

# Petr Fišer from UniCredit Leasing: Even real estate leasing is not resistant to the crisis

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**What do you ascribe last year's fall of real estate leasing to? Can it be the role of tradition and low awareness of this type of real estate financing in the Czech economy?**

Tradition cannot play any role in the "fall" as such, otherwise we would have to arrive to a conclusion that tradition did not influence the volumes before the crisis but it has influence at the times of crisis. The current, really significant fall, of real estate leasing market, can be linked to the crisis impacting the entire property sector. The absence of tax incentives for the real estate leasing as well as a certain general reticence of investors was apparent before, however, we can say that it is the economic recession which stalled the process of increased popularity of the real estate leasing among property investors. The increasing popularity of real estate leasing as a form of property financing is quite obvious in comparison to the real estate leasing market results in the years before 2008.

**Banks are quite reluctant to finance property development, or construction investments; many companies are having payment difficulties. Why is there no demand for example for sale and leaseback in such a situation?**

Real estate leasing is definitely not asleep, many transactions are currently being executed in the form of "sale and leaseback". We must not forget that the economic recession and financial crisis brought about tougher conditions for accepting risk across all financial institutions. The combination of this with not a very high number of projects in the market fulfilling these conditions bring a significantly lower number of concluded transactions.

**The report by the Association mentions last year's increase in real estate leasing of hotels - this sounds a little surprising at the time of decline in tourism?!**

Accepting the "hotel" as a typical subject of real estate leasing again depends on the strategy of the real estate leasing financing provider. Particularly for our company, investment in buildings serving tourism would come to mind in case it was run by an established and creditworthy operator, thus especially a successful multinational chain would be considered. This viewpoint of ours is not linked only to the impacts of the current economic situation.

**Are leasing companies willing to finance even 100 % of the buying price of properties?**

I am convinced so. But there are not many projects in the market which would be achievable under such conditions.

**Many changes occurred in the last two to three years in the tax segment. Does this affect the attractiveness of real estate leasing in any way?**

The situation in real estate leasing has been constant from the tax point of view for some time now. Investors and providers of real estate leasing have already absorbed all the changes that were adopted in the area of value added tax. The confusing situation in the area of income tax due to the latest changes has also been clarified. Investors are thus no longer needlessly worried about the "bogeyman" that real estate leasing cannot be negotiated for the period shorter than thirty years, it is now commonly known

that the leasing period can be significantly shorter if legal conditions are fulfilled. Undoubtedly, a number of legislative suggestions exist, which would considerably increase the attractiveness of real estate leasing if they were to be implemented in practice. An example of this is the optional taxing of the transfer of buildings older than three years by the value added tax and especially the exemption from real estate transfer tax for the transfer of the second leasing subject. **Are you expecting any significant changes for the real estate leasing sector this year and in the near future?**

Yes, of course. However, we do not expect the market to soar in the next few months. The growth of real estate leasing volume will correlate with the recovery of the commercial property investment market, recovery of the economy as such.

**What is the situation today in the area of real estate leasing abroad?**

According to our information, the situation elsewhere is very similar to the situation here and the decline of the real estate leasing market correlates with the impacts of the crisis in the whole of Europe. We have no news from any of our foreign colleagues that real estate leasing is suffering any more from the impacts of the crisis than other financial products or vice versa: in other words that our real estate leasing product is seen as something resistant to the crisis or even as a saviour.

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