

SPH newsletter

news

News about CEE/SEE countries and companies
page 3

special

November 14 to 16, 2012 MapiC takes place in Cannes. It is a meeting point for all concerned with retail and retail properties.
page 11

What is the impact of an inner-city shopping centre on the urban retail structures? There is no clear-cut answer to the question.
page 13

background

Expo Real is more than an international trade fair, it is as well an indicator for current trends and topics in the real estate industry.
page 15

Shopping centres in Istanbul have their own rules, different to those in Western Europe. .
page 18

events

Expositions, conventions and conferences
page 21

book review

Study about high street retail all over the world
page 22



DEAR READERS!



In this issue we are looking back and forward. The view backwards is about Expo Real in Munich. Most of you had been there. My impression was that not only the variety of booths, but as well the broad range of panel discussions in the conference programme attracted many visitors. More about the 15th edition of Expo Real you will read on page 15 ff.

Although the „Retail Dialogue“ being on stage in the morning of the last day of Expo Real was well visited, retail was and is only one topic at Expo Real. The Munich event is dedicated to the whole real estate industry. With MapiC it is different. MapiC is about retail and its real estate only. More about this year's retail meeting point you can read on page 11. For me it is with great pleasure to realize that Russia was chosen "Country of Honour" this year. Simply thinking about the size of all dimensions in the largest country of this world, Russia definitely has deserved this credit.

But looking at the news, announcements of investments and transactions in Poland are dominating the CEE/SEE markets. By good reasons: Poland's property markets are estimated as very stable and they are promising further growth.

As different the international markets are, as varied are the strategies in retail. Let me wish you not to fail in retail. Better be with the tops when about shops.

Yours,

Andreas Schiller

VISIT THE FUTURE OF SHOPPING CENTERS



IMMOFINANZ GROUP AT MAPIC
PALAIS DES FESTIVALS, CANNES – STAND R34.15
14 – 16 NOVEMBER 2012

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An outstanding portfolio and future concepts are hallmarks of our listed property company.
As a recognized expert in the field of retail, we present:

- Retail Developments
- Quality Shopping Center
- STOP.SHOP. Retail Warehouses

VISIT THE FUTURE OF SHOPPING CENTERS:

It would be our pleasure to meet you at our **Stand R34.15 (Riviera Hall, 1st floor)**!





In the southeastern part of Turkey Multi Development Turkey is developing Forum Gaziantep. It is the company's 11th project in Turkey.

MULTI DEVELOPMENT STARTS FORUM GAZIANTEP

Multi Development Turkey has started construction of Forum Gaziantep, its 11th project in Turkey and its first in southeastern Turkey. Opening in September 2013, Forum Gaziantep is featuring a total of 44,500 square metres rental area. Forum Gaziantep will be implemented with an investment of EUR 120 million, and is located at the intersection point of the historical city centre and new settlement area, right in the heart of the city.

Multi's investments in Turkey will continue with five more Forum projects: in Adana, Diyarbakir and Canakkale which are starting construction this year, followed by Corum and Elazig which are in development at this time. Multi's total investment value will be EUR 4.2 billion with the 10 currently active and the six new projects.

RREEF ACQUIRES WARSAW LOGISTICS PORTFOLIO

On behalf of the open real estate fund grundbesitz europa RREEF Real Estate, the real estate investment management business of Deutsche Bank's Asset and Wealth Management division, has acquired a logistics portfolio located in the suburbs of Warsaw for EUR 54 million. Vendor was a joint venture of Panattoni Europe and Pramerica. The property portfolio is totalling over 80,000 square metres of warehouse space within Panattoni Park Ozarów and Panattoni Park Pruszków, located in the Warsaw region. The buildings were completed between 2008 and 2010, and their space is fully leased.

CPI GROUP BUYS TREI'S CZECH RETAIL PORTFOLIO

TREI Real Estate, the property arm of the German family-owned Tengelmann Group, has completed the sale of a portfolio of retail properties to Czech real estate company CPI Group. The purchase price for the property package has not been disclosed by the parties. The 10,900 square metre portfolio includes nine supermarkets in the Czech Republic leased to Penny Market or Billa for in excess of 10 years. The supermarkets are located in Dobříš, Holešov, Holice, Jablonec nad Nisou, Liberec, Rícany, Semily, Tanvald, and Turnov. On the transaction TREI was advised by Colliers International and legally supported by CMS Cameron McKenna. Legal adviser of CPI Group was Kinstellar.

OPENING OF SKOPJE CITY MALL

Skopje City Mall has opened its doors for customers. The Mall has 39,000 square metres of leasable area and parking space for 1,300 vehicles. The total shopping mall investment exceeds EUR 100 million. Investor and developer of Skopje City Mall is the Albanian Balfin (Balkan Finance Investment) Group. Skopje City Mall is the first project of Balfin Group in Macedonia.



Most recently IVG Warsaw fund acquired Norway House. The special fund for institutional investors has a target investment volume of EUR 200 million and will exclusively invest in office buildings in Warsaw.

IVG WARSAW FUND PLACED

IVG has raised a total of approximately EUR 100 million in equity from institutional investors for its IVG Warsaw fund, launched in June 2011. The special fund under German investment law invests exclusively in new office buildings in the centre of the Polish capital and has a target investment volume of EUR 200 million.

IVG has already acquired four properties with an investment volume of approximately EUR 80 million and a total of almost 13,500 square metres of rental space for the fund, most recently the so-called Norway House at 19 Lwowska Street. The investors include a German insurance company, a German pension fund and an institutional investor from Austria. IVG is not only the initiator, but also takes responsibility for fund and asset management via its branches in Vienna and Warsaw.

W. P. CAREY: CONSTRUCTION FINANCING IN POLAND

Investment company W. P. Carey announced that one of its publicly-held non-traded REIT affiliates, CPA®:17 – Global, will be providing build-to-suit financing which will fund the construction of an expanded logistics platform of the global contract logistics and supply chain management company Syncreon Holdings Ltd.

W. P. Carey's financing will deliver 100 percent of the funds needed for the construction of an approximately 11,000 square metres light-industrial warehouse located in Zary, Poland, close to the German border and the major centres of Berlin and Dresden. The Zary facility will be leased on a long-term, triple-net basis to the Polish subsidiary of Syncreon.

MOSCOW CITY HAS SOLD METROPOL HOTEL AND ITS STAKE IN WTC

Russia's Okhotny Ryad Deluxe has acquired the Hotel Metropol at an auction for RUB 8.87 billion (EUR 220 million). The buyer is a subsidiary of the current operator of the five-star hotel. The Metropol Hotel was auctioned off by the City of Moscow.

Only one week later the municipality of Moscow has sold a 9.64 percent stake in JSC World Trade Center, the company that owns the 270,000 square metres World Trade Center mixed-use centre. The starting price at the auction has been set at over RUB 1.4 billion (EUR 36 million). There were two bidders for the lot, the winner of the auction was the Russian company Prominexpo.

These assets are the latest to be put up for sale by the local government as part of its privatisation programme. Thus, over the past year the city has auctioned off the hotel National as well as its stakes in the Hilton Moscow Leningradsкая Hotel and Novinsky Passage MFC. The city has been privatising non-core real estate and other property assets to raise funds and make those assets more efficient. It also recently announced its intention to sell its share in the Gostiny Dvor Exhibition Center and Vnukovo International Airport.



The residential project Edenia Titan in Bucharest: Here as well as with residential project Evocasa Optima the subsidiary of Immofinanz Group has started construction on a second phase.

ADAMA: SECOND PHASE OF TWO PROJECTS IN ROMANIA STARTED

Adama, a subsidiary of Immofinanz Group, announces the start of construction on the second phase of two of its existing projects: Edenia Titan and Evocasa Optima. Both are located in the green neighbourhood near Titan Park in Bucharest. The total investment costs amount to 14.1 million.

Edenia Titan comprises six residential buildings. The first phase with 226 apartments in two buildings was completed in 2009. The second phase is projected from October 2012 to autumn 2013, and will involve the construction of another 126 apartments. The first phase of Evocasa Optima with 83 units was completed in 2010. Construction on the second phase is now in progress and will offer another 84 flats.

SKANSKA TO START KAPELANKA 42 OFFICE PROJECT IN KRAKOW

Skanska invests EUR 32 million in the first phase of the Kapelanka 42 office project located in Krakow. It is the first project carried out by Skanska Property Poland in the Krakow region. The office scheme will consist of two buildings with nine storeys above ground level and three stories underground. The total leasable area of the complex will be around 30,000 square metres. The first phase will comprise of about 12,250 square meters plus underground garage for both phases. Construction is due to start in Q4, 2012 and completion of the project is scheduled for Q3, 2014.

MINT INVESTMENTS ACQUIRED OLOMOUC CITY SHOPPING CENTRE

Real estate and investment group Mint Investments duly paid the auctioned purchase price of EUR 15.1 million for the Olomouc City shopping centre, thereby completing the largest real estate transaction of its kind in history in the Czech Republic. The auction of the shopping centre with a starting price of EUR 8.6 million was conducted by the auction house Naxos a. s. in the Sacre Coeur Chapel.

SONAE SIERRA AND CAELUM TEAM UP ON BUCHAREST MALL

Sonae Sierra, the shopping centre specialist, and Caelum Development, an Eastern European developer, closed a 50:50 joint venture agreement for the development of ParkLake Plaza, located in Sector 3 in the eastern part of Bucharest.

The new shopping centre with 67,000 square metres gross leasing area will offer around 200 shops, including various sport and leisure facilities. The design compliments and integrates the adjoining Titan Park. The investment amounts to EUR 185 million.



**All roads lead to success –
take the fast lane**



The first two buildings of Enterprise Park in Krakow are inaugurated. Once completed, the office park will comprise a total of approximately 28,000 square metres.

OPENING OF ENTERPRISE PARK IN KRAKOW

The first phase of the Enterprise office park in Krakow has been completed and officially inaugurated. The first two buildings, phase 1 of the project, provide over 15,300 square metres of office space. Once completed, Enterprise Park complex will consist of three four-storey office buildings with a total of approximately 28,000 square metres of office space. Enterprise Park is Avestus Real Estate's first project in Krakow. The developer's Polish projects include Warsaw Financial Center, International Business Center and Building F at Wisniowy Business Park in Warsaw.

WESTIMMO FINANCES POLONIA PROPERTY FUND II

Peaksid Poland Management (PPM), Peaksid Capital's recently acquired Polish subsidiary, has secured refinancing exceeding EUR 106 million from Westdeutsche ImmobilienBank (WestImmo), secured against three Polish retail outlet centres.

The facility has been provided to fund the ongoing management initiatives at the Fashion House Outlet Centres in Poland acquired and developed by the Polonia Property Fund II between 2007 and 2008. The assets, which trade under the Fashion House Outlet brand, are situated in the cities of Warsaw, Gdansk and Sosnowiec and comprise a total of more than 50,600 square metres.

HELABA FINANCES TWO OFFICE BUILDINGS IN WARSAW

Immofinanz Group has received long-term refinancing of EUR 80 million from Helaba for its Brama Zachodnia and IO-1 office buildings in Warsaw. In this transaction Helaba is serving as the lender, arranger and agent. The modern, 14-storey Brama Zachodnia office building is located in Warsaw's Ochota district and has approximately 24,000 square metres of rentable space. The second property, the IO-1 with approximately 22,500 square metres of rentable space, is situated in the Mokotów district in the southern part of the city.

HINES GLOBAL REIT ACQUIRES FIFTH INDUSTRIAL ASSET IN POLAND

Hines Global REIT has acquired a two-building logistics facility in Sosnowiec, a town in the Upper Silesia area, a region bordering the Czech Republic and Slovakia, for USD 25.8 million (approximately EUR 19.7 million). It is the fifth Polish logistics park asset that Hines Global REIT has purchased from Prologis European Holdings. The buildings in Distribution Park Sosnowiec were constructed in 2005 and contain a total of 47,000 square metres.



Renaissance building on Plac Zbawiciela in Warsaw has changed its owner: A fund managed by GLL Real Estate Partners purchased the building from Falcon Real Estate.

RENAISSANCE ACQUIRED BY GLL REAL ESTATE PARTNERS

Renaissance building in Warsaw has been acquired by a fund managed by GLL Real Estate Partners. The vendor was Falcon Real Estate Investments, a real estate investment vehicle of Spanish private investors. CBRE acted as the advisor during the acquisition process. Renaissance building is a mixed-use office and retail building developed in 2005, with 5,230 square metres of gross leasing area. The property is situated on Plac Zbawiciela.

BNP PARIBAS TO FINANCE CONSTRUCTION OF OXYGEN PARK

Yareal Polska, the developer of Oxygen Park office building in Warsaw, has secured finance for the project from BNP Paribas. Oxygen Park, with a total lettable area of approximately 18,300 square metres is located on Jerozolimskie Avenue. The first stage of the project is scheduled for completion in Q1, 2013 and the second in Q4, 2013. International consulting firm Colliers International is the letting agent for the project.

IMMOFINANZ GROUP STARTS RETAIL PROJECT IN LUBLIN

Still this autumn construction works for a shopping centre in the middle of the Lublin City Center, close to the historic castle, will start. Tarasy Zamkowe, previously known as Galeria Zamek, will include up to 37,000 square metres of leasable area offering space for about 150 shops, three restaurants as well as numerous cafes and a food court. The opening is scheduled for autumn 2014. Developer of Tarasy Zamkowe is Immofinanz Group. The total investment for this project will amount to approximately EUR 115 million.

C&W APPOINTED TO SELL TWO HOTELS IN THE CZECH REPUBLIC

C&W Global Hospitality has been exclusively appointed to sell a hotel portfolio of two core hotels in the Czech Republic. The portfolio consists of the Courtyard by Marriott Prague Airport and the Courtyard by Marriott Plzen.

Courtyard by Marriott Prague Airport combines hotel with 234 full service rooms, retail gallery and large parking. It benefits from a prime location within the Prague international airport and it is the only hotel located within walking distance from the terminals. Courtyard by Marriott Plzen combines hotel with 195 full service rooms, office, high street retail and parking space. The hotel is located in the historical centre of Plzen. Both hotels were built and opened in 2007 and are operated under management agreement by Marriott International.



The future Pomeranian Logistics Centre located adjacent to the Gdansk Deepwater Container Terminal. Developer of the project is Goodman.

GOODMAN: CONSTRUCTION START OF POMERANIAN LOGISTICS CENTRE

Goodman has launched its development project Pomeranian Logistics Centre (PLC). Located adjacent to the Gdansk Deepwater Container Terminal (DCT), it will be the largest logistics hub of its kind in northern Poland. Once completed, it will feature approximately 500,000 square metres of warehouse and light industrial space. The total value of the project is estimated to exceed EUR 300 million on completion.

The Gdansk DCT is the largest and only ice-free deepwater terminal in the southern part of the Baltic Sea. Its 650 metres shoreline, with a depth of up to 16.5 metres, opens the terminal to the world's largest container ships and its annual capacity, currently at 1,000,000 TEU, is set for expansion over the next several years.

STAFFING



Fabrice Cervoni has been appointed European Director of Capital Transactions for Continental Europe at Goodman Group. Fabrice Cervoni will report to commercial director Kristof Verstraeten and will be based in Goodman's Paris office. Fabrice Cervoni joined Goodman as Head of Capital Transactions for Southern Europe in March 2008.

Mark Cunningham, late Director Marketing & Communications of Multi Corporation for more than four years, has founded his own consultancy Propagater BV. Born in London, Mark Cunningham was Director at Saatchi & Saatchi Worldwide. Later he was appointed CEO of Saatchi Netherlands, afterwards moving on to TBWA.

Sylvia Foissy has founded Sylvia Foissy | The International Business Multiplier. Since 2005 Sylvia Foissy has been at the Austrian business magazine "Gewinn" and was responsible for the development and organisation of the conference programme of Real Vienna as well as for Istanbul REstate in Turkey and for the real estate part of the congress programme of "Gewinn-Messe". After the cancellation of Real Vienna in spring 2012, Sylvia Foissy was head of the organisation of Gewinn Real Estate Conference taking place in June 2012.

Carl White takes on role of fund director for Herald, the European Retail Fund of Henderson Global Investor's Property Business. Carl White has worked on Herald since joining Henderson over four years ago and has been involved in all aspects of the fund, ranging from investment strategy and acquisitions, debt negotiations, investor relations, portfolio analysis and asset management.

Dr. Manfred Wiltchnigg, COO of Immofinanz AG, has announced his intention not to extend his contract and will leave Immofinanz AG on 31 March 2013. Dr. Manfred Wiltchnigg had been appointed to the Executive Board of Immoeast AG in February 2009. In April 2010 he became Member of the Executive Board of Immofinanz AG. Before Dr. Manfred Wiltchnigg had been in executive positions at Generali Immobilien AG, Oppenheim Immobilien-KAG mbH and IVG Austria GmbH.

*above left: Fabrice Cervoni
above right: Mark Cunningham
in the middle left: Sylvia Foissy
in the middle right: Carl White
below: Dr. Manfred Wiltchnigg*



Corio is a retail property company. Our core business is to create **Favourite Meeting Places** through selecting, developing, and operating shopping centres in Europe. Our vision is to create places where people like to meet and return to, any time of the day, for anything and in any mood.



FAVOURITE MEETING PLACES



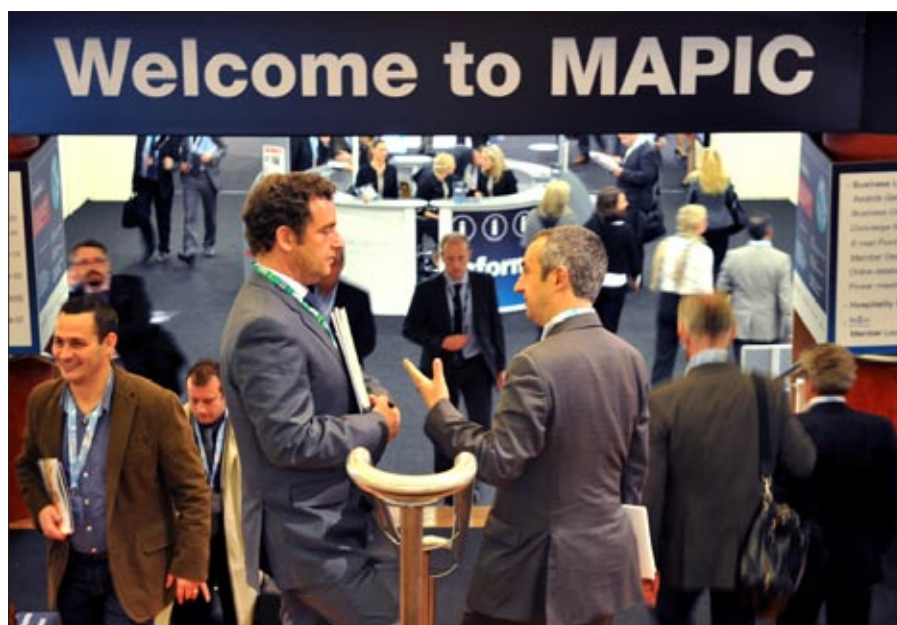
MEETING POINT OF THE RETAIL INDUSTRY

From November 14 to 16, 2012 the annual *Marché international professionnel de l'implantation commerciale et de la distribution*, in short: Mapic takes place in Cannes. During these three days property investors and developers will meet retailers from all over the world in the Palais des Festivals.

Three days in November are dedicated to retail and retail property. Till October 31, already 2,647 companies were registered as exhibitors and 8,133 companies will send their representatives as visitors to Cannes. Among the registered are 2,815 retailers, 2,252 investors, and 2,688 development companies.

This year Russia as "Country of Honour" takes the centre stage of Mapic. 185 exhibiting companies are presenting themselves, and as well some sessions of the conference programme are devoted to Russia. Maxim Karbasnikoff, Head of Retail at Cushman & Wakefield Russia, will provide an overview on the Russian market and insights into changes in the consumption patterns, upcoming trends, and development factors. Other topics are retail real estate in Russia and special retail formats for children, a major target for retail brands.

Consistent with Russia as "Country of Honour" at this year's Mapic Samvel Sarkisovitch Karapetyan, Founder and President of Tashir Group, will be awarded "Personality of the Year". Tashir Group is a Russian holding with main focus on development and management of retail properties all over Russia, mostly operating under the RIO brand. Tashir Group is also the main sponsor of Mapic's opening cocktail on the evening of November 13, 2012. What is coming in mind hearing this news is the motto of the English chivalric Order of the Garter: *Honi soit qui mal y pense*.



Mapic – the international trade fair for retail and retail property

186 retailers from Russia are registered participants. There is to add, however, that this number includes many western brands already present in Russia—from Adidas, Leroy Merlin, Obi, to Puma, Real and Stockmann.

Even though Russia is in the foreground of Mapic 2012, there is to state a great general interest in retail markets in CEE—both by retailers who want to open up new markets, and by investors and developers who want to tap the potential in some countries offered by the still small supply of modern shopping facilities.

Looking at the number of registered exhibitors from CEE, Russia is followed—with some distance—by Poland with 91 exhibiting companies. Czech Republic is on third place with 42 exhibitors, followed by Turkey with 34 exhibitors. The strong presence of these three countries was to expect: Poland is actually the investment destination most in demand in CEE due to its continuous economic growth and its

high-spending and brand-conscious consumers. The same is true for Turkey where shopping centres are springing up like mushrooms. In both countries the interest is more and more focused on regional cities because there a new shopping centre is often the only one and has nearly no competitors. For Turkey there is to add that with the since long lasting economic growth Turkish retailers and brands are grown as well and, for their part, are in search of possibilities to expand.

Comparably strong groups of exhibitors are also coming from Ukraine (19 exhibitors) as well as from Romania and Hungary (18 exhibitors each). Romania is mainly represented by shopping centre investors and developers like Atrium European Real Estate, Liebrecht & Wood and Plaza Centers, companies not Romanian by origin but rather active in the country. Other CEE Countries show a similar picture, often with the local offices of international consultancies forming the main part of the country's exhibitors.

What might be interesting is a look at projects presented at Mapic. The database is listing up about 500 new retail projects, more than 400 of them are under development or at most already under construction.

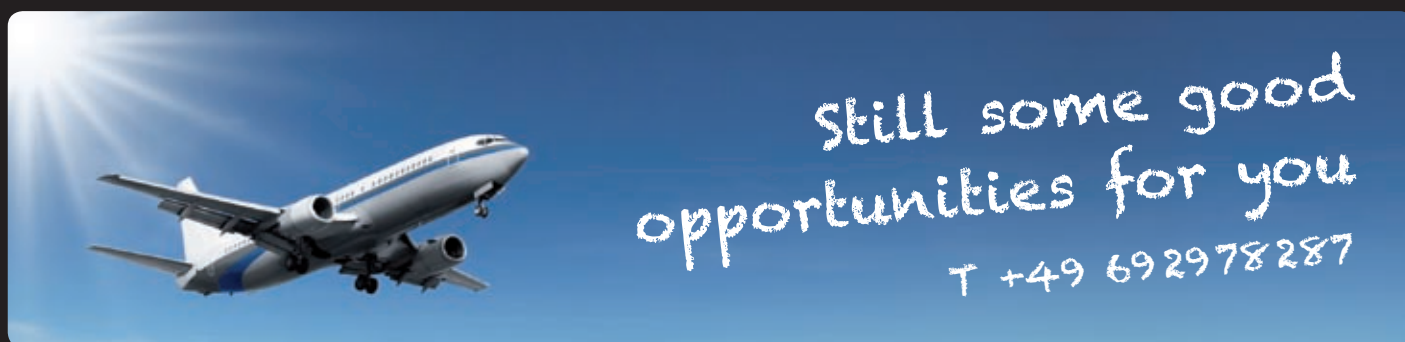
Looking at the retail projects under development or construction in the CEE countries, Poland is leading the list with 34 projects. Investors and developers are ECE, Echo Investment, Immochan France, Inter Ikea, Multi, Neinver, and TK Development. In Turkey Corio, Multi und Renaissance are developing the greatest part of the 20 projects presented in Cannes. And in Romania Caelum, Echo Investment, Liebrecht & Wood, Plaza Centers and Sonae Sierra are active and responsible for most of the 17 new projects showcased at Mapic.

The retail property boom is also continuing in Czech Republic: 13 new projects in the development pipeline will be shown, beside others Aupark Shopping Centers in Brno, Hradec Kralove and Karvina by the Slovakian developer HB Reavis. TK Development is presenting the Designer Outlet Village Moravia near Ostrava and a new shopping centre in Frydek Mistek. Taking into account the different sizes of Czech Republic and Russia, the list of Russian projects seems rather small: ten new projects are presented in Cannes, beside others by Atrium European Real Estate, Capital Group and Renaissance.

Bosnia and Herzegovina is mostly a blank area on the CEE map of investors and developers. In the country's capital the Saudi-Arabian Al Shiddi Group is developing the Sarajevo City Center, a business com-

plex including a 40,000 square metres shopping and entertainment centre, a five-star hotel and office space. This project will also be showcased in Cannes. All in all Al Shiddi Group is investing a total of about EUR 100 million in Bosnia and Herzegovina. From a (Western) European point of view the Balkans are more or less outside of general interest—the exception proves the rule—and there is often only a small presence of these countries at international fairs and exhibitions. However, that does not mean nothing is happening there. Sarajevo is one example, another is the capital city of Macedonia Skopje, where the Turkish Cevahir Holding is developing a large residential complex including a shopping centre and where recently Skopje City Mall, developed by the Albanian Balfin Group has opened its doors. | Marianne Schulze

CONGRESS REISEN FRÖHLICH



Messe/Fair

Stadt/Town

Datum/Date

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INNER-CITY SHOPPING CENTRES PRO/CONTRA URBAN RETAIL STRUCTURES



Rathaus-Galerie in Leverkusen is an example for the positive impact of a shopping centre on the retail structure of a city.

Discussions about if an inner-city shopping centre is of advantage or disadvantage to the traditional retail structures of a tend to become acrimonious and the each of adversaries is convinced to have the right arguments on his side. A recent study of DSSW Deutsches Seminar für Städtebau und Wirtschaft deals with this topic. The results of the analysis are unexpected.

Prior to launching a new product, pharmaceutical companies are obliged to evaluate the effects of the new ingredients on the disease in a long-term survey by a blinded experiment: They have to ap-

ply the new medical drug to a group of patients and to compare the results with those of a control group whose patients did not get the agents or just a placebo.

For economical decisions such comparing long-term observations are not possible in real life. Usually there is only the way to implement a specific action (for example, the introduction of a new currency in Europe) and then to monitor the impact and the developments following the action. Although economic scientists often use the so called "ceteris paribus" assumption, there is no possibility to check at the same time a "control group" not affected by the action and to com-

pare the results. This impossibility applies as well to shopping centres and their impact on the local and regional retail and urban structure: It is to observe what happens in a specific city in the years following the opening of a new shopping centre, but it is impossible to compare these changes to a (fictional) development during the same time span without the shopping centre. And, as it is well known, not every change and not every development following a specific action or implementation means that there is any causality.

In past years, this dilemma caused very emotional and partly acrimonious discus-



Shopping centre often complement high street retail.

sions regarding the positive impact and threats resulting from new inner-city shopping centres.

When—after the opening of a new shopping centre—shops are closing down in other parts of the city the question impossible to answer is if these closing-downs are a consequence of the opening of the new centre or are due to other facts that have nothing to do with the new shopping centre, as e.g. the retirement of the shop operator, a new landlord, the end of a lease agreement, a downturn in revenues due to the impact of e-commerce, etc.

Exactly this question is the main topic of a recent analysis on “The impact of inner-city shopping centres on urban centres. Synoptical revise of existing studies”, published in May this year by DSSW Deutsches Seminar für Städtebau und Wirtschaft (German Seminar for Urban Development and Economy). More than three dozens of different scientific studies relating to shopping centres in German cities were examined. Only a few of them were really comparable as they analysed the impact of shopping centres more or less according to the same criteria.

The really unexpected result of the comparison of the different scientific analyses is: There are no clear-cut general results regarding the impact of inner-city shopping centres.

This could help to bring an end to many up-heated and sometimes very ideological political discussions between supporters and opponents of new inner-city shopping centres and about their positive or negative impact for traditional urban retail structures.

Here the main results of the mostly discussed and crucial point about inner city shopping centres:

Do inner-city shopping centre cause

- an increase or decrease of **number of shops** in the city outside the shopping centre? There are no clear results, at most a slight indication of a decrease in the number of shops due to the fact that especially outdated shops are closing down thereby offering the opportunity for modernisation.
- an increase or decrease of **total sales** in the city outside the shopping centre? Again there are no clear results. What is to say is that there is a slight tendency towards a decrease of the overall sales area.
- an increase or decrease of **rents** in the city outside the shopping centre? There is no general trend to state, only some flimsy indications of a decrease in rents. This can result in opportunities to establish new shops which cannot afford the highest downtown rents, and to enlarge the supply.
- an increase or decrease of the number of **fashion stores** in the city? There is some evidence that with a new shopping centre the number of fashion stores in other parts of the inner city will decrease, but definitely the overall number of fashion stores in a city will increase.
- an increase or decrease of **client footfall** in the city outside the shopping centre? In this case again there is some evidence that the number of visitors decreases, in particular outside the 1A locations.

- an increase or decrease of the so called **coupling effect**, i.e. shopping centre visitors also visit other downtown stores and vice versa? Yes, about 50 percent of shopping centre visitors are also visiting other stores in the city, in particular when distances between shopping centre and the other stores are short and when shopping centre and high street retail are well connected to each other.
- an increase or decrease of **retail sales in relation to purchase power** (absorption of purchasing power)? There is strong evidence that due to a new inner-city shopping centre there is a stronger absorption of purchasing power and that overall retail sales will increase.

The conclusion of all these results: There is not to state that inner-city shopping centres “always” have certain positive or negative impacts. On the contrary, it seems that many effects are depending on a broad range of different factors: size of the shopping centre, distance to the other main downtown shopping areas, etc. For each project an individual and transparent analysis of the different options is recommended. Only such a scrupulous analysis can be the rational base for political decisions and provide an idea of the potential impact for shopping centre developers, local retailers and local authorities as well.

What will remain? The DSSW study is an important contribution towards a more rational discussion about inner-city shopping centres. However, it proves as well that scientific analysis cannot replace political decisions—and in most cases it does not even facilitate the way to a final decision. | **Dieter Bullinger**



Dieter Bullinger is Founder and Managing Director of debecon GmbH Dieter Bullinger Consulting for better shopping destinations.

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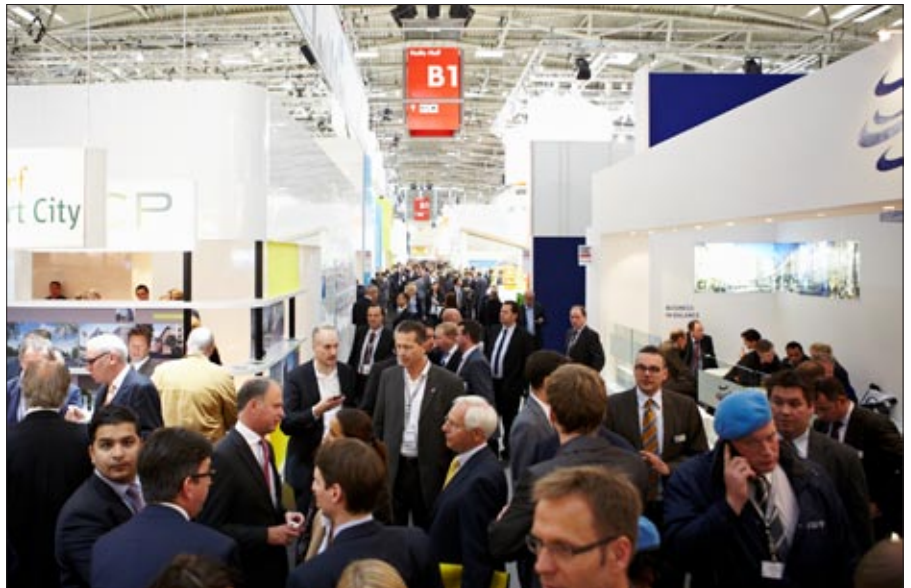
TOPICS AND TRENDS OF THE INTERNATIONAL PROPERTY INDUSTRY

Expo Real in Munich is one of the most important meeting points of the real estate industry and an indicator for current trends and developments not only in Germany but as well in Central, Eastern and South-eastern Europe.

More exhibitors and more visitors than ever participated in Expo Real in Munich at the beginning of October. About 38,000 participants were recorded, 17,000 exhibitors presented themselves in the six halls of Messe Munich.

From start to the end of the fair all the halls have been continuously crowded. One reason might have been the weather because for the first time in the 15 years history of the International Trade Fair for Commercial Property and Investment it was raining, at least on the second day of the event. Only on Monday, the first day, the weather was sunny and invited to talks outside the halls. However, the main reason for the participants' great interest was the presence of the entire range of real estate companies and the many information events of exhibitors and the multifaceted panel discussions of the official conference programme of Expo Real.

"Not to be keen on pain" was the title of Maria Pütz-Willems' review in the internet portal www.hospitalityinside.com dedicated to the hotel and hotel property segment. There is no better summary of the mood. "Pain" is threatening mainly the German property industry from outside. The implementation of AIFM Directive (Directive on Alternative Investment Fund Managers) in national law is cause for alarm: Closed-end funds will be strongly restricted, and there will be no longer permission for launching new open funds. How much this topic is agi-



All days and at any time the six halls of Expo Real were crowded.

tating the real estate industry the panel discussion about this topic at Expo Real has shown: The audience was more than 200 people.

Nearly the same interest attracted the discussions about demographic trends and their impact on commercial and residential property. The number of 200 people was more than expected. Less surprising was the great interest in the different panel discussions about financing. In general, financing and demography were the most discussed topics of this year's Expo Real. They have at least partly replaced the flavour of past years, "sustainability", although this concept was still often mentioned at the stands and in some events. However, today sustainability means significantly more than "green building" certifications.

The majority of the exhibitors were of German origin. Not only nearly all important real estate companies were present

at Expo Real, as well a great number of joint stands of German cities, regions and local authorities. The comprehensive presence of German market players attracted definitely the interest of foreign participants. "Germany has always been a 'darling' when markets elsewhere were bearish", Jörg Banzhaf, CEO Germany of the Dutch real estate company Corio, has brought it to the point. For Expo Real the quality of German exhibitors is causing a large quantity of international interest in the fair—and vice versa.

This thesis is proved by a transaction announced during Expo Real and causing some stir: A joint venture of Axa Real Estate and Norwegian Government Pension Fund Global, managed by Norges Bank Investment Management (NBIM), has purchased two German commercial properties from RBS Royal Bank of Scotland RBS for about EUR 784 million. These properties are "Frankfurter Welle" in Frankfurt on Main, comprising



Not only the capital Warsaw, as well nearly all Polish cities and regions took part in Expo Real as exhibitors.

81,600 square metres of mainly office space, and “Neues Kranzler Eck” in Berlin, a mixed-use complex comprising 72,400 square metres of office and retail space. Both, Frankfurter Welle and Neues Kranzler Eck are the often cited and sought-after “core” properties. The transaction is something very special for the upper market and had a signalling effect: Despite financial and economic crisis the real estate market is still alive and well, investments in “real” assets can be more attractive than investments in pure financial market products, and—above all—there is cross-border business.

Especially in the cross-border business international exhibitors are interested in. They come to Munich to present their locations, properties and developments as well as their services and to attract interest of Expo Real’s participants. And as far as exhibitors commented their experiences during the three days, most of them met this target.

For sure, this is to state for the exhibitors from Poland. As in the years before, at Expo Real as exhibitors not only the cities but as well nearly all regions of the country were representing the country. As expected the stand of the capital city Warsaw attracted most of the interest. Katarzyna Ratajczyk from the Promotion Office of the City of Warsaw and her

team got their hand full, especially at the reception at the stand following the panel discussion about Poland in Investment Locations Forum. In the panel discussion, organised by Expo Real, took part Michal Olszewski, Deputy Mayor of the City of Warsaw responsible for urban development, Stefan Brendgen, CEO of Allianz Real Estate GmbH. This year Allianz Real Estate, the property subsidiary of German insurance giant Allianz, has invested in Poland for the first time. In Warsaw they have bought Platinum Business Park, an office complex of five buildings, for roughly EUR 173 million. Only a few weeks later the purchase of WFC Warsaw Financial Center for about EUR 210 million by a consortium of Allianz Real Estate and London-based Tristan Capital Partners was announced. „Although we recognize positive and promising economic data in Poland in general, so far the capital Warsaw, with its robust economy and promising development perspectives, is our focus. But we are also investigating regional centres like Łódź, Kraków, Gdansk, Katowice or Wrocław. Given the limited demand for offices there, our interest in those cities is mainly on shopping centres”, confirmed Allianz’s Stefan Brendgen. „Further acquisitions are in the pipeline, we are in good talks”, he continues. „After the first two transactions this year we would like to enlarge our footprint in Poland.”

Bernhard Berg, Chairman of the Management Board of IVG Institutional Funds GmbH, another participant in the panel discussion, has given Poland credit: “There will be a broad range of investment possibilities in Poland during the next years. And what remains unchanged and still attractive are the international banks’ financing conditions for investments in Poland. That means that especially Warsaw will keep its rank among the international investment destinations as one of the most attractive locations for office and retail investments in Europe.”

No wonder that on the other side Marcin Juszczyk, Board Member and Head of Investment at the Polish real estate company Capital Park, joint exhibitor of the City of Warsaw, was praising Expo Real: “I am very positively surprised about the number of participants and the business character of the show. We had the opportunity to meet a lot of investors and business partners and were very busy having back to back meetings. The quality of the venue, the conference and discussion panels were perfect and we shall definitely take a chance to be here next year.”

Since years exhibitors from Russian Federation are part of Expo Real. The City of Moscow was the first to come to Munich—it takes part in the trade fair since 1999—, followed by Saint Petersburg.

Later there are to add Moscow region, Kaluga and Rostov-on-Don. As well the Russian Housing Development Foundation RHDF is presenting itself at Expo Real since some years. This year for the first time Volgograd and Sakhalin as well as Russia-based Sberbank were exhibiting.

Among the Russian participants Moscow as Russia's capital and biggest city had

the topic "traffic infrastructure" dominating last year's discussions at the Moscow stand was picked up only marginally.

Saint Petersburg, the second largest Russian city, has seen a change in government since last year's Expo Real: Georgi Poltavtschenko followed Valentina Matvienko as governor. But again Vice Governor Igor Metelsky was head

former chocolate factory "Red October" in Moscow. However, Irina Babiuk emphasizes that there is one great difference: In Saint Petersburg the plans to locate creative workers in abandoned factories is an explicit target of the City Government and will be promoted by them.

Franz Jurkowitsch was met again at the stand of Kaluga. The region, nearly 200 kilometres southwest of Moscow, is with about one million inhabitants—from a Russian point of view—rather small, but as an internationally oriented automotive region it has a clear-cut profile. Here are meanwhile located production factories of VW, Mitsubishi, Peugeot, Renault, Volvo, Skoda and Citroen. At Expo Real Kaluga has presented their new projects, beside others a new hotel, a new residential district and the reshaping of the inner-city part of the Oka embankment. Warimpex was mainly intrigued by the hotel development, while representatives of a Luxembourg fund were interested in the plans for the Oka embankment, a development comprising 200,000 square metres of retail space and car parks.



Poland was in the focus of a panel discussion in the Investment Locations Forum.

again the largest exhibition space. However, in comparison with Poland for example, the international developers' and investors' interest in Russia is limited at the moment. One of the reasons is that the financing crisis has caused certain reluctance to expand activities to other international than "core" markets.

Furthermore, as some interested reported, it seems that the enlargement of the city of Moscow—main topic in all discussions at the stand—is still missing clear-cut outlines. Of course, 148,000 hectares is not peanuts and means more than to double the size of the already giant city. Of course, planning for a project of these dimensions is very complex and needs long time. But investors are mainly interested in concrete projects and actually with ten master plans for the enlargement the project is still rather vague. Unfortunately

of the Saint Petersburg delegation in Munich. The city on the Neva presented new plans for abandoned factories: They shall be redeveloped and offer space especially for creative workers.

During a panel discussion at the city's stand Irina Babiuk, Head of the Committee for Investments and Strategic Projects of the City of Saint Petersburg, compared notes about these plan with Franz Jurkowitsch, Chairman of the Management Board of the Austrian Warimpex AG. Although in December 2011 Warimpex has opened the project "Airportcity" near the international airport of Saint Petersburg Pulkovo, Franz Jurkowitsch mainly talked about his experiences by redeveloping a former textile factory in the Polish city of Lodz into a design hotel. Generally the plans of Saint Petersburg are recall strongly the current use of the

About function and projects of Russian Housing Development Foundation RHDF as well as about other companies, developments and locations in CEE, presented at Expo Real, we will report in the following issues of SPH Newsletter. Exhibitors of CEE were beside others also the Czech cities of Prague and Ostrava, the Hungarian capital Budapest, companies from Slovakia and Slovenia as well as the investment agencies of Bosnia and Herzegovina, Croatia, and Serbia. Some of the activities and projects of the CEE exhibitors are worthwhile a closer look. Nice to see was the marketing of Croatia. The slogan "Be creative" was unbeatable and proved at least their own creativity. There is to see who will follow this invitation.

Expo Real 2013 will take place from Monday, October 7, to Wednesday, October 9. So especially international participants have the possibility to visit Oktoberfest before. | **Andreas Schiller**

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LARGE SHOPPING CENTRE FOR A BIG CITY



The recently opened shopping centre "Marmara Park" in Istanbul, developed by ECE.

ECE's second development project in Turkey is completed: the shopping centre "Marmara Park" in Istanbul. Shopping centre developments in the Turkish city have to follow their own rules to be successful in the long term.

The opening of shopping centre "Marmara Park" took place in October. After the debut of ECE in Turkey with a shopping centre in the Anatolian city of Eskişehir "Marmara Park" is ECE's second development in the country. Located on the European side of Istanbul in Beylikdüzü-Esenyurt district "Marmara Park" comprises about 250 specialist stores, restaurants, cafés, and a cinema on four floors. At

the opening the overall leasable area of approximately 100,000 square metres was completely leased out. Tenants are, beside others, Saturn, C&A, H&M, Zara, Victoria's Secret, and the Turkish retailer Boyner. Enclosed into the shopping centre are as well a Real hypermarket and a Bauhaus market.

A closed real estate fund of DWS as investor of the EUR 220 million project holds 50 percent of the shopping centre. DWS belongs to Deutsche Bank group. The remaining 50 percent of Marmara Park are owned by ECE / Otto family. The financing bank is the Turkish Finansbank, which provided a loan of up to EUR 115 million for "Marmara Park".

"Still one more shopping centre in Istanbul", some might have thought during the opening ceremony, because meanwhile there are more than hundred modern shopping centres in the city. But Istanbul is different to many other cities, first of all by size. The city on the Bosphorus is really a metropolis. Officially about 13.3 million people are living in the city area of 2,000 square kilometres, in fact it might be something between 17 und 20 million. Therefore it is right when ECE states that four million people are living in the catchment area for "Marmara Park".

Furthermore, retail and trade is traditionally playing an important role in Istanbul. Shops are generally open at least from

10 a.m. to 10 p.m., but many are operating also day and night round the clock, and this during seven days a week and with no holidays. The pedestrian high street Istiklal Caddesi (in English: Street of Independence) in Beyoglu district as well as other shopping streets are crowded at every time. But retail and trade is not limited to retail facilities in buildings, it takes place in streets and squares as well. So Istanbul is for 24 hours every day and for 365 days the year a very lively and exuberant city of business and trade.

range of restaurants, cafés and bars, but also some entertainment and leisure elements. These elements can be a multiplex cinema, a bowling centre and other special attractions. Therefore—for the first time in the company's history—ECE has chosen a special design theme for "Marmara Park": The theme is "Galaxy" and a symbol for this is the model of a space rocket. Hopefully and for sure there will be some more to follow. In the adjacencies Multi's "Forum Marmara" shopping centre, with 175,000 square metres of

one of Istanbul's fastest growing districts, is no guarantee for success disturbed by a potential competitor. E.g. in Levent, a district mainly characterized by high-rise buildings, the shopping centres "Kanyon" and "Metro City" are located so close to each other that they have been connected by a public subway. And some hundred metres away Zorlu Center is under development and will be completed soon. This mix-used complex will also comprise a shopping mall with 105,000 square metres. Andreas Hohlmann, Managing



Left the new shopping centre "Marmara Park", right Alexander Otto, CEO of ECE, in the evening before the opening.

However, in Istanbul some rules for retail and therefore as well for retail properties are different to those in Western European countries. First of all there is to state the distinctive gentleness sales people are showing to their clients. Another rule especially with rather high-priced products is to bargain for an individual agreement on the price. This is a characteristic of Turkey as well as the many facets of retail and the long trading tradition.

Another peculiarity is: shopping without "something more" won't work. Experienced retail developers and centre managers like ECE—their Turkish subsidiary ECE Türkiye is active in the market since 2000 and operating meanwhile eleven shopping centres and retail facilities—know that a shopping centre in Turkey has to offer not only a broad

sales area larger than "Marmara Park", but comparable by the tenant mix with a Real hypermarket and an Ikea store, is not branded by a special theme, but includes the 7,000 cubic metres aquarium "Turkua-zoo" and "Jurassic Land", a so called edutainment centre about the world of dinosaurs. Both facilities inside the shopping centre are attractions especially for children and young people.

The distinguishing features are as important as the size of a shopping centre to compete successfully with others. In Turkey land-use planning does not limit the total volume of sales areas and there is always the—more or less theoretical—possibility that another shopping centre will be developed in direct neighbourhood of a still operating one. And even the best-chosen location like Beylikdüzü-Esenyurt,

Director of ECE Türkiye, comments the great competition in the market by one sentence: "The best protection against competitors is to have the best shopping centre." Against the background of future potential competitors this sentence is less a marketing slogan than a general strategy for each shopping centre operating and developing company.

Nevertheless, during the opening ceremony of "Marmara Park" Alexander Otto, CEO of ECE, put the competitive situation into the right perspective: "The competition of shopping centres is counterbalanced by the strong growth of the city." This is a compliment to Istanbul and a very diplomatic statement. Because since April 2012 Alexander Otto is also European President of the International Council of Shopping Centers ICSC. | **Andreas Schiller**

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EXPOSITIONS AND CONFERENCES



November 8 – 9, 2012

Real Estate Circle 2012

What about: The conference Real Estate Circle is regarded as the autumn meeting point of the Austrian real estate industry and its decision makers, from investors and developers to financing institutions. Topics being discussed are not only about Austria but also facing international trends and questions like "What impact the European debt crisis will have on the real estate industry". With the strong focus of the Austrians on Central, Eastern and Southeastern European countries these markets and their developments and trends will be an important topic in discussions and talks.

Where: Courtyard by Marriott Wien Messe, Vienna, Austria

For further information and registration:
www.businesscircle.at

November 14 – 16, 2012

Mapic

The international market for retail real estate

What about: Main target of Mapic is to bring together global retail and real estate leaders to forge partnerships. Both are acting in quite different business worlds, but are in need of each other. Real estate people are developing the space, retailers need to expand. Especially for those who are expanding to Russia it will be interesting to hear that at Mapic 2012 Russia will be "Country of

Honour". Already by size and by number of cities with more than one million inhabitants Russia is an important target market for all involved in retail and retail real estate.

Where: Palais des Festivals, Cannes, France

For further information and registration:
www.mapic.com

November 15, 2012

IRE Expert Conference Challenges and Solutions for Urban Mobility in European Cities and Towns

What about: In most European cities and towns urban transport infrastructure cannot keep up with the rising population, an increasing number of private cars and an enhanced mobility demand. The question of how to enhance mobility while at the same time reducing congestion, accidents and pollution is a common challenge to all major European cities and towns. The main challenge lies in how to implement a transition in European cities and towns to a mobility based on walking, cycling, public transport and clean cars and how to achieve this without jeopardizing the economic vitality and social inclusion in urban areas. This requires concerted effort by policy practice in the cities, research and implementing of new technology and sustainable mobility plans. IRE Expert Conference offers a possibility for exchange of ideas and experiences in the European context.

Where: Tübingen, Germany

For further information and registration:
www.institut-ire.eu

November 22 – 24, 2012

10th denkmal:

European Trade Fair for Conservation, Restoration and Old Building Renovation

What about: Since its premiere in 1994, denkmal has been held in Leipzig every two years and has established itself as the leading fair in Europe for this sector. Its addressees are not only restorers, heritage conservationists and skilled craftsman but also private, local government and church property owners and investors. Partner Country of this year's event is Russia. The country is present in Leipzig since the first issue of the denkmal fair. Mainly in Russian cities with built traditions of sometimes some centuries new urban refurbishment concepts cause discussions about modernisation and re-development of ancient buildings. In former time historic buildings were often demolished, today the focus is on preservation. An exchange of know-how and experiences between East and West might be helpful for both sides. Especially in Russia craftsmen are often still able to cope with traditional techniques the knowledge about has been nearly lost in Western countries.

Where: Messe Leipzig, Messe-Allee 1, Leipzig, Germany

For further information and registration:
www.denkmal-leipzig.de

AT THE FOCAL POINT: THE WORLD'S BEST SHOPPING STREETS

Although not everybody feels happy about it, fact is that retailers are expanding all over the world and meanwhile the main shopping streets in all big cities are offering nearly the same. Particularly designer labels are entering the markets in Asia and Latin America where economic growth and increasing purchasing power are driving up sales and profits as well. But not always the attempt to expand to other markets becomes a real success story. There are examples for failures as well. One of the reasons is the wrong decision for the location.

For their Retail Market Study 2012 the Zurich-based Location Group has surveyed the main shopping streets and the most important shopping centres in 60 cities and fashion metropolises of the world. It examines the 1A locations and reports about trends, investments and new developments.

Of course, Location Group's home market Switzerland is one of the core areas. The study offers comprehensive information about Swiss retail market and shopping streets, not easily to find anywhere else. The study examines not only Zurich and Geneva, but as well locations like Win-

terthur, Biel and Lugano. Also for Germany the shopping streets of the ten most important cities are analysed. Furthermore the study looks at shopping streets and shopping centres in the European cities, also at those in CEE like Warsaw, Prague, Budapest, Bucharest, Moscow, Zagreb, Belgrade and Istanbul. The last mentioned, however, is attributed to the Middle East, although Istanbul's main shopping streets are located in the European part of the city. As well the study looks at the main cities of Africa, Asia, Asia-Pacific, and the Americas.

The detailed analysis of the world's main shopping streets is complemented by a broad range of information at a glance: It starts with a list of the main shopping centres and shopping streets in the most important cities of each country, followed by an overview of global designer labels and mainstream retailers. There is to find a comparison of prices, salaries and rents, the reader can inform himself about the most important M&A in the fashion branch, there are projects of the development pipelines registered and there is an overview on the retail investment markets. And last but not least there is extensive reference for each city and each topic.



locationgroup research:
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