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**Vitalis Consulting to provide PM services to residential project in Brasov**



Vitalis Consulting was recently appointed as Project and Cost Manager for the residential project developed in Brasov by Adama Holding Ltd, a leading Real Estate development company, active in markets across Central & Eastern Europe.

The project consists of 8 buildings with a structural regime of one underground level, ground floor, 10 upper floors and penthouse, approximately 540 apartments, 67 for each entrance and total gross build area of 51,000 sqm.



## Positive side to the crisis

The current crisis certainly affects the construction market in Romania and will generate significant changes in several areas: the selection of company assets, the increase of the level of performance or re-direction of the areas of interest on short or medium term. In what concerns the approaches, at this moment employees' specialization or acquisition of IT solutions only represent partial solutions, which, in order to be effective, have to be sustained by other approaches: diversification of activity fields, extension of the range of services, assimilation of new procedures and technologies against the background of a high level of financial flexibility.

The crisis and foreign construction companies entering the Romanian market will have to produce some major changes in the Romanian managers' mentality if they want to remain competitive.

This year is forecasted to be tough for everyone, at the end of the crisis the companies that survived will certainly increase market share, gain matchless experience and immensurable endurance. A redistribution of market share among companies is projected, as many companies are not capable anymore to pay their debts. In January only, nearly 1,600 companies entered into insolvency nationwide, about 600 more than in January 2008.

In project management introducing innovative solutions and creativity as basis for new strategies, making business processes more flexible and adjusting to new strategic directions of development can constitute some of the solutions.

**Florin Popa**  
**Managing Partner**

*Florin Popa*

## Romania, the first to fall in EU construction sector

The construction sector activity in Romania decreased in February by 8.6% compared to January, this being the most significant decline in the European Union (EU), while in terms of annual reports, construction work decreased by 6.7 %, as Eurostat announced.



Since February 2008, Romania has recorded the sixth decreasing step among the EU members. According to data reviewed by the European statistics office, in January, Romania was still on the first place in the EU based on the annual growth of this indicator, with a progress of 14.7% compared to January 2008. In February, the highest increases in the construction sector were in Poland, by 2.2% , and in Sweden by 2.1% comparing to the second month of 2008, while the largest decreases in this area have been recorded in Slovenia by 25 %, Germany by 20.9% and Spain by 15.4%. Eurostat, which gathered data for 11 of the 27 Member States, shows that the construction sector declined in the EU in February, by 11.2% comparing to the same month of 2008, and the countries in the Euro area recorded a higher annual decrease, by 11.8%, in the same period. Building construction decreased in the EU in the second month of the year, by 12.2% compared to the same period in 2008 and by 13.1% in the Euro area, and the civil engineering constructions reduced by 8.2% in EU and by 9.5% in the Euro area. Comparing to the previous month, the construction sector reported a decline of 1.6% in the EU and 1.8% in the Euro area, according to Eurostat.

## Opportunities & Solutions for the Romanian Property Market

**Eurobuild** CONFERENCES

The purpose of the conference was to bring to light solutions and grasp opportunities for key real estate sectors, such as office, industrial, hotel & leisure and residential.

**Vitalis Consulting** represented by Mr. Florin Popa - Managing Partner - was invited to answer questions with regards to growth, sustainability, corporate occupiers' interest in Romania, the evolution of investors' interest and the office market current conditions.

Held at an outstanding hotel, located in center Bucharest, the conference was meant to bring together specialists from all services from the construction sector, intended to work as a brainstorm program for solutions on how to handle the crisis but also analyze the strengths, weaknesses and most of all the opportunities the market provides.

Eurobuild Conferences organized more than 150 conferences in Europe, attracting both industry

leaders and outstanding speakers and contributors.



## Volume of construction, reasonable level in Q1



The volume of construction works, several gross, advanced by 4.4% in Q1, the smallest quarterly advance in the last four years, and that number adjusted for working days and seasonality - by 5.2%, evolution determined by the increases in the construction of residential and non-residential buildings. Thus, in the first three months, the volume of residential

construction works, several gross, increased by 21.4% and that of non-residential buildings by 5.1%, while engineering constructions registered a decrease by 4%, according to data revealed by the National Statistics Institute (INS). Regarding elements of structure, the construction works registered an increase of 9.2%. Decreases were registered in what concerns the maintenance works and current repairs (-5.6%) and capital repair works (-5.3%). The volume of construction works, adjusted series based on the number of working days and seasonality, increased by 5.2%, growth shown in the following types of

buildings: residential buildings (+22.2%) and non-residential buildings (+9.8%). In construction engineering a decrease by 2.9% was registered. On elements of structure for construction works we recorded an increase of 12.1%, while decreases were recorded in the capital repair works (-3.9%) and maintenance works and current repairs (-5.7 %).

In March 2009, the volume of construction works, several gross, increased by 32.1% compared to February, and as adjusted series based on the number of working days and seasonality - by 1.7%.

## Bucharest, the most economical city for offices in Q1

The output of Class A offices has increased in all markets in Europe, ranging between 5 and 8.5% in 2009 Q1, shows a survey of an international real estate consultancy company. While German cities were the most expensive among the 20 European markets monitored, Bucharest became, in the first three months, the cheapest city for office space.

The lowest output was achieved in Munich, 5.1%, while in Bucharest, the rating for Class A offices have reached 8.5% in Q1 - the highest output from the list of 20 European markets monitored.



Regarding transactions in Q1, in Bucharest these totally missed due to differences between available investment alternatives, owners' expectations regarding the price and strategy of opportunistic investment funds.

In March, Bucharest was ranked as 37 place in the top of the most expensive locations for office spaces, down two places compared to last year, when it was ranked on place 35, according to the "Office Space Across the World 2009" company real estate consultancy Cushman & Wakefield.

Source: Wall Street

## Lease contracts flexibility, decisive factor in the office market

If up to now, medium and large companies, which decided to relocate operations in a bigger office, had as first selection criteria the location and quality of the office building, the current economic context brings a new decisive factor: the flexibility of renting.

Before taking a decision related to establishment, each company needs to revise all internal processes for the following three years and the number of people required for their unrolling, so that they have a revised perspective on the space needed.

A second step is the existence on the market of spaces whose business conditions to be correlated with current economic reality and to represent viable solutions for tenants seeking, primarily, a sustainable rent level and greater flexibility to contract terms.



## Green buildings @ “Green Hour”

Cristian Gavrilă (Senior Project Manager Vitalis Consulting), Laura Nemoianu (Marketing and Communications Manager RoGBC) and Florin Dobrescu (Manager Star Dome) were invited by The Money Channel to give light to some important issues with regards to green building in Romania. They presented the international and local situation of housings and buildings built on the principles of sustainability, available green materials on the market, benefits and potential extra costs, the existing legislation and the general attitude of developers with regards to green buildings.



Romania Green Building Council's role as a promoter of green concepts within the Romanian companies was underlined, as well as the support shown by all members within the council.

Vitalis Consulting presented the first pilot project conducted with the support of Bucharest City Hall, Herastrau Day Care Center.

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