



Mid-November saw the topping out ceremony of Galeria Krakowska, the 60,000 sqm centerpiece shopping center at Nowe Miasto. German retail developer ECE's €250 million mixed-use project near Kraków's central station. The remainder of the project's first phase consists of 10,000 sqm of office, and a 150 key, four-star hotel. ECE claim that the scheme is proving to be hugely popular with retailers, who have so far rushed to sign up for around 90 percent of the 250 units available, despite the center not being scheduled to open until the autumn of 2006. The developer says that the center will effectively become the new entrance hall to the city train station when completed, which is doing much to attract operators such as Peek & Cloppenburg, H&M, C&A, New Yorker and Reserved they say.

Having dropped out of the running for Budapest's Ferihegy Airport, Sydney-based Macquarie Airports, the world's second-largest publicly traded airport owner, is said to have entered talks with the Czech government concerning Prague's Ruzyně via its manager Macquarie Bank. The Australians refused to be drawn on the validity of the claim, and any possible price for the airport, that funneled close to 10 million passengers through its terminals and cleared a profit of Kč 988 million (€34.4 million) last year, remains unclear. The Hungarian government meanwhile remains hopeful it will be able to complete the sale of Ferihegy this year, despite having had to restart the process due to a legal challenge from unions. Three groups submitted final bids in the closed tender in mid-November: Frankfurt Airport operator Fraport are fighting it out with fellow German's Hochtief Airports (Düsseldorf, Hamburg and Athens) and British BAA International (Heathrow, Gatwick and Stanstead). Macquarie were joined by Copenhagen Airports, where the Australian group holds an interest, in declining the other two invites.

The first round of the aborted tender attracted offers as high as €2 billion, and although the first round of the new process saw the top bid come in around 25 percent lower, it's reported in the British press that BAA are ready to match the former figure.

Unilever has renegotiated their lease with Immorent in Budapest. The FMCG multinational occupies 9,000 sqm of built-to-suit offices on Váci ut. in the heart of the city. The self-contained building was delivered to the giant in 2002, at which time they signed a five year lease. Shaun Jenkinson of DTZ, advisors to the landlord, stated the importance of the deal given the great competition for high profile clients that will be coming with a large volume of development delivery expected in 2007.

Chomutov will see between 120 - 200 new jobs over the next two years thanks to the relocation of a hi-tech electronics assembly facility from the UK. JJS Electronics will produce electronic components such as printed circuit boards and wiring looms, as well as offering prototype production and systems testing, in North Bohemia. Alpha Management assisted the company with the move, revealing that the decision for the new facility's location was made from amongst several countries in both Central Europe and the Far East. John Butcher, managing director of JJS says the country will offer "a sustainable cost advantage whilst still being close to our Western European customers". He added that "once the full costs of outsourcing to the Far East are evaluated, I believe there will be a swing back ... to manufacturing in the countries of Central and Eastern Europe". The investment is the third that Alpha Management has set up in Chomutov, following RB Farquhar and Hillside Plastics. They are currently working with British domestic cleaning product producer Jeyes Group and German logistics operator Andreas Schmid on a joint production and logistics centre development in North-Bohemia.

It was reported in mid-November that a stand-off between the Czech government and a group of North-Moravian farmers over land favored by South-Korean carmaker Hyundai for a new USD 1.2 billion is close to being resolved. It's now said that the landowners are ready to accept relocation and compensation, thus averting a test of PM Jiří Paroubek's resolve concerning his threat to force them off the plot. Reports concerning this change from day to day however, so it's very possible that the problem will re-emerge.

One of the most active retail developers in the region, Plaza Centers, has acquired a plot close to 13 ha in mid-town Budapest. The Kerepesi Street site in the city's 8th District will see the Hypodrome replaced by a shopping center. Plaza Center's parent company, Elbit Medical Imaging, stated that it had also acquired the rights to building permits that are already in place on the plot for a 'large shopping and entertainment center' in a deal that saw them buy out 'the entire equity rights (100%) of four companies holding all the freehold ownership and usage rights'. The purchase cost Plaza Centers €21 million, with 90 percent of the figure loaned by 'a consortium of International banks'.

Operator of sophisticated pan-European voice and data networks Interoute announced that it will be moving a primary customer call center to Prague from the UK. The facility will be staffed by up to 100 technical personnel that will deal with customer issues directly rather than routing them via the classic call center set up. CzechInvest's Jarmila Horská claims that 'reputation of [Czech] specialists' contributed greatly to Interoute's choice to base the center in Prague, and voiced the hope that it will expand in the future. Interoute provides network services to the telecoms and internet industries as well as corporate and governmental customers across Europe and North America.

The new Polish government hardly got themselves settled in their seats before they began making life easier for journalists. The new finance minister, Teresa Lubinska, treated the Financial Times, and hacks across the region, to a few choice words concerning British retailer Tesco, citing them as a great example of investors that do little for Poland. She added that previously, as a councilor in Szczecin, she had spent her time trying to repel hypermarkets from the area. While concerns over the impact of huge retail sheds on localities may be a legitimate concern, the finance minister of the country with the highest unemployment rate in the EU, also complained that they take local jobs. Tesco, a huge investor across the CE region, with around €1 billion in its 80 outlets across Poland, currently employs 20,000 people in the country.