

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
14.0% Vacancy Rate	▼	▲
€21.50 Prime rent, PSQM	▼	▲
7.25% Prime Yield <i>(Overall, All Property Classes)</i>	▲	▼

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
347.1K Bucharest Modern Office Employment	▲	▲
3.3% Bucharest Unemployment Rate	▲	▲
5.4% Romania Unemployment Rate	▼	▲

Source: Moody's Analytics

ECONOMY: KEY INTEREST RATE CUTS AND INFLATION SLOWDOWN

Inflation reached a level of 4.8% in Q3 2024, the lowest quarterly figure since Q3 2021, a positive context in which the National Bank of Romania has operated 2 consecutive 25 bp key interest rate cuts, down to 6.50%, while another similar cut is expected by the end of the year. The economic growth has somehow reduced its rhythm, but a reasonably solid 1.6% y/y surge was recorded in Q3, mainly fueled by the overly impressive retail sales growth (8.4% y/y), as consistent evolutions are forecasted for the end of the year and also throughout 2025.

SUPPLY & DEMAND: LOWER VACANCY RATES ACROSS THE MARKET

A take-up of 93,700 sq. m was recorded in Q3 in Bucharest, thus bringing the YTD total to 261,700 sq. m, a level 25% below Q1 - Q3 2023, an expected decrease in a context where not a single building was delivered throughout 2024 and also when considering that 2023 was a record year for the Bucharest office market in terms of leasing activity. The net take-up had a share of 46% in the YTD demand and the overall vacancy rate in the city has seen a consistent downward movement in the past 12 months, to 14.0% in Q3 2024 (vs. 14.9% in the same period of last year), a trend which is expected to continue on the short and medium terms, before a series of new projects which have just kick-started construction works are due to be delivered. The under construction pipeline in Bucharest stands at 144,000 sq. m, out of which around 90% is slated for completion in 2026 and 2027 in submarkets such as Center, Center - West, Floreasca - Barbu Vacarescu or Dimitrie Pompeiu.

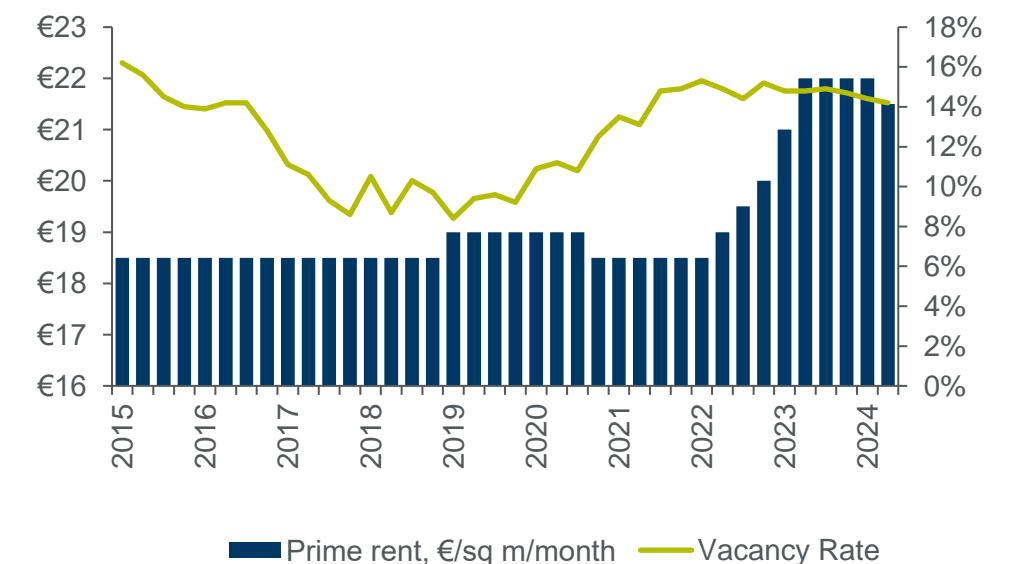
PRICING: NO SIGNIFICANT RENTAL MOVEMENTS

The rental level in Bucharest remained unchanged in Q3, with the prime headline rent in the CBD area being quoted at €20.00 - 21.50/ sq. m/ month, with values between €15.00 - 18.00/ sq. m/ month and €9.00 - 13.50/ sq. m/ month being recorded in central/ semi - central and in more peripheric locations respectively.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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	23,000	6.4%	9,400	19,600	-	-	€20.00 - 21.50
Center	453,000	17,900	4.0%	10,000	35,700	-	55,000	€16.00 - 18.00
Floreasca - Barbu Vacarescu	589,600	69,000	11.7%	14,000	37,100	-	23,400	€15.50 - 17.50
Expozitiei	325,300	82,900	25.5%	2,800	31,100	-	-	€15.00 - 16.50
Center - West	614,100	105,400	17.2%	21,700	33,300	-	45,000	€15.50 - 16.50
North	192,700	30,600	15.9%	2,000	15,500	-	-	€12.00 - 15.00
Dimitrie Pompeiu	440,700	42,000	9.5%	25,000	68,900	-	20,600	€11.00 - 13.00
Pipera North	183,000	70,800	38.7%	1,300	3,300	-	-	€9.00 - 11.00
West	165,900	19,500	11.8%	-	9,700	-	-	€12.00 - 13.50
East	51,100	15,700	30.7%	7,500	7,500	-	-	€9.00 - 12.00
South	41,800	2,900	6.9%	-	-	-	-	€9.00 - 12.00
Bucharest (overall)	3,414,500	479,700	14.0%	93,700	261,700	-	144,000	€21.50

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	RSQM	TYPE
Upground BOB	Dimitrie Pompeiu	DB Global Technology	7,000	Expansion
Oregon Park C	Floreasca - Barbu Vacarescu	BNP Group	6,200	Renewal / Renegotiation
Unirii View	Center	IWG	3,100	Renewal / Renegotiation
AFI Park Floreasca	Floreasca - Barbu Vacarescu	Lenovo	2,900	Renewal / Renegotiation

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE / € PSQM
The Landmark	CBD	Revetas - Cerberus / Vectr Realty	22,000	€70 M+ / €3,200+
myhive Victoriei*	Center	Immofinanz / AFI Europe	26,300	€27 M / €1,027

*Redevelopment project

KEY UNDER CONSTRUCTION PIPELINE

PROPERTY	SUBMARKET	PROJECT SIZE (SQM)	OWNER / DEVELOPER
Timpuri Noi Square II	Center	55,000	Vastint
ARC Project	Center - West	30,000	PPF Real Estate
Promenada Offices	Floreasca - Barbu Vacarescu	23,400	NEPI Rockcastle
One Technology District	Dimitrie Pompeiu	20,600	One United Properties
AFI Loft	Center - West	15,000	AFI Europe

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