

## Developers rush to Bucharest – Locating on A1 Highway

By Ciprian Domnisoru

Ten office buildings transactions were signed in 2005, the largest number so far. The 150,000 hectares Bucharest Industrial Park, stirred the interest of many developers.

Colliers estimates that the class B office space market will gain ground this year, as several projects should be completed this year in the Pipera and Polytechnic University areas. "The B class office space market will be the rising star of 2006, keeping with the trend which began at the end of 2005, when a portfolio of six office buildings had been sold to a Greek investor", Colliers analysts estimate. The word that would best describe the market in 2006 is diversity, due to the different nationality of investors, size of funds penetrating the market and the variety of objectives targeted by real estate companies, Colliers explains. As class A projects are more scarce, even the most prudent investment funds will explore other types of products, such as B class or Brownfield (development of existing structures) projects. Investor interest will shift towards small cities and client-commissioned projects.

Austrian investors were the most active, buying four of the largest real estate projects. British and Irish investors also closed important deals, focusing on projects of up to 10,000 square meters. Two of the most important projects on the market changed owners in 2005: Bucharest Business Park, developed by Portland Trust and sold to Austrian investment fund CA Immo and Raiffeisen Evolution Floreasca Tower, also known as Oracle Tower, purchased by the real estate investment division of Uniqa, another Austrian investor. Neocity I, II, Cascade and Bucharest Corporate Center are among the other important transactions of 2006.

Several investment funds are interested in developing, in a partnership with Universal Property, real estate projects within the Bucharest Industrial Park in the west of the capital, on a 160 hectares site, in the area of the highway route to Pitesti. Future deals will be joint-venture partnerships for segments of the site. Logistics and light industry investors have shown the most interest, said Universal Property Director Liviu Hagea. An investment company controlled by Romanian businessman Nicolae Ratiu is the majority shareholder of Universal Property.

The company is also considering directly selling lots, after they have closed two such transactions in 2005. For example, Dutch Group Rynart bought a 17.5 hectares property in the Bucharest Property Park, where it plans to construct a warehouse project.

American company ProLogis purchased a 28 hectares site, thus doubling the surface for its first independent real estate project on the Romanian market. At the beginning of April ProLogis announced it would invest approximately 80 million dollars in the construction of a logistics park which would comprise six buildings having a total surface of 158,000 square meters.

For this project, titled ProLogis Park Bucharest A1 the developers had initially bought a 28 hectares property for eight million euros. ProLogis is also analyzing the possibility of new investments, on the same market segment, in Timisoara, Cluj- Napoca, Iasi, Brasov or Constanta, where it had received requests from companies looking to rent spaces. Denver-based ProLogis is specialized in providing facilities and services in the field of depositing and distributing of products. ProLogis also holds, administers or develops 2,340 properties in 77 countries in North America, Europe and Asia.

### Location Bucharest Industrial Park (BIP) & Prologis Logistics (East of BIP)



## ProLogis Developing Its First Distribution Facilities in Romania

### ProLogis Park Bucharest on Autostrada A1 Will Comprise More Than 1.7 Million Square Feet of Industrial Space -

BUCHAREST, Romania, April 4, 2006 /PRNewswire-FirstCall via COMTEX News Network/ -- ProLogis (NYSE: PLD), a leading global provider of distribution facilities and services, announced today that it has begun development of its first industrial facilities in Romania.

The company has acquired 69 acres (28 hectares) of land west of Bucharest along Romania's A1 motorway, the country's primary transit corridor. Plans for the site, to be called ProLogis Park Bucharest A1, call for six buildings totaling more than 1.7 million square feet (157,700 square meters) of industrial space.

"Over the past several years, the central and eastern regions of Europe have emerged as strategically important areas for industrial distribution," said Walt Rakowich, president and COO of ProLogis. "Our company has been successful in anticipating this trend, and now has market-leading positions in Poland and Hungary as well as one of the largest industrial platforms in the Czech Republic.

"We're pleased now to be entering Romania, where we see a combination of robust demand for state-of-the-art facilities and a shortage of high-quality supply. As such, we believe this transaction will deliver real benefits both for customers with European operations and our investors."

Initial investment will consist of land acquisition, infrastructure improvements and construction of two distribution centers comprising 609,000 square feet (56,600 square meters), with completion of the first facility planned for the second half of this year. Total investment at the park is expected to exceed US\$80 million.

"With 22 million people and GDP growth exceeding 5 percent annually, Romania offers tremendous potential for manufacturers, retailers, logistics providers and other companies with distribution needs in this region," said Michael de Jong-Douglas, senior vice president for central and eastern Europe.

Muler Onofrei, ProLogis market officer for Romania, noted that vacancy rates for modern industrial buildings are already very low in Romania today -- about 2 percent. "Romania's scheduled admission into the European Union in January 2007 should accelerate demand even further," Onofrei said. "Investing in Romania now will enable ProLogis to leverage its deep existing relationships with global customers and establish itself as a primary provider of industrial space to the Romanian market."

ProLogis is the largest pan-European provider of distribution facilities, with more than 72 million square feet (6.7 million square meters) owned, operated or under development in 29 markets across the continent. In central and eastern Europe today, the company's platform totals 11.8 million square feet (1.1 million square meters) concentrated around Prague, Budapest, and the Polish cities of Warsaw, Bedzin, Piotrkow, Poznan, Sosnowiec and Wroclaw.

#### About ProLogis

ProLogis is a leading provider of distribution facilities and services, with over 377 million square feet (35 million square meters) in 2,340 properties owned, managed and under development in 77 markets in North America, Europe and Asia, as of December 31, 2005. We continue to expand the industry's first and largest global network of distribution facilities with the objective of building shareholder value. We expect to achieve this through the ProLogis Operating System(R) and our commitment to provide exceptional facilities and services to meet our customers' expansion and reconfiguration needs.

## BUCHAREST INDUSTRIAL PARK

an invitation to locate to a world-class commercial facility



# Overview

**"An invitation to join a world class business facility, the largest in Bucharest, at the hub of Central Europe"**

Bucharest Industrial Park is the largest ultra-modern, green-field business park with official "industrial park" designation within Romania. It is the first venture of its kind to be approved as a trade offset project by the Ministry of Industry. This approval is likely to generate a number of commercial opportunities to tenants including inward investment and sales opportunities with major international corporations.



Why locate in Bucharest - Romania? The Development Our Customers Services & Facilities

The business park will be designed in a "business village" format clustering related activities together for common benefit. Whilst a significant proportion of the facility will be focused towards logistics and nonpolluting manufacturing activity, given the size of the overall development the mix of the park as a whole will include;

- ▶ Logistics and Distribution
- ▶ Customs and Bonded Warehousing
- ▶ Non Polluting Technology Based Manufacture and Final Assembly
- ▶ Low Rise Office/Science Park
- ▶ Large Scale Retail/Wholesale

To ensure that the facility meets international business requirements the park design concept and supporting infrastructure has been designed by Hyder Consulting Plc and Chetwood Associates Ltd. Hyder is a UK based a 2,600 strong international business and technical consulting organization working across sectors such as property, telecommunications, water and transportation. Chetwood Associates are award-winning architects with extensive experience of logistics, retail and mixed use park developments, including Magna Park – the largest logistics park in Europe.



Service provided by Investor Services Author of Industrial Parks Study in Romania - 2004

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