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OFFICES

Von der Heyden begins new office project in Poznan

German developer **Von der Heyden Group** has launched underground construction work on its newest office project in Poland, the EUR 33m Andersia Business Centre (ABC) in Poznan. Porr Polska, the general contractor of this stage is to complete its assignment in October 2012.

Asked about the possible timeline of the entire project, Adam Trybusz, executive director at Von der Heyden, told news2biz:

"Setting a deadline without a satisfactory pre-lease ratio is unreasonable. We are not racing with anyone but the market. No market – no product, to put it bluntly."

Although at the end of 2009 office vacancy ratio in Poznan stood at 9% due to low demand, Von der Heyden is banking on an upturn.

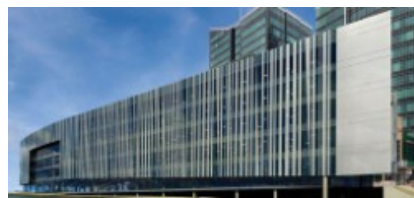
"We would not be starting the investment had it not been for signals of improvement. We are accepting a certain risk level because we want to benefit from the timing," says Mr Trybusz.

Located in the very centre of Poznan, ABC is a joint venture between Von der Heyden Group and the City of Poznan. It constitutes the third phase of Anders Square development, the initial two stages of which: Poznan Financial Centre and Andersia Tower, were also devel-

oped by Von der Heyden Group. PFC was sold to AIB Polonia Property Fund in December 2004 and Andersia Tower was sold to DEKA Immobilien in January 2008.

ABC will be a high class, five storey above ground office complex located in front of the PFC and Andersia Tower Building near the Poznan Old Town, Stary Browar shopping centre and Poznan International Fairs. ABC will comprise 14,500 sq.m net usable area and two underground levels with 170 parking places.

The investor is paying for the underground works with its own funds and talks are underway regarding financing of the remainder of the project. Negotiations with prospective tenants are also taking place as Von der Heyden will start building above ground only once a reasonable amount of pre-leases has been secured.



Andersia Business Centre is Von der Heyden's third office building on Anders Square in Poznan.

Image: Von der Heyden Group

In the future, Von der Heyden Group plans also the fourth and final phase to the Anders Square development - Andersia Silver. After An-

dersia Tower it will be the highest building in Poznan. The company has received permits to build up to 116m.

Founded in 1989, VDHG specializes in high quality property investments, including the renovation of historic buildings. The companies comprising the Von der Heyden Group together have completed an investment program in real estate valued at well over EUR 275m. Its current investments (under development and/or acquisition) are worth approximately EUR 125m which will bring the total investment volume to EUR 400m by the end of 2011.

As far as their other Polish projects are concerned, Von der Heyden is working on a boutique hotel development in Gdansk (see no 353 page 9) and continues restoration of historic tenement houses on Wilcza street in Warsaw. Its pipeline includes a 5,200 sq.m office project on Nowy Swiat street in Warsaw. According to company representatives, they are seeking other investment opportunities in Warsaw, Poznan, Wroclaw, Gdansk, and Krakow.

We have talked to:

Adam Trybusz trybusz@vdhgroup.pl

Tel:+48 22 596 50 00 (switchboard)

Poznan office market at a glance

► The office space stock of Poznan has already exceeded 230,000 sq.m. In the second half of 2009 the next buildings of the Malta Office Park complex (Echo Investment) and Szyperska Office (Wechta), which had been redesigned from a previously planned apartment building, were delivered onto the market.

► However, in 2010 the supply will not rise considerably, because only approx. 30,000 sq.m of space is currently under construction. The most interesting schemes at the development stage include the last phase of Malta Office Park (Echo Investment) and Skalar Office Center (Hydrobudowa-9).

► Developers in Poznan have also postponed development plans providing for up to as much as 200,000 sq.m in the hope of an upturn in the economy.

► As a result of the low demand, the vacancy rates keep rising (approx. 9% at the end of 2009), whereas rental rates remain at the quite stable level of approx. EUR 14-16 sq.m/month.

IN BRIEF

Winter freezes homebuilding

Over the first two months of the year investors completed 21,696 dwellings, marking a 32% decline y/y. The number of newly-commenced projects dropped by 10%, while permits were down by 24%.