

- CREN -

Croatian Real Estate Newsletter

filipović
business advisory ltd.

Volume 7, September 2006

CREN SPONSORS



TABLE OF CONTENTS

1. A WORD FROM THE EDITOR.....	2	5.1. Average Asking Prices of Real Estate Offered for Sale – August 2006.....	11
2. LAW – Interview: Snježana Bagić, State Secretary, Ministry of Justice.....	3	5.2. Statistical Reports of the Central Bureau of Statistics from the Area of Civil Engineering – Building Permits Issued, June 2006.....	12
3. CITY CENTER ONE – Interview: Nataša Đuričić, Executive Director, EAST REAL – online hausverwaltung d.o.o.....	7	6. PRESS CLIPPINGS – Short News.....	12
4. WE PRESENT YOU.....	8	7. PAST EVENTS.....	13
4.2. The Nexe Group.....	8	8. DO NOT MISS OUT.....	14
4.3. www.CentarNekretnina.net.....	10	9. WE POINT OUT.....	15
5. STATISTICS.....	11	9.1. Interesting books	15
		9.2. Interesting Web Pages.....	15
		9.3. Architectural and Urban Planning Tenders.....	15

TOPIC OF THIS ISSUE:

INTERVIEW:
SNJEŽANA BAGIĆ
State Secretary
Ministry of Justice

1. A WORD FROM THE EDITOR

Dear readers,

After successfully starting the new business year, we hope that the summer break was useful and that you are ready for the new and even more successful business season of 2006/2007.

From February to August we published six issues, regarding that the summer one was a double issue. We would like to thank one more time our dear colleagues that were ready to give interviews and comments on actual topics from the world of real estate in Croatia: Mr. Ninoslav Dusper, Mrs. Melita Veršić-Marušić, Mr. Irhad Meheljić, Mr. Boris Klemenić, Mr. Nedeljko Majerić, Mr. Dragan Lazukić, Prof. dr. Tomislav Borić, Mr. Ivica Čačić, Mr. sc. Slavko Dakić, Mrs. Suzana Magdić, Mr. Nenad Bakic, Mr. Dubravko Ranilović and Mr. Arn Willems.

Also, we would like to thank authors of the articles connected to the introduction of projects and companies – Development project of The Economic Zone Jalševac in Jastrebarsko, Club Adriatic d.o.o., Grawe nekretnine d.o.o., Ilički neboder, Zagrebtower, Facility Management Croatia d.o.o., Orco Property Group and Sunačni Hvar d.d., Hotel Partner d.o.o., Raiffeisenbank Austria d.d., Tower Center Shopping Rijeka, www.KupiProdaj.net, CB Richard Ellis d.o.o. and Energoplan d.o.o.

In front of you is the 7th, September issue of the Croatian Real Estate Newsletter, presented by two interviews and two presentations together with number of interesting news and events tied to the world of real estate that will take place in Croatia and abroad.

As we introduced in our first issue, our goal is still to inform you on time through CREN about the development of the Croatian commercial real estate industry and its segments: business-office space, industry, residential development, tourism and retail space. Moreover, we are going to keep presenting interesting projects, organizations and people that are in the business of the real estate development in Croatia, the newest statistical data linked to the Croatian real estate market and many other things.

CREN is targeted to the all that do real estate business in Croatia: developers, bankers, architects, building contractors, investors, middleman and consultants, real estate users, lawyers and others.

We would like to thank our committed sponsors: AmCham and Austrian Trade Commission on the ongoing cooperation and support.

We hope that the CREN will aid you in your business endeavor in the Croatian real estate market.

Sincerely,

Vladimir Filipovic
Editor of the CREN

2. LAW

INTERVIEW:
Snježana Bagić
State Secretary
Ministry of Justice

What are the most significant changes that resulted from the adopted amendments to the Law on Ownership and other Proprietary Rights?

First of all, as information for your readers, the Croatian Parliament adopted the amendments to the Law on Ownership and other Proprietary Rights before the summer recess, so that they became effective on the day of publication in the Official Gazette *Narodne novine*, on 17th July 2006.

An important amendment to the Law refers to establishing real estate, which is considered to have become the equity capital of a company during the process of transformation of formally socially owned companies. Namely, up until now, this Law stipulated (in Article 390) that the provisions of the Law on Transformation of the Rights of Management, Use and Disposal do not refer to items that were not registered as company equity during the transformation process, on the basis of the laws that regulate the transformation of socially owned companies. The legal theory and the case law have until this day dealt with the question on which property the legal entities have gained property rights in this process of transformation.

This discussion resulted primarily from the vague provisions of the Law on Transformation of Socially Owned Companies, and later also provisions of the Law on Privatisation. Amendments to the Law on Ownership and other Proprietary Rights will not fully resolve all uncertainties, but they clearly define the scope of property, which is considered to have become the equity of the company in the

process of transformation. This can only refer to assets that comply with the following conditions: that they were formally socially-owned, and that a socially-owned company had the right of disposal of these assets, that they were eligible for acquiring ownership rights (for instance, this cannot be agricultural land), that their value was estimated as a part of the company equity and that the competent authority (Croatian Privatisation Fund) recognized it as the company's equity.

I have to emphasize that this legislative amendment has nothing to do with legalizing criminal offences committed during the transformation process, as could be heard in the discussion on the draft of this Law. Precisely the opposite: this should contribute to introducing order by means of a clear definition of assets over which legal entities gained ownership during the transformation process. Another innovation refers to extending the cases, in which public entities, i.e. local and regional self-government units, are not obliged to issue tenders for disposal over the assets owned by them. So, besides the cases that involve legal transactions between such units amongst themselves or legal transactions with legal entities owned by the Republic of Croatia or local/regional self-government units, or those where the state or such units have a majority share, and if this is in the interest of the general economic and social progress of citizens living in the area, it is no longer necessary to issue a public tender for disposal over property necessary to establish an undeveloped building plot in accordance with the location permit, provided that the respective part of the plot does not exceed 20% of the surface of the planned building plot.

One of the amendments refers to simplifying the procedure for acquiring ownership rights of property for foreigners. Now, consent for acquiring ownership rights for foreigners is issued by the Minister of Justice, whereas earlier this was in the authority of the Minister of Foreign Affairs and European Integration, who issued the consent after consulting the Minister of Justice.

The right of foreigners to acquire real estate is a major political and media topic. What is your opinion on this issue?

I agree with your assessment that the issue of foreigners acquiring ownership of real estate in Croatia is an important political and media topic. I believe this to be understandable, because this is an issue of national interest, as the recent parliamentary discussion on the Amendments to the Law on Ownership and other Proprietary Rights has shown. The Amendment to this law that referred to simplifying and accelerating the procedure of acquiring ownership for foreigners was interpreted by some MPs as full liberalization of the real estate market. It was even characterized as the sale of our national treasure.

However, I would like to use this opportunity to emphasize that the amendments to the Law that were discussed in my reply to your previous question, really do not represent a liberalization of the real estate market for foreigners in the Republic of Croatia. They do not even represent a change of the legally prescribed conditions, but only an abbreviated procedure before the competent authorities of the Republic of Croatia.

Namely, after determining if there is reciprocity – which means verifying if Croatian citizens have the right to acquire ownership in the country of the foreign person who has filed the request for acquiring ownership of assets in the Republic of Croatia, it is necessary to obtain written consent from the Minister of Justice. In this sense, this procedure is now (only) in the authority of the Ministry of Justice, whereas formerly it was necessary to obtain consent from the Minister of Foreign Affairs and European Integration, upon prior consultation

with the Ministry of Justice. So there were two steps of the procedure, and two documents issued by competent authorities.

Currently, the Ministry of Justice is conducting preparations to be able to take over fully the procedure of acquiring ownership for foreigners as of September, so that there should be no difficulties due to this change of authority.

How are the negotiations with the EU on real estate matters going and are there any open issues?

The Republic of Croatia's accession negotiations with the European Union are going according to the schedule of negotiations on individual chapters of the *acquis communautaire*. After the negotiations on one chapter are successfully completed, the chapter is temporarily closed until the entire negotiations between the candidate country and the European Union come to a close.

I believe that the issue of real estate is one of the most sensitive areas, along with the chapter on the judiciary.

The Republic of Croatia signed the Stabilization and Association Agreement (SAA), which entered into force on 1st February 2005. The SAA is part of the *acquis communautaire* of the EU and it is part of the internal legal order of the Republic of Croatia. On the one hand, this agreement "simulates" the conditions, which are effective in the European Union, and on the other hand, it prepares Croatia for these conditions in the European Union.

Negotiations on real estate, that is on acquiring and protection of real estate in the Republic of Croatia, are a part of the Chapter 4 – free movement of capital.

When we speak about the negotiations in real estate matters and about the future negotiating position of the Republic of Croatia, it seems to me that this position is already partly defined by the Stabilization and Association Agreement.

Regarding the commitments that the Republic of Croatia has according to the SAA, Article 60

of the SAA stipulates that Croatia shall – within a period of four years from the time the Agreement comes into force (until 1st February 2009) – allow citizens of the EU member states to acquire real estate in the Republic of Croatia by fully and functionally applying the existing procedures. After this period, Croatia has committed to gradually harmonize its legislation regarding the acquisition of real estate so that the citizens of the EU members state should – in this respect – be treated equally as Croatia citizens, except in cases listed in the Appendix VII of the SAA, which are exempt from this rule, and these refer to agricultural land and areas governed by nature protection regulations. Also, the Joint Declaration on the Article 60 of the SAA, allows (new) proportional non-discriminatory limitations, based on the common interest (such limitations have to be valid equally for citizens from the Republic of Croatia and from the European Union). Consequently, in the negotiations regarding real estate, for instance in determining possible transitional periods, the Republic of Croatia will start from the rights and commitments defined in the SAA, and it will apply the practice and experience of other countries.

For any transactions regarding real estate, the issue of the land registry is exceptionally important. The state has invested great efforts lately in improving the situation of the land registry. Could you describe to us what has already been done and what are the results, and how this segment will develop further.

The Land Registry Project is one of the first projects of the Ministry of Justice within the scope of the reform of the judiciary. Namely, resolving the backlog of land registry cases, transcribing manual land registry entries into digital form, harmonizing the land registry with the cadastre, and creating a unified data base of the land registry at the level of the Republic of Croatia belong to the list of priorities of this reform. The results are very good, and we are continually decreasing the backlog of land

registry cases. From the initial number of 359,500 unresolved land registry cases in September 2004, we have arrived at less than 180,000 unresolved cases in June 2006. So, we have cut the initial number by half and I believe that we will end this year with an insignificant number of backlog cases.

At the Municipal Court in Zagreb, which had the largest backlog, the number of unresolved cases in September 2004 amounted to 141,000, whereas in June 2006 there were 63,000 unresolved cases. All land registry entries have been transcribed into digital form, and 89% of the land registry files have been verified. I have to emphasize that this progress was achieved despite an increased number of new land registry cases. Only in Zagreb, this increase of new cases amounted to 40%.

However, regardless of the positive trends, we still have a lot to do with creating a unified data base of land registry data, which will represent the end to the project of creating an automated land registry (and cadastre), and this will certainly also contribute to better legal security.

I would like to use this opportunity to emphasize that the Ministry of Justice has started a campaign to inform the public not only on what the state does concerning the issue of the land registry, but also on the role and the significance of the land registry. We have improved the land registry situation, but at this moment we need the help of Croatian citizens.

Namely, the campaign has been launched with the aim of encouraging citizens to check the situation of their real estate in the land registry, and if the situation there does not correspond to the real state of affairs, they should undertake necessary steps in order to enter the correct data. Specifically, this means that a certain plot might be entered into a land registry as a meadow, although there is a building constructed on this plot. This will remain like that until the owner files a request to enter the building into the registry.

On this occasion, I would like to invite citizens to contribute to accomplishing our goal of organizing the land registry so that it provides truthful and complete data.

The real estate business and constructing of large buildings sometimes result in very complex disputes. In your opinion, what are the best ways to resolve such disputes?

Most citizens, but also civil engineering companies believe that disputes can only be resolved by courts, and that a court judgement is the only solution to a dispute. As you have said yourselves, the real estate business sometimes results in very complex disputes that can take longer to be resolved by the courts than the parties would expect when they initiated the proceedings. Therefore, due to the complexity of such cases, it often happens that the parties wait for the resolution of their dispute for too long.

One of the steps that we have undertaken within the reform of the judiciary is the development of alternative ways of dispute resolution, which can both help resolve the large backlog at courts and contribute to the speed of resolving new cases.

Namely, the alternative ways of dispute resolution directly contribute to the exercise of the right to fair trial within a reasonable time, which is guaranteed by the Constitution of the Republic of Croatia, by the Courts Act and the Convention on Human Rights and Fundamental Freedoms, whereas the European principle of “accessibility of justice” in a way obliges the states to provide citizens with access to alternative methods of dispute resolution.

Alternative ways of dispute resolution encompass all methods of out-of-court settlement of disputes, regardless of their individual features and methods. It is precisely by developing this system that we make it possible for our citizens and legal entities to choose other dispute resolution processes besides court proceedings, which can also be quicker, simpler and less costly than court proceedings.

Court settlements and mediation are actively used in the countries of European Union, and I would like to mention only some of them – whose experience we have used: the

Scandinavian countries, the Netherlands, the United Kingdom and Slovenia. This trend of developing alternative ways of dispute resolution in the EU states is a result of searching for a way of accomplishing greater efficiency of court systems.

So, mediation is a method of dispute resolution where the parties resolve their disputes with the facilitation of a third party – a mediator, searching for a solution, which would be in the best interest of the parties. Mediation is a voluntary, informal, and confidential procedure, which is quick and free of charge. Successful mediation ends in a settlement, the form and the contents of which are defined by the parties themselves. After the parties have agreed, the settlement is concluded before a judge, and it is entered into the court minutes. It has the same force as a court settlement. If the mediation is unsuccessful, the parties bear no legal consequences due to this failure to reach a settlement, and they proceed to court litigation. Parties can also benefit even from an unsuccessful attempt at mediation, because during the mediation process, they can significantly improve their interrupted communication and bring their formerly severely opposed positions closer.

Within the reform of the judiciary, we have initiated a pilot project titled “Court-Annexed Mediation”, which for the first time in the Republic of Croatia offers the parties an opportunity to resolve their dispute in a new way – by mediation. Currently, parties may request mediation at nine courts, and soon it will be possible at all courts in the Republic of Croatia. For instance, since March 2006, when the pilot project was started at the Commercial Court in Zagreb, until the end of August 2006, out of 106 cases, in which the parties accepted the proposal to mediate, 29 disputes were successfully resolved by a court settlement. The attitudes and the understanding of the parties, that is their readiness to resolve the dispute in this favourable way play the crucial role for the success of mediation. Therefore, I would like to use this opportunity to invite citizens and legal entities – if they have a dispute at court – to try and resolve it through mediation.

3. CITY CENTER ONE



INTERVIEW:

Nataša Đuričić

Executive Director

EAST REAL - online hausverwaltung d.o.o.

Can you briefly present your company? In which projects have you participated so far in Zagreb? What are your further plans?

EAST REAL – online hausverwaltung, a company with its headquarters in Vienna, has had almost 12 years of experience in investments and developing projects, facility management, property transaction services and renting and sale of real estate. We are currently using this know-how in Austria, Croatia and Russia. In the coming years we plan to expand further – in cooperation with our long-time partners – to developing countries, especially Serbia, Bulgaria, Rumania and Ukraine. Even today, our subsidiaries actively cooperate on major projects, and we are especially pleased that we can announce another large project in Zagreb – Jankomir. This is a project, with which we shall try to top everything we have done so far! The modern business tower ZAGREB TOWER and CITY CENTER ONE, currently the largest shopping centre, are the projects that we have already completed in Zagreb and of which we are very proud.

Can you briefly introduce the investors of the City Center One?

City Center One is constructed by private investors from Austria, professor of architecture Wolfgang Kaufmann and consul dr. Hubert Hofmann, who already have several similar projects in Central Europe. City Center One is their first joint project.

How much time did it take from the idea to the beginning of project implementation?

The idea to implement this project was born some 4 years ago. A year later, concrete negotiations with the investors and the planners have begun.

Can you present to us your shopping centre. How big is it, how many square meters is the commercial area? How many levels does it have? How much space is taken up by the parking area and how many parking lots do you have? What does the shopping centre plan to offer besides stores of different brands? Will you introduce any brands that are new to Croatia?

In the two-storey City Center One with a total surface of 61,000m², almost 80% will be dedicated to the shopping area, and the rest will be storage and other auxiliary facilities. The buyers will have 1,700 parking lots at their disposal. There will be 85 new stores, several restaurants and additional facilities. The centre will include the Interspar hypermarket, the first in Zagreb. Other stores that will present their offer for the first time in Croatia include the German fashion store Peek & Cloppenburg, the New Yorker – which is especially attractive to young people, the Austrian chain of sports clothes and shoes Hervis, the Portugese Salsa Jeans and the Slovenian Sportina In, which distributes the best known international brands. Other stores include the Austrian chain of shoe ware stores Stiefelkönig, perfumery and drugstore Müller and L'Occitane, and Mango, s.Oliver, Lacoste, Timberland and Jegerstar, with its offer of well-known brands as Rock & Republik and Sevn. The offer of the Center will be supplemented by Croatian brands, with stores of Varteks and Peko, and also Magma

and Iris with their different brands. The diversity of the offer will be additionally enriched with Konica with technical devices and Casa with housing commodities and items for home decoration. Besides, the City Center will offer other different facilities, which will provide the possibility to organize various events.

Since there are several shopping centres in the vicinity of the City Center One, how do you plan to resist competition. Or in other words, what will make your shopping centre different than others?

City Center One will be the first classic shopping mall in Zagreb, which will – on its two storeys – among other things offer different contents. It does not perceive itself as

competition to other shopping centres or vice versa. It will simply supplement the offer of different brands, and for the first time in Zagreb and Croatia, it will open new renowned stores.

Is the work progressing as planned? When do you expect the completion of work and the opening? Do the works on Ljubljanska avenija influence the work on the subway crossing and the shopping centre in general?

So far, the construction work is progressing as planned. The works on the Ljubljanska avenija do not influence the construction of the roundabout and the access road. The opening ceremony of the new City Center One will take place on Thursday, 12th October 2006.

4. WE PRESENT TO YOU...

4.1. The NEXE Group

The Nexe Group is a business system consisting of 24 independent companies active in the Republic of Croatia, Bosnia and Herzegovina and Serbia.

The core business of the Nexe Group is the production of construction materials (cement, brick, roof tiles, concrete, aggregates, lime...) and services in the field of civil and structural engineering. The Group currently employs more than 3,500 employees.

The Nexe Group is organized in 3 Divisions:

1. The Cement Division, which also covers an important segment of concrete production;
2. The Brick and Roof Tiles Division;
3. The Civil and Structural Engineering Division.

The latter Division consists of two members:

1. GP Put d.d. Sarajevo, whose core business is civil engineering (the civil engineering segment from the recent acquisition of the

company Kozara putovi from Banja Luka will be developed in coordination with GP Put). Through the company GP Put, the Nexe Group is active on foreign markets on large civil engineering projects in Pakistan, Libya, Uganda and Kenya.

2. The company Našički interijer d.o.o. Našice has been within this Group since 1995, and today this is a renowned structural engineering company that constructs turnkey buildings. The list of references of Našički interijer d.o.o. contains a series of business and housing facilities, and their users testify the quality of the work undertaken. The company constantly proves its strength, stability and reliability by constructing new facilities and attracting the trust of investors, ministries and public companies. Through its business activities, it provides work for a large number of sub-contractors, and it is a very respectable partner in this symbiosis.

In the past two years, the Nexe Group has supplemented its primary core business

through the Civil and Structural Engineering Division, which constructs facilities for the market. The first step in this direction was the construction of the housing and business facility Našičanka I in the very centre of Našice – a modern building with 44 flats and 15 commercial units (Picture 1.).



Picture 1.

Due to the successful implementation of the Našičanka I project, on 1st March 2006 the launch of the Našičanka II was held. This is a housing facility, in which all 17 flats were sold long ago (Picture 2). The value of this project is more than a million EURO, and it comprises the construction of 17 housing units, 3 garages and 14 parking lots. The building is situated in the centre of Našice, and the whole project should be completed by the beginning of December 2006.



Picture 2.

Currently, there are several other construction projects going on, of which we would like to highlight the final stage of construction of the apartment complex in Čižići on the Island of Krk (42 apartments in 7 buildings), where the investment value amounts to more than 2 million EURO (Picture 3) and the business-housing facility in Virovitica, which should be completed by the end of November 2006 (Picture 4).



Picture 3.



Picture 4.

Besides the projects mentioned, we are preparing the construction of 80 flats located in Sokolana in Našice, but also – finally – the beginning of the construction of an apartment building in Slavonski Brod with 38 flats and 14 commercial units .

By no means should we neglect to mention the investments within the Group itself. We would like to highlight the Našicecement d.d. Našice cement factory, which – due to its technological complexity and modernity – requires special attention in the realization of the engineering work (Picture 5 – the mill).

The Nexe Group strategy is to strengthen the segment of building facilities to be placed on the market, so that the implementation of these projects is following these plans, and the ambitions for the future are even higher.

In addition to this, in order to raise these plans to a higher level from the organisational standpoint, the Investment and Engineering Sector was established in the first half of this year. The core staff of this Sector are experienced and qualified project managers, headed by the Sector Manager, Mr. Ivan Pavlović, dipl. ing. arh.

The task of this Sector, amongst other activities at the level of the Group, is to participate in defining plans and strategic guidelines, finding and analysing the potential of new facility construction sites, drafting feasibility studies in

cooperation with the support sectors of the Group, preparation, control and management of projects with the assistance and cooperation of the support sectors mentioned, and proposing potential partners for the implementation of projects in Croatia and abroad. There is no doubt that this step forward in an organizational sense has provided excellent prerequisites for the successful implementation of all projects from this segment of business activities of the Nexe Group and contributed to the synergy of business operation of individual Group members.



Picture 5.

Nexe grupa d.d. Našice

Braće Radića 200
31500 Našice
Phone. 031/227 300
Fax. 031/227 375
uprava@nexe.hr
www.nexe.hr

Našički interijer d.o.o. Našice

Braće Radića 24
31500 Našice
Phone. 031/613 608
Fax. 031/613 721

Nexe grupa

Branch office Zagreb
Investment and Engineering Sector
Trg senjskih uskoka 2
10000 Zagreb
Tel. 01/6553 226
Fax. 01/6553 225
ivan.pavlovic@nexe.hr

4.2. www.CentarNekretnina.net

Central place for real estate on the Internet

KupiProdaj!, the leading classified web site in Croatia, has launched a classified website specialized for real estate – www.CentarNekretnina.net

Encouraged by quick and great success, supported by the number of ads, visitors and page views – e.g., after only 5 months of presence, with 4 million page views in August, **KupiProdaj!** (www.KupiProdaj.net) has launched a special website for real estate, which is was it's largest category - **CentarNekretnina** (www.CentarNekretnina.net).

There were already 3,500 ads posted the first day on www.CentarNekretnina.net!

CentarNekretnina's mission is to become the **central place for real estate on Croatian Internet**, which implies the largest and most diverse real estate offer in Croatia.

Using basic services on www.CentarNekretnina.net website is, like on

KupiProdaj!, free for all advertisers, whereas for professional advertisers, agencies and investors, beside basic services, there are special tools as well.

Vedran Bajer, KupiProdaj! and CentarNekretnina Project Manager, uses this opportunity to state: "We introduced new technologies with KupiProdaj! and changed the way of advertising small ads in Croatia: we enabled free advertising with photographs and contacts and their free review, at the same time with a great reach, which, on the field of classifieds on the Internet, started the same type of revolution as MojPosao accomplished on job market. With CentarNekretnina we are expanding the same model for real estate and therefore CentarNekretnina's mission is to become the central place for real estate sale in Croatia, as did MojPosao become the central place on job market."

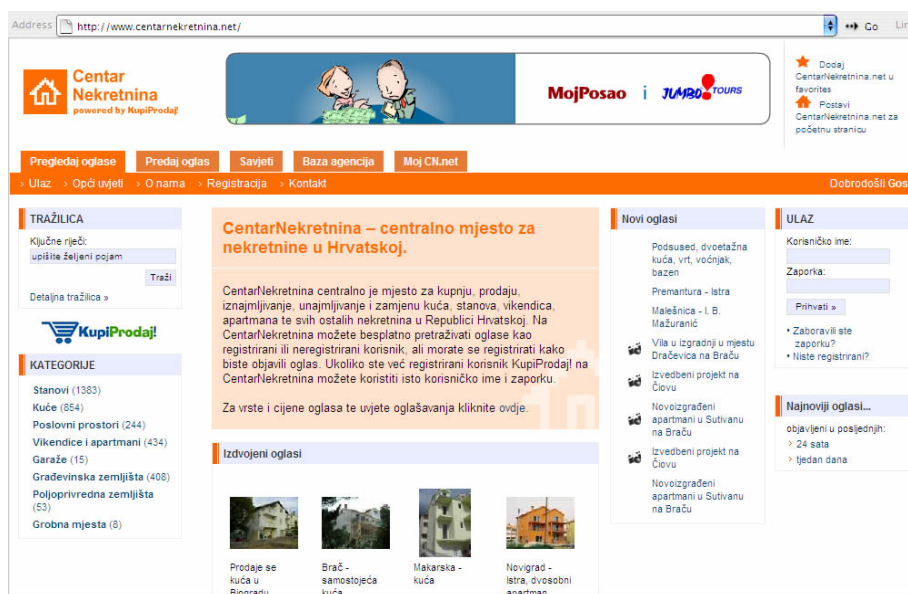
While creating CentarNekretnina all advantages of advertising through KupiProdaj! have been held; such as detailed description of the ad, photograph along with the ad, daily ad update, precise real estate location using a digital map of Croatia, opportunity to monitor a specific ad page views, along with:

- advices on real estate market
- real estate agencies database
- visual eminence and distinctive real estate agencies

CentarNekretnina holds the number of DUV (Daily Unique Visitors) of most visited Croatian classified website KupiProdaj!, and with its strong advertisement campaign **guarantees a great response to posted ads.**

The initiator of CentarNekretnina is Tau on-line, the company which manages well-known websites [KupiProdaj](#) and [MojPosao](#).

For all other information feel free to contact Ms. Stanka Bajo at stanka.bajo@moj-posao.net or call +385 (0) 1 6065 282.



5. STATISTICS

5.1. Average Asking Prices of Real Estate Offered for Sale – August 2006

ZAGREB

	average price EUR/m ²	price range EUR/m ²
Housing		
apartments	2,001	800 – 4,500
houses	1,722	314 – 8,333

ZAGREB

	average price EUR/m ²	price range EUR/m ²
Commercial space		
apartments	1,760	852 – 2,657
stores and catering establishments	1,594	753 – 10,000
office buildings	1,288	727 – 2,476

COAST

	average price EUR/m ²	price range EUR/m ²
Housing		
apartments	1,753	750 – 3,809
houses	1,540	350 – 5,188

COAST

	average price EUR/m ²	price range EUR/m ²
Commercial space	1,379	461 – 4,125
Tourist facilities	1,506	750 – 5,154

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.

5.2. Statistical Reports of the Central Bureau of Statistics from the Area of Civil Engineering - Building Permits Issued, June 2006

In June 2006, there were 1 086 building permits issued, which was by 7.8% less than in June 2005.

In June 2006:

- by type of construction, 90.2% out of the total number of permits were issued on buildings and 9.8% on civil engineering works

- by type of construction works, 78.3% of permits were issued on new constructions and 21.7% on reconstructions.

According to permits issued in June 2006, it was expected for 1 673 dwellings with the average floor area of 90.9 m² to be built.

First Release: Building Permits Issued, June 2006, Republic of Croatia - Central Bureau of Statistics, Zagreb, 2006

6. PRESS CLIPPINGS – SHORT NEWS

www.hkaig.hr (Croatian Chamber of Architects and Engineers in Civil Engineering), 7th July 2006
Damir Delač, dipl.ing.geod. selected president of the Croatian Chamber of Architects and Engineers in Civil Engineering

The Assembly of the Croatian Chamber of Architects and Engineers in Civil Engineering, at its 8th regular session, which took place on 7th July 2006, passed a decision to appoint Damir Delač, dipl.ing.geod., representative of the Class of Engineers of Geodetics, to the office of the President of the Chamber for the period 2006 - 2007. Prior to the Assembly, an Agreement on Business Cooperation was signed between the Croatian Chamber of Architects and Engineers in Civil Engineering and the University of Rijeka – Faculty of Engineering.

www.mzopu.hr (Ministry of Environmental Protection, Spatial Planning and Civil Engineering), 3rd August 2006

Ordinance on the Conditions and Criteria for Issuing Consent for Initiating Civil Engineering Activities, Official Gazette 89/06

The Ordinance defines the conditions and criteria for issuing and withdrawing consent to contractors for initiating civil engineering activities for execution of work on a building. The Ordinance will become effective as of 1st October 2006.

Zagrebački komunalni vjesnik, Issue 336, 20th August 2006
Signing of the Mandate Letter between the GKG Zagreb and the EBRD

On 23rd August, the City Municipal Holding (Gradski komunalni holding - GKG) signed the Mandate Letter with the European Bank for Reconstruction and Development (EBRD). The GKG will by the end of this year issue corporate bonds in the amount of two billion kuna, which it will invest in the improvement of the water supply network, construction of a waste incineration plant,

reconstruction of the traffic infrastructure, the rolling stock of the Zagreb tram company ZET, and in the Zagreb housing construction model. These investments will be accompanied by the largest Croatian banks. The EBRD has committed itself in the Mandate Letter to be the main investor in the issuing of bonds and to immediately purchase 30% of the issue. The funds that are to be gained from the bond issue are initial and necessary to complete the mentioned projects in the next ten years. But they are not sufficient, as the total value of the mentioned investments amounts to approximately ten billion kuna.

Zagrebački komunalni vjesnik, Issue 336, 20th August 2006

Signed Cooperation Agreement between the City of Zagreb and the Croatian Institute for Bridge and Structural Engineering

On 21st July, the mayor of Zagreb, Milan Bandić, and the director of the Croatian Institute for Bridge and Structural Engineering, Josip Petak, M.Sc., signed a cooperation agreement on the implementation of public private partnership projects. This Agreement will initiate construction of public facilities and implementation of infrastructural projects according to the public private partnership model, in line with the Guidelines for the Implementation of Public Private Partnership Contracts, which were adopted by the Government of the Republic of Croatia on 7th July this year. The Guidelines define the principles that such projects have to satisfy, the rules of their establishment and implementation and the authorities of public bodies in concluding such agreements. The public private partnership model was established as a result of the need to develop or reconstruct infrastructural and social projects with the assistance and participation of the private sector.

www.pravosudje.hr, **NOTICE**

The Procedure for Acquiring Ownership Rights over Real Estate for Foreign Legal or Natural Persons in the Republic of Croatia

On 25th July 2006, the Law on the Amendments of the Law on Ownership and other Proprietary Rights (Official Gazette, 79/2006) entered into force. The provision of Article 3 amended the provision of the Article 356 para 2 and 3 of the Law on Ownership and other Proprietary Rights (Official Gazette 91/96, 68/98, 137/99, 22/00, 73/00 and 114/01), in that the authority for issuing consents to foreigners for acquiring ownership rights over real estate in the territory of the Republic of Croatia was transferred to the Minister of Justice. This means that as of the day the amendments enter into force, the authority of the Minister of Foreign Affairs and European Integration for issuing the aforementioned consents ceases and it is transferred to the Minister of Justice. Since the decision on issuing consent to foreigners for acquiring ownership over real estate in the Republic of Croatia is rendered in an administrative procedure, upon the request of the party, all such written requests shall – as of 25th July 2006 – be submitted directly to the registrar's office or sent by mail to the following address: Ministarstvo pravosuđa Republike Hrvatske, Uprava za građansko pravo, Dežmanova 6, 10000 Zagreb.

7. PAST EVENTS...

<i>Date</i>	<i>Name</i>	<i>Location</i>	<i>Web</i>
7 September 2006	NAEA (UK National Association of Estate Agents) International Forum	London, Great Britain, Mayfair, Chesterfield Hotel	

14 -16 September 2006	ARCHITECTONICA DALMATICA	Koločep – The Isle of Knowledge, Croatia	www.otok-znanja.hr
14 -16 September 2006	REevolutio Budapest 2006	Budapest, Hungary, Budapest V. district Városházapark(Cityhallpark)	www.reevolutio.com/index_en.php

8. DO NOT MISS OUT...

<i>Date</i>	<i>Name</i>	<i>Location</i>	<i>Web</i>
22 -23 September 2006	REAL EAST Budapest 2006 International Real Estate Investment Exhibition	Budapest, Hungary, SYMA Sport and Event Center	www.adria-croing.com
21 – 23 October 2006	Real Estate Expo	Sofia, Bulgaria, Inter Expo & Congress Center (IEC), Sofia	www.bulgarreklama.com
05 – 06 October 2006	Central and Eastern Europe, Russia & CIS Commercial Real Estate Forum 2006	New York,SAD, Grand Hyatt	www.europaproperty.com
05 October 2006	Financial Times Commercial Property Conference	London, Great Britain, The Dorchester Hotel	www.ftconferences.com/property
13 – 14 October 2006	International Conference "Manors and Villas"	Varaždin, Croatia, Hotel Turist	
21 – 22 October 2006	Days of Oris	Croatia, Zagreb, Hall Vatroslav Lisinski	www.oris.hr
23 – 25 October 2006	EXPO REAL 2006 9th International Commercial Property Exhibition	Munich, Germany, New Munich Trade Fair Centre	www.exporeal.net
25 - 29 October 2006	SAIE International building exhibition	Bologna, Italy, Bologna Exhibition Centre	www.bolognafiere.it
15 – 17 November 2006	MAPIC	Cannes, France, Palais des Festivals de Cannes	www.mapic.com
23 – 25 November 2006	EXAAI Expo Alpe Adria Immobiliare 2006	Trst, Italy, Stazione Marittima	www.exaai.it

27 – 28 November 2006	New Europe GRI 2006 Global Real Estate Institute	Budapest, Hungary	http://documents.globalrealestate.org/2005/NewEuropeGRI2005_Program.pdf
28 – 29 November 2006.	Ukrainian Real Estate Forum	Kiev, Ukraine, Premier Palace Hotel	www.asiconferences.com/html/conference_html/realestate/restate_nov06.html
29 November – 1 December 2006	SIMI PARIS	Paris, France, Palais des Congrès de Paris Porte Maillot	www.salonsimi.com

9. WE POINT OUT

9.1. Interesting books

LEKSIKON GRAĐEVINARSTVA (CIVIL ENGINEERING LEXICON)

Author: Ph.D. Veselin Simović

Publisher: Masmedia, Zagreb, 2006

9.2. Interesting Web Pages

- www.east-real.com
- www.onlinehausverwaltung.at
- www.realcro.com
- www.modelistambenogfinanciranja.com
- www.pga.com
- http://www.reevolutio.com/index_en.php
- www.zikprojekt.hr

9.3. Architectural and Urban Planning Tenders:

OPEN TENDERS:

- Tender for the architectural / planning project Borovje for the area between streets Savica 1. and Gavelina in Zagreb
24 July – 15 November 2006
- Tender for architectural / planning project Borovje for the area south of street 1. Gardijske brigade – Tigrovi in Zagreb
24 July - 31 October 2006

- Tender for Primary school with a sports hall in Zagreb
17 July -17 October 2006
- Tender for the UPU Podbrežje in Novi Zagreb
19 June 2006 – 19 September 2006
- Tender for the City Sports Hall in Varaždin
12 June 2006 – 18 September 2006
- Tender for the Dražanac P3 Project in Split
6 July 2006 – 18 September 2006
- Tender for developing the area surrounding the central railway station in Osijek
3 July 2006 – 18 September 2006
- Tender for remodelling of the town quay in Poreč
29 June 2006 – 10 October 2006
- Tender for the preliminary design of the Rovinj Hotel in Rovinj
3 August – 14 November 2006

FORECAST TENDERS:

- Držićeva Park in Zagreb
- Administrative-business facilities of the Zagreb County, in Remetinec, Zagreb
- Annex to the administrative building of the Mirogoj graveyard, Zagreb
- Tender for Reconstruction of Kaptol, Zagreb
- „Horvati“ Primary School with a sports hall with three-part structure

Detailed information on the listed tenders is available at the official web site of the Association of Architects of Zagreb: www.d-a-z.hr

PUBLISHER:

Filipović Business Advisory Ltd.

*Trg bana Josipa Jelačića 3/V
10000 Zagreb – Croatia
Tel: +385 1 481 69 69
Fax: +385 1 483 80 60
e-mail: cren@filipovic-advisory.com*

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.

Editorial staff: Vladimir Filipović – editor-in-chief, Petra Grgurić, Marija Noršić, Petra Škevin and Natalija Vulić.