

A 9,000 SQ. M WAREHOUSE CONSTRUCTION, LOCATED IN CHITILA, SUPERVISED BY VITALIS



Last month, the Romanian subsidiary of ELGAN - Eglast Investment SRL, has delivered a new 9.000 sq. m project, a temperature controlled warehouse for pharmaceuticals. The Developer designed and built the warehouse in order to suit the needs of one tenant, who fully rented the building.

The construction works of the hall started in autumn of 2016, when Vitalis Consulting was appointed in order to provide Project Monitoring Services and to certify that the investment is sustainable and that funding is properly used.

Vitalis Consulting has a wealth of knowledge regarding the construction market and significant experience in providing Lender Supervision services to financial institutions.

The 1-Storey high building (9.6 m tall), located in the North-West part of Bucharest, in Rudeni, Chitila, is comprised of 8,584 sq. m warehouse and 487 sq. m office space, plus a car parking area with approximately 35 bays available.

During the construction phase, Vitalis role lied in valuing all the works completed by a certain date and confirming that they are compliant with the specifications of the Technical Report and with the Construction Authorization, outlining and commenting on any inconsistencies.

In May 2017, Vitalis team implication increased as Eglast Investment engaged the Project Management Company within this project in order to provide additional services, i.e. Testing and Commissioning Services as well as checking the completeness of the building log book.

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Among the industrial projects within the Vitalis portfolio can be mentioned: Bucharest West Logistic Park (Phase I, II and III) located in Dragomiresti Vale, motorway Km 13.5; Galassini Industrial Park and Offices located in Oradea; Pantelimon Logistic Park located in Bucharest, etc.

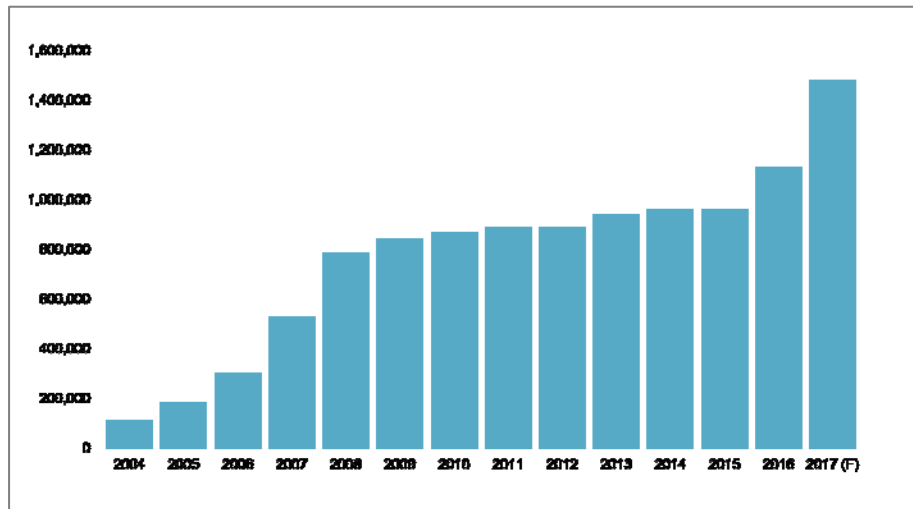
Flora Popa

THE INDUSTRIAL AND LOGISTICS STOCK IN BUCHAREST HAS INCREASED 10 TIMES IN THE LAST 13 YEARS

The modern industrial and logistics stock in Bucharest increased around 10 times between 2004 to 2017, reaching almost 1,2 million sq m, supported mainly by the positive evolution of consumption and purchasing power.

Starting 2005 the stock gradually increased and in 2009 reached about 900,000 sq. m. In the last three years, the industrial & logistics market showed signs of improvement with the volume of constructions reaching 200,000 sq. m in 2016. In terms of new supply, 2017 will witness perhaps the largest volume of developments so far, with approximately 250,000 sq. m expected to be delivered, so the stock will get close to 1.5 million sq. m.

Evolution of industrial and logistic stock spaces in Bucharest (2004 – 2017)



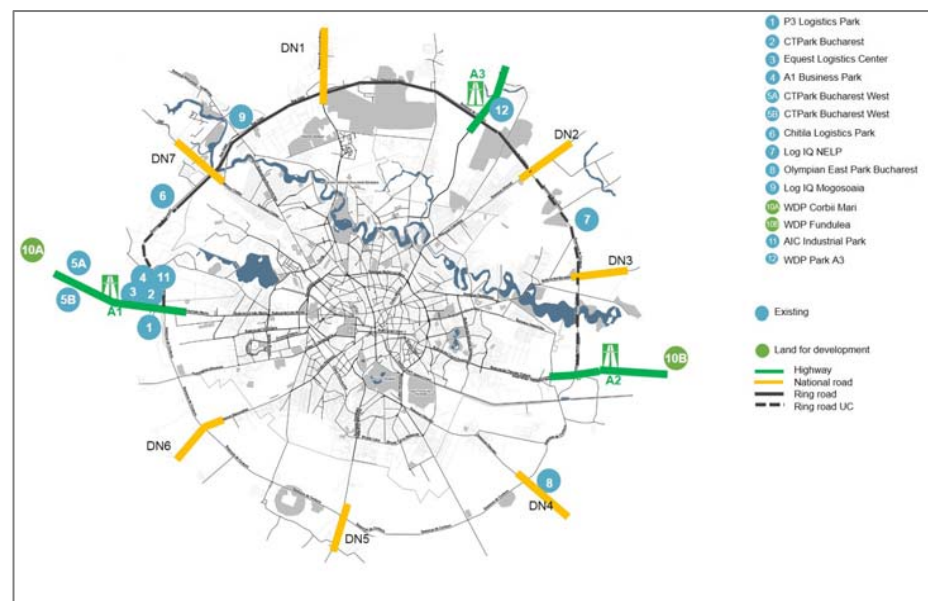
Bucharest - Pitesti highway has remained the favorite destination of logistics developers as over 70% of the current stock is concentrated on the 13th and 23rd kilometers, two landmarks in the local logistics market. In fact, 80% of the stock to be delivered this year is also concentrated in this area, despite the fact that some retailers are looking for storage solutions in the Northern area of the city,

especially on the A3 - Bucharest Ploiesti highway.

The industrial and logistics stock in Bucharest represents almost half of the national market, but compared to other capitals in the region, the growth potential remains significant. At the end of Q1 2017, Warsaw had a total stock of 3,1 million sq. m, Prague 2,5 million sq. m, while Budapest was approaching 2 million sq. m of industrial & logistics stock.

(Source: cwechinox.com)

Major industrial and logistic spaces in Bucharest (Q1 2017)



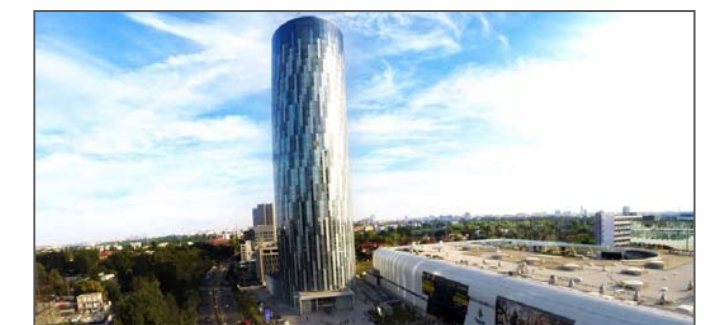
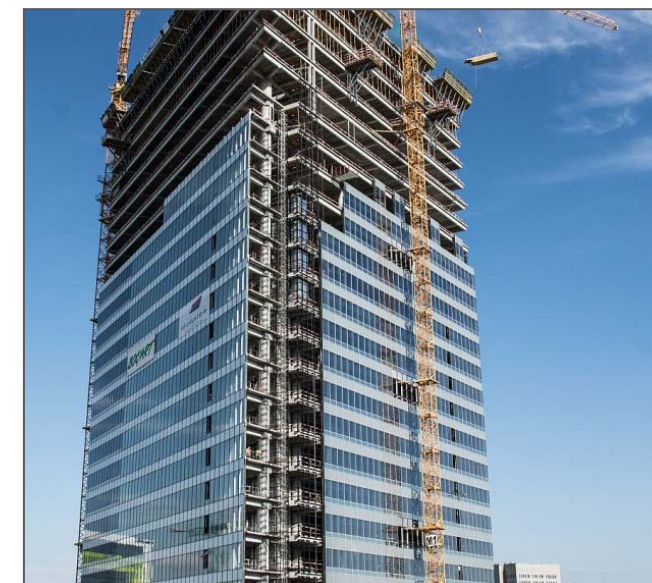
BUCHAREST IS HALF THAT OF WARSAW AND PRAGUE AT THE DENSITY OF MODERN OFFICES RELATIVE TO THE POPULATION

Bucharest, with a stock of modern offices of 2.55 million sq. m, has a density of 1.4 sq. m per inhabitant, half that of Warsaw or Prague, cities where the modern office density has exceeded the threshold of 3 sq. m / Resident, according to C & W Echinox. As a matter of fact, in terms of density, Bucharest is currently at the level of some secondary cities in Poland, such as Krakow, Wroclaw or Katowice, where the modern office density is between 1.2 sq. m and 1.45 sq. m / inhabitant. In Bratislava, the capital of Slovakia, the density is 4 sq. m / inhabitant, while in Budapest the level is 2 sq. m /



inhabitant. At the level of the regional cities in Romania, the most developed office market is Cluj-Napoca, with a level of 0.74 sq. m / inhabitant, followed by Iasi (0.5 sq. m / inhabitant) and Timisoara (0.45 sq. m / inhabitant). In the last ten years, the modern office stock in Bucharest has tripled from 875,000 sq. m by the end of 2007. For the next decade, Cushman & Wakefield Echinox consultants estimate that the stock may double doubling to 5 million Sq. m, which would lead the density to the 3 sq. m per capita level at the current level in Warsaw and Prague. In order for this threshold to be

reached, the current growth rate on the market should remain constant at about 250,000 sq. m per year. Last year, new buildings with a lettable area of 275,000 sq. m were delivered in Bucharest, and for the period 2017-2018 the delivery of projects with a cumulated surface of over 500,000 sq. m was announced.



(Source: cwechinox.com)

MORE THAN 80% OF ROMANIAN SHOPPING CENTERS HAVE BEEN DELIVERED OVER THE PAST TEN YEARS

Romania is ranked third among the top European countries with the newest stock of malls, with 82% of the commercial centers at the end of 2016 delivered in the last 10 years, compared to only 38% at the level of Europe, according to a Cushman & Wakefield study. Thus, out of an existing stock of malls (without retail parks and shopping galleries) of nearly 2.1 million sq. m, nearly 1.7 million sq. m were delivered between 2007 and 2016.



In this ranking, Romania is overtaken by Bulgaria and Serbia, which also fall into the category of emerging markets over the last ten years, while mature markets such as Germany, France and the UK are in the lower end of the top, which less than 20% of the commercial stock of these countries has been built over the past ten years. Last year, commercial centers with a rental area of 4.5 million sq. m were finalized on the European market, down 6% from 2015.

Romania, with deliveries of 229,000 sq. m, contributed 5% to the newly completed stock at European level. By the end of 2018, 186 new malls will be built on the European market, 80 of which will be smaller shopping centers, ranging from 5,000 to 20,000 sq. m



(Source: zf.ro)

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