

	YoY Chg	12-Mo. Forecast
3.60% Vacancy Rate	▼	▼
€4.50 Prime Rent, PSM	▲	▲
7.00% Prime Yield	▼	▼

(class A stock only)

ECONOMIC INDICATORS Q2 2022

	YoY Chg	12-Mo. Forecast
2.6% GDP (Q2 2022 F)	▲	▲
5.5% Unemployment Rate	▲	▲
-2.1% Industrial Production <i>(seasonally adjusted)</i>	▼	▼
14.3% CPI	▲	▼

Measurement: Yoy change estimates, unless indicated otherwise.
Source: Moody's Analytics

ECONOMY: Increasing inflation and interest rates

The y-o-y inflation rate reached 14.3% in June in Romania, one of the highest levels in the European Union and, although expected to stabilize in Q3, it is likely to remain in double digits at least until the end of the year. The monetary policy rate has been constantly increased by the National Bank of Romania in order to tackle this inflationary trend, up to a most recent level of 4.75%, with further increases expected. The Q1 2022 economic growth has been solid (+6.4% y-o-y), but a slowdown may be observed in H2, as the latest European Commission forecast implies a 3.9% GDP growth for the whole year, which is still a good level considering the overall impacts of the inflationary pressures and also of the side effects caused by the war in Ukraine.

SUPPLY & DEMAND: Sustained net take-up pushed the vacancy rates to the lowest level since 2019

The industrial and logistics property market registered a relatively high leasing activity in Q2 2022, with a gross take-up of over 240,000 sq. m, while the transactional volume for the first half of the year reached more than 542,000 sq. m representing a 50% growth when compared with the same period of 2021. Renewals had a share of only 15% out of the Q2 2022 volume and of only 14% in H1 2022, the activity being mainly driven by new demand, which indicates a sustained attractiveness of the Romanian industrial and logistics sector.

The largest transaction closed in Q2 2022 pertained to the 53,000 sq. m expansion (37,000 sq. m) and renegotiation (16,000 sq. m) of the Modivo / epantofi.ro space within WDP Park Stefanesti, as Bucharest had a 78% share of the Q2 2022 take-up, the capital city being followed by Timisoara, Pitesti and Cluj. Demand was driven by various sectors, as retail and ecommerce (28%), along with logistics and distribution (11% market share) and automotive (5%) companies were the most active in Q2 2022.

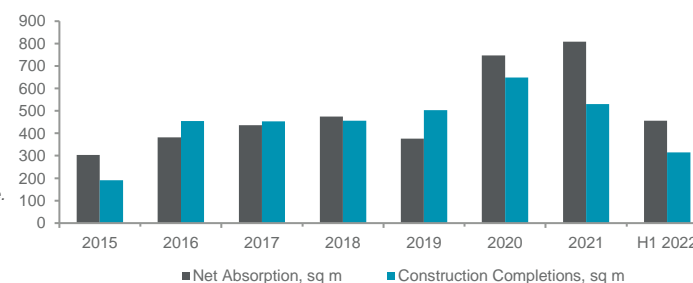
Developers completed new projects totaling around 96,000 sq m GLA in Q2 2022, the total development activity reaching almost 300,000 sq. m in H1 2022, the total stock at national level exceeding 5.9 million sq. m.

The vacancy rate has declined for five quarters in a row, reaching a national level of 3.6% at the end of Q2 2022, the lowest since 2019, as a result of the strong take-up and also of the development activity slowdown in Q2. There are currently 26 buildings under construction across Romania, 16 of which are situated in Bucharest, as the total leasable space under construction surpassed 580,000 sq. m, thus confirming the developers' confidence in the local market while the demand in the industrial sector keeps growing.

PRICING: Rents are under pressure due to the rising construction costs

The development cost of the industrial and logistics projects is increasing mainly due to the surge of the construction materials' prices, developers thus being forced to increase the asking rents in new projects. Considering that the spaces available in the projects completed before this price escalation are almost fully let, a prime headline rent growth to a level between €4.25 - 4.50 / sq. m / month has been observed in Q2, a record during the last decade. Rents are expected to remain stable in the following months as most construction materials started registering lower prices. However, the industrial and logistics market also depends heavily on the evolution of inflation, inflation which erodes the purchasing power with indirect effects on the retailers' expansion plans, the main driver of demand for new logistics spaces.

SPACE DEMAND / DELIVERIES (SQM)



OVERALL VACANCY & PRIME RENT



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	2,957,000	92,400	3.1%	184,000	291,000	151,100	326,500	4.50
Timisoara	583,300	66,600	11.4%	7,200	32,100	41,800	97,400	4.00
Ploiesti	369,600	4,500	1.2%	-	87,600	-	-	4.00
Cluj - Napoca	412,900	6,500	1.6%	4,700	17,100	12,100	22,000	4.50
Brasov	302,400	4,200	1.4%	-	6,700	-	45,400	4.00
Pitesti	245,700	0	0%	6,300	6,300	6,700	-	4.00
Sibiu	160,800	7,500	4.7%	4,600	5,600	-	-	4.00
Other Cities	872,600	28,200	3.2%	29,900	95,900	84,000	89,600	4.00
ROMANIA	5,904,300	209,900	3.6%	236,700	542,300	295,700	580,900	4.50

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	SIZE (SQ. M)	TYPE
WDP Park Stefanesti	Bucharest	Modivo / epantofi.ro	37,000	Expansion
WDP Park Stefanesti	Bucharest	Modivo / epantofi.ro	16,000	Renegotiation
CTPark Bucharest West	Bucharest	Profi	10,400	Expansion

KEY CONSTRUCTION COMPLETIONS Q2 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ. M)	OWNER/DEVELOPER
CTPark Bucharest Mogosoaia	Bucharest	A&D Pharma	35,000	CTP
Timisoara Industrial Park II	Timisoara	-	19,000	Globalworth - Global Vision
CTPark Timisoara	Timisoara	-	16,300	CTP
CTPark Bucharest West	Bucharest	-	16,400	CTP

PIPELINE PROJECTS 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE (SQ. M)	OWNER/DEVELOPER
CTPark Oradea (Cargo)	Oradea	-	60,500	CTP
WDP Park Timisoara	Timisoara	Profi	57,000	WDP
Logicor Mogosoaia Phase IV	Bucharest	Rotis Lux	21,000	Logicor

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