

A low-angle, upward-looking photograph of several modern skyscrapers against a bright blue sky with scattered white clouds. The buildings are made of glass and steel, with their windows reflecting the sky. The perspective creates a sense of height and architectural grandeur. A large, abstract blue graphic element, consisting of several overlapping diagonal bands of different shades of blue, cuts across the lower half of the image, separating the photograph from the text below.

# Status of the Development in Slovakia

## Stavebne Forum

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Ermanno Boeris, January 2012

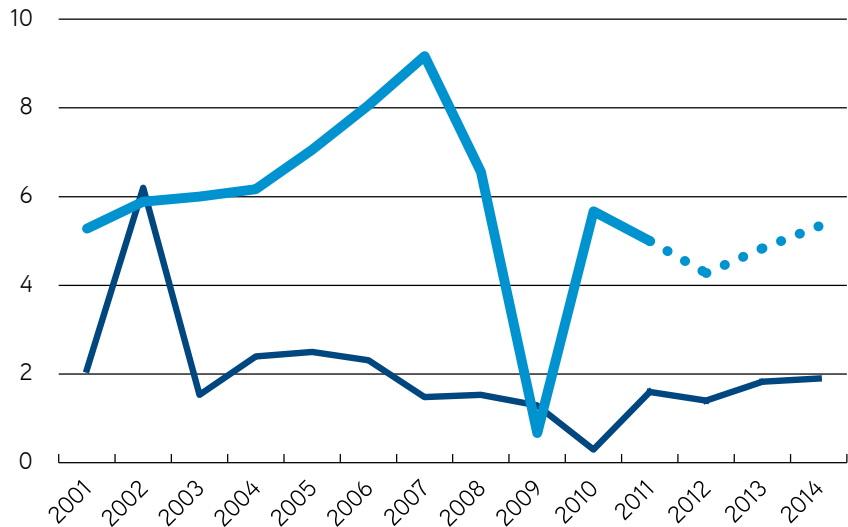
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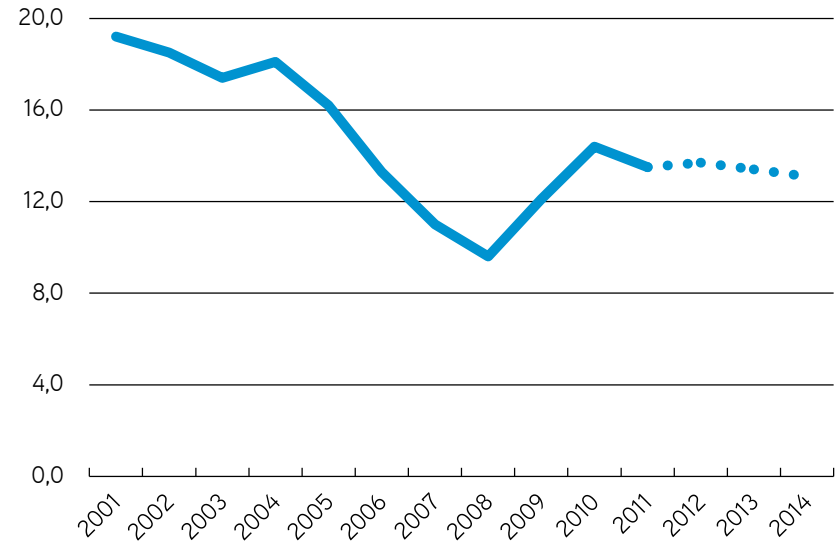
# Slovakia Macro Economy

FDI (bn)

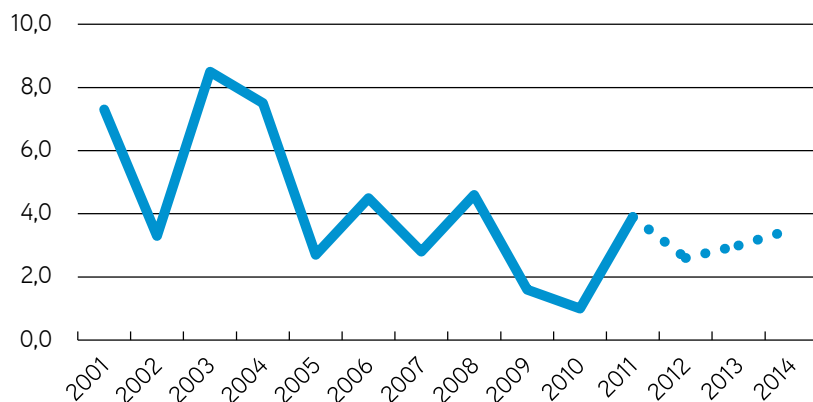


GDP Annual Change %

Unemployment %



Inflation %

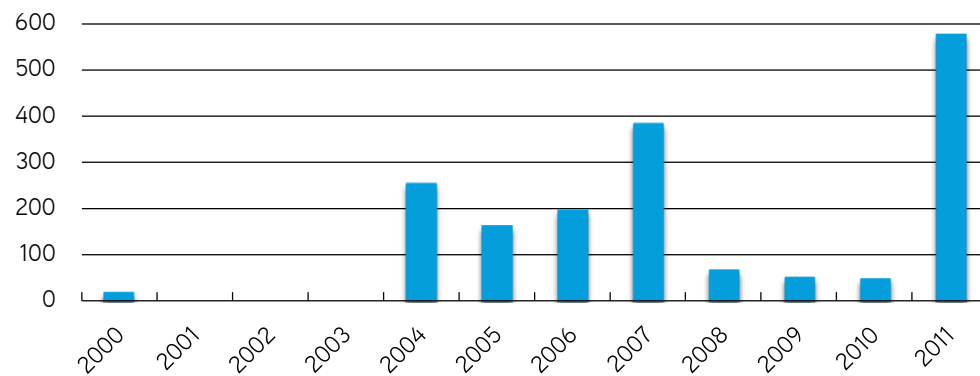


- SR Economy recorded slight decrease during 2011 compared with 2010
- Inflation should trend down over 2012
- Unemployment will increase slightly in 2012 after gradually decrease over 2011

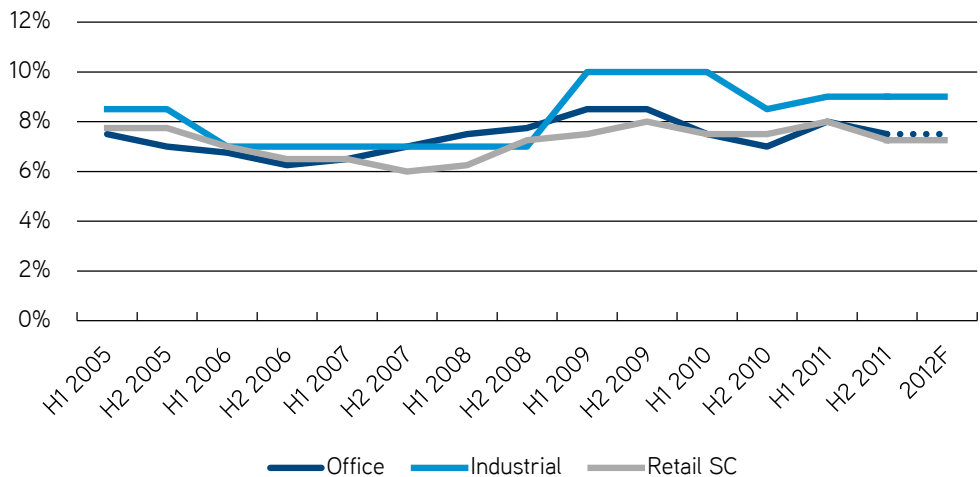
# Slovakia Investment Overview

## INVESTMENT VOLUME

(€M)



## PRIME (NET INITIAL) YIELDS

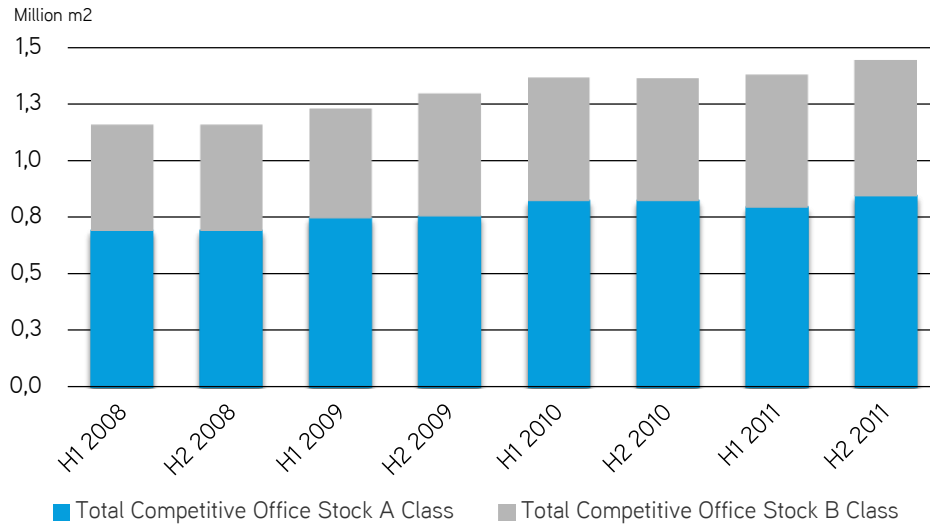


- Number of transactions closed in 2011, particularly prime properties with prime tenants
- The first half of the year will be slow
- By H2 2012, the market should be stabilized and on the way to recovery

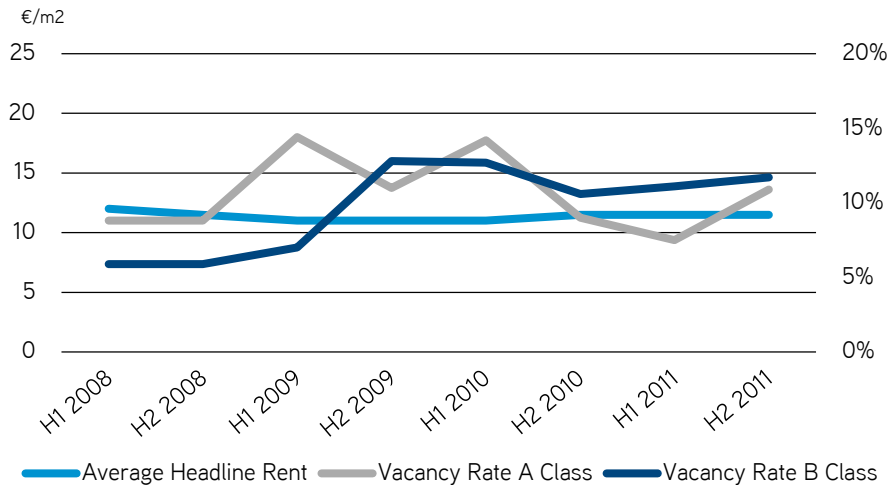
# Commercial Real Estates

## Office / Record Take-Up in 2011 driven mostly by renegotiations

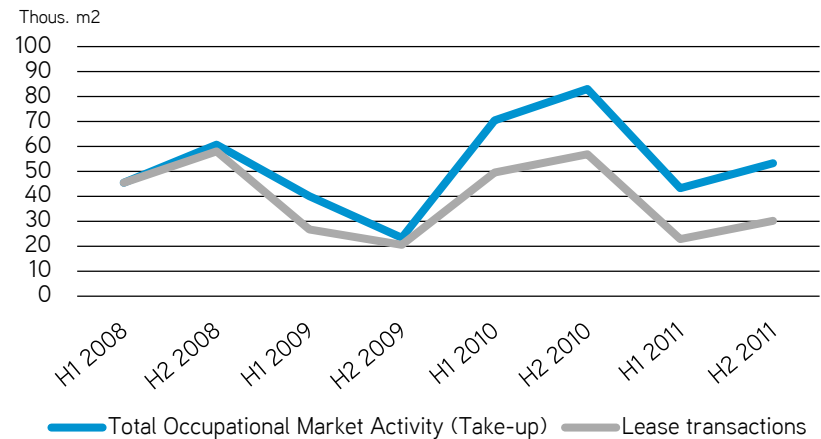
### CHANGE IN STOCK OVER TIME



### RENT AND VACANCY MARKET INDICATORS



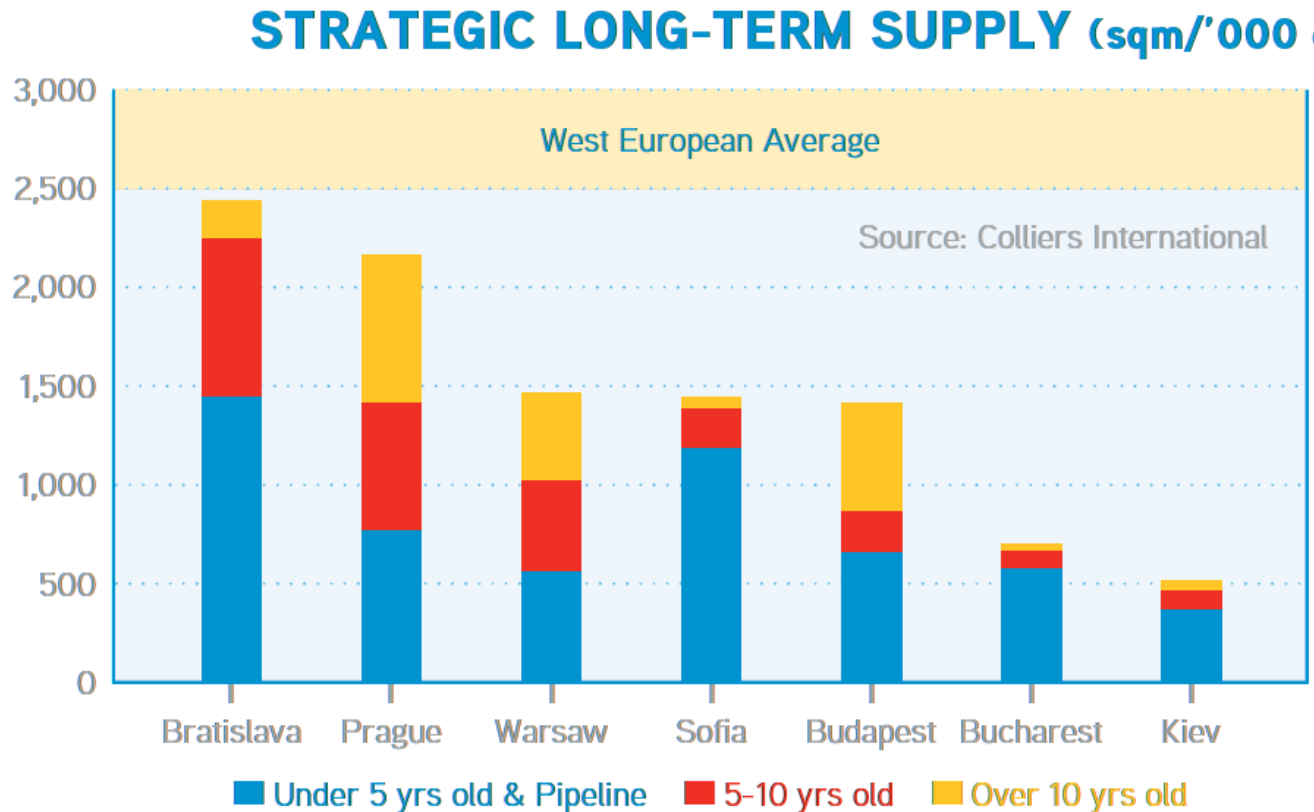
### ANNUALISED TAKE UP - MID-YEAR BASIS



- 2011 Take-Up of app 100k m2
- Significant amount of renegotiations
- Greater divergence in performance between A and B Class projects
- Two new office projects completed in 2011: CBC III-V and Westend Square

# Commercial Real Estates

## Office / SR Vs. CEE Countries



- No more room for new projects in SR.
- With rents moving up re-development might be an opportunity for older and not effective buildings

# Commercial Real Estates

Office / Develop Green Buildings is not a priority yet...

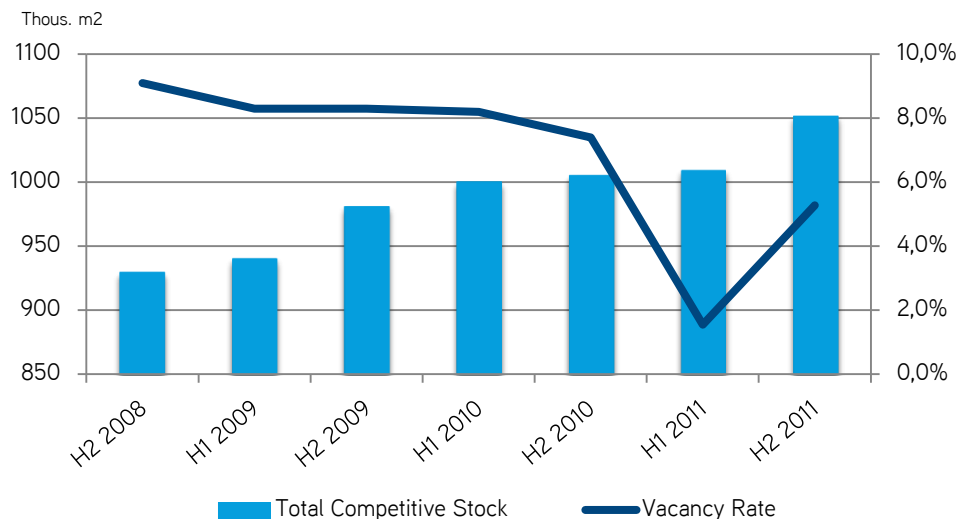
## Green Building in Europe



# Commercial Real Estates

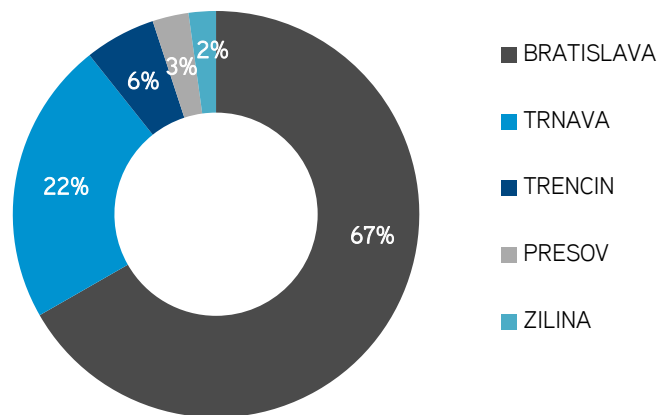
## Industrial/ Industrial growth does not mean need for more space

TOTAL STOCK / VACANCY RATE



- Take-Up in 2011 reached 207.500 m<sup>2</sup> (+79% Vs. 2010)
- Rental Rates 3,60 to 4,60 EUR/m<sup>2</sup>/month
- New supply will increase in 2012 as new developments are under construction
- Overall vacancy will rise putting a softening impact on rents
- Companies thinking about optimizing rather than expansion
- Sale & Lease back becoming trendy

TOTAL STOCK BY REGIONS





# Residential Market

## Lack of the First – Home solution flats on the market

*Citizens in the middle incomes segment, for whom the municipality cannot provide a solution*

*“...it is necessary to develop rental flats in Slovakia, due to the structural lack of this type of developments...”*

*„For young people or for independent people“*



*“citizens with education, which will continue working, living and paying their taxes in the region”*

*Citizens with enough incomes but do not fulfill other criteria \**

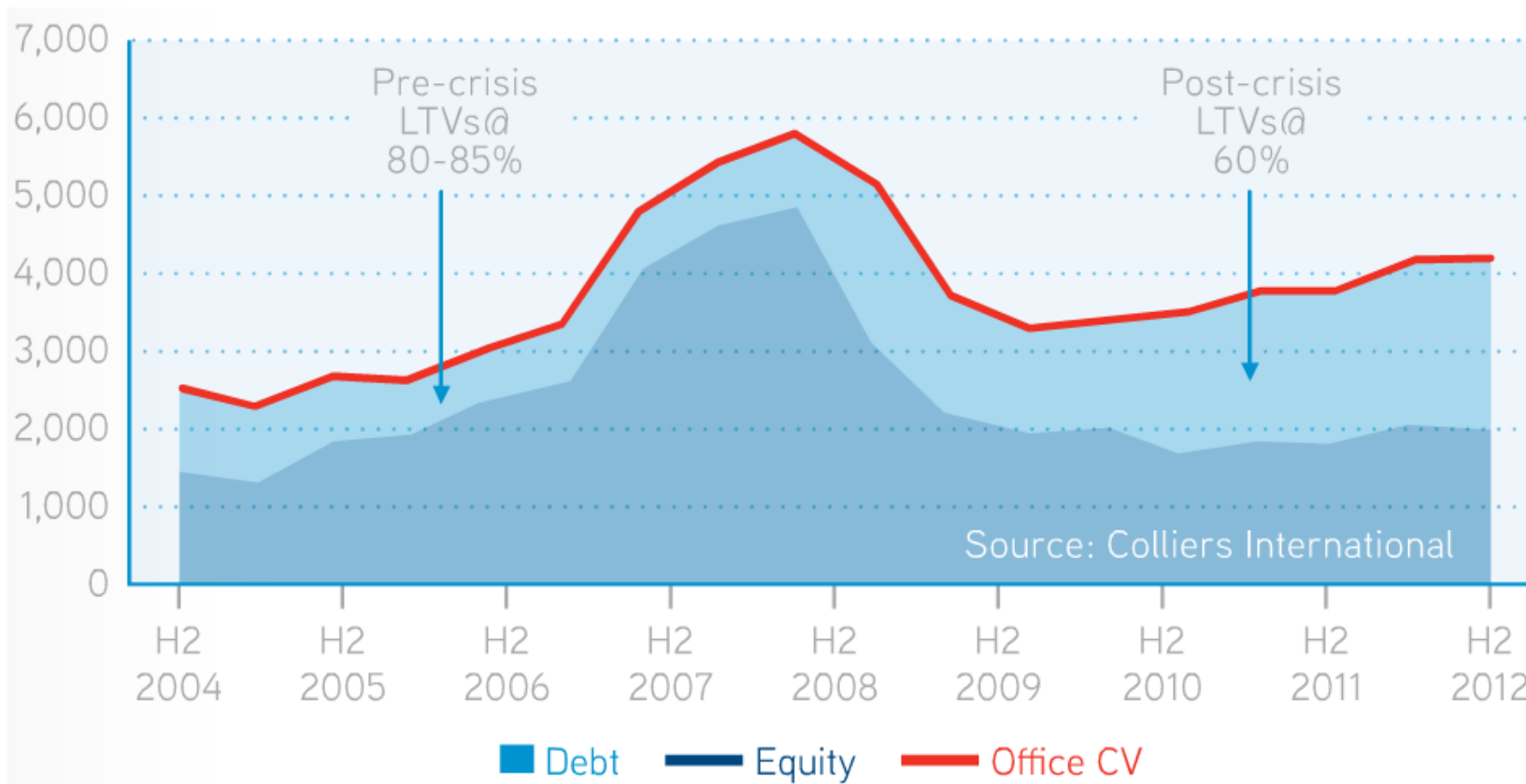
*“...state support for residential development is limited” \*\**

\* i.e. criteria for obtaining a mortgage loan

\*\* 98,2 mil. € in year 2012

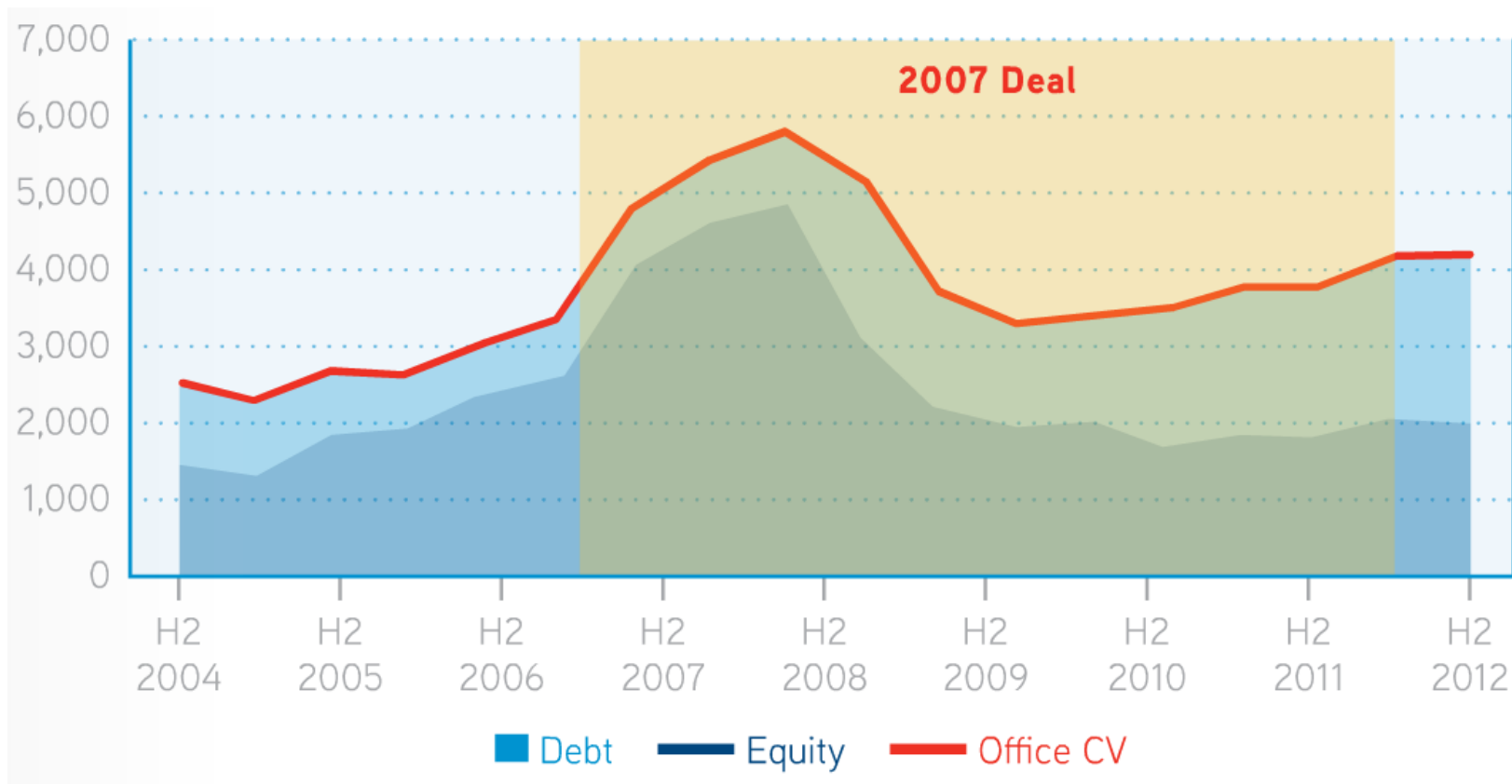
# Property Finance

## Impact of LTVs on debt requirement



# Property Finance

## 2012 value & debt gap conundrum



# Conclusions

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1. Office demand comprised a significant amount of renegotiations  
- we expect this trend to continue in 2012
2. There will be increasing pressure on the quality of the shopping centers
3. Slovak banks are in good health having passed the EBA's recapitalisation tests and thus in a position to provide commercial and property lending

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