www.across-magazine.com

ACROSS

THE EUROPEAN PLACEMAKING MAGAZINE

SPECIAL | 2020

PP, A-1010 VIENNA
VN: 08Z037864M

EVERYTHING IS UPSIDE DOWN

HOW COVID-19 IS CHANGING THE RETAIL REAL ESTATE INDUSTRY

DEAR READER,


IMAGE: ACROSS

Covid-19 remains the dominating topic in the retail real estate and placemaking industry. Even though individual European countries announced that they will gradually ease restrictions, the economic damage is already done. Everything is in flux in this industry right now. Life, however, still has to go on.

More and more owners, investors, and operators of retail properties are currently looking desperately for looking restart and positioning strategies. This is certainly not an easy task. The actual impact and further development of the pandemic are not foreseeable at all. Moreover, the specter of a “second wave” causes much uncertainty among all players. Consumers are just as worried about the future and this uncertainty is naturally reflected in frequencies and revenues.

In short, Covid-19 will substantially change retail and the placemaking industry, at least temporarily. How these changes will actually manifest themselves, is what we asked selected representatives of the industry.

Reinhard Winiwarter
Publisher of ACROSS Magazine
r.winiwarter@across-magazine.com
www.across-magazine.com

Facebook.com/across.magazine.europe Twitter.com/@across_magazine Linkedin.com/in/reinhardwiniwarter Xing.com/profile/Reinhard_Winiwarter

OPINION

STRENGTHENED BUSINESS STRATEGY

BY RÜDIGER DANY, IMAGE: MULTI

Rüdiger Dany
Chief Operations Officer at Multi Corporation

Managing retail properties across 14 countries in Europe and Turkey, Multi has witnessed a wide range of scenarios and responses to Covid-19 by national and local governments. The timing of the outbreak across Europe also meant that we had to activate our business continuity plans, protocols and pandemic plan fairly early in some regions, such as Italy, the first country to be badly affected by the Covid-19 outbreak. Our plans are structured on a country level, assuring that each country was running at the appropriate phase of the pandemic plan. We put together an international, cross-organisational task force to coordinate country responses and share best practices from across our organization.

„The reopening showcased our strength as a pan-European platform, as we shared the experiences of each country reopening, starting with Germany in mid-May, followed by all of the countries we are operating in.“

The fact that we operate in 14 countries could be seen as a challenge, but we saw this as an opportunity and seized it with both hands to get head of what was coming. For instance, the lessons learned from the lockdown in Italy proved very useful in countries that were hit later by the outbreak. We learned a lot from, amongst others, the reactions and behaviour of consumers and the questions and concerns of tenants, owners and investors. This enabled us to prepare procedures and communications for our other country operations, taking into account a range of potential scenarios. Thanks to this, we were able to respond quickly and cooperate timely with our investors and clients in other countries. We quickly defined our approach to lockdowns and opened communication channels assuring also timely communication with tenants and customers.

Over the past few months, our internal cross-country communications and cooperation have got closer and more intense. We see this closer and more proactive relationship between our country operations as a clear win from this Covid-19 crisis. It gave us the opportunity to exchange experiences and come up with some valuable ideas and concepts for the reopening of our centres. For example, Multi has set up a dedicated task force of experts, including our in-house design studio TTDesign, to coordinate and prepare for a safe reopening strategy for the retail destinations across our portfolio. This showcased our strength as a pan-European platform, as we shared the experiences of each country reopening, starting with Germany in mid-May, followed by all of the countries we are operating in. We improved with each reopening and used the experience and time to prepare for the next countries to reopen.

OPINION

Being exposed to all the different scenarios and government approaches also enabled us to advise and support our clients as we were able to anticipate the risks and opportunities with viewpoints from 14 countries. The collaboration with owners, clients, institutional investors and other business partners has yielded good results in this challenging situation. We are very grateful for the close, trustworthy and effective cooperation with our investors on the one hand and tenants on the other, which has enabled us to secure the value of the assets and to support the retailers, who have been severely affected by the crisis.

At Multi, we believe that a company can only be successful if its long-term strategy includes an agile approach to external factors. Our teams have been solution-oriented right from the start, developing solutions and seizing opportunities with a huge amount of entrepreneurial spirit.

In this sense, the experiences of the past few months have strengthened our expansion policy and business strategy. Based on the experience we have gained in the pandemic, I expect us to come up with new approaches with regards to the development and the preparation of new master plans. Topics such as mixed-use, but also digitalisation, crisis management, and hygiene concepts are now moving even more into focus.

Multi is proud to be part of an industry that has played an important role meeting our communities' daily needs in unprecedented times. Now that restrictions in most countries have been relaxed or will be relaxed in the near future, we look forward to offering our communities a safe destination to reconnect with each other, to spend time outside their homes and to have a good time.

Click here for web view

THE CONSEQUENCES OF THE LOCKDOWN

BY LISETTE VAN DOORN, IMAGE: ULI EUROPE

It has been a very uncertain time for the retail real estate market. Prior to Covid-19, the sector was already facing structural challenges due to the growth of e-commerce and other shifts in consumer behavior, but the benign economic environment kept the sense of urgency to act relatively low. However, at the same time, the general uncertainty over the future sustainability of income had resulted in an investment market characterized by a lack of liquidity.

Lisette van Doorn

CEO of Urban Land Institute (ULI) Europe

"Now, ULI Europe's latest report, 'Reshaping Retail–Accelerating Change', forecasts that the impact of Covid-19 will accelerate the restructuring of the retail property sector, even more so in the United Kingdom."

ULI Europe's latest report, "Reshaping Retail–Accelerating Change", now forecasts that the impact of Covid-19 will accelerate the restructuring of the retail property sector, even more so in the United Kingdom. The lockdowns have already resulted in a rapid decline in operating income for many retail real estate owners. This, coupled with the concerning economic outlook, will have a major effect on longer-term sustainable rents and vacancy levels and subsequent valuations.

Our research, based on recent interviews with leading industry players, re-examines four triggers, identified in the original report, that may break the near paralysis in the European retail real estate investment market that had been observed prior to countries entering lockdown periods. These include the economic picture, the European listed sector, banks and private equity.

We believe that for any trigger to kick off the transformation process, a better understanding and clearer outlook is needed related to the stability of cash flows. However, it will be hard to know, at this stage, when that clarity will exist given the ongoing unknowns such as the impacts of the phased lifting of lockdowns across Europe, potential future (partial) lockdowns, the longer-term economic outlook and duration of government support packages.

The investment required to meet safety expectations and make assets fit for purpose again, strongly calls for all stakeholders to come together to collaborate on how the sector can succeed in the longer-term. The ULI looks forward to playing an important part in leading the conversation and ensuring that best practice is shared across the industry as the retail property sector seeks to rebuild following the Covid-19 crisis.

Click here for web view

OPINION

REOPENING TO NEW POSSIBILITIES

BY PETER TONSTAD, IMAGE: BOOSTCOM

Peter Tonstad
CEO of Boostcom and Member of the ACROSS Advisory Board

> *“It is evident that digital reach for malls will be more important than ever before as the world emerges from Covid-19.”*

The last months have been extremely difficult for all of us. With one of our Boostcom teams located in mainland China, our organization was affected by Covid-19 from the beginning of January. Little did we know then, that we would be relating to the same challenge across all our 12 locations globally a couple of months later. As our 1,100 shopping center clients were heavily impacted from closures or partial closures, the effects trickled down to us as a digital service provider to the global industry. Most of our clients put more or less all their consumer marketing activities on hold during the closures, and consumer communication was limited to practical information like opening hours.

From our unique vantage point, with visibility into millions of digital shopper interactions, we observed consumer engagement on the web, apps, etc. to be surprisingly high throughout the period of closures. Consumers were still looking for retail content, and seeking to meet their shopping needs through the online channels of their favorite malls.

As the world emerges from Covid-19, it is evident that digital reach for malls will be more important than ever before. A strong digital footprint is critical, the foundation of which is a direct and enduring digital relationship between shopping centers and the highest percentage of their unique annual visitors possible. On average our clients reach 30 % of their mall visitors through their database, some reach up to 70 % of all visitors. Under normal circumstances this digital reach can drive up to 25 % of total sales for some tenants.

Several industry analysts said at the beginning of the pandemic that Covid-19 would change retail forever. They suggested consumers would now prefer to do a much higher share of their shopping online. The numbers we are seeing tell a different story.

In Norway, where currently there are close to zero infected people, the “new normal” looks a lot like the “old normal”. Malls are generally seeing the same or higher footfall and sales compared to the pre-Covid period. The exceptions are malls located at public transport hubs which are still affected by lower volumes of commuters.

OPINION

In Europe, consumer engagement from individual mall databases show that app usage was 50 % of peak levels during the period from mid-March to the end of April. However, on average we saw that opening rates (email, notifications and messaging) were higher during Covid-19 than before, and these higher levels have been maintained after the re-opening. In fact, during the first week of May, we saw record high volumes of consumer redemptions of offers on their mobiles.

In the US, web traffic on our clients' sites plummeted until Easter Sunday, down to just 30 % of normal levels, but began to steadily climb with talk of reopening retail, reaching pre-Covid levels by May 8, 2020. One week later web traffic had exceeded pre-Covid volumes, and by June 4, 2020 was up a full 30% above normal.

Consumers have maintained their digital engagement with shopping centers, even through periods of closures. After re-opening, their engagement is substantially higher than before the crisis. Surely that proves the resilience of malls, and the attractiveness offered to consumers. To secure this attractive market position for the future, all efforts possible should be made to further integrate with the digital world. Shopping centers have a unique opportunity to solve many existing challenges with e-commerce, like last mile deliveries and returns. In general, there are many very positive signs for retail real estate under the new normal. Attractive physical locations plus a big shopper database with long lasting digital relationships is the optimal market positioning for the future!

Click here for web view


SAFER SHOPPING SAFER LIFE.
VIVO!
✓ SAFE PARKING IN FRONT OF THE DOOR
✓ WELL KEPT ENVIRONMENT
✓ ALL SHOPS YOU NEED UNDER ONE ROOF
VIVO - carefree shopping.
While you enjoy a broad selection of shops, various brands, coffee shops and restaurants, we take care of your safety. Enjoy your stay. vivo-shopping.com
Find us in:
Poland: Stalowa Wola, Piła, Lublin, Krosno
Romania: Cluj-Napoca, Constanța, Pitești, Baia Mare
Czech Republic: Hostivař, Slovakia: Bratislava
VIVO!

OUTLET STORES AS AN EFFECTIVE LEVER FOR BRAND RETAILERS TO CLEAR THEIR STOCK

BY FRANCK VERSCHELLE, IMAGE: ADVANTAIL

Franck Verschelle
CEO of Advantail in Paris

In recent years, the climate emergency and new consumer demands have put the question of managing stocks of unsold goods in the spotlight. The current health crisis reinforces the need to study ways to recover the value of these residual stocks, which are found across all sectors. This situation leads brand retailers, whatever their sector of activity—textile, furniture, food—to meet a major challenge—that of redesigning their distribution channels in order to manage the selling of these products effectively. By "effectively", we mean without distorting their brand image while ensuring that sales teams still get high-quality advice and sales are profitable. Since emerging in the 1990s, the outlet channel has constituted the ideal solution for meeting this challenge by offering brands the possibility of marketing their production surplus and unsold goods.

"The economic model of the outlet store is ideal in this period of uncertainty, as it is based on balanced and virtuous relations between brand retailers and property companies, by indexing income to results achieved by the points of sale."

First, because this physical distribution channel responds perfectly to the aspirations of consumers, who for years have been seeking meaning and striving to keep their budget under control, thereby proving the rightness of this model. More recently, the anti-waste law1 adopted in France in late January 2020, has also accentuated this tendency. The new law bans companies from destroying unsold goods, urging brands to find new outlets and to inform consumers more fully. This transparency with consumers is something we have been applying in our outlet centers and villages since they were first created.

And second of all, because the economic model of the outlet store is ideal in this period of uncertainty, as it is based on balanced and virtuous relations between brand retailers and property companies, by indexing income to results achieved by the points of sale.

At Advantail, our mission is to help brand retailers sell their production surplus while guaranteeing profits and the preservation of their image capital. To do so, we adapt to the needs of each brand retailer by proposing bespoke solutions such as the possibility of setting up business quickly in prefitted out shops, or temporary formats such as pop-up stores, clearance sales or flash retailing, which are also popular with visitors. We are convinced that the challenge we face as managers of shopping sites is to continue to build a transition towards a model of sustainable, balanced trade between stakeholders with the end consumer at its heart.

We have already been reflecting on these issues for several years, but our thinking has been accelerated by the situation of recent months. We continue to propose our commitments and solutions for ever more responsibleconsumption. This contributes to making outlets places of thoughtful consumption and to offering consumers new opportunities to find bargains.

The emerging and already essential markets of second-hand and reconditioned goods are complementary to the outlet offering. They will be the next sectors to be included in these shopping centers that are not quite like other commercial complexes.

Click here for web view

RETHINK COMPLETELY, REBUILD SUBSTANTIALLY

Shopping centers have been grappling with dwindling visitor numbers due to their online competition since before the coronavirus crisis. Now, many malls are facing an almost yawning emptiness. To ensure their survival, these shopping hotspots have to strike out in a new direction even faster than originally anticipated.

BY SUSANNE OSADNIK

IMAGE: HELABA

IMAGE: EBZ

IMAGE: HBB

IMAGE: ATP/BECKER

From left to right: Stefan Mitropoulos, Real Estate Analyst at Landesbank Hessen Thüringen. Günter Vornholz, Professor for Real Estate Economics at the EBZ Business School in Bochum. Harald Ortner, Managing Director of Hanseatische Betreuungs- und Beteiligungsgesellschaft. Christoph M. Achammer, Chairman of ATP architects engineers und member of the ACROSS Advisory Board.

Everything is fine in Bochum. In Hamburg too. Because everything is still running smoothly in Bochum. The people in Hamburg are particularly glad about this, since, in times of corona, it is by no means a matter of course that a construction site runs as it should. But in the deep west of Ruhr these things actually work and lets the Hanseatische Betreuungs- und Beteiligungsgesellschaft (HBB), which is responsible for the "Viktoria Karree" project, rejoice: It looks like the completion date in 2022 seems to hold. And since 90 percent of the available sales area has already found its tenants, the guys in Hamburg are relaxed. "We already won over these tenants before the corona pandemic started," says Harald Ortner, Managing Director of HBB. "Now, everybody must understand that there will hardly be any more lease negotiations until the end of the year."

The new mall is supposed to breathe new life into the city that once was one of Europe's biggest mining towns and close the gap between Kortumstraße, Husemannplatz, Viktoriastraße, and the Ring. The Viktoria Karree comprises a total leasable area of 38,000 sq m, which will place the mall in the same category as Nuremberg's Franken-Center, Munich's Pasing Arcaden and Frankfurt's Hessen-Center.

OPEN SYSTEM INSTEAD OF CLOSED-OFF CONCRETE BLOCK

However, this is where the similarities to these centers end, as the City of Bochum deliberately decided against a closed shopping center in favor of an open system. Contrary to other comparable malls, like Dortmund's Thier-Galerie or Duisburg's Forum, all stores in Bochum's new shopping hot spot will have their individual entrances. Many centers would be very grateful for this concept in times of corona because their customers would not have to walk through the entire building to find one specific store. Moreover, each store can have just as much fresh air as they want by opening or closing its shop doors individually.

However, a virus that restricts retail on a worldwide scale was not part of the reasoning for Viktoria Karree's design. It was already clear that future-oriented shopping centers have to open themselves towards their cities and their residents. After all, "inner cities can do almost anything better than malls–and they are more attractive in most cases," says Christoph M. Achammer. "We have to find out as quickly as possible how we can realize large-scale shopping environments in inner-city structures."

According to the architect and professor with a chair for integral building design and industrial building at the Institute for Interdisciplinary Construction Management in Vienna, the only sensible way was very clear long before the coronavirus struck: "Shopping centers have to become parts of their respective cities. This is the only way for them to even have future," says Achammer, who is a member of the ACROSS Advisory Board.

PEOPLE STILL WANT COLLECTIVE PROXIMITY

Even though many things are changing right now in times of home office, distancing regulations, and travel restrictions, the man who considers it his duty to "consistently cause trouble" in his role as chairman of ATP architects engineers believes that people still want to come together and experience collective proximity. "Our desire to experience physical proximity with friends, families, and like-minded people has never been bigger than right now, in these times of uncertainty," says Achammer. "Managing these requirements will be the challenge for future shopping centers. Nobody needs even a single square meter more to satisfy the customers' shopping demands. What we actually need are places where people can come together."

Many retail real estate experts see that high-frequency centers, which depend on high visitor numbers from people from out of town, have a particularly hard time right now. Their entire architecture is geared towards keeping customers in these buildings for as long as possible with forced guidance. However, this is exactly what is not needed right now: People want to avoid contact wherever possible, keep their distance, and only stay in enclosed spaces as long as necessary. The consequence is that people stay at home and order online.

HYBRID SHOPPING BECOMES THE NEW NORMAL

According to Stefan Mitropoulos, real estate analyst at Landesbank Hessen Thüringen (Helaba), shopping centers would have to "develop new and creative concepts. Centers were caught in a perfect storm by focusing on retail and gastronomy." Marketplaces could be created and affluent customers could be attracted by incorporating regional providers. "It is not enough to convert sales areas into food boulevards if you want to ensure a center's future," says Mitropoulos. Right now, many centers would already benefit from basic reconstruction measures like side wall and roof openings to get some fresh air into the currently completely enclosed centers and reduce the risk of infection.

However, entirely different measures will be necessary to achieve success in the long run, according to real estate experts. For many observers, the current crisis is merely the accelerant for a development that is already in full swing: the digitization of retail, which will decrease demand for sales areas and result in declining rents. "Hybrid shopping will become the new normal," says Achammer. "However, retail is still not equipped for it and does not fully understand how to combine online with offline. This situation needs to improve." Those who see digitization for what it is–the pragmatic and therefore dispassionate procurement of goods–have the chance to draw the right conclusions from the decreasing demand for sales areas and declining customer frequencies and create the future with substantial structural modifications. "We have to create vibrant environments that make one's stay pleasant again," Achammer strongly believes. This includes the qualitative enhancement of gastronomy offers and the creation of "hang-outs" where people actually want to stay.

CONCESSIONS FROM CONSTRUCTION COMPANIES?

However, these kinds of revitalization measures are capital-intensive and construction costs may increase even further.

“The construction industry is already working at capacity due to many residential projects,” says real estate analyst Mitropoulos. “In addition to that, they are now getting further projects from the public sector, since the corona crisis has shown that kindergartens and schools desperately need to be modernized to meet the hygienic requirements that have increased due to the pandemic.” Furthermore, the costs for foreign workers may increase as well, according to the assessment of Günter Vornholz, professor of real estate economics at the EBZ Business School in Bochum. “The numerous corona-cases in the meat industry have shown that the cheap mass accommodations, which were provided for workers from Eastern Europe until recently, entail a much too high risk of infection.” The construction business is facing a similar problem.

HBB boss Harald Ortner, who is responsible for several construction projects, is currently experiencing the opposite situation. “Normally, the construction industry is booked for years. Now, however, there is a lack of follow-up projects and construction companies are therefore willing to make concessions,” says Ortner. “The current situation provides opportunities for negotiations.”

Click here for web view

A TIME OF REGULATIONS AND RESTRICTIONS

Covid-19 has presented property owners and developers with unique challenges, and for Atterbury Europe that is compounded by having operations in three different territories: Romania, Cyprus, and Serbia. Asset manager Vlad Valcea gives some insights into the Company's strategy.

ACROSS: ***EUROPE HAS BEEN HIT HARD BY COVID-19; HAVE YOU FOUND THAT ONE OF THE TERRITORIES ATTERBURY EUROPE OPERATES IN HAS BEEN MORE AFFECTED THAN THE OTHERS, IN TERMS OF RESTRICTIONS AND REGULATIONS IMPOSED ON THE POPULATIONS?***

VLAD VALCEA: Measures in Romania and Cyprus have been quite strict since a state of emergency was declared around mid-March in both countries, followed by nationwide lockdowns, curfews and out-of-home travelling restrictions. Shopping malls in Romania reopened on June 15 and in Cyprus on June 9. On the other hand, shopping malls in Serbia were allowed to reopen much quicker since May 8, which was positively received by everyone.

IMAGE: ATTERBURY EUROPE

Vlad Valcea

Asset Manager at Atterbury Europe

ACROSS: ***HOW HAS THAT IMPACTED ON ATTERBURY EUROPE'S OPERATIONS AND WHAT HAS BEEN THE STRATEGY TO DEAL WITH THIS REALITY?***

VALCEA: I believe operations were impacted the same as for all our peers across Europe. We had to keep shopping malls running at a minimum in order to allow the essential services/tenants to trade and the office towers to be accessible, in accordance with the local laws. Meanwhile, our mall staff had limited their presence in the malls to critical situations, but otherwise everyone else has been working from home and relying on daily chains of video conferences to deal with tasks and issues arising, as travel across countries and cities has obviously been inexistent. I believe that I speak on behalf of everyone in saying that the past couple of months have been incredibly hectic and that working from home has taken on a different dimension, with both pluses and minuses.

ACROSS: ***CAN YOU OUTLINE THE DIFFERENT APPROACHES YOU HAVE HAD TO ADOPT IN YOUR DEALINGS WITH LOCAL SUPPLIERS/TENANTS/PARTNERS IN THE DIFFERENT TERRITORIES IN ORDER TO ACCOMMODATE THE LEGAL REQUIREMENTS?***

VALCEA: Health and safety measures were the priorities at the forefront of our reopening strategies, focusing on our staff, our mall customers, our tenants and our contractors too. Creating safe and appropriate environments for all stakeholders and communicating this accordingly helps us all recover to normality sooner rather than later.

Certain general rules and legal requirements are similar across the countries, such as social distancing (ranging between 1.5 and 2 meters), the installation of hand sanitizers at the building entrances and PPE for staff members who are in constant contact with the public (such as facemasks and gloves for info points, cleaning, security and in-store staff). In addition to that, in Romania and Cyprus we have taken the initiative to implement body temperature check-ups, either through the use of thermal cameras or digital thermometers, and furthermore to provide optional PPE for customers entering our malls. Social distancing rules, together with basic sanitation and health guidelines, are being communicated to customers across all countries through all our platforms and tools, including navigation and signaling materials throughout the common areas.

ACROSS: ***WHAT MEASURES HAVE YOU PUT IN PLACE TO HANDLE TENANTS UNABLE TO OPERATE IN MALLS THAT WERE CLOSED BY GOVERNMENT DECREE?***

VALCEA: These measures are being dealt with differently in each country, depending on several local factors. However, Atterbury Europe's general approach in relation to tenants has been one of solidarity, support and cooperation across all fronts, without trying to pass the blame during this completely unexpected crisis that has affected us all in ways we never imagined.

ACROSS: ***HOW MANY DIFFERENT MALLS WERE AFFECTED IN TOTAL?***

VALCEA: All nine shopping malls across our European portfolio were closed, except for the hyper/supermarkets, essential services and stores with direct street access that were eventually allowed to reopen first about a month ago. In the meantime, all seven office buildings across the countries were open and operational for the use of tenants in line with their internal policies.

ACROSS: ***IS THERE CLARITY YET ON WHEN DEVELOPMENT OPERATIONS WILL BE ABLE TO RESUME IN THEIR RESPECTIVE TERRITORIES?***

VALCEA: Measures on construction activities have been relaxed since early May in all three countries and therefore allowed works to return to normal, despite some difficulties still existing at the borders concerning delayed deliveries of materials and the impossibility of foreign workers to re-enter into the countries. Nonetheless, lifting restrictions for construction sites has positively influenced our ongoing developments in Iulius Town Timisoara and BEO Mall Belgrade, which is due to open on June 25, 2020.

Click here for web view

EXPERT ARTICLE

CAN RESIDENTIAL BE CONSIDERED WITHIN A CONVERSION TO MIXED-USE?

BY SARAH COLE

Retail, from purpose-built shopping centers through to traditional high streets, has been facing long-term challenges, even before Covid-19. And the shift from single to multiple format offers, or mixed-use, is becoming firmly established.

Pre-pandemic, an oversupply of retail space was evident as retailers reduced the number of stores needed to serve a catchment. Retail valuations have also been under increasing pressure with softening cap-rates as the risk premium for retail increases. If anything, the crisis has re-emphasized the need to future-proof and diversify retail assets by repurposing redundant spaces. Many of the largest players in European retail real estate are already transitioning in this direction. This includes Ingka Centres, whose vision to create “meeting places” was announced in the summer of 2018. This is a €7.3 billion investment, with the introduction of new parks, arenas, F&B, entertainment, exercise areas, flexible workspace and playgrounds.

Yet the post-Covid world and “new normal” for the public at large is uncertain. For some, those blessed with the space at home and flexible jobs, the need to frequent inner cities will naturally diminish. Yet, this won’t be universal, and a good proportion of society will continue to want and need urban environments for work, shopping, leisure and play.

VIABILITY & DEMAND QUESTION MARK

The challenges around long term consumer spending habits and investment viability still remain. On a relatively small scale, Buttermarket in Ipswich, UK illustrates how an underperforming mall can be diversified into other uses. The 22,000 sq m center was bought by Capital & Regional and Drum Property Group for £9.2m in 2015 with occupancy at 43%. A re-positioning strategy totaling £25.1m was implemented, incorporating a leisure hub with a cinema, bowling alley, restaurants and gym. In 2017 it was sold for £54.7m with 89% occupancy.

IMAGE: GLOBAL APARTMENT ADVISORS

Sarah Cole

Senior Researcher at Global Apartment Advisors in London

However, landlords and strategic fund managers are now expanding the definition of mixed-use to include community services such as education, health and lifestyle, co-working, hotel but also residential, too. This is exemplified by Unibail-Rodamco-Westfield’s (URW) pipeline shifting towards more mixed-use projects, split between retail (43%), dining & leisure (17%), offices (21%), residential (11%), and hotels (8%).

From a viability perspective, residential not only offers a more certain valuation approach with a stronger return multiplier than most retail, but also, in most cases, a more assured demand, not least in a Covid-19 world, too.

MARKET RESPONSE

The evolution to more walkable urban places has been supported by research conducted by The George Washington University. They found that places such as Ballston Quarter in Washington DC, demand c. 75% rent premium over the metro average. Therefore, this mixed approach is not only sustainable, but also profitable for the retail space too.

The $330m redevelopment of Ballston's urban by Forest City is a model of giving a new lease of life to an ageing shopping center with a mix of new experiential retail, F&B and entertainment concepts, as well as featuring a new 22-storey 406-unit residential tower.

In the UK, momentum is for residential alongside retail is developing. In London, URW is delivering 1,200 units, known as Cherry Park, adjacent to the Westfield Stratford City shopping center, whilst in White City the 2018 extension of Westfield London has provided 1,522 new homes.

This growing consideration of residential was demonstrated by NewRiver REIT in their 2018 review of its retail portfolio. This showed the potential for alternative use would be predominantly residential (c.85%). It has since identified the potential to deliver up to 2,400 units over ten years, worth up to £140m in development profits. A further example in the UK is the £245 million redevelopment of the Harvey Centre in Harlow. A proportion of the mall will be demolished and four new 3 to 16 story buildings constructed to provide 447 homes and 3,700 sq m of retail.

RESIDENTIAL AS "BUILD-TO-RENT"

In the above examples, the residential offer is, however, "Build-to-Rent" (BTR), or multifamily (using US parlance), rather than residential for sale. These are wholly owned purpose-built properties, which have several advantages over owner-occupied models.

Concerns about homeowners challenging retail activity outside usual trading hours is less of a threat, negotiating with multiple owners about long term shared maintenance/ refurbishment costs is avoided and the demand for rental remains strong. Furthermore, these specifically designed properties, with a great emphasis on amenities and customer service (including staffing onsite) drives a premium product which is professionally managed. This relatively new concept for the UK and Europe is far more customer-centric and indeed in keeping with the desired characteristics of the wider mixed-use environment.

CONCLUSIONS

The repositioning of retail hubs into thriving mixed-use communities, with the incorporation of residential as part of this strategy, is starting to emerge. From a capital markets perspective, there is a growing weight of investor interest for BTR and its appeal, providing more stable returns against other real estate asset classes, will have been further enhanced since Covid-19. The potential for this repurposing requires both careful planning around design and access for the successful integration of the uses but also a new operational approach to the residential.

In a post-Covid world, with flexible working becoming more established, a proportion of those living in urban environments may partly reduce. Yet, humans thrive on social interaction and therefore urban living is not going to fall away completely. A concern for many is the loneliness and isolation suffered during this period and build-to-rent communities mitigate against this. Furthermore, building design and specification solutions are already evolving to help alleviate concerns, from "open" zones, including greater use of roof spaces, and street to unit access via smart tech.

For retail landlords seeking to diversify their portfolio, Build-to-Rent presents an appealing option–acting as a catalyst for improved performance of the retail, as well as capital value accretion to the overall asset.

Click here for web view

ESTONIA'S LARGEST SHOPPING CENTER ÜLEMISTE EXPECTS STABILITY BY AUTUMN

Covid-19 led to mobility restrictions throughout Europe, and the range of measures included the closing of shopping centers. In Estonia, where malls were closed for one and a half months, they have been reopened and visitor numbers are good, but it will take another three or four months to return to the former level, believes Guido Pärnits, CEO of the Ülemiste, the largest shopping center in Estonia.

In the first week after reopening, Ülemiste had 20 percent fewer visitors than usual but many shops achieved sales revenues equivalent to multiple "normal weeks". "The customers themselves have changed. While they used to come to a shopping center to spend time, they are now less likely to hang about in crowded places, and we have also closed the public rest areas of the center for increased safety. However, this does not mean that there is no shopping; instead, consumers are more informed, and it seems that many have done their homework to determine exactly what they need when they come to shop," comments Guido Pärnits, CEO of Ülemiste.

While the closing of malls resulted in a surge of e-shopping in Estonia, and online sellers hoped to seize a permanent market share, this is not exactly what happened, according to Pärnits. High demand resulted in an overloading of parcel terminals and, while previously known for speed and convenience, e-shopping suddenly became time-consuming and suffered from a shortage of couriers and the limited volume of parcel terminals. Pärnits believes that this could have left many people with a negative experience, instead of a new shopping habit.

However, some shops had to be closed permanently, and there has been a significant increase in the country's unemployment rate. How will this affect the property value of malls? Pärnits believes that the effects will be insignificant, "A well-developed center in a good location will retain its commercial value even during and after difficult periods. One and a half months is probably not long enough to induce a permanent change in the real estate concept of shopping centers."

IMAGE: ÜLEMISTE

Guido Pärnits
CEO of Ülemiste

A QUESTION OF TOURSIM

According to Pärnits, the shopping centers that depend mainly on tourists for their sales will be more affected by the crisis. "But Estonia is not known as a shopping paradise, like Paris or Dubai, where people fly from all over the world and rich tourists account for the majority of the revenue," he noted. Even though some malls in Estonia are more focused on tourists, the main emphasis is always on the domestic market and most of the tourists who come to shop here are our Nordic neighbors from Finland. And the quarantine restrictions in relation to Finland have already been eased.

Looking back at the establishment of the quarantine restrictions, Pärnits observed that people had started to curtail their shopping even before the centers were closed. Visitor numbers then dropped rapidly after Estonia declared the state of emergency on March 12, 2020. "It is called a crisis of fear–at that time people did not know how to protect themselves, how high the risk to public health actually is and how the government would handle all of that. Today, we can see that our health care system coped well with the crisis and people have become more informed about how they can protect their own health and the health of others."

Click here for web view

LOOKING TO THE FUTURE WITH OPTIMISM

BY EDUARDO CEBALLOS, IMAGE: AECC

The shopping centers and retail parks sector has always been one of the most active and successful in Spain. In 2019, shopping centers and retail parks received over 1.9 billion visits (1.6% more than in 2018), recorded sales of €46.1 billion (1% more than in 2018), and they created more than 740,000 jobs, 46% directly and 54% indirectly. The shopping center and retail park industry contributes €8.4 billion to the GDP, which is 0.7% of Spain's total GDP and 5.7% of the services sector's GDP. This data pointed to a year 2020 of positive results until the outbreak of the Covid-19 health crisis. Unfortunately, the sudden halt has had an enormous impact in our sector, which is one of the most affected by it.

Eduardo Ceballos

Chairman of the Spanish Association of Shopping Centres and Retail Parks (AECC)

"Although it is still too early to determine changes in customer behavior, our preliminary assessment after the first few weeks of the reopening is optimistic in terms of sales and inflows."

Being aware from the very beginning of the depth, seriousness and complexity of this unprecedented crisis, the Spanish Association of Shopping Centres and Retail Parks (AECC) began working on being the primary voice of the retail industry, representing and helping our sector with several initiatives. Thus, a series of fiscal, labo,r and activity reactivation measures have been proposed to the Spanish Government to help us achieve the desired recovery, along with guidelines for hygienic-sanitary recommendations for the reopening of the centers and retail parks to ensure that all companies in the sector comply with the highest hygienic standards.

On June 8, 2020, the 568 shopping centers in our country have finally been able to operate after the shutdown of almost all activities on March 13 and 14, 2020 (except for essential-need stores), and after some autonomous regions began to reopen on May 25, 2020. We can affirm now that the return is happening smoothly and in an absolutely normal way, respecting the capacity and social distancing limitations imposed by the government at all times and in optimum hygiene and safety conditions, thus demonstrating the professionalism and know-how of our industry. With an absolute focus on customers, as it could not be in any other way, we have dedicated resources and efforts to guarantee their tranquility and safety when returning to shopping centers.

During the first days of the reopening, additional efforts have been made to reinforce cleaning and security measures as well as thorough disinfections. Also, client communication channels have been intensified to deliver all safety messages clearly. The necessary technology to monitor shopping center's capacity has also been put into effect. Although it is too early to determine changes in customer behavior, our preliminary assessment after the first few weeks of the reopening is optimistic in terms of sales and inflows. We have noticed that consumers are eager to head back to shopping centers to do some shopping. All leisure offers will also be activated soon, since leisure is a concept for which we have worked so hard and so long as it encourages socialization within shopping centers, reinforces our identity as meeting points and will allow us to return to the activity levels prior to this crisis soon.

We need to continue working to ensure that our sector responds to these new demands with the full incorporation of technology in shopping centers and retail parks in a way that will allow us maintain our position as key places in both, the consumer's mind and the country's economy.

Click here for web view

"HEALTHY SPACE" MEASURES AT FINESTRELLES IN BARCELONA

BY VICTOR GOMEZ, IMAGE: EQUILIS

Victor Gomez
CEO of Equilis Spain

The health crisis declared in Spain and the consequent closing of commercial activities meant a double challenge for Equilis Spain, owner of Finestrelles: on the one hand, to keep the shopping center open for those activities declared as essential, and on the other hand, to adopt the necessary safety measures for the return to normal–and all this in the midst of a great initial lack of knowledge about how to combat the spread of Covid-19. Little by little, more details became known and, in addition to the compulsory measures dictated by the government, Equilis wanted to go one step further because the safety of the more than 1.300 people working in Finestrelles and the more than 7 million visitors we currently have make us particularly respectful to them.

"We created a whole series of protocols aimed at returning the shopping center to normal."

Finestrelles in Barcelona is a mostly open mall, so the first challenge was to purify the air on the hypermarket floor and the accesses through the parking garage. To do this, air filtering and renewal machines have been installed with a HEPA filter and UV rays that guarantee safety and improve the air we breathe in the shopping center. These machines were installed in the first week of the health alarm and thanks to this we have been able to establish the necessary trust and security for the mall's workers and clients.

The second step was to create a entire series of protocols aimed at returning the shopping center to normal. All these protocols have been brought together under a seal of health and hygiene guarantee that we have defined as "Healthy Space" ("Espacio Saludable") that encompasses all the measures taken. These measures include:

- Installation of 5 UAP-V air purifiers;
- 4 specific customer service points, called "Healthy Space" where customers can find out about all the measures included under the 'Healthy Space Label'. They will also find Personal Protection Equipment (PPE), with masks, gloves and hydrogel;
- Consistent disinfection of handrails of travellators and ramps, by means of UV lamps that eliminate viruses and bacteria;
- Real-time gauging control;
- Continuous safety distance monitoring;
- Air quality control;
- Permanent disinfection of critical points;
- Reinforced cleaning protocols;
- Protection of all accesses of the mall from the car park;
- More than 50 hydrogel dispensers distributed throughout the shopping center;
- Shoe disinfectant mats.

All these measures, representing an investment of nearly 400,000 euros, offer the maximum guarantee for our workers and clients, and we have started our re-opening campaign under the slogan "Breathe Confidently". Our objective is that everyone feels "at home", safe, calm, and with all the comfort of being in a protected and healthy space.

Click here for web view

EXPERT ARTICLE

THE OFFICE-IZATION OF THE HIGH STREET

Has the decline in high street shopping brought about a new opportunity for flexible workspace operators to move into town centers and change the way we all work?

BY ZOE ELLIS-MOORE

The demise of the high street has been prophesized for years as the market capitalization of ecommerce ballooned, and research shows that Britain's high streets have lost around 50,000 shops in the last decade. The streets themselves are not going anywhere, though, so what happens to the empty units? Conveniently, alongside the progressive decline in the brick and mortar retail sector, there has been an emergence of a new wave of thought regarding the way people work. Flexible office spaces in particular have revolutionized the office working model and opened up a world of possibilities.

We posit that progressive flexible office space operators can capitalize on the empty space left behind by dying brick and mortar retail stores, repurposing it as hybrid office space that allows for the effective deployment of "work near home" solutions by companies everywhere.

HOW DOES IT WORK?

Work near home is a solution that sits somewhere between compulsory office attendance and working from home. It's based around the idea that employees can gain all of the benefits of working from home while still retaining the positives associated with working in an office space. Instead of setting up a workstation in their spare room, a work near home employee could make use of flexible offices or coworking spaces near them, with the costs subsidized by their employer. This removes the need for them to commute drastic lengths to reach an arbitrarily placed central office and also helps employers get peace of mind that their employees are comfortable, motivated, and social.

Zoe Ellis-Moore is Founder & CEO of Spaces to Places, a strategic partner in adapting to the changing face of offices. The company helps operators, owners and investors turn spaces into places, with the aim of increasing the property's asset value by creating a more relevant place to drive demand; securing occupiers and reducing property agency fees; increasing brand equity by exceeding target occupiers' needs.

IMAGE: SPACES TO PLACES

Work near home does not always have to mean the complete abandonment of a main office space, though. In a "hub and spoke" arrangement, where the work near home employees are the spokes, a central office could still exist as a hub for employees. This would be useful for businesses where face to face interaction is too important to lose, and also allows for easy-to-arrange training days, social events, and more. The work near home model seems a natural fit in our current environment–where high interest from employees looking for more flexible working arrangements clashes with employers wanting to ensure high levels of productivity. It's also a greener solution than what we have currently and research suggests it would be better for employee wellbeing.

PRET A MANGER, COSTA COFFEE ETC.

Although it's never really been formalized, the core idea behind the work near home model of working is nothing new.

Pret a Manger, Costa Coffee, Starbucks, and other café chains have been used as productivity hubs by the self-employed for years, offering an inviting space to touch down in and work for an hour or two. While they are not technically office spaces, they do offer Wi-Fi, long opening hours, convenient locations, and a feeling of human connection without distraction, all for the price of a coffee. What they do not offer, however, is a guaranteed desk, peace of mind that your laptop won't be stolen while you go to the toilet, spaces for private meetings, and the promise of a community of like-minded businesspeople.

That means that there is an opportunity for flexible workspace operators to raise the bar and serve the new influx of work near home employees that a mass re-think of centralized office spaces might create. There is also already a logistical solution for employers looking to shift towards work near home in the form of Desana, a startup that links employers with a network of flexible workspaces across the country.

REPURPOSED SPACES BECOME PRODUCTIVE PLACES

Even the concept of repurposing high street units into office spaces is precedented. Just in the last year The Company opened an office in a former nightclub in Taunton. The Space opened up in a 17th century bakery in Farnham, and a local collective office space opened in an old Poundworld in Chester.

There has also been a wave of brand-new high-profile entrants into the co-working space, including banks, retailers, and hoteliers. Barclay's Bank has opened up 28 Eagle Labs centers on high streets across the country, Clydesdale and Yorkshire Bank's B Work opened in Manchester, and VWork within Village Hotels.

Developers, shopping centers and department stores are actively entering into the market. Developer, That Group, has submitted planning permission to convert a former John Lewis in Southsea into THIS Workspace and Department store Selfridges Group has entered into a management agreement with a flexible working operator.

Two trends are converging: the downfall of brick and mortar retail and the increase in demand for work near home models. The result could be revolutionary–instead of high streets filled with retail brands, imagine your town center having a choice of flexible working spaces to choose from, with each brand offering something unique. The rise of the work near home model and the office-ization of the high street might just be the spark that brings about a fundamental change in the way we work.

Click here for web view

Spacious mall for safe and comfortable shopping

Your gateway to a large customer area
#shopresponsibly

Westgate is the largest mall in Croatia and European Union, positioned directly on the highway. The mall is located in the heart of large catchment area of Croatia, Slovenia and Austria under 90 minutes of drive.

During the current crisis, Westgate provides the best possible hygienic and anti-epidemic standards to its customers and employers.
The 65.000 square meters of mall's promenade, 56 recuperation units in charge of clean and filtered air, 16 entrances and large space stores guarantee safe and comfortable shopping and leisure time.

Flexible shop opening hours, even in the evening, and open Sundays.

Have an inquiry or business proposal? Contact us!
lease@westgate.hr / westgate@f-o.hr
www.westgate.hr

MANAGED BY F.O. / GROUP
WWW.F-O.HR

WESTGATE *Home* WESTGATE *Fashion* WESTGATE *Kids* WESTGATE *Fun & Food*

WEST GATE SHOPPING CITY

Family mall of Croatia.

EXPERT ARTICLE

CREATING MAGNETIC CUSTOMER APPEAL AND NEXT-GENERATION ANCHORS

In recent years, F&B has been hailed as the retail-centric development equivalent of a knight in shining armor; an offer that cannot be replicated online, that delivers customers an experience worth seeking-out and returning to time and again. The onset and impact of Covid-19 highlights the importance of a successful F&B strategy and the development of appealing F&B destinations that respond to how the customer of the future will shop day and night, and how mixed-use places are stitched together.

BY DEREK ROSSEL AND SAM SETHI

The harsh reality of this pandemic is that after we move through a recovery period, the relative power of traditional anchors and the right mix and balance of center components will have changed forever. We will no longer be able to rely on some iconic retail and lifestyle brands because many have lost relevance to a savvier, omni-channel customers or are consolidating their portfolios into the most appealing, physical customer destinations only. Naturally, this will generate vacancies–more so in locations unable to adapt and change with a future mix of requirements. Customers and retailers are voting with their feet–and only the most relevant, compelling, dynamic, and well-connected community destinations will thrive. Couple this with a revived appetite for an inherent desire for human connection and social experiences, and the stage is well and truly set for an outsized role for the next generation of F&B experiences in scale retail settings.

As the pursuit of shopping has morphed into a lifestyle experience, so too have F&B experiences. Their magnetic day and night-time appeal has been turbo-charged by nearby residences, workplaces, leisure, entertainment, education,

IMAGE: HINES

IMAGE: INSITE FOOD

Left: Derek Rossel, Development Director at Hines.
Right: Sam Sethi, Principal at Insite Food.

and medical uses in mixed-use locations, creating new retail "engine-rooms" as others leave the stage. While in itself F&B is not the single panacea to address structural retail industry change in existing centers, it has a leading role to play. There are, however, many misconceptions about how to get your F&B strategy on point and how to create places that people will effortlessly gravitate to time and time again.

NOT A QUESTION OF PERCENTAGE

In a bid to highlight the need for a greater role for F&B in any retail-led mixed-use destination, industry players often quote a minimum percentage of F&B that should be considered in a successful center mix–and this has attracted much attention from the media. It's a target of sorts. But the truth is that successful F&B can never be about the rule of thumb or simplistic area percentages. There is a science that needs to merge with the fine art of creating and delivering an F&B development strategy that works. As developers we must realize that one size does not fit all and while 25 percent might be a benchmark in one market or geography, it will be too little or too much in another. Instead, it is imperative that one assess the catchment, intimately understand purchase patterns of diverse user groups and establish the minimum foot traffic that can be attracted to the development. Successful developers need to understand who their customers are, where they come from and for what reason they are visiting; whether they are residents, students, office workers or have travelled from further afield into the trade area. The burning question of course is what are they looking for? Once demographics and customer needs are understood, one needs to map out the practical customer journey within the scheme throughout the day and night–fully appreciating mixed-use development adjacencies, what differentiated experience is being offered, an appealing ambience and design as well as return on investment to name just a few of the primary considerations.

Every market's requirement is different. In the formative development stages, it is important to ensure that there is a deep understanding of the trading area and the relative strength or otherwise of competitor offerings. In order to create destinational F&B power and appeal, the retail center itself needs to be planned and integrated to optimize F&B and surrounding brand performance. This will include an appreciation of the future onsite customer journey as influenced by adjacent public transport, retail mix, amenities, servicing, parking, and drop-off/pick-up facilities. Getting all of these aspects right will lay the foundations to optimize the power and performance of F&B in scale retail settings.

It is not purely about how much GLA is allocated to food, but how to divide and program this into differentiated clusters and offers with current market appeal, understanding the purchase path and the wider benefits on retail, leisure and community. Rather than being treated as a place-filler, food needs a strategic and well-thought out approach. When considering how to re-purpose vacancy within a development, there is often a misconception that simply introducing an F&B operator to a space will somehow increase footfall or strike rate on F&B. However, if demand, a magnetic customer experience and a unique selling proposition does not exist, then the development equation will be flawed.

GREENFIELD DEVELOPMENTS HAVE A CLEAR ADVANTAGE

For most customers the value proposition and magnetism of the offer will be derived from the experience they have before, during and after their visit and not necessarily on spend. This focus on curating memorable, positive experiences challenges developers to ask the right questions of their potential visitors and customers. Consistent activation of F&B spaces and bringing people together for social occasions for different reasons across different times of day in mixed-use schemes is crucial to this.

Greenfield developments give developers like Hines more freedom to create and deliver destinational F&B strategies to address gaps in the market and meet community needs and expectations, as they can plan and execute with a science-first approach. Cherrywood Town Centre in South Dublin has been able to develop powerful, differentiated F&B anchors each with a strong identity and value proposition that merge neatly with other adjacent uses throughout the day and night, taking full advantage of a broader evening economy, public transport connections, parking, drop-offs, façade activation and views across the stunning Wicklow mountains and The Irish Sea beyond. Being both a retail and an F&B destination in a broader mixed-use setting, developing social experiences has been at the forefront of all spatial strategies at Cherrywood. Everything from price point categorization, customer access and circulation, security management, home delivery and target brands with a strong social and community ethos, has been considered. In combination, all these factors will ensure a powerful F&B offering and successful next generation center that is very much a destination for F&B in its own right.

All too often F&B implementation in brownfield developments are based on a kneejerk reaction to vacancy and a lack of understanding of the critical success factors for F&B operators in existing centers. Often these sites may be restricted in terms of planning approvals, architecture, M&E services, existing adjacencies, internal usage clauses, access to parking and the experience of the all-important customer journey. However regardless of the type of development, shoehorning a few restaurants into an empty space in the middle of a center will almost never be successful as there is often no value proposition or answer to the question, “Why will I visit the restaurants?”.

The emergence of these types of challenges in a time of rapid retail center industry change across the globe, has seen Insite Food requested to play a vital role in the strategy development and success of brownfield projects like Le Cathcart in Montreal and greenfield sites such as Starfield Bucheon in Seoul.

If “retail is detail”, F&B strategy is a more complex challenge again, one that requires great skill and superb execution. One needs to be clever about how you consider and curate a F&B destination, how it is marketed and how collectively the industry strengthens a retail category that has the power to stand alone, support adjacencies and deliver customers the emotional, sensory and social experience that is desired more than ever in these challenging times.

Click here for web view

GFK STUDY ON EUROPEAN RETAIL

A 2019 review and how Black Friday has become the most important annual shopping event. All that, and more, can be found in GfK's study on key European retail indicators.

The shocking impact of the Covid-19 pandemic goes far beyond the entire retail industry, as analysts and statisticians are facing unforeseen challenges as well. Due to the current uncertainty resulting from the corona crisis, the geomarketing specialist GfK deliberately foregoes an outlook on the retail year 2020 in his current study on European retail. However, there are still a lot of interesting insights to be found here. The study features a chapter on how Black Friday has become the most important annual shopping event, a chapter on the role played by the capitals of the Visegrád nations and a chapter on furniture retail in the Czech Republic. It includes the usual benchmarks on 2019 retail turnover and purchasing power trends, providing a valuable resource for business and investment decisions in the post-Covid-19 period.

Click here for web view

YOU CAN DOWNLOAD THE GFK STUDY FOR FREE HERE

ACROSS RETAIL TALKS FOCUS ON THE OUTLET CENTER INDUSTRY

The online event was dedicated to the Covid-19-related question: European Outlets–back to normal? A large and prominent expert audience followed the discussion.

On June 24, 2020 at 5pm CET, ACROSS–The European Placemaking Magazine welcomed the participants of the already fourth edition of the ACROSS Retail Talks. Due to Covid-19, the event took place online with the crisis-related headline: European Outlets–back to normal?

From Vienna, ACROSS publisher Reinhard Winiwarter welcomed the many participants and handed the reins over to Klaus Striebich, the Managing Director of RaRE Advise from Besigheim, Germany who is also a member of the ACROSS Advisory Board. He introduced the star-studded online panel: Otto Ambagtsheer (CEO of VIA Outlets), Stephan Fickl (Group Leasing Director of Neinver) as well as Thomas Reichenauer (Managing Director of ROS – retail outlet shopping and member of the ACROSS Advisory Board). Mario Schwann (Center Manager of McArthurGlen Designer Outlet Parndorf) joined the panel later on. Striebich explained to the virtual audience that they could ask questions by using the chat function–participation was free, by the way. This opportunity was seized quite frequently.

THREE TOPIC RANGES

The discussion focused on three topic ranges and started with "The crisis and its impact". Fickl emphasized that the main concern at any time was the safety of customers, tenants, and staff. The reopenings led to the question how to accommodate as many guests as possible and still comply with distancing regulations. Footfall is generally returning. Customers are currently spending less time shopping and make their purchases in a more deliberate manner than before the crisis. According to Reichenauer, customers readily accepted the new safety measures. For example, security staff was expanded. Ambagtsheer emphasized in this regard that open-air outlet centers have a clear advantage right now. Customers feel more comfortable and safer out in the fresh air. VIA Outlets had already established protocols for this crisis situation by the end of January.

The second topic range comprised “Retailers & Brands”. Schwann, who joined the discussion at this point, was talking about brand partners in this respect. The practiced and fair collaboration with retailers forms the foundation for success in the European outlet center industry. Fickl, Ambagtsheer, and Reichenauer agreed wholeheartedly. All of them also agreed that there is no one-mix-fits-all solution for tenants and that each case requires an individual approach. According to Ambagtsheer, beauty brands are on the rise. Fickl agreed and mentioned Rituals as an example. He also sees brands of outdoor sports gaining ground and stressed the importance of pop-up areas for online retailers. Reichenauer was glad that all shops at all ROS-managed outlet centers had reopened; up until that point, Covid-19 did not cause an ultimate breaking point for them. He also said that fashion brands remain important, but food & beverage as well as entertainment become increasingly relevant.

OPTIMISTIC OUTLOOK

„Looking ahead into the future“ was the title of the third topic range. Ambagtsheer’s prognosis is deliberately positive. He talked about a brighter future and feels vindicated by the solid rebound figures at VIA Outlets. The industry’s main concern is and will have to be to provide a perfect day out for its guests. For Fickl, the rebound figures were better than expected. He believes that the outlet center market will continue to grow, but he expects a certain degree of consolidation–even among brands. Reichenauer believes that intensifying the already mentioned brand partnerships will be particularly important in the future. These are long-term partnerships that have to remain that way. Schwann also sees the industry well underway towards the future, also because the industry is successfully making its move to the digital realm.

Click here for
Video-highlights of the ACROSS Retail Talks

The next ACROSS Retail Talks on exciting European topics are being planned right now. We will keep you posted.

Click here for web view

EVENTS

SUCCESSFUL PREMIERE OF THE ACROSS RETAIL TALKS ONLINE

Five points emerged at this event that focused on the problems of lease payments in connection with Covid-19.

On May 27, 2020 at 4pm the ACROSS Retail Talks took place for the third time, putting the Covid-19 crisis front and center in two respects. On the one hand, because the event happened online. On the other the hand, because of its topic that posed questions like "What now? Do we have a solution or are we hiding behind contracts?" to landlords and tenants. After all, the discussion regarding problematic lease payments in connection with the pandemic is in full swing, locally as well as internationally. This is not an individual problem of one contractual partner. Unfortunately, no or not enough solution approaches and ideas exist so far.

ACROSS publisher Reinhard Winiwarter welcomed the large and very prominent expert audience and gave the floor to host Klaus Striebich, Managing Director of RaRE Advise and member of the ACROSS Advisory Board. Another new aspect was that this round of the Retail Talks was held in German due to the similar legal and economic conditions in the German-speaking countries.

Sabine Hoepp (Managing Director of Nanu-Nana), Veit Weiland (Managing Director of Deichmann), Wolfgang Sauerzapf (Member of the Executive Management at Peek

& Cloppenburg), Lars Richter (Division Head Asset Management Retail at Union Investment), and Steffen Hofmann (Managing Partner at Mallinvest Europe) were the panel participants. The virtual audience–participation was free of charge, by the way–could ask questions by using the chat function.

THE PANELISTS AGREED ON THE FOLLOWING FIVE POINTS:

1. AGREEMENT REGARDING THE NECESSITY OF COLLABORATION

The most important point that all panelists agreed on was that they now is not the time to hide behind legal positions. They all see that it is necessary to collaborate. There is a fundamental consensus that one has to reach agreements. An important tool in this context are the guidelines compiled in the Code of Conduct that renowned representatives of the retail and retail real estate industry developed in collaboration with the German Council of Shopping Places (GCSP).

2. VIABLE SOLUTIONS TAKE TIME

Corona took everybody by surprise. The pandemic hit the retail real estate industry–as well as the global economy–unexpectedly. According to Hofmann, the first thing to do was to gain time to become able to act again. However, time was extremely tight for retailers who lost most of their revenue. Richter said that Union Investment actively approached its 15 most important leasing partners, including Deichmann, right at the beginning of the crisis. But still, viable solutions take time. Drawing up an official legal letter alone takes approximately two weeks.

3. RETAILERS ARE NOT ALL THE SAME

Retailers are affected differently by the crisis. It is hardly surprising that food retailers reported no or close to no losses. In terms of retail formats and investors' interests, this means that local suppliers and retail parks focusing on local supplies will remain in high demand in the future. According to Hofmann, department stores are about to experience a repositioning wave towards mixed-use, whereas in the mall sector, the sustainable ones will distinguish themselves from the unsustainable ones. Richter also emphasizes that there is a selection process underway.

4. ONLINE RETAIL DOES NOT COMPENSATE FOR REVENUE LOSSES

Like many other retailers, Hoepp was faced with considerable losses from stationary retail, including the entire Easter business. This was a severe blow. Weiland emphasized that the online revenue Deichmann generated during the lockdown is nowhere near the revenues usually achieved by stationary shops. Furthermore, customers had to live with longer deliveries. This curbed demand even more and increased return shipments.

5. NO BACK TO NORMAL

Sauerzapf had a stroke of luck in these trying times. As an anchor tenant, Peek & Cloppenburg found most of its lessors to be understanding. He is currently juggling with goods in all directions, at the expense of the company's margins. Hoepp also said that it will take quite a while before anybody returns to normal, despite the loosened crisis measures. Revenue remains below expectations. Hygiene regulations dampen the customers' desire to buy. Similarly, Weiland explains that most retailers have a long way ahead of them. Even in Sweden, where a lockdown was avoided, revenues decreased substantially.

Further ACROSS Retail Talks with exciting, European topics are already being planned right now.

Click here for web view

PEOPLE

SWISS PRIME SITE IMMOBILIEN MARTIN KALEJA


IMAGE: SWISS PRIME SITE IMMOBILIEN

Martin Kaleja was appointed CEO of Swiss Prime Site Immobilien and member of the Executive Board of Swiss Prime Site.

Born in 1972, Martin Kaleja is a German citizen and will assume his new role within the Swiss Prime Site Group on 1 January 2021, taking over from Peter Lehmann. Between 1992 and 1997, Martin Kaleja studied electrical engineering and information technology at the Technical University of Munich, graduating as a qualified engineer. He then completed his doctoral studies between 1997 and 2001, including a dissertation. He began his professional career at the Boston Consulting Group in 2001, where he spent 9 years as a management consultant in several European countries.

IMMOFINANZ STEFAN SCHÖNAUER AND DIETMAR REINDL


IMAGE: IMMOFINANZ

The Supervisory Board of IMMOFINANZ extended the Executive Board appointments for COO Dietmar Reindl and CFO Stefan Schönauer for a period of five years as of 1 May 2021, i.e. to 30 April 2026.

The composition of the Executive Board remains unchanged with Ronny Pecik (CEO), Dietmar Reindl (COO) and Stefan Schönauer (CFO). Dietmar Reindl has held key management positions with IMMOFINANZ since 2012 and was appointed to the Executive Board in May 2014. Stefan Schönauer has been with IMMOFINANZ in leading positions since 2008 and was appointed CFO in March 2016.

UNIBAIL-RODAMCO-WESTFIELD GERMANY CLAUDIA KARSCHTI

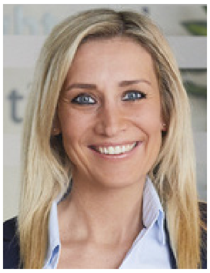
IMAGE: UNIBAIL-RODAMCO-WESTFIELD GERMANY

Claudia Karschti is the new director of Human Resources at Unibail-Rodamco-Westfield Germany.

On June 1, 2020 Claudia Karschti took over responsibility for Human Resources at Unibail-Rodamco-Westfield (URW) Germany. Previously Claudia Karschti was with Yum! Restaurants International as Head of People & Culture KFC for the region D-A-CH/Denmark and member of the management board. Her earlier positions include HR Business Partner at Fressnapf Holding and HR Manager at Santander Consumer Bank. Claudia Karschti received her diploma in social sciences with a focus on economic sociology and economic psychology at the University of Duisburg-Essen.

HYPERIN INC. MARKUS PORVARI


IMAGE: HYPERIN

The ACROSS Advisory Board is happy to announce its latest addition and welcomes Markus Porvari as its new member. Markus Porvari's experience extends over two decades in customer relations and managing high-level business operations for major clients and enterprises in ICT industry. Currently Porvari serves as Chief Executive Officer and President of HyperIn Inc. HyperIn's solutions are widely used to manage retail real estates in Europe and Asia with R&D centers in Finland and Hong Kong with authorized distributors in Europe, North America, Middle East and Asia. Markus is also a very experienced seminar speaker and a known person in the information technology community.

MAYA CAPITAL JARED HART


IMAGE: MAYA CAPITAL

Maya Capital teams up with Jared Hart to launch uk retail vehicle. The new vehicle will target retail assets in London and in the UK regions with a view to acquiring £250m worth of assets, building on Maya Capital's expertise in the commercial office market.

Maya Capital LLP, announces it has hired Jared Hart to oversee the launch of a new investment vehicle targeting UK retail assets in need of regeneration. Jared Hart has 15 years' experience working in the retail real estate sector. Prior to joining Maya, Jared was Managing Director at Trophaeum Asset Management, Thor Equities and Pears Global where he collectively invested in more than £2bn worth of assets over 100+ transactions.

PEOPLE

KLÉPIERRE JULIEN GOUBAULT


IMAGE: KLÉPIERRE

Klépierre announced that Julien Goubault has been promoted to General Secretary of the Group.

Julien Goubault joined Klépierre in October 2016 as Chief Communications Officer, in charge of financial and corporate communications, public affairs and coordination of the CSR policy.

The Klépierre Executive Board has promoted Julien Goubault to General Secretary effective June 1, 2020. The position was created to oversee human resources, governance, legal affairs, sustainable development, and corporate communication and public affairs.

SES SPAR EUROPEAN SHOPPING CENTERS KURT MÜLLER


IMAGE: SES SPAR EUROPEAN SHOPPING CENTERS

Kurt Müller has recently taken over management of the Forum 1 shopping center at Salzburg's central station in Austria. He follows Verena Wegscheider who left the company at her own request and on the best of terms. With 36-year old Müller, the very well-established local supply center gains an experienced business economist and marketing expert who will continue the center's successful course. Forum 1 Salzburg is operated by SES Spar European Shopping Centers. The centrally located center was opened in 2008 and comprises around 50 shops and restaurants.

FITFORCOMMERCE GARY BURROWS


IMAGE: FITFORCOMMERCE

FitForCommerce, a boutique omnichannel and digital consultancy, announces the appointment of Gary Burrows to the FitForCommerce Malls & Meeting Places practice as its Managing Director.

Gary Burrows joins FitForCommece with over 30 years of experience in developing, operating, and facilitating large-scale mixed-use real estate and retail investments. Gary will lead the FitForCommerce Malls & Meeting Place consulting practice globally. An expert in Place-making Methodology, Gary has worked with over 90 shopping centres across 36 countries in the UK, Europe, the Middle East, and North Africa.

INTER IKEA SYSTEMS KONRAD GRÜSS


IMAGE: INTER IKEA SYSTEMS

Inter IKEA Systems B.V. announced Konrad Grüss will become its new Managing Director. He succeeds Jon Abrahamson Ring, who will become CEO of Inter IKEA Group as per 1 September.

Inter IKEA Systems B.V. is the owner of the IKEA Concept and worldwide IKEA franchisor. Konrad Grüss is its Global IKEA Expansion Manager, and he has been acting manager for the franchise business since February 2020.

"I am happy that Konrad has accepted the role as Managing Director for Inter IKEA Systems. He brings a wealth of experience, expertise and knowledge of the IKEA business and franchise system to this role. He has a great ability to connect people and business, and he has a genuine passion to continue to develop the role of IKEA franchisor", says Jon Abrahamsson, Deputy CEO, Inter IKEA Group.

HAMMERSON DAVID ATKINS


IMAGE: HAMMERSON

David Atkins decided to step down as chief executive of Hammerson. He will remain in position until spring 2021 at the latest, while the Board conducts a search for his successor.

David Atkins said: "It has been a privilege to have led Hammerson for over ten years and I am proud of the many achievements and the incredible colleagues I have worked with. The current environment, exacerbated by the impact of Covid 19, is undoubtedly the most challenging we have faced as a business. I feel now is the right time to search for a new chief executive, a person who can not only lead the business as we emerge from this period, but also into its next chapter".

Click here for web view

ACROSS ADVISORY BOARD

The body's declared aim is to offer its expertise in topic formulation. It identifies the challenges the industry faces as well as the opportunities, emerging trends, etc. it sees. ACROSS's Advisory Board currently has 23 members. These are (in alphabetical order):


IMAGE: ATP

CHRISTOPH ACHAMMER
Chairman of the Board at ATP architects engineers


IMAGE: ECE

JONATHAN DOUGHTY
Global Head of Foodservice, Leisure and Placemaking at ECE


IMAGE: ATRIUM

SCOTT DWYER
Group Chief Operating Officer at Atrium


IMAGE: ECE

JOANNA FISHER
Managing Director Center Management at ECE


IMAGE: URW

ANDREAS HOHLMANN
Managing Director Germany of the Unibail-Rodamco-Westfield Group


IMAGE: FIBA

YURDAER KAHRAMAN
CEO and Board Member of FİBA Commercial Properties


IMAGE: MULTI

JOSIP KARDUN
Chief Investment Officer of Meyer Bergman


IMAGE: UMDASCH

SILVIO KIRCHMAIR
CEO of umdasch The Store Makers Management GmbH


IMAGE: ICSC

BILL KISTLER
Retail Real Estate Expert


IMAGE: NEINVER

DANIEL LOSANTOS
CEO of Neinver


IMAGE: MCARTHURGLEN

HENRIK MADSEN
Senior Retail Expert


IMAGE: MK ILLUMINATION

THOMAS MARK
President of MK Illumination Group


IMAGE: CINEPLEXX

CHRISTOF PAPOUSEK
CFO of the Constantin Film Group of Companies


IMAGE: HYPERIN

MARKUS PORVARI
Founder of HyperIn


IMAGE: ROS

THOMAS REICHENAUER
Co-Founder & Managing Director of ROS Retail Outlet Shopping


IMAGE: IMMOFINANZ GROUP

DIETMAR REINDL
COO of Immofinanz Group


IMAGE: HMSHOST

WALTER SEIB
CEO of HMSHost International


IMAGE: RETEAM

JACQUES SINKE
CEO of reteam international


IMAGE: RARE ADVISE

KLAUS STRIEBICH
Managing Director of RaRE Advise


IMAGE: SCSC

JAN TANNER
Expert Consultant for the shopping center, retail real estate, and retail industry


IMAGE: BOOSTCOM

PETER TONSTAD
CEO of Boostcom


IMAGE: UNION INVESTMENT

HENRIKE WALDBURG
Head of Investment Management Retail at Union Investment


IMAGE: DANIEL HAGER

MARCUS WILD
CEO of SES Spar European Shopping Centers

THE ACROSS APP IS NOW AVAILABLE!

Download on the App Store

GET IT ON Google Play

ACROSS
THE EUROPEAN PLACEMAKING MAGAZINE

ACROSS Medien- und Verlags GmbH

1010 Vienna, Austria
Ebendorferstraße 3|10
Phone: +43 1 533 32 60 0
Fax: +43 1 533 32 60-15
E-Mail: office@across-magazine.com

Publisher
Reinhard Winiwarter
Phone: +43 1 533 32 60 0
E-Mail: r.winiwarter@across-magazine.com

Advertisements
Reinhard Winiwarter
Phone: +43 1 533 32 60 0
E-Mail: r.winiwarter@across-magazine.com

Publishing Manager
Bernadetta Makselan
Phone: +43 1 533 32 60 0
E-Mail: b.makselan@across-magazine.com

Editorial Team
Heinz Erdmann, Editor-in-Chief
Phone: +43 1 533 32 60 0
E-Mail: h.erdmann@across-magazine.com

Claudia Aigner, Assistant Editor-in-Chief
Phone: +43 1 533 32 60 0
E-Mail: c.aigner@across-magazine.com

Susanne Osadnik, Editor

Online Editor
Phone: +43 1 533 32 60 0
E-Mail: onlineeditor@across-magazine.com

Art Director
Katrin Fail
Phone: +43 1 533 32 60 0
E-Mail: office@across-magazine.com