

BUDAPEST BUSINESS JOURNAL



SPECIAL REPORT Green Business

SPECIAL REPORT

Businesses Must go Green Today to Have a Future Tomorrow

The time for businesses, especially small- and medium-sized companies, to think about a shift to renewable energy is here. Industry insiders tell the Budapest Business Journal that adopting green energy now may be the very key to staying on the market in a decade's time. ▶ 10

SPECIAL REPORT

COVID Underscores Sustainability Issues

Sustainability issues have become key elements of the planning, construction and management of office and, increasingly, other commercial properties. ▶ 14

SOCIALITE

A Limited Wine Festival for a Special Vintage

The Budapest Wine Festival, in the grounds of Buda Castle, has always been something of a "back to school" event.

Thankfully, it could go ahead this year, albeit with reduced capacity, bringing refreshing cheer to wine lovers amid balmy temperatures. ▶ 35

NEWS

Analysts: Industrial Production to Pick up by Yearend

It seems that the second wave of COVID is here, while the economy is still suffering from the symptoms of the spring lockdown. Market experts are optimistic, though, expecting that industry will catch up by the end of the year. ▶ 3

BUSINESS

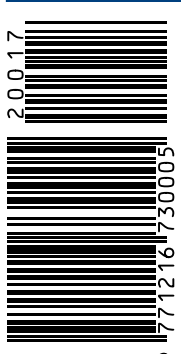
Growth Curve Thru 2030 to be Defined by AI Strategy

Hungary's AI Strategy has been revealed. The aim is to set the data economy in motion, with large-scale educational programs and widespread social awareness to boost growth in the upcoming decade. ▶ 6

Brand Building in Strange Times

FOCUS

Florian Naegele, CEO of Penny Market in Hungary, talks about how the German retailer coped with the COVID crisis, its plans for a second wave, and how its goals to widen its local product base, grow the brand and attract new customers remain on track. ▶ 31



Market Talk: COVID-related Concerns Underscore Real Estate Sustainability Issues



Photo by Fotoforum/Shutterstock

Sustainability issues have become key elements of the planning, construction and management of office and, increasingly, other commercial properties.

These issues have been given further emphasis by the impact of the coronavirus on office and social behavior and associated health concerns in the workplace and wider urban environment.

From a locational perspective, direct access to public and alternative transportation modes are now a primary requirement for any commercial or business development.



Nikolett Püschl

The *Budapest Business Journal* approached several prominent company managers in the real estate industry to comment on what they see as the impact of sustainability on the industry.

Sustainability in the COVID-19 environment is further evolving and getting more and more attention, together with the importance of health and safety and contactless technical solutions.

Currently, the main focus is on building machinery, especially the air handling systems, which should at the same time be the most energy saving possible, while 100% free of mixing fresh and used air.

In new built buildings this is something which already exists. For example, in all Atenor projects, these kind of systems were already installed, which is now very helpful.

No property can be constructed from home office, and our sector is doing the same hard work, day-by-day; we are here and will survive. Of course we and all of our subcontractors are working according to the highest level of virus safe regulations.

We already have many impacts of the virus which are changing our daily personal life and working culture. Remote as well as flexible working is not taboo anymore; of course, it really depends on the actual profile of the company whether it means an advantage or disadvantage.

Nikolett Püschl
Leasing and development director
Atenor Hungary

It is necessary to operate properties much more consciously and with greater care, because certain kinds of consumption have increased due to the coronavirus; for example, more litter, chemicals and disinfectants are needed.



Attila Madler

If buildings are not fully utilized, the consumption of central equipment can be curbed, which will help meet sustainability

BBJ GARY J. MORRELL

This is in large part due to market pressures, with sustainability demands being made by tenants, who are concerned with staff wellbeing, productivity and retention.

Further, developers and building owners increasingly need to adhere to international and national sustainability regulations regarding energy usage, construction materials and CO₂ emissions and the working environment at construction sites.

objectives. It all depends on whether user habits have changed permanently, in other words, whether the occupancy of the properties will be lower.

Within the LEED rating system, a "safety first" credit group has been introduced, through which ratings can consider the operational measures that have been taken to prevent and limit infection.

In the case of BREEAM, COVID was considered to the extent that, in order to ensure distance, the certifier does not go in person to inspect everything, but authorizes a suitable person (for example a construction manager) to carry out the on-site inspection and bases the certification on his statement.

In the work environment, in furniture and interior design, greater distance and more ventilated equipment will be the guiding factor.

Attila Madler
Asset management director
CPI Hungary

In the long-term, commercial real estate will most likely remain an attractive asset class as it continues to offer good risk-adjusted returns when correlated to other asset classes.

Investor appetite in certain segments of the market will remain as they are or might even rise, and sustainability is ready to play a significant role. Asset owners and investors will probably struggle to mitigate the risks deriving from tenants' and users' rising demands for safe and efficient buildings.



Valter Kalas

if the sector does not reinvent itself, it will contribute to increasing the pace of the climate crisis.

Valter Kalas
Managing director
Cresa Hungary

Although the sustainability standards, especially WELL, already had a strong focus on healthy indoor environment, this topic is now expected to get more emphasis within the certification systems.

These organizations have created new guidance that puts hygiene and the safety of workers at the heart of planning: Besides creating flexible layouts and wider spaces for less people, they promote the application of durable materials for heavy cleaning, increased maintenance and cleaning of mechanical systems, creating health screening spots, and applying smart technologies to make contactless offices and to collect space utilization data.

Construction sites also have to be sized differently and the work has to be phased. The certification systems put great emphasis on the communication of the safety measures within the buildings and at construction sites, by implementing signage and promoting policies, training and mental support for the employees.

Studies show that most people think climate issues are as serious as coronavirus, and the restart of economy can be a good opportunity to boost low-carbon industries, especially after experiencing how quickly nature reacted

to the restrained lifestyle, and how significantly CO₂ emissions dropped during the pandemic.



Tibor Massányi

Another concern is that, according to different studies, high levels of pollution can adversely affect the outcome of coronavirus, therefore addressing air quality issues is crucial.

Tibor Massányi
Managing partner
DVM group

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