

Dedeman acquired 14.5 hectares of land in Timișoara from Țiriac Imobiliare

Dedeman, the largest DIY retailer on the local market, has recently acquired 14.5 hectares of land in the North of Timișoara, next to the future Ikea store, from Țiriac Imobiliare, in a transaction brokered by real estate consultancy Colliers. Thus, Dedeman consolidates its position in the city in the North-West of the country, where it has two more stores. The acquisition has the potential to be a catalyst for significant new transactions in 2022, being an important benchmark for local market liquidity and contributing to increasing investor confidence.

“Dedeman bought one of the best plots of land in Timisoara, in terms of real estate potential. Dumbravița area has been growing steadily for several years, and this trend will continue with the opening of the Ikea store and the expansion of residential developments. In these conditions, the future project - regardless of the configuration that will be decided by the new land owner - has every chance to become a magnet for the entire North-West region of the country”, explains Sinziana Oprea, Director Land Agency at Colliers Romania.

Last year, the land transaction market for real estate projects (residential, retail, offices, hotels, excluding agricultural and industrial) recorded its highest value since 2007. Total transaction volume exceeded 800 million euros, up by more than two and a half times from an estimated 310 million euros in 2020, according to the 2021 annual report released by Colliers.

Bucharest and surrounding areas accounted for about 75% of the nominal transaction volume, Colliers consultants estimate, explaining that there are many transactions with large platforms for mixed-use projects where the share allocated by developers to various sectors is not completely sure. Retailers and residential developers have been extremely active, with land for such projects accounting for about 90% of the total.

Outside the Capital, Colliers consultants noticed an increased interest among developers for a number of big cities, such as Timisoara, Brasov, Constanta, Cluj-Napoca, Craiova, Galati, Braila, Oradea, Sibiu, but also for certain smaller cities, such as Vaslui, Tulcea, Giurgiu or Calarași.

Further, the year 2022 started with a series of solid transactions, which shows that there is a strong interest in the local real estate market, and therefore in buying land plots for future projects. For instance, NEPI Rockcastle, one of the largest investors in the Central and Eastern European real estate market, has acquired 17 hectares of land on Portului Street in Galati for a mixed-use real estate project, in a transaction also brokered by the real estate consultancy company Colliers.

“Normally, after a year as strong as 2021 – which is equivalent to two pre-pandemic years, we would be prone to believe that the next year will be a bit lower, as developers, already having a good stock of land, will be more preoccupied with starting to deliver projects. But such an argument does not fit well with the elevated interest we are seeing currently, so we would rather expect 2022 to deliver fairly similar results to 2021”, says Sinziana Oprea. “However - she adds - we cannot ignore the potential impact that the escalation of the Russian-Ukrainian conflict may have on the market. Fortunately, for the time being, the signs are very weak in the land market.

In terms of price developments, Colliers consultants do not expect major changes and point out that room for manoeuvre is limited for owners. This is because developers are not only facing pressure on rents (particularly for offices) but also a general increase in construction costs, which means that in the case of residential projects, sales could be affected and this limits the possibility of paying higher prices for land acquisition. However, land in a very good location and with PUZ or planning permission obtained can achieve prices 20-30% higher than similar land without planning permission.

Another trend Colliers consultants are watching in 2022 is the opening of new submarkets that may interest investors, particularly influenced by infrastructure developments. For Bucharest, this means an increased interest

for the plots around the A0 Highway, but also for those that could benefit from the extension of the Berceni metro.