

## Press Release

### Deloitte Develop Index: Prices Rise as the Number of Flats in the Capital Decreases

- A square metre in a Prague apartment? On average, it has increased by 1.2% to CZK 72,300
- In January and February 2016, 487 new apartment units were put on the market
- Apartments in Prague 4 saw the greatest increase in prices

**Prague, 13 April 2016 – The development in the proposed price index of apartments under development projects confirmed the increase in the prices of Prague’s new apartments, which amounted to 1.2% compared to late 2015. In the first two months of 2016, the average proposed price for a new Prague apartment was CZK 72,300 per square metre. This is suggested by the latest issue of the Deloitte Develop index, which analyses, on a bi-monthly basis, the state of supply on Prague’s development market and monitors the development in the proposed prices of apartments on sale.**

In the first two months of this year, apartment units designated for sale in the Prague 4 city district saw the greatest increase – of more than 5%. In contrast, the greatest decrease in the proposed apartment prices was recorded in Prague 7 where the average proposed price fell by more than 3% on a bi-monthly basis. In comparison to the 2014 average, the average proposed price of new, vacant apartments in Prague increased by more than 11%.

#### Early 2016 marked by a decrease in the supply of new apartments

*“The development market entered 2016 with a substantially decreased supply of new, vacant apartments. During the course of two months, only 487 apartments were put on the market, which, as a figure, is estimated to have been sold in 22 days. The decline in the number of vacant apartments is caused by strong demand from early this year,”* explained Miroslav Linhart, Director of Deloitte’s real estate department responsible for real estate in the Czech Republic.

During the period under examination, a total of **9 new residential projects with an aggregate volume of 531 units** were placed on Prague’s development market. Of this eight were apartment projects comprising a total of 513 apartments and 11 commercial units. One project was directed at family houses. Of the total number, 489 units were placed on developers’ websites for sale, of which 487 were apartments.

#### The prices of apartments already placed for sale have risen significantly

In early 2016, there was a total of 317 active development projects on the market in various stages of completion construction-wise. The majority of apartments were offered in completed projects.

Compared to late December 2015, the aggregate supply of vacant units on the market in late February 2016 recorded a significant decline. During the period under examination, **the supply declined by 12% to 5,375 vacant apartments in the aggregate value of CZK 27.6 billion.** Compared to late 2015 (November/December), the price of an average unit on offer increased by CZK 72,100 to CZK 5,427,100, the average surface area rose by 0.8 square

metres to 76.76 square metres and the 'CZK per square metre' price parameter increased by CZK 880 per square metre to CZK 72,300 per square metre.

*“During the examined period, the price policy of development companies saw the most dynamic development in the last year. In the first two months of 2016, the prices of the apartments already placed on the market significantly increased. Almost 24% of the units rose in price, on average by CZK 215,000. The absolute amount potentially generated from the increased prices reached almost CZK 277 million. In contrast, the absolute value of the reductions in apartment prices amounted to a mere CZK 68 million, which was on average by CZK 208 thousand per apartment,”* says Petr Hána, manager at Deloitte’s real estate department.

### **The number of sold apartment units rose by more than a third**

The number of projects of which the sale was completed in early 2016 was 21. That is to say that the number of units that left the market for good was 1,680, of which 1,530 were apartments.

Compared to the two preceding months, the sale of units had significantly increased. According to declaratory information disclosed in developers’ pricelists, a total of 1,463 new apartments (change of pricelist status to “sold”) were sold on Prague’s residential market during January and February 2016. A total of 112 apartments were returned to supply. That is to say, in absolute terms, **1,351 apartments** were sold during the examined period, **which represents an increase of 375 units compared to late 2015 (38.4%).**

During the examined period, most of the apartments – 168 units – were sold from the supply of Ekospol; however, 121 units are included in projects for which a land-planning decision has not been issued. Most of the apartment units in projects for which a land-planning decision has been at least passed, were sold by Central Group (137), followed by Finep (103), Moravská Stavební (88) and Daramis Group (87). During the examined period, the share of the top ten developers (according to the number of sold units) in Prague’s residential market reached almost 60%.

### **About the Deloitte Develop Index**

The Deloitte Develop index monitors the qualitative and quantitative indicators of supply and demand on Prague’s development market. Its task is to describe, on a bi-monthly basis, the current state of the residential market and its development. The set of indicators is based solely on declaratory information obtained from the websites of individual development companies and pricelists of development projects. The basis of the index is formed by the numbers and proposed prices of vacant units under development projects towards the end of the monitored period.

For more information visit [www.deloitte.com/cz/develop-index](http://www.deloitte.com/cz/develop-index).

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