

SPH newsletter

news

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special

Whether Mipim or Expo Real – in 2020, the pandemic has put a stop to mega-events in the real estate industry. But what exactly does the industry lack with this? page 14

The conference programme of Expo Real Hybrid Summit would have tried to provide answers to the current challenges. Here are at least a few thoughts on interdependencies of the real estate industry with the general issues. page 17

background

In 2020, "Cities of Tomorrow" in Bucharest took place digitally for the first time. A look behind the scenes shows how to get as close as possible to the real world with the virtual world. page 20

DEAR READERS!



Of all buildings, schools and hospitals are currently the most frequently mentioned in the media. They are in the focus of reports on the second wave of the corona pandemic. It is rarely about the real estate as such, but rather about what is happening in the buildings. At least, it is clear that doctors and nursing staff cannot simply be ordered on the Internet, neither can additional teachers.

Schools and hospitals are part of the infrastructure. The public infrastructure includes technical, social and now also ecological infrastructure. Investment in infrastructure is a necessity – a major cost factor for the public sector, but increasingly popular with investors. Deficient and dilapidated structures are of no use to anyone. On the contrary: they counteract the provision of services of general interest as the purpose of infrastructure.

However, when it comes to real estate investments and also in location analyses of cities and regions, infrastructure facilities are rarely mentioned. Office, residential, retail and logistics dominate, economic and purchasing power counts. That could change now. Because the crisis teaches us that everything is connected to everything else. Although the public sector is primarily in demand, investors and developers can also ask questions.

I wish you and your investments a good infrastructure with corresponding offers in education and healthcare.

Yours,

A handwritten signature in black ink, which appears to read 'Andreas Schiller'.

Andreas Schiller



Zagrebtower office building is located on Radnicka cesta in Croatia's capital city and has been completed in 2006.

CA IMMO SELLS ZAGREBTOWER

CA Immo has closed the sale of the Zagrebtower office building to Austrian property company S Immo AG at a 5 per cent premium to H1 2020 book value.

Zagreb Tower is located in an up-and-coming business district in the heart of the Croatian capital. The 79-metre office tower comprises a total of 25,900 square metres of rentable area on 22 floors and a 9-floor side wing. In addition, the building has an underground car park and around 500 outdoor parking spaces.

AFI EUROPE SECURES FINANCING FOR OFFICE PORTFOLIO IN ROMANIA

AFI Europe Group contracted a EUR 170 million loan from a consortium of banks consisting of Erste Bank Group, pbb Deutsche Pfandbriefbank, and Banca Comerciala Romana (BCR) to acquire NEPI Rockcastle's office portfolio in Romania.

The portfolio, valued EUR 307 million, comprises four office projects: Floreasca 169, The Lakeview, Aviatorilor 8 in Bucharest and City Business Center in Timisoara, with a total leasable area of 118,500 square metres.

GLOBALWORTH RENOVATES RENOMA DEPARTMENT STORE IN WROCŁAW

Globalworth has obtained a permit to renovate and rebuild the Renoma Department Store located in Wrocław.

Built in 1930, Renoma is an architectural icon and a prominent historic building in Wrocław. Therefore, the concept design for the future changes was entrusted to a team of renowned architects, led by Zbigniew Macków. The building's future interior will resemble the architecture of the historic Wertheim Department Store. To recreate the design details that the building used to have in the past, the investor will be closely supervised by the city monument conservation officer. The works are planned to start in Q4 this year.

The new Renoma will not only have additional office spaces, but it will also include a food area with restaurants, bars, bistros. The design was inspired by Hala Koszyki, the culinary centre of Warsaw, owned and managed by Globalworth.

CZECH INVESTORS ACQUIRE BRNO SHOPPING CENTRE

Czech investment group Portiva and Micronix have acquired the Central Kladno shopping centre in Brno from Crestyl for approximately EUR 74.8 million (CZK 2 billion). Central Kladno shopping centre offers 27,000 square metres of space.



Warsaw Spire

Office Building
Warsaw, Poland

Helaba | 



Q 19

Shopping Center
Vienna, Austria



Balthazar

Office Building
Paris, France



61 Ninth Avenue

Mixed-use Building
New York, USA



EDGE Südkreuz

Office Development
Berlin, Germany



Upper Zeil

Retail
Frankfurt, Germany



Junghof Plaza

Mixed-use Building
Frankfurt, Germany

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Futurama Business Park in Prague's district 8 (Karlín) has been developed by Erste Group Immorent during the years 2009 to 2017.

REFINANCING LOAN FOR FUTURAMA BUSINESS PARK IN PRAGUE

pbb Deutsche Pfandbriefbank and Helaba have jointly underwritten an investment facility, totalling EUR 107.5 million, to refinance Futurama Business Park located in Prague for Caerus Investment Management on behalf of a separate account client. pbb and Helaba, acting as Joint Lead Arrangers, provided equal portions of the funding. pbb also acted as facility and security agent of the transaction.

Futurama Business Park constitutes 5 office buildings and was completed in three phases between 2009 and 2017. The combined gross leaseable area is over 47,000 square metres.

PARTNERS GROUP AND REINO TO ACQUIRE POLISH OFFICE PORTFOLIO

Global fund manager Partners Group and Warsaw-based REINO Partners will jointly acquire a portfolio of office properties in Poland for more than EUR 200 million from Buma Group. The portfolio comprises nine newly built office buildings from Buma as well as two office projects under construction. The buildings totalling 125,000 square metres of gross leasing area are located in Kraków and Wrocław.

FUTUREAL GROUP ENTERS A NEW MARKET WITH HELLOPARKS

Gabor Futo, the founder of Futureal, is establishing a new industrial and logistics property development and investment company called HelloParks. The company will operate as a member of Futureal Group and will be headed by Rudolf Nemes. HelloParks aims to obtain a leading position in this growing segment in Hungary before expanding to other CEE countries.

For the start, HelloParks, has purchased 76 hectares of land near Fót. The first phase which involves a 45,000 square metre warehouse is to be completed by the end of 2021. The purchased plot is located near the M0 and M3 motorway junction and has the potential to create 330,000 square metres of industrial and warehouse space.

GTC SELLS BUDAPEST OFFICE COMPLEX SPIRAL

GTC has sold Spiral office building located in Budapest for EUR 41million. Spiral provides a total of 30,541 square metres of leasable office space situated next to Váci út Corridor. The building was completed in 2008 and offers six floors of offices and four underground parking levels.

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... to high performer



On a 20 hectare plot in the immediate vicinity of the Port of Gdansk and near the deep-water terminal DCT 7R will develop a 123,000 square metre logistics centre.

7R PLANS INVESTMENT AT THE PORT AND DCT TERMINAL IN GDANSK

7R has won a tender to purchase 20 hectares of land in the Pomeranian Logistics Centre. On the plot, the developer will build the 7R Park Gdansk Port complex, with a total area of approximately 123,000 square metres. The land property is located in the immediate vicinity of the Port of Gdansk, and the largest deep-water terminal in the Baltic Sea – DCT Gdansk.

SEKYRA GROUP BUYS HISTORIC BUILDING IN CENTRAL PRAGUE

Local developer Sekyra Group has acquired the Stýbuv dum townhouse on Wenceslas Square in Prague for around EUR 16.6 million (CZK 450 million). The company is planning to invest EUR 31.3 million (CZK 850 million) in restoring the building. After a comprehensive reconstruction, the building shall offer commercial space on the ground floor. The upper floors will house luxury accommodation and office space. Sekyra Group will also be involved in the revitalisation of surrounding buildings.

MITISKA REIM REFINANCES ITS FOUR NEWEST ROMANIAN RETAIL PARKS

Mitiska REIM, specialist investor in European retail parks and convenience centres, has secured a EUR 33 million senior debt facility with Erste Group Bank AG for four Romanian retail parks, representing a combined gross leasable area of 30,500 square metres.

Three of the retail parks, located in the Romanian cities of Bistrita, Braila and Drobeta-Turnu Severin, are development projects by Mitiska REIM and its Romanian country partner Square 7 Properties, with the Bistrita development first opening in 2017 and the Braila and Drobeta-Turnu Severin retail parks opening last year. All three retail parks offer a mix of national and international retail brands, anchored by either a Lidl or a Kaufland supermarket. The fourth retail park is a new development project in the city of Baia Mare which is scheduled to open in the second half of 2021 with a gross leasable area of 8,200 square metres and will be anchored by both Kaufland and Lidl supermarkets.

ACCOR TO OPEN FIRST MGALLERY HOTEL IN MOLDOVA

Accor expands its portfolio in Eastern Europe with the first MGallery hotel to open in Moldova. The group has signed a franchise agreement with Dalomites company for the rebranding of the existing Hotel BERD's in Chisinau. The 33-room facility will be the premier Accor branded hotel in the country.

siebenbrunnen 21. in Vienna - residential

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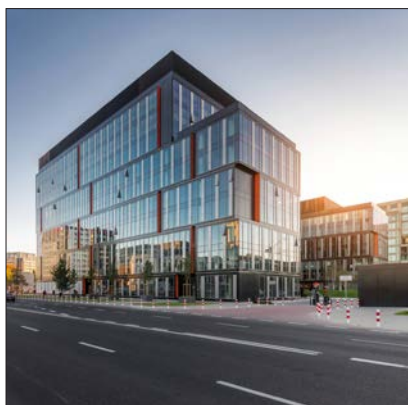
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Main tenants in the office building Postepu 14 in Warsaw's Mokotów district are Astra Zeneca and Samsung Electronics.

CA IMMO ACQUIRES OFFICE BUILDING POSTEPU 14 IN WARSAW

CA Immo has acquired the office building Postepu 14 in Warsaw for around EUR 87 million. The seller was HB Reavis. Completed in 2015, Postepu 14 is located in the Mokotow district of Warsaw and totals around 34,500 square metres of gross leasing area.

P3 TO REVITALISE VÍTKOVICE INDUSTRIAL ZONE IN OSTRAVA

P3 has signed an agreement with Vítkovice, a.s. and VTK NCA a.s. to buy 40 hectares of land in the Vítkovice area in Ostrava. Formerly known as Agglomerace, the area will be used by P3 to build an industrial and commercial district that will include production and storage warehouses, stores, showrooms, offices, and various other facilities. The built-up area will account for 160,000 square metres. The overall design of the complex is being prepared in cooperation with architect David Kotek from the Ostrava-based Projektstudio. Construction work is expected to begin at the end of next year, which means the park will be completed in the middle of the decade.

The land is located in the greater centre of Ostrava. In the south and west, the area is delimited by Místecká and Rudná Streets that provide access to the locality. The east side borders on the river Ostravice, and the north section is adjacent to Lower Vítkovice with the nearby Karolína shopping centre and the Silesian Ostrava Castle.

GARBE ACQUIRES DEVELOPMENT LAND IN CHOMUTOV

Garbe Industrial Real Estate GmbH has acquired as part of its European expansion strategy into the CEE market, a development opportunity in Chomutov in the Czech Republic. The land plot comprises 65,000 square metres and is directly located on highway exit D7. Demolition of the current properties will begin by the end of this year and construction of the new, 32,000 square metre logistics real estate facilities is scheduled to begin in summer 2021.

TREI OPENS ITS 19TH VENDO PARK

Trei Real Estate GmbH is launching its 19th retail park under the Vendo Park brand in Poland. The retail property is located in Czeszochowa in the Silesian Voivodeship in southern Poland. With a population of around 230,000 residents, it is the second-largest city in Silesia.

The new Vendo Park, one of the largest retail parks in Trei's portfolio, has a lettable area of around 8,200 square metres and provides 160 parking spots. The amount that Trei invested in the asset approximates EUR 11.9 million.

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URBAN
BENCHMARKS.



In 2017, Mint Investment on behalf of a group of private investors had acquired International Business Center IBC in Prague from AEW. Now the investment and asset manager sold the building to Generali Real Estate.

GENERALI ACQUIRES IBC OFFICE BUILDING IN PRAGUE

Generali Real Estate's Core+ Fund has acquired the IBC office building in Prague's Karlín neighbourhood from local investor Mint Investments for EUR 70.2 million (CZK 1.9 billion). Built in 1993, International Business Center consists of ca. 23,800 square metres of lettable area and 299 parking spaces. IBC is located next to a Hilton Hotel. The building has nine above-ground floors and two underground floors.

Mint Investments, a Central European real estate investment and asset manager, acquired the building on behalf of a syndicate of private investors from AEW Europe in 2017.

PORTLAND TRUST INTRODUCES HEALTH FEATURES AT J8 OFFICE PARK

Portland Trust will install a number of safety and health features at its J8 Office Park, which is going up in Bucharest's Jiului area. The solutions include an advanced filtration system and UV-C ultraviolet disinfection of fresh air. UV-C ultraviolet light, introduced into the ventilation system and elevators, will sterilize the buildings' air and surfaces and provide protection against viruses such as SARS-CoV-2 and other pathogens. In addition, a touch-free access system will be installed, which includes the recognition of vehicle license plates, automatic access doors and elevator entrances.

J8 will offer 46,000 square metres of leasable space in two buildings, 28,000 square metres of which will be occupied by Ubisoft. The project is scheduled for completion next summer.

CROATIAN PENSION FUND TO INVEST IN REAL ESTATE

Croatia's AZ pension fund has acquired 99.9 per cent of local real estate company M7 Primo for EUR 21 million (HRK 161 million) via a capital increase ahead of M7 Primo's planned listing next year.

M7 Primo, as a platform for investment in commercial real estate, is planning to use the funding from the capital increase to take over a logistics and distribution centre and to further expand its business in the commercial real estate sector.

M7 Real Estate Hrvatska is part of London-based M7 Investment Group, which invests in real estate projects solely or in partnership with other institutional investors and currently manages portfolios of over 830 properties worth over EUR 5.3 billion, in 14 European countries, including Croatia.

AZ's current investment in the Croatian economy totals HRK 5.2 billion. AZ pension funds are managed by Allianz ZB, a company owned by Allianz Zagreb and Croatia's Zagrebacka Banka.

STAFFING



left: Mateusz Bonca
right: Thierry Bougeard



left: Bettina Breiteneder
right: Yovav Carmi



Anca Simionescu

Mateusz Bonca is new CEO of Poland at JLL. He brings diverse expertise from a variety of industry sectors. He joins JLL from Grupa Lotos S.A., the second largest oil and gas company in Poland, where he was President of the Management Board. Prior to that, he was Director at Deutsche Bank AG in Frankfurt and Financial Practice Manager at Peppers and Rogers Group Middle East, based in Dubai. He also has consulting and advisory experience having spent the first stint of his career at McKinsey & Company and Deloitte.

Thierry Bougeard has been appointed Head of Pan-European Logistics at BNP Paribas Real Estate. He succeeds Anita Simaza and will report to Larry Young. Thierry Bougeard has wide professional experience in logistics real estates. He started his professional career in 1990 as a consultant and then was appointed Chief of the industrial and logistics department at Auguste Thouard in Paris. In 2014, he was appointed General Director of BNP Paribas Real Estate Advisory in Spain.

Bettina Breiteneder, who previously served as Vice-Chairwoman of the Supervisory Board of Immofinanz AG, was elected Chairwoman. In this role she is following Michael Knap, who resigned prematurely from this corporate body.

Yovav Carmi has been appointed as President of the Management Board of GTC. Yovav Carmi has over 26 years of professional experience in finance and real estate and has worked for GTC for the last 19 years. On joining GTC in 2001, Yovav Carmi was initially responsible for the financial operations as the Chief Financial Officer of GTC in CEE and since July 2015, he has held the position of GTC's Chief Operating Officer. The newly appointed President has also been a member of GTC's Management Board between 2011 and 2015 and currently since April 2020. Prior to joining GTC, Yovav Carmi gained professional experience with Ernst & Young as an auditor (1994-1996) and as an investigator with the Israel Securities Authority (1997-1998). From 1998 to 2001, he held the position of a financial controller at the Kardan Group. Yovav Carmi graduated from Tel-Aviv University where he obtained an MBA, as well as BA in both law and accounting.

Anca Simionescu has been appointed Country Manager in Romania of Lion's Head Investments. She will be responsible for the implementation of the Group's strategy in the country. Anca Simionescu is a senior real estate professional who was responsible for various office and residential projects in Bucharest. With 15 years of experience in commercial and residential real estate investment, asset management and business development, Anca Simionescu was previously part of the managerial teams of companies such as Skanska Romania and Forte Partners.



LETTINGS

ETELE PLAZA, BUDAPEST

HUNGARY 

The investor of Etele Plaza in Budapest – Futureal – has announced that Inditex Group will join the tenant mix with all the Group's brands: Zara, Zara Home, Stradivarius, Pull&Bear, Bershka, Oysho and Massimo Dutti. Therefore Inditex will lease 6,500 square metres. In Etele Plaza, located on the Buda side of the city, has a total of 55,000 square metres.

7R CITY FLEX WARSAW AIRPORT, WARSAW

POLAND 

Avenger Flight Group, an American aviation training company, has expanded its European training operations with the launch of Poland's first ever commercial aviation training centre. This facility is located in the 7R City Flex Warsaw Airport I complex, near Chopin Airport. AFG occupies 1,800 square metres of industrial space which can accommodate up to six flight simulators. In addition, the company has leased a 950 square metres of office space in the same building.

ATRIUM 2, WARSAW

POLAND 

Santander and DHL Piper have extended their leases at the Atrium 2 office building in Warsaw. Santander occupies 6,000 square metres, while DHL Piper will continue to lease 4,000 square metres. Atrium 2 is located in Warsaw's Wola district and offers 20,500 square metres of office space on 15 floors. The project developed by Skanska was completed in 2016 and has been sold to Hansainvest.

HOME PARK TARGOWEK, WARSAW

POLAND 

Lidl has leased 2,017 square metres at Homepark Targowek in Warsaw. The German discount retailer will replace a Piotr i Paweł supermarket. The owner of the Homepark retail park chain is Pradera European Retail Parks. During lease negotiations with Lidl, the owner was represented by Cushman & Wakefield. Homepark retail parks are property managed by BNP Paribas Real Estate Poland.

WARSAW TRADE TOWER, WARSAW

POLAND 

BNI Polska occupies 1,000 square metres at the Warsaw Trade Tower. Walter Herz advised during the lease process. The Warsaw Trade Tower is a 42-story office building located in Warsaw's Wola district, offering 46,700 square metres of gross leasing area. The property also provides 400 parking spaces.

ZEBRA TOWER, WARSAW

POLAND 

Markant Polska has leased 625 square metres at Zebra Tower in Warsaw. The 18,000 square metre Zebra Tower is located near the Jazdy Polskiej Roundabout, close to Pole Mokotowskie park. The building, completed in 2010, is part of Union Investment's property portfolio.

LUBICZ OFFICE CENTER, KRAKOW**POLAND** 

Allegro has leased 2,100 square metres at the Lubicz Office Center in Krakow. The investment consists of two buildings located near Rondo Mogilskie. The owner of the Lubicz Office Center is Globalworth.

BUSINESS GARDEN, POZNAN**POLAND** 

Hochland Sp. z o.o. will lease over 1,000 square metres of office space at Business Garden building in Poznan. JLL represented the tenant in the process of contract negotiations. Business Garden Poznan is an office park, which consists of four buildings with a total office space of about 40,000 square metres. The complex has a large underground parking lot for 1,500 vehicles and 220 surface parking spaces.

GIANT OFFICE, POZNAN**POLAND** 

Vorwerk Polska has leased office and retail space at the Giant Office complex in Poznan. Walter Herz represented the supplier of household appliances during the lease process, while Savills advised the owner of the building. Giant Office was developed by Giant Invest. The investment offers 15,310 square metres of office space, 1,815 square metres of retail space and 440 square metres of restaurant space as well as 227 underground parking spots.

BUSINESS GARDEN, BUCHAREST**ROMANIA** 

NTT Limited took more than 2,300 square metres at Business Garden Bucharest. The tech company is planning to open its global shared services centre at the property, which is owned by Vastint Romania. The transaction was brokered by Knight Frank. Business Garden Bucharest is located in sector 6, adjacent to Orhideea shopping centre, and comprises 43,000 square metres of office and retail space as well as 758 parking places.

IRIDE BUSINESS PARK, BUCHAREST**ROMANIA** 

Hartmann has moved its headquarters to the Iride Business Park in northern Bucharest. The German group producing and distributing medical and medical care products, has leased 500 square metres of space at the project, which is owned by Immo-finanz. The myhive Iride I Nineteen office building offers a leasable area of more than 18,000 square metres. Located on Dimitrie Pompeiu street, the building is currently being renovated.

ORHIDEEA TOWERS, BUCHAREST**ROMANIA** 

Mutual life insurance company MassMutual chose Bucharest Orhideea Towers for their Global Business Service Center, signing a lease agreement for 1,300 square metres on the top (15th) floor. The office building has been developed by Vienna-based CA Immo and was completed in 2018. Orhideea Towers is located in the Centre-West, across the street from Grozavesti metro station and close to the Polytechnic University Campus.

THE YEAR WITHOUT MEGA EVENTS



There are two important trade fairs for the real estate industry: Mipim and Expo Real. Both could not take place in the usual way.

In spring, it was Mipim that could not take place, in autumn Expo Real Hybrid Summit was cancelled two days before it was due to begin. The numbers – and this does not just mean the increasing Covid-19 infections – made even this compromise format impossible.

Covid-19 has Europe firmly in its grip again. In all countries the number of people affected is increasing and the virus is spreading rapidly. Since the beginning of October, the curve in Germany has been steeply rising, as it has been in other countries already earlier. The consequence was a series of measures designed to help contain the pandemic, but it has also led to confusion in many ways about what can and cannot be done. The effect was that more and more exhibitors and speakers at Expo Real cancelled their

participation, with the result that Messe München, the organiser of Expo Real Hybrid Summit, finally cancelled the event altogether.

The question is, however, whether such a hybrid summit, as it was planned and as Reed Midem already offered in September, can meet the expectations of the fair participants. Whether exhibitors or participants on site – it is at best a very manageable event, far from the tens of thousands of experts who are usually taking part in trade fairs. Digital participation, on the other hand, at least allows you to follow the conferences and find out about the topics that are virulent in the industry. But what are the participants' expectations of fairs like Mipim and Expo Real? We asked exhibitors from various sectors of the real estate industry.



Robert Stolfo,
Managing Director –
Client Portfolio
Management at
Invesco Real Estate



Katarzyna
Zawodna-Bijoch,
President and CEO
of Skanska
Commercial Develop-
ment Business in CEE



Thomas G. Winkler,
CEO of UBM
Development



Volker Harr,
Head of Marketing
at Helaba



Michael Josipovic,
Head of Economic
Affairs, Department for
Urban Development,
Planning, Construction
and Economic Affairs of
the City of Cologne

The fact that the major trade fairs offer an opportunity to see and be seen, and that participation is at least also an image issue, was immediately confirmed by all those involved. **Thomas G. Winkler** put it in a nutshell: „Trade fairs like Mipim in Cannes or Expo Real in Munich are the largest industry meetings in Europe. Not being there is like skipping Oscar night in the film industry.“

And, of course, it's all about presenting your own company and the „current highlights“ and to „initiate and close deals“, as **Katarzyna Zawodna-Bijoch** sums it up. But apart from that, she also emphasises that trade fairs „also provide an interesting overview of the market and give a unique opportunity to collect many precious insights from the real estate industry.“

All those surveyed can agree with **Volker Harr** that „communication, meetings and exchange“ are the most important features of large trade fairs. An important fact is that „national and international players from the entire value chain of the real estate industry are on site“, he adds. Other key words stressed by all are contacts and networking. „Trade fairs are all about direct personal contacts, the opportunity for spontaneous exchange with well-known partners, but also with complete strangers,“ **Michael Josipovic** sums it up. „At trade fairs like Mipim and Expo Real, countless people meet and

exchange business cards. In 95 per cent of the cases, they realise that they can't do anything with each other, but the remaining five per cent are the interesting, exciting and really top-class contacts.“

Robert Stolfo considers: „Trade fairs are not imperatively for doing business, but nonetheless they are important. It's about establishing contacts with a large number of people quickly in a short period of time. In doing so, you also get beyond your own comfort zone, beyond your own bubble“.

Volker Harr points out another aspect that plays a role in the design of large stands: „Trade fairs mean a lot of appointments and discussions for us. The Helaba stand at Expo Real had seven meeting rooms that were fully booked. That is 25 appointments per meeting room over the three days. And these meetings are all about business. If these appointments were kept on their own, the time required would be significantly higher for what can be done during three days at a trade fair.“

which were organised as open meetings. But that doesn't make up for an aperitif between 6 and 7 pm, where you can go from table to table and talk to people“.

If anything has been lost this year without trade fairs, it is exactly this „personal exchange with partners and investors. Many discussions have taken place within the framework of virtual conferences. But there was definitely a lack of face-to-face contact,“ complains **Thomas G. Winkler**.

Katarzyna Zawodna-Bijoch feels the same: „It is hard to replace the physical contact with other people – our colleagues or business partners. Thanks to the fairs we have always had a chance to present a global portfolio and discuss it on an ongoing basis. I believe, not everything can be transferred online and today there is nothing that could completely replace fairs or events like Expo Real. Being at the event physically, we stay 100 per cent focused on what is happening on the spot. Nowadays, with-in online meeting as well as many great



Sitting together so closely in conversation? Unthinkable in Corona times.

What also characterises big trade fairs is the „socialising“, „the casual coming together and the crowding of after-show events“, the absence of which **Michael Josipovic** regrets. Or as **Robert Stolfo** describes his impressions: „In the meantime there were virtual cocktail invitations,

virtual events, our attention is scattered on the phone, e-mails, we are checking what is going on at home, and it is very difficult to follow every part of the event.“

Moving information gathering, discussions and conferences to the 'digital



Digital meetings and discussions can only partly replace direct contact.

world' is a solution that more or less everyone has taken up this year. And much of it will probably remain. However, a distinction must be made: "Trade fairs are primarily about two topics: The conference programme and the trade fair itself, in other words exhibitors and visitors. The conference programme with expert discussions and lectures is important, it shows different perspectives on topics. But that works – more and more so in the meantime – even virtually. There are good formats for it," **Robert Stolfo** summarises.

But that is just one side of the coin. The question is whether this year without trade fairs will remain the exception and/or what possibilities there might be to hold trade fairs despite the pandemic, which will continue probably for some time, and to preserve at least some of what is important for everyone.

Michael Josipovic differentiates: "Digital-affine fairs can certainly be carried out more easily in purely digital form – there are examples of this. But that cannot replace personal meetings. Conversations simply take a completely different course when you are sitting directly opposite each other and can perceive your conversation partners with their facial expressions and physical reactions completely differently".

Another distinction concerns the target groups: "B2C fairs can undoubtedly be organised more or less 'normally' with

hygiene concepts, as the general conditions are not fundamentally different from those in department stores, shopping centres or supermarkets. B2B events, on the other hand, thrive on contact, on people's massing, where distance rules and hygiene concepts are rather counterproductive." And in the long term he assumes that "after the pandemic it will become clear which events are really indispensable – only those will survive".

Thomas G. Winkler also does not see purely digital trade fairs as a solution for the future. "This year, many events have been implemented surprisingly quickly and very professionally as hybrid conferences. However, I think that exclusively digital events will not be the future because personal exchange is also very important. But a mix of both can certainly work well in the future."

Katarzyna Zawodna-Bijoch on the other hand states that there is "no alternative to face-to-face meetings with other people". She can at best imagine "moderated roundtable discussions in small groups". "Therefore, I am wondering whether there may be an online platform where one can choose business partners to speak to and take part in a panel discussion with a short introductory presentation followed by approximately 30 minutes of Q&A session." However, she continues to hope that "the whole industry will be able to meet soon and talk to each other like in the previous years".

Robert Stolfo mentions a mixture of digital and real elements, a hybrid format as a possibility. "At the beginning of September I was at an event where I liked the combination of physical and digital. The networking and information transfer worked very well. There was the opportunity for personal exchange, or in other words, parallel to the digital offers there was also live exchange. Perhaps participation on one day is enough for that, digital goes on the other days. Depending on access preferences, people can participate digitally, physically or with a mixture of both. The digital element will remain", even if he believes that "people as social beings" need direct contact and that isolation by working from home is not good for anyone in the long run.

Volker Harr is sceptical about the future of trade fairs. "Whether digital or hybrid or at some point like in the past – such a presence in terms of size and people is unlikely to exist anymore." Because even if the pandemic conditions ease and "there will be a step back to normality, this normality will be different. Because the pandemic will leave its mark economically, and with shrinking budgets fewer people will travel to the fairs."

He also doesn't take pleasure in the solution of moving fairs to the more 'relaxed' summer months, as Reed Midem is currently planning for Mipim: "Spring and autumn as dates for fairs are extremely important. Business does not take place in summer. In the first quarter, the implementation of the annual plans is gaining momentum. March was therefore chosen as the date for the Mipim event just as sensibly as October for Expo Real. Because autumn is all about the year-end business and setting the first course for the coming year."

It remains to be seen what next year will bring and whether the hopes for a vaccine and thus for a gradual return to 'normality' will be fulfilled. Because we all are missing the normal human contacts – those in reality – and direct dialogue.
I Marianne Schulze and Andreas Schiller

ON INTERDEPENDENCIES



In an increasingly complex and cross-linked world there are many interdependencies also with real estate topics.

Expo Real Hybrid Summit did not take place – neither physically nor digitally. The conference programme would have offered a lot of topics worth thinking about. So here we pick up on the conference themes – admittedly subjectively.

The title of the opening discussion “Corona turns the world on its head: What does this mean for real estate and investments?” seemed to be a leitmotif, not only for the conference programme. It is worthwhile to think about interdependencies. Here, two presentations by renowned experts from an economic and sociological point of view would have dealt with both, the economic and social perspectives. Because the latter should not be neglected either. Although a great deal of solidarity was shown during the first lockdown, when it came to easing the pandemic restrictions some people lost responsibility for the community. But the insistence on and the ruthless enforcement of

personal freedoms, or what is considered to be them, endangers society as a whole. If things had been different, we might not have needed a second lockdown at the end of the year.

Another problem is that nobody knows how it will continue with the pandemic. Despite current optimism, it is completely open when a vaccine will be available, as well as how it will ultimately work. It is also not really clear how the measures taken will help contain the pandemic. In any case, the to-and-fro between lockdown and easing seems not very convincing as a long-term path and offers little planning security for all sectors. So, it is only too understandable when many market participants say that they are currently acting only “on a short-term basis”. But this is precisely what is difficult to do when investing in real estate, because these investments are not short-term investments. Every

building should at least last for decades, rental contracts are more secure with long-term agreements. Last but not least, the returns generated from real estate often serve long-term purposes, for many – the spectrum ranges from private investors to insurance companies and pension funds – to secure retirement benefits.

The good news is that considerable investments in real estate are still being made. However, at the end of the first year of the pandemic, different asset classes are proving to be in different demand. The trend is known: While retail and hotels are tending to become less attractive, office space is still holding steady, and residential and logistics are growing. In addition, more and more investments are being made in infrastructure and in healthcare properties. After all, the outbreak of the pandemic has shown one thing: The healthcare system is essential, but in many places, it is unable



Working at home and distance requirements cause a change in living requirements.

to cope with a disaster of this magnitude. Although it is not so much about buildings as it is about skilled personnel, they still provide the hardware for what happens inside. Therefore, the discussion "Health-care real estate: From an insider tip to mainstream?" would certainly have found many listeners.

The fact that the planned panel discussion on office properties "Is small beautiful? The future of office space demand and design" would have led to new findings, seems rather unlikely. Nevertheless, the topic is occupying many market participants. Because to the discussion about

digitalisation, which has been going on for years but now seems rather theoretical, has been added the expected economic changes, increasing work from home and growing scepticism about public transport caused by the pandemic. This raises questions for project developers and investors such as: what do the users want? Will space and demand be smaller in the future? Is the age of open-plan offices over?

Before Corona, densification was often the mantra for housing. But now it is also about distance. Remote working is likely to increase the demand for additional rooms to be used as home office, and a balcony,

or even better, a green neighbourhood, is gaining in value. This also increases the importance of locations, as living in green areas is more likely to be affordable in rural areas, or at least in the suburbs of large cities. Answers to the question of the discussion "Greener and greater: How and where will people live in the future?" would certainly have been exciting.

The same applies to the topic "Affordable housing: More important than ever! But how?" Because here it depends on the actors, their aims and their assertiveness. The market alone will not solve the problem, nor will the public authorities, especially since the latter have often handed over the reins. This makes it all the more important to think about the individual residential properties in their larger context – in the context of district and city. In many places, project development is thus a neighbourhood development – with private and public participants and thus sometimes quite different expectations.

The relationship between public and private sector is an issue that has undergone fundamental changes since the outbreak of the pandemic. Until the beginning of the year, the state was often considered to be the one that unnecessarily restricts private enterprise through far too many regulations. Funding here, support there – it is astonishing how the demands suddenly changed: Instead of even more economic liberalism, increasing withdrawal of public influence and privatisation, there was suddenly a call for a strong state, preferably in the 'nanny' version. This raises fundamental questions: does market liberalisation only work in good weather? Does a low state share in some infrastructural areas endanger their tasks and thus ultimately the community? The discussion "Politics: How much and what kind of regulation do we need?" might not have covered these fundamental questions in Corona times, but at any rate it would have covered far more topics than just the content of planning and building law.

In these times, the exchange on "Partnerships for the future: Cities and regions with

developers and investors" alone would have been more topical than ever, but even more so a topic some may be unfamiliar with: "Crisis-proof cities: Resilience as criterion". For many are already wondering about the 'immune system' of cities and thus their ability to deal with crises. Certainly, this question is currently being asked by residents and observers, but it is likely to become more and more a criterion for location decisions in the future.

Resilience plays a role not only in individual cities and regions, but worldwide. It is about the resilience of our planet, i.e. the fact that a part of the ever-growing human race lives far beyond the conditions of what the earth can cope with. This also applies to construction, because buildings make a massive contribution to the welfare or its contrary of the planet. The decisive keyword is resource-efficient construction, but the corresponding use of buildings is also becoming increasingly important. In the first year of the Corona pandemic, the discussion round "Climate protection requirements: Responsibility for real estate and investments" would certainly have addressed the major interdependencies between humankind and nature using even small examples. In addition, Munich as the venue of Expo Real would have been very suitable internationally or at least throughout Europe. For it was a little bit lost in the corona pandemic that Germany holds the Presidency of the Council of the European Union in the second half of this year. Its Commission, in turn, gave high priority to climate protection with the "Green Deal" and thus also provided the



corresponding financial resources. The title is not badly chosen, because voluntary measures are effective – as the handling of the pandemic shows – sometimes only to a very limited extent. With a 'deal', on the other hand, politics are likely to achieve more from business than with just appeals.

These latter named topics are reflected in the still quite new short formula ESG, which stands for "Environment, Social, Governance". These are broad areas that interpenetrate each other and thus form a wider context. The podium "Three letters that mean a lot: ESG" would have been correspondingly complex. On the way to more responsibility and sustainability, the content hidden behind the three letters is not yet mandatory, but it is already a free skate. It seems to make sense to observe ESG principles already now, as regulations at EU level increasingly demand that investments and investment strategies are made in accordance with ESG. In the long term, nothing else will work.

Awareness of these principles has increased among the general public, particularly by demonstrations – in the case of climate protection, certainly most popularly by the "Fridays for Future" movement. But the pressure on investment according to ESG guidelines also comes from a completely different direction. Pension funds in particular are placing more and more emphasis on ESG in their investment criteria. Accordingly, the decisions for or against investments, including exits from existing investments, are being made. Pension funds based in the Nordic countries are the pioneers in this respect. But soon many others of these institutional and large investors are likely to follow their colleagues from the Nordic countries. By then, at the latest, nothing will work without ESG for the many investment managers who acquire real estate on behalf of these institutional investors, and in consequence of the real estate value chain for developers as well. | **Andreas Schiller**



Environment protection remains a priority issue. Because there is no alternative to the habitat earth.

VIRTUAL INSTEAD OF REAL: A LOOK BEHIND THE SCENES



In 2020, "Cities of Tomorrow" in Bucharest has seen the premiere of a virtual exhibition hall.

A congress with a small exhibition is "Cities of Tomorrow" in Bucharest – and this year, everything took place virtually and digitally. Especially the virtual venue, where companies and cities presented themselves, aroused the interest of some readers.

Not only the trade fair companies are losing business with the Covid-19 pandemic, stand builders are also suffering from the lack of orders. As there will be little change in the near future in the fact that large events such as trade fairs are not possible or only possible to a very limited extent, the question is how companies and other exhibitors can still present themselves to a wider audience.

One possibility to see where the journey could take us was to experience with

"Cities of Tomorrow". The AHK Romania (German-Romanian Chamber of Industry and Commerce) had worked together with spacelab, a division of the stand construction company spacewood in Frankfurt am Main (www.spacewood.de).

For quite some time now, spacewood has been developing digital solutions for its clients, including Apcoa, Commerz Real, Cushman & Wakefield, DWS, Helaba and the City of Moscow. Two years ago, for example, spacewood provided the opportunity to virtually walk and visit a planned project of Commerz Real, One Forty West/Frankfurt, and enjoy even the view over the city from the roof terrace. However, this was not the beginning, it was already a first result. Because, as Sven Eismann, Founder and Managing Director of spacewood, reports, in 2017 he had developed the idea of placing all

the exhibition stands built by spacewood in a virtual hall for the company's 25th anniversary celebrations in 2018.

Since exhibition stands are designed in 3D like architectural models, the data was available. But it was not only to become a 'Hall of Fame', the virtual exhibition hall was also to show potential customers what spacewood can do and what is possible (www.spacewood.de/en/virtuelle-messe).

But as always, it is a rather rocky road from idea to realisation. The greatest difficulty was above all the enormous amount of data involved. Initially, the virtual exhibition hall could only be 'walked through' at spacewood itself; the data volumes were too large for viewing in your own office or at home via browser and the Internet.



By now, spacelab is an own division of the stand building company spacewood.

spacewood has been working with a specialist for digitisation for a long time. The decisive step on the way to a virtual exhibition hall was the expansion of the cooperation with other experts. Today, spacewood works with software developers in Poland and India – and now the exhibition hall can also be visited web-based. The solution was the application of a software used in the digital games industry, Unreal Engine, a classic game engine, such as that used in the Fortnite games popular with young people.

This development took place largely before the outbreak of the Corona pandemic with the resulting restrictions on large events involving huge numbers of people, such as trade fairs, and on travel opportunities. In a sense, “Cities of Tomorrow” was spacewood’s premiere for

the virtual model of stands that you could visit, where you could watch video films and find contact addresses, but where you could also vote on projects. And it showed that “the design of virtual spaces is slowly developing into a third main pillar alongside production in the cabinet maker’s workshop and planning in our architecture and design department,” comments Sven Eismann.

The cabinet maker’s workshop, which once was the entry into the stand construction business, still exists. The idea of bustling in virtual worlds was actually due to the desire not to do the same thing all the time, but to develop further and, last but not least, “to have fun at work”.

Although Sven Eismann finds “the overall situation difficult at the moment”, on

the other hand he also finds it “exciting to deal with the challenges, even if the current economic pressure is high. But it is a new way into the future.” After all, his company is about more than a dozen jobs in Frankfurt am Main itself. The team of the “virtual trade fair” is another 15 people spread around the world working on the concept.

And work is still in it, because further wishes are open: On the one hand, a chat function is to be integrated – you still have to switch to other programmes for this. Another point is the fact that until now, you had to click on a stream or film on a virtual stand to create a web overlay and then watch the stream/movie. The aim is that the stream/film – as on many ‘real’ stands – runs without any clicking. This would also bring more movement and life into the “virtual trade fair world”.

And last but not least there will be assigned a face to the still rather lifeless avatars, creating a person with whom you can get in direct contact, either via chat or live stream (www.spacelab-frankfurt.de).

This virtual world is by no means intended to replace the real world, but it does offer opportunities to make events such as trade fairs, congresses and conferences possible, even if they are not feasible as is currently the case. And even if one does not want to give up hope for ‘real’ life and strives for a hybrid – i.e. partly real, partly digital – solution, a purely digital event is still possible in case of need. | **Marianne Schulze**

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