

# REAL ESTATE

The present situation on the market offers numerous opportunities as a direct result of the crisis, ranging from unfinished projects or empty building slots at prime locations for bargain prices, to hotels, flats and industrial buildings held by the “The Bank Assets Management Company” (BAMC).

Three categories of real estate most interesting to foreign investors would be:

- industrial land (business zones),
- commercial property and
- tourist oriented real estate.

## INDUSTRIAL LAND

In Podravje there are around 120 business zones ranging from 1 up to over 100 ha in size. Smaller zones (less than 20 ha) are mainly of local importance, though opened to larger projects. Industrial land (20 to 50 ha) located near main transport routes is already considered as being a pinpoint for regional development. All industrial land is available to foreign investors.

### **Key business locations**

There have recently been developed a number of sites of interest to industry where foreign companies can start up operations as a green-field investment. The main actors in the development of land for industry in Podravje are local authorities and regional development agencies. A number of private initiatives have also entered the frame recently.

Most of the newly developed industrial zones in Podravje are located close to rail lines and with direct access to main roads or the highway cross. Infrastructure is mostly well developed and access to service connections is also available.

In some cases, prices for fully serviced industrial land in industrial zones in Podravje are relatively low, especially for strategic investors; this is due to the fact that infrastructure and land costs are frequently subsidised by municipalities and the state. Local authorities' main goal regarding industrial land development is not profit but the creation of jobs.

Potential investors can also count on a full range of free services provided by local development agencies on the way to start-up. This can also include advice in the process of obtaining all the necessary permits and, in some cases, even the organisation and financing of the construction process in line with the investor's requirements.

## COMMERCIAL PROPERTY

### **Residence market**

At the EU level the Slovenia's property investment is gaining in popularity and was recently voted one of the top ten property investment locations in the world.

Before crisis hit, Slovenia had been facing a great demand for (low cost, standard and luxury) residence space, mostly apartments in the urban regions, which resulted in numerous projects in residential investments. The recent financial crises put a halt to projects already underway, the market shrunk and prices plummeted. Prices are around 20 percent below the levels reached eight years ago. The real estate prices inflated to unrealistic heights between 2005 and 2008. After a long and continuous decline they seem to have obtained a stable level in the last period.

### **Office market**

Another interesting field is quality office space. There are many unfinished (or even unstarted) investment projects and plots now available, often at bargain prices owned by over-indebted local developers.

The headline rent in Maribor currently stands at 10 €/sq.m. Average rents for the Class A office space is in range 8-10 €/sq.m. and for office space at secondary location it is from 6-8 €/sq.m. It is expected that office rents for modern premises will remain stable in the coming years, whilst outdated premises' rents will face slight decreasing trends.

Over last decade companies shifted to renting instead of buying for their operations. However the sale price for class A office premises usually ranges from 800-1,000 €/sq.m.

### **Retail market**

The retail real estate market in Podravje is largely unchanged since the start of the global financial crisis. There are opportunities for retail developers, as quality retail space is in short supply. Vacant stores are starting to appear in secondary high street locations and it is expected that the gap between prime rents and secondary rents will widen.

At the moment the prices are more or less stable. Rental level for prime shopping centers ranges from 20 to 25 €/m<sup>2</sup> monthly, while the secondary rents are from 8-11 €/m<sup>2</sup> per month. Furthermore, rents in the prime high street, remained on similar level as in shopping centers from 16-25 €/m<sup>2</sup> monthly.

### **PROJECTS IN TOURISM**

Tourism in Podravje is growing year by year, as the country has a lot to offer in the sense of tourism.

Constant expansion of accommodation capacities (hotels, thermal and sea side resorts, ski centres) has been stopped during the recession and it is currently not viable to develop new hotels, rather more existing tourism facilities will be put up for sale. The Podravje region is turning in the direction of restoration and revitalization of castles and mansions with surrounding parks that can be used for luxury hotels or recreational areas.