

 CROSSPOINT RESEARCH

EVOLUTION OF ROMANIA'S HOUSING MARKET

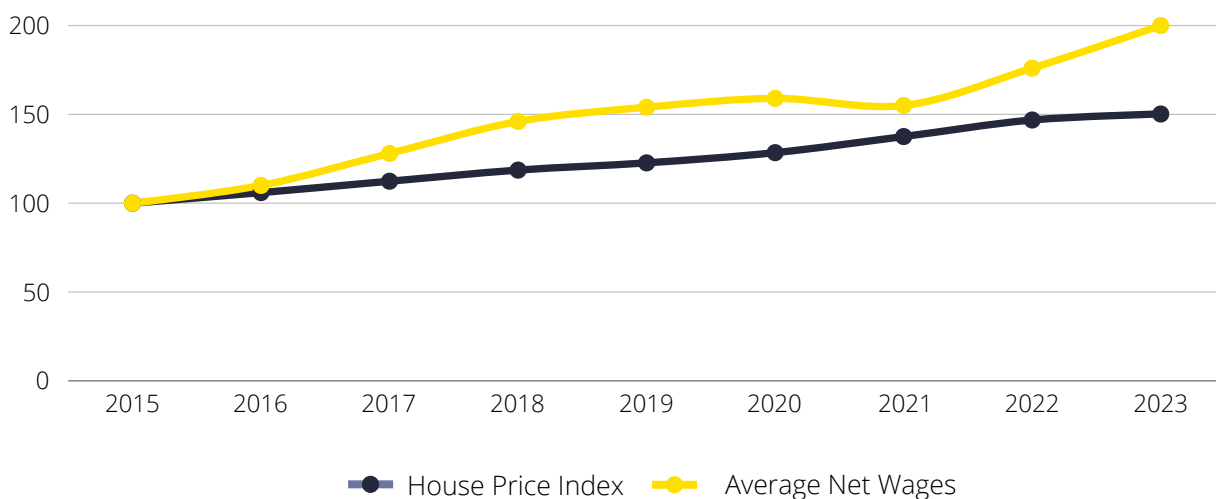
2023
2024

CORRELATED WITH COMPARABLE
CEE COUNTRIES



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 almost 50% while apartment prices only grew by 25%.



Source: Eurostat (2015=100)

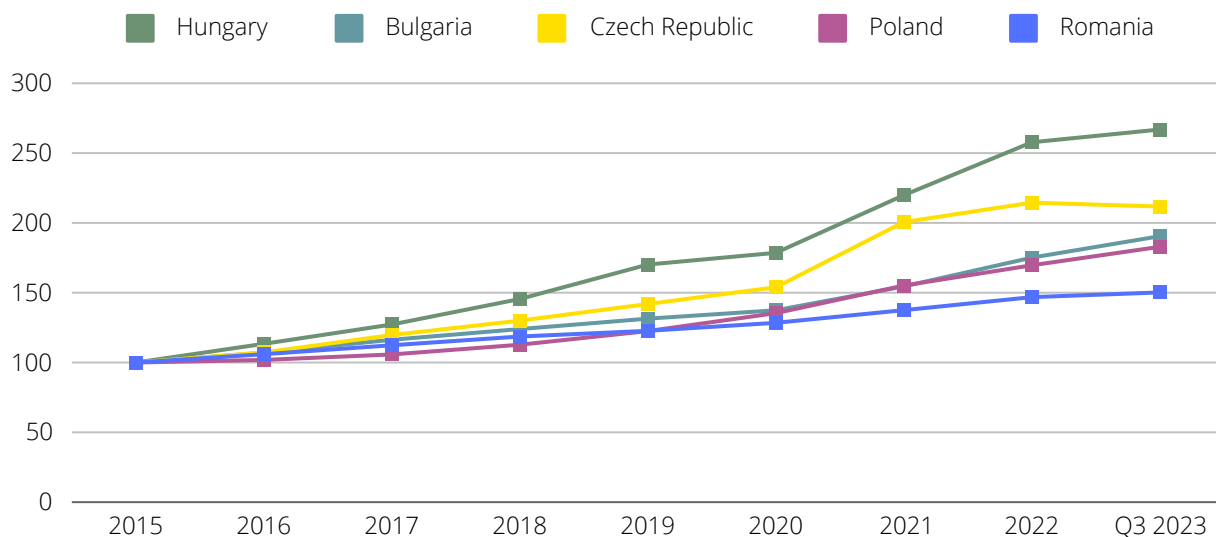


HOUSE PRICE INDEX

CEE, 2015- Q3 2023

While in 2010 Romania was recording the highest growth in apartment prices among CEE countries, prices dropped between 2011 and 2015 and between 2020 and Q3 2023 Romania had the slowest growth in prices compared to other CEE neighboring countries.

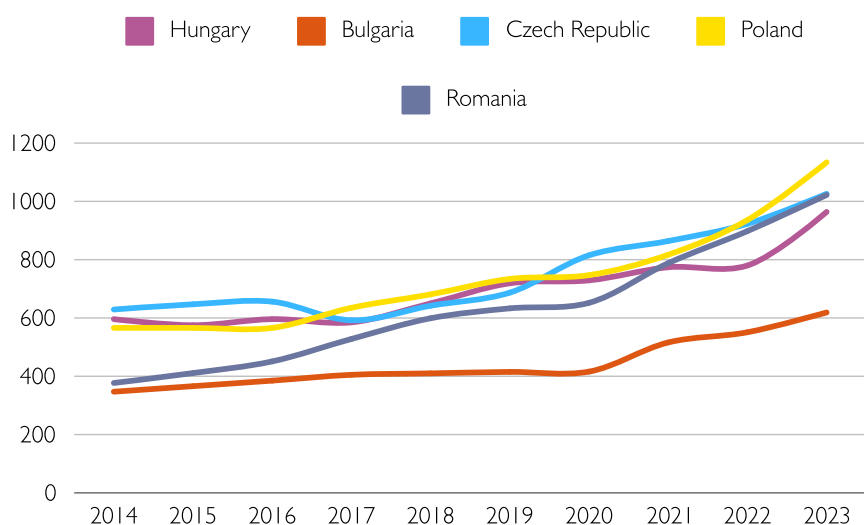
Source: Eurostat (2015=100)





AVERAGE WAGES CEE, 2014-2023

Evolution of net average wages in CEE

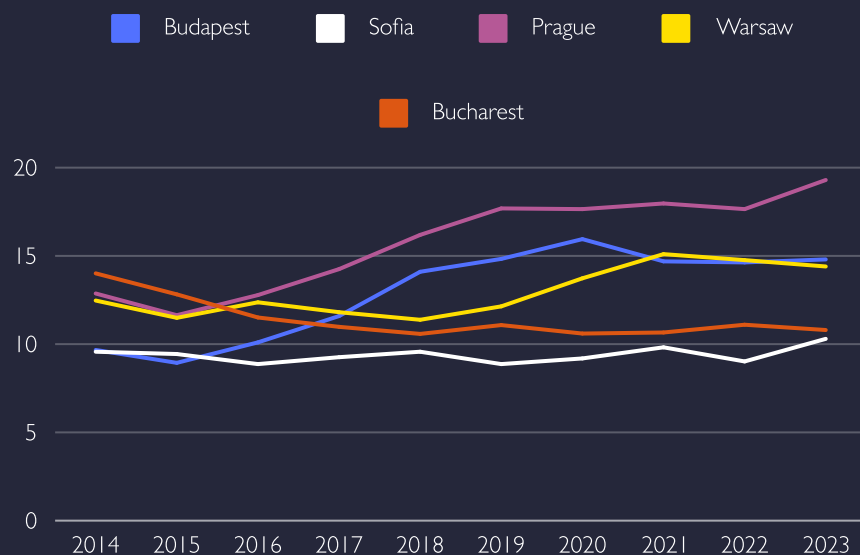


Average net wages in Romania have recorded a **significant growth** compared to other CEE countries, especially in the last four years. The fast economic growth has determined a **steady evolution in wages**, visibly diminishing the gap between Romania and other CEE countries like Poland and the Czech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

Source: Eurostat, Local statistics institutes

PRICE TO INCOME EVOLUTION

Evolution of price to income ratio



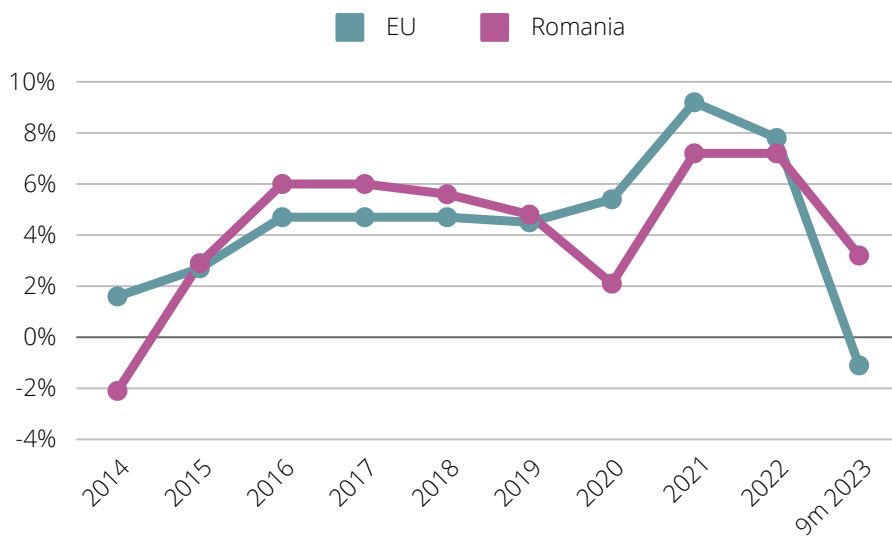
In the past 10 years, Romania's **price to income ratio has declined** from the highest in CEE to the second lowest, due to both a **rise in wages** and a decrease in apartment prices. This led to an **increased housing affordability**, even though the quality of newly built residential projects has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

Source: numbeo.com



ANNUAL RATE CHANGE IN HOUSE PRICES

Evolution of apartment prices, Romania vs. EU27 average

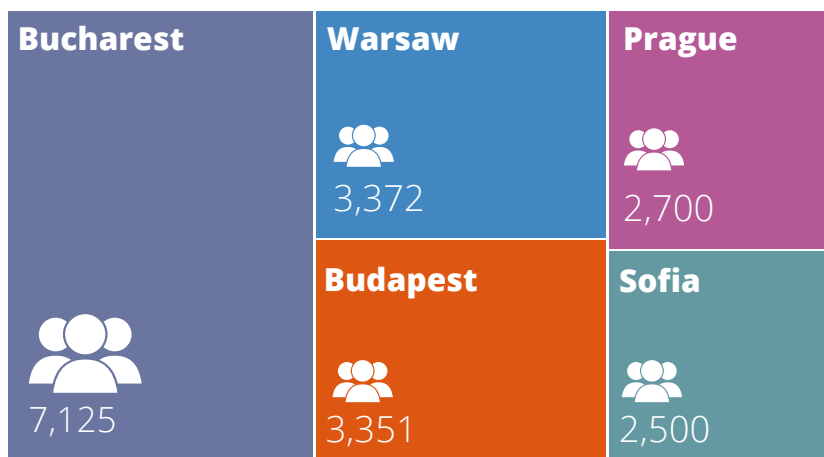


The **large breach in housing price evolution** between Romania and the rest of the EU has been **significantly narrowed in the past years**, when the yearly growth rate in house prices in Romania has aligned with the European trend. This proves that the **market has evolved** from a speculative one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

Source: Eurostat

POPULATION DENSITY

in CEE capital cities (*inhabitants / sqm*)



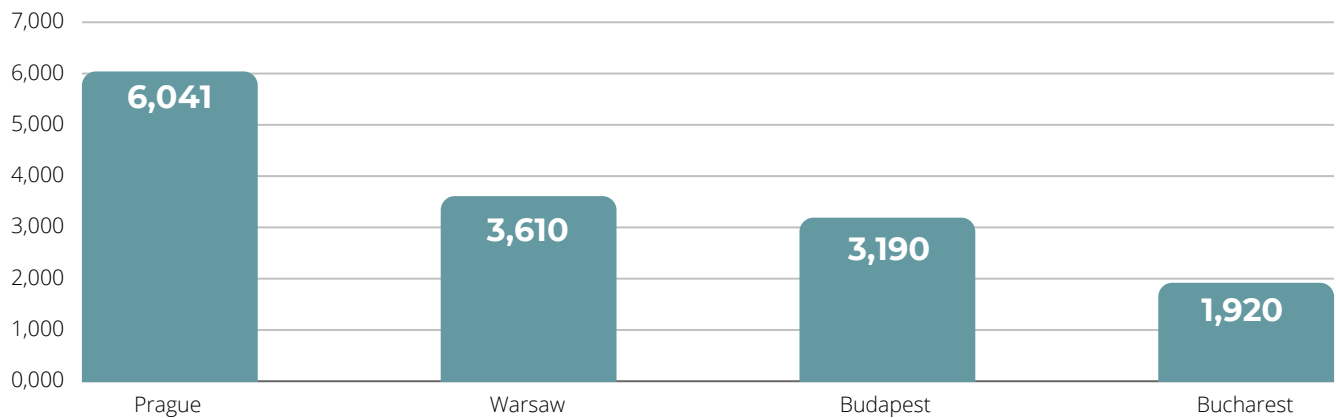
Bucharest has the **highest population densities among CEE capital cities** (almost **3 times higher than Sofia and Prague** and twice as high as Budapest or Warsaw). This aspect will influence the horizontal expansion on the city towards neighboring areas, following the **development of infrastructure**.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

Source: National Statistics Institutes



PRICE/NET SQM (€) FOR NEW UNITS

December 2023



Sources: Crosspoint Real Estate, Savills Poland, Savills Czech Republic, Eston Hungary

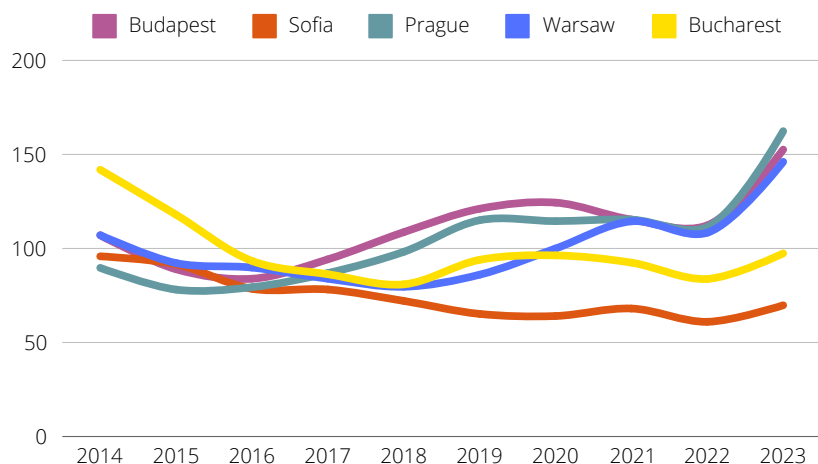
The **average rental yield** for new properties in Bucharest **varies between 7% and 8%**, above those recorded by other CEE capital cities (Budapest: 5%-6.5%, Prague: 4%-6%, Warsaw: 5%-5.5%). **Bucharest has the lowest price per net sqm in the CEE area**, standing at 1,930 euro, three times as low as Prague, 40% lower than Budapest and 47% lower than Warsaw.

MONTHLY RENT			ANNUAL GROSS INCOME			AVERAGE AREA		
studio	1 bedroom	2 bedroom	studio	1 bedroom	2 bedroom	studio	1 bedroom	2 bedroom
400	600	800	4,800	7,200	9,600	35	50	65

INITIAL INVESTMENT (1,930 EUR/SQM AVG PRICE)			GROSS YIELD		
studio	1 bedroom	2 bedroom	studio	1 bedroom	2 bedroom
67,550	96,500	125,450	7.1%	7.5%	7.7%

MORTGAGE AS % OF INCOME

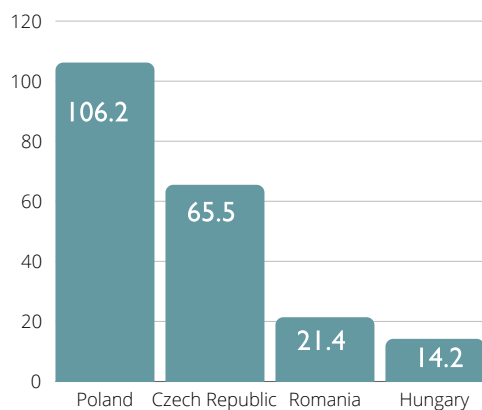
in CEE capital cities



Despite the mortgage-to-income ratio nearly halving over the last decade, **Romania continues to maintain one of the lowest levels of outstanding residential mortgage lending** in the CEE region, standing at 21.4 billion EUR in 2022, whereas the EU27 average surpasses 200 billion EUR. Additionally, close to 60% of homes purchased in Romania are paid for entirely in cash.

Source: numbeo.com

TOTAL OUTSTANDING RESIDENTIAL MORTGAGE (EUR B) IN CEE COUNTRIES, 2022



Source: Hypostat

In 2022, Romania had the **smallest ratio between outstanding residential loans and disposable household income**, at 13%, meaning households in Romania have a significantly lower than average level of debt compared to their income. This indicates a **lower financial risk** to households, and a **high resilience** to economic downturns.

TOTAL OUTSTANDING RESIDENTIAL LOANS TO DISPOSABLE INCOME OF HOUSEHOLDS RATIO (%), 2022



Source: Hypostat

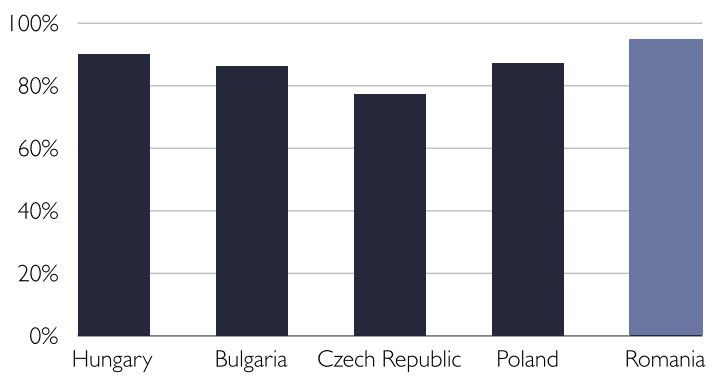


EVOLUTION OF HOME OWNERSHIP

in CEE countries

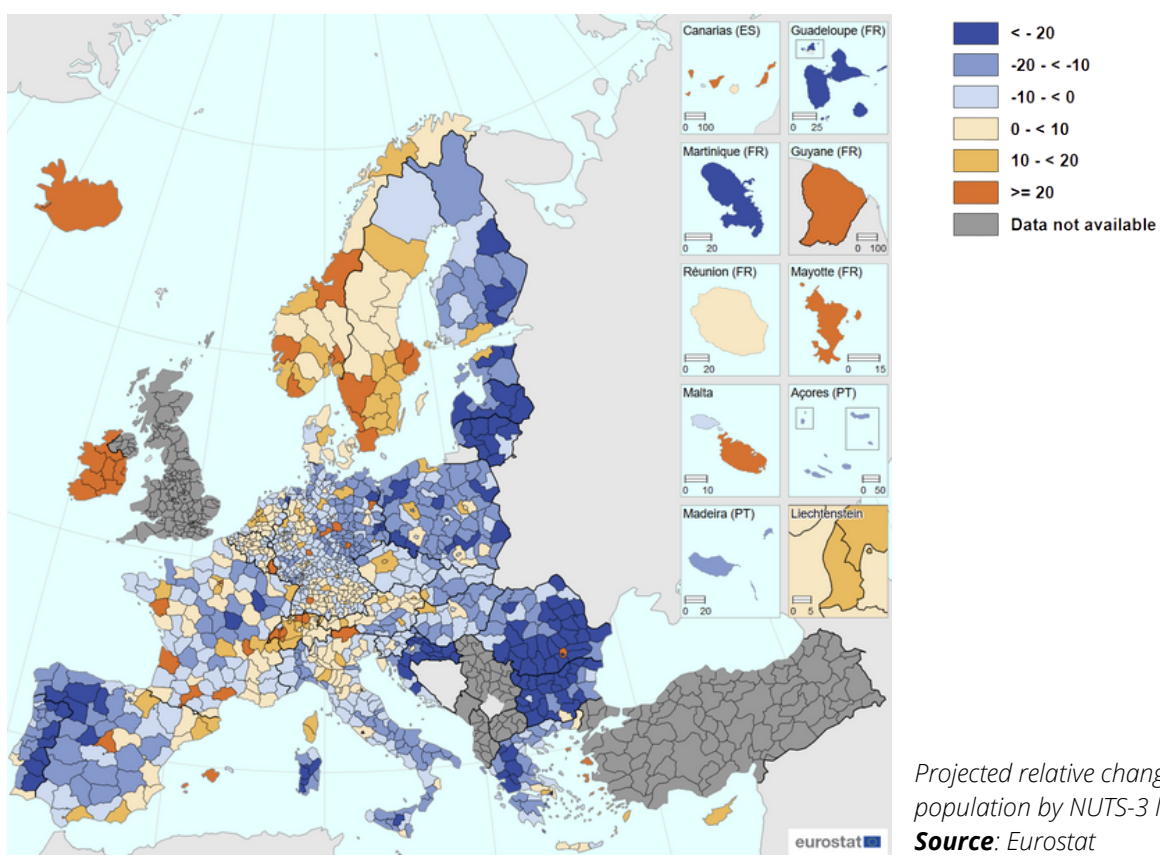
According to the World Bank, **Romania's urban population makes up for 54% in total population**, compared to the rest of Europe where urban population reaches 65% in total. Given the economic growth in primary and secondary cities and thus the high availability of jobs in urban settings, the **rural-urban migration is high** and is expected to increase in the following years. Eurostat projections show a **population growth of over 20% in Bucharest by 2050**. As a consequence, the demand for housing in urban areas will progressively rise as well.

HOME OWNERSHIP RATE, CEE COUNTRIES



Source: tradingeconomics.com

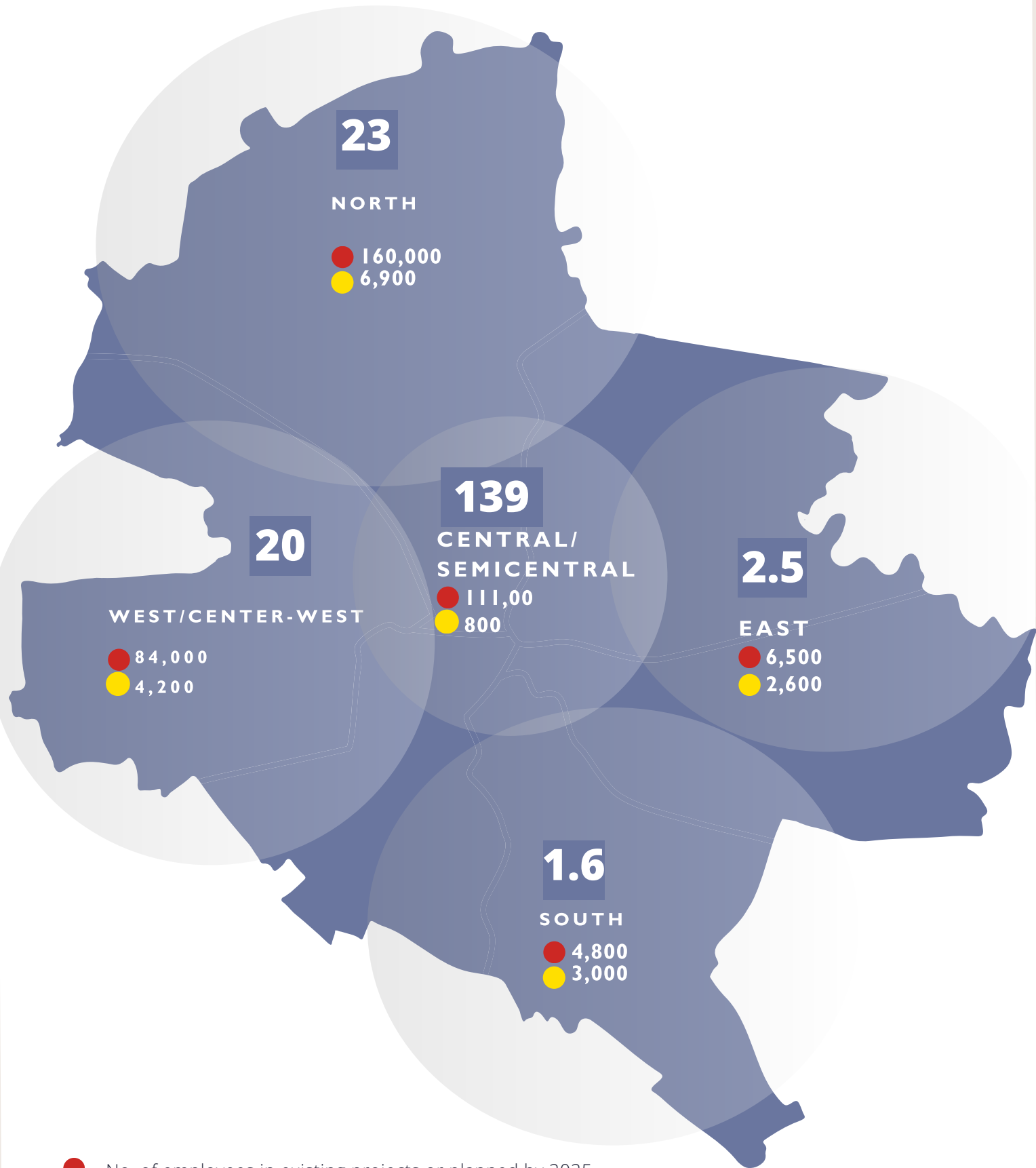
Despite the fact that **94.8% of Romanians are home owners** (second largest rate in the EU where the average is 70%), 40.5% of dwellings in Romania are overcrowded (while the European average is 16.8%). Thus, the need for new developments on the residential market is extremely high.



Projected relative change of the eu population by NUTS-3 level, 2019-2050
Source: Eurostat

CURRENT RATIO BETWEEN PLANNED RESIDENTIAL UNITS

AND NO. OF EMPLOYEES *(by area)*



- No. of employees in existing projects or planned by 2025
- Residential units under construction or planned by 2025
- No. of employees/newly built or planned unit

FOR MORE DETAILS

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