

Sales of suites in the High Tatras without change



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The construction boom which happened after the above-mentioned wind storm, finished in 2009 with the arrival of the complex effects of the world economic crisis. There are many suites in the High Tatras already built, awaiting their new owners. Approximately half of them are old buildings, where only the shell has remained original following the reconstruction, the rest of the buildings consists of the latest materials and technologies, supplying the new owners with complete luxury, required during the demanding type of holidays. The other half of the portfolio offering consists of newly-built properties which in their great majority are not located directly in the heart of the High Tatras, considered to be primarily Štrbské Pleso a Starý Smokovec.

Present time prefers rationalism

Due to the altered priorities of the potential buyers, the process of selling suites has slowed down and almost stopped after 2008. At the moment, maintaining of a standard accustomed to, or if need be as significant elimination of its decline as possible, is still an important element in investing not only for an individual but also for companies. An investment into a property, mostly characterised as above-standard and not necessary for existence, no longer fits in with this trend.

Despite the significant decline in sales, prices of suites for sale in the mountainous parts of Slovakia have not decreased significantly during 2009 and at the beginning of 2010. They are between EUR 800 and 2500 per sqm, but there are locations, such as Štrbské Pleso, where they can climb up to a five thousand level! In many cases, a substantial part of the surface area sold is a terrace, sometimes more than a half of the entire area of a residential unit.

Behind the stagnating or only very slightly decreasing price requirements by the investors is the position of a strong developer who is financially adequately secure and who took the investment into this segment of real estate seriously - with a view of a "long distance run". The question remains, to what extent developers can stay indifferent in their attitude towards price and saleability in the economic situation not only from Slovak but also from worldwide point of view.

Completed building offers more options

From the statistical standpoint of real estate agencies, not a slowing but rather a halt in this market is evident, which means in practice that with the exception of infrequent "swallows", there are no sales. That's why, however capable an investor is, this fact cannot leave them inactive and sooner or later, they

will be forced to take steps leading to setting in motion the market in this segment. In addition, a considerable part of buyers in the previous, economically positive period, consisted of foreign clientele, especially the Brits, Poles, Czechs and Russians, who currently (except possibly Russians) share the same view on buying a luxurious and low priority real estate as Slovaks.

Another chapter are suite buildings currently under construction in Nová Lesná, Starý Smokovec and Veľká Lomnice. The investors stopped the construction on the individual objects and they are awaiting development of the situation which is for many of them already being faced with liquidation. For a property under construction, it is in fact impossible during the slowing down to halting of sales, to choose the tactics of rental or to redefine the whole property as a hotel with services relating to it. That's why the priority in this area should be to complete the buildings under construction because nobody who comes to admire the mountains, has any interest in an unfinished building at the stage of a rough shell. Several options will be readily open to the investor.

An impressive view without infrastructure is not enough

However, the other side of the coin is the local infrastructure. Despite the vast supply of various types of suites, almost everything else is lacking in the Tatras. Shops, skibuses, entertainment establishments, standard of service, quality meals. If the buyer is not a downright fanatic for hiking, or an unrepentant skier, there are not many reasons for investing into a real estate property in this location. Therefore if the developer wishes to attract attention, they have to add "something extra" in terms of their offering; something which is, unfortunately, still not very common in the Tatras. Shops, gyms, beauty salons and nighttime establishments where the staff does not close at ten p.m. and go to sleep, is the key to "standing head and shoulders" above the competitors' offers.

The company TMR - Tatra Mountain Resorts is not a new investor in the High and Low Tatras, owning a significant amount of hotels and downhill skiing tracks and simultaneously building new ones. In parallel with this, they are striving to make themselves visible in the market as the company developing exactly the above-mentioned neglected infrastructure, so necessary for the success of any project. The entity is backed by the financial group J&T owning 20 per cent of the shares in TMR, who so far invested EUR 45 mill. in the mountain resorts and plans to invest another 90 mill. It is expected that the activity of these two companies in the field will shift the buyers' perspective from theory to real practice which would be a step forward not only for the pair of TMR - J&T.

Illustrative photo - Viktor Zamborský (1), J&T Real Estate (2), Bellevue Holding (3), IT Slovakia (4), CI Development (5)

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