

MIPIM-Special

Confidence Returns As Investors Eye Opportunities At MIPIM 2010

Paul Zilk

Es werden wieder Investitionen in Milliardenhöhe verhandelt. Für den Veranstalter der internationalen Gewerbeimmobilienmesse MIPIM ist die Krise fast schon kein Thema mehr. Schließlich ziehe die Nachfrage in London, Paris und Frankfurt bereits rasch an. Doch den eigentlichen Schwung werde der Sport in die Immobilieninvestoren bringen. Denn der UEFA-Cup in Polen, die Fußball-Weltmeisterschaft 2014 und die Olympiade 2016 in Brasilien sowie andere sportliche Großereignisse erfordern öffentliche Infrastrukturen, Hotels und Stadien, die geplant, gebaut und finanziert werden müssen. (Red.)

They may not be shouting it from the rooftops just yet, but the 3,500 international investors expected to attend MIPIM 2010 (March 16 to 19, Cannes, France), are showing signs of renewed confidence in the real estate market. And the investment opportunities that will be on show in Cannes are particularly wide-ranging. "We foresee that this year's MIPIM will prove that confidence is starting to come back among investors, developers and end-users," comments Bernardo Retana, Senior Associate at the Qatari investment bank QInvest, whose Sharia-compliant investments target the Middle East, Turkey, South and South East Asia and Africa.

Market Steadies

As 2009 closed, indications were that real estate rental markets were stabilizing, with almost all markets in Asia and Europe – including London, Hong Kong, Singapore and Frankfurt – seeing an improved take-up in the final quarter of the year. In a Global Market Perspective, released in 2009, Jones Lang Lasalle predicted that 2010 will mark the start of the recovery in the global real estate industry, while noting that broad-based growth may have to wait until 2011.

Meanwhile, Cushman & Wakefield's David Hutchings, who heads up C&W's European research group, describes the third quarter of 2009 as the "key turning point" for Europe and believes that despite shortages in finance, 2010 will see around 120 billion worth of deals in Europe in 2010 – 50 percent up on last year. Hutchings' colleague Michael Rhydderch, in charge of Cushman & Wakefield's European cross-border in-

vestments division, notes that in the wake of the recession returns from alternative asset classes have dropped, leaving some companies, particularly the big insurers, looking for bond-like investments in the real estate sector, with offices proving a popular target. Global real estate advisers DTZ predict that European cities in which the office market offers fair value in the first half of 2010 include Frankfurt, Dusseldorf, Paris, Barcelona, Madrid, Copenhagen and Warsaw.

Sport Drives Real Estate Projects

But it's not just the office market that will be drawing investment attention at MIPIM 2010. Delegates in Cannes this



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year will see some multi-billion projects on show, all of which have one major ingredient in common – they are being driven by sport!

Take Poland for example. MIPIM's Guest of Honour is co-hosting the UEFA Euro 2012, the world's second most important soccer tournament after the FIFA World Cup. Euro 2012 host cities Warsaw, Poznan, Gdansk and Wroclaw, will be out in force in Cannes as they promote investment opportunities linked to developing infrastructure and tourism for the event and beyond. Between 2008 and 2012, Warsaw will have invested some 4 billion in public infrastructure and aims to ride the post-Euro 2012 soccer wave to establish the country's capital as a major European venue for business, sports and cultural events. Across in Wroclaw, the city will be in Cannes seeking investors for 16 new hotels, having already sold 11 five-star hotel sites on the back of the Euro 2012 tournament.

Poland isn't the only country using a major soccer tournament to drive growth and attract investors. Russia's Nizhny Novgorod region is bidding for one of the FIFA 2018 or 2022 World Cups. Winning a bid includes persuading FIFA that the soccer stadiums, transport infrastructure and tourism facilities will meet the needs of the tens of thousands of fans who flock to watch the games – and that means finding the investment to either upgrade or create the facilities, hence the region's participation at MIPIM. Nizhny Novgorod will have to wait and see how its bid goes.

Not so Brazil. In an unprecedented double whammy, the country is to host both the 2014 World Cup and the 2016 Olympics. Taken in conjunction with a growing economy, a vibrant real estate market and a tourism sector predicted to boom, Brazil is already attracting significant investment interest. In the wake of the decision to hold the World Cup and the Olympics in Brazil, developers were knocking on the door to become involved. Estimates are that spending on upgrading or building stadiums alone will be over 800 million euros.

Investors at MIPIM are expected to have an eye on the fact that demand for rental properties in the Olympic host cities, including Rio de Janeiro and Sao Paulo, is predicted to soar as the event nears and that significant real estate projects will continue to develop post-Olympics. When Barcelona hosted the Olympic Games in 1992, over 100 billion euros

were invested in infrastructure and urban renewal in the eight years that followed.

North African Opportunity Knocks

According to Felipe Cavalcante, President of the Association for the Real Estate and Tourism Development in the Northeast of Brazil (ADIT) the "big payoff" of hosting the two massive sports events is that the infrastructure and real estate-related projects must hit the 2014 and 2016 deadlines, meaning projects that might normally take 20 to 30 years to complete will be fast-tracked into five to seven years. Just which Brazilian investment opportunities will be available is the subject of a major MIPIM conference session on March 18.

One region to have escaped the worst of the global financial crisis is North Africa, partly because the region's banks weren't exposed to 'toxic assets'. IMF figures predict Egypt's GDP will grow by 4.5 per cent this year and Morocco's by 3.2 per cent. Growth in the Euro

Zone is estimated to be a mere 0.3 per cent. Commenting on the prospects for the North African region, Investment Vision + Environments' (IN-VI) President and Founding Partner, Guy Perry says, "There is enormous investment potential."

Both Morocco and Egypt have taken steps in recent years to introduce economic and legal reforms designed to stimulate investment, including in the real estate sector. At MIPIM 2010, one of the most ambitious projects being promoted is Rooya Group's Stone Towers development. Destined to be Cairo's largest business park, the state-of-the-art project is designed by Zaha Hadid. IN-VI, which specializes in sustainable master-planning and long-term development strategies, is working with Al-Futtaim Investment Management to develop Bouznika, a new town between Casablanca and Rabat. Guy Perry comments "we must employ best practices and design to current levels of sustainability."

Along with 'sustainability', international investors are increasingly factoring 'corporate responsibility' into their strategies, with established investors such as

pension funds regularly including green criteria in their investment decision-making process. In a recent survey by Jones Lang La Salle and Core Net Global, the professional association for corporate real estate, 70 percent of corporate property executives polled said that sustainability is now a critical business issue for them.

Investors See Green

In a sign of the times, Hong Kong's Parkview Group has just announced that one of Beijing's biggest developments, Parkview Green, will be in line for a Leadership in Energy and Environmental Design (LEED) platinum certification, joining an elite list of projects (and the first in China) that have received this level of green-building rating. And the growing importance of sustainability has been reflected in the nominations to the MIPIM 2010 Awards. Jury President, Bärbel Schomberg, Chief Executive Officer, Aberdeen Immobilien KAG (Germany), says that "criteria such as overall sustainability were extremely important in the selection process this year." ■

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