

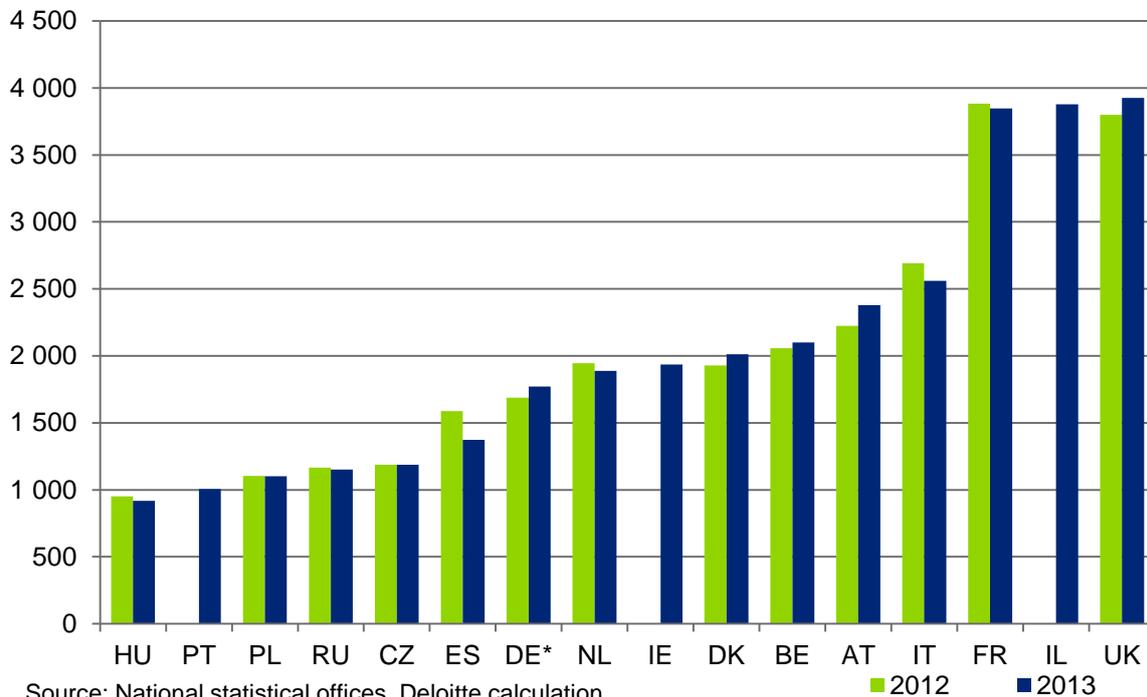
## Press Release

**The prices of apartments in the Czech Republic remain higher than in Poland and Hungary; however, we earn enough money to buy an apartment in less time**

Prague, 11 June 2014 – Residential real estate in CE countries and Portugal is noticeably cheaper than in WE countries. In our region, the prices of new apartments range from EUR 917 per square metre in Hungary to EUR 1,186 in the Czech Republic. The UK and France, on the contrary, traditionally range among the most expensive countries of Europe, where prices of new apartments are as high as EUR 4,000 per square metre. These are the current findings of the third Deloitte [Property Index](#) study, which analysed the development of real estate and residential market prices in 14 European countries, Russia and newly also in Israel.

In a year-on-year comparison, the development of real estate prices in the monitored countries differed significantly. Austria and Germany recorded the highest increase (7% and 5%, respectively); in Italy and Spain, real estate prices dropped again year-on-year (by 5% and 13%, respectively).

**Average transaction price of a new apartment**  
EUR/ m<sup>2</sup>



„Apartment prices in Prague are more than twice higher than the average in the Czech Republic – the situation is similar in Hamburg, London or Paris. In Prague, the prices of new residential real estate exceed those in Warsaw by EUR 750 per square metre and they are comparable to Madrid in Spain, for example, where in the past few years, the residential market has experienced a significant drop,” said Diana Rádl Rogerová, Deloitte Partner, who is responsible for the CE real estate industry.

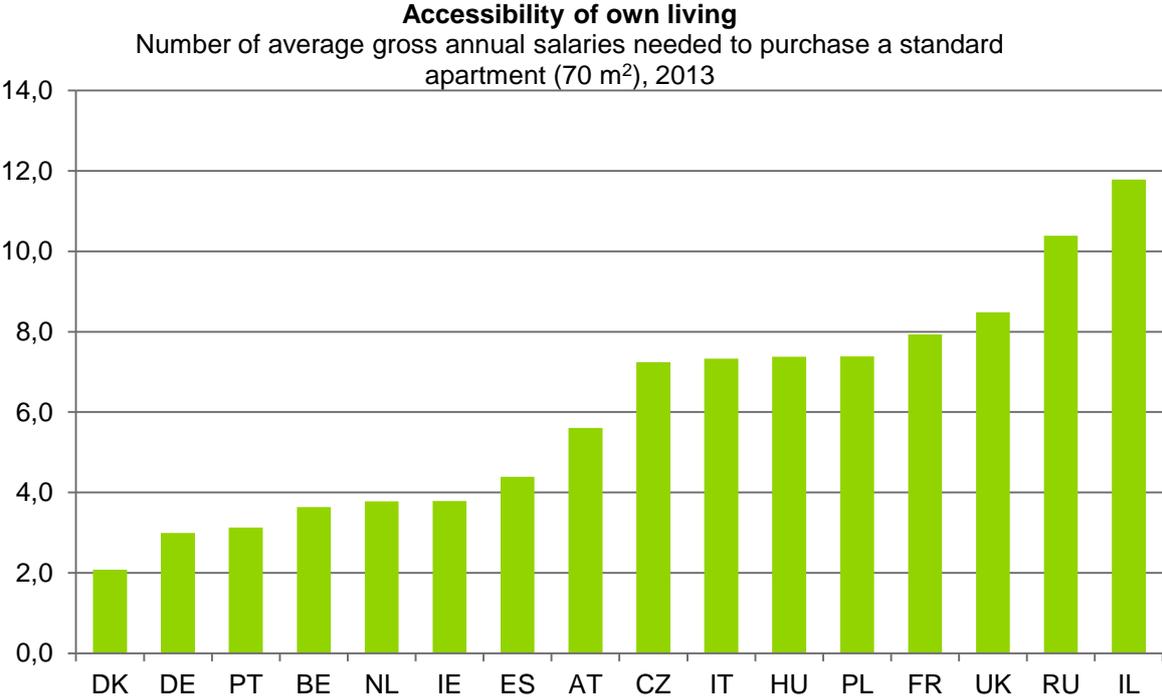
Munich in Bavaria, the most expensive German city in respect of purchasing real estate, reached an average price of EUR 5,600 per square metre in 2013. Together with Moscow, where the price of a new apartment is at EUR 4,200 per square metre, they exceed the average prices in their countries by more than three times.

London and Paris remain the most expensive cities in Europe. The average price for purchasing an apartment near the centre of London is over EUR 10,000 per square metre. In Paris, the average market prices of older apartments have reached EUR 8,140 per square metre. Budapest, Lisbon and Warsaw ranked at the other end of the spectrum – with prices of EUR 1,140, 1,640 a 1,704 per square metre, respectively, they represented the cheapest capitals in 2013.

In the majority of the compared countries, the prices of older apartments are lower than those of new ones – the difference being as high as 49% in Hungary. Only Portugal and the United Kingdom displayed the opposite: prices of older flats were 17% and 6% higher.

Among the monitored countries, the most significant year-on-year drop in prices was recorded in Madrid (-24.8%), Rome (-5.6%) and Budapest (-4.8%). The highest year-on-year increase, on the other hand, took place in Vienna (+9.1%), Copenhagen (+8.8%) and Berlin (+7.1%). Jerusalem in Israel was specific by displaying the highest speed of price growth for new real estate property year-on-year (+13.3%).

*“The accessibility of own living varies significantly in the monitored countries. While in Denmark, you only need a 2.1 multiple of the average gross annual earnings to be able to buy new residential property, in the Czech Republic, the number is a 7.2 multiple, similarly to Poland and Hungary with a 7.4 multiple. If you want to buy a new flat in Israel, you have to count on saving 12 annual salaries,”* added Petr Hána, Manager at Deloitte in the real estate and construction industry.



Source: National statistical offices, Deloitte calculation

An important indicator of the residential market is also the indebtedness of the housing stock. In 2013, the EU average was at 52%; however, the values for individual countries differed considerably. The country with the lowest indebtedness was Russia (3%), followed by a group of transition economies – the Czech Republic, Poland and Hungary – with 14, 20 and 21%, respectively. The highest values of indebtedness of over 100% were recorded by the traditionally stable and saturated residential markets of the Netherlands and Denmark, which also offer well-functioning mortgage markets.

## Residential market development in selected European countries

In 2013, the average EU housing stock increased slightly to almost 476 apartments per 1,000 inhabitants. Spain boasts the largest housing stock out of the compared countries (18% above the EU average); Poland, on the other hand, has the lowest housing stock (25% below the EU average). If we include non-European housing stock in the comparison, the lowest value is found in Israel, where, however, massive construction of apartments is under way (the number of completed apartments per 1,000 inhabitants exceeded the EU average more than twice in 2013). A large intensity of housing development has also been characteristic for Poland, where it exceeded the EU average by more than 50%.

The country with the highest housing development intensity in 2013 was Russia (6.5 completed apartments per 1,000 inhabitants). Among European countries, France had the highest housing development intensity (5 completed apartments per 1,000 inhabitants), closely followed by Austria (4.7 completed apartments per 1,000 inhabitants). The country with the highest housing stock, Spain, continued in the decline in housing construction, where the intensity was 45% lower than the European average. The lowest housing development intensity of 2013 was recorded in Hungary (0.7 completed apartments per 1,000 inhabitants), which is almost a third (29%) of completed apartments as compared to the EU average.

*“In respect of the indicators of the housing stock size and the housing development intensity, the Czech Republic displays values that are close to the European average – 96% in 2013. From this point of view, there is not much of a reason for a significant growth of the housing stock. What may be anticipated is rather its gradual renewal,”* added Pavel Novák, Senior Consultant at Deloitte in the real estate and construction industry.

You can find the full Property Index study at [www.deloitte.com/cz/property-index](http://www.deloitte.com/cz/property-index).

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