New apartments market overview
BRATISLAVA - II. Q 2009

A ROOM ON THE MARKET...

The small number of projects matching the demand requirements causes fastening sale within the narrowing circle of the projects that satisfy all needs of the buyer. The rest of the projects on average do not sell at all or they lose clients in the behalf of cheaper projects. The total offer hence monthly decreases only by 1 up to 2 % in average. However, new projects show clearly that this situation does not emerge due to the demand but it is fault of the offer.

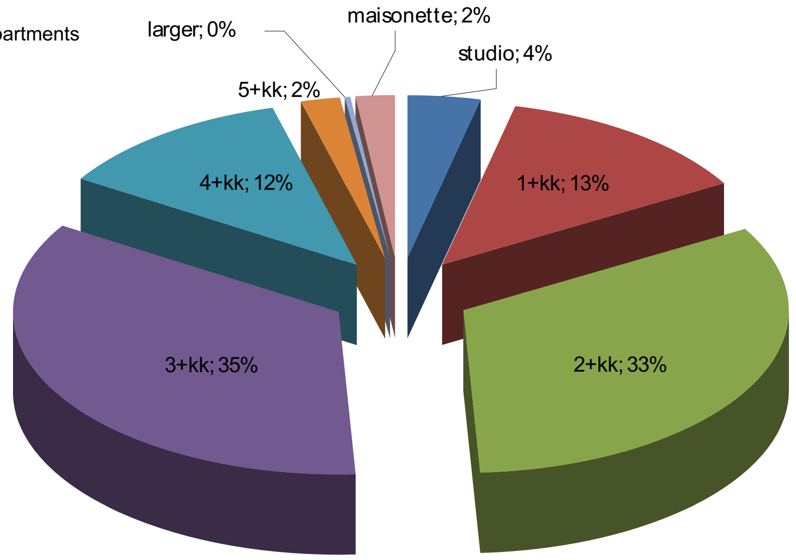
offer

Supply is getting „older" and no. of vacant finished apartments in inadequate sizes is increasing

Offer

For a long time, the number of free apartments had been almost equal. This symbolizes the inadequacy of the current offer. In spite of almost ideal focus on 2bedroom and 3bedroom categories, it is these that constitute a significant part of unsold apartments due to their inconvenient disposals and acreages that exceed the optimal areas typical for such categories. Thus, they are to be included in the group of apartments that are thanks to their acreage and disposal too expensive and unattractive; hence it is very difficult to succeed in selling them. The fact that also completed apartments of these categories keep being free bears evidence of this. Nowadays, there are 858 unsold apartments within 34 completed projects. In coming 12 months, another 50 projects are to be completed, including approx. 2.700 free apartments so far..

mix of free apartments



size of completed unsold apartments

category	1+kk	2+kk	3+kk	4+kk	5+kk	Maisonette
sq m range	31 - 85	42 - 127	56 - 174	87 - 214	141 - 224	98 - 231

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demand
Speed of sale is increasing, no. of projects selling is decreasing

Demand

If the demand is to be measured by speed of sale, we can say that in terms of the number of apartments calculation, the sale gradually slows down. In comparison with the 1st quarter when the speed of sale had been 0.7 of apartment per 1 project, the speed of sale has currently shifted to approx. 0.6 of apartment per project. However, when comparing the speed of sale of apartments that were selling during the past quarter, the sale is now getting faster. Only the number of projects with demanded apartments is narrowing. Hence, 60 up to 100 apartments are monthly being sold in total; however, in a smaller number projects. The demand depends on the weather too and thus we can notice its weakening in June (63 sold apartments) in comparison with April and May (together 198 sold apartments).

year period	projects selling	sold apartments	speed of sales *
nov08 - march09	54	411	1,90
2q 2009	45	261	1,93

prices
Average price is moreless still the same, selling apartments price is decreasing

Prices

The new apartments average price per 1 sqm has during the 2nd quarter decreased only minimally, by 4% in total. This slight drop has not been caused by cheapen theing projects, but by the smaller apartments sale. The offer hence still includes apartments with the higher final price in total; however, it is lower when counted per 1 sqm. When compared with the prices of apartments in November 2008, the price has dropped by 6%. Hence, the average price of new apartments is today at the level of almost 2.080 EUR/sqm without VAT. Though, the comparison of the selling apartments prices in individual quarters indicates that there is a growing interest in apartments with price of about 1.666 EUR/sqm without VAT (50.000 SKK/sqm without VAT). While the average price during the 1st quarter had been approx. 2.076 EUR/sqm (62.542 SKK/sqm) without VAT, it has dropped to 1.840 EUR/sqm (55.432 SKK/sqm) without VAT during the 2nd quarter.

prognosis
Functional disposition together with a reasonable size has to fulfil the budgetary possibilities of a buyer

Prognosis

During the past 12 months, approximately one third of the projects have not succeeded in selling even one apartment or have lost more clients than have attracted. Yet, the constant volume of sale shows, that there is still existing demand on this market; however, the offer has not been adjusted to it yet. The reason appears to be a growing rate of prices when it comes to everything connected with the apartments construction during the past 3 years. “The lower demand of unexisting target group“ however, makes developers return to the reality. Here appears to be an evident possibility for projects that are able to address clients seeking new housing not only through their location and standard, but also through their reasonable area and functional disposition. The final price can be thus adequate from the point of view of product and the buyer’s possibilities as well.

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

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LEXXUS is participating in sale of ten residental projects:
- Jantár Jarovce
- Vinohradis
- Tri Veže
- Dubravia
- Blížne Zamajerské
- Rezidencia Záhorská
- Vienna Gate
- Senec Gardens
- River Park
- Citadela Vista

and fourteen recreational projects:
- 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

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The Research and Real Estate Consultants Department in Bratislava performs activities focused on the market research, new residential construction monitoring and consultations when planning new apartments projects.

Note:
This report has been elaborated on the basis of a market research using publicly available sources and information on the market development.We are not able to guarantee this information and thus we bear no responsibility for any damages that could originate on the basis of this report.