

15.2%
Vacancy Rate



€20.00
Prime Rent, PSQM



6.75%
Prime Yield



ECONOMIC INDICATORS Q4 2022

318.3K
Bucharest Office Employment



2.2%
Bucharest Unemployment Rate



5.6%
Romania Unemployment Rate



Source: Moody's Analytics

ECONOMY: Robust economic growth despite inflation

The y-o-y inflation rate reached 15.9% in Q4 2022 in Romania, one of the highest levels in the European Union and, although expected to stabilize in Q1 2023, it is likely to remain in double digits throughout the year. The monetary policy rate has also been increased by the National Bank of Romania, up to a most recent level of 7.00%. The 2022 economic growth has been solid (+4.3%), the local economy proving again its resilience considering the overall impacts of the inflationary pressures and also of the side effects caused by the Russian invasion of Ukraine. The largest contribution to economic growth came from household consumption. For the next two years, a GDP growth slowdown to approximately 2-3% is forecasted mainly as a result of the inflation rate and the increasing financing costs. Foreign direct investment (FDI) in Romania reached a record level of €10.3 billion in the January - November period, corresponding to a 29% y-o-y increase.

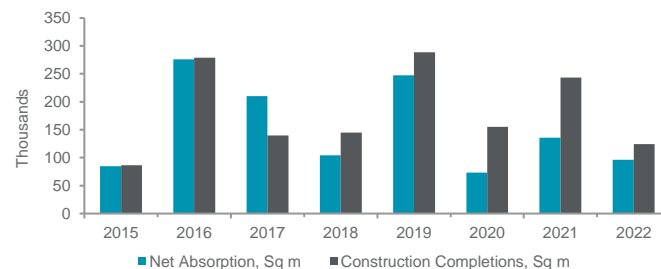
SUPPLY & DEMAND: Lowest new supply since 2015

The Q4 2022 office supply in Bucharest consisted of the 2nd building of the Equilibrium project (19,900 sq. m GLA) developed by Skanska in the Floreasca – Barbu Vacarescu submarket, thus bringing the total 2022 new supply to 124,000 sq. m GLA, the lowest such total since 2015. Therefore, the office stock in Bucharest was of 3.32 million sq. m at the end of the year. Q4 has been a very robust quarter in terms of demand (101,000 sq. m being transacted, the highest quarterly amount since Q4 2019), with the total for the year reaching 324,000 sq. m (+8.6% compared with 2021), as the net take-up (excluding renegotiations) had a share of 57% (vs. 56% in 2021). The overall vacancy rate increased to 15.2%, a level consistent with the last 18 months.

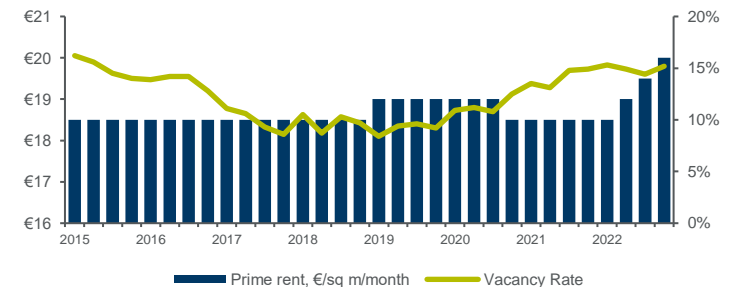
PRICING: More rental growth in CBD

The prime headline rent in Bucharest continued on its upward trend in Q4 2022, reaching a level of around €20.00/ sq. m/month in the CBD area, with further increases expected in other submarkets in the following 12 months due to the low office pipeline. There are currently under construction office projects totaling 109,000 sq. m GLA, a low pipeline, which comes as a result of the present bureaucratic issues in Bucharest, as very few real estate projects received their building permits during the last 12 - 18 months. One Cotroceni Park II, U-Center II or @EXPO II are some of the most important projects that are expected to be delivered by the end of 2023. Moreover, the pipeline from 2024 and beyond is difficult to estimate while above-mentioned urbanistic issues persist.

SPACE DEMAND / DELIVERIES



BUCHAREST VACANCY & ASKING RENT



MARKETBEAT BUCHAREST

Office Q4 2022

MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	AVAILABILITY (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	2022 TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT* (MONTH)
CBD	360,500	34,900	9.7%	3,373	36,234	-	-	€20.00
Center	412,500	33,200	8.0%	14,393	46,943	28,000	39,500	€18.00
Floreasca – Barbu Vacarescu**	589,600	75,900	12.9%	24,312	65,635	19,900	-	€15.00 - 17.50**
Expozitiei	289,800	70,900	24.5%	12,464	18,188	21,000	35,000	€17.50
Center - West	579,600	82,300	14.2%	21,735	91,624	56,500	34,500	€16.00
North	182,700	36,600	20.0%	1,483	21,700	-	-	€15.00
Dimitrie Pompeiu	440,700	49,800	11.3%	16,133	31,445	-	-	€13.00
Pipera North	210,500	86,900	41.3%	-	1,000	-	-	€11.00
West	165,900	11,500	7.0%	1,200	1,200	-	-	€13.00
East	51,100	15,700	30.6%	2,333	3,834	-	-	€12.00
South	41,800	7,500	17.9%	4,000	6,200	-	-	€12.00
Bucharest (overall)	3,324,700	505,200	15.2%	101,426	324,003	124,400	109,000	€20.00

*Rental rates reflect full service asking

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

KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	RSQM	TYPE
Timपुरi Noi Square C	Center	Playtika	8,800	Renegotiation
Gara Herastrau 4B	Floreasca – Barbu Vacarescu	ADP	8,300	Renegotiation
Orhideea Towers	Center - West	Bitdefender	6,600	Renegotiation
The Bridge 1	Center - West	BCR Erste	5,300	Expansion

KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE
CA Immo office portfolio	CBD / Center / Center – West/ Expozitiei	CA Immo / Paval Holding (Dedeman)	165,000	€377M
U-Center I	Center	Forte Partners / Paval Holding (Dedeman)	32,000	€85 - 90M

KEY CONSTRUCTION COMPLETIONS Q4 2022

PROPERTY	SUBMARKET	PROJECT SIZE (SQM)	OWNER / DEVELOPER
Equilibrium II	Floreasca – Barbu Vacarescu	19,900	Skanska

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