

VITALIS CONSULTING PROVIDES PROJECT MANAGEMENT FOR 109 VICTORIEI MODERN OFFICE



Hagag Group acts as an international investor specialized in the development, management and marketing of real estate projects, focusing on residential and commercial projects in Romania. Hagag Development Europe is involved in the acquisition, development and renovation of some of the buildings and projects which involve more than 150 million euros invested in Bucharest's luxurious and development areas.

Hagag Development Europe has increased its property portfolio in Romania with two buildings placed on Calea Victoriei in Bucharest and a and of over 3 hectares near Pipera forest, planning investments worth 70 million euros.

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Vitalis Consulting's office portfolio will include a new major project, being the first collaboration with Hagag Group.

There are carried out three other projects in addition with the Victoriei 109 project, whose land belonged to a company producing oil services: Eliade Project, 139 Calea Victoriei Project and Pipera Project.

The building of Victoriei 109 is displayed on UG + GF + 6F + 7R and features a total of 7,036 sqm of modern office and retail spaces.

The area comprises a mix of commercial, hotels and office spaces as well as residential properties.

The services provided by Vitalis Consulting LTD within this project are Project & Cost Management, Site Inspector and Health & Safety Awareness Training. At the same time, through Vitalis Consulting LTD, the consolidation, rehabilitation and repartitioning of the building will be carried out.

Florian Popa

POSITIVE TREND FOR CONSTRUCTION MARKET



The demand for office space, housing and industrial construction has significantly advanced, so that business in this sector may be approaching 30 billion lei this year, with over 3 billion lei above the level recorded in 2016. The volume of construction works increased by 8.4% in gross series in the first two months of 2018, with a significant evolution on all the levels. Capital repair works advanced 40.4%, maintenance and repair by 37.5% and new construction by 28%. The most dynamic segment, also judging by the number of building permits, marks the residential sector, a segment in which the volume of construction works increased last year by 69.7%.

More than 60.000 companies with more than 150.000 employees are active in the construction market. The number of officially declared firms and workforce remained stable between 2012 and 2016.

The largest business in construction sector was made by companies in Bucharest and cities such as Cluj-Napoca, Timisoara, Brasov and Ploiesti. Interesting fact is also the evolution of profitability in the construction industry, which advanced significantly from 2.39 billion lei in 2012 to 5.1 billion lei in 2016. Construction companies optimized their investments, the residential sector being the one which came out the most, on the background of rising demand. Investments in this field will also have a positive dynamics over the next period on the Romanians' interest in real estate. Office and industrial buildings also tend to a positive dynamic, emphasized by the expansion of investments by the major players in this field. Last year, in our country, 28.451 construction projects were in progress, with a cumulated value of 161.55 billion lei and an area of 93.3 million square meters.

The Romanian construction market is dominated, as a number of companies, by the very small ones, which have up to 5 employees. It is known that over 54.000 such companies mainly work in the residential sector. It is noticed that the construction market has grown significantly over the past years and great investors have begun to place more and more emphasis on innovation and quality. Currently, the construction market contributes 4.6% to gross domestic product (GDP- *ro. PIB*), but employers in the industry claim that the sector's potential is around 8–9%.

(Source: www.adevarul.ro)

BUILDING PERMITS FOR JUNE 2018

Building permit is the act of authority of the local administration, on the basis of which it is ensured the application of the measures provided by the law regarding the location, design, execution and operation of constructions.

Compared to May 2018, in June 2018, 4233 building permits were issued for residential buildings, of which 65.0% are for the rural area, decreasing by 4.6% compared to May 2018 and by 10.8% more than in June 2017.

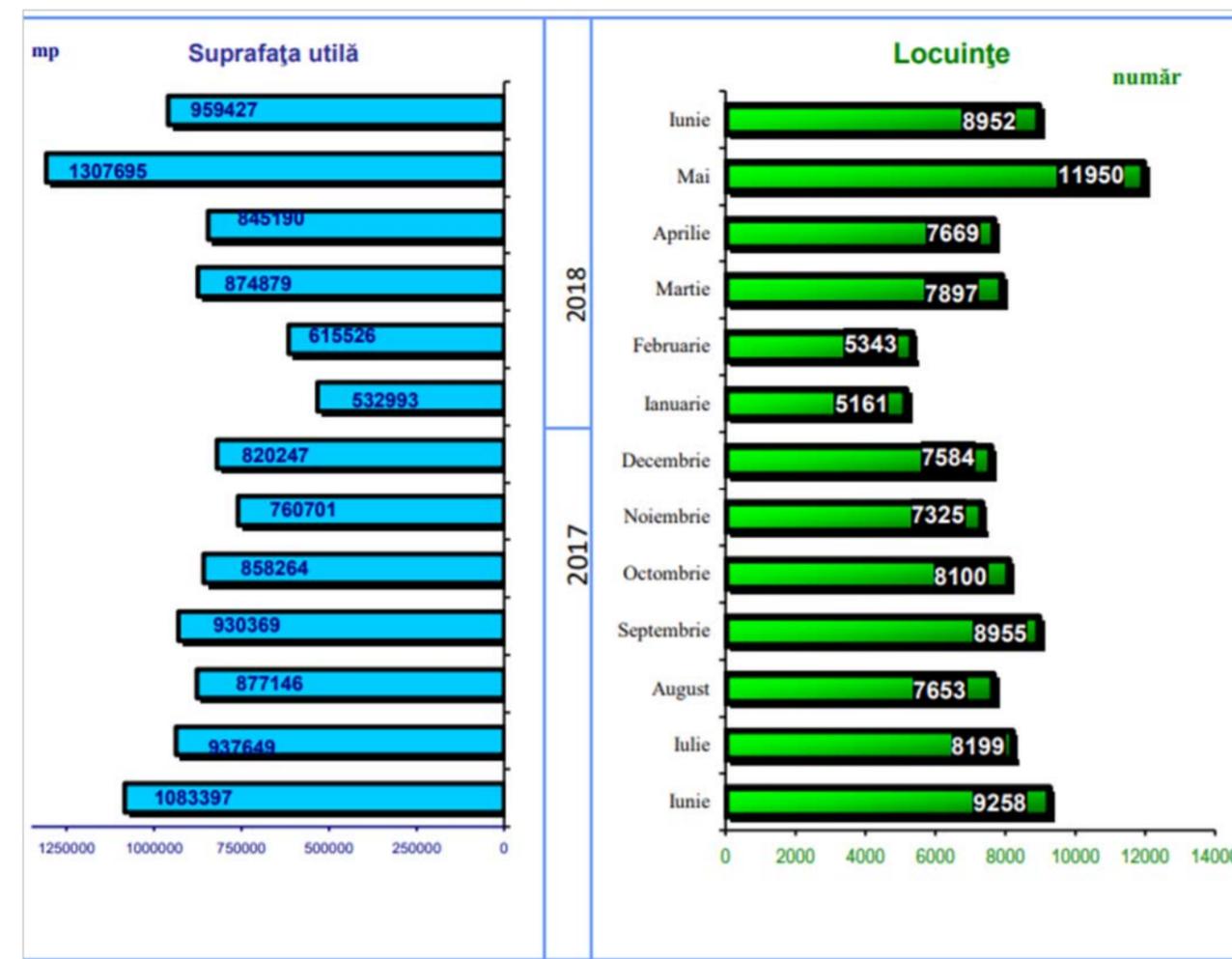
During 1.I – 30.VI.2018, 20.520 building permits for residential buildings were issued, increasing by 8.5% compared to the corresponding period of the previous year, increasing by 8.5% compared to the period 1.I – 30.VI.2017.

Increases were registered in the following development regions: West (+516 permits), South West Oltenia (+402), South Muntenia (+352), Center (+128), Bucharest – Ilfov (+102), North – West (+95) and South – East (+86).

A real decline was in the North East Development Region (-69 permits).

Regional distribution reveals a decrease on the number of building permits issued for residential buildings of 202 permits, decreasing in the following development regions: West (-94 permits), North East (-81), North – West (-76) Center (-64).

Increases were registered in the following development regions: South – East (+47 permits), Bucharest – Ilfov (+33), South-Muntenia (+30) and South – West Oltenia (+3).



(Source: www.insse.ro)

TIMISOARA—THE SECOND BIGGEST OFFICE MARKET IN ROMANIA



By the middle of this year, Timisoara became the largest office space in the province, surpassing for the first time the real office space in Cluj - Napoca.

The office stock in Timisoara increased by 53,000 sqm in the first six months of 2018, already exceeding 26% last year's record.

The modern speculative stock in operation increased to 180,000 sqm, corresponding to a density of 564 sqm per one thousand inhabitants, exceeding 30,000 sqm the similar stock in operation in Cluj-Napoca (150,000 sqm).

The office market in Timisoara registers the most effervescent growth period in its entire history, developing itself rapidly with new Class A buildings, most of them being placed in the extended central area. The value of the modern retail market in Romania is estimated at 17-20 billion Euros.

Among the trends for 2018, there are proximity and expansion in the countryside, which has great growth potential - retailers are targeting localities under 15,000 inhabitants and adapt the format and surface of the store, so for retailers from Bucharest, where modern trade has reached nearly 70%, other big cities in the country are also interested.

The strengths of the retail market in Romania are: the upward trend of consumption; market growth potential in modern trade; competitive price versus traditional trade. But our market has also some weaknesses, such as rising costs across the supply chain and rising labor costs (which has pressure on the final price).

The development in areas that are not yet covered and have potential for growth in modern trade, development in the online environment, with greater attention to the delivery of products, are the opportunities that the market in our country has at its disposal. At the same time, the political and legislative instability, which leads to a lack of predictability and an increase in fixed costs in general and those with logistics, with the expansion in proximity and in less accessible areas, threatens the domestic retail market.

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