

VITALIS EXPERT SERVICES – TECHNICAL DUE DILIGENCE: THE PRIOR STEP TO QUALITY ACHIEVEMENT



As a Leading Consultancy Company on the local and international construction and real estate industry, Vitalis Consulting provides an extensive package of services, as Project Management, Cost Management, Fit-out Management, Site Inspection, Health and Safety Services, as well as Expert Services among which Technical Due Diligence Services. Either you are the owner of an existent property or a potential buyer and want to initiate a building transaction or to refurbish a property, or you are interested

in the development of a new project on a certain land, a rigorous and competent expert investigation of all technical aspects of the project is required, in order to better secure the financial investment and manage all the existent and potential risks. Vitalis provides Technical Due Diligence services for land transactions, offering Environmental Assessment / Soil Contamination Study, Geotechnical Survey, Topographical Survey, X-Ray Survey, Utilities Prefeasibility Studies, as well as the coordination of the entire Technical Due Diligence Report implying documentation verification, results interpretation and recommendations after the site inspection. Along with land transactions inspection, Vitalis also offers TDD services for building transactions that can be sequenced in two main phases. The first one is focused on documentation analysis, consisting in the verification of the technical documentation provided by the Client, i.e., the analysis of the written and drawn part, notes, permits and authorizations. The second phase consist in building assessment through site visits, carrying out of the following aspects: building concept, execution quality, installations, fire safety and security, etc. Vitalis also provides cost estimation for any necessary renewal and repair works, drawing up a report about the substantial system deficiencies, including cost estimation for the proposed solutions and photo documentation. The work of the Vitalis expert team is materialized in a comprehensive report which highlights the results of the investigation. On request, Vitalis also joins the discussions regarding the implementation of the outcomes, offering to its clients

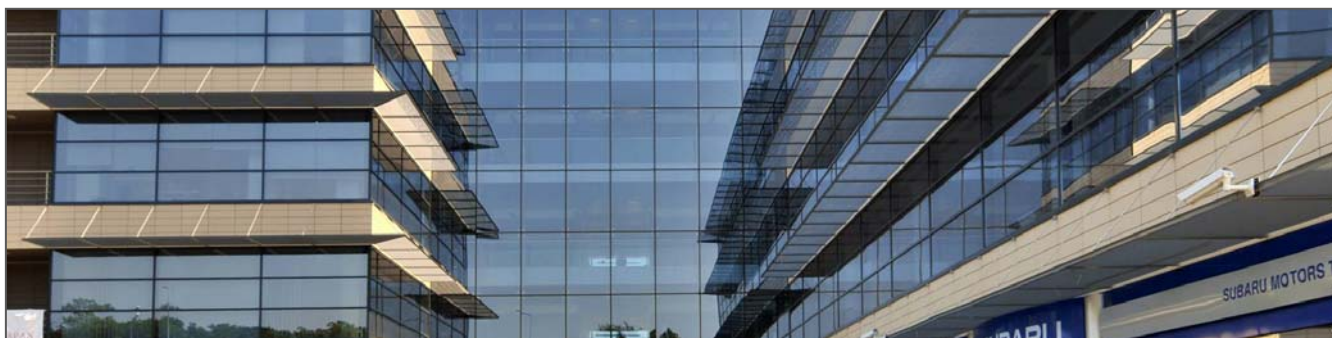
technical consultancy in the acquisition process within the seller - buyer relationship. Vitalis Consulting is a Technical Due Diligence advisor for sells / purchases of more than 100 developments, exceeding 1,000,000 sq. m for offices (over 250,000 sq. m), commercial galleries (over 600,000 sq. m), industrial (over 100,000 sq. m), residential (over 50,000 sq. m) all over Romania. It is worth mentioning Hermes Business Campus (38,000 sq. m), Phoenix Tower (12,500 sq. m), Construdava Business Center (9,400 sq. m GLA) and many others.

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Flavia Popa

BUCHAREST OFFICE MARKET H1 2017 - STRONG DEMAND PUSHES VACANCY BELOW 10 PER CENT



In terms of supply, the modern office stock in Bucharest was of 2.61 million sq. m at the end of H1 2017. Throughout the first half of the year, new supply amounted approximately 75,000 sq. m and was delivered in Central, Pipera South and CBD submarkets. Overall, the most developed office area in Bucharest remains the Central North submarket, with 24% of the total stock. For the second half of the year, another 80,000 sq. m are scheduled for completion, with West submarket attracting more than 75%. In H1 2017 around 170,000 sq. m of office space was transacted in the modern office buildings located in Bucharest. Net take-up represents ~ 60% and is divided mostly between new demand (expansions, new operations and relocations from old stock) - 58% and relocations within A & B class office buildings - 42%. Pre-letting activity amounted 20,000 sq. m and compared with the same period last year was lower by ~ 45%. This type of leasing activity was recorded mainly in the Central submarket and West.

The largest deals by size recorded in Bucharest in the first half of the year were pre-leases (e.g. IBM - 12,000 sq. m) and renewals (e.g. Oracle - 10,500 sq. m). Since demand continued to be consistent and the level of new supply was limited compared with H2 2016, the vacancy rate in Bucharest dropped for the first time since 2009 below 10%. At the end of H1 2017, the general vacancy rate stands at 9.3%. Looking at submarkets' performance, the lowest vacancy rates are



recorded in the Central North area - 4%, followed by West - 4.7% and Pipera South submarket - 5.5%. For the second half of 2017, new supply is forecasted to be around 80,000 sq. m, with West submarket accounting for more than 75%. Although the number of projects under construction is high, the vast majority of office projects have been postponed for 2018. Overall, the pipeline for next year exceeds 300,000 sq. m. In H1 2017 the prime headline rent continued to be stable, remaining at € 18.5 /sq. m /month. In CBD headline rents for A class office space are between € 17 - 18.5 /sq. m / month, while in Central North are in the range of € 15 - 16.5 / sq. m / month.

(Source: www.cwechinox.com)

DEVELOPERS PUSH THE PEDAL ON RESIDENTIAL INVESTMENTS - HOUSE PRICES ON THE UP

House prices are expected to maintain their upward trend through to the end of the year, after picking up speed this first semester. In the meantime, developers are boasting of investments in new projects to match the growing demand.

Economic growth, low interest rates and support schemes such as the government-backed Prima Casa program spurred housing demand the first half of the year, which in turn pushed up asking prices throughout the country, data indicate. The trend looks set to continue throughout the rest of the year, despite concerns about how sustainable these price increases are. While demand is going up, supply has been more sluggish and prices are indeed picking up. Over the past three years house prices have posted average quarterly growth rates of 2.5 percent. As to when property price hikes will ease, this could happen in the event of a mix of factors, according to specialists: house prices going up faster than incomes, fewer properties changing hands, fewer prospective buyers and supply picking up once more. The average asking price on the residential market stood at EUR 1,120/sq. m at national level this June, up by 6.7 percent compared to the end of December 2016, according to data from real estate researches. Throughout the country, asking prices for new homes



posted a sharper increase, according to the same source. In the capital Bucharest, sellers increased their price expectations by 5.4 percent throughout the first semester. The average asking price for old apartments - meaning mainly properties built before 1990 - was EUR 1,144/sq. m this June, up by 5 percent compared to the end of last year. By comparison, on the primary market, average asking prices stood at EUR 1,254/sq. m, a 7 percent rise, according to specialists. However, the steepest price increases this first semester were posted outside Bucharest, with Cluj-Napoca leading the ranking. In the western city, asking prices went up by 10 percent, reaching an average of EUR 1,372/sq. m. As elsewhere, the growth rate was stronger on the primary market than on the secondary market. While the average asking price for old apartments reached EUR 1,402/sq. m, up by 9.6 percent since the end of last year, that of new apartments increased by 12.3 percent to EUR 1,330/sq. m. Asking prices saw gains in all the other main regional cities throughout the country. The average hike stood at 9.6 percent in Iasi (reaching EUR 936/sq. m in June), 8.2 percent in Timisoara (EUR 1,111), 7.3 percent in Constanta (EUR 1,044), and 6.2 percent in Brasov (EUR 956).

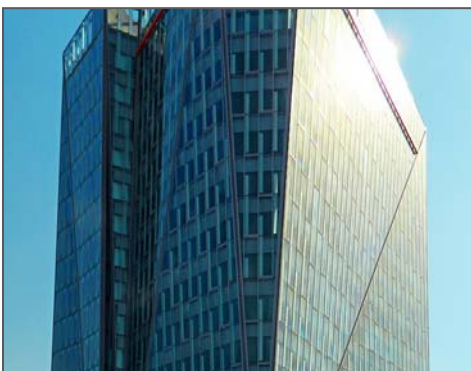
(Source: www.business-review.eu)

ROMANIA SEES ALMOST 400,000 LAND AND BUILDING TRANSACTIONS

Romania recorded over 393,000 land and building transactions in the first eight months of this year, according to the National Agency of Cadaster and Land Registration.

Almost 57,000 buildings were traded in August.

Bucharest saw the highest number of building transactions, namely over 47,700. Cluj ranked second with almost 26,400 deals whereas Ilfov came third with over 23,300 transactions. In August, over 7,100 properties were traded in Bucharest.



The number of mortgages reached 157,400 in Romania in the first eight months of this year. Most mortgages were recorded in Bucharest, namely over 3,800. Cluj and Ilfov came next, with almost 2,000 mortgages, respectively over 1,400.

Most land deals were seen in Timis between January and August, namely 5,760.



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(Source: www.romania-insider.com)