

# SPH newsletter

## news

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## special

It is the 30th edition of Mipim, taking place from March 12 to 15, 2019 in Cannes. Mipim has been the first international real estate fair in Europe, and it remained to be the most international event of the industry. page 13

## background

2018 has been a new year of records in the commercial real estate markets in CEE/SEE – however, not everywhere and not in every segment. page 17

## best practise

Near Zurich there is (a) NEST for researching and testing sustainable building technologies. page 20

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## DEAR READERS!



At the beginning of February the President of the European Council Donald Tusk put it into clear words. He wondered “what the special place in hell looks like for those who promoted Brexit without even a sketch of a plan how to carry it out safely”. With the current messing around Brexit in UK as well as with the EU I can understand why the otherwise very polite Polish politician has chosen these drastic words.

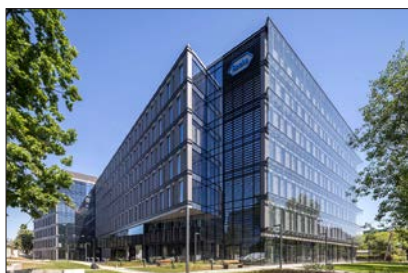
No doubt, there is much to complain with the EU. Some people are missing perspectives and security. And it is an old finding that in times when certainties are fading, the bell tolls for pied pipers. Demagoguery instead of democracy, inciting instead of explaining, populism and new nationalism, separating and protectionism – this all is meanwhile present.

At Mipim in Cannes the whole of Europe as well as some countries from other parts of the world are showing presence. Please try to imagine: around the individual stands walls or at least fences are established, entrance is only possible by check points and with valid documents. Unthinkable? Not really, transferring Brexit and some plans in other countries to Mipim.

I am happy about the fact that this is not given at Mipim. And I look forwards to many good meetings and talks at the fair – among others with the participants from UK. Because the country is leading the list of exhibitors by country. At least this gives reason for some ease.

Yours,

Andreas Schiller



*The office building Graffit on Domaniewska Street in Warsaw's Mokotów district has been developed by Hines and offers a total of 18,500 square metres of leasable space.*

## ZEUS ACQUIRES GRAFFIT OFFICE BUILDING IN WARSAW

TAN Poland, a company managed by Zeus Capital Management, has acquired the Graffit office building in Warsaw's Mokotów district from Hines Russia & Poland Fund (HRPF). The purchase price was not disclosed. It is Zeus' first investment in Poland. Located on Domaniewska street, the property offers 18,500 square metres of leasable space on seven floors, including 1,900 square metres for retail and services.

## PROLOGIS COMPLETES TWO NEW BUILDINGS IN BRATISLAVA

Prologis has completed construction of two new speculative facilities totalling 25,300 square metres at Prologis Park Bratislava. The developments include 9,800 square metres in Building 14, of which 2,700 square metres are pre-leased to Electronic Star, an e-commerce retailer and 2,900 square metres to Blitshtein Trading, a food distributor serving major CEE markets, in addition to 15,500 square metres in Building 20. With the completion of the two new buildings, the park offers more than 386,000 square metres of logistics space. Prologis Park Bratislava is 24 kilometres east of Bratislava's city centre, 2 kilometres from Senec and 16 kilometres from the international airport.

## ARCONA ACQUIRES ROMANIAN PROPERTY PORTFOLIO

Arcona Property Fund N.V. has entered into an agreement to acquire most of the property assets of Secure Property Development & Investment in an all-share transaction that will rise the net asset value of Arcona Property fund's portfolio from EUR 41.9 million to circa EUR 78 million. The assets to be acquired, comprising offices, warehouses, apartment complexes and development sites, are located primarily in Romania. The Fund currently invests in commercial real estate (mainly offices and retail parks) in the Czech Republic, Poland and Slovakia.

## A&O HOSTEL CHAIN ENTERS BUDAPEST MARKET

The hostel-chain a&o Group will open its first quarters in Budapest in Q3 2019. The German Group creates a modern hostel by simultaneously restoring and transforming a historic property into a 108-room hostel. ConvergenCE is to lead the complete reconstruction of the selected property in Csengery Street. a&o Group's first Hungarian hostel will be located in the heart of the 7th district. Built around the turn of the century, the Csengery Street building was originally a Ferdinand Piatnik & Söhne Playing Card factory. During its long history, however, it has also been utilized as a youth hostel and later as an office building.





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### Q 19

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Paris, France



### 61 Ninth Avenue

Mixed-use Building  
New York, USA



### SXB Südkreuz

Office Development  
Berlin, Germany



### Upper Zeil

Retail  
Frankfurt, Germany



### Junghof Plaza

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*ArtN is a brownfield redevelopment in Warsaw's Wola district. The area was location of the former Norblin silver-plated metals factory. ArtN will be a multifunctional mix of heritage elements and newly constructed buildings.*

## EIB FINANCING FOR ARTN IN WARSAW

The European Investment Bank (EIB) has signed a EUR 60-million loan agreement with ArtN Sp. z o.o., a subsidiary of Capital Park S.A., for a project to revitalise the former Norblin factory site in central Warsaw.

ArtN is the redevelopment of a brownfield site in the western district of Warsaw – Wola. Heritage buildings of the former Norblin silver-plated metals factory will be renovated to accommodate a food and retail market hall, a cinema and a cultural museum for Warsaw, while new multifunctional office space will be created in areas without heritage elements. The site will be connected to the neighbouring part of the town thanks to a pedestrian area, parking spaces for bicycles and proximity to public transport services. The project has over 64,000 square metres of usable space with nine levels above and four levels below ground. The underground car park will include an automatic parking lot for 200 bicycles.

It is the first EIB transaction in Poland with a real estate investor under a project-financing scheme. Before EIB's involvement, the sole lender supporting the project was Polska Kasa Opieki S.A., which initially committed close to EUR 160 million. Thanks to EIB's EUR 60 million loan, the Polish lender was able to reduce its commitment to EUR 99.3 million.

## PANATTONI EUROPE EXPANDS IN SILESIA

Panattoni Europe has bought land for its new investment – Panattoni Park Czeladz III. The construction of the 68,000-square metre complex will commence this quarter. Panattoni Europe has invested a total of PLN 260 million (EUR 60 million) in Czeladz. The acquired land with 12,5 hectares is located within the city limits, at Gdanska Street, in the vicinity of the M1 shopping centre, right next to two already existing facilities – Panattoni Park Czeladz I with 46,700 square metres and Panattoni Park Czeladz II with approximately 15,800 square metres. The new park will comprise a single 68,000-square-metre building.

## CODIC STARTS CONSTRUCTION OF GREEN COURT IN BUDAPEST

Codic International, a Brussels-based developer, announced that construction has commenced on the office component of Green Court, a mixed-use development to be realized in partnership with the Hungarian Pesti Házak and the Austrian Venta Group.

The project is located in Budapest on the Váci office corridor. It incorporates Green Court Office, offering 21,000 square metres of gross leasing area, and Green Court Residence, comprising two residential buildings with 275 apartments. The apartments will be occupied by the end of this year, and the office project is scheduled to be handed over in Q4 2020.



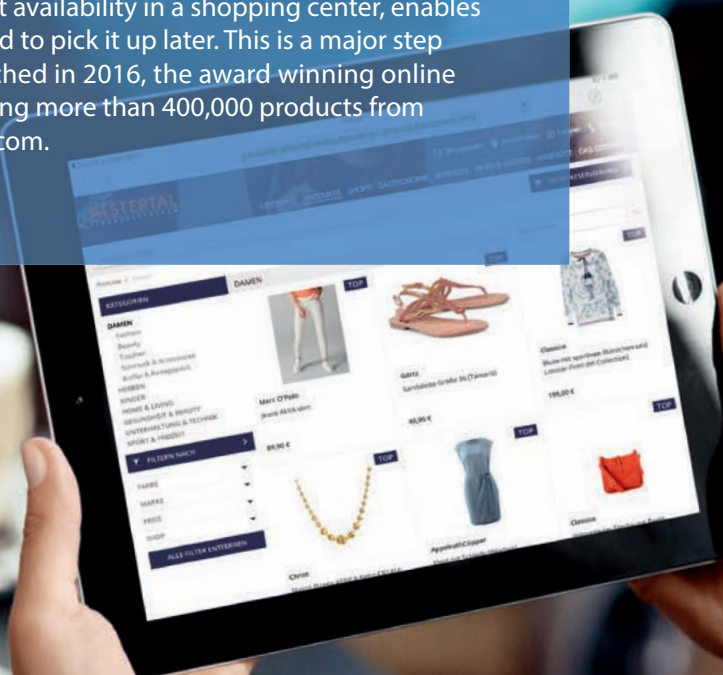


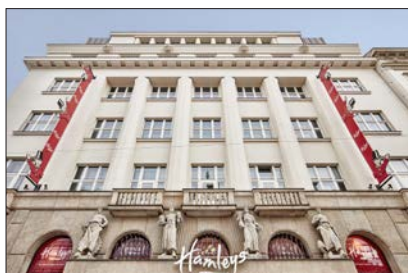
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IDEAS  INNOVATIONS  
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*The former bank building Na Příkope 14 in Prague has been reconstructed and extended jointly by Immofinanz and Lordship. Now Immofinanz purchased the 50 per cent share of the building from Lordship to become sole owner of the building.*

## IMMOFINANZ: SOLE OWNER OF NA PŘÍKOPE 14 IN PRAGUE

The Austrian company Immofinanz has purchased the remaining 50 per cent of Na Příkope 14 building from the company Lordship and became the sole owner. The parties to this transaction have agreed not to disclose the purchase price.

The revitalised historic building is located on one of Prague's most famous shopping streets. It has around 17,000 square metres of retail and modern office space on ten floors and 150 parking spaces in the underground garage. The comprehensive reconstruction and extension of the heritage building was finalised in 2014.

With the acquisition of the remaining 50 per cent of Na Příkope 14 from Lordship, Immofinanz has ended its last joint venture in the Czech Republic and now owns 100 per cent of all its properties in the country.

## SONAE SIERRA AND BALMAIN TEAM UP IN POLAND

Sonae Sierra has acquired a 50-per cent stake in Balmain Asset Management Group's Central European platform. Balmain is an experienced operating partner and multi-disciplined service provider with a strong pedigree in European retail and leisure assets. With this acquisition, Sonae Sierra is able to enter the Polish market and create conditions for facilitating significant expansion opportunities into other CEE markets for the new JV entity, Sierra Balmain.

This joint venture will firstly be focusing on the continued expansion of the existing services of Balmain's Polish portfolio, which already comprises a total of 15 shopping centres in 15 different cities in Poland. BSC Real Estate Advisors and BSC Property Management, subsidiaries of the Balmain Group, will be renamed in line with the Sierra Balmain brand.

The new JV will not be a direct investor but will continue to provide services to its client investors. Sierra Balmain will combine both the international experience in retail real estate from Sonae Sierra, with the extensive local market knowledge of the Balmain team.

## OASIS UND SUPERNOVA TO DEVELOP SHOPPING CENTRE IN SIBIU

Oasis Retail Development & Consulting has entered in association with Austrian-based group Supernova for the development of Prima Shopping Center Sibiu, a retail park of 40,000 square metres localized North of Sibiu, near a Hornbach DIY store.

The partnership with Oasis for the project in Sibiu marks the entry of Supernova on the Romanian market. The first phase, measuring 15,000 square metres, will comprise a hypermarket and a shopping gallery.



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*During the last 12 years owner of Novodvorska Plaza shopping centre in Prague has been Klépierre. Now the French specialist for retail real estate has sold the asset to Bluehouse Capital.*

## BLUEHOUSE ACQUIRES NOVODVORSKA PLAZA IN PRAGUE

CBRE, acting on behalf of Bluehouse Capital, has acquired Novodvorska Plaza shopping centre in Prague. The centre opened in 2006 and totals 26,000 square metres. It enjoys close proximity to several housing estates in Prague 4 and Prague 12. Seller of Novodvorska Plaza after a holding period of 12 years was Klépierre. The purchase price was not disclosed.

## ELEMENT INDUSTRIAL STARTS NEW PROJECT OUTSIDE BUCHAREST

Industrial and logistics developer Element Industrial has received the building permit for ELI Park 1 and has started the construction works. The park will offer 45,000 square metres of warehouse and office space following an investment of EUR 25 million.

The logistics park is serviced by public transport and is located 4 kilometres from the capital's City Ring Road, by DN 7, a four-lane national road. One of the main benefits is ease of access towards North and Central Bucharest.

## AEW ACQUIRES 3 VÖRÖSMARTY SQUARE IN BUDAPEST

AEW has acquired a mixed-use asset in Budapest on behalf of the Europe City Retail Fund for EUR 18 million. 3 Vörösmarty Square is the Fund's first acquisition in Hungary. The landmark property is 3,163 square metres in total and provides 3,072 square metres of retail and office space.

The first two floors of the property are anchored by Berskha flagship store and the Italian style restaurant chain Vapiano. The second floor is vacant and will be renovated and let as office space. The rest of the building is residential. The seven-storey building is positioned in the heart of Budapest's pedestrianised shopping district and directly on Vörösmarty Square.

## NEW OWNER OF AUSTRIA TREND HOTEL IN LJUBLJANA

KD Adriatic Value Fund, Special Investment Fund, the first regulated real estate alternative investment fund (AIF) in Slovenia, managed by KD Funds in partnership with Peakside Capital has finalised the acquisition of the Austria Trend Hotel from CA Immo. The purchase price was not disclosed. Located in Ljubljana, Austria Trend Hotel offers 214 rooms and its amenities include a restaurant, spa and wellness centre, with sauna and gym, as well as 11 conference rooms. The hotel is positioned in the immediate vicinity of the Ljubljana ring road.



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*In the area of Boulevard Expozitiei in Bucharest GTC will develop the office complex City Rose Park with 50,000 square metres of leasable space. Most recently the company secured the building permit.*

## GTC TO BUILD OFFICE PROJECT IN BUCHAREST

Globe Trade Center (GTC) secured a building permit for a EUR 100 million office project in northern Bucharest. To go up on a plot that used to house the Grivita railway equipment plant in the capital's Expozitiei area, City Rose Park will offer a total of 50,000 square metres of leasable space in three buildings. The first two buildings should be completed by mid-2021, while the third, which is still in the planning stage, will follow in the first half of 2022.

## MITISKA REIM IN PARTNERSHIP WITH KARUZELA HOLDING IN POLAND

Mitiska REIM, the Belgium-headquartered specialist investor in European retail parks, announced a new strategic partnership with Karuzela Holding. Under the terms of the agreement, Mitiska REIM and Karuzela will form a joint venture in Poland, and Mitiska REIM's FRI 2 fund will acquire a 50-per cent holding in two retail parks and two galleries owned by Karuzela, with a total gross leasable area of 35,600 square metres. Both parties will co-develop four additional projects with a total gross leasable area of approximately 60,000 square metres.

The two retail parks are located in the Polish cities of Lubliniec and Turek. Retail Park Lubliniec comprises a gross leasable area of 7,700 square metres. Retail Park Turek is in the city centre and offers a gross leasable area of 7,600 square metres. The two galleries are located in Wrzesnia and Wodzisław. Galleria Wrzesnia is covering 11,500 square metres gross leasable area, Galleria Wodzisław of 8,800 square metres.

The four development projects are planned in the Polish cities of Kołobrzeg, Swiebodzin, Biała Podlaska and Elk. The new joint venture between Mitiska REIM and Karuzela will also target future new investments with a minimum area of 3,500 square metres gross leasing area, either through the acquisition of existing properties with value-add potential or the development of new projects.

## MLP GROUP STARTED CONSTRUCTION OF A LOGISTICS PARK IN ROMANIA

MLP Group commenced the construction of its first logistics park in Romania. The MLP Bucharest West park will be built in Bucharest's north-western outskirts, near Chitila, in Ilfov county. In total, over 22,000 square metres of warehousing space will be constructed at this stage of the project. Ultimately, 95,000 square metres of space will be available in MLP Bucharest West.

The logistics park will be directly accessible from the Bucharest Ring Road, being adjacent to it, and will be located between two European routes: the E70 and the E60 connecting Timisoara and Brasov with Bucharest, respectively. A trip by car to the park from Bucharest Otopeni International Airport will take approximately 15 minutes and from downtown Bucharest 25 minutes.



*Nivy Tower, part of the Nivy Station project in Bratislava, is already under construction and should be completed next year.*

## HB REAVIS SECURED FINANCING FOR NIVY STATION IN BRATISLAVA

HB Reavis has received a syndicated loan of EUR 175 million for the construction of the Nivy Station project in Bratislava. The loan is processed through a bank consortium of UniCredit Bank, Tatra banka, CSOB and Hypo-Bank Burgenland, the transaction agent is UniCredit Bank. HB Reavis utilised the first part of the loan in December of 2018.

Nivy Station combines a bus terminal, shopping centre, and several facilities for active rest and relaxation. The new station premises will comprise of three aboveground and two underground floors. Bus platforms will be situated in the underground. The project also includes the adjacent administrative building Nivy Tower, which is under construction since May 2017. HB Reavis has already secured financing for the 125-metre high tower through VÚB bank. The leasable area of the Nivy Station project including Nivy Tower will be over 130,000 square metres. HB Reavis began construction works on the new station in October last year, and completion is scheduled for 2020. Nivy Tower should be completed next year.

## STAFFING



*left: Mark Davis  
right: Ana Dumitrache*

**Mark Davis** has been appointed new EBRD Regional Director for Romania and Bulgaria and will assume his new role in Bucharest on 1 April 2019. Mark Davis follows Matteo Patrone who has become Managing Director for Eastern Europe and the Caucasus. Mark Davis is currently Adviser to EBRD Vice President, Banking, Alain Pilloux, and is based in London. He joined the Bank in 2013 as Head of Armenia. Prior to joining the EBRD, Mark Davis was an Executive Director at Goldman Sachs in Moscow (2010–2012) and Executive Director at Morgan Stanley in London (2007–2010). He began his career at the World Bank in Washington D.C. where he was a senior country economist responsible for Moldova, Ukraine and Kazakhstan between 1996 and 2006. Mark Davis holds a PhD in economics from Tulane University.

**Ana Dumitrache** returned to CTP Romania as Country Head. In 2018, she had left CTP Romania where she served as Co-Country Head for 14 months to become Head of the Investment Properties Division at CBRE Romania. Ana Dumitrache has vast experience as a real estate banker as well as real estate development.



*Rainer Nonnengässer*

**Rainer Nonnengässer** has been appointed CEO of International Campus Group. He was most recently the CEO of Youniq, and previously held roles as the CEO of Micro-living at MPC Capital, which operates student apartments under the Staytoo brand, and as a Managing Director at AXA Real Estate. Rainer Nonnengässer has more than 20 years' experience across the finance and real estate sectors.



## LETTINGS



### EQUATOR IV, WARSAW

POLAND 

The office tower Equator IV developed by Karimpol Polska at Aleje Jerozolimskie 100 in the Warsaw district of Ochota has two new tenants: the medical company Edwards Lifesciences Poland and Kantyna with a coffee bar of the Vien-War chain. Karimpol was represented by the consultancy JLL in the negotiations with Edwards Lifesciences Poland. The tenant was represented by CBRE. Edwards Lifesciences Poland will take up 416 square metres of space on the 11th floor. Kantyna will operate on the ground floor, taking up 510 square metres of space. Equator IV is an office building with a total space of nearly 35,000 square metres, including 20,130 square metres of office space for lease and 682 square metres on the ground floor dedicated to commercial and service outlets as well as a canteen. The building opened for business in June 2018.

### O3 BUSINESS CAMPUS, KRAKOW

POLAND 

Amer Sports has leased 650 square metres of office space in phase three of the O3 Business Campus in Kraków. The Finnish supplier of sports clothing, footwear and equipment was represented by C&W. The O3 Business Campus is an office complex consisting of three eleven-story buildings offering a total of 57,000 square metres. The property is located in northern Kraków at the junction of Opolska street and 29 Listopada avenue. The owner of the project is Echo Investment.

### BUSINESS GARDEN, WROCŁAW

POLAND 

Santander Consumer Bank has leased 10,000 square metres at Business Garden, which is currently underway on Legnicka street in Wrocław. The tenant was represented by Colliers International during the lease process. The complex will include nine buildings, offering a total of 117,000 square metres of office and retail space, on 7 hectares. Business Garden is developed by Vastint Poland.

### NOWY TARG, WROCŁAW

POLAND 

SpyroSoft has leased 4,000 square metres of space at the Nowy Targ office building, which is currently being developed by Skanska in Wrocław. The property will offer 22,000 square metres of business space as well as 195 parking lots. The scheme is Skanska's sixth office investment in Wrocław. Completion is scheduled for August.

### ELI PARK 1, CHITILA-BUFTEA

ROMANIA 

Paste Baneasa has signed a lease agreement on 5,000 square metres at Eli Park 1. The first stage of the scheme by Element Development is scheduled to be completed in the third quarter of this year and will offer 20,000 square metres. Once completed, Eli Park 1 will offer 45,000 square metres of leasable storage and office space. The developer is investing EUR 25 million in the project, which is going up 4 kilometres from Bucharest's ring road in the Chitila-Buftea area.

# THE 30TH TIME: MIPIM IN CANNES



*Springtime on the Mediterranean Sea – that is only one side of Mipim, the other one is hard work for all the participants.*

From March 12 to 15, 2019 the meanwhile 30th Mipim in Cannes takes place. A decadal anniversary is always a reason to celebrate. But instead of looking back Mipim is looking ahead to the next decades, putting this year's issue of the fair under the headline: **Engaging the future.**

30 years are a long time. Given the acceleration of the developments that changed the world during the last three decades and are still changing many aspects of our life, then a real estate fair today seems to be no longer comparable with one 30 years ago, even though there are still some exhibitors taking part in the fair since the start in 1989.

It is to argue about the attractiveness of the exhibition area in the underground (level P-1) of the Palais des Festivals. The

later added Espace Riviera is more comfortable, but that does not change anything in the tightness of space and the high density of people. All in all there is only 21,000 square metres for exhibition area available for 3,350 exhibitors expected this year by Mipim organisers Reed Midem. That means an average of 6 square metres per exhibitor. No wonder that the number of joint stands is high.

As long as Mipim takes place there are complaints about prices, especially of hotel rooms. When approximately 26,000 participants are invading Cannes, hotel rooms are becoming rare. The city itself has more than 100 hotels with 5,500 rooms, but without holiday homes, rented flats and further accommodation possibilities in the greater area of Cannes the rush could not be managed. High demand, high prices – this basic

principle of economy is true also during Mipim. Nevertheless: when the weather gods are smiling with sun and springtime temperatures then especially those coming from North beyond the Alps get right with the prices.

However, to say it clearly: Mipim is not just fun, but a very serious event – that prove the three decades of existence, too. Mipim has been the first international real estate fair in Europe and still one of its characteristics is a relatively high internationality. But given the way to southern France and the costs of a trade show participation the European exhibitors are dominating. Of the 3,955 exhibitors already registered (February 26, 2019) 3,270 are of European origin. 46 are coming from Asia-Pacific with Japan (23 exhibitors) securing the lion's share. From the Middle East 26 exhibitors will be present – mainly from the UAE (21 exhib-



itors). Africa (20 exhibitors from Egypt, Morocco, Nigeria and South Africa) as well as Middle and South America (17 exhibitors from Bolivia, Brasilia, Dominican Republic and Mexico) are mainly represented by international associations like FIABCI, international consultancies, and sometimes by the respective Tourism Agency. With a total of 105 exhibitors (74 from the USA, 31 from Canada) the share of North America in the exhibiting companies is relatively high.

Supposing that a fair in France is dominated by French exhibitors is a mistake – at least at Mipim. Though there is meanwhile also a Mipim UK in London, the biggest share of exhibitors is coming from the United Kingdom – a total of 1.207 exhibitors. France is following in a clear distance and with 318 exhibitors. From Germany 293 exhibitors are registered.

Compared to these figures the number of 278 exhibitors from CEE/SEE seems moderate. Included are the Baltics, Russia, Ukraine, Turkey and even farer from the east Kazakhstan and Georgia. The 'heavy weights' regarding the number of exhibitors from CEE/SEE are Poland (71 exhibitors), Russia (42 exhibitors), Turkey (34 exhibitors) and the Czech Republic (28 exhibitors).

Traditionally Poland is present with a broad range of cities and regions, most of them are to find in Espace Riviera: Gdansk, Sopot and Gdynia are presenting themselves together with the investment promotion agency Invest in Pomerania (R8.A7). Exhibiting as well are Katowice (R8.C1), Krakow (R8.B1), Lodz (R8.D11), Poznan (R8.C7) and Wroclaw (R8.D2).

The stand of the City of Warsaw (R8.D1) are joining – among others – BBI Development, CMT, Golub Gethouse, Immo-bel Poland, Liebrecht & Wood Poland, Mayland Real Estate, Skanska Commercial Development and Skanska Property Poland, Unbail-Rodamco-Westfield and Vastint Poland. On the same level in



*Not only the Palais, but Cannes as a whole is dominated by real estate people.*

Espace Riviera Echo Investment (R8.C3) has its own stand. One level lower, at 7.D17 there will be present Gdansk International Fair and Arena Gdansk, owner of the football stadium Energa Gdansk, PFI Future, characterising themselves as developers of leisure and entertainment real estate and theme parks, as well as the investment company Pamira Investments.

A bit far away from their compatriots – at least at Mipim – Bydgoszcz Industrial and Technological Park (P-1.K15) and the Polish Investment and Trade Agency

(P-1.G51) are located, the latter accompanied by the City of Lublin, the Polish Nurserymen Association, Hyper Poland, a technology service provider for the railway industry, and the Polish investment company TFI PZU.

From Russia the two big cities, Moscow and Saint Petersburg, are present. The City of Moscow (C11) will present itself in a large tent not to miss directly on the beach. From Saint Petersburg the Committee for Investment of Saint Petersburg (R7.G8) and the Academy of Real



Estate (P-1.M57) are registered, the latter joined also by some Russian companies. Like Moscow also Istanbul exhibits in a large tent (C14). Here the Istanbul Chamber of Commerce assembled 17 other exhibitors from Turkey. Furthermore, there are present in Cannes also some architects and consultants from Turkey as well as Esas Properties (R7.G15) and Hise Project & Consultancy from Ankara (R7.E68).

From the Czech Republic are travelling to Cannes: the City of Prague (P-1.D64, P-1.E65), the Central Bohemian Region (P-1.E85), the City of Brno (P-1.D78, P-1.E79), accompanied among others by AFI Europe and P3 Logistics Parks, the City of Ostrava and the Moravian-Silesian Region (P-1.D76, P-1.E77), both also joined by P3 Logistics Parks. As an exhibitor from Czech Republic registered is also CTP Invest (R7.E66), because the company is headquartered in Humpolec (between Prague and Brno); however, it is meanwhile active in the whole CEE/SEE region.

The difference to Hungary (14 exhibitors) is notable. For Hungary the Association of Real Estate Developers (IFK Egyesület Budapest) has organised a joint stand (P-1.F24, P-1.G11) hosting also the developers Atenor, GTC, Horizon Development, Infogroup Management and Wing as well as the consultancy Stay in Hungary.

By number of exhibitors the Baltics are led by Lithuania (16 exhibitors): On a joint stand not only the City of Vilnius and the City of Kaunas are present (P-1.G36, P-1.H31), but also a number of companies active in Lithuania. Nearly in the same league is Latvia (15 exhibitors): Here the City of Riga (P-1.G24 – P-1.H21) organised the joint stand and invited – among others – also the University of Riga as well as service providers and developers. Estonia (9 exhibitors) follows the same concept: on the stand of Tallinn (P-1.G16, P-1.H15) are also present the Port of Tallinn as well as different Estonian or in Estonia active real estate companies.

For Ukraine 13 exhibitors are registered. There are mainly to mention the joint stand of the City of Kiev (P-1.F2) and City One Development (P-1.K20, P-1.L17). The most of the registered exhibi-

panies (a total of 4,475): Though again the lion's share is on Real Estate Business Services & Suppliers (1,219) and General Business Services (860), but there are also representatives of 1,602 Investors &



*Projects from all over the world will be presented at Mipim and awarded.*

tors are international consultancies and service providers also active in Ukraine. The same is true for Bulgaria, Croatia and Serbia. From Montenegro it is already a tradition that the Ministry for Sustainable Development and Tourism is exhibiting at Mipim (P-1.F71). Slovakia is represented by the meanwhile more internationally active developer HB Reavis (R7.G24), and from Slovenia the investment promotion agency Spirit Slovenia – Invest Slovenia (R7.G31) can be of help for those interested in the country.

And last, but not least a look at the different activities of the exhibitors might be informative: of the 3,270 exhibiting companies from Europe 1,121 are Real Estate Business Services & Suppliers – they are the biggest group among the exhibitors – and 467 characterise their activity as General Business Services. In a clear distance are following Investors & Financial Institutions (705 exhibitors) and Developers (562 exhibitors). A bit different is the share-out of the participating com-

panies. Also 642 Developers are sending representatives to Mipim.

The Mipim conference programme, always very versatile, will be more structured this year by orienting at least in parts to the motto of this year's edition "Engaging the Future" and by trying to find answers to the question of the best strategy for a long-term and sustainable success of real estate investments as well as for the improvement of quality of life in general.

A highlight of the conference programme might be the opening keynote of Ban Ki-moon, from 2007 to 2016 the eighth Secretary-General of the United Nations (Tuesday, March 12, 2019, 2 p.m., Grand Auditorium). He will share his vision of the global challenges, from climate change and economic upheaval to increasing pressures involving energy and water. Already the high prominence of the speaker should be able to fill the Grand Auditorium. **I Marianne Schulze**



Volksbanken Raiffeisenbanken  
cooperative financial network



Henrike Waldburg  
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# RECORD INVESTMENTS IN COMMERCIAL REAL ESTATE OF CEE/SEE MARKETS

For the commercial real estate markets in CEE/SEE 2018 has been a very successful year. That is true not only by transaction volumes, but as well regarding the fact that on the one hand in some countries domestic investors are increasingly active and on the other hand new international players are entering the markets.

As different the five countries Czech Republic, Hungary, Poland, Romania and Slovakia are by area, population and economic power, as well they have one thing in common: regarding investments in commercial real estate 2018 was one, if not the best year since the global financing crisis in 2008. According to JLL, in these countries office, retail and industrial properties in the value of EUR 13.23 billion in total changed owner. This transaction volume is 11 per cent higher than in 2017 (EUR 11.92 billion) and for the third year running set a new record.

Looking at the share each country has in the total investment volume, Poland is clearly on the top. The country attracted EUR 7.2 billion – 54 per cent of the total result in CEE/SEE. The Czech Republic with EUR 2.5 billion and Hungary with EUR 1.58 billion are forming the mid-range, followed by Romania with EUR 900 million and Slovakia with nearly EUR 820 million.

For Poland, 2018 has been a year of records in many respects. EUR 7.2 billion is the highest yearly transaction volume ever. The attractiveness of the Polish market is due to the country's economic stability. Between 2007 and 2017, GDP grew annually by 3.3 per cent on average, in 2018 growth rate was above 4.5 per cent. Also for the next two years forecasts are predicting an annual economic growth of 3.5 per cent. What is also playing an



*Investments in commercial property in CEE/SEE amounted to new records in 2018.*

important role is the size of the market. Since long it is not only the capital city of Warsaw offering good investment opportunities, but as well regional office markets have established. Office properties have been traded in the amount of more than EUR 2.75 billion – also the highest volume ever. Furthermore, Poland is deemed to be a core market by many investors and is often mentioned in one breath with western real estate markets. This is reflected also by yields levelling off at 4.75 per cent for office real estate and at nearly 5 per cent for retail property.

Still lower are yields only in the Czech Republic. It is considered as the most stable country with the lowest investment risk rating within the CEE/SEE region. Since 2014 the Czech Republic is experiencing continued economic growth, amounting to 3 per cent last year. Also for 2019, this growth rate is forecast. However, uncertainties are increasing: Because UK

is among the most important markets for Czech products, Brexit might have an impact on economy. Furthermore the general trend to protectionism in global trade might cause some difficulties for the export-oriented economy of the Czech Republic. The biggest challenge, however, is the increasing lack of labour force. It is the reason for rising wages and salaries, causing that private consumption remains high, but in the mid term this lack of labour force can also jeopardise economic growth.

What is worth to mention when looking at the Czech real estate investment market: domestic players are dominating with a 50-per cent share in transaction volume. Generally demand for investment product is high, but investors' activity is often limited by a lack of supply and high price expectations of sellers. That is the main reason why transaction volume in 2018 was nearly 30 per cent lower than in the year before.





*Generali is one of those, who invested in Poland and CEE for the first time.*

The neighbouring country Slovakia is the smallest of the five named countries. However, there is strong interest from domestic as well as international players in real estate investments. Economy is stable and with a rate of 4.2 per cent Slovakia has one of the fastest growing GDPs in the Euro zone. And the economic success story will continue because at the end of 2018 the new plant of Jaguar Land Rover in Nitra has started production. The automotive industry is a main driver of economic growth, accompanied by private consumption that is supported by decreasing unemployment and rising incomes.

Looking at the segments, then retail property was the most sought-after investment opportunity (EUR 340 million), followed by office property (EUR 265 million) – here the interest is mainly on Bratislava – and industrial and logistics real estate (EUR 170 million). While in 2018 investments in office and retail property have been clearly above the average of the last four years, industrial and logistics real estate has to record a small decline in investment volumes caused mainly by the lack of product. Also in Slovakia the interest of domestic or regional investors in market is clearly increasing.

In the first half of 2018, the commercial real estate investment market in Hungary was rather weak. It was the second half that proved to be especially strong, reaching a level of EUR 1.3 billion thereby contributing to an annual investment volume of EUR 1.58 billion that was clearly above the already good result of 2017 and marking the highest annual transaction volume since 2007. With more than EUR 1 billion of acquisitions closed in 2018, domestic players invested into real estate as much as never before. However, there is to mention that the good annual result is caused mainly by four big deals: the selling of Mammut Shopping Centre to NEPI Rockcastle, the acquisition of the office portfolio of Corvin Promenade and of MOM Park Shopping Centre by OTP RE Fund, and the purchase of the MillPark Offices by Erste Real Estate Fund.

In fact, Romania is the second largest country of the five countries named, but its share in the total investment volume in CEE/SEE does not reflect it. However, with approximately EUR 900 million invested in commercial property in 2018, Romania nearly reached the good results of 2017 (EUR 963 million). Economic growth proved to be generally stable.

While in 2017 GDP grew by 7.3 per cent, in 2018 the rate was at approximately 4 per cent. Also for this and the next year growth rates between 3.5 and 4 per cent are expected, so Romania's economy is one of the top performers in CEE/SEE. Handicaps remain the political situation, the widespread corruption as well as the – often wrongly – low image of the country. That is also reflected by the risk premium, so yields in Romania are the highest of all CEE/SEE countries.

Still, it is the capital city of Bucharest investor's focus is on, even though Romania has a polycentric structure similar to that in Poland. Bucharest accounted for more than 75 per cent of the total investment volume – with 50 per cent allocated in office real estate and 35 per cent in retail property.

Generally, all of the five real estate markets in CEE/SEE are developing in a positive way – not only on the investment side, but as well regarding occupier demand driven by strong and stable economic growth. While for a long time international investors dominated the markets, now increasingly domestic investors or those from other CEE/SEE countries become active. That is to observe in Czech Republic since some time, Slovakia is catching up, and also in Hungary the trend is becoming apparent. Even in Romania there are first signs of domestic interest. Here the Dedemann Group, one of the biggest DIY retailers in the country, has entered the real estate market by acquiring The Bridge, an office park in Bucharest offering 58,000 square metres.

Also to note is that Asian investors, being meanwhile reluctant in western markets because of the high prices, are 'discovering' CEE. So e.g. a Malaysian pension fund acquired Galeria Katowicka in Poland and the Korean investor Shinhan Financial became the new owner of Florenc Office Center in Prague. As well Mapletree from Singapore was on shopping spree in Poland and acquired two portfolios with industrial and logistics assets – a portfolio of Prologis and the Encore-Portfolio of Hillwood. **I Christiane Leuschner**

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## A NEST FOR SUSTAINABLE BUILDINGS



*NEST allows to implement different units testing new building technologies, materials and systems in realistic conditions.*

**In times when cities are growing at a rapid pace, housing is becoming rare and more expensive, the requirement of energy efficiency is mainly met by thick insulation layers, the question is to ask about the environmental impact of the construction boom – and that not only regarding sealed natural ground.**

Plots are a rare good in cities, and the expansion into the surroundings with the linked sealing of natural ground is often deemed a crime against environment. This is, however, not the only objection against the construction boom we are currently experiencing. In general, the focus is on energy used by the building when operated, trying to reduce this energy

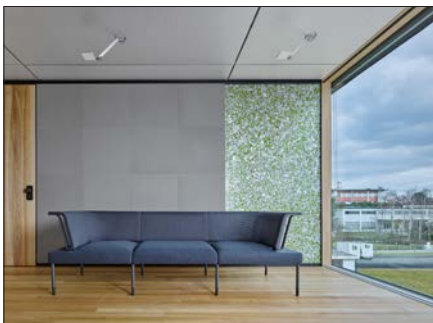
consumption as much as possible. Often not included in the bill is the energy needed for the production of material, for transport and the construction of a building – a rather decisive item.

Furthermore, a lot of the material used for building construction, is hazardous waste that cannot be recycled and even not be destroyed in waste incineration plants. Mainly insulation materials, used to increase the energy efficiency of buildings, is causing mountains of waste. In Germany, annually 40,000 tons of insulation material is to dispose. The challenge is not only the polystyrene sheets used for building insulation in former times and with added flame retardant environmentally dangerous, also mineral wool, in com-

mon use today, cannot be burned and is stored in landfill sites. In Germany, waste of construction and demolition amounts to 22.8 million tons annually – that is more than the half of the total waste. However, there is to add, that in this figure included is excavated material that can mostly be recycled.

Especially in the construction sector innovations are in demand to enable a more sustainable development. This is the engagement of Empa, the Swiss Federal Laboratories for Materials Science and Technology, an interdisciplinary research institute. Its research and development activities focus on meeting the requirements of the industry and the needs of the society. Together with its industry partners Empa





*In the different units of NEST people are living and working. Even a fitness and wellness area is available.*

is linking applications-oriented research to the practical implementation of new ideas and turning research results into marketable innovations meeting the requirements of sustainability.

In Dübendorf near Zurich a central project of Empa is NEST (Next Evolution in Sustainable Building Technologies), a platform where new developments can be tested, tweaked and demonstrated under realistic conditions. NEST consists of a central "backbone" and three open platforms, where individual research and innovation modules can be installed based on the "plug-and-play" principle. People live and work in these units, which double up as bustling experimental laborato-

ries. National and international research teams from universities, architectural firms and innovative companies from the building industry join forces in NEST.

Five different units are already realised and in operation. The Vision Wood housing unit is home to a wealth of timber-based innovations. E.g. it uses wood fibre for insulation and cellulose as a component in a surface coating for outdoor wood to increase its durability by improving UV protection, waterproofing, resistance to wear and tear, and the prevention of cracks and micro-organism infestations. Meet2Create is a laboratory for collaboration and work processes aimed at developing sustainable work environments. It focuses on the interplay between humans, space and technology. The Solar Fitness and Wellness unit demonstrates that this comfort is also possible without consuming fossil energy – by physical exercise to generate electricity and a wellness area that runs on solar power. And the SolAce unit, a project, researching and testing the capture of solar energy and daylight by the building envelope.

One of the most recent units is Urban Mining and Recycling, sometimes – not really proper – named the 'House of Waste'. It places life-cycle thinking at the forefront of the building design: Instead of merely using and subsequently disposing of resources, they are borrowed from their technical and biological cycles for a certain amount of time before being put back into circulation once again. The supporting structure is made of wood. The innovation lies in the joints and an appropriate use for the material: the nodes of the system that are exposed to pull and pressure are reversibly connected.

In fact, one of the material resources is waste, or more elegant: recycled materials. The Urban Mining and Recycling unit reveals the potential of this source of material and answers questions on the appropriate and safe handling of waste as building material. When selecting the individual materials, it is important to remember that converting refuse into

a building material does not extend the dead-end road; instead, the raw material is transferred into a cycle (partly accepting a one-off down-cycling).

A second resource is Urban Mining. It mainly involves the recycling or further use of approximately one per cent of the products characterized by a collector's or fair value. Due to improper use or non-recyclable compounds, the majority of the resource becomes 'hazardous waste', which is difficult to re-use – if at all – on account of the material mixture. Few materials sourced from urban mining are currently available as prototypical products for use in the unit Urban Mining and Recycling. Therefore, this innovation object pursues two different strategies: the exemplary use of existing products to reveal the potential and test the handling of such sources of materials; the improvement of the status quo by facilitating the full re-use of the NEST unit as a material resource.

And there are still Cultivated Materials that will not be 'mined' but 'harvested'. For this material resource the mycelium of certain fungus is used. Combined with organic waste materials like sawdust or agricultural waste the mycelium can be 'woven' into pressure-resistant building materials and the physical properties of the construction material controlled locally during the process.

That all might sound very theoretical and perhaps also a bit strange. But looking on the one hand at the mountains of waste, we are producing, and at the consequences for the environment, on the other hand at the immense consumption of raw materials – e.g. sand to produce concrete –, then this kind of research for a more sustainable development also in the building sector is urgently necessary. And what keeps the Urban Mining and Recycling unit as well as all the NEST projects out of the Ivory Tower is the cooperation with companies of the respective business and the fact that with NEST the new technologies, materials and systems are tested, researched, honed and validated in realistic conditions. | **Marianne Schulze**

## FOR YOUR PLANNING

When	What about	Where	For information and registration
12.–15. March 2019	Mipim	Palais des Festivals, Cannes, France	<a href="http://www.mipim.com">www.mipim.com</a>
26. March 2019	Cities of Tomorrow	JW Marriott Grand Hotel, Bucharest, Romania	<a href="http://www.citiesoftomorrow.ro">www.citiesoftomorrow.ro</a>
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	<a href="http://www.corp.at">www.corp.at</a>
17.–19. June 2019	REBEC XII. Real Estate Belgrade Exhibition & Conference	Hilton Belgrade, Serbia	<a href="http://www.rebec.rs">www.rebec.rs</a>
3.–6. July 2019	ERES Annual Conference	ESSEC Business School, 3 Avenue Bernard Hirsch, Cergy-Pontoise Cedex, France	<a href="http://www.eres.org">www.eres.org</a>
7.–9. October 2019	Expo Real International Trade Fair for Property and Investment	Messe München, Munich, Germany	<a href="http://www.exporeal.net">www.exporeal.net</a>

# THE OPEN CITY – SAUNTERING THROUGH CITIES AND THEIR DEVELOPMENT

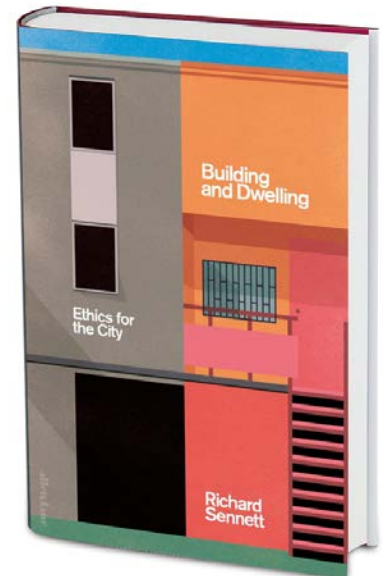
Who ever has been concerned with the history of the World War II will think to a city that is declared demilitarized during a war, entitling it to immunity from attack under international law reading the German title "The Open City" (the English title is *Building and Dwelling. Ethics for a City*). In a certain way the free association matches the book, because its author Richard Sennett is sauntering through the history of architecture and urban planning, sociology, philosophy, cultural history and anthropology, arts and literature as well as own experiences to talk about the many different aspects of cities and urban development – the positive examples as well as those rather not really successful approaches. Therefore he is travelling not only through the centuries, but as well he is criss-crossing the world and taking examples from all kinds of circumstances.

For sure, it is not a book, studied urban planners can learn something from. They might discover the one or the other aspect, but certainly not more. The book is more a lecture for interested laypersons who, however, need to have a broad canon of education to be able to judge the many names cited. Some of the author's conclusions seem to be bold, others are trivial, with some topics the reader does not know what in the end the au-

thor wants to say or is confused by the concepts and terms he is using to explain certain aspects of a city.

Generally, city is a double-faced term. Richard Sennett differentiates between "ville" and "cité", two French terms, he defines – a bit arbitrarily – as the physical built city (ville) and the community of citizens (cité). According to him, both, "ville" and "cité", are often opposed to each other. In fact, the built environment and the reality of life fall sometimes apart. Urban planning is historically determined and sometimes following certain trends that become earlier or later obsolete. Therefore the development of a city is a never ending process and its results are a mixture of a sometimes more, a sometimes less successful approach and often means also 'mending'.

The openness Richard Sennett is requiring from the citizens as well as from the urban planning concepts is not a real new one in the history of cities and the urban living together of different people. The more the reader advances with the book, the more he wonders about the author's goal. Is he only a chatterbox – what can have a certain attractiveness – or does the whole thing have any benefit? For those professionally dealing with urban development



Richard Sennett  
*Building and Dwelling:  
 Ethics for the City*  
 368 pages  
 Allan Lane Penguin Books 2018  
 ISBN 978-0-713998757  
 Price: GBP 25 Pfund (Hardcover)  
 GBP 12,99 as eBook/ePub

there will be no benefit– the most mentioned is common knowledge. For laypersons, however, it might be an interesting reading – at least afterwards he will look at cities in a different way and perhaps with more open eyes.

## imprint

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