

VITALIS TEAM INTERNATIONALLY RECOGNIZED FOR CONSTRUCTION MANAGEMENT EXCELLENCE



For almost two decades our exceptional team of more than 100 professionals has Built Trust in over 400 outstanding construction projects, covering all industry sectors, in Romania and beyond.

All these years we have learned important lessons about business partnerships, team power, and how to deliver quality through a complete portfolio of expert services, exceeding our Clients' expectations every time.

This year our efforts were once again recognized this time internationally. Within the Romanian Property Awards Gala, our team was awarded at the Construction Management Company

category for excellence in delivering one of the major mixed-use projects in Bucharest - One Cotroceni Park, office component.

The Romanian Property Awards gala reunited the most important actors in the Romanian Construction and Real Estate market and a jury committee of renowned international construction experts. The most valuable developments and companies on the local market were rewarded after a serious and complex process of analysis, considering various criteria, such as the team's proficiency, innovation, sustainability in construction management services, and more.

We're excited and grateful for adding this new recognition to our awards portfolio, consolidating our position as the Leading Construction Management team in Romania, and drawing important growth directions for our future and initiatives.

Here's to consistently Building Trust in projects and partnerships while bringing to life some of the most amazing construction projects aimed to transform the way we live, work, shop and relax, while building a better and healthier future.

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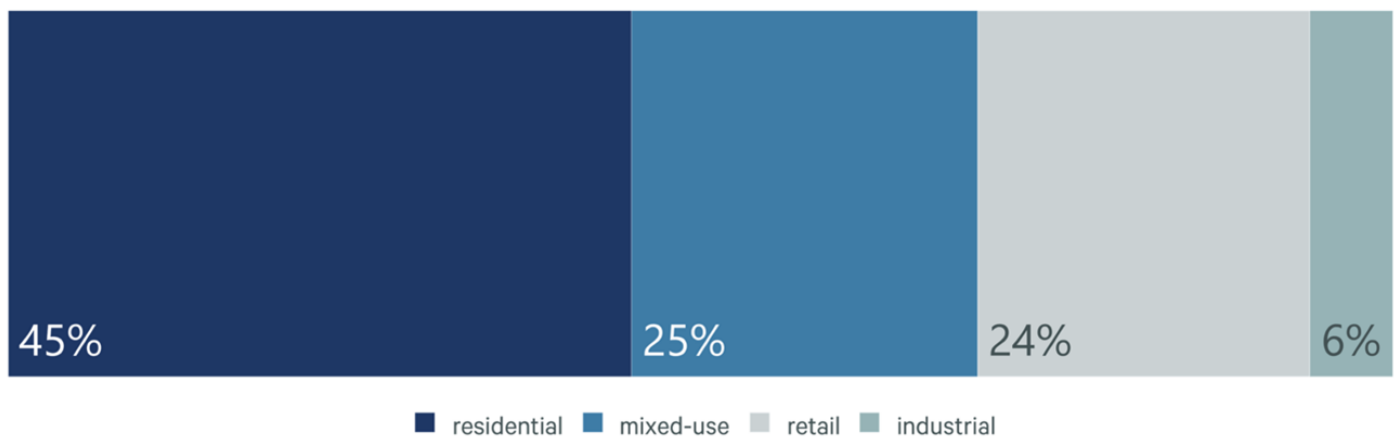
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INSIGHTS INTO ROMANIA'S H1 2023 LAND TRANSACTIONS



During the first half of 2023 circa 72 hectares of development land were transacted in Romania, more than half of the properties being located in Bucharest and Ilfov County. Regional cities such as Constanta, Iasi, Timisoara, Sibiu and Ploiesti attracted 36% of the total transacted area. As per development potential, the buyers envisioned on the newly acquired land plots mainly residential projects. Thus, with 45% of total transacted area, the sites with future residential use generated the largest demand, followed by sites suitable for mixed-use and retail projects determined almost equal shares of 25% from total sold area. With areas ranging between 1.0 – 2.0 hectares, development sites for industrial use attracted 6% of the total.

Total Land Transactions (sq m) by Type of Use H1 2023



The biggest deal in terms of surface was concluded in Corbeanca, Ilfov County, where a Belgian developer, one of the most active buyers on the local market, acquired a 14.0 hectares land plot where intends to develop a residential compound. Located in the vicinity of Bucharest on the shore of Ostratu Lake, the residential project planned by the developer will gather a mix of villas with generous gardens.

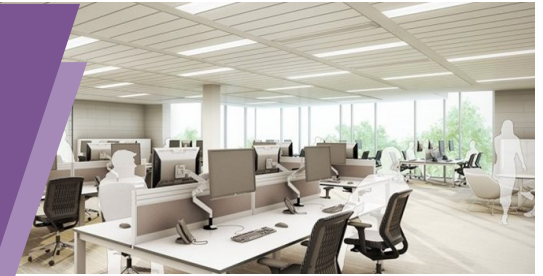
Another large transaction (above 10.0 hectares) sealed in H1 2023 is represented by the acquisition of a circa 11.0 hectares site located in the western part of Constanta city. The new owner intends to develop a mixed-use project, with retail and residential components.

Looking forward at demand for development sites considering the top created by the main transactions from H1 2023, buyers' interests are shifting once again towards retail and industrial projects but taking into account different criteria compared to the past years.

Even if developers are still interested in acquiring residential sites, demand in this sector seems to have eased starting with the second half of the previous year. What prolonged the decisional process is the selling price, buyers expecting competitive offers.

By the end of 2023 the asking prices for all segments are estimated to maintain at the same level from the first part of the year. Even so, the limited number of transactions concluded by the end of Q2 2023 as well as investors' reluctance to buy land plots just to enlarge their portfolio, makes the epitome "Location, location, location" in need of an addition, respectively "infrastructure & permits" in order to persuade a buyer to conclude a transaction.

FAVORABLE H1 FOR ROMANIA'S REAL ESTATE MARKET



Romania's real estate market has been showing signs of moderation across various sectors, in line with the economic deceleration, but the overall performance remains robust.

The logistics and industrial market saw the most promising results, with leasing activity increasing by about a quarter YoY, while the office market in Bucharest also reported an increase in rental volume of over 20%. On the other hand, however, in the context of rising interest rates, less favorable results were recorded in investment transactions, where volumes halved, and in the residential area, where sales have fallen rapidly.

"The current context is not the easiest, as the economy is sending mixed signals, we are seeing some good news and some worrying signals, especially regarding the global economy. The real estate market is following these developments, but each sector is experiencing the present differently," said the Managing Partner & Head of a real estate consultancy company from Romania.



Around 500,000 square meters of modern logistics spaces were leased in the first half of the year, almost double compared to the same period last year. The figure takes into account only publicly available information.

What's different from other years is that Bucharest accounts for only a third of all rental transactions, as infrastructure developments, labor availability and regional development push more and more firms to look for logistics space in areas other than near the capital. In the past, Bucharest accounted for more than half of all rental transactions.

As for the office market, the first quarter of the year was very weak, but it was followed by a second quarter that was among the strongest in recent years and might have been considered among the best even before the pandemic.

Around 160,000 square meters of modern office space was leased in Bucharest in the first six months of the year, compared to around 130,000 square meters in the same period in 2022. However, new demand only amounted to around 45,000 square meters, down by 40% YoY.

In the retail sector, although appetite remains strong from developers, the sales have increased, and activity is somewhat above pre-pandemic levels, companies are feeling pressure on margins amid rising rents (including administrative costs).

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Vitalis is officially the Best Construction Project Management Team in Romania, recognized once again this evening at the Romanian Property Awards event. When Building Trust is a way of being, every single project and every single partner is awarded alongside us! Here's to many more successful projects and outstanding achievements to come!

We are grateful for every single time we have the chance to help future construction engineers to explore our wonderful world. These days 14 students at the Technical University of Civil Engineering Bucharest are learning from the Best Construction Management Team how to Build Trust in some of the most important projects in Bucharest. Their excitement and interest are our best reward!

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Whereas the strength of our team stays in every single one of our colleagues, the strength of each colleague stays in the wonderful team we managed to build together over the years. This year's team building was another chance for us to come closer together and build amazing and unforgettable memories.

Delivering the most innovative Medicover hospital in Romania was both a challenge and an honor for the Vitalis team. We're extremely happy for being a part of this amazing project that from today on will definitely revolutionize the Romanian healthcare system!

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