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In line with the massive development of the worldwide real estate industry, which reached its peak in 2008, the Romanian real estate market witnessed a period of significant change and achievement. The residential, office and retail sectors have rapidly developed and in less than a decade Romania's real estate environment has substantially changed. At that time Romania became a very dynamic and attractive market for real estate investors, and foreign investments in this sector continued to grow, especially after it was announced that the country would join the EU in January 2007. The standard income tax rate of 16%, which was introduced in 2005, proved to be another valuable incentive worldwide for foreign investments, and a boost for real estate.

Nevertheless, the worldwide financial crisis of the last few years has inevitably impacted on Romania's development and left a mark on the main economic drivers, such as the real estate market. The new restrictive financing conditions, both at the level of real estate developers and end consumers, have limited investors' ability to complete ongoing projects for developing new ones, as well as reducing the end consumers' appetite to buy, especially in the residential sector. As a consequence, we have witnessed a significant shrinkage of investments in general, and for those in real estate in particular. However, since late 2009, the country's economic cycle has stabilised and at present it seems to be slowly but constantly showing signs of future ascent.

Besides the influence of anti-crisis measures in the international business environment, the revival of the Romanian real estate market is attributable to a number of key local factors. As an emerging economy, Romania still has a lot of unexploited opportunities, which make it an attractive market for foreign investors. Despite the financial crisis of recent years, the retail sector continued to significantly expand, stressing the Romanian market's ability to absorb more goods and services. The need for quality office space – generated by the business expansion of many multinational companies active in Romania – also fuelled this sector's growth.

Another factor strongly supporting the revival of the real estate market in Romania is the legal system and tax policy. After a transition period in which property law was changed to reflect the transformation from the communist era seizures of property to private ownership, the legal system is now stable and mature and allows the secure execution and implementation of real estate transactions.

The result of the improvements made to the Romanian legal environment over the last 20 years is the new codification of private law reports: on October 1, 2011, a new Civil Code entered into force.

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