

**RESEARCH**

**BUCHAREST  
OFFICE MARKET**

**IN A  
NUTSHELL  
Q4 2022**



**KEY FIGURES**



**4,08 M sqm**

**19,500 sqm**

**126,667 sqm**

**13,18%**

**€19,5/m<sup>2</sup>/mth**

TOTAL OFFICE STOCK

NEW OFFICE SUPPLY Q4 2022

UNDER CONSTRUCTION 2023

VACANCY RATE

PRIME OFFICE RENT

- » In Q4 2022, the net take-up increases slowly, to **47,981 sqm (+9% to Q3 2022)**. The office market, with renewals, totals **90,820 sqm**.
- » The IT&C companies represent the major demand (**47%**). The largest lease contract was signed to **Playtika (8,760 sqm, in TN Offices C building)**.
- » New demand represents **22%** of the total office market.

**DEMAND**

**90,820 sqm**

**47,981 sqm**

**20,389 sqm**

**5,300 sqm**

TOTAL WITH RENEWALS

TOTAL WITHOUT RENEWALS

NEW DEMAND

PRE-LEASE

**IN A NUTSHELL**

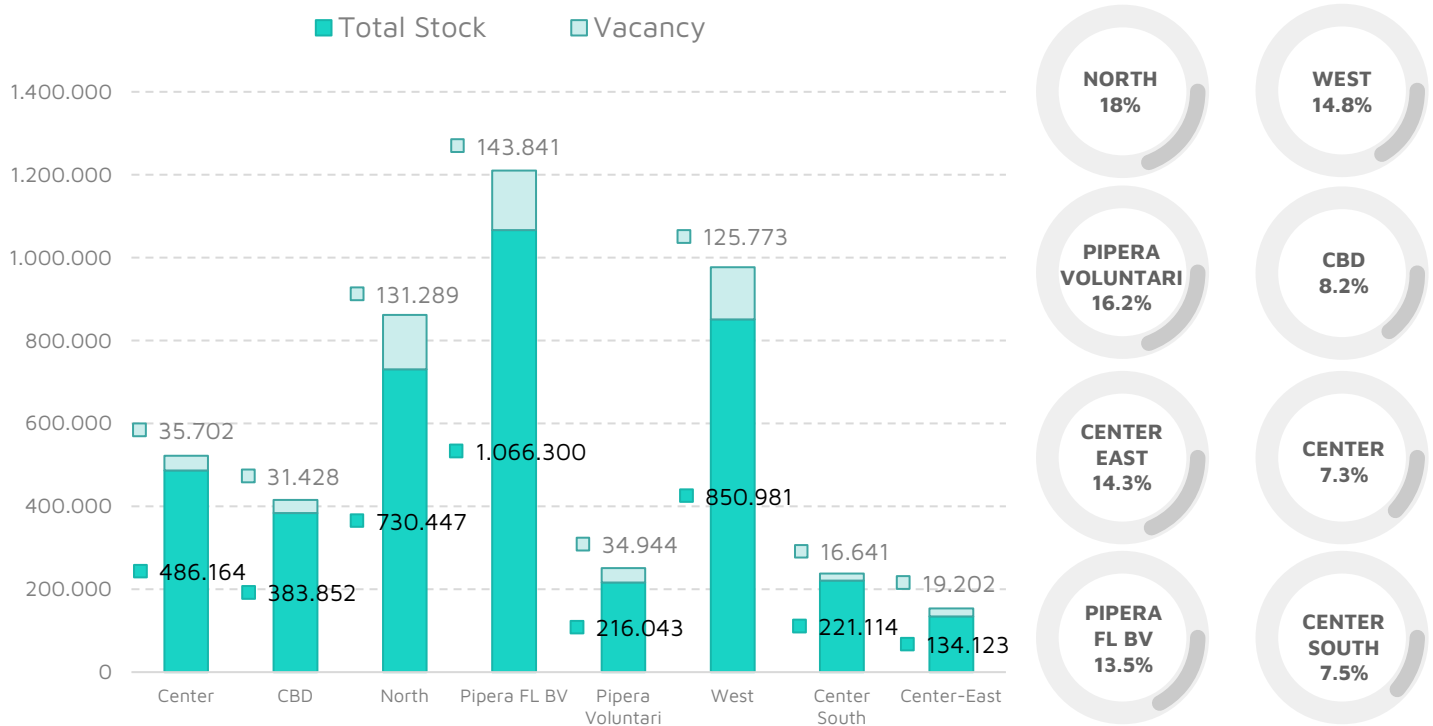
In Bucharest, the last quarter of 2022 was the best quarter of the year for renting office space, if we consider gross take-up, including renewals. The office market, including renewals, totals 90,820 sqm (+17% increase to Q3 2022).

The net take-up slowly increases, to 47,981 sqm (+9% to Q3 2022). Among the major tenants who will occupy new offices are Alpha Bank, Maxbet, BCR, NXP, Allianz Services, Dell, Rodl & Partners, and Egis.

Prime office rents in the key submarkets are now growing again. Over the last quarter, Bucharest office prime rent increased with 2.5%, to a value of 19.5 Euro / sqm / month (comparative with 19 Euro /sqm / month in Q3 2022).

The volume of renegotiation & renewal contracts has steadily increased, from 16,778 sqm in Q1 2022, to 24,426 sqm in Q2 2022, then to 31,318 sqm in Q3 2022 and finally to 42,839 sqm in Q4 2022.

SUBMARKETS VACANCY MARKETS



DEMAND

In Q4, companies that chose new offices preferred to rent class A office spaces (87%).

The IT&C sector continued to grow, to 47% (from 44% in Q3 2022 and 25%, as it was in the second quarter). IT&C tenants chose office buildings located near metro stations, with service and food facilities on the ground floor or in the proximity, with gyms and outdoor relaxation areas.

The Financial Sector was the second driver of demand, with 17%. The largest transaction in this sector was a pre-lease with an area of 5,300 sqm, made by BCR, in The Bridge I office building. Instead, however, the bank announced that it would surrender a larger office, in another office building.

The Medical & Pharma sector reached just 7% in Q4 2022.



INTO THE WEST

The West submarket is on the first place in the top of the areas chosen by tenants, with 36,300 sqm, representing 39% of gross take-up, included renewals.

The second point of interest was the Floreasca - Barbu Vacarescu (FI- BV) area, where companies rented a total area of 19,542 sqm, representing 21%.

The third submarket was the South area, where tenants rented new office and renewal a total area of 12,900 sqm, representing 14%.

In the rest of the submarkets - CBD, Central, North, East, Pipera - were rented in total 26% of gross take-up, included renewals.

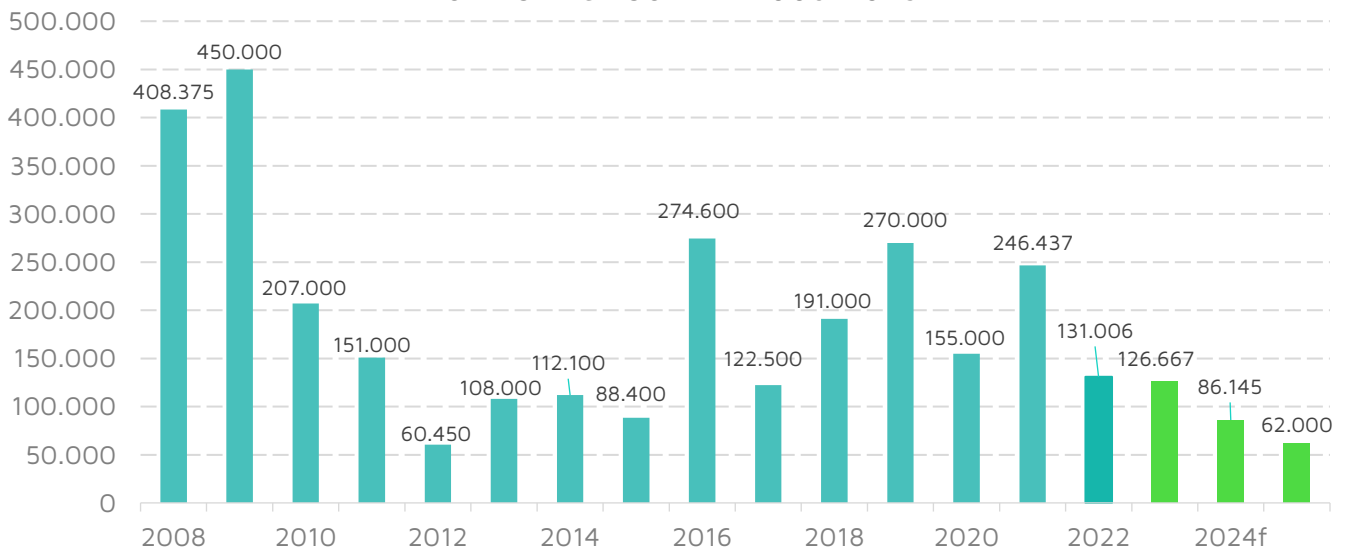
SUPPLY

In the Q4 2022, only one office building was delivered: the phase II of Equilibrium project, developed by Skanska. The total GLA of Equilibrium II is 19,500 sqm. This is the only new stock delivered in Bucharest in the last two quarters. The current stock of office space increase to 4,089,024 sqm, at the end of 2022.

For the first time, an investor (One United, Romanian REIT) has announced reconversion a class B office building into a residential building. One North Gate, consisting of two buildings, one of which will be completely converted into One North Loft, with estimated a gross development value of 30 million Euros. The area of reconverted building, 18,000 sqm GLA office spaces, was removed from the office stock.

Vacancy office rate increase slowly at 13,18% (from 12,8% at Q3 2022). In Bucharest you can see the same trend as in the big European capitals: seeing two-speed dynamics, with low availability in central submarkets (7,3 %- 8,2%) and in new buildings, and much higher vacancy rates in peripheral office districts (14 - 18%).

ANNUAL OFFICE SUPPLY 2008-2025F



BUCHAREST INVESTMENT MARKET Q4 2022

The total value of investments in Bucharest was above 514,5 million Euro. Bucharest's investments represent 88% of the total Romanian Investments.

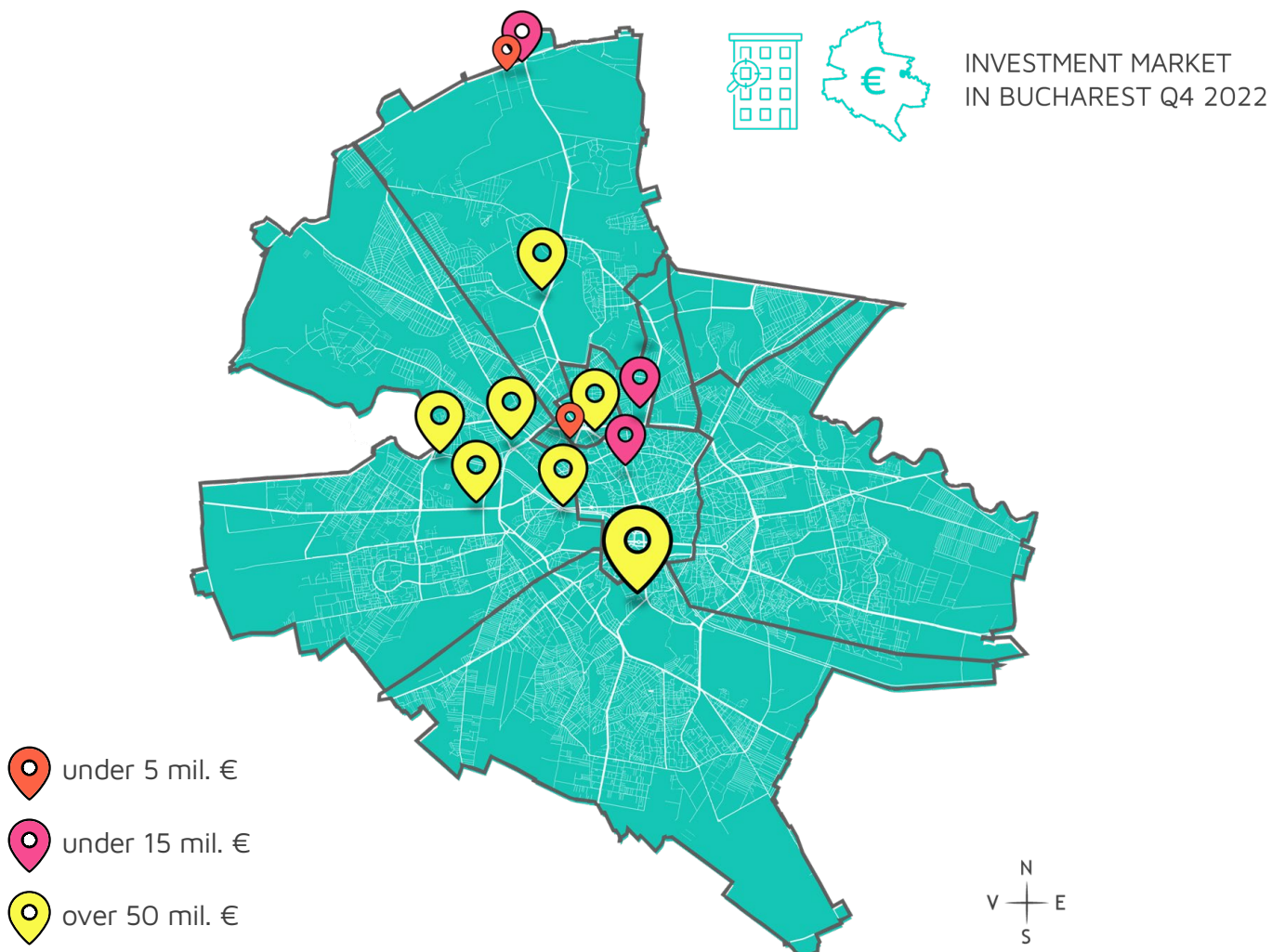
Total office market value 484,3 million Euro. The largest transaction being the purchase of portfolio of CA IMMO, with 377 mil. Euro, by Paval Holdings (Romanian Company). This portfolio includes 7 office buildings, comprising of approximately 165,000 square meters of total gross leasable area, and approximately EUR 30.4 million Euro of gross annual rental income, according to CA IMMO reports.

The second largest transaction was also made by Paval Holdings, which bought with 90 million Euro the first phase of U Center project, a project delivered in 2021.

The Capital area hotel market registered three transactions, with a total value of 27 million Euro. The largest transaction was the taking over by HR Group of an international portfolio of hotels, which includes a Romanian hotel near airport: Vienna House Easy by Wyndham Bucharest Airport valued at 10 million Euro.

In the industrial sector, a single transaction was registered in the Capital area, estimated at 3 million Euro.

In Q4, we don't have retail transactions in the capital area.



## ROMANIA INVESTMENT MARKET Q4 2022

The total value of investments in Romania was 586 million Euro, the highest quarterly level in past 10 years.

Paval Holding (Romanian investor), made the largest real estate transaction of all times registered in Romania, purchasing entire Romanian portfolio of CA IMMO office buildings, with 377 mil. Euro

The total level of office transactions was 493 million Euro. On the office sector, investors preferred buildings located in Bucharest. 13 office buildings were sold in Romania, of which 11 office buildings in Bucharest area.

On the industrial sector we notice three small transactions, with total value of 19.4 million Euro.

On the retail sector, investors preferred commercial centres located in tertiary cities, such as Ploiesti and Suceava. NEPI bought the remaining 50% of Ploiesti Shopping City shares, from Carrefour, for 27.5 million Euro, thus becoming the sole owner of the project. XXXLutz bought the former HomeLux big box retail unit, also in Ploiesti, with 10 million Euro. A Romanian private investor purchased a local shopping mall, in the Suceava city.

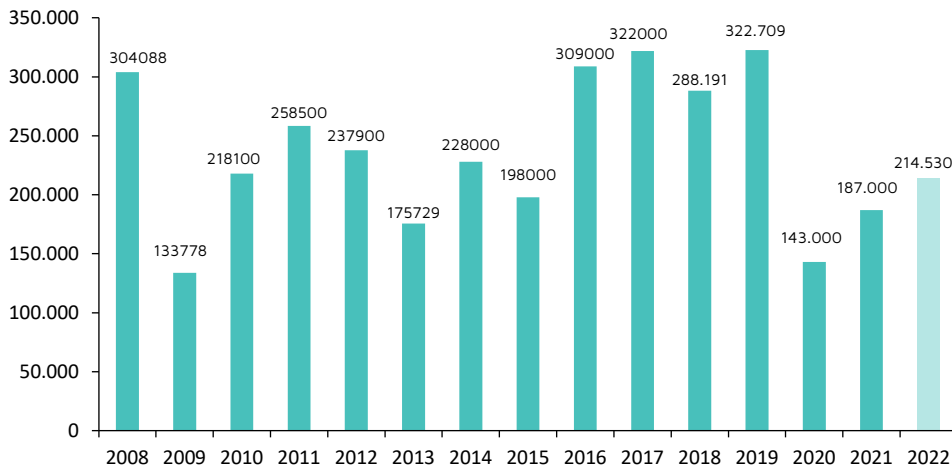
## ROMANIAN INVESTMENTS, TOP SECTORS, Q4 2022

Sector	Value (mil. EUR)	Total (mil. EUR)
Office	493.2	586.4
Retail	44.5	
Industrial	19.4	
Hotels	29.3	
Public Sector	0	



## OFFICE NET TAKEUP 2008-2022

Bucharest NET Take-Up (excluding renewals)



## SELECTION OF MAIN LEASES CONCLUDED IN Q4 2022

TENANT	BUILDING	LEASED AREA (SQM)	TYPE OF TRANSACTION	GEOGRAPHICAL AREA
<b>Playtika</b>	TN Offices C	8760	Renewal/ Renegotiation	South
<b>ADP</b>	Gara Herastrau OB	8256	Renewal/ Renegotiation	FL-BV
<b>Bitdefender</b>	Orhideea Towers	6600	Renewal/ Renegotiation	West
<b>BCR</b>	The Bridge 1	5300	Pre-lease	West
<b>Alpha Bank</b>	City Gate North	4457	Relocation	North
<b>MaxBet</b>	City Offices	4000	New Demand	South
<b>Coface</b>	Globalworth Plaza	2400	Renewal/ Renegotiation	FL-BV
<b>Holcim</b>	Oregon Park C	2400	Relocation	Pipera
<b>Allianz Services</b>	Globalworth Campus C	2400	New Demand	Pipera

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