

# SPH newsletter

## news

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## city development

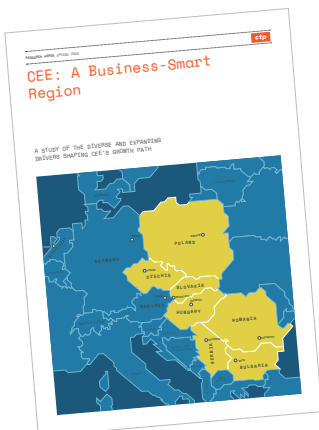
Romania is in many ways better than its reputation and does not have to hide economically at all. Looking at the challenges cities are struggling with, they are similar to those elsewhere in the EU.  
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## structural change

It is above all the former mining regions and industrial cities that have to cope with a structural change in Romania that will not be easy. ....page 13

## research

A study by CTP takes a look at the development of the markets for industrial and logistics real estate and the drivers supporting this development. ....page 16



## DEAR READERS!



In this issue, the news is as sparse as it has ever been since our first publication in March 2011. In total, it comprises only six pages, 2.5 pages of news on project developments, investments and financing to be precise, and also 2.5 pages on lettings. What is interesting about this tie is that the significantly lower volume of news from the developer and investor scene is compensated by more news about new lettings.

Our news makes no claim to completeness, nor could it ever be an indicator of a general trend. However, the decline and the slight shift in the weighting are a reminder that there is a market for project developments and acquisitions as well as a letting market. While the two are interdependent and ultimately are depending from each other from a supply and demand perspective, they are nevertheless often presented separately in market reports.

Admittedly: The volume and significance of developments and transactions have a greater effect than some rentals – they always attract attention. I, like many others, probably felt that way and it was also reflected in the selection of our news. But in the real estate business it is the leased space that counts. If that alone comes to the fore again, something important has already happened.

In these difficult times, I wish you, dear readers, good reflections.

Yours,

Andreas Schiller

## NEWS FROM CEE/SEE



*The sale of the Vizivaros Office Center in Budapest is in line with CA Immo's decision to classify Hungary as a non-strategic market and to withdraw from this market.*

### CA IMMO SELLS VIZIVAROS OFFICE CENTER IN BUDAPEST

CA Immo has closed the sale of the Vizivaros Office Center in Budapest. The building is located in the "Central Buda" office submarket in the western part of Budapest and comprises around 14,200 sqm of total lettable space. The buyer is the FLE SICAV FIS real estate fund managed by FLE GmbH.

On June 1, 2023 the Supervisory Board of CA Immobilien Anlagen AG has decided on the reclassification of Hungary to strategically non-core, and simultaneously authorised the Management Board to initiate all relevant activities related to exiting the market, either through platform sale, sub-portfolio sale, or individual asset sales.

### ACCOLADE INVESTS IN LUBLIN VOIVODESHIP

The latest investment by Accolade, an international investor in industrial real estate, will be located in Świdnik in Lublin voivodeship. The industrial park in Świdnik will consist of two buildings and will offer 54,000 sqm of warehouse space.

The majority of the space was already leased to three companies from the manufacturing and logistics industries. The park will be located just 1 km from the border of the city of Lublin, where Accolade already has another warehouse park.

### IULIUS PARTNERED WITH DEVELOPER MEDCITY

Iulius Company has signed a partnership with Medcity, a South-East Europe developer dedicated to healthcare development. The project developed under this partnership is located in Palas Campus in Iași. The goal of the partnership is to create a medical centre.

### LOGICOR ACQUIRES DEVELOPMENT SITE NEAR PRAG

Logicor, an owner, manager and developer of logistics real estate in Europe, has acquired a circa 100,000 sqm brownfield in Czech Republic. Located just half an hour's drive from Prague, the site is 2 km from the town of Turnov, in the municipality of Příšovice. The location is at a transport crossroad linking regional cities Mladá Boleslav, Liberec and Jičín, and providing direct access to highway D10, which links Prague and the national border with Germany and Poland.

### WARSAW PROPERTY PARTNERS IS REBRANDED TO CATELLA POLAND

In 2022, Catella Group acquired the majority in the Polish company Warsaw Property Partners. As a result of the partnership, Catella Poland was established, managed by Christian Fojtł, Jacek Wachowicz and Bartosz Bzoma.



## 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

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*AFI Cotroceni shopping centre in Bucharest is to be extended. Two floors with around 16,000 sqm of office space are to be built on top.*

## **AFI EUROPE IS BUILDING 16,000 SQM OF OFFICES ON TOP OF AFI COTROCENI MALL**

AFI Europe is building 16,000 sqm of office space on top of AFI Cotroceni mall in Bucharest. Two new floors are under construction on the side of the mall facing Timișoara Boulevard.

## **HUNGARIAN DEVELOPER WING BECOMES MAJORITY OWNER OF GERMAN BAUWERT AG**

Hungarian developer and investor Wing and asset management company Griffin Capital Partners (GCP) have successfully finished the acquisition of the German developer Bauwert AG.

Wing and GCP acquired 60% of the German developer. The Hungarian firm has become a majority shareholder as GCP bought only 10% of the shares. 40% of the shares remain in the hands of the original owners.

Bauwert AG was founded in 1983 and since then has successfully completed more than 330 real estate developments with more than 2 million sqm. More than 70% of its residential and commercial buildings are in Berlin, and the company's development volume to date exceeds EUR 4.5 billion

## **CA IMMO SELLS BELGRADE OFFICE PARK**

CA Immo has closed the sale of the Serbian office complex Belgrade Office Park to a domestic investor. With two buildings and an underground car park, the complex comprises approximately 27,200 sqm of total lettable space.

## **PANATTONI HAS BEEN GRANTED A EUR 57 MILLION LOAN TO DEVELOP PANATTONI PARK NADARZYN II**

Panattoni has been granted EUR 57 million in financing from Bank Pekao SA for the development of Panattoni Park Nadarzyn II southwest of Warsaw. The development of Panattoni Park Nadarzyn II began last year and the entire project is to comprise two buildings with over 90,000 sqm. One building has already been handed over.

## **AAREAL BANK TO ENHANCE FINANCIAL STABILITY OF MLP GROUP**

MLP Group has established a relationship with the German Aareal Bank AG, whereby the latter has committed funds of over EUR 63.5 million. The borrowed funds will be applied to refinance the MLP Poznań West project and to finance new investment projects undertaken by the MLP Group. The term of the loan agreement is five years.

MLP Poznań West is a distribution centre, comprising more than 140,000 sqm of warehouse space, located on the western side of Poznań, at the S11 expressway and 7 km from the A2 motorway and S11 junction.



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[www.union-investment.de/realstate](http://www.union-investment.de/realstate)



Rohan Business Centre in Prague's Karlín district offers 9,434 sqm of total lettable space and has now switched from REICO ČS Nemovitostní to a Fio real estate fund.

## FIO'S NEW REAL ESTATE FUND ACQUIRES OFFICE BUILDING IN PRAGUE FROM REICO

REICO ČS Nemovitostní (RČSN) continues to clean up its real estate portfolio. It has recently sold the Rohan Business Centre building in Prague's Karlín district. The buyer is the newly established Fio real estate fund from the Fio investment company. The transaction price was CZK 740 million (EUR 31.2 million). The total lettable area of the Rohan Business Centre office building is 9,434 sqm. The building houses mainly offices, complemented by warehouse and retail space.

## PANATTONI SECURES FINANCING OF LUBLIN INDUSTRIAL PARK

Panattoni has been granted financing for Panattoni Park Lublin II. The EUR 48 million loan – including VAT– was granted by Bank Pekao SA. Located in the Niemce district, Panattoni Park Lublin II is a development comprising five buildings with an area of around 84,000 sqm. Panattoni Park Lublin II is situated in the Niemce district 8 km from the Lublin bypass near the S19 expressway and the Via Carpatia route, which is under construction and will run from Lithuania to Greece.

## STAFFING



left: Vlad Stanislav  
right: Ewa Sychalska

**VLAD STANISLAV** has been named Managing Director of JLL in Romania, replacing Silviana Petre-Badea who held the position for the past seven years. With 22 years of management experience, Vlad Stanislav joined JLL in January 2022 as Managing Director of Tetris Design & Build. Previously, he was director of the supplier of doors for malls and offices GEZE Romania. Vlad Stanislav is a graduate of Transilvania University of Braşov and studied Strategic Management at the German Graduate School of Management & Law in Heilbronn, Germany.

**EWA SPYCHALSKA** has joined the Warsaw team of CPI Property Group (CPIPG) and will be responsible for the overall operation of retail facilities from the group's portfolio. Her tasks include responsibility for the development and ongoing bearing of the value of Stop Shop retail parks and Vivo! chain shopping centers in Poland. Ewa Sychalska has more than 20 years of experience in managing retail facilities. She joined CPI Property Group from Neinver Poland, where she held the position of International Retail Manager for the past 5 years. She is a graduate of Scandinavian Studies at the University of Gdansk and MBA studies at the Poznan School of Banking and Helsinki School of Economics.



## LETTINGS



### NA PŘÍKOPĚ 14, PRAGUE

CZECH REPUBLIC 

Savills has negotiated for the WorkLounge network of serviced centres to take over the lease agreement from outgoing operator HubHub at Na Příkopě 14 in Prague. Savills is also the property manager of the building which is owned by CPI Property Group. With a total area over 3,700 sqm, it will be the largest centre in WorkLounge's portfolio.

### H2OFFICES, BUDAPEST

HUNGARY 

Colonnade Insurance S.A. Hungarian Branch Office, a Luxembourg based non-life insurance company owned by Fairfax insurance business has recently relocated its operations into the first building of Skanska's H2Offices complex. The insurance company occupies nearly 1,500 sqm office space along with a terrace, storage and parking spaces. The first phase of H2Offices has been delivered recently, providing over 27,000 sqm leasable area. H2Offices will be an office complex consisting of three buildings, providing a total of 67,000 sqm gross leasable area.

### HUNGÁRIA OFFICE PARK, BUDAPEST

HUNGARY 

Wing has signed a long-term lease agreement with Lightware Zrt. The tech company will be moving to a 7000 sqm building in Hungária Office Park in two stages – in autumn 2023 and in early 2025. The new headquarters of Lightware will be in Hungária Office Park's Building 7, located on the corner of Semsey Andor utca and Gizella út.

### GDAŃSKI BUSINESS CENTER, WARSAW

POLAND 

ALSO Group, a technology provider for the ICT industry, has leased 2,625 sqm of office space in Building C of Gdański Business Center on ul. Inflancka in Warsaw. Gdański Business Center is a complex consisting of four office buildings in the centre of Warsaw. The development was completed in 2014 (phase 1) and 2016 (phase 2). The complex is located next to the Dworzec Gdański M1 metro stop and the Warszawa Gdańska railway station.

### SKYLINER, WARSAW

POLAND 

New tenants are moving into Warsaw's Skyliner office building. The Karimpol Group's investment will be home to new offices of the brokerage house Noble Securities, the provider of medical diagnostics equipment and solutions Werfen Polska, and the renewable energy market operator Greenville. Their offices will occupy a total of 1,358 sqm of space. The Skyliner is one of the seven tallest buildings in Poland. Completed in January 2021, the office building has 49,000 sqm of office and retail space on 42 floors.

**TRINITY ONE, WARSAW****POLAND** 

Lux Med Group leased over 3,300 sqm in the Trinity One, an office complex, that is part of Revetas Capital's portfolio of assets in Poland. Spread over seven floors, with 3 interconnected towers each with its separate entrance, Trinity One offers over 19,820 sqm of office space. Trinity One is located in Warsaw's Służewiec Przemysłowy district at the intersection of Domaniewska and Suwak streets.

**MONOPOLIS 2.0 TOWER, ŁÓDŹ****POLAND** 

McCormick, owner of the Polish brands Kamis and Galeo, has relocated its Shared Services Centre to the Monopolis 2.0 tower, an investment located on the site of the former Monopol Wódzyczny plant in Łódź. McCormick leased 5,300 sqm of space. Developer of the project is Łódź-based company Virako.

**BUSINESS GARDEN, POZNAŃ****POLAND** 

Vastint Poland has signed a lease agreement with the Polish branch of MKS, which supplies specialised chemical products and production technologies under the Atotech brand. The company has leased 1,706 sqm of office space on the first floor in a building at 8 Pastelowa Street in Poznań, in the Business Garden part of the complex managed by Vastint. Business Garden Poznan, located in Poznan's Grunwald district just a few minutes' drive from the city centre and Poznan-Lawica airport, consists of nine buildings with a total leasable area of 88,000 sqm. The first phase of the property, which includes four buildings on Kolorowa Street, was sold to an investment fund. Vastint is the owner and manager of the remaining five buildings, delivered as part of the second phase of the project.

**RETRO OFFICE HOUSE, WROCŁAW****POLAND** 

Zagrywki, a Polish chain of activity bars, is to join the tenants of Retro Office House in Wrocław. Within the building from the Globalworth portfolio, the tenant is adapting around 1,300 sqm on the ground floor. The building offers 23.200 sqm of GLA. The building completed in 2018, has two patios and an underground car park for 153 vehicles.

**BOC, BUCHAREST****ROMANIA** 

Software industrial company Honeywell has expanded its lease in Globalworth's BOC office building in Bucharest and will occupy over 24,000 sqm. The company had initially leased 4,000 sqm in the project back in 2011 and since then has increased its office footprint. As part of the new lease deal, Globalworth will undertake a comprehensive refurbishment and modernization of the design and functionalities within the spaces occupied by Honeywell. BOC building is part of a wider complex developed between 2006 and 2011, which includes three office buildings, two residential towers and several amenities.



**GLOBALWORTH SQUARE, BUCHAREST****ROMANIA** 

Globalworth signed a new lease contract with online retailer eMAG, which is moving its headquarters to the Globalworth Square building located in the Floreasca - Barbu Văcărescu area of Bucharest. eMAG will have a space of 10,000 sqm. Located in the northern part of Bucharest, Globalworth Square is an office building totalling 29,000 sqm leasable area distributed over 3 underground levels, ground floor and 15 upper floors plus 1 tech level.

**GREEN COURT, BUCHAREST****ROMANIA** 

Carrefour has given up 24% of the office space in its headquarters in the Green Court building in Bucharest, owned by Globalworth. Employees work in a hybrid system and come to the office three days a week. In 2015 the retailer rented almost 7,000 sqm. The lease was extended, but for a smaller area of 5,300 sqm.

**TIMPURI NOI SQUARE, BUCHAREST****ROMANIA** 

Mobile gaming company Playtika has renewed its office lease contract in Bucharest-based Timpuri Noi Square, developed by Vastint Romania. Timpuri Noi Square is a mixed-use project providing working, leisure and living functions. The complex comprises three buildings with offices, retail spaces & plaza, green areas and a residential part.

**U CENTER 2, BUCHAREST****ROMANIA** 

The American software company Adobe will move its more than 1,000 employees of its Romanian subsidiary to the U Center 2 office building in Bucharest's Tineretului district. The company will occupy approximately 16,000 sqm of office space, that is, almost half of the building, becoming the largest tenant of the building to be delivered to the market this fall.

# ROMANIA – A COUNTRY WITH CHALLENGES AND OPPORTUNITIES



*„Quality of life“ and sustainability are topics that concern not only Bucharest and the Romanian cities, but also other European cities.*

**Romania is not only a very diverse country in terms of landscape. Equally diverse are the challenges to which the country's cities in particular have to respond, but also the opportunities that are on offer.**

Romania shares a border with Ukraine that is a good 600 km long. Accordingly, since the end of February 2022, around 3.5 million people have fled from Ukraine to the country. They were cared for, accommodated, registered. Many traveled on to other EU countries, but just under 110,000 refugees remained in Romania.

As Regina Lochner, Head of the German Consulate in Timișoara, pointed out, Romania proved in this situation that it can certainly act in a very efficient and structured manner in the event of a crisis. The disappointment was therefore all the more severe when the country's accession to the Schengen area failed in December 2022, primarily due to Austria's veto. Now it is to be put to the vote again this year.

After the initial hype before 2008 and a severe crash during the financial crisis, Romania has gradually worked its way out of the economic slump and has been one of the growth locomotives within the

EU in recent years. After another downturn in the wake of the Corona pandemic in 2020 – the economy contracted by 3.7% that year (by comparison: by 6.8% in the euro area and by 6.3% in the EU as a whole) – Romania more than made up in 2021 with an economic growth of just under 5.9%. In 2022, the economy grew again by 4.7% despite the war in Ukraine. Even though the boom is expected to slow down this year – estimates range from 2.4% to 2.8% – the growth rate is still significantly higher than the EU average of just 1%.

The positive economic development was also reflected in the investment market for



commercial real estate in 2022. While the average investment volume has been around EUR 900 million since 2014, the transaction volume reached over EUR 1.2 billion last year. And for the first time, according to research by BNP Paribas Real Estate, the share of Romanian capital invested in income-generating real estate exceeded that of international investors.

In this environment, the annual conference “Cities of Tomorrow” organized by AHK Romania (Romanian-German Chamber of Industry and Commerce) took place at the end of March: This year’s motto was “Quality of Life”. The topics addressed in the workshops and in the plenary sessions are by no means only “of Romanian interest”, quite the contrary.

For example, the need to organize sustainable mobility is not just an EU requirement, but a challenge of which we can also sing a song in Germany. Especially in the cities, it is becoming increasingly urgent to reduce motorised traffic and at the same time to create reasonable connections to the surrounding countryside. In Romania, for example, the legislation for rail transport provides for partnership and cooperation between local, regional and national authorities.

Bucharest has already made a start with a new transport system that combines rail and tram networks to connect to the surrounding region – Ilfov County. At the same time, a completely integrated fare system is being created: instead to a ticket for the train, one for the tram and perhaps a third one for the bus there will be one ticket for all means of transport.

Well, Bucharest is a city of millions, other cities in Romania have at best barely a sixth of the population – or to put it another way, only 16 cities in total have populations over 100,000. This includes Sibiu, a city with 134,000 inhabitants, but with a good half million tourists a year.

Those who know Sibiu understands that the old town is not really suitable for car



*Modern mobility concepts should reduce individual car traffic in the city.*

traffic. As the Primaria Sibiu reported at the conference, they’ve made the city pedestrian-friendly, created bike lanes and set up a rental system with 500 bikes.

For transportation to the city centre, there is the Linea Verde, which is served only by e-buses. Other bus lines run into the surrounding region. In total, the city has purchased 110 new buses in the past four years. At the same time, the ticketing system was modernized and a cor-

responding user-friendly app was developed.

Another topic of „Cities of Tomorrow” was “City Safety”, with a particular focus on earthquake protection. What earthquakes can do was recently to observe in Turkey. But Romania is also repeatedly shaken by earthquakes, and Bucharest in particular is considered the most endangered European capital due to its proximity to the Vrancea earthquake zone.



As Alina Kasprovski, Executive Director of FCB Fundația Comunitară București, an NGO that works on improving environmental conditions, education and civic engagement, among other things, pointed out, FCB is working together with

only at the very beginning within the EU. In the EU, on average just under half of the waste is recycled, in Romania only a good 11%. For a long time, waste separation was not an issue, and the knowledge that has been “trained” in western

But fees are not the only solution, as Marian Popa, responsible for Public Sanitation Management and Environment Protection at the City of Sibiu, explained. Sibiu introduced waste separation in 2019, but it took a total of two years to set up the system of different bins and a digital infrastructure. There are 110 digitalised “waste islands” for different materials in the city, the number of which is still to be increased to 200. Rubbish trucks are now equipped with digital scanners and all citizens are registered and have their own “rubbish account”. Those who separate their waste cleanly can get up to 25% reduction on the rubbish fees.

There are also other approaches: In Iasi, for example, they had the idea of “electrically transporting electronic waste for recycling” and sent a suitably designed tram through the city, not only to collect old refrigerators, washing machines, computers and fan heaters, but also to generally educate people about waste separation and the circular economy and to show what happens to the waste.

It is not only for Romania what Raul Pop, State Secretary at the Ministry of the Environment, made clear: Circular economy does not start with us thinking about waste, but with thinking before you buy a product whether you really need it and making sure that it can be repaired or otherwise reused. | **Marianne Schulze**



*E-waste is often considered rubbish, but it is a valuable source of raw materials.*

the public authorities on this issue to build a rescue network and to prepare the city’s citizens for such a situation.

Nevertheless, the problem of the still many buildings that are not earthquake-resistant remains. The attitude (not only widespread in Romania) is often that the state is responsible for consolidating the buildings – not only public buildings such as schools, hospitals and the like, but also residential buildings, a task that is, however, hardly feasible financially. Furthermore, in the case of residential buildings, all owners must agree to the relevant measures. In addition to possible legal changes, one of the most important tasks is therefore also to raise people’s awareness of possible risks and dangers – a task that is also faced in other countries and contexts.

Another urging issue is a sustainable circular economy, whereby Romania is

EU countries for decades is lacking. So now waste separation is propagated via schools, by the municipalities and NGOs, and attempts are made to “educate” people via the price.

However, two difficulties are encountered in the process: There is no uniform standard in color coding for different types of waste, so the colour of the bins for the individual materials are assigned differently in the various municipalities.

Although the circular economy offers opportunities for municipalities and subsidies are available for its development, the circular economy is generally more expensive. Even the collection and sorting of waste requires more effort, and the positive effects of using waste as a raw material instead of treating it as waste are not immediate. Most of the time, the only solution is to charge according to the amount of what is thrown away.



*Colour coding of the bins is not yet standardised in Romania.*

## NOROC BUN - GOOD LUCK FOR ROMANIA'S MINING AREAS



*Scenically, the Valea Jiului leaves little to be desired, but the closure of the coal mines means a severe structural change.*

**A recurring theme at the “Cities of Tomorrow” conference is “Reconversion & Revitalisation”. This is easier in larger cities and in areas popular with tourists than in more remote regions such as the former mining areas in the Jiu Valley and in the region around the former steel industry town of Reșița.**

At the end of April, the Romanian-German Chamber of Industry and Commerce (AHK) was commissioned by the German Federal Ministry for Economic Affairs and Climate Protection to organise a business trip in the field of structural change, post-mining and revitalisation of former mining areas in Romania. The programme included the mining areas of the Jiu Valley and the region around the former steel industry site of Reșița.

Especially when it comes to the coal mining areas in Jiu Valley (Valea Jiului),

the structural change of the Ruhr area is often cited, but the two regions are not really comparable. While the Ruhr area is densely populated and very well connected in all directions by transport, the former mining areas are located in smaller towns that are some hours away from larger cities such as Timișoara (just under 250 km), Cluj-Napoca (230 km), Brașov (330 km) or Craiova (160 km).

The landscape is beautiful and there are large national parks to the north and south. It is an ideal region for nature lovers and those seeking rest and relaxation.

The mining towns, on the other hand, seem rather depressing, which is not surprising when you consider that of the eleven coal mines that were exploited in 1990, only two are still in operation and two are being prepared for closure. While around 55,000 people were still employed in mining in 1990, today there

are only 4,300. Unemployment, emigration and ageing are the consequences that the mining towns have to deal with.

A closer look was taken at two coal mines – the one in Petrila, which was closed in 2015, and the one in Lupeni, which is in the closing process.

Petrila is located a few kilometres north-east of Petroșani, the centre of the mining district, in the valley of the river Jiul de Est. In its heyday, up to 5,000 miners were employed here and 1.2 million t of hard coal were produced. After 1990, the output dropped. In the end, shortly before closure, only about 300 miners were working there.

The person who pulled the last lorry-load of coal out of the shaft now looks after the small museum set up in the colliery's former infirmary and guides visitors around the site as far as possible.



The area that stretches across the river parallel to the city was initially more or less abandoned to decay. It was private commitment that opposed the destruction of the buildings of the oldest coal mine in the country and claimed to preserve the visible signs of the city's history and identity. With actions of art and events, they tried not only to attract attention, but also

have a long way to go here. On the other hand, Petrila could well become a tourist attraction, because the surrounding area is quite a popular recreation and winter sports area with a corresponding infrastructure of holiday accommodations.

The second colliery was in Lupeni on the Jiu de Vest. Here, the mine is in the clos-

Both towns, as well as nine other mining towns in the Jiu Valley, belong to the Hunedoara County, which is now working on a master plan for the Valea Jiului. The EU's Transition Fund is contributing EUR 525 million to support structural change in the former coal areas. Of this, 60% is earmarked for private companies and 40% for the public sector.



*Winding towers like this one in Anina bear witness to the region's mining past.*

to convey to the city's residents that they were not a "lost region", but that there was a future.

In the meantime, the site has become public property and there are initial plans not only to create a cultural centre here, but also to attract start-ups and SMEs to the area. Whether Vasile Jurca, Mayor of Petrila, or Mihai Danciu, Architect at the Polytechnic University of Timișoara, but also Executive Secretary of the NGO Planeta Petrila Association, as well as Manager of ACV Comunitate, a start-up in urban management in Petroșani, they both would like to see the former coal mine as part of the UNESCO World Heritage Site. However, if you look around the coal mine site in Petrila and think of the Zeche Zollverein in Essen, for example, you can guess that the activists still

ing process and scheduled to shut down definitely in 2024.

While in Petrila the commitment of civil society was impressive, in Lupeni one had rather the feeling of being transported to socialist times, and this was not only due to the administrative building, which dates back to that time and has hardly been changed since.

On the other hand, this time is also part of the history of the city and the country, and people in Lupeni are aware of history. They were proud to point out the miners' strike in the wake of the world economic crisis in 1929, which was bloodily put down and whose traces can still be seen on the buildings today. What has probably been given less thought so far, however, is the future of the colliery complex.

One of the first measures was to boost the transport connections of the cities and to purchase 26 e-buses for this purpose. Hunedoara County Council President Laurențiu Nistor emphasised that the cities have good infrastructure and connections through their industrial heritage, but this is probably primarily true for road connections, because the railway line that runs from Petrila to Petroșani, for example, was only intended for the transport of coal.

One of the great challenges is the preservation and maintenance of the colliery facilities, a statement that one can immediately agree with when one has seen the facilities. For the development of the structurally weak coal areas, the administration is also looking to connect with civil society NGOs as part of the local development structure.

Deva, the seat of Hunedoara County Council, as well as the town of Hunedoara itself initially seem like a contrast to the valleys of Valea Jiului. Deva has a very appealing Renaissance and Baroque-influenced old town with a castle and castle ruins, to which a funicular railway leads and allows a wide view over the town and the countryside. The town is particularly proud of its Dacian and Roman past, whose artefacts can be found in the castle museum.

Hunedoara is only about 15 km away, both cities are about the same size (around 60,000 inhabitants), and yet they could not be more different. It is true that Hunedoara also has a castle, also in a prominent location and conceivably well preserved. Hunedoara is not called "Eisenmarkt" (Iron Market) in German for



nothing, since Romania's second largest ironworks was once located here, which has now been largely shut down. Structural change can also be observed here, but it is taking place under much more favourable conditions than in the valleys of the river Jiu.

The county of Caraş-Severin with the county town of Reşita presented a somewhat different picture. The journey began in Oraviţa, 35 km southwest of Reşita. Also here, mining was once carried out and mainly copper was smelted. In order to bring the coal, which was mined in Anina further up in the mountains, to the Danube, a railway connection was built from Oraviţa to Anina in the 19th century.

The train, which still runs, no longer carries coal, but tourists. It takes just under two hours to cover the 33.4 km route, overcoming a difference in altitude of 338 m and offering views of a seemingly untouched mountain landscape with lots of deciduous forests. One can well imagine that in times of the Imperial and Royal Habsburg monarchy the nobility sought recreation in this area. In Anina, too, a former summer villa of the Romanian King Ferdinand I, lovingly restored and modernised, bears witness to the fact that also later members of the aristocracy appreciated the region.

But the former coal mine in Anina also presents a somewhat different picture, although this is also due to its construction: the large compressor hall of the mine, which was closed in 2006, is made of fieldstone. It is currently being renovated and will serve as a museum.

There are also plans for the rest of the site to become a leisure park and thus attractive for tourists.

The calculation could work out, because the so-called Banat Mountains are a popular tourist destination, at least among Romanians, and with its lakes, gorges and national parks offer a variety of possibilities for outdoor activities in summer and winter.

The last stage of the journey was Reşita. The city was once an important iron and steel district. Steam locomotives were built here, which can still be admired in an open-air museum, later water turbines and large ship engines followed. When the markets in the east disappeared after 1989, this branch of industry also went into a steep decline.



*From Reşita's glorious past: one of the locomotives built here.*

The situation was hardly better than in the mining towns of Jiu Valley until 2016, when a new mayor rolled up his sleeves to confront the decline.

Those who once met Ioan Popa know that he has mastered the art of convincing people and that he is a man of action. He has renovated schools and kindergartens, built a new hospital, won an investor and developer with Nhood for what is currently the largest project in Reşita, the redevelopment of a 40-hectare industrial wasteland that for a long time separated the old part of Reşita from the newer part of the city. In short, he has brought his city out of depression and lethargy and instilled optimism back into the people here.

However, this does not mean that all traditions have been thrown overboard. How proud the people of Reşita are of the industrial past is not only shown by the locomotive museum. In order to preserve identity, the cooling tower of the industrial wasteland, for example, is being preserved and the former ropeway for material transport, a landmark of the city,

is also currently being renovated and redesigned.

However, probably the most important project for long-term development of the city is to have launched a fast rail link between Reşita and Timişoara, reducing the journey from over two hours now to 75 minutes. Because without good transport connections scenic beauty or positive development are not of much use – people also need to be able to get there reasonably easily and, conversely, those who live there do not want to be cut off from the rest of the world.

The conclusion of the trip: There are enough tasks and opportunities, you just have to get involved. | **Marianne Schulze**

# SMARTER THAN WESTERN EUROPE: CEE

In spring this year, CTP, European developer and manager of industrial and logistics real estate, published a research paper entitled *CEE: A Business-Smart Region – A study of the diverse and expanding drivers shaping CEE's growth path*. It is obvious that "business" refers primarily to areas that are interesting for a developer of industrial and logistics real estate.

In the study, the term CEE covers Poland, the Czech Republic, Slovakia, Hungary, Romania and Bulgaria as well as Serbia (as the only non-EU country). The aim of the study is to show "how growth in the region is expected to evolve in the next years and the variety of drivers supporting this growth". Because – in CTP's opinion – "understanding CEE's growth potential is more important than ever given the current macroeconomic turmoil".

Looking at the economic development of the CEE region over the past 20 years, GDP has more than doubled and will continue to grow much faster than in Western European countries in the next years.

The paper identifies five different success factors that make CEE a "business-smart region": skilled human capital, connected markets, diversifying and expanding economies, rising domestic consumption and strong real estate fundamentals, referring – as mentioned – to the industrial and logistics real estate market.

It is well known that for the transportation & storage and manufacturing sectors labour costs are significantly less in CEE than in Western Europe. Similarly, weekly working hours are above the EU-27 average. But what is not less important: productivity rates are also rising and approaching Western levels.

The share of tertiary graduates in STEM subjects (mathematics, information technology, natural sciences and technology) is 24% in CEE and the EU-27 alike, with Germany (36%) and Serbia (30%) and Romania (29%) are the frontrunners. The ability to exploit and adapt to emerging trends is also higher in CEE countries than in Western Europe.

For transport and logistics, but also for production, the respective transport network is indispensable. In this respect CEE has seen significant infrastructure improvements since the 2000s. Hungary, for example, has one of the densest motorway networks, and the Czech Republic one of the densest railway networks in the region. Transport possibilities via airports and seaports such as Gdansk (Poland), Koper (Slovenia) and Constanța (Romania) are also increasing significantly.

Rising salaries lead to rising consumption. Domestic consumption in CEE has grown by almost 50% since 2010, more than the double rate of the EU-27 average. Es-



*CEE: A Business-Smart Region*  
A study of the diverse and expanding drivers shaping CEE's growth path  
16 pages  
Download at:  
[www.ctp.eu/insights/cee-a-business-smart-region](http://www.ctp.eu/insights/cee-a-business-smart-region)

pecially online trade plays an important role. While it declined in Western Europe in Q4 2022 and Q1 2023, it increased by 9% and 14% respectively in CEE.

Even though the individual statements in the study are well known, it is the overall view that provides a good picture of the situation and further development of the markets for industrial and logistics real estate in CEE.

## imprint

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