

Regional Cities Office Snapshot H2 2022

Romania

General Outlook

The Regional Cities Office Snapshot provides a general market overview on the regional office hubs in Romania and the opportunities they can offer to office tenants, real estate developers and investors. Regional markets can provide attractive alternatives, and also room for expansion and further growth in Romania.

Investment

In 2022 total property investment volume in Romania reached **€1.25 bln.**, 39% above 2021. This is the highest volume recorded since 2007.

In 2022 offices accounted for approximately 63% of total investment volumes in Romania, followed by retail, with 24%, and industrial, with 8.4%. The rest was represented by hotels.

Bucharest accounted for almost 95% of the total investment volumes in offices in Romania, considering deals of at least €5 million.

By far the largest office investment deal in 2022 was the sale of CA Immo's office portfolio in Bucharest, consisting of 7 buildings with a total GLA of 165,000 m², to local investor Paval Holding, for a reported €377 million.

Prime office yields increased during H2 2022, from 6.75% to 7.00%.

Office investments are most likely to continue to dominate the market in 2023.

Office leasing

In 2022 the office letting market in Romania has shown a decrease of almost 13% of gross take-up compared to 2021. Demand in Bucharest stagnated compared to the previous year, while the 4 major regional cities registered a combined decrease of 35% compared to 2021, reaching approximately **100,000 m²**.

This decrease comes in the context of very few office deliveries in regional cities in 2022, totaling 44,000 m².

Timisoara had by far the largest share in office leasing transactions in regional cities during 2022, with 51,400 m², more than half of total office transactions in major regional cities. The second largest market in terms of office leasing activity was Iasi, with 26,700 m² (27%).

Another 15,200 m² were leased in Cluj-Napoca and approximately 5,900 m² in Brasov.

Demand for office space in regional cities in 2022 was generated by companies in the computers & hi-tech sector, professional services and manufacturing areas.

Following the same trend as in Bucharest, rents in regional cities increased during H2 2022, in order to absorb the impact of rising inflation. Prime office rents increased by €0.5 per m² in Brasov, by €1.0 in Cluj-Napoca and €1.5 in Timisoara and Iasi.

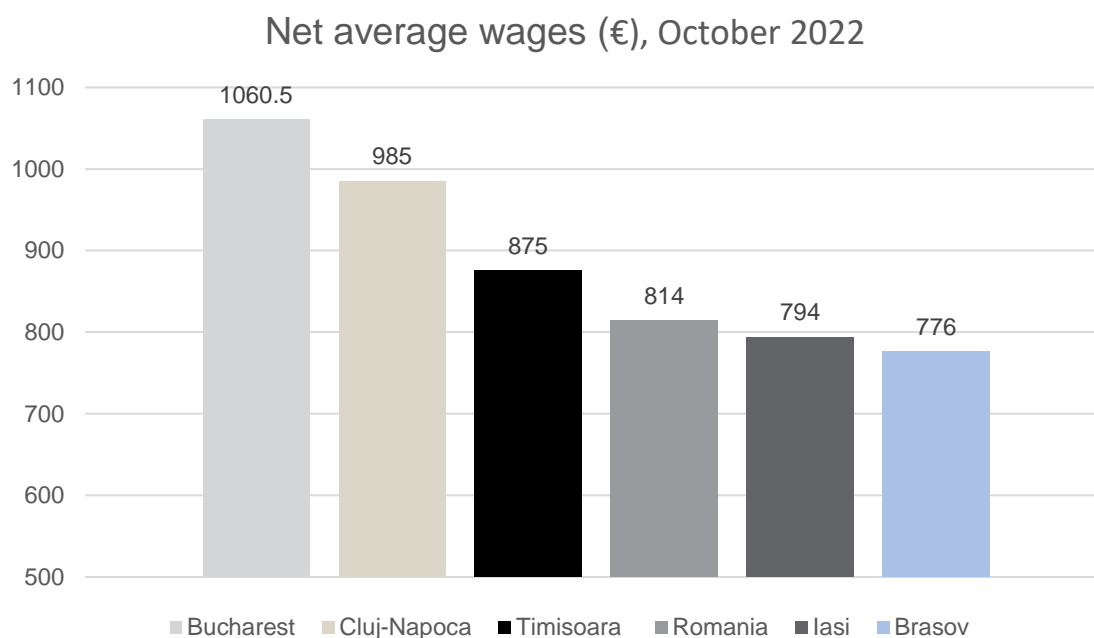
Macroeconomics



Romania

Net average wages

Average net wages in regional cities are considerably lower compared to Bucharest. Brasov is the most price-competitive, with €776 per month in October, slightly below the national average of €814, while Cluj-Napoca is the closest to the average net wage in Bucharest, with €985.

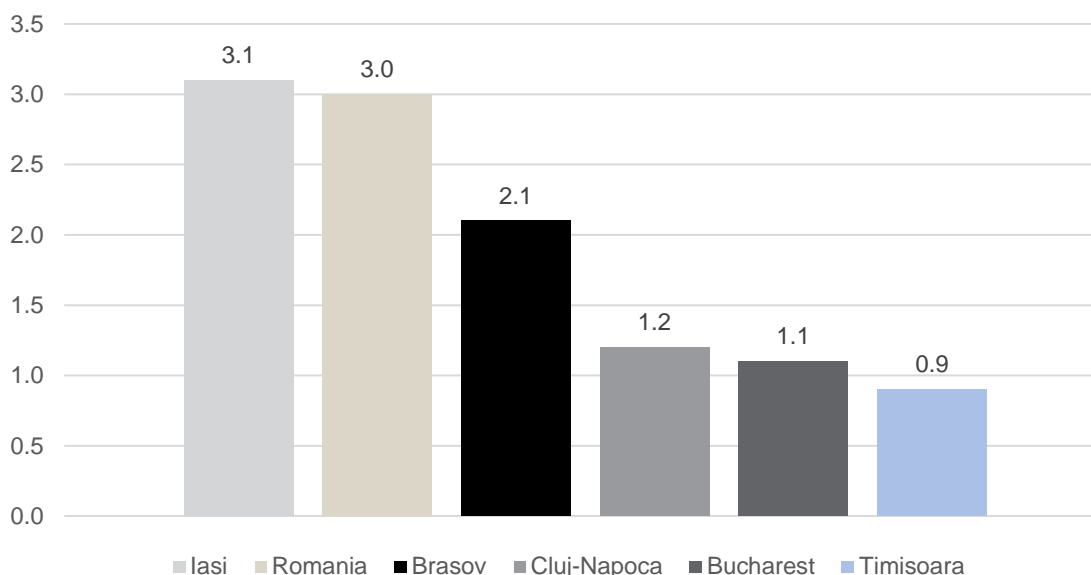


Source: National Institute of Statistics

Average unemployment rate

The employment market is strong in the western cities, with low job vacancy rates, far below the national average and comparable or even lower than in Bucharest, if we take for example Timisoara.

Registered unemployment rate (%), October 2022



Source: National Institute of Statistics

Major occupiers

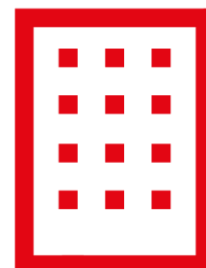
Cluj-Napoca	Timisoara	Iasi	Brasov
Cluj-Napoca is a strong IT&C hub in Romania and also concentrates many service providers.	Timisoara is renowned for the automotive industry and for its SSC and IT sectors.	Iasi attracted a large number of BPO and SSC operators in recent years, but also IT companies.	Brasov hosts a wide range of high-tech providers and also pharma and IT&C companies.
Average transaction size in the past 5 years: 1,100 m ²	Average transaction size in the past 5 years: 1,100 m ²	Average transaction size in the past 5 years: 2,300 m ²	Average transaction size in the past 5 years: 1,500 m ²

Source: JLL Research

Cluj-Napoca	Timisoara	Iasi	Brasov
MHP Porsche	Wipro	Amazon	Elektrobit
Accenture	Atos	Cognizant	NTT Data
RWS	Visteon	Preh	Accenture
Cognizant	Access Group	Expleo	Sykes
Steelcase	HUF Romania	HCL	IBM
Bombardier	SAP	Basware	Cerner
Vertiv	Amazon	Bitdefender	Ipsos
Bitdefender	NTT Data	GoDaddy	Xperi
Codespring	ZF R&D Tech Center	E.ON	Jungheinrich
Evalueserve	Canon	Infineon	Hiperdia

Source: JLL Research

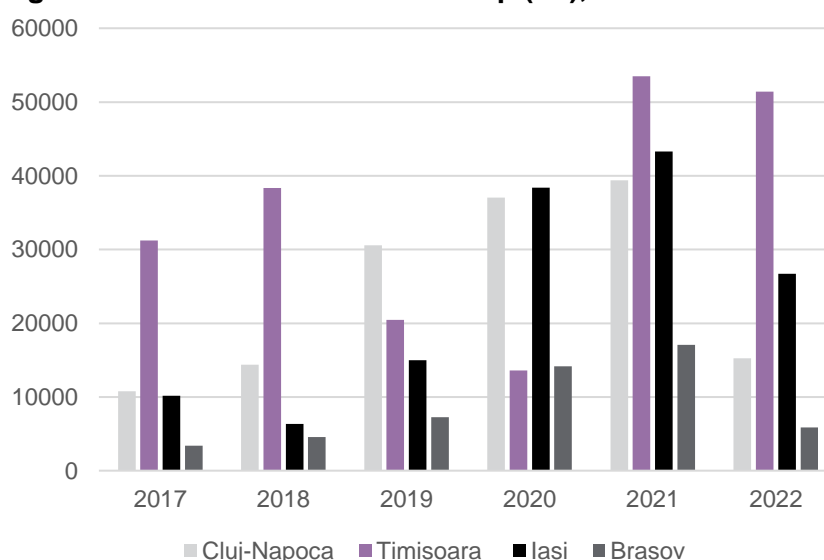
Office Demand



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Timisoara had by far the largest share in office transactions during 2022, same as in 2021.

Figure 1: Evolution of Gross Take-up (m²), 2017 – 2022*



, *Includes deals involving agents and direct deals reported by building owners

Cluj-Napoca

Gross take-up: **15,200 m²** (2022)

Past 5 years annual average: **27,300 m²**

Vacancy rate: **6.1%**

Timisoara

Gross take-up: **51,400 m²** (2022)

Past 5 years annual average: **35,500 m²**

Vacancy rate: **14.8%**

Iasi

Gross take-up: **26,700 m²** (2022)

Past 5 years annual average: **25,900 m²**

Vacancy rate: **5.8%**

Brasov

Gross take-up: **5,900 m²** (2022)

Past 5 years annual average: **9,800 m²**

Vacancy rate: **13.4%**

Market Rents

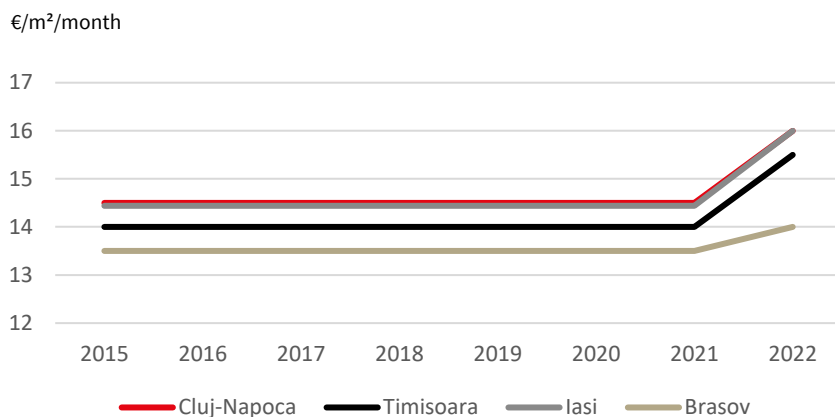
High inflation rises office rents

A Class Rents €/m²/month

Cluj-Napoca Timisoara
€14.5-16 €14-15.5

Iasi Brasov
€14.5-16 €12.5-14

Figure 2: Evolution of Office rents, 2015 – 2022



Source: JLL Research

Leasing activity in H2 was generated mainly by the Computers & Hi-Tech Sector and also by professional services

Key Leasing Transactions in H2 2022

Cluj-Napoca

Tenant	Property	Size (m ²)
Confidential	Record Park	3,500
Confidential	Via Office	2,200
Globant	Cluj Business Campus	1,600

Timisoara

Tenant	Property	Size (m ²)
ZF R&D Tech Center	UBC 3	2,800
Morningstar	AFI Park Timisoara	1,750
Flextronics	VOX Technology Park	1,500

Iasi

Tenant	Property	Size (m ²)
Preh	Palas Campus	4,500
Expleo	Palas Campus	3,000
Bitdefender	UBC 5	2,000

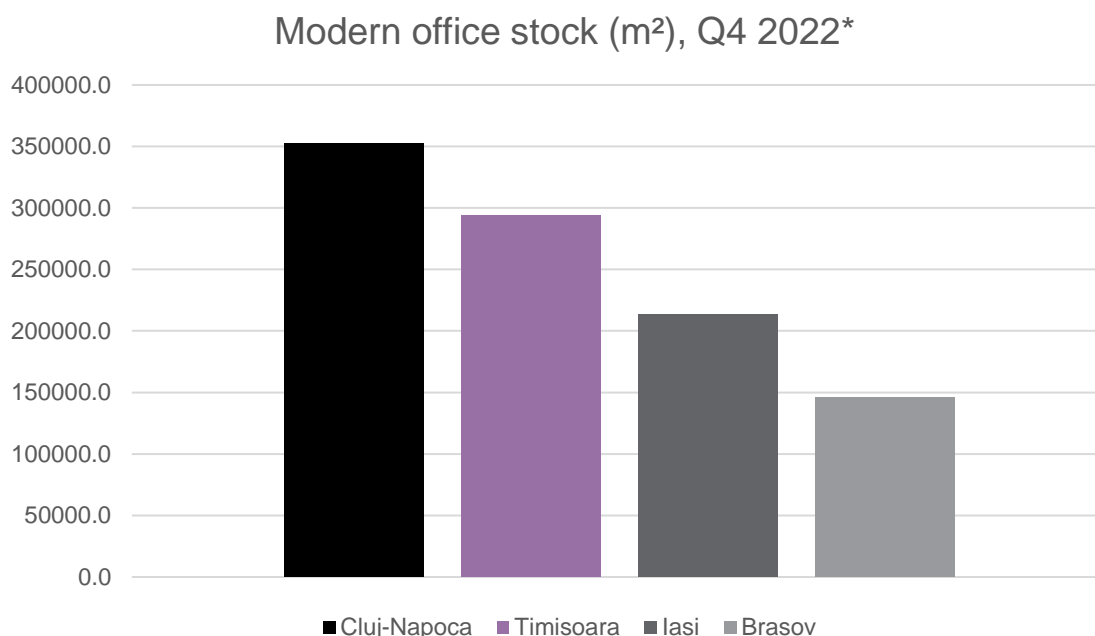
Brasov

Tenant	Property	Size (m ²)
Elektrobit	Allianz Office Building	3,000
Confidential	AFI Park Brasov	850
Jungheinrich	Kronsoft Center	550

Source: JLL Research

Stock & Future Supply

Over one million m² of modern office spaces are located in the top 4 regional cities



Source: JLL Research

*Includes A and B class properties to rent, with an area of at least 2,000 m² GLA, delivered starting with the year 2000. The regional office stock was revised during Q4 2022

Consistent pipeline

Pipeline Cluj-Napoca 2023-2024 (selection)

Project	GLA (m ²)	Developer
Liberty Technology Park phase 3	7,000	White Star Real Estate

Pipeline Timisoara 2023-2024 (selection)

Project	GLA (m ²)	Developer
Vox Technology Park phase 2	8,000	Werk Property Group

Pipeline Iasi 2023-2024 (selection)

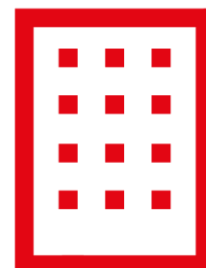
Project	GLA (m ²)	Developer
Palas Campus	60,000	Iulius Group
Silk District, ph. 1	20,000	Prime Kapital & MAS REI

Pipeline Brasov 2023-2024 (selection)

Project	GLA (m ²)	Developer
Coresi Business Campus phase 4	25,000	Ceetrus

Source: JLL Research

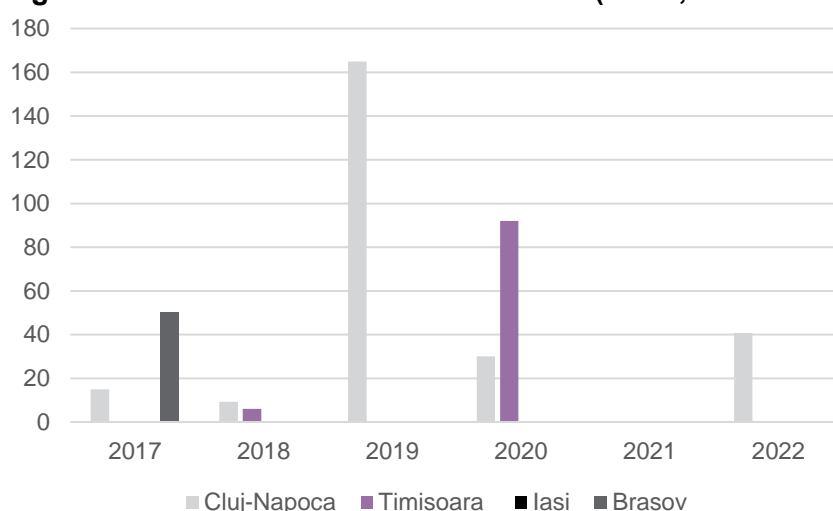
Investment Market



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Cluj-Napoca
attracted the only
two office
transactions
outside of
Bucharest in 2022

Figure 3: Total office Investment Volumes (€ mil., deals ≥ €5 mil.)



Cluj-Napoca

Investment volume: €260.1 mil. (2017-2022)
No. of deals: 7
5 single and 2 portfolio deals
4 deals > €30 mil.
Average size: €37.2 mil.

Timisoara

Investment volume: €98.4 mil. (2017-2022)
No. of deals: 2
1 single and 1 portfolio deal
1 deal > €90 mil.
Average size: €49.2 mil.

Iasi

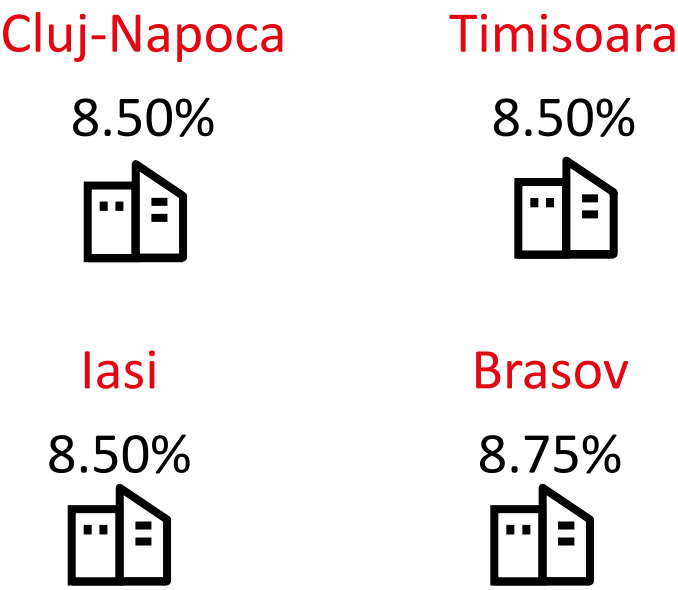
Investment volume: €0 mil. (2017-2022)
No. of deals: 0
0 deals
Average size: €0 mil.

Brasov

Investment volume: €54 mil. (2017-2022)
No. of deals: 2
2 single deals
Average size: €27 mil.

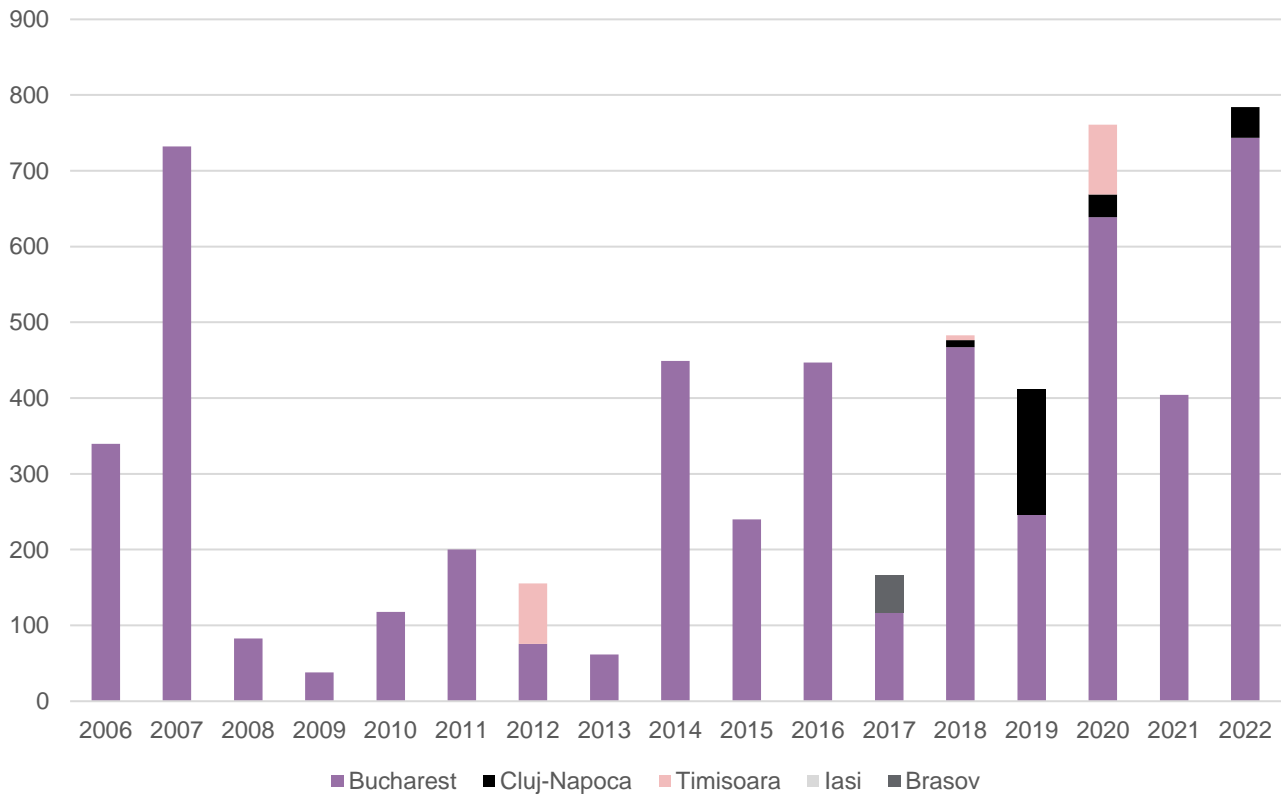
Prime Office Yields

Pressure on *Prime Office Yields in regional cities



*Prime Yield represents the best yield estimated to be achievable for a notional office property of the highest quality and specification in the best location in a market.

Figure 4: Romania Office Investments Volumes (€ million)



Source: JLL Research

Overview

Where do regional cities stand when compared to Bucharest

Macroeconomics

City	Bucharest	Cluj-Napoca	Timisoara	Iasi	Brasov
*Legally resident population (January 2022) at municipality level	2,161,621	328,331	315,043	392,813	286,393
*Legally resident population (January 2022) at county level	2,161,621	740,020	760,259	980,865	638,407
GDP in € bn. at county level (2022)	70.1	14.7	13.1	9.6	9.9
GDP per capita in € at county level (2022)	38,350	20,610	18,523	12,027	17,874
Employees at county level (October 2022)	1,058,326	275,869	262,856	189,723	197,418
Registered unemployment rate in % at county level (October 2022)	1.1	1.2	0.9	3.1	2.1
Net average wages in € at county level (October 2022)	1,060.5	985	875	794	776

* Legally Resident Population represents the number of persons with Romanian citizenship and permanent residence in Romania, delimited by territorial administrative criteria.

Sources: JLL Research, National Institute of Statistics, National Commission for Strategy and Prognosis

Office Market

City	Bucharest	Cluj-Napoca	Timisoara	Iasi	Brasov
**Office Stock in m ² (Q4 2022)	3,322,100	352,700	293,700	213,200	145,700
Gross take-up in m ² (Q4 2022)	285,100	15,200	51,400	26,700	5,900
Estimated Vacancy in % (Q4 2022)	12.5	6.1	14.8	5.8	13.4
A class rents in €/m ² /mth. (Q4 2022)	*14.5-16.5	14.5-16	14-15.5	14.5-16	12.5-14
Investment volumes in € mil. (2017-Q4 2022)	2,617	260.1	98.4	0	54.0
Prime yields in % (Q4 2022)	7	8.5	8.5	8.5	8.75

*The rent mentioned for Bucharest is for the main office hubs, as these areas are considered comparable to prime assets in regional cities

**The office stock in regional cities was revised during Q4 2022

Source: JLL Research



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We have been providing services for transactions and investments for property owners, developers, tenants and investors.

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