Romania / Hungary / Bulgaria / Greece / Serbia

Knight Frank

CSEE
Office Market Overview

knightfrank.com/research

H1 2025

Ahead of the curve

Contents

01
ROMANIA
Bucharest

Office Market
H1 2025

Ahead of the curve

Bucharest Office market overview

SUPPLY

No new deliveries

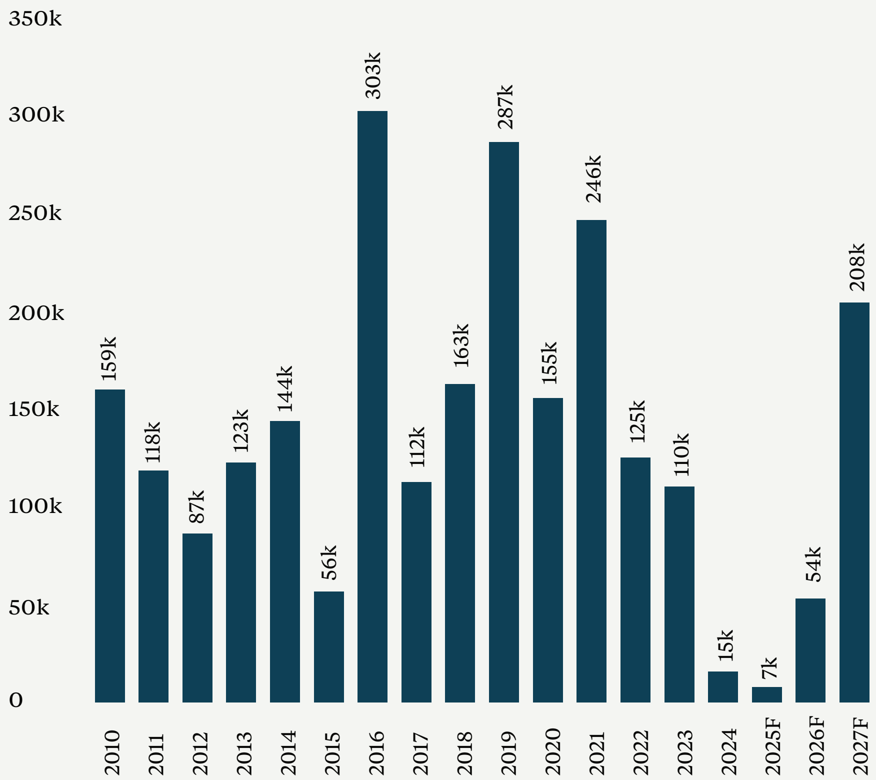
With no new project delivered during H1 2025 and an expected pipeline of 7,000 sq m until year end, 2025 marks the lowest deliveries on the market in more than a decade.

STOCK

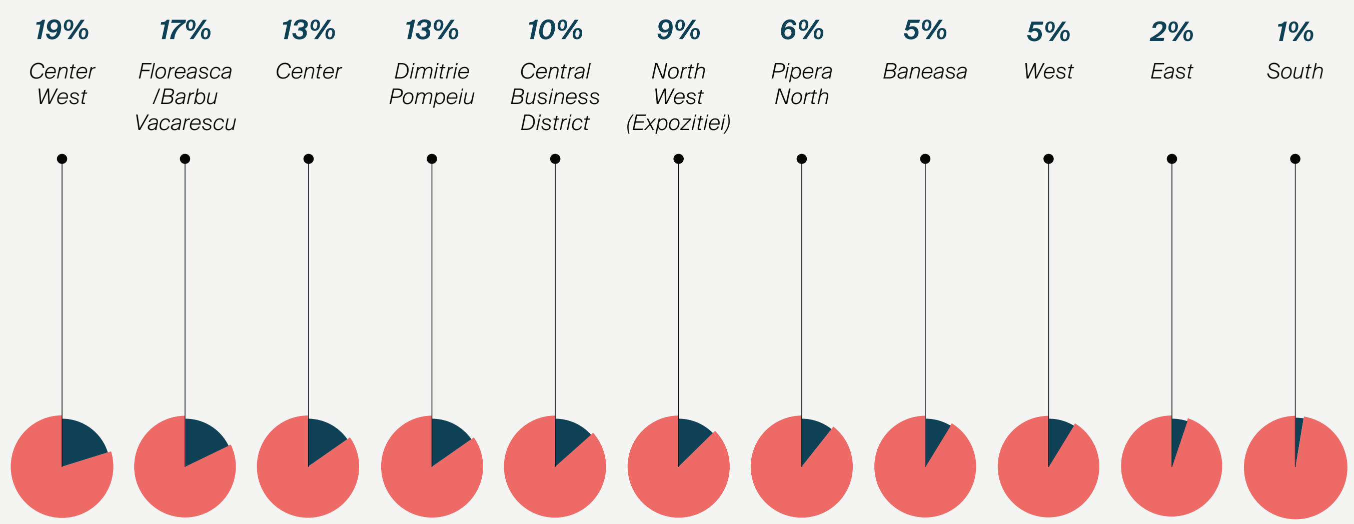
3.44 mil. sq m

The total stock of class A and B grade offices in Bucharest reached 3.44 mil sq m as of H1 2025. The submarket with the highest modern office stock is Center West area (638,000 sq m) followed by Calea Floreasca / Barbu Vacarescu (589,000 sq m) and Center (452,000 sq m).

Supply evolution (sq m)



Stock by submarket



DEMAND

Market cools to multi-year low

The office leasing market in H1 2025 is clearly in a cooling phase, shaped by macroeconomic headwinds, changing workplace strategies, and a more cautious approach from tenants:

01 The political indecision and scheduling delays in Romania's 2025 election year have created a climate of uncertainty, which has had direct and indirect effects on business sentiment, resulted also in delayed leasing decisions.

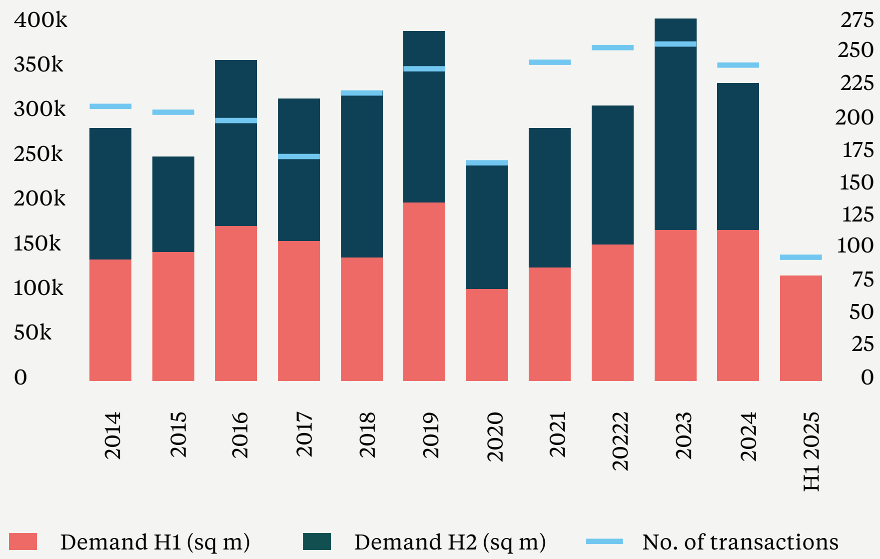
02 The persistent economic uncertainty, sluggish economic growth, rising interest rates, and global geopolitical tensions are contributing to cautious corporate spending.

03 Hybrid work becoming the norm as hybrid work model is no longer a temporary solution but a structural shift.

04 Corporate real estate decisions have become slower and more complex, often requiring higher-level approvals which were translated into longer decision-making cycles.

Almost 66,000 sq m were leased in Q2 2025 after 45,000 sq m in the 1st quarter, bringing the total demand to around 111,000 sq m for the 1st half of 2025, a 32% decline compared to the same period last year.

Demand evolution (sq m)



Out of the total 111,000 sq m transacted, 47% was comprised of renewals, a figure heavily influenced by the largest deal of the period — the 24,000 sq m renewal signed by BCR. This single transaction not only distorted the overall distribution by transaction type, amplifying the share of renewals, but also drove the dominance of the finance and banking sector in the tenant mix, accounting for 33% of total office take-up, overtaking the traditionally leading IT and communication sector, which registered a notably lower share of 17%. The slowdown in office space demand from IT firms reflects broader structural changes in this sector. This retrenchment is partly attributed to the ongoing integration of AI technologies, which is reshaping business models and workforce requirements, leading to cautious real estate strategies.

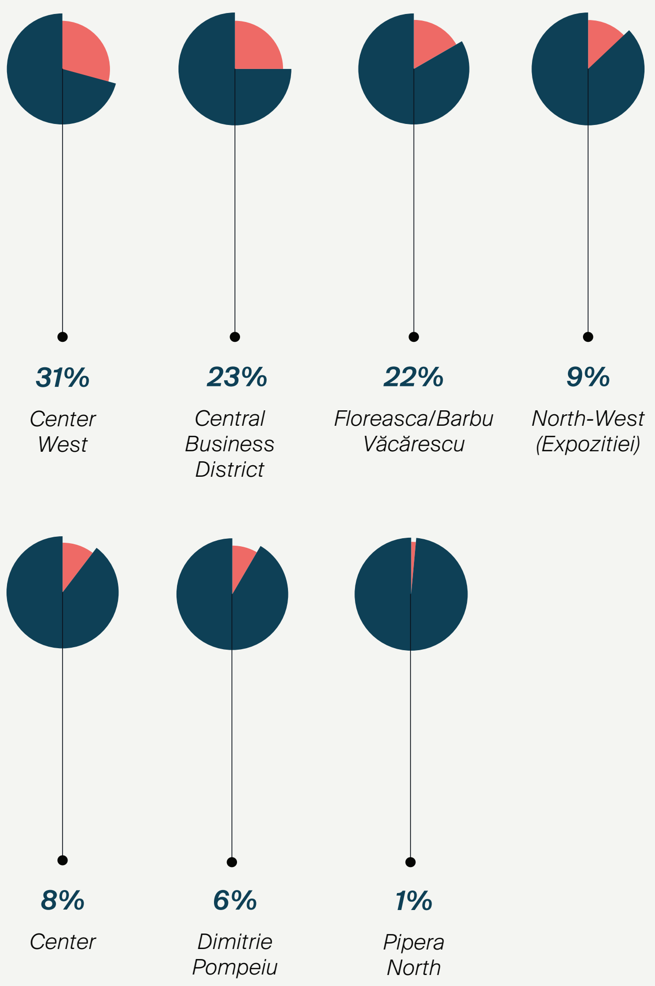
Meanwhile, 33% of the take-up was driven by relocations, typically motivated by the pursuit of efficiency gains or upgrading to better-quality office stock and only 12% of the volume was attributed to space expansions, reinforcing the notion that growth-driven activity remains limited. This composition highlights a market where risk-averse strategies dominate, with most tenants preferring to secure better terms in existing locations or relocate for operational efficiency, rather than pursue aggressive growth. The exceptional weight of one renewal transaction also serves to illustrate how a few large-scale decisions can disproportionately shape market dynamics in a subdued leasing environment.

The most sought-after submarkets in H1 2025 were Center-West, which saw ~34,000 sq m of leasing activity (31% of total take up) thanks to BCR renewal transaction of 24,000 sqm and CBD, where 25,000 sq m of space was leased (23% of total take up), followed closely by Floreasca – Barbu Vacarescu area with 22% of total take up.

Top transactions in H1 2025

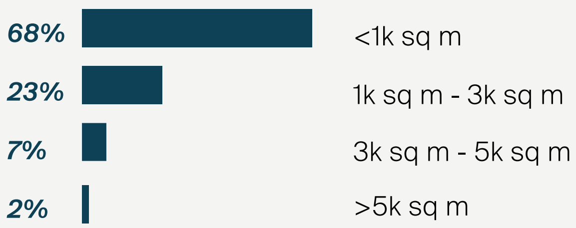
Tenant	Project	Leased area (sq m)		Type of transaction
BCR	The Bridge	24,000		Renewal / Expansion
Deloitte	The Mark	7.500		Renewal
Banca Transilvania	Green Court	4,800		Expansion
WPP	The Mark	4,500		Renewal
Leroy Merlin	Floreasca Park	4,400		Relocation

Geographic breakdown

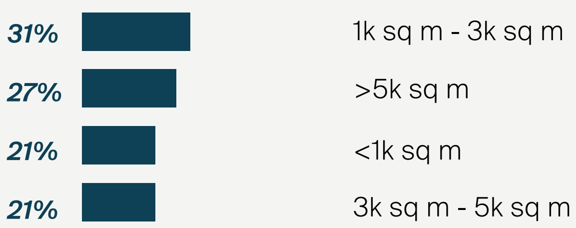


Breakdown by type of transaction

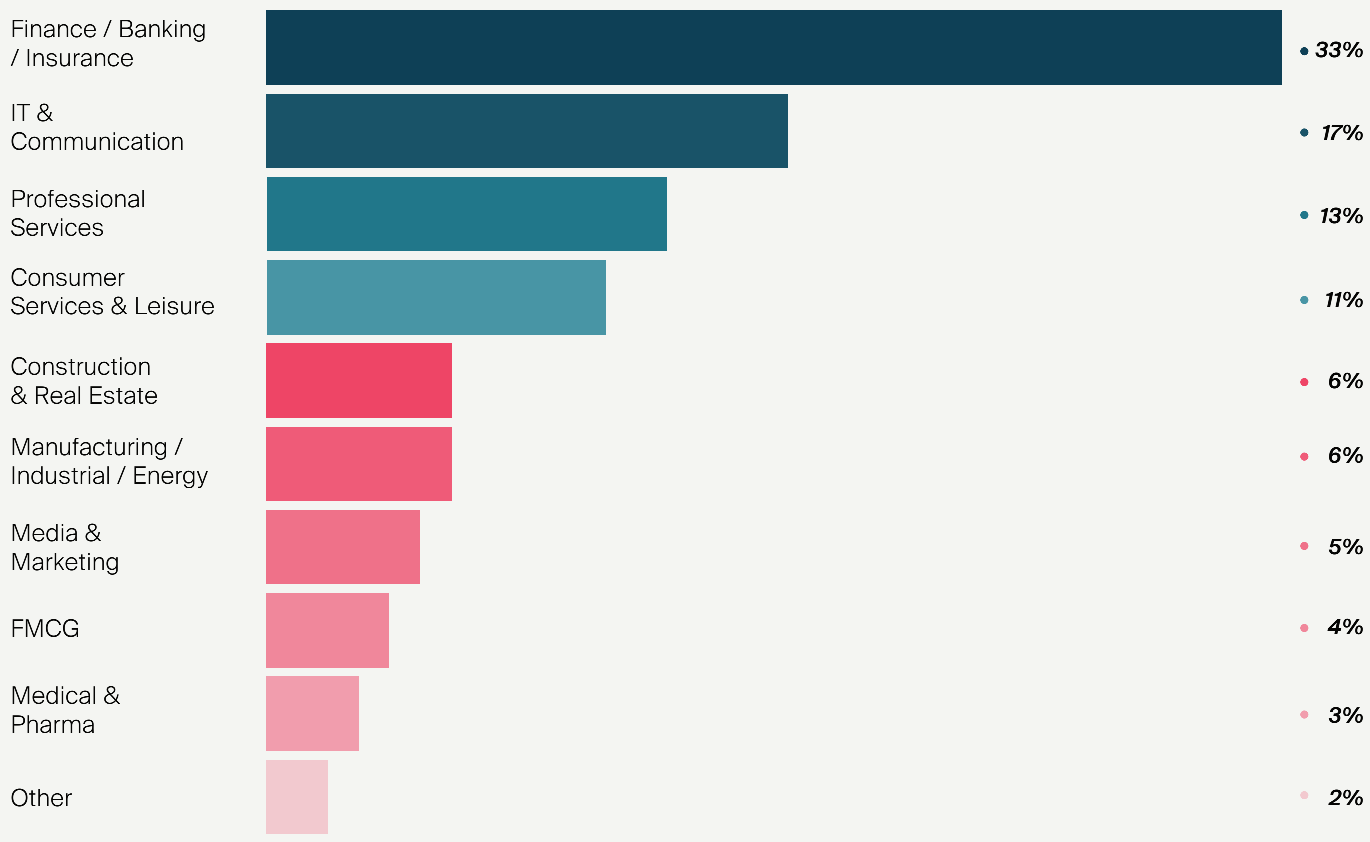
Breakdown by number of transactions



Breakdown by leased area



Breakdown by tenant activity



RENTS

22 eur/sq m/month

Even as overall demand contracts, prime rents are holding firm and high-quality buildings continue to attract the most interest.

VACANCY

12%

Despite occurring in a period of lower demand, the vacancy rate has entered a stabilization phase, holding steady at around 12%. This trend is driven by the limited volume of new supply and a preference among occupiers to renew existing leases rather than releasing space, preventing vacancy from spiking.

FORECAST

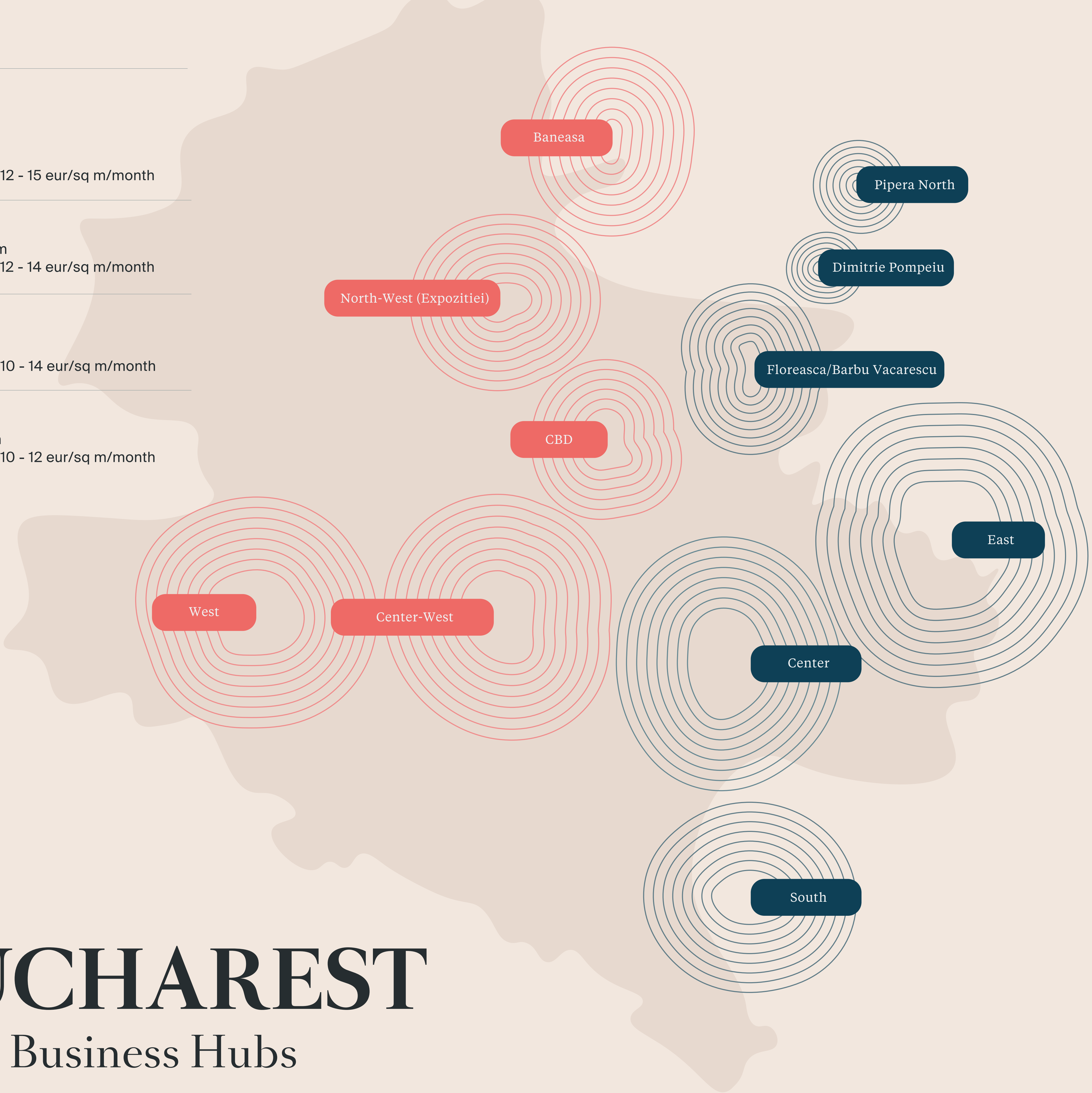
Balanced but modest

The Bucharest office market is entering a phase of segmentation: strong well-located, ESG-compliant buildings, and challenging for outdated stock. Tenants will continue to seek maximum flexibility, pushing landlords to compete not just on rent but on lease terms, services, and ESG credentials.

Following 2025 - which is set to close as one of the weakest years in terms of office deliveries - we anticipate a rebound over the next two years, with supply returning to at least average annual levels. Currently, over 200,000 sq m of office space is under construction across six projects, signaling a moderate but steady pipeline that should help replenish and diversify the stock.

BUCHAREST

Main Business Hubs



Baneasa

Stock: 182 sq m
Headline Rent: 12 - 15 eur/sq m/month

West

Stock: 158k sq m
Headline Rent: 12 - 14 eur/sq m/month

East

Stock: 51k sq m
Headline Rent: 10 - 14 eur/sq m/month

South

Stock: 42k sq m
Headline Rent: 10 - 12 eur/sq m/month

Center-West

Stock: 636k sq m
Headline Rent: 15.5 - 17.5 eur/sq m/month

Floreasca/Barbu Vacarescu

Stock: 589k sq m
Headline Rent: 15.5 - 17.5 eur/sq m/month

Center

Stock: 453k sq m
Headline Rent: 16 - 18 eur/sq m/month

Dimitrie Pompeiu

Stock: 441k sq m
Headline Rent: 11 - 14 eur/sq m/month

CBD

Stock: 359k sq m
Headline Rent: 18 - 21 eur/sq m/month

North-West (Expozitiei)

Stock: 325k sq m
Headline Rent: 14.5 - 17 eur/sq m/month

Pipera-North

Stock: 211k sq m
Headline Rent: 9 - 11 eur/sq m/month

02
HUNGARY
Budapest

Office Market
H1 2025

Budapest Office market overview

SUPPLY

5,060 sq m

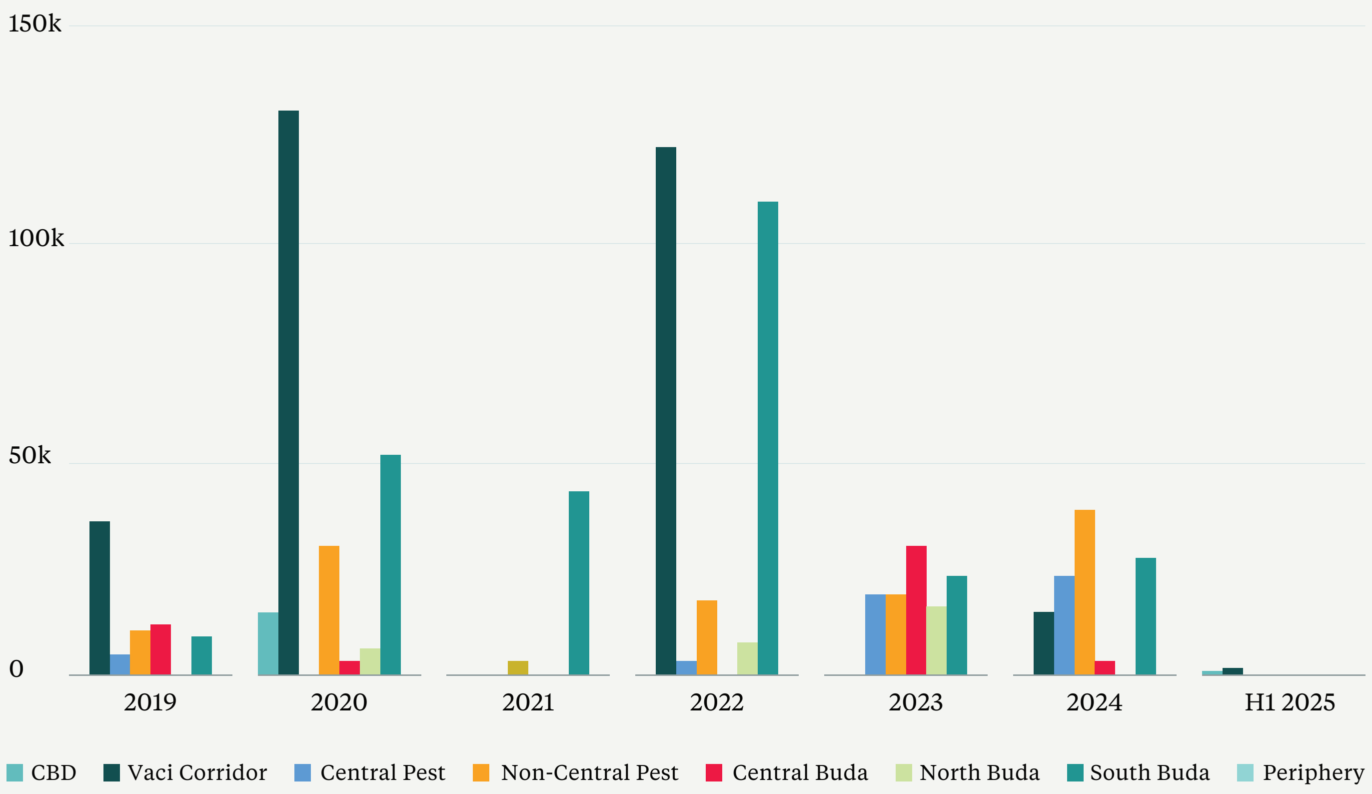
As anticipated, new supply in the Budapest office market has reduced significantly in 2025, with just 5,060 sq m of new office space completed in the first half of the year, representing a steep 94% decrease year-on-year. With the lack of future speculative deliveries in the pipeline, this backdrop is expected to continue. The new supply came in the form of two buildings, both located on the Pest side: Rhodium Office Building (2,807 sq m) in Váci Corridor submarket and Wagner Palace (2,253 sq m) in the Central Business District.

STOCK

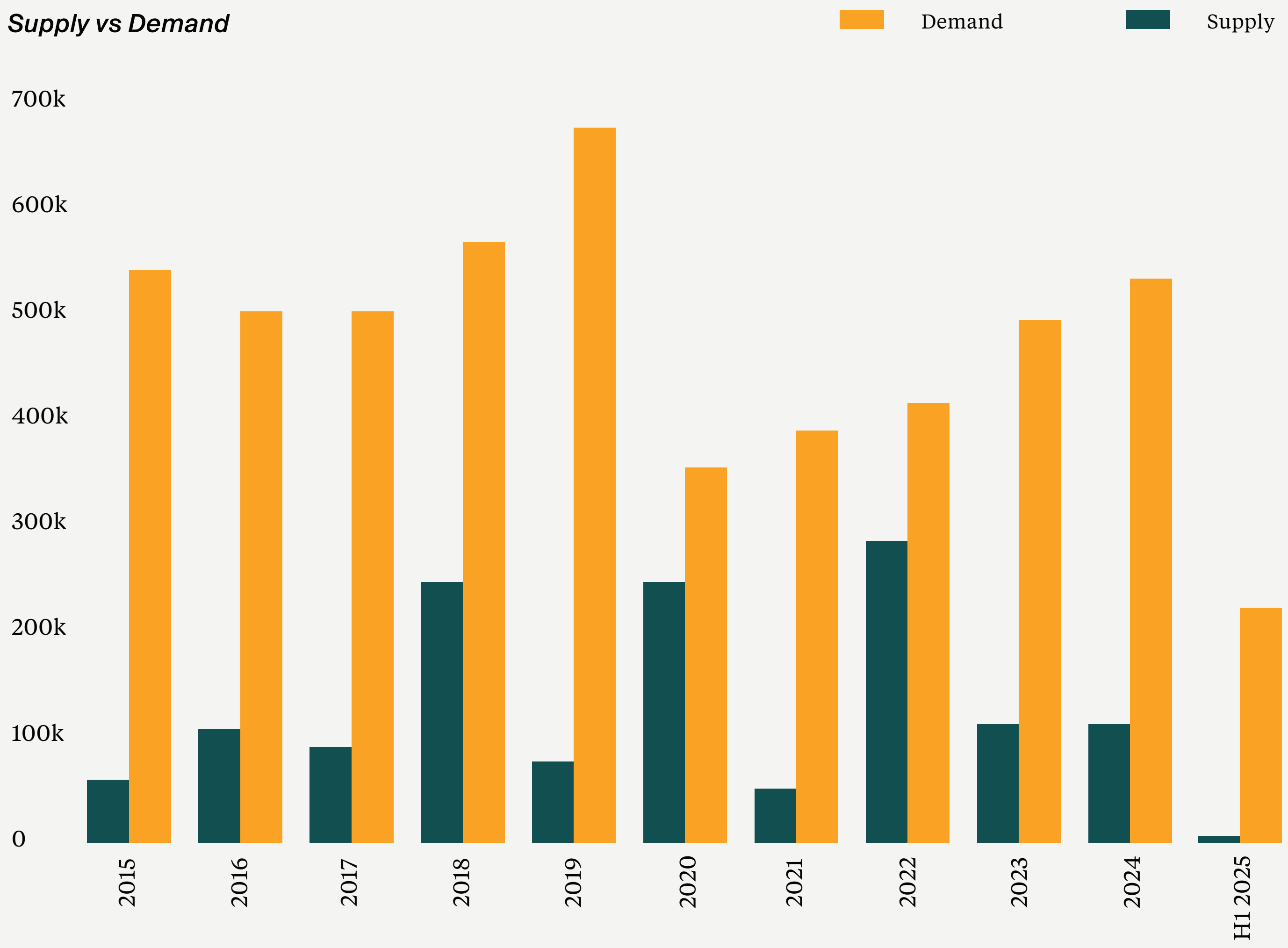
4,426,050 sq m

During the first half of 2025, the total office stock in Budapest experienced a modest decline. In addition to the limited volume of new deliveries, the overall inventory was reduced due to the annual size correction (5,945 sq m) and the exclusion of six office buildings (amounting to 28,270 sq m) that were reclassified in function. Consequently, the total office stock now stands at 4,426,050 sq m. This figure includes 3,548,815 sq m of Class 'A' and 'B' speculative office space and 877,235 sq m of owner-occupied premises. The latter category expanded as three buildings (totaling 30,630 sq m) were transferred from the speculative segment to owner-occupation in H1 2025.

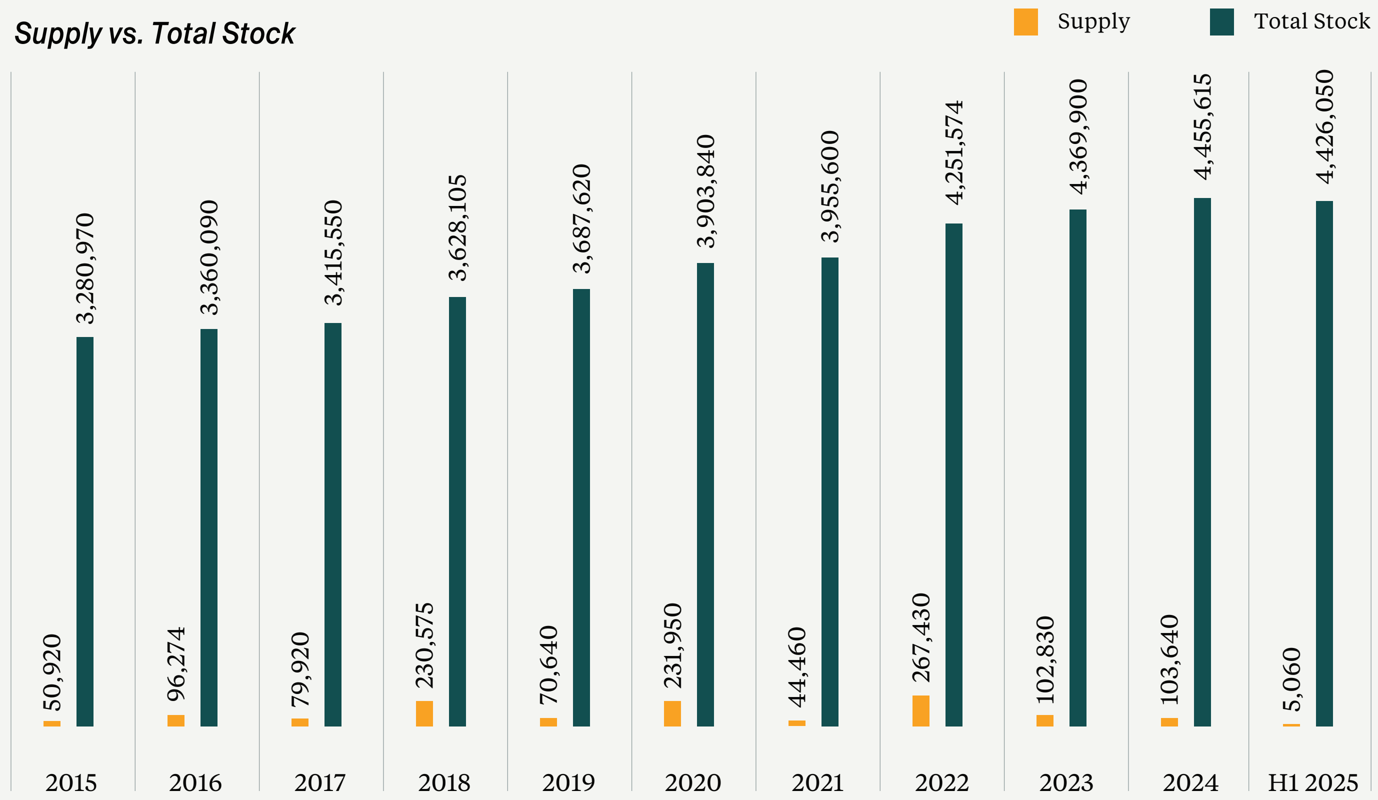
Supply by Submarket



Supply vs Demand



Supply vs. Total Stock



DEMAND

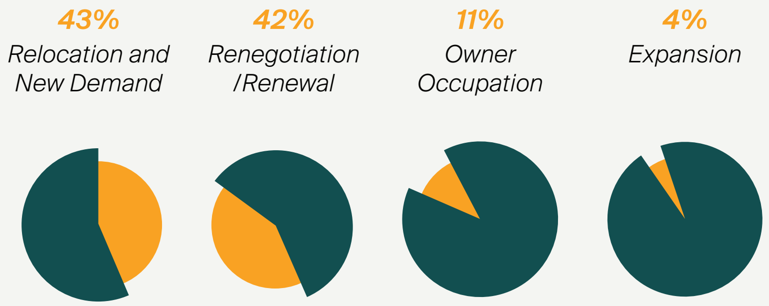
212,940 sq m

Total leasing activity reached 212,940 sq m in the first two quarters of 2025, representing an 11% decrease compared to the exceptionally strong first half of 2024.

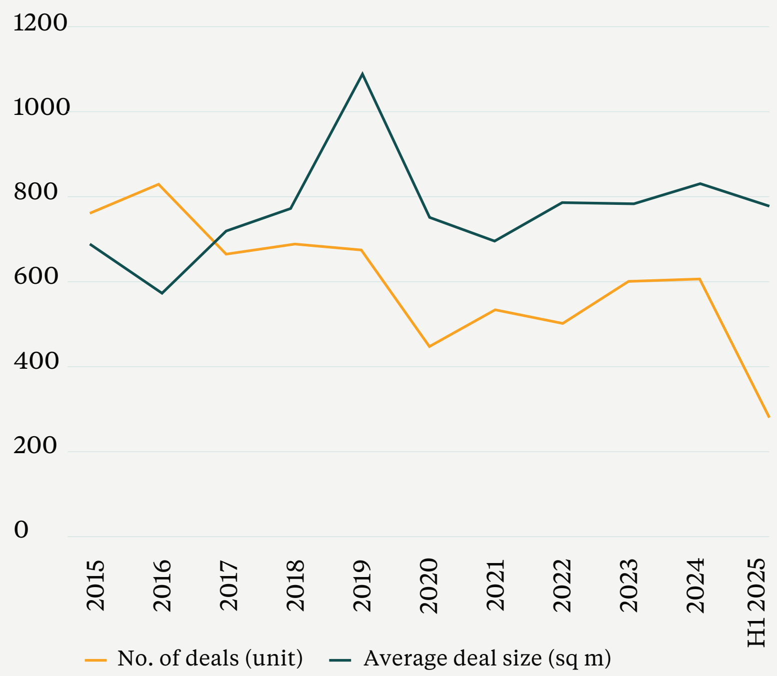
Regarding transaction types, new leases and renewals dominated leasing activity in the first half of 2025, accounting for 43% and 42% of total take-up, respectively. Expansions contributed 4%, while owner-occupied transactions comprised 11%. Notably, no pre-lease agreements were recorded during this period.

In the first half of 2025, a total of 274 leasing agreements were finalized. The average deal size rose to 777 sq m, representing a moderate 3% increase compared to the same period last year. Among the submarkets, Váci Corridor emerged as the most active, accounting for 30% of all deals. South Buda contributed 18% to the overall volume of transactions.

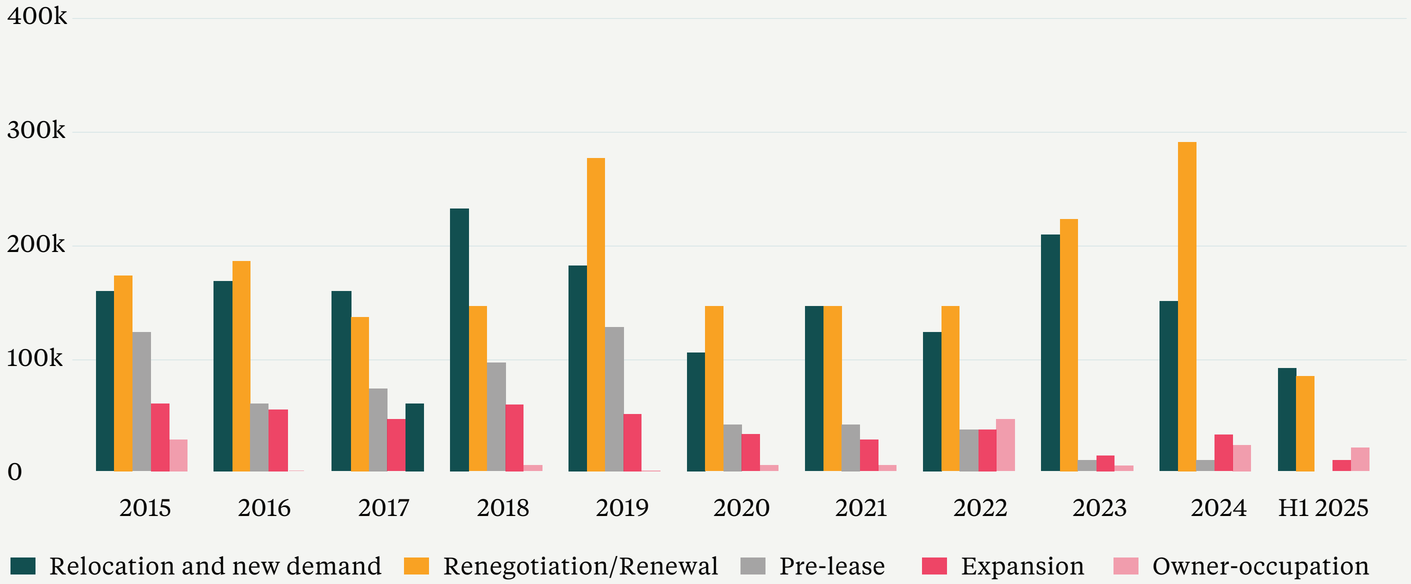
Demand by Type of Transaction



Total Deals & Average Deal Size



Demand by Type of Transaction



RENTS

Prime Rent	Average New built rent
26 € sq m / month	20 € sq m / month
Average Class A rent	**Average Class B rent**
17 € sq m / month	12 € sq m / month

FORECAST

~ 37,000 sq m of new office space in the pipeline for 2025

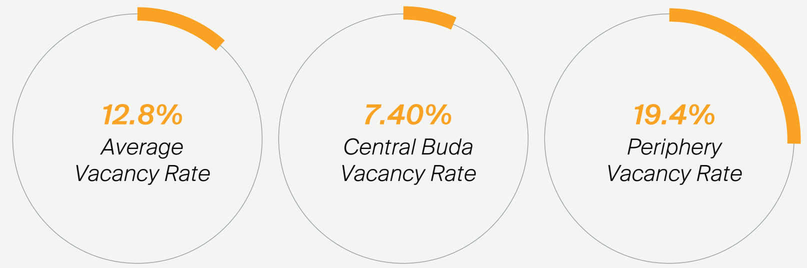
In the second half of 2025, the Budapest office market is expected to remain tenant-driven, with sustained demand for ESG-compliant, energy-efficient buildings. Older, outdated offices face rising vacancy or risk of obsolescence. Sustainability, flexibility, and cost-effectiveness continue to shape leasing decisions. A prevailing trend is that occupiers increasingly opt for smaller, premium-quality office spaces, prioritizing modern standards and employee well-being while maintaining overall expenditure levels. In central locations, although demand exists, the high cost of refurbishment often leads landlords to sell or repurpose assets into residential or hospitality use instead. Developers remain cautious, and new projects are typically limited to those with secured pre-leases, as speculative development remains subdued. As a result, supply growth is expected to stay modest through year-end, leaving limited relocation options for larger occupiers. Given that permitted developments take 24–36 months to complete, early initiation of office projects is advised.

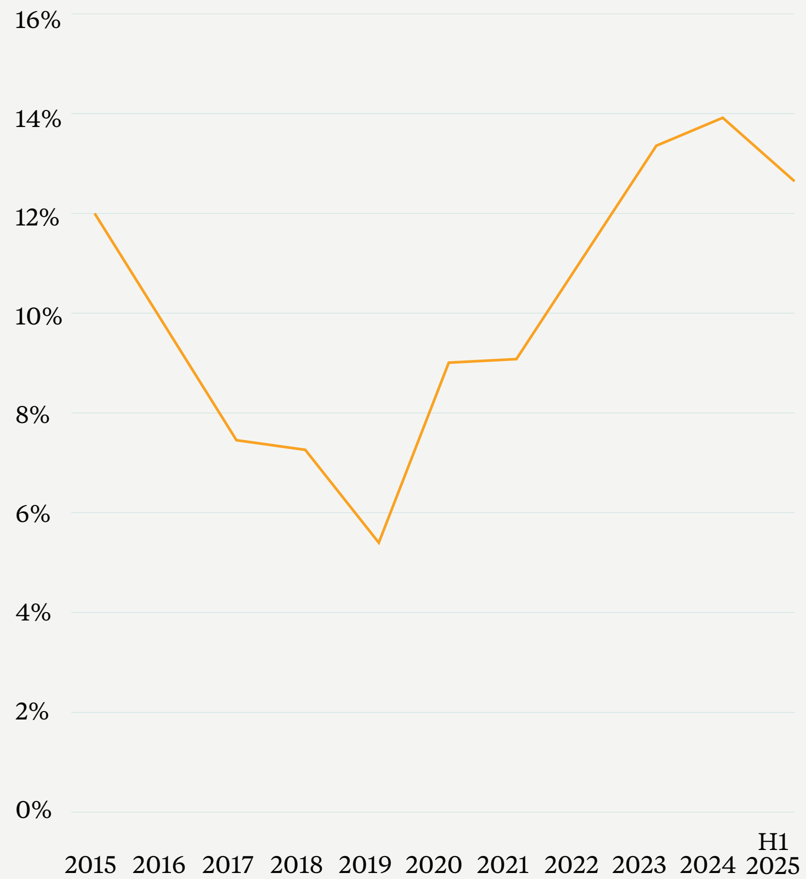
VACANCY

12.8%

The office vacancy rate has decreased by 1.1 percentage points year-on-year, reaching 12.8%. This decline is largely the result of sustained office leasing activity combined with a limited influx of new office supply to the Budapest market. Among the submarkets, Central Buda remained with the lowest vacancy rate at 7.4%. The Periphery continues to experience the highest vacancy level at 19.4%, although it also saw a significant quarterly improvement, dropping by 7.7 percentage points.

Vacancy Rate





03 BULGARIA

Sofia

Office Market
H1 2025

Ahead of the curve

Sofia Office market overview

SUPPLY

In the first half of 2025, Sofia's office market maintained a stable development pace, with a total of 47,000 sq m of new office space delivered - 18,000 sq m in Q1 and 29,000 sq m in Q2. This brought the total speculative stock to approximately 2,420,000 sq m by the end of June 2025. Construction activity remained consistent, with 180,000 sq m of office space under development throughout both quarters. The consistent pipeline reflects sustained but cautious optimism among developers, supported by stabilized inflation, reduced construction material costs, and continued access to relatively affordable financing.

Compared to H2 2024, the level of new deliveries in H1 2025 was moderately higher, highlighting the market's ongoing recovery and the gradual return of occupier confidence.

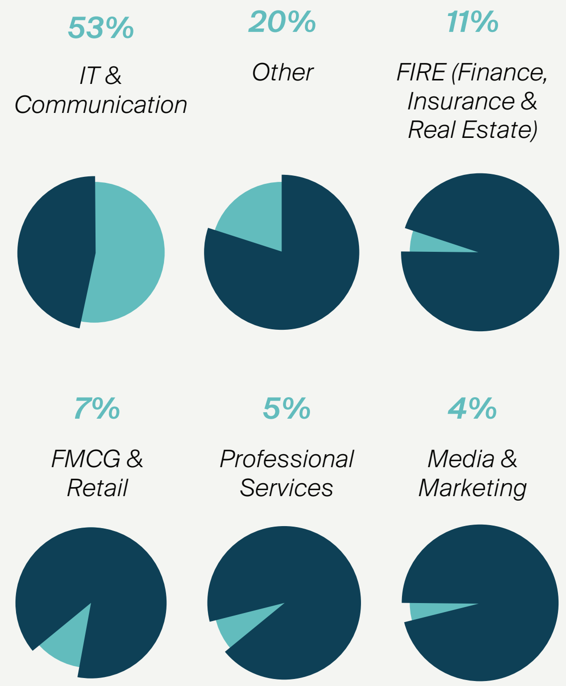
STOCK

Sofia's total office stock expanded from 2,417,400 sq m in Q1 to 2,423,200 sq m in Q2 2025. The suburban zones continue to dominate the city's office landscape, accounting for approximately 68% of total stock, or around 1.65 mil sq m, followed by the Broad Center (c. 20%) and the Central Business District (c. 11%).

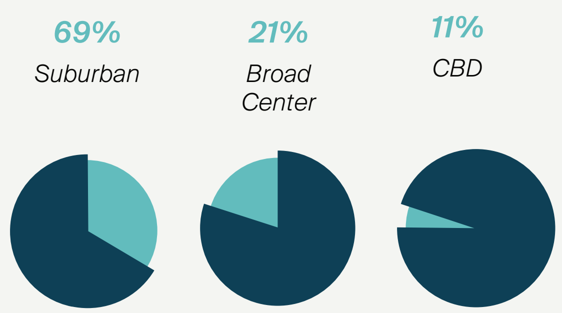
While new completions remain concentrated in suburban areas, tenant demand is steadily growing for well-located, higher-quality buildings in central areas. This aligns with broader workplace shifts and ongoing demand for flexibility and accessibility.

Prime asking rents in the CBD held firm at 19 eur per sq m in both Q1 and Q2 2025 - up from 18.50 eur at the end of 2024 - reflecting landlords' confidence in securing premium rates for centrally located, high-specification assets.

Office Demand by Sector



Total Stock by Submarkets



DEMAND

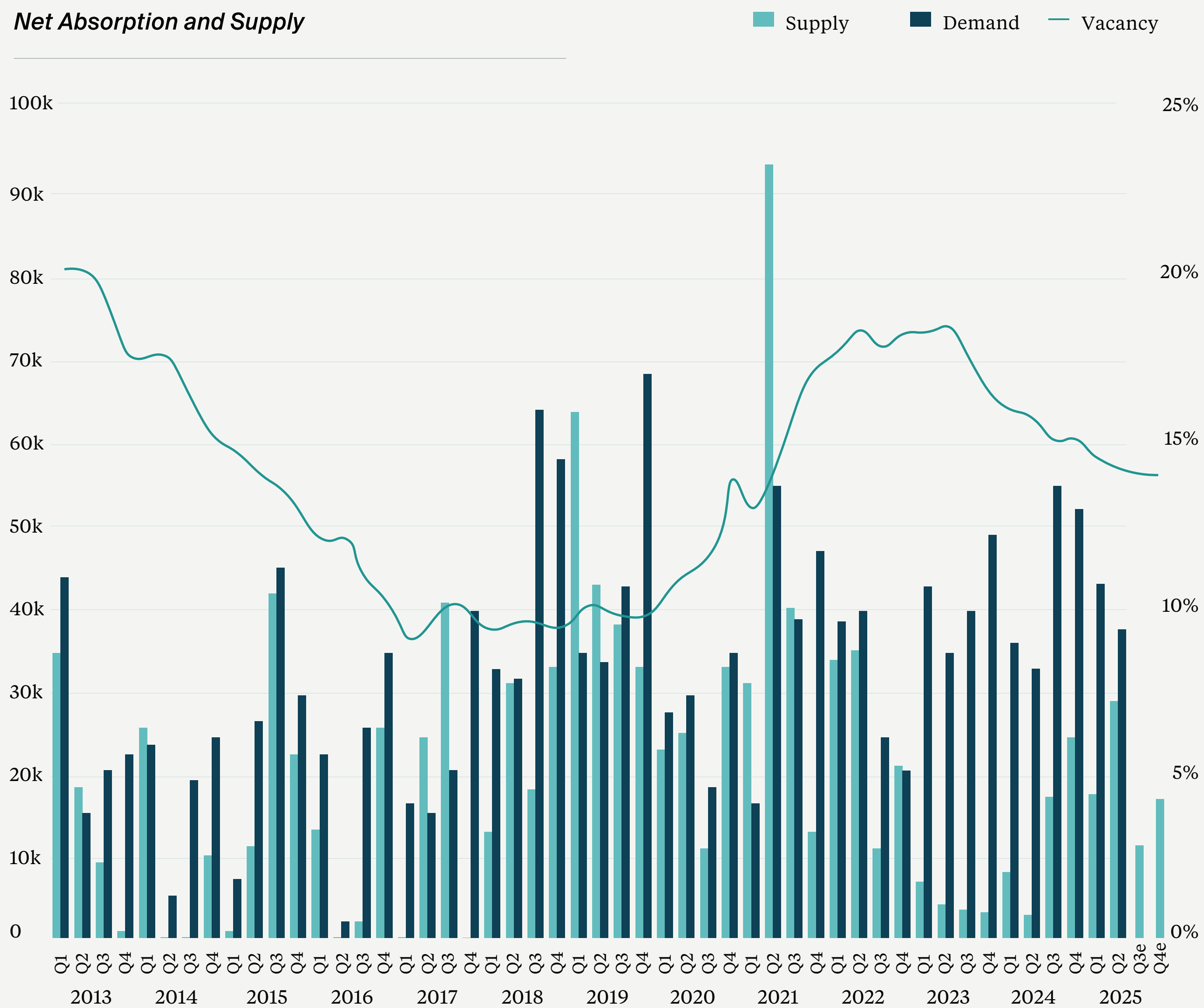
Leasing activity in Sofia's office market remained resilient in H1 2025, with gross take-up totaling 80,500 sq m - 43,000 sq m in Q1 and 37,500 sq m in Q2. While this marks a slight decline from the robust performance seen in H2 2024, it still represents a stable level of occupier activity in the face of evolving workplace dynamics and ongoing economic headwinds.

Occupier preferences continue to favor Class A buildings with modern amenities, energy efficiency, and central locations. Demand remains highly selective, with older or non-compliant buildings facing greater leasing challenges. Companies are focused on consolidating operations and securing premises that align with their sustainability goals and employee expectations. As a result, lease transactions in H1 2025 were primarily concentrated around relocations to better-quality stock and space optimizations.

Lease renewals and renegotiations still comprise a substantial share of total activity, while large-scale new entries and expansions remain relatively rare. A more diversified tenant base, spanning professional services, fintech, and life sciences, has helped balance the slight tapering of demand from the IT and BPO sectors, which no longer dominate the leasing landscape.

The flexible office segment continues to gain traction, supported by increased uptake from both SMEs and larger corporates looking to maintain agility. The co-working and serviced office stock, which surpassed 110,000 sq m by the end of 2024, continued to expand moderately in H1 2025 in response to sustained interest in hybrid and short-term leasing models.

Net Absorption and Supply



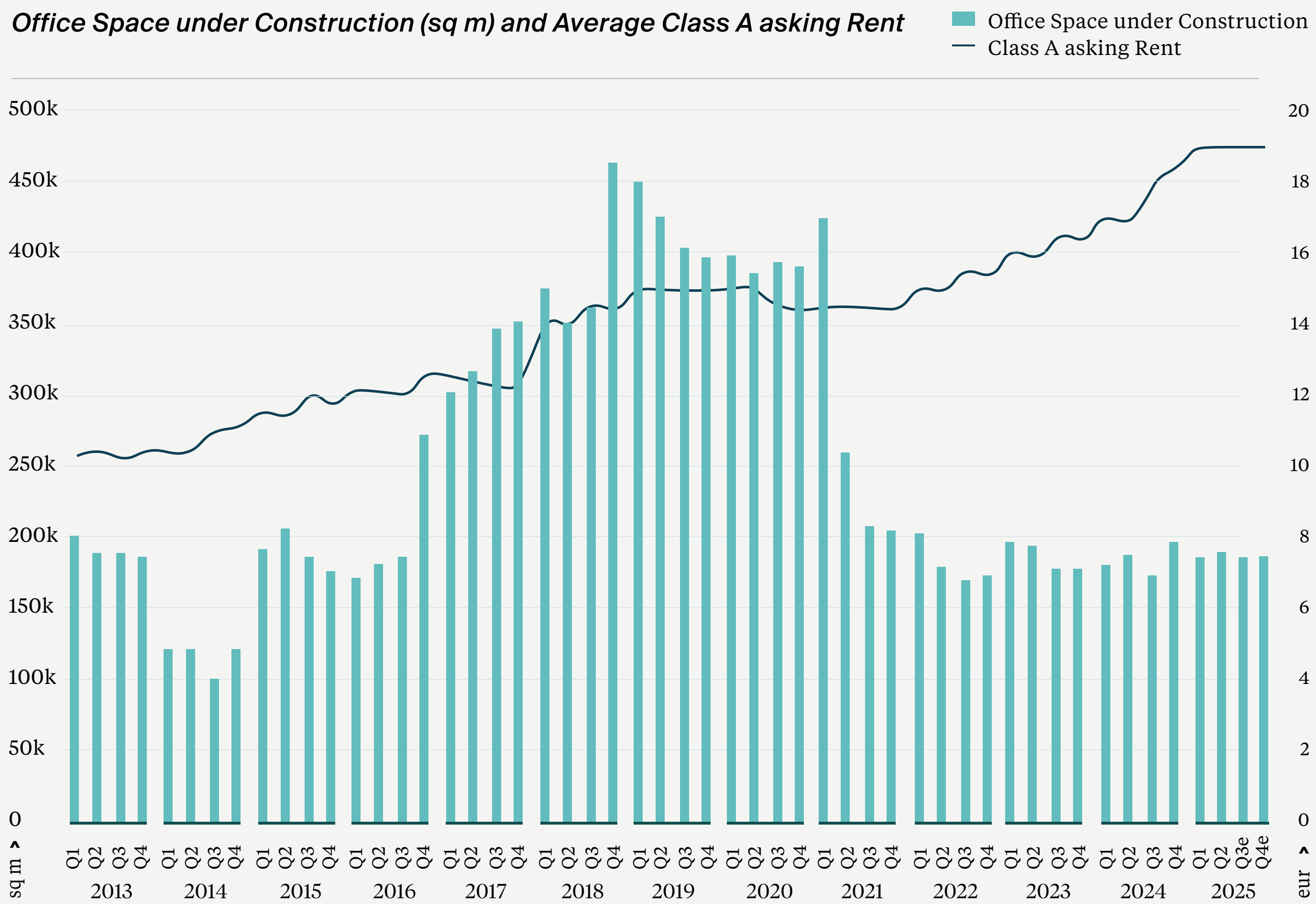
PRIME HEADLINE RENT

Prime headline rents in the CBD held steady at 19 eur per sq m in both Q1 and Q2 2025, maintaining the momentum from the previous year's rise. This stability reflects continued demand for high-quality, centrally located buildings, coupled with limited new supply in the prime segment.

While specific rental data for suburban and Broad Center locations remains fragmented, anecdotal evidence suggests upward rental pressure in these areas as well, particularly for high-specification and ESG-compliant buildings. Meanwhile, rising service charges - often reaching 3.50 – 4 eur/sq m/month in prime assets - have become an increasingly important consideration for occupiers, especially those seeking cost predictability.

The gap between Class A and Class B rents has continued to widen, underscoring a bifurcated market where premium assets command pricing power, and secondary stock struggles to compete without significant upgrades.

Office Space under Construction (sq m) and Average Class A asking Rent

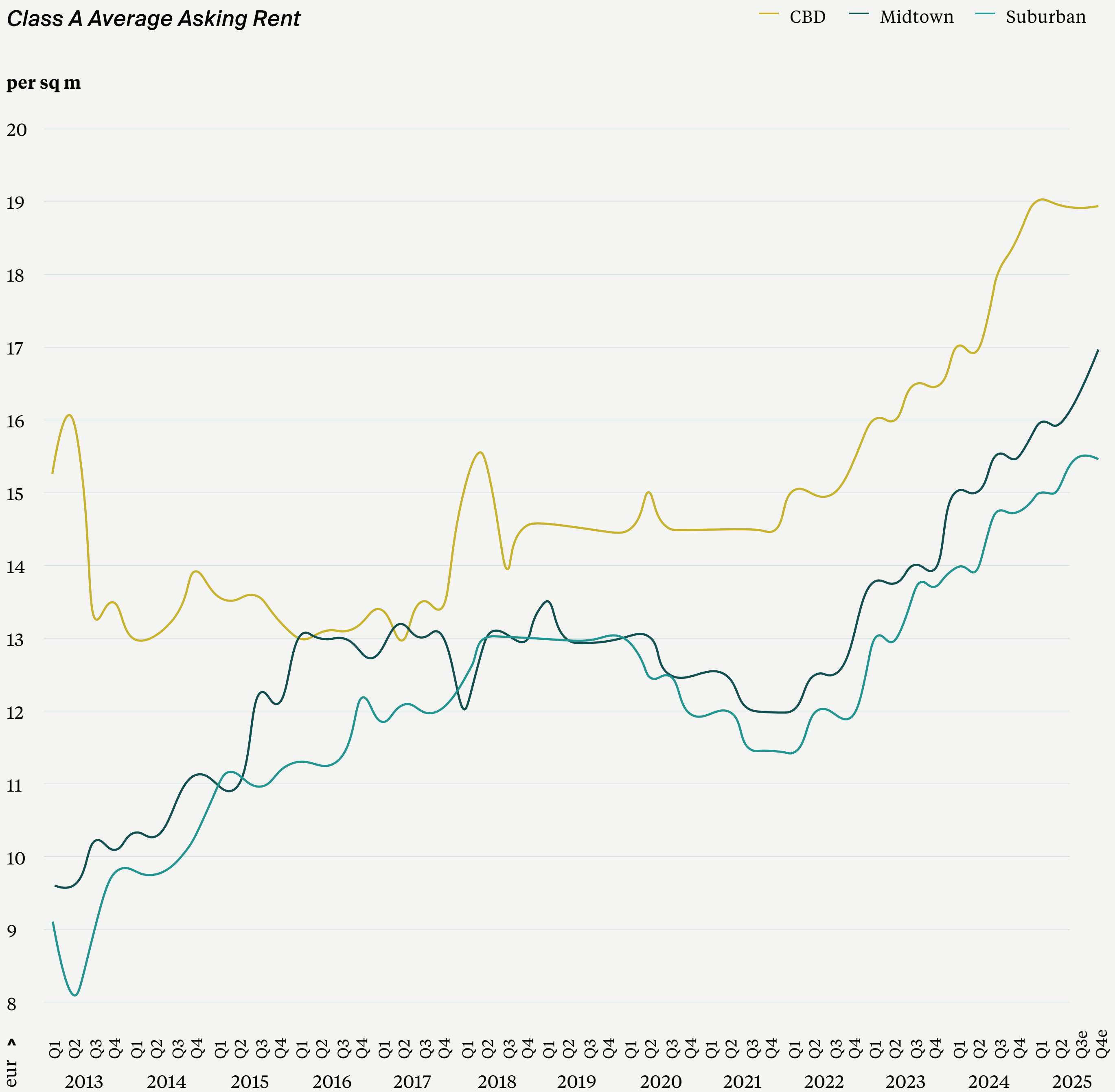


VACANCY

Sofia's office vacancy rate continued its downward trajectory in H1 2025, declining from 14.50% in Q1 to 14.25% in Q2. This gradual compression mirrors the steady leasing activity and moderate pace of new completions, which have helped absorb existing availability.

The trend points to an increasingly competitive market for quality space, particularly in the CBD and preferred suburban nodes. However, persistent vacancies remain in underperforming buildings and locations, especially among older stock that fails to meet evolving tenant requirements.

Class A Average Asking Rent



FORECAST

The Sofia office market is expected to remain fundamentally strong through the second half of 2025. With prime rents holding steady and availability decreasing, the environment continues to favor landlords of Class A assets. The pipeline of new deliveries will offer additional options for occupiers, but significant relief for the prime segment is unlikely in the short term.

Hybrid work models will remain a dominant feature, fueling demand for flexible layouts, shared workspaces, and short-term leasing options. The co-working sector is likely to continue its growth trajectory, appealing to both startups and large corporates seeking flexibility and cost-efficiency. However, structural vacancies in outdated or misaligned properties will persist, potentially dragging down rents in secondary locations and placing pressure on landlords to invest in upgrades or repositioning strategies.

04
GREECE
Athens

Office Market
H1 2025

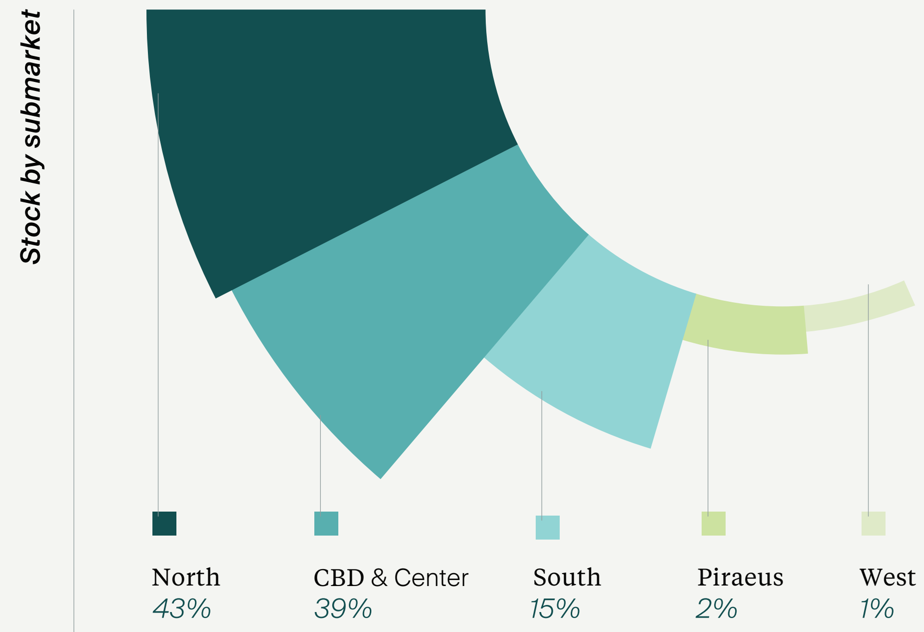
Ahead of the curve

Athens Office market overview

STOCK

2.98 mil sq m

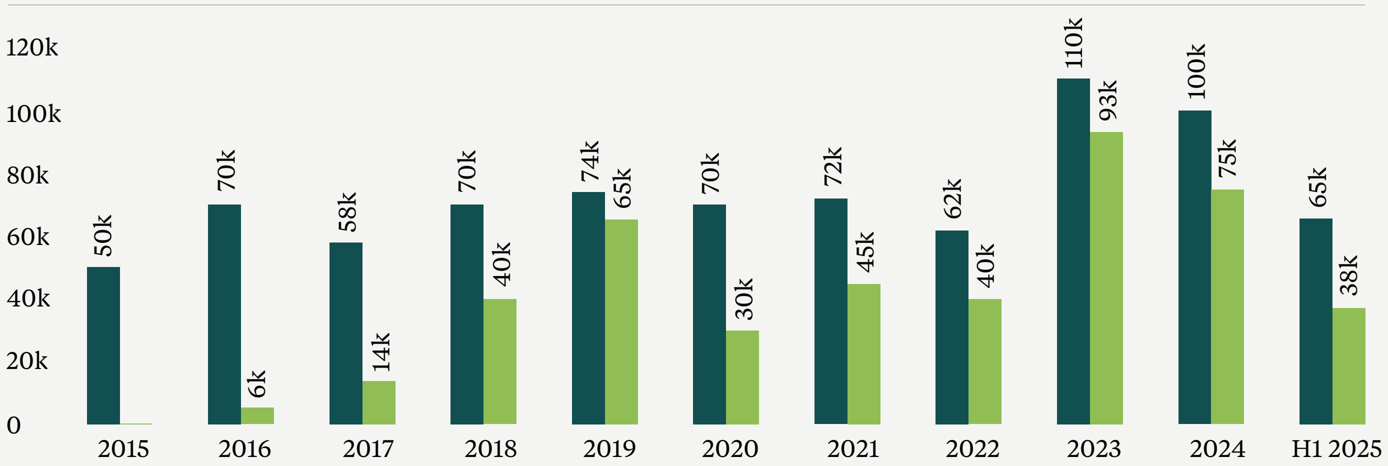
In the first half of 2025, the Athens office market stock increased by approximately 38,000 sq m, reaching a total of 2.98 mil sq m.



DEMAND VS. SUPPLY

New office demand reached **65,000* sq m** during H1 2025, while new office deliveries amounted to **38,000 sq m**. The current shortage of Class A office space is anticipated to ease over the next five years as new developments are added to the market, contributing to a more balanced supply-demand dynamic and strengthening confidence in the office real estate sector.

*This figure does not include renewals and renegotiations.



AVERAGE RENTS

Compared to H1 of 2024 rents remained stable in all submarkets.

Occupiers' interest seems to be focused on two axes, the new, high-quality class A+ offices located mainly in the North and old renovated offices in CBD and along main highways. It is worth noting that in Athens old offices comprise most of the total supply, making the new green offices the scarce minority. Except for location other factors are cost effectiveness, sustainability, and digitalization.

VACANCY

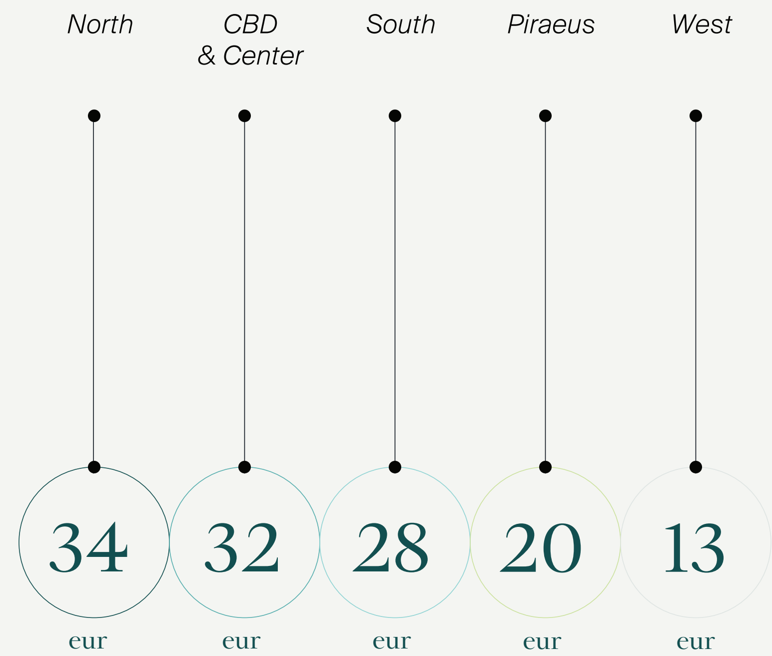
9.5%

The overall vacancy rate recorded a decrease from 9.5% at the end of 2024 to 8.5% in the first half of 2025, highlighting occupiers' growing interest and readiness to take up premium office spaces.

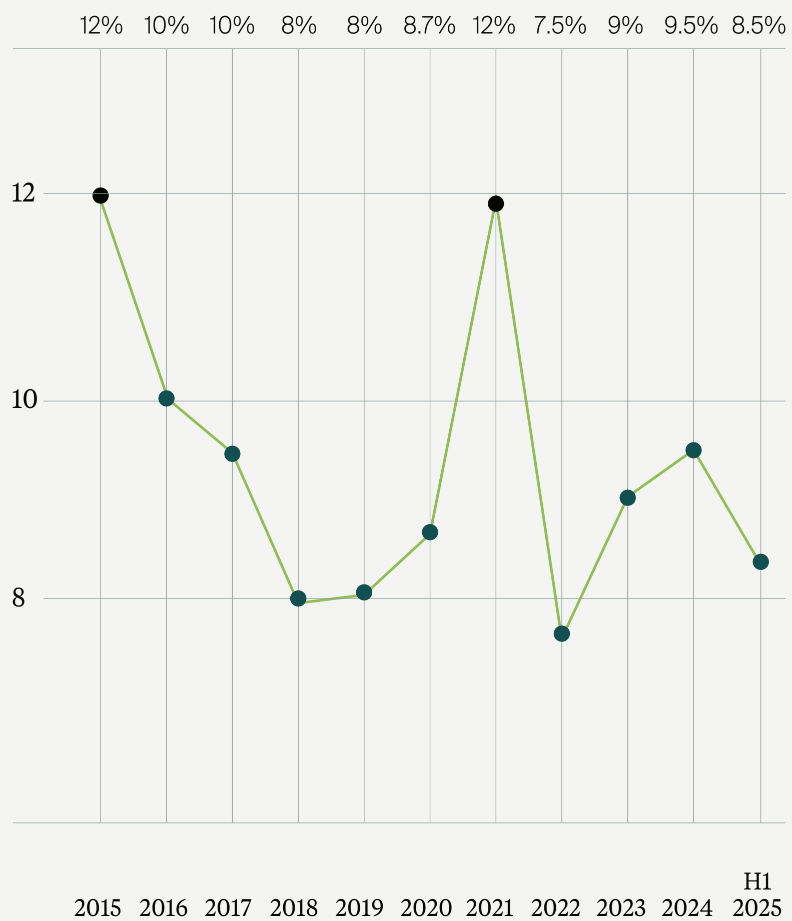
FORECAST /PIPELINE

More than 200,000 sq m are under construction half of which are expected to be delivered by the first half of 2026. Some of the anticipated new projects are the partial delivery of the Grid Project which EY is going to occupy in the beginning of 2026 and the Gateway Business Hub mixed use complex of 85,000 sq m by DKG Development. Moreover, SouthPoint by Dromeus (4,400 sq m) and Vas. Sofias 94 by Trastor (5,330 sq m) are expected to be completed by the end of the year.

Prime average rent (eur / sq m / m)



Vacancy Rate



05 SERBIA
Belgrade

Office Market
H1 2025

Belgrade Office market overview

STOCK

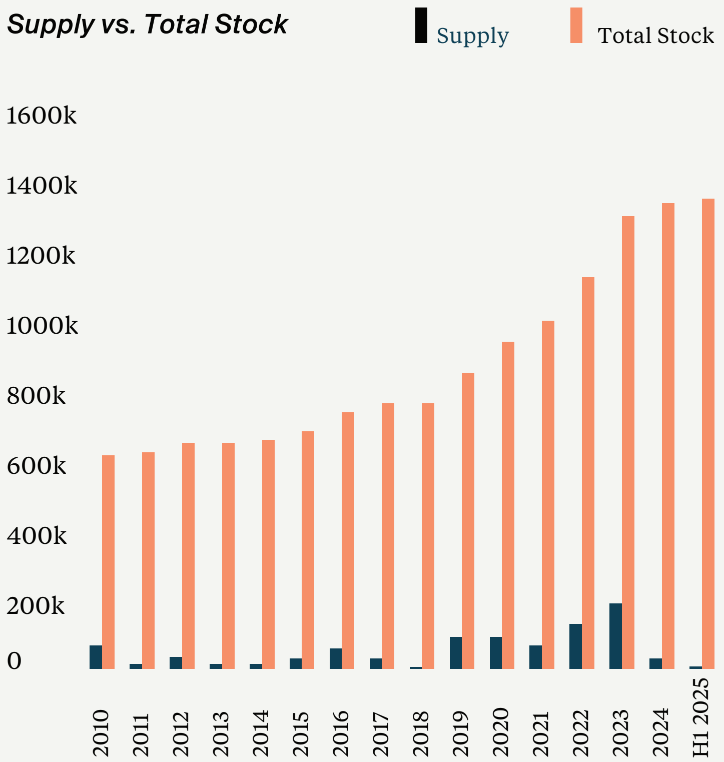
1.35 mil sq m

Belgrade's total office stock reached 1.35 mil sq m as of H1 2025.

New Belgrade remains the dominant hub with nearly 987,000 sq m, followed by the City Center with 366,000 sq m.

The market continues to exhibit maturity and resilience, supported by stable occupier activity and growing interest in high-quality, ESG-compliant assets. While development activity has slowed compared to peak years, particularly following 2023, which marked a record year for new deliveries, the focus has clearly shifted toward quality, sustainability, and user-centric design.

Supply vs. Total Stock



SUPPLY

13,600 sq m

As of H1 2025, Belgrade's office stock increased by 13,600 sq m with the completion of the refurbished Tehnohemija office building in the City Centre.

This successful refurbishment confirms the market's continued evolution, with an emphasis on smaller-scale, high-quality developments in well-connected urban locations. While new supply has remained limited so far, development activity is expected to intensify through 2025 and beyond, supported by several projects currently under construction or in the planning phase.

DEMAND

During H1 2025, demand remained stable with ongoing interest from IT sector and shared service centers. Tenants continued to seek high-quality office environments that support employee well-being, offer layout flexibility, and align with sustainability goals, which is becoming a key factor in decision-making.

While hybrid work models continue to shape how offices are used, physical presence in the workplace remains important for attracting talent, building team culture, and reinforcing brand identity. In the first half of the year, several major occupiers renewed their leases, confirming their long-term confidence in Belgrade as a stable and attractive business location. However, some tenants have reduced their occupied space as part of ongoing workplace optimization strategies driven by hybrid working practices. Reflecting this shift, recent leasing activity has shown a slight decline in the average leased area compared to previous years.

RENTS

18 eur/sq m/month

Rental values remained firm and consistent during H1 2025:

New Belgrade
16–18 eur/sq m/month

City Center
15–20 eur/sq m/month, depending on building quality and location

Prime asking rent
18 eur/sq m/month

Well-located, green-certified properties continue to command premium pricing, driven by demand for operational efficiency and ESG compliance. Incentives remain selective and are typically offered in older or non-core assets. In general, landlords maintain a cautious but confident pricing approach.

VACANCY

5%

The overall vacancy rate in Belgrade remained steady at ~5% at the end of H1 2025, reflecting a well-balanced market environment.

New Belgrade continues to record strong absorption, particularly in newly delivered, high-quality office buildings, where demand remains active.

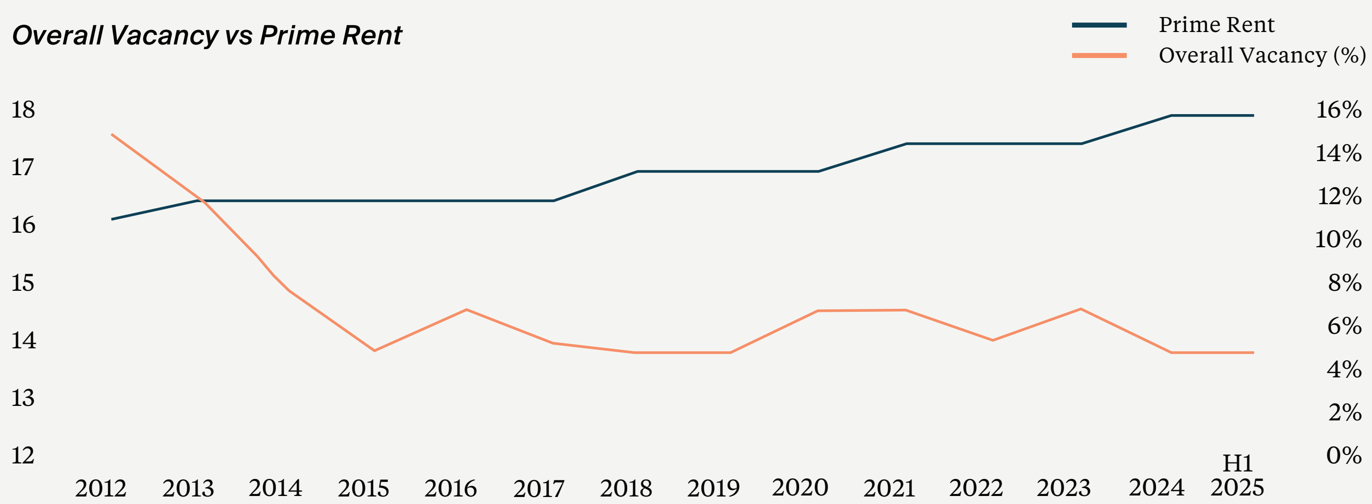
Vacancy levels in the City Center vary depending on building age and quality, with older properties requiring repositioning or refurbishment to stay competitive.

Despite the expected influx of new space in the coming periods, no significant risk of oversupply is foreseen, as occupier interest in well-located, ESG-compliant properties remains firm.

FORECAST

The Belgrade office market is expected to remain stable and investor-friendly throughout the remainder of 2025. Several notable office developments are currently underway in Belgrade, with the majority concentrated in New Belgrade and a smaller share located in the City Centre. At present, more than 115,000 sq m of office space is under construction and is expected to be added to the existing stock by the end of 2025. In addition, ~250,000 sq m of planned projects are expected to be delivered over the next two years. These projects are at various stages due to differing planning and permitting processes. Once completed, it will set new standards for workspace experience, with a focus on sustainability, smart building systems, and integrated lifestyle components.

Overall Vacancy vs Prime Rent



Horatiu Florescu-Papakonstantinou

Chairman & CEO CSEE
hf@knightfrank.com

Your partners in property.

Bucharest

Ileana Stanciu-Necea
ileana.stanciu-necea@ro.knightfrank.com

Athens

Dimitra Theochari
dimitra.theochari@gr.knightfrank.com

Budapest

Erika Loska
erika.loska@hu.knightfrank.com

Sofia

Lyubo Mladenov
lyubo.mladenov@bg.knightfrank.com

Belgrade

Andjela Karalic
andjela.karalic@rs.knightfrank.com

RECENT **MARKET-LEADING RESEARCH** PUBLICATIONS:

Knight Frank Research Reports are available at knightfrank.com/research

CEE Investment Market H1 2025

The Wealth Report 2025

CSEE Market Overview 2024-2025

Knight Frank