



Focus on: Romanian Real Estate Market Evolutions. 2026

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Romania's real estate market is entering a more demanding and disciplined phase.

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Legislative volatility, tighter financing conditions and increasingly explicit ESG expectations are not new phenomena in themselves, but their cumulative effect is reshaping how real estate projects are financed, developed and delivered. Investor confidence, always sensitive to regulatory predictability, now depends less on growth narratives and more on institutional maturity, execution discipline and risk management.

From my vantage point as a practitioner closely involved in transactions and development structuring, several structural shifts deserve particular attention.

Regulatory Predictability as a Foundation for Investor Confidence

Romania has long been characterised by a dynamic legislative environment. Frequent amendments, annual fiscal adjustments and rapidly adopted sector-specific regulations have become familiar features of the market. In the real estate sector, this dynamic has recently translated into two developments with material impact on residential projects.

The first concerns changes to the taxation of residential property, which inevitably affect pricing assumptions and affordability. The second, more disruptive change was the introduction of the so-called “*Nordis Law*”, adopted toward the end of the year and implemented immediately, without the transition period the market had broadly anticipated.

Substantively, the regulation introduces a staged-payment mechanism similar to systems long established in more mature markets, notably the UK. Payments by end buyers are linked to construction milestones in order to strengthen consumer protection. Conceptually, this is a sound and even necessary step in the professionalisation of the Romanian residential market.

The difficulty was not the principle, but the execution. The absence of a transition period created short-term instability and forced developers to adjust financing and operational models abruptly. With a measured implementation window, the market would have absorbed

the change more smoothly.

From Advance Payments to Equity and Corporate Bond-Driven Development Finance Models

One immediate consequence of the new regulatory framework is the reduced capacity of developers to rely on advance payments as a primary source of financing. Historically, smaller and medium-sized residential developers could finance a substantial portion of construction through pre-sales, in some cases up to 80–90 percent of project costs.

That model is now structurally constrained. At the same time, bank financing remains expensive and selective, with lenders unwilling to assume development risk without robust pre-sale coverage or strong balance-sheet support. The logical alternative is equity. To a similar extent, the corporate bonds.

We are therefore witnessing a gradual but clear shift toward equity-heavy development structures. This, in turn, brings developers closer to capital markets logic. Private equity injections often lead naturally toward public listings, given the transparency and compliance frameworks they require.

The strong IPO activity seen on the Bucharest Stock Exchange in 2025 should not be viewed as an isolated moment. Several real estate groups are preparing similar moves, and for many developers, corporate bond issues, equity raising and potential listings are no longer optional strategies but central elements of long-term planning.

Permitting Bottlenecks: An Administrative, Not Legislative, Challenge

Permitting delays remain one of the most significant execution risks in Romania. Importantly, this is not a question of regulatory scarcity. On the contrary, Romania is often overregulated. The core issue lies in administrative capacity, institutional discipline and local governance.

The performance of local administrations varies significantly. Some municipalities have built efficient, predictable permitting systems, while others remain chronically understaffed or poorly managed. This disparity means that project delivery risks are often location-specific rather than market-wide.

Developers also bear responsibility. The permitting process is not purely mechanical; it involves legitimate negotiation within legal boundaries. Developers must engage assertively and professionally with authorities. Where statutory deadlines—such as 30-day response obligations—are ignored, legal remedies should not be seen as confrontational but as necessary enforcement tools.

Three decades of waiting for systemic reform have shown that passive patience delivers little. Administrative performance improves when the private sector consistently insists on compliance with the law.

ESG Standards: From Differentiator to Entry Requirement

Environmental, Social and Governance considerations are now embedded in real estate financing and asset valuation, with environmental performance clearly leading the agenda. At EU level, net-zero targets remain firmly in place,

and institutional capital increasingly treats carbon-neutral pathways as a baseline requirement rather than an added benefit.

In commercial real estate—particularly offices and retail—accessing institutional investment without credible environmental credentials is becoming increasingly difficult. Green lease clauses are now standard, and ESG compliance is carrying contractual consequences.

The residential segment is more nuanced. In the mass-market bracket, particularly below the EUR 100,000 price point, affordability still dominates purchasing decisions. Many developers focus pragmatically on energy efficiency rather than pursuing full certification, balancing cost against buyer sensitivity.

In premium residential and across commercial assets, however, carbon neutrality is rapidly becoming the market benchmark, and this trend is unlikely to reverse.

Risk Management, Contracts and the Prevention of Disputes

Contrary to popular perception, businesses do not seek litigation. Their objective is timely project delivery and predictable returns. What has changed is the sophistication of contractual architecture.

We now see increased use of preventive mechanisms designed to resolve disputes before they escalate. Beyond arbitration, developers and investors are increasingly relying on dispute boards, expert determinations and hybrid resolution models, especially in joint ventures and forward purchase structures.

Risk-transfer instruments are also gaining ground. Warranty and indemnity insurance, title insurance and layered coverage solutions are becoming standard features in complex or high-value transactions. Where stakes are high, investors increasingly combine contractual risk allocation with insurance-based protection.

Looking Ahead: A Market Positioned for the Next Cycle

The central question I ask myself is when the next wave of investors will enter the Romanian market. I remain structurally optimistic. Recent hesitation has been driven more by geopolitical uncertainty than by domestic fundamentals.

Should the geopolitical context stabilise—particularly through a peace settlement in Ukraine—Romania and Poland are likely to be reconfirmed as the EU's most stable eastern markets. That would likely trigger a new wave of greenfield investment, especially in construction materials, industrial capacity and sectors linked to Ukraine's reconstruction.

Romania's geographic position, the strategic role of the Port of Constanța, improving infrastructure and existing manufacturing tradition in the eastern regions create a compelling platform for growth. With more than EUR 20 billion in EU and national funding expected in the coming years, the conditions are in place for a sustained investment cycle.

This next phase, however, will be defined less by rapid, speculative expansion and more by institutional depth, regulatory discipline and strategic positioning. The fundamentals remain strong. The challenge—and

opportunity—lies in execution.

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