



14.9%

Vacancy Rate

YoY
Chg12-Mo.
Forecast

€19.00

Prime Rent, PSQM



6.50%

Prime Yield

ECONOMIC INDICATORS
Q2 2022

1.076M

Bucharest
EmploymentYoY
Chg12-Mo.
Forecast

3.0%

Bucharest
Unemployment Rate

5.5%

Romania
Unemployment Rate

Source: Moody's Analytics

ECONOMY: Increasing inflation and interest rates

The y-o-y inflation rate reached 14.3% in June in Romania, one of the highest levels in the European Union and, although expected to stabilize in Q3, it is likely to remain in double digits at least until the end of the year. The monetary policy rate has been constantly increased by the National Bank of Romania in order to tackle this inflationary trend, up to a most recent level of 4.75%, with further increases expected. The Q1 2022 economic growth has been solid (+6.4% y-o-y), but a slowdown may be observed in H2, as the latest European Commission forecast implies a 3.9% GDP growth for the whole year, which is still a good level considering the overall impacts of the inflationary pressures and also of the side effects caused by the war in Ukraine.

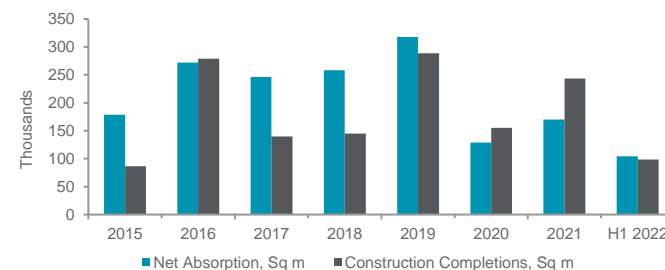
SUPPLY & DEMAND: Only one new delivery, but a consistent take-up

There has only been one office delivery in Q2 2022 in Bucharest, namely the second building (25,000 sq. m GLA) of the AFI Tech Park project located in the Center – West submarket, with the total office stock in Bucharest reaching 3.3 million sq. m. 75,800 sq. m have been transacted in Q2 2022, thus bringing the H1 2022 total to 156,600 sq. m, corresponding to a 32% increase compared with H1 2021. Net take-up (excluding renewals) had a consistent share of 66% in H1 2022 (compared with 59% in H1 2021), a positive aspect which has also resulted in a slight q-o-q overall vacancy rate decrease to a level of 14.9%, a level which is partly explained by the difference in vacancies between A-class (12.6%) and B-class (22.7%) buildings.

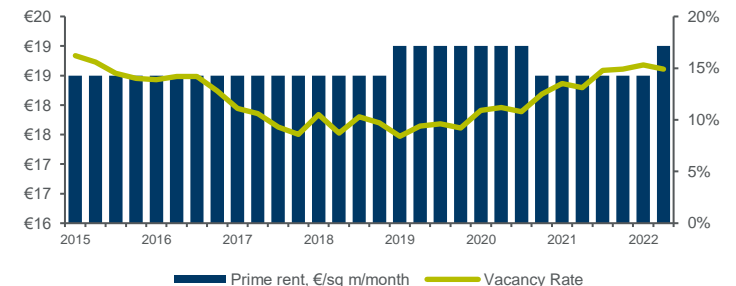
PRICING: Small rental growth in CBD

The prime headline rent in Bucharest has seen a small increase in Q2 2022 to a level of around €19.00/ sq. m/month in the CBD area, a trend which is also expected in other high profile submarkets such as Center and Floreasca - Barbu Vacarescu by the end of the year. The existing pipeline of under construction office projects (134,000 sq. m GLA) is quite low, mainly as a result of the present bureaucratic issues in Bucharest, as very few real estate projects received their building permits during the last 12 months. One Cotroceni Park II, U-Center II or Equilibrium II are some of the most important projects that are expected to be delivered by the end of 2023.

SPACE DEMAND / DELIVERIES



BUCHAREST VACANCY & ASKING RENT





MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	AVAILABILITY (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD 2022 TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT* (MONTH)
CBD	360,500	33,500	9.3%	18,169	27,126	-	-	€19.00
Center	405,500	28,300	7.0%	2,233	26,680	21,000	44,100	€18.00
Floreasca – Barbu Vacarescu**	569,700	55,200	9.7%	19,754	33,490	-	20,000	€15.00 - 17.50**
Expozitiei	289,800	64,600	22.3%	903	5,724	21,000	35,000	€17.50
Center - West	579,600	102,500	17.7%	21,529	36,569	56,500	35,000	€15.00
North	182,700	36,600	20.0%	9,700	17,873	-	-	€15.00
Dimitrie Pompeiu	440,700	46,200	10.5%	1,334	4,458	-	-	€13.00
Pipera North	210,500	88,500	42.1%	1,000	1,000	-	-	€11.00
West	165,900	11,500	7.0%	-	-	-	-	€12.00
East	51,100	15,700	30.6%	1,213	1,501	-	-	€12.00
South	41,800	7,500	17.9%	-	2,200	-	-	€12.00
Bucharest (overall)	3,297,800	490,100	14.9%	75,835	156,621	98,500	134,100	€19.00

*Rental rates reflect full service asking

**The Floreasca – Barbu Vacarescu submarket has a wider range of full service asking rents

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	TENANT	RSQM	TYPE
Europe House	CBD	Orange	7,500	Renegotiation
One Cotroceni Park I & II	Center - West	Siemens Energy	7,500	New lease / Pre-lease
Victoria Park	North	Leventer Medical	6,500	New lease
Green Court	Floreasca – Barbu Vacarescu	Carrefour	5,000	Renegotiation

KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE
Expo Business Park	Expozitiei	Portland Trust / S Immo	41,500	€110 - 120M
One Victoriei Center	CBD	Local private investors / Indotek	12,000	€24M

KEY CONSTRUCTION COMPLETIONS Q2 2022

PROPERTY	SUBMARKET	PROJECT SIZE (SQM)	OWNER / DEVELOPER
AFI Tech Park II	Center - West	25,000	AFI Europe

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