

Press Release

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A new dwelling in the Czech Republic is more expensive than in Poland and Hungary, however, Czechs earn enough money for it in the shortest time

- Czechs pay more for new housing than Poles or Hungarians
- The highest year-on-year increase in housing prices was reported in Ireland (by 27 %) and Israel (by 10.8 %)
- The largest decrease in price per a square meter was recorded in Russia (by 24.6 %)

Prague, 12 July 2016 – Compared to other Central European countries, the prices for new housing are the highest in the Czech Republic, however, Czechs are able to earn enough to pay for their new dwelling faster than people in the rest of the countries. Whereas an average Czech needs an approximately 6.9 multiple of average gross annual salaries to buy a 70 square meter apartment, an average Hungarian or Slovene needs more than 7 times the amount of average gross annual salaries and a Brit even 11 times the amount. For EUR 200 thousand, Czechs will buy a 100 square meter apartment, which is 80 square meters smaller than in Poland and 96 square meters smaller than in Hungary. From the observed countries, the most new housing projects were built in Russia, whereas the least building activity was recorded in Portugal and Italy. These are the results of the 2017 Deloitte study that for the fifth consecutive year analyses the development of prices on residential markets in 17 European countries and in Russia and Israel.

For EUR 200 thousand, people in the Czech Republic can buy a 100 square meter apartment, which is slightly below the European average. The same amount will buy people in Poland a apartment larger than 180 square meters whereas in Hungary, it is enough for a 196 square meter apartment. Despite the high prices for housing in Moscow where the national average is exceeded by more than 350%, the largest apartment for the given amount (EUR 200 thousand) can be purchased in Russia (280 m²). On the contrary, Great Britain is where the apartment size purchasable for the given amount was the smallest (39 m²).

When comparing European cities, the differences are even greater. In Inner London, EUR 200 thousand will only buy an 11 m² small room, whereas the largest apartments for the same amount can be purchased in Debrecen (201 m²), followed by Russia's Yekaterinburg (199 m²) or Hungary's Győr (188 m²). *"In terms of prices, the differences between the individual residential property localities within Europe are enormous. An amount that would buy a luxurious maisonnette in Central and Eastern European countries would not buy a single room in London or Paris,"* comments Diana Rádl Rogerová, Deloitte Partner, who is responsible for the CE real estate industry.

The current Deloitte Property Index focused on average housing prices per square meter in selected European countries. In a year-on-year comparison, the price development in the individual countries traditionally differed. The highest year-on-year growth was recorded in Ireland (+27 %), Israel (+10.8 %) and Spain (+10.6 %). In Great Britain, property prices grew by 3.2%, which is only moderate growth compared to the boom recorded in the previous year. The highest year-on-year decrease in price per square meter was recorded in Russia, which was a consequence of the depreciation of the Rouble against Euro (by -24.6 %).

In 2015, the average transaction price for a new property in Prague amounted to EUR 2,140 per square meter. Property in Prague was thus 22% more expensive than in Warsaw (EUR 1,760), and 73% more expensive than in Budapest (EUR 1,240). In the European comparison, the cheapest city was Debrecen with EUR 1,000 per square meter. On the contrary, the most expensive locality was Inner London with a price of EUR 18,130 per square meter and Paris with EUR 10,700 per square meter. *"Based on the Czech Republic Price Map data, we know that the price for one's own new apartment in Prague did not change significantly. On the other hand, prices in certain European cities grew by two digits. Prices in Inner London grew by 29 % and in Dublin by 21 %."* Petr Hána, manager of the Deloitte real estate industry adds: *"The most significant change was recorded in Portuguese cities. In Lisbon, the average property price grew by 33 % and in Porto even by 49 %."*

In 2015, the average transaction price for a new dwelling in the Czech Republic amounted to EUR 1,920, which is more expensive than in Poland (EUR 1,110) and Hungary (EUR 1,020). Even though the prices of residential property in the Czech Republic are higher than the prices in other Central European countries, they still belong among the most affordable in the region.

"In the European comparison of affordability, the Czech Republic is slightly above the average. The most affordable housing in Europe is in Germany, where a person needs to save only 3.3 of average gross annual salaries to buy a new dwelling. The least affordable housing was then found in Great Britain, where 11 average gross annual salaries are necessary for a new dwelling. The question arises whether this situation will change after the vote for Brexit," Vojtěch Petřík, property industry consultant in Deloitte, comments.

Among the compared countries, the highest intensity in building activities was recorded in Russia in the past year (8.4 apartments under construction per 1,000 of citizens) and in Austria (7.6 apartments under construction per 1,000 citizens). The lowest number of housing projects in 2015 was initiated in Portugal and Italy (in both countries 0.8 apartments under construction per 1,000 citizens).

You can find the complete Property Index study here www.deloitte.com/cz/property-index.

Note: Property prices were rounded to tens of Euros

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