

August 2009: full of optimism and (yet unfulfilled) expectations

Author: SF / Juraj Pokorný | Published: 08.09.2009

Europe and America: convalescence within reach?

The faith, that although the crisis does not beat a retreat yet, the sharp fall of the economy is now definitely at the end, represents not only reflection of both the natural and legitimate human desires, but is also inspired by the first heralds of good news, who correctly understood the importance of psychology for the crowds, for at first sight very autonomous global trends. With the argument that the free fall of the German economy has halted, actually there are signs of its end, only recently hurried up the Deutsche Bundesbank or the Association of German Industry (BDI).

Consumer sentiment in Germany during the summer continues its upward trend - expectations, regarding the incomes of the population and the overall state of the economy, have increased. At least according to the survey by GfK. After some institutions have signalled the end of the economic downturn a reduction of economic pessimism on the part of consumers has been registered. Important role in this regard has played alongside favourable prices also the fact that the labour market is not significantly diminished. The same study, however, by one breath warns: „A propensity to buy is still on the very low level in long-term“ and "the real litmus test is yet to come, if this autumn unemployment will again substantially increase“.

Remind another variation in a diverse range of changing expectations, when so much-quoted real estate advisory firm Cushman & Wakefield realized signs of stabilization of investment volumes - more precisely their increase to the level of 11.97 billion Euro in the second quarter of 2009 - on the unbalanced market of European commercial real estates. Despite that the growth of investors demand is not covered by the growth of supply, the market starts become dynamic according to the company and in the second half-year is expected to increase activity. But the false chimera is subsequently paralyzed by blunt numbers: it is only 41% compared to last year's average and compared to record in 2007 even only 19%!

Recent reports from the centre and also the first victim of global recession, however, give reasons for cautious optimism. According to the U.S. Department of Commerce the July sales of new houses increased in the U.S., while it was already the fourth month of growth, and increased to an annual rate of 433 thousand residential units. The number of unsold houses also dropped to 271-thousand units, the lowest level in 16 years. Does it mean America should have convalescence within reach?

And what about the Central Europe? Although individual countries failed apparently in avoiding the vast financial crisis, the region as a whole cope with recession, and thus avoids collective disaster that threatened them 6 months ago, believes Britain's Financial Times.

Slovakia: positive thinking on the rise

Despite the sense of insecurity and rife of conflicting information the pulse of the Slovak economy - including the real estate sector - did not stop in August. And the fact that expectations of buyers still differ from expectations of sellers changed on it nothing. The evidence is also the view through statistics and figures, data, events and press releases of agency, consultancy or development companies. The pursuit of positive thinking does not detract their honour.

The mood in the Slovak economy is improving" - optimistically shined the survey of the SR Statistical Office

in the section „A“ at the end of July. Reason? The economic sentiment indicator rose by 2.6 points to 70.2 points. However, the worse „B“ - in semi-year comparison, froze the slight glimpse of better times. From this visual angle the curve of mood apparently fell up to 26.3 points! As a result of reduction in demand for construction production became the indicator of confidence in this sector even worse.

At the end of the first decade of August already the same institution claims alleviation of the semi-year decline in construction production in the first half of the 2009. The term " slowdown of slippage " is in critical times, when better argument is not at hand, became the sole positive mood-making factor. Notwithstanding of the ongoing stream of reports of construction works depression, reducing trading results on accounts of key developers and building societies or significant cuts in its investment plans for urban municipalities caused by the crisis.

Although the Slovak economy showed again a significant semi-annual fall of GDP in the second quarter, may already have the worst behind - believes its author, the National Bank of Slovakia, in the summary of economic developments in late August. The bank realized the semi-quarter growth from which concluded " the local bottom was probably reached in the first quarter of 2009.

The moment of reversal still did not come

The crisis did not stop chances neither in the summer. Supranational manufacturing-technology company Emerson within its expansion to the Slovak market will place headquarters for European branches in Bratislava Apollo Business Center II. HB Reavis Slovakia can put to its account a marginal triumph. Even also the state is not ashamed: closed the first PPP project in the history for the construction of 52-kilometer motorway R1 from Nitra to Tekovské Nemce. Positive report from the end of August 2009 did not disprove continuation of the crisis but that can encourage, certainly no one doubts.

Despite turbulent times the Austrian developer Karimpol obtained - with thanks to skills of consulting firm CB Richard Ellis - an interesting contract: UTI Slovakia firm will lease by him 3 300 m² of storage spaces at Senec. Fiege Company also did not dawdle; doubled its store spaces in the local logistics centre situated in the priority area of the main distribution hub. Because it was last free spaces, a list of tenants of the first phase of the project of Goodman company with the area of 45 thousand m² is completed - affirms the August report from the category of optimistic ones.

The logical question is: How is something like that possible right now? A part of the reasoning lies in the fact that logistics real estate segment, as its protagonists in Slovakia have already commended several times, is relatively least affected by the economic recession. Another, more abstract essence of the whole „secret“ lies perhaps in attitude of its crucial players, who behave and act as if the crisis was not. Zsombor Török, Country Manager for the SR, CR and HR said: „Despite adverse market conditions we think it necessary to continue to enhance relationships with our customers and provide them with solutions to meet their requirements.“ Trivial sentence? Think about it, please...

However, as shown, the light at the end of the tunnel of the fearful crisis is not visible yet and the only indicator of the accuracy of established direction remains the combination of forward movement and faith. August 2009 was definitely full of expectations - often in the spirit of the notion that „during my short absence, matters will finally move forward in the country and resolved themselves apart.“ And it should be noted that largely unfulfilled. The moment of desirable reversal still did not come, although „micro-moves“ are creating favourable conditions for it. The forthcoming autumn maybe will disclose about it more.

Illustration photo - author

