

Bucharest Office Market



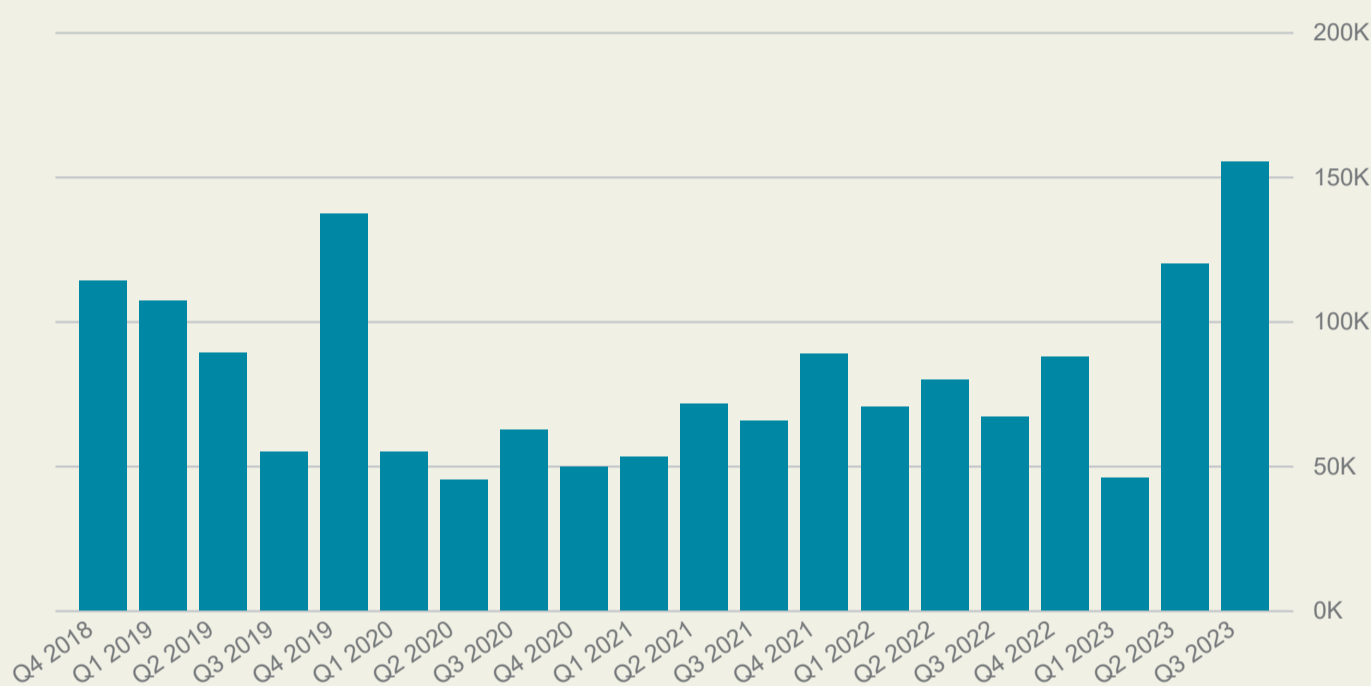
Q3 2023

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

155,000 SQM

Take up

€ 240 PSQM

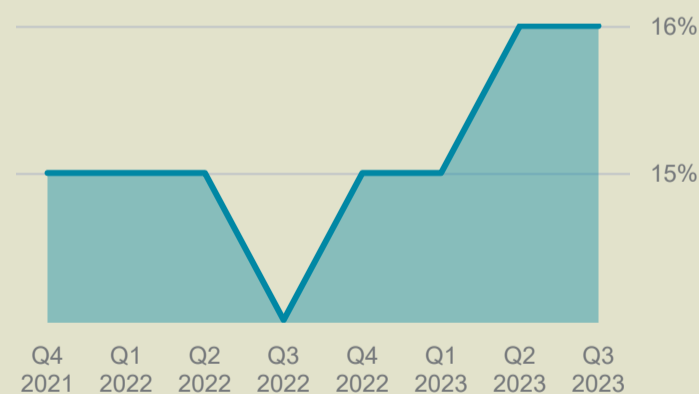
Prime Rent

16.0%

Vacancy Rate

Vacancy Rate

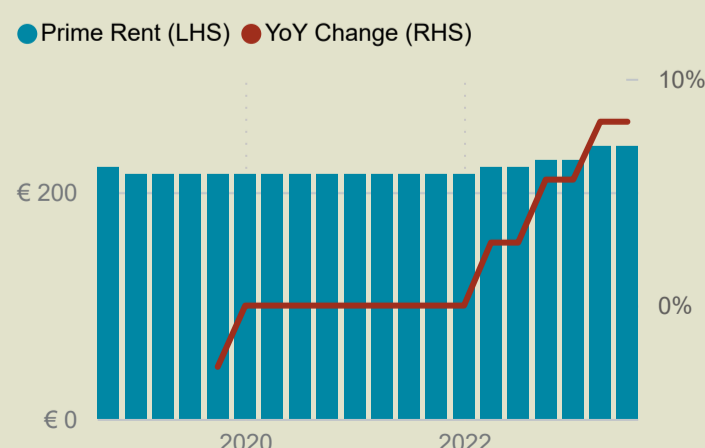
Measured in percentage terms



Source: Knight Frank Research

Prime Rent

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



Source: Knight Frank Research

OCCUPIER HEADLINES

In the Bucharest office market in Q3, take-up reached a record level of 155,000 sqm, bringing the total take-up for the first three quarters of the year to 321,000 sqm. This is 48% higher than what was seen in this time period last year, and the highest Q1-Q3 take-up in the last 10 years.

There were 65 deals signed, of which almost 60% were renewals as tenants anticipate a limited number of new space deliveries to relocate their premises to in coming years. The IT & Communications sector remained the most active sector making up 41% of volumes, followed by the Banking & Finance sector with 18%.

The most sought-after submarkets in 2023 have been the Floreasca/Barbu Vacarescu which saw approximately 72,000 sqm of leasing activity (22% of total take-up), the Dimtrie Pompeiu area where 65,000 sqm of space was leased (20%), as well as the Center-West with 18% of total leasing activity.

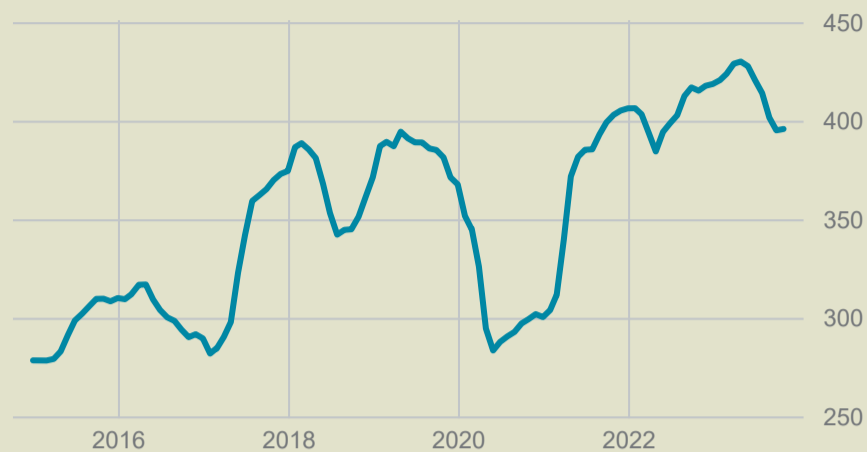
Prime rents in the Bucharest office market held firm in Q3 at €240 psqm, an increase of 8% year-over-year. The vacancy rate remained unchanged at 16%.

Construction completions in Q3 amounted to 32,500 sqm, bringing the total for the year so far to 102,500 sqm. However, amid a lack of approvals for new building permits, it is estimated that a smaller number of projects will be delivered in the next few years than in recent years. There are 7,500 sqm of space under construction to be delivered in Q4, and only 50,000 sqm in the next two years. In the last 5 years, the average annual construction completions have stood around 200,000 sqm, making this decrease a notable one that is likely to change the dynamics of the office leasing market. As the balance shifts in landlords' favour, further upward pressure on rents is expected.

ECONOMIC INDICATORS

New Businesses in Romania

12-month Rolling Average



Source: National Trade Register Office

After reaching 5-year highs in early 2023, new business starts in Romania have slowed somewhat but still show strong momentum.

Employment Expectations in the Service Sector in Romania

Over the next 3 months, %



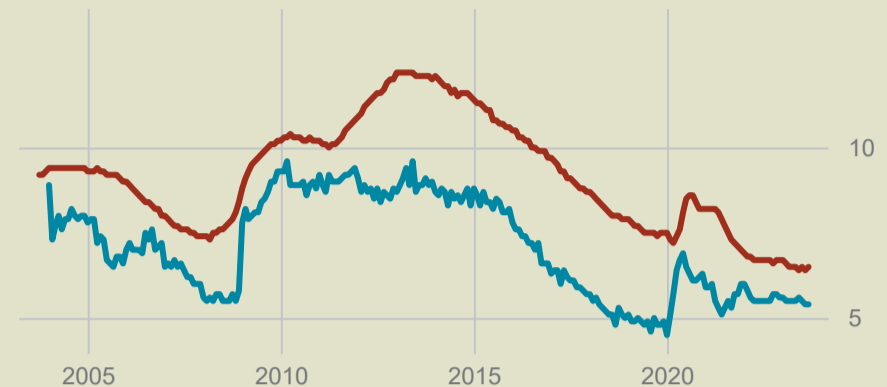
Source: European Commission (DG ECFIN)

Employment expectations for the next 3 months in Romania dipped into negative territory in Q3 with a reading of -0.9 for September. This is the lowest the figure has been since its lowest point for the year in January 2023, when it was recorded at -1.4.

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 fell from 5.6% at the end of Q2 2023 to 5.4% in September. The ratio of unemployed persons to job vacancies remains very low by historical standards, and employment growth is healthy. The labour market is expected to remain robust going forward, with unemployment gradually falling.

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 despite ticking downwards throughout the quarter.

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

LOCAL RESEARCH CONTACT

Ileana Stanciu - Necea
Head of Research
ileana.stanciu-necea@ro.knightfrank.com
+40 21 380 85 85

LOCAL OFFICE OCCUPIER CONTACT

Horatiu Florescu
Chairman & CEO
hf@knightfrank.com
+40 21 380 85 85

LONDON CONTACT

James Bartolo
Head of Multi Market Tenant Rep, EMEA
james.bartolo@knightfrank.com
+44 20 7861 5113



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