



**RESEARCH**

# BUCHAREST OFFICE MARKET

IN A  
NUTSHELL  
Q2 2022



**KEY FIGURES**



**4,07 M m<sup>2</sup>**

TOTAL OFFICE STOCK



**30,700 m<sup>2</sup>**

OFFICE SUPPLY Q2 2022



**28,841 m<sup>2</sup>**

UNDER CONSTRUCTION T2-Q4 2022



**13,18%**

VACANCY RATE



**€18.5/m<sup>2</sup>/mth**

PRIME OFFICE RENT

- » **Increase the renting transaction's number above 5,000 sqm. Major tenants active in Q2: Leventer Medical Group, Orange, and Siemens Energy;**
- » **Vacancy rate decreases at 13,18% from 13,89% (QOQ);**
- » **The delivery of the new office spaces decreased with approx. 40% compared to Q1 2022;**
- » **Total surface delivered in Q2 2022 was 30,700 sqm, in two new buildings: AFI Tech Park Phase II and Tudor Arghezi 21.**

**IN A NUTSHELL**

Total office take-up including Renewals amounts to 86,868 sqm, up to 10%, compared to the first quarter of 2022. The new leases, net office take-up contracts cumulated a total area of 60,392 sqm, and 24,426 sqm Renewals.

The largest tenants present on the market were Orange, which signed a Renewal contracts of 7,520 sqm, in the Europe House building and an extension contract in the Tandem Building, both in the Central Business District (CBD) area. Another big transactions was Leventer Medical Group with a new lease of 6,500 sqm, for a new medical clinic in Myhive Victoria Park. Siemens Energy pre-leased an area of 5,543

sqm in the One Cotroceni Phase 2 building (delivered in Q2 2022).

Furthermore, in this quarter large international companies extended their lease contracts, or signed new contracts for office premises. These companies are: Carrefour, L'Oréal, Saint Gobain, Ioanid International High School, Depanero ,Temenos.

Overall, net office takes up in the first 6 months, Q1 and Q2 was 122,208 sqm (+15% increasing for the same period in 2021, 103,963 sqm).

SUPPLY

In Bucharest the new office delivery decreased with approx. 40% compared to Q1 2022;

In the second quarter of 2022, two modern office buildings were delivered in Bucharest: AFI Tech Phase 2, with a total area of 25,000 sqm and Arghezi 21, with an area of 5,700 sqm.

By the year end only one office building will be delivered, respectively One Cotroceni Phase 2, with a total area of 28,841 sqm.

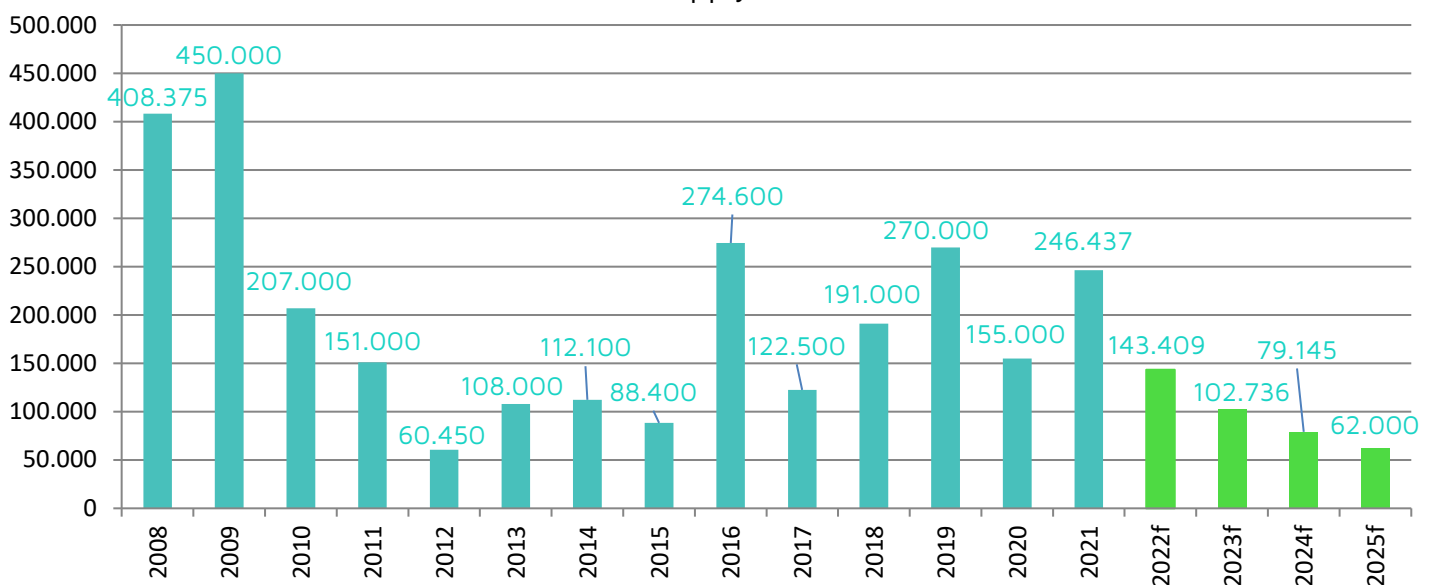
Vastint announced a total of new 50,000 sqm office space, in Timpuri Noi Square project, to be delivered in 2025.

The total stock for 2022 is estimated to approximately 140,000 sqm.

Presently, the central area of Bucharest is in high demand from the tenants, in the same time, the new office supply is concentrated in western part of the city.

ANNUAL OFFICE SUPPLY IN BUCHAREST (m<sup>2</sup>)

Annual Office Supply 2008-2025F



DEMAND

In total, the transactions cumulated 86,868 sqm of office space. From the total transactions, 60,492 sqm were relocations, new demand, pre-lease, and expansions. Renewals represented 24,426 sqm from the total transactions.

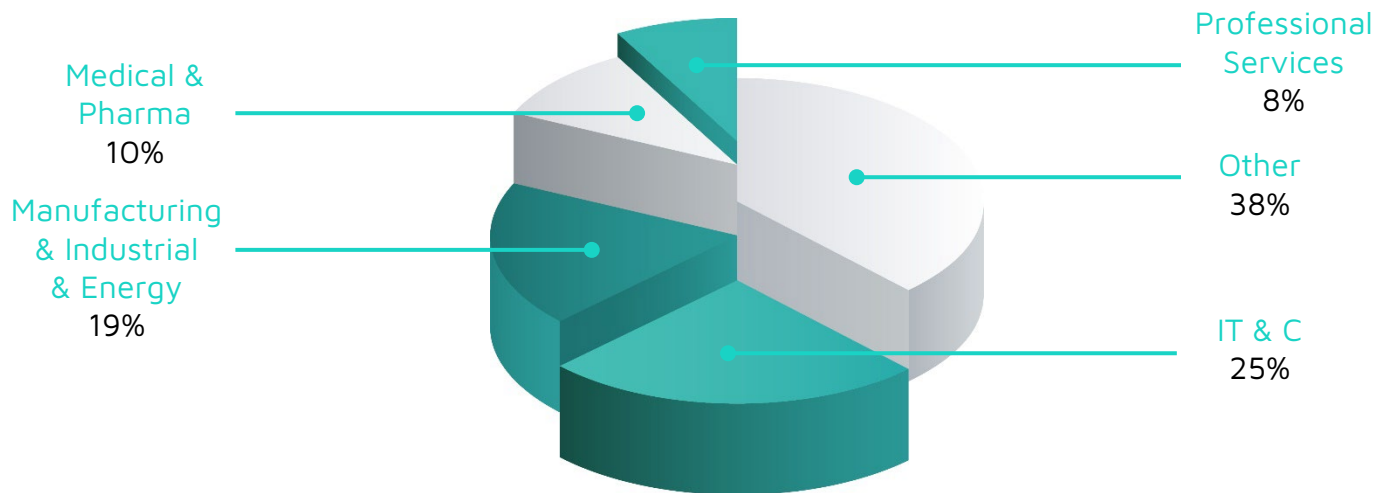
82% of the tenants preferred A class office buildings.

New demand transactions cumulated 28,570 sqm and the pre-lease only 6,043 sqm.

In Q2, tenants were attracted by the new office stock. The demand for office space was concentrated on new buildings, delivered in 2021, or in the first two quarters of 2022. These office buildings are located in the West of Bucharest (30%), with good locations and facilities, or in the city centre (15%), where most of the new buildings were delivered.

BUSINESS AREAS OF THE OFFICE TENANTS

In the top of the fields of activity of the tenant companies continued to be the IT&C sector, with 25% of the total, followed by the Manufacturing/Industrial/Energy field with 19%, and on the third place the Medical & Pharma sector representing 10% of the total demand.



MAJOR DELIVERITIES IN THE Q2 2022

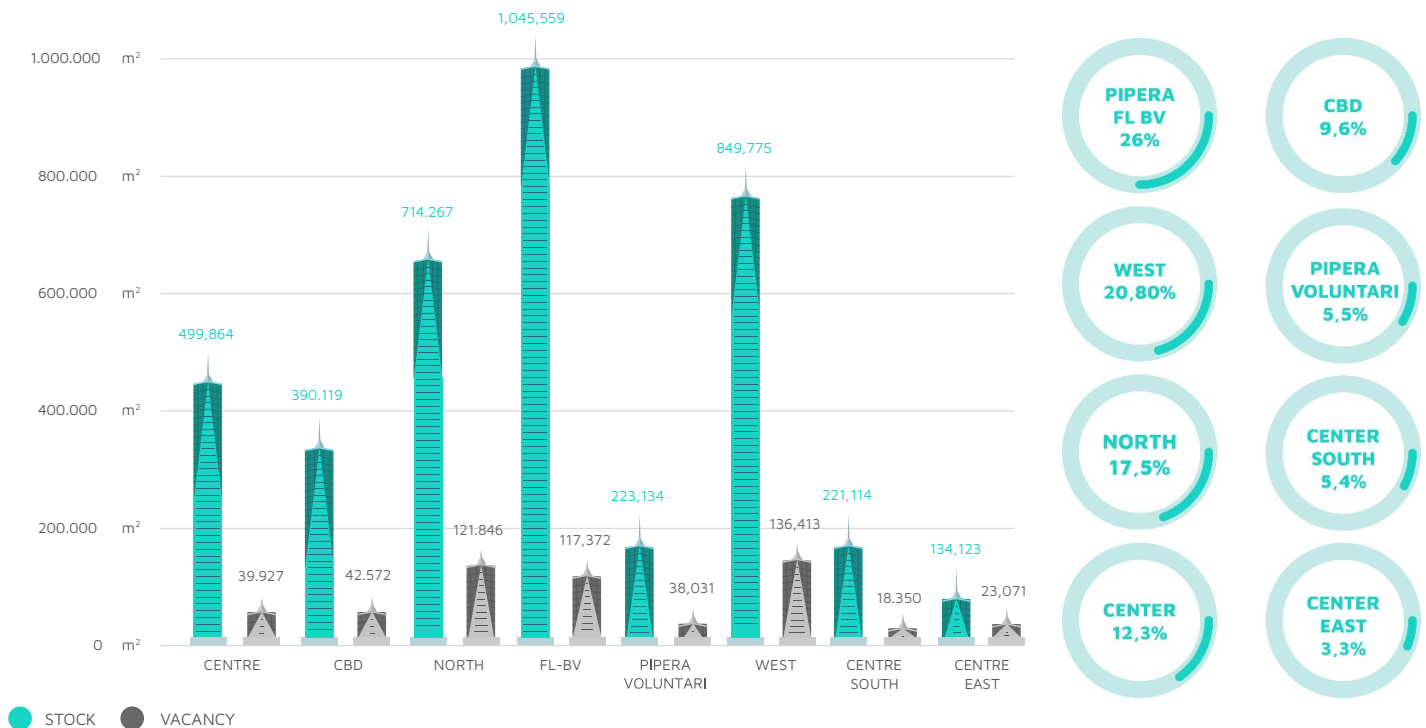
BUILDING	SUBMARKETS	AREA (SQM)	YEAR
AFI TECH Ph 2	WEST	25,000	2022
TUDOR ARGHEZI 21	CENTRAL	5,700	2022

PIPELINE - MAJOR SCHEMES UNDER CONSTRUCTION FOR COMPLETION IN 2022-2023

BUILDING	SUBMARKETS	AREA (SQM)	YEAR
ONE COTROCENI Ph 2	WEST	28,841	2022
U-CENTER Ph 2	SOUTH	35,022	2023
@EXPO A	NORTH	28,360	2023
Equilibrium 2	NORTH	19,400	2023



OFFICE STOCK BY SUBMARKETS



VACANCY RATE

Positive news is that the modern office stock vacancy decreases slowly. Vacancy office rate was 13,18%, in Q2 2022, compared to 13,89% in Q1 2022.

In the next period we expect more decrease in the vacancy rate due to lack of pipeline office space deliveries.

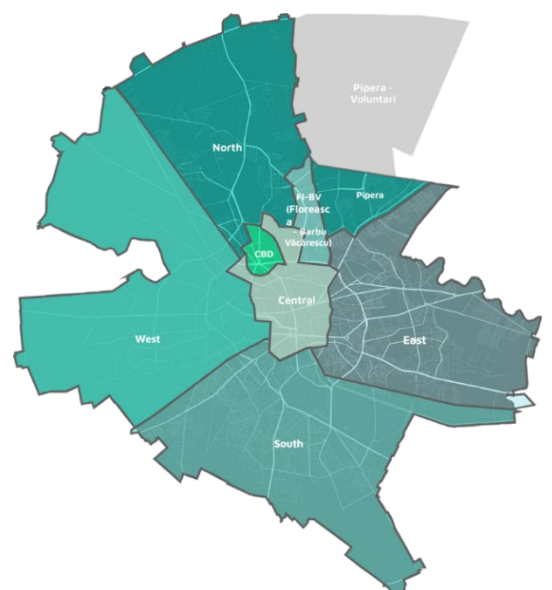
THE RANKING OF THE SUBMARKETS IN TERM OF VACANCY

The highest level of office stock vacancy is registered in the North area with 17.1% and in the Pipera - Voluntari area with 17%.

The lowest vacancy rates are in the Center with 8%, Center-South with 8.3% and Central Business District (CBD) with 10.9%.

The highest absorption rate for office space is concentrated in the Center and in the Center-South area, where new buildings were delivered, or are in the process of being delivered.

The office buildings located in such areas are: Arghezi 21 (Center, 2022), Tandem (Center, 2022), Arghezi 4 (Center, 2022-2023,) and U-Center Phase 2 (Center-South, 2023).



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

INVESTING IN OFFICE MARKET - BUCHAREST

In the second quarter, in Bucharest have been concluded 6 transactions, with a total 158.8 mil. EURO investment. Current investors are mostly specialized companies, such as S Immo, Hagag, Indotek, MAS RE, Arcona Property Fund.

97% of the total value invested in Real Estate during this period came from REIT (Real Estate Investment Trust) companies, profile companies that own, operate, or finance real estate assets that produce income.

The highest amount paid for a single real estate asset in Romania in Q2 2022 was for the Expo Business Park office project with 40,600 sqm GLA class A, in Bucharest.

Investors in the office investment market are mainly from Austria (115 mil. EURO), Hungary, Nederland, and Romania.

Considering the current negotiations, for A class office projects, we expect another transaction of over 100 mil. EURO to be concluded by the year end.



INCREASE INVESTMENT, IN ALL THE REAL ESTATE SECTORS

The total volume of investments in the Romanian Real Estate market was 566.9 mil. EURO in the first six months of 2022, of which 476.9 mil. EURO in the last three months.

Last year, in the first two quarters, a total of 194 mil. EURO of real estate assets were traded.

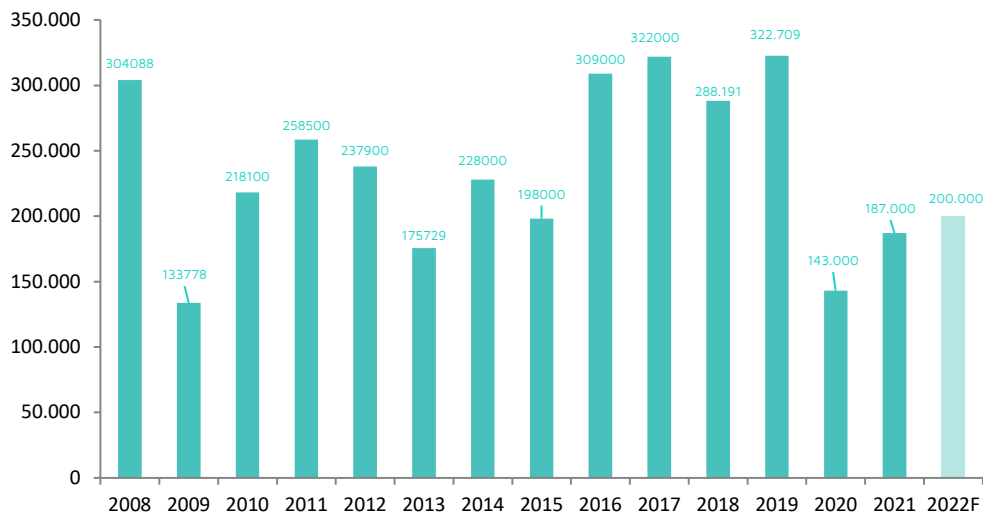
The retail sector in 2022 attracted the largest investments amount, with a total of 249.7 mil. EURO.

On the second place is the office sector with transactions totalling 220.3 mil. EURO.

On the third place is the industrial sector who attracted a total of 54.5 mil. EURO.

## OFFICE NET TAKEUP 2008-2022

Bucharest NET Take-Up (excluding renewals)



## SELECTION OF MAIN LEASES CONCLUDED IN Q2 2022

TENANT	BUILDING	LEASED AREA (SQM)	TYPE OF TRANSACTION	GEOGRAPHICAL AREA
<b>Orange</b>	Europe House	7520	Renewal	CBD
<b>Leventer Medical Group</b>	Myhive Victoria Park	6500	New Demand	North
<b>Siemens Energy</b>	One Cotroceni Phase 2	5543	Pre Lease	West
<b>Carrefour</b>	Green Court - Phase B	5000	Renewal	FL-BV
<b>Depanero</b>	Sema Parc	4200	Relocation	West
<b>Orange</b>	Tandem	3738	Expansion	Central
<b>Confidential</b>	Tiriac Tower	3600	Relocation	CBD
<b>L'Oréal Romania</b>	AFI Park Floreasca	3239	Renewal	FL-BV
<b>Temenos</b>	Riverview	2800	Renewal	West
<b>Ioanid International High School</b>	H Victoriei 109	2770	New Demand	Central
<b>Hotspot Workhub</b>	Orhideea Towers	2550	New Demand	West

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