

Second residential auction

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“Make an offer and hope that you have exceeded the limit price!” the auctioneer invited the participants at the Prague’s second residential property auction. It was held last week in the Autoklub building and it was organized again by real estate agency Gavlas and real estate office Professionals. Business conditions were, however, rather changed. The reason was obviously to prevent the situation from the December auction when roughly half of the sellers eventually refused to carry out the transaction due to a very low reached price. This time the starting prices were set at higher levels, around 60 % of listed prices. It was possible to submit written offers before the auction. At the same time, the institute of private limit price was introduced, so the winner of the auction was acquainted with its actual result only after the auction, ie. if they had actually auctioned. The limit price led to loud protests by some sixty participants directly during the auction. They mainly pointed out the fact that limit prices should have been established as starting prices. As well as why after auctioning of each flat reaching of limit price was not announced. The organizer coped with the objections pointing out that it was a standard procedure and auction conditions, which had been known to all parties in advance. Also the schedule of the event where the only fixed point was the registration point (the actual auction started two hours later, it was not specified when each item would be auctioned) as well as the tardiness of the entire event. The organizers soon accelerated the entire process significantly.

Fewer properties were offered at second auction, compared to the first one. It was a total of 30 buildings from 13 different projects from several property developers, e.g. FINEP and Ablon. They were all residences in Prague and its surroundings (Čakovice, Cholutice), only four family houses were included. A vast majority of the auctioned properties were “mid-class“ properties, with some exceptions, e.g. duplex (double-storey flat) of 120 square metres in a Žižkov house. On the contrary, often they were flats from first or last floor of residential buildings, ie. flats which are usually harder to sell and are sold at discounts. The cheapest item of the auction was a 1-bedroom flat at Černý Most with a starting price of CZK 1,24 mill. (listed price at 2,047) whereas the most expensive was a family house at Vinoř with starting price of CZK 8,8 mill. (listed at CZK 14,6 mill.)

Results of the auctions differed quite significantly. In some cases, the listed price was nearly reached, e.g. 2-bedroom flats in Britská čtvrť was auctioned at CZK 3,75, the listed price was CZK 3,99 mill. In other cases, the result was close to the starting price. For example, a 2-bedroom flat at Černý Most, the winning bid amounted only to CZK 2,95 mill., the starting bid was at 2,5 mill., the listed price at CZK 4,2 mill. Due to the limit prices, it is however not clear whether the winners of auctions will actually get the apartments. The number of flats sold in the auction will be disclosed by the organizers later .

Several thousand of residential newly-built construction are estimated in Prague today. Weak sales are generally attributed to differences in price expectations of the sellers and buyers. The prices at the December auction reached 70 % of listed prices on average.

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