

3 PROPERTY PRAGUE

What is it? A flat near the centre of Prague, a 15-minute walk from the castle.

What was it worth 10 years ago? Between Kc18,000 and Kc25,000 per square metre.

What's it worth now? Between Kc50,000 and Kc60,000 per square metre.

Why has it taken off? Frank Hanecák, the general manager at Hanex Group real estate services in Prague, says the strength of the market stems from the fall of communism in 1989. Until then, Prague's authorities had only built a certain type of centrally planned home. In 1989, building stopped altogether. By the time it started to move again, he says, there was a shortage of units, so the simple forces of supply and demand pushed up prices.

Where's the market heading? Probably further up. The Czech Republic's residential property boom took off in 2000, but the country's accession to the EU in 2004 means the market shouldn't slow any time soon. Demand is coming from international buyers looking for investment and leisure properties, an influx of foreign companies whose employees need housing, and access to previously unavailable mortgage financing. So far, supply isn't keeping up with that demand. Hanecák says 35,000 apartment units are built annually but 40,000 are needed.

You can get a 30 to 50 per cent cheaper home in towns less than half an hour's drive from the city, he adds. Up-and-coming districts to keep in mind include Beroun and Benesov, as well as Brno, the county's second-largest city and Kolin, east of Prague.

If film locations influence prices, Prague is looking good: *Mission: Impossible*, *The Bourne Identity* and last year's *Oliver Twist* were shot there, along with the latest Bond film, starring Daniel Craig.