

# SPH newsletter

## news

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## special



This year Kazakhstan is the venue of the World Exposition EXPO 2017. The country is playing an important role as intermediary between Europe and Asia.

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## background

In April in Warsaw the real estate fair and conference Real Connect takes place for the first time. Given the fact that Poland and its real estate markets are changing the event is offering the possibility for first hand information.

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## events

Exhibitions, conventions, and conferences

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## opinion

Concert halls like Elbphilharmonie in Hamburg are often disputed because of their high costs. But they are an indispensable part of the urban social life.

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## DEAR READERS!



Welcome to the first issue of SPH Newsletter in 2017! In a year that started with a terror attack in Istanbul – one more in the increasing row of terrorist incidents. A year that will bring more concreteness into the talks about Brexit; that has seen the inauguration of Donald Trump as President of the United States; that proves the rise of nationalist ideas and movements in many European countries; that will see parliamentary elections in Germany and the Netherlands and presidential elections in France; that will challenge traditional values; and that will force economy to redefine itself in many respects.

These and many other topics have been discussed in January at World Economic Forum. It was the first time I travelled to Davos to take part in it. As impressive high-ranking the number of representatives of world politic and economy gathered in a confined space has been, as challenging were some of the topics and analysis while others gave some reason for hope. Mainly the event proved again the importance of the exchange of opinions and experiences. Only for this the talks and meetings have been worth to travel to Davos, although the presence of real estate people was small. But trends in economy and policy have always an impact on the real estate industry and on real estate investments. In 2017 there is a couple of things at stake.

Neither nationalistic nor populist, but being myself in the conflict of priorities between own identity and global contexts I wish you, dear readers, well thought-out decisions for this year: well thought-out for you and by you.

Yours,

Andreas Schiller



*Shopping and entertainment centre Galeria Warminska in Olsztyn changed hands for EUR 150 million. New owner is Rockcastle Global Real Estate.*

## ROCKCASTLE ACQUIRED GALERIA WARMINSKA IN OLSZTYN

Rockcastle Global Real Estate has finalised the acquisition of Galeria Warminska shopping centre in Olsztyn, for the price of EUR 150 million, from Galeria Warminska sp z o.o. sp.k that developed and managed the scheme from its opening in September 2014. Galeria Warminska is a 3rd generation shopping and entertainment centre with total gross leasing area of 42,711 square metres and 1,200 parking spaces.

## PANATTONI TO DEVELOP THIRD WAREHOUSE IN POLAND FOR AMAZON

Panattoni Europe is to build a warehouse facility for Amazon totalling 161,500 square metres of space. The fulfilment centre dedicated to e-commerce will be erected in Kołbaskowo, near Szczecin. Completion of the entire investment is planned for September 2017. It is Panattoni Europe's fourth project for Amazon after having completed two facilities in Poland, near Poznan and Wrocław, and one in the Czech Republic. The value of the investment accounts for EUR 95 million.

## RBI CLOSES SALE OF RAIFFEISEN-LEASING POLSKA

Raiffeisen Bank International AG (RBI) formally closed the sale of its Polish subsidiary Raiffeisen-Leasing Polska S.A. to PKO Leasing S.A. The purchase price equates to around EUR 200 million (PLN 850 million).

## CBRE GI ACQUIRES LOGISTICS PORTFOLIO IN POLAND

CBRE Global Investors has acquired on behalf of its investors, the 'Hillwood Portfolio' consisting of four standing logistics parks in Poland totalling 220,608 square metres. The vendor was Hillwood. CBRE Global Investors has also agreed to acquire from Hillwood a pipeline of projects currently under development. The asset details are: In Poland 7R Logistic Centre Gdansk – an industrial and logistics park comprising six buildings (four already existing and two under construction) with 122,564 square metres of lettable space; Hillwood Bielsko-Biala – a 41,540 square metre industrial and logistics asset, comprising two buildings; Ozarow I – a 12,460 square meter warehouse located approximately 15 kilometres west from the city centre of Warsaw; Hillwood Wrocław – a logistics park, comprising two buildings with totally 90,045 square metres. The park will be extended by one further building totalling 27,000 square metres; Ozarow II – an industrial asset with a rentable area of 29,713 square metres. The park is in the final stage of construction and letting process and the acquisition is planned within next few months; Warsaw Park – an inner-city facility comprising 23,815 square metres of lettable area with a planned extension of a further 7,600 square metres.



Office tower Q22 in Warsaw's inner city has been developed on the site of a former Mercure hotel constructed in 1993. The office complex comprises 53,000 square metres of gross leasing area.

## INVESCO REAL ESTATE ACQUIRES Q22 IN WARSAW

Invesco Real Estate has acquired Q22 skyscraper in Warsaw's inner city. The seller was Echo Investment S.A. Echo Investment expects that the value of the transaction based on fully let NOI and an agreed yield, after all adjustments and additional payments, shall amount to EUR 273 million. The amount of EUR 230 million has been already paid. The remaining part of the price will be transferred during 2017, when all tenants move into the building.

Q22's construction was completed in July 2016. It is a 155-meter-high office building located in the business district of Warsaw, in the junction of Jana Pawła II and Grzybowska streets, offering 53,000 square metres of gross leasing area.

Linklaters and CBRE acted as the advisors to Echo Investment, while Greenberg Traurig and Colliers International acted in the same capacity for Invesco Real Estate.

## PROLOGIS EXPANDS IN WROCŁAW

Prologis has started construction of a speculative facility totalling 11,400 square metres at Prologis Park Wrocław V. Scheduled for completion in the second quarter of 2017, the building is already 100-percent pre-leased.

Leases at the facility include 7,195 square metres for a pharmaceutical company and drug manufacturer; 2,300 square metres for Emako, an online store that sells home and garden supplies, and 1,890 square metres for a logistics operator.

Prologis Park Wrocław V comprises six facilities totalling 136,000 square metres. It is located in Nowa Wies Wrocławska, three kilometres southwest of the Bielanski Junction at the interchange of the A4 motorway (Berlin-Wrocław-Kraków-Ukraine) with the AB/E67 expressway.

## TRISTAN FUND SELLS KRAKOW SHOPPING CENTRE TO EPP

European Property Investors Special Opportunities 3 (EPISO 3), an opportunity fund advised by Tristan Capital Partners, is selling the Zakopianka Shopping Centre in Krakow to Johannesburg-listed Echo Polska Properties (EPP) for approximately EUR 54 million.

The 27,463 square metre shopping centre is located on a retail park in southern Krakow. The transaction excludes the Carrefour hypermarket and Castorama store, which border the shopping centre and are separately owned.

EPISO 3 has owned the shopping centre since 2013, when it was part of a five-property portfolio acquired from Australia's Charter Hall Retail REIT as it exited the European market. The sale of Zakopianka Shopping Centre is scheduled for completion in the second quarter of 2017. Tristan was advised by Dentons law firm and Balmain Asset Management. Echo Polska Properties were advised by Linklaters and Savills.



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*With 36,500 square metres Skopje City Mall is the largest shopping centre in Macedonia. It is the third shopping centre Hystead has acquired in 2016 in SEE.*

## HYSTEAD BUYS SKOPJE CITY MALL

UK-based shopping centre operator Hystead, co-owned by Hyprop Investments Limited (Hyprop) and PDI Investment Holdings Limited (PDI), bought Skopje City Mall, the largest shopping centre in Macedonia, from Amsterdam-based Balfin Finance for EUR 92 million.

Skopje City Mall extends to 36,500 square metres and is situated on the periphery of Skopje, the capital city of Macedonia. Originally developed as a JV between Balfin Group and Fashion Group Skopje City Mall opened in 2013.

Hystead now owns three properties in South-Eastern Europe, namely Delta City Podgorica (Montenegro), Delta City Belgrade (Serbia), both purchased earlier this year and the last acquisition, Skopje City Mall (Macedonia).

## GIC ACQUIRES P3

P3 Logistic Parks announced that GIC, Singapore's sovereign wealth fund, has signed a definitive agreement to acquire P3 from TPG Real Estate and its partner Ivanhoé Cambridge. The transaction values the business at EUR 2.4 billion.

TPG Real Estate and Ivanhoé Cambridge acquired P3 in 2013. The Group has since grown into one of Europe's largest fully integrated logistics platforms and developers with a 3.3 million square metre portfolio. Over the last three years, P3 has completed a series of add-on acquisitions in key European markets, more than doubling the size of the portfolio, which now includes 163 high quality warehouses, in 62 locations, across nine countries.

## IMMOFINANZ EXPANDS ITS STOP SHOP PORTFOLIO

Immofinanz is continuing the expansion of its Stop Shop retail park portfolio with the acquisition of eight locations in Slovakia and Hungary. The purchase price for these properties totals approximately EUR 79 million. The transactions will close in several steps, presumably by the end of the first quarter of 2017.

Immofinanz's Stop Shop portfolio will then cover 66 locations in seven countries with roughly 449,000 square metres of rentable space and a book value of more than EUR 600 million. Further locations in Serbia and Poland are currently in the preparation phase for project development.

The real estate package in Slovakia includes six retail parks in the cities of Bardejov, Michalovce, Prievidza, Rožnava, Presov and Bratislava Raca. The seller is the Austrian WM Invest GmbH. The transaction will expand Immofinanz's retail park portfolio in Slovakia to 16 locations with 112,000 square metres of rentable space.

The other acquisitions involve retail parks in the Hungarian cities of Hatvan and Szolnok. The seller is Real4You Immobilien GmbH. In Hungary, the Stop Shop brand will now grow to 14 locations with 128,000 square metres of rentable space.



*Mill Park comprising two office buildings with a total leasable area of 36,000 square metres is to be developed in Budapest's 9th district.*

## SKANSKA INVESTS IN NEW OFFICE PROJECT IN BUDAPEST

Skanska invests EUR 32 million in phase I of Mill Park, an office complex in Budapest. The first phase will offer a total leasable area of around 18,400 square meters on 7 storeys above ground. About 45 per cent of phase I is currently pre-leased.

The Mill Park complex, located in the 9th district of Budapest, will comprise two office buildings with a total leasable area of over 36,000 square meters. Construction work has already started and is scheduled for completion in the third quarter of 2018.

## CZECH FUND ACQUIRES ATENOR OFFICE BUILDING IN BUDAPEST

Belgian Real Estate developer Atenor announced the sale of Vaci Greens Building C to Czech investment fund ZFP realitní fond (managed by ZFP Investments). This building is one of the three buildings completed by Atenor within its Vaci Greens development in Budapest. Building C, completed in June 2015, comprises 18,500 square metres office space, fully let to General Electric. The whole Vaci Greens development, initiated by Atenor in 2008, will comprise six office buildings, totalling over 120,000 square metres office space.

## M7 MAKES FIRST INVESTMENTS IN HUNGARY AND CROATIA

M7 Real Estate announced that it has made two further acquisitions for the recently launched CEREF I fund. The acquisitions in Croatia and Hungary totalling EUR 14 million mark M7's first entry into both countries.

M7 has acquired a real estate portfolio from Recovery Zrt., the asset management company for CIB Bank in Budapest. The portfolio consists of two retail centres as well as an 11,500 square metre urban logistics asset. In a separate transaction, M7 has purchased Mani Business Centre, a 13,915 square metre office park in Zagreb.

## CTP EXPANDS IN HUNGARY

CTP has signed an agreement to purchase the logistics and manufacturing facilities with a combined floor space of 82,000 square metres from Industrial Securities. The agreement covers Westlog DC at Biatorbagy and a manufacturing facility located in Szombathely. The facility at Biatorbagy comprises 63,000 square metres, the property at Szombathely 19,000 square metres.

The transaction has increased the total floor space of CTP's real estate portfolio to 220,000 square metres in Hungary. The logistics and distribution hub Westlog DC is located near the western edge of Budapest, Szombathely near the Austrian border.



*Arena Centar shopping mall in Zagreb comprises 62,100 square metres of gross leasing area and opened in 2010.*

## NEPI ACQUIRES ARENA CENTAR IN ZAGREB

NEPI concluded an agreement to acquire all the issued shares in, and shareholders' claims against, Granit Polus Laniste d.o.o. from Lobularia Ventures Limited. Laniste wholly owns Arena Centar shopping mall in Zagreb and adjacent additional land plots of approximately 4.4 hectares. Arena Centar with 62,100 square metres of gross leasing area opened in November 2010. The purchase price for the transaction is EUR 237.5 million.

## HB REAVIS OPENS FIRST AUPARK IN THE CZECH REPUBLIC

HB Reavis has officially opened Czech Republic's first Aupark in Hradec Kralove. The new shopping centre is located in the U Koruny site. It comprises 120 stores on 21,000 square metres and 1,100 parking spots. It is Czech Republic's only shopping centre to be opened in 2016.

## OPENING OF BINGO CITY CENTER IN TUZLA

Bingo City Center, a new shopping centre development by the Bosnian company Bingo, has opened its doors to the public in the city of Tuzla. The shopping centre is managed by the Serbian company Confluence Property Management. Bingo City Center consists of almost 40,000 square metres.

## GLOBALWORTH: EUR 200 MILLION FOR ROMANIAN REAL ESTATE

Globalworth Real Estate Investments has raised EUR 200 million from South African REIT Growthpoint Properties and US firm Oak Hill Advisors. Globalworth, which focuses on real estate in Central and Eastern Europe, said Growthpoint will own a 26.9 per cent stake in Globalworth. Funds raised from the subscription will be used to develop its Globalworth Campus project in Bucharest, Romania and pursue further investments.

## HANSAINVEST ACQUIRES OFFICE BUILDING IN WARSAW

Hansainvest Hanseatische Investment-GmbH has acquired the office building Atrium 2 in Warsaw from Skanska. The value of the transaction is EUR 88 million. Atrium 2 was commissioned for use in March 2016. The total leasable area is over 20,000 square meters.



*Prosta Tower in Warsaw has been developed by listed Polish company Mavripol and offers about 6,000 square metres of leasable space.*

## CREDIT SUISSE TO ACQUIRE PROSTA TOWER IN WARSAW

Credit Suisse Asset Management entered into a preliminary agreement for the purchase of Prosta Tower office building in Warsaw. The seller is Mavripol. The final sale agreement will specify the final net purchase price.

Prosta Tower is located at Prosta Street in Warsaw's Central Business District. Completed in 2011, it offers 6,080 square metres of leasable space.

## NEVSKY CENTER IN SAINT PETERSBURG AT DISPOSAL

Helsinki-listed Stockmann Group has appointed Colliers International as exclusive advisor to investigate a possible disposal of its freehold interest in Nevsky Center located in the heart of Saint Petersburg. Nevsky Center with the total area of 91,000 square metres and a total gross leasable area of 45,000 square metres is anchored by Stockmann department store and also comprises office premises.

## GOODMAN EXPANDS IN HUNGARY

Goodman Group has opened the 22,200 square metres expansion of its Gyál Logistics Centre. The new facility was built on a speculative basis. Goodman already pre-leased 4,750 square metres to ADR Logistics Kft., a third-party logistics service provider.

Goodman Gyál Logistics Centre is located 22 kilometres from the centre of Budapest. The property sits at the junction of the M5 highway and the M0 ring road and is situated only 18 kilometres from Liszt Ferenc International Airport. With the new development, the logistics centre in Gyál will now total 44,735 square metres. The property is owned by Goodman's flagship European real estate investment vehicle, Goodman European Partnership (GEP).

## NEPI TO DEVELOP THE LARGEST SHOPPING CENTRE IN SERBIA

By the end of 2018, NEPI New Europe Property Investments plc will develop a new shopping centre in the Serbian city of Novi Sad. The new shopping centre will be called Promenada Novi Sad and is an investment valued at nearly EUR 100 million. The shopping centre will be the largest of its kind in Serbia. Its total built area will be 150,000 square metres, a third of which will represent a leasable area.

Promenada Novi Sad will be positioned at the junction of Bulevar Oslobođenja and Cara Lazara streets, neighbouring the largest sports centre in the area. It will be conveniently accessible by car and public transportation from all parts of the town. For those arriving by car, the shopping centre will offer around 2,300 parking spaces.



*Enterprise Office Center in Prague's Pankrác district is offering 29,000 square metres of office space and has been delivered to tenants at the end of 2015.*

## ERSTE GROUP IMMORENT SELLS PRAGUE'S ENTERPRISE OFFICE CENTER

Erste Group Immorent has sold Enterprise Office Center in Prague to a group consisting of RSJ Investments and the co-founders of the Czech security software company Avast, Eduard Kucera and Pavel Baudiš. The CZK 3 billion (EUR 110 million) sale of the 29,000 square metres office facility is one of the most prominent real estate transactions in the Czech Republic in 2016.

The Enterprise Office Center complex, which developer Erste Group Immorent delivered to the first tenants for use at the end of 2015, is situated in Praha 4 Pankrác.

## NEW OWNER OF FLORENTINUM OFFICE BUILDING IN PRAGUE

Penta Investments has sold the Florentinum office building, its first development completed in the Czech Republic, to Chinese investment group CEFC. Florentinum has been delivered in 2014. The volume of the transaction has not been disclosed.

Florentinum, located in the heart of Prague, combines office space with a retail passage, courtyard and central park. The property totals 63,000 square metres of leasable area including 50,000 square metres of offices and 8,000 square metres of retail space.

## MINT INVESTMENTS SELLS PANORAMA BUSINESS CENTRE IN PRAGUE

Mint Investments, a Central European real estate investment and asset manager, sold Panorama Business Centre in Prague. The buyer was Redside, manager of open-ended real estate investment fund Nova Real Estate. The purchase price has not been disclosed.

Built in 2000, Panorama Business Center consists of 6,800 square metres of lettable area and 91 parking spaces. Panorama is situated opposite the National Museum and one minute walking distance from the top of Wenceslas Square.

## INVEST4SEE ENTERS SLOVAKIA

Austrian and Romanian real estate developer Invest4SEE has announced the development of a 91,216 square metre warehouse in Dubnica nad Vahom, Slovakia. Invest4SEE Industrial Park Dubnica will spread over 20 hectares. Invest4SEE broke ground on the 91,216 square metre distribution centre DC1 in March, where 68,454 square metres is long-term pre-leased to Continental Matador Rubber, part of the German automotive manufacturer Continental AG. The remaining 22,762 square metres are developed on a speculative basis. Industrial Park Dubnica grants access to D1 motorway in a distance of 1.5 kilometres.



*Twin City in Bratislava is one of the biggest urban regeneration projects in Central Europe and is to be developed since 2011.*

## HB REAVIS GROUP SELLS TWIN CITY A IN BRATISLAVA

HB Reavis has sold Twin City A, an office building located in close proximity to Bratislava city centre in Slovakia, to Prvý realitný fond (PRF), managed by IAD Investments. The purchase price remained undisclosed.

The building, located in the Mlynske Nivy business district of Bratislava, was completed in 2015 and offers approximately 16,500 square metres of leasable space. Twin City in Bratislava is currently one of the biggest regeneration projects in Central Europe. HB Reavis started construction on site in 2011 and will progressively develop the twelve phases of this development, creating a new business environment.

## ECHO POLSKA PROPERTIES TO FINALIZE OFFICE ACQUISITION

Echo Polska Properties NV (EPP) announced the conclusion of its agreement to purchase three office buildings for EUR 124 million. The three buildings total 52,200 square metres of gross leasing area. The transactions relate to three of the seven properties included in the preliminary agreement. The closing of agreements regarding the other two phases of O3 Business Campus complex, 2nd phase of Symetris in Łódź and the 3rd and final stage of A4 Business Park in Katowice are expected in 2017 and 2018, respectively, when all the conditions have been fulfilled. EPP has secured its right to buy them by ROFO settlement (right of first offer), as well as by 25 per cent co-financing each development.

EPP has become the owner of the 1st phase of O3 Business Campus with 19,100 square metres of gross leasing area. The entire complex will consist of three office buildings located in the north of Kraków. The remaining two buildings are expected to follow in 2017 and 2018. Tryton Business House is located in Gdansk and consists of an 11-storey tower and two six-storey buildings, and has 23,700 square metres of gross leasing area. Symetris I in Łódź is part of a two-building complex. The sold building has 9,400 square metres of gross leasing area. The 2nd stage of Symetris will be completed in 2017.

## SPAR TO ACQUIRE BILLA STORES IN CROATIA

Spar Austria-owned Spar Croatia is set to acquire Rewe Group's 62 Billa stores in the country, along with a logistics centre at Sveta Helena. The acquisition requires approval from the Croatian Competition Agency (AZTN). The purchase of the 62 Billa stores will almost double Spar's network in Croatia, where it operates 19 hypermarkets and 38 supermarkets.

Over the last few years, Rewe has exited markets, especially the Billa brand, to focus on those where it believes it can win. In the last 12 months Rewe has exited Bulgaria and Romania. Rewe will remain in Croatia, with its Bipa brand.



*The building Váci 1 on Vörösmarty Square in Budapest is UNESCO-listed. Now Bayerische Versorgungskammer has become new owner of the building constructed in 1915 and renovated in 2016.*

## GLL BUYS VÁCI 1 IN BUDAPEST

GLL has acquired the 13,750 square metres Váci 1 mixed-use building on Vörösmarty Square in Budapest for a separate account mandate from Bayerische Versorgungskammer. The seller was Horizon Development. The UNESCO-listed building was originally built in 1915 to serve as the headquarters of the first Hungarian Bank and later became the home of the Budapest Stock Exchange. The building was renovated in 2016 by Horizon Development. The price of the deal was not disclosed.

## WP CAREY COMPLETES SALE-LEASEBACK WITH GREENYARD IN POLAND

WP Carey, via its US-based non-traded REIT CPA:17, has completed a EUR 32 million sale-and-leaseback deal for a cold-storage warehouse with Greenyard in Poland. The 309,759-square-foot (28,777-square metre) facility is located just outside of Warsaw.

## MERGER OF NEPI AND ROCKCASTLE

NEPI and Rockcastle announced that the two companies will effectively be merged in a new entity, NEPI Rockcastle, to be implemented with reference to an effective share swap ratio of 4.5 existing Rockcastle shares for every 1 existing NEPI share. The company will be newly-incorporated in the Isle of Man.

Alexandru Morar and Spiro Noussis, the current chief executive officers of NEPI and Rockcastle, respectively, will be appointed joint chief executive officers of NEPI Rockcastle. The merged entity is expected to become the largest listed real estate player in CEE.

## CORESTATE PURCHASES HANNOVER LEASING GROUP

Corestate Capital Holding S.A. is purchasing a 94.9 per cent stake in Hannover Leasing Group. The sellers are essentially the majority shareholders, Landesbank Hessen-Thüringen Girozentrale (Helaba) and Hessisch-Thüringische Sparkassen-Beteiligungsgesellschaft (HTSB). Helaba will remain as a minority shareholder with a 5.1 per cent stake in Hannover Leasing Group. Completion of the transaction is still subject to the conclusion of owner control procedures by BaFin, which is expected to occur in the first half of 2017. It has been agreed that the purchase price shall remain undisclosed.

Hannover Leasing is one of the leading asset managers and providers of asset-based investments in Germany, and offers closed public AIFs (alternative investment funds) as a licensed capital management company. Since it was founded in 1981, the company has succeeded in raising equity capital of around EUR 9.9 billion from private and institutional investors for over 200 closed investments. Hannover Leasing's investments are focused primarily on real estate opportunities on the domestic and overseas markets, as well as public infrastructure projects. The total investment volume of assets under management comes to around EUR 13.6 billion.



*Nova Park Mall in Gorzów Wielkopolski opened in 2012. The shopping centre has a current gross leasing area of 32,580 square metres and can be extended by further 6,800 square metres.*

## FUTUREAL SELLS POLISH NOVA PARK SHOPPING MALL IN POLAND

Hungarian real estate developer Futureal Group has sold Nova Park shopping mall in Gorzów Wielkopolski to a joint-venture formed by MAS Real Estate Inc. and Prime Kapital Limited for EUR 88.5 million. The joint venture between MAS and Prime Kapital will own Nova Park. Prime Kapital, which sourced the deal, will also manage the shopping centre. The purchase of the mall is the joint venture's first acquisition in Poland.

Nova Park opened in April 2012 as a joint investment of Caelum Development and Futureal Group. The mall has a current gross leasable area of 32,580 square metres and accommodates 140 shop units, including 14 restaurants and a multi-level car park for 910 cars. By 2014 Futureal Group had gained 100 per cent ownership of the mall and it received a building permit for a 6800 square metre gross leasable expansion.

## MEININGER TO OPEN ITS FIRST HOTEL IN RUSSIA

Meininger Hotels signed a management contract with VIY Management for a hotel in Saint Petersburg. The hotel will be situated in an old market hall located on 62 Sadovaya Street in the Admiralteysky district. The hotel will be spread over two floors and will have 158 rooms and 548 beds. Opening is scheduled for Q2 2018. The historic Nikolskie ryady indoor market hall is currently undergoing renovation to reinforce and restore the listed building. One part of the building will be used as Meininger hotel.

## SKANSKA SELLS OFFICE BUILDING IN BUDAPEST

Skanska has sold the Nordic Light office building in Budapest to the real estate fund of Erste Alapkezelő Zrt. – one of the subsidiaries of Erste Asset Management GmbH. The value of the transaction is EUR 67 million. Nordic Light is Skanska's seventh office development in Hungary. The project, situated in the 13th district of Budapest, offers 26,200 square metres of total leasable space and underground parking floors. The first phase comprises 6,600 square metres, while the second phase comprises 19,600 square metres. Both phases were commissioned for use in 2016.

## STRABAG TO REBUILD FOOTBALL STADIUM IN HUNGARY

The Hungarian unit of publicly listed Strabag SE has been awarded the contract by the City of Székesfehérvár, 70 kilometres from Budapest, to rebuild the Sóstó football stadium. The demolition of the old stadium, also carried out by Strabag, was concluded in the middle of the year. The approximately EUR 40 million project is scheduled for completion in late 2017.

## STAFFING



left: Jacek Baginski  
right: Josip Kardun



left: Rachel Lavine  
right: Dominique Moerenhout



left: Mateusz Polkowski  
right: Jörn Stobbe

**Jacek Baginski** joins Echo Polska Properties as Executive Director of Finance. He will take over from the current CFO, Maciej Drozd, who will continue as a Non-executive Director and Member of the Board of Directors of EPP. Jacek Baginski is a senior financial executive with over 20 years' experience in various businesses operating across Poland and Central & Eastern Europe (CEE) countries, ranging from retail, production and sale of pharmaceuticals, FMCG, to exploration of oil and gas and other natural resources. He was a member of a number of management boards and CFO in companies listed on the Warsaw Stock Exchange and controlled by the largest private equity funds operated in CEE countries. Additionally, he has served in senior management and executive positions in multinational corporations, including PepsiCo and BP/Amoco.

**Josip Kardun** will be appointed to the Management Board of Multi Corporation effective 1 April 2017 and will assume the role of CEO of Multi Corporation upon the departure of Jaap Blokhuis. Josip Kardun has been a senior executive at Atrium for the past three years, first as COO, and since December 2014 as CEO. Prior to joining Atrium, he held various management and leadership positions both at ECE, where he served as Chief Investment Officer, and at Sonae Sierra.

**Rachel Lavine**, CEO of Gazit-Globe, stepped down on January 31, 2017. Rachel Lavine agreed to continue to serve as Vice Chairman of Atrium and on Citycon board. Rachel Lavine joined the Group nine years ago and served six years as Atrium's CEO. Upon returning to Israel, Rachel Lavine was appointed as Chairman of Gazit Israel and as a director of Gazit Globe. Later, she was appointed as CEO of Gazit Globe. As CEO of Gazit Globe Rachel Lavine will be followed by Dori Segal, Executive Vice Chairman of Gazit-Globe.

**Dominique Moerenhout** is to become CEO of the European Public Real Estate Association (EPRA) with effect from March 1st 2017. Dominique Moerenhout, currently CEO at BNP Paribas Real Estate Investment Management Luxembourg and Belgium, replaces Philip Charls, who is stepping down after 10 years at the helm as EPRA CEO. Dominique Moerenhout a Belgian national, returned to Luxembourg in March 2014 after 2.5 years as Chief Operating Officer at BNP Paribas Real Estate UK. He was previously COO of Fortis Private Real Estate's international operations in Luxembourg from 2004 and prior to that worked as a consultant on large pan-European financial sector projects for five years for KPMG Consulting. Dominique Moerenhout holds a Master in Business Administration from ICHEC Brussels and a European Master in Financial Analysis (CFA) from the Belgian Association of Financial Analysts.

**Mateusz Polkowski** has been appointed Head of Research and Consulting at JLL Poland. Mateusz Polkowski has worked for JLL since 2007. He is the author and co-author of numerous research reports and feasibility studies as well as JLL publications connected with the commercial real estate market, its trends and forecasts. Mateusz Polkowski has over 15 years experience on the commercial real estate market. As Head of Research and Consulting, Mateusz Polkowski will replace Anna Bartoszewicz-Wnuk.

**Jörn Stobbe** is to join the Management Board of Union Investment Real Estate GmbH as Chief Operating Officer as of 1 February 2017. A trained lawyer and qualified real estate professional, Jörn Stobbe has many years' experience in the property industry, including as partner at Clifford Chance. Jörn Stobbe joins Union Investment Real Estate from RREEF Management GmbH, where he was most recently the member of the management team responsible for acquisitions and disposals, as well as asset management.



## LETTINGS

### PROMENADE GARDENS, BUDAPEST

HUNGARY 

Celanese Hungary Ltd. is setting up its new 4,200-square metre headquarters in Promenade Gardens as of April 2018. The decision was made prior to the foundation stone being laid for the new office building on inner Váci út in Budapest. Promenade Gardens comprises 25,000 square metres of office space on 5 floors and will be completed at the end of 2017.

### PROSTA OFFICE CENTRE, WARSAW

POLAND 

Caterpillar Financial Services Poland expanded its office space and occupies 569 square metres in the Prosta Office Centre in Warsaw. Caixabank renewed its lease agreement about 540 square metres, and a leader in the IT industry has leased over 1,000 square metres. During the renegotiations of lease terms JLL represented the landlord, CBRE Global Investors. Prosta Office Centre is located in close proximity to the Rondo Daszynskiego and offers over 18,000 square metres of office space and a three-floor underground parking lot. The building was delivered to market in 2007.

### WEST STATION, WARSAW

POLAND 

Panalpina Polska, an air and sea freight company, leased a 630 square metres of office space in the West Station I building in Warsaw. BNP Paribas Real Estate Poland advised the tenant during the negotiation process with HB Reavis. West Station is a scheme jointly brought to life by HB Reavis, PKP S.A. and Xcity Investment. The complex comprises two 14-storey office buildings that are being constructed in two stages. The first one was put into operation in Q3 2016. The launch of the second one is planned to take place in 2017.

### OLIVIA STAR, GDANSK

POLAND 

Schibsted Tech Polska Sp. z o.o., part of the Norwegian Schibsted Media Group, will move to Olivia Star and occupy over 860 square metres on the 21st floor. JLL represented the tenant in the negotiation of lease terms. Nordea Bank AB Branch in Poland is another new tenant of Olivia Star. It leased two floors there occupying nearly 2,600 square metres. Colliers International supported Nordea Bank in this transaction. Olivia Star is part of Olivia Business Centre and will be delivered in 2017.

### TRYTON BUSINESS HOUSE, GDANSK

POLAND 

Eltel Networks Poland SA, a company with Scandinavian roots, specializing in services for network infrastructure in the areas of power and telecommunication, has chosen Tryton Business House as its office location in Gdansk. JLL represented Eltel Networks during the processes of selecting space and negotiation of lease terms. Also Intel has leased nearly 10,000 square metres in Tryton Business House. The company was supported by CBRE. Tryton Business House was delivered to market in H1 2016. The project offers approximately 22,000 square metres of office space.

**GALERIA LIBERO, KATOWICE****POLAND** 

Rossmann will open a chemist shop in Galeria Libero, which is being developed by Echo Investment in the south of Katowice. Rossmann will occupy a unit with an area of nearly 550 square metres on level 0. Furthermore the 4F brand is to be opened in Galeria Libero – it will have an area of nearly 300 square metres. Galeria Libero is being developed on Tadeusza Kosciuszki Street in Katowice and will comprise some 150 shops on 42,000 square metres of gross leasing area. The opening of the project is planned for spring of 2018.

**SILESIA STAR, KATOWICE****POLAND** 

Mentor Graphics Corporation, a manufacturer of design software and electronic equipment, has signed a lease agreement on 4,417 square metres in building B of Silesia Star in Katowice. The client was represented by Cushman & Wakefield in lease negotiations. Silesia Star B is the second building completed by LC Corp at 18 Uniwersytecka Street in Katowice, the first being completed in 2014. The eight storey building offers office space for rent: the first stage – 13,000 square metres, the second stage – 12,500 square metres. In addition tenants and customers can use a 250 space car park. On the ground floor retail and service points are provided, which include among others a restaurant and cafe.

**BUSINESS GARDEN, WROCLAW****POLEN** 

Becton Dickinson (BD), a global medical technology leader, will move to Business Garden complex and occupy a total of 5,600 square metres of office space. JLL represented Becton Dickinson in the negotiation of lease terms. Business Garden in Wrocław, located on Legnicka Street, will ultimately offer 110,000 square metres of office and services space in nine buildings. Business Garden in Wrocław is developed by Vastint.

**HILLWOOD WROCLAW I, WROCLAW****POLAND** 

Danfoss Power Solutions has renewed its lease for more than 20,000 square metres of industrial, office and social space at Hillwood Wrocław I. The tenant was represented in the negotiations by Cushman & Wakefield. Hillwood Wrocław I is a logistics park comprising three buildings totalling 84,000 square metres. It is located in Bielany Wrocławskie, 10 kilometres south-west from Wrocław's city centre and 12 kilometres from international Copernicus Airport Wrocław. It also provides access to the A4 motorway, the E40 European route (Wrocław-Katowice-Kraków), and E67 European route (Wrocław-Warsaw-Białystok).

**CORESI BUSINESS PARK, BRASOV****ROMANIA** 

Waters Romania, a software and engineering company operating in the pharmaceutical, chemical and food industry, will occupy 3,500 square metres in the N1 building, belonging to the second phase of the Coresi Business Park. The building, with a total area of 8,500 square metres, will be delivered in the second quarter of 2017. The second phase of Coresi Business Park comprises three office buildings totalling 25,000 square metres.

# KAZAKHSTAN – LINKING EUROPE AND ASIA



*Astana, the capital of Kazakhstan, is impressing by its openness not only to different architectural styles.*

From a western and central European point of view Kazakhstan might be “far away”. However, the country is playing an important role as a link between Europe and Asia. Internationality is therefore an utmost concern of the Kazakh government and is promoted by many means.

With an area of 2.7 million square kilometres Kazakhstan is the largest landlocked and 9th largest country of the world. With a population of 17.7 million, however, it ranges between the Netherlands and Romania. What constitutes Kazakhstan’s importance is the country’s location between Europe and Asia: Kazakhstan’s terrain extends from the Volga plains and the Caspian Sea in the west to the Altay Mountains in the east, and it borders with China in the southeast, with

Turkmenistan, Kyrgyzstan and Uzbekistan in the south and over a distance of 6,000 kilometres with Russia in the west and the north.

In fact, population is small by its number, but relatively young and growing: Birth rate per woman is at 2.59 (in comparison: the EU average is at 1.5 per woman). About two third of the population are Kazakhs and a quarter is of Russian origin. The shares of Muslims and (Russian-Orthodox) Christians are similar.

In October 1990 Kazakhstan declared its sovereignty on its territory within the Soviet Union. Since 1991 the country is fully independent and has the largest and strongest performing economy in Central Asia. The global financing crisis had its impact also on Kazakhstan’s economy

dampening GDP growth – previously growth rates were clearly in the two-digit range –, but in 2010 economy gained momentum again and in the years 2010 to 2014 growth rates averaged out at six per cent. With the economic and monetary crisis in Russia as well as with the falling prices for oil and gas the economy decelerated again and decreased to 1.2 per cent in 2015.

In answer to the deteriorating general conditions already in November 2014 President Nursultan Nazarbayev launched an economic stimulus package comprising mainly infrastructure investments giving at least short-term growth impulses. With these investments as well as with the again increasing oil and gas prices since the end of 2016 economy bottomed out and growth rates start to increase again.



*Internationality and modernity are significant driving forces in Kazakhstan.*

EBRD forecasts a GDP growth of 2.4 per cent in 2017. In the upcoming years the planned increase of Chinese investments – also in the context of the “New Silk Road” – will have a positive impact on Kazakhstan’s economy. In 2015 projects amounting to USD 24 billions have been agreed.

To adopt the role of an intermediary between Europe and Asia is part of the long-term strategy of the Government of Kazakhstan. This is proved by e.g. the annual Astana Economic Forum ([www.forum-astana.org](http://www.forum-astana.org)), launched in 2008 and organised by the Eurasian Economic Club of Scientists Association and the Government of Kazakhstan in co-operation with a broad range of international partners, among them the UN, OECD,

World Bank, IMF and EBRD. Every year the event’s main topic is changing: in 2015 it was “Infrastructure – a Driver of Economic Development” and in 2016 “New Economic Reality: diversification, innovation, and knowledge community”. At Astana Economic Forum politicians, economists, CEOs, scientists and Nobel Prize laureates from the Eastern and Western world are discussing and exchanging experiences. Linked with the Forum is the “Astana Club of Nobel Prize Laureates”, founded in 2011. The Nobel Laureates do not only take part in the Astana Economic Forum but are lecturing also in universities and online. Another important part is the “International Secretariat of G-Global”, an information platform complementing the G7 and G20 by

other countries not being included into the named two forums. And currently Kazakhstan’s role as an intermediary is proved again by the Syria Ceasefire Conference that took place in Astana.

Since 1997 Astana is not only by name (Astana means “the capital” in Kazakh) but also de facto the capital city of the country. With more than 800,000 inhabitants Astana is – following Almaty, the former capital – the second largest city of Kazakhstan. The decision to transfer the capital of Kazakhstan to the former city of Akmola in the Russian dominated north of the country based on a national survey of 32 parameters. One of the reasons has been that Astana is situated more in the middle of the country than the – geographically – more peripheral Almaty in the southeast. Another point in favour of Astana: there was enough land available to develop a modern city.

Often Astana is mentioned as a newly founded city, but the origins of Akmola/Astana are going back to the 19th century when the first settlement – named Akmolinsk – served as a defensive fortification. During the 19th and 20th century the location gained importance when it became a railway junction of the Turkestan-Siberian Railway. Still today Astana is an important transport node for railway connections from north to south (to Almaty and Tashkent) as well as from west to east (from Moscow to China).

With its new status as Kazakhstan’s capital city Astana experienced a construction boom resulting in the futuristic skyline typical for the post-Soviet style and similar to the city design of Dubai or Doha. The master plan for Astana was created by Japanese architect Kisho Kusakawa. And international design competitions for individual projects attracted renown architects like Norman Foster who was responsible for the shopping and entertainment centre Khan Shatyr (“Royal Marquee”) remembering the traditional yurts of the Kazakh nomads. The architectural firm Foster + Partners is also responsible for the design of the “Palace of Peace and



*The former capital city of Kazakhstan Almaty is still the economic centre of the country.*

Reconciliation", accommodation of an Opera Hall with 1,500 seats, of the Museum of National History, The Research Center of World Religions and a Library of Spiritual Religious Literature. As well Norman Foster was involved in the design of Bayterek Tower (Bayterek means "tall poplar tree"), the city's landmark, offering 360 degree views of Astana and beyond from its observation desk.

In the mixed post-Soviet architecture are existing side by side the world's biggest Opera House erected in neoclassical style inspired by Italian theatres of the 19th century, the skyscraper Triumph, completed in 2006 and remembering the Stalinist architecture, the luxury hotel Beijing Palace designed like a pagoda. As the architectural styles also the religious buildings are demonstrating openness: Besides many orthodox churches Astana is home to the largest mosque in Central Asia, the Nur-Astana Mosque, offering place for 5,000 worshippers and being a gift of the President of Kazakhstan and the Emir of Qatar. But there is also to find the largest synagogue in Central Asia, the Chabad Lubavitch Synagogue with a building area of 5,600 square metres completed in 2004.

In summer 2017 (10th June to 10th September) there will be held the World Exposition EXPO 2017 in Astana. The EXPO's theme is "Future Energy – Solutions for Tackling Humankind's Greatest Challenge". 111 countries have currently registered to exhibit on the 113 hectare

exhibition ground south of the new government district. And may be for some EXPO 2017 is worth traveling to Kazakhstan. At least Astana is expecting 5 million visitors.

About 1,200 kilometres from Astana to the south Almaty is located, the former capital city and still the financial, economic, tourist, education and cultural centre of the country. In Almaty ("Full of Apples") nearly 10 per cent of the country's population are living, 20 per cent of Kazakhstan's GDP are generated, and nearly two third of retail sales are taking place in the former capital.

Not only Astana, also Almaty is involved in the internationalisation strategy of the government. A part of it is the plan for creating a "New Silk Road" from China to Europe. The aim of the New Silk Road plan is to push economic growth in the countries along the planned routes. The decisive role Kazakhstan will play is proved by the fact that the New Silk Road plan introduced by China was first presented in Astana – with good reasons because the overland route from China to Europe has to cross Kazakhstan. Therefore the country has good prospects to become the central logistics hub of the New Silk Road.

The potential offered is already proved by the significant increase of container transports on railways between Germany and China. In 2016 Deutsche Bahn (German Railways) has shifted 40,000 containers

over the world's longest railway line. By 2020 the company expects that volume will augment to approximately 100,000 containers per year. The rail transport over a distance of 10,000 to 12,000 kilometres needs generally between 12 and 16 days – only half the time of a transport by sea. However, the different track gauges causes that a train cannot go from Europe to China without interruptions. In China and in the EU there is a standard track gauge (1,435 millimetres) while in Russia and CIS a broader track gauge (1,520 millimetres) is common. That means that at the respective borders track gauge conversion points are necessary. The conversion can be the replacement of the wheelsets or the entire bogies as it happens at the Chinese-Kazakh border crossing point Dostyk. Another possibility is to tranship the containers from a broad-gauge railway to the standard-gauge railway (or vice versa) as it happens in the cargo transport centre in Khorgos that is developed by Kazakh railway company KTZ in cooperation with logistics operator DP World.

Although from a western and central European point of view Kazakhstan seems to be "far away" – the country remains an important link between Europe and Asia and is striving to play this role actively in many respects. **I Bernd Hallier**

*Professor (h.c.) Bernd Hallier is President of the European Retail Academy and Founder of the network Almaty Eurasian University Complex.*

## POLAND – A CHANGING MARKET



*In Poland opportunities to invest in office and retail property are still in demand. Now residential is added to investor's list.*

On April 26 and 27, 2017 the CEE Property & Investment Fair Real Connect takes place in EXPO XXI Centre in Warsaw. Part of the event is a conference programme dedicated to the real estate and investment markets in Poland, but also putting the focus on the markets in Central and Eastern Europe.

Since more than a year Poland has a new government, not without controversies within Poland itself and within the EU as well. The strategy of the new governmental party PiS is to describe neutrally as "strengthening the own nation". That is to observe not only in the cultural sector, but applies too and mainly for the economy.

For example, the government of Poland wants to support local retailers by charging (the mainly) international supermarket chains with an extra tax. Another aim of the government is to get hold again of the banking sector. A first step in this direction was the purchase of Bank Pekao, the Polish subsidiary of Unicredit. A possible sale of RBI's Polish subsidiary Raiffeisen Polbank to Alior Bank is down but not really out.

Many decisions and measures of the Polish government are causing political protests, and from the EU point of view Poland is no longer the "poster child" among the CEE countries, but has become more a "problem child". However, the country is still investor's darling and meanwhile

deemed to be one of the European core markets for real estate investments.

In 2016 transaction volume of commercial property amounted to some EUR 4 billion (JLL announced EUR 4.1 billion by December 21, 2016) and thereby again higher than in the previous year. A main share in the transaction volume has the sale of 75 per cent of Echo's commercial real estate platform to the Johannesburg listed investment company Redefine Properties – the purchase price was at EUR 1.2 billion, that is about a quarter of the total investments in Polish commercial properties.

Looking at the geographical allocation of investments there is to state that the trend



*Jantar shopping centre in Slupsk: secondary and tertiary markets are on the rise.*

is strengthening to invest not only in the capital city of Warsaw, but also and sometimes exclusively in office buildings in other regional metropolises.

The trend to go into the regions is still stronger with shopping centres. Following the news last year, some might have looked up more often where the respective city or town is situated. Cities like Bielsko-Biala, Opole, Zabrze and Zielona Gora have clearly less than 200,000 inhabitants, Slupsk, Konin and Swarzedz even below 100,000 inhabitants. Nevertheless in all these cities international investors have purchased shopping centres.

A new development is the interest of international investors in the Polish residential market. Bouwfonds Investment Management has been the first becoming active in this segment in 2016. Others like for example UBM are also eyeing the Polish residential market in search of opportunities. To highlight the environment for investments in Poland in especially and in CEE in general is the aim of Real Connect. On top of the agenda is the economic development. With respect to economic growth Poland is still clearly above the EU average, although 2016 came up with lower growth rates than forecast. Already in autumn GDP growth had to be corrected downwards: IMF originally expected 3.5 per cent, EU 3.7 per cent, now both, IMF and EU, lowered the rate to 3.1 per

cent at the best. At the same time forecasts for GDP growth in 2017 were lowered from 3.5 per cent (IMF) and 3.7 per cent (EU), respectively, to 3.4 per cent. The main reason for the slow-down of economic growth is the generally lower investment activity.

Although investments in office real estate remain very popular, competition among landlords for tenants is still strong. In Warsaw vacancy rates of 14 per cent are the highest in the country, but also in other cities they are in the two-digit range. Given the demand and the office space currently under construction then it is obvious that the vacancies will not lower in short term – quite the contrary. According to JLL demand during the first nine months of 2016 in Warsaw was at nearly 531,000 square metres, and at the same time 550,000 square metres were under construction. This might be still a reasonable relation when looking to Wrocław where developers seem to have great confidence in a bright future. In Wrocław demand was at 79,000 square metres while nearly 216,000 square metres were under construction.

Of general interest will be also the question about the impact of the new Law on Trade in Agricultural Land on the land market in Poland. Actually by May 1, 2017 it should have become easier for EU citizens to purchase agricultural land

in Poland. However, on April 30, 2016 a new law became effective regularising that only Polish people are allowed to purchase agricultural land when they have the profession of a farmer since at least five years and are for some time living or having already land in the municipality where they want to buy. For sure, real estate investors are not really keen to buy agricultural land, but the restrictions of the new law have an impact on cities that strictly speaking have no longer the possibility to grow into the urban hinterland. One might approve it or not, in any case land prices inside the city boundaries will increase. And this will have also an impact on real estate markets, because higher land prices mean that tenants have to pay higher rents for commercial and residential space as well and purchase prices will go up.

Sustainable buildings are meanwhile the standard, especially in Poland, one of the first countries in CEE where at least in the commercial sector 'green buildings' have become the norm. Today no developer dares to develop a building without LEED or BREEAM certification – he would find neither a tenant nor an investor for his building. But meanwhile it is no longer only about buildings, the 'smart city' wave is reaching also CEE. Digitalisation is offering new possibilities and competition among the cities is putting an increasingly higher importance to the quality of life a city is offering. Furthermore, Poland and many other CEE countries are suffering by a brain drain and by the fact that many young and especially well-educated people are leaving the country. To re-win these people means not only offering the respective professional prospects, but also an attractive living environment.

All these trends and topics will cause exciting discussions in Warsaw and in the one or the other case the topic will be treated quite controversial. But especially in times of general uncertainty and doubts about Poland's future development the exchange of opinions and experiences might help. The team of SPH Newsletter will join Real Connect in Warsaw. **I Marianne Schulze**

## FOR YOUR PLANNING

When	What about	Where	For information and registration
14.–17. March 2017	MIPIM 2017	Palais des Festivals, Cannes, France	<a href="http://www.mipim.com">www.mipim.com</a>
28. March 2017	Conference: „Cities of Tomorrow Competitive Regions, Cities & Communities“	Crowne Plaza Hotel, Bulevardul Poligrafiei 1, Bucharest, Romania	<a href="http://www.rumaenien.ahk.de">www.rumaenien.ahk.de</a>
26.–27. April 2017	Real Connect CEE Property & Investment Fair	EXPO XXI, Pradzynskiego 12/14, Warsaw, Poland	<a href="http://www.realconnect.pl">www.realconnect.pl</a>
1.–3. June 2017	SPIEF ,17 St. Petersburg International Economic Forum	ExpoForum, Peterburgskoye sh., 64, St Petersburg, Russia	<a href="https://forumspb.com">https://forumspb.com</a>
19.–21. June 2017	REBEC 10. SEE Real Estate Belgrade Exhibition & Conference	Metropol Palace Hotel Bulevar Kralja Aleksandra 69 Belgrade, Serbia	<a href="http://www.rebec.rs">www.rebec.rs</a>
28. June – 1. July 2017	ERES 24th Annual Conference	Delft University of, Technology, Delft, The Netherlands	<a href="http://www.eres.org">www.eres.org</a>
6 – 7. July 2017	Moscow Urban Forum: The Era of Agglomeration. A New Map of the World	VDNH Pavilion No. 75, Prospekt Mira, 119 Moscow, Russia	<a href="http://www.mosurbanforum.com">www.mosurbanforum.com</a>
4.–6. October 2017	Expo Real 20th International Trade Fair for Property and Investment	Messe München, Munich, Germany	<a href="http://www.exporeal.net">www.exporeal.net</a>

# MORE THAN ONLY A CONCERT HALL



Andreas Schiller,  
Publisher and Editor in Chief,  
SPH Newsletter

When six years ago the first SPH Newsletter has been published, the rubric 'opinion' was dedicated to "Real estate and culture". It was – among others – about Elbphilharmonie. In March 2011 I wrote: "In Hamburg Elbphilharmonie gains attraction already in the process of development. Although actually most headlines are negative because of the big increase of construction costs, ... in the long term we will see salutary headlines."

The Grand Opening of Elbphilharmonie on January 11, 2017 proved this state-

ment. In the speeches and reports the high costs and difficulties during the construction process were mentioned, but in general the appreciation of the new cultural building was predominating. "This diva had been a long time coming, she is very expensive but seems to be worth every cent", was to read in the German newspaper *Handelsblatt*. In the fortnightly *Immobilienbrief* Werner Rohmert put the investment into relation with other expenses: "Hamburg can be proud. It cost nearly EUR 800 million. So what? That is less than one per cent of the sum just spend to save the banks in 2008."

Not only for the two concert halls, but the whole complex including also a hotel and apartments Werner Rohmert calculates: "To see it real estate economically: the EUR 80 millions of the original calculation have been always a 'fake'. This is sometimes the price only for a 5-star hotel with 244 rooms. According to Wikipedia the high-tech landmark building has 120,000 square metres of floor area. EUR 800 million total costs means only EUR 6,500 per square metre. That is often also the price for an exhibition or office building. So what about all the jabberwocky about costs? Hamburg has now its own worldwide known 'Miss Liberty'."

Hamburg is characterised by a distinct sense of civic-mindedness that is linked with the tradition of the 'Free and

Hanseatic City of Hamburg'. Part of this sense of civic-mindedness is the respect for and therefore the financing and promoting of the urban social life. For sure, Elbphilharmonie is only a part of it. But it is a landmark, a word, very common in the real estate industry. The original meaning was "a recognizable feature used for navigation, a feature that stands out from its near environment and is often visible from long distances". Given the orientation and visibility that is true for Elbphilharmonie.

But Elbphilharmonie is only one example among others. In September 2014, the new concert hall of Szczecin in Poland opened, also a characteristic architectural landmark attracting attention from far beyond Szczecin. In October 2016, in Bochum in Germany a new concert hall was inaugurated that was at least partly financed by Bochum's citizens raising more than a third of the constructions costs of EUR 38 million by donations.

"Congratulations!" is to exclaim at Hamburg, Szczecin, and Bochum. Also those who are not really interested in this kind of culture can be happy about the appeal and image of these buildings. However, the development of cultural properties should be a matter of course. Already in 2007 the report of the committee of enquiry about "Culture in Germany" stated: "Culture is not ornamental, but fundamental for our society and its further development."

## imprint

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

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

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

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

**Managing Director:** Andreas Schiller

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

**UID:** DE270670378

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

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