

Updated quarterly, our dashboards provide a concise synopsis of occupier and investor activity in Europe's markets.



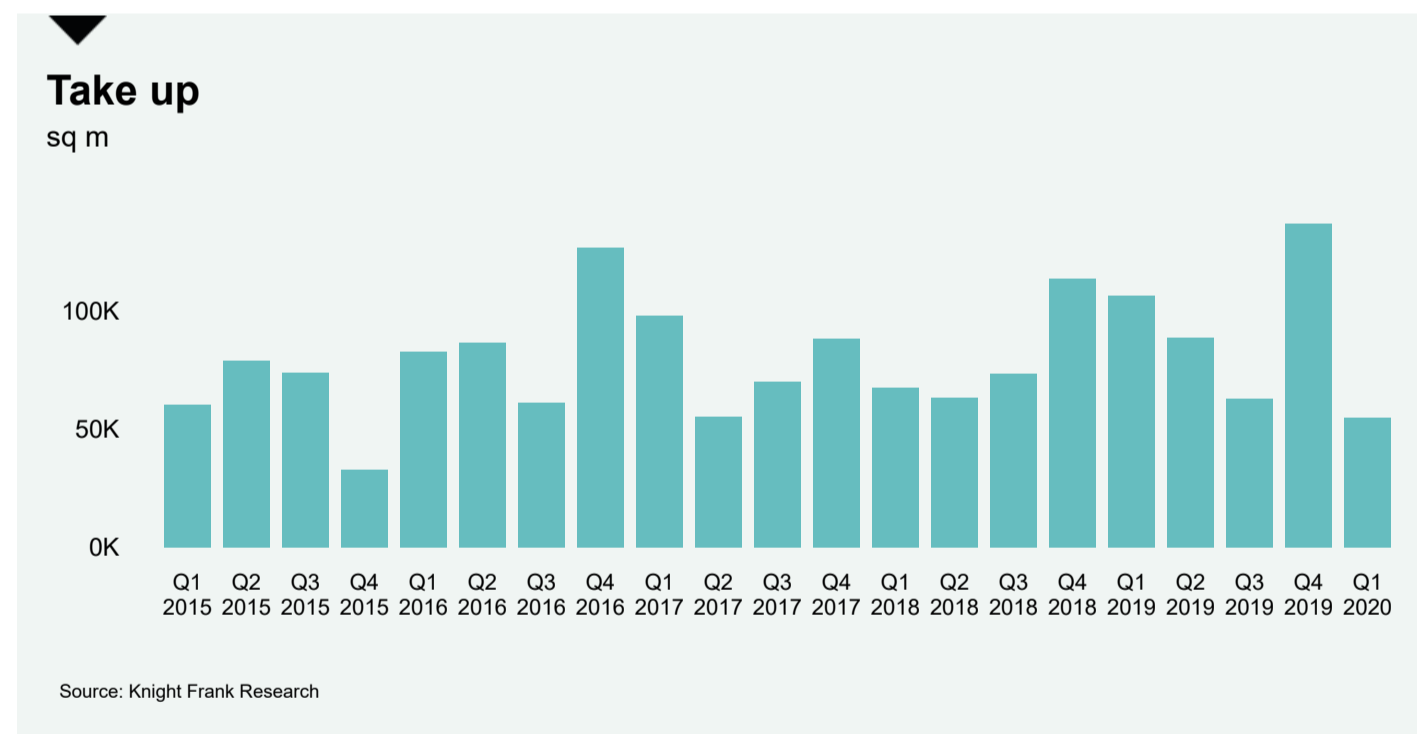
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Bucharest Office Market

Research, Q1 2020

OCCUPIER MARKET HEADLINE FIGURES

TAKE UP		VACANCY RATE		PRIME RENT	
54,805	-48.8%	10.0%	10.7%	€ 216	0.0%
SQ M	YOY CHANGE	RATE	5 YR AVERAGE	SQ M/ ANNUM	YOY CHANGE



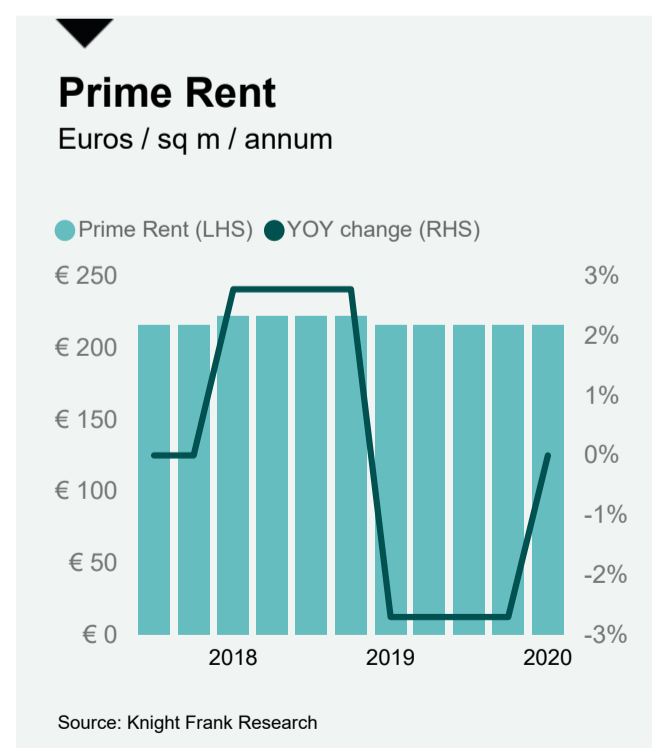
OCCUPIER HEADLINES

- Take-up in the first quarter of 2020 reached 54,805 sq m, a decline of -60% over the quarter and a decrease of -49% compared to Q1 2019. The IT and Communication sector continued to generate demand for office space, accounting for 55% of take-up in Q1 2020.

- The contraction in take-up can be partly attributed to robust occupier demand in 2019. Q4 2019 was the strongest final quarter on record for office take-up in Bucharest. While Q1 2019 was also the strongest first quarter over the past decade. However, Q1 2020 take-up remains the lowest since Q4 2015.

- Office vacancy fell by 0.5% q-q in Q1 2020 to 10.0%, which remains below the five-year average. However, compared to Q1 2019, office vacancy in Bucharest has increased by 0.5% in Q1 2020.

- Prime rents remained unchanged at €216 per sq m per annum (€18 per sq m per month) in Q1 2020. Compared to the previous cycle, rents in Bucharest still have room to grow. However, considering the implications of the Covid-19 containment measures in Romania, we forecast prime office rents in Bucharest to decline in the coming quarters, until the end of the year.



INVESTMENT MARKET HEADLINE FIGURES

INVESTMENT VOLUMES

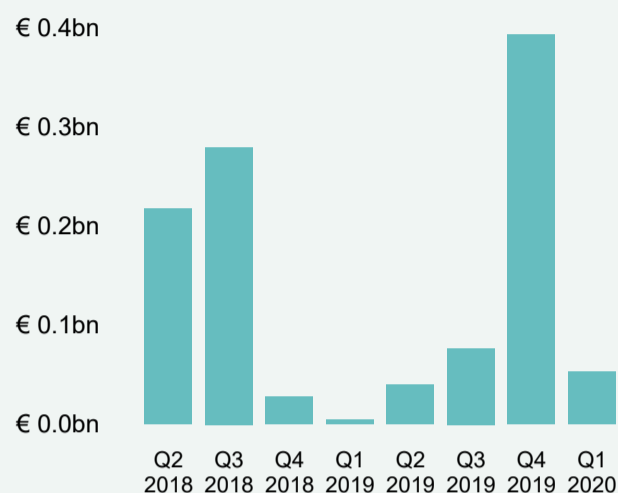
€ 54M
EUROS

1089%
ANNUAL CHANGE

PRIME YIELD

7.00%
PRIME YIELD (%)

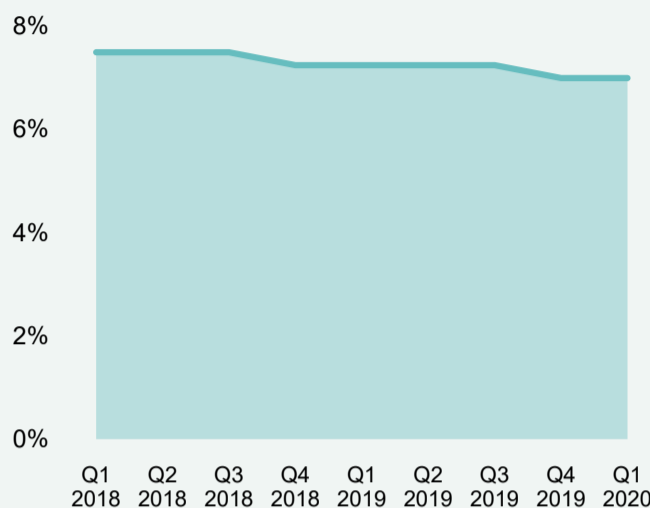
Investment Volumes



Source: Knight Frank Research

Prime Yield

Net initial yield, %



Source: Knight Frank Research

INVESTMENT HEADLINES

- In Q1 2020, €53.5 million was invested in Bucharest offices, an increase of €49 million compared to Q1 2019. In Q1 2020, transactions by number was lower than that in Q4 2019.

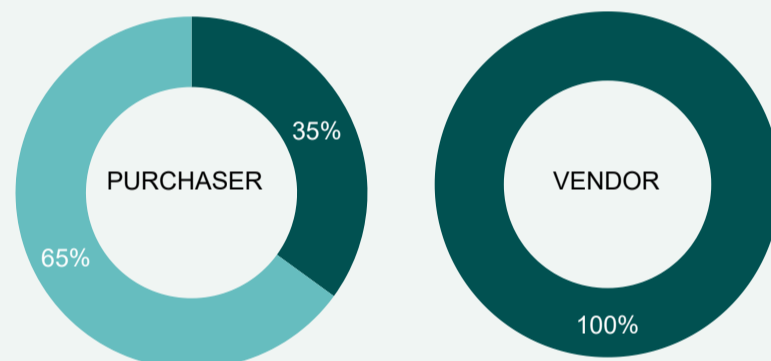
- Prime Office yields remained stable at 7.00% in Q1 2020. Compared to the previous cycle, yields still have room to compress, notwithstanding the impact of COVID-19, which could feed through into yields in the second quarter.

- Circa 35% of total office investment in 2020 year to date (YTD), were by overseas investors. Of cross border investment in Q1 2020, investors from Israel had the largest presence in the Bucharest office market. Meanwhile, 100% of vendors in 2020 YTD are cross border.

Investor Types

Investor split between cross-border and domestic investors

Domestic Cross-border



Source: Real Capital Analytics

KEY TRANSACTIONS

PROPERTY NAME	PURCHASER	VENDOR	Purchase Price	Yield
50% Renault Business Connected	Globalworth	Elgan Group	€ 40,000,000	
Astoria Business Center	Confidential	Bluehouse	€ 8,000,000	

Please get in touch with us

If you are looking to buy, sell or would just like some property advice, we would love to hear from you

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