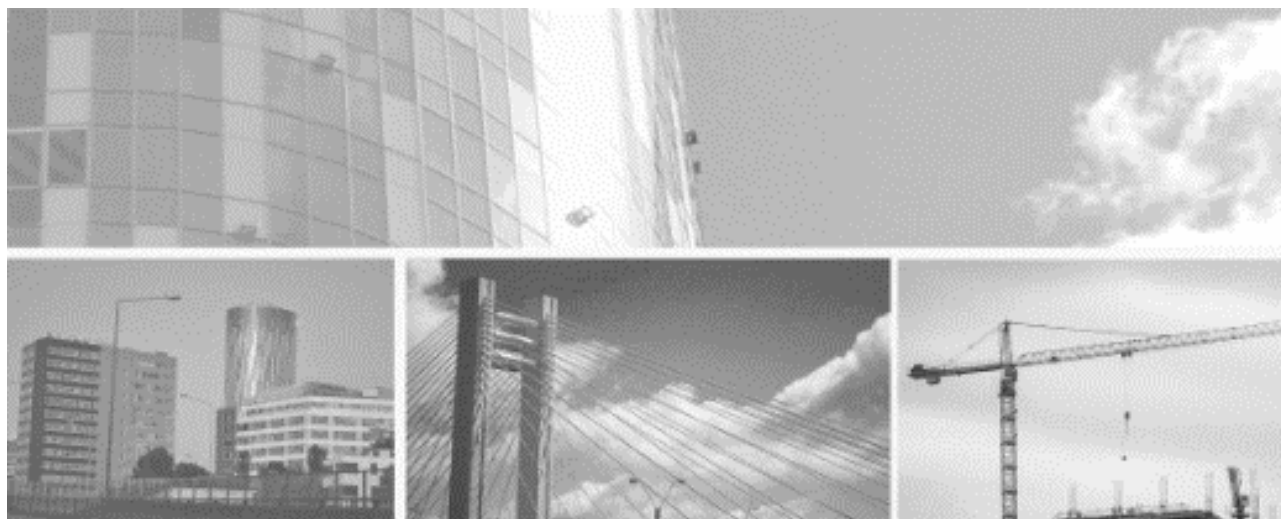




AEEF MLS Market Report

Q1 2015



A report developed by The Bucharest University of Economic Studies (ASE) through Department of Financial Analysis and Valuation and Flexmls Romania.

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Bucharest | June 11, 2015

About

The **AEEF MLS Market Report Q1 2015** continues the information presented during the International Conference “Transparency of the Real Estate Market” from 16th of February 2015, with the market analysis for the first quarter of 2015, as a result of an independent and relevant indicators such as: real estate index, negotiation margin, adjustment margin.

The AEEF MLS Market Report Q1 2015 was realized based on the information provided by the Multiple Listing Service **Flexmls România**, with data between 1st of January 2015 – 31st of January 2015.

The data take into consideration relevant information about the residential market in Bucharest, (in further reports there will be included other major cities in Romania), analyzing 1714 transaction for Q1 in 2015, totaling a volume of 91.8 mil. Euro.

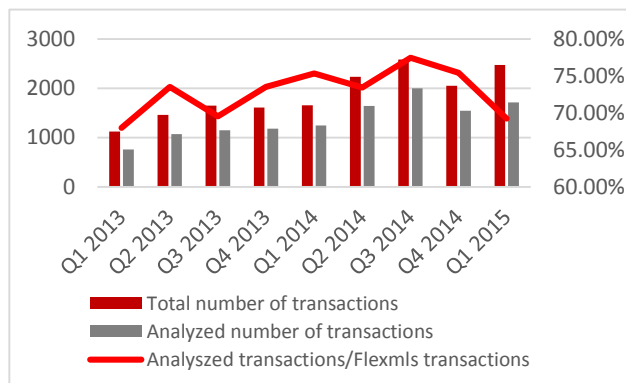
The analysis took into consideration a comparison of Q1 2015 with the 8 quarter in 2013-2014, with the indicators that were analyzed:

- Evolution of active number of listing;
- Median values of transaction prices on zones;
- Evolution of transaction prices (Price/unit and price/sqm) structured on zones, types of properties, and age of building;
- Adjusting margin (selling price to initial list price);
- Negotiation margin (selling price to final list price);

In this report, there will be presented the Q1 2015 value of the index **Bucharest ARM Index** – an index built on median values weighted on zones and type of apartments, of selling price of residential properties in Bucharest.

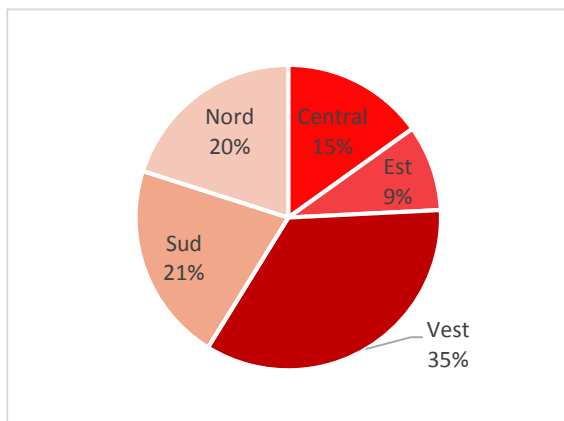
Evolution of the number of transaction and transaction volume

Comparison between analyzed number of transactions vs. total data base included in Flexmls Romania

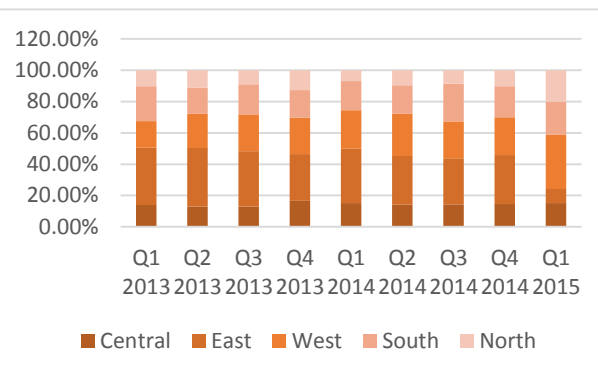


	Flexmls transactions	Analyzed transactions	%
Q1 2013	1,122	763	68.00%
Q2 2013	1,459	1,073	73.54%
Q3 2013	1,651	1,148	69.53%
Q4 2013	1,609	1,183	73.52%
Q1 2014	1,658	1,249	75.33%
Q2 2014	2,235	1,641	73.42%
Q3 2014	2,582	2,000	77.46%
Q4 2014	2,052	1,548	75.44%
Q1 2015	2,476	1,714	69.22%

Q1 2015 zones



Analyzed transactions weights on areas



mil. euro

91.8

**Volume of 1714 transaction analyzed
in the first quarter of 2015**

Median values of transaction prices on zones

	Median – Selling price		Median - Selling price		Negotiation margin	Adjusting margin
	Euro/unit		Euro/sqm		% Price/Final list price	% Price/ Initial list price
	Q1-2015	% 1 an	Q1-2015	% 1 an	Q1-2015	Q1-2015
Central	65,225	-1.01%	1,110	1.37%	-2.54%	-10.07%
North	65,651	-1.66%	1,128	1.53%	-4.08%	-10.53%
East	48,970	0.64%	935	0.86%	-2.43%	-7.56%
South	44,603	1.91%	838	1.33%	-2.75%	-8.67%
West	46,524	3.61%	921	4.66%	-2.53%	-7.52%
Total Bucharest	51,163	1.55%	956	2.25%	-2.72%	-8.58%

Euro/unit									
Median - Selling price	Q1-2013	Q2-2013	Q3-2013	Q4-2013	Q1-2014	Q2-2014	Q3-2014	Q4-2014	Q1-2015
Central	65,039	64,983	66,224	61,624	65,225	59,016	62,537	62,398	64,566
North	59,878	68,458	67,718	60,901	65,651	63,176	62,032	70,108	64,561
East	50,266	50,419	48,122	47,915	48,970	47,154	47,507	48,976	49,284
South	49,638	47,413	46,532	44,961	44,603	44,857	45,381	44,749	45,456
West	48,532	49,777	47,662	45,982	46,524	47,586	47,195	47,872	48,205
Total Bucharest	52,885	53,684	51,814	50,877	51,163	50,074	50,311	51,978	51,958
Number of sales	763	1,073	1,148	1,183	1,249	1,641	2,000	1,548	1,714

Euro/sqm									
Median - Selling price	Q1-2013	Q2-2013	Q3-2013	Q4-2013	Q1-2014	Q2-2014	Q3-2014	Q4-2014	Q1-2015
Central	1,166	1,114	1,135	1,067	1,095	1,064	1,065	1,093	1,110
North	1,109	1,168	1,126	1,105	1,111	1,103	1,093	1,147	1,128
East	991	978	964	939	927	935	923	919	935
South	891	882	863	847	827	847	860	849	838
West	930	918	882	870	880	899	901	891	921
Total Bucharest	995	988	962	949	935	943	938	947	956
Minim	Ghencea	Ghencea	Ghencea	Ghencea	Ghencea	Ghencea	Brancove-Giurgiului	Berceni – Ap.Patriei	Balta Alba
Euro/sqm	766	836	636	677	765	834	846	840	712
Maxim	Primaverii Aviatorilor	Primaverii - Aviatorilor	Primaverii - Aviatorilor	Primaverii - Aviatorilor	Primaverii - Aviatorilor	Aviatiei-Baneasa	Aviatiei-Baneasa	Cotroceni	Primaverii - Aviatorilor
Euro/sqm	1,391	1,612	1,459	1,376	1,369	1,346	1,359	1,467	1,363

Value of transaction price in quarter 1 of 2015 increased with 1.55% compared with the same quarter in 2014. The evolution of price/sqm shows not only the increase compared with the same quarter in 2014 but also consecutive increase related to fourth quarter in 2014.

Evolution of transaction prices (Price/unit) structured on zones

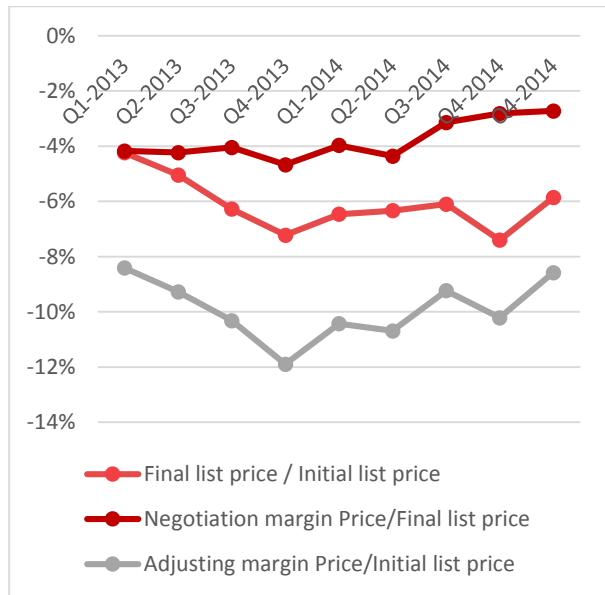
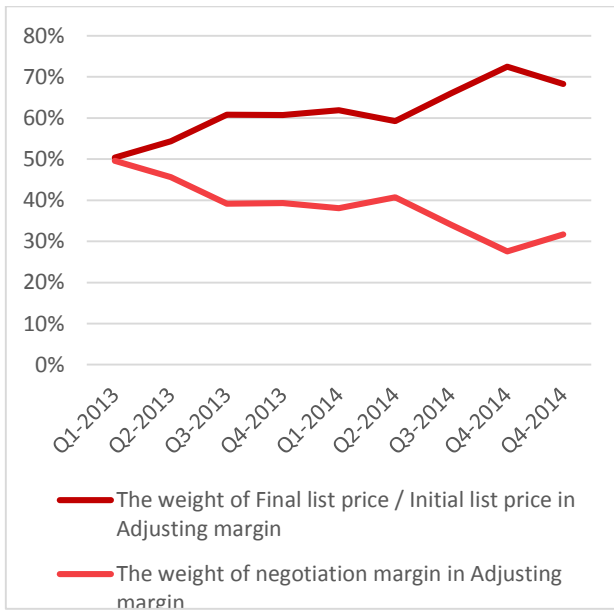
Euro/unit	Q1-2013	Q1-2014	Q1-2015
Center	62,429	67,400	60,400
Palatul Parlamentului	80,308	69,400	64,615
Tineretului - Vacaresti	79,733	63,618	72,379
Muncii - Traian	68,818	71,080	85,015
Cotroceni	89,000	110,250	94,500
Grivitei - Gara de Nord	48,083	38,696	46,364
1 Mai - Bucurestii Noi	57,038	60,077	57,756
Aviatiei-Baneasa	61,833	80,882	81,971
Primaverii - Aviatorilor	78,667	146,167	83,853
Lacul Tei - Floreasca	54,419	49,514	53,864
Balta Alba	45,500	43,000	48,500
Mihai Bravu - Vitan	49,459	51,227	45,845
Pantelimon	49,670	48,536	48,387
Salajan-Ozana	49,977	44,058	44,412
Obor- Colentina	47,527	48,388	49,580
Dristor - Vitanul nou	53,590	55,032	56,662
Titan	49,581	44,590	50,845
Rahova - Ferentari	48,746	47,593	48,928
Oltenitei	52,696	49,905	57,339
Brancoveanu - Giurgiului - Viilor	45,871	38,914	39,628
Berceni - Aparatorii Patriei	52,041	45,134	44,662
Crangasi - Giulesti	58,208	51,357	54,196
Drumul Taberei	47,023	42,940	43,438
Militari	47,588	48,603	50,089
Ghencea	34,375	51,750	48,395

Evolution of transaction prices (Price/sqm) structured on zones

Euro/sqm			
Median Sales Price	Q1-2013	Q1-2014	Q1-2015
Centru	1,166	1,117	1,111
Palatul Parlamentului	1,224	1,041	1,075
Tineretului - Vacaresti	1,302	1,177	1,207
Muncii - Traian	1,225	1,234	1,224
Cotroceni	1,391	1,125	1,245
Grivitei - Gara de Nord	939	844	904
1 Mai - Bucurestii Noi	1,040	1,149	974
Aviatiei-Baneasa	1,156	1,337	1,328
Primaverii - Aviatorilor	1,358	1,369	1,363
Lacul Tei - Floreasca	1,058	938	1,059
Balta Alba	939	896	712
Mihai Bravu - Vitan	1,021	974	952
Pantelimon	998	892	915
Salajan-Ozana	948	891	892
Obor- Colentina	888	861	886
Dristor - Vitanul nou	1,075	983	1,002
Titan	990	961	982
Rahova - Ferentari	883	833	824
Oltenitei	891	857	919
Brancoveanu - Giurgiului - Viilor	870	829	828
Berceni - Aparatorii Patriei	918	805	839
Crangasi - Giulesti	992	861	957
Drumul Taberei	932	897	918
Militari	925	881	922
Ghencea	766	765	846

Adjusting margin (selling price to initial list price) and negotiation margin (selling price to final list price)

	Q1-2013	Q2-2013	Q3-2013	Q4-2013	Q1-2014	Q2-2014	Q3-2014	Q4-2014	Q1-2015
Final list price / Initial list price	-4%	-5%	-6%	-7%	-6%	-6%	-6%	-7%	-5.8%
Negotiation margin Price/Final list price	-4%	-4%	-4%	-5%	-4%	-4%	-3%	-3%	-2.7%
Adjusting margin Price/Initial list price	-8%	-9%	-10%	-12%	-10%	-11%	-9%	-10%	-8.5%
The weight of Final list price / Initial list price in Adjusting margin	50%	54%	61%	61%	62%	59%	66%	72%	68%
The weight of negotiation margin in Adjusting margin	50%	46%	39%	39%	38%	41%	34%	28%	32%



Starting from the value related to initial list price, final list price and transaction price, we calculated the negotiation margin and adjustment margin.

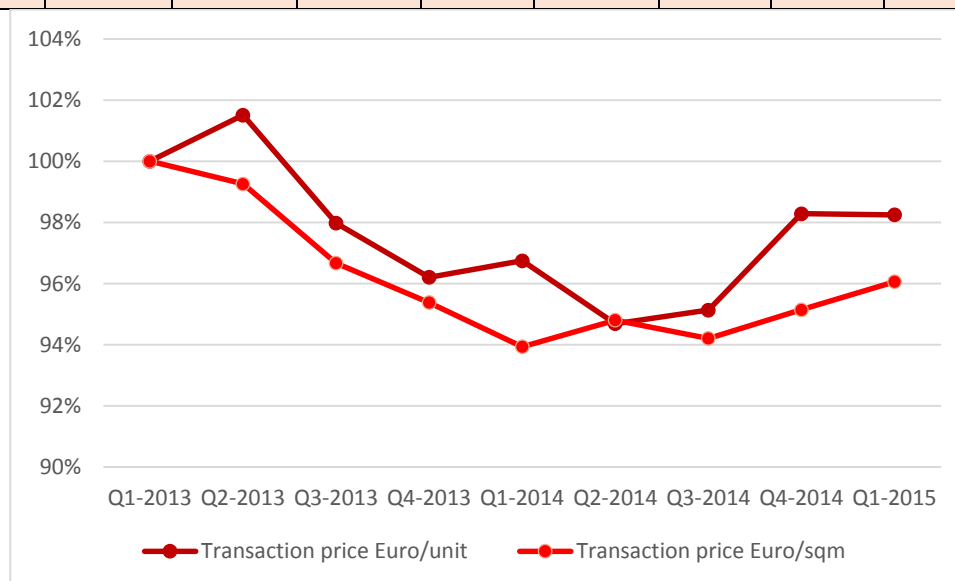
Bucharest ARM Index – index built on the median weighted values on zones and type of apartments, of selling prices of residential properties in Bucharest

Method of calculation:

- Data: Flexmls system;
- Period: 2013-2014 and first quarter in 2015;
- 4200 transactions in 2013, 6500 transactions in 2014 and 1714 transactions in Q1 2015, obtained through eliminating extreme value using box plot method;
- Calculation of median values on zones and number of chambers, generating the weighted averages on sub-zones and zones
- Q1 from 2013 was taken as reference = 100.

Euro/unit Selling price									
	Q1-2013	Q2-2013	Q3-2013	Q4-2013	Q1-2014	Q2-2014	Q3-2014	Q4-2014	Q1-2015
Central	100%	99.9%	101.8%	94.8%	100.3%	90.7%	96.2%	95.9%	99.3%
North	100%	114.3%	113.1%	101.7%	109.7%	105.5%	103.6%	117.1%	107.9%
East	100%	100.3%	95.7%	95.3%	97.4%	93.8%	94.5%	97.4%	98.1%
South	100%	95.5%	93.7%	90.6%	89.9%	90.4%	91.4%	90.2%	91.6%
West	100%	102.6%	98.2%	94.8%	95.9%	98.1%	97.3%	98.6%	99.3%
Total Bucharest	100%	101.5%	97.9%	96.2%	96.7%	94.7%	95.1%	98.3%	98.3%

Euro/sqm Selling price									
	Q1-2013	Q2-2013	Q3-2013	Q4-2013	Q1-2014	Q2-2014	Q3-2014	Q4-2014	Q1-2015
Central	100%	95.6%	97.4%	91.6%	93.9%	91.3%	91.4%	93.8%	95.2%
North	100%	105.3%	101.5%	99.6%	100.1%	99.4%	98.5%	103.4%	101.7%
East	100%	98.6%	97.3%	94.7%	93.5%	94.3%	93.1%	92.7%	94.3%
South	100%	98.9%	96.8%	95.1%	92.8%	94.9%	96.5%	95.3%	94%
West	100%	98.7%	94.8%	93.5%	94.6%	96.6%	96.9%	95.8%	99%
Total Bucharest	100%	99.3%	96.7%	95.4%	93.9%	94.8%	94.2%	95.1%	96.1%



Conclusions

AEEF MLS MARKET REPORT analyzed Q1 in 2015 and has the following conclusions:

- There is a confirmation for the change in the trend of the residential property price in Bucharest, as the real estate index Bucharest ARM Index showing two positive signals:
 - For the second consecutive quarter there is a increase in price per sqm;
 - It is registered the most important increase of the index from the last 9 quarter from 95,1% to 96,1%;
- The most important evolution was registered in the West area of Bucharest which increased from 94,6% in Q1 2014 to 99% in Q1 2015 and the smallest dynamics was in East which increased from 93,5% in Q1 2014 to 94,3% in Q1 2015; South area has the largest difference compared with Q1 2013, with a value of 94% in Q1 2015;
- We can observe an increase in the liquidity of the market, as the number of transactions in the Flexmls platform in Q1 2015 being 2476 compared with 1.658 in Q1 2014 and 1.122 in Q1 2013;
- The analysis shows a decrease of the adjustment margin, especially of the component final list price/ initial list price. For the first time starting with 2013, the negotiation margin (Transaction price/Final list price) decreased under 3%.

