

# MARKETBEAT RESIDENTIAL NEW BUILDS MARKET BRATISLAVA Q4 2024



## MARKET FUNDAMENTALS Q4

	YoY Chg	12-Month Forecast
<b>3,244</b> Available units	▼	▲
<b>821</b> Sold units	▲	▼
<b>€5,600</b> Average listing price per sq m (1-bed + kitchen)	▲	▲
<b>3.1%</b> YoY Real wage growth Q3	▼	▲
<b>4.0%</b> Average mortgage rate September <i>(New residential development only)</i>	▼	▼

## ECONOMIC INDICATORS

	YoY Chg	12-Month Forecast
<b>1.2%</b> GDP Growth Q3 2024	▲	▲
<b>3.7%</b> Unemployment Rate November 2024	▼	—
<b>2.9%</b> Inflation December 2024	▼	▼

Source: BuiltMind, NBS, Slovakia Statistical Office

## ECONOMY: POSITIVE FUNDAMENTALS FOR RESIDENTIAL SALES GROWTH

The stabilization of inflation in the Eurozone close to the 2% target led the European Central Bank to reduce the main interest rate by 135 basis points to 3.15% over the past year. The slight reduction in mortgage interest rates contributed to a gradual recovery in the residential market, although affordability remains constrained. Unlike the favorable developments in the Eurozone, December inflation in Slovakia remained at 2.9% and 2.8% for whole 2024. Inflationary pressures are expected to persist in 2025, with inflation projected at 4.1%, according to the NBS.

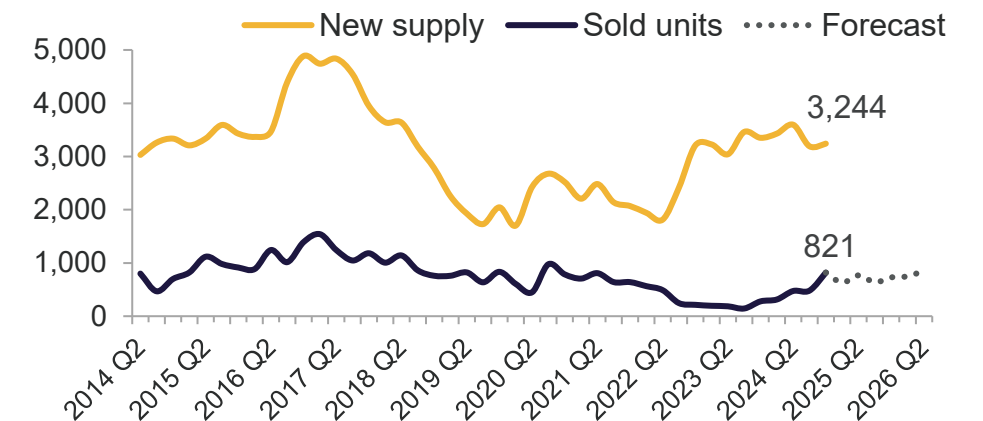
Slovakia maintains a stable credit rating with moderate risk, and government fiscal consolidation is expected to help stabilize public finances, though its actual impact will become apparent over the course of the year. The labor market remains stable, with unemployment gradually declining to 3.7% over the past six months, driven primarily by sectors such as trade and services. Limited labor availability, particularly in the western part of the country, is increasing pressure to integrate foreign workers, especially in manufacturing. The low unemployment rate has positively influenced real wage growth, which has risen by 13% since 2020. This growth has translated into a 4% increase in consumer spending during the first 11 months of 2024.

## SUPPLY AND DEMAND: STRONG YEAR-END

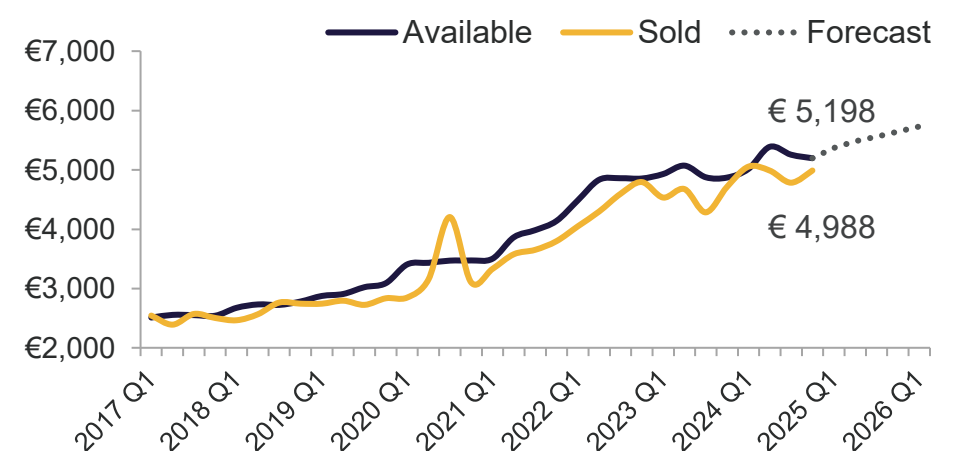
The new-build market in Bratislava experienced a strong year-end, with over 820 units sold, driven by declining interest rates and concerns over higher VAT rates effective from January 1, 2025. These factors also influenced property prices, which rose by 4% in Q4 compared to the previous one. In the first half of 2025, we expect further moderate price increases, mainly due to the higher VAT rate.

Mortgage rates remain more than 0.50% above the Eurozone average, while a year ago they were at the same level. There has been a renewed interest in smaller apartments, which saw the highest demand in Q4. The average size of sold apartments remained unchanged in Q4 after a 14% drop at the beginning of 2024 (from 68 to 59 sqm). The return of investor appetite, particularly for one-bedroom and two-bedroom apartments, is contributing to the further development of construction in the city. Developers have announced several new projects, including in the Downtown area. Once a predominantly commercial zone is gradually transforming into an area dominated by residential development.

## NEW SUPPLY FOR NEW BUILDS / SOLD UNITS

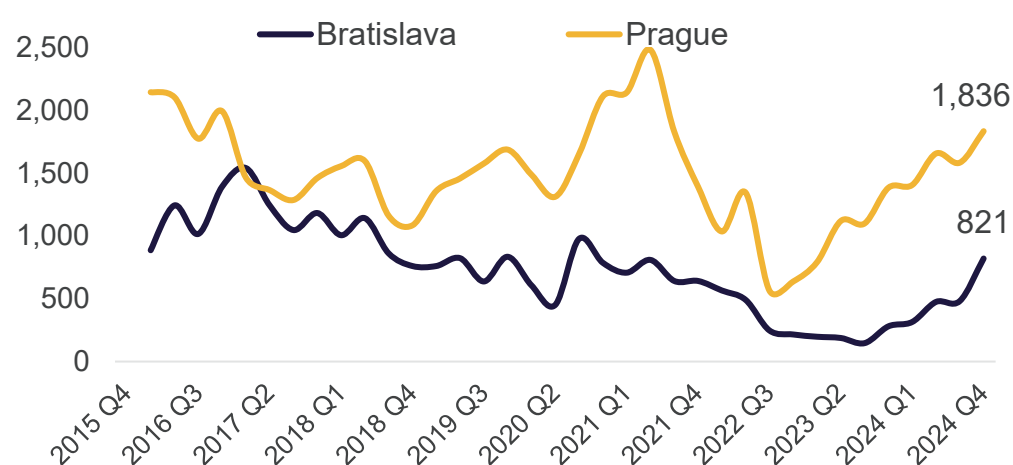


## AVERAGE PRICE OF NEW BUILDS PER SQ M

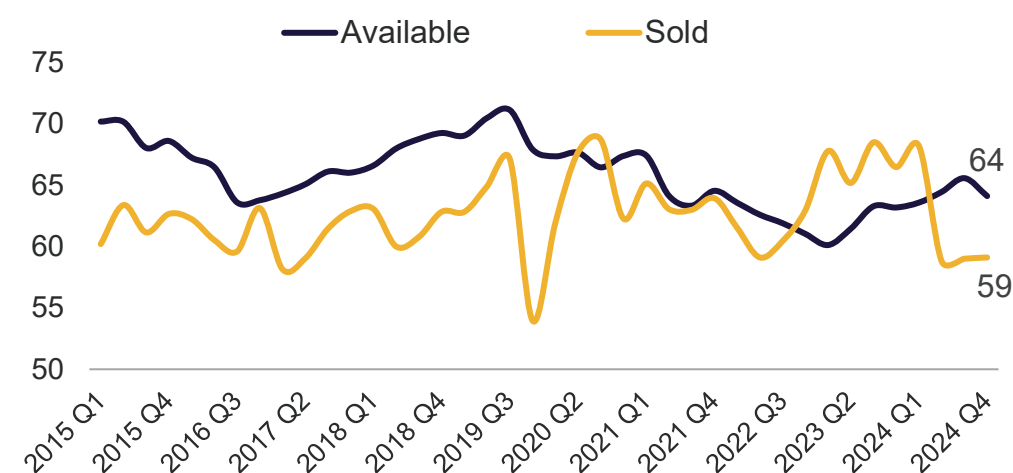


Source: BuiltMind

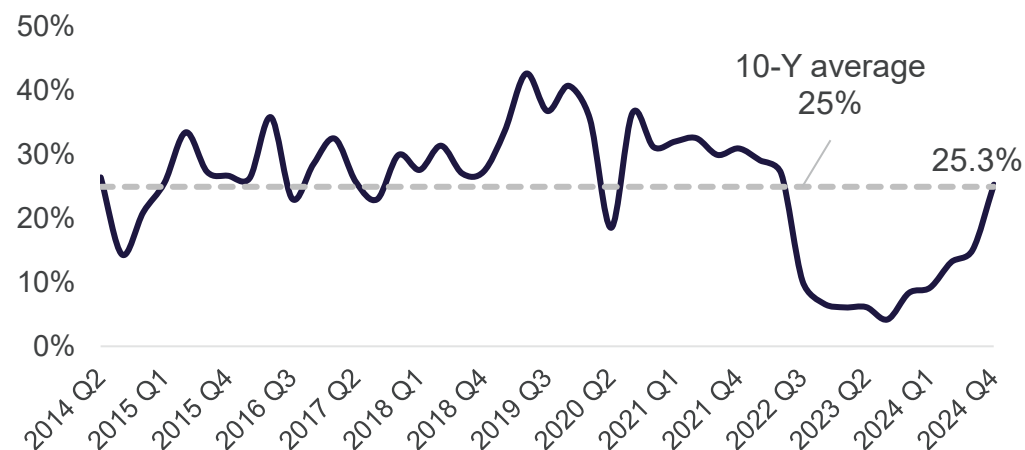
**NEW BUILDS UNITS SALES: BRATISLAVA vs. PRAGUE**



**NEW BUILDS AVERAGE FLOOR AREA (SQ M)**



**NEW BUILDS ABSORPTION (SOLD / AVAILABLE)**



Source: BuiltMind

**PRAGUE vs. BRATISLAVA: TRIPLE DEMAND GROWTH IN BOTH MARKETS**

Both markets have seen a significant increase in demand in recent quarters, with the Bratislava market experiencing a particularly strong surge in the last quarter. Further support for demand is expected with the growth of real wages and continued declines in mortgage rates. Following a sharp decline in 2022, both markets are approaching numbers seen during the pandemic period. Compared to Bratislava’s strong year-end performance, the Prague market shows a more evenly distributed recovery over time. This can be attributed to factors such as:

- Demographics - a larger population and higher immigration.
- Faster real wage growth compared to Slovakia.
- Prague residents are better equipped to handle rising housing costs.
- Real estate prices and housing availability attract a higher number of international investors and expatriates.
- A larger number of developers, leading to a wider range of available properties.

**AVERAGE AREA: STABILIZING AFTER RAPID DECREASE**

The average size of available units has been increasing over the past two years, while size area of sold units has stabilized after a sharp decline. The attractiveness of smaller apartments may be driven by several factors:

- The significant rise in apartment prices has led developers to offer more smaller units due to their affordability.
- Buyers, particularly younger individuals and couples, often prefer smaller apartments as they are more financially accessible and easier to maintain.
- An increasing number of households with fewer members is creating demand for smaller, design-efficient living spaces.

**ABSORPTION RATE: BACK TO AVERAGE**

Over the past two years, absorption (the ratio of sold apartments to available units) remained at single-digit levels, but it significantly increased over the past year, reaching 25% in Q4 due to higher sales at the end of the year. The sharp decline compared to the 10-year average (25%) was driven by reduced sales and a growing supply of new developments on the market, particularly in 2022-2023, when the residential market slowed significantly. In the coming quarters, we expect stabilization or a slight decline in absorption.

**TRENDS AND EXPECTATIONS**

- In Slovakia, purchasing a 70 sqm apartment requires an average of 12.7 annual salaries, and in Bratislava, 12.9 annual salaries.
- Slovakia has long ranked at the bottom in housing affordability due to the high number of premium properties relative to average wage levels. We therefore expect a faster recovery in demand in suburban areas with lower prices.
- In the context of declining interest rates and rising real wages, we expect price stabilization or slight growth in apartment prices, depending on the segment, location, quality, and competitive advantage of specific projects. A slight price correction may occur for less competitive projects to accelerate sales. This trend mirrors developments in other countries. Although nominal prices of new-build apartments have not undergone a price correction, their real prices have declined since the peak of the cycle in Q3 2022, considering high inflation over the past two years. This creates room for market stabilization and further growth.



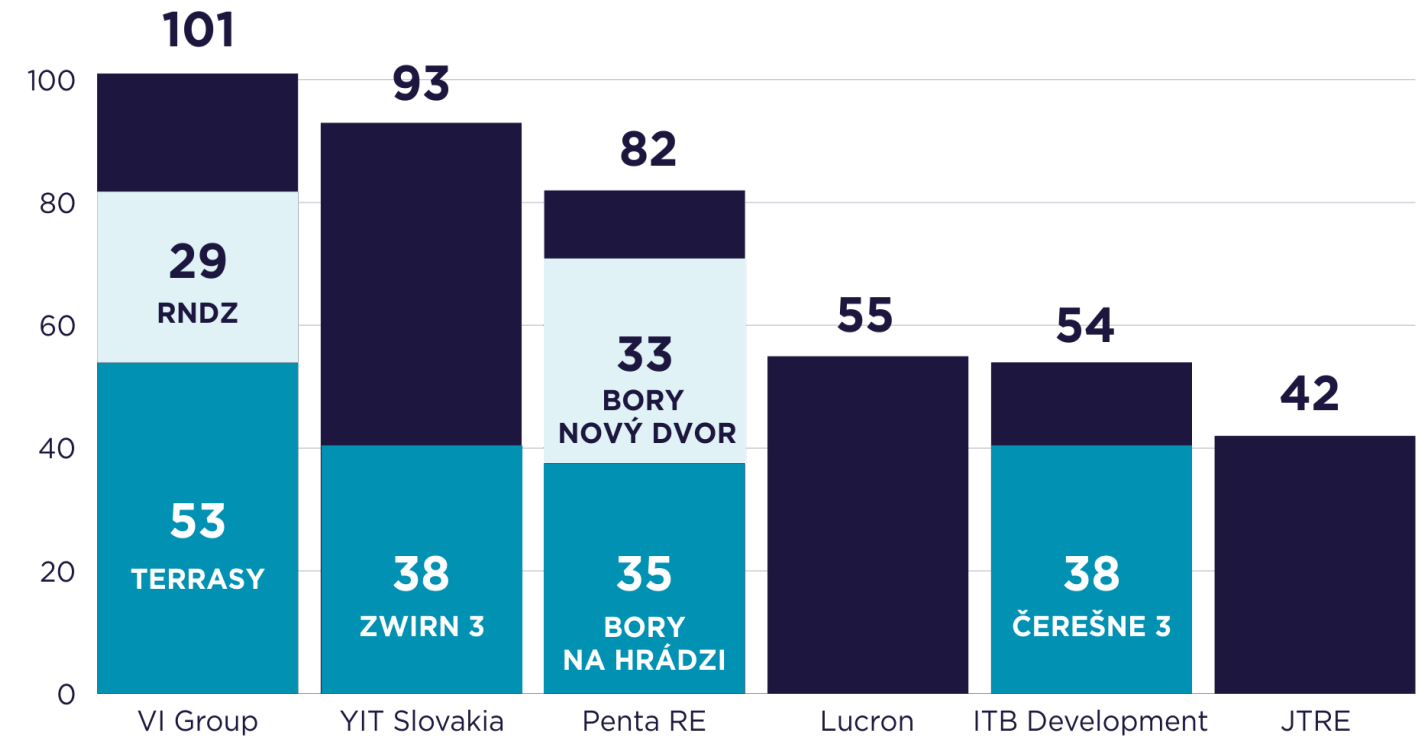
## BEST-SELLING PROJECTS IN Q4 2024



In Q4, 821 public sales were completed across 75 projects. Unlike previous quarters, there were no significant differences between individual project sales this quarter. **The top six projects accounted for 28% of the new-build market.**

Public sales primarily took place in the outskirts of the city, including areas such as Rača - Komisárky, Východné, the Bory zone, and Dúbravka. However, projects in Downtown, particularly Zwirn, as well as the areas around the airport and Ružinov, continued to progress successfully.

## DEVELOPER SALES Q4 2024



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