

Almost 2 million sq m of new commercial properties announced for 2019 in Romania

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GVA Activ Property Services

Documents attached:



The local real estate market is expected to register almost 2 million sq m of new commercial properties (retail, office, industrial) delivered in 2019, representing a 37% year/year growth, according to the annual market report launched by Activ Property Services.

We expect the market to continue the positive evolution registered in 2018, last year being recorded major volumes of new deliveries and demand, a downsize of vacancy rates and a stable / up tendency for rents. A new commercial stock (retail, office, industrial) of 1,425,000 sq m was completed last year nationally, having an estimated market value of 1.3 billion Euro.

Industrial market was the most active real estate sector in 2018, reaching record-high completions of 900,000 sq m at national level (+50% year/year), having an estimated market value of 471 million Euro. Developers have completed 675,000 sq m of speculative space, with the rest of 225,000 sq m being owner-occupied new supply. The largest deliveries were reported in Bucharest (360,000 sq m) and Timisoara (103,000 sq m).

The market development was boosted by the high levels of demand, with 700,000 sq m of major industrial leases being signed across Romania. Bucharest secured 51% of take-up, with Timisoara being the most active market outside Bucharest, accounting for 46,000 sq m leased in 2018.

A new stock of almost 1 million sq m has potential to see completion in 2019, out of which 57% is already under construction. The largest new stock is expected to be delivered in Bucharest, accounting for a total of 507,000 sq m.

The office market continued to grow, fueled by a firm development of the business sector, both in Bucharest and outside the Capital. Deliveries reached a total of 254,600 sq m at national level, having an estimated market value of 504 million Euro. Bucharest registered 149,600 sq m of new completions, being the first year during when the northern area lost its dominance in terms of new deliveries, being outpaced by the western (40% of new stock) and the central area (39%).

Outside Bucharest there were completed 105,000 sq m of new office space, Timisoara being the most active area, with 53,000 sq m delivered.

Office take-up accounted for 440,000 sq m of major leases, out of which 80% (351,000 sq m) were reported in Bucharest and 20% outside the Capital (95,000 sq m). With half of the take-up being new demand, vacancy rate decreased to 7.7% in Bucharest and below 10% across the rest of the major cities. Rental levels maintained stable, at prime levels of 17-19 €/sq m/month in Bucharest and 10-14 €/sq m/month in regional Capitals.

A new peak of 610,000 sq m of new office space is announced for delivery in 2019 at national level, out of which 391,500 sq m in Bucharest and 219,000 sq m outside the Capital. Timisoara and Cluj-Napoca will reach both new records, over 90,000 sq m being announced for 2019 in each city.

The retail market took advantage of the 5th consecutive year of strong growth in retail sales, registering important volumes of demand, extended development plans for most of the main retail chains and new international entries.

Retail stock increased by 270,000 sq m at national level, having an estimated market value of 340 million Euro. It was the first year during when retail park deliveries (81,700 sq m) outpaced shopping centre openings (69,850 sq m), in addition being completed 119,000 sq m of big-box retail warehousing units, most of them operated by food retailers.

Retail deliveries are expected to grow by 25% in 2019, to over 340,000 sq m nationally. Shopping centre openings will return to larger volumes, 4 new schemes and 11 extensions being announced to open, totalling 168,600 sq m.

Full article can be viewed on our website: www.activpropertyservices.ro