

H EAST RESIDENCE: NEW RESIDENTIAL PROJECT TO BE DEVELOPED UNDER VITALIS COORDINATION



This month we celebrate the impressive start of a new project: H East Residence. Our long-time partner, Hagag Development Europe, has just introduced to the market a new residential development located in the Eastern side of Bucharest, close to Veranda Mall. The project will grow in two phases, over a surface of 17,500 sq.m. Phase I will be formed of three buildings of 11 floors and one building of 6 floors, totalizing a number of 273 apartments. The entire project will consist in 7 buildings, 568 apartments, underground parking, retail spaces on the Ground Floors, and 5,200 sq.m. of parks and green areas.

Vitalis implication in this residential project is based on the vast experience that we have gained in similar projects. We will provide Project & Cost Management Services, Site Management, Site Inspection and Health & Safety Coordination. We are convinced that our team assigned to this project will deliver results beyond expectations, making this project something exclusive in the residential sector. H East Residence will be unique due to its vast and massive works developed in this area. Together with Hagag, we accomplished total success for projects like H Victoriei 109, H Victoriei 139, H Tudor Arghezi 21, and Phase I of H Pipera Lake.

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Beside these that have already been delivered we are working together actively to develop H Stirbei Palace (one of the most awaited retail projects in Bucharest) and the commercial component of H Pipera Lake. Our collaboration with Hagag started in 2018 and turned into a very close partnership built on trust, professionalism, and implication. We gained huge experience together and we demonstrated what a great team we are. Let's continue **#BuildingTrust!**

ROMANIA SECOND IN THE REGION FOR INDUSTRIAL & LOGISTICS SPACES LEASED IN Q1, REPORT SAYS



Romania ranked second in the region in terms of industrial & logistics spaces leased in the first quarter of 2024, after Poland, the uncontested leader in Central and Eastern Europe, according to a recent report by real estate consultancy company Cushman & Wakefield Echinox. The local demand surpassed that in Czechia, Slovakia, and Hungary.

Companies leased approximately 200,000 sqm of industrial and logistics spaces in Q1, with demand primarily generated by manufacturing companies, FMCG, and logistics operators.

The activity of manufacturing companies on the Romanian industrial leasing market was noteworthy at the beginning of the year in terms of the share of spaces contracted in the total transactional volume (17%) while overtaking logistics operators (10%) and FMCG companies (13%) for the first time, Cushman & Wakefield Echinox said. Stefan Surcel, Head of Industrial Agency Cushman & Wakefield Echinox, commented: "Manufacturing companies are becoming increasingly relevant in the industrial and logistics leasing market, partly due to the nearshoring phenomenon, but also through relocations from Western Europe or even from other countries in the CEE. These companies usually operate in their own spaces, but they also require greater flexibility due to the ever-changing consumer habits, a flexibility that can be achieved by renting other premises. We believe this trend will intensify in the coming period while the ongoing infrastructure projects will open up new areas for investments in industrial projects."

The largest transaction closed in Q1 2024 was related to a 19,000 sqm sale & leaseback of Tenneco's spaces in Ploiesti to WDP, followed by an 11,000 sqm pre-lease by Maravet within WDP Park Baia Mare and the new lease signed by Drim Daniel Distributie in a 10,000 sqm warehouse space in MLP Bucharest West.

Demand was mainly concentrated around Bucharest (50% of the total volume), Ploiesti (10%), and Timisoara (6%), with companies also showing interest in Iasi, Craiova, Arad, and Oradea.

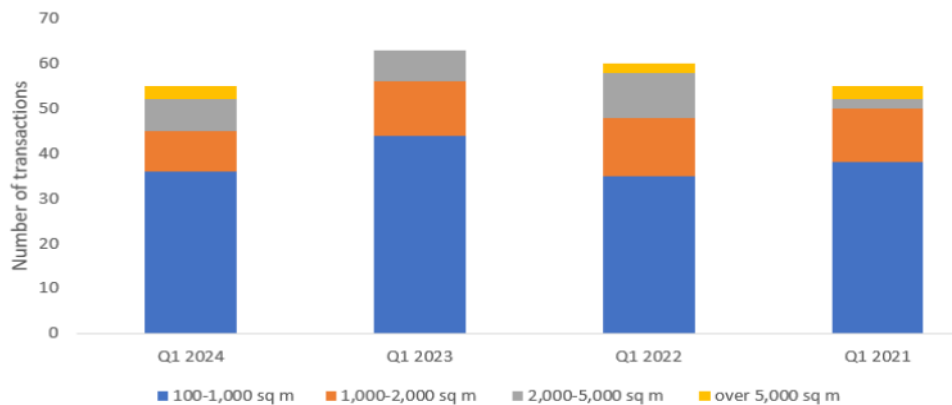
When it comes to new supply, the first quarter recorded a slowdown of investments "as developers adopted a more cautious approach amid the present economic uncertainties and the decreasing number of speculatively developed projects," the company said. Thus, only 50,000 sqm of new spaces were delivered in Q1 (compared with 100,000 sqm in the same period of 2023).

The stock of industrial and logistics spaces reached 7.07 million sqm, with vacancy rates of 6.1% in Bucharest and 5% at the regional level.

Developers currently have under construction projects with a total area of 500,000 sqm in various cities across the country, but Bucharest, Timisoara, and Brasov remain the main destinations.

(Source: www.romania-insider.com)

OFFICE SPACE DEMAND SURGES 60%, 1,000 SQ. M TRANSACTIONS LEAD



The office market in Bucharest has shown a sustained demand growth in Q1, both in terms of the transacted volume and of the average lease size, amid an extremely limited new supply, according to data from the *Cushman & Wakefield Echinox* real estate consultancy company.

Companies leased 91,000 sq. m of office spaces in Bucharest in Q1, corresponding to a significant 63% y-o-y increase. A number of 55 transactions were concluded during the analyzed period, with an average deal size of 1,657 sq. m, twice the level of recorded in Q1 2023.

Transactions pertaining to areas of up to 1,000 sq. m accounted for the largest share (65% of the total), followed by those ranging between 1,000 – 2,000 sq. m (16%). Seven deals were signed for offices with an area between 2,000 – 5,000 sq. m, while three exceeded 5,000 sq. m.

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The net take-up had a low share (38%) in the total activity, in line with the trend observed during the past 3 years, as the major tenants preferred to consolidate their operations and renew their contracts in the existing premises. The vacancy rate has slightly decreased to a level of 14.4%, from 14.8% in Q1 2023 and from 14.7% at the end of last year. This indicator is expected to compress going forward, mostly on the account of the very limited short and medium – term pipeline.

BPO companies were the most active in terms of the leased areas, accounting for 36% of the total, representing entirely renegotiations of existing contracts. IT&C firms contributed to nearly 21% of the total volume, both through the renewal of existing premises and through new lease or relocations.

There has been no significant movement in terms of rental levels in Bucharest at the beginning of 2024, with the prime headline rent in the CBD area remaining at €22.00/ sq. m/ month.

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We are thrilled to confirm a new collaboration with our long-term partner, Hagag Development Europe! H East Residence will be the new attraction of the residential market, in Bucharest. It will be developed in 2 phases, the first one scheduled to be delivered by the end of 2025. Vitalis is part of this amazing project by providing Project & Cost Management Services, together with Site Inspection, Site Management, and H&S Services.

To all of our Orthodox friends around, we are wishing you a Happy Easter!

May these days be filled with joy and blessings for all of us and our loved ones!

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Today is the last day of ConstructFest - an annual event organized by the Academic Foundation of UTCB and dedicated to the Romanian Civil Engineering Market. We are more than proud to be recognized as Ambassadors of UTCB and we will continue to participate and support these kind of actions!

Last evening we had the honor of attending the wonderful SEE Real Estate Awards Gala. Big "Congratulations!" to the organizers for such an impressive event and to all the deserving winners.

The event was a celebration of excellence in the industry, and we are proud to have been a part of it. Local developers, investors, and professionals from South-Eastern European region were present

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