

CONSTRUDAVA BUSINESS CENTER A NEW CLASS A OFFICE BUILDING IN VITALIS PORTFOLIO



Construdava Business Center is the first Class A office building in Baneasa Pipera, being fully leased by METRO SYSTEMS Romania, a subsidiary of METRO SYSTEMS GmbH and supports METRO GRUP business with complex IT solutions.

Back in 2016, Vitalis Consulting, a Technical Due Diligence advisor for sells /purchases of more than 80 developments, was appointed by AdamAmerica in order to undertake a thorough technical inspection of a 9.400 sq. m GLA office building, i.e. Construdava Business Center.

AdamAmerica purchased from Aberdeen Asset Management Deutschland AG both Construdava office building with a height regime of 2B +GF + 8F as well as the building which accommodates the parking places with a height regime of 3B +GF + 1F.

This is not the first collaboration for TDD services between AdamAmerica, managed by Isaac Cohen-Hoshen, Co-Founder of Adama Holdings and Vitalis team. In 2015 Vitalis performed a technical due diligence inspection of Phoenix Tower Bucharest (PGV Tower) also bought by AdamAmerica.

In addition, Vitalis Consulting has been providing Project Management services for architectural refurbishment of offices and common areas within Construdava Business Center since January 2017.

The real estate investment market in Romania is on a rising trend as both the volume of closed transactions and the

interest from foreign investors registered sizable increases due to favorable international capital flow dynamics, positive macro-economic environment, and last but not least an improved financing environment. Only last year, Vitalis was contracted by various national and international companies in order to undertake TDD inspections for over 30 properties.

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Florian Popa

2016 – BEST YEAR FOR ROMANIAN REAL ESTATE MARKET SINCE 2008, WITH 1 MILLION SQ. M DELIVERED

Deliveries of retail, logistic and office spaces stood at 956,000 square meters this year, up by 88 percent compared to 2015, marking the best year for the Romanian real estate market since 2008.

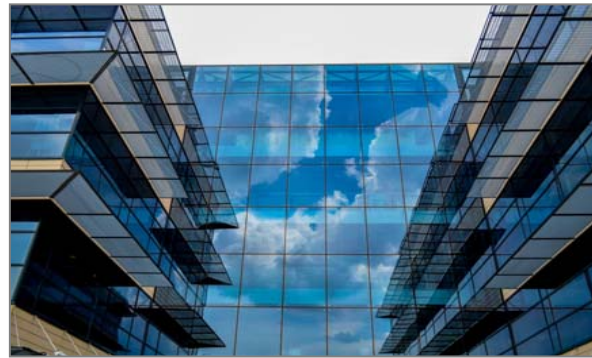
The current year was one of significant increase in all segments of the real estate market, with the exception of office space located outside of Bucharest, a segment that already seen record deliveries in 2015.



For the industrial and logistics sector, 2016 was the best year in the history of the Romanian real estate market, with deliveries of approximately 380,000 sq. m, an increase in consumption and a greater demand from the industrial sector, which generated a new wave of investment in fully completed buildings, but also speculative investments, a sign that investors have regained confidence in the market's potential.

Across all real estate sectors analyzed, approximately 60 percent of facilities were built in Bucharest and around the capital.

The biggest increase in shipments over the previous year, of 240 percent, was recorded in Bucharest's office sector, with new spaces cumulating an area of about 290,000 square meters.



Projects totaling 370,000 sq. m completed this year in the logistics and industrial sector represents the equivalent of total deliveries made in the preceding five years (2011-2015).

Almost 190,000 sq. m, accounting for half of logistics and industrial spaces completed this year, were developed in Bucharest, after a seven-year period when the cumulative deliveries were only 90,000 sq. m, which in very little for a European Capital. The growth trend of the logistics spaces will

continue in 2017, with investors focusing on Bucharest, Cluj and Timisoara, followed by Sibiu and Brasov.

Even though they are still far from the figures achieved during the economic boom, the retail sector had an important development in 2016, with total deliveries standing at 237,000 sq. m, up by 40 percent compared to 2015.

For the period ahead, analysts expect an intensification of development segments of retail parks and convenience centers, less represented in Romania compared to other markets in the region. In 2017 the focus will be on secondary and tertiary cities where there is a modern retail component or the sector is underrepresented, and to the cities where developers will focus on complementary projects.

(Source: business-review.eu)

COMMERCIAL REAL ESTATE MARKET REPORT ROMANIA 2016

The office market is particularly active on its development sector, with three main poles in Bucharest: Pipera, in the North; the central zone with big scale projects and Grozavesti in the West. A high dynamism has also been noticed in primary cities such as Cluj Napoca, Timisoara or Iasi. The lease activity is intense, with the conclusion of important lease and pre-lease contracts. Although showing signs of maturity, the Romanian office market continues to offer high yields (7.25% - 9.50%) compared to other Central European markets.



Industrial real estate has been the sector less affected by the financial crisis. Currently, it is in a phase of moderate but stable growth, representing a good investment opportunity. Prime yields in the industrial sector oscillate around 9.0% - 10.0%. The industrial sector also represents a good opportunity for investors to diversify their real estate portfolios. The high number of transactions recorded last year confirms the attractiveness of industrial real estate. Besides, Romania still preserves advantages in terms of competitiveness in attracting direct investments.

Presently, the retail market benefits from the high consumption rate going through an expansion phase. This becomes apparent by the increased number of new real estate retail projects. Most developers announced pre-lease rates between 70% and 80% 6 months before the official opening. The Romania real estate market exhibits high yields when compared to other Central and Eastern European countries, and has become a more attractive environment for investments.



(Source: NAIGlobal.com)

ROMANIA INFRASTRUCTURE – Q1 2017

Growth in Romania's broader construction industry will moderate slightly in 2017, driven primarily by Romania's poor absorption of EU funding inflows, which remain the decisive factor in fueling construction sector growth. We expect Romania's residential and non-residential segment to emerge as an outperformer, as the country's buoyant economic outlook galvanizes consumer spending in the home building sector and encourages companies to invest in commercial assets.

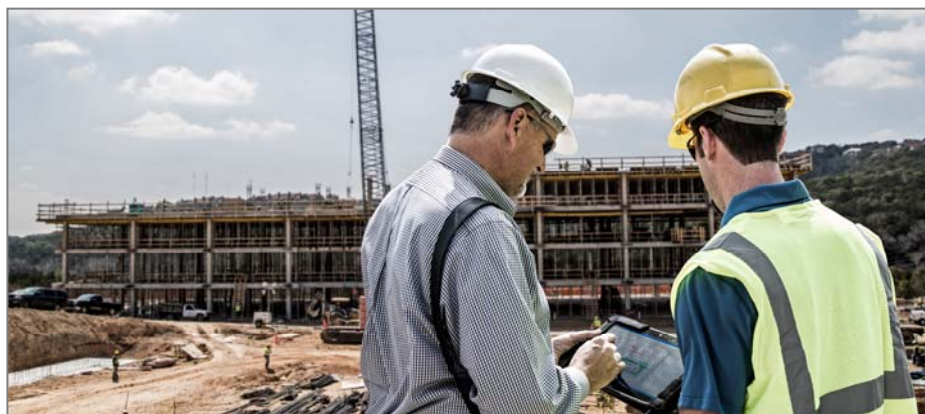


In spite of difficulties associated with translating EU funding into tangible projects, we expect the value of Romania's construction sector expand by 5.4% in 2017.

A favorable macroeconomic environment and generous government incentives will contribute to the outperformance of the country's residential building sector, with our forecast estimating growth of 6.7% in 2017.

Romania maintains a middling score on the Infrastructure RRI (Risk/Reward Index) for with 55.7, marking a 0.2 score improvement in its score and keeping Romania above the regional average of 55.3.

Romania's Industry Rewards score of 55.0 is driven primarily by an ongoing influx of EU funding, an expansionary fiscal policy and a steady expansion in construction sector value.



(Source: Market Research—www.fastmr.com)

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