

Real estate properties from industrial platforms to financial asset. The case of Cluj

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Liminal spaces of living. Inhabiting liminality,

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29.09.2023

REDURB – Class formation and re-urbanization through real estate development at an Eastern periphery of global capitalism, 2021-2023,
<https://redurb.ro/>

Through eight case studies (four second and four third-tier cities of Romania), REDURB investigates the advancement of real estate development as a:

- ▶ product of how the state, fostered by transnational actors, facilitated the two major transformations that put Romania on the path of capitalism: economic restructuring via deindustrialization and the reconstruction of the financial system, both triggered by privatization;
- ▶ a constitutive factor of capitalism in an Eastern periphery due to how it became a domain of capital accumulation, acting as a tool to spatially fix the capital's need to continuously expand its investment opportunities.

▼ In particular, REDURB describes why, when, where and how, the local political and economic factors and actors connected to national and global forces, **transform industrial platforms into sites for new real estate development.**

How is this topic related to inhabiting liminality?

To understand the (spatial) dynamic of urban development by:

- highlighting the contrast in a city between liminal/marginal/forgotten/disinvested places and central territories attractive for capital investments
- identifying the historical processes by which marginal places become central (or vice versa?)

See the article: Enikő Vincze & George Iulian Zamfir, 2019. "[Racialized housing unevenness in Cluj-Napoca under capitalist redevelopment](#)," [City](#), Taylor & Francis Journals, vol. 23(4-5), pages 439-460, September.

Example & site visit in Cluj: Abator Square and its surroundings

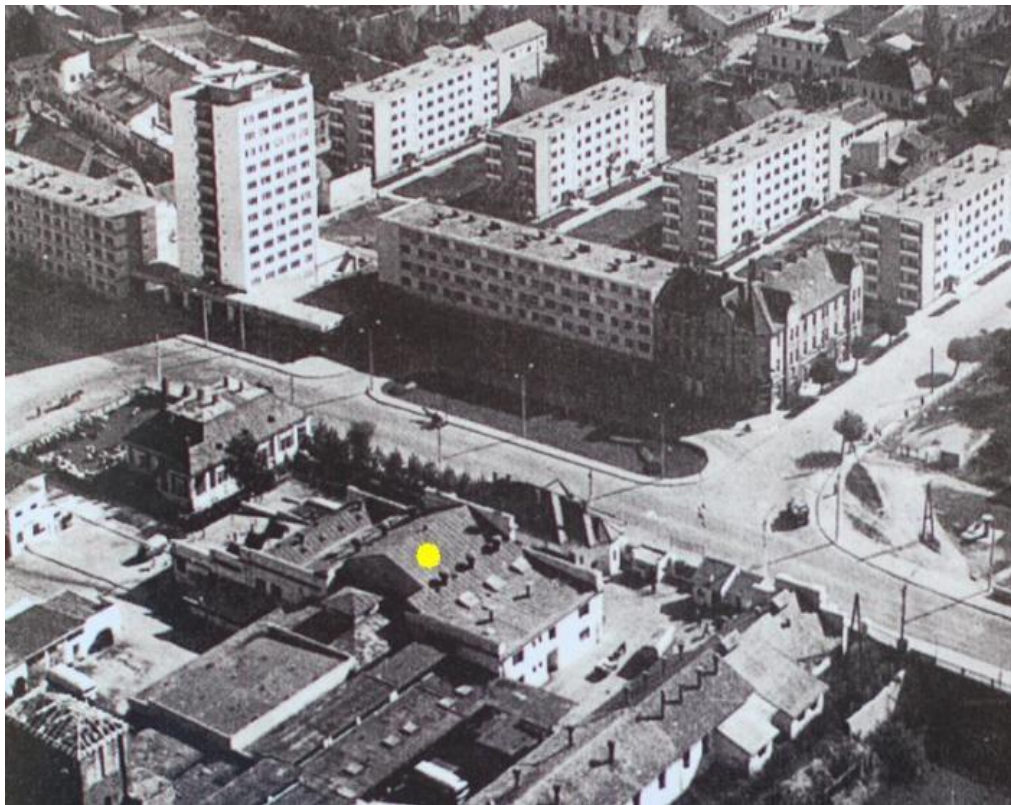
See the book: E. Vincze, H. Harbula, A. Seprődi, P. Máthé, 2019. [Şantier în lucru pentru profit, Desire](#).

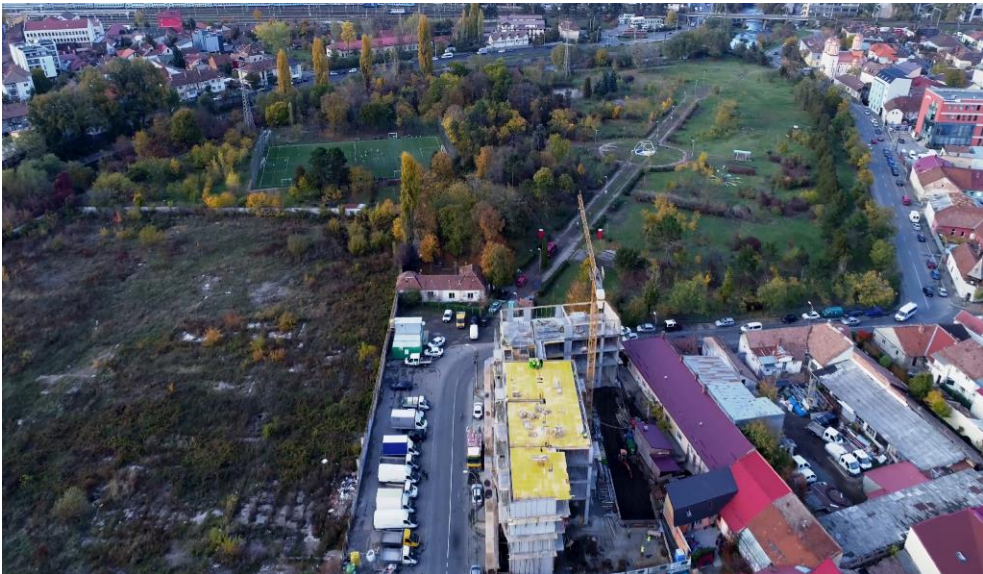




Üdvözlét Kolozsvárról.

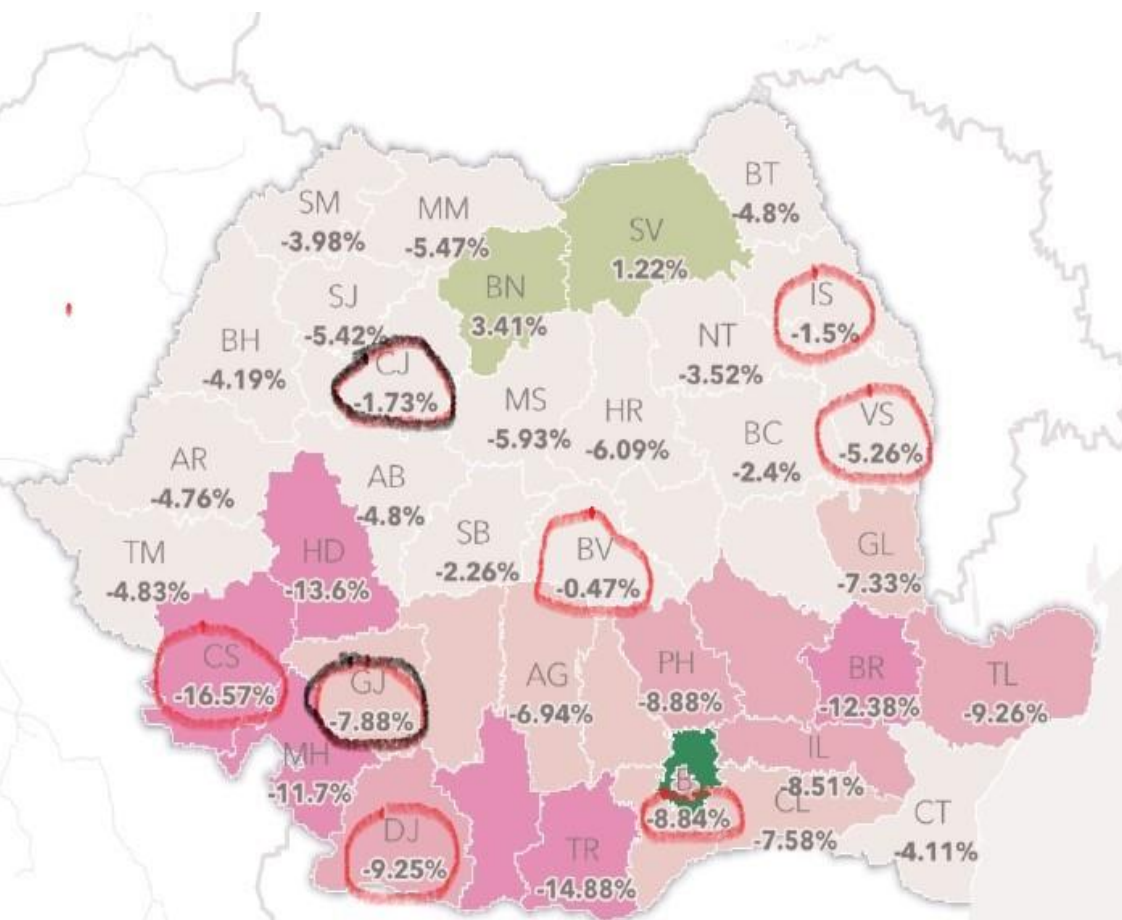
Kőzvágóhíd.



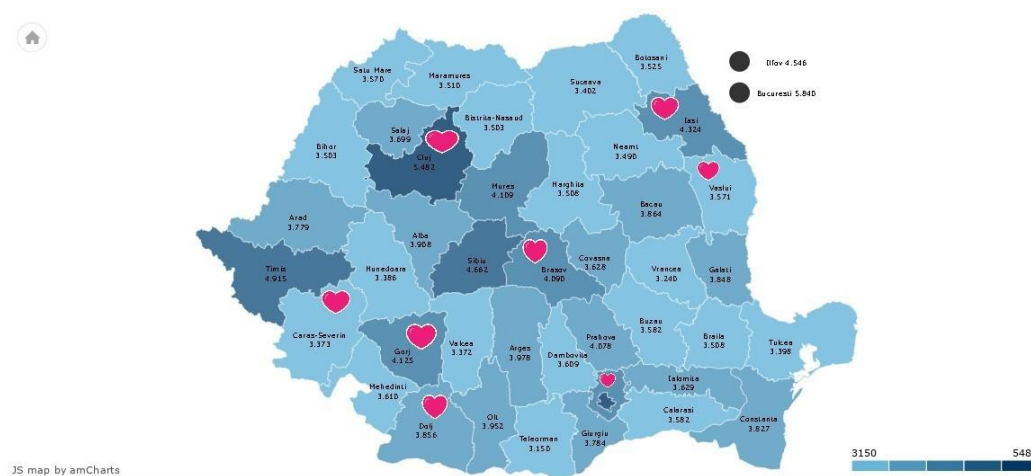


The larger context of Cluj-Napoca and its real estate development (REDURB, <https://redurb.ro/>)

The decrease of the resident population between 2011-2021 in counties



Average net income at county levels, 2023



JS map by amCharts

Pozitie	Judet	Lei	Favorit
1	Bucuresti	5.840	<input type="button" value="Schimba"/>
2	Cluj	5.482	<input type="button" value="Schimba"/>
3	Timis	4.915	<input type="button" value="Schimba"/>
4	Sibiu	4.662	<input type="button" value="Schimba"/>
5	Ifov	4.546	<input type="button" value="Schimba"/>
6	Iasi	4.324	<input type="button" value="Schimba"/>
7	Gorj	4.125	<input type="button" value="Schimba"/>

Invitation to invest: Romania & Cluj-Napoca

Global Property Guide: The rental yields in Romania, compared to other EU countries are pretty high, at around 6%.

Move to Romania: There are no restrictions on foreign nationals acquiring dwellings in Romania, and since 2012 they can also acquire land; the demand for real estate properties dramatically outstrips the supply; there is great scope for a rise in the prices of the properties; the central bank of Romania is implementing 100% mortgage scheme for property buyers; the foreign investors are taking advantage of the current low real estate prices in Europe, which is inevitable to increase in the future.

Investment Reports, 2021: Romania is a rapidly developing country, and an established EU and NATO member. In 2019, the World Bank promoted Romania to the High-income group of countries. By 2021, the European Commission projects that Romania will enjoy the EU's third highest GDP growth rate, of 5.1%.

Kiwi Real Estate Consultant: Romania is the European country with the most affordable housing prices: housing prices increased slower in this country than the mean income.

“The city is attractive to investors in both the commercial – office, and retail - and residential sectors. Office buildings are a good investment option, as they provide a high yield of 8%, and the demand for office space is constant because the city is the most important regional hub for IT companies. **Cluj-Napoca** ranks first on the highest average rental prices, surpassing Bucharest for one- and two-bedroom apartments. The city remained the most expensive housing market in Romania: the average prices grew to over 2,400 euros per sqm in May 2022.” (Property Forum website, 2022)

Residential real estate development in Cluj-Napoca happened through several spatial trends

1. The expansion of the inner city and its administrative boundaries.

Cluj occupied 3978 hectares in 1977, 6470 hectares in 2000, and 10471 hectares in 2016.

2. The transformation of neighboring villages from Cluj Metropolitan Area's first ring into dormitories affordable for the low middle class attracted by the city.

This began before 2005, but it peaked between 2006-2014, however, it is a trend that continues today as well.

3. The transformation of privatized industrial platforms into new real estate development sites.



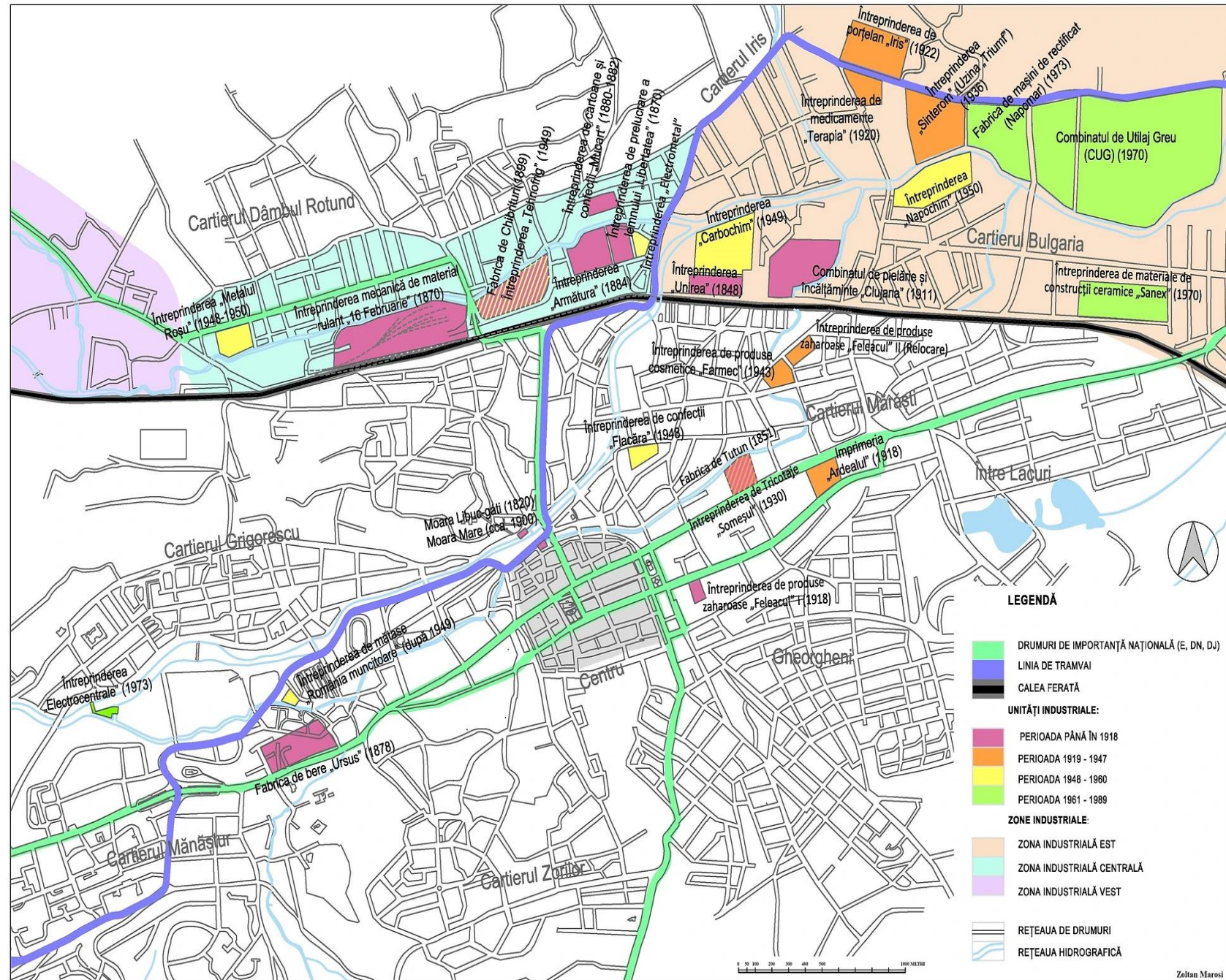
Cluj-Napoca: deindustrialization, as a condition for real estate development

The transformation of privatized industrial platforms into new real estate development sites began slowly after 2005, with a few reconversions.

The regeneration of urban brownfields accelerated after 2015 to the point where only a couple of former industrial areas on the city's north-eastern outskirts are still used for productive or warehouse purposes.

Reindustrialization happened through new private companies, especially in the Metropolitan Area, which also hosted new residential assemblies.

The IT&C, business, and financial services sectors attracted externalized activities of global companies, especially after the 2008-2010 financial crisis.



Cluj-Napoca: a case of advanced financialization

- The first real estate transaction companies were registered in this city in 1990 (17 in number), while in other cities, this was absent;
- Banca Transilvania (the most profitable bank in 2022) opened here in 1994 (71% Romanian capital); around it, in time, the owners created the Banca Transilvania Financial Group, with several operations, including an open investment fund called BT Real Estate, managed by BT Asset Management SA;
- Since 1993, Cluj-Napoca has been the city with the highest number of newly registered companies on real estate transactions year by year;
- The percentage of profit gained from construction and real estate transactions compared to the profit made on the whole local economy in Cluj-Napoca increased from 10% (in 2008) to 17% (in 2020);
- In 2023, the percentage of homes bought by mortgages was higher in Cluj than at the national level, being the second highest in Romania (48,4% vs. 42.8%, in Bucharest: 49.8%);
- According to estimations, 15% of the resident population are private renters;
- Large transactions of office buildings involving foreign investment funds (First Property, BlackRock via NEPI, White Real Estate Star);
- Foreign funds investing in residential real estate (White Star Real Estate, Speedwell, Bina Real Estate, Prime Kapital);
- Of the 92 open-end-investment funds registered in Romania, 25 were listed in Cluj-Napoca, closed-end or alternative funds, 12 of the 37 recorded in Romania were from this city;
- Star Residence Invest, Romania's first Real Estate Investment Trust, listed on the Bucharest stock exchange market, was formed by the collaboration of Impact Developer Bucharest and Reit Capital Cluj;
- 40,434 physical persons own more than one house, and 5,644 physical persons own more than one apartment, of which many might be used for rental purposes, so, in the absence of big landlords, rentierism is widespread among small property owners.



The transformation

Industrial platforms: physical spaces, locations of economic production, real economy

Real estate as financial asset class: de-territorializes the physical space, and associates it with market value, while the real estate market intersects with the financial markets

The transformation is part of the changes undergoing within capitalism, from fordist/Keynesian/state capitalism to neoliberal/financialized/global capitalism, and, in Romania, of the transformation of state socialism to neoliberal capitalism.