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2025

Romania Real Estate Trends & Outlook 2025

December 2025

Executive Summary

Romania's real estate landscape is at a crossroads. The office sector shows a plateau of supply and subdued leasing activity, with vacancy lingering above historical lows. The outcome of this delicate balance will depend on how a modest pipeline and shifting corporate models play out into 2026.

Industrial remains the bright spot: robust take-up, low vacancy and growth sustained by e-commerce, nearshoring and an expanding logistics network point to continued development, while advances in automation and sustainability unlock niche opportunities.

Residential dynamics have shifted from exuberant growth to a flattening of supply coupled with resilient price growth and tentative sales. Affordability pressures, demographic shifts and innovative housing formats will set the tone for the next cycle.

Investment volumes have cooled sharply from their mid cycle peaks, even as prime yields stay anchored; value is now found mostly in smaller, non-prime office and retail formats in Bucharest, but also regional cities. The outlook will be determined by financing conditions, risk appetite and emerging investor profiles.

Throughout all segments, the common threads are muted macro growth, elevated inflation and interest rates, turbulence in labour markets and the costs of talent, the transformative impact of technology and AI, the unlocking effect of new infrastructure and the potential that foreign and Asian capital bring if confidence recovers.

Flexibility, quality and adaptability will determine winners: those projects and players that anticipate these trends and align supply to the evolving needs of occupiers, households and investors will thrive as Romania's real estate market navigates the end of 2025 and enters 2026.

Charting Romania's Growth in a challenging environment

Romania's macroeconomic context remains a key driver of real estate performance. After an expansion of 2.1% in 2023, the economy slowed sharply in 2024 to under 1%, and official estimates for 2025 have been repeatedly downgraded to around 0.6%, considering the latest official prognosis, from September.

This macroeconomic weakness is rooted in underperforming industrial production and agriculture, along with a moderation in private consumption.

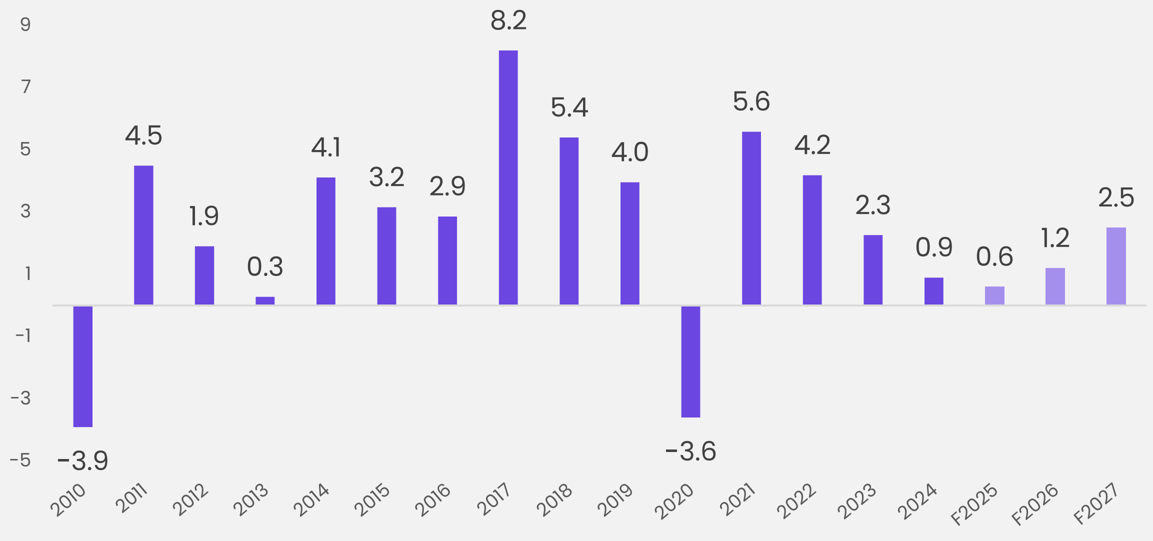
Inflation dynamics are volatile. After retreating from 7.4% year-on-year in early 2024 to under 5% by mid-2025, inflation has flared again to nearly 10% as of late 2025 (9.9% in August and September, and 9.8% in October).

This reflected VAT rate hikes, as the standard VAT rate was increased in August 2025, from 19% to 21%, and after the cessation of energy price caps, a month before.

Prospects are better for 2026–2027 with rebound scenarios predicted, based on renewed private demand, greater capital formation and the unlocking of infrastructure projects.

Forecasters expect annual inflation to reach roughly 7.1% in 2025 falling to around 6% in 2026. Therefore, the National Bank of Romania is expected to maintain the policy interest rate at 6.5%. Further rate cuts are conditional on sustained deceleration in price pressures and the absence of fiscal slippage, with expectations for gradual easing only after mid-2026.

GDP Growth rate evolution y-o-y (%)



Sources: National Institute of Statistics; National Commission for Strategy and Prognosis

On the labour side, average net wages in Romania peaked at around €1,135 per month in early 2025, before moderating to roughly €1,073 in September, signalling that real incomes are under strain, especialty considering the depreciation of the national currency against the Euro.

The unemployment rate is modest by regional standards, fluctuating in 2025 between 5.8% and 6.1%, but the labour market is sensitive to sectoral restructuring, therefore short-term unemployment is forecast to pick up slightly in late 2025, and early 2026.

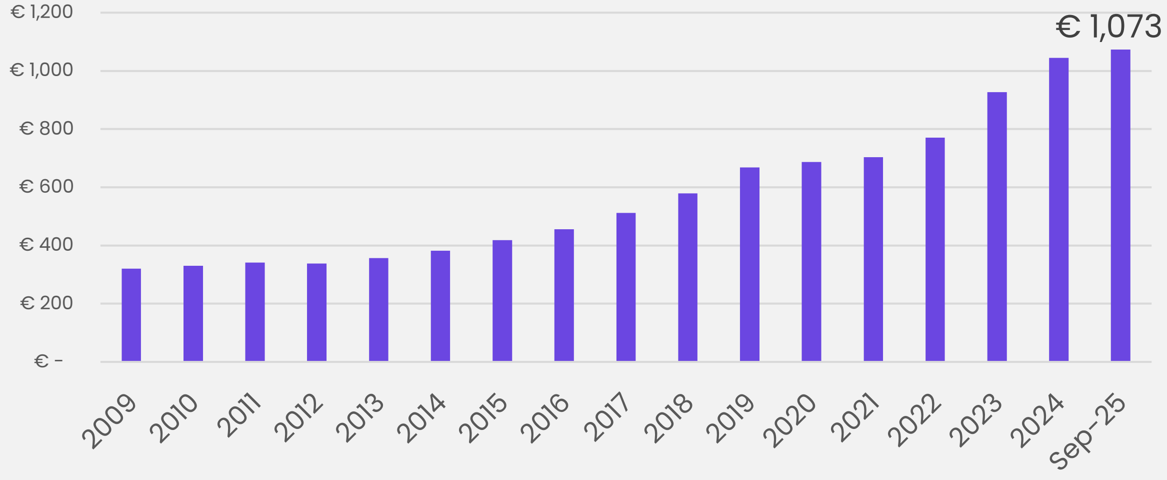
Romania is undertaking significant fiscal consolidation with the aim of trimming the budget deficit from an estimated 8.4% for 2025, according to the Ministry of Finance, to around 6% of GDP by the end of 2026.

The austerity measures, higher taxes, compressed public spending and the resetting of energy price support, dampens consumption and business activity in the near term.

Considering that the current account remains deeply in deficit (above −7% of GDP), Romania remains vulnerable to external factors, and financing conditions can be sensitive to outside sentiment.

Taken together these forces set a challenging stage for the real estate cycle. Slow and uneven growth, sticky inflation and elevated borrowing costs act as headwinds for occupiers and investors alike. Yet the promise of a turnaround from 2026, reinforced by modest improvements in GDP growth, falling inflation, stabilizing interest rates and sustained infrastructure delivery, provides grounds for cautious optimism.

Evolution of net average wages in Romania



Source: National Institute of Statistics

Office Market Dynamics

Stock Evolution: Lack of supply on the short term

Currently, the Bucharest office market spans approximately 3.4 million sqm in nominal size. Over the last 5 years the built office stock has incrementally grown, with visible jumps in certain periods and stand-stills in others. Deliveries, once measured in the tens of thousands of square meters per quarter, earlier in the cycle, dropped to zero in 2025. This will be followed by only 60,000 sqm expected to be delivered in 2026.

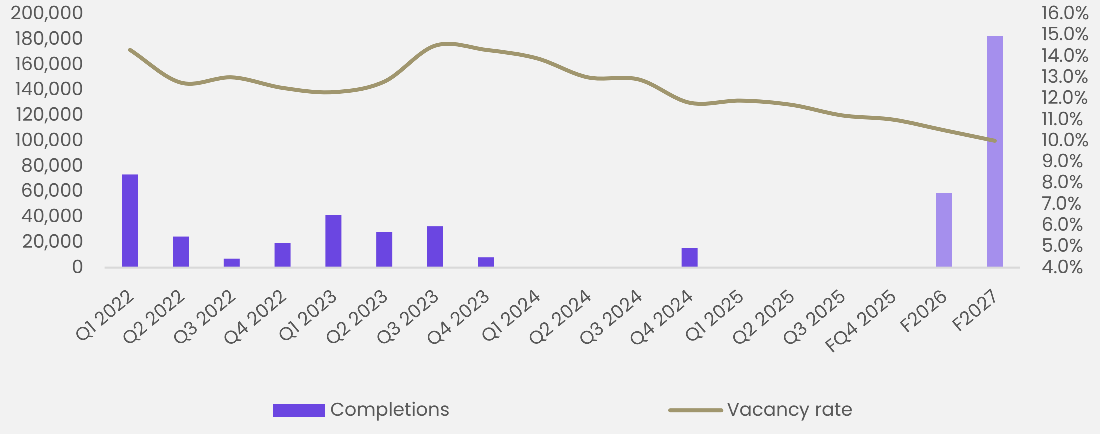
This oscillation underlines a deeper caution among project sponsors as they wrestle with rising construction and financing costs, new or emerging regulatory requirements and, last but not least, the uncertainty coming from occupiers.

Historically there has been a clear correlation between the rhythm of completions and vacancy: supply appears in waves and is slowly absorbed over a protracted period.

Developers have learned to push supply over extended horizons and embed greater flexibility into their schemes to allow conversion or repurposing.

However, deliveries are expected to pick up in 2027, with potential completions of up to 180,000 sqm, in line with the multi-annual average before the disruption caused by the pandemic. However, the completion of these projects will be conditioned by demand evolution. If projects will not be successful in attracting pre-leases, the delivery date of some projects could be pushed to 2028-2029.

Bucharest Office Stock evolution and Vacancy rate (%)



Source: iO Partners,

Office Market Dynamics

Demand Evolution: Decrease in demand compared to 2024

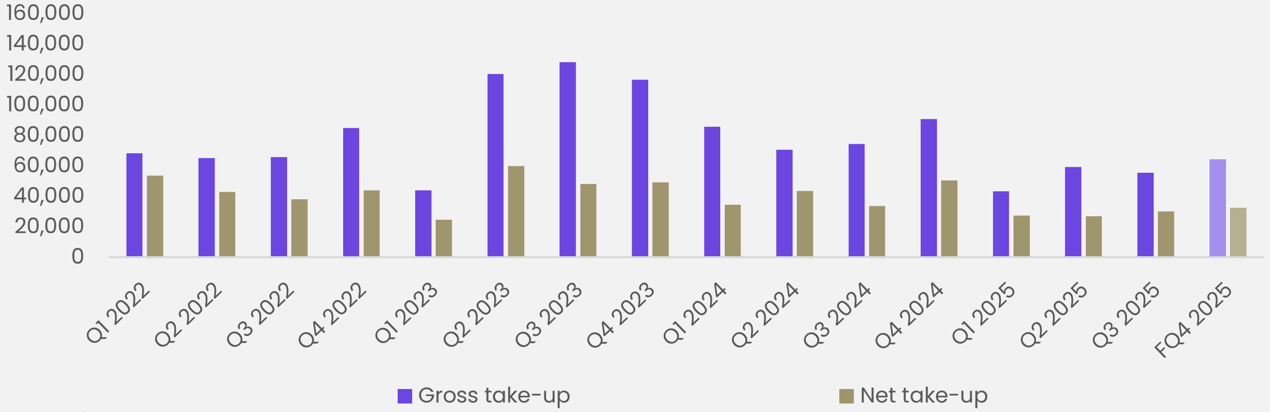
The demand side tells a more nuanced and textured story. Vacancy rates have settled in the low double digits, edging slowly downward from highs of over 14% in 2023, to around 11.2% in Q3 2025, as occupiers cautiously commit to space.

Gross take-up figures in Bucharest, in the range of 50,000–60,000 sqm per quarter, in 2025, underscore a restrained appetite from tenants. The yearly total for 2025 could reach around 220,000 sqm. Net take-up of 25,000-30,000 sqm per quarter, lags behind gross lettings, reflecting a predominance of renewals, rather than new leases and expansions. Until the end of the year, we estimate that net take-up could reach around 120,000 sqm. This would mark a decrease of approximately 30% for both gross and net take-up in 2025 compared to 2024.

Corporates adjusted headcounts and reconfigured workplace footprints in response to cost pressures. This process, started after the pandemic, is still ongoing., especially considering that the IT sector has yet to finish restructuring. Also, remote and hybrid working models redefined the traditional office paradigm. Most companies now request employees to work from the office 3–4 days per week, and 1-2 days remotely.

Looking ahead to the close of 2025 and into 2026, we sketch a cautious recovery scenario: a stabilizing economy and modest employment expansion, that could gradually lift occupier activity. If instead adverse effects hit the market, such as further waves of layoffs, a deeper geopolitical chill, or a lowered investor sentiment, demand may stagnate further, leaving vacancy stickier and pushing back the timetable for a cyclical upswing.

Quarterly Take-up evolution



Source: iO Partners

Office Market Dynamics

Trends & Outlook: Vacancy to decrease amid market revitalization

Looking ahead to the end of 2025 and into 2026, even though the office segment faces a number of countervailing forces, the downbeat demand trajectory during the last 5 years could reverse.

Macro drivers, including recent waves of layoffs in the IT and BPO sectors, suggest that some occupiers who once drove office demand are retrenching or relocating operations. Rising wages erode the low-cost proposition that attracted certain service and tech activities to Romania, creating vulnerability to relocation to lower-cost jurisdictions. At the same time, the expansion plans of Asian multinationals into Europe point to pockets of new occupier interest, particularly in high value-added industries and technology. The completion of major road and motorway projects could support decentralized office hubs and attract occupiers to emerging submarkets.

> Office demand in Bucharest has gone through a full cycle of maturity in the past 2-3 years. What started as post-pandemic uncertainty has evolved into a phase of consolidation and redefinition. Companies are no longer chasing square meters, they're looking for quality, flexibility, and purpose.

Oliver Derksen, Head of Office Advisory, iO Partners Romania

For 2026 the outlook is finely balanced: if economic activity and foreign direct investment recover and employment remains on a firm footing, existing vacancy can be absorbed. However, if corporate retrenchment continues, then even modest new deliveries may extend the cycle of elevated vacancy. In addition, the acceleration of digital transformation and the growing importance of sustainability will shape tenant preferences further. The interplay of ESG criteria and stricter energy standards means that only more efficient, green-certified buildings will attract premium rents. Moreover, competition from regional centres outside Bucharest could intensify, pushing occupiers to consider alternative destinations within Romania or abroad, further influencing vacancy and absorption rates. The vacancy rate in Bucharest shrinks quarter by quarter and the trend is likely to continue in the absence of significant new deliveries. Rising interest for the CBD, but limited vacancy, diverts tenants to other nearby submarkets and encourages landlords to challenge prime rental thresholds. A flight to quality endures as companies relocate from lower-grade properties on the outskirts to newer, centrally-located buildings.

The role of digital nomadism, the appetite for decentralized hubs and the penetration of new industries remain wildcard factors that could catalyze demand pockets.

Industrial Market Dynamics

Stock Evolution: Inventory expansion amid prudence

Romania's modern industrial stock to rent has surpassed 8 million sqm in Q3 2025, and continues to expand, even if in an uneven manner. During the first 3 quarters, deliveries totaled only 170,500 sqm. Another 139,400 sqm are expected to be completed in Q4 2025, bringing the year's total to approximately 310,000 sqm, slightly above half compared to 2024.

This reflects a deliberately phased approach intended to protect the market from supply gluts and to respond to unpredictable lead times in construction, land acquisition, and permitting. This also helps to maintain a low vacancy rate of 4-5%.

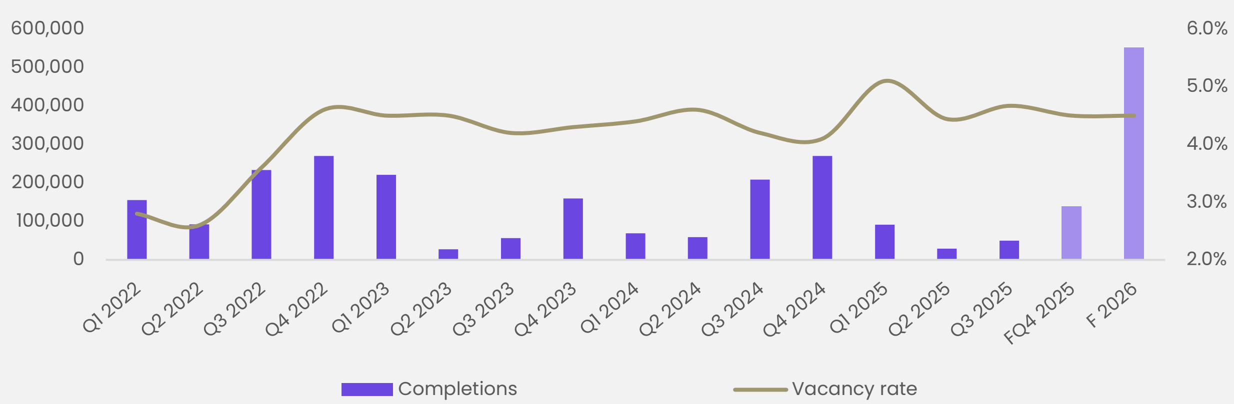
However, 2026 could register a significant increase in deliveries, with an estimated 550,000 sqm to be completed, in line wit the previous 5-year average.

Two thirds of expected deliveries in 2026 will target the Bucharest region, while the West and Center regions of the country will account for approx. 10% each.

The rapid expansion of the highway network increases the attractivity of North-East Romania (especially Iasi and Bacau), but also Craiova and Bucharest's periphery (the completion of the A0 highway).

Moreover, competition is set to increase, as new players recently entered the market, such as Lion's Head, Garbe Industrial and Hillwood.

New supply and vacancy rate



Source: iO Partners

Industrial Market Dynamics

Demand Evolution: Demand growth meets limited supply

On the demand side, the industrial market consistently outshines its peers. Vacancy remains low, fluctuating from below 4% levels toward 4.5–5% today, pointing to a relative balance between supply and demand.

Gross take-up reached almost 740,000 sqm during Q1-Q3 2025, and we expect for the entire year to surpass the 1 million mark, marking an increase of approx. 25% compared to 2024..

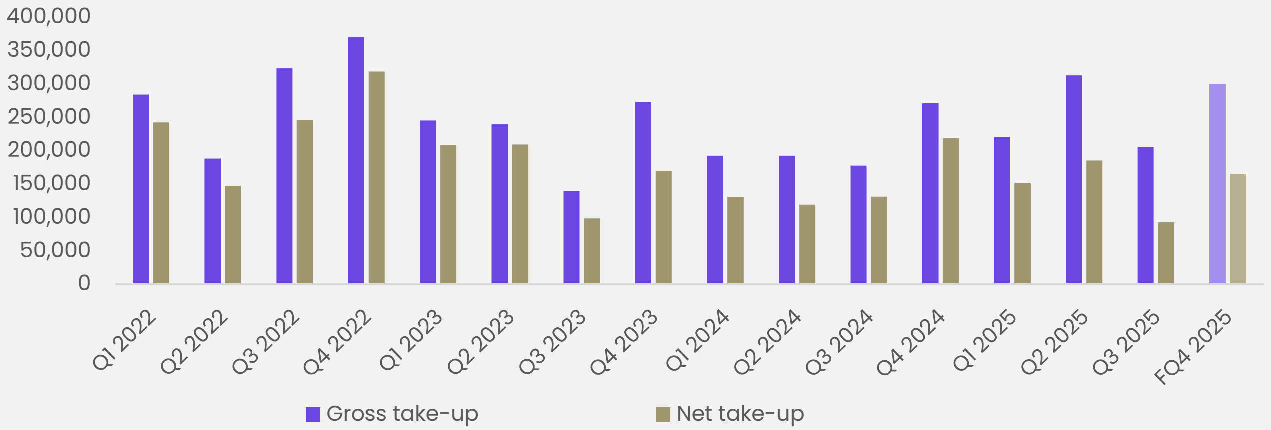
Net take-up totaled approx. 430,000 sqm during the same period and could reach up to 600,000 sqm by the end of 2025., similar to the previous year.

Demand is focusing on e-commerce, fulfilment and third-party logistics operators, as consumer behaviors shifts towards online sales. Manufacturing still claims a sizeable share, reflecting Romania's consolidated presence in continental supply chains and its attractiveness as a nearshoring hub.

Rental momentum has softened modestly with prime rates easing below €5.00 per sqm, signposting the negotiable power now enjoyed by end users, and as competition intensifies.

For 2026 we envisage continued growth supported by the incremental penetration of internet retail, the acceleration of nearshoring away from distant geographies. Thus, gross take-up is likely to surpass the 1 million sqm mark, similar to 2025.

Quarterly take-up evolution



Source: iO Partners, Q3 2025

Industrial Market Dynamics

Trends & Outlook: Resilient Growth & Diversification

The industrial segment continues to be a relative bright spot. The Q3 2025 figures express optimism: completions in Q3 2025 rose 74% over the previous quarter, albeit remaining 76% below Q3 2024, signaling volatility as the market digests large projects.

The ongoing pipeline, with deliveries scheduled for late 2025 and into 2026, supports the steady expansion of supply. Abundant space under construction may cause a mild increase in vacancy in the short term, but the long-term fundamentals, driven by e-commerce, nearshoring and manufacturing modernization and diversification, underpin healthy absorption.

The presence of new production facilities delivered or announced in 2025 confirms that both domestic and foreign manufacturers continue to invest in Romania.

> Even if 2026 will be a year of moderation, demand will remain strong, especially from the 3PL segment, supported by customers expanding in the FMCG, retail and textile areas, but also from automotive production, especially in the western part of the country.

Costin Bănică, Head of Industrial, Land and Energy Development iO Partners Romania

However, there are also significant layoffs in the market, and some automotive and textile factories are downsizing their activity, highlighting an adjustment period for low-cost manufacturing.

Those events could free up older stock for repurposing or reduce demand in specific corridors, while new investors target higher productivity sectors. Infrastructure expansion such as highway openings will improve accessibility to industrial parks along the A1, A7 and other corridors, lifting the appeal of logistics hubs outside established nodes.

The unsettled environment created by rising wages may redirect investment towards capital-intensive automation and also advanced manufacturing, favouring markets with modern stock and superior logistics.

Into 2026, the market should be able to absorb new supply as long as macroeconomic headwinds, inflation, interest rate normalization and geopolitical uncertainty do not derail corporate investment and trade flows.

The lessons learned from supply chain disruptions reinforce Romania’s value proposition as a trade node and offer impetus for investment in resilient inventory solutions going forward.

The maturation of green logistics and last mile technologies will carve out sub-niches that attract sophisticated users, and may further accelerate uptake of such smart, efficient facilities into 2026 and beyond.

Residential Market Dynamics

Stock Evolution: Deliveries leveling off

The modern residential stock has increased dramatically since the early 2010s rebound, climbing from modest figures to well in excess of ten thousand active units per year in the Bucharest-Ilfov region, testimony to a long run drive for urban renewal.

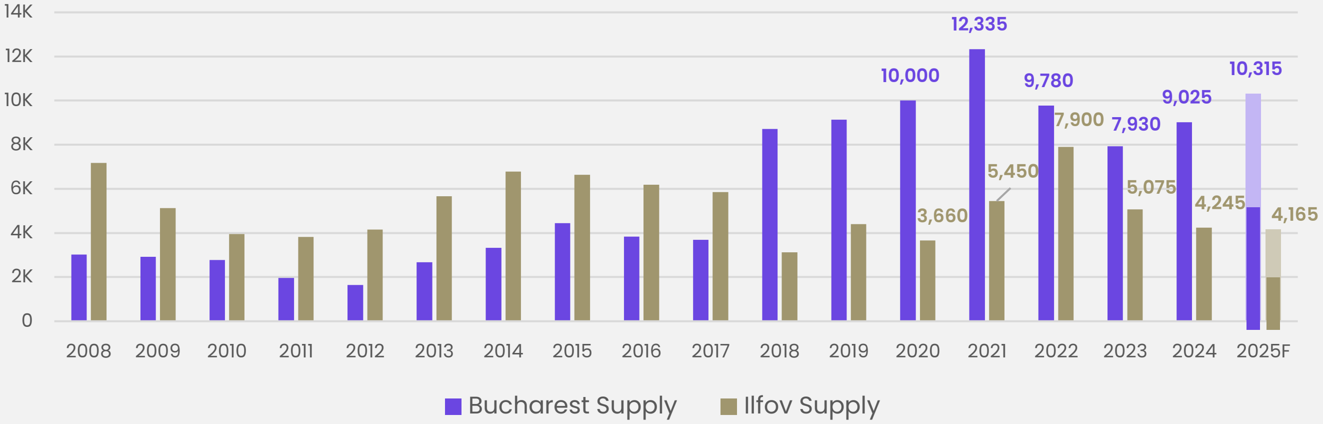
Yet, the current cycle signals a flattening and recalibration. The total number of units delivered in Bucharest and Ilfov in the first 3 quarters of 2025 was of approx. 7,750, 5.5% less than in the same period of 2024.
Bucharest's Sector 3 attracted the largest number of deliveries in the capital, especially in the expanding Pallady and Laminor – Republica areas. Sectors 1 and 6 followed in terms of new deliveries, focusing mostly on areas well served by public transportation, especially metro lines.

This evolution suggests that the fiscal bottlenecks (such as the standard VAT increase to 21%), planning constraints, rising material costs and shifting regulatory standards are slowing the pace of completions.

The remaining pipeline until the end of 2025 is high as compared to 2024, respectively 9.1% above the 2024 levels. Approx. 10,315 units are expected to be delivered in Bucharest and approx. 4,165 units in Ilfov in 2025 overall. However, it is likely that the delivery of some of those will be postponed for 2026 and onwards, in direct correlation with demand evolution and the economic context.

For 2026 we expect the market to stagnate, in response to lingering housing deficits, but also tighter margins and slower pre-sales, deterring speculative launches.

Bucharest & Ilfov Residential Supply Evolution



Source: iO Partners, Q3 2025

Residential Market Dynamics

Demand Evolution: Affordability under pressure

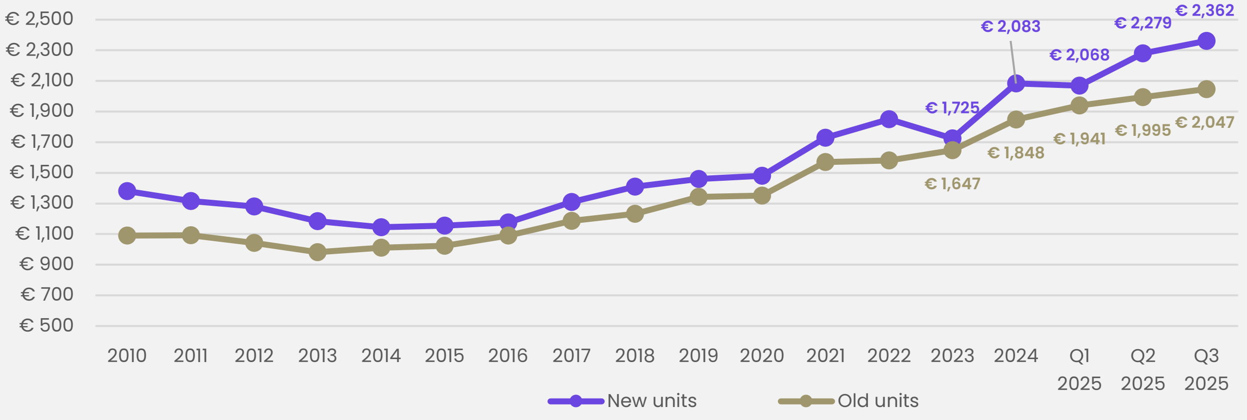
Transactional activity is beginning to decelerate, both quarter-on-quarter and year-on-year comparisons reflect contractions and hint at buyer caution while households navigate high interest rates, persistent inflation and limited growth prospects. Yet, prices defy gravity, continuing to ascend and ignoring the conventional wisdom that slower sales cool price momentum, testimony to the scarcity value of high amenity locations, the desire for ownership as a store of value and the tendency to hedge against inflation via brick & mortar investments.

Average selling prices for new residential units in Bucharest reached €2,362 per usable sqm in September 2025, marking an increase of approximately 15% since the beginning of the year.

Demand is driven by demographic trends: an ageing society, modest but positive employment growth, and persistent rural–urban migration flows. Opportunity lies in capturing latent demand through innovative formats, co-living clusters and flexible housing arrangements addressing young professionals, or purpose-built retirement estates for seniors, energy efficient and smart homes that appeal to eco-aware buyers, and mixed-use neighborhoods that integrate living with working and leisure.

Should monetary conditions normalize and consumer confidence rebuild, one could envisage a gentle upswing into 2026. In the absence of that, a mild correction may transpire alongside a gradual shift toward the rental alternative.

Evolution of Bucharest Residential Prices (old & new units)*



Source: iO Partners, analizeimobiliare.ro

* Price / usable sqm, excluding terraces and VAT

Residential Market Dynamics

Trends & Outlook: Adjusting to slower wage increases

The residential market appears to be at an inflection point. Strong growth in supply over the last decade is leveling off as the pipeline in Bucharest and Ilfov runs short. When combined with the contraction in overall transaction volumes and macroeconomic headwinds (tight monetary policy, rising inflation), the outlook for the end of 2025 and through 2026 is cautious. Rapid wages increases are no longer sustainable, at least on the short term, affecting the household purchasing power and tempering organic demand growth.

Demographic dynamics, such as an ageing workforce and a moderate expansion in employment, imply that demand will grow at a slower pace compared to past years.

> Early signs of contraction are shown with September 2025 transactions decreasing 10% y-o-y. Still, prices in Bucharest kept rising, driven by high construction costs, expected tax hikes, limited supply, steady interest rates, with fiscal-driven buyer urgency sustaining short-term growth.

Andreea Hamza, Head of Residential Advisory
iO Partners Romania

Infrastructure projects, including new highways, will unlock peripheral locations and could stimulate residential development in under-served areas, supporting suburban residential growth.

There is an opportunity for niche products targeting specific segments, such as co-living, retirement housing for an ageing population, and energy efficient apartments that appeal to a discerning buyer.

Should the macroeconomic frame stabilize, and especially if inflation moderates and wage growth is sustained by improving productivity, residential sales may recover, underpinned by Romania's positive long-run fundamentals, urbanization and EU membership.

Absent that, a temporary correction in prices and a reversion towards rental tenures may occur as credit remains expensive. Besides that, emerging lifestyles such as remote work and an appetite for secondary homes in rural settings are quietly shifting the geography of demand. Potential policy interventions aimed at stimulating first time purchasers or promoting energy retrofits could unlock latent demand and redefine residential investment into the next era, creating fresh vectors for growth and reshaping neighborhood patterns beyond the traditional urban footprint.

Investment Market Dynamics

Volume Evolution: Retracting Peaks

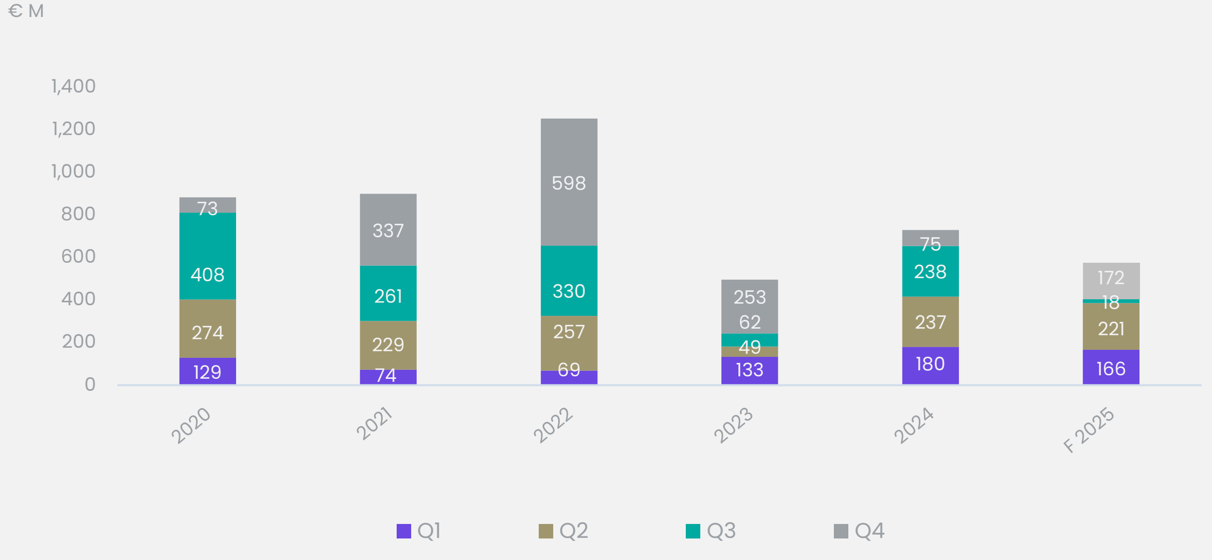
Investment volumes recorded a strong increase through 2020–2022 before retrenching sharply thereafter.

Figures reached as high as €1.25 billion in 2022, only to decrease to less than half in the following year. After a recovery to almost €730 million in 2024, investment volumes for 2025 are expected to settle at about €570 - €580 million. Q3 marked a record low of less than €20 million, which also reflects the caution prevailing among investors navigating geopolitical unease, Romania's fiscal environment and recent regulatory changes and a reassessment of risk premium.

Considering the current pipeline, 2026 could bring a rebound, with total investment volumes of circa €800 million to €1 billion. However, this is conditioned by the closing of several major portfolios as well as landmark assets deals.

Furthermore, the market is being targeted by a broader mix of investors, along with a diversification in their focus, spanning from offices, retail, hotels, to industrial assets. Emerging investor types include family vehicles, sovereign wealth funds, specialist debt funds and regional pension pools, broadening the capital base and introduce fresh dynamics to the investment pool.

Investment volumes evolution



Source: iO Partners

Investment Market Dynamics

Yield Evolution: Towards stability amid uncertainty

Prime yields remained stable across the core property classes towards the end of 2025, even as volumes drift lower: prime office and retail assets command yields of 7.75%, while prime industrial ticks up toward 8%.

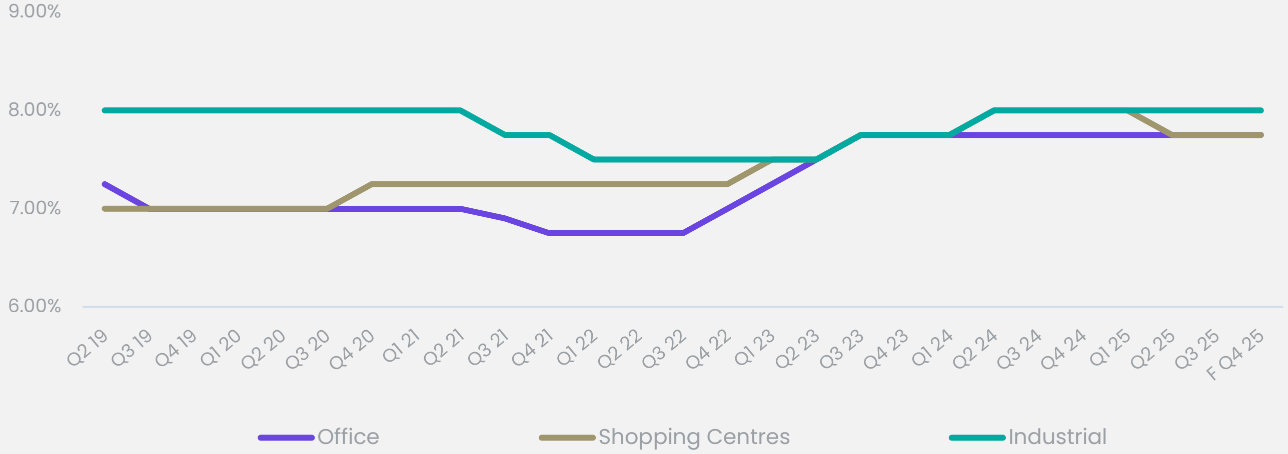
This apparent constancy masks a latent repositioning: investors demand more yields premiums for perceived risk, requiring underlying property fundamentals to justify cost of capital via dependable cash flows and resilient rental growth.

2026 is unlikely to bring major changes in prime yields, unless macroeconomic conditions improve significantly.

On the longer term, the stability of the current government deficit, a positive outcome on the geopolitical turmoil across the borders and the constantly improving financing conditions as well as innovation in terms of product on the market could unlock such latent potential and compress yields downward, though that outcome remains contingent on a confluence of factors falling into place. Moreover, the change in investor's universe active on the local market from regional players to more core focused western groups could lead to some compression

The rise of thematic investing, such as green bonds backing sustainable projects, technology driven platforms, regeneration of urban hubs, could subtly alter yield dynamics in the future.

Prime yields evolution



Source: iO Partners

Investment Market Dynamics

Trends & Outlook: New products and new players

Overall investment activity moderated sharply in 2025 compared to the period of 2021–2024, symptomatic of investor caution in a high-interest rate environment and amid geopolitical uncertainty.

Looking forward to the end of 2025 and into 2026, the opportunity set will depend on the availability of good product on the market and the convergence of expectations between sellers and buyers.

Over the past two years, Romania has steadily strengthened its position on the regional real estate map, attracting a wave of new investors, many of them international, who now view the market as both stable and strategically advantageous. Looking ahead, this positive trajectory is expected to continue in the short to medium term, supported by solid market fundamentals, competitive yields, and a growing pipeline of institutional-grade opportunities.

> We anticipate minimal changes in Romania's investment market in 2026, with yields expected to remain largely stable. Current activity is limited, apart from a handful of transactions and several long-pending projects nearing completion.

Andrei Văcaru, CEE Head of Capital Markets
iO Partners

A diverse group of prospective entrants, each with distinct investment strategies and sector preferences, is actively monitoring the landscape and evaluating timing for market entry, reflecting the depth and versatility of Romania's real estate sector. The players wait for the right moment to deploy capital, their presence not only increases competitive tension but also reinforces Romania's reputation as a dynamic, evolving market with significant long-term potential.

The range of available product is also expected to broaden, as investors who previously concentrated on a single asset class are now seeking to diversify into more specialized asset types and alternative deal structures. This shift toward non-standard opportunities reflects a maturing market in which investors are increasingly willing to explore higher-value, niche segments in pursuit of differentiated returns.

Alternative asset classes, such as student housing, senior living, and purpose-built logistics are likely to attract growing investor interest. At the same time, within the hospitality sector, leased hotel structures are emerging as an appealing option for investors seeking stable, long-term income streams under favorable contractual conditions. Together, these trends signal a broader diversification of investment strategies and a willingness to pursue assets that offer both resilience and differentiated performance.

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