



OFFICE MARKET IN BUCHAREST

Q1 2021 IN A NUTSHELL

- The office market started to show signs of recovery in Q1 2021
- Pre-leasing activity is highly promising for the market
- Over the quarter additional office spaces slightly increased the sub-lease inventory

MIXED SIGNALS AT THE BEGINNING OF 2021

The office market started to show signs of recovery in Q1 2021, with cca 55,000 sqm transacted out of which 31% represented by lease renewals. Worth mentioning the high level of pre-leases concluded in this quarter, which captured around 44% of Q1 2021 activity.

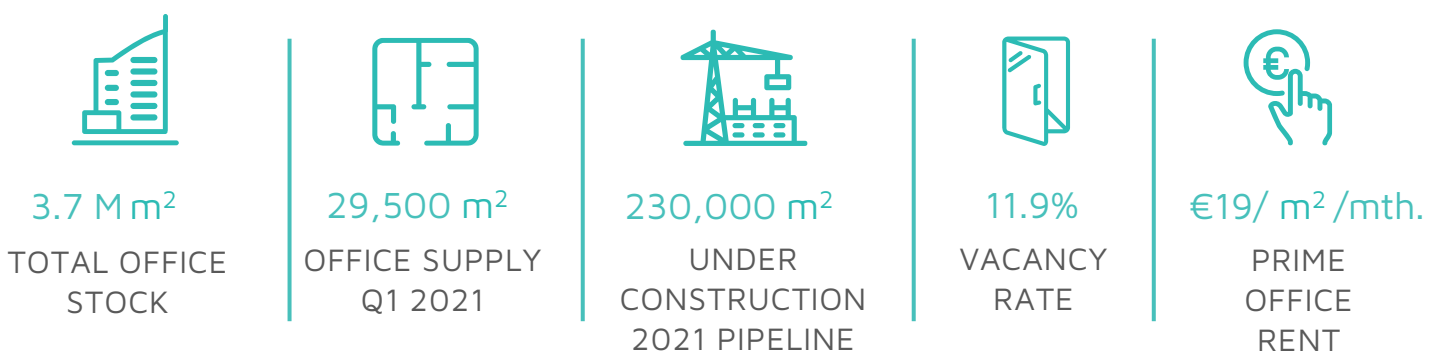
Additional office spaces slightly increased the sub-lease inventory, which at the end of Q1 2021 was estimated between 70-80,000 sqm. However, the trend is decreasing compared with last year, when the market recorded the largest surface available for sub-lease in the region of 50-60,000 sqm. We believe that the pace will be maintained over the upcoming months coupled with an increase of the vacancy rate.

Office supply completed in Q1 2021 was limited to only 2 office buildings, totaling 29,500 sqm. Office pipeline for the rest of the current year is estimated at 230,000 sqm with over 50% being already pre-let.

Although it is difficult to pinpoint the office pipeline for 2022, still some projects are under construction with high probability of completion as pre-leasing activity already started.

Vacancy rate at the end of Q1 2021 registered a mild increase to a level at around 11,9%, but additional pressure on vacancy rate is expected throughout 2021.

KEY FIGURES



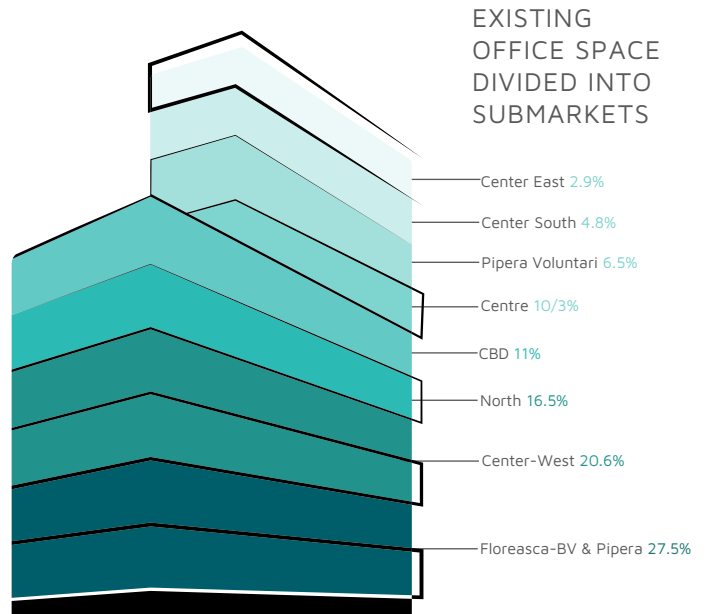
SUPPLY

In Q1 2021 were completed 2 office buildings totaling approx. 29,500 sqm which increased Bucharest modern office stock to 3.7 million sqm (Class A and B office buildings). In the first 3 months of the year were completed 2 buildings: Campus 6.2 in the West office submarket and Matei Millo Office in the downtown of Bucharest.

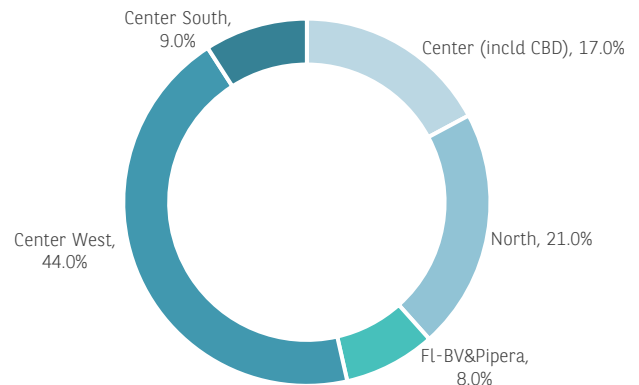
Construction activity is expected to continue in 2021 with the completion of additional 9 buildings totaling 230,000 sqm for which leasing activity started 12-18 months ago and pre-leases were signed for over 50% of the proposed area. The list of projects includes Tiriac Tower located in the CBD, Dacia One in the Center, and Globalworth Square in Floreasca Barbu Vacarescu Corridor.

Additionally, due to a very good pace of preleasing activity (over 70%), One Cotroceni Park project relaunched the second phase of the office component, which together with the first phase will bring to the market cca 80,000 sqm of new office space.

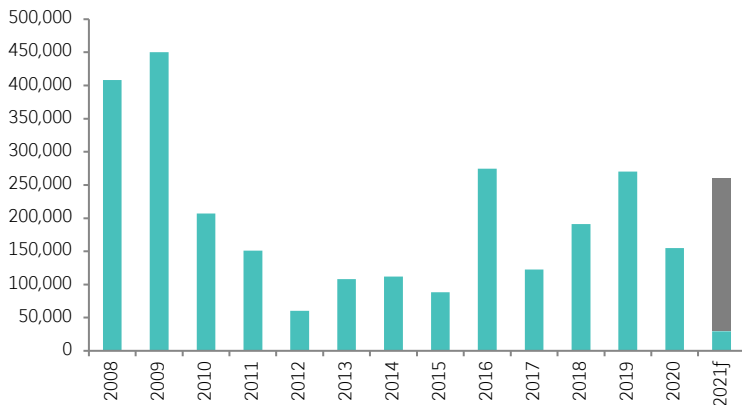
Although is difficult to pinpoint the office pipeline for 2022, still some projects are under construction with high probability of completion as pre-leasing activity already started. Among the projects to be completed in 2022 are worth mentioning @Expo close to the Free Press Square, Tandem Offices in the Center and a new phase of AFI Tech Park in the West.



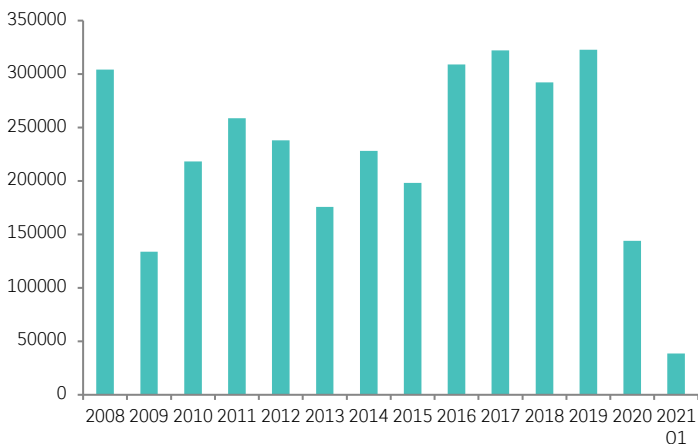
SPACE UNDER CONSTRUCTION DIVIDED INTO SUBMARKETS 2021-2022



ANNUAL OFFICE SUPPLY IN BUCHAREST (m²)



ANNUAL OFFICE GROSS TAKE-UP (m²)



Source: FORTIM TRUSTED ADVISORS, An Alliance Member of BNP Paribas Real Estate

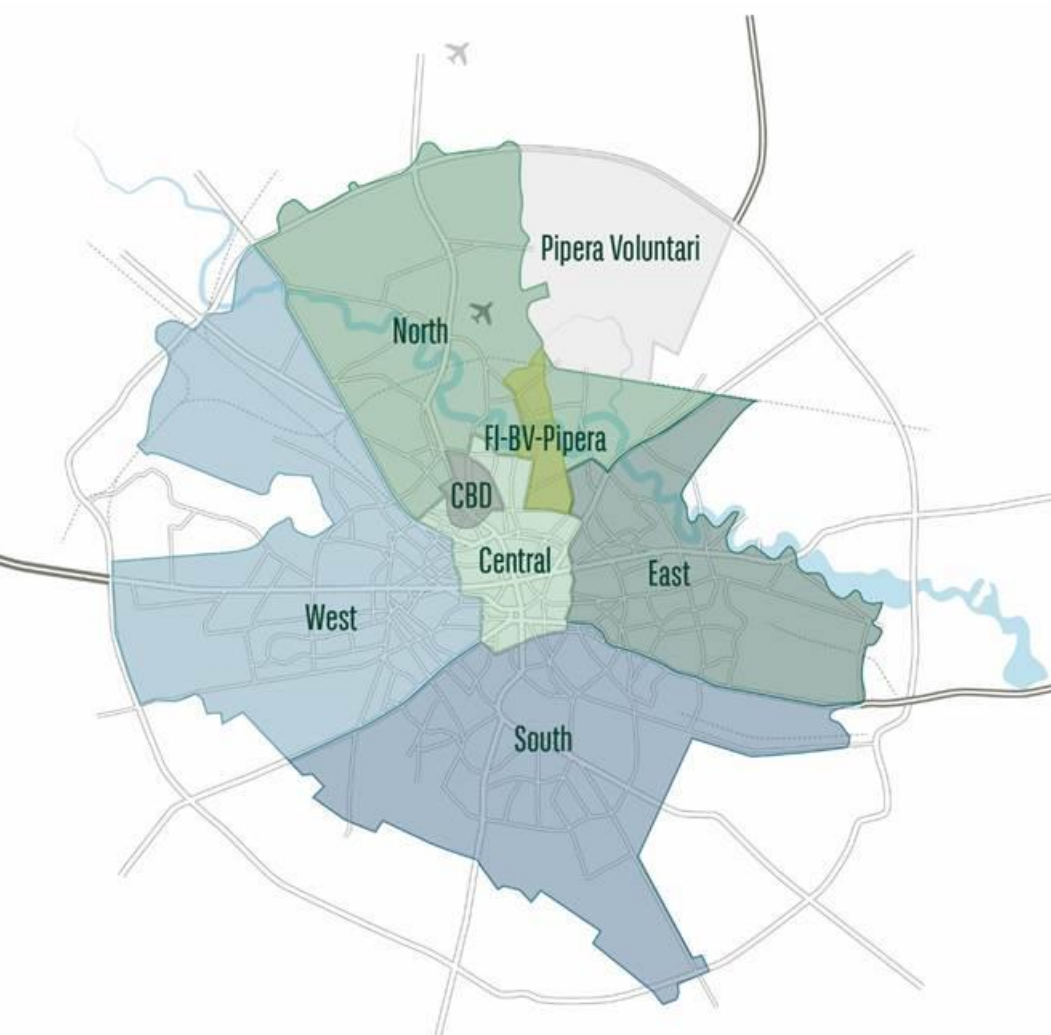
DEMAND

In Q1 2021 gross office take up in Bucharest, including renewals, reached 55,000 sqm. Renewals were signed for cca 31% from the quarterly take-up activity, while pre-leases were signed for over 22,000 sqm. This pre-leasing activity is highly promising for the market as it boosts the development activity for the upcoming 2-3 years. The largest leases concluded in Q1 2021 were signed by WIPRO in Globalworth Square for cca 11,000 sq, Corporate Office Solutions for 4,000 sqm in MIRO followed by BT for cca 2,800 sqm in U-Center Ph 1. Other pre-leases were recorded in Tiriac Tower as well as One Cotroceni Park. Lease renewals were concluded in Bucharest Business Park in the North (Sony, Eli Lilly, 3M), Floreasca Business Park located along Floreasca-BV Corridor (Exxon and Daikin) as well as America House located in the coveted CBD (Premier Restaurant Romania aka McDonald's, Embassy of Japan and Mastercard). By industry, the most active sector remained Computers Hi-Tech (44.6%), followed by financial sector (10.5%) and consumer goods (6.8%). By geography, Floreasca-BV Corridor was the most active office submarket, capturing the highest areas for both renewals and new transactions (33.8%) followed by West (20.3%), North (16.2%) and CBD (11.5%).

VACANCY RATE

At the end of Q1 2021 the vacancy rate for modern office stock in Bucharest stood at 11,9%, a mild q-on-q increase (from 11.5% recorded on Q4 2020). Further increase of the vacancy rate is forecasted for remainder of 2021 due to large deliveries announced for this year, while the level of take-up activity will not be able to keep the pace and fulfil the vacated office areas through the relocation in the newly completed buildings.

To date, the highest vacancy rates are recorded in Pipera Voluntari, Center and Center East office submarkets, while the CBD and West, including Center West, record one of the lowest levels estimated, between 8-9% (Class A&B stock). Northern locations such as Floreasca, Barbu Vacarescu and surrounding locations of Dimitrie Pompeiu are generating a vacancy rate in the region of 10,3%.



ZONES

CENTER	
Stock	384 000 m ²
Vacancy rate	17.0%
CBD	
Stock	407 000 m ²
Vacancy rate	8.7%
NORTH	
Stock	615 000 m ²
Vacancy rate	12.7%
FLOREASCA-BV & PIPERA	
Stock	1 018 000 m ²
Vacancy rate	10.3%
PIPERA VOLUNTARI	
Stock	243 000 m ²
Vacancy rate	19.9%
CENTER WEST	
Stock	765 000 m ²
Vacancy rate	8.0%
CENTER SOUTH	
Stock	178 000 m ²
Vacancy rate	9.0%
CENTER EAST	
Stock	106 000 m ²
Vacancy rate	15.6%

Source: FORTIM TRUSTED ADVISORS, An Alliance Member of BNP Paribas Real Estate

MAJOR COMPLETIONS IN THE LAST 6 MONTHS

BUILDING (*)	AREA (m ²)	ZONE	OPENING DATE	DEVELOPER
One Tower Eliade	23,900	FL BV Corridor	Q4 2020	One United Properties
Mincu 3 Office	3,300	Center North	Q4 2020	Atena Development
Campus 6.2	19,800	Center West	Q1 2021	SKANSKA
Matei Millo Office	9,600	Center	Q1 2021	Forte Partners

Source: FORTIM TRUSTED ADVISORS, An Alliance Member of BNP Paribas Real Estate, (*) listed by completion

MAJOR SCHEMES UNDER CONSTRUCTION FOR COMPLETION IN 2021

BUILDING (*)	AREA (m ²)	ZONE	DEVELOPER	OPENING DATE
Globalworth Square	28,000	Floreasca-BV	Globalworth	2021
Tiriac Tower	16,800	CBD	Tiriac Imobiliare	2021
J8 Business Park	45,700	North	Portland Trust&ARES	2021
Dacia One	15,800	Center	Atenor Group	2021
U-Center Ph 1	30,500	Center South	Forte Partners	2021
One Cotroceni Park	45,000	West	One United Properties	2021

Source: FORTIM TRUSTED ADVISORS, An Alliance Member of BNP Paribas Real Estate, (*) listed by year and estimated completion

MAJOR OFFICE LEASE TRANSACTIONS IN Q1 2021

TENANT (*)	BUILDING	ZONE	AREA (m ²)	LEASE TYPE
Wipro	Globalworth Square	FI BV Corridor	11,000	Pre-lease
Corporate Office Solutions	MIRO	North	4,000	Pre-lease
BT	U-Center Ph 1	Center South	2,800	Pre-lease
Metrodigital	Floreasca Park	FI BV Corridor	1,800	Relocation
Diaverum	CDG Plaza	CBD	765	Relocation

Source: FORTIM TRUSTED ADVISORS, An Alliance Member of BNP Paribas Real Estate, (*) listed by area

AUTHOR

Levis Vlad, MRICS
Head of Research
levis.vlad@fortim.ro

CONTACTS

Costin Nistor
Managing Director
Romania
costin.nistor@fortim.ro

Nicolae Ciobanu
Managing Partner
Head of Advisory
nicolae.ciobanu@fortim.ro

Dorin Caplea
Senior Consultant
Office Agency
dorin.caplea@fortim.ro

Bogdan Cange
Managing Partner
Business Development
bogdan.cange@fortim.ro

Daniel Ilinca
Senior Consultant
Office Agency
daniel.ilinca@fortim.ro

FORTIM TRUSTED ADVISORS SA
AMERICA HOUSE, WEST WING, 2ND FLOOR
4-8 Nicolae Titulescu Blvd, 011141 Bucharest
Tel. +40 21 312 7000
www.fortim.ro

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