

14.8%
Vacancy Rate



€21.00
Prime Rent, PSQM



6.75%
Prime Yield



ECONOMIC INDICATORS Q1 2023

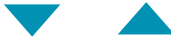
324.4K
Bucharest Office Employment



3.4%
Bucharest Unemployment Rate



5.8%
Romania Unemployment Rate



Source: Moody's Analytics

ECONOMY: Downward inflationary trend

The y-o-y inflation rate reached 14.9% in Q1 2023 in Romania, a level which remains relatively high, but prices have been on a downward trend since the beginning of the year and the forecasts are now more optimistic, with single digit levels being expected before the end of 2023. The monetary policy rate has also been stabilized, as it has not been increased from 7.00% in the past 3 months. Romania is predicted to register a GDP growth ranging between 2.5 – 3% in 2023, one of the largest in the European Union, even during a year marked by a series of economic and geopolitical uncertainties throughout the continent, an overwhelmingly positive aspect which should allow the country to attract record foreign investments in the coming period.

SUPPLY & DEMAND: Unexpectedly low demand

The Q1 2023 office supply in Bucharest consisted of the 2nd building of the One Cotroceni Park mixed – use project (34,500 sq. m GLA) developed by One United Properties in the Center – West submarket and also of the Muse building (7,500 sq. m GLA) in the Expozitiei area. The office stock in Bucharest thus reached 3.35 million sq. m at the end of the quarter. The demand was unexpectedly low in Q1, as only 55,800 sq. m were transacted, the lowest level since Q1 2021, while also corresponding to a 31% y-o-y decrease. However, the market sentiment remains relatively strong, as a series of large deals are currently under negotiation and the leasing activity is expected to pick up starting from Q2. The vacancy rate in Bucharest decreased to 14.8% in Q1, as a net absorption of almost 40,000 was registered during the quarter at city level.

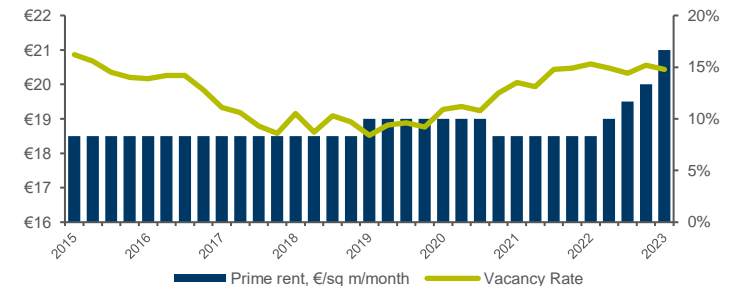
PRICING: Further rental growth

A further rental growth was recorded in Q1 2023, with the prime headline rent in the CBD area reaching €21.00/ sq. m/month, a level which reflects an y-o-y increase of 13.5%, while other submarkets should also see such increases especially when it comes to prime assets. Office projects totaling 139,400 sq. m GLA are currently under construction in Bucharest, while other projects cumulating an area of around 300,000 sq. m GLA are under different planning stages, as developers are waiting for the present urbanistic issues in the city to be resolved. U-Center II, @EXPO II or ARC are some of the most important buildings that are expected to be delivered by the end of 2024, with an unknown pipeline from 2025 onwards considering the mentioned bureaucratic problems related to the Bucharest municipality.

SPACE DEMAND / DELIVERIES



BUCHAREST VACANCY & ASKING RENT



MARKETBEAT BUCHAREST

Office Q1 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	32,000	9.0%	10,800	10,800	-	-	€19.00 - 21.00
Center	412,500	33,100	8.0%	19,800	19,800	-	39,500	€16.00 - 18.00
Floreasca – Barbu Vacarescu	589,600	62,200	10.5%	11,000	11,000	-	27,500	€15.50 - 17.50
Expozitiei	297,300	74,300	25.0%	4,400	4,400	7,500	28,000	€15.00 - 16.50
Center - West	614,100	96,200	15.7%	2,500	2,500	34,500	44,400	€15.50 – 16.50
North	182,700	36,700	20.1%	3,400	3,400	-	-	€12.00 - 15.00
Dimitrie Pompeiu	440,700	53,300	12.1%	3,100	3,100	-	-	€11.00 - 13.00
Pipera North	201,300	77,700	38.6%	800	800	-	-	€9.00 - 11.00
West	165,900	11,500	6.9%	-	-	-	-	€12.00 – 13.50
East	51,100	15,700	30.7%	-	-	-	-	€9.00 - 12.00
South	41,800	2,800	6.7%	-	-	-	-	€9.00 - 12.00
Bucharest (overall)	3,354,300	495,500	14.8%	55,800	55,800	42,000	139,400	€21.00

KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	RSQM	TYPE
Crystal Tower	CBD	Nuclearelectrica	3,100	New lease
Oregon Park	Floreasca – Barbu Vacarescu	Alten	2,800	Renewal / Renegotiation
Platinum Business & Convention Center	North	Pfizer	2,600	Renewal / Renegotiation
AFI Park Floreasca	Floreasca – Barbu Vacarescu	AdsWizz	2,300	New lease

KEY SALES TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE
One Herastrau Office	Floreasca – Barbu Vacarescu	One United Properties – Conarg / Private investor	8,000	€21M
Olympia Tower	East	Bluehouse Capital / Yellow Tree	9,600	€15M

KEY CONSTRUCTION COMPLETIONS Q1 2023

PROPERTY	SUBMARKET	PROJECT SIZE (SQM)	OWNER / DEVELOPER
One Cotroceni Park II	Center - West	34,500	One United Properties
Muse	Expozitiei	7,500	Primavera Development

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