

# SPH newsletter

## news

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## book review

The Austrian Federal Railways are celebrating their 100th anniversary. A look at the history of a functioning railway system provides food for thought. ....page 18



## DEAR READERS!



The number of property-related competitions and therefore award ceremonies is increasing. In the past few weeks alone, three major award ceremonies have been held in Germany. At the same time, registrations are underway to apply for two more awards, both with events in March 2024. „Honour to whom honour is due“, but it’s already getting a bit much.

A different kind of competition is the Federal President’s History Competition organised by the Körber Foundation. Since 1973, young people up to the age of 21 have been researching the history of Germany. But what does this have to do with property and investments? This year, a lot, because the 28th history competition focussed on the topic “More than a roof over your head. Housing has history”. One of the five first national prizes for particularly outstanding research won the paper “Housing in the workers’ colonies of the Ruhr area in structural change using the example of the Felicitas colony” out of 1,651 submissions. All in all, there are a lot of research papers by young people who have consciously dealt with old structures. I think that’s great, because there will hardly be a future without knowing the past.

I would like to take this opportunity to wish you, dear readers, a reflective pre-Christmas period. Please keep to the motto “Advent instead of event” for the next few weeks – and not just when it comes to award ceremonies.

Yours,

Andreas Schiller

## NEWS FROM CEE/SEE



*The Mogilska 35 office building in Krakow, which was developed by Warimpex, has been opened. It offers 11,900 sqm of net usable space.*

### MOGILSKA 35 OFFICES IN KRAKOW OPENED

Warimpex celebrated the opening of its third office building in Kraków, the Mogilska 35 Offices. The property has 11,900 sqm of space, is located in the immediate vicinity of the city centre and is named after its address on Mogilska Street. There are also Warimpex office buildings at numbers 41 and 43.

With Cowork by Memos, a Warimpex company, there is also a provider of flexible office space located in Mogilska 35, occupying around 750 sqm. This is already the fourth Memos coworking space in Poland: Other locations are in Łódź, in the Ogrodowa 8 Office and Red Tower buildings, as well as in Kraków, in the Mogilska 43 Office.

### ERSTE GROUP FINANCES QUORUM PROJECT IN WROCLAW

Erste Group Bank AG has granted a new loan to Cavatina Holding S.A., this time for the realization of Cavatina's flagship project in Wrocław. The financing will ultimately provide the Polish developer with funds for refinancing the costs of the Quorum D office building (up to EUR 25 million) and for further financing of the Quorum A construction (up to EUR 20 million), as well as an additional EUR 3 million to cover VAT. The multifunctional Quorum complex, rising on the banks of the Oder River, is the largest project of its kind in the city.

The Quorum complex will ultimately consist of four buildings with nearly 100,000 sqm of multifunctional space. The complex is located on Sikorskiego Street in Wrocław. The D building was completed a year ago.

### PBB PROVIDES REFINANCING LOAN FOR A LOGISTICS PORTFOLIO IN THE CZECH REPUBLIC TO CTP

pbb Deutsche Pfandbriefbank has provided a EUR 113 million investment loan facility to CTP, which will utilise the proceeds for the refinancing of a logistics portfolio in the Czech Republic. pbb acted as arranger and sole lender under the facility. The portfolio consists of properties along key logistic destinations in the Czech Republic. All properties have direct access to expressways and motorways. The portfolio comprises a total of over 150,000 sqm GLA.

### CRESTYL TAKES FULL CONTROL OF RESIDENTIAL DEVELOPER IN POLAND

Czech developer and investor Crestyl completed the acquisition of the remaining 50% stake in one of Poland's largest residential developers Spravia (formerly Budimex Nieruchomości) from Cornerstone Partners, giving it full control of the company. Both partners initially bought the Polish developer in 2021 for PLN 1.51 billion in one of the largest real estate deals in Central and Eastern Europe. The price of the current transaction has not been disclosed. Spravia is currently developing 53 projects out of which 16 are under construction.



## Central Business Tower

Office Building  
Frankfurt

**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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*The Studio complex in Warsaw is being developed between Prosta and Łucka Streets near the Rondo Daszyńskiego and Rondo ONZ metro stations.*

## **SKANSKA INVESTS IN THE SECOND PHASE OF STUDIO OFFICE COMPLEX IN WARSAW**

Skanska invests EUR 100 million in the second phase of Studio, an office complex in Warsaw. The 105 m tall Studio A will offer 26,600 sqm GLA of office space. The building is scheduled to be commissioned in 2025.

Construction of the two-phase Studio complex began in August 2021. The first phase, Studio B, was commissioned in November 2023. Now, Skanska is commencing the works on the second part of the project – a skyscraper which will consist of 27 floors, as well as 4 underground levels (built earlier, during the construction of phase B), with parking space designed to accommodate 203 cars. The complex is being developed between the Rondo Daszyńskiego and Rondo ONZ metro stations.

## **MITISKA REIM EXPANDS PARTNERSHIP WITH KARUZELA HOLDING IN POLAND**

Mitiska REIM, specialist investor in convenience real estate, has announced the expansion of its joint venture partnership with Karuzela Holding with the opening of a new food-anchored retail park in the Polish city of Biała Podlaska.

Featuring 28 units with a GLA of 17,700 sqm and parking for 860 cars, the new Biała Podlaska development is located on a main artery road and close to residential areas. Food anchored by a Lidl supermarket, the retail park is 100% let. Also opened on site as a retail anchor is an owner-occupied Agata Meble furniture store with 7,000 sqm GLA and a 3,300 sqm Bricomarche DIY is planned to open at the end of this year.

Over the past five years, Mitiska REIM and Karuzela have significantly expanded their portfolio of convenience real estate assets in Poland. Currently, the portfolio consists of 9 standing assets and 6 development projects, representing a total GLA of a 160,000 sqm.

In the past 18 months, Mitiska REIM and Karuzela have also opened new retail park and convenience centres in Kołobrzeg, Wagrowiec and Puławy, and Mitiska REIM acquired Europa Centralna, a 67,000 sqm GLA retail centre in Gliwice on behalf of its MEREP 3 fund.

## **PANATTONI: NEW PROJECT IN THE WARSAW REGION**

Panattoni has launched the construction of Panattoni Park Grodzisk V in the village of Natolin, a district in the south of Warsaw. The first stage of the project will comprise 25,000 sqm and one of the future tenants is to be a global manufacturing firm. To develop the project, the developer has been awarded a EUR 17 million loan by the BNP Paribas bank.

## **AFI EUROPE EUROPE INAUGURATED ITS FIRST RETAIL PARK IN ROMANIA**

AFI Europe has officially inaugurated the AFI Arad shopping centre. The retail park occupies a built-up area of 30,600 sqm on 79,900 sqm of land. The gross leasable area of the project is 29,400 sqm on one level, served by 950 above-ground parking spaces.



*The former Central Department Store in Warsaw was refurbished and modernised by ImmoPoland between 2014 and 2018.*

## **PBB PROVIDES INVESTMENT LOAN FOR CEDET OFFICE BUILDING WARSAW**

pbb Deutsche Pfandbriefbank has provided a EUR 75 million investment loan facility to a Polish company managed by Macquarie Asset Management on behalf of institutional investors. The loan will be used for the refinancing of Cedet office building in Warsaw. pbb acted as arranger and sole lender under the facility.

Located in the Central Business District of Warsaw, Cedet was originally built in 1952 and was formerly known as "Central Department Store". The Cedet building has been fully refurbished and combines retail functions and office space, with a total leasable area of over 23,800 sqm.

## **WORKLOUNGE ACQUIRES CITY POINT OFFICE BUILDING IN PRAGUE**

WorkLounge has completed the acquisition of the City Point office building in Pankrac, Prague 4. It is taking over the building from the investment company Amundi Czech Republic. The value of the transaction is EUR 18.6 million. City Point offers 8,750 sqm of space, with 500 sqm dedicated to coworking.

## **MBANK FINANCES PANATTONI PARK TRICITY EAST V DEVELOPMENT**

Panattoni has been awarded a loan of over EUR 32 million from mBank to develop the first building of Panattoni Park Tricity East V. Panattoni Park Tricity East V will be close to the A1, which forms the bypass for the Tricity as well as for the Baltic Hub Deepwater Container Terminal. 36,000 sqm have been leased by Regesta, which will start operations from the centre in the first quarter of 2024.

## **MLP GROUP TO LAUNCH CITY LOGISTICS PROJECT IN ŁÓDŹ**

MLP Group is to develop its second logistics park within the Łódź urban area. MLP Business Park Łódź will deliver 30,400 sqm of city logistics space, some of it designated for light manufacturing. The development will begin on a speculative basis. The first facilities are expected to be available for occupancy by mid-2024.

MLP Business Park Łódź is to be developed on a land plot with an area of 7.6 ha. It is located 10 km from the Łódź city centre, 4 km from the A1 highway (Łódź East junction), and 25 km from the A2 highway (Łódź North junction). Additionally, the S14 expressway, running along the western side of the city, is 15 km away, with the same distance between the park and the local airport.

## **FUTUREAL ACQUIRES LIPOWY OFFICE PARK IN WARSAW**

Futureal has announced the acquisition of the Lipowy Office Park complex in Warsaw. The company plans to reposition the development. Developed by Hochtief Development in 2009, Lipowy Office Park features four office towers that provide nearly 40,000 sqm of leasable area. The complex is located in the proximity of the Warsaw's Frédéric Chopin Airport in Okęcie.

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You can find further information at  
[www.caimmo.com/sustainability](http://www.caimmo.com/sustainability)





*P3 Logistic Parks has acquired 7R Park Łódź (above) and 7R Park Szczecin (below).*

## **P3 LOGISTIC PARKS ACQUIRES 7R PARKS IN ŁÓDŹ AND SZCZECIN**

7R finalised the sale of 7R Park Szczecin and 7R Park Łódź West II. The new owner of the properties became P3 Logistic Parks. The total area of the warehouse parks is about 100,000 sqm.

7R Park Szczecin is a warehouse facility with an area of 61,000 sqm, located close to the city centre and in the proximity of National Road No. 10, the A6 motorway, and the seaport.

The 7R Park Łódź West II complex, located in the western part of the city, is in the vicinity of the A1 and A2 motorways, is offering nearly 35,000 sqm of space.

## **J&T BOUGHT LAND ON ROHANSKÝ OSTROV IN PRAGUE**

Developer J&T Real Estate has bought 2 ha of building land on the former Moldova island Rohanský ostrov in Prague's Karlín district from the Rohan Consortium, in which Sekyra Group has a half-share. In the future, J&T Real Estate plans to buy another 2 ha and build the Nový Rohan district for CZK 15 billion (EUR 609.6 million). The company did not disclose the specific price of the acquisition.

The construction of the first stage of the planned project should start in the second half of next year and will be located at the corner of Voctářova and Štorchova streets. A total of 258 apartments, three office buildings with services and a piazzetta will be built. Approximately 1,000 flats are to be built, including further phases.

The Rohan Consortium was founded in 2007 and has an option with the Prague City Council to purchase land in the Rohan Island area of Karlín. The consortium bought approximately 20 ha from the city for CZK 1.68 billion (EUR 68.3 million). 55% of the island was to be used for residential buildings and the rest for offices. The total number of flats could be between 1,200 and 1,300.

The consortium is also co-owned by J&T, which has a 32% stake in the company. The rest is provided by smaller investors.

## **NEPI ROCKCASTLE'S PROMENADA CRAIOVA OPENED**

NEPI Rockcastle's EUR 136 million Promenada Craiova development in Romania has officially opened its doors. The retail scheme has a total GLA of about 80,000 sqm. The scheme comprises a 53,300 sqm GLA shopping centre and a 10,400 sqm GLA retail park, both owned by NEPI Rockcastle. In addition, the retail scheme incorporates a 16,000 sqm GLA DIY store, owned by Dedeman.

## **PANATTONI SELLS THREE INDUSTRIAL PARKS IN POLAND**

Panattoni has sold three industrial parks, totaling 135,000 sqm in the Silesia, Poznań and Łódź for circa EUR 100 million. The sold parks include Panattoni Park Żory with an area of 37,600 sqm, Panattoni Park Poznań XIII with 42,000 sqm and Panattoni Park Łódź A1 with 56,000 sqm.



*Czech Trinity Bank acquired the former headquarters of Komerční banka on Na Příkopě in the centre of Prague.*

## **TRINITY BANK ACQUIRES FORMER HEADQUARTERS OF KOMERČNÍ BANKA ON NA PŘÍKOPĚ IN PRAGUE**

The former headquarters of Komerční banka in the centre of Prague on 33, Na Příkopě has been bought by the Czech banking house Trinity Bank. The seller of the listed building was the HausInvest fund from the Commerzbank group. The price of the transaction was not disclosed.

Commerz Real Investmentgesellschaft acquired the building from Société Générale Group, owner of Komerční banka, in 2017. The building of the former Česká eskomptní banka was built in the 1930s according to plans by architects Karel Jaray and Josef Sakař on the site of a two-storey classical house.

## **CAROL DAVILA UNIVERSITY ACQUIRES THE QUEST BUILDING IN BUCHAREST**

Carol Davila University of Medicine and Pharmacy has completed the purchase of the Quest building, located in central-eastern Bucharest.

The acquisition of the property, built last year, represents a significant step in achieving the long-term goals of the Institute for Research and Development in Genomics (ICDG). The building has a gross building area of 4,500 sqm, 8 floors and two underground levels offering 38 parking spaces

## **SPAR GROUP IS TO SEEK A BUYER FOR ITS BUSINESS IN POLAND**

The Spar Group Limited, one of South Africa's largest retailers, listed on the Johannesburg Stock Exchange, has announced its decision to take strategic steps towards the sale of the Spar business in Poland.

The Spar Poland chain includes 212 retail stores – both corporate and operated by independent retail operators, a prepared meals business and two regional distribution centres in southern and central Poland.

## **PANATTONI IS TO REVITALISE THE AREA OF THE FORMER BARBORA MINE IN KARVINÁ**

Panattoni is following up on the memorandum of cooperation signed with the Moravian-Silesian Region and starting to prepare the revitalisation of the area and construction on the site of the former Barbora mine in the Moravian-Silesian city of Karviná. The brownfield site will be used as a base for modern industry. The expected total investment may exceed EUR 1 billion.

The area of the former Barbora Mine is currently one of the largest brownfield sites in the Czech Republic. In the first phase, Panattoni will build industrial halls with a floor area of over 400,000 sqm, with construction work expected to start in the second half of 2025 and completion planned for 2032.

The project makes use of an existing siding and connection to the European rail network, with the rail corridor only four kilometres away.



## STAFFING



left: Peter Bosek  
right: Martin Löcker



left: Florian Martin  
right: Marius Şcuta



left: Kay Wolf  
right: André Zücker

**PETER BOSEK** will be new CEO of Erste Group as of 1 July 2024. He succeeds Willi Cernko, who will continue to steer the banking group's business until then. Peter Bosek is currently CEO of Luminor Bank, which operates in the Baltic States. Prior to Luminor, he served as CEO of Erste Bank Oesterreich and as Chief Retail Officer of Erste Group, having previously held various management positions within Erste Group over the course of 25 years.

**MARTIN LÖCKER** joins CA Immo as Group Head of Development. Starting in January 2024, he takes over responsibility for all development, construction, and engineering activities across the Group, including those of Matthias Schmidt who will leave the company at the end of 2023 and will pursue new professional opportunities. With a technical background in engineering and construction, Martin Löcker has had a long international career in real estate development, most recently at UBM AG where he was Member of the Management Board for 14 years responsible for all development and construction activities across the Group.

**FLORIAN MARTIN** will take over the management of KGAL together with André Zücker on 1 January 2024. Gert Waltenbauer, current CEO, will leave the company at his own request by the end of 2023. Florian Martin has been Member of the Management Board of KGAL GmbH & Co. KG since 2023 and Member of the Management Board of KGAL Investment GmbH & Co. KG since 2020. From 2016 to 2019 he was Spokesman of the Management Board and from 2013 to 2016 Managing Director of KGAL Capital GmbH & Co. KG.

**MARIUS ŞCUTA** has been appointed as Head of Business Development of CBRE Romania. Marius Şcuta has over 16 years of experience in the real estate market. After 8 years of experience in telecommunications with large corporate accounts, he started his career in the commercial real estate market in 2007 as an office team coordinator. From 2009 until the exit of JLL from Romania, he held the position of National Director, Head of Office Leasing Department & Tenant Representation, and was Member of the company's Board.

**KAY WOLF** is to succeed Andreas Arndt as Chairman of the Management Board (CEO) at Deutsche Pfandbriefbank AG. Subject to the necessary regulatory approvals, he will take on his responsibility as a Member of the Board on 1st February, 2024. Andreas Arndt will resign from his role as planned after ten years as a Member of the Board, eight of which as CEO. Kay Wolf joins pbb from Deutsche Bank where he is currently Chief Risk Officer for the Division Private Bank. His career began in 1997 as a trainee at Deutsche Bank. Here he completed various stations in the credit business, including experience in London. From 2006 to 2010, he worked at one of pbb's preceding companies, his last role there being that of Chief Information Officer. He then went on to hold a number of positions at Postbank, amongst others that of Chief Credit Officer, and he then became a Member of the Board and Chief Risk Officer at Deutsche Bank Privat- und Firmenkundenbank AG.

**ANDRÉ ZÜCKER** will take over the management of KGAL together with Florian Martin on 1 January 2024. Gert Waltenbauer, current CEO, will leave the company at his own request by the end of 2023. André Zücker has been Member of the Management Board of KGAL GmbH & Co. KG since 2023, where he is responsible for transaction management. Since 2015, he has also been Managing Director of KGAL Investment Management GmbH & Co. KG, where he is responsible for the Real Estate division.

## LETTINGS



### Q22, WARSAW

POLAND 

Savills has renewed its lease for 1,080 sqm with an expansion option in Q22 office building in the centre of Warsaw. Q22 is located at Al. Jana Pawła II 22 in Warsaw and offers nearly 54,000 sqm of office space. It was developed in 2016 by Echo Investment and is owned by Invesco Real Estate.

### SKYLINER, WARSAW

POLAND 

Another international company has joined the tenant portfolio of Warsaw's Skyliner office building. The healthcare company, Falck, has chosen the building owned by the Karimpol Group as the new office for the company's IT department in Poland. Falck will occupy nearly 1,500 sqm of space. The 195 m tall skyscraper is located at 67 Prosta Street, near Rondo Daszyńskiego in Warsaw's Wola district. Completed in 2021, Skyliner offers 49,000 sqm of rentable space on 42 floors and a car park with 430 spaces.

### WARSAW SPIRE, WARSAW

POLAND 

The Centre for EU Transport Projects (CEUTP) has extended its lease agreement with CA Immo for office space in Warsaw Spire Building C. The company occupies 4 000 sqm on three floors. Warsaw Spire C is part of the Warsaw Spire complex, located near Plac Europejski, in the vicinity of Rondo. The property offers 21,400 sqm of GLA, of which 96% is office space, with the rest being retail areas and logistical facilities. It also provides 263 parking spaces in an underground parking garage. The portfolio of the Polish company CA Immo also includes the twin building of the complex, Warsaw Spire B.

### OXYGEN, SZCZECIN

POLAND 

Demant Business Services is staying in Oxygen office complex located in the heart of Szczecin. The company has extended its office lease agreement of almost 1,700 sqm for another 5 years. Oxygen is a nine-storey building offering 13,900 sqm of office space. Owner of the building is EPP.

### INFINITY, WROCLAW

POLAND 

Dom Development and Avenga, a provider of IT and software engineering solutions, have been welcomed as new tenants of the Infinity office building. Dom Development has leased 925 sqm, Avenga will occupy over 700 sqm. Located near Plac Jana Pawła II, at 16 Legnicka Street, Infinity offers 18,727 sqm of office space, 1,561 sqm of retail and service space, and a three-level underground garage with 311 parking spaces. The project was developed by Avestus Real Estate in cooperation with business partner Alchemy Properties.

## EXPO REAL 2023: REVIEW AS AN OUTLOOK



*The predominant themes at this year's Expo Real were the diverse challenges and new requirements on the sector.*

**This year's Expo Real dates back now more than six weeks. A few thoughts are all the more worthwhile with a time shift, as many of the topics discussed in the conference programme remain relevant. The review is therefore also an outlook.**

Despite some prophecies of doom, more than 40,000 participants attended Expo Real. From 4 to 6 October 2023, they were able to visit the presentations of 1,856 exhibitors – a part of the total number as co-exhibitors at joint stands – and a great many of events in the extensive conference programme. Terms such as exchange, dialogue and networking, considered together like a trinity, ap-

peared again and again not only before the trade fair but also in the reviews of it.

The days of talking about the "Oktoberfest of the industry" are over. It would not have fitted in with the number of problems that everyone involved in property and investment is currently facing, even if some exhibitors and visitors were at Munich's Oktoberfest as usual, at least on the final evening of the event on 3 October before the start of the trade fair.

The conference programme was very popular. The auditoriums were full, sometimes there were no seats left, with only standing room available. In former times, events with more than 200 attendees used to be the exception rather than the

rule. But this year such a large attendance was registered for several discussion panels and lectures.

But quantity is one thing, quality is another. In the Expo Real Forum alone, the spectrum of topics ranged from "Dealing with Demographic and Social Change" to "Solutions for Stranded Assets", "ESG and Transformation: Renovating Existing Buildings", "Social Impact Investing", "Mobility: The Journey to More Quality of Life" and "Cyber Resilience". On the third day of the fair, the focus was on financing issues and, above all, the outlook.

With climate change and energy issues taking centre stage in the Decarb Arena, the fact that there is a massive demo-

graphic and social change is sometimes overlooked – at least in Germany and large parts of Europe. Britta Roden, Head of Research at KGAL, pointed out that demographic change not only means an ageing population, but also that at the same time cities are getting younger. But young people moving to metropolises are looking for other property concepts, she noted. She also sees the trend from buying to renting continuing because property is becoming less and less affordable.

However, it is not only young people who often lack suitable offers. The situation is the same for the growing number of older people. This was pointed out by Matthias Günther, CEO of the Pestel Institute, who spoke at the event “Demographics: Senior Living and Affordable Housing” at the Planning & Partnerships Forum, where he presented the study “Living for the elderly”. The results are alarming. In a nutshell: Affordable housing as a suitable offer for the 67+ age group is urgently needed.

Both topics are directly related to “Social Impact Investing”. This English-language panel discussion focused on the strategies investors want to use to achieve this noble goal. Because with the S in ESG, they can no longer avoid this topic.

While often the S is still to be discovered, the industry is already quite familiar with the E. This was particularly evident on the panel “ESG and Transformation: Renovating Existing Buildings”. Redeveloping existing buildings can be more expensive than demolition and new construction, but from an ecological point of view it is the better way. The participating Managing Director of Greyfield Group, Sarah Dungs, is also Chairwoman of the still young German Association for Redevelopment of Existing Buildings. She says: “The challenges are many and varied, and we bear responsibility for ourselves and the future with our actions. We have to accept and drive forward the transformation towards the remodelling of existing buildings in order to shape the future together in a way that adds value.”

Henrike Waldburg, Managing Director of Union Investment Real Estate, put the topic still in another context: “Until recently, our city centres were often dominated by retail and office uses, lively during the day and deserted at night. This leitmotif of urban development and of the real estate

Marcus Gwechenberger can certainly be described as an expert, as the qualified urban planner completed his doctorate with a thesis on public-private partnership in urban development and was appointed Professor of Urban Transformation at the Frankfurt University of



*Last but not least, dealing with existing properties is crucial for climate protection.*

industry is under increasing pressure in recent years. Both, the property industry and local authorities, are equally called upon to develop strategies and establish structures and usage concepts that can react flexibly to changes in the market in the future. The responsible transformation of properties that are no longer in line with the market can make an important contribution to this.”

City centres were also the subject of one of the two panels on urban development. There are probably more studies on the topic of “Mixed Use: Diversity Replaces Desolation” than cities, but it was interesting to get to know perspectives from different angles, for example from the point of view of the many cities represented as exhibitors at Expo Real.

For Marcus Gwechenberger, the new City Councillor, Planning and Housing, of the City of Frankfurt am Main, it was his first appearance at the trade fair.

Applied Sciences shortly before taking office as City Councillor.

The second panel “Mobility: The Journey to More Quality of Life” saw an international dialogue. Ville Lehmuskoski, Executive Director of the Urban Environment Division of the City of Helsinki, Martin Schreiner, Head of Strategy at the Mobility Department of the City of Munich, and Carsten Wilmsen, Managing Director of Real Estate and Infrastructure at Deutsche Seereederei and Rubus Development GmbH, were joined by Andreas Herrmann, Director of the Institute for Mobility at the University of St. Gallen, to discuss which forms of mobility are necessary and desirable for living and working.

It would go beyond the scope of this article to cover other inspiring events on topics like the market situation, energy, financing, office space and office property as an asset class for pension schemes, overseas property markets and many

more. At the very least, they all show that when it comes to property and investments, nothing works without looking at the big picture and the mutual and sometimes contradictory dependencies and requirements. The entire sector is undergoing a huge upheaval, the dimensions of which have not yet been fully realised by some.

At Expo Real, however, it was also clear that, in addition to the all too often quoted phrase “challenges are also opportunities”, there is indeed a search for solutions. And some were presented not only in the conference programme, but also at the exhibitors’ stands. However, it seems unlikely that what is available will be sufficient for the multitude of needs.

In any case, there were plenty of new approaches from start-ups – a deliberate choice of wording to avoid the hype surrounding the term PropTech, which has since gone down somewhat. However, most of the start-ups were also active in the field of digital solutions. Nothing works without digital solutions anymore and many of them offer advantages. But it is important to remember that these are always technical solutions only.

Volker Kozok’s presentation on cyber resilience in the Expo Real Forum was somewhat at odds with the euphoria surrounding everything digital. As the title “Risk perception: How we perceive risks and which ones actually exist – an excursion into the world of uncertainty” suggests, one of the topics was what happens when a cyberattack hurts the system and nothing works anymore.

The lively yet frightening presentation by the Chairman of the Network for Cyber Intelligence, who worked in cybersecurity at the German Federal Ministry of Defence for more than 30 years, was perfectly timed, as October 2023 was European Cybersecurity Month. Shortly after Expo Real, what Volker Kozok was talking about was clearly confirmed. At first, the reports that the Motel One hotel chain had been hacked caused consternation.

This was followed by a cyberattack on Südwestfalen IT, the service provider for numerous North Rhine-Westphalian municipalities and districts. Around 100 cities and districts are affected to a greater or



*Whether it was the first or last day of the trade fair, the discussion events were generally well attended.*

lesser extent. The broad spectrum of things that no longer work ranges from car registration and the work of registry offices to direct debits and bank transfers.

However, risks and changes are not only on the agenda for everything to do with digitalisation, but to a considerable extent also for real estate and investments

in general. This became evident in the events on Friday, which, as the last day of the three-day trade fair, often sees fewer participants. Not so this year. Whether “Financing Requirements” as an event in which both lenders and borrowers sat on the podium, or the presentation “Real Estate Industry 2030: Will there be a new one?” by Hanspeter Gondring, CEO of ADI Akademie der Immobilienwirtschaft and a veteran of the industry, or the presentation “Crises, Climate, Consequences: Interest Rates and Yields Expectations” by Gertrud Traud, Chief Economist at Helaba, followed by a discussion, each of the events was attended by more than 150 people.

Gertrud Traud summarised the trade fair as follows: „This year’s topics were interest rates, sustainability, demographics and digitalization. Expo Real highlighted that market participants are aware of these challenges and are addressing them.” Hanspeter Gondring said: “In conclusion, many discussions and presentations at Expo Real 2023 have shown that the current phase of economic weakness will not pass so quickly, resulting in enormous pressure for the real estate industry to adapt. The environment is becoming even more dynamic and the risk of real estate becoming ‘stranded assets’ is increasing by the month. Companies must therefore reconsider their business models as quickly as possible. Change is the opportunity!”

From the last two events on Friday at the Expo Real Forum, a link can be drawn to the first panel discussion on Wednesday. Because speaking on stage is one thing, acting in practice is another. Fittingly, the opening panel on the requirements of climate change was entitled: “Climate Action: Walk the Talk!” This is not just about the task of achieving climate targets, but about all upcoming changes. A new way of thinking and acting is required. What happens in this respect over the next few months can then be discussed at the next Expo Real. With the date of 7 to 9 October already set, Expo Real 2024 will once again take place from Monday to Wednesday. **I Andreas Schiller**



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## RETHINKING REQUIRED



*Settlements continue to expand – mainly at the expense of agricultural land.*

**Species extinction and climate change are among the greatest challenges humankind is facing. At the same time, cities are continuing to expand and more and more land is being sealed. The building sector in particular accounts for a large proportion of CO<sub>2</sub> emissions, but when the construction industry is weakening, a sense of economic disaster quickly prevails. However, the current break could help to promote a different way of thinking.**

In 2021, the total land area in Germany was 35.76 million ha. Of this, 3.4 million ha were used for settlements and 1.8 million ha for transport areas, which together accounted for 14.5% of the total area. Five years earlier – in 2016 – the proportion was still 13.8%. And every day, a further 56 ha of undeveloped land are

converted into settlement and transport areas. 45% of these areas are sealed, meaning that water cannot seep into the ground and replenish groundwater reserves. Instead, it flows to wherever it can find space, if necessary, into cellars or underground car parks, or accumulates with even more disastrous consequences. Sealed soils also do not release any moisture for evaporation and therefore do not contribute to cooling the air, on the contrary: in summer, they store heat and thus contribute to turn dense residential areas into ovens, which do not cool down even at night.

To stay with the statistics for a moment: The utilised agricultural area is around 18 million ha – that is a good 50.5% of the total area. Five years ago, it was a good 200,000 ha or 0.6% more. The expansion of settlement and transport areas is

therefore mainly at the expense of agricultural land.

In order to achieve ever higher agricultural yields on ever less land, agriculture has been largely industrialised, which has led to the well-known problems of factory farming, but also to monocultures and the use of more and more fertilisers and pesticides, which not only penetrate the groundwater but also reduce biodiversity. According to a UN report published in 2019, around one million of an estimated 8 million animal and plant species worldwide are threatened with extinction. This loss of biodiversity is just as great a threat to humans as climate change. In other words: We are sawing off the branch we are sitting on.

Nevertheless, cities are growing, people need living space and the construction in-

dustry in particular is considered one of the engines of economic growth. However, the construction and operation of buildings are responsible for around 40% of CO<sub>2</sub> emissions.

Although buildings are now becoming increasingly energy-efficient, which means that the consumption of resources and energy during the utilisation phase is falling, the consumption of resources and energy and the associated emissions for the production, maintenance and dismantling of the building must also be considered over the entire construction, utilisation and post-utilisation period of a building. In many cases, these emissions make up the greater proportion of the entire life cycle of a building. We therefore speak of grey emissions, which are emitted with the grey energy required for the construction, dismantling and disposal of a building.

Against this background, it is not a good idea to replace as many older existing buildings as possible by new ones – on the contrary. Not only would the grey energy required to construct the existing building be lost, but demolition also costs energy. Furthermore it causes that the construction industry's mountain of waste – more than half of the total waste generated in Germany – continues to grow. It will certainly not be possible to preserve every older existing building and renova-



*Conversion of a church in Maastricht into a library*

tion or conversion also costs energy and resources, but the question of whether to demolish or not should at least be carefully considered.

In the case of desecrated church buildings, for example, people are still very hesitant to demolish them. Here, people think much more often about how the space can be reused. In the case of cultural buildings, however, some local authorities like the idea of demolishing

what is already there and building something completely new on the tabula rasa. Expressed in euros, this may sometimes be the more favourable solution, but another question is whether it really makes ecological sense.

While churches, cultural buildings and other identity-forming buildings provoke at least heated debates, there is rarely any resistance in case of residential and office buildings. Especially with new housing, there is the aim is to build as much as possible in order to alleviate the shortage of affordable housing. The contradictory thing is that in new buildings flats usually are affordable only for high earners. Unfortunately, this also applies in cases where office space that has become obsolete is converted into flats.

Office buildings in particular are developing growing potential for redevelopment. Flexible workplaces had already reduced the amount of space required and since remote working has been possible for two to three days a week, an average of 12% of all workplaces remain unused every day, according to studies by the ifo Institute. In addition, older office and administration buildings in particular



*Recycling demolition materials helps to save energy and resources.*





*The Niederrad office district in Frankfurt am Main is now a mixed-use neighbourhood.*

no longer meet today's requirements for flexibility and community facilities and are therefore difficult to let. Of an estimated 350 million to 390 million sqm of office space (2019), around 5% was vacant in the third quarter of 2023 – and the trend is rising. Converting this space into residential property seems obvious at first glance. But here, too, the devil is in the details.

The first hurdle is that the entire building must be vacant for a conversion. The

second is the location, as the properties are often not in prime locations in the city centre, but in commercial areas that do not offer an ideal residential environment. And it depends on how the building in question is structured and how expensive a conversion will be. Last but not least, the respective local authority must agree to a change of use.

Converting and renovating existing buildings is one option; another is to scrutinise existing building solutions. On the one

hand, there is the question of whether it is always necessary to build with steel and concrete or whether more traditional building materials such as clay, straw and wood could be alternatives.

Another question is whether much of what comes from necessary demolition can be recycled – keyword circular economy. Conversely, future demolition should be planned for at the construction stage and care should be taken to ensure that as much as possible can be recycled.

It is also worth considering whether there are architectural solutions to keep buildings warm or cool instead of the extensive use of insulation materials, some of which are classified as hazardous waste, and instead of ever more sophisticated technical solutions, which are not only expensive but also costly to maintain and repair. Many of these alternative approaches have already been tried and tested, with the biggest obstacle often being the building regulations. As useful as building regulations are, in Germany they have grown into a veritable jungle of regulations, the meaningfulness of which is not always clear and which can vary from state to state. This excess of regulations also contributes to the fact that building is becoming more and more expensive and affordable living space is becoming increasingly scarce.

Yes, we will have to continue to build in order to keep more people in the cities and not drive them out to the supposedly cheaper suburbs, from where they then travel to the city by car – often for lack of a real alternative. This would also mean that we would fail to meet all climate targets, as the proportion of e-cars is still low – in Germany it is less than 5%. But we need to think about how we can make building not only cheaper, but also more environmentally friendly and sustainable – and this is where everyone involved is called upon: architects, project developers, construction companies and the building materials industry, but also politicians, who should promote sensible solutions. **I Marianne Schulze**

## ON THE TRACK

A magnificent and elaborately designed book has been published to mark the 100th anniversary of the Austrian Federal Railways ÖBB. However, the texts and numerous illustrations extend far beyond the period from 1923 to 2023 in both directions – they look back into the 19th century and give an outlook on future developments as well.

The book „Get on board, please! 100 Years of Austrian Federal Railways“ is not just a pleasure for railway fans. The contents are also extremely important in the current era of the transport and energy transition. Because without the railway, climate targets are not to reach.

The authors Alfred Klein-Wisenberg and Matthias Flödl have chosen the obvious structure of a journey through time in nine sections, interspersed and enriched by more general chapters. In addition to the chronology, the result is a tour d'horizon through the multitude of railway topics, including the currently very popular high-speed lines as well as freight transport and railway stations, panoramic and secondary lines, energy issues and working environments.

In the broad range of topics regarding transport transformation in Europe, the plural in the company name Österreichische Bundesbahnen is perhaps almost symbol-

ic. Because diversity also means thinking differently. A prominent example: While night trains were neglected or abolished almost everywhere in Europe and especially in Germany, ÖBB reintroduced such a service in a contemporary form with its NightJet. The success is great and confirms it: Thinking only in terms of efficiency is far from being effective. The situation is likely to be very similar when it comes to shifting freight transport from road to rail.

The anniversary book also includes numerous illustrations to show what going by train used to offer comprehensively and what significance the railways had. It makes clear what could be possible again today and what is urgently needed. Just looking at historical poster advertising such as “Take a holiday from the car, travel by train!” or “Even in winter when it snows, the train is ready for you!” from the 1950s is thought-provoking.

Thinking about railways and real estate, the first thing that comes to mind are railway stations and their immediate surroundings. Railway stations are connection points, especially in cities often in prime locations. Thinking about railways and investments, it quickly goes beyond buildings. Investments in infrastructure are currently favoured by institutional investors in particular and for those railways have a lot to offer.



Alfred Klein-Wisenberg and  
Matthias Flödl  
*Einsteigen, bitte! – Eine Reise durch  
die Geschichte der ÖBB*  
210 pages  
Molden Verlag 2023  
ISBN 978-3-222-15118-7  
Price: EUR 40

The title of the book, “Get on board, please!”, is a clever choice. Although the phrase is heard less and less at railway stations than it used to be, everyone knows immediately what is meant. The retrospective thus also proves to be an invitation, an advice, a request, a suggestion, a necessity for the future. But before we get into the topic of investing in or with the railways, it would be a good idea to start by reading this book. But unfortunately it is available in German only.

## imprint

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