

- CREN - Croatian Real Estate Newsletter

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CREN PATRONS



CONFERENCE REPORT



**The Seventh Annual International Conference
on the Real Estate Market in Croatia**

Joie de vivRE

**April 14 & 15, 2011
The Regent Esplanade Hotel**

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The Seventh Annual International Conference
on the Real Estate Market in Croatia

The Regent Esplanade Hotel
Zag**RE**b, Croatia ● April 14 & 15, 2011

Joie de vivRE

Conference starts with the first panel:

**Let's REDiscuss -
WHERE ARE WE AND
WHERE ARE WE GOING?**

Speakers:



Prof. Ljubo Jurčić, Ph.D.
Faculty of Economics and Business at University of Zagreb



Borislav Škugro, M.A.
Partner, Upravna Poslovanje d.o.o.



Marko Škreb, Ph.D.
Chief Economist, Privredna banka Zagreb d.o.o.



Sandra Švaljek, Ph.D.
Director, The Institute of Economics, Zagreb

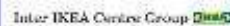
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Details about the the Conference, the Conference program and applications are available on
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1. CONFERENCE REPORT



The Seventh Annual International Conference on the Real Estate Market in Croatia

Joie de vivRE

April 14 & 15, 2011
The Regent Esplanade Hotel

The Seventh Annual International Conference on the Real Estate Market in Croatia was held on April 14th and 15th of 2011 in The Regent Esplanade Hotel Zagreb.

The Conference attracted more than 450 participants and 65 speakers from Croatia and 14 countries.

Conference patrons included the Austrian Trade Commission and the American Chamber of Commerce.

The first panel, the one which opened the Conference was entitled:

Let's REdiscuss – WHERE ARE WE AND WHERE ARE WE GOING?

The participants of this panel included the renowned economic experts **Ljubo Jurčić**, professor at the Faculty of Economics and Business, University of Zagreb, **Borislav Škegro**, Partner, Quaestus Private Equity d.o.o., **Marko Škreb**, Chief Economist of Privredna banka Zagreb d.d. and **Sandra Švaljek**, Director of The Institute of Economics, Zagreb. The panel was moderated by **Marija Noršić**, Board Member, Filipović Business Advisory Ltd.



The introductory panel on the macro-economic aspects of the market was followed by the PROJECT PRESENTATION OF THE INTER IKEA CENTRE CROATIA, given by **Branko Mihajlov**, Company Director for Croatia & Slovenia and Head of Leasing AT/CH/HR/RS, Inter IKEA Centre Hrvatska d.o.o. for Real Estate.



The second panel in the Emerald Ballroom of the Regent Esplanade Hotel was entitled **Developers of the round table**, where we could hear a comparison of Croatian real estate market potential and other European markets. There was also a detailed presentation of the Golf Park Dubrovnik project and the recently opened Avenue Mall Osijek. This panel was moderated by **Marija Noršić**, Board Member, Filipović Business Advisory Ltd. The panel members included **Gábor Borbély**, CEE Research Analyst, CEE Research & Consulting, CB Richard Ellis, **Ivan Kusalić**, Procurator of Razvoj Golf d.o.o. and Golf Park Dubrovnik project director and **Siniša Slijepčević**, General Manager, GTC Croatia.



The introductory presentation and the developers' panel in the Emerald Ballroom were followed by six panels, two by two simultaneously, in Istanbul and Paris suites.

The panel **Real Estate Valuation – Property Valuation and Market Uncertainty, “Local Standards vs International Standards”** was moderated by **dr.ing. Luciano Capaldo**, **FRICS**, Chairman, Royal Institution of Chartered Surveyors in Europe, who presented RICS and its role and importance on the European real estate markets. Other speakers on the panel were **Melita Bestvina**, **M.A.**, President, Croatian Association of Court Appointed Professionals and Director, Rudimentum d.o.o., **Omar Choudhury**, **MRICS**, Head of Professional Services, King Sturge d.o.o., **Patrick Franolić**, Managing Director, Spiller Farmer d.o.o., **Dražen Nikolić**, Management Board Chairman, Raiffeisen Consulting d.o.o. and **Renata Suša**, Manager, Investment and Corporate Advisory Services, Colliers International d.o.o.



On the panel entitled **Round Table of the Leading Advisors, Agents, Architects, Analysts and Economists** we could hear opinions of the mentioned experts regarding their view of the current crisis, and its positive and negative consequences on the real estate market. The speakers were **Vedrana Likan**, General Manager, Colliers International d.o.o. as the moderator, and **Hrvoje Hrabak**, President, Croatian Architects' Society, **Ilijana Jeleč**, Management Board President, Erste Nekretnine d.o.o., **Dubravko Ranilović**, Partner, Kastel Real Estate, Zagreb and President of Real Estate Association at the Croatian Chamber of Commerce, **Ivan Stojević**, Director, PBZ nekretnine d.o.o., **Josip Tica, Ph.D.**, Department of Macroeconomics and Economic Development, Faculty of Economics & Business, University of Zagreb and **Arn Willems**, Partner, CB Richard Ellis d.o.o.



The following panel was **Croatian Real Estate Law and Construction Law – The Role of Law in Development of Commercial Real Estate Projects**, moderated by **Prof. Tomislav Borić, Ph.D.**, Faculty of Law, Graz. The panelists included **Prof. Matjaž Tratnik, Ph.D.**, Faculty of Law, Maribor, **Branko Vukmir, Ph.D.**, Advisor and **Miloš Živković, Ph.D.**, Law Office Živković i Samardžić and Faculty of Law, Belgrade. The panel brought a presentation of the FIDIC contracts and a comparison of Croatian, Slovenian and Serbian investment possibilities and legal problems which developers, investors and contractors encounter.



The panel **Architecture and Urbanism – Croatian Architects and Urbanists in Expectance of a New Investment Wave**, was moderated by **Petra Škevin**, Member of the Management Board, Filipović Business Advisory Ltd. The panelists included **Tomislav Ćurković**, President, Croatian Chamber of Architects, **Ninoslav Dusper, M.A.**, President, Croatian Urban Planners' Society and Director, Urban Planning Institute of Croatia Ltd., **Hrvoje Hrabak**, President, Croatian Architects' Society and **Goranka Radović**, Head of the Sector, Sector for Developments Significant to the Republic of Croatia, Ministry of Environmental Protection, Physical Planning and Construction. They discussed the role of architecture and urbanism in the commercial real estate development, but also the problems they encounter with Croatian legal system.



On the panel **Real Estate Financing – Financing Conditions of Commercial Real Estate Projects' Development**, we could hear expert opinions on the condition of the real estate market from financiers', developer's, consultant's and reviser's points of view, but also some specific situations they encounter in commercial real estate development and useful advices. The speakers were **Natalija Vulić**, Member of the Management Board, Filipović Business Advisory Ltd. as a moderator, and **Zlatko Gregurić**, Principal Banker, Property & Tourism Team, European Bank for Reconstruction and Development, **Juraj Sinanović**, Financial Controller, TriGranit Lanište d.o.o., **Goran Valečić**, Deputy Director of Real Estate Department, Erste & Steiermärkische Bank d.d. and **Edo Tuk**, Partner, TPA Horwath.



The last panel held on the first day of the Conference was entitled **Office Space – New Beginning**, and moderated by **Boris Andrić**, Negotiator, King Sturge d.o.o. The panel members included **Tatjana Božić**, Head of Commercial Services, Spiller Farmer d.o.o., **Petra Škevin**, Member of the Management Board, Filipović Business Advisory Ltd. and **Arn Willems**, Partner, CB Richard Ellis d.o.o. After a presentation of the overall state of the office space market, some of the projects completed this year and others that are still in pipeline were presented.



After the official part of the Conference, there was a Gala reception in the Emerald Ballroom of The Regent Esplanade Hotel for all the speakers, conference participants, patrons' and sponsors' representatives and guests. In the artistic part of the evening we could enjoy the performance of Croatian National Theatre's ballet champions Edina Pličanić and Andrej Izmeštev, who danced Pas de deux from the

second act of *Swan Lake* by Petar Iljič Čajkovski and Adagio from the same author's *Sleeping Beauty*. The musical program continued in the hotel's disco club with Kočani orchestra and a DJ.



The official part of the Conference continued on Friday, April 15, in Istanbul and Paris suites.

The panel **Tourism – How to Activate Dormant Projects in Croatian Tourism?** was moderated by **Goran Hanžek**, Director, Arte Hotel Management d.o.o., while the other speakers were **Ivana Budin Arhanić**, Management Board Member, Valamar grupa d.d., **Oliver Corlette**, Director, Porto Montenegro, **Sanja Čizmar**, Director and Partner, Horwath Consulting Zagreb, **Jana Gaćina**, Sales and Operations Manager, Mandalina Marina & Yacht Club and **Ana Mrak Taritaš**, Head of the Sector, Sector for Spatial Planning, Ministry of Environmental Protection, Physical Planning and Construction. The panel presented some of the new projects in the tourism sector and various views on the Tourist Land Act.



The moderator of the panel **Regional Real Estate Market – 2011 – The Last Moment for a Bigger Investment Cycle in the Region!** was **Nenad Peris**, Manager, Commercial Services, Colliers International d.o.o. The panelists included **Boris Bekavac**, COO, UniCredit Bank d.d., Bosnia & Herzegovina, **Vlaho Kojaković**, Senior Banker, Property and Tourism Team, European Bank for Reconstruction and Development, **Csaba Toth**, Development Director, TriGranit Development Corporation, Slovenia, **Sebastian Trajkovski, Ph.D.**, Deputy CEO

Energoplan d.d., Slovenia and **Yiannis Xanthopoulos**, Investment Manager CEE & SEE, Bluehouse Capital. The panel presented a comparison of the real estate markets in the region, all of the speakers acknowledged a potential for new investments, but also a need for more quality projects.



The panel **Retail Space – Retail Development in Croatia: Has the Time Come to Look Beyond Shopping Centres?** was moderated by **Emanuel Bakić**, MBA, Head of Retail, CB Richard Ellis d.o.o., and the panelists were **Blanka Braccia**, Head of Retail Services, Spiller Farmer d.o.o., **Igor Hrzić**, Country Manager, Bluehouse Croatia, **Neven Marić**, Project Coordinator, MID Bau Nekretnine d.o.o. and **Radojica Pilčević**, International Executive Director, Delta Sport Grupa. We could hear a presentation of the current state on the retail markets in Croatia and Serbia, but also ideas for the future development strategies of the market saturated with shopping centers.



On the panel **Green Building in Croatia – Does Anyone Really Care About Going Green? A View from Those Who Claim They Do** the moderators were **Mark Gero**, LEED Green Associate, Director, Eco-Logic Systems d.o.o. and Member of the Board of Directors, Green Building Council of Croatia and **Hrvoje Kvasnička**, LEED Green Associate, Project Manager in Property Development, Tehnika d.d. and Vice-President, Green Building Council of Croatia. The panelists included **Jadranka Boban Pejić**, Director, Biovega d.o.o., **Steven Borncamp**, President, Romania Green Building Council and Chairperson, Build Green Central Eastern Europe, **Cherie Ford**, Partner, PricewaterhouseCoopers, **Vlaho Kojaković**, Senior Banker, Property and Tourism Team, European Bank for Reconstruction and Development,

Žarko Mudrovčić, Consultant and Project Manager for Financing the EE projects, HEP ESCO and **Ivan Ora**, LEED Green Building Coordinator for Mall of Split, Tulipan Grupa. We could hear some of the positive aspects of “going green”, where a bigger investment in the beginning pays off later in the lower expenses, but all of the speakers agreed that we need to work on a better education and awareness of the possibilities of green building in Croatia.



Dubravko Ranilović, Partner, Kastel Real Estate, Zagreb and President of Real Estate Association at the Croatian Chamber of Commerce was the moderator of the panel **Housing – Residential Market at a Crossroads**. The panelists included **Ilijana Jeleč**, Management Board President, Erste Nekretnine d.o.o., **Ivan Šanić**, Director, Burza nekretnina and **Josip Tica, Ph.D.**, Department of Macroeconomics and Economic Development, Faculty of Economics & Business, University of Zagreb. The panel brought a review of the sector in the last few years from different points of view, with some specific examples which maybe differ from the theory.



The panel which concluded this year’s Conference was entitled **Investment Real Estate Market in Croatia – Investments – Great Expectations Era?** and it was moderated by **Renata Suša**, Manager, Investment and Corporate Advisory Services, Colliers International d.o.o. The other speakers were **Andi Ballta**, Managing Director, Office Head for Western Balkans, NCH Advisors Inc., **Igor Hržić**, Country Manager, Bluehouse Croatia, **Vlaho Kojaković**, Senior Banker, Property and Tourism Team, European Bank for Reconstruction and Development, **Ward Stocker**, Director, Zagreb Office, King Sturge d.o.o., **John Verpeleti**, Managing Director, Investment Services, Colliers Central and Eastern Europe and **Arn Willems**, Partner, CB

Richard Ellis d.o.o. It was concluded that Croatia is still a high risk country for the investors, but with quality and stable projects we can expect a gradual growth.



We would like to thank once again all Conference sponsors and media coverage:

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2. STATISTICS

2.1. Average Asking Prices of Real Estate Offered for Sale – April 2011

	average price EUR/m ²	price range EUR/m ²
ZAGREB		
Housing		
Apartments	1.830	558 – 6.667
Houses	1.705	404 - 9.167
Commercial space		
Offices	1.795	1.300 – 3.333
Business premises	2.331	722 - 8.663
Office blocks	1.283	618 – 4.867
COAST		
Housing		
Apartments	1.941	611 - 6.383
Houses	1.714	160 – 18.269
Commercial space	1.675	482 – 4.000
Tourist facilities	2.638	240 – 3.250

Average is calculated on the basis of the currently quoted prices on the Burza nekretnina d.o.o. (Real Estate Stock Market Ltd.), which is available online: www.burza-nekretnina.com.

2.2. Statistical Reports of the Central Bureau of Statistics from the Area of Construction

2.2.1. Building permits issued, February 2011

In February 2011, there were 739 building permits issued, which was by 15.0% less than in February 2010. The total number of building permits issued in the period from January to February 2011 was by 9.6% lower, as compared to the same period of 2010. In February 2011:

- by types of constructions, 87.8% out of the total number of permits were issued on

buildings and 12.2% on civil engineering works

- by types of construction works, 80.5% of permits were issued on new constructions and 19.5% on reconstructions.

According to permits issued in February 2011, it was expected for 1 063 dwellings with the average floor area of 88.5 m² to be built.

Advice: Building permits issued, February 2011, Central bureau of statistics, Zagreb, 2011.

2.2.2. Construction work indices, February 2011

According to basic indices, in February 2011, as compared to February 2010, construction works decreased by 7.1%. According to working-day adjusted indices, in February 2011, as compared to February 2010,

construction works decreased by 8.3%. According to seasonally adjusted indices, in February 2011, as compared to January 2011, construction works decreased by 0.9%.

Advice: Construction work indices, February 2011, Central bureau of statistics, Zagreb, 2011.

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It is our wish that the Croatian Real Estate Newsletter / CREN be a source of speedy and quality information for all who are active in the real estate sector – developers, planners, contractors, mediation agencies etc. Please send your comments, proposals and opinions to cren@filipovic-advisory.com to help us improve CREN and make it the leading medium on the Croatian real estate market.

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