



Are we ready for Rental Housing?

Stavební Fórum

October 2019



EY

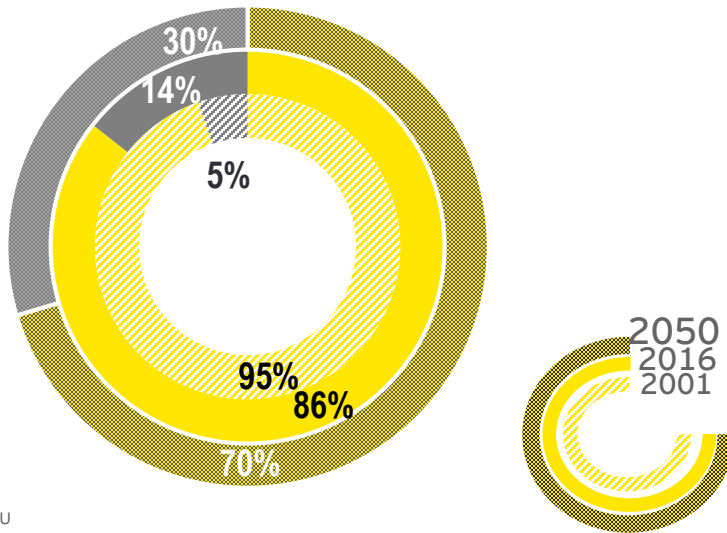
Building a better
working world

Changes in the population and ownership structure

Prague population in 2050 ca. **1.5 m**
can reach ca. **1.73 m** number of inhabitants

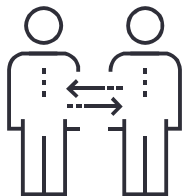
652,656 of apartments in Prague in 2018

Share of foreigners in Prague



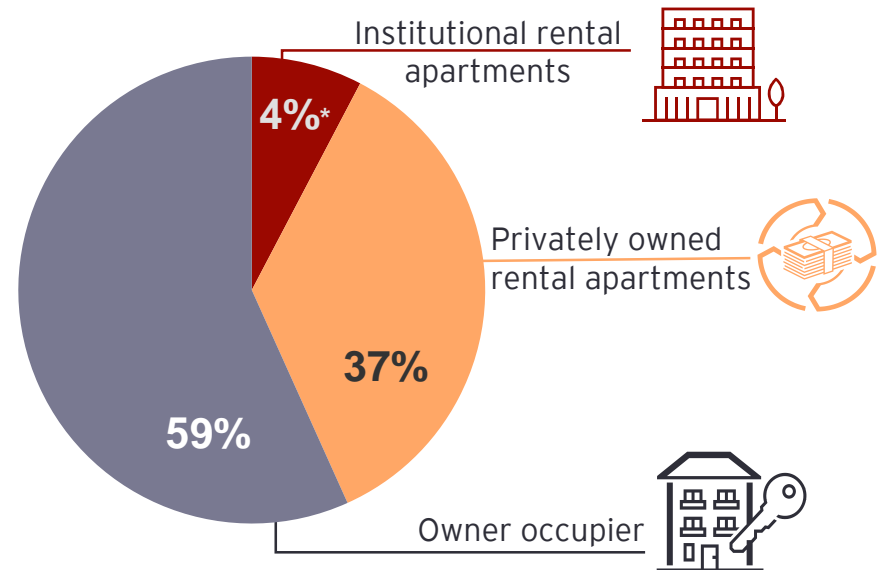
Source : CSU

■ CR citizen ■ Foreigners



Approximately **420,000** foreigners will live in Prague by 2050 and

Apartment portfolio split in Prague



Source: YIT, *estimate



Strict **CNB restrictions** of mortgages → households living in rental apartments will soar

Key considerations regarding Prague rental apartments' market

Current situation

- ▶ High demand for rental housing
- ▶ **Shortage** in rental apartments supply, especially standardized product
- ▶ Czech National Bank issued **stricter guidelines** for mortgages for individuals



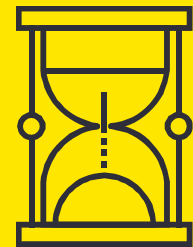
Key macroeconomic & demographic trends

- ▶ The decline of unemployment in Prague / Czech Republic
- ▶ Growing average real gross wage - **ca. 30% rise** in last 5 years
- ▶ Low number of building permits during last few years - declined 3 times
- ▶ Increasing foreigners share, especially in Prague from ca. 5% to **15%**

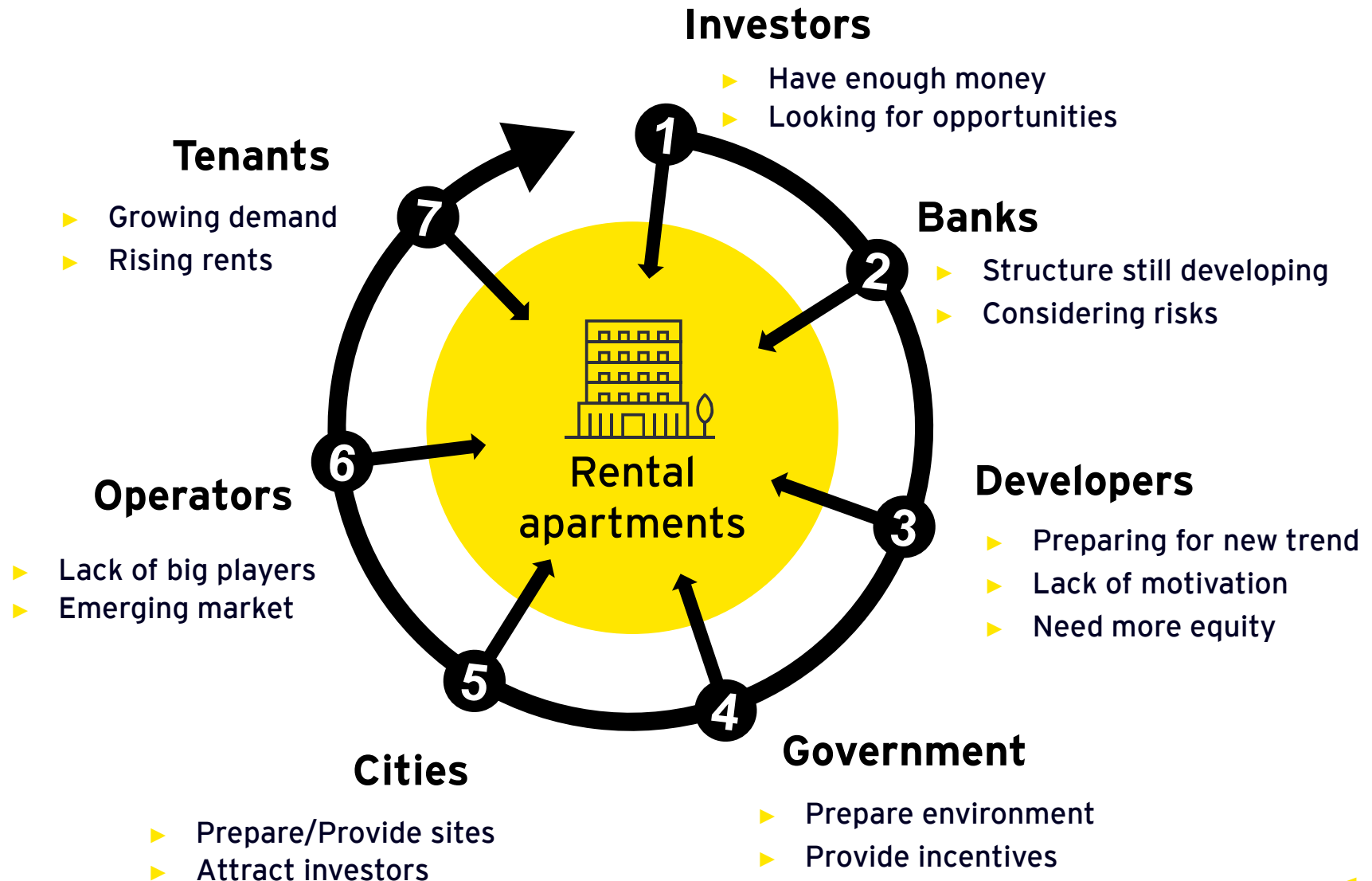


Opportunity for investors

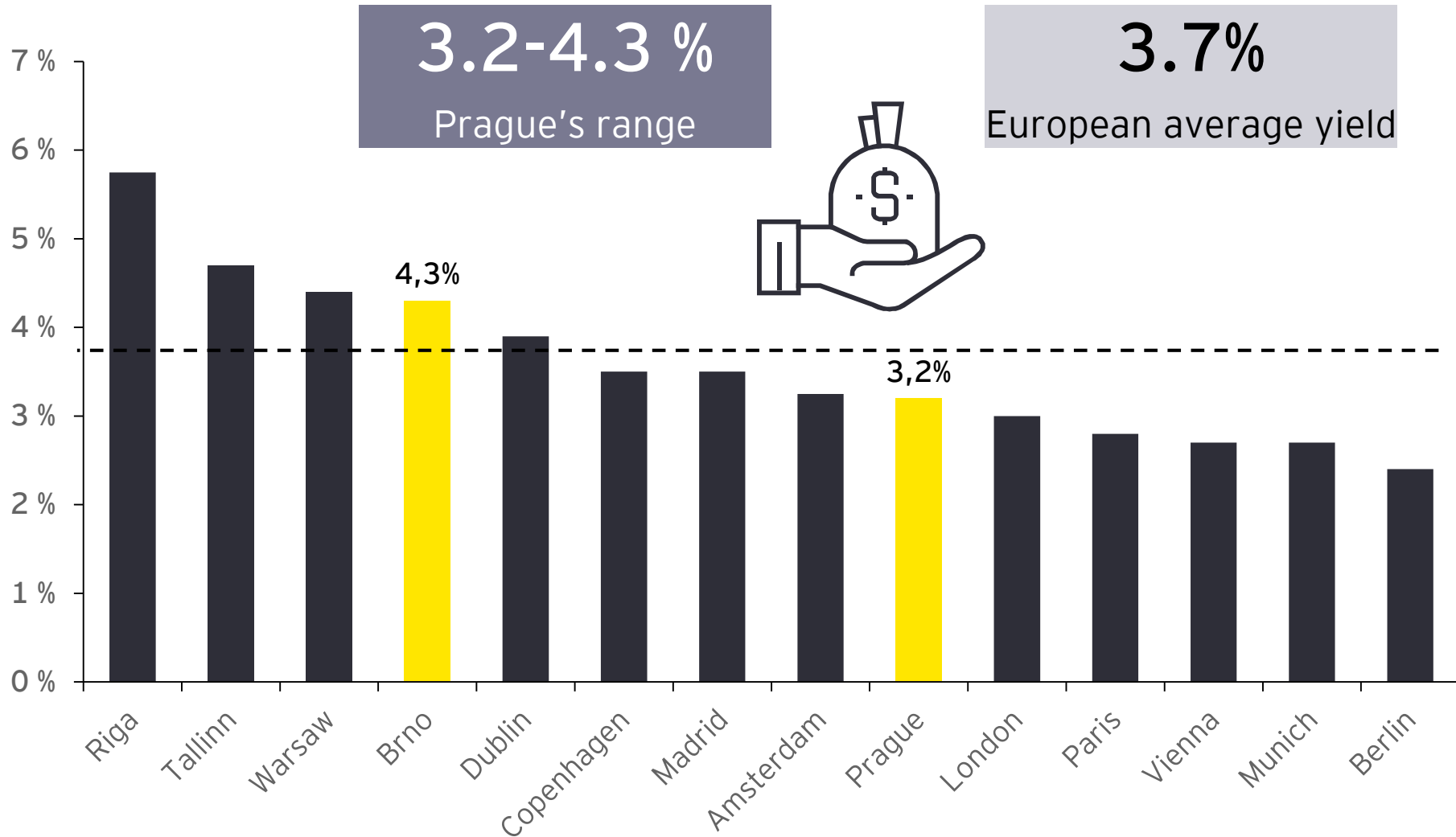
- ▶ Possibility to secure Build-to-Rent projects
- ▶ **Window of opportunity** to enter the market
- ▶ **Limited competition** from institutional investors
- ▶ High demand for rental apartment units



Rental apartments sector key players and their readines



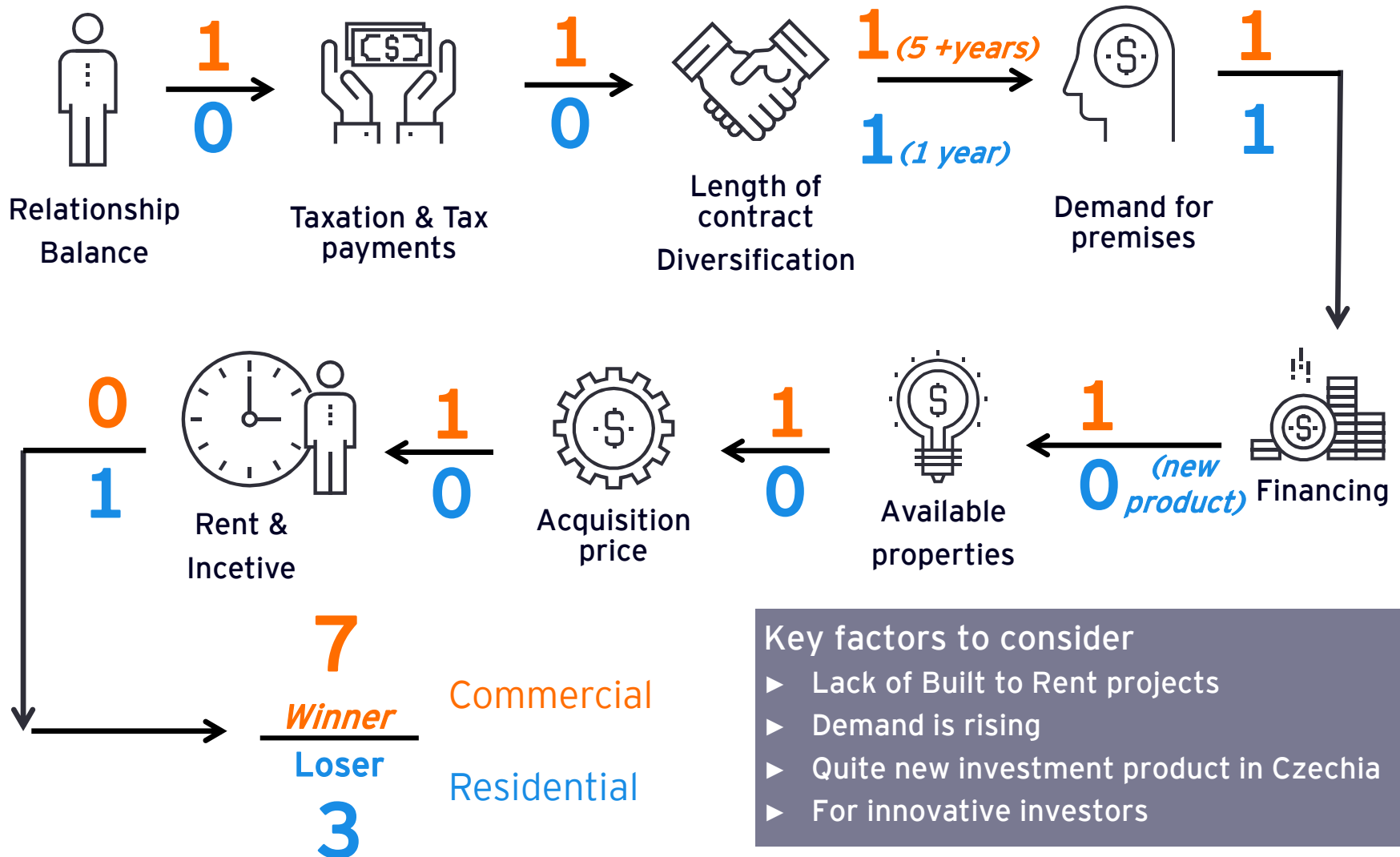
Prime residential yields - Czech Republic & Europe Q1 2019



Source : CATELLA – European commercial residential market map Q1 2019, GPG (Global Property Guide)

Investment appraisal

Commercial vs Residential

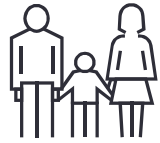


Key factors to consider

- ▶ Lack of Built to Rent projects
- ▶ Demand is rising
- ▶ Quite new investment product in Czechia
- ▶ For innovative investors

Type of rental apartment projects

Existing



Type of project

Standard / long term residence

Space
m²

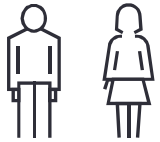
70-90

Rent length

> 3 year

Location

Center / Inner / Outer



Middle / short-term apartment

30-50

> 1 year

Center / Inner / Outer



Airbnb, Booking, ect.

30-90

<> 1 week

Center / Inner / Outer

Emerging



Dedicate rental residence

15-30

> 3 year

Center / Inner / Outer



Student accommodation

15-25

= 1 year

Center / Inner / Outer



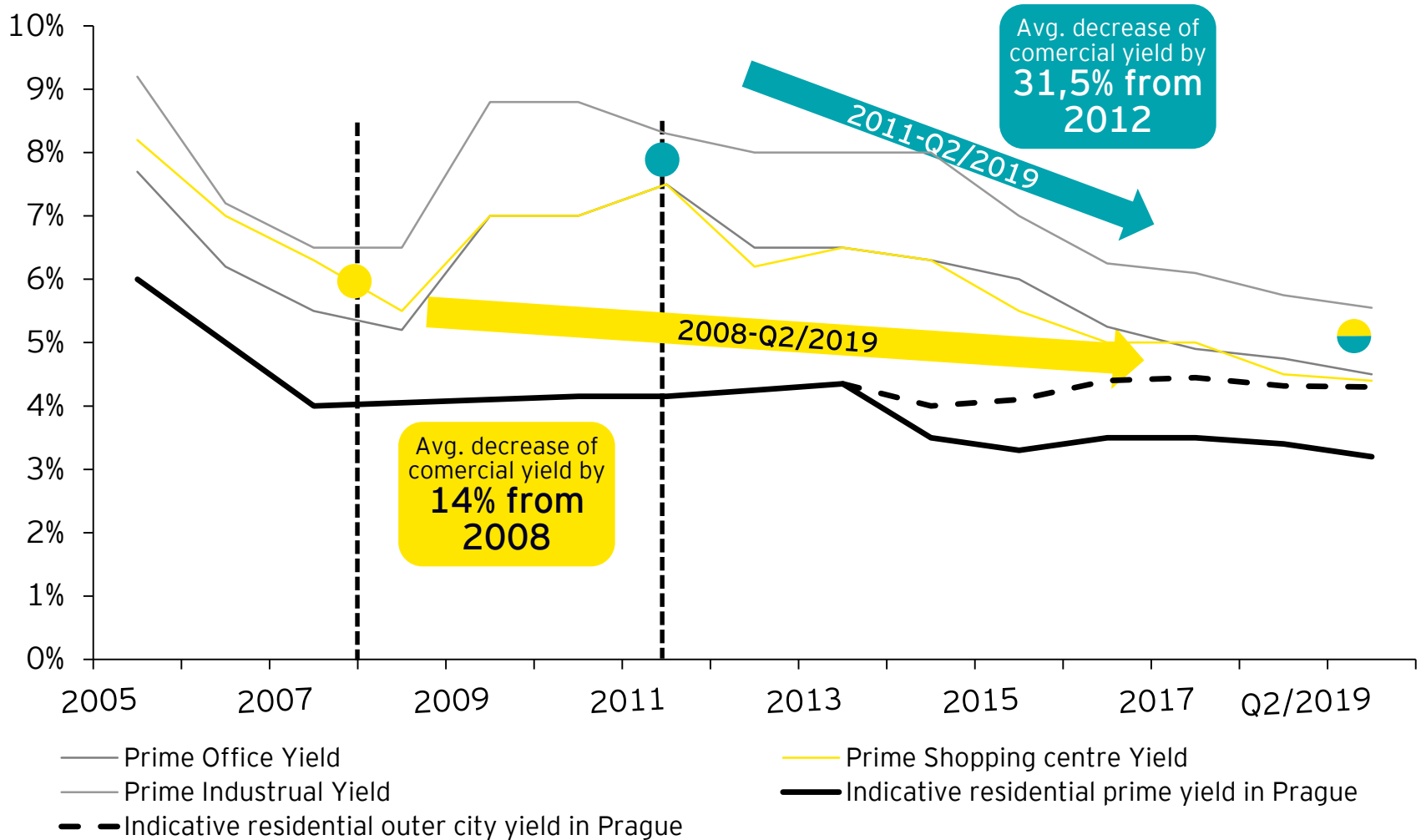
Co-living

20-40

<> 1 year

Center / Inner / Outer

Development of residential yields



Kontakty

► Kontaktní údaje



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