

Prices of flat to go down 15 - 20%?

Author: SF / pb | Published: 23.06.2009

The daily HN published a prognosis according to which the prices of flats in the Czech Republic will go down 15 to 20% this year on average; the Ostrava region will see the biggest decline, where flats should be sold for 22 to 27% less. This prognosis is based on the statistics and estimates of IRI (Institute for Regional Information). Many experts question these predictions, referring especially to the chronic lack of reliable statistical data. The sellers themselves as well as property developers often emphasize that the prices of new flats cannot be reduced too much because the margins of property developers have not been too high in the last couple of years (according to unverified data, they are at about 15% of the selling price - however, this is total profit, not its annual level). The prices of flats are declining this year, which mostly applies to prefabricated houses in less attractive locations, and not so much to new built houses, where the property developers have been so far hesitant to cut prices and prefer offering various bonuses to the buyers (Central Group's "car with a flat" offer is the most famous). According to the recently published study by the consultancy King Sturge, the prices of new built residential projects in Prague dropped by more than 5% in the first quarter and by another 5% by June, from EUR 2,486 to EUR 2,222 per square metre.

23.06.2009 08:00, SF / pb