

SPH newsletter

news

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special

The “tennis match” of SPH Newsletter is a tradition and the return of real estate experts after the serve gives at least an extract of the picture the property sector is showing before Expo Real 2019.
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There are only days left to the opening of Expo Real 2019. In advance we offer a tour to exhibitors from CEE/SEE.

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background

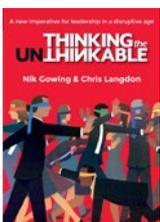
Mainly in the Czech Republic and Poland Asian capital is increasingly involved in real estate transactions.
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events

Exhibitions, conventions, and congresses

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book review



“Thinking the unthinkable” is demanded from executives in companies and politics.

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DEAR READERS!



About rents between EUR 525 and EUR 630 per square metre most landlords and investors would rejoice. Furthermore, it is not a monthly rent, but is paid for only some days. The talk is about the prices exhibitors have to pay for being present at Expo Real with a stand. In 2019 again, more than 2,000 exhibitors are registered.

Since long the International Trade Fair for Property and Investment is an important event for the real estate industry. However, not only real estate companies, but as well many cities, regions and even countries will exhibit in Munich during the days of October 7 to October 9. After years of continuous growth this time a seventh hall, the hall A3, was added enlarging the area to more than 72,000 square metres.

In times of electronic communication and of so-called social media it is something special that more than 45,000 participants from 73 countries – that are the official figures of last year’s Expo Real – are taking the effort and expenses to travel to the trade fair in Munich. For me, it shows that face-to-face encounters and personal meetings are not to substitute and that Expo Real is the biggest meeting point for the industry.

Like every year in September, Marianne Schulze and I are already looking forward to meeting many of you, dear readers, at Expo Real and wish you all taking part in the fair, successful days in Munich.

Yours,

Andreas Schiller



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Vienna, Austria



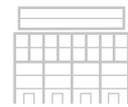
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Paris, France



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Mixed-use Building
New York, USA



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Office Development
Berlin, Germany



Upper Zeil
Retail
Frankfurt, Germany



Junghof Plaza
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Frankfurt, Germany

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KGAL's first investment in the Czech Republic is Schönkirchovský Palace and an interconnected new building in the city centre of Prague.

KGAL ACQUIRES TROPHY ASSET IN PRAGUE

KGAL has acquired the DRN office building in Prague for a pan-European special real estate Alternative Investment Fund (AIF). It is the first investment of KGAL in the Czech Republic.

The building incorporates parts of the original Schönkirchovský Palace which dates from 1734 with an interconnecting new building which was completed last year. DRN is located in the centre of Prague, close to the National Theatre, Charles Bridge and Wenceslas Square. The central metro station Národní třída is 300 metres away. The rentable space totals 12,595 square metres with 2,290 square metres in the old building and 10,305 square metres in the new building.

APEX OPENS HILTON GARDEN INN BUCHAREST AIRPORT

Apex Alliance Hotel Management opened Hilton Garden Inn Bucharest Airport. The hotel, the first in Romania to be located next to the terminal, includes 218 guest rooms and five conference rooms, totalling 225 square metres. The investment is valued at EUR 19 million.

ACTEEUM AND LEROY MERLIN TO BUILD KOSZALIN POWER CENTER

Acteeum Group and Leroy Merlin will jointly develop the Koszalin Power Center in north-western Poland. The retail complex is to be built on a 11 hectare plot and will offer 37,000 square metres as well as 1,100 parking spaces. Koszalin Power Center will house around 30 units, a 10,600 square metre Leroy Merlin, a 2,200 square metre supermarket, a 10,500 square metre Agata Meble furniture store, a large grocery operator, fashion stores, popular discount chains and an American drive-thru food chain. The opening is scheduled for the first quarter of 2021.

Acteeum Group is the owner of shopping centres in Krosno, Tomaszów Mazowiecki, Wołomin, Stalowa Wola and Elbląg, and has two development projects in Chełm and Andrychów.

CORUM ASSET MANAGEMENT BUYS OFFICE BUILDING IN POZNAN

Corum Asset Management has acquired the second building of Skanska's Nowy Rynek office complex in Poznan for EUR 36 million. The building offers a total leasable area of around 12,000 square metres. Completion is scheduled for the fourth quarter of 2019. The Nowy Rynek office complex is located in the city's central business district.



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Warimpex Finanz- und Beteiligungs AG has now a 90 per cent stake in Avielen, the project company of Airportcity St. Petersburg. The remaining 10 per cent are held by UBM Development AG.

WARIMPEX HOLDS 90 PER CENT STAKE IN AIRPORTCITY ST. PETERSBURG

In May of this year, Warimpex Finanz- und Beteiligungs AG announced the acquisition of a 35 per cent stake in the project company AO Avielen A.G. The seller of the shares is CA Immobilien Anlagen AG (CA Immo), which has completely pulled out of this project with the sale. All of the prerequisites for the closing – in particular the approval of the Russian antitrust authority – have now been satisfied, and the transaction was concluded on 12 August 2019.

Warimpex now holds a stake of 90 per cent in Avielen, the project company responsible for the development and operation of Airportcity St. Petersburg. The parties involved agreed not to disclose the price. An additional 10 per cent stake in Avielen is held by UBM Development AG.

Airportcity St. Petersburg is being developed and is operated by the project company AO Avielen A.G. and is located in close proximity to the Pulkovo international airport in St. Petersburg. In addition to a four-star Crowne Plaza hotel, three modern office buildings with a total lettable space of roughly 31,000 square metres have been built thus far.

The two fully occupied towers from the first construction phase, Jupiter 1 and Jupiter 2, with approximately 16,800 square metres of space were sold in 2015. The third tower from the second construction phase – Zeppelin, offering around 15,600 square metres of lettable space – is also fully occupied. In addition, Airportcity St. Petersburg offers property reserves for around 150,000 square metres of office space.

INDOTEK BUYS FOUR KLÉPIERRE SHOPPING CENTRES IN HUNGARY

The Indotek Group has acquired four shopping centres in Hungary from Klépierre. The price of the deal, which was approved by the Hungarian competition authorities, was not disclosed.

The transaction includes Budapest's Corvin Plaza and Duna Plaza as well as Gyor Plaza and Miskolc Plaza in northwest and northeast Hungary. Earlier this year, Indotek bought Alba Plaza in Szekesfehervar and Nyir Plaza in Nyiregyhaza from Klépierre.

PBB FINANCES ACQUISITION OF WHITE HOUSE IN BUDAPEST

pbb Deutsche Pfandbriefbank provided an investment loan and a VAT facility totaling EUR 52 million to an open-ended special alternative fund managed by Warburg-HIH Invest Real Estate. The fund will use the proceeds for the acquisition of the newly built White House office building in Budapest from developer GTC. pbb acted as arranger and sole lender under the facilities. White House is located within Budapest's Váci Ut corridor. It offers a gross lettable area of around 22,300 square metres.



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Nowy Targ in Wrocław is one of the three office buildings in Poland acquired by real estate funds managed by Credit Suisse Asset Management Global Real Estate.

SKANSKA SELLS THREE OFFICE BUILDINGS IN POLAND

Skanska has sold a portfolio of three office buildings located in Wrocław and Krakow in Poland to real estate funds managed by Credit Suisse Asset Management Global Real Estate for EUR 214 million. The transaction includes the Nowy Targ project in Wrocław along with two buildings in the High5ive office complex in Krakow. The transaction's total leasable area comprises of 60,300 square metres – 22,800 square metres in Nowy Targ and 37,500 square metre in High5ive. Construction of the Nowy Targ project has just been completed. The transfer of Nowy Targ is scheduled for the fourth quarter of 2019, and for the first quarter of 2020 for the buildings in the High5ive complex.

METRO PROPERTIES SELLS PORTFOLIO IN CENTRAL EUROPE

Metro Properties, the real estate company of Metro AG, sold the real estate of 11 Cash & Carry stores in Poland, Hungary and Czech Republic in a sale-and-leaseback transaction. The portfolio has been acquired by FLE GmbH, Vienna, subsidiary of French LFPI Group, investing on behalf of an AIF regulated fund. The transaction was finalized in August 2019, with a total volume exceeding EUR 250 million. Metro and Makro Cash & Carry will continue to operate all wholesale locations on the basis of long-term lease contracts.

The total portfolio of 11 properties comprises 5 Makro Cash & Carry stores in Poland (Warsaw, Wrocław, Krakow and Lublin), 3 Metro Cash & Carry properties in Hungary (Budapest) and 3 Makro Cash & Carry markets in Czech Republic (Prague). Metro Properties retains the ownership of several adjacent plots in Poland and Czech Republic to develop mixed-use projects.

IMMOFINANZ EXPANDS STOP SHOP PORTFOLIO

Immofinanz expands its Stop Shop retail park brand and acquired six retail parks in Slovenia and Poland with roughly 54,000 square metres of rentable space.

The Slovenian real estate package contains locations in Jesenice, Skofja Loka, Murska Sobota, Slovenj Gradec and Slovenska Bistrica with roughly 46,200 square metres of rentable space. The seller is Centrice Real Estate Ljubljana s.o.o. Immofinanz's Stop Shop portfolio in Slovenia now includes 14 properties with approximately 98,400 square metres of rentable space.

The retail park acquired in Poland covers 7,900 square metres and is located in Lowicz. The seller is a company belonging to the Polish Developer Pro Group. This acquisition and the two projects currently under development will increase the Stop Shop brand in Poland to ten locations with approximately 69,000 square metres of rentable space.

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Central Business Center in Budapest has changed hands: Immofinanz has sold the building comprising 10,000 square metres of office space to ConverenCE.

CONVERGENCE BUYS BUDA OFFICE BUILDING

Budapest-based commercial real estate investor and developer, ConverenCE has announced the acquisition of the Central Business Center office building in the 2nd district of Budapest. ConverenCE acquired the building from Immofinanz.

Constructed in the 1990s and renovated in 2015, the building totals 10,000 square metres of office space with 156 parking spaces in an underground garage. It also has an 800-square-meter courtyard completed with its own restaurant.

RAIFFEISENBANK COMPLETED FIRST OFFICE DEAL IN MOSCOW

Raiffeisenbank has acquired a new built-to-suit office building in Moscow from Etalon. Located in the territory of the Nagatino i-Land business park, the building will comprise 34,000 square metres spread over 16 floors. The new building is due to be completed by 2022 and it will house the buyer, which has been a resident of Nagatino i-Land since 2014, occupying around 25,000 square metres in the first phase of the project. The purchase price was not disclosed.

Nogatino i-Land is a growing business district of Moscow, located on the territory of the former Likhachov Plant with great transport links. The district currently has seven office centres with a total area of nearly 200,000 square metres, rented and owned by large financial institutions.

TREI OPENS ITS TWELFTH VENDOPARK IN POLAND

Trei Real Estate GmbH (Trei), the property subsidiary of the Tengelmann group of companies, opened its twelfth retail park in Poland under the umbrella of its Vendo Park brand. The property is located on Nowy Rynek Street in the small town of Pułtusk and comprises a total floor area of 4,100 square metres. The total investment costs of the Vendo Park complex add up to EUR 5.8 million.

HILTON DEBUTS IN TORUN

Hilton has signed a franchise agreement with PPI Polskie Projekty Inwestycyjne, a wholly-owned subsidiary of Satoria Group, to open the 132-guestroom Hilton Garden Inn Torun Old Town.

The property, located in the heart of the city's Old Town, a UNESCO World Heritage site, will be managed by VHM Hotel Management. A former brewery and tenement building, the new hotel will also feature business and fitness centres, a restaurant and a bar. The opening is scheduled for 2022.

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So far Empark has been an office complex in Warsaw's Mokotów district. Now four of the eight buildings and a land site has been sold to Echo Investment for the development of residential buildings.

IMMOFINANZ OPTIMISES OFFICE PORTFOLIO IN WARSAW

Immofinanz is taking a further step to optimise its office portfolio in Warsaw. A new multifunctional concept was prepared for the Empark office location, which originally covered 117,000 square metres of rentable space, to meet the demand for mixed use through the inclusion of residential and commercial areas. Immofinanz plans to concentrate on the management and further modernisation of the four Empark office buildings comprising roughly 63,500 square metres of rentable space, while the section designated for housing will be sold to the Polish developer Echo Investment.

The purchase contract with Echo Investment for four buildings and one land site was signed on 14 August 2019. The closing for the transaction will take place in two phases, presumably in 2020 and 2021. The agreed property value totals EUR 48.9 million and is based on future, approved usable space.

SKANSKA PARTNERS WITH INNOGY INNOVATION HUB

Skanska Commercial Development Europe and innogy Innovation Hub, which is funded by innogy SE, a German energy company, to invest in and mentor technology start-ups, have entered into an agreement on strategic cooperation regarding technology development in the commercial real estate industry. This is the first agreement between the fund, which invests in PropTech (property technology) and ConTech (construction technology) innovation as part of its investment strategy, with a developer company in Central and Eastern Europe. Under the agreement, Skanska will cooperate with PropTech and ConTech focused start-ups within the innogy Innovation Hub portfolio. By the end of the year, the partners wish to carry out the first implementation projects with respect to Skanska Commercial Development Europe office building investments in Poland, Czech Republic, Romania and Hungary.

ZEITGEIST AM TO RENOVATE HISTORIC KRAKÓW BUILDING

Zeitgeist Asset Management, a real estate developer and asset manager for private and institutional investors in Germany and Central Eastern Europe, purchased two properties in Kraków from Orange. One of them is a historic building at ul. Wielopole 2, where the seat of the Main Post Office is located, the second one is a partially built-up plot at ul. Cystersów 21.

The building at ul. Wielopole 2 is well recognizable among the residents. For 120 years it has been the seat of the Main Post Office. The investor assures and this is guaranteed in concluded contracts, that the post office will operate without any changes, regardless of renovation works. Operations for the renovation of the building at Wielopole Street will begin at the earliest in 2022. The remaining time will be used to modernize the technological infrastructure of the second important tenant of this building – the Orange Company.

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STAFFING



left: Gijs Klomp
right: Nathalie Palladitcheff



left: Victor Stoltenburg
right: Richard Urvay

Gijs Klomp is new Head of Investment Properties for CBRE Romania. Gijs Klomp has over 17 years of experience in real estate. As a Dutch citizen, Gijs Klomp had his first contact with the Romanian market back in 2000, during his internship at Ion Mincu University of Architecture and Urbanism in Bucharest. In 2006, he set up the ING Real Estate Investment Management business in Romania. ING Real Estate Investment Management (ING REIM) was bought in 2011 by the US company CBRE and became CBRE Global Investors. Starting May 2013, Gijs Klomp joined the real estate consultancy JLL Romania as Managing Director and in early 2015 returned to CBRE to head CBRE's Romanian and later CEE capital markets department. As of July 2016, Gijs Klomp joined New Europe Property Investments (NEPI) to become part of their investment team that was expanding its coverage through investments in Croatia, Bulgaria, Hungary and Lithuania.

Nathalie Palladitcheff has been appointed President and Chief Executive Officer of Ivanhoé Cambridge. She will succeed Daniel Fournier who will retire, on October 15, 2019. After joining Ivanhoé Cambridge in 2015, Nathalie Palladitcheff was appointed President in 2018. Before joining Ivanhoé Cambridge's management team, Nathalie Palladitcheff held various management positions in real estate investment, development and services at private and public companies. She began her career with Coopers & Lybrand Audit (1991 to 1997), before joining Banque Française Commercial Océan Indien as Director of Financial Affairs and Management Audits (1997 to 2000). She continued her profession in the various facets of real estate investment, development and services, serving as Financial Manager and then Deputy Managing Director of Société Foncière Lyonnaise. From 2006 to 2007, she was Managing Director of Dolmea Real Estate, a subsidiary of Axa Group. Nathalie Palladitcheff joined Icade in 2007 as a Member of the Executive Committee in charge of Finance, Legal Affairs and Information Technology. In 2010, she also assumed responsibility for the Property Services division, and in February 2015, was appointed Acting CEO.

Victor Stoltenburg has been appointed Managing Director of the management company Deka Immobilien Investment effective 1 September 2019. He therefore manages all acquisitions and sales for Deka Immobilien. He assumed the responsibilities of Thomas Schmengler who has been retiring at the end of August. Victor Stoltenburg has been Head of Acquisitions and Sales in Deka Immobilien for nearly 11 years. He has also been deputy area head since June 2017. He is a fully qualified lawyer and initially worked as a legal advisor for real estate law in a variety of companies after completing his education. He then worked as a real estate investment manager in the real estate companies of SEB and Union Investment starting in 2005.

Richard Urvay has been appointed Managing Director for Slovakia at Colliers International. He started his new position on September 1 with Ermanno Boeris stepping down as current Managing Partner of Colliers Slovakia at the end of September. Richard Urvay joins Colliers from the shopping centre investor and manager ECE Projektmanagement Bratislava. Prior to his time with ECE, he held the position of Centre and Asset Manager for Eurovea shopping centre in Bratislava. Before that, Richard Urvay worked with Colliers between 2012 and 2015, where he established the Slovak Property Management Department.



LETTINGS

BUSINESS GARDEN, WARSAW

POLAND 

Expeditors Polska has leased 660 square metres of office space at the Business Garden office building in Warsaw. Axi Immo advised the logistic services provider during the lease process. Located on Zwirki i Wigury street, Business Garden offers 90,000 square metres of office, commercial and service space in seven buildings. The property also includes a hotel, conference centre, restaurant and fitness club. The complex is complemented by a garden with sports infrastructure.

GALERIA MŁOCINY, WARSAW

POLAND 

Primark has signed a lease about 3,660 square metres of retail space in the Galeria Młociny mall, in Warsaw, which is jointly owned by EPP (with a 70 per cent stake) and Echo Investment. Cresa represented Primark in the lease of its first store in Poland. Galeria Młociny, which opened this May, has more than 240 stores. The entire complex has an area of 85,000 square metres including 5,000 square metres of office space and a restaurant and entertainment section of more than 6,000 square metres.

NOWOGRODZKA SQUARE, WARSAW

POLAND 

Noerr has leased 1,100 square metres at the Nowogrodzka Square office building in Warsaw. The European law firm was represented by Cresa Polska. Nowogrodzka Square was completed last year and offers 11,500 square metres of office space. Nowogrodzka Square is owned by Yareal Polska.

PROSTA OFFICE CENTER, WARSAW

POLAND 

Instapage has leased 700 square metres of office space at Prosta Office Center in Warsaw. The tenant was represented by Cresa. The property is located near the Daszynskiego roundabout and offers 19,600 square metres of office space and 800 square metres of retail space. The anchor tenant is Lux Med. The building is owned by Cromwell Property Group.

VARSO PLACE, WARSAW

POLAND 

Bank Gospodarstwa Krajowego has leased 12,400 square metres of office space at the Varso Place office complex, which is being developed by HB Reavis in Warsaw's Wola district. The contract will last for five years. Varso Place consists of Varso Tower and two lower buildings including a total of 144,000 square metres.

HEWELIUSZA 18, GDANSK

POLAND 

UTC Fire & Security, specializing in manufacturing and supplying security technologies, has leased nearly 7,300 square metres of space in Heweliusza 18 office building in Gdansk. Heweliusza 18 is a ten-floor office building with an area of 10,000 square metres. Owner of the building is Apollo-Rida.

MORSKI PARK HANDLOWY, GDANSK**POLAND** 

Danish retailer JYSK has leased 1,320 square metres at Morski Park Handlowy on Przywizka street in Gdansk. An extension of the complex increased its total floor-space to more than 41,000 square metres. Main tenants include OBI, Carrefour, McDonald's, Media Expert and Jula. The owner of Morski Park Handlowy is GRP

FORUM GLIWICE, GLIWICE**POLAND** 

New Yorker, Pako Lorente, Calzedonia and Yves Rocher have extended their leases at Forum Gliwice. The four retailers occupy more than 1,200 square metres in the shopping centre. German clothing chain New Yorker leases 1,000 square metres. Polish clothing brand Pako Lorente and Italy's Calzedonia occupy 100 square metres each, while the unit leased by Yves Rocher covers nearly 30 square metres. The shopping centre is situated in the city centre of Gliwice and offers 43,000 square metres of retail space. The owner of the mall is Deko Immobilien.

FABRYCZNA OFFICE PARK, KRAKÓW**POLAND** 

The universal bank UBS has leased 19,500 square metres at Fabryczna Office Park in Kraków. The property, developed by Inter-Bud, is part of the Fabryczna City project. The financial company was advised by JLL and Baker McKenzie Krzywowski & Partners during the lease process, while Inter-Bud was supported by C&W and Bieniak Smołuch Wielhorski Wojnar i Wspólnicy. The complex offers 42,000 square metres of gross leasable space in three office buildings.

BUSINESS GARDEN, POZNAŃ**POLAND** 

GSK, a science-led global healthcare company, has expanded its lease agreement in the Business Garden office complex in Poznan. Following the expansion, the company will occupy more than 3,700 square metres. JLL advised GSK on leasing details. Business Garden Poznan is a modern complex of nine buildings that features 80,000 square metres of office and service areas. The property is situated on Bułgarska Street in the Grunwald district, and is well-served by numerous bus and tram lines. Developer and owner of the Business Garden complex is Vastint Poland.

BUSINESS GARDEN, BUCHAREST**ROMANIA** 

The Romanian Commercial Bank (BCR) has leased 14,000 square metres at Business Garden Bucharest, owned by Vastint Romania. Business Garden Bucharest includes three office buildings, with a total leasable area of nearly 43,000 square metres. It is located on Calea Plevnei, not far away from Bucuresti Nord Railway Station.

IRIDE BUSINESS PARK, BUCHAREST**ROMANIA** 

Immofinanz has rented approximately 3,100 square metres of office space to Sodexo, a French food services and facilities management company. The office space is situated in Iride nineteen. Iride Business Park is located on Boulevardul Dimitrie Pompeiu in Pipera neighbourhood in the north of the city.



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It's not a Grand Slam tournament, it's just the SPH Newsletter Open Invitation. But the way the serve is returned reveals at more than a little about the condition of the real estate industry before Expo Real 2019.

The mood in the property industry is ...

Thomas Beyerle: ... very good in the run-up to Expo Real, at least on the surface. After the fair, we won't be able to gloss over the economic situation that awaits us.

David Czyzewski: ... actually quite good. Realistically, there are almost no reasons to complain because most of the current challenges we face are well-known management issues. In this phase, it is differences in personality that are becoming more and more apparent and are setting the course for future results. Do we push what's possible to the limits? Or do we err on the side of caution and follow the cyclical pattern of the past? Anyone who wants to find a healthy middle way is better off working in a team with a pot-pourri of personalities and a level-headed manager at the top.

Michael Kröger: ... good.

Alexander Otto: ... overall still good. But the uncertainties surrounding global political developments, populist policies and red tape in Germany, as well as an overheated construction industry, mean that confidence is mixed with a good portion of caution.

Martin Schellein: ... comparatively good, especially as there is still room for maneuver for broad-based investors.

Claus P. Thomas: ... is still good, even if we have started to see first tendencies of a cooling-down in the markets.

Low interest rates have supported the boom. Now ...

Thomas Beyerle: ... things are set to continue with Ms Lagarde, at least for the time being. However, fundamental values start to come under pressure.

David Czyzewski: ... everyone's as smart as they used to be in terms of forecasting interest rates. In the USA, interest rates could be cut to further support the economic upswing, provided there is no severe recession. In Europe, the only option would also be cuts in interest rates

as there's no chance of increases for systemic and cyclical reasons. But imagine a scenario where negative interest rates get above -5 per cent, or even start edging towards -10 per cent – that's a thought experiment with unpredictable results.

Michael Kröger: ... the real estate economy has stabilized, having adjusted itself to the current interest rate level, and I do not expect a trend reversal anytime soon.

Alexander Otto: ... things will probably remain more-or-less unchanged for some time. Central banks will keep interest rates low – and real estate will remain an attractive investment in the current environment.

Martin Schellein: ... they continue to create enormously intense competition for real estate and other tangible assets.

Claus P. Thomas: ... rates will remain where they are in the short to medium term, which means real estate yields will also remain low for the foreseeable future. However, it certainly looks as if the large-scale yield compression of the last few years is now behind us.

Strategies for investment, development and financing need to be well-thought-out. For us, ...

Thomas Beyerle: ... scenario II will define the period between now and 2020: "sideways movement" + "residential over-allocation." In short – even more housing.

David Czyzewski: ... the basic commercial approach of disciplined acquisitions (where the profit lies), value creation and careful market demand analysis has never changed. What has changed are the asset classes and the specific know-how, e.g. the shift from retail to logistics space.

Michael Kröger: ... credit analysis was and is an important aspect. For a long time now, real estate financing has not only meant supporting real estate acquisitions and investment, but also, as a rule, backing business plans.

Alexander Otto: ... it is very important to realise only financially sound, economically stable and sustainably successful projects. That's precisely why we examine every one of our investment decisions so closely.

Martin Schellein: ... the sustainable good rental perspectives in many office markets offer opportunities to acquire assets with tenant issues and the respective income potential. Such opportunities to increase revenues justify case-related low initial yields.

Claus P. Thomas: ... the focus is on achieving long-term success for our investors. Depending on the strategy, this could be targeted at distributions and/or value appreciation.

There are plenty of potential markets you could invest in. Not everything is possible, but some things are. When choosing a location ...

Thomas Beyerle: ... outside the Top 5 in Germany, I see the outskirts with commuter rail connections and untapped modernization potential as offering the greatest opportunities to add value.

David Czyzewski: ... until recently, we would never have dreamed that we would be building world-class space for international German companies in India (in Thiruvananthapuram) at 90 per cent humidity and 40 degrees in the shade. And yet, we actually started construction there at the beginning of 2019.

Michael Kröger: ... the often cited motto "location, location, location" continues to apply in terms of potentials, growth and (future) liquidity, i.e. classic real estate topics.

Alexander Otto: ... we will continue to be very selective and concentrate on locations that will retain their value even in difficult times.

Martin Schellein: ... we continue to focus on prime markets, along with prime locations in secondary markets, with a sense of proportion.

Claus P. Thomas: ... we don't compromise on quality. It is important to keep an eye on each market's dynamics, and to review them regularly. We use instruments such as our factor model for real estate markets and sectors.

Investors from Asia are increasingly active around the world and in Europe. For us, this means ...

Thomas Beyerle: ... that in addition to our actual real estate business, which is growing strongly, we are paying far greater attention to cultural considerations in particular throughout negotiations.

David Czyzewski: ...that core yields will continue to decline. The following applies to the value-add segment: Yield expectations of above 15 per cent IRR can only be contemplated in special situations and are becoming rarer because there are now some very risk-happy investors in the market, who are tightening supply, especially in the USA and the classic investment markets in Europe. It is important not to lose sight of the fact that even



Professor Dr. Thomas Beyerle
Head of Group Research, Catella,
and Managing Director,
Catella Property Valuation GmbH,
Frankfurt am Main



David Czyzewski
Senior Vice President,
Taurus Investment Holdings,
Munich



Michael Kröger
Head International Real Estate Finance,
Helaba – Landesbank Hessen-Thüringen,
Frankfurt am Main

lower-yielding acquisitions with a solid, selective investment approach can be more sustainable investments.

Michael Kröger: ... an expansion of the potential customer base. It also means that prices will remain high as competition for good properties continues to intensify.

Alexander Otto: ... first and foremost, that Europe is an attractive market.

Martin Schellein: ... more intense competition for certain properties with secure, long-term cash flows.

Claus P. Thomas: ... even more competition for real estate on the one hand, but on the other, interesting new business opportunities with institutional investors from the Asian region.

Everyone is currently talking about climate change. This will have an impact on the real estate industry ...

Thomas Beyerle: ... only once people become aware of their social responsibility. According to Schumpeter, however, this catharsis will only occur when there is a significant change in the market.

David Czyzewski: ... much more than the industry wants to admit. After all, one third of global CO₂ emissions can be attributed to real estate. And, in terms of energy efficiency, the real estate we all use is still largely behind the technical possibilities. This is where both opportunities and risks lie for real estate investors. Through our partnership with Shell New Energies at the Whisper Valley pilot project in Austin, Texas, Taurus has demonstrated how market innovation in this area can lead to astonishing results.

Michael Kröger: ... especially in building services engineering. All developments and new buildings have a clear focus on energy efficiency and "intelligent" technologies, i.e. those that can save resources, reduce maintenance, optimize utilization

patterns and thus lower a building's CO₂ footprint.

Alexander Otto: ... because the industry can make an important contribution to climate protection with sustainably planned and built properties and energy-efficient operation. What is important, however, is that politicians set the goals, not the means, so that there is room for innovation.

Martin Schellein: ... in a particular way. However, with our Manage-to-Green strategy, which we formulated at the end of 2017 on the basis of the Paris climate targets, we believe we are well positioned.

Claus P. Thomas: ... that gets to the very essence of what we do! This is also a topic that will not disappear, but will gain more and more importance.

Die Expo Real is just around the corner. We expect from taking part in the trade fair ...

Thomas Beyerle: ... confirmation of the correctness of our strategy. And orientation on matters that are still undecided.

David Czyzewski: ... fruitful communication between our investors, international managers and employees.

Michael Kröger: ... a reliable indication of what the rest of the year has in store for the industry (and for Helaba) and for planning where the journey will take us in 2020 and beyond.

Alexander Otto: ... as always, lots of exciting conversations, new contacts and lively engagement with the industry as a whole.

Martin Schellein: ... a strong tailwind for our investment activities. The breadth of topics we will be discussing with our business partners has never been greater.

Claus P. Thomas: ... a wealth of interesting conversations at our booth.



Alexander Otto
CEO, ECE,
Hamburg



Martin Schellein
Head of Investment Management
Europe, Union Investment Real Estate,
Hamburg



Claus P. Thomas
Chairman of the Management Board,
CEO Germany,
BNP Paribas Real Estate Investment
Management Germany GmbH,
Munich



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AT EXPO REAL 2019

Expo Real 2019 features a more innovations than ever before and offers visitors an even wider range of exciting features and events than previous trade fairs. With so many highlights to choose from, it is even more important to make sure you plan your visit carefully in order to make the most of your time at the trade fair.

Every Expo Real is a bit like a “sporting” event: There are so many appointments in different halls, a wealth of discussions and a packed program of events in a variety of forums. And even once the fair officially ends each evening, there is still a host of invitations from exhibitors. The result: sore feet and a long list of leads, contacts and opportunities to follow up after the fair. Still, no other trade fair brings so many of the industry’s key figures together in one place at the same time.

Looking at this year’s program and exhibitors’ directory, it’s probably safe to say that your feet will feel it even more this year, especially as the exhibition space has been extended to a total of 72,250 square meters with the addition of Hall A3. The temporary over-crowding in the halls last year, combined with the desire of some exhibitors for more space, definitely strained the trade fair’s capacities to their limits. In response, Messe München is opening an extra hall this year. The new hall, NOVA³, will be home to companies with a close affinity to technology and innovation, and allows more space for other exhibitors in Hall A1. But Hall A3 is not only dedicated to all things hi-tech – it’s also home to exhibitors such as the joint Swiss stand and the Polish developer Cavatina from Krakow (A3.122), as well as the Polish investment and asset manager White Star Real Estate (A3.322). Other exhibitors in Hall A3 include Bonard (A3.312), an international student housing research company headquartered in Vienna and with offices in Bratislava,



On October 7, at 9 a.m. the turnstiles will open for Expo Real 2019.

Banska Bystrica in Slovakia and Tianjin in China, and M2C (A3.514), an international facility manager based in the Czech Republic.

Visitors with a major interest in exhibitors from CEE/SEE will primarily visit the A halls, with targeted detours to Halls B1 (Moscow) and B2 (Slovenia), as well as Hall C2 (Czech Republic).

South East Europe and the Balkans will be at home in Hall A1, where the Republic of Moldova’s investment agency (A1.012) is exhibiting. Moldova is a relatively small country between Romania and Ukraine and its political situation should be somewhat clearer after the parliamentary elections in 2019.

Romania is set to become CEE/SEE’s second-strongest economy by the end of 2020 and is widely regarded as one of the most attractive investment markets in the region. So it’s no surprise that Ro-

mania is more strongly represented this year: The joint stand organized by the German-Romanian Chamber of Industry and Commerce in Bucharest (A1.234) includes the Romanian cities of Brasov, Iasi and Constanta; the Constanta port authority; the Agency for Regional Development and the Suceava region; the investor and developer AFI Europe; the consulting company Alma Consulting; the architecture and planning office Danina Star, based in Brasov and Bucharest; Element Industrial, developer of logistics parks; the Romanian subsidiary of the German Geiger Group, Geiger Romania, which specializes in civil engineering, road construction and the development of commercial and industrial sites; Impact, a project development and construction company listed on the Bucharest Stock Exchange; Lion’s Head Investments, a joint venture between South African’s Old Mutual and regional investment group AG Capital, which has a strong track record in Bulgaria and entered the Romanian market with the ac-



During the three days of Expo Real the main focus is on information and talks, developments and networking.

quisition of Oregon Park in 2018; REC Regional Environment Centre; the law firm Stratulat Albulescu from Bucharest; and WDP Romania, the Romanian subsidiary of the Belgian project development group specializing in industrial construction.

In the “neighbourhood” of the Romanian joint stand Bucharest’s 5th district presents the Bucharest Centenary Project in the Antiaeriana region (A1.242) and the district of Ilfov (A1.241) will be showcasing relating developments beyond the city limits of the Romanian capital (see SPH Newsletter No. 68).

As in previous years, Transylvania Evolution, a private initiative to promote the development of Cluj-Napoca and Transylvania, has organized its own stand (A1.513), which includes the city of Cluj-Napoca, the district of Cluj and Hexagon Developments, an international property management company, along with the developer and project manager Speedwell and the housing developer Studium Green active in Cluj.

Similar to Romania, the German-Bulgarian Chamber of Industry and Commerce in Sofia is organizing a joint Bulgarian stand (A1.442). Exhibitors include the Sofia investment agency and, once again,

Lion’s Head. Other co-exhibitors include BPD Ringroad with the Sofia Ring Logistics Park; Business Park Sofia, the largest office park in CEE/SEE; Eastring, the new pipeline project leading from Turkey via Bulgaria and Romania to Hungary and Slovakia; Fairplay International, a Bulgarian REIT with a portfolio of residential and holiday homes, office buildings and logistics properties; the Bulgarian universal bank First Investment, one of the country’s largest banks; the Galaxy Investment Group; Harmony Group, a subsidiary of the Russian M-Group that focuses on the marketing and property management of luxury holiday properties along the Bulgarian Black Sea coastline; the real estate agency I & B Real Estate; and the property management company Real Estate BG.

Staying with SEE: Serbia, or more precisely Vojvodina, is also exhibiting with a joint stand (A1.441) organized by the Vojvodina Development Agency and including the cities of Novi Sad, Kikinda, Pancevo, Pecinci, Sombor, Subotica and Zrenjanin. Vojvodina is an autonomous and financially independent province that was long under Hungarian and Habsburg rule and only joined Serbia after 1918.

Hall A2 is traditionally the “Polish” hall, where most of the Polish exhibitors, pri-

marily cities and regions, are gathered. The Polish presence starts right next to the entrance, where you will find Bydgoszcz (A2.020), followed by the cities of Katowice and Dabrowa Gornicza with the Metropolitan Association of Upper Silesia and Dabrowa Basin (A2.021). Poznan has its own stand (A2.022) while Kujawsko-Pomorskie Voivodeship (A2.112) has a joint stand with Torun and the rural municipalities of Aleksandrow Kujawski, Brzesc Kujawski, Chocen and Swiecie, the cities of Grudziadz, Inowroclaw, Pluznica with the Pluznica Investment Park and Wloclawek. Walk a few steps further and you’ll arrive at the stand of the special economic zone “InvestPark” of Walbrzych in Lower Silesia (A2.120). The city of Lodz is at stand A2.122 and, one aisle over, you’ll find the joint stand of the Pomerania Development Agency (A2.332), the Gdansk Economic Development Agency, the cities of Gdynia and Sopot, the Pomeranian Special Economic Zone and Rumia Invest Park.

It’s going to be hard to overlook the City of Warsaw (A2.121) stand: This is where you’ll meet the developers BBI Development, Ghelamco Poland, HB Reavis Poland, Karimpol and Yareal Polska, the development and investment company GolubGetHouse, the French real estate



Many projects find a buyer already before the start of construction.

and investment company Unibail-Rodamco-Westfield, the law firm Bird & Bird and the project manager cmT as co-exhibitors. Directly opposite, you can find out all about Skanska Commercial Development (A2.222) and, a little further, on the “Warsaw side,” you’ll reach Echo Investment (A2.134).

HB Reavis is a Polish co-exhibitor at the Warsaw stand, but the company from Slovakia, which since many years is internationally active, also has its own stand in Hall A2 (A2.124).

Panattoni Europe is another registered Polish exhibitor, although they are based close to the logistics cluster in Hall C2 (C2.422), which is also hosting CTP (C2.430) from the Czech Republic. P3 Logistics Parks are represented in Hall B2 (B2.300).

We’re not quite done with Hall A2 yet: Hungary – a very popular market right now – has a large joint stand (A2.310) organized by Budapest – Real Estate Developers and featuring 20 co-exhibitors, including developers and investment companies such as Atenor Hungary, Forestay Development, Futureal, Granit Polus, HB Reavis Hungary, Horizon Development, Infogroup Management and Wing, as well as the Hungarian subsidiaries and affiliates of international consultants, including CBRE and KPMG, the architectural firm Lima Design and the law firm Lakatos, Köves and Partners. The Hungarian Investment Promotion Agency (HIPA), the Budapest city marketing company BVA Budapest City Branding and the two

park and recreation space development companies Városliget and Kopaszi Gat are also represented. Local urban development companies from the Hungarian cities of Debrecen, Miskolc and Szeged are on-board as well.

Although it was founded in Hungary, the development company TriGranit is now active throughout CEE and is an established international company, both operationally and in terms of its ownership structure. If you want to touch base with TriGranit, you’ll find the company in Hall B2 (B2.022), an entirely different hall to the Hungarian joint stand.

At Expo Real, Russian exhibitors are traditionally based in Hall B1. But still in Hall A2, you’ll also find the Russian hotel chain Azimut (A2.340), which is co-exhibiting with PKF hotelexperts. Azimut is active in Russia, Germany and Austria, as well as across the Asia-Pacific region since 2015.

We started with Hall A3, so let’s continue our journey around Expo Real 2019 on the other side of the atrium. If you want to visit the City of Moscow’s stand, you’ll need to make your way over to Hall B1. The stand is in its usual place (B1.110),



Whether as individual exhibitors like Panattoni Europe or as part of a joint stand – CEE/SEE is strongly represented in Munich.

right at the entrance to the hall. You'll find another Russian acquaintance in this hall: Biganto (B1.533), which creates 3D visualizations for architects and designers.

In Hall B2, the investment agency Spirit Invest Slovenia (SIS) is the contact point for all interested in this country (B2.410). SIS is joined by the Bank Assets Management Company, which has been selling Slovenian banks' non-performing loans since 2013. This is also where you'll find the development agencies of Maribor MRA and Ajdovscina, a small town between Nova Gorica and Ljubljana.

Anyone with an interest in the Czech Republic should make a beeline for Hall C2, where the City of Prague (C2.413) and Ostrava with the Moravian-Silesian Region (C2.414) are located. The co-exhibitors of Ostrava and the Moravian-Silesian Region are: Accolade, a fund company that specializes in light industrial and logistics real estate in the Czech Republic and Poland; Asental Land, a subsidiary of Asental Group, which markets land; Czech project developer Passerinvest; law firm PRK Partners; and Residomo, a housing company with a key focus on the Moravian-Silesian Region and Olomouc.

A little further on, you arrive in Central Bohemia (C2.520), the region that stretches around Prague. And just a few steps further, you come to the stand of Europa Investment Property (C.522), a Prague-based company that has made a name for itself in the Czech Republic with the modernization and restoration of existing buildings.

What more information could you possibly need? Well, 10 forums are spread across the seven halls. And that's not to mention the exhibitors' own events. We can't cover everything here, so you have to take a close look at what interests you most. We guarantee that Expo Real 2019 has something for everyone. And we promise you action-packed days, exciting events, interesting forums and opportunities you won't find anywhere else | **Marianne Schulze**



Different events during Expo Real take into account the great number of exhibitors from CEE/SEE, but as well the importance of the markets in the region.

EVENTS WITH A SPECIFIC FOCUS ON CEE/SEE

Monday, October 7, 2019

1:00 p.m. – 1:45 p.m.

Real estate market in Bulgaria – Opportunities and perspectives 2020
Discussion & Networking Forum, Hall A1, Stand 250

Monday, October 7, 2019

5:00 p.m. – 5:45 p.m.

Romania in the spotlight. Market opportunities
Discussion & Networking Forum, Hall A1, Stand 250

Tuesday, October 8, 2019

3:00 p.m. – 4:00 p.m.

Transylvania – market trends and investment opportunities
Discussion & Networking Forum, Hall A1, Stand 250

Wednesday, October 9, 2019

11:00 a.m. – 11:50 a.m.

Refurbishments: Brownfield and Greenfield Developments in CEE/SEE
Investment Locations Forum, Hall A1, Stand 134

Wednesday, October 9, 2019

12:00 a.m. – 12:50 a.m.

What's Next? Attempting to Provide an Outlook
Investment Locations Forum, Hall A1, Stand 134



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Dana Bordei

Commercial Manager
Warehouses de Pauw
Romania



Bernd Himmler

Head of Property Portfolio
Management CEE/SEE; Head
of Project Development, S Immo

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SUCEAVA COUNTY



WAREHOUSES WITH BRAINS

STAND A1.241



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FROM THE FAR EAST TO EUROPE'S EAST



In 2019, Mapletree Investments from Singapore has acquired the office complex West Station in Warsaw.

The real estate investment markets in Poland, the Czech Republic, Slovakia, Hungary and Romania are all in very good shape. In Poland and the Czech Republic in particular, the markets have been boosted by increased capital inflows from Asia.

There are already strong indications that 2019 will end up being another banner year for investments in real estate in CEE/SEE. According to JLL, transactions in the region during the first half of the year totalled slightly more than EUR 5.47 billion. The lion's share is attributable to Poland, which saw its market generate EUR 2.72 billion of deals – almost 49 per cent of the region's total. The Czech Republic ranks second with EUR 1.68 billion (roughly 30 per cent). Hungary, Romania and Slovakia all failed to break through the EUR 500 million mark.

The individual markets are obviously very different from one another, as are

their shares of the overall regional total. It's also important to recognise that the figures cited above inevitably combine data on direct acquisitions with data on transactions in which only international investors are on the seller and buyer side.

Nevertheless, it is clear that demand for real estate investments in CEE/SEE remains strong and – depending on the individual market – is even growing. JLL believes that the record investment of EUR 13.23 billion in 2018 – the best result since the company started tracking the market – could be surpassed once again. Further market growth is predicted above all for Romania.

The 60 transactions concluded in H1 2019 – EUR 1.67 billion for office, EUR 430 million for retail, EUR 374 million for industrial and logistic properties, EUR 135 million for hotels, EUR 47 million for residential and EUR 60 million for what JLL calls "others" – involved a large amount of Asian capital. Investors

from the Asian region are particularly active in Poland and the Czech Republic. "Asian capital accounted for more than one third of acquisitions in terms of transaction volume, with the Polish office and industrial sectors attracting significant attention from far-eastern capital sources", explains Tomasz Trzoslo, Managing Director, Poland and CEE at JLL.

Based solely on transaction volumes, Asian investors were the most active group of investors on the Polish office market in H1 2019. The sale of West Station (I+II) in Warsaw by a joint venture of HB Reavis & PKP to Singaporean investor Mapletree for EUR 190 million was the largest single transaction on the Polish office real estate market during the first six months of the year.

"As in the office sector, investors with Asian capital sources – particularly from South Korea – were remarkably active in the Polish logistics sector in H1 2019", adds Robert Sztemberg, Business Devel-



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opment Director, Capital Markets at JLL. Asian investors thus made a decisive contribution to the total transaction volume of around EUR 374 million in the first half of 2019.

The most significant deal involved the acquisition of two logistics properties near Wrocław and Konin by Mirae Asset Global Investments (MAGI) from South Korea. Hines advised MAGI throughout the transaction. MAGI acquired the properties from Blackstone via a share purchase, buying shares in the special purpose vehicles that owned the assets, and appointed Hines as the portfolio's local asset manager for the entire holding period. The properties were traded for around EUR 130 million.

The market's second major transaction also involved Asian capital with an investment volume of around EUR 85 million, and Hines once again made a decisive contribution. On behalf of IGIS Asset Management, headquartered in Seoul, Hines acquired the Zalando Lounge Distribution Center in Ameryka – quite appropriate for Hines – near the small town of Olsztynek in the Polish province of Warmia-Masuria. Here, too, Hines will provide asset and property management services.

Perhaps most interestingly, all three of these major transactions involved

single-tenant logistics properties: in Wrocław it is Amazon; in Konin Euro-cash, and in Ameryka, Zalando.

Poland is not the only country in the region firmly on the radar of South Korean investors: The Czech Republic, and Prague in particular, is also subject to high levels of interest. Earlier this year, the reported sale of the Waltrovka office scheme, which Penta Real Estate had been developing on the 170,000-square-metre site of the Walter-Werke since 2012, to Hanwha Investment & Securities from Seoul for around EUR 255 million, caused a sensation. But things are not always as they seem! In fact, it was the German investment manager GLL Real Estate Partners that acquired the property and handled the transaction together with LB Asset Management Inc. from Seoul, who were in turn commissioned by Hanwha.

In Q2 2019, Hana Financial Group and Hana Alternative Asset Management acquired the Rustonka R1-R3 office complex in the Karlín district of Prague for EUR 136 million and Hana Financial Investors acquired Main Point Pankrac for EUR 130 million. Local partners participated in both transactions. The purchase of Rustonka involved White Star from Prague, while Mint Investments Group, which remains responsible for asset management of the property at Main Point Pankrac, represented the transaction's

South Korean investors. Sebastien Dejanovsky, Partner at Mint Group, says: "South Korean investors have been very active in the Czech market in recent months. For example, in January, we arranged the acquisition of Florenc Office Center in Prague for another investor from the Republic of Korea". As he points out: "That was the very first time an investor from South Korea successfully concluded a prime property acquisition in the Czech market".

The Slovakian market also registered a premiere during H1 2019. In the country's capital, Bratislava, the London investor Valesco and AIP Asset Management from South Korea bought the Twin City Tower for EUR 120 million. Cushman & Wakefield assisted South Korea's first engagement in the Slovakian real estate market, just as they had done for the acquisitions of Waltrovka, Rustonka and Main Point Pankrac in the capital of the Czech Republic. "Investors can acquire buildings in Bratislava that achieve higher yields than in Prague or Warsaw", explains Alexander Rafajlovic, Partner, CEE Capital Markets at Cushman & Wakefield, about the market entry.

There's also the fact that even in the capitals Prague and Warsaw, investors can achieve higher yields than are available in most Western European capitals. On the other hand, higher returns can



Whether Waltrovka, Rustonka or Main Point Pankrac in Prague – in each of the transactions Asian capital was involved.

mean higher risk. But that doesn't automatically have to be the case. Poland, the Czech Republic and Slovakia are all members of the European Union, as are Hungary, Romania and Bulgaria. In addition, Asian investors' rising activity in CEE may also be related to the limited and now often very expensive supply of real estate product in Western Europe's capitals. After all, there's an old real estate adage: The profit lies in the purchase. However, for this to be true, the market needs to keep on growing. Any such assumption needs to be based on macro- and microeconomic data, location quality, building quality, the property's tenants and – perhaps most importantly – the integrity of the people involved.

Nevertheless, any forecasts remain a matter of speculation. A review of recent years is far more reliable. Some mar-

ket observers may have forgotten that, in 2016, GIC – perhaps better known as Government of Singapore Investment Corporation – acquired P3 Logistic Parks' for around EUR 2.4 billion. This includes an extensive portfolio of logistics properties in Poland, the Czech Republic, Slovakia and Romania. Then, in 2017, Logisor was acquired by sovereign wealth fund China Investment Corporation CIC. Logisor also operates logistics properties in these four countries, as well as in Hungary. In the same year, Thailand's U City acquired the Warimpex hotel portfolio, which comprised properties in Poland, the Czech Republic and Romania for EUR 176 million. Finally, in 2018, Mapletree from Singapore bought Prologis and thus their logistics properties in Poland and Hungary. CEFC China Energy's acquisition of the Florentinum office complex in Prague was one of the

most significant individual transactions of 2016, and the Malaysian pension fund EPF from Kuala Lumpur acquired the Galeria Katowicka shopping centre in Poland in 2018. Each of these transactions was reported to involve sums of around EUR 300 million.

But size is not the only defining characteristic of investments involving Asian capital. Moreover, size is relative. This year, ISOC Holdings from Manila has snapped up numerous real estate assets in Poland, with the most recent transactions involving properties in Wroclaw and Gdansk. In Gdansk, the Philippine company acquired the Argon building in the Alchemia office complex. The investment volume was most likely just under EUR 100 million, but for Poland's TriCity region, it was the largest office investment of all time. | **Andreas Schiller**

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Ihr Erfolg ist : unser Maßstab

FOR YOUR PLANNING

When	What about	Where	For information and registration
25. September 2019	CEDEM 2019 Commercial Property & Investment Summit	Slovanský dum Na Prikope 22, Prague, Czech Republic	www.cedem.cijeuropa.com
7.–9. October 2019	Expo Real International Trade Fair for Property and Investment	Messe München, Munich, Germany	www.exporeal.net
13.–15. November 2019	MAPIC The international retail property market	Palais des Festivals, Cannes, France	www.mapic.com
27. November 2019	Real Connect 2019 CEE Property and Investment Fair	Global Expo Centrum, Modlinska 6D, Warsaw, Poland	www.realconnect.pl
29.–30. November 2019	ERES Education Seminar Real Estate Education of Tomorrow	Bucharest University of Economics, 6 Piata Romana, Bucharest, Romania	www.eres.org
10.–13. March 2020	Mipim The international retail property market	Palais des Festivals, Cannes, France	www.mipim.com

NAVIGATING UNCHARTED WATERS

It's not only for the heads of global companies and high-ranking politicians that established principles and certainties are giving way to widespread instability, insecurity and anxiety. We have lost our constant certainties and have to accept that what is true today could be turned on its head tomorrow. We live under a cloud of uncertainty caused not only by digital disruption, but also by the dissolution of traditional political and social norms.

Against this backdrop, it is hardly surprising that Nik Gowing and Chris Langdon's interviews with C-suite executives and senior public servants reveal an elite that is frequently caught off guard by the breath-taking pace of change and disruption that define our age. Not only do our leaders feel overwhelmed, they find that they cannot solve today's problems with the tried-and-trusted strategies that got them to the top.

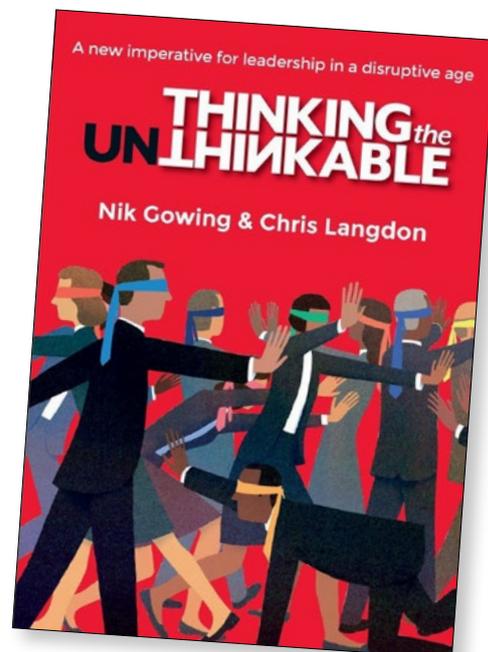
This book underlines the urgent need for a radical rethink and strategic reorientation. But how and where? As the authors provocatively suggest, we need to think the unthinkable – to recognise warning signs, embrace change, prepare for and pre-empt crises.

The authors explore case studies of managers who buried their heads in the sand until reality came knocking. They also present examples of strategic realignments that enabled companies and politi-

cal institutions to react more flexibly to the challenges they faced. Regardless of the arena, it is strikingly clear that the world has moved away from a hierarchical, top-down mindset and towards the invigorating openness of a bottom-up approach. Younger people, in particular, have their own ideas about how and where they want to work. And they no longer believe that companies should prioritise profit at the expense of their social and environmental responsibilities.

While none of this is entirely new, it certainly helps to understand the extent to which our business and political elites are struggling and how quickly digital communication channels can be used to flip public sentiment and manipulate opinions. It is clear that it is not only our CEOs and top politicians that are facing massive challenges. We all are. Whether it was the financial crisis of 2007/2008 or – as the authors suggest – the “great awakening” of 2014 that got the ball rolling, it is as if the pace of change and frequency of global crises have accelerated exponentially. At the same time, our societies are drifting ever further apart, we've lost the ability to engage in measured political dialogue, compromises remain elusive and supposedly simple solutions to highly complex problems are the order of the day.

Beyond the book, the authors also host a website (www.thinkunthink.org) where



Nik Gowing & Chris Langdon
Thinking the Unthinkable
 A new imperative for leadership in a disruptive age
 360 pages
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 Price: £ 15

they offer political and business leaders valuable insights and provide a confidential platform for engagement and communication. Although there are no “patent recipes”, at least Nik Gowing and Chris Langdon offer plenty of food for thought.

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