

SPH newsletter

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review

Expo Real in Munich in October followed almost seamlessly on from its success in 2019. As much as the event resembled earlier trade fairs, the general conditions for the real estate industry have changed.page 12

construction

The EU requires the construction industry not only to reduce CO₂ emissions, but also to recycle waste during construction and demolition. But there is still a long way to go before a real circular economy is achieved in the construction sector.page 16

opinion

Diversity on the European housing markets? That was once, before investors discovered the asset class "residential". Since then, at least the housing markets in Europe seem to be converging more and more.page 18

DEAR READERS!



Since the news circulated a few days ago that the German federal government had bought the "Hamburger Bahnhof" in Berlin, memories come back to me. Exactly 25 years ago, in November 1997, at this historic building re-opened just one year before an award ceremony for the real estate industry took place. For the first time the competition was about "Innovations in Planning, Building, Managing and Financing Real Estate". The idea for the Innovation Award came from Bernd Heuer and me. Together with the then teams of Immobilien Manager and Bernd Heuer Dialog as well as with great support from many people involved in real estate and construction, the publisher, the editorial team and the publishing house of Immobilien Manager broke new ground on the topic of innovations for real estate at that time.

25 years later, there are plenty of awards in the real estate industry and everyone is talking about innovation. In the meantime, even more "ins" are playing an essential role. Internet, internationalisation and now also inflation have changed and continue to change a lot. Taking a closer look back at this year, the fatal mix we all face comprises inflation, corona, war in Europe, fragile supply chains, energy supply problems, social discrepancies and climate change. In such a mix of mess, it seems that innovations can be helpful again. But most likely those in which change is not only for the sake of progress, but above all sustainable improvement. Shall we hope?

Yours,

Handwritten signature of Andreas Schiller.

Andreas Schiller

NEWS FROM CEE/SEE



100 yards long is the front of the three neighbouring buildings on Boulevard Na Příkopě in Prague. This measurement gave the project its name – 100Yards.

CONSTRUCTION START FOR NEW RETAIL AND OFFICE PROJECT ON NA PŘÍKOPĚ IN PRAGUE

LaSalle Investment Management has started the construction of the 100Yards project at the address of Prague's Na Příkopě avenue. Thanks to the connection of three neighbouring buildings on the street, a multi-purpose complex will be created here, which will offer retail and office space.

Work on the reconstruction of the complex, whose history dates back to the 19th century, is already underway, and the opening of 100Yards is scheduled for the second half of 2024. The project will offer 3,500 sqm of office space, the total area for retail will be 3,600 sqm.

The name of the project was inspired by the total length of the façades of the three connected buildings: the houses with the addresses Na Příkopě 23, 25 and 27. It is, according to the optics of the imperial measuring system, exactly 100 yards, which is the equivalent of roughly 91 metres.

IMMOFINANZ ACQUIRES RETAIL PORTFOLIO FROM CPI PROPERTY GROUP

Immofinanz AG is acquiring 53 retail properties in the Czech Republic, Poland, Slovakia and Hungary from its majority shareholder CPI Property Group (CPIPG). The acquired portfolio has roughly 217,000 sqm of rentable space. The purchase price totals EUR 324.2 million. The acquired portfolio consists primarily of retail parks and comprises 30 properties in the Czech Republic, 15 properties in Slovakia, 6 properties in Poland and 2 properties in Hungary.

AFI EUROPE STARTS CONSTRUCTION FOR ITS FIRST ROMANIAN RETAIL PARK IN ARAD

AFI Europe has started the construction of the company's first retail park in Romania. Built in the centre of Arad, the retail project is set to open to the public in the second half of 2023. The new project will join AFI Europe's retail portfolio which already includes three large scale shopping centres in Bucharest, Braşov and Ploieşti.

The future retail park will occupy a built area of 30,600 sqm on a piece of land with a total perimeter of 79,900 sqm. The project's GLA is 29,400 sqm on a single level, served by 950 parking spaces above ground level.

PANATTONI PARK NADARZYN II TO BE BUILT

Panattoni has started construction of Panattoni Park Nadarzyn II. The development is being built on a site of almost 20 ha and will take up almost 100,000 sqm. Panattoni Park Nadarzyn II is located 20 km from the centre of Warsaw.

Highlight Towers

Office Building
Munich
Germany



Helaba | 



Cantata

Residential
Washington, D.C.
USA



BETC HQ

Office Building
Pantin
France



ONE

Mixed-used
Skyscraper
Frankfurt
Germany



Windmill Green

Office Building
Manchester
Great Britain



Glories

Portfolio
Barcelona
Spain



Main Point Pankrac

Office Building
Prague
Czech Republic

Higher returns through bespoke solutions.

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Values with impact.



On behalf of its special fund Ull Garbe Logistik Fonds Union Investment has acquired a new logistics building in the Polish city of Września from Dutch online retailer vidaXL in a sale-and-leaseback transaction.

UNION INVESTMENT ACQUIRES LOGISTICS PROPERTY IN POLAND

Union Investment has acquired a new logistics building in the Polish town of Września, around 50 km east of Poznań. The acquisition will be added to the holdings of institutional fund Ull Garbe Logistik Fonds. The seller is Netherlands-based online retailer vidaXL. The parties have agreed not to disclose the purchase price.

Completed in August 2022, the logistics facility offers over 130,000 sqm of rental space, with offices accounting for around 2.5% of the total. It is fully let to vidaXL Logistics Services for ten years.

The Ull Garbe Logistik Fonds was jointly launched by Union Investment and Garbe Industrial Real Estate in 2020. It is an institutional fund that invests in European logistics real estate.

PANATTONI SELLS TRICITY NORTH PARK NEAR GDYNIA TO CZECH INVESTOR TRIGEA

Panattoni has sold its fully-leased Panattoni Tricity North logistics park to Trigea Nemoitostní Fund, the real estate investment vehicle of the Czech-based Partners Group. The parties agreed not to disclose the value of the transaction. The 46,000 sqm property is Panattoni's fifth logistics park in Tricity, and the first in the vicinity of Gdynia, a port city on the Baltic coast of Poland.

GLP EXPANDS ITS OPERATIONS IN UPPER SILESIA

GLP, global investment manager in logistics, has acquired a 60,000 sqm logistics centre in Bieruń from SPM. The seller will lease the building back for another ten years.

SPM is one of the largest logistics providers for the automotive industry in Poland. The Bieruń centre is used by SPM as the main logistics facility and as back office.

The building is situated next National Road No. 44 with easy access to Expressway S1, only several minutes from Tychy, one of the key automotive industry centres in Poland. Another advantage of the property is its immediate access to a railway siding.

LCP PROPERTIES GROW ITS RETAIL PARKS PORTFOLIO

LCP Properties is growing its portfolio with the opening of two M Park retail parks in Rawa Mazowiecka in the Łódź Voivodeship and Lubawa in Warmia-Masuria.

The M Park in Lubawa is situated at the junction of Toruńska, Grunwaldzka and Borek streets in the vicinity of the IKEA furniture factory. The retail parks offer nearly 2,800 sqm of retail space and 143 parking places.

The M Park in Rawa Mazowiecka comprises nearly 4,000 sqm GLA. A Lidl convenience shop has opened right next door and Bricomarche offers its DIY service in the immediate area. A car park for more than 100 cars remains available to tenants. The Retail Park is located at 8 Targowa street, which can be easily reached from the nearby S8 highway in just a few minutes.



Passerinvest has acquired BBC Gamma in Prague 4 (in the foreground) from Immofinanz. The BB Centrum, recently renamed Brumlovka, comprises a total of 12 office buildings, 10 of which now belong to the Passerinvest Group, which also developed the complex.

PASSERINVEST GROUP ACQUIRES OFFICE BUILDING IN PRAGUE FROM IMMOFINANZ

Immofinanz has sold the BBC Gamma office building in Prague to the Passerinvest Group, a real estate investor and developer in the Czech Republic. The building has roughly 31,000 sqm and is rented in full to a single tenant through a long-term lease. The office building is located in Prague's 4th district and its rentable space is spread on 10 upper floors. The underground levels are offering 500 parking spaces.

PENTA REAL ESTATE EXPANDS BRATISLAVA LAND PORTFOLIO

Penta Real Estate has bought 4.5 ha of land in Bratislava Nové Město district. The developer became the owner of this property in the bankruptcy proceeding from the bankrupt company Fiscal Services Internatiol. Penta Real Estate has decided not to disclose the value of the transaction.

The property bordered by Vajnorská and Odborárska streets has a brownfield character. The land is intended for future residential construction and the project will also provide for the construction of civic amenities, including commercial establishments.

HILLWOOD TO BUILD WAREHOUSE PARK NEAR ŁÓDŹ

Hillwood Polska has started the construction of a new logistics centre in the Górna district of Łódź. The complex, which is scheduled to come into use in Q3 2023, will comprise more than 97,000 sqm of warehouse space. The logistics centre is being built on ul. Pabianicka, 8 km south of the city centre and just off national road No. 14.

CTP INVESTS EUR 150 MILLION IN BULGARIAN LOGISTICS MARKET

CTP has initiated a new EUR 150 million investment programme to develop over 200,000 sqm GLA of warehouse space in Bulgaria over the next two years and including the acquisition of two logistics centres in the capital Sofia from Bulgarian logistics developer and operator Transcapital.

The acquired Transcapital Logistics Centre and Transcapital Ring Road in Sofia comprise nine warehouse facilities and three offices totalling over 73,000 sqm of GLA. The two sites also offer the potential to construct an additional 11,000 sqm GLA and include building permits for 20,000 sqm GLA of warehouse development. Earlier this year, CTP also started construction at two of its parks located at CTPark Sofia West and CTPark Sofia East, which together offer a total development potential of over 225,000 sqm of logistics space. At the same time, the Group is completing the construction of a 15,000 sqm facility for Danish 3PL company DSV at Sofia Airport, as well as finalising the acquisition of a 31,200 sqm warehouse with a 4,000 sqm office, let on long term leases to Orbico, a major 3PL operator in the region.

Beyond the capital city of Sofia, CTP continues to expand its footprint in the central Bulgarian city of Plovdiv where it currently manages a 11,500 sqm production facility. Recent acquisitions here include a development site which could accommodate 60,000 sqm of manufacturing and logistics space and a sale-and-leaseback of a 10,000 sqm facility let to an aviation business.



Following the Praskie Koneser centre in the Praga-Północ district of Warsaw, Liebrecht & wood is now revitalising the site of the former Warsaw Wire, Pin and Nail Factory in the same district.

LIEBRECHT & WOOD UNVEIL PLANS FOR WARSAW MIXED-USE SCHEME

Liebrecht & wood has started preparations for its latest project in Warsaw's Praga-Północ district. Drucianka Campus will be developed as part of the revitalization of Drucianka (the Warsaw Wire, Pin and Nail Factory), which will be a mixed-use complex, offering 42,000 sqm of office space and more than 7,500 sqm of additional space for retail, services and events.

The development will be built on the site of the former Warsaw Wire, Pin and Nail Factory (Drucianka). This industrial complex was designed in 1899 by the Polish architect, Kazimierz Loewe, and operated under various names for 101 years until 2000. The existing site forms a compact complex of one- and two-storey factory buildings from the early 20th century, listed in the landmarks register. The most valuable buildings of the historic complex are examples of industrial architecture using brick architectural detailing drawn from neo-Gothic forms.

Drucianka Campus will entail the revitalization of historic buildings complemented with modern architecture. The development will consist of three six-storey office buildings and the buildings of the historic factory adapted to new functions. Drucianka Campus will take around two and half years to complete, with a total project cost of almost EUR 150 million.

IULIUS REFINANCES ROMANIAN RETAIL PORTFOLIO

Romanian developer Iulius and its partner Atterbury Europe have secured a financing deal worth EUR 410 million for its shopping centres in four Romanian cities. The loan will be used to refinance the shopping malls in Iași, Cluj-Napoca, Suceava and Timișoara, while also supporting the long-term investment plans of the company. The loan was provided by a banking syndicate comprising Erste Group Bank AG, Banca Comercială Română, Raiffeisenlandesbank Niederösterreich-Wien AG, OTP Bank Nyrt. and OTP Bank România.

GENERALI REAL ESTATE BUYS MDC2 PARK KRAKÓW SOUTH

Generali Real Estate has completed the acquisition of MDC2 Park Kraków South, a logistics development project in Poland, located in Skawina, Kraków area, on behalf of the pan-European Generali Real Estate Logistics Fund managed by Generali Real Estate S.p.A Società di gestione del risparmio. The development will be carried out in collaboration with MDC2. The price has not been disclosed. MDC2 Park Kraków South will be developed in three phases and comprise three buildings, for a planned total GLA of more than 90,000 sqm.

GHELAMCO POLAND SELLS PROCHOWNIA ŁOMIANKI RETAIL PARK

Ghelamco Poland has announced the sale of Prochownia Łomianki retail park to LCP Properties Group. Prochownia Łomianki is located on Warszawska Street, the main commercial street in Łomianki. The retail park developed by Ghelamco is a 5,500 sqm facility with 21 commercial spaces and a parking lot for 150 cars. The transaction included a part of the building with a total area of 3,000 sqm (excluding the Lidl store).



In Kąty Wrocławskie, 25 km from Wrocław and directly on the A4 motorway towards Dresden, ECE is developing its first international logistics project.

ECE STARTS FIRST LOGISTICS PROJECT IN POLAND

ECE expands its activities in the development of logistics properties to the international market and realizes a logistics project in Poland for the first time. The new logistics centre is being built in Kąty Wrocławskie, around 25 km from Wrocław and conveniently located directly on the A4 freeway in the direction of Dresden. It will offer a logistics area of around 80,000 sqm. Construction is scheduled to start in November 2022 and to be completed in fall 2023.

FORTE PARTNERS SELLS TO PAVĀL HOLDING THE FIRST PHASE OF THE U-CENTER OFFICE PROJECT

Forte Partners announces the signing of the sale transaction of the first phase of the U-Center office project in the Tineretului area of Bucharest to Pavăl Holding. The office building is 100% leased.

The first phase of the U-Center office project, with a GLA of almost 33,000 sqm, was completed in Q3 2021. Construction works on the second phase of the project were started in H2 2021 and will be finalized in Q3 2023. The two phases of U-Center have a GLA of 66,000 sqm, including a retail component on the ground floors.

GLOBALWORTH EXPANDS ITS INDUSTRIAL ACTIVITY IN THE ROMANIAN CITY OF TĀRGU MUREŞ

Globalworth Industrial, Globalworth's logistics and industrial sub-brand, is expanding its portfolio by purchasing, together with Global Vision, an industrial and logistics project with a total land area of 37,900 sqm in Târgu Mureş. With the possibility to develop up to 18,000 sqm of warehouse space Mureş City Logistics is expected to be finalised and delivered in Q1 2023.

VGP ENTERS HUNGARIAN INDUSTRIAL MARKET

VGP has completed the first phase of VGP Park Budapest Aerozone in Üllő. The logistic property spans over a 10,000 sqm and is leased to Boxy Logisztikai. The entire industrial complex is planned to be completed in three further phases, with a further 50,000 sqm of buildings. The Budapest Aerozone Park, located on the border of Üllő and Vecsés, right next to the M0 ring road and at the junction of the M4 motorway, is the company's first Hungarian project.

PANATTONI STARTS WORK ON NEW POLISH LOGISTICS PARK

Panattoni starts another investment, valued at EUR 161 million near Katowice. The developer has purchased nearly 45 hectares of land in the vicinity of the city's international airport in Pyrzowice, and in the coming months will begin construction of Panattoni Park Katowice Airport, which will eventually reach an area of 216,270 sqm.

Panattoni Park Katowice Airport will be located at the junction of the A1 highway – which connects the southern and northern borders of the country – with the S1 expressway. The park will be located 27 km from the centre of Katowice.

STAFFING



left: Arkadiusz Bielecki
right: Vendula Červenková

ARKADIUSZ BIELECKI leads the Valuation Department at BNP Paribas Real Estate Poland. Arkadiusz Bielecki has over 20 years of experience in delivering valuations and managing teams of valuers, which he gained on various managerial positions in international advisory companies on the commercial real estate market. He worked on projects for leading Polish and foreign companies and financial institutions, as well as investors and developers. Before joining BNP Paribas Real Estate Poland, he was one of the people managing the newly established valuation department in the Polish branch of Cresa (now Newmark). The new director has also completed many projects based on the preparation of complex, non-standard valuations, which he carried out for several years in the structures of DTZ. Arkadiusz Bielecki is a graduate of the Warsaw University of Technology, Sheffield Hallam University and a licensed property valuer.



left: Roman Ehrentraut
right: Peter Jánoši

VENDULA ČERVENKOVÁ is new Head of Finance for the Czech market at P3 Logistic Parks. She took the new position following two years as Senior Accounting Manager at P3. Previously, Vendula Červenková worked adjacent to the real estate market at Euramco Asset Management, where she was Deputy Chief Accountant for ten years. She also amassed copious experience of the industrial real estate market at property developer Panattoni, first as a Senior Accountant and then as a Chief Accountant for the Czech Republic and Slovakia.



Kata Mazsaroff

ROMAN EHRENTRAUT, together with Vladimír Pašek, has been appointed to the Management Board of UBM Development Czechia where they will join Josef Wiedermann. Helmut Berghöfer is resigning from the Management Board at the end of this year. Roman Ehrentraut started his career in 1996 as a construction manager with Porr. In 2011, he joined UBM as a project manager and contributed his experience in hotel construction at the Crown Plaza in St. Petersburg, the Holiday Inn in Frankfurt and the Holiday Inn Express in Munich. He was recently responsible for the development of the Andaz Prague luxury hotel.

PETER JÁNOŠI will manage P3 Logistic Parks in the Czech Republic. The existing P3 director in Slovakia is temporarily taking charge of the Czech market activities until a long-term replacement can be appointed for Tomáš Míček, who left the company at the end of October. A veteran of the real estate industry, Peter Jánoši has been involved in real estate his entire professional career. He has spent the last decade professionally dedicated to P3 Logistic Parks. Prior to that, he worked for over 5 years at real estate consultancy CBRE. He spent his studies in Brno at Masaryk University and also in Dublin.

KATA MAZSAROFF has been appointed as the new Managing Director for Hungary at Colliers. Kata Mazsaroff worked at Colliers between 2007 and 2020 where she established the Occupier Services business line in the Budapest market. Beyond Colliers, Kata Mazsaroff's experience includes Horizon Development, a Hungarian property developer. After that Kata Mazsaroff worked in Skanska Commercial Development business unit, where she was responsible for leasing and asset management covering the Hungarian and Romanian markets.



left: Olga Melihov
right: Maarten Otte

OLGA MELIHOV supports MLP Group's expansion in Romania as Country Head. Olga Melihov has almost 20 years of experience in the commercial property sector in the CEE region. She has managed IB Consulting since 2007. During her career, she was employed at E-infra Romania, headed BNP Real Estate Romania as Country Manager, and also worked as International Development Manager at real estate developer Mayland Real Estate Poland, where she was in charge of the company's development, communication and marketing activities in Poland and Romania. She is a graduate of the University of Bucharest and has completed the Real Estate Professional Executive Programme organised by Solvay Brussels School of Economics & Management and the Polish Council of Shopping Centers. She has also completed an MBA programme at Tiffin University, USA.



left: Vladimír Pašek
right: Alexandra Tomášková

MAARTEN OTTE has been appointed Head of Investor Relations at CTP N.V. Maarten Otte joins CTP Group from Unibail-Rodamco-Westfield, where he was Group Director of Investor Relations. Maarten Otte is a CFA charter holder and studied Corporate Finance & Banking at Tilburg University and EDHEC Business School before starting his career at Unibail-Rodamco-Westfield in 2016.

VLADIMÍR PAŠEK, together with Roman Ehrentraut, has been appointed to the Management Board of UBM Development Czechia where they will join Josef Wiedermann. Helmut Berghöfer is resigning from the Management Board at the end of this year. Vladimír Pašek is a recognised financial expert. Prior to joining UBM Development Czechia, he served as CFO of Borgers CS, an automotive supplier group with 2,200 Czech employees which is active primarily for the German automobile industry.

ALEXANDRA TOMÁŠKOVÁ is now a two-time CEO at JRD as she will also lead JRD Development in addition to her position as CEO of JRD Land. The current head of this division, Martin Svoboda, continues to lead JRD Group. Alexandra Tomášková is the CEO of JRD Land as of February 2022 and previously worked in senior management positions at Red Group, Skanska Property Czech Republic and JLL. In Skanska's commercial division, she was responsible for managing the marketing and leasing of projects. In addition, since 2018, she has led the entire Czech and later the Hungarian division. At real estate consultancy JLL, she was responsible for the office sector. Alexandra Tomášková is a graduate of Silesian University in Opava, where she studied English Philology.

LETTINGS



AFI CITY 1, PRAGUE

CZECH REPUBLIC 

The development company AFI Europe signed a lease agreement with Škoda Auto a.s. It will rent a total of 5 floors with almost 5,000 sqm of space in the first office building in the new AFI City, which is being built on a large former brownfield site in Prague 9. In addition, Škoda Auto is planning further expansion within the AFI City 1 building. Another new tenant of the AFI City 1 building is the Nussli (CZ) company specializing in interior design and carpentry solutions. It will affect an area of 470 sqm. Another 600 sqm in AFI City was leased by the French pharmaceutical company Pierre Fabre. 175 m high and offering 17,300 sqm of space, the office tower AFI City has been developed on the territory of the former industrial area of ČKD Slévárny a Moura in Prague-Vysočany. The revitalization of the 15-hectare brownfield includes a total of 110,000 sqm of office, commercial and accommodation areas, as well as 40,000 sqm of apartments.

HALA KOSZYKI, WARSAW

POLAND 

A company from the IT industry has leased 635 sqm of space in one of the office buildings of Warsaw Hala Koszyki, the revitalised popular food hall in Warsaw. Another company that trusts Globalworth – the owner and manager of Hala Koszyki – is a company producing computer systems. As a result of the concluded contract, the tenant will occupy 635 sqm office space at ul. Koszykowa. Hala Koszyki was erected over 100 years ago on the premises of the Koszyki farm at that time. Designed in the Art Nouveau style by the architect Juliusz Dzierżanowski, it was only in autumn 2016 that it returned to the city map as a social and culinary point. The complex covers 16,000 sqm office space and 6,500 sqm commercial space.

KAROLKOWA BUSINESS PARK, WARSAW

POLAND 

The National Agricultural Support Centre Krajowy Ośrodek Wsparcia Rolnictwa (KOWR) has renewed its lease agreement at the Karolkowa Business Park office building, owned by the Menora Group, Shikun&Binui Group and M&A Capital. KOWR is occupying 10,000 sqm. The tenant moved into Karolkowa Business Park in 2015. The contract extension means that KOWR will remain in this location for another six years. Karolkowa Business Park is an 11-storey office building which offers a total of 18,500 sqm of space.

SKYLINER, WARSAW

POLAND 

Mindspace – a global operator of co-working spaces and flexible offices – has signed an agreement with Karimpol Polska for 4,400 sqm of space in the 42-storey Skyliner office building in Warsaw. Also Wento, one of the largest renewable energy developers in Poland, will occupy almost 1,500 sqm of space. Both companies will start work at the new premises in Skyliner in March 2023. Skyliner is an office building and offers 49,000 sqm of rentable space.

WARSAW SPIRE, WARSCHAU**POLAND** 

Since the beginning of the year, five companies have leased a total of 10,000 sqm office space in Warsaw Spire C. The majority of contracts are renewals of existing leases. Warsaw Spire C is part of the Warsaw Spire complex, developed by Ghelamco. The property offers 21,750 sqm GLA as well as 263 parking spaces in an underground parking lot. CA Immo's portfolio in Poland also includes the complex's twin building, Warsaw Spire B.

WARSAW UNIT, WARSCHAU**POLAND** 

Financial services company MetLife will occupy 1,500 sqm of office space in Warsaw Unit. The lease agreement was signed with Ghelamco, the developer and owner of the skyscraper, for a period of 7 years. Completed in 2021, Warsaw Unit is located at Rondo Daszyńskiego 1. The 202 m high building is offering 59.000 sqm of office space.

PRELUDIUM, BYDGOSZCZ**POLAND** 

Global software services company Mobicca has decided to relocate to a new office comprising approximately 910 sqm in Preludium in Bydgoszcz. Preludium is an office and service building, located by the junction of Jagiellońska Street and the University Route. Preludium, developed by Polish ARD Group, is offering an area of 7,100 sqm.

FABRYCZNA OFFICE PARK, KRAKÓW**POLAND** 

At the beginning of 2023, the Polish producer of computer games Bloober Team will occupy nearly one and a half floors in the Fabryczna Office Park office complex in Kraków. Fabryczna Office Park, developed by Inter-Bud, is part of Fabryczna City, a multifunctional project on the site of the former State Vodka Factory (later Polmos) with an area of 6.5 hectares. In addition to office buildings, there are residential and hotel facilities, restaurants, a fitness centre and a swimming pool. The history and tradition of the place will also be honoured with The Vodka Museum, to be located in the restored portion of the building. Fabryczna Office Park is a complex of five buildings with a total of 68,00 sqm of rental space.

CITY GATE, BUKAREST**ROMANIA** 

Alpha Bank Romania, part of Greek Alpha Bank Group, will be relocating part of its operations to City Gate North Tower starting January 2023 where it will occupy 5,000 sqm. Located in the Northern area of Bucharest, near Piața Presei Libere, the City Gate landmark office building recently went through an extensive refurbishment process, following an investment of EUR 3.5 million.

UBC, IAȘI**ROMANIA** 

The United Business Center (UBC) in the Palas Iași mixed-use complex will host, from next year, the development centre in Iași of Preh Romania, a division of the international supplier for the automobile manufacturing industry. The new offices of Preh Romania will comprise an area of 4,500 sqm.

NEW START OR “THE LAST WALTZ”?



Despite a gloomy economic outlook and war in Europe – Expo Real was again the place to have a party.

After two years of pandemic-related restrictions, Expo Real in Munich in October followed almost seamlessly on from its success in 2019. However, the general conditions for the real estate industry have changed significantly.

“Seven halls, 1,887 exhibitors and almost 40.000 attendees – the show has almost reached 2019 levels of participation.” Stefan Rummel, Managing Director of Messe München responsible for Expo Real, sums up the success with these words.

Attendees came from 73 countries (2019: 46,747 attendees from 76 countries) and were divided into around 19,500 trade visitors (2019: 22,065) and 20,456 company representatives (2019: 24,682). After Germany, the top ten visitor countries were Great Britain and Northern Ireland,

the Netherlands, Austria, Poland, Switzerland, France, the Czech Republic, Luxembourg, the USA and Spain.

So much as in pre-Corona times? Yes and no. Yes, the halls were full of people again, there were stand parties, people crowded the stands, forums and conference rooms, and even a visit at the Oktoberfest on the last evening before the opening of the fair was possible again. The fact that the number of sickness reports increased after the fair could also be chalked up to “as usual” – instead of the usual common cold, this time it was Covid-19 more often.

What had changed significantly, however, was the overall political and economic situation and thus the general conditions for the real estate industry. The topic of ESG was already on the horizon in 2019, climate change was no longer new either,

and the lack of affordable housing was a fact. All these topics were still on the agenda at this year’s Expo Real.

But in the meantime, other issues have been added that are likely to cause increasing headaches for the industry: Inflation, demographic trends and the associated shortage of skilled workers, as well as the increasingly gloomy economic outlook. It is not so much the increase in key interest rates by the ECB that is causing uncertainty in the industry. In a survey of 439 participants at Expo Real in July 2022 for the Expo Real Trend Index, 67% of respondents assessed the interest rate increase as positive, as it would make real estate financing more realistic. At that time, however, the ECB had only raised the key interest rate by 0.5%, in September another 0.75% was added and in the meantime the ECB has already reached 2%. This makes real estate financing much



There was great interest in the discussion rounds in which the chief economists Dr. Jörg Krämer from Commerzbank and Dr. Gertrud Traud from Helaba presented their analyses of the current situation and its challenges.

more expensive, after loans had been comparatively cheap in the past years, whether for home buyers, project developers or investors. In the Trend Index, 61% of respondents expressed the fear that this would also put an end to the long-lasting real estate boom of the past years.

Dr. Jörg Krämer, Chief Economist at Commerzbank AG, assumed in his keynote address to the panel discussion "Is the ECB choking the real estate boom?" that by the end of 2025 mortgage rates with 10-year terms will rise to 6%, increasing debt service in comparison to disposable income by a good 100 points from the base 100 in 2020. Since at the same time prices, especially for residential property, are high and may rise even further,

the threshold for property acquisition will move correspondingly higher.

But it is not only the acquisition of property that is becoming more difficult; the German Federal Government's goal of building 400,000 new flats per year and thus reducing the pressure on the rental market is probably a long way off for the time being. On the one hand, this fails due to the current shortage of skilled workers, which the Federal Minister for Housing, Urban Development and Building Klara Geywitz wants to counter with increased digitalisation and the use of robots, as she explained at the discussion round "On the way to 1.6 million apartments?". But it also fails due to the lack of materials and the fact that the number of building per-

mits is clearly declining – in the first half of the year, 2% fewer residential buildings (equivalent to 3,807 flats) and 16% fewer single-family homes were approved than in 2021 – and many projects that already have a building permit have been put on hold for the time being.

It remains to be seen in which direction the housing markets will develop. The shortage of housing and the further increase in construction costs should ensure that prices continue to rise, although fewer and fewer people will be able to afford these prices in view of inflation. Much will depend on how strong and long-lasting the economic slump is.

But it is not only the residential property market that is showing clear signs of a slowing down. In the commercial real estate sector, too, the question arises as to what will happen in the future. Retail real estate has been under pressure for some time, exacerbated by the Covid-19 pandemic. Now, the pressure is likely to increase due to the economic slump, inflation and the resulting consumer reluctance to spend. Both Dr. Jörg Krämer and Dr. Gertrud Traud, Chief Economist / Head of Research & Advisory at Helaba, take a somewhat more optimistic view of the office markets: rents are still rising here – at least in good locations.

What is already declining, however, are the capital values of the properties. They fell by 2% in the second quarter of 2022. At the same time, in Germany transaction volumes have decreased. Here, too, a lot will depend on how the economy continues to develop, whether the economic slump is soon overcome again or whether the downward spiral continues for a longer period of time.

The topic on everyone's mind is the rapidly rising inflation. As Dr. Jörg Krämer sums it up, Corona and Putin are not the only ones to blame for this; rather, he sees a high degree of co-responsibility on the part of the central banks, an assessment shared by Dr. Gertrud Traud. The expan-



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sionary monetary policy fuelled aggregate demand, but the lockdowns during the pandemic reduced supply. Now, rapidly rising energy prices are leading to significant declines in production, especially in energy-intensive sectors – these include the building materials, chemical, metal and steel industries as well as the glass and paper manufacturing, but also the food industry. This further reduces the supply.

What both economists emphasise positively: that with the economic slump, the labour market has remained stable so far, unemployment is not rising – a consequence of the demographic development, where in almost all European countries the share of the population between 15 and 64 years of age is decreasing and therefore there is a shortage of labour.

This is one of the four megatrends listed by Dr Gertrud Traud in her keynote address on “People, Planet, Profit: Interest Rates and Yields”. These include digitalisation as well as decarbonisation, both topics that have dominated for some time. More interesting is the fourth point, deglobalisation.

Both the Corona pandemic and the recent geopolitical situation have contributed to at least a more critical view of globalisation, which has been increasing since the mid-1990s. Russia, for example, is not only the world’s largest exporter of natural gas, but also the most important exporter of wheat. Both create dependencies and countries that are depending on Russian gas or wheat are more willing to support Russia in the current conflict, if not actively, then at least to adopt a more neutral position. Europe, and Germany in particular, is currently experiencing what such dependencies mean. Another form of dependency exists with China, where – at least from a Western perspective – political developments also tend not to inspire confidence. A small foretaste of what this dependence means was provided by the pandemic – remember that masks were a rare commodity in Europe because they were mainly manufactured in China but not supplied. The same is true for many

active pharmaceutical ingredients, so that there are currently increasing shortages of certain medicines. Part of these supply chain problems is also related to the fact that China follows a zero-covid strategy without regard to consequences and, to this end, repeatedly closes large ports, but also production plants completely. As Dr. Gertrud Traud pointed out, Germany obtains most of its imported goods from

Assets, MSCI London, who illustrated the initial impact on “Global Capital Trends”. A June 2022 Sentiment Survey initiated by the European Association for Investors in Non-Listed Real Estate Vehicles INREV shows that investors tend to see higher investment risks and are less confident about increasing weight of European real estate in their portfolios. At least they tend to invest to a lesser extent than even at



The number of participants was almost as high as in times before Corona.

China worth EUR 142.4 billion in 2021; conversely, the country is the second largest buyer of German export products (after the USA), worth EUR 103.7 billion in 2021. In other words, Germany’s great economic dependence on China could lead to problems sooner or later. That “rapprochement through trade” does not really work we are currently becoming aware of with Russia. But deglobalisation is also related to the fact that global trade is decreasing as military spending is increasing, and currently the latter is increasing rapidly.

But what do the trend towards deglobalisation, rising inflation rates and economic slumps mean for international real estate investment? This question was explored in a panel discussion entitled “The fate of international investment amid the turmoil of today” at the Planning & Partnership Forum at Expo Real. It was Simon Mallinson, in October still Managing Director, Real

the height of the pandemic. Nevertheless, by the end of summer 2022, global transaction volumes were higher than in previous years. But in Q3, investments in income-generating real estate fell in all asset classes and in all geographic regions (Americas, EMEA, AsiaPacific), in other words: the slowdown seems to be underway. At the same time, capital growth and thus the total return of real estate investments are decreasing – both values were still clearly on the rise in 2021.

All this does not sound promising for the future, not even for the future of the real estate industry. So the mood at Expo Real was rather divided. Some had worry lines on their faces, others were brimming with optimism that they would also successfully master this crisis. What they all had in common, however, was the search for orientation in uncertain times. | **Marianne Schulze**

CIRCULAR INSTEAD OF LINEAR?



The cost of demolition also depends on how much of the demolition material can be recycled.

Sometimes things come to you – in this case it was the topic “Circular Economy in the Construction Industry” at Expo Real and a short time later the demolition of an old building in the neighbourhood. The two events suddenly fitted together.

When windows and doors were removed from an old existing building in the neighbourhood, one already suspected what was coming: the demolition excavator! This meant noise and dust, but on the other hand it was also interesting to observe. Because even a heavy excavator can separate very precisely during demolition, in this case roof tiles, foils and plastic (mainly from the roof), wooden elements, metal parts and brickwork. This clean separation was possible because

it was an old building – it largely consisted of only these five materials.

Circular economy in the construction industry, or Cradle2Cradle, is a topic often discussed at present. The background to this is the EU’s requirement to recycle materials and reduce waste during construction and demolition of buildings.

To stay with the keyword waste: The construction sector in particular is one of the most resource-intensive economic sectors and is also responsible for the most important waste group in terms of volume, because at around 230 million tonnes, construction and demolition waste accounts for more than half of the total waste generated in Germany. In view of climate protection and the finite nature of resources, it is essential not to

simply dispose of this waste, but to recycle and reuse it as much as possible.

But a new building made of recycled material is currently still the exception rather than the rule. Concrete has been recycled for a long time, but this material is not used in building construction, but mainly in road substructures – it is not upgraded, as required by the EU, but rather recycled downwards.

In other countries, however, such as Switzerland, which has similar construction standards to Germany, up to 15% of the required concrete quantities are used as recycled concrete.

In Switzerland, there is also neustark, a company founded in 2019 that stores CO₂ in recycled concrete granulate

and by this way approaches the goal of producing climate-neutral concrete. Carbonation – currently 10 kg of CO₂ per cubic metre of recycled concrete granulate – allows the amount of cement in fresh concrete to be reduced to the prescribed minimum without compromising quality, so that up to 20% CO₂ can be avoided overall per tonne of fresh concrete. This concrete is being used for the first time in Germany in a construction project in the Friedenauer Höhe neighbourhood in Berlin. Here Instone and OFB Projektentwicklung are developing a pilot project to evaluate the possibilities of its use.

But concrete production is only part of the story. Someone who has been working on the topic of Cradle2Cradle for a long time is Moringa, a subsidiary of Landmarken AG, and here in particular the company's Managing Director Vanja Schneider. He distinguishes between biological and technical cycles. Biological building materials such as wood or cellulose – the latter is now frequently used as an insulating material – are biodegradable. They rot and are thus fed back into the natural cycle as a nutrient.

In the technical cycle, on the other hand, only materials that do not return to the environment circulate. These include metals, glass, plastics or chemicals, for example. Here, however, reuse is often much more difficult and thus even rarer. In addition, demolition often results in materials that cannot be recycled. These include, for example, OSB boards that have been chemically processed and are used in shell construction and interior finishing, thermal insulation boards, adhesive joints, coatings and aggregates that make it impossible to separate them into individual components. These materials are usually disposed of thermally and produce CO₂ again in the process or even fall under the category of hazardous waste.

So if you want to build in such a way that you only use recycled material and/or that everything can be recycled at the end of a building's life cycle, then you

are currently entering quite uncharted territory. There are a few courageous planners, architects, project developers and construction companies, but mostly it is smaller projects on which the Cradle2Cradle principle is being tried out. Moringa is now developing a larger residential complex in Hamburg's Hafencity for the first time based on the Cradle2Cradle principle. The complex is consisting of three structures with up to



In Hamburg's Hafencity, Moringa is building the first large residential complex based on the Cradle2Cradle principle.

12 storeys above ground. Of the 20,000 sqm gross floor area, around 17,700 sqm are planned as living space.

The challenges start with the planning. Normally there is a design and only in the implementation planning does the architect deal with the respective material. For an ecologically sustainable building, you first have to deal with materials, their recyclability and also their availability. In Hamburg, for example, they would have liked to use more recycled materials than only about 10% of the building mass, but the materials were not available to the extent needed for such a building complex. With material specifications at the beginning, the planning process is different and much more complex than the HOAI, the fee schedule for architects, stipulates.

According to estimates by Vanja Schneider, higher planning costs and higher material prices make ecological building about 30% more expensive than conventional building. This is currently a hurdle that some do not easily jump over.

A rethink therefore requires changes in many areas. On the one hand, the legislator is called upon, whose only requirement for more sustainability is the Buildings Energy Act, which only targets the energy consumption of a building in operation. The energy and resources needed for construction and maintenance as well as for the demolition and waste disposal do not play a role. Just as there is a mandatory energy pass for buildings, there should also be a material pass that provides information on all materials used in the building and on the possibilities for recovery and recycling.

The tasks of architects and planners also change with an all-round ecological approach and thus the framework conditions for remuneration.

And last but not least, according to Vanja Schneider, buildings would also have to be valued differently. Currently, the value of a building is based on the material value, the respective planning and construction costs, and/or the income value, the respective rental income. Raw material values and CO₂ reduction are not included in the valuation.

To put it in a nutshell: sustainability means that houses are (again) built in such a way that the material used can be fed as completely as possible into the biological and technical cycle, i.e. a building is actually a storehouse of material for future buildings. This is more or less a return to a centuries-old tradition of incorporating material from buildings that are no longer in use into new buildings. These so-called spolia occupy the attention of art historians, but it was by no means always a question of artistic adornment, but also of necessity, especially when building material was scarce and expensive or simply not available. | **Christiane Leuschner**

EUROPEAN HOUSING MARKETS – “UNITED IN DIVERSITY”?



Dr. Thomas Beyerle,
Head of Group Research,
Catella Real Estate AG

“United in diversity” is the motto of the European Union. Is this also a description of the European housing markets? If one follows stereotypes, the red “Bullerbü” houses in Sweden, the carpeting in English bathrooms or the fact that more students in Romania move out of their parents’ home to study than in Switzerland immediately come to mind. What’s more, the German answer to climate change primarily consists of sticking crude oil products, better known as polystyrene, in the form of 40-cm-thick panels on the walls of houses, while in Finland they are just connecting the sixth nuclear reactor to the grid. In Poland, on the other hand, in

times of energy crisis, the Polish government allows private households to heat their homes with lignite, which is more polluting than black coal but costs only about one-twentieth.

Since the discovery of the asset class “residential”, we have regularly received reports with many new findings on the differences in living space per capita (“Germans, Austrians and Swiss have the most”) and ownership rates (“Romanians have the most, Germans and Swiss are the last in line”). But beyond all the differences, a different picture has emerged since 2008 at the latest. After “rock-bottom zero and shock-frozen investment activity”, the European housing markets know – with a time lag – only one direction: up. The headline or investment story in recent years has been the same everywhere: Risk hedging combined with a lack of alternative investments. Returns yes, but please don’t exaggerate. And risk? Rather no, because the demand for living space clearly exceeds the (new) supply in all urban areas. This development is tantamount to a paradigm shift that has shaped European housing markets over the past 15 years.

In addition, there are also fundamental based trends. Increasing urbanisation, the creation of “affordable housing”, in-

creased demands on energy issues, social components and even residential tower developments can be observed synchronously in almost all European agglomerations.

And something else is striking: The housing developments of the last ten years between Cluj-Napoca, Wrocław, Varna, Eisenstadt, Ljubljana, Salamanca, Oulu or Wuppertal are – to exaggerate – all the same: cubic, white, floor-to-ceiling windows. The triumphant advance of the Bauhaus style continues unabated in Europe. Criticism? No, not really. Because for the analyst, valuer or investor, opportunities are opening up that are at the same time the horror of urban planners: At last it is possible to compare residential properties in Europe; national or regional characteristics are on the retreat. The similarities stand out clearly. After all, that is what an investment decision is all about: minimising risks and increasing opportunities. And the opportunities are also synchronised in Europe, i.e. similar: focus on urban structures, the possibility of carrying out conversion projects, positioning in the “mid-price segment” and as a brand “Living ...”. Unity through uniformity seems to be the mantra of European housing construction at the moment. At least here the growing together in Europe is working.

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