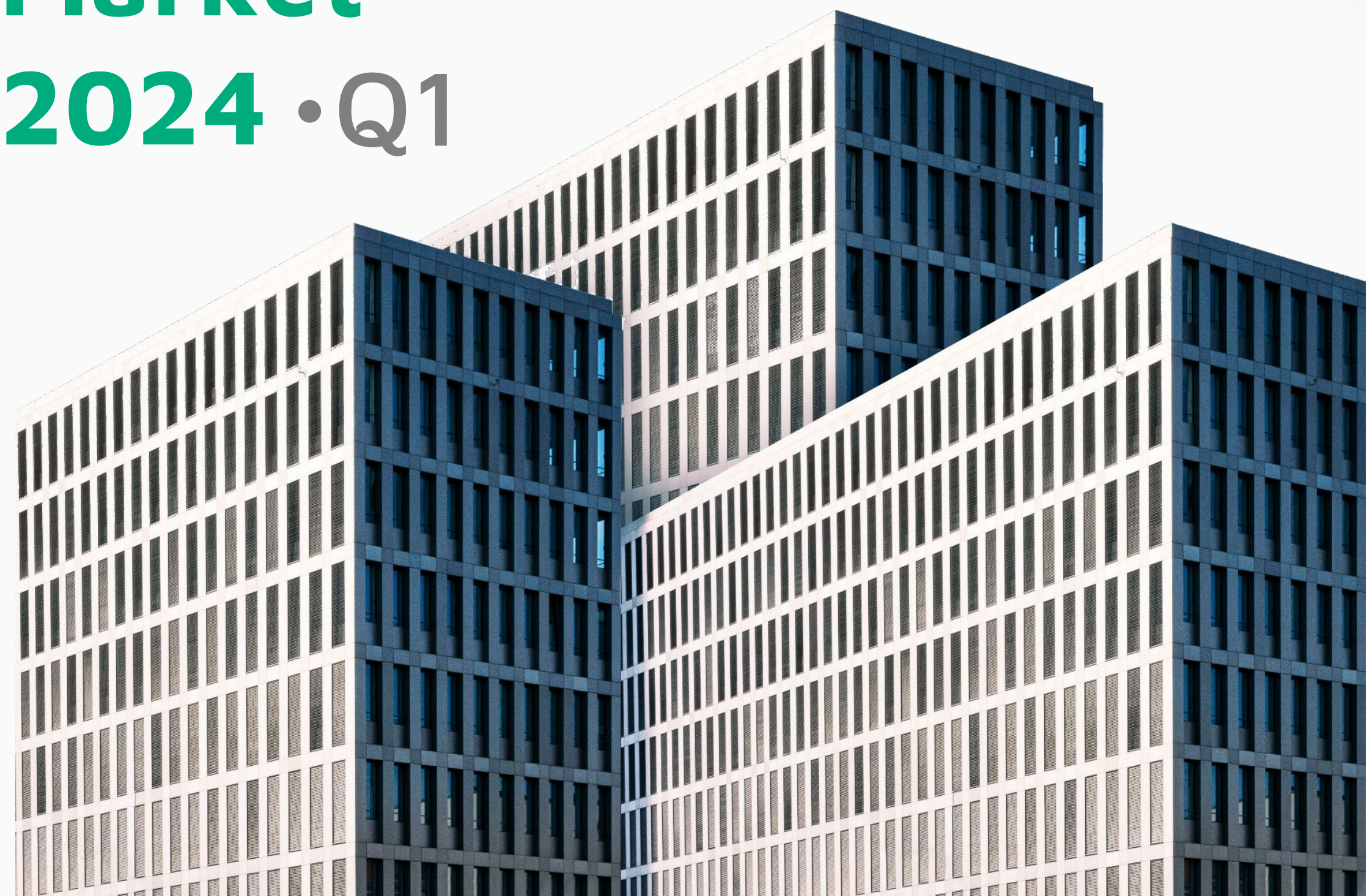


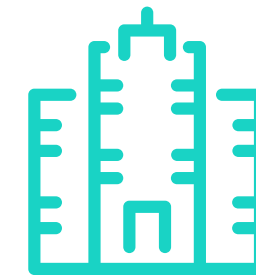
In a nutshell

# Bucharest Office Market 2024 • Q1





## KEY FIGURES



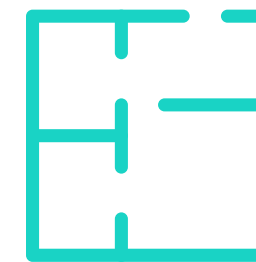
**4.09 M sqm**  
TOTAL OFFICE STOCK

↑ **0.1%**  
TREND



**14.1%**  
VACANCY RATE

↓ **5.4%**  
TREND



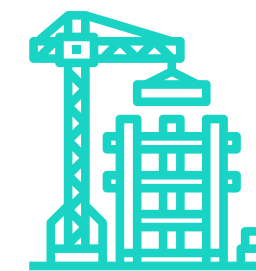
**0 sqm**  
NEW OFFICE SUPPLY  
Q1 2024

↓ Q1 2024  
TREND  
↓ 2024 TREND



**€20.5/sqm/mth**  
PRIME OFFICE RENT

→ **0%**  
TREND



**13,800 sqm**  
UNDER  
CONSTRUCTION 2024

↓ **84%**  
TREND



**8%**  
YIELDS

→  
TREND

## DEMAND

TOTAL WITH  
RENEWALS

**90,419 sqm**

TOTAL WITHOUT  
RENEWALS

**36,338 sqm**

NEW DEMAND

**12,446 sqm**

PRE-LEASE

**0 sqm**

- The volume of take-up rental transactions was 36,338 sqm, up slightly from Q1 2023 (+3%) and down from the last quarter of 2023.
- The current vacancy rate for modern office space in Bucharest saw a slight decrease, standing at 14.1%, down from 14.9% in Q4 2023.
- The volume of renewals remains high, exceeding take-up volume: 54,031 sqm.

## IN A NUTSHELL

In the **rentals market segment**, **contract renewals** have emerged as a dominant trend during the first quarter of 2024. Existing tenants are opting to renew their leases, contributing to stability in the rental market.

**Genpact concluded the largest contract to extend an office space in Bucharest in the last three years**, leasing 29,104 sqm, in Hermes Business Park.

The total volume of **contract renewals** reached **54,031 square meters** during Q1 2024.

The total area leased through **take-up contracts** amounted to **36,338 square meters**. No **pre-lease agreements** were registered during this period.

L'Oréal secured **the largest take-up transaction** by leasing 4,410 sqm in the newly opened U Center II **building**.

**The office sector investments** in Bucharest faced significant underrepresentation during the first quarter of 2024. Despite ongoing discussions between **large office portfolio owners** and **potential buyers**, the market remained subdued.

By the end of the first three months, **only one office transaction** was successfully concluded: a private investor bought one boutique building, with a **value** of **EUR 10.5 million**.

The building has been **renovated** and offers a **mixed-use** space combining offices and retail facilities and is situated in the **downtown area** of the capital.

## DEMAND

After a very long time, the IT&C sector is no more on the first place, regarding the field of activity with the highest demand.

This time, in Q1, the **Professional Services sector ranks first**, with a market share of **54%**. This large market share is primarily due to Genpact, which operates in this field.

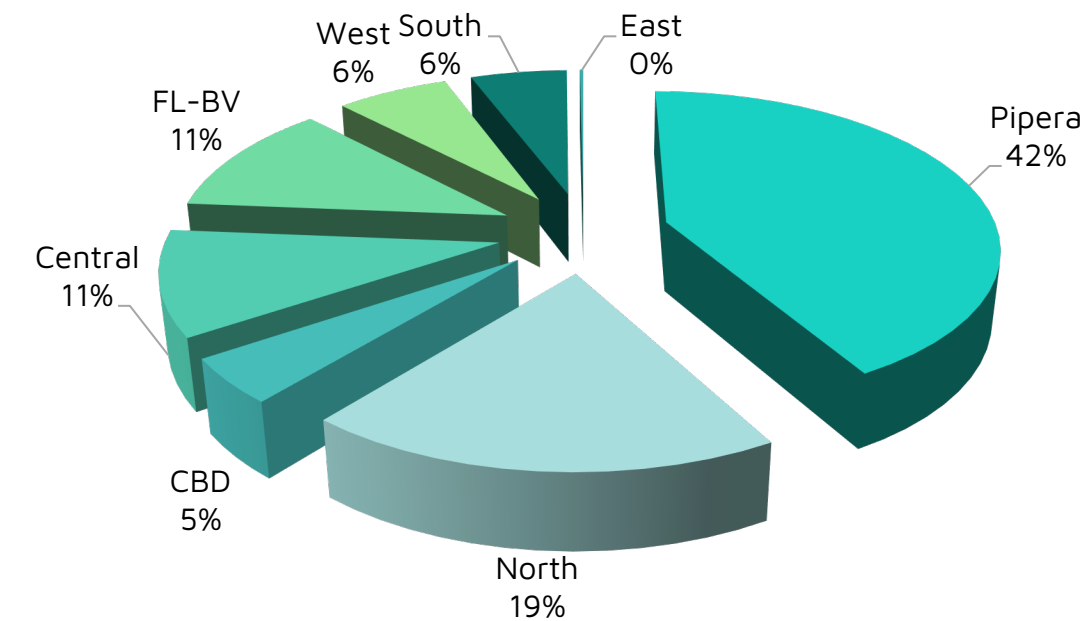
In **second place is the IT&C sector**, with **19%** and in **third place** very far away is the **public sector (7%)**.

Other companies that rented spaces during this period, besides those listed above, are Samsung, Regina Maria, Goodyear, SAP, Enereco, Arctic Stream in Bucharest.

## TENANTS PREFERRED NORTH AREAS FOR OFFICE SPACES

The most attractive area was the **Pipera submarket area**, in Q1 2024. Most office spaces, totalling 42,712 square meters, have been leased in the Pipera area, near Pipera metro station. In this area, the largest lease agreement was the renewal of Genpact space in the Hermes Business park, with an area of 29,104 sqm.

## BUCHAREST OFFICE DEMAND BY SUBMARKETS



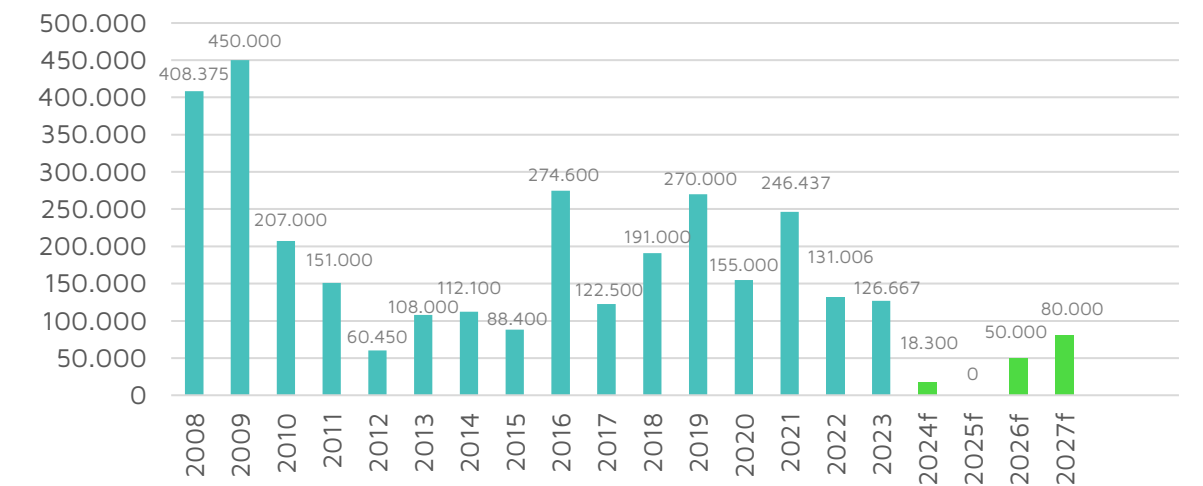
## SUPPLY

Bucharest market is currently experiencing a significant slowdown in the delivery of new office spaces. No office for delivery in Q1 2024.

We are facing a decrease in the new stock of premises under construction and low deliveries. The supply of new office buildings is at an all-time low. In 2024, only **two small office buildings** are expected to be completed and put into use, with an area of 18,300 sqm.

Several large-scale office developments have been announced, but they remain in a **pending** stage. Developers are waiting to secure **anchor customers** before proceeding with construction. All office buildings announced in previous years for delivery in 2025 are postponed.

## ANNUAL OFFICE SUPPLY 2008-2027F



The **average vacancy rate** for office spaces in Bucharest now stands at **14.1%**.

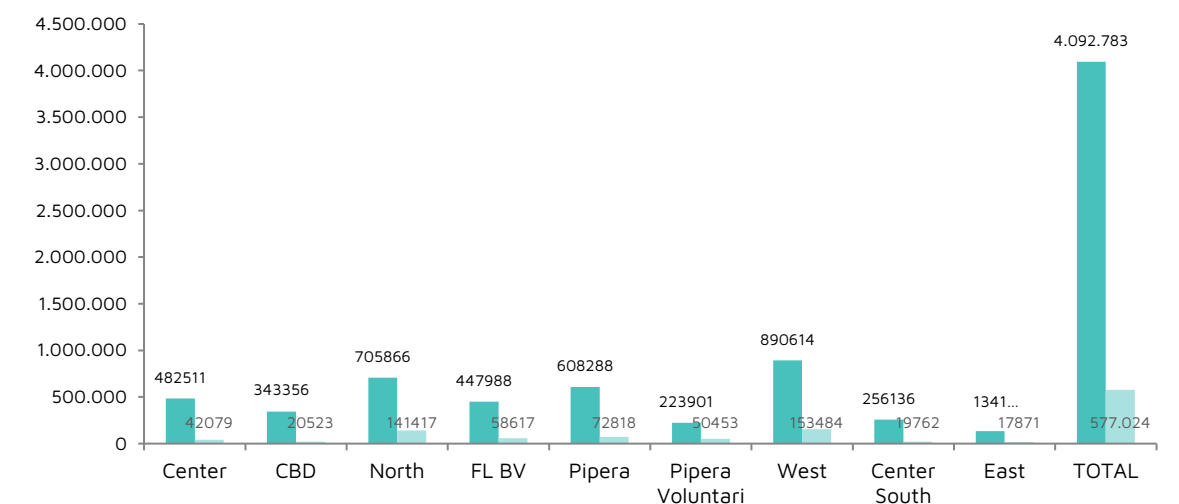
This metric reflects the balance between occupied and unoccupied office areas.

Despite the overall trend, the **CBD maintains a lowest vacancy rate**.

Free spaces in the CBD contribute to a vacancy rate of only 5.98%. In contrast, the peripheral area of Pipera - Voluntari has seen an increase in vacant spaces. The vacancy rate in this zone has risen to 22.53%.

On the other hand, the adjacent area of Pipera, located around Pipera metro station and with access to even more means of transport, has a vacancy rate of 11.97%, half as much as their neighbours.

## STOCK AND VACANCY Q1 2024 (sqm)



## BUCHAREST INVESTMENT MARKET

In the first quarter of 2024, the **Capital** experienced a surge in real estate activity, marked by four significant transactions. The total transaction volume reached an impressive **EUR 141.25 million**, doubling the figures from the same period in 2023.

**Capital Dominance:** Q1 2024 was a **remarkable quarter** for the Capital, accounting for a substantial **68%** of the **nationwide investments**. This dominance underscores the city's attractiveness to investors and its pivotal role in shaping the real estate landscape.

The standout transaction of Q1 2024 occurred in **Bucharest**, where the Belgian group **WDP** acquired **Expo Market Doraly**. This landmark deal involved one of the country's **first wholesale, cash & carry, and retail parks**, situated in **Afumati**, a suburb of Bucharest. Expo Market Doraly sprawls across more than **30 hectares** of land, boasting a substantial **110,000 square meters** of retail space. Within its premises, **37 wholesalers** and over **400 traders** operate. The estimated value of this transaction stands at an impressive estimated **EUR 90 million**, signalling confidence in the potential of this retail hub.

In the office segment, a singular transaction stood out. An **ultra-central boutique landmark building, rebuilt and converted**, witnessed a change of ownership. An **Armenian investor** secured this property for a sum of **EUR 10.5 million**. This strategic move reflects the growing trend of mixed-use purposes.

## ROMANIA INVESTMENT MARKET

In the prudential landscape of Romanian real estate, the first quarter of 2024 witnessed a flurry of activity, with **11 transactions** exceeding the **EUR 5 million** mark. The cumulative transaction volume reached an impressive **EUR 205.8 million**, reflecting a **33% surge** compared to Q1 2023, albeit slightly lower than Q4 2023 by **19%**.

### Retail Takes Center Stage

The retail asset class emerged as the **star performer**, accounting for the highest number of transactions and total volume. **Five deals** involving single retail units or portfolios of retail parks in **secondary and tertiary cities** contributed significantly. The cumulative retail transaction volume reached an impressive **EUR 138.5 million**, underscoring the resilience and attractiveness of this segment.

**Retail** and **Industrial** assets dominated the scene, reflecting robust investor interest. These sectors were closely followed by **Hotels**, while the office segment saw only **one transaction** during this period.

## INVESTMENTS TOP SECTORS Q1 2024

Sector	Value (mil. EUR)	Total (mil. EUR)
RETAIL	138.5	205.75
OFFICE	10.5	
HOTEL	44	
INDUSTRIAL	12.75	

**Q1 2024 exemplifies Romania's real estate resilience and adaptability, with retail and industrial assets leading the charge**

The **Belgian group WDP** emerged as a major player, making two strategic acquisitions. First, WDP secured this landmark retail property, estimated at a substantial **EUR 90 million**. Expo Doraly Market, located in **Bucharest**, stands as one of the country's premier wholesale, cash & carry, and retail parks. Also, in a **Sale & Leaseback** arrangement, WDP acquired a small industrial park in **Ploiesti** for **EUR 7 million**. This move reflects their confidence in the industrial sector's growth potential.

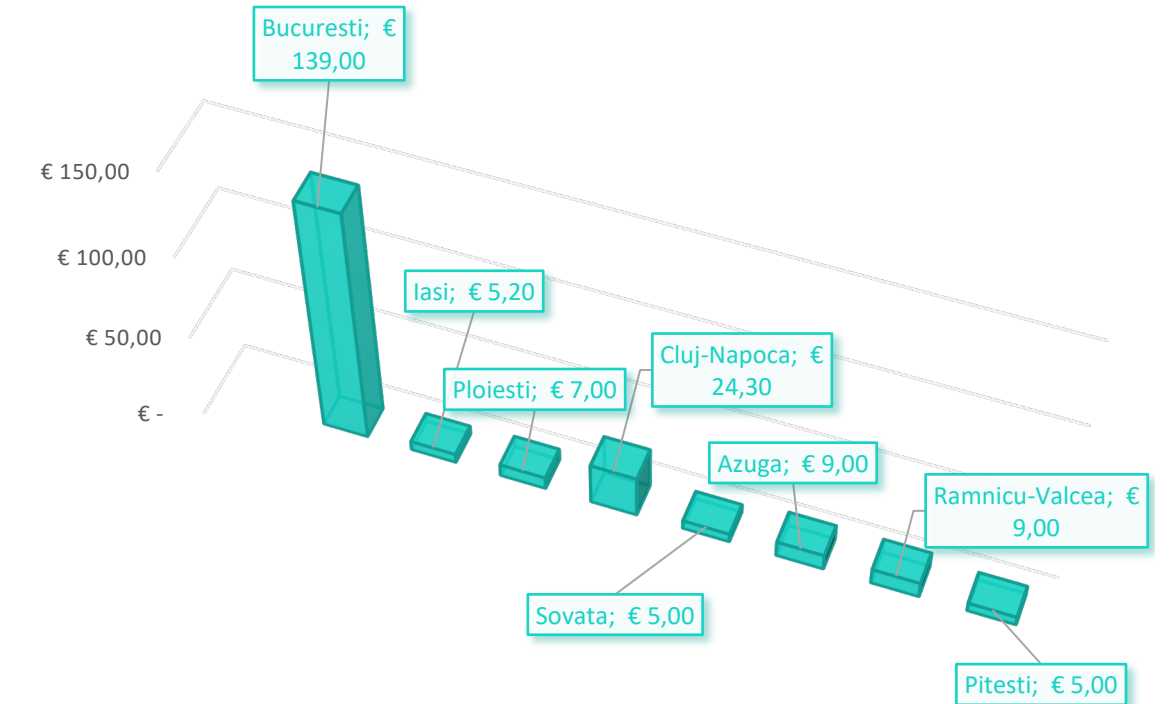
### Interest Rates and Market Sentiments

As interest rates stabilize and show signs of a gradual decrease, investor confidence remains steady.

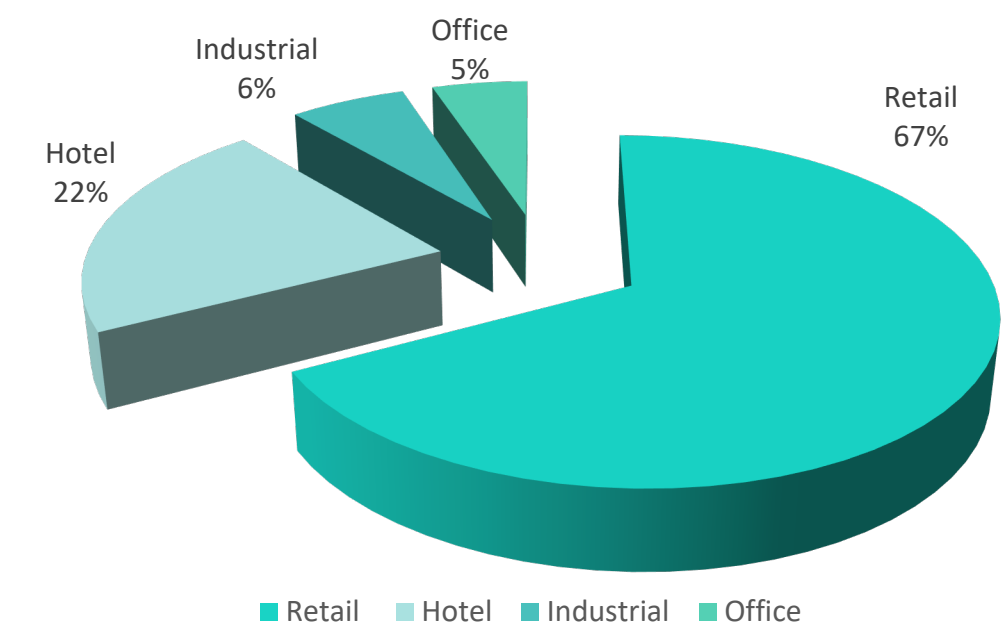
The gap between seller and buyer expectations is narrowing, indicating a maturing market.

The investments yields range from 8 to 8.25%

## ROMANIAN INVESTMENTS MARKET BY CITIES, IN Q1 2024 (MIL EUR)



## ROMANIAN INVESTMENTS MARKET BY SECTORS, IN Q1 2024



## 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 asset's 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

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Edy Logistics



Bluehouse Portfolio



Carrefour Romania



Veranda Mall



Liberty Center



Iris Titan

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ON BEHALF OF

Portico Investments  
Hypo Noe  
Bancpost  
Aberdeen  
Arabesque  
Carrefour

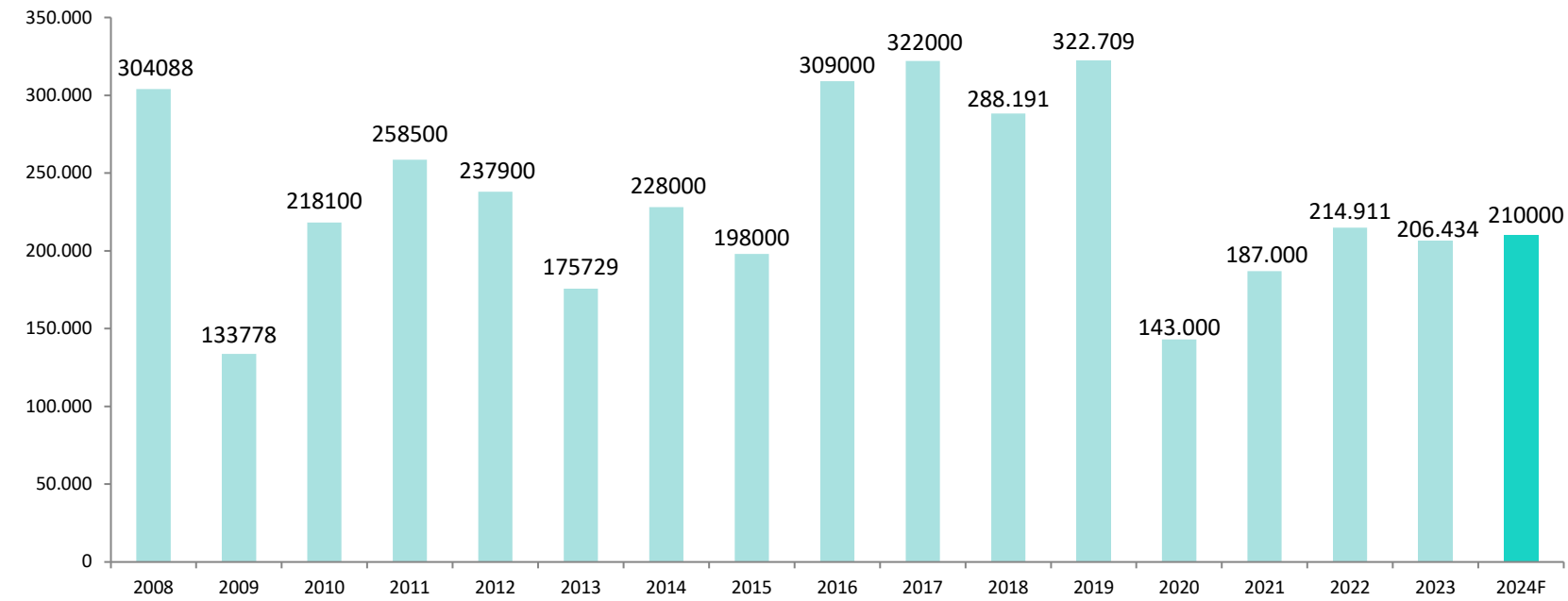
### » BUILDABLE LANDS

ON BEHALF OF

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

## OFFICE NET TAKEUP 2008-2024\*

\*EXCLUDING RENEWALS



## SELECTION OF MAIN LEASES CONCLUDED IN Q1 2024

TENANT	BUILDING	LEASED AREA (SQM)	TYPE OF TRANSACTION	GEOGRAPHICAL AREA
Genpact	Hermes Business Campus	29,104	Renewal	Pipera
Confidential (HP)	NovoPark/ Yunity F	6,955	Renewal	Pipera
SAP	Myhive S-Park	5,500	Renewal	North
Lóreal	U Center 2	4,410	Relocation	South
Confidential	Nouveau Center	4,200	New demand	Central
Goodyear	Floreasca Park	4,000	Relocation	Pipera
Lowe	Metropolis Bravo	2,100	Renewal	CBD
HTSS	J8 Office Park	1,730	Relocation	North
BGS	AFI Tech Park	1,720	Relocation	West

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