

# Ivan Valent: the crisis reached us in a good financial condition

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**How do you assess the current situation in the field of development in Slovakia? Do you think that the crisis actually hit us or simply the market is filled up?**

I think we are really hit by the crisis; respectively we became victims of its secondary consequences. The Slovak economy run in the crisis state like a locomotive fortunately. But even this might not help and the global slowdown hit it necessarily. The decrease of market consumption and meticulous conservativeness of foreign banks, which exported quickly it to their subsidiaries and branches in Slovakia, have consequences. As far as the fulfilment of the market is concerned, it is still not saturated. The demand did not fall because the market would be filled up, but because many companies that planned moving to new premises, received a stop to any such decisions from their headquarters, in addition, now they need to focus more on their survival, maintaining the market share, etc. However, their demand is still there; just it was put aside for some time. Likewise, the households' consumption fell partly due to the general media hysteria, partly for actually reduced incomes per households. This does not mean, however, that larger cities in Slovakia would not feed a good shopping-entertainment centre. Real-estate development is a run for long tracks and historically is one of the safest ways to recover capital. If the economy will revive and the consumption will restore, on the contrary, even at home, in Slovakia, some office and retail capacity will miss, since many projects are completely blocked now. This will probably result in a rise in the price of leases and the market value of the real estates, which will be prepared to investors that time.

**Has your company already done some concrete anti-crisis measures? Which?**

The crisis did not come from one day to another one; we saw it coming longer time. At the time of the global economy, truer than ever before is, that if all America will sneeze, the rest of the world gets flu. In investments we have always been conservative; we kept the stock of cash, the crisis, therefore, reached us in a good financial condition. This does not mean that it did not affect our business. In particular it has devastating consequences in bank financing the real estate development. We rationalize spending so that we were strong and ready to exploit investment opportunities, which brought the drop in property values.

**Are you preparing new projects? Which segment will be targeted?**

We go in for three areas of the commercial real estate development: office real estates in the highest quality standards „A,“ the retail scheme Aupark and the industrial development. At present, we are placing particular emphasis on developing our retail concepts. We have the being built shopping-entertainment centres Aupark at Žilina and at Piešťany. We are also preparing to launch the Aupark construction in Košice this year.

**Banks are rather negatively inclined to applications for loans. Are we thinking of other ways to fund such projects?**

Banks require a significantly higher co-financing by the investor as recently. For this alternative we are ready. Another option is to enter the auction, which would be madness in this situation, or a strategic partner, as do some other companies. None of these options is up to date for us.

**Are you decided to implement the developer projects also exclusively from your own resources?**

Yes, but only in the cases where we have certainty that they can be invested in future.

**Do you think that the crisis makes market players to build better? Will not we see the opposite effect that it will start building cheaper and less quality?**

Certainly, someone can think like that. There is, however, not important how will decide individual players, but whether they will gain clients for such realized project. Tenants have still stronger tendency to also look, in addition to good location, for quality of construction, not to mention the high-tech, energy efficiency. Especially for foreign companies are, in addition, important ecological aspects of the project. All this cannot be implemented at the expense of quality.

**Which area of the development has, according to you, the greatest potential for development in Bratislava and in Slovakia? Are them industrial and logistics parks, office spaces, retail and shopping centres or residential housing?**

As I have already indicated, we see potential for the development of quality shopping with appropriately mixed ration of business, entertainment and a broad portfolio of services across the country. The capital city and some regional cities have the potential for continuous development of office spaces, of course, within the rational semi-annual increase of capacities. A lack of housing is also obvious, but not in the luxury segment, which was preferred during the boom, however, did not reflect the real purchasing power of the population. In case of being built vacation apartment flats, it is questionable whether real demand soever existed for them in such extend in which they began be built. This, however, are areas of development in which our company does not operate.

**How the current situation reflects the amount of rents in these premises? Do you offer various „actions“ to customers (such as a higher standard of premises, rent-free for longer, break option)?**

No, we do not offer it. In prices we have always been strong. Despite they reflected the market situation we offered more for them - the top location, good transport accessibility and a good quality standard. What the competitors were given for a fee, we offered in the standard already at the time of economic growth. That is why we do not have to depreciate the value of our projects by various „actions“.

**What do you forecast for the Slovak developer market? Do not expect such a strong economy boom as in the years 2006 - 2008?**

After consolidation and pruning the market, we expect that it will continue to develop its potential, even if probably never so strongly as in the mentioned years before the estate bubble bursting. Given its size, however, it has its natural limits, so for strong companies is the only way to continue the expansion to neighbouring markets in the V4 countries, possibly even farther.

**What would you recommend market developers in Ireland at the time of recession? What would you recommend the State?**

The market will take advice itself; its rules have, fortunately, its internal logic. Worse it is with states. For Slovak Republic will be good that time, if the state will not try to undertake, no government knows is namely. It is enough if it creating conditions for doing business - eliminating unnecessary red tape, build a credible judiciary and especially resist the temptation to raise taxes and levies burden.

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