



Real Estate in Croatia

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1. If you wish just to invest and gain profit, there are several branded tourist residences of prime seafront location in Croatia working on lease-back model. They offer 3-5 weeks of personal use of the property per year and renting it out during high season which brings to the owner 4-5% annual income. On top of that the price of properties in those resorts is rising 3-6% per year as they are quite rare at the market. The buyer does not need to look for the tenants or think of the cleaning and maintenance, all that scope of services is provided by the management company which is ready to sign agreement with the owner for 20-30 years. It is the safest form of investment in Croatia.
2. The crisis has opened interesting opportunities for investors in Croatia. Many properties are offered now with 30-50% discount off the asking price in 2008-2009. That is a chance to buy property cheap now for resale in future. We recommend to listen to real estate agents monitoring the market and focus on seafront properties as they are usually of highest demand.
3. Renovation business continues to be popular. Buying ruin to renovate and resell it can bring up to 30% of profit. Special attention should be paid to location and type of the property. Best option is conversion of an old building onto mini-hotel in the centre of a popular resort city like Split or Trogir.

#### 1. Infrastructure projects.

Croatia is an open market for investments in medical, educational and transportation projects.

- Regarding medical services - high technology medicine and rehabilitation centers are highly demanded. It is proposed to focus on three profit generating areas with high demand - beauty care surgery, cardiology, reproduction technologies. The very climate of Croatia has a healing effect. Sea water composition, mountain air are of great revitalization potential. That was recognized yet in the end of 19<sup>th</sup> century when the best Austro-Hungarian clinics were opening affiliates in Opatija.

Now leading world clinics are welcome to establish their subsidiaries in Croatia using its existing tourist facilities.

- Regarding schooling and education it is recommended to set up first 2 international schools with tuition in English and German language (Rijeka, Split) with subsequent opening schools in

Dubrovnik, Zadar and Pula. High scale educational projects (Cambridge, Oxford oriented programmes, MBA) are also demanded. French model of Sophia Antipolis near Nice should be taken as a sample where combination of coastline, availability of international airport laid a core to flourishing of a scientific and university centre.

The purpose is not only to upgrade Croatian education and make it more European oriented but to stop young population emigration and prepare staff for advanced projects in Croatia.

- Integration of Croatia into EU economic space is requiring better transport connectivity.

Here the speedy European lines are welcome: modern railway routes (Zagreb-Rijeka-Pula, Trieste-Pula, Ljubljana-Pula, Ljubljana-Rijeka, Split-Dubrovnik, Zagreb-Zadar) to connect the whole country like in France, Italy.

Wider ferries usage can be a plus on a lines from Pula to Zadar, from Pula and Zadar to Rimini and Ravenna ports.

More intensive inter-country flights could be demanded on destinations Pula-Dubrovnik, Pula-Split.

Please, pay attention to the current tender of Rijeka airport renovation. It can become a major aircentre of the coast close to the largest Croatian tourist centres in Opatija and Crikvenica rivieras and next to Rijeka port.

Do not miss privatization of Croatian Airlines recently announced.

2. Land plots by the sea is something that won't be ever produced in future. It especially concerns building plots included into detailed urbanization plans of the areas. It is hardly possible that the plans will be reviewed in the nearest 10-15 years, so all seafront plots allowed for construction will inevitably rise in price. If you are willing to construct, please, note that there is shortage for new modern seafront cottages and villas by the sea in Croatia and they are really demanded.

3. Those companies which see their business mainly in construction for subsequent sale of residential units should look into lease-back possibilities in Croatia. It proved to be an excellent model which allows to sell the units several times (first to investors as residential units as then multiple sale of tourists as a holiday-rental option). It is much more profitable than operating as a normal hotel. Besides, the market of tourist lease-back residences is almost empty and needs at least 10 more high-class properties to be built.

4. Other areas for investment:

- winter sports infrastructure and tourism development

- hotels and resort tourist business
- development of internal areas of Croatia for sweet water fishing farms
- construction of new marines, extension and modernization of existing ones
- development of event-tourism, archaeological, religious, sport tourism
- entertainment facilities (Aqua-parks, Disneylands, etc) following the model of Italian parks (Gardaland, Aquafan, Mirabilandia, Gulliverlandia etc).
- conduct of multiple fairs of yachts, diving, windserving equipment in various parts of Croatian coastline
- investments into solar and wind energy (under state guaranteed purchasing prices like in Slovenia, Spain)
- development of warehouses and terminal centers in order to become a competitor to northern Italy in the crossroads of Europe goods transportation

The very location of the country makes it an ideal for investments and for prosperity as a highly developed region.

We will be happy to provide you information on current offers of the projects, properties and companies in Croatia.

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