

Availability of housing was near historic high last year

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Availability of housing in Slovakia climbed to historical highs at the end of last year. According to Tatra banka, this was mainly caused by a decline in interest rates. “A surprising decline in property prices in the last quarter of 2010 contributed to improvement as well as growth of nominal wages by 3.8 %,” Boris Fojtík, TB analyst, adds. Average Slovak family thus paid less than 1/3 of their gross income for mortgage payment when buying real estate in Q3 2010.

Availability of housing may fall under the influence of expected higher interest rates. “On the other hand, we expect improving conditions on the labour market which should boost demand for housing,” Fojtík states. He also adds that property prices may be rather stagnant, or their growth should be only slight, replicating inflation at most.

Residential property prices in Slovakia declined year-on-year by 3.9 % on average last year. Average price per sqm of houses and flats reached EUR 1,291. In QIV itself, there was a quarter-to-quarter decline of 2.6 % and year-on-year of 2.1 %. In Q3 they recorded a price growth of 0.85 % compared to Q2, according to National Bank of Slovakia data.

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