



## Market in Recreational apartments

# Q2-3 2009 SLOVAKIA

Over the last year, newly finished holiday apartments have significantly increased the level of accommodation in every holiday destination in Slovakia. Construction has helped popularity and visitor numbers of the less attractive sites too. They are therefore becoming increasingly attractive in terms of investment for future buyers. Year-round marketing of the centre or project is important however.



### supply

Total supply is reduced, the number of completed apartments for sale rises

### SUPPLY

In absolute numbers, 66 projects are now offering a total of 4,742 apartments. The supply of vacant apartments is essentially unchanged. There are now almost 2,350 vacant holiday apartments on the market, which represent 49% of the total number of apartments in projects in Slovakia. The richest region for holiday apartments is traditionally the High Tatras. A total of 25 projects are offering almost half of 2,200 apartments. The Low Tatras region is not lagging behind with 878 apartments and other areas of Slovakia with 956 apartments (eg Kubínska Hoľa, Martinské Hole, Slovak Paradise, Bojnice, Vyšné Ružbachy etc.). The current supply has fallen over the last six months by 173 apartments in four projects due to the discontinuation of sales, three projects (179 apartments) sold out. In two projects (59 apartments), the sales turned into rentals. For the past six months on the other hand, two projects (35 apartments) came onto the market in Donovaly and Martinské Hole. Today 37 projects have almost 2,200 apartments completed in all regions, with two-thirds of them already sold. Developers are already renting out completed vacant apartments, because interest in accommodation in apartment blocks during the holidays is growing. For example the Hrabovo Apartments project where occupancy during the last winter and summer season exceeded 80%. The Lomnica Apartments in Veľká Lomnica are now running in a similar way. The model in which the apartment is an investment product has proven to be successful after the first season of apartments was finished last year. Similar projects are already coming onto the market, for example Grand Residences Jasna. As well as the apartment itself, developers offer a number of free bonuses ranging from ski-passes to the guaranteed returns.

Finished apartments	2009	2010
Number of projects	37	25
Total number of apartments	2197	2418
Number of vacant apartments in finished projects	714	1 530



## Market in Recreational apartments

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A further 25 projects offering over 2,400 apartments will try to be ready for the next winter season. About 1/3 of them have been sold so far. In the course of the coming year apartments in, for example, the Kukačka Apartments project in Tatranská Lomnica will come on-stream.



#### demand

Demand is concentrated in known locations with better amenities

#### DEMAND

The summer tourist season, which, according to visitor numbers is stronger than the winter, left a positive signal in the form of 231 apartment sales in 29 projects. Most interest in buying second homes was reported by projects in the High and Low Tatras (64 and 71 sales respectively). Sales appear to be being supported by investors' building activity in expanding and extending the ski-runs and increasing lift capacity by building new and more comfortable cable-cars. An unmistakable sign of the success of long-term investment not only in accommodation capacity in the centres, but also to service and quality throughout the centre, for example, can be seen in the sales figures for Jasna, Tatranská Lomnica, Štrbské Pleso or Donovaly.

apartments sold	3/09 - 10/09
<b>High Tatras</b>	<b>64</b>
Low Tatras	71
<b>Kysuce</b>	<b>23</b>
Liptov a Ružomberok	13
<b>Other</b>	<b>60</b>



We have seen a successful summer season in the areas of spas and golf. In Bešeňová the last vacant apartment was sold and projects near the Tatralandia Aquapark and Liptovská Mara also recorded successes. Golf fans have been attracted to the nearcompleted project in Senica over the last half year, where under a third (56 of 207) of the cottages remain vacant.



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### prices

Prices of apartments sold ranged from 910 EUR / m<sup>2</sup> excluding VAT in 3482 EUR/ m<sup>2</sup> excluding VAT, with an average price of 1,930 EUR/ m<sup>2</sup> without VAT

### PRICES

Because their desire to sell recreational real estate faster, most developers are willing to negotiate sales prices of apartments. Just a few projects are changing their list prices but, nevertheless significantly. Discounting itself does nothing to sell as the price is a secondary consideration in this case.

Prices of recreational properties have not changed during the past six months. The average price for all apartments stands at EUR 1,824 per sq m excluding VAT and the price of 1 sq m in projects ranges from EUR 616 to 4,335 excluding VAT. The most expensive regions are the High Tatras, with an average price of EUR 2,003/sq m, followed Liptov and Ružomberok with an average of EUR 1,897/sq m and the Low Tatras, with an average price of EUR 1,763/sq m.

Prices of properties sold in this period exceeded the overall average of approximately EUR 100 per m<sup>2</sup> excluding VAT. Apartments sold in the period from April to October were in the price range of EUR 910 / m<sup>2</sup> to EUR 3,482 / m<sup>2</sup> excluding VAT, with an average price of EUR 1,929 / m<sup>2</sup> excluding VAT.

### prognosis

Resorts amenities and a clear intention of the project usage will increasingly determine the success rate of sales and apartment living, even after final building approval

### PROGNOSIS

The past period has shown that the apartment building makes sense only if there is investment in infrastructure in the area, including services, shopping and in the modernisation and increasing the capacity of the technical and operational means needed for the main activity of the winter or summer resort. Marketing the actual centre is as important as or even more important than advertising the project. The range of activities and amenities available at a site is still playing an important role, and they will always determine the success or failure of individual projects as well as the occupancy rates and return on investment. We can therefore expect either further tourist development in already built areas, or interest from developers in building in already operational locations.

Ing. Filip Žoldák



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#### **LEXXUS is participating in sale of 14 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

#### **and 12 residential projects:**

- Jantár Jarovce
- Vinohradis
- Tri Veže
- Dubravia
- Blížne Zamajerské
- Rezidencia Záhorská
- Vienna Gate
- Senec Gardens
- River Park
- Citadela Vista
- Bytový dom Brečtanka
- Slanec Pekná Cesta

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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.

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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. A survey of secondary market was created for the sample of 300 dwellings from the menu the portal Reality.sk of 10 from each category of housing and urban parts..