

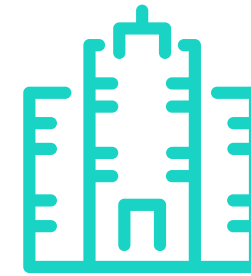
In a nutshell

Bucharest Office Market 2023 • Q1





KEY FIGURES



4,13 M sqm
TOTAL OFFICE STOCK

↑ 1,22%
TREND



13,07%
VACANCY RATE

↓ 0,83%
TREND



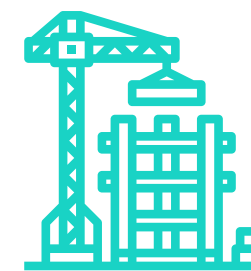
41,500 sqm
NEW OFFICE SUPPLY
Q1 2023

↑ 112%
TREND



€20/sqm/mth
PRIME OFFICE RENT

↑ 2,5%
TREND



126,667 sqm
UNDER
CONSTRUCTION 2023

→
TREND



7,25%-8,25%
YIELDS

↑
TREND

DEMAND

TOTAL WITH
RENEWALS
56,096 sqm

TOTAL WITHOUT
RENEWALS
35,256 sqm

NEW DEMAND
8,658 sqm

PRE-LEASE
2,600 sqm

- The Central Business District(CBD), an upscale commercial district, saw the highest percentage(32%) of newly leased offices spaces
- The IT&C companies accounted for the largest demand (37%).
- During the Q1 2023, the net take-up of office spaces decreased to 35,281 sqm and the office market including lease renewals totalled 56,096 sqm.
- The largest office transaction was the relocation of Nuclearelectrica (3,139 sqm).
- Additionally, prime rent experienced an approximate increase prime rent, with approx. 0.5 Euro/sqm/month.

IN A NUTSHELL

In Bucharest, the first quarter of 2023 was in favour of the tenants. Companies searching for offices have chosen the best office spaces, in the best rated buildings, both in terms of location (Central Business District and Central) and quality.

The demand remained high in premium office districts. In the CBD, several companies rented 11,284 sqm, at 32% of total net take-up. On the second place new tenants' preference was Floreasca-Barbu Vacarescu area, with 18% of total net take-up and the third was the Central area, with 14%.

Among the major tenants who will occupy the new office spaces, in relocation or new entry process, the companies that signed lease contracts in Q1 2023 are Bucharest Stock Exchange, Nuclearelectrica, Ads Wizz.

The average size of renting office space is likely to reduce with a special focus on the quality and flexibility of the unit. The average size was 705 sqm, 44% down compared to Q1 2022 and 20% down compared to Q4 2022.

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 20 Euro / sqm / month (compared to 19.5 Euro /sqm / month in Q4 2022 and 19 Euro /sqm/ month in Q2 2022).

Amid low deliveries, renewal of contracts remains high. The volume of renegotiation & renewal contracts totalled 20,840 sqm.

Among the major tenants who will occupy the same office spaces, the companies that signed renewal contracts in Q1 2023 are Alten, Pfizer, Paypoint, Terapia, and Common.

DEMAND

The most consistent demand came from IT & C companies, with a share of 34% of the total market.

On the second place is the energy sector, growing as a business and as a total of rented spaces, with 16% of the net take-up.

The healthcare and pharmaceutical industry has experienced a rebound, securing the third spot with a 12% share of the overall market.

TOP AREAS SUBMARKETS

Potential tenants have returned to the basic principle of real estate: "Location, location, location" and have chosen the best locations on the office market.

The office market in Bucharest functioned in the first quarter of 2023 on the principle of the luxury perfume market: strong essences are held in small bottlers.

In the Central Business District (CBD), the most expensive and exclusivist area, the companies rented the biggest office surface: 32% by total gross take-up. In this area, Bucharest Stock Exchange chose the America House office building, Nuclearelectrica chose Chrystal Tower, and Softserve rented in CDG Plaza.

The second in the top of the most appreciated areas in Bucharest was Floreasca-Barbu Vacarescu, with 18% of the total demand.

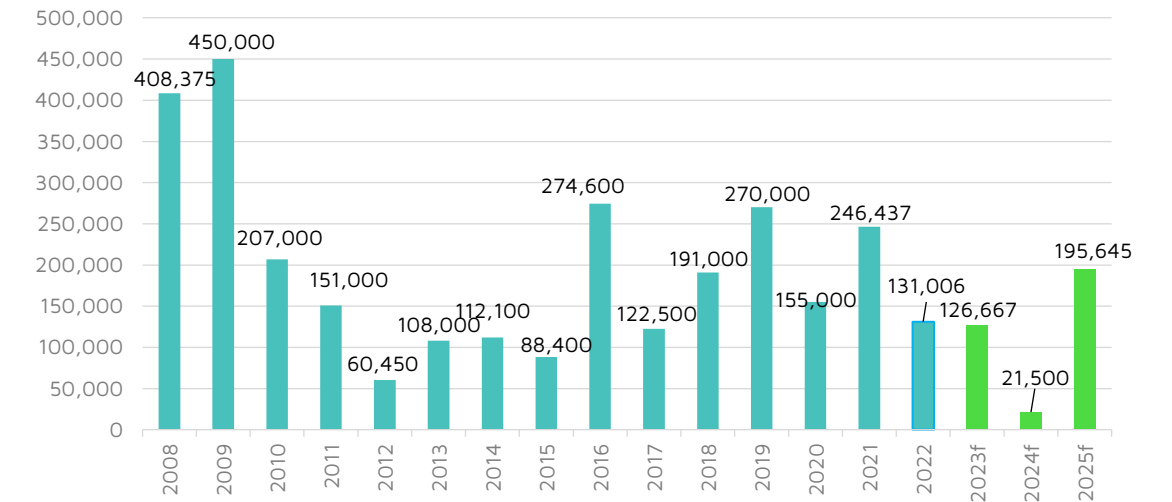
In the Center area, companies leased 14% of the total quarter demand.

In the rest of the submarkets – North, Pipera-Voluntari, East and Pipera - were rented in total 36% of gross take-up, including renewals.

SUPPLY

In the first quarter, the developers delivered two office building: Muse Office Building, with 7,500 sqm surface and One Cotroceni Park Phase 2, with 34,500 sqm surface. The absorption degree of the spaces in the two buildings is very good, considering that in the Muse Office Building there are only 13% of the spaces available, and in One Cotroceni Park 34% of the new offices.

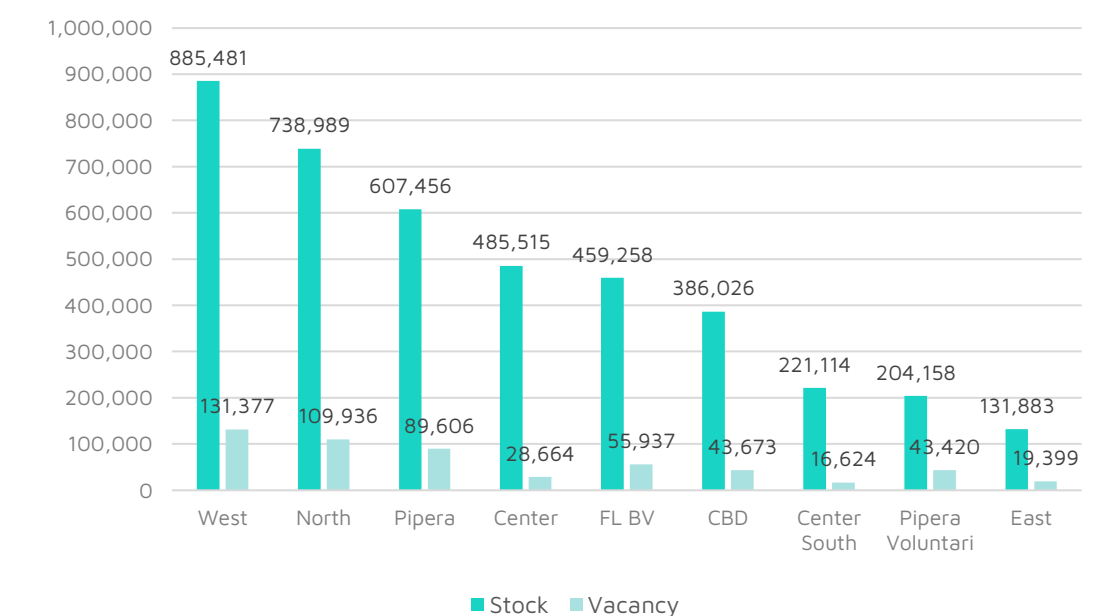
ANNUAL OFFICE SUPPLY 2008-2025F



Several projects that were about to be delivered in the next period were postponed, so that in 2024 could be delivered spaces with a total area of approx. 21,000 sqm, a quarter of what was estimated at the beginning of the year.

The current vacancy rate for modern office space in Bucharest is 13.07%, decreasing compared with the last quarter of 2022. In the Central area is the smaller vacancy rate, at 5.9%.

STOCK AND VACANCY Q1 2023



BUCHAREST INVESTMENT MARKET

Bucharest investments cumulate 74,2 mil. Euro value, representing 48% of the Romanian investments.

Office transactions go up to 65,5 million Euro, representing 87% of Bucharest investments. The investors purchased 6 office buildings, with values between 1 million Euro and 21 million Euro.

The interest was also high in the hotel segment, where many negotiations took place. However, only one transaction was closed, a private buyer signing a contract for the K+K Elisabeta Hotel, with a capacity of 67 rooms, for 5 million Euro.

In Capital area, two small industrial transactions were closed, with a total value of 3,77 million Euro, representing just 5% of the Bucharest investments.

In the retail segment we did not have any transactions, but we expect to have some increased interest in this segment in the next period.

ROMANIA INVESTMENT MARKET

Prime yield expanded and most likely continues this trend, pushed by the persistence of inflation. Yields rose between 0.25 and 0.5 points in the last quarter, reaching between 7.25% in the office segment and 8.25% for industrial and warehouse.

In the first three months of 2023, we see a significant increase of 72% in the value of Romanian traded commercial properties, compared to the same period in 2022. However, the volume of the first quarter of 2023 is below the quarterly average recorded in 2022, a year marked by a record in real estate investments.

In terms of distribution of transactions by segment, most were recorded in the office area, but they were of lower values ranging from 1.5 million to 21 million euros.

In contrast, on the industrial segment, a single major leaseback transaction, with a total area of approximately 100,000 square meters and an estimated value of over 60 million euros, represented about 47% of the total investments in Romania.

The industrial sector attracted the most investments in Q1 2023.

On the industrial segment, a total of four transactions were made, with values starting from 1.2 million euros and passing 60 million euros. The investors bought industrial spaces with a total area of over 130,000 sqm, with afferent lands that can be further developed, in Arad, Bragadiru, 1 Decembrie, Timisoara and Dragomirești.

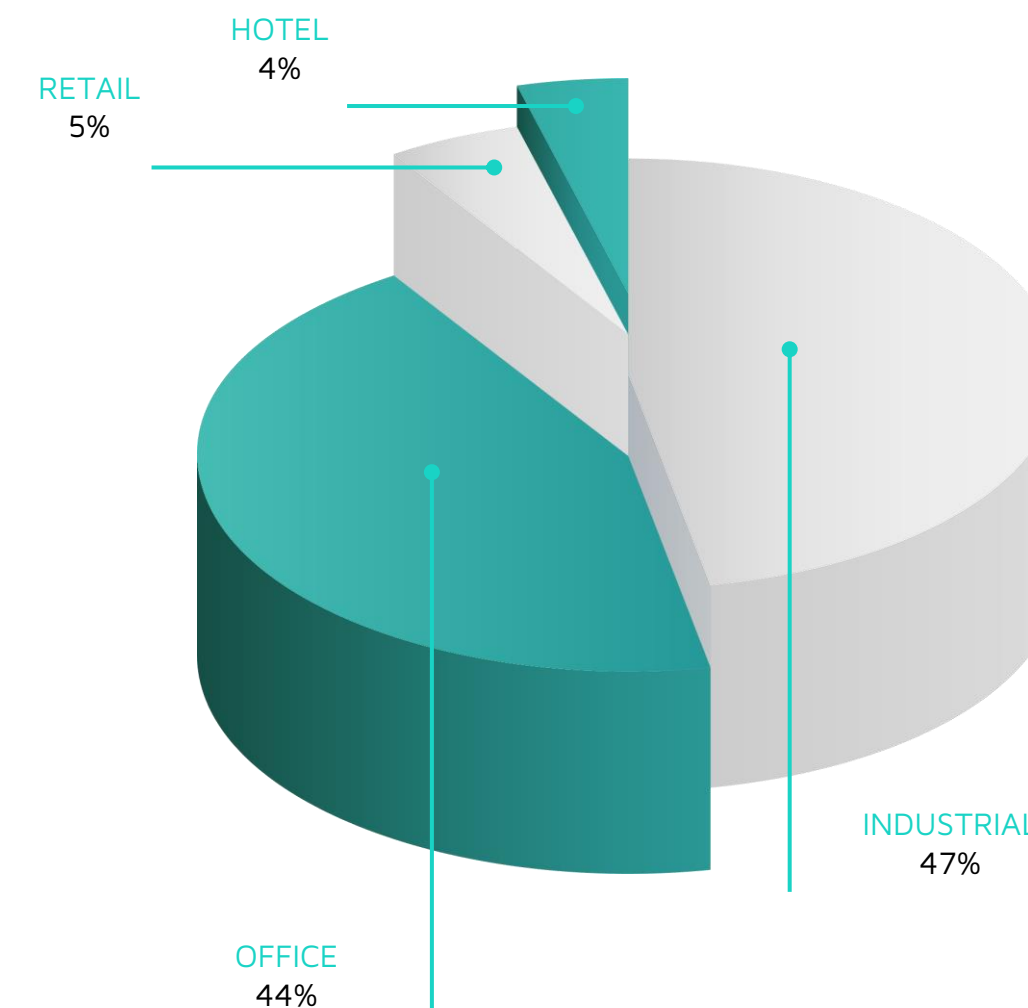
In recent years, there has been a significant increase in investor interest in the leaseback transactions, not only in Romania, but also internationally. This investment strategy involves the sale of a company's property to an investor, and that company then rents the property back for a period set out in the lease.

On the second place in the top of the destination of commercial assets was the office segment, with seven transactions, that attracted of 67 million euros.

On the third place is the retail segment, which attracted 8 million euros by selling a Brico Depot space in Iasi.

INVESTMENTS TOP SECTORS

Sector	Value (mil. EUR)	Total (mil. EUR)
Office	67	
Retail	8	
Industrial	72.3	153.3
Hotels	6	
Public	0	



ROMANIAN INVESTMENTS MARKET
BY SECTORS, IN Q1 2023

VALUATION SERVICES

Our team of experts provide comprehensive commercial real estate valuation across Romania, focusing on understanding the value of our clients' assets, to help them make informed decisions.

We provide a complete range of valuation services for each type of asset and for various purposes, such as:

- » Loan purposes
- » Financial statements
- » Acquisitions & disposals
- » Investment/development projects
- » Restructuring & Recovery

We act on behalf of financial institutions, developers, investment funds and private individuals to enhance their properties. Our assignments include both single units and portfolio valuations across all assets types.

- » Valuation reports in line with national standards (Romania – ANEVAR)
- » Valuation reports in line with international standards (Red Book, IVS, EVS)
- » Mortgage lending valuations
- » Valuations for accounting purposes (IFRS)
- » Portfolio valuations for transaction purposes
- » Asset valuation for investment purpose
- » Asset valuation for tax purpose
- » Asset valuation to support the client in preparation of the transfer file
- » Provide professional advice to clients and contribute to fee, billing and profit targets
- » Deliver client service and significant value added relating to property valuation throughout Romania

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TRACK RECORD | VALUATION SERVICES BY ASSETS CLASSES

» AGRICULTURAL LAND

ON BEHALF OF

Iragri
Bank of Cyprus
Hellenic Bank
ALS
GED Capital

» OFFICES

ON BEHALF OF

Bluehouse
Aberdeen
Banca Românească
Portland Trust
Danube Property Fund
First Property
Veneto Banca

» RESIDENTIAL UNITS

ON BEHALF OF

AXA Life Insurance
Millenium Bank Portfolio
BNP Paribas Leasing
Veneto Banca
NCH
Kredyt Inkaso

» WAREHOUSES

ON BEHALF OF

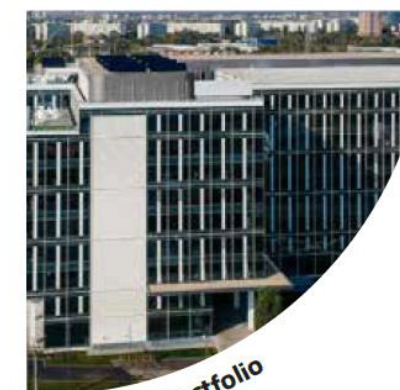
Pepsico
Credit Agricole Bank
GLS (Royal Mail)
Felix Development
OTP Bank
ING
Dacia - Renault

OUR TRACK RECORD

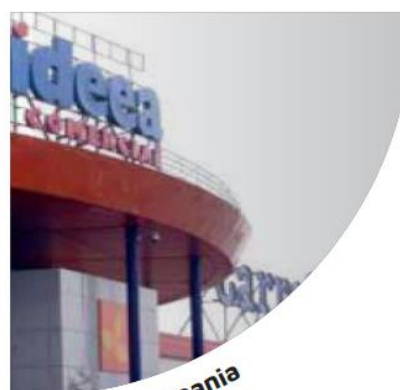
It's more than experience, it's about the results we deliver.



Edy Logistics



Bluehouse Portfolio



Carrefour Romania



Veranda Mall



Liberty Center



Iris Titan

» COMMERCIAL BUILDINGS

ON BEHALF OF

Portico Investments
Hypo Noe
Bancpost
Aberdeen
Arabesque
Carrefour

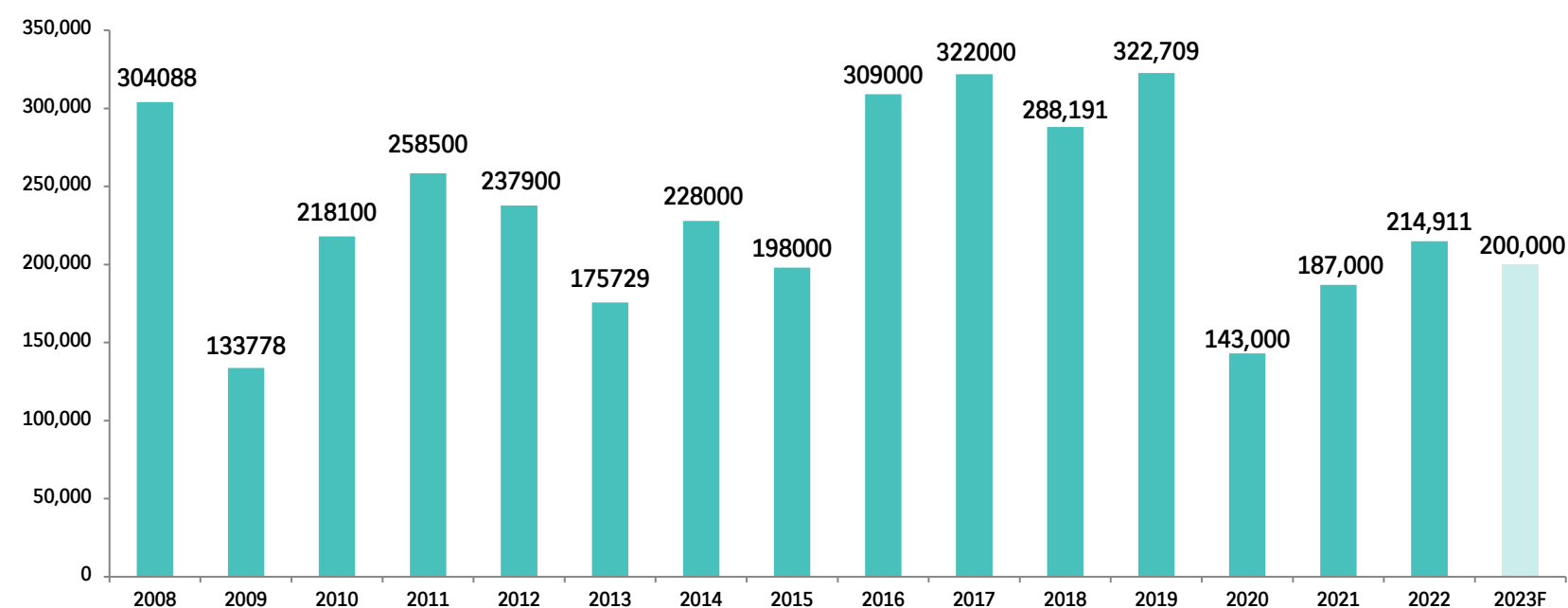
» BUILDABLE LANDS

ON BEHALF OF

MOL Romania
Deutsche Pfandbriefbank
Secure Management
Ibertruck
Panattoni Europe
Vinci Energies
Heineken Romania

OFFICE NET TAKEUP 2008-2023

*EXCLUDING RENEWALS



SELECTION OF MAIN LEASES CONCLUDED IN Q1 2023

TENANT	BUILDING	LEASED AREA (SQM)	TYPE OF TRANSACTION	GEOGRAPHICAL AREA
Confidential	Confidential	4,900	Renewal/Renegotiation	Central
Ambasada Arabiei Saudite	Dorobantilor Building	~ 3,500	New Demand	CBD
Nuclearelectrica	Crystal Tower	3,139	Relocation	CBD
Alten	Oregon Park B	2,800	Renewal/Renegotiation	Pipera
Pfizer	Platinum Business & Convention Center	2,605	Renewal/Renegotiation	North
Confidential	U-Center 2	2,600	Pre-lease	South
AdsWizz	AFI Park Floreasca A	2,267	Relocation	FL-BV
BVB	America House	2,235	Relocation	CBD
Commons Unirii	Halelor 5	1,500	Renewal/Renegotiation	Central

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BUCHAREST OFFICE DEMAND BY SUBMARKETS

