



Office Q2 2023

14.8%
Vacancy Rate

YoY Chg



12-Mo. Forecast



€22.00
Prime Rent, PSQM



7.00%
Prime Yield



ECONOMIC INDICATORS Q2 2023

318.6K
Bucharest Office Employment

YoY Chg



12-Mo. Forecast



3.5%
Bucharest Unemployment Rate



5.9%
Romania Unemployment Rate



Source: Moody's Analytics

ECONOMY: Decreasing inflation and stable economic growth

The inflation rate has been on a downward trend in Q2, reaching an y-o-y level of 10.7% at the end of H1 2023 in Romania and it is expected to be in single digits from Q3 onward. The monetary policy rate has not been increased by the National Bank of Romania since January, remaining at 7.00% with possible downward shifts at the end of the year. The Q1 and Q2 economic growth has been solid (3.8% and 3% respectively), the local economy being one of the best – performing ones in Europe in a very challenging context characterized by inflationary pressures and also by numerous geopolitical issues. A consistent GDP growth of 2.6% is also forecasted for 2024, a year with 4 rounds of elections in Romania.

SUPPLY & DEMAND: Robust demand rebound in Q2

The Q2 new supply consisted of the 2nd building of the @EXPO project (28,000 sq. m GLA) developed by the Atenor Group in the Expozitiei submarket, thus bringing the H1 total to 70,000 sq. m, while the office stock in Bucharest reached 3.38 million sq. m. The demand has seen a strong rebound in Q2, when a total transacted volume of 134,300 sq. m was recorded, the highest quarterly level since Q4 2016 and the 2nd highest ever in Bucharest. As such, the H1 total was of 190,100 sq. m, corresponding to an increase of 21% compared with H1 2022, while the net take-up had a share of only 50% in the analyzed period. There were 4 transactions of 10,000 sq. m or more in Q2 (2 renewals and 2 new leases), with a series of blue - chip tenants firmly consolidating their presence in Romania. The vacancy rate in the city remained at 14.8% in Q2, being expected to decrease by the end of the year.

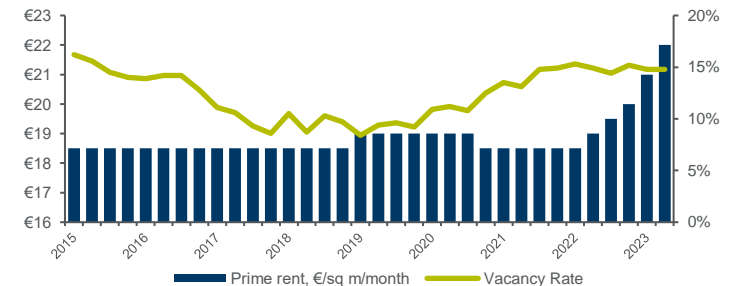
PRICING: Rents continue to increase

The rental levels were still moving upwards in Q2, with the prime headline rent in the CBD area reaching €22.00/ sq. m/ month, reflecting an y-o-y increase of 15.8%, an increase which also translated to other submarkets. The current under construction pipeline in Bucharest is relatively small at 112,000 sq. m GLA, but there are also around 300,000 sq. m of other projects in different planning stages, many of them depending on a solution regarding the present urbanistic blockage at municipality level. U-Center II, ARC Project, Promenada Offices or AFI Loft are among the major buildings which are due to be delivered by 2024 - 2025, with an unknown pipeline beyond that timeline, as a result of the ongoing bureaucratic problems related to the Bucharest municipality.

SPACE DEMAND / DELIVERIES



BUCHAREST VACANCY & ASKING RENT



MARKETBEAT BUCHAREST

Office Q2 2023



CUSHMAN &
WAKEFIELD

Echinox

MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	AVAILABILITY (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	2023 TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT RANGE (SQM / MONTH)
CBD	357,300	26,500	7.4%	4,400	15,200	-	-	€20.00 - 22.00
Center	412,500	32,800	8.0%	7,200	27,000	-	40,000	€16.00 - 18.00
Floreasca – Barbu Vacarescu	589,600	41,200	7.0%	27,500	38,500	-	27,500	€15.50 - 17.50
Expozitiei	325,300	98,000	30.1%	7,100	11,500	35,500	-	€15.00 - 16.50
Center - West	614,100	92,700	15.1%	18,100	20,600	34,500	44,500	€15.50 – 16.50
North	182,700	36,800	20.1%	300	3,700	-	-	€12.00 - 15.00
Dimitrie Pompeiu	440,700	52,900	12.0%	58,900	62,000	-	-	€11.00 - 13.00
Pipera North	201,300	88,200	43.8%	1,600	2,400	-	-	€9.00 - 11.00
West	165,900	11,500	6.9%	3,100	3,100	-	-	€12.00 – 13.50
East	51,100	15,700	30.7%	-	-	-	-	€9.00 - 12.00
South	41,800	2,800	6.7%	6,100	6,100	-	-	€9.00 - 12.00
Bucharest (overall)	3,382,300	499,100	14.8%	134,300	190,100	70,000	112,000	€22.00

KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	RSQM	TYPE
Upground BOC	Dimitrie Pompeiu	Honeywell	24,000	Renewal / Renegotiation
Upground BOB	Dimitrie Pompeiu	DB Technology	12,700	Renewal / Renegotiation
Globalworth Square	Floreasca – Barbu Vacarescu	eMAG	10,000	New lease
Green Court A	Floreasca – Barbu Vacarescu	Banca Transilvania	10,000	New lease

KEY CONSTRUCTION COMPLETIONS Q2 2023

PROPERTY	SUBMARKET	PROJECT SIZE (SQM)	OWNER / DEVELOPER
@EXPO II	Expozitiei	28,000	Atenor Group

KEY UNDER CONSTRUCTION PIPELINE

PROPERTY	SUBMARKET	PROJECT SIZE (SQM)	OWNER / DEVELOPER
U – Center II	Center	32,500	Forte Partners
ARC Project	Center - West	29,500	PPF Real Estate
Promenada Offices	Floreasca – Barbu Vacarescu	27,500	NEPI Rockcastle
AFI Loft	Center - West	15,000	AFI Europe

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