

Press Release

Czechs Save for New Housing the Longest in Europe

Prague, 2 October 2018 – The availability of housing in the Czech Republic is the worst compared to selected countries in Europe. On average, a new flat amounts to 11.3 multiple of an average annual income. The period is even longer than in Great Britain (9.8) where nominal property prices are by far the highest. The easiest way to new housing is in Belgium (3.7 of annual income). These are the findings presented in the latest Deloitte Property Index 2018.

The study compares the market in 14 European countries – apart from the Czech Republic also in Great Britain, France, Poland, Hungary, Italy, the Netherlands, Austria, Spain, Germany, Denmark, Belgium, Latvia and Portugal. Europeans grow increasingly fond of rental housing. According to analysts, the reasons behind this trend include the increasing property prices or the fact that young people often move to larger cities to study or find a new, more lucrative job.

"Other trends typical for the Czech residential market include the boom of institutional investors that enter the market in order to acquire large flat portfolios, or the increasing number of new property development projects designed for rental housing or for student accommodation," says Petr Hána, Senior Manager at Deloitte's Real Estate team, says.

The availability of own housing in the Czech Republic has slightly deteriorated compared to last year. Last year, Czechs needed 10.9 of an average annual income to buy a new 70 m² flat compared to 11.3 of an average annual income needed this year.

"In terms of transactional prices of new housing, the Czech Republic is catching up to the westerns countries. For example, compared to last year, the average price in Prague has grown by 9.7% to EUR 2,587 per m². However, the fastest year-on-year growth of prices was recorded mostly in German and Hungarian cities," as Vojtěch Petřík, Senior Consultant at Deloitte's Real Estate team, comments.

"The demand and prices on the Czech residential market are growing mainly because of the lack of new flats on the market, the mortgage regulation introduced by the Czech National Bank, lengthy approval processes, high taxation and the sentiment of buyers. At the same time, the offer of new flats is very unlikely to increase especially in large cities," Petr Hána adds.

Last year, the average interest rates of Czech mortgage loans amounting to 2% belonged to the lowest in Europe, with Portugal having the lowest mortgage interest rates (1%) and Hungary having the highest (4.9%).

As concerns rents, the amounts paid in Europe differ remarkably. The most expensive rents within the compared cities are in the centre of Paris (EUR 26.4 per m²) and London (EUR 26.3), the cheapest are in Ostrava (EUR 6). Prague, with EUR 13.1, came before many other western European cities such as Milan, Frankfurt or Vienna. The third Czech city included in the study, Brno, came in last quarter with an average rent amounting to EUR 8.6 per m².

You can find the study *Deloitte Property Index* [here](#).

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