

BIG CELEBRATION ON 24TH OF FEBRUARY: THE RECONSTRUCTION WORKS OF ICONIC BUILDING MAGAZINUL BUCURESTI ARE COMPLETED

24th of February was an important day for both Vitalis team and Bucharest's construction sector as well, as we celebrated the completion of reconstruction works for the iconic building Magazinul Bucuresti, within a great festivity that gathered together all the key actors involved in this project and not only.

First built in 1930, Magazinul Bucuresti is a reminder of the golden ages, being one of the oldest and most famous commercial centers in Bucharest, a place where everything could be found from clothing to household appliance and technological equipment, similar to nowadays shopping malls.

Nearly a century since its construction and after 15 years of ruin, one of Bucharest's symbolic buildings is now ready to receive its first tenants, being reborn under the new concept of mixed-use destination projects, with retail, office and hospitality components.

The resurrected landmark keeps the same height and similar façade as the building constructed nearly a century ago, having 2 underground levels, one designed for technical spaces and the other for retail spaces, the ground floor and 3 more floors designed for retail tenants as well and two levels of office spaces at 4th and 5th floor.



Moreover the new building benefits from a sky bar restaurant at 6th floor, with a beautiful view of the surroundings.

During the reconstruction works the focus was on preserving as much as possible the building's authenticity.

On the ground floor several walls in the elevators' area contain marble recovered from the old building. In the same area it was used the original mosaic recovered during the demolition process. Furthermore, the building's windows are round, keeping the shape of the original structure.

The new "Magazinul Bucuresti" will provide modern facilities for the retail tenants that will populate the lower floors and increased comfort for the office employees from the upper levels.

Additionally, the future tenants will benefit from excellent accessibility, the building being located in downtown area of the Historical Center of Bucharest, at the end of Lips cani pedestrian street, only 360 meters away from Unirii metro station and 5-minute walk away from the University area.

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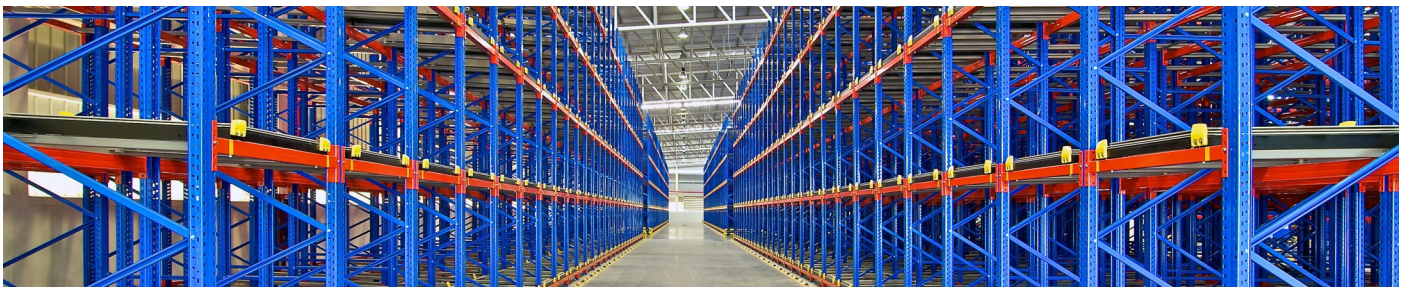
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LOGISTICS AND INDUSTRIAL MARKET IN ROMANIA HAS THE POTENTIAL OF DOUBLING TO 8 MILLION SQ. M



Modern industrial and logistic facilities reached 4.6 million sq. m, up by approximately 10 percent compared to the previous year. Nearly 9 percent of the total stock was delivered just in 2019 and the market has potential to almost double to 8 million sq. m in the next years, closing the gap between Romania and other CEE markets, some consultants appreciate.

Romania's stock of modern Industrial & Logistic spaces posted a record increase of 50 percent over the last three years, but there is still significant room for growth compared to other CEE countries. In the Czech Republic, modern I&L surfaces are at roughly 9 million sq. m, while in Poland are around 19 million square meters.



Modern leasable industrial and logistics spaces delivered in 2019 amounted to over 400.000 sq. m, which means that 1 in 11 leasable stock was delivered last year. Bucharest accounted for 62 percent or a total of 284,000 sq. m of all deliveries. Another 500,000 sq. m are expected to be delivered in 2020, with risks to this call tilted rather to the upside.

However, new surfaces delivered last year are already leased, with vacancy rates remaining in the low: around 5 percent in Bucharest, while in other parts of the country, they can be as low as 3 percent, due to the high demand and the small area available in the completed projects. Next, the market remains dominated by projects built according to the specifications of the tenants, type Build-to-Suit.

Rents for prime warehouse spaces remained broadly stable in 2019, between EUR 3.9 – 4.0 per sq. m in the Bucharest area and EUR 3.8 – 3.9 per sq. m in other hubs around the country.

For comparison, in the area of Warsaw the rents amount to EUR 5 per square meter and in Budapest they reach EUR 6 per sq. m.

In 2019, automotive was the biggest driver on the demand side, generating close to one third of the deals, or 141.000 square meters, followed by retail.

(Source: www.business-review.eu)

LAND MARKET OUTLOOK FOR 2020 IN ROMANIA



In 2019 over 1.7 million sq. m of development land was transacted in Romania. The great majority of the area was transacted nationwide, respectively 65% while Bucharest represents the remaining share of 35%. With a total of 79% from the traded area, commercial and industrial projects are targeted by investors, followed by residential schemes.

Developers that were oriented towards Bucharest invested mainly to develop industrial properties with 47% from the total area and residential compounds which claimed 26% from the total, followed by commercial properties with 14%, and mixed-use and office projects that together count 13% from the total. The most sought after industrial areas in the capital city seemed to remain the West and the Northern part in the proximity of Bucharest's ring road.

Residential investors secured their land plots in all convenient parts of Bucharest, designing compounds for all pockets from medium to high earners. A well-known real estate developer, announced in the second half of the year, the acquisition of two large scale sites with a total area of approximately 53,000 sq. m, both located in the northern part of the capital city with the intention to develop mainly residential units.



Also towards year's end, H4L Pipera purchased from a foreign company a land plot with a total surface of approx. 4.5 hectares located in Pipera.

The new owner intends as well to develop a large residential compound addressed to the employees in the area, respectively one of the largest office sub-market.

At regional level, secondary cities like Timisoara, Iasi and Constanta jointly accounted for approx. 30% of the area transacted nationwide and are expected to welcome in the near future several commercial and residential projects.

Craiova city experienced a dynamic transactional activity throughout the year, as in the first part a total area of 220,000 sq. m for industrial development was sold while in the second part of the year a site of approx. 170,600 sq. m part of Balta Craiovită was bought by the South – Africans with the purpose to develop the largest shopping center in Oltenia area.

During 2019 investors focused mainly on development land plots suitable for small to large sized projects, being oriented also towards secondary and tertiary cities.

A must-have for every development size remained the construction permits from PUZ to ideally building permit.

Knowing that to be the first in any market is very important, developers focus to buy land plots with all documents in place as it is a challenge to estimate accurate delivery dates when permits are still to be obtained.

(Source: www.cbre.ro)

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Green building remains one of the best practices in 2020 as well in the Romanian construction and real estate sector. Which are the most popular international sustainability schemes and which one is suitable for your building? Find the answers in our latest news release and follow us for more!

Another exciting residential project is underway in one of Bucharest's most exclusive areas and Vitalis team is delighted to be a part of it. Sapphire Herastru residential building is aimed to offer a great experience to future residents, through best location, premium design and chosen finishing materials. We can't wait to see the final result, expected in June, this year!

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How do we handle the labour force crisis in Construction and how do we keep our colleagues happy? Our colleagues are one of the most valuable assets of all in this sector and that is why we should learn how to keep them close.

We believe that success is all about great team, hard work and balance. The 13th year of Vitalis Consulting has proved us that with these 3 ingredients everything is possible. Now, with over 500 construction projects coordinated, more than 300 Clients and over 80 professionals by our side, we are looking forward to the next chapter!

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