ELEMENTS IN THE MARKET OF THE REAL ESTATE PROPERTY IN ORADEA

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Received: 27.05.2017 / Accepted: 20.08.2017 / Revised: 05.11.2017 / Available online: 15.12.2017

DOI: 10.1515/jaes-2017-0012

KEY WORDS: real estate market, economic and territorial administrative development, cross-border accessibility, supply and demand

ABSTRACT:

The location of Oradea in western Romania, in a constant development area, correlates with the existing human potential; the area becomes attractive for citizens from other geographic regions who have moved to Oradea. The real estate market of apartments is experiencing an increase reaching new highs in the trim. II 2017. The city of Oradea is part of the cities with economic potential, with the demand for housing. The prices upward trend must be correlated with economic growth and strength in order not to produce a new "crisis" effect.

1. INTRODUCTION

The administrative framework, by way of organization, hierarchy and geographical position, plays a key role in the management of real estate in different geographic areas.

The border area of the western region of Romania presents a specific typology: it correlates the human potential with the economic and social development. The main landmarks of an efficient real estate market are:

1. - cross-border accessibility,
2. - participation in the general framework for the implementation of the European Union's regional policies,
3. - easy access to the motorways in Hungary and Serbia,
4. - the political-administrative space strategically correlated with the human potential,
5. - territorial development with economic performances and economic, social and cultural objectives,
6. - efficient communication and transport systems,
7. - relational management between supply and demand of residential real estate,
8. - The area of polarization of different specific activities.

A recent World Bank study points out that around 3.6 million Romanians intend to move over the next five years; 66.5%

would prefer to stay in the most attractive cities in Romania, currently being Bucharest, Cluj Napoca, Timisoara, Brasov.

From the real estate point of view Cluj reflects the best economic development of the west of the country: rents and apartment prices have sometimes surpassed the value of similar properties in Bucharest.

The value of the apartments in Cluj is approx. 78% higher than the lowest point reached in January 2014, respectively 818 euro/sqm useful area, and in September 2017, 1,455 euro / sqm net area. Cluj is the most powerful IT hub in Romania, wages are high and, as a result, residents can afford to offer more for apartments or rents.

Other cities, such as Oradea, Pitesti are in a continuous development and the real estate market is the mirror of local economic activities. They are on the map of interest markets in this domain.

2. MATERIAL AND METHODS

During the economic crisis, the purchase price of housing decreased by 2.4% -5.6% annually. The market was blocked, with a huge difference between the prices demanded by the owners and the actual transaction prices.

In 2013, Romania experienced the weakest residential market in the world with a decrease of 10.43% after a 5.9% decrease in 2012, 6.99% in 2011, 22.08% in 2010 and 24.22 % in 2009 (global property guide.com).

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The residential property area has been greatly affected by the economic crisis: prices have decreased steadily, the number of transactions has been reduced, construction works have been blocked. The real estate market has become unstable and difficult to estimate as future developments.

In the years 2014 and 2015, in the west of the country, there were developments with tendencies of stabilization in apartments; however, the land market for real estate developments and rents continued to fall slightly compared to price increases for apartments.

According to Eurostat, Romania was the only EU market where the national average house price dropped by 0.7% at the end of the year, compared with + 1.3% in the euro area and + 1.5% in EU (Table 1).

Table 1. Percentage increases in house prices in the EU States

	Sem. I, 2016	Sem. II, 2016
Average in UE	1,3	1,5
UK	2,9	1,9
Finland	0,9	0,00
Romania	2,8	-0,7
Poland	0,8	1,9
Austria	2,3	0,5
Hungary	1,4	3,4
France	0,5	2,5
Spain	1,8	0,8
Germany	2,9	1,2
Bulgaria	2,8	1,6
Italy	0,3	0,1

According to the National Institute of Statistics, in 2015, the real estate market in Romania is growing.

The year 2017 brought the elimination of the tax for real estate transactions of up to 450,000 lei; those exceeding this amount are taxed by 3% for the difference between the value of the property transaction and the threshold of 450,000 lei (O.U.G. on the amendment of Article 111 of the Fiscal Code 2017).

The increase in consumption, wages, banks' flexibility for providing bonuses led to an average increase of 8.8% (real estate.ro, 26.05.2017).

The residential market in Romania is growing rapidly in 2017, an unprecedented increase that may be risky (Financial Stability Report, issued by the NBR in May 2017). There are regular, not speculative transactions. A reason for the price increases is also given by the fewer offers on the market than previous years and the more demanding housing demand.

There are some trends in the real estate market:

- increasing interest in quality. People who purchase dwellings are studying the quality of the building, building materials, and demanding the opinion of some purchasing specialists;
- integrated lifestyle, with quick access to facilities that simplify their lives: schools, green spaces, shopping areas, car parks, means of transport, safety;
- changing old dwellings with new ones for modern conditions, at modest prices;

- accessing the First House program that is still in force;
- acquisition for reinvestment of capital around a rate of approx. 10% of buyers (New Residence developer statistics).

Oradea is part of the localities that are becoming more interesting from an economic, tourist and architectural point of view. The location at 10 km from the border with Hungary, fast access to Central and Western Europe is an asset for the economic, cultural and tourist development of the area.

The modernization of Oradea International Airport is of strategic importance; a high potential for passenger and freight transport with direct external links across Europe has been created.

The revitalization of the historical center and the construction of modern leisure areas and Baile Felix and Oradea also led to an increase in the number of hotel rooms.

Development of Industrial Parks in Oradea, the arrival of foreign firms in the city led to the upward trend in the local real estate market (Figure 2).

Figure 2. Oradea map on neighborhoods

The current average price of the living quarters is approx. 30.5% over the lowest value at the beginning of the crisis.

In 2013, average prices per built square meter were still decreasing compared to the start of the crisis (Table 3, Figure 4).

Table 3. Values per square meter of housing in Oradea

Year	Price in euro sqm
2013	836
2014	823
2015	699
2016	722
2017, trim. I	794

Figure 4. Values per sqm for housing in Oradea (Study Dorian, DRS)

The price of old flats located in the central area is rising due to the labor force crisis in construction has led to higher house prices; building materials, new technologies have led to rising real estate prices, integrated lifestyle with fast access to commercial facilities, schools, parking, culture, health.

The most demanded and the most sought are the two-room apartments with prices between 40-53.000 euro, representing approx. 53% of the market.

In the 1st and 2nd semestre of 2017, the price increase for 2-room apartments was 10% on average. On the neighbourhoods, the prices of the 2-room apartments had average values (Table 5).

Table 5. Average values of 2 room-flats

Year	Central area -euro-	Rogierius -euro-	Ioşia -euro-	Velența -euro-
2013	27.000-46.000	30-40.000	20-30.000	20-32.000
2015	35.000-60.000	30-45.000	25-40.000	20-30.000
2017	57.000-75.000	33-50.000	35-45.000	23-45.000

These are average values because, depending on the location, facilities, access, floor, finishes, apartments were sold and with lower or higher values.

The data published by the National Institute of Statistics and Bihor County Department of Statistics are presented in Table 6 and Figure 7.

Table 6. Housing completed between 2013-2017, sem. I (Monthly Statistical Bulletin of Bihor County)

	2013	2014	2015	2016	2017, sem. I
urban	363	489	379	567	408
rural	475	543	517	573	190
Total	838	1.032	896	1.140	598

Figure 7. Housing completed between 2013-2016

It was been noted that in 2014, 18.79% more homes were completed than in 2013. In 2015 the number of completed dwellings was -11.5% less than in 2014. The year 2016 led to an increase of + 21.4% compared to 2015. In the first semester of this year 598 homes were completed compared to 2017 at the end of the sem. I 2016. I 2017 is + 36.28%.

As you can see, Oradea falls within the estimated general rate of annual growth of 18.79%, 21.4% and 36.2%. The exception is 2015, the year in which the trend has been decreasing.

3. CONCLUSION

At the "Real Estate & Construction Form" conference at the end of oct. 2017, was analyzed the country risk management of the Romanian real estate market on different sectors:

- A growing factor of the demand in this market represents the economic development: Brexit and the uncertain situation in some EU countries can bring the relocation of some companies to Romania, as well as the repatriation of some Romanians who want to do business in the country.
- The real estate market is more consolidated, grown up, and the rise in property prices is not aggressive as it was in 2007.

Oradea is a dynamic city with potential and demand from the point of the real estate market. Gradually, there was normalization of this market with relatively constant price increase.

There is interest in housing quality. There are new projects built by established developers as well as private investors.

Government funding programs for real estate remain among the favorite of those who want to buy.

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