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Canada

THE EUROPEAN ADVANTAGE

For the average Canadian, life in a one- or two-room log cabin or cold-water flat belongs to the distant past. But in Romania, where two-room dwellings are still the norm, living conditions are crowded, and homes, especially in rural areas, often lack basic amenities. Romania may soon discover that a possible solution to this crisis in quality housing is "Made in Canada."

Market overview

Although housing resources in Romania have increased by 20% over the past two decades, the quality of new housing remains low by Western standards. Only half of all new homes built in rural Romania today have running water and only 40% are connected to proper sewage systems. Conditions are cramped. Two-room dwellings are prevalent and the number of inhabitants often exceeds the number of rooms by at least two. Living space in 25% of dwellings is less than 8 square metres per person, and only 30% of dwellings provide more than 16 square metres per person.

EUROPE

There are several reasons for the current shortage of quality homes. Earthquakes in 1940, 1977 and 1986 caused considerable damage to some 450,000 homes, which have not been completely restored and remain unsafe. As well, more than one third of the dwellings in Romania were built before 1960 and many will no longer be serviceable a decade from now. Only 45% of homes have outer walls constructed from durable material such as reinforced concrete and brick; 55% are made from less resistant material such as wood, adobe, and trellis-work. Another 275,000 apartment units were constructed lacking certain conveniences and are therefore less than ideal.

Housing starts — and stops

While 160,000 housing units were built each year between 1981 and 1985, house building ground to a virtual halt after 1989 — along with the

Romanian economy. Only 28,000 units were built in 1992. In response to legal measures introduced after 1990 encouraging private home ownership, almost two thirds of state-owned dwellings were privatized. By the end of 2000, 94% of total dwellings were privately owned, 56% of which were

Construction sector profile

The housing crisis in Romania

single houses and the balance condominium units.

Privatization was accompanied by a surge in new home construction and in renovation activities as owners upgraded former state-owned houses. Reinvigorated by the private sector, residential construction activity surged again after 1994, and an average of 36,000 units were built every year until 1997. Alas, another downward trend in the industry took hold in 2000.

Both comfort and quality are becoming apparent in dwellings built in the past few years. They exhibit superior construction and typically have three rooms, with an average of 48 square metres of living space per person.

Opportunities

The national housing strategy seeks to achieve minimum dwelling standards for all Romanians (defined as one room per person and a minimum of 15 square metres of living space), meaning that 65 million square metres of new living space must be built. This translates into approximately one million three-room dwellings, to be built at a rate of 60,000 units per year. This is an unattainable goal at the moment, given Romania's low income levels, the unavailability of mortgage assistance, and the traditional building methods in use.

Nevertheless, a number of small Canadian companies are already exploring the pent-up consumer demand that exists in Romania.

Market access

Although no Canadian financial institutions have expressed an interest in

this market yet, "Canadian built" is widely regarded as the housing standard. Canadian construction methods are efficient from every angle, including energy, material, speed and cost. A sensible way to introduce Canadian homes into the Romanian market is by exporting entire housing structures while concurrently building a local manufacturing industry. This would lay an excellent foundation for future transfers of Canadian construction technology to Romania.

Visit www.infoexport.gc.ca for detailed market reports about this sector.

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