

Bucharest Office Market

Q1 2021 Snapshot

Office supply

With around 64,000 sq. m completed in Q1 2021, the office stock in Bucharest stands at 3.3 million sq. m. The largest sub-markets in terms of supply continue to be Pipera South, Barbu Vacarescu – Floreasca and Central West.



Office stock
(mln sq. m)

3.3



Largest sub-markets
(in terms of office stock)

Pipera South Barbu Vacarescu – Floreasca Central West

Five office projects have been finalized, with a total GLA of 64,000 sq. m, the largest being One Floreasca Tower in Barbu Vacarescu – Floreasca submarket and Campus building 6.2 in Central West.



Q1 2021 Deliveries
(sq. m)

64,000

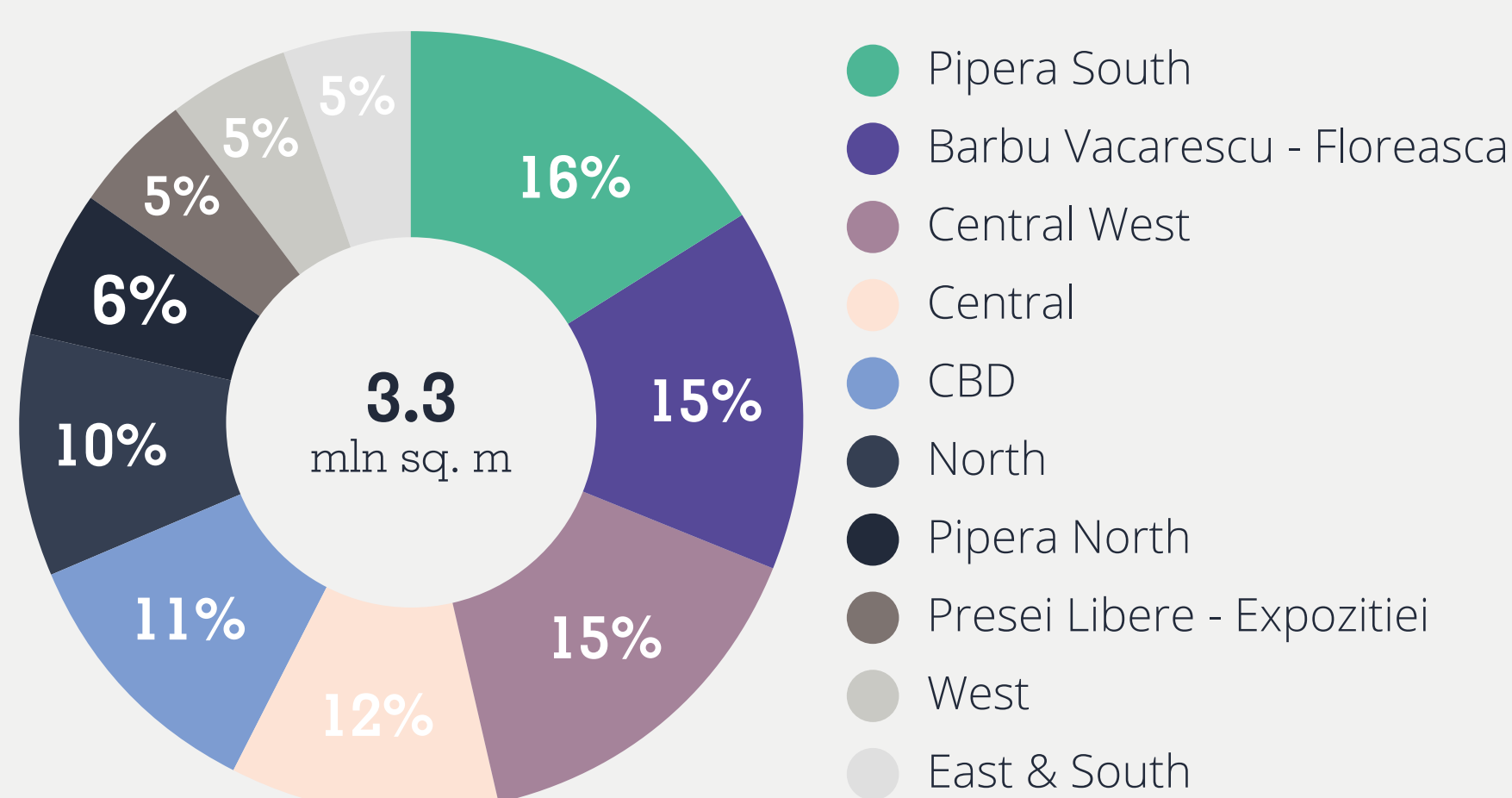


Q2-Q4 2021 Pipeline
(sq. m)

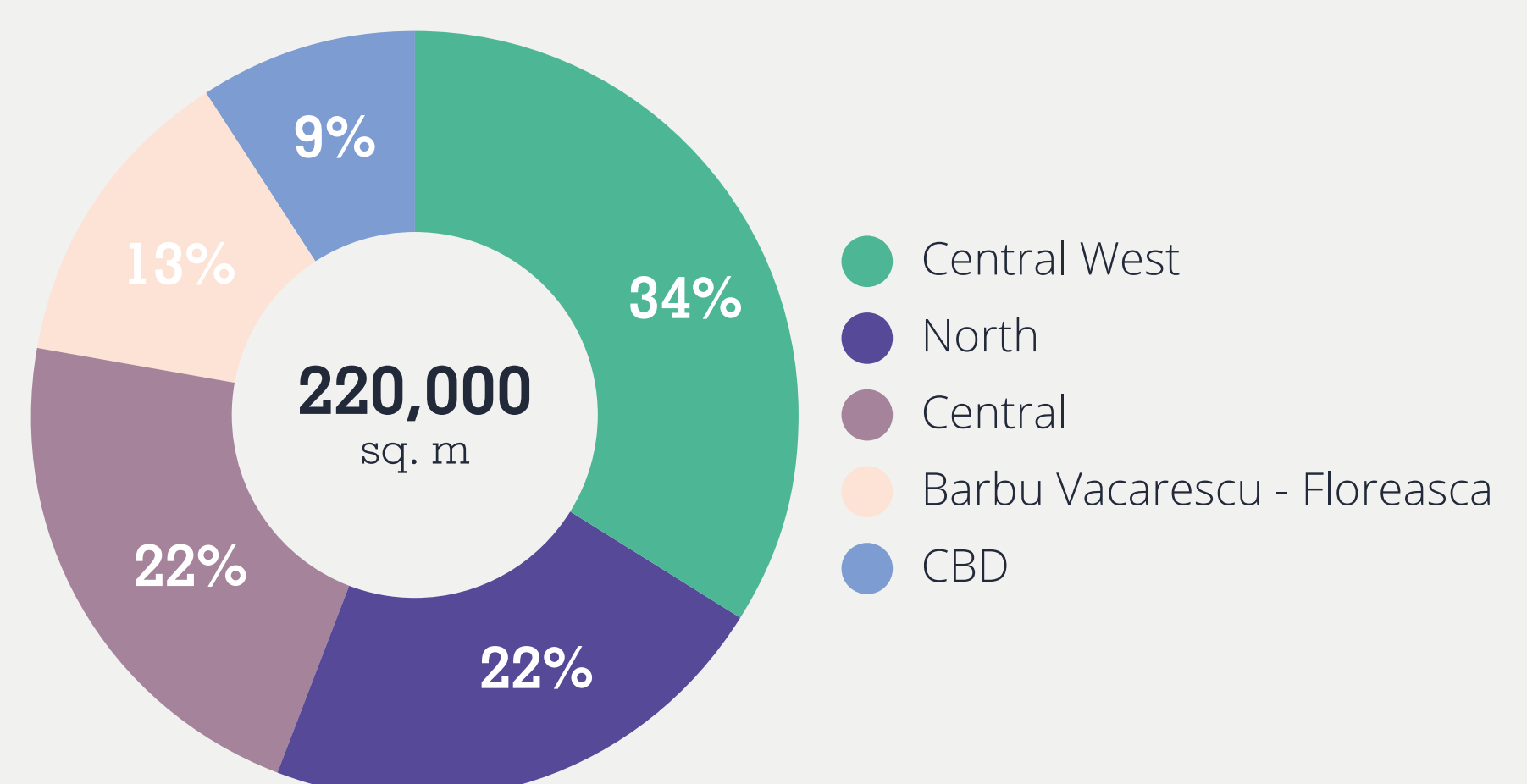
>200,000

By the end of Q4 over 200,000 sq. m are expected to be finalized, out of which 34% are in the Central West area.

Class A&B office stock by submarket



New office supply by submarket Q2 - Q4 2021



Largest office projects Q2 - Q4 2021

Developer	Office project	GLA (sq. m)	Office submarket	Delivery date
Portland Trust	J8 Office Park A&B	48,000	North	Q2 2021
One United	One Cotroceni Park	45,000	Central West	Q4 2021
Forte Partners	U Center Campus I	30,000	Central	Q3 2021
Globalworth	Globalworth Square	28,000	Barbu Vacarescu - Floreasca	Q2 2021
Tiriac Imobiliare	Tiriac Tower	20,000	CBD	Q2 2021



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Office demand

Leasing activity sums 60,000 sq. m and compared with the previous quarter it has increased by roughly 40%. Net take-up, meaning relocations and new business operations, represents 72%.

Tenants' willingness to relocate within class A&B office stock has broadened, which led to a share of 67% in net take-up for this type of office leasing activity.

The most active tenants were Professional Services and Computers Hi-Tech companies, while the largest office deals were Wipro pre-letting 11,000 sq. m in Globalworth Square and Superbet pre-leasing 8,000 sq. m in One Cotroceni Park.



Leasing activity
(q-o-q increase)

40%



Relocations within modern stock
(share of net take-up)

67%



Most active occupiers

Professional Services

Computers Hi-Tech

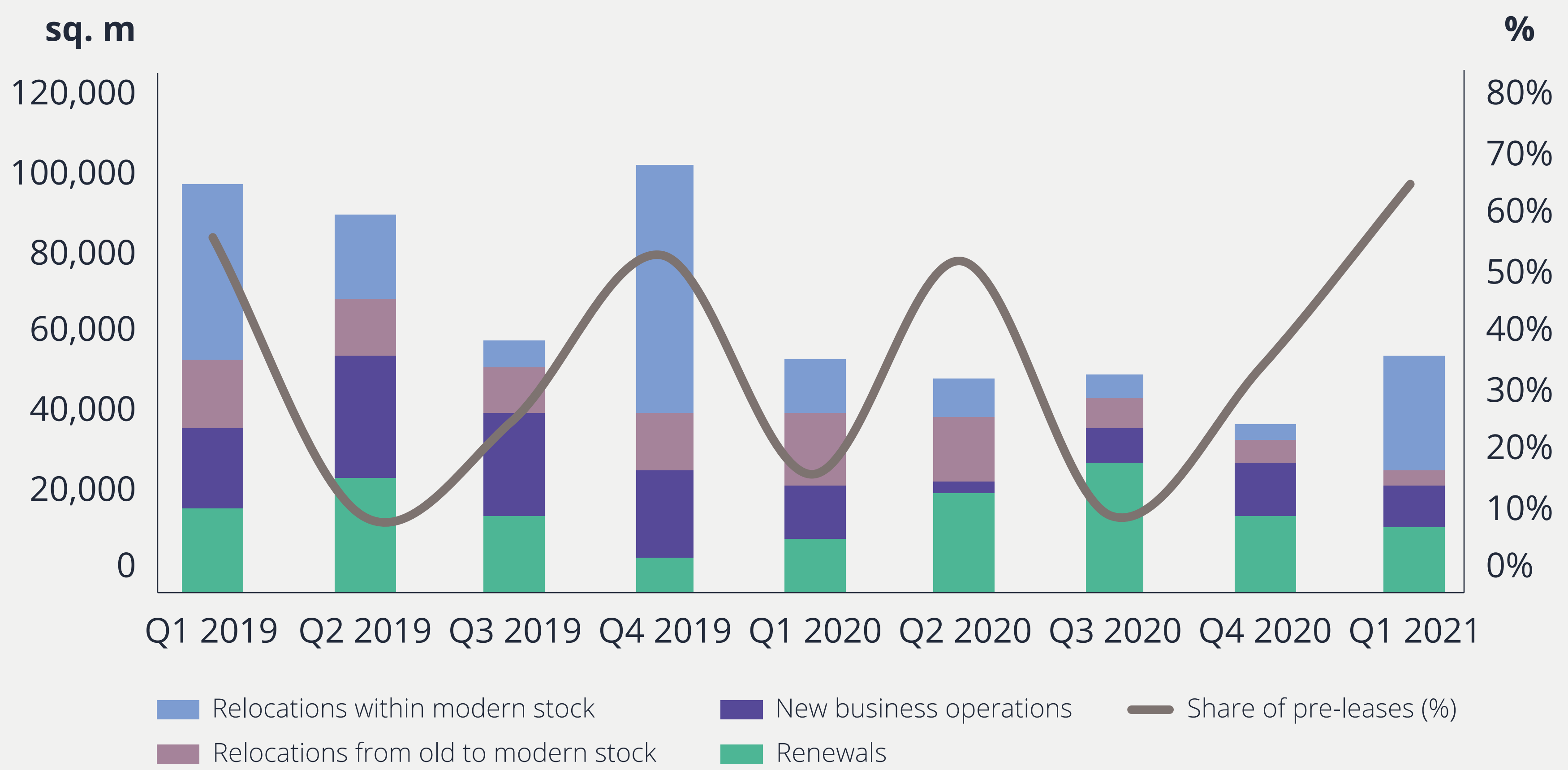


Largest office deals
(by sq. m)

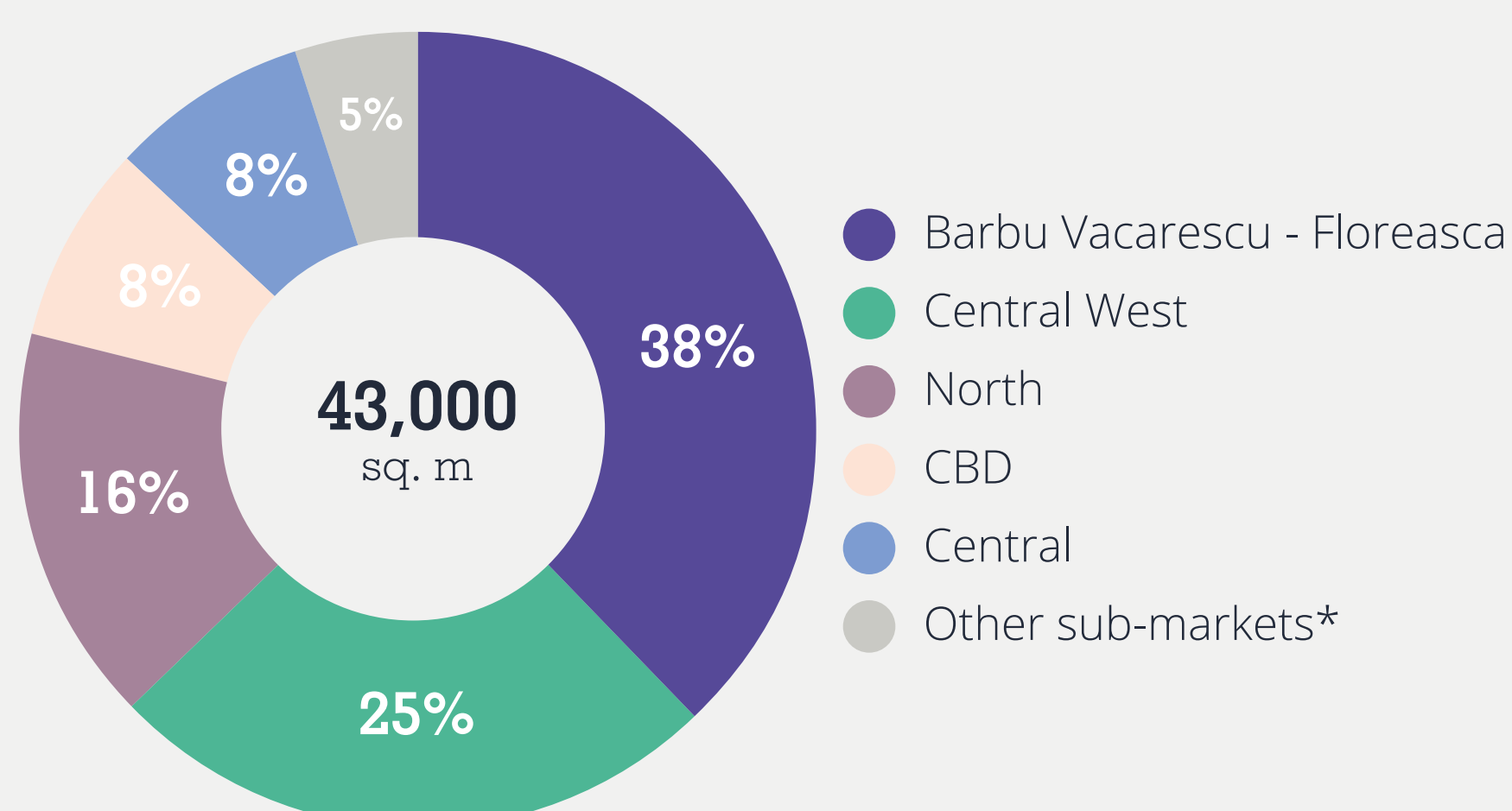
Wipro
11,000 sq. m

Superbet
8,000 sq. m

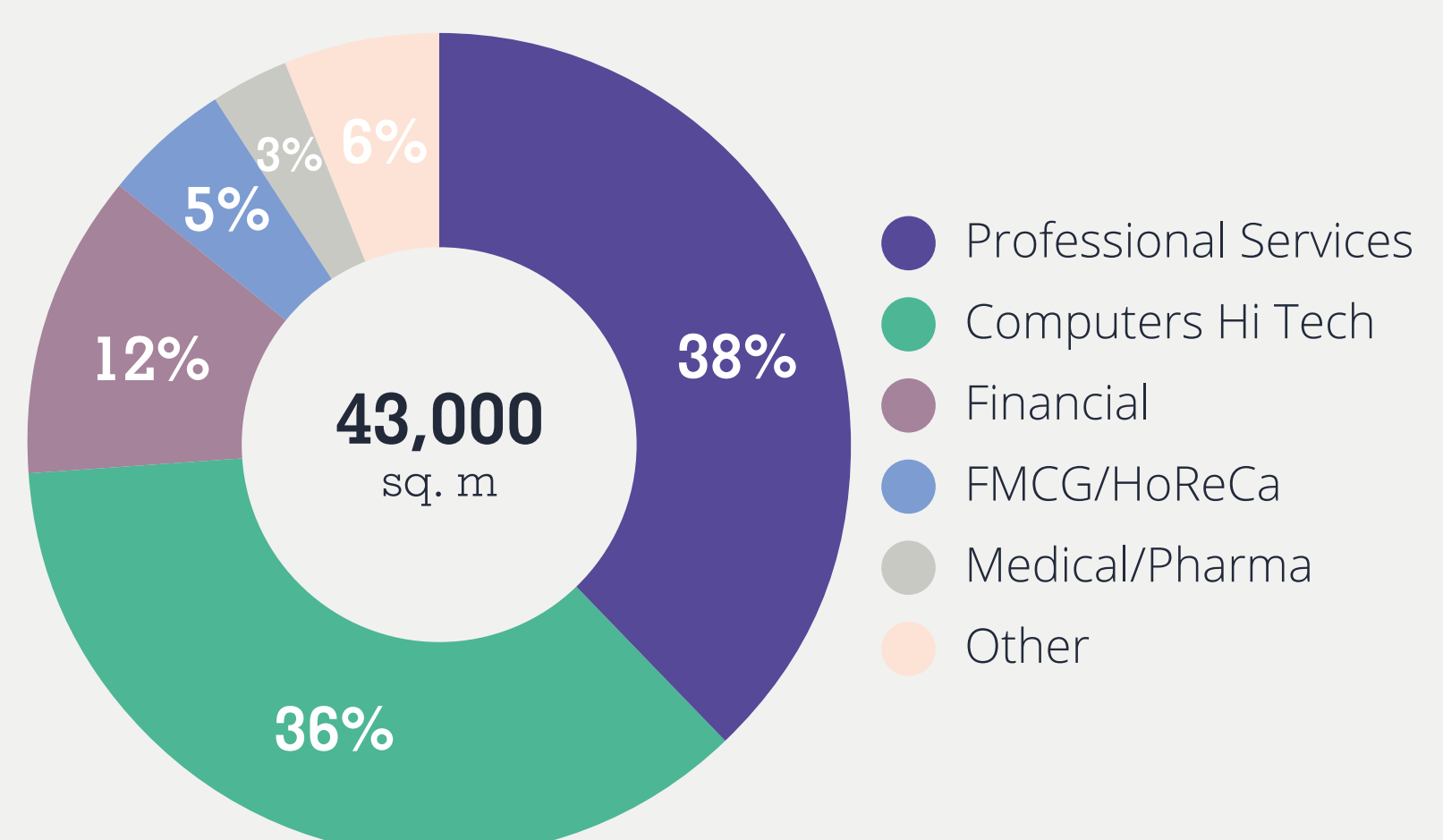
Office leasing activity evolution Q1 2019 - Q1 2021



Net take-up by submarket Q1 2021



Net take-up by business sector Q1 2021



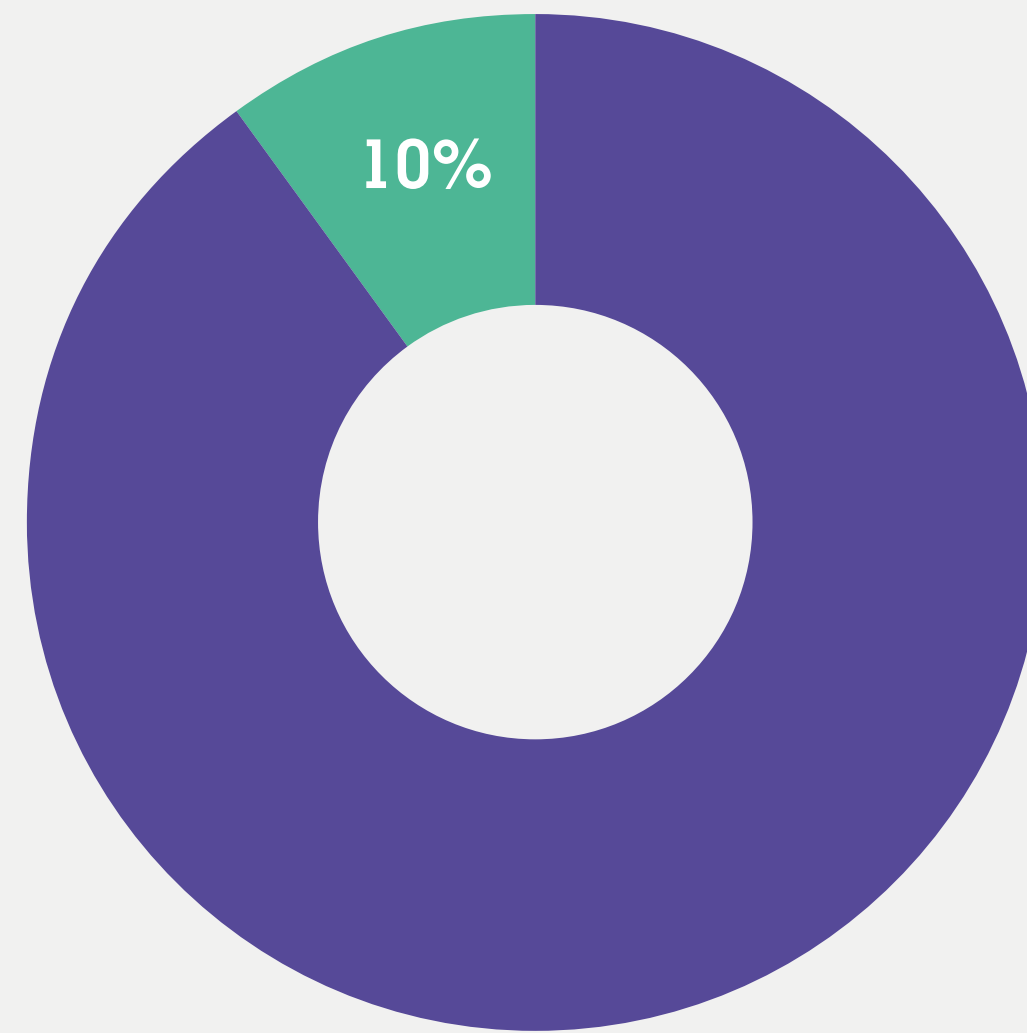
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Vacancy

General
vacancy rate

10%



● Occupied office stock
● Bucharest's office vacancy rate

CBD

5%

Barbu Vacarescu -
Floreasca

7%

Central West

11%

Rents



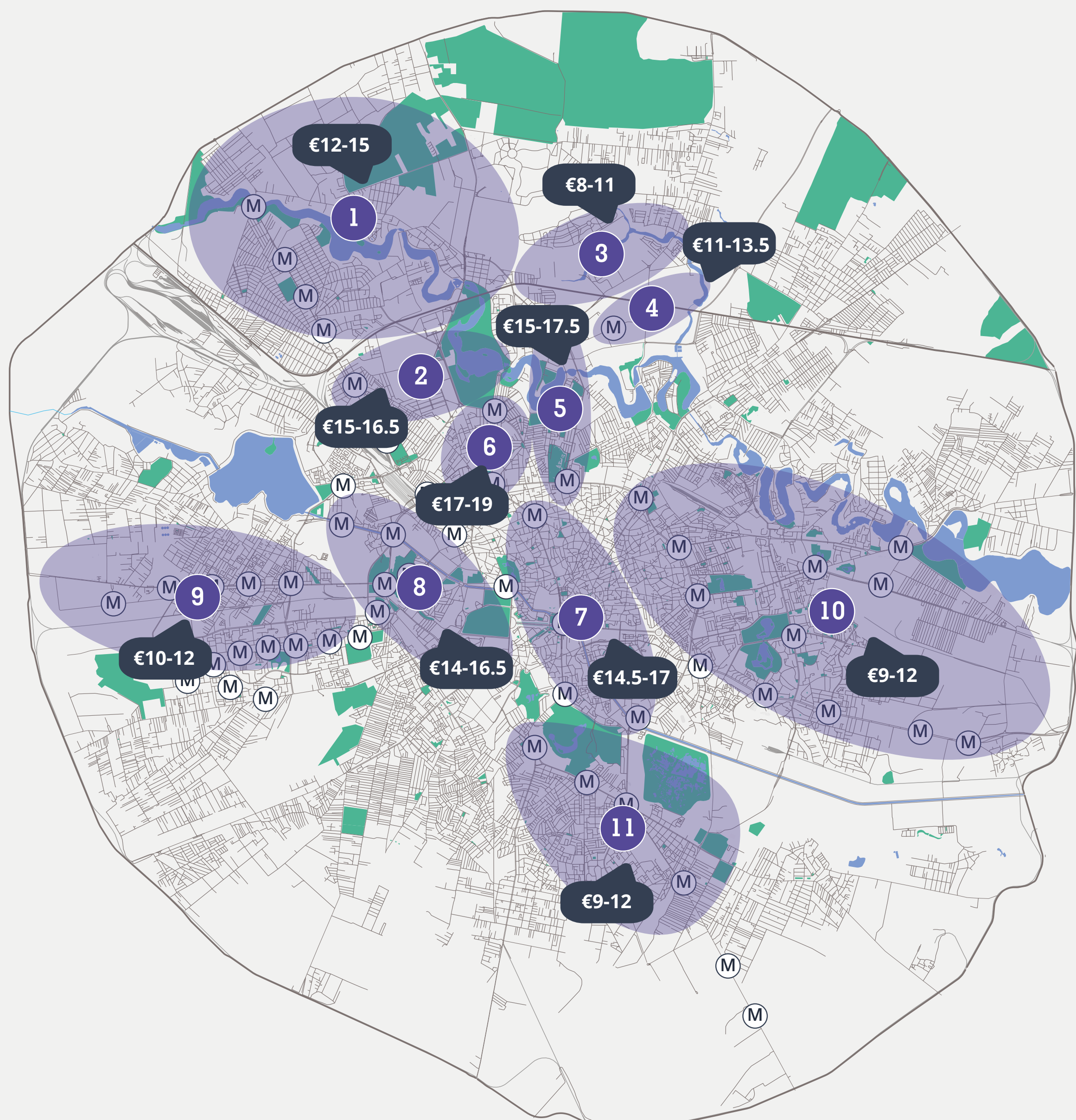
Prime
headline rent
(€/sq. m/m)

€19



Asking
rent
(class A Bucharest)

Stable



Legend

- Headline Rent Class A (€/sq. m/m)
- 4 South-Pipera
- 8 Central West
- (M) Metro Station
- 5 Barbu Vacarescu - Floreasca
- 9 West
- 1 North-Baneasa
- 6 CBD
- 10 East
- 2 Expozitiei
- 7 Central
- 11 South
- 3 North-Pipera

Forecast



With over 200,000 sq. m of offices being scheduled for delivery by the end of Q4, and another 64,000 sq. m already completed, 2021 is projected to be very strong in terms of office deliveries. As a result, the office stock is projected to reach 3.5 million sq. m by the end of this year.



In Q1 pre-lease activity accounted for 70% of the net take-up, while the occupancy rate of 2021's remaining pipeline increased to 50%. Going forward, tenant's appetite for pre-lettings is forecasted to continue to have an important contribution to the office leasing activity.



Considering the new safety regulations that office occupiers must regard and implement, and the hybrid work model which, according to Avison Young X factor trend report, is set to shape the labor market moving forward, the office segment is forecasted to evolve around tenants' focus to make their offices safe and highly attractive for their current & future workforce.

X Factor

For more information:

David Cantă
Principal,
Romania & Czech Republic

david.canta@avisonyoung.com
+40 727 737 893

Laurentiu Duica
Senior Vice President,
Romania

laurentiu.duica@avisonyoung.com
+40 737 554 973

Louis Juhel
Associate Director,
Office Leasing

louis.juhel@avisonyoung.com
+40 770 192 841

Andrei Voica
Head of Workplace Advisory &
Project Management

andrei.voica@avisonyoung.com
+40 721 271 171

Mihaela Galatanu
Associate Director,
Research

mihaela.galatanu@avisonyoung.com
+40 739 169 666

Andrei Kivu
Senior Data Analyst,
Research

andrei.kivu@avisonyoung.com
+40 744 481 955

