

# SPH newsletter

## news

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## special

GREET Vienna has been offering many highlights with the focus on the CEE/SEE countries. page 15

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## background

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## DEAR READERS!



During these days FIFA World Cup is affecting millions of people—and probably also many of you, dear readers. It is fascinating to experience the great enthusiasm that is to observe especially at the public viewing events regardless whether it is happening in smaller towns or the mega fan fest in Berlin in Germany. For SPH Newsletter I am happy that ECE and STRABAG have picked up the topic in their advertisements. For these I do not only want to say "thanks" but congratulate on the creativity behind it.

Much less people, only experts, participated in four other events we are reporting on in this issue: on GREET Vienna and Real Corp, both taking place in Vienna, on FIABCI World Congress in Luxembourg, and on Green Summit 2014 in Liechtenstein. Also in these events enthusiasm has been great. Mainly the presentations and discussions about 'Smart Cities' and 'Green Projects' have been fascinating. Among others, interesting examples and details from Vienna and the USA have been presented. We are convinced that you, dear readers, will also have some benefit of the events' summaries.

Although the number of participants in these events has been small in comparison with the attendees of FIFA World Cup, both have in common quality and its appreciation. With all you are occupied with I wish you to achieve 'best quality', and of course I hope you enjoy a wonderful summer and perhaps happy vacancies.

Yours,

Andreas Schiller



*CIB Group has acquired the 13,000 square metre office building Balabenka in Prague. Vendor has been Skanska Property Czech Republic.*

## SKANSKA SELLS BALABENKA OFFICE PROJECT TO CIB GROUP

Skanska Property Czech Republic has sold its office development Balabenka in Prague 9 – Liben to CIB Group. The seven-storey building provides approximately 13,000 square metres of leasable office and retail area. The building's anchor tenants are Komerční banka, CSOB and Air Telecom. Cushman & Wakefield represented Skanska Property Czech Republic throughout this transaction. Parties have agreed not to comment on the price of the transaction.

Skanska Property Czech Republic acquired this office building, formerly known as Vysocanská brána, from Orco in 2010.

## P3 TO INVEST IN PRAGUE LOGISTICS DEVELOPMENT

PointPark Properties (P3) has bought 22 hectares of land alongside the D11 motorway east of Prague for a new 120,000 square metres logistics park. P3 will develop the site for a total investment of around EUR 85 million. PointPark Prague D11 logistics park will have space for seven warehouse buildings. The new park will be P3's third logistics facility in the Prague region.

## ERSTE GROUP IMMORANT: START OF IMMOPARK ŽILINA

Erste Group Immorant Slovakia has begun the construction of Immopark Žilina after signing a contract with the first tenant Direct Parcel Distribution SK (DPD). In the first construction phase of Immopark Žilina, a hall of 2,180 square metres plus further 627 square metres of office space will be built. Construction is planned to be completed in November 2014. In the first phase, total investment amounts to EUR 5 million.

## GLOBAL CITY HOLDINGS: START OF AQUA PARK OF POLAND

Warsaw-listed Global City Holdings NV announced the start of the first phase of Aqua Park of Poland. Aqua Park will be developed near Mszczonów in Mazovia on a plot of 20 hectares. Construction will start in February 2015 and the opening of Aqua Park is scheduled for October 2016.

Strategic partner of Global City Holdings in the project is the Wund Group operating four Aqua Parks in Germany. Global City Holdings will be the investor of Aqua Park. The company plans investment outlays of approximately EUR 100 million for this first stage of Aqua Park of Poland. Wund Industriebau GmbH will manage the construction and development and will be responsible for operating Aqua Park.

**Mixed office,  
residential and  
commercial property**

**Frankfurt**

Type: Mixed-Use Property  
Size: 35,500 m<sup>2</sup>  
Sole Lender



**Mokotów Nova**

**Warsaw**

Type: Office Building  
Size: 41,000 m<sup>2</sup>  
Arranger • Sole Lender



**Bromma Blocks**

**Stockholm**

Type: Retail Portfolio  
Size: 205,000 m<sup>2</sup>  
Joint Arranger



**Stadtquartier Q6 Q7**

**Mannheim**

Type: Shopping Center  
Size: 153,000 m<sup>2</sup>  
Co-Arranger



**River Plaza**

**Paris**

Type: Office Building  
Size: 27,000 m<sup>2</sup>  
Arranger • Sole Lender



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*CBRE European Shopping Centre Fund has added to its portfolio wGaleria Mazovia in the Polish city of Płock.*

## CBRE GLOBAL INVESTORS ACQUIRES GALERIA MAZOVIA IN PŁOCK

CBRE European Shopping Centre Fund (ESCF), managed by CBRE Global Investors, has acquired Galeria Mazovia Shopping Centre, in Płock, Poland at a yield of 7.9 percent. The vendor is a private investor. The 28,485 square metre shopping centre was built in 2010. The modern scheme has underground parking for circa 670 cars and comprises two floors of retail which is nearly completely occupied. Galeria Mazovia represents the sixth shopping centre for the fund and the first transaction in CEE for ESCF.

## LIEBRECHT & WOOD ROMANIA: FOCUS ON DEVELOPMENT

The Romanian branch of Liebrecht & wood Group, a European commercial real estate developer, is accelerating its growth on the local market with over 94,000 square metres of commercial space currently under construction or in the pipeline. At the same time, the company has decided to sell its property management business in Romania and focus exclusively on real estate development.

"As of 16th May 2014, Liebrecht & wood's property management company WeCare in Romania has been transferred via a management buy-out. It was acquired by the group's former partners, Dan Colcer and Horia Chioseaua, who will carry on its operations locally under a new venture, Blackwood Property Management," said Patrick Van Den Bossche, Managing Director of Liebrecht & wood Group.

## W.P. CAREY REFINANCES WARSAW OFFICE ACQUISITION

Deutsche Pfandbriefbank has agreed a EUR 55 million medium-term refinancing facility for CPA@ :17 – Global and CPA@ :18 – Global, two of W. P. Carey's publicly held non-traded REIT affiliates. The proceeds will be used to partially refinance the purchase price paid for the acquisition of Bank Pekao's headquarters in Warsaw, Poland. The 34,900 square metre office complex, known as Lipowy Office Park, is leased in its entirety on a long-term lease to Bank Pekao, the second largest bank in Poland and member of Unicredit Group. The office park was completed in 2009 by Hochtief Development Poland. It consists of four 9-storey office buildings, located in Ochota district, at the major road connecting Warsaw's CBD with the international Frédéric Chopin Airport.

## ING FINANCES CTP'S PORTFOLIO

Czech developer CTP has secured a EUR 93.6 million loan from ING to refinance its Central European portfolio. The deal completes CTP's plan to refinance 80 percent of its portfolio during 2013/2014.





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*Office complex River Garden is the first office development so far to be completed in Prague by HB Reavis. The first phase of River Garden has been opened in 2012, now River Garden II/III is following.*

## HB REAVIS COMPLETES RIVER GARDEN OFFICE COMPLEX IN PRAGUE

The River Garden II/III office complex follows the HB Reavis development group's first office project, River Garden I, which was completed in 2012 and has been fully leased. The new eight-storey complex offers more than 25,000 square metres of leasable space for offices and retail units. The first tenants include Philips and Hills. River Garden is located in Prague 8 – Karlín. River Garden is the first office project so far to be completed in the Czech Republic by HB Reavis. Next year the development company will be completing another Prague office complex, the Metronom Business Center right at the Nové Butovice metro station.

## RABO FARM: NEW INSTITUTIONAL FUND FOR INVESTMENTS IN FARMS

Rabo Farm, part of Bouwfonds Investment Management (Bouwfonds IM), the real asset manager of Rabobank Group, is launching the new Rabo Farm Europe Fund II (RFEFII). Rabo Farm wants to raise EUR 315 million of which a significant part will be allocated for improvements of the farms. Rabo Farm aims to attract like-minded long-term investors who are able to invest EUR 50 million or more in this institutional fund. RFEF II is a closed-end fund with a focus on investing in Central and Eastern EU countries, especially on core countries Poland and Romania.

## PANATTONI PARK POZNAN III UNDER CONSTRUCTION

Panattoni Europe has started construction works on a new park near Poznan—Panattoni Park Poznan III. Panattoni Park Poznan III is a modern distribution centre with a total space of 68,000 square metres, which will comprise four warehouse buildings at full build-out. The project is located 12 kilometres from Poznan city centre, on the national expressway S11.

## THE EXPANSION OF BIELANY SHOPPING PARK HAS BEGUN

Inter IKEA Centre Group Poland has announced that construction work on the new part of Bielany Shopping Park in Wroclaw has started. A new shopping mall will be erected, combined with the existing facility, housing and underground car park and two levels with shops, restaurants and a cinema. The new mall will have an area of 35,000 square metres.

At the same time, the old part of the mall, with the Tesco hypermarket and the shopping arcade, will be refreshed and modernized. According to plans, customers will be able to do the first shopping in the new, expanded shopping centre in 2015.

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Kohlberg Kravis Roberts  
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Assets  
**£ 68.5 million**

Acquisition Financing  
United Kingdom  
February 2014

Prime Office AG  
"Herkules" Commercial  
Real Estate Portfolio  
**€ 175 million**

Refinancing Facility  
pbb as Lead Arranger & Agent  
Germany, February 2014

Jost Hurler  
Unternehmensgruppe  
Schwabinger Tor, Munich  
**€ 388 million**

Development and Investment Financing  
pbb as Arranger, Facility & Security Agent  
Germany, March 2014

Fiege Gruppe  
Logistics Centre  
Hamburg  
**€ 48 million**

Refinancing Facility  
Germany  
March 2014

Proudreed  
Real Estate Portfolio  
**€ 220 million**

Refinancing Facility  
pbb as Arranger & Agent  
France, May 2014

W.P. Carey  
Warsaw office complex  
**€ 55 million**

Refinancing Facility  
Poland  
May 2014

Meyer Bergman  
Prague Fashion Arena  
**€ 39 million**

Acquisition Financing  
Czech Republic  
April 2014

Fastighets AB Linrepan  
Residential Portfolio  
**SEK 310 million**

Refinancing Facility  
Sweden  
June 2014



*Prologis Park Bratislava will be enlarged by a further project. 40 percent of the 23,700 square metre warehouse and logistics facility are already let to Geis Group.*

## SPECULATIVE DEVELOPMENT AT PROLOGIS PARK BRATISLAVA

Prologis will commence construction of a 23,700 square metre development at Prologis Park Bratislava. The facility, which will be completed by the end of the year, is nearly 40 percent preleased by Geis Group, one of the foremost providers of complex transport and high-quality logistic services in the Czech-Slovak territory. Geis will relocate from a brownfield location in Bratislava to the new logistics facility in Prologis Park Bratislava, which is located alongside the first exit of the D1 motorway, 24 kilometres east of Bratislava city centre and 2 kilometres from Senec. After completion of the new facility, the park will total 232,000 square metres.

## NCC SELLS 74 APARTMENTS TO SATO IN SAINT PETERSBURG

NCC has sold 74 apartments in the housing project Skandi Klubb, Saint Petersburg to the Finnish residential investor and rental apartments operator, Sato-Neva Oy, to an approximate value of EUR 14.9 million. The project comprises 4,182 square metres of living area plus parking and supplementary spaces in the first phase of the Skandi Klubb project in Saint Petersburg.

## FORMER SZOT HOTEL IN BUDAPEST FOR SALE

Cushman & Wakefield has been appointed to sell a 23,000 square metre site at Rose Hill in Budapest's second district. The over 20,000 square metres unfinished structure and land is now owned and marketed by CIB Group. The building boasts a panoramic view overlooking the Hungarian Parliament, Margaret Island and the historical bridges spanning the Danube between Buda and Pest. The building has been built in the 1970's and functioned as an exclusive 'medical' hotel for around 20 years. Some parts were added to it later as the concept and plans changed but since 2007 there has been no activity at the site at all.

## KROMBERG & SCHUBERT HAS ACQUIRED ITS PREMISES IN ARAD

The German company Kromberg & Schubert, a producer of automotive components, has decided to buy the property they leased from Solvency Project for the last 10 years, in order to expand their current manufacturing operation. The property, with a total surface of about 27,000 square metres includes a production facility and a land plot in Chisineu-Cris, 40 kilometres away from the Romanian city of Arad. The sale and purchase transaction was mediated by JLL acting on behalf of the current landlord. Kromberg & Schubert currently manages 4 operations in Central and Western Romania (Sibiu, Medias, Timisoara and Chisineu-Cris).



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*Váci Corner Offices in the Hungarian capital city of Budapest comprises 21,000 square metres of office space on eight storeys, with shopping and service venues on the ground floor.*

## HB REAVIS OPENS FIRST OFFICE DEVELOPMENT IN HUNGARY

HB Reavis has opened its first office building in Hungary – Váci Corner Offices in Budapest. Váci Corner Offices comprises over 21,000 square metres of office space on eight storeys, with shopping and service venues on the ground floor. First tenants of Váci Corner Offices are Hungary's largest national energy group MVM and GlobeNet.

## DENTONS ADVISES AVESTUS ON THE SALE OF FOUR SEASONS PRAGUE

Dentons Prague real estate team has advised Avestus Capital Partners on the sale of the Four Seasons Hotel in Prague to Northwood Investors. Avestus has been the asset manager of the hotel since 2001 and is being retained in this role by Northwood. Four Seasons is a luxury, five-star hotel located in the city's Old Town.

## BNPPRE TO MANAGE FIVE POLISH OFFICE BUILDINGS OWNED BY GLL

BNP Paribas Real Estate (BNPPRE) has been appointed by GLL Real Estate Partners to manage five office buildings in Poland. The GLL Real Estate Partners portfolio comprises the following office buildings having a total area of more than 43,000 square metres: Griffin House, Liberty Corner, Renaissance and Marynarska Point II, all the four located in Warsaw, as well as Green Day in Wrocław.

## REFINANCING AGREEMENT FOR AFI PALACE COTROCENI

AFI Europe has signed a real estate financing agreement, totalling EUR 220 million, with a consortium of banks comprising of Deutsche Pfandbriefbank, Erste Group Bank and Raiffeisen Bank, for the refinancing of AFI Palace Cotroceni shopping mall in Bucharest. AFI Palace Cotroceni, inaugurated in November 2009, has a gross leasable area of 81,000 square metres

## GREEN COURT IN BUCHAREST: START OF SECOND PHASE

Skanska invests EUR 33 million in second phase of the office building Green Court in Bucharest. The new office building B will comprise of about 18,000 square metres, with twelve stories above ground level and three stories underground. Construction of the new building B started in April 2014 and completion is scheduled for May 2015.





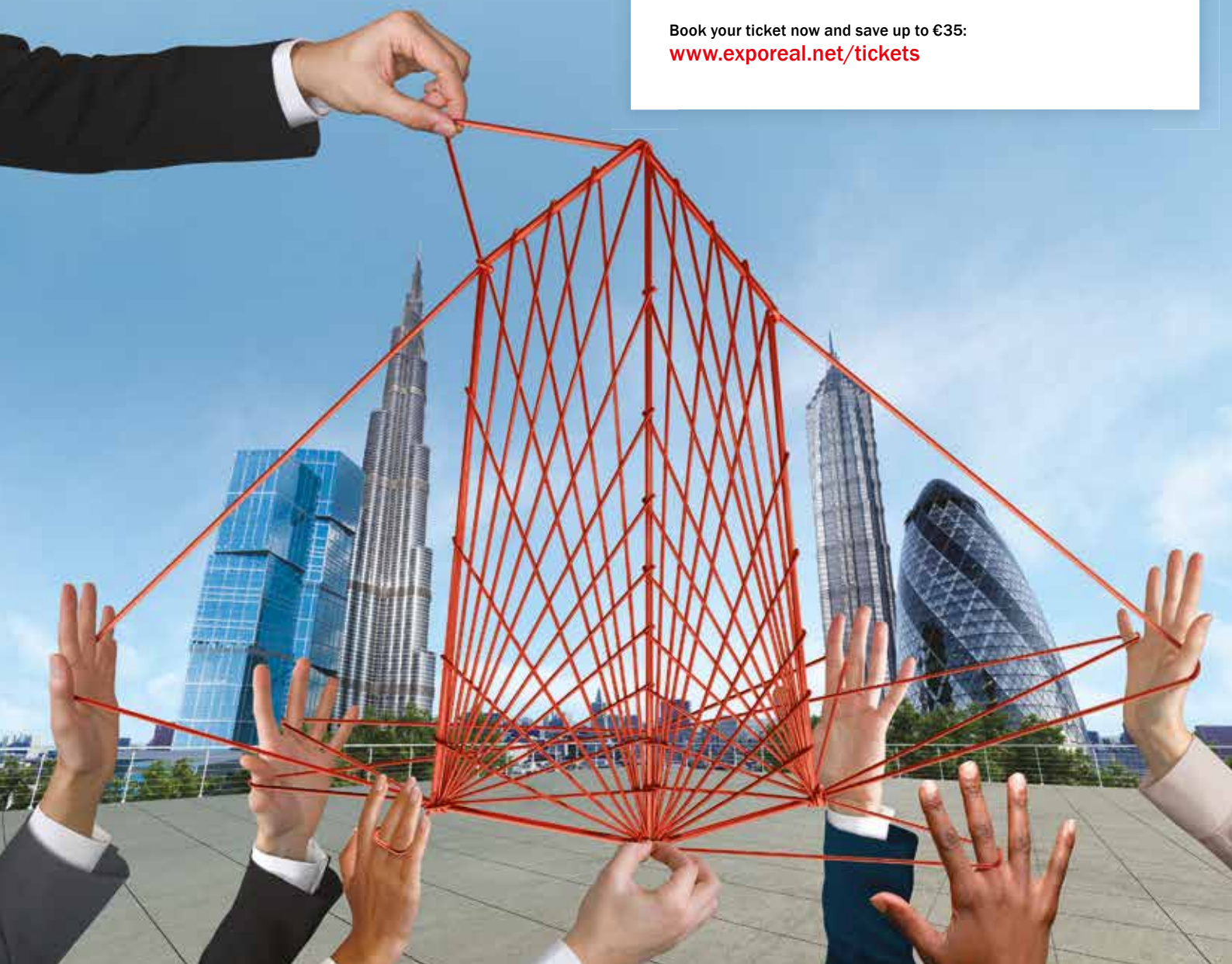
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## STAFFING



left: Hynek Bartík  
right: Ulrich von Creytz

**Hynek Bartík** has been appointed Group PR & Marketing Manager at PointPark Properties (P3). Hynek Bartík joins P3 from technology company Philips where he spent eight years, most recently as Marketing Manager Central Europe for Philips Outdoor Lighting. He holds a Masters degree in Economics and Management from the Technical University in Prague, Faculty of Electrical Engineering.

**Ulrich von Creytz** is new Managing Director of Real Estate Funds at Deutsche Asset & Wealth Management. He holds a PhD in law and will be responsible for the marketing of open real estate funds for private investors and of special funds for institutional investors in Germany. Ulrich von Creytz joined Deutsche Bank Group as assistant to the Management Board in 2004. During the last ten years he held various senior positions mainly in marketing of real estate investment products. Besides his function as Managing Director he will be responsible for the European marketing team for institutional clients in Frankfurt and London.



left: Anthony Myers  
right: Nick van Ommen

**Anthony Myers** has been appointed Chairman of the Supervisory Board of Multi Corporation. Anthony Myers is a Senior Managing Director at Blackstone and Head of Acquisitions for Blackstone Real Estate in Europe. He also currently serves on the board of Gecina. The Supervisory Board of Multi Corporation now comprises Anthony Myers (Chairman), Jan Meines, Dick van Well, as well as Bob Welanetz, James Seppala and Jonathan Lurie of Blackstone.

**Nick van Ommen** has been named a Fellow of The Royal Institution of Chartered Surveyors (FRICS) by RICS Germany for his role in helping to professionalise the European real estate industry. Nick van Ommen previously held senior management positions at Amro Bank, Euro Ventures Benelux and Flemings Netherlands as well as heading the European Public Real Estate Association (EPRA) between 2000 and 2008.



left: Vladimir Pinaev  
right: Oliver Schumy

**Vladimir Pinaev** has been appointed as Chief Executive Officer of CBRE Russia. Vladimir Pinaev brings to CBRE over 20 years of international experience in real estate consulting, investment and development, joining from Russian real estate developer MR Group where he was a Managing Partner. Prior to that, Vladimir Pinaev held senior positions for JLL Russia & CIS. Vladimir Pinaev replaces CEO Alexander Polenok who has left CBRE to pursue other business ventures.

**Oliver Schumy** will be appointed to the Executive Board of Immofinanz as of 1 March 2015 for a period of five years. As of 1 May 2015 he will follow Eduard Zehetner as Speaker of the Executive Board. Eduard Zehetner's term of office, which would have expired on 30 November 2014, will be extended to 30 April 2015. Oliver Schumy currently serves as Chief Financial Officer (CFO) of the Mayr-Melnhof Group, where he was appointed in June 2008. He has extensive operating experience in Russia, Poland, Romania and Hungary. Oliver Schumy holds a doctorate in economics and previously worked for Mayr-Melnhof as Group Finance Director and in other key functions in the areas of finance, tax, group accounting and M&A.



Maarten Vermeulen

**Maarten Vermeulen** is the new Regional Managing Director of RICS Europe, Russia & CIS. Maarten Vermeulen has many years of experience in the real estate sector and joins from Composition Capital Partners where he recently worked as Europe Director and responsible for a significant portfolio of equity investments across Europe. Prior to that, he worked with Protego Real Estate Investors, Lasalle Investment Management and Bouwfonds Asset Management.





## LEASINGS

### PROLOGIS PARK BUDAPEST-SZIGET

HUNGARY 

Prologis has signed a new 26,500 square metre lease agreement at Prologis Park Budapest-Sziget with DB Schenker. The transaction includes a 7,500 square metre build-to-suit facility and a 19,000 square metre lease in an existing building. DB Schenker is planning to consolidate its operations at this location, including its local headquarters office in Hungary.

### EMPARK MOKOTÓW BUSINESS PARK, WARSAW

POLAND 

Empark Mokotów Business Park has signed 7,000 square metre in lease renewals since the start of 2014. Among leading multinational and national corporations to maintain their presence at Empark were Henkel, Lux Med, mBank and Papyrus. Comprising over 115,000 square metres across nine buildings, Empark Mokotów Business Park is Poland's largest office complex. It is jointly owned by Heitman European Property Partners III and Immofinanz. JLL is the exclusive leasing agent to all nine buildings within the Empark Mokotów Business Park.

### IBC OFFICE BUILDING, WARSAW

POLAND 

Deka Immobilien GmbH has agreed a long-term lease-extension with PwC Polska Sp. z o. o, for about 11,000 square metres of office and warehouse area in IBC office building on Al Armii Ludowej 14 in the Polish capital city of Warsaw. Since 2002 the building is part of the real estate portfolio of open retail fund Deka-ImmobilienEuropa.

### GATE ONE BUSINESS PARK, WARSAW

POLAND 

Rajapack has leased nearly 6,000 square metres of warehouse and office space in Gate One Business Park. Cushman & Wakefield represented the tenant in this deal. Gate One Business Park is a modern warehouse and office facility in Warsaw, near the Frédéric Chopin International Airport, and provides 15,270 square metres of warehouse space and 3,510 square metres of office. The complex is owned by Raiffeisen Immobilien Kapitalanlage-Gesellschaft m.b.H.

### PROLOGIS PARKS, WARSAW REGION

POLAND 

Prologis has signed seven lease agreements totalling 96,500 square metres in the Warsaw region. The transactions, which comprise a mix of lease extensions, lease renewals and new leases, were signed since April and include: 35,000 square metres at Prologis Park Sochaczew, a lease extension with Procter & Gamble; 34,000 square metres at Prologis Park Teresin, a lease extension with Viva; 10,600 square metres at Prologis Park Nadarzyn, a renewal for 10,000 square metres and expansion for a further 600 square metres with VTS; 5,222 square metres at Prologis Park Blonie, a lease extension with PPG Deco Polska; 5,000 square metres at Prologis Park Sochaczew for one of the world's leading providers of courier and logistics services; 3,500 square metres at Prologis Park Warsaw II to Pilot Unlimited and Helix as well as 3,200 square metres to Westwing & Home.

## EUROPOLIS PARK, BŁONIE

POLAND 

Visiongroup has become a new tenant of Europolis Park Błonie. The Swiss company will use 1,300 square metres of warehouse space. JLL Industrial consultants advised Visiongroup on the location and negotiated lease terms. Europolis Park Błonie is a modern industrial park, located approximately 27 kilometres west of Warsaw's centre. The park is owned by CA Immo Real Estate Management.

## GALERIA SUDECKA, JELENIA GÓRA

POLAND 

The Jupi Park play centre for children with an area of nearly 300 square metres is to be opened in Galeria Sudecka, developed by Echo Investment in Jelenia Góra. Wójcik and Giacomo Conti are the next fashion brands to extend the offer of Galeria Sudecka. The Wójcik shop with an area of 85 square metres will offer clothes for children and the youth. On nearly 100 square metres the Giacomo Conti chain will present author's collection of men's fashion. The group of tenants of the food court will be joined by the Berlin Doner Kebap chain (nearly 60 square metres), which currently has 15 outlets in Poland.

## AIRPORTCITY ST. PETERSBURG

RUSSIA 

ZAO Avielen A.G.—a joint venture between the Austrian real estate developers Warimpex (55 percent), CA Immo Group (35 percent) and UBM (10 percent)—has signed an agreement with a renowned international corporation for the long-term let of the third office tower at Airportcity St. Petersburg. The Zeppelin office building, which boasts around 16,000 square metres of lettable space on 13 floors and for which the shell has already been completed, is set to be completed on time.



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## GREET VIENNA: IT HAS PAID OFF



Prominent keynote speakers as Dr. Erhard Busek (above right) have been part of the highlights of GREET Vienna.

**On May 19 and 20, 2014 GREET Vienna took place for the second time and was offering a wide variety of highlights. These are not only owed to the prominent speakers, but to the programme of Global Real Estate & Economy Talks in general.**

After the successful start last year GREET Vienna 2014 has been still enhanced for all intents and purposes. All in all 400 participants from 20 countries met in Palais Niederösterreich in Vienna to inform themselves, to network and to exchange not only business cards but experiences as well. The conference programme was offering a wide range of topics about real estate financing, health and welfare real estate, residential investment markets and large-scale urban developments, but the geographical focus was clearly on the CEE/SEE countries.

That already has been revealed by the opening session of GREET Vienna: The keynote speech titled "Far away but still so close – The Regional Policy of the European Union" was held by Dr. Jo-

hannes Hahn, European Commissioner for Regional Policy. He talked about the new European Development Fund for the years 2014 – 2020, the main financial instrument for cohesion. A total of EUR 354 billion are available for 274 regions in 28 member countries. About 75 percent of the fund is dedicated to underdeveloped regions in CEE/SEE where it is absolutely essential to establish economic perspectives to counteract the in some parts huge brain drain. Mainly investments in infrastructure will be subsidised. That does no longer mean investments in road construction only, but in railways and harbour projects. Harbours, however, have to be connected with the hinterland and have to have a definite development strategy—"project follows strategy". For supporting the economic development the main focus is on SMEs and start-ups.

A special concern of Dr. Johannes Hahn is the Danube Region with its approximately 115 million inhabitants. Objectives for this region are the development of the Danube river as a main route of transport—so far only ten percent of the river's

transport potential is used; to promote the Danube region globally as a tourist destination and to develop the respective infrastructure so that the attractiveness of the river is no longer ending in Budapest; and to increase energy efficiency in the cities along the Danube, not at least by refurbishment of the current building stock and by the extension and modernisation of the public transport systems.

Both, Dr. Johannes Hahn as well as on the following day Dr. Erhard Busek, former Vice Chancellor of the Republic of Austria and now Chairman of the Board of Institute for the Danube Region and Central Europe (IDM), pointed out that within Europe SEE will be the growth market and that at least in the EU countries of the region the pre-conditions for investors—the rule of law and liability—are granted.

Economic growth is the aim everywhere in Europe. But the general situation does not really look bright, as Fritz Mostböck, Head of Research of Austrian Erste Group, emphasised in the following panel discussion. Since 2008 one crisis has been fol-



Meeting before the opening panel (from left to right): Dr. Johannes Hahn, Andreas Schiller, Martin Eberhardt and Stefan Wundrak

lowing the next and according to him the debt crisis is still unsolved. However, the current slight upward movement in the EU economy might be a silver lining on the horizon.

Martin Eberhardt, Spokesman of the Management at Bouwfonds Investment Management Germany, and Stefan Wundrak, Head of European Research at TIAA Henderson Real Estate, London, represented the investor's view in the discussion. Even though the low interest environment causes some difficulties for institutional investors to generate the necessary yields and yields achieved in CEE/SEE are clearly higher, Martin Eberhardt states a strong reluctance to invest in these countries, with only one exception: Poland.

Stefan Wundrak acknowledged the same reluctance with private investors who are still highly risk averse and prefer Western European to CEE/SEE markets. However, by and by there is to observe a change. TIAA Henderson is active in Poland and Czech Republic, the two most developed markets in CEE/SEE.

According to Stefan Wundrak an advantage of investments in Czech Republic is that in fact it is a rather small market, but there are less competitors, the market is well developed and transparent, prices and yields are in a range between core Europe and South Europe, and last but

not least German and Austrian banks are ready to finance property investments in Czech Republic.

The Czech real estate market especially was also in the focus of the next panel discussion. In the beginning Kamil Blazek, Chairman of the Steering Committee of the Association for Foreign Investments in Czech Republic, conceded that his country is offering less opportunities than for example Poland, because the real estate market is more saturated, also in the regions. However, Czech Republic is a highly industrialized country. Industrial sector has still a share of 35 – 45 percent of the country's GDP.

Stefan Wundrak did not agree with the statement about the saturated real estate markets, especially not in respect of retail property TIAA Henderson is focused on. For him the problem is much more the municipalities' restrictive approach to new retail areas.

Cyril Dejanovski, General Manager of the Czech VCES Property Development, discovered best opportunities in residential real estate, mainly in Prague. The housing market has been hit strongly by the last economic downturn, but is currently on the rise again. Good opportunities are also offering industrial and logistics market because there has been only little speculative development in the past.

More critical he is about the office market mainly in Prague where speculative developments are increasing.

This statement about the Prague office market Wolfgang G. Lunardon, Member of the Board and CFO of Reico investiční společnost České sporitelny, did not want to let unanswered. Reico is a fund management company "transferring real estate into financial products" and addressing private investors in Czech Republic, who have confidence in the products because of its strong regulations. Reico is mainly investing in existing office buildings in Prague. For Wolfgang G. Lunardon the problem is less an oversupply than a lack of high-quality products. According to him Prague office market is consolidating and thereby some districts are showing themselves successful office locations while others are in an offside position.

GREET Vienna's second day was dedicated to the Balkans. It started with Serbia that actually together with Bosnia was suffering by a disastrous flooding. Therefore at the start of the discussion there was a plea for help because ten thousands of people have lost their home and all their belongings by the natural disaster. But the flooding is not the only reason why Serbia will be one of the biggest construction sites in Europe during the next years. According to Alexander Samonig, Managing Partner of Ecovis SEE and Owner of Ecovis ConFidas, there is a lack of all kinds of real estate. Most recently the government has introduced several reforms to attract international investors, but it will need at least two or three years to show if the measures have been successful.

Confirming this statement Srdjan Vujicic, Director Real Estate Operations of Coreside, Serbia, pointed out that especially for the since long unregulated real estate market there is now a legal framework in place, and still more important: Serbia is meanwhile a politically stable country. However, there is still something to desire. For international investors it is difficult to understand that property prices and the related taxes in Belgrade are de-

pending on the number of built or to build square metres. Another complaint is the administration process: according to Srdjan Vujicic it needs to be more transparent and less complicated and mainly a systematic approach is necessary—administration process should not be connected with persons, but institutions. Then it would also be easier to prevent corruption.

Both, Alexander Petritz, CEO of Institute for Structured Development (ISD) as well as Miodrag Gazibara, Director of Sales and Leasing at Delta Real Estate, agreed that in Belgrade—different to Sofia, Bucharest and Zagreb—the property markets are completely undersupplied. The potential for developments is to illustrate by comparing Vienna and Belgrade: while in Vienna there are five square metres of office space per inhabitant, it is only 0.2 square metres in Belgrade, in a city that by its geographical location is like “a spider in the net between Vienna and Istanbul”. The main problem, Alexander Petritz added, is the difficult, if even possible proof of property ownership, but this obstacle will be overcome during the upcoming months.

Like nearly everywhere retailers are the first movers. For lack of alternatives they often settle in retail parks outside the cities. So e.g. Lidl is present in 15 locations, Carrefour is conducting negotiations about suitable sites, and Kaufland is willing to acquire locations. In addition Srdjan Vujicic mentioned that Dr. Oetker has transferred parts of its production from Hungary to Serbia and that Delhaize has invested nearly EUR 1 billion in a new production facility. Coreside’s Director of Real Estate is convinced that the ‘big names’ will attract others, but he is also aware of the fact that Serbia is still “a high risk country” when it comes to financing.

To listen to what Dr. Erhard Busek, former Vice Chancellor of the Republic of Austria and now Chairman of the Board of Institute for the Danube Region and Central Europe (IDM), had to say about SEE has been a real pleasure. Congenial and able to put things in a historic context by

a few words he gave a short summary of the main characteristics and problems of the SEE countries. In some of them there is still to recognise the influence of the Danube Monarchy. Especially in those countries Austrian investors have been active already before and more than ever after the fall of the Iron Curtain.

He started with Slovenia that “has overstepped the privatisation and has now to



*Heini Staudinger inviting his attendees to sing the song about Sacco and Vanzetti*

pay the bill”. Serbia is on its way to the EU, but here Russian and EU interests are colliding: “In Belgrade each of them, EU, Russia and China are building a bridge over the Danube”, he put the situation in a nutshell. Croatia, meanwhile member of the EU, is a bit lagging behind with privatisation, but the greater problem is the economic difference between the coastal region and the east of the country. Albania he characterised as a “peculiar” country that for long time did not move on; now economic growth seems to start. For Dr. Erhard Busek Montenegro are the “Schlauchern” (Austrian expression for ‘being shrewd’); Russians are bustling there, and although the country has applied for EU membership there is still high need of reforms; furthermore strong clans are dominating the country. Among Dr. Busek’s problem children is Macedonia, in conflict with Greece about its name and economically rather weak; Kosovo, economically developing well, but not recognised as a state by five European countries that have to fight with autonomy movements and are therefore afraid to create a precedent; and Bosnia & Herzegovina where the

‘birth certificate’, the Dayton Agreement, has proved to be an obstacle for the further development of the country. During the following panel discussion the brain drain in SEE came up again, precised in the statement that today Vienna is the second largest Serbian city. “Instead of this brain drain I would prefer brain circulation, because SEE is the link to regions that are much more difficult”, the former Austrian Vice Chancellor added.

Friedrich Wachernig, Member of the Board of S Immo AG, underlined the early activities of Austrian entrepreneurs in SEE. His company was among the first movers in the region. S Immo has focused on the big cities and their investments have been very profitable. However, meanwhile there is a more negative sentiment against these countries and since 2008 there are also to notice not only economic, but political difficulties as well, mainly in Hungary and Bulgaria.

Also since long active in the Balkans is Denis Cupic, Director and Managing Partner of F.O. Development in Croatia. From his point of view there is still too much state regulated. The main cities are doing well, but the problem are the smaller municipalities where it is rather difficult to attract investors.

The finale of GREET Vienna was a keynote of a totally different character: Heini Staudinger, Managing Director of GEA shoe factory and Waldviertler Werkstatt (Waldviertel factory) in Schrems in the underdeveloped Austrian region of Waldviertel, described his way to become a shoe producer, his problems with banks, how he has found a way out of the financing problems by crowd funding and the following conflicts with Austrian Financial Supervisory Authority. He, too, attracted the interest of the attendees that also followed his invitation to sing with him Joan Baez’ song of Sacco and Vanzetti—in the real estate industry a rather seldom experience that gives evidence of the open-mindedness of GREET Vienna’s participants. | Marianne Schulze



## A DELICATE TOPIC: RUSSIA

One of GREET Vienna's main topics has been Russia, in the light of the current conflict about Ukraine not the easiest thing. The Russian 'session' started with the brilliant keynote of Dr. Daniel Thorniley, President of DT-Global Business Consulting and Co-Founder of CEEMA Business Group: eloquent and with Anglo-Saxon humour he was fascinating his attendees. His keynote was headlined "Emerging Markets and CEE", but he mainly concentrated on Russia, embedding the special topic in the context of the global economic situation.

He is not uncritical about Russia, but he emphasises that the huge market—for example for Coca Cola Russia is the second biggest market after the US—has been very profitable for most of the businesses. "And it still is", he added, "despite Russia's shrinking economy and the conflicts about Crimea and Ukraine."

One of the reasons is the significant increase in real income. While in Europe and the US real incomes did hardly increase since many years, they are rising by six to eight percent annually during many years and still with the decline in GDP growth real incomes augmented by three percent per annum. Furthermore, as he has observed Russian people are spending money preferably for Western products. A second reason for the high profitability of business in Russia is that energy cost and wages are significantly lower than in other European countries—a fact that especially for producing companies has a great effect on profit.

He admitted that Russia has a difficult image and that the Ukraine conflict is not really able to improve it. "Russia does

not understand that today real power is not military but economic strength, is not tanks but SMEs", Dr. Daniel Thorniley explained, adding that by economic power Russia would have a much more effective tool to solve its problems with Ukraine, because according to his estimation "Ukraine will be on the loss the next five years".

What has been implied in this keynote speech was expressed directly during the following panel discussion: both, Anna Zeitlinger, Partner and Head of Russian & CIS Desk of law firm Lansky, Ganzger + Partner, as well as Ilja Veselov, Director of the Agency for Regional Development, Kaluga Region, stated that policies is policies but business is still business and both are different kettle of fish. Some have not been 'amused' about this statement, but in a realistic view business has never been idealistic but always profit oriented.

Ilja Veselov presented Kaluga, a city and region southwest of Moscow. Here more than 100 international companies have invested USD 7.7 billion, among them well-known names like Volkswagen, Volvo, Peugeot and Mitsubishi, but as well Samsung and most recently Berlin-Chemie and Lafarge. Opportunities in Kaluga especially for the real estate industry are office buildings, warehouse and logistics, residential real estate, hotels and developments in the recreational and entertainment sector.

Because meanwhile many of the 'big players' are already active in Russia, investment initiatives are targeting more and more SMEs, but as Ilja Veselov conceded for them an engagement in Russia is more sensible. Asked about



*The participants of the Russian panel with moderator Andreas Schiller.*

the Do's and Don'ts of international activities in Russia, Anna Zeitlinger mentioned a proper evaluation of the market as indispensable. Furthermore it is advisable to find a reliable Russian partner and to get in contact and stay in touch with local businesspersons and the respective associations. Important is to be properly legal secured, although she has to concede that legal insecurity is mentioned as a great obstacle by some international investors in Russia. And a bit surprising she added that international companies expanding into Russia should create a positive impact and made it seen.

Since some years active in Russia is the Austrian Immofinanz AG holding a portfolio of five shopping centres in Moscow already developed or still under development. Also for Andreas Thamm, Director Development of Immofinanz, the Ukraine conflict is no reason to leave the Russian market, but he admitted that the political turbulences have their impact, mainly on the leasing business because international retailers put their expansion plans partly on hold. Asked about the Rubel depreciation that caused a significant increase in rents for tenants because rents in international shopping centres are mostly paid in EUR or USD, he referred to similar experiences in the 2008 crisis and added: "We try to find a solution from case to case." (MS)

# FIABCI WORLD CONGRESS IN LUXEMBOURG

FIABCI, the International Real Estate Federation, has completed its World Congress in Luxembourg from May 17 to 22, 2014. This was FIABCI's 65th World Congress, which annually attracts global real estate professionals.

FIABCI 2014 World Congress included over 1,000 attendees who participated in opportunities to network, build business, share experiences, advance industry knowledge and stimulate conversations.

During these six days, Luxembourg guests of honour included His Royal Highness Grand Duke Henri of Luxembourg, François Bausch, Minister of Sustainable Development and Infrastructures, Pierre Gramegna, Minister of Finances, Lydie Polfer, Mayor of Luxembourg City and Maggy Nagel, Minister of Housing.

This year's World Congress theme focused on „Building Humanity“. Each day of the meeting was tailored to highlight specific topics designed to stimulate conversations including: „Architecture & Urban Design“, „Cities & Technologies“, „Real Estate Opportunities“, and „Finance & Tax“.

Several renowned experts and internationally recognized business leaders from the global real estate and development industries led the discussions and presented information and cutting-edge ideas that coincided with the theme. Presenters included Jeremy Rifkin, an economic and social theorist, who delivered the keynote address and discussed his recent book, „The Third Industrial Revolution“. He is the President of the „Foundation on Economic Trends“ and an author of 19 books that focus on the impact of scientific and technological changes in the economy, the workforce, society and the environment.

Zhang Yue, Chairman and President of Broad Group, led a discussion on



*Venue of FIABCI World Congress has been the Luxembourg conference centre NCKK.*

the topic of: „The mission of architects“. Zhang Yue is internationally known as the man who built a 30-story building in only 15 days. There was also a presentation by the Honorable Michael Jeffery, Former Governor General of Australia and Founder and Chairman of Future Directions International, and Paul James, Professor of the RMIT Global Cities Institute and Director of the UN Global Compact Cities Programme who led a workshop on: „Sustainability, Cleaner Environments and Friendly Alternatives“.

The FIABCI World Congress also provided an abundance of informative panel discussions and workshops from leading real estate thought leaders throughout the world including a „City Panorama“ with Taichung City Mayor Jason Hu and Budapest Chief Architect Eva Beleznyay.

In addition, the FIABCI World Congress provided a broad range of international marketing sessions, as well as recreational and study tours in which participants saw, experienced and heard about local culture and important real estate, landscape and development projects in Luxembourg.

FIABCI Meet & Match initiative enabled participants to connect with professionals based on their personal and business profiles and interests to generate new leads and benefit from the great business expertise at the World Congress.

During the closing ceremonies of the World Congress, the FIABCI World Presidency was transferred from Flavio Gonzaga Nunes (Brazil) to Robyn Waters (Australia). In fact, Australia was well represented at this year's FIABCI World Congress with over 50 attendees, including FIABCI long-term member and father of the new FIABCI World President, Barry Waters.

Another highlight of the FIABCI World Congress included the signing of an official agreement of cooperation between FIABCI and the United Nations Global Compact Cities Programme. The agreement confirmed a strategic collaboration that began earlier this year in Dubai to write a Charter for Sustainable Property Development and to develop a set of associated tools and assessment processes. | **Charlotte Boutelier**

## THE CITY'S FUTURE IS 'SMART'



*Real Corp is the annual conference of international urban and regional planners to discuss findings and new ideas.*

**In May in Vienna the 19th Real Corp took place. The conference headlined "Plan it smart – Clever solutions for smart cities" attracted about 300 urban and regional planners from all over the world to come to the Austrian capital city to present and discuss ideas, research tools and findings.**

Besides a multitude of special research and its results (all papers can be downloaded at [www.corp.at](http://www.corp.at)) it were mainly the more general keynotes and discussions about "Smart Cities" in the plenum that were of interest not only for urban and regional planners. In his welcome and opening speech Manfred Schrenk, driver and organiser of Real Corp, pointed to the fact that modern technologies did not only change planning tools, but cities and urban life as well. As today 'smart' phones are nearly the standard, also cities will become 'smart'. The term 'smart cities' is not really brand-new, but it seems to be en vogue now. But what does smartness of cities mean?

A first answer of the question 'What is smart?' was presented by Thomas Madreiter, Planning Director of the City of Vienna. The Austrian capital city is already 'smart' in certain aspects because in respective city rankings Vienna is always a forerunner, "and this position we want to keep", Thomas Madreiter said.

At the start of his presentation Vienna's Planning Director put the question: "Why cities worldwide should discuss 'Smart City'?" The answer is generally known: The fight against climate change will be won or lost in urban areas, not in rural regions from where more and more people are relocating to the cities. The EU climate targets are requiring a decrease in greenhouse gas emissions by 20 percent till 2020, by 40 percent till 2030 and by 60 percent till 2040. State-of-the-art technologies can help to meet these targets, but from Thomas Madreiter's point of view it is not only a technical problem but a social challenge as well. "You have to involve people, because people make

change happen", he explained. "Only smart citizens build smart cities", he added. Increasing energy prices can have an influence of human behaviour in the sense that everybody is more aware of energy consumption, but this increase also causes social hardships. In this point the City of Vienna has an advantage by its high share of social housing in the residential stock and is able to promote the respective improvements not only in new developments like the Seestadt Aspern but also in the building stock.

Another point is the change in the economic basis of the city. In Vienna the change is already taking place with an increasing number of companies and institutions from the research and development sector.

A challenge Vienna has to face is its demographic development. Currently the city has 1.7 million inhabitants, about 150.000 more than ten years ago, and latest by 2050 population will pass the





*The opening of Real Corp: Thomas Madreiter presented "Smart City Wien".*

2-million line. People need space to live, but for Vienna it is no option to enlarge the city by reducing green areas. A planning principle is to prioritise urban renewal over urban expansion and to preserve as far as possible the green areas that count for almost 50 percent of the city area. And together with the above-mentioned principle another one is the guideline of urban planning in Vienna: development along the axes of public transport, or in other words: new quarters have to be well connected with the public transport network.

In terms of transportation Vienna is already well developed. It is easy to be mobile by feet, by bicycle and by public transport. Today individual traffic by car has a share in the modal split of only 27 percent and should be diminished by further seven percent in 2025.

Thomas Madreiter defined urban planning as a look for ways and solutions to improve the quality of life in the city, and added: "Smart cities require a holistic approach." What is also necessary is the active participation of and the discussion with stakeholders, although sometimes urban planners have first to convince people to cooperate. Furthermore in the City of Vienna there is strong commitment to inclusion. And diversity management is an important planning principle.

The programme "Smart City Wien" started in 2011. On top there is a 'Vision 2050', followed by a 'Roadmap 2020' and an

'Action Plan 2015'. The strategy to implement the "Smart City Programme" is an integrative planning approach according to 'smart' principles. This integrative approach comprise the Urban Development Plan as well as the Mobility Masterplan, the Climate Protection Plan and the Urban Energy Efficiency Programme.

An urban development where all these plans and programmes are implemented and that gives a first impression of what a 'smart city' can be is Seestadt Aspern. On the site of a former airport a new district is emerging with buildings according to passive house standards, using only renewable energies like wind and sun, and with net zero CO<sub>2</sub> emissions. The district has only a few individual car parking lots, but a car-sharing system and a direct connection to the underground-net.

Following the presentation of a "Smart City" it was Judith Ryser from CityScope Europe, London, who had a closer and critical look at the adjective 'smart'. Currently 'smart' is the flavour of the season and seems to have displaced the broad range of adjective we all have already heard: eco, intelligent, sustainable, resilient, innovative, competitive ... "Originally 'smart' meant a person who is streetwise, commonsensically clever, astute, even canning. The fact is though that a human being can be smart, but not a material object like a city, a utility, a technology, whatever", she explained. But that is true also for other adjectives: it is popular to

speak about "intelligent buildings" but a building can never be intelligent, as state-of-art its technical equipments are. Therefore the definition and use of 'smart city' remains fuzzy for Judith Ryser, "albeit a possible advantage in disguise".

Who has a big interest in 'smart cities' is the ICT industry that has developed and is still developing remote control and monitoring devices related to energy or other resource consuming urban activities. This interest in implementing all the tools that can help to reduce energy and other resource consumption is per se not negative. What according to Judith Ryser is more problematic is the fact that by these devices a huge amount of data is collected and transmitted—data from the city in general as well as from single buildings and perhaps from single residential units. Decisive is the question who finally have all these data at his disposal, who can control them and who is using these data for which reasons. Also at Real Corp in Vienna there was often to hear the sentence "bottom-up instead of top-down", but reality seems to be a bit different thinking of the difficulties to force global private companies to accept at least some basics of privacy and individual control of personal data. And in smart cities the inhabitants will hardly have insight in the collected data, not to mention any kind of control on it.

Cities and planners, however, have a significant wider understanding and definition of 'smart cities', as the explanations of Thomas Madreiter has already demonstrated. They emphasise the quality of knowledge communication and social infrastructure, of the economic basis and of the quality of urban life, and put high value on participation of the citizens in decision process about the further development of their city. Strictly speaking these principles are basics for urban planners since long when cities did not want to be 'smart' but wanted to develop successfully to be fit for the future. Therefore there is to query if the adjective 'smart' is something like 'the emperor's news clothes' and again a special label, similar to the green certificates for buildings. | **Christiane Leuschner**

## GREEN SUMMIT IN LIECHTENSTEIN: SMALL, BUT EXCELLENT

During June 6 and 7, 2014, the University of Liechtenstein has been venue of the "Green Summit 2014". The first day, the Green Development Summit, was dedicated to the "Region of the Future". It was the mixture of academic research and examples from practical business that made the event interesting and offering new perspectives.

To start with two stereotypes: Who tells that he will go to Liechtenstein is immediately confronted with the question: "To bring your money outside?". It has been the tax affair 2008 in Germany causing suspicion in many European countries and in the USA and Australia as well that Liechtenstein and its banks are abetting tax evasion. Political pressure was high and resulted in a fundamental change in the financial centre Liechtenstein. In November 2013 the government signed an international convention on Mutual Administrative Assistance in Tax Matters. Less known is that the change has resulted in the loss of some thousand jobs, a high tribute for a small country with some 37,000 inhabitants.

Answering that the reason for travelling to Liechtenstein is a Green Summit, again the consequence is a doubtful look. 'Green' and 'sustainability' have meanwhile become buzzwords. Hearing them many people are only waving off, because events on this topic are ten a penny and mostly 'green' and 'sustainable' are used as marketing tools.

Green Summit 2014 in Liechtenstein has been organised by the local university and receives support of the Government of the Principality of Liechtenstein, international sponsors and the European Union. About 200 visitors mainly from Switzerland and Liechtenstein, Germany and Austria but



*Real campus atmosphere: Green Summit 2014 in Liechtenstein*

from other European countries as well came together at the relatively small, but by its content excellent event. The congress has been founded in 2008, at first as a biannual event. In 2013 the Faculty of Architecture and Civil Engineering celebrated its 50th anniversary—a reason to break the biannual frequency, so that since 2012 the Green Summit took place annually. If this annual frequency will establish is still an open question, but if not next year, then latest in 2016 the Green Summit will take place in Liechtenstein again.

What made the congress really interesting was the broad range of topics and different to many other academic events the close relation to the practical business. The presentations and discussions have not only been about energy efficiency although in the light of climate change the topic is a crucial one, but also about questions of identity, quality of life, economic, social and cultural conditions, resilience, participation and the renaturation where nature has been nearly destroyed by the many differ-

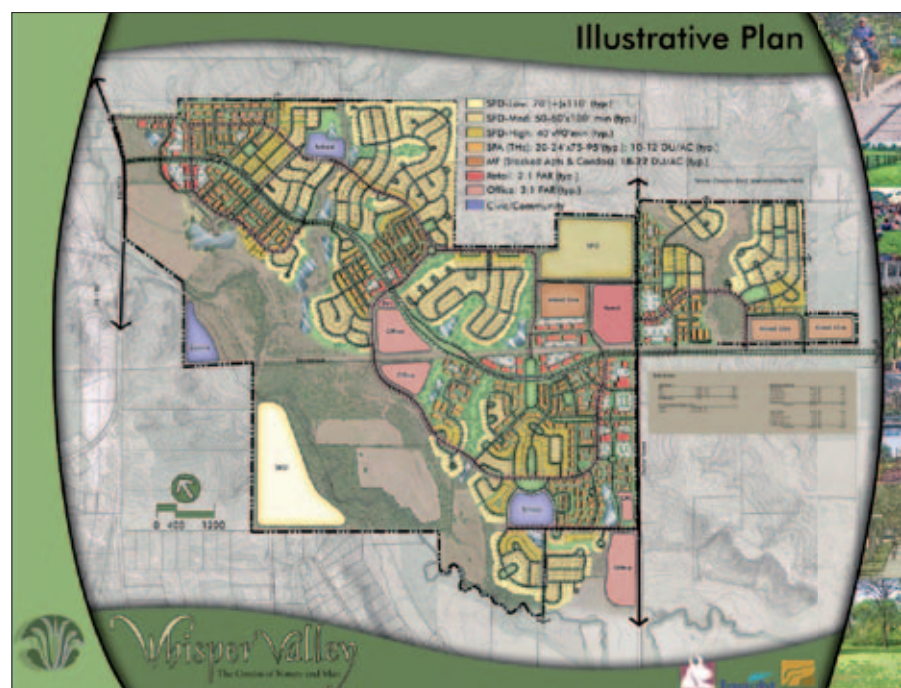
ent requirements of human beings who are now complaining about it, e.g. in the ecologically sensible Alps region.

What is rarely mentioned at 'green' events: that the general Western way of life is no longer to keep and that we are already at the point where we do not only utilise but strongly overstrain our planet by far. In Liechtenstein this fact was part of

ing land consumption, the sealing of "biologically productive land" that could contribute to the recycling of waste into new resources. This ecological footprint can be made available not only world- and country-wide but also for regions and cities.

A way to keep the ecological footprint smaller can be to return to a local and regional instead of a global economy

be enough to have certain things available if needed. The best example is the car-sharing system that is gaining importance and is more and more a sought-after alternative for owning a car. As well all agreed in Liechtenstein that ecological awareness is nothing to order top-down, but people have to be integrated in the necessary change process and have to learn step by step.



*Whisper Valley in Austin, Texas has to meet strict environmental standards.*

the presentations and discussion, not only once, but repeatedly.

The most impressive demonstration has been the presentation of research economist Dr. Nicole Grunewald from Global Footprint Network. She is not only analysing the often cited carbon footprint but the ecological footprint in general with the result that already today the humankind is utilizing the resources of 1.5 planets. If all people in the world have a living standard as the average Swiss, it would be even 2.4 planets. Furthermore we transfer much more resources into waste than this amount of waste can be recycled into new resources. That is not only true for CO<sub>2</sub> emissions but as well for the increas-

as Dr. Ulf Hahne, Director of the Institute for Urban Development at the University of Kassel emphasised in his presentation about "New regional strategies: paradigms of resilience". Climate change has already its impact—an example is the disastrous flooding that should take place only every 100 years but is now happening in much shorter intervals. These natural disasters are mostly accompanied by a severe economic drop. The question is how to make cities and regions resilient against natural dangers and economic slumps to limit the negative effects.

Another keyword often cited has been 'sharing economy'. Not everybody needs all on his own. For many people it would

How this 'learning process' can be promoted practically by the real estate industry two examples from the USA have demonstrated. Different to many European countries where a house is constructed or acquired 'for life' and even longer the volatility on the residential market in the USA is much higher. Furthermore the USA—again in contrast to Europe—have population growth. So they need a lot of new houses and residential units. Only in 2013 about 1 million residential units have been constructed, as Axel Lerche, CEO of EcoSmart Solutions, explained. About 25 percent of these are realised by only ten builders.

EcoSmart Solutions, a new affiliate of Taurus Investment Holdings in the USA, in cooperation with the German companies Bosch and Rehau, is developing the first residential settlement on passive house standards in Austin, Texas. The project Whisper Valley comprises 7,500 family and town houses, more than 185,000 square metres of office and retail space and 283 hectares parks and public space as well. Strictly spoken it is less a 'settlement' than a large-scale urban development that will be completed by 2016.

It is true that Austin has quite strict environmental specifications and a growing job market and the respective growth in population is putting high pressure on the residential market. However, a project like Whisper Valley has to overcome two obstacles: "Americans have a certain amount of money available to buy a home", explained Axel Lerche. "Although they are open to environmental issues and would prefer an energy efficient or passive house, they often cannot afford the higher





Discussions continued during the breaks. Mike Page (right) presented 'Cube', an energy-neutral micro-house for singles.

price for these houses." And he continues: "The second obstacle is the reluctance to handle the more complicated control technology of passive house buildings: people are afraid of higher maintenance costs."

With both obstacles the bars have been lowered: The first measure is to sell the houses and apartments at 'normal' prices so that the end-user's investment is the same in these state-of-art houses as in 'traditional' buildings. Therefore the buyer pays a fixed fee for 25 years that is equivalent to the energy savings. Also if energy prices will go up in future—and for sure they will do—the fee remains the same. And to appease concerns about the more complicated technology there will be an extended warranty and service for the passive houses. However, there is still a third argument to convince people: with increasing energy prices the resale value of a house or apartment in passive house standard will be higher than of conventional residential real estate that will lose value because of being high energy consuming.

These solutions mean higher investment for the developer because he has to pay in advance for the state-of-art houses and will regain the money only step by step. This developer's problem Taurus has solved by the issue of bonds.

What makes the project impressing is not the use of solar and geothermal energy

nor the fact that carports are equipped with charging stations for electric vehicles. Today's technology is offering a lot of possibilities and they all have their price. It is more the concept to make passive houses for end-users attractive and above all affordable. Especially in countries with high demand in large-scale residential construction investors and builders should develop such concepts for making sustainable buildings attractive to people instead of constructing residential housing that will be obsolete in ten years.

While Whisper Valley will be developed in the open countryside, Harlem in New York is quite the contrary: the high-density borough in Manhattan district has been characterized by crime and poverty for a long time, but since the end of the 20th century an urban renewal and gentrification takes place. In this urban renewal involved is Synapse Capital developing in Harlem the first passive house in Manhattan and the first passive apartment building in New York.

Also Albert Picallo, Partner of Synapse Capital, pointed to the fact that rents for the about 40 residential units to be completed by 2016 are in the range of what is usual in the market. In other words: Here again the developer has found solutions that do not make energy efficient buildings more expensive than other housing constructions.

However, the solution of the energy question can be only one aspect of sustainable spatial and settlement development, as Simon Winker, Head of Acquisitions and Customer Solutions of Implenia Schweiz AG and Lecturer of Responsible Property Development at the University of Liechtenstein emphasised. It is also important to develop user-oriented and sustainable concepts. He pointed to the changes in society and that for example today in some cities more than 50 percent of all households are consisting of only one single person. That means that dwellings like 50 years ago are less in demand and developers have to offer other concepts. In this context he mentioned, among others, concepts of Co-Housing and Multi-Generation-Living. Other keywords have been urban gardening and co-working spaces, internet hubs where freelancers, creative people, small start-ups or digital nomads meet to work independent from each other.

In a fundamental aspect Simon Winker agreed with Mike Page, Reader in Psychology at the University of Herfordshire, who has received a first degree in Engineering Science and today focuses on pro-environmental behaviour change: It is important to call not only for reason but also for emotions to convince people. Or in other words: Intellectual insight is not enough to change the environmental behaviour, the change has to be linked with positive feelings. | **Marianne Schulze**

## FOR YOUR PLANNING

When	What about	Where	Information and registration
8. – 10. September 2014	ProEstate 2014 International Real Estate Investment Forum	Expo Centr, Moscow, Russia	<a href="http://www.proestate.ru">www.proestate.ru</a>
28. – 30. September 2014	10. Conference of European Regions and Cities: "Europe 2050: Overcrowded Cities – Empty Provinces?"	City Hall of Vienna, Austria	<a href="http://www.institut-ire.eu">www.institut-ire.eu</a>
6. – 8. October 2014	Expo Real 17. International Trade Fair for Property and Investment	New Munich Trade Fair, Munich, Germany	<a href="http://www.exporeal.net">www.exporeal.net</a>
17. October 2014	ERES Industry Seminar "Re-capitalising the Recovery of the Real Estate Market in Ireland: Lessons for Europe"	Titanic Belfast, Northern Ireland	<a href="http://www.ulster.ac.uk/eres/">www.ulster.ac.uk/eres/</a>
18. – 22. November 2014	16. Frankfurt Euro Finance Week	Congress Center Messe Frankfurt, Ludwig-Erhard- Anlage 1, Frankfurt am Main, Germany	<a href="http://www.malekigroup.com">www.malekigroup.com</a>
19. – 21. November 2014	Mapic – The International Retail Property Market	Palais des Festivals, Cannes, France	<a href="http://www.mapic.com">www.mapic.com</a>
10. – 13. March 2015	Mipim	Palais des Festivals, Cannes, France	<a href="http://www.mipim.com">www.mipim.com</a>
26. March 2015	European Shopping Center Symposium	Vienna, Austria	<a href="http://www.shoppingcentersymposium.eu">www.shoppingcentersymposium.eu</a>
20. – 21. May 2015	Global Real Estate & Economic Talks GREET Vienna	Palais Niederösterreich, Herrngasse 13, Vienna, Austria	<a href="http://www.greetvienna.com">www.greetvienna.com</a>

## TO DISCOVER HIDDEN PEARLS IN VIENNA

Vienna is more than the common tourist highlights in the inner district. But here also there is much to discover that is not even mentioned in most of the tourist guides. "Unbekanntes Wien" (Unknown Vienna) is a book that points to these more or less hidden 'pearls'. It is written by the Viennese historian Isabella Ackerl and comprises pictures of the architecture photographer Harald Jahn.

Subdivided in 16 chapters Isabella Ackerl describes 95 specialities whose origins range from ancient times to the beginning of modern age, from baroque, the period of promoterism and Art Nouveau to contemporary history. The book gives examples of representative architecture in the past to social housing during the period of Austromarxism, it refers to special coffee houses and to special museums like the Museum of Crime. A chapter about entertainment and leisure shows that Vienna has more on offer than the Prater: e.g. there is also the charmingly old-fashioned Bohemian Prater, well-known to Viennese people, but rarely visited by tourists. A special topic in Vienna are also the cemeteries who are telling a lot about the city's history.

But the book is not only looking into the past: one chapter is about public transport

means, another one is named "Light and Dark" discovering secret passages below Vienna's famous Ring Boulevard, and following Harry Lime, the black marketer in the film "The Third Man", literally into the underworld of the city.

What makes the book really interesting: Even who often has been walking through the streets of Vienna has to state that he has passed many 'pearls' of the city more or less without recognizing them. And a special charm is that all the 'pearls' and special features are embedded in the context of history and city development. The reader does not only learn something about the originator or creator and his times, but also many stories connected with the respective object. By this way and nearly 'en passant' a vivid picture of the development of Vienna and of a broad range of famous personalities forming the city's face. An index at the end of the books makes it easy to find again all the mentioned persons and to link them with the different topics.

It is a bit a pity that the book is published only in German, mainly considering the fact that Vienna is also internationally one of the most sought-after tourist destination and a city inviting also those who are only for some days and for business reasons in Vienna to stroll around.



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*Verborgene Schönheit –*  
*Schimmernde Pracht*  
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 Lohplatz 13, D-51465 Bergisch Gladbach

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**UID:** DE270670378

**T:** +49 22 02 989 10 80

**F:** +49 22 02 989 10 81

**E:** [office@schillerpublishing.de](mailto:office@schillerpublishing.de)

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