

Financial crisis may damage the real estate market, too

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The current turbulence in the global economy may, in the event of further negative development, affect the Czech market of commercial real estate, too. Investment in office buildings, shopping centres and storage facilities could face a decline in the new crisis, similarly to the past. A survey, conducted among real estate consulting firms by the Czech News Agency, shows this. “There is no doubt that investors and corporate tenants are more cautious than three months ago, because demand on both sides is hampered by the development of national debt and the future pace of global economic expansion,” Jeremy Kelly, an analyst at consulting firm Jones Lang LaSalle, commented on the global situation. The key to further development depends on the attitude of the financial sector, says director of the domestic branch of consulting firm DTZ, Petr Šulc. “If the financial sector loses the current momentum, enthusiasm and a reasonable rate of courage, nervousness could be transferred to the sector of real estate investment,” said the head of the Czech branch of DTZ. According to the statistics by CB Richard Ellis, investors bought commercial property worth EUR 723 million in the Czech Republic in the first half of the year, ie. about CZK 18 billion. This is more than the whole of last year. Yet, a part of real estate investors see the economic recession as a chance. “Also during the recent crisis and its reverberation, there were several entities which found an investment opportunity for themselves, and are now harvesting the fruits of the bargain purchases. If a commercial property is built and occupied, rationally with distribution of risks, it can a stable flagship for its owner in rough seas in the world of finance,” Mr Sulc from DTZ concluded.

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