



## ROMANIA

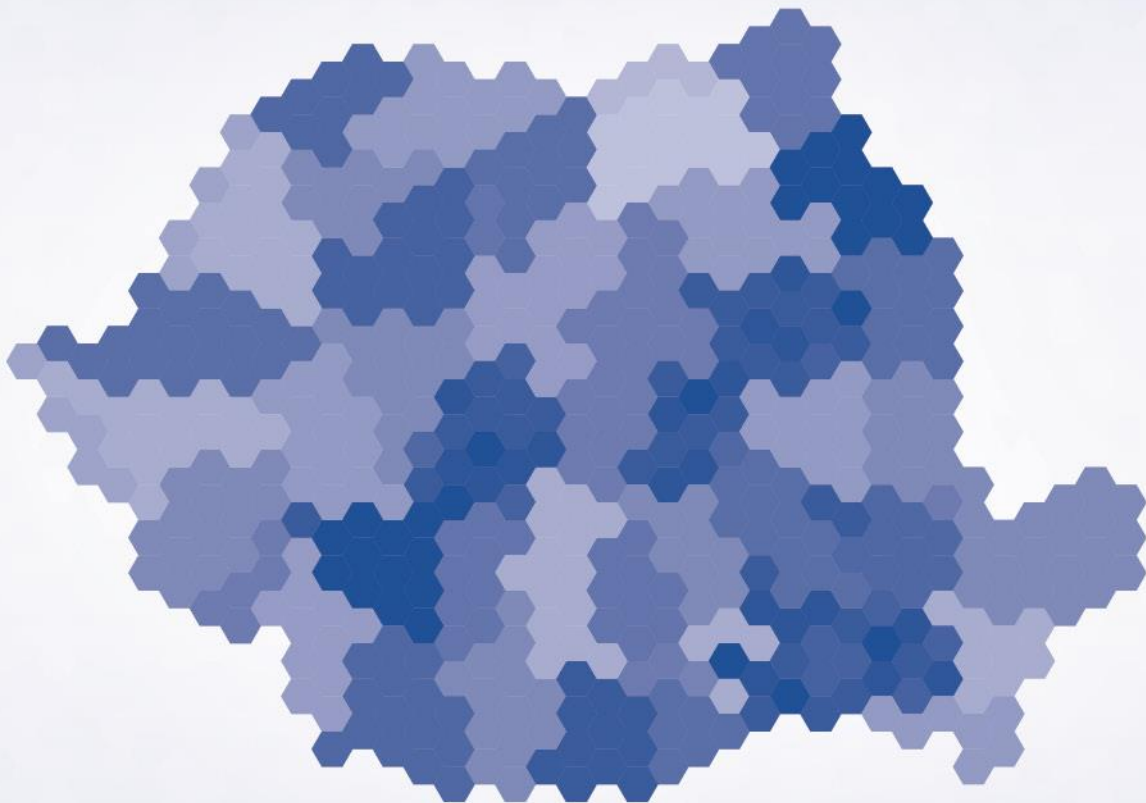
Reimbursable Advisory Services Agreement  
on the Romania Urban Policy (P171176)



## ROMANIA URBAN POLICY

### OUTPUT 1. COMPANION PAPER 4

**Support Paper. A history of private sector commercial and industrial property development in Romania**



MINISTERUL LUCRĂRILOR PUBLICE,  
DEZVOLTĂRII ȘI ADMINISTRAȚIEI



THE WORLD BANK



## ROMANIA

### Reimbursable Advisory Services Agreement on the Romania Urban Policy (P171176)

## OUTPUT 1. ANALYSIS OF EXISTING STRATEGIC, LEGISLATIVE AND PLANNING DOCUMENTS

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#### *Support Paper. A history of private sector commercial and industrial property development in Romania*

June 2020



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This report was delivered in June 2020 under the Reimbursable Advisory Services Agreement on the *Romania Urban Policy*, concluded between the Ministry of Public Works, Development and Administration and the International Bank for Reconstruction and Development on November 29, 2019. This report represents a supporting paper for Output 1 under the above-mentioned agreement - *Analysis of existing strategic, legislative and planning documents*.

## ACKNOWLEDGEMENTS

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The team would like to express its gratitude for the excellent cooperation, guidance, and timely feedback provided by the representatives of the Ministry of Public Works, Development and Administration, in particular to the Minister Ion Ștefan, State Secretary Mihail Veșteă, General Director Diana Țenea, Director Liviu Băileșteanu, Head of Office Radu Necșuliu, and also Daniel Vâlceanu, Amalia Virdol, Benjamin Stoica, Georgiana Toth, Emilia Milutinovici, Alina Huzui and all local, regional and national partners that have contributed to the elaboration of this report.

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## EXECUTIVE SUMMARY

This report was elaborated for the World Bank by Cushman & Wakefield Echinox under the Reimbursable Advisory Services Agreement (RAS) for the Urban Policy of Romania, signed between the Ministry of Public Works, Development and Administration (MPWDA) and the World Bank (WB).

**The report underlines the trends in Commercial Real Estate (CRE) developments and their effects in the Romanian urban environments.** The overall findings of this research show that the real estate market of Romania developed constantly in a beneficial socio-political context, resorbing the shock of the 2008-2009 financial crisis and benefitting from the urban improvements undertaken in some of the urban settlements.

**Office development illustrated a preference for central locations with good connections to public transit,** despite being limited to Bucharest and a few of the major growth poles, namely Cluj-Napoca, Timișoara, Iași and Brașov. The office sector is a major direct contributor to local budgets, attracting leading international companies in the IT sector in particular, and reshaping the urban form through both new facilities and urban regeneration projects.

**The industrial & logistics development is directly influenced by the direct connection to the national transportation network (i.e. highways)** and the new facilities gravitate towards the peri-urban area of a limited number of cities, strategically located in the county.

**Retail development stands out as the most uniformly spread across the county, emerging in the growth poles, secondary and tertiary cities alike.** While the retail market is predicted to expand, also being integrated in mixed-use regeneration projects planned on former industrial sites, high street retail has not been able to fully develop due to the convenience brought by shopping malls which integrate both shopping and leisure destinations.

Also, the study underlines the propensity for office spaces and for industrial parks to further develop, acknowledging a constant tendency of increase in the size of these types of properties, while also forecasting the major future trends in these areas.

# 1. CONTEXT AND PLACE OF THE COMMERCIAL REAL ESTATE DEVELOPMENT IN ROMANIA

## 1.1. The first investments in late 1990

Commercial Real Estate (CRE) has been one of the fundamental pillars for economic and social developments in Romania during the last two decades, providing both modern office, industrial and logistics spaces for companies to grow their businesses, and also leisure and entertainment areas in shopping centers or mixed-use projects.

CRE investments began in Romania at the end of the 1990's, when the first modern office buildings and shopping centers were completed in Bucharest. Projects such as Opera Center and Bucharest Mall set new benchmarks in terms of working space environment or shopping activity. Bucharest Mall, the first shopping center in Romania, opened in 1999 on Calea Vităniței, with visitors waiting in hundreds of meters-long queues to step in and enjoy a new experience. "I got a job at Colliers because I wanted to work in Opera Center. I looked at the brands on the façade and I applied for a job because I really wanted to work in that building", a former employee at Colliers is quoted.

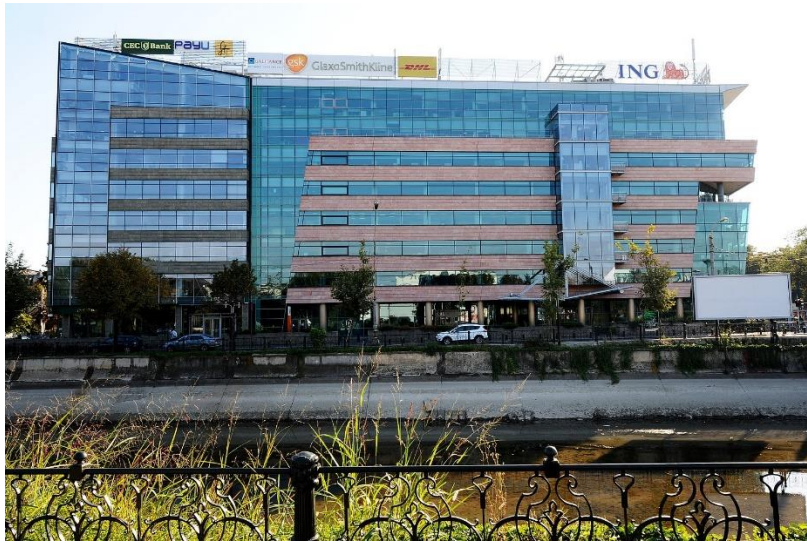
**Figure 1. Bucharest Mall opening day, September 1999**



Source: Pagina de Media <https://www.paginademedia.ro/wp-content/uploads/2013/09/bucuresti-mall.jpg>



Figure 2. Opera Center, one of the first modern office buildings in Romania, completed in 2001



Source: CA IMMO <https://www.caimmo.com/de/portfolio/projekt/opera-center-i/>

## 1.2. A maturing commercial real estate market

Benefiting from an improving geo-political context, due to the admission to NATO (in 2004) and EU (in 2007), the CRE market witnessed a rapid development which led to an over-supply and inflated prices which were corrected during the 2008 – 2009 financial crisis. Once banks and developers accepted their losses, the market started to pick-up again, with an important lesson being learnt. While a number of banks and developers exited the market or went bankrupt, all the other stakeholders adopted a conservative approach, avoiding speculative investments. As a consequence, 2015 – 2019 was by far the best period for CRE investments in Romania, with reasonable vacancy rates and competitive prices, an increasing number of specialized developers and investors and no major insolvencies.

## 2. CURRENT STATE OF THE COMMERCIAL REAL ESTATE MARKET IN ROMANIA

### 2.1. Office Market

Office developers have focused mainly on Bucharest and, in a second development stage, on the major regional cities, namely Cluj-Napoca, Timișoara, Iași and Brașov, amongst the largest and most attractive university centers in Romania.

These cities currently have a cumulated modern office stock of 4 million square meters, hosting approximately 400,000 employees working for companies active in technology & telecommunications, financial sector, professional services, etc., representing approximately 10% of the total number of employees from the private sector.

Bucharest is by far the largest office market, with a total stock of 3.1 mil. sq. m, being followed by Cluj-Napoca (337,000 sq. m) and Timișoara (245,000 sq. m).

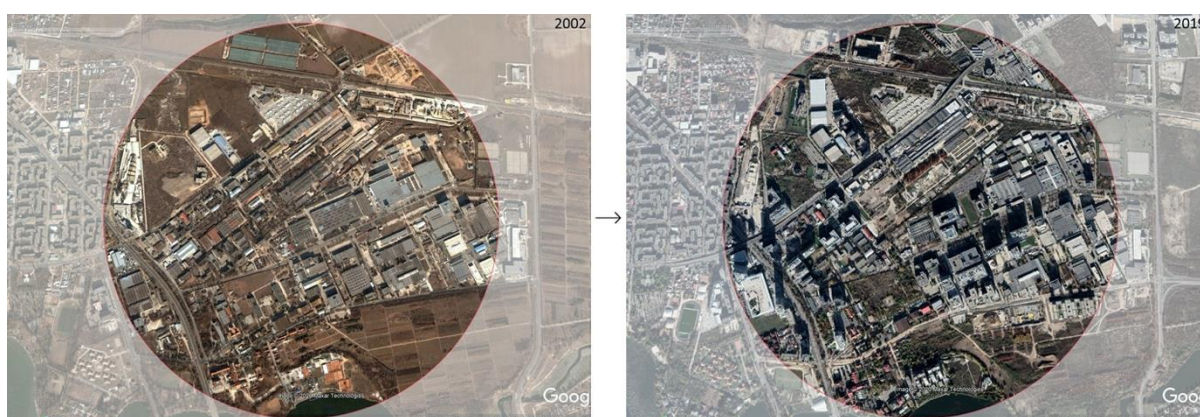
These buildings (approximately 350 properties) have created a suitable environment for companies such as Oracle, Microsoft, Amazon or HP to set and extend their operations in Romania benefiting from office premises comparable to their usual standards.

The five above mentioned cities have more than 350,000 students, representing approximately 70% of the total number of students in Romania, which translates to a significant pool of skilled workforce at competitive wages compared to Central and Western European countries.

Romania currently has more than 100,000 IT specialists, being considered a top global destination for software development and IT support.

The office buildings are a major direct contributor to the local budgets through building permits and property taxes, while also having a major role in reshaping cities, as some office developments are amongst the most prominent new constructions in Romania's cities. For instance, Sky Tower (137 m height) and Globalworth Tower (118 m height) became the tallest buildings in Bucharest during the last decade, while the general image of Floreasca – Barbu Vacarescu has dramatically changed during the last few years as a result of the major office developments in the area.

**Figure 3. Comparative view of the Floreasca/Pipera area - 2002 (left) and 2009 (right)**



Source: Google Earth Caption

Moreover, some office developers also refurbished a number of historical buildings in the city center combining modern technical features with classic facades, Magheru One, Brătianu Offices and Câmpineanu Office Building being amongst the most representative examples, located on the main traffic axis of Bucharest, between Piața Romana and Piața Unirii.

**Figure 4. Câmpineanu Office Building**



Source: National Architecture Biennale 2018 - webpage - <https://www.uar-bna.ro/2016/proiecte/203/>

**Figure 5. Magheru One**



Source: Magheru One webpage - <http://www.magheruone.com/gallery/>

**Figure 6. Brătianu Business Center**



Source: Global Vision webpage - [https://globalvision.ro/project/bratianu-business-center\\_12/](https://globalvision.ro/project/bratianu-business-center_12/)



Location is considered the main feature of a successful real estate project and when it comes to Bucharest office market proximity to metro station/s is a must – have for a successful project. Bucharest is one of the densest and most congested cities in Europe, while the infrastructure and public transportation system are poorly developed, reason why the metro is the most efficient mean of transportation at rush hours. As a consequence, office buildings which are accessible from a metro station in less than 7-8 minutes enjoy higher occupancy rates and higher rents compared to buildings which do not benefit from this feature.

However, it has been proved that major infrastructure projects have the capacity to drive the market and open new areas for office developments, the best example being represented by Basarab Bridge, the most important infrastructure project completed in Bucharest during the last 30 years which considerably enhanced the development of the Grozăvești – Politehnica area. The Basarab Bridge significantly improved the connection between the Western and Northern areas of Bucharest, while the proximity to the Politehnica University of Bucharest has represented an additional trigger for companies such as BCR, Bitdefender, IBM and Microsoft to relocate or consolidate their operations in the area.

In regional cities, there is a clear preference towards central locations, while having an international airport with good connections to other major business and financial cities in Europe is a major plus, sometimes compensating the deficit of terrestrial infrastructure, such as in the case of Iași, for example.

Major trends:

- Several investors began to integrate office buildings in large mixed-use developments, since proximity to retail and leisure amenities and modern residential units became a major selling point; this is applicable to Bucharest (One Cotroceni Park, One Floreasca, Timpuri Noi Square, AFI Park, etc.), but also to regional cities (Palas Iași, Silk District Iași, Iulius Town Timișoara, ISHO Timișoara, Record Park Cluj, United Business Center Cluj, Coresi Brașov, AFI Park Brașov);
- Since some of the traditional business hubs in Bucharest, such as Pipera and Central – North, tend to become overcrowded, developers refocused on central locations, which benefit from improved accessibility from all the areas of the city; during the last 2-3 years, we have noticed several land acquisitions in central locations, such as Calea Victoriei, Calea Dorobanților, Doamnei, Millo, Luterană or Tudor Arghezi for future office developments;
- While the salary pressure in some regional cities, such as Cluj-Napoca and Timișoara, increased significantly, due to an unemployment rate close to 0%, there has been growing interest for secondary cities, such as Craiova, Sibiu and Oradea, which also have a consistent number of students and are also targeted by a number of major office occupiers.

### Box 1. Silk District Iași - an example of mixed-use regeneration of urban brownfields

**Urban brownfields, resulting from former unprofitable industrial sites located within the urban core, are a strategic component for compact growth, given their location and good connections to existing infrastructure and utilities.**

As part of efforts towards resilient, compact urban development, urban regeneration of brownfield/vacant sites should be prioritized, especially in cities where they have a large share of the urban fabric. Given that industrial activities tend to relocate outside the urban core, due to cheaper land prices and environmental or technical considerations, these sites could be transformed into mixed-use developments, which have a significant impact on the social and economic development of a city.

In Iași, former industrial sites cover more than 3% of the city's total area but the Silk District redevelopment project is an example of good practice in repurposing former industrial areas.

Prime Kapital, in a joint venture with MAS Real Estate, aims to restore the 10 ha. area belonging to the former Tomiris/Teba platform in the economic circuit of Iași, as a response to the shortage of modern work and living spaces within the urban core. The project will combine 100,000 sq. m. of offices, 2,500 apartments, 8,000 sq. m. of retail and additional amenities such as a medical clinic and a fitness center. Planned to become one of the largest business parks in Romania, Silk District will also include an internationally affiliated hotel, 3,100 parking spaces, 90% of which will be underground, leaving space for a 4.9 ha. green and recreation area.

Overall, this project aims to meet the demand for office, retail and residential space while focusing on the quality of space and services provided, helping create 10,870 jobs, significant tax contributions and a new urban community.

**Figure 7. Rendering of Silk District, Iași**



Source: Prime Kapital Real Estate Developer <https://primekapital.com/residential/silk-district>

Depending on the global economic climate, it is estimated that the modern office stock in Romania might double to 7-8 million square meters in the following 7-8 years, with Bucharest having the potential to reach the 5 million sq. m threshold, while Cluj-Napoca and Timișoara should exceed 500,000 sq. m each<sup>1</sup>.

**Table 1. Modern office stock (End of Q1 2020)**

City	Modern office stock (sq. m)
<b>Bucharest</b>	3,140,000
<b>Cluj-Napoca</b>	337,000
<b>Timișoara</b>	245,000
<b>Iași</b>	205,000
<b>Brașov</b>	<b>138,000</b>

Source: Cushman & Wakefield Echinox own data

**Table 2. Major office landlords in Romania (End of Q1 2020)**

Company (major shareholder origin)	Modern office stock (sq. m)
<b>Globalworth (Czech Rep. / Germany / South Africa)</b>	425,000
<b>Immofinanz (Austria)</b>	207,000
<b>CA Immo (Austria)</b>	165,000
<b>Genesis Property (Romania)</b>	150,000
<b>Iulius Group (Romania) &amp; Atterbury Europe (South Africa)</b>	148,000
<b>NEPI Rockcastle (South Africa)</b>	118,000
<b>Dedeman (Romania)</b>	115,000
<b>Vastint (Sweden)</b>	96,000
<b>AFI Europe (Israel)</b>	92,000

Source: Cushman & Wakefield Echinox own data

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<sup>1</sup> This report is drafted during the Covid-19 pandemic, with the economic impact not yet clear and all predictions pointing to a global recession. This might significantly disrupt the current development and investment trends.

**Table 3. Major office occupiers in Romania**

<b>Occupier</b>	<b>GLA (sq. m)</b>
<b>Oracle</b>	60,000
<b>OMV Petrom</b>	54,000
<b>Renault Group</b>	42,000
<b>BRD SocGen Group</b>	40,000
<b>HP</b>	37,000
<b>Ubisoft</b>	30,000
<b>Erste BCR</b>	34,000
<b>Orange</b>	25,000
<b>ING Bank</b>	25,000
<b>Unicredit Bank</b>	24,000
<b>Microsoft</b>	23,500
<b>Vodafone</b>	23,000
<b>Raiffeisen Bank</b>	23,000
<b>IBM</b>	22,000
<b>Honeywell</b>	22,000
<b>Genpact</b>	22,000
<b>Luxoft</b>	20,000
<b>Amazon</b>	20,000

Source: Cushman & Wakefield Echinox own data

## 2.2. Industrial & Logistics Market

From a commercial real estate perspective, the Industrial & Logistics market in Romania has started to develop at the end of the 1990's, when the first warehouses were delivered at the outskirts of Bucharest near the A1 highway, which is currently the most important logistic hub in Romania.

From the beginning, developers were strictly focused on locations which benefit from quality infrastructure, A1 being at that moment the only highway in Romania which connected two cities – Bucharest and Pitesti. As a consequence, A1 became the main gate entrance in Bucharest for heavy transportation, making it a strategic location for logistic operations.

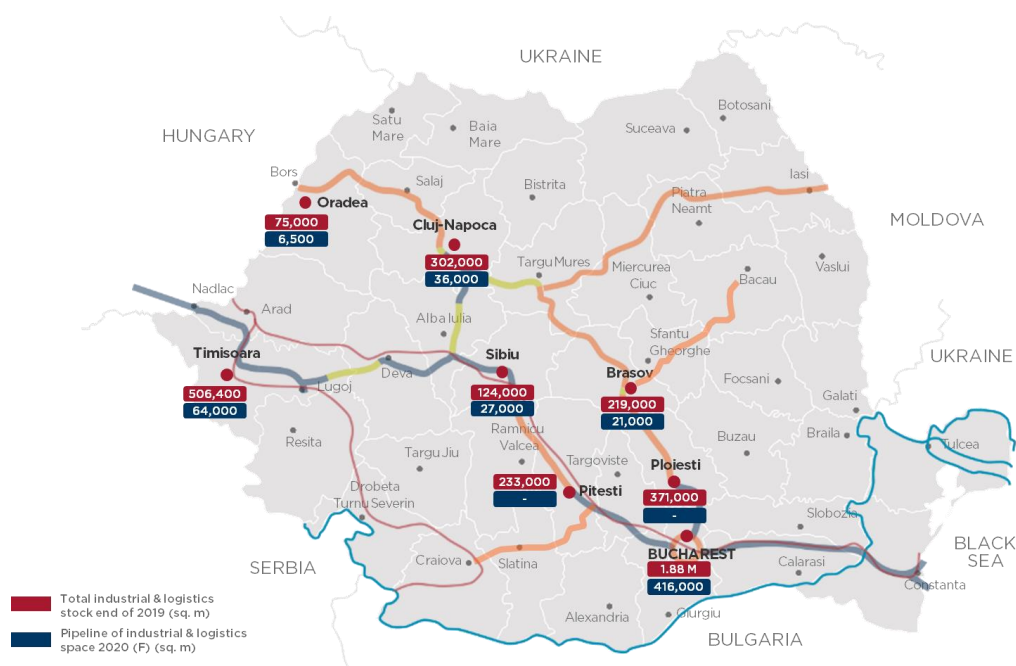
Nowadays, there are approximately 1.4 mil. sq. m of commercial logistic spaces near the junctions located at kilometers 13 and 23 of A1, representing 70% of Bucharest stock and approximately 35% of the total stock in Romania, which has recently reached the 4 mil. sq. m threshold.

Due to the fact that Bucharest is the largest consumer market in Romania, with app. 2.5 mil. inhabitants, most of these spaces are leased for logistic activities, while in Timișoara, Brașov and Sibiu there is a clear preference towards industrial activities.

Compared to office and retail developments, logistics and industrial spaces are even more client orientated, a major share of those projects being of the built-to-suit type, while the leasing terms are usually longer, with a standard of 10 years for industrial facilities.

There is an obvious predilection towards a particular city profile, since more than 90% of the industrial and logistics stock in Romania is located in 8 cities: Bucharest, Timișoara, Ploiești, Cluj-Napoca, Brașov, Sibiu, Pitești and Oradea. Moreover, the only cities in the eastern part of the country that have attracted the attention of private developers of industrial and logistics parks are Iași, Roman and Brăila, which however accumulate less than 3% of the total stock, being avoided by most developers and potential investors primarily because of the infrastructure related problems. The geographical position and infrastructure issues seem to be more important than the labor force availability, since smaller cities, such as Râmnicu Vâlcea, Deva and Turda managed to attract industrial and logistics developments mainly as a consequence of their strategic location in the country.

**Figure 8. Major industrial and logistics hubs in Romania**



Source: Cushman & Wakefield Echinox own data



These private investments sometimes compete with industrial parks initiated by local authorities, projects which incentivize investors by applying tax reductions and attractive land concession costs.

Major trends:

- Due to the rapid development of e-commerce, in-city logistics are increasing in popularity amongst developers and occupiers, since they reduce the delivery times for small packages;
- Constanța is perceived and has the potential to become a major gate between Europe and Asia, once Romania will become a member of the Schengen Agreement and once the highway between Constanța and Nădlac (Hungarian border) will be fully functional; some developers, such as Global Vision and WDP, are already securing lands and initiating the first development phases of logistic projects in the area;
- During the last few years, there has been a clear trend of polarization, with CTP and WDP being the most active investors and developers. These companies currently have a combined portfolio of more than 2 mil. sq. m in Romania, reflecting a market share of almost 50%.

**Table 4. Major landlords market share**

Rank	Name of the owner (major shareholder origin)	Total size of industrial stock (sq. m)	Market share
1	CTP (Netherlands)	1,146,000	27%
2	WDP (Belgium)	903,000	21%
3	P3 (Singapore)	380,000	9%
4	Alinso (Belgium)	202,000	4.8%
5	Globalworth (Czech Rep. / Germany / South Africa)	189,000	4.4%
6	Logicor (China)	176,000	4.1%

Source: Cushman & Wakefield Echinox own data

**Table 5. Top largest industrial & logistics parks in Romania**

Project	City	Size (sq. m)
CTPark Bucharest West	Bucharest	459,000
P3 Park Bucharest	Bucharest	380,000
CTPark Bucharest	Bucharest	374,000
WDP Park Stefanesti I & II	Bucharest	214,000
Ploiesti West Park	Ploiesti	202,000

Source: Cushman & Wakefield Echinox own data

## Box 2. Retail and industrial migration towards suburbs – Ploiești case study

**In the Ploiești area, new urban development, especially from the industrial and commercial sectors, has gravitated towards the suburbs, along the administrative boundary of the city and beyond, in Blejoi and Ariceștii Rahtivani.**

Ploiești is one of the secondary cities that managed to attract significant investments after 1990, due to its proximity and direct connections to Bucharest (via DN1) and new infrastructure projects meant to ease traffic between the two cities, namely the West Ring Road (delivered in 2010) and A3 Highway (delivered in 2012).

Given the dense urban fabric of the city, new development gravitated outside the urban core. Nevertheless, development does not follow the urban edge but emerged as leapfrog development clustered in Ariceștii Rahtivani and Blejoi. Retail sector investors preferred Blejoi, while Ariceștii Rahtivani became a strategic industrial hub for some of the largest companies in the world.

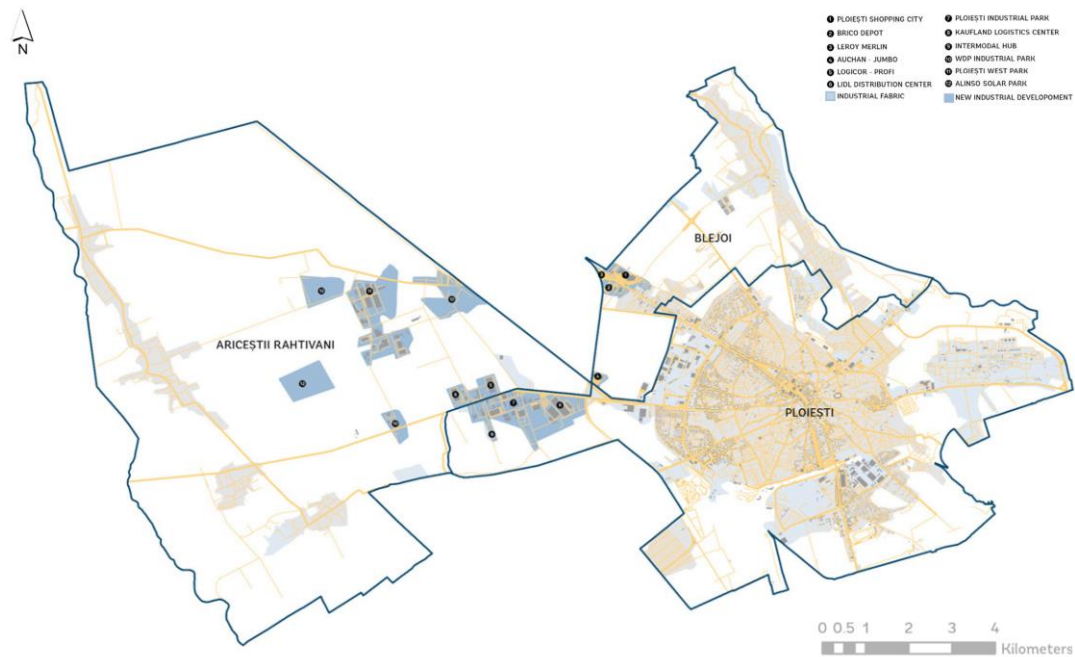
Industrial development in Ariceștii Rahtivani has been influenced by its location within the national transportation network (A3 highway, rail lines), cheaper land prices than Ploiești or along DN1, and stakeholder involvement which facilitated land acquisition and the relation with local authorities.

Consequently, investment had a positive influence on the quality of life within the commune, with all streets being paved and most households being connected to gas and water systems, with the local budget income increasing from 1 mil. RON in 2005 to 30 mil. RON in 2019 and the number of jobs available (9.919 in 2019), far exceeding the active population (8.133 inhabitants in 2017).

The retail developments in Blejoi, mainly driven by Ploiești Shopping City, a 46,000 sq. m. shopping center, target the catchment area of Ploiești, while the modern retail facilities in the commune, amounting of approximately 100,000 sq. m. surpass those of mid-sized county capitals such as Târgoviște, Râmnicu Vâlcea or Târgu Jiu. While new retail development continues to gravitate towards Blejoi, the commune benefits from generous local budgets far surpassing communes of the same size (estimated at 26.7 mil RON in 2020) and infrastructure investment, such as the first suspended roundabout in Romania built in 2016 at the intersection of DN1B and DJ102.

Despite the overall financial advantages brought by retail and industrial development in the communes surrounding Ploiești, there are also negative consequences such as pollution and traffic jams, while the new jobs created are not always suitable for the inhabitants of rural areas without specialization and training. However, these investments allow local authorities and companies with a responsible attitude to act towards minimizing the challenges.

**Figure 9. Ploiești region: industrial development clustered N-V of the urban core**



Source: World Bank, using Cushman & Wakefield Echinox data

### 2.3. Retail Market

The modern retail stock in Romania is of 3.9 sq. m gross leasable area (GLA) divided as follows: 56% in shopping centers, 37% in retail parks and 7% commercial galleries, with a corresponding density of 194 sq. m / 1,000 inhabitants, still one of the lowest in Europe and showing a clear potential for expansion on both short and long terms.

In contrast with the developments from the other real estate market segments, retail stands out as the most uniformly spread one, as almost all regional (250,000 – 350,000 inhabitants), secondary (150,000 – 250,000) and tertiary (50,000 – 150,000) cities benefit from a retail project of some kind, most of them being quite successful, thus allowing for the development of smaller retail schemes even in cities with less than 50,000 inhabitants. This is an ongoing trend that will certainly continue going forward taking into account the increasing wages and purchasing power that create a critical mass suitable for such projects in the aforementioned cities.

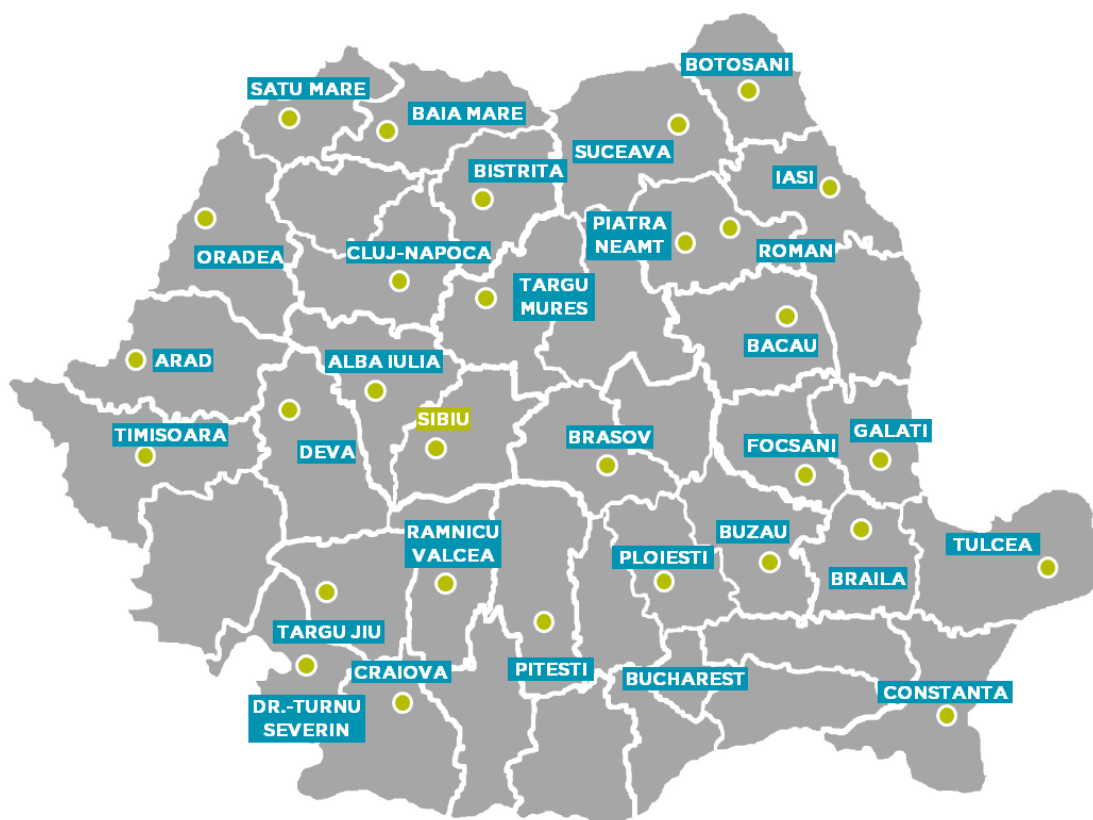
In regards to the history of retail developments in Romania, they can be split in two halves (before and after the financial crisis): at the end of 2009, the total retail stock in the country was of 2.2 million sq. m GLA, out of which around 1.8 million sq. m were delivered between 2006 and 2009, during the so-called “booming period” and only 1.7 million sq. m have been delivered in the following decade, but at more stable and conservative rhythm. This was the result of the developers’ changed focus on cities and regions with less competition, thus taking a safer and less risky route. This proved to be more rewarding, as retail sales even reached double digit growths in the period between 2015 – 2019 (compound annual growth rate of 8.9%).

The impact of those new developments has been overwhelmingly positive in the sense that the Romanian retail landscape has totally changed from an archaic mix of former communist era shops and markets which were not subject to significant taxation to modern shopping centers which brought well known international brands in the country, increasing the competition between retailers. Moreover, these projects have a significant contribution to local budgets via building permits and property taxes while also setting the foundation for creating more than 100,000 jobs in the retail industry.

A tendency can be seen during the last few years in relation to a number of mixed-use projects that have either been developed, are currently under construction or undergoing the final phases of the permitting processes. Most of these projects were or will be built on former industrial sites, thus highlighting the immense potential of urban regenerating projects. For example, over 10 real estate projects have been launched during the last 5 years involving the redevelopment of former industrial platforms, projects covering a total area of more than 130 hectares and totaling more than 460,000 sq. m of office space, 110,000 sq. m of commercial space, over 6,000 apartments and, last but not least, over 10,000 new parking spaces, while a few other important projects of this kind are due to be completed in the coming years both in Bucharest and in other relevant markets in Romania. Those projects show that retail is key component of the so-called “work-live-shop” concepts that aim to integrate some of the major everyday aspects into a single large project.

On the other hand, high street retail has not been able to fully develop and become a relevant actor, as a consequence of the continuous development of modern retail schemes. Shopping centers are seen as a more attractive choice due to their role as both a shopping and leisure destination (through cinemas, restaurants, playgrounds etc.) and most retailers chose to be present in the dominant retail schemes rather than on the main high streets in the country. Moreover, Romania is not considered a major touristic destination and therefore there is not a critical mass of tourists that would allow for the success of high street retail in the country, something which will translate in a continued preference toward shopping centers in the immediate future.

Figure 10. Romania – map of cities with modern retail stock



Source: Cushman & Wakefield Echinox

**Table 6. Major retail landlords in Romania (End of Q1 2020)**

<b>Company (major shareholder origin)</b>	<b>Modern office stock (sq. m.)</b>
<b>NEPI Rockcastle (South Africa)</b>	726,000
<b>Iulius Group (Romania) &amp; Atterbury Europe (South Africa)</b>	259,000
<b>MAS REI – Prime Kapital (South Africa)</b>	188,000
<b>Immofinanz (Austria)</b>	153,000
<b>AFI Europe (Israel)</b>	123,000

Source: Cushman & Wakefield Echinox own data

**Table 7. Largest shopping centers in Romania**

<b>Project</b>	<b>City</b>	<b>Size (sq. m.)</b>
<b>Iulius Mall</b>	Timișoara	93,000
<b>AFI Palace Cotroceni</b>	Bucharest	90,000
<b>Shopping City Sibiu</b>	Sibiu	83,000
<b>Sun Plaza</b>	Bucharest	82,000
<b>Mega Mall</b>	Bucharest	76,000
<b>ParkLake Plaza</b>	Bucharest	69,000
<b>Baneasa Shopping City</b>	Bucharest	75,000
<b>Electroputere Parc</b>	Craiova	71,000
<b>Palas Mall</b>	Iași	63,000
<b>Iulius Mall</b>	Cluj-Napoca	62,000

Source: Cushman & Wakefield Echinox own data

### 3. CONCLUSION

Since the late 1990s, Romania has increasingly become an attractive market for investors even though investment, foreign or local, is not evenly distributed at the national level. Generally, Bucharest and the major regional cities and university centers are preferred for office development, industrial development is driven by location and infrastructure connections to a limited number of cities, and retail development stands out as the most uniformly distributed.

Commercial real estate development is a major contributor to the local budget of a municipality and an active factor in terms of reshaping the urban space. Commercial real estate trends influence land consumption patterns as industrial development gravitates towards the peri-urban ring, usually through leapfrog development, the office sector manifests a clear preference for central locations – with the exception of Bucharest, while retail facilities tend to cluster in shopping centers more evenly distributed across the urban core and its boundary. While greenfield developments are favoured, newer projects also include refurbished historical buildings in the city center and the redevelopment of brownfield sites into mixed-use projects.

Overall, while real estate developments have significantly intensified during the last decade, there is still a clear potential for expansion in all sectors. Consequently, the constant interaction between the public and private sectors is critical for the harmonious spatial and economic development of urban areas.