

Land market

Land market recorded two distinct evolutions, depending on the type of land considered. Thus, agriculture land recorded a significant increase of the interest for the acquisition of large areas, under the condition of price increase that became more evident in 2013. The high level of interest occurs as foreigners will be able to purchase agricultural land starting 2014. Although the price of agricultural land increased, this level is still below the level recorded in western European markets.

The prices for agricultural land fluctuate between Euro 2.000-5.000 per hectare, depending on the quality of soil, presence of irrigation systems, proximity of storage and transport facilities. In the western areas of Romania, the prices are higher than Euro 5.000 per hectare due to high pressure of demand coming from west European farmers. The prices will continue to increase as the level demand will remain high while the landlords will become more aware of the value of agricultural land in the context of intensive European agriculture.

The market of land intended for real estate developments did not record significant changes compared with 2012. Excepting the areas of Bucharest that recorded completion of residential developments addressing beneficiaries of the "First Time Buyer" program, land market had a limited number of transactions generated by low interest of developers to acquire new plots. Projects initiated in 2012-2013 are developed on plots acquired during the period before economic crisis.

Demand is focused on small size plots, benefitting of certain urban indicators, situated within areas with good accessibility in the proximity of interest points. Demand was concentrated on plots proper for office and residential developments, especially on those for small scale developments. Purchasors are trying to speculate the limited liquidity and put a downward pressure on prices taking an aggressive approach of the negotiation process. However this attitude resulted in conclusion of some transactions, especially in case of properties offered for sale by banks that are willing to rapidly dispose the distressed assets. Among the most important land transactions recorded in 2013 we mention the transaction of the land attached to former Aversa industrial platform that was acquired by Benevo Capital for Euro 17.3 Million.

Demand will remain at comparable levels with 2013, being concentrated on plots proper for residential and office developments. Development activity in the last 2 years covered only partially the vacant plots. Developers have already in their portfolios plots suitable for developments. On this segment of real estate market, demand should be created, the owners should promote their properties directly to potential purchasors and use less other promotion channels (advertising, online ads etc).