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DEAR READERS!

This issue is published at the end of May. For this date of publication there are two reasons. In June we take our summer break. Given this, the next regular issue will reach you not before the beginning of July. But more important is that the last days we travelled to Austria. GREET Vienna and Real Corp are the names of two extremely interesting events having been on stage in Vienna.

More than 300 participants met at GREET Vienna exchanging real estate investment insights. The focus was on CEE/SEE markets. "For one and a half day there have been discussions and these even very intensive", colleague journalist Wojciech Czaja has written in the Austrian daily "Der Standard". GREET Vienna was directly followed by Real Corp, an international conference for planners. According to this year's motto "Plan it smart" the 19th Real Corp offered a lot about the topic of the "Smart City". The conference comprised also some critical remarks, especially regarding the term 'smart' sometimes overused. In detail we will report on both events in the next issue.

However, in this issue you can read about Slovakia and Bratislava. Although Bratislava is only some 60 kilometres away from Vienna, it is much less in the headlines than the Austrian capital city. In this issue we wanted to change that. Not only for the articles about Slovakia and Bratislava but as well for the news and all the other topics I wish you a fruitful reading.

Yours,

Andreas Schiller

After having completed Atrium 1 in Warsaw and having sold it to the German fund Deka-Immobilien Global Skanska has started construction of Atrium 2.

SKANSKA STARTS WITH ATRIUM 2 OFFICE PROJECT IN WARSAW

Skanska invests EUR 58 million in the office project Atrium 2, located next to the Atrium 1, in the centre of Warsaw. The 15-storey building will have a total leasable area of about 20,000 square metres. Atrium 2 is the 11th Skanska office building in Warsaw. Construction is due to start in May 2014; the project is scheduled for completion in the first half of 2016.

GOLDMAN SACHS INTERNATIONAL PURCHASED STAKE IN O1 PROPERTIES

Goldman Sachs International (GSI) has purchased from Centimila, a subsidiary of O1 Group, 5.1 million Class B ordinary shares in O1 Properties Limited, corresponding to 6 percent of the total issued share capital of O1 Properties for a total consideration of USD 100 million (equivalent to net asset value as at 30 June, 2013).

PBB FINANCES ACQUISITION OF FACTORY OUTLET CENTRE IN PRAGUE

pbb Deutsche Pfandbriefbank has agreed a EUR 39 million medium-term acquisition facility for a fund advised by Meyer Bergman. The facility will be used to acquire Fashion Arena Outlet Centre in Prague. The transaction closed in April 2014.

The fund has acquired the factory outlet centre from the Danish developer TK Development, who developed it in two phases between 2007 and 2010. Located in the Sterboholy area of Prague, Fashion Arena is the only factory outlet centre in the capital of the Czech Republic, and comprises 109 retail stores on more than 25,000 square metres of net lettable area.

P3 SIGNS ITS LARGEST BUILD-TO-SUIT DEAL IN YEARS

PointPark Properties (P3) has signed up for its largest build-to-suit (BTS) project in Europe in the last five years after receiving a mandate to develop VF Corporation's new European distribution hub. VF Corporation, owner of brands such as Wrangler, Vans, The North Face, Timberland and Kipling, has selected PointPark Prague D8 logistics park to expand its European distribution hub by a new 39,187 square metre BTS facility.

VF Corporation has been present at PointPark Prague D8 since 2005, and currently leases almost 33,000 square metres at the park. The new facility will enable the company to consolidate activities from a number of distribution operations under a single roof. Construction of the new warehouse will begin in Q2 2014, with completion expected in 2015.

Błekitek, now re-named K1, is the tallest office building in Krakow. The K1 building will be extensively refurbished and modernised.

REDEVELOPMENT OF KRAKOW'S HIGHEST OFFICE BUILDING

Pramerica Real Estate Investors and WX Management Services belonging to the Austrian group Warimpex have signed a construction contract with Dyskret for the refurbishment of the tallest office building in Krakow—Błekitek. The building's name has been changed to K1. K1 is 76 metres high and providing a total of 12,800 square metres of space. The building will be the subject of an extensive refurbishment process. Construction works will start soon and is expected to be completed in October 2014.

PKP PICKS GHELAMCO FOR RAIL STATION PROJECT IN WARSAW

Polish Railways PKP SA have decided to take Belgium-headquartered developer Ghelamco for construction on the site of the Warszawa Gdanska suburban railway station. The estimated total cost for the scheme reaches some PLN 1.5 billion (approximately EUR 356 million). Construction work is to commence by the end of the current year or at the beginning of 2015. The whole project will be developed in stages, with the actual station first up for reconstruction works.

The new Warszawa Gdanska station, situated just to the north of the Old and New Town districts, is to become a multi-modal transport hub which integrates suburban rail links with the city's bus, tram and metro services.

PANATTONI BUILDS SPECULATIVE SPACE NEAR WROCŁAW

Panattoni Europe is developing a new logistics park in Bielany Wrocławskie. The first building within Panattoni Park Wrocław III will total 20,000 square metres. The developer has finalized the land purchase for the investment and construction works have started.

Panattoni Park Wrocław III, at the final phase of build-out, will comprise two warehouse buildings, which will offer in total 83,000 square metres of space. The facility provides a fast connection to the international Nicolaus Copernicus Airport as well as an easy drive to the Wrocław city centre.

IHG SIGNS FIRST INTERNATIONALLY BRANDED HOTEL IN STAVROPOL

InterContinental Hotels Group (IHG) announced the signing of Holiday Inn Stavropol—the first internationally branded hotel in the city in southern Russia. IHG will manage the 242-room newly constructed hotel on behalf of the new owner, Metropolia 26 LLC. Opening is scheduled for 2017.

Construction of Wisher Enterprise's new development in Warsaw has already broken ground. Completion is scheduled for late Q2/early Q3 2015.

WISHER ENTERPRISE'S NEW PROJECT IN WARSAW BREAKS GROUND

Cushman & Wakefield has prepared an architectural design and coordinated the process to obtain a building permit for Wisher Enterprise's new office development at 43 Grzybowska Street in Warsaw. The construction has already broken ground , delivery is expected in late Q2/early Q3 2015. Wisher Enterprise is also developing the Silver Tower complex combining office, hotel and service functions in Wroclaw.

BNPP RE TO REVIEW ELBFONDS' REAL ESTATE PORTFOLIO IN POLAND

BNP Paribas Real Estate Capital Markets is mandated to assist Hamburg-based elbfonds in portfolio management strategy including a potential sale of the selected assets in Poland and support in project financing. elbfonds, acting as an investment fund, has already developed several commercial locations that could be subject to sale or to retain in the portfolio. Most of the portfolio represents convenience shopping centre formats and is located in the middle of large residential areas. The total value of the portfolio is estimated above EUR 100 million.

SKANSKA: PHASE II OF OFFICE PROJECT IN WROCLAW

Skanska invests EUR 37 million in phase II of Dominikanski office project in Wroclaw. Dominikanski is Skanska's fourth office project in Wroclaw. With a total leasable space of around 40,000 square metres, it will comprise of two underground levels and seven storeys above ground. The first phase of the project started in the second quarter of 2013 will be finalized in the second quarter of 2015. The second phase will have a total leasable space of around 24,000 square metres and is to be completed in the third quarter of 2015.

P3 STARTS CONSTRUCTION OF DISTRIBUTION HUB IN BRATISLAVA

PointPark Properties (P3) has started construction of a 14,660 square metre warehousing and distribution facility at its PointPark Bratislava logistics park. Donaldson Filtration Solutions will use 5,360 square metre of the unit to supply customers in Central Europe and Russia, 2,900 square metre is reserved for another logistics provider while the remaining 6,400 square metre is being speculatively constructed for future clients. PointPark Bratislava is located in Lozorno, 15 kilometres north of the Slovak capital on the D2 highway to Brno, and close to the city's bypass in the direction of Vienna and Budapest. The park currently has five warehousing units, with a total floor area of 120,591 square metres. Clients at PointPark Bratislava include Schnellecke Logistics, Möbelix, Whirlpool, Ingram Micro, IHLE, GBM Europe and Panasonic.

SwedeCenter has obtained a building permit for its Business Garden project in Wroclaw. The project will consist of eight office buildings and a hotel.

BUILDING PERMIT FOR BUSINESS GARDEN WROCLAW

SwedeCenter has obtained a building permit for its office complex Business Garden Wroclaw. The construction of the project is scheduled to start later this year. As part of the first stage, three buildings with a total area of 37,000 square metres will be developed. Business Garden Wroclaw will ultimately offer more than 110,000 square metres of leasable space and will consist of eight office buildings and a hotel. The building permit that has been granted pertains to the entire project, but the complex will be constructed in phases. The investor and developer of Business Garden Wroclaw is SwedeCenter, forming part of the Inter IKEA Group.

ICT BUYS A 26-PERCENT STAKE IN O1 PROPERTIES

O1 Group, a Boris Mints' private holding company that invests in a variety of companies and sectors, and ICT Group announce completing of their transaction whereby a 26-percent stake in O1 Properties is sold to ICT Group. ICT Group purchased class B ordinary shares. As result of the transaction the Boris Mints' stake in O1 Properties will amount to 73 percent. One percent is owned by company's management.

The deal will entail changes in the Board of Directors of O1 Properties. Konstantin Yanakov, CFO of ICT Group, will join the Board along with Norbert Kickum who will serve as independent non-executive director. Thus the Board will now have nine, rather than seven members, four of them being independent.

P3 DEVELOPS FURTHER BTS FACILITY IN POZNAN

PointPark Properties (P3) has signed an agreement to develop a 11,252 square metre build-to-suit (BTS) production and warehouse facility for online furniture retailer Sofa.com. The company will lease the facility from P3. The agreement comes just weeks after P3 handed over a similar BTS project at PointPark Poznan to PF Logo Express. PointPark Poznan is located some 10 kilometres from the city of Poznan and close to the A2 highway.

WORK ON VICTORIA CITY MALL IN BUCHAREST TO START MID-YEAR

Canadian real estate developer Benevo will begin building Victoria City shopping centre in Bucharest mid way through the year, the company announced, with the opening scheduled for September 2015. The Victoria City shopping centre with 60,000 square metres gross leasing area is located in North West Bucharest, directly next to the Jiului metro station.

CONSTRUCTION START OF AND-TOWER IN ISTANBUL

AND-Tower is the first project of HPP Architekten in Istanbul. Investor of the project is AEH Anadolu Gayrimenkul Yatirimlari A.S.

The recently laid cornerstone marked the construction start of AND Tower in Istanbul, the first project of architecture firm HPP in Turkey. In 2012, HPP Architekten have won the international competition and as consequence have opened a new office in the metropolis on the Bosporus. The office tower is being developed in the financial district of Kozyatagı on the Asian side. Investor of AND Tower is AEH Anadolu Gayrimenkul Yatirimlari A.S.

PANATTONI SECURES NEW BTS PROJECT IN CZECH REPUBLIC

An industrial investment, worth more than EUR 24 million, is under construction at Tachovsko near Ostrov u Stribra in the Czech Republic. The local Panattoni Park has attracted the investment by Steelcase Inc. Panattoni will provide the company with 27,000 square metres of floor space. The new built-to-suit facility should be ready by autumn.

STAFFING


left: Robert Dobrzycki
right: Jaroslav Kaizr

Robert Dobrzycki has been promoted to the position of Managing Partner for Europe at Panattoni Europe. Robert Dobrzycki was previously responsible for Panattoni's operations in the CEE region. He will continue to oversee the markets of Poland, the Czech Republic and Slovakia, and now also those of Western Europe including Germany. Robert Dobrzycki has been with Panattoni Europe since 2005.

Jaroslav Kaizr has joined CTP as part of the management team. Previously he worked for Cushman & Wakefield where he was Partner and responsible for the industrial letting teams in the Czech Republic and Slovakia since 2009. Jaroslav Kaizr is a Member of The Royal Institution of Chartered Surveyors (MRICS), and since 2013 he has been a member of the board of RICS in the Czech Republic.


left: Jörg Kreindl
right: Florian Petrowsky

Jörg Kreindl has been appointed Head of Industrial and Logistics for Central and Eastern Europe at CBRE. Jörg Kreindl brings more than 10 years' experience to the role. Following a short stint with Global Corporate Services in Vienna, he established and managed CBRE's Slovak office for six years. In 2011 he moved to Warsaw to work with and strengthen the Polish team.

Florian Petrowsky has been appointed to the Management Board of Warimpex Finanz- und Beteiligungs AG as of 1 May 2014. He has primarily held management positions in the real estate sector since 1996, with around eight years at Raiffeisen-Leasing GmbH. His most recent roles at that company were as authorised representative and Head of Real Estate & Infrastructure. He then spent two years as the Managing Director of an independent real estate leasing company before moving to Warimpex in 2008, where he became responsible for the area of law and transaction management.


Mixed office, residential and commercial property
Frankfurt
Type: Mixed-Use Property
Size: 35,500 m²
Sole Lender
Mokotów Nova
Warsaw
Type: Office Building
Size: 41,000 m²
Arranger • Sole Lender
GALLERIA
Bromma Blocks
Stockholm
Type: Retail Portfolio
Size: 205,000 m²
Joint Arranger
Stadtquartier Q6 Q7
Mannheim
Type: Shopping Center
Size: 153,000 m²
Co-Arranger
River Plaza
Paris
Type: Office Building
Size: 27,000 m²
Arranger • Sole Lender
Europe is growing.

LEASINGS

PARK ROZWOJU, WARSAW — POLAND

Swedish supplier of technology and services for telecommunication operators Ericsson has leased 3,600 square metres in the first stage of the Park Rozwoju office complex. Park Rozwoju is being developed by Echo Investment. Ericsson will have its Polish headquarters in the building. In the leasing process Ericsson was represented by JLL.

PLAC MAŁACHOWSKIEGO, WARSAW — POLAND

CBRE has advised international law firm K&L Gates on their new office location in Warsaw. K&L Gates will occupy 3,500 square metres of office space in Plac Małachowskiego. Plac Małachowskiego is a fully revitalised office and retail building located in the centre of Warsaw. The complex will offer approximately 12,600 square metres of office space and underground parking. The project is developed by Hochtief Development Poland. Kulczyk Silverstein Properties is the investor.

GOOD POINT PUŁAWSKA, WARSAW — POLAND

Panattoni Europe has signed a lease contract for 13,000 square metres of space at Good Point Puławska. The new tenant at the distribution centre is the online store Merlin.pl. The logistics centre Good Point Puławska is owned by the AEW Europe investment fund PBWII Fund, whereas Panattoni Europe, in turn, is responsible for the commercialisation of vacant space and servicing the lease contracts in force. Good Point Puławska is a modern logistics centre near Warsaw, comprising one building, featuring 43,500 square metres of space (offices and warehouses).

GALERIA OLIMPIA, BELCHATOW — POLAND

An Empik outlet is to be opened in Galeria Olimpia in Bełchatów. Empik's outlet in the shopping and entertainment centre will have an area of nearly 300 square metres. Galeria Olimpia, developed by Echo Investment, has been in operation since 2012. It includes 85 shops.

SILVER FORUM, WROCLAW — POLAND

Cushman & Wakefield has represented Gigaset Communications Polska in its lease of 1,439 square metres for its new office in the Silver Forum building in Wrocław. Silver Forum is a modern seven-storey office building, completed in 2007 and offering 15,000 square metres for lease. It is owned by GE Real Estate Poland.

QUATTRO BUSINESS PARK, KRAKOW — POLAND

Danish pharmaceutical company Lundbeck has signed a lease contract for 1,700 square metres of modern office space in Quattro Business Park, Krakow. In July, the company will open a Business Service Centre offering financial, HR, IT and procurement services for its European branches. JLL advised on the lease transaction.

BUSINESS PARK 100, KRAKOW — POLAND

Luxoft Poland has leased 940 square metres in Kraków Business Park 100. Knight Frank represented the landlord of the building, USS Fprop (1) company, during the transaction. Kraków Business Park 100 is located in Zabierzów and offers 9,400 square metres of modern offices.

SEGRO BUSINESS PARK, LODZ — POLAND

Atlas Box & Crating has joined Segro Business Park Lodz; the new tenant will occupy 3,000 square metres of warehouse space with a 600 square metre office unit. Furthermore Ad Akta, one the largest archiving companies active in central Poland, will use 2,800 square metres of warehouse and office space intended for storage of documents as well as its digitalisation and destruction.

GALERIA SUDECKA, JELENIA GÓRA — POLAND

The Swiat Zabawek and Diverse shops are to be opened in Galeria Sudecka in Jelenia Góra. The Swiat Zabawek shop will have an area of 250 square metres. The outlet of the Diverse brand will have an area of nearly 160 square metres Also the gastronomic offer of Galeria Sudecka will be complemented by two new restaurants: Kuchnia Polska (91 square metres) and a Thai Restaurant (nearly 60 s square metres). The opening of Galeria Sudecka is planned for H2 2014

DISTRIBUTION PARK SOSNOWIEC — POLEN

ABC Data S.A., an IT hardware distributor in Central and Eastern Europe, has renewed its 11,500 square metres warehouse and office space lease deal in Distribution Park Sosnowiec, located in the Silesian urban area. The renegotiation process was led by JLL Industrial Department Consultants. Distribution Park Sosnowiec offers 47,100 square metres of high-quality logistic space and consists of two halls equipped with 70 docks and 8 platforms. Hines Polska is the asset and property manager of the facility on behalf of Hines Global REIT, the owner of the centre.

COLOSSEUM RETAIL PARK, BUCHAREST — ROMANIA

Danish retailer Jysk will occupy 1,200 square metre in Colosseum Retail Park, developed by Nova Imobiliare SRL. The transaction was negotiated by JLL. Colosseum Retail Park has been open since 2011 and has 37,500 square metres of retail space. Jysk is an international retail chain that sells ‚everything for the home'.

TORGOVIY PARK, ZHUKOVSKIY — RUSSIA

Three anchor retailers have leased space at Torgoviy Park mall in Zhukovskiy, a new site 40 kilometres southeast of Moscow with a gross leasable area of 46,000 square metres. The tenants are DIY chain OBI, sports hypermarket Decathlon, and electronics retailer Media Markt. In total, they have taken more than 40 percent of the leasable area. The mall is due to open in Q2 2015 and is being developed by Norman Asset Management (NAM), a British-owned and Moscow-based developer.

SMALL, BUT BETTER PERFORMING THAN EXPECTED: SLOVAKIA

Slovakia's capital city of Bratislava is the economic and cultural centre of the country.

After the declaration of independence from the Czech Republic in 1993, nearly nobody has given the country a great chance. Since then, however, Slovakia has forged ahead mostly rather unheeded. Even though the development of Slovakia is one of the success stories in Central Europe, the country is rarely in the headlines.

For the moment Slovakia is in the European limelight because via a currently unused gas pipeline crossing the country Ukraine will be provided annually with up to 8 billion cubic metres of gas from Western Europe. The respective agreement between both countries the EU and its representatives have accompanied prominently. Less attention, however, has been paid to the fact that Slovakia as well as the Czech Republic are very sceptical about sanctions applied against Russia, if not to say: they are strictly against these sanctions, because both are afraid that these measures could have a negative impact on economic growth in their respective countries and on EU economy in general. For Slovakia that would be rather sore because even now the countries economy is recovering and starting to grow again.

Following the financial crisis, in 2009 Slovakia as nearly all the European countries experienced a severe slump in economic growth. The country's GDP shrunk by 4.9 percent. But already in 2010 the depression has been overcome and economy started to grow again although no longer in a two-digit range as before 2008, but at least by more than 4 percent. But then year in and year out economic growth turned out smaller and smaller and in 2013 it was less than one percent. However, this seemed to be the bottom of the economic downturn because according to forecast Slovakia's GDP will grow by 2 percent in 2014 and by some 3 percent in 2015 and 2016.

However, the sky is not really blue at all. For the first time Slovakia has complied with the Maastricht criteria: deficit did fall below 3 percent of GDP, while government debt came at 55 percent of GDP. The country that is an EU member since 2004 and part of the Euro zone since 2009 has reached this goal only by strong austerity measures. Part of this has been the abolishment of the flat tax of 19 percent introduced in 2004. Now corporates have to pay 22 percent of their profits, and income tax is between 19 and 25 percent. Austerity measures of the government also affected public spending and government investments reduced significantly in 2011 and 2012. That has been affected the construction industry but also caused a drop in pension spending.

Among Slovakia's main problems there is the strong west-east-divide of economy and wealth, a weak domestic demand and a high unemployment rate of about 14 per-

The automotive industry is the backbone of Slovakia's economy.

cent. However, with unemployment there are great differences between cities and regions. In January 2014, unemployment rate in the capital city of Bratislava was at nearly 6.2 percent, in the second largest city Kosice in the east of the country it was about 17 percent, and in Presov, also located in the east, at 21.3 percent. However, there is to take into account, that of the country's some 5.4 million inhabitants nearly 10 percent are belonging to Roma population, and their integration in the labour market is at least a 'challenging task'.

Slovakia is often named 'Europe's Detroit'. not in the sense of today's Detroit, but remembering the times when Detroit and automotive industry have been a synonym. In Slovakia VW has a plant near Bratislava, PSA Peugeot Citroën in Trnava and Hyundai Kia in Zilina. Last year the Slovakian automotive industry produced about 980,000 vehicles.

The automotive industry is not the only, but an important sector of Slovakia's economy and backbone of its exports. Besides vehicles and their components export goods are machinery and electrical equipment, telecommunications equipment, electronics and plastics. Today Slovakia is one of the highest-exporting member states of the EU: more than 80 percent of its exports are going to EU countries and among them Germany is the most important customer. But being an export champion is a poisoned chalice. Slovakia's economic growth is mainly depending from the general economic growth in the EU.

As in the years after the independence Slovakia's real estate market has been left mainly to its own resources after the financing crisis in 2008. International but as well domestic developers and investors have been very reluctant. In 2012, only EUR 20 million have been transacted. Only last year the country has experienced a revival in real estate investment activity. The total investment volume amounted to nearly EUR 300 million. It is to note that the investments included deals across all property classes—office buildings, retail property as well as warehouse and logistics facilities. And according to JLL there is an increased initiative from local vendors to bring their products to the market. That is not only true for HB Reavis. Last year they have sold Apollo Business Center IV in Bratislava to Generali Real Estate and Aupark Zilina Shopping Center to NEPI, and most recently City Business Center III, IV and V in Bratislava to Tatra Asset Management. At the same time HB Reavis continued to expand to Czech Republic, Poland and Hungary as well as to UK and Turkey. HB Reavis has started its business with developments in Slovakia, and today it is one of the big developers and investors in CEE. Since foundation in 1993, the company has delivered 670,000 square metres of gross leasable area, further 160,000 square metres are under construction.

Talking about office property mainly Bratislava is of international interest. As at the end of 2013, the total office stock in the Slovak capital stood at 1.475 million square metres. With some 411,000 inhabitants the office stock equals 3.5 square metres per capita, a ratio that is significantly above the respective figures of Prague, Warsaw (with 2.3 square metre per capita) and Budapest (1.9). During the last years developers have been very cautious and the number of newly commenced projects remained limited, because without sufficient demand, i.e. pre-lettings, it is difficult to secure financing. However, vacancies in Bratislava are at an average of nearly 16 percent with great differences between the districts—it ranges from 11.5 percent in Bratislava I (the historical city centre) and 23 percent in Bratislava III (Nové Mesto, Raca and Vajnory). Currently under construction are mainly smaller office buildings. An exception is Westend Gate, an office complex of 35,000 square metres, which is planned to be completed by the end of 2014 or the beginning of 2015. The so called Westend Business Park is located on the border of Bratislava of the inner city and in close proximity to motorway connections to Vienna, Prague, Brno and Budapest. The dominant structure is the 17-storey Westend Square completed with lower height office space such as Westend Point and Westend Court. Developer of the project is J&T Real Estate, a Slovakian company meanwhile also expanding to other countries, mainly to Czech Republic and Russia.

According to JLL prime rents are currently at around EUR 13.50 – EUR 15 per square metre and month. Rents in the inner city zone range between EUR 10,50 – 12,50 per square metre and month. Rental levels in the outer city district have stabilised between EUR 8 – 10 per square metre and month. Although pressure on rents has slightly decreased last year, rent-free periods are still the most common form of incentive.

Also the retail property market does not really look bright. Modern retail stock in Slovakia is at 1.54 million square metres. More than one third of the total stock is located in Bratislava. Austerity measures and high unemployment are reasons why since 2009 retail sales are continuously decreasing. Therefore demand for new retail space is relatively low. "Retailers moving from lower quality centres to prime centres is beginning to be a common trend in Slovakia as the gap between primary and secondary properties is expected to widen further", notes JLL, and continues: "Incentives for tenants have played an important role in the decision-making process."

Looking at the modern retail stock by region there is to notice that among the Slovak cities—apart from Bratislava—Kosice has the highest leasable retail area although less than the half of the capital's retail stock. Nitra, Trencin, Trnava and Zilina are nearly on the same level, while Presov und Banska Bystrica are offering still some catch-up potential, at least considering the square metres of modern shopping area available per capita of inhabitants. But there are still other criteria to consider: Presov is the third largest city in Slovakia, but also the city with the highest unemployment rate. In contrast Trnava might have been provided much better with modern retail area, but here the automotive industry is a big employer, so that people have some more money to spend. Therefore another 23,660 square metre shopping centre in Trnava, City Arena, might be profitable. Completion of the new shopping centre with a built-in football stadium is planned for mid-2015.

Polus City Center has been one of the first modern malls in Bratislava.

The market that has really recovered during the last years is industrial and logistics property. This is not only due to the demand from automotive industry, but as well to the geographical location: The main traffic corridors from south-east to (via Prague and Dresden) north-west Europe as well as from Kiev and Lviv in the east via Zilina and Bratislava to Vienna are crossing the country.

Looking at the modern industrial property stock there is to state again a clear west-east-divide: Greater Bratislava is dominating with around 837,000 square metres, followed by western Slovakia (nearly 304,000 square metres). Going further east, modern industrial stock is much less than 100,000 square metres, but vacancy rates are significantly higher than in the western parts. In the east they are at more than 13 percent, in Bratislava and western Slovakia at 5 percent. With these figures in mind it is easy to understand that developments takes place nearly exclusively in Greater Bratislava area. During the last years only a small amount of space has been developed speculatively, so there are only some and nearly no larger areas available. Following the forecast of JLL demand for new premises will remain strong, especially if Slovak economy will start to grow again.

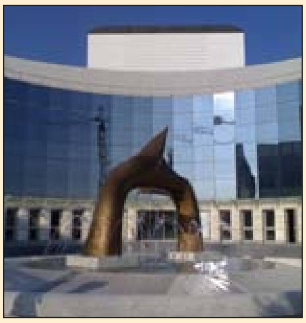
Although the country is struggling with some weaknesses, Slovakia is in many aspects performing better than many other in CEE/SEE. And to put things into the right relations there is to mention that by area the country is larger than Denmark, The Netherlands or Switzerland, but it is smaller than Bosnia & Herzegovina and Croatia. With 5.4 million inhabitants Slovakia is similar to Denmark, has more inhabitants than the two Balkan countries (4.5 million inhabitants each), but cannot compete with a demographic "heavy weight" as The Netherlands (16.4 million).

Admitted that mainly Greater Bratislava is benefiting from the vicinity to the Austrian capital city of Vienna—both cities are only 60 kilometres far from each other—and to a certain amount this is also true the other way round. Anyway, the economic development of the country and the integration into the EU is remarkable although there is some controversy about it. And in the real estate market—at least in times after the independence of the country—it has not been Western developers and investors but domestic entrepreneurs and companies that 'tilled the field'. Now they are reaping the fruits. I Marianne Schulze

SO NEAR, SO FAR

Bratislava and Vienna are those two capitals in Europe, which are closest to each other. The distance between both is more or less only 60 kilometres, however, their appearance is quite different. Just quantitatively Bratislava with its roughly 417,000 inhabitants looks small compared with the Austrian capital and its 1.76 million inhabitants. Heading for Bratislava by airplane most international visitors prefer to do this via Vienna International Airport although Bratislava has its own airport. But Air Slovakia went bankrupt already in 2010, so nowadays for passenger flights Bratislava is on the flight schedule of only a few low-cost carriers. Bratislava can be reached from Vienna in more or less one hour—meanwhile even by catamaran along the Danube—but the interest in Bratislava by Austrian people is limited. So close, so far.

But a different appearance has not to be a disadvantage, quite the contrary: sometimes contrasts can be very stimulating. However, also in Bratislava there are people who meanwhile have only limited sympathy with their city. One of them is the artist Fero Guldan. In 1989 he founded the magazine "Öffentlichkeit" (Public view), and soon after the fall of the Iron Curtain he became Director of the Slovakian National Gallery. Since 1991 Fero Guldan is a professional artist. His oeuvre comprises paintings, illustrations, sculptures and installations as well as the design of buildings—mostly created by recycling existing materials. For many years based in Bratislava, he and his family are now living near the small town of Sväty Jur in a house that he himself has built up with no-more needed construction material. Here he can live self-sustaining and autarkic. To Bratislava they don't want to return, at least not forever, declared he and his wife in our last talks. Vladimir Kolesar, who introduced me to



Traditional and modern Bratislava: the old and the new theatre building of the city.

Fero Guldan, is expressing similar feelings. Grown-up in Bratislava, he is meanwhile living in Cologne. Of course, he still recognizes his home city, but he is also aware of the changes. Many of the traditional and cityscape forming passages in the inner city have gone since long, and also a lot historical architecture has been demolished. Thereby the city changes its face not only during socialist times but afterwards as well. A good part of identity has been lost for more 'internationality'. About the relationship of both Fero Guldan and Valdimir Kolesar to their city it can be said: so close, so far.

"Stop!" will shout the one or the other. That is all sentimental and a very subjective point of view. Cities are changing, that is normal. And there is still the ancient Slovak Opera House, the Old Town, St. Martin's Cathedral, Michael's Gate and all crowned by Bratislava Castle. Yes, that's true! But as well there is a lot of contemporary office architecture with the compulsory reflecting glass façades, there are—especially along the Danube—new business quarters and more or less faceless shopping centres that can be found in every other European city as well. On the other hand, the new building of the Slovak National Theatre can be characterised as a landmark of today's Bratislava. And there is still to find architecture from socialist times, concentrated in the high density housing areas, but as well with the restaurant on top of one of the pylons of the "New Bridge" over the Danube or with the headquarters of Slovak Radio, a building shaped like an inverted pyramid. Furthermore I am familiar with acoustically irradiated trend cafés where an order can take some time, but also in the Old Town there are wonderful retreats like Hotel Arcadia, a former cloister, extensively restored and offering perfect service. For me the Hotel Arcadia is the better choice. And suddenly also the own perception can be described by: so close, so far.

Generally Bratislava is training the perception. With its patchwork structure history and presence, ancient and modern is close to each other. Again and again the city is offering an unexpected surprise. This intensity, for sure owed by the smaller dimensions of Bratislava, is not common among European cities and cannot be experienced in the bigger 'sister city' of Vienna nor in the 'aunts' Prague and Budapest. However, diversity instead of uniformity and contradictions instead of replication are not really the worst characteristics of what we call the "European city". And it can be one of the reasons to follow the city's slogan and to become a "Bratislover". I **Andreas Schiller**

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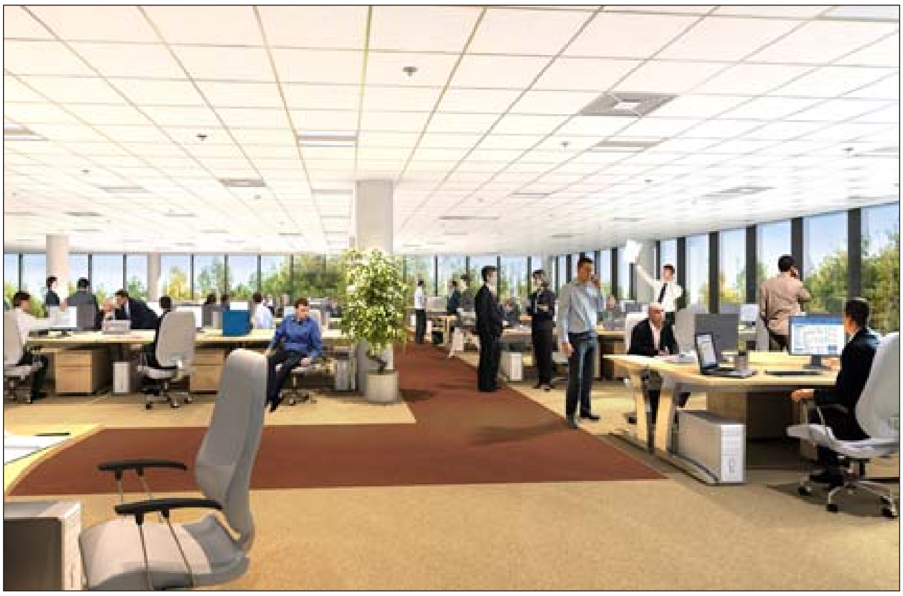
GROWING FLEXIBILITY

New technologies are changing the working environment and are modifying the design of workplaces. That means office and residential real estate have to change, too.



Modern office areas have to be flexible and to offer open views.

It is well known that laptops, tablets and smartphones have contributed to a significant change of communication behaviour. "What used to fit in an office now fits in our pocket", Steve Jobs, founder of Apple, put it in a nutshell. Since the office equipment fits in a pocket more and more people are working from home or en route. Catchwords like 'desk sharing' 'flexible workplaces' and 'home office' have become popular. However, less well known is the impact of these new workplace concepts on real estate. In fact, especially office real estate is—strictly speaking—hardly more than the accumulation of workplaces, linked by infrastructure and completed by different service points. Furthermore there is to ask how to measure these changes, or in other words: how to formulate useful assumptions for analysis.

This year's Industry Seminar of ERES European Real Estate Society tried to put things right. Themed "How can workplace management add value to business?" real estate scientists and practitioners met in Paris to discuss how layout and design of workspace can add value to the business. Although the topic "Office of the future—the future of the office" is deemed to be a boring theme meanwhile, the event in Paris offered some—partly surprising—insights, not at least because ADI Association des Directeurs Immobiliers with its multitude of members from big French holdings has been supporting the ERES Industry Seminar.

One of these ADI members is Cécile de Guillebon, Vice President Real Estate & Facility Management at Renault. At the car manufacturing company with 122,000 employees and 37industrial sites worldwide Corporate Real Estate Management (CREM) is a comprehensive task. About 1,800 employees, 300 of them only in France, are occupied with Real Estate & Facility Management. Core activities are the establishment of new locations and the optimisation of existing property stock. Regarding the latter the point is often to adapt the space to changed conditions and requirements. Cécile de Guillebon characterised the Corporate Real Estate Management as an organisational department based on two axes, business and regions, and emphasized that each activity "has to be judged and measured by a cost-benefit ratio".

However, she admitted that not only business management points of view are decisive. There are also to add influencing factors from outside. One of the consequences of the 'digital revolution' is the home office that today is quite different from what in former times meant 'homeworking', although it comprises just the possibility to work at home instead of in the office.

Already in 2007 Renault has offered its employees the possibility of homeworking. The offer comprises all levels—from management and administration to technical staff. It is linked with an obligation on staff to be present in the company workplace at least one day a week. Consequently the tripartite agreements between employees, managers and human resources departments are important to the proper functioning of the home-working relationship. Each side can quit the agreement, Cécile de Guillebon points out. And of course there are certain requirements regarding technical equipment and internet connections.

Since its introduction homeworking at Renault has seen continuous and sustainable growth. In January 2008 the number of homeworkers constituted 171 employees whereas by December 2013 some 1,408 employees worked from home in the Paris region. Most of them

Although the number of students and employees is growing the burnt-down Faculty of Architecture in Delft has been relocated to a building with less floor space.

belonged to the management and the administration departments, and more of half of employees prefer to work at least one day a week at home.

According to Cècile de Guillebon the advantages of homeworking are not only a better 'work-life balance'; but also include the benefits of working in chosen locations, conditions and places; transport savings regarding time and costs; the reduction of accident risks; and minimising possible fatigue in journeys to and from the workplace. All these benefits suit both the employees and the company. The decrease in the company's carbon footprint was considered to be a further significant contribution for the company.

However, homeworking is causing new challenges for companies. The traditional office layout is becoming obsolete. Demand for individual workplaces in a cellular office is rather limited since 'work anywhere at any time' is technically possible, states Han Paemen of AOS Studley, a consulting company specialized in Corporate Real Estate Management. One of the effects: the ratio of persons and required area is changing significantly. Meanwhile more and more companies and organisation have "less workplaces than employees", Han Paemen points out.

Her statement has been proved by Hilde Remøy, Assistant Professor at the Department of Real Estate and Housing of Delft University of Technology. In her presentation about "New ways of working – Does it work?" she referred to the fact that at her faculty the number of students and employees is continuously growing relative to the space needed to accommodate them which is declining. Currently there are 544 workplaces for 961 employees giving a ratio of 1 to 0.57. After relocating into another building the space was reduced by 25 percent from 42,000 square metres down to 32,000 square metres.

Hilde Remøy is combining theory and practical experience in person. As Assistant Professor she is not only working in the Department of Real Estate and Housing of Delft University of Technology, but also doing research about the change of workspace. Therefore she is aware of the fact that there are not only quantitative changes, but qualitative ones as well.

No longer in demand are cellular offices with low flexibility and boring corridors. "Openness and transparency" are core objectives in addition to "flexible and temporary" configurations that allow different uses of the existing space. Further needs are Wi-Fi, smaller units for concentrated working, conference rooms, service areas and an attractive interior design. But as well external criteria as good access by public transport and an attractive environment with cafés, restaurants and shopping possibilities are gaining importance. However, at the same time the researcher is asking: "New ways of working! Does it work?" To assess that it does frequent surveys among employees and reviews are necessary. And of course the commitment to implement the consequences of the results.

"Cost reduction and increasing flexibility" was the topic raised by Rianne Appel-Meulenbroek regarding the added value with workplace management focused on efficiency. Rianne Appel-Meulenbroek who is an academic in the Real Estate Management & Development Group at the University of Technology in Eindhoven defined the methods of "quantification" in relation to workplaces. The simple number or the size in square metres should be determined by other criteria. For example, "conceptual models for layout purposes are helpful and can be measured in visibility graphs or by isovists".

ERES President Neil Dunse from Herriot Watt University in Edinburgh was pleased that, in addition to discussions about properties, this ERES Industry Seminar placed the focus on what happens inside the properties. He added that with all the changes created by the new information and communication technologies, these developments are having an enormous impact on the structure of the office real estate". As well as on the structure of residential property one might add. Because working at home is not only a question of internet connections, but as well of the design of residential real estate.

Jim Berry, Executive Director of ERES and Professor in Real Estate at the University of Ulster commented that this year's Industry Seminar in Paris has been a major success in "combining theory and practice and by engaging with prominent speakers drawn from academia and the real estate industry. The various presentations illustrated the importance of the key stakeholders talking to each other on topics of international significance such as value added work place environments." In addition, he underlined the significance of having high profile real estate practitioners from the global corporations of L'Oreal and Renault address the ERES Industry Seminar. | Andreas Schiller

ERES Industry presentations can be downloaded at www.eres.org for free.

FOR YOUR PLANNING

When	What about	Where	Information and registration
29. May 2014	SEE Property Forum 2014	Metropol Palace Hotel, Belgrade, Serbia	www.portfolio.hu/en/events
3. – 5. June 2014	Provada	Amsterdam RAI, Europaplein 22, Amsterdam, The Netherlands	www.provada.nl
9.– 10. June 2014	Cathic Turkey & Neighbours Hotel Investment Conference	Hilton Istanbul Bomonti Hotel & Conference Centre Istanbul, Turkey	www.cathic.com
24. – 26. June 2014	EIRE Expo Italia Real Estate	Fieramilanocity, Viale Lodovico Scarampo, Porta Teodorico 5, Milan, Italy	www.italiarealestate.it
25. – 28. June 2014	ERES Jahreskonferenz 2014	Bucharest University of Economic Studies ASE Bukarest, Rumänien	http://eres2014.ase.ro
8.– 10. September 2014	ProEstate 2014 International Real Estate Investment Forum	Expo Centr, Moscow, Russia	www.proestate.ru
28. – 30. September 2014	10. Conference of European Regions and Cities „Vision of Europe and its Regions"	City Hall of Vienna, Austria	www.institut-ire.com
6. – 8. October 2014	Expo Real 17th International Trade Fair for Propery and Investment	New Munich Trade Fair, Munich, Germany	www.exporeal.net
18. – 22. November 2014	16. Frankfurt Euro Finance Week	Congress Center Messe Frankfurt, Ludwig-Erhard-Anlage 1, Frankfurt am Main, Germany	www.malekigroup.com
19. – 21. November 2014	Mapic – The International Retail Property Market	Palais des Festivals, Cannes, France	www.mapic.com

COST EFFECTIVENESS IS NOT EVERYTHING

Andreas Schiller, Publisher and Editor-in-Chief of SPH Newsletter

To say it already at the beginning: This is not a plea of inefficiency. Economically responsible behaviour, reasonable cost-value ratio, added value and profit margins are essential elements of every successful business in every company. However, meanwhile effectiveness and cost reduction have become a general primacy and are implemented also in spheres where effectiveness cannot and should not be the only and main goal.

Some weeks ago the movie "The Day for a Miracle", directed by Andreas Prochaska, run in the German television. Produced in 2011 the film is based on real events, telling the story of a four-year-old girl from Austria, who fell into the lake behind her parent's house in 1998, and had been under water for 30 minutes when she was found. Nobody believed she had a chance at survival—except a young cardiovascular surgeon. He took up the seemingly hopeless fight for the young girl's life, blocked scheduled surgeries, involved other medical departments—and has won. The girl survives and is a healthy young lady today. The story has been headlined "miracle" in the history of medicine.

Can such a "miracle" take place again today? Are not all hospitals meanwhile subject of economic efficiency that such a commitment of a surgeon or other physicians is no longer possible or at least not desirable? Putting the question "Can cost efficiency be the only decisive factor?" in a greater context then we are not only talking about hospitals, but as well about the process and structure of kindergartens and schools, of old-age homes and nursing homes, of theatres, museums and other cultural institutions, but as well there has to be mentioned public traffic and traffic infrastructure and the area described by public order and safety.

The word 'public' is an important one. Not for nothing the public authorities have controlled the mentioned institutions and fortunately they are still doing it, at least partly. But forced by the fact that they are cash-strapped federal and state governments as well as municipalities tend to reduce—in a wrong understanding: needless—costs by the alleged universal remedy of privatisation or, if this way is not possible, by keeping down the subsidiaries.

For sure, some people still remember that for decades in Germany DB has been the abbreviation of "Deutsche Bahn" (German Railways), not for "Die Bahn" (The Railways). The one and the other will also remember that security checks in airport have been exclusively a task of Federal Border Guard and not been executed by private security companies. And talking about airports, construction supervision is also an interesting topic thinking of the never-ending story of Berlin's new airport.

Not only with these examples the question is to ask whether increasing efficiency and economisation are really causing improvements. Or are there perhaps certain tasks that the public authorities should be better in charge of even if they have to be subsidised?

For the common welfare but as well for what is called social peace some more engagement of public authorities seems to be desirable, at least worth some consideration. To leave the general discussion and turning back to the more individual example: a "miracle" like that in Austria in 1998 should be possible also today, although we all hope that it will never be necessary. But as we all know, sometimes things are not going the 'normal' way and then it might be necessary to open up possibilities for the extraordinary.

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