



*Achieve  
Ambitions*

## City Report

Q3 2017

# Bucharest



The Bridge, Forte Partners



# Economy & Investment

5.8%



GDP Growth  
H1 2017 y-o-y

1.77%



Inflation  
September 2017 y-o-y

5.1%



Unemployment rate  
August 2017

€6,740



Purchasing Power 2016,  
Bucharest

8.4%



Retail Sales,  
First 8 months of 2017

8.9%



Industrial production,  
First 8 months of 2017

## Investment Market

For the first 9 months of 2017, the property investment volume for Romania is estimated at €610 million, a value almost 44% higher than the one registered in the same period of 2016 (€423 million). The number of transactions increased, with the average deal size standing at approximately €25.3 million.

Bucharest accounted for just over 25% of the total investment volume, less than in the same period of 2016, showing that liquidity in secondary cities has significantly improved. Market volumes were dominated by retail transactions (60%), while deals involving office buildings reached close to 25%, the remainder being represented by industrial and hotel assets. The largest transaction registered in first 9 months of 2017 was the acquisition of 50% of Iulius Group's retail and office portfolio (Iulius Mall Cluj-Napoca, Iulius Mall Iasi, Iulius Mall Timisoara and Iulius Mall Suceava and 3 office buildings) by South African group Atterbury. This is the first acquisition of the fund in Romania, buying shares in one of the largest retail owners in the country. The most notable office transaction was the acquisition of Coresi Business Park by Immochan from Ascenta Management for around €50 million. This marked the entrance to the office market for the investor/developer who had been previously focused on retail projects. In industrial, the largest deal was the acquisition of the Renault Warehouse Oarja by Globalworth, for approximately €42 million.

The macro-economic forecast for Romania is positive. The country was the EU's top performer in the first half of 2017 (with GDP growth estimated at 5.8%) and is expected to hold this position throughout the rest of the year, with a GDP increase forecasted at 5.3%. Liquidity improved over the past year as there is still significant yield spread between Romania and Poland or the Czech Republic. However, the availability of quality product is still relatively low, but improving. On the financing side, terms and conditions have improved significantly over the past year getting closer to what can be expected in the core CEE markets. Consequently, sentiment is strong, with total volumes for 2017 estimated to reach close to €1 billion.

Prime office yields are at 7.5%, prime retail yields are at 7.25%, while prime industrial yields are at 8.5%. Yields for office and retail are at the same level as 12 months ago, while industrial yields have compressed by 50 bps over the year. There is soft downward pressure on yields and in 2017 so we may witness further compression in case prime assets will transact.

## Prime Yields

7.25%



Shopping Centre

7.5%



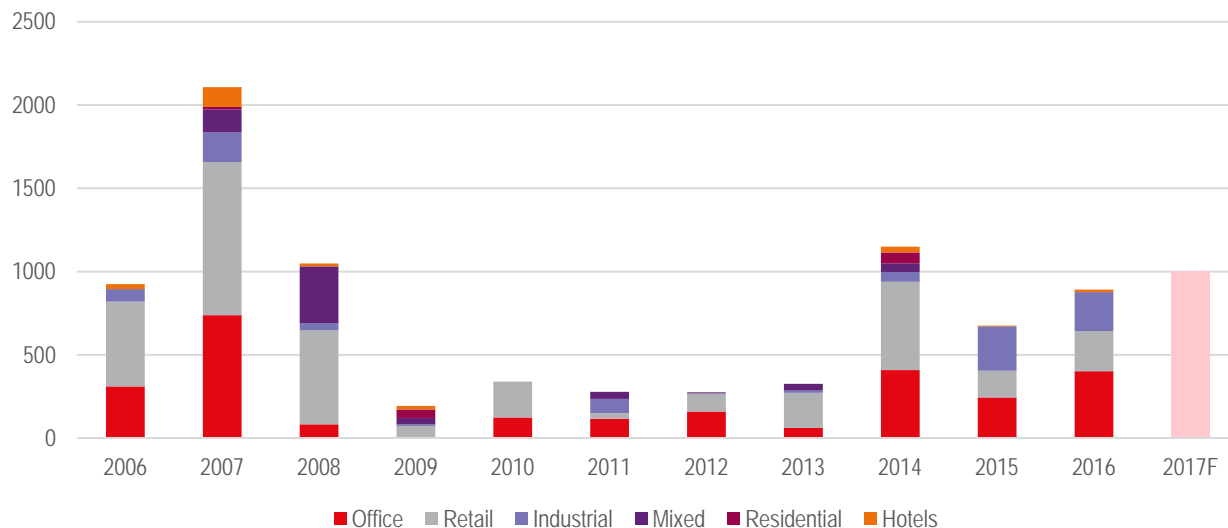
Office

8.5%



Industrial

## Romania Investment Volumes

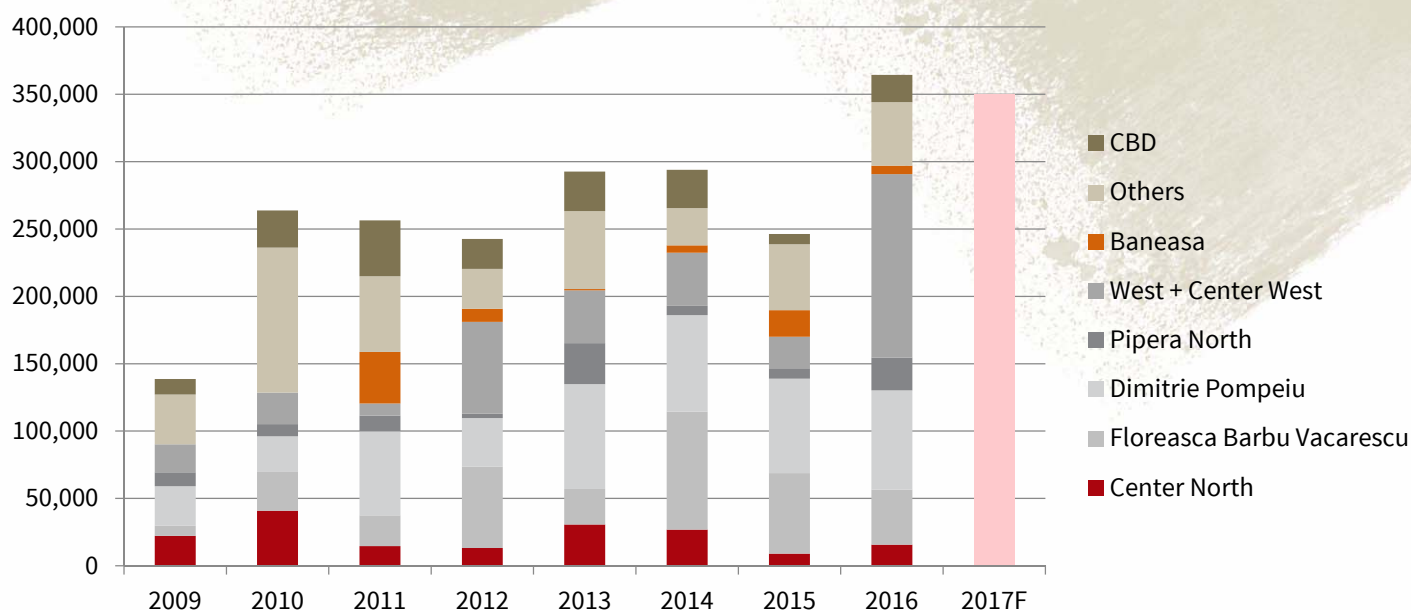


## Key Investment Transactions in Q3 2017

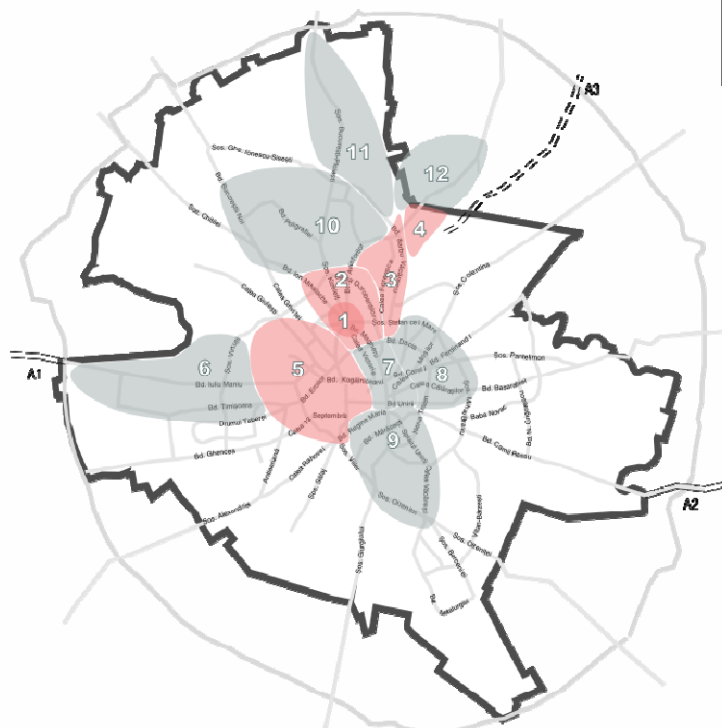
Sector	Property	Market	Est. Price (€ million)	Seller	Buyer
Office	Coresi Business Park	Brasov	Est. 50	Ascenta Management	Immochan
Office	Green Court C	Bucharest	38	Skanska	Globalworth
Industrial	2 industrial properties	Ineu / Salonta	18	IPEC Group	CTP
Retail	OBI Pallady	Bucharest	10	Private local	Kika

# Office Market

## Evolution of Gross Take-up, 2009-2017F



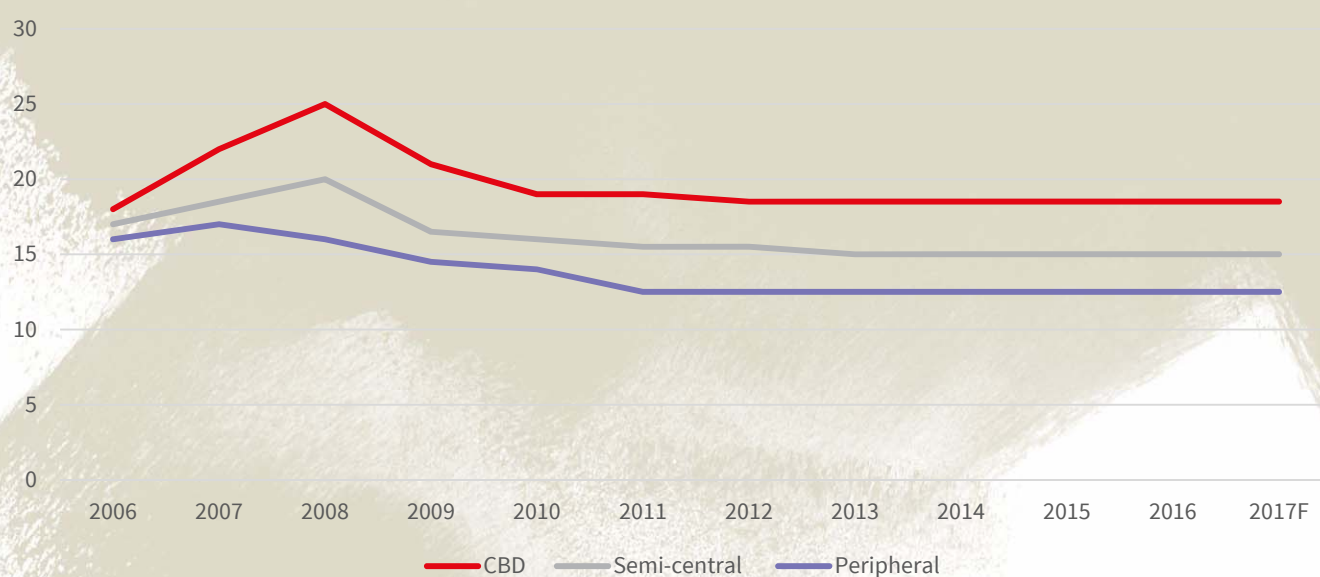
## Bucharest Office Sub-markets



Sub-market	Stock (m²)	Average rent (Euro/m²/mth)	Vacancy rate (%)
1. CBD	242,122	16 – 18.5	8.1%
2. Center – North	142,641	15 – 17	4.8%
3. Floreasca – BV	411,825	15 – 16	7.2%
4. Dimitrie Pompeiu	358,567	12 – 14	6.4%
5. Center – West	252,370	14 – 16	10%
6. West	146,900	10 – 13	8.6%
7. Center	160,466	15 – 17	2.4%
8. East	84,500	12 – 14	8%
9. South	95,303	10 – 12	35.8%
10. North	321,962	15 – 17	4.6%
11. Baneasa	96,500	11 – 13	22.2%
12. Pipera North	191,600	10 – 12	27.2%
<b>TOTAL</b>	<b>2,501,756</b>		<b>9.5%</b>

\*The updated stock include buildings Class A&B, built after 2000

## Evolution of Headline Rents by Location



## Completions and Pipeline 2017

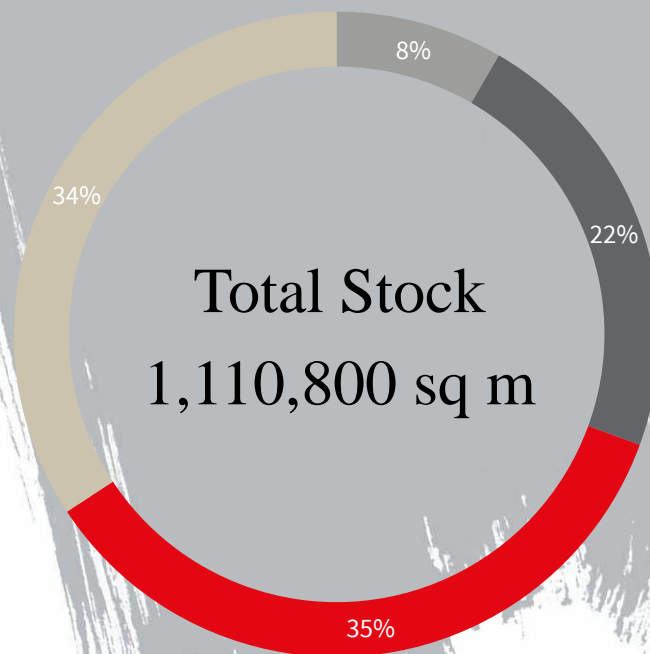
Property	Submarket	Size (sq m)	Quarter
Aviatorilor 8	CBD	7,200	Q1
Dorobanti 33A	Center North	2,800	Q1
Timpuri Noi Square	South	33,000	Q2
The Bridge ph. 1	Center West	36,200	Q3
Sema Park 4	Center West	28,000	Q3
BASP Victoria Office	North	7,000	Q3
Globalworth Campus ph. 1	Dimitrie Pompeiu	29,000	Q4

## Key Leasing Transactions in Q3 2017

Property	Occupier	Contract type	Deal size (sq m)
Globalworth Campus	Confidential	Pre-lease	13,555
Orhideea Towers	Bitdefender	Pre-lease	9,250
Globalworth Campus	Stefanini	new demand	6,750
The Landmark	UiPath	New demand	4,600
Unirii View	NTT Data Romania	New demand	4,000
Premium Plaza	Webhelp	Renewal	3,500
Sema Park	Temenos	Renewal	2,500
The Landmark	Systematics	New demand	2,119
Timpuri Noi Square	Go Pro	New demand	1,700

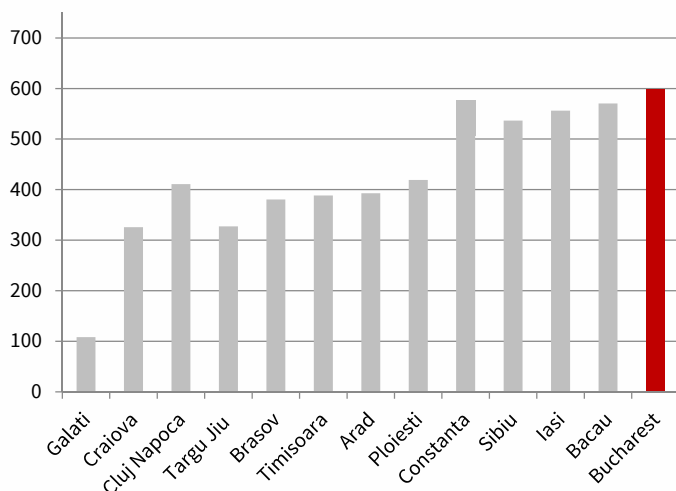
# Retail Market

## Retail Projects in Bucharest by Size



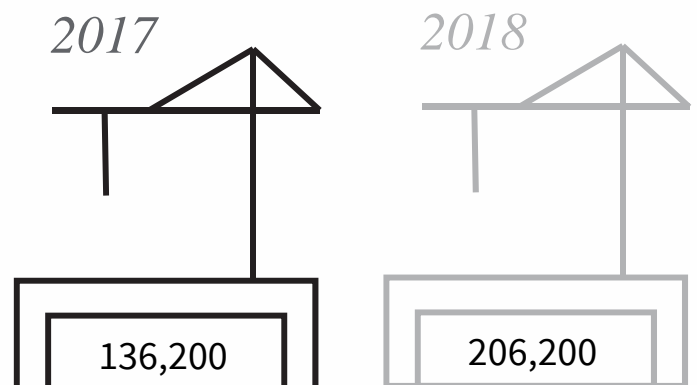
■ Small (5,000 - 19,999 sq m) ■ Medium (20,000 - 39,999 sq m) ■ Large (40,000 - 59,999 sq m) ■ Very Large (>60,000 sq m)

## Shopping Centre Density per 1,000 Inhabitants\*



## Under Construction – Romania (sq m)

to be completed in 2017-2018\*

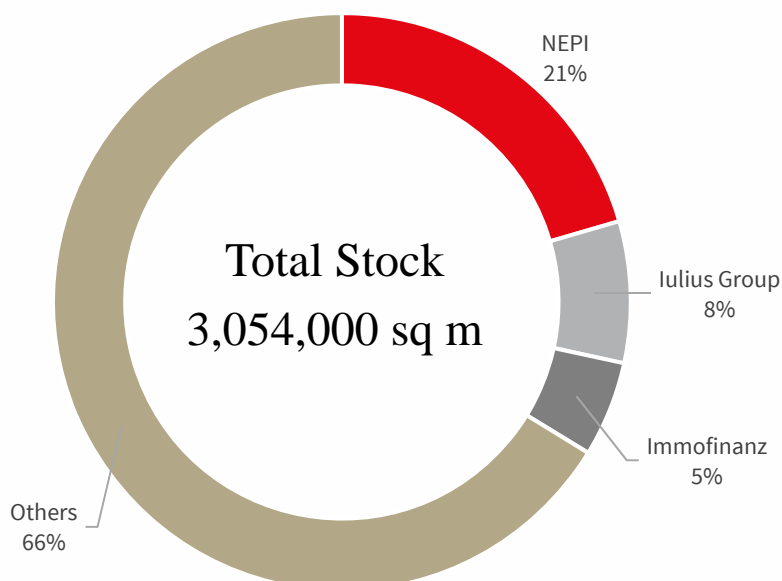


\*Including all retail formats

## Schemes Announced for 2017 – 2018 in Romania (>10,000 sq m)

Property	Format	Developer	Size (sq m)
Festival Shopping Center	Shopping Center	Primavera Development	42,000
Promenada Mall	Extension	NEPI	34,000
ERA Park Iasi	Extension	Argo	30,000
Shopping City Satu Mare	Shopping Center	NEPI	28,700
Ramnicu Valcea Mall	Shopping Center	NEPI	28,000
Shopping City Galati	Extension	NEPI	21,000
Sun Plaza	Extension	S Immo	11,000
Sibiu Shopping City	Extension	NEPI	11,000

## Largest Owners of Retail Space in Romania



## Prime rents (€/sq m/month)

65 - 75



Shopping centres

9 – 9.5



Retail Parks

55 - 60



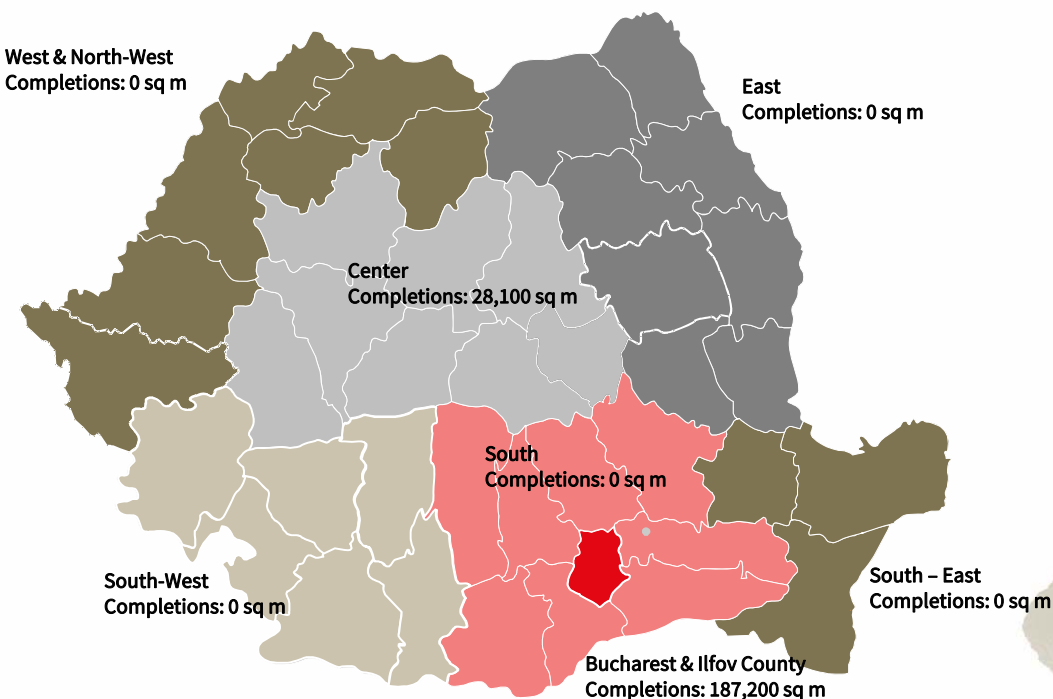
High street

\* Prime rents relate to a well located 100 sq m unit shop from the fashion and accessories category in leading retail assets in capital city (for retail parks – 2,000 sq m units).

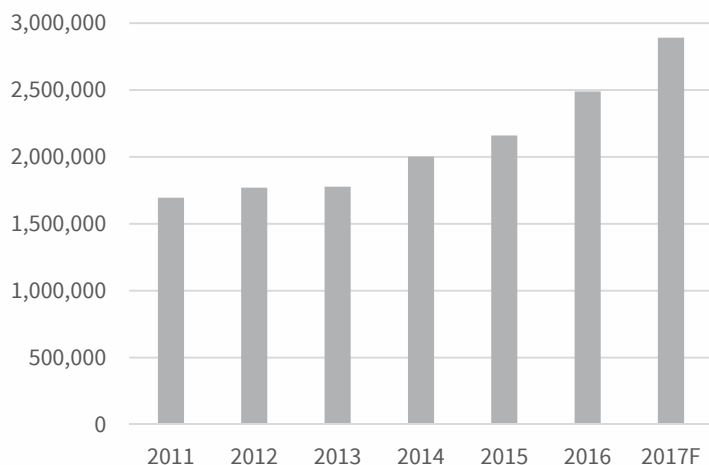


# Industrial Market

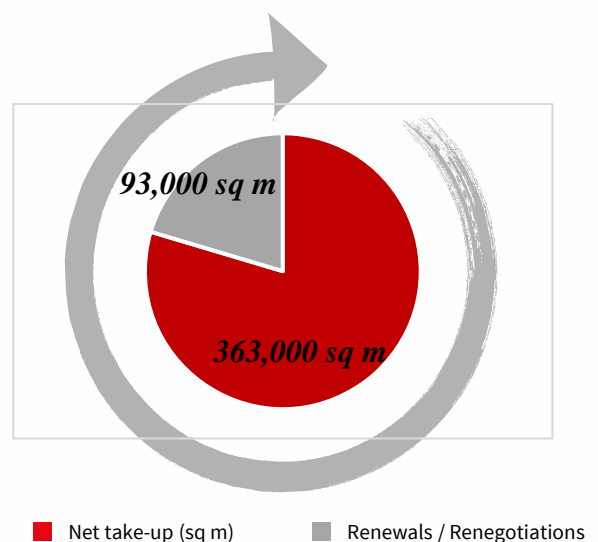
## Deliveries in Q1 – Q3 2017 in Romania:



## Total Stock Evolution - Romania (sq m)



## Demand in Q1 – Q3 2017





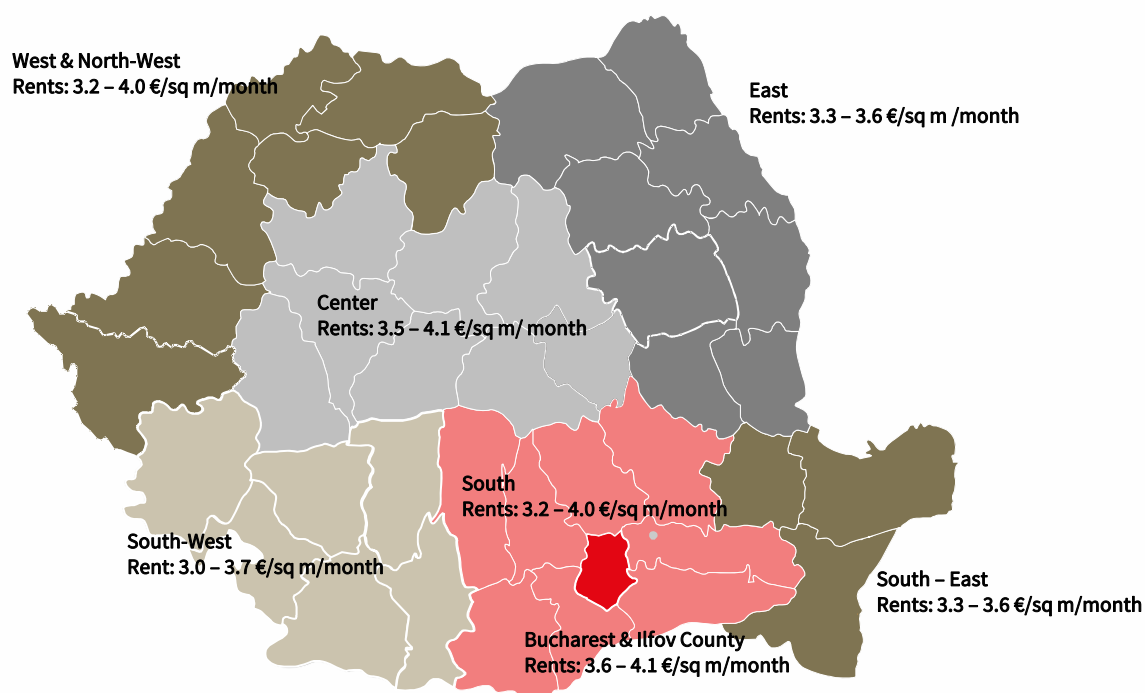
## Key Transactions in Q3 2017

Tenant	Property	Size (sq m)	Deal Type	Sector
CEVA Logistics	WDP	29,000	Expansion	Logistics
Inteva	WDP	15,511	Pre-lease	Automotive
Aquila	SNS Park	10,000	Pre-lease	Logistics
Te conectivity	WDP	8,282	Pre-lease	Automotive
Romcarton	Bucharest South	7,000	Expansion	Distribution

## Pipeline 2017 (Selection)

Project	Location	Size (sq m)	Type
P3 Logistics Park	Bucharest	55,000	Extension
CTPark Timisoara	Timisoara	20,000	New Project
WDP Roman	Roman	32,000	New Project
TAP	Timisoara	13,500	Extension

## Rents by Region



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