

Property Times - Offices

Romania Q1 2012

Office Market - Bucharest

Supply

The total office supply in Bucharest slightly surpassed 1.84 million sq m at the end of 2011. The list of most important office buildings delivered in 2011 includes Platinum Business & Convention Center (41,000 sq m), Crystal Tower (16,200 sq m) and Novo Park – building G (13,000 sq m).

Historically, 2011 represents the lowest level of completions since 2004, amounting to a total of approximately 90,000 sq m.

Q1 2012 cumulated only 2,500 sq m of new supply, represented by the completion of the Barbu Vacarescu Offices scheme, developed by Expert RoInvest Development.

The planned supply for 2012 is anticipated to reach approximately 100,000 sq m, representing an increase of 12% compared to 2011. For 2013 an additional supply of around 130,000 sq m is expected to be completed, thus bringing the office stock from Bucharest to a level above 2 million sq m.

Table 1

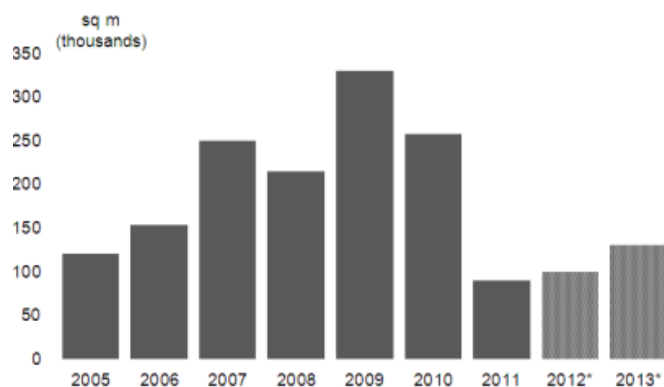
Key market indicators Q1 2012

	Bucharest office market
Stock (sq m)	1,844,000
Q1 Net Take-up (sq m)	46,000
out of which	
Relocations (%)	80.4%
New demand (%)	19.6%
Q1 Gross Take-up (sq m)	52,300
Vacancy rate (%)	13.4%
Q1 New supply (sq m)	2,500
Prime rent (€/sq m/month)	18.5 – 19.5

Source: DTZ Research

Figure 3

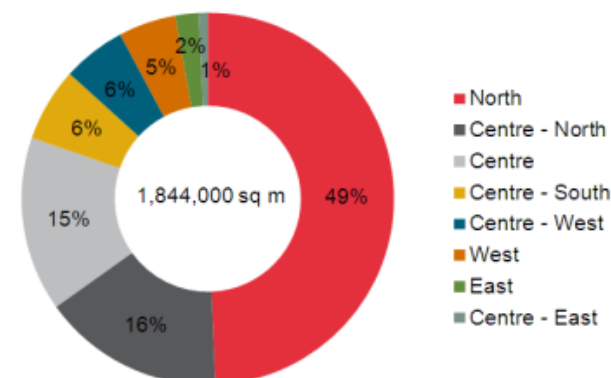
Annual supply and projection for 2012 – 2013



Source: DTZ Research; *Forecast

Figure 4

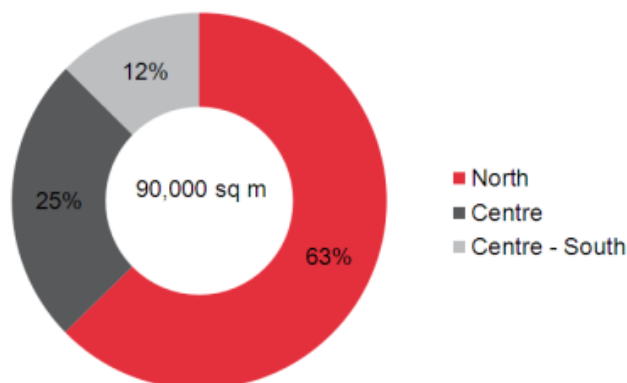
Total office stock split by subzone, Q1 2012



Source: DTZ Research

Figure 5

Office new supply split by subzone, 2011



Source: DTZ Research

Property Times - Offices

Romania Q1 2012

Demand

The net take-up volume registered at the end of 2011 reached 225,000 sq m with the second quarter at the forefront of the occupational activity, amounting to approximately 40% of the annual total.

The last three months of 2011 registered the lowest activity in the last two years with circa 20,000 sq m tracked as net take-up.

On a quarter-on-quarter comparison basis, a significant increase in the take-up volume was reached in Q1 2012. Thus, the net take-up volume (comprising new lease transactions, pre-leases and expansion deals) reached 46,000 sq m including the largest transaction tracked in Q1 – Raiffeisen Bank's lease of 22,946 sq m in Sky Tower. It should be noted that this transaction involved a tenant and a landlord within the same group.

In terms of demand by subzone, the central–northern area (Barbu Vacarescu – Floreasca – Charles de Gaulle Square – 'Presei Libere' Square) gained the largest share out of the quarterly net take-up volume, reaching 65%.

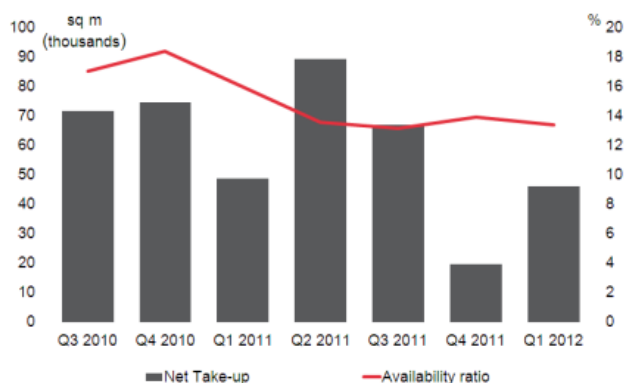
Formally, the Financial Services (FS) sector dominated the quarterly net take-up volume.

Once the intragroup transaction, namely the Raiffeisen Bank lease in Sky Tower, is disregarded the take-up volume reaches 21,700 sq m with the Industrial/Manufacturing-Trading (IM) and the Business/Professional Services (BPS) accounting for approximately equal shares of 23%.

By the end of 2012 we estimate a level of transactions similar to the volume registered in 2011, with the pre-lease activity increasing its share in the total take-up volume.

Figure 6

Bucharest office net take-up & availability ratio by quarter



Source: DTZ Research

Vacancy

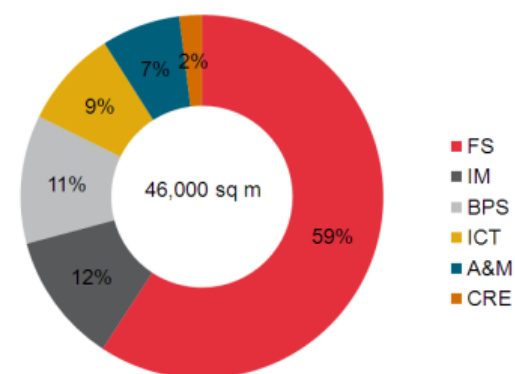
In Q1 2012 the vacancy rate decreased from 13.9% registered in Q4 2011 to 13.4%.

The vacancy rate recorded a significant decrease in the last 12 months meaning 250 basis points.

The lowest vacancy of office space is still found in the central and western submarkets whilst the highest rates are still associated to the northern subzone, such as 20% in Pipera.

Figure 7

Office net take-up by occupier sector, Q1 2012



Source: DTZ Research; BPS – Business/Professional Services, CRE – Construction & Real Estate, FS – Financial Services, ICT – Information, Communication, Technology, IM – Industrial, Manufacturing, Trading, A&M – Advertising & Media

Property Times - Offices

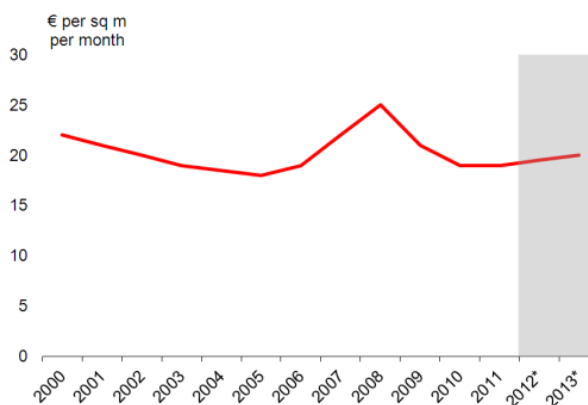
Romania Q1 2012

Rents

The headline rents marginally increased in the first quarter of the year as we record an uplift of ca. 3% quarter-on-quarter to a level which ranges between €18.5–19.5 per sq m per month for the central area. For the semi-central locations the rental level ranges between €13–16 per sq m per month and €10–12 per sq m per month for decentralised business districts.

For 2012 year-end we estimate a constant rental value for Bucharest business districts including the premium locations which will remain stable at €18.5–19.5 per sq m per month.

Figure 8
Bucharest prime office rents



Source: DTZ Research; *Forecast

Table 2
Major office projects completed in Bucharest, 2011

Project	Area (sq m)	Developer
Platinum Convention Center	41,000	Willbrook International
Crystal Tower	16,200	Plaza Development/Search Corporation
Novo Parc – G bldg.	13,000	ID Grup
Frumoasa Office Building	3,500	Primavera Development

Source: DTZ Research

Table 3
Major pipeline office projects in Bucharest, 2012

Project	Area (sq m)	Developer
North Point	27,300	Floris Construct
Art BC 6	15,200	Art Grup
UniCredit Tirioc HQ	15,000	Bog'Art
West Gate – H5 bldg.	10,500	ID Grup
AFI Offices – phase I	10,400	AFI Europe

Source: DTZ Research

Table 4
Selection of major occupier deals from Q1 2012

Submarket	Building	Area (sq m)	Tenant	Transaction
Centre - North	Sky Tower	22,946	Raiffeisen Bank	Pre-lease
North	Upground	2,000	Mood Media	New lease
Centre - North	Polona 68 Office Building	1,300	Ariston	New lease
West	West Gate	1,250	Carestream	New lease
West	Anchor Plaza	1,220	Adobe	Expansion
Centre - North	City Gate	1,200	Chevron	New lease

Source: DTZ Research