

STUDY ON THE SITUATION OF THE REAL ESTATE MARKET IN THE TOWN OF FLOREȘTI, CLUJ COUNTY

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Abstract

In the context of the development of the real estate market in the metropolitan area of Cluj-Napoca, the paper aims at an analysis of the sale value of the buildings in this area. Thus, in order to carry out the analysis, a residential real estate property located in Florești, Florești commune, Cluj County, was studied, being composed of: intravilan land with an area of 600 sqm and Family building with a height regime of P+E, having the following description in the land book: Family construction, with a height regime P+E, built in 2014, with a surface built on the ground of 130 sqm, developed area of 230 sqm and usable area of 190 sqm. The construction is divided as follows: on the ground floor - vestibule, living room, hallway, G.S., office, 2 storage spaces, kitchen, room, C.T., garage; upstairs - 3 bedrooms, 2 bathrooms, 3 dressing rooms, hallway + staircase. The approach applied to the valuation of this property was: the direct comparison approach (through the market). Following the application of this method and the results according to the valuation report, the estimation of the market value of the property is 227,000 Euro equivalent to 1,118,000 Ron. The amount was taken over as a result of the direct comparison method because the purpose of this valuation is to estimate the value with a view to the sale of the property. At the time of the evaluation (10.05.2021) it is noticed that the zonal supply is quite high, and the demand is also increasing, thus being an active market.

Key words: real estate, intravilan, assessment, direct comparison

INTRODUCTION

The real estate studied is located in place. Florești, comuna Florești, jud. Cluj. Florești commune is located to the west by Cluj-Napoca, bordering to the north with Baciu commune, to the west with Gilău commune, and to the south with Săvădisla and Gilu. Communes The area of the commune is composed of 1,877 ha arable land, 1,406 ha pastures, 846 ha orchards, 1,207 ha forests, 111 ha scrubs, waters and reeds 68 ha, unproductive land 145 ha, roads 122 ha and constructions 292 ha (wikipedia.org, 2022).

According to the census conducted in 2011, the population of Florești commune amounts to 22,813 inhabitants, up from the previous census in 2002, when it was they had registered 7,470 inhabitants.

The area is residential, the properties being houses and blocks of flats.

The area where the real estate in question is located has the following facilities: Means of public transport, bus transport by the Cluj Napoca Local Transport Company: Line M21; nearby commercial establishments: there are shops well stocked with good quality goods; schools: kindergartens, secondary school "Gheorghe Șincai" and theoretical lyceum "Dumitru Tăuțan"; there are no higher education establishments; medical facilities: private medical offices; institutions of worship: exist nearby; Bank offices: there are in the locality about 1 km

away; Museums: "Leonida Truță" Water Museum; Watercourses: Someș River.

The studied property falls into the market of residential spaces in the areas bordering the municipality of Cluj-Napoca. The real estate market has been defined as the interaction between persons (natural or legal) who exchange property rights against other assets, such as money (Calem et al, 2021). This market is defined based on the type of property, by the potential to produce income, localization, characteristics of investors and tenants (Gianita et al, 2016). The real estate market is influenced by the attitudes, motivations and interactions of sellers and buyers. It reacts to the situation of the market, labor force and income stability (Enăchescu and Bănică, 2019). Real estate purchase decisions are influenced by the type of financing, the duration of repayment and the interest rate. The real estate market is not self-regulating, but is directly affected by various government or local regulations. Information about similar transactions is not immediately available, there is a gap between supply and demand, demand is influenced by changes in the structure or size of the population. The Floresti Real Estate Market is attractive not only because of the location of the locality in relation to the city, but also because it is constantly developing and has the infrastructure and benefits comparable to those in the urban area (Capital.ro, 2021).

The real estate market is defined as a group of people or firms that come into contact for the purpose of carrying out real estate transactions (Kok et al, 2017). Unlike efficient markets, the real estate market is not self-regulating but is often influenced by government and local regulations.

The specific real estate market that is evaluated is that of the family-type residential dwellings located in the locality of Floresti.

This market has seen a decline since the second half of 2008 when, overall, the real estate market went into decline (Morano et al, 2019).

The number of transactions has decreased greatly, with solvent demand being diminished by the growing difficulty of access to finance, the lack of money in the market and the growing uncertainties of investors (Dolean et al, 2017).

In the short and medium term, it can be expected that for this type of property the price level will remain at a constant level or will register a slight increase (Onica et al, 2015).

The demand for this type of properties manifests itself for both purchase and rental that is constantly increasing, the interest coming from people with a good financial situation.

From a supply point of view, we encounter a fairly increased number of properties comparable to the one valued (Stanciu et al, 2015).

MATERIALS AND METHODS

Documentation required to carry out the assessment:

Through the inspection of the property, all its components could be visualized, except for the parts that, by their nature, are hidden or unvisitable.

The collection of data on the real estate property regarding the neighborhood, area, locality, etc., was facilitated by the clients, the appraiser having access to all the necessary information. Access was also had to all relevant information for the performance of calculations and analyses. This evaluation report has been made in the basis of two types of information:

A. Information made available to the assessor by the client:

- property identification data: address, physical identification in the field

- documents on the legal situation of the property: extract from the land register no. 57990 Floresti, site and delimitation plan (PAD) of the property body, surveys, plan and with the façade and sections of the house

- property history

- purpose of the evaluation

B. Information to which the assessor has access:

- assessor database

- data provided by real estate agency websites (remax.ro, imobiliare.ro, blitzimobiliare.ro, weltimobiliare.ro, casapitas.ro, olx.ro, lajumătate.ro, piața-az.ro, etc.)

- EVS and GEV 2020 valuation standards

- Specialty bibliography

For the valuation of the property, following the Valuation Standards, the market approach was used. It gives an indication of the value by comparing the property being valued with the same or at least similar ones, the price of which is known.

The property valued belongs to a category of real estate whose market has registered a dynamic activity; there are also an adequate number of offers on the market as well as the elements necessary to adjust them so that an analysis can be based that leads to an indication of the market value of that property: the approach can be applied.

Land valuation

Depending on the best land use of the appraised property, available market data and its characteristics, the most appropriate method for land valuation is direct comparison.

This method analyzes, compares and adjusts transactions or other data of value importance for similar lots. The major premise of the method is that the market

value of a real estate property is directly related to the transaction prices of competitive and comparable properties.

The elements of comparison are property rights, legal restrictions, market conditions (date of sale), location, physical characteristics, available utilities, zoning and best use. The most variable comparison elements from case to case are physical characteristics, i.e. surface and shape, frontage length, topography, location and view.

The appraiser must choose between transactions for nearby properties, but which took place several years before the date of the appraisal, and between recent transactions, but for lots located at a distance, it is advisable to rely on recent transactions.

If the surface area is larger, the value of the existing land in addition tends to be greatly reduced. That's why it's good to look for comparable properties, but with roughly the same area.

Construction evaluation

The mark-to-market approach provides an indication of market value by comparing the subject asset to identical or similar assets whose prices are known.

The first step in applying this approach is to obtain sales prices of identical or similar assets that have recently traded in the market. If there is a small number of recent transactions, the prices of identical or similar assets that are offered for sale may be taken into account, provided that the relevance of this information is clearly established and critically analysed.

To reflect any differences in the actual transaction terms and characteristics of the traded assets from those of the subject asset, it is usually necessary to make adjustments to the actual prices or bid prices of the comparable assets.

We thus analyzed comparable sales and offers to determine whether they are superior, inferior or equal to the property under review. The value selection criterion was the lowest total gross adjustment as a percentage of the selling price.

The information for the comparison properties was taken from the collaborating real estate agencies and partly from the institutions and individuals directly involved in the transactions.

RESULTS AND DISCUSSIONS

In order to carry out the evaluation of the land of the subject property, out of the 3 comparable ones, the one with the smallest number of adjustments was chosen, respectively 6.

The following adjustments have been made:

- the type of comparability – the prices of the negotiable offers have been adjusted, the negotiation margin being - 10%;

- the property rights transmitted – no adjustments have been made;

- financing conditions – no adjustments have been made;

- conditions of sale – no adjustments have been made;

- expenses immediately following the purchase – no adjustments were made;

- market conditions – no adjustments were made;

- localization – a negative adjustment of 5% was applied in the case of comparable 1 because it is located in an upper area of Floresti, in the central area; also to comparable 2, a positive adjustment of 5% was applied, because it is located in an area below the subject property, in the periphery area, while the subject is in the semi-central area;

- access – negative adjustments of 3% have been applied in the case of comparables 1 and 2, because the access is made on a main asphalt road, while the subject property has access from a cobblestone secondary road;

- topography - positive adjustments of 2% were required for the comparable 2,

this being slightly inclined to the evaluated property that is flat ;

- CMBU – no adjustments were made;

- area – positive adjustments of 2.80% were applied for comparables 2 and 3 because their area is smaller by 100 sqm compared to the subject, and a negative adjustment of -4.17 for comparable 3, which is larger than the subject property by 200 sqm;

- opening (m) or side ratio – positive adjustments of 3%, 2% and 1% respectively were applied, because the road opening is higher in the case of subject property compared to comparables;

- utilities – positive adjustments were applied in the case of comparable 1 and 2 for the gas network 2% and for the sewerage network 3%, for the comparable 3 adjustments were applied for the water network 1%, gas 2% and the sewerage network 5%;

- other factors – no adjustments were made;

In order to estimate the value of the land on the basis of the comparison grid, the value comparable to the lowest gross total correction was chosen, in this case being comparable the number 3. The value of the land obtained is 73,816 EURO/sqm, 44,289,626 EURO equivalent to 218166,271 RON (table 1).

Table 1. Field comparison grid results

Area (sqm)	600
Review EUR/sqm	€ 73,82
Estimated euro value	€ 44.289,626
RON value	€ 218.166,271
Currency	4,926
Date of assessment	10.05.2021

In order to evaluate the construction with the related land, the method of direct comparison (table 2) was applied, between the subject property and 3 similar comparables (Figure 1; Figure 2; Figure 3).

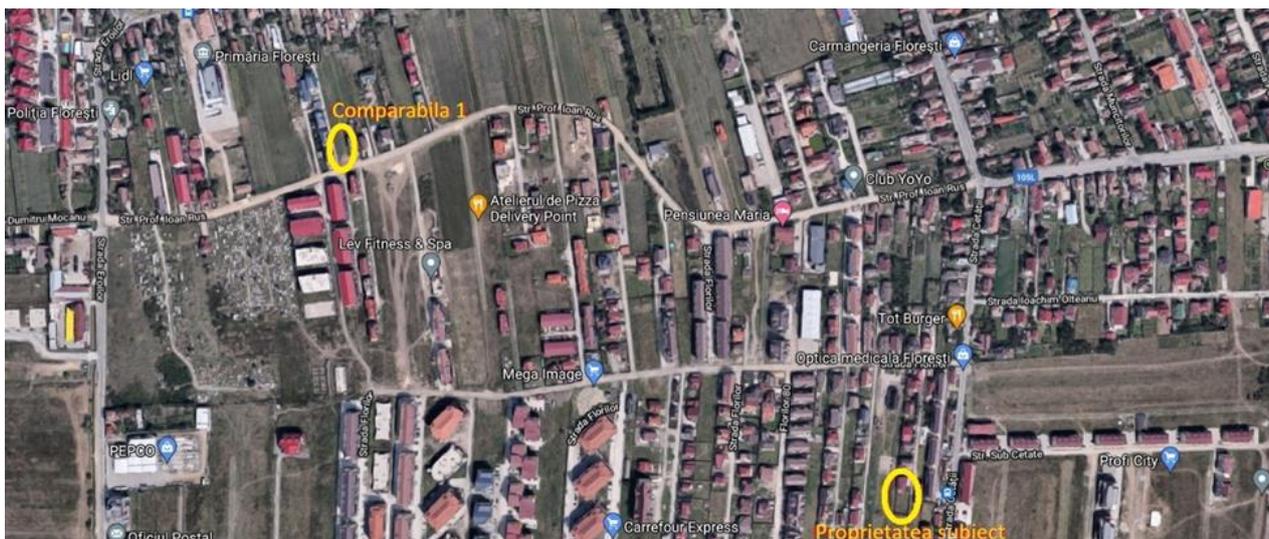


Figure 1. Localization of comparable 1 (land) relative to subject property

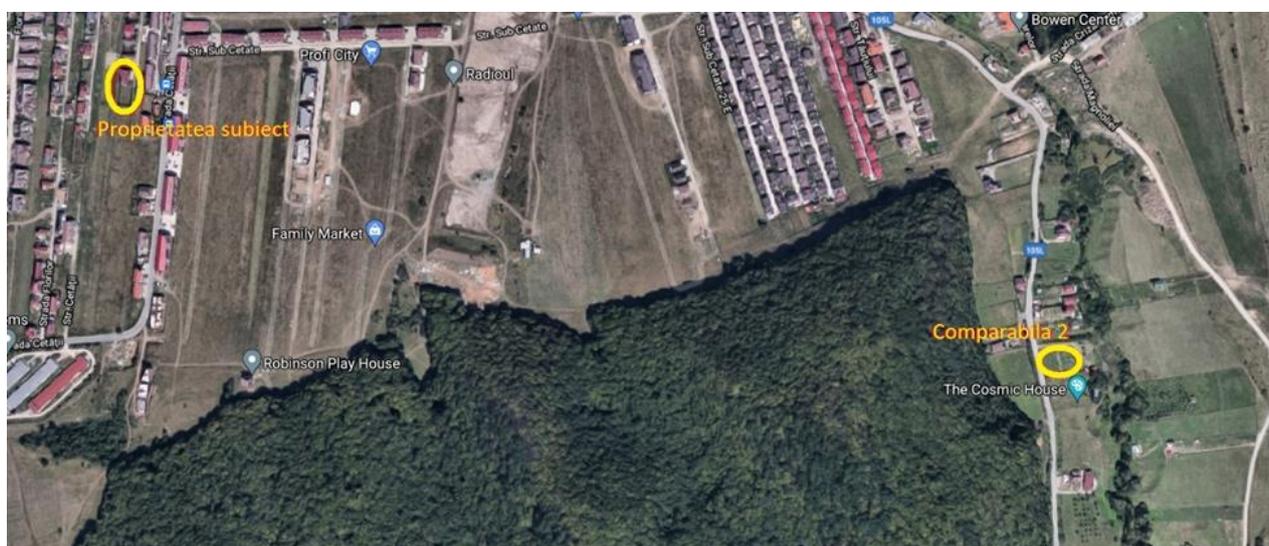


Figure 2. Localization of comparable 2 (land) relative to subject property

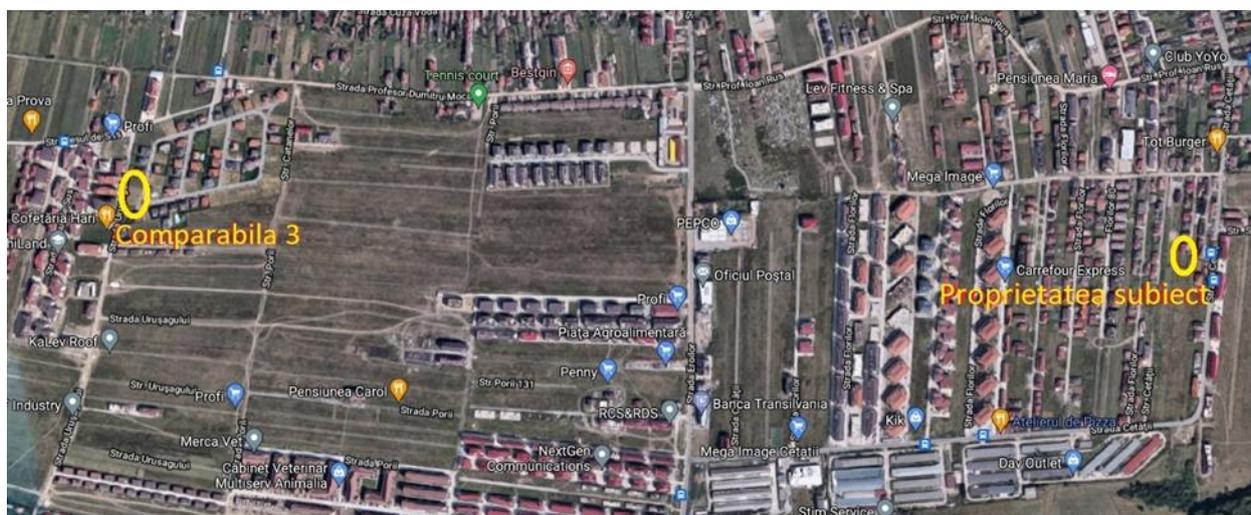


Figure 3. Localization of comparable 3 (land) relative to subject property

No crt.	Criteria and elements of comparison:	Property to evaluate:	Comparable properties		
			1	2	3
	Price (euro)		223.000	240.000	225.000
	Type of comparability		verified offer	verified offer	verified offer
1	Property right transmitted:	full	full	full	full
2	Financing conditions	Normal	Similar	Similar	Similar
4	Conditions of sale	Normal	Normal	Normal	Normal
5	Expenses immediately after purchase	without	without	without	without
6	Market conditions:	10.05.2019	similar	similar	similar
7	Localization:	Floresti locality, with access from the cobbled street	Florești locality, Florești commune, with access from the paved street	Floresti locality , Floresti commune, with access from the paved street	Floresti locality , Floresti commune, with access from the cobbled street
8	Physical characteristics				
	Land area (sqm):	600	450	740	390
	Utilities (electricity / water / sewerage / methane gas / district heating / other)	yes / yes / yes / yes / no / no	yes / yes / yes / yes / no / no	yes / yes / yes / yes / no / no	yes / yes / yes / yes / no / no
	Own district heating	yes - central heating	yes - central heating	yes - central heating	yes - central heating
	Finishes	Modern	Modern	Modern	Modern
	Year of construction	2014	2015	2008	2006
	Garage and outbuildings	yes	not	yes	not
Useful area	190	185	220	180	
9	Best use:	residential	residential	residential	residential
	Price / sqm (EURO)		1205	1091	1250
	Developed area	230	220	260	230
	Ground-built area	130	125	150	140

Table 2. Presentation of comparables (land + construction) used in the analysis



Figure 4. Location of comparables (land + construction) relative to subject property

The evaluated property is of family type, with a height regime of GF +E (figure 5, figure 6, figure 7, figure 8, figure 9), built in 2014, with a surface built on the ground of 130 sqm, a developed area of 230 sqm and a usable area of 190 sqm. The construction is divided as follows: on the ground floor (figure 10) - vestibule, living room, hallway, G.S., office, 2 storage spaces, kitchen, room, C.T., garage; upstairs (figure 11) - 3 bedrooms, 2 bathrooms, 3 dressing rooms, hallway + staircase.



Figure 7. Subject property – living room



Figure 5. Subject property – facade 1



Figure 8. Subject property – kitchen



Figure 6. Subject property – facade 2



Figure 9. Subject property – bedroom

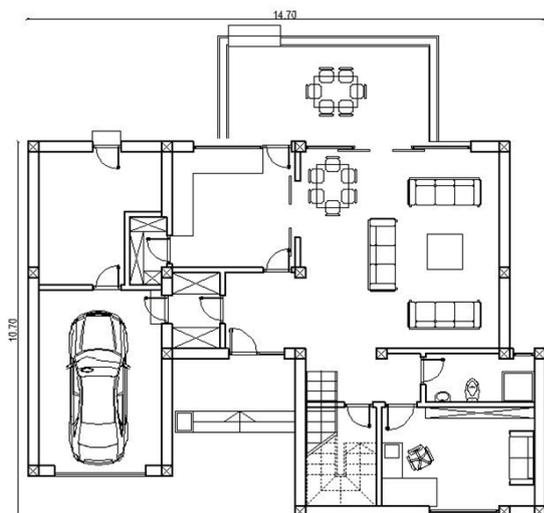


Figure 10. Construction sketch – ground floor plan

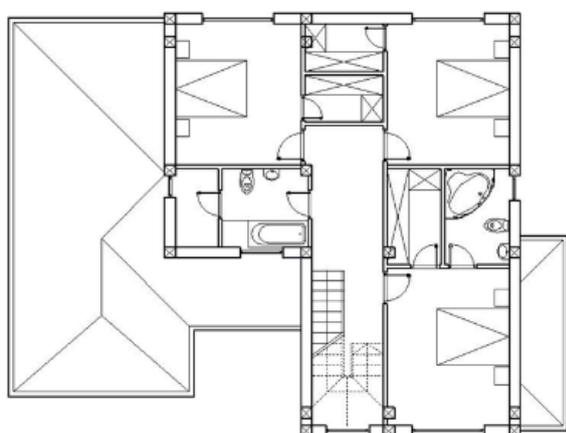


Figure 11. Sketch of the construction – floor plan

The following adjustments have been applied:

- non-real estate components of value: no adjustments were applied;
- comparable type: a negative adjustment of 2% was required for the prices of negotiable offers for all comparables;
- ownership right transmitted: no adjustments have been applied;
- Legal restrictions: No adjustments were needed.
- financing conditions: no adjustments were needed;
- conditions of sale: no adjustments have been applied;

- expenditure immediately following the purchase: no adjustments have been made;

- market conditions: no adjustments have been applied;

- location: negative adjustments of 2% were applied to comparables 1 and 2 because they are located in an area with street infrastructure superior to the subject property, and in the case of comparable 1 no adjustments were necessary because it is located in an area similar to the subject property;

- land difference: a positive correction was applied to comparables 1 and 3 of 3% and 4% respectively, because its land area is smaller than that of the comparable subject; in the case of comparable 2 a negative correction of 3% was applied, because the land area is larger than that of the subject property;

- Utilities: no adjustments were required.

- own district heating: no adjustments have been applied;

- finishes: a positive correction of 5% has been applied in the case of the comparable 3, because its finishes are not modern;

- age - year of construction: a negative adjustment was applied in the case of comparable 1 of 1% because this is a newer construction, the difference between the years of construction being 1 year, and in the case of comparables 2 and 3, a positive adjustment of 3% and 4% respectively were applied, because these are older constructions, the difference between the years of construction being 6 years, respectively 8 years;

- Useful area: positive unit adjustments of EUR 600/ sqm were applied for comparables 1 and 3,

respectively a negative adjustment of EUR 600 / sqm for comparability 2;

➤ Garage and outbuildings: a positive 2% adjustment was applied for comparables 1 and 3 because they do not own the car garage;

➤ Best use: no adjustments were needed;

➤ The value of the subject property has been estimated as the value of the comparable with the lowest total gross correction in this case being the value of comparable 1.

The market value determined by the market approach of the construction with the related land is 227,000 euros equivalent to 1,118,000 RON.

CONCLUSIONS

Considering the following elements: the amount of information available, the consistency of the information, the verification of the information, the type of property evaluated, the purpose of the evaluation, following the analysis of the possible evaluation methods that can be applied to the subject property, the direct comparison method was chosen as the best solution in the present situation. The resulting price is 227,000 Euros, equivalent to 1,118,000 Ron.

During the work, an increased dynamics of the properties traded in the evaluated area was observed, which indicates that the metropolitan area of Cluj-Napoca has an accelerated development. It is noted that the number of plots with potential for the construction of residential houses is relatively low, most of them having already been exploited. This fact causes prices to rise, and demand becomes greater than supply.

The legal aspects are based exclusively on the information and

documents provided by the owners, with no additional checks being made, the right of ownership being considered valid and transferable (in the civil circuit).

A structural analysis of the construction was not carried out, therefore it is not possible to express an opinion on the technical condition of the uninspected parts, and the work does not validate the integrity of the construction structure.

The evaluation of the property involved a non-invasive inspection of the property which revealed no damage or defects in the construction or installations other than those which are apparent by execution.

The evaluation report is valid in the economic, fiscal, legal and political conditions from the date of its preparation. The conclusions of a report will lose their validity if these conditions change.

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