



TOP 4 TRENDS IN REAL ESTATE

Residential market in focus

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FACTORS INFLUENCING RESIDENTIAL MARKET

THE MARKET MOVED TOWARDS GROWTH

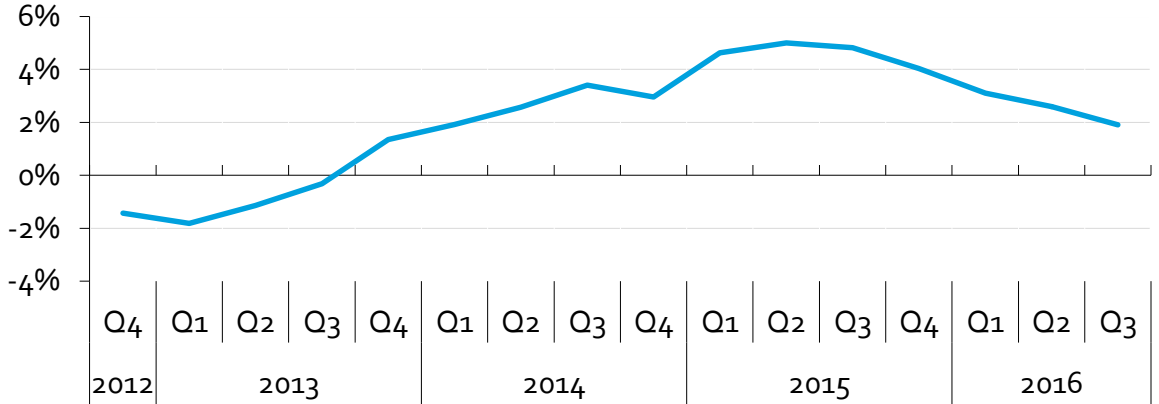
- Economic development
- Mortgage market
- Developers and Civic sentiment
- Administrative interventions

CZECH ECONOMY

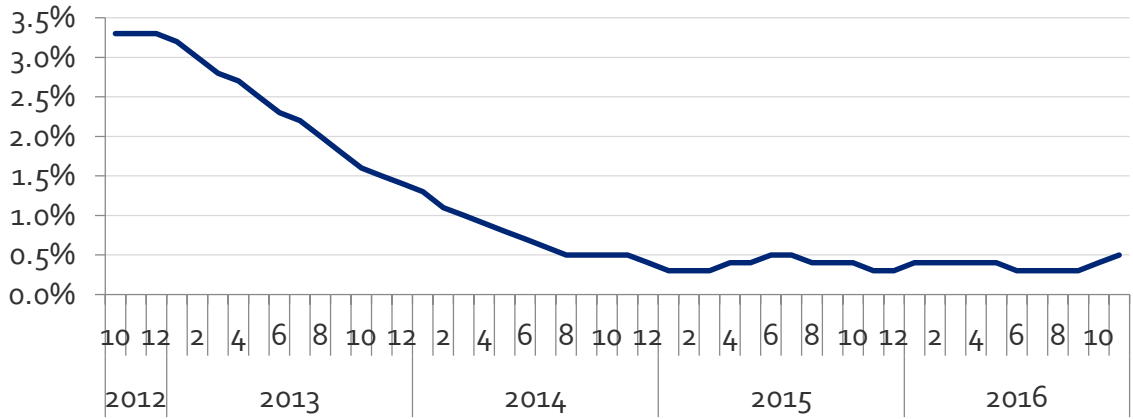
POSITIVE DEVELOPMENT

- Overall assessment of economic development in 2016 is definitely positive
- GDP growth will probably be around 2.5 % for 2016
- Unemployment has fallen further while inflation remains low, mainly due to low commodity prices in the world

GDP growth (%)



Inflation rate (%)



Unemployment (%)

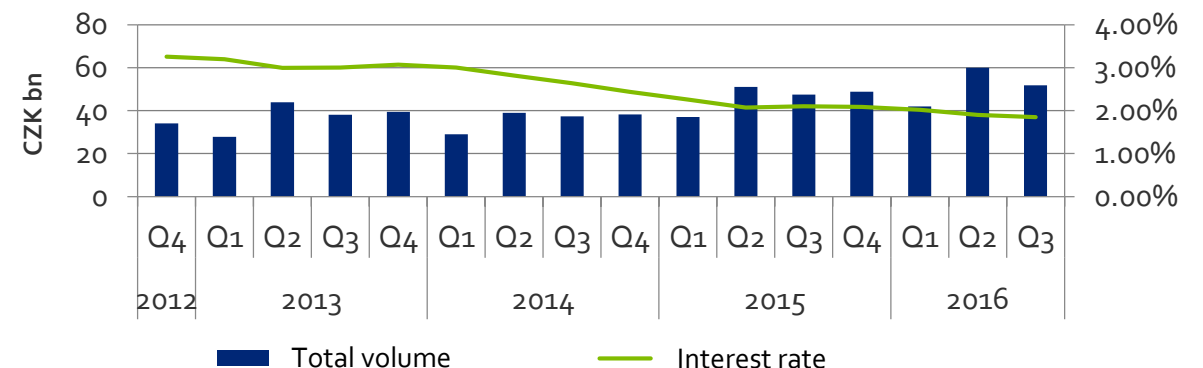


MORTGAGES

CHEAP MONEY







- Year of records
- High activity on the mortgage market is being monitored in 2016
- Interest rates for mortgages are at record low. Average interest rates have decreased significantly from 5.82% in August 2008 to the current 1.77% in December 2016
- The amount of an average mortgage loan reached CZK 2 mil. in 2016
- For 2017 expectation of administrative impacts – growth of interest rates

Month	Count	Volume (CZK bn)	Average interest rate (%)
January	5,912	12,646	2.06
February	7,782	14,615	2.02
March	9,375	17,906	1.97
April	9,042	17,06	1.94
May	1,0831	20,702	1.89
June	1,2324	23,776	1.87
July	7,615	15,225	1.88
August	9,290	18,139	1.84
September	9,825	19,607	1.83
October	9,484	18,785	1.8
November	14,386	29,683	1.77
December	8,684	17,665	1.77
TOTAL	114,550	225,809	



RESIDENTIAL MARKET DEVELOPMENT

DEVELOPMENT OF BASIC INDICATORS

Prague residential market	January 2015	January 2016	January 2017	change
Market supply	6,642	6,190	4,220	 (-37%)
Market volume (CZK bn)	30.7	31.2	26.7	 (-13%)
Sum of the areas on the market (sq m)	492,900	462,800	328,000	 (-34%)
Average unit area (sq m)	74	75	78	 (+5%)
Average total bid price (CZK)	4,775,800	5,280,100	6,634,000	 (+39%)
Average bid price (CZK/ sq m)	65,400	71,700	86 400	 (+32%)

www.cenovamapa.org

Trends:

- Appetite of developers and buyers
- Insufficient supply of new apartments
- The length of the legislative process extends
 - low number of permitted resi construction
- Development has become a political theme
- New types of development projects
 - total reconstruction of apartment buildings
- Administrative interventions

ADMINISTRATIVE INTERVENTIONS

SAME SITUATION AS IN 2007?

- **Administrative interventions generally create significant pressure on the market and growth of real estate prices**
 - stocking up before the change (people buy more)
 - possible significant slowdown after the change
- **Three changes that affected the housing market in 2016**
 - new act on consumer loans
 - change of payer of the property acquisition tax
 - recommendation of the Czech National Bank to restrict mortgage lending
- **Starting from this April, the situation will be even more complicated**
 - mortgage up to the amount of 80-85% of LTV (loan to value)
 - more of own resources/ other financing options
 - greater development in rental housing and an increase in rent prices

DELOITTE REAL INDEX

ACTUAL PRICES OF APARTMENTS SOLD IN CR – Q3 2016



Development projects

CZK 58,100 per sq m

CZK 7.9 billion

1,998 sales (of which
1,418 first sales)



Brick houses

CZK 45,400 per sq m

CZK 5.4 billion

1,820 sales

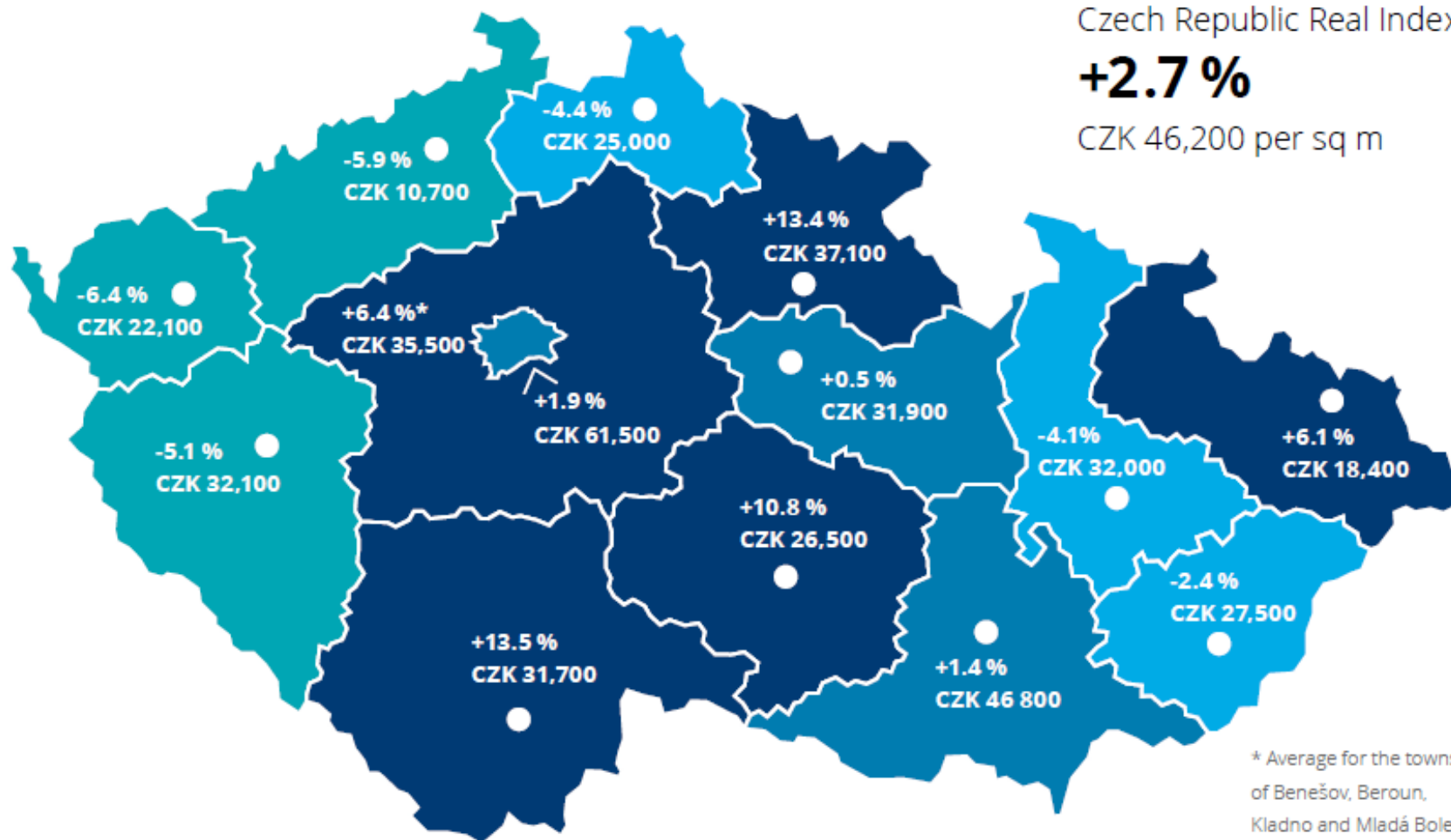


Prefab. apartment buildings

CZK 35,900 per sq m

CZK 4.4 billion

2,209 sales



Czech Republic Real Index

+2.7%

CZK 46,200 per sq m

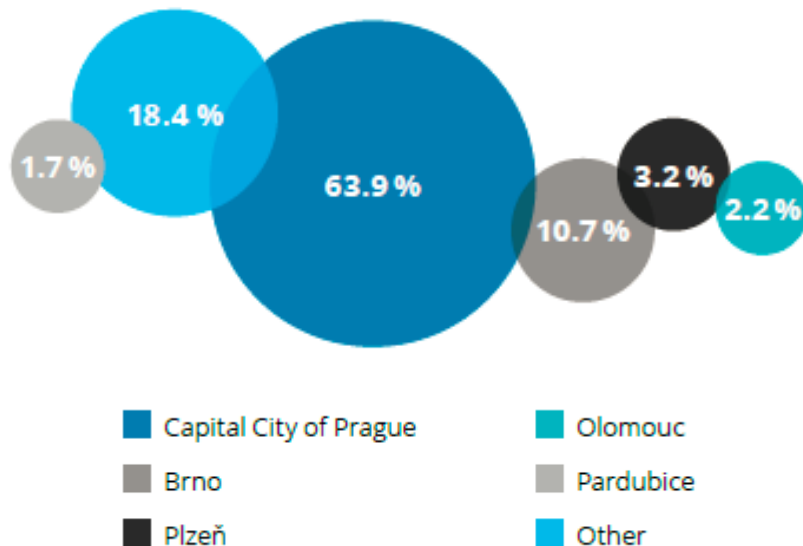
* Average for the towns of Benešov, Beroun, Kladno and Mladá Boleslav and the districts of Prague-East and Prague-West.

DELOITTE REAL INDEX

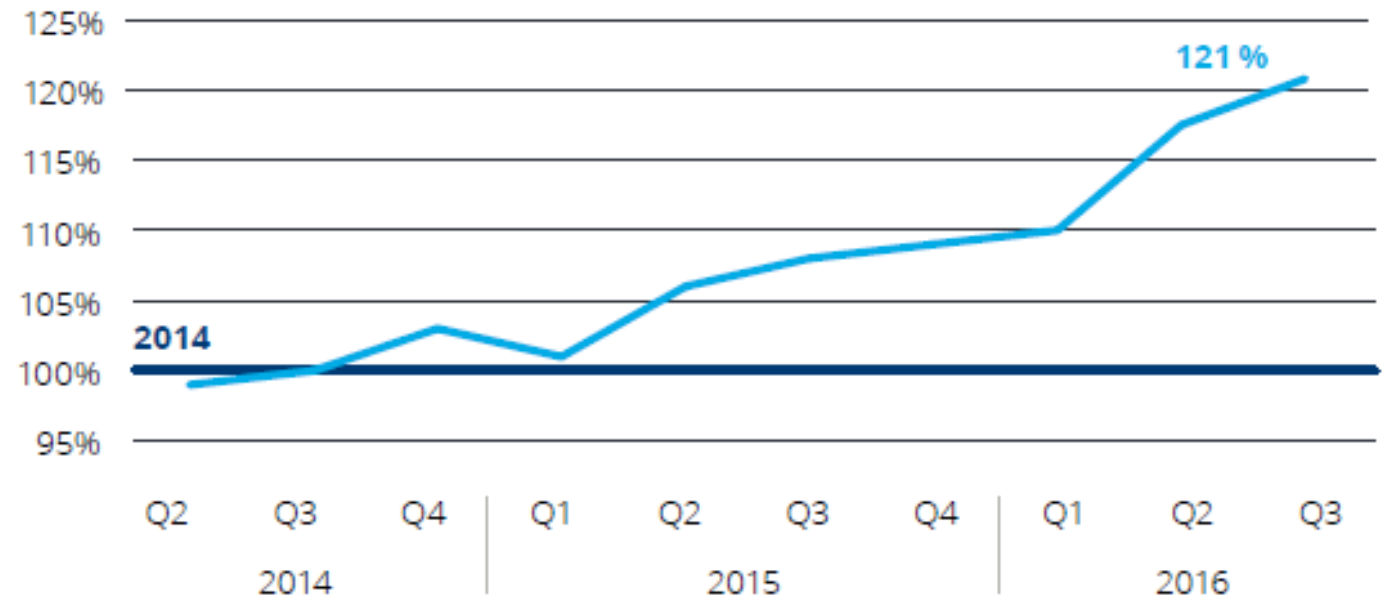
ACTUAL PRICES OF APARTMENTS SOLD IN CR – Q3 2016

- The average transaction price of apartments in the third quarter of 2016 was 21% higher than the average of 2014
- Prague sets the trend

Structure of the apartment sales volume in Q3 2016



Development of the actual apartment sales prices index in Prague and regional capitals



— Realised sales price
 — Average realised sales price for the whole of 2014 = 100 %
 All the prices include VAT.

DELOITTE REAL INDEX

ACTUAL PRICES OF APARTMENTS SOLD IN PRAGUE – Q3 2016



Development projects

CZK 65,100 per sq m

CZK 6.0 billion

1,342 sales (of which
921 first sales)



Brick houses

CZK 64,200 per sq m

CZK 3.3 billion

771 sales

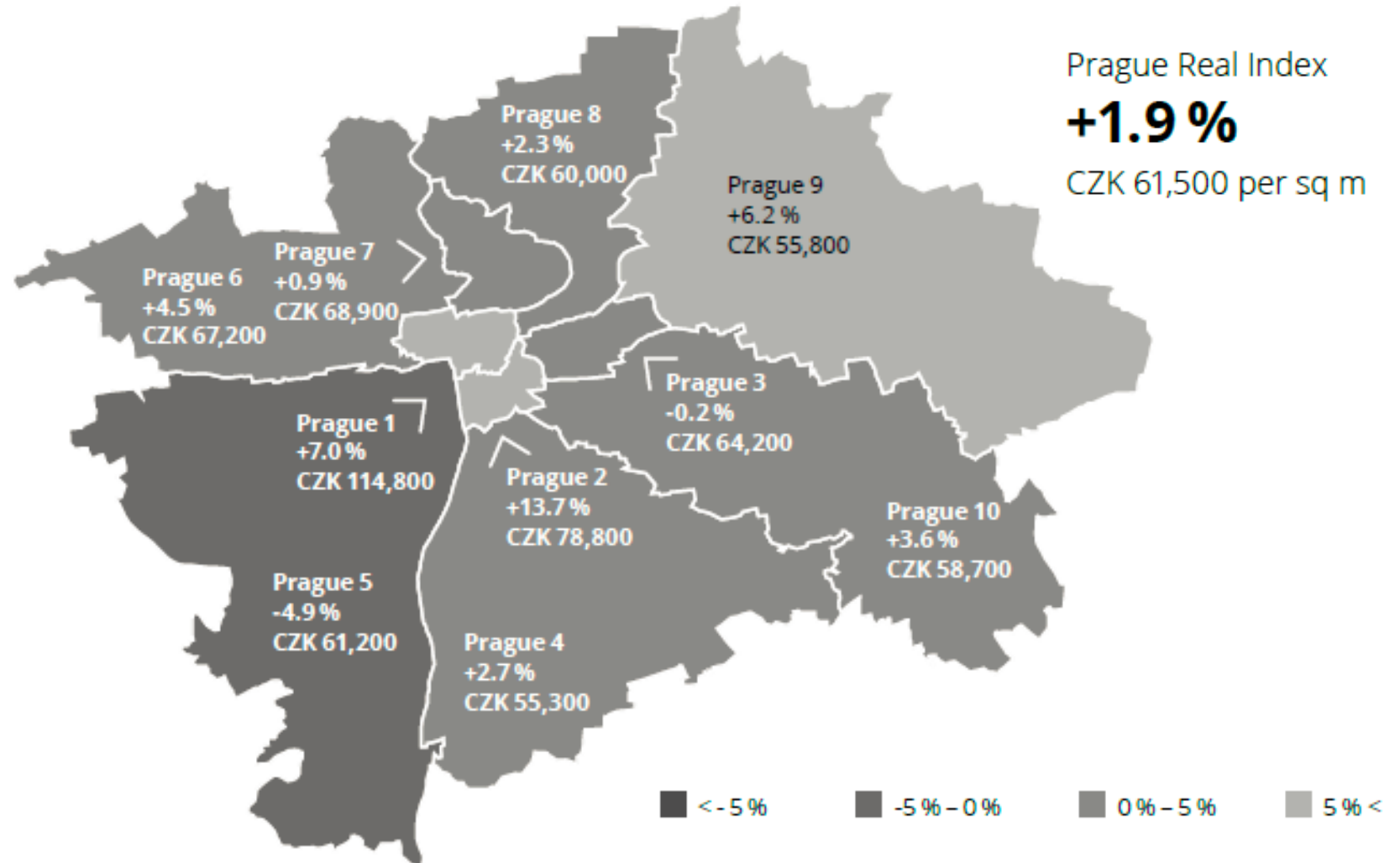


Prefab. apartment buildings

CZK 50,900 per sq m

CZK 2.0 billion

717 sales



Mobile application Deloitte CZ

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