

SPH newsletter

news

| | |
|-------------------|---------|
| News from CEE/SEE | page 2 |
| Staffing | page 10 |
| Lettings | page 11 |

preview

Mapic in November in Cannes puts the main focus on retail property. Despite all prophecies of doom stationary retail is still in and investments in retail property are in demand.

page 14

review

This year's Expo Real has broken all records. Although each review is able to catch only parts of the huge event, a picture is forming and the one and the other news is in it.

page 17

events

Exhibitions, conventions, and congresses

page 21

book review

The residential market in Germany comes apart at the seams. A journalist looks for the reasons.

page 22



DEAR READERS!



On October 23, 2018, in Cologne an impressive concert took place. The Taurida State Symphony Orchestra of Leningrad Oblast, the Saint Petersburg region, performed with music of German and Russian composers in the synagogue on Roonstraße.

The first thing remarkable was that the synagogue is not a concert hall; then that with an average age of 24 years the musicians have been relatively young; and last but not least the high quality of the orchestra and its Principal Conductor Michael Golikov. As well the soloists gave reason for enthusiasm: among them the violinist Anna Zilberbord, a young talent, and the established baritone and cantor Grigory Yakerson, also Opera Director and Conductor of the Chorus of Mariinsky Theatre. Only for this evening the musicians travelled "From Petersburg to Cologne", as the programme was headlined.

The concert was presented by German Moyzhes, born and based in Saint Petersburg, but as well closely connected to Cologne and Member of the Representing Committee of Kölner Synagogen-Gemeinde (Synagogue Community of Cologne). Gratitude is owed to him who had the idea and managed the – for sure not always easy – realisation.

Often sentences like "Music unites people" sound like a platitude. But in times when the activities of verbal and other stirrers are booming, cultural events and encounters achieve a lot for a peaceful living-together of people from different nations and religions. People who enable these events are in demand. That is at least the opinion of

Yours,

Andreas Schiller



After the purchase of Proximo I in Warsaw last year, REICO acquired also Proximo II. The Proximo complex is located near Rondo Daszynskiego on Prosta 68 and has been developed by Hines.

PBB PROVIDES CREDIT FACILITY TO REICO IS

pbb Deutsche Pfandbriefbank provided an investment facility of EUR 43 million to the open-ended fund CS nemovitostni fond, the biggest real estate fund on the Czech market. It is managed by REICO investicní společnost České sportelny, a.s. CS nemovitostni fond will use the proceeds for the acquisition of the newly built Proximo II office building in Warsaw from developer and vendor Hines. pbb already provided the financing for the acquisition of Proximo I, which REICO acquired last year. pbb acted as arranger and sole lender under the facility. Proximo II is next to Proximo I and one of the two office blocks in the Proximo complex in the Wola district. The asset offers a gross lettable area of over 20,500 square metres.

UBM'S NEW HOTEL PROJECT IN PRAGUE

In the historical city centre of Prague UBM Development has purchased a property that will be converted to a five-star luxury hotel with roughly 175 rooms. It is a free-standing historical ensemble which was built at the beginning of the 20th century. The English translation of the Czech name means "Sugar Producers' Palace". The listed building was originally used as office space, but the building permit for a hotel project has already been issued. Construction is expected to start in autumn 2019, and completion is planned for the end of 2021.

M7 REAL ESTATE SELLS BUDAPEST AND PRAGUE INDUSTRIAL PARKS

M7 Real Estate, on behalf of M7 Central European Real Estate Fund I (M7 CEREF I), has sold three assets: Innovations Business Park in Budapest and Sanitas Industrial Park as well as Uhrineves Industrial Park, both located in Prague, for a total of circa EUR 24 million.

Innovations Business Park was acquired by M7 in June 2017. The property, located on the Vaci corridor 7 kilometres north of Budapest city centre in the 13th district, comprises 4,160 square metres of multi-let warehouse and storage space across eight units, as well as a retail unit with road frontage.

The second property, Sanitas Industrial Park, was acquired by M7 as part of a portfolio, in May 2017. The asset is located in Říčany, approximately 20 kilometres south-east of Prague city centre and adjacent to a Tesco-anchored retail park. It provides 46,796 square metres of gross leasing area across a standalone warehouse unit and two-storey office building.

Uhrineves Industrial Park is located in Prague's 22nd district in an established industrial area with good road access. Uhrineves Industrial Park provides 8,146 square metres of gross leasing area across two buildings. One building provides warehouse units and the second one warehouse units together with two-storey offices.

Q 19



Shopping Center
Vienna, Austria

Warsaw Spire



Office Building
Warsaw, Poland

61 Ninth Avenue



Mixed-use Building
New York, USA

M_Eins



Office Building
Berlin, Germany

Upper Zeil



Retail
Frankfurt, Germany

Junghof Plaza



Mixed-use Building
Frankfurt, Germany

We create room for growth.

With our financing solutions.

Real Estate Finance. Offering the best in bespoke financing, we are your experts for national and international markets. With solutions tailored to suit your needs, a lean organization, and fast decision making, we are a partner you can count on for your projects – today and for many tomorrows to come. www.helaba.com

Helaba | 



Mammut shopping centre in Budapest consists of two malls linked by a glass hallway.

NEPI ROCKCASTLE BUYS MAMMUT SHOPPING CENTRE IN BUDAPEST

NEPI Rockcastle announced the acquisition of 100 per cent of Mammut 2 and 81 per cent of Mammut 1, which jointly form the Mammut shopping centre in Budapest. The purchase price for the acquisition is EUR 254 million. With 61,300 square metres of total gross lettable area Mammut is one of the largest shopping and entertainment centres in Budapest. It is located at Kalman Square in the Buda side of the city.

GTC TO EXPANDS CENTER POINT OFFICE CAMPUS IN BUDAPEST

GTC has acquired new development land at Váci út 85 adjacent to its Center Point office campus in Budapest. The new project will be called Center Point 3 and will add 35,500 square metres of office and commercial space to the Center Point scheme.

FUTUREAL SECURES LOAN FOR ETELE PLAZA RETAIL SCHEME

Futureal Group concluded a loan contract of EUR 150 million with a consortium led by UniCredit acting as Bookrunner and Facility Agent. UniCredit and Erste Group will finance the shopping centre with equal parts. Etele Plaza, with a gross area of 137,000 square metres, will be built in the immediate vicinity of Etele square.

UNIRII VIEW IN BUKAREST HAS BEEN COMPLETED

Unirii View, the tallest modern office building in downtown Bucharest, has been completed, following an investment of approximately EUR 33 million. Unirii View is located on Corneliu Coposu Boulevard, only five minutes away from Unirii Square. The project, rising 73 metres above the ground level, is offering 17,300 square metres of leasable area on 19 upper floors and a parking divided on three underground levels. Investor behind Unirii View is Belgian Weerts Group.

OLD MILL BELGRADE JOINS RADISSON COLLECTION

The Old Mill Belgrade has become a Radisson Collection hotel. Located downtown, in close proximity to the Sava River, the 19th Century Old Mill (Serbia's first steam mill, and a state-protected cultural heritage monument), comprises 230 rooms and suites. The hotel is owned by Soravia Group.



The former slaughterhouse complex in Budapest will be redeveloped and revitalised. The masterplan incorporated the historical structures into the mixed-use quarter.

MASTERPLAN FOR SLAUGHTERHOUSE COMPLEX IN BUDAPEST

Chapman Taylor's design for a mixed-use community in Budapest has been unveiled. The urban regeneration masterplan would transform a derelict former slaughterhouse complex into a residential and office district with complementary retail and leisure provision and two underground levels of parking. The historical structures on the site – the Bull Gate, the water tower and the two main elevations of the old slaughterhouse buildings – are incorporated into the design.

Chapman Taylor created the masterplan concept on behalf of APD Real Estate Kft. owned by Turkish businessman Adnan Polat.

ATRIUM ACQUIRES WARS SAWA JUNIOR

Atrium European Real Estate has signed an agreement to acquire Wars Sawa Junior, a retail asset located in the heart of Warsaw, for a consideration of EUR 301.5 million. Atrium is to acquire Wars Sawa Junior from PFCEE, a fund managed by CBRE Global Investors. The transaction is subject to the fulfilment of certain conditions precedent, with completion anticipated during the fourth quarter of this year.

Built in the early 1970's, Wars Sawa Junior was originally Warsaw's first department store. Having been remodeled, extended and upgraded a number of times, it offers 26,000 square metres of retail gross leasing area. Additionally, Wars Sawa Junior offers a further 11,000 square metres of office and storage space.

ATENOR ENTERS THE POLISH MARKET

Atenor became the new owner of University Business Center, a Warsaw office complex comprising two office buildings with a total area of approximately 32,000 square metres, located on Szturmowa 2/2a in Mokotow. This is the first acquisition completed by the company on the Polish market. BNP Paribas Real Estate Poland supported the Belgian developer in the purchase process. The purchase price was not disclosed.

NEPI ROCKCASTLE INVESTING IN NEW MALL IN BULGARIA

NEPI Rockcastle is investing EUR 141 million in a new shopping centre in Bulgaria. The new mall is currently underway in the centre of Plovdiv and will offer about 60,000 square metres of space. Construction is scheduled to take two years.

The project is NEPI Rockcastle's third large-scale investment in Bulgaria after acquiring Paradise Center and Serdika Center in Sofia last summer.

Der Rosenhügel, Vienna - Residential



we develop. your future.

UBM is the leading hotel developer in Europe and also internationally successful in the asset-classes office and residential. In Germany, Austria and Poland we realize large-scale projects in the best locations. Our share scores in the prime market of Vienna Stock Exchange. With the purchase of a UBM real estate you win a renowned partner as well.

Expertise
Efficiency
Quality

Holiday Inn, Gdansk - Hotel





Nordic Light Trio is the last phase of the Nordic Light office complex, consisting of three buildings. The last phase will offer a total leasable area of approximately 14,000 square metres.

SKANSKA: NEW OFFICE PROJECT IN BUDAPEST

Skanska invests EUR 29 million in the third phase of Nordic Light, an office complex located in Budapest. Nordic Light Trio will offer a total leasable area of approximately 14,000 square metres on 6 floors above the ground and 3 underground parking levels. The project will be located on the Pest side of the river Danube. This last phase will complete the already existing Nordic Light office complex, which first two buildings were delivered, leased and sold in 2016. Construction works for Nordic Light Trio have started and the building will be completed in the second quarter of 2020.

PKO GRANTS INVESTMENT LOAN TO EPP

PKO Bank Polski has granted an investment loan of EUR 186 million to EPP for the refinancing of two assets, the Galeria Echo shopping centre in Kielce and the O3 Business Campus in Kraków.

Galeria Echo in Kielce remains one of the biggest developments in the EPP portfolio. The centre houses more than 250 retailers over an area of 71,650 square metres. The centre also includes a twelve-lane bowling alley and the biggest fitness centre in the region, as well as a seven-screen cinema, restaurants, cafés and other service points.

O3 Business Campus is an office complex in Kraków. The development includes three twelve-storey buildings with a total area of 57,000 square metres.

PNK OPENS FIRST INDUSTRIAL PARK IN SLOVAKIA

Russian industrial developer PNK Group has opened a new industrial park called PNK Park Sered in western Slovakia. The park is made up of two industrial buildings offering a total of 45,000 square metres. The park still has 50 hectares of land available for expansion through BTS schemes.

MPC STARTS PHASE II OF NAVIGATOR BUSINESS CENTER

MPC Properties started construction on its new facility Navigator Business Center 2 in Belgrade. The investment value is expected to top EUR 45 million. Completion is planned for Q1 2020. The scheme will offer 27,000 square metres of leasable space on eight floors as well as underground parking for 500 vehicles.

Navigator Business Center (NBC) is located in New Belgrade. Phase I was opened in September 2016.



KGAL acquired the first phase of the office complex Spark in Warsaw's Wola district. Developer of Spark is Skanska.

KGAL ACQUIRES ITS FIRST OFFICE PROPERTY IN POLAND

KGAL is now entering the Polish real estate market with the acquisition of the first phase of Spark office complex in Warsaw. The property will be added to a special, pan-European real estate AIF. The value of the transaction is worth EUR 48 million. Seller of the property was Skanska. The office building offers a total leasable area of around 13,000 square metres and 86 parking lots located on two underground levels.

The acquired property represents the first construction stage in the new Spark office complex in the Wola district. When completed, the Spark office complex will comprise three buildings with a total leasable area of over 70,000 square metres. In the third phase of the project, a 130-meter high skyscraper will be built.

WARIMPEX OPENS OGRODOWA OFFICE IN ŁÓDŹ

Warimpex officially opened Ogrodowa Office, an office building in the centre of Łódź, located in the vicinity of Piotrkowska street, the Manufaktura, and Vienna House Andel's Łódź. The building provides more than 28,000 square metres of space, of which nearly 4,000 square metres will be occupied by commercial and service outlets as well as food amenities. Ogrodowa Office includes two bodies made of five and six above-ground storeys. The two main office lobbies can be entered via the interior passage. The underground car park will provide spaces for 326 cars as well as electric car charging stations.

PBB: REFINANCING OF ARKAD SZEGED SHOPPING CENTER

pbb Deutsche Pfandbriefbank provided a facility of EUR 68 million to ECE. pbb acted as arranger and sole lender under the facility. The facility is provided for the refinancing of the Arkad Szeged Shopping Center in Szeged. Arkad Szeged was built in 2011 and offers a gross lettable area of over 42,000 square metres. .

MANDARIN ORIENTAL TO OPEN HOTEL IN MOSCOW

Mandarin Oriental Hotel Group has signed a management contract for a new hotel and branded residences in Moscow, which are expected to open in 2021. The new hotel will be located on the Sofiyskaya embankment in the centre of the city, directly facing the Kremlin. The property will feature 65 guestrooms and suites, two restaurants, a lounge bar, and spa and wellness facilities including a 25-metre indoor swimming pool. The project will also house 137 Residences at Mandarin Oriental. The project is owned by Capital Group, one of Moscow's largest development companies.



In 2010, Nevsky Centre in Saint Petersburg has been opened. It was the flagship project of Stockmann Group. By selling of the property the Finish company has no longer any operations in Russia.

PPF REAL ESTATE ACQUIRES NEVSKY CENTRE IN SAINT PETERSBURG

Stockmann plc has signed an agreement to sell its Nevsky Centre shopping centre property in St. Petersburg, to PPF Real Estate for a purchase price of EUR 171 million. The value of the Nevsky Center property in the balance sheet on 1 January 2018 was EUR 181 million. The transaction includes Stockmann's fully-owned Russian subsidiary, OOO Stockmann Nevsky Centre, which owns 100 per cent of the Nevsky Centre property. The closing is subject to approval from the Russian Federal Antimonopoly Service.

Nevsky Centre with a gross leasable area of 46 000 square metres opened in November 2010. The anchor tenant of the shopping centre is AO Stockmann (Reviva Holdings Limited) which has owned the Stockmann department stores in Russia since 1 February 2016. After the divestment of Nevsky Centre, the Stockmann Group has no longer any own operations in Russia.

CA IMMO PURCHASES BUILDING C OF THE WARSAW SPIRE COMPLEX

CA Immo signed and closed an agreement to acquire the centrally located Warsaw Spire C office building comprising of 21,700 square metres of gross leasing area GLA in Warsaw. The transaction volume of the property amounts to around EUR 100 million. The seller of Warsaw Spire Building C is the developer Ghelamco Poland. In 2016, CA Immo already acquired Building B of the Warsaw Spire complex.

METRO PROPERTIES DIVESTS REAL ESTATE IN POZNAN

Metro Properties, the real estate entity of Metro AG, divested a real estate property including a newly developed building with long-term lease contract in the Polish city of Poznan to Corum Asset Management. The purchase price amounted to EUR 20.3 million.

Metro Properties had acquired the 40,000 square metre plot of land in 2008. The real estate company succeeded in winning the DIY chain Castorama as a long-term leaseholder. Metro Properties developed this DIY store on the land plot under a "Build-to-suit" scheme. Castorama opened the DIY store in January 2015.

SKANSKA STARTS NEW OFFICE DEVELOPMENT IN PRAGUE

Skanska invests EUR 44 million into office scheme Parkview in Prague 4 (Pankrác). The nine-storey building will offer almost 16,000 square metres of office space. The building is designed by Richard Meier & Partners. The construction started at the beginning of September 2018 and its completion is scheduled for first quarter of 2020.

STAFFING



left: Raluca Crisan
right: Markus Kuttner

Raluca Crisan, former Marketing Manager of Immochan, is new CEO of Ceetrus Romania (known as Immochan Romania until June 2018). She succeeds Tatian Diaconu, who has been promoted to International Development Leader of Ceetrus International in Lille, France. Raluca Crisan has more than ten years' experience as retail consultant for one of the major customer experience management consultancy agencies in France – Qualimetrie. In 2013 she joined Immochan Romania as Marketing Project Manager for Coresi Shopping Resort in Brasov.

Markus Kuttner has become Head of Real Estate Business Operations Austria and CEE at CA Immo. He will be responsible for Asset and Investment Management as well as Development and Engineering in Austria and the CEE core markets. Markus Kuttner has a wealth of experience in asset management. Having accepted the position of Head of Asset Management (CEE/SEE) at CA Immo in 2009, he was subsequently nominated Group Head of Asset Management in 2017. He began his career with Bank Austria Creditanstalt Real Invest GmbH, where he was responsible for asset management in Germany and the CEE and SEE regions. In 2007 he switched to Raiffeisen Capital Management, before being appointed Head of Asset Management Eastern Europe for CA Immo in 2009.



left: Peter Pecnik
right: Robert Sztemberg

Peter Pecnik has been appointed to the Chief Executive Officer position of HB Reavis in Poland. He is succeeding Stanislav Frnka who stepped down from his role as CEO for Poland leaving the company after more than 12 years. Peter Pecnik is a long time member of the HB Reavis Group team, previously serving as the Head of Corporate Finance. Peter Pecnik has 20 years of experience in real estate and finance. Prior to joining HB Reavis in 2008, he gained experience in a financial advisory team at Deloitte, and before that worked at the European Bank for Reconstruction and Development and Tatra Banka.



left: Keegan Viscius
right: Hans Volkert Volckens

Robert Sztemberg joined the Capital Markets team at JLL as Business Development Director. Before rejoining JLL, Robert Sztemberg worked as the Head of the Warsaw branch of Berlin Hyp – a German bank that finances in the real estate market – and was responsible for projects on both the Polish and Czech real estate commercial markets. Previously, he had served as the Head of Corporate Finance at JLL. Robert Sztemberg has 20 years' experience in investment transactions in the real estate sector and financial markets, in particular in Germany, the CEE region, and Russia. During the course of his career he has also worked for ECE Poland and HSH Nordbank AG.

Keegan Viscius, for many years Senior Vice President of Starwood Capital Group, joined the Management Board of CA Immo as Chief Investment Officer responsible for investments and asset management with effect from 1 November 2018. Keegan Viscius is a Senior Vice President in the European real estate acquisitions team for more than six years.

Hans Volkert Volckens resigned prematurely as CFO from the Management Board of CA Immobilien Anlagen AG. In the light of the end of the merger talks with Immofinanz AG and the subsequent sale of the 26% stake in CA Immo held by Immofinanz Group to a Luxembourg fund managed by Starwood Capital, the Supervisory Board of CA Immobilien Anlagen AG and Dr. Hans Volkert Volckens came to a mutual agreement to terminate his board activity. The responsibilities of the Chief Financial Officer will be taken over during an interim period by CEO Andreas Quint.



LETTINGS

NORDIC LIGHT TRIO, BUDAPEST

HUNGARY 

Skanska has leased 10,600 square metres of office space in Nordic Light Trio in Budapest to a multinational healthcare company. Nordic Light Trio is the third phase of the Nordic Light office complex. The first two buildings were successfully delivered, leased and sold in 2016. At completion, in the second quarter of 2020, Nordic Light Trio will offer a total leasable area of approximately 14,000 square metres.

ARTN, WARSAW

POLAND 

Capital Park Group, the investor of ArtN – the revitalization project of the former Norblin factory area in Warsaw's Wola district – has signed an agreement with cinema operator OH Kino that will take up an area of 3,300 square metres and will have seven theatres situated. ArtN will offer 64,000 square metres of usable area, including 40,000 square metres of office space and 24,000 square metres of space designed for leisure, services, retail and culture. ArtN will be opened by 2020.

INTERNATIONAL BUSINESS CENTER, WARSAW

POLAND 

Ceetrus, formerly Immochan Polska, has leased 1,225 square metres of office space at the International Business Center in Warsaw. Deka Immobilien, the owner of the building, was represented in the transaction by Savills, while the tenant was advised by Colliers International. The International Business Center is located near the Politechnika metro station and offers 36,000 square metres of office space in two buildings.

METROPOLITAN, WARSAW

POLAND 

Polycom, a manufacturer and provider of communication technology, has leased 1,000 square metres of office at Metropolitan in Warsaw. C&W advised the tenant during the lease process. Metropolitan is located in the city's Saxon Park neighbourhood, near the National Theatre and the Europejski hotel. The building, constructed in 2003, offers 38,000 square metres of office and retail space.

POSTEPU 14, WARSAW

POLEN 

AstraZeneca Pharma Poland has leased an additional 4,700 square metres at Postepu 14 in Warsaw. The company now occupies 18,000 square metres in the office building. JLL advised the tenant throughout the lease process. Postepu 14, located in Mokotów, offers 34,500 square metres. The building's owner is HB Reavis.

THE PARK WARSAW, WARSAW

POLAND 

Danish healthcare company Novo Nordisk has leased 1,830 square metres of office at The Park Warsaw. Cushman & Wakefield advised the tenant during the lease process. The Park Warsaw is a complex of 10 office buildings located close to Warsaw airport. The property offers 110,000 square metres of leasable space.

DISTRIBUTION PARK, MYSŁOWICE**POLAND** 

Intermarché, the French supermarket chain, has renegotiated its lease agreement on 28,000 square metres of warehouse space at Distribution Park Portfolio in Mysłowice. Colliers International represented the tenant during the lease process. Distribution Park Portfolio, which belongs to Hines Poland Sustainable Income Fund, consists of five sites offering a total of 126,289 square metres of warehouse space in five Polish cities.

HILLWOOD PRUSZKÓW, PARZNIEW**POLAND** 

Mazop Group, a company specializing in manufacturing cardboard packaging as well as processing and distributing polyethylene foam, has leased 3,640 square metres of industrial and manufacturing space at the Hillwood Pruszków logistics park. JLL represented Mazop during the lease process. The logistics park will ultimately offer around 55,000 square metres of space for storage and light production purposes.

EUROPE HOUSE, BUCHAREST**ROMANIA** 

Metropolitan Life has extended its lease agreement at Europe House on Victoria Square in Bucharest. The company occupies 1,500 square metres in the building. Knight Frank brokered the deal. Europe House offers 16,500 square metres of leasable space.

EXPO BUSINESS PARK, BUCHAREST**ROMANIA** 

CBRE advised coworking operator Spaces on leasing 4,100 square metres of office space in Expo Business Park, located in the Expozitiei area of Bucharest. Expo Business Park is the first major office project to be delivered in Expozitiei area of Bucharest in the last seven years and will have a net leasable surface of 40,000 square metres located at the crossroad between Expozitiei Boulevard and Aviator Popisteanu Street. Completion is scheduled for 2019. Developer of the office building is Portland Trust.

GLOBALWORTH PLAZA, BUCHAREST**ROMANIA** 

Polish shoes retailer CCC has agreed to take two floor at Globalworth Plaza in Bucharest's Pipera-Barbu Vacarescu neighbourhood. CCC will officially open its new office in early 2019. The deal was brokered by Knight Frank. Completed in 2010 and totally refurbished in 2017, Globalworth Plaza comprises 24,000 square metres of gross leasing area.

THE MARK, BUCHAREST**ROMANIA** 

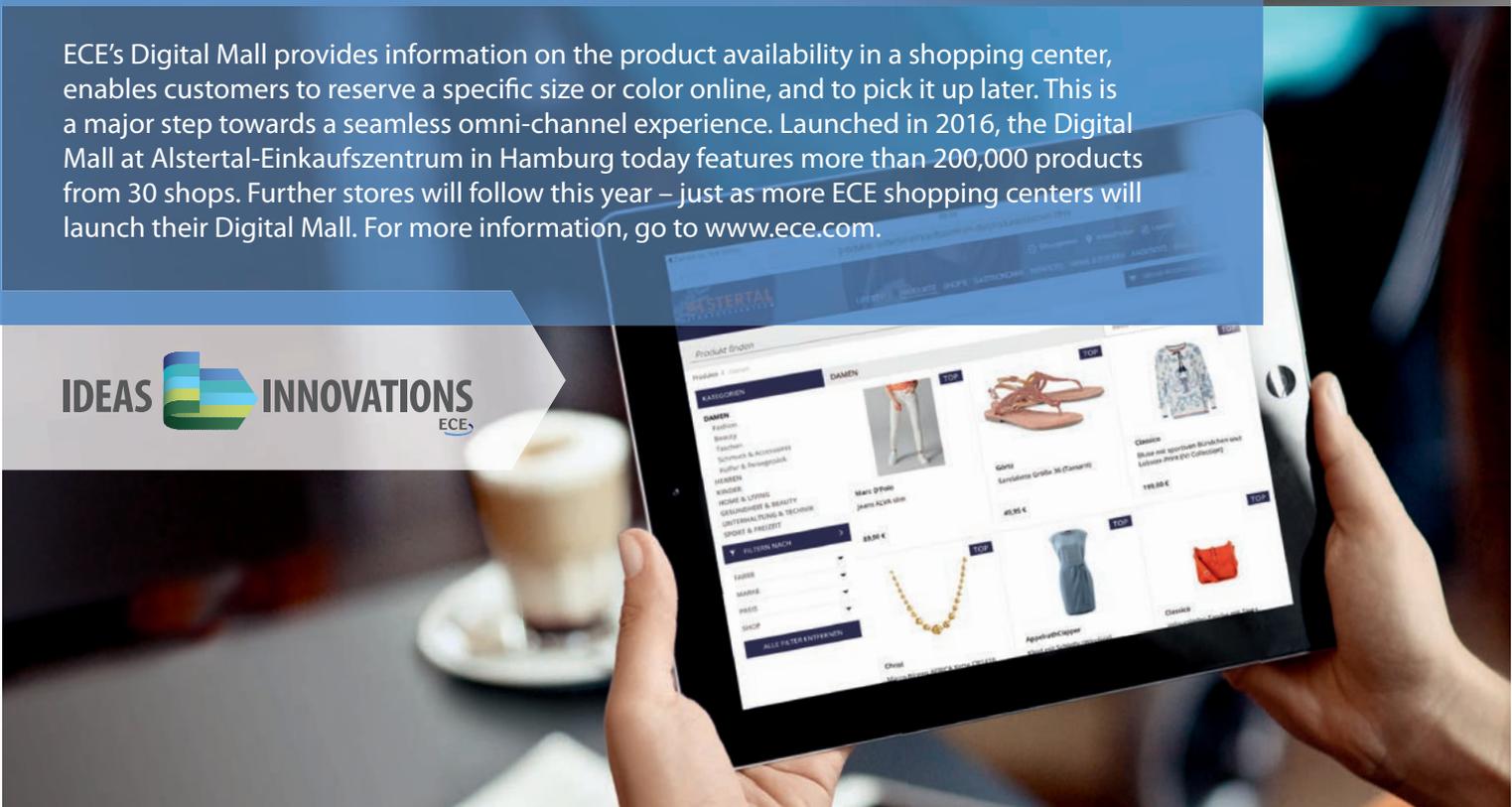
Dentons will open an office at The Mark in Bucharest early next year. The global law firm signed a lease on 1,100 square metres on the seventh floor of the S Immo-owned office building on Uranus boulevard. Offering approximately 24,000 square metres of leasable space, The Mark also includes parking for 345 vehicles as well as spots dedicated to bicycles and electric cars charging stations. Knight Frank brokered the deal.



THE SHOPPING TOUR OF THE FUTURE STARTS ON YOUR COUCH.

ECE's Digital Mall provides information on the product availability in a shopping center, enables customers to reserve a specific size or color online, and to pick it up later. This is a major step towards a seamless omni-channel experience. Launched in 2016, the Digital Mall at Alstertal-Einkaufszentrum in Hamburg today features more than 200,000 products from 30 shops. Further stores will follow this year – just as more ECE shopping centers will launch their Digital Mall. For more information, go to www.ece.com.

IDEAS  INNOVATIONS
ECE



RETAIL PROPERTY IS STILL IN

At Mopic the number of exhibitors and visitors is traditionally smaller than at Mipim. But all travelling in November to Cannes are united by the interest in retail property.

More than 8,600 participants Mopic's organisers, Reed Midem, is expecting for the 24th Mopic, taking place from November 14 to 16, 2018 in Cannes. "Marché international professionnel de l'implantation commerciale et de la distribution" is the long version of Mopic remembered by those 'veterans' that took part in the fair already in the 1990s. Today much more common is the English description "The international retail property market".

Last year, according to the organisers, of the total of registered participants 3,500 were developers and investors/investment managers, 2,100 retail representatives. 400 of these retailers have been at Mopic 2017 for the first time.

This year Mopic's organisers expect more than 800 exhibitors. On 29th of October 656 exhibiting companies were already registered, the number of visiting companies was at 2,086. Almost 40 per cent of the participating companies – exactly 1,048 – are active as Retailers/Franchise partners/F&B Operators.

Mopic 2018 is themed "Transforming Reality: Physical in the age of digital". At least the term 'online' is avoided, so it is to hope that there is a return to the physically existing retail property. Despite all prophecies of doom that the new marketing channels via internet will make the stationary retail unnecessary or at least strongly reduce it, stationary retail is still alive. As well investments in retail property are attractive: According to international real estate consultancy BNP Paribas Real Estate transaction volume of the second



Mopic is a special trade fair dedicated to the retail property market.

half 2017 and in the first half 2018 in Europe amounted to a total of EUR 58 billion. That means retail property is still the most important asset class after office real estate.

But it is necessary to differentiate. In Germany, for example, the volume of investments in retail property was lower than in the years before while in Poland – according to JLL – in the first three quarters of 2018 transaction volume amounted to more than EUR 2.1 billion, so the international real estate consultancy forecasts that by the end of the year the record of EUR 3 billion can be broken.

In different countries shopping centres are in differing demand. Furthermore there is to distinguish between developers' activities on the one hand and investors' activities on the other hand. The fact that in Germany only a very small number of new shopping centres are developed does not necessarily mean this kind of

retail property is out. Since long the existing stock is traded, partly in bigger portfolios, and has changed hands more than once.

To be traded existing shopping centres have to be up to date. So modernisation is a topic gaining importance. A good example is ECE. Since some time the big shopping centre developer is less active in new developments and more active in the enhancements of existing centres. The focus is on three measures: modernisation of food courts to make them more attractive; customer-friendly digitalisation; and sustainability. That is true not only for Germany but for all of the twelve countries ECE is active in. Also the Netherlands-based company Multi has cancelled the term 'development' in its name demonstrating that Multi has become mainly an asset and property management company.

Besides the maintenance and an active centre management asset and property management also includes lease negoti-



Forum Gdansk (left) has been newly developed, into the revitalisation of Koneser in Warsaw (right) retail has been integrated.

ations as well as marketing and promotional events. Nothing is worse than an unattractive shopping centre – not only for tenants and landlords, but also for the respective city where the centre is located. Therefore these activities are not only necessary for transacting the property or for creating a transaction potential, but also and mainly for the customers and tenants and eventually for the location. The traditional idea of retaining or in the best case increasing the property's value is again gaining importance by the appreciation of the property stock.

However, new shopping centres are still entering the market. The decision to develop a new centre depends on the location and its opportunities as well as on the strategy of the respective company. E.g. ECE is to develop a new big shopping centre in Budapest. On the site of a former textile factory the shopping centre will offer more than 50,000 square metres of leasable space for some 170 shops. Construction will start in 2019; the opening is scheduled for 2021. ECE is active in Hungary since 1996 and developed meanwhile five shopping centres there: Árkád Budapest, Árkád Pécs, Árkád Győr, Forum Debrecen and Árkád Szeged.

In Poland, shopping centres are in great demand – transaction volume in this segment is even higher than in the office sector. In May 2018, Multi opened Forum

Gdansk in the inner city of Gdansk, adjacent to the main station. Forum Gdansk includes 62,000 square metres of leasable space, a boutique hotel, the multi-functional Gdansk Heritage Centre and two hectares of green. Multi, Gdansk municipality authorities and PKP Polish Railways cooperated on this major project. Forum Gdansk has been nominated by an international jury of experts as one of the four finalists for Mopic Awards 2018 in the category Best New Shopping Centre and is competing with developments in China, France and Thailand.

But retail does not take place only in shopping centres. Besides historical retail-dedicated buildings and high-street shops, the traditional locations, during the last years big boxes and retail parks gained increasing importance. In this context the term 'convenience centre' is often mentioned, mainly when it is about food retailers. In retail parks food retailers as well as DIY retailers are often anchor tenants. The increasing importance of this kind of retail property is reflected also by the acquisitions of Union Investment Real Estate on behalf of their institutional funds. In the first nine months of 2018 the fund manager purchased a high-street building in Madrid, constructed in 1900 and completely leased to the H&M Group, and most recently the retail park Beckhaus Center in Bielefeld in Germany with the anchor tenants by Rewe and Aldi.

Currently food retailers are discovering the space also above the respective sites. Because they often have big boxes with no upper floors. On these boxes it is possible to construct apartments urgently needed in cities. It will not happen what Charles Kingston, Editor-in-Chief of Refire, stated in an unbeatable headline: "Went to Aldi for some bread and milk, and came back with an apartment." But the idea might help a little to solve the problem of housing in the cities. First schemes for respective developments in Berlin and other cities are already outlined.

The idea shows again how strongly retail and urban development are linked to each other. The great importance of retail for urban life is also proved by Warsaw, currently in the Praga district on the embankment of Vistula opposite of the inner city. Already since some years Praga is experiencing a steady appreciation. In former times it was the location of many factories. One of these was the Vodka factory Koneser constructed at the end of the 19th century. Now the developers BBI and Liebrecht & wood revitalised the area and redeveloped it into a mixed-use quarter with restaurants, hotel, office and retail areas. The Centrum Praskie Koneser is the second Polish finalist competing with projects from China, France and UK for a Mopic Award – this time in the category "Best Retail Urban Project". | **Andreas Schiller**



Volksbanken Raiffeisenbanken
cooperative financial network



Henrike Waldburg
Head of Investment Management Retail
Union Investment



Our successful investments are built on strong partnerships.

We take a forward-looking approach to investment.
With a focus on shared growth.

Across shopping centres, retail parks and high street retail, from Europe to the global markets, it is values such as reliability and trust which turn that first deal into a lasting business relationship. We have applied this principle for more than 50 years and watched initial contacts grow into longterm, futureoriented partnerships. Let's work together to build on this success.

Discover more about forward-looking real estate investment:
www.union-investment.de/realestate

STILL MORE PARTICIPANTS, STILL MORE ON OFFER: EXPO REAL 2018



With more than 44,500 participants Expo Real 2018 broke all former records.

Not only by the number of participants Expo Real 2018 broke all records, but also the offer of information was overwhelming. Hardly any topic not put into the focus somewhere and hardly any information not to find during the fair.

Whether exhibiting companies, cities and regions or participants – Expo Real 2018 outperformed all former events. During the three days of the fair, from October 8 to 10, 2018, a total of 2,095 exhibitors – 4.6 per cent more than in 2017 (2,003 exhibitors) – presented themselves in six halls of the Messe München fairground in the Bavarian State Capital. They came from 41 different countries. After Germa-

ny, the top ten countries of origin among the exhibitors were Austria, the Netherlands, Switzerland, UK, Poland, Romania, France, Luxembourg, Hungary and the USA.

A total of 44,536 participants – a rise of 6.6 per cent more compared to the previous year (2017: 41,775 participants) – crowded the halls and the open areas as well. For a fair taking place in Germany it is not surprising that the lion's share were domestic people. The biggest group of international participants came from UK, followed by the Netherlands, Austria, Poland, Switzerland, France, Czech Republic, Luxembourg, the USA and Spain.

Listening to many talks among national and international attendees there was to note a clearly positive sentiment, despite all global and European political challenges and despite the clouds in the sky of economy. While the year before there were at least some voices worrying about how long the boom will last nearly nobody seemed to expect a quick end. The worst expected was a slight slow-down.

This optimistic sentiment was supported by Michael Heise, Chief Economist of Allianz SE. At the beginning of the discussion about "Risk avoidance strategies" in Expo Real Forum, Michael Heise gave in his keynote a macro-economic overview. He pointed to the strong growth of

the world economy in 2017 and 2018. What contributed to this positive development was the economic growth in the USA additionally fuelled by an expansive fiscal policy. However, this is also causing some danger, Michael Heise continued. Because an expansive fiscal policy in times of a booming economy is contrary to all principles economists are teaching and causes excessive deficits necessitating sooner or later a budget consolidation that will dampen not only the economy of the USA but the world economy in general.

In Europe economic growth is already slowing down – after 2.6 per cent in 2017 the Chief Economist of Allianz forecasts for the European Union growth rates of 2.1 per cent this year and 1.8 per cent in 2019. At least in the Euro zone the climax of the cyclical upturn is already reached. “It is not five to twelve yet, but a quarter to twelve”, he put the situation in a nutshell.

Still economy is presenting itself stable – despite increasing protectionism in the USA, causing no advantage for anybody; despite Italy where the current fiscal policy to stimulate the economy will fail, but causing nervousness on the financial markets; despite Brexit, where according to Michael Heise a No-Deal-Brexit would have such a strong impact on economy, that a soft withdrawal agreement is more likely.

No immediate danger is coming from emerging markets. Also the political risks will not necessarily have an impact on the general economic development of the world. However, what remains a great risk is the high level of national debts.

Regarding the development of interest rates Michael Heise’s statements were reassuring: according to him there will be no sudden and rapid change in interest rates. However, given the currently high prices of real estate and the low yields any increase in interest rates means a certain risk, but it can be limited by value-add investments.

One topic in the following discussion was the question to what extent diversification can help to minimise risks. It was Lorenz Reibling, Chairman and Founding Partner of Taurus Investment, who giving the example of India pointed to the fact that an above-average economic growth is to state mainly in Africa and



Overcrowded have been not only the halls, but the subway, too

Asia. But as reasonable as diversification is, in case of an crisis it cannot protect against spill-over effects, Markus Enders, Global Head of Credit Risk Management Real Estate of Helaba, wanted to bear in mind. Alexander Taft, Managing Director, Head of Investment and Debt Structuring – Europe of Invesco Real Estate put the main focus on the decision making process. An investment decision should never be the decision of a single person, but should be made by a committee. The strategy of risk avoidance by a decision-making committee is a matter of course in all companies the panellists represented and in case of Taurus an additional condition is to invest only when all members of the respective committee agree. If only one of them has doubts, then the whole investment is cancelled.

For many investors Central and Eastern Europe is one possibility to diversify, also

because yields there are still higher than in Western Europe. Mostly the first step to enter the market is an investment in the respective capital city. However, in larger countries with a polycentric structure like Poland and Romania the focus is increasingly also on secondary cities. “These secondary cities are often more attractive than the capital”, Kirsten Felden, Senior Investment Manager Central and Eastern Europe at Union Investment Real Estate, explained. The Hamburg-based asset management company is invested not only in retail and hotel property in Polish secondary cities but also in office buildings in Poznan and Wroclaw. Adrian Karczewicz, Head of Divestments of the development company Skanska, since long not only active in Warsaw, but also in many other Polish cities, names as decisive criterion the liquidity of the respective market. “Otherwise I will not be able to sell the project.” Rents in secondary cities are increasing at a slower pace than in the capital, but on the other hand they are less volatile and very stable.

Not every secondary city currently booming will be a successful investment destination in the long term. Jeroen van der Toolen, Ghelamco’s Managing Director CEE, pointed to the city’s attractiveness for talents and young people. “These people don’t want to work in a business park somewhere outside the city centre, they prefer urbanity and therefore locations in the inner city. Very important is accessibility of the city because today business is mainly international and no longer local. That means that in the long run cities without an airport will be left behind because especially the younger generations want to move in the city without car, but be able to get everywhere in the world.”

That means changed requirements for cities and for city development. Thereby the question is whether the projects developed are those, the respective city is in need of. Marcel Ionescu-Heroiu, Senior Urban Development Specialist in the World Bank office in Bucharest, characterised it as a process: “In the beginning



Presented for the first time at the fair: the Bucharest Centenary Project

cities have to take what they can get. But the more the market is developing, the more certain things can be negotiated." However, he also mentioned that there is always a certain risk that secondary cities will be left behind the general development of a country. As an example he mentioned Detroit, once a booming industrial centre in the USA. With the decline of the automotive industry Detroit became more or less a "problem city" with high vacancies in all kinds of buildings and increasing impoverishment.

The decline in industries most of the cities in CEE have already experienced. What remains are many brownfield areas and abandoned (industrial) buildings. What to do with these areas and buildings was the topic of a panel discussion about "Changing old to new: revitalising properties and entire districts". Since long active in CEE and experienced with revitalisation projects is the Austrian developer Warimpex. "Next year, we celebrate our 50th anniversary of the establishment of the company and since 45 years we are active in real estate", Christoph Salzer, Senior Vice President of Warimpex confirmed. The revitalisation projects of Warimpex include the Hotel Le Palais in Prag or Vienna House Andel's Hotel as part of Manufactura, the former textile factory in Lodz. "In any case a revital-

isation project is more expensive than building from scratch", he admitted. On the other hand it is "an appealing task to revitalise something already existing", Raluca Crisan, CEO Romania of Ceetrus Romania (formerly Immochan Romania), confirmed. Ceetrus is developing Coresi Business Park on the area of the former tractor factory in the Romanian city of Brasov. Coresi Business Park is the heart of a new district integrating all aspects of urban life – from working and shopping to residential and leisure facilities. But as Raluca Crisan emphasised it is necessary to integrate such large-scale projects into the city and into the city society. Otherwise they will never be successful.

Often at the start of an urban regeneration project a first strong impulse is necessary to initiate the further development. In case of Warsaw it was the construction of the national stadium for the European Championship 2012 on the eastern embankment of the Vistula. While Warsaw on the western side of the river was developing in a modern metropolis able to compete with Western capital cities, the Praga district on the other side of the river, for a long time shaped by factories, was more or less the 'ugly stepsister'. Still the national stadium is more or less a stand-alone building, but now also the immediate surrounding will be developed.

Generally Praga is a changing district and very popular with young and creative people. Many of the old factories are already revitalised. The most recent example just completed is the former vodka factory Koneser, a project of Liebrecht & woodD. But beside refurbished and revitalised buildings there is still a lot of run-down residential buildings. "About 40 per cent of the residential units in Praga are public stock with very low rents and tenants that are not really able to pay more", explained Piotr Sawicki, Director of Economic Development Department of the City of Warsaw. But exactly that is one of the reasons why Praga – meanwhile for many a 'hip' district – shows still a very mixed population by age as by social status as well.

However, it has not to be always former industrial sites that have to be revitalised. In Budapest it is the City Park (Varosliget) that needs to be modernised. The approximately 100 hectare park in Budapest's inner city has past its prime and became "outdated", as Attila Saghi, Deputy CEO of the state-owned development company Liget Budapest, characterised the situation. Budapest is attracting an increasing number of tourists. They as well the inhabitants of the city want to have sport facilities and cultural offers in the vicinity. Therefore three museums are added to the already existing two in the City Park, the zoo located there will be enlarged and modernised, and the promenade Kós Károly sétány leading from Heroes' Square (Hősök tere) to the main entrance of the park will be free of cars. Furthermore also the green and the sport facilities will be refurbished and modernised. The Varosliget revitalisation project will be completed in 2023.

A great revitalisation project was also one of the main topics in an event headlined "Romania – new market dynamics and opportunities", organised by the Romanian-German Chamber of Industry and Commerce. Since 2014 Romania experienced a market consolidation, confirmed Catalin Joloba, Head of Real Estate Finance of BCR – Erste Group

Bucharest. Marcel Ionescu-Heroiu, Senior Urban Development Specialist in the World Bank office in Bucharest, added that during this time also companies experienced a clear growth and foreign direct investments increased though remittances are still higher than FDIs. "In some years, Romania will be the new Ireland", forecast Marcel Ionescu-Heroiu.

Still the interest of international investors is mainly on Bucharest. That is true also for CA Immo, active in Romania since 2001, as Hedwig Höfler, Head of Investment Management of CA Immo, stated. In Bucharest CA Immo is currently not only developing Orhideea Towers, but also owns five other office properties and recently has acquired the office building Campus 6.1 from Skanska. The reason for this concentration on Bucharest is not "the lack of attractiveness of other Roma-

nian cities. It is caused by the fact that CA Immo as landlord wants to be close to its tenants" and has to bundle its competences effectively. "Investment in other cities would require establishing offices there to be near the tenants", Hedwig Höfler explained. From the perspective of a financing institute there are no objections to investments in secondary cities as far as "the market is liquid", Catalin Jobloba added.

Whoever is looking at Bucharest will have new opportunities in the near future. At the beginning of the panel discussion about the Romanian real estate market the biggest revitalisation project of Romania, the "Bucharest Centenary Project" (www.bucharestcentenaryproject.ro) has been presented. On an area of more than 100 hectares, located in Sector 5 of the city, about 1.6 million square me-

tres shall be developed – residential units including social housing, offices, service areas, health and education facilities as well as a Multipurpose Sport Hall with 5,500 seats. It is a project of Sector 5 City Hall and World Bank will – similar to Constanta and in short also to Brasov – take part in the project by a 'technical assistance contract'. The aim is, to develop a totally new urban quarter only four kilometres away from the city centre. The project area is owned by the Sector 5 City Hall that wants to develop the area in a public private partnership.

During the fair there was often sneeringly mentioned "Groundhog Day" – in other words: the same as every year. However, there were some news causing surprise. The Bucharest Centenary Project and the participation of the World Bank in the project were such news. | **Marianne Schulze**



DREI, die zusammengehören: Grundstück, Projektentwicklung, Baukapazität

Sie haben ein Grundstück in guter Lage oder sogar bereits eine tolle Projektentwicklung, finden aber nicht den richtigen Partner für die Realisierung?

Die Wahrscheinlichkeit, kein passendes GU-Angebot zu bekommen, ist hoch und kann sich zum echten Problem für die Wirtschaftlichkeit und Zeitplanung Ihres Projekts entwickeln.

STRABAG Real Estate bietet Ihnen drei Lösungen:

- **Dienstleistung:** Transparenz und Kostensicherheit schaffen durch den Einsatz erfahrener Bau- managerinnen und Baumanager
- **Projektpartnerschaft:** Umfassende Realisierung- stärke der STRABAG Real Estate nutzen, mit Zugang zu konzerninterner Baukapazität der Ed. Züblin AG
- **Verkauf:** Eigene Risiken minimieren durch die Veräußerung an STRABAG Real Estate

Realisierungs-
partnerschaft oder
Verkauf.

Jetzt Video anschauen.
www.strabag.com/drei



FOR YOUR PLANNING

| When | What about | Where | For information and registration |
|------------------------------------|---|---|--|
| 14.–16. November 2018 | Mapic | Palais des Festivals, Cannes, France | www.mapic.com |
| 23. November 2018 | REMIC 2018 Real Estate Management in Corporations | ExpoForum Peterburgskoye shosse, Saint Petersburg, Russia | www.remic-conf.ru |
| 30. November – 1. December 2018 | 14th ERES Education Seminar: Real Estate Professionals of Tomorrow | Technische Universität Paul-Ehrlich- Straße 14, Kaiserslautern, Germany | www.eres.org |
| 13.–16. March 2019 | Mipim | Palais des Festivals, Cannes, France | www.mipim.com |
| 2.–4. April 2019 | RealCorp 2019 Is this the real world? Perfect Smart Cities vs. Real Emotional Cities | KIT – Karlsruhe Institute of Technology, Kollegiengebäude am Ehrenhof, Englerstraße 11 Karlsruhe, Germany | www.corp.at |
| 3.–6. July 2019 | ERES Annual Conference | ESSEC Business School, 3 Avenue Bernard Hirsch, Cergy-Pontoise Cedex, France | www.eres.org |

WHY THE RESIDENTIAL MARKET COMES APART AT THE SEAMS

In Germany increasing rents and prices for living space are a hot subject. Whenever it is about real estate, sooner or later talks are about “affordable housing”. That is also true for an event like Expo Real. And there is often demand for action by public authorities – also from those who generally emphasise the self-regulating powers of the market.

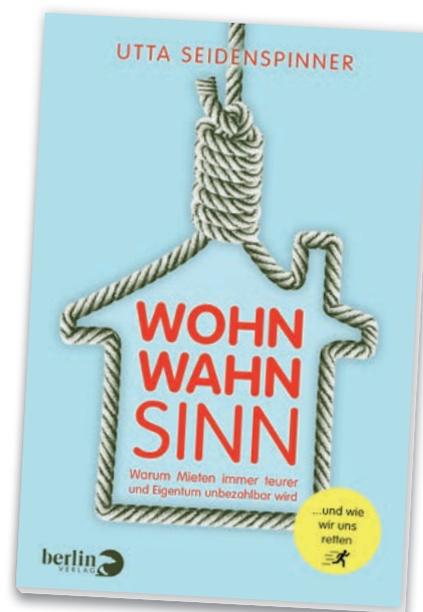
More than five decades the housing market in Germany developed in an un spectacular way. What are the reasons that since some time the market comes apart at the seams, so that in many cities the average rent is at EUR 10 per square metre and the average price at EUR 5,000 to EUR 7,500 per square metre for residential property. The journalist Utta Seidenspinner researched the reasons for this development and came across with finding that it was mainly politicians and public authorities that caused the mess they are lamenting today.

The ‘big bang’ has been that Federal Government, State Government and municipalities, the churches, companies with company housing and non-profit-making housing companies sold their housing stock. The keyword was ‘privatisation’. Since the start of the millennium large housing portfolios have been acquired by private, often listed (national and in-

ternational) companies with the main aim to generate high yields. In other words: politics did all to enable that housing has become an investment property. At the same time the public authorities stopped their activities in social housing – also this part of the sector should be regulated by the market.

What the market regulates is the development of new residential building mainly for financially very strong customers that take the apartments as investment assets if not as a mean for money laundering. It raises some suspicion to read that a multi-family house in Munich has been acquired for a price-to-rent ratio of 54. That means a clear increase in rents because nobody will wait nearly half a century until his investment amortised – unless there is a different interest causing the purchase.

It is the demon of privatisation that once released cannot be persuaded to re-enter the bottle. Utta Seidenspinner gives some possibilities the state and the municipalities have to counter the worst excesses, she also shows some alternatives for private people, but in general she is not really optimistic that the problem can be solved. That is what makes it so virulent in a country where 45 per cent of the users of living space are tenants – with tendency to increase because the number



Utta Seidenspinner
Wohnwahn Sinn – Warum Mieten immer teurer und Eigentum unbezahlbar wird
 202 pages
 Berlin Verlag in der Piper Verlag GmbH, Berlin 2018
 ISBN 978-3-8270-1381-1
 Price: 18 Euro
 (in German only)

of people able to buy residential property is decreasing. The situation is also causing some danger for cities, already today choking by the daily commuter traffic and where in the long term social tensions might increase.

imprint

Editors: Andreas Schiller (V.i.S.d.P.), Marianne Schulze

Layout: Silvia Hög, www.diehogl.at

Frequency of publication: eight times a year

Publishing House: Schiller Publishing House
 Unternehmungsgesellschaft (haftungsbeschränkt)
 Lohplatz 13, D-51465 Bergisch Gladbach

Managing Director: Andreas Schiller

Registered: Amtsgericht Köln, HR: B 68026

UID: DE270670378

T: +49 22 02 989 10 80

E: office@schillerpublishing.de

Articles by authors represent the opinion of the author, and not necessarily the one of the editing office.

For the purpose of information SPH Newsletter may be printed, digitally distributed and placed on the own homepage without any payment or permission.

If articles or quotes are placed in either a press review or on the own homepage, it is obligatory to mention SPH Newsletter as source.

The publishing house expressly receives the right to withdraw this general permission in individual cases.

Any reprint or other commercial use made out of SPH Newsletter outside that permitted within the narrow limits

of the copyright is subject to permission from Schiller Publishing House.

Any reprint or other commercial use assumes the written permission of the publishing house.

Photography: Anatoly Stepanko (p. 1), Frank Boston – Fotolia.com (p. 11), MAPIC / V. Desjardins - Image & Co. (p. 14), Multi (p. 15 left), Maciej Krüger (p. 15 right), Thomas Plettenberg / Messe München (p. 17), Andreas Ridder (p. 18), Bucharest Centenary Project/ Bucharest Sector 5 City Hall (p. 19)