MARKETBEAT

BUCHAREST

Office Q3 2021

CUSHMAN & WAKEFIELD | Echinox

	YoY Chg	12-Mo. Forecast
14.8% Vacancy Rate	▲	—
€18.50 Prime Rent, PSQM	▼	—
6.85% Prime Yield	▼	—

ECONOMIC INDICATORS Q3 2021

	YoY Chg	12-Mo. Forecast
1.0M Bucharest Employment	—	—
1.2% Bucharest Unemployment Rate	—	—
€942 Net Average Salary In Bucharest	▲	▲

Source: National Institute of Statistics

Consistent new supply in Q3

In Q3 2021, new deliveries totaling 132,200 sq. m have been completed in Bucharest, the best quarter ever in terms of completions. The most relevant new office deliveries were J8 Office Park (46,000 sq. m GLA) in the Expozitiei area, U-Center I (32,800 sq. m GLA) in the Center submarket, Globalworth Square (29,100 sq. m GLA) in Floreasca - Barbu Vacarescu and Dacia One (16,300 sq. m GLA) in CBD. As such, the office stock of Bucharest has reached 3.13 million sq. m (excluding owner-occupier buildings), while the vacancy recorded an increase towards the 14.8% level, a new record for the last 5 years. A significant gap remains in regards to the vacancy rates for A and B class office buildings, with A class properties recording a level of 12.1%, compared to 23.4% in B-class buildings.

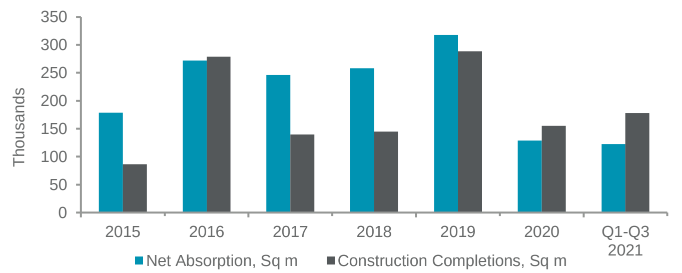
Stronger demand during summer

The total leasing activity in Q3 2021 was of 93,900 sq. m, thus bringing the total for the first 9 months of the year to 212,900 sq. m, an increase of 33% when compared with the same period of last year. Net take-up (excluding renewals) had a share of 56%, a level mostly consistent with the previous quarters. Tenants from the T&T and Medical sectors remained highly active in Q3, having a combined share of 41% from the total transactional volume, while the expected overall leasing activity for the whole year is expected to break the 300,000 sq. m threshold.

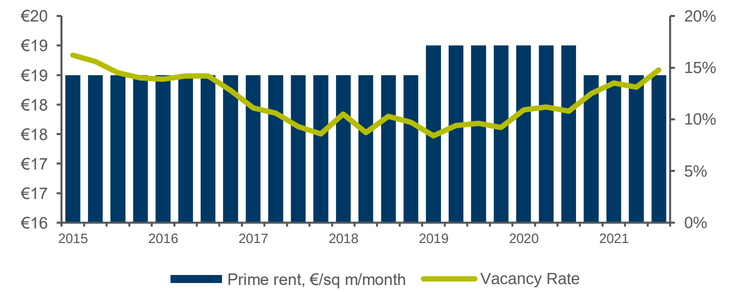
Good pipeline going forward

Presently, there are new office buildings under construction and expected to be delivered in the following 18-24 months totaling around 280,000 sq. m GLA. However, the new supply will gradually reduce, since the pipeline for 2022 (138,000 sq. m) is only slightly higher when compared with the Q3 2021 completions. The most significant developments under construction are One Cotroceni Park (phases I & II), @Expo by Atenor, Sema Parc, AFI Tech Park II and Equilibrium II. Prime headline rents in Bucharest remained stable, ranging between €18.00-18.50/ sq. m/month in the CBD area, while values of €17.50-18.00/ sq. m/month are recorded in the Center and Floreasca - Barbu Vacarescu submarkets.

SPACE DEMAND / DELIVERIES



BUCHAREST VACANCY & ASKING RENT



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MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	AVAILABILITY (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	2021 TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (MONTH)
CBD	360,500	36,400	10.1%	15,648	31,964	32,800	-	€18.50
Center	384,500	41,400	10.8%	7,700	15,815	42,500	51,600	€18.00
Floreasca – Barbu Vacarescu	573,200	59,600	10.4%	7,425	32,841	29,100	19,900	€17.50
Expozitiei	268,800	58,600	21.8%	11,303	30,999	46,000	48,500	€17.50
Center - West	477,100	64,200	13.4%	12,646	26,282	19,800	136,500	€15.00
North	159,800	37,700	23.6%	6,408	11,758	-	23,000	€15.00
Dimitrie Pompeiu	440,700	44,700	10.1%	23,373	41,950	-	-	€13.00
Pipera North	210,500	84,200	40.0%	5,017	7,415	-	-	€11.00
West	165,900	11,500	7.0%	2,112	11,612	8,000	-	€12.00
East	51,100	17,700	34.6%	2,138	2,138	-	-	€12.00
South	41,800	6,300	15.1%	162	162	-	-	€12.00
Bucharest (overall)	**3,133,900**	**462,300**	**14.8%**	**93,932**	**212,936**	**178,200**	**279,500**	**€18.50**

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	RSQM	TYPE
Multigalaxy	Dimitrie Pompeiu	Medicover	15,000	New lease
AFI Business Park	Center - West	Telus	10,100	Renewal & Expansion
Tiriac Tower	CBD	Allianz - Tiriac	4,700	Pre-lease
Expo by Atenor	Expozitiei	Telekom	4,500	Pre-lease

KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE
Hermes Business Campus	Dimitrie Pompeiu	Atenor / Adventum Group	75,000	€150M

KEY CONSTRUCTION COMPLETIONS Q3 2021

PROPERTY	SUBMARKET	PROJECT SIZE (SQM)	OWNER / DEVELOPER
J8 Office Park	Expozitiei	46,000	Portland Trust
U-Center I	Center	32,800	Forte Partners
Globalworth Square	Floreasca – Barbu Vacarescu	29,100	Globalworth
Dacia One	CBD	16,300	Atenor

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