

SPH newsletter

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special

Regarding real estate transactions logistics property lived in the shadows for a long time. In recent times that has changed fundamentally. page 11

background

Since some years cities are or want to become 'smart'. However, the application of digital possibilities for the future urban development cities cannot be enough for a real 'smart city'. page 13

In Brasov in Romania a conference about "Smart tourism in a smart destination" took place. Here again 'smart' proved to be a multi-faceted and sometimes blurred term. page 15

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The market for Bitcoins and other cryptocurrencies is very volatile and forecasts about their future development are conflicting. Therefore: Steer clear of speculation! page 18

DEAR READERS!



The theme of the 14th Conference of European Regions and Cities has a special appeal for me: "Europe 1918 – 2018 – 2118". Although the foundation stone for today's European Union was laid after the Second World War, the course has been set much more earlier.

In 1918, the First World War ended. The political map of Europe changed fundamentally, the monarchies in Germany and Austria became parliamentary republics. However, not only territories changed, mainly social and political directions have been defined in a new way.

In 2018, there are many talks about disruption. We see the changes by digitalisation, by some characterised as 'digital revolution'. But we also can observe an increase in nationalism and populism linked to protectionism. Not only politicians wonder: What is Europe heading for? Is the European Union fit for the future?

To the question what will be in 2118 nobody has an answer. To run through various scenarios is a waste of time. The basic level of agreement is that 'the future will be digital'. However, thinking about what will and could be, it can be helpful to return to a traditional perception: There is no future without past. Many challenges and topics we are discussing today have their roots in former times. But do we have enough knowledge of history? Do we learn something from the past? That is a question hopefully asked not only by me.

Yours,

Andreas Schiller



Constructed at the beginning of the 20th century the office building Plac Małachowskiego in Warsaw's inner city has been completely renovated in 2013.

GENERALI REAL ESTATE ACQUIRES OFFICE BUILDING IN WARSAW

Generali Real Estate S.p.A., on behalf of Generali Group's GEIH fund, has completed the acquisition of Plac Małachowskiego, an office building in central Warsaw, from Europa Capital. Located next to the Światokrzyska Street and at a walking distance from the Old Town, Saski Park, the National Opera and many government buildings and corporate headquarters, Plac Małachowskiego was built in 1907 and then fully renovated in 2013. It offers around 14,500 square metres of office and retail space over six above ground and two below ground floors.

ELI WANTS TO BECOME LEADING POLISH LOGISTICS PLATFORM

ELI European Logistic Investment BV, a company owned by Redefine Properties, finalized the acquisition of a portfolio of nine operating logistics parks from funds managed by Griffin Real Estate's Partners. The value of the deal is around EUR 200 million. The nine logistic properties with a total area of above 300,000 square metres gross leasable space are located in Warsaw, Łódź and Kraków as well as in Silesia, Pomerania and Poznań regions. The acquisition will be partially financed by long-term bank debt in the amount of around EUR 100 million, provided by ING Bank Śląski SA.

At the same time, jointly with Panattoni Europe ELI plans to invest EUR 800 million to enlarge the newly acquired portfolio into a leading Polish logistic platform. GRE will co-manage and co-invest the new venture going onwards.

BNP PARIBAS REIM ACQUIRES E-COMMERCE CENTRE IN POLAND

BNP Paribas REIM, acting on behalf of Vestas Investment Management, has acquired the second largest e-commerce centre in Europe. It is the first acquisition of Vestas European Logistic Fund that aims to invest further EUR 250 million in European logistics asset by the year-end. The purchase price has not been disclosed. Located in Poland near Szczecin, the building was delivered in September 2017 by Panattoni Europe. The property comprises 161,500 square metres.

RE/MAX OPENS FIRST OFFICE IN MONTENEGRO

RE/MAX opened an office at Capital Plaza in Podgorica. This is the real estate agency's first branch in Montenegro. The company is planning further expansion in the country, with openings planned for Budva, Kotor, Tivat and Bar. RE/MAX is a US-based international real estate company that operates through a franchise system in 100 countries.

Shopping Center Ogrody
Elblag, Poland



81.336.000 €

Long Term Financing
Arranger and Sole Lender

Warsaw Spire
Warsaw, Poland



370.000.000 €

Long Term Financing
Agent, Arranger
and Co-Lender

Retail Portfolio
Poland



80.000.000 €

Long Term Financing
Co-Arranger and Co-Agent

The Park
Warsaw, Poland



105.000.000 €

Development and
Long Term Financing
Co-Arranger and Co-Lender

Retail & Office Portfolio
Czech Republic



221.698.000 €

Long Term Financing
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CTPark Bor
Czech Republic



176.756.000 €

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In the Czech city of Opava, located near the border to Poland, a former brewery has been converted into the shopping centre Breda & Weinstein.

MINT INVESTMENTS ACQUIRED CZECH SHOPPING CENTRE

Mint Investments completed the acquisition of the shopping centre Breda & Weinstein from Avestus Capital Partners. The value of the transaction exceeded EUR 60 million. Mint Investments originally developed and later asset managed this shopping centre for Avestus Capital Partners. Opened in 2012, Breda & Weinstein is a shopping centre with over 25,000 square metres of leasable area, located in the historical centre of Opava, on the footprint of former Zlatovar brewery.

CORDIA STARTS DEVELOPMENT OF 1,300 APARTMENTS IN BUDAPEST

Futureal Group's residential subsidiary Cordia has commenced the development of 1,300 apartments in the 9th district of Budapest. According to Cordia's plans, the residential buildings will be erected in several phases. The first phase will be located next to the Research Centre for Human Sciences of the Hungarian Academy of Sciences and include also an office building.

Futhermore, Cordia has unveiled plans for a new residential development of 360 homes in Lenhossek Park. The company is also planning developments along the bank of river Danube in the North-Pest region at the Marina Bay. The sales and construction process of the Marina Portside residences have already started. The realization of Marina Garden and the Marina Life apartment scheme are in progress and expected to be handed over in 2020.

CBRE LAUNCHES REGIONAL OFFICE FOR SEE IN BELGRADE

CBRE has established a new regional office in Belgrade to cover the markets in SEE including Serbia, Slovenia, Croatia, Bulgaria, Montenegro, Macedonia, Bosnia & Herzegovina and Albania. The new fully-owned CBRE operation will be led by Andrew Peirson who has been working in the region since 2005. He joins from JLL where he was overseeing their South Eastern European business, and held previous roles in the UK, Czech Republic and Romania.

HYATT REGENCY HOTEL TO OPEN IN BUDAPEST

Hyatt Hotels Corporation has revealed that a Hyatt affiliate has entered into a management agreement with Varoshaz Utca Projekt Ingatlanforgalmazó Kft for the first Hyatt Regency hotel in Budapest. The 231-room property is expected to open in early 2020. Hyatt Regency Budapest will be located in the Postapalota building, the former postal office on Petöfi Sándor Street.

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Spektrum Tower has been completed in 2003. Main occupier is the Polish telecommunication provider Orange Polska that in 2008 sold the office tower to Baltic Property Trust. Then, in 2012 Europa Capital acquired the asset.

GLOBALWORTH ACQUIRED SPEKTRUM TOWER IN WARSAW

Globalworth acquired Spektrum Tower, located in Warsaw's inner city at 18 Twarda street, from Europa Capital for around EUR 101 million. The property is offering approximately 29,500 square metres of gross leasing area. The property is managed by WX Management Services, who coordinated the marketing, leasing, tenant fit-out and building refurbishment work.

CTP ENLARGES CTPARK BUCHAREST WEST

CTP has completed and delivered in CTPark Bucharest West two buildings with a total surface of over 100,000 square metres for existing clients. The developer has two other buildings under development, with a total built area of approximately 200,000 square metres. Around 70,000 square metres are comprised in one building that will be completed in two stages: about 25,000 square metres in Q3 2018 and approximately 45,000 square metres in Q1 2019. The second building will occupy almost 130,000 square metres, out of which 22,000 square metres will be finalized in Q1 2019, and over 100,000 square metres are scheduled for delivery in Q3 and Q4 2019.

SKANSKA STARTS NEW OFFICE PROJECT IN WROCŁAW

Skanska invests EUR 52 million in the first phase of an office development in Wrocław. The first-phase with a total leasable area of around 26,000 square metres will consist of two buildings, 15 and six storeys high, with a shared two-level underground parking area. Construction of the first phase started in July 2018 and is scheduled for completion in the second quarter of 2020.

The project is Skanska's seventh office development in Wrocław. This five-building complex will be delivered in four phases and offer a total leasable area of around 85,000 square metres. The new office development is situated along one of the city's major arterial routes, only a 15-minute walk away from Wrocław's Old Town, a ten-minute walk from the city's main railway station and bus terminal, as well as being in close proximity to academic institutions and residential areas.

FOCUS ESTATE FUND ACQUIRES POLISH SHOPPING CENTRE

Focus Estate Fund has acquired the Galeria Awangarda shopping centre in Bartoszyce in northern Poland. The 7,515 square metre centre opened in April 2016. The purchase price was not disclosed.



H Victoriei 109 on Calea Victoriei in Bucharest's inner city is an existing building that will be completely refurbished and modernised.

CONSTRUCTION START ON H VICTORIEI 109 IN BUCHAREST

Hagag Development Europe started construction works for its H Victoriei 109 office project in central Bucharest. The developer will invest more than EUR 8 million in the scheme which includes consolidating, remodelling and upgrading the site's existing 6,000 square metres building. Work is scheduled for completion in the second half of next year.

IBIS TIMISOARA TO OPEN IN 2020

Orbis Hotel Group further develops its hotel network in Romania by entering Timisoara, the social, economic and cultural centre in western Romania. A management agreement for an initial period of 15 years has been signed between Orbis and its local partner and investor, Hotel Development S.A. for the first ibis hotel in Timisoara. The newly-built hotel, located in the neighbourhood of the city centre, will offer 200 guest rooms and suites, restaurant, bar, lounge, meeting rooms and own car parking. The hotel is expected to be open in 4Q 2020.

CTP ACQUIRES LOGISTICS CENTRES IN SERBIA

CTP announced its expansion plans for Serbia and the acquisition of properties in Belgrade and Novi Sad.

CTP's first investment, located in Belgrade is a 12,000-square metre facility leased by Phoenix Pharm, with an extension possibility of 5,500 square metres. The building was developed by a local Serbian group in the Šimanovci industrial zone on a site located near the Belgrade Airport.

The Novi Sad facility, with a delivery date Q1 2019, will be over 23,000 square metres. Just 80 kilometres from the capital, Novi Sad, the country's second largest city, is an industrial and financial centre in its own right, with over 340,000 inhabitants.

INTERNATIONAL CAMPUS: STUDENT RESIDENCE IN KRAKOW

International Campus has partnered with Alkyon Partners for the development of an apartment building for students and young professionals in Krakow. It will be operated by International Campus under its brand "The Fizz".

Located on the science and technology campus in the central Zablocie neighbourhood, the apartment building will boast around 1,000 apartments. Furthermore, "The Fizz Krakow" will offer communal areas, 88 underground parking spaces and 33 outdoor parking spaces and racks for around 970 bikes.

ROMANIA: NEW MARKET DYNAMICS AND OPPORTUNITIES



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STAFFING



left: Jürgen Fenk
right: Luca Maganuco

Jürgen Fenk, Member of the Executive Board of Signa Group, has been named the new chair of ULI Europe. Jürgen Fenk, who succeeds Jon Zehner, Global Head of the Client Capital Group for LaSalle Investment Management, will serve on a voluntary basis for a two-year term. Jürgen Fenk has just completed a four-year term as chair of ULI Germany, ULI's second largest national council in Europe, and is also currently a Global Governing Trustee, a member of ULI Europe's Executive Committee, and serves on ULI's Global Board of Directors. Jürgen Fenk joined Signa Group in October 2017. He was previously a member of the Management Board of Landesbank Hessen-Thüringen Helaba, where he was responsible for real estate, debt capital markets and financial institutions.



left: Monika Murawska
right: Gyula Nagy

Luca Maganuco is the new Managing Director for Multi Central and Eastern Europe. He is responsible for Multi's activities in Poland, Slovakia and Ukraine. Luca Maganuco has over 16 years' experience in (retail) real estate asset management and development. During his professional career, he has worked for different international companies, including ING Real Estate and CBRE Global Investors. For the past four years, Luca Maganuco has been the managing director of Multi Italy. Going forward, he will combine this position with his new role as Managing Director for the CEE region.



left: Frank Pörschke
right: Jean Valette

Monika Murawska has been appointed Country Manager for Poland at CTP, effective from 15. August 2018. As a Member of the Executive Management Team Monika Murawska will be directly involved in formulating the company's future direction and supporting tactical initiatives in Poland. Monika Murawska has over 15 years experience in finance and accounting, she is an expert with 10 years of experience and an extensive track record in operation and asset management of real estate and development in Poland. Between 2008 and 2011, she worked for ECC Real Estate Group and since middle of 2011 she has been working for Master Management Group taking the position of CFO.

Gyula Nagy was named CFO of CTP Hungary. Gyula Nagy is a tax expert, holding an ACCA diploma in IFRS. He has 10 years of experience working for Big 4 auditors. For the last six years, he was CFO for OTP Real Estate Ltd.

Frank Pörschke, President EMEA Markets at JLL, is leaving JLL at his own request, effective on 30. September 2018, to pursue new entrepreneurial challenges. Frank Pörschke has been at the helm of JLL's German business since November 2011. In 2017 he took on his current position as President EMEA Markets being responsible for JLL's activities in 12 European countries. Furthermore, he was Member of the EMEA Strategy Board and the EMEA Operations Executive Committee.

Jean Valette has been appointed Real Estate Transaction Manager of Aviva Investors. Based in Frankfurt, Jean Valette reports to Daniel Lienhard, Head of Transactions. He will focus on the procurement and execution of direct real estate transactions in the DACH region (Germany, Austria and Switzerland). Jean Valette has more than ten years of experience in real estate investments and asset/portfolio management in Germany and Central Eastern Europe with a focus on Poland, Hungary and the Czech Republic. Prior to joining Aviva Investors, he was European Investment Manager at Triuva and previously investment manager for the German retail market at Gazit Globe.




LETTINGS

CORAL OFFICE PARK, PRAGUE

CZECH REPUBLIC 

New Work, a Hungary-based serviced offices provider, has leased 2,620 square metres of office space at Coral Office Park in Prague 5 – Nové Butovice. It will be New Work's first location in Prague. Coral Office Park is a four-building business centre offering approximately 31,500 square metres office space. It was recently refurbished by its owner Portland Trust.

AMBASSADOR, WARSAW

POLAND 

Global insurance broker Willis Towers Watson and Ipsos, a company in the market research and opinion polling sector, have renewed their leases at the Ambassador Office Building in Warsaw. Both tenants occupy around 40 per cent of the property's office space. Ambassador is an office building located at Domaniewska and Pecherska streets in Warsaw's Mokotów district. The building offers 15,436 square metres of office and more than 1,000 square metres of ground-floor commercial and service space. Ambassador is owned by Hines Poland Sustainable Income Fund.

PANATTONI PARK PRUSZKÓW II

POLAND 

Logistics operator No Limit has leased 7,000 square metres at Panattoni Park Pruszków II. Savills advised the tenant on the transaction. Panattoni Park Pruszków II is a logistics park near Warsaw to be made up of three sheds providing a total of nearly 70,000 square metres once fully built out. Its two completed buildings offer 30,750 square metres.

GOODMAN LOGISTICS CENTER, TORUN

POLAND 

Yusen Logistics has renewed its lease agreement on more than 15,000 square metres at the Goodman Torun Logistics Center. Goodman Torun Logistics Center offers 67,000 square metres of space for warehouse and light manufacturing purposes.

BUSINESS GARDEN WROCŁAW

POLAND 

Dekra Group, the provider of industrial testing services, system certifications and product testing, has leased 981 square metres of office space at Business Garden Wrocław. Business Garden Wrocław is a complex of nine buildings offering a total of 117,000 square metres. The owner of the complex is Vastint.

CITY FORUM, WROCŁAW

POLAND 

Connect Lunch Bar has signed a lease to open a canteen at City Forum on Wróblewskiego Square, close to the Wrocław city centre. The new canteen will occupy 350 square metres. City Forum, owned by Archicom, include two office buildings providing a total of 24,400 square metres of leasable space. City One is scheduled to open in the first quarter of 2019.

OUT OF THE NICHE INTO THE SPOTLIGHT: LOGISTICS REAL ESTATE

For a long time logistics properties had more or less an existence as a niche product and were deemed to be assets without charm. Meanwhile they attract significantly much more interest – and that for many reasons.

Logistics properties were something for 'specialists' and at the best a small portion in a big portfolio. Transaction volumes in this segment were lagging clearly behind those of office and retail property. In short: these assets were not very popular among investors. In the recent past that has changed significantly. According to BNP Paribas only in 2017 EUR 40 billions have been allocated in the European logistics markets – 62 per cent more than in the year before. Mainly the big portfolio investments contributed to this record figures, but as well the fact that international investors are increasingly discovering this segment of the real estate market.

The general boom of logistics investments is also to observe in the CEE/SEE markets. Investments in industrial and logistics properties in CEE amounted to EUR 2.2 billion last year – that is a share of nearly 20 per cent of the total investment volume in commercial properties in the region. During the same period as much new industrial and logistics space has been developed as never before: some 3.7 million square metres, two thirds more than during the year before and some 50 per cent more than in the former record year 2007. These are the results of a study by Cushman & Wakefield, watching the industrial and logistics markets in Czech Republic, Hungary, Poland, Romania and Slovakia over a longer period.

That development activity is higher than ever is also confirmed by the respective



Digitalisation is facilitating a lot, but also changing the requirements.

news from CEE/SEE. And much more often than some years ago the projects are developed on a speculative base. However, there is only little reason to fear that space will remain vacant, quite the contrary. In 2017 in CEE 6.7 million square metres have been leased. Comparing the take-up with the volume of new space entering the market, it proves that demand is much higher than supply – with the consequence that vacancies are declining. Currently the vacancy rate in CEE is just below 5 per cent.

There are many reasons why the logistics property markets are booming. Investors have discovered this segment since yields in the office and retail sector are decreasing continuously and reaching a point when investments do no longer pay-off. However, higher yields alone do not make a boom, there also have to be the respective occupier demand. And demand is increasing since some years caused by the economic growth

in Europe and the EU. Economic growth means decreasing unemployment, higher available incomes and therefore higher consumer spending.

Also the expansion of e-commerce is boosting the logistics markets. Though regarding online sales there are great differences among the European countries, the turnover of European e-commerce in 2017 was at EUR 500 billion – 15 per cent more than in the previous year and with the clear trend to a further increase. Nearly the half of the total turnover is generated in Western Europe – here UK is on the top –, but also in CEE/SEE the share of online sales is increasing at a rapid pace.

The Internet as well as the many possibilities smart phones and tablets are offering can be used anywhere. Therefore retailers try to address their customers via all channels – Omni-Channel Retailing is the keyword. the progress of digital possi-



The movement of goods around the world has increased significantly causing higher demand for logistics facilities.

bilities is not only changing customer behaviour but the logistics markets as well. Who is ordering something today, will not wait days for it but expects a delivery in short time, i.e. in one or two days, sometimes even at the same day. Whether delivery service or pick-up point – the goods have to be at the customer within very short time.

What does it mean for logistics and logistics facilities? In demand is no longer warehouse space somewhere far away from cities, even if workforce is available at a great number and at low costs. Also in the logistics industry digitalisation is reshaping the market – robots communicate with shelves while machines pack the goods. Still the availability of workforce and its costs are playing an important role, but it is no longer one of the most important decision criteria. To observe is that logistics facilities are increasingly located near the big cities. Because in metropolitan regions most of the people are living and they do not only expect their online orders to be delivered but have to be provided with all necessary for working and living. An important factor remains the easy access to traffic networks, mainly the road system.

Looking at the logistics clusters for example in Poland, then they are to find not only

around the capital city Warsaw, but as well around Lodz, Krakow and Wrocław as well as in western Poland because of the easy access to the German market. The picture is different in Czech Republic. Here nearly the half of the total amount of logistics space is located around Prague. Smaller centres are Plsen and Brno, each with a share of approximately 15 per cent in the total stock. In both countries, Poland and Czech Republic, it is mainly the excellent railway and road network making the locations attractive. Transport infrastructure in Romania, however, is rather suboptimal. Here the main focus is on the Bucharest region, with a great distance followed by Timisoara in the west.

Increasing importance are gaining distribution centres close to the cities, a development to observe in western Europe since some time. The keyword is 'city logistics' or 'urban logistics' and is related to the so-called last mile, sometimes also named the 'last hour'. It is the bottleneck of logistics because nearly all cities and economic hotspots are fighting with increasing traffic in which also the deliveries have their share. However, the closer logistics facilities are to the cities, the higher are the cost of property and the competition by other development projects like office, residential, retail, socio-cultural facilities, hotels. Even smaller

urban pick-up stations need some area and the larger the city is the more of these stations are necessary to avoid long ways for the customer.

It is nearly no surprise that there is a proper management to design optimal supply chains and processes. What started in the industry and here mainly in the automotive industry – keyword is Just-in-Time Manufacturing – has expanded into nearly all other sectors. So it is not only the quantity of deliveries causing higher requirements for logistics companies and logistics facilities as well, it is also the delivery times becoming shorter and shorter.

Looking at these changes and developments in the logistics sector, in Western countries already advanced, then the threatening gridlock in cities will set boundaries to a further increase of parcel and delivery services and to a further acceleration regarding delivery times. Even where pick-up stations are more common like in Russia – here the delivery of online ordered goods is rather unusual and more the exception than the rule –, customers have to go there, in the best case by walking, by riding a bicycle or by public transport, but they will also go by car. Anyway, the often cited last mile remains one of the main challenges of the future. | **Marianne Schulze**

ALL SMART IN AND WITH CITIES?



In the perfect smart city all is connected with each other. But is that really necessary?

Is it possible that a city being keen to have good reputation is calling itself not a 'smart city'? Yes, it is, because the main focus has to be on quality of life and people, not to be on the label 'smart'.

It started last century. In 1998 a small city car entered the market, the *smart*. The idea originated by the Swiss entrepreneur Nicolas Hayek who previously had changed the traditional watch market in his home country by producing the 'Swatch'. Meanwhile there are also smart watches, and smart phones are common. After the turn of the millennium in the construction and property industry 'smart buildings' and 'smart homes' have been added. Today many products are adorning themselves with the adjective 'smart'. So also cities have become 'smart'.

The Austrian capital Vienna is carrying the label 'smart' since long, other and smaller cities followed the trend. There is to receive the impression that without

'smart' nothing is possible anymore, not even city marketing. But not only the number of smart cities is increasing, also the number of the respective consultants. A smart-city industry has emerged, so perhaps there are more consultants, companies and organisations dealing with topics of smart cities than cities themselves. And at least in some cities there are Smart City Commissioners or even departments specialised on smart-city projects.

But what does 'smart city' really mean? The basic level of agreement could be that it is about urban development, the aim to develop a city into an ecologically and economically sustainable city. The way to reach the goal is often based on technologies, mainly digital technology that clearly enlarged the possibilities. Depending on the point of view the main focus is on different aspects: mostly climate protection and energy efficiency, mobility, but as well social welfare, resilience and sometimes – more generally – on the attractiveness of a city for its citizens and

visitors. Looking at a dictionary 'smart' is specified as clever. However, often associated are also spirited and flexible, sometimes with a dangerous closeness to slippery and open to all sides.

At least the closeness of private companies and cities has some potential for downsides. That is true especially when big data of the public authorities and from public facilities are at stake. Similar to the so-called social media where the user is not only a customer but with his data also a product there is the danger that cities also become products. Some data involved are very sensitive.

At a conference about smart cities organised in spring by IRE Institute of the Regions of Europe in Salzburg Brigitta Pallauf, at this time Member of the Government of the State of Salzburg responsible for Transport, Infrastructure and Housing and meanwhile President of the Parliament of the State of Salzburg, tried another approach: "For me a smart city means worth to live in", she put it in a nutshell. And IRE's Chairman of the Board Franz Schausberger enlarged the term 'smart city' requiring "an approach that goes beyond the borders of a city into the regions, because many conditions and processes of smart cities are cross-linked with conditions and processes in the regions."

'Smarter together' is the fitting title of a EU project. But it is less about the interconnectedness of cities and regions than about the exchange of experiences within the European Union, or more precisely: about the exchange of experiences with projects in three cities including Vienna, Munich and Lyon in five fields: Citizen & Stakeholder Engagement, Data Management Platform & Smart Services, Electric-Renewable Energy Source, Holistic Refurbishment Projects and E-mobility Projects. To the three cities named, called



Since some years Vienna names itself a smart city and the embodiment of a ‚smart‘ urban development is the Seestadt Aspern.

Lighthouse Cities, are added the three 'Follower Cities' Santiago de Compostela, Sofia and Venice. They will replicate the key findings from lighthouse cities in targeted areas, implementing them in a different urban and institutional environments. Furthermore there are so-called Observer Cities located outside the EU: the Ukrainian capital Kiev and Yokohama in Japan. The project has received funding from the European Union's Horizon 2020 research and innovation programme.

In fact, the exchange of knowledge and experiences from other cities can offer suggestions. At best mistakes are to be avoided and those of the past can be corrected. Only a small impression from a trip to Warsaw: At tram stops and also in trams themselves there are ticket machines accepting EC or credit card even for a single ticket. The passenger has neither to disturb the driver nor has to have small coins in his pocket. Of course, also every taxi can be paid by card. Back in Germany and taking the commuter train, you read "Entrance without a valid ticket is forbidden" and in taxis there are still handwritten receipts common. From the example of customer-friendly public transport some in this regard underdeveloped cities could learn a lot.

There is a great amount of suggestions – of course, given the fact that cities face a lot of challenges, that many aspects of

the topic 'smart city' are linked with each other and that digitalisation is offering new possibilities to deal with these challenges. Each single measure is inevitably part of a greater meshwork. However, especially with technical solutions it often seems that sometimes the feasible is outpacing the beneficial.

But what is beneficial and for what? Talking about smart cities no matter with whom, sooner or later the statement is given: It is about the future of the city. But was it not always about that? Since millennia cities have been built up and developed. Given this the term 'smart city' has nearly no history. Are therefore the often digital solutions only old wine in new skins? Or did 'smart' become a trendy buzzword like meanwhile 'innovative' and 'sustainable', necessary for marketing and raising subsidies? To avoid misunderstanding: the need to fulfil the requirements of climate protection, energy reduction, public-friendly environment and to remain also an economically attractive city is beyond all question. Only the inflationary use of certain terms is causing some scepticism and seems to be sometimes counterproductive.

A few days ago the invitation to Real Corp 2019 arrived. The International Conference on Urban Planning and Regional Development in the Information Society will take place for the 24th time

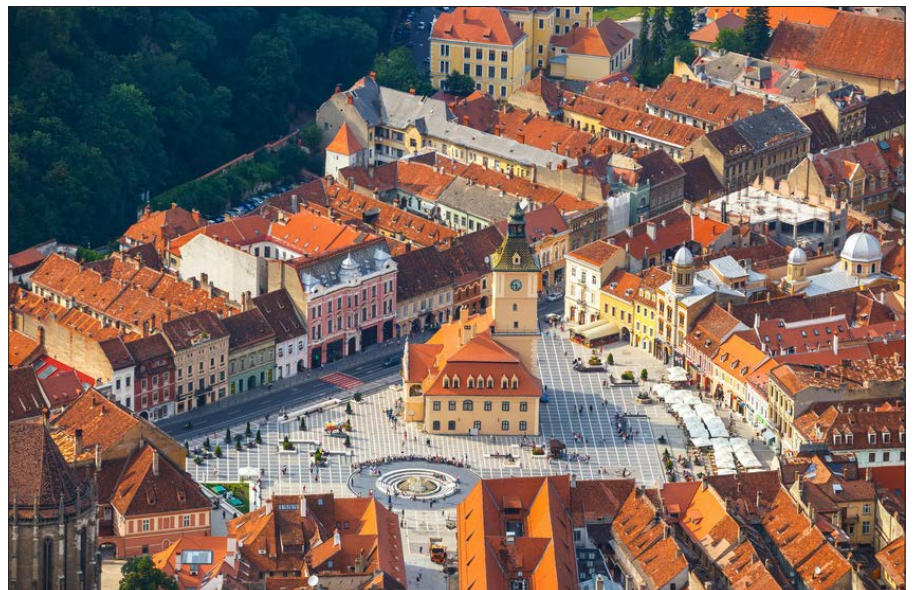
on 2. – 4 April next year in Karlsruhe in Germany. The conference motto is attracting interest: "Is this the real world? Perfect Smart Cities versus Real Emotional Cities". In the following introduction there is to read: "Although there is still a huge demand for physical structures, lately lots of the discussion on the future of cities has been focusing on bringing digital technologies into cities." And it continues: "What is the relation between longing for 'Perfect Smart Cities' and 'Real Emotional Cities'? Will cities and neighbourhoods be 'standardized' and more look and feel like each other or will they keep their identities? Will this be just decided in market values?"

Such an approach does not put into question the importance of aspects like sustainability and resilience, but put the hype about the 'smart cities' term into the right perspective. It relates the trend to digitalise nearly anything with the physical reality of cities. But this is only one of two important thoughts. In cities people live and act. With the digital tools of the 21st century is it about – to cite again a topic of Real Corp 2019 – "the city of things or the city for people"? If the latter or both parts of the question are the issue, then we should not talk only about 'smart cities' but about 'smart citizens' as well. Or even better: about the human proportion and for planning about the human dimension. | **Andreas Schiller**

SMART TOURISM IN A SMART DESTINATION

This was the headline of a conference in the Romanian city of Brasov. The topic is matching with holiday time and the conference was about the city in the Carpathians, but as well as about general trends in tourism.

Not every tourist, but most of the tourist destinations go for 'smart tourism' or want to develop it at least. Insights in the challenges and information about the many possibilities and activities offered the international conference "Smart Tourism in a Smart Destination" in Brasov in Romania. Initiator of the event was Cristian Macedonschi, Member of the City Council for the Democratic Forum of Germans in Romania and President of the initiative Smart City Brasov.



Brasov's old town can compete with many often more prominent tourist destinations.

The city with 250,000 inhabitants in Transylvania is characterised by a nice, mostly well-restored historic centre and attractive surroundings with forests, meadows and high mountains. Located in the mountains is Poiana, part of Brasov, an ideal destination for hiking in summer and skiing in winter. Furthermore, a lot of fortified churches from the late Middle Ages are to visit in the region, and not far away are Bran Castle, connected with the history of Vlad the Impaler, the Dracula of Bram Stoker's novel, Peles Castle and Pelisor Castel, both in Sinaia. In Romania Brasov is one of the top tourist destinations.

In SPH Newsletter No. 50 from April 2017 we have already presented the city of Brasov. The article was headlined "The city with two faces". The headline referred mainly to the differences between the picturesque old town and the parts of the city developed in the 20th century with the settlement of industries and production plants. But there are some more discrepancies, also when it comes to tourism.

A tourist destination has to be accessible – in times of 'smart' travelling by ecologically reasonable means, i.e. for long distance travellers by train. Brasov is located on the railway track from Bucharest to Sibiu. But for many kilometres it is a single track and the number of trains serving it is small. Furthermore, the trains are going rather slow. Slowing down instead of high speed might be consistent with 'smart tourism', but it is not always convenient. Also driving by car or bus from Bucharest to Brasov lasts some time. The alternative would be to fly in directly. However, this is one of the discrepancies: Since some years, Brasov has already a 2.8 kilometre modern runway, but no airport infrastructure – a rather unique situation in Europe and perhaps even in the world.

Therefore the first topic at the conference "Smart Tourism in a Smart Destination" was about the necessary tourist infrastructure. Of course, the discussion was also about the still missing airport. Imelda Toa-

so, Vice President of Brasov County Council, delivered the news: By 2020 the terminal and airport infrastructure should be constructed and at the beginning of 2021 the airport should go into operation.

Given the necessity that in some way Brasov has to be reached nothing is to object to an airport. However, thinking about the kerosene needed to fuel the airplanes and the noble aim of smart cities to save fossil energy and to contribute to climate protection, the discussion should have to take another direction. Anyway, with an airport Brasov will become at least more easily accessible.

Another topic was the connection of the future airport to the city. Only individual traffic – in this point all agreed – cannot be the solution. Due to the fact that Brasov is the centre of a region with a splendid nature and many historic places of interest – partly still in Brasov County – the discussion was also about the expansion of the



The city of Brasov is surrounded by the Carpathian mountains and forests.

public transport network into the surroundings. Sometimes the discussion caused the impression as though the airport topic takes the effect of a catalyst for issues that should be sorted out since long.

However, the conference was not only about the city and county of Brasov, but as well as about Romania and the CEE/SEE region in general. In Brasov located is also the Romanian National Committee for Sustainable Tourism of the Framework Convention on the Protection and Sustainable Development of the Carpathians. Alina Szasz, Manager Public at the Council Administration Brasov, presented the Convention in which seven countries take part: Romania, Ukraine, Hungary, Serbia, Slovakia, Czech Republic and Poland. She explained the aims of the Convention as well several aspects of the engagement for 'smart tourism'.

At least smart digital technology can help to promote and to give information about a city or region. It was during the second part of the conference that some examples of digital possibilities have been presented. Architect Hildegard Brandl explained the Internet platform robelo, abbreviation for 'Romanian Best Locations'. The homepage and a club of the same name want to bring together tourist service providers and their customers. A totally different concept is the mobile app Questo presented by its developer Alex Govoreanu.

The main feature are answers to questions tourists might have – especially about very special or very authentic locations. And Tudor Maxim reported on his blog 'Experience Bucharest'. He started with the capital city and has meanwhile expanded the topic to 'Experience Romania'.

Uniting all and reasonable was the ambition to grow – in Romania and beyond. More realistic might be the way to see it only as new information and marketing channels for traditional content. The 'only' is perhaps unjustified because using the digital possibilities is today very important. And the well-known dedication of many people to share their impressions and experiences via social media and blogs is contributing to generate interest in locations and offers.

Furthermore, the conference offered information how digital technology can support the hospitality industry. Victor Tofan highlighted the software Cloudbeds facilitating the management of accommodations in hotels, hostels, boarding houses and holiday homes. Thomas Mertens, owner of the foodservice consultancy S.A:M Next in Kolbermoor near Rosenheim in Bavaria, presented the offer of the start-up Flowtify. With the software of the same name hygiene checks and all the respective orders in hotels and restaurants can be digitally controlled by tablet. That sounds quite 'smart', however, Thomas

Mertens is no 'digital junkie'. The trained cook knows very well that technology can be of great help, but especially in the foodservice it is far away from being everything. So, for example, Thomas Mertens has accompanied fundamental changes in the logistic organisation of Hofbräuhaus in Munich during normal business.

With all the euphoria about 'smart' and digital solutions, real life takes place in the real world. A 'smart destination' has to offer interesting places – and that is true for the city and county of Brasov. The stunning landscapes of the Carpathians and of Transylvania and a rich history with many impressive buildings are worth a visit. Furthermore food and beverage are of high quality and taste mostly much better than in Western countries.

The summary of the conference remains ambivalent, if not even contradicting. There is to wish that more tourists discover the destination Brasov city and county, mainly tourists from the Western world where there are often prejudices against Romania. The digital possibilities could assist a modern marketing for the country as a tourist destination. On the other



Poiana is Brasov's paradise for skiers in winter and for hikers in summer.

hand a mass tourism like e.g. in Venice should be avoided. When tourists spoil the local identity and the character of a city or region, no one will be the winner and everybody is losing. Talking about 'smart tourism' should also include such considerations. **I Andreas Schiller**

FOR YOUR PLANNING

When	What about	Where	For information and registration
20. September 2018	CEE Property Forum	Imperial Riding School Renaissance Vienna Hotel Ungargasse 60, Vienna, Austria	www.property-forum.eu
26. September 2018	CEDEM 2018 Commercial Property & Investment Summit	Prague Marriott Hotel, V Celnici 1028/8, Prague, Czech Republic	www.cedem.cijeuropa.com
30. September – 2. October 2018	14th Conference of European Regions and Cities "Europe 1918 – 2018 – 2118"	Salzburg Congress, Auerspergstraße 6 Salzburg, Austria	www.institut-ire.eu
8.–10. October 2018	Expo Real 21st International Fair Trade for Property and Investment	Messe München, Munich, Germany	www.exporeal.net
19. October 2018	26th ERES Industry Seminar: Tourism and Real Estate	Vienna, Austria	www.eres.org
14.–16. November 2018	Mapic	Palais des Festivals, Cannes, France	www.mapic.com
30. November 2018	14th ERES Education Seminar	TU Kaiserslautern, Erwin-Schrödinger- Straße 14, Kaiserslautern, Germany	www.eres.org

STEER CLEAR OF SPECULATION!



David Czyzewski,
Senior Vice President – Private
Clients Europe, Taurus Investment

Anyone who violates Section 30, Paragraph 1, Clause 3 of Germany's Traffic Regulations runs the risk of a EUR 20 fine. After all, wastefully driving back and forth is a civil misdemeanor in Germany. The same should apply to Bitcoin trading. After all, under the pretense of value creation and innovation, billions of euros are wasted on energy costs alone, and all for something that generates little measurable value – except perhaps in CO₂ emission trading certificates.

Blockchain technology, per se, is not a currency. Even when it is used as the ba-

sis of currencies, blockchain fails to live up to expectations. There's a real risk of theft, there are no consistent valuation standards, the market is extremely volatile, it's not very user-friendly and mining digital currencies wastes an incredible amount of energy.

In any case, without state regulation, no privately-issued cryptocurrency will be able to truly establish itself anyway.

'Disruption' is the already over-used word deployed by many of cryptocurrency's proponents. However, the value of these supposedly disruptive currencies, all of which are nothing more than hashes generated by computers and stored as digital entries in distributed ledgers, is not based on advances in blockchain technology, or on the provision of services to any customers – except for money launderers who need anonymity.

No, increases in the value of altcoins result exclusively from the enormous absorption of speculative real money that flows into these new monetary systems.

Anyone who believes that this system is in any way sustainable hasn't really thought things through. Yes, blockchain technology has many applications, but it is not yet suitable to serve as the foundation of a functional currency.

Hyping Bitcoin as a future solution to the currency problems that have plagued state institutions for hundreds of years is a pipe dream. Logically, this is the equivalent of somebody 15 years ago saying: "Let's digitize all our pension assessments and put them on the Internet. Then our pensions will be safe because the Internet is here to stay."

The fact that cryptocurrencies are not (or at least not yet) regulated by central governments is nothing to be celebrated as a USP or a Competitive Innovation Advantage, in short: CIA – it is the system's greatest, most inherent risk. After all, the altcoin market is controlled entirely by the people who initiate the currencies. And they can squirrel away large volumes of the coins and use them to manipulate the market.

Bitcoin, and probably every other privately-issued cryptocurrency, has no long-term future. Such currencies are the largest snowball system the world has ever seen. My advice: Steer clear! Speculation is a game of chance in which it is best not to be the last to place your bet.

Who wants to invest should focus on creating real value. Even when markets and valuations go down, hard work can create a value buffer to protect the investment.

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