

Cushman & Wakefield Echinox: Demand for logistics and industrial spaces at maximum levels; Romania needs to implement policies to support the diversification of the business areas which could generate additional demand

The demand for logistics and industrial spaces is close to registering a new record in 2022, a matter which is reflected in the vacancy rate, a rate of 4.3% (one of the lowest in the last decade) at the end of Q3, according to the Cushman & Wakefield Echinox real estate consultancy company.

However, there are differences between the vacancy rates in the main logistics hubs in the country, the highest level being registered in Timisoara, the second largest logistics and industrial market in Romania, after Bucharest, where 64,000 sq. m out of the total stock of 583,000 sq. m are currently vacant, thus corresponding to a vacancy rate of 11% in the city.

Retail and distribution companies have been the most dynamic across the leasing market, as these companies continued to expand both online and offline. The strong demand in the retail sector has offset the more prudent and conservative expanding strategies of the production companies.

This explains why Bucharest is the major beneficiary of both demand and new logistics developments, in the light of increasing consumption, having one of the lowest vacancy rates in this market segment. Therefore, Bucharest accounts for 50% of the national stock of 6.1 million sq. m, while having a vacancy rate of 4.4%.

Other cities with balanced supply and demand are Pitesti (where the stock of 246,000 sq. m is fully occupied), Ploiesti and Cluj, with very few available spaces of maximum 1.5% of the total stock.

Rodica Târcavu, *Partner Industrial Agency Cushman & Wakefield Echinox*: “The need for modern industrial and logistics spaces remains high, as Romania consolidates its position as the main logistics hub in South-Eastern Europe. On the other hand, in the current context, we believe that Romania should create, through investments in infrastructure, predictability, and legislative stability, the necessary conditions for expanding the business areas which could generate additional demand for new industrial and logistics spaces. In this regard, we look at industries such as electrical and electronic components, IT, energy, automotive, and construction materials. The policies in question would reduce the market’s dependence on the retail sector, a sector which will fully absorb the potential shocks caused by the decrease in consumption due to the rising prices”.

Industrial and logistics spaces totaling 916,000 sq. m have been transacted in the first 9 months of the year, corresponding to an increase of 63% when compared with the same period of last year. Bucharest has attracted around 60% of the transactional volume, followed by Ploiesti with almost 16%.

Net take-up, excluding renegotiations, was of around 800,000 sq. m, having a share of 84% of the total contracted area in the January-September period. If the leasing rhythm remains at the same level in the last quarter, 2022 will mark a new record, given that 1 million sq. m were transacted in 2021.

2022 also has the potential to set a record in terms of new deliveries as developers finalized around 525,000 sq. m of new spaces in the Q1-Q3 period, close to the level recorded in the whole 2021. More than 570.000 sq. m are currently under construction. Bucharest benefited from 56% of the newly built spaces, developers being also active in Brasov, Timisoara, and Cluj.