

Deloitte survey: Commercial real estate players in Romania will look for shorter contractual periods in the future

Commercial real estate players in Romania will be inclined to conclude contracts for shorter periods than before the pandemic, as almost 80% of owners, developers and investors in this field consider contractual adjustments and flexibility to be the main attributes that will count for tenants and end-users when the health crisis ends, according to Deloitte Romania Commercial Real Estate Survey 2021. Additionally, the survey highlights that contract terms meant to secure rent payment will make a difference in a post-pandemic scenario, as 64% of the respondents mentioned rent adjustments and incentives as the second most important element for tenants and end users.

The study also underlines that “the next normal” will likely translate into a reconfiguration of space volume for the commercial real estate industry, as 71% of respondents believe that this approach will be more frequent in the next period. Additionally, they anticipate a reconfiguration of the rental models, as 64% of the respondents highlight that barter contracts and exchange agreements could emerge in a post-pandemic scenario for the industry.

“Besides the challenges that will come from the way the entire ecosystem will adapt to the new business conditions, in Romania, the commercial real estate industry will also face fluctuations of prices and occupancy rates that will vary across different types of commercial properties. Prices will most likely continue an upward trend in warehouses and logistic parks, while for other types of properties the evolution would be mixed. In the future, the digital transformation of property management processes is likely to accelerate, as 80% of the local respondents believe that technology is the most important capability that needs to be developed in a post-pandemic scenario,” said **Alexandra Smedoiu**, *Partner, Deloitte Romania, and Real Estate Industry Leader*.

The COVID-19 pandemic also brings opportunities for the industry players, as half of the surveyed respondents believe that this is the proper context for the emergence of new business models, such as proptechs.

Technology and liquidity are the sector’s priorities in a post-pandemic scenario, the study emphasizes, as 80% of the respondents consider the availability of resources to meet cash needs to be one of their areas of focus, even when the health crisis will have ended.

“Compared to the financial crisis of 2008, the disruption caused by the COVID-19 pandemic did not generate significant shortage in terms of liquidity in the commercial real estate market. Furthermore, the financial institutions showed availability and continued to fund the ongoing commercial real estate projects during the health crisis, which is also reflected in the 10% increase of the number of non-residential buildings in 2020, compared to 2019, according to the National Institute of Statistics data,” said **Marius Vasilescu**, *Financial Advisory Director, Deloitte Romania*.

Deloitte Romania Commercial Real Estate Survey 2021 analyses perceptions of players in the commercial real estate industry on implications of the pandemic and the business prospects of executives and board members of Romanian commercial real estate owners, developers and investors.