

Cluj-Napoca's Residential Market Booming: More than 3,500 New Apartments to be Delivered in 2016

The second largest real estate market in Romania after Bucharest, Cluj-Napoca continues its ascent with a high number of apartment completions as well as substantial price increases for residential properties.

Supported by strong economic growth and an increasing demand for urban living, Cluj's residential market is now stronger than ever. More and more young people – most of them graduates of Cluj-Napoca's prestigious universities - choose to put down roots in Cluj-Napoca, enticed by the lively cultural scene as well as the thriving job market. Being home to such a talented work force, the city has attracted many investors in recent years, including international companies such as Emerson, Endava, and Fujikura that decided to set up shop in Transylvania's biggest city.

Thus, to meet this growing demand for apartments, developers started building more and the residential market is booming with new construction. No less than 2,300 housing units will be delivered to Cluj-Napoca's condo market in 2016, up nearly 50% from last year. Most of the new residential projects are targeted at mass and middle market segments, including apartment communities such as Bonjour, Contemporano, Platinia, and Sophia.

Most of the new construction is concentrated in the city proper yet the suburban area is benefitting from the favorable economic conditions as well. More than 1,500 market-rate apartments are projected to be completed this year in suburban areas such as Floresti, Baci, and Apahida.

Apartment completions in the Cluj-Napoca metropolitan area are expected to total approx. [3,500 new units](#) in 2016, according to a study conducted by Coldwell Banker Affiliates of Romania on the residential market in Romania in 2016.

"The absorption rate of apartments built in 2015 in Cluj Napoca is very high, about 95%, mostly due to the rising demand for apartments and the healthy investment sector," said Anamaria Burca, managing partner of [Coldwell Banker Transilvania](#), the local office of Coldwell Banker Affiliates of Romania. "We expect the projects that are currently under construction to be absorbed in the next 9 to 12 months."

Cluj-Napoca's Residential Market on the Rise

The residential market has been on a [steady rise in the last 12 months](#), with prices for 1-bedroom apartments (2 camere) hitting an all-time high of 71,000 Euros on average in September 2016, according to a recent study conducted by Coldwell Banker Transilvania based on listings featured in Piata de la A la Z, the print edition.

After 10 months of consistent price increases, the growth rate has slowed in July - August, largely due to the implementation of the Datio in Solutum Law (Legea Darii in Plata) which locked out a significant number of buyers from acquiring home loans. Many financial

institutions now require a down payment of 35% to 40% of the sale price to qualify for a mortgage loan.

Another large segment of buyers, those who benefited from the First Home governmental program (Prima Casa) were also affected by the lack of funds.

However, the effects of the Datio in Solutum Law began to wane as banks took their first steps back. BCR, the largest local bank, has already announced significant cuts to the required down payment for mortgage loans in Romania's largest cities, from 35% down to 25% (Cluj-Napoca, Timisoara, Iasi, Constanta, Craiova, Brasov, Galati, Ploiesti Oradea, Braila, Arad, Pitesti, Sibiu, Bacau, Targu Mures, Baia Mare, Buzau, Botosani, Satu Mare and Bucharest) and other big banks seem to be following in its footsteps.

New Apartment Prices Increased by 8% in September

Most home buyers – the majority of which are first-time buyers – are interested in one-bedroom apartments (apartamente cu 2 camere). Tight markets are most often the result of an imbalance between supply and demand and such an imbalance between existing stock and demand is one of the leading causes of Cluj-Napoca's recent price hikes.

More first-time buyers are turning to newly-built apartments as new housing units are much more generous in terms of living space and amenities are far superior to those commonly found in old-market buildings. In addition, when there's a loan involved, most likely accompanied by a 25-year mortgage, investing in a newer property makes much more sense on a long term basis. The newer building will be approx. 40 years old when the loan is complete, whereas an old building will be at least 70 years old by the time a buyer manages to pay off the loan.

Thus, driven by the massive demand, **prices of new 1-bedroom apartments increased by 8% on average in September compared to August, from 67,000 Euros to 72,000 Euros.** Currently, Plopilor is the most expensive neighborhood in Cluj-Napoca where limited inventory keeps pushing condo prices up. In September, the average price of a new apartment in Plopilor was 98,000 E, followed by Andrei Muresanu apartments with an average of 81,000 E and 75,000 E on average for Buna Ziua apartments.

Average asking price for 1-bedroom apartments in Cluj-Napoca (2 camere) New Market			
Neighborhood	Aug. 2016	Sept. 2016	% Change Sept. vs. Aug. 2016 (m-o-m)
Andrei Muresanu	72	81	12,5%
Buna Ziua	67	73	9,0%
Centru	71	67	-5,6%
Gheorgheni	65	73	12,3%
Grigorescu	70	69	-1,4%
Manastur	64	72	12,5%
Iris	46	42	-8,7%
Marasti	63	68	7,9%
Plopilor	82	98	19,5%
Zorilor	65	75	15,4%
Average asking price (EUR)	66,50	71,80	8,0%

Prompted by an ever-growing demand for turnkey homes, more and more developers look for solutions to meet buyers' increasing need for comfort and convenience. One of the newest residential communities in Cluj, Grand Hill Residence aims to provide just that: a move-in ready home which offers everything a busy professional could want. With this type of home, you know how soon you can move in and you can see exactly what you are getting, no need to deal with contractors and acquiring construction materials.

Developed by Luca Prest, one of Transylvania's leading construction companies, the [apartments at Grand Hill Residence](#) will be delivered fully finished and furniture-ready with a choice of two interior finish packages. Prices start from 1,103 euros / sq. meter, finished with VAT included and an exterior parking place.



Prices of Old Market Apartments Advance Faster than New Market Condos

The average price of an old-market 1-bedroom apartment in Cluj was 69,000 E in September, an **8.1% increase from August 2016**. Location is one of the main factors that attract home buyers to old-market apartments. Older apartments are generally enjoying prime locations,

within walkable distances to shops, jobs, education, and entertainment, and offer easy access to mass transit. Cluj-Napoca's downtown area has the highest average price for 1-bedroom apartments, pegged at 80,000 E in September, followed by Andrei Muresanu with an average of 78,000 E.

Average asking price for 1-bedroom apartments in Cluj-Napoca (2 camere) Old Market			
Neighborhood	Aug. 2016	Sept. 2016	% Change Sept. vs. Aug. 2016 (m-o-m)
Andrei Muresanu	71	78	9,9%
Buna Ziua	69	75	8,7%
Centru	70	80	14,3%
Gheorgheni	64	69	7,8%
Grigorescu	62	65	4,8%
Manastur	61	62	1,6%
Iris	48	57	18,8%
Marasti	65	69	6,2%
Plopilor	65	70	7,7%
Zorilor	69	71	2,9%
Average asking price (EUR)	64,40	69,60	8,1%

Booming Apartment Market Driven by Economic and Demographic Growth

The strong economy and robust population increases have transformed Cluj-Napoca, the county seat of Cluj, into the most important urban center in the historic region of Transylvania and the second largest residential market in the country, topped only by Bucharest.

Cluj-Napoca's population now exceeds 320,000 inhabitants, a 2.6% increase from 2005, as shown in the latest [Urban Mobility Plan](#), a report compiled by Cluj-Napoca's Mayor's Office.

	Populație			Suprafață (km ²)	Densitate (loc./km ²)
	2005	2015	Δ 2015/2005		
Cluj-Napoca	313904	322108	2,6%	179,5	1795
Florești	6950	24941	258,9%	61,0	409
Apahida	8563	11541	34,8%	104,6	110
Baciu	7935	10489	32,2%	86,8	121
Gârbău	7734	8646	11,8%	72,3	120
Bonțida	4613	4853	5,2%	80,4	60
Jucu	3914	4270	9,1%	85,1	50
Cojocna	4294	4220	-1,7%	139,1	30
Feleacu	3599	3735	3,8%	61,9	60
Chinteni	2792	3094	10,8%	97,7	32
Căianu	2565	2389	-6,9%	55,2	43
Gilău	2469	2351	-4,8%	116,8	20
Sânpaul	2462	2294	-6,8%	93,1	25
Tureni	2486	2247	-9,6%	74,1	30
Petreștii de Jos	1876	1572	-16,2%	72,6	22
Ciurila	1411	1423	0,9%	72,3	20
Borșa	1685	1399	-17,0%	61,6	23
Vultureni	1506	1389	-7,8%	70,9	20
Aiton	1291	1069	-17,2%	45,3	24
TOTAL	382049	414030	8,37%	1630,2	254

IT and finance, as well as engineering and the food industry have seen a great deal of development in recent years, attracting more and more people who choose to work and live in the city. Moreover, the local job market is extremely diverse, giving people access to high-paying jobs in a variety of fields, from construction and services to the chemical industry, as well as wood processing and machine building.

As a result of the growth and diversification of the local economy, wages in Cluj climbed significantly in recent times, a trend that's most likely to continue in 2016. After Bucharest and Ilfov County, **Cluj employees boast the biggest paychecks**, with an average salary of 2,166 lei in 2016, a 7.8% increase from 2015.

 Salvează				
Județ	Nr. salariați	Populație activă	% salariați din populația activă	Câștig mediu net
București	865600	1105300	78.3	2813
Ilfov	115500	173300	66.6	2363
Cluj	207900	353600	58.7	2166
Timiș	223600	341600	65.4	2136
Argeș	138100	259100	53.2	2050
Gorj	73700	142000	51.9	1957
Prahova	171800	301800	56.9	1942
Iași	147000	294900	49.8	1896
Sibiu	127800	191500	66.7	1885
Brașov	169800	251400	67.5	1859

Sursa date: Comisia Națională de Prognostic și Institutul de statistică, citata de Gândul

About Coldwell Banker Transilvania

Coldwell Banker Transilvania is a one-stop shop for all your real estate needs. Through its three major divisions - sales, property management, and rentals - the company offers comprehensive services to buyers, sellers, renters, property owners, and developers.

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