

SPH newsletter

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review

Still more participants than last year came to Mipim 2016. However, the geographic shares have noticeably changed. page 12

"Cities of Tomorrow" were in the focus of a conference in Bucharest offering insights in the current challenges of cities and municipalities in Romania. page 14

preview

End of May in the Austrian capital city GREET Vienna will take place. A characteristic of the event is the look beyond the presence into future developments. page 17

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book review

The book title sounds provocative, but reading the explanation many things are at least worth considering. page 20



DEAR READERS!



This editorial I wrote while preparing a speech about "Global Construction Trends". This lecture will be held in Italy, but at the same time "bauma – The World's leading Trade Fair for Construction Machinery" is occurring in Munich, exactly where in October "Expo Real – The International Trade Fair for Property and Investments" will take place. All these events are an occasion to bring the interrelationship of construction and real estate industry back to mind.

Both, construction and real estate industry, are dealing with buildings. The one takes charge of the erection, the other of financing, letting and operation. During the construction process the ceremonies of laying the cornerstone and of topping-out are events demonstrating the co-operation of both industries. Together they have to deal with challenges like the demand for high energy efficiency and the reduction of the amount of land taken up by buildings, like affordable housing and changing user requirements. But one thing is clear: construction is a service and depends on trends in the real estate markets. Because it is developers and investors who decide about locations and bring the funding along.

There is some reason that big developers are often subsidiaries of construction companies or have at least their origin in the construction business. As generally known development is important not only in the value chain of the real estate industry but as well it can add value to the parent company.

Modestly I wish you that the reading of the following pages might also add some value to you.

Yours,

Andreas Schiller



The Bridge is to be constructed in the area of Basarab overpass in the north-west of Bucharest and on the plot of a former bread factory.

FORTE PARTNERS STARTS THE BRIDGE OFFICE PROJECT IN BUCHAREST

Forte Partners announced the beginning of the construction works for the real estate project The Bridge in the area of Basarab overpass in Bucharest, the investment for the first phase of the office project reaching EUR 60 million. The business park will be developed on Orhideelor Road, on the plot of a former bread factory, in two phases. The first phase includes a building with two underground levels, ground floor and 20 upper floors, with a gross leasing area of 36,189 square metres. The delivery of the first phase of the project is scheduled for the last quarter of 2017.

FIRST PROPERTY GROUP: NEW INVESTMENT IN POLAND

First Property Group plc has, in conjunction with a club of investors, acquired a new shopping centre in Swinoujscie, northern Poland, at a total cost of EUR 24.08 million. The net operating income being generated by the property is currently EUR 1.89 million per annum, equating to a net yield of 7.85 per cent per annum. The weighted average unexpired lease term is 4.5 years.

The investment was part funded by a bank loan of EUR 17.50 million and equity of approximately EUR 7.09 million, of which First Property invested EUR 2.00 million, pari passu with other investors. The remaining equity was invested by a family office, a University of Cambridge college, and other clients of First Property.

ENLARGEMENT OF CTPARK BUCHAREST WEST

CTP commences construction on a 30,000 square metre facility in CTPark Bucharest West, 15,000 square metres of which is already leased to logistics company OTZ. CTP purchased CTPark Bucharest West from Prologis in H2 2015, and with this new construction, it will increase the built-up area of the park to 130,000 square metres. The new facility is scheduled to be delivered in September 2016.

YIT EXPANDS TO POLAND

YIT is planning to build its first homes in Warsaw starting in 2016. Therefore YIT has established a new subsidiary in Poland in summer 2015 with a focus on housing development. Tomasz Konarski has been recruited as the CEO of the newly established subsidiary.

"Our goal is to have the first apartments on sale by summer 2016," says Tom Sandvik, Senior Vice President, Central Eastern Europe Division. Tom Sandvik explains that, in order for the business to be sustainable and profitable, YIT must reach a level of approximately 200 – 300 apartments sold per year in each country it is established in. YIT's strategy in Poland is clear: focus on housing production and the Warsaw market.



Kronan 10+11
Malmö, Sweden

Type: Office Building
Size: 17,000 m²
Arranger • Lender • Agent



Galeria Słoneczna
Radom, Poland

Type: Shopping Center
Size: 42,500 m²
Arranger • Sole Lender



Cristalia
Paris, France

Type: Office Building
Size: 21,700 m²
Arranger • Sole Lender



Gothaer Headquarters
Cologne, Germany

Type: Office Building
Size: 100,000 m²
Arranger • Sole Lender



Odin Portfolio
Germany

Type: Mixed-Used Properties
Size: 178,000 m²
Arranger • Sole Lender • Hedging Provider



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Raiffeisen Bank SA and Raiffeisen Bank International provided a EUR 25.5 million loan to finance the development of Veranda shopping centre. The total investment in the project amounts to EUR 60 million.

RAIFFEISEN FINANCES VERANDA SHOPPING CENTRE IN BUCHAREST

Veranda shopping centre, situated in the Obor area in Bucharest, has attracted funding of EUR 25.5 million from Raiffeisen Bank SA and Raiffeisen Bank International AG for the development of the project. In this transaction, Veranda's owners were assisted by the law firms PeliFilip and Freshfields Bruckhaus Deringer, while the financing banks were advised by lawyers from CMS Cameron McKenna. The loan agreement for Veranda shopping centre was signed to finance part of the total costs necessary to develop the project. According to the agreement, it provides the possibility to increase the funding up to EUR 28.5 million. The project will benefit from a total investment of EUR 60 million.

Veranda shopping centre is developed by Prodplast Imobiliare. The project has a total leasable area of almost 30,000 square metres, with main anchors Carrefour hyper-market (approximately 10,000 square metres) and H & M (over 2,000 square metres). The project is set to be delivered in Q4 2016.

ALLIANZ REAL ESTATE AND VGP FOUND JOINT VENTURE

Allianz Real Estate and the pan-European real estate group VGP have agreed to found a 50:50 joint venture with an overall transaction volume of over EUR 500 million. In the joint venture the assets developed by VGP in Germany, Czech Republic, Slovakia and Hungary will be bundled. The Portfolio is concentrated on logistic and industrial properties. It is planned to be expanded materially over the upcoming years. The joint venture will purchase projects developed by VGP only.

REDEFINE PROPERTIES TAKE STAKE IN POLISH PORTFOLIO

South African Real Estate Investment Trust (REIT) Redefine Properties announced the acquisition of a 75 per cent stake in Echo's EUR 1.2 billion commercial platform comprising 18 properties in Poland. The deal is the largest ever real estate investment transaction in Poland.

The agreement – which is still subject to the approval of the European Commission – is further complemented by a right of first offer on over EUR 500 million worth of newly developed properties from the large retail and office development pipeline of Echo, with more than 80 per cent of the projects expected to be delivered within the next 2 years. Furthermore, Redefine's 25 per cent participation right in these developments gives it access to the growth potential of a pipeline of properties via profit share if these properties are sold to third parties.

The deal was made possible after Echo made a strategic decision to split its commercial platform from its development and residential business and to find a buyer for the commercial real estate platform in which it will retain a 25 per cent stake.



VERONA'S NEW ARENA IS FOR SHOPPING

The development of ECE's new Verona Adige shopping center is progressing rapidly. It will feature an exciting mix of Italian and international retailers, and high-quality dining options. The center accommodates about 130 shops and service providers on a leasable area of approximately 42,000 m². As shop space is in high demand, ECE is considering increasing the currently planned sales area. Scheduled opening: spring 2017. www.ece.com



Two of four office buildings of Silesia Business Park in Katowice are completed, the cornerstone for the third building is already laid.

SILESIA BUSINESS PARK IS GROWING

18 months took the construction of the second building of Silesia Business Park complex developed in Katowice by Skanska Property Poland. The building was now officially opened. Its main tenant is Capgemini, one of the leading providers of IT, consultancy and outsourcing services. The event was combined with the cornerstone ceremony for Silesia Business Park C, the third out of four planned office buildings within the complex. According to scheduled plans, the third building of the complex will be commissioned for use in Q4 2016.

Silesia Business Park is being developed at Chorzowska Street in Katowice. Ultimately, the complex will comprise four, twin-like office buildings and leasable space of each building will total 12,000 square metres.

BLG CAPITAL FUND: INVESTMENT IN ISTANBUL'S GALATAPORT

BBLG Capital has raised EUR 152 million of equity at the final close of its second opportunity fund. BLG Turkish Real Estate Fund II received approximately 70 per cent of its equity commitments from US institutions with the balance mainly from Europe and the Middle East.

The largest of the three initial investments by the new fund is its co-investment with Dogus Holding in Galataport. The redevelopment of Istanbul's longest waterfront site on the Bosphorus, and the only passenger cruise ship port, will see the addition of a high street shopping district, office space, the new luxury Peninsula Hotel Istanbul, and other leisure and cultural attractions. Alongside the Galataport project, BLG also completed two other investments on behalf of the fund: VK 108 – a luxury residential high-rise development in the heart of the shopping district of central Istanbul; and in Bodrum a mixed-use hotel and residential development on a seafront site.

METRANS-GRUPPE: NEW LOGISTICS HUB IN CSEPEL IN BUDAPEST

Metrans Group has acquired three industrial properties with a total area of approximately 23 hectares as well as a small Hungarian railway company in Budapest's 21st district Csepel. The railway company as the owner of the railway network on the properties, is responsible for all on-site railway operations. Metrans is a subsidiary of Hamburger Hafen und Logistik AG. In the transaction CHSH has advised the Metrans Group.

The transaction was completed with the conclusion of an agreement for the construction of a 165,000 square metres logistics hub for the transit and handling of goods with a total annual capacity of 250,000 standard containers (TEU). The terminal constructed in Csepel/Budapest is expected to become operational in 2017.



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Triuva, formerly IVG Institutional Funds, has sold four office buildings in Prague to the Czech investment company Redside.

TRIUVA SELLS OFFICE PORTFOLIO IN PRAGUE

Triuva has sold a portfolio of four office properties to the Czech investment company Redside for just under EUR 70 million. The subjects of the sale were four office buildings – the Pfizer and BNP headquarters, Vysehrad Victoria and Avenir Building E. Together, the properties have total rental space of 25,000 square metres and a total of 238 underground parking spaces. The properties, which were built between 2004 and 2008, are spread out over the renowned Prague office districts Andel, Pankrac and Butovice. CBRE, Schönherr, Rödl & Partner, TPA Horwath and Whitestar Real Estate advised Triuva on the transaction. Colliers, CMS Cameron, McKenna, ASB and Sentient worked for Redside.

LIDL TO BUILD NEW HEADQUARTERS IN BUCHAREST

German supermarket chain Lidl will move its local headquarters to a new office compound in northern Bucharest, in 2017. Swedish construction group Skanska has already started working on this project. The compound will include two buildings and 12,500 square metres of modern offices as well as 2,400 square metres of retail space for a new Lidl store.

CORESTATE CAPITAL AND SISTEMA CAPITAL FORM JOINT VENTURE

Corestate Capital Group, a real estate investment manager based in Luxembourg, and Sistema Capital Partners based in London, the international real estate private equity platform established by Russia's listed holding company Sistema JSFC, have formed a joint venture targeting opportunities in Germany. The partners have secured four high street retail properties in mid-sized cities on behalf of a Sistema-led club of investors for a total of more than EUR 120 million. Debt will finance more than 60 per cent of the Investments.

VALAD EUROPE CO-INVESTS TO ACQUIRE CEE LOGISTICS

Valad Europe has co-invested alongside one of its global institutional investor partners to acquire all of the assets owned by the Central European Industrial Fund (CEIF) managed by Aviva Investors. As part of the transaction, pbb Deutsche Pfandbriefbank has refinanced a EUR 160 million loan against the portfolio. CEIF owned 22 multi-let industrial and logistics properties in Poland, Hungary, Romania and the Czech Republic, totalling 620,000 square metres. Following the acquisition, Valad Europe will continue as asset manager and take on the investment management of the portfolio from Aviva Investors.



High Five will be developed in the area adjacent to the main station of Krakow. The complex comprises five office buildings offering a total of 70,000 square metres of leasable space.

HIGH FIVE FOR KRAKOW

In the area adjacent to the main station of Krakow, Skanska has commenced construction on its office project High Five. The project will be a complex of five office buildings offering a total of 70,000 square metres of leasable space. The complex will be developed in two phases. Phase I – building D and E – will comprise six floors above ground and offer a total of 28,000 square metres of gross leasable space. The garage of building D will be located on ground level and one underground. The garage of building E will be located on two underground levels. Completion is scheduled for Q4 2017.

STRABAG BUILDING FIRST IKEA STORE IN SERBIA

Strabag SE, the technology group for construction services, was commissioned as main contractor to build the first Ikea store in Serbia. The store will be located in Bubanj Potok in the Serbian capital Belgrade and offer more than 30,000 square metres of retail space. The value of Ikea's investment is estimated at EUR 70 million. Construction works will start this spring and should be completed in mid-2017.

NEPI TO INAUGURATE OFFICE PROJECT IN BUCHAREST

Aviatorilor 8, an office building in Bucharest's Victoriei Square with a gross leasing area of 8,400 square metres, will be finalized during the third quarter of this year, according to developer NEPI (New Europe Property Investments). The project, placed in the heart of the Romanian capital city and near the government building will have three levels and a three-storey underground car park with space for 204 vehicles.

Currently, the third and last floor is to be finalised. The office building construction works were carried out along with the Oromolu Mansion refurbishment. The mansion was built by a former Romanian central bank governor, Mihai Oromolu, in 1927 on a 4,500 square metre plot of land and was damaged in a fire in 2009. Both mansion and the plot were evaluated at some EUR 13 million.

ERSTE GROUP FINANCES BLACKSTONE'S NEW LOGISTICS PORTFOLIO

Erste Group provides Blackstone with a 5-year EUR 91 million facility to acquire 12 logistics assets in CEE. The 265,000 square metre portfolio covers 12 standing logistics investments located in Hungary (5), Romania (4), Poland (2) and Slovakia (1), as well as land reserves. Two of these assets – Bucharest and Ploiesti in Romania – are currently under construction and will be completed by Immofinanz. Blackstone will integrate the assets into Logisor, its European logistics platform.

STAFFING



left: Bozena Gierszewska-Mroziewicz
right: Meka Brunel

Bozena Gierszewska-Mroziewicz has taken the position of Country Head at Neinver Poland. Bozena Gierszewska-Mroziewicz joined Neinver ten years ago. Acting as International Asset Management Director, she manages retail centres across Europe. Before being promoted to that position, she served as Asset Management Director in Poland. During her professional career, she has also worked for Inter Ikea Center and IICP S.A. Bozena Gierszewska-Mroziewicz will combine the roles of Country Head Neinver Poland and International Asset Management Director.

Meka Brunel has been appointed as President, Europe of Ivanhoé Cambridge. Until this promotion, Meka Brunel served as Executive Vice President, Europe. Meka Brunel has more than 30 years of experience in the real estate industry. Previously, Meka Brunel held senior management positions at Simco (now Gecina). She also sat on Gecina's Executive Committee and today, she is a member of its Board of Directors. In 2006, she was appointed Chief Executive Officer of Eurosic, remaining there until 2009, when she was named Managing Director, Europe, of SITQ. She is also a Board Member of P3 Logistic Parks and HBS Global Properties.



left: Ritson Ferguson
right: Gerard Groener

Ritson Ferguson has been named CEO of CBRE Global Investors. He is following Matt Khourie, who has been named CEO of Trammell Crow. Ritson Ferguson has served on CBRE Global Investors' Global Investment Committee since 2011 and as Chief Investment Officer since 2015. He will also remain as CEO of CBRE Clarion Securities, the company's real estate securities business.

Gerard Groener is new Managing Director of Ikea Centres. He is replacing John Tegnér. Gerard Groener has 25 years of experience in retail real estate. He joined Ikea Centres as Deputy Manager in June 2015 having previously worked for Corio. He held different positions within Corio from 1996, ultimately as CEO from 2008 until 2015 when Corio was acquired by French property company Klépierre.



left: Markus Neuraüter
right: Stefan Schönauber

Markus Neuraüter, since more than 13 years Managing Director of Raiffeisen evolution (RE), has left RE for new professional challenges. Markus Neuraüter will act in an advisory capacity to RE and with his own company he will be active in project development for an international real estate company. His long-time activities for RE are pursued by Gerald Beck. In the function of Managing Director followed Dr. Christian Reichl, who before was Head of RE's Legal Department.

Stefan Schönauber has been appointed Chief Financial Officer of Immofinanz for a period of three years. He succeeds Birgit Noggler, who resigned from the Executive Board at her own request as of 19 February 2016. Stefan Schönauber has held leading positions with Immofinanz since December 2008, most recently as Head of Capital Markets and Corporate Strategy. In earlier years, Stefan Schönauber, who holds a degree in business management and informatics, worked for Invesco Asset Management Austria.




Christian Ulbrich

Christian Ulbrich, currently CEO for the EMEA region, will become President of JLL, effective of July 1, 2016. JLL is separating the roles of President and Chief Executive Officer. So Colin Dyer will retain the role of CEO. Christian Ulbrich will be nominated also for election to JLL's Board of Directors at the Annual Shareholders Meeting in May. Christian Ulbrich joined JLL in 2005 as Managing Director of JLL Germany and has held the role of EMEA CEO since 2009.



LETTINGS

GALERIA METROPOLIA, GDANSK

POLAND 


UK retailer Sports Direct is to open a store in Galeria Metropolia and will take up around 1,660 square metres. Galeria Metropolia, currently under construction, is part of a phased project developed by Przedsiębiorstwo Budowlane Górski in Gdansk-Wrzeszcz. It will comprise the Galeria Metropolia shopping centre, a 126-room hotel and a conference centre. Developments in its vicinity also include Browar Gdanski, a housing estate with more than 800 apartments, and Browar Kulturalny providing 20,000 square metres of service and entertainment space. When completed, Galeria Metropolia will provide more than 34,000 square metres spread over its four levels. Cushman & Wakefield is the exclusive agent responsible for retail space leasing in Galeria Metropolia. The scheme is scheduled to be delivered later this year.

CENTRUM SKAŁKA, TYCHY

POLAND 

Retail chain RTV Euro AGD, offering consumer electronics and home appliances, has leased approximately 800 square metres in the Skałka shopping centre in Tychy. JLL acts as the sole commercialization agent for the shopping centre. Centrum Skałka is a development project of Apollo-Rida and comprises apart from the existing Auchan hypermarket and OBI DIY store more than 100 stores of Polish and international fashion brands, restaurants and services. Ultimately, Centrum Skałka will offer approximately 45,000 square metres of gross leasing area.

NOVO PARK, BUCHAREST

ROMANIA 

Infineon Technologies Romania, the local branch of the German semiconductor developer and manufacturer, has signed for seven more years with Novo Park, office park owned by Genesis Development. The extension of the lease contract was signed two years before the previous one expired and is valid until 2024. Infineon Technologies Romania has been operating in Romania since 2005, when they leased 2,300 square metres in Novo Park office complex developed in northern Bucharest. Following repeated renewals of the contract, the company has leased now 7,500 square metres and is occupying the entire BC building in Novo Park. The Novo Park office complex comprises seven buildings with a total leasable area of around 75,000 square metres.

ORHIDEEA TOWERS, BUCHAREST

ROMANIA 

Misys, a software company specialising in financial services, is renting 8,000 square metres of office space in the Orhideea Towers office project in Bucharest. The project – developed by CA Immo and comprising 37,000 square metres of gross rentable floor space – will be completed by the end of 2017. The total investment volume is EUR 75 million. Misys will relocate to Orhideea Towers in March 2018. Misys has been a tenant of River Place, a CA Immo portfolio building in Bucharest, since 2008. Here the company's premises have steadily expanded from 2,200 square metres to the current level of 6,500 square metres.

MIPIM 2016: NEW CHALLENGES, NEW OPPORTUNITIES

The eldest annual international exhibition for investment property Mipim took place in Cannes for the 27th time. The number of participants was even larger than last year. But to be frank, this year weather was colder, there was not so much sun, and the second day of the fair it was raining heavily all the time. That day the most wanted things were a raincoat and an umbrella. However, these were best conditions to focus on business.

The number of registered visitors reached more than 23,000 people against 21,000 the year before. About 8,500 companies from 90 countries of the world took part in the event. On the stands about 2,500 companies represented themselves, among them about 800 companies from the UK alone. A large number of exhibitors were from France – around 260 companies, some 240 companies from Germany and more than 190 companies from Denmark. In 2016 Mipim as a whole was as big as in previous years.

One of the most distinctive aspects this year was the presence of a large number of politicians from all over the world. The exhibition was visited by the Minister of Economy, Industry and Digital Affairs of France Emmanuel Macron, the Deputy Prime Minister and Minister of Economic Development of Poland Mateusz Morawiecki, the Deputy Prime Minister and Minister for Economy and Foreign Trade of Luxembourg Etienne Schneider, Minister of Construction, Housing and Utilities of Russia Mikhail Men, the Minister of Defense of Italy Roberta Pinotti and the Minister of Environment and Urban Planning of Turkey Fatma Güldemet Sari. The event remained popular also with mayors and heads of architectural and planning departments from Paris, Istanbul, Turin, Riga, Lyon, Malmö, Manchester, Liver-



Typical gestures at Mipim: being in a hurry and to exchange business cards at least.

pool, Stockholm, Copenhagen, Moscow and many more. For the first time the representatives of Casablanca (Morocco), Belfast (Northern Ireland), Newcastle and Birmingham (UK), Bologna (Italy), Chicago, Houston and Albuquerque (USA) came to Mipim.

The central theme of Mipim 2016 was "Housing the World". Given the results of a UN survey, then today more than 50 per cent of the world's population is living in cities and cities are growing at an annual rate of 1.8 per cent. So the Mipim theme seemed highly appropriate. Many market leaders agreed that the residential real estate markets, especially in Europe, are if not rapidly like before, but definitely growing, primarily due to low interest rates on mortgage loans. During the discussions there was often pointed to the necessity of diversification of investments to other real estate areas than office, retail and residential. Nowadays, the major investors actively consider "alternative" in-

vestments in the area of health care properties, homes for elderly, student housing, hotels, rental housing etc. Probably, this diversification of investments in all kinds of urban living needs will be the major driver for the real estate market development in the next years.

The common impression from this year's exhibition was quite positive. There were many interesting events and meetings. As it always has been, there was a lot of visitors around the German stands: Frankfurt am Main, Hamburg, Munich, Düsseldorf and other regions. This was not only because people could enjoy there German food, drinks and hospitality, but first of all because of the interesting projects and of the increased investor's attention to these cities. At the stand of Düsseldorf, for instance, Lord Mayor Thomas Geisel presented various urban development projects to potential investors. The capital of North Rhine-Westphalia participated in Mipim already for the 18th time and



If Paris or Istanbul – nearly all big European cities came to Mipim to present themselves to the real estate industry.

together with 15 partners from the real estate industry it had organised a joint stand of 140 square metres.

Also the cities of Hamburg and Munich attracted great interest by discussions and presentations organised by the companies active in the respective cities and regions. The major German cities are among the most attractive investment locations worldwide and demand for investment products is still strong. However, the often mentioned lack of land in the big cities will make further developments challenging. Not to forget one of the current problems that needs to be solved urgently – residential property for refugees: experts forecast a future demand of 300,000 – 400,000 housing units.

For French companies Mipim is some kind of playing in front of a home crowd. The French Minister of Economy, Industry and Digital Affairs Emmanuel Macron presented a range of new real estate and infrastructure projects inviting investors “to take part in these projects”. The project Grand Paris Express, one of ten projects to transform the area of the French capital city and the surrounding Départements and Municipalities into Grand Paris metropolitan area – similar to Greater London – was launched in 2011 to make the area accessible by public transport. With a budget of EUR 32 billion, the project comprises the construction of 200 kilometres new railway and metro lines as well as 68 new train stations. It is one of

the biggest urban development projects presented for the first time at Mipim.

This year UK has strengthened its presence at Mipim significantly presenting big investment projects. Noticeable as well became the increased number of companies from the US and Japan. Their representatives showed a great interest in European projects and participated actively in different events and discussions, but as well they pointed to interesting investment projects and opportunities in their respective countries.

With about 250 companies Turkey sent one of the largest delegations to Mipim. As last year, the pavilion of Istanbul was located in front of the exhibitions entrance hosting the huge model of the city and presenting it with sophisticated light and music shows.

For the first time one of China’s largest developers Dalian Wanda Commercial Properties was exhibiting at Mipim. During the last few years, Dalian Wanda Commercial Properties was actively expanding its international business, especially in the UK, in Australia and the Americas.

While other countries increased their presence at Mipim, the number of participants from Russia and CIS continued to decline, although not as rapidly as during the last years. A little bit more than 200 companies from Russia and CIS came to Mipim

– last year it were 250. The total number of registered participants from this region of the world was about 600. The times of a record presence of 7,500 Russians are over due to the general political and economical situation. Striking informal events, luxurious gala dinners and big social networking meetings, which in previous years were quite often organised by big Russian companies, are gone with the wind. Generally Russian companies and participants kept a lower profile.

However, there is always an exception of the rule. Many visitors were surprised by the exhibition of Saint Petersburg standing out from Moscow and other big Russian cities and their rather modest appearance. Outside of the main exhibition halls Saint Petersburg presented itself in a more than 500 square metre pavilion directly on the seaside and adjacent to the pavilions of London and Paris. It attracted many Mipim participants, but they seemed to be driven more by curiosity and less by a real interest to become active in the city on the Neva.

No doubt that due to a changing geopolitical situation in the world the focus of investor’s interest will change again and turn to new and/or other regions and locations. And may be, in the future we will face completely new challenges. However, one thing will remain the same: Also next year Mipim will welcome investors and all interested in the real estate business from all over the world. | **Alexey Kalachev**

"CITIES OF TOMORROW" IN ROMANIA



About 200 people from all over Romania took part in the conference about "Cities of Tomorrow" in Bucharest.

It has been the fourth edition of the conference about this topic organised by the German-Romanian Chamber of Industry and Commerce. Different to discussions in Western countries it was less about "smart solutions" but mainly about a general improvement of the quality of living.

Who is travelling to Bucharest for the first time, should forget all the prejudices we in the Western world have in mind about the city. The visitor can feel safe moving around, he will be facing politeness and gentleness that for instance in Germany is often missing, and the city is neat and clean, at least neater and cleaner than many German cities.

There is still to see why once Bucharest has been nicknamed 'Little Paris', mainly looking at some old mansions meanwhile refurbished and renovated. But on the other hand there is also to recognise in what a bad state the country had been in general before the Romanian Revolution in 1989,

looking at older buildings not yet refurbished. There was a lot of money spent for the Palace of the Parliament built in the Stalinist manner – with an area of 365,000 square metres it is one of the largest buildings of the world and for its construction the traditional structure of large inner-city areas has been destroyed – and for Ceausescu's private home with 80 rooms and all luxury and comfort. But there was nothing left for the most urgent improvements of people's life. And what has been constructed during communist times does not really show any sensitivity against the city's heritage.

Therefore Bucharest is an only partly nice, but mainly an interesting city full of contrasts. And one of these contrasts is the fact that literally everywhere in the city, also in the many parks, high speed internet access is available for free, but there are often to see power lines running from the street lights to buildings and from there multi-branched to the individual apartments or floors – all hanging not concealed outside the walls of the building. Traffic in Bucharest is similar

to other big cities, but still it is cheaper to go by taxi than by public transport. And who want to go shopping should directly visit the large shopping centres of the city – the offer on stores on the boulevards is small and there is no real high street or something similar in the inner city.

However, the first impression of Bucharest was positive and facilitated understanding immediately many topics and issues coming up at the conference of the German-Romanian Chamber of Industry and Commerce. Frankly speaking, it seemed that the challenges of 'Cities of Tomorrow' are more or less the challenges of Romanian 'Cities of Today'. Still the country is suffering by migration. Mainly younger and well-educated people are leaving the country and e.g. in the area of medical care the brain drain is still causing severe problems. Reasons for the continuing migration are lack of perspectives – mainly in poor rural districts – and dissatisfaction about general living conditions. What makes the problem still more difficult is the



Ivo Gönner emphasised that municipalities have to take certain responsibilities.

fact that those once migrated do not intend to come back after some years, i.e. the loss of people is a permanent one. Following the thesis of Ivo Gönner, from 1992 to February 2016 Lord Mayor of the German city of Ulm and one of the keynote speakers during the conference, that life in the city is decisive for citizen's satisfaction with life in general, then it becomes comprehensible why the event attracted more than 200 participants from all over the country.

The German local politician made clear that certain tasks are municipality duties – and this he could have made some German local politicians take a note of: mobility, quality of life that is mainly supported by quality of environment including waste water management, water supply and flood protection, and energy supply. In these areas as well as in others he is quite sceptical of the supposed patent remedy of privatisation. Among these others are e.g. the municipal housing stock and hospitals. The call for an investor is all well and good, but politicians should not give all up to the investor but should know exactly what they want and have a plan how to comply with the issue if necessary without investor's help. And he emphasised the need to be a competent and liable partner for citizens and their problems and that also in PPP companies the municipality have to be the first and only contact.

Not without a certain motive Ivo Gönner did referred to infrastructure as fundamental for the quality of life and pointed to the responsibility of municipalities regarding this issue. The topic run like a thread through the following discussions as well as the question what can municipalities do to attract investors. As Manuel Costecu, Secretary of State and Head of the Department for Foreign Investments and PPP, accentuated, there are many possibilities to promote Romania and its cities, but first of all cities have to become clear about the respective advantages they can offer. Furthermore he reminded the cities that instead of competing with each other they should work together because (still) Romania is not in the situation to select among investors, but has to appreciate everybody willing to become active in the country. He recommended to develop clusters to reduce in the long term the great differences among Romania's regions. But he also left no doubt that the most important requirements for investments are transparency and legal reliability.

The regional differences are characterised by a clear west-east divide in the country. International companies are often looking to western Romania, so in this part economic performance has at least doubled and has reached nearly 50 per cent of the level in Western countries, as Mihai Boldijar, General Director of Bosch Romania stated. Also Bosch in Romania is headquartered in

Blaj, a city in Alba county in Transylvania. According to him the reason for the great differences between western and eastern Romania is in infrastructure, mainly in transport infrastructure. The development of the transport routes is too slow or even worse: completely missing.

Great differences are also to state within the capital city of Bucharest. The city is contributing to GDP about 15 per cent, however, as Mihai Boldijar stated, this share has to be seen in relation to the population and the workforce. And it cannot be a surprise that sector 1 in Bucharest, the northern part of the city, is the economically most successful and wealthiest, as Ilie Bolojan, Mayor of Oradea and Executive President of the Association of Romanian Municipalities stated. Here strong office locations have been developed – and by 2020 a survey of Oxford Economics is forecasting an increase in office work force in Bucharest by 10 per cent. However, strong office locations have their impact on traffic: Who in the morning wants to go from the inner city into the northern part of Bucharest has to plan in some more time. Also Razvan Iorgu, Managing Director of CBRE Romania, affirmed that traffic infrastructure is an important precondition for economic development. As an example he mentioned the Basarab Overpass, opened in 2011 and crossing the Dambovitza River and the rail tracks of Gara de Nord: it enables a better access to the western parts of the city, so that area has become more attractive for developers and investors.

Of course, in smaller cities the traffic issue is less challenging than in the 2-million-city of Bucharest, but as well they have to deal with many other infrastructure problems. Or as Mihai Boldijar put it in a nutshell: "It makes no sense to fund an innovation centre, if there is no efficient wastewater disposal." Therefore the quality of living has to be on the top of the agenda and not the question how to get an investor, Dr. Christian von Albrechtsfeld, CEO of Continental Romania, sang from the same hymn sheet and added that quality of life also includes education and culture, two areas in which economically successful

cities like Cluj, Sibiu and Timisoara are focusing on.

Both, Dr. Christian von Albrechtsfeld as well as Florin Furdui, Country Manager of Czech developer and asset manager Portland Trust, stated clearly what during the conference has been hinted often: it is often the companies and therefore private investors taking the initiative and investing in infrastructure, "filling the gap the authorities are leaving". In this context Mihai Boldijar made clear again that investors are thinking in the long term and have certain demands to be fulfilled. They ask what the location has on offer, if there are the right people there and if people want to stay and others to come. The decisive question is "to have the right people in the right place". As Romanian citizen he is aware of the origins of the difficulties: "Mayors are not allowed to manipulate budgets that it fits

the needs" and the central government is exerting great influence on municipalities. Also many funds provided by the EU could not be called up because Romania has not been able to raise the basic funding to get these subsidies. But that can change with the current better economic development in the country.

Remained the question, how to promote Romania, because the international image of the country does not match with the much better reality. One of the problems, as Ilie Bolojan complained, is the fact that "every new government is reinventing the wheel" and stopping former plans before they can have effect. But this is only a part of the challenge. What is missing is a real good campaign. How such a campaign could look like, demonstrated Felix Tartaru, President of GMP Group and Global Senior Vice President of International Ad-

vertising Association. Since I have seen his presentation of a campaign for Vrancea, I will never forget this county although it is one of the poorest in Romania, for sure not on investor's map, and epicentre of many earthquakes in Romania, but also a county producing excellent wines. As Felix Tartaru admitted, not only a bit of fantasy, but also a heartfelt engagement for the country and the people is necessary to convince. Generally it was to notice that in all discussions during the conference the 'human factor' was playing an important role and that the focus was on improvements for people and their living situation. Perhaps that relates to the fact that in Romania there is still not all about rents and yields and that people there are literally miles away from some Western exaggerations. Thereby the country has at least the chance to avoid certain mistakes and undesirable developments. | **Marianne Schulze**



CEE & SEE GLOBAL REAL ESTATE & ECONOMY TALKS

30 & 31 May 2016

Palais Niederösterreich
Herrengasse 13
1010 Vienna



GREET VIENNA

www.greetvienna.com

GREETINGS FROM VIENNA



Palais Niederösterreich in Vienna is the elegant location of GREET Vienna enabling public discussions and personal talks.

On May 30 and 31, 2016 GREET Vienna takes place again. The range of topics during the Global Real Estate & Economy Talks reflects questions and challenges of the future, put the focus on locations, segments and trends in the real estate industry, and offers thought-provoking impulses for lively talks with speakers and participants of the event.

One prominent keynote speaker will be interesting for all participants of GREET Vienna: Dr. Wolfgang Petritsch, Austrian diplomat and recognized expert of SEE. From 1997 to 1999 Dr. Wolfgang Petritsch was appointed Austrian Ambassador in Belgrade. During this time he served as the European Union's Special Envoy for Kosovo. Afterwards (1999 – 2002) he was the High Representative for Bosnia and Herzegovina. However, his keynote speech at GREET

Vienna will not be about SEE. In fact, he will present his Reconstruction and Development Plan for Syria, because – as he said some time ago – “if Europe wants to solve the refugee question in a sustainable way, it has to support the reconstruction and development of Syria”. And as different as the conflicts are Dr. Wolfgang Petritsch's experiences in former Yugoslavia left their marks in the Reconstruction and Development Plan for Syria.

The refugee issue is stirring up emotions since more than a year and despite all efforts by politicians it is still waiting for a sustainable solution. Currently the problem is shifted into other regions at the best. And there will be no solution as far as people are put in jeopardy of life in Syria and will have no real perspective for themselves and their children. Born in Syria and currently living in Vienna is Ahmad Andoura. He is also

engaged in the future of his country and an establishing member of the National Agenda for the Future of Syria NAFS, the United Nations programme, implemented to provide policy support for the transition, recovery and rebuilding phase in Syria. Furthermore, he is a positive example for the impact refugees can have on their host country. Ahmad Andoura is also representing his family business, production and export of natural olive oil soap, in Austria.

With its opening GREET Vienna accommodates one of the most virulent issues of the presence and at the same time points to possible future solutions. Thinking out of the box and looking ahead are also topics like “Industry 4.0: what properties are needed for the production of the future?”, the changes by digitalisation and “its impact on the real estate industry” – from “offices in the cloud to the role of

shopping centres between reality and virtuality". And it takes a closer look at changes in the societies – keywords are demographic change, migration, new living and working facilities – that will have an impact also on the real estate industry.

Over the internet of things cyber-physical systems will communicate and cooperate with each other and with humans in real time. And with this increasing ability of cyber-physical systems (i.e. workpiece carriers, assembly stations and products), humans and smart factories to communicate with each other a strong customization of products under the conditions of highly flexibilised (mass-)production becomes possible. By this way also requirements on industrial property will change – production plants e.g. will need high-capacity data networks.

The same is true for offices: on demand will be more and more smaller units adapted to the changing requirements of its users. Generally life will become more 'virtual' and already today residential property is changing respectively. That is not only true in case of 'smart homes'. In former times space for bookshelves was necessary, while today we have e-readers. Only some years ago a desk was needed for paperwork, while today a tablet or notebook has place everywhere and is connected by WiFi with the rest of the world. In former times families gathered at certain hours in the living room to watch TV, while today we can look at the TV programme wherever and whenever we want to do it.

But society is changing also in other respects. Mainly in Europe we have 'aging' societies and the share of elder people is gaining weight. Migration might soothe this process and augment the share of younger people and therefore increase the necessary workforce, but nevertheless the importance of health care facilities will increase by the continuously rising number of elder people in the society. Especially to this topic and to this area of the real estate industry

GREET Vienna has dedicated a module headlined "healthvienna".

In a changing world one thing will remain, at least in the foreseeable future: our mind to travel. However, currently political occurrences are limiting the pre-



To „get together“ is also the purpose of GREET Vienna's evening event.

tended boundlessness of the world. Popular tourist destinations like Turkey suffer from terrorist attacks, in Greece and in Italy there are certain regions where the misery of refugees is spoiling the holiday mood, in other countries and regions political riots are causing uncertainty. Other disturbances of tourism are e.g. the appreciation of the Swiss Franc causing that many international tourists stay away, or the fact that hotels in some German and Austrian regions are missing their Russian guests because the depreciation of the Rouble made holidays in the Eurozone too expensive for them. All these outside influences have an impact on the success of hotel investments and it becomes increasingly difficult to find the right decision for the long term.

Also climate change is influencing tourism. Traditional winter sports regions are suffering from lack of snow, and mass tourism in an ecologically very sensible area as the Alps can have its drawbacks. On the other hand some regions achieved prosperity only by tourism. Also this area

of conflict between economy and ecology and the respective strategic concepts will be in discussion at GREET Vienna.

A look at markets will not be missed. The focus is on Austria's neighbour country Slovakia – "a small market with ambitious plans". As well Romania is on the agenda, a country that after the slump following the financing crisis in 2008 has overcome the phase of economic difficulties and is performing strongly; Serbia, still on its long way to the EU accession, but establishing as an internationally interesting real estate market; Hungary, about which experts have partly very different opinions; and last but not least Poland, still 'investor's darling', but here the question arises, if "changes in politics" will cause also "changes in the real estate market".

The Nordics are a totally different direction. Since many years the Nordic real estate markets are writing their success stories, and it is to ask what is different in these countries that they are still appreciated as 'safe havens'? And last but not least there will be a German-Austrian evening looking at what Austrians real estate companies are doing in Germany and German real estate companies in Austria, asking where and why investors are active in the neighbouring markets. Mainly Austrian developers and investors have established quite successfully in Germany playing an important role – one has to think only of 'heavy weights' like CA Immo, Immofinanz or UBM. The other way round German players in Austria are less striking.

In many respects Vienna is worth a trip at end of May. Who is familiar with GREET Vienna's venue knows that it is easy to get in contact and to talk to each other. There are many topics for discussions, but what is still more important: they offer food for thought. In an increasingly complex and therefore more complicated world 'business as usual' is not enough, changes have to be anticipated to be able to adjust to them at an early stage. **I Christiane Leuschner**

FOR YOUR PLANNING

When	What about	Where	For information and registration
30. and 31. May 2016	GREET Vienna	Palais Niederösterreich, Herrengasse 13, Vienna Austria	www.greetvienna.com
8.–11. June 2016	ERES 23. Annual Conference	Regensburg, Germany	www.2016.eres.org
20.–22. June 2016	Rebec 9. SEE Real Estate Belgrade Exhibition & Conference	Metropol Palace Hotel, Bulevar kralja Aleksandra 69, Belgrade, Serbia	www.rebec.rs
22.–24. June 2016	Smart me up! REAL CORP 2016 21st International Conference on Urban Planning and Regional Development in the Information Society GeoMultimedia 2016	Landesbetrieb Geo- information und Vermessung, Neuenfelder Straße 19, Hamburg, Germany	www.corp.at
4.–6. October 2016	Expo Real 19th International Trade Fair for Property and Investment	Messe München, - Messegelände, 81823 Munich, Germany	www.exporeal.net

TO PROHIBIT BUILDING ACTIVITIES?

While developers are lamenting about the lack of land plots for construction projects, investors are talking about the increasing difficulties to find investment assets, and especially economically successful cities are suffering from the lack of affordable housing, Daniel Fuhrhop is claiming: "Prohibit Building Activities!"

At the first look this title is provoking protest from all sides, from the construction and real estate industry, from tenants and users, and own-home builder. But looking inside the book, there is much to read worth to think about it. Because there is to ask why with a decreasing population and with an also decreasing work force we have such a great need of new buildings, be it housing or commercial property. As reasons are often mentioned the increasing number of single households, the influx of the population into cities that are deemed to be economically attractive, but as well the climate change has to serve as justification with key words like higher density instead of further soil sealing and higher energy efficiency in newly constructed buildings.

To stick with the topic of energy efficiency: it is well known that the energy we save at one hand we spend again on the other hand – in the area of real estate for instance by claiming still more area per capita. From 1998 to 2013 in Germany per capita living space increased from 39 to 45 square metres. Furthermore every new

building is requiring a great amount of so-called grey energy and new housing especially on the edge of the city is further sealing soil. So constructing new buildings is often all but ecologically compatible.

Strictly spoken Daniel Fuhrhop will not prohibit construction in general, but postulates to (re-)use mainly the existing stock. With this he is connecting not only the question of sufficiency but also social aspects. It is a fact that especially in the housing area new construction is mainly directed towards middle and upper class clients. He is presenting a broad range of successful redevelopments in Germany as well as in the neighbouring countries Switzerland and The Netherlands. He points to examples of "alternative housing" and housing concepts. And he calls for another dealing with vacancies in the housing and commercial area as well. Last but not least he does not avoid the question what shrinking cities can do to stop the migration of their citizens.

The 12 chapters of the book are offering thought-provoking impulses for the real estate industry, urban planners and architects to make things different and perhaps better demonstrating that often less can be more. Anyway he is calling for thinking a bit more and some creativity re-using the existing stock and for a greater commitment of all – real estate and construction industry as well as users of all kinds of property – to



Daniel Fuhrhop
Verbietet das Bauen! Eine Streitschrift
 (Prohibit Building Activities!)
 A Book to Dispute)
 192 pages
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find other solutions than new construction. Perhaps by this way we will find again lively and more livable cities where all districts are offering high quality of urban life in an equal measure.

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