

# - CREN - Croatian Real Estate Newsletter

filipović  
business advisory ltd.

Volume 63, February 2012

## CREN PATRONS



## TABLE OF CONTENTS

1. ANNOUNCEMENT Eighth Annual International Conference on the Real Estate Market in Croatia.....	2
2. JOINT INTERVIEW ROUND TABLE OF LEADING EXPERTS ON THE CROATIAN CONSTRUCTION AND PROPERTY MARKET.....	3
3. INTERVIEW Alisa Kapic, Area Director Central Europe (Austria, Slovakia, Czech Republic, Serbia, Croatia and Slovenia), Regus .....	13
4. STATISTIC .....	18
4.1. Average Asking Prices of Real Estate Offered for February 2012 .....	18
4.2. Statistical Reports of the Central Bureau of Statistics from the .....	18
Area of Construction .....	18
4.2.1. Construction work indices, November 2011 .....	18
4.2.2. Building permits issued, November 2011 .....	19

## TOPICS OF THIS ISSUE: JOINT INTERVIEW

## ROUND TABLE OF LEADING EXPERTS ON THE CROATIAN CONSTRUCTION AND PROPERTY MARKET



Ideas, goals, organisation, activities, plans

**Alisa Kapic**  
Area Director Central Europe  
(Austria, Slovakia, Czech Republic, Serbia, Croatia and Slovenia), Regus



"The first Regus business center in Zagreb"

# 1. ANNOUNCEMENT Eighth Annual International Conference on the Real Estate Market in Croatia

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

The Regent Esplanade Hotel

Zag**RE**b, Croatia ● April 17 & 18, 2012

Organizer	Country Partner
Patrons	
Silver Sponsors	
Media Sponsors	
Official rent-a-car	

## 2. INTERVIEW

### JOINT INTERVIEW

#### ROUND TABLE OF LEADING EXPERTS ON THE CROATIAN CONSTRUCTION AND PROPERTY MARKET



#### Ideas, goals, organisation, activities, plans

**Vedrana Likan**  
**Managing Director**  
**Colliers International d.o.o.**



**We are familiar with the fact that the idea of the work of a Round Table originated from you. Tell us how you came up with this idea, how it all started, who the members of the Round Table are, and what are your objectives?**

“Given the current economic situation in Croatia, the trends on the property market and daily challenges that all participants in the property market are faced with, including liquidity pressures, and also the general pessimism that prevails, Colliers International decided to launch a new initiative and organize a round table with key stakeholders on the Croatian property market. I would like to invite you to the Round Table that will take place on Tuesday, 24<sup>th</sup> September 2009” – this was

the initial wording of our invitation to our first Round Table.

The idea of establishing a Round Table and making it a regular event has remained the same, and it is confirmed at every meeting, our joint appearances in public or contacts with the competent government institutions –that is using our knowledge and experience to give our professional contribution to regulating this market, to developing measures to revive the market, achieve transparency of business operations and encourage recovery, stability and sustainable growth, as well as the further development of the construction and property market in Croatia.

The Round Table, consisting of leading experts, gathers representatives of 20 organizations and institutions in Croatia from all active segments of the market – advisors, analysts, financial institutions, tax advisors, architects and urban planners. The participants in the Round Table account for more than 90% of the construction and property market, in terms of its financing and representation. We are aware of the strength we have together, but also of the fact that we are strong competitors on an open market. However, from the very first gathering until today, we have continued to meet regularly because we can see the results of our joint efforts.

In our market environment, we truly represent a valuable and in many ways a unique gathering. The participants in our Round Table do not share the same opinions, and we often diverge in our way of thinking, but what keeps us together and what motivates us to continue in our active commitment to this activity is our search for an answer to the question – what can our combined forces achieve in order to change the circumstances on the market for the better, to bring about the solid development of the property market in future, to ensure the better quality of future projects, and to ensure systematic and sensible development, planning and construction not only of buildings, but of entire neighbourhoods and cities in a way that is profitable and beneficial for all stakeholders – the investors and the banks, the designers, advisors, suppliers, agents, citizens, the society and finally the buyer-users.

**What specific activities have you implemented so far, and what are your further activity plans?**

Since we are lacking official statistics, our activities in 2009 started with counting, analysing and presenting real market data on market trends, and the movement of prices, especially in the segment of residential properties, with the aim of informing and educating the market and eliminating the negative effects that resulted from the then obvious economic instability of the entire market. Already within this short time period, our professional contribution has contributed quite evidently to a better understanding of the state of play on the Croatian property market, which has been important for all the key stakeholders – property owners, individual and institutional investors, the media and political and economic players. We have made the market much more transparent, and by so doing we have unquestionably supported many of the market players in making better informed decisions and in implementing their business endeavours.

Through our regular meetings in 2010, we developed a set of measures with the aim of reviving the construction and residential property market in Croatia, which became an integral part of the Act on Subsidies. And it was this set of measures, which is to be continued in this year as well, that was a turning point in the trend on the residential property market, and made it possible to conclude the sale of a larger number of apartments.

Our regular monthly gatherings are based on systematic and joint work in designing urban planning, social, tax and residential policies, and one product of our work have been proposals for synergy measures. Currently, we are focused on modalities for incentivising and regulating the rental properties market, increasing the level of the existing construction portfolio and “recycling” buildings, green building and energy efficiency, re-definition and ways

to implement property tax and define incentives for investments.

With our references and professional experience, we have made ourselves available to the Government of the Republic of Croatia as an advisory body, and we fully support the work of

government bodies aimed at developing and implementing economic policies targeted towards improving the investment climate, and creating and enabling the business environment in Croatia, and achieving Croatian competitiveness on the European and global markets.

**Tomislav Gregurić**  
**Associate Director**  
**Jones Lang LaSalle d.o.o.**



**What is the overall importance of the profession in property market development? Do you feel that the voice of professionals is sufficiently heard and what should be done to enhance the influence of professionals?**

Without any exaggeration, we could say that the role of the profession is of crucial importance, and we will only emphasize the most important reasons for this:

If you look back at market development in the past decade, you will notice that real progress on the market was initiated by real estate agents/advisors from the Real Estate Business Association at the Croatian Chamber of Commerce. The greatest formal achievements are the Act on Mediation in Real Estate Trade, regulating the process of licensing real estate agents and achieving a consensus on ethical norms that real estate agents have to abide by in their work.

These regulations benefited the clients, who are now much more protected, and now find it easier to recognise all kinds of defrauders and unfair competition.

The real estate agents also benefited from that, as they established solid professional foundations, and started to filter out those in their ranks who were not ready to engage in continuous training, introduction of the highest ethical standards and raising the level of the profession. For all these reasons, we reacted to Vedrana's initiative, and we were glad to get involved in gathering the leading real estate agents and advisors in real estate mediation, which is a kind of upgrade of our professional initiative: the members of our Round Table perform about 90% of all real estate transactions in the Republic of Croatia!

Experience has also shown that it would be useful to set up continued dialogue between the Government, the respective ministries and the profession – this would be the way to avoid wandering about, undertaking failed measures, losing time and resources. By consulting the profession, the Government and the administration would get honest and timely advice that would improve the stability of real estate market development, but it would also gain additional legitimacy in making decisions. We believe that this kind of

communication will be established in the foreseeable future.

**What are your proposals for improving the state of play on the property market?**

Oh, there are no secrets there:

Real estate agents and advisors have to continue their decisive action to introduce best practice to their operations, and they have to get involved in activities aimed at raising the professional standards on the property market on a continued basis. In so doing, they can't act in isolation, but they have to be connected to all the relevant stakeholders on this market, and they have to be socially responsible.

The Government and the administrative bodies should identify the potential of the information, knowledge and skills that agents and advisors are offering, and they should use it in market planning and in adopting regulations. For their part, they should finally start collecting and publishing relevant statistical data – can you believe that in the 21<sup>st</sup> century, the Republic of Croatia does not have any organized data base related to properties?

The clients have the simplest role – they ask their agents to provide good quality service, advice, ask for loyalty and value for money, with their obligation to pay for this service.

In such a relationship between the market stakeholders, everyone will profit.

---

**Rajka Bunjevac**  
**Vice President**  
**Croatian Chamber of Architect**



**What does the participation in the work of the Round Table mean to you? To what extent is this encouraging and useful for your work?**

The format of this Round Table makes it possible to contribute to thorough work on the issues of building for the market from a non-institutional, but still integral and multidisciplinary perspective. The work of the Round Table has proven that there are professionals who have thought through the topic of investments from various viewpoints, but with the single goal of ensuring prudential investment in good-quality projects, which will be sure to find their place on the market, and, on the other hand, to do so by making our built

environment a better quality place for our everyday lives.

The key problem is that in the Republic of Croatia, the state and local administration and spatial planners are not successful in taking the lead to ensure strategic planning and targeted results in order to meet the investors with prepared projects and building plots, and in setting long-term objectives in the interests of the broader community, especially the local communities, above the interests of the investors. On the other hand, we have witnessed a situation where in the past 20 years, investors were constantly one step ahead, guided exclusively by profit, and where they would shape the supply on their own initiative, with the support of

their financiers, following the random trends on the market, without showing any interest in analysing the long-term consequences of their actions. It is primarily the state institutions that are responsible for this situation, because they have not treated our national space as our most valuable resource, and have not provided a clear management strategy, but also architects are responsible as a profession that – in the fields of spatial planning and architectural design and in the midst of this dynamic political and economic turmoil – have yielded to these trends without taking a clear professional attitude about active space planning, or slowing down investment processes from “professional” reasons, giving the investors the impression that the architect is a “complicating factor” – a necessary technical service, and not an active partner in the investment process.

The fact is that the current crisis stopped the trend of frenzied construction activity, and made us all consider the need to approach investments in a planned and significantly more professional manner.

Given that my professional work covers not only years of working as an architectural designer of mostly residential architecture, but also working as a court expert witness and real property appraiser, the work of this Round Table has provided me with additional knowledge about the complexity of the investment cycle from the spatial planning phase, though the planning of the investment until the moment of selling it to the final buyers.

There are several moments in this entire process, and not only in the segment of designing the building, where the role of the architect comes into play. I believe that it is architects who have the training and ability to look at the whole, and to apply this specifically to real projects,

which is something that I use in my professional work.

**How do you coordinate your work in the Croatian Chamber of Architects, on this Round Table and your personal work, and what are your proposals to improve the state of play on the property market?**

After years of working in this profession, as well as considering a range of problems and difficulties that we have been faced with, any one of us can ask ourselves “can we do it better”? This was the reason why – at some point – I decided to actively contribute to the work of the Croatian Chamber of Architects, and I have been active in this respect for almost three years now. My involvement in the work of the Round Table also goes along these lines. Absolutely, for me this is additional work, but also a real responsibility and an exceptional experience.

As we all know, the current state of play in architectural design is bad. The general crisis of society and the economic crisis were first reflected upon us – the architects, as it is in the nature of our work to be the first in the investment cycle, so that most of us have felt the consequences of the crisis for quite a number of years now.

I see the only way out of this situation is starting a new investment cycle.

I personally believe that with good and thought-through programmes by the new Government, which would stimulate building activities based primarily on urban architectural quality, energy efficiency and the long-term sustainability of building and maintenance, either through projects built for the market or through building and renewing the infrastructure in terms of public buildings (schools, kindergartens, community health centres etc.), we stand a chance of

changing the chaotic image of our built environment, and thus to advance the level of living quality throughout Croatia.

Another segment that our profession is only able to influence partially is certainly a prerequisite for the progress of our society in general, and this is systematic and free education for our citizens in all areas, and particularly with respect to the quality of the built environment and the quality of life.

The aggressive consumerism that we have been exposed to as a society, combined with the insufficient level of

general education, have resulted in a situation where citizens only have a superficial perception of what is good quality architecture, and this has devastating consequences in spatial terms.

Working on these segments in a planned and systematic way will certainly have long-term effects, not only on the built environment, but in general on how acceptable and attractive it is to live in Croatia, which automatically creates the prerequisites for a developed and dynamic real estate market.

---

**Hrvoje Hrabak**  
**President**  
**Croatian Architects' Association**



**How do architecture and urban planning cope with the waves on the market? What are the open problems and proposals for their solutions?**

Architecture and urban planning are paying their dues to the investment market crisis. Both the foundations of the well-being of Croatian architectural offices – public investment and commercial projects – have dried up completely. Therefore, most offices have significantly reduced their capacities, and adapted to work of much smaller proportions. Also, the focus is again on smaller and safer projects, which can make it possible to survive this prolonged period of “drought”. On the other hand, this situation, although very cruel, is good for profiling the architectural supply and for improving architectural work.

**What are your proposals to improve the situation on the property market?**

Personally, I find that in order to get the market moving, it is necessary for all market segments to adapt their input prices to the real situation. By this, I particularly refer to the input prices of land and various administrative fees, which truly increased over the years of economic upswing, and they now burden investments beyond all measure. In addition, an exceptionally important segment is improving the functioning of the system and administration – starting from investment security, through support of planning, good quality processing systems and issuance of permits, all the way to eliminating corruption in city and local governments, which is still very much alive. All of this is feasible without any additional investment, and it can have

a very favourable influence in terms of getting the market moving forward. Naturally, the market can also be helped by interventions on the state level – from

beginning to use land from the state portfolio to various incentives in targeted niches in the housing construction market.

**Ilijana Jelač**  
**President of the Management Board**  
**Erste nekretnine d.o.o.**



**To what extent does your participation in the work of the Round Table help you in performing your everyday work? Do you feel that the Round Table helps you advance your everyday business operations, gain a broader insight into the property market from various aspects, and how does this reflect on your entire business operations?**

All interest associations, either formal or informal, are exceptionally important if you want to make progress in what you do. The Round Table initiative came at a time when we all started to face the upcoming crisis. In this new situation, in order to make important business decisions, it was crucial to view solutions to very demanding problems from various angles. Here, I would also like to emphasize the fact that all participants nurture honest and good quality dialogue, which certainly provides us with a broader perspective, and helps us make good quality and thought through decisions.

On the other hand, I feel that the initiative of this Round Table and articulating many of these problems, that are perhaps not sufficiently discussed in public, can help us all to deal with our business environments in a better way. These experiences can help us in this time of crisis, they can help us overcome the

crisis, and they will be helpful when times get better, not only in terms of our own sector, but for society as a whole.

**You have participated in developing additional proposals for a new wave of subsidies provided by the Croatian Real Estate Agency (APN). Could you tell us more about that: what does this mean specifically and what effect would those subsidies have on the property market?**

State subsidies are one of the wheels that help the market move forward. I believe that the last APN subsidy had a double positive effect. It was an incentive for investors who adjusted their prices to market reality, and buyers recognized this as a good opportunity. The fact that the sale of apartments continued even after the APN programme finished speaks in favour of this conclusion. Therefore, I certainly believe that the last APN subsidy was good, and that it provided an incentive to this sector.

Therefore, I certainly welcome the new wave of APN subsidies, and as members of the Round Table, we tried to provide some proposals to provide added value to the new round of subsidies, but I have to emphasize that I believe that the last round proved successful.

However, if we look at subsidies as separate uncoordinated activities, they will have satisfactory results, but these results will be short-term, and they will not have a significant influence on resolving a whole range of issues in the building sector, which have to be dealt with continuously and systematically. Specifically, when we speak of housing construction, then we as members of the Round Table want to deal with housing policy in general, naturally primarily as a professional issue. A part of this issue is the existing portfolio of newly built unsold apartments, but this is not the only and not the most important issue. For instance, today we can still not say with certainty how many unsold apartments there are, what kind of apartments these

are, where they are located, what their size is etc. In fact, we can still not say with certainty what kind of product that is and for whom it is meant. Further, it also has to be established what the structure is of old apartments on the market, where we are going from the demographic perspective and what will the next generation of buyers needs.

Besides, we as the profession would like to send a message to the participants in this market that new projects have to be thought-through well, primarily in terms of what the end users need, and I am convinced that in this way we can help the end users to gain added value.

---

**Dražen Nikolić**  
**Chairman of the Board**  
**Raiffeisen Consulting**



**It is well known that you used to work successfully selling apartments under special conditions. Are there any new initiatives, and to what extent are the discussions within the Round Table helpful in this respect?**

When the market “froze” for the first time 3 years ago, we started a major action to bring dynamics into the market entitled “Time for Turn around” (*“Prostor za preokret”*). It made it possible to reduce the portfolio of unsold apartments financed by the Raiffeisen Bank by more than 50% within three years. At the same time, this showed that it was possible to influence the market dynamics and cause development based on own initiative of

the market participants. State interventions that followed in further stages of the market crisis have helped to additionally mitigate the consequences of the crisis, which were serious enough even with such interventions. In December 2011, we opened a new sales channel and a campaign entitled “Shop Window” on our Limun.hr portal. This yielded excellent results in terms of boosting sales above our initial expectations and plans. Discussions within the Round Table make it possible to “bridge” the weaknesses of official statistics on the property market and to profile the mechanisms for facing the “property market bubble” and the “bubbles

within the bubble”, which exist in some of its segments.

**To what extent can joint action by the Round Table participants have a positive influence on the property market, the buyers, sellers, media, competent authorities – all those who actively participate in the property market?**

I perceive the positive influence of the Round Table primarily in its efforts to introduce interdisciplinary approach in trying to regulate what is currently a chaotic situation on this market, which has

a major primary, but also a secondary influence on the dynamics of the entire national economy. Experience has shown that the property market and the construction sector, with all their accompanying activities, are the first in to the recession, and the last out, due to the extreme complexity of all the factors that determine it. The Round Table has made a contribution not only through active profiling of measures and moves to come out of the current stand-still in this market and its accompanying activities, but also by creating preventive mechanisms for early action in future cycles in its development dynamics.

---

**Dunja Hitrec**  
**Executive Director**  
**Ernst & Young Advisory LLC**



**Tax policies play an important role on the property market. What is your view of the current tax policies, and what should be improved and changed?**

Taxes certainly play an important role on the property market, although they are not the only or the main factor that influences the property market or any other business. Currently, there is no doubt that people’s incomes are overburdened with high taxes (and social contributions). Also, in these turbulent times, companies lack their own capital and they often have too much debt. In general, this is a very unfavourable time for new investments. In this context, one ought to consider tax policy measures that would contribute to lowering the tax burden of all the entities on the market, in order to increase the funds available for investments.

Moreover, concrete decisions about measures and further steps should be

based on a deeper analysis of the effects of planned measures and of objectives to be achieved.

**What are the benefits of your participation in the Round Table?**

Ernst&Young is a leading global company with an international network of tax experts who can provide support in various areas of business operations. The Croatian tax authorities have recognized the quality of the Ernst & Young team of tax experts. We frequently exchange knowledge and experience in contacts with the Tax Administration. We are looking forward to being able to support the Round Table by combining our local experience with our expertise about the rules on taxation and tax systems in the European Union.

**Dražen Nimčević**  
**Director, Tax Services**  
**Deloitte Savjetodavne Usluge**  
**d.o.o.**



**Do you feel that it is necessary to prepare a proposal for tax reforms? Tell us more about that.**

I feel that it is necessary to look at the tax burden for various groups of tax payers, and to consider how to ensure a more regular and just tax distribution. First of all in the segment of employed work, quite low income levels are taxed by very high rates, among the highest in the world. On the other hand, income from all kinds of capital (entrepreneurial, deposits, speculative capital) is almost not taxed at all, so that here we should consider a more even tax burden from various sources of creating income.

The reform should also cover compensating for certain parafiscal charges with more clearly defined taxes.

**Everybody is speaking about the property tax. What is your opinion on**

**that – should it be introduced, how and when, and how high should it be?**

A certain form of property tax already exists – in the form of parafiscal municipal charges. I believe that such parafiscal charges should be abolished and compensated for by a better model (still intended for funding local administrations), which would – besides the fiscal effects – result in increasing the volume of real estate transactions, improve spatial planning, increase people's mobility throughout their lives and also serve to regulate some unregulated markets (such as the rented property market).

The introduction of real property tax should primarily serve as a tool to regulate issues that are much more complex than mere fiscal issues. Setting up such a system with clear objectives is probably more important than the taxation model itself, because a well resolved system would be able to define a model by itself.

---

**Members of the Round table of leading experts on the Croatian construction and property market :**

CB Richard Ellis, Colliers International, Deloitte, Faculty of Economics and Business Zagreb, Josip Tica, Ph.D, The Institute of Economics Zagreb, Ernst & Young, Erste Nekretnine, Filipovic Business Advisory Ltd, HPB Nekretnine, Croatian Chamber of Architects, Hypo Leasing, Jones Lang LaSalle, Kastel Real Estate, KPMG, PBZ nekretnine, Price Waterhouse Coopers, Raiffeisen Consulting, Spiller Farmer, Croatian Architects' Association, ZANE.

### 3. INTERVIEW

#### **Alisa Kapic**

**Area Director Central Europe  
(Austria, Slovakia, Czech  
Republic, Serbia, Croatia and  
Slovenia), Regus**



#### **"The first Regus business center in Zagreb"**

**Please briefly introduce yourself and provide a few introductory words about the company Regus.**

My name is Alisa Kapic and I am Regus Area Director for Central Europe. I started my career in sales and management in the Telecommunications sector, before joining Regus Austria, as a business centre Manager in 2005. I've had various commercial responsibilities within the company before looking after our overall sales and commercial results in Central and Eastern Europe.

Originally from Bosnia-Herzegovina, I was born, grew up and was educated in the USA ( Memphis, Tennessee), but I have lived in Vienna, Austria and looked after our centres in CET for the past 11 years.

Regus is the world's largest provider of flexible workplaces, with products and services ranging from fully equipped offices to professional meeting rooms, business lounges and the world's largest network of video communication studios. Regus provides modern, flexible workplaces that free businesses of all sizes, all over the world, to work more effectively.

**Regus has recently opened its first business center in Zagreb. We are interested in the reasons for opening this center, and the macroeconomic level of criteria that must be met when entering a new market?**

Progress towards EU membership and signs that Croatia's economy has emerged from hibernation have given rise to a greater sense of economic bullishness. But businesses here have experienced tough times in recent years, and they are determined to keep property costs as low as possible, even as they seek to grow. Our products and services allow them to do that: to go for growth without upfront capital expenditure or the risk of high fixed overheads.

**How long have you been looking for space for your first business center? What are the criteria when choosing a Regus location, surface area, the external appearance of the building and the interior arrangement of rooms?**

We've been looking for a property in Zagreb for almost two years. Surface area varies and interior arrangement of the rooms is up to us really. Our number one

criteria are a grade A building and a prestigious business location, where people want to do business.

**The space for your center you do not buy, but you enter into lease or partnership with the owners. What are the advantages and disadvantages of such a business?**

More flexibility and low-risk.

**You are known to offer innovative and flexible ways of doing business. Can you give us some examples of such business?**

The technology breakthrough of the past 5 years has directly impacted the way people work. The arrival of the Internet and mobile devices like the Blackberry, I-phone or I-pad, allow people to work from wherever they want, giving birth to an increasing number of mobile workers.

Work is no longer a place you go. It is something you do. It has moved from being a noun to become a verb. And with this change has come a realisation that 'Martini' work is now a reality: anytime, anyplace, anywhere.

A cogent example is the company Yell a multibillion company that saves £1, 5 million a year with Regus.

For Yell, the driver was cost. They wanted to achieve more. The property portfolio costs were high and sales offices were under-utilised. The use of mobile phones and laptops by sales consultants meant that they did not need to visit offices, occasionally dropping by out of necessity, such as attending team meetings.

Whilst office utilisation had dropped to about 25% overall, properties were costing the same to run.

As a solution, Yell explored the potential to use Regus Businessworld through a pilot initiative in Watford and soon realised that it could close its own under utilised sales offices. Each Yell sales consultant received a Regus Businessworld Gold card, giving them unlimited walk-in access to high quality Regus business lounges and cafes.

As a result: Yell closed 18 offices, its 700 employees transitioned to Businessworld scheme in a month, saving the company £1.5 million per annum (40%) while achieving a 10 to 15% productivity increase and henceforth acceding to 153 centres (vs. 18 previously).

Regus Businessworld enabled Yell to shed its expensive and outdated fixed-office model, but more significantly has enabled Yell's sales consultants to work in a more productive fashion.

**What are the common characteristics of users of your services, taking into account their size, number of employees, and other parameters? Who are the most common users of your services? Are they mostly small businesses or large corporations?**

There is no typical company. We have a very diverse customer base in terms of geography, sector, product use and size of business; from the very largest multinational corporation through to the very latest one person start up! From pharmaceutical to IT, lawyers to retailers, manufacturers to government agencies there is no business sector absent from our customer roll-call.

What is common among them all is that they are all attracted by the fact that Regus enables them to more effectively manage business risk, maximize their financial resources, and increase their flexibility to accommodate growth and the dynamic changes in the market.

**Tell us something about the increasing global trend of flexible operations and flexible office space, and how they contribute to reducing the cost of society.**

As the utilization of an office today is typically only 45 percent, empty desks no longer make sense in a world where mobility and agility will become accepted by people as the most effective and sustainable way of working.

Today there are more than one billion mobile workers worldwide, and IDC – The International Data Corporation - expects the number of mobile workers worldwide to rise rapidly to at least 1.2 billion in 2013.<sup>1</sup>

Regus' own research data indicates accelerating global trend toward flexible working. Around 60 percent of companies participating in Regus bi-annual global survey stated that they believed flexible working cost less than fixed office working; with over 80 percent confirming that they offered this option to at least part of their workforce as they believe flexible working practices attract and retain skilled staff.

**Regus is present in 90 countries worldwide. How are your centers connected and how does your membership system work?**

Regus is actually now present in 95 countries worldwide. Our Businessworld programme is a membership scheme that has revolutionized the way people on the move are now able to work. It offers unlimited access to Regus business centres and services around the world and represents great value-for-money.

You can choose from Blue, Gold, Platinum and Platinumplus, dependent on what level of support you need.

**In which countries of Southeast Europe are present? Can you make a comparison of your business in Croatia in relation to the countries in the region.**

Our network in Southeast Europe so far stretches across 7 countries: Bulgaria, Croatia, Greece, Serbia, Slovenia, Romania and Turkey.

Our Zagreb centre is still very young to draw a reliable comparison with older centres especially. But the start is similar to all of our recent openings in the Balkans: Very promising and up to expectations to-date.

**How does the global financial crisis affect your business? Have you benefited from some of its aspects?**

Because of our strategy to diversify client base, geography and sectors, the business has performed solidly during the course of the downturn. We have demonstrated that this is a robust and flexible business model that can be replicated successfully globally. We believe there is a major opportunity to grow our global market share as we are under-penetrated in all of our geographic markets.

With growth in Western Europe and the US limited in recent months and years, businesses need to generate growth from new sources. Throughout 2011, Regus has continually expanded its network in response to customer demand - in the Balkans, the Baltics, in Africa, the Middle East, Asia and Latin America; those in the pipeline include Slovenia, Uruguay, Nepal and Madagascar.

Regus is set to make major investments to capitalise on the accelerating global trend toward flexible working. Over the next three years Regus will invest to increase its global network by at least

---

<sup>1</sup> Worldwide Mobile Worker Population 2009-2013

75%, equating to over 800 additional business centres.

Even in the current market, Regus is experiencing record levels of enquiries and in its last set of financial reports documented an all-time occupancy high of 86.7%.

**How do you deal with the specificities of each market? Can you point out a couple of examples?**

Understanding and adaptation are the keys to success. Hence, after understanding the cultural specificities of each market we make sure to sure we hire local staff fully aware, trained and prepared to dealing with the same and integrate them into our processes.

**What are your plans for future operations in Zagreb? Do you see the potential of doing business in other Croatian cities?**

We absolutely do see a huge potential for development in Croatia.

The IDC – International Data Corporation – predicts that Eastern Europe, Middle East and Africa (CEMA), will see its mobile worker population grow to 153.2 million by 2013 (International Data Corporation). The low penetration of mobile workers in the region (13.5%) signals significant growth potential in this market.

Additionally, the favourable completion of EU accession negotiations and real possibility for EU membership during mid-2013 cast an overall positive outlook in the short to medium term.

As businesses look to new EU entrants to boost their revenues, they look to us to support them with centres in more and more locations. Hence, we will continue to expand our network in response to that growing demand.

## Regus – Zagreb, City Centre



## 4. STATISTIC

### 4.1. Average Asking Prices of Real Estate Offered for February 2012

	average price EUR/m <sup>2</sup>	price range EUR/m <sup>2</sup>
<b>ZAGREB</b>		
<b>Housing</b>		
Apartments	<b>1.812</b>	<b>548 – 6.667</b>
Houses	<b>1.708</b>	<b>404 – 14.667</b>
<b>Commercial space</b>		
Offices	<b>1.762</b>	<b>796 – 3.333</b>
Business premises	<b>2.274</b>	<b>722 - 8.663</b>
Office blocks	<b>1.543</b>	<b>593 – 4.867</b>
<b>COAST</b>		
<b>Housing</b>		
Apartments	<b>1.925</b>	<b>611 – 6.364</b>
Houses	<b>1.696</b>	<b>195 – 18.269</b>
<b>Commercial space</b>	<b>1.651</b>	<b>482 – 5.368</b>
<b>Tourist facilities</b>	<b>2.122</b>	<b>1.396 – 2.257</b>

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](http://www.burza-nekretnina.com).

### 4.2. Statistical Reports of the Central Bureau of Statistics from the Area of Construction

#### 4.2.1. Construction work indices, November 2011

According to basic indices, in November 2011, as compared to November 2010, construction works decreased by 6.5%.

According to working-day adjusted indices, in November 2011, as compared to November 2010,

construction works decreased by 5.4%.

According to seasonally adjusted indices, in November 2011, as compared to October 2011, construction works increased by 1.6%.

*Advice: Construction work indices, November 2011, Central bureau of statistics, Zagreb, 2012.*

#### 4.2.2. Building permits issued, November 2011

In November 2011, there were 764 building permits issued, which was by 7.1% less than in November 2010.

The total number of building permits issued in the period from January to November 2011 was by 4.1% less than in the same period of 2010.

In November 2011:

- by types of constructions, 83.0% out of the total number of permits were

issued on buildings and 17.0% on civil engineering works

- by types of construction works, 78.7% of permits were issued on new constructions and 21.3% on reconstructions.

According to permits issued in November 2011, it was expected for 968 dwellings with the average floor area of 91.7 m<sup>2</sup> to be built.

*Advice: Building permits issued, October 2011, Central bureau of statistics, Zagreb, 2012*

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](mailto: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](mailto: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, Marija Noršić, Petra Škevin and Natalija Vulić.

