

SPH newsletter

news

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status quo

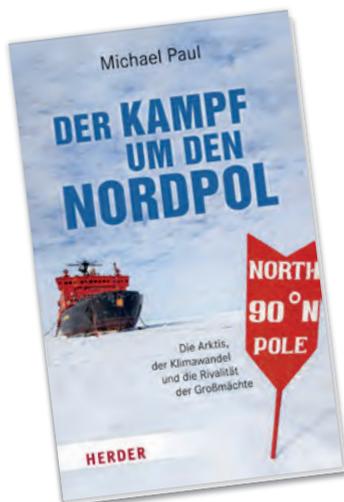
The Corona pandemic had already caused the economy to stutter. Now the war in Ukraine is exacerbating the situation further. Times are and remain uncertain.
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city

For ten years, the annual “Cities of Tomorrow” conference in Bucharest has been bringing together the various stakeholders in urban development – with success, as the example of Reșița shows.
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book review

Climate change is not only causing the melting ice at the North Pole, it is also changing the geopolitical situation.....page 19



DEAR READERS!



In conversations and texts, the four apocalyptic horsemen from the Book of Revelation appear again and again in the changed world in which we now live. They have characteristics that – in the wide range of interpretations in the exegesis here in a very abbreviated way – stand for small and large conflicts or even war, for illness and for increase in prices. The parallels to the situation in 2022 are obvious: the war in Ukraine, the Corona pandemic and inflation. Climate change is added, we all know the phrase „War on Nature“. Is the apocalypse now approaching with these messengers? An answer is impossible, it would be presumptuous. However, we can hope because not only the Revelation of John has existed for centuries, but also the world in which it was created and in which it is also present in art during all the times. From this, the optimistic reading concludes: despite everything, life always went on.

It also continues with real estate and investments. Developments and transactions are still taking place, events are increasingly being held again and digital achievements are also being used. Such confidence, such a framework, keeps us grounded. Nevertheless, concern remains, especially about the dimensions of the problems in the status quo the world has reached and about the human capacity to learn.

One of the apocalyptic horsemen carries an ancient beam balance. I wish you and all of us good balancing for the near and further future.

Yours,

Andreas Schiller

NEWS FROM CEE/SEE



The Warsaw Hub is the largest project that Ghelamco has developed in Poland. With the exception of the two hotels, Google has now acquired the complex.

GHELAMCO HAS SOLD THE WARSAW HUB TO GOOGLE

Ghelamco has signed the sale agreement of the office buildings with a retail and service passage in The Warsaw Hub complex. As a result, Google Poland officially is now the owner of this complex. The value of the transaction is approximately EUR 583 million.

The Warsaw Hub is a multifunctional skyscraper complex being developed near Rondo Daszyńskiego. It consists of three buildings: an 86-metre-high hotel building and two 130-metre-high office towers connected by a common five-storey podium. The Crowne Plaza and Holiday Inn Express hotels in the hotel tower remain run by Ghelamco.

EPP DELISTS FROM STOCK EXCHANGES AND SHIFTS ITS PORTFOLIO

EPP was delisted from the Johannesburg and Luxembourg stock exchanges. Since February 2022, the new owner of EPP is Redefine Properties, the second-largest Real Estate Investment Trust (REIT) listed on the Johannesburg Stock Exchange. There have also been changes in the EPP portfolio in Poland.

EPP entered into preliminary agreements for the sale of Towarowa 22 and Power Park Opole projects and sold about 50% of its portfolio by creating two joint ventures: Horse JV and Community Properties JV. The first covers nine M1 shopping centres and two retail parks. The second includes eleven retail properties and three office complexes.

After completing the sale of Towarowa 22 and Power Park Opole, aside from the newly established JVs, six shopping centres and retail parks will remain in EPP's ownership: Galeria Echo, Pasaż Grunwaldzki, Galaxy, King Cross Marcelin, Outlet Park Szczecin and Power Park Olsztyn.

The company's decision to delist its shares and reorganise its portfolio by selling a significant part of its assets was influenced primarily by the two-year pandemic and related temporary restrictions on operations, which had an impact on the company's financial situation, as EPP explains.

HEIMSTADEN BOSTAD ACQUIRES RESIDENTIAL PROJECT IN WARSAW

Heimstaden Bostad AB is buying the 400-apartments' residential project Aurora in Warsaw from the development company Dantex. The transaction is structured as a turnkey forward funded acquisition, where Heimstaden Bostad does not carry any direct development risk. Completion is scheduled for mid-2024.

The project is part of a larger housing development in the Włochy district, 10-15 minutes outside the centre of Warsaw and in close walking distance to the Jerolimskie train station and the business district Jerolimskie Corridor. The properties have a total of 19,550 sqm of lettable space.

Highlight Towers

Office Building
Munich
Germany



Helaba | 



Cantata

Residential
Washington, D.C.
USA



BETC HQ

Office Building
Pantin
France



ONE

Mixed-used
Skyscraper
Frankfurt
Germany



Windmill Green

Office Building
Manchester
Great Britain



Glories

Portfolio
Barcelona
Spain



Main Point Pankrac

Office Building
Prague
Czech Republic

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After the relocation of the Carbochim abrasives factory in Cluj-Napoca, the area is to be redeveloped. Romanian developer Iulius plans a mixed-use project with retail, offices and residential units.

IULIUS TO INVEST IN A NEW URBAN REGENERATION PROJECT IN CLUJ-NAPOCA

Romanian developer Iulius has announced a new urban regeneration project in Cluj-Napoca that will be jointly developed with Atterbury Europe following an investment of more than EUR 500 million. The project will be developed on a 15-ha land plot that hosted the Carbochim abrasives factory, which will be relocated in the meantime.

The project will feature 115,000 sqm of retail spaces, offices covering 23,000 sqm in the first phase, along with residential units. The developer will also enhance the infrastructure of the area and add a new bridge over the Someş River. In total, there will be more than 6,000 parking spaces and over 3,500 bike parking spaces and electric vehicle charging stations. Furthermore, two buildings on the Carbochim platform will be reconverted into cultural spaces.

PPF REAL ESTATE BUYS OFFICE CONSTRUCTION SITE IN BUCHAREST

Czech investor PPF Real Estate has acquired a construction site with a building permit in Bucharest, for the development of a new office building named ARC from property developer RC Europe. The project is due for completion in 2024 following an estimated investment of EUR 60 million.

The planned 10-storey office building spanning 30,000 sqm will be located at the western end of the extended city centre. The works on the ARC project are scheduled to begin in the second half of this year. The project will include underground parking for more than 300 cars, charging stations for electric vehicles, facilities for cyclists, storage space and its own recreational garden.

NEPI ROCKCASTLE STARTS WORKS ON PROMENADA MALL CRAIOVA

NEPI Rockcastle announced the start of works on Promenada Mall Craiova, an investment amounting to EUR 125 million. Completion of the project is scheduled for the fourth quarter of 2023. Built on a plot of approximately 200,000 sqm, the mall will have a leasable area of 53,000 sqm, with a built area of 72,000 sqm and 2,100 parking spaces.

PANATTONI TO BUILD NEW WAREHOUSE CENTRE IN CENTRAL POLAND

Panattoni is to open up a new warehouse centre in Central Poland. The developer has purchased a site in Pabianice, where it plans to deliver a park with a total area of 95,000 sqm. Panattoni Park Pabianice will be situated close to the S14 expressway, just 35 km from the junction of the A1 and A2 motorways.

Panattoni Park Pabianice is to be a complex of three buildings constructed on a 25 ha site. The first, 44,000 sqm hall is to be delivered in June this year and has already been leased by one of the leading electronic store chains in Poland.



KGAL has acquired the Charles Square Center in Prague from Commerz Real. The building offers almost 20,000 square metres of lettable space for offices, retail, gastronomy and healthcare.

KGAL ACQUIRES CHARLES SQUARE CENTER IN PRAGUE

KGAL Investment Management GmbH & Co. KG has acquired the Charles Square Center in Prague, which includes offices, retail, restaurants and healthcare space, on behalf of a pan-European fund. Seller of the inner city property with a total of almost 20,000 square metres of leasable space was Commerz Real.

Built in 2002, Charles Square Center is located on Charles Square, next to a metro station. Six bus and 12 tram lines stop directly outside of the building. In addition, the property provides 150 underground parking spaces for cars.

CRESTYL EXPANDS RESIDENTIAL PORTFOLIO BY ACQUISITION IN PRAGUE 5

Property development and investment company Crestyl bought a residential housing project in Prague Radlice, in the vicinity of Radlická Street, from developer Red Group. The project in Prague 5, which has already been granted planning permission, will include over 150 apartments. The price of the transaction was not disclosed.

Red Group has retained one residential building on the site, which is directly adjacent to the second phase of the Kotelna Park office complex. This building is already under construction and is not related to the latest acquisition, so it will not be connected in any way to the upcoming project.

ADVENTUM TO BUY 18 RETAIL PARK ASSETS IN CEE

The CEE focused real estate investment manager Adventum Group has signed contracts to acquire 18 retail park assets in the Czech Republic and Hungary anchored by Tesco in a EUR 280 million transaction. The portfolio comprises a total of approximately 360,000 sqm. A banking consortium of OTP Bank Plc. and Erste Group (Erste Group Bank AG and Erste Bank Hungary Zrt.) has entered into a new EUR 150 million acquisition facility to finance the acquisition of the portfolio.

HAGAG BUYS OFFICE BUILDING IN CENTRAL BUCHAREST

Hagag Development Europe has acquired a new office building located near Bucharest's central area with a built surface of 6,000 sqm. The 7-storey building has a history of 75 years and was built on Vasile Lascar Street, which is some 400 meters away from Bucharest's kilometre zero. The newly acquired building will be revamped by Hagag, but the developer said it was still too early to announce its future function.

GARBE: SPECULATIVE DEVELOPMENT IN CHOMUTOV

Garbe Industrial Real Estate Czech Republic has commenced the development of 30,000 sqm at Garbe Park Chomutov. The structure will be built on the plot of a former construction company. Garbe demolished and revitalized the brownfield area and prepared it for the new construction of an industrial hall, which will be finished by the end of this year. Garbe Park Chomutov is located in Chomutov right at the highway exit D7, 18 km from the German border and 98 km from Prague.

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Future Proof



Climate Ready Transparent Leadership

2030 Targets*

Net Zero

Carbon emissions by 2050 with 50% target by 2030

30%

Reduction in **energy** intensity by 2030

10%

Reduction in **water** consumption by 2030

10%

Increase in **waste diversion** rate by 2030

Our commitment

- Work closely with partners **to improve ESG performance**, demonstrating leadership
- **Promote best practice** of practical and accessible ESG solutions in real estate
- Respond to changing market dynamics for **greater levels of engagement and transparency**

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

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*There is no guarantee targets will be achieved.



The first phase of the Fashion House Outlet Center Pallady in Bucharest was inaugurated just over a year ago. Now the outlet is being expanded by another 5,670 sqm to a total of 14,000 sqm.

LIEBRECHT & WOOD STARTS WORK ON PHASE 2 OF FASHION HOUSE PALLADY

Fashion House Group will start the works at the second phase of the Fashion House Outlet Center Pallady, opened last spring, in the eastern part of Bucharest. The second phase brings an expansion of the commercial space by 5,674 sqm and will be inaugurated in the second quarter of next year. The total investment in the development of Pallady Fashion House Outlet Center amounts to EUR 45 million.

After the completion of the second stage, the project will have a total available space of over 14,000 sqm and will house 70 stores. Fashion House Group is part of Liebrecht & wood Group, a European real estate development company.

DLE POLAND SP. Z O.O ACQUIRES PROPERTY IN WARSAW

With the purchase of a property in Marywiski in Warsaw, the 2021 launched fund DLE Poland Sp. z o.o. has finalized its first transaction. The land, located in the Białoleka district north of the city centre and in close proximity to public transport and a nearby motorway junction, will allow the construction of up to 4,500 flats. DLE Poland Sp. z o.o. is an equity-based land bank.

7R SELLS BWI GROUP'S R&D CENTER IN POLAND

Polish developer 7R in joint venture with US investment company InSite Real Estate have divested BWI Group's research and development centre in Balice in the immediate vicinity of Kraków Airport. The property has been acquired by the REICO ČS Long Lease, a Czech investment fund, managed by the REICO investiční společnost České spořitelny, a.s. The value of the transaction is approximately EUR 27.3 million. The BWI Group's R&D center, developed by 7R in Balice, has 11,000 sqm of laboratory and office space. It consists of two interconnected buildings, built in 2020. The sole tenant of the property is BWI Group.

HINES BUYS LOGISTICS ASSETS IN PRAGUE

Hines has acquired a portfolio of four logistics assets, spanning a total of 65,960 sqm, in the surrounding of Prague on behalf of its Hines European Core Fund (HECF), from CPI Property Group, for an undisclosed price.

The fully-let assets are located in Brandýs nad Labem, Vestec and Jazlovice, all of which are well connected last-mile logistics locations around the Czech capital, with direct highway access providing a gateway to the majority of the Prague market within 30 to 40 minutes drive time.

REVETAS LAUNCHES LOGISTICS PLATFORM

Revetas Capital has launched a logistics platform targeting key transport routes and hubs throughout Europe. The first acquisition is a multi-phased developed logistics park east of Krakow that will offer 55,000 sqm GLA. This transaction marks Revetas' entrance onto the logistics market in Poland, a country where the company has been active for more than ten years in the mixed-use, office, retail and residential sectors.



The former Ford factory in Bucharest will become part of the One Floreasca City project being developed by One United Properties. The factory building is to be converted into retail and gastronomic areas.

ONE UNITED PROPERTIES ACQUIRES THE FORMER FORD FACTORY IN BUCHAREST

One United Properties announces the acquisition of a historic building in Bucharest, the former Ford factory, from Auchan Romania. The building, located within the One Floreasca City development of One United Properties, was the first Ford factory with an operational assembly line in Eastern Europe. The land where the factory was built was bought in the early 1930s by Henry Ford. The factory opened in 1936. Approximately 2,500 vehicles were assembled in the factory every year until 1948, when the plant was closed.

One United Properties intends to fully restore the factory and transform it into a retail space integral to mixed-use development One Floreasca City. The space will host an Auchan supermarket of 2,000 sqm, high-end shops and restaurants with terraces, distributed on the 6 m-high ground and first floor. One Floreasca City is a mixed-use development. It includes a residential component – One Mircea Eliade, an office building – One Tower, and a shared commercial area.

The Gross Development Value (GDV) of the development upon completion is estimated at EUR 82 million. Auchan Romania was already granted the building permit, therefore the construction will start immediately, with an estimated delivery date in mid-2024. Upon completion of the construction, the restored building will have a gross leasable area of approximately 13,000 sqm.

HELLOPARKS AND ERSTE BANK SIGN A EUR 82 MILLION LOAN AGREEMENT

Erste Bank will provide a total of EUR 82 million in loans to Futureal Group's industrial real estate developer, for the realization of the first three phases of HelloParks Maglód, for a period of more than 10 years.

The first 46,000 sqm building (MG1) was handed over in January. Preparations are underway for the second 45,000 sqm hall, which is scheduled to be handed over by the last quarter of 2022. The megapark in Maglód will be realized on a 46-hectare area where the company plans to develop more than 200,000 sqm of warehouse and light industrial space. HelloParks Maglód is located along Budapest's ring road M0, near the M4 and M5 motorways and the Budapest Ferenc Liszt International Airport.

PANATTONI LAUNCHES NEW WAREHOUSE PROJECT IN BYDGOSZCZ

Panattoni is developing its fourth logistics park in Bydgoszcz. The new complex will eventually comprise three buildings with a total area of more than 110,000 sqm. Panattoni Park Bydgoszcz IV will be situated in the village of Lisi Ogon near Bydgoszcz, in the borough of Białe Błota.

The first, 62,000 sqm building should be ready in the second quarter of this year. Another, with an area of 20,500 sqm, is to be developed as a BTS project and will be entirely occupied by Belma Accessories Systems (BAS), a company specialising in the production of technically advanced metal structures. The building is to be completed around the end of the second and beginning of the third quarter of this year. The construction of the third building – with an area of approximately 30,000 sqm – is also to start soon.

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AND LIFESTYLE
LARGE CITIES
WINNER

BEST ECONOMIC
POTENTIAL
LARGE CITIES
TOP 10

HAMBURG



The former Tesla Holešovice industrial complex in Prague is to be converted into a residential area with around 500 units.

SLOVAK DEVELOPER CRESCO ENTERED THE CZECH MARKET WITH SO-HO RESIDENCE

Slovak housing developer, Cresco Real Estate, is entering the real estate market in the Czech Republic. For its first-ever residential project in the Czech Republic, the company has chosen the former Tesla Holešovice industrial complex in Prague, which will undergo a major transformation. A residential complex with almost 500 flats will be built on the site of the current neglected car park and unused industrial building.

The construction of the SO-HO (SOuth HOlešovice) Residence was started in the second half of February with an introductory stage, which will focus on the reconstruction of the former Tesla Holešovice building in V Háji Street. The plans comprise 148 apartments and lofts with an industrial character, which will welcome their new residents at the turn of 2023 and 2024.

FUTUREAL AND UNICREDIT BANK SIGN LOAN AGREEMENT

Futureal has signed a loan agreement worth EUR 79,5 million with UniCredit Bank to finance the construction and long-term operation of Corvin Innovation Campus in Budapest. UniCredit Bank will provide EUR 45 million and EUR 34,5 million in loans to Futureal for the realization and operation of the first and second phases of Corvin Innovation Campus for a period of nine years. The first phase of the nine-storey complex will provide 16,650 sqm of GLA, while the second has 14,310 sqm of GLA in the immediate vicinity of Corvin Promenade, at the intersection of Szigony, Tömő, Apáthy and Balassa Street. The first phase of the office building will be completed by end of 2022.

AFI EUROPE TO BE A CO-INVESTOR OF THE TOWAROWA 22 PROJECT IN WARSAW

AFI Europe is to buy shares in the Towarowa 22 project. Pursuant to the agreement, AFI Europe will become Echo Investment's partner in the commercial part of the Towarowa 22 project, holding 70% of its shares. The part of the land designated for residential will become an exclusive property of Echo Investment that will also be the developer of the entire investment.

Located in the heart of Warsaw's Wola district, Towarowa 22 is an investment plot with an area of 6.5 ha. A former printing house and a shopping centre were located here in the past. The area is now intended for multi-functional development. A city park with a modernist pavilion of the House of the Polish Word (Dom Słowa Polskiego) will be a central point of the future investment.

HINES AND KAJIMA TO ENTER POLAND'S PRIVATE RENTAL HOUSING SECTOR

Hines and Kajima have announced the conclusion of an agreement to pursue development projects in Poland in the private rental housing sector. Hines and Kajima plan to start creating joint projects in the second half of 2022 and then expand the portfolio. The strategy is expected to include pure development and value-add projects alongside redevelopment of existing facilities with a change of use. The combined teams will also seek joint solutions for operational management across the portfolio using their experience in Poland and Western markets.

STAFFING



left: Răzvan Danciu
right: Zoltán Fekete



left: Klemens Haselsteiner
right: Alex Lukesch



Kevin Turpin

RĂZVAN DANCIU has been appointed Head of Property Management at CTP Romania. Răzvan Danciu has over 20 years of experience in project management and operations coordination for complex development projects. He is a graduate of the Faculty of Construction in Bucharest.

ZOLTÁN FEKETE took the role of President of the Management Board of GTC. He has been associated with GTC since July 2020 as Chairman of the Supervisory Board. Zoltán Fekete graduated from the Law Faculty of Eötvös Loránd University and obtained an MBA in Banking from the University of Exeter, UK. Zoltán Fekete has over 30 years of experience in international investment banking and private equity. As an investment banker, he worked for HSBC London, Credit Suisse First Boston in Budapest, London, and Israel. Between November 2015 and March 2022, he acted as CEO of Optima Investment Ltd.

KLEMENS HASELSTEINER has been appointed new CEO of Strabag SE effective 1 January 2023. Klemens Haselsteiner succeeds Thomas Birtel, who will be stepping down as CEO after ten years at the helm upon reaching the specified age limit. Klemens Haselsteiner has been on the Management Board since 2020. He set up and established the Digitalisation, Corporate Development and Innovation portfolio. Before that, he had worked for the group in Russia and in Germany, where he held a leading position in the Stuttgart subdivision, first as commercial business unit manager and later as subdivision manager.

ALEX LUKESCH, since 2019 Managing Director of Madison International Realty, has been additionally appointed as Head of the European Investments team. Alex Lukesch is active for Madison since 2008. Prior to that, he worked at Lincoln Property Company. Alex Lukesch received a BS degree in Economics from the Wharton School, as well as a BA degree in International Studies at the University of Pennsylvania.

KEVIN TURPIN has been promoted to Regional Director of Capital Markets for Central and Eastern Europe at Colliers International. Kevin Turpin, previously the Regional Director of Research for the region, brings a breadth of capital markets expertise from his 17 years of experience. In 2019, he joined Colliers from JLL in Prague where he was Head of Research & Strategy CEE representing the CEE region on the EMEA Research Board. Prior to that, he worked in HR consultancy, IT and the public sector.

LETTINGS



BLOX, PRAGUE

CZECH REPUBLIC 

Scott.Weber Workspace provides 2,550 sqm of new offices and coworking spaces in the BloX building in Prague that is owned by the Českomoravská Nemovitostní real estate group. Completed in 2015, the 16,200 sqm of office and commercial space. The building, completed in 2015, is offering 16,200 sqm of office and commercial space. BloX is located in Dejvice in Prague 6.

CENTRAL POINT, WARSAW

POLAND 

The group of tenants of the Central Point's building – property of ImmoPol – are joined by three companies: Bizneshub, on the Polish market one of the providers of flexible office and coworking spaces with its BelN Offices concept; GMS Management Solutions, an international consulting company, as well as Smart (www.smart.co) – a global retirement technology provider. A total of 3,200 sqm of office space has been leased. Central Point is located in the centre of the city at the intersection of the main arteries – Świętokrzyska and Marszałkowska streets, where the two underground lines intersect. The building's total area amounts to 20,000 sqm.

LAKESIDE, WARSAW

POLAND 

Lakeside, an office building which will be located in Warsaw's Mokotów district, has secured its first tenant, Hewlett Packard Enterprise (HPE). The investment owned by Atenor, a Belgian development company, is scheduled for completion in Q4 2023. Lakeside, an office building of approximately 24,000 sqm, will replace University Business Center I, one of two buildings purchased by Atenor in May 2018. It is located by a lake, in the proximity to Puławska and Rzymowskiego streets.

POLECZKI PARK, WARSAW

POLAND 

ILF Consulting Engineers Polska has once again renewed its lease agreement in Poleczki Park located in Warsaw's Ursynów district. The company occupies over 4,600 sqm of office space and additional warehouse space. Poleczki Park which is part of UBM Development Polska's Warsaw portfolio is an office complex comprising six buildings totalling 83,000 sqm of office space. An additional asset of Poleczki Park is its retail and service offer, which includes restaurants and cafes, a kindergarten, a hotel and a post office. Poleczki Park also features a multi-storey car park with space for 3000 vehicles.

SKYLINER, WARSZAWA

POLAND 

Capital.com has leased nearly 3,000 sqm office space in the Skyliner building at Rondo Daszyńskiego in Warsaw. Skyliner is a development of Karimpol Group. The office tower, located on Prosta Street in Warsaw's Wola district, is offering 47,200 sqm of space on 45 floors and 430 parking spots in the underground.

WARSAW HUB, WARSAW**POLAND** 

Axpo Polska, part of the Swiss Axpo Group dealing with energy trading, has a new headquarters in The Warsaw Hub building complex at Rondo Daszyńskiego in Warsaw's Wola district. The Axpo company occupies the entire 25th floor with an area of 1,484 sqm in building B. The Warsaw Hub, developed by Ghelamco and most recently sold to Google, is a multifunctional skyscraper complex consisting of three buildings: an 86-metre-high hotel building and two 130-metre-high office towers connected by a common five-storey podium. The complex is offering 75,000 sqm of office space.

QUATTRO BUSINESS PARK, KRAKÓW**POLAND** 

A private, bilingual Kids&Co. kindergarten and pre-school is to open in the Quattro Business Park office complex in Kraków. The property's owner and manager, Globalworth, has signed a lease with the chain for an area of 400 sqm. Quattro Business Park is an office complex comprising five buildings (A, B, C, D and FIVE) with a total area of 66,000 sqm. It is located in the north-eastern part of Kraków, at al. Gen. Bora-Komorowskiego 25, in the area of the Rondo Polsadu roundabout.

THE PARK KRAKÓW, KRAKÓW**POLAND** 

Cain International and its development partner, White Star Real Estate, have secured 4F, a Polish sports clothing company, as their first tenant at their office development, The Park Kraków. 4F will move into one of The Park Kraków's buildings later this year, taking over 7,000 sqm of office and showroom space. The Park Kraków located in the Podgórze district, is an office park comprising eight buildings with a total of 100,000 sqm of office space.

ARGHEZI 4, BUCHAREST**ROMANIA** 

iGaming provider EveryMatrix has leased 7,500 sqm in the new office building Arghezi 4 developed by Strabag Real Estate in central Bucharest. The project will be completed in 2023 and will have a total of 8,000 sqm of leasable space.

ONE TOWER, BUCHAREST**ROMANIA** 

Saint-Gobain Group will occupy 1,400 sqm in the One Tower building in Bucharest. One Tower is one of four towers in the One Floreasca City, a multifunctional development with office and residential components. One Tower has 16 storeys and offers a total GLA of 23,750 sqm of office space.

RIVERPLACE, BUCHAREST**ROMANIA** 

IT&C company PTC has expanded its offices in Riverplace in Bucharest. PTC has renewed its lease contract for the 3,600 square metre space already occupied in Riverplace and decided to add another 1,200 square meters, thus occupying a total of 4,800 square metres. Riverplace, owned by CA Immo, is located on the right bank of the Dambovită River in Sector 5 and has a leasable area of 47,000 sqm.

TIMES OF UNCERTAINTY



Taking in and caring for thousands of refugees in a short time is a major social and economic challenge.

Two years with the Corona pandemic already brought a lot of uncertainty and trouble to the economy. With the war in Ukraine the situation in Europe is getting worse in many ways. The prospects are anything but bright.

That the world would always continue to develop positively was one of the illusions that were widespread after 1989. At that time, there was talk of the “end of history”, but at the latest since the beginning of the war in Ukraine, no one can close their eyes to the fact that traditional geopolitics, which did not seem to play a role in Europe for decades, has returned in its worst form.

The Covid 19 pandemic had already shaken the European belief in progress – pandemics were something from the past, even epidemics took place at most in distant countries.

The return of war in Europe also was unconceivable for a long time. Yes, there were the warlike nationality conflicts in the Balkans, yes, wars were and are taking place in the Middle East, but in Europe? And yet now – 75 years after the end of the World War II – we are once again experiencing a war in Europe and many fear that it could develop into a third world war. In short, despite all belief in progress, only one thing seems to be certain: the best times we have al-

ready experienced, the next few years will be a hard time.

At the beginning of the year there was still hope that the Corona pandemic would be halfway under control with the possibility of vaccination and a step-by-step return to “normality”. This hope has been barked since 24 February.

Until then, it was firmly expected that economic growth, which had slowed down with the pandemic, would pick up again. Now the IMF has significantly lowered its growth forecasts for the world’s largest economies compared to January 2022: instead of 4.4%, worldwide economic output will increase by only 3.6% this



The lack of skilled workers in particular is slowing down economic growth.

year. By comparison: in 2021, the global economy grew by 6.1% despite the pandemic.

It is obvious that the war in Europe is slowing down economic development, but due to global interdependencies, countries like China and India are not spared from the downward trend. Especially in the USA, the growth engine is sputtering – here the IMF lowered its forecast from 5.2% in October 2021 to 4%.

However, this is still more than in the euro area: here, the currently forecast growth is 2.8% – 1.1% less than in January. And Germany, at 2.1%, is still below the euro area average (in January: 3.8%).

The war is exacerbating a situation that was already evident last year: interrupted or poorly functioning supply chains, rising energy and commodity prices and, hand in hand with this, an equally significant rise in inflation.

According to Eurostat estimates, the annual inflation rate in the euro area rose to an average of 7.5% in March. As a

result, private consumption, often a driver of economic growth, is also likely to decline, as the rising cost of living reduces the financial scope for non-essentials.

It may sound cynical, but since energy in particular has become more expensive by an average of almost 45%, the incentive to save energy and thus produce less CO₂ is high and at least rather positive for the climate. In addition, there is now increased pressure to become less dependent on fossil fuels and to replace them by renewable energies.

Although the topic of climate change is drowned out by daily news about the war, the latest statements in the report of the Intergovernmental Panel on Climate Change are more alarming than reassuring. After CO₂ emissions declined in 2020 due to the Corona pandemic, they rose again in 2021 and have reached new highs. The targeted limit of 1.5 degrees of warming is increasingly becoming unattainable.

All these factors and developments foreshadow that Europe is to expect heavy

seas ahead. At the same time, 5.6 million refugees from Ukraine – the majority of them women and children – have to be absorbed, with Poland currently bearing the brunt with more than 3 million people. Romania has received 836,000 refugees and even Hungary, which – as is generally known – is not very open about refugee issues, has taken in nearly 535,000 people. 448,000 people have gone to the Republic of Moldova, a country that itself has only 2.5 million inhabitants and is economically one of the poorest states in Europe. In comparison to Moldova, the number of refugees who fled to Germany, which is much larger and economically better off – 395,000 – seems moderate.

In all countries, there is a high degree of helpfulness, not only from individuals, but also from companies, especially real estate companies, which provide space so that people at least have a roof over their heads for the beginning.

Likewise, there are different initiatives in all countries to offer jobs to the refugees. What economists have long seen as a challenge could prove helpful regarding the employment of refugees: the shortage of labour in almost all of Europe's major economies, which is likely to worsen now that the baby boomers are gradually resigning from their working life and retiring.

Currently, the unemployment rate in Europe is 6.8% on average, the lowest level since Eurostat began its surveys in 1998. It is also a fact that the countries with the highest inflation – Germany, Poland, Hungary – have the lowest unemployment rates. This could make it easier for the refugees to establish themselves, because at the moment it is hardly foreseeable how long their exile will last.

Taking the multitude of crises that have been shaking us up in Europe for some time now and increasingly so recently, the real estate markets have so far proved to be largely resistant. After the shock following the outbreak of the pandemic, investments in commercial real estate in



Rising material costs and faltering supply chains are causing prices for new buildings to shoot up to incalculable heights.

Europe reached a new record of EUR 359 billion in 2021, according to CBRE.

BNP Paribas Real Estate reports EUR 272.7 billion invested in commercial real estate in Europe in 2021, and earlier this year expected that by the end of 2022 the 2019 level could be reached again, meaning the market would have fully recovered from the slump during the Covid 19 pandemic.

The investment markets in CEE (Czech Republic, Hungary, Poland, Romania and Slovakia) also picked up again last year. According to JLL, the total transaction volume was around EUR 11 billion, with Poland achieving the lion's share of EUR 6.4 billion, still the third-best result, surpassed only by the investment volumes in 2018 and 2019.

Investments in Poland were made primarily in the industrial and logistics property sector (EUR 2.8 billion), followed by office investments (EUR 1.7 billion), mainly in Warsaw and Krakow. However, there has been a slowdown in activity in the project development sector, not least because office take-up continued to decline in 2021 – unlike in most Western European countries.

The Czech Republic and Hungary followed at a considerable distance with EUR 1.64 billion and EUR 1.3 billion respectively, with investments in industrial and logistics properties dominating in the Czech Republic, especially in the second half of the year.

Hungary, on the other hand, remained significantly below the level before the pandemic, but according to JLL this was mainly due to the low supply of suitable investment products.

Romania follows in fourth place with EUR 900 million. The Romanian market has proven to be quite stable over the past two years despite the initially negative economic impact of the pandemic. However, Romania's economy also recovered quickly and, with an economic growth of about 7%, was clearly above the EU average of 5.2%.

So, at the beginning of the year, the assessments of the further development of the real estate markets in Europe were correspondingly optimistic, despite some already noticeable difficulties. These difficulties, however, have now exacerbated. It is not so much the higher demands on energy efficiency as the lack of build-

ing materials. For example, wood, steel, aluminium or bitumen came to a large extent from Ukraine, Russia and Belarus. These supplies are now failing. While prices had already risen to unimaginable heights before the outbreak of the war, construction projects are now becoming increasingly incalculable, as the availability of building materials is unsecured and prices continue to climb. Accordingly, banks are becoming more and more cautious in financing and risk premiums are rising.

This applies to both commercial and residential real estate. However, residential real estate in particular is needed more than ever, not only for each country's own population, but also for the large number of refugees.

How to solve all these problems and crises remains open. The longer the war between Russia and Ukraine lasts, the more difficult the situation is likely to become and the more the economy will be affected. You don't have to be a doomsayer to suspect that the next few years in Europe will be anything but easy-going and that the challenges will increase rather than decrease. And no one and no sector will be spared. | **Marianne Schulze**

TEN YEARS OF URBAN DEVELOPMENT IN ROMANIA



The applause of the panelists goes to the initiators and organizers of the annual “Cities of Tomorrow” conference.

For ten years now, the annual “Cities of Tomorrow” conference organised by AHK Romania (German-Romanian Chamber of Industry and Commerce) in Bucharest has brought together the various stakeholders in urban development. The anniversary was a good reason to sum up the experiences of the past and to look forward.

Do you still remember what you were doing ten years ago and what the world looked like back then? Most of us were probably in different contexts than we are today and our image of the world has also changed in that time. This is also true for the five participants in the panel discussion “10 Years Retrospective: What Did We Learn?”, which took the centre stage on 12 April 2022 at the 10th “Cities of Tomorrow” conference: Tatian Diaconu, CEO of Nhood Romania, Marcel Ionescu-Heroiu, Senior Urban Development Specialist of the World Bank, Raluca Munteanu, Development Director of Iulius,

Eugen Pănescu, architect and urban planner and co-founder of planwerk cluj, and Ioan Popa, Mayor of the Romanian city of Reșița.

They have all been associated with the conference for a long time and the history of Reșița in particular makes it clear what opportunities are available to participants in “Cities of Tomorrow”. Ten years ago, Romanian cities were still in the middle of the transformation process. More and more often large-scale production facilities had to close down, jobs were lost and mainly younger people were migrating to find a livelihood elsewhere. There was often not only a lack of money, but above all a lack of people who could plan, structure and implement the transformation process in the long term – and who, above all, were able to give the often-disillusioned population new hope.

The extent to which the development of Romanian cities depends on the commitment of the respective city leaders, but

also of the private sector, is meanwhile shown by cities like Cluj-Napoca, Iași, Sibiu or Timișoara, to name just a few. Nicușor Dan, Mayor of Bucharest, also emphasised in his welcoming speech that much depends on the respective administration: “Where the administration is weak, speculation flourishes – and speculation, as we know, is not conducive to sustainable urban development for the benefit of all stakeholders.”

The relationship with the citizens has also changed in the last ten years – the keyword is participation. In the beginning, buildings were often constructed without further ado, but now projects and urban developments are discussed with the citizens and the focus is increasingly on the quality of the respective projects, but also on the quality of life in the city. “The private development companies realized the need of quality very early,” confirms Raluca Munteanu, adding that quality has become also a decisive criterion for securing project financing. Other issues have been added



The new city centre of Reșița is being built on a 40-hectare former industrial site.

over the years – mobility, the role of public space and an increasingly better cooperation between private and public sector.

According to Eugen Pănescu, the merit of the „Cities of Tomorrow” conference is that it focused early on topics that were not (yet) discussed elsewhere. The „platform for dialogue” was also emphasised by Marcel Ionescu-Heroiu. Furthermore, it was always the aim of the conference to bring together people from very different areas, from the public sector and private sector to NGOs and socially committed groups. This is perhaps the point where “Cities of Tomorrow” differs from the multitude of events on the topic of cities.

The recent history of the city of Reșița is an example of how the “platform for dialogue” can be used positively by an active city leader and how it offers the opportunity to make contacts with private-sector companies at the conference. Ioan Popa is a son of his city, an engineer who worked in the private sector until 2016. He experienced the decline of Reșița firsthand, that “everything was getting worse and worse”. So he decided to run for the office of mayor. He describes his role as mayor as similar to that of “a CEO of a company whose shareholders are the citizens” and he sees his task above all in improving the living conditions of the citizens.

This meant not only creating jobs – “Cities of Tomorrow” was also helpful in this respect, because at one of the conferences he met a German company for white goods that now produces in Reșița – but also making life in the city more attractive. And from the very beginning, he involved the citizens. Among other things, the municipality set up a “Trust in Reșița” programme and provided the financial resources of about EUR 100,000 for citizens’ initiatives to improve life in the city. The man from the private sector was also aware of the fact that cities compete with each other and that the “assets” a city has must be promoted and marketed.

The biggest project at the moment is the redevelopment of a 40-ha area between the old town of Reșița and the newer part of the city. This was originally the site of a metalworking company that separated the two parts of the city. At one of the conferences in Bucharest, Ioan Popa met Tatian Diaconu and invited him to come to Reșița. As the CEO of Nhood (formerly Ceetrus and before that Immochan) admitted, Reșița was not on the list of 20 potential cities where the company wanted to get involved. But anyone who knows the mayor of Reșița can imagine his persistency. “He really clinged to me”, Tatian Diaconu described the situation with a smile. More out of politeness and with the resolution

not to invest there, he paid a visit to Reșița in 2017. It was the mayor’s sentence “If I don’t find an investor here, I don’t know how to save my city” that turned things around. He had thus appealed to the responsibility of private companies towards cities and the appeal had an effect.

In the meantime, the plan for the redevelopment of the area has been drawn up. The centrepiece of the project is a shopping centre with an area of around 35,000 sqm, which is to open in December 2023. At the same time, the Tower Plaza with leisure and sports facilities and a hall for concerts, sports events and trade fairs is to be built around a former cooling tower. This is to be followed by an aqua park with 40,000 sqm of space. A large DIY store is planned on the other side of the shopping centre. The project will be complemented by housing, offices, hotels and a clinic. This will create a new centre of Reșița, connecting the two previously separate parts of the city.

But that is nowhere near all. In 2011, Reșița had switched from trams to buses. But times change and so does the question of mobility. So the city administration has decided to invest into the modernisation of the city’s transport infrastructure and has developed a master plan for a multimodal electrified system with trams, electric buses and bike stations. The plan also includes the creation of a direct rail connection to Timisoara. The master plan won first prize in this year’s “Cities of Tomorrow” project competition in the Business Environment category.

Yes, many things came together for this success story – an active mayor, ideas and creative potential as well as a company that not only follows a business plan but is also aware of its responsibility towards society. To enable this mixture to emerge, the “Cities of Tomorrow” conference offers a platform – for networking, for dialogue, for creative ideas, for future developments. And by positive examples it contributes to encourage those who still have some parts of the way ahead of them. **I Marianne Schulze**

GEOPOLITICAL CONSEQUENCES OF CLIMATE CHANGE

The Arctic was previously considered a rather inaccessible place, covered by thick layers of ice, and was defined as a zone of peace after 1989. Since then, a change has taken place here – largely unnoticed by the general public – that harbours further conflict potential between the major powers and power blocs.

It is generally known that the consequences of climate change are serious at the North Pole, that temperatures are rising more strongly here than in other parts of the world and that the ecosystem – symbolised by the polar bear on the ice floe – is endangered. But the fact that the melting ice shell of the Arctic Ocean also has geopolitical consequences is rarely mentioned.

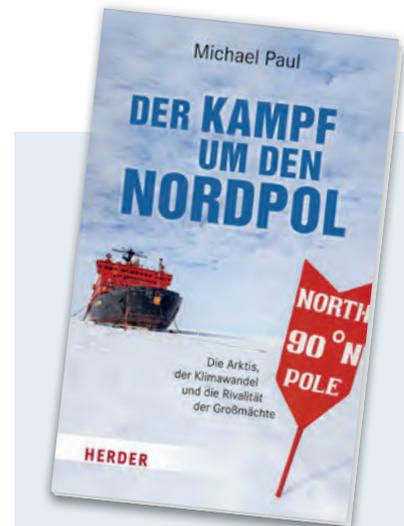
This is the context of the book *The Battle for the North Pole*, which looks at the recent political history of the region and the changes caused by climate change, the political and strategic considerations of the states bordering the North Pole – Russia, Norway, Sweden, Finland, Denmark (via Greenland as an autonomous territory of the country), the USA and Canada, but also China, which sees itself as a „polar superpower“.

But what makes the Arctic region so interesting? The melting ice opens up new

shipping routes, which, however, also require a corresponding infrastructure of Search and Rescue services in case of emergencies. Another point is mineral resources – on the one hand fossil resources such as oil and natural gas, but also rare earths. And last but not least, the changes in the Arctic are leading to new strategic considerations.

Russia has probably realised the strategic significance of the changes at the North Pole the earliest and most – understandably, since the country has the longest coastline in the Arctic Ocean. While this coastline was previously protected by low accessibility, with the melting ice cover this protection is becoming holey. If we look at the countries bordering the Arctic in detail, Russia is the best prepared country for the changes, at least militarily, but also the most aggressive actor in defending its claims. Likewise, China, considering the strategic importance of the region, is trying to gain a foothold in the Arctic by a variety of actions.

The author, Senior Fellow at the Stiftung Wissenschaft und Politik (SWP) in Berlin and Head of the SWP's maritime security discussion group as well as a Member of the Alfred Wegener Institute's Arctic dialogue, breaks down the political and military implications, but also points to pos-



Michael Paul
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sible solutions to the many conflicts. The book was written before the outbreak of the war in Ukraine – many options are thus no longer available, at least for the time being, and in view of the current situation, the book causes only limited optimism. It may be a somewhat dry and sobering read in parts, but the book is interesting all the same.

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