

The crisis means that people are once again returning to Slovakia



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The first discussion panel of the 6th annual international conference [Real Estate Market > Slovakia 2010 - Return of real estate optimism](#), organized by the Internet magazine Stavebné forum.sk in Bratislava Gate One hotel on 11th November 2010, was named Real Estate Market: statistics and analyses for investors. During the presentations and subsequent discussions, the announced schedule developed so that more space was given to general conclusions rather than to the methodology and methods of collecting and evaluating partial statistical data.

“So is stabilization coming to Slovakia too?” - Daniel Bilý from Century 21 Slovakia, presenter of the first panel, asked this challenging rhetorical question at the end of his short speech. And it later became one of its unifying themes in many variations.

Mikuláš Cár (SNB): Cyclicity is playing with us ...

“Better times seem to be coming after the downturn and decline. We feel some positive moments in the whole of Europe. Year-on-year changes are already showing a more stable level. However, it is necessary to be a cautious optimist,” noted Mikuláš Cár from Slovak National Bank (SNB) and he immediately called the database on real estate market as unsatisfactory. He added that Slovakia is not an isolated island since its position is dependent on a number of factors with dominant outside influences. “The cyclicity is playing with us and the current economic situation is decisive. By looking at figures from abroad, we may see some positive impulses. Despite falling residential property prices, the building plots sector prices increased in the last years,” Cár pointed out the unpredictability of the trends.

He thinks that an important factor for the supply are loans. “Interest rates have reached the level of 5.3 % which means that we are getting closer to the client. Granting loans in Slovakia still has higher risk than in other European countries,” Cár said. Regarding the statistical sources and ways of interpreting data as mentioned above, he noted that there is a large number of entities in the market today and that the estate agents or investors don't wait for it to be served on a silver tray. “However, it is pleasing that on the Eurostat webpage, there is already an instrument for unification of criteria,” Cár pointed out.

Zeno Kezman (NARKS): Real estate legislature is not sufficient

“NARKS itself doesn't prepare any statistics. We shift their preparation to SNB or to other customers as a

commercial product," stated Zeno Kezman from National Association of Real Estate Agencies (NARKS) and he drew attention to the insufficient legislature in the entire real estate market. As he clarified, the property price maps are not statistics but a product which helps to get two types of information about the prices: advertised/asking - selling/final (the difference between them tends to be 5 to 10 %). According to Kezman, there are countries where the real estate crisis is hardly visible (France, Germany, Austria) and then there are those, such as Romania, where the real estate market virtually froze.

Michal Mušák (SLSP): Bratislava statistics are relevant

"We obtain them from SNB," said Michal Mušák (Slovenská sporiteľňa, a.s.) when asked what data commercial banks work with and he added: "We consider Bratislava statistics relevant. There is not much point to follow the overall Slovak average." As he added, the specific area of mortgage development, for example they watch the structure of persons asking for mortgage. The first important factor, according to Mušák, is the influence of the highest salaries in Bratislava and Košice on flat prices and the second is the fact that loans for housing are already more accessible than in 2002, the third factor is demography and migration of the population. "Regarding our banking market, about 80 percent of money deposited is used for loans," said Mušák reacting to criticism of the banking sector.

Dany R. E. Rottiers (EIC): East Slovakia awaiting a big boom soon

"The crisis has caused that people are returning to Slovakia," emphasised Dany R.E. Rottiers from EIC spol. s r.o. He says that SNB offers the "best presentations for investors who can see not only the current situation but also future outlooks in terms of stability, currency, property prices per sqm and unemployment."

Regarding investment potential of Slovakia and investment opportunities in its regions, according to Rottiers, these are dependent on their connection to motorways. He estimates their launching in the Košice and Prešov regions in the years 2012 to 2016.

It was in 2005 - 2008 when the influx of direct foreign investment to Slovakia was at its the highest. This had a great influence of the employment rate in the country's eastern regions. "At this moment at least one investor comes to the east of the country every week. Since the government has declared state support, I expect a big boom there within 4 - 5 months. However, we need to be able to anticipate employees' needs," Rottiers said pointing out that new residential options should be created in Košice and Prešov, but not for example in Medzilaborce which people leave.

Rottiers sees other promising opportunities of the real estate boom in the east in the logistics sector, he sees a thin line between actual logistics and light industry. "Delivering something to Central Europe via broad gauge is 4 times quicker and 20 % cheaper," he explained. However, he thinks that the decisive factor for Slovakia's investment potential will be the new act on state support for investors.

Illustration photo - Tatra Residence

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