

SATPO: Sacre Coeur being finished

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The Sacre Coeur residence house (the name is derived from the nearby neo-Gothic monastery of the same name) is one of several projects undertaken by SATPO. A few years after its founding, this company entered the residential market with the Lumírova housing project at the beginning of the decade and since then has completed about ten projects. With one exception (Královská vyhlídka project in Karlovy Vary), these are residential projects in Prague, and SATPO almost exclusively aims its projects at more demanding clients. The company's current portfolio comprises, in addition to Sacre Coeur in Strahov, or Smíchov, the Jeseniova complex in Žižkov with 154 flats, two residential houses in Vyšehrad and a small, but the more luxurious Švédská project - a villa neighbouring on Sacre Coeur just across the street.

Strahov exclusivity

At present, Sacre Coeur is definitely in the better half of housing construction projects. In terms of ground plan, it closes the block between the Švédská and Holečkova Streets, and its huge, little structured mass creates a worthy counterpart to the neighbouring neo-Romanic St. Gabriel Monastery. Even coincidental passers-by will be struck by its dark-grey raw façade, obviously inspired by the walls of the mentioned religious building (however, the Benedictines left the monastery after 1918 and it has been used by Czech Post since then). "This interesting façade is, to a large degree, the result of conservationists' requirements," Irena Reichlová, SATPO's Sales Director, comments on the appearance of Sacre Coeur.

Since it is standing in a slope, the building has a variable height that reaches from five to nine aboveground floors. The project is designed as accommodation for highly demanding clients, and the architects, i.e. the architectural studio 4a architekti, could therefore propose more ambitious dimensions of common premises as well as flats (including garage stands on three underground floors); the furnishings in the flats are also exclusive and the project is also equipped with a small children's playground. "We count on a broad range of services - security monitoring in the house, cleaning, delivery of goods, care for pets and so on. The heart of these amenities is a large reception area with permanent service," says Reichlová.

However, promotional leaflets talk loudly about the site more than the qualities of the building as such. The immediate neighbourhood of two attractive (and reconstructed) historical buildings and the proximity of large greenery areas, i.e. the Kinský Garden, are huge benefits for Sacre Coeur, just like the generally peaceful atmosphere of the whole location. Nevertheless, the busy mixture of shops and services around the Zlatý Anděl administrative complex is only several hundred metres far, a few minutes' walk.

When stagnation settles down

"The residential market has not frozen, but more than ever in the past, the success of individual projects will depend on their quality, including architectural, and also the quality of the location," says Ondřej Novotný, of King Sturge. Sacre Coeur may be coming to the market at the best time possible, but generally speaking, residential development is facing some rough times ahead. After the purchasing boom in 2007 and a certain reassurance during the following year, the housing market is obviously experiencing a time of stupor. This reflects in the number of provided mortgages as well as the statistically recorded price decline. Property developers have responded to the economic problems and the changing moods of the potential clientele rather swiftly, so the number of completed flats exceeded the level of commenced construction for the first time at the end of last year's fourth quarter (and probably also in the first three months of this year). "The supply is broad and at present clearly outperforms effective demand," says

Novotný, adding: “Property developers will have to put much more emphasis on marketing and offers.” According to King Sturge’s analysis, the market expects a price decline this year: by up to 10% for new large-scale projects of a lower standard, while the development of older flats should be comparable. “For the first quarter, we estimated the price declined at 5 - 6%,” Novotný adds. The data from the Czech Statistical Office points at approximately 3% year-on-year decline.

The analysts evaluate this year’s demand similarly. However, Prague is an exception in this regard. “The fear of economic development is obviously weaker in the capital than in the regions,” says Jan Rosák, of the real estate agency Bonus Group. At the same time, he points at the significantly higher number of flats ready for purchase in the capital city. That is why willingness to buy flats is rather low there as well, especially in connection with projects that are not in progress - the buyers are afraid of the developer’s inability to complete the project in these harder times. This all implies that property development companies with longer history and some renown and their higher-quality projects will have the smallest problems. Sacre Coeur is one of such projects; in addition, Smíchov (where the prices of flats increased by 3.2% last year, year-on-year) offers only few other opportunities for purchase this year - the only other project worth mentioning is the V lesíčku Residence, which offers about twenty flats in a reconstructed rented house from the 19th century.

Slower pace

“We sold about 60% of all flats. Compared to the past, sales are slower today,” says Irena Reichlová, confirming the latest analyses of the Prague housing market. The pace of sales is, to a large degree, determined by the price - in Sacre Coeur, one square metre costs CZK 80,000 on average. The prices grow proportionately with the floor and flat dimensions; a one-room flat is available for about CZK 2.5 million, a five-room flat with a large terrace for about CZK 25 million. This higher segment of residential construction has its permanent clients, but they are choosy (the most expensive flats have been already sold), and nobody hastens with purchase today. “In the Švédská project, which is virtually across the road, we have already sold four flats of the total number of seven, but two customers have withdrawn. Apparently, the reason was not that suddenly they were without money. They simply came to the conclusion that the current condition of the real estate market is unstable and there is no need to hurry with investments,” Reichlová describes the fundamental parameter of today’s residential market using a specific case: a hesitant customer with a tendency to postpone the purchase. Just like others, she is also convinced that the slowdown of sales also reflects the work of sellers, which is not of a particularly high standard: “Our cooperation with real estate agencies, even though of acclaimed reputation, did not yield any results. These agencies obviously do not function as actual sellers, but the truth is that, especially today, people interested in the purchase prefer negotiating directly with the property developer. They do not hurry, so they don’t need any go-between.” On the other hand, some response was seen to the inclusion of Sacre Coeur on a website offering new houses “ready for occupation”, run by Labartt, which obviously responds to the lack of willingness to buy flats “on paper”.

In line with the speed of sales of projects in progress, SATPO has slowed down the pace of preparation of new projects as well. “There are more offers, involving land alone as well as land with prepared projects, than ever before, but we have to be more cautious. Dealing with the banks is also much more complicated,” the Sales Director describes SATPO’s presence, adding: “We have two projects that I don’t want to describe too much so far at an advanced level of preparation.”

Visualisation: SATPO Development, s.r.o.

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