

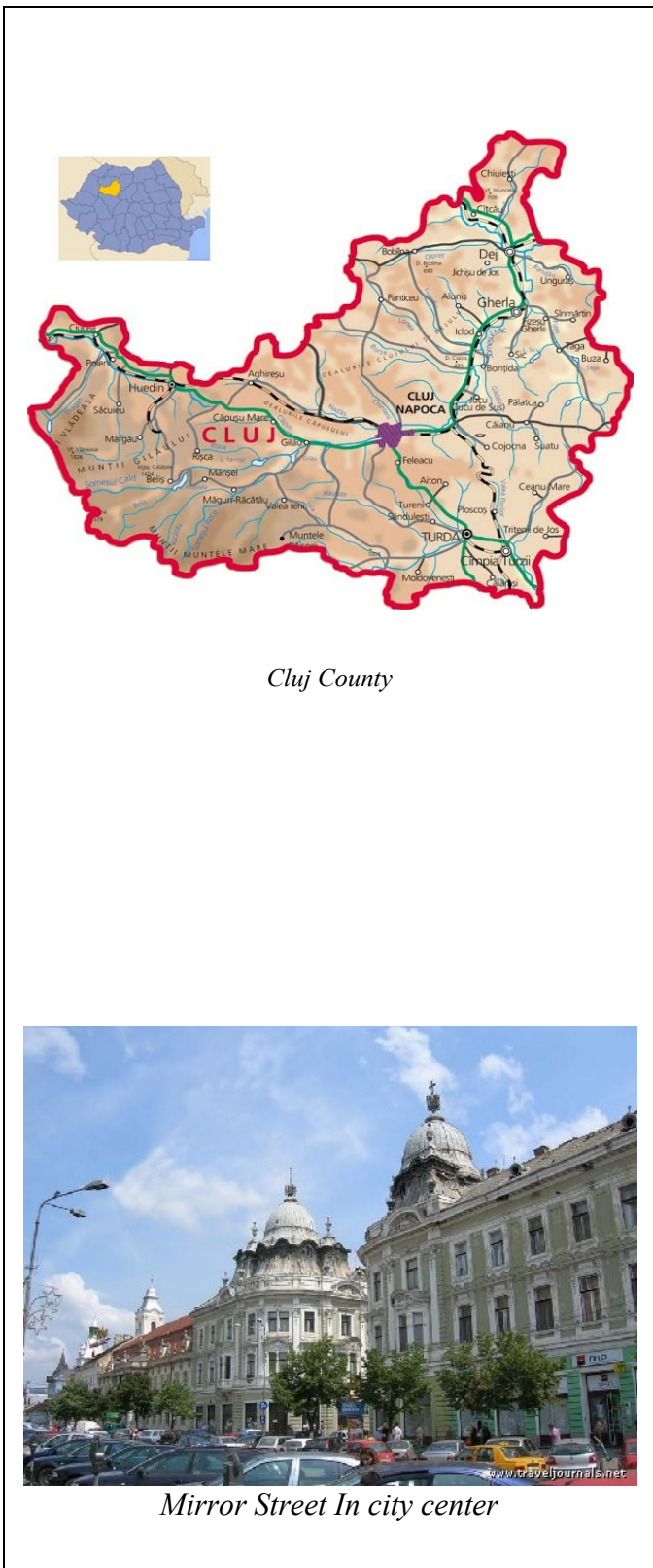
Cluj-Napoca - Why invest?

1. Position. Area covered. General situation

The city of Cluj-Napoca is situated in the center of Transylvania. It covers an area of 179,5 square kilometers being surrounded on three sides by hills ranging between 500 and 700 meters. The population of Cluj-Napoca counts ~310.000 inhabitants in the present.

Cluj-Napoca, the historical capital of Transylvania, is one of the most important academic, with 10 Universities and specialization in 58 fields of study, cultural economical and industrial cities of Romania. It lies in the centre of the country, at the crossroads of many national and international highways. Today, the fifth town of the country, Cluj-Napoca is one of the most important Romanian cities, being a tourist destination and a starting point for other tourist targets. The city is also becoming the financial centre of the country and it draws in investors in the financial, IT, industrial and real estate sectors.

The Cluj county is the access gate to the Western Carpathians, an area with a great tourist potential due to the beautiful



Cluj County

Mirror Street In city center

landscapes, the picturesque villages, the geological phenomena and rare flowers.

2. City population

The population of the city has been decreasing in the past few years. At county level the population has dropped from 720.000 to 689.000. In 2005 though, the population was around 695.000. The drop and also the fluctuation in the number of people is due to migration to the EU states for work purposes. The situation in the city is similar to the one in the county as we can see a drop in the number of citizens from 317.953 to ~310.000.

Population structure

In *table 2* we can see the two levels of expansion of the city. At the metropolitan level the population is around 358 thousand inhabitants and it shall only grow from here.

Age break down

From the total number of people residing in Cluj 72% are aged between 15 and 59 years old which signifies that a very high part of the population is fit to work.

Education break down

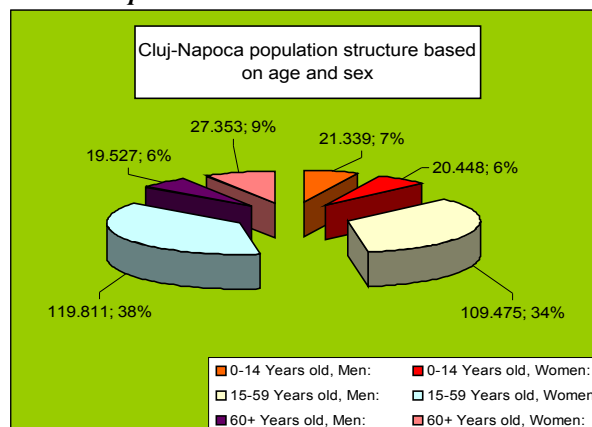
Table 1 – Cluj Napoca city layout



Cluj-Napoca Metropolitan Area			Peripheral Urban Zone of Influence of Cluj Napoca City		
City	Population	Surface (Ha)	City	Population	Surface (Ha)
Apahida	8.783	10.602	Aghiresu	7.173	10.579
Feleacu	3.818	6.169	Garbau	2.647	7.215
Ciurlița	1.528	7.222	Sanpaul	2.560	9.322
Floresti	7.504	6.092	Borsa	1.868	8.038
Gilau	7.857	11.682	Bontida	4.734	6.162
Baciu	8.162	8.751	Jucu	4.120	8.513
Chinteni	2.786	9.800	Caianu	2.573	5.511
Cluj-Napoca	318.027	17.952	Cojocna	4.399	16.863
TOTAL	358.465	78.270	Aiton	1.350	4.527
			Tureni	2.582	7.404
			Baisoara	2.353	11.104
			Savadisla	4.497	5.211
			Rasca	1.767	6.565
			Capusu Ma	3.698	5.804
			TOTAL	45.321	109.818

Source: <http://www.cjcluj.ro/zona-metropolitana-urbana/>

Table 2 – Population structure



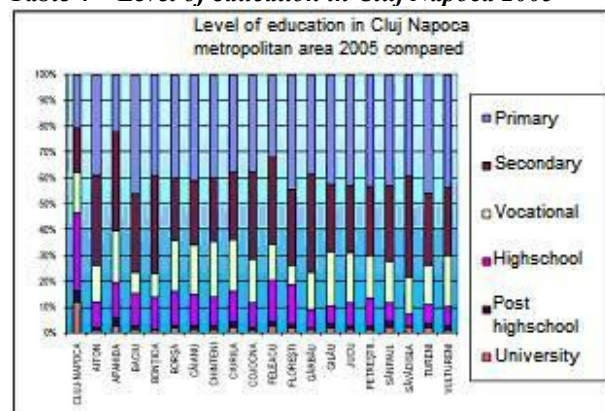
Source: <http://www.primariaclujnapoca.ro/economia.aspx>

Table 3 - Number of students in Cluj Napoca

University	No of Faculties	No of Colleges	No of Students	
			Year 06-07	Year 07-08
Babes Bolyai	19	18	38900	55000
Technical	8	1	9754	16000
Medicine and Pharmacology	3	3	3900	13000
Agricultural Sciences & Veterinary Medicine	4	1	4275	8000
Music Academy	3	-	826	NA
Art and Design	2	1	650	NA
Private Universities	8	-	4383	NA
TOTAL	47	24	62688	92000

Source: <http://www.cjcluj.ro/UserUploadedFiles/File/strategia%20metropolitana/1.%20Sectiunea%20I.pdf> and UBB students' prefect Andrei Ciubuc – for the 07-08 figures

Table 4 – Level of education in Cluj Napoca 2005



Source: <http://www.cjcluj.ro/UserUploadedFiles/File/strategia%20metropolitana/1.%20Sectiunea%20I.pdf>

The population of 310.000 people does not include the number of young people who are

attending undergraduate or graduate studies in Cluj Napoca. Adding them to the population of

the city puts things in a different perspective, as they add up to more than 100.000. 92 thousand of the students study in the state owned universities, specializing in ~37 fields.

As we can see in table 4 the growth in the number of students year on year in 2008 is of more than 50%.

In table 4 we can see that around 12% of the people living here hold a university degree and about 30% a highschool degree.

Living standards

The growth of the number of students each year and the high degree of well educated people at city level are two very important reasons for economic growth in the city and area and as well for growing living standards.

A study made in 2006 by HotNews (a Romanian online paper) shows that Cluj Napoca is the city with the highest living standards in the country.

http://www.hotnews.ro/stiri-arhiva-1188030-cele_mai_scumpe_orase_din_romania.htm.

3. *Infrastructure improvement and modernization*

Cluj-Napoca is also a hub for railway and motorway transport for Romania and an international airport. Transylvania Highway is currently being built and will link Cluj-Napoca with Bucharest, some 267 miles south. A second terminal for the airport is also planned, which will make Cluj-Napoca the only city in Romania outside of the capital with two airport terminals.

The economical and social development of Cluj-Napoca is strongly influenced by its infrastructure.

a. Roads

An important infrastructure is a 2 billion highway which is currently being built, to connect Bucharest to Budapest, running past Cluj, with completion expected in 2012. Cluj-Napoca is crossed by European Road E60 Bucharest-Cluj-Budapest-Viena.

b. Air travel

Cluj-Napoca International Airport is at present one of the biggest and most important international airports of Romania. Due to the passenger and cargo traffic growth and in order

Table 5 – Infrastructure in Cluj County

Infrastructure	✓	Railway network (232 Km)
	✓	Local, national and European road network (2 639 Km);
	✓	Road density: 39.5 Km per 100 sq.Km
	✓	Cluj-Napoca International Airport
	✓	Access to European Road E60,E81 to Hungary;
	✓	Access to the future highway Bucharest–Ploiesti-Brasov-Sighisoara-Targu Mures-Cluj Napoca-Zalau-Oradea-Bors-Hungary under construction

Source:http://www.arisinvest.ro/assets/pdf/business_opportunities/cluj.pdf

Roads: Urban transport in Cluj is assured by a network of 342Km of streets, among which 298Km are modernized and improved, 192km of bus lines, 180Km of trolley car lines, 52Km for trams. The city’s transportation is made through 218 buses, 111 trolleys, 90 trams, and private taxi services.

Table 6 – Air traffic

Main airports	Passengers			%Growth	
	2003	2004	2007	2004/2002	2007/2004
Bucuresti/OTOPENI	2246017	2600407	NA	28	NA
Timisoara/GIARMATA	184190	279516	NA	94	NA
Cluj-N/SOMESENI	90655	162687	390521	107	240%

New air traffic Routes: In 2007 Cluj International Airport has introduced direct flights to London, Rome, Bari, Madrid and Barcelona and has increased by 40% the number of flight towards tourist destinations as Greece, Egypt, Turkey, Tunis and Malta.

Table 7 – Early Foreign Investments in Cluj-Napoca (2001)

No.	Country	No. of companies	Participation (.000 USD)
1.	HUNGARY	379	76.285,0
2.	LUXEMBURG	13	38.110,2
3.	ITALY	460	15.646,6
4.	U.S.A.	110	3.931,2
5.	GERMANY	371	3.044,5
6.	SWEDEN	47	2.792,1
7.	BELGIUM	42	2.327,7
8.	AUSTRIA	132	2.294,3
9.	CANADA	19	2.164,6
10.	CYPRUS	13	2.039,2
Other	65 countries	1.196	1.424,6
	Total:	2.782	156.060,0

Source: <http://www.primariaclujnapoca.ro/economia.aspx>

to accommodate larger aircraft, Cluj-Napoca Council has decided to extend the airport.

4. *Economy*

From an economic point of view, Cluj-Napoca, holds the most important spot in the overall activity of the county and also in the entire Transylvania. At the end of year 2000 the city totaled 24.016 companies, of which 23.843 were privately owned, 56 state owned, 31 autonomous state agencies and 115 mixed capital companies (state and private).

The prominent industries of Cluj Napoca are the processing industry, commerce, services and also financial industries. Rapid growth in the Romanian financial sector has also impacted Cluj Napoca as one of the top 5 banks in the country, Banca Transilvania, has its headquarters in the city. Also all the banks in the country are present here including the foreign ones present on the market.

Cluj Napoca is also a center for international commerce. In the first half of 2005 the economic agents from Cluj county have exported a volume of production worth 245,6 million Euro.

The volume of import one the other hand is significantly higher, adding up to 418,8 million Euro. These facts show that the city's economy is running well, fostering a great number of opportunities for further development in order to reduce the amount of imports.

a. FDI

Cluj county has one of the most dynamic economies in Romania, being one of the region with the highest rating of foreign investment. Foreign investment is expanding rapidly, with the likes of Nokia, Siemens, Emerson Electric Group, UPC, Ranbaxy, TriGranit Corporation, very active in the city.

In 2001 Foreign investments in Cluj-Napoca were made by 2782 companies amounting 156,06 million USD. Table 4 only shows the social capital of the companies registered in Cluj Napoca. The real level of foreign investments in Cluj Napoca city amounts to 450 million USD, considering all of the companies' assets, investments and cash.

In 2005 we can see a significant growth in FDI compared to 2001. A total of 4173 companies have invested ~230 million USD in Cluj Napoca in 2005. This figure refers solely to the start-up capital brought in by the companies. If

Table 8 – FDI 2005

	Country	No Companies	Participation .000 USD
1	Hungary	512	117.688,6
2	Luxembourg	24	38.133,2
3	Italy	1022	22.092,1
4	Germany	524	10.563,6
5	Austria	244	9.926,7
6	Spain	53	6.736,0
7	Great Britain	84	5.400,3
8	France	167	3.635,5
9	USA	192	3.450,0
10	Holland	129	2.969,7
	71 countries	1222	9.126,3
	TOTAL	4173	229.722,0

Source: http://www.ccicj.ro/profil_economic.htm

we look at the figures for 2001 including assets and cash the companies' hold, we can assume that the actual amount of FDI in 2005 was somewhere around 650 million USD, which translates into ~440 million Euro.

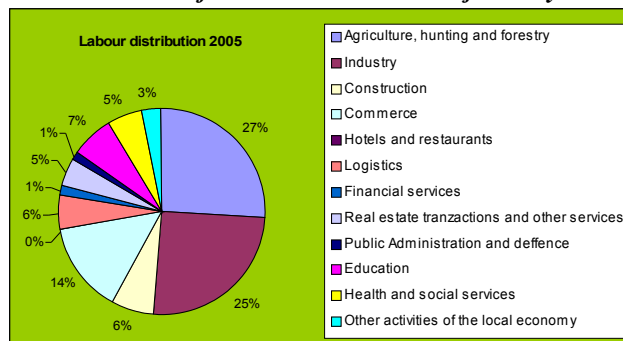
b. Labour Force

Due to the high level of education provided by the 10 universities, the city offers a highly skilled labour force. Table 7 shows the situation for the entire county. As the city holds around 50% of the entire population of the county, we can safely consider that agriculture takes place outside the city and that the main activities the urban labour force is involved in are industry, construction, commerce, financial services and real estate services, among others.

c. Unemployment

The unemployment rate in Cluj county has had a positive evolution over the past few years, dropping from 11,3% in 2000 to 3,1 in 2007. At national level the unemployment rate 3,9%. Furthermore the unemployment rate dropped even more within the Cluj Napoca metropolitan area due to the high number of jobs created by companies like Nokia that are moving to Cluj. Nokia alone is offering ~15.000 jobs, the initial investment adding up to 60 million Euro, the total investment being estimated to 200 million.

Table 9 – Labour force distribution in Cluj County



Source: http://www.cluj.insse.ro/cmscluj/rw/resource/pop_ocup_civi_cj.htm

Table 10 – Unemployment rate evolution

Unemployment rate in Cluj Napoca			
1995	2000	2001	2002
6,7	11,3	9,9	10,1
2003	2004	2005	2007
7,4	5,2	4,4	3,1

Source: <http://www.cluj.insse.ro/cmscluj/rw/resource/somerii%20inreg%20rata%20somaj%20t14.htm>

5. The real estate development and construction sector

Situated at the heart of Transylvania, North-West Romania, Cluj-Napoca, is the country's second most affluent city and one of its most beautiful. It has the most dynamic property market in the country after that of Bucharest.

Cluj Napoca is a great place for real estate development at the moment because it has a great growth rate, demand and is also a powerful economic center.

The North-West region of the country that includes Cluj county, has achieved a growth rate in 2007 of 33% in terms of residences, coming in on fourth place among the rest of the regions of the country. We must mention here that the city's real estate market is far more dynamic than the one of the region as a whole.

Largest real estate investments

- ✓ Dawnay Day invests 135 m euros in Cluj and Arad

British investment and financial services group Dawnay Day, owner of the Brasov-based commercial centre MacroMall, says it will invest 135 million euros in two real estate projects in Cluj-Napoca and Arad within the next two years. The first project, which has started construction on the site of the former Tricotaje Somesul plant located in Cluj-Napoca city centre, amounts to 85 million euros. The project will include a four-star hotel, a business centre with a total surface area of 10,000 square metres, as well as some 32,000 square metres of retail space. The Tricotaje Somesul plant held an 18,000 square-metre plot of land in the area.

Source: Ziarul Financiar 20 March 2007

- ✓ The city hall has approved 3 real estate development projects amounting to 1,5 billion Euro.

The first project belongs to Sigma Center development and consists of two tower buildings, 35 stories high in the Zorilor neighbourhood. The will provide 120.000 sq. meters of build surface, including commercial

Table 11 – Number of finished residences by regions

	Number of Finished Residences			Structure		% Change 07/06
	T3 2007	T3 2006	Change 07/06	2006 %	2007 %	
TOTAL	28285	20730	7555	100	100	36,4%
Nord-Est	4854	4014	840	17,2	19,4	20,9%
Sud-Est	4039	3537	502	14,3	17,1	14,2%
Sud-Muntenia	3781	2885	896	13,4	13,9	31,1%
Sud-Vest Oltenia	1934	1603	331	6,8	7,7	20,6%
Vest	2377	1124	1253	8,4	5,4	111,5%
Nord-Vest	3735	2800	935	13,2	13,5	33,4%
Centru București-Ilfov	3106	1784	1322	11	8,6	74,1%
	4459	2983	1476	15,7	14,4	49,5%

Source: http://www.inse.ro/cms/files/statistici/comunicate/com_tri_m/Const_loc/a07/const_loc_trimIIIr07.pdf

Table 12 – Rental price/ type of accommodation

Apartment type	Price – Euro				
	2002	2003	2004	2005	2006
1 room apartment	12.00	16.000	22.00	27.000	30.000
1 room studio	16.00	20.000	26.00	30.000	35.000
2 rooms apartment*	18.00	26.000	29.00	36.000	50.000
2 rooms apartment**	23.00	26.000	40.00	50.000	60.000
3 rooms apartment**	25.00	38.000	46.00	52.000	60.000
4 rooms apartment*	38.00	45.000	58.00	62.000	68.000
4 rooms apartment**	48.00	52.000	65.00	80.000	95.000

Source: Ryan Consulting

space, galleries, office space, a 5 star hotel and luxury flats.

The second project belongs to Imo Invest for a financial and banking centre placed in Mihai Viteazu Square.

The 3rd project is a 25 story building on Calea Floresti, an investment of 17 million Euro made by Imperial development.

<http://www.dailybusiness.ro/stiri-real-estate/primaria-cluj-napoca-a-aprobat-3-proiecte-imobiliare-de-1-5-mld-euro-9302>