

Romania's growth potential will continue to attract new real estate investors in 2020

Romania is attracting more and more attention of real estate investors who want to enter the local real estate market or to expand their portfolio, after the good results from 2019, when the volume of real estate investments exceeded one billion euros. Attractive yields, good opportunities on the market in terms of available products and strong leasing activity on all sectors are the main factors identified by the experts gathered at Pre-MIPIM event, 2 nd edition, organized by Reed MIDEM - a member of Reed Exhibitions, organizers of MIPIM, NNDKP law firm, Matei-Borbely+Partners, together with CBRE Romania.

In 2019, the volume of real estate investments in Romania totalled about 1.06 billion euros, a record of the last five years in terms of transactions and with 7% higher than the figures registered in 2018, shows the research data from the real estate consultancy company **CBRE Romania**.

“Bucharest offers a prime office yield of 7% in combination with a prime headline rent of EUR 18.5 / sq m / month that results in capital values per sq m that are far lower than in other CEE capital cities. In the same time, the tenants in Romania are the same blue-chip companies as in those markets, whilst also the country risk, for example as can be derived from CDS (Country Default Spreads) rates, is similar to that of Hungary. This combination results in a very favourable risk adjusted return”, stated **Gijs Klomp**, *Head of Investment Properties at CBRE Romania, during the Pre-MIPIM event*.

According to CBRE Research data, in Central and Eastern Europe (CEE) the real estate investment market reached 14 billion euros in 2019. Poland maintained its position as a leader in the investment market at regional level, with a share of about 55 percent of the total, while Romania has a constant share of 7 percent. Looking forward, for 2020, CBRE estimates a total volume of real estate investments of 14,9 billion euros at CEE level, with the same share of 7 percent for Romania.

Lavinia Ionița Rasmussen, *Real Estate Partner at law firm NNDKP*, is of the view that these are exciting times for the Romanian real estate market particularly given the constant inflow of new and, even more excitingly, diverse capital.

“The Romanian market is increasingly mature in terms of the structure and consistency of the strategic, long term approach of the developers combined with that of the adjacent service providers and contractors. Also, the available products cover a larger variety, their quality and sophistication has increased to respond to tenants’ expectations. The later, at their end, are better prepared for expansion, aspects like well-being or change management are the norm in their requirements. Financial institutions have been stressed tested and their expected responses to unfavourable economic conditions can be better anticipated. The overall legislative package looks more complete while legislative changes seem more predictable”, stated **Lavinia Ionița Rasmussen** during the Pre-MIPIM event.

Voichița Lefter, *Policy and ChangeMaking Partner at Matei-Borbely+Partners*, added: “We are focused on the same goal of a more predictable legislation environment and supporting the endeavours of highlighting a more mature investment market in Romania.”

Another relevant factor identified according to local market trends in the past 24 months relates to the relationship between technology and legal services, especially those provided to the real estate sector. In what concerns the legal profession, experience shows that, as compared to other sectors of activity, there has been a slower process in embracing technology. However, **NNDKP** representatives are of the view that technology will be a catalyst for

legal delivery transformation, and that the digital age in the legal profession will not be only about lawyers, but about cross-disciplinary and cross-industry collaboration.

With Pre-MIPIM, 2nd edition, Reed MIDEM – organizers of MIPIM, NNDKP, Matei Borbely + Partners and CBRE Romania have designed a club-style high-profile gathering of the most influential representatives of the Romanian real estate community.