

www.pfeurope.eu

PROPERTY INVESTOR EUROPE

THE MONTHLY REAL ESTATE MAGAZINE OF PROPERTY FINANCE EUROPE

Edition 115, April 2009

Single issue €45/£40/\$55

Spring in Europe but few property green shoots yet

Real estate in mainland Europe struggles to emerge into spring bloom as bank credit continues its winter sleep



INSIDE »»



Franz Jurkowitsch, CEO of Vienna's Warimpex, says developments continue despite crisis, watches for distressed, incomplete projects



Germany's DekaBank could boost property funds to €20bn this year, says real estate board member Matthias Danne. But buying isn't easy.



Michele Cibrario, Italian CEO of BNP Paribas REIM, says Italy's listed funds offer good opportunities but few foreigners are investing



Bruno Ettenauer, at Austria's CA Immo, eyes €300m investment this year, mainly in west Germany after group loss in 2008

FLAG

Operating Office/Enquiries

Property Finance Europe
An der Welle 4, 60322 Frankfurt am Main
Germany, Switchboard tel. +49 69 7593 8566,
Fax +49 6101 813 405, Email: info@pfeurope.eu

Managing Editor / Director

Allan Saunderson, editor@pfeurope.eu
Cell. +49 172 672 3938

Publisher

Richard Betts, publisher@pfeurope.eu
Tel. +44 20 8340 4328, Cell. +44 780 393 8659

Co-Publisher

Gaby Wagner, business@pfeurope.eu
Cell. +49 173 3177191

Sales Manager, Germany/Italy

Thorsten Herbert, market@pfeurope.eu
Cell. +49 170 4798793

Deputy Office Manager

Vanesha Pillay-Müller, service@pfeurope.eu

News Editor

Sharman Esarey, news-editor@pfeurope.eu
Cell. +43 676 921 1796

Editor, Germany

Allan Saunderson, news-germany@pfeurope.eu

Editor, France

Lucy Letellier, news-france@pfeurope.eu

Editor, Spain

Stan Dickens, news-spain@pfeurope.eu

Editor, Italy

Janet Piccardi, news-Italy@pfeurope.eu

Editor, Central/Eastern Europe

Caroline Studdert, news-cee@pfeurope.eu

Manager, Subscriptions

Richard Betts, subscriptions@pfeurope.eu,
Tel. +44 780 393 8659

Graphic Design

[designed by] christian harnoth,
info@christianharnoth.de, design@pfeurope.eu

Publishing company

PFE GmbH, Frankfurt, Germany

If you are a company, an institution or an investor active in European real estate, PFE is interested in your information.

Please send all your media announcements on continental European real estate investment to the PFE newline:

news@pfeurope.eu

PROPERTY FINANCE EUROPE is published on Mondays from Frankfurt am Main, Germany, in print and online. PFE is independent of investing or selling institutions. Information it contains is under copyright protection and is based on sources believed to be reliable, though their complete accuracy cannot be fully guaranteed. Neither the information in PFE nor the opinions expressed constitute or are to be construed as an offer or solicitation of an offer to buy or sell investments. PFE accepts no liability for actions based on the information herein.

ISSN 1748-8281 (print) ISSN 1748-829X (online)

© 2009 PROPERTY FINANCE EUROPE

www.pfeurope.eu **PROPERTY FINANCE EUROPE**

3,000 print issues audited by



Photo cover page: www.istockphoto.com



Spring has sprung, but has anyone told property players?

Welcome to the third Edition of Property Investor Europe from the Property Finance Europe team, and it is one truly packed with news and information aimed to help you identify rewards and risks in this industry on the European continent. Keep in mind that our PIE is a component part of the PFE/PIE output designed to provide regular and maximum value-add, casting light on a regional industry that deserves our illumination. This issue doubles as a forward look at spring and the sector in general, coupled with a brisk backwards glance at MIPIM 2009 in Cannes - and where the industry is in the eyes of many attendees.

This PIE brings good news and, yes, some bad news for companies attempting to Manage The Crisis, and then a number of views and opinions out of MIPIM as well as a collage of pictures, bringing some of the flavour of this year's event. We split our cover interviews to encompass three important players in different nations in the industry, Franz Jurkowitsch, founder and CEO of CEE hotel developer Warimpex, DekaBank's Matthias Danne, deploying an embarrassment of riches from enthusiastic savings bank property investors, and Michele Cibrario, the guiding hand at BNP Paribas REIM in Milan, who sees promising signs for investors in his country. Guest Columns are in from our experts: Peter Barkow on listed property, Alec Emmott on the wisdom of a new commercial rental index in France, Giacomo Morri, fine-combing the 2008 results of Italian property firms to see where that path leads, and Andreas Schiller, who says Russian players and their market are becoming much more professional and less attached to megayachts and ostentation. Take a squint too at the Norway Fund item on p36, which first ran a couple of PFEs ago. The €13bn headed for European real estate is must-know information and, who knows, you may have blinked!

My usual reminder to make sure we receive news about your real estate company, your project, or your plans on our newline: news@pfeurope.eu. Yes, we write in English but that does not mean we write only about UK property. Yes, we are based in Frankfurt but Germany is not the only nation in Europe. French, Italian and Spanish players, please note!

Allan Saunderson, Managing Editor



16
PAGE



10
PAGE



06
PAGE

Contents – April 2009

16 Cover Interviews

Franz Jurkowitsch, CEO Warimpex; DekaBank Board Director Matthias Danne; Michele Cibrario, CEO, BNP Paribas REIM Italy

6 Managing the crisis

IVG slumps to loss, alters model; Deutsche Wohnen in deep loss, strengthens operations; Spain's Inversegueros freezes 2nd fund

10 The Property Conferences

Traditional RE owners drop back; France to exit crisis via housing-Devedjian; Investors look to W. Europe for transparency

22 Listed Real Estate

Eurosic in €104m loss, cash flow rises; Mercialys' Casino tie-up keeps 2008 steady; Fortress' GAGFAH stock soars on earnings

28 Property Funds

Catalyst in €229m close of European Fund; BNP Paribas RE net slides 26%; French REIT FdR to create institutional OPCI

34 Residential Property

German housing heads to deficit; Hines, Calpers cut Spanish 'costas' target; German home-ownership stable at 43%

38 Emerging eastern europe

Czech Finep launches distressed funds; S+B continues in Romania without Immoeast; Tishman freezes some SEE, opens Sofia Airport

42 Reports/Studies

Job cuts to limit office take-up; Spain IPD slumps to negative return; Industrial/logistics takes larger share-CBRE

Guest Columns

- 8 Alec Emmott, Europroperty Consulting, Paris
- 24 Peter Barkow, Real Estate Equity Analyst
- 35 Giacomo Morri, SDA Bocconi Director
- 40 Andreas Schiller, Competence Circle

3 Editorial

3 Flag

4 Contents

21 Bulletin Board

32 Charts

45 People

46 Forward thinking



40
PAGE

southeast Europe and all future investment projects for Bulgaria and Romania. But it has completed the first two buildings at Sofia Airport Center and will not withdraw from the €250m project, a 50/50 joint venture with GE Real Estate Central & Eastern Europe.

In Romania, Tishman was forced to withdraw from its Cluj-Napoca project after unsuccessful talks, but MD Julian Edwards told the PropertyXpress portal it expects to restart in Plovdiv and Varna after stabilisation of the local market. Supplementary projects

for Romania estimated at €500m, and for Bulgaria estimated at €170m have now been frozen.

At the Sofia Airport Center Logistics Centre, the warehouse space in the completed Building 1 and 2 is already 100% leased and the office space in the two buildings over 50% leased. The third Logistics Center building is scheduled for May, bringing the total to 27,000 sq.m. Tishman International is a subsidiary of the Tishman Speyer group. ■ pie



GUEST COLUMN

Russia takes a more professional approach to MIPIM 2009

by Andreas Schiller

Nobody missed the Russian who, last year, came with his wife in fur and his mistress in mini-skirt, one German journalist at MIPIM 2009 told me. He was happy to see the absence of Russian oligarchs' mega-yachts on the bay and deficit of megaposters disfiguring luxury hotel facades along the Croisette. However I remain amazed at the contrast between perception and fact of many at MIPIM, even this year. In fact, there was a significant decline in Russian participation – along with other national delegations – but this reduced presence had its positive results. DEGI Research head Thomas Beyerle said the biggest surprise was the Russian presences. Strapped by the market downturn, one realised in talks and panels how markets and persons in the nation are moving to mature from their former 'emerging' character. "Realism is coming back, combined with the knowledge that no European can miss out these markets," Beyerle said. "The crisis has had a positive impact on market transparency and professionalism for the next years."

This could be seen very well during the Cannes Session of Investors Club of The Guild of Managers and Developers of Real Estate in the Russian Federation, in which Beyerle was one of the panellists. Beside him were Thomas Hoeller of Pramerica, Thomas Erdmann of Europolis, as

well as Eurohypo's Markus Leininger and Geomar and World Cargo Center's Markus Wolf. Discussion partners included Andrey Barinskyj, President of Moscow's Forum Properties, Venjamin Golubitsky, President of Renova Stroygroup, and Vladimir Ivanov, Managing Partner of Spectrum Group. And it was fascinating to see how close the switch in ideas has been between Russian and German or Austrian players. Panellist Alexey Schukin, real estate correspondent at Russian economics magazine Expert, cited the growing importance of urban development infrastructure. "In Russia there is no overspill with residential and Class-A-buildings. This is a big difference to other countries," he told said. Schukin points to the importance of combining ecological and economical success in the future. The spectrum of discussion ranged from Metropolliya at Moscow City stand, a large mixed-use project including new hotels with business class standard. It fits neatly into the long-time existing plans of the Department for Moscow Hotel Industry Coordination and Moscow Government Administration for the hotel development. And it extended to new logistics plans for the Nizhny Novgorod region – just to mention two projects. As many times before, Krasnodar region showed a strong presence, and from year to year it also becomes more professional. This is building confidence because the Sochi 2014 Olympic Winter Games was a

clear focus, and it is not only the interest of the region but of Russia in general to make it a success. Thus, Russian Deputy Prime Minister Dmitry Kozak personally presented investments opportunities for and after Sochi 2014.

Not that easy to find were the stand of Saint Petersburg at Lerins Hall on top of Espace Riviera, and the stand of Moscow Region above the main entrance of the Palais des Festivals. Nevertheless, both stands were definitely worth a visit. Saint Petersburg was represented by Vice-Governor Yuri Molchanov and his team, and Moscow Region by Vice-Governor Igor Parholmenko and his crew. The presence of both demonstrated, as with other cities and regions, the public-private partnership aspect of many projects in Russia. Rublyovo-Arkhangelskoye presented at the Moscow stand, for example, a new complete city being built on 430 ha of land just 3km from Moscow city borders to the prestigious West. Main shareholder Mikail Shishkhanov personally informed about this ambitious. Not three but 300km away from Moscow, the Ivanovo region presented their investment infrastructure as well as new plans dedicated to the two clusters textile industry and tourism. ■ as

Andreas Schiller can be reached at schiller.a@t-online.de

Photo: www.istockphoto.com