

Prices of Czech properties falling

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The value of commercial and residential properties in the Czech Republic is falling - according to the consultancy King Sturge, this year-on-year fall was equal to 15 - 20% in case of commercial properties and 10 - 15% in case of residential properties at the end of last year. These figures are the result of the revaluation of properties in December. As far as commercial properties are concerned, further development could lead to forced sales if banks, which use the credited properties as a pledge, insist on levelling up any potential differences between the new value of the property and the credit amount. The offer strengthened in this manner could bring about larger interest in the Czech market among investors. As regards commercial and residential properties, the price differentiation will continue in the upcoming period depending on the quality of the property. However, the experts from King Sturge relativize the identified statistical data, in particular because only a small volume of specific data is often available - this especially applies to regions (most of these estimates are based on the Prague situation), but also to logistics parks, because last year there was not a single transaction performed. The future of the whole domestic real estate sector is uncertain, as it will depend particularly on the overall economic situation, which is currently very hard to estimate.

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