

12.5%
Vacancy Rate



€18.50
Prime Rent, PSQM



7.15%
Prime Yield



ECONOMIC INDICATORS Q4 2020

1.0M
Bucharest Employment



1.2%
Bucharest Unemployment Rate



€871
Net Average Salary In Bucharest



Source: National Institute of Statistics

Low supply at the end of 2020

The most relevant delivery in Q4 was One Tower (23,900 sq. m GLA), part of the One Mircea Eliade mixed-use project, a landmark completion in the Floreasca – Barbu Vacarescu submarket. The total new supply for 2020 reached 155,200 sq. m, reflecting a 46% decline compared to 2019. The modern office stock of Bucharest almost reached the 3 million sq. m threshold (excluding owner-occupier buildings and approximately 3.1 million sq. m including those as well), while the vacancy rate increased to 12.5% overall. A significant difference remains between the vacancy rates for A and B class office buildings, with A class properties recording a level of 9.7%, compared to 20.7% in B-class buildings.

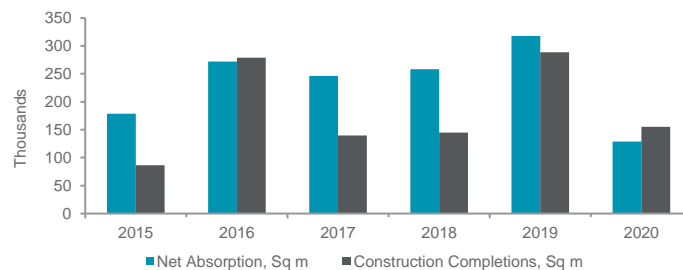
Demand picks up in Q4

In Q4 2020, the total leasing activity in Bucharest was of 77,000 sq. m, with net take-up having a share of 54%, thus showing that there is still potential for meeting the new supply in a period when consolidated measures have been adopted by most companies during the pandemic. The largest transaction was a renewal of Harman’s 10,000 sq. m space in the Metrooffice building located in the Dimitrie Pompeiu submarket, while the Center-West and the Floreasca – Barbu Vacarescu submarkets were also among the most active in terms of leasing activity. During 2020, the total leasing activity reached 237,400 sq. m, reflecting a 39% y-o-y decline caused by the persisting reluctance of most occupiers to commit to long-term contracts, preferring the safer option of renewing their existing arrangements, as work from home is expected to impact the working habits at least on the short and medium term.

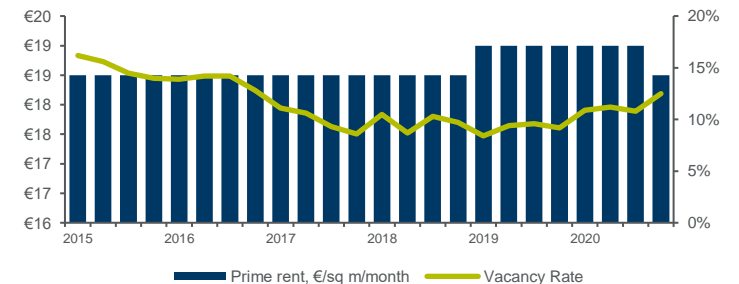
Prime rents show a small decline

New projects totaling approximately 350,000 sq. m GLA are currently under construction, with a pipeline of around 255,000 sq. m being expected for 2021. The most active sub-market in terms of deliveries during the following period will be Center-West, with almost 130,000 sq. m under construction (a share of 37%), while the Expozitiei, Central and Floreasca – Barbu Vacarescu submarkets will also see significant deliveries by the end of 2022, while the most important developments currently under construction are One Cotroceni Park, J8 Office Park, Globalworth Square or U Center. Prime headline rents in Bucharest showed a small decline in Q4 2020, with €18.00-18.50/ sq. m/month being the range for the asking rents 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





MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	AVAILABILITY (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	2020 TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (MONTH)
CBD	327,700	36,200	11.0%	9,797	17,390	7,300	32,300	€18.50
Center	342,000	25,200	7.4%	3,838	22,198	10,200	62,100	€18.00
Floreasca – Barbu Vacarescu	544,100	44,300	8.1%	15,162	24,730	30,600	28,400	€17.50
Expozitiei	222,800	23,500	10.5%	10,565	31,635	34,700	73,400	€17.50
Center - West	457,300	55,800	12.2%	19,878	64,261	38,800	128,500	€15.00
North	159,800	24,200	15.2%	943	16,985	-	23,000	€15.00
Dimitrie Pompeiu	440,700	58,900	13.4%	12,000	37,727	33,600	-	€13.00
Pipera North	210,500	72,800	34.6%	-	6,535	-	-	€11.00
West	157,900	4,800	3.0%	4,800	4,800	-	-	€12.00
East	51,100	15,000	29.3%	-	2,144	-	-	€12.00
South	41,800	8,200	19.6%	-	8,991	-	-	€12.00
Bucharest (overall)	2,955,700	368,900	12.5%	76,983	237,396	155,200	347,700	€18.50

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS 2020

PROPERTY	SUBMARKET	TENANT	RSQM	TYPE
UniCredit HQ	Expozitiei	UniCredit	15,500	Renewal
AFI Business Park 2	Center - West	Electronic Arts	11,900	Renewal
Metrooffice	Dimitrie Pompeiu	Harman	10,000	Renewal
City Offices	South	Groupe Société Generale	9,000	New lease
Miro Offices	North	KPMG	8,500	Pre-lease

KEY SALES TRANSACTIONS 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE
NEPI Rockcastle office portfolio	Bucharest, Timisoara	NEPI Rockcastle / AFI Europe	118,000	€307M
Floreasca Park	Floreasca – Barbu Vacarescu	GLL Real Estate / Resolution Propery – Zeus Capital	38,000	Confidential

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	PROJECT SIZE (SQM)	OWNER / DEVELOPER
Ana Tower	Expozitiei	PwC	34,700	Ana Holding
Globalworth Campus - III	Dimitrie Pompeiu	UniCredit, Allianz	33,600	Globalworth
One Tower	Floreasca – Barbu Vacarescu	THE ONE	23,900	One United
The Bridge III	Center - West	IBM	21,200	Dedeman / Forte Partners

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