

EY Attractiveness Survey Romania

Real estate market trends

February 2021



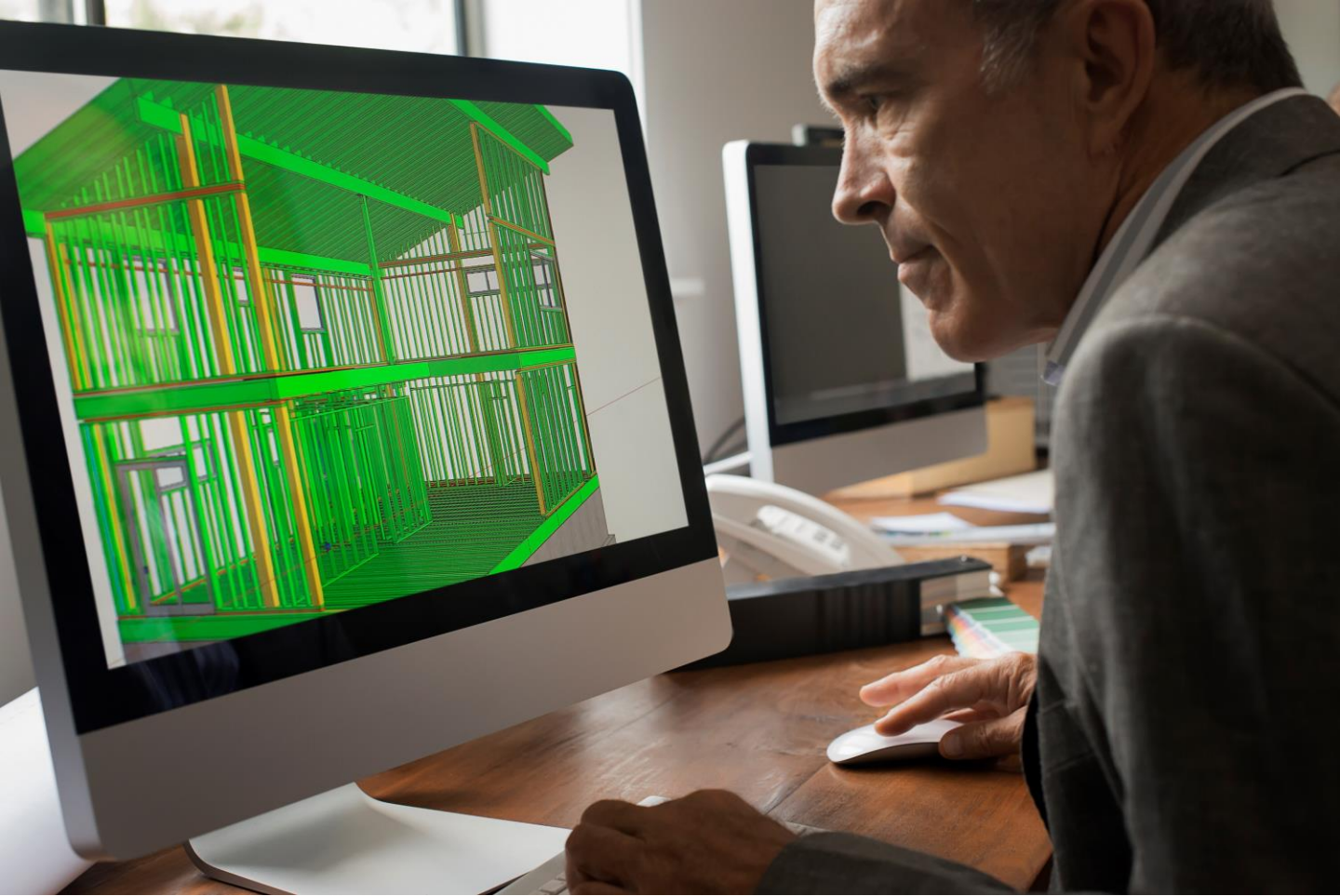
Can real estate
become a vector of
growth in terms of
foreign direct
investment in
Romania?

■ ■ ■
The better the question. The better the answer.
The better the world works.



EY

Building a better
working world



Contents

	Page
Key facts	05
Industrial / logistics	07
Retail	08
Work from home vs. office	10
Residential	11

A long, brightly lit modern hallway with a grid ceiling and reflective floor. The hallway is empty, with a few people visible in the distance. The lighting is bright and even, creating a clean and professional atmosphere. The ceiling has a grid pattern, and the floor is highly reflective, mirroring the lights and the ceiling. The walls are light-colored, and there are some signs or notices on the wall. The overall impression is one of a modern, well-maintained building.

“

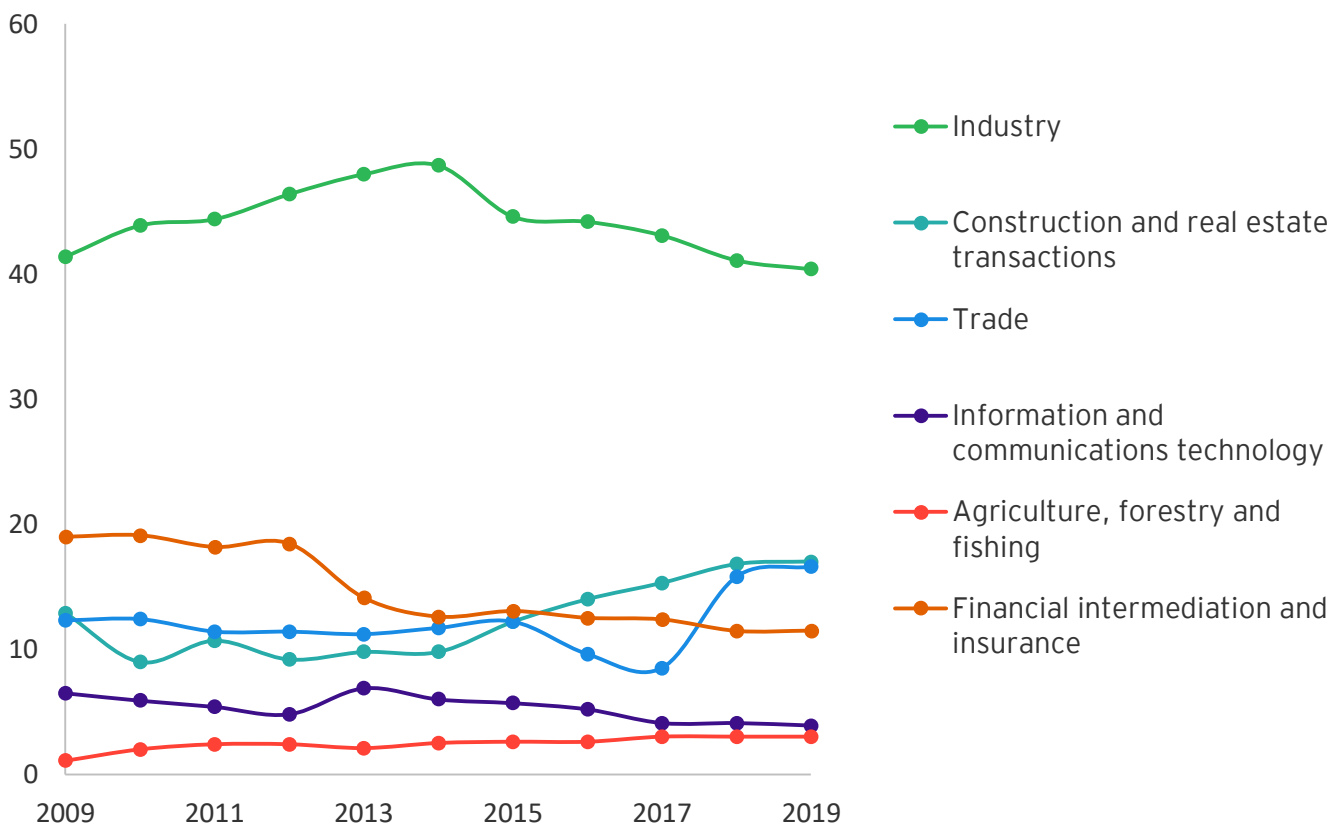
“The Romanian real estate market is a perfect blend of maturity and upside potential, that can, did and will constitute a vector of growth for foreign direct investments

Dan Fleşariu

Head of Real Estate Transactions

Key facts

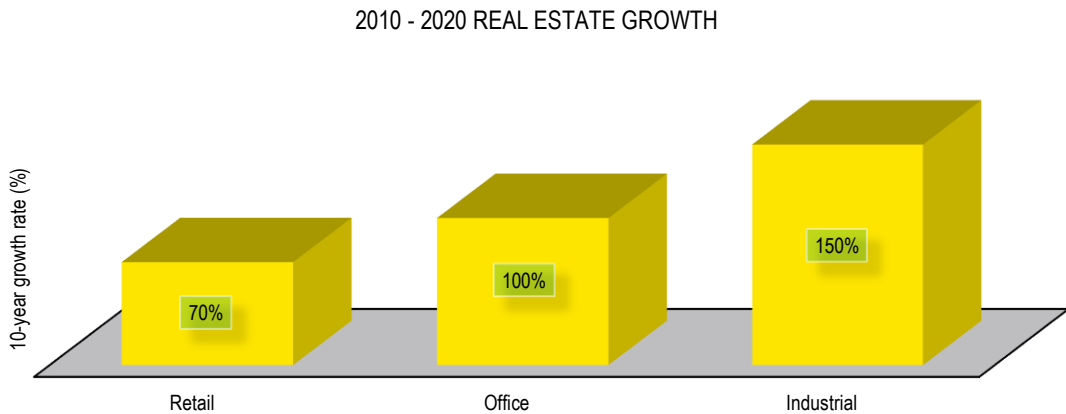
- Real Estate has been one of the top five FDI vectors since the beginning of the millennium
- Starting with 2016, real estate ranks second after industry in terms of FDI stock



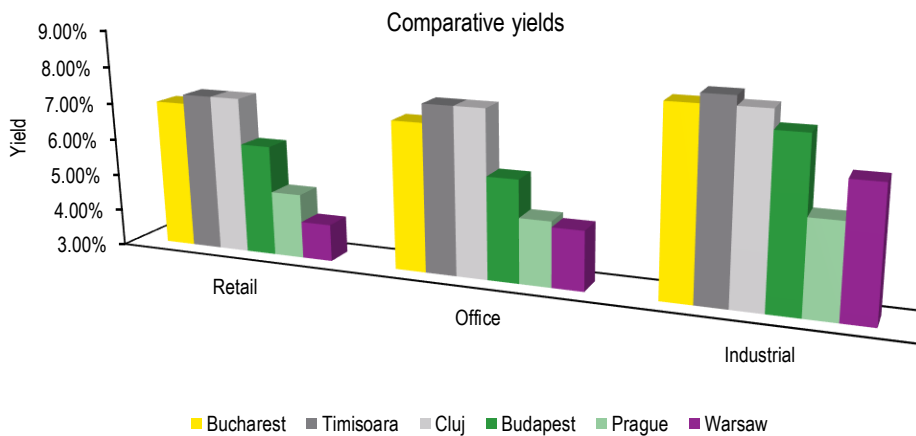
Source: NBR 2019 Annual Report on Foreign Direct Investments (FDI) in Romania

Key facts

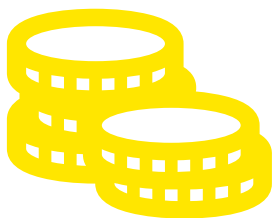
- Overall 10-year growth of 100%



- Yields 35% higher than CEE peers at similar risk profile



- High liquidity, approaching key benchmark



€1 billion

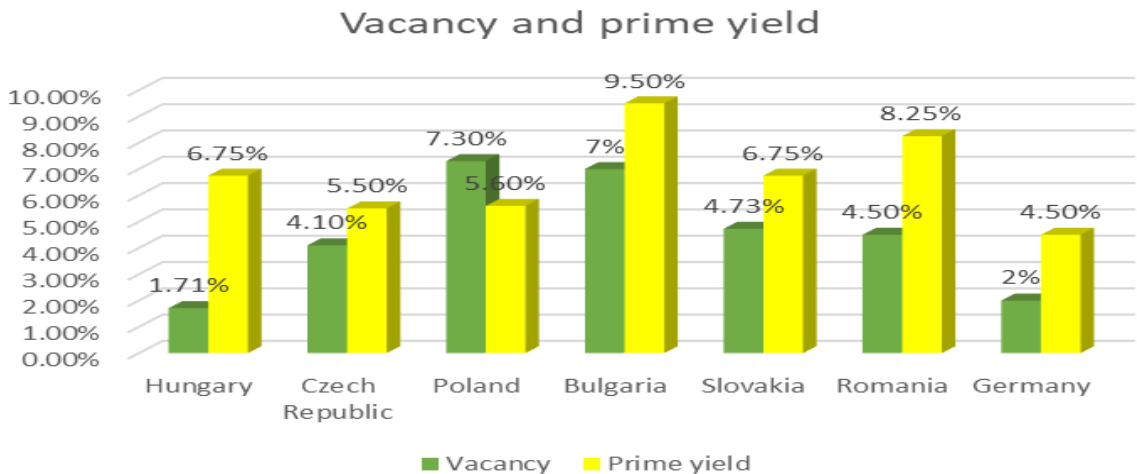
Industrial/logistics

- Strategic location in TEN-T Black Sea banana and integration with the future New Silk Road (OBOR)



Industrial/logistics

- Winner of the pandemic crisis
- Over 650,000 sqm leased in 2020
- 500,000 sqm to be delivered in 2021
- In-city logistics to expand
- High demand for investment products
- Poor offer of investment products for sale
- Yields expected to compress in 2021 and 2022



Retail

- “V” - shaped recovery
- Focus on retail parks
- Supermarkets highly resilient and set to continue expansion in 2021 - 2025
- No structured approach to small retail schemes (1,000 - 2,000 sqm supermarket spaces for lease)
- Shift towards omni-channel solutions in response to the rise of online commerce
- Yields to increase by 0.25% - 0.5% in 2021 but to recover in 2022

Work from home vs. office

- “Work from home” is here to stay for major employers
- Lower employee density
- High health safety and carbon footprint awareness
- “U” - shaped recovery
- Oversupply to affect especially older buildings (rent reduction & vacancy)
- Yields on older buildings to increase
- New buildings able to capture occupancy and maintain current yields



65%

Employees preferring hybrid work schedule

Employees preferring exclusively work from home



26%



9%

Employees preferring exclusively work from office

Residential

95%

Home ownership rate (highest in EU)

Home overcrowding rate (highest in EU)

50%

80%

Obsolescence and degradation rate of existing housing stock

Romanians working abroad set to return home in the foreseeable future

1 mn

2 mn

Migrants from rural to urban over the past decade

Residential

- Prerequisites set for sustainable growth of demand
- Surprise winner of the pandemics
- 202 transaction volume matched the 2019 one
- 2020 prices increased by 5% yoy
- Home rental market set to mature (professional landlords expected to enter the market)

EY | Building a better working world

About EY

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets. Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate. Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

© 2020 EYGM Limited.
All Rights Reserved.

ey.com/en_ro

EY contacts

Dan Fleşariu
Head of Real Estate
Transactions
EY Romania & Moldova
dan.flesariu@ro.ey.com

Elena Buga
EY Attractiveness Survey
Romania Coordinator
elena.buga@ro.ey.com