

# 2009

## REPORT ON THE SLOVENIAN REAL ESTATE MARKET FOR 2009



SURVEYING AND MAPPING AUTHORITY OF  
THE REPUBLIC OF SLOVENIA  
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## REPORT ON THE SLOVENIAN REAL ESTATE MARKET FOR 2009

In 2009, the world was still facing the economic crisis. By the end of the year, anti-crisis measures and state incentives to banks and economies had resulted in more optimistic assumptions with regard to global economic recovery. After two years of contraction, economic growth in 2010 in the most important economies should turn positive again, however still far from the level prior to the crisis. The world economic revival differs greatly by region and specific country. Asia, headed by China, leads the way, followed by Europe. In the USA as the focal point of the world crisis the economic situation has also been improving. Due to significant world financial and economic interaction and independence, the recovery of major economies should also gradually result in recovering economies in smaller countries. Furthermore, analysts emphasise that there are not many signs of domestic demand to drive economic growth without state incentives. The recovery will therefore be slow. On this path, we can neither exclude greater deepening of the crisis, which could result from incentive dilution due to a high government deficit and the indebtedness of states, nor increasing unemployment and consequently a further fall in purchasing power and reduced demand and consumption. Repeated financial market shocks and real estate bubble bursts in countries in which prices have fallen less than expected can be eventual sources of crisis escalation.

The situation in the world real estate market was strongly connected to the development of the financial and economic crisis. Although in many countries positive movements of real estate prices were noted in parallel with economic recovery towards the end of 2009, further development of events in the real estate market was still uncertain. In the USA, the real estate crisis has still not ended; moreover, it is claimed that a second crisis is under way. In Europe, a number of countries in which real estate prices had fallen in 2008 (Norway, Finland, Sweden, France, Luxembourg, Portugal) and even Great Britain and the Baltic countries, Iceland, Ireland and Spain, where there was talk of a bursting real estate bubble, recorded positive price growth in 2009. In certain other countries (Germany, Netherlands, Eastern European and Balkan countries), the crisis in the real estate market only became apparent in the past year. In Bulgaria, we again witnessed the bursting of a real estate bubble. Due to the impact of the financial and economic crisis, the same fate can be suffered by any other country in this part of Europe<sup>1</sup>.

<sup>1</sup> Movement of prices by country has been taken from the web page: [www.globalpropertyguide.com](http://www.globalpropertyguide.com).

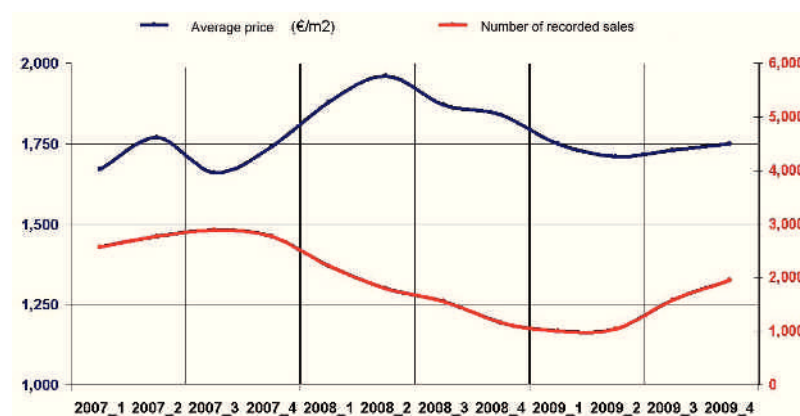


Slovenia, which had positive economic growth in 2008, found itself in the past year among those countries which were most severely affected by the crisis. Economic activity decreased strongly compared to the year before and GDP dropped by 7.8 % in real terms. The scope of foreign and domestic demand has diminished considerably. The size of the active working population has decreased, whilst the number of unemployed exceeded 100,000. The average salary per employee was almost the same in December as at the end of 2008 in real terms, taking into consideration 1.8 % annual inflation<sup>2</sup>.

In Slovenia, the average price of real estate at the annual level dropped only in the last year. In light of the turnover volume, 2009 can be designated as a year adversely effected by crisis in terms of real estate.

The development of the crisis in the Slovenian real estate market can best be expressed by the movement of average prices and the number of recorded sales of apartments.

Figure 1: Average quarter price (in €/m<sup>2</sup>) and the number of recorded sales of apartments in the period 2007–2009 in Slovenia



Change in apartment prices in the third quarter of 2007 followed by the bursting of the real estate bubble in the US was the first warning sign of a possible crisis in the Slovenian market. The crisis actually appeared at the beginning of 2008. First, trade in residential real estate began to fall, but prices were statistically still on the rise. The reason for the increase in average prices in this period is that only "better" and relatively more expensive real properties were sold, whilst the "worst" properties remained unsold due to unrealistically high prices. There was a drastic decline in turnover, and prices began to drop as late as in the third quarter of 2008. This continued through the first half of last year, when prices and turnover in the Slovenian real estate market statistically reached their lowest levels.

<sup>2</sup> The trend of economic indicators in Slovenia was taken from the Institute of Macroeconomic Analysis and Development (IMAD). Slovenian Economic Mirror – February 2010.



Surprisingly, real estate sales picked up in the third quarter of 2009, when the recorded turnover in all types of real estate increased significantly. Greater activity in the real estate market was noted as the prices of residential and commercial real estate began to drop and as prices began to rise moderately towards the end of the year.

## DEVELOPMENT IN THE SLOVENIAN MARKET

Generally, development in the Slovenian real estate market in the last year was followed by stagnation in the first and revival in the second half of the year.

### Supply and demand

The primary characteristic of the past year was a significant surplus of newly built residential units – the media assessed that the number of unsold apartments had reached 16,000. This number could be exaggerated, but is not completely impossible. This implies an approximately one-and-a-half-year increment in newly built residential buildings in Slovenia, meaning that only around one quarter of the newly built apartments have been sold since the beginning of the turnover decrease. Data on the scope of unsold real estate are carefully concealed, and reliable data are actually not available. It is certain that in Ljubljana there are several thousand unsold apartments and that the stock of unsold property has already been burdening investors, who mainly built on the basis of loans. Nevertheless, the long-expected sales of new apartments have not occurred.

Some first sales of apartments in projects built by major construction companies were made at reduced "promotional" prices, since the regular selling prices were still generally and objectively over-inflated. It is also necessary to take into account that investors, as a rule, advertise prices of new flats excluding VAT and per square metre of net surface area<sup>3</sup>, i.e. lower than the price per square metre of effective surface area<sup>4</sup>, which more realistically expresses the functional size of a flat. Relative prices are higher in reality than the advertised prices, which can be misleading.

Certain investors have implemented various sales activities and discounts since the beginning of the real estate crisis, resulting in the fall of average selling prices for new apartments.

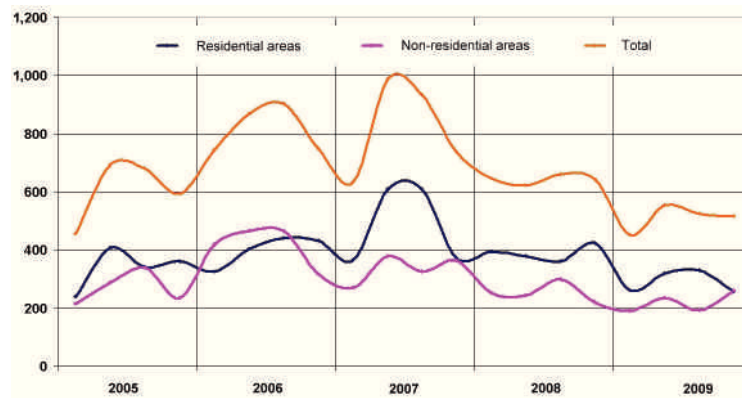
<sup>3</sup> In compliance with the rules on real estate registration (Rules on entries into the building cadastre, Official Gazette of the Republic of Slovenia, No. 22/2007), the net floor area of a part of a building means the sum of the premise areas constituting that part of the building.

<sup>4</sup> The effective surface area of a part of a building is a sum of areas of premises belonging to that part of the building and used for the same purpose as that part of the building. Concerning a housing unit, these are areas of all habitable rooms (without balconies, terraces, basements, etc.).



Investors endeavour to adjust to changed market conditions by reducing investments in new building construction and do not want to increase their offerings until the available stocks have been sold. Consequently, construction activity decreased considerably in the past year. The value of construction works for housing declined more than a half in December 2009 compared to December 2008. The number of issued building permits demonstrates that the number of real estate projects is consistently shrinking and that the planned scope of newly built areas decreased significantly compared to 2007, at the peak of the construction cycle. This particularly applies to residential real estate because of the above-mentioned stocks of unsold new residential buildings. The slowdown is a characteristic feature of already commenced projects in addition to reduced new investments.

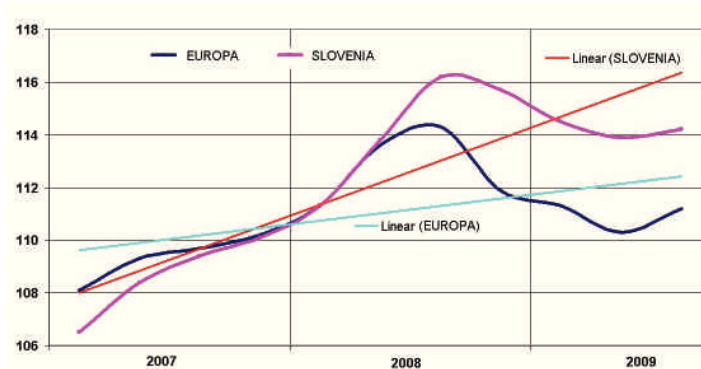
Figure 2: Residential and commercial areas (in 1000 m<sup>2</sup>) in issued building permits 2005–2009



Source: Statistical Office of the Republic of Slovenia

An additional reason to reduce construction activities is also the rising construction costs that we have been witnessing. In 2005, Slovenia was one of the cheapest countries with regard to real estate construction, immediately after Slovakia, Czech Republic, Poland, Romania and Bulgaria, according to Eurostat data. Construction in Slovenia was approximately 30% cheaper (in 2007, 26%) than the European average, which created extraordinarily favourable conditions for making large profits in real estate construction and sales.

Figure 3: Nominal indices of construction costs for new residential buildings in EU Member States



Source: EUROSTAT.



In 2008, escalating construction costs strongly began to exceed the European average. In addition to growing costs for labour and building materials, the cost ratio in the purchase of construction land increased considerably in the cost-price structure. Such a turn of events resulted from high real estate market prices and consequential expectations on the part of investors that profits would be made despite excessively expensive construction land. In this way, the land for the construction of multi-apartment buildings in Ljubljana and on the coast reached a level of 1000 €/m<sup>2</sup>. With the appearance of the crisis, such expectations quickly eroded. High construction costs is one of the reasons that investors, despite modest gains, persisted so long in a market of unacceptable prices of new apartments, since they have difficulty accepting losses from lower selling prices.

The economic crisis, growth of unemployment and stagnation of real salaries resulted in decreased purchasing power and a reduction of demand, which has also become evident in the real estate market. In spite of government guarantee schemes, real sector and population lending in the first half of 2009 was not widespread. In particular, there was little demand for housing loans among the population. Uncertain economic and social conditions partly contributed to this result, whilst the most important factor resulting in stagnation in the real estate market was the expectations of potential buyers. Everyone awaited further price decreases as a consequence of the crisis.

Purchasing a house or apartment is a demanding financial project. Therefore, people who need housing cannot wait for an extended period of time to purchase a house or apartment, particularly because there is no guarantee that prices will keep falling. This and increased lending activity of commercial banks and accessibility to long-term loans<sup>5</sup> at a relatively low rate of interest as a consequence of lowering the level of EURIBOR interbank interest rates are the most probable explanations for the sudden market revitalisation in the second half of the previous year.

## Volume of sales

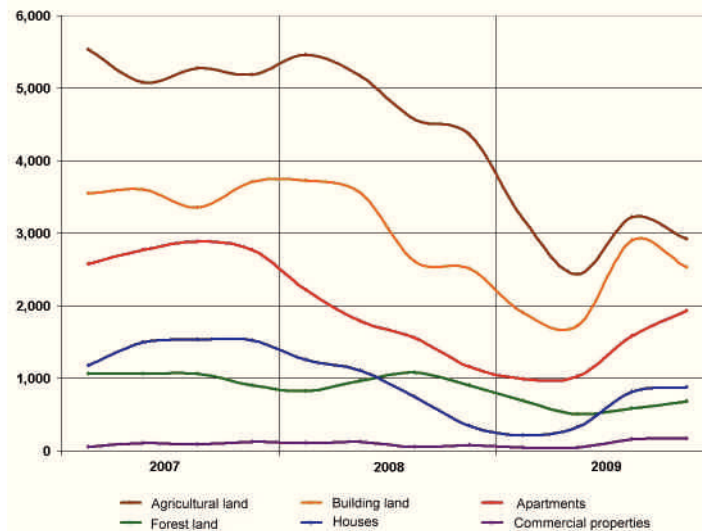
With regard to the recorded number of sales, trade in real estate reached its lowest level in the first half of 2009. This applied to trade in all types of real estate, which has been systematically monitored by the Surveying and Mapping Authority since 2007.

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<sup>5</sup> According to data from the Bank of Slovenia, households increased the volume of loans by EUR 293 million in the third quarter of 2009, whilst in the first half of 2009 the increase amounted to only EUR 180 million.



Figure 4: Number of recorded real estate sales in the period 2007–2009



Sales of residential and commercial real estate were the lowest in the first quarter of the previous year and sales of land lowest in the second quarter of the year.

It is interesting that the number of recorded sales of commercial real estate was highest in the fourth quarter of 2009. The increased activity on the commercial real estate market was very likely the result of the restructuring of commercial enterprises caused by the crisis. These enterprises rationalised the use and rental of their own premises, sold commercially unnecessary real estate, etc.

Table 1: Number of registered real estate sales by quarter in the period 2007–2009

Type of real estate	2007_1	2007_2	2007_3	2007_4	2008_1	2008_2	2008_3	2008_4	2009_1	2009_2	2009_3	2009_4
apartments	2578	2766	2889	2770	2221	1788	1555	1155	997	1037	1587	1957
houses	1174	1496	1530	1526	1261	1107	743	349	209	332	816	893
commercial real estate	56	110	86	125	107	121	57	78	43	47	162	176
building land	3553	3604	3354	3710	3730	3554	2615	2516	1902	1727	2903	2845
agricultural land	5530	5078	5272	5188	5461	5171	4566	4359	3193	2466	3204	3025
forest land	1063	1065	1059	899	819	963	1078	903	686	511	565	694

minimum

maksimum

Notes:

- Apartments include registered sales of existing and newly built apartments – recording of sales of newly built apartments is incomplete.
- Houses include recorded sales of finished and unfinished single- and double-dwelling houses (freestanding single-family houses, double and terrace houses) with appurtenant land.
- Commercial real estate includes the sale of business buildings, office premises and premises for hotels and restaurants, commercial and other service activities – recording of sales which will be subject to VAT is incomplete.
- The number of recorded land sales is the number of individual parcels placed on the market.
- Building land includes the sale of vacant parcels intended for the construction of buildings irrespective of the provision of public utility services and administrative and legal status.





Comparing the last quarter of 2009 to the first, the sales volume of apartments almost doubled and of houses more than quadrupled. Despite this, the sales volume of residential real estate was far from setting a record in the third quarter of 2007 (apartments: -32%, houses: -42%).

The scope of the crisis can best be shown by comparing the lowest quarter sales of individual types of real estate with the record quarter of sales registered. In terms of houses, the drop amounted to 86%, apartments 65% and land more than 50%.

In the second half of 2008, when the crisis on the residential real estate market became apparent, sales of building land began to fall. This is understandable, since the reduced demand for building land was a normal response on the part of investors to adverse conditions on the market. With reference to the market situation, the growth of recorded sales of building land in the third quarter of 2009 was surprising. This was followed by a new drop, demonstrating an expected slowdown in construction activity at least until the stock of apartments has been sold.

## Movement of prices

The Surveying and Mapping Authority estimated that, in the past year, prices of all types of housing and commercial real estate actually fell, whilst the growth of land prices with regard to the previous year, 2008, stagnated or was close to zero.

Table 2: Assessment of changes in real estate prices in 2009<sup>6</sup>

Type of real estate	Nominal price change 2009_4/2008_4	Real* price change 2009_4/2008_4
existing apartments	-5,3 %	-7,1 %
new apartments	-7,8 %	-9,6 %
houses with appurtenant land	-1,4 %	-3,2 %
office premises	-11,4 %	-13,2 %
bar and shop premises	-7,0 %	-8,8 %
building land	2,4 %	0,6 %
agricultural land	3,6 %	1,8 %
forest land	2,0 %	0,2 %

\*The December inter-annual inflation rate of 1.8% was taken into consideration.

<sup>6</sup> For a detailed explanation of the assessment technique applied for the assessment of prices, see Annex 2.



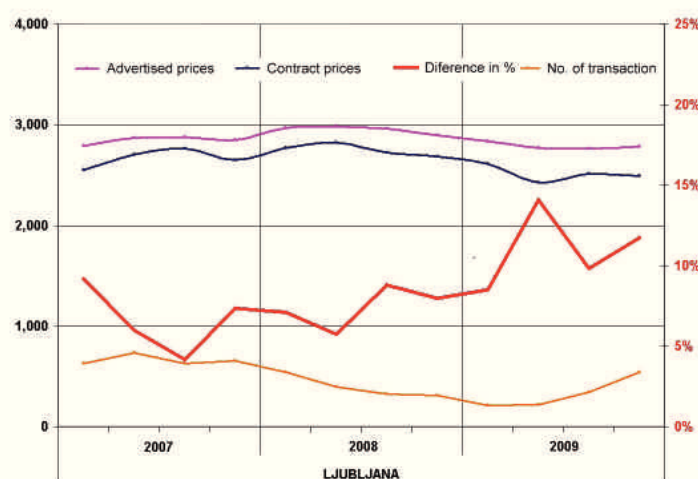
In our assessment the price of existing apartments was lower, on average, by more than 7% at the state level, whilst the price of new apartments decreased by 10%<sup>7</sup>. After converting price indices of newly built apartments calculated by the Statistical Office of the Republic of Slovenia (SORS), which, in addition to our data, also uses data on the sale of newly built apartments provided by larger investors for statistical reasons, the prices of newly-built apartments in the previous year showed a real decline of 17.5%.

The average price of existing apartments had been falling since the second half of 2008, i.e. five quarters in succession, but rose again in the last quarter of 2009. At that time it was still nominally lower by 10.4% than in the second quarter of 2008, when it reached the highest level. The average price of a new apartments began to fall a quarter of a year later than the price of existing apartments, and after four price drops in succession it rose again in the last quarter of the past year. According to SORS calculations, the average price was nominally lower by 17.4% than in the third quarter of 2008.

Looking at the assessment of the SLONEP web portal, which is based on an analysis of advertised real estate prices, apartments prices declined last year. According to this data, the average advertised price of a three-room flat, for example in Ljubljana and taking inflation into consideration, decreased by 4.4% and in suburban Ljubljana by 14.1% in comparison with 2008.

The comparison of advertised and realised contract prices of apartments for Ljubljana, where there are relatively many advertised offers and recorded sales available, shows that the discrepancy between advertised and contract prices has increased since the beginning of the crisis and was the widest in the second quarter of 2009, when the number of sales was lowest and realised contract prices were lowest. This confirms the rule that in times of crisis sellers are willing to reduce their offering prices and that this is the right time for buyers to negotiate.

Figure 5: Relationship between advertised and contract apartment prices (in €/m<sup>2</sup>) by quarter in the period 2007–2009 for Ljubljana



Source: SLONEP, conversion, Surveying and Mapping Authority of the Republic of Slovenia.

<sup>7</sup> This is a rough estimate because of incomplete data and statistically random samples.



Realised prices of single-family houses, double houses and terrace houses with appurtenant land showed a real decrease of more than 3% on average. This does not take into account sales of incomplete houses, which are generally sold in the so-called extended third construction phase because their prices cannot be compared to the prices of completed houses. The house price decline compared to the previous year has been confirmed by advertised prices.

The fall of housing prices in the previous year was rather noticeable, although there was a feeling among the public that prices had not decreased significantly.

Last year, prices of commercial real estate decreased on average by more than the prices of residential real estate. It is estimated that the average purchase price of retail premises in 2009 showed a real decline of 9%, and office premises around 13%. The increase in the number of realised sales on the commercial real estate market and the fall of prices must have resulted from the fact that companies which found themselves embroiled in the crisis were willing or forced to sell their real property at lower, more market-attractive prices.

In spite of the crisis, land prices experienced a slight increase on average. This is not surprising, since a surplus of land practically does not exist. Land which has not been built on, irrespective of the current use, is still considered the most reliable long-term financial investment. Change in intended use from non-building land into building land may also represent a profit.

## Survey of the market by area

A survey of developments in the real estate market by area for the past year shows that the crisis was unavoidable everywhere and that there were no specific deviations from the general movement of sales and prices of real estate at the state level. The common characteristic was an increase in the stock of unsold newly built apartments and a decrease in the construction activity of investors.

In October 2009, the Ministry of the Environment and Spatial Planning extended the time limit by which municipalities had to prepare spatial plans. Their adoption typically releases new building land, and by delineating new settlement zones this affects local and regional building land development, and consequentially, the supply of residential and commercial real estate.



Slovenian municipalities are at different stages of adopting spatial plans. Certain municipalities had already adopted new plans last year and a number of others are about to adopt them.

In the first half-year in the coastal area, there were almost no sales of real estate, whilst in the second half-year, the situation improved significantly despite the fact that there was no expected decline in prices and that a great many newly built residential real estate remained unsold.

Building land on the **coast** is still highly sought after by investors; however, they are no longer willing to pay highly inflated prices. The Municipality of Koper tried to sell double-size lots in the hinterland of Koper and Ankaran at auction; however, the price of 140 euros per m<sup>2</sup> was evidently too high. The Municipality of Piran failed to sell lots at luxurious locations close to the future golf course in Sečovlje at auction. It is still considered that the housing market is most active in Koper, followed by Portorož and Piran (especially popular among buyers from the interior of the country), whereas in Izola, fewer sales were carried out although the prices there are lower. The market for houses has been less active, which is understandable in view of the high prices. In the second half of the year, sales of more expensive houses revived, especially houses with a view of the sea, which are the most sought after and sell for extraordinary prices because of the restricted supply. In the area of Koper, for example, a house was sold for 1.5 million euros. Quite a lot of housing is still being built in Koper, particularly apartments and commercial premises. In Izola, the building of hotel and apartment complexes is planned, whereas in Piran there are currently no such plans.

The real estate market in the **Karst and Notranjska regions** was marked by an increased supply of newly built residential real estate in places like Kozina, Hrpelje, Divača, Postojna and Logatec, assessed by investors in the past as interesting for buyers due to good road connections and relative closeness to both Koper and Ljubljana. The crisis turned their expectations upside down, however, and there has been no demand, with the majority of residential and accompanying business real estate remaining unsold. Due to excessively high prices, the demand for old Karst houses and building land has declined, easing fears of selling off the entire Karst region, about which there was talk for quite some time.

In the **Gorica region**, the real estate market moved in parallel with the deteriorating local economic and social situation. Market activity has been low in general and prices have been falling. Even in Nova Gorica,



where there was surplus demand in past years, housing prices declined and the market stagnated. It is interesting that the crisis in Italian Gorizia, which has been a competitive market since our accession to the European Union, suffered the same consequences as the market and prices on the Slovenian side. The Nova Gorica municipality prepared a schematic of a new spatial plan in July 2009. According to this plan, settlement areas will not spread substantially; however, in certain smaller settlements, building space will actually be reduced. New industrial zones were not planned, since there is enough space for crafts and industry in the area of the bankrupt Meblo company in Kromberk. Building outside the city along the highway close to Vogrsko will be possible if additionally needed.

Real estate development in the **Gorenjska region** follows the pattern in the whole country. The offering of newly built buildings and houses and commercial premises had been substantial and exceeded demand. Realised prices of real estate decreased on average, whilst demand increased considerably in the second half of the year. Construction activity began to decline gradually. The enhanced market activity towards the end of the year coincided with greater long-term borrowing of households. In tourist-oriented municipalities such as Bled, Bohinj and Kranjska Gora, market movements did not deviate from the average.

Last year, **Ljubljana** was the largest construction site in the country. Unsold new construction from previous years joined new unsold construction, since the real estate market in the first half of the year was without significant turnover. The planned start of construction of certain larger business and residential complexes and multi-storey buildings was postponed, and the completion of already started buildings was delayed. In the capital city, a number of municipal projects which will affect the appearance of Ljubljana and the real estate market are under construction. Among the projects worth mentioning are the sports stadium and shopping centre in Stožice, completion of the internal ring road and garages under Kongresni Trg and the Ljubljana Market, which will provide more than 1300 new parking places in the centre of the city. In December, the spatial plan of the city of Ljubljana has been introduced to the public, which foresees a number of infrastructure projects and traffic solutions which should ensure a higher quality of life in the capital. It also foresees the release of land for construction of settlements totalling more than 5000 family houses and 700 hectares of new building land at the edge of the city zoned for crafts and industry.



Concerning the **Dolenjska, Bela Krajina and Posavje regions**, it was established that in these regions there was a surplus of residential property resulting from low demand in the past. Consequently, turnover in the market was modest. In Novo mesto, as in the majority of larger Slovenian cities, signs of market recovery emerged towards the end of the year. In Novo mesto, Dolenjske Toplice and Mirna Peč, new long-term plans which envisage a modest increase in construction of individual houses and vineyard cottages were adopted last year.

In the **Štajerska, Zasavje and Koroška regions**, besides the general economic crisis no important developments occurred last year which could influence the real estate market. In Maribor and Celje, residential and business real estate property prices were, on average, in decline. Trade in apartments and houses was almost completely nonexistent in the first half of the year but increased considerably in houses in the second half. No significant price recovery was evident.

Last year's development in **northeastern Slovenia** was marked by low turnover in all types of real estate, including building land. Compared to other areas of the country, trade did not increase significantly towards the end of the year except in houses. There was practically no trade in commercial real estate in the region.

In Murska Sobota, there are a number of premises in the centre of the city which remain unsold and unrented. Prices of residential property decreased, on average, relatively less than elsewhere in this part of Slovenia, the reason being the low prices that existed even prior to the crisis.





## MARKET ANALYSIS BY TYPE OF REAL ESTATE

Just as the general economic crisis in the past year affected all regions in the country, it also greatly affected markets of individual types of real estate.

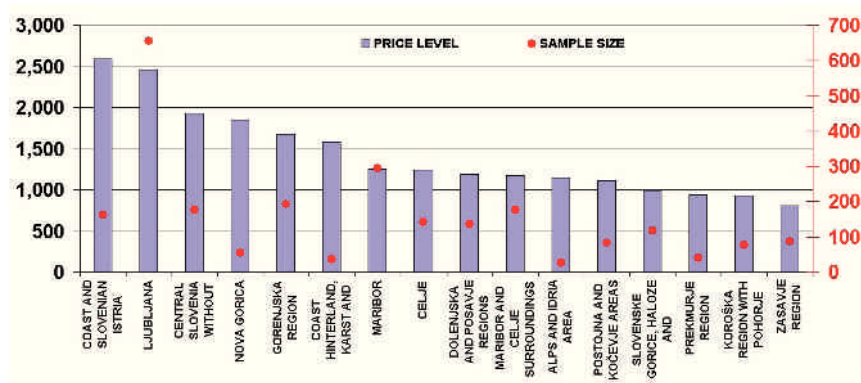
### Apartments<sup>8</sup>

At the state level, we recorded approximately 5600 apartments sales in 2009, 17% less than in 2008 and 49% less than in 2007.

The average selling price of existing apartments was 1700 €/m<sup>2</sup> in the past year and 1730 €/m<sup>2</sup> in the last quarter of the year. In comparison with 2008, it was 8.6% lower and compared to the last quarter of 2008, it was virtually unchanged (+0.6%).

The average effective surface area of existing apartment sold in 2009 was 51 m<sup>2</sup> (average year of construction 1970), on average 2 m<sup>2</sup> smaller and three years newer compared to the previous year.

Figure 6: Average prices of existing apartments (in €/m<sup>2</sup>) and the number of sales taken into account (size of sample), by price area, second half of 2009



<sup>8</sup> Due to incomplete data entry and a statistically random sample for newly constructed buildings; in calculating average prices and other statistical indicators, only existing apartments were considered.



In the second half of 2009, the highest prices of existing apartments on the coast were as usual paid in coastal holiday resorts. This amounted to 2590 €/m<sup>2</sup>, 6.2% lower than in the first quarter of the year (2670 €/m<sup>2</sup>). Prices above the national average (1700 €/m<sup>2</sup>) appeared only in the Ljubljana, central Slovenian and Gorica price areas. Compared to the first half of the year, prices increased only in the Ljubljana area (1.7%) and in the Prekmurje (10.6%) area.

Table 3: Average prices of existing apartments (€/m<sup>2</sup>) in cities, by quarter, 2007–2009

Analytical area		2007_1	2007_2	2007_3	2007_4	2008_1	2008_2	2008_3	2008_4	2009_1	2009_2	2009_3	2009_4
KOPER	size of sample	36	31	33	42	29	22	21	18	27	27	30	37
	€/m <sup>2</sup>	2.240	2.270	2.380	2.530	2.560	2.730	2.500	2.570	2.530	2.850	2.570	2.330
LJUBLJANA	size of sample	353	445	363	374	433	327	256	232	163	178	238	416
	€/m <sup>2</sup>	2.550	2.700	2.760	2.640	2.760	2.820	2.720	2.640	2.480	2.350	2.470	2.460
NOVA GORICA with its surround.	size of sample	19	23	26	22	24	20	14	16	11	9	13	38
	€/m <sup>2</sup>	1.610	1.700	1.810	1.880	2.020	2.160	2.120	2.090	2.030	1.880	1.950	1.860
KRANJ	size of sample	59	58	67	73	77	34	49	22	36	29	30	45
	€/m <sup>2</sup>	1.730	1.820	1.670	1.770	1.900	1.940	1.910	1.850	1.640	1.770	1.800	1.730
SLOVENIA	size of sample	<b>1392</b>	<b>1636</b>	<b>1781</b>	<b>1656</b>	<b>1692</b>	<b>1201</b>	<b>1118</b>	<b>886</b>	<b>758</b>	<b>778</b>	<b>1036</b>	<b>1422</b>
	€/m <sup>2</sup>	<b>1.640</b>	<b>1.750</b>	<b>1.640</b>	<b>1.740</b>	<b>1.850</b>	<b>1.930</b>	<b>1.850</b>	<b>1.800</b>	<b>1.710</b>	<b>1.680</b>	<b>1.670</b>	<b>1.730</b>
NOVO MESTO	size of sample	22	27	31	17	28	15	27	19	21	21	21	30
	€/m <sup>2</sup>	1.370	1.510	1.490	1.620	1.620	1.630	1.680	1.650	1.600	1.470	1.400	1.560
CELJE	size of sample	74	83	88	84	100	74	63	52	44	41	59	79
	€/m <sup>2</sup>	1.160	1.210	1.310	1.450	1.450	1.400	1.440	1.320	1.250	1.260	1.230	1.250
MARIBOR	size of sample	196	221	254	260	197	121	106	69	64	68	133	160
	€/m <sup>2</sup>	1.230	1.250	1.280	1.310	1.380	1.370	1.350	1.330	1.260	1.240	1.260	1.230
MURSKA SOBOTA	size of sample	2700	1700	2400	2200	1400	2700	1800	1500	1500	700	1000	1200
	€/m <sup>2</sup>	950	880	970	1.020	1.060	1.060	1.110	1.190	1.020	1.110	1.010	1.160

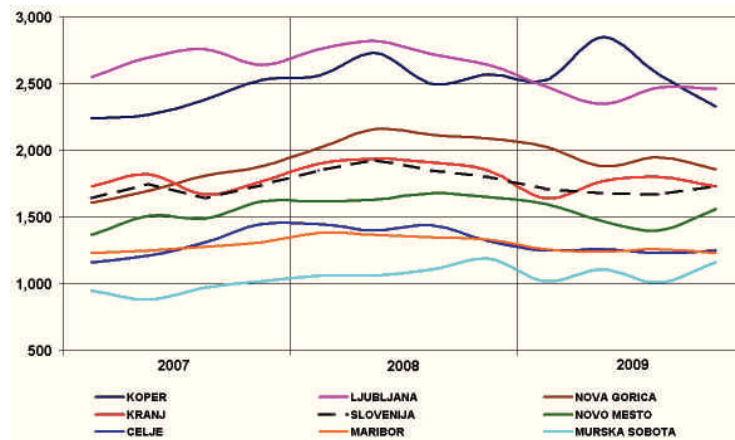
At the end of last year, the highest apartments price among the cities was in **Ljubljana** (2460 €/m<sup>2</sup>), again exceeding the housing price in **Koper** (2330 €/m<sup>2</sup>), where average prices fluctuated between quarters, in particular due to a relatively small number of recorded sales during the crisis.

In the capital, sales of existing apartments almost halved compared to 2007. In the first half of last year, the turnover in the Ljubljana apartment market was extraordinary low, however it began to increase steeply in the second half of last year. Price per m<sup>2</sup> increased by 4.7% in the last quarter of the year compared to the second quarter, when it was the lowest (2350 €/m<sup>2</sup>). Compared to the last quarter of 2008, it was still lower by 6.8%.





Figure 7: Movement of average existing apartment prices (€/m<sup>2</sup>) in the period 2007–2009



**Nova Gorica**, including surrounding settlements with an average price of 1860 €/m<sup>2</sup> remains in third place among Slovenian cities and above the Slovenian average, despite falling demand. In **Kranj**, prices were fluctuating around the Slovenian average (1730 €/m<sup>2</sup>) at the end of the year. Apartment prices per square metre is the cheapest on average in **Murska Sobota**, where the apartment market is the smallest and least active among Slovenian cities.

It is interesting that the average apartment price in Nova Gorica and Kranj also applies to the entire area of the Gorica area and Gorenjska region. It is characteristic that prices in larger cities are essentially higher than average, except for the coastal area, where the price in Koper is lower since the average is increased by extraordinarily high prices in coastal tourist centres.

**Novo mesto** traditionally remains somewhat below the Slovenian average, with a substantial downward deviation of prices and minor market activity in the previous year. It is followed by **Celje** and **Maribor**, where price movements and levels have been identical since the beginning of the crisis.

At the end of 2009, the average price of existing apartment per square metre in Maribor amounted to 1230 €/m<sup>2</sup>, exactly half the price of such real estate in Ljubljana. Comparisons between the two biggest Slovenian cities reflect the drop in turnover during the real estate market crisis, which began in Ljubljana slightly earlier and lasted longer. In spite of that, turnover dropped relatively less than in Maribor (Ljubljana: -71%, Maribor: -82%). Consequently, the number of sales in Maribor increased more in the second half of 2009 and the Maribor market recovered faster. Average apartment prices in Ljubljana (-17%) dropped farther than in Maribor (-11%), however they recovered in the last half of the year by something less than 5% whilst they still move at the lowest levels in Maribor.



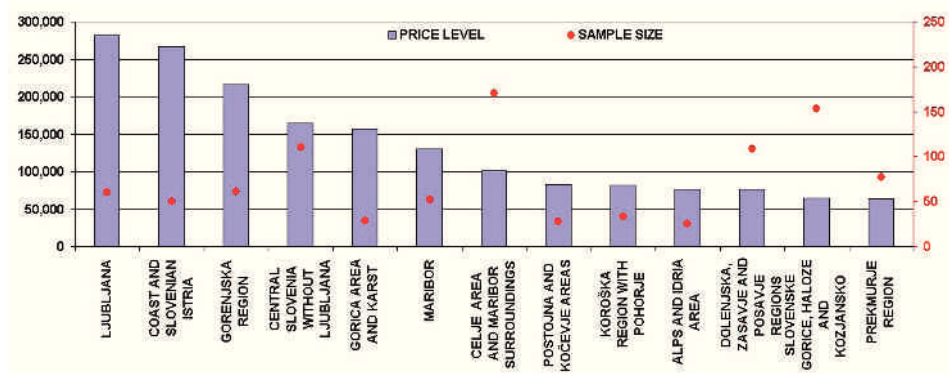
## Houses

Last year, 35% fewer sales of one- and two-family houses than in 2008 and 61% less than in 2007 were recorded in Slovenia.

A house, including land, sold in the past year, had, on average, an approximately 140 m<sup>2</sup> net surface area of the building and almost 1500 m<sup>2</sup> of associated land. On average, it was built in 1958. The average contract price of the house, including land, amounted to 125,400 euros. Among the houses sold, there were 80% freestanding single-family houses, 9% two-family houses and 11% terrace houses.

In comparison with 2008, the average structure of houses sold changed significantly. Houses were, on average, eight years older, and the net floor area was 5 m<sup>2</sup> smaller. Associated land increased by almost 600 m<sup>2</sup>, particularly due to increased surface area of associated land in the Dolenjska and Prekmurje regions. The average contract price dropped by 16%.

Figure 8: Average prices of houses with appurtenant land (in €) and the number of sales taken into account (size of sample), by price area, second half of 2009



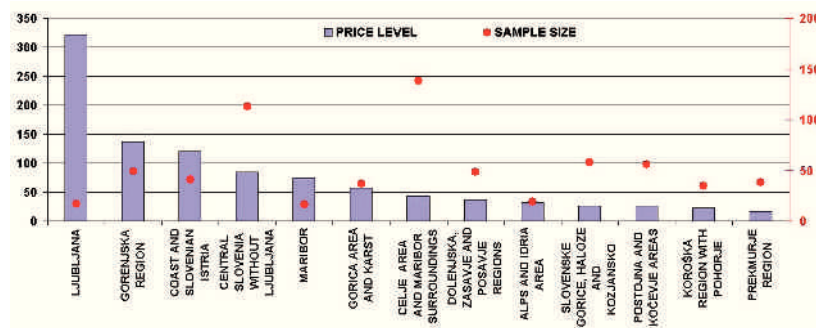
## Building land

Last year, 24% fewer purchase contracts on building land than a year before and 34% less than in 2007 were registered.

The average building parcel that was sold had somewhat more than 1000 m<sup>2</sup> of surface area and the price amounted to 62 €/m<sup>2</sup>. In comparison with 2008, the average surface area decreased by 13% and the average price by 14%.



Figure 9: Average price of building land (in €/m<sup>2</sup>) and the number of sales taken into account (size of sample), by price area, second half of 2009

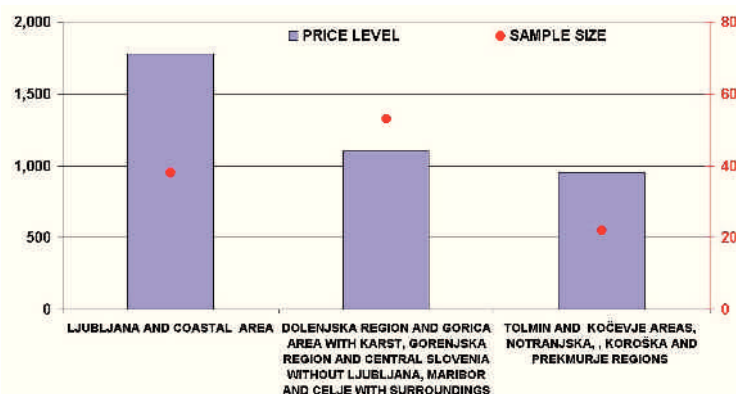


Building land prices for houses and multi-dwelling buildings are characterised by huge differences in individual price areas. The capital stands out considerably, where there is constant surplus demand and where the average price has remained above 300 €/m<sup>2</sup> for quite a long time. The price is twice that of the next highest price area, which is usually the coast with hinterland; however, in the second half of last year, it was overtaken by the third Gorenjska region. The price of building land in Ljubljana is more than twenty times higher than in the Prekmurje region, where it is traditionally the lowest.

## Commercial premises

In 2009, a total of 428 sales of commercial premises were recorded, 18% more than in 2008 and 14% more than in 2007. Based on the quality of recorded data, 200 sales of office premises and 167 sales of other business premises were included in the statistical indicators. Because of the smallness of the statistical samples, heterogeneity of business real estate and changes in the structure of real estate sold in different periods, the average prices and their comparisons have no real explanatory value.

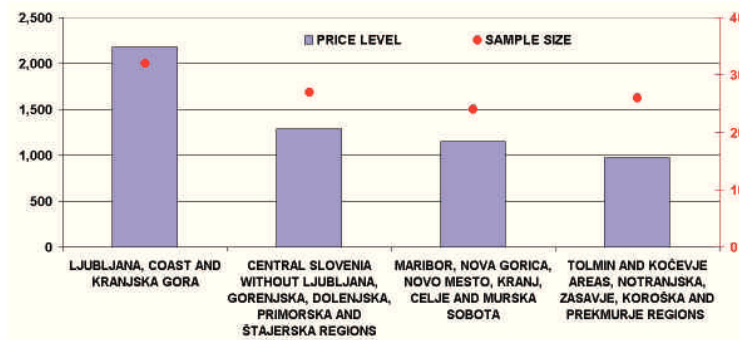
Figure 10: Average price of office premises (in €/m<sup>2</sup>) and the number of sales taken into account (size of sample), by price area, second half of 2009





It can be established that trade in office and bar and shop premises dropped significantly at the beginning of crisis. In particular, new commercial premises and bar and shop premises remained largely unsold, and the sellers were not willing to reduce their prices. On the other hand, average prices of older premises were declining, given that only premises offered at very low prices were sold.

Figure 11: Average prices of bar and shop premises (in €/m<sup>2</sup>) and the number of sales taken into account (size of sample), by price area, second half of 2009



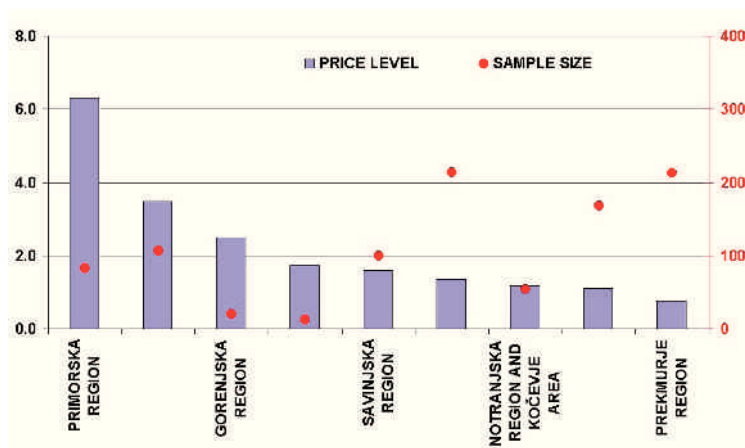
As shown, the commercial real estate market recovered towards the end of the last year. It is estimated that the increase in realised turnover is due to the crisis and the increased supply of commercial premises at more acceptable prices.

## Agricultural land

In 2009, 40% fewer purchase contracts for agricultural land were concluded than in 2008.

The average agricultural parcel sold measured 49 ares and was 14% lower than in 2008. The average purchase price was 1.75 €/m<sup>2</sup>.

Figure 12: Average agricultural land prices (in €/m<sup>2</sup>) and the number of sales taken into account (size of sample), by price area, second half of 2009



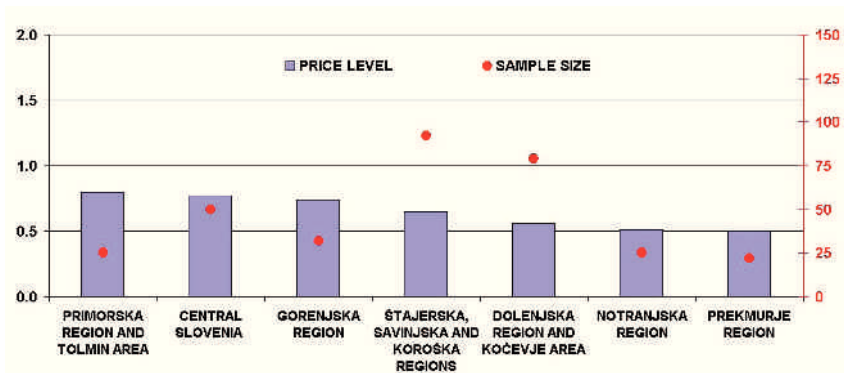


## Forest land

In 2009, 27% fewer sales contracts for forest land than in 2008 were concluded.

The average forest land parcel was 152 ares, 22% smaller than in 2008. The average purchase price was 0.67 €/m<sup>2</sup>.

Figure 13: Average forest land prices (in €/m<sup>2</sup>) and the number of sales taken into account (size of sample), by price area, second half of 2009





## CONCLUSIONS

A question is being posed as to whether the crisis in the Slovenian real estate market has already hit bottom with respect to the recovery and growth in real estate trade and prices at the end of the previous year. On the other hand, due to the surplus of new apartments and over-indebtedness of investors, there are current speculations that the real burst of the real estate bubble has yet to occur.

It is likely that, given the market activity, the crisis bottom was reached in the first half of the previous year, when the sales volume of real estate hit the lowest point and the market was practically nonexistent. This confirms the growth in sales at the beginning of the second half of the year and market recovery through the end of the year, which was present in practically all areas of the country. Although further price fluctuations are possible, it is not expected that the number of sales will fall again below the level of the first half of 2009.

From the point of view of prices, real estate prices reached the lowest level in certain areas, whereas they are more or less still overpriced in others. According to certain basic indicators, such as the ratio between average market prices and rents, relative prices, real purchasing power and construction costs are overpriced, especially residential real estate property in Ljubljana, Koper and on the coast, and somewhat less in the surroundings of Ljubljana, Nova Gorica and Gorenjska tourist resorts and Novo mesto. On the other hand, prices in Maribor and Celje and in the majority of smaller municipal settlements across the country are at levels at which major declines are no longer realistically expected, or possible only if the real estate market completely collapses, and as a consequence, causes the sale of real estate substantially below current prices.

The real estate bubble burst in areas where real estate is overpriced or where a market collapse could occur if banks began, on a mass scale, to confiscate the unsold real estate of construction companies that are deeply in debt and sell it on the market. It should be noted that banks are neither qualified nor interested in carrying out real estate sales; therefore, they will make every effort to avoid such eventualities. Pushing debtors into bankruptcy and repayment with their real estate will be a last resort. The debtors themselves will sooner or later have to reduce the prices of their unsold real estate to a level acceptable by the market if they want to stay in business.



The crisis has already eliminated small investors, who were entering the market in great numbers, irrespective of the adequacy of their real estate projects, during the boom. A similar fate will also await certain larger investors who incorrectly assessed the market, borrowed for financing and particularly overestimated real demand with large-scale housing projects.

It should be noted that even if certain construction companies declare bankruptcy, this does not mean that real estate will appear on the market at much lower prices. On the contrary, creditors will want to make a reasonable profit to cover their claims. In any case, additional pressure will be exerted on other suppliers or on a further fall of real estate market prices.

The real estate market in Slovenia is currently at the beginning of a recovery, taking into account the current economic crisis, which is still present. The most probable scenario is recovery of the market with smaller and greater fluctuations in trade and prices according to the further progress and duration of the general crisis. Bigger differences are expected and perhaps even opposite price trends between markets in which real estate is overestimated and in other areas. In markets where there is a surplus of real estate, the fall of prices will continue until the stocks of unsold newly built apartments have been sold or rented. The market prices will continue to differentiate with regard to real estate micro-location and quality, and less with regard to the age of the property. High-quality new and older, well maintained properties in desirable locations will sell well and their prices will grow. For others, it will be difficult to find buyers, and consequently, their prices will further deflate.





## Annex 1:

### REAL ESTATE MARKET DATA for the year 2009 and the second half of 2009

<b>size of sample</b>	– number of sales taken into account in calculations
<b>area (m<sup>2</sup>)</b>	– average floor area of premises, buildings (housing unit area) or land (land area); in apartments, office, and commercial premises, the effective surface area was taken into account, and in houses, net floor area
<b>year of construction</b>	– average year of building construction
<b>avg (EUR/m<sup>2</sup>)</b>	– average selling price per unit surface area of real estate calculated as arithmetic mean <sup>1</sup>
<b>avg (EUR)</b>	– average selling price calculated as the arithmetic mean
<b>med (EUR/m<sup>2</sup>)</b>	– median selling price per unit surface area of real estate <sup>2</sup>
<b>med (EUR)</b>	– median selling price

<span style="display: inline-block; width: 15px; height: 15px; background-color: #e91e63; border: 1px solid black;"></span> highest value of indicator
<span style="display: inline-block; width: 15px; height: 15px; background-color: #3498db; border: 1px solid black;"></span> lowest value of indicator

### Apartments, second half of 2009

Price area	size of sample	area (m <sup>2</sup> )	year of construction	Avg (EUR/m <sup>2</sup> )	med (EUR/m <sup>2</sup> )
<b>SLOVENIA</b>	<b>2458</b>	<b>51</b>	<b>1970</b>	<b>1.700</b>	<b>1.540</b>
LJUBLJANA	655	53	1971	2.460	2.400
CENTRAL SLOVENIAN WITHOUT LJUBLJANA	176	53	1979	1.930	1.910
GORENJSKA REGION	192	49	1970	1.680	1.640
ALPS AND IDRIA AREA	27	51	1967	1.150	1.140
NOVA GORICA	55	54	1969	1.850	1.860
COAST HINTERLAND, KARST AND VIPAVA VALLEY	36	52	1974	1.580	1.590
COAST AND SLOVENIAN ISTRIA	163	47	1961	2.590	2.500
POSTOJNA AND KOČEVJE AREAS	83	49	1966	1.110	1.090
DOLENJSKA AND POSAVJE REGIONS	135	48	1972	1.190	1.190
ZASAVJE REGION	87	50	1954	810	900
CELJE	142	51	1967	1.240	1.200
MARIBOR AND CELJE SURROUNDINGS	177	50	1972	1.170	1.150
MARIBOR	295	51	1967	1.250	1.220
KOROŠKA REGION WITH POHORJE	78	49	1971	930	890
SLOVENSKE GORICE, HALOZE AND KOZJANSKO	117	53	1974	990	960
PREKMURJE REGION	40	49	1977	940	1.010

<sup>1</sup> The arithmetic mean is the average of all prices taken into consideration in EUR and in EUR/m<sup>2</sup> in the area concerned within the period concerned.

<sup>2</sup> The median is the price in EUR or EUR/m<sup>2</sup> of which half of the prices are higher and half of the prices are lower, of all prices taken into account in the area concerned within the period concerned.





## Apartments, 2009

Price area	size of sample	area (m <sup>2</sup> )	year of construction	Avg (EUR/m <sup>2</sup> )	med (EUR/m <sup>2</sup> )
<b>SLOVENIJA</b>	<b>3994</b>	<b>51</b>	<b>1970</b>	<b>1.700</b>	<b>1.540</b>
LJUBLJANA	996	52	1971	2.450	2.380
CENTRAL SLOVENIAN WITHOUT LJUBLJANA	298	54	1982	1.950	1.940
GORENJSKA REGION	382	50	1968	1.700	1.620
ALPS AND IDRIA AREA	41	49	1968	1.180	1.140
NOVA GORICA	80	56	1972	1.850	1.940
COAST HINTERLAND, KARST AND VIPAVA VALLEY	60	54	1972	1.570	1.530
COAST AND SLOVENIAN ISTRIA	266	48	1965	2.670	2.580
POSTOJNA AND KOČEVJE AREAS	121	48	1966	1.150	1.120
DOLENJSKA AND POSAVJE REGIONS	233	48	1974	1.210	1.160
ZASAVJE REGION	140	49	1955	840	900
CELJE	228	50	1967	1.240	1.200
MARIBOR AND CELJE SURROUNDINGS	337	54	1974	1.170	1.160
MARIBOR	429	52	1967	1.250	1.210
KOROŠKA REGION WITH POHORJE	119	48	1968	940	900
SLOVENSKE GORICE, HALOZE AND KOZJANSKO	182	52	1974	1.000	970
PREKMURJE REGION	82	49	1974	900	940

Market sales of existing apartments in multi-dwelling buildings are taken into account.



## One- and two-apartment houses with appurtenant land, second half of 2009

price area	size of sample	area of housing (m <sup>2</sup> )	year of construct.	area of land (m <sup>2</sup> )	Avg price (EUR)	med price (EUR)
<b>SLOVENIA</b>	<b>956</b>	<b>141</b>	<b>1956</b>	<b>1482</b>	<b>125.600</b>	<b>95.000</b>
LJUBLJANA	60	172	1961	436	281.400	236.250
CENTRAL SLOVENIAN WITHOUT LJUBLJANA	110	157	1961	846	164.800	137.000
GORENJSKA REGION	61	176	1956	726	216.500	180.000
GORICA AREA AND KARST	29	168	1928	866	157.500	140.000
ALPS AND IDRIA AREA	25	124	1937	834	76.800	79.000
COAST AND SLOVENIAN ISTRIA	50	122	1943	408	266.800	187.500
POSTOJNA AND KOČEVJE AREAS	28	138	1942	935	82.600	72.500
DOLENJSKA, ZASAVJE AND POSAVJE REGIONS	108	127	1955	2521	76.800	65.000
CELJE AREA AND MARIBOR SURROUNDINGS	170	139	1966	1334	100.700	92.000
MARIBOR	52	144	1959	588	129.700	111.500
KOROŠKA REGION WITH POHORJE	33	169	1954	1188	81.500	65.000
SLOVENSKE GORICE, HALOZE AND KOZJANSKO	153	117	1954	2278	64.900	50.000
PREKMURJE REGION	77	133	1960	3161	63.600	50.000

## One- and two-apartment houses with appurtenant land, 2009

price area	size of sample	area of housing (m <sup>2</sup> )	year of construct.	area of land (m <sup>2</sup> )	Avg price (EUR)	med price (EUR)
<b>SLOVENIA</b>	<b>1307</b>	<b>141</b>	<b>1958</b>	<b>1482</b>	<b>125.400</b>	<b>95.000</b>
LJUBLJANA	80	177	1964	412	283.200	240.000
CENTRAL SLOVENIAN WITHOUT LJUBLJANA	154	160	1967	820	172.000	147.500
GORENJSKA REGION	79	186	1958	717	226.200	190.000
GORICA AREA AND KARST	38	178	1937	811	164.800	140.000
ALPS AND IDRIA AREA	30	124	1936	803	75.400	77.000
COAST AND SLOVENIAN ISTRIA	61	117	1942	377	251.100	175.000
POSTOJNA AND KOČEVJE AREAS	33	144	1945	922	85.300	77.000
DOLENJSKA, ZASAVJE AND POSAVJE REGIONS	151	120	1955	2329	74.400	62.000
CELJE AREA AND MARIBOR SURROUNDINGS	234	141	1968	1263	103.700	100.000
MARIBOR	66	154	1961	717	142.500	120.000
KOROŠKA REGION WITH POHORJE	40	166	1953	1092	85.200	69.000
SLOVENSKE GORICE, HALOZE AND KOZJANSKO	202	117	1959	2226	69.000	56.000
PREKMURJE REGION	139	120	1951	3060	57.400	45.000

Market sales of finished one- and two-family houses (single-family houses, two-family houses and terrace houses) with appurtenant land are taken into account.



## Building land, second half of 2009

price area	size of sample	area of land (m <sup>2</sup> )	Avg (EUR/m <sup>2</sup> )	med (EUR/m <sup>2</sup> )
<b>SLOVENIA</b>	<b>665</b>	<b>1008</b>	<b>64</b>	<b>40</b>
LJUBLJANA	17	933	322	230
CENTRAL SLOVENIAN WITHOUT LJUBLJANA	113	1030	85	70
GORENJSKA REGION	49	788	137	141
GORICA AREA AND KARST	37	699	58	48
ALPS AND IDRIA AREA	19	1242	32	23
COAST AND SLOVENIAN ISTRIA	41	766	120	114
POSTOJNA AND KOČEVJE AREAS	56	796	26	22
DOLENJSKA, ZASAVJE AND POSAVJE REGIONS	48	1196	37	31
MARIBOR	16	666	74	49
CELJE AREA AND MARIBOR SURROUNDINGS	138	867	43	36
KOROŠKA REGION WITH POHORJE	35	1642	22	17
SLOVENSKE GORICE, HALOZE AND KOZJANSKO	58	1364	26	20
PREKMURJE REGION	38	1305	17	12

## Building land, 2009

price area	size of sample	area of land (m <sup>2</sup> )	Avg (EUR/m <sup>2</sup> )	med (EUR/m <sup>2</sup> )
<b>SLOVENIA</b>	<b>1219</b>	<b>1041</b>	<b>62</b>	<b>37</b>
LJUBLJANA	33	889	310	262
CENTRAL SLOVENIAN WITHOUT LJUBLJANA	205	1054	89	72
GORENJSKA REGION	70	1097	128	122
GORICA AREA AND KARST	79	1001	57	50
ALPS AND IDRIA AREA	34	930	43	24
COAST AND SLOVENIAN ISTRIA	61	743	136	118
POSTOJNA AND KOČEVJE AREAS	90	784	25	20
DOLENJSKA, ZASAVJE AND POSAVJE REGIONS	92	1353	36	28
MARIBOR	32	786	81	54
CELJE AREA AND MARIBOR SURROUNDINGS	251	989	40	34
KOROŠKA REGION WITH POHORJE	71	1161	21	17
SLOVENSKE GORICE, HALOZE AND KOZJANSKO	104	1213	23	17
PREKMURJE REGION	97	1176	14	10

Market sales of building land irrespective of the administrative legal status of the land are taken into account.



## Office premises, second half of 2009

price area	size of sample	area (m <sup>2</sup> )	year of construct.	Avg (EUR/m <sup>2</sup> )	med (EUR/m <sup>2</sup> )
<b>SLOVENIA</b>	<b>113</b>	<b>164</b>	<b>1967</b>	<b>1.300</b>	<b>1.150</b>
LJUBLJANA AND COASTAL AREA	38	152	1980	1.780	1.440
DOLENJSKA REGION AND GORICA AREA WITH KARST, GORENJSKA REGION AND CENTRAL SLOVENIAN WITHOUT LJUBLJANA, MARIBOR AND CELJE WITH SURROUNDINGS	53	197	1954	1.100	1.100
TOLMIN AND KOČEVJE AREAS, NOTRANJSKA, KOROŠKA AND PREKMURJE REGIONS	22	104	1978	950	930

## Office premises, 2009

price area	size of sample	area (m <sup>2</sup> )	year of construct.	Avg (EUR/m <sup>2</sup> )	med (EUR/m <sup>2</sup> )
<b>SLOVENIA</b>	<b>200</b>	<b>135</b>	<b>1973</b>	<b>1.310</b>	<b>1.150</b>
LJUBLJANA AND COASTAL AREA	69	119	1983	1.810	1.710
DOLENJSKA REGION AND GORICA AREA WITH KARST, GORENJSKA REGION AND CENTRAL SLOVENIAN WITHOUT LJUBLJANA, MARIBOR AND CELJE WITH SURROUNDINGS	94	162	1964	1.110	1.040
TOLMIN AND KOČEVJE AREAS, NOTRANJSKA, KOROŠKA AND PREKMURJE REGIONS	37	92	1980	910	820

Market sales of office premises in commercial and residential commercial buildings are taken into account.



## Retail, service and catering facilities, second half of 2009

price area	size of sample	area (m <sup>2</sup> )	year of construct.	Avg (EUR/m <sup>2</sup> )	med (EUR/m <sup>2</sup> )
<b>SLOVENIA</b>	<b>109</b>	<b>137</b>	<b>1963</b>	<b>1.440</b>	<b>1.260</b>
LJUBLJANA, COAST AND KRANJSKA GORA	32	90	1977	2.180	2.010
CENTRAL SLOVENIA WITHOUT LJUBLJANA, GORENJSKA, DOLENJSKA, PRIMORSKA AND ŠTAJERSKA REGIONS	27	140	1961	1.290	1.260
MARIBOR, NOVA GORICA, NOVO MESTO, KRANJ, CELJE AND MURSKA SOBOTA	24	230	1954	1.150	1.100
TOLMIN AND KOČEVJE AREAS, NOTRANJSKA, KOROŠKA AND PREKMURJE REGIONS	26	105	1957	970	870

## Retail, service and catering facilities, 2009

price area	size of sample	area (m <sup>2</sup> )	year of construct.	Avg (EUR/m <sup>2</sup> )	med (EUR/m <sup>2</sup> )
<b>SLOVENIA</b>	<b>167</b>	<b>144</b>	<b>1964</b>	<b>1.460</b>	<b>1.270</b>
LJUBLJANA, COAST AND KRANJSKA GORA	46	81	1973	2.220	2.090
CENTRAL SLOVENIA WITHOUT LJUBLJANA, GORENJSKA, DOLENJSKA, PRIMORSKA AND ŠTAJERSKA REGIONS	48	119	1970	1.400	1.320
MARIBOR, NOVA GORICA, NOVO MESTO, KRANJ, CELJE AND MURSKA SOBOTA	34	314	1944	1.130	1.080
TOLMIN AND KOČEVJE AREAS, NOTRANJSKA, KOROŠKA AND PREKMURJE REGIONS	39	103	1962	930	830

Market sales of premises for restaurant, commercial and other service activities in commercial and commercial residential buildings are taken into account.



## Agricultural land, second half of 2009

price area	size of sample	agricultural area (m <sup>2</sup> )	Avg (EUR/m <sup>2</sup> )	med (EUR/m <sup>2</sup> )
<b>SLOVENIA</b>	<b>970</b>	<b>4600</b>	<b>1,88</b>	<b>1,00</b>
CENTRAL SLOVENIA	106	3600	3,48	3,00
GORENJSKA REGION	20	2700	2,48	2,82
PRIMORSKA REGION	83	2200	6,30	4,47
NOTRANJSKA REGION AND KOČEVJE AREA	54	3600	1,18	1,00
DOLENJSKA REGION	214	4100	1,35	1,08
SAVINJSKA REGION	100	5400	1,60	1,30
ŠTAJERSKA REGION	168	6100	1,11	0,90
KOROŠKA REGION	12	4900	1,73	1,75
PREKMURJE REGION	213	5200	0,76	0,55

## Agricultural land, 2009

price area	size of sample	agricultural area (m <sup>2</sup> )	Avg (EUR/m <sup>2</sup> )	med (EUR/m <sup>2</sup> )
<b>SLOVENIA</b>	<b>2035</b>	<b>4900</b>	<b>1,75</b>	<b>1,00</b>
CENTRAL SLOVENIA	156	4500	3,26	2,60
GORENJSKA REGION	48	3400	3,49	3,50
PRIMORSKA REGION	154	2600	6,28	4,38
NOTRANJSKA REGION AND KOČEVJE AREA	93	5000	1,08	1,00
DOLENJSKA REGION	447	4400	1,39	1,05
SAVINJSKA REGION	210	5100	1,68	1,39
ŠTAJERSKA REGION	355	7000	1,13	0,90
KOROŠKA REGION	22	4000	1,86	2,00
PREKMURJE REGION	550	4900	0,74	0,53

Market sales of agricultural land are taken into account.



## Forest land, second half of 2009

price area	size of sample	area of land (m <sup>2</sup> )	Avg (EUR/m <sup>2</sup> )	med (EUR/m <sup>2</sup> )
<b>SLOVENIA</b>	<b>325</b>	<b>14600</b>	<b>0,65</b>	<b>0,57</b>
CENTRAL SLOVENIA	50	13500	0,77	0,66
GORENJSKA REGION	32	17700	0,74	0,83
PRIMORSKA REGION AND TOLMIN AREA	25	8400	0,80	0,50
NOTRANJSKA REGION	25	17700	0,51	0,50
DOLENJSKA REGION AND KOČEVJE AREA	79	12000	0,56	0,55
ŠTAJERSKA, SAVINJSKA AND KOROŠKA REGIONS	92	19000	0,65	0,60
PREKMURJE REGION	22	7600	0,50	0,43

## Forest land, 2009

price area	size of sample	area of land (m <sup>2</sup> )	Avg (EUR/m <sup>2</sup> )	med (EUR/m <sup>2</sup> )
<b>SLOVENIA</b>	<b>635</b>	<b>15200</b>	<b>0,67</b>	<b>0,55</b>
CENTRAL SLOVENIA	92	16000	0,72	0,61
GORENJSKA REGION	44	20500	0,65	0,67
PRIMORSKA REGION AND TOLMIN AREA	63	14700	1,17	0,83
NOTRANJSKA REGION	41	15500	0,48	0,40
DOLENJSKA REGION AND KOČEVJE AREA	174	13600	0,61	0,54
ŠTAJERSKA, SAVINJSKA AND KOROŠKA REGIONS	179	16600	0,62	0,54
PREKMURJE REGION	42	9500	0,50	0,41

Market sales of forest land are taken into consideration.



## Annex 2:

### ASSESSMENT OF PRICE CHANGES in the report

In addition to the comparison of average prices between different periods, we used a testing technique based on comparing the sale price appraisal ratio – SPAR of sold real estate of the same type. The estimated value theoretically expresses the effect of the combination of all important characteristics (location, size, age, sustainability, etc.) on the real estate selling price. Assuming that the ratios between factors affecting the price of real estate of the same type have not changed between periods, a comparison can be established on the basis of the value of real estate of the same type with different characteristics (e.g. big and old with small and new apartments). In this way, we try to eliminate the effect of the change in structure of sold real estate by average price by comparing average ratios between the price and estimated value of the sold real estate of the same type in a certain area.

**Calculation of relative change in the average price of real estate of the same type between two periods:**

$PROD_{T_0}$	set of indicators of real estate sales in the period <b>T0</b>
$n_{T_0} =  PROD_{T_0} $	cardinality of the set $PROD_{T_0}$ , i.e. number of sales in the period <b>T0</b>
$PROD_{T_1}$	set of indicators of real estate sales in the period <b>T1</b>
$n_{T_1} =  PROD_{T_1} $	cardinality of the set $PROD_{T_1}$ , i.e. number of sales in the period <b>T1</b>
$C_{Ti,j}$	price of sold real estate in realised sale $j$ in the period <b>Ti</b>
$V_{Ti,j}$	calculated general value of real estate sold in sale $j$ in the period <b>Ti</b> ; this value refers to the same temporal section for all sold real estate properties taken into account in the calculation
$C_{NORM,Ti,j} = \frac{C_{Ti,j}}{V_{Ti,j}}$	ratio between the sold real estate price realised in sale $j$ in the period <b>Ti</b> and calculated with the general value of this real estate (price, normalised with the value)
$\bar{C}_{NORM,Ti} = \frac{1}{n_{Ti}} \sum_{j \in PROD_{Ti}} \frac{C_{Ti,j}}{V_{Ti,j}}$	average ratio between prices and general values in the period <b>Ti</b>
$\Delta C = \frac{\bar{C}_{NORM,T1}}{\bar{C}_{NORM,T0}} - 1$	relative change in price between the periods <b>T0</b> and <b>T1</b>
$\Delta C_P = \left( \frac{\bar{C}_{NORM,T1}}{\bar{C}_{NORM,T0}} - 1 \right) \times 100$	relative change in price between the periods <b>T0</b> and <b>T1</b> as a percentage





Consolidated data on realised contract prices taken from real estate market records were used in the calculations. The unofficial market real estate values are calculated with adequate temporary samples of mass appraisal of real property as of 1 January 2010. The relative annual change in price was estimated by comparing the average ratio between prices and general values in the last quarter of the year concerned with the same quarter of the previous year.

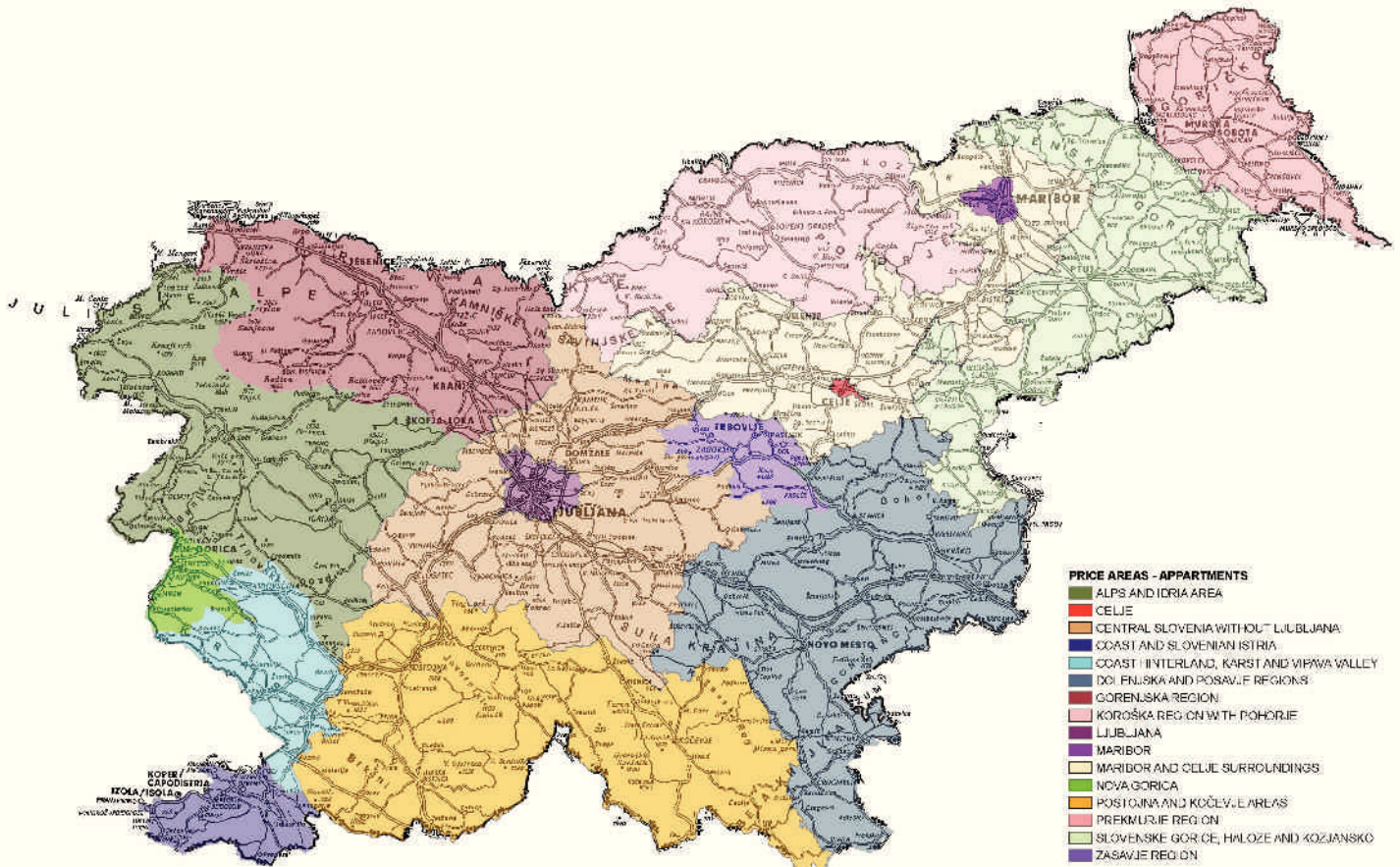
Based on parallel regressive analysis of price movements, we are of the opinion that the technique expresses the actual changes in prices as a simple comparison of average prices. The quality of the indicator greatly depends on the size of the sample and quality of input price data. The adequacy of value zones and quality of relation tables expressing the effect of location and individual characteristics on the value or price of real estate property in the samples may have an important effect. It is presumed that the stability of the effect of these factors is real enough if the compared periods are not too distant, since, as a rule, advantages on the real estate market change relatively slowly.

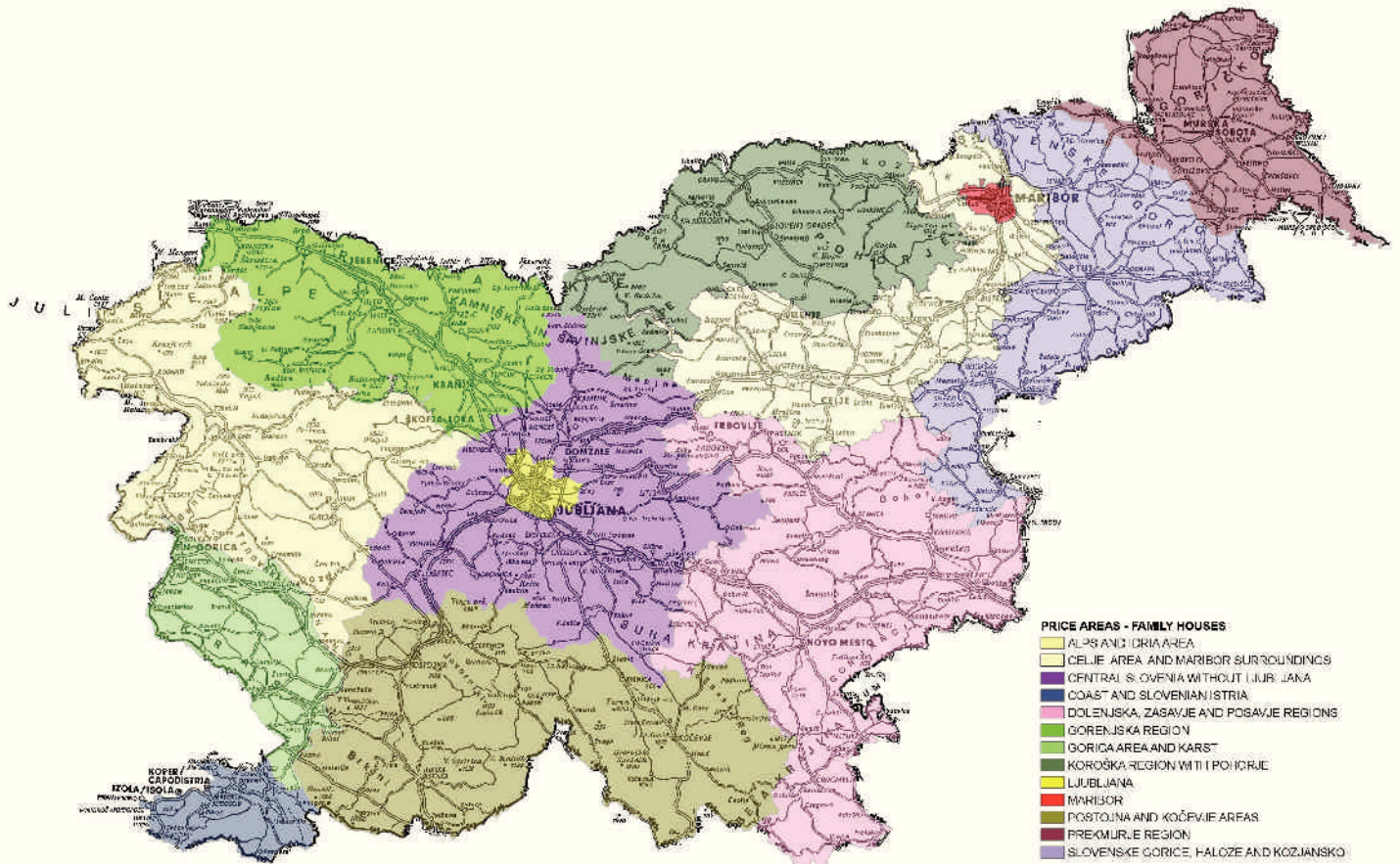


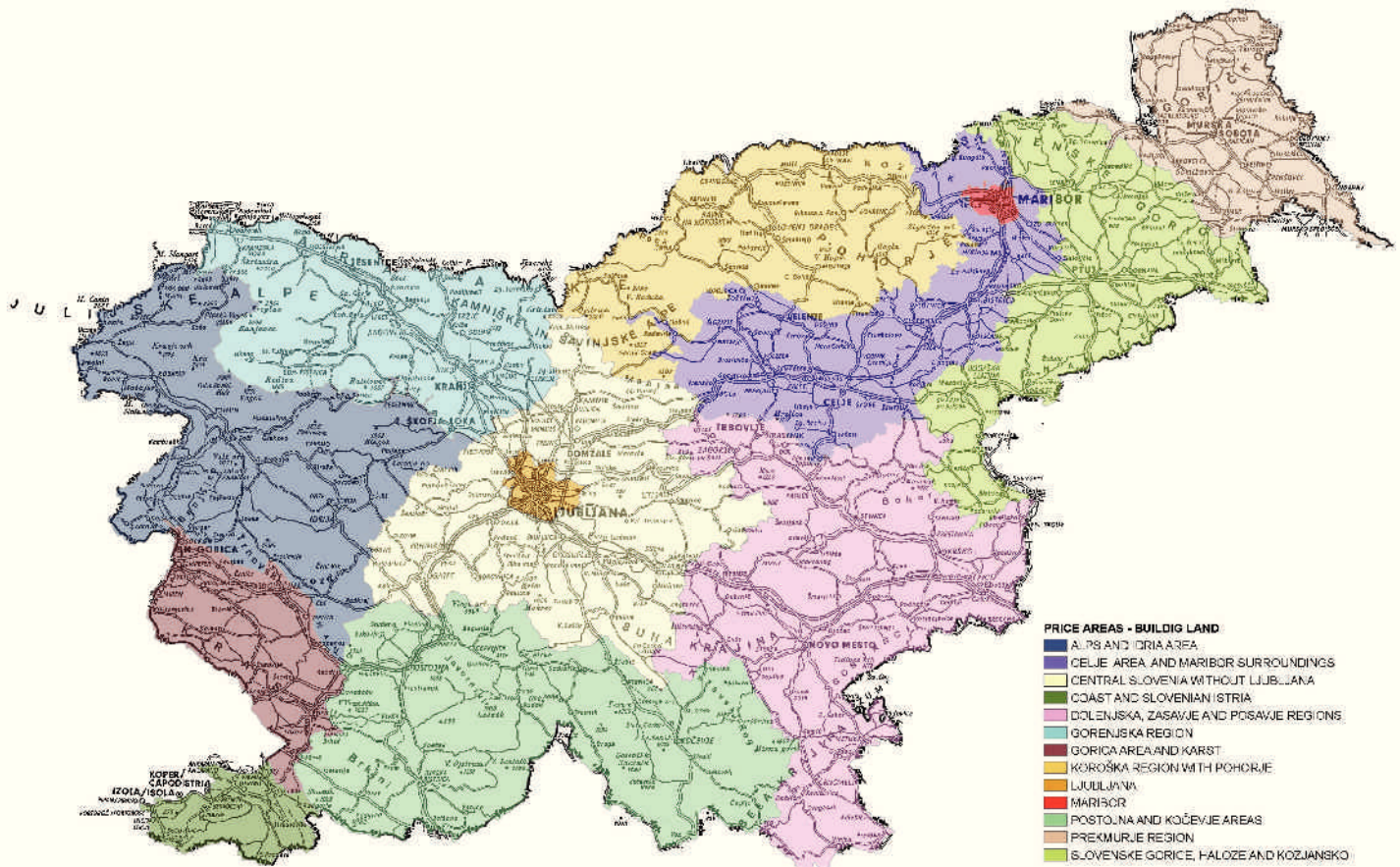


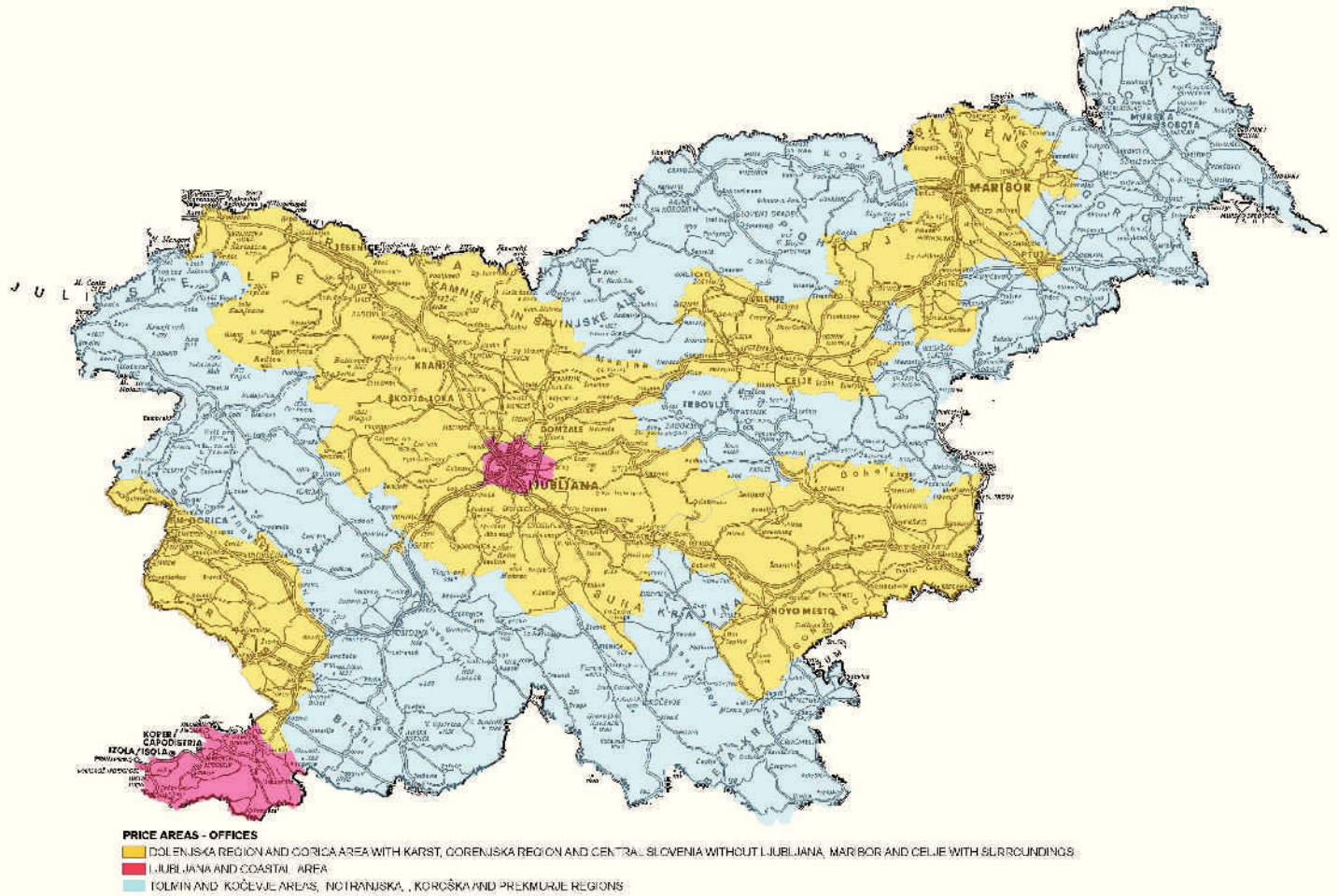
## Annex 3:

# PRICE AREAS





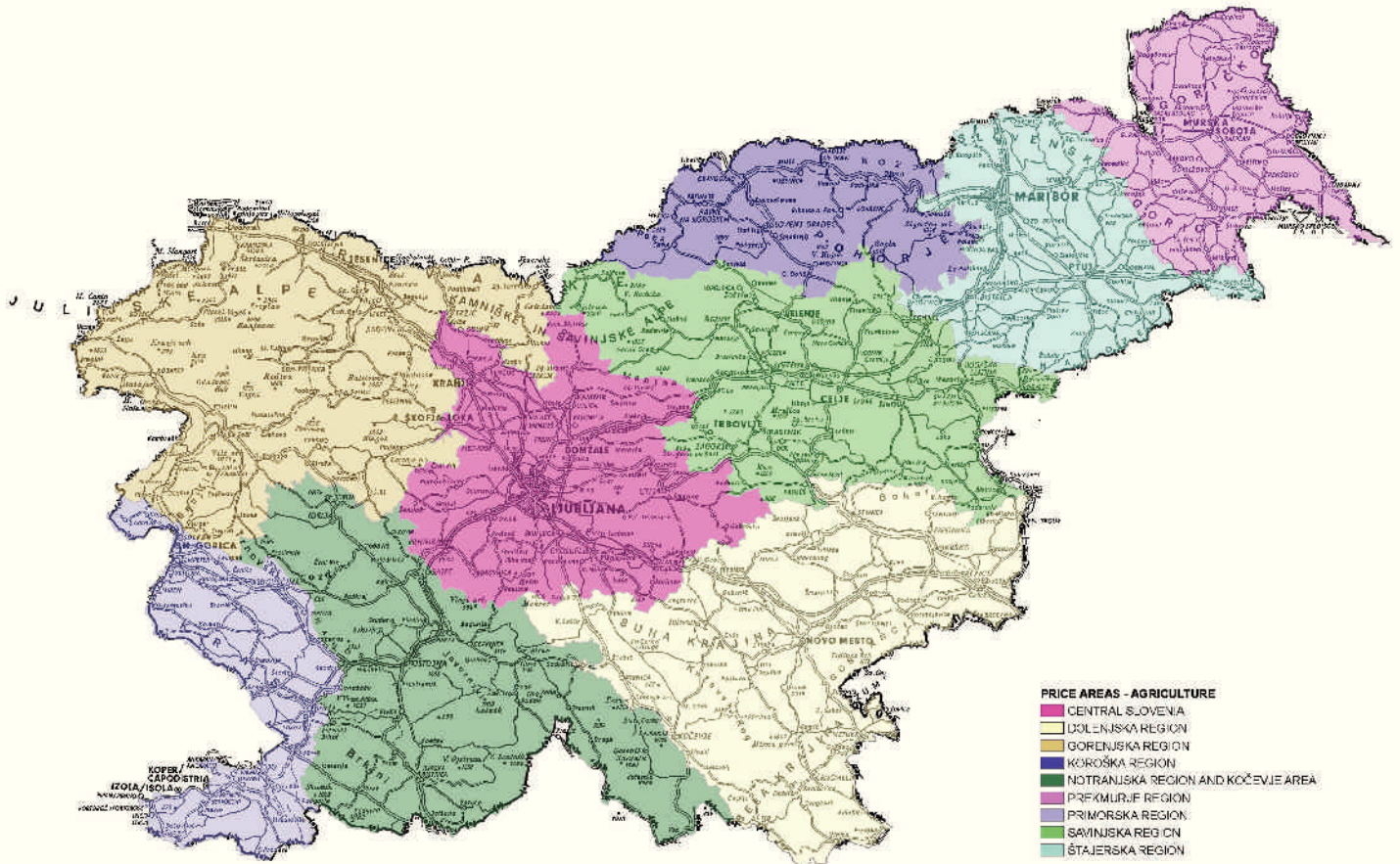


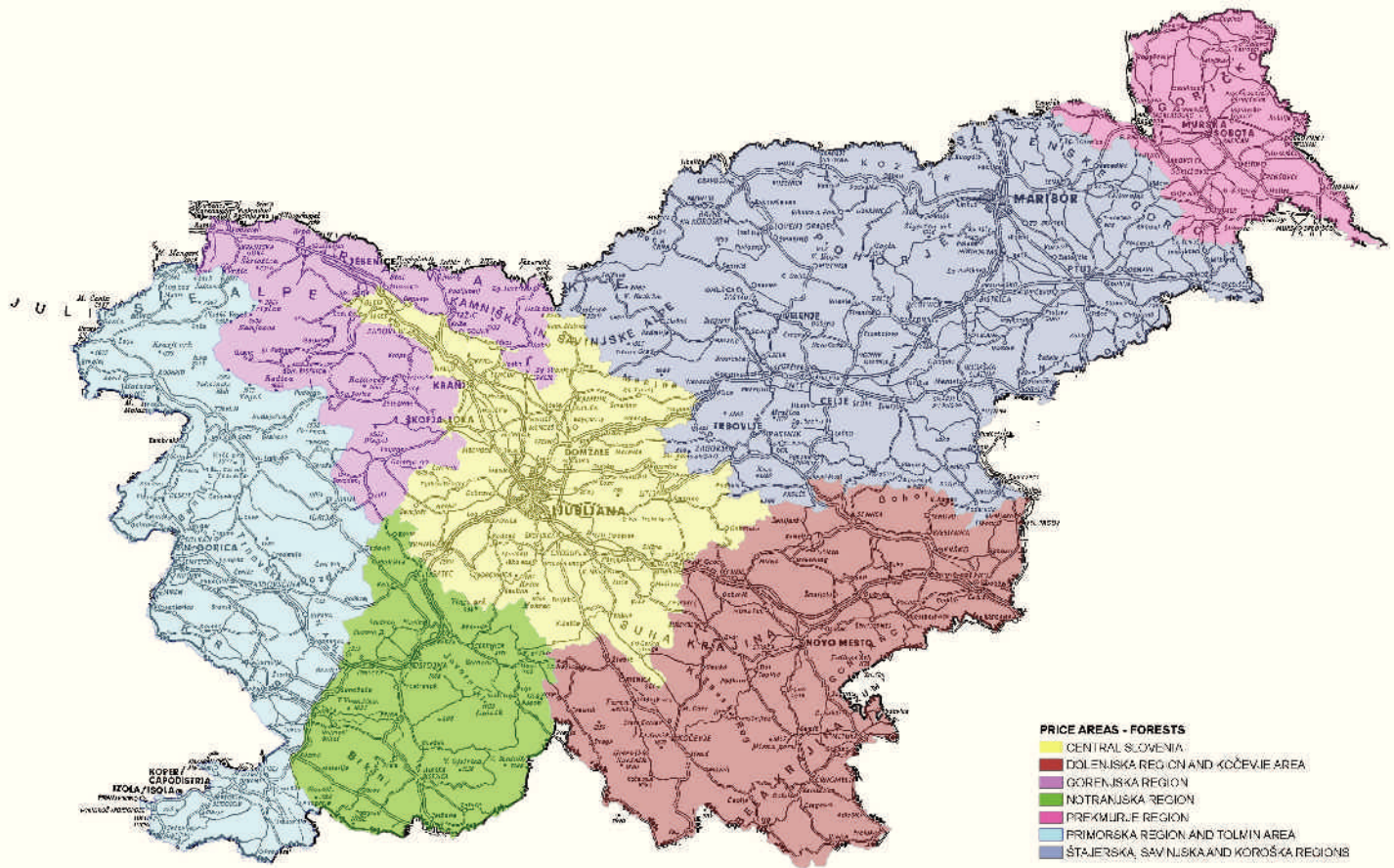




**PRICE AREAS - RETAILS**

- CENTRAL SLOVENIA WITHOUT LJUBLJANA, GORENJSKA, DOLENJSKA, PRIMORSKA AND ŠTAJERSKA REGIONS
- LJUBLJANA, COAST AND KRANJSKA GORA
- MARIBOR, NOVA GORICA, NOVO MESTO, KRANJ, CELJE AND MLRSKA SOBOTA
- TOLMIN AND KOČEVJE AREAS, NOTRANJSKA, ZASAVJE, KOROŠKA AND PREKMURJE REGIONS







# 2009

SURVEYING AND MAPPING AUTHORITY OF  
THE REPUBLIC OF SLOVENIA  
April 2010