

10.8%
Vacancy Rate



€19.00
Prime Rent, PSQM



7.15%
Prime Yield



ECONOMIC INDICATORS Q3 2020

1.0M
Bucharest Employment



1.3%
Bucharest Unemployment Rate



4.2%
Romania Unemployment Rate



Source: Oxford Economics, National Institute of Statistics

A small decline in terms of new supply

The only delivery recorded in Q3 2020 was Campus 6.3 building (17,600 sq. m GLA) developed by Skanska in the Center-West submarket. The total new supply for the first nine months of 2020 reached 124,000 sq. m, reflecting a 35% y-o-y decline. The modern office stock of Bucharest reached 2.9 million sq. m (excluding owner-occupier buildings and approximately 3.2 million sq. m including those as well), while the vacancy rate reached the 10.8% level. There is a significant difference between the vacancy rates for A and B class office buildings, with A class properties recording a level of 8.2%, compared to 18.2% in B-class buildings.

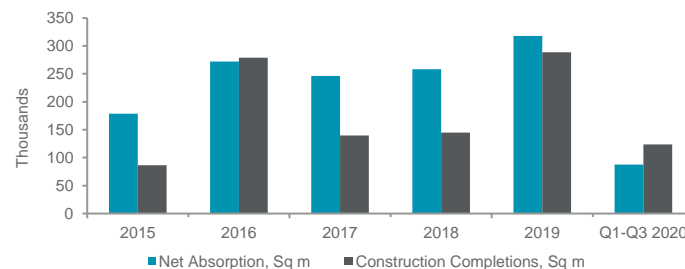
Covid-19 remains a leasing activity disruptor

In Q3 2020, the total leasing activity in Bucharest was of 63,600 sq. m, with net take-up having a share of only 46%, since most transactions were renewals as a result of the consolidation measures adopted by most companies during the on-going pandemic. The largest transaction pertained to the KPMG pre-lease of a 8,500 sq. m space in the under construction Miro office building located in the North submarket, while the Center-West or the Dimitrie Pompeiu submarkets were the most active in terms of leasing activity. During Q1-Q3 2020, the total leasing activity reached 160,400 sq. m, reflecting a 43% y-o-y decline caused by the persisting reluctancy of most occupiers to commit to long-term contracts, as work from home is expected to impact the working habits at least on the short and medium term.

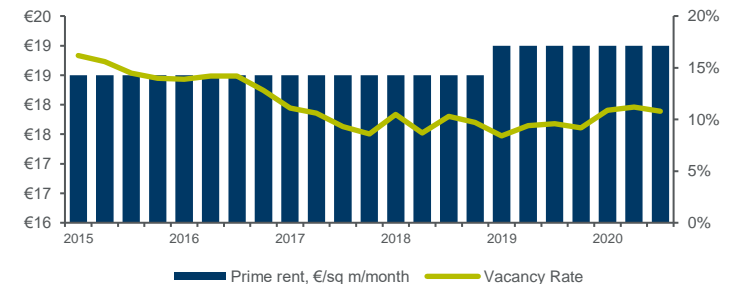
Prime rents are still stable and the pipeline is solid

New projects totaling app. 390,000 sq. m GLA are currently under construction, the remaining pipeline for 2020 being estimated at approximately 60,000 sq. m. The most active sub-market in terms of deliveries during the following period will be Center-West, with almost 140,000 sq. m under construction (a share of 35%), while the Expozitiei, Central and Floreasca – Barbu Vacarescu submarkets will also see significant deliveries in the following two years. The most important developments currently under construction are One Cotroceni Park, J8 Office Park, Globalworth Square, U Center and One Tower. Prime headline rents in Bucharest remained stable in Q3 2020, as asking rents in the CBD area generally fall in the €18.50-19.00/ sq. m/month range, with values of €17.50-18.00/ sq. m/month being recorded in the Center and Floreasca - Barbu Vacarescu submarkets.

SPACE DEMAND / DELIVERIES



BUCHAREST VACANCY & ASKING RENT





MARKET STATISTICS

SUBMARKET	STOCK (SQ M)	AVAILABILITY (SQ M)	VACANCY RATE	CURRENT QTR TAKE-UP (SQ M)	YTD TAKE-UP (SQ M)	YTD COMPLETIONS (SQ M)	UNDER CNSTR (SQ M)	PRIME RENT (MONTH)
CBD	320,400	23,200	7.2%	2,450	7,593	-	39,800	€19.00
Center	342,000	20,800	6.1%	9,467	18,360	10,200	62,100	€18.00
Floreasca – Barbu Vacarescu	520,200	35,200	6.8%	5,677	9,568	6,700	52,000	€17.50
Expozitiei	222,800	20,600	9.3%	1,300	21,070	34,700	73,400	€17.50
Center - West	457,300	51,500	11.3%	12,738	44,383	38,800	138,500	€15.00
North	159,800	20,900	13.1%	12,800	16,042	-	23,000	€15.00
Dimitrie Pompeiu	440,700	35,000	8.0%	12,010	25,727	33,600	-	€13.00
Pipera North	210,500	84,500	40.1%	5,601	6,535	-	-	€11.00
West	157,900	4,800	3.0%	-	-	-	-	€12.00
East	51,100	16,900	33.1%	1,544	2,144	-	-	€12.00
South	41,800	1,000	2.4%	-	8,991	-	-	€12.00
Bucharest (overall)	2,924,500	314,400	10.8%	63,587	160,413	124,000	388,800	€19.00

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	RSQM	TYPE
Miro Offices	North	KPMG	8,500	Pre-lease
IRIDE	Dimitrie Pompeiu	P&G	6,000	Renewal
Global City	Pipera North	Altex	5,100	Renewal
AFI Business Park	Center – West	VEEAM Software	5,000	Renewal

KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE
Floreasca Business Park, The Lakeview, Aviatorilor 8, CBC	Bucharest, Timisoara	NEPI Rockcastle / AFI Europe	118,000	€307M
Floreasca Park	Floreasca – Barbu Vacarescu	GLL Real Estate / Resolution Property – Zeus Capital	38,000	-

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	PROJECT SIZE (SQM)	OWNER / DEVELOPER
Ana Tower	Expozitiei	PwC	34,700	Ana Holding
Globalworth Campus - III	Dimitrie Pompeiu	UniCredit, Allianz	33,600	Globalworth
The Bridge III	Center - West	IBM	21,200	Dedeman / Forte Partners
Campus 6.3	Center - West	Societe Generale, Microsoft	17,600	Skanska

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