

SPH newsletter

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DEAR READERS,



Some days before Christmas and shortly before the year's end the recent issue of "SPH Newsletter" is on your desk(top). After the news this time we are looking back to the trade fair of retail and retail property Mapic and to the 7th Conference of European Regions and Cities, organized by IRE Institut der Regionen Europas (Institute of Regions in Europe) IRE and we present the winners of the Urban Quality Award 2011. The intersection of participants in these three events will be more than small—presumably it will tend to zero. However, it is our task to inform you about conferences and events you could not attend or take part in.

We are not only looking back but ahead as well: I am glad that six market players took part in what we call "tennis match" because it is a "service and return play"—we start a sentence and industry participants continue. To see who is representing which point of view in the current political and economic topics, please look at review 2011 and preview 2012 at page 7 and the following.

Last, but not least we want to wish you all the best for the upcoming Christmas holidays and the New Year. Because it is not only me, but all of the team of SPH Newsletter, who want to send you season's greetings, we decided to dedicate the last page to this purpose. There, on page 21, you have also the possibility to see who are my peers.

There is only one thing left: to wish you an interesting and enjoyable reading.

Yours

Andreas Schiller



Skopje City Mall in Macedonia's capital Skopje, the first modern shopping centre in the country shall be opened at the end of 2012.

EBRD SUPPORTS CONSTRUCTION OF SKOPJE CITY MALL

European Bank for Reconstruction and Development EBRD is supporting the development of Macedonia's retail infrastructure with a 18.9 million euros loan to Balfin Finance B.V., to finance the construction of the first modern, energy efficient shopping centre in the country's capital Skopje. It is the Bank's first investment in the emerging Macedonian property and retail sector.

The developer, Balfin MK d.o.o. is a joint venture company with an equal share-holding between Fashion Group, the largest retail group in the country, and Balfin, a regional retail and real estate development company. Balfin, who is based in Albania operates several shopping centres and is also the dominant owner of the Macedonian electrical retailer Euro Media.

The proceeds of the EBRD loan will be used to co-finance the development, construction and operation of the Skopje City Mall. Located three kilometres west of Skopje city centre, Skopje City Mall will be the first of its kind in the Macedonian capital and in the country. With a total area of 86,000 square metres, Skopje City Mall will comprise 150 shop units on three levels anchored by a 4,600 square metre hypermarket and a multi-storey and underground car park with 1,300 spaces. Completion is expected at the end of 2012.

POLISH STATE RAILWAYS SELLS LAND PROPERTIES IN WARSAW

Polcom Investement VI, part of HB Reavis Group, has won two tenders for the purchase of two land properties located in the city centre of Warsaw, at Chmielna and Al. Jana Pawła II streets. Vendor is the Polish state railway company PKP. The total transaction value was 171 million Polish zlotys (approximately 38.5 million euros). Cushman & Wakefield organised and coordinated the tender procedure.

INTER-MODAL RAILWAY TERMINAL IN PLOIESTI INAUGURATED

Alinso Group has inaugurated Allianso Terminal in Ploiesti in southeast Romania, the first independently managed Inter-Modal Railway Terminal in the region. The terminal will be operated in partnership with Rail Cargo Austria. The first finalised phase of the project incurred an investment of around 7 million euros. It comprises 19,500 square metres, has a rail track length of 1.13 kilometres and a total storage capacity of 1,028 TEU. The total project will be 10 hectares with a storage capacity of 5,000 TEU and 2.2 kilometres of rail track length.

Allianso Terminal is placed at the junction of the most important road and rail transport routes in Romania, creating the link between the Western and Eastern parts of the country including harbours on the Black Sea. Moreover, the terminal provides strategic access to major corridors in Western Europe.



Invesco Real Estate has purchased Futurama Business Park in Prague on behalf of iii-BVK Europa-Immobilien-Spezialfonds, an institutional pan-European core real estate fund of Bayerische Versorgungskammer (BVK).

ACQUISITION OF FUTURAMA IN PRAGUE COMPLETED

Invesco Real Estate has purchased Futurama Business Park in Prague for an undisclosed sum. The investment has been made on behalf of iii-BVK Europa-Immobilien-Spezialfonds, an institutional pan-European core real estate fund of Bayerische Versorgungskammer (BVK), which Invesco Real Estate has been managing since 2000. Futurama Business Park was purchased from Erste Group Immortent (Czech Republic). The Futurama Business Park acquisition comprises three newly built, grade-A office properties with a total space of 18,500 square metres including over 200 parking spaces. Futurama is located in Karlin, Prague 8, which is regarded as a key location for large local and international companies given its excellent transport connections.

AUCHAN COMES TO TYUMEN

French retail chain Auchan has become an anchor tenant at the largest shopping and entertainment centre in Western Siberia's city of Tyumen, taking 20,000 square metres. This will be the first Auchan hypermarket to be opened in Tyumen in 2012. Cushman & Wakefield was advisor on the deal. The new shopping and entertainment centre is situated at the intersection of Shirotnaya and Melnikaitte streets in a growing residential district in the south of Tyumen. The total area of the building is 100,000 square metres with a gross leasing area of 75,000 square metres and about 3,000 parking spaces. Developer of the shopping centre is MDS Group. The main architect is Chapman Taylor. The opening of the shopping centre is planned for Q4 2012.

RESOLUTION ACQUIRED 80 PERCENT STAKE IN POLISH MALL

Resolution Property acquired 80 percent of shares of the Supersam shopping centre project in Katowice on behalf of Resolution Real Estate Fund III. Developer Prime Properties, a subsidiary of Centrum Development and Investments, retained the remaining 20 percent of shares. Total value of Resolution Property's investment is 60 million euros. Supersam shopping centre with 21,000 square metres gross leasing area is under construction and due to open in 2013. It is located in the city centre, next to the bus station and close to the railway station.

W. P. CAREY PROVIDED DEVELOPMENT FINANCING IN CROATIA

W. P. Carey & Co. has provided 41 million euros construction financing for Austrian developer BOP. The financing will deliver 100 percent of the funds needed for the construction of three modern big-box retail sites in Croatia. When completed, the three sites will be long-term leased to Konzum that is a part of Agrokor Group, the largest private company in Croatia. Jones Lang Lasalle was an advisor to the transaction.



In the beginning of December the cornerstone ceremony took place in Split in Croatia to mark the start of construction of shopping and entertainment centre Mall of Split.

BUILDING PERMIT FOR MALL OF SPLIT

Croatian developer Tulipan Group Ltd has received a building permit for its shopping and entertainment centre Mall of Split, located in the city of Split, Croatia. The signed building permit allows construction to start. The shopping centre is scheduled to open in March 2013.

Mall of Split with a net leasable area of approximately 62,400 square metres will comprise around 200 stores. The entertainment area will include a disco, bowling alley, children's play area, multiplex cinema and casino. Visitors of the Mall will have approximately 2,320 parking places at their disposal.

LARGEST OFFICE DEAL OF THE YEAR IN MOSCOW CLOSED

Hals-Development and Mail.Ru Group have signed a long-term lease contract: Mail.Ru Group will occupy one of the two towers of SkyLight business centre in Moscow (39, Leningradskiy prospekt), the leased area is 29,932 square metres. This is the largest office lease transaction in Moscow in 2011. Cushman & Wakefield advised the deal.

NEW POLISH TELECOM HQ TO BE PURCHASED BY QATAR HOLDING

Bouygues Immobilier Polska has signed contracts with Qatar Holding for the sale of an A-class office complex in Warsaw's Ochota district. The complex, currently under development, will be the future headquarters of Polish Telecom—Telekomunikacja Polska SA., whose main shareholder is France Telecom.

The complex will comprise five office buildings totalling 43,700 square metres lettable office area and more than 1,000 parking spaces. The project is scheduled for completion by summer 2013. Advisor of Bouygues Immobilier Polska was the Polish office of Jones Lang LaSalle.

HB REAVIS IS LAUNCHING ITS FIRST INVESTMENT IN ZAGREB

HB Reavis Group and its subsidiary HB Reavis Croatia d.o.o. announced the start of their first investment in Croatia: an office building at corner of Savska and Vukovarska street in the capital city of Zagreb, an investment worth 60 million euros. The first project in Croatia will be in an A-Class office tower comprising approximately 34,000 square metres of gross buildable area. Start of project realisation is planned during next year, and the end of construction works and project opening is expected in 2014.



Yarmarka Shopping and Entertainment Centre in Astrakhan is one of the two recently opened shopping centres of PPF Real Estate Russia.

PPF OPENED TWO SHOPPING CENTRES IN RUSSIA

PPF Real Estate Russia, part of the PPF Group N. V., a finance and investment group in CEE, has opened two shopping centres in Russia: M5 Mall in the city of Ryazan, 200 kilometres southeast of Moscow, and Yarmarka Shopping and Entertainment Centre in the Volga city Astrakhan in southern Russia.

PPF was acting as project developer and manager of the development of the M5 Mall shopping and entertainment centre. On a ground area of 81,500 square metres M5 Mall offers around 200 shops, a hypermarket, a multiplex cinema and a large outdoor car park for 2,500 cars. M5 Mall is the first modern shopping and entertainment complex in the city with around 600.000 inhabitants.

Of Yarmarka Shopping and Entertainment Centre in Astrakhan PPF Real Estate Russia is principal investor. The total area of the Yarmarka SEC is 81,000 square metres, spread over 5 levels, the fourth and fifth of which constitute a car park with 700 parking spaces.

STAFFING



Artur Mokrzycki has been appointed as Head of Capital Markets Europe at Panattoni Europe. He will be replacing Vince George who has relocated to the US. Artur Mokrzycki has 20 years of experience in real estate investment management. He joined Panattoni Europe from AEW Europe where he held various positions including Managing Director for Central Europe and more recently fund manager of PBW I and PBW II funds.



Hugues Moreau has been appointed as new partner in the Warsaw office of international law firm Gide Loyrette Nouel. Hugues Moreau started his career in GLN's Warsaw office in December 1999. In 2001, he joined the Paris headquarters of GLN where he has been active mostly in the real estate investment and development sectors.



Daria Pfeiler is Head of the first Russian Desk at Rödl & Partner in Germany. The Russian lawyer and accountant has been changing to Nuremberg from the Moscow office of Rödl & Partner where she has been active as consultant for German investors more than six years. She was focused on retail, automotive, plant engineering and production as well as on the foundation of banks.

Stefan Schönauer was appointed new Head of Corporate Finance & Investor Relations at Immofinanz Group. In this function he follows Clemens Eisinger who will contribute his experience to the restructuring of Immofinanz Group's activities in SEE and the integration of the Adama Group in a key management function. After completing his studies in business administration and information management, Stefan Schönauer started his professional career with Invesco Asset Management. In December 2008, he joined Immofinanz Group.

*above left: Artur Mokrzycki
above right: Hugues Moreau
in the middle left: Daria Pfeiler
in the middle right: Stefan Schönauer
below left: Tim Turnbull*

Tim Turnbull has joined Europa Capital's management team with responsibility to expand Europa's fund relationships. Previously Tim Turnbull was Chief Investment Officer at Hermes Real Estate. Prior to this, he was at Aberdeen Property Investors.

NETWORKING FOR REAL

Networks are always in action and are currently at work on the next economic boom. The REAL VIENNA CONVENTION 2012 will be bringing the international CEE-state Real Estate network to Vienna for the congress. After all, this is where ideas and developments are initiated.



23-24 May 2012
Congress Center
Messe Wien

www.realvienna.com

**REAL
VIENNA**
CONVENTION 2012

**NETWORKING
FOR REAL**

REVIEW 2011 AND PREVIEW 2012



How do market players judge the year 2011? What are they expecting in 2012? For sure, the answers will not form a representative picture. But may be, there is one and another consideration that will stimulate further thoughts.

LOOKING BACK AT 2011, THE YEAR PROVED ITSELF ...

... surprisingly successful. Especially the transaction volume in the investment market has exceeded all expectation. The same is true for the private demand in the residential sector. Here the positive results are caused by private investors' general uncertainty about the capital market.

Jörg F. Bitzer

... a difficult, tormenting year in different parts of the world, but finally quite positive and successful.

Marek Koziarek

... a heavy sea with poor visibility.

Alexander Otto

... extremely thrilling. In the beginning of the year the crisis seemed to be overcome, but then the crisis returned strongly. However, every crisis offers opportunities. Some seized the chances, others had to pay the bill for their past management mistakes.

Hubert Stech

... successful but associated with challenges.

Robert Stolfo

... challenging but promising good opportunities for resolute and offensive market players.

Manfred Wiltchnigg

A POSITIVE SURPRISE WAS/WERE ...

..., the partly very positive trends in some Central and Eastern European

markets. The mistakes committed in times of booming markets are analysed and caused some experience. Therefore many market players are looking forwards with stronger confidence.

Jörg F. Bitzer

... the substantial number of well-structured projects in the retail and office sector in Poland and the recovery of interest in financing from new lenders side.

Marek Koziarek

... the very good start of the year.

Alexander Otto

..., that despite the crisis confidence persisted and that an increasing number of market players is in search of new concepts. Further more, 2011 proved the attractiveness and stability of Germany because more and more international retailers came to Germany.

Hubert Stech



Jörg F. Bitzer,
Managing Director,
EHL Asset Management



Marek Koziarek,
Managing Director,
Commercial Real Estate
Finance Department,
Bank Pekao



Alexander Otto,
CEO, ECE

... the performance of the German national team in the qualification play-offs for European Football Championship.

Robert Stolfo

... the economic recovery of most real estate markets in Europe combined with increasing rents and decreasing vacancies in the first half of the year as well as strong transaction activity of international investors on Central European core markets.

Manfred Wiltschnigg

**TO JUDGE AS RATHER
NEGATIVE IS ...**

..., the strong impact of the global debt crisis on investors' confidence and on markets like Hungary that partly are suffering indirectly.

Jörg F. Bitzer

... the worsened situation in the Polish residential sector: too much of construction, weakening demand and further limitations on mortgage lending introduced by the central bank. These limitations are necessary, but additionally squeezing the demand. Furthermore there is the uncertainty in the financial markets with Greece collapsing, Italy in dangers, Germany's economy slowing down and the unimaginable size of the corresponding problems.

Marek Koziarek

... the intensified global debt crisis including the stock market crash last summer.

Alexander Otto

..., that some retail market players were rather handicapped by the crisis than becoming innovative and creating new concepts. Sooner or later this lack of flexibility and creativity will cause that companies will run off the market or be taken over by others.

Hubert Stech

... the political indecisiveness on the European level that is the reason for the uncertainty on the investment markets.

Robert Stolfo

... the unpleasant situation of some important financing institutes whose possibilities of lending were limited because of the changed regulatory capital reserves requirements.

Manfred Wiltschnigg

**IN 2011, RETAIL REAL ESTATE WAS
INVESTOR'S DARLING. IN 2012,
PRESUMABLY IT WILL BE ...**

... the same, with new projects mainly in smaller cities, as far as Poland is concerned.

Marek Koziarek

... retail real estate as well with a clear focus on prime properties and those with value-add potential.

Alexander Otto

... the same. However, the retail segment will be analysed more exactly and big boxes as well as smaller retail locations will gain more importance. Furthermore the expansion drive of retailers and the investment intentions of the real estate industry will bring both sides closer to each other. Retail will force property industry to become more creative and will put forward the role of clients. In the end the motto is still valid: Where the client feels welcome there is the best location for a successful investment.

Hubert Stech

... retail property as well.

Robert Stolfo

... again prime retail property in regions with strong consumer spending power. The most interesting countries will comprise Germany, Poland, the Czech Republic and Russia as well.

Manfred Wiltschnigg



*Hubert Stech,
Property Consultant, former Managing Director of Douglas Immobilien*



*Robert Stolfo,
Senior Director Product Management, Invesco Real Estate*



*Manfred Wiltschnigg,
Member of the Executive Board, Immofinanz Group*

FOR THE REAL ESTATE INDUSTRY IN 2012, THE TROUBLE ABOUT THE EURO WILL IMPLY ...

... no sustainable negative effects according to our point of view. Regarding this questions we are optimistic and assume that there will be soon a common European answer to the problems with the euro.

Jörg F. Bitzer

... a shortening of liquidity, deposit wars, less availability of euro re-financing, less trust between market players, less confidence in lending to real estate segment, increase of cost of funds and risk margins and buffers.

Marek Koziarek

... that private equity and good risk management continue to be important for surviving.

Alexander Otto

... that again investors with private equity will be the winners and that international investors from outside the euro zone will be in search of opportunities more intensively.

Hubert Stech

... increasing uncertainty and restraints of banks.

Robert Stolfo

... one of the main reasons for uncertainty. But from today's point of view this fact seems to be controllable by big and stable real estate companies with long-term financing and a clear and predictable strategy.

Manfred Wiltschnigg

IN 2012, THE MOST IMPORTANT CHALLENGES FOR THE REAL ESTATE INDUSTRY WILL BE ...

... to learn the lessons of the past, to adopt the former experiences and to watch the different markets attentively.

Jörg F. Bitzer

... to get access to a decent euro re-financing, the quality of residential portfolio and to establish again confidence in the sector.

Marek Koziarek

... the sovereign debt crisis and the corresponding limited financing possibilities of banks.

Alexander Otto

... to restructure the portfolios: to divest quickly the weak parts and to increase the number of strong assets. Another challenge will be to invest in properties and locations that have to be "refurbished". The

trend seems to be to purchase properties with some difficulties and to redevelop them into a "perl". That is something classical investors are mostly unable to do. However, in the near future there will be scarcely simple and completed projects. In the next year the greatest challenge for investors will be to get financing facilities for investments transactions and for refinancing from banks.

Hubert Stech

... to identify appropriate investment possibilities that will meet yield requirements and are able to achieve financing loans at acceptable conditions.

Robert Stolfo

... the crisis of the financial markets and banks as well as the austerity of nations, companies and private households.

Manfred Wiltschnigg

IN 2011 IN CEE MAINLY POLAND AND CZECH REPUBLIC WERE IN THE FOCUS OF INTERNATIONAL INVESTORS. IN 2012 ...

... there will be added Slovakia and presumably Romania, because these markets have huge growth poten-

tial. Furthermore these countries are showing relatively strong macro-economic data.

Jörg F. Bitzer

... I feel unable to answer, because I am only focused on Poland. I believe Poland, Russia, Czech Republic and Turkey will stay to be relatively stable countries. Generally in times of uncertainty higher risk regions will experience serious troubles in attracting investment. Also the euro zone will be considered as highly risky. What will then remain in the region if not the four mentioned countries?

Marek Koziarek

... there will be added Turkey because investors realise that sound fiscal policy together with a strong increase in population offers good growth opportunities.

Alexander Otto

... the focus will continue to be on these countries although most of the attractive assets are already sold. Romania could be added, because with 20 million inhabitants it is one of the biggest countries in the region. Croatia will gain momentum by the EU accession; may be that by this investors' interest will further increase. More generally it is time to think again about investments in Spain and Italy: in both countries prices have decreased so far that currently there are good investment opportunities.

Hubert Stech

... no other market will be added because investors will continue to be cautious.

Robert Stolfo

... there will be potentially added Russia and Turkey because these two European countries are big markets with stable growth and sound pent-up demand.

Manfred Wiltschnigg

IN 2011, THE RUSSIAN REAL ESTATE MARKET EXPERIENCED A NEW BOOM, BUT MAINLY RUSSIANS WERE ACTIVE IN THEIR HOME COUNTRY AND BENEFITED OF THE POSITIVE MARKET DEVELOPMENT. IN FUTURE ...

... we expect international investors entering the market step by step. International investors are approaching Russia very cautious because it is difficult for them to understand the complexity of Russian bureaucracy and the administration's basis of decision-making. That causes a lot of uncertainty.

Jörg F. Bitzer

... some Russian players may come to Poland. It's too early for real estate for them, but Sberbank declares interest in buying some Polish banks.

Marek Koziarek

... international investors will continue to watch the market intensely and will be active only selectively. Real estate investors are long-term investors and therefore the main condition is confidence in long-term legal security.

Alexander Otto

... there will be no change. Russia is not only Moscow and Saint Petersburg, but also Novosibirsk, Yekaterinburg, Samara ... Many cities are known by investors by name in the best case. Investors feel too much uncertain to become active in these cities. And for a fund manager it is too intricate to take care of an asset behind the Ural Mountains. Therefore also the Russian market for retail properties will remain more or less in Russian hands. Only in some rare cases the market will be open for international investors via joint ventures with Russian companies.

Hubert Stech

... there might develop an international institutional market if Russia will defi-

nately solve its problems with corruption and guarantee legal security.

Robert Stolfo

... international investors' activities in the Russian market will considerably increase and by this competition—mainly in Saint Petersburg and Moscow—will clearly intensify.

Manfred Wiltschnigg

IN 2011, TURKEY WAS MENTIONED CONSIDERABLY OFTEN AS A PROMISING MARKET, BUT IN FACT NOT SO MUCH HAPPENED. IN 2012 TURKEY WILL ...

... continue to be an interesting country for investors. Especially regarding high-quality prime retail space in areas of high population density there is still great development potential.

Jörg F. Bitzer

... see above.

Alexander Otto

... continue to be in investors's focus, because unlike its neighbour countries Turkey shows quite stable. Furthermore the 60 million inhabitants of the country are amenable to new retail concepts. What is also to keep in mind: Turkey will continue to expand its role as mediator between East and West, Europe and the Islamic countries. That is another reason why Turkey will take care to remain open for investors.

Hubert Stech

... be watched by investors, but international transaction turnover will not start to increase until there are sufficient international professionals active in the market.

Robert Stolfo

... accelerate and definitely become more important as an alternative investment location.

Manfred Wiltschnigg

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RETAIL FOR CHANGE

Currently investors are bullish about retail real estate. Thus it is not surprising that Mapic, the trade fair for retail real estate being held in the middle of November in Cannes, attracted roughly 8,000 participants.

Quantity is one criteria, quality the other. From the quantity point of view Mapic 2011 was definitely a success. About 2,300 participating retailers is even an increase of 12 percent compared to the year before, as the fair's organiser Reed Midem reported.

But in terms of quality this year's Mapic was convincing as well—not by high-fly renderings or overheated investments, but by practicality comprising many talks dealing with facts instead of plans only. For sure, the current development of the market contributes to the fair's success. The expansion strategies of retail companies on the one hand and the current preference of either institutional or private investors for retail property—i.e. mainly shopping centres—on the other hand Mapic was the ideal meeting point for all involved in cross-border activities or wanting to present themselves to an international public. In the Palais des Festivals and the adjacent Espace Riviera, for example, there were showcased plans for an outlet centre in Copenhagen and another one in the German city of Remscheid, shopping centres among others in Moscow, Poznan, Szczecin or in the capital of Belgium, where the new city district "Neo Brussels" at Heyzel Plateau is comprising retail facilities as well.

Despite all enthusiasm three aspects should not be disregarded: First, many investors are focused on retail real estate not because they are totally convinced by this asset class but mainly due to the fact that in many cases the "classic" of-



Mapic in Cannes is an annual meeting point of retailers and real estate industry.

office investment is not as promising. Second, retail can turn out as unappreciative or at least intricate type of use, if concepts and brands change rapidly in very short time or the expansion strategy—sometimes optimistically planned—does not fit with customer's acceptance

and/or customer's real purchase power. Third, there is to recall the time before autumn 2008: There were secondary cities where up to 12 shopping centres were planned—even then it was obvious that it was too much to provide sufficient profit for each of them.

Remembering this, a mix of astonishment and scepticism was caused by the results of a research study by Cushman & Wakefield. There was reported that in 2011 in Europe some 6.8 million square metres of retail space are in the development pipeline—the lion's share of 46 per cent in Russia and Turkey. On the other hand it was reassuring to hear that this is

current environment she expects "further polarisation across the best and worst locations and the strongest and weakest assets". For Henderson Global Investors, whose property portfolio is overweight to retail, it is essential to practice substantial research before investment decision are made. However, optimism is given by Paul Nicholls, Head of Asset Manage-

Financing seems to be all right for a great many of projects. In Cannes TriGranit presented, among other projects, "City Center Poznan". The refurbishment of the central train station and its surroundings in the Polish city of Poznan also comprises a shopping centre. A similar development is "Emonika City Center" in the city of Ljubljana in Slovenia. Here as well the



No inner-city development without retail elements: at the left Zorlu Center in Istanbul, at the right City Center Poznan in Poland.

only a statistic figure. According to Cushman & Wakefield not all the planned space will come to the market because of the delay of delivery in many projects. "Any investment should be considered in the context of long-term purchasing power analysis. In addition, any retail property needs a functioning and flexible concept. Otherwise especially shopping centres, because they are difficult to redevelop for other uses, can face long periods of decline, or ultimately close", a view shared by James Bauer Managing Director of REAG Real Estate Advisory Group GmbH, who also pointed out that "particular approaches may however not work well in all cases".

Alice Breheny, Head of Research Property Europe at Henderson Global Investors in London, puts it straight: "Gone are the days where retailers will need trade from 500 stores across the UK; many could half their store portfolios." Regarding the

ment of the Herald Fund at Henderson Global Investors: "We will definitely continue to invest in retail, in the short-term as well as in the long-term future."

Headquartered in the Hungarian capital city of Budapest, TriGranit is active in seven Central and Southeast European countries. According to a company's statement today TriGranit is third or fourth largest developer of retail real estate in Europe in general and the largest in the CEE/SEE region.

At Mopic Árpád Török, CEO of TriGranit Corporation, reported how they got through the crisis. "Already five years ago we started to reduce the internal costs. In 2008, this was really vital. Up to now we reduced our internal costs by roughly one third. Furthermore, we stopped forming up teams for projects not much more than an idea for the future. Teams are not formed up until financing is all right."

shopping centre "Emonika City Center" shall contribute to enhance the central station's surroundings. For both projects former experiences will benefit TriGranit: In 1999, "WestEnd City Center" in Budapest opened its doors. Developed by TriGranit it is located next to the railway station West and comprises a shopping centre, offices and a hotel. At the same time on the Danube bank in Pest the first phase of the development "Millenium City Center" started.

Also on the Pest side of the city TriGranit developed the "Palace of Arts". This complex was completed in 2002, and comprises a museum, a festival theatre and the National Concert Hall named after Hungarian composer Béla Bartók. The "Palace of Arts" is considered the first public-private partnership project of that kind not only in Hungary, but all over CEE/SEE. "Since long we are active in PPP projects", explains Árpád Török.

"Thus we have really a specialised knowledge and some experiences in PPP not only in Hungary." He refers to "Zagreb Arena" in the capital of Croatia, a sports arena with 15,000 seats completed in 2009. One year later the shopping centre "Arena Centar" was added. In Saint Petersburg in Russia a project similar to the Budapest "Palace of Arts" is under way and hopefully can be expected very soon. Talking to Árpád Török it becomes evident: For TriGranit retail is an important market segment, but definitely not the only one.

Retail as one type of use among others is not only a topic in corporate strategies. It is as well an important part of many development or redevelopment projects, especially in inner city areas. The railway station project in Poznan is

very important for TriGranit as well as for the city of Poznan, but compared to some other developments showcased at Mapic it looks rather small. Large-scale (re)developments were presented from Doha in Qatar as well as from Istanbul.

Although neither in Europe nor in CEE/SEE, Doha is worth to take a look at. Msheireb Properties redevelops the historical city centre of Qatar's capital Doha. The project area is roughly 31 hectares, an investment volume of about 5.5 billion US-Dollars is calculated. Some 90,000 square metres of the redevelopment are dedicated to retail—among others, there are planned a department store, flagship-stores of international retail chains, supermarkets as well as some outlet centres. All these retail elements will not be separate developments, but right the other way

around: these retails are an integrative part of the whole project. Guideline in the master plan is a well-functioning and attractive infrastructure, which, among others, will comprise a pedestrian area called "Sikkat al Wadi".

"The master plan is divided into five phases. Phase one, which includes government buildings and the National Archive, has already started. Beside retail and restaurants the following phases will comprise apartments, offices and a Mandarin Oriental Hotel of the five-star category", John L. Rose reported at Mapic. He is Director Development at Msheireb Properties: His more than twenty years of experience in real estate and especially property development include many years with TishmanSpeyer in Germany. That was in the 90s when TishmanSpeyer

CONGRESS REISEN FRÖHLICH



Messe/Fair

Stadt/Town

Datum/Date

M	I	P	I	M	C	A	N	N	E	S	0	6	0	3	-	0	9	0	3	2	0	1	2
P	R	O			S	A	I	N	T	1	2	0	9	-	1	4	0	9	2	0	1	2	
E	S	T	A	T	E	P	E	T	E	R	S	B	U	R	G								



View on the capital city of Qatar, after the redevelopment of downtown Doha will be completed.

was busy in Berlin with the mega-project Potsdamer Platz right in the middle of the German capital after the reunification. Compared to Doha's inner city redevelopment Potsdamer Platz was smaller, but comparably complex. The redevelopment of downtown Doha is embedded into "Qatar National Vision 2030". But FIFA World Cup in 2022 will additionally spur the project because then Qatar will host the FIFA World Cup.

Geographically Istanbul is a bit closer than Doha. From the metropolis of Turkey, Zorlu Property Group showcased a new city quarter comprising an area of 10 hectares. "Zorlu Center", following a master plan arising from an architecture competition in 2007, is situated on the European side of the city at the Bosphorus. "The project includes three residential towers, a hotel tower and comprises retail, offices and a centre of culture as well. Raffles already agreed to operate the hotel", Bugra Devrimci, Development & Operations Manager at Zorlu Property Development & Investment, said. The "Performing Arts Centre" will include

two stages in two halls for an audience of 2,300 and 770 visitors respectively and a representative multi-storey foyer as well. It is also worth mentioning that "Zorlu Center" will have a lot of green areas—at least compared to what is more or less common in Istanbul. This is not only due to the current discussion about sustainability and "going green", but in fact is a unique selling point of "Zorlu Center" which already was awarded several times.

From Russia there were some exhibitors at Mopic as well. In a prominent position was the booth of developer Regions Group, who are active in more than 20 Russian cities. Not as centrally located, but always pretty crowded was the smaller stand of the Russian Council of Shopping Centers RCSC participating at Mopic meanwhile for the 10th time. Among the stand partners was PIK Group, which is active in Moscow and Moscow Region for meanwhile 17 years. So far PIK always was in residential, but now the development and property management company

is diversifying, and has chosen Mopic to announce the foundation of PIK Retail and to present the activities of the new company.

International Council of Shopping Centers ICSC came along with amazing news as well. These included the presentation of the "European Service Charge Guide" for shopping centres. The report informs about the different service charges and their composition in 27 European countries. This can be a hot topic not only for retail tenants, but for shopping centre operators and investors as well. "The European Service Charge Guide offers a transparency not known up to date. This can and shall set new standards", Filipa Fernandes, Head of Research and Innovation at SES Spar European Shopping Centres and Member of the ICSC Retail Asset Management Committee, explained. Too, ICSC announced that the next European conference will take place in Berlin on April 18 – 20, 2012. ECE and Henderson Global Investors already are among the sponsors of the conference. | **Andreas Schiller**

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ABSTRACT IDEAS BECOMING CONCRETE: THE EU IN THE REGIONS



Brussels, Luxembourg and Strasbourg, but on the regions as the locations where every day's life is taking place. Here the impact of the EU is showing e.g. in signs referring to the fact that monuments, village school houses, railway lines, cottages and wineries are "supported by the European Union", signs that can be found nearly everywhere.

Arrived in the hotel in Linz there was already a first remark to the topic of the opening discussion "The Digital Agenda for Europe as a Chance for Less Developed Regions". There were handouts about Pixel Hotel, an especially in Linz created possibility for an unorthodox use of extraordinary rooms: The visitor of the city can book—of course, online—an uncommon accommodation on a disused ship, in an old factory, in a soup kitchen or in a gallery.

Out of the many activities of Institut der Regionen Europas IRE (Institute of the Regions of Europe) the annual Conference of Regions and Cities in Europe is the biggest event. Although IRE has its domicile in Salzburg, the conference 2011 took place in Linz for the first time. This year's guiding theme was "Economy meets Politics".

Nearly 300 participants from 22 countries, most of them from Croatia, gathered in Linz, the capital city of Upper Austria, for the 7th annual conference of IRE. The guiding theme "Economy meets Politics" was mainly attached to the second and most important day of the conference that was focused on "Strategy Europe 2020 – Overcoming of the Financial and Economic Crisis – Implementation on the Regional and Local Level". The main topic of the first day was "The Digital Agenda for Europe as a Chance for Less Developed Regions", while on the third and last day—practically oriented and dedicated to science and young academics—the question "How to Find Additional Finan-

cial Resources for Regional Universities" took centre stage.

Although the themes seem to be rather general and diversified, they reflect exactly the variety of tasks and regions within the European Union. Meanwhile there is no area of life that is not determined in any way by the EU. Furthermore, there are 271 European regions with at least just as much different characteristics.

Just these European regions were the centre point of IRE's annual conference, according to the sentence that "Brussels is located in Europe, but Europe is more than Brussels". Currently at least in the Western member states there is some sulkiness about politics combined with remarkable scepticism against the EU and its administrations and political institutions. This rather negative development as well as the question about the opportunities offered by the EU played an important role in all of the discussions. Talking about opportunities within the EU the focus was not on the "European capitals"

But in "Steinerner Saal" (Stony Hall) of Landhaus Linz, a renaissance building that today is the seat of the Upper Austrian provincial government, it became evident soon that "digital" comprises more than internet and electronic media—it affects nearly all aspects of life. E-commerce and e-government, digital availability, digital archives were only four aspects in discussion by Manfred Litzlbauer, Managing Director at Energie AG Oberösterreich Data GmbH, Manfred Moormann, Head of Broadband Entertainment and Services at A1 Telekom Austria, Franz Schausberger, President of IRE, and Markku Markkula. Markku Markkula is not only Member of the EU Committee of the Regions and there Rapporteur on Digital Agenda, he is as well reporting from his home country Finland about the Role of Regions in Achieving the Objectives of EU 2020 and Member of the City Council in Espoo, a city adjacent to the Finnish capital Helsinki.



Typical features of IRE conference are intensive discussions. Also Austrian Federal Minister of Economics Reinhold Mitterlehner (right picture, 2nd from left) and Upper Austrian Prime Minister Josef Pühringer (2nd from right) accepted the invitation by Franz Schausberger (left).

Because Finland was one of the first to take advantage of the digital networks' possibilities Markku Markkula could bring into the discussion a vast experience that might help other less advanced cities and regions.

Manfred Litzlbauer and Manfred Moormann put emphasis on the possibilities and experiences with technological progress in their home country Austria. Their contribution to the discussion as well as the statements of IRE President Franz Schausberger who is also Member of the EU Committee of the Regions, representing the Austrian state Salzburg, caused attentive listening. The summary of the many activities in Upper Austria only showed that in many aspects Austrians have followed the former pioneer and how activities were adapted to the new technological possibilities and social requirements. As an example Wolfgang Heufler presented the "Archivium", an electronic archive of documents and deeds set up by Austrian lawyers. "Austria was the first country in the world with an electronic land register. Already in 1980 all property entries were completely digitalised and the big land register books could go into retirement", the lawyer reported.

The second day the venue was the conference and event complex "Design Center

Linz". Here the discussions were about the "Strategy Europe 2020" and its "Implementation on the Regional and Local Level". Keynote speakers were Reinhold Mitterlehner, Austrian Federal Minister for Economy, and the Vice President of European Investment Bank EIB, Luxembourg, Austrian-born Wilhelm Molterer.

In the following representatives of the regions, beside others from Sarajevo in Bosnia and Herzegovina, from Wielkopolska region in Poland and from Istanbul, were discussing with representatives of European Commission and of Austria about sustainability and economic growth possibilities in the regions.

In the afternoon there were parallel workshops about "Restoration of Regional and Local Public Budgets" and "Intelligent Smart Grid-Solutions – E-Mobility" as well as "Modernisation of Traffic Systems for a Resource-preserving Europe – Financing of Infrastructure" and "Energy Efficiency in Cities and Energy Performance Contracting" on the agenda. To mention is that in every workshop there was at least one keynote speaker from western countries and one from CEE/SEE. In the evening the conference was finished off with a gala dinner in "Stahlwelt" (World of Steel) at the headquarters of the worldwide known Austrian steel corporation Voestalpine.

On the third and last day the conference took place in the "Power Tower" of Energie AG Oberösterreich. The office building designed by Linz-based architect Wolfgang Kaufmann and completed in 2008 was impressing by its energy efficiency—it is nearly a passive building—and its quite open interior design.

Located in the neighbourhood of the city's main train station the location facilitated the way back home for many participants. Therefore it was more than pleasing that after the lectures and panel discussions about "How to find Additional Financial Resources for Regional Universities" with representatives from Austria and CEE/SEE the "Networking Lunch" justified its name. Different to many other events the participants did not leave directly the venue after the official part was finished, but there were still many talks and discussion about the themes and topics of the last day as well as about the future tasks and opportunities in the cities and regions. Positive as well was that by this occasion programmes for Turkey and the further development of the country were discussed quite frankly and without returning to the question of an EU membership.

The successful conference is reason to present the role and the activities of IRE (www.institut-ire.eu) in one of the next issues more in detail. | **Andreas Schiller**

GREAT SUCCESS WITH SMALL FUNDS



Awarded with the Urban Quality Award 2011 of Eurohypo: the “Heroes of the Ghetto Square” in Krakow (above), “Park am Gleisdreieck” in Berlin (below left), and the redesign of Klagesmarkt in Goseriede district in Hanover (below right).

The “Heroes of the Ghetto Square” in Krakow has won the Urban Quality Award 2011. Eurohypo established the annual prize in 2006 as a way of recognising trailblazing sustainable urban development projects.

This year, the prize was open to projects in Germany, Eurohypo’s home market, and Poland—a core market. And for sure, it was not due to political correct-

ness, that the Krakow-based architecture firm Projektów Lewicki Łatak (Piotr Lewicki und Kazimierz Łatak) was awarded with the first prize together with 25,000 euros for the design of the “Heroes of the Ghetto Square” in Krakow.

What was convincing the independent jury of experts—architects, town planners and specialised journalists—was the incorporation of the past into the present. However, history does not come along in

a raised voice and plangent manner, it is integrated in the city’s daily life as a matter of course. The former Zgody Square in the Podgorze district, which became Krakow’s Ghetto under the Nazis in 1941, served as the collection point for the thousands of Jews who were deported to the concentration camps. Old photos show the ghetto residents making their way to Zgody Square carrying a chair and their worldly goods. Therefore the basic parts of the square’s design are 70 huge

bronze chairs as a reminder of the furniture that had to be abandoned and thus of the terrible fate suffered by those who were made to live in Krakow's ghetto. But at the same time the square is inviting today's people to make the square a living place. Here children play, and people gather to celebrate, to make music and to chat. It is a memorial, but history is not a crushing burden; instead, the square is encouraging to engage in dialogue and is integrating history into the present.

As well the two Silver Awards—each endowed with 10,000 euros—were out of the ordinary. One of the Silver Awards went to the project submitted by the landscape architects from JBBUG (johannes böttger büro urbane gestalt) and planners from the architects' firm ASTOC, both based in Cologne. The two firms have worked to redesign the Klagesmarkt in Goseriede district in Hanover so as to define a new inner city space in the area. The eyesores

of the "car-friendly city" of the 1950s and 1960s have been removed to recreate a triangle of green for city dwellers in the historic centre of Hanover.

The second Silver prize was awarded in recognition of the work by Atelier Loidl from Berlin, which transformed a huge area of abandoned inner-city land into a valuable recreational and leisure park. The "Park am Gleisdreieck" is located in between the structurally different Schöneberg and Kreuzberg districts and combines a wide range of uses, from recreation to a meeting point to a source of inspiration.

The smaller-scale, but remarkably original public structure produced by the Leipzig-based KARO* architects in conjunction with Architektur+Netzwerk in Magdeburg—the open air library "Lesezeichen (bookmark) Salbke" in Magdeburg—was given a special commendation and 5,000 euros in prize money. Since the

90s Salbke district has experienced a great loss of its industrial jobs and has become synonym for shrinking districts. The design of the open-air library completed in 2009 was based on the citizens' idea of having a „green living room“, a peaceful space sheltered from street noise. Recycled aluminium modules, previously used in the Horten department store in Hamm, have been incorporated into the street-side facade to protect from noise, whilst the side of the structure that looks out onto the grassy area consists of vertical wooden slats made from larch. The integrated bookshelves are not locked and the books can be borrowed on a trust basis at any time of day.

What was convincing with all the awarded projects: they are not very expensive urban beautification schemes, they provide more quality of urban life by creative solutions. Or in other words: Sometimes less can be more. | **Marianne Schulze**

book review

POINTED ANALYSIS

The small essay titled "Gentle Monster Europe or The Incapacitation of Europe" is quite explosive. Especially the second part of the title is already indicating the line of attack: The democratic deficiencies of the EU and its institutions that leave no more than "a polite fiction of sovereignty of people" for the about 500 million citizens.

Enzensberger is not a crude controvertor, he is rather an author who is pinpointing the „monstrosities“ of the EU with subtle irony: the regulation furor of the Commission targeting to homogenize as far as possible the living conditions all over Europe—of course, for the citizens' own good; the elitist EU administrators who aware of their power denunciate every

criticism as "anti-European"—the author is talking about in a low voice that is resounding so much the louder.

What is additionally enforcing the essay's effect: The author is not EU adverse, quite the contrary: He points out the advantages and reliefs the European unification process has caused during the last decades. Enzensberger does not provoke to opposition against Brussels nor is he just fear-mongering. But with his essay he came to the conclusion that the European Union as it is currently constituted will be doomed to fail. Still we have the possibility to think about alternatives—not to the EU itself but to its organisational structure. For this the essay provides important information.



*Hans Magnus Enzensberger
Sanftes Monster Brüssel
oder Die Entmündigung Europas
72 pages
Suhrkamp Verlag Berlin 2011
ISBN: 978-3-518-061-5
Price: 7,00 Euro*

SEASON'S GREETINGS TO ALL READERS BY THE TEAM OF SPH NEWSLETTER

Markt und Strassen stehn verlassen,
Still erleuchtet jedes Haus,
Sinnend geh ich durch die Gassen,
Alles sieht so festlich aus.

These four lines written by the German poet Joseph von Eichendorff are about the calm and peaceful atmosphere on Christmas Day. The poem is nearly 200 years old but the description of the Christmas season is still accepted.

The often bustling activity of the now almost expired year gives way to the holidays that bring us a time of tranquility and contemplation, a time to pause and to reflect the last twelve months and to look ahead at the rising new year. As well Christmas Holidays are a time to turn more intensely to the essential elements of life and to all our loved ones.

In the heat of the daily battle often the awareness of the fact that behind all business there are human beings gets lost. Not "the market" but the people who are on the market and take part in it are making decisions causing certain effects. Conversely, decisions and actions of everybody have an impact on other people who sometimes we do not even know by face.

Therefore we want to take the opportunity to present you the team of SPH Newsletter. Two Germans and an Austrian have joined forces to create and to realise this medium: Andreas Schiller as publisher, Silvia Bönisch as graphic designer, and Marianne Schulze as editor. In the digital age the geographical distance has become irrelevant, more relevant is that we have similar values, conceptions and ideas and feel personally near to each other. Every time we



*Merry team meeting at Christmas market of Karlsplatz in Vienna:
Marianne Schulze, Andreas Schiller, Silvia Bönisch (from left to right).*

are pleased to work together and to realise a new SPH Newsletter.

As well we are very happy about the great and multiple support by all of you during the first year of this medium—for us this is an incentive to put even more

effort in what we do and a reason to thank you very much.

We all wish you peaceful and contemplative holidays and all the best for the New Year, health, contentedness and success in all you intend.

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