

BISTRITA RETAIL PARK CHOSE VITALIS CONSULTING FOR PROJECT MANAGEMENT SERVICES



Starting with this month, the construction works of the new retail project Bistrita Retail Park, developed by Element Development, will be coordinated by Vitalis Consulting. Element Development is a Romanian real estate investment and development company focused on residential and commercial real estate opportunities.

Situated in an area with strong potential for local trade, Bistrita Retail Park will be comprised of 15,000 sq. m rentable area, and 6,000 sq. m food court.

Within this project, Vitalis Consulting is ensuring Project Management Services in order to deliver a shopping center perfectly adapted to needs of the city as surface, design and mix of retailers.

At this incipient project phase, Vitalis team is committed to assist and support the developer in order to obtain the building permit as well as to manage the tender phase and to define contract close out procedure with the General Contractor.

Bistrita City is an important attraction for the north-west area, where it lives an active and dynamic population, with a high purchasing power and a low unemployment rate.

Bistrita Retail Park development is part of a dynamic context for retail in Transylvania. Retail in Romania recorded a

significant growth in 2015 due to increased consumption.

Thus, the fashion industry had incomes growing of 12% in 2015 over the previous year while fast food operators have recorded incomes growing more than 20%. Overall, revenues recorded by retailers in Romania in 2015 increased 10% compared to 2014, the highest growth rate in Central and Eastern Europe.

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Flora Popa

VITALIS CONSULTING PART IN THE 3RD EDITION OF RETAIL REAL ESTATE FORUM



On the 25th of October Vitalis Consulting had the pleasure to be part in the 3rd edition of “The New Age of Retail - Retail Real Estate Forum 2016” organized by GOVNET at Intercontinental Hotel Bucharest. Vitalis Consulting was one of the sponsors of the conference but also one of the speakers represented by Florin Popa, the General Manager. The event gathered managers of shopping centers and retail developers, top representatives of the most important retailers active in Romania, senior real estate consultants, representatives of banks and financial institutions,

representatives of the authorities regulating the construction sector, lending and Credit Managers and the representatives of project management companies.

One of the main topics of the conference was the new trend in retail development which is dictated by the consumer habits and challenging market environment. Lately the retail development is moving away from closed traditional malls towards open and community involving formats, blending into neighborhoods in modern urban developments.

As project Management Company, Vitalis Consulting shared from the experience of the latest retail projects managed by Vitalis team, among which it is worth mentioning Bistrita Retail Park, an approx. 21,000 sq. m (rentable area & food court) shopping center, developed by Element Development.

With over 10 years of experience, Vitalis is a leading international consultancy company in construction and real estate sector, operating in Romania, U.K., Moldova and Ukraine. Vitalis team of 55 is full of experience and expertise, having been part of some of the most important projects around Romania, with an over 80 buildings portfolio, exceeding 3,000,000 sq. m.

We wish to take this opportunity to thank GOVNET for the invitation and for the opportunity to share Vitalis Consulting experiences with amazing people from retail real estate area and beyond.



RESUMPTION OF GROWTH IN THE REAL ESTATE

An optimistic caution seems to best define the current real estate market. While the office and industrial segments are showing positive signs of life, due to change in companies' operations, moving or relocating according to their current needs, transactions involving land for the purpose of building new projects are on hold, along with the development of many new projects in residential as a result of the give-in payment law.

Logistics and agriculture are particularly hot areas, and will continue to attract investment. Interest among Israeli and South African investors continues to be high.

In 2015 the market saw a revival of the real estate investment market also due to low interest rate environment that generated an increased liquidity in the market which led to a reallocation of funds towards alternative assets such as real estate.

Romania's economic indicators and their evolution in the past 4 years paint a positive picture of both macroeconomic stability as well as potential for growth.

Indeed Romania's perception internationally has improved from both financial and business perspectives. All major rating agencies see Romania's government bonds as investment grade instruments, while the World Bank's 2016 Doing Business Report places Romania on the 37th place on their ease of doing business hierarchy, an increase of 35 places as compared to 5 years ago.

The current development trend is more stable, healthy and long-term compared to the booming years prior to the crisis, when growth was exponential, but rather irrational. Although the current legislative context created by the mortgage payment law may bring challenges to certain residential projects, several opportunities remain open and great potential exists in the commercial real estate sector.

The Romanian real estate market is now at a maturing stage, with all segments stabilizing in terms of investments, return on investments, demand and offer balance. Moreover, the market is shaping new development hubs outside its traditional core in the Romanian Capital, with new projects and lots of interest in areas that have proven their economic worth over the years. For example, Cluj-Napoca or Timisoara cities are top focus for investors.



2017, THE YEAR OK RECKONING FOR RENEWABLE ENERGY



The local energy sector abruptly became from blessing a curse, for most investors that found the unpredictability of the political decisions affecting dramatically their business plans.

Heavy cuts in the support scheme for renewable energy, lack of clarity in the regulatory framework and financing and a blocked green certificates market are the main barriers to major investments, say market players.

According to the draft law, beneficiaries may apply for the new bonus scheme from January 2017 until December 2025 and will benefit of this scheme for a 15 year period from the date of obtaining the relevant license from ANRE.

Under the bonus scheme, beneficiaries will receive for each MW generated and delivered a bonus, computed as difference between a certain benchmark price established by ANRE and the monthly weighted average price on the day-ahead market. Although this scheme seems intended to apply only to small producers (i.e. 5MW and, respectively 1 MW installed capacities, based on the renewable energy sources used), the former is designed to ensure high internal returns rates (up to 11.7%), fact which could lead to a surge in investments in biomass, biogas and geothermal energy sectors in the forthcoming years.

The legislation in the energy sector has two opportunities: to remain as it is, or to change, and quite radically in certain sub-sectors. Therefore, we can either envisage large transactions of consolidation of certain market players, in the event that the legislation is updated and adapted to the current international situation, or significant transactions generated by potential insolvencies or other poor economic situations that cannot be avoided.



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