- CREN -

Croatian Real Estate Newsletter

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CREN PATRONS

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AGENCIJA ZA PROMICANJE IZVOZA I ULAGANJA

AUSTRIA

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Dario Travaš, dipl.ing.arch.
Managing Director
ATP projektiranje d.o.o. Zagreb

NEW TRENDS IN RETAIL REAL ESTATE DEVELOPMENT

Can you present briefly your creative work to our readers?

I began my involvement with architecture during my studies at the Faculty of Architecture of the University of Zagreb. That was long ago, in the 1980-ties, at a time when we were taught about post-modern residential buildings by Rob Krier or Richard Bofill on the one hand, and at the same time we absorbed the principles of Croatian and international classical modern architecture at lectures by professor Neven Šegvić.

I completed my graduation project in the class of Professor Nikola Filipović, and this closed the circle of artistic and scientific insights into what we call the Zagreb school of architecture.

This was the basis, and the main impulse for my future orientation and preferences in architecture.

After graduating from university, I briefly remained connected to the faculty, at which I studied, by working at the “Institute of Architecture”. At the same time, I enrolled in post-graduate studies at the Technical University of Vienna.
The following years were dedicated to my activity within the architectural office „Neumann und Partner“, where I worked as a planner on numerous projects, and which – for me – opened the door to the fantastic world of architecture.

As a kind of a highlight from that period, I would like to emphasize the tender for Uniqa-Tower in Vienna, which we won. This is a business tower, which through its shape, functionality and technological level represents a kind of a vertical gesture, located at the urban crossings of the most important vistas of Vienna: Prater – Ring.

Besides, the frequent practice at that time was to develop projects, which involved several architectural offices. We developed the project of the Opera in Beijing together with the Hans Hollein office. Intense and dynamic work alongside the great master (Pritzker Award in 1985) in shaping the space of the large theatre, gave me – as a young planner – a shape of my own, contagious, everlasting, emotional and artistic enthusiasm for architecture.

Three and a half years ago I accepted the offer by the company ATP-architects / engineers, and I joined this, the largest Central-European planning company. I was attracted by the high level of professionalism and organisation of this interdisciplinary company, as well as by the fact that it was possible – within just one company, and under one roof – to engage in simultaneous and creative work together with all the participants in the planning process. Complex and intelligent buildings are virtually impossible to plan without a kind of a

cooperative network, without teamwork between architects and engineers joined within the same planning company.
My current obligations as the manager of the Zagreb branch office of ATP, and head of the planning section of architecture and design in Vienna and Zagreb resulted from the logical sequence of the process itself, which again resulted from the very principle of planning complex buildings.

One example of such work is the Shopping Centre Zagreb, alias West Gate, for which the conceptual design was developed within my Viennese group of planners, and all the work related to coordination of documentation and obtaining all necessary permits naturally originated from Zagreb.

The result of such interdisciplinary cooperation between architects and engineers, and of the possibility to use know-how and capacities of the whole ATP Group, is the fact that we obtained a building permit for a facility as large as 228,000 m³ gross surface area.

The Zagreb and Vienna ATP offices are also cooperating on two more shopping centres in Croatia, which are to follow, and on developing the conceptual design for a kind of auto-city. This is a dynamic facility, which will accommodate car dealerships of several car producers, a station for technical examination of vehicles etc.

We are happy about the fact that the construction of the hotel in Tyrol has started, because this is the project, for which we were awarded the first prize at the international tender with a selected number of bidders. I was inspired with the idea for this house while skiing, looking at the consoles created in the hills as protection from avalanches. This artificial “low impact” shape fulfils its function, without impairing the visual quality of the natural balance.

The hotel is shaped as an organic building, which was created as an extension of the ski track. Below the track, there are 150 rooms, a restaurant etc. The ski track reaches into the sky-bar and the ski storage room, which is located on the roof.

Hotel Doischberg, Tyrol

Parallel to our commitments related to large projects, we also created the design for sitting furniture: kornata 3S. This is furniture designed for large public areas, such as lobbies of business buildings and hotels, shopping mall promenades etc. "Kornata" is a form, which is somewhere between a park bench and a living room sofa. The form of this furniture, that is its initial inspiration, results from the landscape of organic forms of the dispersed islands of the Kornati archipelago, so I planned it as part of a typical Croatian story. Kornata 3S is a design protected at the European Patent Institute, and it will be an integral part of the furniture of our buildings, as the final point in the process of "total design".

Shopping Centre Zagreb, the construction of which has begun recently in Zaprešić, is also one of your projects. What are the further steps in this project?

After obtaining a valid building permit, we began construction of the West Gate Shopping Centre in Zaprešić. For the construction of a building of this size, it is necessary to have simultaneous and coordinated work by all participants in the construction process, and it will involve about 6,000 construction workers. After the works on improving the ground, we will start with the construction of the concrete parts of the building. This is a stage, in which the building starts to assume its real shape. The highest priorities in the construction of this shopping centre are not only the accuracy and precision of the construction in line with the highest European standards, but also keeping the set deadlines.

What are your duties in this project as an architect? What makes this project different from other projects, which were announced or the construction of which has begun in the area around Zagreb?

My duties as the main planner of the Shopping Centre Zagreb are defined by the "Law on Spatial Planning and Construction". The size and complexity of this project, as well as the number of other planners involved in the process of construction emphasize the seriousness and complexity of the situation. The project task related to the Shopping Centre Zagreb was to build a commercial centre of superlatives: largest in surface, most interesting in its contents, best organised in terms of functionality. The specific characteristics of this centre are also conditioned by its location. Namely, the building is surrounded by the motorway and the Zagorje highway, so that all its fronts are visible. As it was our intention to treat all the fronts equally, deliveries are organised in the very centre of the mall, through a large delivery area. Trucks and supply vehicles "sink" into an approximately 200 m long tunnel and "emerge" in the centre of the facility.

The premises of this centre are not only meant for stores, the contents are varied, so that we can speak of a kind of a multi-functional centre (approx. 4,000 m² of children's play centre, ice rink, bowling alley, billiards, day-care centre for children etc.).

I found the inspiration for shaping the front in the huge piece of installation art by Mr. Bušić who wrapped the Pula amphitheatre (Arena) with a huge red tie. In order to keep the unity of such a large building, I wrapped the whole form with a tie made of a semi-transparent material (perforated metal sheet), thus rendering the whole building "a la Croate".

Visual identity of shopping centre in Zaprešić

Does your work on a specific project begin after selecting a location, and basic parameters of the shopping centre, or are the architects already involved at the stage of selecting the location and basic parameters?

Architects' contracts, as participants in the construction process, regularly have a clause that defines the location and the project task of a certain facility. In order to prepare this process as thoroughly and professionally as possible, the ATP Group established its own company „RedServe", in order to organise its own specialists, who will deal with exactly these issues and be involved from the earliest stages of developing the main parameters for establishing the feasibility of certain projects. Architects from our company participate at this early stage only as consultants.

ATP is participating in several other shopping projects in Croatia. These are projects in Rijeka and Varaždin.

The usual way of developing shopping centres in every transition country is that they are first built in the capital city, and after that follows the second stage, that is, their development in the regional centres. Since Croatia was no exception to this development of the retail process, we are participating in several very interesting projects. The shopping centre West in Rijeka was developed on a very inspiring plot, which is surrounded by the oil refinery, Torpedo factory and the shipyard on the south side, and large residential blocks on the north side. As the topography of the plot is very dynamic, from the platform of the shopping mall there is a view of the whole Kvarnerić area. The ground plan size of the complex is defined by a detailed urban development plan. We "transformed" the view of Istria, the Island of Cres with the disappearing contours of the mountains of Ćićarija into a vectorial graphic and used it as the main element for shaping the roof of this longitudinal mall. Industrial shaping of the whole volume certainly reminds us of the launch of huge ships in the neighbouring shipyard, which remained carved in my memories of childhood.

Visual identity of shopping centre in Rijeka

The Varaždin shopping centre

The Varaždin shopping centre is located on the eastern bypass road, which is also the access road to the city of Varaždin. It is envisaged as a compact building, which – through its concentrated form – fulfils an intelligent function. It is like shaping a mobile phone or an I-Pod – there are no superfluous forms, which do not serve their function. It is a large outreaching gesture towards the traffic road, which consists of a parking platform, supported by iron pillars, which at the same time functions as eaves over the entrance of the centre. Lifestyle posters painted above the entrance are a luminous reflection of events inside the centre. Floating cubes of technical devices in the roof and large glass courts contribute to the dynamics of the roof surface, which accommodates the parking lot. The range of colours on the front are digitalized colours taken from the magnificent oil paintings of Miljenko Stančić.

Visual identity shopping centre in Varaždin

All these projects are of much smaller dimensions than the project in Zaprešić. Besides the size, are there other differences in the concepts of mentioned projects?

Regional centres range between 30 and 60 thousand square meters, and the concepts of the individual centres result from the configuration of the plot itself, and from optimising individual functional elements in the plan view. For instance, due to the longitudinal shape of the plot, the centre in Rijeka is a typical "dog-bone" shopping centre, with "magnets" on each side of the mall: stores, which attract visitors with their size and contents to walk from one to the other side of the centre.

In Varaždin, the plan view is that of a circular mall, which has small shops in its centre, and "magnets" in the corners, mostly stretching on two levels.

To what extent is the appearance of the shopping centre important to the success of the project? As an architect, do you pay more attention to the outer appearance of the shopping centre, or to its interior?

By perceiving architecture as an aesthetic reflection of practical reality, and after satisfying all static, functional and economic parameters of buildings, a certain added value is developed – and that is architecture. Architecture cannot be divided into the outer appearance and the interior, because any building represents a spatial unity, and it is planned both from the inside out and from the outside in. Architects, by creating new spaces, assume social responsibility for their work, because this work is visible and it will be there for generations to come, the generations that will judge us by the buildings we build today. Department stores are a kind of a museum, said Andy Warhol. The frequency of visits to shopping centres that we experience today is a kind of a confirmation of this statement. Shopping centres epitomize and create the lifestyle of their visitors.

When you work on the concept of the project's interior, do you define the units (stores) within a shopping centre yourself or in cooperation with the future tenants?

The main lay out and the plan view of the shopping centres is planned according to the project task proposed by the investor. We create new concepts on the basis of our planning experience with this type of buildings. There are specialized companies that are engaged in leasing the stores, and within the already shaped architecture of the centre, the final appearance and shape of the stores are defined only after signing concrete preliminary agreements. Exceptionally, for very large magnets within the centre, we offer planning cooperation and support.

To what extend are the trends in the construction of shopping centres changing?

As a member of the ICSC (International Council of Shopping Centers), I participate at numerous congresses and professional conferences related to the topic of trends and guidelines in the development of shopping centres. The role of the architect in shaping new trends is of crucial importance, because retail typology is a discipline of its own in the functional sense. We speak of power centres, shopping cities, lifestyle centres etc. The Viennese ATP planned the Murpark commercial centre in Graz, for which we received a prestigious award in France two years ago. It is the second best shopping centre in the world, located at a traffic junction. The concept is, namely, that of a huge roof, under which cubes with individual stores are located. The visitors move in the outer space between the stores, which – in terms of the material used – is designed as a pedestrian street. The Centre has direct access from the motorway, a huge garage parallel to the shopping centre, and a tram, which passes through the mall, and has a stop within the premises of the mall.

Sustainability of buildings, in the technological and ecological sense, is also an important issue. In ATP we have established a special teem of experts that deal with this matter.

Is there a difference in the concepts of shopping centres in America and Europe, or in Western and Eastern Europe?

The father of American shopping centres from the 1950-ties was a European, an Austrian called Viktor Gruen. He planned a shopping centre near Detroit, in which visitors are not only treated as consumers, but are offered numerous other functions, typical of European urban centres. He was the inventor of what is today called the shopping mall, which does not only consist of commercial elements, but also offers cultural or sports facilities, which represent an improved city centre (down town), surrounded by parks, sports and public functions. Since in Europe, the shopping centres are always located on the edge of urban centres, the element of socializing is not as crucial as in America. Concerning Eastern and Western Europe, it is my opinion that Eastern Europe enjoys certain advantages, because it offers the possibility to build only the good concepts, which have already proven their quality in the West.

What are the parameters that influence the development of the concept of an individual shopping centre - its size, the number of stores?

The size and the concept of an individual shopping centres result from the feasibility study, which is influenced by various parameters that define accurate assumptions necessary for the beginning of architectural planning. Such studies, as was mentioned earlier, are developed for the ATP Group by our own company called Red Serve. Besides, as a rule, there are spatial development plans for all the plots, which define the maximum size of the building, the number of parking lots, the green areas etc. The location of the shopping centre itself, the vicinity of the urban centre, the development level of that region, cultural habits of the population, purchasing power etc., all these are parameters, which are considered when developing the concept of a shopping centre.

There is an increasingly prominent trend of regional shopping centres, unlike the city shopping centres. How would you interpret such trends?

For the city shopping centres, the main theme is the definition of the plot in the tissue of the city, in addition to the topic of transport connections. Our shopping centre in Zaprešić has, for instance, 6,000 parking lots, and when we started planning it, we were informed that the whole city of Zagreb, by comparison, has about 9,000 registered chargeable parking spaces. By building a regional centre outside the city centre, it is possible to reach the optimum of all its functionalities and thus attract a flow of visitors from a wider area. Plots in the city are surrounded by the existing blocks, which limit the dimensions and influence the functional contents of the centre, and the topic of interpolation within the existing city structure is also very important. There is also a difference in the number of levels, the centres in the cities are frequently distributed on a larger number of levels than regional centres, which can perfectly manage their dimensions and space on two levels. Of course, there are exceptions. For instance, Bullring in Birmingham is a city centre of huge dimensions, which is a continuance of the urban character of the city blocks within the city centre, and still it has an optimally designed garage in the underground levels.

Parking lots are always the topic of discussion with shopping centre projects. Are there given parameters, or any minimum number of parking spaces defined per square meter of the shopping centre, which has to be satisfied within any given project?

In spatial development plans, we frequently encounter the number of 40 parking spaces per 1,000 m² of gross developed surface. In my opinion this is the maximum upper limit.

Does ATP participate in other projects, besides those in the field of commercial centres, in Croatia or abroad? If so, what kinds of projects?

Besides commercial centres and multifunctional centres, we specialize in business buildings, and production facilities. There are numerous examples of our buildings in the food industry sector. ATP portfolio also contains hotels and buildings in the health sector, as well as research laboratories and research centres. We have also planned and built computer chip factories. We also attribute great importance to logistic centres. Frequently, we develop master plans for large spatial interventions. It is difficult to enumerate all the projects, on which we are working in parallel, and therefore, I would like to invite you to visit our web site: www.atp.ag

2. EVENT..

REAL VIENNA 2008

Real Vienna 2008

From May 27 to 29, 2008, the third consecutive „Real Vienna 2008“ fair was organised on the premises of the Viennese Trade Fair *(Messe Wien)*. At this year’s „Real Vienna 2008“, 326 presenters from 27 countries presented their projects. The fair was visited by 9.800 participants. The largest number of exhibitors came from Russia, then Poland, Czech Republic, Rumania and Ukraine. The largest numbers of visitors to the fair came from Germany, then Czech Republic, Russia, Hungary, Rumania, Poland, Slovakia, Serbia and Ukraine. This year, the number of exhibitors increased by 31% and the number of visitors by 27% in relation to last year’s fair. The success of the fair, in the words of Matthias Limbeck, is in its clear orientation to the region of Central and Eastern Europe.

The fair was accompanied by lectures.

In discussions entitled „Property talks“, the participants could attend forums, with experts from the region of Central, East and Southeast Europe. The forums were divided into different topics: „Cities & Regions“, „Investment & Services“ and „Projects & Special Markets“.

Renowned companies present at the fair

Among this year’s exhibitors, there are numerous new entrepreneurs from the region of Central and Eastern Europe. For instance, Besix (Belgium), Global Real Estate (Bulgaria), Aareal Bank (Germany), Ulimate Montenegro (United Kingdom), Oriental Real Estate (Kazakhstan), Mirzon Investment (Netherlands), Rödl & Partner (Poland), Cagead Intermed (Romania), Opera Reform Alfa (Slovak Republic), LC Streetracing-Invest (Ukraine) and the Orco Property Group (Luxemburg).

Other renowned names from this industry were present, such as Immofinanz AG, Immoeast AG, Eurohypo AG and the TRIGRANIT Development Corporation.

Representation of regions and cities

Special interest in the Real Vienna Fair was shown by the cities and regions from the Central and Eastern Europe area. One of these cities was the city of Bratislava. Vienna and Bratislava are not only connected by the Danube waterway, but since 2007, they are also directly connected by a motorway. This was a crucial step in terms of infrastructure, since Bratislava is the second richest city after Prague in comparison with all the new European Union member states, which joined in 2004.

The cities of Belgrade, Bucharest and Zagreb also participated at this year’s fair.

The Czech Republic intensified its presence through presentations of several cities and regions, such as the presentation of Southern Bohemia, the Hradec Kralove region, Vysočina, Pilsen, Karlovy Vary region, and the cities of Most and Brno, as well as a presentation of the Usti regional government.

Gyoder is an association of Turkish companies that deal with real estate investments. Already last year, Gyoder was one of the exhibitors at the trade fair Real Vienna. This year, they were supported by the presence of numerous players from the Turkish real estate industry, with whom they exhibited jointly.

The City of Zagreb and the Adriatic Sea were represented through the Croatian Chamber of Commerce. Several real estate agencies presented their projects on the Croatian stand.

“Central European Architectural Academic Awards” 2008

Within the „Real Vienna 2008“ program, an award-giving ceremony was organized, with awards given to students of architecture from the countries of Central Europe. The international contest was open to all students of architecture, who study at faculties in Central and Eastern Europe. For the first time, the contest was organized within the Real Vienna 2008 fair, supervised by INVI (Investment Vision and Environments). Through this contest, students and undergraduate ABDs of selected faculties were given a unique opportunity to show fresh perspective for the development of their cities. Students were invited from countries such as Belarus, Bulgaria, Czech Republic, Estonia, Croatia, Latvia, Lithuania, Hungary, Poland, Rumania, Russia, Serbia, Slovakia, Slovenia, Turkey, Ukraine and other countries of Central and Eastern Europe.

Excellent side events

This extraordinary response was clearly also influenced by the excellent quality of the side events. Of the numerous points on the program, this also included 44 expert rounds of discussions known as 'property talks', organised by GEWINN publishers in cooperation with Reed Exhibitions Messe Wien. Dr. Georg Wailand, head of GEWINN publishers, stated, 'The appearance of over 200 top experts, politicians and business people provided impressive evidence for the degree of internationality exhibited by the Real Vienna. The show offered the latest information and countless

valuable business contacts.

The three stages have become a focal point for the exchange of expertise and knowledge within the international real estate sector. Immense interest was also shown in issues such as shopping centre development in Eastern and South-Eastern Europe, in numerous other projects introduced such as hotels and leisure facilities, and in the boom economies such as in Russia, Romania and Ukraine'. Participants praised both the quality of the information available and range and depth of issues covered for each country, especially in terms of the 'new emerging markets' in Central and Eastern Europe.

A further success was recorded by the Hotel & Tourism Day organised by PKF hotel experts Michaeler and Partner on May 28, which placed great emphasis upon issues such as the 2014 Winter Olympics in Sochi and the related opportunities for the development in the region.

Waterfront Symposium: A real crowd puller

The Waterfront Innovations Symposium was also one of the featured side events at the Real Vienna on Thursday the May 29, at which Austrian and foreign architects, city planners and developers all presented the latest developments and trends experienced at various waterfronts, rivers and embankment projects. Around 100 architects and planners attended and

heard experts such as Boris Podrecca (architect and professor at the University of Stuttgart) and Alex Krieger (city planner, architect and professor at Harvard Graduate School of Design). These two well-known experts explained the current situations in Europe, the USA and Asia.

Networking in an easy-going atmosphere

Alongside the 'Property Talks' there were also two perfectly organised and well attended evening networking events. On Tuesday evening on May 27, the organisers, Reed Exhibitions Messe Wien, and the City of Vienna, ECE Projektmanagement G.m.b.H. & Co. KG, CHSH-Cerha Hempel Spiegelfeld Hlawati all cooperated to stage the 'Top Executive Evening' in the Kursalon in Vienna 's Stadtpark. Around 600 people participated on what was a relaxed and enjoyable early summer evening.

On the evening of Wednesday on May 28, around 1.000 exhibitors spent a summery evening together outdoors at the Vienna Marina. Reed Exhibitions Messe Wien, Immoeast AG and CPB Immobilientreuhand GmbH staged a gripping evening of socializing including speedboat rides up and down the Danube. The overall Real Vienna participant package was complemented by a number of additional services. Austrian Airlines was the official carriers for the Real Vienna. VIP shuttle was provided by SAAB, one of the sponsors.

Top rating from participants

Dr. Karl Petrikovics, CEO Immofinanz AG found these words to describe the positive atmosphere at the Real Vienna: "Clear focus on Central and Eastern Europe makes Real Vienna an indispensable event for the IMMOFINANZ group. As exhibitors this is the most important commercial platform for presenting ourselves as the leading real estate investors in the region. Since almost all of our most important customers were there, for me personally it was a perfect opportunity to arrange a large number of important meetings within a very compact time frame'.

There were also satisfied expressions on the faces seen at the Republic of Macedonia stand; who were exhibiting for the first time at the Real Vienna. 'Our participation in the event more than paid off', explained Ivan Iliev, marketing and communications manager of the support agency Invest Macedonia.

Dr. Marek Kudla from the Polish Embassy praised the ideal proportions of the Real Vienna, maintaining it was the ideal platform for CEE/SEE countries offering investment openings in various segments and who are in search of investors.

Strong economy - great prospects for the Real Vienna 2009

Despite many negative forecast of the real estate market, the pulse is positive. The visitor poll confirmed the existence of a boom in this sector, especially in Central, Eastern and South-Eastern Europe. Almost nine out of ten of those polled claimed to be very pleased with the current situation and expect the positive trend within the market for the foreseeable future. This is a good sign for the preparation phase for the fourth edition of the Real Vienna. The dates have been set for May 5-7, 2009.

3. STATISTICS

3.1 Average Asking Prices of Real Estate Offered for Sale – June 2008

	average price EUR/m²	price range EUR/m²
ZAGREB		
Housing		
Apartments	**2.243**	**817 - 6.000**
Houses	**1.918**	**750- 8.635**
Commercial space		
Offices	**1.747**	**840 - 3.000**
Business premises	**2.198**	**668 - 8.663**
Office blocks	**1.297**	**618 - 2.102**
COAST		
Housing		
Apartments	**2.067**	**503 - 6.315**
Houses	**1.850**	**263 - 11.600**
Commercial space	**1.618**	**555 - 4.605**
Tourist facilities	**2.826**	**750 - 9.537**

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

3.2. Statistical Reports of the Central Bureau of Statistics from the Area of Civil Engineering

3.2.1. Construction work indices, April 2008

In April 2008, construction works increased by 21.3%, as compared to April 2007.

Construction works in the period from January to April 2008 increased by 13.1%, as compared to the period from January to April 2007.

In April 2008 :

- by type of constructions, 48.7% out of the total working hours were done on buildings and 51.3% on civil engineering works;
- by type of works, 62.2% out of the total working hours were done on new constructions and 37.8% on reconstructions, repairs and maintenance.

Notice: Construction work indices, April 2008, central Bureau of Statistics, Zagreb, 2008.

3.2.2. Completed construction works, orders and residential building, legal entities employing 20 or more persons, first quarter of 2008

Value of new orders:
- in the first quarter of 2008 increased by 12.1%, as compared to the same period of 2007.

Value of construction works done:
- in the first quarter of 2008 increased by 12.9%, as compared to the same period of 2007.

In the first quarter of 2008, construction companies employing 20 or more persons completed 2 001 dwellings, which was by 58.3% more than in the same period of 2007.

At the end of March 2008, these companies were working on 12 384 dwellings (uncompleted dwellings), which was by 15.7% more than in the same period of 2007.

Notice: Completed construction works, orders and residential building, legal entities employing 20 or more persons, first quarter of 2008 , central Bureau of Statistics, Zagreb, 2008

4. PRESSCLIPPING…

Source: Poslovni dnevnik, 16 June 2008

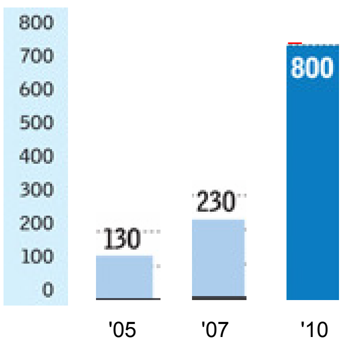
4.1. 4.1. Supply of Retail Premises in Croatia Still Scarce

According to research by an international consultancy for the real estate sector, Colliers International, the supply of retail premises in Croatia is still the scarcest at traditional locations, that is on the main streets of the cities. In the past several years, construction of shopping centres has begun in all major cities in the country so that soon – in the next two to three years, every city will have at least one shopping centre. As the only exception, Colliers mentions Zagreb, where the retail property market is already quite developed. Most new projects are traditional commercial centres, so that in future – in order to be different from the competition and to offer something new – there will be a need to develop specialized projects, such as shopping malls reserved exclusively for luxury brands, outlets, entertainment centres and similar.

Nine new centres

"Locations in the centre of cities are most expensive and most desirable, and the supply of such locations leaves both local and international brands disappointed", concludes Colliers. Their data say that at the end of 2007, there were about 230,000 square meters of gross retail area in Zagreb, of which about a hundred thousand square meters were opened in 2006 and 2007. Between 1994, when the first shopping centre in Croatia was opened in Zagreb – the Importanne Centre – and 1999, only one additional shopping centre opened – Importanne Galleria. In the past seven years, the market has become dynamic – 7 new shopping centres have opened, of which three were built between 2006 and 2007. In the area of Zagreb, nine other shopping centres are in the construction process, and they will be finished between 2009 and 2010, which will represent an additional 510,000 square meters of retail premises. As a result, Zagreb will have 19 shopping centres with a total of 800,000 square meters of retail space. Until this is completed, there will still be a huge demand for retail space, especially in Zagreb centre. The price of monthly lease already ranges between 80 and 120 EUR per square meter. The lease of retail space in the shopping centres of the metropolitan area ranges between 15 and 65 EURO per square meter per month.

Shopping centre surface
In Zagreb, in thousands m^2
Estimate



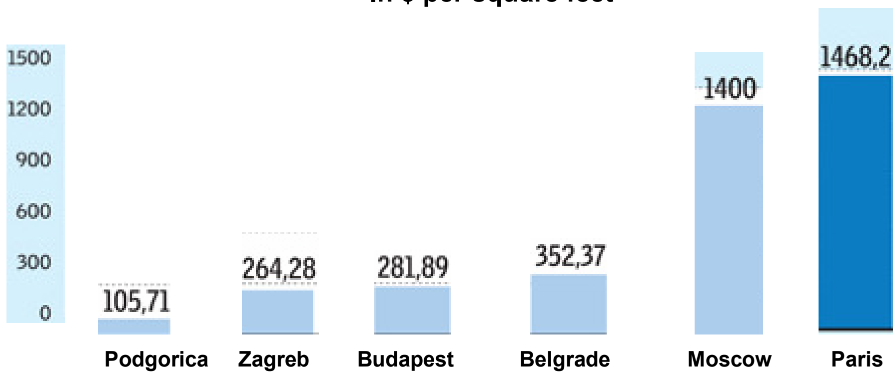
Global trends

Hypermarkets, such as Interspar, Mercator and Konzum also have plans to build several centres of their own. Besides, international investors have started investing in projects in the eastern part of the capital city. Colliers' forecasts say that the demand for retail space will be satisfied in the near future, which will stabilize prices. As in Croatia, lease prices are growing despite the global crisis. Lease prices of retail premises at top locations in Zagreb, for instance in Ilica, amounts to 264.28 USD per square foot (PSF) p.a., and one square meter is ten square feet. Approximately the same value has to be paid in Budapest, where the price amounts to 281.89 USD PSF per annum, and in Podgorica, the price is still only at half this level, despite the entry of Russian capital. It amounts to 105.71 PSF, while Belgrade leads far ahead with 352.37 USD PSF in the Knez Mihajlo Street. Still, the fast growing regional markets are still nowhere near as expensive as large European centres. On Champs Elysees in Paris, the price amounts to 1468.20 USD PSF, and it is only a little bit less on the Tverskaya, in Moscow. The price of retail premises in Zagreb thus amounts to 20 percent of the lease price in Moscow.

Large retail chains have still not arrived in Croatia

In Croatia, development of 'big box' retail premises started in the 1990-ties with the entry of several large commercial centres on the market. The foreign centres, which are present on the Croatian market included Kaufland, Billa, Mercator, Baumax and Mercur. In 2006, Kika and Euronics made their entries. However, brands such as Ikea, Tesco or Mediamarkt are not yet present. Prices of monthly lease in 'big box' premises ranges between seven and ten EURO per square meter, according to calculations by Colliers International.

Rent price in the City Centre (highstreet)
In $ per square feet



Notice: EuropaProperty.com Newsletter - June, 2008

4.2. NEWS FROM THE REGION

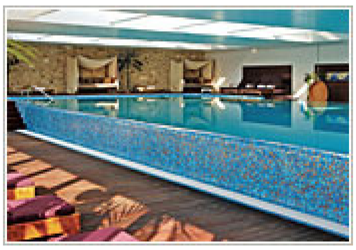
Quinlan Private Golub finishes construction of two show homes at Oakland Park

Quinlan Private Golub, the developer of the luxury housing development Oakland Park, located in Warsaw's green outskirts of Konstancin, has finished the construction of two show homes – Linden and Hazel.

ČKD Praha DIZ selected general contractor for Kolben Cube office building in Prague

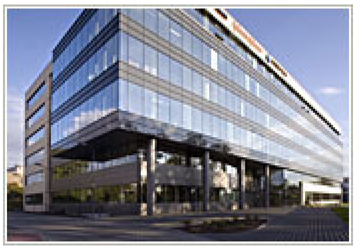
Developer CODECO has announced that ČKD PRAHA DIZ has been selected as the general contractor for the construction of the Kolben Cube office building, located at metro B – station Kolbenova in Prague Vysočany.

Hvar Marina Hotel & Spa joins world's elite ranking



One of Croatia's most luxurious spas, located in the Adriana, Hvar Marina Hotel & Spa is celebrating its first year of existence and has announced it has been accepted into the 'Remarkable Leading Spas of the World' classification, making it the only member in Croatia.

Lux Med leases 926 sqm of office space at Wisniowy Business Park Building F in Warsaw



Lux Med has leased 926 sqm of office space in Wisniowy Business Park Building F in Warsaw.

ProLogis signs agreements for over 100,000 sqm of space in Warsaw region so far in 2008

ProLogis has signed agreements for more than 100,000 sqm of space at facilities located throughout the Warsaw region since January 1, 2008.

DEGI to take over Iris Shopping Center in Bucharest for €147 million

Deutsche Gesellschaft fur Immobilienfonds (DEGI) investment fund (Germany) has paid €147 million for the 48,000 sqm Iris Shopping Center in Bucharest.

Ablon Group Limited buys 133,264 sqm plot in northern Bucharest

Ablon Group Limited has completed the acquisition of a 133,264 sqm plot in northern Bucharest, in close proximity to the city's international airport: Henri Cuanda, Otopeni.

Europa Emerging Europe Fund buys Logistic Park East I warehouse in Ukraine for $25 million

Europa's Europa Emerging Europe Fund has acquired Logistic Park East I, a 23,856 sqm warehouse for $25 million from Ukrainian developer Aladdin Group.

Retail Portfolio in Czech Republic acquired by Pradera

A retail portfolio, consisting of three properties in Ostrava and Olomouc has been acquired by Pradera for their Central & Eastern Fund from GE Real Estate and Euro Mall Ventures, a subsidiary of TK Development.

5. PAST EVENTS…

Date	*Name*	*Location*	*Web*
May 06 -07, 2008	**GRI WORLD SUMMIT 2008**	London, England	www.globalrealestate.org
May 08, 2008	**The 3rd Annual SEE Real Estate Awards Gala for 2007**	Bucharest, Romania	www.europaproperty.com
May 09 -10, 2008	**CEPIF**	Warsaw, Poland	www.europaproperty.com
May 21 -22, 2008	**Europaproperty CRE Russian Investment Conference II**	Moscow, Russia	www.europaproperty.com
May 27 - 29, 2008	**REAL VIENNA**	Vienna, Austria	www.realvienna.at
May 29 -31, 2008	**2008 FIABCI World Congress**	Amsterdam, Netherlands	www.fiabciamsterdam2008.com
June 01 – 03, 2008	**Retail City 2008 - Bringing Together Retailers & Malls In Emerging Markets**	Dubai, United Arab Emirates	www.retailcity.ae
June 10 – 13, 2008.	**The Italian Real Estate Event**	Milan, Italy	www.italiarealestate.it/eire/eng
June 16-18, 2008	**CIB W70 International Conference in Facilities Management**	Edinburgh, Scotland	www.fmresearch.co.uk

6. DO NOT MISS OUT…

Date	*Name*	*Location*	*Web*
October 06-08, 2008	**Expo Real 2008**	Munich, Germany	www.exporeal.net
October 13-17, 2008	**The World Urban Forum IV**	Nanjing, China	www.unhabitat.org
October 22 -24, 2008	**Real estate of Siberia 2008**	Russia	www.realty.sibfair.ru/eng/
October 29 -30, 2008	**European CRE Investment Forum III: Russia,Germany, and CEE**	New York, USA	www.europaproperty.com
October 30 - November 01, 2008	**BelRE**	Belgrade, Serbia	www.belre.org
November 24.-25.11.2008	**GRI New Europe**	Bucharest, Romania	www.globalrealestate.org

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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.