

To put an end to waiting- redirect visions to future



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Legal and financial consultancy in time of recession and investment opportunities in not easy times. Hardly anybody would forecast, how many points of contact will have both actions of Stavebné fórum.sk - the discuss meeting (on January 27, 2009) and the working breakfast (on March 04, 2009). In an interactive thought osmosis between active speakers and participants of one and other event vibrated all spectrum of markedly similar problematic circles: luxury segment is moving back (reasonable projects for reasonable prices), prognosis of housing development offer and demand or right of lien for real estates execution.

From real estate office the information one

At the introduction of the working breakfast - in the part devoted to flats the moderator Jiří Majer expressed the opinion, that what was pretended to be luxury here till now, was given only by locality. Now it is hope that building companies will finally start building properly according to him and the standard will be introduced also for this category.

„We already realized the crisis in February last year. And it started just in the luxury segment,“ Peter Danihel (BOND Reality) reminded and added its personal advice: „Let’s forget it what was. Till now nobody was thinking about to whom he will sell the housing from 3 to 4.5- thousand Euro - so much the luxury costs here. We are listening to a final consumer because he will tell us the best what he needs,“ he pointed out. Sick increasing prices of secondary real estates (up to 30 percentages compared with previous year), which climbed up above 4 millions results in the drop by 100 thousand every months, what directs to about one third drop of secondary markets (bad addresses have it deeper yet) and momentarily reach the level already only 2.4 to 2.6 millions per an old flat.

The moderator remark, that the drop has to stop somewhere in case of new buildings in order the sell would cover building cost at least, Danihel commented that developers do not look at how many percentages they earned but how many they did not undergone. He also confessed that less number of persons interested in purchase come to real offices today. Times changed and people want to pay for ready estates. „If currently 1 client bought a real estate from 10 ones, today it is 1 from 25. From real estate office we changed to information one,“ the representative of BOND Reality stated bitterly.

Stavební forum



Developer and agent in one person

„The reality is that Bratislava - excluding several residential houses, which fulfil the criteria - has not the luxury segment“ Matej Majerčák (CB Richard Ellis) thinks. Not only liquidity is important by him, but mainly the intention with whom I buy: Do I need to house or to invest? „Today we are in a big vacuum of uncertainty and decisions are taken hardly. It is complicated to time a transaction, if you are not a speculator,“ Majerčák pointed out and added, that situation on the market turned - who dictates prices is the buyer. Although to pour money to flats is better than to banks. The view „Do not buy flats now, because they will be cheaper yet“ is very shallow by him. The statement of the speaker that luxury product does not fight for a local but for a global customer met with disapproval of the majority: such segment can also be intended for „narrow group of rich local people“.

At the end Majerčák tried for the definition of „the price bubble“: it is creating that time, when the price of actives is substantially higher across the whole Slovakian market than their real value. „Immediately when prices fall to the bottom, this moment they start rising,“ the prior speaker, Danihel, added him. As he notified, it is not still solved here, who will be the object administrator after it is built-up. It is not bad if future administrator participate on the building supervision, but the best is the model when the developer becomes the administrator, because no quality made work would return to him like a boomerang.

Cause banks and right of lien

The question whether somebody has a particular experience that a bank enforced the right of lien for some real estates, moderator Majer began another discussion block. „Present legal form provides advantageous position to banks. But legal quarantines of a client protection are small- it enables them to touch the real estate immediately, while unless otherwise agreed in the contract. Also in case of relatively low receivable they have the possibility to launch sell of the whole complex,“ Roman Gašparík notified (bnt - Sovova Chudáčková & Partner), by which he started small word gunplay between fellow travellers and critics of the sector, which earned the epithet „state in state“.

However, banks also have „their truth“. The crisis, which quickly spread over the global market of securities, drove them to losses. „Although a bank is not a real estate office and an institute of sell is on the last place with it, it is often its only insurance,“ the participant from plenum opposed and this time also moderator supported him, who would not blame banks from all bad. Gašparík insists on his opinion - our banks started to realize the right of lien, therefore he propose to determine the process of proportional sell. If the mortgager has suspicion from speculative execution of the right of lien, he has no other possibility, than to contact a court,“ he added and recommended, if he is not able to fulfil the term of the debt payment, he ought to ask a bank to transfer the right of lien to other real estate and released the spared one for sell.

We will also quote the interesting answer for the question how banks will proceed in case, if the client will lost work, and thereby ability to pay back the credit, he answered: „No bank needs to touch buildings or flats - it only needs the money would be paid back.“ Communication with a client is very important. It is needed to identify the situation in which he is and to specify problems, which he faces.“

Stavební fórum



Under frozen water something goes on

In this context it is suitable to remind the statement of Martin Ohlidal from Centire Company, which sounded at the mentioned meeting: „It is important to be ready for return of the trade boom, not to catch us unaware. To remain staying rigidly and wait what will happen is a certain kind of panic behaviour.“ That time Ladislav Janyík, the director of KPMG Slovensko, also appealed for the need to change motivation of market participants, to finish with the state of uncertainty, method of waiting and re-animate the demand as soon as possible.

One more question remained not answered. The National Association of Real Estates of Slovakia (NARKS) declared several days ago that they did not realize any drop of its own members till now. However, if it is expected in general that one of the crisis positive is „cleaning off the market“ from - let's call it - speculative foam then also no exclusion from the rule can exist. „The estate market has transform simply from the short-term to the long-term business. This year it will crystallize, while many real estate agencies will finish their activities and others will have future only on the stabilized estate market, which will come later,“ Jankovič assumed in contrary to existing statistic of NARKS.

If we come from the premise that each crisis will finish one time, then everybody - developers, investors, real estate agents, bankers and consumers - clients have already to direct their visions to future now. Because something goes on under the thin layer of frozen plans, seeming depression or embarrassed waiting. What about? It can be quite war between offer and demand, escalated stress from presumptions who first will give it out, but as well rearranging forces and creating positions for the competitive fight under new conditions.

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