

BUILDING TRUST IN THE INDUSTRIAL SECTOR: VITALIS TEAM IS COORDINATING THE CONSTRUCTION OF A NEW CAR COMPONENTS FACTORY NEAR TIMIȘOARA



This year the Romanian industrial sector has reached new milestones, and this can be easily observed in the increased number of new industrial and logistic projects presently under development, many of which are in Vitalis's portfolio.

One of the most important industrial developments currently under our team's coordination is the construction of a new Car Components Factory, ideally located in Ghiorda, near Timisoara city.

The project consists of the construction of a modern production hall, also having a warehouse component and office spaces on a total area of 13.000 sq. m. Moreover, the project is aimed to offer exclusive facilities, including a canteen,

lockers, areas specially designed for employees' equipment, and others. Within this project, the Vitalis team was appointed to provide Project and Cost Management services, as well as Site Inspection and Health and Safety Coordination, ensuring that the construction works are progressing as planned for successful completion.

Along with the new car component factory, the Vitalis team is fully coordinating the development of a Pharma Packaging Facility located in Turda, Cluj County.

The project involves the construction of 3 production halls on a total area of approximately 10.000 sq. m. Moreover, Vitalis is a Project Monitor for several other industrial projects such as the development of a 5.500 sq. m Poultry Meat Processing Factory in Buzau, an 8000 sq. m meet processing house in Calarasi, the construction of a 14.000 sq. m production hall for aluminum carpentry elements in Craiova and more.

We strongly believe that the Romanian Industrial and Logistics sector will have significant evolutions and market growth in the future period, and we are happy to help bring to life some of the most important investments in this area, all over the country.

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Flora Pop

DEVELOPERS ACQUIRED LAND PLOTS WHICH ALLOW THE CONSTRUCTION OF OVER 30,000 RESIDENTIAL UNITS IN BUCHAREST



Land transactions pertaining to future real estate developments with a total value of EUR 720 million were closed in Bucharest in the 2020 – H1 2022 period, a level almost double compared with the five previous semesters (H2 2017 – 2019), thus illustrating the strong appetite for real estate projects even in the context of the Covid-19 crisis and of the subsequent strong inflationary pressures, according to a real estate consultancy company.



Residential developers were the most active in terms of land acquisitions in the past 2.5 years, as they secured land plots which allow the construction of more than 30,000 units in all parts of Bucharest. Industrial and logistics players concluded land transactions for an area totaling over 1.2 million sq. m in the same period, on which over 500,000 sq. m of industrial and logistics spaces could be developed. Moreover, the retail chains (mainly the German ones), continued to buy new land plots, aiming to expand their local footprints.

The total transacted area was of approximately 4,700,000 sq. m (470 hectares) in the analyzed period (2020 – H1 2022), with 85 transactions being considered, thus corresponding to an average value of 8.5 million euros per individual transaction.

Romanian buyers remained the most active, with a 73% share of the total transacted volume, as the foreign investors, especially those focusing on the office segment, were heavily discouraged by the unpredictability in terms of the permitting process at municipality level, but also by the increasing construction costs.

The demand for land plots in Bucharest remains high despite the difficulties regarding the authorization of new projects due to bureaucratic issues, the increase of construction costs and high inflation. Bucharest still offers important investment opportunities, including former industrial platforms, located in areas without many new developments, which could provide a competitive advantage for those acquiring them. Land plots for residential investments will remain the most sought after in the future, but, in the context of economic, geopolitical and inflationary concerns, developers will need to find alternative financing solutions for the clients who aim to purchase new dwellings within their projects.

(Source: www.cwechinox.com)

THE VOLUME OF REAL ESTATE INVESTMENT COULD REACH €1.2 BLN IN 2022, A RECORD LEVEL AFTER THE 2008 ECONOMIC CRISIS

Prices in Romania have remained stable, but in the region we are seeing an upward trend in yields. Since the beginning of the year, the volume of transactions in commercial real estate assets with a value of €5 million or more totaled approximately €656 million, 16.5% higher compared to the same period in 2021, out of which €330 million represents the volume transacted in Q3. We see an increase of 28% compared to the previous quarter and 26.5% compared to the same quarter of last year.

For 2022, depending on the development of some important transactions in the next period, we could reach a total transaction volume of around €1.2 billion. This would be the highest annual investment volume recorded since the global economic crisis of 2008.

The increase in liquidity in the local market is in line with the activity in the region, where historic volumes are also expected.

In terms of prime yields, there were no changes in Romania during the third quarter, with yields remaining at 6.75% for the office sector, 7.25% for retail and 7.50% for the industrial segment.



It is important to note that, in the case of yields, the evolution recorded in Romania is not in line with the trend in the region for the moment. In Poland, for example, the largest market in Central and Eastern Europe, we can observe a significant increase in yields over the course of this year, of 100 bps for the industrial sector and 50 bps for the office sector, reflecting a price adjustment of 22% for industrial and 11% for office, partly offset by rising rents.

The trend in the region can be explained by both increased risk aversion and rising financing costs. The main reasons why Romania has not followed the same trajectory in recent quarters are the significantly higher levels of yields offered by the local market as well as the type and source of capital of the investors interested in acquiring in our country.

In the first 9 months of 2022, the office sector continues to hold the first position in terms of share in the transaction volume, with 46.5% (€305 million), followed by retail with about 36% (€235 million) and industrial with about 14% (€89.5 million).

63% of all transactions registered in Romania in the first 9 months of 2022 covered properties in Bucharest, with a cumulative value of €414.5 million.

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It's all about the team!

Winning a race or climbing to the top of the world or industry are both similar processes when working together, as a perfectly congruent team with the same goals and mission!

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We are happy to add to our portfolio the Vernis Sunrise Villas project, a new exclusive residential compound aimed to create a strong community of people living together in a highly comfortable, safe, and efficient place.

24 new smart homes designed in a modern-minimalist architectural style, with excellent features and visionary interiors are currently being built under the Vitalis team's careful supervision.

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Here at Vitalis, we strongly believe that having the power to adapt and innovate is vital to long-term success in the Construction and Real Estate industry.

The last two years were all about transforming the way we work and communicate, drawing the paths to a brighter future, even in challenging times.

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We are happy to add to our healthcare portfolio the Vitalitas care center – one of the biggest elderly care centers in Romania, built to comply with seniors' specific needs!

Offering exclusive facilities for 380 persons, Vitalitas is an oasis of tranquility, attentive care, and safety, in the heart of nature, in the vicinity of the Snagov forest.

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