

YoY Chg 12-Mo. Forecast

€500 mn
Total Volume (EUR)



46
Properties sold



€11 mn
Avg. price per property



ECONOMIC INDICATORS H1 2022

€1,030
Average salary net in Bucharest (May 2022)



1.1%
Unemployment rate



+3.4%
Number of transactions with individual residential units in Bucharest-Ilfov (H1 2022 vs H1 2021)



Source: National Institute of Statistics, ANCPPI

ECONOMY: Increasing inflation and interest rates

The y-o-y inflation rate reached 15.1% in June in Romania, one of the highest levels in the European Union and, although expected to stabilize in Q3, it is likely to remain in double digits at least until the end of the year. The monetary policy rate has been constantly increased by the National Bank of Romania in order to tackle this inflationary trend, up to a most recent level of 5.50%, with further increases expected. The H1 2022 economic growth has been solid (+ 5.8% y-o-y), but a slowdown may be observed in H2, as the latest European Commission forecast implies a 3.9% GDP growth for the whole year, which is still a good level considering the overall impacts of the inflationary pressures and also of the side effects caused by the war in Ukraine.

SUPPLY & DEMAND: Residential developers the most active buyers

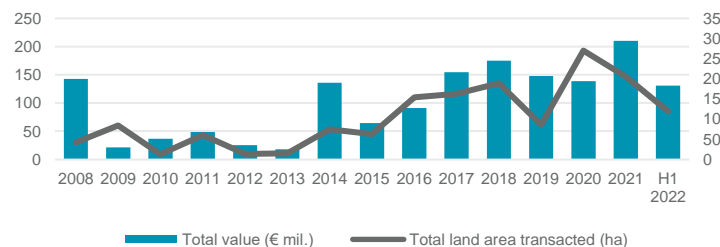
The total volume invested in land acquisitions in the Bucharest – Ilfov region in the last 18 months (January 2021 – June 2022) reached over €500 million. The analysis includes 46 deals with an average price of €11 million, with the size of transacted land plots totaling 280 hectares, a high total which was boosted mainly by residential developers which secured land for almost 25,000 units in all areas of Bucharest. There was a clear preference towards sites suitable for residential developments, while players active in the industrial & logistics segment pursued plots in the immediate vicinity of Bucharest, aiming to expand their portfolios. According to the official statistics, 2021 was a record year for the residential market both in terms of new deliveries and also considering that their absorption level has been exceptionally high. Over 71,400 units were delivered across Romania in 2021, a record level on the residential market since 1989, marking a 5% increase compared with 2020. Moreover, 22,010 residential units have been delivered in Bucharest and Ilfov, corresponding to an annual increase of 6%, thus having a share of 30% at national level.

With a market share of 76%, Romanian buyers were the most active, followed by German (10%) and Czech investors (5%). Retail and office developers were less active in the market, mainly due to the suspension of the Zonal Urban Plans (PUZ), which generated unpredictability for future developments.

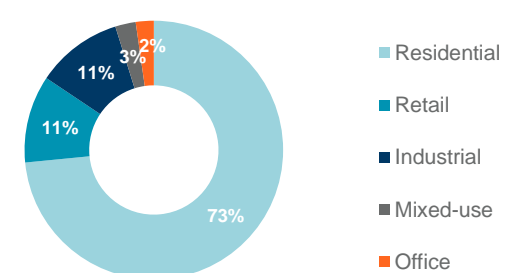
PRICING: Vendors increased the asking selling prices

The demand for land acquisitions remains high, despite the present bureaucratic issues, the increase of both the construction materials' prices and of inflation making it difficult to authorize and more costly to develop new projects. As a result, an increase in of the asking selling prices has been observed in Bucharest and Ilfov during the last 12 months or so, but the closing prices for the subsequent transactions for such assets were in line with the levels registered in the second part of 2020. Land for residential developments will remain the most wanted in the future, but if the economic, geopolitical, and inflationary issues continue, developers need to find alternative solutions for financing the developments of their future projects.

LAND TRANSACTION VOLUMES AND VALUES



LAND SALES VALUES BY DESTINATION SECTOR



MAJOR LAND TRANSACTIONS 2022 (selection)

BUYER	SIZE (sq. m)	LOCATION	DESTINATION
1 Edificia Star Construct	248,000	Pallady	Residential
2 VGP	240,000	Manolache/A2	Logistics
3 WDP	65,000	Popesti Leordeni	Logistics
4 Exigent Development	63,000	Bd. Timisoara	Residential
5 One United Properties	37,000	Bd. Poligrafiei 50-54	Residential
6 ICD Real Estate Development	17,000	Metalurgiei	Residential



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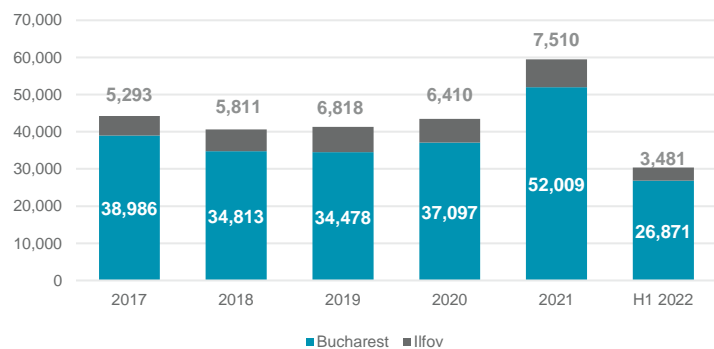
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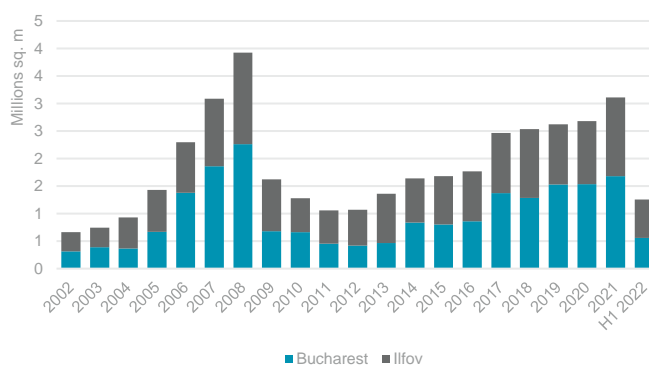
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NUMBER OF DEALS WITH INDIVIDUAL RESIDENTIAL UNITS



BUILDING PERMITS DYNAMIC



Source: ANCP

Source: National Institute of Statistics

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