www.haufe.de/immobilien

03
2018

immobilien wirtschaft

THE GERMAN
REAL ESTATE NETWORK

mipim extra

INFOGRAFIC Investment Opportunities in the German Hotel Sector

GERMAN MARKET
In the Tense Atmosphere of Politics

PROPTECH SCENE
Germany has no Reason to Hide

THE TRENDS IN ALL ASSET CLASSES

GERMANY 2018

Real Estate Investment Market

HAUFE.

Laura Henkel,
Responsible Online Editor
Editor of "Immobilienwirtschaft"

Market Correction Becoming Increasingly Likely

Dear Readers,

In the race for the favor of international investors, Germany is among the preferred European locations – despite rising prices and despite the political instability of the last six months.
There is always movement in the real estate market even in the tense atmosphere of politics. Germany with its federal structure is a special case and presents international investors with special challenges. Professor Dr. Michael Voigtländer of the German Economic Institute sums up what foreign investors in residential housing need to keep in mind (p. 12-17).
With the popularity of German real estate and the scarce supply, prices not only rise, yields also drop at the same time. According to the latest Union Investment survey, many investors do not believe that they will meet their return targets in the next years.
Prime rents are under pressure in the office segment. If this trend continues, the yield level will still fall below the ten-year average, Ralf Fröba of Bulwiengesa predicts (p. 30-31). Since a rate hike by the ECB is not expected for this year, prices for commercial properties will continue to rise.
There are high hopes for the asset class of logistics properties. Colliers sees a lot of potential here (p. 26-28). The growing e-commerce sector is stimulating demand. However, property developments and new space entering the market in Germany are struggling with demand, which is why forward funding is becoming increasingly important in the logistics investment market.
Wüst & Partner expects added value in the hotel segment, particularly in B locations (p. 34-36). However, an increasing number of warnings are being voiced. Experts warn that in one to three years, numerous hotel construction projects will be completed, which could lead to an expansion of capacity. If there is a downturn in the economy, this could lead to a turning point in this asset class.
Just exactly when the boom comes to an end will again be hotly discussed at MIPIM. We have captured the mood of fair participants in our Trade Fair Special (p. 40-45).
As always, there are a lot of theories, but Nikolai Dëus-von Homeyer of NAS Invest is certain: Every year that the high continues in the real estate sector makes a market correction even more likely.

I wish you an exciting read.

Yours,

Laura Henkel

12

GERMAN POLITICS & ECONOMY
The German real estate market is experiencing a remarkable boom. Due to the high level of migration in recent years and the robust economy, demand for both residential and commercial properties is very high, especially in big cities.

32

STILL LIVELY AND OF INTEREST
But retailers and city centres have to adapt to the changing circumstances. Therefore it needs greater emphasis on the presentation of goods allowing them to be really experienced by customers. And it needs an improved brand building too.

Contents

Photo: bellena; Greens87; Tarapong Siri/shutterstock.com


BERLIN-BRANDENBURG
BERLIN-BRANDENBURG
BERLIN-BRANDENBURG

Dr. Barbara Hendricks MdB
Federal Minister for the Environment, Nature Conservation, Building and Nuclear Safety

The Onus is Now on Us

Dear Readers of Immobilienwirtschaft,

With its central theme "Mapping World Urbanity", MIPIM 2018 focuses on one of the major global tasks for the future: The challenges and opportunities of urbanization. I firmly believe that expanding cities and urban areas in Germany, Europe and throughout the world can play a key role in ensuring resource conservation, climate action, economic growth and high quality of life. I envisage the cities of tomorrow as vibrant, open-minded hubs which provide a sense of identity – including through their architecture, *baukultur* and urban design – and facilitate access to good housing, education, employment and to cultural and leisure activities. The onus is now on us to seize the present opportunity to "map urbanity". In this task, the property sector is an indispensable partner which not only secures economic stability and employment, but also drives growth and develops innovative ideas for the buildings and cities of the future.

I wish all visitors and exhibitors at MIPIM 2018 many interesting exchanges and productive discussions.

Sincerely,

Barbara Hendricks

Photo: BMUB/Harald Franzen

FRANKFURT RHEINMAIN

MIPIM FROM MARCH 13TH TO 16TH, 2018 IN CANNES

Visit our stand on the MIPIM and get to know our partners.

HALL RIVIERA 7, R7.G20

ORGANIZER

Stadt Frankfurt am Main

Frankfurt Wirtschaftsförderung Frankfurt – Frankfurt Economic Development – GmbH

PREMIUM PLUS PARTNER

FrankfurtRheinMain GmbH International Marketing of the Region

PREMIUM PARTNER

Beiten Burkhardt · Cerberus Capital Management, L.P. · Commerz Real Commerzbank Group · Deka Immobilien · DIC · Drees & Sommer · Drooms · Engel & Völkers Commercial · Fraport · FREO · GEG · Helaba OFB Projektentwicklung · Krieger www.krieger.eu · m_seven Real Estate · Unternehmensgruppe Nassauische Heimstätte Wohnstadt · OfficeFirst Real Estate · Strabag Real Estate · TRIUVA

STAND PARTNER

ABG Frankfurt Holding Wir machen Räume wahr. · AS+P · Europa-Center

MEDIA PARTNER

immobilien managerverlag entscheidend für entscheider · Immobilien Zeitung Fachzeitung für die Immobilienwirtschaft · PropertyEU

www.frankfurtatmipim.com

As of February 05th, 2018

Explaining Germany 2018 – Investment Opportunities in the Hotel Sector

Explaining Germany means presenting a multitude of extraordinary facts, which are characteristic of the country when compared to the rest of Europe.

In the ranking of the most attractive global investment locations, Germany is at the very top in 2018. A segment which is increasingly gaining attention for investors is the hospitality market. Due to the sustained high demand for German hotel properties, we expect 2018 to be another record year. This is also down to the amount of touristic hot spots which aren't necessarily metropolises. Budget hotels and luxury hotels will be the most investor friendly types of hotel with the highest revenues and the best future perspectives. At the same time, the so-called middle segment is coming increasingly under pressure and is battling for its future position.

Bremen

The number of tourists in the Hanseatic city, has continously been increasing so far. The number of overnight stays has increased to 1.3 million, while the number of beds increased to 13,400.

Hanover

The accommodation business in Hanover is not only shaped by tourists, but also by business travellers. CEBIT alone attracts thousands of visitors every year. The average occupancy rate of the 103 hotels in Hanover was 64.1% in 2016. Altogether, there are 13,274 beds available across Hanover's accomodation establishments. The hotels are mainly located at four locations: in the city centre, at the fair, at the "medical park" and at the airport.

Dortmund

In Dortmund, an annual growth of 7% can be forecast. The number of overnight stays is forecast to increase to 2 million by 2024. Dortmund currently has 65 accommodation establishments and 7,131 beds.

Essen

Several factors have a positive effect on the hotel market in Essen. The city is recording a prosperous economic development, with an increasing number of tourists and of business people. Its location in the centre of the Ruhr area is another important factor. The average occupancy of 44.5% and 1.38 million overnight stays both speak for themselves.

Dusseldorf

Dusseldorf has the second largest hotel market in North Rhine-Westphalia and also large tourism intensity with 4.5 million tourists in 2016 and 7,082 overnight stays per 1,000 inhabitants. 16 hotel projects are currently being planned or put into effect in Dusseldorf; these have a capacity of 2,559 beds. From 2001 to 2015, 32 projects with an amount of 5,269 beds were completed. Altogether, Dusseldorf has 222 accommodation establishments with a capacity of 27,534 beds.

Cologne

285 accommodation establishments are located in Cologne, with a total of 32,100 beds. In 2016, the hotel market in Cologne recorded a total of 5,984,000 overnight stays. The city has the largest accommodation market in North Rhine-Westphalia.

Trier

The hotel market in Trier grew by 450 beds in 2016. The growth is supported by an increase in the number of beds due to renovation, re-openings, extensions and newly built hotels. As of January 1, 2018, a bed tax of 3.5% of the accommodation price will come into effect in Trier. So far there are 5,000 beds in approx. 120 accommodation establishments in Trier. These aren't sufficient in the high season.

Frankfurt

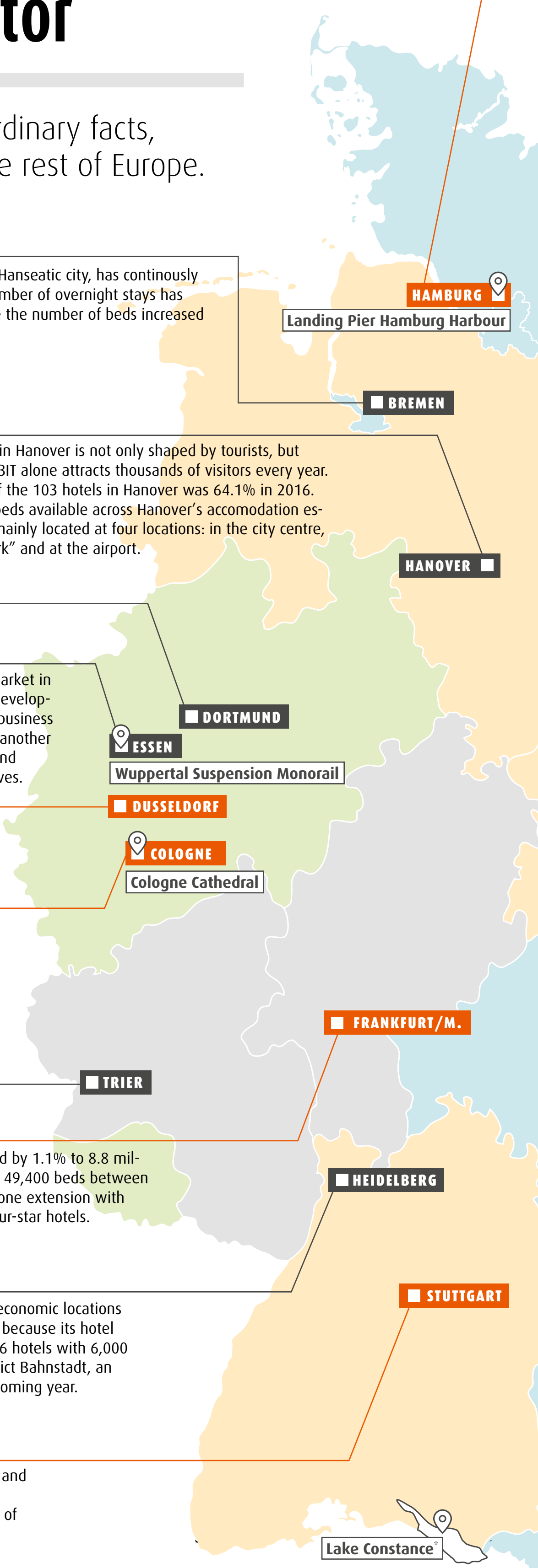
In Frankfurt, the number of overnight stays increased by 1.1% to 8.8 million. The bed supply in Frankfurt increased by 9% or 49,400 beds between 2015 and 2016. Until 2021, a further 21 hotels and one extension with 5,330 rooms are in planning; 56% of these are in four-star hotels.

Heidelberg

The city of Heidelberg is one of the most attractive economic locations – not only because of its famous university, but also because its hotel market is in the focus of investors. Heidelberg has 86 hotels with 6,000 beds. With the completion of Heidelberg's new district Bahnstadt, an increase in the number of beds is expected for the coming year.

Stuttgart

Stuttgart offers 168 accommodation establishments and 20,418 beds. However, this number will decrease in the long-term. The number of beds and the number of overnight stays are steadily increasing, though.



City Type
Big 7
Regional Centers
Top 10 Tourist Destinations

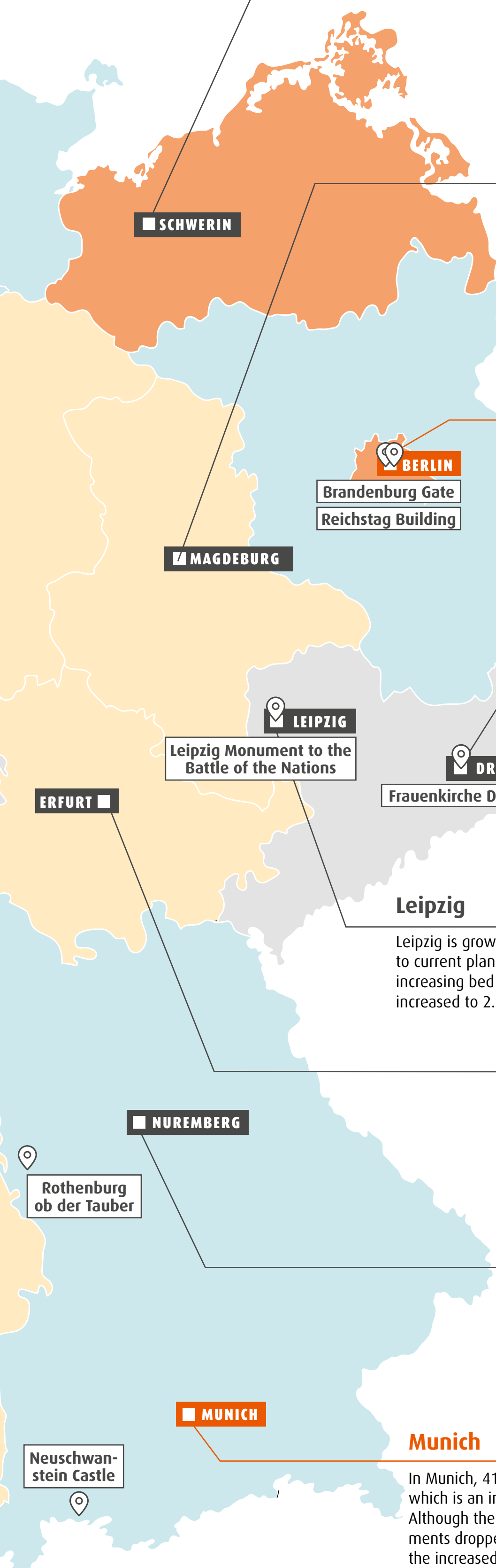
Amount of employees in hospitality sector per federal state in 2017
Well above average
Above average
Average (Germany: 3.27%)
Below average
Well below average

Source: Statista 2018

*In 2016, the holiday destination Lake Constance had 20.3 million overnight stays. There is no data concerning the number of visitors available. Due to the complexity of the location and the size of the region, it is listed seperatly from the top tourism destination ranking.

Hamburg

The Hanseatic city of Hamburg recorded an increase in the number of newly opened accommodation establishments, bed capacities and the number of arrivals. In Hamburg, there are 61,500 beds in 381 accommodation establishments for 6,566,000 guests. For the year of 2018, 5 more accommodation establishments, with a bed capacity of approx. 850 beds, are planned.



Schwerin

The tourism industry is the most important economic factor in Schwerin. The increase in tourism is leading to an increase in sustainable tourism. The demand for overnight accommodation has increased more than the number of hotels available, which resulted in an increase in the bed occupancy rate. Tourism grew by 60.4% between 2000 and 2016.

Magdeburg

Magdeburg records a continuously increasing number of tourists. 553,733 overnight stays and a plus of 43% compared to the year 2000 are the best proof for this development. Magdeburg is especially popular with city tourists. So far, however, only a limited increase in bed capacities can be detected.

Berlin

The residential vacancy rate is currently at approx. 2 %, in the city center under 1 %. In the past years not enough residential space was built in relation to the population growth. Until 2020 every year 20,000 new apartments would have to be completed to satisfy the demand. In accordance with this, the rent prices have risen by 30 % between 2010 and 2016.

Dresden

Dresden recorded an increasing number of overnight stays in 2017. A total of 19,700 beds are available in its 102 hotels. A bed tax of 6.6% of the overnight price is charged for private overnight stays in Dresden. The city is applying for the title of European Capital of Culture 2025.

Leipzig

Leipzig is growing. This can also be seen in the hotel sector: according to current plans, a growth in the number of beds is intended by 2020, increasing bed capacity from 16,000 to 22,000. The number of visitors increased to 2.9 million over the past years.

Erfurt

Erfurt registers a large increase in the number of visitors – not least because of the Reformation Anniversary, when a lot of people travelled to the historic city of Erfurt. The city counted 870,000 overnight stays in 2016.

Nuremberg

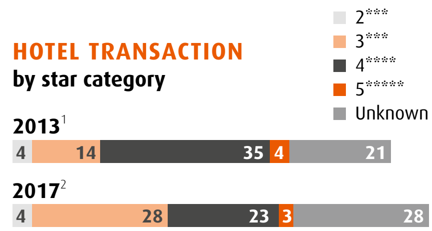
Nuremberg is gaining attention with travellers, 41% of hotel owners recorded an increase in room occupancy rate. Currently, Nuremberg has a capacity of 18,440 beds in 159 accommodation establishments, with an upwards trend. The number of arrivals amounts to approx. 1.75 million.

Munich

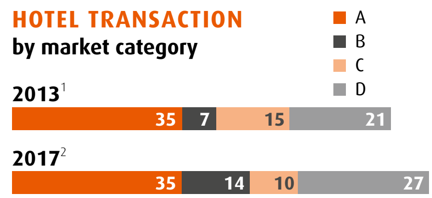
In Munich, 412 accommodation establishments offer 69,040 beds, which is an increase of 5% compared to the same time last year. Although the occupancy rate of the accommodation establishments dropped by 1.9%, this isn't quite significant thanks to the increased number of beds. Due to the large demand, further growth of the hotel segment in Munich can be expected.

CATELLA

HOTEL TRANSACTION
by star category

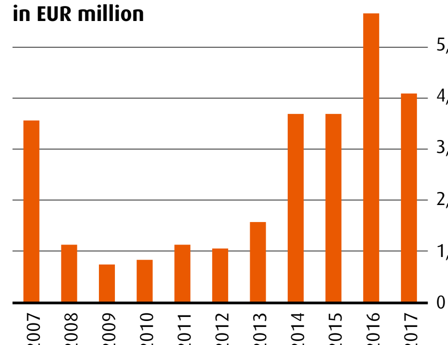


HOTEL TRANSACTION
by market category



1) 78 Transactions; 2) 86 Transactions

HOTEL TRANSACTION VOLUME GERMANY
in EUR million



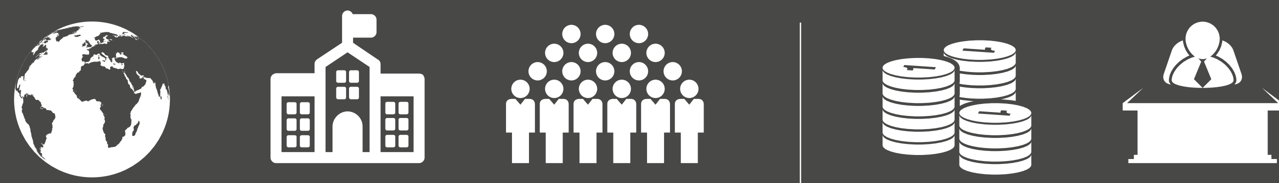
Source: Catella Research, RCA

TOP 10
TOURISM DESTINATIONS IN 2016
by number of visitors

Lake Constance*	20,300,000*
Landing Pier Hamburg Harbour	7,000,000
Cologne Cathedral	6,000,000
Brandenburg Gate, Berlin	3,000,000
Reichstag Building, Berlin	2,400,000
Frauenkirche Dresden	2,200,000
Neuschwanstein Castle	1,700,000
Rothenburg ob der Tauber	600,000
Leipzig Monument to the Battle of the Nations	350,000
Wuppertal Suspension Monorail	250,000

Source: Deutsche Zentrale für Tourismus (DZT), Germany travel
As of January 2018; Contact: research@catella.de

MIPIM in a nutshell



100 COUNTRIES

3,100 EXHIBITING COMPANIES

24,200 PARTICIPANTS

5,000+ INVESTORS

3,800+ CEOS & C- LEVEL PROFESSIONALS

EY-TREND BAROMETER 2018

German Properties Remain Highly Sought After – Despite Rising Prices

The influence of the new government is considered to be low. This is one of the results of the Ernst & Young (EY) Real Estate Trend Barometer. 94 percent of decision-makers still find the German real estate market attractive in spite of the high prices. Digitalization will be a megatrend in future, which is getting the attention of investors.

94 percent of investors surveyed by EY said that in 2018, Germany can still be viewed as an either “attractive” (42 percent) or “very attractive” (52 percent) location for real estate investments. Last year, 96 percent of decision-makers were of this opinion. The share of respondents who rated Germany as “less attractive” (six percent) as an investment location rose slightly (2017: four percent). The amount of required equity is hardly a problem. Only twelve percent of investors mentioned a lack of availability of subordinated debt financing, whereas only eight percent mentioned a lack of availability of senior debt financing. Fears of a rise in interest rates, however, are increasing noticeably: While this assessment was shared by twelve percent of investors last year, now 40 percent of the investors surveyed are of this opinion.

According to experts, the general conditions for investments in Germany are still quite good. Due to the special economic status of the German location, the market remains very attractive and is now also gaining the attention of Asian investors. 47 percent of respondents still feel that political instability is not a major issue in Germany – this was 35 percent in 2017. 86 percent said that the results of the general election would not have a major impact on the real estate market. Even in a European comparison, Germany remains “very attractive” for 56 percent (2017: 66 percent) of those surveyed. The proportion respondents who rated Germany as “attractive” (37 percent) or “very attractive” compared to other countries thus fell to 93 percent overall, compared to 95 percent in 2017. Only a minority of seven percent expressed critical opinions (previous year: five percent). “Real estate management has become more efficient, sustainable and cost-effective thanks to intelligent smart real estate technologies,” said 80 percent.

“Germany remains strongly positioned among the top three largest MIPIM delegations.”

Ronan Vaspart,
Director of MIPIM Markets

100+
CONFERENCES

360+
KEYNOTES & SPEAKERS

Berlin Joint Booth
Palais des Festivals P4.C10

In just four days, MIPIM will paint a picture of the rapidly growing real estate market. Also in 2018, Berlin companies from almost every segment of the real estate industry will be present at the joint booth of the Berlin Metropolitan Region and contribute to this successful appearance at the trade fair. **The partners of the joint booth are looking forward to an exchange with players from all international real estate sectors.** DLA PIPER, INSTONE REAL ESTATE, RUECKERCONSULT and Runze Casper will present the **2nd Official Real Estate Table Football World Cup** at MIPIM 2018. Investitionsbank Berlin is the partner and presenter of the viewings on June 27, 2018 in Berlin. Daily from 12:00 - 2:00 p.m. at the Berlin Booth **H4.28, Level 4**

Rhine-Neckar Region – R8.D24

In order to position the Rhine-Neckar region internationally as an attractive investment location, companies and municipalities are presenting the metropolitan Rhine-Neckar region together at the joint booth. The goal is to provide transparency about the Rhine-Neckar business location. With 2,600 exhibitors from 90 countries, the trade fair "MIPIM" is one of Europe's most important real estate trade fairs, also referred to as the decision-making fair due to the high level of participation.
The companies and municipalities at the joint booth are looking forward to the dialogue.

Joint Booth
Frankfurt Rhine-Main – R7.G20

Wirtschaftsförderung Frankfurt GmbH is organizing the trade fair appearance of the Frankfurt Rhine-Main metropolitan region. **Together with 26 companies from the regional real estate industry, Frankfurt Rhine-Main will be presenting itself as an innovative, vital and attractive real estate location.** The presentation of companies at the Frankfurt Rhine-Main joint booth represents a mutual commitment: The city of Frankfurt / Main is committed to its companies, from Beiten Burkhard to Strabag Real Estate - and they make their own clear statement about this location.

HAMBURG INVEST – R8.B20

Highly Frequented Platform

The Hamburg metropolitan region is presenting itself at MIPIM as the German capital of urban development. 25 partners at the Hamburg joint booth are presenting their current projects and innovative services. "This year once again, we will be providing a highly frequented platform that presents the future locations of Hamburg's real estate industry and the city as well," said Dr. Rolf Strittmatter, Managing Director of Hamburg Invest. Urban Development Senator, Dr. Dorothee Stapelfeldt, will be present on behalf of the Senate to talk with investors and discuss urban development with representatives of other major European cities.

GERMAN PAVILION – R7.G38

Architects & Co

The presentation booth of the Federal Republic of Germany at the MIPIM, where in this year 29 German architects and accompanying firms present their outstanding skills. Technical excellence, responsible design and global leadership in energy efficiency can here be discovered - and discussed. On behalf of the German exhibitors, the Federal Ministry for Economic Affairs and Energy (BMWi), the Association of the German Trade Fair Industry (AUMA) and the Federal Chamber of German Architects (Bundesarchitektenkammer e.V.) you are cordially invited to visit the German Pavilion at the MIPIM.

The German word „Baukultur" is considered to be a guiding principle

In the Tense Atmosphere of Politics

The regulatory framework and taxation is especially relevant for real estate investors. Germany with its federal structure is a special case and poses challenges of its own for international investors (As of January 2018).

It is clear to all market participants that the dream combination of strong migration, a robust economy and low interest rates will not last forever. For this reason, people are increasingly discussing the risks in the real estate market: What will happen when the ECB begins to change course in interest rates? When will the influx into the cities subside? When will the economy start to lose steam? In fact, these risks will be rather manageable, at least in the next few years. The economy in Germany is considered very resilient, populations will continue to grow at least in the big cities, because a disproportionately large number of good jobs are being created there, and a significant increase in interest rates is considered unlikely. Not only because the ECB will keep interest rates low for as long as possible for the benefit of southern European countries, but primarily because the savings in the global market will outweigh investments. Nevertheless, it is clear that the general conditions will tend to worsen, even if only to a small extent. But particularly international investors like to ignore the greatest risk – namely, politics.

POLITICS HAVE ALWAYS HAD A REGULATORY EFFECT For the moment, the history of the German housing market is proving investors right. Unlike many other countries,

the German rental housing market was already liberalized in the 1960s. While rent increases were barely possible in the United Kingdom or Spain, German landlords were able to adjust rents to the market, especially for newly concluded contracts. On the other hand, tenants in existing contracts were protected from strong rent increases and terminations. Thus, politics established a framework that made rental housing attractive for both sides. This is a major reason for the high tenant rate in Germany, because in many countries landlords were eventually forced out of the market by rental price regulations, which had gotten out of hand, and they ultimately sold out to owner-occupiers.

However, in the last few years this balance was clearly neglected by politics. With the so-called cap on rent increases, newly concluded rental contracts are now also regulated in many metropolitan areas. New rental contracts are permitted to exceed comparable rents by no more than ten percent. However, since comparable rents are based on data from the last four years, the market rent is often much higher in dynamic markets such as Munich and Berlin. As the IW Cologne has shown, the rent price cap therefore often acts as a rental stop – if it works at all. In fact, the cap on rent increases has proven to be nothing more than a paper tiger, partly because a landlord can always claim that previous rent was already at the level of the rent in the new contract – a reduction in rent is explicitly excluded in the law capping rent increases and landlords are not obligated to disclose the previous rent.

AMENDMENTS TO THE CAP ON RENT INCREASES? But this could indeed change. With a new grand coalition, the SPD is expected to make demands regarding changes to the cap on rent increases, and they may very well prevail, since the CDU has not exactly made housing policy a priority in recent years. If more focus is placed on the cap on rent increases in future, it could mess up a lot of calculations. Particularly in Berlin, Frankfurt or even Hamburg, investors are still counting on rents rising further. If this cannot be sustained due to regulatory measures, prices will begin to fall again. Munich, in particular, would be affected because multipliers have increased here more strongly than in other major cities – indicating particularly high rental price expectations.

HIGH REAL ESTATE TRANSFER TAX IS STIFLING RESIDENTIAL CONSTRUCTION In Germany, however, not only federal politics play a role, rather the states and municipalities do as well. This makes it even harder to anticipate developments. One example of this is the real estate transfer tax. Interested politicians of all parties and federal politics agree that the rising real estate transfer tax in many federal states is stifling housing construction and discourage middle-income households from buying homes. After all, the real estate transfer tax applies to every transaction and the costs cannot be financed. Nevertheless, the real estate transfer tax is continuing to rise, most recently with Thuringia increasing the rate to 6.5 percent. The reason for »

What will happen when the ECB begins to change course in interest rates?

Photo: European Union 2017 - European Central Bank

Investors must also deal with the political framework conditions. It seems likely that regulation will pick up on the federal level.

"International investors should keep a close eye on how housing policy develops in Germany."

this is that states autonomously decide the tax rate and many federal states depend on on this revenue because of their precarious budgetary situation.

However, the federal government can determine the structure of the tax. For example, there are plans to introduce a tax allowance or to exempt first-time buyers from taxation altogether. States would then have to implement this, but, on the other hand, they would then likely increase the tax rate to reduce the loss in revenue. This would, in turn, affect particularly investors in commercial real estate, provided they are not buying the property as part of corporate acquisitions (share-deals) and are instead buying directly (asset deals). Whether the federal government would compensate the states to prevent an increase in the tax rate remains a question of bargaining power and negotiating skills.

Housing policy becomes even more complicated with regard to municipalities. Municipalities in Germany can have a great influence on housing policy and issue their own regulations. For example, they can decide to demand additional energy standards in new buildings and refurbishments, they can stipulate that a certain percentage of new construction must include social housing and they can declare entire neighborhoods as protected areas. By protecting the local urban environment, municipalities are trying to stop the trend towards gentrification, in other words, preventing the displacement of certain social groups. This includes, amongst others, prohibiting extensive refurbishments, prohibiting conversion of rented apartments into condominiums as well as granting the municipality the right of first refusal in the case of sales. Hence, protection of the urban environment represents a serious intervention in the housing market. In the past, many investors were able to increase their returns primarily by upgrading their portfolio. Even more significant, however, is the right of first refusal on the part of municipalities. In Berlin, for example, it is becoming increasingly difficult for investors to buy residential properties in areas subject to protection of the

Photos: 360b; Sven Hansche/shutterstock.com

local urban environment, which includes districts close to the city center such as in Friedrichshain or Kreuzberg. And if such properties had been purchased, this made an exit even more difficult.

Moreover, the municipalities decide on the designation of building land. There is a broad consensus that the low level of construction activity is due primarily to the scarcity of building land. Demand for housing is increasing, but project developers can hardly create new housing supply as long as they cannot develop new building areas. Basically, far too little construction is underway in all major cities, which is keeping prices high, but there are varying tendencies. For example, in Hamburg und Frankfurt extensive efforts are being made to develop new building areas, while plans for new city districts in Berlin have in part been scrapped. After all, many cities have some major financial concerns and do not have the option of pre-financing the necessary infrastructure. The willingness on the part of cities to develop new districts will be decisive for future development »

In Berlin, it is becoming increasingly difficult for investors to buy apartments in protected areas such as Friedrichshain.

of prices in German metropolitan regions. The commercial real estate market in particular is coming under pressure here as the scarce space is being used primarily for residential construction. Even today many local companies in Berlin or Munich are no longer able to find suitable office space.

THE POLITICAL FRAMEWORK IS IMPORTANT

Investors must contend not only with the market, but with the political framework as well. Particularly Berlin, which is in the focus of many international investors, should be examined carefully, as the local red-red-green coalition government is intervening massively in the market. For example, a regulation of commercial rents is being discussed to protect local businesses and social institutions.

The willingness on the part of cities to develop new neighborhoods will be decisive for the further price development in German metropolitan regions. One positive example: (see picture) Frankfurt am Main with the new district in the northwest.

Photos: EStadtplanungsamt Frankfurt; pixelklex/shutterstock.com

It seems likely that regulation will increase on the federal level, as well. The cap on rent increases is a prestige project of the SPD, but other additional increases in protections against the termination of rental contracts and limitations of apportionment of renovation costs (such as energy-saving refurbishments) to tenants also seem likely. On the other hand, the CDU could be able to assert their demands for a reintroduction of a homeowner's allowance and an increase in tax depreciation for new buildings. At first this sounds positive for investors, yet the combination of regulation and subsidies often results in unwanted incentive effects which are more likely to hurt the market than help it. Above all, subsidies are rather dangerous in the current situation. Already in the early 1990s, shortly after reunification, there were efforts to stimulate the housing market through generous subsidies. As a result, the market was overloaded with too much housing being built in rural districts where there was absolutely no demand. If subsidies are introduced again without more building land, then property prices will rise again. This could ultimately contribute to prices losing ground and actually creating a speculative bubble, as was the case in the early 1990s. In this respect, international investors should keep a close eye on how housing policies develop in Germany. «

Prof. Dr. Michael Voigtländer, Cologne

AUTHOR

Prof. Dr. Michael Voigtländer (born 1975) is the Head of the Financial and Real Estate Markets Division at the German Economic Institute in Cologne. The economist has worked at IW since 2005. He has served as an honorary professor of economics at the Bonn-Rhein-Sieg University of Applied Sciences since 2011 and also works as a lecturer at other educational institutions.

PropTech Scene: "Germany Has no Reason to Hide ..."

The U.S. is at the forefront of digital transformation. How does this compare to the German PropTech scene? And what market conditions are needed here at home to pave the way for a big breakthrough in the real estate start-up scene? **Alexander Ubach-Utermöhl,** Managing Director of blackprintpartners GmbH, discusses this with us.

Mr. Ubach-Utermöhl, you flew to New York with well-known real estate companies and PropTechs last autumn. What made you decide to take this trip? We wanted to get a better idea of the global PropTech scene and to better understand where we stand in terms of digitalization in Germany compared to the U.S. This is why we attended not only the MIPIM PropTech Summit, but also exchanged ideas with various industry experts and local companies.

What insights did you bring back? Thoroughly positive, albeit surprising ones: We have no reason to hide behind the U.S. here in Germany and Europe. On the contrary. We looked at numerous American business models – and found none that technically could not be developed in Europe. What we saw were all things that we had expected, and during our tour of the trade fair we even had to smile a bit because roughly half of the PropTechs there were from Europe. Our technologies and innovations can definitely compete.

So, the trip over the big pond wasn't worth it? It certainly was worth it, but we didn't gain our most important insights from the business models of real estate start-ups or the supposed technological advantage. Rather from three other things. First, the high level of market transparency in the U.S. and access to the large amount of available data provide founders with completely different opportunities for digital business models.

Can you give us an example? Triplemint in New York, for example. This PropTech has been on the market since 2013 and uses freely available data to predict, amongst others, when users will sell their homes. Triplemint analyzes past behavior and then actively approaches owners – long before the potential customer is able to hire a real estate agent. The business model is running very successfully; currently only in New York, but will be rolled out across the U.S. in the medium term.

From a European perspective, something like this is hardly conceivable at the moment ... Yes, that's true. But it is technically possible. Second, we noticed that established American companies are more willing to invest in new technologies. Although the market potential is far from exhausted even in the U.S., the culture is entirely different from Germany in this respect. Therefore, it is hardly surprising that the first venture capital fund for real estate start-ups was established in the U.S. "Fifth Wall" raised USD 260 million from the classic American real estate industry. The concept is similar to our accelerator blackprint PropTech Booster: companies that have joined forces offer the start-ups they are financing not only money, but also customer relationships. But the financing volume is way higher.

And what was your third observation? This is actually connected to the fact that basically the willingness to finance in the U.S. is greater than it is here, both on the part of the real estate sector as well as venture capital companies. As a result, larger rounds of financing take place and higher valuations are accepted. Companies grow faster under these conditions and then, of course, it's fun to invest.

In the U.S., start-ups with a market valuation of USD one billion prior to their IPO are referred to as "unicorns". Couldn't we manage something similar in Germany? It certainly is possible. My prognosis is, however, that it's not sufficient to cover just the German or European market. Rather, it would have to involve companies that are

BEYOND THE START-UP PHASE

Companies that could become increasingly important in 2018:

- Allthings
- Brickvest
- Doozer
- Exporo
- Home.ht
- Homebell
- Homelike
- McMakler
- Realbest
- ShareDnC
- Thermondo

PERSONAL INFO **Alexander Ubach-Utermöhl** has been Managing Partner of blackprint-partners GmbH since 2015. In autumn of 2016, he co-founded blackprint PropTech Booster and since then has been Managing Director of this accelerator for the German real estate industry. In addition, he is the Initiator and Chairman of the German PropTech Initiative (GPTI), Regional Chairman of Junge Unternehmer (Young Entrepreneurs) in the Rhine-Main region and recently became a member of the Advisory Committee of MIPIM PropTech. Prior to blackprintpartners, Alexander Ubach-Utermöhl worked for four and a half years for GE Capital Real Estate, serving among other things as Head of Asset Management Debt Germany and in Business Development. From 2006 to 2010, he worked for GUV Immobilienmanagement und -organisation GmbH. He started as a project manager. Later he headed the company as Managing Director.

Photo: blackprintpartners

able to make the leap across the big pond, in other words, the U.S. or Asia. In that case, such "unicorns" would also be conceivable here in this country. According to CB Insights, four new unicorns were launched in America in 2017 alone, namely Compass, Homelink, SMS Assist and OpenDoor Labs. I counted a total of eight in Asia. But those are, after all, very big markets.

If there is a lack of willingness to finance in Germany, why aren't established companies trying to directly buy the technological concept and thus avoid investing in a start-up? The start-ups, the tech companies, are founded mostly by teams that are not from the real estate industry. We have counted roughly 250 founders nationwide in the PropTech segment. Of these, no more than 20 percent previously had anything to do with real estate. For founders, it is hard to decide whether to enter into a cooperation with a large company or to agree to sell, as they generally do not have market access. In addition, I would always recommend to not sell the company to a strategist too soon, because then the dynamics of the young company are naturally gone. A start-up can adapt much faster to the changing needs of the customer. There is no monitoring of portfolios, but rather a stronger focus on customer benefits than in most established companies. My guiding principle: independence and agility must be maintained for as long as possible.

From the customer's point of view, wouldn't it be preferable for several relevant PropTechs to join forces and launch a digital real estate product? That would be a logical step. Then the customer would not have to deal with several different PropTechs at once, rather they would receive an offer bundled by one large, highly competitive real estate start-up. The merging of standalone solutions should, in fact, be the goal for the long term. Theoretically, it would be very easy for PropTechs to realize synergies because they have a digital set-up and are extremely flexible. Yet, tech companies rarely join forces across teams. It is important that they develop their business models in a dialogue with established companies. Because then this movement will emerge from within the sector or at least together with the real estate industry and not without them.

What challenges will PropTechs in Germany face in 2018? Last year, more than two dozen PropTechs completed significant rounds of financing. We talk about a significant size if EUR one billion or more have been raised. In 2017, a total of 16 companies collected a total of EUR 80 million. In such a case, they are no longer merely small start-ups, but rather medium-sized companies on a growth path that are to be taken seriously. This year will be extremely important for them to actually meet the projected growth and uphold their promise to the customers. This is the only way they will be perceived as a permanent and credible part of the real estate industry. «

Interview by Laura Henkel, Freiburg

New Residential Construction: Looking for Impulses

Around 400,000 new housing units are needed each year in Germany. Yet roughly 300,000 are actually built – a growth market for project developers, one might assume. But increases in building costs, high prices for building land and limited availability of land are slowing down this boom. This could result in a stagnation in residential construction in 2018.

The current situation in Berlin is particularly difficult. Even though the number of approvals and completions is growing steadily, the gap between supply and demand is not getting any smaller because, for example, roughly one quarter of approved housing units are not getting built. Sites ready for development are being sold and with them the planning and approval without touching a single stone. The reason: quickly rising land prices are yielding profits from land deals that are much higher than from residential construction. According to a current study by the Federal Institute for Research on Building, Urban Affairs and Spatial Development, the prices for building land in cities with more than 500,000 inhabitants rose by 31 percent from 2010 to 2014. In fact, the increases were often much higher in some cases. In one instance, a property was purchased in Berlin for EUR 40 million in 2015 and sold again in 2016 for EUR 80 million. In light of development risks, such as from rising construction prices, some investors are unable to resist the temptation to sell, especially given the clear trend towards competitive bidding in land sales.

THE LONG ROAD TO APPROVAL It is often a long road to approval in Berlin. While the time between the first application and planning approval is about two years in other cities, this can sometimes take as long as five years in Berlin. The reasons for this are complex. The administration likes to hide behind its double structure of state and municipal levels and often shifts »

Land prices are rising quickly in major cities and the reason why sites ready for development are being sold without touching a single stone.

Photo: Michael Bamberger

31%

According to a current study by the Federal Institute for Research on Building and Spatial Development, the prices for building land in cities with more than 500,000 inhabitants rose by 31 percent from 2010 to 2014.

responsibilities back and forth when in doubt. Moreover, the personnel situation has deteriorated noticeably in some government offices. This was confirmed in a survey by 84 percent of key developers in Berlin. And, there is no improvement in sight given the shortage of skilled workers. In addition, private projects are subjected to an increasing body of regulations with rent-controlled housing. In order to create a corresponding supply, the new Red-Red-Green coalition government raised the ratio from 25 percent of total housing to 30 percent of residential space. A maximum of EUR 6.50 per square meter also means that fewer housing units can be built for middle-income groups because the desired ratio can only be achieved by cross-subsidizing higher-priced units. Most recently, the Senate planned to significantly expand resident participation in the approval process of new construction projects even beyond the prescribed B-planning procedures. In light of the decline in approval by the population for new housing construction, this can only mean that new builds will continue to be delayed and perhaps even prevented entirely.

Conditions appear to be better in Hamburg or Frankfurt. In the Hanseatic city, there is a functioning alliance for housing, and although strict conditions apply in Frankfurt, the administration here treats investors like customers, helping them through the approval process. The different levels of efficiency in administrations are reflected in completion figures. In Berlin, 3.7 housing units per 1,000 inhabitants are built annually. Frankfurt and Hamburg both manage 4.6 and Munich 5.3 housing units. This can hardly be a matter of space. No matter which West German city Berlin's guests come from, they are always amazed at how much space Berlin still has in reserve.

While the challenges in land prices and administrative support differ from region to region, capacity bottlenecks and increases in building costs have a nationwide impact across all types of use. Whoever can choose between two general contractors after a tender should consider himself lucky. However, planners also need some luck when searching for workers in various trades. From civil engineers to roofers, all report full order books and limited capacities. This will have an impact on cost estimates. In addition, there have been increases in raw material prices. According to the Federal Statistical Office, reinforced steel already increased by 22.8 percent in 2016; concrete is estimated to have increased by 15 percent. And, legislators are also intervening extensively with stricter requirements regarding energy efficiency, accessibility, stability as well as fire safety and acoustic insulation. Alone the latest amendment to the EnEV means additional expenditures of between five and ten percent. Industry associations are rightly warning against the social challenges of this type of climate policy.

On the other hand, it must also be stated that construction industry is not exactly open to technological changes and the high percentage of skilled workers required are driving up costs. Every other industry starts to look at improving efficiency when costs increase. In the construction industry, modules and industrial pre-production are indeed on the rise, but the road is long. Instead of a technological change, developers are banking on the market and on politics. Institutional investors are buying in major German cities at 25 times the strongly rising rents for new builds. And, interested parties are beating a path to the doorstep.

Individual sales also offer new opportunities beyond mere price increases, for example by optimizing space and through increasingly smaller housing units. In Berlin, a newly built 30 square meter unit can easily go for EUR 250,000 and then generate a rental yield of around three percent. But this is provided that the rental goal of EUR 25 per square meter is achieved. Due to the comparatively small amount invested, such offerings are especially attractive for many private investors. The trend towards single-person households and the growing mobility requirements in one's profession are working to their advantage. No one can say yet whether this tenant demand will really be sustainable.

INTERNATIONALIZATION AS AN OPPORTUNITY Another option to sell expensive living space is through the growing internationalization of the German housing market, which however only involves a few major cities, including Munich, Frankfurt and Berlin. In these cities, Germany's reputation as a safe haven is generating more interest, for example from the U.S., Turkey and the U.K. And, according to the challenges they are currently facing, German property developers are showing increasing interest in international marketing skills. «

Seven Henkes, Berlin

AUTHOR

Seven Henkes is Managing Director of the Ziegert-Bank- und Immobilienconsulting GmbH

The Nominations: The Bigger the Better

Initial evaluation of submissions and selection of four nominations per category is carried out anonymously by a nine-member jury, predominately with alternating representatives from the real estate industry. A preview of the MIPIM Awards 2018.

Since the first call for submissions in 1991, the MIPIM Award has undoubtedly gained a worldwide reputation. The presentation ceremony with accompanying show is a permanent fixture of the trade fair program. "For professionals it is an accolade that means a great deal as it is given by a prestigious jury and their peers. This year's jury President is non-other than Meka Brunel, CEO of Gecina," emphasized Ronan Vaspart, MIPIM Director, during the interview. Initial evaluation of submissions and selection of four nominations per category is carried out anonymously by a nine-member jury, predominately with alternating representatives from the real estate industry, but which also always includes persons representing architecture and cities as well as regions.

In 2018, in addition to the companies Gecina, AG Real Estate, CBRE, PGGM, BNP Paribas Real Estate and AXA Real Estate, the nine-member jury also includes John Hughes, President of RICS UK, French architect Jean-Michel Wilmotte and Olle Zetterberg for the Stockholm Business Region. Since the invitation for submissions for the MIPIM Awards allows multiple submissions, it may happen that – as was the case last year – one architectural firm is successful in three of the eleven categories. However, looking at the nominees, this was not the case in 2018.

With a 50% weighting, the public voting to select the winners is an interactive element that is very important to organizer Reed Midem. This is no longer carried out anonymously and inherently according to various, often emotional reasons. However, only about ten percent of the roughly 23,000 visitors to the fair make an effort to tell the friendly hostesses in the basement of the Palais des Festivals who their favorites are or have even taken the time to have a closer look at the nominations.

MAJOR PROJECTS ARE TO BE FOUND IN THE MIDDLE AND FAR EAST Ronan Vaspart has coined the term "glocallization" to describe the coexistence of increasingly global market events and locally anchored projects. This is also reflected in the awards: "Many companies and countries use the MIPIM Awards as a gateway into the real estate community and therefore the MIPIM Awards are known for being an all-encompassing awards event, providing a global view of the real estate market. For example, the trend of sustainable buildings was very visible before the generation of this trend. At the same time, the MIPIM Awards does shine a light on the local markets."

Applying this observation to the total of 44 nominations to the 2018 Awards yields a picture that is rather unsurprising: major projects are to be found in the Middle and Far East, even if "Marina One" in Singapore by Ingenhoven Architekten of Düsseldorf is one of the "Best Innovative Green Buildings". The renowned Aedes-Galerie in Berlin dedicated a solo exhibition in 2017 to this "Architecture for Tropical Cities" with public terraced gardens between high-rise towers. London / U.K. has given way to Paris and – long overdue – Milan with the development project Porta Nova and the nearby office building for Microsoft and the Feltrinelli Foundation on the Porta Volta by Herzog & DeMeuron. Benelux and the Nordic countries stood out with their courage to experiment, for example, with the Antwerp House in the Port of Antwerp by Zaha Hadid Architects.

Berlin has also done well with two residential projects, one of which by zanderrotharchitekten, who already won the award in 2017. This time they built a supermarket and a row of residences on Pasteurstrasse with gardens on the back roof. The other building closing a gap in Berlin was residential construction, Puhlmannhof by Grüntuch Ernst Architekten and Hamburg Team as the project developer, and is ranked under "Best Urban Re-

Photos: HG Esch, Hennef; Simon Menges, Berlin; Werner Huthmacher Photography Berlin

The nominated projects from Germany:
Above: Catholic Social Institute, Michaelsberg Abbey, Siegburg
Bottom left: Four residential buildings with a commercial unit, Pasteuerstrasse 19-25, Berlin
Bottom right: Puhlmannhof, Berlin

generation". As was evident last year, the boundaries between private and public investment are blurring, for example in the category of Health Care or when two museums in Qatar and South Korea and a cultural center in Stockholm have been nominated in the "Best Futura Projects". Also, "Marina One" is partly-state owned, made possible through an exceptional land swap deal between Singapore and Malaysia, it was financed by a sovereign wealth fund.

Another trend is the combination of different, even disparate functions in one building complex such as in the "Chapelle International Logistics Hotel" near Paris, design by A.26 Architectures and investors were the fund SCI Sogaris Paris Les Espaces Logistiques Urbains and partners under public law. There, a train station coexists with a data center and a municipal heating plant, with 6,000 square meters of sports fields and urban gardening on the roof and finally also with 15,000 square meters of space for urban logistics and the wholesale trade.

SURPRISE IN THE "HOTEL AND TOURISM" CATEGORY A big surprise was in the category of "Hotel and Tourism" with the Catholic Social Institute, opened less than a year ago by Angela Merkel and located on Michaelsberg in Siegburg in the Rhine region. It was commissioned by the Cologne Archdiocese, architects meyerschmitzmorkramer, also in Cologne. The careful expansion and remodeling of the sacred abbey received the Iconic Award in 2017 and the German Design Award in 2018 from the German Design Council. Perhaps the jury's selection for the MIPIM Awards reflects the international attention *Baukultur* is receiving; it was recently defined in the "Davos Declaration" – no, not by the World Economic Forum, but by the European Conference of Ministers in the same city. This committee elevated the German word *Baukultur* as the guiding principle behind the improvement of the built environment with an integrated view of heritage, existing and new buildings.

The young architect Miba Borja Ferrater from Barcelona would like to see such aspects given closer consideration. "My general opinion towards MIPIM Awards is positive and I would definitely like to take part for next editions. The selection of projects of MIPIM Awards seems to be pretty good. It represents a part of the reality of what is going on right now. However I think there is good opportunity also for MIPIM to evolve and expand in direction of more social architecture and regions in the world like South Africa, South America or in Europe the Baltic and southern countries. I mean that those two worlds, the more luxury oriented or futuristic one represented by most of the recent award winning projects and the other one of smaller urban scale do not need to be disassociated. The challenge and the examples we should be seeing are those of successful relationship between the city and the buildings. How they improve the relationship of public versus private space. In addition I would like to suggest opening new categories for promising architecture studios with young architects under 40 years."

Such young talent should perhaps first apply for one of the awards of British publication Architectural Review, which are published in similar categories parallel to the MIPIM Awards. There, winners are awarded tickets to the fair as their prize; the applicants for the MIPIM Awards must buy their own tickets as a prerequisite for submission. «

Dr. Gudrun Escher, Xanten

In Hot Demand

Industrial and logistics assets recorded a transaction volume of €8.7bn in 2017. This is setting a new record on the German market. The asset class's position is solidifying in 3rd place behind office and retail with a market share of 15 percent.

High demand for logistics properties can be attributed to the e-commerce boom, which is driving demand for new and modern logistics space in Germany and pushing rents up in the logistics regions. Prime core assets, i.e. new-builds with a strong-covenant tenant under long-term lease, are often being snapped up before construction has even begun. Increasing interest from overseas investors, especially from Asia, was particularly apparent in 2017. Foreign investors are on the lookout and are ready to pay more for attractive investment opportunities in countries with stable economic conditions. This activity intensified competition in 2017, boosting purchase prices significantly.

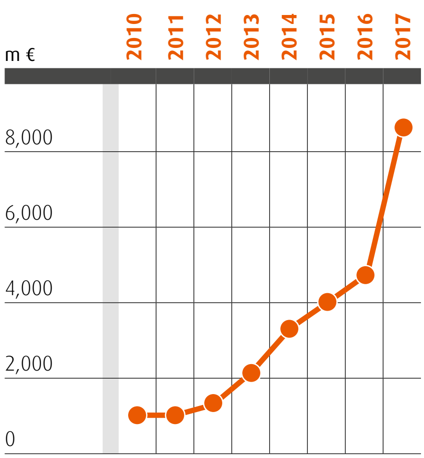
2017 was the year of high-volume portfolio deals and company takeovers, which contributed the lion's share to an exceptional annual result. We are seeing strong growth in the sector and many investors are choosing to go with logistics investments over other asset classes due to higher yields.

YEAR OF THE MEGA DEAL Several portfolio deals in the billion-euro range changed hands on the German industrial and logistics market in 2017. The highest-volume deal was Blackstone's sale of the European logistics platform Logicor to China Investment Corporation. The German share of the portfolio alone accounted for €2bn (total volume: €12.2bn), almost a quarter of 2017's total transaction volume. Another significant transaction in early 2017 was the acquisition of the Hansteen portfolio, with 100 German industrial and logistics assets being purchased by a joint venture of Blackstone and M7 Real Estate. GLP, the world's largest supplier of logistics space in Singapore, announced in Q3 that it would be entering the European market with »


DIMENSION.
SUBSTANCE.
CAPACITY.
Whenever a good residential developer is not only able to draw on its experience, but also on its network, excellent employees and a healthy capital base, it becomes a real industry heavyweight.
Here at Instone, trust is the cornerstone of customer relationships – and the result of many years of sustainable and successful development activities.
instone.de
INSTONE REAL ESTATE

TRANSACTION VOLUME

Industrial & Logistics properties (in m €)



Source: Colliers International

its acquisition of property developer and investment company Gazeley. The acquisition comprises a €2.4bn European portfolio, roughly €815m of which are assets in Germany.

Portfolio deals generated roughly €6.1bn in 2017, or around 71% of total transaction volume. 18 portfolio transactions were recorded in Germany in 2017 with warehousing and logistics assets accounting for two-thirds of total transaction volume. Foreign investors claimed 80% of these portfolio deals. In comparison, foreign investors were only responsible for 45% of total transaction volume and 36% of portfolio deals on the German commercial investment market in general.

HIGH DEMAND FROM ASIA - FOREIGN INVESTORS WITH SIGNIFICANT IMPACT Asian investors such as GLP and China Investment Corporation managed to acquire several assets in Europe and Germany with just a single deal in 2017, securing significant market shares in a relatively short amount of time. Investors from the Middle East showed interest in German investments as well. Financial services provider Gulf Islamic Investments (GII) based in the United Arab Emirates recently acquired several new logistics properties developed by Garbe at the "Westfalenhütte" logistics park in Dortmund.

Foreign investors poured a total of roughly €5.6bn (65%) into German industrial and logistics space in 2017, up a whopping 71% yoy. Foreign investors also appear to be increasingly willing to take risks in their investments in Germany, focusing not only on traditional core and core+ properties but also increasingly on the value add sector, which almost tripled its share yoy to 13%.

SOVEREIGN WEALTH FUNDS AND OPEN-ENDED REAL ESTATE FUNDS MOST ACTIVE BUY-SIDE Thanks to China Investment Corporation's multi-billion acquisition, sovereign wealth funds significantly impacted the German market in 2017 with a market share of almost 25%. However, open-ended real estate funds and special funds secured the lion's share with a total of €2.9bn, i.e. almost a third of total 2017 transaction volume.

An increasing number of German and foreign open-ended real estate funds are adding logistics assets to their portfolio mix. Deutsche Bank currently holds large logistics centers (Kawasaki in Japan and Adidas in South Korea) in its "grundbesitz global" fund. These acquisitions increased the share of logistics assets in Deutsche Bank's fund to 7.7%, making this asset class the third-strongest in the fund. We are seeing an increase in the number of logistics-focused real estate funds being launched as well. A good example is the Triuva logistics special fund, which was launched in 2017 in collaboration with Garbe Industrial Real Estate GmbH.

YIELDS CONTINUE DOWNWARD TREND The combination of increasing demand for logistics investments and a lack of immediately available products again put yields under pressure at the end of 2017. Prime gross yields for core properties in Germany's Big 7 investment hubs plummeted by 75 basis points from roughly 5.4% in December 2016 to a current 4.65%. Logistics assets recorded the strongest yield compression in the past 12 months compared to other asset classes such as office and retail.

We expect to see sustained favorable growth in the light-industrial segment in 2018 as well as lively activity on both the buy and sell-side. Due to mega trends like globalization and digitization combined with the Industry 4.0 wave, the German industrial sector is undergoing a transformation. Medium-sized companies traditionally tend to follow in the footsteps of large industrial companies like Bosch and Siemens for fear of missing out on the latest technological developments on the world market.

Germany has strong interest in consolidating and expanding its leading position in the manufacturing sector. Technological progress will therefore also drive demand for innovative and flexible warehouse and office concepts suitable for undertakings such as the increased use of robots in factories. This, in turn, will spark the interest of investors who can expect to see attractive yields of up to 6% for light-industrial assets in the Big 7 markets.

STILL VERY POPULAR Looking back at 2017 it becomes clear that Germany remains one of the world's most popular investment locations and an increasing number of investors are looking to Germany due to a number of factors including the country's considerable economic stability. The rapidly growing e-commerce sector continues to stimulate demand for warehouse and logistics assets in Germany as well. Property developments and new space hitting the market are struggling to keep up with demand, however, which is why forward funding will become increasingly important on the industrial and logistics investment market. We expect a similar run on logistics assets in 2018, limited only by scarcity of supply. «

Hubert Reck, Head of Industrial & Logistics Investment Germany Colliers International

Germany is experiencing an unprecedented office real estate boom

Investors Love Offices in Major German Cities

They provide low risk despite a high price tag. The only downside to the general euphoria is the shortage of available investment properties.

TOP 5 INVESTORS

Top 5 investors in German commercial real estate in 2017, by country of origin:

1. **United States,** 4.3 bn euros
2. **United Kingdom,** 2.9 bn euros
3. **France and China,** 2.1 bn euros each
4. **Singapore,** 2.0 bn euros
5. **South Korea,** nearly 1.0 bn euros

Source: bulwiengesa AG

Germany is experiencing an unprecedented office real estate boom. 2017 marks the year with highest office take-up since data has been recorded in 1990. The excellent economic conditions and underlying prospects for employment growth are fuelling the demand for office space. Investors are well aware of these economic factors and which led to bullish investment behaviour in 2017: 24.4 billion euros were invested in office properties in 2017 as preferred asset class for investors. This is approximately the same transaction level as in the previous year, but the investment volume exceeds the five-year average by c. 3.0 billion euros. The major investment focus was on the “Big Seven” office markets, but smaller markets also attracted office investment.

At roughly 80 percent, single-property deals and big-ticket transactions accounted for an unusually high share of the action in the office segment. Over 30 office property deals had price tags exceeding 100 million euros last year. Some were so big they made headlines not just in the trade press: The Sony Center complex in Berlin went to OMERS Realty Corporation and Madison International Realty for c. 1.1 billion euros, the well-known high-rise Tower 185 in Frankfurt to Deka for 775 million euros, while a package of 40 office properties was sold by Apollo Global Management to asset manager Intown Invest for over one billion euros.

GROWING NUMBER OF INVESTORS FROM ASIA Fuelled by the high volume of portfolio deals, especially in the logistics segment, and high-priced single transactions, the share of foreign investors in the commercial real estate market rose to nearly 46 percent, and added up to a year-end total of 26.7 billion euros. While the United States, the United Kingdom and France already topped the list in 2016, the number of Asian investors buying German commercial real estate grew rapidly in 2017, putting China on a level with France now.

BOOM DAMPENED BY A STRIKING LACK OF NEW CONSTRUCTION However, one factor is putting the brakes on the buying spree of well-endowed investors: Modern office space is currently in very short supply in the market. In 2017, office completions decreased significantly. In the 127 markets regularly analysed by bulwiengesa, we registered only 1.6 million square metres in new office completions in 2017. This implies a year-on-year decline by 16.5 percent. In the so-called “Big Seven” cities, completions actually decreased by 27.1 percent.

Office tenants are struggling with the lack of sufficient new construction activity. While the booming economic conditions have led to an increase in employment, the demand for office space and resulting

Photo: Christian Mueller/shutterstock.com take-up levels have led to a decrease in vacancy rate in the 127 markets analysed by bulwiengesa for the past seven consecutive years. Cities like Munich, Stuttgart or Berlin have practically reached full occupancy, so that amid low completion levels and lack of available space, we expect a decline in office space take-up for 2018. Many companies in Munich, for example, have to check more the availability in the out-of-town-market for suitable office space.

The major office markets are all experiencing excess demand with the exception of Frankfurt am Main and Düsseldorf. Various smaller markets are also affected by a decline in available office space, which sets the stage for moderate rental growth.

PRIME RENTS CLIMBING STEADILY A closer look at the development of rents shows: Prime rents have grown for seven consecutive years in the 127 German office markets analysed by bulwiengesa. By the end of 2017, prime rents in the seven Class A cities averaged c. 29.0 euros/sqm, which implies an increase by 4.8 percent year on year and by an actual 12.0 percent since 2015.

The "Big Seven" office markets achieved vibrant office market performance in 2016 and 2017. Berlin took the lead as the fastest growing office market. Although the prime rental growth of 7.1 percent lagged behind the figures of Frankfurt and Stuttgart, the increase since 2015 amounted to 25.0 percent or 6.00 euros/sqm. At the moment, the prime rent in Berlin is at 30.00 euros/sqm, which is the third most expensive office market in Germany after Frankfurt and Munich.

DOES THE YIELD SHIFT IN THE "BIG SEVEN" ENCOURAGE INVESTMENT IN SMALLER CITIES? Those who invest in German office real estate generally tend to seek a "safe haven" for their money, more so than high returns. The latter have long ceased to be available from safe investment opportunities anyway: Net initial yields have been hardening since 2009—for major cities as well as secondary markets. It is the first time on record that net initial yields for office properties have dropped below the mark of 4.0 percent in all of the Class A cities at the same time. Meanwhile, Berlin has taken Munich's place as the priciest city, and the yield rate in the German capital is now down to 2.9 percent. In Munich, the yield level registered at year-end 2017 was 3.0 percent.

Investment statistics show that more and more investors are willing to accept alternative locations as they try to generate higher returns on the capital employed. The investment strategy in secondary and tertiary markets is supported by sound economic and property-specific performance indicators. Assuming that selling prices will keep going up, a further increase in investments beyond the Class A cities is by all means possible.

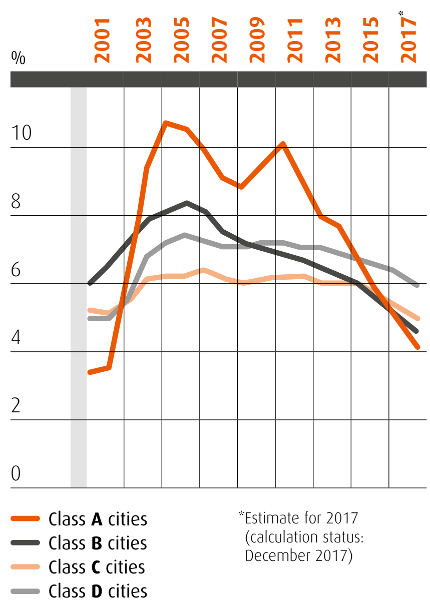
CONCLUSION AND OUTLOOK FOR 2018 The German business cycle is likely to keep following an upward trend in 2018. Accordingly, there is reason to anticipate sound take-up figures in all types of markets. However, new record levels are hardly to be expected due to the lack of available office space in many prime, secondary and tertiary cities and the persistently weak new construction activity, there is simply not enough supply on the market. The situation in cities with very low supply levels could become precarious as early as 2018 as the keen demand for modern office floor space can no longer be fully accommodated.

The steady decline in vacancy rates will keep driving up rents and prices. As it is, prime rents in particular are already under enormous pressure. If the current trend continues, the yield level will drop even further below the ten-year average. Since 2018 is not likely to bring a major interest rate hike by the ECB either, prices for commercial real estate will generally continue their upward trend.

LIMITING FACTOR: SHORT SUPPLY Whether or not the excellent performance of 2017 will repeat itself depends ultimately on the willingness of property asset holders to sell. But short supply will in any case act as a limiting factor. «

AVERAGE VACANCY RATE

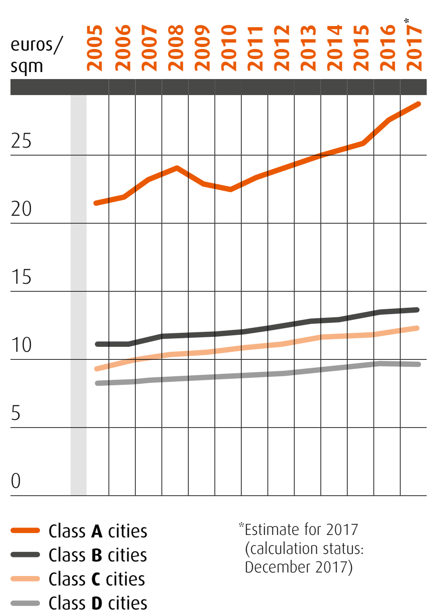
(in %) in Germany by city classification, 2000–2017*



Source: RIWIS database of bulwiengesa AG.

GROWTH IN PRIME RENTS

(weighted average, in euros/sqm) in Germany, by city classification, 2005 - 2017*



Source: RIWIS database of bulwiengesa AG.

Ralf Fröba, bulwiengesa AG, responsible for office and investment markets and for portfolio analysis

Still Lively and of Interest

But it is undisputed that retailers and city centres have to adapt to the changing circumstances. Therefore it needs greater emphasis on the presentation of goods allowing them to be really experienced by customers. And it needs an improved brand building too.

The retail market is being watched closely not only in Germany, but in many other countries as well. Many market participants are wondering how the markets will develop in future and whether the high street can survive in the long term against e-commerce, which is gaining increasingly in importance. What is undisputed is that retailers, and city centres, have to adapt to the changing circumstances. New concepts, where greater emphasis is placed on the presentation of goods and allowing them to be experienced by customers for example in showrooms, in conjunction with improved brand building, are one approach. The creative and customer-oriented combination of online and in-store shopping and the greater integration of catering offerings in the industry mix of shopping centres are other approaches which are not only the subject of intensive discussion, but are often already being implemented. Naturally the necessary adjustment processes, for example shorter lease periods, will also have an impact on the real estate industry and the decisions of owners and investors. Against this background, the future remains exciting. It is also clear that the retail industry is currently benefiting from the very good fundamental economic data.

According to initial estimates, German GDP grew in 2017 by 2.2% and therefore by more than expected at the start of the year. The increase is one percentage point above the ten-year average and the forecasts predict a similar increase for 2018. Significant drivers of growth came from within Germany, where consumer spending (price-adjusted) increased by 2%. Also responsible for this is the very stable and high consumer confidence, which according to the GfK stood at 10.8 points in January and was therefore higher than in the previous year. The fall in the unemployment rate, which averaged 5.7% for the year, has also contributed to the growth in disposable incomes. The retail industry has benefited more than most from this development. According to the initial calculations of the Federal Statistical Office, retail sales increased in real terms, that is to say adjusted for prices, by between 2.7 and 3.1% in 2017. In terms of the economy, the traffic lights were therefore on green for the retail industry in 2017, and this is not expected to change in 2018.

+7%

With a transaction volume of 13.81 bn €, retail investments recorded a very successful year in 2017. The previous year's result was topped by almost 7%.

INDICATOR: TAKE-UP OF LETTING SPACE

Will the property markets also benefit from this positive environment though? One indicator for this is the nationwide take-up of letting space. In 2017 a take-up of over 662,000 m² was recorded nationwide. Compared to the previous year, this equates to a reduction of 11%, and it was also the lowest figure for the last five years. At first glance, the theory that demand for space on the high street is receding due to the competition from online shopping appears to be confirmed. Only a detailed analysis reveals the structural trends behind this though. The number of transactions has only fallen by 4% compared to the previous year to just over 1,300 and is higher for example than in 2013. This does not support the simple conclusion that less retailers are interested in space. A lot of retailers are still looking for attractive locations; however, somewhat smaller units are often being sought, with the result that the average size per let has reduced by 7% to currently just over 500 m². This trend appears to have consolidated in recent years. The same applies for some structural changes in the industry mix. While the share of clothing shops in 2017 was seven percentage points below the average for the past ten years, catering concepts gained five points, whereby they are now even being integrated into the shops of other industries. These developments reflect the necessary adjustments of high-street

The right properties in the right locations continue to be of great interest to investors.

retailers, which have to and will continue in the future. They definitely do not signal the possible demise of the high street.

The questions remain: How do investors assess the situation and do they feel comfortable and on the safe side with retail investments? The figures for 2017 speak clearly in this respect: With a transaction volume of 13.81 bn €, retail investments recorded a very successful year in 2017. Not only was the previous year's result topped by almost 7%, it was also the third-best result of all time. Only in 2015 and 2006, years in which package deals worth billions were also recorded, was even more invested in retail properties. Despite structural changes in the retail landscape, investors are keeping faith with this asset class, which is very understandable against the background of strong consumption, rising employment figures and a pleasing increase in real wages.

As in recent years, discount stores, supermarkets and retail parks were popular among investors. With a take-up of 6.29 bn €, they remained roughly at the previous year's level and are responsible for almost 46% of the overall result. The take-up of Inner City retail/office buildings has increased significantly, by over 30% to 4.04 bn €, and they occupied second place with a share of just over 29%. This too shows that the right properties in the right locations continue to be of great interest to investors. The bronze position was taken by shopping centres with 2.43 bn € (almost 18%). They too recorded a slight increase in take-up in absolute terms.

HORROR SCENARIOS ARE EXAGGERATED

It can be stated that the retail market in Germany remains lively and is of great interest to both tenants and investors. If the tailwind provided by the fundamental economic data is also taken into account, horror scenarios concerning the future of the high street are exaggerated and incorrect. Adjustment processes which result in changes such as smaller shop sizes or shorter lease periods are phenomena which are faced by owners in other asset classes such as office and logistics properties and are due in particular to increasing digitalisation and flexibilisation. All industries face the challenge of having to adapt and develop new, innovative concepts. However, this also represents an opportunity; this applies for the retail industry, retail properties and equally for the economy as a whole. As the investment figures show, investors share this view. There is no general scepticism among investors concerning retail properties as a result of the dynamic growth of e-commerce, even if more intensive checks are being made by some than in the past. The diverse retail market offers enough attractive investment opportunities and this will not change in future. «

Christoph Scharf, Managing Director of BNP Paribas Real Estate GmbH and Head of Retail Services

From Hidden Champion to Everybody's Darling

In 2016, Germany pulled ahead of the European hotel real estate market's top player United Kingdom. It took first place with a record transaction volume of €5.2bn. Today, Germany's popularity as an investment destination for hotel real estate should be apparent to just about everyone. But what sets the German market apart?

As a tourist destination, Germany is more popular than ever before. Following a steep rise in the first half of 2017, tourism in the country nestled between the Baltic Sea and the Alps is on track to setting a record for the eighth year in a row. The country already set a record of roughly 447.2m overnight stays in 2016, an increase of 2.5% year on year. In 2016, the number of guests increased even more rapidly – by 2.9% compared to 2015. Both statistics are rising from year to year and give reason to expect further record figures in 2017. Hotel occupancy grew slightly by one percentage point to just under 71%.

GERMAN ECONOMY AND DOMESTIC TOURISM BOOM BENEFIT HOTEL MARKET Rising employment figures and the good economic situation in Germany are helping boost the development of demand. What is more, Germans are discovering the advantages of their own country in times of growing security concerns. Almost 80% of guests at accommodation establishments come from within the country. According to recent surveys, Germany is the number-one holiday destination among Germans. A research initiative by the Foundation for Future Studies found that just under 34% of all German tourists spend their holidays within the country. The slight decline in length of stay from year to year, to 2.6 overnight stays on average in 2016, additionally indicates a trend towards shorter trips that is most certainly also influenced by a further increase in business travel. German companies alone accounted for 74.3m business-related stays in 2016 – an increase of 9.9% year on year.

The number of foreign guests is also constantly rising, albeit not as rapidly as the number of domestic visitors. One-fifth of all guests came from abroad in 2016. At 1.4%, however, the increase fell short of the rise recorded one year earlier (5.4%).

BRONZE MEDAL FOR 2017 As a result, the German accommodation industry recorded average turnover growth of 1.8% (net of inflation) in 2016. Thanks to a 3.6% increase in the average room rate, revenue per available room (RevPAR) grew by 4.6%.

After setting a record in 2016, transaction volume remained high in 2017. Still, at €4.1bn, the third-best year of all time came in just over one-fifth behind the record seen in 2016 due to a significantly smaller extent of portfolio deals and the increasing scarcity of offers in the market. At €2.2bn, four-star hotels accounted for the lion's share of transaction volume (52%). Three-star establishments accounted for roughly a quarter of transaction volume.

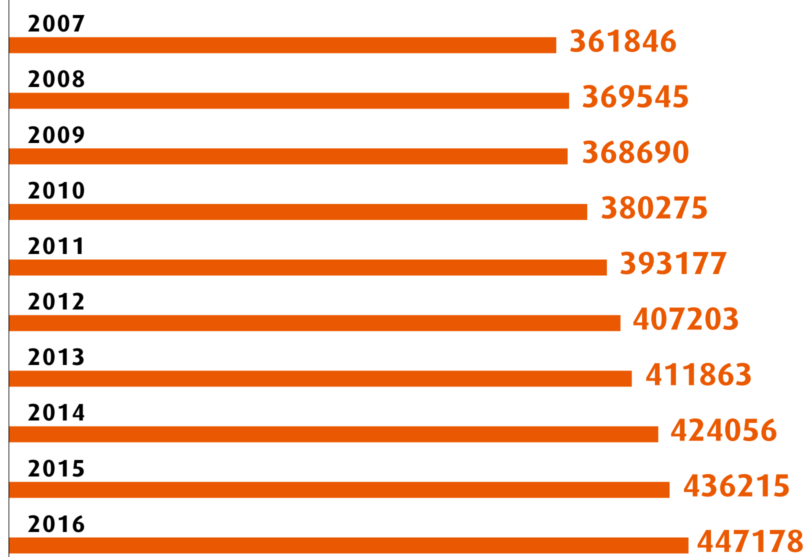
The continued high transaction volume is having a major influence on the development of yields. Although hotels still offer yields well above those available from residential or office properties, a downward trend has also emerged in this asset class. At 5.00%, Berlin and Cologne

Left: Germany's trade fair and convention hotspots are an important indicator of demand for regional hotel markets.

Right: Hotel development goes along with attractive tourist destinations.

offer the most lucrative returns of the TOP 7 locations , followed by Düsseldorf (4.95%), Stuttgart (4.80%) and Frankfurt (4.60%). Prime yields of just 4.10% and 4.25% respectively, can be expected in Munich and Hamburg. Unlike in 2016, domestic buyers – who accounted for 54% of investors, according to Colliers – were the driving force behind transactions in the market. Institutional investors were once again the largest group of buyers (55%). Family offices and private individuals were also major buyers. With a share of around 59%, German investors accounted for the lion's share of sellers. The increasingly scarce supply is also the reason why investors are increasingly acquiring a stake in projects during the construction phase through tools such as forward deals. Between 2015 and 2017, the share of project developments rose by 8.7 percentage points to 26.3%. With the general conditions in the German hotel real »

Overnight stays spent by guests in tourist accommodation 2007-2016
(Overnight stays in 1,000)



Source: Federal Statistical Office

Photo: meunierd, MaraZe/shutterstock.com

„Along with Leipzig and Dresden, cities such as Heidelberg and Würzburg – as well as Bremen, Rostock and Kiel, – are increasingly at the centre of attention.“

Karsten Jungk, Managing Director and Partner, Wüest Partner Germany

estate market in mind, what are the factors that make a hotel project profitable? Two aspects are decisive: location and concept.

SECONDARY CITIES PULL AHEAD OF FIRST-TIER CITIES A hotel's success is not primarily dependent on the size of the city in which it is located. Instead, it depends on the city's economic prosperity and the associated demand in the market. Along with attractive destinations from a tourism perspective and major metropolitan areas, Germany's trade fair and convention hotspots are also an important indicator of demand for regional markets. Investor focus centres not only on Germany's seven major metropolitan areas, but also on a number of medium-sized German cities. Many B locations are high-growth tourism and hotel market regions. In 2016, Wüest Partner Germany identified the most promising hotel markets in a ranking. Eleven medium-sized cities made it into the top 15, joining the four cities heading up the list (Berlin, Stuttgart, Hamburg and Munich). Along with Leipzig and Dresden, both of which are major tourist destinations, cities such as Heidelberg and Würzburg – as well as holiday destinations along the North and Baltic Seas, including Bremen, Rostock, Kiel, Lübeck and North Frisia – are increasingly at the centre of attention. The most important criterion in the ranking was the mathematical bed occupancy rate, which makes it possible to draw conclusions as to the relationship between supply and demand. The development of the bed occupancy rate, in addition to factors concerning the markets' size and attractiveness for investors, was also taken into consideration in the ranking.

Once the appropriate location has been found, a sound concept is the key to the long-term success of a hotel property. The range of concepts is wide, from low-budget establishments, hotel chains and boutique hotels, to spas, resorts and luxury hotels. Individual concepts are more popular than ever, and the operator's expertise plays an essential role in profitably implementing them through atmosphere and guest services. With appropriate digital booking processes, plus a selection of products and services that address current trends such as short trips and weekend getaways, there is nothing to stand in the way of long-term success – at least as long as the German economy continues to boom. «

Karsten Jungk, Managing Director and Partner, Wüest Partner Germany

At 5.00%, Berlin and Cologne offer the most lucrative returns of the TOP 7 locations , followed by Düsseldorf (4.95%).

Photo: Mikhail Markovskiy/shutterstock.com

With its impressive skyline, Frankfurt grows in stature by the day. The UK's Brexit negotiations have brought the city even more into focus.

Jewels in Europe's Residential Market Crown

The population growth that major German cities are experiencing is creating unprecedented opportunity for investors. Those looking to invest in the country's residential property have options on the table - for example in the dynamic duo Frankfurt and Berlin.

Photo: Renderings Grand Tower Frankfurt

Urbanisation is a word we continue to hear on the conference circuit. Here in Germany, "Urbanisierung" is less commonly used. But that does not mean the trend is less prevalent. Far from it, in fact. The population growth that major German cities are experiencing is creating unprecedented opportunity for investors in residential real estate. Urbanisation is not a trend that one sole German city is enjoying. The phrase "Big Seven" will of course be familiar to educated investors in German real estate. It means that those looking to invest in the country's residential property have options on the table. German cities grabbed four of the top 10 spots in the Urban Land Institute and PwC's recent joint survey of sentiment among 800 real estate professionals.

Relocation to German cities was not always the case, with reunification initially seeing city centres shrink. The European Union's enlargement in 2004, however, turned population trends on their head. Now – at a time of increased relocation and movement of talent – urbanisation, associated with both economic and social transformation, is entwined with employment growth, something all of Germany's major cities benefit from. A robust economy with high employment, growth (gross domestic product, at around 2.4 %, is Germany's best since 2011) and a housing » market with low supply, alongside upward pressure on rents, make the country's residential sector an ideal place to start – for income and capital growth driven investors, as well as those simply looking for an established safe haven.

German annual residential volumes outstrip those of fellow European countries, while with one of the lowest rates of home-ownership in Europe, residential values are comparatively low.

DYNAMIC DUO Frankfurt and Berlin are among the most attractive destinations for residential investment in Germany. The strength of the two German powerhouses is, of course, well documented.

With its high ranking this year in Mercer's 19th annual Quality of Living survey, there is no doubting the appeal

Berlin is internationally popular. With the city's established start-up scene now a major draw exists for young professionals relocating from Asia, the U.S. and Europe.

of Frankfurt. The city scored highly on a global scale, ranking seventh in the 2017 study of 450 cities. Frankfurt was also second only to Singapore for infrastructure. The city is home to Europe's third busiest airport. More than 60 million passengers pass through its two terminals each year, with another terminal under construction for completion in 2022.

With its impressive skyline, Frankfurt grows in stature by the day. The U.K.'s Brexit negotiations have brought the city even more into focus. The relocation of staff, albeit on a lower scale than first anticipated, can only benefit Frankfurt, with all real estate sectors standing to benefit. The city's population, currently around 740,000, is growing each year by around 2%.

International influence on the city is already reflected in Frankfurt's cultural offer and the banking heart of Europe has quickly become the focus of Asian and particularly Chinese investors. Instead of period buildings with creaking floorboards, many Chinese investors tend to prefer the idea of modern residential high-rise buildings. More than 50% of buyers of apartments in the city's Grand Tower project are from abroad, with Asia-Pacific buyers just as attracted to the asset as their European peers are.

Within Germany, Frankfurt is relatively unique in being able to offer high-rise living, with Grand Tower the country's tallest at 172 metres tall. The scheme, due for completion in 2019, has attracted an interesting mix of buyers, with the ratio of owner-occupiers and capital investors committing capital to the iconic tower in Frankfurt's Europaviertel district balanced. The asset, the city and the residential sector are equally appealing at home and abroad.

LEARNING AND EARNING Some 500km northeast, Berlin is equally popular internationally, with the city's established start-up scene now a major draw for young professionals relocating from Asia, the US and closer to home here in Europe.

Google's plans for a new campus in the city's Kreuzberg district have excited many, while the imminent completion of new headquarters of online retailer Zalando brings more people and life to the Friedrichshain district. Berlin is rapidly moving forward, having recently passed the point where its famous wall had been down for as long as it stood.

Educational, as well as career opportunities, have brought a city once regarded as the enfant terrible of Germany into the spotlight. Berlin is home to 175,000 students enrolled at nearly 50 educational establishments. With a significant proportion of this figure being international, residential needs vary greatly for those in higher education at Berlin's Humboldt, Freie, Technische and University of the Arts. Many courses are now designed internationally, with lectures often given in English. There is no doubting the importance of Berlin's universities as a factor in the future of the city, cementing the capital's place on the global stage.

MANY CULTURAL AND PROFESSIONAL BENEFITS What those on either side of graduation day have in common is an appreciation of Berlin's many cultural and professional benefits. The city ranked second out of 100 cities, based on qualities including housing, transport, employment prospects and, predictably, nightlife in a study by Nestpick last year.

Micro-apartments, often favoured by students and those taking their first tentative steps in a professional career, are particularly sought after in Berlin, with sustained demand from domestic and international career starters, project workers and commuters, as well as employees with fixed-term contracts.

The Fritz scheme, in the centre of the Mittenmang quarter, near Berlin's main station, will include 266 micro-apartments ranging from 22 to 51 square metres – further evidence of the growing need for well-located apartments offering less space than has traditionally been the case. That in part is due to the evolving nature of work, with many companies relying on project-related work and employees being consequently more nomadic. Small, flexible and comfortable living space is therefore in demand, filling a gap between a traditional residential lease contract and comparatively impersonal hotel living. In 2018, such micro-living trends are naturally more prevalent in a city such as Berlin. Once again, urbanisation is playing a pivotal part in the evolution of residential development.

Looking forward, prospects for the city are exceedingly good. Two years from now, some 62,000 new office employees will have moved to Berlin, according to German consultancy bulwiengesa, taking the city's amount of office workers to around 775,000. As many as four million people are likely to inhabit Berlin by 2035, according to Germany's institute for economic research. Berlin and Frankfurt are of course not alone in the wider world's urbanisation story, with 66% of the globe's population living in cities by 2050, according to a report by the United Nations. The two cities will continue to grow, carrying the residential sector with them. «

Thomas Zabel, Head of JLL Residential Development Germany

"Berlin and Frankfurt are, of course, not alone in the world's urbanisation story. But the two cities will continue to grow, carrying the residential sector with them."

Thomas Zabel, Head of JLL Residential Development Germany

Photo: Fritz Tower Berlin: Innenhof

MIPIM Is Becoming Even More Global

At this year's MIPIM, organizers are expecting more than 5,000 international investors and bank representatives, including five of the world's six largest sovereign wealth funds. Participants from Kenya, Senegal, Morocco and South Africa will be attending the fair in Cannes for the first time.

With 240 companies, German exhibitors accounted for around nine percent of total exhibitor space last year, and this trend will continue to increase in 2018 as well. "This will be a MIPIM of cities; it is important to enhance values," says Thomas Beyerle, Managing Director of the Swedish Catella Property Valuation GmbH. As a specialist for real estate investments, fund management and banking, the company will be represented by over 100 employees in Cannes. Barcelona, London, Amsterdam and Venice are just a few locations that are high up on Beyerle's list of who to talk to.

Beyerle heads the group-wide market analysis from the Frankfurt office. Many questions will, in his words, find their way into the numerous expert panels: Is even more new office space needed in light of increasing digitalization and, with it, automation? How can the pressure be taken off increasingly scarce space stemming from the urbanization trend? What will contractual issues have to entail in future? Is a bottleneck in increasingly bureaucratic approval procedures needed? Or, how can even more capital be directed from the U.K. to Europe, and in particular Berlin-Brandenburg as Germany's most popular real estate region.

NEW MIPIM DIRECTOR Ronan Vaspart, the new MIPIM Director and just like his predecessor Filippo Rean (to whom he will report directly), with an affinity for real estate, has worked for the Accor hotel chain. The saying "quality before quantity" is and remains the designated motto of this year's fair. This means that with 24,000 to 26,000 guests, the capacity limits have been more than reached. With significantly more guests – the record was around 29,000 -- MIPIM will become a stress factor simply for logistical reasons. Value creation is generated by, among other things, a constantly expanding portfolio of global real estate trade fairs by organizer Reed Midem.

1,000 countries, 500 cities, 5,000 investors and 3,800 developers were in Cannes in 2017, and 2018 will likely see these impressive numbers again. Issues that are setting the scene include relocating booth partners from A to B, topics that are new or expanded, Africa's real estate industry, which can be prominently explored for the first time at MIPIM, and trends that can either be confirmed or questioned.

"Every year, MIPIM is the meeting place for the international real estate industry, and we offer the best possible matchmaking service for our participants. This year, this concept will be expanded further with a closed regulatory and legal forum. Lawyers will discuss how the European framework and national legislation are affecting the real estate industry," says Vaspart. With "Mapping World Urbanity", MIPIM is focusing on a topic (see also interview with Vaspart on page 44) that Drees & Sommer has been addressing for a long time. An increasing number of people are living in cities worldwide. Many, often mutually reinforcing developments create numerous challenges. "The resulting tasks require cooperation between various disciplines and comprehensive expertise in urban development," explains

45%

In 2017, 45 percent of the investment volume in Germany was attributable to foreign investors.

Katrin Lompscher, Senator for Urban Development and Housing, is expected at MIPIM this year. A modernized stand shall enhance this year's presence at the fair. There will be an African Pavilion this year. Kenya, Senegal, Morocco and South Africa are taking part ...

Peter Tzeschlock, CEO of Drees & Sommer SE. At the fair, they want to inspire international decision-makers from business, politics and international investors and developers, in particular with regards to digital developments in the future.

GERMAN CITIES REMAIN HIGHLY POPULAR Emerging Trends Europe 2018 (PwC) has ranked real estate markets in major European cities according to their investment and development outlook. German cities recently hold four of the ten best spots; Berlin remains the most desirable city, Frankfurt is next to Copenhagen, closely followed by Munich and Hamburg. According to Vaspart, there will be a German conference reflecting Germany's importance, in which three issues will be discussed: What will urban life in Germany look like in 2030 or 2050? What does it mean to develop and invest in real estate when cities rule the world? What will be the best strategies for building cities in this globalized world?

"45 percent of the investment volume in Germany in 2017 was attributable to foreign investors," says Sabine Barthauer, Member of the Board of Deutsche Hypo, and she is well aware of the increase in values. The economic stability and established asset classes in a regional, product-diversified market continue to point in favor of Germany. Like nearly everyone in the industry, Barthauer also expects 2018 to be another very good year for real estate.

FROM BERLIN TO LEIPZIG The exhibition area of the joint Berlin stand (P4.C10) is located on the fourth floor of the Palais des Festivals and with its attractive terrace overlooking the old port of Cannes and the Croisette provides an ambience of high-quality amenity value for your business meetings with international decision-makers. The Senate Department for Urban Development and Housing has again assumed patronage and, together with the Business Development Agency and other companies involved in Berlin, provides information on-site about current "future locations" and new housing projects.

No stand of their own but in partnership with many city stands, that is the Strabag principle, Division RealEstate (SRE) – demonstrating expertise in skyscrapers with the "Upper West" project at the Berlin stand. The hybrid skyscraper (hotel, offices, retail space and restaurant with the Skybar located opposite Berlin's Gedächtniskirche), almost completely rented a few months after completion, did not make it into the final award list of the "Best Office and Business Development" category. Properties from the U.K., Italy, Peru and China were nominated in this category. The Puhlmannhof in Berlin by project developer Hamburg Team was nominated in the "Best Urban Regeneration Project" category.

Berlin stand partners can participate for as little as EUR 20,000, with as much as the same amount required in addition depending on the equipment (model area, terminal, etc.). Katrin Lompscher, Sen- »

Photos: Fotostudio SX Heuser; Valentin Desjardins, S.d'Halloy/MIPIM

"We are faced with the challenge of making the advantages of digitalization tangible for real estate users and customers as well as for ourselves."

Marko Müller, Corpus Sireo Real Estate

ator for Urban Development and Housing, is expected. A modernized stand shall enhance this year's presence at the fair.

HAMBURG "PLAYS" THE THEME OF F&I PARKS According to fair coordinator Claudia Röhl of Berlin, the Hanseatic city is one of MIPIM's reliable partners who book early, not at the last minute like some other cities. LIP Ludger Inholte is returning to the Hamburg stand after a four-year break. ECE, previously successful at Europe's largest retail trade fair, MAPIC 2017 in Cannes, winning two awards, can be found this year at the Hamburg stand. This is probably due to the fact that in the shopping center segment no major international projects are currently in the works and revitalization is what is called for. Building Senator Dorothea Stapelfeldt's presentation will focus on Mitte Altona, Oberbillwerder and Wilhelmsburg, the development of Grasbrook is the theme of HafenCity. The topic of F&I Parks will be circulating through all trade fairs as well as MIPIM 2018. One reason to celebrate is the 60th anniversary of the Franco-German friendship between Marseille and Hamburg. "Of course, it should be visibly colorful and stylish," says Andreas Köpke, Head of Marketing at Hamburg Invest.

INVEST REGION LEIPZIG PARTICIPATING FOR THE FIRST TIME Burkhard Jung, Mayor of the City of Leipzig, will be on hand for the first time with a strong presence including a delegation in Cannes. After being invited as a guest with numerous conversations and contacts in tow in 2017, an exciting real estate candidate of importance from the new German states will be presenting at the Croisette for the first time. Leipzig has received a 40 sqm section in the German Pavillon. This serves as a point of entry for cities, regions and economic development entities. Despite an increase in demand, especially for logistics space in the north of Leipzig with good connections to the Leipzig/Halle airport, numerous areas for construction and hall space with an optimal layout are available in numerous locations in the region, and comparatively well priced.

BUZZWORD DIGITALIZATION IS UNSTOPPABLE "We are faced with the challenge of making the benefits of digitalization tangible for real estate users and customers, as well as for ourselves," says Marko Müller, who as the Director wants to move ahead with digital transformation at Corpus Sireo Real Estate. Together with Tim Brückner, Head of Portfolio Management, Müller harmonizes the data structure and makes it acceptable in digital form: "We prepare all data on a property according to data standards such as the GIF standard. This means that the data can be retrieved for all key processes as part of fund, portfolio, asset and property management."

The integration of technologies in buildings and urban areas is also a central theme of MIPIM. Apleona wants to continue to beat the drum for their new services in this field. Industrial and real estate companies are increasingly looking for service partners who can assume their respective portfolios across regions at the same level of quality and across the entire range of services, from technical and infrastructural facility management through real estate management and on to assuming secondary processes on their own from a single source.

FINANCIAL CENTER OF FRANKFURT IS AMONG THE WINNERS The Frankfurt financial center will benefit tangibly from Britain's decision to leave the European Union. On behalf of the city, Wirtschaftsförderung Frankfurt GmbH has been organizing the trade fair presence of the metropolitan region for more than 20 years. Like in 2017, Frankfurt with its 25 stand partners is presenting itself as "innovative and vital". In addition to Strabag and Drees & Sommer, Commerz Real from Wiesbaden can be met there. With three board members and press spokesman Gerd Johannsen, Commerz Real is appearing at the Frankfurt stand like it has in previous years. "We are currently exploring the markets in the U.S., Australia, the Netherlands as well as the Middle and Eastern European countries of Poland, the Czech Republic and Austria. The focus of the types of use is on shopping centers, hotels as well as student and micro-apartments."

METROPOLITAN REGION RHEIN-NECKAR WITH CONVERSION SITES The Rhein-Neckar region will be represented for the third time at MIPIM, located at the German Pavilion (R8.D24). As in previous years, its partner is the City of Mannheim, Axxus Capital is the newest addition. The goal is to create transparency for potential investors regarding the Rhein-Neckar location and to improve its perception on an international level, says Sabine Kapp from Location Marketing. In the coming years more than 500 hectares of conversion space will become available for new uses in Mannheim. In Heidelberg, the largest passive house settlement in the world is being built on 110 hectares.

"For smaller cities and municipalities, the MIPIM presence is simply too expensive," explains Danyel Atalay, Head of Economic Development of the Rhein-Neckar region. Two years ago, they did a test run in Cannes representing the region around Heidelberg and came to the conclusion that Munich and Expo Real are a better solution than Cannes and MIPIM.

CONSERVING RESOURCES THROUGH INTELLIGENT BUILDINGS Rapid growth of metropolitan regions is one of the biggest issues global society is facing. Every week, three million people move to cities, presenting urban infrastructure and utilities with major challenges. In order to make these cities safe, clean and citizen-friendly, Vaspart has dedicated half of a day at the fair to sustainability as a global challenge.

The German subsidiaries of large brokerage houses are, of course, represented; BNPPRE has the home court advantage, CBRE, JLL or Colliers are appearing with teams double the size of a soccer team, and meetings in the Palais or on a fancy yacht are some of the more pleasant obligations. "Due to the ongoing robust fundamentals in the German economy, the environment for uninterrupted office space demand remains extremely favorable," says Wolfgang Speer, Head of Office & Occupier Services at Colliers International. He is certain that vacancy rates in cities like Berlin and Stuttgart will soon tend towards below two percent. "The boom on the Top-7 German investment markets will continue in 2018," says Guido Nabben, spokesman for German Property Partners (GPP), and he has great expectations. He has noted strong demand from providers of co-working space and from business center operators for office space.

THE RISE OF LOGISTICS REAL ESTATE "The rise of logistics real estate will continue in 2018," according to banker Sabine Barthauer. "Particularly in the asset class logistics, the products are becoming increasingly differentiated and require more and more specialist expertise in buying and selling as well as in management," says Christopher Garbe of Garbe Industrial Real Estate with investment opportunities. Despite historically high prices, there is no sign of a market slowdown either among our investors or on the tenant side, says Garbe.

MIPIM PROPTECH STARTS IN JUNE Focus was clearly on digital innovation and Prop Techs already in 2017. Last year was an important year for the event portfolio with the first official PropTech event in New York, according to Ronan »

Vaspart. Over 800 delegates from 33 countries participated for more than two days. “Because of this strong response, we will launch MIPIM PropTech Europe in 2018 from June 19 to 21 in Paris,” says Vaspart.

NO HOST COUNTRY And, which country was selected to be the host country in 2018? “This year we do not have a host country, but if we had, it would have been Africa, in my opinion,” says Vaspart. Kenya, Senegal, Morocco and South Africa are taking part in the African Pavilion (as of the end of January). Two conferences will be concentrating on the urbanization effect in Africa. By 2050, as much as half of the world’s population growth will occur in Africa. Discussions will address how investors can predict the extent and type of real estate demand on such a diverse continent.

Urbanization has perhaps been the most important factor influencing real estate strategies in the last few years. According to the most recent PwC survey, in light of the changes to the way we live, work and get around nearly 80 percent of those surveyed expect populations in cities to become even denser. For investors, the interaction between real estate and infrastructure opens up a new range of investment opportunities in real estate.

“Just exactly when the boom on the real estate market comes to an end will again be hotly discussed at MIPIM 2018“, says Nikolai Dëus-von Homeyer, Managing Partner, NAS Invest. The fact that each year the high in the sector continues makes a market correction in Europe even more likely. «

Hans-Jörg Werth, Scheeßel

Trailblazer for New Trends in Real Estate

“For MIPIM 2018, we will be taking the topic of ‘Mapping World Urbanity’ to the showrooms of the trade fair...” An Interview with **Ronan Vaspart**, Director of MIPIM Markets.

What emphasis would you like to place as the new director of the fair? While I was preparing for my first MIPIM last year, now I want to continue the legacy as a trailblazer for new trends in the real estate industry. For MIPIM 2018, we will be taking the topic of “Mapping World Urbanity” (urbanity being defined as the quality of the character of life in a city) in its many facets to the showrooms of the trade fair. This builds on the theme in 2017 of the “New Deal” for real estate.

The increase in “Connected Urban Areas” reconfigures the map of urbanity in the world and in many cases sees the city as the source of economic power rather than the state. This requires that both the public and private players examine life in the cities of the future on a global level, the evolving role of local authorities and the creation of new urban models. For real estate professionals, the way to maximize returns is to find the right balance between a global strategy and vision and a local strategy that takes local characteristics, in particular, into account.

“Mapping World Urbanity” will not only be addressed as a part of our conference program, but will also appear in our new format sessions such as masterclasses, predictive scenario sessions and at topic-based breakfasts.

A highlight of the fair is the “Innovation Forum” with around 60 exhibitors. Are old topics also the new ones? The topic of sustainability continues to echo in real estate discussions around the world. In terms of sustainability and innovation, the main thing to remember is that the absolute standard for developers is to build buildings that are green and hence sustainable. Beyond smart buildings, it is now important to view sustainability from the perspective of the city and to consider how this can be achieved. This comprises a range of topics such as mobility, infrastructure, energy efficiency, as

MIPIM AWARD FINALISTS HAVE BEEN ANNOUNCED

“The number of German projects submitted for this year’s MIPIM Award has increased significantly by four projects to sixteen this year,” says MIPIM Director Ronan Vaspart. Three German projects are among the 2018 finalists. In the category “Best Hotel & Tourism Resort”, the Catholic Social Institute (KSI / Katholisch-Soziale Institut) of Michaelsberg Abbey made it to the finals. In the categories “Best Residential Building” and “Best Urban Regeneration Project”, two projects from Berlin-Prenzlau are on the shortlist with the residential project “PA 1925” (Pasteurstraße 19-25) by SmartHoming GmbH and the mixed use Puhlmannhof quarter by Hamburg Team. Puhlmannhof already won the Fiabci Award in November.

A total of 44 projects from 24 countries in 11 categories are in the final. The winners will be announced at the MIPIM Award event on March 15 in the Palais des Festivals in Cannes.

mipim AWARDS

"Germany remains strongly positioned among the top three largest MIPIM delegations", says Ronan Vaspart, Director of MIPIM Markets.

"Beyond smart buildings, it is now important to view sustainability from the perspective of the city and to consider how this can be achieved."

well as the use of materials. For this reason, we decided to devote half of a day of the fair to the topic of sustainability. The sessions will focus on low-carbon economy and its profitability, including passive and positive energy buildings as well as the growing use of innovative and sustainable materials that are used in the construction of these buildings.

Are city stands becoming increasingly important to MIPIM? More than 500 cities and local authorities will be present at the event, coming with private institutions and stand partners to attract foreign investments and to present their long-term urban planning. London, Paris, Frankfurt, Stockholm, Rome, Lisbon ... the list is endless. Cities are at the forefront of the MIPIM landscape. By 2030, 91 percent of global consumption will come from city dwellers, and by 2050, 63 percent of people in emerging markets will live in cities. There is a lot to discuss regarding the best strategies for urban development in this increasingly globalized world.

In Europe, Germany is the darling of investors and Berlin is the favorite city in Germany. How is Germany represented at this year's MIPIM? The country's robust and stable economy, its impressive infrastructure, its dynamic and innovative F & E landscape and 40 million strong workforce make the country extremely attractive for international investors. Germany remains strongly positioned among the top three largest MIPIM delegations. This year, we are delighted that the City of Leipzig will be among the cities exhibiting at the German City and Regional Pavilion (which has doubled this year) in addition to Hanover, Nuremberg and the Rhein Necker region. West German cities (Berlin, Dusseldorf, Frankfurt, Hamburg, Munich, Stuttgart, etc.) have always been well represented, but there has been a noticeable absence of the eastern cities. Leipzig's participation for the first time has generated a great deal of interest. Mayor Burkhard Jung will be present with a delegation. There will also be a separate German conference to discuss, among other things, urban life in Germany by 2050.

Do you expect any special developments regarding Brexit and Trump? Last year at this time we were facing a new era with Trump's election and the Brexit result. One year later, we can already see the major impact these two events are having around the world. Trump's withdrawal of the US from COP21 will have a dramatic effect on tackling climate change. In keeping with the MIPIM theme, it is interesting to see the role and responses of the cities and private companies regarding government decisions. The British delegation has remained active at MIPIM to promote international investment after Brexit – with the return of the DIT (Department for International Trade) with its own stand and a robust program. «

Hans-Jörg Werth, Scheeßel

MIPIM 2018
The German Companies

Exhibitor / Company	City	Booth number
Aachen 1a c/o Stadt Aachen	Aachen	R8.D13
Aareal Bank AG	Wiesbaden	R7.C 7
ABG Frankfurt Holding GmbH	Frankfurt	R7.G20
Accumulata Immobilien AG	Munich	R7.G16
Adlershof Projekt GmbH	Berlin	P4.C10
Airportpark FMO GmbH	Greven	R8.D13
Aengevelt Immobilien GmbH & Co. KG	Dusseldorf	R7.G12
Angermann Investment Advisory AG	Hamburg	R8.B20
Anschutz Entertainment Group	Berlin	P4.C10
Anteon Immobilien GmbH & Co.	Dusseldorf	R7.G12
APCOA PARKING Holdings GmbH	Stuttgart	P-1.F64
Apleona GVA GmbH	Neu-Isenburg	R7.G24
Apollo Real Estate GmbH & Co. KG	Frankfurt	R7.F15
Apoprojekt GmbH	Hamburg	R8.B20
Arcadis GmbH	Munich	P-1.J1
AS&P - Albert Speer & Partner GmbH	Frankfurt	R7.G20
Axxus Capital SARL	Mannheim	R8.D24
Baker & McKenzie	Dusseldorf	R7.F28
Bayerische Hausbau GmbH & Co. KG	Munich	R7.G16
BayernLB	Munich	R7.G16
BBE Retail Consulting IPH	Munich	R7.G38
Becken Holding GmbH	Hamburg	R8.B20

Exhibitor / Company	City	Booth number
Berendes & Partner Consulting GmbH	Hamburg	P-1.J56
Berlin Hyp AG	Berlin	P4.C10
Berlin Partner for Business and Tech	Berlin	P4.C10
Berliner Sparkasse - Landesbank Berlin	Berlin	P4.C10
Berliner Volksbank	Berlin	P4.C10
Berlinovo Immobiliengesellschaft mbH	Berlin	P4.C10
Blauraum Architekten Gmbh	Hamburg	R7.G38
Blocher Partners	Stuttgart	P4.C20
Bulwiengesa AG	Berlin	R7.G38
Bundesstadt Bonn	Bonn	R8.D13
Catella Real Estate AG	Munich	R7.D5
Centrum Projektentwicklung GmbH	Düsseldorf	R7.G12
CG Gruppe AG	Berlin	P4.C10
Chapman Taylor	Düsseldorf	P-1.N50
City of Dortmund	Dortmund	R8.D13
City of Mannheim	Mannheim	R8.D24
City of Nuremberg	Nuremberg	R8.D24
City of Stuttgart	Stuttgart	P4.C20
Colliers International	Berlin	P-1.M51
Commerz Real AG	Wiesbaden	R7.G20
Cromwell Property Group	Berlin	C19.H

More than 200 German exhibitors will be present in Cannes this year. Most of them will be appearing together at joint stands of the big German cities and regions. Several you will find in the German Pavilion (R7.G), a joint exhibition area of German companies.

Exhibitor / Company	City	Booth number
Cushman & Wakefield	Frankfurt	R7.G 9
Degewo AG	Berlin	P4.C10
Deka Immobilien GmbH	Frankfurt	R7.G20
DG Hyp AG	Hamburg	P-1.J67
DIC Asset AG	Frankfurt	R7.G20
Developer Projektentwicklung GmbH	Düsseldorf	R7.G12
Drees & Sommer GmbH	Munich	R7.G16
Dusseldorf & Partner	Dusseldorf	R7.G12
ECE Projektmanagement	Hamburg	R8.B20
Eller + Eller Architekten GmbH	Dusseldorf	R7.G38
Ellwanger & Geiger Real Estate GmbH	Hamburg	P4.G20
Engel & Volkers Commercial GmbH	Hamburg	R7.G20
Epplezwei GmbH	Heidelberg	P4.C20
Europa-Center AG	Hamburg	R7.G20
EY (Ernst & Young Real Estate)		R7.D18
Falk von Tettenborn Architects	Munich	R7.G38
Flughafen Dusseldorf Immobilien GmbH	Düsseldorf	R7.G12
Frankfurt, City Of C/O Wirtschaftsfoerderung Frankfurt GmbH	Frankfurt	R7.G20
Frankfurtrheinmain GmbH Intern. Marketing of the Region	Frankfurt	R7.G20
Fraport AG	Frankfurt	R7.G20

Exhibitor / Company	City	Booth number
FREO Financial & Real Estate Operations GmbH	Frankfurt	R7.G20
GEG German Estate Group AG	Frankfurt	R7.G20
Gerber Architekten GmbH	Dortmund	R7.G38
German Pavilion		R7.G38
German Pavilion For Regions & Cities		R8.D24
GLL Real Estate Partners GmbH	Munich	R7.G16
Grossmann & Berger GmbH	Hamburg	R8.B20
Groth Gruppe	Berlin	P4.C10
GRR Real Estate Management GmbH	Nürnberg	R8.D24
GSK STOCKMANN	München	R7.G16
Hackenberg & Co. GmbH	Frankfurt	P4.C3
Hadi Teherani Architects GmbH	Hamburg	R7.G38
Hafencity Hamburg GmbH	Hamburg	R8.B20
Hamburger Sparkasse AG	Hamburg	R8.B20
Hammer AG	Munich	R7.G16
Hannover Region Business	Hannover	R8.D24
Hansainvest	Hamburg	R8.B20
Harpen Immobilien GmbH	Dortmund	R8.D13
Heitman	Frankfurt	C15
Helaba Landesbank Hessen-Thueringen	Frankfurt	R7.G20
Heuking Kuehn Lueer Wojtek	Düsseldorf	R7.G12

»

As of: February 2018. Source: www.mipim.com

Exhibitor / Company	City	Booth number
HIS Hamburg Invest Service GmbH		R8.B20
Hogan Lovells	Hamburg	P-1.H1
HSH Nordbank AG	Hamburg	R8.B20
Hypzert GmbH	Berlin	R7.G38
IBA HAMBURG GMBH	Hamburg	R8.B20
IMBW Capital & Consulting GmbH	Munich	P4.C20
Industrieterrains Dusseldorf Reisholz AG	Düsseldorf	R7.G12
Investa Holding GmbH	Eschborn	R7.G16
Investitionsbank Berlin	Berlin	P4.C10
IPH Retail Property	Munich	R7.G38
J. Mayer H. und Partner, Architects	Berlin	R7.G38
KGAL GmbH & Co. KG	Gruenwald	R7.G16
Kleihues + Kleihues	Berlin	R7.G38
Knight Frank Berlin GmbH	Berlin	C19.K
LASALLE GmbH	Munich	R7.F25
LAVA Laboratory Visionary Architecture	Stuttgart	R7.G38

Exhibitor / Company	City	Booth number
LBBW Landesbank Baden-Wuerttemb.	Stuttgart	P4.C20
MEAG	Munich	R7.G16
Meininger Hotels	Berlin	P-1.C40
Metropolregion Rhein-Neckar GmbH	Mannheim	R8.D24
Momeni Immobilien Holding GmbH	Hamburg	R8.B20
Motel One Group	Munich	R7.G16
Munich, City of Munich	Munich	R7.G16
Municher Grundbesitz Verwaltungs GmbH	Munich	R7.G16
Nassauische Heimstaette	Frankfurt a.M	R7.G20
Navvis GmbH	Munich	P-1.A51
NRW INVEST	Düsseldorf	R8.D13
OFB Projektentwicklung GMBH	Frankfurt	R7.G20
Optima-Aegidius-Firmengruppe	Munich	R7.G16
OVG Real Estate B.V.	Berlin	R8.B20
Pandion AG	Köln	P4.C10
P&P Real Estate GmbH	Fuerth	R7.G16

Photo: S. D'HALLOY - IMAGE&CO

Exhibitor / Company	City	Booth number
PGIM Real Estate Germany AG	Frankfurt a.M	C19.G
Phase Eins Project Consultants + Design	Berlin	R7.G38
Procom Invest GmbH & Co. KG	Hamburg	R8.B20
PwC	Berlin	R7.D30
Quantum Immobilien AG	Hamburg	R8.B20
Quartier Heidestrasse GmbH	Berlin	P4.C10
Real Estate Stuttgart Chartered Surveyors GmbH	Stuttgart	P4.C 3
Rheinmetall Immobilien GmbH	Dusseldorf	R8.B20
Robert C. Spies	Hamburg	R8.B20
Rock Capital GmbH	Gruenwald	R7.G16
SAMMLER USINGER, RECHTSANWAELTE	Berlin	P4.C10
Savills Immobilien Beratungs-GmbH	Frankfurt	R7.E74
Schindler Deutschland AG & Co. KG	Berlin	P-1.A72
Siemens AG - Siemens Real Estate	Munich	R7.G16
Stadtsparkasse Munich	Munich	R7.G16

Exhibitor / Company	City	Booth number
Strabag Real Estate GmbH	Cologne	P4.C20
Stuttgart Region Development	Stuttgart	P4.C20
Th Real Estate	Frankfurt	C15
TLG Immobilien AG	Berlin	P4.C10
TUEV Sued	Munich	R7.G16
Unicredit Bank AG	Munich	R7.G16
Vitzthum Projektmanagement GmbH	Hamburg	R8.B20
Warburg-HIH Invest Real Estate GmH	Hamburg	R8.B20
WBM Wohungsbaugesellschaft Berlin	Berlin	P4.C10
Weissmanngroup.com	Munich	R7.G16
WFMG - Wirtschaftsförderung Mönchengladbach GmbH	Moenchen-gladbach	R8-D13
Woehr + Bauer GmbH	Munich	R7.G16
Yardi Systems	Mainz	R7.F27
Zech Group GmbH	Bremen	R7.G12
ZIA ZENTRALER IMMOBILIEN AUSSCHUSS	Berlin	P4.C11

As of: February 2018. Source: www.mipim.com

GENERAL INFORMATION AND LEGAL NOTICE

Editor/Publishing House
Haufe-Lexware GmbH & Co. KG
A subsidiary of Haufe Group
Munzinger Strasse 9
D-79111 Freiburg

Board of Directors: Isabel Blank, Sandra Dittert, Jörg Frey, Birte Hackenjos, Dominik Hartmann, Markus Reithwiesner, Joachim Rotzinger, Dr. Carsten Thies

Editorial Staff
Dirk Labusch (responsible Chief Editor)
dirk.labusch@immobilienwirtschaft.de
Laura Henkel (respons. online editor)
laura.henkel@immobilienwirtschaft.de
Jörg Seifert (Managing Editor)
joerg.seifert@immobilienwirtschaft.de

Editorial Assistant
Michaela Burgdorf

Advertising
Germany:
Haufe-Lexware GmbH & Co. KG,
Corporate Division Media Sales,
Im Kreuz 9,
D-97076 Würzburg

Klaus Sturm
Head of Sales Real Estate Media
Tel. +49(0)931 2791-733
klaus.sturm@haufe-lexware.com

Advertising Sales Department
Monika Thüncher,
Tel. +49(0)931 2791-464
anzeigen@immobilienwirtschaft.de

Graphic Design/Layout
Hanjo Tews

Translation Agency
(pages 3, 10-25, 40-45, 50): global syntax Language Management Services, www.global-syntax.com

Cover Photo:
Greens87; Tarapong Siri/
shutterstock.com

Place of jurisdiction is Freiburg, Germany
ISSN 1614-1164

Distributed Circulation
4,000 copies

Print
Senefelder Misset,
Doetinchem

Cannes

43°33'N, 7°10'0

Fitness is extremely important for strenuous days at the trade fair. For this reason, the best way for me to start the day is with a morning run in Cannes. I always end my run at the wonderful **Marchè Forville** in the old part of the city near the Palais du Festival. The freshest products of the region are offered for sale here from 7:00 a.m. on. Apart from fruits and vegetables, there are also baked goods, fish, meats and cheeses. A glass of freshly squeezed juice, some white bread and cheese get me ready to face the day's challenges.

"My morning run always ends at Marchè Forville."

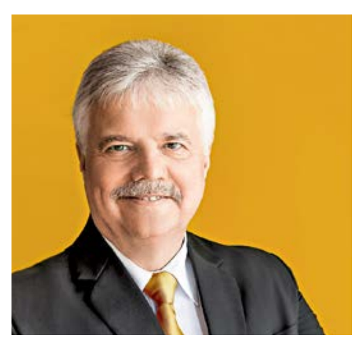
Dr. Rolf Strittmatter, Managing Director of Hamburg Invest

"During the day, my highlight is the Frankfurt RheinMain terrace."

Oliver Schwebel, Managing Director of Frankfurt Economic Development

Before a day at the fair, I charge my batteries with a morning run. I always end my run at the **Mermaid at Port Canto.** That is my favorite place in Cannes! The highlight in the early evening – as it also is during the day – is the terrace of our joint stand Frankfurt RheinMain. The **Best Western Hotel** is also wonderful. The entire crew has stayed there for years. You are greeted there by name – ideally located, very friendly. But unfortunately, we're only there to sleep!

MIPIM offers many great places – Cannes is simply something special. I meet many contacts here, which is why **Palais des Festivals** is my main meeting place. This is followed by the **Restaurant Le Marais** in Rue du Suquet. We hold our traditional dinner there with media representatives. I cannot imagine a trade fair without this event. We held stimulating and honest discussions there about business and politics. And, of course, there is always enough room to hold conversations far away from the classic real estate paths.



"Our dinner with media representatives is held in Le Marais."

Dr. Andreas Mattner, President of the German Property Federation (ZIA / Zentraler Immobilien Ausschuss)

Photos: Bertold Fabricius; Thomas Rohnke; ZIA; RossHelen/shutterstock.com