

# Regulatory Predictability and Investor Confidence in Romania's Real Estate Market

*Interview with Florian Nițu, Managing Partner, Popovici Nițu Stoica & Asociații*

Romania's real estate sector continues to evolve under the combined pressure of legislative change, financing constraints and rising ESG expectations. In a market where investor confidence is closely tied to regulatory stability, recent tax adjustments and consumer-protection measures have triggered important shifts in development models, capital structures and risk-management strategies. In this **CIJ EUROPE Q&A**, **Florian Nițu, Managing Partner at Popovici Nițu Stoica & Asociații**, shares his perspective on how abrupt legislative changes are reshaping the residential market, why equity raising is becoming more critical, and what practical steps developers must take to navigate permitting bottlenecks and ESG-driven requirements.

**CIJ EUROPE:** Romania has seen frequent legislative adjustments in recent years. From your perspective, how do changes in tax and property legislation influence foreign investors' confidence in transaction timing, and what level of predictability do investors now expect before committing capital?

**Florian Nițu:** That is always a recurring question in Romania. We tend to be quite dynamic in our legislative process, with new enactments appearing almost every year. Most recently, in the real estate sector, we saw two important changes adopted toward the end of the year, both with significant impact, particularly on residential development.

The first concerns property taxation on residential households, which naturally influences pricing of residential units. The second is the well-known "Nordis Law," introduced very abruptly. The market generally expected a 90-day transition period, but this was not granted, and compliance became immediate.

This regulation effectively introduces the staged-payment concept familiar in the UK construction market, linking execution stages to payment stages in order to protect end buyers. The impact on development models is substantial, particularly regarding developers' equity requirements. Smaller residential developers have historically relied heavily on advance payments, sometimes up to 90 percent, to finance projects.

The immediate negative market reaction was driven less by the substance of the change and more by the abrupt implementation. With a proper transition period, the market would have adapted more smoothly. Ultimately, however, the measure is one of professionalisation. Larger, well-structured developers are likely to be protected by this framework because they already operate with stronger compliance and more diversified financing.

**CIJ EUROPE:** Do you believe the regulation is now at the right stage, or is further refinement needed?

**Florian Nițu:** Conceptually, the regulation is sound. It should help the market mature and limit potential abuses while offering meaningful protection to end users. My main reservations relate to the lack of a transition period and to certain technical constraints, particularly at the level of cadastral authorities and land book offices, that currently complicate practical implementation.

These issues can be resolved through secondary legislation and administrative dialogue. A six-month transition window would have allowed developers and authorities to coordinate more effectively. Nevertheless, the Romanian market has reached a maturity level where such a framework is appropriate.

**CIJ EUROPE:** With financing conditions tighter than in previous cycles, are you seeing changes in how investors structure acquisitions, joint ventures or development partnerships to manage risk?

**Florian Nițu:** Very much so, and the legislative changes are accelerating this shift. In residential development, if advance payments are restricted, the natural alternative is to raise additional equity. Bank financing remains expensive, and lenders are still reluctant to assume development risk without strong pre-sale or pre-let levels.

As a result, we expect to see more developers turning to capital markets. The Bucharest Stock Exchange saw strong IPO activity in 2025, and several real estate groups are clearly preparing similar moves. Raising private capital often leads naturally toward public listings from a compliance standpoint. In short, developers should prepare for more equity-driven models and, increasingly, for listings.

**CIJ EUROPE:** Permitting timelines and zoning clarity often determine whether projects proceed or stall. What bottlenecks are currently most impactful, and where would reforms have the greatest effect?

**Florian Nițu:** This has always been less a legislative issue and more a bureaucratic one. Romania does not lack regulation, if anything, we are overregulated. The real challenge lies in administrative capacity, staffing quality and local management.

Some municipalities have succeeded in creating efficient permitting environments, while others remain slow. It largely depends on how local administrations are run. Developers also need to be more proactive. A significant portion of the permitting process involves legitimate negotiation within legal parameters, and developers should engage more assertively.

Where authorities fail to respect statutory deadlines, such as the 30-day response period, developers should not hesitate to use court remedies. If the private sector collectively applies pressure through legal and institutional channels, administrative performance will improve. Waiting passively for reform has not worked over the past three decades.

**CIJ EUROPE:** Environmental and ESG requirements are becoming embedded in financing and asset evaluation. How are these standards reshaping contractual obligations and liabilities in Romania?

**Florian Nițu:** ESG is definitely reshaping the market, although the emphasis today is clearly strongest on the environmental component. At EU level, net-zero targets remain firmly in place. For new office and retail developments, securing institutional investment without a credible carbon-neutral pathway is becoming increasingly difficult.

This is already reflected in green lease clauses, which are now standard in many transactions. In residential, the picture is more nuanced. Some developers prefer to invest in energy-efficient technologies rather than pursue full certification, especially in mass-market segments. Consumer demand below the EUR 100,000 price range, still the bulk of the market, remains primarily focused on affordability and basic compliance.

However, in premium residential and certainly in commercial assets, carbon neutrality is quickly becoming the benchmark and is likely to remain so.

**CIJ EUROPE:** Are market participants becoming more proactive in preventing disputes through contractual design and due diligence, or does litigation remain a significant feature of the Romanian property sector?

**Florian Nițu:** Businesses have never wanted to litigate. Their objective is to complete projects and generate returns. What we are seeing now is more sophisticated contractual architecture designed to prevent disputes or resolve them privately.

Beyond traditional arbitration, there is growing use of dispute boards and other expert-driven mechanisms, particularly in joint ventures and forward purchase structures. These arrangements recognise that most real estate disputes are commercial and technical rather than purely legal.

At the same time, risk-transfer tools such as warranty insurance, title insurance and indemnity coverage are becoming more common in complex transactions. Where project stakes are high, investors increasingly combine private dispute-resolution frameworks with layered insurance protection.

**CIJ EUROPE:** Looking ahead, what is the key question you are asking yourself about the Romanian market?

**Florian Nițu:** The key question is when we will see a new wave of investors entering the market. I remain structurally optimistic. Much of the recent hesitation has been geopolitical rather than macroeconomic.

If a peace settlement is reached in Ukraine, Romania and Poland will likely be reconfirmed as the EU's most stable eastern markets. That could trigger a significant wave of greenfield investment, particularly in construction materials and industrial production linked to Ukraine's reconstruction.

Romania has the geographic position, the Port of Constanța, improving east-west infrastructure and an existing manufacturing tradition in the eastern regions. With EU and national funding exceeding EUR 20 billion over the coming years, the country is well positioned to benefit. In my view, this could support a multi-decade growth cycle.

**CIJ EUROPE:** As Romania's real estate market moves further into a higher-discipline phase, the message from Florian Nițu is clear: the fundamentals remain strong, but execution risk has become more nuanced. Legislative changes are pushing developers toward more equity-heavy structures, ESG requirements are steadily hardening investment criteria, and administrative efficiency, not new regulation, remains the key battleground for project delivery.

For international investors, predictability and professionalism are becoming the decisive filters. Yet, if geopolitical conditions stabilise and capital markets deepen as expected, Romania may be entering the early stages of a new investment cycle, one defined less by rapid expansion and more by institutional maturity and strategic positioning within the wider region.