

ROMANIAN

FLEX

OFFICES

2022




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INTRODUCTION

POST-PANDEMIC EVOLUTION OF THE FLEXIBLE OFFICE MARKET

Heavily impacted by the COVID-19 pandemic, the office market has been going through a series of transformations which will likely mark the beginning of a new era which will redefine the way we work.

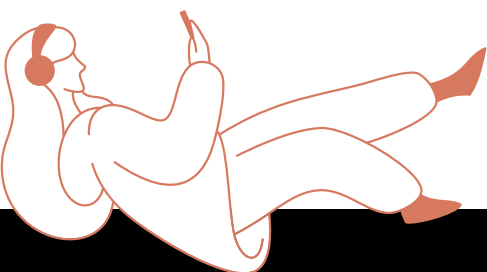
As a consequence, the flexible office segment went through a rough patch during the pandemic, but quickly recovered in 2022. Furthermore, new amenities and concepts were introduced on the Romanian market in 2022.

The pandemic-driven shift towards remote and hybrid work has had a positive effect on the Romanian flexible office segment throughout 2021 and 2022. Seen as more of a quirky trend than a convenient alternative to traditional office spaces before 2020, the flexible office became a useful tool and its occupiers diversified: industries other than IT started using coworking spaces and serviced offices; against the backdrop of the Russia-Ukraine conflict, some Ukrainian companies and professionals sought to temporarily relocate to Romania and flexible office spaces became the obvious choice. Occupancy rates have thus increased, even compared to the pre-pandemic period, with some of the established coworking and shared office spaces in Bucharest reaching an 85-90% occupancy rate in 2022.

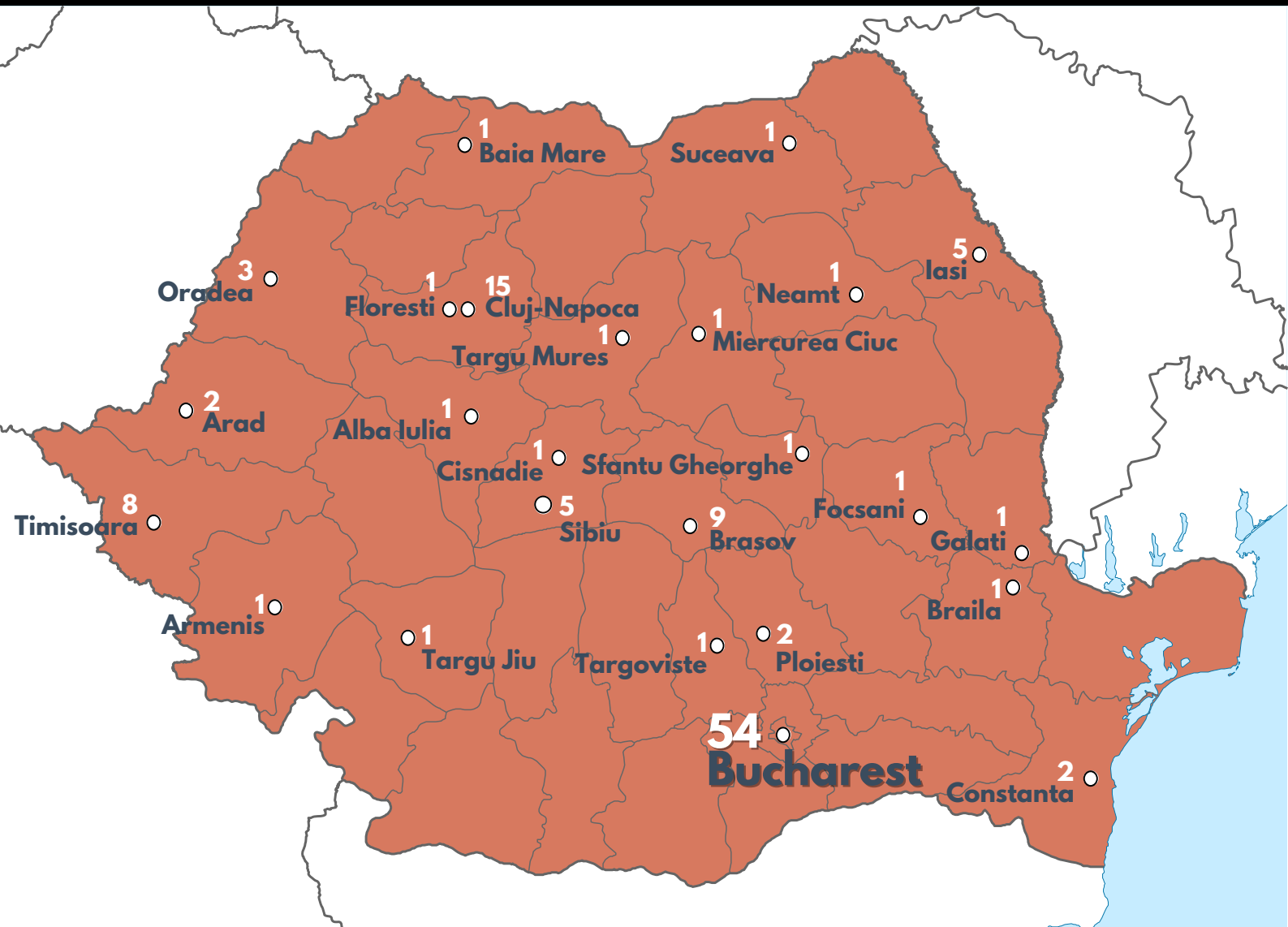
The increase in demand has also led to an expansion outside the capital city, with the largest flexible office spaces operator, IWG, opening its first regional office in Cluj-Napoca.

The reshaping of our attitude towards work has helped operators come up with innovative spaces:

- Spaces like WeWilder in rural Caras-Severin and Rubik Hub in Piatra Neamt replace the traditional office experience with coworking retreats in the heart of nature
- The newest flex operators provide not just office spaces, but also podcast and even film studios (e.g. Fix Makerspace Oradea, Cluj Innovation Park)
- NEPI Rockcastle opened a free coworking space in Promenada Sibiu. Additionally, in a collaboration with Nooka Space, three types of working booths will be placed in Promenada Malls in Bucharest, Timisoara and Sibiu
- Larger companies are exploring the benefits of flexible spaces: Luxoft has chosen to offer dedicated coworking offices to their employees working remotely in Iasi and Cluj-Napoca



ROMANIAN FLEX OFFICES



– Highlights

120

Number of flexible offices in Romania

92,239 sqm

of flexible offices in Romania

18,129 sqm

of flexible offices added in 2022 in Romania (including reopenings)



+24% yoy

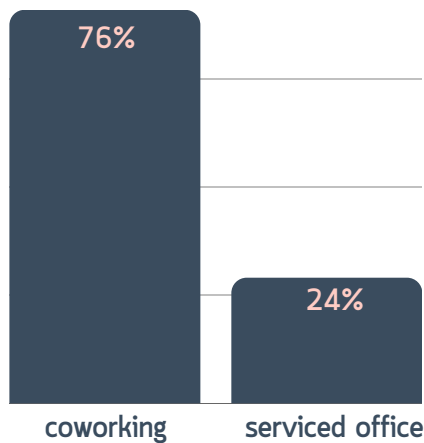
Increase in flexible office stock in Romania

OVERVIEW

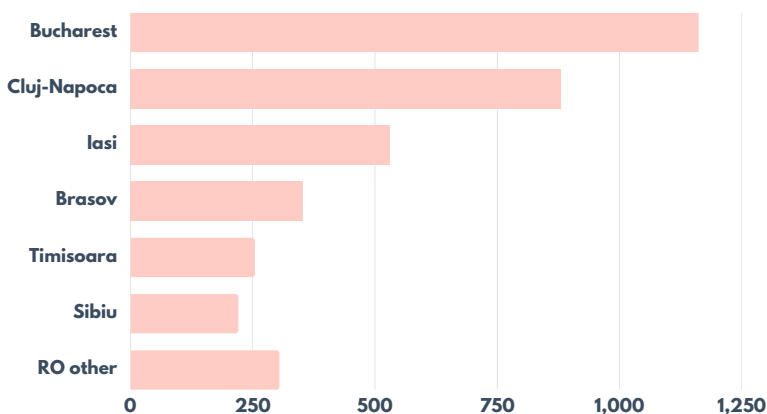
21 NEW FLEXIBLE SPACES & 3 REOPENINGS IN 2022

21 new flexible offices were opened in Romania in the past 12 months. Additionally, three coworking spaces in Bucharest, Brasov and Oradea which had closed in 2020 reopened in 2022. In total, 18,129 sqm were added to the flex office market in 2022.

SHARE OF FLEX SPACES BY TYPE



AVERAGE FLEX OFFICE SIZE, MAIN CITIES



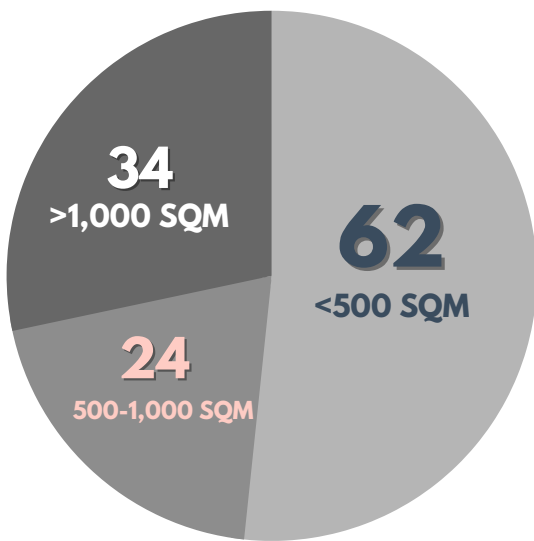
NEW FLEXIBLE SPACES BY CITY

BUCHAREST	8 (1 reopening)
SIBIU	3
BRASOV	2 (1 reopening)
CLUJ-NAPOCA	2
TIMISOARA	2
BAIA MARE	1
FLORESTI	1
GALATI	1
IASI	1
ORADEA	1 (reopening)
CISNADIE	1
FOCSANI	1



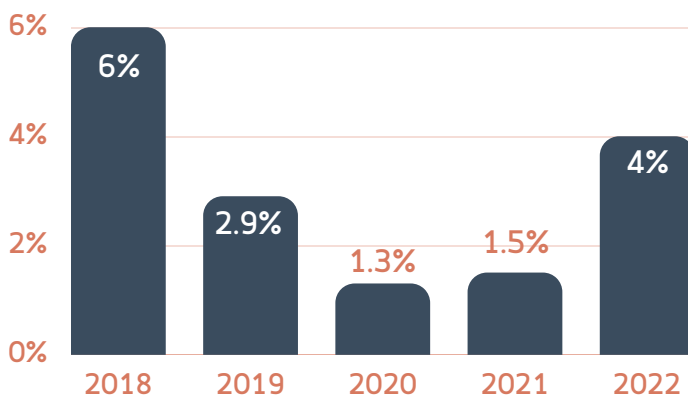
OVERVIEW

NUMBER OF FLEX OFFICES BY SIZE



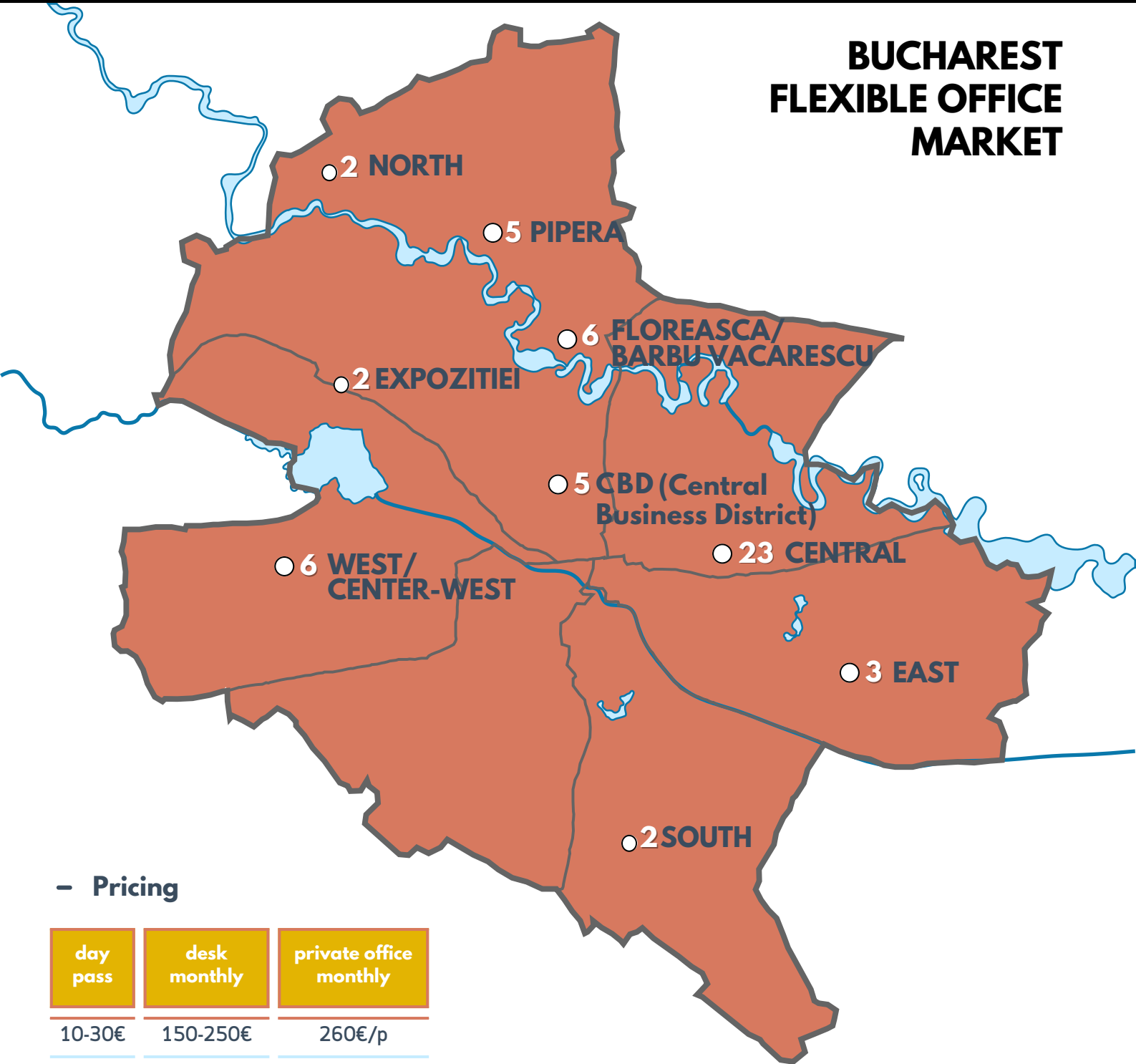
Small coworking spaces under 500 sqm are predominant on the Romanian flex office market.

CO-WORKING AS % OF TOTAL TAKE-UP, BUCHAREST, 2018-2022



Coworking spaces are the most common type of flexible office. However, by size, serviced offices are larger - an average of 1,708 sqm for a serviced office versus 470 sqm for a coworking space.

BUCHAREST FLEXIBLE OFFICE MARKET



- Pricing

day pass	desk monthly	private office monthly
10-30€	150-250€	260€/p

- Highlights

54

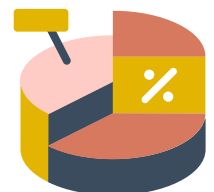
number of flexible offices in Bucharest

62,714 sqm

of flexible offices in Bucharest

8,500 sqm

flexible office take-up in 2022 (to be open in 2023)



2.8%

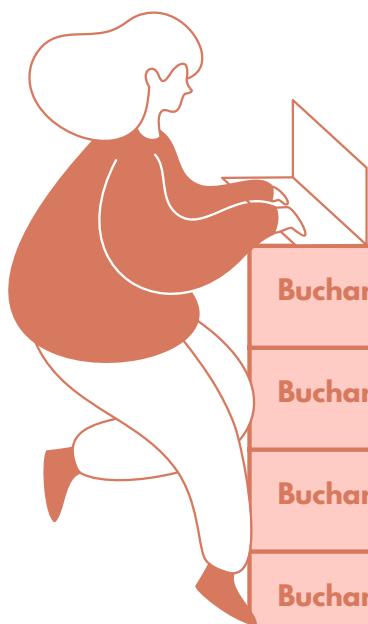
Flexible office share in total take-up, 2022

WHAT'S IN STORE FOR 2023

According to DeskMag's 2022 Coworking Trends Survey, globally, the number of profitable flexible spaces has dropped significantly, with mid-sized operators (2-4 locations) being the least affected by the negative changes on the market. Furthermore, Savills EME Investor Sentiment Survey, Autumn 2022 indicates that only 29% of investors would increase their exposure to flexible offices over the next 12 months.

The past two years have highlighted the advantages and disadvantages of the flexible office market: while it can be an extremely useful alternative to traditional work spaces, it is also highly sensitive to changes. The total flexible office stock remains under pre-pandemic levels, both nationwide and in Bucharest. Still, the segment seems to have a strong capacity for recovery, with some reopened spaces throughout 2022 and some due for reopening in 2023. Established operators have not only survived but also thrived in the current market conditions, newcomers have explored untapped areas of the country, in some locations owners offer their spaces for free in order to encourage collaboration and create communities.

For the following year, it is likely that the rise in inflation will affect prices in the flexible office market as they have so far been relatively stable compared to 2019 levels.



New flexible spaces in Bucharest, 2023

Bucharest	COS	4,000	Victoria Business Park
Bucharest	DBH	1,800	Equilibrium I
Bucharest	Regus	1,200	City Gate South
Bucharest	H Private	1,500	H Tudor Arghezi

**PLEASE CONTACT US FOR
FURTHER INFORMATION**



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Founded in 2005, Crosspoint Real Estate offers transactional advice and real estate consultancy, as well as financial solutions needed by international investors for all types of office, retail, industrial, land, hospitality, residential and mixed-use properties.

Crosspoint Real Estate is the international associate of Savills in Romania, one of the world's largest real estate advisory companies, established in 1855, with over GBP 2.15 billion in revenues in 2021.

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