

Romanian Residential Market Index

January 2011



Eurobank

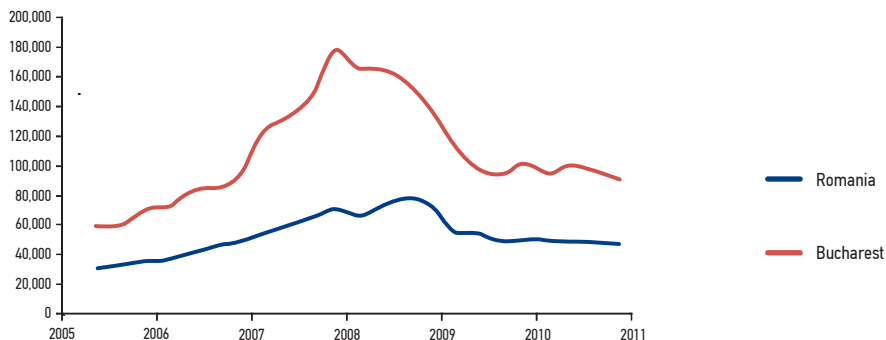
Property Services

THE FOURTH ISSUE of the EFG-Eurobank residential price indices for Romania includes data and index values for the final quarter of 2010 as well as for the past calendar year. In the past quarter the data survey continued to provide adequate information not only for the estimation of the latest figures but also improving precision for all historical figures of the indices. The size of the overall database used by the indices has roughly doubled since the inaugural estimation, improving the performance of the hedonic model and the statistical robustness of the index values. With the latest annual figure included the indices now cover 6 completed historical years. The revision of historical values with the used of the latest data is

limited and benefits from the including both sides of the property cycle.

A familiar pattern dominates the evolution in residential prices across the Romanian cities and divisions covered by the index. The healthy growth rate in 2005 accelerated in 2006 reaching peak levels in Bucharest in late 2007. The growth continued all over Romania with a national peak in the middle of 2008, reaching a spectacular 105% growth nationally in three years. Prices dropped sharply during the rest of 2008 and early in 2009 transactions took place at about 30% lower prices than a year earlier. The drop in national prices slowed down during 2009 tending to stabilize in 2010, leaving residential market prices about 75% above their 2005 levels.

Average dwellings price (Euro)



A number of conclusions can be drawn from a closer observation of the annual figures:

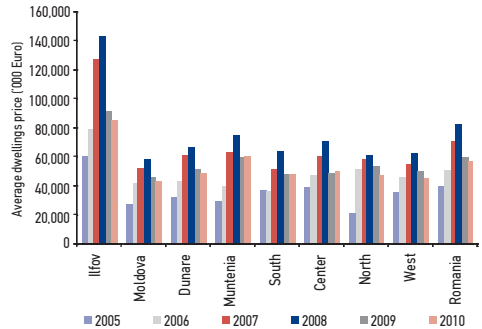
- Market prices have clearly fallen back from the 2007-08 levels
- During the 6 year history of the index national prices grew by 7.2% annually on average
- An drop in prices continued in 2010 for most of the index areas but a much slower rate than in 2009, at -4% annual rate nationally

- The trend implicit in the last two years suggests a stabilizing price level
- A similar movement has been followed across the various segmentations of the Romanian market, without any outstanding exceptions
- The indices suggest Muntenia and the Centre best performing divisions in 2010, with the South following closely

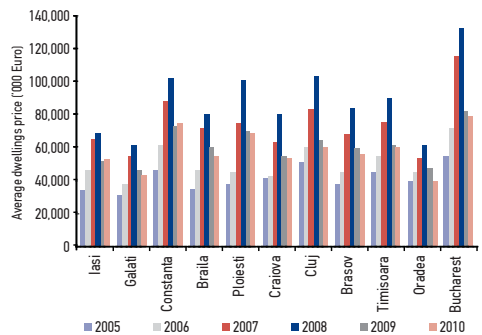


- Bucharest and Ilfov house prices followed closely the national trend in 2010, mainly affected by a continuing price correction of the centre at -13.3% annually
- The best performing cities were Constanta and Iasi, where prices increased, followed by Ploiesti, Timisoara and Craiova where prices were almost stable (marginally dropped). Overall the regional centres appear as better performing markets during 2010

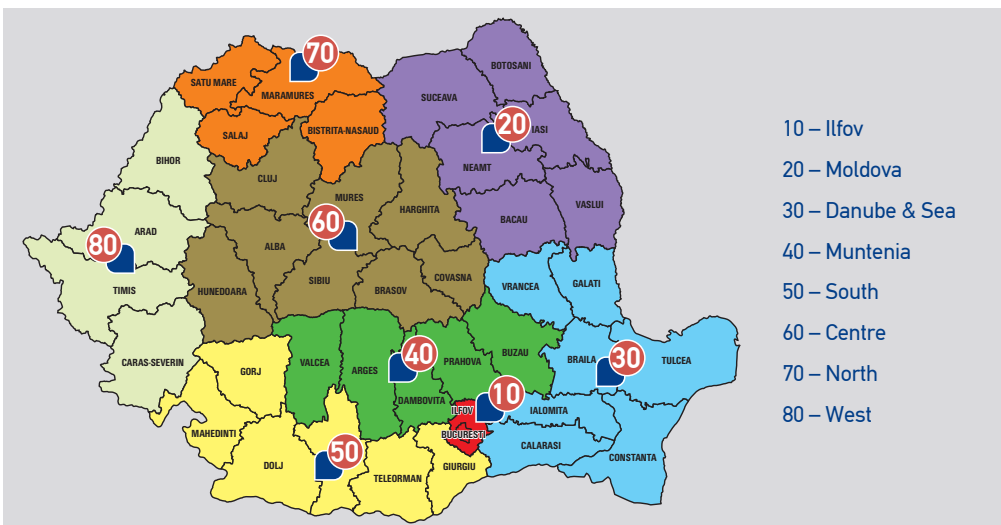
Romanian division dwellings prices-annual



Annual indices for major cities



The quarterly figures further contribute to the suggestion that market prices have stabilised during 2010, close to a national average of €50,000. A small decrease of 2.5% in the final quarter may well reflect a seasonal impact and adverse weather conditions, rather than an indication in trend. Overall, the latest price levels appear to have reached a stabilisation level in prices similar to that of the final quarter of 2006, without major deviations across the index areas.





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