

SPH newsletter

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outlook

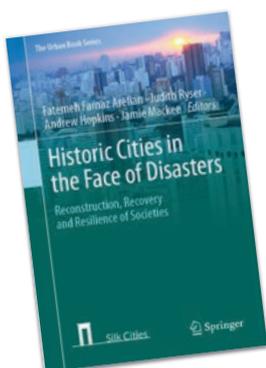
Times are characterised by numerous uncertainties. What awaits us in the coming months and where are the challenges, but also the opportunities? Three experts from different fields give their view of things.page 12

city

City leaders who want to push the development of their city often see themselves as people of action, not as administrators. To enlarge the possibilities, it can be helpful to integrate more entrepreneurial thinking and action into the administrative structures.....page 16

book review

Natural disasters are increasing in all parts of the world. This makes it all the more important to look into the complex matter and see how cities can deal with this challenge.page 19



DEAR READERS!



On looking carefully at the SPH Newsletter, some of you may notice that the appearance has changed slightly. At the beginning of the new year, we decided to make small changes to the typography. A complete relaunch was out of the question, only a very careful redesign in the choice and size of fonts. If you don't notice the difference, it would be entirely in our interest. Because the aim was to optimise the reading flow without completely changing the layout and thus the familiar look.

Some may find the comparison daring, but I dare to make it anyway: even in real estate, there is the building stock that needs to be reviewed from time to time and sometimes redesigned. Many buildings, especially those from the 19th century, can even be made more attractive by successful renovation. If modernisation and adaptation to changing requirements are not carried out in a crude way, but sensitively and carefully, then such a procedure also contributes to the upgrading of the historic structure and thus to the local identity. In addition, there are also ecological advantages: no new soil needs to be sealed and at best less expenses are required than with new construction.

I wish you, dear readers, sensitivity and carefulness in making the necessary decisions on what lies ahead for you in 2022. May it be a healthy and successful year.

Yours,

Andreas Schiller

NEWS FROM CEE/SEE



Warimpex not only holds 100% of Avielen, the company which developed Airportcity St. Petersburg, but also 100% of all the buildings in Airportcity St. Petersburg.

WARIMPEX HOLDS 100% OF JUPITER TOWERS AT AIRPORTCITY ST. PETERSBURG

Warimpex Finanz- und Beteiligungs AG announces the acquisition of a 56% stake in the two Jupiter Towers at Airportcity St. Petersburg. All of the prerequisites for the closing were satisfied and the transaction was closed on 28 December 2021. As a result, Warimpex not only holds a 100% stake in Avielen, the company which developed Airportcity St. Petersburg, but now 100% of all the buildings at Airportcity St. Petersburg, as well.

Airportcity St. Petersburg is located in close proximity to the Pulkovo international airport in St. Petersburg and was developed by the project company Avielen A.G. In addition to a four-star Crowne Plaza hotel, three modern buildings with total lettable space of roughly 37,000 sqm have been built thus far. The two office towers from the first construction phase – Jupiter 1 and Jupiter 2, which offer approximately 16,800 sqm of space – as well as the third office tower from the second construction phase – Zeppelin with roughly 15,500 sqm of space – and a multi-use building with around 5,000 sqm of lettable space are all fully occupied.

REICO IS ČS PURCHASES ELI PARK TYCHY LOGISTICS CENTRE

REICO IS ČS, a Czech investment company operating in Central Europe, has acquired Park Tychy, a warehouse project completed in 2021 by European Logistics Investment (ELI). Park Tychy was purchased in a transaction worth EUR 59.6 million.

The Park Tychy investment offers over 58,000 sqm warehouse space and 2,500 sqm office space. The investment was carried out in the build-to-suit model, together with Panattoni, ELI's strategic partner. The building has been fully leased under a long-term contract. The location south of Katowice provides easy access to the A4 and A1 motorways and the S1 expressway, as well as public bus transport.

FUTUREAL EXPANDS ITS PRESENCE IN POLAND

Futureal Investment Partners has announced three real estate investments totalling nearly 70,000 sqm. The company has added two shopping malls and an office building in Poland. The purchase price was not disclosed.

Galeria Bemowo was opened in 1999 on Powstancow Slaskich on the edge of the Warsaw's Bemowo and Bielany districts. It has 120 shops and 944 parking spaces.

The Manhattan Shopping Centre in Gdansk, located on Aleja Grunwaldzka in the western part of the Wrzeszcz district, was completed in 2004 and offers 120 shops and 360 parking spaces.

Also acquired was the Wratislavia Tower in Wroclaw. Only 300 m from the city's main square, the 11-storey glass building offers 12,000 sqm of office and service space and 140 underground parking spaces.



Highlight Towers

Office Building
Munich
Germany



Cantata

Residential
Washington, D.C.
USA



BETC HQ

Office Building
Pantin
France



ONE

Mixed-used
Skyscraper
Frankfurt
Germany



Windmill Green

Office Building
Manchester
Great Britain



Glories

Portfolio
Barcelona
Spain



Main Point Pankrac

Office Building
Prague
Czech Republic

Higher returns through bespoke solutions.

In the real estate business, we are the experts for your bespoke financing solutions. Our solutions are finely tuned to your needs and encompass a comprehensive spectrum of services. As your partner in national and international markets, we give your project the drive it needs to succeed – competently, reliably and over the long-term.

Values with impact.



The Dacia One office building in Bucharest city centre consists of the revitalised listed building Casa Cesianu and a new building. The property offers a total of 1,500 sqm of space as well as a three-storey underground car park.

SALE OF DACIA ONE OFFICE BUILDING IN BUCHAREST CLOSED

Developer Atenor announces the closing of the sale of its Romanian subsidiary, Victoriei 174 B.D. srl, owner of the Dacia One project to Paval Holding. This investor is known, among others, as the owner of Romanian DIY retail business Dedeman. The closing takes place after the delivery (construction/renovation) of the project and after tenants have already occupied the building. Dacia One is 100% pre-let. The sale price is EUR 50 million.

The project, located in the historic centre of Bucharest, includes two buildings: a built heritage with 1,500 sqm and a new building with 13,500 sqm of space.

W.P. CAREY BUYS PORTFOLIO OF SEVEN OBI STORES IN POLAND

Real estate investment trust W.P. Carey has added seven DIY retail stores in Poland to its portfolio. The NYSE-listed company has bought the newly built assets totalling 70,000 sqm from private real estate firm Supernova Group for an undisclosed sum. Austrian Supernova Group is a private real estate company focused on retail properties in Central and Eastern Europe.

The seven stores are triple-net leased to OBI for a term of 15 years with Eurozone CPI-based rent increases. Following this acquisition, W.P. Carey will own 25 OBI retail stores across Poland.

GRIFFIN REAL ESTATE BECOMES GRIFFIN CAPITAL PARTNERS

Griffin Capital Partners – is the new name of Griffin Real Estate, investor and asset management company. The company starts operating under a new name and changes its visual identity. The change is intended to reflect the competencies of Griffin's team of experts, not only in real estate but also in private equity.

SPEEDWELL SECURES NEW FINANCING FOR BUCHAREST RESI PROJECT

Property developer Speedwell has signed a financing agreement with Garanti BBVA to back the construction of the second building of The Ivy residential project in Bucharest, taking the overall loan deal to EUR 15 million. The complex features 800 apartments in 10 buildings that will be located near an office project recently completed by the same company. The Ivy will be developed in four phases and construction works are ongoing on the first stage.

EQT EXETER BUYS FIVE LOGISTICS HALLS IN OSTRAVA

Stockholm-based global investment manager EQT Exeter has acquired five logistics halls in two parks in Ostrava – Logistics Park Nošovice and Ostrava Airport Multimodal Park – offering 140,000 sqm of space from J&T and Concens Investments. CBRE advised the sellers in the EUR 150 million transaction. Both assets are fully leased.



MLP Group wants to equip ten of its logistics parks in Poland with rooftop solar power systems and use the electricity generated to cover the parks' needs.

MLP GROUP IS LAUNCHING POLAND'S LARGEST PV-PROJEKT

Industrial developer MLP Group is launching a project to build rooftop solar power systems at ten logistic parks making up its Polish property portfolio. The project has been contracted to Quanta Energy. The PV panels will cover an aggregate area of about 120,000 sqm, featuring a total capacity of 5.93 MWp. The project is scheduled for completion in the first quarter of 2023. It will be the largest 'on-site' project of this kind in Poland and the generated solar power will be used mainly to cover the parks' own needs.

ALLIANZ AND VGP FORM JOINT VENTURE FOR LOGISTICS DEVELOPMENT IN CEE

Allianz Real Estate, acting on behalf of several Allianz group companies, and logistics developer VGP have agreed to form a new 50/50 joint venture. The vehicle, the fourth such venture between Allianz Real Estate and VGP since 2016, will develop a portfolio of logistics assets in Germany, the Czech Republic, Hungary and Slovakia.

Allianz Real Estate and VGP are targeting to grow the joint venture to a gross asset value of EUR 2.8 billion within five years by exclusively acquiring assets developed by VGP. VGP will act as the JV manager, asset manager and property manager for the venture with Allianz Real Estate.

Within these countries, VGP has a pipeline of over 90 assets in around 25 locations, including near capital cities such as Bratislava, Berlin and Budapest, with a total forecast GLA of over 2.5 million sqm. The entire land bank has been already secured and a number of assets have already been delivered.

In June last year, VGP and Allianz Real Estate announced the successful eighth and final closing of their first 50/50 joint venture, VGP European Logistics. The transaction comprised of four logistic buildings, including two buildings in a new VGP park and another two newly completed logistic buildings which were developed in parks previously transferred to the joint venture. Following this transaction, this joint venture reached its expanded investment target and is fully invested.

TAG IMMOBILEN BUYS POLISH DEVELOPER ROBYG

TAG Immobilien AG has entered into a share purchase agreement to acquire a 100% interest in Robyg S.A., a residential development company in Poland, for an estimated purchase price of PLN 2,500 million (approximately EUR 550 million), net of certain adjustments. Robyg's currently secured pipeline consists of about 23,000 residential units across four Polish cities. Seller is Bricks Acquisitions Limited, a company controlled by The Goldman Sachs Group, Inc. and funds advised by affiliates of Centerbridge Partners L.P. The acquisition occurs just about two years after TAG's entry into the growing Polish residential market when acquiring Vantage Development S.A. in late 2019.

Combined with its existing subsidiary Vantage Development S.A., TAG plans to build up the largest residential-for-rent portfolio in the major Polish cities of Warsaw, Wrocław, Poznań, TriCity, Kraków and Łódź consisting of more than 20,000 units to be completed in the years until 2028. The acquisition is expected to close in Q1 2022. EUR 750 million bridge financing is already secured and shall be taken out in 2022.



Generation Park Y is the last building in the Generation Park complex in Warsaw. Completed at the end of 2021, the office tower is fully let to the Polish insurance company PZU.

HANSINVEST REAL ASSETS PURCHASES GENERATION PARK Y IN WARSAW

Hansinvest Real Assets has acquired Generation Park Y, the last building of the Generation Park office complex in Warsaw. The transaction volume is EUR 285 million, which makes it the largest office sale in the history of Skanska's commercial development business unit in CEE and at the same time the largest sale in the office sector in CEE in 2021. Generation Park Y is Hansinvest Real Assets' fourth acquisition from Skanska.

Generation Park Y is a 38-storey building (140 m) included in Skanska's largest office development project in Warsaw's Wola district, situated at Rondo Daszyńskiego, with a total leasable area of around 88,000 sqm. The Generation Park Y tower has a leasable area of 47,600 sqm. 100% of its office space is leased for 10 years to Polish insurance company PZU for its headquarters. Generation Park Y was completed in the first quarter of 2021.

CBRE IM ACQUIRES HILLWOOD LOGISTICS PORTFOLIO

CBRE Investment Management and Hillwood Investment Properties have reached a definitive agreement whereby entities affiliated with CBRE Investment Management will acquire a more than 57-asset, 2.6-million-sqm portfolio of logistics properties in the United States and Europe valued at approximately EUR 4.3 billion from Hillwood. The portfolio includes 33 U.S. assets, and 24 assets across Germany, Poland and the United Kingdom. The transaction is subject to customary closing conditions and CBRE Investment Management expects to close on the assets in stages through its investment products in the U.S. and Europe.

IMMOFINANZ SOLD THE FORMER SHOPPING CENTRE ARMONIA ARAD

Immofinanz sold the former Armonia Arad shopping centre to Oresa, a company controlled by Swedish investors. The entire project in the Romanian city of Arad has an area of 110,000 sqm of land and a gross leasable area of 43,000 sqm.

Oresa intends to develop a mixed-use project with an industrial and a retail component. The modernization of the property will start in the first half of 2022, and the launch is planned for the first half of 2023.

TREI OPENS ITS 29TH VENDO PARK IN POLAND

Trei Real Estate GmbH, an international developer and asset holder for residential and retail real estate, opened another retail park of its Vendo Park brand in Radzymin, Masovian voivodeship, close to Warsaw. The total amount invested was EUR 3.1 million.

The combined leasing area of more than 2,000 sqm is leased in its entirety to KiK (apparel), Media Expert (consumer electronics), Rossmann (drugstore) and the butcher shop Zakłady Mięsne Stanisławów. The asset occupies a plot of 5,200 sqm on Aleja Jana Pawła II and is located in immediate vicinity of an existing Lidl discount supermarket.



The Mercure Bratislava Centrum Hotel is located at 2 Zobotova Street, not far from the railway station of the Slovak capital.

CPI PROPERTY GROUP ACQUIRES THE MERCURE BRATISLAVA CENTRUM HOTEL

CPI Property Group has acquired the Mercure Bratislava Centrum Hotel from Invesco Real Estate for an undisclosed sum. The Mercure Bratislava Centrum Hotel is located north of the Old Town and close to the city's main railway station. It offers 175 guest rooms, conference facilities, as well as a restaurant and bar area.

SAVILLS IM BUYS POLISH LOGISTICS ASSET FROM 7R

Savills Investment Management announced the acquisition of 7R Park Beskid II, a multi-let logistics asset in Poland, on behalf of Vestas Investment Management from Polish developer 7R and VRE. The transaction will complete in three phases, with the final phase in March 2022. The overall transaction volume will be in excess of EUR 101 million.

7R Park Beskid II is located in the Upper Silesia region in Poland, directly adjacent to national road 1, which connects the property to the A4 highway. 7R have developed the scheme which comprises a 90,000 sqm logistics facility made up of five buildings. BayernLB was financing the transaction.

PALMIRA INVESTS IN WAREHOUSE IN GLIWICE

Palmira Capital Partners has acquired another property for the European Core Logistics Fund in Gliwice, southern Poland. The vendor is a fund advised by Crescendo Real Estate Advisors. The parties have agreed not to disclose the purchase price.

The last-mile logistics property, at Bojkowska Street 65 in Gliwice, was constructed in 2014. Standing on a site of approximately 27,680 sqm, the asset provides a lettable area of around 8,000 sqm. 7,000 sqm of this is warehouse and distribution space, with around 1,000 sqm of office, staff and building services accommodation. The property is fully let to DPD Polska Sp. z o. o.

GAZIT COMPLETES TAKEOVER OF ATRIUM EUROPEAN REAL ESTATE

The shareholders of Atrium European Real Estate have voted in favour of the company merging with Gazit Globe subsidiary Gazit Hercules 2020. The terms of the merger were agreed in October 2021. The final price per share is EUR 0.28 above Gazit's initial offer (EUR 3.35 per share) in August 2021.

Jersey-registered and Israeli-owned Atrium is the owner, developer and manager of shopping centres across the CEE region, mostly in Poland and the Czech Republic. Its portfolio includes 26 properties with around 809,000 sqm GLA and a total market value of approximately EUR 2.5 billion. In February 2020, Atrium announced a diversification strategy for its portfolio through investing in and managing residential properties for rent, with the main focus being on Warsaw.

Tel Aviv-based Gazit Globe is a global real estate company. As of Q3 2021, the group owned and managed 102 properties with a total area of 2.5 million sqm worth ILS 37 billion (approximately EUR 10.5 billion).



Szervita Square in Budapest's city centre was developed by Horizon Development and offers 14,500 sqm of office and retail space.

UNION INVESTMENT BUYS BUDAPEST OFFICE

After the exit from the Hungarian market by selling its last Budapest office building Kriztina Palace in 2017, Union Investment is re-entering the Hungarian property investment market. For one of its institutional real estate funds, Union Investment purchased the commercial part of Horizon Development's mixed-use property in downtown Budapest, Szervita Square Building. The recently completed building is offering 14,900 sqm of lettable space. The parties agreed not to disclose details of the purchase price.

GARBE SETS UP EUROPEAN RESIDENTIAL FUND

Garbe Institutional Capital has launched a pan-European residential real estate fund with a total target investment volume of around EUR 800 million. The Garbe European Residential Fund (Garbe EUResi) invests in real estate developments and selectively also in properties undergoing energy rehabilitation. The investment strategy follows a "boots on the ground" approach: the fund only invests in locations where Garbe can act as a local investor through a local presence. The fund's launch is a milestone in Garbe Institutional Capital's move to expand into a European residential real estate platform. Garbe EUResi has already received equity commitments of EUR 82.5 million.

The investment focus of the German open-ended alternative investment fund (AIF) is on A- and B-cities in Germany, the Netherlands, France, Great Britain as well as on the CEE-capital cities of Prague and Warsaw. The target equity volume of the core fund is between EUR 400 million and EUR 500 million and the maximum debt-ratio (LTV) is 50 percent. IntReal International Real Estate Kapitalverwaltungsgesellschaft acts as capital management company (KVG) for Garbe EUResi.

CBRE IM ACQUIRES POLISH LOGISTICS PORTFOLIO

CBRE Investment Management, on behalf of one of its separate account clients, has agreed the acquisition of the Nexus portfolio, a 211,803 sqm logistics portfolio located in Poland, from ELI European Logistics Investment, a vehicle jointly managed by Griffin Real Estate, Redefine and Madison International Realty.

The portfolio comprises a total of eight buildings across six warehouse complexes. This includes Panattoni Park Warsaw Airport I, Panattoni Park Sosnowiec II, Panattoni Park Bydgoszcz II, Łódź Business Centre II, Panattoni Park Poznań V and Panattoni Park Kraków II. All eight properties were developed between 2015 and 2017 by Panattoni in a joint venture with Och-Ziff.

GENERALI REAL ESTATE ACQUIRES LOGISTICS ASSET NEAR KRAKOW

Generali Real Estate has completed the acquisition of 7R Park Kraków IX, a logistics asset in Poland, located in Kokotów, Krakow area, on behalf of the pan-European Generali Real Estate Logistics Fund (GRELF) managed by Generali Real Estate S.p.A SGR. The seller of the asset is 7R SA.

7R Park Kraków IX is located in Kokotów, in the Wieliczka Economic Activity Zone, where 7R has developed multiple logistics facilities since 2015. The asset, covering 33,600 sqm, benefits from its location in close proximity to the highway infrastructure.

STAFFING



left: Harry Bannatyne
right: Catharina Becker



left: Maciej Madejak
right: Duncan Owen



Peter Tatzl

HARRY BANNATYNE has been appointed as Group Head of Client Relations at CTP. Harry Bannatyne was previously Partner and Regional Director Industrial at Colliers in Prague. Prior to that he was National Director, Head of Industrial Agency for the Czech Republic and Slovakia for JLL.

CATHARINA BECKER will head up the Institutional Property Solutions department at Union Investment Institutional Property GmbH in Hamburg as of 1 February 2022. Having worked in real estate portfolio management, fund management and asset management at various companies within the sector, she has extensive expertise around property and investment vehicles, combined with a strong understanding of the associated regulatory issues and the needs of institutional customers. Catharina Becker has a degree in engineering and is joining Union Investment from the Hamburg Trust Group, where she has held a range of roles over the past seven years, including most recently Managing Director of Hamburg Trust Real Estate Investment Management GmbH.

MACIEJ MADEJAK has become Chief Development Officer and Member of the Management Board of MDC2, effective January 3, 2022. Maciej Madejak has over 25 years of warehouse development experience and started his career in 1999 in ProLogis where he became the Country Manager in Poland. In 2011 Maciej Madejak moved to Goodman as a Head of Business Development as the developer was entering the Polish market. Since 2018 Maciej Madejak was Managing Director for Panattoni Europe responsible for development in Southern Poland as well as City-Logistic across the country.

DUNCAN OWEN, former Global Head of Real Estate for Schroders has been appointed CEO of Immobel Capital Partners, a newly founded company in which the investment management activities of Immobel will be grouped. Duncan Owen has a long history of building real-estate investment management businesses. With a career spanning more than 30 years, he has an in-depth knowledge of European real-estate markets. He served as Global Head of Real Estate at Schroders for nine years and subsequently, in 2021, as Special Advisor. Prior to Schroders, he was the CEO of Invista Real Estate PLC which he founded and listed on the London Stock Exchange.

PETER TATZL joins GalCap Europe's fund and investment management division as Director Investment. His focus is on the development and expansion of activities in the countries of Central and Eastern Europe. Peter Tatzl has been active in real estate transactions for more than 15 years. At CA Immo, he was most recently responsible for CEE and SEE as Head of Investment. He began his career at KPMG Advisory, where he was in charge of the Real Estate and Infrastructure division in Austria and CEE. Peter Tatzl graduated from the University of Vienna School of Economics and Business Administration with a Master's degree in Business Administration. He has studied International Management at WU Vienna, University of St. Gallen (HSG) and ESADE Barcelona. A post-graduate course in Real Estate Management at the University of Vienna School of Technology rounded off his academic education. Peter Tatzl has been a member of the Royal Institution of Chartered Surveyors (RICS) since 2014.

LETTINGS



CENTRAL POINT, WARSAW

POLAND 

Keyloop, an international company specializing in providing modern software solutions for the automotive industry, will open its first office in Poland in Immobel's Central Point tower. The building is located at the intersection of Marszałkowska and Świętokrzyska streets. Keyloop has leased 1,687 sqm of office space. Central Point has recently been put into use. The total lease area of the building is almost 20,000 sqm.

KONSTRUKTORSKA BUSINESS CENTER, WARSAW

POLAND 

MoneyGram, a provider of digital P2P payments, has renewed its lease in Konstruktorska Business Center in Warsaw. The company has extended its lease agreement for an additional 5 years for 2,725 sqm of office space on the 6th floor of the building belonging to Golden Star Group. Konstruktorska Business Center, located in Mokotów district, has been developed by HB Reavis. Completed in 2013, it comprises 49,000 sqm of leasable space.

THE WARSAW HUB, WARSAW

POLAND 

Fitness club chain Zdrofit is opening another location in The Warsaw Hub. Zdrofit will occupy an area of over 1,300 sqm on the first floor of building C. The Warsaw Hub is a complex of mixed-use buildings developed by Ghelamco. It consists of two 130 m buildings and an 86 m building. Construction started in the first quarter of 2016 and was completed by mid 2020. The complex, located near Rondo Daszyńskiego, offers 113,000 sqm of multi-functional space.

WIDOK TOWERS, WARSAW

POLAND 

Commerz Real has leased out approximately 3,450 sqm of office space in Widok Towers in Warsaw. The new users are Enel Med, an operator of medical centres (1,300 sqm), Funk Gruppe, one of Germany's largest owner-managed insurance brokers (500 sqm), the real estate investor and project developer Movatoo (1,000 sqm), the consulting and investment company Vortune Equity (350 sqm), as well as the trade promotion organisation 'Advantage Austria' (300 sqm). In the summer Warsaw's Municipal Office had already leased 12,000 sqm for its financial and architectural departments, as well as the city's planning commission. In March 2022 the Polish brand Dobro & Dobro is opening a café on the ground floor. The owner of high-rise complex, which was erected by Austria's S+B Gruppe in 2021, is the Commerz Real open-ended real estate fund Hausinvest. The 95-metre-high ensemble was completed at the beginning of 2021 and is located directly in downtown Warsaw at a rotunda junction formed by the Al. Jerozolimskie and Ul. Marszałkowska streets, directly opposite Centrum metro station. The leasable area of approximately 34,800 sqm is essentially sub-divided into about 28,900 sqm for offices, about 3,600 sqm on the first floor, the ground floor and the first basement level for retail outlets and gastronomy, as well as about 1,800 sqm of storage space.

BRAMA MIASTA, ŁÓDŹ**POLAND** 

Marel, an Icelandic food processing company operating in over 30 countries and manufacturing and providing equipment, systems, software and services to the poultry, meat and fish processing industries, opens its first shared services centre in Poland. It will occupy approximately 1,000 sqm of office space at Brama Miasta – an investment developed by Skanska in Łódź. Brama Miasta is an office complex located in the New Centre of Łódź. It consists of two buildings with a net leasable area of 41,800 sqm (Building A: 13,800 sqm; Building B: 27,000 sqm). The project was completed in 2019 and 2020, respectively.

HI PIOTROWSKA, ŁÓDŹ**POLAND** 

Three tenants have signed leases for space in the Hi Piotrowska complex in Łódź. Avient has leased 660 sqm of office space, infertility clinic Bocian is to open a 430 sqm medical centre, while a 150 sqm Z Pieca Rodem bakery is to open in the retail section. The Hi Piotrowska complex, which is owned by Master Management Group, was completed in 2021 and offers 21,000 sqm of office space with 5,000 sqm of retail space.

BEMA PLAZA, WROCŁAW**POLAND** 

Alektum, a debt collection company, has leased 900 sqm in the Bema Plaza office building in Wrocław. Bema Plaza is situated on the bank of the Odra River, in the very centre of Wrocław close to the city's Old Town. The office building is only 2 km from the Main Railway Station and a 30-minute drive from the international airport. Bema Plaza, owned by Deka Immobilien, offers 24,000 sqm of office area and 4,400 sqm of retail space.

GLOBALWORTH TOWER, BUCHAREST**ROMANIA** 

Prime Kapital has signed an agreement with Globalworth for the expansion of 1,941 sqm of offices in the Globalworth Tower project in Bucharest, for the next five years. Following the transaction, Prime Kapital reaches a total office area of 3,066 sqm. Globalworth Tower is an office building located in the northern part of the Romanian capital, in the vicinity of Calea Floreasca, Barbu Văcărescu Boulevard and Pipera. The building has a total of 26 floors and a GLA of 54,700 sqm.

OPERA CENTER I, BUCHAREST**ROMANIA** 

CBRE advised Druid AI in the process of relocation in a new office space at Opera Center I, owned by CA Immo in the centre of Bucharest, close to the Eroilor metro station. Druid AI's no-code platform enables enterprises to automate customer and employee communications using AI-driven virtual assistants. Druid AI's new office is located on the building's 6th floor of Opera Center and measures approximately 600 sqm. Opera Center I comprises around 11,900 sqm of office space on 8 levels.

WHERE IS THE JOURNEY HEADING IN 2022?



These are uncertain times – due to the pandemic, political tensions, supply chain difficulties, rising energy prices and inflation. Added to this are the demands for more climate protection, which cannot be had for free either. What awaits us in the coming months and where are the challenges, where are the opportunities?



*Dr. Gertrud R. Traud,
Chief Economist / Head of
Research & Advisory, Helaba*

WHAT HAS GONE? WHAT REMAINS? WHAT COMES?

2021 will be remembered as the second Corona year, a year full of hope for overcoming the pandemic thanks to vaccines, but also a year of disappointments due to setbacks caused by new virus variants. The economy reflected the ups and downs of the Corona waves: shrinking economic activity at the beginning of the year was followed by two quarters of strong growth characterised by strong catch-up effects. Recently, however, the economy weakened again, above all due to material bottlenecks and supply difficulties, which caused production losses in German industry. Nevertheless, economic growth reached almost 3 % for the year as a whole. The shortages are causing a return of inflation not experienced since the 1990s. Nevertheless, the ECB has not yet adjusted its monetary policy course. Interest rates have remained extraordinarily low by historical standards – and thus real estate continues to be an attractive investment. Financing conditions remain favourable.

Hopefully, we will soon leave the issue of the pandemic behind us. But what will occupy us then? From an economic point of view, the price development is likely to remain exciting. Even after the elimination of some special effects, the price increase will be permanently higher than before Corona. If the ECB were to do more than reduce its bond-buying programme and raise key interest rates, this would not be good news for the interest-sensitive real estate industry. However, I do not see rising interest rates as the biggest challenge for the sector. Because ECB will probably continue to hesitate and not change the key interest rates in 2022. Interest rates on the capital market are therefore likely to rise only slightly – to an extent that will not be critical for the real estate market.

The biggest problem for the real estate sector is the shortage of skilled workers, even before the material bottlenecks that can cause delays on construction sites. Baby boomers are leaving the labour market, while much weaker cohorts are succeeding, and unfortunately young people rarely see their professional future in the skilled crafts and trades. Low training figures confirm this. At the same time, in view of the unchanged high demand for housing and galloping residential real estate prices, the new German federal government has proclaimed the goal of 400,000 new flats annually. In addition, the industry should and must make a significant contribution to achieving the climate targets – which means nothing else than carrying out millions of energy-efficient renovations in the building stock. In view of the already very high degree of capacity utilisation in the German construction industry, these goals are a long way off. Considerable efficiency improvements and a significantly increased attractiveness for potential workers are urgently needed here.



*Jean-Christophe Bretxa,
Managing Director and CEO,
Metro Properties*

BUILDING BETTER – PROPER(TY) BUSINESS IN THE WAKE OF FUTURE CHALLENGES

In the real estate industry, there are major trends which will define the property business in 2022 and in the following years. This outlook of course is highly dependent on the general development in terms of the availability of goods and raw materials, human resources, increasing interest rates, geopolitical uncertainties and last, not least, the further pandemic development. But with an eye on the optimistic site, we see at least 4 trends boosting our industry.

The growth of e-commerce, more recently of quick commerce: With people being “locked-down” at home, consumption and shopping behaviours further changed with a significant shift to online channels. The e-commerce industry turned out to be the winner of the global pandemic. The pressure for last hour delivery is only expected to grow over the near term and translates into an increasing demand for logistic assets (not to mention dark kitchens and data centres) in prime locations close to densely populated areas.

The workplace transformation: The last two years have given flexible working options a huge boost, going as far as working from holiday locations (workation). While the technology and communication infrastructures that support flexible working options exist and improve day after day, office spaces become “places of encounter” and thus, need to be completely re-purposed, redesigned accordingly, leading to a better use of space, and probably a declining demand for office and parking space.

The need to rethink and redevelop cities: The city planning rules which have prevailed so far have contributed to organizing cities harmoniously but lead to a growing congestion of infrastructures. People spend hours a day commuting from home to work, to school, to the shopping centre, to their leisure ... A mixed-use approach is now needed.

The focus on sustainability: Building sustainable is no more an option, but a must. This leads to new standards for new buildings, to smart solutions to improve existing ones, but also to massive infrastructure equipment to produce, store (if possible) and transport green energy. The European taxonomy will contribute to an increasing transparency for investors, steering capital flows towards sustainable investment.

At Metro Properties we are active in these four directions. First by supporting our global wholesale business to become fully multi-channel with the existing stores, but also massively growing the Food Service Distribution (FSD) for our professional customers, Metro’s digital solutions and the franchise network. Secondly, by implementing flex work, with our shared desk office concept in our Düsseldorf HQ, “The Village” in Milan and other ongoing projects such as in Warsaw. Thirdly, by developing an innovative district with the Metro Campus in Düsseldorf. Its future concept represents a pioneering approach to urban district development – one that looks ahead to solve the challenges of community life in the 21st century and finds answers by combining our global Metro headquarters with living and working spaces, intermixed with gastronomy (eatertainment), market hall, retail, crafts and studios, local recreation and leisure facilities embedded in parks and gardens. The site offers an opportunity to conceive a trend-setting example of a new urbanity in the design of the European city.

And finally, by increasing the number of BREEAM certified buildings, installing PV power plants, EV loading stations, replacing F-gas with climate friendly cooling fluids, we contribute actively to a more sustainable future.



*Katarzyna Zawodna-Bijoch,
President and CEO,
Skanska Commercial
Development CEE*

GOOD PROSPECTS FOR THE OFFICE MARKET

Last year was a demanding period for the office market. In 2022, we expect the market to improve, and a 'new normal' to crystalize. Quite a lot of time has passed since March 2020, when the pandemic stroke in Europe. Certain trends and changes are already very apparent. We can, without any doubt, note that the pandemic has significantly affected investment processes in the commercial market, both for developers and investors. On one hand, we have observed an increase in investors' activity over the last 12 months. They have been searching for new investment products more frequently, and their expectations of building quality are on the rise, particularly in terms of the ESG criteria. On the other hand, we noticed that developers have become more cautious about starting new projects. Consequently, we have a situation that will lead to a supply gap in the next 2-3 years, especially in large cities. It will be caused by a very limited number of new core assets able to meet investors' high expectations.

ESG-related aspects will have an increasing impact on decisions made by investors. This is influenced both by the growing awareness in terms of sustainable development and environmental impact, and also by the need to comply with ESG reporting requirements. Investment strategies will be closely connected to the purchase of products and cooperation with the businesses that meet relevant environmental, social and governance criteria. This will have a significant impact on the shape of the real estate market in 2022.

Another trend to become a significant one is tenants' growing demand for flexible office spaces, adapted to dynamically changing models of work. This refers both to entities that have been forced to delay their decision-making processes due to the pandemic, as well as to companies that will choose this region of Europe as a location for their new service centres. There is a growing trend for relocating from distant offshore locations to those perceived as a safer destination for business continuity and development. In this respect, countries in the region of Central and Eastern Europe are definitely a point on the map not to be missed.

One of the growth stimuli for this industry is the increasing demand for IT services within hybrid working models – which will be continued, to some extent, in the long-term. The extent will vary depending on the industry as well as the individual needs of organizations. However, it is important to note that this does not significantly reduce the need for physical office space. This is reflected in the growing interest in solutions that combine traditional and flex office space, thus allowing for dynamic space management. Regardless of the size of an office, the space of today needs to be designed in a way that makes it multi-functional.

The trends that used to function solely as premium solutions are also increasingly popular – currently, they have become tenants' standard expectation. A good example of these trends is highly demanding certification, such as the WELL Core & Shell or the WELL Health-Safety Rating certificates. The latter is especially desired by tenants due to the current global situation – it confirms that office spaces are fully safe for their users.

The new year will also bring a number of challenges for developers, including rising inflation, increasing prices of construction materials (caused by the pandemic) and disrupted supply chains, reduced availability of talent or low supply of land in attractive locations. These will all be important factors, which will impact both the changes in the working models as well as the condition of the real estate market.



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ENTREPRENEURIAL THINKING FOR MORE SUCCESS



In the City Hall in Herne the city leaders have sought and found ways to advance the development of the city.

Civic administrations are often understaffed and can hardly cope with the increasing tasks. This slows down many an “activist” among city leaders. One solution is to integrate more entrepreneurial thinking and acting into administrative structures.

It cannot be applied for funding because there is no capacity to implement projects – this is probably one of the most frequent complaints and the greatest frustration among those city leaders who would like to push the development of their municipality, shape its future and not just manage

the status quo. However, time and again there are examples where this balancing act succeeds, where city leaders find ways to integrate entrepreneurial thinking into the existing structures and thus leverage potential and increase efficiency in urban development. Such an example is Herne in the Ruhr region.

Even in Germany, Herne is rather unknown beyond the region, and some may have rubbed their eyes in surprise after the 2021 city ranking by *WirtschaftsWoche* magazine that the city ranks fourth among German cities in terms of net migration:

The population increased by 5.5 new citizens per 1,000 inhabitants, with mainly young people between the ages of 18 and 25 moving to the city – 15 per 1,000 inhabitants. Another record: the share of apprentices among employees subject to social insurance contributions rose by 6.8% between 2015 and 2020, catapulting Herne to first place among German cities in the corresponding category.

Nevertheless: Herne as a prime example? Perhaps not at first glance. Literally located in the middle of the Ruhr region, which has been battered by structural change for decades, it is Germany's



A look up at the façades reveals many a historical gem.

second-smallest city in terms of area, at 51.4 km². A total of 160,910 people live here (January 2021), so that in terms of population density Herne is only surpassed by Munich, Berlin and Stuttgart. Just under 20% of the population have a different nationality, with Turks the strongest group (29%) and Syrians the second strongest (21%). Yes, there are still some large industrial companies in the city and new ones have set up, yet the unemployment rate is comparatively high after a significant recovery in the pre-Corona period.

However, Herne not only has a very committed Mayor, but also a City Manager and Chief Finance Officer, Dr Hans Werner Klee, who has been in office since 2013 and was re-elected in 2021. As he emphasizes he is neither a professional politician nor an administrative expert, he comes from the business world and sees himself "as an initiator and man of action,

not an administrator". This is certainly one reason why even in a notoriously cash-strapped city like Herne it is possible to have urban development firmly under control and to get many things going that otherwise would not work.

Everyone is currently familiar with the complaint about "dying city centres". Strictly speaking, Herne has two city centres, because Wanne-Eickel, which was added to Herne in the 1970s in the course of the territorial reform, is also part of Herne.

What the Bahnhofstraße is in Herne, the Hauptstraße is in Wanne – the main shopping mile. And both once had department stores whose times seem to have long since passed.

In Herne, the former department store has been revitalised – it is now the Neue Höfe Herne – and Bahnhofstraße does

not have to fear the competition of other cities, on the contrary: it has become generally quite attractive also thanks to the design of the outdoor areas. In Wanne, similar revitalisations are still planned. A characteristic of both shopping streets is that many buildings have beautiful façades from the 19th and early 20th centuries. In addition, in Wanne a cross-street to the main street, Mozartstraße, is a real architectural gem with its Art Nouveau façades.

What is typical not only for the development of the shopping malls, but generally for the numerous and sometimes extensive development areas in Herne: the local government does not wait for an investor to make a proposal, but is proactive. It remains the master of the process and directs it according to its wishes and ideas. How does it do this?

Well, Hans Werner Klee was quick to recognise that "not everything can be solved with planning and building law" and that an administration severely reduced in personnel due to austerity measures – the problem of many cities – can hardly manage an increasing number of tasks.

One of his solutions: to bundle certain tasks in municipal companies. He has founded separate municipal limited liability companies for both the schools and urban development sectors. In the case of the school modernisation company, the managing directors are the Head of the Facility Management Department and the Head of the School and Further Education Department; in the case of the urban development company, the Head of the Environment and Urban Planning Department has taken over the management. This construction also allows for recruiting staff with a little more leeway than in the civil service. In addition, this company structure offers the possibility to think in terms of project structures, and to react faster and to work more efficiently.

To stay with urban development: The company is endowed with a certain capital

stock and develops ideas and plans for the medium and long-term development of the city. The example of the Neue Höfe shows how this is done in Herne.

The urban development company bought the former department store as a key property in Herne and then asked for various concepts from private project developers for the revitalisation of the central and listed building. The concept of Landmarken was found to be the most convincing, so the revitalisation project was sold to this company, which then also realised it. Today, the Neue Höfe are a multifunctional building comprising retail, gastronomy with outdoor terraces, a prominent fitness centre in the basement as well as offices and service facilities and form a new popular and lively centre of Herne's main shopping street. Similar plans are now being made for Hauptstraße in Wanne.



The Neue Höfe are an example of how urban development is done in Herne.

Targeted development through the purchase of key properties is the strategy pursued in Herne. This also applies, for example, to the Funkenberg quarter, 200 m from Herne's railway station, a former industrial site of around 10 ha.

Here the city is in the process of buying up the variously owned plots of land in order to develop the area into a science campus with university and research facilities for post-mining, new mobility and



Dr. Hans Werner Klee, who sees himself as a man of action, not an administrator.

new energy as well as for corresponding companies. Such targeted purchases are possible because the urban development projects are in different stages of realisation. For example, the money spent on the purchase of the former department store in Bahnhofstraße has flowed back into the coffers with a plus via the sale to the project developer.

But it is not only such private-sector mechanisms that Hans Werner Klee wants to use to accelerate certain developments in Herne. "Networking" is just as important, both in the political and public spheres, in science and in business. But networking does not only apply to people, it also applies to companies and universities. The aim is to attract companies and research institutions that are fit for the future, also with the thought in mind that they will attract others, creating clusters so that the individual businesses can benefit from each other.

As much as Hans Werner Klee relies on private-sector structures to achieve certain goals in the development of Herne,

it is also clear that the city government wants to control the development. So, it's not the old song about the "lean town hall" and how the private sector handles everything better than the public sector – quite the opposite: in many respects, the public sector has been cut down and reduced to such an extent that it can hardly fulfil its tasks – serving the citizens – in an adequate manner any more. The fact that the federal government provides subsidies for urban development but the cities are not able to get the grants is primarily due to a lack of capacity to process the subsidy programmes accordingly.

What Hans Werner Klee has in mind is to use the entrepreneurial thinking of the private-sector and the respective structures for the benefit of the city to accelerate the economic development of Herne, without giving the responsibility of the public sector up and subordinating everything only to the laws of the market. Even if the "Herne Model" cannot be transferred one-to-one to every other municipality, it at least offers an approach that is worth thinking about. | **Marianne Schulze**

DISASTER MANAGEMENT – AN INCREASINGLY IMPORTANT ISSUE

In 2021, worldwide, natural disasters cost insurers EUR 120 billion. If uninsured losses are added, the consequences of natural disasters totalled almost EUR 250 billion – a quarter more than in the previous year.

But it is not only floods, storms, large-scale fires, earthquakes and volcanic eruptions that cause destruction, but also wars. Cities prove to be most vulnerable, and especially those that look back on a long history and are proud of their historical heritage can also lose part of their identity.

One region that has a lot of experience with natural and man-made disasters is the Middle East and Central Asia. Here, it is especially the cities along the former Silk Road where reconstruction, disaster management, risk reduction and strengthening the resilience of cities are important issues. For this reason, experts from science and practice have joined forces to form the Silk Cities initiative (silk-cities.org) to exchange ideas not only at annual conferences, but as well as by publications.

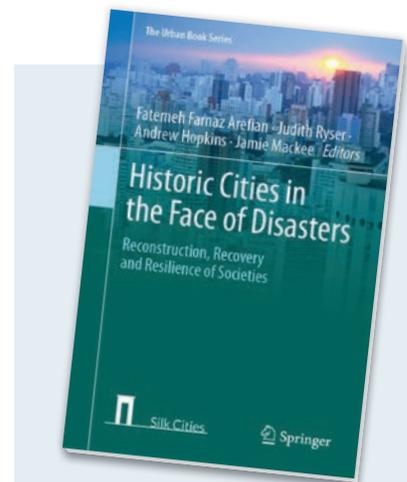
The range of participants is now a very international one, as the number of disasters has long been increasing even in countries that previously thought themselves far away from such experiences. The book presented here is the result of the last

conference, which took place in 2019 in L'Aquila in Italy, a medieval town in the Abruzzo region, which itself was destroyed in large parts by an earthquake in 2009. That in 2020 and 2021 no conferences could be held was due to the pandemic.

The book is divided into four major themes – “Heritage and Collective Memory”, “Historic and Contemporary Reconstructions of Historic Cities”, “Society, Governance and Collective Resilience” and “Bringing the 21st Century into Reconstruction” – to which a total of 36 case studies from around the world are assigned.

In an introductory chapter, the editors note that “there is extensive evidence that historical experiences have not led to organisational learning in many cases”. All the more important in times of potentially growing hazards is a multidisciplinary and multi-perspective examination of the complex subject matter which ranges from the protection of the population in an emergency case to the safeguarding of buildings and the question of reconstruction and restoration of historic buildings and landscapes following the disaster.

As academic as the topic may seem at first, it is urgently necessary to deal with it, because catastrophic natural events are



Fatemeh Farnaz Arefian/Judith Ryser/Andrew Hopkins/Jamie Mackee (Editors)

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becoming more frequent in all parts of the world and are increasingly affecting regions where no one really expects them. Therefore, the book is especially recommended to those who are responsible for a city, a region, a landscape.

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