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HOW TO VALUE RETAIL REAL ESTATE

A DISCUSSION AMONG LEADING INDUSTRY EXPERTS

ROUNDTABLE VALUATION IS A REFLECTION OF THE ASSET MANAGEMENT STRATEGY

INTERVIEW UNION INVESTMENT ON WHY IT PAYS TO INVEST IN TRANSFORMATION

ROLE MODEL CHINA FIBA EXPLAINS WHAT WE CAN AND SHOULD LEARN FROM CHINA

DEAR READER,


IMAGE: ACROSS

Valuation is an instrument, but it is way more than pure statistics: This is one conclusion of our ACROSS roundtable discussion on valuation between Klaus Striebich (RaRE Advise), Steffen Hofmann (Ambas), Jean-Christophe Bretxa (METRO PROPERTIES), Tijana Elez (MPC) and Henri Eisenkopf (Union Investment). It became clear: Market developments also change the mechanisms of valuation. The way market players look at valuation and how it takes place varies throughout the industry. But they all agree that to find the “right” price for retail real estate, a clear vision, realistic business model, professional data, and expertise are essential. And then, valuation will follow a clear and straightforward asset management.

The roundtable (page 14) on valuation is the latest result of the regular exchange between our advisory Board members. Klaus Striebich, Head of the ACROSS Advisory Board, regularly discusses important industry topics with board members, thus promoting dialogue and collaboration within the placemaking industry. We are proud to gather so many industry leaders on one board.


IMAGE: ACROSS

Repurposing existing properties is a value-adding approach, benefiting both the capital market and users. This is why Union Investment is changing direction for the better by considering the value chain holistically. In a detailed focus topic, Managing Director Henrike Waldburg explains the corporate positioning (page 30), how Union Investments understands transformation, and why it is worth investing in transformation from a financial and social perspective. Furthermore, we show with five case studies how this works and what it looks like in practice.

Also, SES (page 46), HBB (page 42), and Kaufland (page 24) show how existing centers can be converted into state-of-the-art shopping destinations by sharing their case studies. „The further development of locations is one of the fundamental tools of our industry,” states Christoph Andexlinger, CEO of SES. “However,” argues Angelus Bernreuther, Head of Investor Relations Management at Kaufland, “revitalization presupposes that the market players – investors, tenants, and local authorities understand the mechanisms of success.

Enjoy reading this and our other articles and interviews.

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IMAGE: ECE

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IMAGE: ISTOCK.COM/KARELNOPPE

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UNIBAIL-RODAMCO-WESTFIELD

OPENING SPRING 2024

WESTFIELD HAMBURG-ÜBERSEEQUARTIER

DIGITAL REACH AND PROPERTY VALUATION

“We foresee the day when our clients display the digital reach of a given property alongside other key metrics, and put a valuation on their digital reach and add it to their balance sheet,” states Peter Tonstad, CEO of Placewise, in his latest PropTech column. According to Tonstad: In order to increase the value you provide to your shareholders, you must first recognize the potential of your data.

PROPTECH COLUMN BY PETER TONSTAD

At trade shows such as ICSC Las Vegas and MAPIC, many of the property owners and managers have impressive stands. They vary in branding and size, but their walls are usually decorated with images of the properties they own, and the figures detailing the sizes of the centers and the number of annual visitors are displayed. At Placewise, we have always envisioned the day when a property's digital reach is also showcased alongside other key metrics. That figure would be presented as the number of digital profiles and as a percentage of the annual unique footfall.

We also foresee the day when our clients valuate their digital reach and include that information on their balance sheets.

For many years, our vision has been to convert visitors into long-term digital relationships. We transform physical locations into digital assets with that goal in mind. That has primarily been done with shopping centers, but we have increasingly done it with other mixed-use properties (office, residential, etc.) as well.

Our approach has been to start with a digital handshake (opt-in) with the people who shop, dine, work, or live at a specific location. The initial handshake occurs in the context of the redemption of an offer or attendance at an event at the location, or through the property's website or social media platforms. That handshake then becomes a profile in the customer data platform, or CDP, where as much data as possible is attributed to the individual profiles over time. The volume of profiles then becomes the property's actual digital reach, often communicated as the percentage share of annual unique footfall.

On average, Placewise clients can achieve a digital reach of 30% of their center's annual unique footfall after three years.

IMAGE: PLACEWISE GROUP

Peter Tonstad is the CEO of Placewise Group

Those numbers continue to grow, and our best-performing clients boast more than 80% reach after five years. The insight gained from these initiatives is eye-opening for some, which encourages them to grow their defined catchment areas and has a positive effect on property valuation as well.

The business value of marketing programs enabled by digital reach is well documented in terms of increased visitation frequency and transactions. We also see examples in our client portfolio in which they appeal to attract new tenants because they have a digital reach that competing properties do not. In addition, when properties change ownership, the new owners regularly require the transfer of a property's existing digital assets as part of the transaction agreement, which increases the property value for the seller. Both examples show that digital reach should be an integral part of a property valuation.

WHAT NUMBER DO YOU PUT ON THE VALUE OF YOUR DIGITAL REACH?

At Placewise, we have been involved in many projects aimed at setting that value. The ideal starting point is to look at the actual incremental annual sales value of a digital profile or digital member compared to non-members. That number is then multiplied by the number of profiles and then multiplied by the average leasing rate to determine the cash flow for the owner. Because there is very little turnover in such databases, the lifespan of a member is very high (typically 2% annual turnover equates to a 50-year lifespan), so 10 years might be a reasonable timeframe to calculate in terms of financial modeling.

One example data set has an average shopping cart value per visit of EUR 45 x an incremental sales value of 25% per visit x an average of 60 visits per year x 10 years x 80,000 members = EUR 540 million in sales value and EUR 39 million in leasing value if 7% is used as the average leasing fee. Applying a 10% discount rate over 10 years yields a net present value of EUR 332 million, without taking into account typical growth in database volume or applying a terminal value. The leasing value of the net present value is then EUR 23 million – a substantial addition to a valuation.

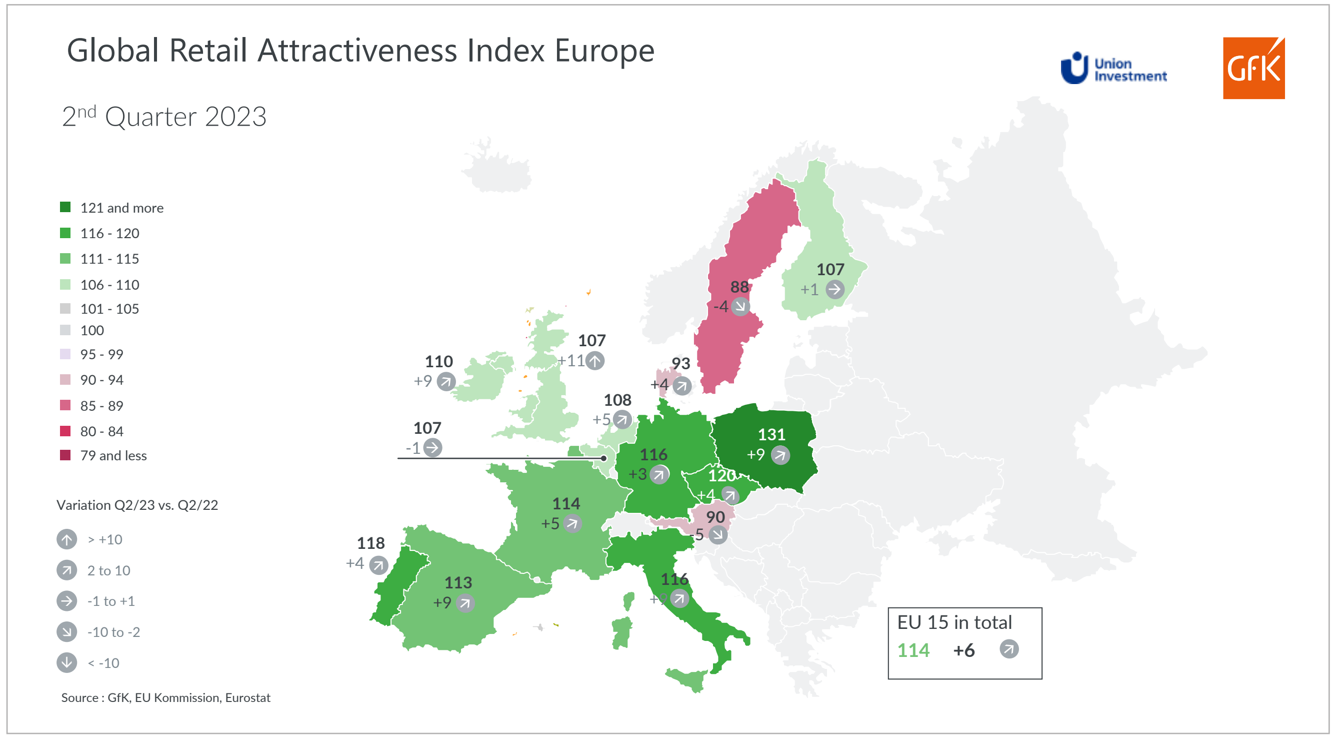
With a digital reach of 30% upward, the value of each property will be substantial. In times of high inflation, rising interest rates, and presumably reduced consumer spending, now is a very good time to start evaluating your digital reach and to consider increasing your investment in an asset that offers a guaranteed return over both the short and long term. The heyday of third-party data collection via the use of cookies is coming to a close as privacy has become paramount. First-party data is free, and most experts in the field agree that first-party data is more accurate because it comes directly from the customer. In addition, this method of data collection is more future-proof, and since it requires consumer consent and company transparency, it is considered the most ethical. As third-party data collection becomes more complicated and expensive, the value of your first-party data assets will also increase.

“Data assets are increasingly driving the overall value and growth of modern organizations. Therefore, building a framework to discover and realize the potential of your data is critical to increasing the value you deliver to your shareholders and optimizing the future success of your organization.” – Deloitte Data Valuation: Understanding the Value of Your Data Assets

Yes, Deloitte, we are pleased that you agree.

RETAIL ATTRACTIVENESS INDEX: RECOVERY OF EUROPEAN RETAIL MARKETS GAINS BREADTH

The GRAI 2/2023 shows increased signs of recovery in eleven European countries. The UK, Poland, Spain, and Italy showed solid gains. Overall, the GRAI increased by six points to 113 points, however, the gap between Europe and indices in North America and Asia/Pacific is growing.



As early as the first quarter of 2023, Union Investment's Global Retail Attractiveness Index (GRAI) showed tentative signs of recovery in individual European retail markets. This recovery gained strength and breadth in the second quarter. After the trend pointed upward in the first quarter for six of the 15 European countries included in the GRAI, eleven countries posted year-on-year gains in the second quarter. The increases were particularly significant in the UK, Poland, Spain and Italy, with nine and ten points respectively. Within a year, the Retail Index for Europe has risen by almost six points to a good level of 113 points.

"In addition to the positive trends in the labor market and retail sales that have been evident for some time, the rise in consumer sentiment in most European countries now also gives us reason to hope that the recovery will continue across the board and that markets will return to their pre-pandemic attractiveness levels," says Roman Müller, Head of Retail Investments at Union Investment.

Development of Retail Index for Europe and its components

Variation Q2/23 to Q2/22 in points (unemployment and retail revenue on a rolling 12-month basis)

Country	Consumer Confidence	Retail Confidence	unemployment (inverse)	Retail sales	Retail Index
Germany	+7	-7	+3	+7	**+3**
France	-3	+6	+9	+9	**+5**
Italy	+13	+6	+12	+5	**+9**
Spain	+9	+8	+5	+14	**+9**
United Kingdom	+23	n.a.	+11	+5	**+10**
Austria	+4	-36	+5	+9	**-5**
The Netherlands	+5	+12	-4	+8	**+5**
Belgium	+7	-15	+1	+5	**-1**
Ireland	n.a.	n.a.	+9	+6	**n/a.**
Portugal	+3	+3	-3	+12	**+4**
Denmark	+10	+8	-7	+2	**+4**
Finland	+3	-3	-2	+5	**+1**
Sweden	-12	-27	+17	+6	**-4**
Poland	+12	-3	+2	+26	**+9**
Czech Republic	+9	-2	+1	+8	**+4**
EU15 in total	**+8**	**-1**	**+6**	**+9**	**+6**

Source : GfK, Eurostat, EU-Kommission

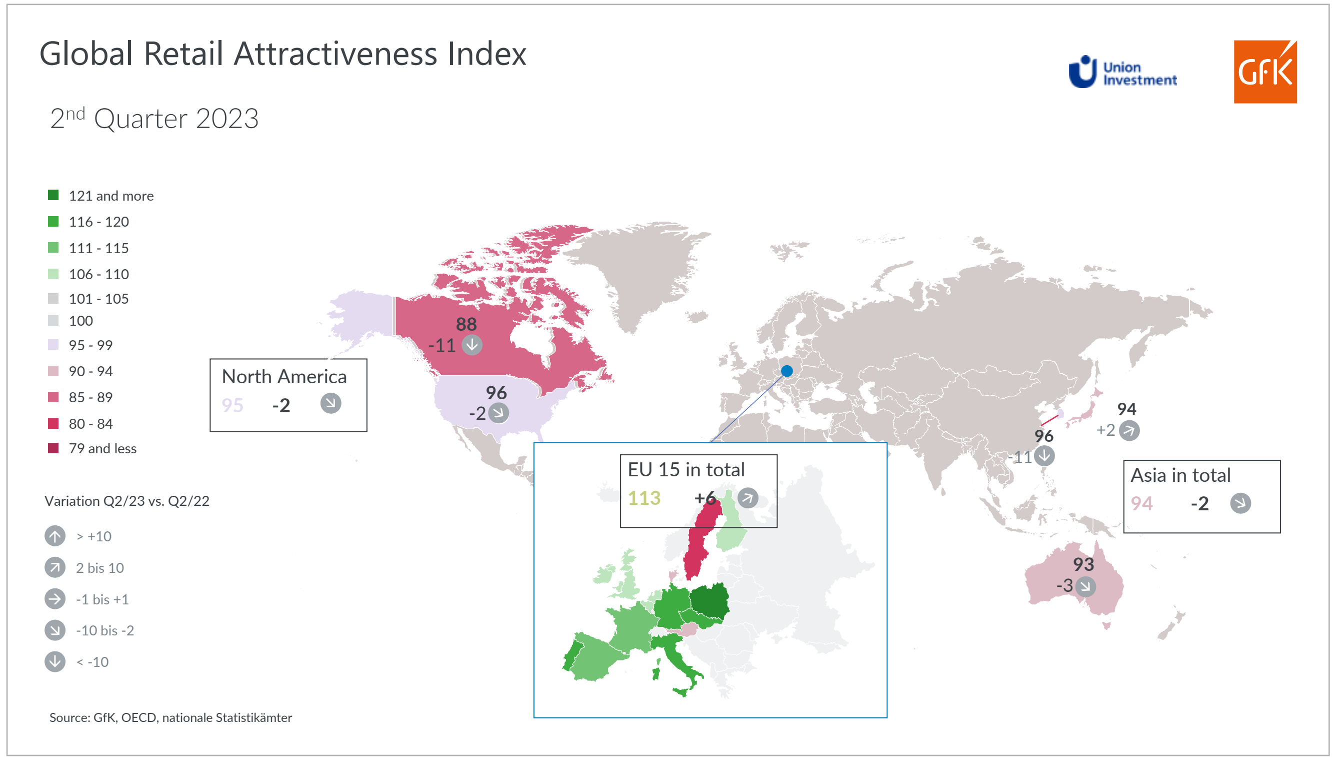
The reasons for the increase in the EU-15 index: Consumer sentiment (85 points) improved by eight points within a year. The labor market (137 points) and retail sales (135 points) are up by six and even nine points, respectively, compared with the previous year's second quarter. By contrast, sentiment among retailers (100 points) remained virtually unchanged.

The country ranking in the EU-15 index continues to be led by Poland (131 points) and the Czech Republic (120 points), followed by Portugal (118 points). Germany and Italy also remain in the top five, each with 116 points. In Germany, the Retail Index increased by three points. Bringing up the rear in Europe at the end of the second quarter of 2023 are Sweden (88 points), Austria (90 points), and Denmark with 93 points. Sweden and Austria also suffered the most significant losses compared with the previous year, falling by four and five points respectively.

While the EU-15 index can improve its level, the recovery in North America and Asia is still a long time coming. The North American index in the GRAI lost slightly (-2 points) and was thus 18 points below the European level at the end of the second quarter. The Retail Index in Asia/Pacific also lost two points. The gap to the EU-15 index thus widened to 20 points. Except for Japan, which improved slightly by two points, all the countries in the two overseas regions declined year-on-year in the second quarter. The most considerable losses, eleven points each, were suffered by Canada (88 points) and South Korea (96 points). The Canadian retail market thus remains at the lowest position in the GRAI's global country ranking.

IMAGE: UNION INVESTMENT

Roman Müller is the Head of Investment Management Retail at Union Investment.



METHODOLOGY

Union Investment's Global Retail Attractiveness Index (GRAI) tracks the attractiveness of the retail markets of 20 countries in Europe, the Americas, and Asia-Pacific. A score of 100 index points represents an average rating. The EU-15 index includes the indices of the EU countries Sweden, Finland, Denmark, Germany, France, Italy, Spain, Austria, the Netherlands, Belgium, Ireland, Portugal, Poland, and the Czech Republic, plus the UK, weighted by their respective populations. The North America Index includes the indices of the USA and Canada; the Asia-Pacific Index includes Japan, South Korea, and Australia.

Determined semi-annually by the market research company GfK, the Global Retail Attractiveness Index comprises two sentiment and two data-based indicators. All four factors are equally weighted, i.e., 25 percent each, in the index. Both demand-side sentiment (Consumer Confidence) and supply-side sentiment (Business Retail Confidence) are included in the index. The change in unemployment and the development of retail sales (rolling 12 months) are included in the GRAI as quantitative input factors. After standardization and transformation, the input factors have a mean value of 100 and a theoretical range of 0 to 200 points. The index is based on data from current sources from GfK, the EU Commission, OECD, Trading Economics, Eurostat, and the national statistical offices. The changes shown refer to the corresponding period of the previous year (Q2, 2022).

For additional graphics, go to the ACROSS website: ***https://www.across-magazine.com/grai-2-2023/***

ASSET MANAGEMENT COMES FIRST – VALUATION FOLLOWS ACCORDINGLY

In the most basic sense, market value refers to what someone is willing to pay for something. At first glance, valuation seems more like a matter of mathematics or calculation. That may have been the case for many years, but it is no longer the case. These days, we are all faced with many challenges and requirements; we see matured and saturated markets and short-term changes in financing and generating revenue streams. During times of complete information and transparency, valuation may be either the problem or an opportunity to manage and cope with the given situation. Klaus Striebich, Managing Director of RaRE Advise and Head of the Advisory Board discussed the issue with four international market leaders. He opened the debate on the methods, procedures, and drivers of valuation. The outcome: Valuation is much more than an instrument and entails more than managing Excel files. It describes how you view your property. As a result, it is always a reflection of your asset management strategy.

IMAGE: STRIEBICH

KLAUS STRIEBICH (MODERATOR)

Klaus Striebich is the Managing Director of RaRE Advise and the Head of the ACROSS Advisory Board. In this role, he regularly discusses important industry topics with the board members and thus promotes exchange and collaboration within the placemaking industry. Klaus Striebich has extensive experience in the retail and real estate industry. Real estate development, business development, feasibility studies, and asset management are among the key areas he has been responsible for in recent years. Striebich began his career at Kriegbaum Unternehmensgruppe in Böblingen, where he last held the position of Assistant to the Board Member for Real Estate and Expansion before joining ECE in 1992 as the Object Manager Leasing. At ECE, he subsequently served as the Regional Director Leasing. From 2003 to 2017, he remained in that field as the Managing Director Leasing before becoming the Managing Director of RaRE Advise in 2018.

HOW TO LOOK AT VALUATION

Valuation comprises timelines, perspectives, future developments, and plans. Looking into the actual operational praxis, the classical way of price finding through supply and demand differs from finding a price for a retail real estate asset. Nevertheless, the way market players look at valuation and how it takes place varies throughout the industry.

HENRI EISENKOPF: Regarding valuation, the most important perspective for Union Investment is that of our fund investors, as the valuation of the underlying property is one of the key determinants of the fund share price. Most of our open-ended public real estate funds are valued on a quarterly basis, so valuation plays a vital role. To manage valuations, we provide full transparency to our external appraisers through a fully digital and integrated workflow. The appraisers receive a complete data info pack that includes up-to-date rent rolls, a forward-looking business plan, a capex plan, etc. Doing so has enabled us to establish a very efficient system that has been up and running for roughly 10 years.

JEAN-CHRISTOPHE BRETXA: We take a different approach: At METRO, we do not book our assets at market value. As a wholesaler, we book our properties according to historical cost and depreciate them. Nevertheless, we have to perform valuations to check whether our book values are reasonable compared to the market. We perform what is known as an impairment test. The team looks for events that might cause the market value of the property to deteriorate. If, according to the valuation, the market value is lower than the value reported in our books, we may have to book an impairment. It is a very structured process. We primarily conduct it internally and with selected external appraisers, but the basis is, of course, our database.

TIJANA ELEZ: To avoid repeating what has already been said: MPC Properties' perspective on valuation closely aligns with what my colleague from Union Investment has said. We conduct annual valuations in order to maintain the accuracy of our asset assessments. Valuations are carried out more frequently if certain reasons require us to do so. Despite the relatively high level of inflation in Serbia, we still find ourselves on a promising path. Our rental income remains stable, with no significant rental discounts, ensuring a steady cash flow. To date, we have not faced the evolving market challenges seen in some other European countries. Nevertheless, we are well prepared to navigate any forthcoming shifts in market conditions, while actively seeking new investment opportunities within our property portfolio. Our valuation method for most assets employs the income approach. We use the market value for accounting purposes.

BRETXA: My role is more on the operational side – trying to create value from our properties. My observation is that most valuation methods, especially the discounted cash flow, do not reflect the properties' value or their potential. To me, the discounted cash flow is short-sighted.

IMAGE: METRO PROPERTIES

J.C. BRETXA, METRO PROPERTIES

Jean-Christophe Bretxa has been working with commercial real estate for over 30 years. He was appointed Managing Director and Chairman of METRO PROPERTIES Mall & Highstreet in January 2023. This branch is dedicated to shopping centers and high street properties. Before the split into two entities, he was the CEO of METRO PROPERTIES from June 2012 until December 2022. He joined METRO PROPERTIES as the Regional Director (Western Europe) in June 2011. Before that, Bretxa worked for the international property company Redevco, where his last position was as the Managing Director for France and Switzerland. He worked at Axa Reim until 2006, where he was responsible for 12 real estate funds. Bretxa began his career in 1988 as the Director of Property Services with the French department store company Printemps. He then held various real estate management positions at the French hypermarket chain Continent (Promodès) and the retail giant Carrefour. He received his civil engineering degree from Ecole Nationale des Ponts et Chaussées and graduated from Ecole des Hautes Etudes Commerciales in Paris.

The impact of the discount is so high after three or four years that what happens in the long term is more or less not taken into account. Furthermore, the market has changed in terms of lease structure. The days of presenting 15-year lease contracts to our banks as securities for cash flow are over. We have shorter leases, pop-up stores, and specialty leasing. Valuators argue that this is not sustainable income. Discounted cash flow in high-inflation countries like Turkey is also challenging. From our recent business activities, we have learned that discounted cash flow works in the Western world, where there is stability and relatively reasonable inflation. However, when you are in other jurisdictions that are much less stable, there is no guarantee that it will work.

HOW TO FIND THE RIGHT PRICE FOR RETAIL REAL ESTATE

It quickly becomes apparent how different valuation methodologies are and that there are different reasons for valuation depending on your role. There is a range in valuation. However, if people want to exchange goods in the market, they have to meet somewhere. That somewhere is the market price.

STEFFEN HOFMANN: People meet at a certain price, at a certain time, and under certain conditions. At that moment, the market price is not necessarily identical to the valuation. My job as an advisor is to understand and reconcile the differences between the financial assessments of the vendor and the purchaser and to guide the parties to a favorable price. Owners have different values on their books at different points in time. Potential purchasers may have their own investment approach. Added-value investors looking to acquire an asset for the next three to four years will arrive at a different asset value projection than a long-term holder, such as an evergreen fund vehicle, which has a longer-term perspective and sees the evolution of the land value across a 20- to 30-year horizon because it sees a city growing in a certain direction. Furthermore, investors weigh geopolitical risks and potential ESG implications differently. Transaction activity has slowed down, because willing purchasers, who are ready to embrace the uncertainty and risk associated with the current market setting, do not meet valuation-driven price expectations of those willing to sell.

The cash flow projection of a vendor who wants to dispose of an asset differs from that of a purchaser who sees potential in an asset. The latter may have an asset management initiative in mind that the current ownership did not believe in. He may have access to a tenant who can be very beneficial for that asset and replace former ones.

HOFMANN: That is correct. I am convinced that 90% of the time, a vendor's valuation will differ somewhat from a purchaser's valuation due to differences in business plan ideas. However, that does not change the fact that they still have to agree on a certain price level that will ensure that the transaction goes through. Valuation is a professional discipline, but it is as much of an art as it is a pure financial discipline.


IMAGE: AMBAS

STEFFEN HOFMANN, AMBAS

Steffen Hofmann is a Managing Partner at ambas Real Estate, a company with 11 employees and offices in Mainz and Hamburg. ambas is a specialized transaction and asset management advisor for owners and project developers of retail and mixed-use real estate. He founded the company (formerly known as iMallinvest Europe) in 2014. Steffen previously worked for the UK-based fund manager Henderson Global Investors and the German open-ended fund management platform Commerz Grundbesitz Investmentgesellschaft. With more than 22 years of industry experience, Steffen Hofmann is a genuine retail real estate specialist. Having operated in nine European markets (GER, AUT, UK, SWE, ESP, POR, ITA, HUN, SK), he deeply understands international investment market mechanics.

EISENKOPF: The key question to consider is: How do you implement your valuation guidelines and philosophy, and what do investors expect from the valuation and the fund as an investment product? Since we have quarterly target dates, our valuations move on a permanent basis, but at a slower pace compared to annual valuation rhythms. Regarding methods: From our perspective, the valuation methodology is secondary, whether you use an income approach, discounted cash flow, or other models. What is more important is the quality of the incoming data and the knowledge of the asset and the market. We try to communicate our business cases to our external appraisers. What ideas do we have about the asset for the upcoming years? Where do we want to generate an upside? Hence, we provide them with a full data set, including figures on various retail sectors and developments, etc., thereby enabling them to get a full picture of how we see the asset.

BRETXA: The value depends on what the purpose of the valuation is. The notion that real estate has a price is an illusion. There is a big misunderstanding about whether a specific model can calculate real estate. The potential transformation has to be included. A calculation can significantly change when the use of a shopping center is changed.

ELEZ: While there may be a wealth of data, the quality and accuracy of that data can vary widely. Assessing which data is reliable and relevant remains a challenge. Likewise, valuation often involves subjective judgments, such as assumptions about future cash flows or discount rates. Having all the information does not eliminate subjectivity, as those judgments can differ among experts. Therefore, our main goal is to provide quality data as well as how we view and feel about the project to experts, which will bring us closest to the asset's "objective" value.

RETAIL HAS DONE ITS HOMEWORK

As soon as we open a financial newspaper, we are confronted by the fact that inflation is high worldwide and that central banks want to pull a great deal of money out of the system in order to calm the economy and raise interest rates. Despite central bank policies and global challenges, there are positive signs, particularly in retail, where KPIs are growing stronger. Compared to other real estate asset classes, retail seems to be back on track.

HOFMANN: We all agree that there is movement in valuations on the books of many investors. My opinion: Money was too cheap. Interest rates of 4.5% are not unusual from a historical perspective, and 4.5 to 5.5% total debt financing costs for real estate is not unheard of. What caught the market by surprise was the rapid pace of that interest rate change and the fact that the leverage effect was suddenly no longer return accretive. As a result, there is an ongoing correction in value in most asset classes. In the office sector, for instance, the interest rate turnaround is compounded by a disruptive effect from the trend toward working from home. In some ways, the office market is going through what the retail market experienced eight years ago, when property owners noticed an increasing shift from physical retail to online retail. That shift impacted the affordability levels of rents at physical shopping places. It also meant that forward-looking income projections assumed lower rents for the future. While all of that was going on, COVID-19 hit the sector. Many people assumed that physical retail would never bounce back – but it did.

One consequence of COVID-19 has been a differentiation in the market. Some assets have become irrelevant, while others have benefited from less competition and a long-term strategy. What the winners have in common is that they have taken the time to understand what type of physical retail space they want to focus on in the future. As a result, they are expanding again.

IMAGE: UNION INVESTMENT

HENRI EISENKOPF, UNION INVESTMENT

Henri Eisenkopf is the Director Transactions Shopping Places at Union Investment in Hamburg, Germany and is responsible for the acquisitions and disposition of shopping places and mixed-use properties in Europe. Since 2018, he has been part of the retail investment management team, where he has covered investments in retail and mixed-use properties in Germany, France, Benelux, Italy, and CEE. Before his time at Union Investment, he was a Senior Investment Analyst at ECE Real Estate Partners, where he worked on acquisitions and disinvestments of European shopping centers. Prior to that, Henri Eisenkopf gained international market experience at JLL Korea in Seoul, where he advised national and international real estate investors on investments and dispositions in Korea in his role as Investment Sales Manager. In 2004, he started his career at DZ Hyp, the former WL Bank, focusing on commercial real estate lending.

HOFMANN: Retail is at a really fascinating point in the cycle. Income profiles have stabilized. KPIs at asset level look positive. Slight rental growth should soon be returning to the sector, which is completely different from the effect we are currently seeing in the office sector. Once again, all asset classes are currently experiencing price corrections due to the shift in interest rates. However, the value adjustments start at very different levels. Retail cap rates have been on the move since 2017 – at least in the shopping center sector, where cap rates for prime assets have moved from a historic low in core Western Europe of around 3.75% in 2016 to around 5.25% in the summer of 2023. Income risks have been repriced. COVID-19 risks have decreased. In addition, the moderate use of debt financing can still be return accretive in some cases. Relatively speaking, the change in interest rates is unlikely to cause the same degree of price correction that we have observed in other sectors.

It is important to understand what type of investment I am looking at. Is it for my solid long-term shopping basket? Do I need to convert the retail space to another use? If so, I had better talk about a residual valuation, because I will have to factor in the cost of converting the space to another use over time and will lose income during the construction phase. Alternatively, does the asset lie somewhere between the two and appear to be a bit shaky, then become stabilized with the help of a good asset management strategy?

HOFMANN: Despite all of the noise out there, we have entered a phase in which the retail real estate market is recovering. That is not to say that everything is easy, but the asset-level KPIs that we are seeing are encouraging. We have a much clearer view of the part of the market that should fully occupy physical retail spaces at decent rent levels for the future. For the first time in five years, owners and occupiers seem to be in agreement on what type of assets they are. That is a much nicer picture than what existed both before and during the COVID-19 outbreak.

EISENKOPF: I agree, there was a time when retailers had quite ambitious expansion plans and investors built too many retail units in some cases. That was followed by a growing e-commerce sector, the effect that COVID-19 had on physical retail, and the need for both tenants and investors to cope with rising costs and inflation, and to find good solutions for ESG strategies. At Union Investment, we always try to adopt the future developments and trends of the different sectors and to adjust our business plan accordingly, especially in terms of rental values and required investments. That is why we do not see relatively uniform volatility in our valuations. In terms of valuation and pricing, it is quite obvious that polarization within the transaction market is stronger than ever before. We saw this in the leasing markets several years ago. Anchor tenants only chose the best locations and centers in the catchment areas in which they wanted to expand, and clearly deselected others if they could not find the right locations and units. That is exactly what is happening on the investor side as well. The pricing gaps between trophy assets and prime assets are more pronounced today than they are for the second and third-best assets in a city. The latter assets may require different uses to transform them into sustainable real estate, i.e., mixed-use assets. In the midst of this polarization, we are still operating on a positive leverage effect with regard to shopping centers, which is not the case for all other asset classes at present.

FIND AND STRENGTHEN YOUR USP

What happens if you only have assets in the second-best category in your portfolio? How can a responsible asset manager or owner use valuation to shift that in the right direction?

EISENKOPF: It is about understanding the market and having a clear direction in which you should and want to move. For example: Is your target customer base and tenant mix more premium or more discount-oriented? How relevant and significant is your leisure share compared to others? You need to find your individual USP. Once you have defined it, you should keep building on that USP. You cannot be the best in every category. Asset management strategy and the business plan come first; and valuation follows accordingly. The point is to consider long-term market developments and medium-term asset performance. Consumer demand does not change overnight, so our strategy and valuation do not have to change overnight either.

ELEZ: MPC Properties has effectively cultivated USP for our assets. However, remarkable market transformations are underway in Belgrade. In response to those evolving dynamics, we are adjusting our strategies and investment portfolio accordingly in order to remain competitive. We have made measured adjustments to our refurbishment plans, recognizing the need for improvement in certain areas, such as leisure, entertainment, and restaurant offerings.

What should we focus on? We can now see that large food anchors, well-performing discount concepts, and luxury are doing exceptionally well. Why shouldn't we just combine the best-performing segments into one asset?

BRETXA: It is tempting to only focus on the segments that are performing well. When Westfield opened its first center in west London, they had no idea what to do with a particular area. They created a luxury mall in that shopping center and learned that there was a market for it. People are attracted to affordable luxury: as good as luxury, but at a reasonable price. This is an exciting development in the retail market. We need to watch those trends because those segments offer a lot of room for growth and innovation. Another interesting observation is that, for example, in markets like Poland and Turkey – not so much so in Germany – when we have major events, such as concerts, lotteries, and dance battles competitions, it is incredible to see how many people come out. Shopping centers can be places full of life.

With an emphasis on leisure, F&B, and events, shopping center managers have also tried to create non-shop revenue by renting out parking spaces for different occasions. Nevertheless, such income is not significant.

EISENKOPF: The more significant effects are not the additional revenues generated in the form of higher parking fees. The second-round effects are more relevant, which can be measured in terms of longer duration of stay and how often consumers connect with your center, as well as in terms of higher sales, e.g., for gastronomy and the leisure sector within the center. Regarding the sector focus: Shopping behavior has changed and is by far more heterogeneous than ever. Today, customers often combine the purchase of everyday goods and mass-produced goods with high-end and affordable luxury in different market segments. Customers use different grocery store formats ranging from discount to full-range to organic supermarkets, buy their basic equipment and trendy clothing from mass-market brands, and complement their outfits with luxury products. The same is true for F&B. The same customers will shop at your grocery store for lunch and dine at the center for two to three hours in the evening. Shopping centers need to find the right tenant and market segment mix depending on their catchment areas. Centers have changed accordingly over the past decade and will continue to do so. The pressure created by customer demand and retailers has helped us get to where we are today.

ELEZ: It is about constantly adapting, but radical changes are often unnecessary. The process involves a continuous commitment to staying attuned to market fluctuations. New, convenient concepts are developing all the time. For instance, consider the integration of children's entertainment with specific services for parents, for example, fitness, beauty salons, home decor, etc. Nowadays, it is about valuing experiences within a given center, rather than the rush-and-go mentality.

Nevertheless, we can accelerate this change or slow it down in order to intensify it. However, one obstacle remains for the industry: the lease contract. While they are often very complex documents, they still guarantee stable income.

BRETXA: You have to find concepts that attract new generations of customers, but big lease contracts do not create life. Innovative ideas and start-ups do not have lawyers to work through such lengthy paperwork. We have tried something creative in Poland via the "hOur Store". The idea is to rent out stores by the hour. We use units that are in the process of being transformed. We rent those spaces out like an Airbnb. It turned out that there was a demand for it. For example, we rented the space to a woman who made leather bags. She was selling her products online, but she could not afford a permanent store. She made bookings on a day-to-day basis. For her, it was a manageable investment. However, for us as a whole, we can get higher rents than with permanent contracts.

HOFMANN: There are plenty of well-functioning physical retail concepts out there. However, let's think about the broken retail bit for a moment, where we are trying to fill formerly used retail spaces with more suitable alternative uses. In some cases, the only proper use for such assets might be to slightly downsize the location and cut off the void from the remaining operation. As vertical retail has become less popular in many European countries, investors are increasingly thinking about space conversion options. The first thing that comes to mind is converting parts of the property into complementary uses, such as offices, a hotel, leisure, micro-housing, or a medical center. That certainly has good marriage value, and potential tenants would also want to occupy space at such a location. Who bears the cost of the conversion, however, has yet to be negotiated.

IMAGE: MPC PROPERTIES

TIJANA ELEZ, MPC

Tijana Elez leads the Financial Department responsible for controlling and planning financial resources at MPC, maintaining efficient financial operations, and following the latest trends in the industry. She is an experienced real estate finance professional with an extensive background in banking, corporate finance, real estate, project management, and syndicated financing transactions. Before joining MPC Properties, she spent more than 10 successful years in the banking industry in the real estate and syndicated loans segment. She arranged and handled structured finance transactions to acquire or develop major real estate projects in retail, office, residential, hotels, and other segments.

SECURING PREDICTABLE INCOME

It always comes back to individual needs and plans. Do you intend to sell your asset in 24 months because your fund has formally entered a wind-up period? If that is the case, the sellable asset needs to be "eligible". A meaningful WAULT and a certain occupancy level will be required, as will solid tenant arrangements that will make banks and financing partners feel comfortable.

HOFMANN: That is particularly valid when we look at premium inner-city shopping complexes or larger mixed-use assets. Those assets can be of enormous scale. The larger the deal volume, the more financing partners are involved. They usually do not want to be dependent on a newly opened leisure and entertainment concept that no one has ever heard of as the largest tenant with the longest lease. That can be a hurdle.

EISENKOPF: The roles of banks, financial partners, and investors are crucial. When the alternative use of an asset is discussed, decisions and analyses are always made on a case-by-case basis, depending on the property structure, the floor layout, the location, and tenant demand. We see high demand, for example, for medical care centers, community-driven co-working concepts, kindergarten, civic offices, and residential use. They value such locations because they are already community hubs. If you can create partnerships with those operators, ones that make sense in terms of your location and assets, you will be able to make a pretty strong case to your investors and the banks involved.

BRETXA: While I understand those arguments, I find them frustrating. I do not think our industry will change or grow if we do not manage to get rid of those extremely strong principles. I am surprised to see all the requests from financial institutions and banks regarding real estate – you can raise millions if you have a startup idea. To exaggerate: You can attend an accelerator, pitch for three minutes, then suddenly have people signing checks for 10 million euros. At the same time, we all see how much money has been burned in this sector. How can we manage to be as good as those guys in our industry? Do we need to have that kind of accelerator? I think we are way too conservative. We need to rethink the way we present our industry to capital markets and financial institutions, and present ourselves as a business with numerous opportunities, rather than always mitigating risks. We will lose our appeal and relevance if we continue to sell our projects and properties as products and virtually risk-free investments backed by thousands of guarantees. People will be less attracted.

ELEZ: Financial institutions maintain high standards when dealing with real estate investments. They have a set of specific requirements, with a strong emphasis on secure, long-term lease agreements, a steady and reliable cash flow, and a strong security package. Securing financing can be a challenge for smaller real estate investors. With that in mind, it is important to encourage banks, as our main partners, to explore a more adaptable structure. Furthermore, investors should explore different financing options, including private equity, crowdfunding, and joint ventures. Each option may have different implications for the property's cash flow and value.

Valuation can be an instrument for such a change. Is optimization in our day-to-day business possible with the help of valuation, or is it just a statistical instrument by nature? Is there a need for change in the methodology?

HOFMANN: If you want to move forward with an asset management initiative, you need to work together with your valuator. For example: An asset manager is considering investing 20 or 30 million euros in a property, because he or she has a great idea for a comprehensive asset management initiative. It is fair to ask what the valuators will say about it. Do they see the same value that we see? Committees try to understand the value implications of changes in the financial underwriting. What is the value if everything goes according to plan? What if things go a little better? What if the plan does not work? That also relates to exit rate assumptions. In every discounted cash flow valuation, the day comes when you say, "I am going to sell." However, to whom do you sell, and at what price level? Those are important factors when it comes to valuing your property. What is the optimal asset profile that you are aiming to create for the disposal period? Driving asset management initiatives also involves creating a profile that the market will buy into on the exit date.

THE INGREDIENTS OF FUTURE VALUATION

Bretxa: *Having a vision that people can trust and share is the most important thing.*
Eisenkopf: *Transparency, professional data quality, and a sustainable and realistic business plan and investment case are essential.*
Elez: *We need data quality, market knowledge, and professional expertise.*
Hofmann: *The track record of the asset and a compelling asset management vision for the future of retail.*
Striebich: *In addition, a clear focus on the customer should always be the starting point for every sale.*

REVITALIZATION AS AN OPPORTUNITY FOR FUTURE CORE ASSETS

Revitalization is one of the most important trends in retail real estate. “However, it presupposes that the market players – investors, tenants, and local authorities – understand the mechanisms of success,” explains Angelus Bernreuther, Head of Investor Relationship Management, Kaufland, using best-practice examples.

BY ANGELUS BERNREUTHER, HEAD OF INVESTOR RELATIONSHIP MANAGEMENT AT KAUFLAND

Our world has become more uncertain. Some say we not only face more uncertainties, but they have also become more complex. As a result, the real estate industry has not been able to take a deep breath in the wake of the pandemic. That makes it all the more important, especially in these times, to take a close look at what will continue to be core assets in the future. In this context, revitalization is one of the most important trends in retail real estate. In particular, it is not just a trend but an opportunity to create new sustainable real estate. However, it presupposes that the market players – investors, tenants, and local authorities – understand the mechanisms of success.

CURRENT RETAIL REAL ESTATE FRAMEWORK

First of all, it is worth looking at the topic in a broader context. That is particularly necessary for retail properties – considering the last few years. There have always been changes in the retail real estate sector, and there will also be changes in the future. Examples, such as some “dead malls” in the United States, suggest that physical retail formats may become obsolete. One of the reasons behind that, of course, was the rapid development of digitalization – and with it, online shopping. Omnichannel, 24/7 shopping experience, online and offline. Then, the pandemic broke out. What was not system-relevant, such as food, could inevitably only be bought online. For retailers and retail real estate, that was a true test. That’s not all: there were also new challenges in global trade, supply chains, inflation, energy, and much more. In addition, new geopolitical upheavals arose as a result of Russia’s war of aggression against Ukraine. As we can see, the challenges are immense. It is time to present a differentiated, opportunity-oriented picture of the current situation regarding retail real estate because retail has already proven that it can survive a number of times.

REVITALIZATION AND ESG

The overarching topic of ESG is one of the main triggers for revitalization. At least, it should be because there is great potential for ESG measures, especially in existing buildings. The construction sector is the most important trigger for emissions, far beyond transport and other industries. The focus, therefore, must shift from new-build to refurbishment, if only for reasons of economics and sustainability – not only in terms of (gray) energy but also for social aspects. Buildings are already an integrative element in the urban landscape. That also strengthens the “S” in ESG.

RETAIL INVESTMENTS, VALUATION, AND OPPORTUNITIES

Revitalization in retail real estate continues to gain momentum due to some fundamental changes in retail investments. It is worth taking a look at the retail asset class as an investment product over the course of the last few years. Generally speaking, risk appetite is on the rise again. In the current interest rate environment, core products often offer returns that are too low. Value-add always means that you can make something out of a good, existing location. It is precisely that tendency that is once again on the rise. In terms of valuation, retail was the first asset class during and after the pandemic to be under pressure (aside from food-anchored retail). However, proven resilience has emerged from these difficult times. Capex, e.g., for revitalization measurements in general, and, e.g., with regard to ESG in detail, can now be calculated for retail assets in a much more reliable way. That is also currently different to other main real estate investment classes, such as offices, where the new way in which we work has not resulted in a new type of office.

MUTUAL REVITALIZATION OPPORTUNITIES

The current framework shown is reason enough to examine where the challenges of revitalization become shared opportunities. Kaufland looks at this topic from an international perspective, operating large supermarkets in eight European countries, with a strong focus on Germany and CEE. We see ourselves as a footfall anchor for all retail locations – from stand-alone supermarkets, retail parks, and shopping centers to city-center locations. Revitalization will take place at all of those locations in the years to come.

Kaufland has opened more than 160 stores across Europe since 2020. A third of them are located in the CEE region and have many tenant-partners from the national and international real estate sectors. The opening of Kaufland’s 1,500th large supermarket in Romania at the end of 2022 marked a new milestone. Perhaps most importantly, more than 100 stores were revitalizations of former real hypermarkets in Germany and Tesco in Poland.

IMAGE: KAUFLAND

Angelus Bernreuther is the Head of Investor Relationship Management, Kaufland

Opening of Kaufland’s 1,500th store in Romania

IMAGE: KAUFLAND

IMAGES: KAUFLAND

Best Practice Shopping Center Revitalization: Fort Wola, Warsaw, Poland

IMAGES: KAUFLAND

Best Practice Retail Park Revitalization: Danubia Center, Bratislava, Slovakia

Former DIY stores, car dealerships, and many more were also included. We are not talking about theory, but about actual practice. This is not uncharted territory, but real experience across more than 500,000 sq m of newly revitalized retail space. Kaufland discusses revitalizations from a very practical point of view, with best practices from all types of retail asset classes.

BEST PRACTICE SHOPPING CENTER

Shopping centers were generally considered to be one of the larger core retail properties. For quite some time, fashion, sports, and consumer electronics guaranteed high and stable rents. However, the general conditions have changed – at least for those that are not within the top third of prime locations. There is, therefore, a clear need for revitalization at many centers – as was the case at the FORT WOLA shopping center in Warsaw. Opened in 2001 as a hybrid center with a hypermarket, the location subsequently underwent a number of changes until it was finally left vacant for many years. Mayland, the owner, finally undertook a revitalization in the truest sense of the word.

The focus here is on the restructuring of the former hypermarket area. In the new sector mix, the large supermarket, which covers approximately 5,000 sq m of leasable space, plays the new anchor role. The other areas will be subdivided into modern, larger rental units for the fashion sector, among others. The actual mall, which features small-scale lease concepts, was retained and continues to account for around 40 percent of leasable space. This is a good example of how a shopping center can be successfully repositioned in the market.

BEST PRACTICE RETAIL PARK

Retail parks have played an increased role in the retail landscape in many countries since the 1990s. Grocery stores have always played and will continue to play a dominant role. Retail parks are, therefore, aimed more at periodic demand. Nevertheless, there is also a need for revitalization in that area, as the Danubia Center in Bratislava, Slovakia, shows. Originally, only one large hypermarket was located there. A strip mall featuring additional specialty stores was added in an L-shape. In that instance, too, the area of the hypermarket was no longer contemporary and was too large.

Star Capital Finance, the owner, found a solution: The supermarket area was reduced in size, and space was created for additional specialty stores. A further upgrade of the strip mall is planned. Kaufland, a large supermarket, is the new anchor and is supplemented by another food discounter and specialty stores.

BEST PRACTICE CITY-CENTER RETAIL AND MIXED USE

The current discussions on the future of city-center department stores only show the recent urgency for new ideas in our cities and high-streets. While food retail will not save entire central locations alone, it still can play a decisive role in terms of bringing footfall back again. Furthermore, city-center locations are often predestined for mixed-use real estate.

Let's take the example of the Kaufland store in Göttingen, Germany, a university city with a population of more than 100,000. Kaufland has had a store in Göttingen since 2006. There are two locations in the city. At that time, the location at the start of the pedestrian zone was occupied by a wholesale company. A complete redevelopment has breathed new life into the old retail location. When the site was being restructured, parts of the old brickwork of the building were discovered. The incorporation of the historic roots into the store design was important to us. There is another special feature of this mixed-use property: apartments are located on the roof of the store. Residential space and a supermarket: The synergy is simply successful. As far as the city is concerned, it is a footfall anchor in a central location that ensures the population in the immediate city center is provided with a comprehensive supply of goods. In this case, revitalization was achieved through complete

Best Practice Revitalization City-Center and Mixed-Use: Goettingen, Germany

IMAGES: KAUFLAND

IMAGE: KAUFLAND

Revitalization in Partnership

demolition and new construction, which effectively blends into the urban district, not least thanks to the green roof.

THE DOS OF REVITALIZATION

The examples show that the revitalization of retail properties leads to future-oriented locations. The key to success: revitalization succeeds via collaboration between owner, tenant, and, ultimately, the local community, including its residents and customers. Our comprehensive experience over the past few years has definitely shown us some dos and don'ts.

Let's start with the success factors. As is always the case with real estate, it starts with comprehensive location, market, and competitor analysis. Think about the location from a completely new perspective, and do not hang on to traditions too much, which is often the source of the problems that lead to revitalization. That results in new usage concepts in retail and beyond, e.g., in mixed-use components. The important thing here is to check the possibilities regarding building laws as early as possible. That can present different challenges from country to country. Ultimately, a usage concept is only good if it can be legally implemented. That ultimately leads to the functionality of the building, which must also accommodate the new mix of uses. A detailed technical check, not least from an ESG point of view, is essential in this regard. That is particularly essential in terms of cost planning. For example: When traditional shopping centers are converted into neighborhood shopping centers, the delivery, storage, and the buildings' structures, in particular, are often insufficient to accommodate a supermarket. Such structural issues must be taken into account at an early stage.

THE DON'TS OF REVITALIZATION

A utilization concept that is not future-oriented, does not include innovative concepts, and does not take into account the future positioning of a location will not result in a successful revitalization. A utilization concept that makes too many compromises and loses sight of the costs will also run the risk of being unsuccessful. In concrete terms, one thing is always advisable: as far as possible, avoid long closure periods. A construction site is often preferable to customers having to reorient themselves. Experience shows that such market share can take a very long time to recover afterward. In this context, the joint timing of the reopening of all or as many new tenants and uses as possible should be an option. That makes it a perfect all-around concept for the customer.

REVITALIZATION IN PARTNERSHIP

All in all, the revitalization of retail properties can only succeed in partnerships. Early coordination of all parties involved, especially between the owner and the anchor tenant, is essential for success. Regular and extensive exchange with a clear communication structure is also crucial. In the end, after the difficult times faced by retail real estate over the last few years, there will be more opportunities ahead. Many locations will have the opportunity to implement new, future-proof concepts. For retail real estate, there is a new cycle ahead – one that will turn value-add assets into new core ones. Food will often play a decisive role in that new game, as it has proven to be online-resilient and a guarantor of physical footfall.

"RETHINKING THE VALUE CHAIN"

Repurposing existing properties is a value-adding approach, benefiting both the capital market and users. Union Investment is changing direction for the better by considering the value chain holistically. Managing Director Henrike Waldburg explains the corporate positioning and why it is worth investing in transformation from a financial and social perspective.

IMAGE: UNION INVESTMENT

Henrike Waldburg, Managing Director at Union Investment

It is worth investing in the transformation of your real estate portfolio: According to their baseline survey on "transformation properties" in the fall of 2021, Union Investment and bulwiengesa AG presented a comprehensive market analysis of this trending and future-relevant topic: **https://realestate.union-investment.com/de/im-fokus/transformationsstudie_2022.html**

ACROSS: ***FIRST, LET ME OFFER MY CONGRATULATIONS. YOU HAVE REACHED THE LEVEL OF EXECUTIVE LEADERSHIP AT UNION INVESTMENT, HAVING STARTED YOUR NEW POSITION THIS SUMMER.***
HENRIKE WALDBURG: Thank you very much. I took charge of the asset management business area on 1 July 2023. The core function of this business area is to add value. This is accomplished by leasing, as well as by commercial and technical management and real estate project development. I am also responsible for sustainability – a burning issue at present, and one that we are deeply committed to. From the perspective of sustainability, our corporate objectives – mine included – can be broken down as follows: Basically, the world is ready built, and we need to make careful use of our limited resources and take a long-term view of how we want to design our environment.

ACROSS: ***THERE IS A HUGE PARADIGM SHIFT TAKING PLACE IN THE REAL ESTATE MARKET AS WE SPEAK. NEW CONSTRUCTION WAS PREVIOUSLY THE NORM. NOW, IT IS THE EXCEPTION – REFURBISHMENT AND UPGRADING HAS BECOME THE NORM.***
WALDBURG: For many years, the capital market was driving the real estate market. Due to changes in inflation and interest rate policies, we are now seeing decreased transactions and new construction projects on a global scale. Moreover, real estate has always formed part of the economic ecosystem and the financial standing of its users is a useful indicator of the industry. The users are, in turn, affected by recessions and inflation, as well as real estate demand, requirements, and outfitting We have recently seen many changes in this respect.

ACROSS: ***WHAT HAVE BEEN THE MOST IMPORTANT CHANGES?***
WALDBURG: The professional world has undergone significant changes as a result of digitalization and the coronavirus pandemic. "New work" and "working from home" have become important topics. This sometimes necessitates user-based space adjustments. At the same time, the sustainability demands placed on real estate have increased significantly – not only at an investor level, but also for our leasing partners and the actual users of the properties. Now, we can answer the question of how to dovetail these with one another: User focus and user orientation on the one hand and sustainability on the other. We are uniting these concepts under the banner of transformation processes.

ACROSS: ***THAT SEEMS LIKE A MAMMOTH TASK.***
WALDBURG: Definitely – but the real estate industry must make a significant contribution for us to achieve our climate goals. After all, it is one of the largest consumers. New construction is always planned in compliance with national and EU specifications, but the actual construction requires massive resource consumption. Real estate portfolios will determine whether or not we achieve our climate goals.

ACROSS: ***THE WORD "TRANSFORMATION" IS ON EVERYBODY'S LIPS, BUT WHAT EXACTLY DOES IT MEAN?***
WALDBURG: Transformation does not have a firm definition. This is apparent when we look at the market. Even the smallest changes are referred to as "transformations". However, it is not possible for every re-leasing to be referred to as a transformation. One thing is very clear: this topic is very wide-ranging. For example, we have carried out immersive transformations for many years.

ACROSS: ***IS THAT THE SMALLEST FORM OF TRANSFORMATION?***
WALDBURG: Essentially, yes. We are talking about gradually adapting the utilization mix and integrating new types of usage. For retail, this means continuously expanding the mix of usage – such as by incorporating public functions. Examples from the office area would include the integration of gastronomic or conference offerings. Overall, immersive transformation aims to expand utilization in a way that synergistically complements the primary type of use and offers users added value. All of these tasks fall under the continuous asset management of a property.

ACROSS: ***YOU HAVE ALSO SPOKEN ABOUT TRANSFORMATION PROPERTIES. BUILDING ON THE PREVIOUS EXPLANATION, HOW DOES UNION INVESTMENT DEFINE THIS CONCEPT?***
WALDBURG: Union Investment has published two studies on transformation properties. During this process, we worked closely with bulwiengesa AG to develop a definition. As such, we have defined transformation as a comprehensive functional and structural redesign that makes a property accessible for one – or more commonly, multiple – new types of use. Almost all property types may become transformation properties. Incidentally, almost two thirds of those surveyed confirmed that they considered transformation properties to be more sustainable than demolition or new construction. Transformation is also economically profitable. Increased energy efficiency results in cost savings and reduced CO2 emissions. Admittedly, the potential construction cost savings must be assessed on a project-by-project basis. However, when asked directly, approximately 60% of those surveyed stated that transformation properties could solve numerous problems arising from the ever-increasing construction and energy costs, as well as disrupted supply chains.

ACROSS: ***WOULD YOU GIVE US SOME EXAMPLES OF TRANSFORMATION PROPERTIES?***
WALDBURG: You can find examples of transformation properties in the retail industry, but even hospitals, hotels, or former office buildings may become transformation properties. The common factor is market adaptation resulting from a more or less fundamental change in the usage – frequently as a result of expanding the utilization spectrum and creating a mixed-use property. A key component is the selection of comprehensive reconstruction – with or without the expansion of an existing property – instead of considering demolition or new construction (s. Union Investment definitions box).

ACROSS: ***WHAT IS THE OBJECTIVE OF TRANSFORMATION PROCESSES?***
WALDBURG: The objective of all transformation processes is to guarantee yield security throughout the entire life-cycle by leveraging future-proof utilization concepts. Crucially, the use and transformation of an existing property must contribute definitively to resource optimization in the primary energy sector. Moreover, transformation processes offer us the chance to broadly respond to sustainability challenges by adopting energy-efficient modernizations, environmental improvements, improved architectural and town planning quality, new mobility concepts, and the option of multiple use. We spend 90% of our lives in real estate – we really need to raise our expectations. There are no limits to the number of criteria we can include in the catalog (s. box).

ACROSS: ***HOW DO YOU INTEND TO SATISFY YOUR INVESTORS?***

UNION INVESTMENT REAL ESTATE GMBH AT A GLANCE

Assets under management: *57.3 billion euros*

Real estate assets: *47.5 billion euros*

Real estate funds: *44*

Real estate properties: *494*

National markets: *26*

European and overseas sites: *10*

Employees: *484*

Current developments in own building stock: *5 (in Brussels, Hamburg, Stockholm, Paris and New York City)*

Further active project developments: *approx. 30*

WALDBURG: As trustees, we are responsible for ensuring that these change processes and investments in existing real estate are profitable for our investors. This always involves active value creation, which in turn entails the uncovering of potential – primarily in the case of our own portfolios. If we execute a transformation process correctly, all parties will benefit equally. We therefore add value in multiple dimensions, including sustainability, on the one hand, but also revenue, on the other hand. Even urban developments benefit from transformation processes. Simply put – we need to rethink investment and the value creation chain.

ACROSS: ***FOR A LONG TIME, IT WAS THOUGHT THAT THESE OBJECTIVES CANCELED ONE ANOTHER OUT.***
WALDBURG: Absolutely not! Repurposing or redesigning has not always been more cost-effective than demolition and new construction in the past The benefits of sustainability are obvious, and new legislature has significantly increased the economic attractiveness in comparison to new construction. We believe that the current debate focuses far too much on the costs arising from sustainability initiatives. Instead, we primarily focus on our ability to create value and therefore concentrate on the underlying business case.

ACROSS: ***WHAT DOES THIS MEAN IN PRACTICE?***
WALDBURG: We constantly examine how we can combine sustainability and revenue potential. This may be accomplished in a variety of ways. Examples include the optimization or expansion of floor space. However, it is also possible to generate revenue by decreasing the ancillary costs, thereby increasing the net base rent.

ACROSS: ***WHO ARE THE STAKEHOLDERS INVOLVED IN A TRANSFORMATION PROCESS?***
WALDBURG: Climate protection is a team sport. This is the only path to success. It is imperative to create a common vision among all stakeholders – from the portfolio holders and investors to the project developers, across the entire construction i ndustry, and right down to the property, center and facility managers. The cooperation of the public sector is critical to ensure the correct regulatory and legislative framework conditions. It is equally important to involve users and tenants. The actions of these parties significantly contribute to the actual conditions in real estate and the level of energy consumption. We are in constant communication with our rental partners. However, we need to drill down into individual conversations.

ACROSS: ***WHAT WOULD YOU LIKE TO TALK TO THEM ABOUT?***
WALDBURG: Ultimately, the conscious consumption of resources. This goes beyond merely abstaining from use. We need to set priorities. For example, do we really need to ventilate and cool a large office building around the clock? What adjustments can be made to ensure that these utilities are only available when the building is actually in use? This example also shows the importance of digitalization.

ACROSS: ***WHAT DOES A TRANSFORMATION ROAD MAP LOOK LIKE?***
WALDBURG: Our process is standardized, but the solutions are individually customized. This may include commercial audits, municipal economic analyses of the site, stakeholder analyses, legislative and political framework condition analyses, and even analyses of the building properties and technology. Our project development team includes 45 experts. In addition to being responsible for the technical management of the real estate portfolios, the team is tasked with advancing project development involving both acquisitions and the existing portfolio. Our colleagues working in this field are both procedurally and organizationally intertwined with the leasing team, the commercial colleagues, and our sustainability experts. Without this dovetailing, it is impossible to move anything forward – this is the only way to develop a business case.

ACROSS: ***THE INDUSTRY SAW SUSTAINABILITY AS AN ABSTRACT TOPIC FOR A VERY LONG TIME – IT HAS ONLY RECENTLY BEEN CONSIDERED PART OF OPERATIONAL ASSET MANAGEMENT. HOW DO YOU AIM TO INTEGRATE THIS TOPIC INTO THE COMPANY MORE DEEPLY?***
WALDBURG: Sustainability cannot and must not occur in isolation. Our sustainability team has set up the strategic guardrails and kept abreast of both new regulatory requirements and innovations. Sustainability in all three areas – E, S, and G – should be a requirement for every single real estate property. However, implementation at the property level necessitates a certain degree of sustainability consciousness and knowledge among the users and operators of the property. For example, when we consider energy-efficient modernization, our team faces a steep learning curve. This is partly a practical consideration – our colleagues with commercial responsibilities and expertise will now also be able to assess concrete, technical interdependencies and set the correct priorities for further developing their property. This requires training and organization. One of the greatest challenges facing the real estate econ-omy is continuing to develop employee qualification if we want to have any hope of tackling the issue of decarbonization.

ACROSS: ***THE LABOR MARKET IS PARTICULARLY TENSE AT THE MOMENT. HOW DO YOU FIND THE RIGHT EMPLOYEES FOR YOUR PROJECTS?***
WALDBURG: We are quite proud to say that we have already found the right people. We have more than 55 years of experience in the real estate industry. This includes extensive experience with steering projects and particularly those involving existing properties. The current size of our project portfolio is approximately 5 million euros. Six of these projects involve existing properties. Union Investment possesses significant in-house competence in the areas of renovation, refurbishment and consolidation. This competence is unique, since many other project developers have exclusively focused on new construction in the past. This wealth of knowledge offers a major industry advantage. We also have more than 15 years of experience in the field of sustainability management that we leverage to our benefit.

ACROSS: ***YOU ALSO HAVE A GREAT DEAL OF EXPERTISE REGARDING VARIOUS ASSET CLASSES AND HOW TO COMBINE THEM.***
WALDBURG: You are absolutely right. Mixed-use is part of the Union Investment DNA. Our studies have also shown that 60% of transformations result in mixed use. We have been involved in advancing urban district development for many years. We have distinguished ourselves in this particular field not only through our knowledge of the various types of usage, but also through our

DEFINITION OF TRANSFORMATION PROPERTIES: UNION INVESTMENT

The critical elements of the term "transformation properties" are:

- *Transformation properties are not defined by their utilization mix and may include both single-use and mixed-use properties, with mixed use increasingly becoming the outcome of transformation – partly because it promotes real estate resilience to market changes.*
- *Transformation properties are existing properties that have undergone significant changes to their building and utilization structure. In these properties, a minimum of 30% of the gross floor area will have been renovated and had its utilization changed.*
- *"Transformation light": There is an intermediate step to transformation that was detected during the current study, involving properties in which*
  - *a) the renovated area is less than 30% of the gross floor area, but the utilization of more than 30% of the gross floor area underwent a change, or*
  - *b) the renovated area is more than 30% of the gross floor area, but the utilization of less than 30% of the gross floor area underwent a change*
- *(Newly constructed) properties on areas previously used for traffic infrastructure and previous outdoor military areas are not classified as transformation properties.*
- *Properties that have been opened up to the real estate market for the first time (e.g., public schools and hospitals, industrial properties, or military properties) and have therefore undergone a complete transformation of the economic foundation and utilization are defined as transformation properties, irrespective of the structural changes.*

Union Investment market survey: https://realestate.union-investment.com/de/im-fokus/transformationsstudie_2022.html

UNION INVESTMENT CRITERIA CATALOG FOR "TRANSFORMATION"

There are a variety of topics that play a major role in existing property projects that go beyond reducing CO2 emissions. Union investment has defined its own sample criteria catalog for this topic. The main topics are:

Criteria for transformation properties focusing on the economic energy balance	**Criteria for environmental improvement and holistic consideration of sustainability**
• Reuse of embodied carbon	• Environmental improvement
• Increase of building density on existing lots	• External areas
• Improvement of energy efficiency in the (existing) building shell	• Mobility / Infrastructure
• Use of renewable energies	• User centricity
• Minimization of energy and water consumption / energy-saving building services installations	• Construction process

DOVETAILING OF PROCESSES TO IDENTIFY AND IMPLEMENT FURTHER DEVELOPMENT AND SUSTAINABILITY POTENTIAL IN EXISTING PROPERTIES

SOURCE: UNION INVESTMENT

ability to optimally combine them to yield maximum synergy. We have come so far in this regard that we have once again returned to the role of project developer in certain projects, such as the YVIE in Amsterdam or the urban district development in Hamburg-Wandsbek. Transformations are extremely location-dependent and necessitate a thorough understanding of the sites and circumstances. We have already internalized this extremely individualized perspective of property management for many years.

ACROSS: ***WHERE HAVE YOU HAD TO READJUST IN SPITE OF THIS, AND HOW DO YOU KEEP YOUR EMPLOYEES UP-TO-DATE?***
WALDBURG: Our environment is constantly changing, so logically, our team must also continue to develop professionally and obtain new qualifications. The coronavirus pandemic challenged us greatly in terms of agility – both at a corporate and an individual level.

ACROSS: ***WHERE IS THIS AGILITY APPARENT?***
WALDBURG: We are now much more flexible in terms of workflows and communication – our ability to comprehend certain topics has also benefited in this regard. Whoever believed that we would discuss specialist medical topics as equals before the 2020 pandemic? Despite being part of the real estate industry, we had to rapidly create hygiene concepts, set up flexible contracts, and effectively understand funding programs. We demonstrated our ability to adapt at a breakneck pace and were able to maintain our commercial activities. We already possess the necessary agility to allow us to adjust to the extremely complex present and future challenges.

ACROSS: ***GENERALLY SPEAKING, WHAT IS MISSING FROM THE CURRENT DISCUSSIONS REGARDING THE REAL ESTATE INDUSTRY AND DEALING WITH THE CLIMATE GOALS?***
WALDBURG: We have a more holistic view of sustainability. Since the introduction of the Disclosure Regulation in 2021, we have placed increasing focus on the topic of energy efficiency. This is completely appropriate. We cannot make the mistake of using energy requirements – measured using taxonomy or the Carbon Risk Real Estate Monitor (CRREM) pathway – as our only benchmark. There are a host of other criteria.

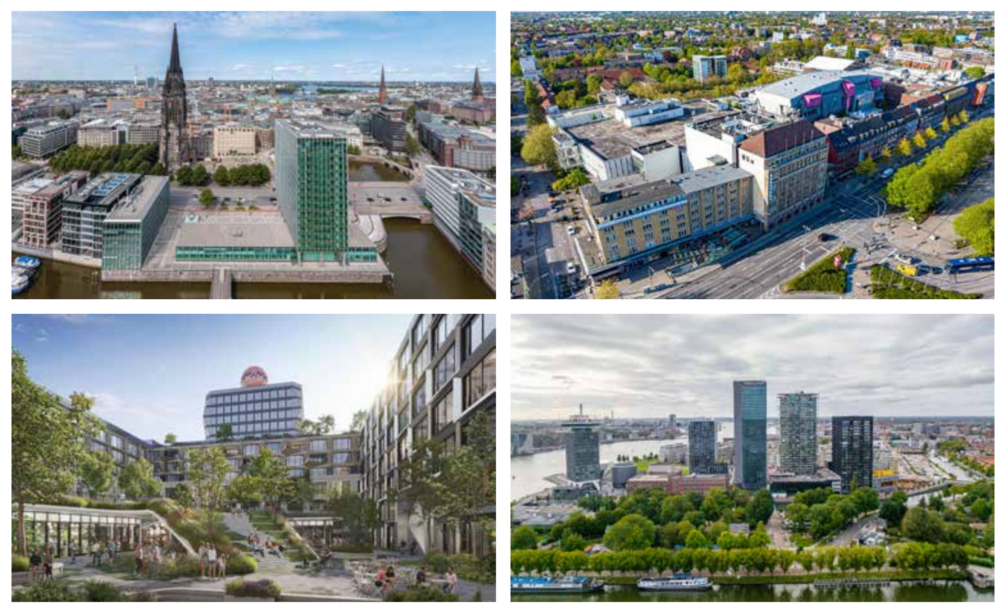
ACROSS: ***WHAT ARE THEY?***
WALDBURG: At the center is the energy demand throughout the entire life-cycle. However, this is not captured by taxonomy, which simply focuses on operational consumption. The amount of energy it will take to develop the property is not considered at all.

ACROSS: ***WHAT ARE SOME OF THE OTHER ASPECTS?***
WALDBURG: In my opinion, we spend far too little time discussing whether a technology or measure not only saves energy, but also produces no additional pollutants. Let's consider the example of extruded foam materials that are used for insulation. It is justified and necessary for us to discuss whether or not we are producing hazardous waste that will need to be discarded in future. We should also consider ESG aspects when examining the supply chain for photovoltaics. All these aspects must be discussed at the same level of depth, and should definitely be included in the overall consideration.

ACROSS: ***YOU HAVE ALREADY MENTIONED THAT TRANSFORMATION PROCESSES ALWAYS TAKE PLACE IN A POLITICAL ENVIRONMENT. WHAT ARE THE CHALLENGES IN THIS REGARD?***
WALDBURG: Achieving our climate goals is a major social goal – this is why the public sector also needs to adjust its processes. During our market research, the real estate stakeholders who took part mentioned a strong desire for feasibility. The market participants considered simplified utilization licenses/repurposing licenses and fewer conditions for reusing construction materials to be most important. The entire venture is meaningless if we do not address concerns regarding the circular economy. At present, new construction standards are frequently applied when conditions and requirements are placed on products.

ACROSS: ***WHERE IS THERE ROOM FOR IMPROVEMENT IN TERMS OF PROFITABILITY?***
WALDBURG: Licenses for increased space utilization are important. This is the only way to generate additional income potential, which would balance out the costs of energy-efficient modernization, for example. We also need to accelerate the planning processes. It can take anywhere from 18 to 24 months to receive a construction permit, depending on the site. The real estate industry is ripe for change – it is high time that the requirements for a fundamental willingness to "invest differently" is created at all levels. .

ACROSS: ***THANK YOU FOR THIS INTERVIEW.***



ALL IMAGES: UNION INVESTMENT

Transformation in Practice: Projects of Union Investment

DISTRICT DEVELOPMENT HAMBURG-WANDSBEK MARKT – THE TRANSFORMATION OF A DEPARTMENT STORE PROPERTY INTO AN URBAN QUARTER, INCLUDING A SHOPPING CENTER

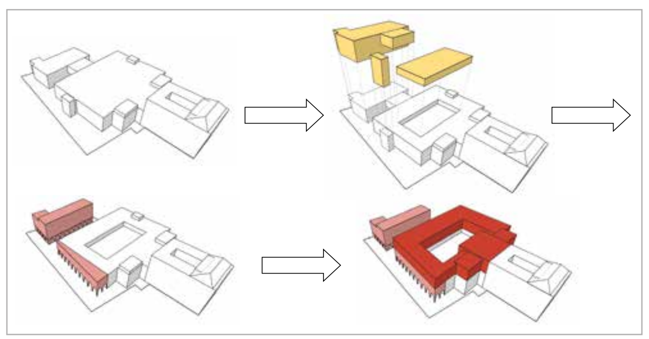
The project, which is being developed jointly with the district of Wandsbek, focuses on creating housing, catering, and commercial space and underscores the character of a sustainable, locally networked neighborhood. This particularly relates to the range of restaurants, where the focus is on regionality. Another key factor is the implementation of a sustainable mobility concept.

The transformation roadmap: The old building of the Galeria property with its listed facade will be retained. Terminating the lease with Galeria allows the development of a new vital square in the center of Wandsbek through retail offerings, offices, and cultural and educational facilities. The entire Karstadt extension from the 1960s can be preserved in its shell. Union Investment attaches particular importance to urban integration and a lively mix of uses. For example, plans call for constructing an event hall that will open onto Wandsbeker Königsstrasse and simultaneously provide a link to QUARREE Wandsbek. A new residential development is planned in place of the parking garage. The project will start in 2024, with its completion scheduled for the end of 2027. Union Investment is supported by its longstanding location partner, Sierra Germany. Union Investment is investing a three-digit million euro sum in this neighborhood project.

Location: Wandsbek district, Hamburg, Germany
Properties: QUARREE Wandsbek + Galeria-Haus
Owner: Union Investment, acquisition in 2014
Project duration: 2021-2027
Targeted property use: Retail, apartments, cultural events, restaurants, offices, education
Expansion of GLA: appr. 15,600 sq m

"The closed Galeria store will not leave a gap in Wandsbek. With foresight, we have used the great opportunities offered by this location to develop a concept for transformation and densification at an early stage. In this process, the historic Karstadt building will be preserved – but behind it, a new, lively quarter will emerge: Retail, gastronomy, diverse living, education, and culture will complement each other and contribute to a sustainable enhancement of the site and its surroundings."

Ronald Behrendt is the Project Manager for the Wandsbek Markt district development at Union Investment



Top: The transformation roadmap for the Wandsbek district.
Bottom: Implementation to date from existing Property to expansion.

TRIIIO HAMBURG: REVITALIZATION OF AN OFFICE BUILDING – THE REPOSITIONING FROM SINGLE TO MULTI-TENANT USE

Union Investment purchased the properties in complete vacancy. The core task is the conversion of the properties into a property that can accommodate several tenants, taking into account the extensive preservation order. In addition to historic preservation, challenges included realizing small-scale rental space for maximum flexibility, rebranding and repositioning after the former sole tenant Hamburg Süd moved out, and leasing during the conversion.

TRIIIO Hamburg is located between the southern edge of the city center and Hamburg's Speicherstadt warehouse district, making it one of Hamburg's most sought-after real estate locations. TRIIIO Hamburg, which the shipping company had vacated, was converted into an urban quarter within 1.5 years, with offices, a company restaurant, as well as conference and collaboration areas. In the spirit of sustainability and due to the protection requirements for historical monuments, the Hamburg Süd lettering was removed, and the "Hamburg" part of the lettering was cleaned and subsequently reattached together with the TRIIIO lettering. The first tenants moved in at the beginning of 2023. Initially, the building consisted of three components: A 15-story high-rise, a two-story connecting building, and a six-story building. In 2016, the complex underwent a technical and energy refurbishment and was extended to include a seven-story office building.

Ninety percent of the total 19,321 sq m in TRIIIO Hamburg is already leased to 7 companies with solid credit ratings. Full occupancy of the usable space in the now BREEAM-certified TRIIIO is within reach. The new users include the law and tax consultancy firm YPOG and the real estate services provider Cushman & Wakefield. Future TRIIIO users also include collect.AI, a subsidiary of Aareal Bank, the hydrogen division of E.ON, the ship classification company Lloyd's Register, and Deutsche Giganetz GmbH. The new tenants are all scheduled to move in by April 1, 2024.

Location: Hamburg, Germany
Property: TRIIIO Hamburg (formerly known as Hamburg Süd Headquarter)
Owner: Union Investment, acquisition in 2021
Project duration: 2022-2023
Targeted property use: offices with complimentary restaurants
Lease increase: 90% from 03/22 to 08/23

"The special feature of the TRIIIO project for me was the high profile of the property in Hamburg and far beyond and the special requirements for its historic preservation. To have the opportunity to work on a listed part of Hamburg impresses me to this day. In close partnership with the landmark preservation authorities, we transformed the former Hamburg Süd headquarters into a building that meets the requirements of a new, demanding tenant clientele while retaining its character, right down to parts of its name. And, of course, its priceless view over Hamburg, now complemented by magnificent roof terraces to enjoy it even more."

Sophia Pertig is the Project Manager at Union Investment for TRIIIO Hamburg

LOVT MUNICH: DISTRICT DEVELOPMENT IN MUNICH'S WERKSVIERTEL – THE TRANSFORMATION OF AN INDUSTRIAL SITE INTO AN URBAN DISTRICT

Union Investment is implementing the transformation of the LOVT Munich building ensemble together with real estate investor Hines. Around 96,000 sq m of largely vacant existing space is being transformed into a sustainable, mixed-use building ensemble with office, restaurant, cultural and creative space. In several construction phases, the existing buildings are to be revitalized sustainably and taxonomy-compliant. Completion is planned for 2029. The total investment is expected to exceed one billion euros. The process began with rebranding the buildings from MediaWorks to LOVT Munich with the subbrands LOVT VISION, LOVT VIEW, and LOVT VIBE.

An essential aspect of the revitalization is the comprehensive ESG strategy, which aims to preserve much of the existing buildings and sustainably renovate other parts. This includes revitalizing the properties while retaining their historic features, including ceiling heights of 4.20 meters. In addition, environmentally friendly materials will be used. The concept also calls for the sustainable redesign of the attics, an inviting façade design, and the greening of large parts of the roof areas and courtyards with complementary uses. Under one of the redesigned courtyards, an underground parking garage with approximately 470 parking spaces is planned. The sustainability concept is designed to ensure the highest technical standards and thus create attractive and sustainable rental space for future users. In addition, the building and its building services components will be designed to enable CO2-neutral operation.

Location: Werksviertel district, Munich, Germany
Property: LOVT Munich (formerly known as MWM, MediaWorksMunich)
Owner: JV Union Investment and Hines Immobilien GmbH, acquisition in 2021
Project duration: 2023-2029
Targeted property use: offices, cultural events, restaurants, crafts
Expansion of GLA: from 96,442 to 113,942 sq m (+18%)

"In close cooperation with our partner Hines, we are developing a former industrial site in Munich's Werksviertel purchased for this purpose in 2021. The plan is to preserve as much of the existing buildings as possible and to comprehensively revitalize them in combination with new buildings and extensions in timber hybrid construction. In three construction phases, a sustainable and forward-looking quarter will be created, with sustainable office space at its center that fully meets the requirements of new forms of work in terms of flexibility and efficiency. High-quality architecture and furnishings and high amenity qualities through landscaped courtyards and roofs with complementary uses such as gastronomy, culture, and commerce will create a unique character of the quarter and thus a corresponding added value for future users. The development will meet the highest ESG requirements and significantly contribute to the funds' taxonomy ratio."

Monika Gerdes is the Project Manager at Union Investment for LOVT Munich

YVIE AMSTERDAM – THE PROJECT DEVELOPMENT OF A CONGRESS HOTEL AND RESIDENTIAL TOWER

In the immediate vicinity of the Central Station, Union Investment is developing a congress hotel, a residential tower, and an extended-stay concept in Amsterdam's Overhoek district. In 2019, Union Investment took over the project after it had stalled. Challenges include the resumption of planning, securing the ground lease, and immediate commissioning of a new general contractor. Union Investment is investing around EUR 500 million in the project development.

To realize this, Union Investment has concluded leases of above-average length. To supplement the residential and hotel offering with residential units that can be booked over the longer term, Union Investment partnered with Irish aparthotel operator Staycity. From May 2024, Staycity will operate 120 rooms on floors three to ten and a total area of 7,000 sq m in the 31-story residential tower, one of the two buildings in the mixed-use complex. The other floors of the residential tower will be occupied by 176 rental apartments, which Union Investment will market directly. The lease agreement concluded with Staycity has a term of 25 years. With an agreed lease term of 50 years, Union Investment is also entering into a strikingly long-term lease agreement with the Maritim Hotel group. The Maritim Hotel is scheduled to open in 2024 with 579 rooms. The 110-meter hotel tower for the four-star property will be Amsterdam's third tallest building. Attached to it is a modern and multifunctional convention center that can accommodate more than 4,400 visitors. Measured by the number of rooms in the attached hotel, the congress center will be the largest venue of its kind in the European market. With the Maritim Hotel in the neighboring building and Staycity in the residential tower, around 75 percent of the total project has been already pre-let.

Location: Overhoeks district, Amsterdam, Netherlands
Property: YVIE Amsterdam (congress hotel + residential tower)
Owner: Union Investment, acquisition in 2019
Project duration: 2020-2024
Targeted property use: hotel with restaurants and spa, residential apartments, extended stay, offices
Expansion of GLA: to 106,000 sq m

"In 2019, we purchased this project development in the then still quite empty Amsterdam North district, as we recognized the outstanding potential of this property in this unique location. Through the focused use of our many years of project experience, we could very quickly resume the construction work, which the seller had stopped earlier. The execution of this highly complex construction task in a time marked by pandemic, supply shortages, construction cost increases, and a war in Europe could only succeed because all parties involved brought an extremely high level of commitment and cooperation."

Ronald Behrendt is the Project Manager at Union Investment for YVIE in Amsterdam

RHEINPARK-CENTER NEUSS – THE TRANSFORMATION OF A SHOPPING CENTER INTO A RETAIL AND SERVICE CENTER

Rheinpark Center Neuss is in a high-income region in North Rhine-Westphalia, Germany. It was extensively modernized and expanded before Union Investment acquired the center in 2011. Today, it has around 140 stores and a food court on a usable area of 47,852 sq m. Tenants include Decathlon, Saturn, Thalia, P&C, H&M, Rituals, DM, Snipes, and a supermarket.

Union Investment plans a comprehensive repositioning of Rheinpark-Center Neuss in the coming years. The concept envisages bundling the center's existing retail offering on the first floor and second floor on an area of around 30,000 sq m in the future and adding a service center for medical offerings such as doctors' practices, day clinics, etc., on more than 10,000 sq m on the top floor. The aim is to adapt the location optimally and with foresight to the requirements of customers in the catchment area and the neighborhood development taking place in the surrounding area and to further develop the Rheinpark-Center into a retail and service center with an extended range of products and services and a continuing high level of appeal.

Location: Neuss, Germany
Property: Rheinpark Center
Owner: Union Investment, acquisition in 2021
Project launch: 2024
Targeted property use: Expansion of retail portfolio with services, especially medical services
Expansion of GLA: Repartitioning of existing areas

"With the Rheinpark Center in Neuss, Union Investment is conceptualizing and implementing the vision of a "health mall" for the first time. The existing retail space on the lower floors is being restructured, while the entire 2nd floor is being converted for holistic health uses. This transformation is based on a comprehensive marketing concept and enables synergies that lead to a win-win situation for the tenants of both areas, for customers and patients. As a result, we are securing Rheinpark Center for investors as a property with sustainable value and setting new standards for further developing comparable shopping centers."

Ina Kranz is the Project Manager at Union Investment for Rheinpark-Center Neuss

DEEP-DIVE TRANSFORMATION AT EXPO REAL 2023

Transformation and value-add are the main themes of Union Investment's presence at this year's Expo Real. A wide range of events will be held on this subject at the Union Investment stand B2 142. Union Investment will also participate in discussions as part of the official conference program at EXPO REAL. Among other things, on October 4, 4:00-4:50 p.m., the panel "Transformation: Refurbishing Existing Buildings" will be held in the EXPO REAL Forum with Henrike Waldburg as a participant.

REVITALIZATION AND ASSESSMENT OF RETAIL REAL ESTATE: CASE STUDY OF RATHAUS GALERIE ESSEN

Retail property revitalization and valuation is a complex process that aims to increase a property's value and make it more attractive to retailers and customers. HBB sheds light on the various aspects of this process, including analyses, costs, steps, success factors, and necessary partners. A site-specific approach is elementary, as the Rathaus Galerie Essen example shows.

BY ANDRÉ STROMEYER

IMAGE: HBB CENTERMANAGEMENT

The case study of Rathaus Galerie Essen clearly shows: The revitalization process comprises various steps that must be carefully planned and coordinated.

According to the EHI, more than half of the 509 shopping centers in Germany – amounting to around 16.3 million sq m – urgently need to be revitalized or repositioned.

Shopping centers play a central role in the modern retail landscape and are important places for social interaction. But over time, they can lose their appeal and thus also their value. A great many different factors contribute to this development. Among them are changes in consumer behavior, but also changes in the tenant market. In some cases, several tenants have new demands regarding the size requirements for their rental space or have left the market altogether. Some may be downsizing their store network, either as a result of consolidation or as part of insolvency proceedings.

Online retailing has also shown that shopping centers can no longer be pure "shopping machines." The convenience of shopping directly from the sofa or any place and at any time has dramatically changed consumers' shopping behavior. Shopping has become a part of leisure time where people want to have fun, which can be integrated into other leisure activities and where, if possible, everything is available under one roof.

Therefore, today, it is appropriate to offer more choices and opportunities in a shopping center. Also, through diverse uses such as leisure and entertainment, residential, urban services, offices, and health and wellness offerings, among others. A shopping center today is more than just a property for shopping; if it wants to be successful, it must live the mixed-use idea with various services and offers. We must create places where our visitors feel comfortable, which become a "third place," and where one would like to spend one's time.

ASPECTS OF THE REVITALIZATION PROCESS

The revitalization and valuation of retail real estate is a complex process aimed at increasing the value of a property and making it more attractive to retailers and customers. The first step in revitalizing and evaluating retail properties is a thorough analysis of the current situation.

The cost of revitalizing a retail property can vary depending on the scope of the measures. Modernizing interiors, creating more attractive shopping areas, integrating new retail concepts, and improving infrastructure may be costly. Setting a realistic budget and evaluating the costs of the expected increase in value is essential.

"Shopping centers play a central role in the modern retail landscape and are important places for social interaction."

The detailed planning of such revitalizations, conversions, or repositionings is critical to adapt to the market conditions. Nowadays, more and more shopping centers are being restructured into mixed-use properties. Special issues must be considered: Where is there space in the property to build office space? For example – where can I bring daylight into the building? How do I implement this statically, or how must the technical systems/building services be adapted? What must be considered structurally? Are my permits sufficient, or do I need new and adapted official approvals? What bearing loads do I have available, and what additional loads do I need? Where will the delivery take place?

How do the opening hours have to be adapted? This is especially important for leisure and entertainment concepts – of course, there are no Sunday opening hours, especially in Germany, and these concepts profit above all from evening and weekend visits. Where do I create access for these providers? How can the issues of security fire protection be solved and also how can the ancillary costs be divided up fairly?

The revitalization process comprises various steps that must be carefully planned and coordinated. These include developing a concept for revitalization, selecting the right partners and service providers, implementing the measures, and monitoring progress. Close cooperation with architects, construction companies, and other experts is crucial to achieve the desired results.

IMAGE: HBB CENTERMANAGEMENT

André Stromeyer, Managing Director at HBB Center-management

ANALYSIS AND EVALUATION OF THE STATUS QUO

Before the revitalization of a shopping center can begin, a comprehensive analysis of its current condition is necessary. This analysis includes structural conditions, tenant structure, competitive environment, location attractiveness, transport links, target groups, and current market trends. A thorough assessment of the property value forms the basis for later decisions. This analysis provides important information to identify the proper measures to increase the value.

STEPS TOWARD REVITALIZATION

1. Concept development: Based on the analysis, revitalization concepts are developed. These can range from structural changes and modernization to repositioning the shopping center.

2. Investment planning: The costs of revitalization are of central importance. Here, the structural aspects are considered: marketing measures, events, and technology integration.

3. Structural modernization: Renovation of facades, redesign of interior areas, integration of smart technologies, and creation of attractive common areas are possible steps.

4. Optimize tenant structure: Selecting the right tenants to enrich the shopping experience is critical. Pop-up stores, local vendors, and innovative brands can increase diversity.

5. Create an experience: Creating experiences, events, and activities can turn the mall into a social gathering place that goes beyond just shopping.

6. Integrate sustainability: Sustainability aspects such as green energy, recycling, and environmentally friendly issues are becoming increasingly crucial for banks, investors, and customers.

FACTORS FOR SUCCESS AND NECESSARY PARTNERS

The revitalization of a shopping center requires the cooperation of various partners:

1. Investors and owners: A clear vision and sufficient investment are fundamental. Owners must set long-term goals and provide the financial resources.

2. Architects and designers: Architectural and interior design professionals are crucial to improve the appearance and functionality.

3. Leasing specialists: They play a role in finding suitable tenants and marketing the revitalized center.

4. Tenants and brands: Selecting high-quality tenants that fit the target audience is of great importance.

5. Marketing experts: Communicating the changes and the new brand identity is crucial to attract customers.

6. Technology partners: Integrating Wi-Fi, mobile apps, and digital screens can enhance the shopping experience.

7. Innovative center management companies: They professionally manage the center and (re)position it in the market with innovative ideas.

COSTS AND BENEFITS

Revitalization costs can be considerable, depending on the size of the shopping center and the planned measures. Nevertheless, these costs should be in proportion to the expected benefits. Successful revitalization can lead to higher rental income, increase visitor frequency, and raise the property's overall value. Shopping center revitalization requires a holistic approach considering structural and strategic aspects. Creating an engaging, experiential, and sustainable shopping environment where customers enjoy spending time is critical to increasing economic value. By working with various partners and careful planning, a successful revitalization can benefit both owners and customers.

CASE STUDY RATHAUS GALERIE ESSEN

For the current revitalization of the Rathaus Galerie Essen, we are following the procedure we just described. We have developed a unique-place strategy based on which the revitalization is taking place, and the property is being adapted to current consumer habits and market conditions.

The center is an excellent inner-city project in a good location, with high frequencies and great potential. However, before the restructuring started, it suffered in several areas. For example, one of the two mall arms was significantly less frequented, and the center was generally hardly anchored in the region. It needed a more precise positioning. Before we acquired it together with Henderson Park, the question arose about how the property could be repositioned to become fit for the future. The vision of the "new Rathaus Galerie" was developed with a team of specialists from various fields. The costs for the necessary measures were determined, and the future rental income for the new concept was planned.

In the interest of better visibility, as a first step, we tore open the facade facing the city center and – in line with today's demands on modern shopping places – created a beautiful outdoor area with a café to feel good in.

The retail section of one arm of the mall was completely obsolete and removed. Instead, we developed the concept for a new food mall. The important point was that we also opened the facades to the outside so that customers could look out of the windows while eating and enjoying their stay, have a pleasant feeling of space, and not just stare at walls. After all, daylight is known to promote well-being. For the new concept, we deliberately avoid too high a proportion of fashion stores. We are focusing more on local supply concepts, also based on the competitive analysis carried out previously.

Our leasing specialists attracted many tenants to the "new Rathausgalerie." Most recently, the Dutch department store chain Hema opened a branch here, and Rewe, Rusta, and Woolworth will soon be operating their stores on the 7,000 s qm space previously occupied by Real.

IMAGE: HBB CENTERMANAGEMENT

The newly designed Food Court offers customers 14 food & beverage concepts in an area of approximately 1,200 sq m.

The theme for the Rathaus Galerie Essen is: "My home, my district." This is reflected in the architecture, tenants, and branch mix. The design of the new meeting place and the materials are based on the typical features of the Ruhr region. Thus, industrially inspired materials and colors meet the colorful architecture of allotment gardens, kiosks, etc. Our innovative center management accompanies the restructuring phase with an informative "construction site marketing" and has developed the marketing campaign to reposition the center.

As shown by the example of the Rathaus Galerie Essen, we always develop a "Unique Place Strategy" tailored to the respective property. HBB has constantly developed special projects and never off-the-shelf centers. As HBB Center Management, we invest a great deal of time and energy in analyzing the particular characteristics of properties we want to revitalize for investors. After all, what is exactly right at one location may be completely wrong at another.

"CREATING VIBRANT LIVING SPACES": TURNING KING CROSS ZAGREB INTO CROATIA'S MOST MODERN SHOPPING DESTINATION

Renovating existing buildings and reducing new construction is the order of the day. Christoph Andexlinger, CEO of SES, uses the example of KING CROSS Zagreb to explain how the company is developing the established, aging center into a state-of-the-art mall with a high quality-of-stay via a complete refurbishment, thereby elevating it to the next level of success.

IMAGE: CHAPMAN TAYLOR/SES

Attractive outdoor food and beverage areas will reflect an urban Mediterranean way of live.

IMAGE: SES/FLORIAN STÜRZENBAUM

Christoph Andexlinger is the CEO of SES

ACROSS: *RETAIL PROPERTIES MUST EVOLVE AND BE RENEWED OVER THE COURSE OF THEIR LIFE CYCLES TO REMAIN RELEVANT AND ATTRACTIVE. WHAT STANDARDS DOES SES ADHERE TO WITH RESPECT TO REFURBISHMENT PROJECTS?*

CHRISTOPH ANDEXLINGER: We are constantly investing in our sites, and there is only one center in our portfolio that is currently in need of a complete refurbishment. Of course, the further development of locations is one of the fundamental tools of our industry. The qualitative development of centers also plays a vital role for us. In essence, however, we follow the same standards as for new project developments. When designing our properties, our guiding principle is to create vibrant living spaces that are relevant to visitors, whether they are new developments or modernizations. SES's goal is always to ensure that our centers are optimally anchored in the mindsets of the customers in their catchment areas and that they function as popular places. We also design each mall in such a way that it fits into the respective region as adequately as possible.

ACROSS: *WHAT DOES THAT MEAN FOR CENTER DESIGN?*

ANDEXLINGER: This means individually engaging with the respective site, environment, and community. We think about everything from the customer's point of view. A high quality of stay is just as important as a good shop mix, top-class gastronomy, and a range of services. We want added value for our customers. It is important to us that we are part of people's living space; in order for that to happen, we must open up. Having a solid regional connection that makes each center unique is an important success factor. That begins with the name, flows into the architecture, and is reflected in the leasing concept and store mix as well as in the center's cooperation with schools, associations, and event partnerships. That transforms our centers into lively meeting places that are rooted in their respective regions. People should have more than just a feeling – they should find actual, fact-based reasons to regard the center as part of their daily lives. The basis for that is close, long-term cooperation with the tenants that goes beyond the sales areas. Quality and customized solutions are essential components in all projects. Sustainability, energy efficiency, and the choice of materials have increasingly come to the fore. It is particularly challenging when we have not developed a given property ourselves from the outset and have to heavily intervene in the DNA of a center.

ACROSS: *A MAJOR COMPLETE REFURBISHMENT IN THE SES PIPELINE IS ABOUT TO HAPPEN IN CROATIA. COULD YOU BRIEFLY DESCRIBE KING CROSS ZAGREB?*

ANDEXLINGER: Gladly. KING CROSS was the first shopping mall in Zagreb when it opened in 2002. SES has only owned and managed the shopping center since 2018, so we did not develop the ring Mall concept – we took it over. As a regional meeting place, KING CROSS has been well-established among the people in the catchment area for years. The shopping destination is close to the busy east-west highway and has good transport links. Attractive tenants are a critical success factor.

ACROSS: *WHY IS IT NOW DUE FOR A REDESIGN?*

ANDEXLINGER: As I said, the center is well-established, but since it opened in 2002, it has become visually and functionally outdated. It needs a refresh. A refurbishment will catapult KING CROSS into the future and make it the most modern shopping destination in Croatia. This location has a future. KING CROSS differs from all other malls in the greater Zagreb area because of its unique mix of branches, with large areas for the Home & Sports sector. Harvey Norman and Decathlon represent branches and stores that do not otherwise exist in the same form at the location. We want to preserve and further develop that unique feature via the refurbishment; we have been preparing to take this step with our partners for years. Decathlon, for example, expanded to a total shop area of 5,000 sq m in 2020. That same year, parts of the mall were redesigned going along with a store space expansion by Harvey Norman. In 2024, we will start modernizing the entire center and invest around 40 million euros. The money will go towards making the mall more attractive, a new center point, outdoor food and beverage areas and entertainment, children's play facilities, and the adaptation of existing store areas. The center will also be extended by approximately 5,000 sq m

ACROSS: *WHAT CONCRETE CHANGES ARE YOU AIMING FOR? HOW DO YOU "TURN" A MALL BUILT IN 2002 INTO A STATE-OF-THE-ART SHOPPING CENTER?*

IMAGE: GOSPODARI SVJETLA/SES

In 2024, SES will start the modernization of the center and will invest around 40 million euros.

ANDEXLINGER: We are breaking up the ring mall concept and creating more space for a pleasant atmosphere by incorporating the forecourt into the design. In the process, part of the mall will be moved entirely outside. That will result in a significant upgrade for gastronomy, it will create an attractive, urban atmosphere, and it will reflect the Mediterranean way of life.

As far as the store mix is concerned, we are deepening the proven, unique, and successful orientation in the greater Zagreb area. The center will offer a combination of regional suppliers and international industry leaders. For example, the refurbishment will result in the most modern INTERSPAR in Croatia, which we are particularly proud of. A completely new INTERSPAR bakery has been operating at the location since the beginning of 2023.

Of course, the property is also being brought up to the latest technical standards. A sustainable orientation is the absolute focus. We are expanding green spaces and are implementing a new traffic solution at our site. A photovoltaic system of 6,800 sq m is being built on the roof, and there will be more e-charging stations. As part of the city's "Greenway" project, the center will be connected to the most extensive network of bike paths in Europe in an effort to promote mobility.

ACROSS: ***GENERALLY SPEAKING: WHY DO IT THIS WAY AND NOT ANOTHER?***
ANDEXLINGER: We are convinced that we have found the best solutions. This is where the circle closes – we are making optimum use of the existing potential with this brownfield investment.

ACROSS: ***HOW IS THE CENTER ABLE TO REMAIN OPERATIONAL DURING THE REFURBISHMENT? HOW DO YOU COMMUNICATE WITH VISITORS? HOW ARE YOU SUPPORTING YOUR TENANTS DURING THIS PHASE?***
ANDEXLINGER: We want to finish the redesign by the autumn of 2025. That corresponds to a construction period of about one and a half years. Meanwhile, mall operations continue: There are seven construction phases in total. The center is going to remain in operation and, thus, fully functional – which presents some challenges. However, visitors do not have to leave their shopping habits during the conversion phase; conversely, it is exciting for many to see how such a transformation takes place. Open communication is planned; tenants will be informed and involved accordingly, and topics will be coordinated. In addition, our partners know: No matter what the project, we stand for uncompromisingly high quality.

ACROSS: ***IN WHAT WAYS ARE YOU COOPERATING WITH MUNICIPALITIES, USING ZAGREB AS AN EXAMPLE?***
ANDEXLINGER: KING CROSS was the first shopping center in Zagreb, so there has been professional and good cooperation for many years. We demonstrate social responsibility and get involved, especially in difficult times, such as when the severe earthquake hit the city and the region in 2020, and through various donations to social associations. We cooperate with a number of local associations and provide use of the mall for their information campaigns. As a result, we have been part of people's lives for many years and are a partner of the city – and we will be in the future as well.

KING CROSS Fact Box

Location: *Zagreb, Croatia*

GLA: *35,000 sq m, 55 shops*

Anchor tenants:
INTERSPAR, Decathlon, Harvey Norman, dm, JYKS, Bubamara, PittaRosso

Investment volume:
approximately 40 million euros

Number of employees: *280*

Address: *Ul. Velimira Škorpika 34, 10 090 Zagreb, Croatia*

SES specializes in successfully developing, constructing, and operating internationally designed retail properties. SES currently manages 30 shopping locations in six Central and Southern European countries. In Austria and Slovenia, SES is the market leader in large-scale shopping centers. Since the group acquired Ipercoop in 2009, SES has been represented in the Croatian market. KING CROSS in Zagreb has been under SES management since 2018.

"WE SHOULD ALL SAY: NOW, MORE THAN EVER!"

In this in-depth management interview, Yurdaer Kahraman, CEO and Board Member of FİBA Commercial Properties, not only spoke about the current global developments taking place at his company, but also about the opportunities in the Turkish market, why Turkish brands are expanding so successfully in Europe, the Middle East, as well as in the MENA region, and about his recent experiences in China. His advice: Now, more than ever, it is time to look towards Asia.

ACROSS: ***FİBA COMMERCIAL PROPERTIES OWNS, INVESTS IN, AND MANAGES SHOPPING CENTERS, OFFICES, RESIDENTIAL PROJECTS, HOTELS, AND CINEMA COMPLEXES AROUND THE WORLD. CAN YOU BRIEFLY GUIDE US THROUGH YOUR PORTFOLIO AND THE MOST EXCITING PROJECTS YOU ARE WORKING ON?***
YURDAER KAHRAMAN: We operate in four countries and have 11 shopping centers with a leasable area of over 800,000 sq m, four residential properties, five office buildings, two cinema complexes, and hotel investments. In addition, we have given up one office building, one hotel, two shopping centers, and one mixed-use development project that included a cultural entertainment theater and an outlet center, for example, in China and Türkiye. As such, we have had an impact on more than 30 commercial properties in the last 10 years. Our residential projects in Bucharest are highly advanced. We have become one of the leading developers in Bucharest for residential projects. Our Incity project features more than 500 residences, and Pallady has more

IMAGES: FIBA COMMERCIAL REAL ESTATE

Innovative interior design and store concepts from China than 200 residences. On top of that, we expect to finish the construction phase of the Select project, which has nearly 350 apartments, in October of this year. As we all know, construction prices and materials have significantly risen in recent years. We established a construction company a few years ago and have greatly benefited from it. It has helped us to stay flexible, to choose the best companies to work with, and to maintain our strategy and goals during these very dynamic times – not only in Romania, but across Europe and globally for residential and other asset classes. We have also seen an increase in third-party companies looking to benefit from our experience in the residential sector.

IMAGE: FIBA COMMERCIAL REAL ESTATE

Yurdaer Kahraman is CEO and Board Member of FİBA Commercial Properties

***ACROSS:* ARE YOU FOCUSING ON THE RESIDENTIAL SECTOR AT THE MOMENT?**

KAHRAMAN: In terms of construction, yes, but not in general. As far as shopping centers are concerned, we have just completed the final phase of the Downtown project, a complex comprising a hotel, residences, a theater, a museum, and a shopping center, which is scheduled to open in Bursa, Türkiye, on 15 October. As is the case with Downtown, third-party shopping center management is also going well and continues to grow. In Türkiye alone, we lease more than 200,000 sq m, which is the largest number of square meters in the country. We are also monitoring other markets, in particular, the shopping center and retail center markets in CEE and SEE. Real estate projects can range from large mixed-use projects to shopping centers, offices, and residential developments. The quality and success we have achieved with our residential projects in Bucharest are clear signs that our operations in this segment will be sustainable. Our expansion/refurbishment and investments in our current projects are ongoing. For example, Mediamarkt opened on an area covering 2,000 square meters at the Bursa İnegöl shopping center.

***ACROSS:* WHAT COUNTRIES ARE YOU LOOKING AT?**

KAHRAMAN: Apart from Türkiye and China, we are analyzing other opportunities in Moldova and Romania, and we have looked at neighboring countries as well. Generally speaking, we have looked at Serbia and the Balkan region, for example. We started looking at projects in Croatia prior to the outbreak of COVID-19. International players approach us because they know we have solid relationships with Turkish brands. We have brought tenants like LC Waikiki, De Facto, and Damat Tween to Eastern Europe, to name a few. We have also provided offices for Turkish retailers and Turkish brands abroad. We have recently leased nearly 15,000 sq m of space in the office and shopping center sectors in Romania and Moldova to various Turkish brands. Third parties, such as companies e.g. from Albania, Hungary and Kosovo, are particularly interested in Turkish brands, and they turn to us because of our knowledge and close relationships with those brands.

***ACROSS:* MANY TURKISH BRANDS HAVE RECENTLY ANNOUNCED THEIR EUROPEAN STRATEGIES. WHAT BRANDS ARE INTERESTED IN EUROPEAN MARKETS AND WHAT ARE THEIR PLANS?**

KAHRAMAN: LC Waikiki, Koton, Colin's, English Home, and De Facto are all interested, just to name a few. Those brands are already present at our shopping centers in Eastern Europe. Turkish brands are very successful in various segments and industries. The strategy of many brands is to start in Eastern Europe and then expand to Western Europe. Türkiye is also a great market in which to grow and gain experience with Western developers. ECE, Multi, and Klépierre all operate in Türkiye and are quite familiar with Turkish brands.

***ACROSS:* WHAT ABOUT INTERNATIONAL BRANDS?**

KAHRAMAN: A great connection between Turkish and international brands also exists. Sephora, Mediamarkt, Body Shop, Hugo Boss, Lacoste, Max Mara, and Armani are all present in Türkiye, and most of them have Turkish franchisees. As the FİBA Group, we have master franchisee rights for Gap, Banana Republic, Old Navy, and Marks & Spencer in Türkiye. The international experience that Turkish brands have enjoyed in Türkiye is a 360-degree experience. They have learned so much in their home market and are now using those tools internationally. They look for excellent and experienced managers in the countries in which they start working, and they are very flexible. They adapt quite quickly in terms of how they set up their products, how they produce them, and the how they ensure the quality of their products. As a result, they are very competitive.

IMAGES: FIBA COMMERCIAL REAL ESTATE

China is on track to becoming the most important luxury market in the world.

Electric car manufacturers are very present in Chinese shopping centers and will find their way into European shopping centers.

***ACROSS:* WHILE TURKISH BRANDS MAY BE EXPANDING, TÜRKIYE IS FACING MANY ECONOMIC CHALLENGES. HOW HAS THAT IMPACTED YOUR BUSINESS?**

KAHRAMAN: Micro-challenges must be faced in every country or region; the entire global industry is sometimes confronted with macro-challenges. The best way to be prepared and overcome them is to always have a clear focus on the quality of your product – no matter where you operate. In Türkiye, we have an excellent occupancy rate of nearly 100%. At our shopping center in Adana, which covers 90,000 sq m of GLA, for example, there are only two or three vacant spaces of around 250 sq m. The shopping center is very sustainable and is one of the top 10 shopping centers in Türkiye. As mentioned earlier, we have very good relationships with the retailers in the market. Many of them are family-oriented, which makes sustainable relationships even more crucial for them.

***ACROSS:* WHAT DOES THAT MEAN?**

KAHRAMAN: They trust FİBA because we are in the commercial property sector; they also trust us because we are in the financial sector, for example, via our Credit Europe Bank based in Amsterdam and our FİBA Bank headquartered in Istanbul, which have a wide range of experience in the fields of real estate and retail products. Another example of a very successful shopping center is İnegöl. We have recently won two European Property Awards for that project: "Best Retail Development" and "Best Retail Architecture". A third example can be found in Gebze Center, which is located near Istanbul. This year, for the first time, we welcomed one million visitors per month, up from 700,000, and the center is almost fully leased. As you can see, we are always focused on intensively working on certain projects. Every year we develop new strategies and closely monitor what is happening in the world, especially in terms of the input that we get from China.

***ACROSS:* BEFORE WE MOVE ON TO CHINA: HOW WOULD YOU DESCRIBE THE CURRENT CONSUMER CLIMATE IN TÜRKIYE?**

KAHRAMAN: Europe is struggling with inflation, and that is the case almost everywhere. In general, inflation tempts people to spend more today rather than tomorrow. In Türkiye, spending on consumer goods is quite high, which has led to huge increases in retail sales based on both volume and price increases. By May 2023, the Retail Sales Volume Index had increased by 28.4% year-on-year based on the Retail Sales Volume Index and percentage changes, 2010–2023, according to the Turkish Statistical Institute, and the Retail Turnover Index had increased by 80.1% year-on-year based on the Retail Turnover Index and percentage changes, 2010–2023, according to the Turkish Statistical Institute. The population of Türkiye is relatively young, which is the driving factor behind the high level of consumption. Most of that spending is done at shopping centers. Turkish retailers expect a further increase in sales in the months ahead, accompanied by increased spending by the growing number of tourists.

ACROSS:* *YOU HAVE JUST RETURNED FROM AN EXTENDED TRIP TO CHINA. WHAT DID YOU LEARN AND WHAT IDEAS DID YOU BRING BACK WITH YOU?

KAHRAMAN: During my trip, I visited more than 25 shopping centers and high streets. I immediately discovered a particular Chinese mentality: “Now, more than ever”. Everyone has returned to the offices, and they are eager to meet people and discuss their plans. It is quite different from the hybrid working models in Europe that were established during and after the pandemic. Chinese people are extremely hungry for new opportunities, new trends, and new options. The second major observation that was made was the level of retail recovery. The losses that China suffered in 2020, 2021, and 2022 were, undoubtedly, dramatic.

ACROSS:* *HOW IS THE SITUATION NOW?

KAHRAMAN: However, retail sales in China are now recovering. In 2021, total retail sales of consumer goods in China increased by 12%. In 2022, it fell by 0.5%. When measured against the number of people in China, that is a significant decline. In the first quarter of 2023, they recovered and grew by 5%. The government also expects economic growth of 5.4%. Another critical figure for the so-called tier-one cities, such as Shanghai, Guangzhou, Shenzhen, and Beijing, is the number of daily metro riders. In April and May 2022, the number of metro riders in Shanghai dropped from 12 million per month to zero as a result of regulations. As those metro stations were the main links to shopping centers, the centers were dramatically impacted. While 2021 saw a bit of a recovery, 2022 had a very strong negative impact on retail sales. China, however, has its own and global challenges. Deflation is likely to be one of the main issues to overcome; the country needs to show at least double-digit growth. In light of those negative effects, the Chinese government has already launched stimulus programs to support small businesses, in particular, for example, in the form of tax exemptions, interest rate cuts, and expansion of additional investments in the technology sector.

ACROSS:* *HAS THE RETAIL WORLD IN CHINA CHANGED DURING THE RECOVERY?

KAHRAMAN: Yes, the third important observation I would like to mention is the emerging new segments. Domestic Chinese companies, in particular, are moving their way up. They are starting off in tier-two cities and then entering tier-one cities. They have learned a lot from foreign companies, especially in the skin care, cosmetics, and perfumery segments. When it comes to quality and prices, domestic brands are very competitive. Nowadays, there are also excellent opportunities for foreign companies to enter the Chinese market, as many regulations have changed. Therefore, more transactions are also taking place. For example, European cosmetic groups are buying Chinese companies that are very successful in the area of cosmetics. The luxury market is also quite significant. China is on track to becoming the most important luxury market in the world. Sports apparel is also an important area. Traditional Western sports brands have already faced strong competition from Chinese brands. The same is true for the outdoor segment. The sub-segmentation of all segments is quite evident.

ACROSS:* *IS THE RISE OF DOMESTIC BRANDS DRIVEN BY CONSUMERS, OR IS IT MORE OF A POLITICALLY MOTIVATED DEVELOPMENT?

KAHRAMAN: I would say that China has done its homework. The brands have learned a lot. Luxury is still very much dominated by European brands. Chinese people trust long-established luxury brands, and customers are very clear about that. However, innovative domestic specialists have done well by providing answers to very Chinese, or let us say Asian, requirements that Western brands have overlooked. From my point of view, the country is not against foreign players. However, international players have made many mistakes, starting with sending the wrong people to a country like China. You cannot simply go there and set up a headquarters in Shanghai alone. You have to meet the various consumer needs in other parts and regions of such a large country. In addition, in the fashion industry, for example, you have to offer the right sizes for Chinese customers – you cannot just go there and launch your European collections. Foreign companies have entered the market, filled those niches, and fulfilled the needs of the customers.

ACROSS:* *WHAT ABOUT OTHER RETAIL SEGMENTS?

KAHRAMAN: The same is true for the food and beverage segment. Chinese brands know exactly what a successful expansion strategy looks like. Western brands have failed to recognize that Chinese tastes have changed. Ten years ago, tastes were influenced by international brands. Today, they have moved even further in that direction. In China, you can also already see edutainment being offered at shopping centers. They offer everything from ballet to skiing at malls. Most of the offers are aimed at children and are provided by local players. Chinese politicians would never say that they were no longer interested in international brands, because they would lose their competitive advantage. They need such competition to ensure that they are able to provide better offers, thereby allowing them to expand into other Western markets.

ACROSS:* *NOW THAT THE COVID-19 RESTRICTIONS HAVE BEEN LIFTED, EUROPEAN RETAIL STORES ARE PREPARING TO WELCOME CHINESE TOURISTS AGAIN. GIVEN THIS CHANGE IN TASTE, WHAT DO EUROPEAN RETAIL STORES NEED TO DO IN PREPARATION FOR THEIR NEW CHINESE CUSTOMERS?

KAHRAMAN: It is not only about the tourists – it is also about the Chinese people who work for international companies in Europe. There are many Chinese citizens who work and live in Europe, because Chinese companies have invested heavily in Western Europe. Those people returned to China during the pandemic and had many different experiences. Now that they are back in Europe, they are exposed to, for example, high streets featuring great architecture, but retail concepts that are sometimes old-fashioned, boring, and the same at every turn. I am convinced that Chinese brands, and Asian brands in general, will have a significant impact on Western markets. Brands, such as electric car manufacturers BYD and NIO, will find their way into European shopping centers and high streets, possibly changing them altogether. You have to adapt to the needs of your customers. Many European companies will increase their competitiveness with Asian companies. What has happened in China will eventually occur in Europe. European companies, however, will need a new mindset in order to deal with this development, and training the right people and creating the right management structures will be essential. I am amazed by the fact that there are large and previously successful companies that are sidestepping many of the issues that could shape the future.

IMAGES: FIBA COMMERCIAL REAL ESTATE

In China edutainment is offered at shopping centers and they offer everything from ballet to skiing at malls.

The best example of that can be found in the metaverse, which has been neglected by most companies. In Asian countries, companies are in a constant state of collaboration with universities and younger generations on these issues.

ACROSS:* *WHAT CAN EUROPEAN SHOPPING CENTERS LEARN FROM CHINA IN TERMS OF TRENDS AND USES?

KAHRAMAN: First of all, shopping centers in China’s tier-one cities have a vacancy rate of 10% to 12%. However, they will likely overcome that rate by 2024/2025. They have excellent store concepts, whether they are luxury or domestic brands. The unlimited service offering and range of services is extremely high and is constantly being adapted to customer needs. There is a great mix of family-friendly international and Asian restaurants. I also mentioned the concept of edutainment earlier. Yoga, for example, has a strong presence within shopping centers and in different fields. At least three or four stores at each shopping center sell electric cars, and almost all of them are Chinese cars; Tesla is the only competitive brand there. Nearly 30% to 35% of all cars in China are electric. In addition, the cosmetics, wellness, and beauty segments have increased in those shopping centers. Sub-segments in different branches have developed to meet customer needs.

LOYALTY SCHEMES: A WIN-WIN FOR BRANDS AND CUSTOMERS

"One of the most surefire ways for management companies to optimize revenue for brands is to find ways to improve customer loyalty and to ensure both new and repeat visits," states Sergio Jiménez, Marketing & IT Director at NEINVER.

The success of a shopping destination depends on a number of factors, from management strategy and product offering – both of which are clearly essential – through to the design of the center itself. That includes architecture, location, and accessibility, as well as the variety of leisure and entertainment options on offer to complete the ultimate shopping center experience. However, one of the most surefire ways for management companies to optimize revenue for brands is to find ways to improve customer loyalty and to ensure both new and repeat visits.

That is the main reason why loyalty schemes were introduced in the 1980s – a phenomenon that has continued to grow and evolve ever since. In the aftermath of the pandemic, many shopping centers decided to launch their own schemes to regain footfall and forge a closer relationship with their customers. Today, such schemes are one of the most important tools used to develop customer loyalty, improve the customer experience, and generate more revenue for retailers.

IMAGE: NEINVER

Sergio Jiménez is Marketing & IT Director at NEINVER

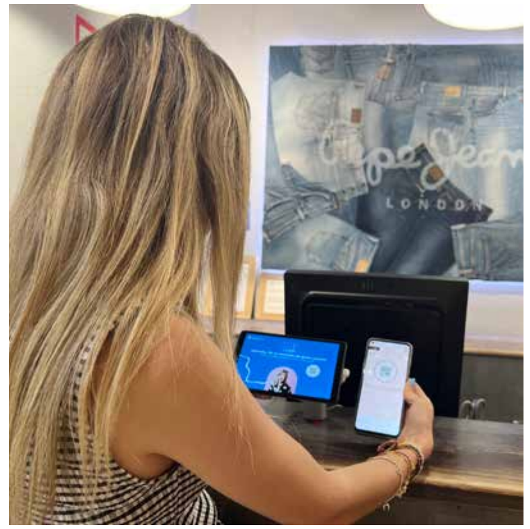
EIGHT BENEFITS FOR BRANDS

1. Customer retention
2. Building of brand loyalty
3. Delivery of real-time customer information in a non-intrusive way
4. New customer attraction
5. Customer acquisition cost reduction
6. Ability to stand out from the competition
7. Ability to conduct direct and targeted marketing campaigns
8. Increased sales

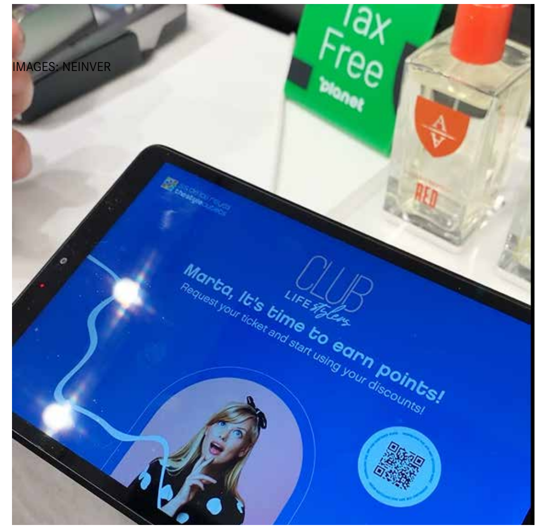
NEINVER has been running its own scheme for a number of years now and has recently gone on to expand it even further. The latest version of our loyalty scheme is called Club LIFEstylers and is designed to help brands in our centers maximize sales, increase footfall, and gain a better understanding of their customers' shopping behaviors and preferences, while enhancing the overall visitor shopping experience.

Club LIFEstylers is currently available at The Style Outlets, which we manage in Spain. In line with our strategy, the system will be rolled out in the other countries in which we operate during the last quarter of the year, to a total of 18 centers in France, Germany, Italy, the Netherlands and Poland. Our scheme is based on three key areas: real-time sales data, customer loyalty, and the shopping experience. We use technology to track the sales at each store to customers who are members of Club LIFEstylers.

Our loyalty scheme uses innovative proprietary technology that enables us to actively track the behavior of our customers, their tastes, and their interests, thereby providing brands with invaluable information. It allows us to compare data on how much each customer spends, what types of products they buy, what brands they prefer, and much more. There is a device in each store that collects such data by encoding and processing it in real-time. The data is collected in a non-intrusive manner and is used to predict behavior, to categorize data, and to target communications to our visitors in real-time. Customers are rewarded with incentives and personalized experiences, resulting in repeat visits, longer dwell times, increased sales, and, ultimately, a direct impact on the performance of the brands at our centers.



Club LIFEstylers is the latest version of NEINVER's loyalty scheme.



Club LIFEstylers enhances the customer shopping experience; more importantly, it reinforces our value proposition for brands.

Club Lifestylers lounge at Amsterdam The Style Outlets

Members earn points that can be redeemed for euros and used to progress through the different membership tiers, gaining new benefits along the way. Rewards are not only linked to purchases, but to other interactions as well, such as connection to the Wi-Fi, the sharing of content, and sustainable behavior. Club LIFEstylers is all about driving engagement, visits, and purchases. Since its implementation in Spain, we have noticed that the people who use the scheme interact more with the center, with an interaction rate of 30%, which is well above average. Meanwhile, footfall has also increased and dwell times are up 80%. Average spend is three times higher and the average ticket has increased by 50%.

Club LIFEstylers enhances the customer shopping experience; more importantly, it reinforces our value proposition for brands. The scheme helps retailers optimize their customer attraction strategies (in-store product selection, pricing strategy, adapting the brand to the type of customer in the store, etc.) and boosts their revenues as a result. It also works hand in hand with each brand's own loyalty scheme, giving customers the double benefit of rewards from both the brand and the center. Sixty percent of the brands at our centers in Spain are already a part of Club LIFEstylers, and our aim is to increase that number to 80% by the end of this year. Membership has grown by 30% so far this year, with 25,000 new LIFEstylers. These indicators clearly demonstrate the importance of loyalty schemes to retailer strategy and consumer shopping behavior.

EIGHT BENEFITS FOR MEMBERS

1. Access to capsule collections, fashion workshops, and exclusive collaborations
2. Ability to earn points for every euro spent at LIFEstylers stores
3. Ability to earn points for certain interactions at centers
4. Delivery of purchases to members' homes in lieu of them being carried around the center
5. Better Wi-Fi connection
6. Birthday gift
7. Targeted discounts and gifts
8. Claim points on the app within 15 days

“SALES ARE BACK!”

“Despite the significant challenges of recent years, it is clear that retail real estate is a stable and resilient asset class,” says Joanna Fisher. In an interview with ACROSS, the CEO of ECE Marketplaces talks about the opportunities of a once again dynamic market, dealing with industry changes and ESG, and her goals as the new Chairwoman of ECSP.

IMAGE: ECE

Joanna Fisher is the CEO of ECE Marketplaces

***ACROSS:* WHAT IS YOUR VIEW OF RECENT DEVELOPMENTS IN THE SHOPPING CENTER BUSINESS? WHAT FUNDAMENTAL CHANGES DO YOU SEE, ESPECIALLY IN THE WAKE OF THE COVID-19 PANDEMIC?**
JOANNA FISHER: Stationary retail is clearly on the rise again. Despite the energy crisis, we are seeing significant growth in sales and very positive development with an increase of 25 percent compared to 2019 in Poland, Italy, Spain, the Czech Republic, Denmark, and, in particular, Turkey – adjusted for inflation. In Germany, the recovery has taken somewhat longer. However, here, too, the first half of 2023 has been positive, year-on-year and compared to 2019. Sales are back!

***ACROSS:* HOW ARE FREQUENCIES DEVELOPING?**
FISHER: Sales are developing better than frequencies, but we are already back above 2019 in many countries. Despite the considerable challenges of recent years, it is clearly visible that retail real estate is a stable and resilient asset class.

***ACROSS:* AT WHICH LOCATIONS DO YOU SEE THE GREATEST NEED FOR ACTION DUE TO THE CURRENT CHALLENGES?**
FISHER: The downtown centers in the inner city have suffered more from the effects of the coronavirus and the home office trend than most of the neighborhood shopping centers. However, we can see that sales are also coming back here. It is, therefore, less a question of location than of operator quality and willingness to invest. There is more to be done than ever before to continuously develop the properties. The transformation of space and the addition of complementary uses are also becoming increasingly important.

***ACROSS:* HOW DO YOU PERCEIVE THE OVERALL MOOD REGARDING RETAIL?**
FISHER: The public often thinks that there are only weak and insolvent retailers. However, the opposite is true. Of course, there are some retailers and sectors that have been struggling, but there are also many very successful retailers that are reporting double-digit growth rates in sales every month and quarter – and they are continuing to expand. The mood outside Germany, in particular, is excellent. We are in intensive discussions with retailers about expansions, store sizes, and new locations. The market is more challenging in Germany, but the mood at our retail meeting in June was very positive. We see a clear trend towards larger shop sizes. Our partners are convinced that this will enable them to better present themselves to customers. The restraint is clearly over. In the first half of 2023 alone, we leased 380,000 sq m of store space and concluded around 1,300 leases – over a third more than in the previous year.

***ACROSS:* WITH WHICH PARTNERS DOES COLLABORATING WORK PARTICULARLY WELL?**
FISHER: We work very well with a large number of retailers. Among the tenants with whom we have recently concluded new leases, in some cases in large numbers, are Pepco, Only, the Inditex Group, H&M, MediaMarkt, Saturn, New Yorker, Kult, Aldi, Rituals, TK Maxx, and Thalia.

***ACROSS:* DO YOU SEE ANY TRENDS REGARDING RETAIL SPACES?**
FISHER: Our tenants prefer larger spaces, and in some cases they tend to concentrate on fewer locations at the same time. In this context shopping centers benefit from the fact that they are very flexible. Walls can easily be moved and shop spaces can be combined. However, that does not mean that the future of centers will be exclusively characterized by large stores. This development is very location-specific. Brands carefully examine whether a center is more of a convenience or destination center and which store size suits the respective location best.

IMAGES: ECE

Pepco and Rituals are among the retailers ECE is expanding with.

***ACROSS:* FROM YOUR POINT OF VIEW, WHAT BRANDS AND INDUSTRIES ARE CURRENTLY CONQUERING CENTERS AND NEW MARKETS?**
FISHER: Pepco is one of the brands currently expanding with us in Germany. Internationally, we are on the move with Rituals, for example. Many concepts are now discovering Italy as a new market. For example, our Romaest center in Rome will be home to the first Italian New Yorker store. Overall, cross-border business is very lively at the moment, and off-price concepts and food concepts are expanding strongly. In addition, there are sectors such as entertainment and non-retail concepts that we want to expand further. However, one must carefully check whether the concepts, for example, from the healthcare industry, fit the respective location.

***ACROSS:* INSOLVENCIES HAVE RECENTLY BEEN A SIGNIFICANT ISSUE, PARTICULARLY IN YOUR HOME MARKET OF GERMANY.**
FISHER: The lockdown in Germany significantly weakened the equity base of many retailers. As a result, what we have repeatedly warned policymakers about has come to pass. Fortunately, the self-directed restructuring procedure in Germany is very helpful when it comes to giving good concepts a second chance. As a result, we have retained nearly two-thirds of the space affected at our centers. Galeria will also remain our tenant, with one exception – and we already have a new tenant for that location.

***ACROSS:* WHAT ARE THE MOST EXCITING PROJECTS OF ECE MARKETPLACES AT PRESENT?**
FISHER: One very exciting and innovative project is definitely the new sports and outdoor experience world at our G3 Shopping Resort Gerasdorf in Austria. With the center now covering a new area of 5,000 sq m and a further 3,000 sq m of outdoor space, we have numerous new retail, product testing, and experience areas at which products can be tried and experienced. We believe in that location’s outdoor focus and our shopping center fund has strongly invested in this development project.

Another vital topic in the retail real estate industry is gastronomy. For example, we will expand the Main-Taunus-Zentrum in Frankfurt to include a 7,000-square-meter outdoor “food garden”. Also in Frankfurt, at the Skyline Plaza between the trade fair and the central train station, we plan to expand the sector and tenant mix under the “the SKYLINE – the ONEEXPECTED” motto. With this new concept, we are putting a strong focus on certain topics and theme clusters. The idea is to focus on mobility, sports, home, and family on the

IMAGES: ECE

Under the “the SKYLINE – the ONEEXPECTED” motto, ECE plans to expand the sector and tenant mix at Skyline Plaza in Frankfurt, Germany.

The PEP shopping center in Munich is the latest acquisition of ECE Real Estate Partners.

second floor. Another major innovation project is Potsdamer Platz in Berlin – The Playce. We have attracted exciting concepts, such as Mattel, Manifesto, and the first sustainable “Conscious Fashion Store” from Peek & Cloppenburg Düsseldorf.

ACROSS: ***WHERE DO YOU SEE ECE’S CURRENT AND FUTURE GROWTH POTENTIAL?***

FISHER: Our core business has constantly adapted to changing markets and consumer demands. Thus, the further development of shopping centers is a key growth area. We focus on the restructuring and repositioning of existing retail properties to keep them fit for the future. To that end, we are also talking to investors about taking on further management mandates. In parallel, our fund management company, ECE Real Estate Partners, is actively looking for new shopping centers that can be purchased. Such as their recent acquisition of the PEP shopping center in Munich, one of Germany’s Top 5 shopping destinations. Opportunities to access good properties will certainly arise, especially in the challenging transaction market.

ACROSS: ***ON THE INVESTOR SIDE, ESG IS THE MOST RELEVANT TOPIC. WHAT IS HAPPENING AT ECE IN THAT AREA?***

FISHER: Compared to other asset classes, ESG at shopping centers is significantly more complex. We invest a lot of time and expertise to offer investors suitable solutions. One example is the energy refurbishment roadmap. It is a detailed, efficient, and coordinated plan to gradually achieve climate neutrality, taking into account the investment costs and considering the life cycle of the individual technical systems. The key is to always keep the investor’s strategy in focus. At the same time, we are very active at the political stage in Berlin and Brussels in order to learn about new requirements early and to bring the unique features of shopping centers into the political consultation process.

ACROSS: ***WHAT OTHER TOPICS ARE INVESTORS FOCUSING ON?***

FISHER: Financing is very important. At present, in particular, it is essential to prepare the refinancing of objects very thoroughly. I am pleased that our experts have recently succeeded in agreeing on excellent terms. This shows that the banks have confidence in this asset class.

ACROSS: ***AT A CONFERENCE, CEO ALEXANDER OTTO RECENTLY SAID THAT ECE OFTEN ACTS IN TOO COMPLICATED A MANNER. WHERE IS IT NECESSARY TO SIMPLIFY MATTERS?***

FISHER: ECE is a company with a long tradition, which is part of its success. However, in dynamic times, processes have to be put to the test. We have always been doing that – not only since the pandemic. Digitalization plays an essential role in that regard. Our lease agreements are a good example: They are traditionally long, complex, and detailed, as all parties want to safeguard their rights and obligations. However, many regulations are already law or have little relevance in practice. Concentrating on the essentials saves time for all sides. That is why we have introduced a digital lease contract that has been thinned out by half compared to the old contracts.

ACROSS: ***YOU ASSUMED THE CHAIR OF ECSP IN MID-2023. CONGRATULATIONS AGAIN ON YOUR NEW POSITION. WHAT WILL YOUR FOCUS BE IN THE ASSOCIATION’S WORK?***

Fisher: Due to its complexity, retail real estate is an asset class with unique challenges. Therefore, we must play an active role in shaping policy and legislation as an industry. The National Councils have often been successful in that regard in their respective countries. However, much of the regulation relevant to our industry is now decided at the EU level – from EPBD to CSRD. Therefore, having a presence and a strong voice in Brussels is more critical than ever. We have decided to primarily focus ECSP’s work on lobbying.

ACROSS: ***YOU HAVE REPEATEDLY CALLED FOR MORE COOPERATION WITHIN THE INDUSTRY. WHERE DO YOU THINK MORE COLLABORATION IS NEEDED TO SHAPE THE INDUSTRY’S FUTURE?***

FISHER: There is a strong competition in the industry which is a good thing. However, there are topics where exchanging know-how or common standards is helpful. One example is the exchange of information on center security measures, as well as the Code of Conduct developed in Germany, which guided retailers, investors, and center operators during the coronavirus pandemic. I also see potential – always strictly within the framework of antitrust law – in common data standards and IT interfaces or in green lease agreements. As the ECSP Chairwoman, I want to stand for exactly that: Together, we can achieve much more. My current focus is on getting this message across to the countries via the National Councils and inspiring the stakeholders with our common goals.

“CONTRIBUTE TO THE WELL-BEING OF THE COMMUNITY WE GATHER”

“The bottom line is that we use a systematic and comprehensive approach to develop sustainable real estate.“ This is how Jovana Cvetković, Development, TO, and Innovations Director at MPC Properties, describes the company’s principle of commitment to innovative and integrated business. In this interview, she explains the steps MPC Properties has taken and will take on the company’s ESG journey.

IMAGE: MPC PROPERTIES

Jovana Cvetković is the Development, TO, and Innovations Director at MPC Properties.

ACROSS: ***MPC PROPERTIES HAS DEVELOPED A COMPREHENSIVE, SOCIALLY RESPONSIBLE STRATEGY IN ACCORDANCE WITH ESG GOALS (ENVIRONMENTAL, SOCIAL, GOVERNANCE). CAN YOU TELL US MORE ABOUT IT?***

JOVANA CVETKOVIĆ: Our business has a far-reaching impact on the market in which we operate, so we need to develop and implement projects that contribute to the well-being of the entire community we gather. We believe expanding the understanding of value in the real estate sector is necessary beyond traditional financial metrics. ESG principles are implemented through the company's strategy. They are executed across the entire MPC Properties portfolio, which consists of business buildings and shopping centers, including the UŠĆE Shopping Center, UŠĆE Towers business complex, BEO Shopping Center, Navigator business complex, as well as many others.

ACROSS: ***COULD YOU GUIDE US THROUGH YOUR E, S, AND G STEPS?***

CVETKOVIĆ: In the segment of the E (Environmental) factor, we have developed and continue to develop a series of projects that represent examples of the implementation of innovative solutions of the “scaled, circular economy process” at the micro level of a building. It also includes closed sustainable solutions at the facility level, with the primary goal of reducing the carbon footprint and promoting the Green Agenda in Serbia. These are, among other things, the projects for installing solar power plants on the roofs of our shopping centers, recycling, composting, promotion of alternative means of transportation, installation of green roofs, promotion of biodiversity and urban beekeeping, implementation of effective strategies for managing electricity, water, waste, and others. We are also focused on building a solid community gathered around our shopping centers and office buildings through various socially responsible initiatives and marketing activities, which promote inclusion, diversity, loyalty programs, and care for the respective community. This way, we are strengthening the S (Social) component of our ESG strategy. Finally, I would like to emphasize the G (Governance) factor, and the fact that all innovative projects are implemented in accordance with multi-level complex tender procedures, where transparency and anti-corruption are supported, and good global practices are implemented in the company’s procedures.

ACROSS: ***WHAT DOES THE PRINCIPLE OF COMMITMENT TO INNOVATIVE AND INTEGRATED BUSINESS MEAN?***

CVETKOVIĆ: The bottom line is that we use a systematic and comprehensive approach to develop sustainable real estate that, in the long term, reduces risk, increases value, and has a significant impact on profitability by reducing operational costs in the exploitation stage and on the environment.

ACROSS: ***WHAT DO PROJECTS IN ACCORDANCE WITH THE PRINCIPLES OF GREEN CONSTRUCTION MEAN FOR YOUR COMPANY?***

CVETKOVIĆ: First of all, I would like to point out that MPC Properties is the first company in the local (perhaps even regional) market that has significantly contributed to the promotion and popularization of green construction during the construction of its buildings. This is confirmed by the buildings in the company's portfolio that obtained the most important international certificates. UŠĆE Shopping Center is one of the first and largest certified shopping centers in the region and Europe in the operational phase. The Navigator Business complex was designed and built in accordance with the prestigious LEED Gold certificate, and the business building UŠĆE Tower Two was designed and built in accordance with BREEAM standards. Certificates are generally crucial because, during their implementation, the quality of the facility is improved. With an adequate selection of equipment and the correct mode of operation of the technical systems, optimal comfort of the space is achieved, which additionally contributes to reducing the consumption of electrical energy and water, reducing the harmful impact on the environment, reducing the emission of harmful gases and waste, but also ensures a healthy environment for employees and users of facilities, which consequently contributes to the preservation of collective health. Placing the well-being of its tenants and visitors in the foreground, MPC Properties is also the first company in Serbia that has been awarded the most prestigious “WELL Health-Safety” certificate for a portfolio of eight business and retail facilities, awarded by the International Institute for the Assessment of the Quality of Living in Buildings (the International WELL Building Institute (IWBI)).

ACROSS: ***UŠĆE SHOPPING CENTER HAS A SOLAR POWER PLANT, A COMPOSTING MACHINE, AND A PARKING STATION FOR ECO VEHICLES. HOW SIGNIFICANT IS YOUR CONTRIBUTION TO DECARBONIZATION AND A HEALTHIER ECOSYSTEM?***

CVETKOVIĆ: To harmonize business operations of MPC Properties with the promotion of the Green

IMAGES: MPC PROPERTIES

Agenda in Serbia, and in connection with the reduction of greenhouse gas emissions and environmental protection, we have implemented two innovative technical solutions at the UŠĆE Shopping Center, while the third is in the process phase. A 50kW solar power plant is installed on the roof of UŠĆE Shopping Center on an area of 400 sq m. The generated energy is currently used to charge electric vehicles in the garage of the UŠĆE SC, and the installation of additional solar panels on an area of 1,600 sq m with a power of 311 kW is planned. Another innovative solution relates to the introduction of composting, which is particularly important for us because shopping centers and office buildings are generators of large amounts of organic waste. That is why we are particularly proud of the project of purchasing a composting machine located at the UŠĆE Shopping Center, which is part of the UŠĆE commercial complex. And with its purchase, in addition to recycling, composting has been introduced as an additional waste management strategy. Composting brings innovation that is reflected in a new business model, which involves waste treatment at the place where it is generated. It is essential to point out that the process takes place without methane emissions; the volume of waste is reduced by about 85%, as well as the emission of harmful gases caused by transportation and logistics. Thanks to the composting machine we have purchased, we turn the organic waste generated in the UŠĆE Shopping Center and UŠĆE Towers office buildings into valuable compost. In addition to these two innovations, the MPC team of experts for sustainable projects is installing an extensive green roof on the UŠĆE SC, on an area of 800 sq m. This roof will have an integrated rainwater collection system for the irrigation of the planned vegetable garden, and the rainwater collection capacity ranges from 12 to 40l/sq m.

ACROSS:* *MPC PROMOTES ALTERNATIVE MEANS OF TRANSPORTATION. WHAT DOES THIS MEAN?

CVETKOVIĆ: First of all, it implies an effort to provide users of eco-friendly vehicles, whether it is electric cars, bicycles, or scooters, with all the necessary infrastructure, comfort, and adequate charging stations through our network of shopping centers and business centers. MPC facilities have as many as 46 charging points for electric cars. UŠĆE Shopping Center is the first shopping center in the Balkans with a BIKEEP parking station with chargers for electric bicycles and scooters. In addition, there are 400 bicycle parking spaces across the entire MPC Properties portfolio, which promote alternative means of transportation and their contribution to clean air and a healthy lifestyle. In addition to the popularization of eco vehicles, we also contribute to promoting an eco-friendly lifestyle and providing smart alternatives for urban city environments, which indirectly affects the health of our visitors.

ACROSS:* *HOW HAVE YOU RESPONDED TO RISING PRICES AND LABOR SHORTAGES THIS YEAR, AND WHAT ARE YOUR COMPANY'S PLANS FOR THE NEXT PERIOD?

CVETKOVIĆ: The answer lies in all of the above. More than ten years ago, MPC Properties started implementing sustainable and innovative concepts in every segment of its business operations. In the last few years, we have been prepared for every crisis. Moreover, we pay great attention to the education of employees, business partners, and the market in general. We plan to continue strengthening socially responsible initiatives with new, sustainable strategic partnerships.

EU TAXONOMY: WHERE DOES THE REAL ESTATE INDUSTRY STAND?

How far along are companies in the sustainable orientation of their properties? WISAG's eleventh Sustainability Radar investigated this with its study entitled "EU taxonomy – Where does the real estate industry stand?" The result: property owners are calling for more concrete specifications.

BY JOAQUIN JIMENEZ ZABALA, GENERAL MANAGER OF WISAG FACILITY MANAGEMENT RETAIL GMBH & CO. KG

The study participants were strategists and operationally active industry players. The online survey indicated that only under a quarter of the participants felt sufficiently prepared at the time of the study to align their buildings in accordance with taxonomy. This is still my experience: Most real estate owners would like to see more specific requirements from the legislator or concrete recommendations for action.

IMAGE: ISTOCK.COM/ KARELNOPPE

TAXONOMY-COMPLIANT ALIGNMENT IS A MANAGEMENT ISSUE

The survey results are optimistic about who is heavily involved in the taxonomy-compliant alignment of real estate properties: the industry is taking the green alignment of its real estate seriously and making it a top priority. The question was directed at the strategists among the survey participants. Sixty-two percent cite the board or executive management as having a lead involvement. Fifty-one percent of the participants state that ESG officers or ESG departments are (also) heavily involved in the sustainable orientation. Thirty-three percent of the survey participants answered that external consultants are (also) heavily involved in this issue.

THE MOST POPULAR MEASURE – REFURBISHING EXISTING PROPERTIES

The industry has long since recognized that we will only achieve the climate targets in the building sector if we get the existing buildings up to speed: A full 61 percent of survey participants say they are focusing on optimizing non-taxonomy-compliant buildings. Only 27 percent of participating strategists (also) choose new constructions or purchases. Forty-one percent do not know what their or their company's strategy is. And one-fifth have no plans to consider EU rules in their real estate.

RENEWABLE ENERGY AT THE FOREFRONT

The most popular measures to decarbonize real estate are using renewable energy and smart

IMAGE: ISTOCK.COM/PETOVARGA

The most popular measure to achieve the decarbonization of real estate is the use of renewable energy. The intelligent control of energy consumers comes in second.

control of energy consumers. Both strategists and operators are of this opinion. Among the operators, the refurbishment of technical building equipment also makes it to second place. In addition to general measures, the Sustainability Radar also examined the facility management area in particular. The study participants see great potential here. This is very encouraging because real estate management offers many opportunities for making real estate sustainable. The survey participants see the most significant potential in energy optimization. Second place goes to the collection and provision of data. The next step, data processing and analysis, also scores highly. Rightly so, of course. The overall results on this question show that a colorful mix of building blocks is possible, sensible, and necessary to reduce CO2 emissions in buildings.

EFFECTS OF ENERGY SHORTAGE

The Sustainability Radar also investigated how much energy scarcity influences companies' decarbonization strategies. Reducing energy consumption through energy-efficient technical building equipment and adapting the indoor climate are the strategists' most popular measures to address energy shortages. Unpleasantly, but not surprisingly, nearly half of the participants confirm supply bottlenecks that stand in the way of using energy-efficient alternatives. And it is striking that 16 percent of the study participants state that the energy shortage is pushing the reduction of CO2 emissions into the background. This is the result of the survey of strategists. But there is unanimity: indoor climate adaptation and consumption reduction also land in the first places among the operatives. However, in a different order. The operational market participants had to answer to what extent the energy shortage influences the decarbonization strategy of their clients. Adaptation of the indoor climate came in first place. But there is also a severe difference: twice as many operators as strategists confirm that decarbonization takes a back seat due to the energy shortage.

So, what is the best way forward for a green future? One thing is clear: most companies have long given priority to the task of making their portfolio taxonomy-compliant. However, as I mentioned initially, many companies would like the legislature to provide them with the most concrete and practical guidelines possible. That's why it makes sense for these companies to join forces with well-positioned partners regarding climate protection. In this way, they can benefit from their knowledge and experience or practical recommendations for action. Interdisciplinary cooperation is just as important in general. The Sustainability Radar also confirms this: property managers, asset managers, facility managers, etc., all pull together and enrich each other with their expertise. From the strategists' point of view, such an interdisciplinary approach best supports the decarbonization of real estate.

The best way to align real estate with the taxonomy requirements is to work together. After all, several market participants are in the same boat. They are affected by the taxonomy, have the same goal, and face similar challenges.

The WISAG Sustainability Radar is an annual online study. It monitors current trends and developments in ecologically oriented real estate management. WISAG develops the annually changing main topics with the "Mainzer Kreis," an expert committee of clients, partners, and scientists. For more information, go to www.nachahltigkeitsradar.de

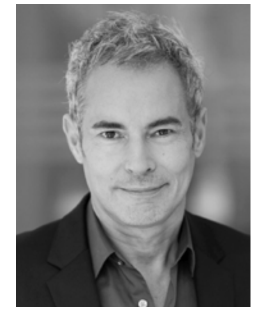


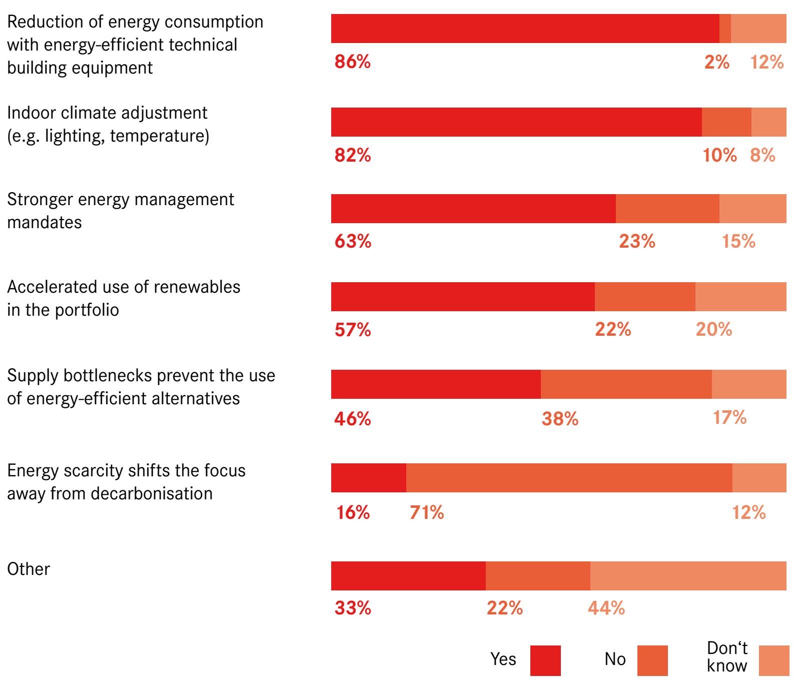
IMAGE: WISAG

Joaquin Jimenez Zabala is the General Manager of WISAG Facility Management Retail GmbH & Co. KG

Real estate management also offers a wide range of opportunities to make real estate sustainable. The survey participants see the greatest potential in energy optimization.

STRATEGISTS: TO WHAT EXTENT DOES ENERGY SCARCITY INFLUENCE THE DECARBONISATION STRATEGY?

Agreement of the participants (in per cent); only one answer could be given. Any deviations from 100 per cent are due to rounding.

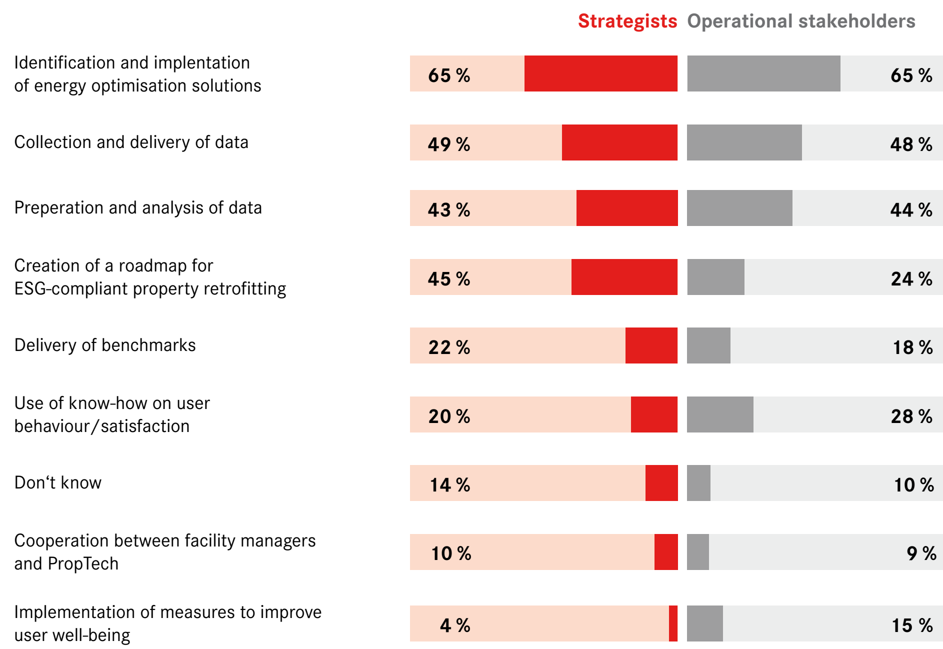


Reducing energy consumption through energy-efficient technical building equipment and adjusting the indoor climate: These are the most popular measures taken by strategists to take account of the energy shortage. Adjusting the indoor climate and reducing consumption also make it to the top places among operational companies. However, in a different order.

SOURCE: WISAG

WHAT FACILITY MANAGEMENT MEASURES HAVE THE MOST POTENTIAL WHEN IT COMES TO ALIGNING A PROPERTY PORTFOLIO WITH THE TAXONOMY?

Agreement of the participants (in per cent); more than one answer could be given.



SOURCE: WISAG

HOW MALLS ARE PIVOTING TOWARD A SUSTAINABLE TOMORROW

There is a collective push within shopping centers to preserve the planet, says Jean Carlos Delgado, Marketing and Brand Director at HyperIn. In this guest article, he uses case studies to explain how eco-friendly evolution can take place.

IMAGE: HYPERIN

Jean Carlos Delgado is the Marketing and Brand Director at HyperIn.

Have you ever thought about how your favorite shopping center is adapting to the eco-conscious age? Imagine walking into a shopping center in which every step that you take and every purchase that you make contributes to a greener, more eco-conscious future. Imagine a place where the pursuit of style and substance seamlessly intertwines with the preservation of our planet. That is the vision that is sweeping through shopping centers across the world, igniting a transformative movement that is reshaping the very foundation of retail.

The rapidly evolving consumer mindset, fueled by the distressing realities of climate change and environmental degradation, now seeks to align with businesses embodying sustainable values. However, consumers are not the only ones who are calling for change. From mall owners and tenants to diligent security staff: there is a collective push from within the shopping centers themselves.

THE IMPORTANCE OF SUSTAINABILITY

Why it matters: In an age marked by the urgency to protect the environment, commercial real estate stands at a crucial crossroads. Its vast urban footprint has a profound impact on the environment. Sustainability is not only a response to climate issues but also an economic imperative. It not only protects our planet but also yields economic benefits, brand loyalty, and regulatory incentives. Simply put, sustainability is not just a moral imperative – it's smart business.

LEADING WITH DEDICATION:

Citycon's commitment to the environment: Citycon has set itself the ambitious goal of being climate-neutral by 2030. The company's forward-looking strategy is not just talk: By 2027, energy consumption per sq m is to be reduced by 10% compared to 2022. The Buskerud Storsenter, a Citycon gem, pioneers carbon-neutral comfort cooling, achieving a stellar 34% energy reduction. In addition, the company recycles over 90% of construction waste and is spearheading the move towards electric vehicles, boasting more than 1,000 charging points.

"We create spaces that make sustainability visible." – Pirkko Airaksinen, Head of ESG at Sponda.

Sponda's Green Drive: This trailblazer in the real estate industry exemplifies sustainability. Their commitment is evidenced by the whopping 67.7% reduction in energy-related CO_2 emissions in 2022 compared to 2016-2018 averages, with a 9.7% reduction in energy consumption in 2021 alone. A particular highlight is the environmental certification rate: 81% of Sponda's property value is environmentally certified. In addition, Sponda ensures that all of its shopping centers are 100% certified

Other retail giants, such as Target, Tesco, and Alibaba, have also committed to significant carbon footprint reductions by 2030.

THE NEED FOR INNOVATION

Innovation, particularly in the area of sustainability, is no longer an option but a necessity. For shopping centers, this is a clear way to resonate with eco-conscious consumers while also fulfilling their environmental responsibility. Examples of what shopping centers are doing can be found below, where a few initiatives that I have experienced firsthand are listed:

Green Infrastructure & Architecture: As modern malls transition to sustainable design, green architectural elements, such as those at City Square Mall in Singapore, are gaining prominence. Beyond their aesthetic appeal, features like green roofs play a pivotal role in temperature regulation, cutting down on energy consumption.

However, the beacon of this eco-driven transformation is Lippulaiva. It is not just another shopping center, but a testament to a sustainable vision. Lippulaiva is proud to be Finland's first 100% carbon-neutral shopping center, boasting 3,500 sq m of green roofs. Among this green evolution, Lippulaiva stands as an exemplar, showing the world that retail spaces can coexist harmoniously with nature.

Sustainable Transportation Solutions: During a recent visit to a shopping center in Mexico City, a dual sustainability campaign was underway. In addition to asking visitors to bring their own coffee cups to receive discounts in the cafeteria, incentives were also offered for sustainable transportation. Shoppers who used public transportation, car-pooled, or traveled in eco-friendly vehicles were rewarded. Such initiatives can dramatically reduce the carbon footprint associated with visiting a shopping center.

“By switching to digital directories and signages, our customers are able to reduce waste and showcase a genuine commitment to innovation and sustainability. It's where user experience meets environmental responsibility.”

Markus Porvari, CEO of HyperIn

Solar Power Integration: The vast expanse of shopping center rooftops and parking areas are untapped assets. Some centers, such as Lippulaiva and IsoOmena, are pioneers in that regard. Those centers harness 100% of their digital signage power needs from solar energy sourced from the roof. Furthermore, efficiency is emphasized by automatically shutting down displays during late hours and offline times when the shopping center is closed, thereby ensuring minimal wastage of energy.

Digital Directories and Signages: Paper and plastic waste are still major problems at large shopping centers. Many shopping centers are switching to digital directories, with solutions such as HyperIn leading the way. In particular, Citycon Lippulaiva has become the first shopping center to introduce non-touch screen directories that replace traditional paper and plastic posters. Such digital solutions offer a more interactive and up-to-date experience, underscoring a genuine commitment to sustainability. The broader retail industry has also begun to recognize the importance of technology for eco-efficiency. AR-based wayfinding, an augmented reality innovation championed by forward-thinking platforms such as HyperIn, has eliminated the need for physical signage. That allows shoppers to effortlessly navigate shopping centers and reduce the environmental impact associated with production and updating of traditional signage.

THE POWER OF COMMUNITY

Today’s shopping centers are not just retail spaces; they are community hubs that foster meaningful connections. That communal spirit is being channeled into sustainability efforts:

Eco-centric Community Centers: Global shopping centers are integrating green initiatives into their community outreach. Along with traditional activities, they are hosting sustainable living workshops, composting lessons, and recycling drives, thereby turning eco-awareness into community journeys.

Local Collaborations: Progressive shopping centers are partnering with local entrepreneurs and organizations, spotlighting sustainable products, and hosting events such as organic farmers’ markets. That not only boosts community engagement, but promotes eco-consciousness as well.

Sustainable Design: Sustainability, even more than events, has become a part of shopping center design. Whether it is seating crafted from recycled materials or playgrounds with eco-friendly elements, shopping centers are embedding their green commitment into the very fabric of their spaces.

HOPE FOR THE FUTURE

There is no doubt that the narrative of shopping centers, which are often perceived as giants of consumerism, is being rewritten. Those embracing sustainability signal a hopeful trajectory for the industry.

Leading by Example: Major players, such as Citycon and Sponda, are not just making empty promises. Their concrete steps toward reducing energy consumption and fostering greener shopping center environments serve as benchmarks for others in the industry.

Spaces Beyond Shopping: The future of shopping centers might lie in their ability to transition from mere shopping centers to holistic community spaces. In addition to retail, they might house urban farms, recycling centers, or even renewable energy projects.

Consumer Power: A key driver of this change is consumer preference. As shoppers become more eco-conscious, they will gravitate towards shopping centers that reflect their values, making sustainability both an ethical choice as well as a business-savvy one.

In conclusion, the transformation of shopping centers into sustainable entities is a fascinating journey – one that is full of challenges as well as immense potential. The blending of innovation, community, and a forward-looking vision ensures both relevance and resilience in a rapidly changing world. Remember that every purchase and every choice is a step toward a more sustainable future. So, the next time you are at your local shopping center, look for these sustainable changes, and choose to shop at eco-friendly outlets.

WHAT WILL THE MALL OF THE FUTURE LOOK LIKE?

Technology will shape the shopping malls of the future, making them more efficient, customer-focused, and sustainable. David Fuller-Watts, CEO of Mallcomm, explains.

Shopping centers and malls around the world have shown resilience to economic challenges and the impact of Covid-19. According to JLL, European shopping center investment is on track to return to 2019 levels, with the market showing encouraging signs of growth.

But these centers can't stand still if they want to thrive in a challenging market. Maximizing long-term returns for owners and investors will require fresh thinking. Integrating new technology will be essential to revitalize shopping centers, ensuring they can tick the boxes that add up to future success.

TIME AND COST-EFFICIENT

Effective management will be at the heart of successful malls. Digital transformation will play a vital role as it can generate significant efficiencies in individual shopping centers and broader portfolios.

Proptech, such as the Mallcomm platform, streamlines operational processes in a variety of ways. Paper forms, for example, often used to manage maintenance or access requests, can be digitized as activity checklists for cleaning and stock checks. As well as reducing times and costs, this digitization gives managers and owners more control and visibility of everyday tasks. Another benefit of digital technology is that managers can more forensically monitor their centers to identify inefficiencies. Operational requests can be reviewed and reported on in detail, including completion times and areas of improvement.

IMAGE: MALLCOMM

Shopping mall of the future: In an increasingly unpredictable world and economic climate, shopping centers and malls must continue to adapt.

FOCUSED ON ENGAGEMENT

Malls that prioritize tenant engagement will be in a strong position to grow. By enhancing communication and information sharing, tenants feel more connected, bolstering retention strategies and sales.

Implementing a digital platform will strengthen engagement strategies by providing a central source of communication. This makes tenants feel more connected and drives further efficiencies to strengthen relationships. Real-time messaging means individual tenants or a whole community

IMAGE: MALLCOMM

David Fuller-Watts is CEO of Mallcomm

can be contacted more effectively and efficiently, freeing up time for managers and operators.

The same technology can gather tenants' feedback on management processes, events, and promotional campaigns to ensure continuous improvement.

CUSTOMER-CENTRIC

To differentiate in a competitive and challenging market, shopping centers must keep enhancing the customer experience in line with changing needs.

The use of artificial intelligence is rapidly growing, providing opportunities for a vast range of virtual experiences. At the same time, customers expect the entire shopping journey to be quick, simple, and consistent across all platforms. This includes the ability to access relevant and accurate information at their fingertips.

Adopting digital technology enables shopping centers to bring the information that matters the most into one place. This means that retailers' latest news, including details of special offers and in-store events, can be communicated to shoppers through a single source and tailored to customer demographics.

Centralizing information through digital technology can improve the experience in other ways, too. It enables customers to directly communicate with retailers, helping them to receive a swifter response to any queries. At shopping centers, multiple applications can be brought onto one platform, providing customers with information that helps them plan their visit more effectively, including car parking capacity.

DATA-DRIVEN

Accurate and more efficient data capture will be vital to future decision-making and maximizing a shopping center's performance and value.

Technology can be used to automate data collection and provide valuable insights to shape property management strategies. Tenants' sales figures and feedback can be swiftly and accurately collated, removing the need for manual processes or emails, saving time, and avoiding the risk of slower, disjointed practices.

This technology can also be integrated with existing reporting systems to build a complete picture of performance and support decision-making.

COMMITTED TO ESG

In an increasingly purpose-driven world, incorporating ESG factors into business strategies is important for attracting investors and enhancing relationships with tenants.

Technology can support evolving ESG strategies, providing tools for data analysis and community initiatives. Digital platforms enable managers to understand how a building is being used and the impact on energy use. They can also track environmental performance in real time and gather data from tenants to establish ways to reduce carbon emissions.

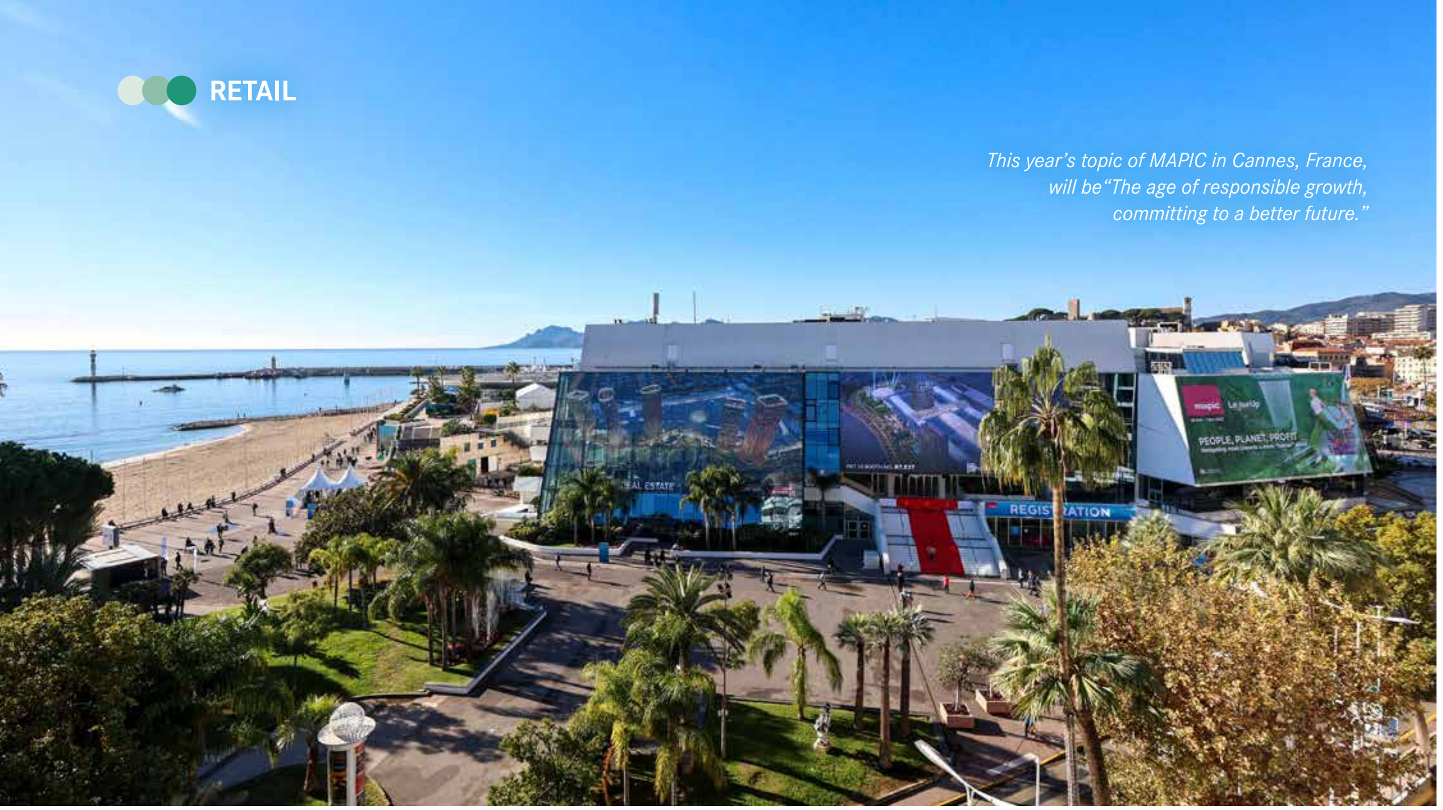
These insights can determine whether there is a need for more energy-efficient or intuitive lighting, how natural ventilation may reduce the burden on heating and cooling systems, and how much water could be recycled.

Increasingly, proptech is being used to support social impact initiatives, helping improve connections and engagement with tenants and the wider community. Real-time messaging through a single source allows property managers to promote a wide range of initiatives, such as health and wellbeing activities, community events, and charity campaigns.

The technology also enables local businesses and charities to promote details of their events and offers, helping to foster a sense of community in and around a shopping center. This can be further enhanced through the promotion of local job opportunities.

THE FUTURE IS NOW

In an increasingly unpredictable world and economic climate, shopping centers and malls must continue to adapt. Technology will be at the center of this evolution, creating opportunities for positive change. Integrating digital innovation now will maximize the long-term performance of shopping centers and malls, ensuring they are fit for the future.



This year's topic of MAPIC in Cannes, France, will be"The age of responsible growth, committing to a better future."

IMAGE: MAPIC

"OUR JOB IS TO GIVE THE INDUSTRY A PERSPECTIVE."

We are in the middle of a transformation, states MAPIC Director Francesco Pupillo.The changes in the retail world are also reflected in the changing role an face of MAPIC. This includes the presence and support of new players. But in the end, the purpose of the biggest industry fair stays the same: It is a dealmaking opportunity.

ACROSS: ***DURING MAPIC 2022, IT WAS CLAIMED A NEW RETAIL HAS EMERGED. WHAT DOES THIS LOOK LIKE, AND HOW WOULD YOU DESCRIBE THE STATE OF RETAIL IN 2023?***
FRANCESCO PUPILLO: The retail industry is undergoing a profound transformation. The starting point of this transformation was the digital revolution. The industry's traditional business model and operational models became obsolete, and digitalization led to the rise of new ways of shopping and new ways of living. This was a remarkable change of paradigm and players. Because of Covid, the war in Ukraine, and inflation, global uncertainty never went away. What changed was that the technology today allows us to shop differently, and therefore the role of the physical store shifted dramatically—and is still shifting.

ACROSS: ***AT THE SAME TIME, THE HORROR SCENARIO THAT PHYSICAL RETAIL IS DYING DID NOT TURN OUT TO BE TRUE.***
PUPILLO: Absolutely. All the analyses show that e-commerce is not killing physical commerce. Industry players understood early that there needs to be a convergence between the two worlds. Today, we talk about seamless omnichannel experience. Customers can test products in the shop and then buy them online, or vice versa. Product and price are insufficient reasons to go to a shop – that is the big change for physical stores. The key drivers are experience- driven stores, the values conveyed by the brands and the social part of retail, which became apparent, especially over the last few years. We are entering a new era where consumer behaviors have changed fundamentally. Today, consumers require that consumption has meaning, and business activities need a purpose that goes beyond the pursuit of profit.

ACROSS: ***WHAT DOES THIS PURPOSE LOOK LIKE? AND WHO IS IN THE DRIVER'S SEAT TO CREATE THIS PURPOSE?***
PUPILLO: I would say consumption and businesses need to be responsible and have a concrete impact on the environment, as well as local communities. We see this change for landlords that develop new kinds of assets, and brands that create new images and new types of practices. We also see new rising brands that are already built from the ground up around this concept. The young generation is extremely sensitive to this idea of corporate responsibility. Therefore, this year's topic of MAPIC will be"The age of responsible growth." We really want to show how this responsibility is not just good for the planet but impacts the business as an accelerator. We want to show how companies following this responsible approach grow faster. When we look at the shopping center developments, we barely see new malls, but urban regenerations of existing areas and mixed-use projects built around the user's daily needs are coming to the fore. These are projects that go beyond retail to cater to something more complex including leisure, culture, hospitality, workplaces, and so on. For retailers, that means they must arbitrage between their physical and online presence, and they have to adapt to new environments and locations. A lot of these changes and projects are experimental. This transformation will take some years, and we are just in the middle of this.

ACROSS: ***AND THIS ALSO MEANS A NEW ROLE FOR MAPIC.***
PUPILLO: MAPIC is not about following the market. Our job is to give the industry a perspective. MAPIC is more about the future, providing ideas and a forum for exchange and discussions. For visitors, it is not any more purely about coming with huge delegations and signing new contracts. The main effort is to show new kinds of retailers and as well new kinds of solution providers that can make the global asset much more sustainable and the global experience much more fun.

ACROSS: ***SO, MAPIC 2023 IS A PLACE FOR THE INDUSTRY TO COMMUNICATE AND LEARN MORE?***
PUPILLO: MAPIC is both a place to exchange insights and an unparalleled deal-making opportunity. Today for shopping center managers to make a deal, it takes more than just looking for the next big brand. Everything is much more flexible. Most brands are working with this flexible formula and might only rent for six month and renew if it works. Landlords still need to adapt to this flexibility and come up with new leasing models. Furthermore, all players face new technology and suppliers to interact with the customers, they must provide new omnichannel solutions and follow the sustainability path. What we do at MAPIC is to enlarge the scope and give a global vision. But in the end, what we try to provide for our clients is always a place to make deals happen.

IMAGE: MAPIC

Francesco Pupillo is MAPIC Director

ACROSS: ***LET'S DIVE INTO THE CONFERENCE PROGRAM. HOW IS THIS REPRESENTED AT MAPIC?***
PUPILLO: As mentioned before, the main topic, "The age of responsible growth, committing to a better future," is about the idea of individual, and collective responsibility, as well as the focus on the link between growth and responsible development, and sustainability. The program will have six main pillars. The first one is about the evolution of the retail property market. So basically, what are the asset classes that are on the rise? This will focus on mixed-use and urban projects and how to give a second life to existing assets. So how do we manage to change and reshape destinations with lots of vacancies? This is the main priority for lots of landlords. We will provide different examples. One solution could be leisure; another could be health and beauty. We will present a new kind of project that will bring something new to the retail world. The second pillar will be sustainability. This will focus on how property players from one side and retail brands from the other side are work-

IMAGES: MAPIC

LeisurUp hosted by MAPIC and The Happetite Forum are essential parts of MAPIC for years.

ing on this. There will be a conference session and a closed-door event on best practices but also a brand new area called the MAPIC Sustainability Lab where we provide new solutions that help to make the asset and the brands much more sustainable. The "innovation" pillar will have a big focus on artificial intelligence and how it is changing the retail world. "New retail" will show brands that are best performing and the growth of sustainable brands. Here, we see a sort of polarization in the market. On the one hand, luxury brands are showing big profits. On the other hand, we see a big growth in discounters. Brands that are in the middle face problems—but we are focused on exploring solutions and evolutions for these kinds of brands. And, of course, we will have the traditional pillars like leisure and our food program as well (see box).

***ACROSS:* CAN YOU TELL US A LITTLE BIT ABOUT THE MAPIC ACADEMY, YOUR NEW STARTUP INCUBATOR?**

PUPILLO: This is a new initiative. Last year we launched the Retail Village for the first time. The goal was to present new brands that have strong growth potential. They are generally medium-sized. That worked very well, and we will have the Retail Village again. But this year, we launched a new initiative with the goal of cultivating a retailer at a earlier stage. The idea is not only to talk with the existing brands that have a strong development potential, but to directly access brands that want to open a physical store network. MAPIC will support the development of five new retail brands looking to open their first physical stores as part of their strategy – offering a physical pop-up space and presence at the event. Young concepts can apply to this competition. A jury will select five projects and provide a pool of mentors and a training day in Paris in September on specific topics, including how to develop your direct store network, how to develop your franchise store network, how to raise money to finance your growth, and more. During MAPIC, they will have a final pitching session in front of the jury, and the winner will be announced during a gala dinner and will receive a prize money of 10,000 euros from MAPIC to help developing the project. Clearly, MAPIC is not just a meeting place for existing brands but also a place where new brands can be created.

***ACROSS:* LAST YEAR'S MAPIC WAS THE FIRST MAPIC AFTER THE COVID-BREAK. AFTER EVERYTHING THAT CHANGED IN THE RETAIL WORLD, THAT WAS ALSO KIND OF A NEW START FOR MAPIC. WHAT IS YOUR GREATEST LEARNING FROM LAST YEAR?**

PUPILLO: My greatest learning from last year is that physical events and human contact is necessary. Covid has proven that we can continue to do business via digital meetings if we have to. But to close the deal, you need to meet the people. You need to see and feel the market. There are many things you can do from your desk, but we all come to a certain point after we have preselected options and come down to two to three potential solutions when we have to go there and check them out. MAPIC is playing a big role here in providing this place to meet and discuss but also to show tools like AI that help to reselect. Before Covid, we had 8,000 people coming to MAPIC. Last year 5,000 came. But one participant out of three was a buyer last year. Before, it was one out of four, meaning that the ratio changed. The main reason is that we make a huge effort to bring and show new concepts.

***ACROSS:* WHAT ABOUT THIS YEAR: WHICH COMPANIES HAVE ALREADY CONFIRMED FOR THIS YEAR?**

PUPILLO: We are expecting 6000 participants, and we already have big names confirmed. Just to drop a few: We have Nhood, we have Ingka, we have Carmila, CBRE, or Cushman & Wakefield. Also, the outlet scene is well presented by, for example, VIA Outlets or McArthurGlen. Not all of them will have big stands; some, like Klépierre, prefer hospitality suites. In some cases the delegations might be smaller than before Covid. But all the big players will come to Cannes.

***ACROSS:* AT THE BEGINNING, YOU SAID WE ARE RIGHT IN THE MIDDLE OF THE TRANSFORMATION. WHAT WILL HAPPEN NEXT IN THIS PROCESS?**

PUPILLO: I say we are in the middle because we start seeing new kinds of assets arising on the market. At the same time, the existing part of the market is not fully disappearing. Some of the old shopping malls will have to close down. Many of the new projects will be the regeneration of existing assets by adding new functions. Here are just two examples of projects that we saw in the last years at MAPIC. One is Potsdamer Platz in Berlin, the other is Battersea Power Station in London. These two projects show exactly what are the kind of assets that we can imagine seeing in the market tomorrow. Many players are announcing their strategy to transform most of their malls. They are investing a lot to become lifestyle destinations. That is why I say we are in the middle of the transformation. All these operations are still ongoing. But I truly believe that in a few years, no shopping mall will be the same, and a new kind of mixed-use project will be on the market.

MAPIC 6 KEY PILLARS

New Retail: Discover innovative retailers appealing to ethical consumers with unique selling propositions and value propositions: As digital and physical retail merge, explore the new ideas and business models shaping the industry.

Leisure: Experience the evolution of the leisure industry and its impact on enhancing brand experiences through human interaction: The program highlights the industry's growing popularity and diversification.

Food: The Happetite, MAPIC's food forum, discovers innovative business models and shows how the restaurant industry is embracing corporate social responsibility (CSR) to positively impact the environment and society, while enhancing the customer experience.

Sustainability: Retailers, developers, investors, and new entrants all have a responsibility to shape the world for future generations: The next generation of retail is about prioritizing people and the planet.

The evolution of retail property assets: By 2050, 70% of the world will live in cities. Retail properties are crucial to improving urban life with mixed-use developments that promote community and a sense of belonging.

Innovation: MAPIC focuses on innovations that help the industry understand and meet customer needs, including data collection, AI integration, and resource management strategies.

THE LUXURY MARKET AS A TRENDSETTER FOR THE RETAIL WORLD

Luxury is more resistant than any other retail segment – especially in times of crisis. However, consumers are changing. For the new consumer generation, luxury has a new definition. Both brands as well as retailers have to adapt to this development.

The luxury goods industry is booming – despite war and inflation. The global market for personal luxury goods, including high-end clothing, shoes, leather goods, perfume, and jewelry, is growing. The total high-end business, which also includes yachts, jets, and sports cars, as well as furniture, art, fine food and beverages, and extraordinary vacations, is expected to grow by 21 percent to 1.4 trillion euros.

Those are the findings of the 21st edition of the "Luxury Goods Worldwide Market Study" prepared by international management consultants Bain & Company and the Italian luxury goods association Fondazione Altagamma. According to Deloitte's Global Power of Luxury Goods 2022 study, the Top 100 luxury brands generated 305 billion U.S. dollars in fiscal year 2021. That's 21.5 percent more than in the pandemic year of 2020 and significantly more than before the outbreak of COVID-19.

THE ORIGINS OF THE LUXURY MARKET

The foundation of the luxury market was laid in the 19th century by craftsmen who had a passion for high-quality materials and skills. In the luxury bag sector, such examples include Charles Delvaux in Brussels in 1829, Thierry Hermès in 1837, and Louis Vuitton in Paris in 1854. There is one thing that they all have in common: They all went on to become symbols of luxury and high quality as a result of their skills and their production of timeless and exclusive goods.

Hybrid consumers are average consumers who want to make their lives more enjoyable.

Unlike today's mass-produced goods, they were purely niche segments; therefore, wealthy individuals and members of noble houses were among their customers. At the beginning of the second half of the 20th century, the luxury segment increasingly changed due to mass consumption and globalization. Luxury brands also began increasing their market presence by expanding their product categories, such as jewelry, watches, perfume, and fashion. Brand ambassadors from the film and entertainment industries increased their glamour factor. However, the focus has always been on exclusivity regarding the products and the number of luxury brands. By the mid-19th century, only a handful of luxury brands existed in Europe.

A NEW TARGET GROUP HAS EMERGED

Just a few years ago, names like Hermès, Chanel, and Louis Vuitton were what people thought of when they talked about luxury brands. The target groups were clearly defined and could all be found within a clear income bracket. Today, the customer is no longer so clearly defined. There is still the classic luxury customer, but market research now centers around hybrid consumers. They tend to be average consumers who want to make their lives more enjoyable with luxury goods. This consumer group is willing to pay significantly more for luxury items than everyday goods. However, they tend to combine such items with clothing from discount stores.

In addition, the buyer profile of luxury brands has become significantly younger, as the Deloitte study shows. That is also due to the fact that younger generations have greater purchasing power today. While Gen Y discovered luxury goods at the age of 18-20, the same experience started for Gen Z – those born from 1995 onwards – at age 15. According to the Bain report, Millennials and Gen Z are primarily responsible for the strong growth momentum seen in the luxury sector in 2022. By 2030, Gen Z and Gen Alpha purchases will account for one-third of luxury brand sales. In addition, attributes such as sustainability have been added to the previous definition of luxury for the latter generations. They pay much more attention to corporate philosophy. As a result, the term "luxury brand" has changed, and brands must adapt to the new target group. However, today's luxury cosmos also has to differentiate itself from the "entry-level" to "supreme" segments (see luxury pyramid).

NEW CUSTOMERS, OLD PRINCIPLES

Although the customer groups and the luxury market have changed, the principles have remained the same. Those who want luxury want exclusivity, quality, and the highest standards possible. Satisfying these luxury customers requires more than high-quality products and exclusively designed stores. It also means that brands must specialize in their "essential clients" and offer them shopping experiences away from the point of sale in specially designed private spaces. Hidden luxury suites in stores and separate areas in luxury hotels, complete with their own entrances and excellent service, are ideally suited for these occasions. This exclusive shopping experience includes a selection of specially chosen products at very high prices. That resulted in around 40% of the luxury brands' price level in 2022. That strategy was responsible for about 60% of growth from 2019 to 2022. However, it will take more than excellent products and a unique, exclusive shopping experience to meet global economic challenges. To achieve further growth, investment in sustainability and innovative technologies is necessary – specifically to keep pace with the expectations of the new generations of shoppers. Exclusive experiences and the best service will continue to be expected; however, that will sometimes be defined differently than before and will occur in other places.

Although the customer groups have changed, the principles have remained the same.

Regarding sustainability, some brands have already become aware of the circular economy of products and actively support it through peer-to-peer sales (Vestiare Collective), third-party marketplaces (Farfetch), or return policies for a brand's products. Other business models, such as renting out luxury goods, have also been successful after repairs to or refreshing of the products have taken place where necessary. These options are an attempt to counteract overproduction and overconsumption. For example, Dolce & Gabbana, Prada, and Moncler have teamed up to research recycling solutions. This approach can also be found in today's collections: Louis Vuitton, for example, offers jackets made from recycled marine plastic. Customers expect that while prices are high, the highest standards for the environment and society are also maintained. This also means that the luxury industry is always a benchmark for sustainability and ESG for the retail market.

Luxury brands have also worked on their corporate identities in an effort to reach subsequent generations with a newfound freshness, while maintaining the same values: Over the years, logo designs have changed; their placement and sizes have as well. Some have also grappled with their brand authenticity and have subsequently changed their brand identity via simplification and modernization. While Burberry and Gucci have significantly changed their logos, luxury brand Chanel has only made marginal changes to its logo over the years to appear more contemporary – it continues to aim for recognition through tradition. Louis Vuitton also wants to appeal to new customer groups through regular changes. For decades, the brand has been trying to anchor itself through collaborations with renowned artists and to erase the boundaries between fashion and art – more than any other luxury brand. The latest example can be found in 13-time Grammy Award winner, musician, and producer Pharrell Williams, who has been designated creative director of LV's men's line and successor to the late super-genius Virgil Abloh, who recently made his media-effective debut in Paris. Celebrities and campaigns of this kind naturally reach new, younger target groups.

ENTERING THE ONLINE WORLD

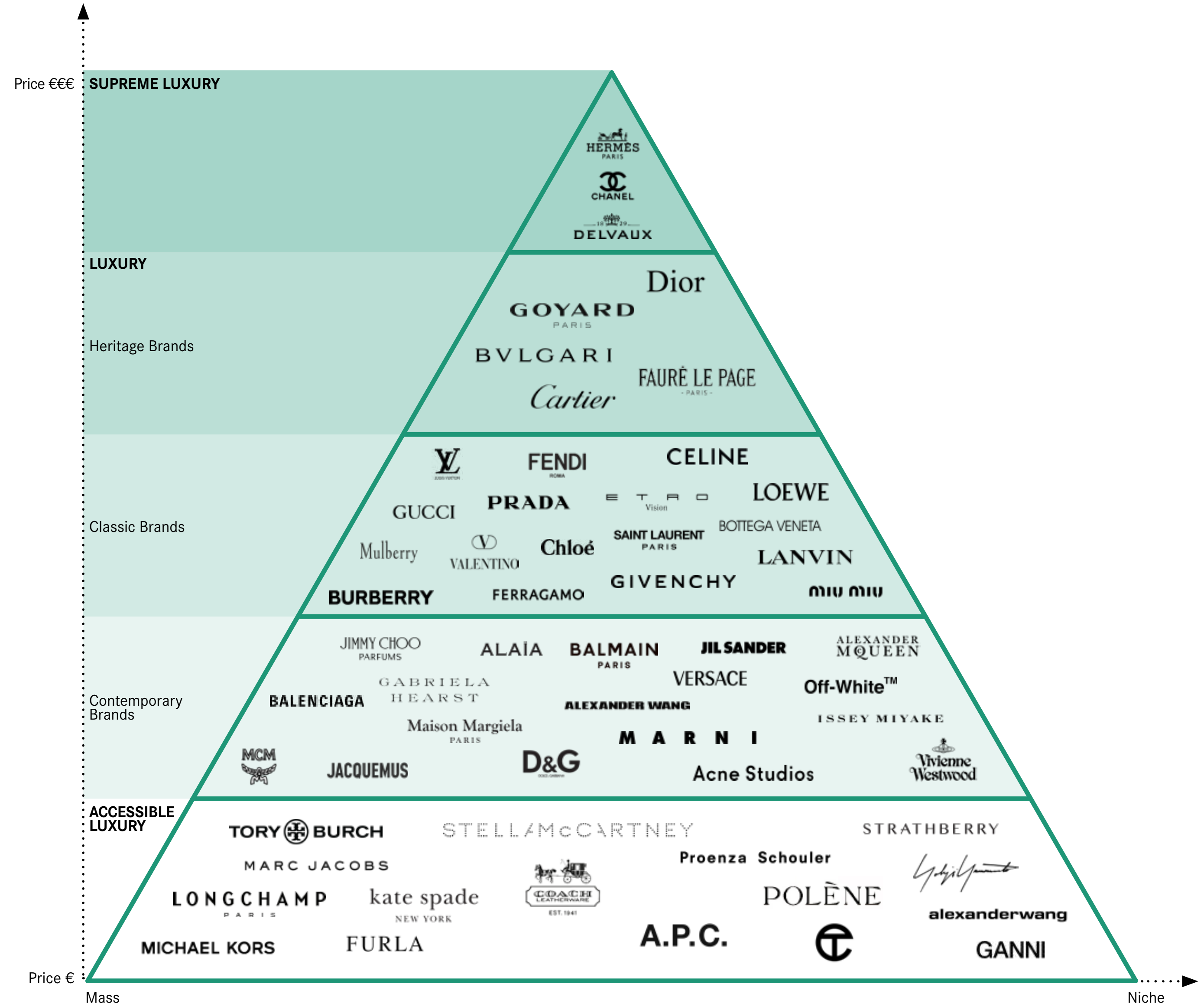
In addition to the green transformation, the luxury industry has become a technological trendsetter – due to the new target groups and as a result of the pandemic. This industry has been more reluctant to embrace e-commerce than any other retail segment. The concern was that their exclusivity would be lost through online sales. During the pandemic, however, there was no other option, and the brands discovered that venturing into e-commerce did not lead to any dilution. The reason behind that, however, was the fact that they digitally sold their goods exclusively via their online stores or built separate platforms. That led to them entering entirely new types of sales and sales venues. During the pandemic, the luxury market realized that the metaverse was not a flash in the pan, but that it had the potential to reach new customers. According to estimates, the metaverse could reach around five billion regular users and be worth 13 trillion US dollars by 2030. This new digital reality could reshape the competitive landscape in many industries.

Luxury is being made available to a broader audience that would not have been reached offline.

As the metaverse is seen as a new area of brand activation, more and more luxury brands are looking to offer immersive brand experiences on various virtual metaverse platforms such as Fortnite, Roblox, The Sandbox, and Decentraland. Luxury is being made available to a broader audience here that would not have been reached offline. It is an unprecedented opportunity to define and personalize your experience. This digital market is excellent testing ground for luxury brands to gauge which pieces are appealing before physically producing them. Limited "twin products", i.e., those that can be purchased online and offline, seem particularly popular.

THE CONSEQUENCES FOR THE RETAIL SECTOR

The luxury market is the only retail segment that is currently undergoing significant changes, that has to adapt to the new needs of consumers, and that is a driver of innovation and success. In the entire retail sector, the boundaries between the online and offline worlds are becoming increasingly blurred due to ever newer and more advanced technologies. In the luxury brand sector, everything revolves around the uniqueness of the product, the purchasing experience, and personalization and exclusivity in consulting, which can also take place online.



EXAMPLE HANDBAGS: THE PYRAMID OF LUXURY CONSUMPTION

Luxury brands are facing a new group of buyers: This group is younger, sometimes with greater purchasing power, but more selective and value-oriented, and lives more internationally. As a result, not only are new brands ascending to the luxury Olympus, but the luxury market is also becoming more segmented and more clearly structured. Thus, there are still classic, established luxury brands as well as entry-level brands. In addition to the price/value distinction, products can be differentiated according to their mass appeal. Brands like Ganni or Yohji Yamamoto are not for the masses; those products attract avant-gardists, artistically inclined creatives, or those who want to embody such attributes to the outside world. In the Contemporary Brands category, you will find brands such as Jacquemus, Acne Studios, Balenciaga, and Vivienne Westwood trying new ways in the here and now and marketing this approach to the outside world. Classics like Valentino, Lanvin, Saint Laurent, Fendi, and Louis Vuitton are affordable and timeless classics. The closer you get to the top of the pyramid, the more you find luxury brands with long histories of craftsmanship and tradition that have conveyed values and top quality for generations. This league has made the leap from high-end accessory to value investment. Prices for Hermès bags are well into the 5-digit range. Scarcity and registering for waiting lists increase desirability. In the past year, prices for classic Chanel bags increased on average by 12-18%, placing the Classic Medium Flag Bag at around 10,000 US dollars. This rapid price increase took place within a matter of months.

LUXURY GOODS ARE A RELATIVELY RISK-FREE INVESTMENT FOR CONSUMERS

“Making luxury accessible to a broader audience is a successful business strategy today,” says Orsolya Hegedüs, partner at Deloitte Austria. In an interview with ACROSS, she explains why luxury is so crisis-resistant, why the segment is growing, and why brands must adapt to a new generation of consumers.

***ACROSS:** THE TERM LUXURY HAS EVOLVED. IT IS NOW DIVIDED INTO DIFFERENT CATEGORIES: ENTRY-LEVEL LUXURY, ACCESSIBLE LUXURY, CLASSIC LUXURY, AND THE OLD, TRADITIONAL, AND VERY COSTLY LUXURY – ALSO CALLED SUPREME LUXURY – REPRESENTED BY BRANDS LIKE HERMES. WHAT CAN THIS DEVELOPMENT BE ATTRIBUTED TO? WHAT IS SO SPECIAL ABOUT LUXURY BRANDS, AND HOW IS LUXURY DEFINED?*

ORSOLYA HEGEDÜS: What luxury means to the individual is defined by each person individually. By definition, however, luxury is a costly expenditure that significantly exceeds the usual scope and is only for pleasure and enjoyment. What is unique about luxury brands is, above all, the image that surrounds them. Many brands have built their images up over the years and decades and, to some extent, use their images to justify their prices. Incidentally, the image is also a central reason why luxury items are so desirable and why there are now different luxury categories. Making luxury accessible to a broader audience is a successful business strategy today.

***ACROSS:** DESPITE THE ENERGY CRISIS AND FURTHER ECONOMIC UNCERTAINTIES ON THE CONSUMER SIDE, LUXURY GOODS ARE STILL VERY POPULAR. THE LINES IN FRONT OF LOUIS VUITTON & CHANEL STORES WORLDWIDE ARE STILL LONG. WHY IS THAT, AND WILL IT CONTINUE IN THE FORESEEABLE FUTURE?*

HEGEDÜS: Consumer research does confirm that people spend less money during crises. However, this only applies to everyday spending. It’s a different story with luxury goods, which are based on the need to signal one’s status, which, in turn, increases attractiveness. This motive is ancient, firmly anchored in humans, and, therefore, less susceptible to crises. Moreover, consuming luxury has to do with wanting to escape reality. This also partly explains why luxury goods particularly boom during crises. In addition, consumers are looking for security in times of crisis. Luxury goods have become increasingly popular as relatively risk-free investments.

***ACROSS:** NOW THERE ARE “HYBRID CUSTOMERS” WHO BUY THE BASICS FROM LOW-PRICE SUPPLIERS AND THEN BUY THEIR BAGS FROM LOUIS VUITTON, FOR EXAMPLE. IS THIS A DEVELOPMENT THAT GOES HAND IN HAND WITH DIVIDING LUXURY BRANDS INTO DIFFERENT CATEGORIES?*

HEGEDÜS: Today, luxury brands no longer necessarily appeal to a tiny, limited target group, but are accessible to a broader audience. In this context, experts also speak of the democratization of luxury. This means that customers who mainly shop at low-price retailers are now more likely to buy a designer bag once in a while. In addition, low-cost retailers have now recognized the value of luxury. They are now collaborating with famous designers on a more frequent basis. The designer handbag has thus become an affordable commodity.

***ACROSS:** HOW IS GEN Z IN EUROPE DEALING WITH LUXURY? WHAT DEVELOPMENTS DO YOU SEE FOR COMING GENERATIONS?*

HEGEDÜS: The buyer profiles of luxury brands have recently become younger. There are various reasons behind that: Today’s younger generations have more purchasing power than previous generations had only a few decades ago. Used luxury items are also fashionable today, and for many, they are easier to afford. In any case, the industry has now adapted to the needs of the younger generations, for example, by offering increasingly sporty and comfortable luxury fashion. At the same time, the definition of luxury has changed, especially for 11 to 26-year-olds. An expensive pleasure alone is no longer in the foreground; sustainable and philanthropic corporate philosophies are gaining importance.

***ACROSS:** THE METAVERSE SEEMS TO BE DEVELOPING INTO A TRUE PLAYGROUND FOR LUXURY BRANDS. WHAT IS YOUR A SSESSMENT IN THIS REGARD: IS THE METAVERSE A BUBBLE THAT WILL SOON EVAPORATE, OR HAS IT COME TO STAY? WHAT DO LUXURY BRANDS EXPECT IN THE METAVERSE, AND WHAT DOES IT BRING THEM?*

HEGEDÜS: It’s true: Luxury now also exists in the Metaverse. L’Oréal and LVMH, among others, are active in the luxury sector of the Metaverse. They have already geared their brands towards the three-dimensional internet of the future. However, it is currently more of a question of being there for image-related reasons – the actual business is still done in the real world.

***ACROSS:** ARE LUXURY BRANDS TREND-SETTERS IN SUSTAINABILITY AND ESG? IF SO, WHY, AND WHAT MAKES THEM STAND OUT?*

HEGEDÜS: Many luxury brands are focusing on sustainability initiatives. For example, luxury houses such as Dolce & Gabbana, Prada, Moncler, and others have joined a consortium to drive research and development for recycling solutions. Kering, on the other hand, has launched its program to optimize the circular economy within its organization. Austrian brands are also doing something in this area: To reduce the use of nylon, Wolford, for example, is focusing on researching and developing alternative materials and fibers that are more environmentally friendly. Swarovski uses recycled metals for its jewelry. All these examples show that today’s luxury industry can no longer avoid issues like sustainability and ESG.

IMAGE: DELOITTE/FEELIMAGE

Orsolya Hegedüs, Partner at Deloitte Austria.

***ACROSS:** FINALLY, LET’S TAKE A LOOK AT BRICK-AND-MORTAR RETAIL. DO WE NEED MORE STORES IN THE LUXURY SEGMENT, OR WILL WE SOON BUY MORE LUXURY ITEMS ONLINE?*

HEGEDÜS: The shopping experience in local stores will remain important, especially in the luxury segment. However, e-commerce has become more important for the luxury segment – the increasing growth rates in that area clearly show that trend.

THE PHILOSOPHY OF DAILY ROUTINES @ HOUSE OF RITUALS, AMSTERDAM

If you are a brand and you want to give yourself a gift for your 20th anniversary, it has to be something special. That was the approach taken by the founder of Rituals, Raymond Cloosterman, who gave himself his own house – the House of Rituals on Kalverstraat, Amsterdam's most famous shopping street.

IMAGES: NEINVER

Its name refers to the daily routines that eventually become rituals. Cloosterman was responsible for marketing at Unilever for 13 years before he came up with a brilliant idea: to create a global brand similar to Starbucks that would work without advertising. The stores themselves would promote the brand. After some initial difficulties, his idea paid off, resulting in approximately 1,150 stores in prime locations around the world. Rituals' keys to success are innovation, speed, and affordable prices. Therefore, the company does not own any factories, but has its products manufactured by manufacturers across various countries.

HOUSE OF RITUALS

In contrast to the typical store size of roughly 100 sq m, the brand covers 1,900 sq m on four floors in the House of Rituals. The two lower levels are dedicated to discovery and creation, while the two upper levels are for pure relaxation and recharging one's batteries: It is a space in which you can forget about the hustle and bustle of the city and your current to-do lists. You can immerse yourself in a world of tranquility, treat yourself to some relaxation, and enjoy a treatment or two. To ensure that your relaxation is as all-encompassing and long-lasting as possible, the House of Rituals involves all of the senses – also via its in-house restaurant Rouhi (Arabic for "my soul"). Asian specialties are served there, and guests are treated to culinary delights. The overall concept has already won several awards, including "World's Most Innovative Retail Concept" in 2022.

ALL IMAGES: HEIDEMARIE KRIZ

TESTING ON A NEW LEVEL

Rituals, which is a mix of beauty, wellness, gifts, and lifestyle, gave itself another gift for its opening: the Talisman Collection, its fragrance line of 25 exceptional scents from five perfume families. As an Experience Store, they also wanted to offer customers a new way to test the products – their favorite scents are determined using an AV display that links Ritual's fragrance profiles to two databases. The fragrance bar, designed specifically for this purpose by First Impression's professionals, also features glass pipettes that are connected to a display and show the respective ingredients of the selected fragrance. What appears to be coherent and clear is a masterpiece of programming work and the combination of technology, light, and moving images. In addition to providing an exceptional customer experience, it generates valuable purchase-related data for the company, as the most popular perfume families are filtered out, serving as a sound marketing basis for further developments. The Experience Store will be rolled out in all major capitals worldwide, providing unique customer experiences.

ESCAPING EVERYDAY LIFE

The two upper floors are exclusively dedicated to the Rituals pampering program. The third floor features a body spa for relaxation and various treatments. The floor above the spa invites you to recharge your batteries and feels like an oasis of tranquility: A treatment in the mind spa is like a virtual vacation and gives you strength to take on new tasks. Inside a large room featuring big windows, yoga and meditation enthusiasts will be able to take part in useful sessions designed to help you find your inner balance.

My tip: Customer loyalty is more successful when you give visitors the opportunity to design their products. Whether such personalization involves a fragrance, hair shampoo, or a service, as is the case here, moving away from monotony to a desired solution satisfies customers who come back for more. The use of customized AV technologies provides increased support, creates astonishment and interest, creates an "aha" effect, and provides the primary data that is essential for the company's further development in the areas of product design and marketing decisions.

IMAGE: DANIEL WILLINGER PHOTOGRAPHY

HEIDEMARIE KRIZ

Point of Sale Doctor and Retail Architect.

EVENTS (SUBJECT TO CHANGE)

NOVEMBER 22 – 23, 2023
DUSSELDORF, GERMANY

IMAGE: DEUTSCHER FACHMARKTIMMOBILIEN-KONGRESS

14TH GERMAN SPECIALTY STORE SUMMIT

Discover the platform for the specialty market-oriented retail and real estate industry. The industry is due to meet with the top decision-makers to discuss the future of specialty retail for the 14th time. Participate in the event and network with industry leaders from the retail sector, developers, operators, brokers, and investors. Learn about the trends and the future of specialty stores and retail centers. Discussions will focus on aspects like what the general retail climate mean for specialty stores, tenancies in a rough real estate landscape: the complex tenant-landlord relationship, redevelopment: how retail parks remain competitive, ESG in practice in specialist retail properties: important to-dos, finance, and investment: Specialist stores as safe banks, etc.

MORE INFO: HTTPS://DFVCG-EVENTS.DE/FACHMARKTIMMOBILIEN-KONGRESS/

NOVEMBER 28 – 30, 2023
CANNES, FRANCE

IMAGE: MAPIC/ E. HAUTIER / IMAGE&CO

MAPIC 2023

MAPIC is the all-in-one trade fair that combines retail, food, entertainment, and technology in one event hosting annual editions in Cannes. The MAPIC appointment will take place on 28-30 November 2023 at the magnificent Palais des Festivals. This year's MAPIC topic is The Age of Responsible Growth: Committing to a Better Future. For three days, 1500 retailers, restaurant chains, and leisure providers from 80 countries will participate in the showcase and discussions to develop ideas for the lifestyle destinations of the future. MAPIC was founded in 1995 and has since brought together leaders from the retail, real estate, food, and leisure industries to shape the industry's future together.

MORE INFO: ???

JANUARY 26 – 30, 2024
FRANKFURT, GERMANY

IMAGE: MESSE FRANKFURT EXHIBITION GMBH

CHRISTMASWORLD 2024

As the leading international trade fair for seasonal decorations and festive decorations, Christmasworld, from 26 to 30 January 2024, opens up effective design possibilities for its target groups to surprise customers time and again with new assortment combinations and presentations for new synergies that offer added value. The event will once again showcase the latest products and trends for Christmas and other festive occasions, providing an opportunity for personal exchanges and cultivating business contacts. There will also be an exciting fringe program with valuable impulses for the trade. More than 500 exhibitors from almost 40 countries are expected to attend. In the lecture area of the Christmasworld Academy, trend and specialist lectures are planned, which will be complemented by an online program.

MORE INFO: HTTPS://CHRISTMASWORLD.MESSEFRANKFURT.COM/

FEBRUARY 27 – 28, 2024
LONDON, UK

THE LONDON PROPTECH SHOW 2024

The 2nd Annual London PropTech Show will provide an intense experience for participants over the course of 2 days encompassing top-notch product demonstrations from hundreds of exhibitors, unrivaled content from speakers, and networking opportunities with ministries and leading professionals from Residential, Co-working Spaces, IoT, Construction Technologies, Building Materials, Fintech, AI, Retail, Logistics, Electrification Infrastructure, Professional Services, and other vital sectors. The PropTech vertical is one the most sought-after segments within the real estate industry and presents a billion-dollar opportunity with a record-breaking increase in investments Year on Year. Dedicated to the entire proptech value chain, #PTS24 will allow participants to explore numerous business opportunities and get deep market insights from industry pioneers & trailblazers who are disrupting the real estate landscape through groundbreaking innovations and making a difference in decarbonizing the Built Environment.

MORE INFO: HTTPS://PROPTECHSHOW.COM/

EVENTS (SUBJECT TO CHANGE)

WHERE THE INDUSTRY MEETS			
RETAIL INSIGHTS	SEPTEMBER 25, 2023	COPENHAGEN, DENMARK	HTTPS://RETAILINSIGHTS.ORG/DENMARK/REGISTER/
COMPLETELY RETAIL MARKETPLACE	SEPTEMBER 26, 2023	LONDON, UK	HTTPS://WWW.CRMARKETPLACE.COM/EVENTS/LONDON/SEPT/
4. CITYTAGUNG BY REGIOPLAN	SEPTEMBER 27, 2023	VIENNA, AUSTRIA	HTTPS://WWW.CITYTAGUNG.EU/CITYTAGUNG/
EXPO REAL	OCTOBER 4 - 6, 2023	MUNICH, GERMANY	HTTPS://EXPOREAL.NET/EN/
WHITE LABEL WORLD EXPO	OCT. 11 - 12, 2023	FRANKFURT, GERMANY	HTTPS://WWW.WHITELABELWORLDEXPO.DE/
NEXTGEN RETAIL ECOSYSTEM	OCTOBER 11, 2023	LISBON, PORTUGAL	HTTPS://NEXTGEN.APCC.PT/
5TH ANNUAL CRE AWARDS	OCTOBER, 19, 2023	BUDAPEST, HUNGARY	HTTPS://CREAWARDS.NET/
SEE PROPERTY FORUM & AWARDS GALA	OCTOBER, 24, 2023	BUCHAREST, ROMANIA	HTTPS://WWW.PROPERTY-FORUM.EU/FORUMS/CONFERENCE-PROPERTY/
13TH CEE INVESTMENT AWARDS	OCTOBER, 26, 2023	WARSAW, POLAND	HTTPS://CEEINVESTMENTAWARDS.COM/
RETAIL FORUM SWITZERLAND	NOVEMBER, 7, 2023	ZURICH, SWITZERLAND	HTTPS://WWW.RETAILFORUM.CH/
ACSP CONFERENCE 2023	NOVEMBER, 15, 2023	VIENNA, AUSTRIA	HTTPS://WWW.ACSP.AT/
14TH GERMAN SPECIALTY STORE SUMMIT	NOV. 22 - 23, 2023	DUSSELDORF, GERMANY	HTTPS://DFVCG-EVENTS.DE/
MAPIC 2023	NOV. 28 - 30, 2023	CANNES, FRANCE	HTTPS://WWW.MAPIC.COM/
OUTLOOK 2024			
CHRISTMASWORLD	JAN. 24 – 26, 2023	FRANKFURT, GERMANY	HTTPS://CHRISTMASWORLD.MESSEFRANKFURT.COM/FRANKFURT/DE.HTML
THE LONDON PROPTECH SHOW	FEB. 27 – 28, 2023	LONDON, UK	HTTPS://PROPTECHSHOW.COM/
EUROCIS	FEB. 27 – 29, 2024	DUSSELDORF, GERMANY	HTTPS://WWW.EUROCIS.COM/
MIPIM	MARCH 12 – 15, 2022	CANNES, FRANCE	WWW.MIPIM.COM
FRANCHISE EXPO PARIS	MARCH 16 – 18, 2023	PARIS, FRANCE	WWW.FRANCHISEPARIS.COM

ACROSS ADVISORY BOARD

The body's declared aim is to offer its expertise on 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 30 members. These are:

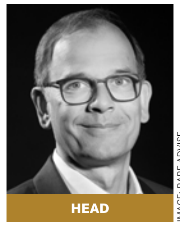


IMAGE: RARE ADVISE

KLAUS STRIEBICH
Managing Director of RaRE Advise


IMAGE: VIA OUTLETS

OTTO AMBAGTSHEER
CEO of VIA Outlets


IMAGE: KAUFLAND

ANGELUS BERNREUTHER
Head of IR at Kaufland Stiftung & Co. KG


IMAGE: KAUFLAND

JEAN-CHRISTOPHE BRETXA
Managing Director and Chairman of METRO PROPERTIES Mall & Highstreet


IMAGE: CONIQ

BEN CHESSER
Founder and CEO of Coniq


IMAGE: NEPI ROCKCASTLE

RÜDIGER DANY
CEO of NEPI Rockcastle


IMAGE: ECE

JOANNA FISHER
CEO of ECE Marketplaces

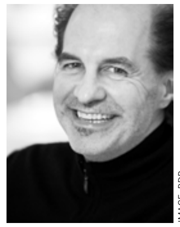


IMAGE: BDP

GREGORY FONSECA
Director of Architecture BDP


IMAGE: AMBAS

STEFFEN HOFMANN
Managing Partner at ambas


IMAGE: URW

ANDREAS HOHLMANN
Managing Director Austria & Germany at Unibail-Rodamco-Westfield


IMAGE: PORTLAND

IBRAHIM IBRAHIM
Managing Director of Portland Design

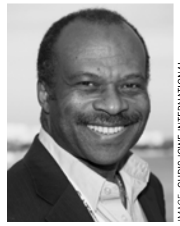


IMAGE: CHRIS IGWE INTERNATIONAL

CHRIS IGWE
Global Retail Expert


IMAGE: FIBA

YURDAER KAHRAMAN
CEO and Board Member of FİBA Commercial Properties


IMAGE: UMDASCH

SILVIO KIRCHMAIR
CEO of umdasch The Store Makers Management GmbH


IMAGE: KERN

HERMAN KOK
Director of Kern


IMAGE: MPC PROPERTIES

MAXENCE LIAGRE
CEO of MPC Properties


IMAGE: NEINVER

DANIEL LOSANTOS
CEO of Neinver


IMAGE: PRIVATE

HENRIK MADSEN
Founder of HMJ International


IMAGE: MK ILLUMINATION

THOMAS MARK
President of MK Illumination Group


IMAGE: RIOJA ESTATES

GILES MEMBREY
Managing Director of Rioja Estates Ltd.


IMAGE: HYPERIN

MARKUS PORVARI
Founder of HyperIn


IMAGE: ROS

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


IMAGE: MULTI

ELMAR SCHOONBROOD
Co-CEO and Board Member at Multi


IMAGE: HMSHOST

WALTER SEIB
CEO of HMSHost International


IMAGE: HBB

ANDRÉ STROMEYER
Managing Director at HBB


IMAGE: SCSC

JAN TANNER
Managing Director Bredella AG for Implenia Switzerland


IMAGE: ADVANTAIL

FRANCK VERSCHELLE
CEO & Founder of Advantail


IMAGE: UNION INVESTMENT

HENRIKE WALDBURG
Head of Investment Management Retail at Union Investment


IMAGE: EVA TRIFFT

MARCUS WILD
Member of the Executive Board of Spar Group Austria

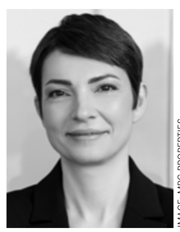


IMAGE: MPC PROPERTIES

PINAR YALÇINKAYA
CEO of MPC Properties

TWO NEW MEMBERS: STEFFEN HOFMANN AND OTTO AMBAGTSHEER JOIN THE ACROSS ADVISORY BOARD

The ACROSS Advisory Board is happy to welcome its newest members, Steffen Hofman and Otto Ambagtsheer.

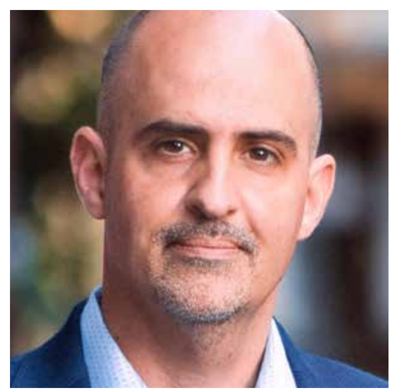
"We are delighted to have Steffen Hofmann and Otto Ambagtsheer, two outstanding industry experts, join our ACROSS Advisory Board and thus expand our expertise in the areas of consulting, transactions, and outlet centers," says Reinhard Winiwarter, founder and publisher of ACROSS. "Both do an outstanding job for the placemaking industry, and we look forward to the exchanges and discussions with them and learning from their industry know-how."

STEFFEN HOFMANN

Steffen Hofmann is Managing Partner of ambas Real Estate, a company with 11 employees and offices in Mainz and Hamburg. ambas is a specialized transaction and asset management consultancy for owners and project developers of retail and mixed-use real estate. He founded the company (formerly known as iMallinvest Europe) in 2014. Steffen formerly worked for the UK-based fund manager Henderson Global Investors and the German open-ended fund management platform Commerz Grundbesitz Investmentgesellschaft. With more than 21 years of industry experience, Steffen Hofmann is a genuine retail real estate specialist. Having operated in eight European markets (GER, AUT, UK, SWE, ESP, POR, ITA, HUN), Steffen displays a profound understanding of international investment market mechanics. Steffen Hofmann is familiar with the highest quality standards in institutional decision-making. Since 2017, he has recorded transaction successes worth over 2 billion euros. His most notable deals include the MELODY portfolio (approx. 675 million euros, 2017); Erlangen Arcaden (approx. 190 million euros, 2019); Boulevard Berlin (approx. 250 million euros, 2021) and PEP Munich (approx. 500 million euros, 2023).

OTTO AMBAGTSHEER

Otto Ambagtsheer was appointed Chief Executive Officer and Executive Director of VIA Outlets in April 2019. He initially joined VIA Outlets in September 2018 as the Chief Operating Officer. He has over 25 years of real estate, retail, and business experience. Before joining VIA Outlets, Otto Ambagtsheer served as Managing Director of Unibail-Rodamco-Westfield Benelux, the largest European commercial real estate company, focusing on leasing, operations, marketing, development, and investment management. Previously, he led Schiphol Real Estate's development team and was appointed Managing Director of Consumer Products & Services, overseeing all consumer-oriented commercial operations within the Schiphol Group. Otto Ambagtsheer holds a law degree from Radboud University and is a graduate of the Executive/General Management program of the London Business School.



Steffen Hofmann is a Managing Partner at ambas

Otto Ambagtsheer is CEO of VIA Outlets

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ambas Real Estate is an independent retail investment and asset management advisory firm. The company advises owners and developers about retail assets and modern mixed-use properties. Its service portfolio includes tailormade transaction-related advisory and strategic asset management services. ambas is active in the European real estate markets, Germany being its core market.

BIG CEE
Omladinskih brigada 88/I
Airport City Business Park
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https://www.big-cee.com

BIG CEE is the subsidiary of BIG Shopping centers Israel, based in Belgrade capital of Serbia, since 2007. Company was founded with a mission of developing the BIG brand in the Balkan countries and with focus on implementing BIG Shopping Centers strategy and vision in Serbia and neighboring countries such as North Macedonia, Albania, Montenegro. BIG CEE holds and operates 10 active shopping centers – 9 in Serbia and 1 in Montenegro. In Serbia operates 6 Retail Parks which are branded as BIG, 2 Shopping Centers which are branded as BIG Fashion and the only Designer Outlet in the country branded as BIG Fashion Outlet. With a focus on the company's core product – Retail Parks, BIG CEE has successfully became one of the leading retail real estate developers in Serbia and the Balkan region.

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Chainels is a one-stop-shop solution that combines all essential communication and workflows in one platform. Clients such as CBRE, Redevco, Multi Corp, Atrium, EPP and Shaftesbury use Chainels to communicate with all tenants, service providers and other stakeholders within their assets. In addition, we offer our property owners and managers a selection of additional modules to digitize and streamline internal and onsite workflows.

CHRISTMASWORLD
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Christmasworld – Seasonal Decoration at its best – is the leading international trade fair for festive decorations. Exhibitors from all over the world present the latest trends and products for all festive occasions of the year, including innovative concepts for decorating large spaces and outdoor areas, such as shopping centers in Frankfurt am Main.

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Coniq is the Total Customer Engagement Company for growth-minded shopping centers, outlets, and retail brands. Our IQ platform provides a faster, more economical and simpler way to generate revenue by understanding, anticipating and engaging customers through unique and personalized experiences in real-time in-store and online. Coniq powers over £1 billion of sales annually for its customers, with more than 20 million consumers shopping at more than 1,800 brands in +25 countries worldwide.

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dfv Conference Group the event arm of dfv Media Group, develops, organizes and produces executive-level conferences and conventions about a variety of themes and across a wide range of sectors. As a relationship manager, it turns media and information into a hands-on experience, fostering professional exchange and networking throughout the business community. The majority of the delegates attending its events come from senior management and other top-ranking corporate positions.

EUROVEA
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EUROVEA mixed-use-development is part of the modern urban quarter in the vicinity of the historical center of Bratislava. It represents an entirely unique and dynamic destination with the riverside promenade. Eurovea broadens patterns of living, working and shopping as it provides the sort of downtown, high street shopping experience.

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GfK GeoMarketing is one of Europe's largest providers of geomarketing services and products, which include consultancy and research expertise, market data, digital maps as well as the software RegioGraph. GfK helps companies from all industries to answer critical location-related business questions in sales, marketing, expansion planning and controlling. GfK's geomarketing department promotes business success and thus delivers "Growth from Knowledge".

HBB CENTERMANAGEMENT GMBH & CO. KG
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HBB Group - based in Hamburg - has been active in the real estate industry as an investor and project developer for more than 50 years. Asset classes like retail, office, hotel, senior living and residential properties have been developed and built across Germany. HBB sees itself as a specialized investor with the aim of creating successful long-term value rather than short-term profit maximation. The focus of HBB is on sustainability and compatibility of their real estate projects. The company is owner operated and has a team of more than 140 highly skilled professionals. HBB Centermanagement GmbH & Co. KG manages shopping centers in Hanau, Frankfurt, Munich, Langenhagen, Gummersbach, Nidderau, Hamburg, Weiden, Essen, Wittenberg, Leipzig, Wuppertal, Ingelheim, Stein, Heiligenhaus, Langen and Lübbecke among others.

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As the market leader for networking in the form of events and business matching, Heuer Dialog has been accompanying the real estate industry in accessing all disciplines that deal with questions about the future of the urban and real estate worlds since the 1980s. With around 50 events per year, Heuer Dialog enables high-level executives to meet on physical and virtual platforms or even in both simultaneously, in a hybrid setting for sustainable urban, real estate and building development. Heuer Dialog builds networks with power, creativity and capital that secure the future of cities, regions and companies. As initiator and moderator, Heuer Dialog brings together minds from architecture, civil engineering, ecology, economics, sociology, technology and law in face-to-face dialogues. Over the past four decades, more than 100,000 personalities have taken part in lectures and discussions that have led to initiatives for current and future action. In association with the Immobilien Zeitung and the dfv Mediengruppe with more than 100 specialist titles, Heuer Dialog sees itself as the competence center for events related to real estate.

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hyper[in] – MANAGE. MONETIZE. CONNECT.
hyper[in] brings a game-changing solution for people who MANAGE shopping malls. We provide all the tools for multi-channel communication, collaboration and integration between you and your tenants. You can MONETIZE spaces to outside advertisers and marketers. You have always up-to-date information that you can use to CONNECT to consumers and understand them. We are a Red Herring Top 100 Winner in recognition as one of the leading private technology and innovation companies. For more information, please visit www.hyperin.com.

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Kaufland is an international retail company with over 1,500 stores and about 148,000 employees in eight countries, namely: Germany, Poland, Romania, the Czech Republic, Slovakia, Bulgaria, Croatia, and the Republic of Moldova. Kaufland offers a large assortment of food and everything else for daily needs. The company is part of the Schwarz Group, one of the leading food retail companies in Germany and Europe. Kaufland is based in Neckarsulm, Baden-Wuerttemberg.

MALLCOMM
Beacon House, Suite 4, Kempson Way
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Great Britain
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https://www.mallcommapp.com

Mallcomm is an award-winning 360 technology platform for asset and property management that streamlines everyday tasks, joins up stakeholders and generates new insight for more efficient and effective operations. The platform seamlessly connects all built environment communities: occupiers, operations, suppliers, consumers and other stakeholders. By transforming the users' experience of the space, Mallcomm creates loyalty by connecting people to places while delivering efficient operations, significant budget savings and valuable insights. By using the most established, advanced and cutting-edge technology, Mallcomm helps managers curate and promote their ecosystem and provides a suite of powerful data insight to efficiently measure and adapt the outputs of B2B and B2C engagement.

MAPIC
The international retail property market
Phone: +33 1 79 71 90 00
http://www.mapic.com

MAPIC is the key meeting point for retailers looking for partners, property developers, and owners looking for retailers to enhance their sites. MAPIC delivers 3 days of tailored meetings, expert-led conferences and a premium exhibition for industry leaders, targeting all types of retail properties, such as shopping centers, cities, factory outlets, leisure areas and transit zones.

MAPIC ITALY
The Italian retail property event
Phone +33 1 79 71 90 00
http://www.mapic-italy.it

MAPIC Italy is a deal-making event dedicated to the Italian retail property market. It gathers together Italian and international retailers and investors looking for retail properties and locations to expand their business in the Italian market. Retail property owners, shopping centers management companies and agents will have a unique opportunity to present their assets to a qualified public of clients and prospects.

MEC METRO-ECE CENTERMANAGEMENT GMBH & CO. KG
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MEC with headquarters in Düsseldorf is a joint venture of METRO and ECE. As the German national market leader for retail parks, MEC has more than 280 employees and manages more than 65 retail properties. Its service portfolio includes customized services for all aspects of integrated center management, including commercial and technical management, leasing, marketing, development, commercial asset management and property management for smaller retail properties. The market value managed (assets under management) was € 3.8 billion in 2022. In all locations, approximately 1,200 rental partners generate an annual turnover of € 3 billion over a rental space of 1.55 million sq m.

MESSE FRANKFURT
Messe Frankfurt Exhibition GmbH
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60327 Frankfurt am Main, Germany
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info@messefrankfurt.com
http://www.messefrankfurt.com

Messe Frankfurt is one of the world's leading trade fair organizers. 592,127 sq m of exhibition ground are currently home to ten exhibition halls and two congress centers. Events "made by Messe Frankfurt" take place at approx. 50 locations around the globe, and cover the fields of consumer goods, textiles & textile technologies, technology & production, mobility & logistics, entertainment, media & creative industries.

MIPIM
The world's leading property market
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MIPIM, the premier real estate event, gathers the most influential players from all sectors of the international property industry, for four days of networking, learning and transaction through premium events, conferences and dedicated exhibition zones.

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MK Illumination is the leading provider of year-round festive lighting solutions, which form the cornerstone of powerful marketing, engagement, and visitor attraction campaigns. The family-owned business was founded in 1996 and has presence in more than 44 countries. Each year, its independently-owned subsidiaries combine global experience with local knowledge to deliver upwards of 1200 projects worldwide for clients in a range of sectors including Retail Real Estate, Public Spaces, Travel Retail and Leisure. MK Illumination is known for its innovative full-service approach, its commitment to the highest quality products and services, and for creating extraordinary tailored solutions that deliver results.

MPC PROPERTIES
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MPC Properties is one of the Southeast Europe's most experienced real estate companies. MPC has developed over 30 projects since its foundation in 2002. Its strategy is development of modern retail and office assets in accordance with the green building principles and the highest LEED and BREEAM standards. One of the main points of sustainability of company's business is implementation of ESG strategy across portfolio.

MPC possesses and manages different types of properties – retail network of six shopping centers and six A-class office assets, each of them representing the most important and recognizable landmarks on the market. It is the first company in Serbia to receive the WELL Health-Safety certificate for the portfolio of business and retail assets awarded by the International WELL Building Institute (IWBI).

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Multi Corporation is a leading pan-European integrated service platform for retail real estate assets, managing about 100 retail assets for institutional investors across Europe and Turkey. Multi Corporation offers a full spectrum of services, including active asset management, shopping center operations, redevelopment and refurbishment, leasing, legal guidance and compliance. Over the past few years, Multi's broad financial, commercial, and technical expertise has enabled them to outperform the industry in terms of occupancy, net rental income and state-of-the-art shopping center marketing. Multi's in-house studio for master-planning and architecture, TTDesign, uses their fundamental knowledge of shopping center functionality to enhance the retail environments in their portfolio. In total, they welcome over 400 million customers annually, spending an estimated € 4 billion in over 6,000 stores, restaurants and leisure attractions. Multi's office network boasts a team of 650+ talented professionals in 14 countries: Belgium, Germany, Hungary, Ireland, Italy, Latvia, the Netherlands, Poland, Portugal, Slovakia, Spain, Ukraine, the United Kingdom and Turkey.

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NEINVER is a Spanish multinational company specialised in managing, developing and investing in commercial properties. The leading manager of outlet centers in Spain and Poland, and the second largest in Europe, has two proprietary brands: The Style Outlets and FACTORY. Founded in 1969, NEINVER manages 17 outlet centers and 4 retail parks including active pipeline in six European countries: France, Germany, Italy, Poland, Spain and the Netherlands.

NEPI ROCKCASTLE
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NEPI Rockcastle is the premier owner and operator of shopping centers in Central and Eastern Europe (CEE), with presence in nine countries and an investment portfolio of €5.8 billion as of 31 December 2021. The group owns and operates 52 retail properties (excluding joint venture), which attracted 244 million visits in 2021. With group-level management of tenant relationships and a focus on cross-country collaboration, the Group is the leading strategic partner for major retailers targeting CEE countries.

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Placewise is the global leader in retail real estate property tech, serving over 1,100 shopping centers, across 3 continents, through more than 1 billion digital shopper engagements every year. From the industry's first end to end ecommerce marketplace, to tenant communication and loyalty programs Placewise offers the only purpose-built solutions for shopping centers, designed to create long lasting digital relationships with shoppers, and unlock the power of retail properties to monetize beyond the square meter. Placewise has offices in Europe, the US, and Asia, and is backed by both venture and PE funds.

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Redevco is a European real estate urban regeneration specialist with a clear ambition to create positive impact by helping cities become more sustainable and liveable. Our specialist investment strategies consider opportunities to re-purpose to mixed-use, in the segments of living and leisure & hospitality as well as in retail warehouse parks. Our highly experienced professionals purchase, develop, let, and manage properties, ensuring that the portfolios optimally reflect the needs of Redevco's clients. Redevco's total assets under management comprise around €9.7 billion.

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Rioja Estates is the leading UK-based specialist in the development of designer and factory outlets. Our expertise encompasses all aspects of planning, design, development, funding, pre-leasing, operational launch, and asset management. We are also adept at identifying institutional purchasers for finished schemes, and enabling property owners and investors to enter the market without taking on unnecessary risk.

ROS RETAIL OUTLET SHOPPING GMBH
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ROS Retail Outlet Shopping, headquartered in Vienna, with partnerships in Poland, Italy and France, is an independent retail real estate consulting and center management company specialized in Designer Outlets and innovative shopping concepts across Europe. The founders Thomas Reichenauer and Gerhard Graf are both committed professionals with many years of experience, and knowledgeable about the European outlet market as well as recognized personalities in the industry. The portfolio of ROS Retail Outlet Shopping includes: Designer Outlet Soltau, City Outlet Geislingen, Brugnato 5Terre Outlet Village, Designer Outlet Warszawa, Designer Outlet Gdánsk, Designer Outlet Sosnowiec, Premier Outlet Budapest, Designer Outlet Algarve, Designer Outlet Croatia, La Torre Outlet Zaragoza, M3 Outlet Polgár, Designer Outlet Luxembourg and further new developments in Europe.

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SES Spar European Shopping Centers is specialized in the successful development, construction, marketing, and management of multifunctional retail properties and quarters of international standard. In addition to shopping malls, retail parks and managed shopping streets also form part of our business. SES is No. 1 in Austria and Slovenia for large-scale shopping locations. Additional core markets include Northern Italy, Hungary, the Czech Republic, and Croatia.

THE HAPPETITE
The Global event for multi-site restaurant operators. Close deals with the best international food retail concepts!
Phone +33 1 79 71 90 00
https://www.the-happetite.com/

The Happetite (previously known as MAPIC FOOD) is the international event dedicated to multi-site restaurant operators looking to grow their business. This powerful business platform is a unique chance to find new international food retail concepts, and to meet restaurant industry decision makers. Key international restaurants, food chains & operators participate in this exhibition to meet private equity firms and property players to grow their business. The event brings together all the restaurant chains, restaurant operators, travel operators, franchise partners and restaurant industry suppliers to develop and create the food destinations of tomorrow.

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Unibail-Rodamco-Westfield is an owner, developer and operator of sustainable, high-quality real estate assets in the most dynamic cities. With the support of 2,700 professionals and an unparalleled track-record and know-how, Unibail-Rodamco-Westfield is ideally positioned to generate superior value and develop world-class projects. Unibail-Rodamco-Westfield distinguishes themselves by their Better Places 2030 agenda, which sets their ambition to create better places that respect the highest environmental standards, and contribute to better cities.

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Union Investment is a leading international real estate investment company specializing in open ended real estate funds for private and institutional clients. Union Investment has assets under management of some €51.0 billion. Active in the real estate investment business for more than 50 years, Union Investment operates today in 24 countries around the world. In addition to office space and business parks, the Hamburg-based company is investing in business hotels, logistics properties, residential buildings and retail properties. Union Investment's retail portfolio currently includes 83 assets in Europe and the US, with a market volume of some €10 bn.

VIA OUTLETS
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VIA Outlets was founded in 2014 to acquire existing outlet centers across Europe. VIA Outlets' vision is to create premium shopping destinations, and offer best-in class, beautifully located shopping experiences for visitors and brand partners. VIA Outlets are here to redefine the outlet shopping experience. Guided by their three R's elevation (strategy, remerchandising, remodelling and remarketing) VIA Outlets ensures that premium fashion outlets are destinations attracting visitors from all over the world. By bringing together an exceptional mix of international and local premium brands, VIA Outlets have created unexpected and unforgettable shopping experiences, whilst also paving the way for sustainable shopping. Currently, VIA Outlets consists of 11 assets spread across Europe, offering over 1,100 stores across 267,000 sq. m GLA.

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ACROSS is the international and independent trade medium for placemaking & retail real estate in Europe. The magazine covers topics through the entire value chain of modern retail properties. Interviews and experts' opinions are in the focus of the editorial coverage. The latest retail or development trends and news about the different markets, round out the magazine's content. The magazine is published entirely in English, with an exclusive circulation of 20,000 copies in 42 European countries, reaching the industry's decision makers directly.

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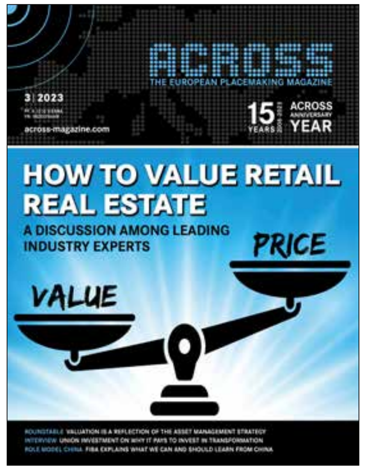

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ACROSS Strategic Partners – Our direct line to the industry

Many industry players, experts, and leading companies in the retail real estate sector have supported us in word and deed in the preparation of this edition of ACROSS. We would like to take this opportunity to thank all of our strategic partners, guest authors, and suppliers of ideas, without whom it would be nearly impossible to create this informative magazine and make it so relevant to the industry.

NETWORKING PARTNERS:

For a successful revitalization.

Kaufland: The strong footfall anchor

Photo credits: Marcus Buck

Local supply for all types of locations

Kaufland currently operates more than 1,500 stores in eight European countries. The company offers a wide range of groceries and everything for daily needs. Whether in Germany, Poland, Romania, the Czech Republic, Slovakia, Bulgaria, Croatia or the Republic of Moldova, Kaufland stands for low prices, relevant product range, convincing quality and easy shopping everywhere.

Revitalization for retail real estate will be one of the key tasks for the industry in the future. Since 2020, Kaufland has proven to be a reliable and fast partner on more than 100 revitalization projects across Europe: As a footfall anchor for all retail locations, from stand-alone supermarkets, retail parks and shopping centers to inner-city locations. And we are definitely open to complementary uses in mixed-use properties.

We are a sustainable footfall anchor on sites from 6,000 sqm upwards; catchment areas with more than 25,000 inhabitants; towns from 10,000 inhabitants and on sales areas from 2,000 to 2,500 sqm.

Discover how Kaufland can also be the footfall anchor for your revitalization project. Just go to www.realestate.kaufland.com or follow us on LinkedIN.

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