No. 38 | September 2015

SPH newsletter

DEAR READERS!

Two pictures showing people sitting at the New Munich Fair Ground: the one shows participants of last year's Expo Real, the other one has been recorded only some weeks ago. It shows one of the two halls Messe München provided for the mass of refugees that arrived in the city. The pictures show two realities, that in fact are only one. Because the impact of the flow of refugees is affecting all of us and therefore also the real estate and investment industry.

That will be to experience also during this year's Expo Real. There will be talks not only about humanitarian aid, but in a long-term perspective also about questions of influx of new residents and a demographic change that only some time ago nobody would have expected in this form. Though migration movements are as old as human history, some especially inside the EU obviously relied upon a situation supposed to be unchangeable forever. In this respect the conference programme is matching the current challenges by the topic of the opening panel – the impact of external factors on the property industry – and with another discussion about Black Swan events dealing with unexpected external shocks and the respective risks.

Probably not all, but some of you, dear readers, Marianne Schulze and I will meet at Expo Real. We are already pleased about it and are looking forward to good talks. And those who will not be in Munich we ask to regard the strong focus on Expo Real in this issue with favour. Perhaps and hopefully we will meet there next year.

Yours,

Andreas Schiller


Kronan 10+11
Malmö, Sweden
Type: Office Building
Size: 17,000 m²
Arranger · Lender · Agent
Galeria Słoneczna
Radom, Poland
Type: Shopping Center
Size: 42,500 m²
Arranger · Sole Lender
Cristalia
Paris, France
Type: Office Building
Size: 21,700 m²
Arranger · Sole Lender
Gothaer Headquarter
Cologne, Germany
Type: Office Building
Size: 100,000 m²
Arranger · Sole Lender
Odin Portfolio
Germany
Type: Mixed-Used Properties
Size: 178,000 m²
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With 70,540 square metres of rental space Riviera shopping centre is the largest one in the Tri-City of Gdansk, Gdynia and Sopot.

UNION INVESTMENT ACQUIRED RIVIERA IN GDYNIA

Union Investment has acquired Riviera shopping centre in Gdynia. Comprising some 230 stores across 70,540 square metres of rental space, the shopping centre was completed in 2011 and expanded and reopened in 2014. It is the largest shopping destination in the so-called Tri-City of Gdansk, Gdynia and Sopot. Union Investment is acquiring the almost fully let shopping centre in Gdynia from a subsidiary of French company Foncière Euris. The shopping centre developer, Mayland Real Estate, will continue in its role as property manager for the centre. The purchase price was not disclosed. Union Investment was advised on the deal by Hogan Lovells, Cushman & Wakefield and EY.

SKANSKA SELLS OFFICE PROJECT IN POZNAN

Skanska has sold Malta House in Poznan to Reino Dywidenda FIZ, the first real estate closed-end investment fund set up and managed by Reino Partners. The value of the transaction is EUR 38 million. Malta House, located on the shore of Lake Malta, is the first office project developed by Skanska in Poznan. The total leasable area of the office complex is approximately 14,700 square metres

GOODMAN STARTS CONSTRUCTION OF GLIWICE LOGISTICS CENTRE

Goodman has commenced development at the new Goodman Gliwice Logistics Centre, with the construction of a 22,500 square metre facility. Zarys International Group, producer and distributor of medical devices, will be the first customer at the new logistics centre, leasing 9,100 square metres of warehouse and office space at the facility. Goodman will construct the remaining 13,400 square metres on a speculative basis, with delivery planned for the first quarter of 2016.

Goodman Gliwice Logistics Centre, with a target lease area of 51,000 square metres, is located within the Katowice Special Economic Zone, Gliwice Subzone, on national road 88 and has a direct connection to the A1 and A4 motorways.

JLL ACQUIRES AVM PARTNERS IN TURKEY

JLL announced the acquisition of AVM Partners, a major Istanbul-based retail management and leasing business, creating a platform for retail real estate services across Turkey. The acquisition takes immediate effect with AVM Partners beginning the process of rebranding as JLL, with the combined business operating from both the existing JLL and AVM Partners Istanbul offices.

Phase 1 of Alchemia office project in Gdansk has been sold. Seller was the local developer Torus.

TORUS SELLS PHASE 1 OF ALCHEMIA OFFICE COMPLEX IN GDANSK

Torus has sold phase 1 of Alchemia office complex in Gdansk to a joint venture between a fund managed by Bluehouse Capital Advisor and an investment vehicle comprising Polish investors and managed by independent Polish fund and asset manager Reino Partners – Reino Dywidenda Plus SA ,a joint-stock company. Cushman & Wakefield represented the seller in the transaction.

Alchemia is an office complex located at 411 Grunwaldzka Avenue in Gdansk. It consists of four towers interconnected by a four-storey base and two independent buildings featuring offices, ground floor retail, and sports and leisure facilities. Alchemia will be delivered in four phases of which the first one was the subject of the transaction. Completed in December 2013, the 24,647 square metre Alchemia phase 1 comprises two towers (Aurum and Platinum) of eight and six storeys, interconnected with a four-storey podium building.

ADIDAS GROUP ACQUIRES WAREHOUSE IN PNK-CHEKHOV II

Russian development company PNK Group and adidas have closed a deal for the sale of warehouse space in the PNK-Chekhov II industrial park in the Moscow Region. As part of the deal, the adidas Group purchased a building of 120,000 square metres for its proprietary use. JLL advised on the deal which is said to be the largest purchase of warehouses by the end-user in the history of the Russian market.

The PNK-Chekhov II industrial park is situated near Chekhov, a town in the Moscow Region on the Simferopol highway, 49 kilometres from MKAD, the Moscow ring road, and 20 kilometres from the A107 highway. All 316,000 square metres of warehouse space in the industrial park was completed in 2012/2013.The adidas Group has had a presence in the PNK-Chekhov II industrial park since 2012 when it became the anchor tenant, taking 65,000 square metres.

ROCKCASTLE PICKS UP TWO POLISH SOPPING CENTRES

RockCastle Global Real Estate has acquired two shopping centres in Southern Poland, Karolinka in Opole and Pogoria in Dabrowa Gornicza. Dentons advised the seller, BlackRock's Real Estate division in the transaction.

Karolinka in Opole has more than 120 shops located on a total lettable area of approximately 70,000 square metres. Pogoria was the first retail and shopping centre in Dabrowa Gornicza. With a total lettable area of approximately 36,000 square metres, it houses nearly 75 retail units and a cinema.

Both shopping centres were developed in 2008 by Mayland Real Estate and BlackRock acquired them in 2009.

Whisper Valley

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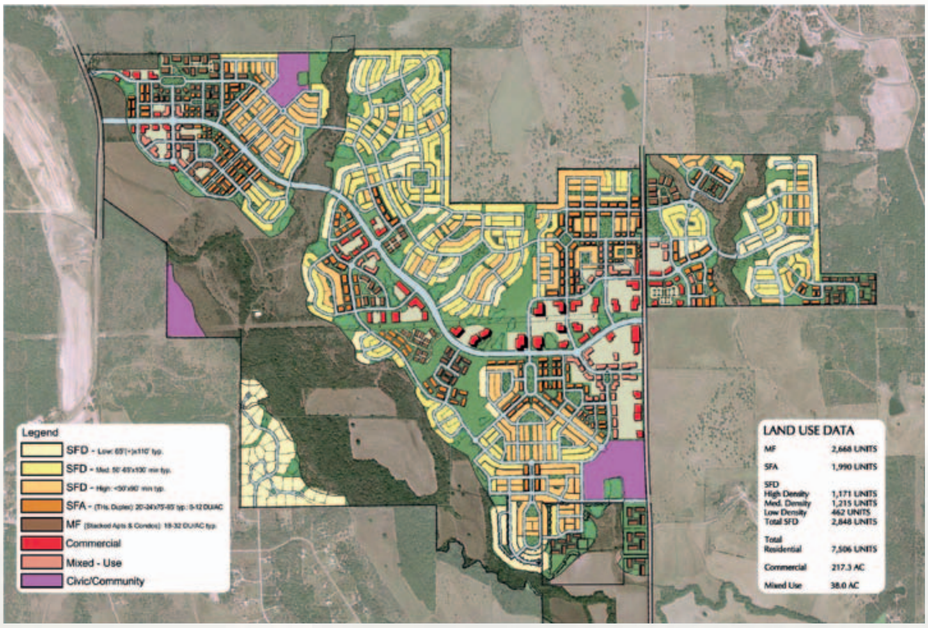

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Whisper Valley Project, Austin, Texas

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For EUR 86 million Nepi has acquired the special purpose vehicle of titan shopping centres in Bucharest. The shopping Centre comprises 44,730 square metres of gross leasing area.

NEPI ACQUIRED TITAN SHOPPING CENTRE IN BUCHAREST

Nepi has, through its subsidiaries Nepi Sixteen Real Estate Investment SRL and Nepi Bucharest Two SRL, concluded an agreement to acquire all the issued shares in, and shareholders' claims against, Degi Titan SRL from Aberdeen Asset Management Deutschland AG and Degi Beteiligungs GmbH and repay Degi's entire outstanding debt. Degi wholly owns a shopping centre of 44,730 square metres of gross leasing area located in Titan neighbourhood in Bucharest. The shopping centre was developed in two phases. The first phase opened in 2007 and included the Auchan hypermarket and commercial gallery. The property was extended and reconfigured in 2009, with additional fashion and entertainment offerings. The aggregate purchase price for the transaction is EUR 86 million.

SKANSKA LAUNCHES SECOND OFFICE PROJECT IN ŁÓDZ

Skanska Property Poland has launched the development of its second office investment in Łódz. The building, named Nowa Fabryczna, will be developed at the junction of Knychalskiego and Składowa Streets in the vicinity of the New Centre of Łódz (Nowe Centrum Łodzi). The scheme will offer about 21,500 square metres of office and service space on seven floors above ground. Completion is scheduled for Q2/Q3 2017.

IMMOFINANZ: CONSTRUCTION START FOR LOG.IQ BUCHAREST

Immofinanz Group has started surface construction works on the LOG.IQ Bucharest logistics project, planned to include a total rentable surface of 140,000 square meters. The first phase of LOG.IQ Bucharest, set to be delivered in Q4 2015 (hall B) and Q1 2016 (hall A), will include a total of 40,000 square metres of rentable space. LOG.IQ Bucharest is located just outside the capital, in Mogosoaia. It has access to the city and to the A1, A2 and A3 motorways, through the ring road, as well as railway access. The project also lies close to Henry Coanda International Airport.

INFOPARK E IN BUDAPEST CHANGES OWNER

A fund managed by Diófa Asset Management has acquired Infopark E from Bluehouse Capital. The transaction is said to represent the largest single asset deal in Hungary in 2015. However, the purchase price has not been disclosed. Infopark E is the newest building within Infopark, located in South-Buda and comprising 17,000 square metres of office space. Colliers International represented the seller in the transaction. CMS Cameron McKenna provided legal representation to the seller, while Jalsovszky Law Firm represented Diófa Asset Management. Bluehouse Capital acquired the asset in October 2012.


DE BIJENKORF

Erste Group's subsidiary in Slovakia Slovenská sporitel'na provides financing for the first of three development phases of Twin City in Bratislava.

ERSTE'S SLOVENSKÁ SPORITEL'NA TO FINANCE TWIN CITY IN BRATISLAVA

Slovenská sporitel'na – Erste Group subsidiary and the largest bank in Slovakia – signed a loan agreement to finance the construction of Twin City A in Bratislava. Slovenská sporitel'na will provide a loan in the amount of EUR 27 million to developer HB Reavis. In autumn 2015, the first building of the Twin City project will offer 16,000 square metres of office space. The construction loan will cover the construction costs up to 75 per cent and will be increased after final approval of the building. The maturity of the loan is six years and Slovenská sporitel'na is the only bank financing the Twin City A building. Total investment costs of the project will amount to EUR 31.5 million.

Twin City A is one of the three office buildings of the first stage of Twin City. The future business district is in close proximity to the centre of Bratislava. In 2015 and 2016, the first stage of the Twin City project will offer almost 65,000 square metres of office spaces, retail stores and services. The development of the Twin City project is divided into 12 stages which will be built step by step by HB Reavis.

P3 TO EXTEND PRAGUE D8 LOGISTICS PARK

P3 has signed an agreement to develop a 23,445 square metre tailor-made building next to VF Corporation's existing 40,000 square metre premises at the D8 logistics park to the north of Prague. The deal comes just eight months after P3 completed the 40,000 square metre Phase 1 warehouse for the apparel and footwear company and will take VF's total representation at P3 Prague D8 to over 106,000 square metres. Construction of the extension has just started with completion scheduled for April 2016.

P3's D8 Prague logistic park is located close to Exit 1 of the D8 motorway that links the Czech Republic to Dresden and Berlin.

PROLOGIS SELLS LOGISTICS PARK NEAR BUCHAREST TO CTP

Prologis has sold Prologis Park Bucharest A1 to Czech group CTP for an undisclosed price. This transaction marks Prologis' exit from the Romanian market, where it had been present since 2006.

Prologis Park Bucharest A1 is located on the Bucharest-Pitesti highway. It comprises four warehouses that cover 108,000 square metres. The 28-hectare plot offers still room for expansion.

Czech group CTP has bought three other logistics parks in Romania in the past months: Mercury Business Park (100,000 square metres – now CTPark Bucharest West), Cefin Logistics Park Arad (90,000 square metres) and Deva Logistics Park (42,000 square metres). The group has paid some EUR 35 million for the three assets.

LETTINGS

AIRPORT HOUSE, WARSAW — POLAND

Cryo Express Polska – a member of the Air Liquide Group – has signed a lease agreement for nearly 800 square metres of warehouse and office space in Airport House, Warsaw. JLL represented the owner – investment fund Tritax Polska No. 1 Fund Ltd – during the process of negotiating lease terms. Airport House is a warehouse park designed mainly for smaller tenants looking for warehouse units combined with office space. The complex consists of two buildings: A (2,900 square metres) and B (5,000 square metres). The warehouses are located on Działkowa Street, 9 kilometres from the city centre, near the international Warsaw Frédéric Chopin Airport.

ATRIUM 2, WARSAW — POLAND

Global business law firm DLA Piper has signed a lease agreement for about 4,000 square metres of office space in Atrium 2. The scheme, developed by Skanska Property Poland, is in close proximity to the ONZ Roundabout in Warsaw. CBRE advised the tenant on the selection process. The Atrium 2 office scheme will comprise 15 floors above ground and four below as well as 125 parking bays. It is being developed in Warsaw's business centre, in close proximity to the new metro line and only a few minute's walk from Dworzec Centralny rail station. Completion scheduled for Q1 2016.

GALERIA PÓŁNOCNA, WARSAW — POLAND

Globe Trade Centre S.A. (GTC) has signed a binding lease agreement with Cinema City for over 3,300 square metres in Galeria Północna in Warsaw. Galeria Północna will offer approximately 60,000 square metres of leasable area. The project is at the final stages of activities performed prior to commencing construction works. The application for building permit has already been submitted.

GALERIA WILANÓW, WARSAW — POLAND

Globe Trade Centre S.A. (GTC) signed a binding lease agreement with Cinema City for 3,400 sqare metres in Galeria Wilanów in Warsaw. Galeria Wilanów will offer 61,000 square metres of leasable area. The scheme is at the final stage of activities performed prior to commencing construction works. The application for building permit has been submitted.

JASNA 24, WARSAW — POLAND

A&H Jarczynski, a Warsaw-based company operating on the restaurant market, has signed a lease agreement for 540 square metres of services space in the Jasna 24 office building. JLL represented the building's owner – Tritax Polska No. 1 Fund Ltd investment fund – during the negotiations of lease terms. Jasna 24 is an office building comprising five floors and offering 2,400 square metres of office space and retail area on the building's ground floor. Jasna 24 is located in the city centre and in close proximity to numerous cultural and retail schemes.

PARK ROZWOJU, WARSAW — POLAND

Audioteka has leased an area of 500 square metres in Park Rozwoju office complex, which is being developed by Echo Investment on Konstruktorska Street in Warsaw's Mokotów district. Park Rozwoju consists of two buildings and a restaurant which is located in the connector. The total area of the complex is 32,000 square metres. Construction of the project started in autumn 2012. The first building was put into operation in spring 2014.

POSTEPU 14, WARSAW — POLAND

HB Reavis has signed the first lease for office space at its newest office complex at Postepu 14, in Warsaw's Mokotów district. The first tenant, AstraZeneca, will move into the building in December 2015. The pharmaceutical company has taken 6,900 square metres on the fifth, sixth and seventh floors in the eastern wing of the building. JLL supported AstraZeneca in negotiating the lease contract. The Postepu 14 complex provides 34,500 square metres of office space. Construction commenced in November 2013.

WARSAW SPIRE, WARSAW — POLAND

International advisory company JLL will lease 8,000 square metres of space in the Warsaw Spire complex, Ghelamco's flagship office investment currently being developed at plac Europejski in Warsaw. As a result, JLL will consolidate all of its Warsaw-based business lines (JLL Poland, EMEA Lease Administration and Corporate Solutions Centre of Excellence, European Finance Centre) in one location.

ALCHEMIA, GDANSK — POLAND

State Street, a leading US investment banking institution, is to open its new operations centre in Gdansk. Under a ten-year leasing agreement it will take up more than 14,000 square metres of office space in the Alchemia complex, developed by Torus. Cushman & Wakefield acted as the agent on the transaction.

TENSOR, GDYNIA — POLAND

Thai Union Poland has signed a lease agreement for over 250 square metres in Tensor X office building in Gdynia. JLL represented the building's developer – Euro Styl – in the lease transaction. Tensor will comprise three office buildings named X, Y and Z respectively and offer in total 19,750 square metres of leasable area.

ORION BUSINESS TOWER, ŁÓDZ — POLAND

TomTom, a global leader in navigation, traffic view and map products, has signed a lease agreement for approximately 1,000 square metres of office space in the Orion Business Tower in Łódz. JLL supported the tenant in negotiating lease terms. NAI Estate Fellows is the Property Manager of Orion Business Tower and represented the scheme's owner during the transaction. Orion Business Tower offers around 10,000 square metres of office space on 16 floors.

UNIVERSITY BUSINESS PARK II, ŁÓDZ — POLAND

Globe Trade Centre S.A. (GTC) has won two new tenants for its University Business Park: the company has signed lease agreements with Fujitsu, a leading international ICT company and with another, yet to be named tenant. Both will open their offices in University Business Park II in the first half of 2016. Jointly, both tenants have taken a combined office area of 9,000 square metres in University Business Park II. Cushman & Wakefield advised GTC in the lease process. University Business Park is an office complex situated in the centre of Łódz. The second phase of University Business Park will offer a total of 19,400 square metres of rentable space. The building is currently under development. Its completion is scheduled for April 2016.

GLOBIS POZNAN, POZNAN — POLAND

Globe Trade Centre S.A. has signed a lease agreement with A. Schulman Inc., a leading international high-performance plastic compounds supplier, that has opened an EMEA shared service centre (SSC) in Poznan. Schulman will lease almost 1,100 square metres of office space in Globis Poznan.

DELTA PLAZA, MOSCOW — RUSSIA

The Swiss Swatch Group has leased 2,700 square metres of office space on the eighth floor of Delta Plaza, a business centre in Moscow. The business centre's management company is Accent Property Management, part of Accent Real Estate Investment Managers. JLL acted as a consultant for the deal. The nine-storey Delta Plaza business centre comprises 26,000 square metres of office area and is located in the Central Administrative District of Moscow, 150 metres away from the Garden Ring Road, at 1, 2nd Syromyatnichesky Lane.

PARK KHOLMOGORY, MOSCOW REGION — RUSSIA

Globus Group, a German retailer developing the Globus hypermarket grocery chain, has leased 45,000 square metres at Industrial Park Kholmogory in the Moscow region. JLL advised on the deal. Industrial Park Kholmogory is located 30 kilometres away from the Moscow Ring Road near Yaroslavskoye Highway. The project on a 57-hectare plot will have a total area of 250,000 square metres. The first phase of the project, 91,500 square metres in size, was commissioned in Q2 2015.

CITY PARK, SARANSK — RUSSIA

For shopping and entertainment complex City Park in the Russian city of Saransk, three lease agreements have been signed: Lenta, a food hypermarket, will occupy 7,500 square metres, H&M agreed to rent 2,100 square metre, and Madagascar will open a multiplex cinema, entertainment park and a restaurant on 3,600 square metres. CBRE was the exclusive leasing agent in these transactions. City Park's gross leasing area totals 35,000 square metres. City Park in Saransk is planned to open in November 2015.

SERVICE AND RETURN

Before Expo Real SPH Newsletter has invited market participants for a so called tennis match. Service is given, real estate industry leaders return by continuing the respective sentence. The result is a manifold picture of industry's current situation and of assumptions for the future – topics that will be also subject of many discussions during the fair.

Investments markets are booming – despite problems in Greece, the Ukraine conflict and the challenges by refugees. China's economy is weakening, the nosedive of Chinese stock markets continues in the US and Europe. I reckon that …

Martin Eberhardt: … we will continue to have strong demand in real assets. Despite volatile frame conditions property and especially the European core markets have proved stability. Only a turnaround in interest rates could damp demand for real estate and introduce a new evaluation of markets.

Michael Ehlmaier: … the real estate markets will continue to be unimpressed and that in comparison with other asset classes real estate investments will perform well.

Bruno Ettenauer: … in the near future we have to continue to live with significant volatilities.

Michael Kröger: … we will not see these factors stabilize in the near future and that we have to continue to learn to deal with uncertainty.

Alexander Otto: … in the near future we will see other selective up- and downturns, but the boom will continue for some time. The more uncertain the stock markets are, the more attractive are real estate investments.

Mike Sales: … some continuation in stock market volatility will only continue to highlight the stable-income, higher yielding opportunities that exist in 'real assets' and namely real estate, even if a broad improvement in occupier conditions is tempered. With China poised to export deflation across the globe, it enables central banks around the world to possibly keep interest rates lower for longer. Arguably this helps justify present pricing in core global real estate markets.

Michael Wurzinger: … the investment market will continue to be mixed. In many areas a recovery is currently not to expect. But these difficulties are good preconditions for the real estate industry because investors are increasingly in search of safe investment opportunities promising higher returns.

The refugee challenge concerns all of us in Europe. Do we have to take the responsibility for the situation? The refugee challenge shows that …

Martin Eberhardt: … politicians and the real estate industry as well have urgently to deal with the impact of the refugee problem.

Michael Ehlmaier: … aside from topics of the real estate industry we have to deal with certain problems and that within the scope of our possibilities we all have to assume responsibility and give a helping hand.

Bruno Ettenauer: … Europe is not organised.

Michael Kröger: … it is still very difficult and complicated to deal with such challenges on a European level. That has to be improved and is our responsibility NOW.

Alexander Otto: … Europe has failed to develop a common asylum policy. It was to foresee that some day the number of refugees would increase rapidly. The task now is to develop uniform standards and rules.

Martin Eberhardt, Managing Director, Bouwfonds Investment Management, Berlin, Germany

Michael Ehlmaier, Managing Partner, EHL Immobilien GmbH, Vienna, Austria

Dr. Bruno Ettenauer, CEO, CA Immobilien Anlagen AG, Vienna, Austria

Michael Kröger, Head of International Real Estate Finance, Helaba Landesbank Hessen-Thüringen, Frankfurt am Main, Germany

Lorenz Reibling: … we have no idea of real black swan events.

Michael Wurzinger: … Europe and especially the European Union have still a long way to go where cooperation is concerned. Especially with the refugee challenge it is important that Europe shows humanity concertedly.

Low interest rates and low oil prices have had a positive impact on European economy. In case of a new crisis, however, …

Martin Eberhardt: … the real estate markets and investment strategies have to be evaluated again, as already mentioned. But anyhow so far property has been a safe asset in private and institutional portfolios.

Michael Ehlmaier: … it will depend on its influence on the high liquidity and on the respective decisions investors will take in response to this.

Bruno Ettenauer: … a discussion about an adjustment of the Euro will remain as the last measure.

Michael Kröger: … things will turn out differently than we think. That is the normal with crises. Therefore we have to learn from the current situation how to deal better with crises.

Alexander Otto: … it might be that these factors are no longer sufficient.

Lorenz Reibling: … it will be like a thunderstorm with lightning strikes and seismic sea waves.

Mike Sales: … Central Banks will have little room to manoeuvre should markets undergo an unexpected 'softening' in the near future. It would be mainly occupier markets, which would suffer again. Investment markets would see a return to the focus on prime assets. We have been many years now at 'emergency levels' of rates, so the real story is what the European Central Bank will do come Sept 2016 when qantitative easing is meant to finish, should growth and reform not have materialized sufficiently to appease markets. Hence why, property investors shouldn't solely be looking at the attractive monetary driven spread between property and gilts, as that spread can be quickly eroded.

Michael Wurzinger: … there is not really any room left to lower interest rates. National and international politicians will have to find new ways and adopt creative solutions to stabilise economy. Especially on a national level we will not avoid long promised reforms as for example in public administration.

For real estate investment assets prices are high and yields on the lowest level since many years. For the mid- and long-term profitability of real estate investments …

Martin Eberhardt: … professional asset management will be the key factor, at least in my opinion. Investors cannot influence the development of interest rates, but the professional management of their assets.

Michael Ehlmaier: … it will be decisive how returns of alternative investment assets, mainly bonds, will develop.

Bruno Ettenauer: … I assume no fundamental problems if there is competence in project development and a long-term interest hedge.

Michael Kröger: … prospects are positive for us and our clients.

Alexander Otto: … I suppose rather a change for the worse with the most recent investments.

Lorenz Reibling: … earnings for real estate agents will continue to rise, but there will be little upside potential for investors except those active in the value-add segment where it is possible to earn some money. Only hard work brings money.

Mike Sales: … I suppose the thinking behind our Cities strategy, which aims to invest in the projected most dynamic, economically and demographically strong markets is a direct response to shorter property life cycle. Goal: finding future-proof cities, economically and environmentally, scored e.g. according to their size, affluence, age profile, willingness to embrace technology and quality of life. We also filter all the cities through our global risk model, which scores locations according to liquidity, transparency, income security and volatility; again, all long term measures of attractiveness.
Long term, equity allocation volumes towards real estate are projected to rise, arguably irrelevant of whether structural or regulatory allocations in favour of real estate, at the expense of other asset classes, takes place, simply because the world's rising, increasingly wealthy population are projected to raise their savings and pension contributions. In assuming a low growth, low inflation world, implying low interest rates, the required liabilities of many institutions, including the Life and Pension Funds, will be attracted to real estate given its higher yield and relatively lower risk profile than say equities or corporate bonds. This ultimately could lead to the growing maturity of what are currently deemed new real estate markets or sectors globally.

Michael Wurzinger: … I am convinced of a positive future just due to these facts. The currently pleasing development is caused by low interest rates and low oil prices. Investors and funds are in search of profitable investment opportunities and the real estate industry and we as UBM are offering these products. We often hear the sentence 'better the register book for real estate than a bank book with savings', because currently returns of hotels, office property and residential real estate are significantly above the level of bank's interest rates.

For the real estate and investment industry external factors are playing an increasingly important role. Thinking about if the industry is geared up for these external risk, then …

Martin Eberhardt: … I suppose that to an increasing degree the industry is succeeding in gearing up for external risks. Although there is still some room for improvement, the real estate industry has become very professional during the last years.

Michael Ehlmaier: … it will depend on the kind of risk event. And like always there will be some better prepared than others for these changes.

Bruno Ettenauer: … looking at the past crisis management I am positively disposed.

Michael Kröger: … there is to notice the generally strong capital adequacy of positions and the rather long-term orientation of investors. Both, they provide stability.

Alexander Otto: … for me there is very different evidence. Many companies have their lessons learned and reacted to the last crisis by reducing their risks.

Lorenz Reibling: … I remember topics of biology and quantum physics. The real estate industry, however, still believes, that Earth is at the centre of the Universe and Donald Trump is offering the shoulders to support the weight of the Universe. In ancient times it was at least a turtle carrying the world on its back. Well, there is never following something better!

Mike Sales: … the first thing to state is that commercial real estate is becoming increasingly globalised. As capital and commercial real estate becomes more global, and interwoven in multi-asset portfolios, paradoxically a local city based approach is the best answer. Diversification of portfolios across cities each based on different industries provides some protection from market swings.

Michael Wurzinger: … one should not lump together the whole industry. Those developers having purchased property during the early stage of the cycle are remunerated now. For UBM I can say that for the next five years we have a filled-up development pipeline and that we are looking positively into the future.

Investment markets in CEE/SEE are diverging clearly since some years. Poland and the Czech Republic are favoured investment markets, also Hungary is starting to attract investors again. But all the other countries are mainly for "specialist" – at least so far. This development will …

Martin Eberhardt: … continue for some time because in the less attracting countries the general conditions are still unstable and insecure.

Michael Ehlmaier: … continue because the situation in markets booming since more than ten years is very different to those neglected by investors since long and having de facto no downside potential.

Bruno Ettenauer: … will not change because volume-driven investors are dominating the CEE markets and liquidity in the smaller markets is insufficient.

Michael Kröger: … continue. Also a market like Romania will have only a

Alexander Otto, CEO, ECE Projektmanagement GmbH & Co. KG, Hamburg, Germany

Lorenz Reibling, Co-Founder and CEO, Taurus Investment Holdings, Boston, USA

Mike Sales, Head of TH Real Estate, London, UK

Michael Wurzinger, Member of the Board, UBM Development AG, Vienna, Austria

slow come back. Perspectives in these markets have still to improve.

Alexander Otto: … continue because these other countries are still high-risk investment markets.

Lorenz Reibling: … continue because these specialist's countries do not really have functioning markets because there corruption and missing transparency are deemed to be entrepreneurship. It is a pity for Hungary, but the rest was to expect. To read the story of Hypo Alpe Adria is better than every horror film in the cinema.

Michael Wurzinger: … change soon. I am convinced that specialist's markets like Romania will come back again into investor's focus step by step and will catch up economically. Of course, it is – like always – also a question of location and asset class. For the more attractive CEE/SEE countries I suppose that the positive forecasts and investor's interest will remain. That is the reason why Poland with its big cities Warsaw, Kraków and Wroclaw is one of UBM's core markets.

Some are comparing the current situation with 2007/2008, shortly before the outbreak of the financing crisis, and many similar signs remind them to these times. According to me …

Martin Eberhardt: … the current situation is really different. The booming property markets are driven by low interest rates. And many signs are indicating that the low interest environment will continue.

Michael Ehlmaier: … it might be similar, but from my point of view the trigger event similar to the Lehman Brothers crash is missing. However, it is obvious that especially the real estate industry is very cyclical and regular up- and downturns are part of the business.

Bruno Ettenauer: … this is not true because banks are currently provide financing much more disciplined than before the 2007/2008 crisis and the development of yields is strongly driven by interest rates.

Michael Kröger: … the situation is different. It is true that driven by demand prices are high, but all the other factors that resulted in the 2007/2008 crisis are different.

Alexander Otto: … there is a different situation. Despite some ups and downs in the recent past the markets have proven very stable.

Lorenz Reibling: … this is idle talk. The one is a goose, the other a dragon. This time we risk our apocalypse if we continue to act and behave as hitherto. Pterodactylus should be a warning example.

Mike Sales: … pricing is close to 2007 levels but only for selective markets and deemed core product. Why it's different now to 2007: we are in an early stage of economic recovery and so occupier response is improving. We have above trend vacancy rates but also improving. There is more equity, less debt – but market is thawing rapidly. Transactional base now is global and we have longer term, specialist investors, a higher awareness of risk – and more conservative assumptions. Pricing is still cheap relative to bonds/alternatives. And we see structural allocation to property, more than cyclical allocations swing.


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Source: Invesco Real Estate as of 30 June 2015
1 Institutional Real Estate, Inc. Global Investment Managers 2014 Special Report.

CEE/SEE AT EXPO REAL

With the general positive development of the real estate industry there will be the sunshine not only outside the halls.

There are only some days left before Expo Real is opening its turnstiles and the mass of international visitors of the property fair is entering the six halls. But what have participants to expect at the International Trade Fair for Property and Investment?

The short answer of Messe Munich, organizer of Expo Real, to this question: The same number of exhibitors as last year. Then it has been 1,655 exhibitors from 34 countries. Admitted, the majority of the exhibitors was from Germany, but in most of the countries and cities where fairs take place domestic exhibitors are dominating. Who wants to be active and to gain insight in the German market will be in the right place.

However, there is also a strong presence of foreign exhibitors that will inform about the opportunities in their respective home country. Looking at the presence of exhibitors from CEE/SEE then Polish exhibitors are the strongest group. And apart from two exceptions – the law firm BSJP Brockhuis Jurczak Prusak Sp.k. (A1.320) and the Von der Heyden Group (A1.320) – they are all gathered in Hall A2. It starts directly behind the entrance at the right side of the hall with the Military Property Agency (A2.011), followed by a stand headlined "Baltics" (A2.014), joining the cities of Gdynia, Sopot and Sczcecin. Moving on there is to meet the Kujawsko-Pomoskie region with its two capital cities Bydgosczc and Torun (A2.022) as well the city and region of Lodz (A2.025 and A2.026).

In this row is also located White Star Real Estate (A2.033) and Grupa Inter-Bud (A2.034). Grupa Inter-Bud is a residential developer, offering also general contractor services and active in the prefabrication and installation of aluminum joinery and cladding systems and of PVC joinery systems. White Star has registered for Expo Real as a Polish company and beside its own stand White Star is also present at the joint stand of the city of Warsaw. However, the developer and property manager is not only active in Poland but as well in the Czech Republic and Slovakia, in Hungary, Romania and Russia.

On the other side of the hall there is to find Kraków (A2.423) and who will cross the hall will come upon the large stand of the city of Warsaw (A2.121), prominently located in the middle of the hall. Besides the capital city of Poland the joint stand is hosting Bank Zachodni WBK, BBI Development, cmT Construction Management Team – the company is offering project management, construction management and consultancy services in various fields of construction and has managed a broad range of prominent commercial projects in Poland –, Ghelamco Poland with its Warsaw Spire, presumably again one of the eye catchers at the stand, HB Reavis Poland – the Slovakian developer is also present with an individual stand near-by

(A2.126) –, the Polish Post, developer Yareal Polska and Xcity Investment, the real estate company of Polish Railways marketing and together with investment partners re-developing inner-city areas once used by the railways.

Opposite the Warsaw stand Skanska Commercial Property (A2.222) is "residing" – they are currently less active in Warsaw but more in the big regional agglomerations.

The second strongest group of exhibitors from CEE/SEE are from Czech Republic. Different to the Polish exhibitors Czech cities, regions and companies are spread over four halls and are requiring some more walking to visit them. The Czech capital city of Prague is presenting itself in hall A2 (A2.310). Who wants some information about South Bohemia (B1.530) and Plzen (B1.531), has to go to hall B1, and who is in search of Ostrava and the Moravian-Silesian Region (C1.111) has to enter hall C1. Co-exhibitors of Ostrava are the developer of office and industrial real estate Asental, the law firm PRK Partners, and CTP Group, developer and manager of industrial and business parks mainly in Czech Republic, but meanwhile also active in other CEE/SEE countries.

Who is interested in industrial parks and logistics can proceed from here to hall C2. There is to find not only "LogRealCampus" (C2.134), a joint stand for those involved in logistics and logistics real estate, but also Goodman (C2.412) and Prologis (C2.211), both active in Poland, Czech Republic, Slovakia and Hungary. A third name to mention in this context is P3 Point Park Properties – they are present mainly in Czech Republic and Slovakia, but increasingly also in Poland and Romania. P3 Point Park Properties is located in hall B2 (B2.300).

Private companies from Czech Republic exhibiting at Expo Real are Oaks Prague (B1.012) and Cimex Invest (B1.546). Oaks Prague is a large-scale development project south of Prague: villas and town houses, surrounded by nature. Developer of Oaks Prague is Arendon whose principal investor is a London-based equity investment fund. Cimex Invest is the asset management arm of Cimex Group and managing a portfolio valued at CZK 6 billion (EUR 222 million).

familiar name – the company is investing in commercial real estate in Romania and the Czech Republic, but is also present in Bulgaria, Poland, Hungary and Serbia. Brasov Industrial Park and Eurobusiness Park Oradea are two locations that want

Located prominently in hall A2: the stand of the city of Warsaw.

Romania is present at Expo Real with a joint stand (A1.234) organised by the German-Romanian Chamber of Industry and Commerce (AHK Romania) but as well with Transylvania, the historical region in the central part of the country. The Transylvania stand (A1.014) combines the city and region of Cluj with Transylvania Evolution, a private initiative "for a coherent long term development of city of Cluj-Napoca and Transylvania Region", and Lupp Projekt Transilvania, the Romanian subsidiary of the German Lupp Gruppe based in Hesse.

The capital city of Bucharest and the governmental Department for Foreign Investment & Public-Private Partnership, joined by AFI Europe, Artemis Real Estate, Bardeau Imobiliare, Brasov Industrial Park, Eurobusiness Park Oradea, Globalworth Real Estate Investment, Tetarom and WSP Development Romania are gathered at the Romanian joint stand. For those interested in CEE/SEE AFI Europe is a

to present themselves. Artemis Real Estate is the Romanian subsidiary of the Swiss Artemis Holding and developing mainly industrial parks and projects for companies willing to establish business in Romania. Tetracom is active in the same area. Who is developing real estate projects is in need of engineering services which is offered by WSP Development Romania, the Romanian branch of the worldwide active WSP Group. Bardeau Imobiliare is the real estate subsidiary of Bardeau Holding, operating 21,000 hectares of agricultural area in the western regions of Romania – Arad, Caransebes and Timisoara. And Globalworth is an AIM listed real estate investment company formed to take advantage of investment opportunities in CEE/SEE markets, with a primary focus on properties located in Romania.

As for Romania also for Bulgaria the AHK (German-Bulgarian Chamber of Industry and Commerce) organised a joint stand (A1.012). Co-exhibitors are Galaxy In-

vestment Group, Glorient Investment BG and K&K Engineering. Present at Expo Real are also the investment promotion agencies of Bosnia & Herzegovina – Foreign Investment Promotion Agency FIPA (A1.511) – and Slovenia – Invest Slovenia (B2.410).

Step by step Hungary is returning on investor's radar. TriGranit (B2.132) is basically a Hungarian company, but active as well in Poland, Croatia, Slovenia, Slovakia and Romania. Of Hungarian origin is also Tiszacash (A2.013). They will present themselves at Expo Real, but it is difficult to say what their business is. The homepage is only in Hungarian.

Traditionally strong represented at Expo Real are exhibitors from Russia. However, the current political situation is rather delicate and the depreciation of Russian Rouble against the Euro means that for Russians the presence in Munich is very expensive. That causes some uncertainties. At least in Expo Real's hall plans there are listed again the city of Moscow (B1.110), Moscow region (B1.220) and the Ministry of Construction Industry, Housing and Utilities Sector (B1.442) as well as two newcomers, the city of Nishni Novgorod (A1.122) and Tula region (B1.100). As private companies are registered Ikea Russia (C2.123) and – for the first time – Ulmart (B1.110), the latter with a quite prominent stand. To label Ulmart as the Russian answer to Amazon is not really correct because the strategy and the concept of the online-retailer from Saint Petersburg is different, although not less successful.

Who is in search of some more and more general information about CEE/SEE countries, should have a look at the conference programme in the Investment Locations Forum (A1.040): There are in the focus Russia (Monday, October 5, 2015, 14:00 – 14:50), Poland (Tuesday, October 6, 2015, 10:00 – 10:50), Czech Republic (Tuesday, October 6, 2015, 11:00 – 11:50) and Southeast Europe: Slovenia, Croatia and Serbia (Tuesday, October 6, 2015, 12:00 – 12:50). Further more on Monday, October 5, 2015, 11.30 – 12.30, InvestRomania, Department for Foreign Investment, is inviting to the Discussion & Networking Forum (A1.440) for a conference about Romanian investment opportunities with a special focus on real estate.

Expo Real is offering many opportunities to inform about CEE/SEE and there is to hope that these possibilities will be used extensively. | **Marianne Schulze**

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POLAND: THE MOST IMPORTANT INVESTMENT MARKET IN CEE/SEE

Politically and economically Poland is one of the heavy weights playing an increasingly important role in Europe.

From an international point of view Poland is deemed to be one of the core markets for investments. Therefore the country is constantly leading the list of transaction volumes in CEE/SEE. That is partly due to the size of the market, but mainly to the relatively stable economic development of Poland.

Since its accession to the European Union in 2004, Poland, by size the biggest EU country in CEE/SEE, has experienced an economic upswing unique among the European countries. Even after 2008 Poland showed positive economic growth rates and after two weaker years in 2012 and 2013 when GDP growth was at only 1.7 per cent, economy started to boom again. In 2014 growth rate was at 3.3 per cent, and in 2015 GDP shall increase again by 3.5 or 3.6 per cent.

It is true that the billions invested in infrastructure for the European Football Championship in 2012 took the effect of an economic stimulus. As well did the billions of EU funds for structural development – between 2008 and 2014 EU subsidies for Poland amounted to EUR 68 billion. On the other hand Poland has a much more diversified economy than other countries in CEE/SEE and is therefore less depending on certain industries.

However, still more Polish people are migrate than remigrating. One of the reasons is the still high unemployment rate increased significantly in the years 2008 to 2013. Only since 2014 unemployment is slowly decreasing and end of June 2015 unemployment rate stood at some 10 per cent. Forecasts assume that still this year it could reach one-digit levels. But at the same time all experts agree that despite positive growth perspectives unemployment will not decrease significantly.

The current centre-right government of Poland led by Donald Tusk and after his resignation to take over the European Council Presidency by Ewa Kopacz is more or less "EU-oriented". The new President of Poland Andrzej Duda, in the elections candidate of the right-populist Law and Justice party PiS, seems to be more "EU-sceptic". If PiS wins the parliamentary elections in October it is to wait and see which development the new government will take.

Already the election campaign is giving a foretaste, among others by the legislative proposal to obligate banks to change residential mortgages, once provided in Swiss Francs, into Polish Zloty and to bear 90 per cent of the respective costs. Before 2008 mortgages in Swiss Francs had been more favourable for the future residential owners, but meanwhile Swiss Franc is revalued by 80 per cent against Polish Zloty so credits have become very expensive. These mortgages total at about EUR 34 billion and the compulsory exchange could cost the banks – mainly Polish PKO, the Commerzbank subsidiary mBank and the RBI subsidiary

Raiffeisen Polbank – up to EUR 5 billion. Normally things are not as hot eaten as cooked, but the initiative causes at least concerns.

Despite the current trouble for banks Poland has developed into the leading real estate investment market in CEE/SEE during the last years. In 2013 and 2014 commercial property at a value of more that EUR 3 billion changed hands every year. In the first half of 2015, however, transaction volume decreased to EUR 810 million – only 60 per cent of the respective 2014 figure.

The reasons named for the drop in investment activity are "an extremely intense end to 2014" (CBRE) and "the limited availability of institutional product for sale" (Colliers International). Nevertheless JLL is convinced that "2015 will be another strong year for Poland" and forecasts "the entire investment volume to exceed EUR 3 billion". CBRE is more cautious stating that "volumes may reach similar investment levels to 2014".

Still the office market gained the lion's share of total investment – 50 per cent or EUR 392 million – followed by the retail market accounting for 30 per cent (EUR 260 million) and the industrial sector with a 20 per cent share (EUR 149 million). Alhough Poland has its own real estate investment companies and real estate investment funds, at least in the first half of 2015 international investors have been dominated in the market: Foreign capital accounted for more than 90 per cent of overall purchases.

Interest shifts to the regions: Tristan's EPISO 3 fund acquired Enterprise Park in Kraków.

The trend to invest in regional cities, emerged in 2014, continued this year. Only 25 per cent of the total volume was generated by transaction of Warsaw properties. Also to notice is an increasing share of office investments in regional cities. That might be caused by the somewhat overheated market in Warsaw and the currently sounder development of office markets in the eight major agglomerations (except Warsaw) Kraków, Wroclaw, Tri-City, Katowice, Poznan, Łódz, Szczecin and Lublin.

After a rather calm first quarter of 2015 office demand in Warsaw increased significantly during the following months. In the first half of 2015 demand totalled at 390,000 square metres, around 221,000 square metres was taken up between April and end of June. That means leasing activity in the first half of 2015 was 50 per cent higher in comparison to the corresponding period in 2014. But as well vacancy rates increased because Warsaw's amount of office space under construction remains one of the highest in Europe. During the first half of 2015, almost 147,000 square metres of office space entered the market. Another 207,000 square metres will be delivered by end of 2015 and again 413,000 square metres in 2016.

Still construction activity is not matched by net-absorption, so vacancy rates in Warsaw increased to some 14 per cent. Mainly in Warsaw's inner city where nearly the half of new office space is being developed, competition is strong. In the central business district vacancies are already at 17.5 per cent. An improvement of the situation is still out of sight. According to CBRE "the vacancy rate in Warsaw is expected to increase and might reach 19 per cent by the middle of 2016". Strong competition among developers and high vacancies put pressure on rents – they also will continue to decline. Improvement of the situation is not to be expected before 2017.

The regional office markets are developing much more promising although here is also about 657,000 square metres of space under construction. The highest level of development activity is registered in Kraków (145,000 square metres), Wroclaw (126,000 square metres) and Tri-City (almost 98,000 square metres). In Kraków and Wroclaw as well as in Łódz vacancies are below ten per cent. Within the first six months developers completed 174,000 square metres in the eight regional cities of Kraków, Wroclaw, Tri-City, Katowice, Poznan, Łódz, Szczecin and Lublin – 50,000 square metres in Wroclaw, 48,000 square metres in Poznan and 31,700 square metres in Tri-City.

At the same time office demand has increased significantly in the regional agglomerations. In the first half of 2015 the volume of rental transactions amounted to 235,000 square metres – during the whole year of 2014 a total of 444,600 square metres have been taken-up. It is mainly BPO and SSC tenants expanding in the regional cities, but they are also looking increasingly at the Warsaw office market with its increasingly favourable conditions for tenants. However, despite the rising office supply Warsaw as well as the major office markets are characterized by a limited choice of large units (over 5,000 square metres) in existing properties. Therefore most tenants secure contracts for this type of space already at the construction phase. But generally tenants in Poland prefer to choose schemes which are already completed. That is the reason why only 20 to 25 per cent of space under construction is pre-let.

For retail property investors and developers are looking at the regions since long and meanwhile also smaller cities (below 100,000 inhabitants) are moving into the focus. Different to western European cities high street retail is less common in Poland, so mainly shopping centres are of investor's interest.

To give reliable figures of the market for retail real estate causes some difficulties because what researchers are communicating is considerably differing. That starts with total supply of retail space: Here the range is from 9.1 million square metres (CBRE) to 10.5 million square metres (Collier International) and 12.5 million square metres (JLL) of gross leasing area. At least they all agree in the fact that most of this space is located in shopping centres, but if 89 per cent (Colliers International) or only 72 per cent (JLL) is again to controversal. The same is true with retail parks – here the range is between 9 per cent (Colliers International) und 27 per cent (JLL) of the total retail stock. Probably it is a question of definition what is still a shopping centre and what already a retail park. At least with factory outlets there is nearly general consent – their share in the total gross leasable retail area is at one or two per cent.

In the period from January to June 2015 eight new shopping centres and five expansions of existing ones have been completed. According to Colliers International a total of 176,000 square metres of gross leasing area has been delivered to the market. The international consultancies agree in the fact that the lion's share of new supply is located in the regional cities, not in Warsaw. Smaller cities below 100,000 inhabitants have a share of 38 per cent in the new supply, followed by cities with 200,000 – 500,000 inhabitants which accounted for 36 per cent of the share.

While in 2014 retail completions have been 30 per cent lower than in the previous year, development activity has increased again and as CBRE states the 2015 development pipeline is forecasted to surpass the previous five years. But again opinions differ on the question how much retail space is under construction: 590,000 square metres (JLL), 642,000 square metres (CBRE) or 745,800 square metres (Colliers International)? CBRE adds to the mentioned figure further 363,000 square metres with construction not yet started, but planned and with already granted building permit.

Although the regional markets are on the rise, Warsaw remains Poland's largest retail market in terms of supply. Warsaw is accommodating 1.4 million square metres of gross leasing area with 1.1 million square metres located in shopping centres. This is due not only to Warsaw's status as capital city, but mainly to the fact that spending power of its inhabitants is exceeding the national average by far. Per capita and annum some EUR 10,000 are available – that is 68 per cent above the national average. Therefore Warsaw is a sought-after destination for retailers.

Union Investment acquired Sarni Stok in Bielsko-Biała, a city with 173,000 inhabitants.

According to CBRE in Warsaw shopping centre density is at 420 square metres per 1,000 inhabitants – also far above the national average (263 square metres per 1,000 inhabitants), but as well far above the average in Western Europe (260 square metres per 1,000 inhabitants).

However, Warsaw is not heading the Polish cities by shopping centre density. In Wroclaw, Poznan, Tri-City, Łódz and Kraków as well as in Szczecin and Katowice the average density per 1,000 inhabitants is at 502 square metres of shopping centre area, while Poznan (622 square metres per 1,000 inhabitants) and Wroclaw (617 square metres per 1,000 inhabitants) are leading the way. In all these cities retail competition is relatively strong, especially when additional new retail schemes are delivered in a close proximity to existing ones.

However, there seems to be no oversupply, because vacancy rates are at an average of 3 per cent, in Warsaw at only 1.5 per cent. Above average levels

In Lublin Immofinanz opened Tarasy Zamkowe shopping centre most recently.

vacancies are only in Poznan, Wroclaw and Kraków (about 4 per cent).

Factory outlet centres are a retail format quite popular in Poland. In 2002 Neinver opened the first outlet centre in Warsaw. Today outlet centres in Poland amount to 13 and are located not only in the capital city but also in Wroclaw, Gdansk, Kraków, Lublin, Poznan, Sczcecin and Bialystok as well. In Bialystok two outlet centres have opened consecutively in 2014 and 2015. Still outlet centre density in Poland is relatively low – 0.5 square metres per 1,000 inhabitants. In Germany 1.8 square metres per 1,000 inhabitants are available and in the most outlet-saturated markets Switzerland and Great Britain the density is at the level of 9,6 and 8,7 respectively.

Poland's positive economic situation has a significant impact on the industrial market. Conducive as well is the development of traffic infrastructure causing an increased interest of investors and developers in regions like Szczecin, Zielona Gora, Lublin and Torun so far outside the focus. End of 2014 total stock of industrial and logistics space has been some 9 million square metres. Since then 400,000 square metres have been added, further 700,000 square metres are under construction. With more than 1 million square metres delivered to the market 2014 has already been a record year – it was three times more than completions in 2013. For 2015 experts forecast that completions will surpass the amount of the previous year and set a new record.

For a long time developers have been cautious and started construction only after securing at least a major part of the planned project with leasing agreements. Still in 2014 only 10 per cent of the new supply has been developed on a speculative basis. Now the share of speculative developments is rising again and is in a range between 20 and 25 per cent.

But the market seems to verify developer's decisions. After a slump in 2013 demand is rising again. In 2014 new lease contracts of 1.4 million square metres have been signed (exclusive renegotiations), in the first half of 2015 the respective demand reached 780,000 square metres. The strongest demand for new warehouse space is generated by logistics operators accounting for 29 per cent of new take-up and retailers with a 26 per cent share in net take-up. Despite the strong development activity vacancy rates are declining. The national average stands at 5.5 per cent – that is the lowest level since 2007 – and also in regions with vacancies above the average vacancy rates remain in the one-digit range.

What is to state: Demand becomes more and more geographically diversified. A few years ago demand has been concentrated on five major regions. Now locations so far treated as peripheral locations have become more appreciated. That is causing developers to become active also in these locations. An example is Szczecin: End of 2014 there has been a stock of 73,000 square metres of warehouse and logistics space, since the beginning of 2015 about 43,000 square metres have been added and further 32,000 square metres are under construction. Despite this development activity vacancy rates are at only 3.8 per cent.

Last year the region with the strongest development activity has been Wroclaw – in 2015 completions have been at zero so far. In exchange Poznan is leading the field: In the first half of 2015 about 183,000 square metres of warehouse and logistics space have been delivered to the market, the majority – 149,000 square metres – already during the first quarter. Nevertheless availability of industrial space is at only 1.5 per cent.

Apart from Warsaw office market clearly overheated the property markets in Poland are developing positively and quite sound. That explains the strong interest of international investors in Poland and the shift from the capital city to the regional agglomerations. In this respect Poland is similar to Germany: Beside the capital city there is a relatively broad range of regional agglomerations that have been promoted from the secondary locations to the prime league and are developing economically very well. And the increasing interest in cities and regions so far less paid attention to will contribute to a more homogeneous development of the whole country. I Christiane Leuschner

FOR YOUR PLANNING

When	What about	Where	For information and registration
27.–29. September 2015	11th Conference of European Regions and Cities)	Salzburg Congress, Salzburg, Austria	www.institut-ire.eu
5.–7. October 2015	Expo Real 2015 18th International Trade Fair for Proerpty and Investment	New Munich, Fair Ground, Munich, Germany	www.exporeal.net
14.–16. October 2015	denkmal Moskau International Trade Fair for Heritage, Preservation, Restoration and Museum Technology	VDNKh, Hall 75, Prospect Mira, Moscow, Russia	www.denkmal-moskau.de
23. October 2015	ERES Industry Seminar: Urban regeneration and development activity in low growth economies	Bocconi University, Milan, Italy	www.eres.org
18.–20. November 2015	MAPIC The International Retail Property Market	Palais des Festivals, Cannes, France	www.mapic.com
18.–20. November 2015	re.comm Real Estate Leaders Summit	K3 Kitzkongress, Kitzbühel, Austria	www.recomm.eu
15.–18. March 2016	Mipim	Palais des Festivals, Cannes, France	www.mipim.com

INDISPENSABLE PERSONAL CONTACTS IN THE DIGITAL AGE

*Roland Deger,
Senior Manager Communications, Allianz Real Estate GmbH and Member of Expo Real's Advisory Committee*

Expo Real is just around the corner. It is the mega-event's 18th issue. That means the fair 'is coming of age', although the International Fair for Property and Investment has grown-up since long.

The day the fair is opening its doors the Oktoberfest has already finished. Nevertheless the plenty of real estate professionals pilgrimages to Munich. Every year again and already in October. Because Expo Real is attracting – tendency upwards. The fair is one of the highlights in the international real estate industry. It is a 'must' for players in the field of property and investment from all over world. What is the reason for it?

Some 'digital natives' might ask if there is still a need for fairs in times of Facebook, Twitter, Linkedin and Co. "Definitely yes" is the reply of the 'digital dinosaur' that has unexpectedly survived and changed into a 'digital immigrant'. To have the best of both worlds is the aim: to connect the digital world with direct communication so important in the real estate business. That is also the story of Expo Real's success.

Digital media are supporting preparation, performance and wrap-up of fairs. They are quick, provide with comprehensive information, enable insights and transparency, help to synchronise short-term tasks, promote dialogue and match people. They are indispensable.

But digital media are only tools – no more, but no less. Direct communication – face to face and eye to eye – with clients, partners or colleagues is irreplaceable. That is true especially for the real estate business that is in need of and maintaining direct communication.

Expo Real is the working platform of the industry. Here are gathered all of distinction, you know who will be there and to meet. It is a possibility to get in contact with new business partners. You make appointments and you achieve good results in business talks. Some business travelling becomes dispensable. Good and prudent preparation of the visit, the bundling and concentrating of meetings, enables to complete an enormous amount of work during the three days of the fair. And this preparation results in a no less enormous saving of time and costs.

Of course, every fair is also a bit of a show event offering some fun and possibilities to cultivate small and large vanities. To see and to be seen – that's part of every fair. But the special and casual atmosphere is one of the reasons why deadlocked talks and negotiations become again fruitful. And Munich is always worth a trip, also when there is no Oktoberfest.

By the way, Oktoberfest is a real highlight in the annual calendar. Why? It is offering a unique shared social experience. And also Expo Real is offering shared social experiences. Let us look forward to many interesting encounters and three turbulent, inspiring and hopefully successful days full of work in the Bavarian capital city.

imprint

Editors: Andreas Schiller (V.i.S.d.P.), Marianne Schulze
Layout: Silvia Hogl, www.diehogl.at
Frequency of publication: eight times a year
Publishing House: Schiller Publishing House Unternehmergesellschaft (haftungsbeschränkt) Lohplatz 13, D-51465 Bergisch Gladbach
Managing Director: Andreas Schiller
Registered: Amtsgericht Köln, HR: B 68026
UID: DE270670378
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