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DEAR READERS!



Never before have I written about a personnel matter here. But this time it is different. Jeroen van der Toolen has decided to leave Ghelamco Poland after 21 years. A few personal sentences about this: In 2002, Jeroen van der Toolen started at Ghelamco Poland and I travelled to Warsaw for the first time. The city looked much different then than it does now. Among the many projects Ghelamco has realised in the meantime, perhaps the Warsaw Spire stands out – literally – where Ghelamco’s offices are also located high up, offering a fantastic panoramic view over Warsaw. Later, the Warsaw Unit and The Warsaw Hub high-rise projects followed, also on Rondo Daszynskiego. Under the aegis of Jeroen, Ghelamco was among those who shaped today’s Warsaw skyline. The multitude of activities also includes the revitalisation of the historic Foksal 13/15 property and the establishment of the Fundacja Sztuka w Miescie (Art in the City Foundation).

Jeroen van der Toolen has been one of our readers since the first issue of the SPH Newsletter in March 2011. In issue 1, in our first “tennis match”, he continued the sentences we started about the real estate markets in CEE. In the latest issue, Jaroslaw Zagorski did. Jarek now succeeds Jeroen as Managing Director of Ghelamco Poland.

From his break in South Africa, Jeroen recently wrote: “Don’t worry, I will be back.” We are not the only ones who are happy about this, but I am sure that some of you, dear readers, are too.

Yours,

Andreas Schiller

NEWS FROM CEE/SEE



Varso Place near Warsaw's main railway station was developed by HB Reavis and offers office space, a hotel, an innovation centre and retail facilities.

HB REAVIS SECURES FUNDING FOR THE VARSO PLACE PROJECT

A syndicate of four banks granted HB Reavis a loan of EUR 475 million for refinancing the Varso Place project, a mixed-use scheme in central Warsaw. The last stage of Varso Place, Varso Tower, was delivered in 2022.

Varso Place was built next to the Warsaw Central Station. The three buildings offer a total of 144,000 sqm of leasable space, including offices, a hotel, an innovation hub and retail units.

The banking syndicate of Santander Bank Polska as Agent and Underwriter (EUR 165 million), Bank Pekao as Security Agent (EUR 85 million), and Helaba and Berlin Hyp as Original Lenders (EUR 125 million and EUR 100 million, respectively) granted HB Reavis additional funding for the project, increasing the original EUR 350 million loan to EUR 475 million.

PALMIRA ACQUIRES LOGISTICS PROPERTY IN POLAND FOR ITS P-LOGISTIK EUROPA FONDS

Palmira Capital Partners has acquired a logistics property in Swarzędz near Poznan for the P-Logistik Europa Fonds. The vendor is the Akron Group. The parties have agreed not to disclose the purchase price.

The occupier of the property is Magna Automotive Poland. The company, which is part of the Canadian-Austrian automotive supplier Magna International Inc, holds a long-term lease for the entire property.

The property is located on a site of around 32,000 sqm and comprises a total lettable area of around 15,000 sqm, which is divided between production, logistics and office areas. The building has a flexible floor plan and was constructed in several stages, with the last extension completed in Q4 2022.

SKYLINER'S SECOND PHASE BEGINS

The Karimpol Group has received the building permit for the second phase of the Skyliner complex. The 130-metre-high office building will be erected at Daszyńskiego Roundabout in Warsaw's Wola district next to the first phase of the Skyliner project. The second phase of the investment project, also designed by the APA Wojciechowski Architekci studio, is scheduled to start in the autumn this year. The entire complex at 67 Prosta Street will offer 73,000 sqm of leasable space.

Skyliner II office building will have 24,000 sqm of space on 28 floors. Most of the usable space (23,000 sqm) will be allocated to offices while retail and service units will amount to nearly 1,000 sqm. From the architectural perspective, the building will look much like the first phase of the Skyliner complex, filling the remaining space of the plot. The two skyscrapers will be connected by a shared lobby.



Highlight Towers

Office Building
Munich
Germany

Helaba | 



Cantata
Residential
Washington, D.C.
USA



Millénaire 4
Office Building
Paris
France



Varso Place
Office Building
Warsaw
Polen



Windmill Green
Office Building
Manchester
Great Britain



Glories
Portfolio
Barcelona
Spain



The Flow Building
Mixed Use Property
Prague
Czech Republic

Higher returns through bespoke solutions.

In the real estate business, we are the experts for your bespoke financing solutions. Our solutions are finely tuned to your needs and encompass a comprehensive spectrum of services. As your partner in national and international markets, we give your project the drive it needs to succeed – competently, reliably and over the long-term.

Values with impact.



Trei Real Estate opened the 3,000 sqm Vendo Park retail park at Zygmunta Glogera 24 in Krakow.

TREI OPENS ANOTHER TWO VENDO PARKS IN POLAND

Trei Real Estate opened another two retail parks of its Vendo Park brand in Poland. The properties are located in Zambrów (Podlaskie Voivodeship) and in Krakow (Lesser Poland Voivodeship). The investment volume adds up to EUR 16.4 million. The two retail parks have a combined lettable area of around 11,000 sqm.

The Vendo Park in Krakow opened on March, 30. The total floor area of around 3,000 sqm divides into five retail units occupied by outlets of the chains TEDI, KiK (both textiles and interior decoration), Kakadu (pet supplies), Dealz (discount store) and dm (drugstore). The Vendo Park offers 70 parking spots, and is located between a Biedronka supermarket and a Lidl discount supermarket.

The larger of the two retail parks is located in Zambrów and already opened in early March. It consists of twelve storefronts on a footprint of around 8,000 sqm, anchored by a Biedronka convenience centre. Shoppers have the use of 260 parking spots. The retail park in Zambrów was developed through a joint venture with the investor Patron Capital.

The two openings bring Trei's Vendo Park portfolio in Poland up to a total of 34 retail parks.

PBB PROVIDES INVESTMENT LOAN FOR A LOGISTICS PORTFOLIO IN POLAND AND THE CZECH REPUBLIC TO GCP

Deutsche Pfandbriefbank has provided a EUR 117 million investment loan facility to a logistics fund, managed by GLP Capital Partners (GCP). The fund will utilise the proceeds for the refinancing of the development of a logistics portfolio in Poland and the Czech Republic. The portfolio comprises a total of over 245,000 sqm gross lettable area pbb acted as arranger and sole lender under the facility.

CTP ENTERS POLISH REGION OF POMERANIA WITH CTPARK GDAŃSK PORT

CTP is entering the Pomeranian regional warehouse market in northern Poland with construction beginning at CTPark Gdańsk Port. The Park is set to be the first investment in that region in the company's portfolio with an overall cost of EUR 72 million, including land acquisition, and will offer tenants two buildings with a total area of almost 119,000 sqm. The first phase of the project is scheduled for completion in the fourth quarter of this year.

The construction plot on which CTP is building the new industrial and logistics park, is located within the Pomeranian Investment Centre and near the only deep-water terminal in the Baltic Sea region – the Baltic Hub (DCT). The location has a direct connection between the Port of Gdansk and the Gdansk Port Północny railway station.

P3 LOGISTIC PARKS BUYS WROCŁAW CAMPUS

Panattoni has sold its Wrocław Campus project in southwest Poland, to P3 Logistics Parks. The project totals 185,000 sqm. Potential expansion includes two additional buildings of 160,000 sqm suited for warehousing and light industrial functions.



Malta-based fund manager Adventum Group has signed a preliminary agreement with Develia for the purchase of Wola Retro. Wola Retro consists of one historic and two new buildings and offers a total of 25,900 sqm GLA.

ADVENTUM ACQUIRES WARSAW OFFICE BUILDING

Develia signed a PSPA (Preferred Stock Purchase Agreement) with an entity from Adventum Group for Wola Retro, an office building located in Warsaw. The purchase price is EUR 69.8 million. Closing is expected by the end of April 2023. The property offers circa 25,900 sqm GLA. Wola Retro includes 3 composed buildings – one built in the 1930s, to be adapted as an office-service facility, and 2 new office buildings. It is located within 5-minute walk from Rondo Daszyńskiego business area.

7R STARTS ON NEW LOGISTICS SCHEME IN GDANSK

7R has started construction of a new facility in Pomerania. 7R City Park Gdansk Airport I will ultimately provide three halls with a total area of about 40,500 sqm. City Park Gdansk Airport I will be ready at the end of this summer. Located in Gdańsk, the park will be built 4 km from the Lech Wałęsa Airport; 800 m from the S6 route exit; 13 km from the Gdańsk city centre and 25 km from the port of Gdynia.

LCP PROPERTIES HAS FINALIZED THE PURCHASE OF THREE RETAIL PARKS IN POLAND

LCP Properties has finalized the purchase of two retail projects to be built in Łódź in the Masovian Voivodeship and Ilawa in Warmia-Masuria, as well as an existing Retail Park in Ząbkowice Śląskie in Lower Silesia. The retail park in Łódź is under construction, scheduled for completion in the fourth quarter of this year. The project comprising more than 2,600 sqm will be built at the intersection of Wolności Street and Aleja Pokoju. Another purchased project under construction is a retail park in Ilawa. The project is being developed on Wojska Polskiego Street right next to the Ilawa Główna train station and public transportation stops. The retail park, will have 5,800 sqm of leasable area.

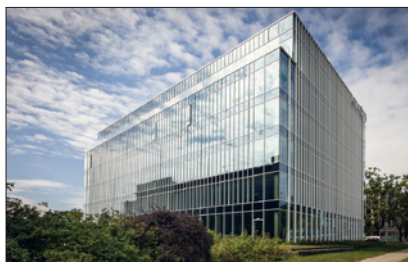
The third facility, acquired in recent transactions, is an existing retail park in Ząbkowice Śląskie. The facility offers nearly 9,800 sqm of leasable space. LCP Properties Group bought the property from P.A. Nova.

REAL MANAGEMENT INVESTS IN INDUSTRIAL FACILITY NEAR WARSAW

Warsaw-based Real Management has finalised the purchase of a development plot in Lubna, on the DK79 road connecting Warsaw, Piaseczno and Gora Kalwaria. The 13.3-ha plot will be used for the Good Point IV project, a manufacturing and industrial facility. Good Point IV will consist of five buildings with a total of 45,000 sqm of warehouse space and 5,000 sqm of leasable office space. The project is scheduled for completion in Q1 2024.

PANATTONI SELLS WROCLAW LOGISTICS PROPERTY

Panattoni has sold City Logistics Wrocław II to Trigea nemovitostní fond. The asset is the second city logistics investment in Poland in Trigea's portfolio. The distribution park comprises two warehouse buildings totaling above 38,000 sqm. City Logistics Wrocław II is 100% let. The terms of transaction were not disclosed.



The Celebro office building in Warsaw's Okęcie district was completed in 2019 and offers around 7,200 sqm GLA.

LITHUANIAN EIKA ASSET MANAGEMENT ENTERS POLAND

White Stone has sold the Celebro office building in Warsaw for an undisclosed sum to Eika Asset Management, on behalf of the Eika Real Estate Fund. Celebro comprises approximately 7,200 sqm GLA and is located on ul. Gładka in the city's southwestern Włochy district. The office building was completed in 2019.

Eika Real Estate Fund holds a portfolio of properties in different market segments, mainly located in Lithuania, but is now increasingly looking to invest in other markets in the region.

EBRD LENDS EUR 250 MILLION TO P3 GROUP FOR LOGISTICS PARKS IN CEE/SEE

The European Bank for Reconstruction and Development (EBRD) is providing a loan of up to EUR 250 million to Luxembourg-based P3 Group to finance green certified logistics and industrial parks in CEE/SEE. P3 will use the proceeds of the loan to finance the acquisition, development and construction of warehouses in Serbia, Romania, Poland, the Czech Republic, and the Slovak Republic.

P3 Group is a long-term investor, manager and developer of warehouse properties in Europe. P3 is wholly owned by GIC, the sovereign wealth fund of the government of Singapore.

MLP LAUNCHES NEW PROJECT IN ZGORZELEC IN POLAND

MLP Group is set to begin the construction of a new logistics centre in the south-western part of Poland. The target space of the facilities to be delivered at the MLP Zgorzelec park, located near the borders with Germany and the Czech Republic, will total approximately 50,000 sqm. Sited on a land plot of 11.8 ha, its distance to the border crossing with Germany is about 8 km. Moreover, the park is located 6 km away from the A4 motorway and 4 km off the Zgorzelec city centre.

TREI SELLS PORTFOLIO OF 70 PROPERTIES IN THE CZECH REPUBLIC AND SLOVAKIA

Trei Real Estate sold its entire portfolio of 70 properties in the Czech Republic and in Slovakia to Plan B Investments, an investment group focusing on real estate investments in CEE. The portfolio includes 60 supermarkets and commercial properties in the Czech Republic and 10 retail parks of the Vendo brand in the Czech Republic and Slovakia. The portfolio has a total lettable area of approximately 122,000 sqm.

AT CAPITAL GROUP BUYS LIBERTY TOWER PROJECT PLOT IN WARSAW

AT Capital Group, a Singapore based family office, has acquired the development plot at the junction of Grzybowska and Żelazna streets in Warsaw for the planned 140-metre-high Liberty Tower. It is AT Capital Group's first investment in Poland. AT Capital Group is considering the development of the Liberty Tower as a mixed-use commercial and residential complex.



The Romanian developer Speedwell will construct an office building in the mixed-use project Paltim in Timișoara for around EUR 30 million.

SPEEDWELL STARTS CONSTRUCTION OF ITS OFFICE BUILDING IN THE PALTIM TIMIȘOARA COMPLEX

Real estate developer Speedwell continues its investments in the Paltim mixed-use project in Timișoara, with an office component. The developer will build a 16,000 sqm office building, which will see an investment of approximately EUR 30 million. Start of construction works is scheduled for the middle of this year.

Speedwell projects include Record Park in Cluj-Napoca, The Ivy, Triama Residence, MIRO and Spaceplus in Bucharest, Paltim in Timișoara and Riverside City in Râmnicu Vâlcea.

PATRON CAPITAL AND 7R SELL WAREHOUSE IN GOLENIÓW

Patron Capital, acting in partnership with 7R, a developer specializing in the construction of warehouses have announced the sale of an approximately 30,000 sqm logistics asset in Goleniów in Poland to an undisclosed institutional investor for EUR 22 million.

Built for Hultafors Group in 2021 on a 'build-to-suit' basis, as part of a JV between 7R and Patron Capital this warehouse is located close to the Polish-German border in Goleniów near Szczecin.

ELI PARKS INVESTS IN ORADEA LOGISTICS FACILITY

ELI Parks continues its national development strategy through the new logistics and industrial park in Oradea, an investment of EUR 22 million in a 30,000 sqm facility. The project will be built in the western area of the city (Calea Borsului) and will benefit from direct access to the future Oradea ring road and an express connection to the A3 highway. The new logistics park in Oradea will include two buildings, with the first phase comprising a 10,000 sqm unit. The building permit for the unit has been obtained. The works will start by summer 2023.

ACCOLADE COMPLETES INDUSTRIAL PARK IN ELBLĄG

With the beginning of the year, Accolade Group has completed the new park in Elbląg, the second largest city of the Warmian-Masurian Voivodeship. Elbląg Park is situated 5 km away from the city centre, and a 35-minute drive from the port of Gdansk. The direct vicinity of S7 expressway connects it well with Warsaw and Kraków. Accolade Park, situated on 7 ha plot, consists of 2 buildings with a total of 20,000 sqm of space. It is fully leased to Flex (Flextronics International Poland) and DPD.

SKANSKA OPENS FIRST PHASE OF H2OFFICES COMPLEX IN BUDAPEST

Skanska has opened the first phase of the H2Offices complex on Budapest's Váci ut. office corridor. Construction of the second phase may start in H2 2023, with the third and final to be handed over in 2026 or 2027. The first building offers 27,000 sqm of office space.

STAFFING



left: Christine Bernhofer
right: Peter Krammer

CHRISTINE BERNHOFER has been appointed to the Management Board of Real I.S. AG. She will join the company with effect from 1 October 2023 and takes over from Dr. Pamela Hoerr, who stepped down from the Management Board of Real I.S. in February to pursue new challenges. As COO of Swiss Life Asset Managers Deutschland, Christine Bernhofer is currently responsible for the development and management of regulated and unregulated investment fund products and vehicles for investments in real estate and securities under German law. She is also the Managing Director and CEO of the Swiss Life KVG. Christine Bernhofer has held senior positions in the real estate industry for around 20 years. Prior to her work at Swiss Life, she was Managing Director (CFO/COO) at UBS Real Estate Kapitalgesellschaft mbH and Head of Fund Operations Real Estate Europa of UBS Global Real Estate. Until 2005, Christine Bernhofer was Managing Director (CFO/COO) at TMW Pramerica Property Investment. Christine Bernhofer gained a doctorate in political science at Ludwig-Maximilians-Universität (LMU) in Munich, Germany.



left: David Mazáček
right: Silvia Schmitt-Walgenbach

PETER KRAMMER is the new CEO of Swietelsky. He replaced Karl Weidlinger. Dr. Peter Krammer received his doctorate in engineering from the Faculty of Civil Engineering at the Vienna University of Technology in 1995. He then gained professional experience at Porr Technobau AG, Strabag and Swietelsky before returning to Strabag AG Austria in 2005. As a Member of the Executive Board, he was responsible for the building construction and civil engineering division in Eastern Europe and for environmental technology throughout the Group. Peter Krammer was a Member of the Executive Board of Strabag SE from January 2010 until the end of 2022.



Henrike Waldburg

DAVID MAZÁČEK has become Member of the Board of Directors at Crestyl. He has served as Director of Acquisitions since April 2022, and has been handling new project acquisitions at Crestyl for over six years. Prior to joining Crestyl David Mazáček worked at Deloitte and Discovery Group. He has been a Fellow of the Royal Institution of Chartered Surveyors (FRICS) since 2016. David Mazáček graduated in Commercial Law and Valuation of Corporate Assets from the University of Economics Prague and in Financial Markets and Banking from Charles University in Prague.

SILVIA SCHMITTEN-WALGENBACH, former Chairwoman of the Management Board of CA Immobilien Anlagen AG, and the Supervisory Board of CA Immo, have mutually agreed that Silvia Schmitt-Walgenbach's contract was terminated as of 31 March 2023. Silvia Schmitt-Walgenbach's tasks will be assumed by the two other Management Board members of CA Immo, Keegan Viscius and Andreas Schillhofer.

HENRIKE WALDBURG will take over the Asset Management from Volker Noack on 1 July 2023 and at the same time join the Management Board of Union Investment Real Estate GmbH. Volker Noack will take over Management Board responsibility for expert appraisals, fund support, corporate investment management, risk management, and compliance and anti-money laundering. Henrike Waldburg has headed up the Investment Management Global department since 2021 and has held various management positions within the company since 2006. She is also currently responsible for the Investment Management Institutional department. Henrike Waldburg holds academic degrees from RWTH Aachen, ebs Immobilienakademie, SGM Institute of Management St. Gallen and ESMT European School of Management and Technology Berlin. She is a Fellow of the Royal Institution of Chartered Surveyors (FRICS), a member of the ECSP Executive Board and a member of the advisory board of IREBS Immobilienakademie.

LETTINGS



LUMEN, WARSAW

POLAND 

Wolt has leased nearly 900 sqm of office space in Warsaw's Lumen building. The Lumen complex, consisting of the shopping centre Złote Tarasy and two office buildings, is located in the centre of Warsaw, nearby Warsaw Central Railway Station. The complex is owned and managed by Globalworth Poland.

MARYNARSKA BUSINESS PARK, WARSAW

POLAND 

Syrena Real Estate has signed lease agreements for more than 6,000 sqm of office space in the Marynarska Business Park complex in Warsaw's Służewiec district. The company has extended leases with existing tenants, Ford Polska and Accord Healthcare Polska, and signed two new leases with NewCold about 450 sqm and a confidential tenant who will occupy nearly 4,000 sqm. Marynarska Business Park is a complex of four office buildings with a total usable area of nearly 46,000 sqm.

PARK ROZWOJU, WARSAW

POLAND 

Schneider Electric Polska has renegotiated its contract and extended its lease of 8,500 sqm office in Park Rozwoju at 12 Konstruktorska Street in Warsaw. Completed in 2014/2015, Park Rozwoju is a complex of two buildings with a total area of 34,000 sqm. Owner of the property is EPP.

SKYLINER, WARSAW

POLAND 

Event and conference company Villa Foksal has signed a lease with the Karimpol Group. Villa Foksal will open an 830 sqm event space in the Skyliner office building in Warsaw's Wola district. The high-rise building Skyliner has 49,000 sqm of office and retail space on 42 floors.

NEON, GDANSK

POLAND 

GetResponse, a producer of online marketing software, has moved into its nearly 3,000 sqm new office in the Neon building in Gdańsk. Neon is the fourth and final stage of Alchemia business complex developed by Torus. Neon building with 35,000 sqm leasing space was completed in 2019 and sold to DWS Grundbesitz in 2021.

OCEAN OFFICE PARK, KRAKÓW

POLAND 

LTIMindtree, a technology consulting and digital solutions company, is launching a new 4,500 sqm service centre in Kraków's Ocean Office Park. Located at the intersection of Klimeckiego and Nowohucka in the Zabłocie district, Ocean Office Park is a five-storey office building offering approximately 13,000 sqm of office space. Ocean Office Park was developed by Cavatina and completed in 2021.

FUZJA, ŁÓDŹ**POLAND** 

CitySpace, an operator of flexible office space, will occupy an office building on the site of the former Karol Scheibler plant in Łódź, where the Fuzja mixed-use project is currently under construction. CitySpace Fuzja will provide nearly 2,000 sqm of office space. The project, developed by Echo Investment, is scheduled to open in May 2023.

INFINITY, WROCŁAW**POLAND** 

New companies have joined the Infinity office building, which is being developed in Wrocław by Avestus Real Estate in cooperation with Alchemy Properties. New leases have been signed by Medicover Stomatologia dental clinic, Gorąco Polecam Smaki z Piekarni bakery and cafe, Żabka convenience store, Toscanizzazione restaurant and FutureMeds. The companies have signed long-term leases for 1,500 sqm of the building's space in total. Another new tenant is "UP" fitness club that will occupy almost 1,350 sqm of space on the building's first floor. Located adjacent to Jana Pawła II Square, the building is offering 21,847 sqm of office space and approximately 1,560 sqm of retail and service space. Completion is scheduled for Q2, 2023.

GARA HERĂSTRĂU, BUCHAREST**ROMANIA** 

Globalworth announces the signing of a lease agreement for a period of over 7 years with Rödl & Partner Romania, which will move its offices to the Gara Herăstrău office building, starting from June 2023, where they have leased over 1,000 sqm of GLA. The office building extends over 12 above-ground floors and three underground levels and offers 12,100 sqm of leasing space.

EQUILIBRIUM, BUCHAREST**ROMANIA** 

Online tourism agency FlyGo has relocated its office in Equilibrium 1. The company will start operations in the new office in July 2023. Also, SMS Metallurgy Romania has chosen Equilibrium 1 to relocate its office in Bucharest. The office project in Bucharest is owned by Skanska. Located in the Barbu Văcărescu-Floreasca area, Equilibrium includes two buildings with a total rentable area of 40,700 sqm.

OREGON PARK, BUCHAREST**ROMANIA** 

Holcim Romania has leased 2,282 sqm of office space in building B in Oregon Park in Bucharest. Oregon Park is located on Șoseaua Pipera, just north of Bucharest city centre and offers a total of 68,000 sqm GLA in three buildings. Oregon Park developed by Portland Trust was completed 2016-2019 and in 2018 sold to Lion's Head Investment.

ISHO OFFICES, TIMIȘOARA**ROMANIA** 

Hays Technology Solutions Romania (HTSR) has leased 750 sqm in the third phase of ISHO Offices in Timișoara. The announcement comes shortly after two other technology companies, Omron and Canon chose ISHO Offices for their workspaces. Developed by Mulberry, ISHO Offices is offering 50,000 sqm of leasable space.

IT'S AN ACQUIRED TASTE: THE CZECH REAL ESTATE MARKET



One of the major urban development projects in Prague: Dock, the conversion of a port area on a distributary of the Vltava.

The Czech Republic is considered a comparatively small real estate market, so it hardly appears on the radar of many international investors. In addition, the “gold rush years” of the post-reunification era are over and Czech investors are now increasingly active on the market. Nevertheless, the Czech real estate market is worth taking a closer look.

Among the four Visegrad countries, the Czech Republic ranks third in area after Poland and Hungary and ahead of Slovakia (78,870 km²), second in population (10.5 million) and equal to Poland in

population density, but tops in GDP per capita. Prior to the Corona pandemic, economic growth in the Czech Republic was regularly above the Eurozone and EU-27 average, but slumped by 5.5% in the first Corona year.

The recoveries in 2021 and 2022 were at moderate 3.6 and 2.2%, respectively, and forecasts for this year are hovering around zero. High energy prices, high raw material costs, high financing costs, negative growth in real incomes and high inflation resulting in falling consumption are leaving their mark on the Czech economy. According to current estimates,

a noticeable improvement is not expected until 2024.

This also has consequences for the real estate markets. The Czech Republic achieved the highest investment volumes in 2016 and 2017. In the following years the values settled at a comparatively high level, but have been declining since 2020, reaching the lowest value since 2013 at EUR 1,576 billion in 2022, according to CBRE.

Domestic investors accounted for 60% of the transaction volume. They have become increasingly strong in recent years



People are only partly attracted to the city centres and shopping streets, because online shopping is still very popular among Czechs.

and are now also partly active beyond the borders of the Czech Republic. This applies not only to the real estate fund of Česká spořitelna, the country's largest commercial bank, which is a subsidiary of the Austrian Erste Group, but also, for example, to the Czech project developer Crestyl, which took over the residential developer Budimex Nieruchomości in Poland.

What makes the Czech market attractive are the yields, which are 4.75% for logistics and high-street retail, 4.8% for office properties and 6.5% for shopping centres. These yields are significantly above those in the Western European markets.

The most sought-after assets at present are office properties and properties for light industry and logistics. Both asset classes were surpassed in 2020 by investments in the residential sector, which, however, declined massively in 2022, a development that has many reasons.

As almost everywhere, financing costs have risen in the Czech Republic and inflation is narrowing the financial scope of potential home buyers. Mortgage interest rates have tripled and are currently over

6%. In addition, the conditions for a housing loan have been tightened. Both, increased interest rates and tightened loan conditions, have a dampening effect on demand and lead to the fact that prices for residential real estate, which have only known one direction – upwards – since 2013, have declined, in some cases significantly.

This might be considered a “normalisation” of a market that was partly overheated in the past. On the other hand, the housing market is still tight – a reason why international investors and housing companies have increasingly turned their attention to the Czech Republic in recent years.

During the pandemic the rental housing market had relaxed a little – the flats rented out via platforms like Airbnb were suddenly permanently empty. But then came the refugees from Ukraine – the Czech Republic took in around 400,000 refugees, probably more than any other EU country in relation to the country's population.

Now more than ever, rental housing is needed. But the approval procedures are taking longer and longer. In Prague, only

71 housing units were approved in October 2022, in September only 16 – and that with a deficit of more than 30,000 flats, as the Czech housing company Central Group has calculated. On the other hand, there is a pipeline of 137,000 housing units to be developed. Also in the past, only about 3,500 units were approved annually on average. From this point of view, rents are likely to continue to rise and prices on the market for residential property will decline only to a limited extent.

In the Czech Republic, Corona also hit brick-and-mortar retail hard and sales have fallen since then. Online shopping has always been very popular among Czechs, and even after the end of the Covid-19 measures, people were only partially drawn back to the city centres and shopping malls. Added to this is inflation, which limits the scope for consumer spending. The pressure on rents, which continue to decline, is correspondingly high. Retail parks are an exception – here rents remained largely stable.

However, the fact that retail real estate ranks behind office and logistics in terms of investment volumes also has a lot to do with the limited amount of new retail space that comes onto the market, and when it does, it often tends to be retail parks. With around 2.5 million sqm of retail space – of which 841,000 sqm in Prague and 1.66 million sqm in the regions – the density of retail space per

capita is also significantly higher than in other CEE countries. In 2022, only just over 11,000 sqm of new retail space came onto the market, of which around 6,000 sqm accounted for the redevelop-

start for a new office building in Prague in the second half of 2022, as project developers postponed or abandoned projects altogether in view of the prevailing uncertainties.

higher net demand in 2022, particularly in the first half of the year, with more renegotiations taking hold in the second half," comments Blanka Vačkova, Head of Research at JLL. According to her observations, renegotiations of lease agreements accounted for the majority of the leasing demand.

Vacancy rates remained comparatively stable. They averaged 7.7% at the end of the year, whereby – unlike in the past – the vacancy rate in A-class buildings was higher than in those in B-class offices. The reason for this was the high, at least in part speculative, production of space in recent years.

When it comes to office real estate, the focus is often only on Prague, but Brno, the second largest city in the Czech Republic, should also be considered.

Brno is a strong industrial and commercial centre, an important trade fair city, the location of the highest Czech judicial bodies, a cultural centre and the site of numerous universities and research institutions. Its location could not be more advantageous: there are direct rail and road connections from here to both Prague and Bratislava as well as to Vienna.

According to Colliers, Brno has just under 635,900 sqm of office space, of which around 70,900 sqm is currently available in the short term, which corresponds to a vacancy rate of 11%. Based on current plans, a further 100,000 sqm will be added in the near future, although not all of the planned projects are already under construction. Specifically, around 26,000 sqm are expected to be completed this year.

It remains to be seen whether this offer will meet with a corresponding demand, also and especially in view of the fact that many companies have recently tended to reduce space and that the rents charged will also be higher with the increased construction costs. Nevertheless, Brno is also a "market to watch" in the Czech Republic. | **Christiane Leuschner**



The trade fair city of Brno has become the second important Czech real estate market.

ment of OC Javor in Nový Jičín. For the next three years, CBRE expects around 75,000 sqm of new space.

Completions in the office sector are similarly declining. Here, a good 75,000 sqm of new space came onto the market in Prague in 2022 – 35% more than the year before, but 65% less than in 2019. Around 184,000 sqm were under construction at the end of 2022, which are scheduled for completion this year and next. However, there was no construction

This seems all the more astonishing as the letting performance was at 547,000 sqm and therefore higher than ever. In this regard, however, a closer look is helpful.

"The increase in demand is not accidental. Last year several factors occurred at the same time in the office rental market – the end of leases which were concluded in the strong years 2017 and 2018, as well as pent-up demand resulting from the Covid-19 pandemic and the subsequent recovery. All these circumstances led to a

INVESTOR'S DARLING: INDUSTRIAL AND LOGISTICS REAL ESTATE

Especially in the last quarter of 2022, investments in industrial and logistics properties in the Czech Republic increased significantly and accounted for almost 60% of all commercial investments.

Even if the share of industrial and logistics properties in the total transaction volume on the commercial real estate market in the Czech Republic was significantly lower for the whole of 2022 – experts estimate 22% – the massive increase in investments in this segment especially in the last quarter of 2022 is no coincidence.

Demand for this space is higher than ever, vacancies are almost non-existent – below the 1% mark – and at the same time suitable land is becoming increasingly difficult to find. Hardly any space comes onto the market speculatively, but most projects have already found a tenant before construction begins.

That shows how tight the market is and this has not been changed by the fact that almost 1.1 million sqm of new industrial and logistics space came onto the market in 2022 – the highest number of annual completions in the history of the Czech market for industrial and logistics space, according to JLL. This brought the stock to over 10 million sqm for the first time, just missing the 11 million mark at 10.8 million sqm. It is estimated that another 1.2 million sqm of new space will be added in 2023.

The demand for industrial and logistics space remains high, even if the letting performance in 2022 was 10% lower than in the previous year, with 2021 being the year with the highest demand to date. Taking the average letting performance of the past five years, the 2022 result is significantly higher, with an increase of 21%.



Automotive suppliers are settling near the large plants such as Škoda's in Mladá Boleslav in Central Bohemia.

According to Cushman & Wakefield, the greatest demand comes from transport and logistics companies – accounting for more than a third of take-up – followed by automotive suppliers and omnichannel retail distribution centres (28% each).

High demand and low availability, but also higher construction and financing costs, are causing prices for industrial and logistics space to rise. Rents in and around Prague, for example, are rising by around 30% compared to the previous year and are currently at EUR 7.50 per sqm and month for newly built properties. In other regions, prices are somewhat lower, with the region around Pilsen being the most favourable at EUR 5 to EUR 6.50.

For a long time there was a clear gap between the region around Prague and Pilsen – the two strongest locations in terms of industrial and logistics space – and other Czech regions. This disparity is now narrowing due to the fact that suitable sites are becoming scarce around Prague and project developers are moving to other regions. After all, four out of a total of 10

regions now have more than 1 million sqm of industrial and logistics space.

Central Bohemia in particular has gained in importance in recent years – around 9% of all new construction space was developed here in 2022 – in order to satisfy the demand, which remains high around Prague but can hardly find adequate space there.

The question is whether the market will remain robust, as the Czech Republic is not spared from the economic slowdown in the EU. Analysts at the Czech Banking Association CBA expect industrial production to weaken. The car industry in particular is suffering from supply bottlenecks, but food production is also declining.

If one adds high inflation and, as a result, limited consumption, the best-case scenario is that the status quo will be maintained. On the other hand, demand for industrial and logistics space continues to outstrip supply, so a rapid change in this real estate segment is not to be expected. **I Christiane Leuschner**

GALA OF THE CZECH REAL ESTATE INDUSTRY



On 15 February 2023, around 360 Czech real estate professionals and international experts involved in the Czech Republic gathered for ThePrime Real Estate Gala at the historic Palác Žofín on Slovanský Island in Prague.

Guests from outside the real estate industry included artist Pasta Oner and, as master of ceremonies, Czech actor, singer, composer, writer and television presenter Marek Eben.

But the industry did not only celebrate itself, it also generously supported the charity care centre Rozum a Cit.

At the charity auction, Pavel Sovička, Managing Director CZ &SK of Panattoni, won the painting "God save, We spend" by Pasta Oner for CZK 450,000 (EUR 19,158). As the artist donated the painting for free to the good cause, 100% of the money went to Rozum a Cit. In addition, more than 200 raffle tickets were sold, raising a total of CZK 800,000 (EUR 34,058).



ThePrime Real Estate Gala organised by Robert McLean took place in Palác Žofín.

Also, ThePrime Awards were presented. The winners in the nine categories were::

- Best Office Development: Dock05 – Crestyl
- Best Industrial Park Development: Panattoni Park Kojetín
- Best Residential Project: Residence Michelangelo – JRD Development
- Best Interior Design (Commercial): Andaz Hotel
- Best Interior Design (Office): Mercedes-Benz – Colliers
- Best Leasing Agency: CBRE
- Best Asset Manager: REICO
- Best Legal Firm: Clifford Chance
- Best Capital Markets Agency: Cushman & Wakefield



Top left Pavel Sovička, centre right Marek Eben and bottom right the organiser Robert McLean.

WHEN MOBILITY BECOMES AN ANNOYANCE



Marianne Schulze, freelance journalist and editor of SPH Newsletter

A little enviously, German travellers look across the borders to other countries where one can largely rely on trains running and arriving on schedule. In Germany, train travel is currently more like a lottery: will the train really come or be cancelled, when will it come and will it arrive at its destination at all or will it stay on the track?

Decades ago there was a railway advertising slogan: "Everyone talks about the weather. We don't. We run". Well, trains don't always run and the railways also talk about the weather very often, because nothing works when it is too hot, too cold, it is raining or snowing ... The expansion

of high-speed lines is of little use, because even these lines sometimes offer no faster transport than 50 years ago.

This chaos is the result of years of neglected infrastructure, a rigid austerity policy on the one hand and questionable projects such as the relocation of Stuttgart's main railway station underground on the other, which is now proving to be a "billion-euro grave". This is all the more incomprehensible since the railway is still owned by the Federal Republic of Germany, even as a public limited company, and in view of the climate crisis there are up and down discussions about other forms of mobility in which the railway should actually play a leading role. Now a 49-euro ticket is supposed to convince people to use the railway and other forms of public transport. However, given the current experience with the railways, this is unlikely to succeed. And a switch to public transport also fails in rural areas because there is hardly any corresponding offer.

So once again, the only option is the car. But there are again some limits to mobility. Apart from the often dilapidated roads, motorways are no longer "fast lanes", because even without a speed limit, the average speed over longer distances is below 100 km/h. Construction sites, dilapidated bridges, high traffic volumes and, above all, the large number of lorries mean that people are often stuck in traffic jams or

that progress is very slow, even where four lanes are available in one direction. In this respect, the question is whether motorway extensions can really alleviate the situation. It would make more sense to shift a significantly higher share of freight transport from the motorways to the railways, but freight trains are also struggling with the neglected rail networks and signal boxes and are therefore not an alternative for many freight companies because scheduling is rather unreliable.

Traffic jams and train delays are not only an individual nuisance, they also have serious economic consequences. In 2022, drivers spent a total of 333,000 hours in traffic jams – 13,875 days of 24 hours each or about 37 years of completely lost time. And the delays and train cancellations cost the railways a total of EUR 92.7 million in compensation for customers in 2022, whereby compensation of 25% of the one-way ticket is only paid at all for delays of 60 minutes at the destination station, and 50% for delays of 120 minutes or more.

Add to this the chaos at the airports last summer, the politicians' promise of mobility becomes increasingly questionable. Travelling has become more or less a lottery and even if in a different sense than originally intended, those who go on a trip usually have something to talk about afterwards – but nothing positive.

imprint

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

Layout: Silvia Hög, www.diehogl.at

Frequency of publication: six times a year

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

Managing Director: Andreas Schiller

Registered: Amtsgericht Köln, HR: B 68026

UID: DE270670378

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