

TOPIC OF THIS ISSUE:

Interview
Davor Bruketa and Nikola Žinić,
the founders and creative directors
of the advertising agency

Bruketa&Žinić OM

PRESENTING:

European countries come together
to promote Sustainable Construction

CREN Patrons:

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Author of the cover photograph is Domagoj Kunić;
author of the photograph of Davora Bruketa and Nikola Žinić on the page 4 is Mario Iličić.

1. ANNOUNCEMENT



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

The Esplanade Hotel
Zag**RE**b, Croatia ● April 9 & 10, 2013

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2. TOPIC OF THIS ISSUE



Davor Bruketa and Nikola Žinić,
the founders and creative directors of the
advertising agency

Bruketa&Žinić OM

First of all, we would like to thank you, on our behalf and on behalf of our readers for agreeing to do this interview. Could you briefly introduce each other? Who is Davor Bruketa? Who is Nikola Žinić?

Nikola Žinić: Davor used to practice macrobiotics and is learning Slovene, but he is not doing so well, although he is convinced otherwise. :) He always comes up with new ideas and notices the smallest details, but as creative director they say that, on the one hand he is every designer's nightmare and, on the other, their biggest help and inspiration.

Davor Bruketa: Nikola is obsessed with good insights, he is totally merciless when it comes to that and an incredible incentive in our work. He is

a completely positive guy, unyieldingly optimistic, and has absolutely no understanding if you are in a bad mood at any time, so sometimes I just want to throw him out the window. :)

Do you remember the first time the two of you met? Can you comment on it for us?

Nikola Žinić: We met at the Doroghy Design Studio, where I was already working, and Davor was still a student. We realized that we were on the same page, we clicked and decided to open our own independent studio.

How much have you influenced each other in choosing the path you are on today?

Nikola Žinić: We hit it off from the beginning and knew that we wanted to

work together, and over the years we inevitably affected each other. Although we have different affinities, the basic interests that we brought to life in our agency have always been the same, that is, we deal in communication.

You launched your own studio in 1995, when the situation in Croatia was quite bad. Did you have any support, a mentor, a role model to look up to?

Davor Bruketa: Of course our folks helped us at first to buy our first Apple computer, which at that time cost as much as a used car. We worked from home before we started up the first office, which we shared with architects. Our role models are the Wieden+Kennedy Agency and sometimes Neville Brody.



Photograph: the advertising agency Bruketa&Žinić OM



Photograph: the advertising agency Bruketa&Žinić OM



Photograph: the advertising agency Bruketa&Žinić OM



Photograph: the advertising agency Bruketa&Žinić OM

What was the demand like in the 1990's for your profession? Can you compare it with the demand up to 2008 and after? How much has the financial crisis affected your development and the development of your agency?

Nikola Žinić: A good urban scene was being created at that time in Zagreb, people from our generation: musicians, artists and various interesting people we associated with, and they all needed posters, album covers and things like that. There was a need and somehow we caught up with that new scene, because there were no young designers on "the market" at that time, it was mainly the older generation working on the scene. All we wanted to do was to work and create, even if it was only for a beer, just to be given a chance. So we filled our portfolio and went around with it looking for work. Then the doors of the advertising world opened up for us. In that period, the big advertising agencies did not have their own creative departments, so the usual practice was to outsource creative designers. That is how we worked for BBDO.

Davor Bruketa: During 2000s we decided to expand our designer studio into a fully fledged advertising agency, and with each year to come our business grew and we have extended the area of our work. We had a lot of work, but things began to change drastically

after 2008. However, after the initial shock, we realized that this was also an opportunity for us to change. Coincidence or not, we were invited to take part in an international tender for a large mobile phone operator from Azerbaijan, which we won and from that point begins our story on the foreign markets. During that time we also began to specialize in certain areas of market communication. Currently we are the second most efficient independent advertising agency in the world, according to the Effie Index.

Today you are at the head of the advertising agencies Bruketa&Žinić

OM Zagreb, Bruketa&Žinić OM Baku, and partners of the agency Popular Bruketa&Žinić OM Belgrade. You are also co-founders of three sister agencies, Branddoctor, Brlog and Brigada. Can you tell us exactly what these agencies do and how they work together?

Nikola Žinić: Bruketa&Žinić OM Zagreb, Bruketa&Žinić OM Baku in Azerbaijan and Popular Bruketa&Žinić OM Belgrade are advertising agencies, Branddoctor deals in branding, Brlog is a digital agency, and Brigada is the only agency in the region specialized in designing retail spaces that sell well. All our agencies work together on



Photograph: Brand of underwear made from organically grown cotton - Brokula&Ž

joint projects and we offer our clients a complete marketing communications service, from brand strategy, strategic planning, so called classic or offline and online marketing, packaging design and graphic design, communication inside a retail space, product design

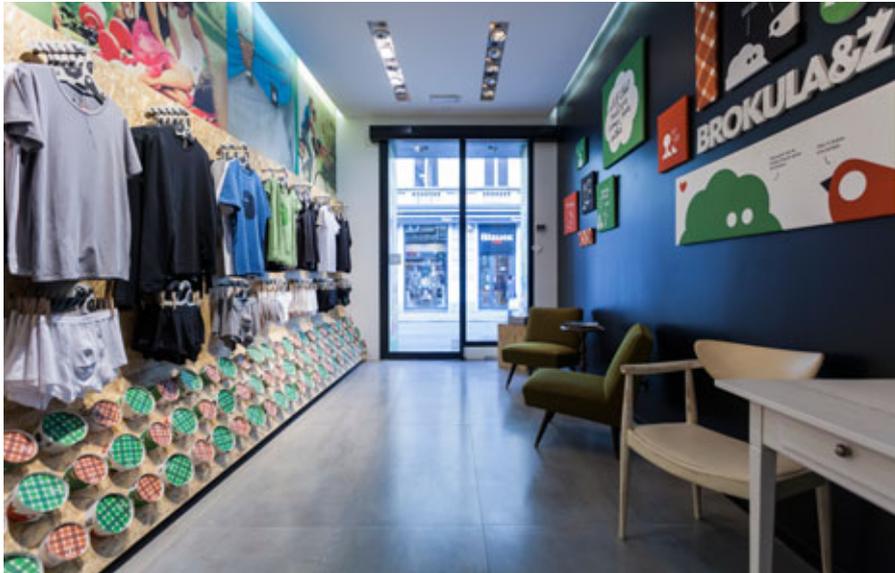
Croatia. We are counting on the export potential of the products, especially after we join the European Union. We have already been listed in the London Global Innovation Report, which anticipates trends in consumer goods.

reach harmony between ideas, creation, standards, innovation, financing, deadlines and the overall social and business context in Croatia?

Davor Bruketa: If all the elements of our cooperation have been communicated well right from the beginning of our work together, and if we know what we want to achieve, basically there are no limitations. The easiest thing is to create a project with a lot of money, but it takes real skill to do the same with a small amount of money. We try to reach a sensible solution, to achieve the maximum with the minimum expenditure. Today everyone has ideas, but the question is how effective they are.

Design and marketing are extremely important in contemporary business. What is your view of that issue?

Nikola Žinić: I think that the quality of what is being communicated is in the first place, because even with the best communication, whether through design, advertising, PR or any other tool, if a product, service or project is not good, no form of communication will help. On the other hand, it does not mean anything to you to have the best product in the world if no one has ever heard of it. This is where we come in. I deeply believe



Photograph: Brokula&Ž concept store in Teslina Street in Zagreb, author: Domagoj Kunić.

and architecture. We are currently in the process of founding an advertising agency in Vienna - Bruketa&Žinić OM Wien.

Davor Bruketa: In addition, in partnership with textile experts from Lacuna, last year we launched our own brand of underwear made from organically grown cotton - Brokula&Ž. We have bunch of plans for this brand, and it is great to feel like we are at the beginning again, just like when we first started. These are clothes with a basic cut, but the emphasis is on what comes from the inside – on the top quality material we have been developing for two years and on the quality of the workmanship. We are proud that we have managed to launch production in Croatia and employ some workers from the failing Croatian textile industry, whose knowledge and skills can be built into the quality of Brokula&Ž products, which is our priority. We plan to expand our product range to bedding, socks, children's clothes etc. We wanted to do something of our own and to prove that it is possible to produce things in

How does your communication with clients go? How do you communicate with your clients?

Nikola Žinić: Clients contact us with specific communications challenges, which we try to resolve using our know-how. The most important thing in that process is in fact a good communication between us and the clients. We learn from them, they learn from us, and our goals can only be realized through mutual trust and understanding. They know their market and their brand best, so it is important to get a good input from them, and to be coordinated throughout the entire process. For us, on the other hand, it is important for the client to trust us. After a client comes to us with a job, the most important part of our work begins, which is research, analysis and setting up an intelligent communications strategy. Only when that part of the job has been done well can the creative solutions “do their job” and reach the desired results.

To what extent does the client limit or inspire your creativity? How do you



Photograph: Stina – vine for inspiration, author: Domagoj Kunić



Photograph: Tele2 Store – an example of a retail space that sells well, author: Domagoj Kunić

that good quality communication is an extremely important part of the economy and society. It helps to attain the business goals of the company, and thereby maintain and increase the number of workplaces. Good quality communication also needs to serve to promote positive social messages and values. Just look at the recent story surrounding the Gavella poster. And everyone thought that posters were a dead medium!

How would you define and explain the role and influence of brand and image in contemporary business?

Davor Bruketa: Brand and image must be founded on true, real and actual facts, otherwise they miss the point and may even be harmful. Good quality branding which in the end leads to a good image is necessary today, whether we like it or not. In a world full of messages, only a quality brand can stand out from the rest and reach its ultimate goals, whether that is an increase in sales, increase in awareness of something, or help in resolving an economic, cultural or social problem.

CREN is focused on real estate, but this interview shows that we are also interested in broader topics. Real estate is very closely linked with architecture and design. How do you see the connection and interaction between design and architecture?

Nikola Žinić: Design and architecture are closely linked. It is important, as in everything, for them to work together towards the same goals, functional for

a person they are intended for, but at the same time to ennoble the space, and to do so in a smart way. There is

far too much architecture and design which pollute space, which were made with no plan or strategy, or are only an expression of the genius of their designer, although their purpose should be exactly the opposite. Architecture and design are applied arts, which mean they are closely linked to their purpose and function.

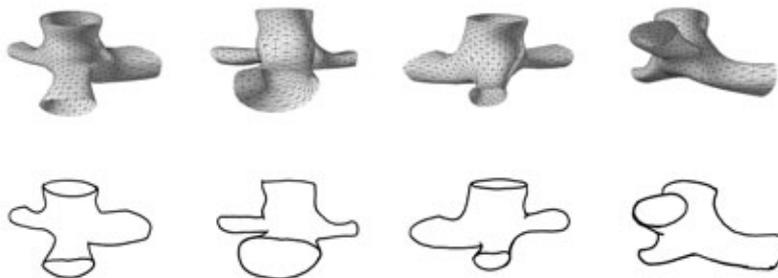
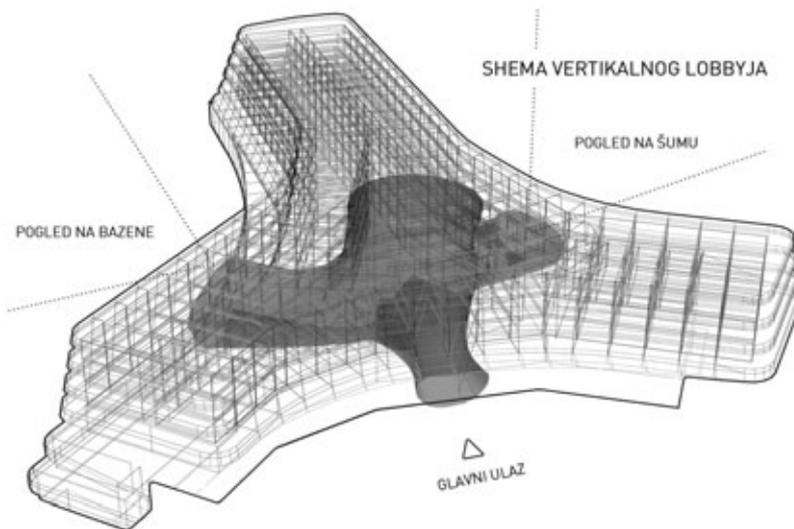
Davor Bruketa: In our agency Brigada, architects, product designers and marketing experts work together, and their primary goal is to create spaces that sell well. Retail spaces most certainly have their own rules, so their design and communication flow with the customers within them are relevant.



Photograph: Hotel Lone, Rovinj, author: Domagoj Kunić



Photograph: Hotel Lone, Rovinj, author: Domagoj Kunić



Photograph: Hotel Lone, Rovinj,
author: Domagoj Kunić

and all its applications. Rather than the attractive external appearance of the hotel, we were inspired by its interior - the impressive hotel lobby, which reaches up for the entire height of the building. This space connects the hotel wings, it is where the most important content is located and it is the source of all other activities. It is "the heart" of the hotel. That is exactly why that volume was chosen as a symbol. Its three-dimensional image appears on all illustrations. We also followed the idea of a hotel that inspires, and so in all the printed materials we arranged the illustrated elements like a surreal collage inspired by Istria. This project has been praised and published in many international professional publications, and Hotel Lone is recording excellent results overall.

How would you design your own ideal space for work and living?

Nikola Žinić: We are working on that right now - we are in the process of reorganizing our offices and they will be done in the spirit of the agency.

Fotografija: Hotel Lone, Rovinj

They have specialized in precisely that type of interaction between design, marketing and architecture.

What does a commercial space mean to you from the perspective of design and marketing?

Nikola Žinić: A commercial space should be functional, and above all designed in a way that it enhances internal communication and the efficiency of the business process. It should also reflect the business culture of a company, so that everyone who spends time there is able to work as comfortably and as easily as possible. The space needs to

have spirit, humanity, since in the end it is people who spend time there.

How would you link your profession with real estate?

Davor Bruketa: The most recent example is the work we have done (and are doing continuously) for the Rovinj Hotel Lone. We worked there with a large team of experts, headed up by the architectural studio 3LHD. Hotel Lone is a showcase of the Croatian creative industry. Some of the best architects, designers and artists from this part of the world took part in its creation. We were responsible for its visual identity

3. PRESENTING



European countries come together to promote Sustainable Construction

Whole Life Consultants Ltd., a spin out company from the University of Dundee, has come together with five other partners from across Europe to deliver an EU funded programme whose goal is to transfer knowledge in sustainable construction. The partners are PPP Centar from Croatia, Frederick University from Cyprus, FORSAS from Italy, Romanian Society for Lifelong Learning from Romania and DOCTUM from Spain.

The aim of this programme for knowledge transfer called “Whole Life Management of Sustainable Construction” (WhLMSC) is to provide training in managing sustainability of the built environment. The programme is innovative as its focus is on lifelong sustainability and not purely on design or construction.

The Construction Industry has one of the largest impacts on sustainability; environmentally, socially and economically. Although many construction professionals are aware of the technical issues of sustainability, they are unaware of the importance of managing sustainability through the project's life cycle. The programme will offer: a) a service of training the specialists who will ensure sustainability of projects in the built environment, and b) training the members of a construction team including clients, designers, contractors, operators and

other professionals, to undertake the effective management of their projects to meet the challenges of a sustainable built environment. The training sessions will initially be run during March and April and will be available from April in each of the five partner countries.

Croatian trainees, professionals (engineers from different fields and specializations) and also architects, who are eager to learn the principles of sustainable construction to a degree that would help them introduce principles and benefits of sustainability to their respective societies, will benefit from this project.

WhLMSC will contribute in creating a new and innovative Training Programme, in the most current area of Sustainable Construction and Development, in the VET system in Croatia.

It will enhance the practical knowledge and know-how of professionals, who are active in the consulting industry and the construction/planning/development sectors of the country, thus enabling the more substantial and immediate materialization of Sustainable Construction technologies.

By promoting and supporting continuous training in Sustainable Construction, the project will contribute to the implementation of the strategic objectives:

1. Providing lifelong learning for the employees and support for the enterprises;
2. Improvement and strengthening of the infrastructure and content of education, by strengthening the role of tertiary education in both academic and professional education and training of citizens, as well as in providing more effective lifelong learning methods;
3. As there are no accepted standards and tools for sustainability assessment, this training and modules will enable training of professionals from both public and private sector in this field.

Expected results

The results of this project will be training materials for Croatian specific needs in the area of application of different sustainability assessment tools, including WLC and others, the analysis of their strengths and weaknesses, and the importance of the use of tools specific for our context.

Evaluation and monitoring

Evaluation and monitoring of the transfer of knowledge will be through joint workshops with the representatives from public and private sector, and further training with developed training materials that will be evaluated during the workshops and after them.

Dissemination and exploitation

Further dissemination and exploitation of knowledge envisaged through WhLMSC project will be:

- Training materials presented to the University Educational Center in the end of the first year of the Program, as well as upon official completion of the project;
- The University Educational Center will be informed of progress made on the Project in quarterly meetings;

- Introduction of a new course “Sustainable construction and development” in the University Curriculum (tertiary level, the postgraduate and MBA studies), to be offered through the University Educational Center, and will be based on the knowledge and material produced by the WhLMSC team.

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4. STATISTICS

4.1. Average Asking Prices of Real Estate Offered for January 2013

	average price EUR/m ²	price range EUR/m ²
ZAGREB		
Housing		
Apartments	1.777	778 – 6.667
Houses	1.722	341 – 9.167
Commercial space		
Offices	1.745	700 – 4.865
Business premises	2.292	722 – 7.500
Office blocks	1.826	132 – 3.793
COAST		
Housing		
Apartments	1.763	316 - 8.196
Houses	1.635	64 – 18.269
Commercial space	1.979	80 - 4.338
Tourist facilities	2.148	292 – 15.748

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.

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

4.2.1. Construction work indices, November 2012

According to basic indices, in November 2012, as compared to November 2011, construction works decreased by 11.6%. According to working-day adjusted indices, in November 2012, as compared to November 2011, construction works decreased by 12.0%. According to seasonally adjusted

indices, in November 2012, as compared to October 2012, construction works decreased by 2.3%.

Advice: *Construction work indices, November 2012, Central bureau of statistics, Zagreb, 2013*

4.2.2. Building permits issued, December 2012

In December 2012, there were 701 building permits issued, which was by 18.7% less than in December 2011. The total number of building permits issued in the period from January to December 2012 was by 13.2% less than in the same period of 2011. In December 2012:

- by types of constructions, 75.9% out of the total number of permits were issued on buildings and 24.1% on civil engineering works
- by types of construction works, 78.9% of permits were issued on new constructions and 21.1% on reconstructions.

According to permits issued in December 2012, it was expected for 627 dwellings with the average floor area of 99.8 m² to be built.

Advice: *Building permits issued, December 2012, Central bureau of statistics, Zagreb, 2013*

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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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