

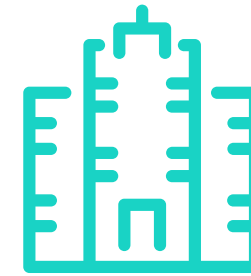
In a nutshell

# Bucharest Office Market 2023 • Q4





## KEY FIGURES



**4.09 M sqm**

TOTAL OFFICE STOCK

↑ **0.1%**  
TREND



**14.9%**

VACANCY RATE

↓ **3.9%**  
TREND



**9,754 sqm**

NEW OFFICE SUPPLY  
Q4 2023

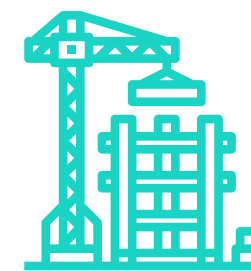
↑ Q4 TREND  
↓ 2023 TREND



**€20.5/sqm/mth**

PRIME OFFICE RENT

↑ **1.1%**  
TREND



**13,800 sqm**

UNDER  
CONSTRUCTION 2024

↓ **84%**  
TREND



**8%-8.25%**

YIELDS

→  
TREND

## DEMAND

TOTAL WITH  
RENEWALS

**121,444 sqm**

TOTAL WITHOUT  
RENEWALS

**55,287 sqm**

NEW DEMAND

**31,791 sqm**

PRE-LEASE

**20,000 sqm**

- In Q4 2023, the net take-up increased 6% compared to the last quarter (to 55,287 sqm, from 51,879 sqm/Q3 2023).
- Infineon pre-leased 20,000 sqm of office space for 15 years. One United Properties will develop a sustainable building for them, to be delivered in 2026.
- The volume of renewals remains high, exceeding take-up volume: 66,157 sqm.

## IN A NUTSHELL

The new office rental market was slightly up in Q4. The volume of office take-up transactions increased by 6%, comparative of Q3 2023, rising to 55,287 sqm.

The largest take-up transactions took place in Bucharest's: Infineon pre-leased 20,000 sqm in a building to be built by developer One United Properties. The BTS space will be delivered in 2026.

In Q4, a single small office building, Arghezi 4, with an area of 7,954 sqm, was delivered.

The current vacancy rate for modern office space in Bucharest decreased slowly, by 14.09% (from 15.05%, in Q3 2023), in Bucharest.

### In 2023, contract renegotiations performed

Office renegotiations dominated the market in 2023, with a total area of 266,904 sqm, surpassing net take-up. Contract renewals surged by 131% in 2023 compared to 2022. Many companies opted to keep their existing headquarters, negotiating favourable terms and in some cases even downsizing their workspaces. The net take-up of office space in 2023 was 206,434 sqm, a 3% decrease from the previous year.

Overall, in 2023, the total office rental market, take-up and renewals, rises of 473,338 sqm, only 560 sqm more than in 2022.

## DEMAND

The IT&C sector increased again in share of the total area, at a record high, from 31% in Q3 to 65% in Q4 2023.

Among the tech companies that have prepared a new office this quarter are Infineon, Stripe, Blakfactor. Oracle, Huawei and Ericsson have negotiated their current headquarters and renewals under new conditions.

In second place were Manufacturing/Industrial/Energy companies on a par with FMCG, accounted for 10% each, of the total area. Hidroelectrica was one of the major tenants in the energy sector that renewed its contract for the current space. Among the FMCG companies that have found a new office are Bimbo (Vel Pitar) and Douglas.

The IT&C sector is the second most active, accounting for 30%. Adobe, Huawei, Thales, and GTS, a new Thales division, are among the companies actively involved in this segment. The third place is occupied by the Professional Services sector, contributing 13% of the total demand. Larger office spaces have been leased by companies like Deloitte and Bolt from this sector.

## TENANTS' PREFERRED AREAS FOR OFFICE SPACES

The most attractive area was the FL-BV in Q4 2023. Most office spaces, totalling 36,701 square meters, have been leased in the FL-BV (Floreasca Barbu Vacarescu), near Aviatiei metro station. In this area, the largest lease agreement was the renewal of Oracle space in the Oregon Park building, with an area of 20,000 sqm.

On the second place in the top of the most attractive areas in Q4 2023 was the western area, with a total of 23,800 sqm. among the new companies in the area are Stripe and Bimbo (Vel Pitar), and among the companies that have extended the current contracts in offices in the west of the Capital are Ericsson and Molson Coors.

The most exclusive CBD area ranked third in terms of company preferences, with a total of 14 transactions and a total area of 14,471 sqm, take-up plus renewal.

Hidroelectrica renewed its lease agreement in its current headquarters, this transaction being the first in terms of leased area in the area. Three other high-profile companies have renewed their contracts in America House, a flagship building located in the CBD: Mastercard, PAID and a large IT company.

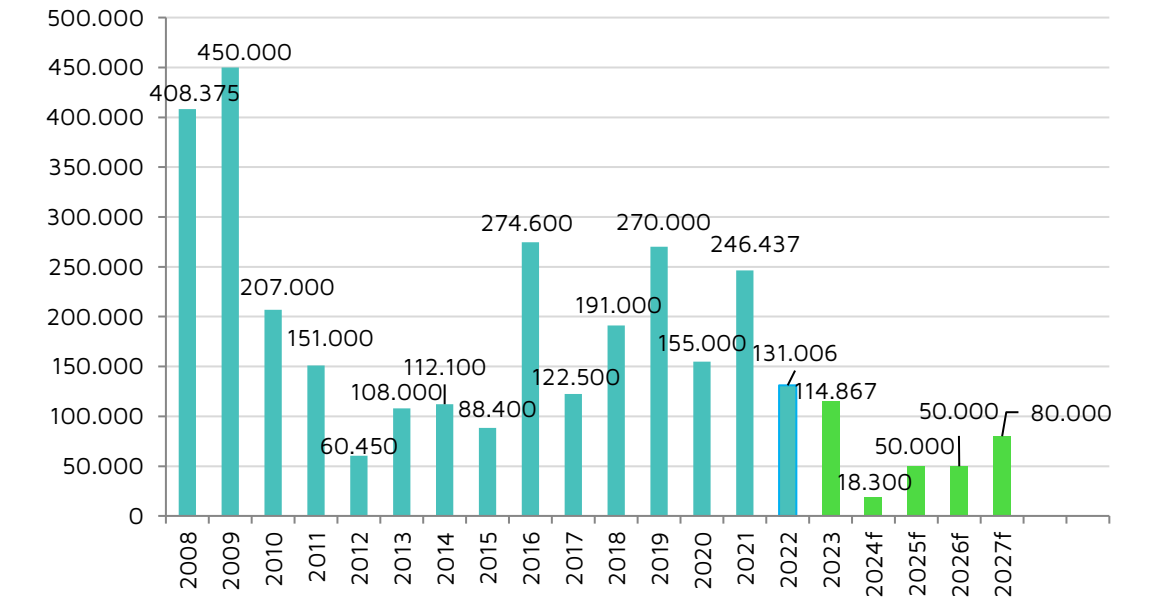
## SUPPLY

For the fourth quarter, it was delivered only one small-sized office building, Arghezi 4, measuring 7,745 square meters, will be delivered in Bucharest.

Looking ahead to next year, it is predicted that fewer and smaller office buildings will be built compared to 2023. The total stock of office spaces estimated to be delivered in 2024 is 18,300 square meters, which is very small part of the stock delivered in 2023.

Over the next five years, the supply of new office space will remain low, due to several factors: the blockage in the administration regarding the authorization of new buildings, the high costs of financing and the caution of investors.

## ANNUAL OFFICE SUPPLY 2008-2027F



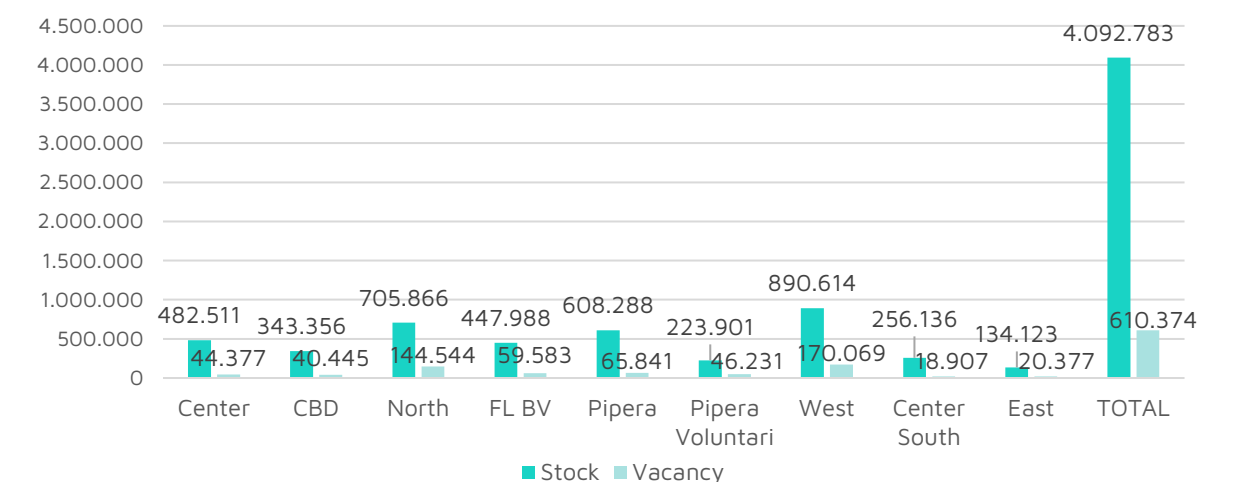
Source: Fortim Trusted Advisors, alliance member of BNP Paribas Real Estate

The central area of the capital has the lowest vacancy rate, 9.2%, while Pipera - Voluntari area has the highest rate at 20.6%.

Many companies left the Pipera Voluntari area, an area without access to the metro and peripheral, heading to offices with better locations, such as Floreasca-Barbu Vacarescu, near the Aviatiei metro or to the West area, near the Grozavesti subway.

Overall, in Bucharest, the vacancy rate decreased to 14.9% (from 15.5%, in Q3 2023).

## STOCK AND VACANCY Q4 2023



## BUCHAREST INVESTMENT MARKET

In Q4 2023, the capital attracted just one transaction: Carol Davila University of Medicine and Pharmacy bought Avrig 3-5 Office Building for 10.5 million euros, with the intention of transforming it into a medical education- research center.

In Q4 2023, The Capital Investment representing just 4 % of Romanian investments.

In this last quarter of 2023, negotiations were held for two major office buildings, @Expo and U Center II, both inaugurated in 2023, but they did not materialize, and the owners announced that they were postponing their sale to 2025.

### 2023, in the shadow of 2022

Overall, in 2023, The Capital Investment totaled EUR 141.9 million, representing 26.7% of Romanian investments.

Unlike previous years, transaction values were low in 2023. The biggest transaction in the Capital area came from the office sector, but it has a value just of EUR 21 million: a private investor in One Herastrau Office building, with a leasable area of 8,074 sqm.

## ROMANIA INVESTMENT MARKET

**In Q4 2023, Real Estate investments in Romania totaled EUR 252.8 million**, which represents 47% of investments for the full year 2023. In total, there were 5 transactions, of which the most important were in the retail sector, the rest being in the Medical and public sectors.

**The biggest transaction came from the retail sector:** LCP Part of M Core bought Mitiska Romanian Portfolio, for about EUR 219 million. The portfolio includes 26 retail parks, with a total of 133,560 sqm, located in smaller cities or suburban areas, near Bucharest.

**Sibiu City Hall** bought an industrial hall with the related land, where an improvised theater functioned, with a budget of EUR 5.3 million, transforming it into a public space. The City Hall had rented this space for several years and it had proved that the location enjoyed a real success for art lovers, both from the local community and tourists.

Also of public interest is the acquisition of an office building, with an area of 9,200 sqm, in Bucharest, by Carol Davila University of Medicine and Pharmacy, with EUR 10.5 million, with the intention of transforming it into a medical education- research center. This is the second real estate acquisition made by Carol Davila University, with the intention of expanding its research and study spaces for students.

## INVESTMENTS TOP SECTORS Q4 2023

Sector	Value (mil. EUR)	Total (mil. EUR)
RETAIL	219	252.8
OFFICE	16.5	
OTHER/MEDICAL	12	
INDUSTRIAL	5.3	

Overall, in 2023, Real Estate investments in Romania totaled EUR 531 million, 23 transactions being concluded, an investment volume 59% below 2022 level.

The biggest transaction came from the retail sector, achieved in the 4th quarter: LCP Part of M Core bought Mitiska Romanian Portfolio, for about EUR 219 million. **The retail sector is also the first in the top of attracted investments**, with a total of EUR 283.3 million.

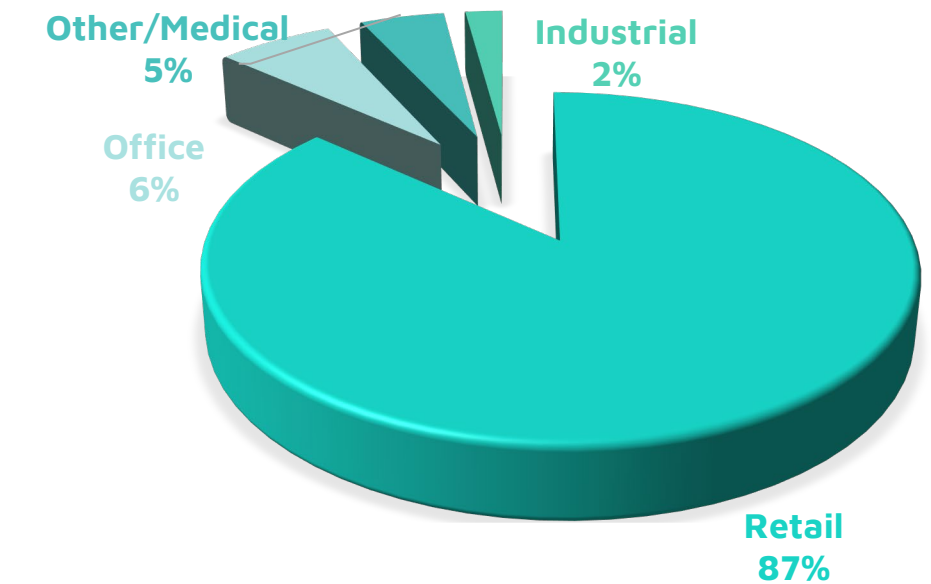
**The second place in terms of attracted investment volume is the office sector in 2023**, with EUR 104.5 million, placed in 12 office buildings across the country. The largest office investment was made by a private investor in One Herastrau Office building, with a leasable area of 8,074 sqm, with EUR 21 million.

The industrial sector attracted 8 investors and a total of EUR 98.8 million. The most important transaction was the acquisition of a regional portfolio of industrial parks for EUR 65 million by CTP.

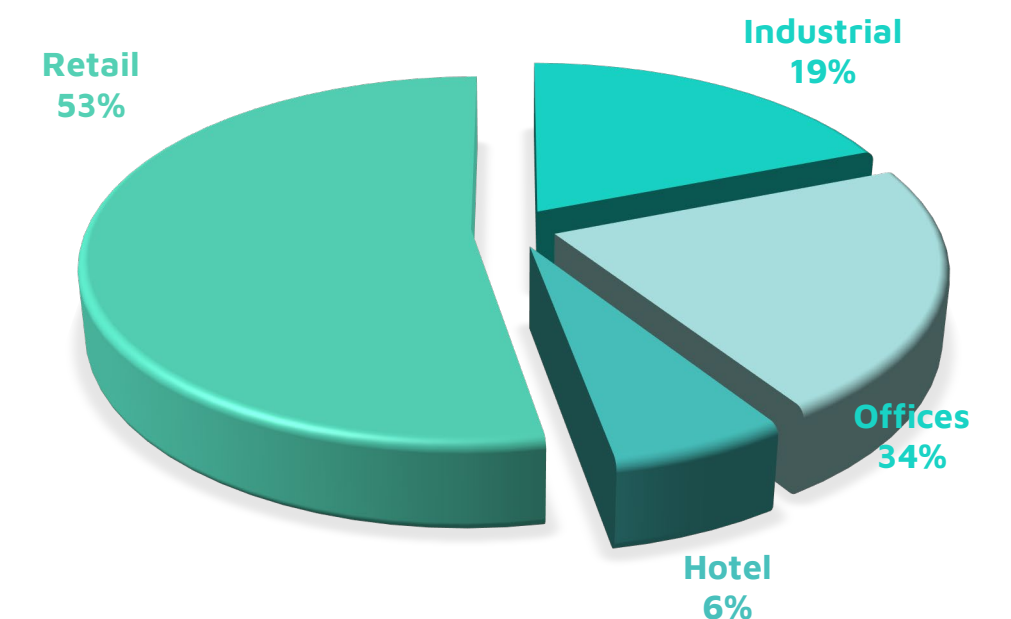
A premiere on the market was the purchase of an industrial hall with the land afferent to Sibiu City Hall, for 5.3 million euros, reconverted into a cultural space.

Apart from these three main sectors, investors also bought hotels and medical facilities in 2023.

## ROMANIAN INVESTMENTS MARKET BY SECTORS, IN Q4 2023



## ROMANIAN INVESTMENTS MARKET BY SECTORS, IN 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.

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- » Valuations for accounting purposes (IFRS)
- » Portfolio valuations for transaction purposes
- » Asset valuation for investment purpose
- » Asset valuation for tax purpose
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- » Deliver client service and significant value added relating to property valuation throughout Romania

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## TRACK RECORD | VALUATION SERVICES BY ASSETS CLASSES

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Bank of Cyprus  
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Portland Trust  
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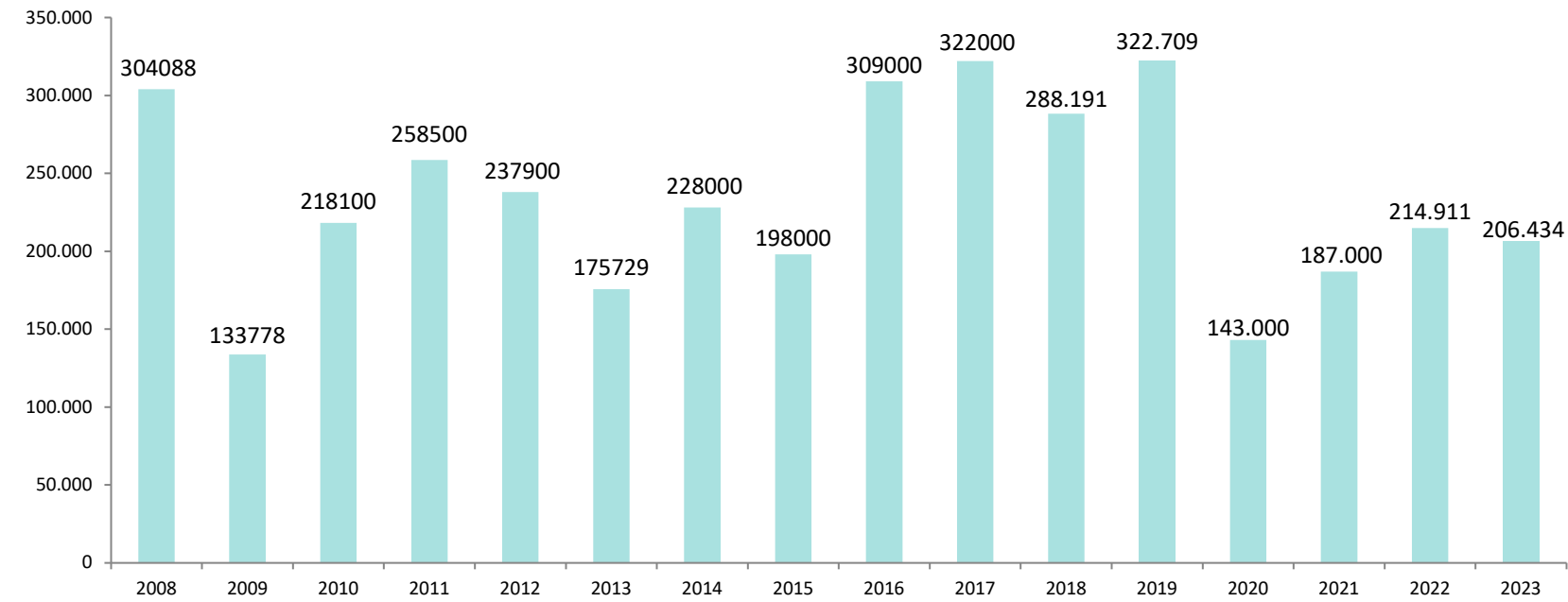
### » BUILDABLE LANDS

ON BEHALF OF

MOL Romania  
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Vinci Energies  
Heineken Romania

## OFFICE NET TAKEUP 2008-2023

\*EXCLUDING RENEWALS



## SELECTION OF MAIN LEASES CONCLUDED IN Q4 2023

TENANT	BUILDING	LEASED AREA (SQM)	TYPE OF TRANSACTION	GEOGRAPHICAL AREA
<b>INFINEON</b>	One Technology Park	20,000	Pre-lease	Pipera
<b>Oracle</b>	Oregon Park	20,000	Renewal	FL-BV
<b>Huawei</b>	AFI Lakeview	7,700	Renewal	FL-BV
<b>Ericsson</b>	West Gate H3	6,800	Renewal	West
<b>Oracle</b>	Floreasca Park	6,200	Renewal	FL-BV
<b>Molson Coors</b>	The Bridge	6,000	Renewal	West
<b>Hidroelectrica</b>	Tower Center International	5,800	Renewal	CBD
<b>Stripe</b>	One Cotroceni 2	5,200	New demand	West

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## BUCHAREST OFFICE DEMAND BY SUBMARKETS

