

# REAL ESTATE NEWSLETTER

May 19<sup>th</sup> – 25<sup>th</sup> 2008

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## In the news

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### EUR 140mln real estate projects for Ozer

The company with Turkish shareholders Ozer Construction will develop three real estate projects whose value rises to almost EUR 140mln this year and next year; the biggest of these projects is to be

a residential complex in the south of the capital. “We want to take advantage of the considerable advancement of the real estate market from Romania and as a result, the activities of the company will focus more on development, in the next two years. The basic activities will continue to be constructions while the developer activity will have a weight of 40% in the operations of the company in the Romanian market” stated Ileana Stanciu, general manager of Ozer Construction Romania. At the moment, the company is conducting the project Belleview from Sinaia, which comprises two apartment buildings with 344 apartments, from apartments with one room to duplexes. The investments surpass EUR 25mln and the officials of the company sustain they already sold 40% of the project until the present. Prices for the project from Sinaia vary between EUR 58,000sq m for an apartment with one room and 118,000 for a duplex, placed on the eight floor - the last of the building. “For Belleview we estimate a profit rate between 15 and 17% of the initial value” stated Izmail Ozer, CEO of the Turkish company. Apart from the investments from Sinaia, the Turkish company also announced the development of two more real estate projects in the capital, whose value will rise to around EUR 115mln. This year, Ozer Construction will invest EUR 15mln for the construction of a luxury residential complex in the Aviatiei area from Bucharest; the complex will comprise two buildings with 4 stories and 150 apartments. The works will start in September and will last for 18 – 20months. The second project that the Turkish company intends to develop in Bucharest is in the south of the capital, in Berceni and requires investments around EUR 100mln. The project is still in the stage of preparations and the number of apartments was not established yet. Nevertheless, the project will be placed on a surface of 11 hectares while the built surfaces will vary between 100,000 and 150,000sq m. The starting date of the works was announced for next year. (Ziarul Financiar, Business Standard, May 19<sup>th</sup> 2008)

### **The Spanish from CP Grupo invest EUR 100mln in real estate**

The Spanish developer CP Grupo wants to invest EUR 100mln in Romania in the next period; EUR 25mln will be destined to their first residential project launched on the local market, in the north-east of the capital. The works on the complex Lakeland Residence will start in June and will be finished in 2010. The complex will be placed on the banks of the Plumbuita Lake and will comprise a building with 144 apartments distributed in 15 stories. The complex will have a total surface of 15,000sq m and the price of an apartment with two rooms starts from EUR 160,000sq m, according to surface and finishing. According to Carlos Pinilla, the president of the group, CP Grupo intends to conduct investments on the Romanian market in the next 35 years, thus consolidating their activity in the real estate sector on the segment of hotels and office buildings. In around six months, the group intends to start the construction of an office building and they will continue to purchase land for new residential projects. The yields on the residential segment vary between 7.5 and 8%. (Business Standard, May 19<sup>th</sup> 2008)

### **In fashion: apartments on the ground floor and on the last floor**

Romanians surpassed complexes by the shortages from the apartments of the Golden Age and started to purchase apartments on the ground and the last floor. If in the case of new residential complexes the prices of the apartments on the last floor are higher than the ones below, in the case of old apartment buildings, these apartments are at least 10% cheaper. The reticence in buying an apartment on the ground or the last floors comes from the problems of the old communist apartment buildings. These led to lower prices for the apartments placed on these floors and, in general, they became a

target only for those who are not willing to invest an important sum of money in the acquisition of a home. In comparison to intermediary floor, the least levels of the old apartment buildings are sold for ever 20% less. (Cotidianul, May 19<sup>th</sup> 2008)

### **The prices of luxury buildings from the capital recorded increases over 500% in the last five years**

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Luxury buildings from Bucharest, generally placed in the centre and the north of the capital, recorded spectacular price increases in the least few years, over 500 – 600%, if we are to take 2003 as reference, for example, sustain the representatives of the real estate company Perfect Casa. According to real estate analysts, more and more people who purchase luxury properties, over EUR 750,000 paid them partly through bank loans. “Several years ago, almost all high-end buildings and terrains intermediated by our company were acquired by the buyers from their own money. During the last year, only 40 – 60% of their value is paid from own funds, the rest is covered from bank loans, which proves once more that the Romanian market gets more and more characteristics of the Western markets” said the president of Perfect Casa, Jeni Dragomir. She doesn’t believe that the price increase are the main reason for which those who acquire luxury buildings resort more and more to bank loans. “I believe that more and more Romanian businessmen understood that the money they use to pay a property can be invested in such a way to bring profits surpassing the interest paid to the bank for a credit. Further more, during the last period, I noticed a significant increase of the number of Romanian managers – in general in multinational companies, whose salary packages facilitate their access to luxury properties, acquired through bank loans” added the president of Perfect Casa. (Wall-Street, May 19<sup>th</sup> 2008)

### **“GE Real Estate” and “Helios Phoenix” to build six logistics parks**

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The companies “GE Real Estate” and “Helios Phoenix” announced on May 19<sup>th</sup> that they have created a joint venture for the building of six class A logistic and storage spaces in our country. The constructions will be placed in six big cities: Bucharest (Chiajna), Timisoara, Constanta, Brasov, Cluj and Oradea. The total value of investments is EUR 175mln, is mentioned in a press release. The real estate company „DTZ Echinox” was designated exclusive agent of the projects. The buildings, with a total surface of 315,000sq m will be placed close to main roads and highways. The starting of the constructions for the centers from Brasov, Chiajna and Timisoara is announced for Q2 2008. The other constructions will start in Q3 2008, most probably. The project “The Olympian Parks”, from the Chiajna metropolitan areas, will be placed 1.5km away from Bucharest. The construction from Brasov will be placed in an industrial area 8 km away from the city, in the west, in the E 574, with access to DN1 and the future highway Bucharest – Brasov. The investment from Timisoara will be placed 9.5km from the centre of the city, on E 70, route with access to Bucharest, Sibiu, Brasov and Cluj-Napoca. The surface granted for this development is of 55,000sq m and it will host logistic storage units, industrial storage units, cooling spaces and freezing spaces, but also office buildings. The construction from Constanta is placed 9km away from the city, in the Danube canal. The building will be built only 500meters from E 87. This route connects Constanta, Mangalia and Bulgaria. The logistic centre from Cluj-Napoca will be placed close to the ring road, near the Jucu area. (Bursa, May 20<sup>th</sup> 2008)

### **George Enescu, leading district in the real estate development sector from Suceava**

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George Enescu is one of the newest districts of Suceava. Communist apartment buildings were built between 1970 and 1982. More than 20 years later, the district receives two new residential complexes. The George Enescu complex comprises 127 apartments out of which 103 with 2 rooms and 24 with three rooms. The building is 7 stories high and it also has a mansard. The complex comprises four types of apartments with two rooms. Prices range from RON 167,300 for a built surface of 48sq m and RON 230,000 for a surface of 65sq m. The smallest price for an apartment with three rooms is RON 250,600 and it has 60sq m. There are four such types of residential units and the most expensive is RON 320,000 for a surface of 92 sq m. Parking lots are not included in the price. For such a space placed outside the building the client has to pay EUR 4,000 while prices for underground spaces rise to EUR 10,000. "Around half of the apartments will be finished in August 2008 and the rest will be ready in November" sustains Mihai Olimpiu, administrator of the real estate agency Imostar from Suceava. The company General Construct also builds an apartment building in this district. The building is ten stories high and it comprises 50 apartments with one room and 20 apartments with two and three rooms. The price of an apartment with one room and a surface of 36sq m is EUR 42,800. An apartment with two rooms and 38 sq m costs EUR 45,000 and one with three rooms of almost 70sq m can reach EUR 82,400. Parking spaces are underground and they costs EUR 8,000 each. The deadline for the finishing of this construction is October 30<sup>th</sup> 2009. When it comes to old apartment buildings from the area, an apartment with three rooms for example costs between EUR 85,000 and EUR 90,000, with no improvements, explains Mihai Olimpiu. The mansards built over the old apartment buildings from Suceava are very successful. This happens because an apartment with two rooms of 46sq m in a mansard costs EUR 40,000 while a similar space in an old apartment building costs between EUR 45,000 and EUR 48,000. An apartment with two rooms and a surface of 52 – 56sq m costs at least EUR 60,000. Three rooms cost between EUR 55,000sq m for a surface of 56sq m and EUR 90,000. (Adevarul, May 20<sup>th</sup> 2008)

### **Timid price rises on the province land market**

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The demand represents the main reason for which acquisition prices begin to rise. After a general stagnation of prices, things begin to move again on the province land market. Botosani and Targu Jiu are the two cities with over 100,000 inhabitants which recorded increased in the acquisition prices in the last month. The main cause is the rising demand of the land plots located inside the city. Individuals or medium companies that want to extend their activity outside Bucharest express their interest in such land plots. Around two months ago, the cheapest land plot situated in a semi-central area was located at Targu Mures. In regions like Unirii or Libertatii, an investor was able to purchase surfaces ranging between 600sqm and 4,000sqm for prices varying between EUR 50/sqm and EUR 100/sqm, according to data provided by local real estate agency Euroimobil. At present, such land plots can be bought for prices ranging between EUR 50/sqm and EUR 300/sqm. There are situations when the owners can ask even EUR 500/sqm in a central area, considering that there are no more free land plots, according to Imobinvest manager Trella Tamas. At present, the most serious lack is felt on the segment of large plots, added Tamas.

Investors in Bucharest increase land prices in Targu Mures

Even though the supply is more and more limited, the in-city land demand continues to rise, mostly generated by the investors in Bucharest. This means that a large number of medium companies are interested in extending their operations in Targu Mures. This is why most of these players are looking

for land plots to be used in large projects. As concerns land plots situated at the city outskirts, the demand recorded lower rises in the last month, from EUR 10-30/sqm to EUR 10-50/sqm. This might be caused by the fact that pressure on prices for land located in these regions is much smaller.

*Speculative price rises at Botosani*

If price increases in Targu Mures can be explained – at least partially – things are different as regards the second city affected by price rises in the last month. In Botosani, the price of semi-central land plots increased by around EUR 35/sqm, ranging between EUR 11/sqm and EUR 385/sqm. On the other hand, price of land plots located on the city outskirts remained unchanged, amounting to around EUR 5-50/sqm. These rises – much smaller comparing to the ones in Targu Mures – can be determined by the owners' speculative tendencies. (Adevarul, May 20<sup>th</sup> 2008)

### **The office market from Bucharest will receive an additional 1mln sq m**

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Bucharest will have a stock of almost 2mln sq m of office spaces if the projects announced will be finished until 2010. Thus, 440,000sq m are expected on the market this year and another 562,000sq m will be delivered in 2009. In this context, the specialists from "CB Richard Ellis" estimate that in 2008, the rent will stagnate and the, after 2009 – 2010, it might even record decreases. According to a research of the company Pipera will continue to be the most demanded area. There are announcements of around 370,000sq m of new offices announced for the next two years on the preferred segment for the B class, back offices for banks or call centers for the IT companies. The offices from Pipera could record the most significant decrease of the rent, down to EUR 12 – 13/sq m/M. The increase of the offer on the market of office spaces from Bucharest continued in 2007 as well, when finished building supplemented the existing stock with around 225,000sq m. This level is 50% higher than the one from 2006. The average level of the rent for class A offices recorded a slight increase in 2007, as a result of the lack of available spaces, around EUR 18 – 21/sq m/M.

*The south of the capital lacks trade spaces*

At the moment, the market of trade spaces from Bucharest has 11 hypermarkets (5 "Carrefour" units, two "Cora" units, two Kaufland" units, one "Auchan" unit and one "Real" unit). But, there is still room for development in the context in which certain areas of the capital are not covered yet, especially the south. According to the quoted research some of the projects due in 2008 are "Baneasa Shopping City" with a rentable surface of 85,000sq m, "Liberty Center" placed in the centre of the capital, with a rentable surface of 25,000sq m and "Sun Plaza", from Big Berceni, with a rentable surface of 76,000sq m. Other projects are "Grand Arena" also in the south of Bucharest, which will have 250 stores the trade park of "West Park", placed on km 13 on the A1 highway with "Fashion House Outlet Center" of 28.000sq m and "Vitantis Shopping Center" from Vitana with 36,000sq m for rent. (Bursa, May 21<sup>st</sup> 2008)

### **15 new districts on the locations of former factories from Bucharest**

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The supply of terrains from the capital in 2007 was represented by industrial locations from the city, just like in 2006. During the last two years, there were announcements of around 15 real estate developments on the placements of former industrial locations. They will occupy over 120 hectares of terrain stated Adrian Nicolescu, director of the evaluation department of "CB Richard Ellis Eurisko" on May 20<sup>th</sup>. Thus, there are projects announced or already started on former industrial placements like "Laromet", Compania Industriala "Grivita", "Helitube", "Frigocom", "Tricodava" and the sports base "Spartac". On the location of the former "Laromet" factory "Africa Israel" will

develop around 3,000 apartments and a trade space or only 4,000 apartments on a surface of 15.5 hectares. The industrial company “Grivita”, 50% owned by the company “Grivita”, will be transformed in a mixed project, with office buildings, trade spaces and residential units. The terrain is of 6.1 hectares. The developer “BelRom” announced they will build two tower office buildings instead of the former “Helitube” factory from Colentina. The buildings will be 12 stories tall. The company will also build a trade park with a rentable surface of 100,000sq m. The project will be placed on nine hectares. On a terrain of 3.1 hectares of “Frigocom”, the company „Gran Via” will develop 1,400 apartments. In Drumul Taberei, the former “Tricodava” factory will be demolished in order to make room for a residential complex with 2,100 apartments. This project also belongs to the developer „Gran Via”. The terrain on which the complex will be placed is of 5.4 hectares. The sports base “Spartac” from Titan will host the project “Parklake Plaza”. This is a mall of 110,000sq m and two tower buildings with 600 apartments.

*Some of the owners of factories go into joint ventures*

Our interest for this type of locations will continue to be high no matter if they will be used by the current owners or by the real estate developers. Thus, the majority investors from “Mecanica Fina”, “Mol Invest”, announced the relocation of the production of the company. Thus, on the spaces owned in the Obor area there will be two new malls. Total investments amount to EUR 20mln. Further more, “Medeus” will develop a real estate project on a terrain of 16,800sq m on a terrain from the Poligrafiei area. The works for this project will start after the production will be relocated in Chitila, sometime this year. In 2007, “Prodplast” announced the relocation of the activity as a result of the acquisition of a terrain with a surface of 6.6 hectares. The placement of the old factory from the Obor area, a terrain of 43,000sq m, will also be used for a real estate project. “Jafco Holding” Romania will develop a trade project estimated at EUR 150mln, in partnership. The construction will be situated on the former location of “Chimopar”, 26 hectares, on Theodor Pallady Boulevard. The chemical materials factory will be relocated. “Victoria Bucuresti” also announced they want to relocate and sell their 1.8 hectares terrain from Iuliu Maniu Boulevard. “Timpuri Noi” will also be relocated and the terrain from Giurgiului Street will be sold. The property has 50,000sq m, it is placed on Splaiul Unirii and it is worth EUR 100mln. The “TitanMar” factory will be moved to Chiajna. The real estate developers are already interested in the 6 hectares from the Trafic Greu area.

*The prices of the terrains from many areas will stagnate*

For 2008, officials of “CB Richard Ellis Eurisko” estimate that, for the first time, the prices of terrains from certain areas will stagnate, if not even record decreases. There are the areas in which the increase of the prices from the previous years left a mark on the profitability of the investments of the real estate developers. The area which recorded the most significant price increases (+ 250, 300%) in 2007 compared to 2006, is the Jandarmeriei Street - Gheorghe Ionescu Sisesti Street – Odai street area. The main reason for this increase is the approval of some Urban Plans of the Area (PUZ).

*The new residential units will record increases up to 15%*

For the new residential units, the officials of “CB Richard Ellis Eurisko” estimate a price increase of around 10 – 30% this year. Thus, the final price of the residences will increase with 5 – 15%. The increase will come from the increase of the prices of available terrains, utilities, construction materials and labor force. The company estimates that the banks will improve their products on the medium and long term in order to meet potential clients. According to official data, there will be 16,000 new residences finished in 2008 – 2009, in big residential complexes, sustain the representatives of “CB Richard Ellis Eurisko”. (Bursa, May 21<sup>st</sup> 2008)

### **Over 1,200 new residential units in Sinaia and Busteni**

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The Busteni resort benefits from 83 new functional residential units and another 335 programmed to be delivered at the end of 2009. The most demanded area from the point of view of the developers is Golful Regal. Busteni, as well as Sinaia, has a high potential for residential developments. Important companies like “Detea Group” and “Future Group” chose this area for new residential units. According to a research of “DTZ Echinox”, the biggest residential project from Busteni is placed in Piatra Arsa. It comprises four villas with a total of 28 apartments (seven apartments/villa). Until the present, two villas were finished and all available apartments were sold. The other two villas are to be delivered by the end of this year and they only have three more apartments available for sales. The average price is of EUR 1,260/sq m + VAT. The highest prices recorded in the area are in the project “Golful Regal Residence”. Here, an apartment with two rooms with a terrace of 28sq m is sold for EUR 2,043/sq m + VAT. The total built surface is 84.7sq m and the final price reaches EUR 173,000sq m. At the moment, the residential market from Busteni develops especially in the sector of villas. Thus, the resort has a rather low number of apartments. Over 70% of the total number of apartments available in a residential project is sold before delivery, sustain the specialist of “DTZ Echinox”. The highest prices are recorded in the case of apartments placed on the last two stories. The most demanded area from Sinaia is the perimeter surrounding the Peles Castle. There are two projects near this location - Bloc Ferdinand II and Habitat+ which will be delivered by the end of the year. The prices of the new apartments vary between EUR 1,200 and 2,139/sq m. The highest price is recorded in the case of a residential unit from the Stil Furnica project which will be received at the end of 2009. (Bursa, May 21<sup>st</sup> 2008)

### **Carrefour, in Baia Mare and Satu Mare**

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The French group Carrefour will open two hypermarkets, in Baia Mare and Satu Mare, in 2009, in projects developed by RED Management, whose cumulated value rises to EUR 150mln. The French company rented a total surface of 13,100sq m for each new store. The average investment in a Carrefour hypermarket is of around EUR 20mln. The project from Baia Mare, called Radius Shopping Business & Arts, is a mixed complex with a total surface of 142,000sq m while the project Armonia Satu Mare will have a total surface of 55,000sq m. (Business Standard, May 21<sup>st</sup> 2008)

### **EUR 12mln office building in the centre of the capital**

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The real estate company „Regatta” announced the availability of a new class A office building in Bucharest, in the next four months, in the Turda – 1 Mai areas. The project, with a market value of EUR 12mln is developed by the „Giordan” company. According to a press release, the building is five stories high and has a total built surface of 4,100sq m and 2,700sq m – usable surface. The building has modern endowments and 70 parking spaces underground and on the ground. (Bursa, May 22<sup>nd</sup> 2008)

### **Big residential projects in Craiova**

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The residential market from Craiova will continue to be dominated by apartments placed in old buildings. The most appreciated and the most expensive residential area from the city is the centre.

Second comes the center-east, is mentioned in a research of the agency “CB Richard Ellis Eurisko”. Other demanded areas are Lapus, Valea Rosie, Rovine and Craiovia Noua. In these locations the prices of apartments are lower. For the next years, the specialists of “CB Richard Ellis Eurisko” estimate that the demand of residences will increase. And they will also have new offers. This will also be possible because of the investments of Ford in the city and because of the increase of the number of employees. Last year was the start of the development of the residential market from Craiovia, through the launch of some big projects, of minimum 200 residential units each. The new complexes are placed especially in the south-west, close to Romanescu Park. At the same time, there are other complexes expected to appear near the route towards Caracal but also in the communes Teasc, Secui and Ghideni. In 2007, there was a very high demand for new villas, placed in areas surrounding the city. Most of the demands of this sort are for locations like Tudor Vladimirescu, Corabia, Podari and Pielesti.

#### *New 14 stories high buildings in the Metropolis district*

One of the most important residential projects from Craiovia is placed in the Metropolis district. The complex will include four residential buildings and is placed on a terrain with a surface of 8,000sq m. The buildings will have two basements, ground floor and 13 stories. Another residential complex will be placed in the center – west of the city and will comprise 6 apartment buildings. The terrain of the construction is of 10,000sq m. Other 300 new apartments will be built close to the future car factory belonging to “Ford”.

#### *Prices for old apartments*

The potential buyers of residences in old apartments can acquire an apartment with one room for EUR 33,000 – 55,000 in Craiovia. An apartment with two rooms is sold for prices between EUR 42,000 and 80,000. For the acquisition of the apartments with three rooms they sellers ask only a little more than for two rooms – between EUR 42,000 and 85,000. Apartments with four rooms are sold for EUR 70,000 – 85,000 and houses, respectively villas for prices between EUR 80,000 and 550,000.

#### *High rent*

According to the research of “CB Richard Ellis Eurisko” the rent for apartments with one room from Craiovia is between EUR 130 – 150/M. An apartment with two rooms can be rented for EUR 150 – 350/M, one with three rooms for EUR 180 – 550/M and one with four rooms for EUR 350 – 600/M. Houses or villas are rented for prices between EUR 800 and 3,000.

#### *The coming of “Ford” raised the prices of the terrains*

The price of terrains from the municipality of Craiovia has recorded a significant increase in 2007 compared to 2006. This is the most dynamic segment of the real estate market. The take over of “Automobile Craiovia” by “Ford” led to an increase of the prices of terrains last year. Thus the prices increased with 20%, only in the last few months of 2007. A significant price increase was also recorded for the terrains from the centre and the semi-centre of the city. This appreciation appeared because of the presence of many developers of trade centers. Thus, in 2007, the prices of the terrains near the Central Stadium of Nicolae Titulescu Boulevard reached price levels of EUR 700/sq m. Terrains from the centre are sold for EUR 1,000/sq m. The ones from the outskirts costs EUR 200 – 350/sq m and the ones from the suburbs reach levels of EUR 80 – 150/sq m. (Bursa, May 22<sup>nd</sup> 2008)

## **EUR 0.5bn malls in Craiovia**

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The specialized centre “BauMax” was launched on the trade market from Craiovia last year. The centre has a surface for sales of around 11,000sq m and it offers over 30,000 products for sale. The

area preferred by the developers of trade centers in Craiova is in the west of the city. Here, we find a “Real” hypermarket of 6,800sq m and a trade gallery of 10,000sq m. Another functional supermarket is “Pic” with a surface of 15,000sq m. In the west of the city we can also find “Billa”, “Praktiker” and “Penny Market”. According to a research of „CB Richard Ellis Eurisko”, the East of the city has Metro and several auto showrooms; close to the route near Caracal we have a “Selgros” store. The projects announced to be finished in the following years are: “Craiova Mall”, investments of EUR 140mln, with a total surface of 55,000sq m and “Euromall” which belongs to the developer “Sonae Sierra”. Other projects of big trade centers are “West Gate Center”, an investment of EUR 150mln of the company “Immofinanz”, with 37,500sq m for rent and “Oltenia Mall”. In this last project „Seconda Iniziativa” and „Casa Noastra” invest EUR 250mln. The complex will also comprise a hotel and a water park. In 2007, the rent for trade spaces in districts from the outskirts were around EUR 10 – 20/sq m/M. Spaces placed in the centre recorded rent of EUR 30 – 45/sq m/M. (Bursa, May 22<sup>nd</sup> 2008)

### **The first 144 apartments from "Arena Residential" are on sale**

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The developer "Red Management" and the real estate company „DTZ Echinox” announced on May 21<sup>st</sup> that they started the sales for the first stage of the project "Arena Residential" Iasi – 144 apartments of eight types. Sales prices start from EUR 66.387 for a studio of 52.65sq m, to EUR 108,403 for an apartment with one bedroom of 80.40sq m, to EUR 138,655 for an apartment with two bedrooms of 101.23sq m. For EUR 197,479 you can acquire apartments with three bedrooms of 145.21sq m. According to a press release, the prices don't include VAT and they vary according to surface, floor, orientation and dimensions of the balconies or terraces. The price for an underground parking space is of EUR 10,925 + VAT and a parking lot outside is sold for EUR 5,882 + VAT. The project comprises a total of seven apartment buildings with ten stories and a total of 336 apartments. The project will be developed in two stages. The first stage is due in March 2009 and it will consist of three apartment buildings. The entire project will be finished in March 2010. The total value of the project surpasses EUR 35mln. The residential complex will also comprise a supermarket. (Bursa, May 22<sup>nd</sup> 2008)

### **“Agetaps” Brasov builds residential units worth EUR 60mln**

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The company “Agetaps” from Brasov intends to invest EUR 60mln in the construction of a residential district. The project will comprise 700 villas and a hotel in the Bunloc area. The complex will be placed on a surface of around 2.5 hectares. The total built surface will be of 80,000 – 90,000sq m and the villas are to have surfaces between 90 and 100sq m. The apartments will have around 50 – 60sq m. The project will also include a four star hotel with a capacity of 80 rooms. Works could start this fall or during next spring, the latest and they are to be finished in two or three years. (Bursa, May 22<sup>nd</sup> 2008)

### **On May 21<sup>st</sup>, Carrefour opened their first supermarket in Resita**

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On May 21<sup>st</sup>, the French retailer announced the opening of their first supermarket from Resita, Caras Severin County, under the name of Carrefour Express. The new unit has a surface for sales of 1,260sq m which will offer different products from fresh products to small home-appliances. Thus,

the buyers can choose from a range of 8,000 articles. With this opening, Carrefour penetrates the segment of supermarkets from Romania in order to add to their already strong presence on the segment of hypermarkets. This step illustrates the strategy of Carrefour of strengthening their position on increasing markets, through a multi-format approach, under one brand, adapted locally. This allows the extension of the geographic area of the influence of the group in Romania. Further more, they now have access to cities with less than 100,000 inhabitants through Carrefour Express. (Curierul National, May 22<sup>nd</sup> 2008)

### **BelRom invests EUR 800mln in 40 trade centers from small cities**

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The Belgian developer announced that the increase direction of the company will be oriented towards projects in cities with 30,000 – 100,000 inhabitants in the next years, immediately after the finishing of the 12 big retail parks with surfaces between 50,000 – 70,000sq m. These trade centers, with surfaces between 7,000 and 8,000sq m will include a main anchor and a bricolage store, an electro-retail store, Media Galaxy, Altex – present in all the projects of BelRom and a small furniture store. The budget for investments for the projects from small cities will reach the level of EUR 800mln and the individual value will be of EUR 25mln, according to Carl Decoopman, general manager of BelRom Real Estate. Funding resources for these centers will come from funds constituted from the sale of projects like European Retail Park Braila, which was opened this week. The money will also come from the projects from Sibiu and Targu-Mures, which were sold in 2006 and 2007, the park from Braila and then the one from Bacau which will be sold at the end of the year. BelRom is also building projects in Deva, Focsani, Botosani, Turnu-Severin, Bucharest - Colentina and Piatra-Neamt and they are currently negotiating the acquisition of terrains for other two similar units. Decoopman sustains that they will sell the centers from Braila and Bacau for EUR 80 – 90mln, by the end of this year. Apart from these industrial projects, BelRom also intends to develop a residential project of 1,500 apartments in Bucharest. The representatives of the company didn't want to mention the future location, but they did mention that the project will be placed in the north of the capital. "Initial investments for the residential project will be of around EUR 15mln as the projects are able to fund themselves through sales in different stages". (Ziarul Financiar, May 22<sup>nd</sup> 2008)

### **A new trade centre in the "Dragonul Rosu" complex**

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„Niro Investment Group” announced that they will open a new trade centre under the brand „Dragonul Rosu” next week, after investments of EUR 6.1mln. The trade complex will have a built surface of 18,250sq m and will host over 370 stores. Ion Badea, communication director of „Niro Investment Group” stated: “The opening of our seventh Dragonul Rosu” store represents a very important step towards our primary objective, the opening of the «China Town» complex, which will be placed on a surface of around 55 hectares, close to the Dobroe commune and in parallel to Colentina Street. It will be one of the most ambitious real estate developments from Romania with extended trade areas, office spaces, residential areas and an area for expositions”. (Bursa, March 23<sup>rd</sup> 2008)

### **RA-APPS to sell apartments, villas and spaces in the “Casa Presei” building**

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The Institution for the Patrimony of State Protocol (RA-APPS) will sell through an open tender a new lot of buildings owned by the state, including the apartments in central areas of the capital, two villas in Neptun-Olimp and 15 spaces in the House of Press. Sales procedures will start after the government approves the list of buildings proposed for sales, state governmental sources. RA-APPS will also sell the Parc complex from Targu-Mures, which comprises a hotel, a restaurant and the terrain with a surface of 3,209sq m as well as the villas Violeta and Crinul from Neptun-Olimp, with a terrain of 3,946sq m, respectively 1,970sq m. “This tender will have a positive effect on the business environment given the acute lack of office and residential spaces” sustain governmental sources. (Ziarul Financiar, March 23<sup>rd</sup> 2008)

### **8 hectares of park will be transformed into residential units and stores**

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A surface of 82,200sq m from the IOR Park (Titan) from district 3 will be transformed into a huge residential complex, with around 1,200 apartments and 3,000 parking spaces until 2011. The "Parklake Plaza" project is developed by Caelum Development and the Portuguese company Sonae Sierra on the location of the former sports base "Spartac". Initially, the project was announced by the Irish investors RI Investment and the Portuguese Company Sonae Sierra acquired 50% of the project that year for EUR 52mln. The value of the investments is estimated at EUR 450mln, apart from the price for the acquisition of the terrain. "Parklake Plaza" is not the only real estate project to create problems through his development through the damaging of one of the most extended green areas from Bucharest. The most serious aspect is represented by its impressive dimensions. The project will comprise over 300,000sq m of building with 110,000sq m for rent for retail – distributed in around 50 stores. The project will comprise two apartment buildings with 1,200 apartments. Another important detail is the fact that the company Sonae Sierra penetrated the Romanian market through the take over of the "River Plaza" mall from Ramnicu Valcea. This supermarket was built illegally on a surface of 6,000sq m of the green space from the central park of the city. (Romania Libera, March 23<sup>rd</sup> 2008)

### **Another "boom" on the real estate market from Constanta**

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The prices of the houses from Constanta recorded important increases in 2007. According to a report of CBRE/Eurisko, the prices of apartments and the level of the rent recorded an increase of around 25%, reaching a level comparable to the one from Bucharest. Real estate analysts of the company sustain it is the highest increase from the last period and explain the phenomenon through the apparition of new residential complexes. The most expensive areas identified by the specialists are the ones placed around Tabacariei Park, the northern cliff and the centre of the city and the most inexpensive ones are the ones from Palas and Poarta 6. In respect to prices, the less expensive real estate acquisition starts from around EUR 35,000, money necessary for an apartment with one room. An apartment with two rooms was a minimum of EUR 90,000 and one with three rooms EUR 130,000. For four rooms, the prices are around EUR 150,000. The renting of an apartment with one room costs even EUR 300/M while the maximum price was EUR 1,500, in the case of luxury villas destined especially to company headquarters. The prices of the terrains also recorded important increases, around 20 – 25% compared to 2006. The most demanded areas were those with access to the beach which were sold for even EUR 2,000/sq m and the ones from central areas, where prices

are close to the maximum limit. Terrains outside the city are also in demand if they are close to the future ring road of Constanta and the highway towards Bucharest. (Romania Libera, March 23<sup>rd</sup> 2008)

### **Dascalu extends the mall from Timisoara**

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The real estate developer Iulius Group, company controlled by the businessman from Iasi Iulian Dascalu, will invest EUR 45mln for the extension of the mall from Timisoara, money accessed through a bank loan of EUR 175 obtained from the German bank EuroHypo. Once the complex is extended, the company estimates they will reach a turnover of EUR 250mln in 2009, compared to the EUR 160mln estimated for this year. Last year, the complex recorded sales of EUR 142mln. The extension works started last fall. “We are working on two projects in parallel: the extension of the Iulius Mall and the construction of the residential complex Saphir, placed near the centre” stated Florin Dumitrescu, director of Iulius Mall Timisoara. The current surface of the complex is 83,000sq m and, after the extension it will total 177,613sq m. The new part of the mall will be five stories high and two of them are reserved for 1,000 parking places. Another floor, 14,000 will be rented by the French group Auchan, which will open a hypermarket. (Business Standard, May 23<sup>rd</sup> 2008)

### **Media Galaxy in Braila**

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Altex Romania invested EUR 1mln in the opening of a Media Galaxy store in Braila, in the trade park European Retail Park, stated the executive manager of Altex Romania, Adrian Urda. “The store has a surface of 3,000sq m and it is the 17<sup>th</sup> opened by Altex in Romania” stated the executive manager. (Ziua, May 23<sup>rd</sup> 2008)