

Bonuses, benefits, gifts -struggle for a client have just launched



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Among them, for which they reach not gladly, belongs reduction - time limited or final - of price for a unit of a residential area. Such alternative they usually do not admit themselves and let it just like a last lever. In spite of that just for it reached such leaders of Slovak real estates market at the end of previous year, like J&T Real Estate (River Park) or Orco Property Group (City Gate). However it seams, that other ones did not adopt their gesture and although it referred predominantly to a luxury segment, they took it like a deep hit. Moreover, this move could feel like not fully „kosher“ not only those, who appeared themselves in the database of contract clients earlier, but also crediting banks.

Demand outlasts, purchase drops

Loss of trust with regard to value of money, shares, real estates, and products starts also taking effect in decreasing demand and less number of transactions. While relatively less impacted is the middle and lower category today, which gradually become the central point of interest, a luxury segment experiences its bitter moments. „A lot of site class people have real estates bought and other one hundred, who have not where to blow out money, you already will not find, “Lubomír Kardoš, the president of the National Association of Real Estate Offices of Slovakia, explains the phenomenon. No wonder that the residential market experienced downwards correction just in case of luxury buildings, the demand for them showed not so high like expected in this segment.

Approximately since year 2004 prices of real estate started growing up like a rocket in case of older flats by 20% even compared with previous years, by which they almost balanced newly build constructions. The first signal that the market refused them like exaggerated, was the first quarter of year 2008, which meant culmination point and point of fault together: prices started decreasing in all segments unexpectedly! The period from May 2008, when nearly half of projects at Bratislava residential market did not register any purchase, can be characterized like a steep drop. „Possibility to finalize the project will become the key watchword of current real estates market, “it is required to remind highly actual words in this situation, which expressed John Newton from Quinlan Private Golub recently.

And we are at paradox. Reality, that the demand for housing in residential newly built houses remains in Slovakia long-term high, does not mean automatically their successful sales. Global depression did not avoid domestic market yet, which „pay for waiting strategy of a customer“this moment, according to the

estates Company Lexxus. He, because waiting deep drop of prices of new and also old flats, retracts final decision for later. However, for the question, which will come out this situation like a winner, he has no answer this moment. The time, when a buyer has a chance to obtain real estate really to advantage, already became and based on foregoing analogical situations it has not last long. By other words - the one, who vacillates, can pass it easily! In contrary - for the one, who is looking for quality real estate and has sufficiency of money, and is willing to debate, can just year 2009 become the year of successful purchase.

The signal of a wrongly adjusted project

The part of developers has promptly orientated themselves in the new situation and to struggle for a client by alternative guns. The result of this flexibility is today implied willingness to pack to the offered flat or house a gift to the customer in the form of a new car, a kitchen line, or a land to the project eventually. But it must be put right, that such „favours“ are handed out in less interesting localities suffering from bad traffic or market infrastructure for example.

Other reacted for the market swing and for the circumstance that prices of real estates started dropping little by little, by their flexible correction. As it is known, after Orco Property Group, which cheapen prices like a first in the City Gate project by 10 percentages, the strongest domestic developer J&T also entered among protagonists of changed price philosophy at the end of last year and reduced prices of flats in the exclusive residential complex River Park by 40 percentages for the 44-day period before Christmas. We are reacting for current situation on the market by that, which thanks of the financial crisis, is not willing to pay so much, like a short time ago, “Peter Korbačka, the chairman of J&T Real Estate board of directors, reasoned that step that time. In spite he expected that also other developers would meet competition by a price, no mass reprise was done thenceforward.

But several estate experts and advisors warn uniformly: do not consider the Christmas actions and bargain sales in the luxury segment to be reflexion of the financial crisis - it is better short-time business tactic, to which still more developers will have to fall back upon regarding highly exaggerated prices. They are the signal of wrongly adjusted projects, which did not foresee factual demand on the market. Ongoing period of „estate schizophrenia“with plenty of contradictory news result in the situation that people are confused and - are waiting.

In Czech they bet on cars

The tactic to attract customers in order to buy a flat by a bonus in the form of a car is also spreading in adjacent Czech. Last months almost no week passed without notice from some prominent developer companies that they „packs in “a car to a new flat. After CPI Group, which offers A-class Mercedes to a family house from the Prague project Jižní stráň (the most cheap for almost 6 millions actually), the similar action is also preparing by Finep. It offers to a new flat by 2.9 millions CZK Škoda Fabia according to its speaker Pavla Temrová. However, if the customer prefer discount for a flat he will get it - but maximally to the amount of 200 thousand CZK.

The example of CPI Group and Finep followed the Central Group Company, which will „contribute“for a new car with the amount depending on the type of chosen flat, in the frame of the action valid to the end of April. The client will obtain for example 200 thousand CZK at smallest areas, in case of largest flats or houses up to half million! But he can only choose from the Škoda, Volkswagen, Seat and Audi marks. When the car above the frame of the price limit is chosen, the difference will pay by the customer; in case of cheaper one, he can order a kitchen line or above standard modification of the flat according to his imaginations.

Some developers came brought plenty of action allowance at the end of this year. They offer a kitchen line like a bonus, for example, allowances for serious interested persons, or to attract for „barging basements“. Regarding price lists all of them are on in mind: they present price reduction only like a

temporary action allowance, nobody of them officially declared, that it cheapens prices of flats in line because of crisis, till now. The demand for new housing reduced by one third currently. Also activity of investors felt away last year, what is visible on the number of projects, but also on aggregated capital, which was or ought to be invested in a near future.

China: a job position for a purchased house!

Until recently the World amazed from incredible boom in communist China and still rising prices of real estates. Today it is more than clear, that the estate bubble blew out in the state with the most population all over the world, too. After long years prices of the place estates dramatically dropped first time - in some regions of the country by incredible 30 percentages. State and traders stand out against it and above 87 percentages of Chinese, who have their flats and houses in their ownership are shocked from this development. Developer concerns struggle against this development by all possible means: they offer a car, a journey abroad or a job position even to the purchased house!

The state also tries to reduce endangered damages. On December 21, 2008, the Peking government issued the new regulations „the Regulation on sanitation of the estate market development trend“. One of their steps is a reduction fee for the purchase of a flat and simplification of credit financing cottages or lodges. Although speculations on the China estate market is the most actual topic, it is incredible in order the estate crisis attacked it by full power. In Shanghai each second flat paid cash and credit loans present only 20-percentage ratio in Chinese bank portfolio.

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