

Bucharest Office Market



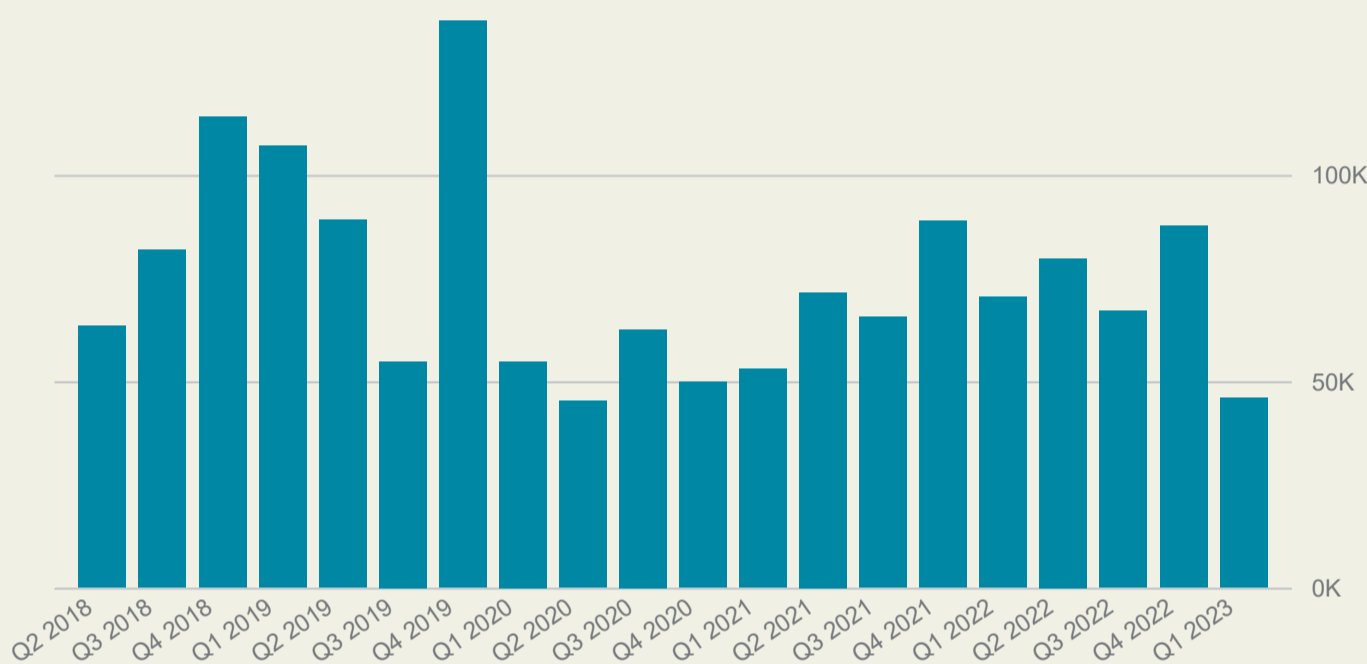
Q1 2023

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

knightfrank.com/research

Take up

Over the last 5 years, square metres



Source: Knight Frank Research

OCCUPIER MARKET KEY FIGURES

46,000 SQM

Take up

€ 228 PSQM

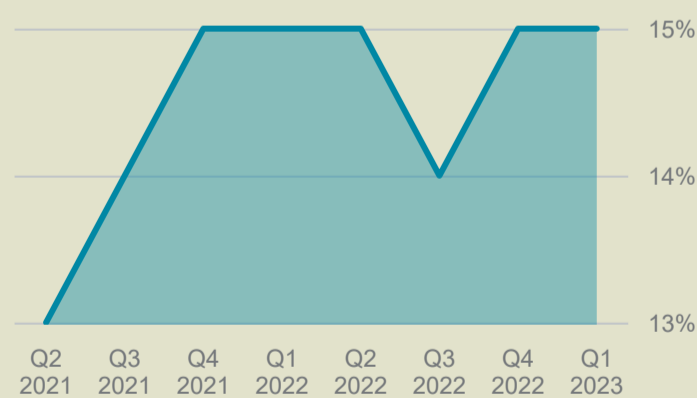
Prime Rent

15.0%

Vacancy Rate

Vacancy Rate

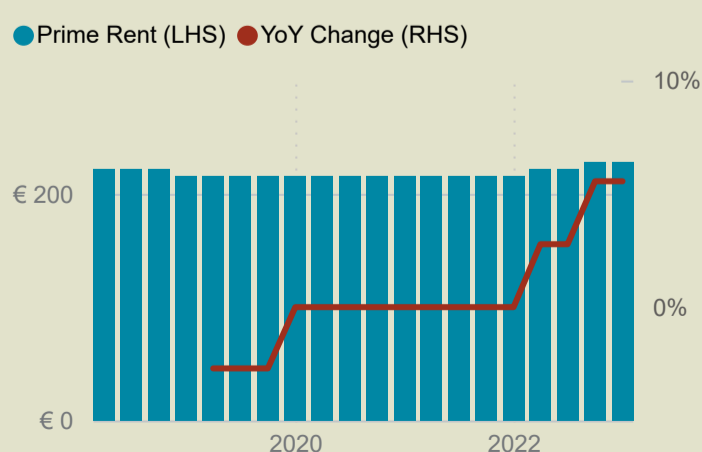
Measured in percentage terms



Source: Knight Frank Research

Prime Rent

Rents and the year-on-year change, Euros per square metre



Source: Knight Frank Research

OCCUPIER HEADLINES

After a strong year in 2022, the Bucharest office market saw limited leasing activity in the first quarter of the year, with only 46,000 sqm of transactions recorded. This is the lowest level of quarterly take-up in two years and represents a 35% decrease year-over-year from the volume seen in Q1 2022. Renewals were found to comprise 60% of the deal activity for the quarter. The IT & Communications sector remained the most active sector this quarter, making up 38% of the total take-up. Inflationary pressures have created a challenging environment for relocations and expansions, due to increasing costs of utilities and fit-outs.

The vacancy rate remained at 15%, the same level as the previous quarter and as that in Q1 2022. The last time the vacancy rate was recorded at a level higher than this was in 2014.

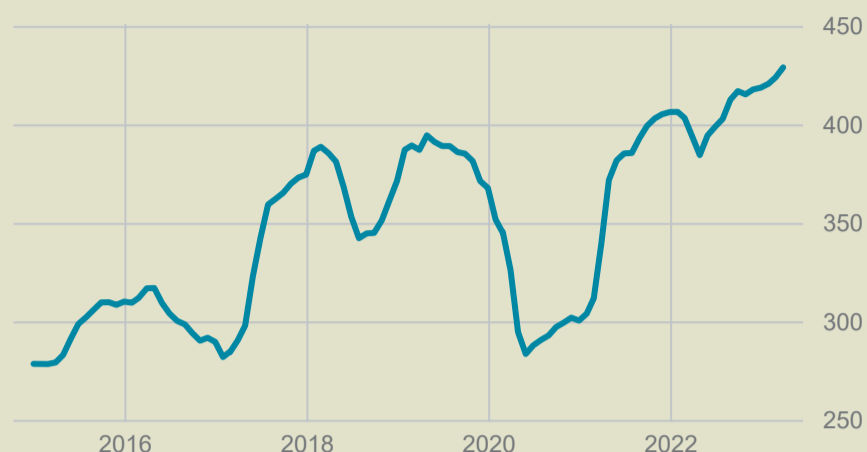
Prime rents also held firm quarter-over-quarter at €228 psqm per annum, representing 5.6% growth from €216 psqm a year ago.

There were 42,000 sqm of construction completions in Q1 2023, down 43% from the same time period last year, and below the 5-year average for the metric. Another 100,000 sqm of development are in the pipeline to be completed this year, and an additional 500,000 sqm total are expected in 2024 to 2026.

ECONOMIC INDICATORS

New Businesses in Romania

12-month Rolling Average

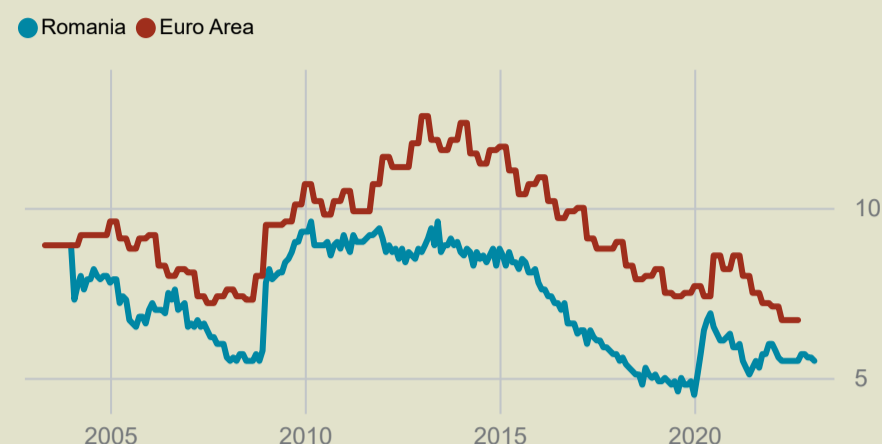


Source: National Trade Register Office

After a slump in new business starts in Romania in 2020, activity has more than recovered and reached 5-year highs in recent months. Figures from the start of 2023 show strong momentum.

Unemployment Rate in Romania

vs Euro Area, as a Percent of Civilian Labour Force, %

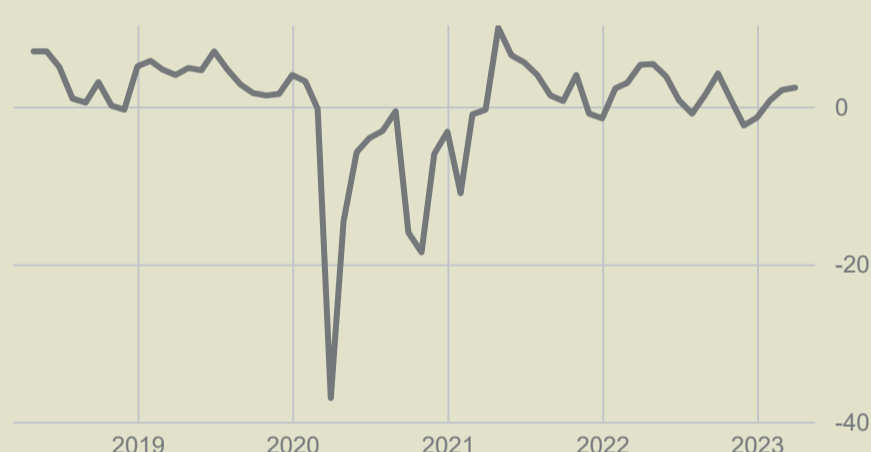


Source: Eurostat/ Romanian National Institute of Statistics

The unemployment rate in Romania is at its lowest level since September last year at 5.5% as of February 2023. However, slowing economic activity may open up some slack in the labour market, causing a rise in unemployment and wage pressure to ease.

Employment Expectations in the Service Sector in Romania

Over the next 3 months, %



Source: European Commission (DG ECFIN)

Employment expectations in the service sector in Romania for the next 3 months improved throughout Q1 2023, climbing from -2.4 in December to 2.1 in March 2023.

Services Confidence Indicator in Romania

Services Confidence Indicator for the last 5 years, Index



Source: European Commission (DG ECFIN)

Service sector confidence in Romania remains in positive territory, fluctuating in the first quarter of the year and coming to a level of 6.0 as of March 2023.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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