

Quick Stats

Change from
Q4 09 Q1 10

Take-up	↑	↑
Prime Rents	→	→

Hot Topics

- Take-up level in H1 2010 increased by 350% compared to H1 2009.
- New industrial space delivered – 49,500 sq m, out of which 85% is class A.
- Prime rent & yield remain stable, as demand has increased.
- Vacancy rate rose to 14% in greater Bucharest area and to over 16% in overall Romania.

OVERVIEW

•Increase of Take-up

During the first half of 2010, total take-up reached 63,100 sq m, which represents a 350% increase compared to the same period of last year. The two quarters were balanced, each with over 30,000 sq m leased or pre-leased. The owner occupation activity represents 20,000 sq m for this semester.

•New Completions

The first semester brought the delivery of 49,500 sq m of new logistic & industrial space - out of which 85% is represented by class A warehouse buildings. In general, developers are quite reluctant at building on a speculative basis, thus they look at delivering space which is already 50% pre-let (minimum). This is certainly the case for Ploiesti West Park – Phase 1 where the building pre-let by Unilever in mid 2009 has been inaugurated during the second quarter of 2010. The space delivered in Ploiesti, plus the first phase of Timisoara Airport Park are class A deliveries, a consequence of the tenants growing desire for high-quality logistic space.

•Stock and Vacancy Rate

With these new completions, the total stock of modern warehousing space in Romania (class A & B) reaches 1,270,000 sq m, out of which approximately 70% is located in greater Bucharest area (GBA). The vacancy rate is approximately 14% in GBA and over 16% for those premises located in Romania overall.

•Prime Rent & Prime Yield

This semester prime rent is stable at EUR 4.15 /sq m/month, and prime yield remained at constant levels from 2009: 10.5%. Prime rent has decreased by more than 10% compared to peak levels from late 2008.

Key indicators Industrial – Romania H1 2010

Industrial Indicator	H1 2010
Modern Industrial Stock Bucharest	878,000 sq m
Vacancy Rate Bucharest	14%
Modern Industrial Stock Romania	392,000 sq m
Vacancy Rate Romania	16%
Forecast Completions Q3 – Q4 2010	21,800 sq m
Take-up in H1 2010	63,100 sq m
Prime rent (end Q2 2010)	4.15 €/ sq m/ month
Prime yield (end Q2 2010)	10.5%

NEW SUPPLY

The level of new supply to the market, of 46,500 sq m, is lower than the one registered last year, when over 70,000 sq m of space was opened (developer-led); also the owner occupation (OO) delivered in H1 2009 exceeded 87,000 sq m, with no OO space for this semester.

Out of the total space delivered in 2009 & H1 2010, over 55% is located in Bucharest, with other cities, like Brasov, Timisoara and Ploiesti registering deliveries of only class A developments.

DEMAND

The level of demand registered in H1 2010 (63,100 sq m) – is higher by 350% y-o-y. The average transaction for modern stock was of 3,500 sq m, coming from 19 transactions. More than 78% of the transactions concluded (take-up level) were for class A industrial space. Additionally to the take-up figure, in this semester, another 3,500 sq m were transacted in non-competitive stock and 20,000 sq m were owner occupation transactions.

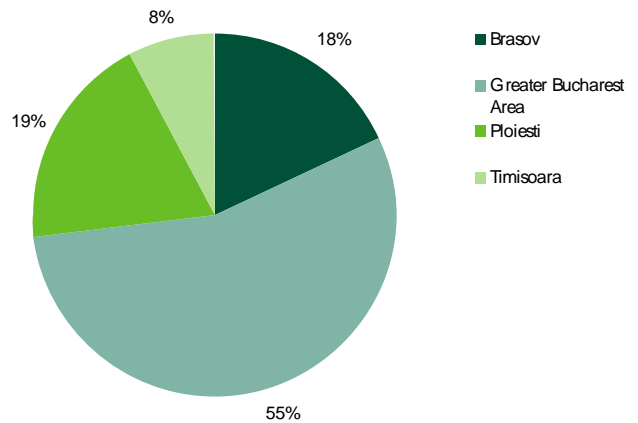
Some of the major transaction concluded this semester are: Antalis in Bucharest West (10,000 sq m), Augsburg in A1 Business Park (10,000 sq m), a large transaction in Timisoara – tenant Moretti and GTI Logistic in a class B logistic center – 2,500 sq m.

As seen in the chart on the left, the take-up market is dominated by the West Bucharest region where over 78% of transactions have been completed. This comes of the fact that the logistic market in Bucharest is primarily dominated by the West Area, with direct access to A1 Highway Bucharest – Pitesti, where over 75% of the Bucharest stock is located. This region is followed, at a large distance by Southeast area (10%) and Timisoara (8%).

RENTAL LEVEL

Prime rental levels for Bucharest have been stable this quarter – EUR 4.15 /sq m/ month. Developers have started to award financial incentives – like rent free months (1 – 3 months) or capped service charge figures. In the chart to the left, 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 4.50, while a unit of over 5,000 sq m the rent can go up from EUR 4.00 (Class A unit). In overall Romania, rental levels are about 10% less than for similar units located in Bucharest.

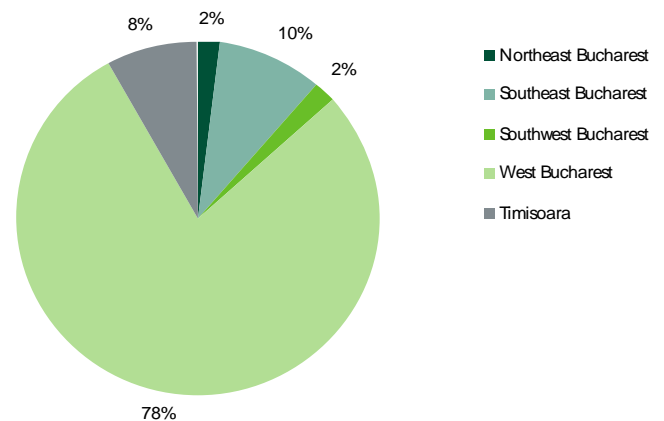
Warehouse new supply in 2009&H1 2010, by area (%)



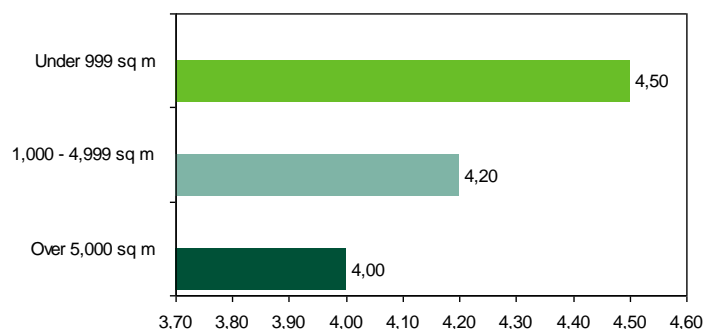
Major transactions H1 2010 (selection)

Tenant	Office Building	Surface sq m
Antalis	Bucharest West	10,000 (lease+extension)
Augsburg	A1 Business Park	10,000 (pre-lease)
GTI Logistic	Chemtraders	2,500 (lease)
Saint Gobain	Bucharest West	3,260 (lease)
Moretti	Incontro Timisoara	5,155 (lease)

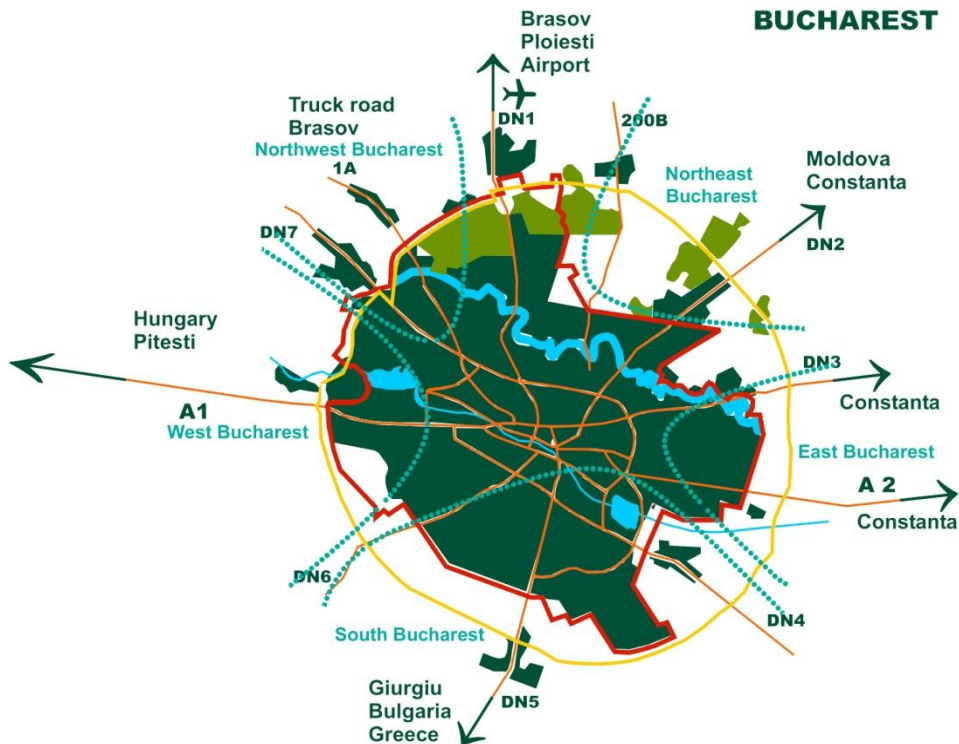
Split of take-up by areas (%)



Minimum Headline Rental Level Greater Bucharest area (Class A), H1 2010



BUCHAREST SUB MARKET MAP



Submarket	Total Stock	Planned Under Construction
West Bucharest	669,400	19,000
Northwest Bucharest	57,500	0
Northeast Bucharest	52,500	0
East	52,500	0
South	46,000	21,800

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, 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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