

Brownfield Development in the Czech Republic



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 - 1990's
 - 2000 - 2007
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 - Government/CzechInvest Initiatives
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- Brownfield development process in Czech Republic
- Examples of brownfield regeneration
- Recent brownfield land deals
- Summary



Background

- Industrial Re-structuring in 1990's

- **Large Industrial Plant closures**

- Legacy of vacant, derelict and often contaminated land and buildings

- **New Greenfield Industrial Zones**

- To satisfy needs of investors requiring new, modern industrial units
- To attract investment to areas of high unemployment
- To spread investment across CR

- **Greenfield Logistics Centres**

- Edge of Prague
- Towards German Border

- **Brownfield Regeneration**

- **Prague**
 - Office and retail led regeneration projects
 - Small, luxury residential projects
- **Regions**
 - Logistics-led development
 - Industrial zones for bespoke industrial projects (CzechInvest, CTP)



Background

- Developments from 2000 - 2007
 - **Industrial restructuring still on-going**
 - Manufacturing companies relocating from Prague
 - Privatisation and/or re-development of state owned assets e.g. Czech Telecom privatisation, Coal Company privatisation, Czech Railway sites etc.
 - **Greenfield Industrial Zone development**
 - Zones becoming fully occupied, mainly due to influx of foreign investment
 - Creation of new greenfield zones more difficult
 - **Brownfield regeneration**
 - **Prague**
 - Residential led regeneration e.g. Prague 9
 - Still some office and retail led regeneration, but much reduced in volume
 - **Regions**
 - Retail and office led regeneration in key regional cities (Brno, Pilzen, Ostrava etc.)
 - Industrial zone developments reaching maturity
 - Logistics development



Promoting Brownfield Regeneration

- Government and CzechInvest led Initiatives

- **National Brownfield Regeneration Strategy**

- €1.7 million consultancy project led by DTZ to:
 - produce a national brownfield regeneration strategy
 - Develop 5 demonstration projects in 2 regions
 - Create a database for use as a future national database
 - Produce a communications strategy to promote brownfield regeneration
 - Produce a ‘best practice tool-kit’ for regenerating brownfield sites
 - Write a business plan for the creation of National and Regional Brownfield Regeneration Units

- **Establishment of regional Brownfield Regeneration Units**

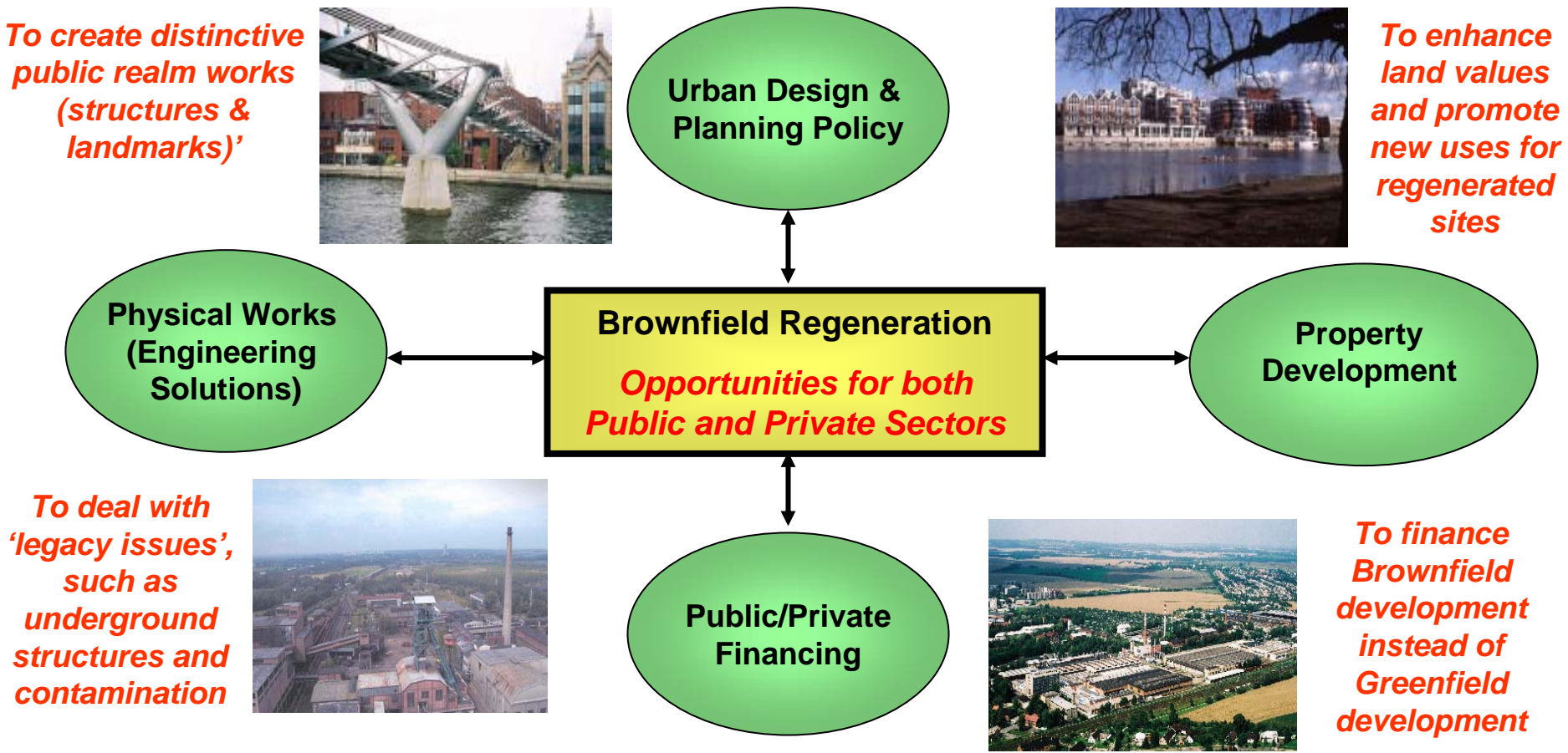
- In partnership with Regional Councils and Regional Development Agencies
- Identify and map brownfield sites
- Provide ‘local’ assistance to developers and investors, involved in brownfield development

- **Gap Funding Support**

- Grant funding via specific schemes (e.g. Reality) funded, partly, from EU structural funds
- Designed to provide ‘gap’ funding for regeneration of brownfield areas

Promoting Brownfield Regeneration

- Private Public Partnerships



Nature and Scale of Brownfields

- National Brownfield Database

- Site Description (Form A)

- Identification
- Address, Basic Owner Info
- Size, Current Status
- Former Use
- Qualitative Assessment

Logged in as v.olfm.
Found Records: 1

Site Description


Site Number: U0090 **Site Name:** Lovosice-Port
Surveyed by: Martin Völfl **Contact:** 605 700 705 **Date:** 12.12.2003
Coordinates (WGS4)

Longitude: 14,5,57 **Latitude:** 50,31,6
Address: Lovosice
Local: Lovosice **District:** LOVOSICE
Region: Ústecký kraj
Owner: Česko-Saské Přístavy
Owner Contact: neznámý/unknown
Geographical: Industrial zone, out of city/průmyslová zóna, mimo město
Size and Location
 > 10ha 5-10ha 1-5ha <1ha
Site Area (Estimated): 11 [ha]
Area of Ex. Buildings (Estimated): 7 [ha]

Site Visit Photograph

Current Status
 Abandoned Fully Partly
Demolition/ Remediation
Planning/ Building Permit
in Progress for:
Under Construction
Derelict
Hazard - Statutory Responsibility
Describe:


Form A



Former Use/ History/ Type
 No Manufacturing
 Extractive and Waste Disposal
 Energy
 Military
 Agriculture
 Railway Land
 No Light Industry
 Education System
 Residential
 Describe: River Port

Qualitative Assessment

General View



0 Simple Ownership
1 Rapid Progress
1 Planning Clear
1 Good Location
1 Attractive Site
1 Viable Future
2 Political Support
2 Availability of Funding
Score: 9
Site is Recommended for Acceptance: Yes

General Comments: Re-loading dock for water transport and industrial zones in Lovosice/Překladiště pro vodní dopravu a průmyslové zóny v Lovosicích
Inspected by:
13 06 2004

Nature and Scale of Brownfields

- National Brownfield Database

- Data Collection Report (Form B)

- General Information
- Ownership
- Contamination
- Physical Ground Condition (Geotechnical Quality)
- Ecology and Archeology
- Flooding & Drainage
- Site Structures
- Possible Afteruses
- General Estimates of Cost Impact
- Urban Masterplanning Restrictions
- Site Sensitivity
- Documents Available

Data Collection Report Form B

Page 1

Site Number: U0090

Site Name: Lovosice-Port

Date of Site Visit: 7.1.2004

Site Visit

By: Ing. arch. Jiří Křákal
Contact: 603192266/
420475669260

Location of Site: Lovosice



1. General Information

Coordinates (WGS 84)

Longitude: 14°5'57" **Latitude:** 50°31'6"

Address: ČSP s.r.o., Prosmyská ulice, Prosmky, Lovosice

Proximity to Town/ City/ Main Transport Artery: 0/200m/3km dálnice / 0/200m/3km motorway

Type of Site: Průmyslová zóna, opuštěno, zdevastováno/ industria

Possible Site Options: Budování dopravně obslužného terminálu evropské dopravní sítě / build trimodal transport terminal for Transport European Network.

Size and Location of the Site:

Plot Area of the Site (Accurate):

11

Area of Buildings: Yes

Plot Area (Accurate): 15

History of the Site:

Former Use: Příklad energetického uhlí, železnice - voda / delivery point of coal, railway - water

Age: 20 let / 20 years

Period of Dereliction: 7 let / 7 years

Level of Dereliction: značná / considerable

Reason for Dereliction: špatný stavebně technický stav betonových konstrukcí / not good build - technological status of concrete construction

Current Use of Surrounding Area:

Proposed Use:

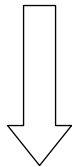
Comment: Volná plocha připravená pro investory v logistice/ area is ready for investors in Logistics.

Nature and Scale of Brownfields

- National Brownfield Database

Type	Location*		Contamination		Existing Buildings	
	Good	Poor	Low/None	Med/High	Few/None	Many
1a	X		X		X	
1b	X		X			X
2a		X	X		X	
2b		X	X			X
3a	X			X	X	
3b	X			X		X
4a		X		X	X	
4b		X		X		X

* in relation to communication network (roads mainly), no need for change of zoning, centres of population, available investment incentives etc.

Category	Potential Level of Public Subsidy Required for Remediation
Type 1a	Lowest Level  Highest Level
Type 1b	
Type 2a	
Type 2b	
Type 3a	
Type 3b	
Type 4a	
Type 4b	

Nature and Scale of Brownfields

- National Brownfield Database – Moravia-Silesia Sites

- 27 sites (i.e. 218 hectares) in a good location and not contaminated
- 40 sites (310 ha.) in good location but likely to be contaminated in some way
- 65 of these 67 sites have existing buildings on them

Category (Type)	Number of Major Brownfield Sites								Total	
	1a	1b	2a	2b	3a	3b	4a	4b		
Size (Hectares)										
<= 1 [ha]		5	1	11		5	59	6	89	
1 - 5 [ha]	1	9	1	27	1	22		21	82	
5 - 10 [ha]		9		2		4		8	23	
10 - 50 [ha]		5		4		7		7	23	
50 - 100 [ha]						1		1	2	
100 - 200 [ha]								1	1	
200 - 500 [ha]										
> 500 [ha]										
Total Number	1	26	1	44	1	39	59	44	218	

Total Area (Hectares)	4	214	1.5	177	5	305	0	446	1152
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USTECKY REGION - 63 Category 1 and 3 sites, totalling 543 ha.
32 not contaminated/31 contaminated
60 with existing buildings on them



Future Brownfields Development Opportunities

- Current Information Sources

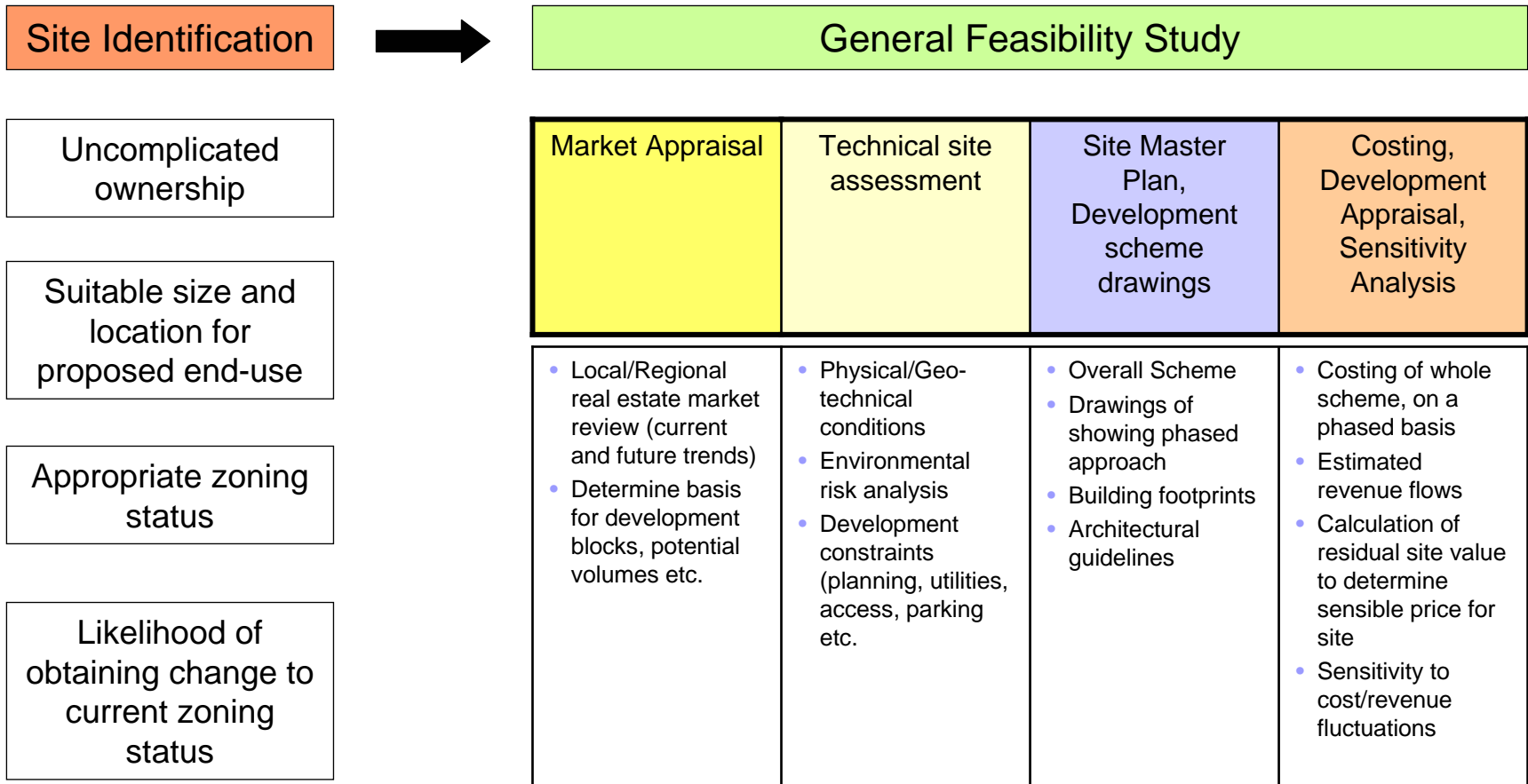
- Free/Minimum cost:

- CzechInvest
- Regional Development Agencies
- Regional Brownfield Regeneration Units
- Local and Regional Authorities

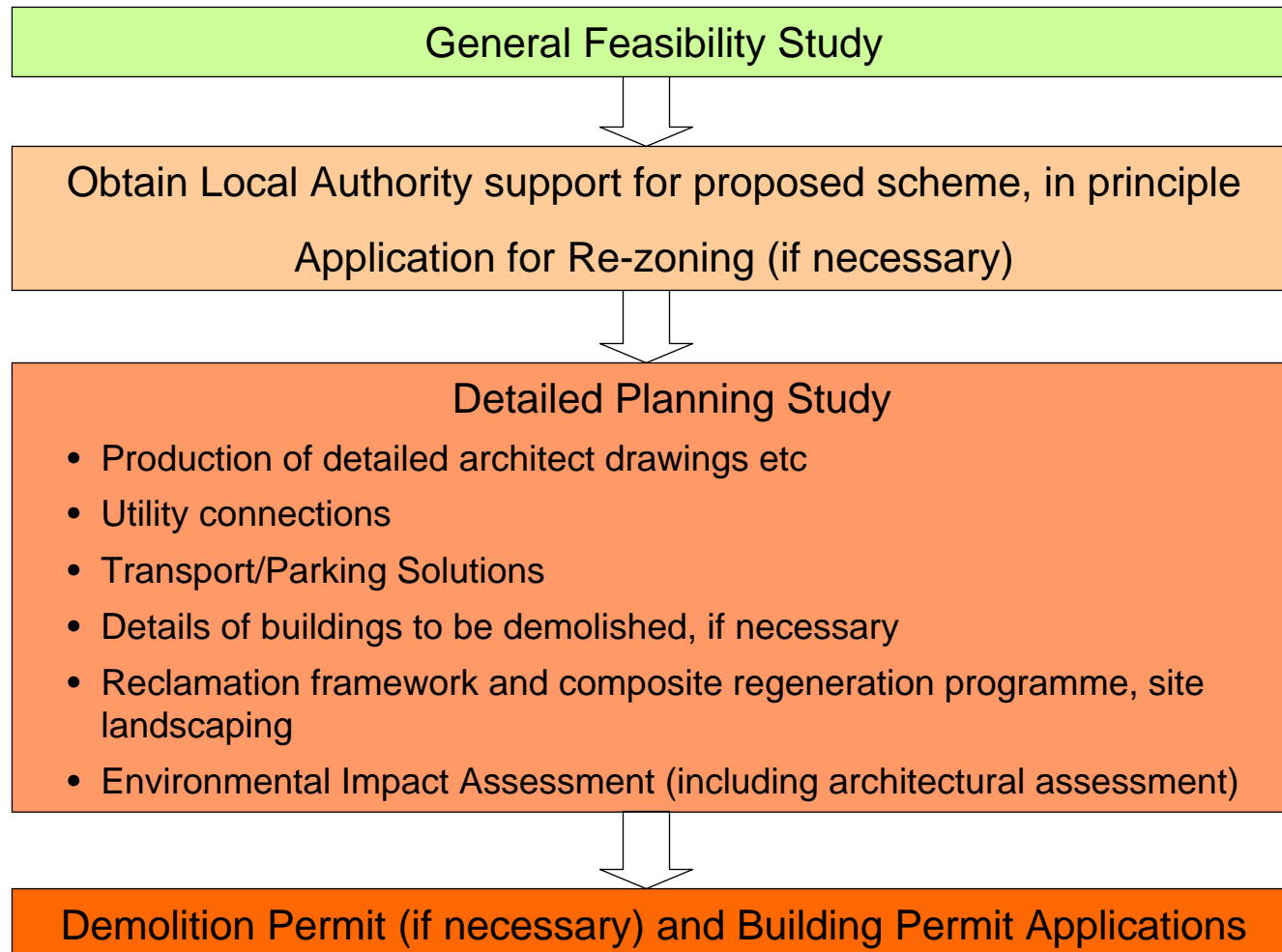
- For a fee:

- Private Sector Real Estate Companies
- Fees can sometimes be structured to discount site finding and feasibility study costs from future downstream property transaction fees (i.e. commission on land purchase prices/future land sales/future investment deals)

Brownfield Development Process in Czech Republic



Brownfield Development Process in Czech Republic



Recent Examples of Brownfield Regeneration

■ Triangle Industrial Zone, Usti

➤ Ex-military airfield

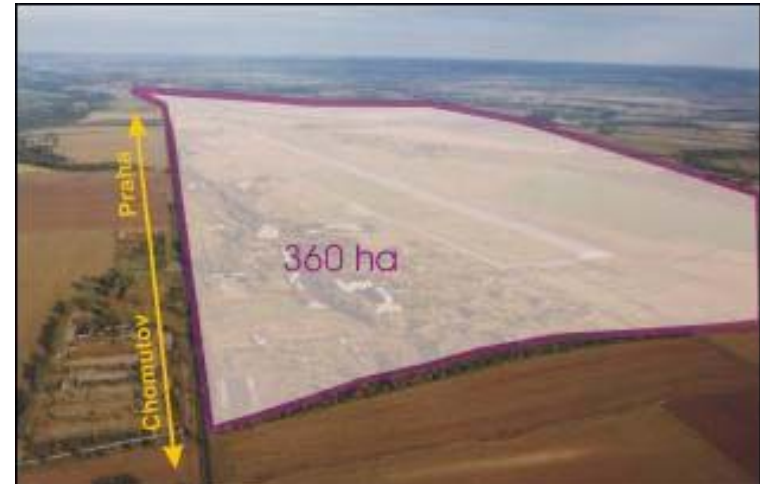
- 260 hectare site close to the town of Zatec (60 Km North of Prague, 13Km from Chumatove, 15 km from Most)
- Site transferred to ownership of region

➤ Industrial Zone created with support from CzechInvest

- Old runway dug-up
- Buildings demolished
- Remediation of some areas previously contaminated with fuel etc.
- Zone completed and ready for occupancy in 2005

➤ Major foreign investment projects attracted to zone

- IPS Alpha/Hitachi to build new manufacturing plant for LCD panel TV screens
- Investing €9 million, creating up to 2,000 jobs



Recent Examples of Brownfield Regeneration

■ Prague 9 District, Prague

➤ Large ex-industrial engineering factories

- Close to centre of Prague (5 metro stops)
- Sites mostly in private ownership

➤ Many sites sold to private owners/developers

- District wants to become a major residential area of Prague
- Major residential developments, with some offices and retail
- Remediation required for some previously contaminated areas
- Still early stages in regeneration process

➤ Substantial amount of current activity

- CODECO Lobenova City - Residential, Office developments, plus film studios
- FINEP, New Halpha project – over 1,500 Residential Apartments



Recent Examples of Brownfield Regeneration

■ Liberec Textilana Redevelopment

- **Ex-textile manufacturing site**
 - 9 hectare site close to the city centre of Liberec (100 Km North of Prague)
 - Site was completely built up, but non-functioning
- **Purchased by European Construction Consortium**
 - Bought at public auction
 - Reputed purchase price €9,000,000
 - To be redeveloped into 40,000 sq.m. shopping centre
 - Due for completion in 2009



Recent Examples of Brownfield Regeneration

■ Vankovka Site, Brno

➤ Ex heavy manufacturing site

- Large site adjacent to city centre of Brno (population 380,000)
- Between main railway station and main bus station

➤ Bought from private sellers and City of Brno

- Purchased by a development consortium headed by ECE
- Purchase price unknown
- Redeveloped into shopping mall of 40,000 sq.m. developed by ECE (Galerie Vankovka)
- Adjacent ex-manufacturing buildings redeveloped into heritage centre and art gallery by Jizni Centrum a.s. (public joint stock company)



Recent Brownfield Land Deals

■ Karolina Site, Ostrava

- **Ex-steel plant manufacturing site**
 - 30 hectares, adjacent to city centre of Ostrava (population 310,000, 1.25 million within a 20km radius)
 - Site has undergone an extensive decontamination process over the past 10 years
- **Bought from City of Ostrava after competitive tender**
 - Purchased by a development consortium headed by AM-Multi
 - Reputed purchase price around €14,000,000
 - To be redeveloped into mix-use development (retail, offices, residential)



Recent Brownfield Land Deals

■ Zbrojovka, Brno

- **Ex-manufacturing site for arms company**
 - 22 hectare site located close to centre of Brno
 - Previous owners in liquidation
 - Problems with land ownership (subsequently solved by administrator)
 - Currently zoned for light industrial use
- **Bought at public auction in January 2007**
 - Reported purchase price €24.4m
 - New owners are an investment/development company
 - Plans to re-develop site for residential and mixed use purposes (with some administrative/light manufacturing)



Recent Brownfield Land Deals

- 4 Dvory Regeneration, Ceske Budejovice
 - **Ex-military site**
 - 30 hectare site located close to centre of Ceske Budejovice
 - Previous military site, transferred into ownership of city
 - Currently zoned for mixed use
 - **Development deal done between City and Local Developers**
 - Developers given exclusive license to develop site
 - Eventual purchase price to be linked to success of development
 - Plans to re-develop site for retail. Office residential purposes



Recent Brownfield Land Deals

■ Former Cooling House - Litomerice

- **Ex-storage facility**
 - 4 hectare site formerly used as a cooling house (50km north-west of Prague)
 - Not contaminated site
 - Currently zoned for industrial and commercial use
- **Bought by Dutch Investment Fund (MEI)**
 - Estimated price €1,000,000
 - Most probably to be developed into a shopping centre



Recent Brownfield Land Deals

■ Ex-Leather Factory Site, Velke Mezirici

➤ Ex-military site

- 3 hectare site located close to centre of Velke Mezirici, next to park (between Brno and Jihlava)
- Very contaminated site
- Currently zoned for industrial use

➤ Development deal done between City and Local Developers

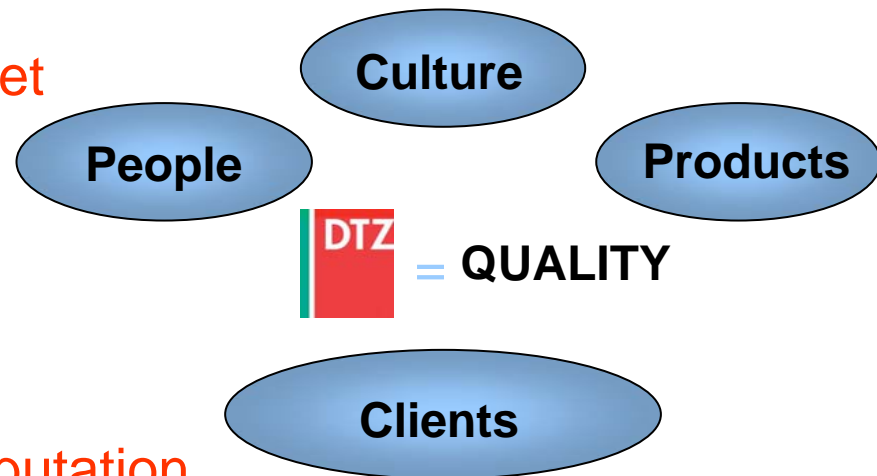
- To be auctioned within 2 months
- Local Council have agreed to re-zone the site for residential or mixed use development
- Strong potential for residential development



Summary - DTZ Services

DTZ deliver high quality expertise

- **In all aspects of economic and property development**
 - Regeneration, Innovation, FDI, Performance Appraisal, Economic Impact Assessment, Master Planning, Development Appraisals, Market Appraisals
- **At each stage of the project**
 - Research, Definition, Development and Delivery
- **In all areas of the Property Market**
- **In support of**
 - Developers
 - Property owners and occupiers
 - Investors
- **As part of global brand with a reputation for providing high quality expertise to demanding clients**





THANK YOU & QUESTIONS



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