INDUSTRIAL & LOGISTICS

MARKET BAROMETER

SPRING 2018

Leasing activity for modern storage spaces nearly halved in **1Q18** relative to 1Q17, **73,000 sqm**, but we still regard the market as strong due to several factors:

» the Colliers transactions' pipeline suggests a material acceleration can be expected;

» 2017's first half was exceptionally strong (significant base effect);

» significant (and not fully accounted for) direct transactions, as reported by the media and landlords

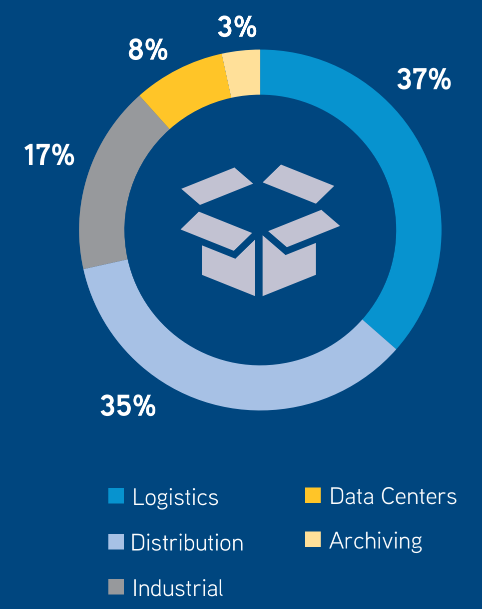
To highlight what we regard as a robust momentum, we point out that in 2015, the year that was followed by a significant acceleration, we saw **transactions of around 110,000 sqm** for the whole year

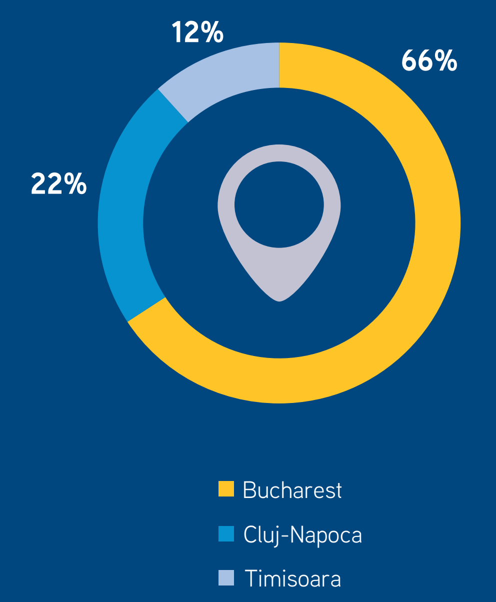
Persistently low vacancy rates, good tenant demand, rising materials/workforce costs by over 10% are placing **upside pressures on rents** (currently starting from c.4 EUR/sqm in Bucharest area)

Growing appetence for developments in **central** and **western** parts of the country

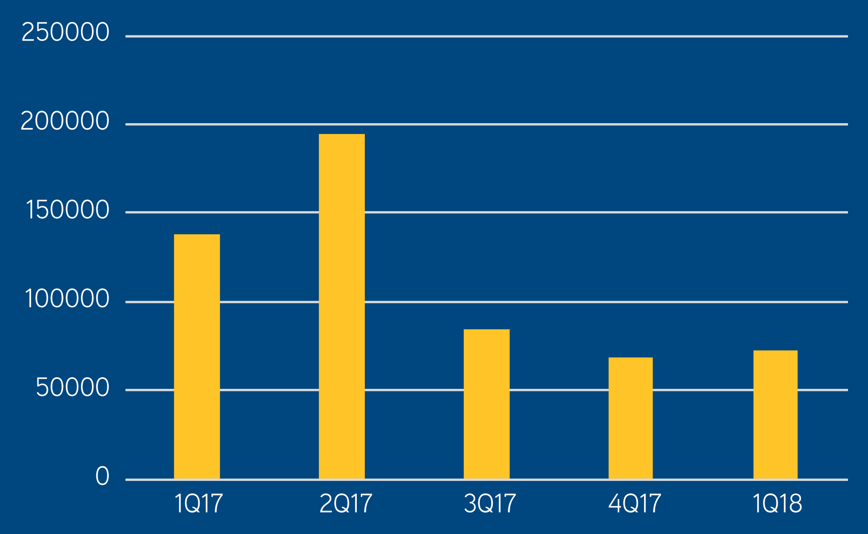
Ongoing trend from classic tenants (mostly retailers, including e-commerce) to **self-develop own storage spaces**, with some surfaces subleased thereafter

TOTAL TAKE-UP BY SECTOR/LOCATION IN 1Q 2018





INDUSTRIAL INVESTMENT VOLUMES (€ MILLION)



INDUSTRIAL & LOGISTICS

MARKET BAROMETER

SPRING 2018

METHODOLOGICAL NOTES

We picked 30 cities/areas in Romania and tried to gauge how attractive these were for storage/manufacturing activities; the maps focus on the top half of these rankings. We took into account different indicators, but Bucharest as a criterion in itself was not considered – since the capital generates about a quarter of total consumption in the whole country, it is the single biggest magnet for warehouse spaces in Romania and would be the number one pick by far in our ranking if we had considered this element. The same could be said for Cluj-Napoca, which is the economic heart of Transylvania, thereby gaining special bonus points as the largest regional hub.

The ranking for warehouse attractiveness takes into account the distance to major customs (55% weight in overall index), various labour market indicators (25% weight in total), local infrastructure quality (20% weight in total).

DISTANCE TO MAJOR CUSTOMS

Derived from transit durations to various customs' points obtained using PTV Map&Guide, an application designed specifically for commercial vehicles and trucks. The durations were then weighed with the relative importance of three major customs points for road transport (Nadlac, Bors, Giurgiu) plus Constanta harbour.

LABOUR MARKET INDICATORS (INCLUDING POTENTIAL)

The sub-index was computed using numbers from the National Institute of Statistics: average wages in industry (county level, 2017), average age (county level) and untapped employees (derived from county level numbers for unemployed and labour force that could be mobilized if activity rates/ number of workers in agriculture were in line with EU averages).

LOCAL TRANSPORT QUALITY

The sub-index was computed using numbers from the National Institute of Statistics: density of national roads (relative to the county's surface) and percentage of national roads that were modernized. This index can act as a proxy for local authorities' openness to investments, in our view, as it could highlight how attentive public actors are towards enhancing the overall climate for companies.

ATTRACTIVENESS FOR STORAGE/LOGISTICS ACTIVITIES

LEGEND

City National Rank

Position (distance to main custom points)

Workforce (availability, potential, costs)

Strength | Moderate Strength | Neutral | Moderate Weakness | Weakness

INDUSTRIAL & LOGISTICS

MARKET BAROMETER

SPRING 2018

The ranking for manufacturing attractiveness takes into account: various labour market indicators (40% weight in total), the distance to major customs (35% weight in total), local infrastructure quality (10% weight in total) and overall size of registered industrial parks (15% weight of total).

Three of the four sub-indexes are the same as the ones used for the ranking of storage spaces appeal (please see the previous page).

REGISTERED INDUSTRIAL PARKS
We took into account the overall size of state-approved industrial parks (mostly operated by local authorities), with data coming from the Ministry of Regional Development and Public Administration. Besides the benefits a company enjoys in such an industrial park, we view this as another proxy for local authorities' involvement in attracting and catering to the investors' needs.

TOP 5 BEST PERFORMING CITIES/REGIONS BASED ON OUR SUB-INDEXES:

DISTANCE TO CUSTOMS INDEX:
Arad, Timisoara, Alba Iulia, Oradea, Sibiu

LABOUR MARKET INDEX:
Iasi, Suceava, Craiova, Bacau, Galati

LOCAL TRANSPORT QUALITY:
Bucharest – Ilfov, Timisoara, Arad, Pitesti, Suceava

INDUSTRIAL PARKS:
Ploiesti, Cluj-Napoca, Brasov, Oradea, Sibiu

ATTRACTIVENESS FOR INDUSTRIAL PRODUCTION

LEGEND

City National Rank

Position (distance to main custom points)

Workforce (availability, potential, costs)

Strength | Moderate Strength | Neutral | Moderate Weakness | Weakness

COLLIERS INTERNATIONAL ROMANIA

INDUSTRIAL AGENCY

OUR FOCUS

We offer all the support needed from a real estate consultant, including:

LANDLORD REPRESENTATION

Logistics parks | Industrial parks | Independent developments

TENANT REPRESENTATION

New projects | Relocation support | Expansion | Renegotiations

BUILT-TO-SUIT | TURN-KEY PROJECTS

Location identification | Development support

PRODUCTION FACILITIES RELOCATION

Location identification | Logistics & Supply | Chain expertise | Renegotiations

LAND SALES

Greenfield developments support

OUR TEAM

Laurentiu Duica
Director | Board Member
+40 737 554 973
laurentiu.duica@colliers.com

Nicole Pulpea | Analyst
+40 732 159 684
nicole.pulpea@colliers.com

Gelu Marghioala | Senior Associate
+40 737 964 085
gelu.marghioala@colliers.com

554 offices in **69** countries on **6** continents

United States: **153**
Canada: **34**
Latin America: **24**
Asia Pacific: **231**
EMEA: **112**

$2.7
billion in annual revenue

2
billion square feet under management

15,400
professionals and staff

About Colliers International Group Inc.

Colliers International Group Inc. (NASDAQ: CIGI) (TSX: CIGI) is an industry-leading real estate services company with a global brand operating in 69 countries and a workforce of more than 12,000 skilled professionals serving clients in the world's most important markets. Colliers is the fastest-growing publicly listed global real estate services company, with 2017 corporate revenues of $2.3 billion ($2.7 billion including affiliates). With an enterprising culture and significant employee ownership and control, Colliers professionals provide a full range of services to real estate occupiers, owners and investors worldwide. Services include strategic advice and execution for property sales, leasing and finance; global corporate solutions; property, facility and project management; workplace solutions; appraisal, valuation and tax consulting; customized research; and thought leadership consulting.

Colliers professionals think differently, share great ideas and offer thoughtful and innovative advice that help clients accelerate their success. Colliers has been ranked among the top 100 global outsourcing firms by the International Association of Outsourcing Professionals for 13 consecutive years, more than any other real estate services firm. Colliers has also been ranked the number one property manager in the world by Commercial Property Executive for two years in a row.

For the latest news from Colliers, visit Colliers.com or follow us on Twitter: @Colliers and LinkedIn.

Contact

Colliers International «Romania»
Floreasca Business Park
169A Calea Floreasca, Building A, 7th floor
014459 Bucharest, Romania
Phone: (40-21) 319 77 77
Fax: (40-21) 319 77 78