

- CREN - Croatian Real Estate Newsletter

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Volume 26, May 2008

CREN PATRONS



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AGENCIJA ZA PROMICANJE
IZVOZA I ULAGANJA



TOPICS OF THIS ISSUE:



**The Fourth Annual International Conference
on the Real Estate Market in Croatia**



**International Conference
on the Real Estate
Development in Albania**

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Member of the Academy, prof. Velimir Neidhardt, Ph.D.
Faculty of Architecture
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ON THE CULTURE OF BUILDING AND SUSTAINABLE DEVELOPMENT IN CROATIA

Lecture by the Academy member Velimir Neidhardt at the opening of the Fourth International Annual Conference on the Croatian Real Estate Market

Property, „real estate“, regions, zones, plots, construction, square meters, rents, revenues, gains, losses, and mostly all the things that we discuss at such conferences can be quantified, economically justified, beautified by marketing, sold, constructed, utilized, earned. There is nothing negative in all this, on the contrary, it accounts for a respectable share of the GDP. However, we have to ask ourselves a crucial question. What is the cultural dimension of these works? And thus we initiate a serious and necessary discussion. What is actually our final goal?

We shall continue with a question. Are the projects, which we are implementing, at the level of the cultural history of the society in which we are active? Today, we are discussing Croatia, a historic component of the European cultural equation. We are speaking about culture, as a „raison d'être“, and the ultimate goal of every nation, about culture as a specific quality of the being and evolution of psycho-social reality.

To what extent can culture maintain and absorb the shocks of modern civilization? How to be modern, and at the same time respect one's own roots, and in the end to be part of the universal civilization, which – despite multi-cultural proclamations – destroys local cultural focal points.

Can we say that – if the means and the goals are oriented exclusively towards quantification and utilitarianism – the overall meaning of these results will more or less remain at the level of senselessness and the degradation of cultural history.

It is interesting to look at behaviour in Croatia from the perspective of three key stakeholders – developers, who ambitiously initiate projects, architects, who should be the main arbitrators in the definition of cultural determinants and weave themselves into the shapes of local development, and – in the end – the state administration, which should protect the values of the existing environment, but at the same time research and enhance the

strategies of modern development in their own urban and other landscapes.

Let us begin with the developers.

If we remind ourselves of the approach of large American developers in the Middle East, which began in 1979-ties, we can conclude that at that time, they hired the most renowned architectural and planning offices. Since they were entering an area of a different cultural identity, the teams also included connoisseurs of oriental and Islamic tradition and art. Every renowned American architectural college offered courses on the culture of building in the Middle East. This may be said to be just a colonial cover for gaining new markets, but it cannot be denied that there were attempts to face the significant cultural aspects of investing in regions, which are not sufficiently well known.

Today. To what extent do foreign, but also local investors perceive Croatia as an environment with specific cultural aspects? Namely, we are witnesses of a variety of either universal confections or ideogrammic forms from other regions, which become part of our urban and other landscapes without any cultural filters.

Nevertheless, we want to attract developers and not attack them. Still, we notice that the experience so far is such that for projects in Croatia, no top world architects have been hired, who would be able to transpose to Croatia some examples of culturally paradigmatic projects of the „Bilbao type“. There have been some attempts at achieving this, but so far without any success. One internationally renowned architect even had to renounce his project, because the project on site was not finalized in line with the original project assumptions.

The second important stakeholders, local architects, seem not to be ready to assume responsibility for the profound cultural definition of developers' projects. Instead of playing the role of real cultural arbitrators regarding the values of Croatian urban centres and rural landscapes, they allow the developers to shape and size their projects, and in the end, they are the ones who sign the architectural design. It is no wonder that at the 1st Congress of Croatian Architects, which took place in Zadar, the association of architects assumed all the responsibility for the degradation of the architectural landscape in Croatia. Unnecessarily so.

As the third important stakeholder, the state administration, in its regulation of the coastal belt, clearly stated that it wants to protect the coastal perimeter. This is a great step forward, but it is restrictive in character. A development strategy cannot be exclusively restrictive. It is necessary to initiate research into a modern approach to urban and other landscapes, together with scientific institutions and universities, and to shape and simulate not only obstacles, but an original strategy for shaping the Croatian landscape with the objective of turning it into a model of cultural contribution to the overall value of the European landscape. Fifteen centuries of Croatian cultural history have provided a series of explicit contributions to European development, such as the integration of values of the antique period, urban continuity, Old-Croatian sacral architecture, the ornamentics of the Croatian wattle (*pleter*), the definition of the renaissance space, the constructive logistics of the cathedrals in Šibenik, Dubrovnik etc., all the way to the periods of baroque, classicism, and modern architecture of the 1930-ties and 1950-ties. These contributions

were made in the framework of a specific artistic synthesis with foreign border regions, and they had the quality of being restrained, as a contrast to the flamboyant overemphasis of European art sources.

As a conclusion, within the culturology of contemporary universal developments, it would be inconceivable to imagine Croatia outside the philosophy of sustainability, as a generally accepted postulate of the future world. Unfortunately, however, sustainable development in Croatia is still a frequent topic of diverse proclamations, but very little of it is implemented in practice. Not even national parks or nature parks can be praised for being „green“, that is without „carbon footprints“ – or undesirable traces of carbon. Their systems, for instance, are not based on renewable sun or wind energy etc. It is even prohibited to set up windmill pylons, which is almost unimaginable if we know that this is almost a paradigmatic symbol of the future sustainable landscape. In addition,

publicly funded large projects seem to bypass the sustainable development philosophy, which includes large sports facilities etc., where it is not even mentioned that they should have at least a proportion of renewable energy supplies.

It is high time that we join the sustainability trend, because otherwise all the current construction projects, based on old habits, will end up as unusable one-off constructions, like decrepit remnants of a time when one refused to consider the future. The stampeding price of a barrel of oil is hopefully a sufficient signal.

Naturally, all the considerations and the discussion on the cultural aspects of investments in this region are also in the end part of a sustainable development philosophy, or the philosophy of preserving the culture of this region, without which all Croatian development loses its „raison d’être“, and remains just at the utilitarian level, adorned in the metastasized plenitude of its functional senselessness.

5 & 6 May 2008 The Westin Zagreb Hotel, Croatia

On 5 and 6 May 2008, the Westin Zagreb Hotel hosted the Fourth Annual International Conference on the Croatian Real Estate Market. The organiser of the conference was Filipović Business Advisory Ltd from Zagreb.

As in previous years, the aim of the conference was to encourage the development and progress of the real estate market in Croatia and to provide participants with an opportunity to improve their existing business contacts, make new business acquaintances, exchange information and meet key players on the Croatian real estate market.

Speakers at the Conference included Croatian and foreign speakers – public officials, foreign experts, representatives of renowned Croatian companies and independent experts. Around 80 Croatian and foreign speakers were involved in a series of presentations, panels and workshops. The Conference was visited by more than 500 participants from 15 countries.

The Conference was opened with an address by **Petra Grgurić**, Management Board member of Filipović Business Advisory, and her address was followed by two keynote speakers, Ms. **Charlotte Ruhe**, head of the Croatian office of the European Bank for Reconstruction and Development, and the university professor and Academy member, **prof. Velimir Neidhardt, Ph.D.** The introductory addresses were followed by panels and workshops, which took place in two conference rooms of the Westin hotel.

On the first day of the Conference, the topics included the five segments of the real estate market in Croatia. Tourism was discussed by the moderator of the panel on tourism, Mr. **Goran Hanžek**, manager of Club Adriatic d.o.o., together with other members of this panel: **Jako Andabak**, CEO, Bluesun & Resorts, **Ivica Čačić**, manager, Hotel partner d.o.o. Zagreb, **Thibault Dutreix**,



Principal banker Property & Tourism, European Bank for Reconstruction and Development and **Christian Wiendieck**, General Manager, Hotel Kempinski Adriatic. Through the discussion on tourism, the members of the panel presented a brief overview of current developments on the property market in the segment of tourism in Croatia for 2007 and 2008.

The panel that discussed the state of play on the market of retail centres in Croatia, and the experience of players on that market, was moderated by Mr. **Tomislav Perović**, Managing Director, Colliers International Croatia, and other members of the panel included: **Otto Barić**, manager, Arhitektura tholos projektiranje d.o.o., **Ivana Božičević**, Country Manager, LS Property d.o.o., **Nataša Ivana Dorotić**, Leasing Director, TriGranit Development Corporation, **Alen Magdić**, owner and

manager, One2play d.o.o., **Gordan Bajtek**, General Manager, Avenue Mall, **Boris Šušković**, CEO, Wulf sport and **Daniel Žderić**, CEO, Profil International d.o.o.

Mr. **Arn Willems**, partner in CB Richard Ellis Croatia led the discussion on the office premises market and the members of his panel also included: **Chad Henry**, Development Manager, TriGranit Development Corporation, **Alan Herjavec**, head of Project Financing Section, Societe Generale – Splitska banka, **Žarko Kovačić**, manager, Ilirika nekretnine d.o.o., **Thomas Mueller**, partner, Hofmann Mueller Associates, **Robert Riemer**, manager Facility Management – PORR and **Damir Vucić**, Executive Director, American Chamber of Commerce in Croatia.

The housing sector was discussed by the panel led by Mr. **Dubravko Ranilović**, partner in Kastel Nekretnine Zagreb and president of the Real Estate Business Association of the Croatian Chamber of Commerce. Other speakers of this panel included: **Darren C. Dunckel**, Director International Affairs, Atia Group, **Irhad Meheljić**, Management Board member, Grawe Nekretnine d.o.o., **Josip Tica, Ph.D.**, Faculty of Economics and Business of the University of Zagreb and **Janko Vrgoč**, Land Acquisition Manager, TriGranit Development Corporation.

The panel on logistics parks was moderated by Mr. **Patrick Franolić**, manager, Spiller Farmer d.o.o., and other presentations in this panel were given by: **Zvonko Copic**, customs advisor to the manager, Schenker d.o.o., **Vjekoslav Knežević**, Project Manager, UBM AG and **Igor Šaravanja**, strategy and organisation manager, Alca Zagreb d.o.o.

Besides discussions on the five main real estate sectors, the first day of the Conference also presented an opportunity to discuss the real estate investment market, and real estate appraisals under current conditions. This panel was moderated by **Paul Davinson**, Senior Associate, King Sturge Croatia, and other speakers who presented their experience and know-how on this topic included: **Jens J. Moller Madsen**, Partner & Managing Director, King Sturge Croatia, **Kilian Raffi**, Heitman and **Paul Suchar**, partner, Taxation & Regulatory Services, KPMG Croatia d.o.o.

The application of the Spatial Planning and Construction Act and the structure of spatial planning documents were discussed in the panel moderated by experts from the Ministry of Environmental Protection, Spatial Planning and Construction: **Ana Mrak Taritaš**, head of department, Directorate for Spatial Development, **Lino Fučić, dipl.ing.**, head of department, Construction Sector, and **Goranka Radović**, head of department, Sector for Projects of Significance to the Republic of Croatia.

Ninoslav Dusper, head of the Urban Planning Institute of Croatia, moderated a panel on spatial planning, urban planning and construction, which discussed urban development plans for zones allocated to tourism in the cities. Other members of the panel on this topic were: **Damir Blažević**, manager of Zona sto d.o.o. and www.urbanizam.hr, and **Nike Sudarević**, head of department, City of Dubrovnik, Administrative Department for Environmental Protection and Spatial Planning.

The topic of public-private-partnership was discussed by experts in this area,

prof. Vladimir Skendrović, ph.D., World Bank Consultant, **Josip Čengija**, staff member from the PPP Knowledge Centre, **prof. Saša Marenjak**, ph.D., head of the PPP Knowledge Centre, Croatian Institute for Bridge and Structural Engineering, **Kamilo Vrana**, sector manager for PPP, Trade and Investment Promotion Agency, and **Branko Vukmir**, ph.D., advisor.

The first day of the Conference ended with a panel discussion under the title Real Estate Development in Individual States of South-East Europe, which was moderated by **Marija Noršić**, Head of Tourism and Residential Development from Filipović Business Advisory. **Philip Bay**, Regional Director Southeast Europe, Colliers International, spoke about developmental trends of the SEE countries; **Romeo Sherko**, president IkubINFO Business Advisory, discussed real estate market development in Albania, **Aleš Bulc**, manager, AND Property Consultants, spoke about the Slovene real estate market, and **Dejan Racić**, CEO, Delta Real Estate presented the state of play on the real estate market in Serbia.

After the official part of the Conference, all the speakers, Conference participants, sponsors' representatives, and guests were invited to a gala reception at the Croatian National Theatre in Zagreb. The first day of the Conference thus ended in a relaxing atmosphere, where everybody present could enjoy the 3rd act of the "Sleeping Beauty" ballet, and after the ballet, there was a reception at three different locations in the theatre.

The second day of the Conference began with a lecture on the Croatian

property legislation, and discussions were focused on legal security in property transactions in Croatia, and on the insurance of claims. The panel discussion was moderated by **prof. Tomislav Borić**, Faculty of Law, Graz, and the following speakers also gave presentations: **Boris Babić**, partner, Law firm Babić and partners, **prof. Tatjana Josipović**, ph.D., University of Zagreb, Faculty of Law, and **Sanja Porobija**, partner at the law firm Porobija & Porobija.

At the same time, the other conference room hosted panel discussions on the development strategy for Zagreb, moderated by **Slavko Dakić**, M.Sc., and other presentations were made by: **Višnja Bedenko**, assistant head of department, City of Zagreb, Department for Strategic Planning and City Development, **Tonči Čerina**, Board member, XYZ Arhitektura d.o.o. and **Aleksander Laslo**, advisor to the head of department, City of Zagreb, Department for Strategic Planning and City Development.

This discussion was followed by a panel on architecture, where the focus was on architectural projects and practice, and the discussion was moderated by **Petra Škevin**, Board member of Filipović Business Advisory. Presentations were also given by: **Helena Knifić Schaps**, president, Croatian Chamber of Architects and Civil Engineers, Department of Architecture, **Silvije Novak**, partner, 3LHD d.o.o., ass. prof. **Goran Rako**, president of the Association of Croatian Architects, and manager of Radionica arhitekture d.o.o., and **Saša Randić**, M.Sc., manager of Randić-Turato d.o.o.

The panel discussion on Real Estate Funding was led by **Natalija Vulić**,

Head of Industry and Shopping Centers Section from Filipović Business Advisory, and the discussions focused on the financial market in Croatia, and its comparison to the financial markets in Europe. The following speakers presented their experience on this topic: **Thibault Dutreix**, Principal Banker Property & Tourism, European Bank for Reconstruction and Development, **Alan Herjavec**, head of Department for Project Funding, Societe Generale – Splitska banka, **Vanja Mojzeš**, manager of Teamconcept, Strabag d.o.o. and **Juraj Sinanović**, Financial Controller from TriGranit Development Corporation.

The Conference ended with a very attractive panel discussion on the Croatian hotel industry, and the speakers of this panel included renowned experts, such as **Miroslav Dragičević**, Ph.D., the founder and the main partner in Horwath Consulting Zagreb, **Reno Budić**, Managing Partner, TPA Horwath, **Georg Eltz Vukovarski**, Board member of the Valamar Grup, **Kristian Šustar**, CEO, Maistra d.d. and **Luigi de Simone Niquesa**, president of the Luxman Group, who all spoke about their experience and projections for this sector.

The conference patrons included the Austrian Trade Commission, Trade and Investment Promotion Agency, and the American Chamber of Commerce in Croatia.



Media sponsors included: Europaproperty, Jutarnji list, ISI Emerging markets, SEEBiz and Property Finance Europe.

Other sponsors of the Conference included: King Sturge, TPA Horwath and Horwath Consulting as Golden Sponsors, Centar Nekretnina, Splitska banka – Societe Generale Group and Trigranit Development Corporation as Silver Sponsors, and Profectus, Alukonigstahl, Ilirika, MD Profil, KPMG, Spiller Farmer and Energoplan as sponsors.

2. INTERNATIONAL CONFERENCE ON THE REAL ESTATE DEVELOPMENT IN ALBANIA

**International Conference
on the Real Estate
Development in Albania**
May 13-14, 2008 Tirana International Hotel

Organizers   

Patrons    

Program and application form are available at www.ikubinfo-advisory.com and www.filipovic-advisory.com

May 13 & 14, 2008 Tirana International Hotel, Tirana, Albania

On May 13 & 14, 2008 International Conference on the Real Estate Development in Albania was held in Tirana International Hotel. Conference organizers were ikubINFO Business Advisory and Urban Research Institute from Albania and Filipovic Business Advisory Ltd. from Croatia.

The real estate development in Albania is growing and developing, both in size and scope. The development of the market in itself poses many questions and issues with which market players are being faced on a daily basis. It is natural that market participants look for information and discussions about all these questions and issues. The goal of the Conference was to provide analysis of current situation of real estate development in Albania, to provide platform for successful business networking, as well as to stimulate expansion and growth of real estate market in Albania.

At the Conference lectured 42 speakers that were members of Albanian government and other state bodies and entities, representatives of international organizations and professional associations, legal, financial and development experts and representatives of the investors and banks. They spoke on trends, business strategies, options, tendencies, and opportunities. Recommendations for the improvement of the present situation in terms of legal, financial, environmental, and infrastructural aspects were given. About 200 people from 13 countries participated at the Conference.



Conference was opened by **Romeo Sherko**, Ek. Urb, ikubINFO Business Advisory and with welcome speeches by representatives of Conference patrons **Mr. Sokol Oildashi**, Minister, Ministry of Public Works, Transportation, and Telecommunication, **Mr. Luigj Aleks**i, Chairman of the Board, Albanian Builders Association, **Mr. Edvin Libohova**, President, Albanian Association of Banks, **Mr. Philip Bay**, President, The American Chamber of Commerce in Albania and one of the Conference

Organizers **Mr. Vladimir Filipović**, President of the Management Board, Filipović Business Advisory Ltd. Conference opening was followed by keynote speeches by **Mr. Romeo Sherko**, Ek. Urb, ikubINFO Business Advisory and **Mr. Malcolm D. Childress**, PhD, The World Bank Distinguished Economic Expert. Mr. Sherko and Mr. Childress released provocative thoughts related to real estate in Albania and real estate development and urbanization challenges.

Overall review of 5 real estate market segments in Albania was moderated by **Mr. Philip Bay**, Regional Director, Colliers Southeast Europe. Office space was presented by **Mr. Artan Dervishaj**, President, Real Estate 1 Tirana Inf, Residential

development by Mr. **Lefter Sila**, President, Inf93 Real Estate, Retail by Mrs. **Stela Dhami**, General Manager, Colliers International Albania, Industrial zones by Mr. **Enno Bozdo**, Vice Minister, Ministry of Economy, Trade and Energy and Tourism by Mr. **Elton Noti**, Tourism Department, Ministry of Tourism, Culture, Youth, and Sports. Speakers have given overview of current movements in these real estate market segments, covered market trends, supply and demand, occupancy and vacancy rates, positioning, realized projects, projects in pipeline, figures from previous years, forecasts and movements for the upcoming years.

About Spatial and Urban Planning, Environment and GIS was discussed at the panel which was moderated by Mr. **Flamur Kuçi**, Advisor, Council of Ministers. Mr. **Besnik Aliaj**, Rector, Universiteti Polis discussed concept of planning vs. legalization (regularization), Mr. **Taulant Bino**, Deputy Minister, Ministry of Environment spoke about the reciprocal relationship between real estate development and environment. Mr. **Andrej Lončarić**, Director, Core Markets, Southeastern Europe GISDATA presented working GIS solutions in cadastre, real estate management, spatial planning and nature protection for local and national government from the region and Albania and Mrs. **Erin English**, Regional Sustainability Coordinator, Colliers Southeast Europe addressed the issue of sustainability, the built environment and applying ecological building practices in Southeast Europe.

Second part of the first Conference day after the lunch started with the Real Estate Law and Property Reform panel which was moderated by Mr. **Edlir Vokopola**, President, Urban Research Institute. Mr. **David Stanfield**, Professor, University of Wisconsin, Mr. **Flamur Kuçi**, Advisor to the Prime Minister, Government of Albania were speaking about real estate ownership, land-registry and cadastre, property reform, legal framework, institutional framework and daily challenges.

The following panel Architecture and Construction was also moderated by Mr. **Edlir Vokopola**, President, Urban Research Institute. Mr. **Arben Biçoku**, President, Landro Sh.p.k. spoke about relationship between architect and real estate developer and Mr. **Luigj Aleksi**, Chairman of the Board of Directors, Albanian Builders Association presented construction business capacities for real estate development. Following topics were also discussed: architectural practice, role, authority and the tasks of the architects, the price list of architectural services and prices of construction: residential buildings, office buildings, industrial construction, hotel and resorts.

First Conference day was finished with the panel of projects' presentations moderated by Mr. **Malcolm D. Childress**, PhD, The World Bank Distinguished Economic Expert. Mr. **Juraj Dusper**, Development Manager and Mr. **Vedran Oberan**, Senior Urban Planner of Urban Planning Institute of Croatia Ltd. presented Dubrovnik Case Study - experiences in the spatial planning and the protection of the Adriatic Coast, protected coastal area and guidelines for development of tourist zones. Mr. **Jamarber Malltezi**, Project Coordinator, World Bank Project in Albania spoke of chances and challenges after the approval of development plan for coastal zone in south of Albania. Mrs. **Iva Žagar**, Public Affairs and Community Relations Manager, Bechtel-Enka JV presented a 418 million Euro Albanian Motorway Project for the construction of the Rreshen - Kalimash motorway - a four-lane stretch of highway that will shorten the route to Kosovo. Mr. **Dimitris Voutsas**, Director of

Retail Services for Greece and Albania, Colliers International, presented shopping centre CityPark whose exclusive leasing agent is Colliers.

After the Conference panels, all speakers, Conference participants, representatives of patrons and sponsors were invited to the Gala dinner at the restaurant in Tirana International Hotel. This was a great opportunity for all to relax in the pleasant and entertaining atmosphere after a diligent day.

The second Conference day started with the panel Tirana which was moderated by Mr. **Arben Biçoku**, President, Landro Sh.p.k. Mrs. **Vasilika Vjero**, Director, Municipality of Tirana, Department of Strategic Planning and Mrs. **Ariela Kushi**, Department of Urban Planning of Municipality of Tirana talked of economic development of the City of Tirana and presented regulatory plan for City of Tirana.

Following panel was Real Estate Financing and Evaluation moderated by Mr. **Indrit Banka**, Director of Supervision Department, Bank of Albania. Mr. **Elvin Meka**, General Secretary, Albanian Association of Banks presented topic of banks and real estate loans and issues and prospects related to that subject. Mr. **Paolo Spagnoletto**, Investment Officer, Global Manufacturing Services, International Finance Corporation, spoke of IFC's Role in the Real Estate, Hotels, Property and Construction Sectors. Mr. **Daniel Berg**, Head of Office, EBRD Albania spoke of



EBRD's engagements in financing of property and tourism as well as of projects that EBRD has already invested in Albania. Mr. **Bardhyl Minxhozi**, General Manager, InterAlbanian opened the subject of insurance industry in support of real estate development. Mrs. **Arberina Grazhdani**, Real Estate Valuer, Adra Studio Sh.p.k. spoke of real estate valuation profession in Albania.

Mrs. **Doris Andoni**, Director of Housing Policies, Ministry of Public Works, Transport and Telecommunication was moderating panel Infrastructure - Prerequisite for Real Estate Development and Public-Private Partnership. Mr. **Kujtim Hashorva**, Director of Policies for Land Transportation, Ministry of Public Works, Transportation and Telecommunication presented the impact of transportation development in Albanian real estate market. Mr. **Franz Glanz**, Managing Director, Cargo Center Graz, Austria, presented the first infrastructural public-private partnership project in Austria – Cargo Center Graz. Mr. **Edlir Vokopola** gave the status and prognosis of infrastructure of water and sewage. Mr. **Branko Vukmir**, Ph.D, Advisor to the Croatian Centre on Public-Private Partnership Zagreb, Croatia explained legal framework for public private partnership in Croatia and has given basic characteristics of public-private partnership, as well as of contracting forms.



The last and very interesting Conference panel about Public-private partnership projects was moderated by Mr. **David Stanfield**, Professor at University of Wisconsin. Mrs. **Doris Andoni**, Director of Housing Policies, Ministry of Public

Works, Transport and Telecommunication elaborated on Housing in Albania – is it a Real Estate and about challenges and opportunities of sector development. Mr. **Edmond Alite**, President, EML Consulting talked about opportunities for concession development in road sector in Albania. Mr. **Luigi Caraglio**, Eng, Agenzia del Territorio explained the role of the Cadastre in real estate market in Italy.

Mr. **Romeo Sherko**, Ek. Urb, ikubINFO Business Advisory closed the Conference with the summery of 10 things that were achieved with the Conference and thank you notes to all participants, patrons, speakers, sponsors and media sponsors.

Conference Patrons were Ministry of Public Works, Transportation, and Telecommunication, National Builders Association, Albanian Association of Banks and The American Chamber of Commerce in Albania

Conference sponsors were: Colliers International as the Golden Sponsor, Edil Al as the Silver sponsor and Union Bank, Urban Planning Institute of Croatia Ltd. and GISDATA as Sponsors.

Media sponsors were Vizion plus, Standard and Europroperty.

3. STATISTICS

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

	average price EUR/m ²	price range EUR/m ²
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 Building permits issued, March 2008

In March 2008, there were 966 building permits issued, which was by 17.4% less than in March 2007.

The total number of building permits issued in the period from January to March 2008 was by 30.4% lower, as compared to the same period of 2007.

In March 2008:

- by type of constructions, 91.3% out of the total number of permits were

issued on buildings and 8.7% on civil engineering works

- by type of construction works, 79.8% of permits were issued on new constructions and 20.2% on reconstructions.

According to permits issued in March 2008, it was expected for 2 676 dwellings with the average floor area of 74.7 m² to be built.

Notice: Building permits issued, March 2008, central Bureau of Statistics, Zagreb, 2008.

3.2.2 Demolished dwellings, 2007

In 2007, the dwelling stock decreased by 705 dwellings. Reasons of excluding dwellings from the dwelling stock are the following: demolishing because of building of new constructions (88.6%), conversion into a non-residential area (5.4%), illegal construction (4.7%) and dilapidation and other causes (1.3%).

The average size of a useful floor area in these dwellings was 75.2 m².

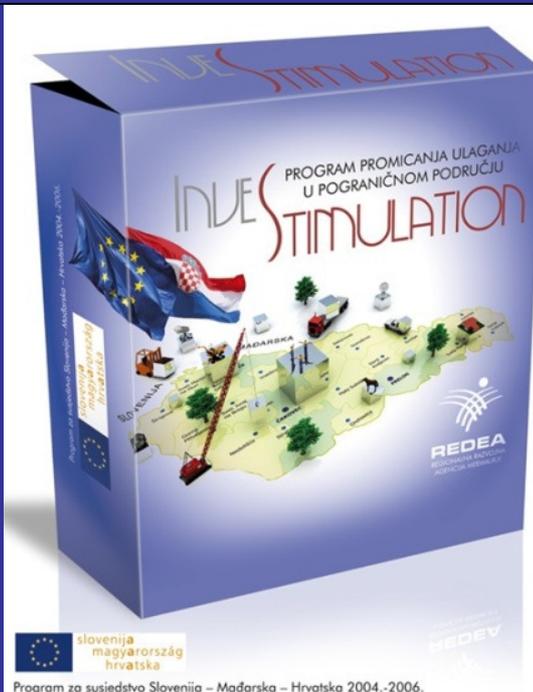
Out of the total number of dwellings, 67.9% had two or three rooms.

By the level of equipment with installations within a dwelling, all of them had electricity, while 81.3% had water supply, sewage system, a toilet and a bathroom.

Notice: Demolished dwellings, 2007, central Bureau of Statistics, Zagreb, 2008.

ADVERTISEMENT

Investment Conference on investing possibilities in Međimurje County



**INVESTICIJSKA KONFERENCIJA
O MOGUĆNOSTIMA ULAGANJA
U MEĐIMURSKU ŽUPANIJU**

**18. i 19. lipnja 2008.
Toplice Sveti Martin**

Organizator:

REDEA
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AGENCIJA MEĐIMURJE

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Program za susjedstvo Slovenija – Mađarska – Hrvatsko 2004.-2006.

4. PRESSCLIPPING...

Source: Poslovni dnevnik, 9 May 2008

4.1. In the next five years, the largest share of bank funding will still be allocated to housing construction

The second largest share of bank investments, after residential property, are investments in office buildings and tourist facilities.

The banks that do business in Croatia have identified property funding as a specific segment of banking operations, or of corporate banking, emphasized Alan Herjavec from the Société Générale - Splitska banka at the Fourth International Conference on the Croatian Real Estate market. He

confirmed this with data on nine leading banks in Croatia, which account for 89 percent of the assets of the banking sector. Seven of these nine banks provide services of mediation in property transactions. The same share of the banks apply special procedures and credit policies for property funding, but also for investments or the intention to invest in the shareholders' equity of projects in Croatia. Commercial banks, which account for 71 percent of assets in the

banking sector, believe that in Croatian banking practice, there are harmonized standards of property funding, which they apply. Thus, the average ratio of the loan amount and the total project cost, or what is called the average LTC, amounts to 75% in Croatia, whereas the LTV or the ratio between the loan amount and the assessed value of the property amounts to 70%.



Interest in housing construction

Previously banks were most interested in funding housing construction, which is logical due to the huge demand in this segment of the real estate market, and seven leading banks ranked this type of real estate in first place in their portfolios. Despite a decrease in the demand for apartments, especially on the most important Croatian market - Zagreb – the banks expect that the funding of housing construction will still preserve its dominant role in their credit portfolios in the next five years as well. The next largest share in bank funding is in office buildings and tourist facilities. In the forthcoming period, Herjavec, however, expects a stagnation of interest in office premises, and believes that the banks will seek their interests in tourism facilities and industrial property. Similar expectations are expressed by Philip Bay from Colliers, as well, who expects increased growth in this market segment, due to the lack of supply. The banks are optimistic about the potential of the real estate market, and as many as eight leading banks project further growth of the market by at least ten percent per annum. Although the data for 2007 have not yet been

presented, it is expected that a stagnation of loan portfolios will be seen in that year, primarily due to the restrictive measures of the Croatian National Bank, said Herjavec. It is therefore questionable whether it will grow at the same rate as in 2006, when – according to conservative estimates of the loan portfolio related to property funding – it amounted to 10.4 billion, in comparison to 5.9 billion HRK in 2005.

World crisis

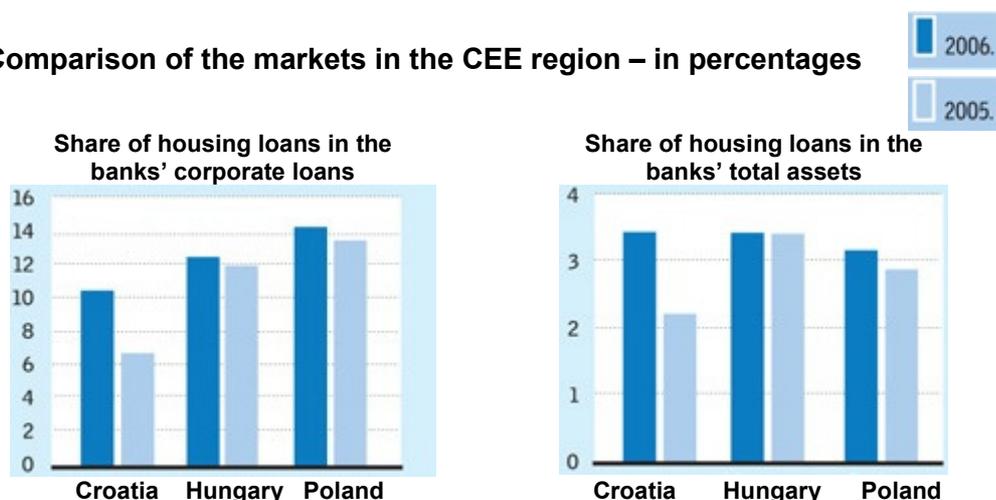
Herjavec projects that the projects will be financed from abroad, due to lower interest rates, this being the result of the Croatian National Bank's policy, whereas the banks in Croatia will strive to refinance the existing portfolio. According to its share of real estate loans in banks' corporate loans, Croatia – with a little less than 11 percent – was behind Poland and Hungary in 2006. However, according to the share of real estate loans in the total assets of the banks, Croatia is in front of these countries, with a share of about five percent. Changes that Herjavec expects on the market of property funding in the EU, include stricter loan policies. Thibault Dutreix from the EBRD expects this development as well, and says that the loan market is faced with major difficulties and uncertainties.

The EBRD mission in the transition of the Croatian economy

The priority EBRD mission is to support the transition of Croatia and the Balkan countries towards market economies, and to do so through investments in the private sector, especially in real estate and tourism, said Thibault Dutreix from the EBRD. The latest major "interferences" of the EBRD in the tourism sector include EUR 24 million of equity investment in Jadranka Hoteli and EUR 53 million in Adriatica Luxury Hotels. Dutreix also

believes that the ERBD should use the opportunity to enhance its role on the Croatian real estate market.

Comparison of the markets in the CEE region – in percentages



Notice: EuropaProperty.com Newsletter - May 19, 2008 (Issue 17)

4.2. NEWS FROM THE REGION

Delta City Belgrade named Retail Project of the Year

Delta City Belgrade, the first international shopping centre in Serbia, has been named Retail Project of the Year at the annual Europroperty awards for Southeastern Europe.



Alexander Center office building unveiled in Bucharest

Located on DN1, close to the Henri Coanda International Airport, Alexander Center is a brand new office building with great commercial visibility, on one of Romania's busiest roads.



Panattoni Park Łódź wins award at CEPIF

The Cepif & International Herald Tribune CEE Best Project Awards contest is a key prize at the biggest property and investment event in Central and Eastern Europe - CEPIF 2008.



Massive shopping centre growth predicted in Albania

Shopping centre growth in Albania is set for a massive increase over the next few years, according to Colliers International.



5. PAST EVENTS...

Date	Name	Location	Web
March 11 - 14, 2008	MIPIM – Property talks 2008	Cannes, France	www.mipim.com
April 8 -12, 2008	SIMA 2008	Madrid, Spain	www.simaexpo.com
April 16-18, 2008	ICSC European Conference Amsterdam RAI	Amsterdam, Netherlands	www.europaproperty.com
April 16 - 17, 2008	TIME TO INVEST UKRAINE	Kiev, Ukraine	www.europaproperty.com
April 23 - 24, 2008	Investments. Construction. Development in Russian and CIS	Moscow, Russia	www.rpi-inc.ru
April 23 - 25, 2008	Real Estate Investment World Russia 2008	London, England	www.europaproperty.com
April 26-27, 2008	4th Croatian Real-estate and associated industry fair	Zagreb, Croatia	www.centarnekretnina.hr
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

4. DO NOT MISS OUT...

Date	Name	Location	Web
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
November 06 -08, 2008	Expo Real 2008	Munich, Germany	www.exporeal.net
November 13-17, 2008	The World Urban Forum IV	Nanjing, China	www.unhabitat.org

PUBLISHER:

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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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