

# SPH newsletter

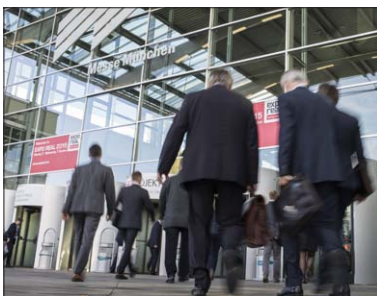
## news

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## preview

Since 21 years always in November Mapic takes place in Cannes, an exhibition where all is about retail and retail property. page 16

## review



Not only by the quantity of participants, but also by the quality of the manifold topics in discussion Expo Real 2015 was convincing. page 19

Despite difficult political relationships Russia was present at Expo Real. page 22

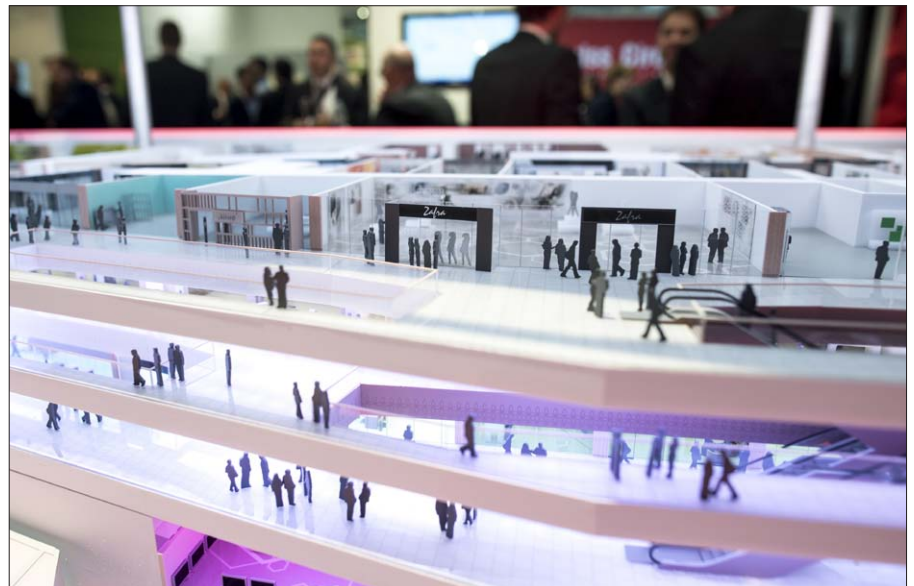
## events

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## opinion

Retail in Germany is going through a change – and thereby also some retail properties will fall by the wayside. page 26

## DEAR READERS!



The term 'transit zone' is often mentioned during the last weeks – at least here in Germany – as a mean to deal with the high amount of refugees. The refugee problem was also a dominating topic in many talks at this year's Expo Real. But of course the focus was as well on many other topics in the context of property and investments.

The term 'transit zone' turns up again in the conference programme of Mapic. But in Cannes it's about transit zones in airports and matching the fair trade for retail and retail property the discussion will be about the question "How to turn transit zones into terminus retail destinations?". The same word in completely different contexts. On one hand profit and yields, on the other hand social responsibility. But both, they are connected with each other. 'Shop till you drop' only for high net-worth individuals or also for 'normal' passengers? In any case the airport transit zones are equipped differently to those for refugees. But presumably first of all we will see cell phone shops in immigrant reception centres or in their surroundings.

Not only for the real estate and investment industry it is necessary to keep a clear head. In this context I think of Urs Kienberger from hotel "Waldhaus Sils" in Switzerland. He is calling himself "CIO – Chief Intellectual Officer" of the family-owned enterprise. In this eventful times I hope for much intellect, dear readers. By the way, also with investment decisions.

Yours,

Andreas Schiller



*Galeria Północna in Warsaw is planned to be opened in 2017. Recently the cornerstone was laid for the shopping centre.*

## CORNERSTONE LAID FOR WARSAW'S GALERIA PÓŁNOCNA

For Galeria Północna, one of Globe Trade Centre's S.A. (GTC) retail projects, the cornerstone was laid. Galeria Północna will offer approximately 64,000 square metres of leasable space, while the customers will be provided with circa 2,000 parking spaces. The opening is planned for Q2 2017.

## POMERANIAN METROPOLITAN RAILWAY OPENED

The first stage of Pomeranian Metropolitan Railway, which links Gdansk with Lech Wałęsa Airport and the Kashubia (Kaszuby) region, has been opened. The investment's first phase includes the redevelopment of regional passenger railway transport through the revitalization of the Kokoszwowska Railway, not used since 1945, and the development of a section connecting the southern parts of Gdansk with the airport in Rebiechowo and the Gdynia-Koscierzyna railway line.

## GALERIA POMORSKA: THE RIBBON HAS BEEN CUT

In September 2015 the EUR 25 million extension of Galeria Pomorska in Bydgoszcz, owned by Resolution Property, was officially opened for customers. As a result the shopping centre has been enlarged by 10,000 square metres.

## CBRE GI ACQUIRES FINAL PHASES OF IDEAL IDEA LOGISTICS PARK

CBRE Global Investors has acquired the final phases of Ideal Idea Logistics Park, Warsaw. The vendor was an investment fund managed by BPH Towarzystwo Funduszy Inwestycyjnych S.A. (BPH TFI SA). The 10,127 square metre buildings are designed to meet the requirements of small to medium sized occupiers, consisting of both warehouse (6,147 square metres) and office space (3,980 square metres).

## BGZ BNP PARIBAS PUTS UP FOR SALE POLISH REAL ESTATE PORTFOLIO

BGZ BNP Paribas instructed BNP Paribas Real Estate Poland to sell a portfolio of 25 properties located in Warsaw, Wrocław and Poznań. The portfolio includes a building located in Warsaw, Żurawia 6/12, a development located within Wrocław's Old Town, at Plac Teatralny 3, and another one at ulica Piekary in Poznań.



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*Orhideea Towers in Bucharest is a new development of CA Immo. When delivered in 2017 the towers will offer 37,000 square metres of office space.*

## CA IMMO TO START A NEW OFFICE DEVELOPMENT IN BUCHAREST

CA Immo has started a new office development in Bucharest this autumn. Orhideea Towers is located in the central-west area of Bucharest. The total investment volume amounts to EUR 75 million. The project will have a total gross leasable area of 37,000 square meters and includes two H-shaped towers, which are linked together by a bridge hidden behind a glass façade. Construction has started in October 2015 with special foundation works. The entire project will be delivered in 2017. After completion, Orhideea Towers will be included into the CA Immo portfolio.

## PARK INN BY RADISSON HAS OPENED IN BUCHAREST

Park Inn by Radisson has arrived in Romania: the Park Inn by Radisson Bucharest Hotel & Residence is open! The property is offering 210 rooms and apartments and is within walking distance to the city's cultural, shopping and business districts and permits easy access to Henri Coanda International Airport and to public transportation.

## STRABAG ENTERS THE ROMANIAN PROJECT DEVELOPMENT MARKET

The stock-exchange listed construction group Strabag SE has entered the Romanian civil engineering project development market by taking over the development team of Raiffeisen evolution in Bucharest. The new employees will be integrated in Strabag srl, the Romanian group company, and will form a separate department. From the organizational point of view, this new unit is part of the Strabag division 'property development', which comprises also the activity of the German project development company Strabag Real Estate (SRE).

With this new step, Strabag continues to consolidate its position on the European project development market. Through its local structures, Strabag is also active on the property development market in Austria and, since recently, in Poland. The Strabag group holds 20 per cent of Raiffeisen evolution since 2003.

## ORBIS HOTEL GROUP WILL OPEN TWO NEW HOTELS IN ROMANIA

Orbis Hotel Group will open two new hotels in Romania, in 2017. One will be an ibis Styles hotel with 72 guest rooms in Arad, and the other one will be a Mercure hotel with 120 rooms in Brasov. The two hotels will be newly built and owned by local entrepreneurs. The Polish Orbis Hotel Group, which is controlled by French group AccorHotels, opened its first Mercure hotel in Romania last year. It currently operates seven hotels in Romania under the ibis, Mercure, and Novotel brands.



*Shopping centre Park Afyon in the Turkish city of Afyonkarahisar is offering 45,000 square metres of leasable area and required an investment of USD 120 million.*

## PARK AFYON IN AFYONKARAHISAR HAS OPENED

After a construction period of 18 months, Park Afyon in Afyonkarahisar, Turkey, has opened its doors. The investor of the USD 120 million project is Afyon Girişim A.Ş. ECE Türkiye is responsible for the planning concept, the leasing and the long-term management of the shopping centre. Park Afyon is already the 11th shopping centre under the management of ECE in Turkey.

Park Afyon is offering an overall leasable area of 45,000 square metres and 1,150 parking spaces. The shopping centre is directly located in the city centre of Afyonkarahisar. The city is located in the west central part of Anatolian peninsula and the inner edge of Aegean Region.

## HELABA TO ESTABLISH REPRESENTATIVE OFFICE IN ISTANBUL

In their meeting on 30 September 2015, the executive bodies of Helaba approved the establishment of a new representative office in Istanbul. The bank has been active in foreign trade finance in Turkey for a long time. With the establishment of a representative office in Istanbul, it is aiming to consolidate its position in foreign trade finance for the savings banks' midcap customers and Helaba's corporate clients. The bank will also focus on lending and project finance activities.

## BILFINGER RE WINS TWO MANAGEMENT CONTRACTS IN TURKEY

Bilfinger Real Estate has won a contract from real estate developer and investor Kiler REIC for the management of two shopping centres in Turkey: Sapphire in Istanbul, which at 261 meters is the tallest building in Turkey, and Westa Mall in Zonguldak on the Black Sea coast. Bilfinger Real Estate is responsible for the centre and property management of Sapphire shopping and residential complex, the management of renovations measures, as well as the rental of the whole retail area, approximately 48,000 square meters. For Westa Mall Bilfinger Real Estate is taking over management of the shopping centre and the residential area.

Sapphire, completed in 2011, has 66 floors with a total area of approximately 61,500 square meters in Istanbul's Levent district. The shopping centre in the building has 128 shops on a retail area of approximately 30,000 square meters, a cinema complex which 765 seats and a 4,000 square meter entertainment area. In addition to the shopping centre, there are also 183 luxury apartments in the building, as well as a viewing platform with a restaurant in the 54th to 56th floors.

Westa Mall is currently under construction. The residential and shopping complex with a retail area of 18,000 square meters and a residential area of approximately 6,850 square meters is scheduled to open in early 2016.





**Kronan 10+11**  
Malmö, Sweden

Type: Office Building  
Size: 17,000 m<sup>2</sup>  
Arranger • Lender • Agent



**Galeria Słoneczna**  
Radom, Poland

Type: Shopping Center  
Size: 42,500 m<sup>2</sup>  
Arranger • Sole Lender



**Cristalia**  
Paris, France

Type: Office Building  
Size: 21,700 m<sup>2</sup>  
Arranger • Sole Lender



**Gothaer Headquarter**  
Cologne, Germany

Type: Office Building  
Size: 100,000 m<sup>2</sup>  
Arranger • Sole Lender



**Odin Portfolio**  
Germany

Type: Mixed-Used Properties  
Size: 178,000 m<sup>2</sup>  
Arranger • Sole Lender • Hedging Provider



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*For EUR 15 million Panorama Business Center in Prague 2 has been acquired by Mint Investment Group.*

## DEKA IMMOBILIEN SELLS PANORAMA BUSINESS CENTER IN PRAGUE

Deka Immobilien has sold Panorama Business Centre office building in Prague 2 for around EUR 15 million. The real estate company Mint Investments Group was the buyer. The property had been part of the real estate portfolio of the open-ended real estate fund Deka-ImmobilienGlobal since 2003. The building has around 6,700 square metres of leasable space.

The sale allows Deka-ImmobilienGlobal to continue its strategy of selling small properties and optimising its portfolio.

## UNIBAIL-RODAMCO TRANSFORMS CENTRUM CHODOV IN PRAGUE

Unibail-Rodamco has unveiled its latest major extension project at Centrum Chodov, located in Prague, Czech Republic. Seen as one of the largest developments in Central Europe this year, the shopping centre will increase its size by over two thirds, up to 100,286 square metres. The car park will also have an additional 1,000 spaces, which will increase the capacity to 3,400 spaces. Completion is scheduled for autumn 2017.

## CORNERSTONE AT PANATTONI PARK CHEB LAID

The novel construction for the BWI Group has symbolically started at Panattoni Park Cheb in Karlovy Vary region with the laying of the cornerstone. The new production plant shall consist of 15,000 square metres. The negotiations with the client were facilitated by CBRE together with Panattoni Europe and the investment fund Accolade, which also finances the construction and once completed will lease the premises to BWI Group.

## RBI AGREES TO SELL ZUNO BANK AG

Raiffeisen Bank International AG (RBI) has reached an agreement with ABH Holdings S.A., the Luxembourg-based parent company of the Alfa Banking Group, to sell its direct bank Zuno Bank AG. As agreed between both contracting parties, details of the transaction will be communicated after closing, which is expected in the first quarter of 2016. The change of ownership is subject to approval by supervisory authorities.

As at end of July 2015, Zuno Bank AG had about 200 employees and around 250,000 clients in the Czech Republic and in Slovakia. The bank managed total deposits in the amount of almost EUR 750 million and a total loan portfolio of about EUR 65 million.



*In Siska district of the Slovenian capital city of Ljubljana SES Spar European Shopping Centers is developing a new shopping centre with 32,000 square metres of leasable area.*

## NEW SHOPPING CENTRE IN LJUBLJANA

SES Spar European Shopping Centers is developing a new shopping centre in the northwest of the Slovenian capital city of Ljubljana in the Siska district. The site is located directly on the H3 city highway and will include a brand new Interspar hypermarket and some 90 shops, restaurants, and service providers on a total leasable area of 32,000 square metres. The project will be completed in several phases by 2018/2019.

## MULTI OPENS FORUM LVIV

Forum Lviv has opened its doors to the public. Forum Lviv is Multi's first shopping centre in Ukraine and is located in the historic inner city of Lviv. Multi Ukraine developed and owns Forum Lviv with two Ukrainian real estate partners, Galereja Centre and Bud House Group. Forum Lviv covers an area of 69,000 square metres with retail, restaurants, entertainment, a cinema and an underground car park.

## MEININGER HOTELS TO OPEN IN BUDAPEST

Meininger Hotels will open a hotel in Budapest located in the immediate vicinity of the city centre on Csarnok tér, next to the Great Market Hall. The 184-room and 751-bed hotel is scheduled to open in spring 2018. The hotel, which will be newly constructed, will be operated by Meininger Hotels under a 20-year lease.

Meininger's investor partner in the development of its Budapest hotel Bedori Investment Kft is the subsidiary of a construction company in Hungary. The construction work will start before the end of 2015.

## LEMMINKÄINEN TRANSFERS DEVELOPMENT RIGHTS TO SETL GROUP

On 31 March 2015, Lemminkäinen announced that it will withdraw from its role as developer in the planned Ilmatar residential project with Lipsanen & Co. Group located on Vasilevsky Island in St Petersburg city centre. The parties' negotiations regarding alternative ways to carry out the project have been completed. The parties have agreed that Lemminkäinen withdraws entirely from the project and transfers all its project related rights to Setl Group, with whom Lipsanen & Co. has signed a project contract.

As a consequence of the withdrawal, Lemminkäinen will record an approximately EUR 13 million write-down to its third quarter result in 2015. The write-down comprises of realised planning and other costs. Lemminkäinen's decision is impacted by the uncertainties in the operating environment and weakened economic situation in Russia as well as the risk level of the project for Lemminkäinen.





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*Poleczki Business Park in Warsaw is now completely owned by UBM Development AG. CA Immo has sold its 50 per cent share to its former joint venture partner.*

## CA IMMO SELLS ITS SHARE IN POLECZKI BUSINESS PARK TO UBM

CA Immobilien Anlagen AG has sold its 50 per cent share in Poleczki Business Park located near Warsaw airport to its joint venture partner UBM Development AG. The transaction volume of the sale is more than EUR 80 million; it was agreed not to disclose the specific purchase price. The office project is the largest of its kind throughout Poland and comprises several construction phases involving 16 buildings and a total gross floor space of 200,000 square metres on a site area of around 140,000 square metres. The first construction phase, consisting of two building blocks, covers a total lettable space of around 45,000 square metres and was completed in mid-2010. The second phase, which was completed at year-end 2012, consists of two further office properties with a total lettable space of around 21,000 square metres. Another office building covering a lettable space of 8,500 square metres is about to be completed.

## EXPANSION OF FACTORY URSUS IN WARSAW COMPLETED

The expansion of Factory Ursus, Poland's first outlet centre developed by Neinver, is completed. The growth from 13,500 square metres gross leasing area to 19,700 square metres gross leasing area increases the number of units over 100. Also the number of parking spaces has been doubled to nearly 900. Additionally, the existing part of the centre has been renovated.

## SKANSKA SELLS OFFICE PORTFOLIO IN POLAND

Skanska has sold a portfolio of four office buildings in Poland. The value of the transaction totals EUR 160 million. Buyer is a fund managed by Swedish fund manager Niam. The transaction concerns Kapelanka 42 A and the Axis project in Kraków, together with Building A and B in the Silesia Business Park in Katowice. The total gross leasable area is 63,000 square meters. The transaction is the largest in the Polish office market during 2015 and also the largest in the history of Skanska's operations in the CEE region.

## ADGAR SECURES REFINANCING FROM BANK ZACHODNI WBK

Adgar Poland secured EUR 75.2 million in refinancing from Bank Zachodni WBK. The concluded agreement includes two credits – the first one in the amount of EUR 54.3 million (for 10 years) and the second one in the amount of EUR 20.9 million (for 7 years). The obtained means will be intended for repaying of current liabilities and new projects. Adgar Poland recently added 14,000 square metres of office space in Warsaw's Mokotów district to its portfolio. Adgar Wave is the company's second office scheme in Warsaw, following the completion of Adgar Park West.



*Forum Poprad is Multi's first shopping centre in Slovakia. Multi developed Forum Poprad in a joint venture with Czech Gemo Holding.*

## MULTI OPENS FORUM POPRAD IN SLOVAKIA

Forum Poprad opened its doors in Poprad, a city in northern Slovakia in the foothills of the High Tatras. Forum Poprad is Multi's first shopping centre in Slovakia and is situated in the city centre of Poprad and in the heart of the High Tatra mountain region. Forum Poprad covers an area of 22,000 square metres of retail and leisure on three levels with 420 parking spaces. Multi developed and owns Forum Poprad in a joint venture with Gemo Holding, a construction company in the Czech Republic. Multi is responsible for the management of the shopping centre.

## FINANCING SECURED FOR PARKLAKE MALL IN BUCHAREST

The developers of ParkLake shopping centre in Bucharest announced they have secured a EUR 83 million loan for the mall's development from OTP Bank PLC, OTP Bank Romania S.A. and Hypo NOE Gruppe Bank AG. ParkLake, set to open doors in April 2016, has so far signed and/or committed over 85 per cent of the gross leasable area, the two developers – Portugal's Sonae Sierra and Ireland's Caelum Development – said in a joint statement. Investment in the project totals EUR 180 million. The shopping centre will have 70,000 square metres of gross leasable area.

## FASHION HOUSE OUTLET CENTRE MOSCOW: SECOND PHASE

Fashion House Group has started construction of the second phase of Fashion House Outlet Centre Moscow, its first project in Russia. Newly created part of the scheme will add 4,500 square metres of gross leasing area and is due to open in November 2016. Total cost of construction is approximately EUR 11 million. After completion of the second phase, Fashion House Outlet Centre in Moscow will have a gross leasing area of over 20,000 square metres.

## GLL REAL ESTATE ACQUIRES VICTORIA OFFICE CENTRE IN BUCHAREST

On behalf of its Pan European Property Fund FCP GLL Real Estate Partners has acquired Victoria Office Center in Bucharest for an undisclosed price. Vendor is Bluehouse Capital, developer of Victoria Office Center. The 8,300 square metre office building in central Bucharest is fully leased on long-term agreements to international tenants such as Citibank, JLL, AON, AIG and Starbucks.

The GLL Pan European Property Fund FCP is a real estate fund which will invest in assets across Europe with a target investment volume of up to EUR 1 billion. In the transaction GLL was advised by Dentons and CBRE in Romania.

## STAFFING



left: Dr. Heiko Beck  
right: Georgii Ivanov



left: Josip Kardun  
right: Claes Larsson



left: Daniel Losantos  
right: Francois Trausch



Stefan Vanoverbeke

**Dr. Heiko Beck** is leaving the Management Board of Hamburg-based Union Investment Real Estate GmbH at the end of the year. Dr. Heiko Beck, whose doctorate is in law, is joining Deutsche WertpapierService Bank AG (dwpbank) of Frankfurt as Chairman of the Management Board. Dr. Heiko Beck has been a Member of the four-strong Management Team and Chief Operating Officer at Union Investment Real Estate GmbH since 2011.

**Georgii Ivanov**, former Managing Director of Trinfico Investment Group, has moved out of Trinfico to form a new management company – New Stream Investments. Georgii Ivanov has 20 years of investment management experience in institutional real estate. A former real estate Portfolio Manager at TIAA-CREF in New York, and Chief Investment Officer with such notable Russian real estate companies as Coalco, Eurasia Capital, and Accent Real Estate Investment Managers, Georgii Ivanov has transacted globally with exposure to Russian, United States, and European markets. He has broad experience across all property sectors, portfolio, asset management and financing. Georgii Ivanov graduated from Hamilton College, Clinton, New York and holds a MBA from Columbia University in New York.

**Josip Kardun**, CEO of Atrium European Real Estate Ltd., has been appointed European Advisory Board Chairman of ICSC International Council of Shopping Centers. Josip Kardun succeeds Alexander Otto, CEO of ECE, who has been Chairman since 2012. Josip Kardun has served on the Advisory Board since 2008 and became Vice Chairman in January 2015. He has also served on the Executive Committee since 2011 and was Chairman of the ICSC European Next Generation Advisory Group from 2008 to 2013.

**Claes Larsson** is appointed as Business Unit President for Skanska Commercial Development Europe. Claes Larsson succeeds Nicklas Lindberg, who has decided to leave Skanska for another position within the sector in Central Europe. Claes Larsson continues in his role as Executive Vice President and member of Skanska's Senior Executive Team with responsibility for the company's units within Commercial Development.

**Daniel Losantos**, Managing Director of Neinver until now, has been appointed new CEO of the Group. Daniel Losantos is an Industrial Engineer by the Universidad Pontificia de Comillas ICAI and holds an MBA from Columbia Business School. He joined Neinver's Business Development Department in 2011 and was named Managing Director in 2012. Previously, he worked at the finance boutique A&G for several years.

**François Trausch** will become the new CEO of Allianz Real Estate as of 1st of January 2016. He will take the helm from Olivier Piani who will retire by the end of this year. François Trausch has been CEO Asia-Pacific of GE Capital Real Estate since 2010. Prior to that, François Trausch had spent 15 years with GE in Europe in various senior real estate positions. Before joining GE, he worked for Tishman Speyer in New York and Berlin and for Goldman Sachs in London. He graduated from ESCP Europe in Paris and completed an MBA from Harvard Business School.

**Stefan Vanoverbeke** has been appointed Ikea's Retail Manager for Southeast Europe (SEE), namely for Romania, Croatia, Serbia and Slovenia. Stefan Vanoverbeke also took over the overall management of Ikea Romania on October 1, replacing Cornel Oprisan, who will move to another position within the group. Prior to replacing Dragan Skalusevic as the Retail Manager of Ikea South East Europe, Stefan Vanoverbeke was Retail Manager of Ikea France.





## LETTINGS

### CRISTAL PARK, WARSAW

POLAND 

Gas transmission operator Gaz-System S.A. has signed a lease agreement for office space in the Cristal Park building in Warsaw. The company renewed its contract and selected additional space occupying approximately 9,200 square metres in total. JLL advised the landlord – Azora Europa Spanish fund – during negotiations of the lease terms. Gaz-System S.A was represented by Colliers International. Cristal Park is offering approximately 10,500 square metres of leasable space on three floors. The building is located on Mszczonowska Street in the southwest of Warsaw.

### GDANSKI BUSINESS CENTER, WARSAW

POLAND 

Green Caffè Nero, 'Ala ma kota' bilingual kindergarten and Goraco polecam Nowakowski bakery have leased over 700 square metres at Gdanski Business Center. Green Caffè Nero will be moving into Gdanski Business Center II. Green Caffè Nero will occupy just over 200 square metres on the ground floor. 'Ala ma kota' bilingual kindergarten will be located on the ground floor of building D. In Gdanski Business Center's building A the Nowakowski company will open a 90 square metre bakery-pastry on the ground floor. Gdanski Business Center is developed by HB Reavis.

### JASNA 24, WARSAW

POLAND 

VanityStyle Sp. z o.o., a company that specializes in motivation solutions for employees regarding non-pay benefits, has renewed its current office lease agreement and has selected additional space in Jasna 24 in Warsaw. In total, VanityStyle has leased 600 square metres. JLL advised the owner – Tritax Polska No. 1 Fund Ltd investment fund – in this transaction. Jasna 24 is an office building offering over 2,400 square metres of office space on five floors as well as retail and service space on its ground floor.

### POSTEPU 14, WARSAW

POLAND 

HB Reavis has signed a lease contract for office space with Samsung Electronics Polska at the new office complex it has just completed at Postepu 14 in Warsaw. The new tenant will occupy 4,700 square metres over three storeys. Samsung Electronics Polska was represented by Colliers International.

### PROLOGIS PARK JANKI, WARSAW

POLAND 

Euro-net, owner of the nationwide network of consumer electronic and home appliance retail stores, RTV Euro AGD has expanded at Prologis Park Janki after signing a lease agreement for a further 15,000 square metres. Following the transaction, the company will occupy 70,000 square metres. Prologis Park Janki is a logistics park, totalling 98,200 square metres. The park is situated in Janki, just off the Puchaly Interchange (S8), along the S7 route from Warsaw to southern Poland, 15 kilometres south-west of Warsaw city centre and 14 kilometres from the international Warsaw Chopin Airport.

**SPEKTRUM TOWER, WARSAW****POLAND** 

Three companies have recently joined the group of tenants in the Spektrum Tower office building in Warsaw. Office HUB – a provider of instant office services, Deininger Consulting – an international executive search company, and Finip Group representing Top Forex brand in Poland, have leased 1,450 square metres. JLL represented Europa Capital LLP, the building's owner, and WX Management Services Sp. z o.o. during the negotiation of lease terms. Spektrum Tower, located at Twarda 18 Street, is a 122-metre office building offering over 28,000 square metres of space.

**WEST STATION, WARSAW****POLAND** 

Carsan car wash and Friends coffee house will move into the West Station office building in Warsaw. Friends will be located on the ground floor of West Station I and occupy an area of over 60 square metres. Carsan car wash has agreed to lease a 130 square metres on one of the building's underground levels. The West Station office complex, located in the direct vicinity of the Warszawa Zachodnia railway station, is scheduled for commissioning in Q3 2016.

**PROLOGIS PARK CHORZÓW, KATOWICE****POLAND** 

Prologis has signed lease agreements with Moto-Profil, importer and distributor of automotive spare parts and accessories in Poland, totalling 33,000 square metres at Prologis Park Chorzów. The transactions at Building 2 comprise a new lease agreement for 9,000 square metres and a lease renewal of 24,000 square metres. Colliers International acted as the broker in the transaction. Prologis Park Chorzów is a distribution centre, totalling 235,000 square metres. It is located on the western outskirts of Katowice, in the immediate vicinity of the A4 motorway, connecting Ukraine and Germany, and 15 kilometres from the Gliwice-Sosnica interchange, a junction of two of the largest international transport corridors in Poland.

**AIRPORT LOGISTICS CENTRE, KRAKÓW****POLAND** 

Goodman Group has leased 5,740 square metres of warehouse space and 250 square metres of office space at Kraków Airport Logistics Centre to Tajmax. The facility will be operated by its subsidiary, the retail chain, Partner AGD RTV. Tajmax was represented in the transaction by AXI Immo. Kraków Airport Logistics Centre is one of Goodman's largest logistics centres in Poland. It is located in Modliniczka near Kraków, 4 kilometres from Kraków-Balice International Airport away and in close proximity to the A4 expressway, linking Kraków and Wrocław.

**AXIS, KRAKÓW****POLAND** 

ABB has signed a lease agreement for circa 10,000 square metres of office space in the Axis office building located in the centre of Kraków and developed by Skanska Property Poland. Knight Frank advised ABB on selecting the location. It is one of the largest agreements signed in Polish regional cities in 2015. The new tenant will occupy up to half of the modern office building that offers 20,000 square metres in total. Axis is the second investment by Skanska Property Poland in Kraków.

**PANATTONI PARK LUBLIN****POLAND** 


Panattoni Europe has signed a lease contract with Spizarnia SJ, an enterprise distributing Polish food products in the United Kingdom and Ireland. The customer has leased nearly 7,500 square metres at Panattoni Park Lublin, and contract execution was mediated by JLL. Panattoni Park Lublin is a production and technology complex, situated within the Lublin Subzone of the Special Economic Zone Euro-Park Mielec.

**P-2, POZNAN****POLAND** 

The international HR consulting and temporary employment agency Randstad has leased 708 square metres in P-2 office building in Poznan. AXI Immo advised Randstad on the lease negotiations. P-2 is a modern office and commercial building in the city centre, offering approximately 2,800 square metres of office space and 6,500 square metres of retail space.

**OUTLET PARK SZCZECIN****POLAND** 


A Bruno Zinger men's fashion shop with an area of nearly 90 square metres is to be opened in a new section of Outlet Park Szczecin, which is being developed as part of the second stage of the project. Thanks to the second stage Outlet Park Szczecin will gain an area of nearly 5,000 square metres. The opening of the new section of the facility is planned in November this year. After the completion of the second stage, Outlet Park Szczecin will have a total retail area of 21,300 square metres.

**OST, MOSCOW****RUSSIA** 

Global provider of diagnostics, repair and data erasure services to the consumer electronics industry, Regeneris, leased 1,203 square metres of office space in OST office and warehouse complex in Moscow, located on Elecrolitniy proezd, 3, building 5. CBRE represented the landlord in this deal, OST Ltd. OST is offering 25,000 square metres of office space. The complex is located one kilometre from Varshavskoye and Kashirskoye highways crossing, next to TTR road and in a 5 minutes walking distance from Nagornaya metro station.

**BYKOVO LOGISTICS PARK, MOSCOW REGION****RUSSIA** 

Billa supermarket chain, Austrian subsidiary of REWE International AG, leased 20,000 square metres of warehouse space in Bykovo logistics park in Ramenskoye district of Moscow Region. Consultant on the transaction was Colliers International. Bykovo logistics park is located 19 kilometres from Moscow on the M5 highway. The total area of the warehouse space is 480,000 square metres.

**YAROSLAVSKIY VERNISAZH, YAROSLAVL****RUSSIA** 

Detskiy Mir, one of the largest retailers that specializes on goods for kids in Russia and Kazakhstan, has leased 1,800 square metres in Yaroslavskiy Vernisazh. The 43,200 square metre shopping mall Yaroslavskiy Vernisazh was developed by Mirland Development Corporation and put into operation in 2007.

## MAPIC: IT'S ALL ABOUT RETAIL

Since 1995 every year three days in November in Cannes are all about retail and retail property. Neither the deluge flooding (not only) the venue at the beginning of October can change this. Latest on November 18th, 2015, when Palais des Festivals is opening its doors for Mapic, there will be only the future of retail on the agenda.

Meanwhile it is the 21<sup>st</sup> issue of Mapic. It started in 1995 as a small event with 1,064 participants. In the 20<sup>th</sup> Marché international professionnel de l'implantation commerciale et de la distribution in 2014 about 8,400 representatives of companies and local authorities took part. As well the amount of retailers, travelling to Cannes, has increased significantly: Back in 1995 exactly 221 retailers participated in Mapic, last year about 2,400 have been registered.

Who knows the shy folks of retailers, is aware of the fact that the fewest are to find among the exhibitors. It is mainly developers and investors specialized in retail property that will exhibit and present themselves in the halls. The majority of retailers will come to Mapic only as visitors.

To date (4. November 2015) 646 exhibitors are registered, among them 166 developers, 88 investors and 45 retail companies. From CEE/SEE there are 104 exhibitors, among them 32 development companies, 12 investors (multiple mentions are possible and mainly in CEE/SEE developers are often also investors and vice versa) and at least 13 retailers.

The strongest group of CEE/SEE exhibitors is from Turkey – a total of 25 exhibiting companies, followed by Russia – 22 exhibiting companies, Poland – 16 exhibiting companies, and Czech Republic – 10 exhibitors. In the one-digit range are Hungary, Romania and Slovakia (6 exhib-



*In the 20<sup>th</sup> Mapic in 2014 some 8,400 exhibitors and visitors took part.*

itors each), Ukraine (3 exhibitors) as well as Bulgaria (2 exhibitors) and Albania (1 exhibitor).

Retailers of Turkish origin have a surprisingly high share in the group of exhibitors at Mapic. There will showcase United Brands Association of Turkey, Chakra

Home Decor, fashion labels Collezione, Mudo and Tarik Ediz, men's fashion Damat Tween and Kigili Giyim Ticaret, jeans label Mavi and ladies' fashion Faik Sönmez. Otherwise only international retail chains are present as exhibitors from CEE/SEE, but like Ikea e.g. they are often not only retailers but developers as well.





*During three days in the Palais des Festivals in Cannes it will be all about retail and retail property.*

Looking at the already registered visiting companies the balance is tipped clearly in favour of retail chains and brands. Among the total of 2,501 registered companies more than the half – 1,283 – are retailers, 607 developers and 364 investors. This high share of retailers does not really change looking only at the CEE/SEE countries: 303 visiting companies have registered, among them 153 retailers, 86 developers and 27 investors.

The strongest group of visiting companies from CEE/SEE are Russians – 170 companies, among them 96 retailers, followed by Poland with 85 visiting companies (54 retailers), and Turkey – a total of 68 companies (32 retailers). They are far ahead of Czech Republic with 15 visiting companies (9 retailers).

Mapic's organisers, Reed Midem, anticipate a similar amount of participating retailers as last year, acting on the assumption that 540 brands will be present for the first time. Mainly for the 'new-comers' a so-called Retailers Lounge was established where the brands can present themselves. But also for developers Reed Midem is offering the opportunity to attract additional interest. There are not only the Mapic Awards, but as well a Projects Directory, listing a selection of projects presented at Mapic. This Directory shows from Poland Zielone Arkady in Bydgoszcz (presented by ECE), Posnania in Poznan (Financière Apsys) and Forum Gdansk (Multi Development); from Romania Park-lake in Bucharest (Sonae Sierra); from Rus-

sia Fashion House Moscow and Fashion House Saint Petersburg (Fashion House Group) as well as Mega Mytitschi in Moscow (Ikea Centers); from Turkey Park Afyon in Afyonkarahisar and Mavibahçe in Istanbul (both presented by ECE).

Among the finalists for the Mapic Awards are nominated in the category "Best new shopping centre" Avia Park in Moscow and Mall of Istanbul. With a total of 399,564 square metres and 230,000 square metres of leasing area Avia Park is the biggest retail facility in Russia. With a total of 725,845 square metres Mall of Istanbul is the biggest mixed use complex in Turkey comprising a shopping centre with 154,457 square metres of leasable area, residential units and offices. In the category "Best redeveloped shopping center" Children Dreamhouse Mall (Detskiy Mir) on Lubyanka in Moscow is nominated. The building originating from Soviet times has been completely renovated. And still a third Russian project takes part in the contest: Vnukovo Outlet Village Phase 2 in the category of "Best outlet center".

Besides the Retailers Lounge there are some other 'hot spots' dedicated to certain topics. There are the USA Pavilion – the USA are this year's "Country of Honour" – and Mapic Innovation Forum (all three located in the basement of Palais des Festivals) as well as the Retailtainment Pavilion (Level 7 in Espace Riviera) where new entertainment concepts for retail facilities will be presented.

Looking at Mapic's conference programme, there is one module dedicated to the retail markets of certain countries. The focus is on France, UK and Belgium, on Scandinavia in the North and Spain and Italy in the South, on Poland, Russia and Turkey, on the Middle East, China, the US and Sub-Saharan Africa.

Another group of topics is headlined "Following Trends". If retail facilities in transit zones of airports or outlets are new 'trends' is to argue. The topic "When shopping malls become amusement parks" sounds like a retailtainment concept, but it is something new in the sense that entertainment and leisure are no longer only an element of shopping centres, but become the main part to attract customers. Really new is the trend of pop-up stores, short-term sales spaces where for only some days or weeks a brand is presenting itself. In the US and in UK pop-up stores are already quite popular among retailers because they are deemed to be a possible answer to the increasing online shopping.

Mapic Innovation Forum is mainly dedicated to the question how to control customer's behaviour and "how to capture data for business growth", i.e. data of potential customers. No surprise, that here Google is taking part, because the company has at least some experience in the field of data capturing. Stunning is only the fact that this 'data capturing' seems to be a matter of course. But perhaps this is also a part of the 'brave new world' of retail. | **Marianne Schulze**



# PROGRESS IS IMPOSSIBLE WITHOUT CHANGE

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## VARIATIO DELECTAT



*Whether with Warsaw, Prague or Moscow – Central and Eastern Europe was clearly present at Expo Real.*

**Almost 38,000 participants from 74 countries gathered at Expo Real 2015 in Munich. But not only by quantity, also by quality the International Trade Fair for Property and Investment was convincing.**

At least in Germany landlords and brokers can only dream of rents between EUR 490 and EUR 570 – depending on location – per square metre. But that is exactly this year's price per square metre exhibition space for three days during the biggest trade fair for property and investments in Europe. These prices are without extras like booth construction, staffing, power, catering, and so on, and are paid by real estate owners and brokers, developers and investors, financing institutions and advisors, cities and regions – by all who for three days in the beginning of October presented themselves in Munich and are related to the real estate and the property investment business.

Exceptional prices, but an exceptional situation as well: nowhere else so many participants of the property industry are

gathering in such a density, even though with 64,000 square metres in six halls as well as large open spaces and many outside restaurants the area where Expo Real takes place is all but narrow. Dense as well were the agendas of exhibitors and visitors. Quantity and quality of the fair left little room for leisure time.

It is exactly this great variety of offers causing the attempt to be doomed to highlight guiding themes and the main focus of Expo Real. Inevitably it would mean to reduce the broad range of subjects to a few mainstream topics. As different as investment strategies, locations and real estate segments are, as different were the topics at this year's Expo Real. But that is exactly the high quality of the annual industry event in autumn.

Anyhow, from the broad range of discussions some subjective impressions and observations shall be mentioned.

Many talks were about the refugee influx in Europe. Although this most recent development was not explicitly part of the

conference programme planned and organised long time before the fair, it played an important role there. In a panel discussion actually about conversion and repurposing of existing buildings and land plots Jürgen Gehb, CEO of Bundesanstalt für Immobilienaufgaben BIMA (Institute for Federal Real Estate), pointed out that the selling of unused properties, among them many former barracks, is currently frozen because these properties are needed to house refugees.

Also the Federal Minister for the Environment and Building Barbara Hendricks – she was at Expo Real for the first time – did not elude the topic when talking about affordable housing. To the most detailed discussion about "Refugee accommodations – a new asset class in the interaction of yields and social responsibility" Aengevelt Immobilien had invited. The conference room was totally overcrowded and some tried still from the corridor to catch some parts of the discussion. The title of the event already shows the approach of the real estate industry: Nobody can ignore the problem, but some real estate business



*The German Federal Minister Barbara Hendricks spoke about affordable housing.*

people have already dollar symbols before their eyes. Reading Aengevelt's press releases posted exactly before the panel discussion – one about "Düsseldorf has leased 5,370 square metres for refugee accommodation from Aengevelt" and another about the selling of a vacant commercial property to the neighbouring town Haan, also dedicated to house refugees, causes immediately the question about the related commission fees. Admitted that the real estate industry is not a social association, a certain aftertaste remains. But may be we have to get accustomed to 'business with refugees'. In fact, the high amount of apartments required to house the refugees – forecasts act on the assumption of 400,000 to 500,000 units by 2018 – give some hope for a new boom in the construction and real estate industry. But the aftertaste of the Aengevelt event was still fuelled by Düsseldorf's Lord Mayor Thomas Geisel, who hit the nail on the head: "Now for heaps of money slow sellers are disposed." And he addressed his call "please, we struggle with a situation that requires some social responsibility" not only to the volunteers, but to the construction and real estate industry as well.

During the days of the fair the refugee influx had become mainly a challenge for Germany and Austria. But as much as talks are influenced by the given situation, as many other topics the representatives of both countries had in common. Austria provided the biggest group of

international exhibitors at the fair – no surprise taking into account that many Austrian developers and investors are also active in Germany. But as well there are some German and international investors interested in Austrian real estate. The most recent example is Allianz Real Estate from Munich that acquired from Signa Group the office building 'Haus an der Wien' in the Austrian capital city. The investment volume amount to around EUR 94 million.

Only some years ago Russia topped the list of international participants at Expo Real. That is currently no longer the case – the reasons are sanctions and the rouble depreciation. However, also this year traditional exhibitors like the City of Moscow and Moscow Region remained true to Expo Real. As well the Ministry of Construction, Housing and Utilities of the Federation of Russia was present with a large stand and an extensive programme. The still 'young' ministry, established last year, had its first international presentation at Expo Real 2014. The fair was so impressing that despite sanctions and rouble crisis the ministry decided to showcase with a large stand at this year's Expo Real. Part of the presentation was a multitude of panel discussions mostly with participation of Minister Mikhail Men. For the discussion about "Development of built-up areas: the reserve of urban development. International practice", in which Uwe Albrecht, Mayor and Head of the Depart-

ment of Economics and Labour of the City of Leipzig took part, it would have been desirable to have some more time for a more detailed discussion after the presentations. For example, the redevelopment of the former inner-city fair ground in Leipzig has a lot in common with the current redevelopment of the traditional exhibition area VDNH in Moscow.

But 'more time' would have been desirable also for other events. Talks about crowd funding and start-ups offered food for thought as well as outstandingly attracting panel discussions in the Expo Real Forum like "Strategies under the spotlight: Who is investing where – how and why?" or "Cognescente or crowd follower: What new project developments are in demand?" One of the most interesting discussions about "International Investors and Germany" took place in the Investment Locations Forum. At the same place also the panel discussions about Russia and South-East Europe attracted about 100 attendees each – more than some might have expected.

Food for thought and a look beyond the immediate tasks and challenges of the real estate industry was also offered by the conference module 'Masterminds', established for the first time in 2014 and continued this year. This time the question was about the changes of companies and their (not only spatial) structures and about the requirements the generation 4.0 will have.

It was Thomas Sattelberger, Manager and Human Resources expert who has worked for well-known corporations like Deutsche Lufthansa, Continental and Deutsche Telekom, who pointed out the Janus face of digitalisation: It can have the effect to be taken totally in or to free people – not only, but mainly in the world of work. He left no doubt which one of these alternatives will be decisive for the future success of companies. Whether big corporations or mid-size enterprises, they all suffer from a lack of innovation. As well they are under the pressure to transform themselves "off from the mass cloning of the industrial age to the individualisation



of the creative world". This transformation includes a break with social traditions like status-consciousness and hierarchical structures and an orientation towards a more human organisational structure that allows more openness, flexibility and creativity and where tolerance and participation, technology and skills are playing the decisive role. That means also to adjust office real estate to the changed social conditions, changed behaviours and changed values.

An idea of the working environment of the generation 4.0 presented Jason Harper, Real Estate Project Executive EMEA at Google. Google's main principle of office design is that all colleagues should feel at home. Though today we can work at every time and everywhere, co-operation requires a certain amount of 'local community'. Google's employees participate in the design their working environment and that is true not only for office space but as well for the restaurant and its food concept, for sports and other facilities.

A presence of at least two or three days a week in the office is necessary for 'social bonding', confirmed Udo-Ernst Haner, Head of the Competence Team Information Work at Fraunhofer-Institut für Arbeitswirtschaft und Organisation IAO. The social aspect is also one of the reasons for the significant increase in popularity of co-working centres. Following his research results future companies will no longer have a nearly homogenous staff, but a mostly steady core staff added by temporary colleagues if required. Increasingly important will be that companies maintain and increase their staff's performance. One important mean is lightning. Therefore his institute is doing research about the question, how to change "offices for moles" into bright, creativity and performance supporting work places by new lightning concepts.

All three speakers mentioned 'flexible workspace', a concept that – as Udo-Ernst Haner admitted – needs getting used to. The more astonishing was, that Stefan Vilsmeier, CEO of Brainlab AG, presented a



*The high density of events and appointments required some rest in the sun.*

different point of view. Brainlab, a meanwhile well-established start-up specialised in medical technology, is relocating its head quarters from Feldkirchen to Munich and therefore developing a new building in the district of Riem. And beside flexible work spaces there will be also fixed ones depending on the special need of some employees and departments. Generally Brainlab is implementing many solutions mentioned in the lectures before, but as Stefan Vilsmeier emphasised always in agreement with the staff. Perhaps traditional companies should have a look at start-ups mainly in the technology sector to learn that participation as well as more open structures are not the end of the working world, but causing more success and more satisfaction for all involved.

It was the last day of the fair, but the 'Masterminds' attracted a lot of attendees. However, quantity is one thing, another one is quality. And high quality characterized most of the events. The same is true for the exhibitors and their stands. But perhaps a suggestion of the internet service [ruhrbarone.de](http://ruhrbarone.de) for joint stands of regions or even countries presenting different locations should be mentioned. About the presentation of the cities of the Ruhr area Stefan Laurin writes: "Like always every city has its own area. That

is flattering vanity. But to market properties and areas it is a stupid structure. More reasonable would be to structure the stand according to certain segments: office real estate, residential, industrial property and so on. Every super market gives an example arranging its offers clearly for the customer: vegetables are in the department of vegetables, meat in the meat department ..." That suggestion is at least worth a second thought.

Like every year Expo Real was worth to participate. Although the share of international exhibitors and visitors is increasing, the fair was again a mainly German event. But that is not necessarily a negative characteristic. At least as long as Germany remains 'investor's darling' and as long as a lot of German money will be invested in international property markets, the trade fair in Munich is a fixed part of real estate industry's agenda. But next year mainly old hands of the fair have to be careful: because the 19th Expo Real will take place from October 4 to October 6, 2016 – and that means from Tuesday to Thursday. The reason is the German Unity Day on October 3. Nevertheless also next year the day before the start of Expo Real will be the last day of Munich's famous Oktoberfest.  
**I Andreas Schiller and Marianne Schulze**

## RUSSIA AT EXPO REAL 2015



*The stand of the Ministry of Construction, Housing and Utilities became the meeting place for all interested in Russia.*

**Traditional Bavarian hospitality, the warm and sunny weather in the beginning of October in Munich and the currently positive disposition of the real estate industry in general set a positive tone on Expo Real 2015. That was also true for the fair's Russian participants.**

This year's Expo Real welcomed more international exhibitors than ever, among them twelve Russian private companies and public authorities. A highlight of Expo Real 2015 was a separate Russian pavilion organized by the Ministry of Construction, Housing and Utilities of the Russian Federation, which was used as a platform by different companies to present the real estate and investment projects in Russia for the next year.

The opening ceremony was attended by Sergey Ganzha, General Consul of the Russian Federation in Munich, Marat Khus-

nullin, Deputy Mayor for Urban Development and Construction of Moscow City Government, and Klaus Dittrich, Chairman and CEO of Messe München GmbH.

Unfortunately, compared to the previous years the number of Russian participants and exhibitors of Expo Real has been dramatically reduced, primarily for very well-known political and economic reasons. However, the quality of participants' activities and programmes has been significantly improved and became more result-oriented. At the end of the day this is what matters, because companies and investors spend money to participate in the exhibition to enlarge their business, to find new partners and to attract investments to the major development and construction projects.

Despite certain difficulties in relations between Russia and the West and despite the uncertain economic situation

in Russia, some foreign participants showed interest in the Russian stand. They participated in several discussions and declared their readiness and willingness to develop or to continue business and presence in Russia. After all, more than 6,000 German companies are currently present on the Russian market, one-third of which are from Bavaria. There is still place for improvement of back investments as there are only about 350 Russian companies active in Bavaria.

Nevertheless, there are no doubts that both – Russia and Germany – have a great interest not only to maintain the basic economic relations, but also to enlarge intercultural communication as a constant base for further economic development.

During the opening ceremony at the stand of the Ministry of Construction, Housing and Utilities the Chairman of the Board of Messe München Klaus

Dittrich said: "Russia is a strategic partner of Expo Real and one of the most important guests. And despite all the political difficulties, Russia and Germany will continue their fruitful cooperation." Minister Mikhail Men also noted the importance of common interests of Russia and Germany, the degree of openness and mutual trust. "Working together at the exhibition will be an additional impetus for the development of cooperation in the construction segments of national economy", he said.

The Ministry of Construction, Housing and Utilities of the Russian Federation played an important role to support business in attracting investments into the Russian market. Its stand became the main venue for all kinds of business events. There were various conferences and panel discussions with the participation of the Ministry, Russian business and foreign companies.

In particular, current problems of the international real estate market were discussed – high end costs per square metre and the lack of land plots for real estate developments. As a part of its development strategy the Ministry of Construction, Housing and Utilities will establish an Innovation Center "Construction" in cooperation with the Ministry of Education and Science of the Russian Federation, which will be based at Moscow State University of Civil Engineering. With the support of existing European studies and the latest industry developments this Innovation Center will elaborate practical and applicable ideas to overcome existing and upcoming challenges in the construction market. A number of international companies have already expressed their interest and willingness to support the newly established organization.

The Russian government also actively participated in presenting the business opportunities in the Russian market for international investors. As we all know, the best promotion tactic is to demonstrate specific results and possible pro-

gress. Minister Mikhail Men used this opportunity and spoke about the results in the co-operation with some foreign companies during the recent months: Horsch Maschinen has opened a new production facility in Lipetskaya region; its investments in Russia have already reached more than EUR 15 million. But this is not the only one, there are many



*Minister Mikhail Men took part personally in many discussions and talks.*

others who leverage out of cooperation with Russia: Mayer Maschinenbau has launched a production plant in the same region; a Schaeffler plant for the production of bearings opened in Ulyanovskaya region; and Knauf is now present also in Siberia.

During the personal meetings with foreign partners Minister Men addressed the need in international practices of housing and industrial construction and encouraged everybody to participate in the development of the Russian real estate market. He said: "The experience of international business should be used in real estate market development. It will be a great success, if the new Innovation Center will be able to introduce the best international practices in the daily business".

The Russian delegation was not limited only to the government officials. The Deputy Director of JSK "Agency for Housing Mortgage Lending" Denis Filippov represented a new unified de-

velopment institute in the housing and construction sector in Russia. This new large state-owned corporation, which should actively direct the implementation of the state housing policy, will be mainly responsible for development of the civil housing sphere. This includes attraction of investment, increase in affordable housing stock and creation of comfortable living conditions for citizens, forming and enabling an environment for social life, as well as an increase in managing efficiency in the housing sphere. Denis Filippov took part in various exhibition activities and already held several meetings with foreign investors. With Esterel Capital and Shuman Capital there were talks about a possible cooperation in the future and the development of project proposals.

Still investors are mainly focused on developments in the area of the capital city and Moscow's real estate market remains on the leading position. Moscow land plots are popular by all means for one reason – it is always a profitable investment. However, in contrast to previous years, when residential development projects had the main interest, this year the main focus was on the commercial real estate market (exhibition centres, large retail facilities, hotels), especially for Moscow.

Investors consider to purchase land plots for the construction of exhibition centres in the area of VDNH (largest exhibition area in Moscow) and in the "new" Moscow near the administrative and business centres. The Chairman of the Investment Committee of Moscow City Government Konstantin Timofeev said, that after the exhibition Expo Real 2015 Moscow may get some investment contracts for the construction of 300,000–400,000 square metres of commercial space. It can bring the Russian capital city about USD 1 billion investments. This positive message allow everybody to hope for a better future of the real estate market in Russia and this may be already reconfirmed next year at Expo Real 2016. | Alexey Kalachev



# ULMART – THE NEXT GENERATION INTERNET RETAILER

Besides Russian ministries, cities and regions also a private company from Russia was exhibiting at Expo Real and could be sure to attract interest. That was guaranteed not only by the size of the stand designed open and inviting. During all days members of the management were present and disposed to answer questions of interested parties coming along. We are talking about Ulmart, often erroneously characterised as the Russian version of Amazon, a characteristic Ulmart does not really like.



*Russian internet retailer Ulmart could be sure to attract interest.*

Looking at the path of the company's success Ulmart has no need to hide itself from Amazon. Quite the contrary: founded in 2008, Ulmart achieved already the level of billion-worth turnover – in US dollars.

While Amazon could use an existing logistical infrastructure for delivery since the beginning, Ulmart had to build up this infrastructure. Therefore the company started in its home city Saint Petersburg and expanded step by step into other cities in the European part of Russia.

Today Ulmart is present in 200 cities and 14 regions with 32 fulfilment centres and 400 pick-up points as well as three suburban fulfilment centre, supplied by 300 trucks.

In 2008, e-retail was a revolutionary market approach and all but welcomed enthusiastically: the thought itself that the goods could not be touched before buying aroused mistrust. Also the delivery of ordered

goods at home is something unusual if not unrequested in Russia. 'My home is my castle' is true in very direct sense and the 'castle' is often more than well protected. Therefore Ulmart's customers are ordering via internet and can pick-up the goods next day in one of the pick-up points open till midnight. The fulfilment centres are open 24 hours during seven days a week: here the customer can directly order and has to wait no longer than two hours to take the ordered goods.

Today, Ulmart offers 120,000 SKUs – computers and computer equipment, digital products and consumer electronics, household appliances, DIY, car components and accessories as well as sanitary products and baby stuff.

Now Ulmart is doing the next step and wants to link its fulfilment centres with the concept of retail parks including shopping centre, hypermarkets and gastronomy. As Sergey Fedorinov, CEO of Ulmart, explained, these re-

tail parks should be a platform for an integrated market place with its own logistical infrastructure, based on the fulfilment centre network. The aim of this platform is to sell also the products of other retailers.

For the implementation of the 'new generation' of retail parks Ulmart is in search of partners who understand the concept and want to take part in this development. A reasonable approach, because the core competence of an e-retailer is not the development of retail parks. But on the other hand, developers specialised in traditional retail parks, have some difficulties to understand and to imagine the new concept Ulmart wants to implement. But perhaps just this combination of online and offline is what will be future of retail. At least Ulmart has proved its know-how in e-commerce and traditional retail has to find new ways to include internet and online offers to remain successful also in the future. | **Marianne Schulze**



## FOR YOUR PLANNING

When	What about	Where	For information and registration
18.–20. November 2015	MAPIC The International Retail Property Market	Palais des Festivals, Cannes, France	<a href="http://www.mapic.com">www.mapic.com</a>
18.–20. November 2015	re.comm Real Estate Leaders Summit	K3 Kitzkongress, Kitzbühel, Austria	<a href="http://www.recomm.eu">www.recomm.eu</a>
15.–18. March 2016	Mipim	Palais des Festivals, Cannes, France	<a href="http://www.mipim.com">www.mipim.com</a>
22. March 2016	Conference: „Cities of tomorrow – Economic Development and the Importance of Networks“	Crowne Plaza Hotel, Bulevardul Poligrafiei 1, Bucharest, Romania	<a href="http://www.ahk.rumaenien.de">www.ahk.rumaenien.de</a>
30. and 31. May 2016	GREET Vienna	Palais Niederösterreich, Herrengasse 13, Vienna, Austria	<a href="http://www.greetvienna.com">www.greetvienna.com</a>
8.–11. June 2016	ERES 23. Annual Conference	Regensburg, Germany	<a href="http://www.2016.eres.org">www.2016.eres.org</a>
20.–22. June 2016	Rebec 9. SEE Real Estate Belgrade Exhibition & Conference	Metropol Palace Hotel, Bulevar kralja Aleksandra 69, Belgrade, Serbia	<a href="http://www.rebec.rs">www.rebec.rs</a>

# RETAIL IN GERMANY – THE LULL BEFORE THE STORM



*Stefan Wundrak, Head of European Research, TH Real Estate, London*

Retail in Germany is going through a change. However, that does not seem to impress the behaviour of many investors. All kinds of retail property are selling like hot cakes, although for sure not all assets are in the same way well prepared for the upcoming changes in consumer behaviour as well as for the competition by online shopping.

In Germany, the traditionally small growth rates in retail sales have triggered cut-throat competition since long. It is intensified by the boom of e-commerce: in 2014 online retail sales in Germany increased by 23 per cent. That means the growth of overall retail sales took place

in the e-commerce sector. So in these good times bricks and mortar retail can count on stagnating sales at best. And flatlining markets are usually boosting consolidation and polarisation.

Crucial factors influencing the consolidation in the retail environment are convenience and experience. And convenience consumers are increasingly spoiled. For nearly half of turnovers in groceries consumers take less than a ten minutes drive. The advantage of the generous offer of shops for convenience goods – in Germany mostly in the form of retail parks – is that it leaves little room for competition by internet retailers. Well-designed retail parks provide their customers with an easy shopping environment, so online shopping cannot not really offer more convenience, especially in the area of low-margin goods.

Besides convenience the shopping experience is key. Shopping as an experience cannot really be fulfilled on web sites. In this point traditional high streets and pedestrian zones have proved their strength in Germany. Just as large dominant shopping centres and designer outlet malls are well established and able to attract a substantial part of the experience hunting customers. But secondary locations and unattractive shopping centres will be left behind, because they can

often score neither with convenience nor promise a shopping experience.

In the coming years these trends will intensify. Due to the demographic changes the percentage of senior households will increase. By this also the number of people will rise who have more time for shopping experiences and are appreciating convenience.

At the same time the share of people growing up with e-commerce and using the full scale of its advantages is increasing. If bricks and mortar retail does not offer superior shopping experiences and a clear additional benefit to these 'millennials' so used to e-commerce, they will eventually turn away.

For investors this means to keep the finger on the pulse and to react today to the trends of tomorrow. If a retail format is working only just about, it can be a clear sign indicating that the asset will possibly not withstand the current changes.

Therefore investors should not make the mistake to invest in properties just because long-term lease agreements with well-known retailers are on offer. These lease agreements can quickly prove to be of little value when the 'millennials' are taking the reins and the demographic change has become obvious.

## imprint

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

**Layout:** Silvia Hög, [www.diehogl.at](http://www.diehogl.at)

**Frequency of publication:** eight times a year

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

**Managing Director:** Andreas Schiller

**Registered:** Amtsgericht Köln, HR: B 68026

**UID:** DE270670378

**T:** +49 22 02 989 10 80, **E:** [office@schillerpublishing.de](mailto:office@schillerpublishing.de)

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