

## SUPPORTING RETAIL EXPANSION: VITALIS TEAM IS COORDINATING THE CONSTRUCTION OF A NEW PENNY MARKET



With over 300 markets already opened all over Romania and an extended expansion plan for future years, Penny has become one of the major retailers in our country.

We are glad to support its growth by coordinating the construction works of a new supermarket, developed by Dentotal Revival.

The new Penny market will be ideally located at no. 9 Berceni Street, in Popesti Leordeni, Ilfov County, on a total area of 1.230 sq. m and will benefit from a modern and welcoming design and parking spaces, having the main purpose of improving the shopping experience for customers in the area.

Following the Client's strong policy in terms of sustainable building and environmental

protection, the new store is aimed to reach the highest standards in terms of construction quality and energy efficiency. One of the ways to support this policy is by assuring the energy supply of the store with photovoltaic panels.

Within this project the Vitalis team is providing Project and Cost Management services, ensuring that the Client's vision is perfectly implemented on-site.

The last couple of years have shown intense activity in the Romanian retail sector, a fact that can be easily observed by analyzing our portfolio. The new Penny market is added to a large number of modern stores and supermarket projects that the Vitalis team was involved in, among which it is worth mentioning the development of a new Mega Image store in Bucharest, on Grigore Cobalcescu Street and the construction of three Kaufland stores in Voluntari, Palazu Mare and Urziceni.

We are extremely happy for having the chance to actively participate in the retail market improvement and expansion, all over Romania!

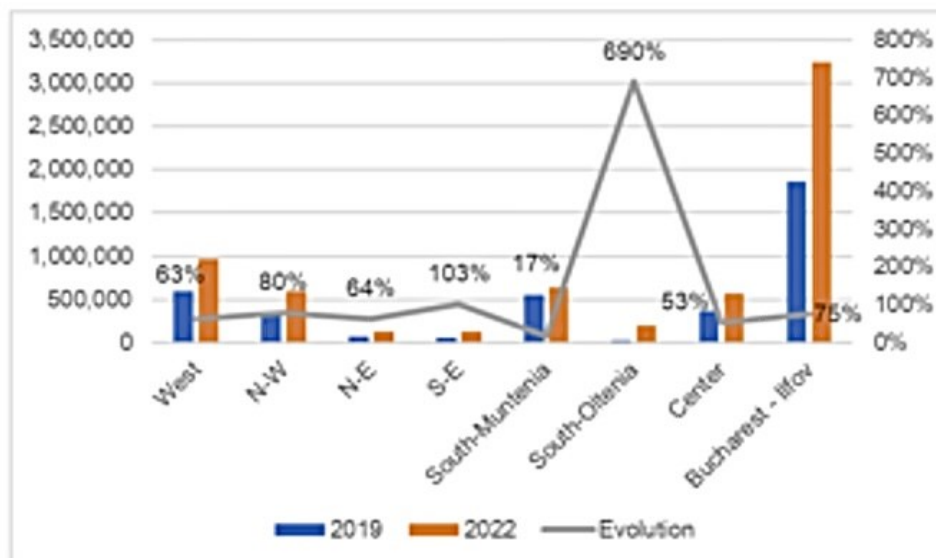
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## THE INDUSTRIAL AND LOGISTICS STOCK IS NEARING TOWARDS THE 7 MILLION SQ. M LANDMARK



The industrial and logistics market registered a new record year both in terms of supply and demand, with development being concentrated in the Bucharest – Ilfov and West regions. However, other areas have also benefited from consistent investments in such projects in the last few years, with demand being mainly driven by logistics and retail companies.



The stock of industrial and logistics spaces in Romania reached 6.45 million sq. m at the end of 2022, with over 90% being located in the Bucharest – Ilfov, West, South – Muntenia, North – West and Center regions, according to a Romania Industrial & Logistics Market report produced by a real estate consultancy company.

The Bucharest – Ilfov region has a stock of more than 3.24 million sq. m, thus having a market share of more than 50% at national level, being followed by the West (963,200 sq. m), South – Muntenia (640,400 sq. m), North – West (597,300 sq. m) and Center (566,000 sq. m) regions.

The least developed regions in terms of existing industrial and logistics spaces are North – East and South – East (~119,000 sq. m each) and South – West Oltenia (200,800 sq. m), these areas being among the latest ones targeted by developers, an aspect proven by the modern stock growth starting from 2019.

The overall potential of the areas in question is considerably high, given that all developed projects have been almost completely absorbed, with occupancy rates over 95%.

New spaces totalling more than 834,000 sq. m were delivered in 2022, while projects with a total leasable area of at least 452,000 sq. m are expected to be completed across the country by the end of 2023. However, given the dynamics of this segment's development activity, the 2023 new supply could be even higher than the plans announced by the major market players at the beginning of the year.

Under these circumstances, taking into account the development pace from the last few years and the positive evolution of demand, it is expected that the total stock of industrial and logistics spaces will exceed the 7 million sq. m threshold by the end of this year.

It is expected to see marginal increases in the following months due to the conservative approaches adopted by developers which are building less speculative projects and also due to a consistent demand for new spaces. The occupier market remains competitive, with a growing interest being also shown for new manufacturing facilities throughout Romania.

(Source: [www.cwechinox.com](http://www.cwechinox.com))

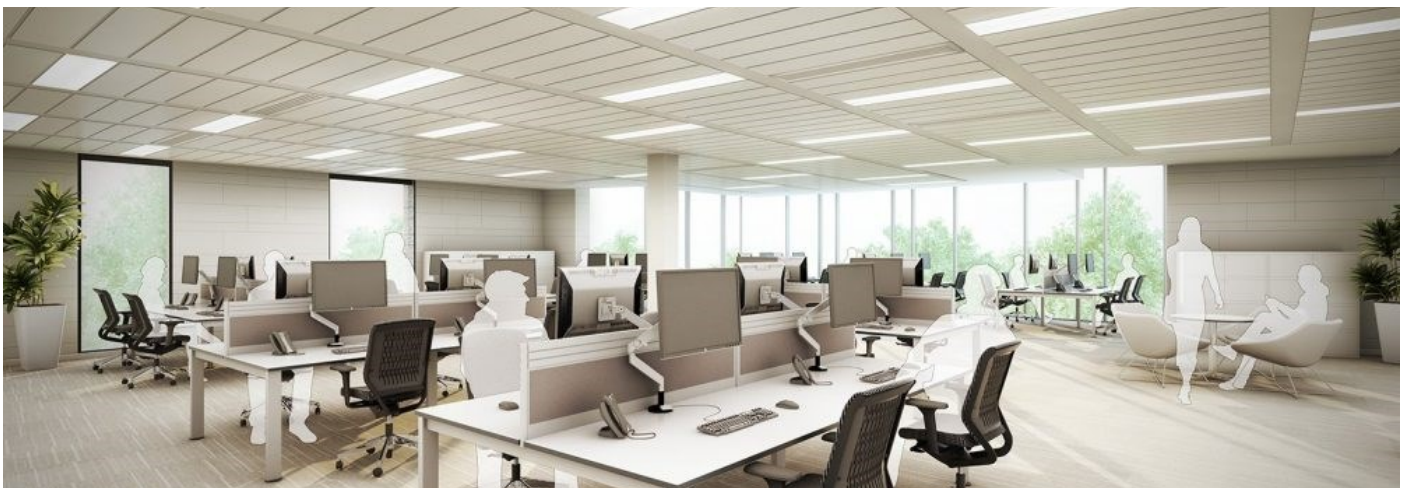
## OFFICE PROJECTS OF MORE THAN 275,000 SQ. M PLANNED OUTSIDE BUCHAREST IN THE NEXT 5 YEARS



Developers announced the construction of more than 275,000 sq. m of new office projects in the major regional cities – Cluj-Napoca, Timisoara, Iasi, and Brasov, and therefore the modern office stock should reach approximately 1.3 million sq. m in the next 5 years. Increasing development activity has been noticed, especially compared with the 2021 – 2022 period, when close to 70,000 sq m of office spaces were delivered in the four cities in question, according to a regional office market cities report.

Iasi and Cluj-Napoca will benefit from the highest new supply of office spaces in the coming years: 164,000 and 75,000 sq. m respectively, while projects with total GLAs of 16,000 and 21,000 sq. m are expected in Timisoara and Brasov.

Cluj-Napoca remains the largest regional office hub, with a stock of 340,000 sq. m at the end of 2022, followed by Timisoara (293,000 sq. m), Iasi (213,000 sq. m) and Brasov (152,000 sq. m). As such, the stock of modern office spaces in these cities reached almost 1 million sq. m, representing less than a third of the corresponding total in Bucharest.



The major regional cities continue to be a point of attraction for companies wishing to further expand their presence in Romania, with developers, therefore, aligning their investment plans based on this continuous demand, as new office spaces which could accommodate more than 25,000 employees are due to be built in the analyzed cities by 2028. It is considered that the main challenge present in the four cities pertains to workforce availability, taking into account the very low unemployment rates. However, those cities are all strong university centers with more than 193,000 registered students in total, thus having the capacity to provide candidates for the positions sought after by companies, a matter which will undoubtedly have a positive influence on the future demand for office spaces by ensuring a high absorption rate for the projects planned to be delivered in the cities in question.

The main driver of the leasing activity has once again been the IT&C sector, which had a share of more than 70% of the total take-up in 2022, a total take-up of 72,000 sq. m, which reflects a 20% increase compared with 2021, while the largest transaction signed in 2022 was of 6,000 sq. m.

Cluj-Napoca and Brasov have the lowest vacancy rates (6% and 7% respectively), while 10% of the Timisoara office stock is unoccupied. Moreover, a higher vacancy rate of 18% is recorded in Iasi, mostly in B-class buildings.

The prime headline rents have seen a marginal increase, ranging between 11 – 13.5 euros / sq. m / month in Brasov, while also reaching a level of 15-16 euros / sq. m / month in Cluj-Napoca and Iasi.

**CHECK OUT OUR LATEST UPDATES  
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How does efficiency really work and how can it be implemented in our construction projects? How can we develop sustainable buildings, no matter the sector?

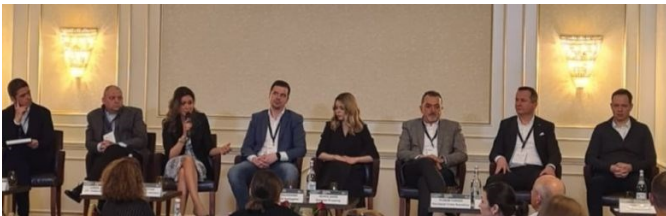
We are glad to attend the first out of 4 „Romania Construieste” Regional Conferences, happening right now in Timișoara.

These are just a few of the major subjects discussed today in the first edition of the „Install Efficiency” annual conference, within which our Managing Director Alexandru Samoila was a speaker.

The event gathers the most important actors in the Construction and Real Estate market in the area, discussing the best ways to build better in Romania.

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The 16th edition of the Real Estate and Construction Forum is happening right now, and we are honored to be among the participants.

Romania’s competitive advantages, the growth opportunities in the regional cities, digitalization, and sustainability – these were just a few of the subjects discussed by Alexandru Samoila, our Managing Director, within The Trends Forum event.

The market evolution and trends, construction costs and challenges and many other subjects are treated with the help of some of the most important actors in the Construction and Real Estate sector.

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