

Residential Real Estate Market

Q4 2023



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2024: The year in which patience will be the currency of the real estate market



DIDIER BALCAEN

CEO and Co-founder of Speedwell

After a year almost stripped of economic predictability, in which the geopolitical situation was more than unstable, economic volatility and the fluctuations in the prices of construction materials left a strong mark on businesses. So, the natural question arises: How can we adapt in 2024 to the changes of 2023?

In the dynamic context of the real estate market, we noted last year a series of factors which significantly affected both the consumers' behaviour in real estate and the developers' activity. The fluctuations in economy and the uncertainty at market level, together with the global events, have influenced purchase decisions, with people venturing more in favour of financial stability. Against this background, most real estate developers have adjusted their strategy to respond to this need for safety. Thus, we saw several

real estate projects focusing on quality and sustainability, which ensure economic stability in the future.

I will also reference the new legislative context, which has changed the lending conditions, and implicitly, has increased the average delivery term for residential units. Thus, the market's lower segment has already felt the strong impact of interest rate growths and of the inflation, and the VAT increase to 9% will surely generate a short-term standstill for this segment.

Another major factor which influenced the consumers' behaviour last year was the change in the way of working, caused by the massive adoption of the "work from anywhere" concept. Thus, in relation to the office space market, I noted a decreasing trend in new deliveries, an obvious shift, considering the result of significant challenges, such as the inflation, the difficulties in obtaining construction permits and the extended adoption of the hybrid working mode, all with a direct impact on the office sector. Whereas, in 2023, according to the statistics, the modern inventory of office spaces in Bucharest reached 3.38 million square meters, this year I estimate that the office segment will see limited deliveries of new projects. This trend may be a first for the real estate market in Bucharest, which will prompt owners, consultants and developers to direct their attention to the year 2025.

As far as the residential component is concerned, demand remains present. I anticipate that 2024 will be a transition year, in which most buyers will gradually adapt to the new market conditions, characterised by higher sale prices. Although demand will persist, the purchasing process will be slower. The supply will see a constant organic decline, caused both by the moderate increase in the sale price of the existing housing, compared to that of the new units, as well as by the rapidly decreasing inventory, while the permits for the new development are largely frozen.

Moreover, I cannot help but note a tendency that endures at the level of the Romanian society, that of the negative perception associated with real estate developers. In this regard, 2024 can be a good time to shift mindsets, by means of a transparent communication with the audience and by fostering cooperation between the private and the public sectors. In a sustainable society, civil commitment must essentially be a joint effort of the authorities, of the citizens, of the private sector and of civil society towards improving the quality of life. And this requires, on the one hand, a renewed perspective on the environment we live in and, on the other hand, a repositioning of property developers as vectors propagating transparency, social responsibility, and effective communication to the target audience.

Sustainability and digitalisation

Sustainability continues to become an increasingly important concern for clients.

Both people and companies become more aware of its impact on life and the environment, a fact reflected in purchasing decisions. Sustainable, energy-efficiency-oriented properties, located in peaceful areas, but accessible in terms of transport, create the perfect balance between convenience and urban mobility, providing, at the same time, a modern lifestyle, adapted to the individual need for comfort. We, at Speedwell, use research and smart technology, which help us integrate sustainability in every decision we adopt in our day-to-day operations, including the smallest decisions at local level, which impact both our development segments, and the projects, the partners, and the future.

A common element in the Speedwell initiatives is the transformation of abandoned industrial land into sustainable communities, by reusing the buildings existing in ample urban regeneration projects. Moreover, all our projects are designed around the Transit-Oriented-Development (TOD) concept. Thus, density and transport-related matters are

optimised in the key areas of the cities, to maintain a compact community and, at the same time, they allow

for work-life balance to be achieved. We have also tackled this type of development in mixed-use projects, such as Record Park, Paltim, in the residential-office duo The Ivy and Miro, as well as in our future projects, such as Cityzen, 1 Lunie, Queens, and our newest purchase in Braşov.

Challenges and new horizons

As far as the Capital city is concerned, the suspension of the sectoral zoning urban plans, which limited the supply of new housing in 2023, will most likely lead to a decrease in deliveries in 2024. The decrease in construction permits in Bucharest, by more than 47% over the past years, has led us to expand our area of development beyond the capital, to regional cities, such as Cluj-Napoca, Timișoara, Râmnicu Vâlcea and Braşov.

It is also important to consider the market trends over the past years, the RON-EUR parity, as well as the price developments. This concerns strictly the 9% value-added tax for housing properties with prices up to EUR 120,000 and the payment of taxes, effects which will cause a rebound in terms of demand this year, particularly in the first months. All these occur after an increase in the number of transactions towards the end of 2023, following the announcement regarding the VAT increase.

I believe that, this year, it will all come down to the patience and the mastery of property developers. To us, the safety and the comfort of the residents and of the tenants are major aspects in developing our projects, and we do not compromise on them. For this reason, construction quality, location, and the attention to details are ever-present criteria in the Speedwell developments, part of our DNA.

As far as purchasing is concerned, at the risk of repeating myself, I anticipate that the process will definitely be a slow one, caused by the fact that the supply will see a constant organic decline.

Q4 2023, a fleeting spark or the start of a new great growth cycle?



RĂZVAN IONESCU

CCO Imobiliare.ro

The 4th quarter of 2023 marks the end of the fourth year in which the old “normality” has ceased to exist. In less than 48 months, we have lived through what used to be once-in-a-generation events and which caused profound transformations of the society we live in, on a social, political, and economic level. The pandemic, the war, the global political and economic precariousness, the effects of climate change or the AI revolution have gradually shifted from being exceptional events and have come to be part of the everyday normal state of facts. Change has come to be the only constant.

It is a time in which the magnitude, the frequency, and the complexity of the social, political, or economic events to which we are constantly connected tends to overwhelm our attention and our ability

to foresee the future. However, all these changes have prompted adaptation. It seems like, over the past years, we have managed, both as

individuals, and as societies on the whole, to progressively lower the sensitivity to change and to increasingly treat transformation as part of the normal. And this also seems to be the rationale for the developments we have seen over the past year on the real estate market in Romania. The recovery periods necessary for the market after exceptional events have started to shrink from several years (the 2007 crisis) to several quarters (the Covid pandemic) and then to several weeks (the war in Ukraine). Downturns are swiftly reverted, shocks seem to be sooner forgotten.

This is also the story of the year 2023 which, after a hesitant start, with significant drops in the number of transactions, compared to the previous year nationwide, ended, in the 4th quarter, with a spectacular comeback (an increase of over 3% in the total number of individual unit transactions compared to Q4 2022).

Although it would seem, on a first look, that such comeback is due to the fiscal measures implemented starting in 2024 (particularly the VAT system), both the macro figures and the history over the past four years, tell a different story. The demand, supply, and price trend data now suggest that this is the best time to purchase for a very long time to come.

1. The demand-supply dynamics

As far as sales are concerned, we see an increase of over 20% in demand compared to last year, along with a decrease of over 25% in supply (these figures exceed 30% in the major cities). The drastic drop in the number of construction permits and the

continued growth prospects for demand (against the background of a recovery in economic growth, a reduction in inflation and increase in the average salary) show that the demand coverage gap will be dramatically enhanced over the next years.

2. Price trend

Paradoxically, although we have seen a systematic increase in the difference between demand and supply over the past 18 months, the average purchase price recorded a significant slowdown in increase in 2023. The major reasons supporting this trend include the considerable growth in interest rates on mortgage loans in 2022 and the promise of drops in 2024, the very high inflation level (not covered by salary increases) which drastically reduced the funds available for property purchase, and the population's low trust level regarding the short-term market trend (market, in the first part of the year 2023, by numerous predictions of a "real estate market crash"). All these generated a paradoxical situation in the first part of the year 2023 when, although market demand was going up, the transactions were delayed, putting pressure on the sellers.

3. Construction costs

The costs related to new constructions, even though they recorded a correction in 2023, after the 2022 price surge in construction materials, remained at a higher level compared to 2021. The tax changes already adopted for 2024 (particularly the elimination of the fiscal facilities for employees, the VAT system), the ongoing large infrastructure projects and the shortage of labour in the sector will add enormous pressure on construction costs in the coming years; therefore, a growth rate of over 10% per year is highly probable.

4. Macroeconomic projections

The year 2023 started in a rather sombre macroeconomic context, both nationwide, and worldwide, as the indebtedness associated with the pandemic was still rising, and the general prospects were unclear. The inflation rate, although it seemed to be stabilising, did so at a level that was still high, increasingly putting pressure on the population's

financial resources. However, the first signs of recovery of the lending system had already emerged amid the prospect of reduction of the IRCC. The rise in the market expectation that the near future would bring lower interest rates contributed to a deferral

of transactions. Starting in the second half of the year, with the occurrence of attractive mortgage loan offers, it became increasingly clear that the funding cost decline would be very soft and that no radical changes are expected in the short term. And this once again led to a recovery in terms of lending.

For 2024, forecasts indicate a continued reduction in the inflation index, an acceleration of economic growth in real terms (from approximately 2.2% in 2023 to 3.1% in 2024), an acceleration in the growth of the average salary (having in view both the Government's initiative in the public sector, as well as the private sector's tendency to recover, at least partially, the loss caused by the inflation over the past three years), and a very slow reduction in interest rates for mortgage loans. All these forecasts contribute to an improvement of the context in which all property purchase decisions will be made in 2024.

All these developments suggest a system that is building up pressure. Considering the market's incapability of having a significant contribution to supply over the medium term, the only logical method to release such pressure will be through price. In the very short term, factors related to the external events, the confidence in the evolution of the market and the social and economic context may continue to affect the trend in transactions, but, as we have already seen it on several occasions over the past few years, the sensitivity of demand to such factors has been greatly reduced, and the market manages to absorb external shocks at an increasingly faster rate. Consequently, considering that a significant and long-term reduction in demand is unlikely in the coming period, any standstill in the volume of transactions and/or price will be transient in nature and it will only increase even more the pressure of the entire system and the imminence of a new growth cycle.

Sales (nationwide)

Demand for apartments and houses

119,300
potential buyers

Q4 2022

21.7%
evolution

145,200
potential buyers

Q4 2023

Supply for purchases of residential properties

155,800
housing properties

Q4 2022

-25.2%
evolution

116,600
housing properties

Q4 2023

Average price of residential properties for sale

1,432
EUR/net sq. m

Q4 2022

4.7%
evolution

1,500
EUR/net sq. m

Q4 2023

Real estate properties sold (source: NACLR)

181,450
properties

Q4 2022

3.3%
evolution

187,500
properties

Q4 2023

45,500
individual units

Q4 2022

9.2%
evolution

49,700
individual units

Q4 2023

Finances

(nationwide)

New loans granted to households,
for housing (source: NBR)

5.2
billion RON

Q4 2022



6.6
billion RON

October - November 2023

Average values for the new loans granted
(source: Imobiliare.ro Finance)

329,325
average instalment RON 2,061

Q4 2022



325,823
average instalment RON 1,780

Q4 2023

Reference index for consumer loans
(IRCC, source: NBR)

5.98%

Q4 2022



5.90%

Q4 2023

Rentals

(nationwide)

Demand for rental properties in the residential market

66,700
potential renters

Q4 2022

12.9%
evolution

75,300
potential renters

Q4 2023

Supply of rental properties on the residential market

73,600
housing properties

Q4 2022

-16.6%
evolution

61,400
housing properties

Q4 2023

Average price/unit for residential rental properties

450
EUR/month

Q4 2022

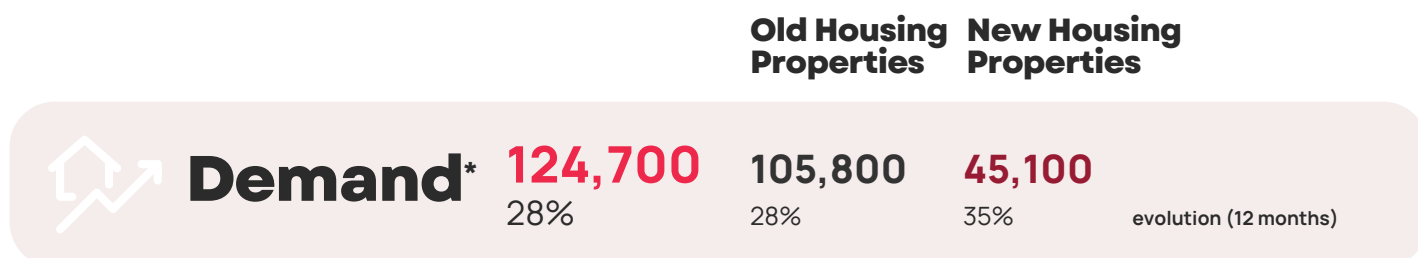
11.1%
evolution

500
EUR/month

Q4 2023

Demand for residential properties for sale

(apartments and houses, new and old; the main six residential markets in the country (Q4 2023))



Demand for residential properties for sale has increased considerably at national level over the last part of the year 2023, with **over 145,000 potential buyers** searching for a house or for an apartment on Imobiliare.ro, almost 22% more than at the end of 2022.

Interest in the housing properties listed for sale saw an even more significant growth, if we are to strictly consider the situation occurring on the main residential markets in the country. In total, **124,700 potential buyers** searched for a housing property on Imobiliare.ro in Bucharest, Cluj-Napoca, Braşov, Timișoara, Iași and Constanța in the final quarter of 2023, **28% more** than in the similar interval of 2022. Even under these conditions, we note a slight decrease in terms of demand, by 5% compared to the 3rd quarter of 2023.

Demand for old properties increased compared to 2022, but the advance recorded in this case was less solid than in the case of new housing properties. The trend can also be explained by the **announcement on the increase, starting from 1 January 2024, of the VAT rate, to 9%** for housing properties of no more than RON 600,000, which prompted many buyers to expedite their search for a property and the completion of a purchase before the effective date of such measure.

In the 4th quarter of 2023, most potential buyers searched for a house or for an apartment in Bucharest. Although interest mainly remained focused on the old housing properties segment, **demand for new properties recorded a spectacular growth** compared to the end of the past year, by

	Total Demand	Old Housing Properties	New Housing Properties
Bucharest	72,800 30%	61,500 30%	29,000 39%
Timișoara	11,600 26%	9,700 26%	3,700 19%
Braşov	11,300 19%	9,900 18%	3,100 35%

almost 40%. A more significant growth at national level in terms of the interest for new housing only occurred in Constanța.

At the same time, over **9,900 potential buyers** were interested in the old housing properties listed for sale in **Brașov**, whereas **3,100 searched for a new property** in the same city. Interest in the now houses and apartments at the foot of Tâmpa Mountain was also significantly higher than the one recorded in the similar period of 2022, with a growth higher than in the case of old properties.

The only local markets which recorded a **higher growth in demand for old housing properties** compared to those available in the new properties segment, were **Timișoara** and **Iași**. Even under these conditions, approximately 3,700, respective 4,200 potential buyers searched for a new house or apartment on Imobiliare.ro in the two cities during the course of the past three months of 2023.

	Total Demand	Old Housing Properties	New Housing Properties
Constanța	10,600 28%	9,700 26%	2,300 44%
Iași	9,600 26%	7,400 32%	4,200 24%
Cluj-Napoca	8,800 22%	7,600 23%	2,800 27%



Demand shall mean the potential buyers who generated leads for the properties for sale on the Imobiliare.ro portal, over a certain period. A lead is recorded when a visitor performs an action (views the telephone number, sends an e-mail requesting more details, prints or saves the ad etc.).

* A buyer may provide leads to the new properties available for sale in the old properties segment, as well as to new housing.

Supply of residential properties for sale

(apartments and houses, new and old; the main six residential markets in the country)

101,100
housing properties

Q4 2022

-33%
evolution

67,900
housing properties

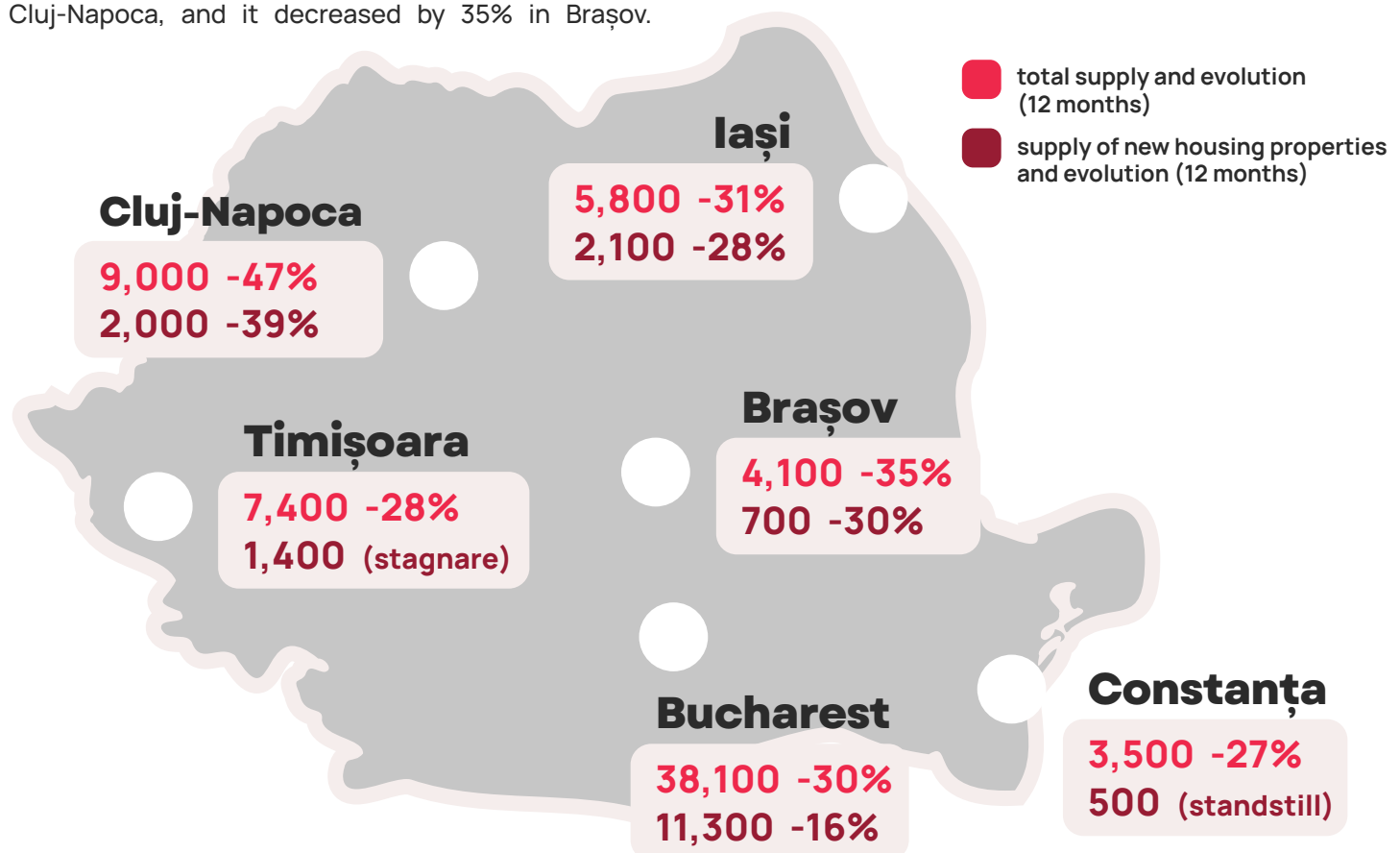
Q4 2023

Buyers have an increasingly smaller number of houses and apartments to choose from, and supply continues to decrease at an alarming rate, both at national level, and in the country's major cities. Over the past three months of 2023, those who wanted to purchase a residential property had to choose from the 116,600 housing properties available throughout the country, a number 25% smaller than in the similar period of 2022.

Things were no happier in the country's other major cities, where reductions by approximately 30% occurred in this regard.

The supply of new properties listed for sale registered a 20% decrease in 12 months at the level of the six major residential markets. The number of houses and apartments available for buyers dropped by 39% in Cluj-Napoca, respectively by 30% in Braşov.

The total supply dropped to almost half in Cluj-Napoca, and it decreased by 35% in Braşov.



Price trends in the major cities (apartments for sale)

Cluj-Napoca continues to lead in the ranking of the most expensive cities in the country for buyers. The owners' and developers' average asking price for the listed apartments reached EUR 2,535 per net square meter in the final quarter of 2023, after a 1.4% growth compared to the previous quarter. Those who are interested in purchasing a housing property in Cluj-Napoca now pay prices almost 20% higher than two years ago.

The city of Braşov ranks second, with an average asking price of EUR 1,666/net sq. m. This is where the most significant growth among the main six residential markets in the country could be noted over the past 12 months, with approximately 5%.

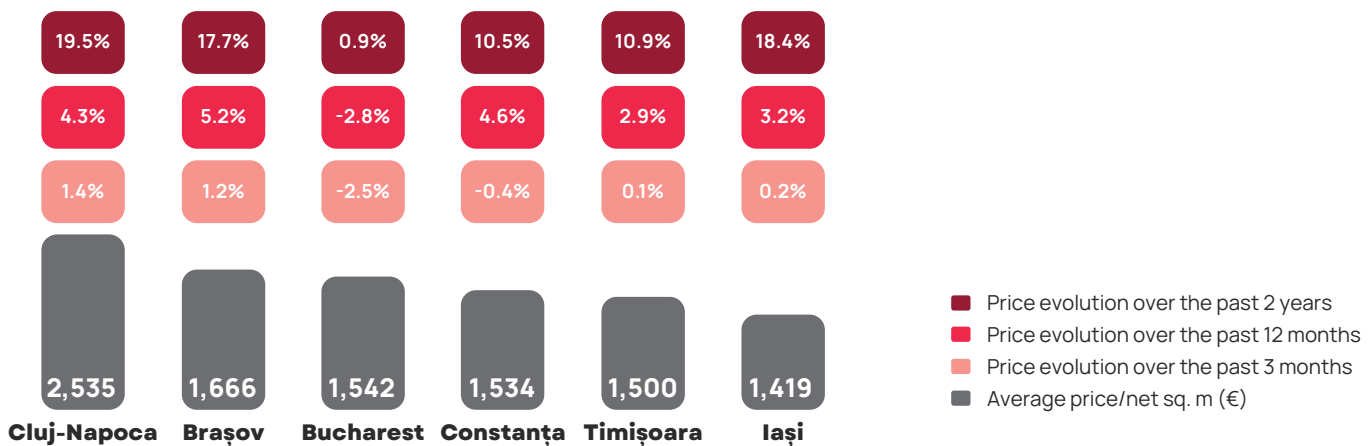
The owner's asking price is over EUR 1,500/net sq. m in the Capital city, as well. Even under these conditions, Bucharest is the only

major city covered by the analysis where we can see price reductions compared to the final quarter of 2022. Moreover, locally, apartment prices have practically halted, compared to two years ago.

In Timişoara and in Craiova, buyers should expect to pay, on average, EUR 1,500/net sq. m for an apartment, approximately 3% more than in 2022. A similar growth could also be noted at the level of owners' asking prices in Iaşi or Galaţi, where apartments were sold, at the end of 2023, for EUR

1,419/net sq. m, respectively for EUR 1,135/ net sq. m.

There is better news for buyers in Ploieşti. The average asking price for the housing properties listed for sale came to a standstill in the same time range and has remained around the value of EUR 1,080/net sq. m.



Bucharest

Most expensive areas

	price/sq. m
Herăstrău	2,935€
Aviatorilor-Kiseleff	2,650€
Floreasca	2,583€

VS

Most affordable areas

	price/sq. m
Giurgiului	1,230€
Prelungirea Ghencea	1,191€
Ferentari	1,176€

Cluj-Napoca

Most expensive areas

	price/sq. m
Andrei Mureșanu	2,833€
Sopor	2,830€
Bună Ziua	2,750€

VS

Most affordable areas

	price/sq. m
Iris	2,141€
Dâmbul Rotund	2,136€
Făget	2,064€

Timișoara

Most expensive areas

	price/sq. m
Tipografilor	1,838€
Cetate	1,807€
Mircea cel Bătrân Mehala	1,700€

VS

Most affordable areas

	price/sq. m
Plopi-Ghiroda Nouă	1,308€
Freidorf	1,304€
Fratelia - Steaua	1,298€

Iași

Most expensive areas

	price/sq. m
Centru	1,918€
Copou-Sărărie	1,753€
Moara de Vânt	1,725€

VS

Most affordable areas

	price/sq. m
Mircea cel Bătrân	1,283€
Bucium	1,240€
Aviației (Dancu)	1,104€

Constanța

Most expensive areas

	price/sq. m
Faleza Nord	2,000€
Mamaia	1,913€
Delfinariu	1,842€

VS

Most affordable areas

	price/sq. m
Km 5	1,303€
Viile Noi	1,296€
Faleza Sud (Poarta 6)	1,289€

Brașov

Most expensive areas

	price/sq. m
Avantgarden	1,870€
Tractorul	1,845€
Brașovul Vechi	1,835€

VS

Most affordable areas

	price/sq. m
Florilor-Craiter	1,415€
Stupini	1,412€
Zona Industrială Zizinului	1,354€

Time on market in the major cities

(apartments)

The time on market for apartments was reduced in three of the country's major cities, **with the most significant drop** in this indicator noted in **Cluj-Napoca**. In the final part of last year, one needed 102 days to find a buyer, and the wait was reduced by more than three weeks, compared to the end of 2022.

The time period needed to identify a buyer decreased by approximately two weeks in **Braşov** too, whereas in the city of **Timișoara**, an apartment's time on market went from 75 to 69 days. At the same time, interest in the properties listed for sale increased by 19%, respectively 26%.

On three other residential markets, a buyer is harder to find. Apartments in **Constanța** spend one extra month listed for sale, and those in **Iași** an additional two weeks, even though the interest in residential properties available on the two markets increased by 28%, respectively 26% compared to 12 months before. Demand seems to be rather latent in the two cities, with many potential buyers postponing their decision to purchase. Owners in **Bucharest** need 50 days to identify a buyer, compared to 43 in the final quarter of 2022.

Cluj-Napoca

126 days  **102 days**
Q4 2022 Q4 2023

Constanța

65 days  **95 days**
Q4 2022 Q4 2023

Bucharest

43 days  **50 days**
Q4 2022 Q4 2023

Timișoara

75 days  **69 days**
Q4 2022 Q4 2023

Braşov

75 days  **59 days**
Q4 2022 Q4 2023

Iași

52 days  **68 days**
Q4 2022 Q4 2023

Negotiation margin in the major cities

(apartments)

Owners are becoming less willing to negotiate prices in the country's major cities. A significant drop in the negotiation margin, from 4.5% to 2.9%, could be noted in Iași. At the same time, supply was reduced by approximately 30%.

In the final quarter of 2023, the indicator reached 2.5% in Cluj-Napoca, the lowest value among the six residential markets covered by the analysis. This trend emerged also given the context in which, on the local

market, the greatest drop in the supply of residential properties listed for sale could also be noted, namely 47%.

In Brașov, the difference between the trading price and the final asking price for the apartments listed for sale saw a slight increase, from 2.8% to 2.9%. The city remains in the focus of those interested in purchases for investment purposes, including short-term lease.

Cluj-Napoca



Constanța



Bucharest



Timișoara



Brașov



Iași



Real estate transactions in the counties with the strongest residential markets

Real estate properties sold in the top six counties



The highest number of properties sold was registered, in the 4th quarter, in **Bucharest**. Almost **38,900 houses, land plots, and apartments** were subject to transactions in this period, according to the data supplied by the National Agency for Cadastre and Land Registration (NACLRL). Even under these conditions, the actual number of properties sold in the Capital **decreased by 2.5%**, compared to the one related to the similar period of 2022.

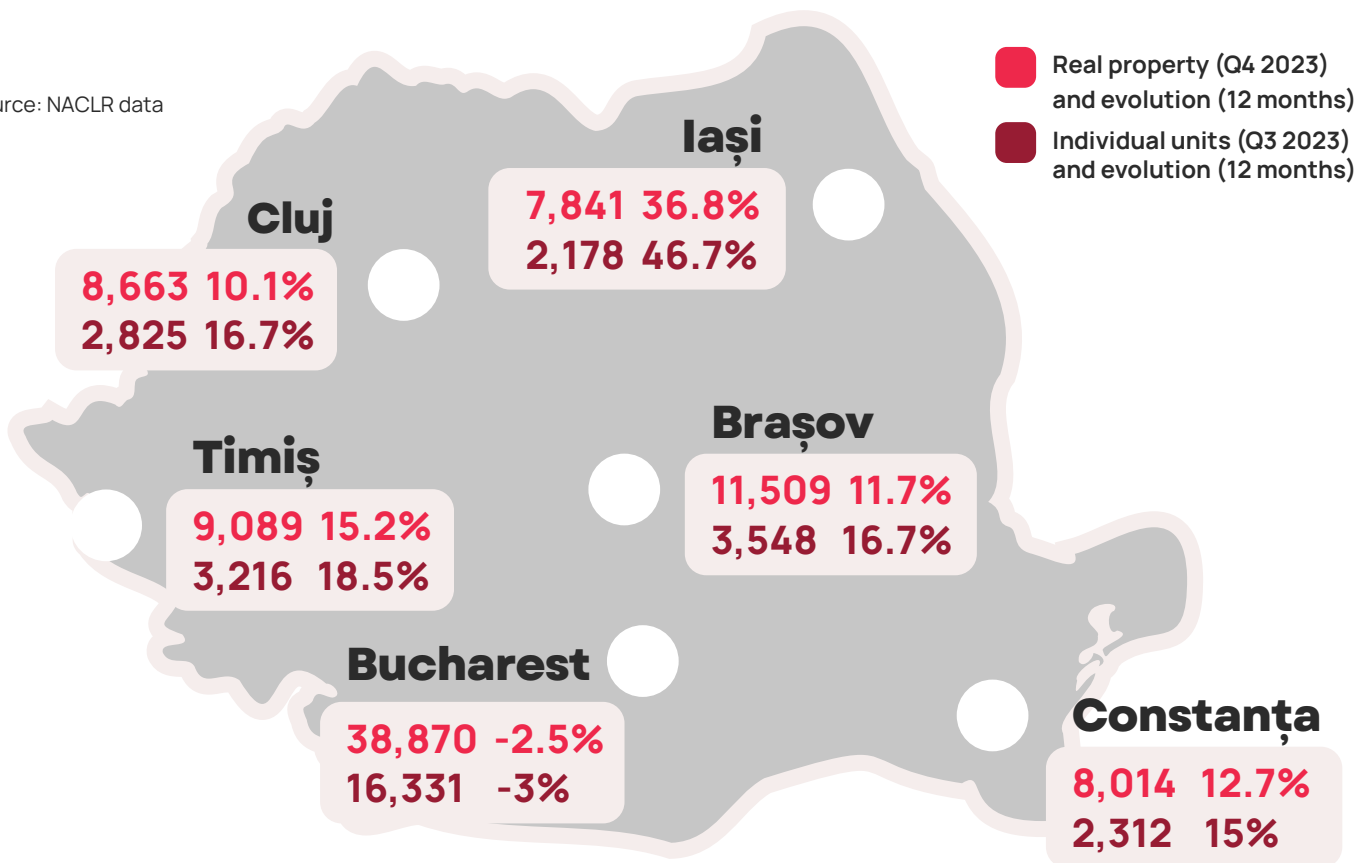
Braşov county ranks second in terms of sales, with approximately **11,500 properties** traded in three months. **Timiș** county holds the third place, with approximately **9,000 properties** sold, after a **15% growth** compared to

the end of 2022, the second most significant recorded among the residential markets analysed.

A spectacular evolution could be noted in the county of **Iași**, where the number of properties sold in the 4th quarter of 2023 was **almost 37% higher** than the one related to the similar period of 2022.

From the total number of properties traded in Bucharest and in the counties of Braşov, Cluj, Constanța, Iași, and Timiș, **30,410 were individual units**, approximately 7% higher than at the end of the year 2022. Most of them, over 16,000, were sold in the Capital.

Source: NACLRL data



Construction permits, residential buildings

In the first 11 months of the year 2023, **32,096 construction permits** were issued for residential buildings, **21.7% lower** than in the similar period of 2022, according to the data published by the National Institute of Statistics (INS).

Reductions could be noted in this regard in all regions of the country. However, the steepest one was seen in the **Bucharest-Ilfov area**. From January until the end of November, a total of **3,324 permits** were issued locally, 1,702 less than in the same interval of last year.

The second region where the number of permits is significantly reduced is South-Muntenia. This includes, according to the INS methodology, the counties of Argeş, Călăraşi, Dâmboviţa, Giurgiu, Ialomiţa, Prahova, and Teleorman. In the **South-Muntenia** region, almost **5,000 permits** were issued since the start of the past year to the end of November, approximately 1,500 less than in 2022.

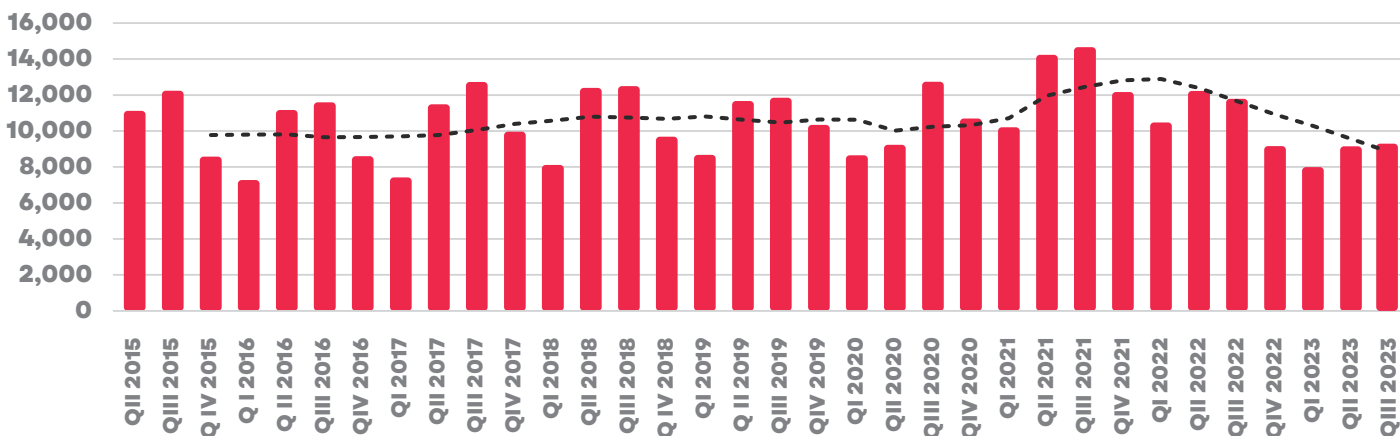
In the **North-Western** part of the country, namely in the counties of Bihor, Bistriţa-Năsăud, Cluj, Maramureş, Satu Mare, and Sălaj, **1,405 permits less** than in the past year were issued, whereas in the

West, a region including the counties of Arad, Caraş-Severin, Hunedoara, and Timiş, **1,080 less permits were issued**, compared to January-November 2022.

A reduction could also be noted in the country's **North-Eastern** area, namely in the counties Bacău, Botoşani, Iaşi, Neamţ, Suceava, and Vaslui. In this case, **less than 6,350 permits** were issued in the first 11 months in 2023, approximately 1,000 less than in 2022.

In the **South-East** development region, which includes the counties of Brăila, Buzău, Constanţa, Galaţi, Tulcea, and Vrancea, the number of construction permits issued for residential buildings from the start of past year until the end of November was **914 lower** than in the similar period of 2022.

Another drop, of **800 permits** in this case, could also be noted for the **South-West Oltenia** region, which includes the counties of Dolj, Gorj, Mehedinţi, Olt, and Vâlcea. **The smallest reduction in the number of permits** was seen in the **Centre** of the country. This concerns the counties of Alba, Braşov, Covasna, Harghita, Mureş, and Sibiu.



Source: INS, data processed by Imobiliare.ro

Residential constructions, completed housing properties

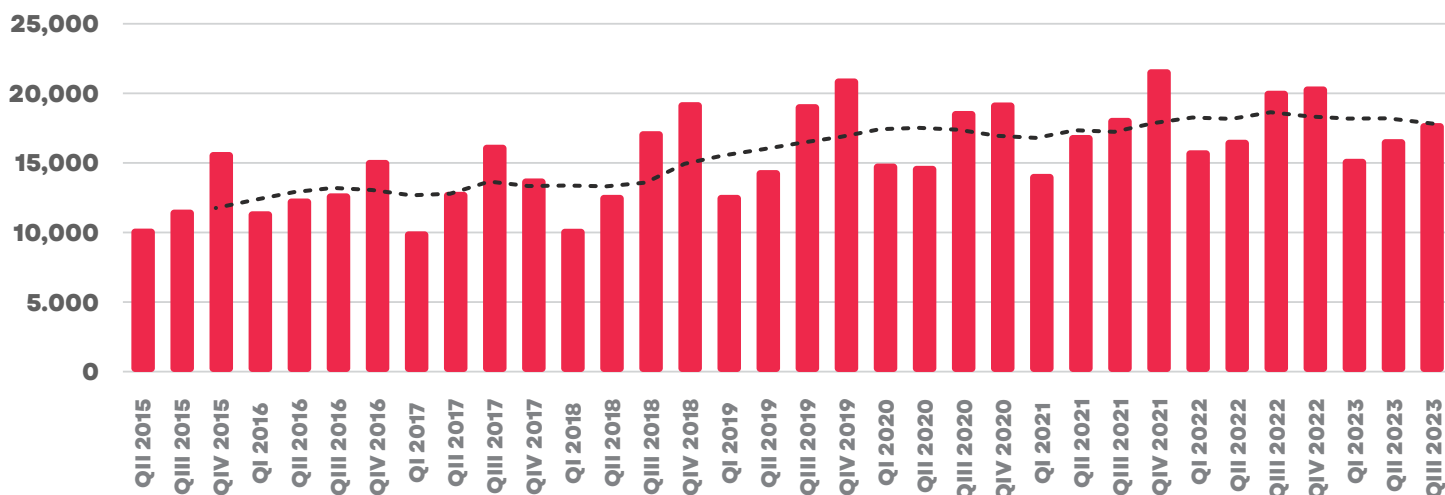
In the first nine months of the year 2023, almost **50,000 housing properties** were delivered for use nationwide, **2,800 less** than in the corresponding period of 2022, according to the data supplied by the National Institute of Statistics (INS).

The highest number of housing properties were delivered for use in **the urban area**, which accounted for **almost 62%** of the total. The distribution of housing properties completed in this period by funding sources shows that **the number of properties completed with private funds** decreased, and the number of properties made from public funds increased.

The greatest drop in the number of housing properties delivered for use in the interval 1 January - 30 September 2023, compared to the similar period of 2022, occurred in the **North-West** development region, which includes the counties Bihor, Bistrița-Năsăud, Cluj, Maramureș, Satu Mare, and Sălaj. Almost 1,050 less housing properties were completed in this case, according to INS.

In **Bucharest-Ilfov**, 942 less properties were completed, and in the country's **Western** region, namely in the counties of Arad, Caraș-Severin, Hunedoara, and Timiș, approximately 900 less housing properties were delivered for use, compared to 2022. Other reductions occurred in the **Centre** of the country (-284 housing properties; the counties of Alba, Brașov, Covasna, Harghita, Mureș, and Sibiu) and in the development region **South-Muntenia** (-274 housing properties; the counties of Argeș, Călărași, Dâmbovița, Giurgiu, Ialomița, Prahova and Teleorman).

Instead, almost 600 extra housing properties were delivered for use in the country's South-East region, which includes the counties Brăila, Buzău, Constanța, Galați, Tulcea, and Vrancea. **Less significant growth** could also be noticed in the **North-West** development region (48 housing properties; the counties of Bacău, Botoșani, Iași, Neamț, Suceava, and Vaslui) and in **South-Vest Oltenia** (17 housing properties; the counties of Dolj, Gorj, Mehedinți, Olt, and Vâlcea).



Source: INS, data processed by Imobiliare.ro

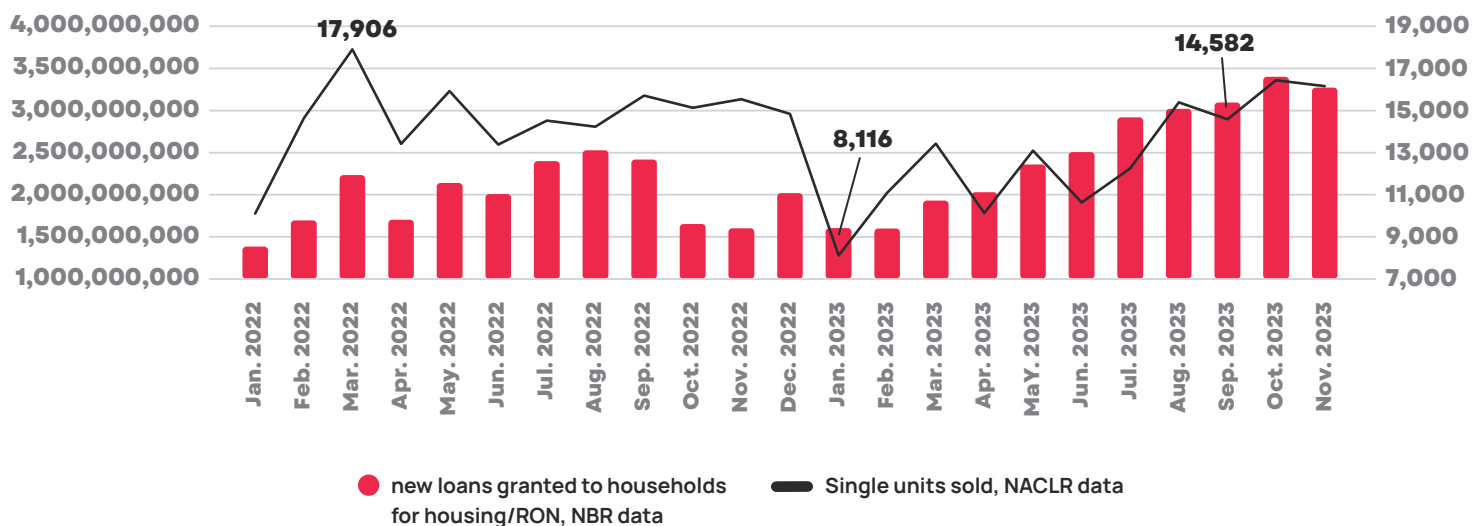
New loans for housing versus transactions (nationwide)

The value of the new loans granted to households for housing neared 7 billion RON in the first two months of the 4th quarter, according to the data published by the National Bank of Romania (NBR). We can thus note a spectacular positive evolution compared to the similar period of last year.

Also in the interval October - November 2023, almost 127,000 properties were sold nationwide, according to the data provided by the National Agency for Cadastre

and Land Registration (NACLR). Of these, approximately 32,600 were individual units.

Upon correlating the two indicators we can note, in the below diagram, the development of the credit market in Romania, in relation with the sales completed from the beginning of 2023 to the end of November. At the same time, we can state that, in the period October - November 2022, the rate of cash transactions was significant.



Credit market trends

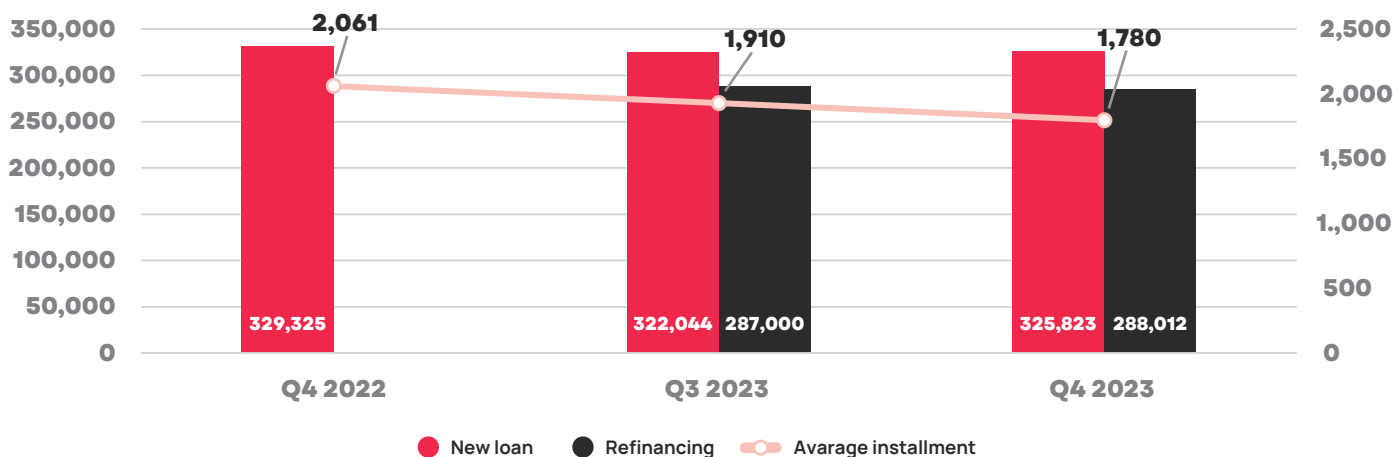
The end of the year 2023 brought about a recovery in the number of loan-based transactions. The volume of mortgage loans in RON, granted in October and in November 2023 was of 6.68 billion RON, double the amount from the same period of the previous year. This difference is triggered by the surge recorded by the IRCC in the 4th quarter of 2022, a period in which lending volumes were significantly affected, whereas this year, the fixed interest rates followed a downward trend, while the variable ones stabilised.

At the same time, numerous buyers expected, during the course of the year, either lower prices, or better

interest rates. The announcement on the VAT change from 5% to 9% starting from January 2024 and the better lending offer were factors which prompted some of them to complete their transactions in the 4th quarter of 2023.

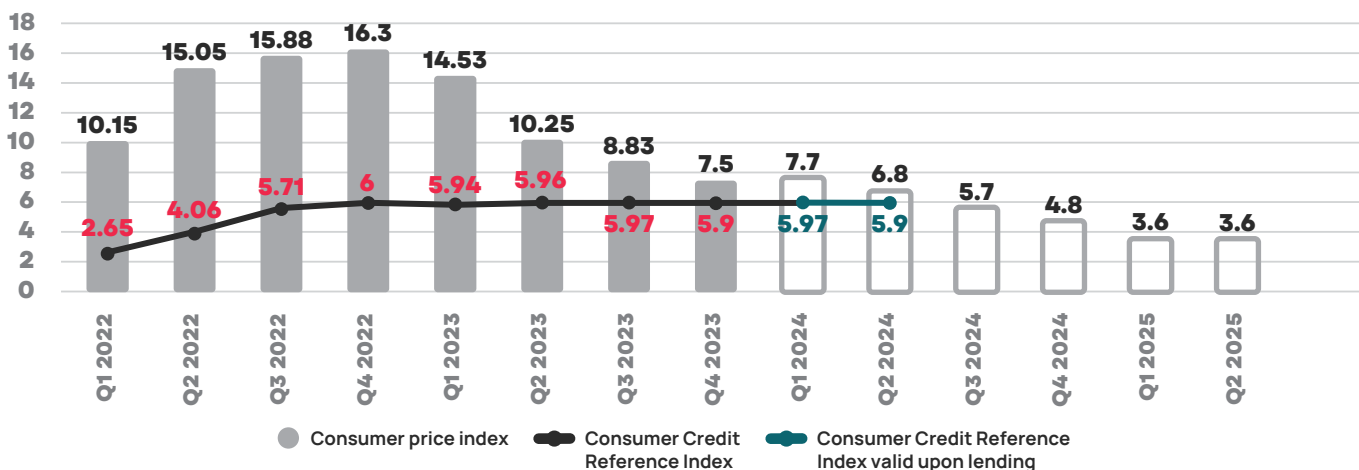
We expect interest rates to continue to decline, particularly after mid-2024, in the context of an abated inflation rate. We can already see banks betting on this. On the other hand, it is very likely that we will see an increase in the price of housing properties, particularly because of the drop in supply, but also because of the increase in VAT.

Average values for loans granted



Source: data by Imobiliare.ro Finance

Inflation rate, actual and forecast, versus Consumer Credit Reference Index



Source: NBR data

How many Romanians want a house loan in 2024?

Last year, **42% of the Imobiliare.ro users showed their intention to purchase a housing property by taking a loan.** The Romanians' interest in funding remains at a high level in 2024, as well. In this context, the role of the credit broker becomes indispensable in streamlining and in expediting the funding process, as well as in improving the buyer's general satisfaction in the relation with the agencies and with the property developers.

Real estate players who have a partnership with a credit broker thus meet their client's requirements and, in addition, they enjoy the support of a professional who facilitates the approval of the funding application.

Each and every client is provided with **the most advantageous funding options**, tailored to their needs and possibilities. Solutions are identified for those in difficult situations, and the best conditions are negotiated with the chosen banks. Moreover, the interaction between all the parties involved in the trading process is enabled by the credit broker. This way, the sales people only focus on the sale, leaving the funding-related matters to a professional in the field.

The national network Imobiliare.ro Finance has **over 200 such experts**, always ready to find the most advantageous funding solutions from over 25 banks and financial institutions. Their experience extends over more than a decade, during which time over 60,000 persons obtained loans with their assistance.

“In 2023, the number of buyers who were provided with integrated services of the agencies and the developers with Imobiliare.ro Finance has increased exponentially, with a conversion rate of over 70%. However, in the major counties, research shows that **agencies mediate, on average, less than 30% of the card transactions.** This percentage is significantly below the market average, which exceeds 40%. Practically, **a significant part of such clients still <<evade>> many agencies”**, declared Dan Niculae, Managing Director Imobiliare.ro Finance.

“A real estate agent who works together with a credit broker adds significantly greater value to the clients, improving the conversion rate, the trading speed, as well as their satisfaction, without an additional cost to them. **The partnership with a credit broker is currently a clear competitive advantage for real estate professionals”**, he also explained.

Benefits of partnering with a credit broker



Source: Imobiliare.ro survey - Unlock Market Research, November-December 2023

It is important to also note that those thinking about purchasing a housing property and consider making the purchase with the help of a bank loan are already aware of **the advantages of working with a credit broker**.

According to a study carried out by Imobiliare.ro and the market research company Unlock Market research, more than half of those interviewed consider that two of the most important aspects

they can enjoy when working with a broker are related to the fact that the latter provides all the support needed in preparing the credit application and the

possibility of comparing multiple offers from the banks.

Other respondents also list the securing of the best funding offer, the explaining of the contractual clauses and the improved chances of credit approval among the advantages provided by the collaboration with a broker. Moreover, an argument in favour of such expert is related to the fact that their services are free of charge for those looking for a loan.

Demand for rental properties in the residential market

apartments and houses, new and old; the main six residential markets in the country)



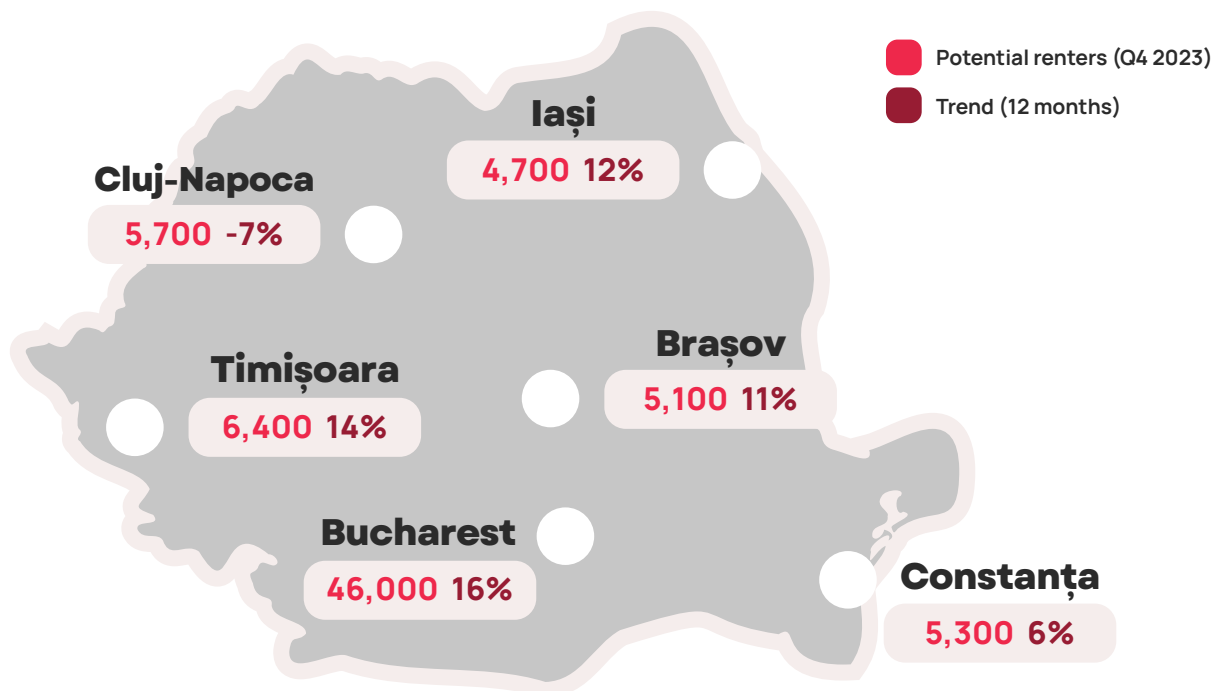
*Potential renters interested in any of the six cities.

The rental market was dominant in 2023, with the end of the year marking a 12% increase compared to the final quarter of 2022 in the six major residential markets in the country. **The highest number of potential renters**, approximately 46,000, showed interest in the housing properties available in the Capital. Their number **went up by 16%** compared to the end of 2022.

Timișoara in its turn, drew the eye of many persons interested in renting a residential property, with

demand growing by 14% locally in 12 months. Higher demand for the houses and apartments available for rent could also be noted for the cities of **Iași, Brașov, and Constanța**.

The only drop among the major regional centres covered by the analysis occurred in **Cluj-Napoca**. The number of potential renters **was reduced by 7%** in the 4th quarter of 2023, compared to Q4 2022. At the same time, a 27% decrease in terms of supply was recorded for the city.



Supply of rental properties on the residential market

(apartments and houses, new and old; the main six residential markets in the country)

62.900
housing properties

Q4 2022

-21%
evolution

49.700
housing properties

Q4 2023

The number of houses and apartment available for rent continues to drop. Thus, in the final quarter of the year 2023, supply shrunk by 21% in the six major residential markets in the country.

Bucharest has the most diverse supply, including approximately 35,500 housing properties. Although it is considerably detached from the other major regional centres of the country, the Capital saw a decrease of almost 23% in terms of supply.

However, the steepest decline could be noted in the Western part of the country. In Timișoara, 6,400 potential renters could only choose from 3,000 houses and apartments, almost 29% less than in the final quarter of 2022.

The lowest number of housing properties for rent were available, at the end of last year, in Brașov. In this case, 5,100 potential renters, 11% more than at the end of 2022, could choose from 1,900 houses and apartments. On the other hand, the decrease in supply was the lowest here, of only 5%.

	Total supply	New supply
Bucharest	35,500 -22.5%	7,200 -17.2%
Cluj-Napoca	4,600 -27%	600 -33.3%
Timișoara	3,000 -28.6%	500 -16.7%
Constanța	2,600 23.8%	400 100%
Iași	2,100 -16%	300 -25%
Brașov	1,900 -5%	400 standstill

supply trend (12 months)

Asking prices for rental properties in the major cities

(apartments)

460
EUR/month

Q4 2022

8.7%
evolution

500
EUR/month

Q4 2023

The owners from **Cluj-Napoca** asked, in the 4th quarter of 2023, for the **highest rent rates** nationwide. The persons looking for a studio apartment had to budget **EUR 340/month** on average, slightly lower than the one needed for the 3rd quarter, a highly effervescent period on the rental market, particularly in the country's major university centres.

The rent for a **2-room apartment** reached **EUR 550/month in Cluj-Napoca**, and 530. For **3-room** apartments, the owner's average asking price was 700 in both cities.

Prices for studio apartments are at the same level in **Braşov, Constanţa and Iaşi**, just like in the previous quarter. The average budget needed to rent such a housing property is **EUR 300/month**.

One needs to pay **EUR 260/month** for a studio apartment in **Sibiu** and **EUR 250/month** per month in **Craiova**. Such property is rented for **EUR 230/month in Timişoara** and **EUR 180/month in Oradea**.

Timişoara is also one of the most convenient major cities in the country for the persons interested in renting a 2-room apartment. The average rent asked by owners reaches **EUR 390/month**. Apartments in Craiova and Oradea are cheaper, where one has to pay EUR 350/month for a similar property.

	Studio apartment	2 rooms	3 rooms
Cluj-Napoca	340€	550€	700€
Bucharest	330€	530€	700€
Braşov	300€	480€	600€
Constanţa	300€	450€	600€
Iaşi	300€	400€	500€
Timişoara	230€	390€	450€

Bucharest

Most expensive areas

	price/month
Primăverii	1,575€
Aviatorilor-Kiseleff	1,300€
Herăstrău	1,190€

VS

Most affordable areas

	price/month
Costin Georgian - Lucrețiu Pătrășcanu	365€
Giurgiului	370€
Progresul	390€

Cluj-Napoca

Most expensive areas

	price/month
Andrei Mureșanu	750€
Plopilor	750€
Borhanci	735€

VS

Most affordable areas

	price/month
Mănăștur	480€
Dâmbul Rotund	499€
Zorilor	550€

Timișoara

Most expensive areas

	price/month
Cetate	450€
Bucovina	450€
Aradului	440€

VS

Most affordable areas

	price/month
Buziașului	280€
Calea Șagului	320€
Simion Bărnuțiu - Dorobanților	360€

Braşov

Most expensive areas

	price/month
Cetatea Braşovului	590€
Braşovul Vechi	565€
Bartolomeu	500€

VS

Most affordable areas

	price/month
Astra	449€
Avantgarden	450€
Valea Cetăţii (Răcădău)	499€

Iaşi

Most expensive areas

	price/month
Centru	500€
Copou-Sărărie	500€
Gară	450€

VS

Most affordable areas

	price/month
Alexandru cel Bun	350€
Nicolina	380€
Galata	380€

Constanţa

Most expensive areas

	price/month
Centru	600€
Faleză Nord	600€
Delfinariu	550€

VS

Most affordable areas

	price/month
Abator (Far)	400€
Inel II	400€
Tomis II	400€

About us

Imobiliare.ro

Imobiliare.ro Market 360 is the first real estate data intelligence platform in Romania, developed by Imobiliare.ro, as part of a collaboration with leading statisticians and valuers from the country and from abroad.

With over 10 years' experience on the real estate market and more than 300 clients, Imobiliare.ro Market 360 conducts complete surveys and market analyses of public and private data, intended for developers, valuers, banks and real estate agencies.

Having been launched in January 2000, Imobiliare.ro is the first and most accessed real estate portal in Romania. The portal has recently surpassed the threshold of 1,900,000 unique visitors per month, and it contains the largest data base of offers in all real estate categories nationwide.

Since 2016, Imobiliare.ro has been part of the Swiss Group Ringier - one of the largest

international groups in the media - being provided with state-of-the-art know-how in the digital area. Over its 21 years' experience, Imobiliare.ro has built a strong brand among real estate portals, being recognized by 91% of the internet users with an active real estate need (according to a survey performed in December 2020).

Moreover, Imobiliare.ro is the main supplier of real estate data and statistics for the business press and TV in Romania (Ziarul Financiar, Wall-Street, Forbes, Business Review, Digi24, PRO TV, TVR1 etc.), providing regular communications on the evolution of the real estate market. Imobiliare.ro has the largest team in the country specializing in the real estate area (online, statistics, communication, and consulting) which, in 2021, even reached 125 employees. Currently, over 1,900 corporate clients (real estate agencies, developers, and banks) are beneficiaries of the entire expertise of the Imobiliare.ro team.

imobiliare.ro
MARKET 360

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