

- CREN - Croatian Real Estate Newsletter

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TOPIC OF THIS ISSUE:

Vedrana Likan
Managing Director at Colliers International
President of the Green Building Council of Croatia
First Vice-President of the American Chamber of Commerce in Croatia

Green Building – the Present or the Future of Croatian Building Industry?



Savjet za zelenu gradnju u Hrvatskoj
Green Building Council of Croatia

1. INTERVIEW

Vedrana Likan,

**Managing Director at Colliers
International,
President of the Green Building Council
of Croatia ,
First Vice-President of the American
Chamber of Commerce in Croatia**



Green Building – the Present or the Future of Croatian Building Industry?

In 2009, a group consisting of 20 companies, organisations and institutions felt motivated by the opportunity to take on the responsibility of initiating positive changes in Croatia in terms of better quality building, and they decided to launch an initiative to establish the Green Building Council in Croatia as a non-profit organisation that would serve as a national platform for promoting the practice of sustainable building. This is how the Green Building Council of Croatia was established, as a part of the global GBC organisation (Green Building Council). It currently has more than 50 members and is led by the team of 11 members of the Management Board – ambitious people in Croatia from economic and public institutions, whose basic activity is aimed at preserving a natural and healthy environment for people's lives and work.

We discussed the topic of green building in Croatia and its future, its advantages and opportunities that are being offered, with Vedrana Likan, the President of the Management Board of the Green Building Council of Croatia.

In the past two years, the term green building has become a part of everyday building and investment jargon in Croatia. From what used to be a total lack of confidence that this concept would become rooted in Croatia until now, when the potential for green building and for obtaining an internationally acknowledged certificate is being considered for almost every new investment in Croatia, the Green Building Council in Croatia has gained the status of an information and educational centre. How did you achieve this?

So far, the common practice in economic activities in Croatia included systematic exploitation of natural resources, and for decades no attention was paid to the problems and consequences that buildings with inefficient use of energy and raw materials create regarding our environment, and these were thus bad long-term investments for Croatia – a country whose greatest value lies in its diverse and abundant natural resources, which deserve respect and sustainable management instead of mere exploitation.

The initial purpose of the Green Building Council in Croatia is defined as initiating and implementing changes in the manner of planning and building different facilities and the way they are used, with the aim of achieving sustainability, and taking into account balancing the interests of those who will be using the facilities, the preservation of the environment and financial profitability. In order to achieve this, the Council has defined its objectives and established an activity plan. The first step was to establish the sources of knowledge, materials and ways to initiate changes in attitudes, and this can only be done by raising the level of awareness and knowledge of the key stakeholders on the market. From two years ago until today, we have organised six conferences, whose purpose was to provide free education to professionals in this field – architects, mechanical, electro-technical and civil engineers. We have organised two very successful Better Building Brunches – the first with the President of the Republic of Croatia, Mr. Josipović, and the second with Scott Horst, Senior Vice President of the United States Green Building Council, who is the highest representative of this institution ever to have visited this part of Europe. This year, in cooperation with other European Councils, we additionally launched a whole-year educational

programme entitled Green Building Professional, which has 30 registered participants. We actively work with students and have cooperated with organisations such as the American Chamber of Commerce, the UK Chamber of Commerce, the Croatian Employers' Association, the Hrvoje Požar Energy Institute, the Association of Energy Certifiers, the Association for Energy, the TV show entitled Zelenjava... and our joint achievements in the field of sustainable development and green building has resulted in what you have said yourself – people are perceiving the possibilities to a greater extent, and they apply principles of green building in practice, both at the personal level and at the level of business operations, regardless of the industry.

Global and European statistics confirm the obvious benefits of green building – both for the investor and for the users of the facilities, and certainly the benefits for the environment and the entire economy. Where is Croatia in this context – do we have the knowledge, the technologies and experience?

Green buildings reward their owners by greater cost-effectiveness and greater attractiveness, and they also reward their users with lower operating and maintenance costs; and above all they preserve nature by lowering negative environmental impact. Green building does not imply only the use of new materials, it also assumes a certain culture of living, housing and using space, which is in line with sustainable development. This concept of building has proven effects on the quality of life and business operations.

Green building relates to the whole process of designing, building, maintaining, using and refurbishing facilities, all based on the sustainability

principle. Green building takes into account all aspects of the sustainability of a building – the use of the building plot, connections to the neighbourhood and to services available to the users, the manner and quantity of water consumption, the landscape, interior design and ambience, taking care of users' health, selection and manner of use of the materials, greenhouse gas emissions from the facility, energy efficiency, using sustainable energy sources and the overall functionality of the facility.

From the moment of entering a “green office”, the overall costs of which (rent + maintenance + running costs) are not greater than a “regular” office, employers can sense a positive change. The first thing they notice is healthy natural light, and then clean air. It has been proven that such offices increase efficiency at work, and what is most important – they have a positive influence on people's health. The number of days that employees in such offices spend on sick leave is significantly smaller in comparison to the employees who work in an “artificial” environment. If one adds the use of renewable energy sources, control of consumption and recycling, the overall monthly costs are significantly lower.



Croatia is only one of several European countries that still have no green buildings that are certified on the basis of international certification standards (LEED, BREAM, DGNB, GREEN STAR), but only some buildings that are certified

as “energy efficient”. But indeed, every new investment in a construction project on the Croatian market does consider the possibilities of green building and certification on the basis of international standards. This is the consequence of the fact that Croatia is already a part of the European and global market, and its projects will compete on the open market with those in other countries. Our projects have to comply with the highest standards if they want to be successful, and all investors know this already. But in order for this story not to stop at what investors want, it is necessary to have the knowledge and the expertise necessary to design, build and equip such a project... in this segment, Croatia is only in the early stages and the first generations of educated experts are only emerging. If we do not want the knowledge, the technologies and the products to be imported solely from other markets, then the only choice is for everybody who wants to take part in this new age of the building industry and the investment markets to invest an additional effort. And this effort will certainly pay off.

Taking into account that the Croatian property market is only at the developmental stage, and that the “boom” is yet to come in the construction industry, and taking into account the fact that the market of green investments has been growing by an average of 20% a year since 2004 in Europe, and there are estimates that the value of this market will amount to 573 billion EUR by 2014, the Green Building Council of Croatia expects that the building sector in Croatia will continue its development in this direction.

I am sure that you still encounter some sceptics who claim that green building is just a matter of marketing. What are the arguments you use to truly present green building?

Promotion of green building is much more than an environmental campaign because green buildings across the world enjoy clear market benefits that the standard projects do not have. Companies, organisations and individuals from every sector have the opportunity to enjoy the benefits of properties or parts of projects that have internalized and integrated aspects of sustainability that have resulted in documented reduced operating costs, greater return on investment and a high quality living or working environment. And these facts are indisputable.

What I personally like to use as an argument are data that show that green building is the only possible option for further development of projects and markets. Globally, there are worrying statistics, which point to the adverse effects of the building sector on the environment and ecological footprints. It is estimated that the building sector uses between 30 and 40% of global energy resources, and that in some countries, such as the United Kingdom, energy consumption of buildings exceeds 50% of the national energy consumption. Buildings account for about 20% of global consumption of water, whereas the construction industry at the global level uses 1/4 of all timber cut in one year. Buildings account for the emission of almost 1/4 of the overall global carbon dioxide emissions. Generally speaking, buildings have greater potential for reducing CO2 emissions than any other sector. By using the currently available technologies alone, buildings can reduce energy consumption from 30-50%, CO2 emissions by 35%, waste production by 70%, and water consumption by 40%.

It is true that construction costs for a green building are higher than the construction costs for a standard building. But this difference ranges between only 3-5%. And it is counterweighted by data that resulted

from the analysis of as many as 12 building portfolios in the USA, which showed that customer satisfaction in green buildings is 27% higher than for users of other buildings, and the data on the cost-effectiveness of green buildings confirm that the owners/investors in green buildings can achieve 6% more in rent prices, 13% less in maintenance prices, and 16% more in sales prices.

In October this year, the GBC of Croatia started the education of the first generation of internationally renowned multi-disciplinary experts, entitled „Green Building Professional“. Who is the target group for this programme, and what are the advantages of acquiring the “Green Building Professional“ certificate?

The aim of this programme is to create a generation of multi-disciplinary experts in the field of green building, its design and financing; environmentally friendly materials used for building, equipping and refurbishing; estimation of the value and life cycle of buildings with respect to their green elements; landscape design, light design, achieving savings through recycling and energy savings – in general creating an environment for living and working that would be healthier, more pleasant and more productive: all based on the green principles and sustainability. The programme is dedicated to professionals from various relevant disciplines, including architecture, mechanical engineering, economy, finance, law, construction business, followed by building owners, tenants, businesses, investors, financial institutions, construction companies, suppliers of products and services used in the building industry, scientists and students – all those whose aim is to keep pace with the latest trends in green building and in using and maintaining space in a way that is aimed at achieving savings.

The participants are not expected to have any previous specialist or technical knowledge on these topics.



The participants in this year-long programme will acquire the internationally renowned „Green Building Professional“ certificate, which is recognized and valued in all countries, particularly in Central and Western Europe, and this programme will provide them with the necessary knowledge to actively design, build, manage, maintain and use premises in line with green principles, thus achieving lower maintenance costs and maximum energy savings, and activating premises that would maximise the satisfaction and productivity of their users, find out what materials and equipment to use in building and equipping the facilities to reduce the carbon footprint and adverse impact on the environment and on users of the facility, to learn how to assess and estimate the green potential of a building or facility, to learn more about the legal framework and regulations related to green building, to learn about the specific features and similarities between international systems of green building certification: LEED®, BREEAM and DGNB, to perceive the possibilities and the advantages of using natural resources such as solar energy and light, learn about how environmental principles can be practiced and promoted in using space, and many other things.

The „Green Building Professional“ year-long education programme consists of 8 mandatory and 6 optional modules. In order to obtain the „Green Building Professional“ certificate, the participants will have to complete 8 mandatory and 2

optional modules and pass the final exam at the end of the programme. At any point during the education, it will be possible to become involved in the programme, and the participants will have the right to take the exam within 3 years of enrolling in the programme.

The next modules are: Green Design Principles, which will take place on 16th December and Sustainable Materials & Resources on 20th January 2012.

The programme is delivered by foreign speakers in English, and simultaneous interpretation into Croatian is provided. A list of all modules within the „Green Building Professional“ year-long educational programme and the conditions for enrolment, attendance and taking the exam for the „Green Building Professional“ certificate can be found on www.gbccroatia.org

What is the Green Building Council for Croatia planning for 2012?

In 2012 we shall continue with the implementation of the Green Building Professional programme, with regular educational modules once a month, and in the fall 2012 we will enrol the second generation of participants in this programme. We are also planning to organise two more Better Building Brunch events during the year, with renowned guests from Croatia or abroad. In addition, we shall keep organising our symposia on a quarterly basis, on topics of interest to the professionals in this field.

Next year, we plan to have significant cooperation with the American Embassy in Croatia, with the aim of making it possible for entrepreneurs and the business community in Croatia to meet manufacturers and service providers in the green building segment, with the aim of establishing business connections and cooperation in the form of

establishing representations or franchise partnerships.

Here, I would like to emphasize two key events for the Council that will certainly mark our further work and development. It is our aim to obtain the status of a recognized Green Building Council from the World Green Building Council, which will make it easier to have better access to information and educational materials, research and other processes, which are

of key importance for overall market development.

In addition, we have also started the process of employing an executive director for the Green Building Council of Croatia, and I would like to use this opportunity to invite all those who are interested in this position to contact us. We believe that the executive director will raise the operational capacity of the Council to a new level and thus give it additional strength and importance.

2. Zamet Centre wins silver at the IOC / IAKS Award 2011



Zamet Centre wins silver at the IOC / IAKS Award 2011

Among 133 international projects from 36 countries 3LHD project - Zamet Centre - won a silver medal in the competition of sports facilities at the IOC / IAKS Award granted by the International Olympic Committee and the International Association for Sports and recreation facilities.

IOC / IAKS Award and IPC / IAKS Distinction Award, are given biennially by the International Olympic Committee and the International Association for Sports and recreation facilities, and para-Olympic International Association for the best architectural realizations of facilities intended for sports and recreation, and projects that are designed specifically for athletes and spectators with disabilities.

133 architectural works from 36 countries were applied on this, 22nd edition of the IOC / IAKS Award, making it a record year. Gold was awarded to 5 projects, silver to 9, bronze to 5, and 3 special awards were granted. 50 projects were applied for the IPC / IAKS Distinction Award, 7 of them were awarded.

In the category E - single indoor facilities gold was not granted, and silver was granted to Zamet Centre and Sports Hall Podčetrtek.

Situated in Rijeka's quarter Zamet, the new Centre Zamet in complete size of 16.830 m² hosts various facilities: sports hall, local community offices, a multipurpose hall, a library, commercial, service, sports and catering facilities and a public garage. In the short period since its opening, it has confirmed the role of a new community center, space for all kinds of social and sporting events, concerts, festivals and celebrations. Besides this award, the Centre has already won a number of architectural awards, including the Vladimir Nazor Annual Award for 2009 and Bernardo Bernardi award for 2009.

Zamet Centre is not the first 3LHD project that won the IOC / IAKS Award. Sports Hall Bale in the Istrian town of Bale, won the bronze medal two years ago.

Some of 3LHD major projects we can mention are the recently opened Hotel Lone in Rovinj, Zagreb Dance Centre in Zagreb, Spaladium Arena in Split and Sports Hall Bale in Bale, as well as several projects whose realization is expected: 4 Towers in Zagreb, Port Lands Sports Centre in Toronto, Green Pavilion Restaurant in Zagreb, Bus Terminal in Rijeka and xCimos Office Building in Zagreb.

More about the project

IAKS / IOC Award

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3. STATISTICS

3.1. Average Asking Prices of Real Estate Offered for November 2011

	average price EUR/m ²	price range EUR/m ²
ZAGREB		
Housing		
Apartments	1.846	549 – 6.667
Houses	1.718	404 – 14.667
Commercial space		
Offices	1.783	796 – 3.333
Business premises	2.304	722 - 8.663
Office blocks	1.265	593 – 4.867
COAST		
Housing		
Apartments	1.947	608 – 6.364
Houses	1.714	195 – 18.269
Commercial space	1.669	482 – 5.368
Tourist facilities	2.122	1.396 – 2.257

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.

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

3.2.1. Construction work indices, August 2011

According to basic indices, in August 2011, as compared to August 2010, construction works decreased by 8.9%. According to working-day adjusted indices, in August 2011, as compared to August 2010,

construction works decreased by 11.2%. According to seasonally adjusted indices, in August 2011, as compared to July 2011, construction works decreased by 0.7%.

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

3.2.2. Building permits issued, September 2011

In September 2011, there were 838 building permits issued, which was by 8.4% less than in September 2010. The total number of building permits

issued in the period from January to September 2011 was by 4.5% lower than in the same period of 2010. In September 2011:

- by types of constructions, 83.2% out of the total number of permits were issued on buildings and 16.8% on civil engineering works

- by types of construction works, 80.3% of permits were issued on new

constructions and 19.7% on reconstructions.

According to permits issued in September 2011, it was expected for 1 641 dwellings with the average floor area of 77.4 m² to be built.

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

3.2.3. Prices of new dwellings sold, first half-year of 2011

In the first half-year of 2011, the average price per 1m² of new dwellings sold by trade companies and other legal entities, excluding POS¹⁾, was 12.163 kuna. It was by 2.8% higher than the price per 1m² in the second half-year of 2010 and by 3.7% higher than the price per 1m² in the whole 2010. That increase was mostly caused by the increase in the prices in other settlements, that is, in the coastal area of the Republic of Croatia. The average

price per 1m² of dwellings sold according to POS amounted in the first half-year of 2011 to 6.264 kuna. In the same period, the total average price per 1m² of all sold dwellings (irrespective of the seller) was 12.081 kuna. In the first half-year of 2011, the calculation of the average price per 1m² of dwellings sold according to POS participated with 1.4% in the total volume of monitored m² sold and other sellers with 98.6%.

Advice: Prices of new dwellings sold, first half-year of 2011, Central bureau of statistics, Zagreb, 2011.

3.2.4. Construction works, 2010, Annual Report on Construction Works in the Republic of Croatia, Legal Entities Employing 5 or More Persons

In 2010, legal entities employing 5 or more persons engaged in construction activities had on the average 14.3% less workers on sites and 16.4% less working hours done on sites than in 2009. In 2010, the value of construction works done by workers on sites decreased by 26.8%, as compared to 2009. By types of

constructions, 52.2% out of the total works were done on buildings and 47.8% on civil engineering works. By types of works, 63.1% out of the total works were done on new constructions and 36.9% on reconstructions, adaptations, repairs and maintenance works.

Advice: Construction works, 2010, Annual Report on Construction Works in the Republic of Croatia, Legal Entities Employing 5 or More Persons, 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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