New apartments market overview

BRATISLAVA - I. Q 2009

WHEN WILL THE SELLING BEGIN?

In the period since November 2008 until March 2009, less than 7% of the total offer have been sold. In some projects, the drop constitutes slide even by 100%. The symbolic cheapening has not prove to be helpful while not everyone can afford to cut prices dramatically. What will happen to the current offer? Will we witness a very long clearance or a fast sale?

offer

Currently there are more than 5,800 free apartments on the market within the new buildings; however, despite the wide range only about 10% of them reflect the market requirements.

Offer

Currently, there are still more than 100 projects at different price levels and locations on the market all together. The most of new apartment projects are in the urban district of BA 3, the most of new apartments are within the projects located in BA 2. The most of free apartments (almost 2.400) are in BA 2 as well. When it comes to free apartments, the largest category is represented by 2 bedroom and 3 bedroom categories, these create 67% of the overall free apartments offer. Only 3 new projects have extended the offer in 2009: Jantár Jarovce, Vinohrady apartments and Pegas apartments in Koliba (approx. 250 apartments). Hence, there is overall more than 5.800 free apartments on the market. The offer has also been extended in those cases when clients had not gotten a mortgage approval or have changed their mind when it comes to the apartments purchase due to any other reason. This has happened in about 30 projects, totally including 324 apartments.

The offer has also been narrowed by projects that had not achieved any larger favourable response and the developer has thus decided to stop their construction indefinitely. This has happened in case of 5 projects (almost 600 apartments in total).

Despite the fact that the offer is wide, only 10% of it mirror the market requirements in terms of the dispositional layout, apartments acreage and the final price.

Table: Number of projects, apartments, sold apartments and free apartments on the market

location	projects	apartments	free apartments
BA 1	15	785	494
BA 2	24	3.938	2.350
BA 3	27	3.232	1.317
BA 4	25	2.524	1.083
BA 5	12	1.650	603
total	**103**	**12.129**	**5.847**

New apartments market overview

BRATISLAVA - I. Q 2009

demand

Nowadays, the speed of sale is 0,7 apartment/month per one apartment project. Only those, who really need a place to live, are buying.

Demand

The new housing demand has evidenced a significant drop in the past half year, caused by the winter season, EURO conversion, unfavourable economic development and negative future expectations. Based on media influence, clients require price reductions that are unacceptable from the point of view of developers. At present, the demand is mostly represented by people that really need an own place to live at and by those who can really afford such investment. The largest demand is still for the small categories of 1 bedroom and 2 bedroom apartments, eventually for an all-round 3 bed-room apartment. However, 2 bedroom and 3 bedroom categories meet a large compe-tition at the secondary market with prices lower even by 30%. Buyer does not under-stand this logical course and hence is not able to judge the real estates value. As a result, average speed of sale is 0.7 of an apartment per project.
According to the total number of sold apartments, the most favourite location is BA 5 (63% of sold apartments out of the total offer), BA 3 (60%) is the second favourite loca-tion. It is primarily caused by the price level, the extensive net of public transport and the relatively good city centre accessability.

Chart: Demand overwiev according to the apartments catgories

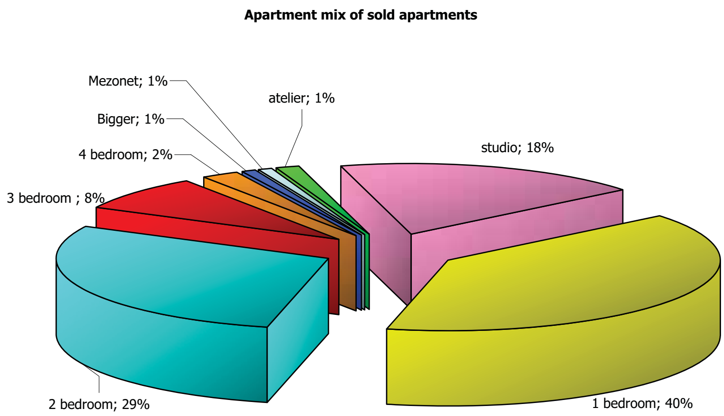

Table: The sold apartments number vs the cancelled apartments number, the number of apartments sold per month in the past half year

speed of sale 10/08 - 3/09	cancelled	sold	speed of sale in selling projects	speed of sale in average
no. of apartments	324	371	1.34	0.7

* speed of sale = no. of apartments sold per month per 1 project selling

New apartments market overview

BRATISLAVA - I. Q 2009

prices

Developers are aware of the necessity to adapt to the market; however, only a few of them really do so and when it comes to prices, these are rather symbolic.

Prices

The new apartments prices do not fall neither increase yet. The individual price reductions, eventually lump sum reductions in terms of a parking place, kitchen or its equipment, eventually a symbolic price reduction off the price are mostly offered by the developers being active within the luxury segment. However, other developers do also realise that there is no sense to go against the market.

The prices of apartments that are on the market, ranging in a wide scale of 1.400 EUR/sqm without VAT up to 5.500 EUR/sqm without VAT do not represent such a wide scale of products. To the largest degree, the price mirrors the location itself with regard of its distance from the centre, eventually the historical development of the residential market. The highest prices are within the projects situated in Koliba and Palisády, or on the river Danube bank. The lowest prices are within the projects located at the edge of urban districts of Dúbravka, Vrakuňa, Petržalka. However, the current sale development indicates that the difference between these locations should decrease, the demand demonstrates a clear trend. Whereas Bratislava is not a large city, the difference in prices between the edge parts of the city and the centre should decrease in a coming future.

Table. Prices spread of the best-selling projects

EUR/ sqm	**up to 1.500**	1.500 – 2.000	**2.000 – 2.500**	2.500 and more
Selling projects	**5**	11	**9**	4

prognosis

There is still place on the market for strong and prepared developers and projects offering a good product at an affordable price.

Development prognosis

At present, the sale development copies the development curve of the GDP grow which is partially due to both a coincidence and a wholly natural process. We can therefore expect that on the basis of economic development predictions, the sale will become faster than it is today no sooner than in 2011. However, quality of the current offer shows that there is an insufficient number of apartments reflecting market requirements, i.e. requirements of buyers. Hence, there is still enough room on the market for projects offering a quality product for an acceptable price. Only strong developers, offering apartments that had been planned according to the market requirements, will thus manage to stay on the market.

TRH REZIDENČNÝCH NEHNUTEĽNOSTÍ
BRATISLAVA - I. Q 2009

LEXXUS sa v súčasnosti podieľa na predaji desiatich bytových projektov:

- Jantár Jarovce
- Vinohradis
- Tri Veže
- Dubravia
- Blížne Zamajerské
- Rezidencia Záhorská
- Vienna Gate
- Senec Gardens
- River Park
- Citadela Vista

a štrnástich rekreačných projektov:

- Apartmány Hrabovo
- Grand Residences Jasna
- Apartmány Veľká Lomnica
- Apartmány Kukučka
- Tatraville
- Apartmány Oščadnica
- Havranka Tále
- Drevenice Oščadnica
- Lomničák
- Smrek
- Pálenica
- Via Jasna
- Triangel Donovaly
- Jazero Vojka

Pre podrobnejšie informácie týkajúce sa prehľadu trhu kontaktujte:

Ing. Filip Žoldák
zoldak@lexxus.sk

Oddelenie Research and Real Estate Consultants v Bratislave zastrešuje činnosti týkajúce sa prieskumu trhu, monitorovania novej bytovej výstavby a konzultácií prípravy výstavby nových bytových projektov.

Poznámka:
Tento report je spracovaný na základe prieskumu trhu z verejne dostupných zdrojov a informácií o vývoji trhu. Nie sme schopní tieto informácie garantovať a preto nemôžeme niesť žiadnu zodpovednosť za straty, ktoré by mohli vplyvom tejto správy vzniknúť.