

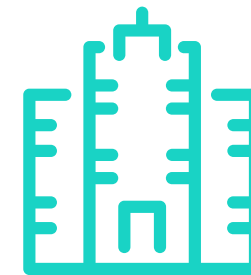
In a nutshell

Bucharest Office Market 2024 • Q2





KEY FIGURES



4.09 M sqm

TOTAL OFFICE STOCK

→ **0%**

TREND

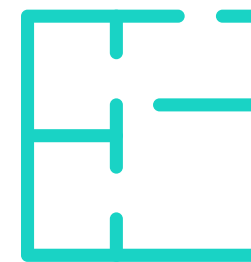


13.4%

VACANCY RATE

↓ **5%**

TREND



0 sqm

NEW OFFICE SUPPLY
Q1 2024

↓ Q1 2024
TREND
↓ 2024 TREND

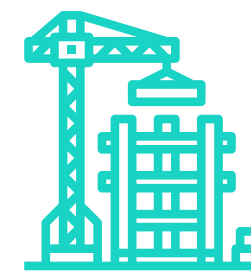


€20.5/sqm/mth

PRIME OFFICE RENT

→ **0%**

TREND



13,800 sqm

UNDER
CONSTRUCTION 2024

↓ **84%**

TREND



8%

YIELDS

→

TREND

DEMAND

TOTAL WITH
RENEWALS

80,181 sqm

TOTAL WITHOUT
RENEWALS

52,066 sqm

NEW DEMAND

20,014 sqm

PRE-LEASE

560 sqm

- The volume of office net take-up transactions increased by 43% compared to the previous quarter (Q1 2024) and was 19% lower than in Q2 2023.
- The current vacancy rate for modern office space in Bucharest decreased again, at 13.4%, down from 14.1% in Q1 2024.
- The volume of renewals decreased sharply, -48%, to 28,115 sqm in Q2 2024 (from 54,031 sqm in Q1 2024).

IN A NUTSHELL

Unexpectedly, there was strong demand from private education companies, which are currently expanding. This sector opted to rent office space for conversion purposes. This type of demand accounted for 25.9% of the total office take-up in Bucharest in Q2 2014, second among all sectors, after the IT&C sector, which accounted for 29%.

Genesis College concluded the largest take-up transaction. Genesis College, a private Romanian school, leased 10,000 square metres of office space at Petrom OMV City, which has a total area of 53,800 square metres. This large transaction raised the level of the North area of the capital, which was the most active submarket.

A total of 52,066 square metres was leased under take-up agreements. Only one small pre-lease transaction was registered: 560 sqm, pre-leased in Dageco Expozitiei Estate.

In the second quarter of 2024, no investment transaction was completed in the office sector and also no new office buildings were delivered.

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

In pipeline, there are several discussions regarding the acquisition of prime office buildings in Bucharest, some of which have a high probability of completion in the second half of 2024.

DEMAND

Most companies have opted for modern office space in new or fully refurbished office buildings with state-of-the-art technology, where they can move quickly. America House and Sky Tower have caught the attention of tenants, each signing three deals in the second quarter of 2024.

Genesis College, on the other hand, chose an older building with a very large amount of available space, which will be renovated to suit the new school.

Companies in the IT&C, education and medical & pharmaceutical sectors took the most office space. In the IT&C sector, the biggest deal was the renewal of Accenture's 6,200 sqm of office space in the West Gate Park.

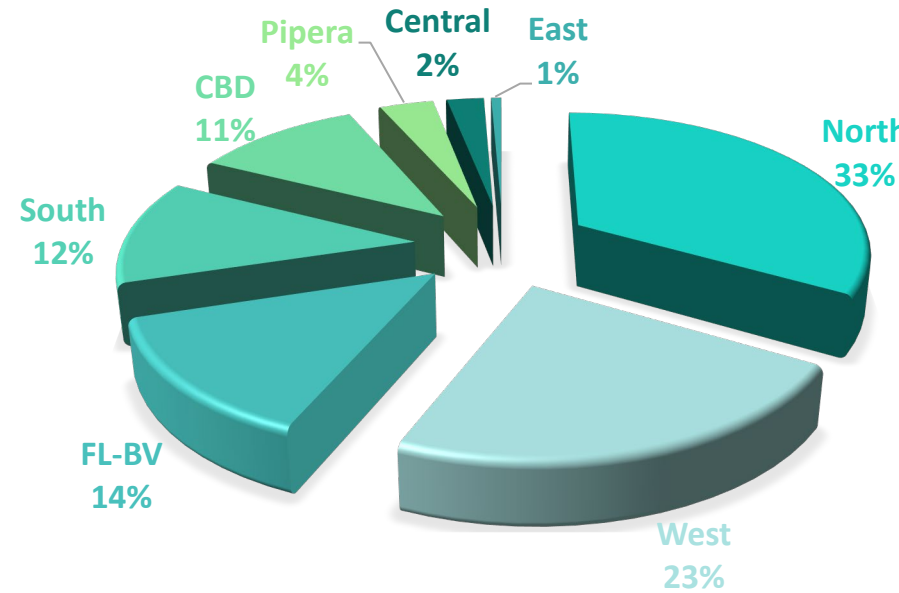
In the Medical & Pharmaceutical sector, the largest office leases were for Dr Max (6600 m²) in an office building in the CBD and Sanador (3200 m²) in an office park in the northern part of the city.

TENANTS PREFERRED TOP AREAS

The highest number of transactions, 18, was recorded in the Floreasca-Barbu Vacarescu (FL-BV) area. The average area per transaction was lower in this area (616 sqm), so the total volume of lettings in FL-BV was 11,101 sqm, representing a share of 23% (second in cumulative area).

The North area, with 15 transactions, had a higher share of 33% in the total volume of lettings. The third and fourth places in terms of the number of companies attracted were, within a very short distance, the West areas with 12 transactions and the CBD with 11 transactions.

BUCHAREST OFFICE DEMAND BY SUBMARKETS



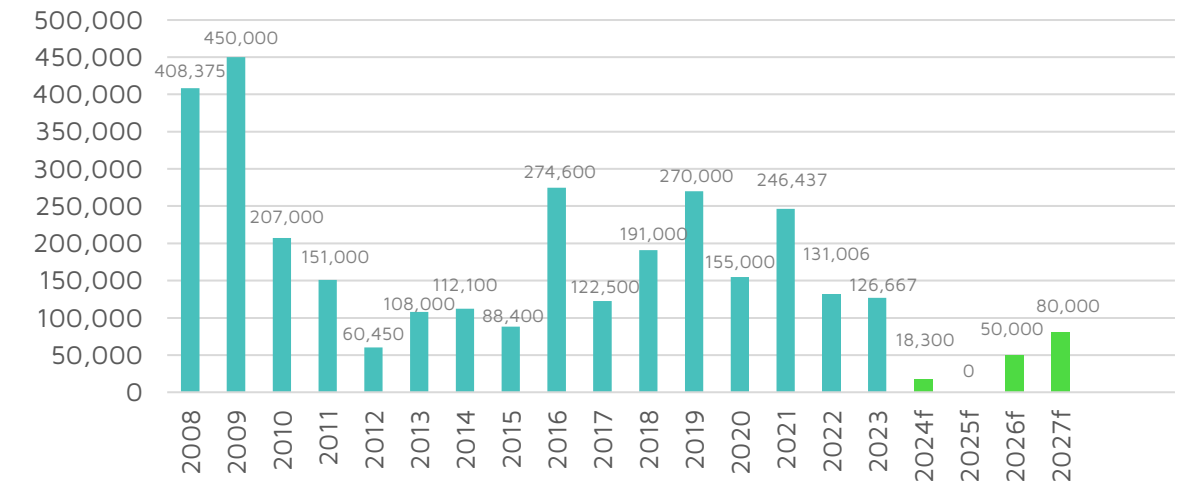
SUPPLY

No office building was delivered in the second quarter either. Until recently, tenants seeking to relocate their office space primarily considered buildings under construction, where they could customise their spaces well in advance of the move. However, such opportunities have now almost disappeared.

In 2024, only two small office buildings are expected to be completed and put into use, with an area of 18,300 sqm.

Conversely, some companies have reassessed their space requirements, resulting in a number of existing office buildings coming onto the market with offices in the process of being vacated. Such spaces can be occupied immediately and often have more advantageous rents than those of the office buildings in the pipeline.

ANNUAL OFFICE SUPPLY 2008-2027F



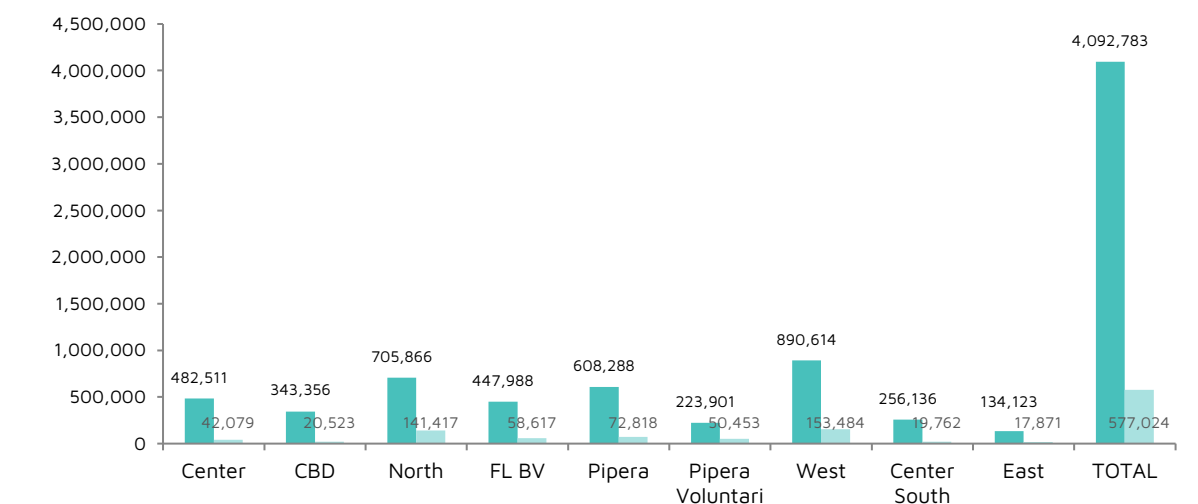
The vacancy rate for modern office space in Bucharest has seen a slight decrease, falling from 14.1% in the first quarter of 2024 to 13.4%, in Q2 2024.

The lowest vacancy rate of Class A buildings is currently observed in the center-south area (7.62%) and the central area (7.68%).

The highest rate of non-cutting remains in the peripheral area of Pipera - Voluntari, far from the metro area: 22.22%.

The largest stock of vacant offices is now in the western area, where there is a total area of 145639 sqm and a vacancy rate of 16.3%

STOCK AND VACANCY Q2 2024 (sqm)



ROMANIA INVESTMENT MARKET

In the second quarter of 2024, real estate investments in Romania reached a total of EUR 199 million, with five transactions being concluded, resulting in a H1 2024 investment volume of EUR 405 million.

The Q2 volume represents a significant increase of 255% compared to the same period in 2023, when the investment volume was EUR 56.9 million.

During the second quarter of 2024, no office transactions were concluded, although there are ongoing negotiations, with The Landmark offices one of the expected deals.

The largest transaction originated from the industrial sector. CTP has acquired six industrial parks, comprising a total area of 270,000 square meters. The value of the transaction is currently confidential and is estimated at EUR 168 million. In the retail sector, two small retail parks were sold, situated in densely populated areas in second-tier cities.

BUCHAREST INVESTMENT MARKET

In the second quarter of 2024, no standalone transactions were concluded in Bucharest, although numerous negotiations were conducted.

It should be noted that Globalworth's portfolio of six industrial parks, sold to CTP, also includes an asset in Bucharest.



INVESTMENTS TOP SECTORS Q2 2024

SECTOR	Value Q1 2024 (mil. EUR)	Value Q2 2024 (mil. EUR)
INDUSTRIAL	12.8	168
RETAIL	138.5	25
HOTEL	44	6
OFFICE	10.5	0
Total (mil. EUR)	205.8	199

Q2 2024 exemplifies Romania's real estate resilience and adaptability, with retail and industrial assets leading the charge

Interest Rates and Market Sentiments

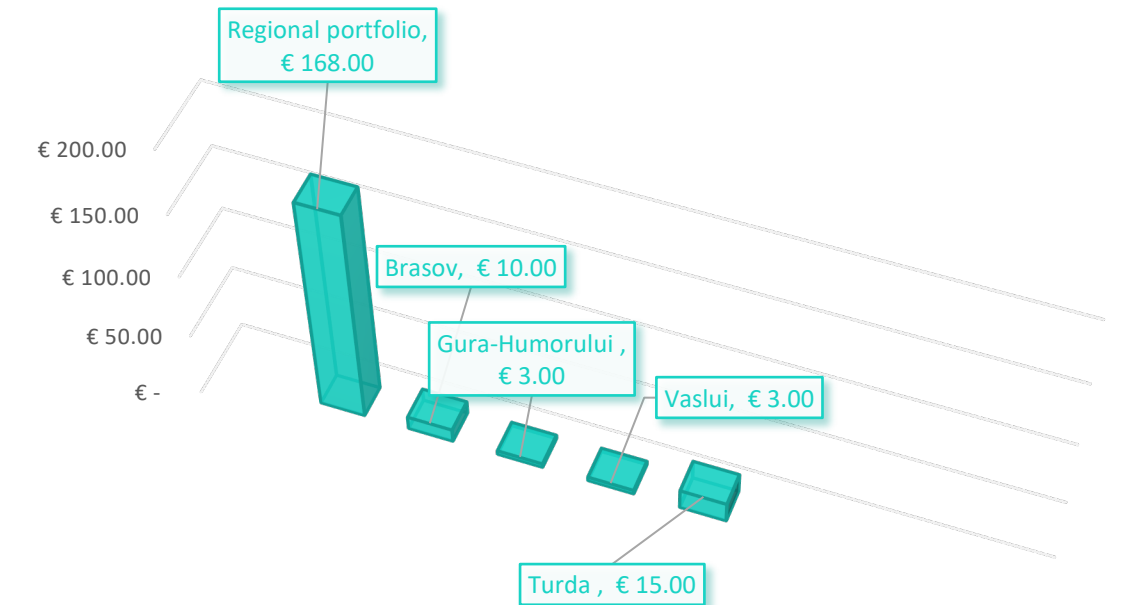
As interest rates stabilize and show signs of a gradual decrease while demand from tenants in all asset classes remain stable, investors continue to look for opportunities and the sellers-buyers expectation gap tends to narrow.

The investments yields range from 7.5% to 8.25% with deals being driven by liquidity needs.

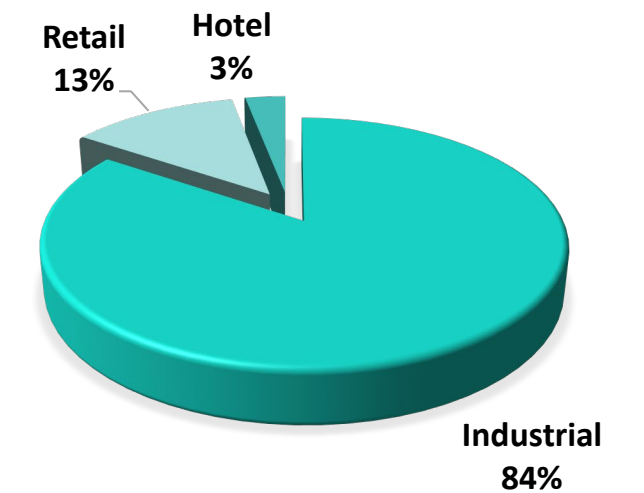
New developments continue to generate good returns and are attracting investments mainly in residential, retail and industrial segments.

The recovery of tourism attracts the appetite of investors for this asset class, with several new Hotel projects in development.

ROMANIAN INVESTMENTS MARKET BY CITIES, IN Q2 2024 (MIL EUR)



ROMANIAN INVESTMENTS MARKET BY SECTORS, IN Q2 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

OUR TRACK RECORD

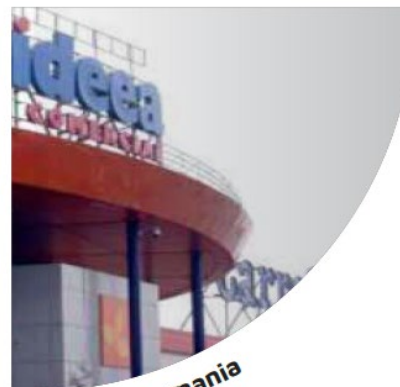
It's more than experience, it's about the results we deliver.



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

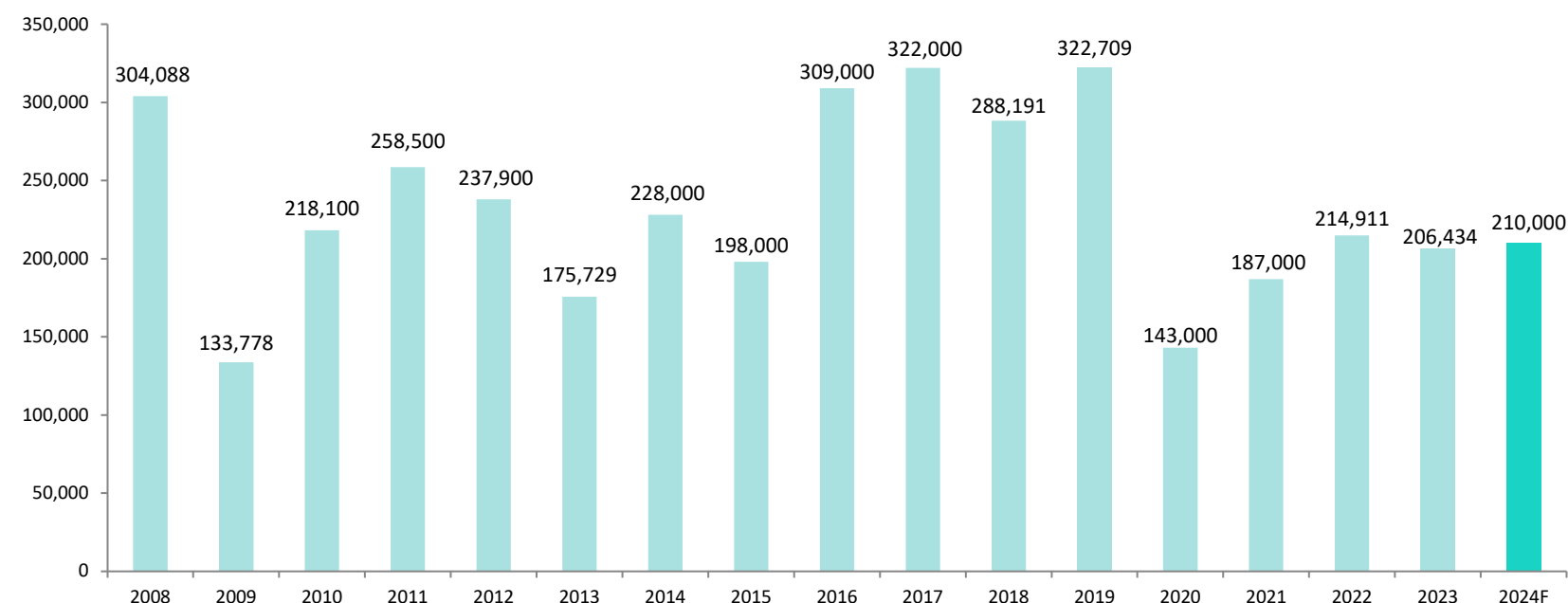
» BUILDABLE LANDS

ON BEHALF OF

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

OFFICE NET TAKEUP 2008-2024*

*EXCLUDING RENEWALS



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SELECTION OF MAIN LEASES CONCLUDED IN Q2 2024

TENANT	BUILDING	LEASED AREA (SQM)	TYPE OF TRANSACTION	GEOGRAPHICAL AREA
Genesis	OMV Petrom City	10,000	New Lease	North
Dr. Max	J8 Office Park	6,600	New Lease	North
Accenture	West Gate Park	6,200	Renewal	West
Confidential	Timpuri Noi Square	3,400	Renewal	South
Sanador	Buzesti 85	3,200	New Lease	CBD
Cognizant	Timpuri noi Square	3,000	Renewal	South
Scoala Evrika	Sema Parc	2,500	New Lease	West
Ahold	Timpuri Noi Square	2,173	New Lease	South
Bertrandt Engineering Technologies	Anchor Plaza	2,150	Renewal	West



OMV PETROM CITY BUILDING