

events

As every year, the International Trade Fair for Property and Investment, Expo Real, will take place in Munich in October. Although the political conditions in Germany have changed compared to last year, the economy still gives little cause for optimism.page 3

location

"Germany is back," but not economically. The outlook there remains bleak. Whether and how the new government intends to turn things around remains to be seen.page 8

pros & cons

For a long time, privatising government tasks was considered the ideal solution for achieving greater efficiency and cost savings. However, this promise has by no means always been fulfilled.page 12

opinion

Not only companies should be aware of their social responsibility; every individual can also be socially active within the scope of one's possibilities.page 14

DEAR READERS!



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Times are uncertain. Lost stability is colliding with very mixed prospects for the future. The global political situation, the situation in Europe and even just the situation in Germany are creating a less than stimulating environment for this year's Expo Real. These influences cannot be ignored, even – or perhaps especially – when talking about real estate and investment. Uncertainty prevails.

When it comes to the important topic of housing, but also to the choice of locations and types of use for commercial real estate investments, these external factors will form the backdrop for the discussions, talks and presentations during the three days in Munich. There are questions upon questions, of which affordable housing and the future relationship between humans and technology are just two.

It is often said that Expo Real is a "barometer of the industry's mood". No doubt about it. But talks will focus not only on current moods, but above all on problems. It would be more encouraging if the focus were on solutions, or at least approaches to solutions. This seems urgently necessary at present. With more than 1,600 exhibitors expected and a high number of visitors, there must be something in.

Marianne Schulze and I wish everyone participating in Expo Real a good and successful time at the trade fair, and that the multitude of encounters and offerings will broaden the perspectives – reinforcing existing ones or opening up new and, hopefully, gratifying ones.

Yours,

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

Andreas Schiller



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INDUSTRY MEETING IN UNCERTAIN TIMES

From 6 to 8 October 2025, the real estate industry will meet in Munich at Expo Real. Times are characterised by uncertainties. On the one hand, the political landscape in Germany has changed since last year, while on the other, the economy continues to stagnate.

A total of 1,636 exhibitors and co-exhibitors have registered for Expo Real 2025 (as of 16 September 2025). It is 'normal' for a trade fair in Munich that German exhibitors predominate, but almost 400 international exhibitors have also registered, with the largest group coming from the Netherlands (71 exhibitors), followed by Austria (67 exhibitors). Given the current political situation, the presence of US exhibitors – 21 in total – is particularly striking.

From Central and Eastern European countries 104 exhibitors have registered. Polish exhibitors (48) have the strongest presence in Munich and are also the third largest group of international exhibitors.

The majority of Polish exhibitors can be found in Hall A2. It is primarily the Polish cities of Wrocław, Gdańsk, Katowice, Łódź and Warsaw that have organised joint stands, which other (smaller) cities and Polish companies have joined.

The second largest group from Central and Eastern Europe are the Czech exhibitors (18). Most of them are presenting themselves at a joint stand in Hall A2 (A2.430).

The joint stand of the 17 Hungarian exhibitors (A2.310) is also located in Hall A2.

In contrast to Czech Republic and Hungary, the Romanian exhibitors (15) are spread across two stands, both in Hall A1: the Cluj-Napoca stand (A1.532) and the stand organised by the AHK Ro-



Photo: Messe München GmbH

Expo Real is also a barometer for sentiment in the real estate industry.

mania (A1.240), where the cities of Deva, Oradea and Reșița, among others, are represented.

Albania is represented by the Balfin Group (B2.124), a private investment group involved in real estate, wholesale and retail trade, banking, asset management, tourism and logistics. The second Albanian exhibitor is the construction company Velija Construction (B1.240).

The internationally active software provider Moderan Solutions (A3.020) has registered from Estonia. Valamar Riviera, a hotel chain with a presence in Croatia and Austria, is coming from Croatia and is a co-exhibitor at 196+ events (A1.340).

The Invest Moldova Agency (A1.013) is representing the Republic of Moldova.

Tatra Bank from Slovakia, which belongs to Raiffeisen Bank International AG, is a co-exhibitor at Austria (B2.110), one of the two Austrian joint stands.

As in previous years, Expo Real covers a total of seven halls. Unlike in previous years, Hall C2 is no longer included this year, but Hall B3 has been added, which also houses the joint stand of many exhibitors from the United Kingdom (B3.110) and Club France (B3.310).

But it is not only the exhibitors that attract many visitors to the fair. Expo Real also offers extensive opportunities for information and exchange. The conference rooms on the first floor directly above the exhibition halls are reserved for exhibitor events. This year, Conference Room B11 will also host the Asian Investment Conference (7 October 2025, 2:00 p.m. - 5:45 p.m.).

The Exhibitor Stage (A2.450) and the Discussion & Networking Forum (B1.440) are also dedicated to exhibitors for panel discussions and presentations.

The Planning & Partnerships Forum (A1.440) offers topics relating to individual asset classes such as hotel, logis-



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Innovative ideas and developments are in the focus of the Transform & beyond stage.

tics and office properties. However, this is also where the American Afternoon will take place (7 October 2025, 3:00 p.m. - 4:50 p.m.). Challenges and trends in retail and the associated question of the future development of city centres will be discussed at the Grand Plaza, which has 'moved' to Hall B3 (B3.230) this year.

Environmental and climate protection seem to have taken a back seat in political discussions at present, but the issue remains pressing. Real estate and cities in particular account for a significant proportion of climate-damaging CO₂ emissions. How this contribution can be reduced is the focus of the Decarb Arena (A3.TB1), which is part of the Transform & Beyond by Expo Real exhibition area in Hall A3. The Transform & Beyond Stage (A3.TB80) is also located here, where future topics in the real estate industry will be discussed.

Tech companies and start-ups are also exhibiting in this environment. However, the stage on which they present their solutions, the Tech Talk Stage, is no longer located in Hall A3, but has been moved to Hall B2 (B2.310) in order to promote exchange and collaboration between in-

novators and the real estate industry, according to the trade fair organisers.

Newly created this year is the Flexible Housing Forum (B3.420), which is dedicated to future-oriented living concepts, new forms of urban flexibility, and interdisciplinary exchange between project developers, investors, municipalities, architects, and political decision-makers. It will be accompanied by an exhibition on affordable, resource-efficient, and sustainable living.

While all of these forums serve 'special interests,' the Expo Real Forum in Hall B3 (B3.530) is dedicated to more overarching topics. For a long time, international investors considered Germany a 'safe haven,' but now the question is gradually arising as to whether and to what extent this image still holds true. 'International Perspectives on Germany' (6 October 2025, 11:00 a.m. - 11:50 a.m.) will address precisely this issue.

The second opening topic, 'Germany: New Government – Old Problems' (October 6, 2025, 12:00 p.m. - 12:50 p.m.), is also likely to be a question on everyone's mind and one that will concern

(not only) trade fair participants. This is because problems currently seem to be piling up, while many "old problems" are becoming more acute.

One of these 'old problems' is the housing market, or more precisely, the shortage of housing, especially affordable housing. The problem is becoming increasingly a burning issue in metropolitan areas, as well as the question of how energy efficiency can be increased, particularly in existing buildings, as these account for around 30-40% of CO₂ emissions. An energy renovation rate of at least 2% per annum would be necessary, but in Germany it was 0.7% in 2023, with a downward trend. Here, 'Housing in Europe: Lessons to be learned' (6 October 2025, 2:00 p.m. - 2:50 p.m.) allows us to look beyond Germany's borders.

The international context in which Germany also is related to will be addressed under the heading 'Investments' at the event 'Investment Strategies: Who, Why, Where and What?' (7 October 2025, 4:00 p.m. - 4:50 p.m.). Political developments in the United States, geopolitical changes and economic prospects in Europe are to be discussed here.

Another major topic area deals with the changing digital world, AI and the growing need for data centres: 'AI and the Real Estate Industry: Will Everything Change?' (6 October 2025, 3:00 p.m. - 3:50 p.m.) and 'Data Centres: Real Estate for IT Infrastructure' (6 October 2025, 4:00 p.m. - 4:50 p.m.).



AI and robotics are playing an increasingly important role, but they also harbour risks.

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Above all, Expo Real is a platform for information and exchange.

Cryptocurrencies, another development in the digital world, are also on everyone's lips. Attitudes range from jubilant enthusiasm to complete rejection. Therefore, 'Bitcoin & Co: Cryptos Between Euphoria and Doubt' (7 October 2025, 11:00 a.m. – 11:50 a.m.) can help to realistically assess the opportunities and risks of this development.

In contrast, the second financing topic seems almost 'old-fashioned': 'Tension or Relaxation? Financiers and the Real Estate Industry' (7 October 2025, 2:00 p.m. – 2:50 p.m.). With the end of the low interest rate phase, financing had become more expensive. Interest rates have now fallen significantly again, but on the one hand, new financing models and potential financiers have been added to the traditional banks, and on the other hand, regulations for banks have become increasingly strict.

The section entitled 'Fundamentals' deals with the big issues of the present that are currently on everyone's mind. These include the growing number of international conflicts and crises, the resolution of which seems increasingly difficult. Professor Dr. Nicole Deitelhoff, Executive Director of the PRIF Peace Research Institute – Leibniz Institute for Peace and Conflict Research in Frankfurt am Main, one of Europe's leading peace research institutes, analyses how in "Uncertain Times: Better



Management of International Conflicts and Crises" (7 October 2025, 10:00 a.m. – 10:50 a.m.) is possible.

The 'fundamental' challenges of the present include geopolitical changes, which ultimately also have an impact on real estate investment markets. Under the heading 'Brave new world: US & global macro, geopolitics, and investing in the built environment', Alexis Crow, Partner and Chief Economist at PwC US, gives her assessment of where the journey could take us (7 October 2025, 12:00 a.m. – 12:50 a.m.).

A third major topic that affects us all is climate change and the risks associated with it. The discussion panel 'Climate Risks: How Do We Act?' (7 October 2025, 3:00 p.m. – 3:50 p.m.), Christof Reinert, Head of Risk Management Partners at reinsurer Munich RE, and Dr Kurt Weinberger, CEO of Österreichische Hagelversicherung, among others, will offer insights into the costs that climate change is already causing, what threat-

ens us in the future and how we can prepare ourselves.

The events in Expo Real Forum will conclude with 'Perspectives'. Professor Hanspeter Gondring, CEO of the ADI Akademie der Immobilienwirtschaft in Stuttgart, will give a keynote speech entitled 'Outlook for the Real Estate Industry' (8 October 2025, 10:00 a.m. – 10:50 a.m.). He will provide an overview of the changes facing the industry. Afterwards the floor is open for discussion.

The 'Economic and Capital Market Outlook' under the motto 'Interest Rates, Tariffs, and the Future' (8 October 2025, 11:00 a.m. – 11:50 a.m.) is also of fundamental importance for the real estate industry. Here, Dr Gertrud Rosa Traud, Chief Economist at Helaba, takes a look at economic developments and the financial markets. Her keynote speech and the subsequent discussion offer insights into the prospects for the real estate industry (and beyond). **I Marianne Schulze**

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"GERMANY IS BACK"



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In many respects, Germany is moving at a proverbial snail's pace.

This was emphasised by Federal Chancellor Friedrich Merz after agreement was reached on the debt-financed billion-euro package for defence and infrastructure. What was meant was a 'return' to the political and economic stage. Many hopes and expectations were therefore pinned on the new government, not only in Germany. After the first 100 days, however, the results are still rather mixed.

The 'traffic light coalition', the three-party alliance between the SPD, the Greens and the FDP, ultimately proved to be a problem not only for Germany, but also for its partners in the EU. In this respect, a change of government in Germany gave rise to many hopes and expectations, both economic and political.

Economically, Germany has been the 'sick man' of Europe since the end of the coronavirus pandemic. As the continent's largest economy, its shrinking economy is also causing 'symptoms of illness' in oth-

er EU countries, in some cases leading to lower economic growth there.

It is not only the weakening automotive industry – where the effects are mainly affecting factories and suppliers in mostly Central and Eastern European countries – but also the general decline in exports to Germany, which is importing less as its economy shrinks. After all, around two-thirds of German goods imports are accounted for by trade with other European countries.

For quite some time, the German economy has been plagued by well-known problems: increasing bureaucracy, dilapidated infrastructure, an education system in need of improvement in many respects, a lack of innovation and investment, and a growing shortage of skilled workers.

The social security systems, which are threatening to spiral out of control, are also a cause for concern. There is an urgent need for reform in all these areas. The billions to be spent on infrastructure

measures and defence could give economic development in Germany a new boost, but this boost will not manifest itself quickly. It is also questionable whether this boost will be sufficient to overcome the structural challenges. In addition, there is a great temptation to use the supplementary means to reduce gaps in the regular budget.

Apart from the two 'special funds', which would be better described as 'special debts', the budgetary situation remains precarious, making a restrictive spending policy unavoidable. According to the latest estimates, tax revenues will be even lower than assumed last autumn – by 2029, the federal, state and local governments will have a total of EUR 81.2 billion less in revenues at their disposal. That does not make it any easier to draw up the budget.

The idea that economic growth will improve the situation is, at least for now, wishful thinking. The IMF slightly raised its growth forecast for 2025 to 0.1% in the



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summer of this year. For 2026, the IMF expects growth of 1.1% at best, with the effects of the US's erratic (tariff) policy being a major source of uncertainty. This means that Germany will remain below the average for the EU and the eurozone:

ultimately led to its collapse. The new elections and the new government were therefore hoped to bring greater stability.

Apart from the political U-turns that the current Chancellor Friedrich Merz has made

lations with other countries such as Poland were not particularly good either. Here, we can hope that Germany is truly 'back'.

On the other hand, the rigid migration policy with increased border controls is causing discontent among neighbouring countries, which is being communicated more or less openly, in the case of Luxembourg even leading to an objection to the EU Commission, or, as in the case of Poland, to corresponding countermeasures. Cross-border commuters in particular are increasingly suffering from the controls, which often involve long waiting times.

If migration policy is to be tightened, it should be organised on an EU basis and implemented at the EU's external borders, but not within the Schengen area. Border controls not only hinder cross-border commuters, but also the movement of goods. A study by Allianz Trade also sees economic consequences in this, due to higher transport costs for goods and services.

Looking at the new government's declarations of intent as set out in the coalition agreement, it not only wants to expand defence capabilities, regulate migration and ensure that the state is capable of acting, but also to renew the social market economy, strengthen social cohesion and pay special attention to high performers and families. These are noble intentions, but it remains to be seen how they will be implemented in times of limited financial resources. It also remains an open question how the government intends to achieve Friedrich Merz's stated goal of halving the number of votes for the AfD.

Every government has a 'grace period' of 100 days to outline its future actions, at least in broad terms. So far, the 'volatility' of the chancellor's statement causes that these outlines are blurred, apart from the fact that rigid austerity measures are on the agenda, especially in the social sector. Where Germany is ultimately headed and how successful it will be remains to be seen in the near future. **I Christiane Leuschner**



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Above all, the rise in food prices is noticeably curbing consumption.

according to figures released by the European Commission in spring 2025, GDP in the eurozone is expected to grow by 0.9% in 2025 and 1.4% in 2026, while in the EU as a whole it is expected to grow by 1.1% in 2025 and 1.5% in 2026.

Translated with DeepL.com (free version) It remains to be seen how the necessary austerity measures for budget consolidation will affect consumption. Although consumer sentiment has improved somewhat in recent months, consumers remain cautious overall. This is due in part to economic uncertainty – the weakening economy is now also reflected in higher unemployment figures – but also to inflation, which is mainly driven by prices for services and food.

Germany's economic decline and the fact that no effective measures were taken to halt the downturn were also seen as one of the failures of the traffic light coalition, whose increasingly public disputes

since the election, it remains to be seen how far the red-black coalition will 'harmonise' and demonstrate unity in the long term, but also how far the two governing parties are prepared to support decisions.

The chancellor election, which failed in the first round – a premiere in Germany, at least at the federal level – and the unsuccessful election of a new constitutional judge gave a small foretaste of this. The limited fiscal options not only give rise to differences of opinion between the governing parties, as was already evident before the summer recess, but also to plenty of potential for conflict.

In terms of foreign policy, the disagreement within the traffic light coalition meant that Germany was an uncertain candidate within the EU and held back on some decisions. Germany no longer fulfilled the leading role it once had together with France within the EU and for the EU. Relations with France were frosty, and re-

PRIVATISATION – A PANACEA OR THE WRONG APPROACH?



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The privatisation of the railways as a public limited company has not resulted in greater customer satisfaction or profits.

Starting in the US and UK, the privatisation of state-owned companies has been regarded since the 1980s as the ideal way to achieve greater efficiency and competition, and thus lower costs. It has since become apparent that privatisation also has its downsides.

Whether it was the conversion of public assets into private property or the transfer of state activities to the private sector, the idea behind it was always that 'the market' could solve many social and political problems better than public institutions.

The great wave of privatisation began in the USA and the UK as early as the 1980s, Germany followed suit to a greater extent after reunification, with not only the so-called state-owned enterprises of the former GDR being privatised – keyword: Treuhandanstalt – but also the former Deutsche Bundesbahn and Reichs-

bahn being transferred to Deutsche Bahn AG in the course of reunification, and the postal service being split into Deutsche Post AG, Deutsche Telekom AG and Deutsche Postbank AG.

However, municipal utilities, municipal hospitals and, above all, apartments owned by the public sector were also privatised.

It was not only reunification that drove privatisation in Germany, but also the public spending ratio, which had risen steadily since the Second World War and stood at around 50% of GDP in the early 1980s, a level that has now almost been reached again despite everything.

The higher the public spending ratio, the stronger the state's influence on the economy – a nightmare scenario for liberal economic theorists, who believe that the state should largely stay out of economic

affairs. The centrally planned economies of the former socialist states serve as a cautionary example.

On the other hand, every state has certain obligations towards its citizens. At the moment, defence readiness is at the top of the agenda. Hardly anyone would think of leaving this to private companies. The same applies to sovereign tasks such as policing, the judiciary, the prison system and tax collection.

However, public service also includes transport routes and transport systems, water, gas and electricity supply, as well as sewage disposal and waste collection. Nowadays, digital infrastructure must also be included.

However, these areas in particular are often in private hands, although some local authorities have already 're-municipalised' the relevant services, because

the promise that privatisation would lead to more competition, that private companies would be more efficient and that prices would fall as a result has often not been fulfilled.

This is not particularly surprising, as every private company is geared towards generating profit. These profits are not necessarily reinvested, but are often distributed to shareholders.

A striking example of how privatisation can go wrong is Thames Water, London's private water supply company. The privatisation of the former state water authority was intended to mobilise private capital to renovate the water and sewage system, parts of which dated back to the 19th century.

The company, which was debt-free at the time of privatisation, currently has a debt amounting to £19 billion.

Although Thames Water generated double-digit returns, consumer prices were raised significantly, investments in the network were largely neglected or only made under duress, with the result that Thames Water is now one of the worst-performing water supply companies.

At times, renationalisation was discussed, but the company was trying again with another private investor.

The disaster with Deutsche Bahn is well known. Although the federal government as sole shareholder is still the owner, Deutsche Bahn AG was founded to operate in a customer- and market-oriented manner and to generate profits.

The aim was to float the company on the stock exchange in 2008, but this had to be cancelled due to the financial crisis.

Rationalisation initially led to a decline in the number of employees, but the number has been rising again since 2005. The number of passengers also grew, peaking at 2.6 billion in 2019.

However, investment was cautious. It was only when the condition of the railways became increasingly disastrous in recent years that investment in rail infrastructure has been raised to EUR 115 per capita in 2023 and EUR 198 in 2024. For comparison: state owned railway company in Austria spent EUR 336 per capita on rail infrastructure in 2023, and in Switzerland EUR 477.



Dilapidated pipes and high prices – these issues repeatedly bring the private company Thames Water into the spotlight.

Furthermore, the hoped-for profits failed to materialise: at the end of 2023, Deutsche Bahn AG's financial debts stood at EUR 23.4 billion. And 'customer focus' means more than just punctuality rates for long-distance travel, which recently stood at just under 67%.

Even more serious consequences for the state and society has had the privatisation of state and municipal housing associations and their often extensive portfolios of rental properties, which frequently provided what is so urgently needed today – affordable housing.

It was not individual flats that were offered to tenants for purchase, but entire portfolios sold to private companies, which initially brought a lot of money into the notoriously cash-strapped coffers of local authorities and made some municipalities debt-free overnight. However, the one-off revenues were soon used up again.

What is striking is the decline in housing construction. At the same time, there

was a significant increase in population growth – from 82.47 million in 2005, the number of inhabitants in Germany rose to almost 83.6 million by the end of 2024.

Private housing companies also have the goal of maximising profits by definition – social, housing and urban development issues play a subordinate role, if any. And since supply and demand determine prices on the market, but the shortage of housing is growing, rents have risen and continue to rise.

The average rent for new leases has increased by more than 40% over the past 20 years, and by as much as 60–65% in large cities. This means that economically disadvantaged groups in particular have to spend an ever-increasing proportion of their income on rent.

On behalf of the Social Housing Alliance, the Pestel Institute has calculated on the basis of the 2022 census that there is currently a shortage of around 550,000 homes, with a particular lack of affordable housing.

While 810,864 households received housing benefit in 2005, this figure had risen to almost 1.2 million by the end of 2023. Federal and state expenditure on housing benefit amounted to EUR 4.3 billion.

However, it is not only investment in new housing construction that is lacking; the renovation of existing buildings is also lagging significantly behind the annual target of 2% – in 2024, the renovation rate was 0.69%.

When we see these and other, often similar developments resulting from government institutions withdrawing from certain areas and leaving them to the private sector, it seems necessary to discuss where public tasks and provisions begin and end.

No one would advocate a centrally planned economy, but privatising public tasks cannot be the sole solution to all problems either. **I Christiane Leuschner**

EVERYONE IS NEEDED



Photo: private

Robert McLean
Director, Newfound Media s.r.o., and
Founder of the real estate and investment
news portal, ThePrime.cz, Prague

As a solopreneur, I've often had mixed feelings about the ESG debate that's unfolded in corporate real estate. Personally, I always saw the "S" in ESG as an extension of a previous buzzword, Corporate Social Responsibility. And it comes down to the same thing – a reminder that the companies we work for have a responsibility that extends beyond merely creating shareholder profits.

That's why I think ESG frameworks are ultimately a net positive for companies. Without them, even well-intentioned business leaders will fall short. That's just how it works in modern corporations.

But for me, the best ESG programs I read about are the ones that activate their employees to take personal action. I think it's important not to outsource our own debt to society to the companies we work for. So much more could be accomplished if people would look creatively for ways to leverage their professional positions.

From my own experience, I can say this can be incredibly enriching. Over the last 12 years, my wife and I (and honestly it's really more my wife) have been temporary foster parents to just over a dozen babies. Our own children grew up thinking

it was normal for families to give a home to little kids while they needed one, until a replacement family could be found.

Now, foster care isn't for everybody – that's not my point. When I was re-thinking my own business activities and my idea for a real estate Gala, I realized the event could be paired with a charity component to help support other foster parents in the Czech Republic. By going public with something we'd been doing in private for over a decade, I was able to expand my family's positive impact on the world around us.

Initially, all the funds we raised went to Rozum a Cit, a great non-profit organization that provides education, legal and material support to nearly 300 Czech foster families.

The initiative inspired local artists like Pasta Oner, Jiri Pelcl and Alzbeta Jungrova to donate works of art for auction at ThePrime Gala. It also inspired local real estate

professionals to bid on the items, and others to donate funds personally.

Having seen this amazing generosity, I set up ThePrime Foster Fund in order to widen our ability to promote and support foster families and organizations. That meant that this year we were able to help another wonderful organization, Charita Hvezda, a non-profit organisation that cares for vulnerable children, places them in foster families or provides material support for children in socially disadvantaged families.

There is no replacement for people with the means to donate actual cash to good causes. But I really believe that even those with more limited means can do a lot, if they just look around at their own lives and jobs.

While corporate ESG programs serve a social purpose, the real opportunity lies in individuals taking ownership of social impact regardless of their company's formal programs.



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