

The Red Tower

At the Centre of Speculation¹

Abstract

This article examines the decline of the Red Tower and shopping centre in the Schelmengraben housing estate in Wiesbaden, Germany. Once a vibrant focal point of social and commercial life, the site has suffered from neglect, rising vacancies, and repeated ownership changes driven by speculative real estate investment. Through historical analysis and local narratives, the authors trace how urban decay, lack of accountability, and political inaction have eroded this key piece of post-war modernist infrastructure. The study raises critical questions about monument protection, urban policy, and the social consequences of private-sector urbanism.

Introduction

Anyone familiar with the Schelmengraben housing estate in Wiesbaden (Germany) will know the Red Tower (Rotes Hochhaus). It is a landmark visible from afar and at the same time the centre of the neighbourhood. This central building of the 1960s estate has changed hands several times in recent years and has struggled with vacancy, vandalism, and building damage ever since. This affects the entire neighbourhood and its residents. When the lively centre of a housing estate falls into disrepair and is avoided by residents, the social interaction and quality of life² of local people also suffer.

An Architectural Landmark with History

The Schelmengraben housing estate was designed and built between 1961 and 1971 by Ernst May (1886–1970), the planning commissioner of the city of Wiesbaden.³ The developers (Bauherren) were *Neue Heimat Südwest*, *Neue Heimat Hessen*, and *Volksfürsorge*. Today,

the majority of the approximately 2,500 residential units are owned by the housing association *GWH Wohnungsgesellschaft* (Fig. 1).⁴

The commercial centre of the development is located in the middle of the estate—a building complex



Fig. 1: Schelmengraben housing estate, Wiesbaden, 2019

- 1 The research on the Red Tower in the Schelmengraben housing estate in Wiesbaden is part of the research project “Lebensqualität in Großwohnsiedlungen” at the Post-War Modernist Housing Research Lab of the Frankfurt University of Applied Sciences and funded by the *Zukunftspreis des Großen Frankfurter Bogens 2022*, cf. www.frankfurt-university.de/nachkriegsmoderne (23.01.2025).
- 2 Maren Harnack / Natalie Heger / Ruth Schlögl, *Lebensqualität in Großwohnsiedlungen. Studie zur Verbesserung der Bewertung der Wohn- und Lebensqualität in Großwohnsiedlungen*, Forschungsbericht Forschungslabor Nachkriegsmoderne, Frankfurt am Main 2022.
- 3 Ernst May, *Das neue Wiesbaden. Stadt Verkehr Struktur*, Wiesbaden 1963.
- 4 Maren Harnack / Matthias Brunner / Natalie Heger (Ed.), *Wohnen in der Nachkriegsmoderne. Siedlungen in der Region Rhein-Main*, Berlin 2020.
The *GWH Wohnungsgesellschaft* is a housing association based in Frankfurt (Rhine-Main region) with a nationwide housing stock with approximately 53,000 residential units.

consisting of a tower block and a row of stores. The characteristic wine-red façade, made of corrugated fibre cement panels with rounded corner elements and white windows, defines its architectural appearance.

The building complex is an early work by architect Udo Nieper,⁵ who saw the idea of the pedestrian street as a connecting element and a fundamental urban planning principle. The row of stores served as a transitional space, connecting the upper and lower parts of the estate. In addition to its function as a central shopping facility, Nieper designed the centre of the estate as an important social meeting point.

Until a few years ago, there were two doctors' surgeries and a range of everyday services here, from a pharmacy and post office, to local stores and restaurants. After multiple changes of ownership in recent years, the retail spaces are today largely empty. As a result, there is a lack of shopping facilities and medical care in the estate. Vacancy and vandalism have led to the gradual deterioration of what was once a lively meeting place. The current owners are largely inaccessible to the tenants, building defects are not rectified, and rents continue to rise. After former tenants such as the district office and the pharmacy vacated the shopping centre, only a small grocery store and a pizza snack bar remain on site alongside empty displays and boarded-up stores.

From a Bustling Centre to an Object of Speculation

How did a flourishing centre gradually become vacant? What are the various reasons behind this, and what does it mean for the future development of the estate? One thing is clear: The journey of the Red Tower and the neighbouring shopping centre is closely linked to a series of ownership changes in recent years.

After the Schelmengraben estate was completed and the first apartments were occupied in 1973, *Neue Heimat* announced a limited architectural competition for a shopping centre and high-rise residential building around the chimney of the combined heat and power plant. The young architect Udo Nieper won this compe-

tion with the *Wiesbaden Schelmengraben* consortium (*Keppler Architekten/Hoffmann-Müller-Nieper*). Nieper designed a row of stores, spatially angled to provide oversight and thereby make the route to school safer for children. At the same time, it was to function as a meeting and supply centre for nearby residents. The Red Tower block, which was originally intended to enclose and thus "conceal" the chimney of the combined heat and power plant, was erected at some distance from it, after a long struggle between architect and client, and remains the most striking part of the estate.

*"We still know the flower store.
That's where I had my wedding bouquet made"*⁶

When it opened in 1977, the shopping centre offered residents a wide range of shopping options, including a pharmacy, shoe shop, flower shop, restaurant, supermarket, and much more (Fig. 2). However, just five years later, the building's ownership structure underwent its first drastic change. Europe's largest housing construction company, the trade union group *Neue Heimat*, was declared bankrupt. The non-profit company, with subsidiaries abroad and a complicated corporate structure of commercial subcontractors, had amassed a mountain of debt amounting to hundreds



Fig. 2: Historical view of the shopping centre, 1977

⁵ Interview by the authors with Udo Nieper, Frankfurt 14.08.2023.

⁶ Quotes from interviews by the authors, conducted on site with residents and experts for the Schelmengraben, Wiesbaden, 07.2023.

of millions German marks and had enriched itself from its tenants for years.⁷

In the mid-1980s, in the wake of the *Neue Heimat* scandal, the Schelmengraben estate became a property of *GEWO BAG Süd* (which is today the *GWH Wohnungsgesellschaft*). Almost exactly ten years after completion, *GWH* sold the shopping centre in Schelmengraben, while the apartments in the Red Tower remained in the possession of the housing company. If one interprets the construction files of the shopping centre correctly, the new owner is the company *GIA Gewerbeimmobilien-Anlage GmbH* in Darmstadt.⁸ At this time, the shopping centre was a popular meeting place for many Schelmengraben residents, and the local grocery store was thriving.⁹

In the early 2000s, the shopping centre was purchased by a closed real estate fund comprising over 200 individual owners,¹⁰ which was managed by the real estate management company *C.P.* (Augsburg). The Russian grocery chain *Teremok* attracted many customers from both the neighbourhood and surrounding area, and the *Penny* supermarket chain, also located in the shopping centre, was planning to expand its retail space. However, because the administrative effort of checking all the owners in the real estate fund was too great for the banks, *Penny* did not receive a loan for the store expansion and so closed shortly afterwards in December 2004.¹¹

“Flags up for our shopping centre”

With the play “*Wolkenkuckucksheim*” by the Wiesbadener Staatstheater,¹² a very special piece of “life” came to the heart of the Schelmengraben estate—shortly before the opening of a new supermarket¹³ at the

entrance of the estate. With this new building further down the estate and the simultaneous closure of the *Schlecker* drugstore, the shopping centre was further weakened.¹⁴

In 2012, Schelmengraben was included in the Urban Development Support programme “*Soziale Stadt*”, and the new district office deliberately moved into the shopping centre in 2014¹⁵ in order to bring new activities into the centre of the Schelmengraben and to strengthen social life among residents. However, while many activities took place in and around the shopping centre, and the establishment of a job and qualification centre was being driven forward, the *GWH* housing association decided to sell the Red Tower. The buyer (which paid around 6.7 million euros) was the company *Minai, Lipinski, Ehrlich Objekte Wiesbaden*,¹⁶ which shortly thereafter also acquired the shopping centre in a forced sale (at around 960,000 euros). The existing store tenants such as the grocery store, pharmacy, and district office were subsequently given notice of termination of their existing leases by the new owner and offered lease renewals at higher rent.¹⁷ As a result, many of the former tenants gave up their stores in the shopping centre. (Fig. 3)

In 2015, comprehensive planning began for the re-densification of up to 1,000 apartments in Schelmengraben. Within this process, residents also campaigned for the reactivation of the shopping centre.¹⁸ At the same time, the vacancy rate in the shopping centre continued to rise, and residents of the Red Tower increasingly complained about the owner, who—according to press reports—did not issue utility bills and rarely responded to residents’ inquiries such as reports of damage.¹⁹ In the following months, the local press

7 Gut getarnt im Dickicht der Firmen. *Neue Heimat*: Die dunklen Geschäfte von Vietor und Genossen, in: *Der Spiegel*, 6/1982, pp. 92–104.

8 Bauaufsichtsamt / Landeshauptstadt Wiesbaden, Bauakte, W.-Dotzenheim, Karl-Marx-Straße 55/57, No. 63322, p. 38.

9 Interview by the authors with a former shop tenant, Wiesbaden 07.2023.

10 Penny-Markt schließt im Dezember. Umbaupläne scheiterten an Banken, in: *Wiesbadener Kurier*, 28.7.2004; Einkaufen wie in Mütterchen Russland. Spezielle Läden und Lokale ziehen nicht nur Spätaussiedler an, in: *Frankfurter Rundschau*, 14.07.2005.

11 Eigentümer sind desinteressiert, in: *Wiesbadener Kurier*, 19.07.2004.

12 “*Wolkenkuckucksheim*” was a cultural theatre piece that was performed in various shops in the shopping centre, in which Schelmengraben residents together with professional actors told personal stories. Source: Kultur-Theater im Supermarkt. Bei dem Projekt „*Wolkenkuckucksheim*” erzählen Bürger von ihrer Suche nach dem Glück, in: *Frankfurter Rundschau*, 22.06.2007.

13 Neue Jobs mit Lebensmittel. Langzeitarbeitslose sollen nach SPD-Idee in speziellen Märkten qualifiziert werden, in: *Allgemeine Zeitung*, 01.12.2010.

14 Wie ein Immobilienfonds ein Einkaufszentrum in Wiesbaden zugrunde richtet, in: *Frankfurter Rundschau*, 28.07.2022.

15 Ansprechpartner bei Sorgen des Alltags – Zentrum Vernetzung im Schelmengraben, in: *Wiesbadener Tagblatt*, 24.03.2014.

16 A real estate investment and development company based in Hessen with several subsidiary companies. Source: In der Abwärtsspirale, in: *Wiesbadener Kurier*, 16.08.2017; „Eigentum verpflichtet“ gilt auch hier, in: *Wiesbadener Kurier*, 06.06.2017 (*Wiesbadener Kurier* 06.06.2017); Eigentümer reagiert nicht, in: *Wiesbadener Kurier*, 26.04.2017.

17 Interview by the authors with owners of the local grocery store, Wiesbaden 07.09.2023.

18 Unzufrieden mit Rahmenplan, in: *Wiesbadener Kurier*, 27.10.2017.

19 *Wiesbadener Kurier* 06.06.2017.

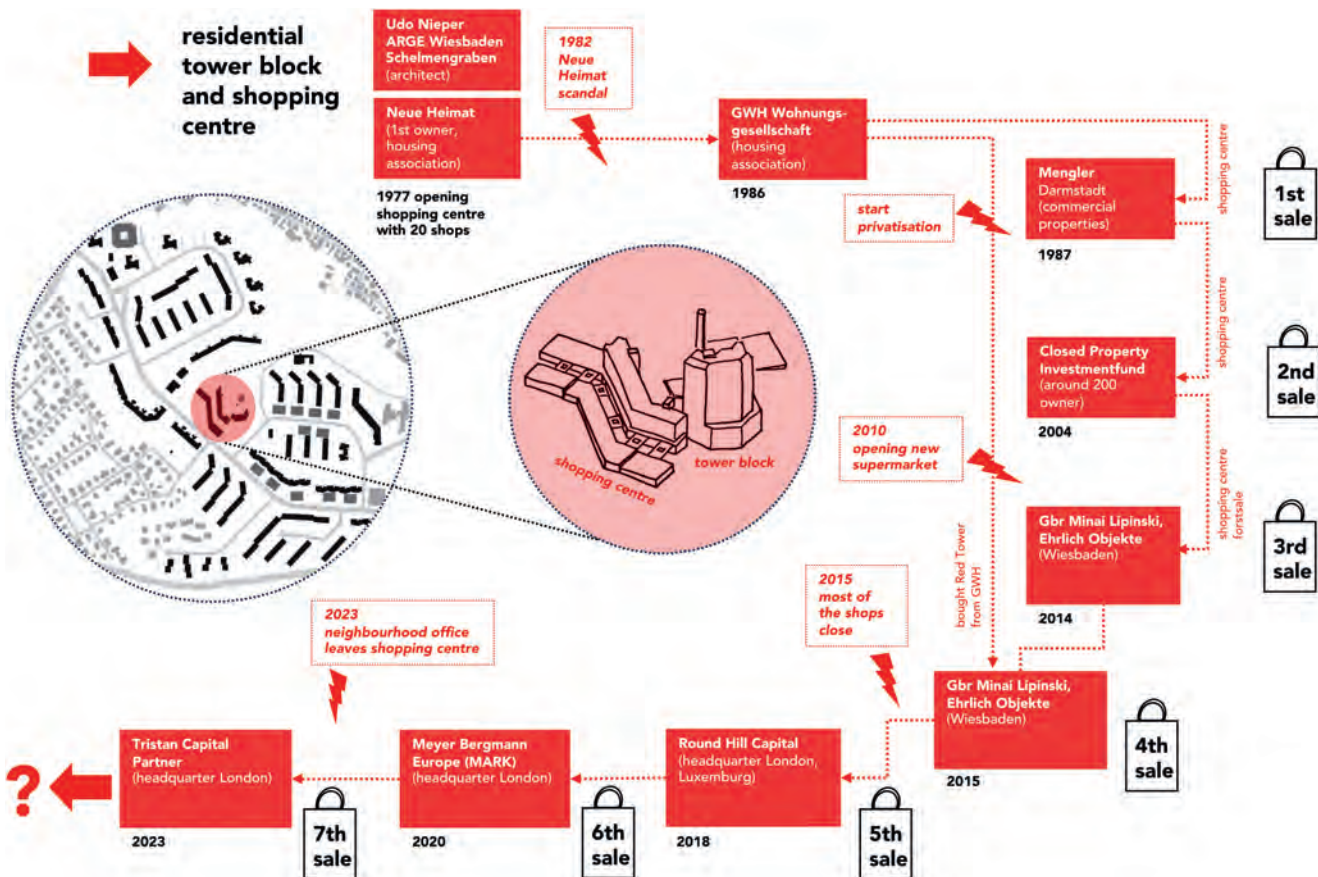


Fig. 3: Chronology of ownership changes, 1977–2023

reported for the first time on the shopping centre in Schelmengraben as a place “where drugs are openly traded”.²⁰ Shortly before insolvency²¹ proceedings against *Minai Lipinski Ehrlich Objekte Wiesbaden* in 2017–18, the owner changed again, three years after the previous sale. The new owner was *Round Hill Capital*, a pan-European accommodation investor with offices including Berlin, London, Luxembourg, and New York that manages assets valued in excess of 20 billion euros.²² It acquired the company *Karl-Marx-Straße 53–57* from *Minai, Lipinski, Ehrlich Objekte Wiesbaden*, transferring ownership of the Red Tower and shopping centre. A short time later, *Round Hill Capital* founded the company *H. Main 4*, which then acquired ownership of the Red Tower and shopping centre. The purchase price was around 10 million euros including taxes.²³

While the owners of the shopping centre changed in the background, little positive happened in the shop-

ping centre itself. Vandalism and drug dealing were on the rise, and the condition of the building continued to deteriorate, with water leaking through the ceiling and no heating for months. Residents, the district office, and the planning office attempted to make improvements, and the SPD political party investigated whether the city of Wiesbaden would have a right of a pre-emption in the event of a new change of ownership (Fig. 4).²⁴

“Older people have to take the bus to go shopping. That is more than three stops. You have to have 6 or 7 euros to buy a single loaf of bread”

Similarly to the earlier construction of a supermarket at the entrance of the estate, another construction project brought major changes to the shopping centre in June 2019, namely the topping-out ceremony for a new Schelmengraben District Centre, which is located

20 Lösung für Hochhaus gesucht, in: Wiesbadener Kurier, 23.03.2018.

21 Steuerbetrug in Millionenhöhe, in: Frankfurter Rundschau, 05.01.2019.

22 Endlich neue Eigentümer, in: Wiesbadener Kurier, 13.04.2018, p. 12.

23 Annual Accounts H. Main 4 S.à-r.l., Numéro RCS: B217797, Référence de depot: L210137703, Déposé et enregistré le 09.07.2021, as at 31.12.2020, p. 11.

24 Hochhausbewohner sind sauer, in: Wiesbadener Kurier, 25.05.2018, p. 12 (Wiesbadener Kurier, 25.05.2018).



Fig. 4: View of the shopping street, showing *Phönix* pharmacy prior to closure, 2019

on the edge of the estate away from the centre.²⁵ One year later, in 2020, *Round Hill Capital* sold *H. Main 4*, including the shopping centre and the Red Tower, to the pan-European real estate investment manager *MARK* (formerly *Meyer Bergman*) with offices in Frankfurt am Main, Guernsey, Luxembourg, and New York. For the time being, the new owner changed little in the shopping centre and Red Tower. The owner appointed a property management company in Wiesbaden, used its newly acquired property to service a 13-million-euro loan from *Morgan Stanley*, and signed a share pledge agreement with the real estate investment and project development company *SITUS Germany*.²⁶

Commercial activity in and around the shopping centre has continued to decline in recent years. The pharmacy closed at the end of 2021. At the beginning

of 2023, the district office relocated to the first floor of the new District Centre at the entrance of the estate. A short time later, the Red Tower and shopping centre were sold again, to *Tristan Capital Partners*—a real estate investment company based in London and owned by *New York Life*, one of the largest investment and insurance companies in the world.²⁷

“My children used to walk to school through the shopping centre. Today I ask them to walk along the street”

A Lost Heart

Due to vacancy, security concerns, and lack of maintenance and refurbishment, the commercial centre has become a place that residents avoid. The situation is even more difficult for tenants in the tower block, as they are often dependent on keeping their current apartment: affordable alternatives are rare, and they are afraid to enter into a dispute with the property owner.

Even though legislation provides various tools to enforce the maintenance of buildings through measures such as substitute performance, modernisation requirements, and powers of intervention under housing law, these tools can only be enforced at great expense and with the appropriate human resources—and in some cases not at all.²⁸

The striking building ensemble of the Red Tower and shopping centre has lost its significance as a central supply centre and meeting place that created a collective identity. In addition, the preservation of a cultural asset is in danger due to increasing decay.

Monument or Object of Speculation?

In the context of real estate speculation, the question arises: to what extent would protected status have supported a more sustainable use and the preservation of the building complex? Would the centre still be a lively place today if it had been listed as a monument under protection years ago?

25 Wiesbadener Kurier, 25.05.2018.

26 Wohnzimmer der Siedlung, in: Wiesbadener Tagblatt, 26.06.2019, p. 12.

27 https://en.wikipedia.org/wiki/New_York_Life_Investments#cite_note-Fortune_500_2016-3 (23.01.2025).

28 Bundesministerium für Verkehr, Bau und Stadtentwicklung (BMVBS) / Bundesministerium für Bau-, Stadt- und Raumforschung (BBSR) (Ed.), Leitfaden zum Einsatz von Rechtsinstrumenten beim Umgang mit verwaillten Immobilien. („Schrottimmobilien“), Bonn 2009.



Fig. 5: Vacant shopping centre with boarded storefronts, 2024

The research shows the following aspects:

- Development for the common good is difficult to reconcile with exclusively private-sector interests.
- Owners without a local connection often have no sense of responsibility or deeper interest in the location.
- Monument protection can make speculative practices more difficult by preventing investors from deliberately downsizing buildings.
- In principle, monument protection has the potential to increase the appreciation of a settlement and the self-confidence of residents in their neighbourhood.
- The issue of vacant commercial centres in large housing estates is widespread, influenced by size,

integration, diversity of use, and competition from supermarkets and online retail.

- Already back in the 1980s, there were discussions concerning the Schelmengraben shopping centre. The struggle for the heart of the estate is not a new development.
- Transparent ownership structures and local support measures are crucial for the maintenance of social infrastructure (Fig. 5).

Outlook: What will Become of the Red Tower?

The coming years will show which of the following scenarios will materialise:

- The Red Tower continues to decay.
- The city takes action and decides on comprehensive urban redevelopment measures.
- The Red Tower is placed under a preservation order. An owner develops the shopping centre further, e.g., through partial demolition and renovation.

The history of Schelmengraben's Red Tower and shopping centre exemplifies the challenges faced by many large housing estates in the post-war modern era. A lack of transparency in the ownership structure, combined with economic interests and political restraint, has allowed an identity-forming neighbourhood centre to fall into disrepair. The crucial question is whether and how a revival is still possible.