

# ROMANIA Office Market Snapshot

Third Quarter | 2017



## MARKET INDICATORS

### Market Outlook

- Prime Rents: With multiple options available to occupiers, prime rents will remain stable. ▶
- Prime Yields: A slight compression is forecasted as investor interest increases. ▲
- Supply: Given the high number of projects under construction, new supply will increase going forward. ▼
- Demand: Since a series of large office occupiers are assessing the market, pre-letting activity is projected to be consistent. ▼

### Prime Office rents – September 2017

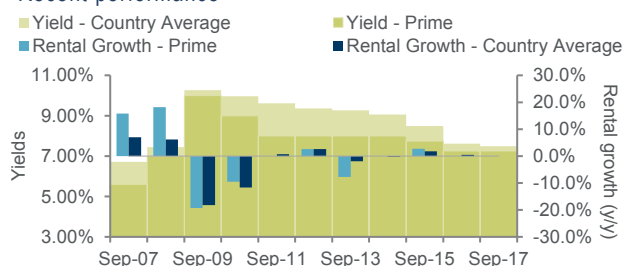
LOCATION	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Bucharest (Centre)	18.50	222	24.5	0.0	-1.0
Timisoara	14.00	168	18.5	0.0	0.7
Cluj-Napoca	14.00	168	18.5	0.0	-2.6
Brasov	12.50	150	16.5	0.0	4.6

### Prime Office yields – September 2017

LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Bucharest (Centre)	7.25	7.25	7.25	10.00	5.60
Timisoara	8.00	8.00	8.00	11.00	7.50
Cluj-Napoca	8.00	8.00	8.00	10.50	8.00
Brasov	8.00	8.00	8.25	11.00	7.50

With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

### Recent performance



## Overview

The office stock in Bucharest stands at 2.6 million sq. m, remaining unchanged compared with the previous quarter. Demand continued to be strong and the general vacancy rate dropped below 8.5%. The most sought after office locations are the areas where development activity is recorded, areas that are benefiting from a series of amenities such as: quick access to the underground, retail services (e.g. food restaurants, shopping options, fitness clubs), green facilities etc. Pre-lease transactions were the largest deals by size and Technology & Telecommunication companies were again the most active tenants.

## Occupier focus

Demand for office space located in Bucharest reached approx. 70,000 sq. m, with net take-up representing 90%. Since the number of office projects under construction is high, large tenants have decided to accommodate their RE needs by signing pre-letting deals. More than half of the net take-up recorded in Q3 is represented by pre-lease transactions. Technology & Telecommunication companies remained the most active occupiers, with 80% of the gross-take-up.

## Investment focus

In Q3 Immochan decided to acquire Coresi Business Park located in Brasov, one of the largest regional office market in Romania. The project has 40,000 sq. m and consists of four buildings, former industrial warehouses, and three new buildings developed according to class A office standards.

Overall, since prime office projects are currently on the market for sale, it is estimated that the value invested in office properties will represent a large share of 2017's total investment volume.

## Outlook

Next year the office stock in Bucharest will increase with more than 300,000 sq. m. Considering the high amount of space forecasted to be delivered, rental levels are expected to remain stable going forward. Demand for quality office space is projected to follow the same positive trend, while active developers are competing for the interest of large office occupiers.

# ROMANIA Office Market Snapshot

Third Quarter | 2017



LOCATION	BUILT STOCK (SQ.M)	AVAILABILITY (SQ.M)	VACANCY RATE (%)	TAKE-UP (SQ.M)	TAKE-UP YTD (SQ.M)	UNDER CONSTRUCTION (SQ.M)
Bucharest (CBD)	330,000	15,500	5%	14,700	41,900	27,200
Bucharest (Central North)	624,500	24,500	4%	6,000	54,000	44,000
Bucharest (North)	247,500	29,000	11.6%	-	43,000	16,200
Bucharest (Pipera)	632,500	80,000	12.7%	22,700	35,200	28,000
Bucharest (West)	314,000	13,000	4%	14,400	33,200	309,000
Bucharest (Central)	302,500	22,500	7.4%	10,000	28,500	63,000
Bucharest (South)	43,000	18,000	41.8%	-	1,100	-
Bucharest (East)	122,000	13,000	10.6%	-	2,200	-
<b>Bucharest (Overall)</b>	<b>2,616,000</b>	<b>215,500</b>	<b>8.2%</b>	<b>67,800</b>	<b>239,100</b>	<b>487,400</b>

Source: Cushman & Wakefield

## Key Occupier Transactions

PROPERTY	SUBMARKET	TENANT	SIZE (SQ.M)	TRANSACTION TYPE
Orhideea Towers	West	Bitdefender	10,000	Pre-lease
Globalworth Campus	Pipera	BPO Tenant	6,800	Pre-lease
The Landmark	CBD	UiPath	4,600	Expansion
Unirii View	Central	NTT Data	4,000	Pre-lease
Sema Park	West	Temenos	2,500	Renewal

Source: Cushman & Wakefield

This report has been produced by Cushman & Wakefield LLP for use by those with an interest in commercial property solely for information purposes. It is not intended to be a complete description of the markets or developments to which it refers. The report uses information obtained from public sources which Cushman & Wakefield LLP believe to be reliable, but we have not verified such information and cannot guarantee that it is accurate and complete. No warranty or representation, express or implied, is made as to the accuracy or completeness of any of the information contained herein and Cushman & Wakefield LLP shall not be liable to any reader of this report or any third party in any way whatsoever. All expressions of opinion are subject to change. Our prior written consent is required before this report can be reproduced in whole or in part. ©2017 Cushman & Wakefield LLP. All rights reserved.

### Mihaela Galatanu

Head of Research  
 Floreasca II Business Center, 3<sup>rd</sup> Floor, 40-44  
 Banu Antonache Street, Bucharest, 011665 |  
 Romania  
 Tel: +4 021 310 3100  
[mihaela.galatanu@cwchinox.com](mailto:mihaela.galatanu@cwchinox.com)  
[cushmanwakefield.com / cwchinox.com](http://cushmanwakefield.com / cwchinox.com)