



Modern office stock
(sqm)

3.43M



Pipeline/Under construction
(sqm)

120,000
(4 projects)



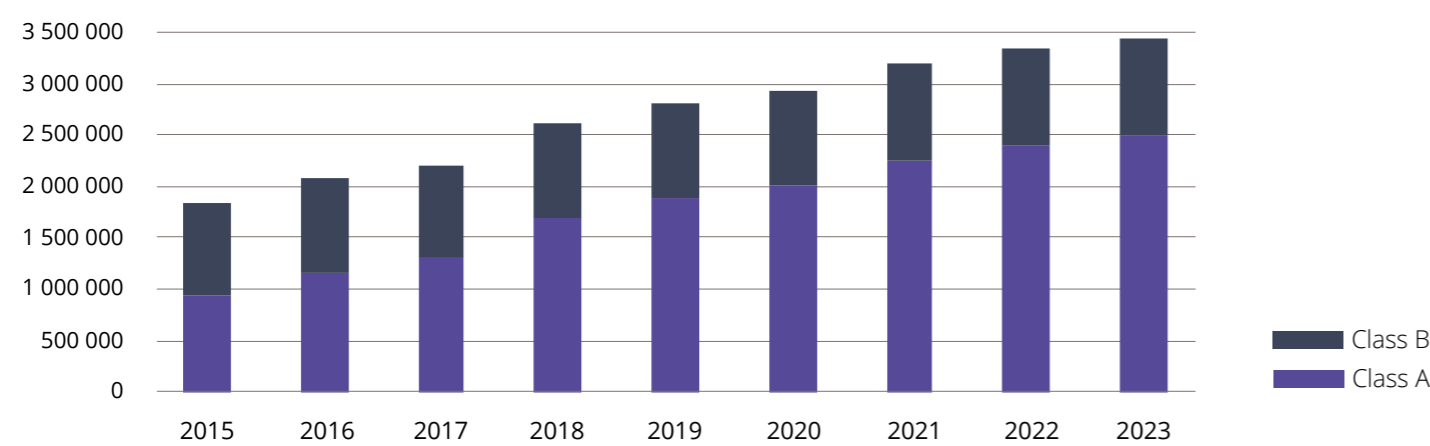
Vacancy rate
(%)

13.9%

Office stock and pipeline

In Bucharest, the revised modern office stock now stands at 3.4M sqm. The slight decrease is a result of either the downgrade of older buildings or the transition of existing buildings to new uses. Peering into the future, the completion of a significant project is on the horizon for Bucharest in 2024: AFI Loft nestled in the heart of Bucharest's Center West. The prospect of a potential scarcity has spurred developers into action. For instance, Vastint has chosen to embark on the construction of the second phase of Timpuri Noi Square. This forthcoming phase will boast two buildings encompassing a total of 105,000 square meters in Gross Built Area (GBA). The current vacant stock in Bucharest is forecasted to help mitigate the looming supply shortage over the next 18 to 24 months. However, the surge in construction activity is influenced by companies gaining a clearer picture of future plans, whether it entails the return of employees to physical office spaces or the adoption of hybrid working arrangements.

Cumulative modern office stock, class A and B (sqm)

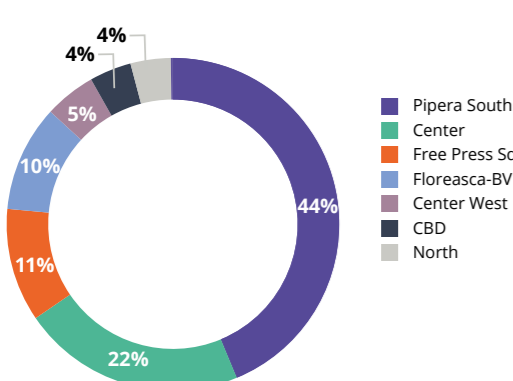


Office demand

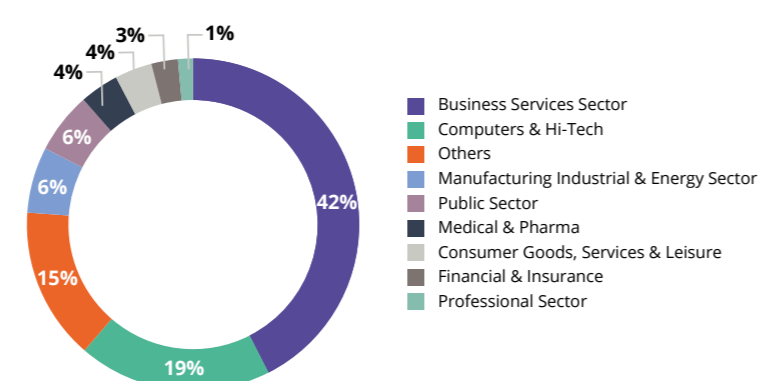
During the initial quarter of 2024, leasing activity in Bucharest soared beyond 90,000 square meters, marking a remarkable surge compared to the same timeframe last year. Notably, it's crucial to highlight that renewal contracts fueled over 65% of this leasing activity. A substantial contract inked in the Pipera South submarket, covering roughly 30,000 square meters, heavily influenced the statistics for this quarter. Specifically, Q1 of 2024 witnessed the conclusion of approximately 18 lease renewals, resulting an average transacted area of 3,200 square meters. In contrast, new demand accounted for the remaining 35% of the total leasing activity, encompassing approximately 40 transactions, with an average area of up to 1,000 square meters each.

Throughout the initial quarter of 2024, the liveliest submarkets in Bucharest emerged as Pipera South, Center, and Free Press Square, collectively accounting for 77% of the quarter's leasing activity. In terms of industry breakdown, approximately 60%, stemmed from the business services and computer hi-tech sectors. Additionally, the public sector played a notable role, contributing around 6% to the total leasing activity, signifying its growing relevance in the modern office landscape.

Gross take-up by submarkets in Q1 2024



Gross take-up by business sector in Q1 2024



Occupancy costs

Throughout the first quarter, the prime office headline rent in Bucharest has held steady, hovering between €21-22/sqm/month. Nonetheless, subtle upticks were noticeable in certain submarkets like Floreasca BV and Center West, demanding higher headline rents, climbing as far as €16-18/sqm/month in Floreasca BV and €15.5-17.5/sqm/month in Center West. Incentive packages, inclusive of rent-free periods and/or fit-out contributions, typically reduced the headline rent by an average of 10-20%.



Prime headline rent
(€/sqm/month)

€21-22



Incentives discount
(%)

10-20%



Underground parking rents (Avg)
(€/parking place/month)

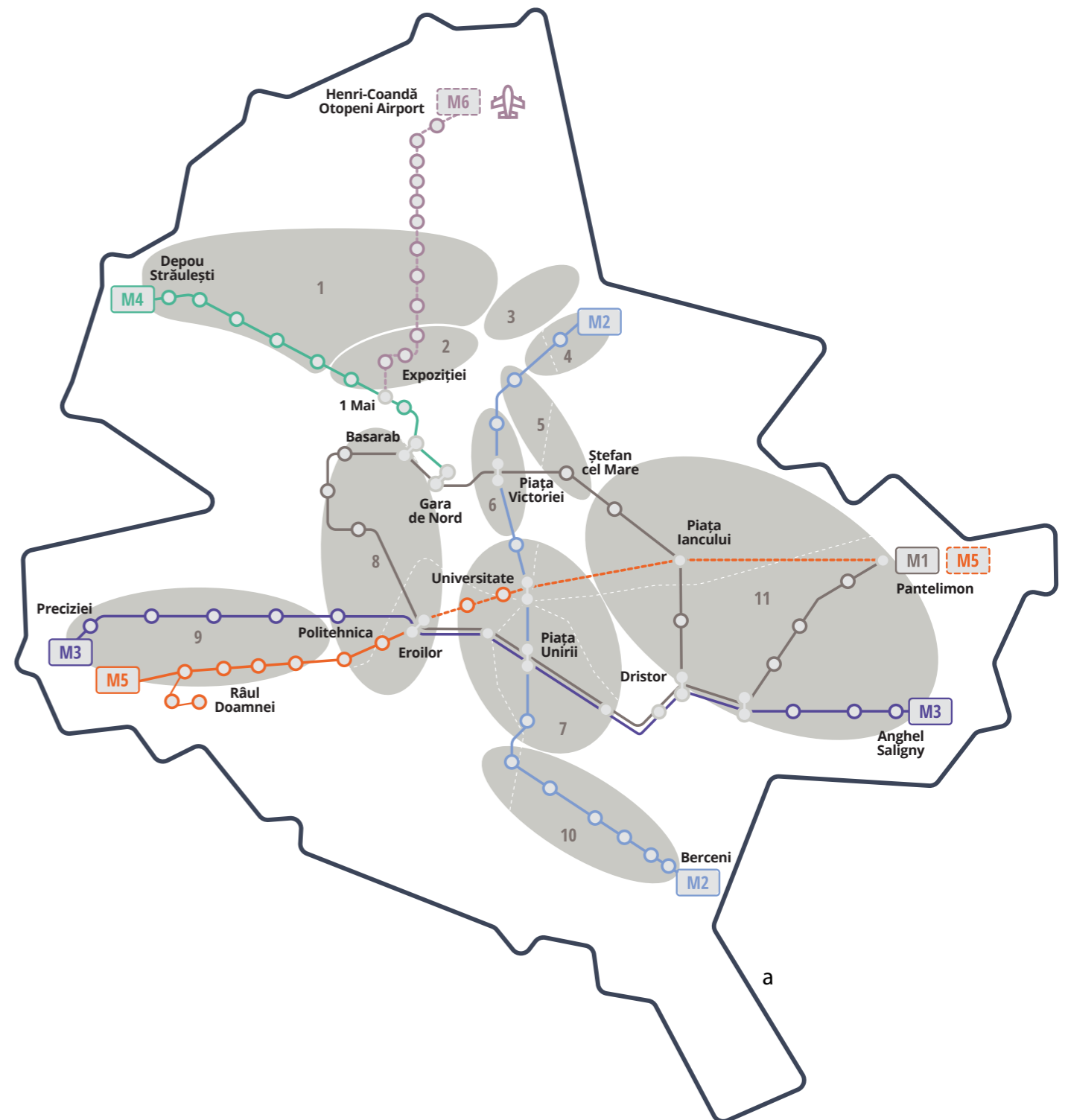
€90-160



Service Charge cost (Avg)
(€/sqm/month)

€4.0-4.5

Office submarkets, stock and headline rents



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	535,000	€16-18
4	Pipera South	455,000	€12-14
7	Center	412,000	€15-17.5
6	CBD	341,000	€21-22
1	North	323,000	€12-14
2	Free Press Square	254,000	€15-17.5
3	Pipera North	188,000	€8-10
9	West	168,000	€10-13
11	East	95,000	€ 9-12
10	South	52,000	€ 9-12

Existing subway lines:

- M1 Dristor - Pantelimon
- M2 Berceni - Pipera
- M3 Preciziei - Anghel Saligny
- M4 Gara de Nord - Depou Străulești
- M5 Râul Doamnei-Eroilor

Planned/under construction subway lines:

- M5 Eroilor - Pantelimon
- M6 Gara de Nord - Henri Coandă Airport

Subway station:

- Correspondence station
- Subway station

For more information please contact our Office team:

David Canta
Principal
Romania & Czech Rep.
david.canta@avisonyoung.com
+40 727 737 893

Otilia Bordei
Head of Office Agency,
Romania
otilia.bordei@avisonyoung.com
+40 727 644 019

Louis Juhel
Associate Director,
Office Agency, Romania
louis.juhel@avisonyoung.com
+40 770 192 841

Roxana Ilie
Senior Consultant,
Office Agency, Romania
roxana.ilie@avisonyoung.com
+40 727 644 019

Levis Vlad
Head of Research,
Romania
levis.vlad@avisonyoung.com
+40 744 333 631

