

Press Release

Contact: Lukáš Kropík
Position: PR manager
Tel: +420 775 013 139
Email: lkropik@deloittece.com

Contact: Klára Vyskočilová
Position: Senior Content Coordinator
Tel: + 420 736 513 244
Email: kvyskocilova@deloittece.com

Prague citizens have bought new flats amounting to almost CZK 6.5 billion, however there are still more than 2,000 flats lacking

Prague, 16 August 2016 – In May and June, the average offer price of new flats in Prague amounted to CZK 75,600 per m², which represents a 2.8% increase compared to the previous two months. At the end of June, there were 4,713 vacant units for sale in the capital (which is a decrease of 2,108 units compared to the previous year). In total, Prague citizens bought new flats amounting to almost CZK 6.5 billion. The highest prices of flats were in Prague 2 (CZK 139, 200 per m²), the cheapest flats were in Prague 9 (CZK 59,100 per m²). Proposed prices for property in the capital are rising, there are fewer new projects in the residential market and their proposed prices are higher. These are the results of the current Deloitte Develop Index.

"The average proposed price in Prague development projects increased by more than 11% year on year. Compared to the average of the year 2014, proposed prices grew by 16%. Compared to the previous two months, May and June also experienced a 5% growth in the number of sold flats", says Miroslav Linhart, director in Deloitte's real estate practice.

The number of new development projects in the Prague residential market keeps falling. Last year, there were 1,555 new flats built within 31 projects in May and June, whereas in the same period this year, only 19 projects were realised bringing 1,058 new flats. *"This confirms the trend of gradual decrease in the number of new flats in Prague where the stock of vacant units dropped by more than 450 flats in the last two months and for the first time in the last 3 years, the number of new units on offer dropped to under five thousand",* Milan Roček, statutory executive of the Cenovamapa.org portal, comments.

In the monitored period 1, 424 flats were no longer on offer by developers, the largest decrease in the number of flats offered was recorded by Central Group (353 flats), Finep (100) and Skanska (86). The average offer price of units sold (marked as "sold" in the price list) under Prague development projects in May and June amounted to CZK 68,500 per m².

The end of the school year saw an increased willingness to buy more expensive flats (in absolute value). As Petr Hána, manager of the Deloitte real estate practice adds: *"The limited offer makes clients reappraise the way they perceive the total purchase price of flats. In May and June, clients were willing to accept larger and also more expensive flats. Thus, the pace of the growing difference between the average price of purchased flats and the average price of empty flats slowed down".*

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 go to www.deloitte.com/cz/en/develop-index.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's approximately 225,000 professionals are committed to becoming the standard of excellence.

Deloitte Central Europe is a regional organization of entities organized under the umbrella of Deloitte Central Europe Holdings Limited, the member firm in Central Europe of Deloitte Touche Tohmatsu. Services are provided by the subsidiaries and affiliates of Deloitte Central Europe Holdings Limited, which are separate and independent legal entities. The subsidiaries and affiliates of Deloitte Central Europe Holdings Limited are among the region's leading professional services firms, providing services through more than 5000 people in more than 41 offices in 17 countries.