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## Property as an Investment



*Munich's Property Fair EXPO REAL on the road to another success in its 14th year*

Europe's largest commercial property fair this year showcases new concepts, projects and industry representatives over a total exhibition area of about 64,000 square metres. Claudia Boymanns, Project Manager of EXPO REAL (Neue Messe Munich), is delighted with the fair's 14th year: "Exhibitors have registered for larger stands again", notes Boymanns happily. In addition, the participation of enterprises in so called 'joint exhibition stands' has increased.

In terms of content, the large need for many decision-makers to discuss detailed financing and investment strategies in the property business, is reflected in the extensive conference program with more than 100 events. According to Eugen Egetenmeir, Managing Director of Messe München, EXPO REAL will generate intense discussions on the developments in the global economic and banking sectors. This will also include concrete options for sustainable management.

EXPO REAL wants to direct the focus of participants to the future and intends to encourage the exchange of future-proof business models and strategies.

Over the years, an increasing number of investors have discovered property to be a sustainable investment. Since 2010, EXPO REAL has officially labelled itself as the "trade fair for investments reflecting the trend that property is seen more and more in the investment context", explains Egetenmeir.

Investors and project developers are able to find attractive properties and development sites in Bavaria. EXPO Project Manager Claudia Boymanns explains that the demand for Bavarian property was based on a "well diversified economic market" in the Free State. Bavaria can thus look forward to an excellent job market and stable economic growth. That has an effect on property prices, not only within the housing market, but also in the commercial sector. "The weakness of the capital markets additionally promotes property investments", states Boymanns. The boom has recently spread to the hotel sector (see page 3).

The fair's "City Future Dialogue" will address how cities must now position themselves among global competitors, in order to develop or maintain a valuable brand. The issues in focus include adequate marketing of cities, the successful development of identity for municipalities and all aspects of sustainability, well beyond mere ecological topics.

According to Egetenmeir, the Green Building trend is about to change: the simple certification will lose importance. "Instead, consciousness of economic sustainability is growing: ecology and economy have to be considered as a whole."

## News

### ECO in Augsburg



Augsburg's business zone "Umweltpark - Environmental Park" is being developed into a leading environmental competence centre. On a 14 hectare site, the city of Augsburg intends to primarily attract environmentally-oriented enterprises with high energy consumptions. The development area was named "ECO" and its intention is for energy producers as well as energy consumers to co-operate efficiently. The energy required for the production processes is generated in close proximity, for example by the recycling plant in Augsburg or the renewable biomass heat and power plant of the local public utilities provider. Knowledge and experience from different sustainable industries and environmental technologies are already optimally intertwined in the "environmental park".

Five minutes with...

## Gabriele Weishäupl, Director of the Munich Tourist Office



Weishäupl in front of the 'Bavaria' statue in Munich

Gabriele Weishäupl is the head of the state capital's tourism office and also responsible for the implementation of Munich's Oktoberfest. This year she is organising the "Wiesn" for the 26th and final time.

**Dear Mrs. Weishäupl, among your tasks is the management of the globally successful "Munich" brand. What role does the Oktoberfest play here?**

The "festival of festivals" has unmistakably shaped the image of the white and blue metropolis. Due to its global popularity, the Oktoberfest is a tourist magnet and export item par excellence. A study on acceptance and popularity of

German terms abroad, which was conducted at a global level on behalf the German Centre for Tourism, showed that 91 per cent of those surveyed were familiar with the term "Oktoberfest". The advertising value of the Wiesn is immeasurable for Munich, but the reputation the city enjoys due to the Oktoberfest both nationally and internationally is reflected in the numbers of visitors. Not least owing to this unique folk festival, Munich belongs to the leading tourism locations in Germany. On the international market, the Oktoberfest is thus an almost priceless brand from which the image of the city of Munich also profits considerably.

**The Wiesn has long been an economic factor for Munich. How big is the total turnover generated by the festival?**

The economic value of the Oktoberfest amounts to approximately EUR 1 billion. According to our studies and calculations, approximately 6.4 million people visit the festival and spend a total of about EUR 390 million during the 16 days of the Oktoberfest. This works out to an average of EUR 61 per person. Foreign visitors spend about another EUR 250 million on food, shopping, taxi fares or the use of the public transport system in the city. On accommodation alone, our foreign guests spend a total of a further EUR 356 million.

**When talking about the Oktoberfest, the first thing that comes to mind are the breweries. Which other industries also support it?**

Which industries aren't represented at the Wiesn? One can say that the Oktoberfest reflects nearly the entire Bavarian economy - from high-tech to agriculture, construction to catering, crafts to telecommunications and energy to the media industry. The Wiesn is a city within the city, with its own infrastructure and employing up to 12,000 people.

**What should a proper Wiesn visit consist of?**

Eat a Wiesn snack, ride a merry-go-round, buy a gingerbread heart, sing a Wiesn hit and kiss a "Gspusi" (Ed: Bavarian for "flirt").

**And what should not be part of a visit?**

Violating the regulations and operational procedures for the Oktoberfest 2011 (Ed.: 60 pages).

### Number of the Month

**EUR 26.8 billion** For the fifth year in a row, Austria is again Bavaria's most important trading partner. With a trade volume of EUR 26.8 billion, the alpine republic still ranks before Italy, the USA and China. "Austria is the number 1 for Bavaria", states Katja Hessel, the Bavarian State Secretary for Economic Affairs. The reason for the successful co-operation lies in the geographical and cultural proximity of the two countries. A total of approximately 6,400 Bavarian enterprises, primarily small and medium-sized enterprises, maintain business relations with Austria.

## In Focus: EXPO REAL Hotels are in Fashion



Business trips are increasing. In 2010, Accor Hotels opened the Munich Airport Novotel / Photo: Ingrid Jost-Freie

*For a long time hotels were just niche clients in the commercial property market. At this year's EXPO REAL, they are high on the agenda. The industry is booming and Bavaria is right at the heart of it.*

Building signs, new openings, advertising campaigns - the hotel industry is obviously expanding in Bavaria. Investors, project developers and funds have increasingly rediscovered the hotel industry. Also at this year's EXPO REAL, the sector has come into focus: "The hotel industry is a growth industry. This provides new perspectives for investors and shareholders", states Claudia Boymanns, Project Manager of EXPO REAL. In addition to the "Hospitality Industry Dialogue" which features high-ranking forums and, among other things, also deals with credit risks, Asian hotel chains in Europe and the Green Building trend, numerous representatives of the international hotel sector will be showcasing themselves to professionals.

According to Expo boss Boymanns, one reason for the high interest in hotel buildings is the current differentiation of hotel services with targeted concepts such as hostels and low budget hotels, designer hotel chains and luxury resorts. In addition, the markets in Asia, once dominated by regional chains, the Arab countries and also Europe are subject to a globalisation trend. "The hotel sector is increasingly prepared to expand; as a result the international markets are growing", says Boymanns.

Bavaria is a particularly attractive location for the hotel industry. With over 28 million guests and approximately 77 million properties, the Free State was once again able to underscore its position as a popular travel destination in 2010.



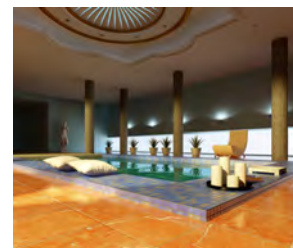
Operators find a particularly comfortable situation in the state capital: "Munich is a super strong location within Europe", comments Markus Beike, Managing Director of Christie & Co., a company specialising in hotel transactions. Why? Demand is high in Munich due to the presence of business travellers as well as tourists. Unlike in other cities,

rooms can be rented seven days per week. "Therefore it is so important for hotel chains to be present in Munich" explains Beike.

Beike still sees growth potential for the industry's future development. The 50 largest hotel companies on the German market increased their revenues by 13.5 per cent last year to a total of EUR 6.81 billion. Most of them are confident that profits will also increase in the current financial year. New chains in the lower price category regularly generate high double-digit growth rates.

With EUR 815 million revenue, Accor is the largest hotel group on the German market. The head office of the French group's German subsidiary is based in the Bavarian state capital. The same is true for Motel One, the country's fastest-growing hotel company. The low budget design hotel chain was created by Dieter Mueller from Munich and developed into a successful brand: according to Allgemeine Hotel- und Gastronomie-Zeitung (AHGZ), Motel One was able to increase last year's turnover by 60 per cent and the number of its hotels from 26 to 31. By the end of 2011, eight new hotels will have opened in several cities, including Munich.

Despite the pending openings of some hotels in the near future, the Europäische Metropolregion München e. V. (EMM) is promoting more hotel properties at EXPO Real. "This is partly because demand from the international tourism business is larger than the capacity of the existing hotel stock", reports Anja Wilde, EMM's Managing Director.



According to Wilde, location analyses reveal that Munich still has a clear need for more four-star hotels as well as brand name hotels, specialising in wellness and conferences. EMM

will be presenting two current projects at the Expo: a congress centre with hotel on a former factory site is to be developed in Ingolstadt on an 50,000 m<sup>2</sup> area as part of the old town development. In Bad Tölz, a 10,000 m<sup>2</sup> property with a "wonderful mountain view awaits a tourism make-over" states Wilde.



This year, hotel and leisure property developments are also a central topic of interest at Nuremberg's stand. In addition to the "Golfpark Fürth" project, where business, housing and leisure activities are to be innovatively linked, a new four-star hotel is planned in Nuremberg's old town at a premium location. Also properties in the Franconian Altmühl region are being showcased, which are "excellently suited as hotel locations for touristic use".

The chances of success for the investors and project developers are very good in Bavaria, says Maria Pütz-Willems, chief editor of the on-line magazine [www.hospitalityinside.com](http://www.hospitalityinside.com). People's desire to travel will continue to increase globally, supported by low budget airlines and new markets. In parallel, the trend towards globalisation will also continue in the commercial world. Often there is no alternative to a personal meeting: "Crucial negotiations are still being held face to face", comments Pütz-Willems. On-line conferences or video conferencing will have little impact on the growth of the hotel trade: "People want to look their business partners right in the eyes."

## News from Bavaria

### Solar Factory of the Future – Smart Grid City

"Smart Grid" – a term which in the future will perhaps be just as common as "smart-phone" today. The issue of energy supply is, without a doubt, one of the most important topics of our time. With "Smart Grid" the future supply is to be organised in a flexible, efficient and eco-friendly manner.

The showcase project "Solarfabrik der Zukunft [Solar Factory of the Future] - Smart Grid City" was developed by 'Energie Campus' Nuremberg and is supported by the Bavarian State Department of Economic Affairs, Infrastructure, Transport and Technology. The concept involves selecting and turning a municipality in Upper Franconia into an innovative model development. Processes and impacts of a solar energy-based energy cycle are to be tested in practice, to later optimise them for the entire Bavarian state. The project is not just about the pure generation of power, but also deals with the storage of photovoltaic energy. How can energy best be stored with irregular exposure to the sun? And how can energy storage be decentralised and made controllable via the internet? "The model test will develop a trend-setting infrastructure in the region allowing researchers to test their results within the area of solar-powered energy generation, intelligent energy distribution and storage in practice" comments Bavarian Minister of Economics Martin Zeil happily. Both the local economy and the population will thus profit substantially from this project. A location will soon be selected among the applicant towns. "Smart Grid City" has been funded with approximately EUR 7 million by the future initiative "Aufbruch Bayern".

### Tropical Fruit from Upper Franconia

The Heinz family has been producing glass products in the Upper-Franconian town of Tettau since medieval times. Today, it specialises in the production of luxury perfume bottles for fine fragrances. It is fitting therefore that the area around the factory will in future be characterised by a smell of tropical fruit. Carl August Heinz – supported by the Free State of Bavaria and the European Union – plans to construct a greenhouse on a 3,500 square metre site. Called "Klein-Eden", it will be heated solely with the heat emitted by his glass factory. A tropical plantation will be set up with mangoes, papayas and bananas. Exotic fish



will supply the roots of the plants with the necessary nutrients as in their natural habitat. Bavarian State Secretary for Economic Affairs, Katja Hessel, went so see the environmental and energy efficiency project for herself on occasion of the opening ceremony at the beginning of August. Hessel is pleased about the economic potential of the eco-friendly tropical green house: "The project is an innovative contribution for climate protection and energy efficiency and strengthens the rural community. It shows the options energy-intensive enterprises have, to use waste heat both purposefully and economically. It also opens up the possibility that it will develop into an outstanding tourist attraction beyond our regional borders." The start of construction of 'Klein Eden' was celebrated in August. It has also sparked scientific interest, with the University of Bayreuth joining the cultivation project as a research partner.

#### EXPO REAL

#### Event Programme – Tips

##### **„Auf einer Wellenlänge – Investieren im Fränkischen Seenland“ (*On the same Wavelength - Investing in the Franconian Lake District*)**

Speaker: Hans Dieter Niederprüm, Managing Director of the Franconian Lake District's Tourism Association

Tuesday, 4 October 2011, 11 am, Stand of the European Metropolis Region Nuremberg (Hall C2 /Stand 210)

##### **„Mehr Hotels für die Metropolregion München?!“ (*More hotels for the metropolis region of Munich?!*)**

Owners, developers and investors discuss potentials for city hotels and holiday resorts  
Wednesday, 5 October 2011, 1 pm,  
Marktplatz München (Hall 1)

##### **Stand Accor**

Hall C2 /Stand 233

##### **Stand Metropolis Region Munich**

Hall A1 /Stand 420

##### **Stand Metropolis Region Nuremberg**

Hall C2 /Stand 210

##### **Stand Hospitality Industry Dialogue**

Hall C2 /Stand 233

## Bavaria in your Briefcase Back to the Roots



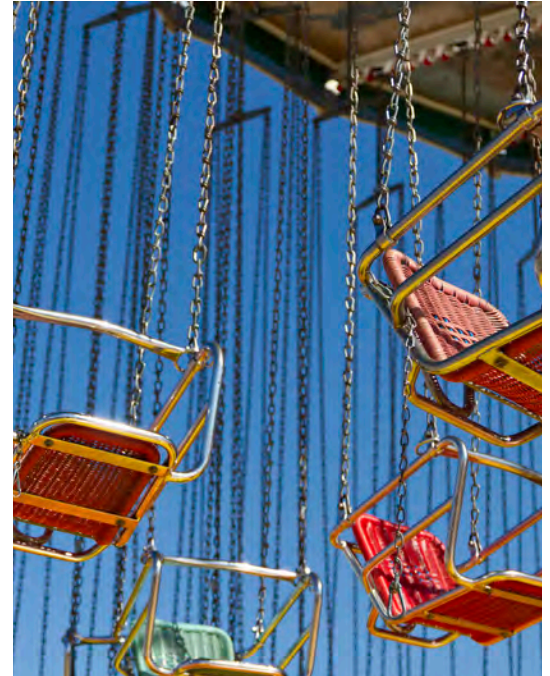
### “Historical Wiesn” becomes a permanent feature of Munich’s Oktoberfest

Originally the “Historical Wiesn” was to only have taken place during the 200th anniversary of the Oktoberfest in 2010. But the nostalgic atmosphere, historical setting and Bavarian folk music appealed to and inspired about half a million visitors. Munich’s city council therefore decided that the “Oide Wiesn”, as the historical part of the Oktoberfest is affectionately called by people in Munich, will become a permanent feature of the festival.

The area in the south of the Theresienwiese takes visitors on a journey back in time to the beginnings of the folk festival. Away from the loud high-tech rides, visitors can enjoy a relaxed atmosphere. To ensure that the Oide Wiesn keeps its nostalgic charm, swings, roundabouts, as well as throwing and shooting galleries should be older than 40 years. Historical exhibits such as concert organs and tractors will also be on display again this year. In both tents, which are designed in a historical style and named “Tradition” and “Zur Schönheitskönigin”, the atmosphere is quieter and more traditional.

Peter Reichert is the operator of the “Zur Schönheitskönigin” tent. Asked about the particular flair of the Oide Wiesn, he daydreams about an “atmosphere, just like 60 years ago”. The Oide Wiesn is merry, peaceful, crazy, funny, family-friendly, multi-coloured, humorous, cultural, Bavarian and typical of the Munich style. Old and young gather here and celebrate together with traditional music and new musicians, who explore new ground in Bavarian music. Reichert advises everyone to visit the folk festival in the morning: “The ‘Frühschoppen’ and the ‘Mittagswiesn’ are the cultural highlights, when bands perform couplets, dances, gstanzl and other popular Bavarian music - all live on stage. In case you didn’t know: Bavarians call a breakfast of white sausages, sweet mustard, pretzels and beer “Frühschoppen”.

Of course culinary customs are not neglected at the Oide Wiesn either. Numerous stands with meat specialities, sweets, beverages and other Bavarian delicacies invite visitors to feast and enjoy the festival. In the “Zur Schönheitskönigin” tent, King Ludwig II’s favourite dish can be sampled: “Pike Cabbage” will be served here made following the original recipe of the Royal Chef Theodor Hierneis. And what about the beer? The Oide Wiesn remains true to its slogan: in accordance with the old Bavarian tradition, the beer is only tapped from wooden casks and served in so called “Keferlohern”. For the first one hundred years, Oktoberfest visitors drank their beer from grey, salt-glazed stone mugs until they were gradually replaced with glass mugs around the turn of the century. Useful to note is that at a price of EUR 8.95 per litre, the two tents at the Oide Wiesn charge below average beer prices at the festival.




## Fairs and Events

### ... in Munich

#### EXPO REAL

International Fair for Commercial Property and Investments.

04 Oct. 2011 – 06 Oct. 2011

 [www.exporeal.net/en/home](http://www.exporeal.net/en/home)

#### Oils + Fats

International Trade Fair for the Production and Processing of Oils and Fats made from Renewable Resources.

05 Oct. 2011 - 07 Oct. 2011

 [www.oils-and-fats.com/en/Home](http://www.oils-and-fats.com/en/Home)

#### Inter Airport Europe

International Trade Fair for Airport Equipment, Technology, Design & Services.

11 Oct. 2011 - 14 Oct. 2011

 [www.interairport.com/europe/english](http://www.interairport.com/europe/english)

### ... by and with Invest in Bavaria

#### Industrial Summit "Assises de l'industrie", Conference L'Usine Nouvelle in Paris


19 October 2011, 9 am – 7 pm

#### For additional information:

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 [www.usinenouvelle.com](http://www.usinenouvelle.com)

#### Business Conference "Business Opportunities for Czech Companies" in Pilsen /Czech Republic,

5 October 2011, 5 – 7 pm

#### For additional information:

Mr. Maciej Czuderna

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
[maciej.czuderna@invest-in-bavaria.com](mailto:maciej.czuderna@invest-in-bavaria.com)

### ... in Nuremberg

#### Powtech

International Trade Fair for Mechanical Processing Technologies and Instrumentation

11 Oct. 2011 - 13 Oct. 2011


 [www.powtech.de/en](http://www.powtech.de/en)

#### TechnoPharm

International Trade Fair for Life Science Process Technologies

Pharma - Food - Cosmetics

11 Oct. 2011 - 13 Oct. 2011


 [www.technopharm.de/en](http://www.technopharm.de/en)

### ... in Augsburg

#### interlift 2011

International Trade Fair for Elevators, Components and Accessories.

18 Oct. 2011 - 21 Oct. 2011

 [www.interlift.de/en/home.html](http://www.interlift.de/en/home.html)

## Your key to our state

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