

Keystone: start of recovery in office development?



Author: Petr Bým | Published: 06.04.2010

Keystone will be located at the border of Prague's Karlín old built-up area on the corner of Šaldova and Pobřežní streets. Eight above-ground floors will offer 6,500 square metres of office and commercial space. Recently published analysis by the consultancy King Sturge confirms the developer's hopes - today foreign investors are most interested in top-quality office buildings. However, Keystone is attractive and exceptional in other regards too, starting with the actual project, through its architecture and location to the financing methods.

Prague's office premiere

"According to our research, Keystone will be this year's first started administration building in Prague," said M. Miškovič at the project's inauguration and his words can also be confirmed by the available data. It shows that construction of merely 50,000 "squares" of new office space will be started in Prague in 2010 (no construction occurs elsewhere in the Czech Republic, as shown recently by the consultancy Jones Lang LaSalle). It will be Karlín Group who will have a lion's share of this. They are planning to start the second stage of Corso II B project during this summer. Their area will cover nearly 50 % of expected volume of office space construction in the Czech capital.

The location is also worth mentioning. Keystone is located at the "end" of old Karlín and at the same time at the beginning of "new" Karlín, ie. the Rohanský island, it will also be in the place where a new bridge linking Prague's right bank with Holešovice will be built. Keystone is also the first commercial building which practically initiates the revitalization of Rohanský island. Hopefully it will not remain solitary in this location for long. In recent days, the capital's council approved the new urban development plan of Rohanský island. Its practical implication is the fact that Konsorcium Rohan, where Sekyra Group hold the majority stake, can start construction. Finally, Keystone is unique in terms of its architecture. "Customers today do not settle for mere office space. People spend much time in their workplace, and office and administration buildings are regarded more and more as places people like to identify with and like to feel at home there," say the authors of the project from the Swiss studio EM2N. In this case, the creators found inspiration in Prague's cubist architecture which is unique in the world. The "crystalline" facade of the building will bring a much welcome rejuvenation to Prague's greyness of administrative buildings. "I think that Keystone and the nearby Amazon building will be the two most attractive office buildings in Prague," thinks M. Miškovič.

Factoring instead of a loan

The most burning issue for local property developers today is undoubtedly the question of financing. The banks - the main source of project financing - have significantly "tightened the taps" some time

ago and their requirements for the investors' own capital and the level of pre-sold or pre-leased premises are more or less unrealizable for many projects. Alternative sources of financing are not widely used by the Czech property development - as an example, real estate leasing recorded a year-on-year fall of 72 %. Keystone will be financed through an even more unusual way - through factoring (its principle lies in buying the receivables before their due date by the factoring company which finances the obligations of the seller's receivables at the same time). "It was faster, more flexible but also more expensive!" comments Milorad Miškovič the choice of the Slovenian factoring company NBL Factoring and he adds: "Local banks have a very little proactive approach towards the property development projects. We have seen certain changes since the beginning of the year but only in two cases: Česká spořitelna and UniCredit. One of the problems is also the low competition in the offering of banking services in Prague as well as the Czech Republic."

Keystone has no difficulties with pre-leases. Its contractor is the company Průmstav from Vinci Construction group. They are also the first and main tenant of the building, they have leased 4,000 square metres. The total investment costs are estimated at CZK 300 mill. Keystone is not a megaproject but it is undoubtedly a good signal for the market which follows feelings and moods today rather than "hard" economic data. This does not sound too favourable. According to the consultancy DTZ, of the 115,000 square metres of office space in various stages of construction in Prague, construction of 27,000 square metres has been suspended. Whereas 333,000 square metres of office space were built in 2008, it was only 161,700 square metres last year. And this year probably only the 50,000 metres mentioned above. There is currently a total of 2,7 million square metres of offices, 12 % of which are vacant.

Architects from the Swiss studio EM2N on Keystone (authors are the architects Mathis Miller and Daniel Niggli)

... we perceive today's uniform global architecture very sceptically. We strive for our architecture to be specific and contextual. Whenever we prepare a new project, we explore the local conditions and we aim that the final solution enters into a dialogue with the place. When we arrived in Prague, we discovered Prague's cubism and we realized that it was stunning and unique. Although this art movement originated at the start of last century, it can offer new impulses to today's architecture.

... the building has crystal-like facets. The individual sloping of the facade surfaces are capable of capturing and reflecting the light and colours from its surroundings. Colours are of lesser interest to us, we are more interested in watching the way materials and surfaces reflect the light. Semi-glossy aluminium panels and glass above the base from rough, unfinished concrete are used in the main part of the building, here we explore and blend sensual and tactile features of the various materials. The entrance part of the building takes the same theme further, we use stainless steel with terazzo on the floors and walls and stainless steel with Venetian plastering on the ceilings.

... we believe that customers today do not settle for mere office space. People spend much time in their workplace, and office and administration buildings are regarded more and more as places people like to identify with and like to feel at home there. New workplace concepts appear and their quality is increasingly important. Also, investors are starting to get tired of identical faceless glass boxes and they are seeking to create buildings with a specific character. Cities are asking for higher quality architecture. In addition, there is the ecological concept trend. In our opinion, the eventual goal should be architecture with zero CO2 emissions, designed specifically for the individual cultural context.

06.04.2010 09:20, Petr Bým