Development of Apartment Prices in the Cadastral Areas of Brno Between 2014-2024 with Regard to Ownership Structure

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Abstract

Over the past decade, Brno has experienced a significant increase in apartment prices, with values at least doubling in most of the observed areas. This study analyzes real transaction prices obtained from the cadastral register and provides a clear overview of price developments in different parts of Brno. The data is categorized by cadastral areas and compared, with a particular focus on differences between specific locations such as Brno-střed (city center), Veveří (a prestigious address), Zábrdovice (a less sought-after area), and Lesná (a panel housing estate). Additionally, actual sale prices are compared with listing prices from publicly available real estate platforms (Sreality). The price trends show a consistent upward trajectory, with a slight decline during the pandemic, followed by a renewed increase in property values. The article further examines three main forms of ownership: private (including units in homeowners' associations), cooperative, and municipal. Another goal is to estimate the proportion of investment apartments based on the registered permanent residence of their owners. The study also explores regional differences in apartment prices and the impact of factors such as infrastructure, public amenities, and location attractiveness. Finally, it outlines possible future trends in price development and their potential impact on housing affordability in Brno.

Keywords: *Housing prices, Urban structure, Investment apartments, Real estate market, Brno, Sustainable urban development*

1. Introduction

The city of Brno, located in the Czech Republic, has seen a notable rise in apartment prices over recent decades and is composed of diverse urban typologies. These include organically developed historical cores, 19th-century block development, residential districts of single-family houses, and panel housing estates. (Kopáčik, 2019) This paper compares a key economic indicator of urban development – the evolution of apartment prices. The analysis focuses on cadastral areas within Brno that represent different types of urban structures, specifically: Město Brno (the historical city center), Veveří (block development – a residential neighborhood), Zábrdovice (block development – a socially less advantaged area), and several housing estates such as Lesná, Starý Lískovec, Nový Lískovec, Kohoutovice, Bystrc, and Komárov.

Real estate demand serves as a reflection of interest in property acquisition. Increased demand is typically driven by higher attractiveness of a location or the expectation of profit, which in turn may stimulate supply—through new construction and urban transformation (Maier & Řezáč, 2006). Conversely, low demand and lower prices indicate reduced attractiveness. Residential areas may gain or lose value over time. For these reasons, real estate prices serve as one of the key economic indicators of sustainable urban development (Lorenz & Lutzkendorf, 2008; Warren-Myers, 2012).

From an economic perspective, spatial development is primarily qualitative in nature. Its sustainable form consists of land use that pursues economic prosperity and price growth, while not undermining the ability of future generations to meet their needs (Pavlas, 2012). Price growth should therefore correspond with the overall economic trajectory of society and remain socially acceptable.

The aim of this paper is to compare the evolution of apartment prices in various cadastral areas of Brno, each characterized by a dominant type of urban structure. A stable and proportionate increase in real estate prices indicates sustainable economic development of the city.

The study also attempts to estimate the proportion of investment apartments, using the presence or absence of a permanent residence registered by the property owner as an indicator (ČUZK, 2025). Monitoring the proportion of investment properties provides insights into speculative activity in the housing market, highlighting areas with a higher incidence of short- or long-term rentals. These factors can significantly influence price levels and the higher concentrations of short-term or long-term rentals. The paper also explores the role of external factors, particularly interest rates (ČNB, 2025).

The study further explores regional price disparities and assesses the influence of specific factors, such as public amenities and the overall attractiveness of particular locations. In conclusion, the paper examines future trends in price development and their potential implications for housing affordability in Brno.

2. Methodology

2.1 Overview of the Selected Locations

The analysis concentrated on nine cadastral areas within the city of Brno, chosen to represent the primary types of urban structures (Kopáčik, 2019) as well as diverse socio-economic environments. The historical city center is represented by the cadastral area of

Město Brno (City of Brno), characterized by a high proportion of historic buildings, cultural significance, and substantial appeal to both residents and investors. Typical 19th- and early 20th-century block developments are examined through the cases of Veveří, traditionally regarded as a desirable residential area, and Zábrdovice, which has historically struggled with lower attractiveness but has undergone recent revitalization.

To expand the scope of the research, data were also obtained for selected housing estates that extend beyond the boundaries of the previously mentioned cadastral areas. This facilitates a more detailed analysis of internal differentiation within Brno's panel housing estates and their evolution over time. These selected locations thus provide a comprehensive basis for cross-territorial comparison of the impact of urban structure on real estate price development.

Price trends in panel housing estates are monitored in six areas: Lesná, Starý Lískovec, Nový Lískovec, Kohoutovice, Bystrc, and Komárov. These locations vary in proximity to the city center, infrastructure quality, and social composition of the population. Including these territories makes it possible to capture differences in price dynamics between stable and developing parts of the city.

2.2 Data Collection and Evaluation

To analyze apartment price development across various urban structures in Brno, a combination of data sources was utilized, covering the period 2015–2024. Actual sale prices were obtained from publicly available data from the Czech Real Estate Cadaster (ČUZK, 2025). Only transactions involving individual apartment units were considered, and price averages were adjusted to exclude sales of family houses, recreational properties, and entire apartment buildings (i.e., multiple-unit transactions).

Additionally, listing prices were examined, sourced from archived data on real estate advertising platforms (e.g., Sreality.cz, Bezrealitky.cz) for the same cadastral areas and time frame. Price development was analyzed using trend curves, year-on-year growth rates, and identification of price fluctuations.

The proportion of investment apartments was also estimated based on whether the owner had a registered permanent residence at the property (according to data from the Real Estate Cadaster). A sample of 900 apartments was analyzed, from which the estimated percentage distribution was derived.

These data were further supplemented by the authors with qualitative assessments of location characteristics, based on existing planning documents and strategic materials of the city of Brno, with an emphasis on explaining price fluctuations. The study examined the relationship between price development and factors such as public amenities, the quantity of newly constructed housing, location attractiveness, and the prevalence of investment apartments.

3. Results

The data demonstrate a significant and sustained increase in apartment prices across all monitored locations in Brno from 2015 to 2024. The most notable price escalation occurred between 2020 and 2022, marked by a sharp rise in both actual sale prices and listing prices. In certain areas, actual sale prices even surpassed the originally advertised values, indicating a competitive market environment and a willingness among buyers to accept higher prices—often driven by constrained housing supply.

In the districts of Lesná, Nový Lískovec, and Kohoutovice, notably dynamic growth in real sale prices was observed. For example, in Nový Lískovec, actual prices surpassed CZK 130,000 per square meter in 2021 (ČUZK, 2025). This development suggests growing attractiveness of panel housing estates which were not traditionally considered premium locations but have begun to compete with more prestigious districts due to their location, infrastructure, and relative affordability.

In the historical city center (Město Brno) and the highly desirable district of Veveří, price growth was also pronounced. As of 2024, listing prices in these areas exceed CZK 140,000 per square meter (ČUZK, 2025), in line with expected trends in these high-demand neighborhoods. Real sale prices closely follow or slightly exceed listing values. The Zábrdovice area, historically less attractive, is undergoing a significant price increase due to ongoing transformation and investment activity, narrowing the gap between its values and those of more established districts.

The results affirm that price development is closely associated with environmental quality, availability of services, type of urban development, and the overall perception of the area. Panel housing estates, once considered less attractive, are, in some instances, nearing the price levels of traditional residential districts. This indicates shifting residential preferences and the urban development potential of these areas.

3.1 Sale Prices

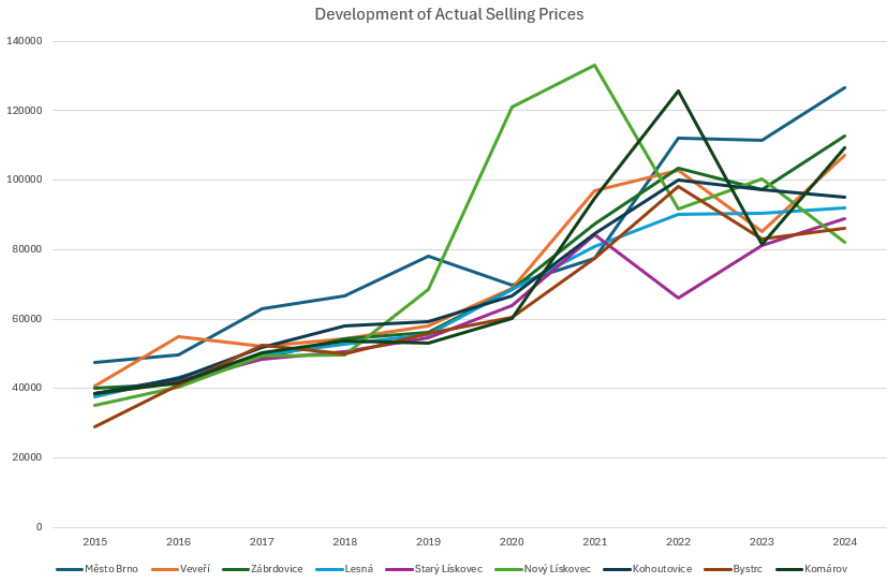

Fig. 1. Development of average real sale price per square meter of apartment.

3.2 Listing Prices

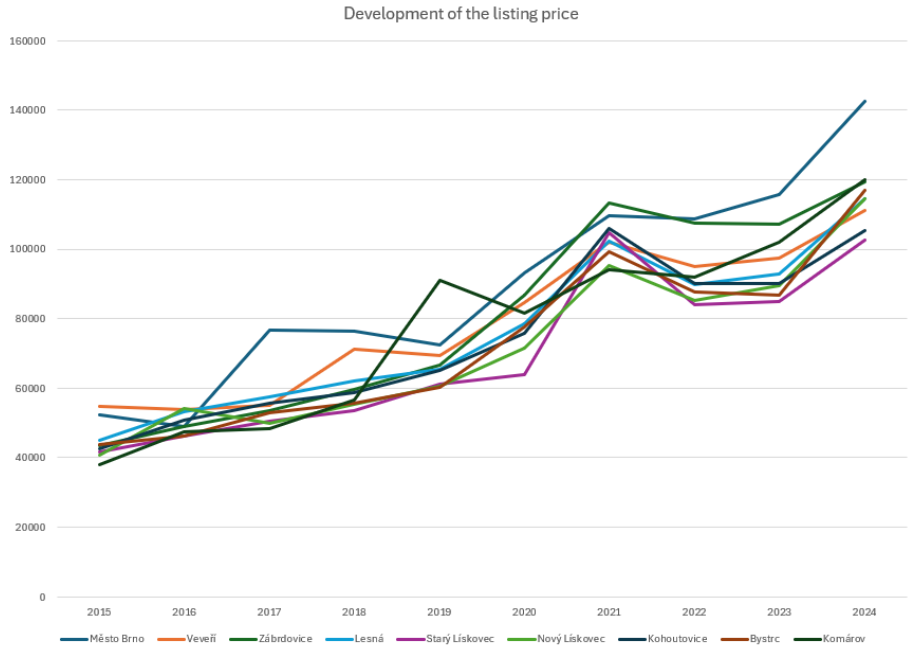

Fig. 2. Development of average listing price per square meter of apartment.

3.3 Impact of Interest Rates and Inflation

In recent years, the mortgage market has exerted a significant influence on apartment price trends. Between 2020 and 2021, mortgage interest rates were at historic lows (ČNB, 2025), in some cases even falling below 2%. This condition stimulated a surge in housing demand, which subsequently accelerated price growth, particularly in areas perceived as attractive to investors.

However, in 2022, this trend experienced a reversal. In response to escalating inflation, the Czech National Bank subsequently raised base interest rates sharply, resulting in a substantial increase in mortgage costs. This market shift led to a short-term contraction in demand and price stagnation, particularly in the second half of 2023. Since 2024, prices have begun to rise again as the market initiated a stabilization process.

3.4 Impact of Investment Apartments

The analysis of proportion of investment apartments was conducted using cadastral data, specifically focusing on the presence or absence of a registered permanent residence of the property owner. Apartments without a registered permanent residence were classified as investment properties.

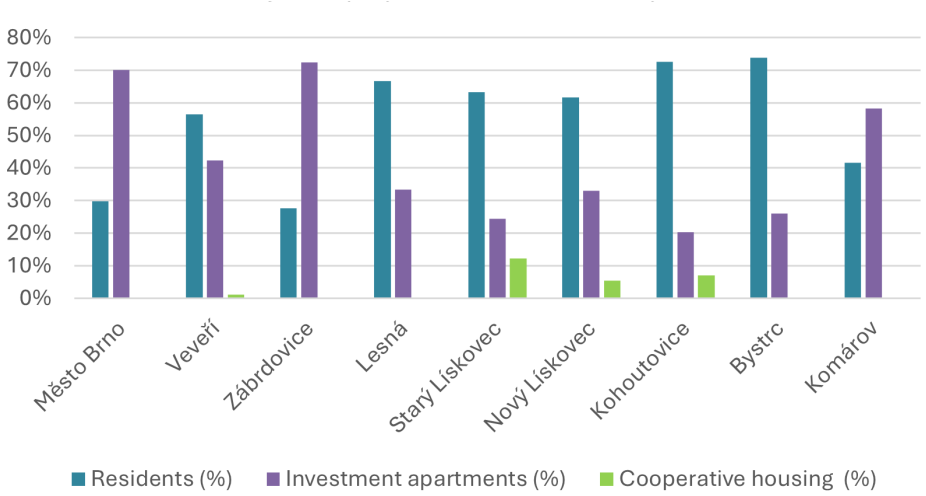

Fig. 3. Analysis of the Proportion of Investment Apartments.

The analysis reveals significant differences in the housing stock structure among Brno districts. The most notable trend is the high share of investment apartments in the city center and adjacent areas, and the predominance of residential (owner-occupied) housing in more peripheral and panel housing districts.

Districts such as Město Brno (70% investment apartments) and Zábrdovice (72%) exhibit a high level of investment ownership. This trend may reflect the attractiveness of these locations for short-term rentals, real estate speculation, or high residential turnover. In these areas, only 28–30% of units are occupied by permanent residents, which may negatively impact community life, service provision for locals, and neighborhood stability.

The city center, naturally the most appealing area for tourists and short-term workers, experience strong demand for temporary accommodation. Consequently, apartments in Město Brno and surrounding areas have become lucrative investment commodities. Investors can achieve higher returns through short-term rentals (e.g. via Airbnb) or by holding properties without tenants in anticipation of appreciation.

Unlike some Western European cities, Brno has yet to implement regulations on investment apartment use (e.g., restrictions on Airbnb), leaving room for unregulated growth in investment ownership in attractive locations.

Conversely, districts such as Bystrc (74% residential apartments), Kohoutovice (73%), Lesná (67%), and Starý Lískovec (63%) are primarily residential. Investment apartments here constitute only a minor share of the market—typically between 20–33%. These data indicate a more stable housing structure with a greater degree of long-term occupancy, which may be beneficial from the point of view of the planning urban services, such as schools, kindergartens, or community initiatives.

Historically, estates like Bystrc, Kohoutovice, and Lesná were developed to accommodate long-term residents, particularly industrial workers, and were often equipped with essential public infrastructure (e.g., kindergartens, schools, healthcare). Their capacity to support everyday life makes them attractive to families, but less appealing to investors.

Although some of these districts are geographically distant from the center, excellent public transport accessibility (trams, buses) ensures their sustainability for daily commuting. However, they are less attractive to short-term visitors and thus remain predominantly residential.

Special attention should also be given to districts such as Veveří and Komárov, which display a relatively balanced ratio between residential and investment apartments (57/42% and 42/58%, respectively). These areas may be undergoing gentrification processes, leading to a transformation in the functional character of the neighborhoods.

An interesting exception is Nový Lískovec, which, despite a high proportion of resident-occupied apartments (62%), also features a notable presence of cooperative housing (5%)—the highest among all districts analyzed. In Starý Lískovec, cooperative housing accounts for 12%, which may reflect the historical development of ownership structures in panel housing estates.

The data confirm that the level of investment activity is closely linked to the attractiveness of a location, its transport accessibility, quality of public amenities, and the expected appreciation of real estate over time. City districts with a higher concentration of investment apartments tend to experience shifts in their social structure, which, in the long term, can lead to changes in neighborhood character, including a decline in the share of permanent residents and a weakening of community bonds. This phenomenon is particularly evident in central parts of the city, where investment demand exerts upward pressure on both property prices and rental rates.

The COVID-19 pandemic had a significant impact on the market for short-term rentals, which are the dominant use of investment apartments in central city areas. Due to restrictions on tourism and mobility, demand for this type of accommodation declined sharply, leading to a temporary shift of some investment apartments to the long-term rental market or to their sale. This development caused a short-term increase in supply and downward pressure on prices in the most exposed locations, especially in the historic center.

As the pandemic subsided and demand returned, the situation quickly reversed—the offer tightened again, and prices began to rise sharply. This fluctuation revealed that areas with a high share of investment ownership are more sensitive to sudden changes and less stable than predominantly residential districts. At the same time, it highlighted the need for long-term regulatory measures to ensure greater stability and housing affordability in attractive neighborhoods.

3.5 Importance of Public Amenities and Infrastructure

The attractiveness of locations in Brno is significantly influenced by the quality of public infrastructure and access to civic amenities. Areas with reliable access to schools, healthcare facilities, public transport, and shopping centers tend to exhibit more stable and stronger price growth. For example, the Nový Lískovec district benefits not only from excellent tram connections to the city center but also from its proximity to a university campus and healthcare institutions. This combination increases demand from both residents and investors. These factors create a synergistic effect that manifests in both price levels and market dynamics (as seen in listing price fluctuations during the pandemic).

3.6 Other Influencing Factors

Urban planning also plays a crucial role in price development. In 2022, the approval of a new territorial plan for the city of Brno was anticipated. This plan was expected to facilitate the development of new areas and consequently increase the housing supply. However, its postponement led to temporary market expectations of constrained supply in the coming years, which paradoxically may have contributed to further price increases. In this context, the market exhibited anticipatory behavior, with investors displaying increased interest in established areas, subsequently leading to rising listing prices.

4. Discussion and Conclusion

The aim of this paper was to examine the development of apartment prices in relation to the urban structure of the city. The findings suggest that the type of urban structure has only a partial or, in some cases, negligible impact on price levels. The primary determinants of price dynamics are external conditions such as interest rates (ČNB, 2025), employment opportunities, and, most notably, the age of the housing stock. More substantial price fluctuations are predominantly driven by new construction projects, irrespective of the prevailing urban structure. Price development trends in the city center, in historic block developments, and in panel housing estates follow the same pattern.

Irregular deviations from these trends are primarily caused by new residential projects and investments in public infrastructure (e.g., Komárov in 2022).

Among the cadastral areas that recorded a slightly steeper increase in average apartment prices compared to other areas, Zábrdovice stands out. This area shows higher year-on-year growth in both listing and sale prices. When compared to the block development of Veveří, Zábrdovice displays a steeper price trajectory, most likely due to the concentration of new development projects. In contrast, the number of new buildings in Veveří is significantly lower, which results in more moderate price dynamics. These findings suggest that the selected areas warrant further follow-up research.

The proportion of investment apartments primarily affects the absolute price level (especially in the city center and its surroundings) and does not have a substantial impact on the pace of price growth. Prices are more responsive to the distance from the city center than to the urban structure.

In the light of these findings, panel housing estates appear to be a promising and comparatively affordable alternative. These areas have not experienced large-scale new development, and prices within the existing stock tend to behave more stably—aside from occasional fluctuations. This trend is expected to continue in the future.

Provided that public amenities are sufficient and public spaces are well-designed, panel housing estates may represent a viable solution to the housing crisis and a means of improving housing affordability. Among the various urban structures analyzed, these estates show potential to meet current and future housing needs.

Acknowledgments

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