

RETAIL EXPANSION & PARTNERSHIP GRAND OPENING OF A NEW KAUFLAND STORE IN MILITARI



This month is marked by a major accomplishment realized by Kaufland, one of the biggest retailers that has the largest hypermarket chain in Romania. In the retail sector, everything is in a continuous expansion, and Kaufland is keeping up by developing more and more projects with a remarkable speed in the market.

In 2005, Kaufland opened its first hypermarket in Bucharest Romania, and for the past 18 years we have seen an enormous growth. Now they have more than 165 stores throughout the country, and they plan to continue expanding alongside Romania.

Today, on 29th February we are happy to witness a significant moment – The launch of a new Kaufland hypermarket in Militari neighborhood, which will be the 4th one in District 6 of Bucharest. This new project applied high standards of construction, dedication, and huge involvement. It has a surface area of 5,000 sq.m. that will host the store itself, plus 11,000 sq.m. of parking lots.

Within this project, the team of Vitalis Consulting provided Project & Cost Management Services, as well as Site Inspection and Health & Safety Coordination. By managing the process of construction, we ensured that all aspects of this project are carefully organized and scheduled to achieve successful outcomes. With a high attention to details and years of experience, our team allocated in Militari showed how a professional collaboration with a client leads to a triumph

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We are thrilled to celebrate this milestone together with Kaufland Romania as we have worked together tirelessly to bring this exciting project to fruition. The opening of this new hypermarket marks another testament to our strong collaboration over the years. The partnership between Kaufland and Vitalis Consulting is a success proven by all the projects in which we worked together – Kaufland Voluntari, Kaufland Palazu Mare, Kaufland Caracal, Kaufland Urziceni and the most recent one, Kaufland Militari. The dedication, hard-work, and vision that we shared during all these projects make us truly grateful to form such a professional team. Together, we have set a new standard of excellence in the retail industry!

EUROPEAN, PUBLIC FUNDS PUSH UP ROMANIA'S CONSTRUCTION SECTOR BY 14.2% Y/Y IN 2023



The construction work volume in Romania increased by 14.2% y/y in 2023, the statistics office INS announced.

The average annual growth rate for the sector was 13.6% per annum over the past five years. The public investment projects, logistics and industrial segment, and, to a smaller extent, a possible recovery in the residential segment (after the interest rates decrease, most likely in 2025) will keep the growth rates in the same region for the coming couple of years.

The growth rate has been robust, in the double-digit area, in each quarter last year – but it particularly peaked at 17.7% y/y in Q4.

The segment of civil engineering works, which includes infrastructure projects, was the main growth driver for the entire construction sector in 2023. The volume of construction works in such projects surged by 33% y/y in 2023.

The segment will remain highly dynamic this year, minister of economy Radu Oprea commented – pointing to the record RON 120 billion (EUR 24 billion) budget earmarked for public investments in 2024, Mediafax reported. Furthermore, minister Oprea announced that a grant scheme dedicated to stimulating the local production of construction materials will be launched soon.

In contrast, the high interest rates and households' incomes being eroded by the high inflation dragged down by 6.6% y/y the volume of projects in the residential buildings segment.

Somewhere in between, reflecting the diverse dynamics of its sub-segments (retail, office, logistics, and industrial), the volume of construction works in the non-residential buildings segment advanced moderately by 2.2% y/y in 2023.

On a broader, medium-term perspective, each of the three segments of Romania's construction market advanced by 13%-14% per annum over the past five years.

There was a period when the residential segment thrived (2019-2021) on low interest rates, whereas the civil engineering segment particularly advanced in 2023, and also in 2019 and 2020. Perhaps the most volatile segment has been the heterogeneous segment of non-residential buildings: it plunged from +49% in 2019 to -11.3% in 2021.

DEALMAKING IN CEE HELD UP STRONGLY IN 2023, ROMANIA RANKS 3RD IN THE REGION



Against a backdrop of falling global M&A activity, dealmaking in Central and Eastern Europe (CEE) held up relatively well, according to a recent Mazars report.

The study, *Investing in CEE: Inbound M&A report 2023/2024*, offers an overview of M&A activity in the region in 2023 and looks ahead to the challenges and opportunities in the coming months.

Overall, the CEE region saw 1,097 transactions, amounting to a combined value of €37.3bn, according to the reported data and taking into account the criteria set out in the methodology.

Romania is increasingly catching the eye of investors, solidifying its position as the third most preferred destination in CEE

Despite facing significant challenges over the years, Romania's M&A market has consistently demonstrated its adaptability and resilience in successfully navigating the obstacles encountered.

Romania ranks among the top four M&A markets in the region in terms of deal volume, gaining more and more visibility to international investors as well as developing a strong local investor base.

In 2023, Romania registered an increase in reported deal volume (110 transactions), securing the third position in terms of the number of completed M&A transactions in the region. Furthermore, the total value of these transactions nearly doubled compared to 2022, reaching approximately 4.1 billion euros. The largest deal was the acquisition of Profi Rom Food by Ahold Delhaize, a major player in the global food retail market, from the private equity fund Mid Europa Partners, for €1.3bn.

Răzvan added: *"At the beginning of the year, we noticed a slowdown in M&A activity, and in the first two quarters, there was a clear decrease in transaction dynamics. However, starting from the third quarter, we experienced a revival of the market, marked by an increased number of requests for proposals and the start of numerous due diligence processes, representing a significant change from the previous period. This trend translated into a significantly higher volume of transactions in the latter part of the year, and we anticipate that this momentum will continue, generating a significant volume in the first months of 2024. Nonetheless, 2024 will be a year filled with challenges, both locally and regionally, as well as internationally. I am optimistic regarding the positive evolution of the M&A market both in Romania and in CEE, considering the maturity and opportunities it offers."*

When discussing sectors, it's notable that the technology sector retains its position as the most dynamic, not only within Romania but also across the entire region.

"At the local level, the technology sector is followed by sectors specific to our country, such as pharmaceuticals and medical services, which, although they may not boast high-value transactions, they do demonstrate significant volume. Furthermore, noteworthy sectors include the agri-food sector, real estate, and financial services, all of which have demonstrated a good performance this year.", mentioned Adrian Mihalcea, Director, Deal Advisory, Mazars in Romania.

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*Pe termen lung,
cred ca vom fi
martori ai unor
efecte
remarcabile ale
NZEB.*

Another week full of great activities.

One of them was The Trends Forum where Alexandru Samoila, Managing Director of Vitalis Consulting, was invited as a speaker during the conference.

The event was centered on the regional cities of Romania and their development on the sector of real-estate.

Congratulations to the organizers and partners of this great event. It was a real enjoyment!

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It was a great pleasure to have this interview for AGENDA CONSTRUCTIILOR & FEREAȘTRA

Alexandru Samoila spoke of the predictions for 2024 and what obstacles we shall take into consideration this year. Check the article and read more about the construction industry, NZEB norms, prices evolution, residential sector and more other.

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BREAC Academy Romania is the educational program you need if you are looking for a real mentoring opportunity.

This year, the Real Estate Academy by BREAC attends its 4th edition. We are proud to see that our Managing Director, Alexandru Samoila was one of the key performers that held a course within this program.

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Special thanks to our friends from INVESTING IN PROPERTY for this great discussion we had.

Alexandru Samoila our Managing Director spoke about two great projects that soon will be delivered by Vitalis Team - One Cotroceni Park and Grand Hotel du Boulevard. He spoke about the opportunities and challenges in this market

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