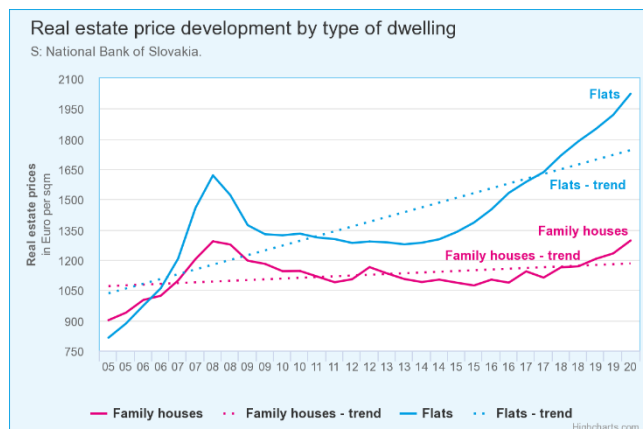


Slovak real estate price trends

The Slovak residential real estate market was hit by the second economic crisis in the last 15 years. Compared to the first one, which was caused by the financial markets, the current crisis is caused by a new virus. The transmission of the virus through aerosols and its relatively long incubation period has led to its spreading worldwide in a short time. Slovakia was not prepared for this situation, so the government of the Slovak Republic considered the health of the population more important than the economic consequences.

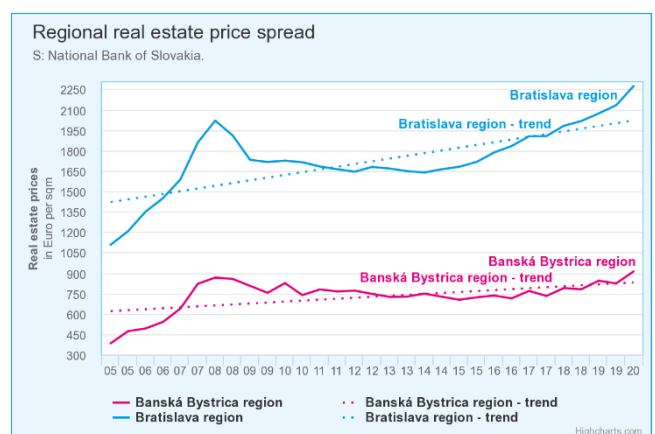
The Slovak real estate market recorded a slight decrease in turnover in the 1st quarter of 2020, but even this did not stop the growth of real estate prices. Unlike in the first crisis, demand currently far exceeds supply and price growth is not expected to come to a standstill. Many developers are building apartments that are already being sold in the project preparation phase. After the first crisis in 2008, there were a number of large apartments on the market that were considered unsaleable at the time. Due to the gradual increase in demand and the reduction of mortgage interest rates, these apartments have also been sold in the meantime. Based on previous observations of market behavior, it is expected that the rate of price increases will decrease.



After the crisis in 2008, the recovery of the Slovak real estate market took longer than expected. Real estate prices developed differently depending on the type of property. In the case of flats, the fall in prices came to a halt in 2013 and prices from the period before the crisis were exceeded in 2017, while the recovery in the case of one and two family houses was slower. The decline in prices for family houses came to a halt in 2017, and prices from the pre-crisis period were not overcome until early 2020. Depending on the type of property, the rate of price increases over the last 15 years also varies. Prices for family

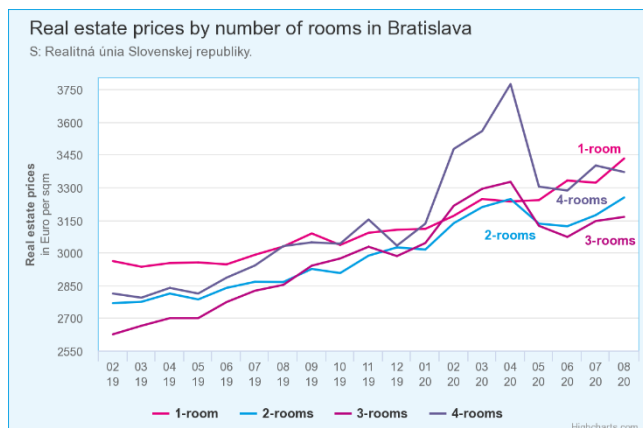
houses rose more slowly during the period under review, namely by 44% (17% since 2017). Prices for flats grew much faster, namely by 149% during the period under review (58% since 2013).

Slight differences in the overall trend of real estate prices were observed in the Slovakian regions. The Bratislava region surpasses the rest of Slovakia in terms of price levels by far. This is largely due to the capital city effect of Bratislava. A comparison of the regions with the highest and lowest prices and their development over the last 15 years is shown in the chart. In the Bratislava region, prices increased by 205% during the observation period (since 2014 by 39%). In the Banská Bystrica region, prices increased by 238% during the observation period (since 2014 by 25%). The rate of price increase is similar in all regions of Slovakia, but the price base was different. By way of comparison, real estate prices in the Bratislava Region were 2.0 to 2.5 times higher than in the Banská Bystrica Region during the reporting period.



At present, the highest real estate prices can be found in Bratislava. Also the biggest shortage of dwellings is in Bratislava. The prices for flats depend on the location, the view of the city, the availability of public transport. The price range varies from 2 500 Euro to 6 000 Euro per square meter. The COVID crisis has not stopped the pace of price increase in Bratislava. In some cases, prices have been influenced upwards. Due to the lack of vacant properties and lower household income, lower growth rates are expected. The attractiveness of buying an apartment and then renting it out is decreasing. In contrast to real estate prices, rents in the private sector have fallen. Partly caused by the market panic following the Airbnb restrictions. Owners began to prefer long-term rents over local citizens, as they lost rental income from foreign tourists. A

higher number of vacant properties appeared on the market, which caused prices to fall.



Property prices are rising despite the corona crisis. This trend has been observed on our real estate market for several years. The desire of Slovak citizens for their own housing was not stopped even by the first wave of measures against the spread of the pandemic.



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