



OFFICE MARKET IN BUCHAREST

Q4 2021 IN A NUTSHELL

- 30% gross office take up increase in Q1-Q4 2021 vs Q1-Q4 2020
- Pre-leasing activity to rebound in following quarters
- 47% of the total take-up was representing by renewals

GROSS OFFICE TAKE-UP INCREASES INTEREST FOR RENEWALS

The office market in Q4 2021 were close in terms of transacted premises with last quarter with approx. 89,679 sqm transacted premises, which elevated the activity of Q1-Q4 2021 to 315,000 sqm (gross office take-up including renewals). This is around 33% higher compared with last year's activity, but below 57% compared with same time frame in 2019. In Q4 2021 the renewal activity increased and represent 47% of the total take-up. The pre-leasing it consisted of a single transaction and represents approximately 4% of the total.

The office stock available for sub-lease has decreased over the last quarter, a trend which we believe will be perpetuated

from quarter to quarter.. Another hike is unlikely to be recorded in the market as through renewals the office space in excess will be returned to the landlord and accordingly will directly impact the vacancy rate of the modern office stock.

KEY FIGURES



3.96 M m²

TOTAL OFFICE
STOCK



91,900 m²

OFFICE SUPPLY
Q4 2021



147,000 m²

UNDER
CONSTRUCTION
F 2022



13.3%

VACANCY
RATE



€18.5/ m² /mth.

PRIME OFFICE
RENT

IN A NUTSHELL Q4 2021

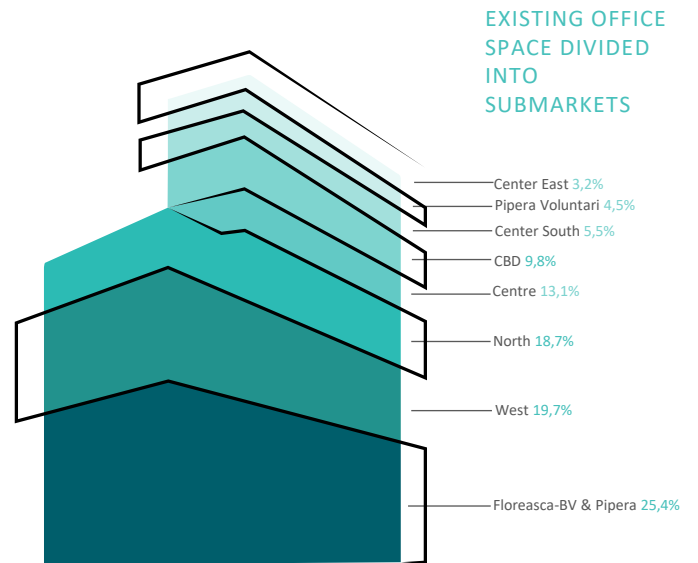
SUPPLY

Q4 2021 witnessed the completion of 4 projects, with a total GLA of 91,600 sqm, thus generating a modern office stock of 3,96 million sqm (class A&B). The new deliveries consolidated the top 3 submarkets in terms of stock, respectively Pipera FL BV, West and North.

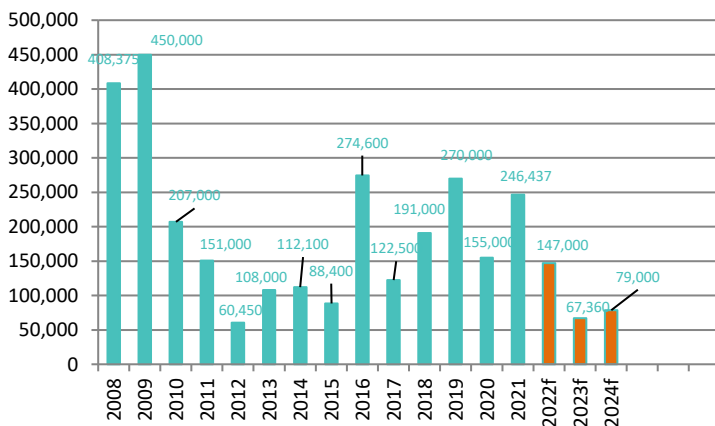
The pipeline for the further year is announced to be lower compared to this year with slightly over 147,000 sqm office space. The projects forecasted for completion in the above-mentioned time frame include London + Oslo Buildings (West), @Expo Building B1 and Building B2 (North), Tandem Offices (Center), One Cotroceni Ph.2 (West), the completion of refurbishment of Tudor Argezi Offices (Center), AFI Tech PH 2 (West) and West Business Campus (West).

The office market supply has seen some changes in terms of GLA and delivery dates and will most likely continue to see decrease in term of new office supply, due to the current status the office market, in which larger occupiers did not return to the office premises and is still unclear how the return to the office buildings will progress in the upcoming months.

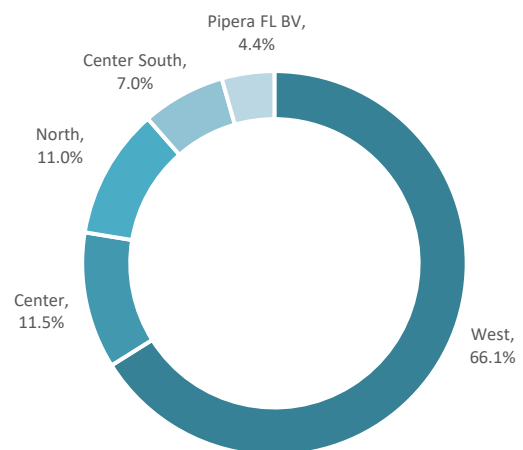
OFFICE MARKET IN BUCHAREST



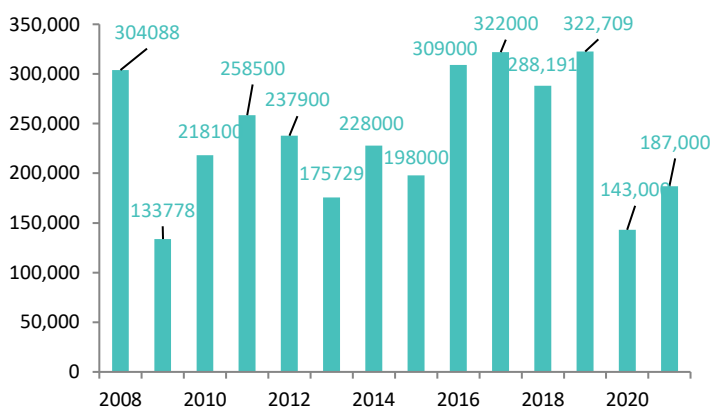
ANNUAL OFFICE SUPPLY IN BUCHAREST (SQM)



SPACE UNDER CONSTRUCTION DIVIDED INTO SUBMARKETS 2022-2023



ANNUAL OFFICE NET TAKE-UP (SQM)



DEMAND

In Q4 2021, the gross office take up in Bucharest (including renewals) reached 89,600 sqm, while the net take-up reached 41,700 sqm. The new demand attracted 28,4 %- 25.000 sqm of this quarter activity, while renewals 47,3 reaching 42,000 sqm. The largest new demand was signed by Estee lauder, their new IT hub in Bucharest located in Matei Millo Office Building (5,400 sqm), while the largest renewals were Michelin in Global City (total of 7,800 sqm) and Webhelp in Premium Plaza (4,800 sqm). Pre-leases recorded a decrease to 4% of the total net-take-up of this quarter having a single transaction of 3500 sqm in Muse Project.

The main economic sectors that drive the local office market remain Medical & Pharma (16,9%), followed by IT&C (16,7%).

Also, in the last Quarter we had a surrender with an area of 1700 sqm in the CBD area.

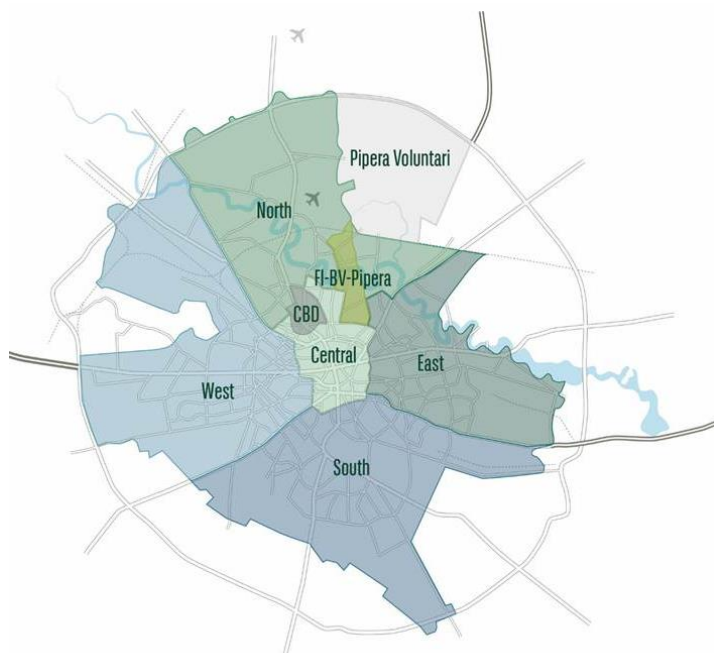
On the sublease area we had 4 transactions totaling 4000 sqm in total.

VACANCY RATE

The modern office stock in Bucharest registered at the end of Q4 2021 a vacancy rate of 13,3 %. Several announced office projects during the previous quarters were delivered by the end of Q4 2021, representing a significant influencer in the total vacancy rate.

The ranking of the submarkets in terms of vacancy was subject to change over the quarter. The highest vacancy levels being recorded North Area(19,2%), followed by Center East (18,6%) and Pipera Voluntari submarket (17,3%), while the lowest vacancy rates were recorded in the Center(8.1%).

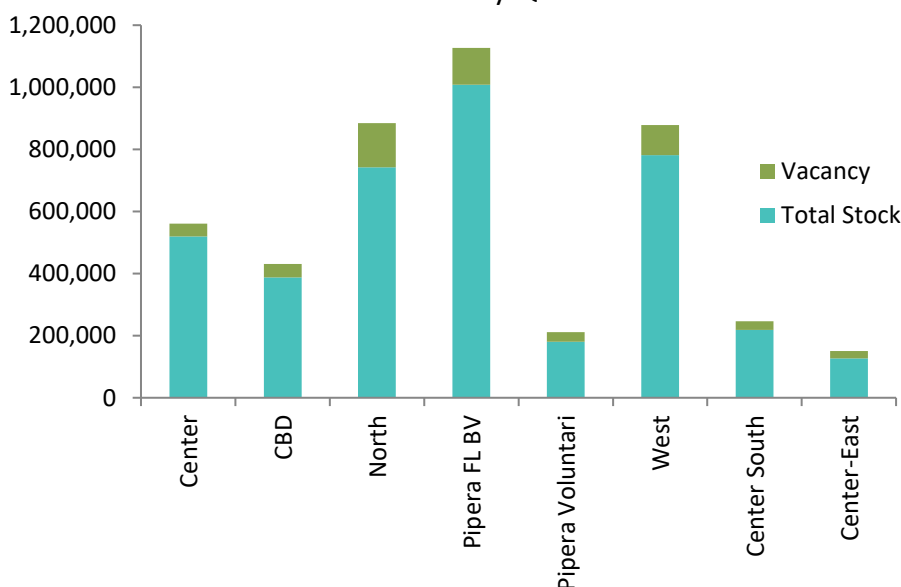
In addition, the projects announced to be completed in the future quarters will be delivered with a high level of vacancy, as few pre-leases were confirmed by now. Also, regarding the occupied office spaces, new changes in vacancy may arise. We estimate a significant ratio for the employees working form home versus working from the office. Thus, the impact over the vacancy rate may grow in the future quarters, unless a confidence spirit monopolizes the market.



ZONES

PIPERA FL BV	
Stock	1,007,875 sqm
Vacancy rate	11,7%
NORTH	
Stock	741,562 sqm
Vacancy rate	19,2%
WEST	
Stock	781,580 sqm
Vacancy rate	12,3%
CENTER	
Stock	519,129 sqm
Vacancy rate	8,1%
CBD	
Stock	387,110 sqm
Vacancy rate	11.4%
PIPERA VOLUNTARI	
Stock	179,972 sqm
Vacancy rate	17,3%
CENTER SOUTH	
Stock	217,989 sqm
Vacancy rate	12,9%
CENTER EAST	
Stock	126,817 sqm
Vacancy rate	18,6%

Stock & Vacancy Q4 2021



Source: FORTIMTRUSTEDADVISORS, An Alliance Member of BNP Paribas Real Estate

MAJOR COMPLETIONS IN THE LAST 12 MONTHS

BUILDING (*)	AREA (m ²)	ZONE	OPENING DATE	DEVELOPER
J8 Business Campus	47,500	North	Q3 2021	Portland Trust
U Center Ph 1	32,800	Center South	Q3 2021	Forte Partners
One Cotroceni Park Ph.1	45,000	West	Q4 2021	One United
GW Square	29,700	Pipera FL BV	Q2 2021	Globalworth
MIRO	22,850	North	Q4 2021	Speedwell
Campus 6.2	19,800	Center West	Q1 2021	SKANSKA
Tiriac Tower	16,500	CBD	Q2 2021	Tiriac Imobiliare
Dacia One	15,600	CBD	Q4 2021	Dedeman
Matei Millo	9,600	Center	Q1 2021	Forte Partners
Politehnica Business Tower	8,940	West	Q4 2021	Politehnica Business Tower SRL

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

MAJOR SCHEMES UNDER CONSTRUCTION FOR COMPLETION IN Q1 2022

BUILDING (*)	AREA (m ²)	ZONE	DEVELOPER	OPENING DATE
London Building- Sema	21,347	Center West	River Development	Q1 2022
Oslo Building- Sema	10,000	Center West	River Development	Q1 2021
Tandem Offices	19,700	Center	Forte Partners	Q1 2022
@Expo B1 & B2	17,200	North	Atenor	Q1 2021

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

MAJOR OFFICE LEASE TRANSACTIONS IN Q4 2021

TENANT (*)	BUILDING	ZONE	AREA (m ²)	LEASE TYPE
Michelin	Global City	Pipera- Voluntari	7,800	Relocation
Estee Lauder	Matei Millo Offices	CBD	5,400	New Demand
PTC	Riverview	West	4,800	Renewal/expansion
Webhelp	Premium Plaza	CBD	4,800	Renewal
Multinode Network	One North Gate	Pipera-Voluntari	1,058	Relocation
Naos skin Care(Bioderma)	The Mark- Tower	Central	535	Relocation

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

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