MARKET REPORT

H1 2019

svoboda&williams | CHRISTIE'S INTERNATIONAL REAL ESTATE

THE CRISIS THAT ISN'T A CRISIS

In recent years, the housing crisis, or rather the housing construction crisis has been a frequent topic of public and private discussions. Again and again, the same numbers are being repeated. On the one hand, they illustrate the slow tempo of new construction, and on the other the rapid rise in housing costs. This has led to the limited availability of housing, i.e. the ability of average income earners to at least purchase an "average" apartment. Many of the points made in this discussion can be argued with (especially when the prices of new residential projects are applied to the entire market), however, it is true that residential properties in Prague have become a "premium asset" that the middle class can obtain only with difficulty and at the same time Prague apartments have become an attractive investment opportunity. These conditions are on the whole undesirable, which is why Prague's municipal authorities as well as the government are frantically searching for ways to change them to ensure that the capital's residents will once again be able to afford to buy their own apartment. But one can also look at the situation from the other side. **In comparison, twice as many people in Germany or Austria are renters than in the Czech Republic** – almost half of the population of those countries – whereas here it is only about 20%. In the largest cities of Germany and Austria the number of renters is even higher. According to figures compiled by Eurostat, in 2016 76% of the population of Vienna and 85% of the residents of Berlin were renters. In contrast, in Prague, which has a higher than national average, only a third of the city's inhabitants rents. This comparison reveals that the Prague housing market is actually in better shape than previously thought. In richer countries, in fact, a large part of the population lives in rental apartments and nobody perceives it as a critical situation.
If we add this perspective to thoughts about the housing market, then the current growth of rental housing in Prague is actually a natural process – the Czech capital city is on its way to achieving the same economic conditions as more advanced countries.

> "Residential properties in Prague have become a premium asset."

To be sure, housing is a phenomenon that is determined to a great extent by a country's traditions, economic and demographic situation, and other factors. In the Czech Republic and in other post-Communist European states – no doubt because they share a common political and economic history in the second half of the previous century – the residential market is dominated by ownership housing in actual fact as in the preferences of the local residents. As always, the situation can be seen as positive, but also negative – which many experts have been warning us about for many years. **The continuing high interest in purchasing an apartment, i.e. in living in one's own place, saddles a significant portion of the population with a mortgage.** Eastern and Central Europe, with the possible exception of Hungary, fortunately did not go through the collapse of the mortgage market like the USA did in the last decade, but the question is whether this is the experience we want. It perhaps might be better to interfere with the current development as little as possible – leave the residential market alone and let its players determine the new ratio between ownership and rental housing. Housing construction must be revitalized and accelerated, and the recently passed proposal for the new Building Act should be the catalyst for this to happen. In the end, nobody knows whether the newly constructed apartments will be owned by the people who live in them or whether new owners will rent them out. Czechs have recently discovered the charm and benefits of renting, and this trend may well continue.

Prokop Svoboda,
Svoboda & Williams

KEY TRENDS IN THE PRAGUE PREMIUM RESIDENTIAL PROPERTY MARKET

SALES

- Demand in the 1st half-year of 2019 was stagnant and returned to the level prior to the outbreak of the buying euphoria of 2017
- The average achieved price of premium apartments this year is basically the same as in 2018
- The construction of new apartments has to contend with the problems of long permit approval processes and rising construction costs together with an insufficient construction workforce
- Due to the slow tempo of housing construction, the supply of new apartments is weak; the supply of older apartments (so-called second-hand) is richer
- Due to residential housing construction problems the number of older apartment building reconstruction projects is growing

RENTALS

- Demand for properties for rent continues to be strong
- In the first half of 2019 the achieved rents of premium apartments rose slightly, the year-on-year growth was 3.8%
- Rental yields in Prague are currently 2-3%; in the outside regions including Brno the yields are higher
- Compared to previous years, the number of Czech renters in the higher rental price categories is visibly rising
- The rather low number of new construction projects that are planned as residential rental projects rose only slightly this year

THE ECONOMY IS GROWING, MORTGAGE RATES ARE FALLING

The domestic real estate market, including the residential segment, is part of the economy of the Czech Republic, which it understandably influences and shapes. In this regard, those working in real estate have no reason to complain. The Czech economy is currently going through an exceptionally positive and stable period. Overall economic growth is likely to be slightly slower this year compared to last year, but it is above the European and even the global average – according to most recent estimates, the Czech GDP is likely to increase by 2.5%. The consequence of this is the continuing growth of incomes, household consumption, and the public and business sectors, more or less 0% unemployment, and the positive climate in and the expectations of the economic sphere as well as of the whole society. This is also why the world-renowned Dun & Bradstreet company evaluated the investment climate in the Czech Republic as the best in the V4 countries.

Things are a little different in the real estate finance sphere. The central bank has been supporting the Czech economy's stability by maintaining basic interest rates at 2% (they never increased to 3% despite the speculations and, according to financial experts, the increase is unlikely to occur this year), however, the Czech National Bank took steps that had a significant impact on the mortgage market. Its preventive measures last year have led to paradoxical situations today. Mortgage banks have been trying to attract new clients with lower interest rates and due to the fierce competition the average mortgage interest rate has been slowly decreasing since February; in June, it fell down to 2.76%. But mortgage values are not the only parameter of mortgage loans (an applicant's own financial resources, the LTV ratio, etc. are all factors as well), and the total mortgage volume has decreased radically in accordance with the intensions of the Czech National Bank. Compared to the same period last year, in the first six months of 2019 it fell by a fifth from CZK 104.72 billion to CZK 83.6 billion. Due to the CNB's measures, mortgage availability is clearly decreasing. This is accompanied by a weaker demand – many potential buyers can't keep up with the appreciable rise of real estate prices.

"The average mortgage interest rate has been slowly decreasing since February; in June, it fell down to 2.76%."

CONSTRUCTION: ONLY HARDSHIP

At first glance, the most recent housing construction statistics look good. From January to May of this year, construction companies in the Czech Republic began constructing 5,467 apartments in apartment buildings – a year-on-year increase of 60%. The majority of construction work as usual took place in Prague with one third of all the apartments, equaling 1,784 units. However, this is a low figure for the capital city as even conservative estimates conclude that it needs 6,000-8,000 new apartments per year, which the current construction tempo simply can't keep up with. During the first quarter, due to incredibly prolonged approval processes, investors were only able to provide the Prague market with 1,340 new apartments and even less have been sold – only 1,200. As the statistics show, to be among the top ten highest new apartment sellers in Prague, all you need to do is sell 40 apartments per quarter!

"To be among the top ten highest new apartment sellers in Prague, all you need to do is sell 40 apartments per quarter."

It is therefore not surprising that a fierce debate about how to speed up housing construction is taking place in Prague. Every idea and plan, however, will encounter two major obstacles. The first is the current construction legislation, in particular the current valid Building Act. Politicians and experts are actively working on its amendment, which is supposed to come into effect in 2021 or 2022, but those in the know say that this is only wishful thinking. On the other hand, the act's amendment could revolutionize construction in the Czech Republic. Builders' lives would be made easier by a consolidated approval process, the creation of the highest building authority within a ministry, and limiting the number of independent building authorities and "Houses of Trade Unions," in which lax officials would be spurred to action by the much-talked-about implied approval rule. The Prague municipal authority has more or less parallel intentions. Everyone by now realizes that the current distribution of powers and competencies, and the number of municipal districts and building authorities, renders a rational construction management system in the city impossible. On the other hand, amending construction legislation is always a politicized affair and it isn't clear which of the proposed changes will be accepted in the end.

> "The NIMBY phenomenon in Prague is strong and ever-present."

The second barrier that prevents construction from speeding up is an insufficient construction workforce. Builders have claimed that 94% of the construction workforce is unavailable for new jobs, which is an enormous figure. They also state that the largest deficit is in human resources, and that it is probably a chronic deficit. "In all likelihood we will never have a workforce that is as large as it used to be!" Svatopluk Matyáš, the former president of the Association of Building Entrepreneurs of the Czech Republic said recently. According to him, this is why the only solution to the problem is automation, the use of robots, and prefabrication. Pessimists say, however, that we will have to wait for a more thorough modernization of the entire field. The current construction job market is controlled by suppliers who can finally dictate prices and deadlines, something that hasn't happened for a long time. This has resulted in tenders with no responses or offers that don't make economic sense for builders.

There is an additional factor that is specific to the capital city. Here, new construction, which will, as generally agreed, build up Prague's urban areas and in particular large brownfields, will face considerable resistance from the city's inhabitants and, consequently, from municipal politicians as well. The NIMBY phenomenon in Prague is strong and ever-present. However, the city simply can't change direction. Today, the capital is a sparsely inhabited city, which has negative economic, transportation, and social consequences. In Prague, there are only 25 inhabitants per hectare, while in Vienna and Munich there are 41 and 44 respectively, and in Milan the number is as high as 73. But development has gone in the opposite direction. Due to bureaucratic red tape, housing construction has gradually moved to the areas around Prague (the same thing has happened in Brno). At the same time, the suburbs extend far beyond the borders of both cities and in the case of Prague they form a second ring around the city. The suburbs are no longer only the neighborhoods and villages that immediately surround the city, but also places that are 80 km away, where commute times are essential issues, i.e. the quality of the transport infrastructure.

> "Today, Prague is a sparsely inhabited city. It only has 25 inhabitants per hectare, while Vienna and Munich have 41 and 44 respectively, and Milan even has 73."

"Due to residential housing construction problems the number of older apartment building reconstruction projects is growing."

The Number of Reconstructed Buildings Is Catching up to Newly Built Buildings

Due to the above-mentioned obstacles that developers have to face when they want to build something new, it is currently easier to realize small projects, such as reconstructions of older apartment houses. Almost half of the projects in the premium segment monitored by Svoboda & Williams are reconstructions. This has contributed to the "dusting off" of the housing stock, which is outdated in Prague and generally in the Czech Republic.

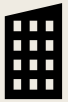
Overview of the Monitored Residential Projects

140
NUMBER OF PROJECTS

6,548
NUMBER OF APARTMENTS

47
AVERAGE NUMBER OF APARTMENTS IN A PROJECT

Completed Residential Projects in 2018 and in the 1st Half of 2019

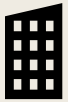
 **33**

total of **1,685 apts.**
average size of the project: **51 apts.**

25

total of **493 apts.**
average size of the project: **20 apts.**

Projects **Under Construction** with a Planned Completion Date up to 2021

 **46**

total of **3,251 apts.**
average size of the project: **71 apts.**

36

total of **1,119 apts.**
average size of the project: **31 apts.**

The average number of apartments in new residential projects that will be completed within the next two years is higher than the number of apartments in already finished projects. This suggests that today apartments with smaller floor areas no matter the interior layout are being built and that the largest chunk of newly built apartments is taken up by small-scale investment apartments. This is also true for reconstructions of historical apartment buildings, in which originally large-scale apartments are split up into studios and one-bedrooms.

– New buildings

– Reconstructions

11 projects
6 total **576** apts.
5 total **109** apts.

9 projects
7 total **715** apts.
2 total **24** apts.

4 projects
3 total **557** apts.
1 total **8** apts.

11 projects
8 total **156** apts.
3 total **26** apts.

18 projects
13 total **724** apts.
5 total **115** apts.

37 projects
27 total **1801** apts.
10 total **249** apts.

12 projects
1 total **8** apts.
11 total **369** apts.

10 projects
9 total **267** apts.
1 total **25** apts.

16 projects
4 total **75** apts.
12 total **278** apts.

12 projects
1 total **57** apts.
11 total **409** apts.

Svoboda & Williams monitors around 140 projects with 6,548 apartments (the average project has 47 apartments) that have either been finished within the last year and a half or are still being built. The projects in question are medium or large in size with parameters that conform to the premium segment we monitor.
For the same period, the Czech Statistical Office reported 6,000 completed apartments and 13,000 "initiated" units in apartment buildings; the sample of projects monitored by Svoboda & Williams records 2,178 and 4,370 apartments respectively, i.e. about one third of the market.

THE SUPPLY OF RESIDENTIAL PROPERTIES FROM THE PORTFOLIO OF SVOBODA & WILLIAMS

Sales

Fewer apartments are being built and their supply in the first half of this year is weaker than in the same period last year. It is obvious that developers have been limiting their activities and often sell projects that are being prepared or temporarily suspend their preparation. The reason behind this is that they are finding it hard to keep their projects economically viable due to the oft-repeated overly long duration of the permit approval process, high land prices, and rising construction labor prices. Unlike the situation in the new residential property market, the supply of older premium apartments continues to be strong and stable. In the first half-year of 2019, almost 300 older apartments and houses have been added to the portfolio of Svoboda & Williams, just like in 2018.

Rentals

Supply of residential properties for rent is rising. In the last half-year, the portfolio of Svoboda & Williams expanded on average with about 96 apartments and houses added every month (the average monthly increase in 2018 was 90 properties).

The previous Market Report mentioned the construction or preparation of several rental housing projects (Trigema – *Nová Invalidovna,* Passer-invest – *V3,* K&K Invest – *View Spořilov,* SIKO – *DOS,* V Invest – the so-called *Marshmelon,* the reconstruction of buildings in the Zeitgeist company's portfolio). This year, the number of these kinds of projects has increased only slightly so far. Zeitgeist purchased ano-ther building for the German Pension Fund in Kotevní Street, which, just like other buildings, it plans to reconstruct and then rent out the apartments. Another two rental projects (the Libuše apartment complex and the Radlická apartment house) are still in the preparation phase. The reason that developers have been shifting their activities to rental housing only very slowly is likely based on the difficulties in financing them. Banks have been loath to provide loans for rental housing projects – they are discouraged by unsatisfactory laws governing lease and rental relationships that disadvantage lessors and landlords. For now, this segment is reserved for large, financially strong companies that have access to private capital. In these cases, the time for a bank loan, or refinancing, is after the project has been completed and rented out, i.e. when it has already generated a certain yield.

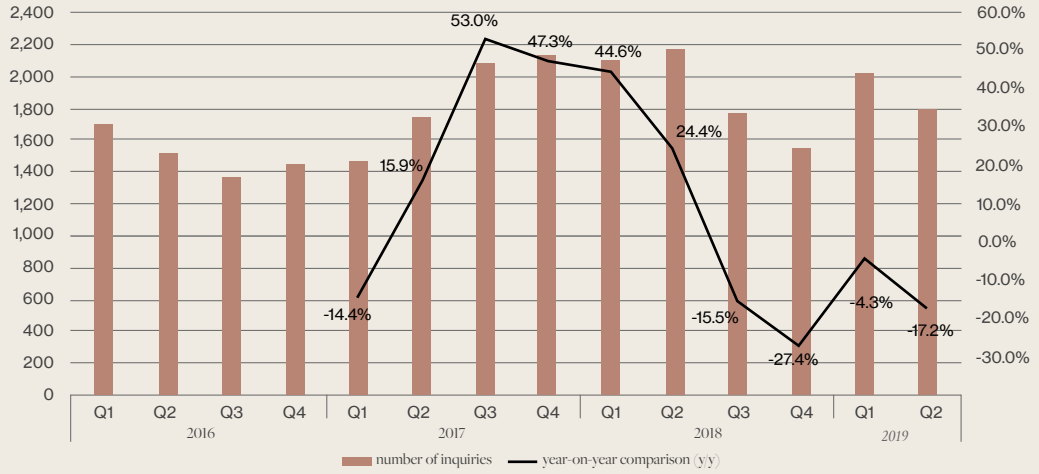
THE DEMAND FOR RESIDENTIAL PROPERTIES IN SVOBODA & WILLIAMS' PORTFOLIO

Sales

The previous Market Report predicted the end of the purchase fever period and the coming decline in the demand for residential properties, which began to be noticeable in the second half of last year. The number of inquiries in the first quarter of 2019 actually seemed to dispute this forecast (the quarter-on-quarter growth was 30%), but the second quarter confirmed it (a year-on-year decrease of 17.2%). The numbers have returned to the level prior to the purchase euphoria of 2017.

year	quarter	number of inquiries	quarter-on-quarter comparison (q/q)	year-on-year comparison (y/y)
2016	Q1	1,701	–	–
	Q2	1,507	-11.4%	–
	Q3	1,364	-9.5%	–
	Q4	1,448	6.2%	–
2017	Q1	1,455	0.5%	-14.4%
	Q2	1,747	20.0%	15.9%
	Q3	2,086	19.5%	53.0%
	Q4	2,132	2.2%	47.3%
2018	Q1	2,104	-1.3%	44.6%
	Q2	2,173	3.2%	24.4%
	Q3	1,762	-18.9%	-15.5%
	Q4	1,547	-12.2%	-27.4%
2019	Q1	2,015	30.2%	-4.3%
	Q2	1,798	-10.7%	-17.2%

Demand for Properties for Sale from the Portfolio of Svoboda & Williams, Prague



Note: The stated number of inquiries represents people interested in buying a property. Brokers evaluate every demand, and so the sample doesn't include irrelevant inquiries or simple queries about the price of a property.

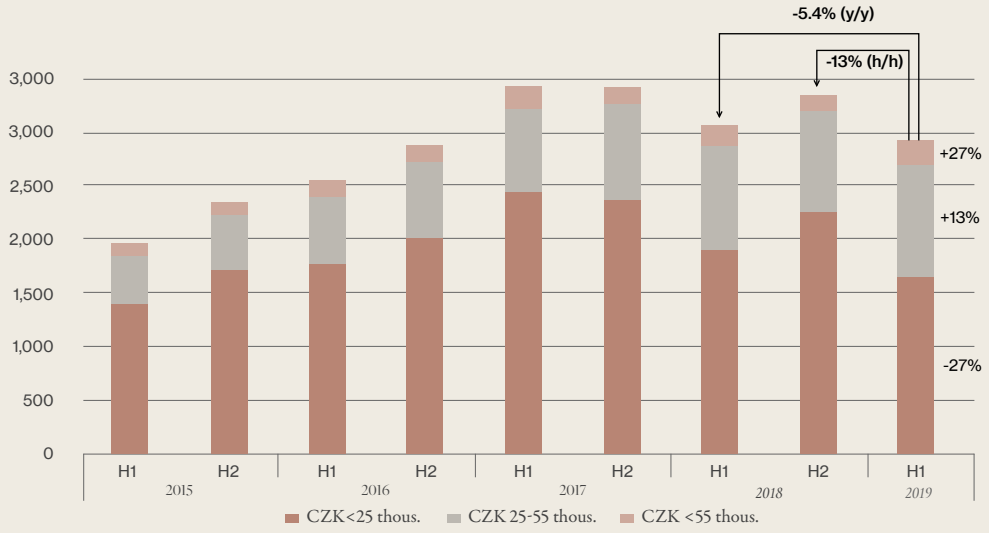
Rentals

The demand for properties for rent continues to be strong although it hasn't reached the record levels of 2017 and 2018. In the first half of this year, compared to the previous half-year, the number of inquiries decreased by 13.3% and compared to the same period of the previous year they decreased by 5.4%. The largest slump in the number of inquiries can be seen in the affordable apartment segment (with rents of max. CZK 25,000/month), which fell by 27%. This is due to several reasons: rents have gone up, which meant that many apartments moved from the affordable up to the mid-range price segment (CZK 25,000-55,000 per month) and that landlords have unrealistic expectations (caused by their incorrect interpretation of the rise in residential property prices claimed by the media).

The demand for properties with rents ranging from CZK 25,000 to CZK 55,000 per month is getting stronger, while the situation in the premium rental segment (rents of over CZK 55,000/month) has remained stable. In this highest price segment, the first half of the year is always stronger in terms of demand due to the increased demand for rental houses during the spring and summer months.

year	half-year	number of inquiries	half-year-on-half-year comparison (h/h)	year-on-year comparison (y/y)
2015	H1	1,973	–	–
	H2	2,347	19.0%	–
2016	H1	2,545	8.4%	29.0%
	H2	2,871	12.8%	22.3%
2017	H1	3,432	19.5%	34.9%
	H2	3,432	0.0%	19.5%
2018	H1	3,081	-10.2%	-10.2%
	H2	3,361	9.1%	-2.1%
2019	H1	2,914	-13.3%	-5.4%
	H2	–	–	–

Demand for Properties for Rent from the Portfolio of Svoboda & Williams, Prague



Note: The stated number of inquiries represents people interested in renting a property. Brokers evaluate every demand, and so the sample doesn't include irrelevant inquiries or simple queries about the price of a property.

WHAT IS THE REAL PRICE OF AN APARTMENT IN PRAGUE?

"Apartments in Prague Have Risen to CZK 110,000 per Square Meter!" and similarly worded headlines regularly cause panic among politicians as well as the wider public. Unfortunately, these alarmist reports have an impact on property owners, as our real estate agents can attest to on a daily basis. Citing these numbers, owners demand astronomical and unrealistic rental amounts and sales prices.

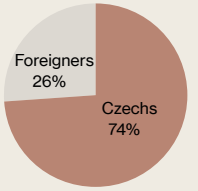
The truth is that journalists aren't lying, but they're also not telling the whole truth. According to the current statistics compiled by Deloitte, we can certainly find an average price of CZK 110,000 per sq. m. (specifically CZK 107,100), but this figure concerns new apartments only and it is the asking price without any applied discounts. The average price for all apartments in Prague, i.e. not only new apartments, but also older ones, which is also the final achieved price (again based on figures from Deloitte), is CZK 77,400 per sq. m. This is the price that owners of apartments in Prague should base their selling prices on when they are thinking about selling or renting their apartment.

In terms of the premium residential segment, prices have been stagnant in the second half of the year, just like last year. According to the latest analysis by Svoboda & Williams, the current achieved sales price of new and older

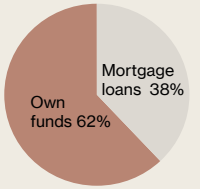
Clients of Svoboda & Williams

SALES

In the first half of 2019, Svoboda & Williams mediated the sale of residences primarily for Czech clients and their share in our total realized transactions was identical to last year's – 74%. Each fourth property was purchased by foreigners, more than half of whom (59%) are EU citizens. While in 2018 only half of Svoboda & Williams' clients financed real estate purchases with their own funds, in the first half of this year it rose to 62%. Only 38% of buyers added mortgage loans to their own funds, which represents a significant shift compared to last year.



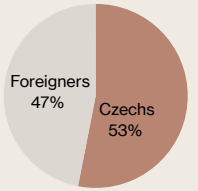
Ratio of Czech and foreign buyers



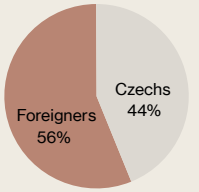
Financing the purchase of property

RENTALS

This half-year, for the first time we have received more inquiries from Czechs than from foreigners. As for the ratio of clients who rent through Svoboda & Williams, Czechs are slowly catching up to foreigners – last year Czech citizens made up only 39% of our clients, whereas this year it is already 44%. This confirms the fact that Czechs are discovering rental properties (whether for economic or other reasons). We have observed the largest growth of Czech clients compared to the previous period in the highest price segment, where 33% of our renters in the first half of 2019 were Czechs – 11% more than in 2018.



Ratio of Czech and foreign clients inquiring about a property



Ratio of clients who rented a property

	Inquiries		Realized rental transactions	
Price segments	**Czechs**	**Foreigners**	**Czechs**	**Foreigners**
CZK <25 thous.	54%	46%	51%	49%
CZK 25-55 thous.	52%	48%	41%	59%
CZK >55 thous.	49%	51%	33%	68%
Total	**53%**	**47%**	**44%**	**56%**

premium apartments in Prague is around CZK 111,700 per sq. m. The achieved price of a new apartment is CZK 114,100 per sq. m., and older apartments in premium locations in Prague on average sell for CZK 109,500 per sq. m.

According to **The Rental Price Index by Svoboda & Williams + VŠE**, the year-on-year increase in the achieved rents of premium apartments in Prague in the first half of 2019 was 3.8%. Although in the next analytical part of the report rental prices per square meter are not observed due to the bellow-stated reasons, in contrast, the average rental prices of the premium Prague-wide segment should be stated. The average rent of the examined sample of premium apartments rose to CZK 359 per square meter during the last 12 months. Again, this figure is the actual achieved rent, and not the asking rent. As for the entire Prague rental market, only statistics based on asking rental prices are available. According to a recent study by Deloitte, their average is currently around EUR 13.4 (CZK 342) per sq. m.

INVESTMENT APARTMENTS ARE STILL WORTH IT, BUT...

For the past four years, apartment prices have risen significantly, but rents have also sharply increased and the demand for rental housing is strong. In Prague, rental yields for newly acquired apartments are currently between 2-3% (without financial leverage), which is actually rather low compared to the rest of the country. For example, in Brno yields can reach up to 4-5%.

Investors are gradually discovering regions outside of Prague, but the fact remains that the capital is unique when it comes to rental housing. Interest in this type of housing in Prague continues to be strong, and the slow tempo of construction and changes in how purchasing an apartment can be financed will likely strengthen the demand for rental housing.

According to a survey by the Czech News Agency, for developers the share of new apartments sold that people have bought as an investment and not to live in remains about one third. While this share hasn't changed recently, most of the apartments are smaller – studios or one-bedrooms. Years ago, the vast majority of investors were foreigners, but today more of them are Czechs (see the box "Clients of Svoboda & Williams"). According to David Šimeček, Head of Residential Rentals at Svoboda & Williams, investors often buy several apartments at once.

> "In Brno, yields can reach up to 4-5%. Investors are gradually discovering regions outside of Prague."

PRICE ANALYSIS: THE PRAGUE RESIDENTIAL MARKET

METHODOLOGY OF DATA PROCESSING

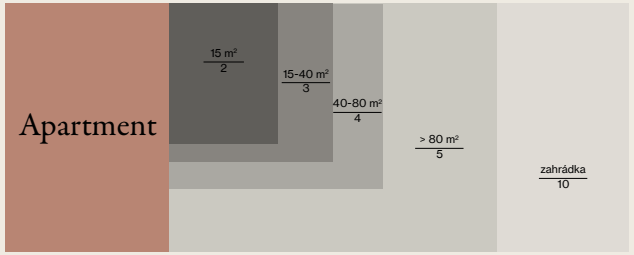
The following analysis is based on data obtained from the database of properties that Svoboda & Williams had in its portfolio in the course of the monitored period. The data concerning sales transactions is further supplemented by data about the sale of properties that correspond in terms of their parameters to the portfolio of Svoboda & Williams: in this case the prices are acquired from the Land Registry. The monitored sample contains nearly 600 sold and 1,100 rented real estate units for a period of 12 months. Therefore, it is fair to say that the data of Svoboda & Williams covers a significant part of the premium segment of the Prague residential market. The monitored real estate includes apartments in Prague 1-10. Svoboda & Williams has a minimum representation of apartments in other municipal districts. In each municipal part, premium areas where higher prices are achieved are represented, e.g. Prague 6 is mainly represented by Bubeneč, Dejvice, Střešovice, and Břevnov, Prague 4 is represented by Pankrác, Vyšehrad, and Podolí, Prague 8 is represented by Karlín and partly Libeň, Prague 5 mainly by Smíchov, etc. The monitored prices of real estate and the level of rents are actually achieved transaction values; we do not monitor advertised prices. For the calculation of the price per sq. m. we take into account the price for parking spaces, which we deduce from the achieved selling price. The floor space of a apartment (according to the Civil Code) includes a part of the exterior (terrace, balconies, loggias and gardens). We apply a specially developed algorithm to the conversion of the space of the exterior which reduces this area progressively and it also takes into account the ratio of the exterior space to the interior space. Average prices are calculated from the transactions carried out over the last 12 months (07/2018-06/2019), percentage changes are year-on-year (07/2018-06/2019 vs. 07/2017-06/2018). For sales we also differentiate between the achieved price per sq. m. for new apartments in residential projects and for resale homes. In order to be able to compare all project prices, it was necessary to unify the stage of construction progress for several units using an average assumption of CZK 30,000/sq. m. for the stage before reconstruction (shell & core) and CZK 10,000/sq. m. for the stage before completion of surfaces (white walls). We do not follow the price per sq. m. for rentals. While the price per sq. m. is relevant for sales, for rentals the price is determined mainly by layout (in addition to the location). For example, a apartment with two bedrooms and kitchenette (2+kk) with the area of 50 sq. m. is normally leased for nearly the same price as a apartment with an area of 60 sq. m., whereas the purchase price of the larger apartment can be up to 15 to 20% higher. Therefore, in our analysis of residential rentals, we work with the total rent, and not with the price per sq. m. For a better picture we also state the achieved price for the most frequent layouts within sales and rentals arranged by Svoboda & Williams which are 2+kk apartments (one bedroom + kitchenette) and 3+kk apartments (two bedrooms and kitchenette). For the price development of rentals, we compile on an annual basis The Rental Price Index by Svoboda & Williams + VŠE. It is an analytical tool developed by Svoboda & Williams in cooperation with the Faculty of Informatics and Statistics of the University of Economics in Prague and it works similarly as the Consumer Price Index compiled by the Czech Statistical Office. See more information about **The Rental Price Index by Svoboda & Williams + VŠE** HERE.

Data Analysis

METHODOLOGY OF SVOBODA & WILLIAMS

$$\text{Price per sq. m.} = \frac{\text{Achieved sales price - price of parking}}{\text{Apartment area + proportional part of the exterior (b/t/g)}}$$

Algorithm for Conversion of the Exterior



The area of a terrace that exceeds 30% of the interior is divided by two.

PRAGUE

The average achieved price of a premium apartment in Prague during the monitored period (July 2018-June 2019) was CZK 111,700/sq. m. While the average price of an older apartment reached CZK 109,600/sq. m., a new apartment in a residential project cost on average CZK 114,100 CZK/sq. m. In the year-on-year comparison, these prices decreased slightly, with the exception of older apartments, the prices of which remained the same. For two half-years in a row now we've seen the more or less **stagnation of the average achieved sales price per square meter** of a premium apartment in Prague.

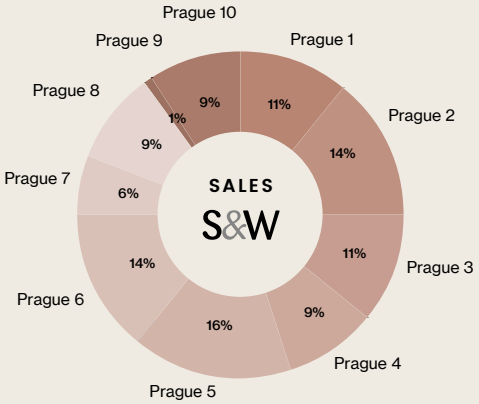
The average achieved price of an apartment at the end of the second quarter of 2019 came to CZK 10,309,000, a year-on-year decrease of 10%. The average floor area of the apartments whose sales are monitored by Svoboda & Williams was 10% smaller this year, and therefore the final purchase price was also lower. The average achieved price for one-bedroom and two-bedroom apartments, which are the most sold layouts, was CZK 6,995,000 and CZK 10,391,000 respectively.

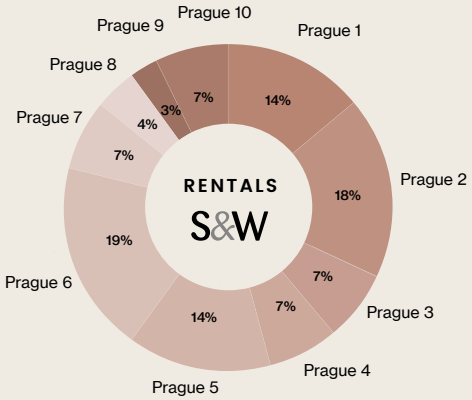
During the monitored period, the average achieved rent for an apartment in Svoboda & Williams' sample reached CZK 32,700/month, a 2% decrease compared to the previous period. The reason for this decrease in the average value of a transaction is the 5% smaller average size of rental apartments in Svoboda & Williams' sample (from 95.6 sq. m. to the current 91.2 sq. m.). Within the last 12 months, more smaller apartments have been rented. On the other hand, the Rental Price Index by Svoboda & Williams + VŠE, which guarantees that the change of the price level is clear of the change in the structure, recorded a **year-on-year growth in rents of 3.8%** in the 1st half-year of 2019. According to the Index, compared to the previous half-year rents have even increased by 5.1%. You can find more information about **the Rental Price Index by S&W + VŠE** HERE.

In the last 12 months, a one-bedroom apartment had an average rent of CZK 23,700, and a two-bedroom apartment was rented for an average of CZK 34,200. Most of the apartments that were rented out had one-bedroom and two-bedroom layouts – totaling 67% of all of Svoboda & Williams' transactions.

It is important to note that the premium segment of the residential market, which we monitor closely, is rather modest in range, and so results are more likely to be affected by the types of residential projects that were sold or rented during the period in question. We are therefore including some of the projects that have had the greatest impact on prices in the overview of Prague by district below.

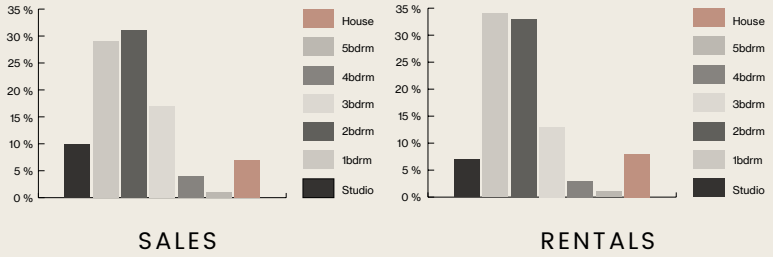
Location of the Monitored Properties





	Ø apt. price	Ø apt. size	Ø price per sq.m.	Ø price per sq. m.		Ø apt. price	
				New apt.	Resale apt.	1bdrm	2bdrm
Sales	CZK 10,309,000	90.5 sq. m.	CZK 111,700	CZK 114,100	CZK 109,500	CZK 6,995,000	CZK 10,391,000
	-10%	-10%	-2%	-3%	0%	-2%	-4%
Rental	CZK 32,700	91.2 sq. m.	N/A			CZK 23,700	CZK 34,200
	-2%	-5%				1%	2%

Average values during the monitored period (July 2018–June 2019) and their year-on-year change.

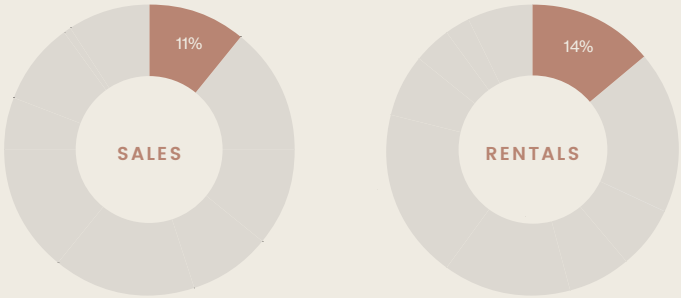


PRAGUE 1

The average achieved sales price of an apartment in Prague 1 saw a year-on-year decrease of 12% to CZK 14,387,000. The reason for this is the presence of more smaller apartments in the monitored sample (for example the *Steffany's Court* residential project on Štěpánská Street and *Ferdinand Palace* on Příčná Street, both of which are reconstructed apartment houses featuring investment apartments with mostly studio layouts). These small apartments generally have a higher price per square meter, which was then reflected in a 17% higher average value – CZK 198,600/sq. m. Older apartments were sold for an average of CZK 158,300/sq. m. Buyers could purchase a one-bedroom apartment for roughly CZK 11.5 mil. and the average amount for a two-bedroom was CZK 14,829,000.

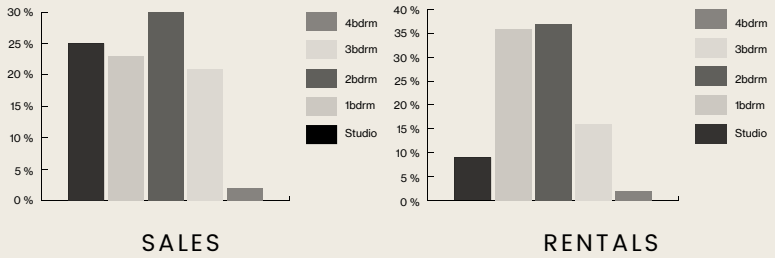
Prague 1 isn't just number one in terms of achieved prices, though. This year, it was also the district with the largest average apartment size – 102.7 sq. m. It surpassed Prague 6, whose unique residential character traditionally attracts those interested in renting larger apartments. In Prague 1, in the past 12 months people rented apartments with above-average floor areas (one-bedrooms had an average floor area of 74 sq. m. and two-bedrooms around 108 sq. m.). The average monthly rent during the monitored period was CZK 41,800; a one-bedroom apartment was rented for CZK 31,500 and a two-bedroom for CZK 45,300.

PORTION OF THIS DISTRICT IN THE MONITORED SAMPLE OF PROPERTIES



	Ø apt. price	Ø apt. size	Ø price per sq. m.		Ø apt. price	
			New apt.	Resale apt.	1bdrm	2bdrm
Sales	CZK 14,387,000	88.4 sq. m.	CZK 198,600	CZK 158,300	CZK 11,495,000	CZK 14,829,000
	-12%	-12%	17%	1%	3%	-10%
Rental	CZK 41,800	102.7 sq. m.	N/A		CZK 31,500	CZK 45,300
	2%	-2%			12%	4,%

Average values during the monitored period (July 2018–June 2019) and their year-on-year change.

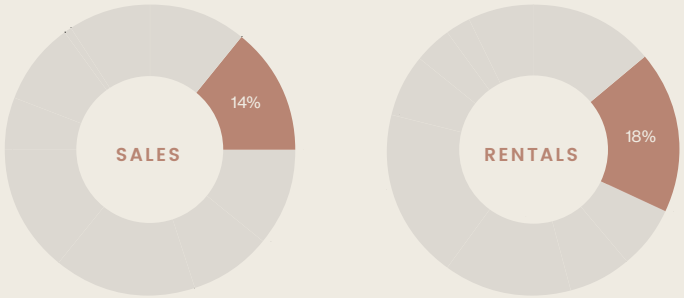


PRAGUE 2

Prague 2 has the second highest percentage of apartments for sale and rent in the monitored sample and is in second place behind Prague 1 both in terms of price per square meter and highest average rents. The average price for an apartment here was CZK 9,571,000, which was 10% lower then in the previous year. This was due to a significant decrease in the average apartment size. A new apartment was sold for around CZK 134,400/sq. m. and an older apartment was resold for an average of CZK 116,600/sq. m. A one-bedroom apartment cost an average of CZK 7,248,000 and buyers paid an average of about CZK 11.5 mil. for a two-bedroom apartment.

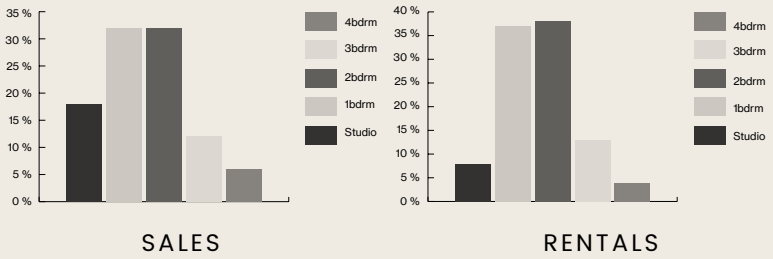
The number of monitored apartments for rent in Prague 2 covered almost one fifth of Svoboda & Williams' sample (18%). Vinohrady has long been a popular residential area among clients of Svoboda & Williams. The average rent of an apartment was CZK 34,600; the average rent of a one-bedroom apartment was CZK 24,300/month and CZK 37,900/month for a two-bedroom apartment.

PORTION OF THIS DISTRICT IN THE MONITORED SAMPLE OF PROPERTIES



	Ø apt. price	Ø apt. size	Ø price per sq. m.		Ø apt. price	
			New apt.	Resale apt.	1bdrm	2bdrm
Sales	CZK 9,571,000	83.0 sq. m.	CZK 134,400	CZK 116,600	CZK 7,248,00	CZK 11,511,000
	-10%	-13%	5%	7%	-32%	8%
Rental	CZK 34,600	91.3 sq. m.	N/A		CZK 24,300	CZK 37,900
	-3%	-3%			-5%	4%

Average values during the monitored period (July 2018–June 2019) and their year-on-year change.

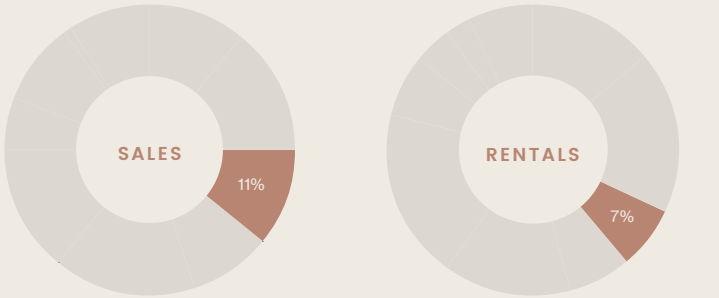


PRAGUE 3

This year, people in Prague 3 continued to buy and rent the smallest apartments on average compared to the rest of Prague. This fact is reflected in the relatively low average achieved sales price of an apartment, which was CZK 8,560,000, the second lowest after Prague 4 during the current monitored period. The average price per square meter for a new apartment was CZK 115,000 and the average sales price of an older apartment was CZK 99,800/sq. m. Buyers paid an average of CZK 6,265,000 for a one-bedroom apartment and a two-bedroom apartment went for an average of roughly CZK 10 mil., which was 33% more than in the previous monitored period. The monitored sample of two-bedroom apartments this year contained more properties located on the Vinohrady side of Prague 3 (*Florian Residence,* or *U Rajské zahrady)* than in the previous period when we monitored apartments mostly in lower Žižkov.

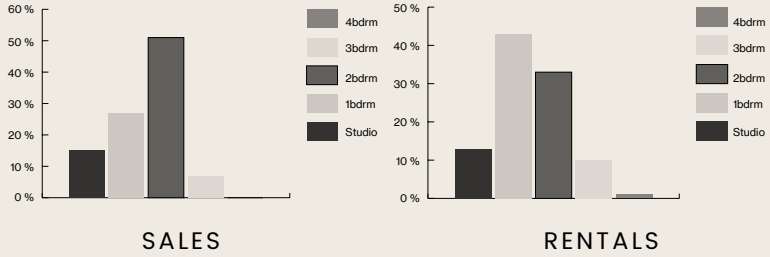
The average monthly rent of an apartment offered by Svoboda & Williams in Prague 3 during the monitored period saw a year-on-year growth of 13% to CZK 28,400. Tenants paid an average rent of CZK 23,000/month for a one-bedroom apartment (17% more than in the previous year) and CZK 32,000/month for a two-bedroom apartment (a year-on-year growth of 12%). The increase in the average rents is due to, among other factors, the addition of new apartments in the *Garden Towers* residential complex and the reconstructed buildings on Laubova Street or U Rajské zahrady Street to Svoboda & Williams' portfolio.

PORTION OF THIS DISTRICT IN THE MONITORED SAMPLE OF PROPERTIES



	Ø apt. price	Ø apt. size	Ø price per sq. m.		Ø apt. price	
			New apt.	Resale apt.	1bdrm	2bdrm
Sales	CZK 8,560,000	77.9 sq. m.	CZK 115,000	CZK 99,800	CZK 6,265,000	CZK 9,963,000
	13%	-4%	15%	10%	14%	33%
Rental	CZK 28,400	76.4 sq. m.	N/A		CZK 23,000	CZK 32,200
	13%	1%			17%	12%

Average values during the monitored period (July 2018–June 2019) and their year-on-year change.

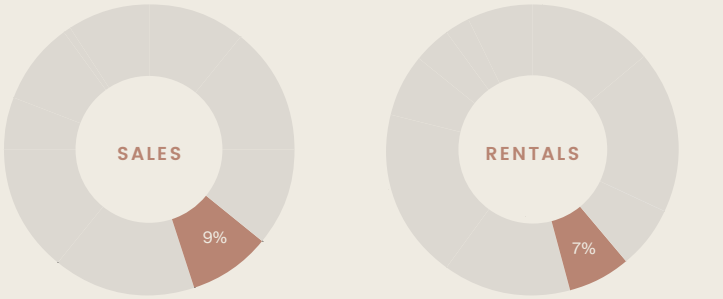


PRAGUE 4

As the chart below shows, in Prague 4 within the monitored period there was a significant year-on-year decrease in the average sales transaction (down to CZK 7,439,000), prices per square meter for a new apartment (CZK 81,500), the average achieved price for a two-bedroom apartment (CZK 7,221,000), as well as the average size of a sold apartment. This is because in the previous period we monitored the sales in a project in the highest end of the price bracker: *V TOWER*, Prague with apartments with truly generous floor areas, while the current monitored period includes more "average" projects, such as the new *Modřanský Háj* and *U Grébovky,* or the reconstruction of a building on Čestmírova Street 9. Older apartments were sold for around CZK 91,000/sq. m.

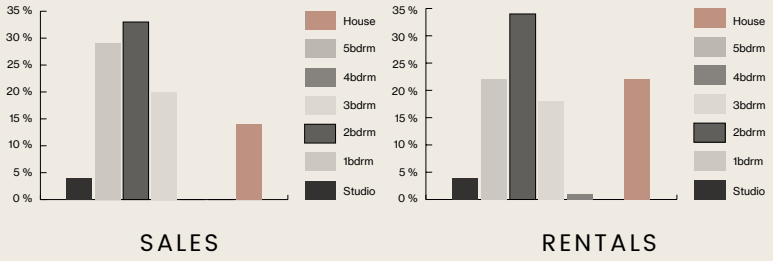
In Prague 4 during the entire monitored period the average achieved rent was CZK 28,600/month. One-bedroom apartments were rented for around CZK 20,700/month, two-bedroom apartments for CZK 26,900/month. In the monitored sample of rented apartments, most of the apartments were in residences built in Podolí (e.g. *Castle View, WhiteGray*), Michle (*Residential Park Baarova*), and Braník (*Pod Branickou skálou*).

PORTION OF THIS DISTRICT IN THE MONITORED SAMPLE OF PROPERTIES



	Ø apt. price	Ø apt. size	Ø price per sq. m.		Ø apt. price	
			New apt.	Resale apt.	1bdrm	2bdrm
Sales	CZK 7,439,000	84.9 sq. m.	CZK 81,500	CZK 91,000	CZK 5,554,000	CZK 7,221,000
	-36%	-23%	-26%	22%	1%	-24%
Rentals	CZK 28,600	90.2 sq. m.	N/A		CZK 20,700	CZK 26,900
	-6%	-12%			3%	0%

Average values during the monitored period (July 2018–June 2019) and their year-on-year change.

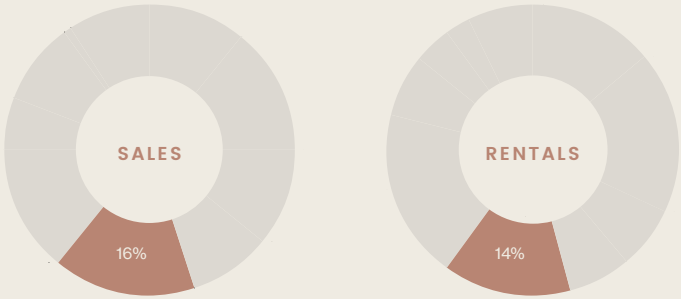


PRAGUE 5

This year, the largest percentage of apartments for sale in the monitored period was made up of apartments in Prague 5. The achieved sales price of an apartment was CZK 10,580,000. A new apartment cost CZK 103,000/sq. m. and the average price per square meter for an older apartment was CZK 98,500. In the monitored sample this year, the decline in the achieved prices for one-bedroom and two-bedroom apartments can be explained by the presence of residential projects with the same price per square meter, but with units with smaller floor areas, and so the total sales price was thus lower (e.g. *Rezidence Strakonická, Mélange Residence*). In the previous period, larger apartments in buildings closer to the Janáčkovo Embankment had a more significant presence in the sample.

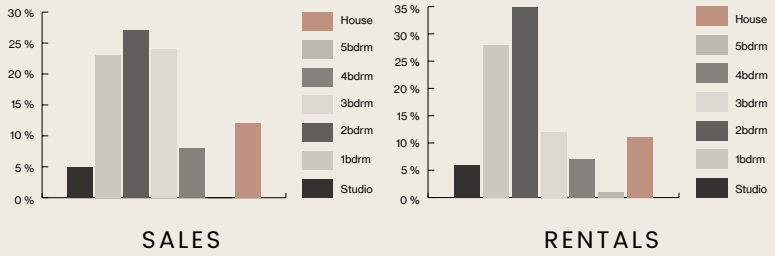
The average value of the achieved rent of an apartment in Prague 5 in the monitored sample was CZK 32,300. This municipal district had the third highest percentage of rented apartments in the sample and was also third in terms of average apartment sizes. Tenants paid an average of CZK 32,400 per month for a one-bedroom apartment and two-bedroom apartments came to about CZK 30,000 per month. All of the monitored values rose slightly compared to the previous period.

PORTION OF THIS DISTRICT IN THE MONITORED SAMPLE OF PROPERTIES



	Ø apt. price	Ø apt. size	Ø price per sq. m.		Ø apt. price	
			New apt.	Resale apt.	1bdrm	2bdrm
Sales	CZK 10,580,000	100.2 sq. m.	CZK 103,100	CZK 98,500	CZK 5,644,000	CZK 10,090,000
	2%	3%	-2%	-2%	-12%	-9%
Rental	CZK 32,300	95.3 sq. m.	N/A		CZK 23,400	CZK 30,100
	5%	1%			1%	3%

Average values during the monitored period (July 2018–June 2019) and their year-on-year change.

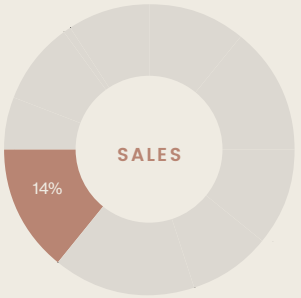


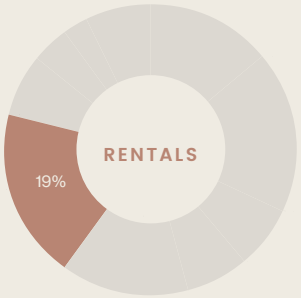
PRAGUE 6

Prague 6 has the honor of taking first place in the average size of apartments sold, despite the fact that floor areas experienced a year-on-year decrease of 27% down to 104.8 sq. m. This decrease manifested itself in the significantly lower average achieved sales price of an apartment (CZK 12,101,000), which is still the second highest compared to Prague's other municipal districts. The price of a new apartment in a residential project was around CZK 114,300/sq. m. and older apartments sold for an average of practically CZK 100,000 per square meter. A two-bedroom apartment cost an average of CZK 10,330,000 and a one-bedroom sold for a significantly higher amount than in the previous period – CZK 8,887,000. This was mainly due to the sale of generously apportioned one-bedroom apartments in the *Šárecký Dvůr* residential project, most of which had floor areas of over 80 sq. m.

This municipal district takes up 19% of the entire sample of apartments for rent. Just like Vinohrady, which had the second highest percentage behind Prague 6, the neighborhoods of Bubeneč, Dejvice, Střešovice, and Břevnov are among the long-term favorite locations of the clients of Svoboda & Williams. The average value of the achieved rent in Prague 6 did not see significant changes compared to the previous period. The average monthly rent for an apartment was CZK 34,000. A one-bedroom apartment was rented for around CZK 21,000, and a two-bedroom apartment for CZK 31,500 per month.

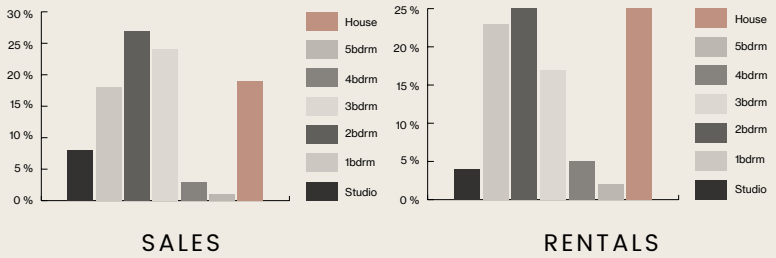
PORTION OF THIS DISTRICT IN THE MONITORED SAMPLE OF PROPERTIES





	Ø apt. price	Ø apt. size	Ø price per sq. m.		Ø apt. price	
			New apt.	Resale apt.	2+kk(1)	3+kk(1)
Sales	CZK 12,101,000	104.8 sq. m.	CZK 114,300	CZK 99,900	CZK 8,887,000	CZK 10,330,000
	-26%	-27%	-2%	6%	22%	1%
Rental	CZK 34,400	100.9 sq. m.	N/A		CZK 21,100	CZK 31,500
	-1%	-5%			-1%	1%

Average values during the monitored period (July 2018–June 2019) and their year-on-year change.

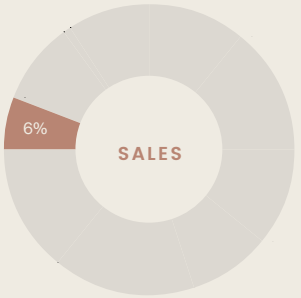


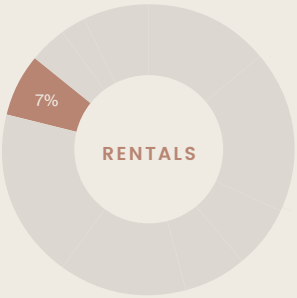
PRAGUE 7

The sample of sold apartments in Prague 7 occupies the lowest percentage in the monitored period. The high popularity of Prague 7, and especially of Letná, means that people rarely sell or rent their properties here. In terms of new housing construction, many projects are either still being built or are in the preparation phase (*Komunardů 35, CHYTRÉ BYDLENÍ NMN@Holešovice, Chateau Troja Residence,* and others). In the future analysis of prices, the sample of new apartments sold is sure to be more interesting. The average price of an apartment was CZK 9,765,000. A new apartment sold for CZK 107,600 per sq. m. and an older apartment for CZK 102,900 sq. m. Buyers paid an average of CZK 6,723,000 for a one-bedroom apartment and CZK 10,075,000 for a two-bedroom apartment.

The district's lower percentage in the sample is also the case of apartments for rent, which is the third lowest (only 7%). In the monitored period, mostly smaller apartments were rented with one-bedroom and two-bedroom layouts, which took up 87% of all rented apartments. Tenants paid an average of CZK 23,000 per month for a one-bedroom apartment and CZK 29,600 per month for a two-bedroom apartment.

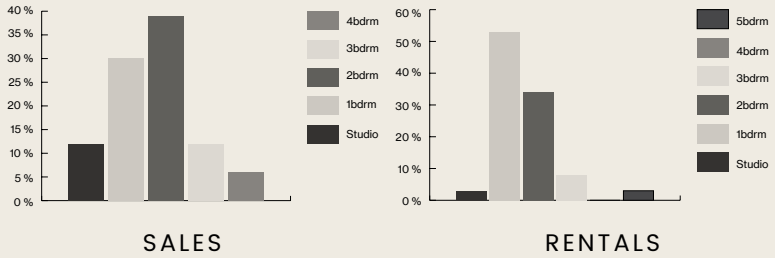
PORTION OF THIS DISTRICT IN THE MONITORED SAMPLE OF PROPERTIES





	Ø apt. price	Ø apt. size	Ø price per sq. m.		Ø apt. price	
			New apt.	Resale apt.	1bdrm	2bdrm
Sales	CZK 9,765,000	91.9 sq. m.	CZK 107,600	CZK 102,900	CZK 6,723,000	CZK 10,075,000
	7%	0%	-1%	5%	3%	24%
Rental	CZK 27,300	80.0 sq. m.	N/A		CZK 23,000	CZK 29,600
	-9%	-12%			6%	0%

Average values during the monitored period (July 2018–June 2019) and their year-on-year change.

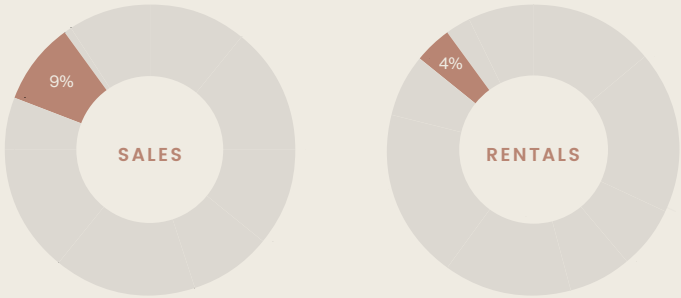


PRAGUE 8

The average size of an apartment sold in Prague 8 during the monitored period was the smallest in the sample – 81.8 sq. m. Half of the apartments were one-bedrooms. Two-bedroom apartments were 32% of the total sample of apartments in Prague 8. The average price reached CZK 8,803,000. A new apartment sold for an average of CZK 100,200/sq. m. and an older apartment sold for CZK 98,700/ sq. m. on average. Among the monitored residential projects this year here were *PRAGA Residence* and *Port Karolína,* both in Karlín.

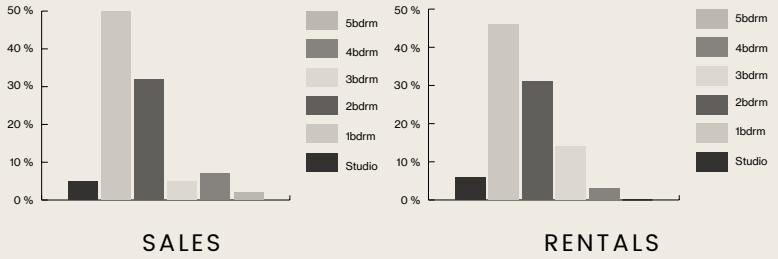
In the sample of rented apartments monitored by Svoboda & Williams, Prague 8 had the lowest percentage and the vast majority of the apartments were located in the attractive neighborhood of Karlín (80%). The demand for apartments in this area greatly exceeds the supply of available property. This is why the average rent here is almost as high as in Vinohrady. A one-bedroom apartment could be rented for CZK 23,700 per month and tenants even paid an average of CZK 36,550 per month for a two-bedroom apartment. The offer of apartments for rent in Karlín during the monitored period grew to include apartments in the *Rezidence Vltava, Corn Lofts,* and *River Diamond* projects or the newly reconstructed building on Březinova Street. New apartments in *Marina Boulevard,* the last residential part of the *DOCK* project in Libeň, constituted the remaining 20% of the sample of monitored apartments in Prague 8.

PORTION OF THIS DISTRICT IN THE MONITORED SAMPLE OF PROPERTIES



	Ø apt. price	Ø apt. size	Ø price per sq. m.		Ø apt. price	
			New apt.	Resale apt.	2+kk(1)	3+kk(1)
Sales	CZK 8,803.000	81.8 sq. m.	CZK 100,200	CZK 98,700	CZK 6,091,000	CZK 9,979,000
	12%	1%	0%	12%	16%	2%
Rental	CZK 30,100	83.4 sq. m.	N/A		CZK 23,700	CZK 36,600
	11%	8%			3%	17%

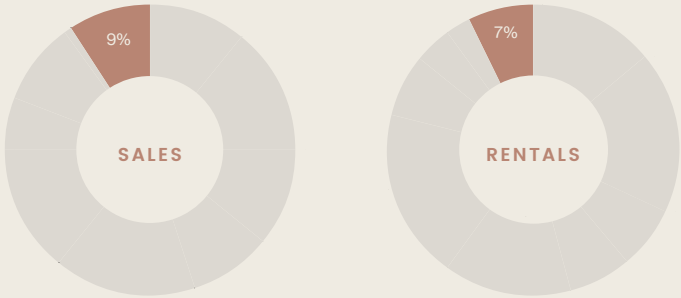
Average values during the monitored period (July 2018–June 2019) and their year-on-year change.



PRAGUE 10

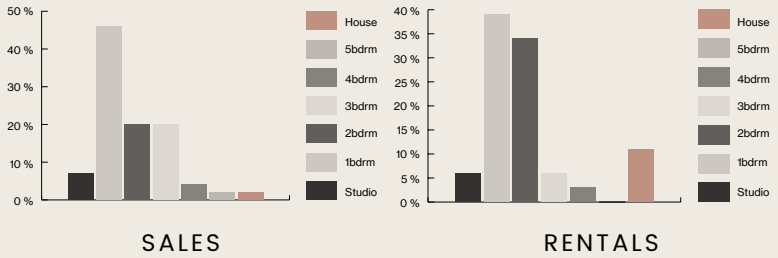
The relatively high average price of an apartment (CZK 10 mil.) as well as the price per square meter of a new apartment (CZK 113 thous.) in Prague 10 within the monitored period was mostly due to the sale of apartments in the new *Hradešínská Residence*, which is emerging in an elegant part of Vinohrady, along with apartments in the *Orelská 13 Residence* – a high-quality reconstruction of an Art Nouveau apartment building in Vršovice. Older apartments could be bought for an average of CZK 85,800/sq. m.; a one-bedroom apartment was sold for CZK 6,587,000 and a two-bedroom for CZK 8,519,000. Apartments for rent in Prague 10 are some of the most accessible in terms of price, despite the fact that 80% of the sample of apartments monitored by Svoboda & Williams consisted of apartments in Vršovice and in Vinohrady. The average size of a rented apartment was the second smallest above Prague 3 – 77.6 sq. m. A one-bedroom was rented for an average of CZK 18,900 and a two-bedroom for CZK 27,900.

PORTION OF THIS DISTRICT IN THE MONITORED SAMPLE OF PROPERTIES



	Ø apt. price	Ø apt. size	Ø price per sq. m.		Ø apt. price	
			New apt.	Resale apt.	1bdrm	2bdrm
Sales	CZK 10,033,000	91.7 sq. m.	CZK 113,100	CZK 85,800	CZK 6,587,000	CZK 8,519,000
	43%	1%	34%	11%	-12%	8%
Rental	CZK 25,100	77.6 sq. m.	N/A		CZK 18,900	CZK 27,900
	-7%	-12%			-5%	-11%

Average values during the monitored period (July 2018–June 2019) and their year-on-year change.



DATA SUMMARY

Average achieved rents vs. sales prices for specific layouts in Prague 1-10 (July 2018–June 2019)

Layout	Rentals Ø monthly rent	Rentals Ø apt. floor space	Sales Ø selling price	Sales Ø apt. floor space
studio	CZK 17,100	39 sq. m.	CZK 4,510,000	37 sq. m.
1bdrm	CZK 23,700	63 sq. m.	CZK 6,995,000	62 sq. m.
2bdrm	CZK 34,200	98 sq. m.	CZK 10,391,000	96 sq. m.
3bdrm	CZK 48,600	137 sq. m.	CZK 16,295,000	138 sq. m.
4bdrm	CZK 65,900	179 sq. m.	CZK 20,927,000	188 sq. m.

Source: data of SVOBODA & WILLIAMS

Overall summary of average achieved sales prices in municipal districts (July 2018–June 2019)

Municipal district	Ø apt. price	Ø price per sq. m.	Ø apt. floor space	New apt. Ø price per sq. m.	Resale apt. Ø price per sq. m.	1bdrm Ø apt. price	2bdrm Ø apt. price
Prague 1	CZK 14,387,000	CZK 169,100	88 sq. m.	CZK 198,600	CZK 158,300	CZK 11,494,500	CZK 14,829,300
Prague 2	CZK 9,571,000	CZK 125,200	83 sq. m.	CZK 134,400	CZK 116,600	CZK 7,248,000	CZK 11,510,600
Prague 3	CZK 8,560,000	CZK 107,600	78 sq. m.	CZK 115,000	CZK 99,800	CZK 6,264,800	CZK 9,963,000
Prague 4	CZK 7,439,000	CZK 84,300	85 sq. m.	CZK 81,500	CZK 91,000	CZK 5,554,100	CZK 7,220,600
Prague 5	CZK 10,580,000	CZK 100,800	100 sq. m.	CZK 103,100	CZK 98,500	CZK 5,643,900	CZK 10,090,000
Prague 6	CZK 12,101,000	CZK 106,400	105 sq. m.	CZK 114,300	CZK 99,900	CZK 8,886,800	CZK 10,329,700
Prague 7	CZK 9,765,000	CZK 103,200	92 sq. m.	CZK 107,600	CZK 102,900	CZK 6,722,800	CZK 10,075,400
Prague 8	CZK 8,803,000	CZK 99,800	82 sq. m.	CZK 100,200	CZK 98,700	CZK 6,091,300	CZK 9,979,300
Prague 9	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Prague 10	CZK 10,033,000	CZK 100,000	92 sq. m.	CZK 113,100	CZK 85,800	CZK 6,586,800	CZK 8,518,700

Source: data of SVOBODA & WILLIAMS

** Not enough data was available for Prague 9*

Overall summary of average achieved rental prices in municipal districts (July 2018–June 2019)

Municipal district	Ø monthly rent	Ø apt. floor space	1bdrm Ø monthly rent	2bdrm Ø monthly rent
Prague 1	CZK 41,800	102.7 sq. m.	CZK 31,500	CZK 45,300
Prague 2	CZK 34,600	91.3 sq. m.	CZK 24,300	CZK 37,900
Prague 3	CZK 28,400	76.4 sq. m.	CZK 23,000	CZK 32,200
Prague 4	CZK 28,600	90.2 sq. m.	CZK 20,700	CZK 26,900
Prague 5	CZK 32,300	95.3 sq. m.	CZK 23,400	CZK 30,100
Prague 6	CZK 34,400	100.9 sq. m.	CZK 21,100	CZK 31,500
Prague 7	CZK 27,300	80.0 sq. m.	CZK 23,000	CZK 29,600
Prague 8	CZK 30,100	83.4 sq. m.	CZK 23,700	CZK 36,600
Prague 9	CZK 25,200	82.6 sq. m.	CZK 16,500	CZK 29,000
Prague 10	CZK 25,100	77.6 sq. m.	CZK 18,900	CZK 27,900

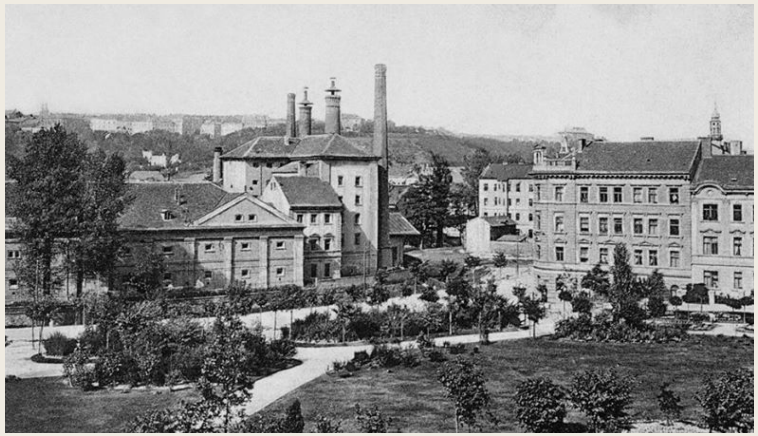
Source: data of SVOBODA & WILLIAMS

NUSLE: ON THE BRINK OF CHANGE

Nusle is a Prague neighborhood that has long marched to its own drummer. It is located close to the center of Prague, but has some almost suburban characteristics. Its somewhat bad reputation during the 1990s is now firmly in the past and it has become a very exciting area not just in the eyes of Prague's residents, but for investors as well. What other changes await this district below the iconic Nusle Bridge?

EARLY DAYS IN THE VALLEY

The picturesque Nusle Valley has a history that goes back hundreds of years. Early in the 11th century, ancient agricultural settlements gradually grew into a farmstead that raised grapes for wine making during the reign of Charles IV. It became such a famous wine-growing region that it was called Vineyard Valley. This tradition is reflected in Nusle's official seal, which features a depiction of grapes. Since its heyday as wine country, the neighborhood has gone through several changes, which erased all signs of its pastoral past. It went through its first urban renewal process at the end of the 17th century after a series of devastating wars.



The brewery that witnessed Nusle's first transformation can contribute to the neighborhood's current urban revitalization due to a planned redevelopment.

This was when the famous Nusle Brewery was established – at one time the largest private brewery in the Czech lands.

The most significant change occurred at the end of the 19th century, when its growth and expansion was spurred on not only by the industrial revolution and the construction of the railway line, but also by the demolition of the old ramparts of the city, which acted as a physical barrier between Nusle and the center of Prague. During this time, railway employees, low-level clerks, and the workers of the new soap, candle, and margarine factories flocked to the area, which led to a construction boom. The heretofore empty plots were gradually completely built up.

Nusle's infrastructure continued to grow and improve well into the turn of the 20th century, when its sewerage system was built and the neighborhood was connected to a wastewater treatment plant. Also, the tram line from the Vinohrady Railway Station was extended to the center of Nusle. But the most significant traffic improvement was the construction of a bridge over the Nusle Valley. After many long years of planning and various designs, the Nusle Bridge was finally finished in the 1970s. This cement colossus that stretches from one side of the valley to the other is now an important architectural monument in a neighborhood already rich in history.

After the Second World War, the neighborhood fell into disrepair. The convoys of Soviet Army tanks that occupied the city at the end of the 1960s also set the neighborhood back – the tanks' heavy treads destroyed Nusle's newly built streets. After the Velvet Revolution, the situation slowly started to improve, but until recently Nusle remained a rather overlooked inner city neighborhood.

„Nusle went through its first urban renewal process at the end of the 17th century after a series of devastating wars. This was when the famous Nusle Brewery was established.“

1 4U LIVING

NEW BUILDING
Pod Děkankou 634/35, Praha 4 - Nusle
Completion of construction: Q1 2018
Number of apartments: 54
Layouts: Studio to 5bdrm
Average achieved price: CZK 96,500/sq. m.

2 REZIDENCE U GRÉBOVKY

NEW BUILDING
Ctiradova, Praha 4 - Nusle
Completion of construction: Q3 2018
Number of apartments: 27
Layouts: Studio to 3bdrm
Average achieved price: CZK 83,500/sq. m.

3 REZIDENCE U JEZERKY II

RECONTRUCTION, SALE OF APTS. PRIOR TO RECONSTRUCTION
Horní 1465/8, Praha 4 - Nusle
Completion of construction: Q4 2017
Number of apartments: 10
Layouts: Studio to 2bdrm
Average achieved price: CZK 70,755/sq. m.

4 REZIDENCE ROSTISLAVOVA

NEW BUILDING
Rostislavova 3, Praha 4 - Nusle
Completion of construction: Q2 2019
Number of apartments: 15
Layouts: Studio to 3bdrm
Average listed price: N/A

5 BYDLENÍ NUSLE

NEW BUILDING
U Pernštejnských 4, Praha 4 - Nusle
Completion of construction: Q3 2019
Number of apartments: 17
Layouts: Studio to 2bdrm
Average listed price: CZK 94,000/sq. m.

6 NOVÁ „NUSELSKÁ“

NEW BUILDING
Nuselská 1419/53, Praha 4 - Nusle
Completion of construction: Q4 2020
Number of apartments: 146
Layouts: Studio to 3bdrm
Average listed price: CZK 97,000 sq. m.

7 NUSELSKÝ PIVOVAR

NEW BUILDING, RESIDENTIAL AND ADMINITRATIVE USE
Bělehradská 1677/13a, Praha 4 - Nusle
Completion of construction: 2021
Number of apartments: 400
Layouts: N/A
Average listed price: N/A

8 NUSELSKÁ 31

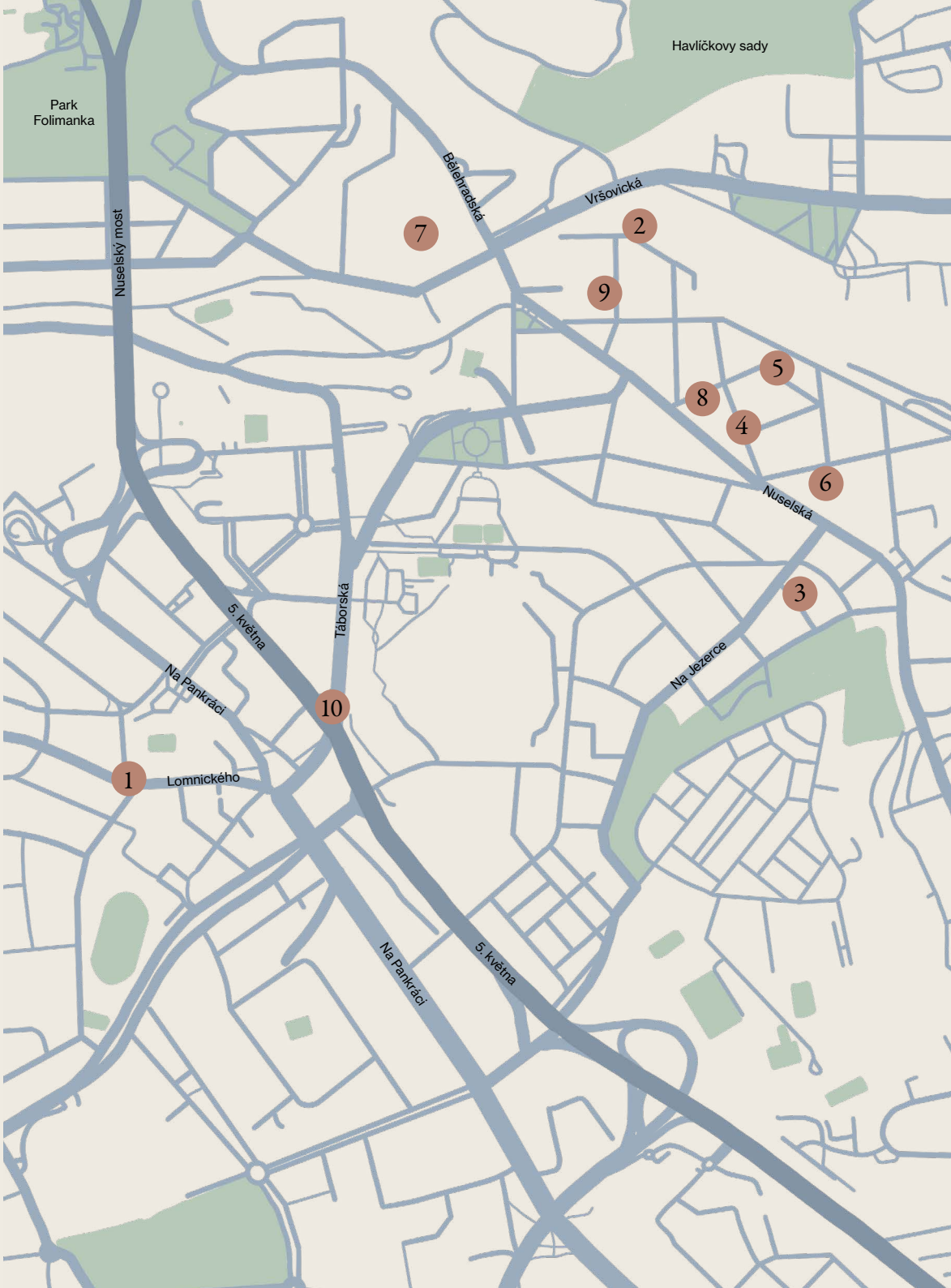
RECONSTRUCTION OF AN APT. BUILDING
Nuselská 143/31, Praha 4 - Nusle
Completion of construction: N/A
Number of apartments: N/A
Layouts: N/A
Average listed price: N/A

9 ČESTMÍROVA 9

RECONTRUCTION, SALE OF APTS. PRIOR TO RECONSTRUCTION
Čestmírova 9, Praha 4 - Nusle
On sale from: Q3 2018
Number of apartments: 25
Layouts: Studio to 3bdrm
Average listed price: CZK 89,000/sq. m.

10 TÁBORSKÁ AND NA PANKRÁCI STREETS

RECONSTRUCTION OF THE STREETS CONNECTING NUSLE AND PANKRAC
Táborská–Na Pankráci
Starting in 2019
Completion of reconstruction: N/A



NUSLE TODAY AND TOMORROW

A large section of Nusle gradually turned into a residential area with buildings that boasted ornamental facades in Neo-Renaissance, Art Nouveau, and Neo-Gothic styles. Today, thanks to the grandeur of many of its buildings, its abundance of green spaces, and its excellent accessibility to the center of Prague, Nusle is once again an attractive neighborhood to live in. Alongside its most popular bars and restaurants that have stood the test of time, such as *Zlý časy,* which was mentioned in the *New York Times,* or the *U Bansethů* pub, new establishments like the cafes

> "In neighborhoods with similar histories and development, such as Karlín or Holešovice, prices like these are now extremely hard to come by."

Typika or *Nusle Beans* now draw residents from the center of the city to their chairs and tables. And others are sure to follow in their footsteps. Within the last 4 years, several community gardens have sprung up. What is going on in Nusle can be compared to what happened recently in Karlín. In just a decade, a forgotten neighborhood was transformed into a culinary mecca that attracts foodies and coffee connoisseurs from far and wide, a place with a relaxed atmosphere and a sense of community. Nusle stands at the beginning of this urban transformation, but we can see the first signs of the gentrification process underway already today.

The fact that Nusle is full of brownfields, gaps and unused spaces, and dilapidated buildings has not gone unnoticed by investors and developers. Several projects (some are already completed, some are being constructed, and others are still being planned) have had a significant impact on the character of the neighborhood.

One of the finished projects is the **4U Living** residence built by Green Cape International and designed by architect Barbora Škorpilová. This apartment house stands between Procházkova and Pod Děkankou streets. In 2018, **Rezidence U Grébovky** received final approval. This residence was realized by the Moravská stavební – INVEST company. Soon, an apartment complex designed by SOFIZO – **Bydlení Nusle** – will be unveiled. The average achieved price for units in the first two mentioned projects is CZK 96,500/m² and CZK 83,500/m² respectively. In neighborhoods with similar histories and development, such as Karlín or Holešovice, prices like these are now extremely hard to come by.

Even bigger change is yet to come, however. One ambitious project in the works is **Bytový dům Nuselská** (Nuselská Apartment House), which will fill in the large gap between buildings on Nuselská, V Horkách, and Kloboučnická streets. The project with the highest urban renewal factor, however, is being prepared by PENTA Real Estate, which is planning to redevelop the previously mentioned Nusle Brewery into a new, independent neighborhood that will include 400 apartments, offices, and retail space. The new **Nusle Brewery** will once again be the center of the entire district.

MODERN INFRASTRUCTURE SOON TO FOLLOW

The beautification of Nusle is not just up to developers. Two projects prepared by the *Prague Institute of Planning and Development* will also have a significant impact on the neighborhood's infrastructure. The first and most long awaited is the new D line of the Prague metro system. According to the current plan, the new line will go from náměstí Míru through Nusle (with a stop on

> "Work on the new metro line officially started in June 2019."

náměstí Bratří Synků Square) all the way to Písnice. Work on the new metro line officially started in June 2019 when Prague mayor Zdeněk Hřib broke ground on the first construction site.

The other project is the reconstruction of Táborská and Na Pankráci streets, which connect Nusle and Pankrác. Adjacent streets will also be repaired, conditions for pedestrians and cyclists will improve, and the entire area will be completely revamped. Since Pankrác in recent years has become a sought-after business district that stretches from the Pražského povstání metro to the skyscraper-filled Pankrác Plain, this will be a more than welcome revitalization.

A NEIGHBORHOOD IN MOTION

It's surprising that Nusle has had to wait until now for its urban renewal. It may not have the elegant, wide, tree-lined streets typical of Vinohrady, or be as popular as Vršovice, but it has an unmistakable charm – a down home feel, slightly bohemian in places. It's only a few minutes to the center of Prague, it boasts many parks, the slope under the Vyšehrad ramparts is a peaceful place for a daytime or evening stroll, there are several theaters with rich histories... nature and culture has space to grow.

Unlike the above-mentioned Prague districts, one simple thing sets Nusle apart, something positive that other parts of the wider center of Prague have lost. Vinohrady and Vršovice contain both residential and administrative sections within their borders. In comparison, from the Pražského povstání metro and the Pankrác Plain it's only a short distance to the Nusle Valley, but here residents will never have to fear that their favorite restaurants will be full to bursting during the lunch hour with hundreds of hungry employees working in enormous office buildings. This is what makes Nusle truly unique. Although there are many offices and businesses in Nusle as well, they stand apart from the residential areas and have not negatively impacted the tight-knit community nature that this part of town is known for.

In our first Market Report, we wrote about the process of gentrification in Holešovice, which led to the rapid rise in

property prices there. The first signs of the changes that will lead to investment opportunities have already come and gone in Prague 7. Nusle, however, is now in a transitional phase. The revitalization process is slowly underway, and now is the right time to jump on this moving train. If Nusle fulfills its potential, investments in this neighborhood will definitely pay out in the long run.

"Although there are many offices and businesses in Nusle as well, they stand apart from the residential areas and have not negatively impacted the tight-knit community nature that this part of town is known for."

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