

Romania Real Estate Investment Volumes Q3 2022



27%
Y-on-Y Change Q3

60%
Y-on-Y Change TTM

Nr. of Transactions
10
39 TTM

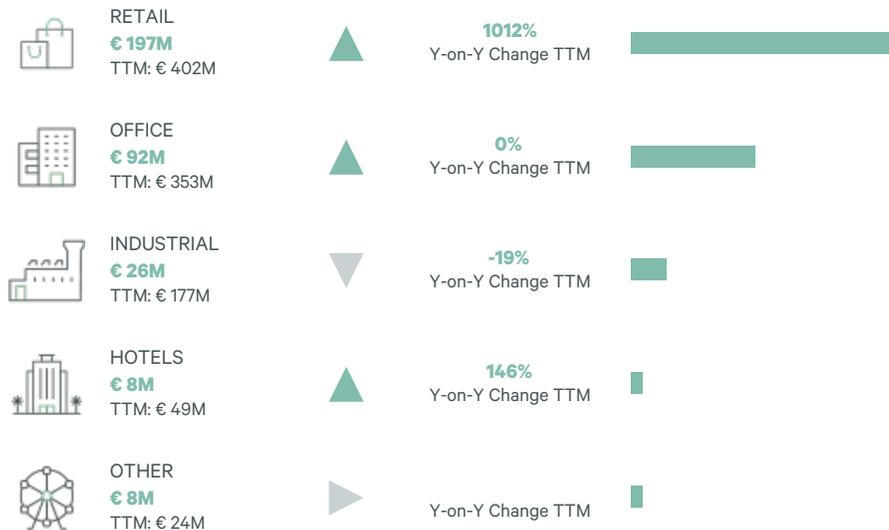
Y-on-Y: Year on Year
TTM: Trailing Twelve Months

Main takeaway at Q3: Prime yields decompression to be recorded by years' end for office and retail properties

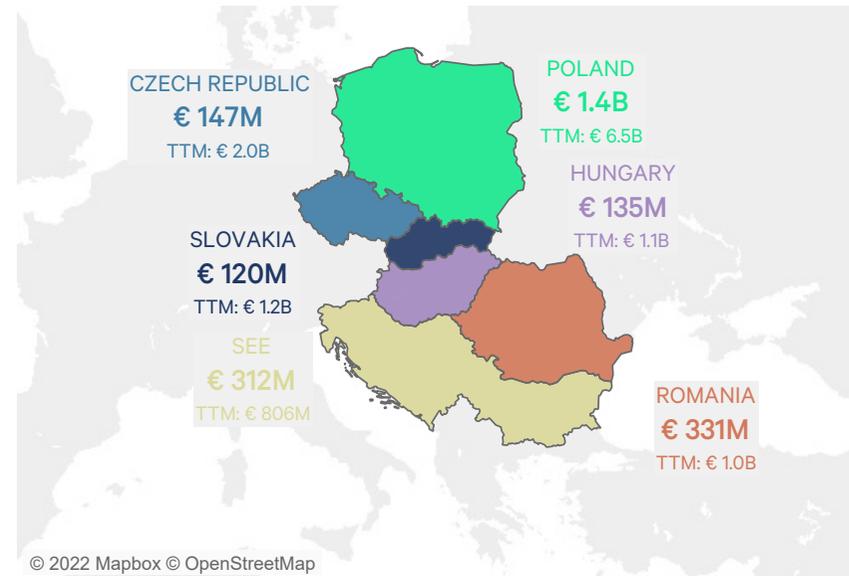
During the third quarter of 2022, circa 331.0 mln. EUR were transacted on Romania's investment market, with 27% more compared with the same period from 2021. Not only the quarter's, but the year's largest deal represented 58% of the quarter's investment volume and comprises six retail parks sold by Prime Kapital to MAS Real Estate. The average ticket size was around 33.1 mln. EUR, 15% below the value registered for the transactions closed in Q3 2021.

Looking at the ten transactions closed during Q3, half of them were concluded in Bucharest. Even so, the capital city managed to attract only 30% of investment volume, while the remaining 70% was diverted by investors towards properties mainly located in tertiary cities. Compared with the previous year's quarter, Bucharest's investment volume dropped more than half, while regional cities recorded a tripled volume. The Romanian investment market benefited mainly from capital brought by the South Africans, accounting for more than half of the quarter's volume. Nonetheless, Romanian investors contributed with domestic capital for a share of 15% of the entire amount, closely followed by Maltese investors with a share of 14%.

Investment Volumes by Sector (Romania)

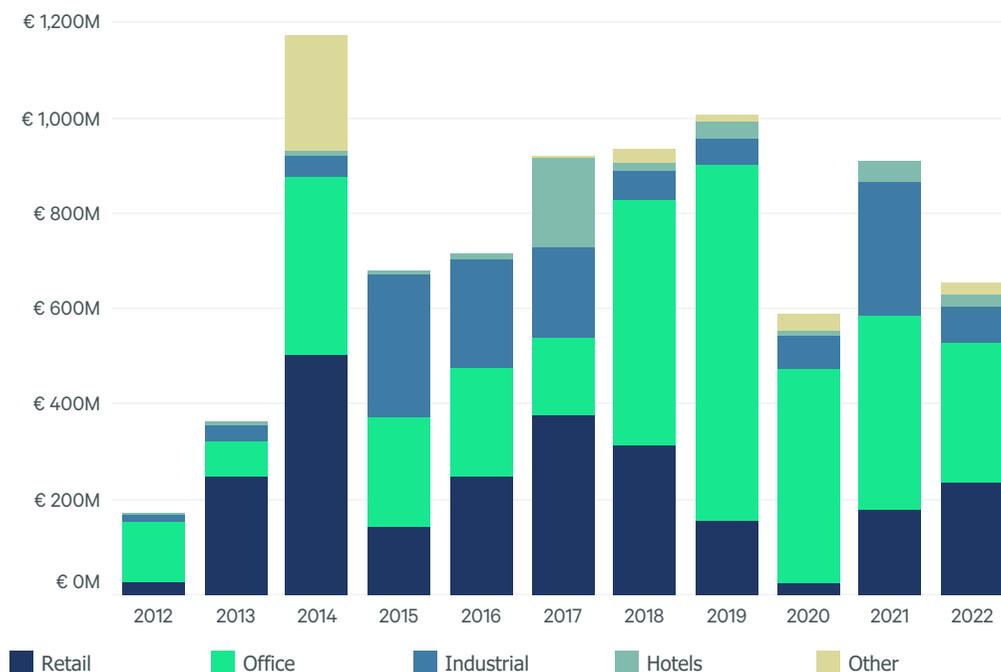


Investment Volumes in CEE Region



Investment Volumes Annual by Sector (Romania)

2022 annual numbers till 9/30/2022



Main takeaway at Q3: The 2022 annual investment volume forecasted to overpass the 1.0 bln. EUR

The year-to-date investment volume in Romania amounts 654.2 mln. EUR, 16% higher compared with the same period of the previous year but 12% lower compared to the same period from Q1-Q3 of the pre-pandemic year 2019. The properties located in Bucharest attracted 55% of YTD investment volume, while 45% of it was spent for properties located in regional cities. The average deal size amounts to 27.2 mln. EUR, with 26% higher compared with the average registered for the same period of the previous year.

The year-to-date sectorial split sets the office sector on the first place, with 45% of the YTD investment volume, followed by the retail sector with 36% of the total, and the industrial segment with 11%. In addition, the market witnessed the transaction of hotels and properties with mixed and alternative uses, which jointly claim 8% of the Q1-Q3 2022 investment volume.

With several major transactions found in the negotiation process at the end of Q3 but estimated to be signed by the end of the year, the annual investment volume is forecasted to overpass the 1.0 bln. EUR threshold, resulting in a total value comparable with record years such as 2019 and, looking further on, 2014. In Q3 2022, prime yields maintained the same level from the previous quarter respectively, retail at 7.00%, office at 6.75%, and industrial at 7.25%. Nevertheless, a decontracting pressure is felt on prime yields, which are expected to increase by year's end.

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Countries considered: CEE Region exists out of Czech Republic, Hungary, Poland, Romania, SEE (Bulgaria, Croatia, Montenegro, Serbia, Slovenia) and Slovakia.

