

ROMANIAN RESIDENTIAL MARKET REPORT

Q3 2018

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MARKET OVERVIEW



The annual price increase reached 5.6%

In the third quarter of 2018, residential property prices slowed down, with an advance of only 0.7% compared to the previous quarter - the lowest level in the past three years. Compared with last year, there was an increase of 5.6%, and over the past three years (ever since prices recorded again an ascending trend), of 31%. Prices in Romania are now going up, just as in the other countries in the European Union. According to the National Institute of Statistics (Romanian: Institutul Național de Statistică, INS) and Eurostat, house prices in Romania increased by 4.7% in the second quarter compared to last year, while prices in the European Union increased by 4.3%. Apartment prices increased in all six major cities under review, however, variations were significantly lower than for the previous years.

Fewer transactions in the third quarter

As anticipated in the previous report, in the third quarter 127,528 properties have been sold nationwide, which represents a setback of 24.2% over the past year. This decline means that the total volume of transactions recorded in Romania in the first nine months of the year was of 5.1%, lower than in the similar period of 2017.

Due to the lending conditions, starting with the second quarter there has been a decline in demand for residential properties (5% over the same period of the previous year), a trend that continued in the third quarter, when the demand fell by 2% compared with 2017.

Nevertheless, in order to have a complete picture of the market we would like to point out that the official statistics do not include the pre-contracts signed by buyers for the purchase of dwellings in the residential projects under construction; also, there is a delay period between the signing of the sale agreements with the notary, the registration of the house and the statistical reporting with the ANCP.

Stabilizing the supply of dwellings for sale and the rental market dynamics

Due to the decrease in the number of transactions, the offer of dwellings listed on sale stabilizes, after having recorded an average decline by 30% in the last three years. Therefore, properties are listed for sale over a longer period of time - the apartments in Bucharest, for instance, are sold, on average within a period of 80 days, compared to 70 days ago two years ago.

The slowdown in sales price increases and the reduction in the number of transactions have determined the owners to focus their attention on rentals, which boosted this market: at the level of the six big cities, the number of apartments and houses available for rent is higher than that of the properties available for sale. In the third quarter, there were 21,620 residential properties for rent, compared to 16,540 listed for sale (dwellings built until the year 2000).

Growth prospects have diminished

In the report released in the second quarter of last year, we were wondering what signals are clear indications of the fact that the real estate market is stopping its growth. As we have seen in our analysis, certain "forecasts" have started to materialize: fewer dwellings are traded, fewer buyers are interested in purchasing, the number of offers starts to increase again, and the dwellings are sold over a longer period of time. These challenges that sellers face represent opportunities for the buyers and we already see how owners are forced to lower the initial asking price if they want to sell. Therefore, for most of the analysed cities, the negotiation margins were higher in the third quarter of 2018 than in the similar period of 2017.

Dorel Niță

Head of Data and Research, Imobiliare.ro

What are the real risks for a real estate purchase at this moment?



We have witnessed a rather stable 2018 year-end, with a constant demand level and mild growth rates, rates between 5 and 6 percent, only half of the values recorded last year. Surprisingly, we could say that the real estate market looks good, given also the rise of some voices, more or less informed, that talk about an extended, overwhelming crisis. Nevertheless, at this point there are no indicators anticipating the start of a real estate crisis. And I say this fully aware of the responsibilities I have in my quality of entrepreneur, managing important, active residential projects in three cities in the country: Arad, Braşov and Timișoara.

However, taking into account this unlikely scenario in which a real estate crisis would come, the question arises as to whether a real estate acquisition would be appropriate or not at this moment. The answer depends on the context, or, rather, on the motif behind the purchase. From the very beginning, we have to make a distinct difference between the real need for housing and the speculative interest. Except for speculative interest, the timing is just as appropriate as ever. The demand is currently supported almost exclusively by the real need for housing, and to a lesser extent by the buy-to-rent interest. Or these two segments lose at least 12% per year by postponing the decision (inflation plus rent/return). Major risk exists for speculators (I buy now, possibly at the project stage, in order to sell more expensive on short term). This category, almost non-existent in the current market, is of no interest for our analysis.

The real estate market is an illiquid market, different from the capital market. Real estate acquisitions are not suitable for short-term earnings, as they require medium

to long-term waiting times. In the medium and long term, on the real estate market in the big cities of Romania it is rather impossible to make a wrong move. Property prices will continue to grow on the long run, although we will be also witnessing some inevitable punctual corrections. The value of real estate assets is valid in time, making it true that there is no better time to buy a real estate than the moment that has just passed.

Statistically speaking, we notice a decrease in the number of transactions recorded over the last months. This is partly explained by the fact that, more and more buyers are interested in new apartments, signing sale-purchase pre-contracts, which are not yet included in the statistics. On the other hand, many of the projects are delayed due to the labour crisis at unprecedented levels before. Delivery times are being postponed, which contributes to the decrease in the number of transactions, without having anything to do with a crisis of the real estate market itself. Then again, the general confidence level of the population is quite low.

Still, the residential segment is structurally sound; it has a high solvency demand and a low offer, both on the new and the old segment. More than that, the recent measures announced by The National Bank of Romania (BNR) will not adversely affect the real estate market, as they solely urge caution for those unsolvable buyers, the aim being to avoid the conditions of market heating up, which could then generate a crisis. Obviously, we are in an economic growth cycle where it would be a good idea to prepare for the next stage. The more prepared we are, the better we will deal with a downward cycle or a correction period over certain over-rated segments, or for projects lacking a viable concept (such as, lack of infrastructure, unattractive positioning and so on.). But from here to panic, there is a huge step to take.

Prudence, of course, is good, but the creation of panic is not at all a good idea. Therefore, we find ourselves, most likely, at a very good time to buy. All these things give us confidence to build and wait for a better 2019 for the market, defined by stability.

Valentin Morar

CEO Wallberg Properties

RESIDENTIAL PRICE INDEX

In the third quarter of this year, residential properties in Romania appreciated by 0.7% than the previous three months, according to the data centralized by Analize Imobiliare. Given that the quarterly price increase on this segment was of 1.4% for each of the first two quarters of 2018, this data confirms, once more, the downward trend of prices recorded by the housing market. This trend is also confirmed by the fact that the annual growth rate of prices (Q3 2018 versus Q3 2017) is currently at 5.6%, given that, in the same period of 2017, the same indicator was close to the threshold of 10%.

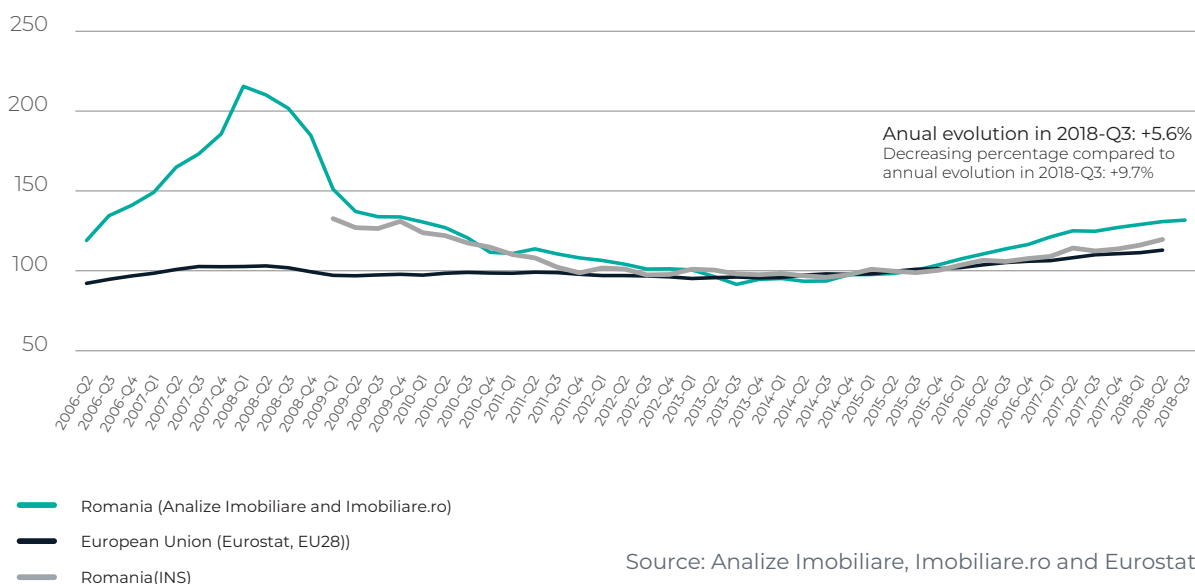
Overall, in the past three years, ever since the residential market started registering a predominantly upward trend in prices, homes available for sale in Romania became

more expensive by an average of approximately 30%. At the moment, the quarterly index calculated by Analize Imobiliare is 131.71 (reference year 2015=100) - therefore, getting closer to the level recorded in the first quarter of 2010.

According to the latest data published by the National Institute of Statistics, (Romanian: Institutul Național de Statistică, INS) and Eurostat, house prices in Romania have increased, on average, by 3.1% in the second quarter of 2018 compared to the previous three months. In comparison with the similar period of 2017, domestic sales claims are higher by 4.7%, while for the European Union, this indicator is at 4.3%.

"The growth rhythm of house prices continued to slow down, ranging at less than 1% in the third quarter of the year."

Residential price index (2015=100)



Source: Analize Imobiliare, Imobiliare.ro and Eurostat

QUARTERLY TREND OF THE RESIDENTIAL PROPERTY PRICES

The third quarter of 2018 distinguishes by the lowest growth rates for housing prices recorded over the past three years, respectively 0.7%- for comparison, in the second quarter of 2015, the expectations of sellers increased with less than 0.6%. Nevertheless, due to the issues in terms of lending conditions, the third quarter of 2017 has made an exception to the "rule" of price increases, with the prices of residential properties falling by 0.2% during this period.

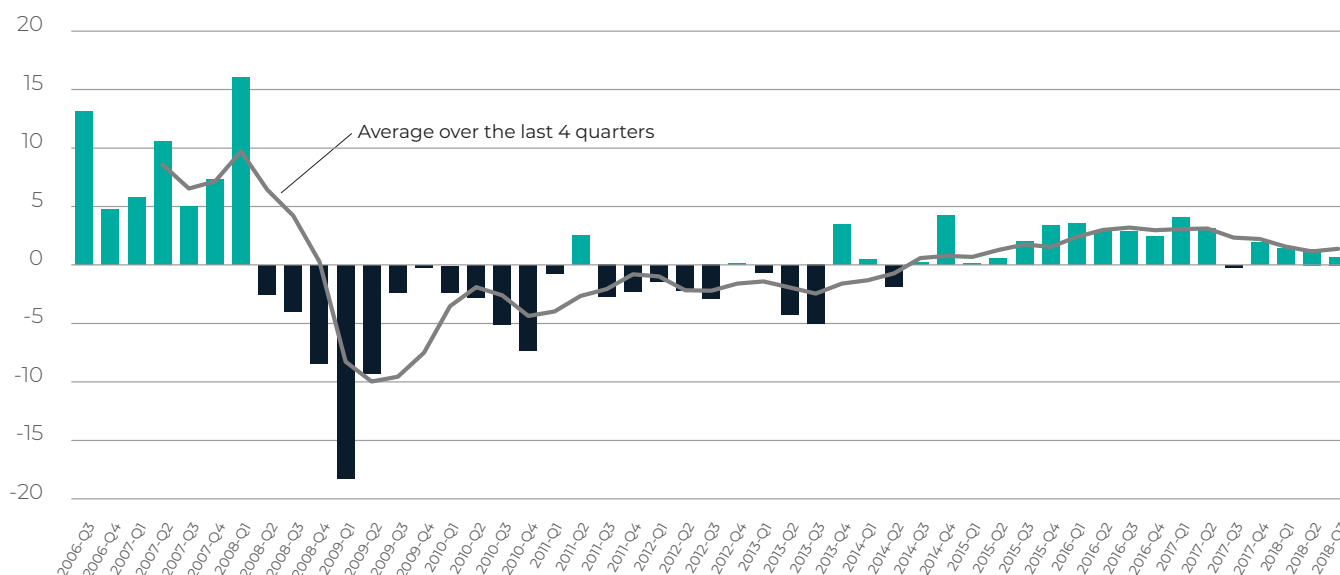
According to the data collected by Analize Imobiliare, given the low level of rises in 2018, the quarterly average of the residential sector variations is, after the first nine

months of 2018, significantly lower compared to recent years, respectively 1.16%. For comparison, this indicator was at an average of 2.2% in 2017 and, namely, at 2.9% in 2016.

The quarterly change of prices differs by city, as well as by the market segment analysed. Therefore, as compared to the previous three months, the prices of houses and villas (with variations between 3% and 4%) were higher, while for the apartment market, the tendency was rather of prices stagnation (of course, with a few exceptions).

"In the third quarter of 2018, price increases were recorded mainly for the houses and villas segment, the variations being significantly lower for apartments."

Quarterly rate of change in prices



Source: Analize Imobiliare and Imobiliare.ro

PRICE TRENDS ACROSS MAIN CITIES

apartments for sale/rent



The situation in the main cities - apartments for sale

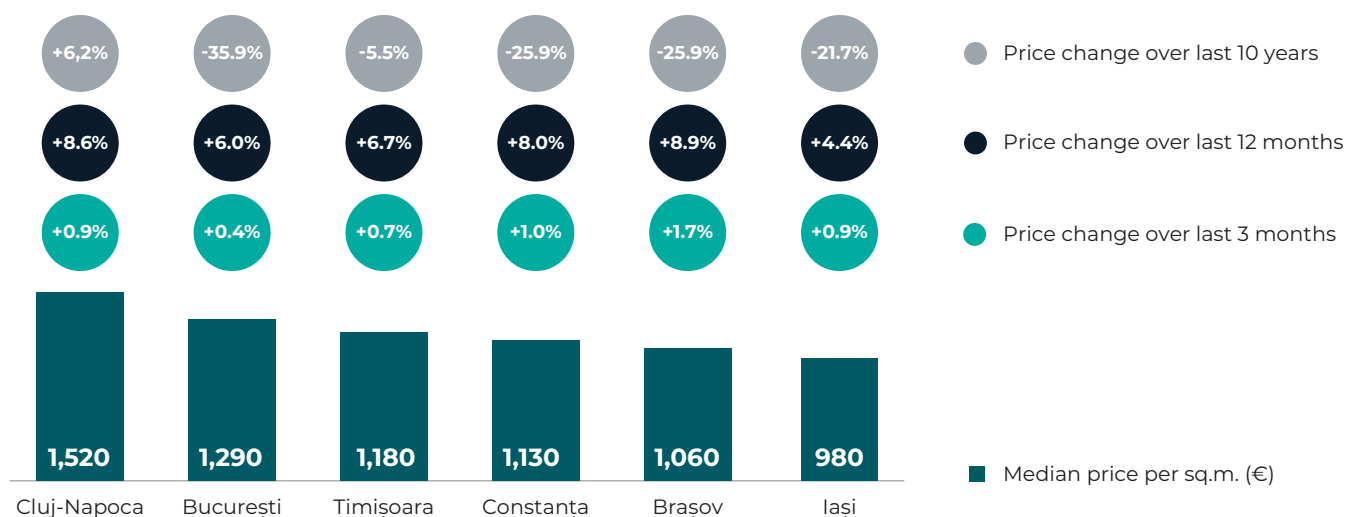
In the third quarter of 2018, apartment prices increased for all six major cities, cities which are constantly monitored by Imobiliare.ro and Analize Imobiliare. Nevertheless, in line with the national trend, price variations have been significantly lower than in the previous years - ranging, for four of the six markets under the 1% threshold (for the other two, less than 2%).

In Cluj-Napoca - the city that has been lead of the market, for many years now, positioned better than the capital in terms of average prices asked on the segment of apartments - the demands of the sellers increased by 0.9% in the last three months up to a value of 1,520 euros per square meter (compared to 1,510 euros per useful square meter in the previous quarter). In the context of a slowdown in housing prices increases, the 12-month price difference is now at 8.6% in the city on the banks of Somes (compared with approximately 14% in the previous quarter). Cluj-Napoca remains the only large regional centre of the country where apartments are more expensive now than they were ten years ago, the difference being of 6.2% compared to Q3 2008.

Just as in the second quarter of the year, in the third quarter, Brasov was at the forefront of the price increases recorded in the largest cities of the country. Here, the average amount demanded by apartment sellers increased by 1.7% over a period of three months, reaching a value of 1,060 euros per useful square meter (from 1,040 euros per useful square meter). In this context, the city at the foot of Tampa overcomes Cluj in terms of price differences at 12 months, with an advance of 8.9%. However, compared to 2008, the apartments in Brasov continue to be cheaper by about a quarter (25.9%).

For the third quarter of the year, in the six largest regional centres analysed, the lowest price advance of the apartments was recorded in Bucharest. In the capital, the expectations of the owners increased by only 0.4%, to 1,290 euros per useful square meter (from 1,280 euros per useful square meter). Compared to the similar period of 2017, the apartments from the capital are more expensive by 6%; however, in comparison with Q3 2008, this type of property is cheaper by 35.9% - the Capital must, among the largest regional centres analysed, "recover" the most from the decline due to the recession period.

Price trends across main cities - apartments for sale



Source: Analize Imobiliare and Imobiliare.ro

The evolution of prices in the main provincial cities - apartments for sale

Unlike the biggest regional centres, there are several county residences that have recorded significantly higher prices in the last quarter than the national average. It is Vaslui, with a plus of 6.3% (up to 690 euros per square meter), followed by Târgu-Jiu (+4.9%, to 930 euros per useful square meter), Giurgiu (+4.8%, up to 530 euros per square meter), Drobeta Turnu Severin (+4.4%, up to 620 euros per square meter) and Miercurea-Ciuc (+4.3%, up to 900 euros per square meter). At the opposite pole, four county residences recorded price decreases for the period analysed, namely Sibiu (-3.5%, up to 900 euros per useful square meter), Târgoviște (-0.6%, until 620 euros per square meter), Bistrița (-0.6%, up to 710 euros per square meter), but also Târgu Mureș (-0.4%).

Nationwide, there are now seven large county residences where the average demanded price per square meter of apartment reaches the value of 1,000 euros per useful square meter (and above), according to Imobiliare.ro and Analize Imobiliare. The first position of the ranking is held by Cluj-Napoca, with an average of 1,520 euros per useful square meter, followed by Bucharest (with 1,290 euros per

useful square meter), Timisoara (1,180 euros per square meter), Constanta (1,130 euros per square meter), Craiova (1,100 euros per square meter), Brasov (1,060 euros per square meter), and also Târgu Mureș, which has recently managed to reach the threshold of 1,000 euros per meter square. With an average of 980 euros per square meter, Iasi is still below this value.

On the other hand, the cheapest apartments available for sale can be found, just as in the last quarter, in the same county residences from the southern part of the country. Reșița occupies the first place in this ranking, town where the average asking price for an apartment reached 500 euros per useful square meter (up by 1.3% from 490 euros per square meter in the previous three months); such a housing unit can be acquired with 530 euros per square meter in Giurgiu, with 570 euros per useful square meter in Alexandria, 620 euros per square meter in Drobeta Turnu-Severin and 620 euros per useful square meter in Târgoviște.

Maximum price per sq. m.

Median price & price change over last 3 months



Smallest price per sq. m.

Median price & price change over last 3 months



Maximum price increase per sq. m.

Median price & price change over last 3 months



Lowest price increase per sq. m.

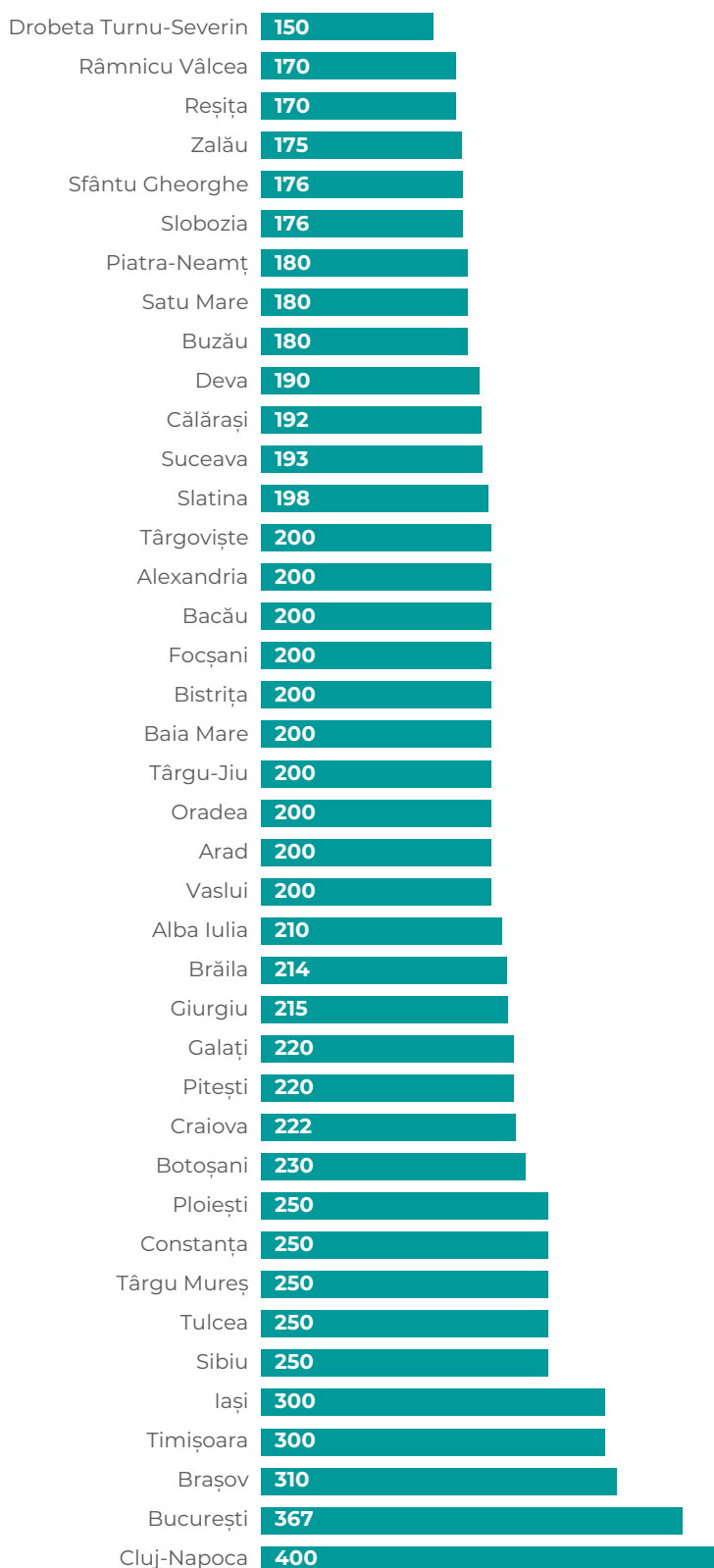
Median price & price change over last 3 months



Source: Analize Imobiliare and Imobiliare.ro

Rental prices in regional capitals

The average price asked for a monthly rent for a 2-room apartment, comfort level 1, built between 1980-2000



Despite the increased trend of prices for the most important university centres with the arrival of autumn, overall, rents remained broadly stable at the third quarter of 2018 - even if slight increases have been recorded in some cases. Therefore, after the decrease of the second quarter of 2018, the average rent for a two-room comfort type 1 (built between 1980 and 2000) in Cluj-Napoca returned to the previous level of 400 euros per month. An even greater advance was recorded in Bucharest, by far the most sought-after rental market, where the claims of two-man housing units increased from 350 to 370 euros per month.

For the period analysed, the rents in Iași and Timișoara, other two important university centres, have remained constant - so, a two-room apartment with a useful area of 50 up to 60 square meters remained at the same level 300 euros per month also recorded in the previous quarter. In Brașov, on the other hand, the expectations of sellers for a similar property increased slightly over the period, from 300 to 310 euros per month.

Among county residences, the lowest rent level is still recorded in Drobeta Turnu-Severin, where a two-room apartment can be rented for 150 euros a month, just like in the last quarter. The ranking of the most affordable houses available for rent is completed by Reșița (where a two-room housing unit costs 170 euros per month), Râmnicu Vâlcea (also 170 euros per month), Zalău (175 euros per month), Sfântu Gheorghe (176 euros per month), and also Slobozia (176 euros per month).

Source: Analize Imobiliare and Imobiliare.ro

PRICE TRENDS ACROSS NEIGHBORHOODS

A wide-angle photograph of a large, open city square in Timișoara. In the background, there are several historic buildings, including a large church with two tall, dark spires and a blue building with many windows. To the left, a large stone monument is partially visible. The foreground is a green lawn with long shadows cast across it.

Timișoara

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A panoramic view of the Bucharest skyline at sunset. The sky is a mix of orange, pink, and purple. In the foreground, there are trees and streetlights. The middle ground features a large, ornate building with a central dome. In the background, a tall, modern skyscraper stands out against the sky.

Bucharest

A view of Cluj-Napoca from a high vantage point. The foreground shows the red-tiled roofs of buildings. In the center, a large, ornate church with a green dome is prominent. The background shows a cityscape with various buildings and hills in the distance.

Cluj-Napoca

Cluj-Napoca - apartments

1,520 €

Average price/sqm

+0.9% 

Price evolution
in the last 3 months

+8.6% 

Price evolution in
the last 12 months

+6.2% 

Price evolution in
the last 10 years



Neighbourhoods and areas of Cluj-Napoca

After an increase of less than 1% in the third quarter of the year, the average price demanded by apartment sellers in the capital city of Transylvania is of 1,520 euros per useful square meter (on an ascending trend from 1,510 euros per meter square). In the last quarter, a few neighbourhoods from Cluj-Napoca inherently recorded growth margins higher than the average value of the city, but none of them managed to reach the 4% threshold. So, the apartments available for sale in Grigorescu have been most appreciated on the market (a plus of 3.6%, up to a value of 1,510 euros per useful square meter) ; followed by Someșeni (+3,3%), then the area of Bună Ziua-Europa-Calea Turzii (+3,2%), Gruia-Dâmbul Rotund-Gară-Bulgaria (+3%) and Gheorgheni-Andrei Mureșanu (+1,9%).

Significantly, in the last three months, the demands of apartment sellers have diminished for five of the largest areas of Cluj-Napoca (compared to just three in the previous quarter). The largest decline, of 1.6%, was recorded in Baci (an area that has grown in the last few years as some sort of sleeping-neighbourhood of the town on the banks of Someș); in Plopilor, on the other hand, prices decreased by 1%, in Iris by 0.8%, in the central and very central area by 0.4%, and in Mărăști-Între Lacuri-Aurel Vlaicu by 0.3%.

As a result of the price variations recorded in the last

quarter, the ranking of the most expensive apartments in Cluj-Napoca suffered various modifications: the central and very central area holds the first position (with an average of 1,720 euros per useful meter square), but it is no longer equal to Plopilor - an area that has passed second and where the expectations of the owners now reach 1,700 euros per square meter. The following places in the ranking are held by Gheorgheni-Andrei Mureșanu areas (with an average of 1,630 euros per useful square meter), Zorilor (1,560 euros per square meter) and Mărăști-Între Lacuri-Aurel Vlaicu (1,550 euros per useful square meter), the last two areas reversing their positions towards the second quarter of 2018.

On the other hand, the top of the areas with the most affordable apartments for Cluj remains unchanged (with the mention that some of the districts included in this ranking recorded significant increases during the period analysed); the first two positions, with prices below 1,000 euros per useful square meter, are still occupied by two nearby towns, namely by Florești (with an average of 860 euros per useful square meter of apartment) and Baci (960 euros per meter square). The ranking is completed by Someșeni (with 1,230 euros per square meter), Iris (1,320 euros per square meter), and also Gruia-Dumbul Rotund-Gară-Bulgaria (1,400 euros per square meter).

„860 euros per square meter is the price difference between the most expensive area in Cluj - Central/ Very Central (1,720 euros) and the cheapest area - Florești (860 euros).”

Neighborhoods with the largest price per sq. m.

Median price & price change over last 3 months



Source: Analize Imobiliare and Imobiliare.ro

Neighbourhoods with the largest price increase per sq. m.
Median price & price change over last 3 months

Grigorescu	1,510€ / +3.6%
Someșeni	1,230€ / +3.3%
Bună Ziua - Europa - Calea Turzii	1,440€ / +3.2%
Gruia - Dâmbul Rotund - Gara - Bulgaria	1,400€ / +3.0%
Gheorgheni - Andrei Mureșanu	1,630€ / +1.9%

Neighbourhoods with the smallest price increase per sq. m.
Median price & price change over last 3 months

Baciu	960€ / -1.6%
Plopilor	1,700€ / -1.0%
Iris	1,320€ / -0.8%
Central - Ultracentral	1,720€ / -0.4%
Mărăști - Între Lacuri - Aurel Vlaicu	1,550€ / -0.3%

Neighbourhoods with the smallest price per sq. m.
Median price & price change over last 3 months

Florești	860€ / +1.3%
Baciu	960€ / -1.6%
Someșeni	1,230€ / +3.3%
Iris	1,320€ / -0.8%
Gruia - Dâmbul Rotund - Gara - Bulgaria	1,400€ / +3.0%

Source: Analize Imobiliare and Imobiliare.ro

Bucharest - apartments

1,290 €
Average price/sqm

+0.4% 
Price evolution
in the last 3 months

+6% 
Price evolution
in the last 12 months

-35.9% 
Price evolution
in the last 10 years



Neighbourhoods and areas of Bucharest

In the third quarter of 2018, the most significant price increases on the Bucharest market of apartments were recorded for the central and the semi-central area of the city, but also for the north. As a percentage, the variations were similar to those recorded in the previous three months (ranging between 3.5% and 6.5%). In terms of price increases, Dacia-Eminescu area is ranked first, with a plus of 6.3%, followed by Pipera (6%), Moșilor (5.4%), Băneasa (5%), and Ștefan cel Mare (3.6%). It is interesting to notice that, even though Bucharest recorded, as compared with Cluj-Napoca, a lower advance of the average price demanded for the city in the period under review, in Cluj-Napoca were recorded higher punctual increases.

On the other hand, the capital also distinguishes on the market by the larger price reductions recorded in certain areas (it is worth mentioning that in the ranking of the discounts are included some of the most exclusive neighbourhoods of the city, as well as some so-called "workers"). In the last quarter, apartment sellers of Kiseleff-Aviatorilor reduced their demands the most, namely by 5.6%; followed by those in Cotroceni (-4.5%), Decebal-Calea Călărașilor (-3.5%), Militari (-2.5%) and Giurgiului (-1.9%).

Despite the decline in the past three months, the

Kiseleff-Aviatorilor area remains at the top of the ranking when it comes to the most expensive apartments listed for sale in Bucharest, with an average listing price of 2,440 euros per useful square meter. It is worth mentioning that the deviation compared to the next ranked area has diminished significantly, from 170 to only 60 euros per useful square meter, given the fact that a housing unit in Herăstrău-Nord now costs 2,380 euros per useful square meter. In the other exclusive areas of the capital, the demands of the seller continue to be, on average, less than 2,000 euros per useful square meter, reaching 1,960 euros in Dorobanți-Floreasca, to 1,860 euros per useful square meter in Aviației and namely 1,730 euros per useful square meter in Unirii.

In regard to the most affordable areas for the acquisition of an apartment, there are still three neighbourhoods in the Capital, where the demands of the sellers are below the threshold of 1,000 euros per useful square meter. These neighbourhoods, just as in the previous quarter, are Ghencea (with an average of 920 euros per square meter), Rahova (940 euros per square meter) and Giulești (980 euros per square meter), the ranking being completed by Giurgiu (1,020 euros per square meter) and Militari (1,040 euros per square meter).

„1,520 euros per square meter is the price difference between the most expensive area (Kiseleff-Aviatorilor - 2,440 euros) and the cheapest area (Ghencea - 920 euros).”

Neighbourhoods with the largest price per sq. m.

Median price & price change over last 3 months



Source: Analize Imobiliare and Imobiliare.ro

Neighbourhoods with the
largest price increase per sq. m.
Median price & price change over last 3 months

Dacia - Eminescu	1,670€ / +6.3%
Pipera	1,370€ / +6.0%
Moșilor	1,480€ / +5.4%
Băneasa	1,670€ / +5.0%
Ștefan-Cel-Mare	1,450€ / +3.6%

Neighbourhoods with the
smallest price increase per sq. m.
Median price & price change over last 3 months

Kiseleff-Aviatorilor	2,440€ / -5.6%
Cotroceni	1,610€ / -4.5%
Decebal-Calea Călărașilor	1,620€ / -3.5%
Militari	1,040€ / -2.5%
Giurgiului	1,020€ / -1.9%

Neighbourhoods with the
smallest price per sq. m.
Median price & price change over last 3 months

Ghencea	920€ / -1.2%
Rahova	940€ / -0.2%
Giulești	980€ / +3.5%
Giurgiului	1,020€ / -1.9%
Militari	1,040€ / -2.5%

Source: Analize Imobiliare and Imobiliare.ro

Timișoara - apartments

1,180 €

Average price/sqm

+0.7% 

Price evolution
in the last 3 months

+6.7% 

Price evolution
in the last 12 months

-5.5% 

Price evolution
in the last 10 years



Neighbourhoods and areas of Timișoara

With a 0.7% general advance on the apartment segment, the Banat capital reached, at the end of the last quarter, an average listing price of 1,180 euros per useful square meter. The increases per area were more modest than those in Bucharest, as well as in Cluj-Napoca. The biggest price increase, respectively 2.9%, was registered in the Student Complex-Dacia-Elisabetin-Olimpia-Stadion, the following places in the ranking of the price increases being occupied by Torontal (+2.6%), then Bucovina-Simion Bărnuțiu-Gării-Dorobanților-Mircea cel Bătrân (+2.2%), Șagului-Dâmbovița-Iosefin-Steaua (+1.1%), but also Girocului-Soarelui-Buziașului (+0.3%).

Like in the Capital, but also Cluj-Napoca, the expectations of apartment sellers decreased in the past quarter in several areas in Timișoara, ranking first Ultracentral-Medicină-Piața Unirii (-2.1%); therefore, the average amount demanded by owners decreased by 1% in the Central-Bălcescu-Take Ionescu-Piața Maria area, with 0.6% in Circumvalațiunii and 0.4% in Braytim.

Compared to the Bucharest and Cluj markets, the town of Bega continues to distinguish by the relatively small price

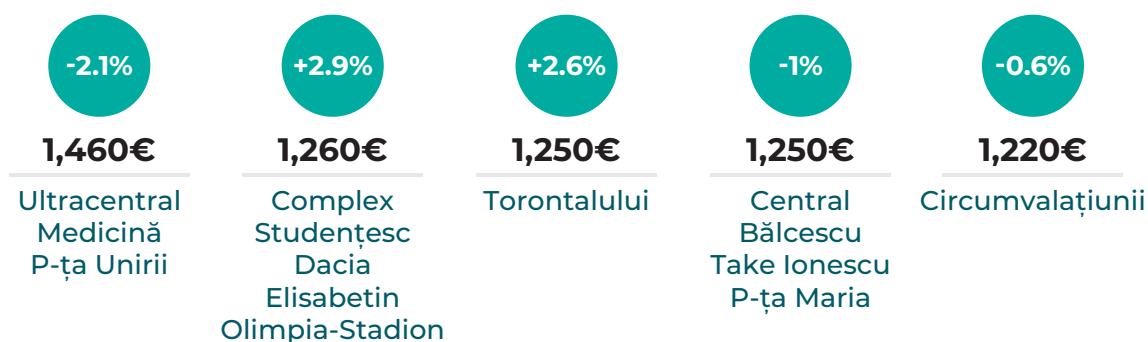
differences between the different neighbourhoods, the gap between the areas with the most expensive and the cheapest apartments, namely, less than 350 euros. The most exclusive area of the city is Ultracentral-Medicină-Piața Unirii, where such a dwelling can be purchased with 1,460 euros per useful square meter (down from 1,490 euros per square meter in the previous three months).

It is worth mentioning that, in the other neighbourhoods of the city, the demands of apartment sellers vary within a rather narrow range; the most affordable dwellings can be found in Șagului-Dâmbovița-Iosefin-Steaua (at an average of 1,140 euros per useful square meter), while the Student Complex-Dacia-Elisabetin-Olimpia-Stadium stays second in the ranking of the most expensive dwellings in the city (with an average price of 1,260 euros per square meter). Unlike Bucharest, there are practically no neighbourhoods in Timișoara where the average demand for an apartment is less than 1,000 euros per useful square meter.

„320 euros per square meter is the difference in price between the most expensive area in Timișoara (Ultracentral-Medicină - P-ța Unirii - 1460 euros) and the cheapest area (Șagului - Dâmbovița - Iosefin - Steaua - 1.140 euros).”

Neighbourhoods with the biggest price per sq. m.

Median price & price change over last 3 months



Source: Analize Imobiliare and Imobiliare.ro

Neighbourhoods with the largest price increase per sq. m.
Median price & price change over last 3 months

Complex Studentesc Dacia Elisabetin Olimpia Stadion	1,260€ / +2.9%
Torontalului	1,250€ / +2.6%
Bucovina Simion Bărnuțiu Gării Dorobanților Mircea cel Bătrân	1,150€ / +2.2%
Șagului Dâmbovița Iosefin Steaua	1,140€ / +1.1%
Girocului Soarelui Buziașului	1,160€ / +0.3%

Neighbourhoods with the smallest price increase per sq. m.
Median price & price change over last 3 months

Ultracentral Medicină - P-ța Unirii	1,460€ / -2.1%
Central - Bălcescu Take Ionescu P-ța Maria	1,250€ / -1.0%
Circumvalațiunii	1,220€ / -0.6%
Braytim	1,180€ / -0.4%
Lipovei - Aradului	1,200€ / +0.1%

Neighbourhoods with the smallest price per sq. m.
Median price & price change over last 3 months

Șagului Dâmbovița Iosefin Steaua	1,140€ / +1.1%
Bucovina Simion Bărnuțiu Gării Dorobanților Mircea cel Bătrân	1,150€ / +2.2%
Girocului Soarelui Buziașului	1,160€ / +0.3%
Braytim	1,180€ / -0.4%
Lipovei - Aradului	1,200€ / +0.1%

Source: Analize Imobiliare and Imobiliare.ro

DEMAND FOR RESIDENTIAL PROPERTIES FOR SALE

Compared to one year ago, the demand for residential dwellings (both apartments and houses) was at 2% lower in the country's largest regional centres, which means that this marker has kept its descending trend reported in the second quarter of the year. It is significant that, of the six cities analysed, four have experienced a decrease in the interest for purchases - if Constanța recorded a two-digit decline, namely 18%, the decreases recorded in other cases were below the threshold 10% (-9% in Iași, -7% in Brașov and -3% in Timișoara).

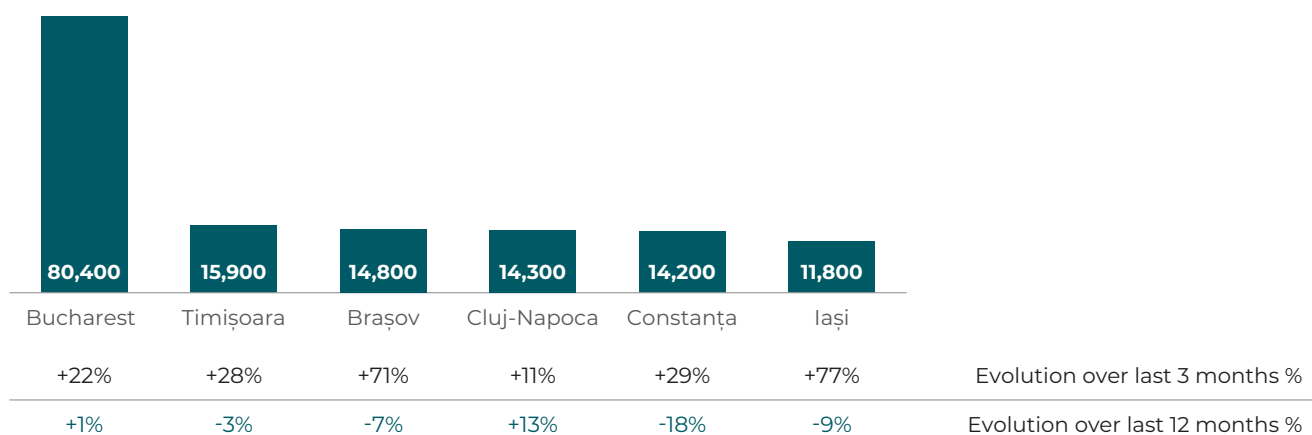
Cities in which the interest in the purchase of residential dwellings has not diminished over the past 12 months are, in fact, those that are also distinguished by the highest level of prices asked by owners, respectively Capital and Cluj-Napoca. Between the two cities, however, there is a significant difference: given the conditions of a slight increase of 1%, it can be said that the demand remained practically at a constant level for Bucharest; on the other

hand, in Cluj-Napoca, an important advance can be noticed, more precisely 13%, compared to the previous year.

It is worth mentioning that, despite the downward trend in demand for housing purchases recorded in the last 12 months, this indicator is still above the level recorded three years ago (when the residential market was already back on an ascending trend). Therefore, for the six large regional centres analysed, interest in residential properties is now higher by 29% (compared to a 34% difference in the second quarter of 2018). Compared to the similar period of 2015, the largest advance of 77% can be seen in Iași, then Brașov with a slight difference, with an increase of 71% at three years. Interestingly enough, the slowest increase in demand (+11%) can be seen in Cluj-Napoca, while Bucharest recorded an increase of 22% for the period under review.

The demand for residential properties for sale

Apartments and houses - new and old



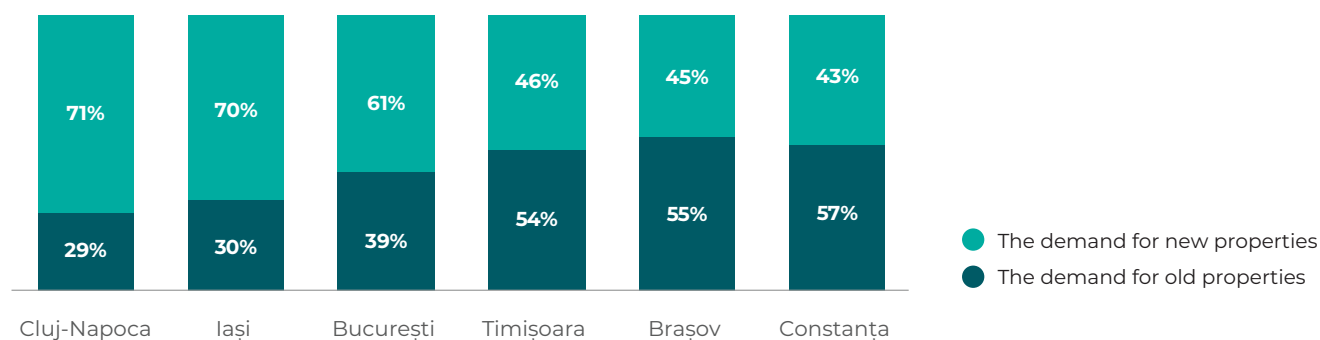
Source: Analize Imobiliare and Imobiliare.ro

Apartments and houses new vs. old

As for the preferences of potential buyers in the residential segment, it is worth mentioning that the newly-built dwellings are still the most preferred, accounting for 58% of the searches in the six major cities (slightly higher than the previous quarter, namely 57%). Therefore, dwellings completed after the year 2000 continue to be more popular in three of the regional centres analysed, respectively, in Cluj-Napoca (where they have a market

share of 71%, slightly decreasing from 72% recorded in the last quarter), Iași (70%, versus 69%) and Bucharest (61%, rising from 60%). In the other three major cities in the country, new apartments are less sought by potential buyers, accounting for 46% in Timișoara (down from 47%), 45% in Brașov and 43% in Constanța (just like in the last quarter).

Demand for new vs old properties in 2018-Q2



Source: Analize Imobiliare and Imobiliare.ro



NUMBER OF LISTINGS - FOR SALE

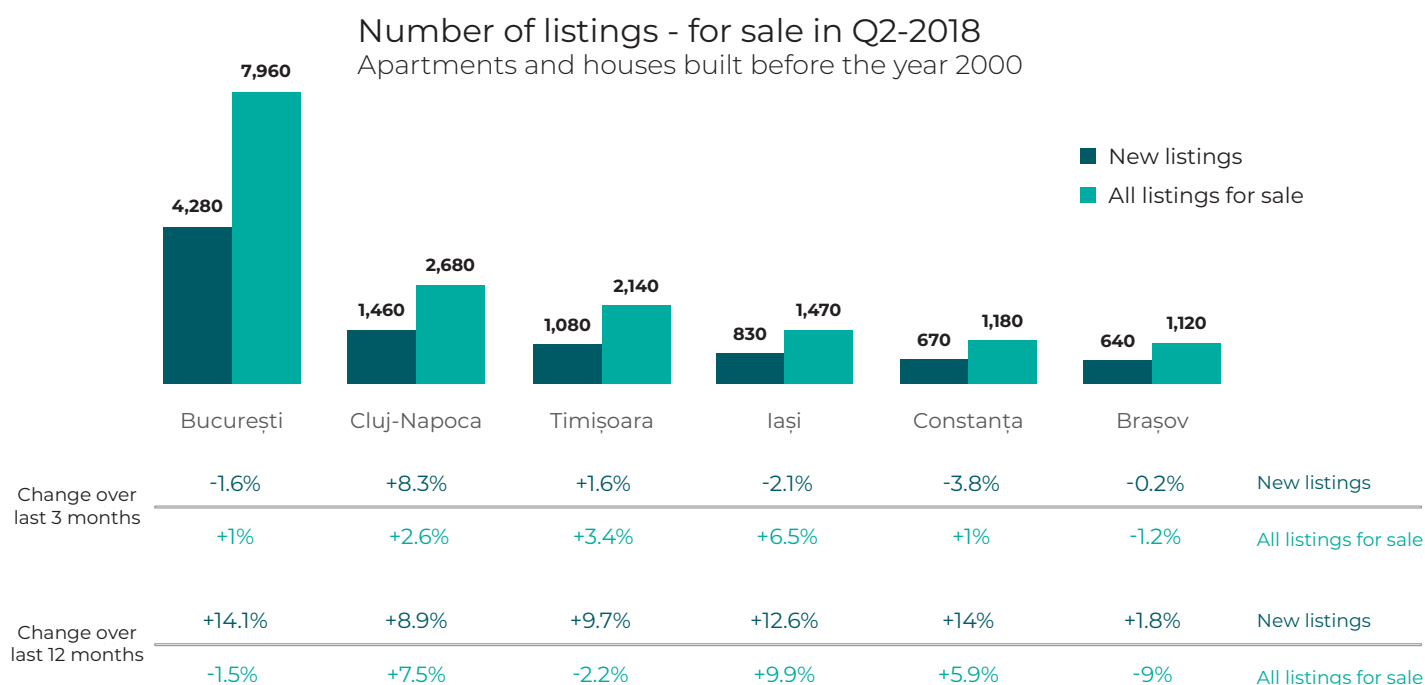
In the chapter on offer, the data collected by Analize Imobiliare shows that the total number of residential properties available for sale in the six major cities of the country (apartments and houses built before the year 2000) increased slightly, respectively by 1.9%, in the third quarter of the year 2018 (compared to the previous one). It is worth mentioning that most of the markets under review have recorded increases in this chapter, however, all variations were below the 10% threshold: the biggest advance, of 6.5%, being recorded in Iași, the capital of Moldova being followed by Timișoara (+3.4%), Cluj-Napoca (+2.6%), Bucharest and Constanța (both with +1%). The exception, on the other hand, is Brașov, where the volume of the offer decreased by 1.2% in the last quarter.

Compared to the similar period of 2017, the number of dwellings available for sale in the six major cities of the country is higher by 0.6%, as three of the monitored cities recorded increases in supply, while the other three recorded decreases. Therefore, the number of properties

available on the market is higher in Cluj-Napoca (by 7.5%), in Iași (9.9%) and Constanța (5.9%), but smaller in Bucharest (1.5%), Timișoara (-2.2%) and Brașov (-9%).

As for the newly listed dwellings in the six major cities of the country, there was a negligible advance against the previous quarter, namely of 0.1%. It is worth mentioning that in four of the six large regional centres under review there were decreases of this marker, Bucharest (-1.6%), Iași (-2.1%), Brașov (-0.2%) and Constanța (-3.8%). On the other hand, in Cluj-Napoca and Timișoara increases have been recorded (8.3% and, respectively 1.6%).

Compared with the similar period of 2017, the volume of new residential listings in the market is, overall, higher by 11.6%, with increases in this area being recorded in all major cities reviewed: 14.1% in Bucharest, 8.9% in Cluj-Napoca, 9.7% in Timișoara, 12.6% in Iași, 1.8% in Brașov and 14% in Constanța respectively.



Source: Analize Imobiliare and Imobiliare.ro

NUMBER OF LISTINGS - FOR RENT

Just as for the first two quarters of the current year, also for the third, it is possible to notice that the number of apartments and houses available for rent in the six major cities of the country is significantly higher than that of the dwellings available for sale; therefore, the number of offers from the first category reaches 21,620, compared to 16,540. The largest rental offer can be found, inherently, in the largest city of the country, with 9,900 ads (on an ascending trend from 9,020 in the previous three months). In Cluj-Napoca, the number of such offers exceeds the 4,000 threshold, and in Timișoara, it approaches the 3,000 level; in Iași, Constanța and Brașov, nevertheless, the offer is below the threshold of 2,000 announcements.

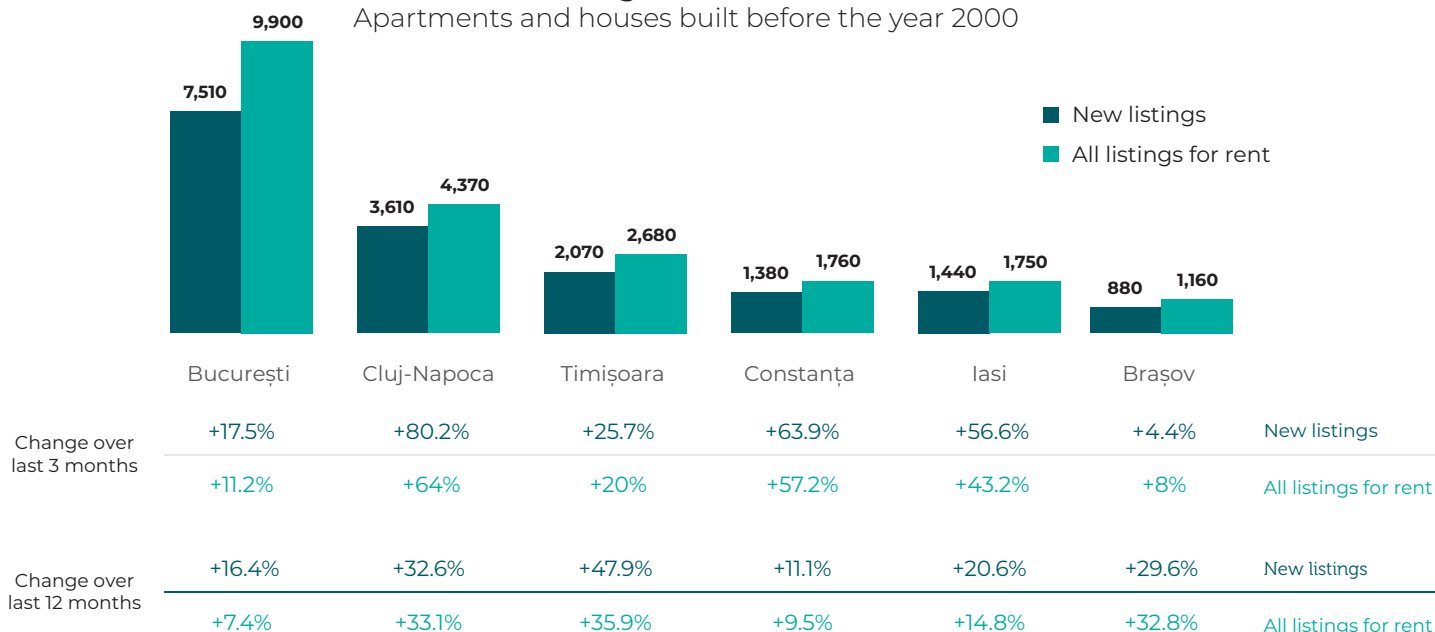
In Q3 2018, the total number of dwellings available for rent in major cities recorded a significant advance in comparison with the previous quarter, namely a 25.6% increase. Interestingly enough, the ascending trend was recorded in all the regional centres analysed, with the highest increases taking place in Cluj-Napoca (+64%), Constanța (+57.2%) and Iași (+43.2%). In Bucharest, on the

other hand, the rental offer is higher by 11.2% than for the previous three months, in Timișoara by 20% and in Brașov by 8%.

As for newly advertised rental announcements, data for the third quarter of 2018 reveal an ascending and even more pronounced trend compared to the previous one. So, if the overall increase was of 33.6%, the most significant increases were recorded in Cluj-Napoca (+80.2%), Constanța (+63.9%) and Iași (+56.6%). In Bucharest, on the other hand, 17.5% entered the market with more new offers.

Compared to the similar period in 2017, the number of new rental listings was up by 23.4%, higher than in the third quarter of the current year. Increases in this chapter were recorded for all major cities, starting with Timișoara (+47.9%) and continuing with Cluj-Napoca (+32.6%), Brașov (+29.6%), Iași (+20.6%), Bucharest (+16.4%) and Constanța (+11.1%).

Number of listings - for rent in Q2-2018
Apartments and houses built before the year 2000



Source: Analize Imobiliare and Imobiliare.ro

TRANSACTIONS REGISTERED WITH ANCPI

According to data released by the National Agency for Cadastre and Real Estate Advertising (Romanian: Agenția Națională de Cadastru și Publicitate Imobiliară, ANCPI), in the third quarter of the current year, 127,528 real estate sales were concluded at the national level - a number that marks the setback of 24.2% compared to the same period of last year (period during which 168,262 transactions were recorded). This significant quarterly decline means that the total volume of transactions recorded at national level in the first nine months of the year was of 5.1%, lower than in the similar period of 2017. Therefore, for the period January-September 2018, a number of 427,960 real estate sales have been recorded, according to official transactions, compared to 451,072 transactions recorded in 2017.

In the first nine months of 2018, most sales operations were recorded in Bucharest (59,851 transactions), followed by the counties Ilfov (with 30,621 contracts), Timiș (26,088), Cluj (24,854 purchases), Brașov (20,180), Iași (19,091) and Constanța (17,394). At this point, it is worth mentioning that Timiș county, which was in the first half of 2018, ranked second among the counties with the most transactions, and was overcome by Ilfov due the evolution recorded in Q3 2018. At the opposite end, the counties with the lowest level of the trading activity in the first nine months of the year, with less (or slightly over) 3,000 transactions each, are the following: Gorj (2.269), Olt (2.692), Tulcea (3.083) Sălaj (3.223) and Covasna (3.252).

“Following the evolution of the third quarter, Timiș county was exceeded by Ilfov in the national ranking of the counties with the highest number of recorded transactions since the beginning of the year.”

Source: ANCPI, year 2018



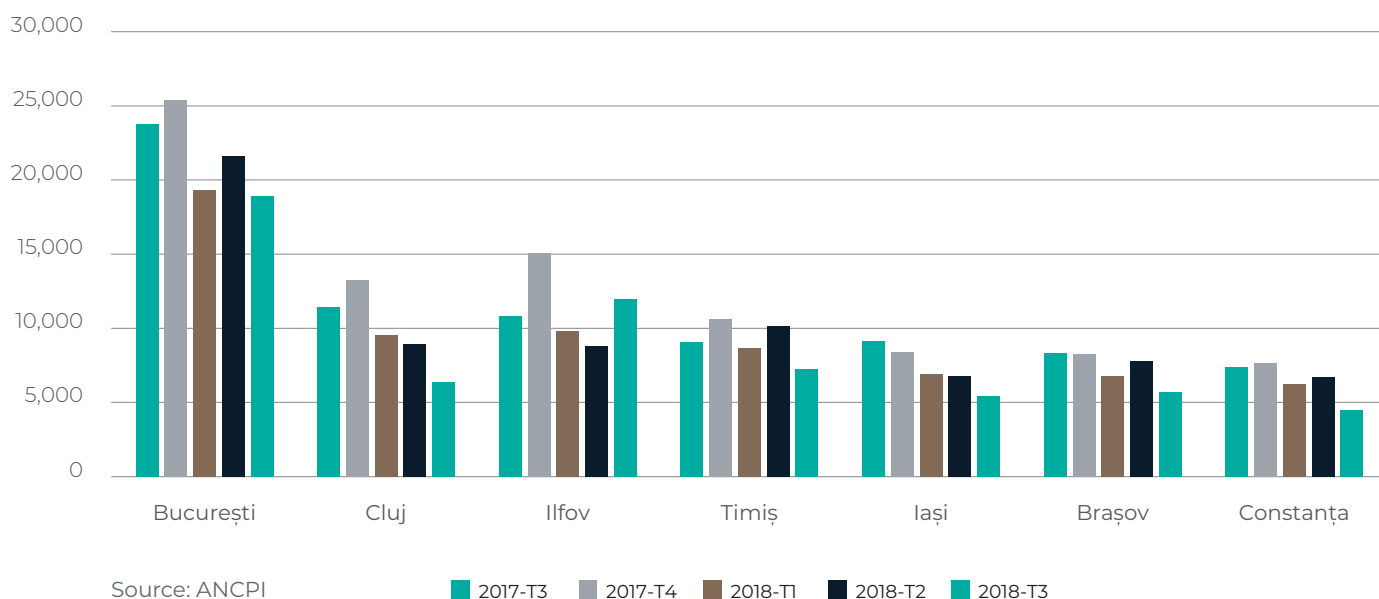
Quarterly evolution of transactions in main counties

With only one exception, the number of real estate transactions concluded in Q3 2018, in the counties most active in this chapter is lower compared to the same period of the previous year. So, 18,894 dwellings were sold in Bucharest last quarter, which is equivalent to a 20% decrease compared to the third quarter of 2017 (when 23,743 real estate properties were traded in Bucharest). On the other hand, in Timiș the volume of purchases decreased by about 20%, namely from 9,064 to 7,264 operations. In Brașov, the number of real estate sales declined at 12 months by 31.6%, from 8,295 to 5,673 transactions.

An even more significant decline of about 40% was recorded in Cluj county, where 6,402 real estate transactions were concluded (compared to 11,461 for the

same period of 2017). A similar 40.6% annual setback was recorded in Iași, from 9,124 transactions in 2017 to 5,416 in 2018. Last but not least, in Constanța the volume of transactions decreased by 39%, namely, from 7,378 to 4,489 sales operations.

As for the number of real estate transactions concluded in the last quarter, Ilfov county is the exception to the rule: in this county, the volume of real estate sales increased by 9.4% compared to the similar period in 2017, namely, from 10,850 to 11,976 of such contracts. This increase can be explained by the significantly higher number of purchases of built-up area without construction near Bucharest, compared to the second quarter of 2018 and the third quarter of 2017.

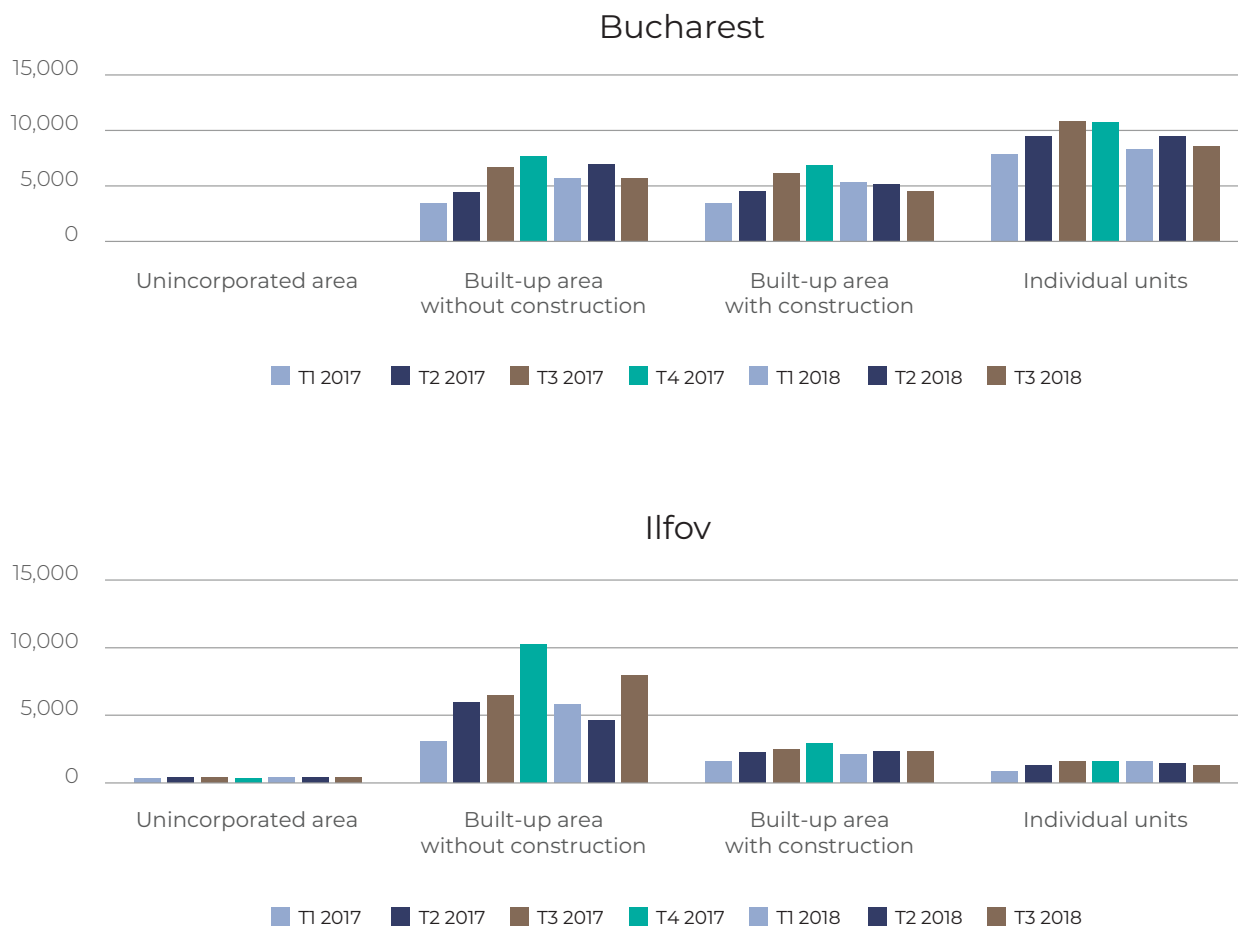


Quarterly evolution of transactions in Bucharest and Ilfov

In the third quarter of 2018, most of the real estate transactions recorded in Bucharest, respectively 8.615, had individual units (down from the level of 9,528 units reached in the previous quarter). Purchases of built-up areas with construction on the other hand were 4,546 (compared to a total of 5,159 in the previous three months), while the number of transactions of built-up areas without construction amounted to 5,733 (decreasing from 6.937).

On the other hand, in Ilfov county, transactions with individual units were the least numerous (a total of 1,243, compared to 1,447 in the second quarter of 2018); these

were followed by acquisitions of built-up areas with construction (a number of 2,347, slightly increasing from 2,325 in the previous three months). However, particularly interesting, is the substantial increase of more than 70% on the segment of transactions with built-up areas without constructions in Ilfov: the purchases in this category reached a total of 7,979 in the last quarter versus 4,626 in the previous one. Even though it is still unclear whether this development will continue in the next period, it shows the growing interest for real estate development in the areas around the capital.



Source: ANCPPI

TIME ON MARKET IN BUCHAREST

Between July and September 2018, the time necessary for selling an apartment in Bucharest recorded a slight increase compared to the previous three months, from 76 to 80 more days, to be more exact. This modification can be explained by the fact that the analysed period covers two summer months, respectively, July and August, in which many Romanians (and thus potential buyers) are planning their holidays - a natural effect of this occurrence being the slowing of the trading activity in the residential market. Even if September traditionally brings a revival in the field, this is not enough to completely counterbalance the lull during the summer season.

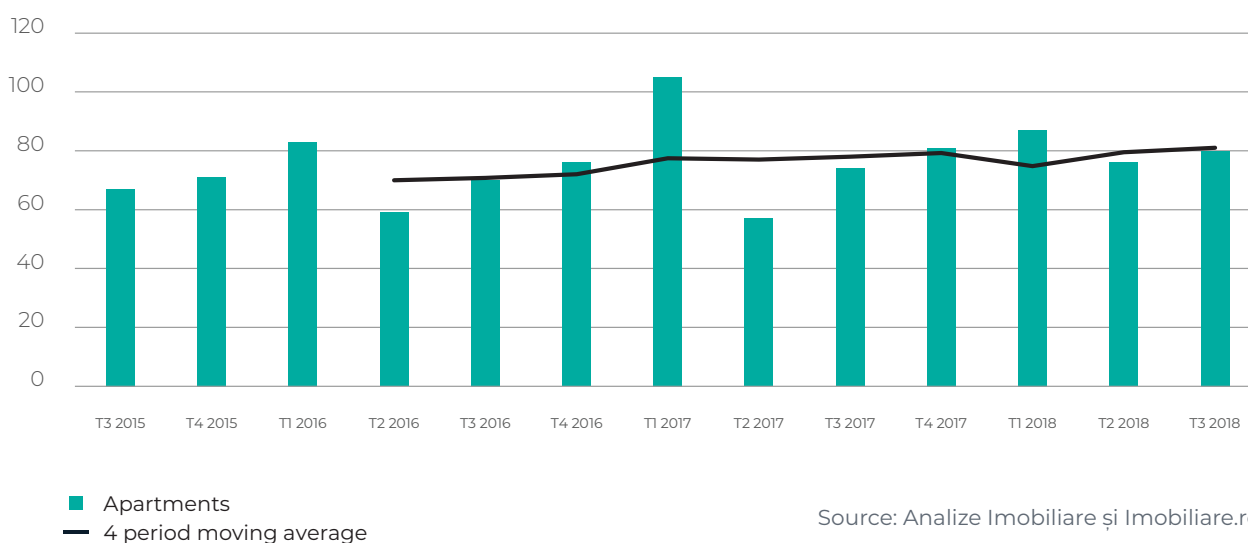
The evolution of the time necessary for an apartment to be sold - an important marker, in particular, for home owners - is, in fact, in full agreement with the "pattern" noticed ever since 2014. According to this "pattern", it is normal that the sale period of dwellings on this segment

to increase in the third quarter of the year compared to the second one (when homes are, in fact, sold the fastest). For instance, in Q3 2017, the time spent in a market apartment reached 74 days, compared to 57 days in Q2; in 2016, on the other hand, the period required for the sale of such a dwelling increased from 59 to 70 days in the same interval.

It is worth mentioning that in the last years, however, there is a general tendency to increase the time required for trading the apartments in Bucharest (for instance, from 58 days in Q3 2014, to 80 days in Q3 2018). However, this fact can be attributed to the stabilization trend of the market, especially in the last year, which is also evident in the evolution of prices. Therefore, buyers are no longer so pressured in quickly closing a deal, but can spend more time in finding the right dwelling.

„The time spent on the market for an apartment listed for sale has a cyclical evolution, depending on the periods of the year; traditionally, the third quarter brings an increase over the second one.”

Time on market in Bucharest (average no. of days)



Source: Analize Imobiliare și Imobiliare.ro

NEGOTIATION MARGIN

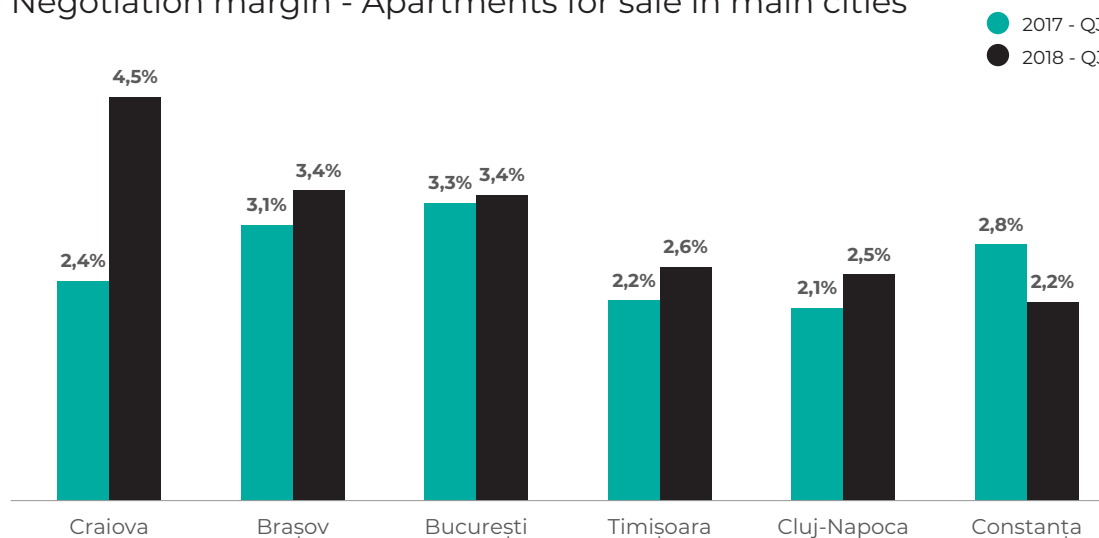
Due to the setback recorded by the prices increasing trend in the apartment market, the negotiation margins used to trade this type of dwelling (marker calculated as a difference between the final price requested by the owners and the final selling price) were higher in the third quarter of 2018 than in the similar period of 2017, for most cities under review. The only exception to this rule in this sense is represented by Constanța.

From the regional centres, with an average price of over 1,000 euros per useful square meter for the apartments available for sale, Craiova stands out by the highest negotiation margin, respectively 4,5% in Q3 2018 - for

comparison, in the similar period of the year the same marker was of 2.4%. Sellers in Bucharest, on the other hand, are willing to cut from the price up to 3.4% (compared to 3.3% in Q3 2017), as those in Braşov (versus 3.1% 12 months ago). In Timișoara and Cluj-Napoca, the accepted negotiation margin accepted by the owners is close to 2.6%, respectively 2.5% (compared with 2.2% and 2.1% respectively the similar period of 2017). In Constanta, on the other hand, the flexibility of sellers when it comes to prices declined in 2018 to 2.2% in the third quarter (down from 2.8% a year ago).

„Constanța is the only regional centre with an average price of over 1,000 euros per useful square meter for apartments where the negotiation margin is actually lower than it was 12 months ago.”

Negotiation margin - Apartments for sale in main cities



Source: Analize Imobiliare and Imobiliare.ro

CONSTRUCTION OF NEW DWELLINGS (INS)

As for the dwelling construction activity, the latest data published by the National Institute of Statistics (NIS) shows that, in the second quarter of the current year, nationwide, a number of 12,742 of dwellings have been completed. This number marks a significant increase, of 24%, to be more precise, than in the previous quarter, when only 10,273 housing units were finalized nationwide. Compared to the same period of the previous year, when 12,973 dwellings have been completed, the volume of deliveries recorded last quarter is slightly lower, namely, with about 1.8%.

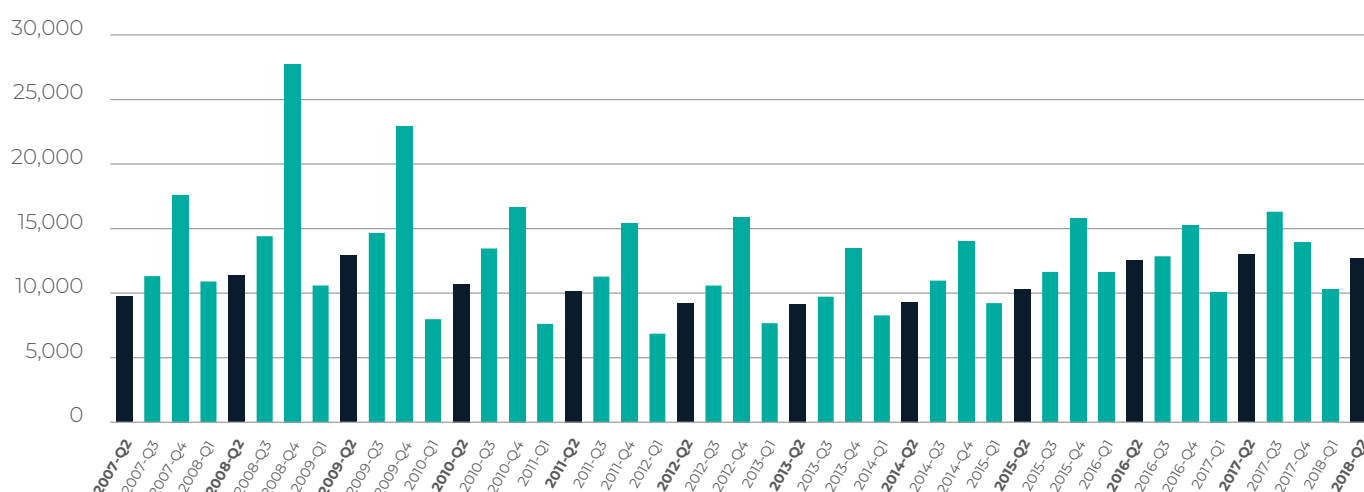
It is interesting to notice that, at least until the middle of the year, 2017 and 2018 are at a very close level from the point of view of the housing units completed nationwide. So, in the first semester of the current year, 23,015 dwellings have been put into use, at a level marking a negligible decrease of only 0.2% (the equivalent of 42 dwelling units), compared to the first half of 2017. It is

worth mentioning that the volume of dwellings built last year was below expectations, with only 53,301 units built, as the forecasts were estimating a 60,000 threshold (very close to 2008 and 2009). So, it is still to be understood whether, the year 2018 will keep the same pace of dwelling deliveries as 2017 or if - and by how much - it will be able to exceed the level reached last year.

It is worth mentioning that, generally speaking, the volume of housing deliveries increases in the last two quarters of the year compared to the first ones. In 2017, for instance, the third quarter of the year translated into 16,315 new homes nationwide, which was a plus of almost 26% over the previous three months. Even though fewer residential units were delivered in the last quarter of the year, 13,929, to be more precise, the number was still higher than the one recorded in each of the first two quarters.

„Reported to the data available up to mid-year, it is possible to notice that 2018 is at a very close level to 2017 level in terms of domestic dwellings deliveries delivered at national level.”

Construction of new dwellings



Source: INS

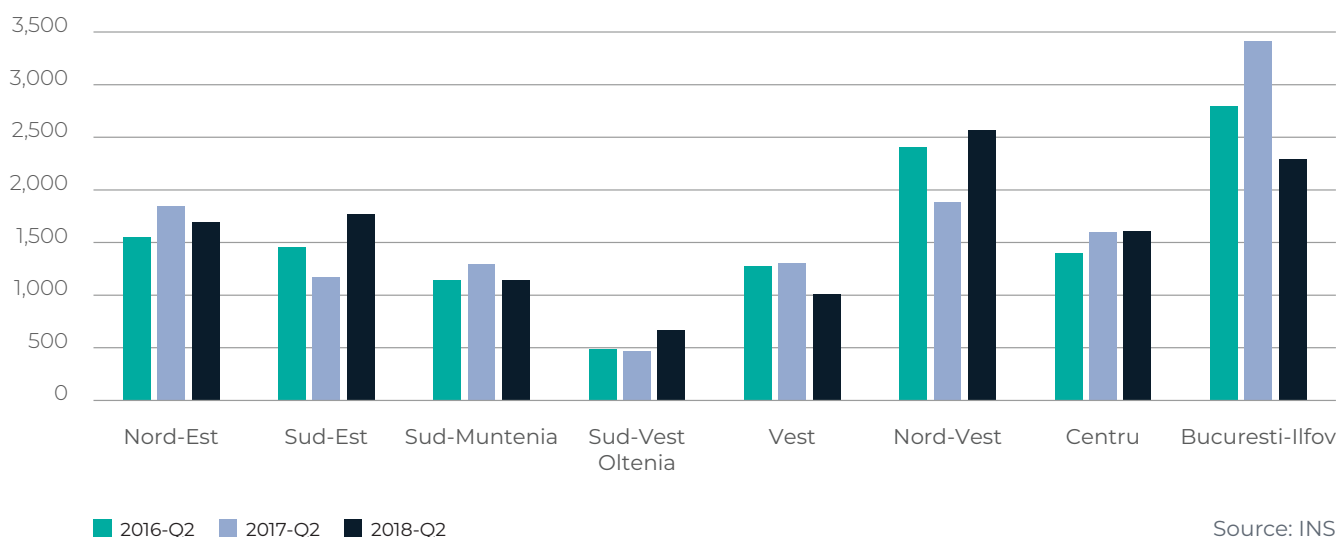
Housing built in Romania by region

According to the latest data available, in the second quarter of 2018, most of the development regions of the country recorded increases in the number of dwellings completed in comparison with the previous quarter. Therefore, the volume of deliveries increased from 1,176 to 1,692 residential units for the North-East area, from 1,074 to 1,767 in the South-East, from 408 to 665 in South-West Oltenia, from 2,221 to 2,564 in the North-West, from 1,239 to 1,607 units in the Centre region and from 1,653 to 2,294 in the area of Bucharest-Ilfov. On the other hand, decreases were recorded in the South of Muntenia (from 1,227 to 1,141 dwellings), but also in the West (from 1,275 to 1,012 units).

As a result of the variations recorded last quarter, the top of the regions by number of dwellings handed over is quite different compared to the first quarter of 2018, although, the first two areas remained the same: the Northwest region is the first, followed closely by Bucharest-Ilfov, the only areas with a quarterly volume of deliveries of more than 2,000 units. The following positions in the ranking are the South-East and the North-East, then the Central, South-Muntenia and the West. The South-West Oltenia area still distinguishes by the lowest quarterly volume of deliveries, namely, below 1,000 units.

„Unlike in the first quarter of 2018, the second meant an increase in the volume of home dwellings completed in most of the country's development regions, except for just two of them.”

Number of units built by region



ABOUT US

Imobiliare.ro

Launched in January 2000, Imobiliare.ro is the first and the most visited real estate portal in Romania. The portal has recently exceeded 1,650,000 visitors per month and includes the largest base of offers across all property categories nationwide. Since 2016, Imobiliare.ro has been part of the Swiss Ringier Group - one of the largest international media groups - and benefits from cutting-edge digital technology.

Over 18 years of experience, Imobiliare.ro has built up a strong brand among real estate portals, being recognized by 88% of Internet users with an active real estate need (according to a study carried out in December 2016). Furthermore, Imobiliare.ro is the main provider 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.), issuing regular communications on developments in the real estate market.

Imobiliare.ro has Romania's largest specialist real estate team (online, statistics, communications and consulting), with a total staff of 70 in 2017. At present, over 1,200 corporate clients (real estate agencies, developers and banks) benefit from all the expertise of Imobiliare.ro.

AnalizeImobiliare.ro

Launched in 2011, AnalizeImobiliare.ro is the first real estate data intelligence platform in Romania, developed by Imobiliare.ro in collaboration with top statisticians and top evaluators in the country, as well as with the support of Momentum Technologies - the Dutch company specialized in the development of information systems for the real estate market, and leaders in automated valuation in the Netherlands.

The major benefit of the platform is access to the Imobiliare.ro database, which includes all properties sold and rented from 2008 up to the present:

- Daily update of properties from over 9,000 localities
- Offers from owners, agents and developers (promoted online or in local newspapers)
- Tracking actual property transactions in over 20 cities across the country

In its 8 years of experience in the market, Real Estate Analytics has launched several innovative applications for automated property and real estate valuation, facilitating the work of estate agents and real estate valuers:

- Comparative Market Analysis (ACP)
- Property Valuation (EPI)
- Global Warranty Portfolio Assessment (AVM)

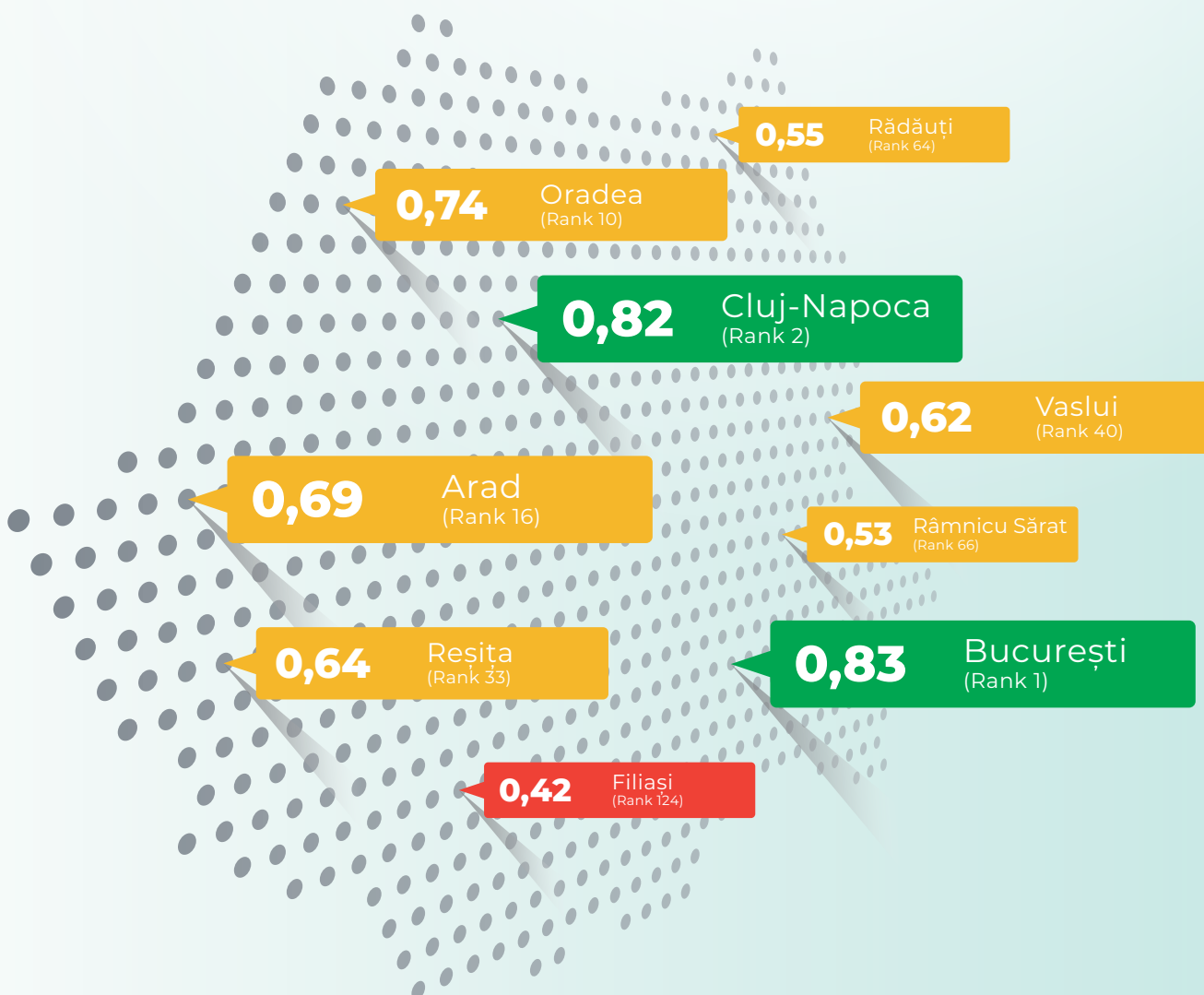
The PREMIUM AnalizeImobiliare.ro product is the **RE Market 360°**. It involves a thorough and personalized real estate market analysis tailored to customer requirements and may contain data relating to demand, current property

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