

AVISON  
YOUNG

# Romanian real estate market overview

H1 2024



# Contents

**pg. 4-9**  
Investment  
market

**pg. 10-15**  
Office  
market

**pg. 16-21**  
Industrial  
market

**pg. 22-23**  
About  
Avison Young

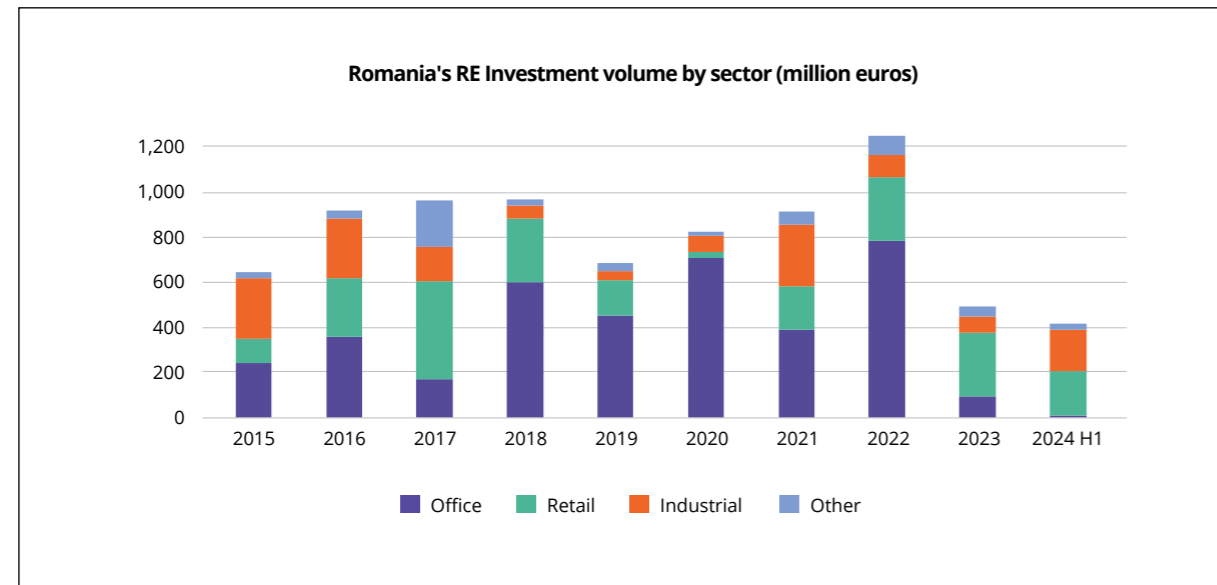
# Investment market

## Investment volume

In the first half of 2024, investment volume reached approximately €419 million, driven by two significant transactions involving industrial assets, which accounted for around 62% of the semester's transactional activity. This marks a substantial increase compared to the same period last year (€179 million), demonstrating renewed investor interest in Romanian assets. Although there hasn't been a notable influx of new investors, the existing ones show remarkable resilience and sustained interest in high-performing assets and/or portfolios. Considering the ongoing negotiations, we anticipate the annual investment volume for the entire year of 2024 to be close to €700-750 million, with industrial and retail assets continuing to play a significant role in the yearly activity.

After months of negotiations, CTP purchased an industrial portfolio from Globalworth for €168.2 million. This portfolio includes 270,000 sqm GLA and a 30-hectare landbank across six key locations in Romania.

In H1 2024, Bucharest contributed approximately 42% to the investment volume, a slight increase from 38% compared to the same period last year. As long as investors continue to prefer retail and industrial parks, Bucharest's contribution is expected to remain within the 30-40% range. For H2 2024, a mild increase in the capital city's contribution to the yearly investment volume is anticipated, driven by the expected completion of several large transactions involving office assets in Bucharest.



Source: Avison Young Research

In the first half of the year, the retail sector (including Expo Market Doraly) contributed 47%, while industrial assets generated an additional 44% to the semester's investment activity. It is noteworthy that investments in office assets contributed only 3%, coming from just one building. In H1 2024, a total of 17 transactions were sealed, with an average transaction value of approximately €24 million, up from €13 million reported in H1 2023.



Average transaction value in Romania in H1 2024

**€24 million**



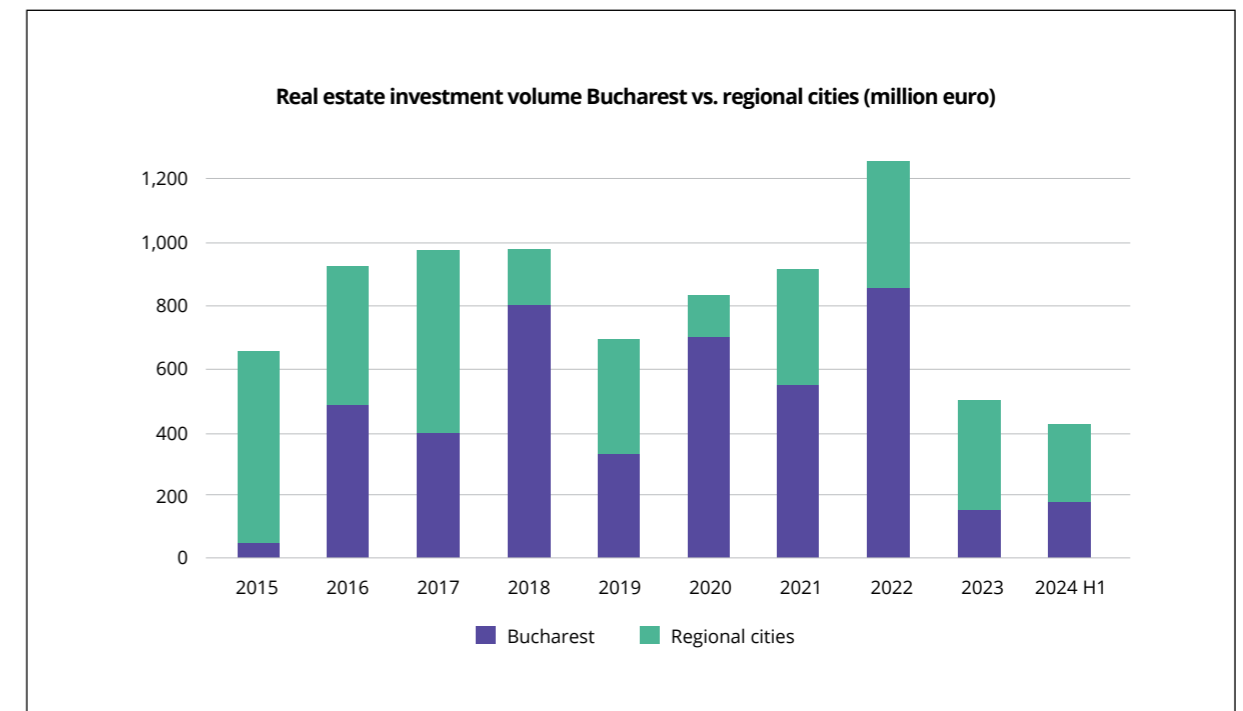
Largest investment transaction

**GW Industrial Portfolio**

## Transactional performance (selection)

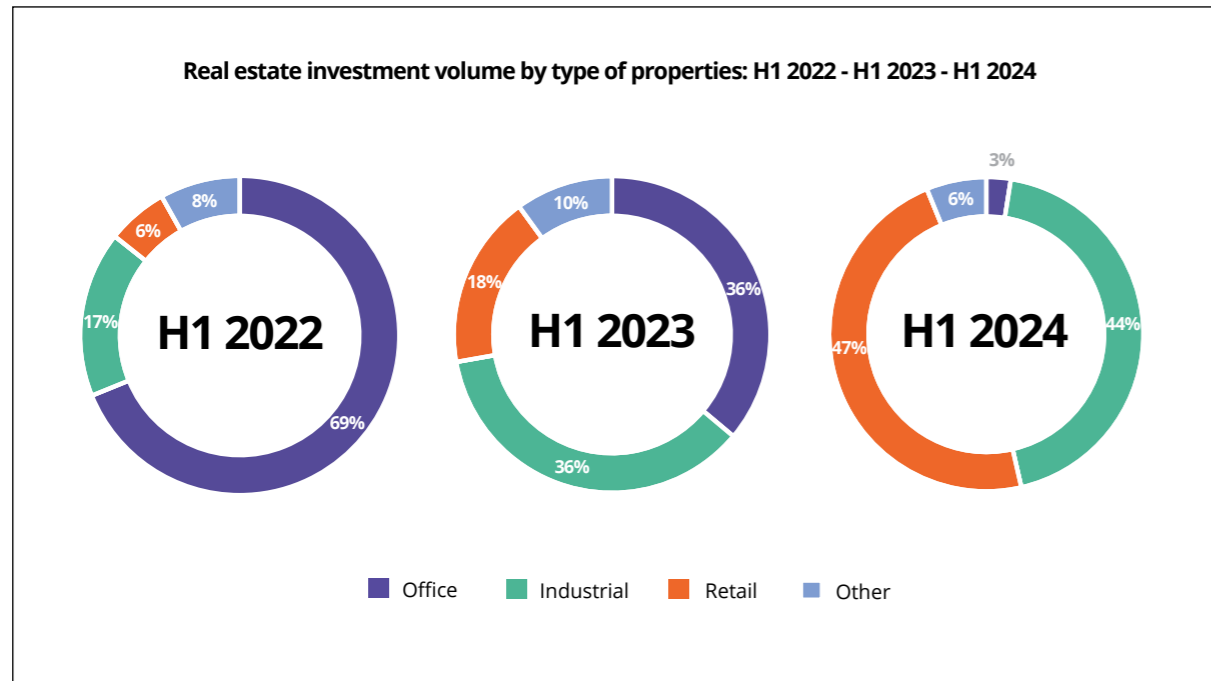
Also in the first semester of 2024, the largest investment transaction inked was the sale of a 270,000 sqm GLA industrial portfolio and a 30-hectare landbank in Romania by Globalworth to CTP for €168.2 million. These industrial parks are strengthening CTP's presence

in Romania in cities such as Bucharest, Arad, Oradea, Pitesti, and Timisoara, elevating CTP's industrial stock in the local market to approximately 2.91 million sqm GLA and further consolidating its leading position in Romania for years to come.



Source: Avison Young Research





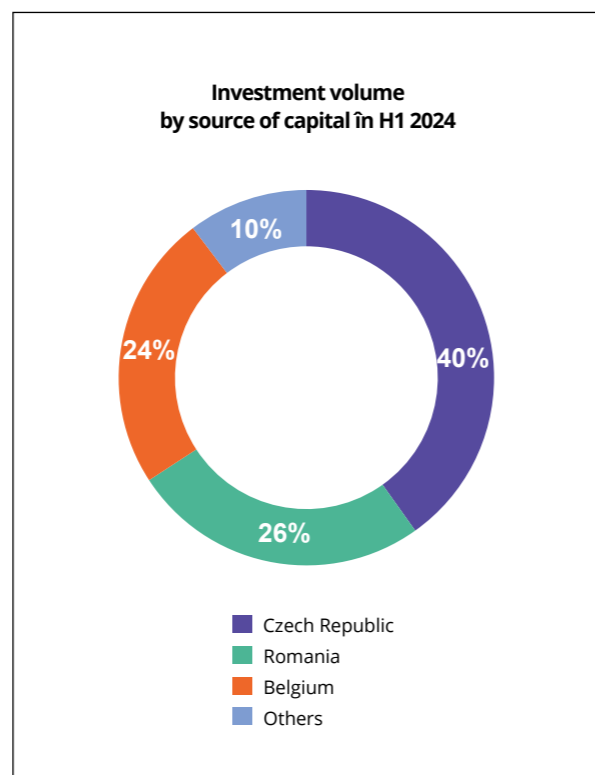
Source: Avison Young Research

Additionally, the Belgian developer WDP has acquired the Expo Market Doraly platform, one of Romania's first wholesale, cash & carry, and urban logistics commercial parks. This platform spans approximately 110,000 sqm and consists of 37 pavilions. The purchase was made from local businessman Gheorghe Iaciu and ARA Europe for an estimated €90 million. Expo Market Doraly is ideally located in Afumati, northeast of Bucharest, along E85 between the two Bucharest ring roads.

The center will maintain its current core business under the asset management of its previous owner. Prior to this transaction, WDP focused on the industrial sector and was the second-largest player in Romania, with an industrial portfolio of approximately 1.7 million sqm GLA.

Investors have been increasingly shifting their focus from office assets to industrial portfolios and retail-driven products due to the resilience of these types of assets to various factors such as the pandemic, political instability, and economic instability, just to name a few.

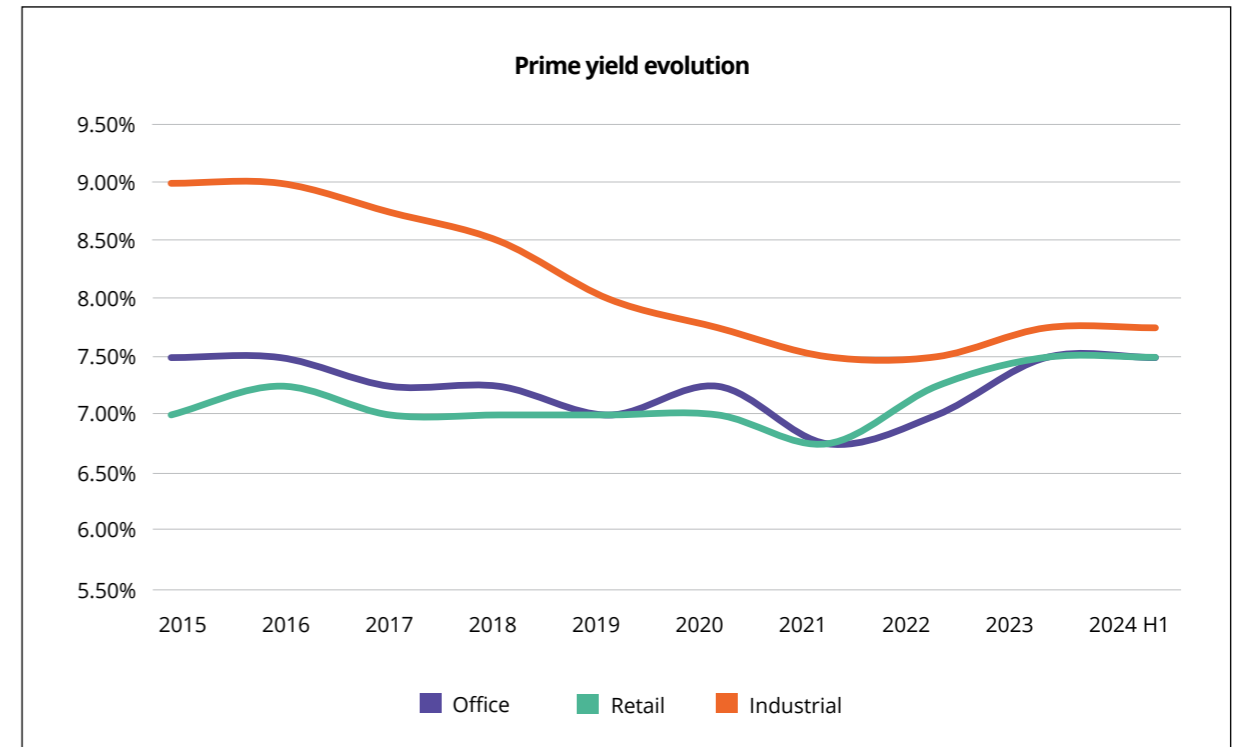
In the first half of 2024, there has been a significant resurgence of the foreign capital in the investment market, with foreign investors contributing approximately 74% to the total investment volume. The local capital has shown a strong preference for



Source: Avison Young Research

retail assets too, particularly focusing on both big-box retail and on-street retail units.

Investment transactions concluded in the first semester have started at least 12-18 months ago, with



Source: Avison Young Research

investors taking advantage of low competition as well competitive selling prices driven by yield decompression in Romania for all categories of assets.

Despite the opaque residential investment market, we assume that the high-end residential sector is still performing well, considering the large number

of residential projects either authorized or under construction. Family-type investors are looking to enrich their rental portfolios through the acquisition of residential units developed in the northern part of Bucharest in locations such as Straulesti, Sisesti, Jandarmerie and Fabrica de Glucoza, as well as in high-end boutique projects located in the Aviatorilor, Kiseleff, and Primaverii neighborhoods.

### Prime yields

In H1 2024, prime yields have remained stagnant. Although the local market has witnessed significant transactions involving institutional-grade industrial and retail parks, enabling real estate players to pinpoint relevant prime yields, there is still a

notable absence of transactions involving prime office buildings. Prime office yields are currently around 7.50%, while industrial yields are quoted in the range of 7.50-7.75%.





## Forecast

With a couple of transactions already signed at the beginning of H2 2024, including the sale of The Landmark and the Globalvision & Globalworth industrial portfolio, it is anticipated that the full-year 2024 investment volume may easily exceed €700-800 million.

With no major institutional investors entering the local market, the diversification of the investor base in the real estate industry reflects a significant trend of attracting new players eager to diversify their portfolios by investing in real estate assets.

Moving forward, it is anticipated that this trend will continue both in Bucharest and top Romanian regional cities, where a new breed of local high-net-worth individuals will emerge, seeking to acquire high-performing real estate assets.

The real estate investment market still exhibits significant growth potential, as numerous institutional-grade assets remain under the control of local developers who are reluctant to pursue an exit.

### Significant investment transactions in H1 2024

City	Sector	Property	Purchaser	Vendor	Estimated selling price (€million)
Bucharest, Arad, Oradea, Timisoara, Pitesti	Industrial	GW Portfolio	CTP	Globalworth	168.2
Bucharest	Retail	Expo Market Doraly	WDP	Ghe. Iaciu & ARA Europe	90
Cluj	Retail	On-street retail portfolio	Local investor	SIFI Cluj Retail SA	24.3
Turda	Retail	Funshop Park	BT Property	Scallier Investment	15
Ploiesti	Industrial	Tenneco	WDP	Tenneco	10



## CTPark Pitesti Oarja





# Bucharest office market

## Supply

No major changes were recorded in the modern office stock this semester, which stands at 3.4 million sqm. However, the stock may increase through the leasing of owner-occupied buildings to various tenants, as seen with Petrom City, which leased 11,000 sqm to Genesis College.

Class A stock comprises approximately 70% of the modern stock, with most Grade A buildings concentrated in the Center West and Floreasca-Barbu Vacarescu submarkets. Looking ahead, these two submarkets are poised to further expand their Class A stock, as the majority of the 2025-2027 pipeline — such as Promenada, One Ford Gallery, ARC, and AFI Loft — features projects situated in these areas.

The Central submarket is also witnessing substantial development activity, with the third-largest Class A

stock being developed and three new projects, myhive Victoriei, Timpuri Noi Square Ph 2 and U-Center Phase 3, recently announced. This surge in development underscores the renewed appeal of this submarket for high-quality office space and reflects the confidence developers have in the central areas of the capital city.

Looking ahead, the pipeline has seen slight changes. The One Ford Gallery project has moved up its completion date from 2026 to September 2025. Additionally, demolition and site preparation have begun for the third phase of U-Center. It's worth noting that construction for the Promenada extension, Timpuri Noi Square Phase 2, and AFI Loft projects is progressing as initially announced. However, there is some uncertainty surrounding myhive Victoriei, as the authorized project may be subject to an investment transaction and could be developed later by its new owner.

Although no new projects have been started or announced, a sense of optimism persists in the market. For various well-located plots of land, owners and developers are eager to initiate the authorization process, assuming project completions will extend beyond 2027.



Modern office stock  
(million sqm)

**3.4**



Largest renewal

**29,100 sqm**  
**Genpact**



Largest new transaction

**11,000 sqm**  
**Genesis College**



Source: Avison Young Research

## Office pipeline 2024 - 2027

Developer	Project	GLA (*)	Submarket	Est delivery
AFI Europe	AFI Loft	15,500	Center-West	Q4 2024
One United Properties	One Ford Gallery (off&retail)	13,500	Floreasca - BV	Q3 2025
NEPI&Rockcastle	Promenada	27,500	Floreasca - BV	Q2 2027
PPF	ARC	30,000	Center-West	2026-2027
Vastint	Timpuri Noi Square Ph 2	60,000	Center	2027

(\*) - estimated GLA

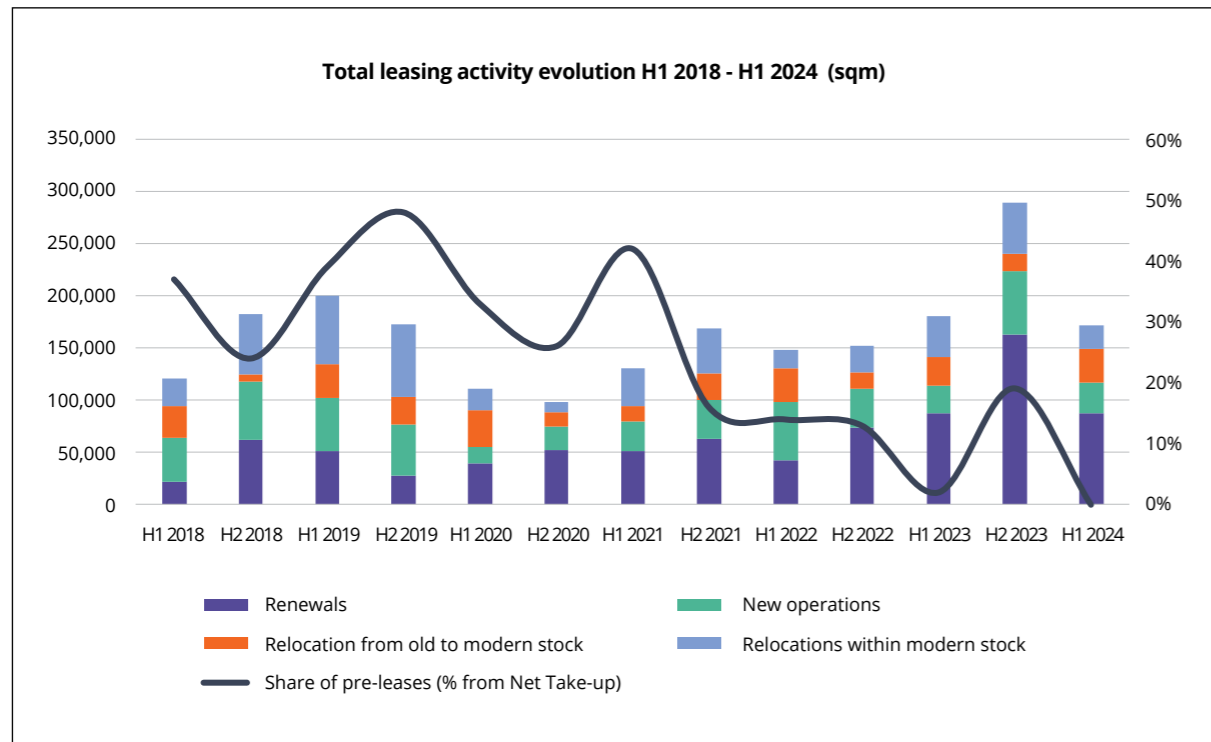
## Demand

Despite the absence of new office projects delivered in Bucharest in H1 2024, total leasing activity stood at 172,000 sqm, a level consistent with last year's figures. Renewals only accounted for 51% of total leasing activity, encompassing 37 transactions with an average lease renewal size between 2,400-2,500 sqm, largely driven by a significant renewal in the Pipera South submarket.

Geographically, four submarkets generated 71% of the total leasing activity, with Pipera South leading

at 24%, followed by the Center (18%), North (15%), and Floreasca-BV (14%) submarkets.

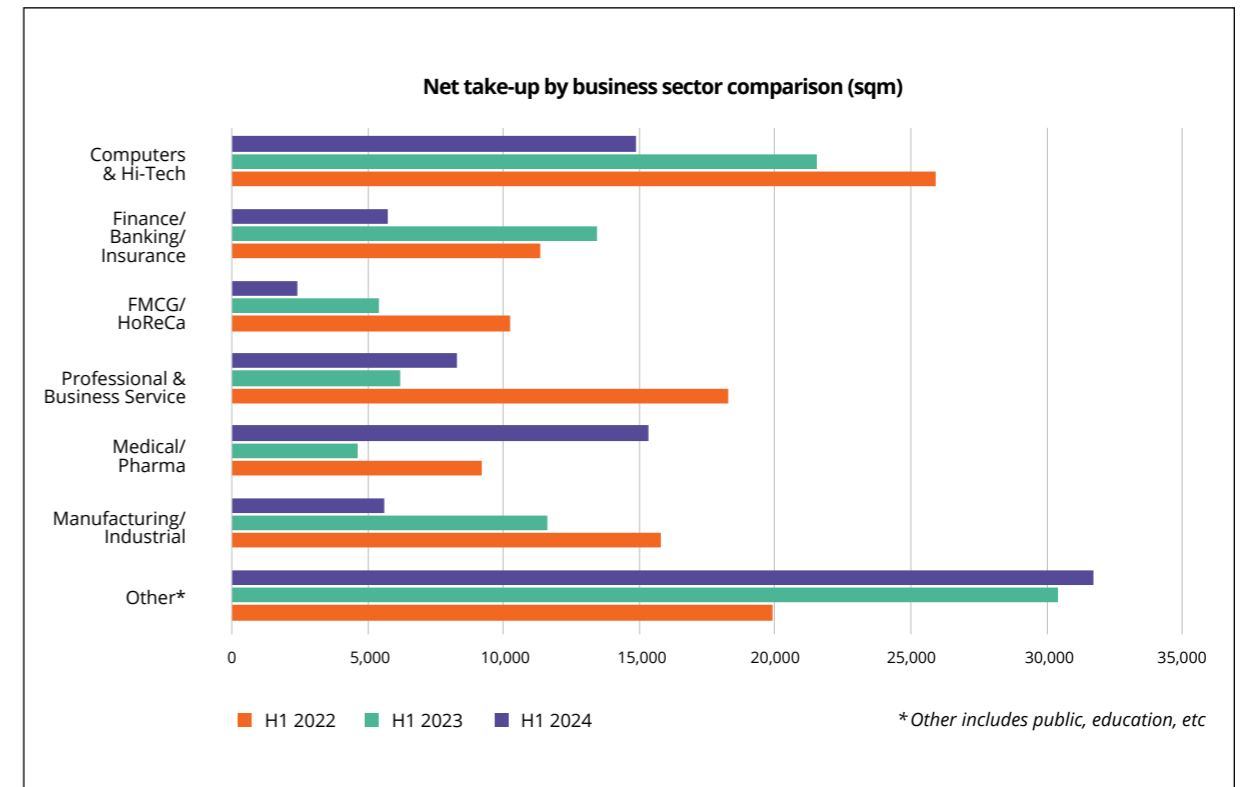
In H1 2024, three sectors emerged as particularly important in total leasing activity: Business Services, Computer & Hi-Tech, and Medical & Pharma industries. Notably, the Computer & Hi-Tech sector saw a decrease to only 23% of total leasing activity, down from approximately 34% recorded a year ago—a trend expected to continue in the upcoming quarters.



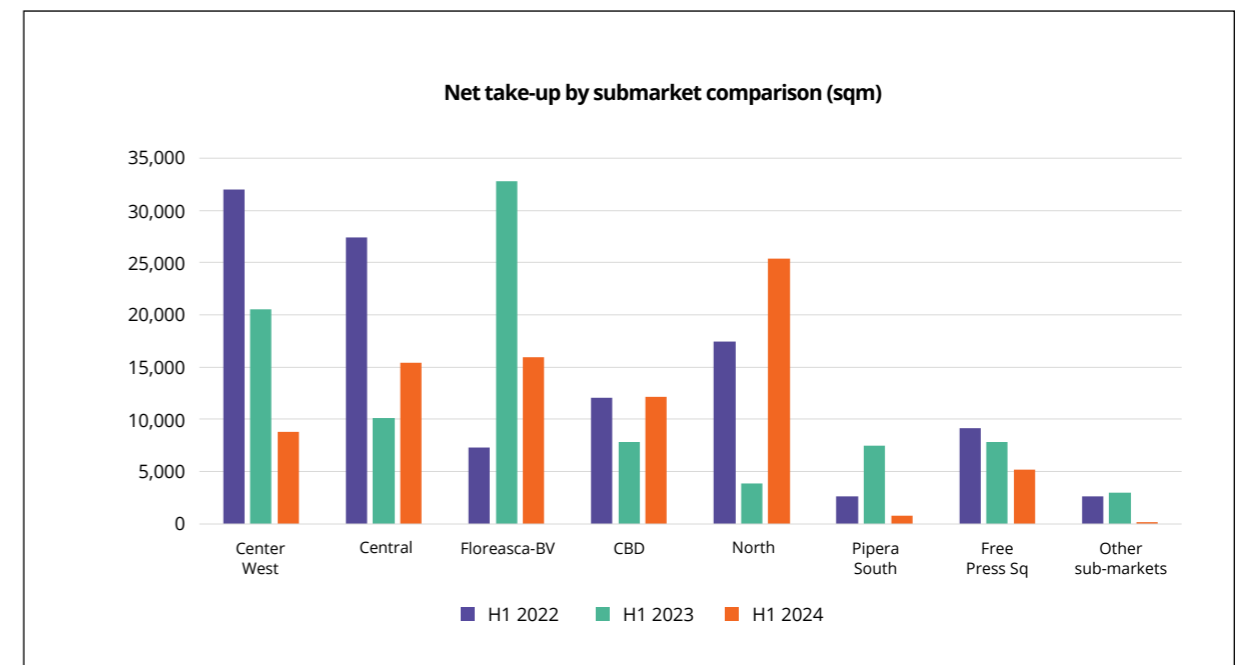
Source: Avison Young Research

In the second quarter, total leasing activity reached approximately 82,000 sqm, with an average leased area (including renewals) ranging between 1,200 and 1,300 sqm. Renewals accounted for 36% of the quarter's activity, a decrease from 65% in the previous quarter. This shift indicates a growing interest among occupiers to move from obsolete spaces to modern office stock, driven by expansions and/or

the establishment of new operations. In Q2 2024 the largest transaction was completed by Genesis College in the northern Straulesti Area, one of Bucharest's most vibrant residential areas with numerous projects either announced or under construction. This was followed by a lease signed by Dr. Max in J8 Office Park (6,600 sqm) as well as the renewal inked by Accenture in the West Gate office park (6,200 sqm).



Source: Avison Young Research



Source: Avison Young Research

## Vacancy

The average vacancy level decreased to 12.9% due to multiple relocations concluded in the Class A office stock. At the end of Q2 2024, the Central Business District (CBD) and Central submarkets reported single-digit vacancy rates, standing at 6.9%

and 6.3%, respectively. In contrast, three highly sought-after submarkets are experiencing some of the highest vacancy rates: Floreasca-BV at 13.1%, Center-West at 19.7% and Free Press Square at 19.8%.

This high availability is expected to drive increased leasing activity in these areas in the coming quarters. The high vacancy rates are fueled by recently vacated buildings in both the Floreasca-BV and Center-West submarkets, while in Free Press Square, the vacancy rate is driven by a healthy mix

## Rents

In the second quarter, prime office headline rent in Bucharest remained between €21-22/sqm/month, but signs suggest potential increases for the rest of the year. Active submarkets, where relocation transactions occurred in the past 3-6 months, have experienced slight headline rent increases during this period. Occupiers are anticipating more generous incentive packages, including rent-free periods and/or fit-out contributions. In exchange, landlords are seeking longer lease terms from tenants, typically extending from 5 to 7 years, sometimes including the

of brand-new office space and vacated buildings. The sub-lease stock has decreased to approximately 50,000-60,000 square meters, as fully fitted out sub-lease areas were either leased out or tenants decided not to sub-lease their excess office space.

rent-free period in the lease terms. A further increase in headline rent is expected by year-end due to the decrease in Class A office spaces in desirable locations and the continued lack of new developments in the capital city. The service charge has narrowed the band, with the average value estimated at €4.5/sqm/month, with an increasing number of buildings commanding service charges above this level due to rising property taxes, higher utility costs and increases in workforce expenses.

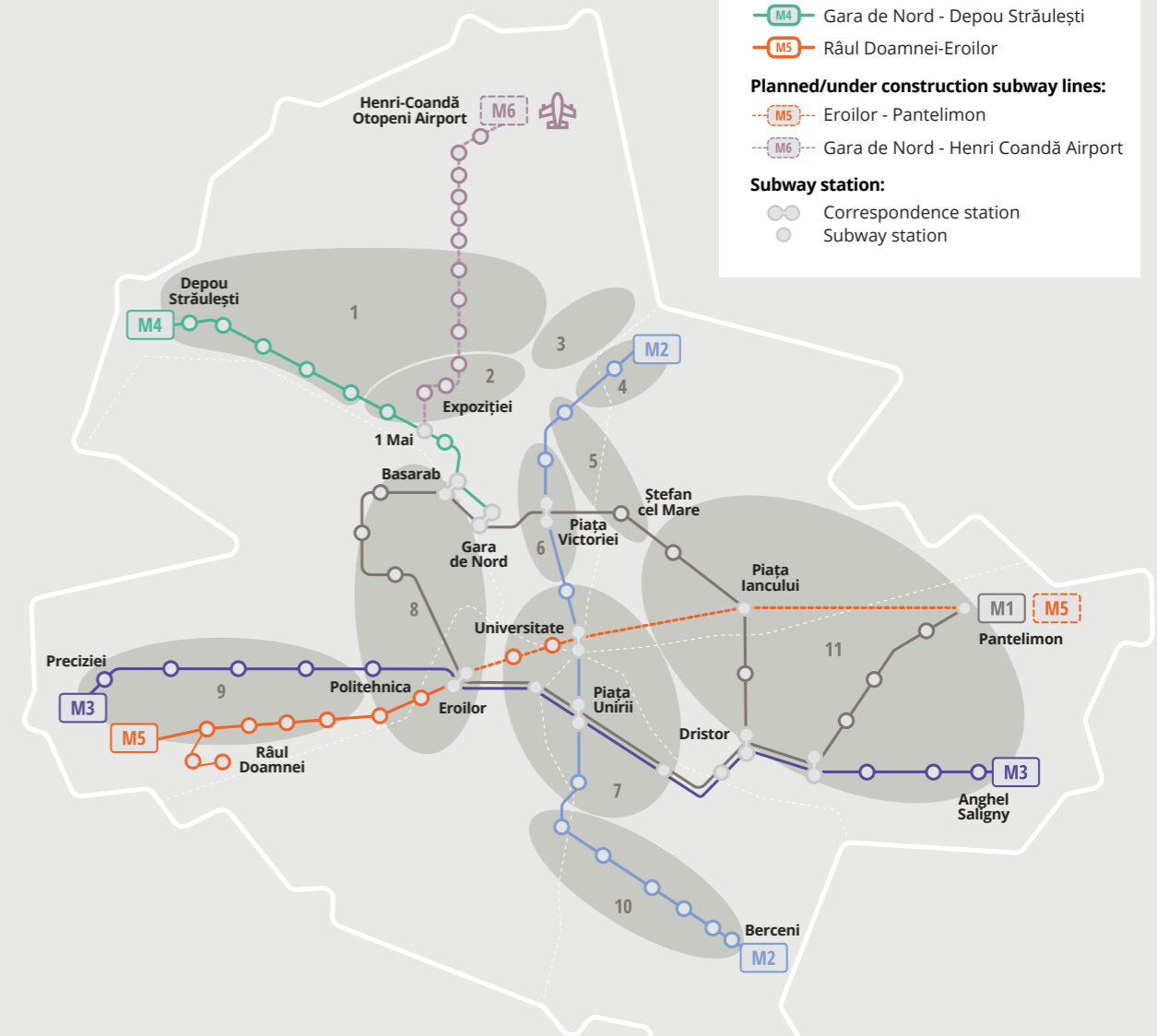
## Forecast

Given the current lease negotiations, it is likely that the second semester will maintain at least a similar level of leasing activity, elevating 2024's total leasing activity (TLA) to around 300,000-350,000 sqm. While renewals are set to continue as a major component of Bucharest's office market, we expect a rise in relocations within the modern stock from older buildings, since no new office projects are expected to complete soon in Bucharest in the upcoming 24 months, except for AFI Loft in the Center West submarket.

As the pre-lease market opens up, we anticipate developers will resume construction on the authorized phases of multi-phased office projects. Nonetheless, uncertainties regarding financial conditions from financing institutions may linger, although longer leases for larger spaces could advance any office project.

In its early stages, the office market shows promise for diversification through the development of large data centers. These could be located on former industrial sites that retain infrastructure from heavy industries that either moved outside the city or ceased operations after the 1990s.

## Office submarkets, headline rents and modern stock



No.	Submarket	Class A&B stock (sqm)	Headline Rent Class A (€/sqm/month)
8	Center West	614,000	€15.5-17.5
5	Floreasca - BV	536,000	€16-18
4	Pipera South	455,000	€12-14
7	Center	411,000	€16-18
6	CBD	341,000	€21-22
1	North	323,000	€13-15
2	Free Press Square	252,000	€15-17.5
3	Pipera North	178,000	€8-10
9	West	168,000	€10-13
11	East	95,000	€ 9-12
10	South	52,000	€ 9-12

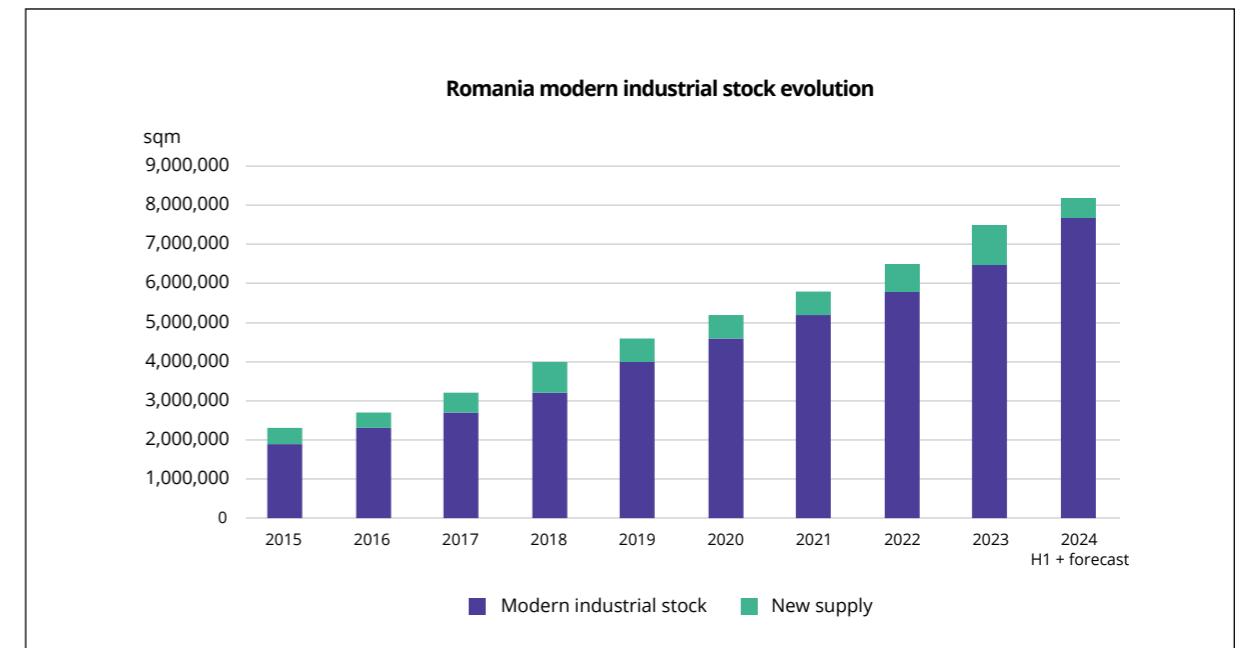


# Industrial market

## Stock

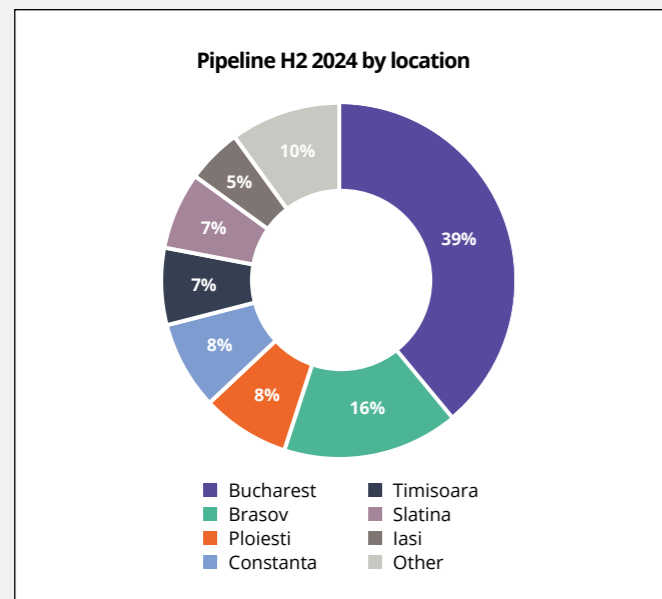
There were around 200,000 sqm class A new industrial supply delivered in the first half of 2024 and Romania's modern industrial stock surged past 7.7M sqm.

A relatively important share of the modern industrial stock changed hands, as CTP acquired from Globalworth cca 270,000 sqm in Bucharest, Timisoara, Arad, Oradea and Pitesti in Q2 2024 and WDP acquired from Globalworth and Global Vision cca 136,000 in Bucharest, Constanta and Targu Mures at the very beginning of Q3 2024.



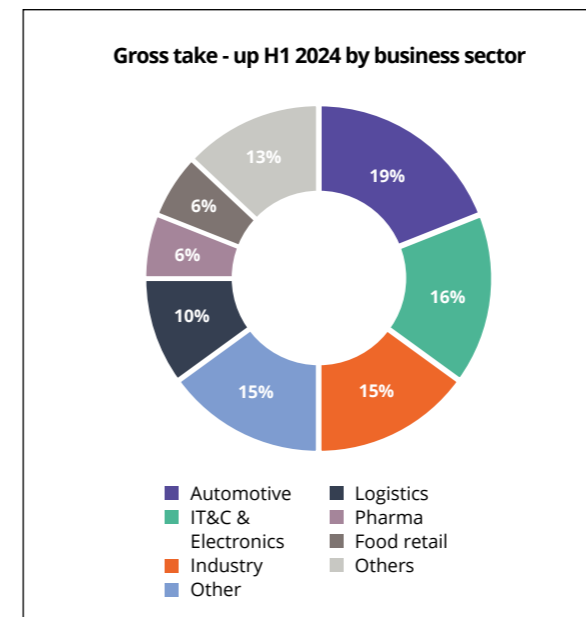
Source: Avison Young Research

## Pipeline

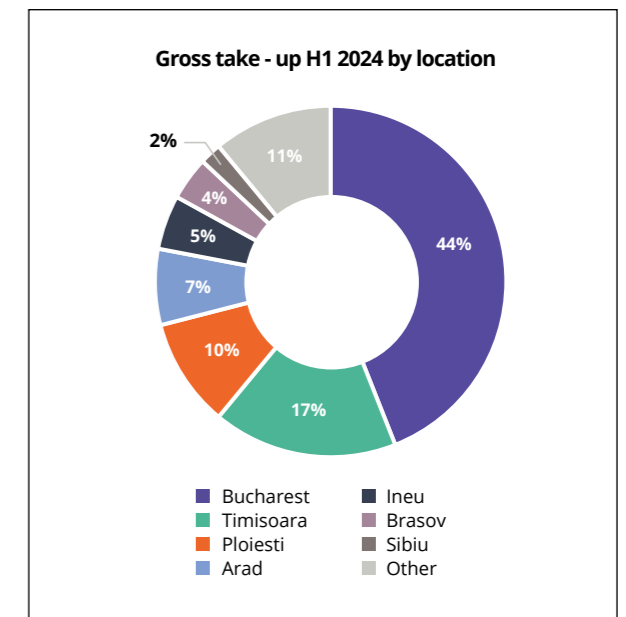


With a strong pipeline, of cca 500,000 announced by the developers for the remainder of 2024, the modern stock should overpass the 8M sqm landmark by the end of the year. Around 40% of the pipeline is concentrated in the Bucharest area. Other cities where significant deliveries are planned in 2024 are Brasov, Timisoara, Ploiesti, Constanta, Slatina and Iasi.

Source: Avison Young Research



Source: Avison Young Research



Source: Avison Young Research

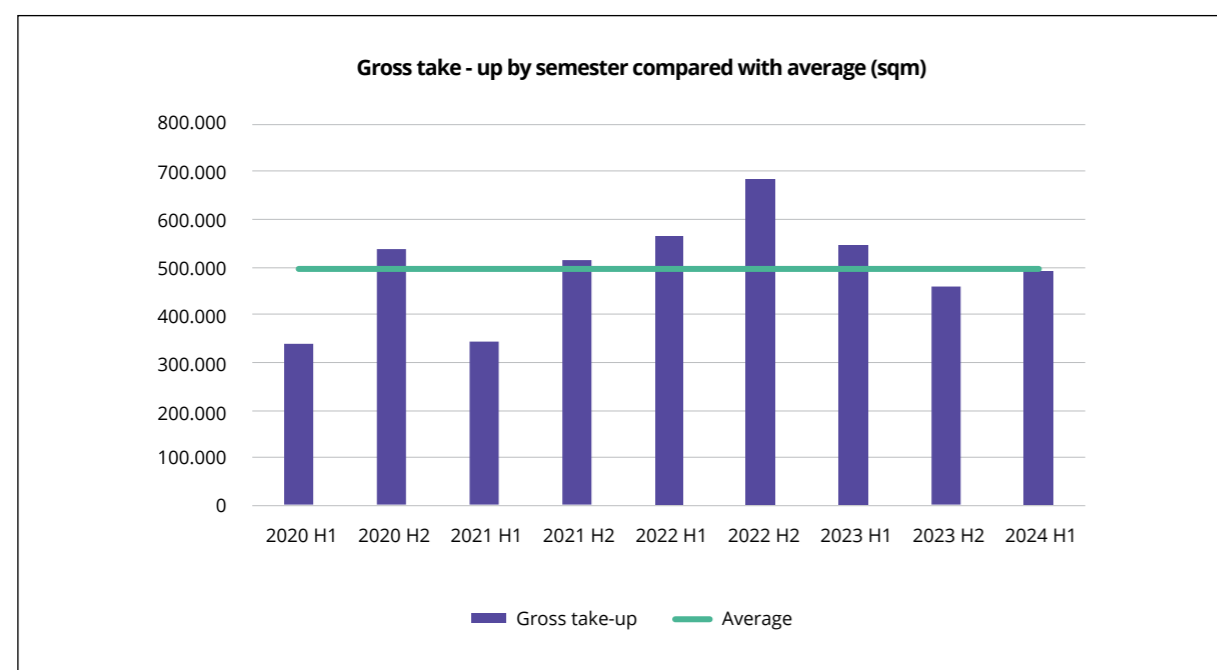
In terms of demand generation, in the first half of 2024, the automotive sector is leading with 19%, followed by IT&C&Electronics with 16% and industry with 15%. The growth of demand coming from automotive and industry sectors shows Romania's increased significance of as a manufacturing hub.

## Demand

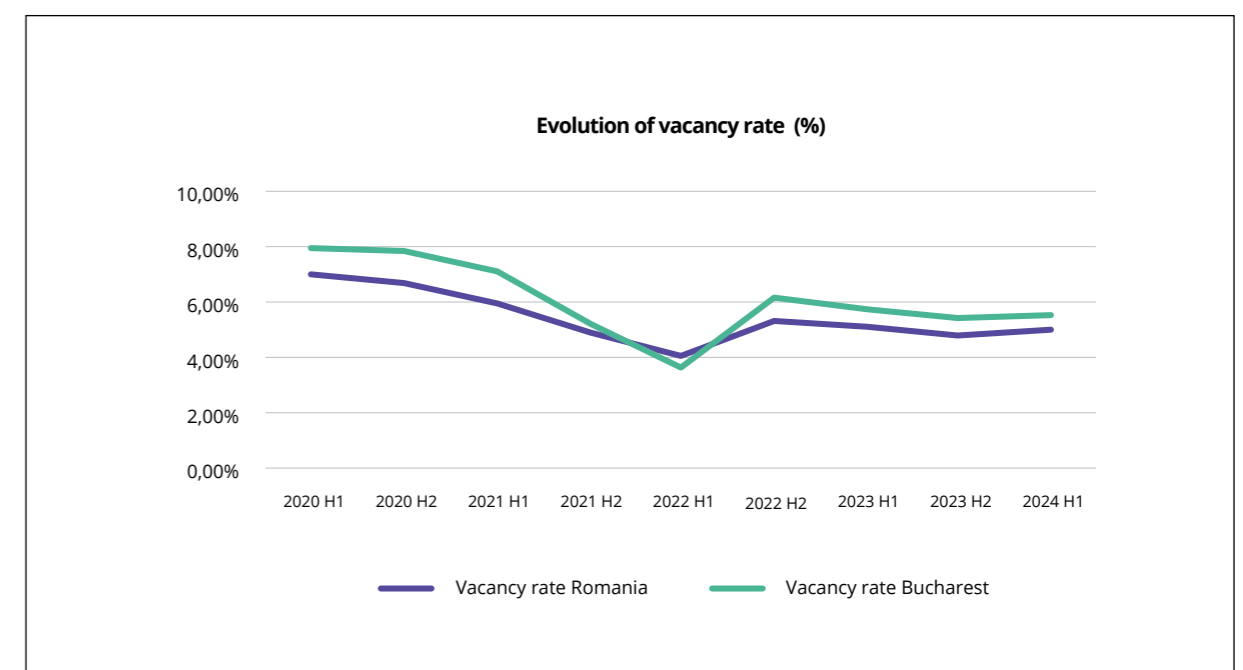
The total industrial leasing activity amounts to almost half a million sqm in the first half of 2024. The demand for Class A industrial and logistic spaces remains strong, and we are on track for exceeding 1 million sqm leased at the end of the year – consistent with the performance in the last 4 years. In terms of geographical distribution of the demand, it was attracted by the main industrial hubs: Bucharest 44%, followed by Timisoara with 17% and Ploiesti with 10%.

## Vacancy

The vacancy rates remain relatively low at 5.0% at country level and 5.6% in Bucharest area, on a slight descending trend.



Source: Avison Young Research



Source: Avison Young Research

## Occupancy costs & market practice



**Prime headline rent**  
€4.5\*  
\*for rental of larger areas (~5-10,000 sqm)

**Incentives discount**  
5-10%

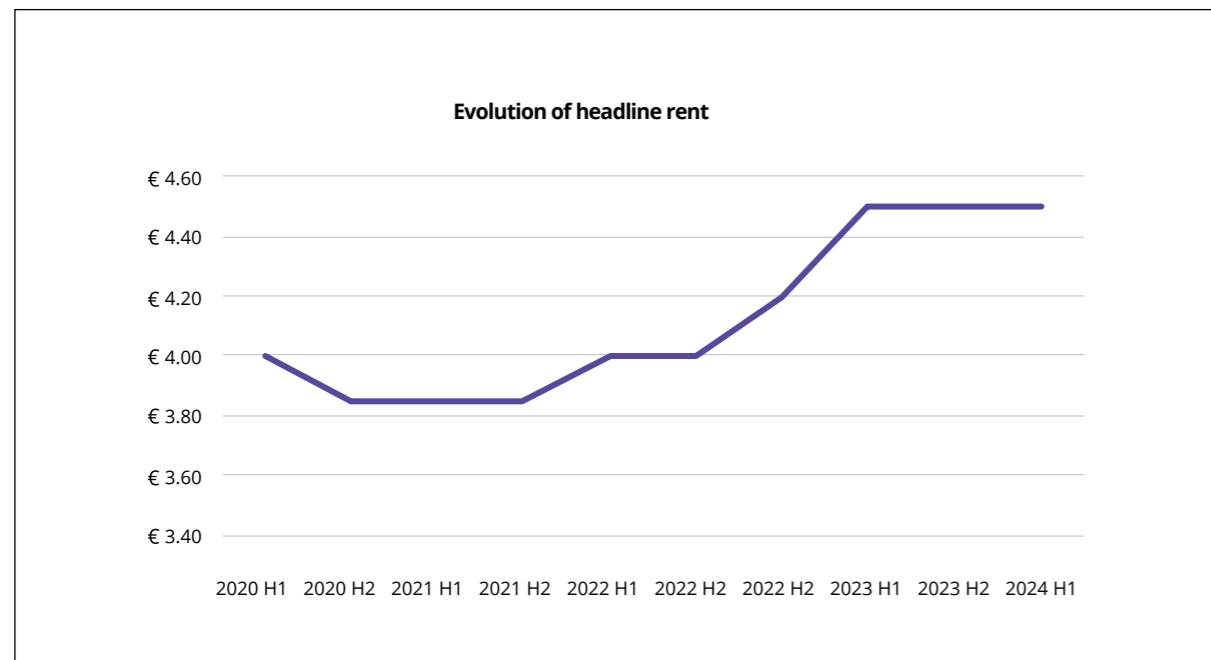
**Service charges**  
€0.85-1.25  
(€/sqm/m)



**Usual lease length**  
5-10 years

After the first half of 2024, the prime industrial headline rent remained stable at €4.5/sqm/month (for larger areas, of minimum 5,000 sqm). There is some upward pressure, and we may see a slight increase in the future, especially in Bucharest area. For some class A units, already the headline asking rent is in the area of €4.7-4.8 per sqm per month. Deducting from the headline rent, incentives such

as rent-free months, early access, fit-out contribution (all in the range of 5-10% from headline rent) usually apply. Service charges (covering expenses such as building maintenance and insurance and property tax) are in the area of €0.85-1.25 per sqm per month. The service charges are on an ascending trend in the last 2 quarters, and this is due chiefly to increase in salary expenses and inflation.



Source: Avison Young Research

## Looking forward...

Romania has the opportunity to become a significant regional hub in the fields of logistics, production, and cross-border services. The strategic location of Romania, inclusion in Schengen area (internal air and maritime border) and the Port of Constanta, which facilitates access to the Black Sea and provides a crucial link between Europe and Asia, enhance the logistics and transportation sector, attracting significant investment.

## Romania infrastructure





## About Avison Young

Avison Young creates real economic, social and environmental value as a global real estate advisor, powered by people. As a private company, our clients collaborate with an empowered partner who is invested in their success. Our integrated talent realizes the full potential of real estate by using global intelligence platforms that provide clients with insights and advantage.

## Our global presence

### Legal entities

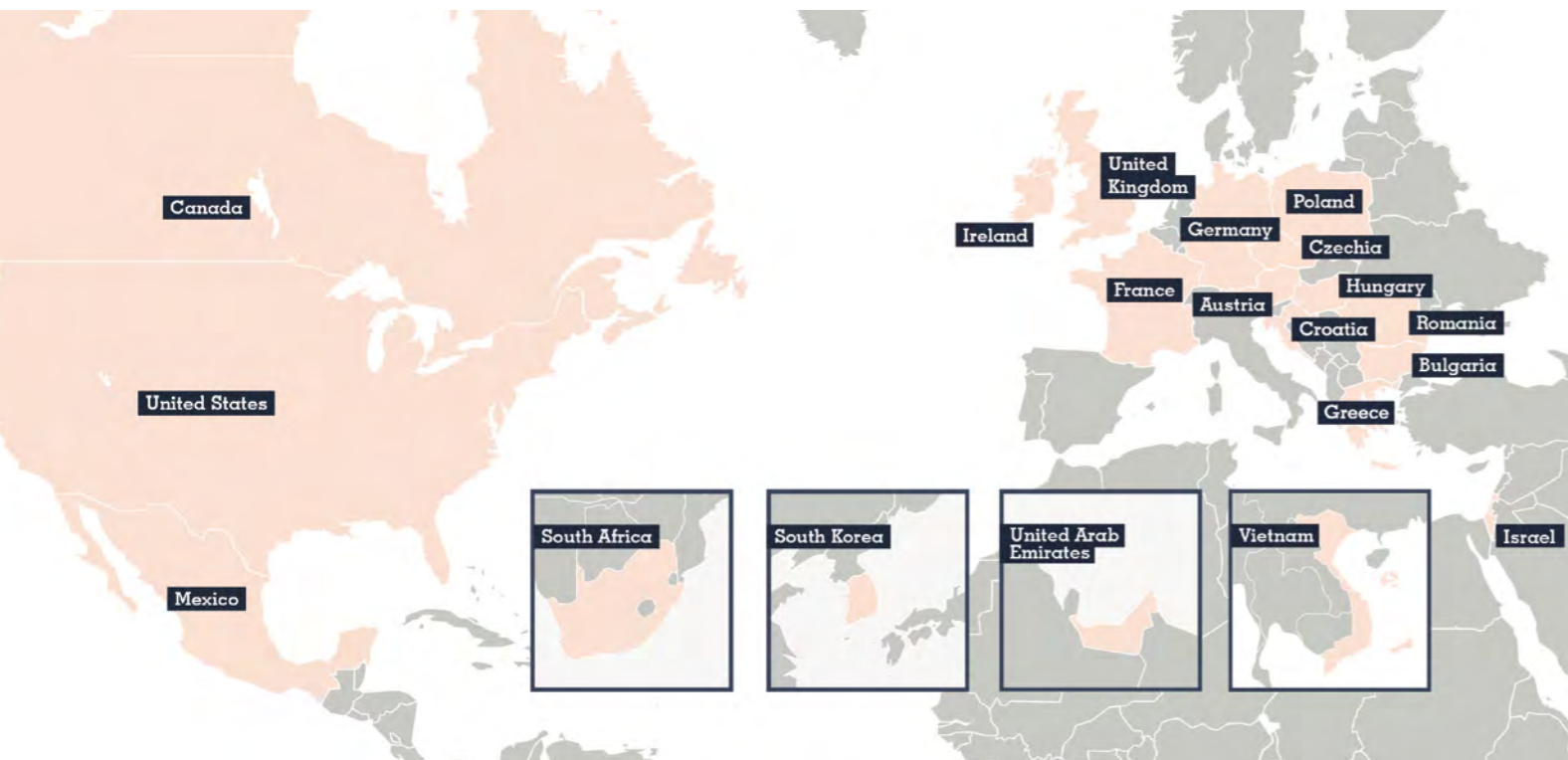
Canada	Austria	Romania
United States	UAE	Bulgaria
Mexico	France	Republic of Ireland
South Korea	Czech Republic	Germany
South Africa	Hungary	Vietnam
United Kingdom	Croatia	Greece
Israel	Poland	

**5,000**  
real estate professionals

**20**  
countries

**100+**  
global offices

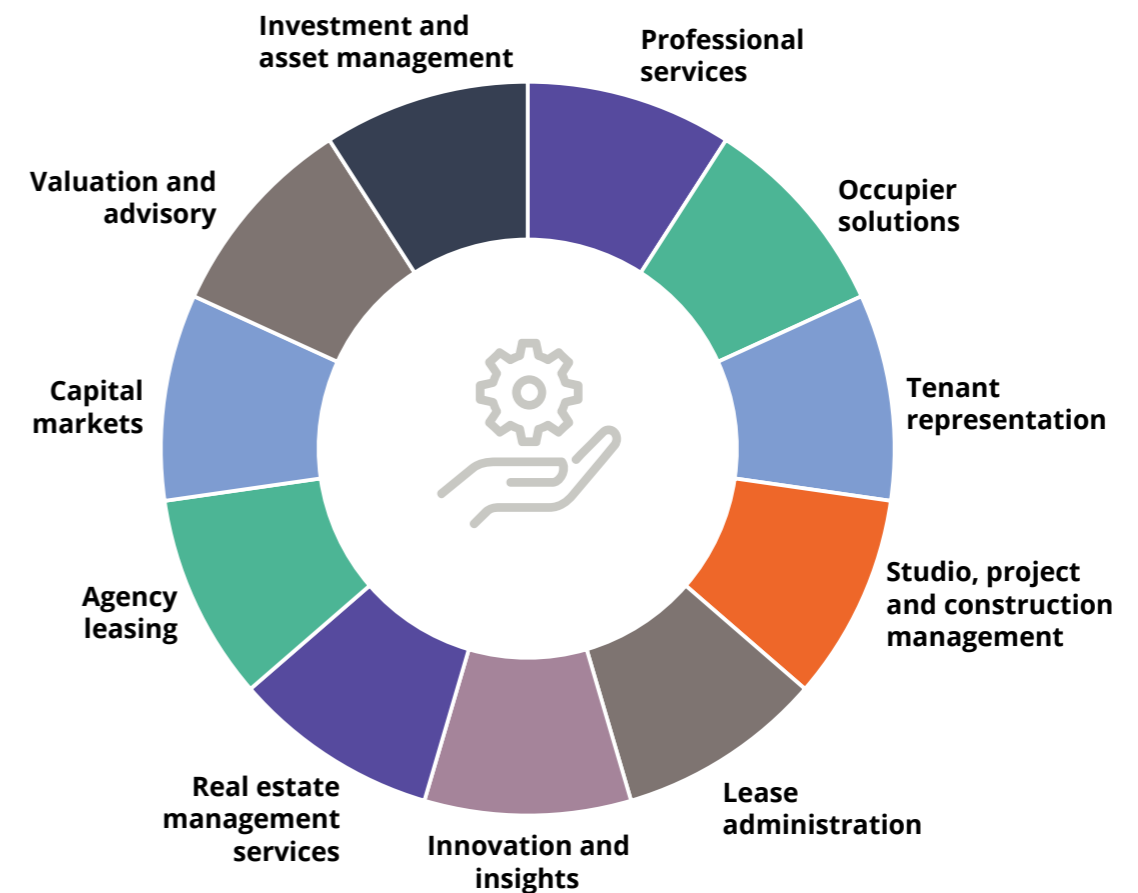
**1978**  
founding year



## Avison Young – the right place for success

At Avison Young, we take a comprehensive approach to representing you, from situation analysis through option development and project implementation. We leverage our data, research and knowledge of labor and property markets to identify opportunities, apply skillful negotiations tactics, and secure the right solution for your business.

## Our integrated services:



---

**AVISON  
YOUNG**

---

## Get more information

### **David Canta**

**Managing Director  
Romania & Czech Rep.**

david.canta@avisonyoung.com  
+40 727 737 894

### **Louis Juhel**

**Associate Director  
Office Leasing, Romania**

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

### **Adrian Crizbasianu**

**Head of Industrial &  
Logistics Agency, Romania**

adrian.crizbasianu@avisonyoung.com  
+40 727 227 448

### **Levis Vlad**

**Head of Research  
Romania**

levis.vlad@avisonyoung.com  
+40 744 333 631

### **Otilia Bordei**

**Head of Office Agency  
Romania**

otilia.bordei@avisonyoung.com  
+40 727 644 019

### **Roxana Ilie**

**Senior Consultant  
Office Agency, Romania**

roxana.ilie@avisonyoung.com  
+40 724 276 512

### **Mihai Berbece**

**Senior Consultant  
Industrial Agency, Romania**

mihai.berbece@avisonyoung.com  
+40 740 229 606

### **Andrei Kivu**

**Senior Data Analyst, Research  
Romania**

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



**For the latest updates,  
visit us on LinkedIn!**

**avisonyoung.com**

---

The information contained in this report was obtained from sources that we deem reliable and, while thought to be correct, is not guaranteed by Avison Young Inc. All opinions expressed and data provided herein are subject to change without notice. This report cannot be reproduced, in part or in full, in any format, without the prior written consent of Avison Young Inc.