

JLL Romania | Demand and deliveries of industrial spaces maintain upward trend

The Romanian industrial market is going through a period of significant growth and development. With record volumes and a steady upward trend, the market is attracting investors from all over the world and presents appealing opportunities for expansion.

In 2022, total demand for industrial space in Romania exceeded the record set the previous year by 15.6%, reaching almost 1.17 million m² leased. In the same period, net demand increased by 28.7% to almost 935,500 m².

"We are going through a very active period in terms of demand for new industrial space. We believe the most important signal is the substantial increase in demand for new production spaces, which will create new jobs. These jobs in production sites are all the more important as the complexity of the products to be manufactured there tends to be very high, resulting in new demand for skilled labour. The demand for logistics space continues to have the largest share in the total demand for industrial space, based on consumption that remains high," said **Ionuț Grigoraș**, *Senior Consultant Industrial at JLL Romania*.

In the last quarter of 2022, total demand for industrial space amounted to 370,000 sqm, down by 23.5% compared to Q4 2021. Net demand amounted to 310,000 m², also down by 7.3% compared to Q4 2021.

Demand for industrial space in 2022 came mainly from retail (21.5% of the total), logistics (13.4%), distribution of consumer goods (7.2%) and e-commerce/e-commerce (6.2%).

Deliveries of industrial space also reached a record level in 2022, rising to almost 875,000 m², 58% more than in 2021. Almost 270,000 m² were completed in Q4 alone.

"Developers of modern industrial space remain confident in the growth potential of the market amidst demand that remains at a high level. Diversification of demand by increasing the number of requests for production space, temperature-controlled space or data centers fuels optimism among investors," said Ionuț Grigoraș.

Deliveries of industrial space will remain at a fairly high level in 2023, with developers planning at least 510,000 m².

Against the backdrop of the record delivery volume, the vacancy rate increased at the country level from 3.6% in Q3 to 4.4% in Q4, and in the Bucharest region from 4.2% in Q3 to 5.3% in Q4, but still remains at a low level.

Rents in Q4 remained at the same level as in the previous quarter, with the prime rent (for the best spaces in the market) remaining at 4.25 Euro per m² per month. Rent increases are possible in 2023 amid high inflation.