

New beginning, new challenges

For the last three years everybody hoped that the beginning of each January should represent the return path to the healthy economy, to the optimistic prognosis and to better business than in the previous year and also that stability will become again the main reference for future plan.

The difficult macroeconomic conditions were stubborn enough to remind us that they are here to stay a little longer than expected and subsequently the forecasts, regardless of their positive or negative approach, had started slowly but surely to lose credibility.

Facing a new beginning, we consider appropriate to embrace the new challenges with the necessary dose of optimism and we wish you all a year full of accomplishments exceeding the expectations.

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ECONOMIC FORECASTS FOR 2012

Rating agencies have started the survey regarding national economic evolution during 2012.

According to Mediafax, citing one of the most famous rating agencies in the country, it is anticipated that Romania's GDP will grow by 2.2% this year, though the acceleration of European funds absorption and inflation will remain close to the target of 3%, fixed by the National Bank of Romania at the end of the year, facilitating more relaxed monetary policy conditions.



The uncertain economic situation in the Euro area, given the state debt crisis affects Romania's economic growth prospects for exports.

Faster absorption of European funds and increased internal investments should compensate the lower exports, maintaining economic growth over the threshold of 2% in 2012, after an estimated advance of 2.1% last year.

Inflation, which reached in September and November two new lows since 1990, about 3.4%, fell to 3% in December 2011, and is to maintain the same level at the end of this year, as well.

The rating agency cited above assigns Romania a Baa3 rating, with stable perspective, supported by the relatively low level of state debt compared to GDP, access to external financing and a promising perspective of economic growth on the medium term, which compensates for low income of population by comparison to other countries in the region, the large deficit of the balance between savings and investment, persistent fiscal pressures and persistent poor performance of the public investments and state companies.

(Source: wallstreet.ro)

ARACO: CONSTRUCTION MARKET REACHED 9.5-9.7 BILLION EUROS LAST YEAR

Construction market, which during the crisis was among the sectors that registered the most significant fall, amounted last year to about 9.5 -9.7 billion Euros, according to first estimates, declared one of the representative of the Romanian Association of Construction Entrepreneurs (ARACO).



In 2010, this market segment reached a value of about 9.7 billion Euros.

For 2012, there are many unknowns elements related to the capacity of financing contracts.

We are yet to find out if the government will be able to improve the absorption rate of structural funds.

Considering that, this is an election year, it is likely that there will be a peak of investments, however financial resources are still uncertain at this time.

The construction market might also face payment delays, which will affect the constructors' ability to operate.

(Source: ziarulfinanciar.ro)

HOUSING MARKET: WHAT TO EXPECT IN 2012

Demand for housing, both new and old buildings decreased due to the decrease of purchase power. Those still in need of a home, have turned to "Prima Casa" loans, maybe also driven by the fact that this government social program might end next year.

Prices followed the downward trend since the onset of the crisis, however percentages recorded in 2011 were not as spectacular as those recorded two years ago.



The indices of portals that monitor prices required by the sellers have shown price fluctuations sometimes downwards, sometimes upwards, indicating a slight stabilization. Even-so, the owners that intend to sell are willing to cut up to 15% of the price in negotiations.

Still, the data of the National Agency for Cadastre and Real Estate Publicity over the last ten months showed that the number of real estate transactions increased by 54,327 over transactions in the same period last year (526,558).

But neither 2012 looks brighter. Reduced demand and increased supply will cause prices to maintain the downward trend.

(Source: money.ro)

REAL ESTATE BACK ON STAGE

The end of last year revived the scene the real estate market and brought courage to investors. Some have bet on the acquisition of shopping centers, others on the development of office space, but they all had something in common: the desire to act and bet again on the real estate.

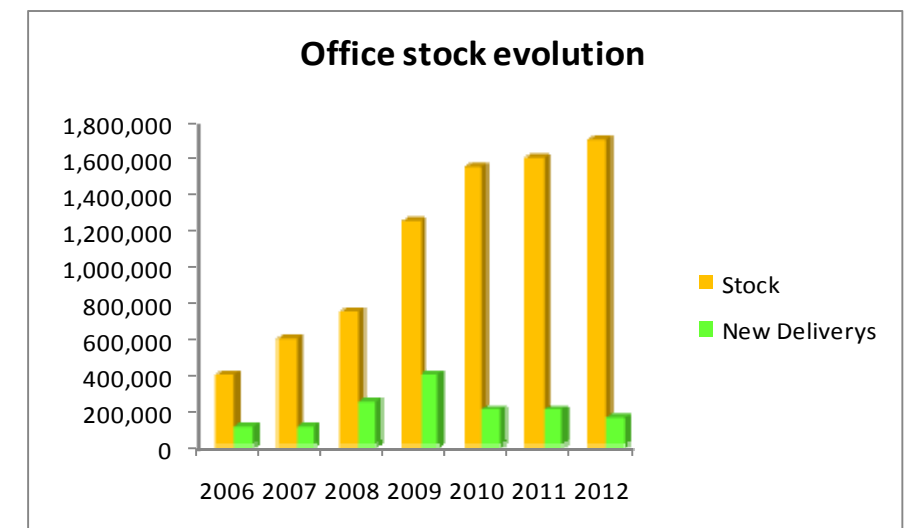
In the next four months investment transactions will be completed with a total value of 300 million Euros, most having as object office buildings, according to statements from representatives of a leading company in the field of real estate consultancy in Romania.

The office space segment returned on the developers' agenda with the decrease of vacancy rate by 15% in Bucharest last year, even down to 1% in areas such as Floreasca- Barbu Vacarescu. In this context, after a long waiting period, developers have moved and have decided to start large projects.

However, vacancy rates in Bucharest and in particular in the center and north, continue to decline, so that by the end of 2012 it could reach 10-12%.

In the context of the demand remaining constant and the volume of available good quality space has decreased dramatically, rents could rise, this trend being recorded mainly in central areas or areas with good accessibility and means of transportation.

(Source: wallstreet.ro)



BUCHAREST, AMONG THE 20 MOST ATTRACTIVE EUROPEAN CITIES FOR REAL ESTATE INVESTMENT



Bucharest is more attractive for real estate investors than Vienna, Brussels, Prague and Paris, according to a leading British newspaper The Telegraph which ranked our capital on the 12th position among the most interesting 20 European cities for investment.

Among the strengths of the real estate market in Bucharest, the British publication notes low transaction costs and a strong post-transition economy. Moderate to low rent yield, high taxation of rental income and the tendency to protect tenants are perceived as disadvantages for the capital of Romania.

Top Ten of the most attractive destinations for property investment is dominated by Eastern Europe and the among cities in Western Europe, only Amsterdam, Rome and Berlin manage to climb in the first half of the ranking.

Position 11, just before Bucharest, is occupied by Warsaw and the following positions are occupied by Bratislava, Ljubljana and Vienna. The last five cities are Brussels, Sofia, Prague, Helsinki and Paris.

(Source: dailybusiness.ro)

