

# SPH newsletter

## news

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## special

Even though the economic boom has already peaked out, it does not necessarily mean hard times are coming up. However, uncertainties are rising and thereby the risk of 'disruptive' developments.

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## background



Since its start in 2013, the annual conference "Cities of Tomorrow" has established as an important event for cities and regions in Romania.

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Exhibitions, conventions, and congresses

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## opinion

"Common good instead of my good" is required for a well-functioning society.

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## DEAR READERS!



Even though the first month of the new year has nearly passed I wish you all the best for 2019 and hope, you had a good start.

For people spending New Year's Eve in the inner city of Hannover, the night was different than in former years. Because for the first time fireworks have been forbidden. These rules has come into force – among other cities – also in Augsburg and Bremen and elsewhere in Germany at least in certain, mostly central areas. I am not against professionally organised nice fireworks, quite the contrary: I like to see it. But do we really need the firecrackers to greet the New Year? Not from my point of view.

From the linked particulate matter pollution – we all do not want it – my thoughts are wandering to the 24th UN Climate Change Conference ending some weeks ago in Katowice. The Polish city has the marketing slogan "Katowice for a change". That fits well, because for decades one of the European cities worst affected by smog originating from coal mining it put meanwhile the focus on culture instead on heavy industries. It is a similar development as in the Ruhr region in Germany.

What changes the year 2019 will bring to all of us, we do not know. To be honest: even researchers do not really have an answer. To you, dear readers, I wish – at least in thinking but perhaps also in acting – sometimes a changed perspective. Let you inspire by the slogan of the city of Katowice and be open "for a change".

Yours,

Andreas Schiller



*Campus 6 in Bucharest is growing. The developer Skanska has started construction of the next two buildings, Campus 6.2 and 6.3.*

## SECOND AND THIRD PHASE OF CAMPUS 6 IN BUCHAREST

Skanska invests EUR 76 million in the second and third phase of Campus 6 office complex in Bucharest. Campus 6.2 and Campus 6.3 will stand 11 storeys tall, have two levels of underground parking and offer leasable areas of about 19,800 respectively 17,800 square metres. Construction works of the Campus 6.2 and 6.3 buildings started in December 2018. They will be completed in the third quarter of 2020.

At its completion the Campus 6 complex, located in the Central-West area of Bucharest, will comprise four office buildings with a total leasable area of over 81,000 square metres.

## SONAE SIERRA: SOLE OWNER OF PARKLAKE MALL IN BUCHAREST

Sonae Sierra has purchased the 50 per cent participation in ParkLake mall in Bucharest from its former joint venture partner Caelum Developments. ParkLake is now fully owned by Sonae Sierra. Opened in September 2016, with an investment of EUR 180 million from the JV partners, ParkLake is offering 70,000 square metres of retail space.

Only recently was announced that Hungary's Futureal Group had exited its EUR 19 million mezzanine financing provided to Caelum Development for the development of ParkLake.

## NEPI ROCKCASTLE OPENS SHOPPING CITY IN SATU MARE

NEPI Rockcastle has officially opened Shopping City in Satu Mare, following an investment of more than EUR 40 million. The shopping centre offers approximately 29,000 square metres of leasable space on two levels and 1,000 parking spots. The property is also equipped with two electric charging stations and has a bus stop out in front. NEPI Rockcastle currently operates 18 shopping centers in Romania.

## P3 PLANS TO DEVELOP LOGISTICS PARK NEAR BUCHAREST

P3 Logistic Parks has acquired a 16-hectare site in Dragomiresti Vale, near Bucharest, where it plans to develop an 80,000-square metre logistics park. The new property will be called P3 Bucharest NW Ring Road.

Construction on the first warehouse is set to break ground in the second half of 2019. P3 entered the local market in 2014, when it acquired Europolis Logistic Park, near Bucharest, from CA Immo.



*Wars Sawa Junior was a department store when opened in the 1970s in Poland's capital city. Over the time it has been modernised and extended and has become an up-to-date shopping centre.*

## HELABA TO FINANCE ACQUISITION OF WARS SAWA JUNIOR

In its capacity as agent, arranger and sole underwriter, Helaba is financing the centrally located shopping centre Wars Sawa Junior for Atrium European Real Estate. The German Landesbank is providing a loan in an amount of EUR 170 million with a term of eight years for the acquisition. The shopping centre is located in the heart of the capital Warsaw, directly opposite the Palace of Culture, and was opened in the early 1970s as a department store. It has become one of the best-known shopping centres thanks to continuous modernisation and numerous extensions. The shopping centre comprises 26,000 square metres of retail space. It also offers 11,000 square metres of office and storage space.

## AVESTUS UND TRISTAN START WROCLAW OFFICE DEVELOPMENT

Construction has begun at Infinity, an office project developed jointly by Avestus Real Estate and European Property Investors Special Opportunities 4 (EPISO 4), a fund advised by Tristan Capital Partners. Located in the centre of Wrocław at John Paul II Square (at the intersection of Legnicka and Nabycinska Streets), Infinity will offer 22,036 square metres of lettable area. Completion of the building is scheduled for the third quarter of 2020. The planned investment provides for a seven-storey complex offering 18,727 square metres of office space, 1,561 square metres of retail and service space and a three-storey underground car park with 303 parking spaces.

## GLL ACQUIRES WARSAW OFFICE BUILDING

Gatehouse Offices, the first office building of the revitalisation project Warsaw Brewery, will be acquired by a fund managed by GLL Real Estate Partners. The 15,700-square metre office project of Echo Investment will be sold for EUR 76.5 million. Gatehouse Offices will be ready to move into in 2019.

## CEDET BUILDING IN WARSAW SOLD TO ASIAN FUNDS

Immobel has sold Cedet building, located in central Warsaw, to a fund managed by GLL Real Estate Partners on behalf of Korean institutional investors for EUR 129.5 million. The Cedet building is situated in central Warsaw. The complex, measuring more than 22,000 square metres, is split between more than 15,000 square metres of office space and 7,000 square metres of retail space.

pbb Deutsche Pfandbriefbank provided a credit facility of EUR 75.4 million for the acquisition of Cedet. pbb acted as arranger and sole lender under the facility.



*Florenc Office Center in Prague is the first direct real estate investment in the Czech Republic by a Korean investor.*

## SHINHAN INVESTMENT ACQUIRES FLORENC OFFICE CENTER IN PRAGUE

ZFP Investments, represented by CBRE, has sold Florenc Office Center, commonly known as the KPMG HQ building in Prague, to Shinhan Investment Corp, a Korean based investment manager. The transaction is the first direct real estate investment in the Czech Republic by a Korean investor. The purchase price was not disclosed. In 2014 ZFP Investments had acquired the 11,000-square metre office building, which was constructed in 2003, from Deka Immobilien.

## DEKA IMMOBILIEN ACQUIRES CZECH LOGISTICS PORTFOLIO

Deka Immobilien has acquired a logistics portfolio in the Czech Republic for around EUR 460 million. The seller is the CTP Group. Including two development projects, the portfolio contains 36 modern buildings with a total leasable area of around 430,000 square metres.

The CTPark Prague North properties are in a conventional logistics location. The portfolio also includes two large industrial parks, CTPark Teplice and CTPark Plzen, which contain a mix of logistics and light industrial properties.

Due to the size of the acquisition and the different locations, the properties are being added to different funds. The CTPark Prague North property will be added to the open-ended real estate fund Deka-ImmobilienEuropa. The CTPark Teplice industrial park will be added to the WestInvest TargetSelect Logistics sector fund, which is aimed at institutional investors, marking the fund's entry into the Czech market. The CTPark Plzen industrial park will form the starting portfolio for the new institutional fund Deka Immobilien Fokus Logistik Tschechien. Deka Immobilien is entering into a long-term partnership with CTP for this transaction. The company will manage the parks for ten years.

## BPD DEVELOPMENT SECURES CUBE OFFICE BUILDING IN PRAGUE

Peaksid Capital has completed the disposal of the Cube office building in Prague to BPD Development, a Prague-based development company, for an undisclosed amount. Built in 1977, the 21,500-square metre Cube was acquired by Peaksid in 2016. It was the company's first office investment in the Czech Republic.

## JLL AND REAS TO JOIN FORCES

JLL acquired REAS, a leader in the area of residential market consultancy in Poland. Working within the structures of JLL, REAS will be responsible for developing Living Services in both Poland, and Central & Eastern Europe under the brand name REAS | JLL Residential Advisory.



**Warsaw Spire**  
Office Building  
Warsaw, Poland

**Helaba** | 

- |  |   |  |   |  |   |
|--|---|--|---|--|---|
| <br><b>Q 19</b><br>Shopping Center<br>Vienna, Austria | <br><b>Balthazar</b><br>Office Building<br>Paris, France | <br><b>61 Ninth Avenue</b><br>Mixed-use Building<br>New York, USA | <br><b>SXB Südkreuz</b><br>Office Development<br>Berlin, Germany | <br><b>Upper Zeil</b><br>Retail<br>Frankfurt, Germany | <br><b>Junghof Plaza</b><br>Mixed-use Building<br>Frankfurt, Germany |
|--|---|--|---|--|---|

**Higher returns through bespoke solutions.**

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

**Values with impact.**



*The building Adgar Poland has acquired in Warsaw is a prominent one in the Polish capital because for nearly 20 years the building housed Teatr Kwadrat.*

## ADGAR POLAND BUYS ASSET IN WARSAW

Adgar Poland has concluded an agreement for the acquisition of the asset at Czackiego 15/17 in Warsaw. Thus, the portfolio of the company in Poland was increased to 12 assets. The value of the transaction amounted to EUR 8.3 million (PLN 36 million). The building is located on a 0.87-hectare plot and has the total space of 4000 square metres gross leasing area with one underground and seven overground storeys. So far the building was owned by Molina Nieruchomosci which acquired it in 2014 from Polimex-Mostostal.

## GLOBALWORTH ACQUIRES SKYLIGHT AND LUMEN IN WARSAW

Globalworth signed a preliminary agreement with Unibail-Rodamco-Westfield for the acquisition of Lumen and Skylight, two office buildings in Warsaw, in a transaction valued at EUR 190 million. The Lumen and Skylight buildings are part of the mixed-use Złote Tarasy complex and offer a total leasable area of over 45,000 square metres.

## VIS À VIS WILANÓW IS OPEN

The works on the construction of the Wilanów shopping centre under the Vis à Vis brand, implemented by the Capital Park Group and Real Management, have finished and the facility welcomed its first guests. Vis à Vis Wilanów is the fourth mall of the chain with the same name. The remaining ones operate in Torun, Radom and Łódź.

The Warsaw Vis à Vis mall is situated at 219-223 Przyczółkowa Street, the road 724 connecting Warsaw with Konstancin-Jeziorna. In the mall there are 17 premises, including grocery stores, service outlets and restaurants.

## EBRD UND REVETAS JOIN FORCES

The EBRD and Revetas, a specialist real estate investment advisor focusing on Central and Eastern Europe (CEE), are joining forces for the acquisition and development of a portfolio of business properties in the region. The EBRD is investing EUR 28.6 million in Project Keystone, a portfolio of real estate assets located across CEE representing a total gross leasable area of over 173,000 square metres. The total asset value, including gross development value, exceeds EUR 450 million.

The portfolio, which was acquired earlier in 2018 by Revetas, comprises seven fully leased office buildings in Krakow, three permitted office development projects in Poland and Hungary, and two development land plots in the Slovak Republic and Croatia. The EBRD investment will be allocated towards the acquisition and development of portfolio assets in Hungary, the Slovak Republic and Croatia. One of the projects, the office development Millennium Gardens in Budapest, is already under construction. The developments are undertaken by TriGranit.



*Developed by Multi, just prior to its opening acquired by Meyer Bergman European Retail Partners I and Healthcare of Ontario Pension Plan the shopping centre Nová Karolina in Ostrava is now part of the portfolio of the Czech mutual fund CS nemovitostní, managed by REICO.*

## FORUM NOVÁ KAROLINA IN OSTRAVA CHANGED HANDS

A joint venture between the Meyer Bergman Fund, Meyer Bergman European Retail Partners I and the Healthcare of Ontario Pension Plan (HOOPP) has sold Nova Karolina shopping centre in Ostrava in the Czech Republic to the country's largest mutual fund, CS nemovitostní, managed by REICO. The purchase price was not disclosed.

Meyer Bergman and HOOP originally acquired the 58,500-square metre shopping mall development in 2011 just prior to its opening in 2012.

## FUTUREAL SELLS CORVIN OFFICE PORTFOLIO IN BUDAPEST

Futureal Group has sold its portfolio of Corvin office buildings in Budapest to real estate funds managed by OTP Real Estate Investment Fund Management. The transaction involves all of the operating office buildings built as part of Corvin Promenade, as well as two currently being constructed. The total of buildings offers a combined gross leasing area of nearly 80,000 square metres. The purchase price was not disclosed.

Corvin One was built in the first construction phase of the Corvin Promenade and opened in 2008. This building was the start of the Corvin Quarter. Corvin Towers was realized in the second phase of the office development project. The complex features four towers. The next building was Corvin Corner. These office buildings were purchased by OTP Real Estate Investment Fund.

At the beginning of 2017 OTP Real Estate Investment Fund Management has launched its OTP Prime Real Estate Investment Fund. In April 2017, the fund has acquired Futureal Group's 25,000-square metre Skypark office building development, the first element of the eastern closing block of Corvin Promenade. The OTP Prime Real Estate Investment Fund has also entered a preliminary agreement to purchase Corvin Technology Park, currently being constructed adjacent to the Skypark building.

## IMMOFINANZ EXPANDS STOP-SHOP-PORTFOLIO

Immofinanz is driving the expansion of its Stop Shop retail park brand and has now purchased eight retail parks in Slovenia, Serbia and Croatia. The purchase price totals approximately EUR 90.5 million.

The real estate package in Slovenia includes three retail parks in Maribor, Krsko and Ptuj with roughly 22,000 square metres of rentable space. The two retail parks purchased in Croatia have nearly 13,500 square metres of rentable space in total and are located in Osijek and Valpovo. The seller of the locations in Slovenia and Croatia is the MID Group. The acquisitions in Serbia involve retail parks with roughly 32,500 square metres of rentable space in Subotica, Borca and Smederevo. The seller is the Serbian MPC Group.

We make the cities.

# #7 CITIES *of* TOMORROW communities in focus

26.03.2019 | JW MARRIOTT BUCHAREST GRAND HOTEL



[www.citiesoftomorrow.ro](http://www.citiesoftomorrow.ro)

There comes a time when we have to think global and act local.

**We. The community.**

Communities in TRIALOGUE:

public authorities, business environment, civil society.



*Brama Miasta is part of the New Centre of Łódź. The office development comprises two buildings with a total leasable area of around 41,400 square metres.*

## SKANSKA INVESTS IN THE SECOND PHASE OF BRAMA MIASTA IN ŁÓDŹ

Skanska has invested EUR 24 million, in the second phase of Brama Miasta, an office development in Łódź. The second phase with a total leasable area of around 13,600 square metres will consist of one building 15 stories high.

Brama Miasta is Skanska's third office development in Łódź and situated in the central part of the city called the New Centre of Łódź. The two-building complex, to be delivered in two phases, will offer a total leasable area of around 41,400 square metres. Construction of the second phase is scheduled for completion in the second quarter of 2020.

## PBB FINANCES ACQUISITION OF THE LANDMARK IN BUCHAREST

pbb Deutsche Pfandbriefbank has provided a credit facility of EUR 43 million to Revetas Capital Fund III for the acquisition of the newly built office complex called The Landmark, in Bucharest. It is envisaged that an affiliate of Cerberus Capital Management will join Revetas in this transaction.

pbb acted as arranger and sole lender under the facility. The Landmark is offering an overall gross lettable area of over 23,500 square metres.

## CA IMMO SELLS GYÖR RETAIL PARK

Indotek Group has come to an agreement with CA Immo on the purchase of the DunaCenter retail park in the Hungarian city of Győr. The seller was represented by Colliers International during the deal.

The DunaCenter shopping mall, which was handed over in 2009, offers approximately 16,400 square metres of leasable retail space and 655 parking places. It is located in the western part of Győr, close to Győr station on Szent István ut and near the M1 freeway exit.

## REDSIDE ACQUIRES TRENCIN INDUSTRIAL PARK

Redside has acquired Trencin Industrial Park for EUR 90 million. With this deal, the company enters the Slovak industrial real estate market.

The Trencin Industrial Park was developed for AU Optronics in 2010 and comprises 120,000 square metres of industrial premises. Sitting on the D1 highway in Western Slovakia, the European hub of automotive production, the park is well cross-connected via European highway network.



*The two office developments Trimaran and Element are located in the Pankrác office submarket and will offer 28,000 square metres in total. Developer is the Austrian S + B Gruppe.*

## ALLIANZ REAL ESTATE: FIRST OFFICE EQUITY IN PRAGUE

Allianz has acquired two office developments in Prague, the company's first office equity investment in the Czech Republic, for a total consideration of approximately EUR110 million.

Allianz has acquired the Trimaran and Element buildings from the Austrian developer S+B Gruppe AG. The two assets, which cover 28,000 square metres in total, are located in the Pankrác office submarket. The transaction was carried out by Allianz Real Estate, the real estate investment and asset manager of the Allianz Group, on behalf of several Allianz insurance companies.

This latest real estate deal is the second for Allianz in the Czech Republic: in October 2017, it part-refinanced a EUR160 million logistics portfolio for CTP Property N.V., one of the leading logistics companies in the region.

## WOOD & COMPANY ACQUIRES BBC5 IN BRATISLAVA

Wood & Company has acquired the BBC5 office building in Bratislava from Heitman Real Estate Fund on behalf of a Czecho-Slovak fund it manages. The deal is the second in the recent months between the two companies, as in June 2018 Wood & Company bought Aupark Tower in Bratislava. BBC5 is a 35,000-square metre office building divided into three blocks.

## GEMINI BUYS FIVE LOGISTICS PROPERTIES IN POLAND

Gemini Poland Holdco Sarl, affiliate of Blackstone Group, acquired a portfolio of five logistics properties in Poland from Hines Global REIT. The transaction value was approximately EUR 140 million.

The portfolio consists of two warehouses in Warsaw, one in Wrocław and two in the Silesia region. Dentons in Warsaw has advised Hines Global REIT on the sale of the portfolio.

## NEW OWNER OF FORUM POPRAD

Multi Corporation and GEMO Holding have sold the Forum Poprad shopping centre in the Slovak city of Poprad. The asset has been acquired by the real estate fund of ZFP Investments and MAT Corporation, part of the DBK group. The purchase price was not disclosed. Forum Poprad has opened in the city centre in October 2015 and offers a leasable area of 22,500 square metres as well as 450 parking lots.



*Warsaw Unit is the most recent development of Ghelamco Poland in Warsaw. It is being built directly at Rondo Daszynskiego and will provide 57,000 square metres of office space.*

## GHELAMCO PRESENTS WARSAW UNIT

Ghelamco has officially presented Warsaw Unit, its latest project in Warsaw. Warsaw Unit was previously known as Spinnaker.

Warsaw Unit is being built in Rondo Daszynskiego 1. The building will be 180 metres high and will provide around 57,000 square metres of office space on 45 floors. The architecture of Warsaw Unit was designed by Projekt Polsko-Belgijska Pracownia Architektury, which is also a co-author of Warsaw Spire.

The project's budget is nearly EUR 200 million. The project is scheduled to be completed in early 2021.

## TATRA AM BUYS NINE RETAIL PARKS IN SLOVAKIA

Tatra Asset Management has acquired a portfolio of nine regional retail parks in Slovakia. The seller, which was represented by CBRE, is KLM Real Estate. The transaction also includes the pre-emptive right for other retail parks that the developer is currently preparing. The seller and buyer have agreed not to publish the transaction price.

The nine retail parks located in multiple Western, Central and Eastern Slovakia regions with a total rental area of more than 35,000 square metres were built in 2015-2018.

## TRITAX EUROBOX ACQUIRES LOGISTICS FACILITY IN POLAND

Tritax EuroBox, which invests in Continental European logistics real estate assets, has exchanged contracts with Panattoni Europe to acquire a logistics facility at Strykow, 15km north east of Lodz, in central Poland, let to Castorama Polska Sp. z o.o. The total consideration payable by Tritax EuroBox is EUR 55million.

Phase I of this facility, developed by Panattoni Europe in 2017, has a gross internal area of 49,379 square metres. Completion of Phase I is targeted for May 2019. Totally completed the facility will have a gross internal area of 101,555 square metres and will be entirely let to Castorama, with an unexpired lease term of nine years.

## M7 REAL ESTATE REFINANCES MANI BUSINESS CENTRE IN ZAGREB

M7 Real Estate has refinanced a EUR 4.8 million debt facility secured against the Mani Business Centre in Zagreb in Croatia with Erste Bank Zagreb. M7 acquired the Mani Business Centre, a 13,915-square metre multi-tenanted office building, in December 2016 on behalf of M7 Central European Real Estate Fund I (CEREF I).



*Park Inn by Radisson in Poznań offers 166 rooms and is located within walking distance to the Old Town.*

## RADISSON HOTEL GROUP OPENS NEW HOTEL IN POZNÁN

Park Inn by Radisson announced the opening of a 166-room hotel in Poznan. Situated in the inner city, the Park Inn by Radisson Poznan is located along Garbary Street near the Old Town. The Park Inn by Radisson Poznan will be operated by Radisson Hospitality AB under an international management agreement.

## SKANSKA STARTS THIRD PHASE OF GENERATION PARK IN WARSAW

Skanska invests EUR 170 million in the third phase of Generation Park, an office complex located in Warsaw. The third and with 38 storeys above ground highest building of the complex will offer a total leasable area of around 47,000 square metres. Generation Park comprising of three office buildings has a total leasable area of around 84,000 square metres. Construction of the third phase has started in November 2018 and is scheduled for completion in the first quarter of 2021.

## GALCAP EUROPE ENTERS POLISH MARKET

GalCap Europe has finalised its first commercial real estate acquisitions in Poland. The Vienna-based investment and asset manager purchased two historic office buildings in Warsaw City Centre – Wilcza 46 and Mokotowska 33/35 from Amhola, a private equity investment company. The buyer and the seller decided not to disclose any purchase price details. The assets comprise 7,500 square metres of office and retail gross leasing area.

## CEETRUS ROMANIA TO EXPAND AUSHOPPING SATU MARE

Ceetrus Romania is investing EUR 10 million to expand Aushopping Satu Mare by 9,000 square metres. The expansion will increase the number of stores from 24 to 40 and is scheduled for completion in the third quarter of 2019.

## FIRST HYATT HOTEL TO OPEN IN ALBANIA IN 2019

Hyatt Hotels Corporation has signed a management agreement with Kastrati Hotels & Tower for the first Hyatt-branded hotel in Albania. The opening of the 151-room Hyatt Regency Tirana is expected for late 2019.

## STAFFING



left: Bert Hesselink  
right: David Kellett

**Bert Hesselink** joins CTP as Group Business Development Director. He will take charge of CTP's CEE business development with a focus on the Czech market. Bert Hesselink is Dutch with 18 years of experience in commercial real estate in Prague and is active in the local community as Chairman of the Real Estate Council at the American Chamber of Commerce.

**David Kellett** has been appointed as Senior Director – Head of Hotel Transactions at Invesco Real Estate (IRE). Together with Hans-Peter Hermann, Senior Director of Hotel Asset Management, he will be responsible for the IRE investments in the hotel real estate sector. David Kellett has more than 19 years of transaction experience, with a focus on the real estate and hospitality and leisure sectors over the past 14 years. Prior to joining Invesco, he held various senior management positions at InterContinental Hotels Group (IHG), including Head of Investor Relations and, most recently, Head of Development for Europe. Before joining IHG, David Kellett worked in investment banking for JP Morgan and Merrill Lynch.



left: Marek Koziarek  
right: Marcus Schulte

**Marek Koziarek** is the new Business Development Consultant for Poland at Secure Legal Title. He will take over the responsibilities of Dennis Dart, who has returned to his native California. Marek Koziarek has been working in Polish real estate banking since 1992. For the last 11 years, he was Managing Director at Bank Pekao, responsible for commercial real estate finance. He also held senior positions at HypoVereinsbank Group, Bank Austria Group and then at UniCredit Group. Responsibilities included Director of the Real Estate Analysis & Monitoring Department. Marek Koziarek holds a combined M.B.A. from Warsaw University and the University of Illinois at Urbana-Champaign, and an M.A. in Applied Linguistics from Warsaw University.



Thomas Stiegler

**Marcus Schulte** has been appointed as Member of the Management Board of Deutsche Pfandbriefbank AG (pbb). He will assume Board responsibility for the Treasury division. Having joined pbb at the beginning of 2017 as a Senior General Manager, Marcus Schulte assumed responsibility for lending and risk management. Previously, Marcus Schulte had worked for Credit Suisse, where he was responsible for the debt capital markets business with European financial institutions. Before that, he had been at Bank of America Merrill Lynch for ten years, where in his last position he headed the debt and equity capital markets desk for financial institutions in Germany and Austria.

**Thomas Stiegler** has been nominated as an additional member of the Executive Board of Porr AG. He will hold responsibility on the Executive Board for Business Unit 3 – International. After graduating in Business Administration, Thomas Stiegler worked at the audit company KPMG, before embarking on his international career in 1993 at Bilfinger Berger AG (today: Bilfinger SE). Until 2010 he held various management positions in the international construction business in Asia, Europe, the MENA region and North America. From 2010 Thomas Stiegler worked as a Managing Director for Business Unit 3 – International at Porr Bau GmbH and played a significant role in establishing construction activities in Qatar. In addition to the Arab region, Thomas Stiegler is responsible for the Group's activities in Eastern and Northern Europe.



## LETTINGS

### AGORA TOWER, BUDAPEST

HUNGARY 

Raiffeisen Bank has leased nearly 20,000 square metres at Agora Tower in Budapest. The lender will use the space as its new Hungarian headquarters. Agora Tower is developed by HB Reavis and will comprise 34,000 square metres of leasable space. The building is scheduled for completion by 2019.

### VÁCI GREENS, BUDAPEST

HUNGARY 

NN Biztosító has leased 5,500 square metres in Building F of Atenor's Váci Greens project in Budapest. The insurance company will move into its new office in June 2020. The building is currently under construction and will offer 24,300 square metres of space. The whole office campus includes six buildings, four of them already in operation. Once completed Váci Greens will offer more than 130,000 square metres of space.

### ATLAS TOWER, WARSAW

POLAND 

Wipro IT Services Poland has renewed its 1,700-square metre lease at Atlas Tower in Warsaw. JLL advised the tenant during the lease process. Atlas Tower is located in Warsaw's Ochota district. The 28-storey building includes 30,000 square metres of office space as well as amenities like restaurants, cafés and a fitness club.

### GENERATION PARK, WARSAW

POLAND 

The consulting company Crido has leased 4,300 square metres at Generation Park, which is currently being developed by Skanska in Warsaw. The building is located near Rondo Daszynskiego and will offer 17,300 square metres of office area as well as 600 square metres of retail space.

### GRAFFIT, WARSAW

POLAND 

The construction company Eiffage Poland will move the head office of its companies to Graffit in Warsaw's Mokotów district. Eiffage was represented in the 910-square metre office lease deal by Savills. Located on Domaniewska street, the Hines-developed property offers 18,500 square metres of space. The building is located near Wilanowska metro station.

### MENNICA LEGACY TOWER, WARSAW

POLAND 

Meet & Eat will open a 700 square metre restaurant, including a 100 square metre garden, at the Mennica Legacy Tower in Warsaw. Colliers International and Greenberg Traurig acted as advisors during the lease process. The tower is under development by Golub GetHouse and the Mint of Poland. The 140-metre Mennica Legacy Tower and an adjacent 43-metre building will offer 5,600 square metres of office space. Completion is scheduled for 2019.

**THE WARSAW HUB, WARSAW****POLAND** 

Jeronimo Martins Polska S.A., the owner of the Biedronka supermarket chain, has leased 1,085 square metres of commercial space at The Warsaw Hub. The project, a multifunctional complex featuring three skyscrapers, is going up in Warsaw's Wola district. The property will include an 86-metre hotel and two 130-meter office towers, which will be joined by a five-story foundation. Developer of The Warsaw Hub offering 113,000 square metres of multi-functional space is Ghelamco Poland.

**EQUAL BUSINESS PARK, KRAKOW****POLAND** 

Regus has leased 2,200 square metres of space in Building C at Equal Business Park in Kraków. In Building C Regus is joined by Dotpay (600 square metres), Noble System (400 square metres) and Lavido (60 square metres). Building C offers 23,000 square metres and is the third largest building in the Equal Business Park complex, which is being developed by Cavatina Holding.

**OGRODOWA OFFICE, LODZ****POLAND** 

Orange Polska has rented over 4,000 square metres of office and warehouse space on the first floor of the recently opened Ogrodowa office building in the centre of Łódź. Ogrodowa Office is located in close proximity to Piotrkowska Street, Manufaktura and the Vienna House andel's Łódź hotel. It offers over 28,000 square metres of total space. Developer and landlord is the Austrian real estate development and investment company Warimpex Finanz- und Beteiligungs AG.

**NOWY RYNEK, POZNÁN****POLAND** 

Skanska has leased 10,300 square metres, the entire office space of building A of Nowy Rynek in Poznan to Zabka Polska Sp. z o.o., a leading grocery and convenience stores chain in Poland. Nowy Rynek is a multiphase scheme with a total usable space of approximately 100,000 square metres. A new city quarter, together with a market located in a complex of multi-functional buildings, will be built on an area of 3.8 hectares. Construction of building A started in March 2018 with completion scheduled for the fourth quarter of 2019.

**CAMPUS 6, BUCHAREST****ROMANIA** 

Microsoft has leased 23,000 square metres of office space and 500 parking spaces in Skanska's Campus 6, in Bucharest. The start date of the lease is in the third quarter of 2020. At completion, in 2022, the Campus 6 office complex will comprise four buildings that offer a total leasable area of approximately 81,000 square metres.

**ORHIDEEA TOWERS, BUCHAREST****ROMANIA** 

Thales Romania has leased 5,300 square metres in Orhideea Towers office complex developed by CA Immo in Bucharest. The two H-shaped towers are located in the central-western business district of Bucharest and have a total gross leasable area of 37,000 square metres.

# IS THE GOLDEN AGE TO COME TO AN END?



*The times of bullish markets are ending, the bear is pushing itself in the foreground.*

**In 2018, the economy in general and the real estate industry in particular were booming. However, over the year it became more and more apparent that the peak of the cycle has been reached and that 2019 will be at least no year of new records.**

One year ago everybody talked about record results – at least in the real estate industry. But generally the global economy was growing – and the few clouds forming on the horizon did not really cause any concerns. Meanwhile the clouds have become denser, the bright

weather is changing to the worse and the uncertainties are increasing.

Still in autumn 2018 it became obvious that economic growth is slowing down. While in 2017 in the Euro zone the economy grew by 2.4 per cent, in 2018 the growth rate was at only 2.1 per cent. For 2019 and 2020 the EU Commission forecast 1.9 per cent and 1.7 per cent respectively.

Also the development of stock markets is demonstrating that there has been thrown a spanner in the works. Latest in the second half of the year stock markets ex-

perienced a roller coaster ride and at the end of the year the most important stock market indices turned into the minus.

It is not only the old saying that ‘trees do not grow into the sky’ that made its truth known. It is mainly the political and economic uncertainties having an impact and as Chief Economist of IMF Maurice Obstfeld states “the likelihood of further negative shocks to our growth forecast has risen”.

There is the trade dispute between the USA and China, but the USA also imposed tariffs of 25 per cent on steel and

10 per cent on aluminium imports from the EU. Once globalisation and free international trade was the preferred way to generate more wealth for all, now (not only) the USA wants to protect and support the domestic businesses.

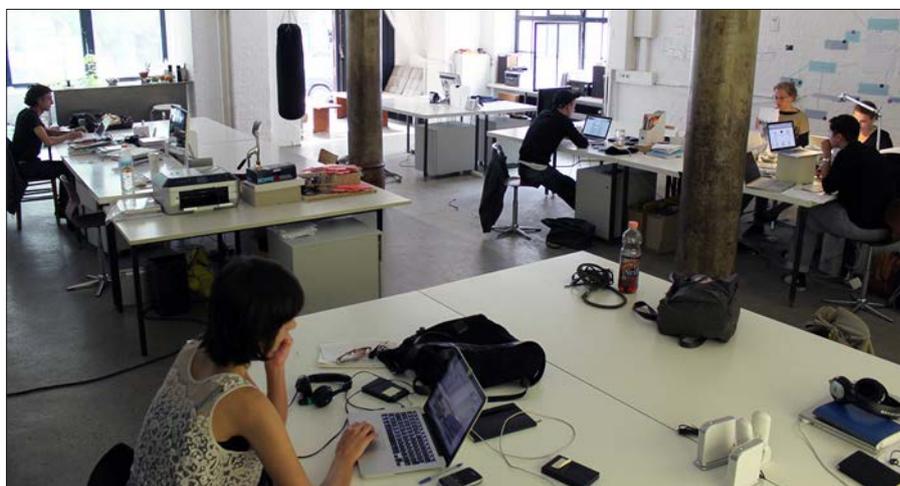
That fits in a time of growing nationalism, emerging in many countries and fostered by (often right-wing) populist politicians. This development can be witnessed very well in Europe. It started in some Central and East European countries, but also the Western countries are not resistant to this trend, quite the contrary. Brexit is part of this development as well as the new populist government in Italy and the increase in votes for populists parties in nearly all European countries. In May, the European Parliament election will be held and then it will show if, how much and in which direction also the composure of the EP will change.

Despite the fact that exit day of UK from the EU in March is approaching Brexit is still some kind of sword of Damocles because the British Parliament refused the Withdrawal Agreement. UK, but as well the other EU countries are meanwhile preparing for a 'hard' Brexit. The answers to the question about the economic impact of Brexit – in whatever way it will happen – for UK as well as for the EU are differing and rather conflicting.

Uncertainties are also about the further development in Italy – the budget conflict with the EU Commission has been patched up only cursorily and is not really solved.

Furthermore, there are the global risks like North Korea, the conflict between the USA and Iran, the again starting arms race between the USA and Russia, and the conflict areas in the Ukraine as well as in the Middle East. And never before so many people have been forcibly displaced worldwide – at the end of 2018 the UNHCR gives the number of 68.5 million people.

In 2018, the real estate markets proved nearly unimpressed by all these devel-



*Co-working space is in demand also by well-established companies.*

opments. According to JLL during the first nine months of 2018 investments in global real estate amounted to USD 507 billion, a 7 per cent increase over 2017, following a robust start in the year. Still in November JLL projected that global investment volumes for 2018 will edge above those seen the year before to USD 730 billion and will be around USD 700 billion in 2019.

The good result 2018 is partly due to the US market where mainly in the third quarter investments in commercial real estate increased by 25 per cent on the same period in 2017. Here the fiscal stimuli of the government have an impact extending the already longest economic boom in the USA. On the other hand that is also one of the risks for the global economy.

If economic growth in the USA is slowing down, then it could weaken also all other economies. However, according to CBRE this risk is a smaller one, because it is unlikely to happen before 2021.

For the analysts China gives more reason for concern. China's economic growth is slowing and if by the trade dispute with the USA it will be slowing more dramatically it could dent growth also in other countries.

The moderate slowing down of economic growth in Europe is per se no reason for concern, because according to the forecasts growth rates will be still about the average of the last 15 years. Decreasing unemployment and increasing income will keep consumption high, so

it will be one of the drivers to keep the economies running.

Due to the fact that economy is in a good shape demand for space is high. Office leasing markets remain active in 2018. According to JLL – last figures have been published in November – volumes are on track to exceed the already record high of 2017.



*The online sale of fresh products and groceries is an upcoming trend in retail.*

In the third quarter, however, there was some softening of leasing activity and it is to expect that this trend will continue in 2019. So the experts from JLL assume that leasing volumes are likely to struggle to exceed the elevated levels of 2017 and 2018. Nonetheless, they forecast levels still 10 per cent higher than the 10-year average and that rents will continue to grow because despite high construction activity demand is still outpacing supply. That, however, is not true for every location. Where like in Warsaw during the next two year the office stock will grow by more than 10 per cent, pressure on rents will increase.

An accelerating trend in the office sector is the requirement for more flexibility – not flexibility of space, but flexibility to use office space. More and more

established companies take co-working space when necessary. More than 'normal' rental contracts this solution allows companies to react quickly to changes in their business environment by the enlargement or the reduction of space.

Also the technological development – keyword is digitalisation causing new requirements to companies as well as

new opportunities – is changing the office markets. And last but not least with increasing competition for the most talented people the so called soft factors in office buildings – fitness and wellness facilities, shopping possibilities, services etc. – are playing an important role.

In times of e-commerce retail property has been reputed to be obsolete but there is life in the old dog yet. Retail property remains to be investor's darling though not all and everywhere.

No doubt, also retail is experiencing a structural change. Nevertheless assets offering experiential retail or convenience centres not trying to compete with the big malls, but to concentrate on local supply (groceries, services) are in demand. What becomes apparent: in shopping

centres the share of tenants in the area of leisure and food & beverage increased significantly and food courts with a broad offer of restaurants are meanwhile an inherent part of the temples of consumerism.

However, in the shopping centre market there is a strong divide between Western Europe on the one hand and Central and Eastern Europe on the other hand. While in Western Europe the construction of new shopping centres is subdued and news are more about modernisation and extension of existing ones, shopping centre construction is mainly happening in Central and Eastern Europe. Here new retailers are entering the markets so demand for space is high and thereby rents are increasing or at least remain stable.

Market dynamics for logistics and light industrial real estate remain strong and there is high demand by occupiers and investors. Main drivers are the economic growth and the related increasing consumption as well as the increasing online sales. Despite a constant flow of new development projects supply is constraint. Mainly around the big cities and/or in logistics hubs demand for space is high. An upcoming trend is the online sale of fresh products, groceries and meals which will bring with it new requirements for city logistics and boost temperature-controlled last-mile storage facilities.

Generally fundamentals for all segments of the real estate market are good. Although economic growth is slowing down, real estate continues to offer good investment opportunities. The moderate economic slowdown is a normal cyclical phenomenon and therefore calculable. What is less calculable are the many political and financial uncertainties that could trigger a 'disruptive' development of the markets. Those who remember the global financial crisis in 2008 know how fast such 'disruptions' can happen when uncertainties take over and cause some kind of panic actions. Let's hope the best and that all will keep cool. | **Christiane Leuschner**

## WITH THE FOCUS ON ROMANIAN CITIES AND REGIONS



*In 2018 more than 300 participants have been registered at "Cities of Tomorrow".*

**On March 26, 2019 in Bucharest the meanwhile 7th issue of "Cities of Tomorrow" will take place, the annual conference organised by the German-Romanian Chamber of Industry and Commerce. The event is meanwhile well established and attracting more and more participants every year.**

When in 2013 the German-Romanian Chamber of Industry and Commerce started with "Cities of Tomorrow", the success story, Romania experienced since then, seemed to be still far away. The global financing crisis in 2008 had hit the country hard. Investors who had come to Southeast Europe in some kind of gold rush mood, left the country more or less immediately. It was deep fall and it took to 2011 when the first signs of hope showed and economy started again to grow, though very slowly with rates at one or two per cent.

To launch a conference for cities and regions in such an environment has been an adventure, but proved also a keen sense for the development potential of the country. Because meanwhile the capital city of Bucharest is no longer the only economic centre of the country, also the regional cities have become economic 'hot spots'. So in retrospect it seems almost prophetic to dedicate the first conference to the "complexity of the development process of cities and regions", putting the focus on "future opportunities and current difficulties".

Since the beginning "Cities of Tomorrow" has been addressed not only to the bigger cities, but as well to mid-sized and smaller cities, which have often even more difficulties to cope with the decline of industries. The lack of jobs caused migration mainly of the younger people. In the international competition of locations these cities have nearly no chance, not

only because of their size, but as well because international people are often not familiar even with their names.

With accelerating economic growth the topic of "mobility and connection between mobility and urban development, economy and construction" was coming up. Mobility is one of the great challenges in Romania. What is functioning within city borders is outside a great problem. Motorways are often and fast railways to connect cities are completely missing, and public transport connecting the city with its respective urban hinterland has at least room for improvement.

At the latest in 2016 the little word 'smart' became prominent also in Romania. Now it was in the context of "the importance of urban and regional development in stimulating sustainable, smart and equitable growth". One year later the focus was on "urban and regional competitiveness in stimulating sustainable development of Romania's cities and regions". And last year the main topic was "reconversion & revitalisation".

This year the conference will have the motto: „We make the cities. There comes a time when we have to think global and act local. We. The community.” In short: it is about participation.



*Always one of the keynote speakers at the conference is from a German city.*



*Remarkable is the thirst for knowledge and the engagement in discussions by the participants of the conference.*

Participation is the key word. Last year more than 300 representatives of cities and counties, of development agencies, professionals in urban planning and architects, real estate investors and developers interested or based in South-Eastern Europe, real estate professionals, representatives of Romanian and foreign private companies and banking professionals as well as NGOs took part in the event.

Remarkable is the great engagement of the participants in the discussions, not only in the specialised workshops but as well in the debates about topics of more general interest. And the willingness to discuss is not confined to the official part of the conference, but is to observe also during the breaks. In the discussions and talks one can learn a lot not only about the different challenges Romanian cities and regions have to deal with, but as well about the creative search of solutions and their implementation.

Admitted, during the last years the economic situation facilitated the development of cities and regions. In 2017, the GDP increased by around 7 per cent and amounted to nearly 4 per cent last year. That means Romania is one of the fastest growing economies in CEE. A similar success story the country experienced before 2008. Therefore a study of Colliers International about Romania *Remembering the Global Financial Crisis – 10 years older, 10 years wiser?* is enlightening. The author of the study – Silviu Pop, Head of Research Romania – sees “a major difference versus the years before 2008 coming from the fact that consumption does

not look as excessive as it did back then as it is much less reliant on bank loan and more on wages.” What remains a cause for concern is the twin-deficit of budget and current account: “So if a storm were to break in the global economy, the country would likely to be singled out first by markets”.

Otherwise – the study continues – the Romanian economy has changed structurally to a more service-driven economy and to higher manufacturing complexity causing an increase in the value-added goods exports. Today, for instance, the IT service exports are holding a larger share in the GDP than most neighbouring countries and Bucharest region is one of the top 5 European regions in terms of high-tech exports. What is impeding a greater competitiveness of the country are the poor road infrastructure, corruption and red tape. To remove these obstacles is necessary for a further positive development of the country. However, in this respect the current government seems to be rather counterproductive.

Looking at the real estate markets, then there is to note a stabilisation against the time before 2008. The undersupplied market changed to a relative equilibrium and in all segments the stock has expanded quite significantly. However, in the office segment the vacancy rates increasing to more than 20 per cent during the years after 2008 are still relatively high, not at least due to the high development activity since 2017. But in general, developers are very much re-active than pro-active – in other words: there is much less specu-

lative development – and construction volumes are still below those of the years 2007/2008.

What has also changed is the fact that developers are no longer concentrated only on Bucharest, but have the focus also on secondary cities. That is true for office buildings, but even more for shopping centres benefiting from the increased retailers interest to (re-)enter the market and the increase in purchasing power.

A real estate sector acting as (if not more) dynamic than before the crisis is the industrial market. One of the main drivers are logistics, transport and distribution, having a share of more than 50 per cent of the total demand which between 2007 and 2017 has more than doubled.

Generally Romania’s economy is on a good way to grow around 4 per cent also in the upcoming years. And it will be more and more the regional cities where this growth will happen. The more important are events like “Cities of Tomorrow”. Meanwhile the potential of people and talents is shrinking, partly due to the huge number of people who – not only for economic reasons – have emigrated. So cities will have to compete for people and talents. The higher the quality of life in a city, the easier it will be to attract and to retain people. Quality of life also means that citizens are taken seriously and have the possibility to participate in decisions on their environment. In this respect the motto of this year’s conference “Cities of Tomorrow” is exactly the right at the right moment. | **Marianne Schulze**

## FOR YOUR PLANNING

When	What about	Where	For information and registration
20. February 2019	8. IRE-Experts Conference Mobility in Smart Regions – Supranational transportation concepts in Europe	Cultural Center, Hallwang near Salzburg, Austria	<a href="http://www.institut-ire.eu">www.institut-ire.eu</a>
12.–15. March 2019	Mipim	Palais des Festivals, Cannes, France	<a href="http://www.mipim.com">www.mipim.com</a>
26. March 2019	Cities of Tomorrow	JW Marriott Grand Hotel, Bucharest, Romania	<a href="http://www.citiesoftomorrow.ro">www.citiesoftomorrow.ro</a>
2.–4. April 2019	RealCorp 2019 Is this the real world? Perfect Smart Cities vs. Real Emotional Cities	KIT – Karlsruhe Institute of Technology, Kollegiengebäude am Ehrenhof, Englerstraße 11 Karlsruhe, Germany	<a href="http://www.corp.at">www.corp.at</a>
17.–19. June 2019	REBEC XII. Real Estate Belgrade Exhibition & Conference	Hilton Belgrade, Serbia	<a href="http://www.rebec.rs">www.rebec.rs</a>
3.–6. July 2019	ERES Annual Conference	ESSEC Business School, 3 Avenue Bernard Hirsch, Cergy-Pontoise Cedex, France	<a href="http://www.eres.org">www.eres.org</a>

# COMMON GOOD INSTEAD OF MY GOOD



Andreas Schiller,  
Publisher and Editor-in-Chief of  
SPH Newsletter

In some German cities it is a not to be underestimated advantage to be near the station: you can quickly leave the city. Because the station's environment is all but nice. Walking along the streets to the city centre one can meet telecommunication providers, 1-Euro shops and other budget retailers. Only if one looks up some façades, then he might sense that once the city had have better times.

However, it can be dangerous to do the Johnny Look-in-the-Air. Often the pavement is rotten and dirty, some cyclist's behav-

iour is following rules whose priority is not respect for others. But pedestrians and car drivers as well are not really different – they are looking at the mobile or the on-board computer and have no attention for the people surrounding.

Meanwhile 40 years ago the Professor of Sociology Richard Sennet published the book *The Fall of Public Man*. At that time I was sceptical about his forecast. Meanwhile I am afraid, he is right. More and more egomania and ruthlessness supersede respect and mindfulness. It is not only daily experience. Also a look into the newspapers or news portals of the internet gives an impression. The range is from gun rampages to useless pushing and speeding in the streets causing often severe accidents and assaults against other people, even against the police and emergency services.

The word 'police' as well as 'politics' derive from 'polis', the ancient Greek word for city(-state), that meant not only the respective territory, but also the entire body of citizens, the community. Of course, there is always the possibility to engage yourself in politics. But also without this direct engagement everybody has a certain responsibility for the functioning of the community.

Every community is based on certain rules – i.e. laws, but as well social norms – and on the confidence that these rules are

observed by everybody. That is true for all aspects of social life, but especially for our behaviour in public spaces. Is the consensus about the written and unwritten rules disturbed, it is easily ending up in anarchy and a way of life dominated only by the right of the stronger.

The exterior framework of human behaviour and acting is the constructed world. Metaphorically speaking in the digital age, cities are the hardware for the software of our doing. And as with computer technology the one often determines the other. The way many cities are developing does not support any identification with the location and thereby the sense of responsibility. Or in other words: where people do not feel comfortable, they will not be ready to take any responsibility for the community.

This is the point where all involved in the urban development process are playing an important role – not only architects, planners and developers, but investors as well. Regarding the latter it sometimes seems that their focus is only on rents and yields and that they do not think much about the social consequences of their activities. Or to say it with Frank Engelbrecht, Pastor primarius of St. Katharinen in Hamburg: "I am convinced that it is time for a courageous urban restructuring oriented to humans and that economy and financial interests have to integrate instead of dictating."

## imprint

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