

PRAGUE RESIDENTIAL MARKET 2021

LEXXUS
CONSULTING

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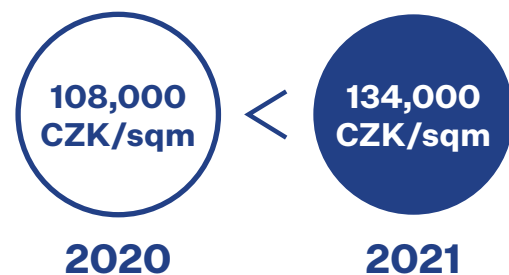
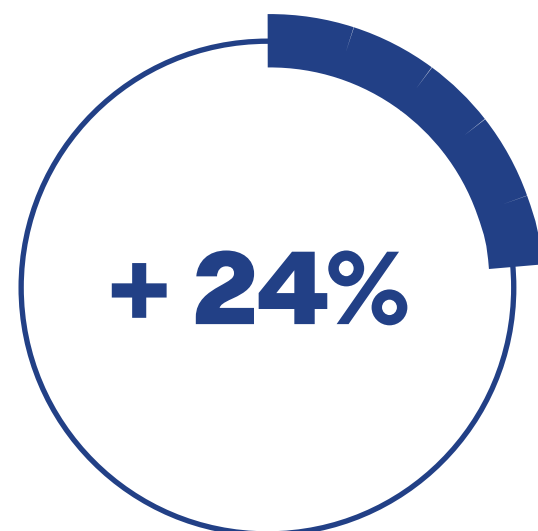


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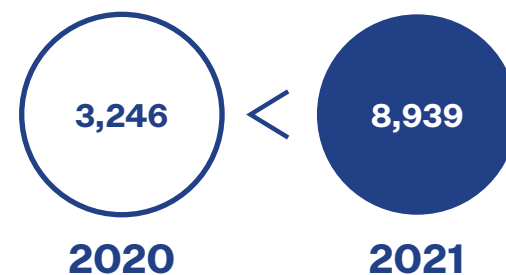
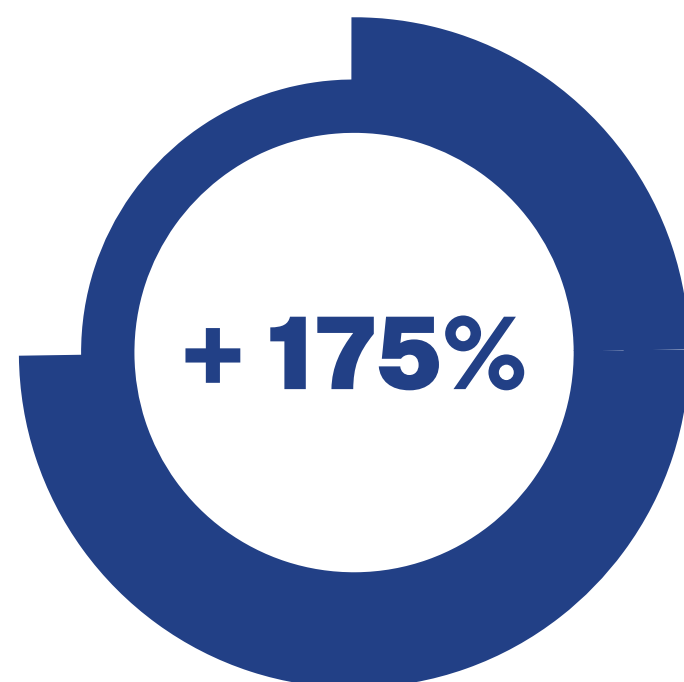
YEAR-ON-YEAR COMPARISON

2020 — 2021

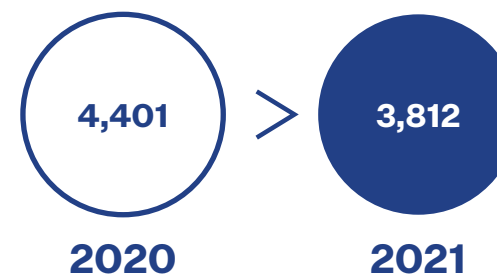
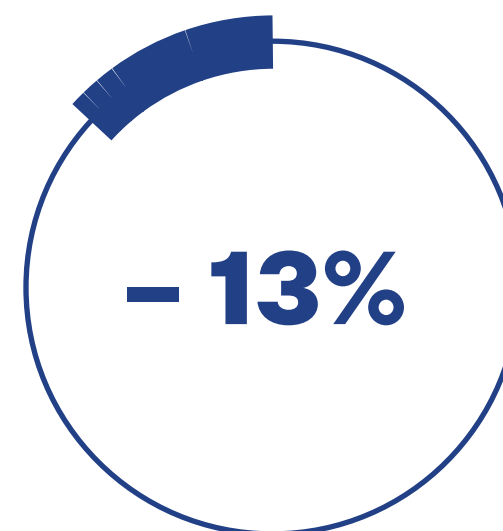
Average price of new
apartments for sale



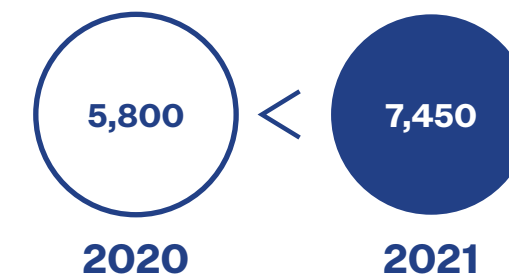
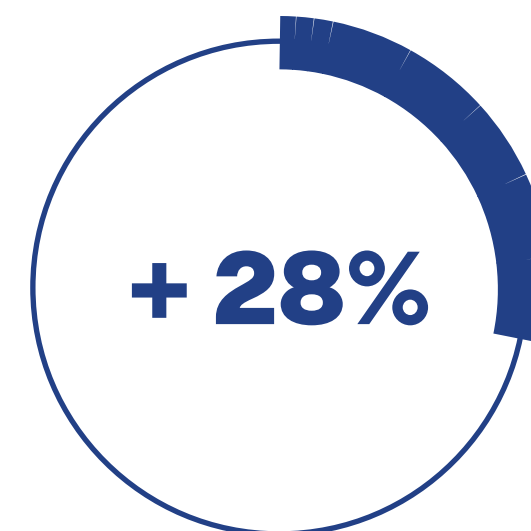
Number of apartments in
residential buildings
that began construction



Number of completed
apartments in residential
buildings



Number of new flats sold



02

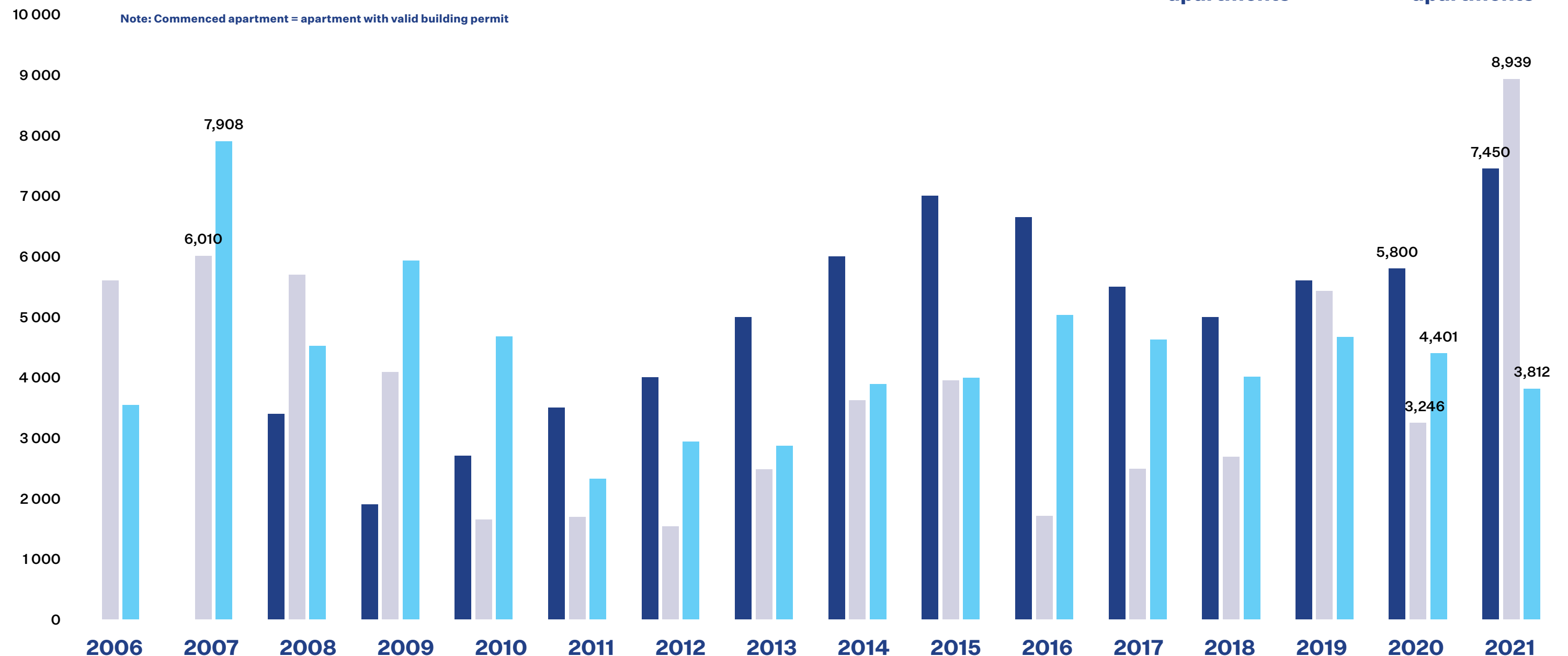
HOUSING CONSTRUCTION IN PRAGUE

The number of housing completions was down slightly from 2020, while a record 9,000 apartments in apartment buildings were commenced. While this is positive news from a building

proceedings perspective, it will not lead to a dramatic increase in supply because a large proportion of the announced commenced apartments were already sold in pre-sales in previous years.

NEW DEVELOPMENT IN PRAGUE

Note: Commenced apartment = apartment with valid building permit



Source: Czech Statistical Office, Processed by LEXXUS

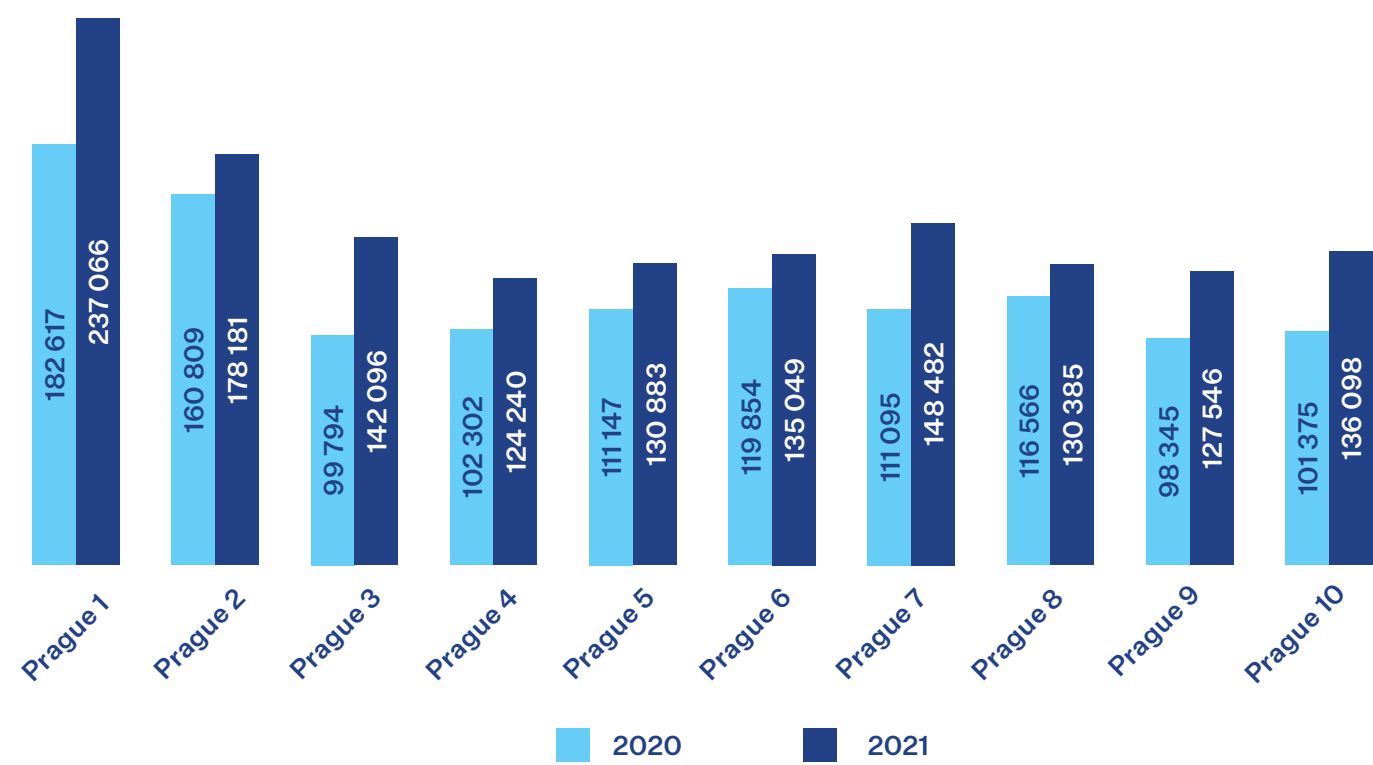
03

AVERAGE PRICE OF HOUSING UNITS

The average unit price of new apartments reached CZK 134,000/sqm incl. VAT. The locations with the lowest prices include Prague 4 and Prague 9. Another example is the industrial part of Vysočany which is gradually

undergoing revitalization and change of use. The most expensive locations are traditionally Prague 1 and Prague 2. Most of the new projects in these districts are refurbishments of original apartment buildings.

Prices of residential units (CZK/sqm incl. VAT)



N.B.: Selling price of units from individual developers' pricelists. Price/sqm does not include the price of any balcony, terrace, front garden, cellar/storage, and garage.

Source: LEXXUS

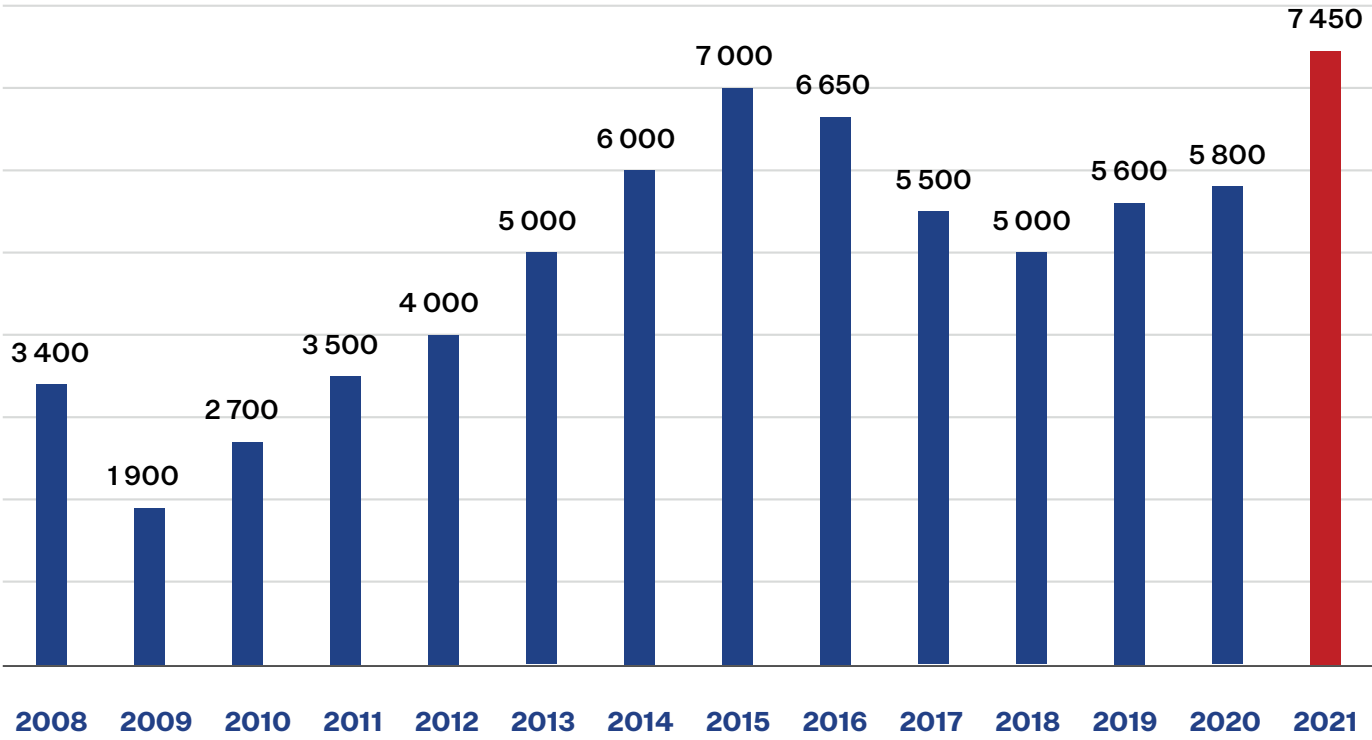
04

DEMAND AND SALE OF APARTMENTS

A record 7,450 new apartments were sold in Prague, a 28% increase compared to 2020. Demand grew because in times of economic uncertainty people perceive the acquisition of real estate as a safe harbour for their money. Despite declining yields and rising interest rates on mortgage loans, the

acquisition of investment property is profitable because its value continues to rise. Real estate is thus losing its primary function and becoming an investment asset. The growing disproportion between supply and demand caused the number of advertised apartments to be at an all-time low of only 2,850.

Number of new apartments sold in Prague



Source: Trigema

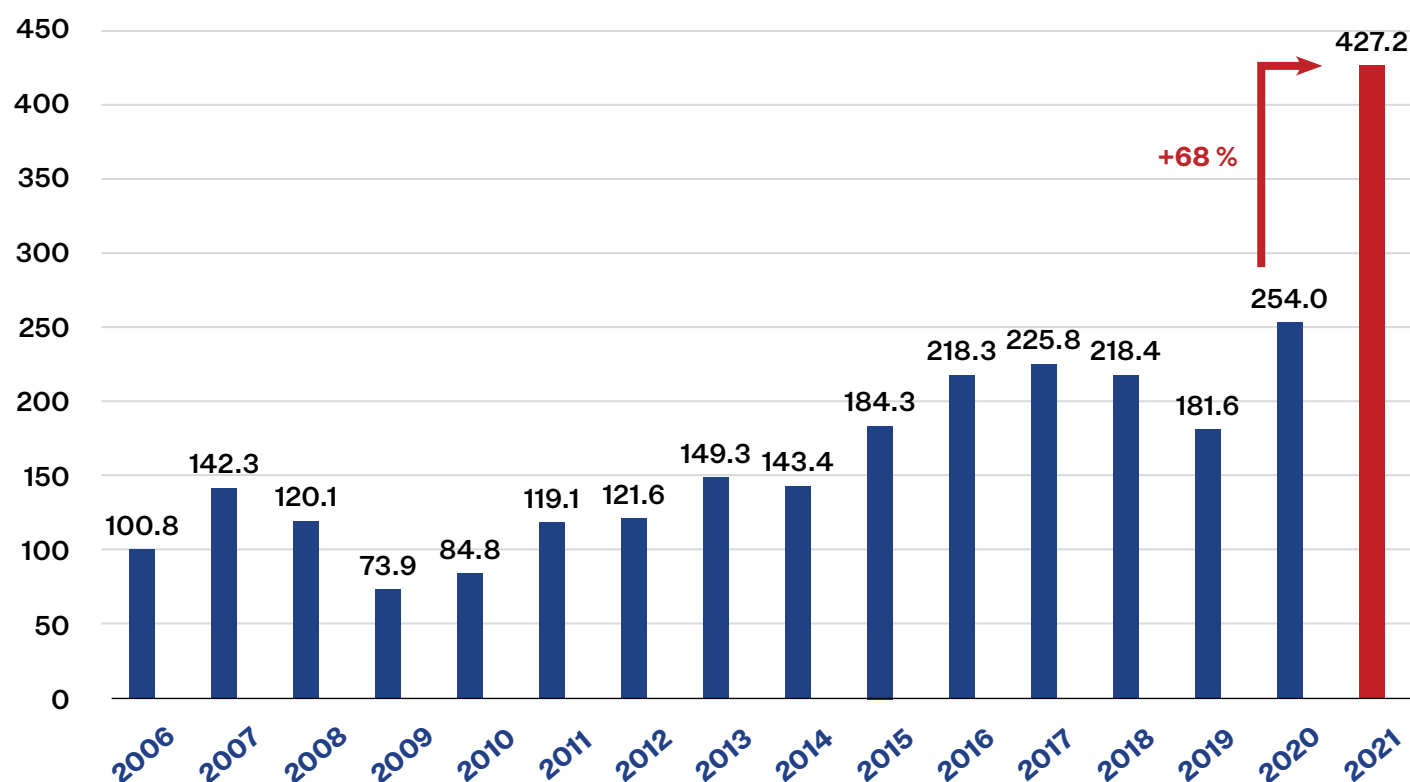
05

MORTGAGE MARKET

The high demand affected the mortgage market, which exceeded all expectations. The volume of mortgages granted in 2021 reached an impressive CZK 428 bn, a year-on-year increase of 68%. In addition to the unprecedented interest in mortgage financing, the volume of mortgages

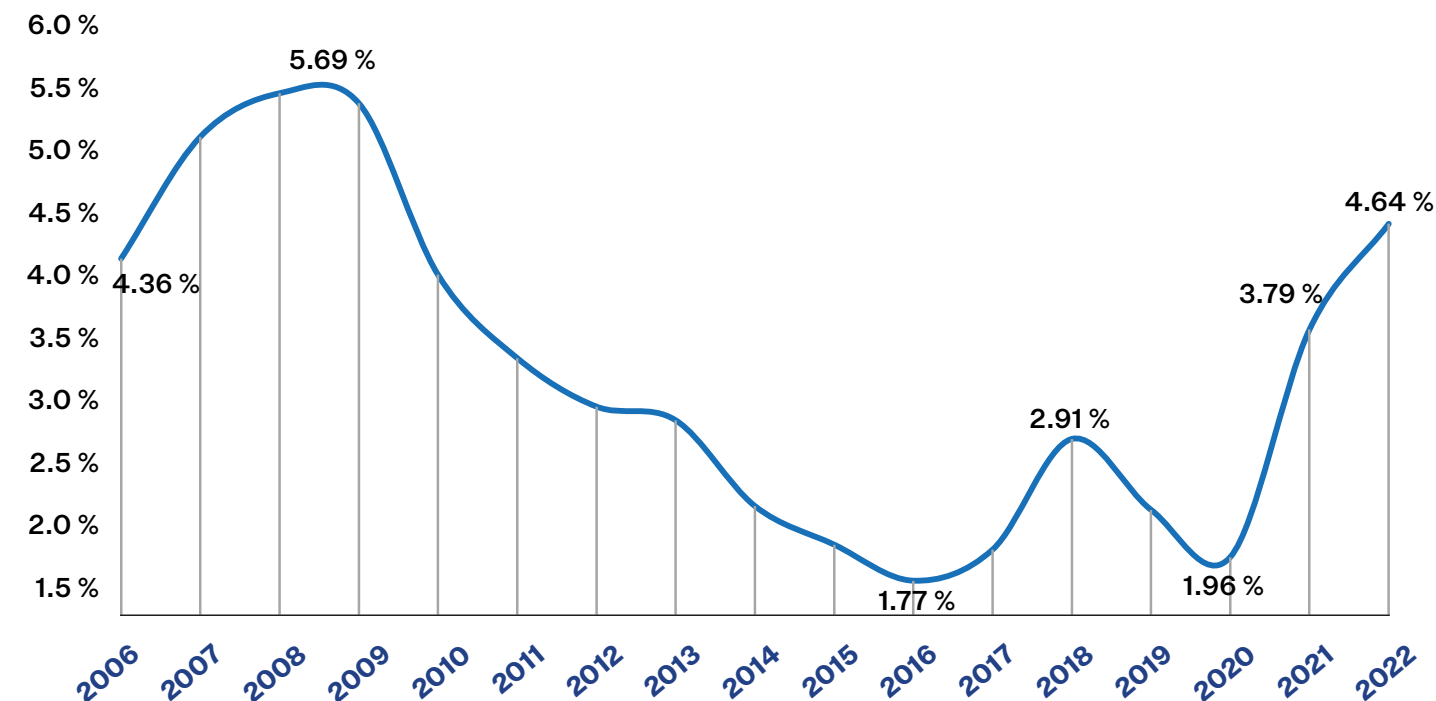
is also influenced by the growth in property prices. Currently, the average mortgage amount is around CZK 3.4 m. Buyers were motivated by exceptionally low mortgage interest rates, which are still below inflation, even though they increased dramatically during the year.

Volume of mortgages provided (in billions CZK)



Source: Hypoindex, Processed by LEXXUS

Timeline of offer mortgage interest



Source: Hypoasistent, Processed by LEXXUS

The mortgage market is currently experiencing a downturn, mainly due to the rapid increase in mortgage interest rates. From April 2022, banks plan to introduce regulations

for assessing the creditworthiness of mortgage applicants. For mortgage applicants under the age of 36, the loan conditions will be more forgiving.



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RESIDENTIAL MARKET TRENDS

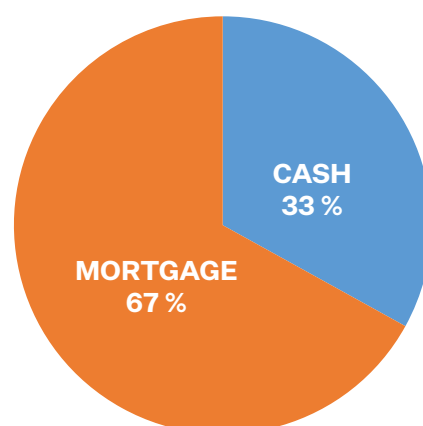
Rising prices of flats in Prague, which are becoming unaffordable even for the middle class, are leading to necessary alternative solutions. Some clients are satisfied with rented housing, but some clients consider it important to live in their own homes and look for cheaper property outside of Prague. That is why living in the Central Bohemian Region is becoming a full-fledged option for more and more (former) Prague residents. The greatest interest is in locations with good transport links, especially with a direct train connection to Prague.

This trend is already quite common in Western European cities.

In the ring nearest to Prague (Prague-East/West), the average unit price of new apartments is at a level of CZK 91,000 /sqm incl. VAT. In the more remote parts of the Central Bohemian Region, the average price in new buildings is CZK 69,000—78,000/sqm incl. VAT. These prices are therefore approximately 50% lower than in Prague.

Two-thirds of LEXXUS clients finance their property through a mortgage loan. At the end of the year, we saw an increase in the number of clients paying cash, as Czech households accumulated record savings during the pandemic and the market offers few other efficient and safe investment opportunities.

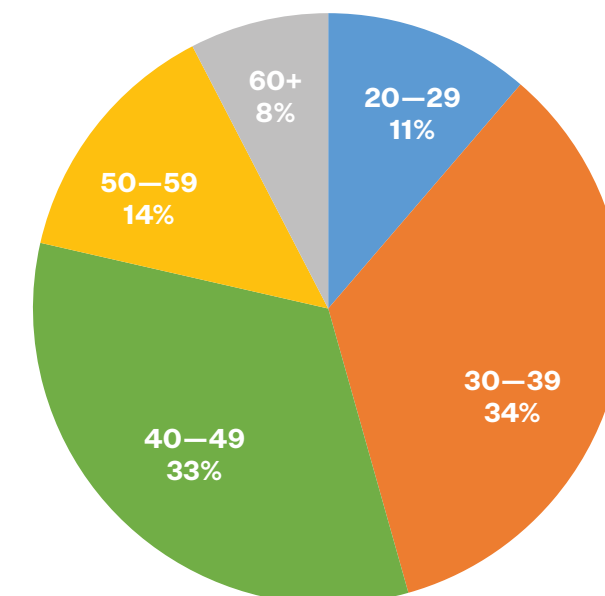
Method of financing



LEXXUS CLIENTS SALE OF APARTMENTS

LEXXUS properties are most often purchased by clients in the age categories 30—39 and 40—49. Younger clients buy flats as their first property, while older clients tend to buy family houses. Small investors are mostly represented in the age category 40 years and older. These investors already own a property and have largely paid off their mortgage; they are purchasing an investment to provide security for their old age.

LEXXUS clients; age categories



LEXXUS clients are not conservative. Just under two-thirds of them are willing to buy a property outside the location they live in. Most often they are buying luxury properties in premium locations, they focus more on the specifics of a particular project and it is not important to them whether the apartment or house is located in the same area as their current property. On the other hand, clients who buy in larger housing projects (e.g. Nové Chabry) like to buy property in the place where they come from.

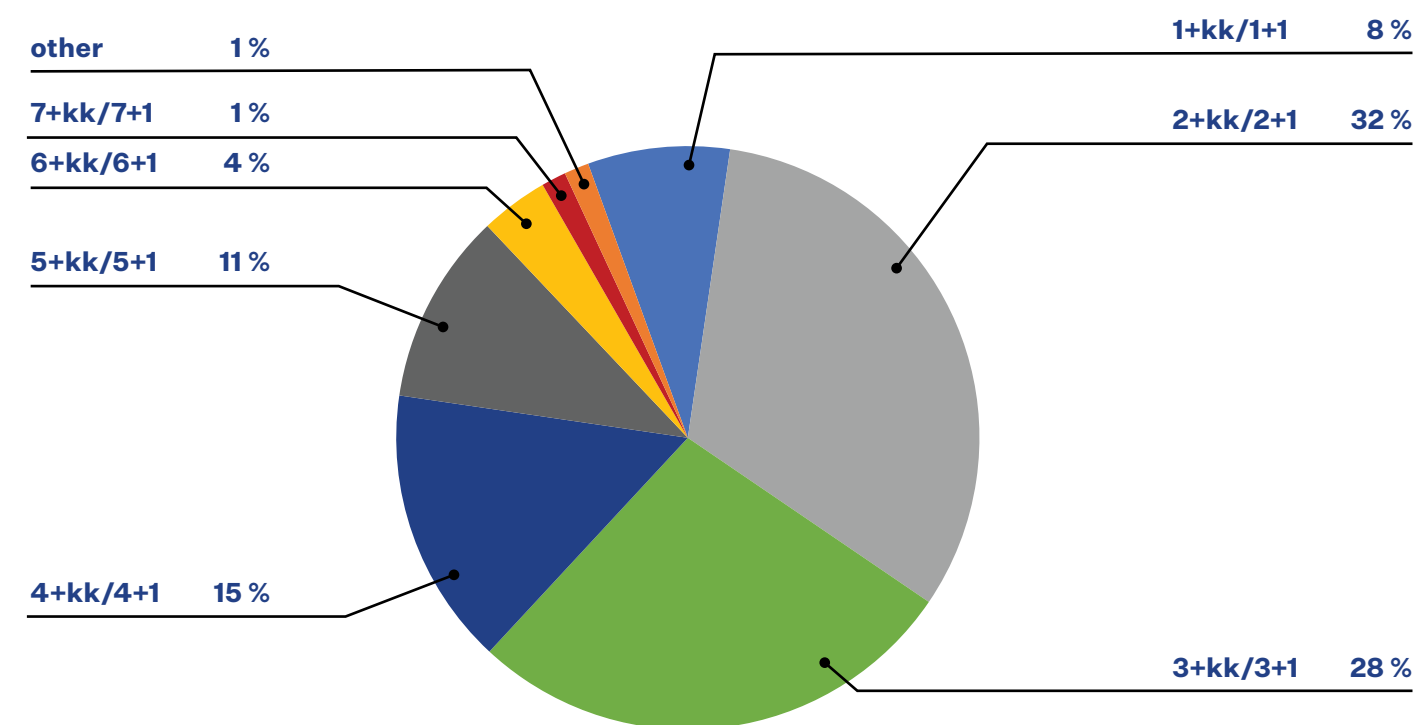
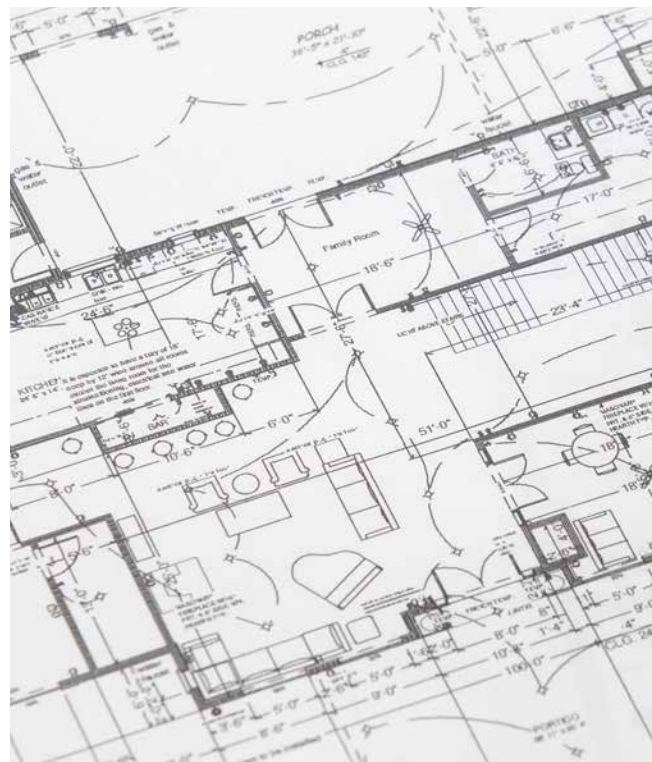
Purchase of Real Estate by buyers' residence



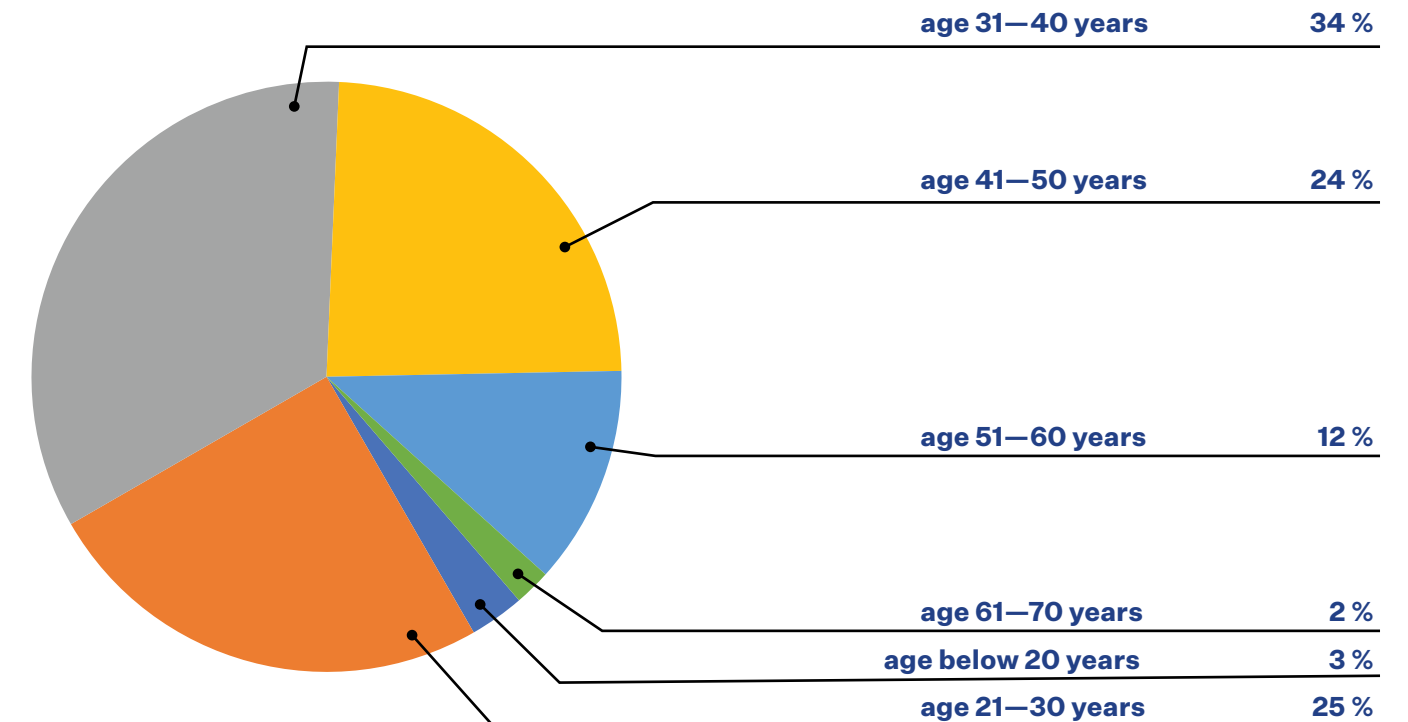
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RENTAL MARKET

The rental market was affected by dramatic changes in 2021 as a result of the COVID pandemic. Due to the sudden availability of a large number of apartments originally intended for short-term tourist accommodation, supply in previous years increased sharply and prices subsequently fell, especially in the central parts of Prague. In 2021, however, the trend was already reversing and the number of apartments on offer in Prague fell by almost half year-on-year, which led to a renewed rise in rent prices. Demand has been growing mainly due to rising property prices, as many clients could no longer afford to live in their own homes.

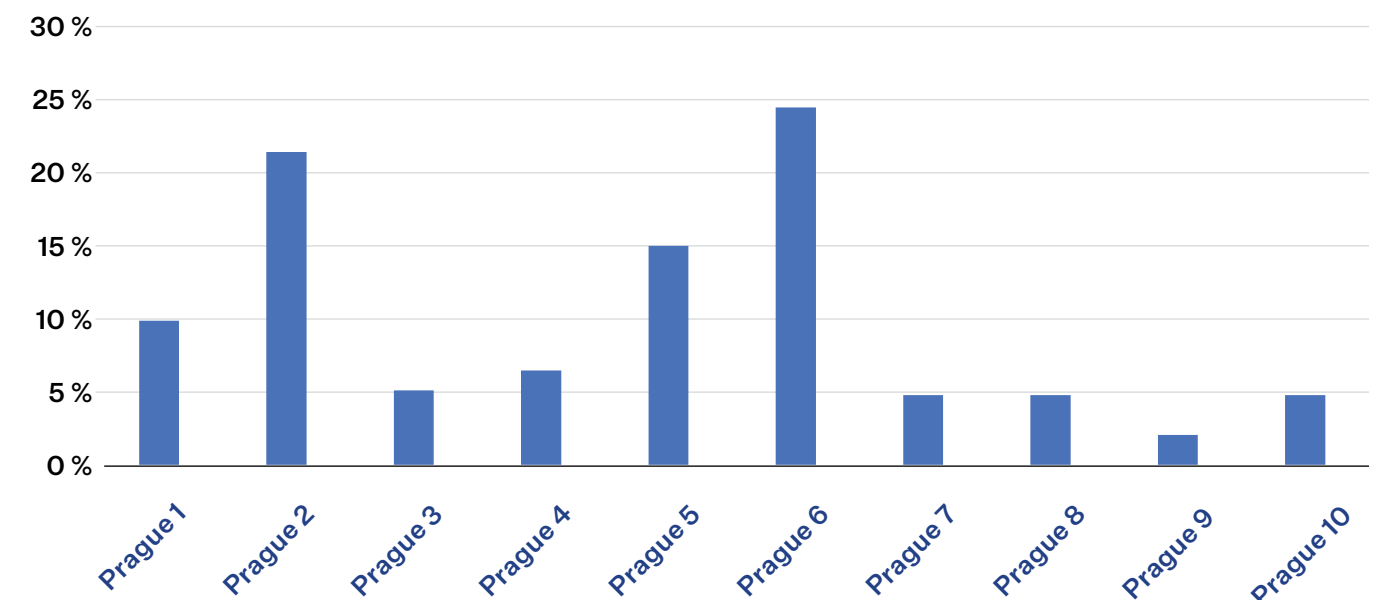


LEXXUS CLIENTS APARTMENTS FOR RENT



LEXXUS clients are particularly looking for premium locations, such as the centre of Prague, and locations close to international schools.

Share of Prague locations in LEXXUS clients' rentals



Consulting team

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