

## Q3 sets the stage for the fifth consecutive year of growth in the industrial market



**The evolution of the Romanian industrial market in the first nine months of the year confirms analysts' expectations regarding the possibility of setting a new historical record by the end of 2022, thus continuing an upward trajectory started in 2018.**

Romania's industrial market continued to perform impressively in Q3 2022, with gross demand reaching a record high of around 408,700 m<sup>2</sup>, from 188,400 m<sup>2</sup> in Q2 and 129,000 m<sup>2</sup> in the same period last year.

In the first nine months of the year, gross demand was up 68% compared to the same period in 2021, reaching 881,400 m<sup>2</sup>, from 525,400 m<sup>2</sup>.

"The volumes registered on the modern industrial space rental market are not surprising and the development of the last quarter is in line with our expectations for 2023. Interest from companies in the retail, logistics and manufacturing sectors remains at a significant level going forward," said **Mihai Escu, Senior Industrial Consultant**.

A quarter of the total leased space in Q3 targeted tenants in the retail sector, while logistics ranked second with 14% of the total.

"Retail and logistics continue to dominate in terms of demand for industrial space amid continued strong consumption in the first three quarters of this year. We are closely following the evolution of this indicator, as it is currently the strongest factor influencing the demand for logistics space", says **Mihai Escu, Senior Industrial Consultant**.

In the third quarter, 282,100 sqm were delivered, a threefold increase compared to the previous quarter, bringing the modern industrial stock in Romania to a total of 6.3 million sqm leasable. As a result of the high number of deliveries in Q3, national vacancy rates increased from 2.6% to 4%, still a low level.

"We are monitoring the evolution of vacancy rates as an important indicator in the evolution of commercial negotiations between landlords and tenants. An increased level of available space in a given area will put pressure on developers to enter into leases, leading to a loosening of commercial terms for those spaces. Although investor appetite is still high for the development of new industrial space, we expect the vacancy rate to remain low, which will put pressure on tenants in the coming quarters," said **Mihai Escu, Senior Industrial Consultant**.