



Spotlight

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# ROMANIAN LAND MARKET

**H1 2019**

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*Crosspoint Research*





### Overview

Compared to the same period last year, the volume of land transactions in Romania has remained relatively constant on all market segments, be it commercial or residential.

While on a country level most of the land plots were acquired for commercial development (with retail dominating the market), Bucharest was mainly targeted by residential developers.

As a distinctive trend, mixed use projects have gained ground this year more than ever. Regional cities like Cluj-Napoca, Timisoara, Iasi and Brasov attract residential developers through higher yields and faster sales than the capital city.

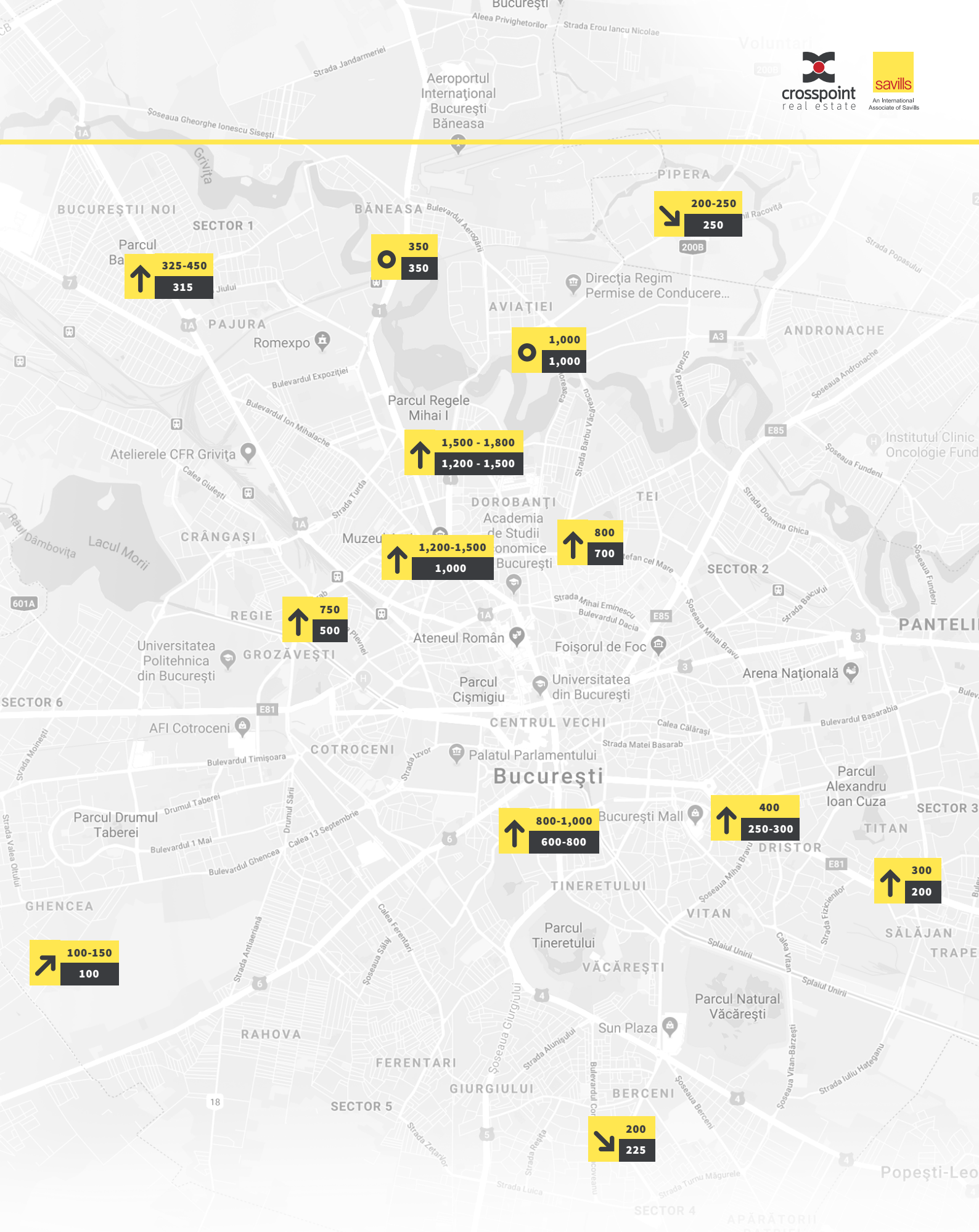
### Prices

The average land price per square meter registers the highest values in Cluj-Napoca, followed by Bucharest. In the remaining regional cities prices are notably low, with prices down to 50% from the capital city's average in some cases.

One of the main factors that affect the profitability of a developing project has been the continuous rise of construction costs. This increase has led to a slight decline in demand on the residential market for land plots acquired for the development of low-medium residential projects, as the sale price of such units is unsustainable taking into account the high construction costs and the profit expectations of the developers.

### Land prices in Bucharest

Land prices in Bucharest have remained roughly the same, except for central areas and areas that are long established as luxury destinations for residential projects, where prices have gone up. Some areas with high development potential that benefit from good infrastructure are also seeing a slight positive change in price. Northern areas like Pipera have registered small declines in price compared to last year, mainly because new residential areas are emerging inside the city.



Yoy land price evolution in main areas of Bucharest, €/sqm  
 Prices vary widely within the same area, depending on location, size or the existence of construction authorizations.

Source: Crosspoint Research

Serele Berceni  
 Zona industrială  
 2019 Price (€/sqm)  
 2018 Price (€/sqm)



## Key land transactions

Bucharest remains the main driver of demand for residential development, with commercial, mostly industrial, land acquisitions registered on the outskirts of the city. Despite a drop in sales compared to 2018, demand for residential remains strong, as Bucharest continues to be one of the most crowded European cities (with a population density 3 times higher than that of Budapest or Warsaw). Another important driver of the residential demand in the big cities is the future trend of the migration of people from the rural areas to the cities. According to a World Bank study, this evolution will mean in Romania an increase of around 30% in the urban population versus the rural areas in the coming 30 years.

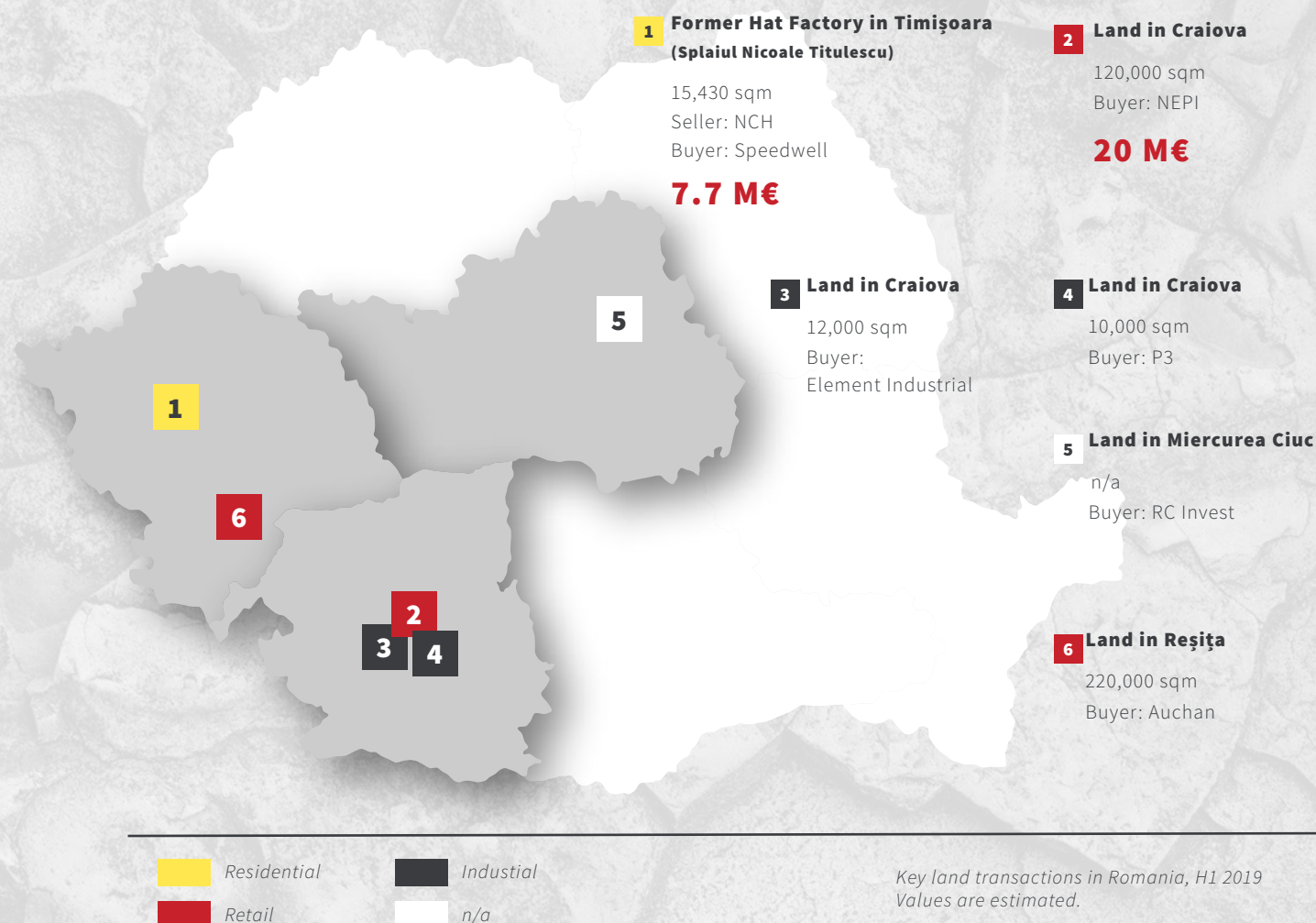
Land transactions for commercial development have dominated the regional markets, due to the expansion of retail to less saturated areas and the industrial potential of some well-connected regional and secondary cities.

Location	Size(sq.m)	Seller	Buyer	Value (M€)	Destination	Area
Pantelimon (2 plots)	10,000	n/a	n/a	5.7	Residential	East
Pipera	20,000	EdR Real Estate	Shikun & Binui	4	Residential	North
Bucurestii Noi (2 plots)	33,500	Private	Cordia	6.3	Residential	North
Stefan cel Mare	14,469	Alpha Bank	SM Development SRL	10	Residential	Center East
Fabrica de Glucoza	24,000	Gabriel Popoviciu	London Partners	5	Residential	North
Expozitiei	28,700	Private	London Partners	15	Residential	North
Colentina (Gherghitei)	80,000	First Bank	One United Properties	7	Residential	East
Grigore Gafencu	3,000	Private	One United Properties	2.4	Residential	North
Central	14,500	Sinatex SA	Popa Nan Project	8	Residential	Center
Former Helitube Factory (Colentina)	89,000	BelRom	SIF Banat-Crișana	20	n/a	East
Orhideelor	7,920	NCH	RC Invest	5.1	Office	Center West
Timpuri Noi	3,043	Gedeon Richter	Private	2	Residential	Center South
Casa Manu Victoriei	5,000	Private	Strabag	12	Residential	Center
Otopeni	35,000	Private	Marcom	2	Industrial	Ilfov North
Chitila	136,000	n/a	Globalworth	n/a	Industrial	Ilfov North

Key land transactions in Bucharest & Ilfov, H1 2019  
Values are estimated.

Source: Crosspoint Research





Key land transactions in Romania, H1 2019  
Values are estimated.

Source: Crosspoint Research

## Forecast

For the remaining part of the year, we expect that in Bucharest the potential buyers' attention will be focused on land plots located in well-connected areas (close to metro stations), with approved urban planning or construction authorizations. As ideal land plots for office developments are harder and harder to find, office developers will shift their interest towards emerging areas. The industrial sector will continue to be a large provider of demand but for the time being, residential remains the capital's safest bet.

Retail will expand both on regional and secondary markets but less in Bucharest, where the supply meets the demand on all of the retail subsegments.

Both in Bucharest and countrywide the industrial sector will keep on expanding especially since this year marked the developers' slightly increased appetite for risk and their shift from exclusively built-to-suit facilities.





Founded in 2005, Crosspoint Real Estate offers transactional advice and real estate consultancy, as well as financial solutions needed by international investors for all types of office, retail, industrial, land, hospitality, residential and mixed-use properties. Crosspoint Real Estate is the international associate of Savills in Romania, one of the world's largest real estate advisory companies, established in 1855, with over GBP 1.76 billion in revenues for 2018.



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