



Press Release

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Bucharest Real Estate Market, H1 2009

BNP Paribas Real Estate Romania issued the Bucharest market report for the first half of 2009.

The latest BNP Paribas Real Estate Romania market report aims to provide realistic and objective information about the current market context and the trends on the following segments: office, residential, retail, industrial, land and investment.

Below are some of the main ideas of the report:

Office

Currently the office segment is experiencing a tenant market situation with an evident imbalance between demand and supply.

In addition to the negative influences of the crisis, the local market is experiencing a settling process leading to a balance between the financial sustainability of demand influenced by the general economic conditions, on one hand, and the achieved rental level, on the other hand.

In H1 2009 the average asking rental level for class A offices downtown located varied between 18-20 Euro/sq m/month. For class B properties located in attractive areas rents range between 12-16 Euro/sq m /month, while for class B offices in secondary areas rents ranged between 10-12 Euro/sq m/month.

Retail

The worsening of the business environment for retailers was proved by the obvious decrease of the trade volume in the first semester of 2009 compared with the same period of 2008. The drop fluctuated between -1.5% in January and approximately -18% in June. Following the slow leasing activity induced by the economic difficulties, the beginning of 2009 brought a significant contraction of medium rents for on-street spaces, between 15-35%, depending on location.

Commercial centers rents had a downward trend, especially in retail projects with high vacancy. For areas over 100 sq m rents varied between 20-40 Euro/sq m/ month, while for spaces up to 100 sq m they ranged between 60-80 Euro/sq m/month.

Residential

In the first part of the year developers continued to offer and diversify the incentives for attracting potential clients, but the sales volume maintained the downward trend.

The very low rhythm of sales recorded in H1 2009 highly contrasts with the optimistic market from the last 2 years, proving a significant contraction of the effective demand.



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Currently the residential market is favorable to buyers, considering the price decreases and the developers' flexibility. Potential clients are almost exclusively interested in residential units in advanced construction stages.

Generally, the sale prices for apartments targeting the medium and upper-medium segment varied between 1,100 – 1,500 Euro/sq m, with a lower level for apartments located in peripheral areas. A higher price level of 1,500-1,700 Euro/sq m was requested for projects located in secondary areas, as they benefited from several competitive advantages compared with the ones quoting prices lower than 1,500 sq m.

Investment

Although limited in number and financial capabilities, opportunistic equity investors remained the most active market players during H1 2009, exclusively dominating the demand. The investors' interest was mainly focused on office properties perceived as lower risk compared to other segments, while retail projects were the second most required properties.

Prime office yields significantly increased during H1 2009 and reached almost 9.5% from a level of 8.50% recorded at the beginning of the year. Shopping centres and industrial properties experienced a similar evolution, the asking yields on these 2 segments increasing by 1.0-1.5 basis points, ranging between 10-11% and, respectively, between 11-12% at the end of H1 2009.

However, at the end of the first semester, yields witnessed a stabilizing tendency, doubled by a lower pace of rental decrease on all commercial segments of the real estate market.

[Please click here to open the full report](#)

About BNP Paribas Real Estate

BNP Paribas Real Estate is a leading international real estate provider, and the market leader in Europe, in terms of results, according to Property Week annual ranking: *Agency 2009*. It offers clients a comprehensive range of services that span the entire real estate lifecycle: property development, transaction, consulting, valuation, property management and investment management.

BNP Paribas Real Estate has local expertise on a global scale through its presence in 29 countries (14 subsidiaries and 15 alliances) across Europe, India, Middle East and United States with 3,500 employees in 129 offices. BNP Paribas Real Estate is a subsidiary of BNP Paribas, one of the world's six 'safest' banks in 2009 according to Standard & Poor's.

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