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Prahova Valley and Brasov County top choices for vacation homes

- *Investors are considering new development areas, however, where local authorities have announced infrastructure investments and land prices are still quite affordable.*

BUCHAREST, JANUARY 24TH 2008 – Prahova Valley and Brasov County continue to remain Romanians' favorite destinations when it comes to vacation homes, as the number of villas and boardinghouses built to accommodate tourists has increased over the past few years. With the summer season at the seaside lasting only four months, the proportion of buyers that choose a vacation home is higher in case of mountain locations, which can be operated throughout the entire year.

The real estate market in Prahova Valley stands out especially through its transactions with land and investments in vacation homes. The transactions last year followed the same upward trend in terms of land attractiveness, especially for residential destinations. As the accommodation capacity of the hotels in mountain areas and at the seaside is far lower than the yearly tourist flow, developers are shifting towards vacation homes because the investment can be amortized faster than that in a hotel, which also entails operating costs. The most popular areas among developers are: Brasov, Sinaia, Busteni, Poiana Tapului and Predeal.

Number of accommodation units in Sinaia (Source: Sinaia Town Hall, 2007)

Type of unit	Number of units	Capacity
Hotels	25	3,000
Villas	32	531
Boardinghouses	45	716
Hostels	2	120
Motels & camping sites	3	98
Private rental residences (registered)	42	145
Inns/chalets	5	182
Total	154	4,792

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Number of accommodation units in Busteni (Source: Busteni Town Hall, 2007)

Type of unit	Number of units	Capacity
Hotels	10	694
Villas	28	497
Boardinghouses	79	1,065
Motels & Camping sites	2	118
Private rental residences (registered)	67	254

Total 186 2,628

As the accommodation capacity is lower than the high flow of tourists (the above mentioned resorts alone registered more than 300,000 overnight stays in 2007), residential complexes comprising vacation homes are safe investments both for developers and for buyers, with many residential complexes (such as Belleview, Colina Florilor, Piatra Arsa, Kalinderu, Valea Cerbului, Colina Brazilor, etc.) already developed in the area. The price of homes in this area went up 10-15% last year, while land became about 30% and even 50% more expensive, a trend expected to maintain in 2008.

Prahova Valley - vacation homes

Old houses - 500-800 euros/sqm

Apartments - 800-1,000 euros/sqm

Luxury villas - 1,200-1,600 euros/sqm+VAT

Prahova Valley - land

Outskirts of Prahova Valley resorts - 15-35 euros/sqm

Sinaia, Azuga - 300-600 euros/sqm

Busteni (Zamora, Golful Regal) - 100-250 euros/sqm

Poiana Tapului - 100-150 euros/sqm

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Campina - 65-100 euros/sqm

Breaza - 38-45 euros/sqm

Brasov County is another highly sought after area among investors in such projects. This is where the best-known mountain resort, Poiana Brasov is, as well as other popular areas such as Predeal, Bran-Moeciu, Rasnov etc.

Demand in the area comes mainly from investors (be they major investors that develop large projects or small investors that build boardinghouses, inns or villas, which they open to tourists), while the number of clients that build for their own use is quite low.

Brasov and surroundings - vacation homes

Old houses - 800-1,300 euros/sqm

Apartments - 700-1,600 euros/sqm

Luxurious villas - 2,800-3,000 euros/sqm+VAT

Brasov - land

Outskirts:

North: Ghimbav, Cristian - 50-100 euros/sqm + VAT

North-East- Stupini, Sanpetru - 45-75 euros/sqm + VAT

- Harman - 30 - 100 euros/sqm + VAT (30 - farming land, 100 - land in the residential area)

South - Dambul Morii - 100-150 euros/sqm + VAT

- Tarlugeni 15-20 euros/sqm + VAT

-Sacele 15-80 euros/sqm + VAT (15 - in the industrial zone and the maximum price in the Poiana Angelescu forested area)

Semi-central - 100-400 euros/sqm+VAT

Central, prime central - 500-1,000 euros/sqm+VAT

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Land in Brasov County

Moeciu de Jos - 40-50 euros/sqm
Moeciu de Sus - 120-150 euros/sqm
Poiana Brasov - 400-500 euros/sqm

Investors, however, are looking at new, lesser-known areas as vacation destinations, where the authorities have interesting development projects. Such examples are Campulung and Piatra Neamt, where Coldwell Banker opened offices.

The market of vacation homes and of "second houses" in Campulung has a real potential because this city was declared the city with the highest tourism potential in Romania (according to the ANT master plan) and the area will be turned into a tourist resort. The most interesting locations are: Albesti, Leresti, Mioarele Matau, the hills of Campulung (Marcus, Valea Romanestilor, Valea Barbusii, and Grui) where prices range between 20-40 euros/sqm for the time being. Coldwell Banker Muscel promotes the Iezer Portareasa tourist resort, which entails building a mountain resort with state-of-the-art facilities - slopes, cable transportation, ski lifts, as well as many accommodation units: hotels, chalets, and residential districts.

Piatra Neamt is another interesting destination for investors because of the ambitious plans that are already being enforced by the local authorities: the building of a 2,150m long cable car line that will connect the railway station and the Trei Coline on Cozla Mountain, as well as the makeover of the ski slope, which will have a modern ski lift installed that can carry 1,200 people/hour. The city hall's program includes a 15.6 million-euro investment to be made by 2013, money that will be channeled to turning this place into a real tourist attraction: restoration of the Ruler's Court, the building of the tourist area by the Cuejdel Lake, of the routes around the city and modernization of the streets that lead to the tourist attractions. Coldwell Banker Montana promotes the first new residential project in Piatra Neamt, a complex of 232 apartments in four blocks.

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Romania has a very high touristic potential that has not been capitalized on thus far. This is where approximately $\frac{3}{4}$ of the total existing mineral, thermal and therapeutic water resources in Europe are located. Mountain tourism, however, suffers a great deal from the poor quality of the existing accommodation facilities and the poorly developed infrastructure of the country. Under the circumstances, developing new resorts would have the advantage of the possibility of uniform urban planning since its early stages, of the building of properly sized accommodation units in terms of number of rooms, of their surface area and location, of the building of leisure centers and, last but not least, would allow buying the land for such a development at a very good price. With effective promotion and good location, the development of such projects could be a good opportunity for investors.

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About Coldwell Banker Affiliates of Romania:

Coldwell Banker Affiliates of Romania is the local representative of one of the best-known real estate companies worldwide.

Coldwell Banker Affiliates of Romania provides consultancy and brokerage services on all market segments: residential, offices, industrial, retail, land and investments. It currently has seven offices: three in Bucharest and four in the country in Ploiesti, Campulung, Brasov and Piatra Neamt.

With a 100-year history, the US company is now held by Realogy Corporation, one of the biggest real estate franchisers worldwide. The Coldwell Banker network covers 41 countries with 3,800 offices and more than 120,000 brokers.