

BUILDING TRUST THROUGH EXPERT SERVICES: PROJECT MONITORING AS A “MUST” FOR THE ROMANIAN REAL ESTATE MARKET



It is well known that most of the construction projects developed in the last years all over Romania are financed through bank loans, regardless of the sector, from modern office buildings to sustainable residential compounds, exclusive hotels, and more.

Moreover, according to KPMG`s Property Lending Barometer, released at the end of last year, in 2021 most of the banks in Romania have even increased their focus to some extent on real estate lending compared to the previous year and the whole banking sector`s real estate loan portfolio is

expected to significantly increase in the next 12 to 18 months.

To secure the loans, the banks will need expert services to guarantee the safety of the investment. This is where Project Monitoring services are needed.

Project Monitoring is the process of protecting the client`s interests (lender) from the risks associated with their interest in a development that is not under their direct control, by supervision and reporting activities to certify that the investment is sustainable, and the funding is properly used.

A Project Monitor does not assume the responsibilities of the project manager or project`s developer but acts as an investigator and advisor to the client (lender/financial institution), being “the eyes and ears” of the client during the development process.

Moreover, he will supervise the progress of the construction project in a way that is both independent and impartial, adopting a proactive approach, anticipating potential issues which may affect the project delivery. The Project Monitor will also verify all the technical documentation and approvals required for the development of the project.

Vitalis Consulting offers specialized Project Monitoring Services for a wide range of construction projects, from various sectors, such as residential developments, office buildings, hospitality, commercial, and retail. Last year alone we were appointed as a Project Monitor within over 30 construction projects, both in Bucharest and main regional cities, having the chance to collaborate with most of the major financial institutions in Romania.

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ROMANIA, AMONG THE CEE COUNTRIES WHERE THE REAL ESTATE TRANSACTIONAL VOLUME INCREASED IN 2021



The volume invested in real estate assets in Romania, Poland, and Slovakia increased in 2021, while the Czech and Hungarian markets witnessed a downturn when compared with 2020, according to data from real estate consulting specialists.

At the regional level, the total transacted volume reached 9.98 billion euros, a 4.3% decrease compared with the previous year. The Polish market registered a growth of 8.3%, while the transacted volume in Slovakia was 54.2% higher in 2021 than in the previous year. On the other hand, the Czech Republic registered a 36% drop in transactions pertaining to income-producing assets, while the volume in Hungary declined by 18.2%.

In Romania, 54 transactions with real estate assets were completed last year, twice more such transactions in comparison with 2020, as the total investment volume reached 916 million euros, up 0.2%, according to market reports.

Country	Transactional Volume 2021 (mil. EUR)	Transactional Volume 2020 (mil. EUR)	2021 vs 2020 (%)
Romania	916	914	+0,2%
<i>Czech Republic</i>	1.721	2.689	-36,0%
<i>Hungary</i>	881	1.077	-18,2%
<i>Slovakia</i>	774	502	+54,2%
<i>Poland</i>	5.691	5.254	+8,3%
Total	9.982	10.435	-4,3%

After a first semester in which the investment volume was below the level registered in the same period of 2020, the market has strongly recovered in H2 2021, with transactions totaling 618 million euros being recorded, an increase of more than 100% when compared with the first six months of the year.

In terms of asset class, most transactions concerned logistics and industrial premises – around 40% of the total (21), followed by retail properties (13). Despite a smaller number of assets transacted, the 8 office buildings that changed their owners in 2021 had a 44% market share out of the total volume (402 million euros), followed by the industrial segment (30% share) and retail (20%).

The investor's interest in real estate assets remained at a high level in 2021 amid a relative re-balancing of the relationship between landlords and tenants, an aspect that is meant to ensure a stable financial flow for investors. In a generally positive climate, is expected a higher number of landlords to re-evaluate the opportunity to commence a selling process, which would increase the market liquidity. A part of the market with high potential concerns the sale & lease-back transactions, as the owners of various businesses, will benefit from such deals as they will be able to finance their core businesses by disposing of their real estate portfolios. In 2022, we can expect new record deals, which could contribute to exceeding the 1 billion euros transactional volume threshold.

Moreover, it should be noted that the top five transactions comprise all the three major asset classes – office, industrial, and retail.

The prime yields recorded a significant compression of around 50-75 basis points in H2 2021, as a further decrease is expected in 2022. However, the spread between the local market and the more mature countries in CEE, such as the Czech Republic, Poland, or Hungary, is still relatively high (100-300 basis points' range), which could accelerate the compression

CONSTRUCTION WORKS IN NOVEMBER 2021



In November 2021, the volume of construction works increased, as gross series, by 16.1% compared to October 2021 and was up 7.9% as adjusted series according to the number of working days and seasonality.

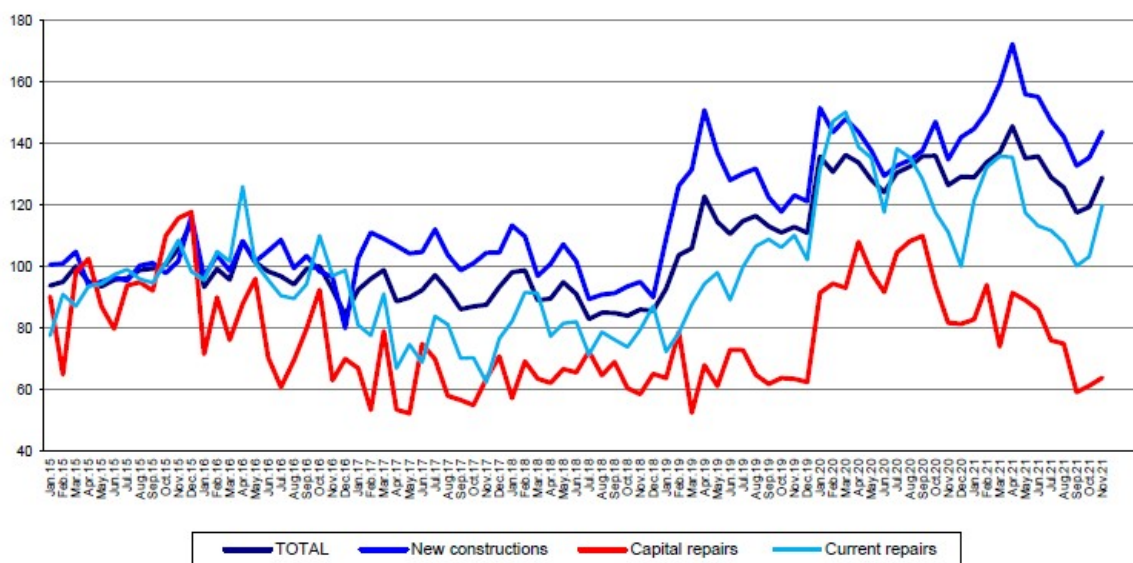
Compared to November 2020, the volume of construction works rose, as gross series, by 3.9% and was up 2.0% as adjusted series according to the number of working days and seasonality.

Compared to the 1. I-30.XI.2020 period, in the 1.I-30.XI.2021 period, the volume of construction works decreased, as gross series, by 1.2% and fell, as adjusted series according to the number of working days and to seasonality, by 0.9%.

In November 2021 compared to October 2021, the volume of construction works increased, as gross series, by 16.1%, an increase reflected in new construction works (+16.7%), in maintenance and current repair works (+14.9%), and in capital repair works (+14.5%).

By construction objects, the volume of construction works increased for non-residential buildings (+10.2%), for engineering works (+9.0%), and for residential buildings (+5.0%).

Monthly evolution of construction works, by structure elements, according to NACE Rev. 2
- January 2015-November 2021 -



In November 2021 compared to November 2020, the volume of construction works increased overall, as gross series, by 3.9%. By structure elements, rises were reported for new construction works (+8.1%) and for maintenance and current repair works (+3.5%). The capital repair works were down 20.6%.

By construction objects, the residential buildings were up 42.9%. The volume of construction works decreased for non-residential buildings (-6.7%) and for engineering works (-4.4%).

The volume of construction works rose overall, as adjusted series according to the number of working days and to seasonality, by 2.0%. By structure elements, increases were recorded for maintenance and current repair works (+7.7%) and for new construction works (+6.8%). The capital repair works were down 21.8%.

By construction objects, the residential buildings were up 43.0%. The volume of construction works dropped for non-residential buildings (-8.2%) and for engineering works (-5.4%).

(Source: www.insse.ro)

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ONLINE COMMUNITY FOR MORE!**



We are happy to announce our third collaboration with Marsh Romania, the world's leading insurance broker, for the renovation and extension of the company's Romanian headquarters!

This time Vitalis team will help create the best work environment for Marsh employees,, by providing professional Fit-out Management services, during the renovation process.

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We are happy to be involved in one of the biggest land transactions of recent years, completed by real estate developer SPEEDWELL

The 9-hectare land plot acquired by the developer will be used for the construction of a major mixed-use project with residential, office, and commercial destinations.

Within this project, Vitalis Consulting team provided Technical Due Diligence services...

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110 years of history are now revived under #Vitalis team coordination.

Cozieni Mansion, the Forgotten Monument located near Bucharest, is going through a refurbishment process aimed to transform the building into a modern hotel with exclusive facilities.

We are happy to use our extensive expertise in the restoration...

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We are delighted to officially announce that Vitalis team is once again among the nominees for the Best Project Management Company of the Year Award, within the CIJ Awards Gala Romania 2021.

More than a nomination, this is a recognition of our efforts to constantly Build Trust in the Romanian Construction...

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