

Quick Stats

	Change from	
	H1 10	H2 10
Take-up	↑	↑
Prime Rent	↓	↓

Hot Topics

- Take-up for the Greater Bucharest Area (GBA) in H1 2011 was of 89,000 sq m, which represents an increase by 53% y-o-y.
- If all transactions are taken into account it adds up to the sum of 164,700 sq m, transacted in Romania in all types of industrial & logistic space.
- Prime rent registered a small decrease, now at EUR 4.10 /sq m/month, while prime yield registered a small compression of 25 bps, now 10.25%.

OVERVIEW

• Substantial increase of demand in Bucharest

Take-up for the Greater Bucharest Area (GBA) in H1 2011 was of 89,000 sq m, which represents an increase by 53% y-o-y. Besides this, another 10,300 sq m were transacted in class C premises, leading to a Total Leasing Activity (TLA) of 99,340 sq m.

• Leasing activity flourishes in Romania

During H1 2011, total leases and pre-leases in major cities in Romania was at a considerable higher level than in previous years. Take-up outside Bucharest was of 55,200 sq m and TLA of 65,400 sq m. If all transactions are taken into account it adds up to the sum of 164,700 sq m, transacted in Romania in all types of industrial & logistic space. This represents the highest leasing volume since 2007.

• New Completions

The past 6 months have been active in terms of delivery of owner occupied space, especially outside Bucharest. In regards to developer-led units we register the start of construction for several Built-to-Suit locations in Bucharest, in major industrial parks. All new announced deliveries are expansions of current schemes or projects delayed from past years.

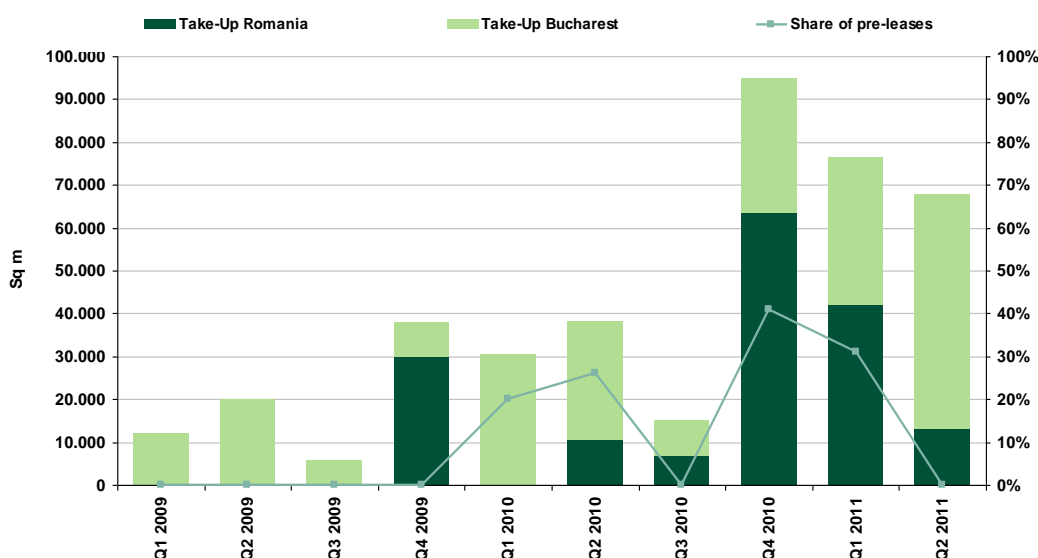
• Stock and Vacancy Rate

With these new completions, the total stock of modern warehousing space in Romania (class A & B) reaches 1,359,000 sq m, out of which approximately 68% is located in GBA – 924,700 sq m. Around 78% of the modern stock in Bucharest is of class A specifications. There is a substantial number of outdated industrial platforms, which continue to be of interest for tenants, as usually they have a well-suited location. The vacancy rate is approximately 12% in GBA and over 15% for those premises located in Romania overall.

• Prime Rent & Prime Yield

This semester prime rent is registered a small decrease, now at EUR 4.10 /sq m/month, while prime yield registered a small compression of 25 bps, considering a general context in which prime yields for all real-estate segment were adjusted (now at 10.25%).

Evolution take-up and total leasing activity Q1 2009 – Q2 2011



DEMAND

The take-up in H1 2011 in Bucharest area of over 89,000 sq m is higher by 53% y-o-y. The average transaction was of 3,700 sq m, in 24 transactions. More than 63% of the transactions concluded were within class A industrial space.

Major cities in Romania, like Pitesti, Ploiesti, Craiova and Deva represent an attraction for tenants, as readily available space at high-quality technical specifications can still be found. Out of these cities, Ploiesti is the primary attraction holding 23% of the entire take-up in H1 2011 for overall Romania.

As seen in the chart on the right, the take-up market in H1 2011 the majority of transaction happen in GBA. West area is the most interesting for tenants, with 35% of take-up transactions in overall Romania. Bucharest is followed by Ploiesti (23% of total take-up), Pitesti (9%) and Deva (4%).

Furthermore cities like Timisoara, Arad and Oradea, are still targeted especially by the automotive suppliers.

Some of transactions concluded in H1 2011 are:

- Miniprix – 6,000 sq m lease in Bucharest
- OTZ Logistic – 12,000 sq m lease in Ploiesti

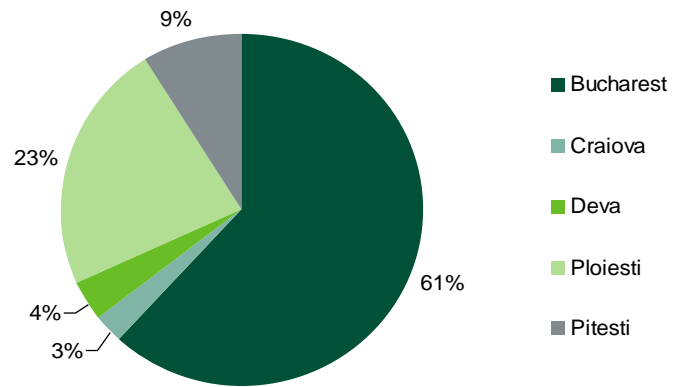
STOCK

The total modern industrial stock in Romania is of 1.38 million sq m. Out of this: 68% is located in Bucharest, 13,6% in West Romania, 12% in South Romania, 5% in Central Romania and the rest in North. Another 250,000 sq m of industrial space is located in owner occupied buildings.

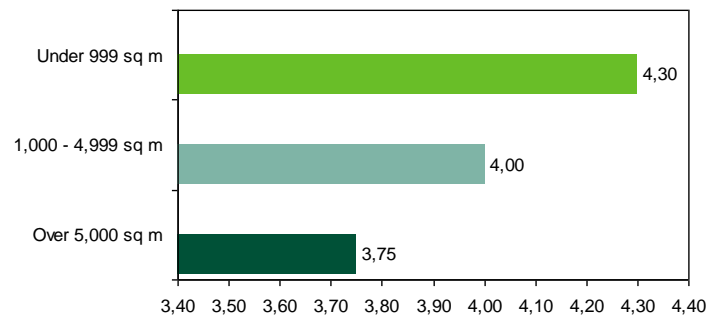
RENTAL LEVEL

Prime rental levels for Bucharest have registered a small decrease compared to last year, now at EUR 4.10 /sq m/ month. Net effective rents are at lower levels, as the number of incentives and discounts offered by developers towards tenants are still considerable in number. In the chart to the right, headline rental level is expressed based on leased surface: as such a unit with under 999 sq m can be leased at a minimum of EUR 4.30, while a unit of over 5,000 sq m the rent can go up from EUR 3.75 (Class A unit). In overall Romania, rental levels are as follows: units under 999 sq m are at EUR 4.10, while units between 1,000 – 4,999 sq m can be rented at values of more than EUR 3.70 / sq m. The financial flexibility of developers for leased units of over 5,000 sq m and for longer term lease agreements is higher.

Split of take-up by areas (%) 2010



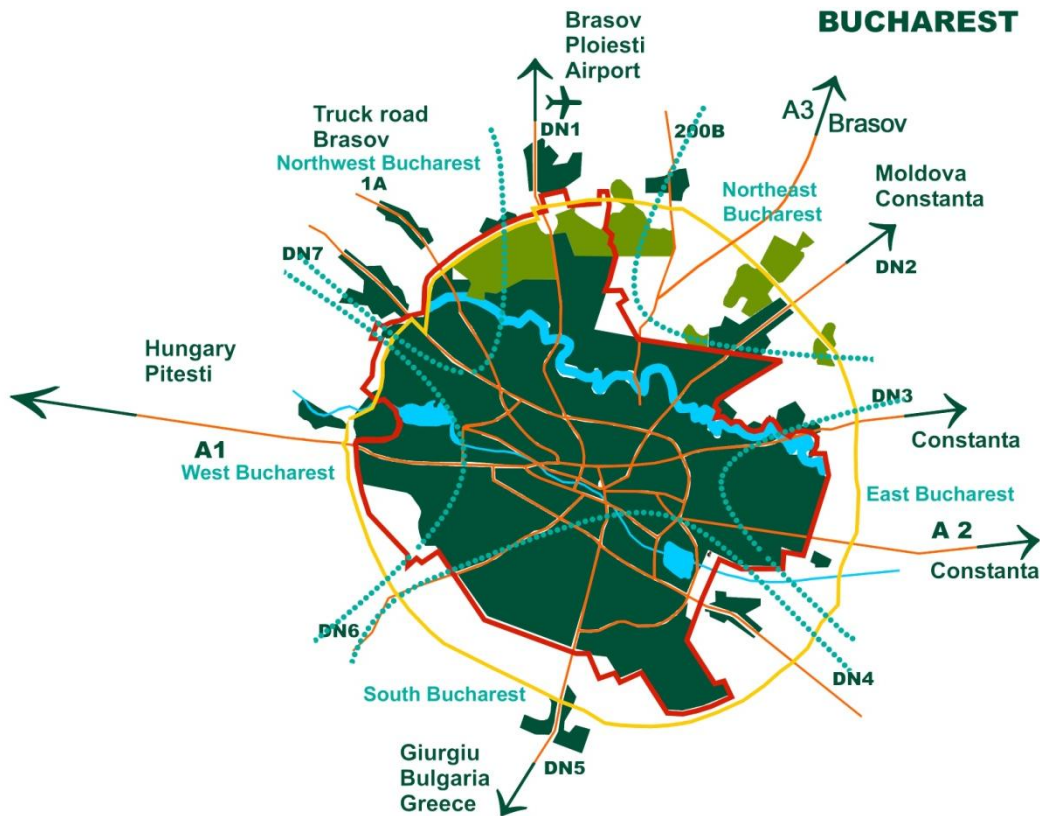
Minimum Headline Rental Level Greater Bucharest area (Class A), 2010



Major Industrial indicators Q2 2011

Industrial Indicator	H1 2011
Modern Industrial Stock Bucharest	924,700 sq m
Vacancy Rate Bucharest	12%
Modern Industrial Stock Romania (without Bucharest)	434,200 sq m
Vacancy Rate Romania	14%
Forecast Completions 2011 Romania	54,500 sq m
Take-up Bucharest H1 2011	89,000 sq m
Prime rent (end Q2 2011)	€ 4.10 / sq m/ month
Prime yield (end Q2 2011)	10.25%

BUCHAREST SUB MARKET MAP



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DEFINITIONS

Stock – warehousing space in modern, class A & B, developer-led schemes (excludes owner occupation).

Take-up – industrial space that has been leased in a given period, includes leases, pre-leases and sub-leases within competitive stock (A & B), no owner-occupation transactions.

Total leasing activity – industrial space that has been lease in a given period, includes leases, pre-leases, sub-leases, renegotiations within all stock (class A, B, C); no owner occupation transactions.

Prime rent – top open-market tier rent that could be expected for a unit of standard size comensurate with demand in each location, of highest quality and specifications and in the best location.

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