

transactions

Helios Properties Logistics Park



After it has rented 14,000 sqm in Mercury Logistic Park, Eurisko assists the sale of the entire project.

Foreign investors in the industrial field did not make any significant moves on the Romanian market during last year. The situation changed in early 2006, when Helios Properties, a UK-based property development and investment company, acquired Mercury Logistic Park.

German bank, Eurohypo, provided the financing for the entire scheme including this transaction and further development of the logistic park.

The developer is Cyprus-based Phoenix Real Estates and their consultant was Eurisko. The company involved in this project since its early phase, advising on the development concept, pre-leasing 14,000 sqm to discounter chain Minimax Discount and finally assisting with the successful exit.

„Thus, Eurisko not only was the consultant of the biggest lease transaction in 2005, but also assisted the biggest institutional sale transaction in 2005 on this segment of the real estate market,” said Muler Onofrei, manager of Eurisko industrial department.

Located at 22nd km of Bucharest-Pitesti Highway, Mercury Logistic Park is one of the biggest developments on the Romanian market's industrial segment. After all of the developing phases are concluded, the project will have a total area of 100,000 sqm. At present, the first phase of 14,000 sqm is close to completion.

Benefiting from an excellent logistic location, Mercury Logistic Park will provide high-quality industrial spaces that come with facilities such as: up to 10m-high elevated warehousing, with antistatic flooring, loading/unloading facilities, fire detectors and extinguishers, smoke eviction traps, triphase power, large concrete areas to park and handle trucks, controlled temperature in the warehouses and Class A office space.

Muler Onofrei said that the decision made by a top investor, such as Helios Properties, to enter the Romanian market indicates that the industrial segment is now beyond the pioneering stages. „Following the office and retail segments, the industrial one is now getting serious attention from foreign investors, both institutional and private. This will entail the emergence of numerous high-quality projects, with the stock of Class A industrial spaces set to soar in the next two years,” he said. Britain-based Helios has announced

investment plans worth 250 million pounds on the Eastern European real estate market. It intends to develop 10 real estate projects in Romania, being attracted by the return on investments rates.

The yields on the Romanian industrial space market, although having posted a slight decline in the past few years, remain among the highest in Central and Eastern Europe, due to scarce supply and incredible demand. The drop in yields is not a cause for concern – on the contrary, it is a good omen for investors, proving that the market is becoming mature.

But, the yields weren't the single reason for which Helios decided to invest on the Romanian market. Another strong point of the project was the fact that 14,000 sqm had been pre-leased to a well-known company: Minimax Discount.

In May 2005, Eurisko closed the largest pre-rental transaction on the industrial space market. Minimax Discount pre-rented 14,000 sqm to establish its central warehouse, which will manage the stocks of merchandise delivered to all suppliers, will centralize and coordinate the entire logistics policy, will prepare and deliver the exact quantities to individual stores, based on the product's shelf disposition.

Rainer Exel, general manager of Minimax Discount, has best explained the reasons why the company chose this particular space: „maximum visibility, easy to identify by the suppliers that have merchandise to deliver and all the necessary space for long-term development – until we expand our network to 50 stores.”

HISTORY OF A SUCCESSFUL PROJECT

- **SEPTEMBER 2004:** The industrial space market is characterized by a very poor supply of Class A logistic projects, both in terms of quantity and quality.
- **NOVEMBER 2004:** Given the strong demand of logistic spaces, Phoenix Real Estates and Eurisko outline the development concept of a grandiose industrial project – Mercury Logistic Park, which stipulates the construction of 100,000sqm on the Bucharest-Pitesti motorway
- **MAY 2005:** Eurisko brokers the pre-rental of 14,000sqm by discounter store chain Minimax Discount, which plans to establish its warehousing headquarters here.
- **JUNE 2005:** Construction works start for the first stage of the project.
- **DECEMBER 2005:** Eurisko advises Phoenix Real Estates in successfully closing the sale transaction, with the project purchased by Helios Properties, a British real estate development and investment company.