



Office Q3 2023

14.9%
Vacancy Rate



€22.00
Prime Rent, PSQM

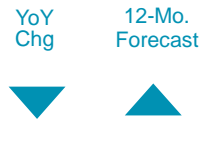


7.15%
Prime Yield

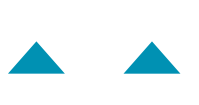


ECONOMIC INDICATORS Q3 2023

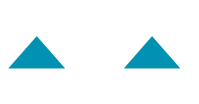
282.7K
Bucharest Office Employment



3.7%
Bucharest Unemployment Rate



5.9%
Romania Unemployment Rate



Source: Moody's Analytics

ECONOMY: Single - digit inflation with a consistent GDP growth

The inflation rate reached a single – digit level in Q3 (8.5% y-o-y), a positive trend which is due to continue in the next 12 months. The monetary policy rate has remained at 7.00% since January, but no downward shifts are expected by the end of the year. A consistent 2.1% y-o-y GDP growth was recorded in Q3, thus confirming Romania’s robust economic performance in 2023 so far, in a challenging context characterized by numerous financial and geopolitical issues which have already troubled the European Union both from an economic and social perspective. Moreover, another strong GDP growth (3.6%) is also forecasted for 2024, a year with 4 rounds of elections in Romania.

SUPPLY & DEMAND: Record demand in Q3

The Q3 new supply consisted of the 2nd building of the U – Center office project (32,500 sq. m GLA) developed by Forte Partners in the Center submarket, with the 2023 YTD new deliveries totaling 102,500 sq. m, as the office stock in the city reached 3.41 million sq. m. Moreover, Q3 2023 set an all – time quarterly record in terms of demand in Bucharest, with 157,100 sq. m being transacted, as the 400,000 sq. m yearly threshold is expected to be broken by the end of 2023 for the first time (347,200 sq. m were transacted in the Q1 – Q3 period, corresponding to a 56% y-o-y increase). However, the net take – up had a share of only 35% in the total leased volume in Q3, as the vacancy rate saw a minor increase from 14.8% to 14.9% Q2 vs. Q3.

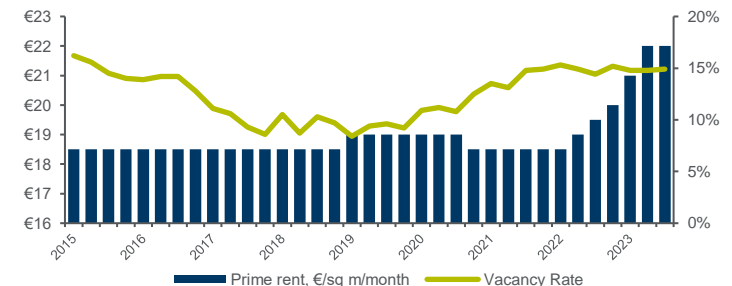
PRICING: Rents stabilize for the moment

Office rents in Bucharest stabilized in Q3, with no further relevant movements across the main submarkets, as the prime headline rent in the CBD area remained at €22.00/ sq. m/ month. The under construction pipeline in the city is fairly limited at only 80,000 sq. m GLA, the lowest it has been in the past 16 years, as a result of the still ongoing urbanistic issues related to the Bucharest municipality for which there is no resolution timeline in sight. Therefore, it is difficult to provide any forecast regarding the office supply post 2024/2025 without a clear solution pertaining to the abovementioned issues, while projects totaling more than 300,000 sq. m are waiting to receive their zoning / building permits across Bucharest.

SPACE DEMAND / DELIVERIES



BUCHAREST VACANCY & ASKING RENT



MARKETBEAT BUCHAREST

Office Q3 2023



CUSHMAN &
WAKEFIELD

Echinox

MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	AVAILABILITY (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT RANGE (SQM / MONTH)
CBD	357,300	28,400	7.9%	3,400	18,600	-	-	€20.00 - 22.00
Center	445,000	35,600	8.0%	30,300	57,300	32,500	8,000	€16.00 - 18.00
Floreasca – Barbu Vacarescu	589,600	44,000	7.5%	30,600	69,100	-	27,500	€15.50 - 17.50
Expozitiei	325,300	97,100	29.8%	19,200	30,700	35,500	-	€15.00 - 16.50
Center - West	614,100	102,200	16.6%	39,800	60,400	34,500	44,500	€15.50 – 16.50
North	182,700	32,900	18.0%	8,600	12,300	-	-	€12.00 - 15.00
Dimitrie Pompeiu	440,700	51,600	11.7%	16,900	78,900	-	-	€11.00 - 13.00
Pipera North	201,300	88,200	43.8%	-	2,400	-	-	€9.00 - 11.00
West	165,900	11,500	6.9%	4,000	7,100	-	-	€12.00 – 13.50
East	51,100	15,700	30.7%	4,300	4,300	-	-	€9.00 - 12.00
South	41,800	2,900	6.9%	-	6,100	-	-	€9.00 - 12.00
Bucharest (overall)	3,414,800	510,100	14.9%	157,100	347,200	102,500	80,000	€22.00

KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	RSQM	TYPE
The Bridge 1	Center - West	BCR Erste	18,000	Renewal / Renegotiation
U – Center 2	Center	Adobe	17,500	New lease
UniCredit HQ	Expozitiei	UniCredit	15,500	Renewal / Renegotiation
Globalworth Tower	Floreasca – Barbu Vacarescu	Huawei	12,000	Renewal / Renegotiation
Oregon Park B & C	Floreasca – Barbu Vacarescu	Deloitte SSC	12,000	Renewal / Renegotiation

KEY CONSTRUCTION COMPLETIONS Q3 2023

PROPERTY	SUBMARKET	PROJECT SIZE (SQM)	OWNER / DEVELOPER
U – Center 2	Center	32,500	Forte Partners

KEY UNDER CONSTRUCTION PIPELINE

PROPERTY	SUBMARKET	PROJECT SIZE (SQM)	OWNER / DEVELOPER
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
Arghezi 4	Center	8,000	Strabag Real Estate

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