increase in 2024, especially in Bucharest area. For some class A units, already the headline asking rent is in the area of €4.7-4.8 per sqm per month. Deducting from the headline rent, incentives such as rent-free months, early access, fit-out contribution (all in the range of 10-15% from headline rent) usually apply. Service charges (covering expenses such as building maintenance and insurance and property tax) are in the area of €0.85-1.1 per sqm per month.



Highways and regional industrial and logistics hubs, Romania



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