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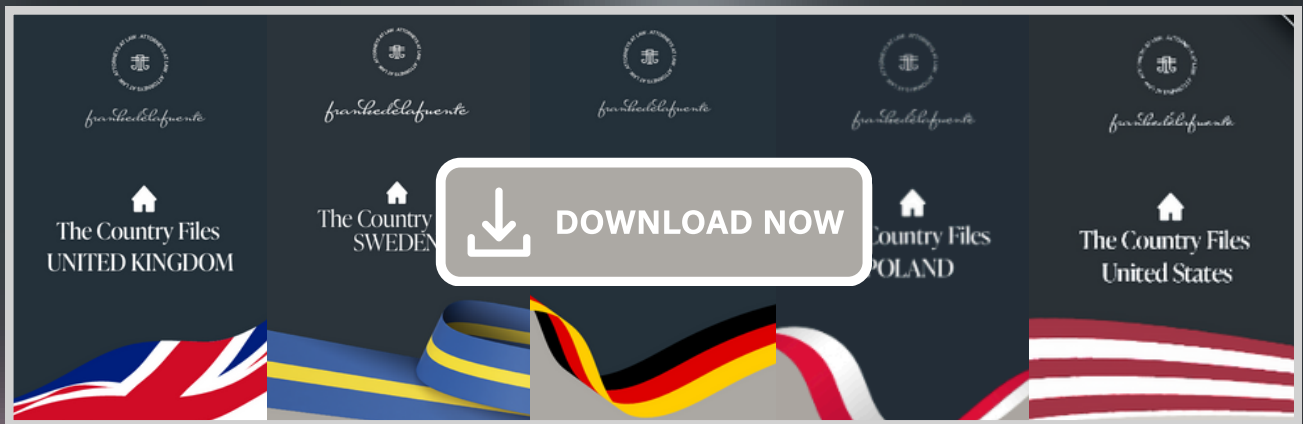
The Country Files Romania

The Country Files is an Initiative designed to assist real estate professionals in understanding the purchase process and regulations for key nationalities acquiring properties on the Costa del Sol

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Franke & de la Fuente Abogados is an International Law Firm
Specialized in Property Transactions, Corporate and Tax Law.
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The Country Files: Romania

FAST FACTS



Language
Romanian



Currency
Romanian Leu (RON)



Capital
Bucharest



Time Zone
GMT+2



Population
19 million

Why they buy in Spain

7th

Ranking of foreign nationalities buying property in Spain.
Representing 5.03% of all properties sold to
foreign buyers in Spain.

8th

Ranking in Andalucía. Representing 3.23% of all
properties sold to foreign buyers in Andalucía



WHAT DO THEY BUY

12.1%

NEW BUILD



87.9%

RESALES

Source: Spanish Land Registry 2023

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	COSTA DEL SOL	ROMANIA
 AGENTS COMMISSIONS paid by the seller in both cases	4-6%	2% - 5%
 ESTATE AGENT LICENCE	None	Yes
 PROPERTY INFO DISCLOSURE OBLIGATION	Some	Mandatory
 FUNDS	Escrow	Usually through a lawyer
 PUBLIC PROPERTY INFORMATION AVAILABLE	No	Yes
 SIGNING THE TITLE DEED	Notary	Notary
 AGENTS	Yes seller always pays - 2 agents involved -	Yes seller always pays - 2 agents involved -
 TECHNICAL INSPECTION ON VILLAS	To be negotiated between the buyer and seller	Negotiated, typically hired professional
 PRICE SETTINGS	Rely on agent	Rely on agent
 CONTRACT	Yes to reservation contract	Yes to reservation contract
 LAWYERS INVOLVED	Yes (almost always)	Yes

The Country Files: Romania

In Romania, the real estate market is influenced by a combination of national regulations and local practices. The Romanian real estate market has experienced significant changes in recent years, driven by economic growth, increasing foreign investments, and evolving consumer preferences. As of 2023, Romania's real estate sector is marked by a dynamic interplay of residential, commercial, and industrial segments.

Romania's economy has shown robust growth, with real estate playing a crucial role. The GDP growth rate and increasing disposable income have spurred real estate activities, particularly in urban centres like Bucharest, Cluj-Napoca, and Timisoara. The country's strategic location in Europe also attracts international investors

Licensing and Regulation

- **Requirements:** In Romania, real estate agents must be licensed, which involves completing specific training and passing an exam. The National Association of Real Estate Agencies (ANEVAR) oversees these regulations.
- **Training:** Agents are required to undergo a certified course that covers property laws, market analysis, and ethical practices.
- **Regional Differences:** While the basic licensing requirements are standardised, specific practices can vary slightly by region. For example, Bucharest may have more stringent requirements compared to smaller towns.

Commissions

- **Agent commissions** in Romania typically range from 2% to 5% of the sale price. These commissions are usually split between the buyer's and seller's agents. The exact percentage can be negotiated based on the property's value and market conditions.

Market Practices and Legal Frameworks

Romania's real estate market practices are influenced by both national regulations and local customs. Key legal frameworks include:

- **Land Law (Law 18/1991):** Governs land ownership and usage.
- **Civil Code:** Provides the legal foundation for property transactions.
- **Urbanism Law (Law 350/2001):** Regulates urban planning and zoning.

The Country Files: Romania

Real Estate Transfer Taxes

- Romania: Transfer taxes in Romania are generally around 3% of the property's sale price, paid by the buyer. This tax can vary slightly depending on local municipal regulations.
- Calculation: The tax is calculated based on the sale price or the property's market value, whichever is higher.
- Payment: The tax is typically paid at the notary's office during the finalisation of the sale.

Property Types

- Romania: The majority of properties in Romania are freehold. Leasehold properties are rare but can be found, particularly in urban areas with commercial developments.
- Freehold: Ownership of both the building and the land.
- Leasehold: Typically involves long-term leases, often seen in commercial real estate.

Notarization and Closing

- Romania: The closing process involves both parties signing the title deed at a notary's office. The notary ensures all documents are in order, and the remaining purchase price is paid at this time. The buyer officially becomes the new owner upon signing.
- Process: Includes verification of property documents, payment of transfer taxes, and signing of the sale contract.
- Notary's Role: Ensures legality of the transaction, confirms payment of all taxes, and records the change of ownership.

Technical Inspection

- Romania: Technical inspections are a crucial part of the buying process. These inspections assess the structural integrity, safety, and compliance of the property.
- Scope: Includes evaluation of the foundation, roofing, plumbing, electrical systems, and overall structural condition.
- Negotiation: The cost and specifics of the inspection are usually negotiated between the buyer and seller.
- Hiring: A certified technical expert or engineer is typically hired to perform the inspection.

The Country Files: Romania

Buying Trends in Romania

New vs. Old Properties

A. New Properties: The demand for new properties has been on the rise in Romania, particularly in urban areas such as Bucharest, Cluj-Napoca, and Timișoara. Buyers are attracted to modern amenities, energy-efficient designs, and the lower maintenance costs associated with new constructions. In recent years, approximately 60% of real estate transactions in major cities have involved new properties.

- Appeal: Modern infrastructure, advanced security systems, and energy efficiency.
- Locations: Predominantly in newly developed residential areas and expanding urban districts.
- Price Trends: Typically higher per square meter compared to older properties, reflecting the modern standards and amenities.

B. Old Properties: Despite the increasing popularity of new constructions, many Romanians still prefer older properties due to their often larger sizes, established neighbourhoods, and historical charm. Approximately 40% of transactions involve older properties, which can be more affordable and provide a different investment profile.

- Appeal: Larger spaces, established communities, and sometimes lower initial purchase prices.
- Locations: Central urban areas, historical districts, and mature suburban areas.
- Price Trends: Generally lower per square meter compared to new properties, but potential higher renovation and maintenance costs.

Financing and Payment Practices

- Mortgages: The use of mortgages has increased significantly, with more buyers opting for long-term financing options. Banks offer various mortgage products with competitive interest rates, and the government also provides programs to support first-time buyers.
- Interest Rates: Currently range from 3% to 5%, depending on the bank and the borrower's credit profile.
- Government Programs: Initiatives like 'Prima Casă' (First Home) provide favourable loan conditions for first-time homebuyers.
- Cash Purchases: A substantial number of transactions are still completed with cash, particularly for higher-end properties and among investors. This practice is common among individuals with significant savings or those seeking to avoid mortgage interest costs.

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We assist our clients in more than 10 languages

As advisers, we support clients in investment processes, including legal due diligence, contracts, compliance, and tax matters for smart purchases.



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