

# MARKETBEAT RESIDENTIAL NEW BUILDS MARKET BRATISLAVA Q1 2025



## MARKET FUNDAMENTALS Q1

	YoY Chg	12-Month Forecast
<b>3,238</b> Available units	▼	▲
<b>501</b> Sold units	▲	▲
<b>€5,600</b> Average listing price per sq m (1-bed + kitchen)	▲	▲
<b>1.6%</b> YoY Real wage growth Q4	▼	▲
<b>3.8%</b> Average mortgage rate February <i>(New residential development only)</i>	▼	▼

## ECONOMIC INDICATORS

	YoY Chg	12-Month Forecast
<b>2.0%</b> GDP Growth 2024	▲	—
<b>3.8%</b> Unemployment Rate February 2025	▼	—
<b>3.8%</b> Inflation February 2025	▲	▲

Source: BuiltMind, NBS, Slovakia Statistical Office

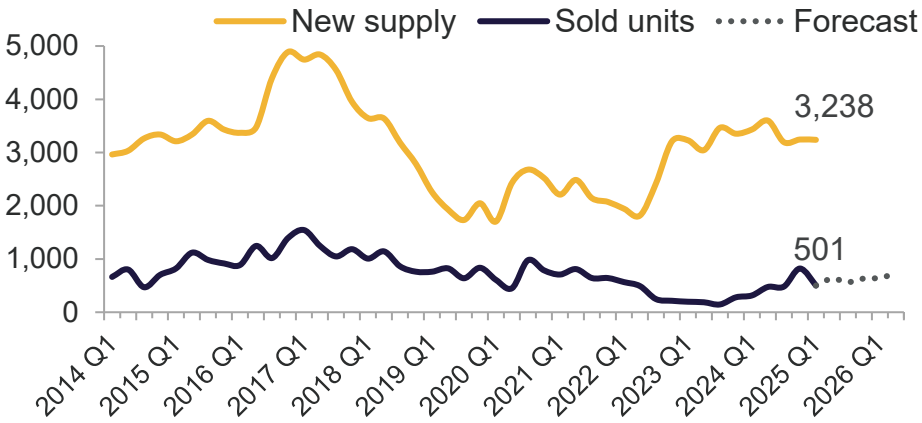
## ECONOMY: RATE CUTS VS. HIGHER VAT AND INFLATION

The European Central Bank continues its gradual interest rate cuts, bringing the key rate down to 2.40%. With inflation in the Eurozone steadily declining, another rate cuts are anticipated throughout the year. This environment has contributed to a moderate decrease in mortgage rates, improving housing affordability and supporting a stable growth in housing loans over recent months. In contrast, inflation in Slovakia is on the rise, reaching 3.8% in March. Analysts expect inflation to exceed 4.0% by the end of the year, mainly due to fiscal consolidation measures such as the VAT increase and the introduction of a transaction tax. This is already reflected in higher pressure on household budgets, translating into weaker retail sales, which recorded a year-on-year decline of 0.9% over the first two months of the year. Despite this, unemployment remains at historically low levels. Notably, Slovakia experienced an unusually high inflow of foreign workers in early 2025, with February recording the highest number since the start of the war in Ukraine. Real wage growth reached 3.7% in 2024, but is expected to slow down this year due to rising inflation. However, falling mortgage rates are likely to offset the slower income growth, creating favourable conditions for residential demand throughout the year.

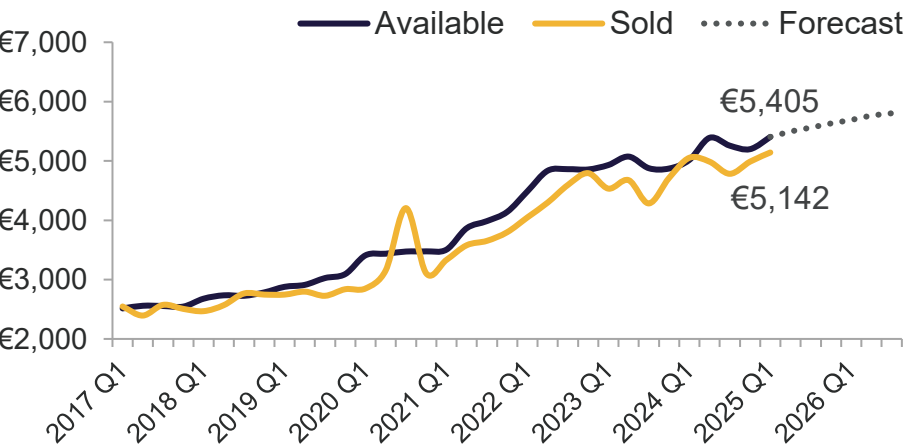
## SUPPLY AND DEMAND: STABILISATION OF DEMAND

Following a strong year-end performance — partly driven by the announced VAT increase effective from January 1, 2025 — sales activity slowed down in Q1, with 501 units sold. As interest rates are expected to gradually decline over the course of the year, we anticipate quarterly sales to average around 600 units. On the other hand, mortgage rates in Slovakia remain among the highest within the Eurozone, exceeding the Eurozone average by more than 0.50 percentage points, which continues to limit a stronger recovery in sales. The partial revival of demand compared to 2023 has also had a moderate impact on pricing. Residential prices increased by 3% in Q1 compared to the previous quarter. However, for the remainder of 2025, we expect only a modest price growth, mainly due to higher VAT, persistent inflationary pressures, and the high volume of new supply on the market. Smaller units — particularly two-room apartments — dominated buyer demand over the past six months. The average size of sold units decreased by 15% year-on-year, from 68 sqm to 58 sqm. Several new residential projects are either under preparation or have already been announced, particularly in the Mlynské Nivy zone and also in the suburban areas of Bratislava.

## NEW SUPPLY FOR NEW BUILDS / SOLD UNITS

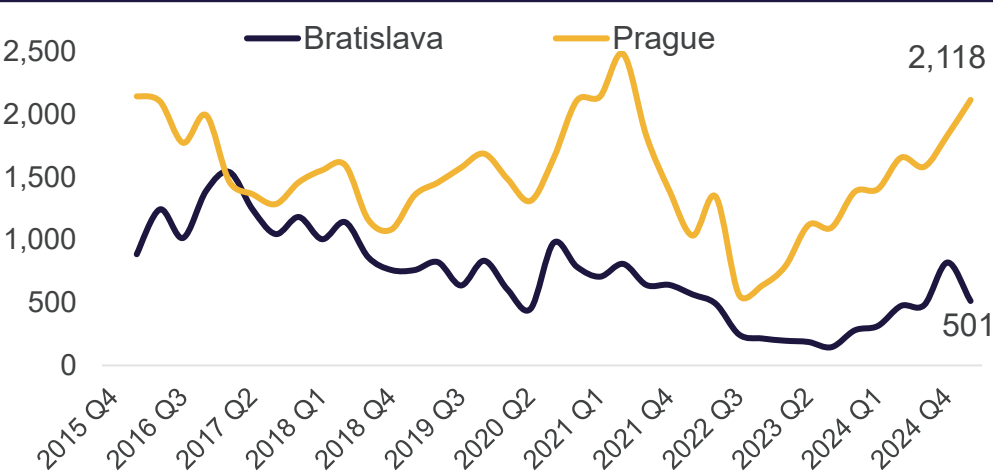


## AVERAGE PRICE OF NEW BUILDS PER SQ M

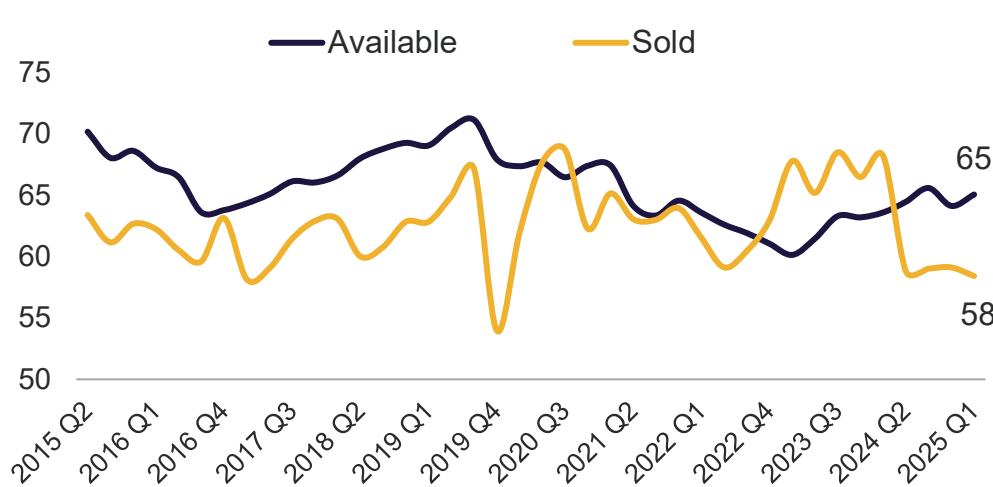


Source: BuiltMind

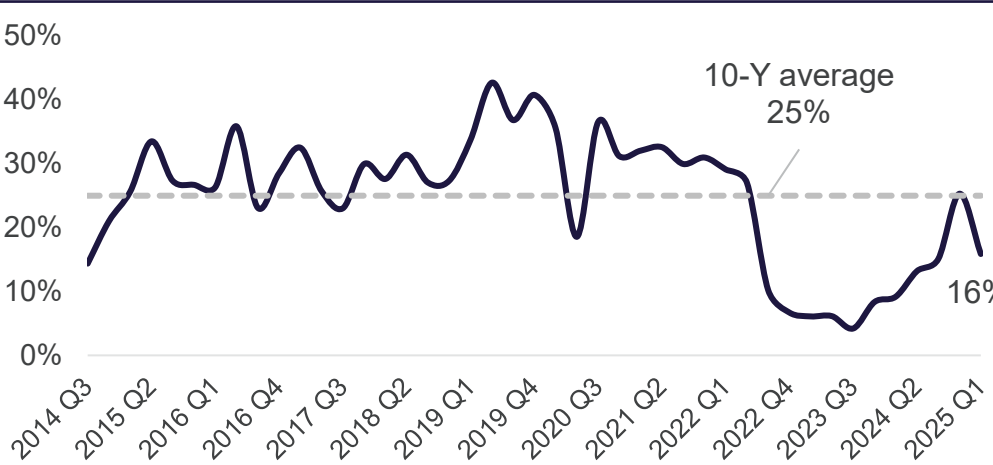
NEW BUILDS UNITS SALES: BRATISLAVA vs. PRAGUE



NEW BUILDS AVERAGE FLOOR AREA (SQ M)



NEW BUILDS ABSORPTION (SOLD / AVAILABLE)



Source: BuiltMind, Deloitte

PRAGUE vs. BRATISLAVA: GROWTH ACROSS THE BORDER, STABILISATION IS SLOVAKIA

As expected, both markets saw a notable recovery in demand at the end of last year. Prague continued this trend into Q1, currently reaching sales volumes comparable to the pandemic-era highs. In contrast, demand in Bratislava has stabilised following a strong Q4, with only modest growth expected for the rest of the year. Compared to Bratislava, the Prague market is showing a more evenly paced recovery and a steadier upward trend with fewer fluctuations. This divergence can be attributed to several structural factors:

- Demographics - Larger population base and higher levels of immigration
- Faster real wage growth - Outpacing Slovakia in recent years
- More dynamic decline in mortgage rates in the last 2 years
- Greater resilience of Prague households in absorbing rising housing costs
- Stronger appeal to international investors and expats due to pricing and housing availability

AVERAGE AREA: INCREASING DEMAND FOR SMALLER UNITS

The average size of sold apartments has decreased significantly in recent years, while the floor area of units currently available on the market continues to grow. This is widening the gap between demand and supply in terms of size. The rising appeal of smaller units is driven by several factors:

- Developers are adjusting compositions of projects, focusing on the most liquid segment — two-room apartments — which are becoming the core product of nearly every new residential development.
- Demographic shifts, including the growing number of one- and two-person households, are pushing up demand for efficiently designed and, above all, more affordable smaller apartments.

ABSORPTION RATE: BELOW AVERAGE THROUGHOUT THIS YEAR

Compared to the strong fourth quarter of last year, when a quarter of available units were sold, absorption in Q1 dropped by 10 percentage points. Despite the decline, the current absorption rate of 15.8% still represents the second-highest result since Q2 2022.

With quarterly demand expected to average around 600 units and rising supply on the market, we anticipate absorption to hold steady between 15–20% for the remainder of the year.

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.
- The market is gradually evolving into a **two-speed model**. On one side, we see higher-quality projects in better locations with a clear competitive edge, where moderate price growth is expected. On the other side, more standardised developments will need to respond more proactively to growing competition, either through price adjustments or by adopting hybrid models. These hybrid projects could combine traditional unit sales with built-to-rent features such as long-term rentals, affordable or cooperative housing, or other alternative forms of tenure. Flexibility and the ability to adapt the project to market needs may prove crucial to its future success.



BEST-SELLING PROJECTS IN Q1 2025

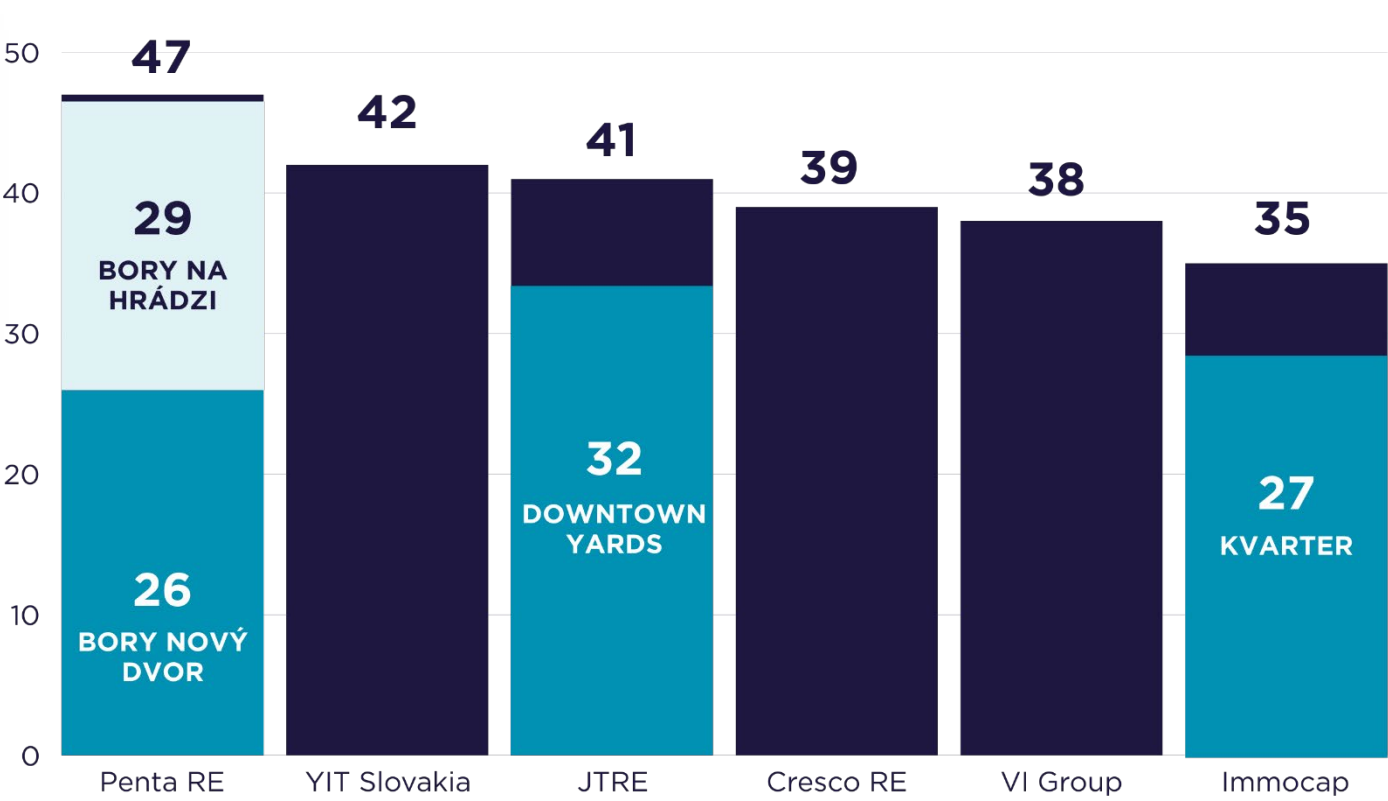


In Q4, 501 publicly recorded sales took place across 71 projects. Unlike previous quarters, there were no significant differences between individual project sales this quarter. **The top six projects accounted for 28% of the new-build residential market.**

Public sales primarily took place in the outskirts of the city, including areas such as **Bory zone, Dúbravka, Petržalka south (Slnčnice)** and **Rača**. However, projects in **Mlynské Nivy zone, particularly Downtown Yards and Zvirn** continued to progress successfully.

Source: BuiltMind

DEVELOPER SALES Q1 2025



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