

## A NEW RETAIL PARK COORDINATED BY VITALIS SOON TO BE OPENED IN BRASOV



Brasov retail sector is about to be enriched with another exclusive development, delivered by Vitalis.

In October 2022 we started our second collaboration with the real estate investor and developer Element Development, our team being appointed to coordinate the construction works of Brasov Retail Park.

After the successful completion of Bistrita Retail Park some years back, a project developed by the same Client, we were excited to be once again part of bringing to life the Developer's vision within another remarkable retail development.

Brasov Retail Park is ideally located on the former Fartec platform, nearby the stadium, one of the areas in Brasov that have attracted major real estate investments in the last few years.

Providing Project and Cost Management services, Site Management, and Tenant Coordination, the Vitalis team has a key role in assuring that the project will be delivered on time and within budget, at the highest standards in terms of quality and sustainability.

Among the tenants of Brasov Retail Park are the sports retailer Sportissimo, Fressnapf pet shop (the first one in Brasov County), Pepco, DM, Tedi, Sinsay, and Dr. Max.

Vitalis retail portfolio has known a major growth in the last few years, our team having the chance to work with some of the most important local and international brands, developing modern retail spaces to improve the way we all shop all over the country. We are excited to be so close to the delivery of yet another great project in Brasov and we cannot wait for the opening day!

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## MORE THAN 500,000 SQ. M OF LOGISTICS AND INDUSTRIAL SPACES WERE TRANSACTED IN H1 2023



Companies leased nearly 550,000 sq. m of logistics and industrial spaces in the first half of the year, with over one third of this volume being related to pre-lease agreements, mainly in projects set to be delivered in 2024. There has been a slowdown of the development pace, as the main players on the market adopted a more cautious approach in the current macroeconomic context, an approach which will put pressure on rental levels in the coming months, according to data from a real estate consultancy company.

The leasing activity on the industrial and logistics property market registered another strong quarter in Q2 2023, with a gross take-up of over 215,000 sq. m, bringing the transactional volume for the first half of the year at 547,000 sq. m, corresponding to a slight growth when compared with H1 2022. The new demand continues to be the main driver of the leasing market, with a share of 90% out of the Q2 2023 gross take-up and 72% overall in H1 2023, demand which is coming from various sectors, among the most active being retail, distribution of general goods, automotive and logistics.



Most transactions signed during this period targeted projects located outside Bucharest, the most sought-after cities being Braşov, Timişoara, Oradea or Arad.

The total modern stock reached 6.77 million sq. m at the end of June, as developers delivered new projects with a total leasable area of 202,000 sq. m across the country in the H1 2023, with 104,000 sq. m completed in Q2. The total development activity in H1 2023 slowed down when compared with H1 2022, when it accounted for 300,000 sq. m, as we estimate the new supply for the rest of the year at around 250,000 sq. m.

The overall vacancy rate slightly decreased at a level of 4.8%, while a further drop is expected by the end of the year as a result of a more cautious approach adopted by developers.

The prime rents in Bucharest and in the main industrial and logistics destinations in Romania stood at a level between €4.25 – €4.50 / sq. m / month in Q2 2023, with higher benchmarks applied to new projects located near Bucharest. Given the limited supply and the sustained ongoing demand, asking rents are expected to maintain this current upward trend in H2 and also in the first half of 2024.

# ROMANIA REAL ESTATE INVESTMENT VOLUMES Q2 2023

Romania total investment volume reached at EUR 183.8 mln. in H1 2023, a 43% decrease when compared with the amount transacted in the first half of the record year 2022. The first quarter of the year was quite active in terms of transactions, 74% of volume as well as the largest deal year-to-date being secured at the beginning of the year.

After five consecutive years when real estate properties located in the Bucharest area topped the investment volume recorded in the first part of the year, attracting more than half and even the great majority (98% in H1 2020), in H1 2023 the investment volume was directed at regional level. With a share of 61% from total volume, assets from regional cities proved to be attractive for investors, a larger share being recorded in H1 2017 (80% from total amount). The YTD average ticket size stands around EUR 12.3mln., 47% lower compared with the value registered in H1 2022.

Investment Volumes Annual by Sector (Romania)



In terms of property main use, industrial and office properties claimed similar shares from the total volume, respectively 33% and 29%, closely followed by retail with 21% and hotels with 17%.

With similar shares in YTD investment volume, meaning 33% and 32%, Czech and Romanian investors contributed with the largest amount of capital at this year's investment activity. With a joint share of 35%, buyers from Lithuania, Cyprus, USA and Israel chose to invest in properties throughout Romania. Romanian investors continue to be present on the investment market, indicating now not only the confidence in the quality of assets and the financial power of the locals, but the maturity towards the market is heading after a year of remarkable results.

By the end of H1 2023, prime yields continued the decompression up to 0.50 pps when analyzed against the values from the end of 2022. Reaching at 7,50% for the office and retail market and 7.75% for the industrial market, prime yields were impacted by increased lending interest rates and inflation evolution.

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After being recognized many years in a row as the Best Project Management Team in Romania, we are grateful for adding another award to our portfolio: Best Construction Management team within the Romanian Property Awards Gala 2023.

We are thrilled to be internationally recognized in the best "Construction Project Management Company" category at Romanian Property Awards 2023.

Our team of more than 100 construction experts is obviously doing an amazing job in Building Trust all over Romania and beyond. Thank you, guys!

Our amazing team of construction engineers has propelled us to the forefront of the market through the successful completion of One Cotroceni Park office component and the great work done every day.

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We are grateful for every single time we have the chance to help future construction engineers to explore our wonderful world.

Whereas the strength of our team stays in every single one of our colleagues, the strength of each colleague stays in the wonderful team we managed to build together over the years.

14 students at the Technical University of Civil Engineering Bucharest are learning from the Best Construction Management Team how to Build Trust in some of the most important projects in Bucharest.

This year's team building was another chance for us to come closer together and build amazing and unforgettable memories.

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