

JLLS: residential harvest not coming?

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Builders of new flats will probably have to accept the fact that the market in Prague will experience a further decline in 2012. An analysis by Jones Lang LaSalle (JLLS), which was published last week, shows this. Property developers are launching more new flats, which are 5-10% cheaper than in two previous years, according to JLLS. They are betting on higher demand caused by the planned tax changes. But the market has many unsold flats from previous years. "It is not yet clear whether buyers will prefer new or discounted older flats," JLLS analysts stated.

According to the statistics of the company Trigema, there were 2,654 completed but unsold flats in Prague in June this year. Compared with the beginning of the year, it is a slight decrease by about 3%. The number of flats for sale declined approximately the same in the first half, according to Trigema. Developers were offering 6,842 units. Although there was a slight recovery in the capital this year, Marcel Soral - director of Trigema - doesn't see a reason for great optimism. In addition, the majority of Czech households can only afford to buy a cheaper flat, according to JLLS. Therefore, most sales in the second quarter were in the price range up to CZK 60,000 per sqm. Builders of more expensive flats will have to rethink their pricing policy, analysts said JLLS.

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