

ISSUE 02

[CHANGE]

The Magazine of **BNP Paribas Real Estate Germany**



GERMAN CITIES EMBRACE THE GREEN TREND!

Green buildings
on the rise

14

LOGISTICS

Going up! Logistics properties are getting taller

18

OFFICE

Berlin Mediaspree: from newcomer to prime office market

30

HOTEL

Are established hotel operators in deep water?

IN A CHANGING WORLD,
**BY THE TIME YOU MASTER THE GAME,
THE RULES HAVE CHANGED.**



© "3 man chess"

WE KNOW THE RULES

Whatever your requirements, with us, you are already optimally prepared today for the real estate world of tomorrow. Thanks to our experience over the past 60 years, we can identify future developments and act with foresight – for your benefit.

www.realestate.bnpparibas.de



**BNP PARIBAS
REAL ESTATE**

Real Estate
for a changing
world

EDITORIAL

[R] Responsibility and sustainability are some of the key topics of the 21st century – especially in the real estate sector. That is why we have decided to make them the focus of the second issue of our [CHANGE] magazine. In these pages we present examples of the DGNB German Sustainable Building Council's plans for the future of green buildings along with inspiring best practices like the "icon" cradle-to-cradle project in Dortmund. You will also find fascinating articles on how sustainability is staking a claim in the real estate sector, from office and logistics to retail.

And, of course, we take a look at other current hot topics as well. The world of real estate is undergoing a transformation in which every asset class is being confronted with similar but at the same time entirely different challenges. While the hotel market is facing a consolidation wave, Berlin's Mediaspree is becoming the city's new prime office market and owners of older high-rises like the Frankfurt Messeturm are coming up with innovative concepts to keep up with new flagship developments.

Many thanks to all of our colleagues and partners who have helped us with the project by providing content and images. Without you, [CHANGE] wouldn't be what it is: an inside view into the transformation we are seeing in real estate.

Enjoy the issue!



Andreas Völker
Managing Director,
BNP Paribas Real Estate Germany

"Sustainability, digitalisation and limited availability. The real estate sector is facing significant challenges".



08

11



CONTENT

06



TITLE: GREEN BUILDINGS

06 German cities embrace the green trend

08 icon – green offices based on cradle-to-cradle design

10 DGNB: The path toward climate-positive buildings

11

OFFICE

On records, transparency and a great atmosphere
Frankfurt's Messturm reloaded

14

LOGISTICS

Going up!
Logistics properties are getting taller

16

FACTS & FIGURES

Good to know:
Sustainability

18

OFFICE

Berlin Mediaspree: from newcomer to prime office market

20

RETAIL

Are you enjoying the experience or still just buying?

22

RESIDENTIAL

Once upon a time in Berlin ...
Sleeping Beauty in Lichtenberg

24

PERSPECTIVES

Picture series: Real estate in a changing world

30

HOTEL

Are established hotel operators in deep water?

34

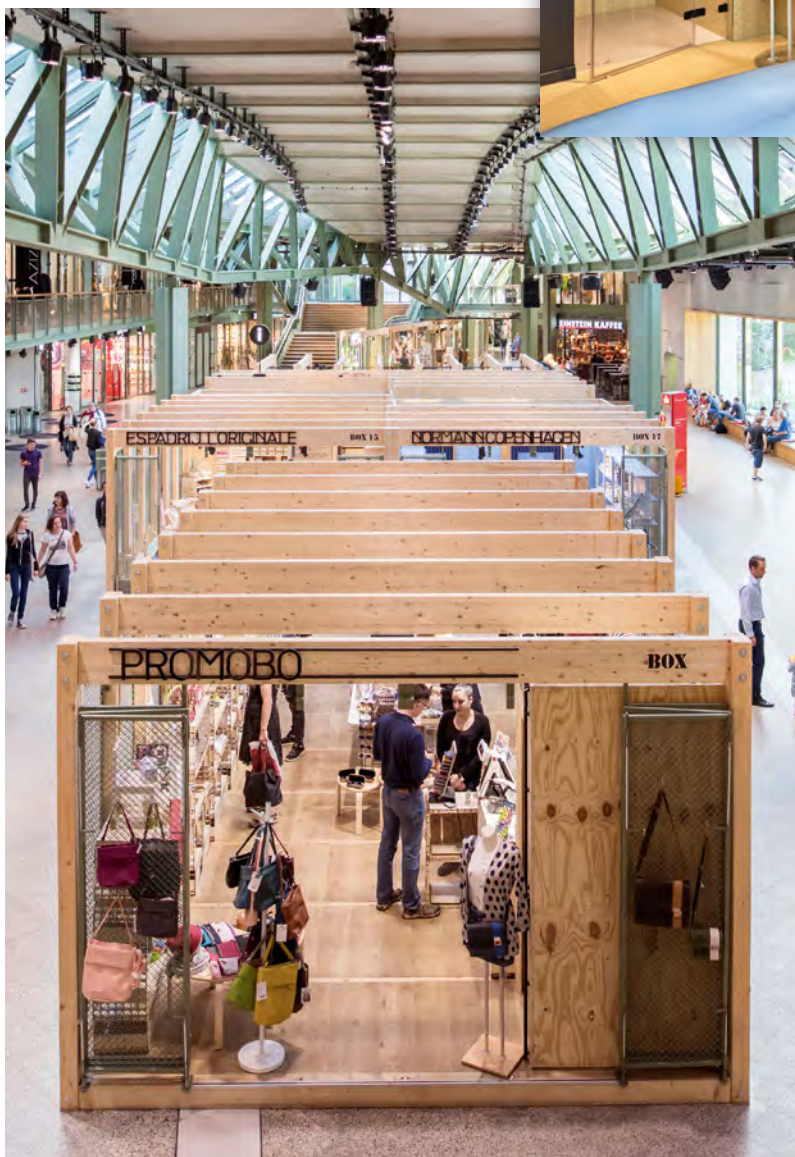
OFFICE

The future is now
Creating a modern workplace

36

URBAN FARMING

Gardeners on the company roof



20



30

IMPRINT

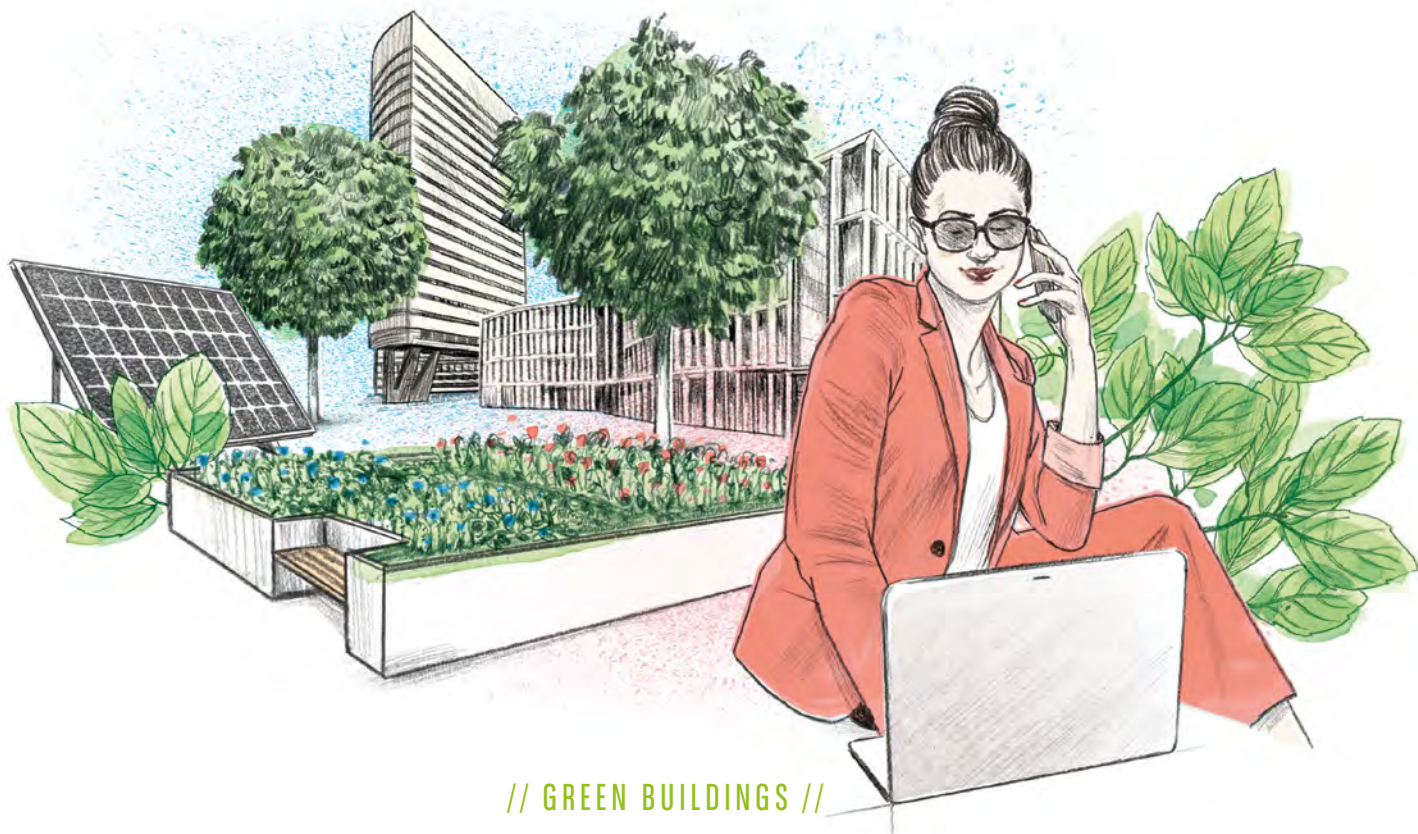
Publisher, Copyright and Editor
BNP Paribas Real Estate Holding GmbH

Creative Direction & Design
KD1 Designagentur, Cologne

Cover Illustration
Anja Stiehler-Patschan/
Jutta Fricke Illustrators

Copyediting
TranslationFX, Munich





// GREEN BUILDINGS //

GERMAN CITIES EMBRACE THE GREEN TREND

Green buildings on the rise – an interview with Hermann Horster, Head of Sustainability at BNP Paribas Real Estate Germany, on sustainability in the real estate sector, different types of certifications and the hidden capital city of green buildings

Mr Horster, what exactly is a “green building”?

[Hermann Horster: The term is actually somewhat misleading. Today it’s not just about ecological specifications like an office building’s energy efficiency or which building materials were used. Social aspects like employee wellbeing at the workplace need to be taken into account as well. And, of course, the combination of cost effectiveness and sustainability is another important aspect. So the term “sustainable building” would actually be a better fit than “green building”.]

How can you tell that a building is sustainable?

[Hermann Horster: The most obvious criterion is whether the building has been certified. There are currently three recognised certifications: DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen e.V.) in German-speaking countries and LEED or BREEAM in the English-speaking world. DGNB’s market share in the new-build segment is 80 per cent and around 64 per cent in total (including stock buildings). LEED is also primarily used in the new-build segment while BREEAM primarily certifies stock properties. However, that doesn’t mean that buildings that haven’t been

certified aren't sustainable. SMEs in particular often don't have their buildings certified for cost reasons even though they would qualify as green buildings.]

What's the current situation on the green building market?

[Hermann Horster: The green building market is booming. Only 550 buildings were certified in 2013. By 2018 that number had risen to 1,800, reflecting an annual increase of roughly 250 buildings! Transaction volume is impressive as well. In 2018, single-asset deals for buildings certified as green accounted for 10.1 billion euros, exceeding the 10-billion-euro mark for the very first time. Certifications like DGNB, BREEAM and LEED are apparently becoming a must-have.]

When it comes to commercial properties, green building certification is still a relatively recent trend. What drives the market?

[Hermann Horster: The issue has only become important within the last decade, initially in English-speaking countries but increasingly in Germany as well. Tenants are the main growth drivers. Many companies use their corporate headquarters as a way

of setting themselves apart from other market players, showcasing their commitment to environmental, social and sustainability goals as well as making their contribution to the sustainable development of cities and to achieving climate targets.]

Is this trend particularly relevant in certain cities?

[Hermann Horster: Ongoing growth in demand for green buildings has been particularly strong in major cities. In 2018, prime locations in Germany accounted for around 94 per cent of total volume in the certified buildings segment. Frankfurt claimed the lion's share at 52 per cent with Munich coming in a distant second with 12 per cent.]

What role do landlords play?

[Hermann Horster: Major investors like real estate funds and insurance companies prefer to invest in green buildings, if only for reasons of cost efficiency. Certified properties have a greater chance of attracting strong-covenant tenants. This also explains why it is hard to find a renovation project in popular office locations like Frankfurt that does not involve green building certification.]

"Frankfurt is the unofficial capital of green buildings".

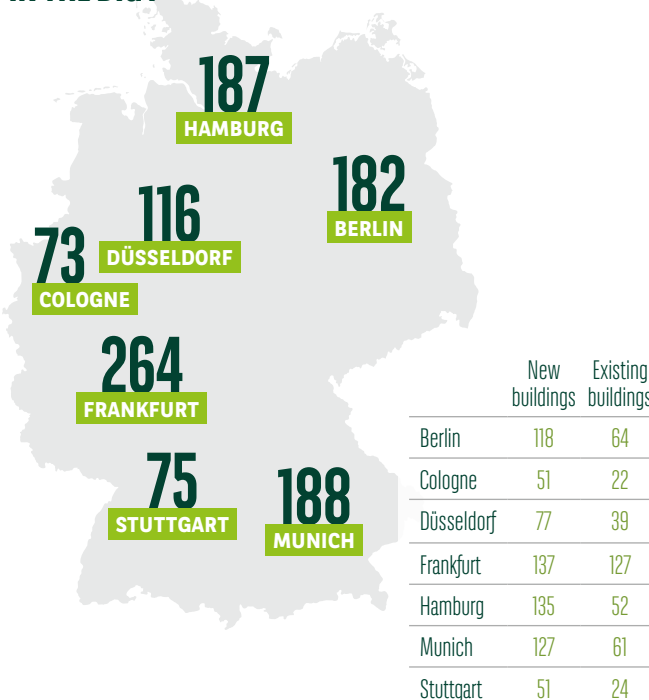


Illustration: Anja Stiehler

HERMANN HORSTER

knows that demand continues to grow, especially in major cities.

GREEN BUILDING CERTIFICATION IN THE BIG 7



© BNP Paribas Real Estate GmbH, 31.12.2018

BEST PRACTICE:

ICON – GREEN OFFICES BASED ON CRADLE-TO-CRADLE DESIGN

Dortmund is home to a unique green building project: The icon office development by Dutch-based Delta Development Group is inspired by the cradle-to-cradle design principles and considered a flagship project for sustainable construction. BNP Paribas Real Estate was commissioned by Delta Development as lead broker to market the property.



THE ATRIUM
at BSH headquarters serves
as reference project.

Throughout

15,100 m²

optimal lighting, excellent air quality
and a pleasant indoor climate



“Construction and demolition waste accounts for more than half of total waste generated in Germany. Delta Development Group aims to address this issue, focusing on sustainable construction inspired by the cradle-to-cradle design since 2013. The 20/20 business park that was developed near Amsterdam’s Schiphol Airport is a prime example of this approach. Every building project deepens our expertise and impacts new developments going forward. BSH, in particular, served as a reference building for our Dortmund project. Since moving into the building, the tenant, a Bosch Group Company, has recorded 26 per cent fewer emails exchanged between employees and seen a 165 per cent increase in unsolicited applications. We need innovative solutions that put people first in order to achieve financial, social and environmental sustainability”.

EDWIN MEIJERINK, Managing Director at Delta Germany



The future is not about having more, but about creating added value through sustainability.



MORE THAN JUST A COLOUR

Functional green uses collected rainwater and makes the building a pleasant sight.

“We are planning to build the icon office building with roughly 15,100 square metres of usable space directly opposite the event venue Westfalenhallen in Dortmund. The highlight will be a spacious atrium designed as a meeting space for tenants. The atrium and the exterior walls feature landscaped facades that will be irrigated with rainwater, which will be collected and stored via the roof. During the summer, thermal energy will be drawn from the hot outside air using adiabatic evaporation cooling. The state-of-the-art building technology will mean lower service charges for the tenants. The building has therefore also been pre-certified under DGNB Gold”.

JULIAN HOTZE, Project Manager at Delta Germany

THE PATH TOWARD CLIMATE-POSITIVE BUILDINGS



An interview with Dr Anna Braune on the climate protection plan developed by the German Sustainable Building Council (DGNB)

More and more people are talking about carbon-neutral building. However, we have yet to see a harmonised approach. Dr Braune, can you tell us why?

[Dr Anna Braune: The topic's relevance has been evident at least since the Paris Agreement was signed at the World Climate Conference in 2015. Since then, numerous efforts to address the topic have been made, but we have yet to see a definitive solution. The DGNB's "Framework for carbon-neutral buildings and sites" represents a bold step forward. It contains guidelines targeted toward identifying appropriate measures for

stock buildings and achieving a balanced carbon footprint by 2050 at the latest. Our goal is to increase people's commitment to carbon-neutral building.]

What exactly does carbon-neutral mean in the context of buildings?

[Dr Anna Braune: It's all about evaluating each building's carbon footprint. The term carbon footprint here refers to the greenhouse gas emissions caused by a building's energy consumption, excluding the effects of self-produced energy. It's a simple equation: If the emission value of the imported energy is less than or equal to the amount of exported energy, the building is classified as either climate positive or carbon-neutral. According to the DGNB, it's not enough to use imprecise terms like "almost carbon-neutral" with permitted residual emissions as a target value, as is current political practice, or to define a certain emission level as "2°C" due to a lack of a scientific basis. Understanding the building sector as an active player in the transition over to green energy means that energy consumers need to become energy producers. "Almost carbon-neutral" is far from being ambitious enough to make a relevant positive impact in climate protection.]



DR ANNA BRAUNE
Director Research and
Development at DGNB



The DGNB German Sustainable Building Council was founded in 2007 and has around 1,200 members, making it Europe's biggest network for sustainable building. The aim of the DGNB is to promote sustainability in the construction and real estate industry and instil awareness of building sustainability among the broader population.

What are some key requirements in achieving carbon-neutrality?

[Dr Anna Braune: In order to become carbon-neutral, it's crucial that you also produce energy to cover your own needs and, in a best case scenario, to feed any surplus into the power grid. If doing so produces fewer carbon emissions than the power grid, buildings have the potential to make an important contribution to the transition toward sustainable energy consumption. Another positive effect in terms of a good carbon footprint is the use of green energy or biogas, which produces very little carbon emissions.]

// OFFICE //



ON RECORDS, TRANSPARENCY AND A GREAT ATMOSPHERE

FRANKFURT'S MESSE TURM RELOADED

[W] Whether you approach Frankfurt's skyline by car, train or plane, there is one building that you can't miss – the Messeturm, or Trade Fair Tower. The skyscraper, which is just over 256 metres high, was the tallest building in Europe upon completion in 1990 and a symbol of prosperity, innovation and creativity.

Almost 30 years have passed and today the Messeturm is only the second-highest building in Frankfurt – time for an upgrade. "The Messeturm needs to be equipped to

meet the requirements of modern office tenants", Philipp von Merveldt, Senior Asset Manager at Officefirst, summarises. Building up is not an option, but the asset management subsidiary of owner Blackstone is still planning to set a new record to celebrate the building's 30th anniversary.

OFFICE TOWER WITH HOTEL FLAIR

When you enter the lobby of the Messeturm in future, you will feel like you are in the reception area of a luxury hotel. You will be welcomed by bright space

featuring furniture custom-designed for the Tower, lots of plants and warm, atmospheric lighting. The days in which only selected visitors could enter the Tower because of security reasons will be a thing of the past. The new design will run throughout the building from the underground car park, lobby and lifts to the rental units.

"People, in other words tenants and visitors, will be the focal point of the new design", says star architect Matteo Thun, who came up with the architecture and

TIME FOR INSPIRATION

Plenty of landscaping and a picturesque water wall provide the perfect setting for relaxation.



- interior design concept for the high-rise in collaboration with his colleague Helmut Jahn – a premier! Helmut Jahn originally designed the skyscraper 30 years ago and is still passionate about the architecture of the Frankfurt landmark.

“The Messeturm is a perfect synthesis of traditional materials and modern technology with an innovative design”.

Helmut Jahn, Architect

GLASS ELEMENTS CREATE A BRIGHT SPACE WHERE PEOPLE WANT TO SPEND TIME

The base of the office tower will be particularly innovative. The original post-modern facade will remain basically intact, but the base of the Tower will undergo a record-breaking transformation. The facade will be slanted outward and made of 18-metre high, 3-metre wide glass elements. The team is even looking into whether these will be the largest installed glass elements in the world.

This glass structure will give the Messeturm's lobby more space, light and transparency. Key here is to create a space where people want to linger. “Lobbies have become more than just a space to move through. Today, they are places where people enjoy spending time”, emphasises Helmut Jahn.

THE LOBBY: ALWAYS THE PERFECT PLACE TO SPEND TIME

Creativity and productivity are no longer limited to the desk. Today, holding meetings in a café, working in the lounge or networking at a restaurant are standard. Messeturm reloaded will keep pace with this trend.

THE NEW LOBBY AT A GLANCE



Café / bar

The perfect place to take a break and spend time chatting with colleagues – inside or outside



Restaurant

Matteo Thun's design will turn the restaurant on the basement level into a culinary hotspot.



Lounge

Nature and a relaxing ambience, the perfect place to work and network



Event Space

Whether you're hosting a team event or celebrating a birthday, this space is guaranteed to make your party a success.

“The idea is to create a space that offers different opportunities and where people enjoy spending their time no matter what time of day it is – drinking coffee in the morning, coworking or having lunch at noon and enjoying happy hour in the evenings”, Philipp von Merveldt summarises the project goals. “A lot of value is being placed on quality, creative communication spaces and high-end culinary options”, adds Juliane Elaine Zirpins from BNP Paribas Real Estate, who is handling leasing management at the Messeturm for Officefirst. She continues with a wink, “The upgrade is happening at just the right time. The space that will become vacant in the upper part of the Tower is the highest available office space in Frankfurt. The market is playing into our hands. We're already in talks with potential tenants interested in signing a long-term lease at Frankfurt's landmark tower”.

- The building permit has already been granted and the renovation works began in April 2019. The record-breaking project is scheduled for completion by mid / late 2020, just in time for the Tower's 30th anniversary.

A FRANKFURT LANDMARK
with an iconic design, in a fantastic
location and with its own postal code



GOING UP!

LOGISTICS PROPERTIES ARE GETTING TALLER

The logistics real estate market is dominated by shortage of supply, not least because of e-commerce. Available space is becoming increasingly rare, especially in major cities. One solution that has already been adopted in other countries is now coming to Germany – multi-storey logistics properties. Although there have been only few reference projects so far, that will soon change.

AN OVERVIEW OF VERTICAL SOLUTIONS ...

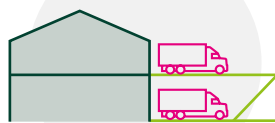


1.



... with **ground-level access** via freight elevators or other lift systems

2.



... with a **multi-storey spiral access ramp**

3.



... with **multi-storey access** on more than one level

4.



... as an **underground structure** with **ground level access** and freight elevators

[M] Multi-storey properties are not a new development in the logistics market. Mail-order companies like Neckermann introduced this type of building several decades ago. However, the different floors could only be accessed via freight elevators, which proved to be problematic. "The properties couldn't be used by more than one tenant. Goods handling would have been too complex. Today, we have many more options available", says Bastian Hafner, Head of Industrial Letting at BNP Paribas Real Estate.

ASIA LEADS THE WAY: WAREHOUSES WITH SIX OR SEVEN FLOORS

Vertical logistics facilities have already become standard in Asia. And we're not talking about two or three floors. We're talking about six or seven", Hafner adds. The tallest logistics property in the world is located in Hong Kong and encompasses 200,000 square metres on 24 floors. All floors can be accessed via a spiral ramp. The Netherlands and France have also started to address this demand for innovative solutions. "A two-storey property for two users was recently completed in the Paris suburb of Gennevilliers", Hafner says. "Paris Air2 Logistique" is being used by Ikea as well as by DIY and garden retailer Leroy Merlin. Both floors can be accessed simultaneously via a ramp by 40-ton trucks.

"Chapelle International" is another prime example in Paris. Property developer Sogaris is developing a modern district that will feature a multi-level

FOUR PARX "MACH2"
can be accessed year-round
via two ramps that are heated
in winter.



logistics property encompassing 45,000 square metres in addition to residential units, office space and even a farm. The logistics space will mostly be located on the ground floor, while the upper floors will feature residential units, day care facilities and schools. We are seeing similar projects in London as well. But Germany continues to lag behind.

GERMANY NEEDS TO CATCH UP

However, more vertical solutions will soon be added to the German market. At Expo Real 2018, developer FOUR PARX announced that they were planning to develop three multi-storey logistics halls encompassing 215,000 square metres in total. "In view of rising lot prices and the severe shortage of space, this concept has now become profitable in Germany as well", explains Francisco J. Bähr, Managing Partner at FOUR PARX GmbH.

The plan is to develop the two-storey properties, which are internally referred to as "Mach2", in the Rhine-Main and greater Hamburg logistics hubs. Both properties will feature two large ramps that can be accessed by 45-ton trucks looking to unload goods

on the upper floor. Hamburg is also taking a step in the right direction. The city is planning to lower the costs of building permits for multi-storey logistics properties.

CHANCES OF MULTI-STOREY LOGISTICS IN PRIME LOCATIONS INCREASE

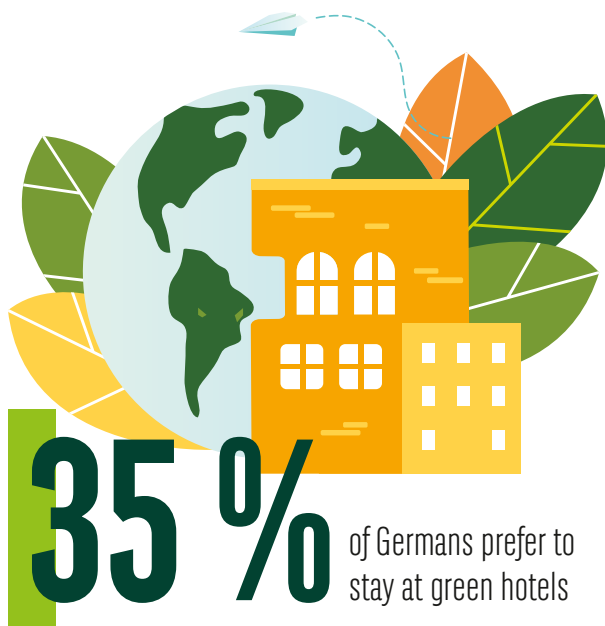
"In addition to FOUR PARX, SERGO is also opting for two-storey solutions", says Bastian Hafner. "The company handed over a two-storey logistics property to Amazon in the summer of 2017". The property also features a ramp that can be used by trucks to reach the upper level, which encompasses 8,000 square metres. The ramp has a 6 per cent slope and can be heated, making it readily accessible in both summer and winter.

"These ramps are expensive and only pay off in locations with high land prices. This is why we won't be seeing two-storey logistics properties in Central and Eastern Germany any time soon. However, ramps like these are feasible in hotspots like Munich, Hamburg and the Rhine-Main region, where available land is expensive and hard to come by," Bastian Hafner concludes.

// GOOD TO KNOW //

FACTS & FIGURES

SUSTAINABILITY



HOTEL

More people are placing importance on sustainability and environmental protection also when it comes to their holidays. In addition to using the most environmentally friendly way to travel, people are also thinking about the environment when they pick their hotel. A number of domestic and international sustainability and green building certificates can help travellers separate the wheat from the chaff. Measures involved in running a green hotel include:

- Not using **single-use plastic**
- Providing **bicycles** for hotel guests
- Using **regional and seasonal** products at the hotel restaurant
- Giving guests incentives to **conserve resources**

Source: Scandic Hotels Deutschland, September 2018

OFFICE

Hybrid wood construction

Wood is a natural, renewable construction material that meets all of the requirements for green building and significantly reduces CO₂ emissions.

COMPLETED: H7 IN MÜNSTER

By using wood instead of traditional steel construction, the developers were able to reduce CO₂ emissions by roughly 262 tons.

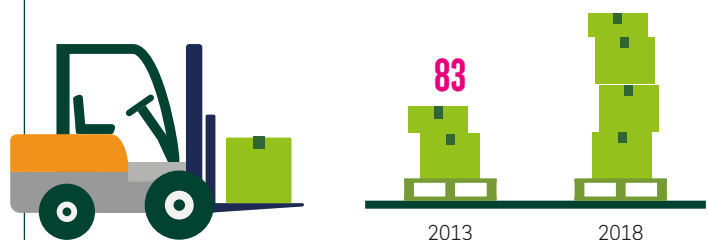
PLANNED: VATENFALL HEADQUARTERS IN BERLIN

The hybrid construction will reduce CO₂ emissions by 80 per cent per square metre of usable space.

LOGISTICS

Logistics properties have always been considered easily reproducible, which is why they often encounter short life cycles with a focus on achieving maximum cost efficiency. Today, with space increasingly becoming a rare commodity and awareness for the environment growing, things have changed, and even logistics properties are seeing a shift to more efficient use of resources.

Green building certificates in Germany



RETAIL

Swapfiets – full speed ahead for Germany expansion

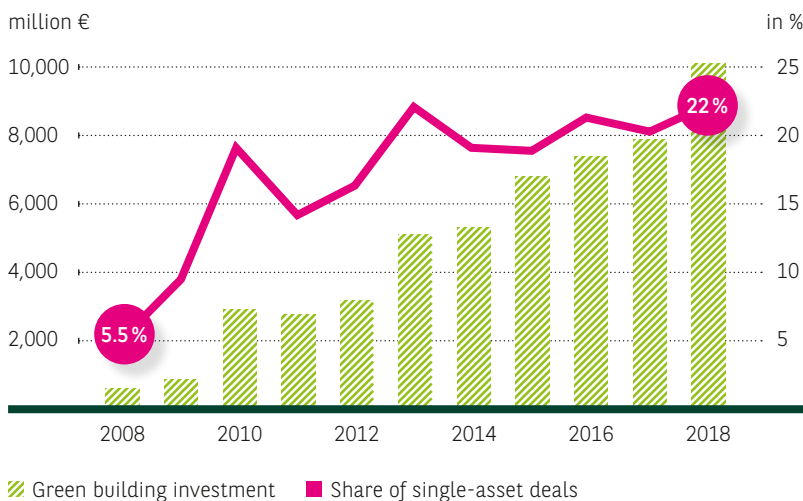
Launched in 2018, the Dutch start-up Swapfiets specialises in leasing bicycles with more than 20 locations in Germany. The concept got off the ground in the country's bicycle capital of Münster and continues to grow, with the company leasing new shops in prime city locations and downtown districts.

More than
130,000
customers in July 2019



As at: July 2019

Transaction volume



INVESTMENT

Green buildings set new records

The strong upward trend in green building investment continues. Certified green buildings are a must, especially for institutional core investors. Risk factors play an important role in these investments. Many international companies prefer green buildings when looking to lease. Those who hope to attract these strong-covenant tenants need to make sure their building is a certified green building.

RESIDENTIAL

Insulating the roof and ceiling of the top floor is the strategy of choice when it comes to upgrading building insulation to green standards. But there are some regional differences to keep in mind. In the former East German states, for example, more renovation work is required throughout.

Share of multi-family homes with additional insulation by surface area, year of construction 1978 and later

62 %

roof/ceiling of top floor

37 %

exterior walls

19 %

floors/basement ceiling

Source: IWU (2018): Data collection residential building stock 2016



MEDIASPREE

FROM NEWCOMER TO PRIME OFFICE MARKET

Plans were made as early as the 1990s to breathe new life into the banks of the River Spree between former East and West Berlin. But these plans were only partially realised due to the challenging economic conditions of the early 2000s. Today, Mediaspree has become a prime office market with the lowest vacancy rate along with the office market zone around the Berlin central station.

[B] Berlin is booming and is considered to be the start-up capital of Germany, if not Europe. When start-ups are asked where they prefer to launch their company, 40 per cent say Berlin. Only London is more popular with start-up founders. And investors love Berlin as well with 227 start-ups receiving financing in 2018. Looking at Berlin's 12 districts, Berlin-Mitte and Friedrichshain-Kreuzberg are particularly popular with start-ups. These are the trendiest districts in Berlin when it comes to living as well as working. It's not a surprise, then, that a prime office market has developed in this area: Mediaspree. 3.7 kilometres long and 180 hectares in size, countless

companies have already chosen Mediaspree as the place to set up their headquarters. And the area continues to grow.

Developments like the STREAM and new tenants like Zalando are giving Mediaspree a unique flair in contrast with the rather sterile atmosphere that the fast-growing site has had to contend with in the past. But one thing is certain. Mediaspree is a prime office market that has become an established part of Berlin's identity. With completion of the Anschutz Entertainment District and several residential developments, Mediaspree will be further upgraded and become an even more exciting place to spend time, making it one of Berlin's key districts.

A number of developments are currently in the planning phase or have already been completed. One of these is the STREAM by SIGNA. We spoke with Timo Herzberg, CEO of SIGNA, about what makes Mediaspree and his project so special.

Mr Herzberg, what do you find special about Mediaspree?

[Timo Herzberg: Friedrichshain, Berlin-Mitte and Kreuzberg all border each other at Mediaspree. These districts are considered a Mecca for Berlin's start-up and creative scene. The atmosphere here is tangibly alive and attracts many international companies looking for employees.]

How would you describe the development of this Berlin location?

[Timo Herzberg: Unlike any other, Mediaspree is a symbol of the favourable economic developments that Berlin has undergone in the past several years. It is currently considered one of the most sought-after

office locations in Berlin among the technology, media and ICT sectors with well-known tenants like Zalando, Mercedes Benz, Coca-Cola and Universal Music.]

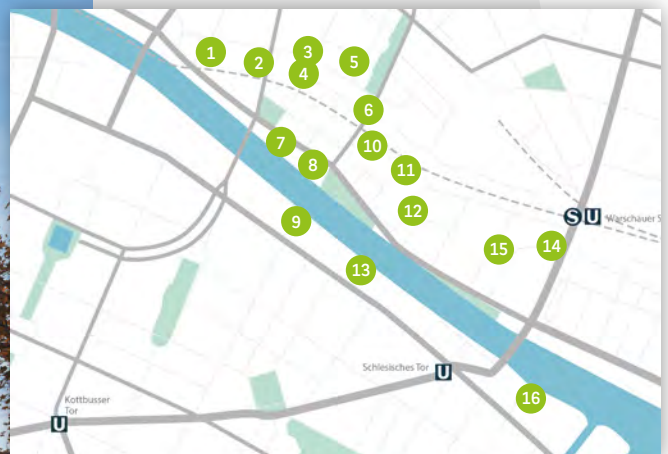
Can you summarise your project at Mediaspree for us in two sentences?

[Timo Herzberg: The STREAM will be one of the highlights at Mediaspree. With its modern, eye-catching architecture featuring extensive glass and steel elements, we are creating a modern office building that will be around 90 metres high and have 24 upper floors and 2 basement levels. After completion, roughly 2,500 Zalando employees will be working there throughout 50,000 square metres of floor area.]

VARIETY
STREAM: a fascinating,
urban sculpture



TIMO HERZBERG
SIGNA CEO



Property Developments

1 Pintsch Brache | 2 Pintsch-Haus | 3 360° | 4 Easton House
5 Up! | 6 Centrum | 7 STP | 8 Stralauer Platz 35
9 Viktoriaspeicher | 10 RLS new-build | 11 Spreeturm
12 Upside Berlin | 13 Zapf campus | 14 East Side Tower
15 Stream | 16 Cuvry site

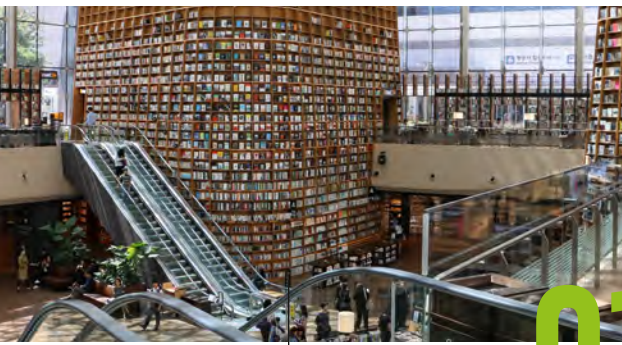
// RETAIL //

ARE YOU ENJOYING THE EXPERIENCE OR STILL JUST BUYING?

[M] More and more stores in downtown locations are closing and people are talking about the death of retail. But retail is not dead. We consume more today than ever before. The difference is that we are using a variety of channels to make our purchases. Bricks-and-mortar stores are no longer a shopper's first choice. Alibaba, for example,

recorded around 20 billion euros in sales in just a single day, 11 November 2018. That's about one full year of sales for H&M. In light of the current trend, retail needs to reconsider its approach and reposition itself. We spoke with retail experts Christoph Scharf and Denizer Ibrahim from BNP Paribas Real Estate about the future of retail and international role models.

4 WAYS TO TURN YOUR STORE INTO THE PLACE TO BE:



AROUND 70,000 BOOKS
fill the 13-metre-high shelves.

01

UNIQUE

Modern shops and shopping centres are unique and do what they can to give back to the community. They create a space that gives customers an experience outside of shopping, a place where both locals and tourists enjoy spending time. The COEX Mall in Seoul has integrated a fascinating library into 2,800 square metres of space at the shopping centre. In contrast, Boxpark in London is the first pop-up mall, bringing together a variety of modern street food concepts and local and global brands to create a unique shopping and dining destination.

FLEXIBLE

Shopping centres in particular need to offer a variety of spaces and layouts and be flexible so that tenants can expand or reduce the size of their units as needed. And it's not just the space that needs to be flexible – so does the mindset of the retailers. Vacant space no longer means that you need to start looking for the next “big thing”. Instead, pop-up stores and temporary retail offers can enhance the shopping experience. Bikini Berlin, for example, has already integrated modular pop-up “boxes” into its shopping mall concept. These boxes can be rented temporarily, giving popular brands the chance to introduce a new product or young designers the opportunity to present their creations to the public for the first time.



FASHION OR DINING –
this minimalist design works
for any tenant.

02

03

**HEART OF THE STORE:**

Listening rooms in different designs

CREATIVE

Be creative and think outside the box. What advantages can you offer besides shopping? What are the needs of the people living nearby? One of the largest problems is often a lack of living space. US-based company Starwood recognised this problem and bought up malls in secondary and tertiary locations. They then transformed the spacious car parks into high-rise apartment buildings featuring landscaped areas and libraries. Sonos in Berlin took a different creative route.

Visitors to the 185-square metres space were able to fully delve into the world of sound, whether in one of the listening rooms or at a concert. "We designed the store to do more than just sell speakers", explains Sonos Art Director Julia Jeanguenat. "Of course that plays a role as well, but our goal is to create space for events and communication and to bring people together. We want people who visit the store to be inspired and experience what it means to truly listen".

**A GREENER WAY TO SHOP**

Scan the QR code to find out more about the world's greenest shopping centre.

SPACE TO LINGER

04

The same qualities that make a good public park can also apply to a good shopping centre: a sense of peace, movable tables and chairs and, of course, nature that you can actually touch, like a tree that you can sit on or lean against or some jasmine that makes you pause to enjoy the sweet scent. The world's most sustainable shopping centre is scheduled to open this year in Melbourne, Australia. The mall will encompass 12,700 square metres, be covered in greenery and be surrounded by a 2.5-hectare park landscape. According to developer Frasers Property Australia, the building's "biophilic design" will allow for an "abundance of greenery, natural daylight and fresh air throughout the centre via a sawtooth-style roof to fulfil visitors' desire to connect with nature and create an environment which encourages longer dwell times and return visitation".

// RESIDENTIAL //



"The neighbourhood will give a lot of people in Berlin more room to live and enjoy life".

ONCE UPON A TIME IN BERLIN ...

SLEEPING BEAUTY IN LICHTENBERG

There are countless developments that can transform an area or even an entire city. When the ECB moved to Frankfurt am Main, for example, the city's Ostend district underwent a significant upgrade as a residential and office location. We may soon be seeing a similar transformation in Berlin-Lichtenberg. The neglected site around Gehrenseestrasse/Wollenberger Strasse will soon awake from its decades-long sleep.

[M] More than 30 years ago, contracted workers from Vietnam lived in a Berlin worker's residence near Gehrenseestrasse/Wollenberger Strasse. After the German reunification, they gradually vacated the residence, which was located in the eastern part of the previously divided Berlin. Since then, vegetation has taken over the site and the buildings have fallen into a state of decay, leaving nothing but a modern ruin. A new chapter finally began in 2018 when Accentro Real Estate AG sold the site encompassing around 41,590 square metres to the Belle Époque Group. Development of a new, landmark residential neighbourhood in the Hohen-schönhausen district began shortly afterwards and the site is now being awoken from its sleep.

MORE ROOM IN BERLIN

The neighbourhood development around Gehrenseestrasse/Wollenberger Strasse will give many people in Berlin more room to live and enjoy life. The infrastructure works are already quite far along and the

surrounding area has always enjoyed the reputation of being an established residential and commercial location. "It's high time this downtown site is revitalised or redeveloped", says Karsten Bischoff from BNP Paribas Real Estate. "The area is practically crying for new urban planning", adds Torsten Nehls, Managing Director of Belle Époque. "The site is a link between an urban development that grew over time and one shaped by the former GDR. We wanted to tackle this urban planning challenge and create a sustainable, forward-thinking concept for the site, which has been abandoned for over 20 years".

NEW RESIDENTIAL BUILDINGS FOR BERLIN

"It's a tremendous opportunity for the neighbourhood and future tenants, especially right now when living space is becoming increasingly scarce and keeping rents affordable is a pressing topic", Karsten Bischoff adds. In view of the increasing scarcity of residential space in the city, the State of Berlin has joined the project via Howoge Wohnungsbaugesellschaft mbH as a municipal joint-venture partner and has contributed its smaller development site to the south to this forward-thinking property development. In just a few years, the ruins will be transformed into a lively, urban neighbourhood featuring around 2,500 apartments and serviced apartments for everyone from students

to seniors, a primary school, two day-care centres, a public playground and much more. The developers will also create plenty of space for retail stores as well as for social and medical facilities. Howoge will be offering half of its apartments at affordable rental prices and Belle Époque will do the same with 30 per cent of its apartments.

An architectural urban planning workshop and competition was held for the design of the residential and outdoor space. The competition was won by Rotterdam-based MLA+ Architecture and landscape architecture firm Loidl Landschaftsarchitekten. Their winning designs mostly involve seven-storey apartment buildings interspersed with a total of five 20-storey buildings. The Lichtenberg District Office of Berlin has begun working on a development plan for the project. The process is expected to take around two years with construction scheduled to start in 2021. Plans also include redoing the infrastructure including the addition of a new tram stop and larger, modern trams.

Torsten Nehls concludes, "The mix of living, working and recreational offers and the necessary infrastructure will breathe new life into the neighbourhood after its decades-long sleep and will add to the attractiveness of the entire area in the process".

The End



TORSTEN NEHLS

knows all about the exciting development and Lichtenberg's growing attractiveness.

// PERSPECTIVES //





ISBJERGET, AARHUS

A unique architectural pearl: The residential complex has been designed to give its occupants a perfect ocean view. The building has also been “broken” into several sections, giving the impression of a floating iceberg.

 **MARCO STAHL** Head of Investor & Asset Advisory, Hamburg

WESTHAFEN TOWER, FRANKFURT

Minimalistic but immediately recognisable – what makes the Tower special for me is its strong design language, especially with the Frankfurter Botschaft as a backdrop.

 **GERD WECKENMANN** Consultant,
Frankfurt

UPPER WEST, BERLIN

A fascinating view of the sky over Berlin – and still right in the city! I like modern architecture: clear lines, restrained forms, straightforward design.

 **MARJA SCHEKAUSKI** PA to the Regional Director, Berlin



KRANHÄUSER, COLOGNE

They impact the Rheinauhafen cityscape unlike any other building. The location, architecture and design all come together to make these buildings so unique.

 **DAVID KLABISCH** IT Support Specialist, Düsseldorf



ALLESANDERSPLATZ, BERLIN

The name is a perfect fit. The abandoned former Haus der Statistik building at Alexanderplatz is going to be revived by a collaboration of art and cultural initiatives.

 **MANUEL WESTPHAL** Head of Valuation
Services, Berlin

SEDE DE OSAKIDETZA, BILBAO

The futuristic reflections in the glass give the Basque Ministry of Health a sense of being a collage of old and new.

 **ANDRÉ GERKE** Associate Director Retail Investment, Düsseldorf

// HOTEL //

ARE ESTABLISHED HOTEL OPERATORS IN DEEP WATER?

A conversation with hotel experts Chantal Eckel and Alexander Trobitz from BNP Paribas Real Estate about consolidations and the most innovative start-ups on the hotel market



"2018 was a record year for hotel consolidations".



DESIGNED BY
KARIM RASCHID – the prizeotel
in downtown Hamburg



Ms Eckel, can you give us a quick overview of the current situation on the hotel market?

[Chantal Eckel: Competition on the German hotel market continues to intensify, particularly for established hotel companies. The needs of guests have changed. Today's guests want fresh, unique and unusual hotel concepts. At the same time, start-ups have been flooding onto the hotel market for several years now, occupying this segment with innovative concepts and redirecting guest flows.]

Mr Trobitz, can you give us some examples of particularly innovative hotel concepts?

[Alexander Trobitz: One particularly well-known example is the 25hours Hotel Company. All of their boutique hotels feature exclusive design concepts, none of which resemble the others. Each visit to one of their hotels is unique, sometimes even with a bathtub on the balcony. prizeotel is also a very successful competitor with its economy design strategy. Top designer Karim Rashid's extraordinary design concepts combined with extensive digitalisation including check-in via smartphone sets prizeotel apart from more traditional market players.]

What options do established hotel companies have?

[Alexander Trobitz: Major market players often have a hard time responding fast to the changing needs of their guests without outside help, which inhibits further growth. Nevertheless, many established hotel chains have realised that it is time to take action. At the moment we are seeing two options.

The first is to create new niche brands within the company, like the InterContinental Hotels Group with their new brands voco and avid. The second option is consolidation, which is proving quite popular. The idea is to attract new customer groups to a brand and expand the hotel portfolio.]

[Chantal Eckel: Established hotel companies acquiring other brands is not a new trend. However, acquisitions within the hotel sector increased in 2018 to a new record high in terms of consolidation with around 20,000 hotel rooms changing hands (pro rata).]

Ms Eckel, can you explain the reasons behind these consolidations?

[Chantal Eckel: Strong brands that have already proven successful on the hotel market are a major factor behind acquisitions. Brands serving a niche market that is not yet covered by a hotel company's portfolio are particularly attractive. Hotel chains can benefit from their smaller competitor's brand image by keeping the names of the acquired companies.

Examples include 25hours Hotels and prizeotel, which we talked about earlier. In 2016, Accor acquired 30 per cent of the 25hours Hotel Company

- and is currently planning to increase their share in the company, while Radisson acquired a large stake in prizeotel. However, prizeotel decided to terminate its licence agreement with the Radisson Hotel Group when Chinese hotel chain Jin Jiang acquired Radisson, as that would put the design budget brand in a portfolio with competitors.]

Any other reasons?

[**Alexander Trobitz:** The hotel market is almost completely saturated in many locations and developing new hotel properties is expensive, takes a lot of time and is associated with risks. Consolidations on the other hand are a relatively safe, fast and cost-efficient way to improve market reach. Brand image tends to play a minor role here, which is why acquired hotel operators are often integrated in their new parent company's portfolio. Examples include Whitbread's acquisition of Holiday Inn Express Hotels, which was later relaunched as Premier Inn. Premier Inn was able to add more than 3,000 rooms to the German market thanks to the consolidation.

In addition to branding and reach, investments for financial reasons are also a crucial factor behind acquisitions. Goldman Sachs, for example, is planning to acquire B&B Hotels before the end of the year.]



FROM SERVANT'S ROOM TO LUXURIOUS CHAMBER

The guests at the 25hours in
Munich live like royalty.



IT'S ALL ABOUT THE MIX.
French café and bicycle shop at
the 25hours in Düsseldorf

"There are still a
lot of niche markets
that haven't been
tapped".



How sustainable is this trend? Will we be seeing a large number of brands disappear from the market?

[Chantal Eckel: The consolidation trend is still going strong in 2019 and the market continues to be characterised by fierce competition. We have already seen several mergers and acquisitions like the Vienna House acquisition of Arcona's city hotels and there are still a number of deals in the pipeline. There are many operators and brands that are potential candidates for acquisitions and some are already up for sale. However, the chances that a large number of brands will disappear from the hotel market are very low. Instead, we expect to see more hotel brands in the future with increasingly fewer hotel companies. As guest expectations continue to change there will always be niches that can be served by new hotel concepts and brands. The serviced apartments segment is particularly seeing a large number of new concepts that will complement the brand portfolios of major hotel companies going forward.]

// PROJECT SOLUTIONS //

THE FUTURE IS NOW

CREATING A MODERN WORKPLACE



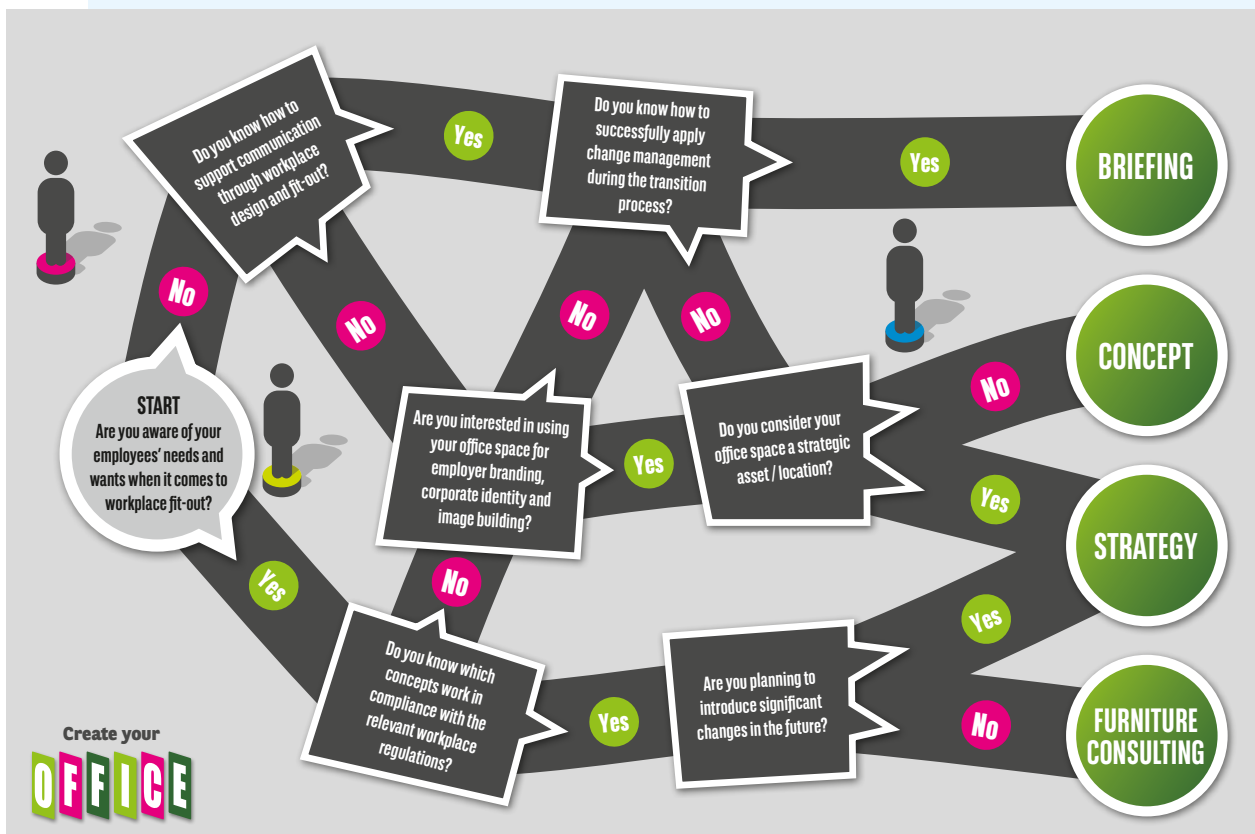
NATASCHA NINIC

Director Project Solutions

[E] Everyone is talking about the office of the future but the future is already here. Working habits have undergone significant changes in recent years. Today's workplaces need writable walls for process visualisation, informal settings to support knowledge sharing, areas dedicated to working on online courses and quiet areas for working in library-like conditions. That's why the call for modern working environments at many companies is getting louder.

According to Natascha Ninic from the Project Solutions team at BNP Paribas Real Estate, creating modern offices and new workplace concepts is a long-term project, not a ready-made product. Designing a workplace means ongoing optimisation and adaptation to new requirements, needs and processes. So what do modern workspaces look like and what is the right concept for your company?

TAKE OUR QUIZ AND FIND OUT WHAT STAGE YOU'RE AT IN TERMS OF WORKPLACE DEVELOPMENT!





BEST PRACTICE

Natascha Ninic and her team developed a tailor-made concept for Roquette in Frankfurt, coordinating tenant planning and relocation management for around 37 employees in a 742-square metres space while also advising on furniture as well as colour and wall design.

"We could not be happier with our new office fit-out – both in terms of quality and design. Looking back, I initially expected the relocation to be a nightmare, but it turned out to be a lot of fun".

Dagmar Klein, Assistant to the Management, Roquette



BRIEFING

Planning the perfect workplace for your company includes defining specific company goals, analysing the working styles of different organisational units and identifying ideal sites in the neighbourhood. We structure our design guidelines on the basis of this information.

STRATEGY

A workplace strategy includes all of the necessary steps, from identifying suitable premises to lease term expiry, from specifying requirements and the planning process to change management. This integrated approach to office space management takes into account strategic goals as well as functional and aesthetic requirements.

CONCEPT

When creating a new workplace concept, other tools, including feedback reports, the company intranet and newsletters, are used to prepare internal and external communication and plan the change management process.

FURNITURE CONSULTING

Help in selecting your office furniture and finding the perfect configuration



RELAXATION AND COLLABORATION

Urban farming encourages employee wellbeing and promotes team spirit.



GARDENERS ON THE COMPANY ROOF

More and more people are living in urban spaces but still want to enjoy organic produce and gardening. That's why urban farming is becoming increasingly important, and not just for individuals – for companies, too.

[U] Urban farming is the term used to talk about farming and gardening in the city. Urban farmers grow vegetables, fruit, flowers and herbs to provide produce for the local population, sometimes also on a commercial basis.

GOOD FOR THE CITY, RESIDENTS AND THE ENVIRONMENT

This trend benefits cities as well as the people living in them. Urban farming gives locals the chance to help design their city and meet new people while they garden. And growing their own food helps people appreciate what is involved. Not to mention the fact that it is good for the environment. Another benefit is that this approach to farming involves shorter transport routes, which is good for the environment, and encourages biodiversity. After all, a city full

of colourful plants and flowers means more food for insects and wildlife.

URBAN FARMING AT BNP PARIBAS REAL ESTATE

The people at BNP Paribas Real Estate headquarters in Paris are aware of these advantages and have decided to turn the rooftops of the building into a gardener's paradise. In a space of 640 square metres employees can work in teams, each with 3 square metres, to grow a variety of 71 different kinds of fruit, vegetables and herbs, giving them a harvest of up to 25 kilogrammes a year! A community gardener helps the teams get the most out of their harvest. He also holds cooking workshops where the gardeners learn different ways to use and process their produce.

Part of the urban garden is also being used for research. In collaboration with urban farming experts Mugo and the

AgroParisTech institute, research is being conducted to find out which plants grow best in metropolises like Paris. The on-site cafeteria also benefits from the urban farm by using the produce in the dishes it serves.

The new BNPPRE offices in Hamburg are jumping on-board as well. This next year they will be planting a wildflower field on the roof of their building at Hohe Bleichen. The 15,000 bees who have been "subletting" at the Hamburg offices since summer 2019 are excited about the new development as well.



PLACES "MADE" FOR URBAN FARMING

- brownfield sites
- green spaces
- building rooftops
- the walls of buildings
- high-rises

IN A CHANGING WORLD,
**YOU CAN FAST-FORWARD YOUR
SUSTAINABILITY TRANSITION.**



WE CONNECT INVESTORS WITH BUSINESSES TO
ACCELERATE THEIR SUSTAINABLE GROWTH
www.bnpparibas.de



BNP PARIBAS

The bank
for a changing
world

[CHANGE]

The Magazine of
BNP Paribas Real Estate Germany



#BEYONDBUILDINGS

www.realestate.bnpparibas.de

All rights reserved. This brochure is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate Holding GmbH.
BNP Paribas Real Estate can accept no liability whatsoever for any information contained or statements made herein.

Status: September 2019 Circulation: 200