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DEAR READERS,

"It is with great pleasure to present you the first issue of SPH Newsletter", was said exactly one year ago here. Again presentation is with great pleasure, because shortly before this year's Mipim we are looking back to one year of SPH Newsletter. Although a first anniversary means nothing outstanding especially within the long-term periods in the real estate industry I would like to take the opportunity to thank our readers and our advertisers—the first for their loyalty and encouragement, the latter for their support that enables SPH Newsletter. In fact, I should not set both apart, because advertisers are readers as well, although not all readers …

For Mipim 2012 the offer of articles is a bit "anti-cyclical". Of course, as a medium published by a German company we take advantage of the fact that at Mipim Germany is this year's "Country of Honour" and are looking at the activities of Germans in CEE/SEE. But beside that you can read some more in-depth information regarding shopping centres in CEE/SEE – normally a topic for Mapic – as well as about Ukraine – far away from the mainstream topics. However, this year Ukraine will be in the focus at least during the European Football Championship and hopefully afterwards as well.

Now I am looking forward to meet (again) most of you at Mipim. In case, missing a personal meeting, at www.mipim.com you can read about my experiences and impressions before and during the show—either in Cannes or anywhere else in the world. Just click the mipimworldblog at www.mipim.com

Yours

Andreas Schiller

In December 2011 Multi Development and Union Investment Real Estate have opened Forum Kayseri in Turkey.

FORUM KAYSERI OPENED ITS DOORS

Forum Kayseri opened its doors in December 2011. The shopping centre in the city of Kayseri in Turkey was designed and developed by Multi Development Turkey. It comprises 150,000 square metres of construction area, 65,000 square metres gross leasing area and parking for 2,000 vehicles. Forum Kayseri has an investment value of EUR 250 million, is Multi's 10th mall developed in Turkey, and will be managed by Multi Mall Management. Union Investment acquired the development project of Forum Kayseri in 2007 for its open-ended real estate fund UniImmo: Europa. In addition to Forum Kayseri, the Hamburg-based real estate investment company owns three other retail properties in Turkey—Forum Mersin and two Media Markets in Istanbul and Izmir, with a total value of some EUR 452.2 million.

TECHNOPOLIS TO EXPAND ITS RUSSIAN OPERATIONS

Finnish listed property company Technopolis will start the construction of the second phase of Pulkovo Airport Campus in Saint Petersburg, Russia. The total investment in Pulkovo phase II is estimated to be EUR 42 million. The European Bank for Reconstruction and Development (EBRD) will finance half of the project costs, with Technopolis covering the remaining costs. The total area of the office premises is approximately 18,750 square metres and the gross building area is 22,700 square metres. The construction of Pulkovo phase II will be started within the next weeks, and it is estimated to be completed in September 2013. The first phase of the Pulkovo centre was completely occupied at the end of 2011.

EAST CAPITAL EXTENDS SALES DEPARTMENT IN GERMANY

Asset manager East Capital has announced its recently agreed cooperation with DAB Bank AG. Therefore at DAB Bank East Capital (Lux) Russian Fund and East Capital (Lux) Eastern European Fund are available for investors. East Capital (Lux) Russian Fund and East Capital (Lux) Eastern European Fund are open, daily traded investment funds according the UCITS directive and accredited in Germany. Founded in 1997, East Capital is headquartered in Stockholm. The asset manager is specialising in Eastern European markets including Russia and China. The company has about 20 assets under management with an investment volume totalling EUR 3,4 billion.

GTC RENEGOTIATED LOANS' CONDITIONS

Warsaw-listed developer GTC Globe Trade Centre S.A. has agreed a reset of covenants in relation to project finance loans with a total amount of EUR 97 million. The successful closing of renegotiations with its lenders will result in the reclassification of these liabilities to long term liabilities, which will improve the company's cash flow profile.

The office complex Aupark Tower is adjacent to Aupark Shopping Center in Bratislava. Both were developed by HB Reavis. Aupark Tower has been acquired by Heitman, Aupark Shopping Center by Unibail-Rodamco.

AUPARK OFFICE TOWER IN BRATISLAVA SOLD TO HEITMAN

HB Reavis Group has sold Aupark Tower office building in Bratislava to Heitman European Property Partners IV for a total consideration of EUR 85.6 million.

Launched in 2008, Aupark Tower comprises approximately 32,500 square metres of gross leasing area and is located at the intersection of the inner-city beltway, conveniently connected to four major highway routes and across from the historic city centre of Bratislava. The property is immediately adjacent to Aupark Shopping Center, recently acquired by Unibail-Rodamco.

FINANCING FOR AFI BUSINESS PARK COTROCENI COMPLETED

AFI Europe, a member of AFI Group, has signed a EUR 13.4 million financing agreement with UniCredit Bank Austria for the development of the first class-A office buildings in AFI Business Park Cotroceni in Bucharest. Once completed, AFI Business Park Cotroceni will include five office buildings with a total leasable area of 70,000 square metres.

NEW MANAGEMENT AT OLYMPIA MLADA BOLESLAV SHOPPING CENTER

Multi Mall Management CR, s.r.o. has taken over as facility manager from DTZ a.s. for the Olympia Mladá Boleslav shopping centre in the Bohemian citiy of Mladá Boleslav, which is owned by Marissa Beta a.s., part of CPI Group a.s. The services covered by new mall management include leasing of space, facility management, administration and marketing of the shopping centre. Centrum Olympia Mladá Boleslav, which was developed by TriStannifer, the predecessor to Multi Development v CR, opened its doors in 2001. With its 21,500 square metres of floor area, more than 50 retail units and 1200 parking spaces, it is considered one of the largest shopping centres in the region.

NEPI ACQUIRES TIMISOARA BUSINESS CENTRE

South-African investment fund NEPI New Europe Property Investments has acquired City Business Center in Timisoara, which has three existing office buildings totalling 25,000 square metres. The sellers were businessmen Ovidiu Sandor and his partners. Ovidiu Sandor will continue to develop the office park, adding two more buildings and taking the project to 43,000 square metres, according to Jones Lang LaSalle, which acted as the exclusive adviser on behalf of the vendors. The value of the deal was not disclosed. Construction work on the fourth building is underway and is due for completion this summer, while the fifth building is scheduled for the end of 2013.


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According to Dr Bruno Ettenauer, CEO of CA Immo AG, the refinancing of City Gate office complex shows that "a fully let office property in a prime location in Budapest is still a stable investment".

CA IMMO SECURES REFINANCING FOR CITY GATE IN BUDAPEST

CA Immo has agreed a EUR 27 million refinancing package with UniCredit Bank Austria for its City Gate office complex in Budapest. The property, which offers rentable office space of 24,000 square metres, has been part of the asset portfolio of CA Immo since early 2011 as a result of the Europolis acquisition.

The Group's Hungarian portfolio comprises twelve investment properties with roughly 300,000 square metres of rentable effective area and an approximate value of EUR 413 million. Nine of the 12 investment properties are office buildings in Budapest. Two logistical properties and a retail shopping centre in in the city of Györ complete CA Immo's Hungarian portfolio.

DEKA IMMOBILIEN ACQUIRED OFFICE BUILDING IN WARSAW

Deka Immobilien GmbH has acquired the office property Mokotowska Square in Warsaw. The building has been placed in the open-ended real estate mutual fund ImmoValue West, which is aimed exclusively at institutional investors. Details of the purchase price were not disclosed. The seller is real estate developer Yareal International. The modern class-A building in downtown Warsaw was rebuilt in the past two years. In total it offers approximately 10,200 square metres of rental space, spread over eight floors which are currently used by twelve tenants as retail and office space.

MULTIPLEX-CINEMA JOINS SARAJEVO AIRPORT CENTRE

Sarajevo Airport Centre (ACS), which will be built directly by the airport and exactly opposite the former Olympic Games village in the capital of Bosnia and Herzegovina, has acquired, apart from the 30,800 square metres retail space, an additional 3,000 square metres cinema. Construction works of the ACS are planned to begin in 2012, while the opening is expected in 2013. Developer of the ACS is the Austrian investment group IPD/Karimpol.

IMG ACQUIRED STAKE IN RETAIL PARK PROJECT IN TVER

Investment Management Group IMG has completed its acquisition of a 70-percent stake in a retail park to be built in Tver, Russia, on behalf of its Russia Development Fund. The retail park developed by Normal Asset Management NAM will be the largest modern shopping facility in the city located 134 kilometres northwest of Moscow. The project will have a total of approximately 65,500 square metres gross space. Opening is scheduled for H2, 2013.

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SkyTower is part of a large-scale development Raiffeisen evolution is realising in Bucharest. With its 137 metres SkyTower will be the tallest building in the Romanian capital.

RAIFFEISEN EVOLUTION SOLD SKYTOWER PROJECT IN BUCHAREST

Raiffeisen evolution has completed the sale of SkyTower to Raiffeisen Property International GmbH, which is part of the Raiffeisen Bank International AG (RBI) group. The Romanian affiliate of RBI, Raiffeisen Bank S.A., will set up here its new head-office in Bucharest. Raiffeisen evolution develops in its role as turnkey contractor, in the northern part of Bucharest, a large-scale project consisting of a 37-storey office tower, known as SkyTower, with approximatly 37,000 square metres rentable area and a 7-storey office building, Floreasca Office, with additional 16,000 square metres. These office spaces will also be occupied by Raiffeisen Bank S.A. Within the same real estate project, Raiffeisen evolution constructs also the Promenada Shopping Center, now assuming the developer's role.

IVG INSTITUTIONAL FUNDS BUYS MLODZIEJOWSKI PALACE IN WARSAW

IVG announced the acquisition of Mlodziejowski Palace office building for approximately EUR 22.4 million from a company managed by Mermaid Properties. The property was acquired for the IVG Warschau Fonds, an investment fund managed by IVG Institutional Funds GmbH. CBRE acted as advisor to IVG, DTZ acted as the seller's exclusive agent in the transaction.

Mlodziejowski Palace is a prestigious historic building, situated in the Old Town at Miodowa 10 Street. Following the recent refurbishment, commenced in September 2010, the property has been transformed into a modern office building providing 6,940 square metres of leasable area. The building's main tenant is the Polish Ministry for Foreign Affairs.

HEITMAN ACQUIRED TWO OFFICE PORTFOLIOS IN HUNGARY

Global real estate investment manager Heitman has finalised the acquisition of two Hungarian office portfolios on behalf of Heitman European Property Partners IV (HEPP IV). First Heitman has formed a joint venture with CEE developer TriGranit to own and operate four office properties totalling 70,000 square metres in Budapest. The assets, known as The Millennium Portfolio, were developed by TriGranit, who will also act as asset manager. The portfolio is located in the 9th district of Budapest on the Pest bank of the Danube, sitting within the Millennium City Center. The properties are well leased to international tenants including Morgan Stanley, Vodafone, Nestle and Schering Plough.

The second office portfolio acquired by Heitman consists of two office buildings in Budapest: Science Park and Alkotás Point with 30,000 square metres and 25,000 square metres, respectively. Alkotas Point was completed in 2002, Science Park in 2004. Vendor of the second portfolio was UK-based Aviva. For the acquisition German property lender pbb Deutsche Pfandbriefbank has provided the Heitman European Property Partners IV fund (HEPP IV) with a EUR 60 million facility.

Bank Pekao provides the financing of the Plac Unii development in Warsaw. Plac Unii will be a complex of three buildings comprising 41,000 square metres office space and 15,500 square metres retail area.

FINANCING OF THE PLAC UNII CONSTRUCTION SECURED

European property developer Liebrecht & Wood and Polish listed group BBI have been granted a EUR 105 million loan (with the possibility of increasing up to EUR 120 million) to finance the construction of their joint project Plac Unii Lubelskiej in Warsaw. The financing will be provided by Bank Pekao S.A. Plac Unii will be a complex of buildings comprising 41,000 square metres of office space and 15,500 square metres shopping area. Construction works are scheduled to be finished in Q3, 2013.

BLACKSTONE COMPLETES ACQUISITION OF GALERIA TECZA IN KALISZ

Blackstone completed the acquisition of Galeria Tecza shopping mall in the Polish city of Kalisz from Rank Progress S.A. The value of the transaction was EUR 37 million. Galeria Tecza is joining King's Street Retail portfolio. Opened in October 2011, Galeria Tecza comprises 16,100 square metres gross leasing area and 250 parking spaces.

STAFFING

above left: Raimondo Amabile
above right: Philip Mark Evans
below left: Mia Jurke
below right: Jan-Evert Post

Raimondo Amabile has joined Pramerica Real Estate Investors as Managing Director and new member of its European Executive Committee. Before he was Managing Director and Head of European Business Development for Tishman Speyer. Earlier, he led operations for Southern and Eastern Europe, responsible for building Tishman Speyer's platform in Turkey. Raimondo Amabile holds a civil engineering degree from the University of Naples and a PhD in real estate investment and finance from the University of Padua.

Philip Mark Evans has been appointed as CEO of TriGranit Management Corporation. With more than 26 years of leasing and asset management experience, Philip Mark Evans has held a number of strategic positions; he was a Partner with global real estate consultants, Cushman & Wakefield. Before joining TriGranit in December 2011, he worked for Al-Futtaim Group Real Estate (AFGRE) in Dubai as Director Group Leasing.

Mia Jurke has been appointed as CEO of East Capital Explorer. She replaces Gert Tiivas who joins East Capital's Private Equity investment business in the Baltic countries. Mia Jurke, a Swedish national, joined East Capital as Head of Portfolio Administration in 2005 and has after that been Product Manager for East Capital (Lux), East Capital's Luxembourg based SICAV-funds. Mia Jurke has also been CEO of East Capital Asset Management and has been a Board Member of East Capital (Lux) as well as East Capital Asset Management.

Jan-Evert Post has become Member of the ING Real Estate Finance (ING REF) Management Team and will be responsible for the ING REF businesses in Germany, Central & Eastern Europe, Asia and Australia. Since joining ING REF in 2008 he has been responsible for managing the Corporate Clients department in The Netherlands. Jan-Evert Post holds a Master degree in Business Administration from Nijenrode University.

MEETING POINT CANNES: GERMANY AND CEE

From March 6 to 9, 2012 the international real estate exposition Mipim takes place in Cannes. The annual show in spring is the meeting point for all who are internationally active in property or want to attract international interest.

Despite spring sunshine and the blue sea, despite champagne and seafood, Mipim means four days of hard work for all its participants. The ambiance of Côte d'Azur may be one of the reasons why talks take place in a rather relaxed way, but who is going to Cannes and participating in Mipim estimates primarily the high density of contact possibilities and is using the time for intensive networking. Mipim's organiser Reed Midem expects more than 19,000 participants that will be present at the fair as exhibitors or visitors.

This year Germany is "Country of Honour" at Mipim. That is not really astonishing keeping in mind that in some years there were more exhibitors from Germany present than from France and that Germans—together with French and British professionals—are the largest group of participants. Furthermore, Germany carries on to be the strongest economy in the euro zone. Therefore the country plays also an important role in the international real estate markets.

In this respect, however, the financing and debt crisis establishes new challenges for the real estate industry. Correspondingly the keynote speech of the former Minster of Foreign Affairs of Germany Joschka Fischer is headed: "What Future for Europe?" He will give the sector's players and leaders a better understanding of the outlook for the euro zone and raise their awareness about the challenges ahead.

With the outbreak of the financing crisis in 2008 investment turnovers of commercial real estate in Europe decreased significantly. In mid 2029 they slowly started to recover and according to CBRE totalled at approximately EUR 115 million in 2011. More than EUR 11.2 million have been invested in commercial properties in CEE—that is twice as much as in 2010. All in all 2011 was the third strongest year the investment markets in CEE have ever experienced.

Especially the CEE countries including Russia and Turkey are strongly represented at Mipim. Actually more than 768 companies and local authorities from CEE have already registered and will send about

1,750 representatives to Cannes. Germany as the economically strongest country in Europe should have high interest in international investment markets, and the number of German investors at Mipim should be correspondingly high. Of 671 companies already registered (February 18, 2012) 169 are characterizing themselves as investors—in the range from development to asset management companies, from open and closed-end funds, insurance companies and pension funds to so called HNWIs (High-net-worth individuals).

Of these 169 German investors participating in Mipim only 15 percent declare CEE as their "geographical area of interest". Looking at the countries and regions mainly in the focus of these investors there is not really something new. On the top of the list is Poland, with clear distance to the second place occupied by Czech Republic and Slovakia. Russia and Turkey have to share the third place—both with a distance of only three entries to the second of the list. The next ones in the ranking are Romania and Balkans (the successor states of former Yugoslavia). At the end of the list there is Bulgaria and Ukraine. Hungary, for a long time one of the three most important investment markets in CEE, is not even mentioned individually but subsumed under the category "other Cental & Eastern European countries".

Looking at the investment activities of German investors in CEE last year, then Poland again was on the top of the list. Investors mainly focused on the capital city of Warsaw, however, at least when it comes to investments in office real estate. If Allianz, Union Investment, Deka Immobilien, IVG, RREEF or SEB Asset Management—in 2011 they all were on shopping tour exclusively in Warsaw. Other cities and locations are in the focus only when it comes to investments in shopping centres. From Germany mainly ECE is active in this segment. In 2011 they have opened a new shopping centre in Szczecin.

ECE was also active in the city of Brno in Czech Republic. Here together with Rockspring ECE acquired Olympia shopping centre on behalf of ECE Prime Shopping Center Fund that was launched also in 2011. In the Moravian city ECE had developed Galeria Vankova that was opened to the public in 2005. Beside ECE only IVG and Invesco on behalf of iii-BVK Europa-Immobilien-Spezialfonds were active in Czech Republic: IVG acquired the Pfizer Building in Prague, and Invesco has purchased Futurama Business Park, located in the Czech capital city as well, for the institutional pan-European real estate fund of Bayerische Versorgungskammer (Bavarian Pension Chamber).

The only German company active in Turkey is again ECE. Its subsidiary ECE Türkiye is not only centre manager for a handsome number of shopping centres but actually as well developing Marmara Park shopping centre in Istanbul.

This geographical spread corresponds to the mainstream trend. According to the international consultancy Cushman & Wakefield in 2011 investment volume in Poland, Czech Republic, Slovakia and Hungary was at EUR 6.1 billion (in 2010 EUR 2.9 billion). The lion's share was attracted by Poland and Czech Republic: In Poland the investment volume was at EUR 2.58 billion, in Czech Republic at EUR 2.2 billion. Although a bit lower than the investment volume in Poland, Czech Republic was the real winner in 2011 because one year earlier the investments totalled only at EUR 479 million.

The reasons for the great attractiveness of Poland and Czech Republic are obvious. Both markets are considered to be markets with low risks. The macro-economic outlook is rather positive, and increasing demand and rising incomes are drivers of the economic growth. Another point is that Germany—together with France, UK, and Sweden—is actually attracting an above-average international investment interest. That means that in their home country investors have to compete with many others for investment products. In consequence prices are driving up and yields are going down. Another reason is the question of investment financing. More than ever banks prefer to be on the safe side and are rarely willing to finance investments in countries with a higher risk.

Given that it is obvious why in 2011 investment turnovers in the commercial property markets of SEE were very small and that no international investment company was active in Serbia and Ukraine, as CBRE reported. However, what was surprising are the considerably increased investment activities in Hungary. In 2011 investment volume has more than tripled against the previous year—according to CBRE it increased from EUR 180 million to EUR 600 million, according to Cushman & Wakefield from EUR 240 million to EUR 728 million.

A country that in 2011 experienced a real investment boom, but practically without any German participation, was Russia. At the end of 2011 commercial real estate investments in Russia were at more than 200 percent above the volumes of 2010. With a total of EUR 4.55 billion (CBRE) it was even 150 percent above volumes in 2008 that so far was the best year regarding commercial property investments in Russia. Although there are exceptions, one can say that not only German, but Western investors in general are more or less reluctant to invest in Russia. That might change after recently published news: Morgan Stanley Real Estate Fund is said to have acquired Galeria Center in Saint Petersburg. The investment for the biggest shopping centre in the inner city near Moskovsky station is said to be at USD 1.1 billion (EUR 820 million).

In any case Mipim in Cannes offers good opportunity to have a closer look at those CEE countries that actually do not belong to the favourite investment destinations and to enter in an enlarged "east-west-dialogue" about the real estate and investment markets. | Marianne Schulze

LOOKING BACK AND INTO THE FUTURE: SHOPPING CENTRES IN CEE

Location and concept are substantial for the performance of a shopping centre.

Since the fall of the Iron Curtain in 1989 in the Central and Eastern European countries nearly no other economic sector has as considerably changed by quantity and quality as the retail sector. Especially the shopping centre segment developed literally from zero.

Some 20 year ago in the major countries of Western Europe the retail area per capita was at 1.2–1.5 square metres. At the same time in the CEE/SEE countries like the Baltic states, Poland, Czech Republic, Slovakia, Slovenia, Croatia, Hungary, Romania and Bulgaria retail area per capita was mostly less than 0.3 square metres, and regarding shopping centre space these countries started more or less from zero. The reason for this undersupply was not at least the underdeveloped retail segment and the more than insufficient provision of consumer goods in the former socialistic countries.

Meanwhile in most of the above-mentioned countries sales area per capita has increased substantially and figures are sometimes higher than in Western European countries. The same is true for shopping centre area. The catching-up process of the Eastern European countries can be demonstrated by figures collected by Cushman & Wakefield for the "Marketbeat: Shopping Centre Development Report Europe" in September 2011:

- Estonia is at the top of the list of Eastern European countries. Here there are nearly 370 square metres of shopping centre area per 1,000 inhabitants available. Thus Estonia has slightly less shopping centre area per capita than Sweden, but more than Ireland, The Netherlands and Luxembourg.
- Today Slovenia has about 320 square metres of shopping centre area per 1,000 inhabitants—that is a bit more than in Austria.
- Lithuania and Latvia are just below the mark of 300 square metres. That means for 1,000 inhabitants there is nearly the same shopping centre area available as in Denmark and Portugal, but more than in France and UK.
- Croatia, Czech Republic, Slovakia and Poland each have around 200 square metres shopping centre area per 1,000 inhabitants. In the same range there are Italy and Switzerland.
- In Hungary there are about 125 square metres per 1,000 inhabitants available, in Romania it is a bit more than 100 square metres, in Bulgaria it is 70 square metres.
- In the EU-27 countries the average shopping centre area per 1,000 inhabitants is about 230 square metres—in Germany it is only just under 170 square metres.

The first shopping centres in Germany, Austria and Switzerland have opened at the end of the 60s and at the beginning of the 70s. A development that in Western Europe has lasted more than 40 years took place in less than half of the time in the CEE/SEE countries where generally the purchase power is considerably weaker.

Drivers of this rapid development in the shopping centre sector are mainly foreigners. Especially developers and investors from Scandinavia, Germany, France, The Netherlands, Italy and Austria were aware of the opportunities the CEE/SEE markets were offering. Supported by their domestic banks with financing facilities they have contributed a great part to the enlargement of shopping centre areas. During the last 20 years to a large extent the foreign direct investments in the Baltic countries, in Czech Republic, Slovakia, Slovenia, Croatia, Hungary, Romania and Bulgaria originated from Western investors. Different western and especially many Austrian banks are still the most active financing institutions for the CEE/SEE economies (and in the shopping centre sector as well). For sure, without these activities the economic development in the CEE/SEE countries would have been different and noticeably slower. Saying that there shall not be reduced the merits of Eastern European developers (like e.g. Sandor Demjan in Hungary and his TriGranit Development Corporation).

In the emerging market economies governments and local authorities supported private investments. Corresponding to this, there was a rather slack and not really restrictive spatial planning policy. These favourable conditions coincided with fears of private developers and investors to miss the right time and the given opportunities. These are the main reasons why since the middle of the 90s there were developed and opened many shopping centres in particular in the capital cities of the CEE/SEE countries.

During the last ten years the speed and amount of shopping centre developments can be described only insufficiently by the term "boom". In front of this background the battle for consumer's purchase power and thereby for tenants has intensified and reached new dimensions. Today, in nearly all countries and especially in the respective capitals (Warsaw, Prague, Bratislava, Budapest, Zagreb, Bucharest, Sofia) there is to observe a (partly large) oversupply of shopping centre space. The same is to state for some major cities in these countries (e.g. Lodz in Poland or Brno in Czech Republic).

Meanwhile in CEE/SEE three categories of shopping centres are to be distinguished:

- The "high flyers", i.e. shopping centres in prime locations, of adequate size and therefore with an attractive mix of tenants. They attract consumers also from far away, were highly frequented and generate high turnovers and high rents as well (e.g. Arkady Pankrac in Prague, Westend and Mammut in Budapest).
- "Middle-ranking" shopping centres, i.e. those in often secondary locations and with suboptimal operating concepts. They mainly serve regular customers of a limited catchment area and are strictly spoken enlarged convenience shopping centres. With great activities by the centre management and by the owner these "middle-ranking" shopping centres can provide a stable cash flow, but they will never climb up to the top class.
- "Precarious" shopping centres that had already a poor start because of their location and size and that are struggling with vacancies from the beginning. They never really "took off" (like the meanwhile closed-down Center Mandi in Zagreb).

The economic and financing crises in 2008/2009 and 2011 contributed to the fact that for some tenants the business has become very difficult. Everybody who in boom times had agreed to high rents in a shopping centre that did not perform as expected and whose customers have to think twice before they spend some money has increasing difficulties to generate sufficient turnover to pay the rent—mostly denominated in euro—and to get a business loan from the bank to finance the order of new goods.

Despite the actually not anywhere and always bright situation shopping centre development in all of the mentioned CEE and SEE countries will continue. Still there are interesting and attractive locations to occupy or to expand shopping centres in good locations, still there is demand for space in well-managed shopping centres by new and interesting international retailers, and still prominent shopping centres are attracting mainly young consumers with sufficient purchase power. The situation in Poland during the last two years demonstrated this very clearly.

However, the general conditions for future shopping centre developments will be more difficult:

- The increase of operating costs have to be stopped at least, better: these costs should be reduced as far as possible. Therefore it will be more and more important to develop "green" and functionally well-planned shopping centres.
- To get debt financing will be more difficult, but in fact more intensive professional pre-examination of a project can only result in better quality of a shopping centre.
- Online shopping will gain increasing importance. Also rather attractive shopping centres can only counteract this by creating more quality of stay and being a sought-after meeting point.
- Consequently the life cycles of shopping centres will become shorter: A shopping centre that during more than ten years was not fundamentally refurbished, is no longer up-to-date. In the reverse conclusion it means that already after some years customers are expecting a comprehensive redesign of the shopping centre, otherwise the centre will experience a speedy downswing.

An example for an "high flyer" among the shopping centres is Arcady Pancraz in the Czech capital of Prague.

More than so far the future development of the segment shopping centres will force the industry players to become more professional. Times when one could earn a lot of money in the shopping centre segment by little input are presumably gone. But to say the truth: That is good news. |

Dieter Bullinger

Dieter Bullinger is Project Manager Development Europe at SES Spar European Shopping Centers

ON EUROPE'S BORDER: UKRAINE

Since more than 20 years Ukraine is an independent state. By area it is the second largest country in Europe. However, for many western European people Ukraine still plays only a marginal role. This might change with the European Football Championship "Euro 2012".

Latest in summer 2012 Ukraine (together with Poland) will be in the focus of all football fans. Even those who know little about the country so far will become familiar with Ukrainian cities like Kharkiv, Donetsk, Kiev and Lviv, and latest with the final of the European Football Championship on July 1, 2012 in Kiev the country will be known by nearly everybody.

Despite all prophecies of doom and although the financing crisis in 2008 had pressed the country hard, all football stadiums were delivered in time, the development of hotels was promoted by tax incentives, the airports of the venue cities were refurbished, and the main traffic arteries of the country were repaired and modernised. At "Euro 2012" Ukraine wants to show itself as a good host hoping to become a more sought-after tourist destination also after the championship.

Before 2008, some covetous glance went from the Western Europe to Ukraine that showed steady growth rates of about eight percent. With 45.5 million inhabitants the seventh largest European country by inhabitants—in front of Poland and Romania—is a large market. Furthermore Ukraine has five cities with more than one million inhabitants—beside Kiev they include Dnipropetrovsk, Donetsk, Kharkiv, and Odessa. Another advantage of the country is the geographical vicinity to the other markets in CEE/SEE as well as to Russia. Also attractive are the relatively low salaries for a generally well-educated workforce. And last, but not least Ukraine has great pent-up demand in consumption and modernisation as well.

The pent-up demand in modernisation, however, is double-edged because it is one of the reasons for the low competitiveness of the Ukrainian industry that is mainly located in the eastern part of the country (the western part is predominantly characterised by agriculture). Lacking modernisation also causes the industry's high demand in energy. That is all the more problematic as to a large extent Ukraine is depending by energy imports, mainly from Russia.

The wordwide financing crisis in 2008 caused a considerable decline in capital inflows in Ukraine. The country's currency depreciated against US dollar and euro, interest rates were increasing, the prices for the main export products, i.e. raw materials and metals, dropped down. With increasing unemployment and a more or less dull economic outlook private consumption was decreasing substantially. In 2009 the Ukrainian economy shrank by about 15 percent. Only in 2010 it started slowly to recover—at the end of the year the growth rate was at 4.2 percent and reached almost six percent at the end of Q3, 2011. Then again the global economy experienced a turndown. In consequence, the economic growth in Ukraine slowed, too, so that at the end of the year the general growth rate for 2011 was at only five percent. One reason is the high dependency of Ukrainian economy from exports—they contribute about 40 percent to GDP. In other words: If global economy is cooling down, Ukrainian economy is getting a cold.

With the recovery of the economic situation in Ukraine international investors are partly coming back. According to the National Bank of Ukraine in the first nine months of 2011 the net inflow of foreign direct investments totalled USD 4.5 billion—in the whole year 2010 it was at USD 4.7 billion). From an international point of view the most attractive investments in Ukraine are the financing sector, industrial production, real estate, retail, construction and transport and communication as well.

To go on with the items real estate and retail: Despite an immense construction boom before the crisis the office market in the Ukrainian capital Kiev is still undersupplied with modern space. According to DTZ there was approximately 1.173 million square metres gross leasing area of office stock in Kiev as of the end of Q3, 2011 (excluding government buildings and offices constructed by owner-occupiers). With the outbreak of the global financing crisis not only demand was dropping down and rents were decreasing by nearly the half, as well development activity and completions of new office buildings were declining considerably. Meanwhile office demand is improving. Because of the low new supply to the market vacancy rates are decreasing—from 12.7 percent at the end of 2010 to 11.2 percent in late September 2011.

The retail segment proved to be more resilient than the office market to the effects of the economic crisis. Although the average income in Ukraine is relatively low—official figures are about EUR 220—, incomes are higher in the big cities. Not to underrate are the so-called grey incomes that do not find their way into the official statistics. Indeed, in the wake of the crisis rents for retail space decreased too, but the slump was less severe and prices started to recover more quickly. Mainly in modern shopping centres rental prices are nearly at the same level as before the crisis.

Ready for the final play of "Euro 2012": the new football stadium in Kiev.

The total stock of modern retail space in Kiev is estimated at around one million square metres. In 2009 there still were delivered about 200,000 square metres of modern retail space, in 2010 the new supply to the market decreased by more than 50 percent. At the same time many investors and developers both local and international undertook numerous market analyses concerning the demand, competitiveness and financial efficiency of their projects. This continued in 2011 and all studies indicated positive retail property market prospects in Ukraine. Therefore DTZ is convinced that in 2012 and 2013 the supply of new modern retail space to the market will increase considerably.

Since 2008 the real estate investment market has changed fundamentally. Today the commercial property market in Ukraine is a buyer's market as opposed to the seller's market that prevailed before the 2008/2009 economic downturn. Today developers and investors active in the market are predominantly domestic companies and individuals with well filled-up chests. WesternEuropean investors continue to show little interest in the Ukrainian investment market because of the political and economical uncertainties.

Among the uncertainties there is first of all the political instability. The results of the presidential elections in 2010 demonstrate the political division of the Ukrainian people in a more to Russia oriented part at one side and a rather to the West oriented part on the other side. The instituted criminal case and the imprisonment of former Prime Minister Yulia Tymoshenko last summer did not really contribute to increase the confidence. Another fact is that for a long time politicians were guided by their individual economic interests and failed to tackle the necessary reforms. Shortly after the elections the new government has approved a vast reform programme till 2014 that beside others should help to improve the general investment climate. But results have still to be proven.

Anyway: Ukraine is a country of great potential. And if "Euro 2012" will cause greater interest in this part of Europe, then there will be gained a lot. | Marianne Schulze

CITY WITH GREAT POTENTIAL: LVIV

In general the interest of international investors is mainly focused on the capital city of a country. But in Ukraine it is worthwhile to have a look at the western part of the country and here especially at the city of Lviv.

In 2009 Lviv was European Capital of Culture—for good reasons.

During its history the region around Lviv was ruled by many peoples and governors, starting with Goths, followed by Slaves, Varangians (from Scandinavia), Russians, Poles, Lithuanians, Austrians and Ruthenians as Ukrainians were called in former times. For many centuries Polish kings governed Lviv and its surroundings, and from 1772 to the end of World War I the region belonged to the Habsburg empire.

The city of Lviv—also named Lvov in Russian, Lemberg in German, Lwów in Polish or Leopolis in Latin language—was founded in 1256. Located only 70 kilometres from the Ukrainian border to Poland, Lviv is the seventh largest city in the country by population (around 900,000 inhabitants). Because of its unique architecture that reflects the different European styles and the long history the city is often called "Little Vienna" or "Little Paris".

Many of Lviv's churches and other buildings date back to the 13th century. Two fires in 1527 and 1556 have destroyed most of the gothic-style buildings, and both World Wars of the 20th century have as well left their marks. But still Lviv retains many well preserved buildings in renaissance, baroque and the classic styles and works by artists of the Vienna Secession, Art Nouveau and Art Deco. And the historic city centre does not show only here and then an ancient building, but the different communities within the city—different by culture and religion—established separate yet interdependent communities evidence for which is still clearly discernible. That was also one of the reasons why UNESCO has put Lviv's historic centre on its World Heritage list.

The Western part of Ukraine is in the focus of international investors since long. Among those who have successfully established their representation in Western Ukraine, are such companies as Nestle, Coca-Cola, Leoni Wiring Systems, Siemens, LaFarge, Holger Christiansen, Danish Textiles, ACO, Basalt AG, Klingspor, Nexans, Dunapack, Blum, Henkel, King Cross Development and others, especially companies active in the IT, banking and financial sectors as well as service centres. According to a study of Financial Times about "European Cities and Regions of the Future 2012/2013", Lviv ranks the third position out of Eastern European cities in the ratings of "Best strategy for attraction of direct foreign investments" and "Best economic effectiveness of business".

Although the region of Lviv is economically better developed than the rest of Western Ukraine, the production costs are still significantly lower than in the neighbouring European countries. According to the World Bank classification, Lviv is a lower middle-income city. The average salary in the Lviv region, with total population of 2.5 million (density 119.54 inhabitants per square kilometre), is calculated

The newly developed terminal of the international airport Lviv was completed in time before "Euro 2012".

roughly at EUR 205 per month and thus slightly below the country's average of EUR 220.

In 2009 Lviv has been declared European Capital of Culture, and in 2012 the city will be one of the Ukrainian (and Polish) locations hosting the group-stages of the European Football Championship "Euro 2012". Connected to this event are expectations that "Euro 2012" will promote the city as a tourist destination and that not only in 2012, but as well in the following times the number of tourists will increase.

There is also great hope for a revival of foreign investment activity in the region. Many important infrastructure projects have been launched in Lviv in the context of preparations for "Euro 2012". They include the construction of a new football stadium with around 32,000 seats and the development of a new terminal at the Lviv International Airport located six kilometres from the city centre and offering direct international connections to Warsaw, Vienna, Munich, Istanbul, Prague, Timisoara and Moscow. Furthermore there is a new suburban railway station close to the city centre.

As well a great number of hotels has been refurbished or developed. After Kiev Lviv probably has the highest potential among the Ukrainian cities to become a sought-after tourist destination. Lviv is a unique, but typical European city, it is comprising many different religions and traditional cultures and easily compete with cities like Vienna or Krakow, like Florence or Dresden.

Nevertheless, so far none of well-known international hotel chains is present in Lviv. This is partly explained by the lack of construction sites within the historical city centre that is an UNESCO protected area. But this difficulty to provide the necessary land plots for development in the inner city Lviv has in common with all listed ancient cities.

The commercial real estate market in Lviv is dominated by local developers such as Intermarket and ComfortBud, but there is to register also an interest from some foreign players like King Cross Development, Multi Development and Redstone.

Especially the retail segment is quite attractive. Gross leasing area (GLA) per capita in Lviv is rather low—it is only about 0,2 square metre per inhabitant and thus 40 percent less than in Kyiv. Therefore there is still high growth potential regarding retail property and shopping centre developments.

In March 2010 the modern shopping centre King Cross Leopolis had started operation. With 52,700 square metres GLA it is the biggest shopping centre so far not only in Lviv but in Western Ukraine at all. Other big shopping centre projects are planned, among them Knyazhyj with 62,800 square metres GLA, Leopolis with 47,500 square metres GLA, and Forum Lviv with 36,000 square metres GLA.

Popular are areas of 150 – 300 square metres for the placement of banks, pharmacies, restaurants and clothes and footwear shops as well. In demand by tenants and potential investors is mainly retail space in the central part of the city. Here the vacancies in retail properties are between five and seven percent. The low vacancy rates are due to the lack of high-quality space in the inner city. Most of Lviv's shopping centres are located in the middle and periphery zones (due to geography and zoning of the city) where public transport possibilities are limited and passenger streams considerably lower.

Leading retailers in the Western part of Ukraine are three national chains—Fozzy Group, Eurotech Group and Furshet—as well as the regional chain Pakko. Since 2009 the presence of international brands has considerably increased with the opening of the largest shopping centre King Cross Leopolis where retailers like Auchan, Praktiker, Marks & Spencer, Inditex Group had opened stores. Many other brands are observing the market and are planning a market entry, but they are still hesitant because of the lack of quality retail space.

Lviv is comprising different European cultures and traditions.

The prices for commercial property vary between USD 1,200 and USD 2,500 per square metre. Before the crisis 2008/2009 the monthly rents for the most attractive downtown areas reached up to USD 150 per square metre. Then they dropped down to actually USD 40–70 per square metre.

In the two decades of Ukraine's independence the principle of private property has been duly implemented. However, regarding real estate acquisition there are some peculiarities that have to be considered. Fundamentally the Constitution of Ukraine is granting the right of private real estate although there are some exceptions. Generally all real estate in Ukraine is divided by purpose of use into residential and commercial property. Regarding land plots the categories are bit more sophisticated. Land plots are designated for agricultural, recreational use, for commercial or residential construction and for other purposes. The failure to comply with the designated purpose of use of a land plot can cause not only penalties and sanctions, but other serious negative consequences as well (as the denial to approve the project documentation or the denial of putting the built object into operation).

The registration procedure for property rights and encumbrances in real estate is continuously enhancing. As of today, there exist several state registers: the register of the Bureau of Technical Inventory (BTI), the land cadastre and the encumbrances register which also includes the mortgages register. In due course all these registers shall merge into a unified state register for real estate. The completion of this process will definitely speed up the process of state registration of property rights and make the procedure easier.

For foreign legal entities the purchase of land is further complicated by the necessity of obtaining permission from the Cabinet of Ministers of Ukraine and/or the Parliament—a process that is not completely regulated by law and that requires plenty of time and efforts. In addition, foreign legal entities are only allowed to acquire non-agricultural land plots either within residential areas for construction or business activities, or outside residential areas if purchasing the real estate objects located on the respective land plot.

Therefore companies normally prefer share-deals with Ukrainian contractors in order to obtain the property rights by simply obtaining the corporate rights over a legal entity. Another possibility is to found a Ukrainian subsidiary; this new company is considered as a Ukrainian resident and not foreign, although in fact it is a foreign owned company.

Foreign individuals and legal entities are not allowed to acquire land of agricultural use. This interdiction was imposed in 1991 and is still in effect. Furthermore, there exist two moratoria on any types of sale of agricultural land and on changing the purpose of use of agricultural to non-agricultural land, except the purpose of use has been changed by the government or the local authorities. These moratoria are expected to be lifted by the end of 2012.

Although the real estate industry and especially the development sector are developing again quite dynamically there is enough potential in Ukraine that in the near future there are to expect increasing activities also of international investors. Despite all obstacles and difficulties international investors are interested in acquiring land plots and project development. However, these transactions and activities require substantial knowledge and experiences in the legal aspects of land and property acquisition, in corporate and commercial law, in mergers & acquisitions and in procedural law as well. | **Timur Bondaryev** and **Markian Malskyy**

Timur Bondaryev is Managing Partner, Markian Malskyy Head of West Ukrainian Branch at law firm Arzinger in Ukraine.

March

March 6 – 9, 2012
Mipim 2012

What about: Mipim in Cannes is the oldest commercial real estate fair in Europe and up to now the one with the widest international range. In 2011 more than 18,000 participants from 90 countries entered the Palais des Festivals to visit and to learn about the activities of the exhibitors. Although enlarged by the Espace Riviera some time ago the Palais des Festivals can no longer host the large number of exhibitors. Therefore the exhibition spread into the surroundings in exhibition tents. After Poland and UK in the years before, in 2012 Germany will be "Country of Honour" at Mipim.
Where: Palais des Festivals, Cannes, France
For further information and registration: www.mipim.com

March 23, 2012,
1:30 – 6:30 p.m.
ERES Industry Seminar
„To be public or not to be – lessons within financial distress"

What about: European Real Estate Society ERES is a structured and permanent network between real estate academics and professionals across Europe. Beside the annual conference regular seminars belong to the main activities of this non-profit organisation. This year's ERES Industry Seminar takes place in the German city of Frankfurt am Main and is sponsored by IVG that has developed the venue, The Squaire at the Rhine-Main Airport.
Where: The Squaire, Flughafen Frankfurt am Main, Germany
For further information: http://eres.org
For registration: ramon.sotelo@uni-weimar.de

March 26 – 29, 2012
Russian Retail Forum

What about: Especially the first day of the four-days-conference all about retail in Russia might be interesting for those who want to expand into the Russian market, because this "Special Focus Day" is dedicated to "The Geography of Retail: Expanding into Russian Regions and the CIS". But as well the following days are offering a wide range of interesting topics and themes. All in all there are 11 sessions from business models of the future, the Russian retail property market to the question how to motivate shoppers' and consumers' shopping decisions. The meanwhile 11th annual Russian Retail Form is also a good opportunity to get in contact with many high-ranked representatives of the Russian and international retail industry.
Where: Lotte Hotel, Moscow, Russia
For further information and registration: www.russianretailforum.com

March 27 – 29, 2012
Airport Development: Russia & CIS

What about: Airports are more than a transportation hub connecting a city or region with the rest of the world. They can give also a strong push to the further economic development of the surrounding region. In general real estate professionals are classifying airports—like other infrastructure projects—as "special real estate", but they are something "special" only in parts. Today modern airports are more and more small cities of their own, and this means a ground real estate players are generally familiar with.
Where: Renaissance Moscow Monarch Centre Hotel, Moscow, Russia
For further information and registration: www.airport-development.com

April

April 18 – 20, 2012
ICSC European Conference

What about: This year's European conference of the International Council of Shopping Centers ICSC is headed "Is Big Beautiful?" and will try to find answers to the question, how "big" the investment ambitions, retailer strategies and development goals of the industry are. One of the highlights of the ICSC European Conference will be the awarding of the European Shopping Center Awards 2012 for the best new developments and refurbishments. On Friday, March 20, 2012, there is the possibility to take part in three tours to different shopping centres in Berlin.
Where: InterContinental Hotel, Berlin, Germany
For further information and registration: www.icsc.org/2012EU

April 18 – 20, 2012
Ukrainian Investment Summit

What about: The Ukrainian Investment Summit organised by Adam Smith Conferences is the largest and longest-established investment conference for Ukraine worldwide, and brings together leading representatives of the Ukrainian government, economy and financing institutes with their international colleagues to debate frankly about the economic development of the country and investment possibilities.
Where: Grange St Paul's Hotel, London, UK
For further information and registration: www.ukrainian-investment.com

April 24 – 26, 2012
Hospital Build Europe

What about: Hospital Build Europe, organised by Euroforum and Informa Exhibitions, is a trade fair and congress about hospitals and other health properties. In fact, it is only a small and very special segment of the real estate industry, but very important for the infrastructure of cities and towns and regions as well. The main focus is on architecture and construction—in an Europe-wide exchange and comparison.
Where: Messe Berlin, Germany
For further information and registration: www.hospitalbuildeurope.com

May

May 12 – 16, 2012
63rd FIABCI World Congress

What about: The World Congress of The International Real Estate Federation FIABCI (Fédération Internationale des Ad-

ministrateurs de Biens) is on stage for the 63rd time, but for first time it takes place in Saint Petersburg. FIABCI is active in 65 countries, and represented with own chapters in 48 countries. FIABCI comprise more than 1.5 million members and the whole spectrum of real estate segments and real estate professions. According to this the topics for the 63rd World Congress in Saint Petersburg will be characterised by the same diversification.
Where: Corinthia Nevsky Palace Hotel, Saint Petersburg, Russia
For further information and registration: www.fiabci.org

May 14 –16, 2012
Real Corp: Re-Mixing the City
What about: It is already the 17th International Conference on Urban Planning and Regional Development in the Information Society where experts from all over the world will come together to discuss projects, methods and technologies to solve the challenges of urban planning and regional development. Parallel to the conference there will be “Corp Expo 2010: Liveable City”, an exhibition on urban, environmental, energy and transport technologies and solutions for more living quality of life.
Where: Multiversum Schwechat, Schwechat (near Vienna), Austria
For further information and registration: www.corp.at

May 17, 2012
SEE Real Estate Awards & Forum
What about: It is one of the few conferences and events covering the South Eastern European region. This one-day event includes a morning of high impact discussion panels covering the regions keys sectors and issues, then the evening opening cocktails, dinner and awards gala with networking opportunities throughout the day and into the late evening for all who are or want to be active in SEE.
Where: Radisson Blu Hotel, Bucharest, Romania
For further information and registration: www.europaproperty.com

May/June

May 30 – June 1, 2012
Russian Real Estate Summit
What about: One of the many topics of the conference is the question wether “investing in car park construction is a good investment or a risky venture”. On the agenda as well are discussions and workshops about residential, offices, business parks, entertainment, sport and leisure complexes as well as warehouse and logistics and the market for retail real estate in Russia. The future development of the city of Moscow is a topic of its own. And last but not least financing is a question that is to become more and more important not only for the Russian real estate industry.
Where: Marriott Grand Hotel, Moscow, Russia
For further information and registration: www.russian-real-estate.com

June 5 – 7, 2012
Expo Italia Real Estate EIRE 2012
What about: By nature the main focus of the fair is Italy, but in the course of its eight-years history EIRE has developed to a more and more international meeting point. Expo Italia Real Estate EIRE does not only offer a comprehensive conference programme but is providing a very comfortable atmosphere for international networking. And nobody should underestimate the connections from Italy via the Adriatic Sea to the Eastern and South Eastern European countries. For example last year there were present in Milan participants from nearly all CEE and SEE countries.
Where: Fieramilano, Rho-Pero (Milan), Italy
For further information and registration: www.italiarealestate.it

imprint

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Managing Director: Andreas Schiller
Handelsregister: Amtsgericht Köln, HR: B 68026
UID: DE270670378
T: +49 22 02 989 10 80
F: +49 22 02 989 10 81
E: office@schillerpublishing.de

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LOCATION (!), LOCATION (?), LOCATION (?)

Julian Balck, Member of the Executive Board at Engel & Völkers Commercial, Rhine-Neckar

"Location, location, location": this well-known formula for economic success with real estate investments is faltering. According to studies by Engel & Völkers Commercial Group there are many arguments for some corrections of this basic rule, especially when looking at the development of office rents, vacancies and investment transactions differentiated by prime and secondary locations.

A recent survey about the reasons for business success of the E&V branch offices demonstrated that beside the location tenant satisfaction and quality of the building are important as well.

This does not be contrary to the pre-eminent significance of the criterion "location", but at least modifies the overemphasis of the location as the only key to success.

The results of a study about the development of asked office rents in "locations with potential" (secondary cities) in comparison to prime cities are showing the same evidence. The study was carried out by the research institute empirica on behalf of Corpus Sireo. According to this study secondary cities like Bonn, Karlsruhe and Mannheim are "very attractive office locations". During the research period starting in 2008 the office rents at these "locations with potential" were not only less volatile than in prime cities, with plus four percent they also increased strongerly.

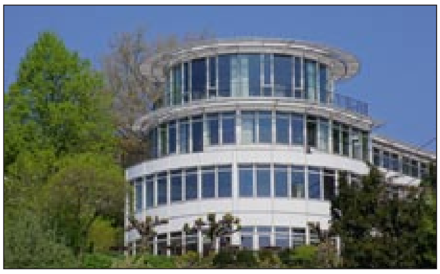
To this fact there is a corresponding development in prime cities: There the share of investments in core property is partly decreasing. Or in other words, value-add or opportunistic properties are actually becoming increasingly popular investment objects.

The observable movement of investor's and tenant's demand to other than core property in prime locations is complemented by the increasing importance of the success factor "sustainability". This is approved by the much discussed results of a study carried out by Professor Dr.-Ing. Josef Zimmermann (Technical University Munich) and sponsored by Hochtief.

The most important result of this "Analyses of the influence of sustainability criteria on the market value of property": tenants are willing to pay up to 10.5 percent more than the customary rent in place for less operating costs and enhanced convenience. Vice versa users are "punishing" landlords that cannot offer these advantages with discounts up to 13.5 percent. A similar result is demonstrated by a master thesis at the EBZ Business School in Bochum: According to this 94 percent of 200 surveyed companies consider sustainability as very important and 70 percent of the surveyed companies are adopting appropriate principles.

Unfortunately ImmoWertV (Immobilienwertermittlungsverordnung: directive about real estate appraisal) in effect since 2010 does not include sustainability criteria. However, German real estate appraisers like Birger Ehrenberg for example are convinced that henceforth every certified appraisal will have to differentiate between rather sustainable and less sustainable objects (in a given location). He emphasises that "also in so called secondary cities or in secondary or even tertiary locations sustainable features will soon become a key fact for successful leasing and for the attractiveness of the property for investors as well".

Instead of "location, location, location" the formula for success with office buildings should be: "location, tenant satisfaction, sustainability".



Not only the location, but the quality of a building is important as well.