

Bucharest Office Market



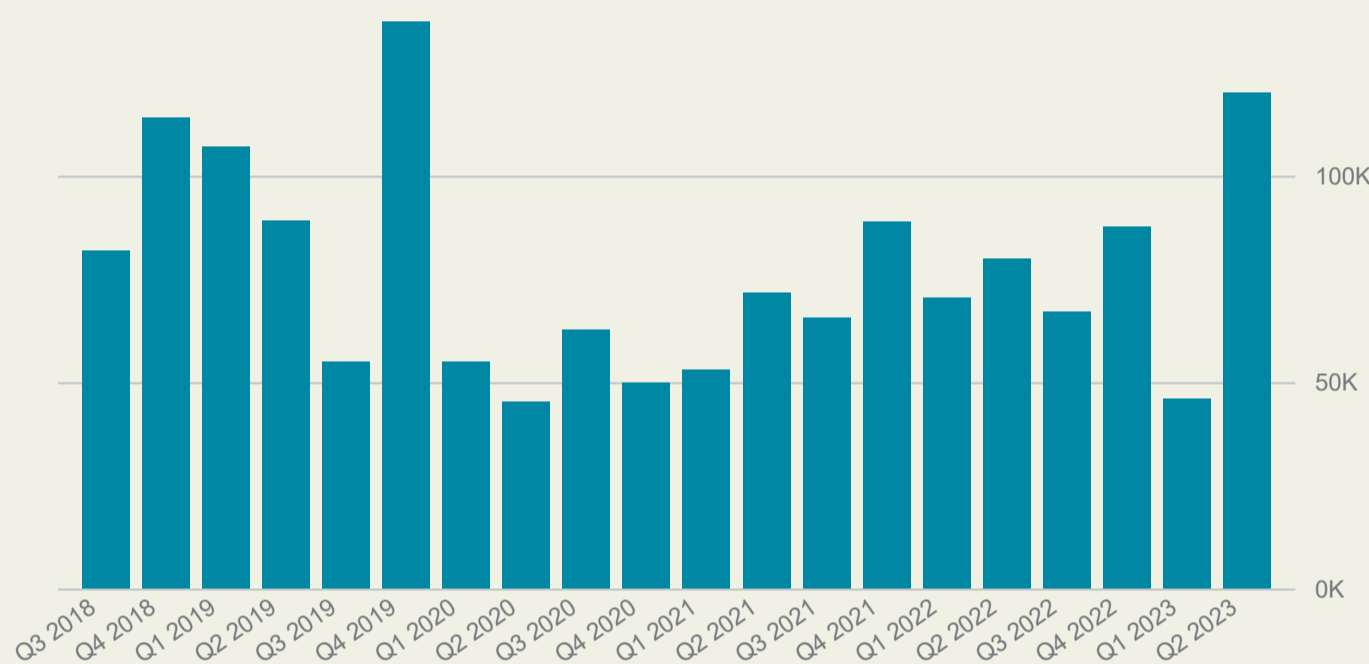
Q2 2023

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

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Take up

Over the last 5 years, square metres



Source: Knight Frank Research

OCCUPIER MARKET KEY FIGURES

120,000 SQM

Take up

€ 240 PSQM

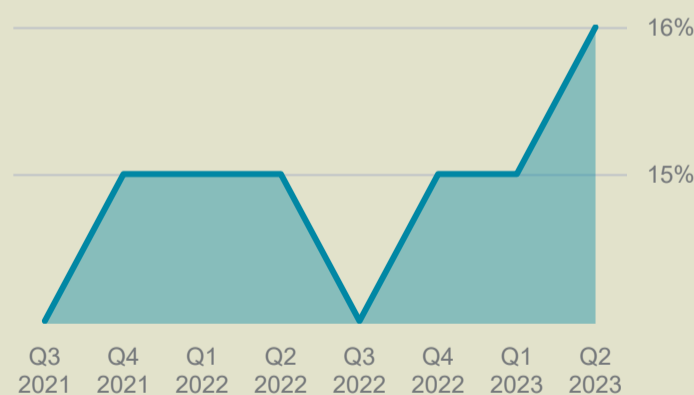
Prime Rent

16.0%

Vacancy Rate

Vacancy Rate

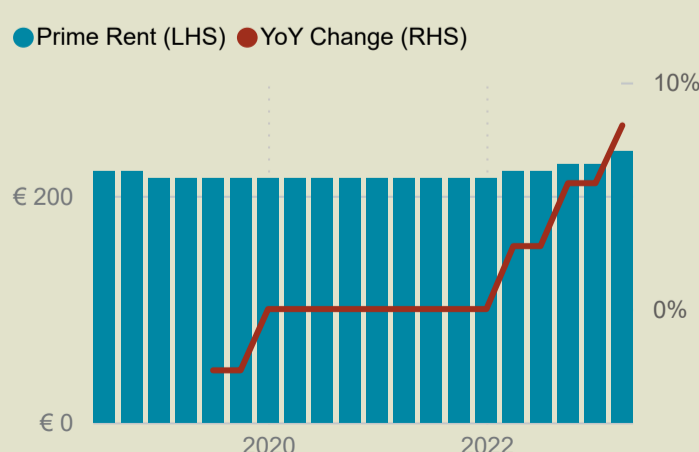
Measured in percentage terms



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 slow start to the year, Q2 saw a resurgence in activity, with 120,000 sqm of take up recorded. This is the highest quarterly take up figure since Q4 2019, and the strongest Q2 on record in the last 10 years.

There were a total of 62 transactions signed during the quarter, double the number seen in Q2 2022. Of these, two notable deals included Honeywell for 24,000 sqm and Emag for 10,000 sqm. Renewals were found to comprise 50% of the deal activity for the quarter, and the IT & Communications sector remained the most active, making up 48% of total take up.

Despite the large volume of take up, the vacancy rate ticked upwards in Q2 to 16%, up from 15% in Q1 2023. This also represents a 100 bps increase year-on-year. Many of the relocations in Q2 were found to be downsizing of footprint, with companies moving to smaller spaces in better locations. Some renewals were also partial disposals of space.

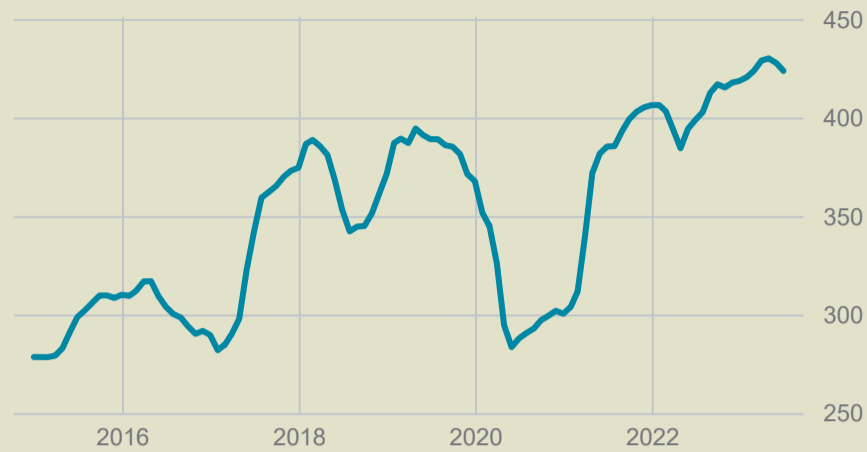
There were 28,000 sqm of construction completions recorded, up 14% from levels seen in the second quarter of last year, but 43% below the 5 year quarterly average for the figure. All 28,000 sqm of new supply were delivered vacant, also contributing to the climb in vacancy.

Prime rents were found to climb to € 240 psqm per annum, 8% higher than the year before in Q2 2022.

ECONOMIC INDICATORS

New Businesses in Romania

12-month Rolling Average

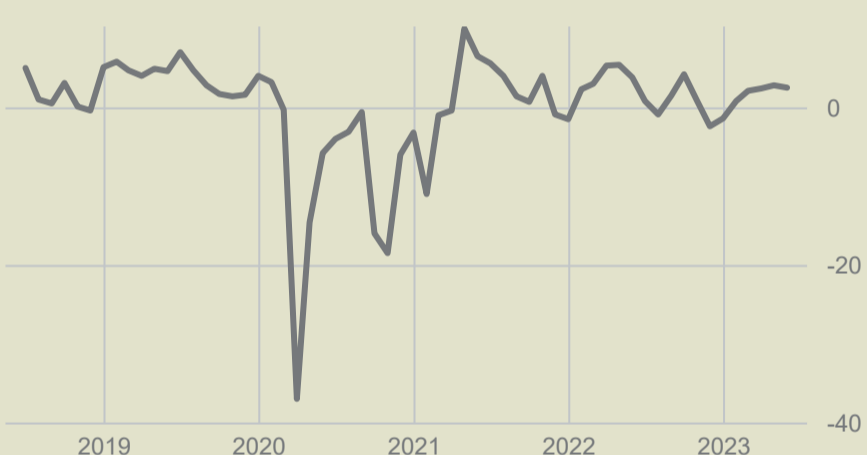


Source: National Trade Register Office

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 first half of 2023 show strong momentum.

Employment Expectations in the Service Sector in Romania

Over the next 3 months, %



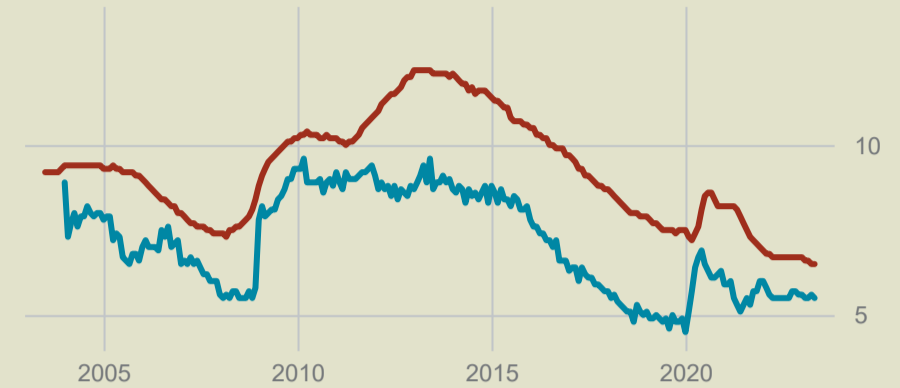
Source: European Commission (DG ECFIN)

Service sector employment expectations for the next 3 months in Romania remained positive in Q2 2023, coming from 2.1 in March to 2.5 in June.

Unemployment Rate in Romania

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

● Romania ● Euro Area

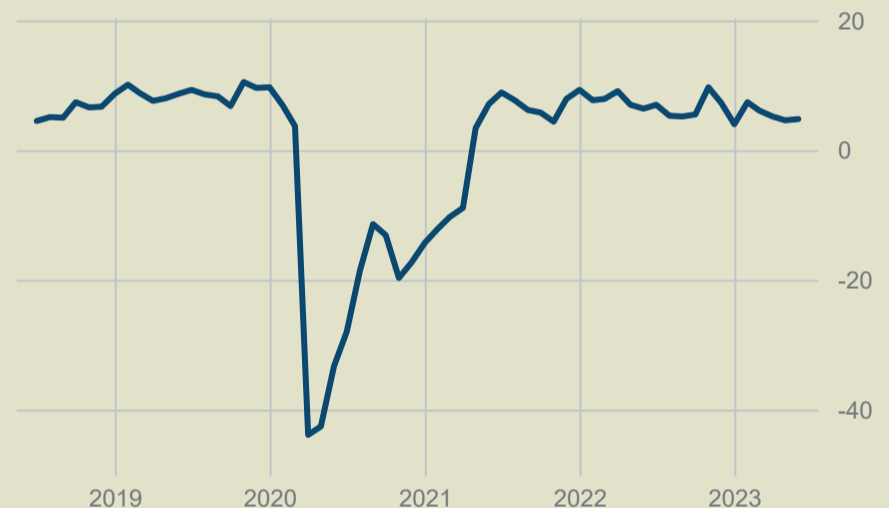


Source: Eurostat/ Romanian National Institute of Statistics

The unemployment rate in Romania ticked upwards in April to 5.6%, then fell back to 5.5% in May 2023. Hikes to public sector wage growth and the minimum wage have increased unit labour costs relative to other countries in the region. Further increases without equivalent growth in labour productivity may drag on the unemployment rate, owing to high labour costs.

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 second quarter of the year to a level of 4.8 as of June 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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