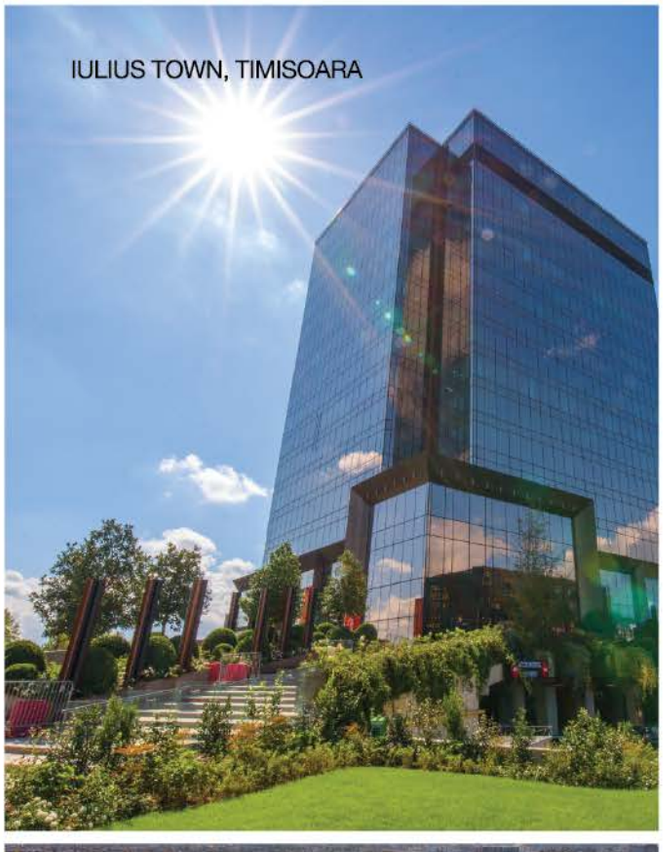
TIMISOARA

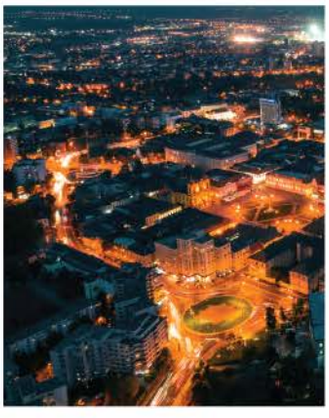
REAL ESTATE OVERVIEW

October 2023


VGP PARK, TIMISOARA


IULIUS TOWN, TIMISOARA








AFI PARK, TIMISOARA

ROMANIA PROPERTY CLUB






Peek&Cloppenburg


WEEKEND


Bershka



IULIUS TOWN

ORAȘUL TĂU

RETAIL

- 102,000 sqm retail
- 450 stores
- Cinema multiplex, fitness center

OFFICE

- 4 premium office buildings * 82,000 sqm
- 50 multinational companies * 9,500 employees

EVENTS

- Fun and relaxation destination for the entire family
- 3 event halls

PARK

- Venetian carousel
- Event squares
- Lake

RESTAURANTS

- Elegant restaurants inviting clients to explore cuisines from around the globe
- Coffee shops
- Food court

IULIUS TOWN

TIMIȘOARA

The first mixed-use project in the west of Romania

iuliustown.ro



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STRONG FUNDAMENTALS FOR
a new development stage of the city

With **a strategic location** offering access to pan-European road infrastructure and a skilled educated workforce, doubled by efforts of local authorities both in terms of infrastructure projects and cultural programs, Timisoara catches the eye of both institutional and local real estate investors.

The investors' focus on this city determines **a dynamic land market**. Data from local consultancy company Hitch & Mosher show that prices for permitted plots vary between 35-60 Euro/sqm for logistics developments, 113-350 Euro/sqm for retail developments and 155 up to 1,490 Euro/sqm for residential and mixed-use schemes.

Timisoara represents **Romania's third office market**, following Bucharest and Cluj-Napoca. Some big occupiers such as Amazon, IBM, Microsoft, Wipro, Hella or Accenture established offices locally. The modern office stock amounts for 300,000 sqm with another **24,000 sqm in the pipeline**.

Residential sector was affected by the same turbulences which impacted the national housing market in 2023. While demand for residential for sale is lowering, residential for rent is seeing a noticeable increase. Data from imobiliare.ro shows an increase in demand of 44% in the last two years for rented apartments.

The city enjoys one **the highest retail densities from Romania** with a ratio of 1,055 sqm per 1,000 inhabitants. The total modern stock amounts to approx. 265,000 sqm with some significant projects. Iulius owns here a 102,000 sqm development, the largest shopping area outside of Bucharest.

Timisoara is **the second most developed industrial & logistics market** outside of Bucharest, with a moder stock of 733,000 sqm and more than 40,000 sqm under development. All major players are present locally: VGP, Globalworth, CTP and WDP.

Hotel sector is one of the most under-developed, with only 331 rooms built during the last ten years. "Timisoara European Capital of Culture 2023" is expected to bring future opportunities. In this respect, **four new 4* & 5* branded hotels, totalling 416 rooms**, are under development with delivery dates between 2025 – 2026.

Under those circumstances, Timisoara remains one of the strongest real estate hubs outside Bucharest, set to enter a new development phase.





ACCELERATED INVESTMENTS FOR A NEW FACE OF TIMISOARA

AN EDUCATED WORKFORCE, STRATEGIC LOCATION, A MANUFACTURING–BASED ECONOMY AND INVESTMENTS IN CULTURAL PROJECTS ADVOCATE THE CASE OF TIMISOARA

Timisoara, one of the strongest regional poles of Romania, with a history of cultural, economic and political leadership, is a beacon for democracy, as it represents the birthplace of the Romanian Revolution that led to the fall of communism in 1989.

Its physical proximity to Central Europe leaders (Austria, Germany, Italy, etc.) and pan-European road infrastructure massively contributed to the transfer of know-how and investments in manufacturing capabilities, laying the ground for accelerated economic development. Today, Timisoara is the European Capital of Culture and a vibing city-break destination.

The development would not have been possible without a talented and educated workforce. The c.a. **40,000 students per year** enrolled in 37 faculties with a predominant economy, technical, and medical focus contribute to the attractiveness of the city and the strong presence of multinational companies that further train talent.

The number of inhabitants - 250,000 - represents almost 40% of the entire Timis County population. Together with Ilfov, Timis enjoys a long history of an unemployment rate of under 1%.

County is responsible for 50% of the economic output of the Vest macro-region and 4.5% of the national accounts. The average net salary is the third highest in the country, reaching 1,000 EUR net (1,700 EUR gross) in August 2023, reflecting the productivity of the local talent pool and the burgeoning economy.

Timis is part of the Danube - Cris - Mures - Tisa Euroregion (DKMT), together with Arad, Caras-Severin, and Hunedoara counties and Csongrád, Békésy, Bács-Kiskun counties (Hungary) and the Autonomous Province of Vojvodina (Serbia). The economic integration, gateway location to Western Europe, the connection to two main TEN-T corridors, an international airport with direct flights and the relative value provided by the local labor and favorable profit-tax made Timis the second or third (varies by year) most sought-after destination by foreign investors, after Bucharest-Ilfov.

It ranks 3rd, after Bucharest-Ilfov and Arges (Renault factory) **in terms of volume of exports**, due to its diversified and strong manufacturing–based economy.

2023 – EUROPEAN CAPITAL OF CULTURE

Timisoara is the second Romanian city to have the distinction after Sibiu in 2007, the first year of Romania's accession to the European Union. A series of outstanding art shows, concerts, exhibitions, and theatre plays are rolled over. This major cultural initiative is expected to have an impact on touristic assets on the medium run.

Timis thrives on agricultural production, automotive and electrical equipment manufacturing, and high-tech exports. There are multiple R&D Centers dedicated to the computer & high tech and automotive sectors, a testament to its sophisticated and trained labor pool.
In addition to human capital, investors can count on hard assets such as industrial parks, co-working, modern commercial infrastructure, new residential compounds, and leisure facilities. People's entrepreneurial mindset and ownership sense are further incentives for both local and international businesses to invest.

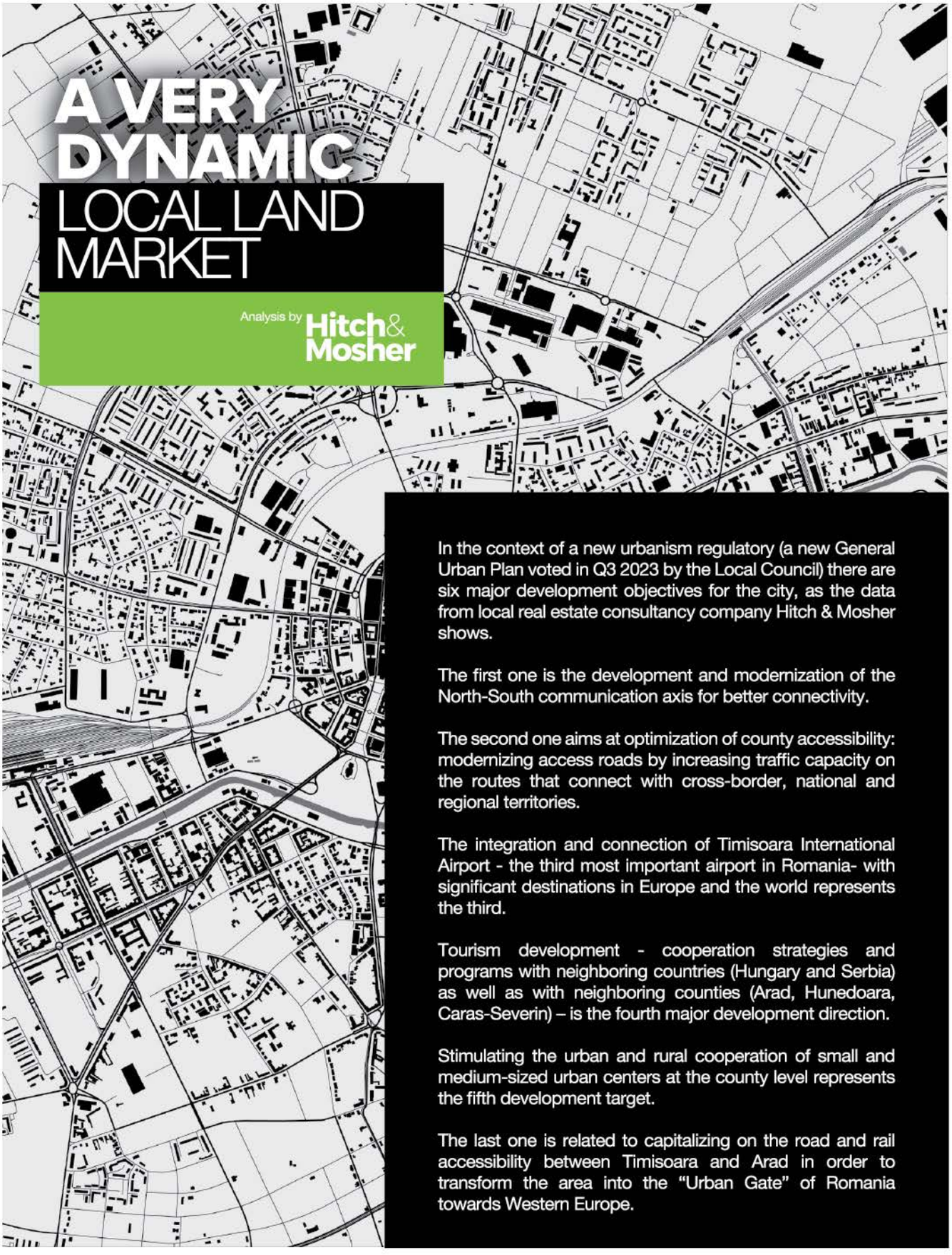
Timisoara is a multi-ethnical city reflecting its diverse legacy, harmonizing Romanian, Hungarian, Serbian, and German culture. This openness to diversity led to the election of the first Mayor without Romanian citizenship (Dominic Fritz–German).

While there is a polarized political and administrative management, the parties agreed on critical items such as investments in educational, cultural, and medical facilities, as well as road and utilities infrastructure.

There are approx. 140 milEUR allocated from the National Resilience and Recovery Plan towards medical facilities upgrades and another 200 milEUR are dedicated to a future Oncology Institute. These improvements to the urban and social infrastructure are meant to increase the lifestyle and encourage more of its students to hold residence in the city.



Moving forward, it is expected that **Timisoara will maintain its leadership and economic strength.** The talented labour pool, relative cost-value, proximity to Western Europe (physical and mindset-wise), transportation infrastructure, strong business ecosystem, and desirable standards of living are advantages to fuel an ambitious development vision.



A VERY DYNAMIC LOCAL LAND MARKET

Analysis by Hitch& Mosher

In the context of a new urbanism regulatory (a new General Urban Plan voted in Q3 2023 by the Local Council) there are six major development objectives for the city, as the data from local real estate consultancy company Hitch & Mosher shows.

The first one is the development and modernization of the North-South communication axis for better connectivity.

The second one aims at optimization of county accessibility: modernizing access roads by increasing traffic capacity on the routes that connect with cross-border, national and regional territories.

The integration and connection of Timisoara International Airport - the third most important airport in Romania- with significant destinations in Europe and the world represents the third.

Tourism development - cooperation strategies and programs with neighboring countries (Hungary and Serbia) as well as with neighboring counties (Arad, Hunedoara, Caras-Severin) – is the fourth major development direction.

Stimulating the urban and rural cooperation of small and medium-sized urban centers at the county level represents the fifth development target.

The last one is related to capitalizing on the road and rail accessibility between Timisoara and Arad in order to transform the area into the “Urban Gate” of Romania towards Western Europe.

	RESIDENTIAL & MIXED USE DEVELOPMENTS	RETAIL DEVELOPMENTS	LOGISTICS DEVELOPMENTS
Quotations	PERMITED PLOTS: **155 - 1.490 EUR/sqm.** UNDER PERMITING PLOTS: **220 - 1.490 EUR/sqm.** NOT PERMITED PLOTS: **200 - 220 EUR/sqm.**	PERMITED PLOTS: **113 - 350 EUR/sqm.** UNDER PERMITING PLOTS: **113 - 200 EUR/sqm.** NOT PERMITED PLOTS: **100 - 120 EUR/sqm.**	PERMITED PLOTS: **35 - 60 EUR/sqm.** UNDER PERMITING PLOTS: **22 - 26 EUR/sqm.** NOT PERMITED PLOTS: **15 - 22 EUR/sqm.**
Available areas	**NORTH:** not permited plot: **total surface: 18.454 sqm** **price: 220 EUR/sqm** **CENTRAL / INNER CITY:** permited plot: **total surface: 32.463 sqm** **price: 1.000 EUR/sqm** **CENTRAL / INNER CITY:** not permited plot, ongoing procedure: **total surface:13.000 sqm** **price: 650 EUR/sqm** **CENTRAL:** not permited plot, ongoing procedure: **total surface: 8.350 sqm** **price: 1.490 EUR/sqm** **NORTH - WEST:** permited plot: **total surface: 4.794 sqm** **price: 500 EUR/sqm** **NORTH - WEST:** not permited plot, ongoing procedure: **total surface: 7.253 sqm** **price: 350 EUR/sqm** **NORTH (retail, schooling, sport):** permited plot: **total surface: 200.000 sqm** **price: 155 EUR/sqm.** **NORTH (hotels):** permited plot: **total surface: 12.243 sqm** **price: 450 EUR/sqm.**	**NORTH:** not permited plot: **total surface of 20.000 sqm** **price: 300 EUR/sqm** **NORTH - WEST:** permited plot: **total surface: 30.000 sqm** **price: 150 EUR/sqm.** **total surface: 6.800 sqm** **price: 500 EUR/sqm** **SOUTH - WEST:** permited plot: **total surface: 29.636 sqm** **price: 113 EUR/sqm** **total surface: 16.000 sqm** **price: 175 EUR/sqm** **SOUTH - EST:** permited plot: **total surface: 50.000 sqm** **price: 200 EUR/sqm** **EST:** permited plot: **total surface: 8.000 sqm** **price: 350 EUR/sqm** **ARAD CITY:** not permited plot: **total surface30.000 sqm** **price: 135 EUR/sqm.**	**NORTH:** permited plot: **total surface: 700.000 sqm** **price: 35 EUR/sqm** **total surface: 350.000 sqm** **price: 45 EUR/sqm** **total surface: 200.000 sqm** **price: 60 EUR/sqm** **total surface: 158.700 sqm** **price: 30 EUR/sqm**



TIMISOARA
ROMANIA'S 3RD OFFICE MARKET CITY

SKILLED WORKFORCE ATTRACTS AND RETAINS BIG EMPLOYERS IN TIMISOARA, THE CITY BECOMING ROMANIA'S THIRD OFFICE MARKET.

Relative to population and student migration patterns, Timisoara enjoys a right-sized stock of modern offices amounting to 300,000 sq m, with an expected pipeline of at least 24,000 sqm. The vacancy rate rose close to 15%, similar to Bucharest. Headline rents for class A offices range from 14.0 to 15.5 EUR/sq m/month. During 2022, Timisoara registered the strongest office demand outside Bucharest (more than 50,000 sq m). However, during the first half of 2023, the demand was modest, in line with Q1 2023 in the capital city. The slowdown does not discourage existing or new schemes to develop during the next 18 months.

IULIUS TOWN Timisoara is the city's main urban regeneration mixed-use scheme that Iulius Group rolled over Romania's most important regional poles. The project is a large integrated retail–office development. United Business Center, the office component, offers more than 80,000 sq m of modern LEED Certified class A infrastructure to numerous tenants in the IT&C and automotive sectors. The impressive roster of blue-chip tenants features Amazon, IBM, Microsoft, Endava, Bitdefender, Intel, Atos, Ness Digital, Cognizant, Autoliv, NTT Data, Visma Software, and many other reputable companies. The benefits offered by the city's dominant retail scheme, along with medical educational and leisure facilities within walking distance made the case for employers looking to attract talent.

The first landmark modern office development in Timisoara is the City Business Center, presently named AFI Park Timisoara. Totaling 48,000 sqm over 5 buildings with modular floor plates, the property is home to reputable technology and support centers of multinational companies such as Wipro, Accenture, SAP, Hella, etc.

Facilities such as retail areas, a sky bar with a panoramic view, and a 5' walking distance of the old city contributed to the resilience of the scheme that delivered its first building in 2006 and the last in 2015. The most notable fact about the property is that it is the only large commercial building sold twice in the city. NEPI Rockcastle purchased the project from local developer Mulberry Development and later sold it to AFI Europe.

Mulberry Development invested the proceeds into a mixed-use multi-phased project, called ISHO. The scheme includes a residential and a hotel (future Radisson Blu) component, a 700-spot multi-story parking, and a three-phased integrated office development spanning over 50,000 sq m of class A offices. Large occupiers such as Bosch Service Solutions, Visteon, Canon, SSI, Regina Maria, Deloitte, and KPMG chose ISHO as their operating base in the region.

Local investor Werk Group has developed a residential (Vox Vertical Village) and office (Vox Technology Park) mixed-use scheme located towards the industrial area of Timisoara. The BREEAM-certified project features 26,000 sq m of modern Class A office hosting Nestle, Tech Mahindra, Atoss, MHP Consulting, and Kromberg & Schubert among others. The developer is considering extending the project to another phase.

In terms of future deliveries, it is important to flag that one of the established developers in Bucharest extended its presence in Cluj and Timisoara. Speedwell is developing a mixed residential–office scheme located on the former Paltim factory. Ultra-centrally located, overlooking Bega River, the 16,000 sq m of brand-new offices and old villa reconversion are expected on the market by the end of 2024. The developer announced earlier this year it has acquired 24,000 sqm of land, the former 1 iunie textile factory, where it intends to build a multi-purpose scheme – residential, offices and retail.

One of the items that commercial developers should account for in Timisoara is the generous centrally located landbank, as 25% of the city's area is still unbuilt, according to the City Hall. While this might seem attractive as it allows for competitive land acquisition, it is important to pace development and carefully plan an exit.

The low unemployment rate, the variable number of students, and their desire to live in the city postgraduation are to be accounted for when planning an investment, due to the possibility of competitive schemes that can benefit from a good location.

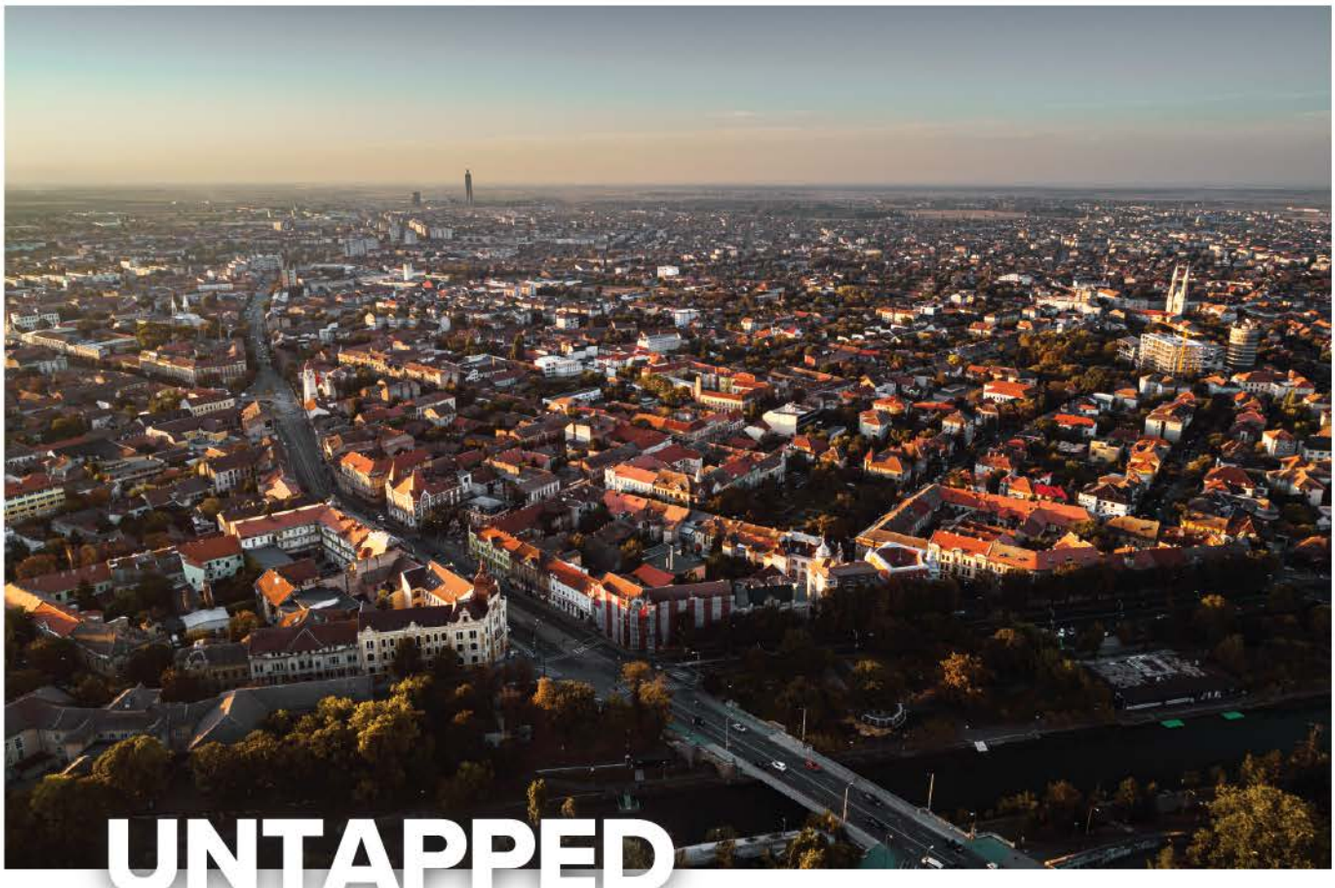


"LAST YEAR WAS A PROLIFIC ONE FOR IULIUS GROUP ON THE OFFICE SEGMENT.

We have finalized 80,000 sqm of office space, of which over 30,000 sqm in Timisoara, in the fourth United Business Center building. With this inauguration, in the mixed-use development Iulius Town, we have consolidated the largest business hub in the West region of the country, which brings together some of the most powerful "intelligence" suppliers in the field of technology and automotive worldwide. In numbers, the office component of Iulius Town represents over 80,000 leasable sqm, 50 multinational companies from three continents, with approximately 9,500 employees, who deliver technologies and services used worldwide."

LAURENTIU MANEA

OFFICE BUILDINGS MANAGER,
IULIUS TOWN TIMISOARA



UNTAPPED POTENTIAL FOR THE RESIDENTIAL BUILD TO RENT SECTOR

The local residential market was marked by the same challenges as the national market in 2023: high interest rates and decrease in demand for mass-market & medium residential for sale units while rents saw an increase both in demand and in prices.

Imobiliare.ro (the largest residential portal) data for Q2 2023 shows medium values of 1,995 Euro/sqm for downtown properties, 1,449 Euro/sqm for secondary areas and 1,438 Euro/sqm for outskirts. The values take into consideration both old and new units available for sale.

The demand saw a minus of 18% QOQ and a minus of 21% YOY, with a direct impact on negotiations margins, which grew from under 2% in 2022 to 6% in 2023. The transaction time (days between listings and signing of the contract) saw an increase from 51,5 days in 2022 to 60 days in 2023.

As far as the residential for rent segment goes, Timisoara saw a demand increase of 19% YOY and 44% as compared to two years ago. The number of listings was down: a minus of 24% of new listings on the market, while the total offers on the market decreased by 27%. While the value of rents registered a slight increase, Timisoara remains one of the most affordable secondary cities in terms of rents.

	DEVELOPER	DESCRIPTION	PRICE LEVEL
CAMPEADOR CITY	CAMPEADOR	THE PROJECT, LOCATED ON IOAN ANTON STREET, IN THE OUTSKIRTS OF TIMISOARA, WILL COMPRISE NINE PHASES, OUT OF WHICH TWO ARE ALREADY FINALIZED. THE THIRD AND FOURTH PHASE ARE UNDER CONSTRUCTION, TOTALLING 190 APARTMENTS TO BE DELIVERED IN 2023 & 2024.	PRICES START FROM 77,940 EURO + VAT FOR A 1-BEDROOM APARTMENT.
CITY OF MARA	ALBER HOLDING	LARGE RESIDENTIAL SCHEME WITH 500 APARTMENTS AND 4,000 SQM OF RETAIL AND AMENITIES, LOCATED CENTRALLY ON CIRCUMVALATIUNII STREET.	PRICE START FROM 83,448 EURO + VAT FOR A STUDIO & 90,924 EURO + VAT FOR 1-BEDROOM APARTMENT.
DENYA FOREST	DANYA CEBUS	DENYA FOREST IS LOCATED TOWARDS THE OUTSKIRTS OF THE CITY, NEIGHBOURING THE GREEN FOREST. THE DEVELOPER IS FINALIZING THE FORTH PHASE (116 UNITS) IN THE AUTUMN OF 2023 AND IS ALSO WORKING ON THE FIFTH PHASE (ANOTHER 116 UNITS) TO BE DELIVERED BY THE END OF 2024. AFTER FINALIZING THE FIFTH PHASE, THE DEVELOPMENT WILL TOTAL 560 APARTMENTS.	PRICES START FROM 86,764 EURO + VAT FOR A STUDIO.
ISHO	MULBERRY DEVELOPMENT	ISHO IS A MIXED-USE DEVELOPMENT CENTRALLY LOCATED BETWEEN TAKE IONESCU BLVD. AND BEGA RIVER COMPRISING OFFICE, RESIDENTIAL AND A HOTEL COMPONENT. ADDING TO ALREADY 1,000 UNITS DELIVERED, THE DEVELOPER FINALIZED THIS SPRING A NEW PHASE TOTALLING 116 PREMIUM & LUXURY APARTMENTS.	PRICES START FROM 155,000 EURO + VAT FOR 1-BEDROOM APARTMENT & 202,000 EURO + VAT FOR 2-BEDROOM APARTMENTS.
NORD ONE	ALBER HOLDING	ALBER HOLDING HAS TWO PROJECTS UNDER NORD ONE BRAND IN TIMISOARA: ONE FINALIZED CLOSE TO BOTANICAL GARDEN, TOTALLING 108 UNITS, AND ANOTHER ONE WHERE WORKS RECENTLY STARTED – NORD ONE BREDICEANU – 112 APARTMENTS.	PRICES START FROM 135,000 EURO + VAT FOR A 1-BEDROOM UNIT.
PALTIM	SPEEDWELL	BELGIAN-BASED REAL ESTATE DEVELOPER, ACTIVE IN BUCHAREST AND CLUJ-NAPOCA, IS WORKING ON A MIXED-USE SCHEME – PALTIM, LOCATED ON THE SHORE OF BEGA RIVER, ON THE FORMER INDUSTRIAL SITE OF A HATS FACTORY. THE PROJECT WILL COMPRISE OFFICES, APARTMENTS AND RETAIL SPACES. TWO APARTMENT BUILDINGS MAKE UP THE RESIDENTIAL COMPONENT: ONE WAS FINALIZED AND THE OTHER ONE IS UNDER CONSTRUCTION.	PRICES START FROM 131,000 EURO + VAT FOR 1-BEDROOM APARTMENT.
VIVALIA GRAND	VIVALIA	VIVALIA GRAND IS A LARGE RESIDENTIAL SCHEME, LOCATED CLOSE TO ARISTIDE DEMETRIADE STREET, TIPOGRAFILOR AREA. UPON FINALIZATION THE DEVELOPMENT WILL COMPRISE 800 UNITS. V6 AND V7 BLOCKS WERE FINALIZED, V8 BEING UNDER DEVELOPMENT.	PRICES START FROM 86,145 EURO + VAT FOR A STUDIO & 112,369 EURO + VAT FOR 1-BEDROOM UNIT.
X CITY TOWERS	WALLBERG	PART OF THE PORTFOLIO OF WALLBERG, A REAL ESTATE DEVELOPER ACTIVE IN THE WEST PART OF THE COUNTRY, X CITY TOWERS IS A RESIDENTIAL DEVELOPMENT LOCATED IN TORONTALULUI AREA, NORTH OF THE CITY. 300 APARTMENTS WERE ALREADY BUILT. THE SECOND TOWER MEASURES 16 FLOORS, REPRESENTING ONE OF THE HIGHEST RESIDENTIAL BUILDINGS FROM THE WEST REGION OF THE COUNTRY.	PRICES START FROM 81,401 EURO + VAT FOR 1-BEDROOM UNITS & 119,284 EURO + VAT FOR 2-BEDROOM UNITS.

A selection of major residential developments from Timisoara. Source: RPC



ONE OF THE HIGHEST RETAIL DENSITIES IN ROMANIA

The modern retail stock in Timisoara is well developed, registering one of the highest retail densities in the country (1,055 sq m per 1,000 inhabitants), reflecting investors' and retailer's trust in the long-term economic strength and resilience.

The 265,000 sq m total stock consists of approximately two-thirds modern shopping centers and a third is reserved for commercial galleries and retail parks. The two dominant schemes are Iulius Town and Shopping City Timisoara, built by two of the most experienced retail developers (Iulius Group and Nepi Rockcastle, respectively).

The first modern mall was delivered by Iulius Group in 2005, as part of the integrated mixed-use development of Iulius Town, a 220 mil EUR investment. In addition to the office component, United Business Center, the scheme features a large exhibition & events center offering up to 2,250 seats for corporate set-ups and a fitness & wellness center managed by the country's most experienced operator – World Class.

Iulius Mall, the first modern shopping center in the city benefited from an extension in 2019, reaching 102,000 sq m, making it the largest shopping area outside of Bucharest. It hosts the most representative retailers, such as Peek & Cloppenburg, iStyle (Apple partner), Calvin Klein Jeans, Inditex Group (Zara, Stradivarius, Pull & Bear), Guess, H&M, C&A. Cinema City operates a modern 12-room movie theatre.

Nepi Rockcastle inaugurated a 90 mil EUR new development at the end of 2015. More than 70,000 sq m GLA are occupied by Peek & Cloppenburg, Sephora, Levi's, US Polo Assn, Inditex Group (Zara, Stradivarius, Pull & Bear), Reserved, Intersport, C&A, H&M, and other service, fashion, and food & beverages operators, as well as a Cinema City. In addition, the scheme is completed by a 10,000 sq m Carrefour supermarket and a 16,000 sq m Dedeman DYI that provide a complete shopping destination.

IKEA is one of the most prominent retailers that expressed trust in Timisoara by opening earlier this year its third store in Romania, the first outside the capital city. The 60 mil EUR investment covering more than 26,000 sqm is a BREEAM-certified big-box. The store serves both Timisoara and the wider West region – the most dynamic outside Bucharest-Ilfov.

Smaller commercial galleries address a wide pallet of the city's shopping needs. From legacy (Bega Shopping Center department store) to newly built (Sud Plaza) cost-efficiency retailers serve the needs of a wide spectrum of budgets and price-quality ratios. Scallier, through its FunShop brand, serves the city through two 11,000 sq m units, out of which one took over from Prima Shops. Both units are anchored by discounters (Kaufland, Penny, and Lidl).

While the relatively high retail density doesn't make new developments likely for the foreseeable future, it is important to note that the existing retail schemes not only serve Timisoara, Timis and neighbouring counties. Hungarians and Serbs often cross the border to find items and retailers which are not present in their area. Therefore, the real catchment area is larger than the official 320,000; thus, the real retail density is more sustainable and in line with other regional poles.

CITY	POPULATION*	TOTAL GLA (sqm)	DENSITY (sqm / 1K inhabitants)
BUCHAREST	2,656,449	1,305,800	492
CLUJ-NAPOCA	286,598	149,700	522
IASI	271,692	172,100	633
CONSTANTA	263,707	211,000	800
TIMISOARA	**250,849**	**264,700**	**1,055**
BRASOV	237,589	176,100	741
CRAIOVA	234,140	102,500	438
GALATI	217,851	75,100	345
ORADEA	183,105	205,600	1,123
PLOIESTI	180,539	118,100	654
BRAILA	154,686	70,400	455
ARAD	145,078	56,200	387
PITESTI	141,275	139,400	987
BACAU	136,102	83,600	614
SIBIU	134,308	132,900	990
ROMANIA	**19,051,562**	**4,300,000**	**225**

Source: Cushman & Wakefield Echinox



TIMISOARA LOGISTICS PIPELINE

40,000 SQUARE METERS

Timisoara is the second most developed industrial & logistics market outside Bucharest, with a total modern stock of 733,000 sq m (c.a. 11%) and more than 40,000 sq m under development. Its outstanding proximity to Western Europe, the border, and plug into the TEN-T infrastructure made Timisoara the go-to hub for manufacturing and logistics.

In terms of production, the most developed sectors are computers, electronics & optical equipment, automotive, electrical equipment, rubber & plastics. Global industry giants set foot and subsequently expanded in Timisoara. Continental, TRW Automotive, Hella, Draexlmaier, TE Connectivity, Kimball, and Flextronics are just a few select names that contributed to one of Romania's strongest production hubs.

The total leasing activity for the first half of 2023 amounts to 88,000 sqm, leading to a vacancy rate of 6.8%. A market equilibrium is considered when the vacancy rate reaches 8%; below this threshold, the market is considered to be a landlord's market. The status quo is reflected in the rise of headline rents to 4.25 EUR/sqm and the continuous plans for the development of established professional developers.

The region concentrates on the operations of the four strongest industrial & logistics investors and developers. CTP, WDP, VGP, and Globalworth have extensive footprints in Timis.

The first three companies rely on the economies of scale, network effects, and relative value provided by their extensive pan-European presence and ability to serve a variety of client needs.

CEE-focused investor, Globalworth, seized the opportunity to serve some of the world's most reputable companies in consumer goods, automotive, electrical equipment, and logistics. Encompassing 58 ha, Timisoara I&II industrial parks span over 132,000 sq m of existing GLA and offer 185,000 sq m for built-to-suit requirements. Global Vision also acted as a general contractor and asset manager for the Continental site.

VGP owns 35 ha in Timisoara, with a total built capacity of up to 180,000 sq m. Presently, it hosts retailers, distribution, and logistics operators due to its strategic location. VGP Park Timișoara, although currently fully leased, still has expansion possibilities.



In the Western area of Romania, VGP also owns a park in Arad. This location represents the most important hub in the west of the country, part of the IV Pan-European Transport Corridor. Located on a 39-hectare plot, this logistics park benefits from a leasable area of up to 200,000 sqm. The first building in VGP Park Arad is 100% leased.

WDP invested in two sites totalling c.a 22 ha and 156,000 sq m GLA in the proximity of the A1 highway and Traian Vuia International Airport. Blue chip tenants in retail, consumer goods, and logistics thrive in the spaces managed by the Belgian operator.

CTP owns almost a third of the total modern stock in Timisoara – 220,000 sq m. The three industrial parks (Ghiroda, Sud, Vest) are built over more than 34 ha and offer development opportunities for more than 200,000 sq m subject to tenant demand. Major transportation, logistics, distribution, and courier services occupy large areas within the CTP Timisoara business parks.

Other notable industrial & logistics investors and developers in Timis include Logicor, Artemis, and Transilvania Constructii. The local authorities are prepared to bid for international clients as well.

The 60-ha Freidorf Industrial Park is split into various parcels with all the utilities on site and can be concessioned for up to 49 years, with an extension option.

It is important to note that companies can benefit from tax abatements subject to a transparent scale tied to the total investment amount and headcounts. In addition, any green buildings benefit from further property tax reductions.

Timisoara is not only a strong manufacturing base for global giants or a key point on the map for pan-European investors and developers. It is also a strong entrepreneurial hub. The inherent know-how transfer from international investors, a niche of opportunities to serve global clients with a core business model, and the entrepreneurial worldview set the base for strong local transportation, distribution, auto, and IT production companies.

Timisoara is set to maintain its steady course and potentially expand its service sector, as this avenue is fully supported by an educated workforce and a critical mass of capital.



Just 331 new rooms have been built in the city during the last ten years, with the highest increase of 28% in the "3-star" category, followed by "4-star" category with 14%, as the data gathered by RPC from tourism consultancy company shows.

There is no "5-star" branded hotel in Timisoara for the moment.

Branded hotels represent below 20% (17.3%) from the total capacity. With one exception – Ibis – the rest are rather boutique hotels with less than 85 rooms.

In 2023 there are a total of 2,275 hotel rooms in 51 hotels: two five-star (90 rooms), 17 four star (1,057 rooms), 29 three-star (966 rooms), and 3 two-star (162 rooms).

BRANDED HOTEL NAME	NUMBER OF ROOMS	RANKING	HOTEL GROUP
MERCURE TIMISOARA	60	4*	ACCOR
BEST WESTERN AMBASADOR	42	3*	BEST WESTERN
IBIS TIMISOARA CITY CENTER	200	3*	ACCOR
NH TIMISOARA	83	4*	NH

Source: Ministry of Tourism & Est Hospitality Research, 2023



Regarding tourists' arrivals, the statistics show that for the first 8 months of 2023 Timisoara is still 10% below pre-pandemic level: 163,320 in 2019 vs. 147,035 in 2023.

In the next three years there are four hotel branded projects in pipeline, with a total number of rooms of 416 units, representing a growth of 18% for Timisoara hotel market.

This is a consequence of the awareness of "Timisoara – European Capital of Culture 2023" on EU market and expected future gains from organizing this event. "Timisoara will develop in the next three years with more rooms than in the last decade", said Mircea Draghici, Managing Partner, Est Hospitality.

2023 number of tourists' arrivals is estimated to surpass 2022, but still lower than in 2019.

BRANDED HOTEL NAME	ROOMS	RANKING	HOTEL GROUP	OPENING
RADISSON BLU TIMISOARA	160	5*	RADISSON	2025
BRANDED HOTEL TIMISOARA 1	71	5*	TBA	2025
BRANDED HOTEL TIMISOARA 2	125	4*	TBA	2025
M GALLERY	60	5*	ACCOR	2026

Source: Ministry of Tourism & Est Hospitality Research, 2023

"THE NUMBER OF NEW HOTEL PROJECTS ARE A VERY GOOD SIGN OF CONFIDENCE IN THE MARKET GROWTH OVER THE NEXT YEARS. A DEMAND DRIVER THAT WOULD HAVE A DIRECT IMPACT ON THE MARKET IS THE DEVELOPMENT OF "TRAIAN VUIA" INTERNATIONAL AIRPORT WITH NEW EUROPEAN DESTINATIONS"

MIRCEA DRAGHICI, MANAGING PARTNER, EST HOSPITALITY.



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