

## Reshaping Homefront- Assessing the current dynamics of the real estate market after COVID-19 Pandemic

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**Abstract-**Against the background of the relaxation of the restrictive measures imposed due to COVID-19, the Romanian residential market has an upward trend in 2021, compared to 2020. The prices requested for homes put up for sale nationwide have increased quarterly by an average of 2,9 -3,1% compared to the similar quarters of 2020. The most sought after were the 2 or 3 room apartments. The 3-room apartments are a variant for families with children, in general. Courtyards are also in high demand, being an option for buyers during this period. The new trends of the real estate market go towards comfort and space, with the possibility to arrange a home office, to ensure teleworking. We are looking for areas with facilities and services, such as shops, medical offices, pharmacies, schools, kindergartens, playgrounds, which can serve the immediate community. It is very important for the buyers the security of the area, of the residential neighbourhood. The increase in the prices of raw materials and construction materials, as well as labour accordingly, lead to higher prices for living spaces - apartments or houses.

**Keywords:** Residential Market, Apartments / Houses, Construction Materials, Raw Materials, Labour, Sale Price, Real Estate Market.

### I. INTRODUCTION

The COVID-19 pandemic had a major effect and impact on the real estate market. In the future, uncertainties characteristic of economic developments in crisis at the national, European and even global level are foreshadowed [7].

The year 2020 recorded a decrease in apartment prices in the third and fourth quarters, compared to the same period of 2019.

In 2021 there was a linear increase and a consolidation of property prices in the residential area.

If at the beginning of 2020 the real estate market was growing, with the emergence of the health crisis generated by COVID-19, it suffered moderation in terms of selling prices. The negative impact was partially mitigated by the possibility of postponing rates [7]. Towards the end of 2020, after the exit from the state of emergency, the acquisitions on the residential real estate market resumed their slightly increasing trend.

## II. THE SITUATION OF SELLING REAL ESTATE

The residential market in Romania is on an upward current after the exit from the state of emergency in 2020, imposed by the COVID-19 pandemic.

In the first quarter of 2021, the values of residential properties increased by an average of 2,2%, compared to the previous quarter, according to Real Estate Analysis.ro.

According to data published by Eurostat for the fourth quarter of 2020, in the European Union (EU) there was an average increase of 1,3% compared to the previous period, ie compared to the third quarter.

Price increases have been moderate both in the residential real estate market and in the EU.

The COVID-19 pandemic created difficulties on the Romanian residential market. The statistics published by the National Agency for Cadastre and Real Estate Advertising (ANCPI) regarding the sales of residential properties reveal that [5]:

1. In the first quarter of 2021, 149.031 properties were sold, 11,9% more than in the first quarter of 2020.
2. In 2020, 602.805 properties were purchased compared to 540.180 in 2019, i.e. an increase of 11,6%.

From the same data published by ANCPI it results that about 80% of the acquisitions were apartments and 20% houses (Fig.1) [12], [14].

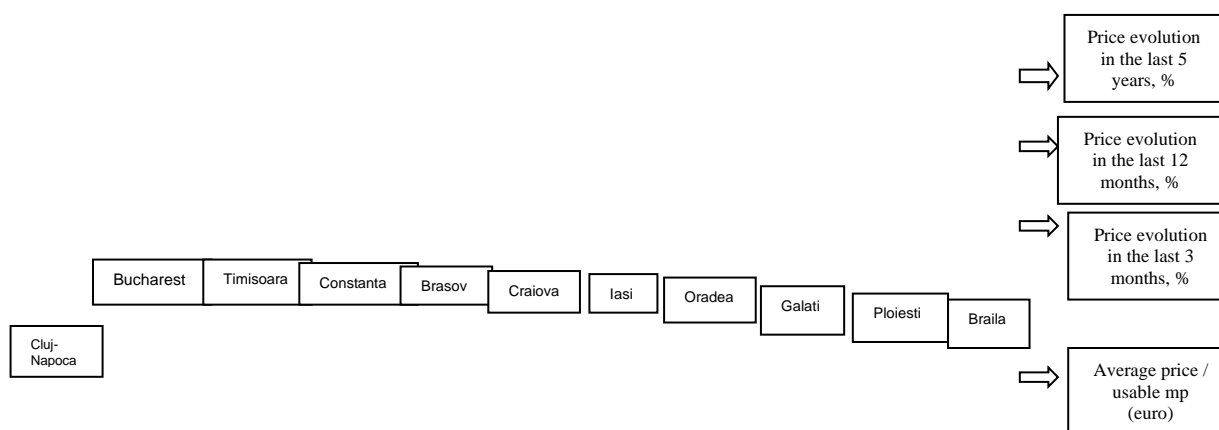


Fig. 1. Evolution of prices requested in big cities - apartments - for sale (source: [www.analizeimobiliare.ro](http://www.analizeimobiliare.ro))

Analyzing the average price of residential spaces, it is found that in 2020 the average price of new living spaces was 1.332 euro / sqm; compared to 2019, they increased by 3,1% [8].

According to the Deloitte Study, the cheapest new homes sold were in Bulgaria, with 578 euro / sqm. But, the most expensive homes in 2020 were (Table 1) [8]:

Table 1. The most expensive homes, 2020

No.	Country	Price/sqm
1.	Austria	4.457 euro/sqm, growing with 5,84%
2.	France	4.421 euro/sqm, growing with 3,90%
3.	Germany	4.100 euro/sqm, growing with 10,81%
4.	Italy	2.285 euro/sqm, decreasing with 1,24%
5.	Czech Republic	2.822 euro/sqm, growing with 8,45%
6.	Slovenia	2.748 euro/sqm, growing with 3,91%
7.	Belgium	2.684 euro/sqm, growing with 3,91%
8.	Spain	2.546 euro/sqm, growing with 6,17%
9.	Croatia	1.688 euro/sqm, growing with 1,42%
10.	Hungary	1.657 euro/sqm, growing with 12,34%
11.	Poland	1.581 euro/sqm, growing with 3,98%

In some non-EU countries studied, prices were as follows (table 2):

Table 2. The prices for homes in some non-UE countries, 2020

No.	Non-EU Country	Price/sqm
1.	United Kingdom	4.058 euro/sqm, growing with 3,36%
2.	Serbia	1.414 euro/sqm, growing with 1,87%
3.	Israel	4.052 euro/sqm, growing with 4,38%

Among the cities studied, Paris has the most expensive new homes with 12.917 euro / sqm; followed by Tel Aviv with 10.332 euro / sqm, Munich with 8.700 euro / sqm and London with 7.916 euro / sqm.

Bucharest had, according to the Deloitte Property Index study from 2020, an average house price of 1.440 euro / sqm, increasing by 3,6% compared to 2019.

Although 2020 marked a year of health restrictions, with the onset of a foreseeable economic crisis, the residential real estate market has grown significantly.

In 2020, the construction of 166.400 new homes began in Romania, i.e. 7, 52 per thousand inhabitants, the second largest increase in the 24 countries that entered the study [9].

An important indicator of the residential market is the number of building permits for residential buildings. They represent approximately the number of development projects underway, being a barometer of residential investments [10].

According to data from the National Institute of Statistics (INS) the number of permits issued for residential buildings was (table 3) [6]:

Table 3. The number of permits issued for residential buildings, 2020  
(Source: INS - Authorizations for the construction of residential spaces)

Year	Authorization number	Year	Authorization number
2008	60.092	2015	39.112
2009	48.833	2016	38.653
2010	42.189	2017	41.603
2011	39.424	2018	42.694
2012	37.863	2019	42.541
2013	37.776	2020	41.311
2014	37.672		

It is found that the year 2008 was a peak of growing; the economic crisis followed, and construction activities decreased in number until 2014.

Starting with 2015, there is a gradual revival until 2019 inclusive. In 2020, the year of the beginning of the pandemic, the number of authorizations decreased by 2, 9% compared to 2019 [11].

Analyzing by semesters and by quarter the same number of authorizations at national level it is found (table 4) [3]:

Table 4. Authorization numbers on national level, 2019-2021  
(Source: INS – Statistical dates)

Year	1 <sup>st</sup> trimester/no. of authorizations	1 <sup>st</sup> semester/no. of authorizations
2019	8.673	20.041
2020	8.645	17.878 decreasing with 12,1% compared to 2019
2021	10.209	24.451 increasing 36,8% compared to 2020

In the Northwest region for the first quarter were released (table 5):

Table 5. Authorization numbers on the Northwest region of Romania, 2019-2021  
(Source: INSP – Statistical dates)

Year	1 <sup>st</sup> trimester/no. of authorizations
2019	2.597
2020	2.575
2021	2.728

The same decrease curve is found in 2020, followed by the increase in 2021.

Analyzing the situation of completed homes (according to the data provided by INS), nationally, in 2019, 67.488 housing units were completed, and in 2020, 67.811 housing units.

In Bihor County the situation is as follows (table 6) [1], [4]:

Table 6. Completed housing units in Bihor County, 2019-2021  
(Source: INSP – Statistical dates)

Year	Completed houses	%
2018	1.336	
2019	2.311	increasing with 57,8% compared to 2018
2020	1.888	decreasing with 13,9% compared to 2019

There is an increase of 57, 8% in 2019 compared to 2018, and in 2020 there is a decrease of 13, 9% compared to 2019.

According to INS, in December 31, there were 257.936 housing units in Bihor County, of which 130.440 in urban and rural areas numbered 127.496 housing units [1-2], [4].

Housing made from private funds represents 98, 7% in 2019 and 97, 4% in 2020 [4].

The development in the urban environment is mainly vertical, and in the rural environment the horizontal plan is preferred.

There has been an increase in prices for raw materials, materials and labour in construction. The pandemic has severely reduced global production capacity; international transport flows were also affected [15].

The industry of raw materials and prefabricated and construction materials is very poorly represented nationally, although in 1990 it covered 80-90% of the needs in the field.

Romania is dependent on these imported materials and, consequently, has been affected by the growth registered worldwide.

The final price of new residential spaces is influenced in the sense of growth by percentages of up to 30-45%.

According to estimates made by specialists in residential real estate, in the near future the price of such properties will continue to rise.

### III. CONCLUSIONS

The demand for residential properties - apartments and houses - is growing slightly since the beginning of 2021. There is a growing interest in the purchase of houses and land for construction [13]. Trading activity has intensified although the COVID-19 crisis has created difficulties in the field.

Home prices increased by a quarterly average of 2, 9-3, 1% in the first two quarters of 2021 compared to 2020.

The number of traded units also increased by 42, 7% compared to the similar period of the previous year - the first quarter -, respectively 40.043 real estate (according to ANCPI).

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