

LEXXUS



New Apartments Market Bratislava

Q1 2010

Declining demand for new housing over the past 18 months caused a small number of projects starting the past year and this year, too. The begun projects had to match their pricing policy with buyers' expectations and thus the pricing level of 2006, respectively the first half of 2007. Combined with the fact that a client is unable to choose suitable housing from the existing projects, starting developments are quite successful in comparison to the existing competitors, despite selling apartments from a paper.

Supply

**Supply is gradually decreasing, new projects are added sporadically.
Quality not quantity outclasses.**

Two new projects launched their sales. Slnčnice (Bratislava V) project was initiated with a pre-sale of 80 residential units, 50 apartments were put on sale in the Glavica project in Devinska Nova Ves (Bratislava IV). The supply is thus extended by the project in the outskirts offering a very attractive price levels. More and more, a trend of increasing orientation to the categories of 1kk, 2kk 3kk units with a "panelak housing" size becomes visible. Developers are aware of a need to streamline the housing design into smaller areas, because of the higher probability of market accepted prices.

There are still apartments for sale in 114 projects; the total current supply is 4.719 vacant apartments. They represent 40% of the total number of apartments in those 114 projects. Out of these, 84 projects are completed, with the total number of vacant apartments reaching 2.614.

District	Completed		Under construction	
	Projects	Vacant apartments	Projects	Vacant apartments
BA I	12	331	5	101
BA II	16	507	10	1396
BA II	27	757	5	116
BA IV	21	672	4	199
BA V	8	347	6	293
Total	84	2614	30	2105

Vacant unsold apartments - Q1 2010 Bratislava

Demand

Compared to Q1 2009 demand grew by nearly 50% , most sold in BA III.

The relatively long-lasting mild winter caused decline in demand compared to the last quarter of 2009. Compared to Q1 2009, however, the demand increased by more than 50%. In the first quarter of 2010 a total of 360 new apartments were sold in 52 projects. The sales rate as per the number of dwellings per project counted 2, 31 apartments monthly.

The most apartments were sold in Bratislava III district, and the least apartments in Bratislava I. This fact alone is a result of the total number of projects and the geographic size of Bratislava districts, which causes price diversity of the larger districts and on the other hand the limited supply of the smaller districts.

District	Projects selling	Sold apartments
BA I	4	34
BA II	11	83
BA III	15	113
BA IV	14	90
BA V	8	40
Total	52	360

With regards to the projects themselves, the demand is very unstable and development cannot be assumed. Each project records the greatest interest at the launch of sale and demand weakens in time.

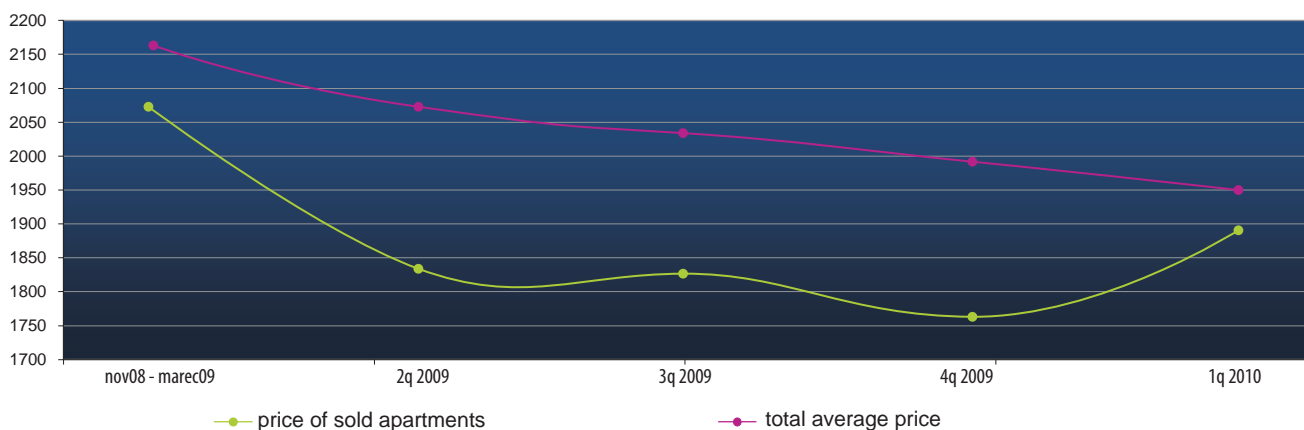
Prices

Despite an overall declining trend in average price, the price of projects in which apartments have been sold, increased.

The trend of decreasing prices of new apartments offer lingered in the Q1 2010. The average price of a new apartment dropped to 1,947 €/m² excl. VAT. Despite decreasing prices of apartments sold, compared to the last quarter of 2009, the price level rose to 1891 €/m² excl. VAT. There might be a few reasons. Stagnating prices and only minimal increase in supply forced clients to choose from more expensive projects, which however better reflect their housing demands. Another reason may be a better mood on the market as for the overall optimism and loosen conditions of banks for mortgages approval.

Prices fell in 30 projects, compared to the Q4 2009, in average by 8%. Despite lower prices, even by more than 20%, some of them didn't have any sales. This confirms the theory that the unattractive projects will probably sell only after a dramatic change or price reduction, because "a bad product has no value for a client."

Total average price vs. Price of sold apartments



Prognosis

Now started projects meet all the preconditions for successful sales in the next year, demand for new housing continues to grow.

Assuming an again functioning seasonality of sales and therefore considering the first quarter being the weakest period of the year, it is possible to expect increases housing sales in 2010 compared to the last year. A shrinking supply of "good living" together with the pressure on the projects sales prices and on apartments not meeting buyers' expectations, will only support this fact.

Most of the projects have already been on the market for more than two years and so the appetite for new housing will only grow until the end of the year. Projects launching the construction or sales this year have a strong presumption of success in the next year, provided that they continue building. The focus on projects nearly completed or already completed will graduate.

LEXXUS is participating on sale of 12 residential projects:

Jantár Jarovce	Vinohradis
Tri Veže	Dubravia
Blíže Zamajerské	Rezidencia Záhorská
River Park	Citadela Vista
Bytový dom Brečtanka	Slanec Pekná Cesta
Slečnice - Južné mesto	Perla Ružinova

And 8 leisure projects:

Apartmány Hrabovo	Grand Residences Jasna
Apartmány Veľká Lomnica	Apartmány Kukučka
Triangel Donovaly	Smrek
Pálenica	Jazero Vojka

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The Research and Real Estate Consultants Department in Bratislava performs activities focused on the market research, new residential constructions monitoring and consultations when planning new apartments and leisure projects.

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.