

Residence: falling prices, growing rents



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“Next year we expect a price growth of up to two percent on average only as regards the most attractive locations and high-quality new-built houses. The prices of other real estates are expected to stagnate. The interest in flats in prefabricated housing estates with poor traffic serviceability is very low today. As regards non-appealing prefabricated housing estates in problematic locations not sought-after, the prices could fall by up to more than ten percent,” said Aleš Budín, director of AAABYTY.CZ.

According to the quoted analysis, 2009 will be absolutely different for the domestic real estate market than the previous several years. If nothing, then because of the less pronounced growth of prices, the expected decline in the prices of flats in prefab houses and the even more intense price differentiation of individual locations. This year some general recommendations of the past as regards the purchase or maintenance of properties will not be valid any more. Crucial aspects will be: very carefully selected location, type of property and strictly assessed value for money of the living.

“After two years of stagnation, the growth of market rents will be restored - we expect an increase of ten percent in the whole Czech Republic on average. The reasons are obvious: harder access to mortgages, but also caution among buyers. If the interested persons are not sure about their employment, they are not bold enough to take debts. On the other hand they have to live, and will therefore use leases to solve their housing situation. And an increased demand will usher in increased prices. Not dramatic, but it would be very naive to expect the continued stagnation while demand is growing,” says Aleš Budín.

BRNO REGION

Stagnating prices of land and family houses are reported by the South Moravian city this year. According to Igor Kohut, Regional Director of South Moravia, Olomouc and Zlín regions, demand will remain the same for smaller, entry-level flats of 2 rooms + kitchenette and 2 rooms + kitchen in top-quality new-built houses, which would remain affordable. However, the price growth will reach not more than five percent. “As regards individual locations, Žabovřesky, Židenice, Lesná and Královo Pole remain attractive in Brno as such. Conversely, the demand for flats with 3 rooms + kitchen in prefab houses will continue falling. As far as prefabricated housing estates are concerned, we generally expect a price reduction this year, in Brno as well as in the rest of South and Central Moravia, by up to twenty percent on average,” says Igor Kohut.

ČESKÉ BUDĚJOVICE REGION

The prices of land are expected to grow by up to twenty percent in South Bohemia. It is confirmed that in České Budějovice and its surroundings, construction sites of one to two thousand square metres, connected to the utilities and with good traffic serviceability, will become the main investment opportunity this year. “We expect a high demand for larger flats in less attractive locations because today their price is already 15% lower than for instance in the centre - and price will be a decisive factor this year. Of course, small flats of 2 rooms + kitchenette worth up to CZK 1.5 million also remain attractive,” said Zdeněk Mička, Regional Director for South Bohemia and Plzeň regions. On the contrary, real estate experts expect a very low interest in large flats in new-built houses because it is easy for the buyers to find out that for the selling price of four million crowns they can get a family house with a garden in the immediate vicinity of the city. As for the market of family houses, low-energy projects are getting to the forefront; if their acquisition price is attractive, they will easily supersede standard offerings.

JIHLAVA REGION

Construction sites for commercial and non-commercial purposes will play the main role in the regional capital of the Vysočina region. Their price is expected to grow by five to ten percent this year. However, Jihlava will also confirm the stagnating development trend of flat prices, started last year. Prefabricated flats will be the only exception; their prices are expected to fall by up to fifteen percent. “Some development projects in worse locations will be also problematic; their prices could decline by up to a tenth,” Hana Hostýnková, Regional Manager for the Hradec Králové, Pardubice and Vysočina regions, described the situation.

KARLOVY VARY REGION

Construction sites and smaller flats are at the top of the group of attractive properties in the Czech Republic’s smallest region - Karlovy Vary. Flats with 1 room, 1 room + kitchen and 2 rooms + kitchenette worth up to CZK 2 million will be especially attractive. The year-on-year price growth of the land could be up to five percent. “We expect the highest decline of demand for new-built houses. Customers’ demands are growing and they examine value for money much more. Overpriced projects will remain unsaleable. New-built houses will keep their unchanged prices with a lot of difficulty. We expect a decline of about 15% for flats in prefabricated housing estates,” explained Kateřina Bilská, Regional Director for Karlovy Vary, Liberec and Ústí nad Labem regions.

HRADEC KRÁLOVÉ REGION

The price stagnation and their slight decrease this year will be typical for Hradec Králové. For example large flats in prefabricated houses were already cheaper last year. This year prefabricated housing estates will see a price reduction of about ten to twenty percent. According to analyses, family houses worth over four million crowns will not be attractive, either.

LIBEREC REGION

According to experts, owners of large and luxurious properties will have problems to sell their property this year. Conversely, demand can be expected to continue for smaller flats with a layout of one room to 2 rooms + kitchenette, worth up to CZK 1.5 million.

OLOMOUC REGION

Not only the city of Olomouc, but the whole Olomouc region expect a zero price increase for construction sites and family houses. Only the prices of smaller entry-level flats in new-built houses could grow by about five percent. However, older flats are expected to stagnate or go down in price by up to five percent in the whole region on average.

OSTRAVA REGION

In its outlook for this year, the capital of Moravia - Silesia confirms the end of good times for sellers. Next year a higher demand for interesting family houses and construction sites is expected. Likewise, Ostrava envisages a strong demand for rental housing, so the locations of the greater centre and Poruba are also attractive. "In last year's fourth quarter there was a decline in the demand for flats, by up to a quarter. A similar development can be expected in the next year. Any development other than stagnation would be a great surprise. The prices of flats in non-attractive places are expected to drop by up to 10%," said Jan Šina, manager of the Ostrava branch of AAABYTY.CZ.

PARDUBICE REGION

The exaggerated prices of prefabricated flats will not hold out on the Pardubice real estate market. This year, experts expect a reduction of this type of living by up to a tenth. Construction sites remain an interesting possibility, their prices in good locations could climb some ten percent. The prices of ordinary family houses can be projected to stagnate or decline by up to five percent.

PLZEŇ REGION

The West Bohemian metropolis expects interest in construction sites this year. The prices of the most sought-after sites of one to two thousand square metres, with good and smooth traffic serviceability and full connection to utilities, will grow by about a fifth this year. In general, however, prices of real estates are expected to stagnate in Plzeň, with the exception of family houses, where a slight increase of up to two percent is possible. In the city of Plzeň, Slovany, southern suburb and the centre will enjoy increased attention.

PRAGUE AND ITS VICINITY

The prices of flats in prefabricated houses should fall by up to a fourth. To a large extent this price drop will involve cooperative flats, whose purchase cannot be financed from mortgages. Flats in the centre and in the greater centre could see a slight increase of up to two percent. However, the rest will be subject to price stagnation. "The so-called good addresses, i.e. Vinohrady, Smíchov, Břevnov, will remain attractive; Žižkov is also a good location. As far as changes in the prices of sites are concerned, Prague will not be at the top of national growth because we expect an increase of only eight percent. As regard family houses, the range will be two to five percent, depending on attractiveness," expects Aleš Budín, Director. The prices of high-quality new-built houses with interesting architectural design and layout, high-quality civic amenities and location with fast and smooth transport to the city centre are expected to grow slightly. "However, there is no point in trying to convince ourselves that this increase will involve any development project. For some time now the Czechs have not been buying everything that's new. The building has to be made from top-quality materials and be in line with modern trends. Of course, good value for money is of the utmost importance," Budín summarized.

CENTRAL BOHEMIA

Recreational properties, especially weekend-houses and cottages in recreational resorts, especially near Krásná Hora nad Vltavou, Orlík and Slapy, remain the biggest investment opportunity. However, the analysis made by the real estate agency AAABYTY.CZ expects their prices to stagnate as well this year. "The biggest demand is aimed at family houses and construction sites up to 10 to 15 kilometres far from a city, with good accessibility. And more often cheaper realties with the possibility of reconstruction. Conversely, there is no demand for family houses and flats in villages at the edge and uninteresting areas with bad traffic serviceability," Miroslava Valtová, Manager of the Přebram branch, described the situation.

ÚSTÍ NAD LABEM

If the property owner wants to attract demand, he has to offer small, entry-level flats with an area of up to 50 square metres and a layout of one room, one room + kitchen, 2 rooms + kitchenette or 2 rooms + kitchen, worth up to CZK 700,000. “Expensive, luxurious and large properties will be very hard to sell next year, which is apparent taking into account the economic situation in the Ústí nad Labem region. As regards price changes next year, we expect stagnation in case of flats as well as family houses. There are basically no new-built houses in this region, so it’s meaningless to talk about their development,” Kateřina Bilská, Regional Director for Karlovy Vary, Liberec and Ústí nad Labem regions, described the trends. The prices of construction sites can be expected to grow. Conversely, real estate experts assume that the prices of flats in prefabricated housing estates will drop by up to 15%.

ZLÍN REGION

The tradition of almost zero increase will be followed in the Zlín region this year as well. Once again the demand for entry-level flats of 2 rooms + kitchenette and 2 rooms + kitchen in top-quality, affordable new-built houses will dominate there.

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