



EVOLUTION OF ROMANIA'S RESIDENTIAL MARKET

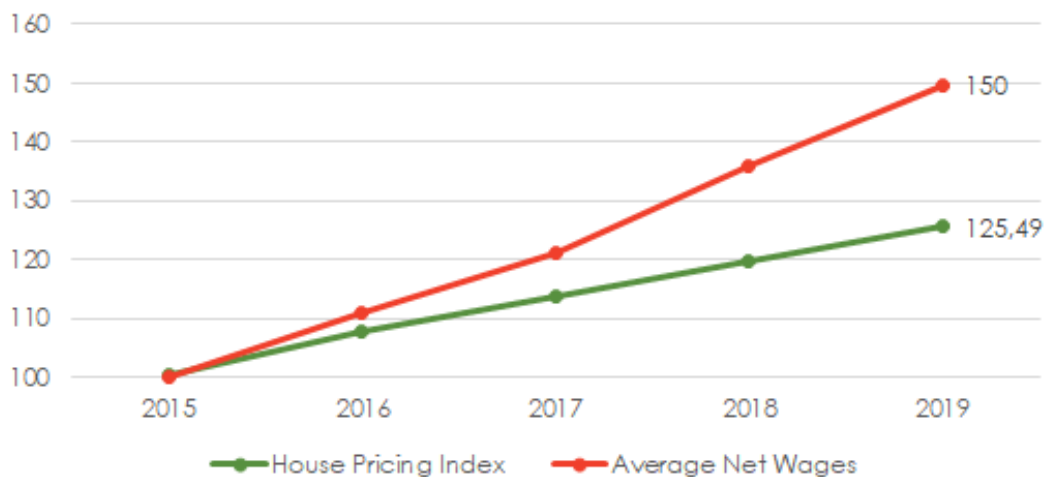
CORRELATED WITH COMPARABLE
CEE COUNTRIES

2020



EVOLUTION OF NET AVERAGE WAGES VS APARTMENT PRICES IN BUCHAREST

In the past five years, the growth rate of the average net wage in Romania surpassed that of apartment prices. The purchasing power in Romania has seen a raise of 50% while apartment prices only grew by 25%.



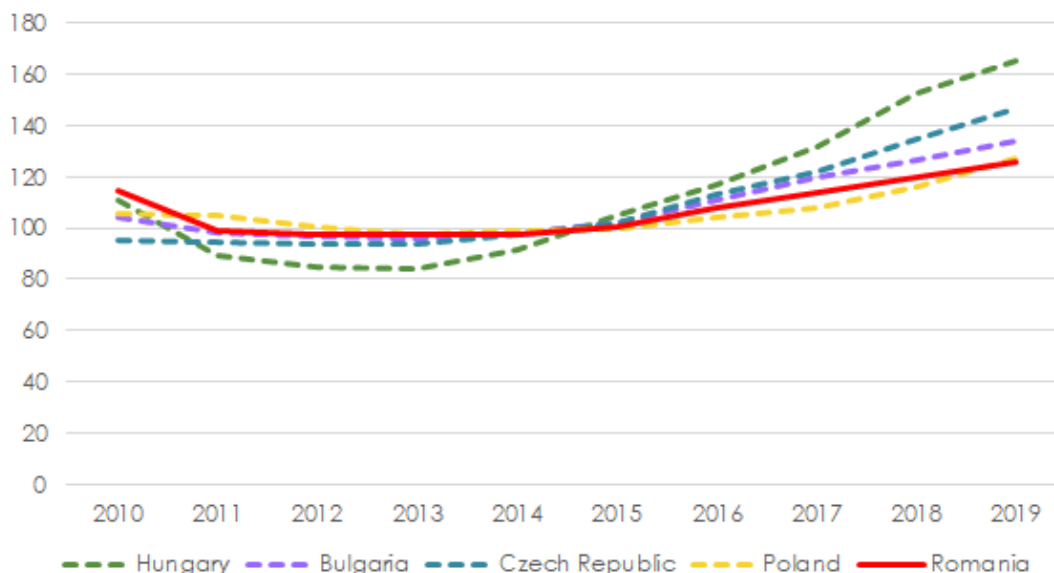
Source: Eurostat (2015=100)



HOUSE PRICE INDEX CEE, 2010-2019

Source: Eurostat (2015=100)

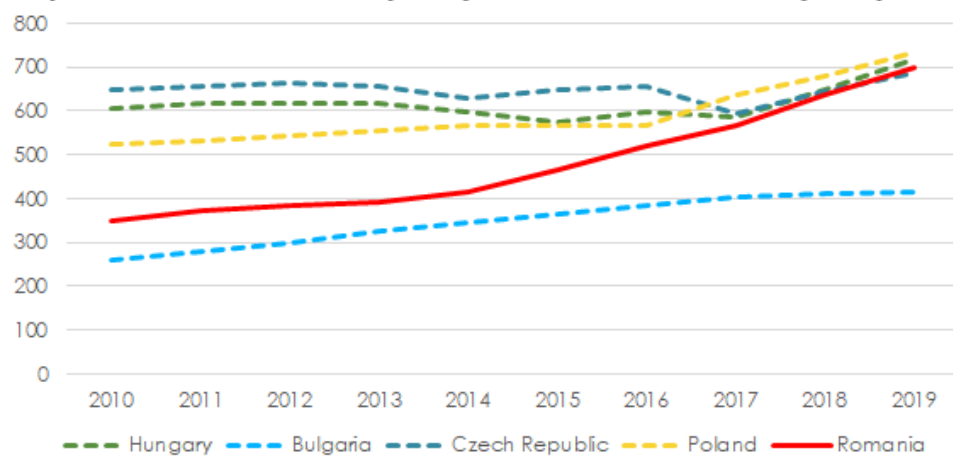
While in 2010 Romania was registering the highest growth in apartment prices among CEE countries, prices dropped between 2011 and 2015 and in 2019 Romania had the fourth slowest growth in prices compared to other CEE neighboring countries.





AVERAGE WAGES CEE, 2010-2019

Evolution of net average wages in CEE

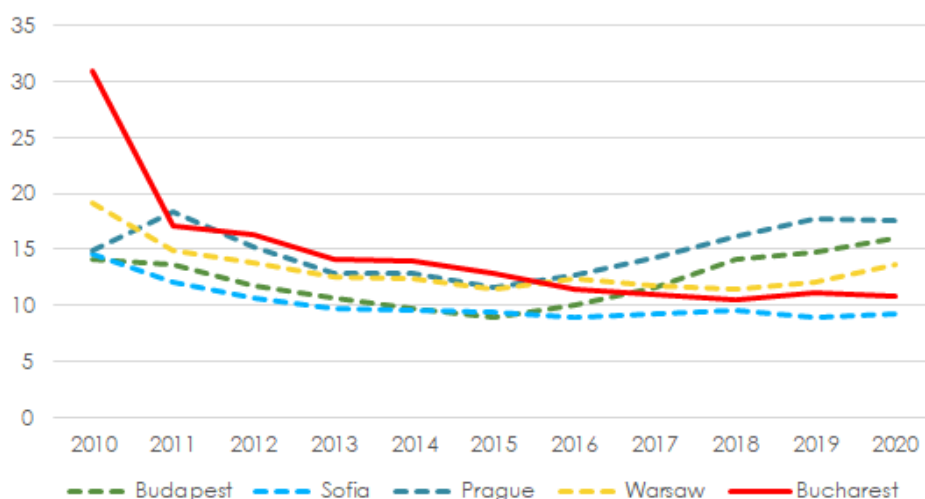


Source: tradingeconomics.com, Local statistics institutes

Average net wages in Romania have registered a **significant growth** compared to other CEE countries, especially in the last three years. The fast economic growth has determined a **steady evolution in wages**, visibly diminishing the gap between Romania and other CEE countries like Hungary, Poland and the Czech Republic.

PRICE TO INCOME EVOLUTION

Evolution of price to income ratio



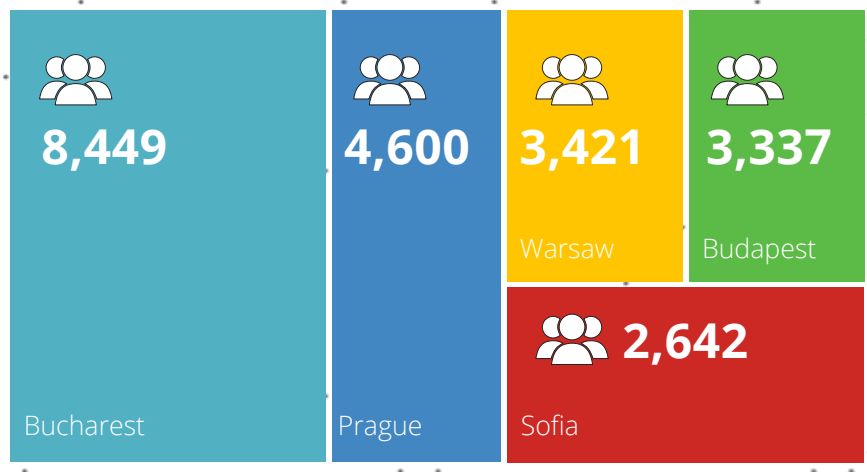
Source: numbeo.com

In the past 10 years, Romania's price to income ratio **has declined** from the highest in CEE to the second lowest, due to both a **rise in wages** and a decrease in apartments prices. This led to an **increased housing affordability**, even though the quality of newly built residential projects has seen a serious improvement.



POPULATION DENSITY

in CEE capital cities (per square meter)

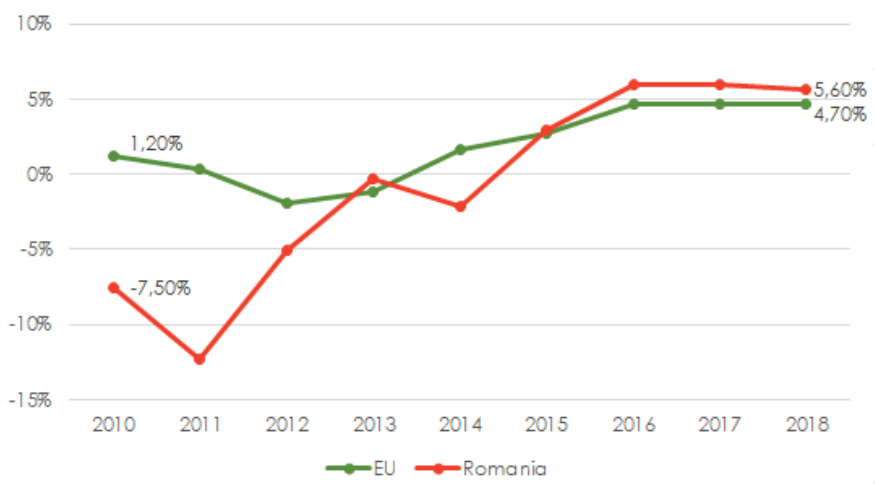


Source: worldpopulationreview.com

Bucharest has the highest population densities among CEE capital cities (up to 3 times higher than Sofia and 2.5 higher than Budapest). This aspect will influence the **horizontal expansion on the city** towards neighboring areas, following the development of infrastructure. As the inner **city becomes more crowded and traffic increases**, the need to expand will come as a natural consequence.

EVOLUTION OF APARTMENT PRICES

Romania vs. EU average



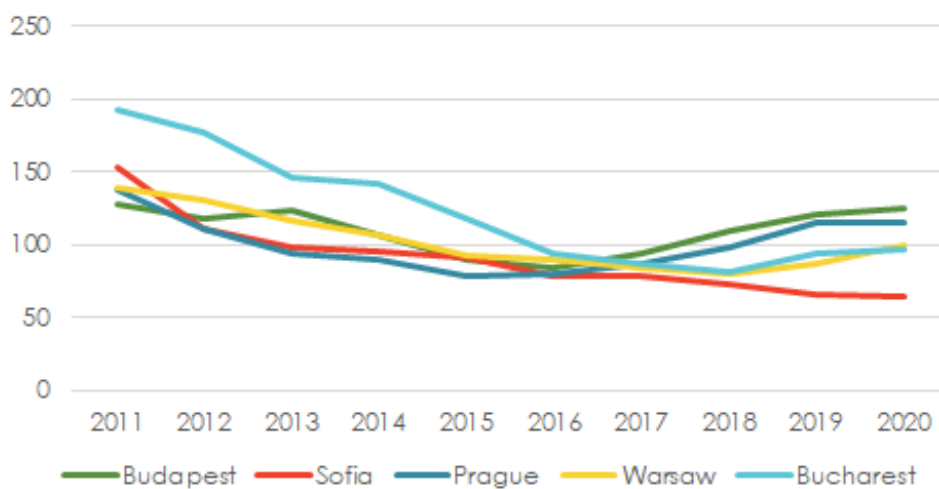
Source: Eurostat

The large breach in housing price evolution between Romania and the rest of the EU has been **significantly narrowed in the past five years**, when the yearly growth rate in house prices in Romania has aligned with the European trend. This proves that **the market has evolved** from a speculative one before the 2008 crisis, to a stable one, **built on strong foundations**.



MORTGAGE AS PERCENTAGE OF INCOME

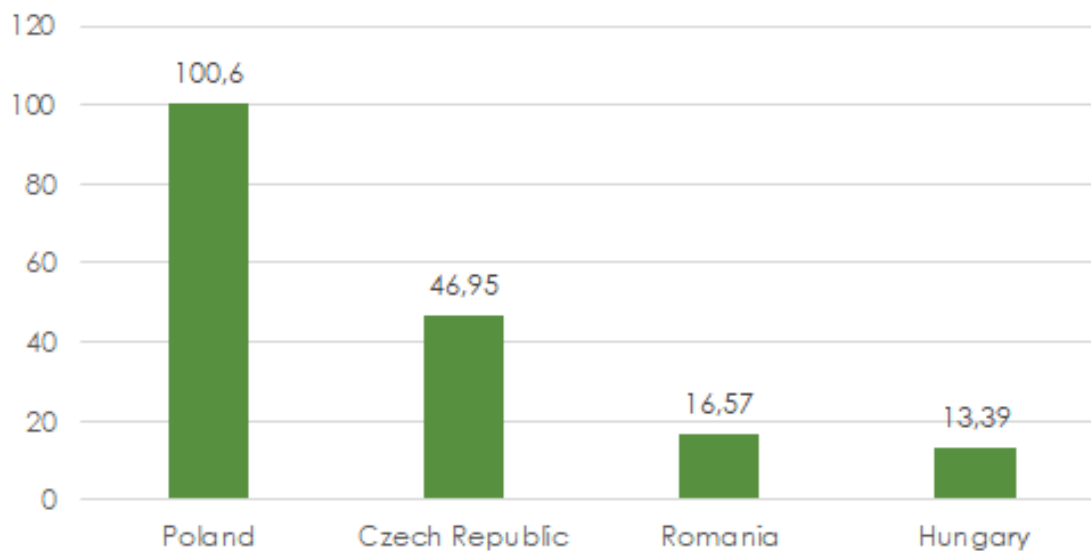
in CEE capital cities



Source: numbeo.com

OUTSTANDING RESIDENTIAL MORTGAGE (EUR B)

in CEE countries, Q3 2019.



Source: statista.com

* Available data for 15 European countries: UK, Germany, France, Spain, Sweden, Italy, Denmark, Belgium, Poland, Finland, Portugal, Ireland, Czech Republic, Romania, Hungary ; Source: statista.com

Although the mortgage/income ratio has almost halved in the past 10 years, **Romania still has one of the smallest amounts of residential mortgage** lending in CEE (16.57 billion EUR in Q3 2019), while the EU average exceeds 400 billion EUR*. Furthermore, around 65% of houses bought in Romania are fully paid with cash

CURRENT RATIO BETWEEN PLANNED RESIDENTIAL UNITS

AND NO. OF EMPLOYEES (*by area*)



Area	No. of employees*	Residential units**	No. of employees/new unit
North	146.000	7.500	19
Expozitiei	33.000	2.665	12
West/Center-West	105.000	8.000	13
Center/Central-South	60.000	2.000	30

*No. of employees in existing projects or planned by 2022

**Residential units under construction or planned



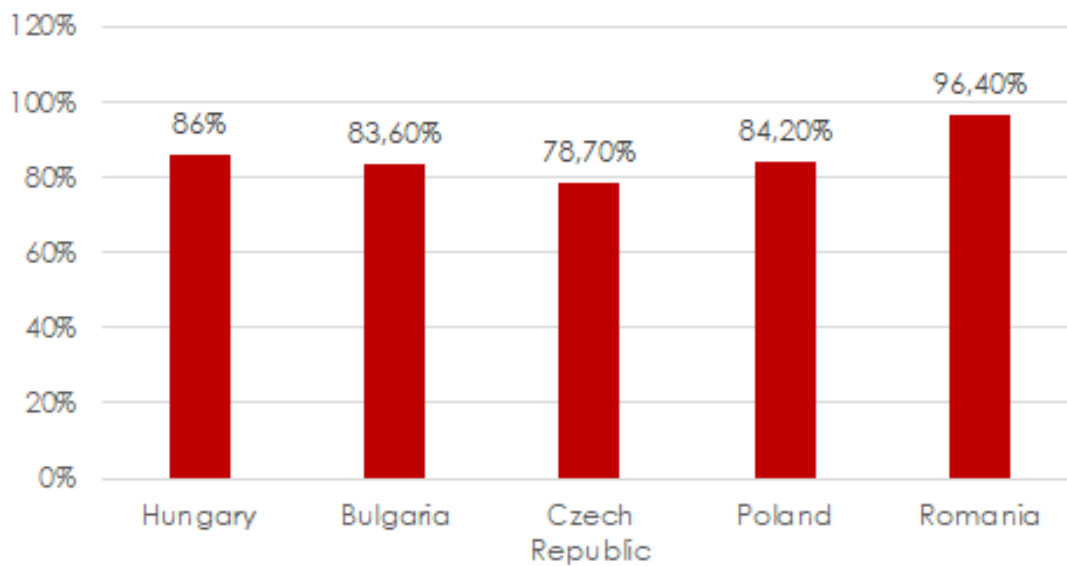
EVOLUTION OF HOME OWNERSHIP

in CEE countries

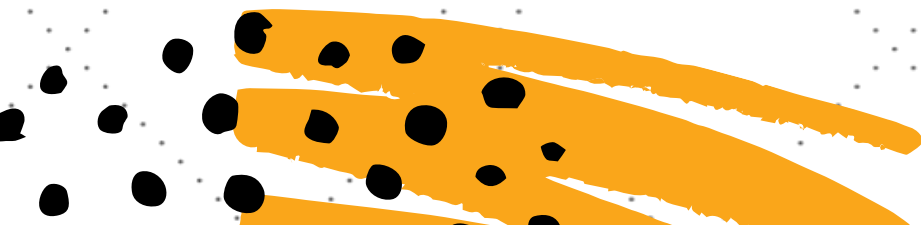
According to a 2017 study by the World Bank, **Romania's urban population makes up for about 40% in total population**, compared to the rest of Europe where urban population reaches 65% in total. Given the **economic growth** in primary and secondary cities and thus the **high availability of jobs** in urban settings, **the rural-urban migration is high** and is expected to increase in the following years. As a consequence, **the demand for housing in urban areas will progressively rise** as well.

Despite the fact that **96.4%** of Romanians are home owners (**largest rate in the EU** where the average is 74%), **47%** of dwellings in Romania are overcrowded (while the European average is 15%). Thus, the **need for new developments on the residential market** is extremely high.

HOME OWNERSHIP RATE, CEE



Source: [statista.com](https://www.statista.com)



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