

Romania Facility Management Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Romania Facility Management Market is expected to grow at a CAGR of 2.56 % from 2022 to 2027. Evolution of the real estate sector in this part of Europe, where maintenance, administration, and operation of buildings correspond to the current and specific meaning of the facility management industry in Romania.

Key Highlights

An increase in logistics companies and ventures reflects the need for more offices and rising commercialization in the region. For instance, Global Vision recently announced the launch of a new logistics project - Bucharest airport Park a boutique logistics development that will support trade and air cargo activities at Henri Coanda International Airport. Also, the real estate company continued all its development projects during the crisis, despite the challenges. Amid rising commercialization, FM services will also demand maintaining the offices and premises for smooth and uninterrupted business operation in the region.

As per the 2021 FDI report by the national bank of Romania, The FDI stock relative to GDP stood at 41.6 percent in 2020, up by 2.1 percentage points from the previous year. By economic activity, 39.3 percent of FDI stock was channeled to industry, primarily to the manufacturing sector with 29.2 percent of total FDI stock. This increasing trend in FDI Stock towards the manufacturing sector reflects the rise of services like logistics, supply chain, FM services like cleaning, and maintenance for the manufacturing projects.

Romania is not the most cost-effective outsourcing destination. However, it has several peculiar advantages that set it apart. Based on the ideal geographical instance, a higher level of technical proficiency and outshining soft skills, plus mastery of English and German, French and Italian, and the list goes on. Several review boards list the Romanian IT market among the best software development and design outsourcing markets. And the country has the most significant number of certified IT specialists in Europe. Rising trends towards outsourcing also require increasing the number of offices and premises for outsourcing organizations for physical office locations like data centers, call centers, and FM services for all the business operations.

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The invasion of Russia on Ukraine on February 24, 2022, impacted Romania's overall business and the political situation, eventually hampering the Facility management market in the country. Romania being the top cybersecurity provider to Ukraine, many companies involved in the IT industry in Romania is now forced to make specific changes in their business operation to mitigate risk from the unstable geopolitical situation.

The outbreak of COVID-19 has had a mixed impact on facilities management businesses. The restrictions on population resulted in a decline in project work and a reduced level of activity across customer sites. Significant players in the market, such as BMF, CBRE Group, and others, were adversely affected due to the pandemic lockdown.

Romania Facility Management Market Trends

Commercial Segment Holds the Major Market Share

According to the National Bank of Romania, in 2020, exports of services of FDI enterprises for Romania stood at EUR 12,610 million, while imports totaled EUR 6,882 million. The highest exports of services values were recorded by telecommunications, computer and information services (EUR 4,522 million), other business services (EUR 4,056 million), and transportation (EUR 2,057 million). This reflects Romania being one of the IT hubs in the European region to maintain new projects; FM services will also be required to maintain these projects, which is one of the significant drivers for the rise of the FM industry in the region. Several review boards list the Romanian IT market among the best software development and design outsourcing markets. And the country has the most significant number of certified IT specialists in Europe. Due to the above reasons, outsourcing software development to Romania makes a lot of business sense to Western companies that greatly value quality which further requires logistics to maintain the ongoing and future projects, which can be fulfilled by the rising demand for FM services in the region. The economy in Romania was among the fastest-growing in the European Union in 2021. Over the past few years, Romania has become one of the significant destinations for businesses. Due to its IT sector development, the country cultivated a crop of IT professionals. This has attracted many Businesses and governments that now want to take advantage of Romania's flourishing tech hub and establish physical offices in the region, which will promote new manufacturing projects like new offices for overseas players, which will also require FM services to maintain these new projects.

Romania has been ranked among the top 20 countries regarding software development. Romania's IT industry has been bolstered due to its tech-related activities, contributing about 6% of its GDP.

Romania's IT market has been growing steadily. One of the fastest growing markets in Central Europe is forecasted to grow at a rate of 3.1% over 2017-2021 as per the ITA (International trade association), reaching a value of RON 9.9 billion (USD 2.47 billion) in 2021.

Many companies in North America and Western Europe have already outsourced their IT services to Romania, outsourcing good long-term business decisions. For Instance, 7, Mile Advisors is seeing additional organic expansion and M&A activity across Romania.

Foreign Direct Investment Holds the Key to Drive the Market Growth

In Jan 2021, Bucharest recently won the EU cyber center race. Romania has built up a reputation for cybersecurity by strengthening national capabilities. The city will host about 30 officials to start and up to 80, later on to fund and oversee research projects on cybersecurity.

The e-commerce sector in Romania has increased significantly by 30% compared to 2019, and 20% to 30% is expected for the year 2021 as per ITA (International Trade Association).

From a territorial point of view, FDI went mainly to the BUCHAREST - ILFOV region FDI stock of EUR 56,092 million. The region has

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been witnessing significant growth in its facility management services. The increased FDI will help the sector host new projects to help the FM industry grow in the region.

In 2021, the adoption of Internet communication solutions grew due to online schooling and teleworking. While maintaining these facilities, FM services play a crucial role. Romania has also experienced increasing trends in its E-commerce sector, which requires more logistics and FM services companies to fulfill the requirement.

The main industrial sectors benefiting from foreign direct investment were manufacturing (EUR 849 million), where the largest recipients were transport equipment (EUR 336 million), manufacture of computers, electronics, and optical. Electrical products (EUR 296 million) in maintaining these sites to produce effective and reliable FM services is a requirement that will bolster or attract more FDI in Romania.

Romania Facility Management Market Competitor Analysis

The Romania Facility Management Market is highly competitive with diverse firms of different sizes. This market is anticipated to encounter several mergers, partnerships, and acquisitions as organizations continue to invest strategically in offsetting the present slowdowns they are experiencing. The clients in this region are employing FM services to increase the ease of their business operations. The market comprises service providers and key solution providers such as CBRE Group, BMR Group, Vinci Facilities, B+N REFERENCIA ZRT, and P. Dussmann Serv Romania S.R.L.

September 2021 - CBRE Romania assisted Paval Holding and Element Industrial with selling their first logistics project, ELI Park 1, in the north of Bucharest.

Additional Benefits:

The market estimate (ME) sheet in Excel format

3 months of analyst support

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