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PLACEMAKING PRINCIPLE FOCUSING ON THE CYCLE OF SUCCESS IN THE REAL ESTATE INDUSTRY

TRANSACTION MARKETS 2024 WILL MARK THE GRADUAL RESURGENCE

STUDY TOUR ISTANBUL MEET DEFACTO AND MADAME COCO AND LEARN ABOUT THEIR EXPANSION PLANS

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DEAR READER,

2024 is a year to get things done. Excuses such as COVID-19 and geopolitical crises are no longer valid. Therefore, this year is a year in which it will become clearer than ever where the retail asset class really stands, which shopping centers are fit for the future, and which consumer groups will shape the market of the future. Focus on the consumer, repositioning, and repurposing are the top three tasks on the place-making industry's to-do list.

During such a process, it is all the more important to return to the basic economic principles of our industry:

1. We need satisfied customers who enjoy visiting our locations and are happy to spend their money there.
2. We need satisfied retailers who generate good sales and are, therefore, happy to pay good rental amounts.
3. We need center management that earns good money and develops the respective location.
4. High returns for happy investors are generated as a result.

As banal as this value chain in a nutshell may sound, it is important because it covers the core question: What is your level of demand? In this issue of ACROSS, we take a closer look at the basics: What is the level of demand for a retail destination and its stakeholders? What roles do the individual stakeholders play, and how can they develop together with the asset?

Not only is Türkiye the traditional home of retail, but it is also a market of interest for mainstream brands and home to brands that have a strong interest in expanding into the European Market. Our Türkiye-centered focus in this issue (pgs. 54-63) not only offers an insight into this exciting market, but it's also an invitation to explore Istanbul with us in April. During our ACROSS Study Tour, April 17 -19, we will take a look at innovative retail concepts, different shopping center concepts, and will gain top-class insight, enjoy excellent networking opportunities, and listen to keynote addresses. Meetings with DeFacto and Madame Coco, two expanding brands, will be the highlights of the tour. Both of them share a great growth story in Türkiye and have big plans for Europe. We spoke with them about their expansion plans and experience in Europe, and why retail companies in 2024 should also be tech companies (pg. 58 and pg. 62).

We hope that we have the opportunity to discuss many of these topics, face-to-face, at **MIPIM in Cannes**. The ACROSS team will be there and looks forward to engaging in many conversations, seeing everyone, and making new plans. **Please feel free to contact us to schedule a meeting.**

For now, please enjoy reading our articles and interviews.

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IMAGE: ACROSS



IMAGE: ACROSS

All information about the ACROSS Study Tour, registration, and program can be found here.



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Consumer criticism of shopping centers is nothing new, states Ken Gunn, Managing Director of Ken Gunn Consulting. He has reported survey-based dissatisfaction with the proposition, branding, and management of shopping centers for 30 years.

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Why has our industry been so willing to settle for boring? Asks Cindy Andersen, Managing Director at Ingka Centres. To stay relevant, we must evolve as an industry.

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It is a complex task to ensure project profitability. “However, in an ever-growing and competitive landscape, it is crucial to establish distinguishing factors that are recognizable and to embrace them wholeheartedly,” states Will Odwarka, CEO of Heartatwork Hospitality Consulting.

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IMAGE: NEAT

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The ACROSS Advisory Board discussion in Cannes shed light on a pressing issue - the need to re-educate consumers about the value of physical shopping experiences. Ben Chesser, CEO of Coniq, shares his view on the matter – a PropTech perspective.





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IMAGE: REDEVCO

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Shopping center investors and managers are increasingly concerned about the role of their assets, the value and experience they deliver, and how they can resonate in a digital age, argues James Miller, Director of Pragma.

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Rising digitalization, climate change and political and economic instabilities are leading to societal changes that profoundly manifest in altered consumer behavior, explains Oliver Zügel, Chairman GALLUP Swiss & Board Member at evAI.

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IMAGE: MPC PROPERTIES

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What the industry expects from 2024.





Originally developed solely to meet the daily needs of consumers, shopping centers quickly became an asset class. The model worked very well for a long time, but as consumer behavior has changed, so have the requirements of tenants, operators and investors. The obvious task to satisfy customers, business partners and stakeholders is: Get your customers to return to your locations. Clear differentiation and positioning, as well as a clear focus on people, are crucial.



In market surveys, consumers complain that shopping centers look the same everywhere, that they lack uniqueness, that the product range is “boring,” that there are no positive surprises, and that the brand mix consists exclusively of the big well-known (fashion) brands. It is more than understandable that shopping centers need strong brand partners. The question is: How can this vicious circle be successfully broken? What do shopping center operators and developers need to create and operate unique places, with the aim of making all stakeholders – customers, center management,

retailers and investors – happy? In short: Let’s talk about “the level of demand”!

According to Klaus Striebich, Managing Director of RaRE Advise and Head of the Advisory Board (p. 8), it’s time to press the reset button. “As in many other areas, we sometimes lose the right focus or simply have a different perspective when we become more and more specialized or individualized in our daily work.” At the Advisory Board meeting in Cannes during the last MAPIC event, he sparked a discussion about the “level of demand” in the placemaking industry, which

quickly became very passionate, critical, and even emotional.

Questions posed included: What is your purpose? Are you a place for needs or a place for experience? Is your positioning really clear? When and where does the customer journey begin, and what does that mean for my retail destination? Which formats are suitable for my center? There are no quick answers, but the discussion is extremely important, which is why it is also the cover story of this issue of ACROSS. There are four particular aspects that we have highlighted.

“When there are external influences, you are forced to be active, to react, and to invest.”

KLAUS STRIEBICH, RARE ADVISE

1. Know Your Purpose

Steffen Hofmann, ambas, introduces us to investors' views of the market and the various retail properties (pg. 10). We spoke with industry leaders, such as SES, about what clear positioning should look like and learned why growing footfall was not only good news, but also necessary news (pg. 20). Portland Design (pg. 14) and Ingka Centres (pg. 27) show us innovative approaches that can be used to avoid being perceived as boring.

2. Educate Your Customer

One very self-critical comment made during the discussion in Cannes was that brick-and-mortar retail had largely forgotten how to explain to customers why they should visit stores in the first place. There is an urgent need to create “strong reasons” to motivate customers, but what could those strong reasons be? Ben Chesser, CEO of Coniq, explains what a retail location needs to do to get back on the consumer's radar (pg. 18). Will Odwarka highlights the struggle between what is right and what is reasonable, but also why, in an ever-growing and competitive landscape, it is crucial to establish distinguishing factors that are recognizable and to embrace them wholeheartedly (pg. 30).

3. Know Your Catchment Area

Ultimately, the placemaking industry is always determined by the customer; therefore, there is one question that must be asked: What is actually needed in the catchment area? In the past, a catchment area was defined purely geographically. Today, people can buy anything anywhere and go wherever they want. Those changes in habits have led to new approaches in market research, and technology. In particular, artificial intelligence, has enabled completely new insights, as James Miller, Director of Pragma (pg. 44), and Oliver Zügel, Member of the Board at evAI (p. 48), explain in their guest articles.

4. Treat Your People Right

Last but not least: The role that people play at the point of sale is undoubtedly crucial to the success of retail and the customer experience to differentiate it from online retail. However, the labor market situation in the European retail sector has continued to worsen. Many employees consider retail to be unattractive – the wages are too low, the working hours are not family-friendly, and the treatment by customers and superiors leaves a lot to be desired. For employees, acknowledgement and appreciation are more important than ever. In her guest article, Manuela Lindlbauer, Owner of Lindlpower Personalmanagement, explains why and what solutions are needed to make retail an attractive place to work again (pg. 32).

“It has become more important than ever for retail destinations to educate customers about the ongoing transformations happening in physical retail spaces.”

BEN CHESSER, CONIQ

The discussion that began in Cannes did not end there; it has only just begun. Feel free to join the discussion!



“TOP SECRET: ... THE CYCLE OF SUCCESS IN THE REAL ESTATE INDUSTRY”

It is time to reveal the secret of success in retail real estate, or rather to remind those who may have forgotten it, says Klaus Striebich, Managing Director of RaRE Advise and Head of the ACROSS Advisory Board. As in many other areas, we sometimes lose the right focus or simply have a different perspective as we become more and more specialized or individualized in our daily work. Let's hit the reset button!



In retail (and real estate), the goal will always remain the same: If you fulfill the demands and desires of your customers/shoppers with your offers and services, you will generate high sales figures with good margins (to make a really long and complex story short). Put the customer at the center of your activities, and never lose sight of them.

When customers are satisfied with the retailers' offers and services, those retailers can then use the revenue generated to pay reasonable rents as tenants (to cover some of their other costs as well), to invest in customer retention, and to make a profit. With the rental income generated, landlords can also cover their costs (interest, mortgages, etc.) and reinvest in their properties to ensure they remain attractive and competitive.

As a result, shoppers are attracted from two sides (retailer and landlord) to revisit the site and store and are likely to spend more money, which results in 1) better sales, 2) better rent volumes, and 3) additional reinvestment opportunities. This simple process keeps the circle of success going.

WHAT HAS GONE WRONG IN THE PAST? WHY HAS THE WHEEL STOPPED MOVING?

It is obvious that if one of the three protagonists stops investing in customer needs, for example,

because of unsatisfactory offers, sales will be generated elsewhere. If rental income declines, there will be no additional investment to keep the property attractive and competitive. Shoppers will invest their time and effort elsewhere.

We must also always bear in mind that we live in a world in which you can get and buy anything, anywhere and at any time. Competition and complexity are on our daily agenda and will never go away.

There are alternatives to shopping, whether at other places or via other channels. There are alternative ways to run your retail business, whether it is at other places or via other channels, and there are alternative ways in which to invest your money as a landlord, be it at other places or via other channels. It is as simple as this: Keep the wheel (the cycle of success) turning and try to be a bit faster than your competitors. Take care of all the individual and specific parts of the machinery; they are there for a reason.

That may not sound very easy, and we all know that the devil is in the details, but it is our job to manage everything – just like the Formula 1 mechanics and technicians. Just look at the difference between how wheels are changed, and race cars are fueled now compared to 20 years ago...

What happens when the weather conditions change during an F1 race, dry roads and sun...

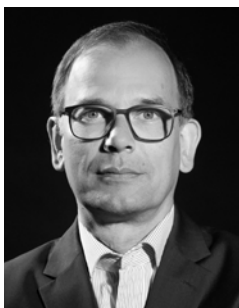


IMAGE: RARE ADVICE

Klaus Striebich is the Managing Director of RaRE Advise and is the Head of the ACROSS Advisory Board. He regularly initiates important industry discussions in the execution of his role, most recently at the Advisory Board Meeting in Cannes, where he put the topic of “Level of Demand” on the agenda.



shine to rain and slippery road conditions? One team might be prepared and immediately switch to rain tires (they have invested in advance), another driver might slip on the shoulder (he has invested in his driving skills) and lose some time, but he would still be in the race. Other cars might crash and be out of the race; just to remain in the picture. When there are external influences, you are forced to be active, react, and invest.

The keys to success – even during tough times in retail and retail real estate – are:

- Take care of attractive offers. Try to find out the actual needs, the current requirements, and the wishes of the shoppers, and be quick about it.
- Create an appealing and safe environment to attract and retain customers, featuring great architecture, convenience, and service add-ons.

- Give shoppers the opportunity to spend their time indulging in entertainment, leisure, and food and drink. The spending of money will automatically follow and may be higher than expected.
- Communicate with and properly inform customers about why a return visit is worth while, because in the age of the internet, we are all overloaded with news and information.
- Continuously invest in your optimization, infrastructure, accessibility, fit-out, and the satisfaction of all parties involved. If you don't do it, your competitors will.

There are not that many start-to-finish victories in races. There is always something unforeseen, unusual, or unpredictable that keeps things challenging and exciting, but lively.

Keep the wheel turning; and the cycle of success will continue – I promise.



2024 WILL MARK THE GRADUAL RESURGENCE OF TRANSACTION MARKETS

In historical comparison, 2024 may be another relatively quiet year for transactions, says Steffen Hofmann, Managing Partner at ambas. However, the prospect of more moderate interest rates means that a number of players are taking a much more positive view of the future. It will also be a year of clarity: Motivated sellers will place highly interesting properties on the market and apply a deal-oriented negotiation approach. For investors, the entry price is not the only thing that matters; the ability to invest in sustainable properties does as well.



ACROSS: AT THE BEGINNING OF THE YEAR, YOU TYPICALLY SPEND A LOT OF TIME WITH INVESTORS IN FRANKFURT AND LONDON TO DISCUSS THEIR OUTLOOK FOR THE YEAR AS WELL AS INDUSTRIAL DEVELOPMENTS WITH LEADING INVESTMENT MANAGERS. WHAT IMPRESSIONS HAVE YOU BEEN ABLE TO GATHER FOR 2024 THUS FAR?

STEFFEN HOFMANN: The first few weeks of the year have, indeed, been characterized by numerous discussions with investors and banks. Our regular personal presence in financial hubs such as London, Zurich, and Frankfurt enables us to form our own market view and anticipate developments in discussions with a wide range of market participants. We expect to see a gradual resurgence in transaction markets in 2024 and 2025. We do not predict a rapid transition back to a euphoric seller's market.

ACROSS: LET'S TAKE A CLOSER LOOK AT THE TRANSACTION MARKET. CONTRARY TO WIDESPREAD EXPECTATION, SOME VERY EXCITING AND MAJOR TRANSACTIONS WERE SIGNED IN 2023.

HOFMANN: Yes, there were some notable transactions in the retail asset class in 2023, which may have come as a surprise to some. Overall, however, there were fewer transactions than at any other time in the last 15 years. The most

prominent and highest-volume transaction in the European shopping center sector, which has also been recognized as an international benchmark, was the PEP in Munich, which ECE Real Estate Partners and Generali Real Estate acquired in a joint venture in spring 2023.

ACROSS: CAN YOU GIVE A FEW MORE EXAMPLES OF TRANSACTIONS?

HOFMANN: Of course. The Rhein-Ruhr Zentrum, for example, has found a new owner in the form of its joint venture partners Eurofund Group and Signal Capital Partners. Outside of Germany, the Austrian SES Group was able to acquire a small shopping center near the northern Italian city of Vincenza from Marathon. At present, there are several other major transactions that are pending between the signing and closing stages. French financial investor Sofidy, together with Klepierre, has signed a purchase agreement to acquire O'Parinor, one of the largest shopping malls in Paris. In Castellón, Spain, a South African joint venture comprising Lighthouse Properties and Resilient Reit has just completed the acquisition of the Salera shopping center from DWS. In addition, the European real estate transaction volumes were and continue to be impacted by the restructuring of the ownership structure of numerous SIGMA properties.

ACROSS: HAS RETAIL REAL ESTATE BECOME MORE ATTRACTIVE FROM AN INVESTOR'S POINT OF VIEW?

HOFMANN: In the asset class of retail properties, the necessary yield correction is well underway and should be completed in the near future. Based on the entry yield levels that we expect for the first half of 2024, new acquisitions in the retail and mixed-use real estate sector should be appealing to financial investors with a view to the next cycle. We definitely perceive a fascinating window when it comes to launching new allocation programs. Incidentally, we take a similar view of the situation in the hospitality sector for the hotel asset class.

ACROSS: WHAT WILL SHAPE THE 2024 TRANSACTION YEAR?

HOFMANN: Deal pragmatism. The interest rate outlook has improved, but lending through the heavily regulated banking sector will likely be carried out with caution. Extending maturing loans will still be easier than taking out a new one. Financiers also frequently demand additional equity for loan extensions. This means that there will be so-called "motivated sellers" in the market who are simply unable or unwilling to provide such equity. Thus, they will become sellers. However, given the current state of the market, they should be willing to accept lower prices to execute disposals and free up their resources for the future. Higher acquisition yields consequently provide purchasers with a little more leeway in their deal underwriting, which is something they need. During shaky seasons, equity investors demand high-risk premiums in view of alternative investment opportunities.

ACROSS: WHO INTENDS TO SELL?

HOFMANN: Several fund vehicles and project partnerships that got launched in the last decade have since reached the end of their originally intended lifespan. Investors are not necessarily prepared to extend such terms by a few more years in the hope of perhaps securing better exit values in the medium term. Even fund vehicles without fixed fund terms were faced with redemptions from their capital sources last year. Servicing such redemptions requires fund managers to preserve sufficient liquidity. If their funds are tied up in real estate portfolios, mortgages must be taken out on the existing portfolios - or properties

must be taken to the market. Last but not least, there are a number of assets that, due to their stage in the individual property lifecycle, require owners to decide whether to provide fresh capital for strategic asset management initiatives - or whether to sell.

ACROSS: WHAT EFFECT WILL THE EXPECTED TURNAROUND IN INTEREST RATES HAVE ON THE TRANSACTION MARKET?

HOFMANN: The availability of debt-financing and the level of associated borrowing costs were and continue to be strong drivers of commercial real estate transactions. The fact that, in 2022, it suddenly became incredibly difficult to obtain affordable financing from an economically sensible point of view was the key reason behind the real estate market's complete slowdown across all asset classes. The low transaction volumes in 2023 are proof of that effect. The consideration is always the same: Can my investment property deliver a risk-adjusted target return that is sufficiently higher than the return for risk-reduced alternative investments, such as government bonds, fixed-term deposit accounts, or money market funds?

ACROSS: IN SUMMARY: THIS YEAR, THERE ARE MANY INTERESTING PROPERTIES ON THE MARKET THAT LOOK MORE FAVORABLE THAN EVER BEFORE, WHILE INVESTORS' EXPERTISE REGARDING THE FUTURE VIABILITY OF RETAIL ASSETS HAS MATURED, AND WE ARE ON THE VERGE OF AN ACCRETIVE INTEREST RATE MOVEMENT - ALL OF WHICH ARE POSITIVE FACTORS FOR 2024.

HOFMANN: That is, indeed, a nice summary of the market setting on the horizon for this year. I would simply add that recently drastic scenarios should also give way to a healthier pragmatism when it comes to ESG in the real estate sector. That's what I would like to see, at the very least.

ACROSS: IN GENERAL, RETAIL SPACE HAS INCREASED FOR VARIOUS REASONS OVER THE YEARS. NOW, THERE IS TOO MUCH SPACE ON THE MARKET. WHAT IS BEING DONE WITH THE LESS ATTRACTIVE SPACE?

HOFMANN: Asset managers and their operators have increasingly developed expertise in the complementary use of space. Location- and property-specific solutions, through which potential syner-



Steffen Hofmann is
Managing Partner at ambas.

IMAGE: AMBAS





gies of surrounding uses can be leveraged, are required in that respect. Unfortunately, a one-size-fits-all approach simply will not work. Some locations can potentially be used for leisure and entertainment purposes, while others have no such potential at all. The conversion of former retail space into offices or medical centers is, likewise, not an approach that can be applied across the board. Sometimes, converting to a budget hotel or micro-living might be a more suitable approach.

ACROSS: WILL THERE BE ANY PROPERTIES FOR WHICH NO SOLUTION CAN BE FOUND – WHICH WILL BE TAKEN OFF THE GRID, SO TO SPEAK?

HOFMANN: Almost certainly, yes – but it often takes a while for existing contractual arrangements to be wound down before a physical repurposing can be considered. In a theoretically competitive arena of 12 properties, finding four owners willing to close down their struggling properties so that the other eight can outperform seems unrealistic. In many cases, all 12 players will fight for their respective asset values. The good news is that the retail real estate asset class has been on this path for several years now, so a certain market adjustment has already taken place. However, the phase of gradual transformation will continue to demand creativity from the sector for many years to come.

ACROSS: IN GERMANY AND THE UK, IN PARTICULAR, DEPARTMENT STORES ARE A HOT TOPIC. WHAT EXACTLY IS BEING DONE WITH THOSE BUILDINGS?

HOFMANN: With very few exceptions, traditional department stores will undergo a mixed-use conversion or a complete repurposing of the properties in the decades to come. Their urban integration is advantageous because that inner-city sites are scarce, rendering the land a valuable asset in itself. Many cities, project developers, and potential users show great interest in securing such prime sites at reasonable entry prices, with the aim of future redevelopment – into something that will shape the cityscape and can become a new landmark. Retail may still play a key role in the future concepts of many projects, but it will often become a complementary purpose. Wherever planning authorities insist that the use of such properties cannot be changed, a partial closure may be the unpleasant route to go down.

ACROSS: WHAT DO YOU THINK THE FUTURE HAS IN STORE FOR DEPARTMENT STORES IN GENERAL?

HOFMANN: In general, I don't share the view that is widely held in the media that the only reason department stores are struggling is because rent levels are too high; they are probably also struggling because sales are so low. In their current form, they no longer reflect the preferences of the consumer. A nostalgic call for the format to be retained across the board doesn't solve the task. Selective premium positioning of a very few properties, on the other hand, carries great potential.

ACROSS: GENERALLY SPEAKING, WHAT IS IMPORTANT TO POTENTIAL RETAIL REAL ESTATE INVESTORS IN 2024?

HOFMANN: The predominant factor is their expected return on investment. At present, the entry-level pricing looks very attractive. Yield compression in the next phase of the cycle is likely. Beyond that, it depends on what type of investor is investing. In terms of total return expectations, a risk-averse core investor requires lower returns than an added-value investor. Core investors are prepared to accept a moderate return level that is somewhat higher than their equity return on risk-free alternative investments. Added-value investors are prepared to buy into risks with open eyes and to mitigate these through active asset management. What is important to both types is clarifying whether the investment property will be a relevant retail destination in the future.

ACROSS: TO WHAT EXTENT ARE THE RECENT INSOLVENCIES IN THE SHOE AND FASHION SECTORS HOLDING BACK INVESTORS?

HOFMANN: That evolution has caused some uncertainty, which is why operational managers and specialist firms need to educate financial institutions on which segments and occupiers are deemed to remain viable in the long term. Ultimately, it's all about the old adage: Get to know the tenant's business model and, if in doubt, create new contract structures that can work over a long period of time.

ACROSS: IS THE OUTLET MALL SECTOR FURTHER ALONG IN TERMS OF LANDLORD-TENANT COOPERATION?

HOFMANN: If, at the time of signing a new lease contract, a retailer is unsure how well its business

will be accepted in the new catchment area to be developed, the outlet mall sector often grants its rental partners a period to grow to a sustainable rent level via a dynamic step rent or a higher turn-over rent share. Such arrangements make sense and are increasingly being incorporated into the drafting of contracts for shopping centers. However, the different sub-sectors are only comparable to a limited extent and fulfill different functions. In terms of occupancy costs, outlets generate lower service charge burdens, as their open-air configuration means that there are almost no heating and cooling costs for common areas, for example, and the maintenance of elevators and escalators is eliminated due to the mostly single-storey village style. While that eases the burden on retailers' P&L, it's difficult to transfer.

ACROSS: WHAT IS ONE SPECIFIC POINT THAT THE SHOPPING CENTER INDUSTRY CAN LEARN FROM OUTLETS?

HOFMANN: Among other things, considerably

lower overall construction costs and, as a result, cheaper space remodeling costs: There is a whole range of designer outlet malls that look beautiful, offer great shopping experiences, but are nowhere near as complex and expensive to build. The entire customer journey at outlet malls is also often very well-thought-out.

ACROSS: WHAT ARE THE MOST IMPORTANT WAYS IN WHICH A SHOPPING CENTER OWNER CAN LEVERAGE THE VALUE OF THE REAL ESTATE?

HOFMANN: The overall conceptual quality and well disciplined implementation of the targeted positioning are paramount. Immediately after that, the focus must be on achieving the highest possible occupancy rate at economically viable rent levels and the continuous optimization of the tenant mix created. The burden of operating and ancillary costs, including an associated ESG strategy, has also become increasingly relevant to property value. Last but not least, operational management quality must be considered.



Project BPM, Rue de Rivoli, Paris

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RE-INVENTING SHOPPING PLACES

How can shopping places become “future ready” by responding to the rapidly changing retail landscape and the future behaviors and expectations of their audiences? An analysis by Ibrahim Ibrahim, Managing Director of Portland Design.



For a number of years, there has been a “cookie-cutter” approach to shopping center development. While that may be the most efficient in terms of construction, leasing, and operation, it seems to be the exact thing that is turning audiences off.

Recent European surveys have indicated that consumers feel shopping centers “look the same everywhere.” They have claimed that “uniqueness is missing” and that “the offer is boring and lacks positive surprises.” Those surveyed have also noted that the brand mix “consists exclusively of the big and well-known (fashion) brands.”

OLD SYSTEMS WILL BECOME REDUNDANT

Retail is in a state of metamorphosis. In the future, consumers will engage with retailers and brands in completely new ways. Old real estate-based systems and metrics are becoming increasingly redundant. We must move from sales per square meter to shares per square meter. From stores to stages; from stuff to stories.

The future of retail is no longer about real estate: It’s about content and understanding how content



BEST PRACTICE EXAMPLE: NORBLIN FACTORY, WARSAW

Norblin Factory is an award-winning, mixed-use, urban regeneration project and landmark in the heart of Warsaw. Following several years of intensive design, construction, and preservation work, it has regained its place on the map of Poland’s capital. The multi-functional project covers a total GLA of more than 65,000 sq m. Norblin Factory visitors can also enjoy unique cultural, entertainment, and dining concepts, including the original KinoGram cinema, Bio Bazar organic market, Food Town, the largest food court in the capital, and a museum commemorating the history of the site. Norblin Factory is an example of a world-class revitalization project that was implemented with respect for the environment. It is a city-forming project that is consistent with the idea of a 15-minute city. It has contributed to the positive transformation of that particular area of the Wola district, which remained closed to the city and its residents for years.

is driven by the value-based culture of our audience – and, in turn, how content and culture are the foundations of thriving communities of interest, with brands and people at their core.

Therefore, the time has come to re-invent the shopping center. It’s time to shift from a “shopping rhythm” to a “community rhythm” and, in so doing, to adopt truly “human-centric” placemaking strategies and design.

RESPONDING TO THE CHALLENGES

In order to respond to these challenges, shopping places of the future must deliver what we at Portland refer to as the 4 pillars of “Future Readiness”. They are as follows: 1. Fast – they must be convenient, intuitive, and easily accommodate our increasingly hectic lives. They must also be: 2. Slow – audiences increasingly want participatory and immersive experiences from their brands. Shopping places must also be: 3. Localized – we’re seeing a move towards localism – the increasing emergence of small independent occupiers blended with larger national and international brands that have adopted localization strategies in which they use local data to deliver unique offers and experiences. Of course, keeping things local is also more sustainable. Lastly: 4. Belonging – this final pillar relates to the increasing preference for brands with purpose and values at their core—brands and occupiers that are hubs for galvanizing communities that bring people with similar interests together.

In the future, brands will increasingly occupy physical space, not as distribution or transaction channels, but as media platforms for customer recruitment and retention. That will challenge the conventional approach to shopping places. It will challenge the current approach to master planning, architecture, design of experiences, place branding and marketing, the service proposition, choice of occupiers, and, most critically, the revenue model and asset valuation metrics.

At Portland, we have adopted master planning and design strategies that blend transactional retail space and “recruitment/retention” space with non-retail offers and services.

In designing these “media platforms,” we take a modular, “open-cell,” and programmable approach

BEST PRACTICE EXAMPLE: UPLANDS, WALTHAMSTOW, UK

Portland Design worked with NEAT Developments to create a new brand, vision and visualization of the spacial experience. Uplands is a vibrant mix of industrial, warehouse, studio and office spaces for makers, brewers, innovators, suppliers, artisans and designers. The vision is to realize the future of industry combined with a successful living, making, playing & learning community, allowing people to connect, create, learn, play, work and live locally.



IMAGE: NEAT

in order to enable content curation and deliver an ever-changing blend of experiences. Of course, in order to implement this new way of thinking, shopping places need a “people revolution.” That includes talent from the hospitality, media, and entertainment sectors, as well as curators, stage managers, storytellers, social media specialists, data scientists, and researchers who bring new skills to the table.

SIGNIFICANT ALTERATION

At Portland, we are seeing an average reduction of 20-30% in the proportion of transactional space in shopping places. In the future, that will be replaced by non-retail offers, experiences, services, and amenities. Of course, replacing vacant retail space with such alternative uses is not just a leasing exercise; it also alters the “center of gravity” of the shopping place as well as the rhythm of footfall and the type of audience engagement.

Therefore, in order for shopping places to thrive in the future, they must be repurposed into mixed-use developments. For too long, “mixed-use” developments have delivered a series of siloed, disconnected uses. Portland’s planning and design approach centers around re-defining mixed use to

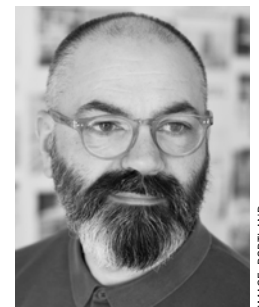


IMAGE: PORTLAND

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“blended-use”. This is where we identify the “blended component” of each use typology that synergizes with retail and F&B as part of public realm activation. In a “blended-use” development, the ground level delivers what we refer to as a “SWELCH” experience, where Shopping, Working, Entertainment, Learning, Culture, Hospitality, and Healthcare come together to create a thriving, vibrant, community-focused place that no longer looks inward but outward, connecting to and integrated with the street scape and urban grain.

Shopping places cannot continue to just focus on leasing boxes, the distribution of goods, and transactions with consumers. They must evolve into places that deliver ever-changing and compelling experiences curated for fans and communities. Therefore, when re-inventing shopping places, we must adopt “human-centric” placemaking strategies in order to shift from what we at Portland refer to as “buy places” to “join places.” That will involve a series of carefully considered moves.

NEW ROLES AND TASKS

Asset owners must shift from behaving like “librarians” to being “editors.” They can no longer behave like landlords. It’s not enough to collect rent, clean buildings, and buy advertising. They must act as hosts to their commercial partners,

communities, and citizens – thinking not merely of operations, but of the curation of experiences, stage management, and concierge-focused service. That is what makes a “join place.”

When it comes to marketing, shopping places must engage with people as citizens, and not just as consumers – focusing not on what is said to consumers, but on what citizens say to each other. They must also be at the center of that dialog to encourage and inspire with new ideas, partnerships, and activations.

To that end, shopping places must shift from investing in pre-purchase promotion to post-purchase advocacy. From one-way monologues about price and product to stories that are shared about compelling experiences and communities of interest. In order to achieve that, there must be less of a focus on the content of advertising and more on the sharing of user-generated content (UGC).

Let’s make the shift from “MARCOMMS” to “MARCONNS” – from “marketing communications” to “marketing connection”; from one-way communication, in other words, talking to, or worse, at customers, to two-way dialog about experiences, brands, communities, and new ideas that foster emotional connections between places and people. Let’s create true “join places.”

IMAGES: PORTA ROMANA

BEST PRACTICE EXAMPLE: PORTA ROMANA, ITALY

Portland is part of this international team for the re-development of Parco Romana, an urban scale redevelopment project in Milan’s Porta Romana district. The project will revitalize this industrial reclamation site into a diverse green neighborhood and connective tissue that links the southeast area of Milan to the city center, creating a welcoming public space rich with biodiversity, including a large urban park at the heart of the new development, Portland’s role will be to develop the place’s brand vision and commercial masterplanning strategy for the project.

For the owners and managers of shopping places, understanding their audience is key to everything. I'm not merely referring to online surveys or focus groups. In order to truly understand our audiences, we must employ street- and community-level observational ethnographic research techniques.

Our audiences, however, are walking paradoxes. They have limited budgets, but expensive tastes. They demand convenience, but they also have a social conscience. They care about sustainability, but are addicted to fast fashion. They want shopping to be seamless, but they also want it to be personalized. They crave authenticity, but are immersed in the digital world. They are loyal, but they are also more promiscuous in their relationships with brands and places.

BECOMING PART OF THE CITIZEN'S LIFE

In order to be successful in the future, shopping places cannot solely be part of consumers' shopping habits, but must also be part of the everyday lives of local citizens. Therefore, they need to understand what is important to them, their habits, and their behaviors. Of course, it is also important to develop a deep understanding of where they eat and shop as well as the brands and influencers they follow. Therefore, simply having data on the catchment area is not enough; genuine insight from the communities they serve is also required.

At Portland, we use our AI-powered digital ethnography process to unearth the "human truths" of audiences, to understand sentiment and granular insight into their preferences, interests, and values. These "human truths" are the basis for the development of a truly authentic, "human-centric" place and a sense of belonging.

As transaction and fulfilment migrates online, adopting these and other "human-centric" strategies will give shopping places the potential to develop followship from fans, advocates, and communities. That will allow shopping places to shift their relationships from transaction to interaction – and from interaction to intimacy. Being intimate with your audience – knowing about their lives, communities, and values and responding accordingly – will be the holy grail of all shopping places in the future.

merry hill



IMAGE: PORTLAND DESIGN

BEST PRACTICE EXAMPLE: MERRY HILL, DUDLEY, UK.

Together with Ellandi Portland generated a new brand and vision for merry hill shopping center in Dudley, West Midlands, UK. The ambition for merry hill was to be a top family entertainment destination by 2025. The center faced tough competition from the nearby Bullring in Birmingham and so Portland needed to create a new narrative that would set merry hill apart, attract new audiences without alienating its very loyal customers. A workshop with nearly 50 attendees that included center staff, investors, leasing agents and operators was conducted to uncover the truths and ambitions for merry hill. Portland carried out detailed data analysis of the current site, local and surrounding demographics, against footfall and spend, and plotted this against robust trend analytics to get the true picture of what the future model needed to look like. It was clear that there was a real desire to create something that went way beyond retail, and offered greater diversity for the local community, and authentically represented their needs and future lifestyles. The result: When the new merry hill brand was launched, people felt like they'd been listened to and can play a part in the evolution of the new brand and the experiences it promotes. Local start-ups are being integrated within the retail space, an increase in more bespoke food and beverage offers, new leisure offers are being added and relationships with arts, culture and education groups are helping to spearhead a new focus on merry hill being the 'heart of the region'.

Finally, in a world that is changing at warp speed, with tectonic shifts in retail, we are experiencing "Retail Darwinism", in which our audiences' behaviors and expectations are changing faster than businesses and brands can adapt. In this new paradigm, it is no longer sufficient to be responsive to your audience. It is essential that businesses shift from being responsive to being predictive and to become "future-ready".



WE MUST REMIND CUSTOMERS HOW GREAT IT IS TO SHOP IN-STORE

It's no news that the world of online shopping is growing, and the role of brick-and-mortar retail destinations is at a critical turning point. The ACROSS Advisory Board discussion in Cannes shed light on a pressing issue - the need to re-educate consumers about the value of physical shopping experiences. Ben Chesser, CEO of Coniq, shares his view on the matter – a PropTech perspective.



IMAGE: SHUTTERSTOCK/CONIQ



In recent years, tremendous efforts have been invested in transforming the traditional mall experience. Shopping centres are no longer just places to make purchases, but have evolved into versatile, community-centric places that focus on nurturing relationships and creating memorable experiences.

For example, the foodcourts of old have been replaced with experiential and even fine dining experiences, offering customers a broader and more dynamic range of options. Similarly, outlets that once focused solely on discounted goods, have shifted towards providing memorable experiences, and a “day out” for family or friends. Rather than a destination for specific purchases, consumers now seek the allure of tangible products, the ability to

test them in real life, and a place for leisure and enjoyment. As a result, it has become more important than ever for retail destinations to educate customers about the ongoing transformations happening in physical retail spaces, and simply to remind them of the joys of shopping in a modern mall.

STRATEGIES FOR BRICK-AND-MORTAR SUCCESS

The best-performing shopping destinations are all focused on what makes them different, and on how to bring that to life for shoppers:

The Space:

- The biggest asset of every mall is the space itself - the architecture, the mix of brands, the experiences, and the energy of a busy space are your biggest attraction
- Identify what will attract each target segment, and use personalized communications to remind people of what they love - whether it's the easy access from the train, or the DJ playing music on Friday evening.

Tangible Product:

- Physical stores offer immersive, sensory experiences, allowing consumers to see, feel, and enjoy a wide range of brands and products in a single visit.
- While buying a TV online makes sense, trying on a new coat, or feeling the quality of a well-made bag is an enjoyable experience for many and a motivator for in-store product discovery
- So use targeting in apps and emails to promote brands and products that stimulate shoppers to want to see and touch them

Community, friends, and family:

- Shopping online is still very much a solitary activity, so take advantage of our desire to be social
- Establishing a sense of community through events, workshops, and local partnerships transforms shopping into a social and cultural experience.
- As we increasingly compete for a share of time, so encourage social activities- whether it's meeting at the mall, sharing a meal, enjoying a movie, or shopping, the importance of fostering social connections is evident.
- Friends and family rewards can be designed to reward groups for visiting and shopping together

Personalize Everything:

- Your mall has so much to offer, but everyone's tastes are different so targeting the right message to the right audience is critical
- Utilizing customer insights, data on which stores they visit, and how much they spend, or how long they stay in the mall, operators can now deliver totally customized and relevant content to their shoppers.

Loyalty Programs should be engaging:

- Implementing a loyalty program can encourage repeat visits, offer unique rewards and exciting experiences that can transform occasional shoppers into loyal customers.
- Coniq's client Apsys introduced a gamification campaign at their Beaugrenelle centre in Paris. Apsys leveraged its 'MyBeaugrenelle' program to drive member acquisition and engagement by encouraging shoppers to search the physical mall for hidden QR codes. When scanned, the codes granted access to a range of exclusive rewards. As a result, the center saw 341% more visits in October 2023 YoY.

Environmental Responsibility:

- With increasing awareness of environmental issues, particularly concerning the unsustainable and environmentally unfriendly deliver-return mentality, consumers understand that purchasing in-store can prevent unnecessary waste.
- Retailers have the opportunity to convey their dedication to eco-friendly practices, providing customers with a chance to contribute to a larger environmental cause through their

purchases. Equally, shopping destinations can encourage customers to explore sustainable products, earn rewards for travelling to the center via public transport, or even take part in on-site eco-friendly activities like seed planting.

Digital Marketing

- Leverage social media, email campaigns, and loyalty platforms to communicate the unique experiences and benefits offered by physical stores.
- Create engaging content to capture the attention of your customers. Use it to showcase mall events, promote specialized loyalty campaigns, or capture behind-the-scenes glimpses of new products.
- These digital marketing strategies can generate excitement and curiosity among your shoppers and encourage them to visit the center.

In-Store Technology:

- Incorporate technology seamlessly into the mall environment to improve communication and streamline the shopper experience.
- Simplify the process for customers, making it easy to obtain what they want and discover new items, eliminating pain points.
- In-store promotions using QR codes can bridge the gap between the physical and digital realms, providing customers with the convenience they desire, along with additional incentives or rewards.
- Measure everything you can. Just like on a website, measuring what works and what does not for different target shoppers will help you to get better, and to focus your resources where they have the highest impact.

In conclusion, the resurgence of in-store shopping calls for a shift in the way malls engage their customers. Physical retail spaces are evolving into immersive hubs, emphasizing tangible products, social connections, and technology innovation. Embracing such diverse spaces, and leveraging strategies such as loyalty programs, community engagement, and environmental responsibility can crucially redefine the role of physical shopping. The first step has to be to continually remind customers about these ever changing shopping destinations, putting brick-and-mortar shopping destinations at the center of the dynamic retail landscape.



IMAGE: CONIQ

Ben Chesser is the CEO of Coniq and is a Member of the ACROSS Advisory Board.



FIRST AND FOREMOST OUR FOCUS IS ON CUSTOMER RELEVANCE

“We are firmly committed to continuously raising the level of our malls,” says Christoph Andexlinger. The SES CEO explains why reliability and the continuous development of quality and offers are the best paths forward and why the industry urgently needs to work together to present shopping centers as places that provide attractive working conditions and benefits, which, in fact, they are.



ACROSS: HOW IS YOUR PERSONAL “LEVEL OF DEMAND” DEFINED?

CHRISTOPH ANDEXLINGER: The guiding principle that both SES and I adhere to is: We create vibrant living spaces that are highly relevant to our customers. Consequently, we consider everything from the customer's perspective. Our customers are comprised of the visitors to our centers, the tenants, the neighborhoods and regional communities – and, of course, our owners. Vibrant places, in our estimation, essential-

ly boil down to urbanity. We view urbanity as the opposite of monoculture.

ACROSS: WHAT EXACTLY DOES URBANITY MEAN?

ANDEXLINGER: A number of requirements have to be met in order for a location to be classified as “urban”. “Centrality”, in other words the creation of a place that is needed by as many people as possible within their respective living environments, is one such requirement. They



IMAGE: EVATRIFF/SES



IMAGE: EUROPARK

THE OVAL AT EUROPARK SALZBURG

The OVAL, which is integrated into EUROPARK Salzburg, is a cultural institution. Cabaret, small-scale art, concerts, cinema, plays, readings, and lectures are featured at the venue – always at the highest professional level. According to Andexlinger, the OVAL, which initially began as an experiment, has proven to be very successful over the years. People associate shopping with art and culture for all sorts of reasons; for many, a visit to the OVAL is an integral part of their shopping experience.

Some visitors come for the culture, then go shopping afterward; others come for the shopping and subsequently find themselves motivated to attend a concert. The truth of the matter remains: The offer is low-threshold and easily accessible either way.

must be places where people can meet, experience new things, and enjoy good food. The second urbanity criterion is “diversity”. A shopping mall, or destination as we prefer to say, must cater to a wide range of lifestyles, different behaviors and needs, as well as a variety of social groups. Other key factors include the creation of interaction opportunities for visitors, “accessibility” for all customer groups that is as low-threshold as possible, and “actual usability”, that is, the constant review of the actual benefit for and relevance to visitors. The ability to adapt, in other words, the ability to customize, is also essential. Retail will remain the undisputed cornerstone of our centers for a very, very long time. However, the spaces surrounding that core and their uses are changing. “Appropriation” closes the circle of key urbanity factors, which brings me back to the customer’s perspective. True urbanity is created when customers ultimately make a place their own, preferred, and ideally beloved place. Our job is to make that happen.

ACROSS: WHAT ARE SOME OF THE KEY EXPECTATIONS THAT CUSTOMERS, BUSINESS PARTNERS, AND OTHER STAKEHOLDERS HAVE OF A SHOPPING CENTER?

ANDEXLINGER: Our owners are more interested in sustainable success than quick money. At certain times, that also entails a willingness to invest heavily. Our retail partners expect high footfall and length of stay as well as a professional “support package”. A functioning, well-structured yet flexible on-site center and facility management team and system and, for example, a joint marketing plan are required in order to achieve that. More than anything else, customers want a good offer combined with suitable advice, in other words, an attractive mix of retail, service, gastronomy, health, education, and entertainment. In addition, a center should function as a meeting point and be easily accessible by all means of transport. From the customer’s point of view, considerations such as ambience, cleanliness, and security should not be neglected. Customers expect more than just innovation and flexibility from us – above all, they expect continuity.

ACROSS: WHAT DOES THAT MEAN?

ANDEXLINGER: In addition to new impulses, they want to feel a sense of reliability. More

ALEJA PUMP TRACK

All SES locations are strategically networked within each city and are designed in an architecturally open manner. The Aleja pump track in Ljubljana, Slovenia, provides just one example. Even though it is part of the shopping center, it is freely accessible and integrated into the district, and is a popular meeting place for kids and young people.



IMAGE: JOST GANTAR/SES

often than not, it is much more important to maintain the overall level or to gradually progress rather than just trying to deliver peak performance for a short time and then falling back into the “average” trap. Another key element of the SES concept is the fact that our locations are integral parts of society and social life in the respective catchment areas. SES centers are never self-contained microcosms – they are open to networking with their surroundings.

ACROSS: THE HUMAN FACTOR IS THE KEY DIFFERENTIATOR WHEN IT COMES TO HOW CONSUMERS PERCEIVE BRICK-AND-MORTAR RETAIL. RETAILERS, HOWEVER, ARE STRUGGLING TO FIND ENOUGH GOOD STAFF. WHAT CAN YOU DO TO IMPROVE THE ADVICE YOU PROVIDE IN COLLABORATION WITH YOUR RETAIL PARTNERS?

ANDEXLINGER: We support our partners in every possible way. We are well versed in how to properly and convincingly communicate a destination as a whole. We understand the ins and outs of efficient and effective center and facility management. We give our partners feedback – whether it is received from our visitors or based on our own experience. Of course, we also support them when it comes to their employees,





for example, by offering shopping benefits, company childcare places, employee parking spaces, etc. Good retailers, however, are also well aware of what their employees need. What we need to emphasize and raise more awareness of together is how attractive working at a shopping center can actually be.

ACROSS: CAN YOU ELABORATE ON THAT?

ANDEXLINGER: Shopping centers have a great deal to offer employees. As I said before, they are easily accessible by car and public transport, and some of them have company childcare centers as well as other service facilities. Being able to do your personal shopping right at your workplace and having a large selection of restaurants to choose from for lunch every day are things that are often undervalued. Another advantage is that people can easily change jobs at such locations without having to relocate or restructure their personal lives. These are all important benefits that are communicated far too little. In the future, they should be emphasized to a greater extent with both retailers as well as the industry as a whole.

ACROSS: THROUGHOUT THE MARKET, SES IS KNOWN FOR ITS HIGH-QUALITY CENTERS AND OFFERS TAILORED TO THE RESPECTIVE REGIONS: HOW DO YOU ENSURE THAT THE OFFERS ARE SUITABLE FOR THE RESPECTIVE LOCATIONS, AND HOW HIGH IS THE DEGREE OF INDIVIDUALIZATION?

ANDEXLINGER: Theoretically positioning a destination and then putting that positioning into practice at all levels is a daily challenge. The SES system is based on standardized processes and clearly defined responsibilities. What is customized, however, are the characteristics along the individual process flows for each location. That begins with giving each destination its own unique name. Each location must individually cater to its catchment area and general conditions.

ACROSS: CAN YOU GIVE US AN EXAMPLE?

ANDEXLINGER: One example can be found on our homepages. The underlying software and the associated processes are the same for all centers. However, the centers themselves prioritize the content differently. By the same token, the local center management teams are responsible for the individual offers. They have to keep a

close eye on what is in demand, what is desired, and what is expected locally. For example, what questions do customers ask at the customer information desks? What is being discussed on digital media platforms? Market observation is extremely important. Every two years, we conduct market research, which comprises a total of approximately 25,000 interviews. Why do we conduct so many? It's because we survey people at every local center as well as by telephone in the respective catchment areas, which is not our only source of information, but it is an important one nonetheless.

ACROSS: WHAT IS BEING DONE AT THE CENTRAL LEVEL IN PARALLEL?

ANDEXLINGER: Our leasing managers have an overview of several locations and can make comparisons. We constantly monitor each region and are very open to new concepts that are presented to us. We also have our own quality management system, that is, a central office within the company with the sole task of checking every center on site through the "eyes of the customer" and questioning why things are the way they are – both the good and the bad.

ACROSS: DOESN'T THAT CAUSE A BIT OF UNREST AMONG CENTER MANAGEMENT?

ANDEXLINGER: Initially, that was the case here and there. However, the reports are non-judgmental and do not serve as a "monitoring tool" for us, but simply as a source of input and an incentive to take action. By the way, potential areas of improvement are not the only things that are noted – particularly positive points are noted as well. In many cases, there are good reasons behind why things are the way they are for the time being. Customers, however, are not interested in those reasons – and rightly so. All that matters is what's right, and that is the only relevant criterion for us. There are often points of criticism that could easily be improved, but have not yet been addressed – the key phrase is "blind spot".

ACROSS: HOW IMPORTANT ARE LOCAL OFFERS?

ANDEXLINGER: Regionality is an excellent tool when it comes to diversification and is, therefore, very important to us. The "aha" moment customers experience when they recognize

something from their region is incredibly valuable. However, quality is a major factor here, both in traditional retail as well as in gastronomy. At the same time, we require concepts that are present at nearly every location and that attract people. We have developed our own in-house exclusivity index for our locations – our so-called “EXI”. It shows the unique selling points in relation to the other high-footfall locations in the catchment areas. The whole thing is weighted according to the relevance of the respective sectors from the customer's perspective – a complex construct, but one that ultimately helps us to gain clarity about our existing – or, conversely, not yet fully exploited – unique selling points.

ACROSS: ON THE ONE HAND, THERE IS INDIVIDUALIZATION AND REGIONALIZATION, AND, ON THE OTHER HAND, MORE AND MORE VALUE FORMATS ARE OPENING UP IN LARGE AREAS. HOW DOES IT ALL WORK TOGETHER?

ANDEXLINGER: It's similar to medicine: The dosage can make all the difference. Too much of a good thing can have a negative effect. The fact is that value formats have always existed. At the moment, they are attracting a little more attention because they are expanding more than others as customer demand is currently stronger than before. The key point is that the concept is different at each center, and it's all about clear positioning. If a retailer claims to offer the lowest prices and keeps that promise, that position is a clear one and is something that a store can handle. Naturally, though: Relying exclusively on such concepts would be a dangerous development.

ACROSS: ARE YOU SAYING THAT THE SECTOR IS STILL FAR FROM BEING OVERWEIGHTED?

ANDEXLINGER: That's absolutely correct. At the moment, other concepts are simply expanding less, making those that are expanding stand out. However, times are bound to change again and with them consumer behavior. I keep returning to the concept of continuity. Our clear objective is to gradually upgrade our malls to the next level. That doesn't mean that we don't incorporate the occasional value provider if the catchment area is suitable. In such a case, I would rather have that tenant

at my center than somewhere else. Moreover: There are some things that are cheap, but highly attractive and well staged.

ACROSS: ACCORDING TO CRITICS, OVER THE YEARS, RETAILERS HAVE NEGLECTED TO GIVE CUSTOMERS GOOD REASONS TO VISIT SHOPPING CENTERS. WHY DO YOU THINK THAT IS THE CASE?

ANDEXLINGER: The product range should be the first priority – without a doubt. The preselection process is the most fundamental task of any retailer. That gives us a huge advantage over international online platforms, where customers are confronted by hundreds of products within the same category. In my opinion, product range definition, recognizability, and reliability are the most crucial factors. Customers know exactly what they can expect from retailers. The second point that should not be overlooked covers advice and interaction. The third deals with staging and emotionalization. People can actually touch, feel, and try out goods. On top of that, speed plays a key role: There is nowhere I can get a product faster than at a brick-and-mortar retail store. More importantly: People want to visit places where there are other people. Retailers have numerous opportunities to more effectively position themselves as meeting places. We mustn't forget that 80-90% of product purchases are still made in-store these days.

ACROSS: CONVERSELY, DOES THAT MEAN THAT ANYONE WHO FAILS TO MEET THOSE REQUIREMENTS IS IN DANGER OF DISAPPEARING FROM THE RETAIL LANDSCAPE?

ANDEXLINGER: Brick-and-mortar retail is undergoing a radical change. In the future, there will be fewer places where people can shop and eat. The focus will shift to high-quality places and, above all, to places that people have made their own – for whatever reason. Our footfall is increasing. That has to be the case! We will have to generate more footfall than we did before the pandemic, because there will be fewer places featuring brick-and-mortar retail in the future. Retail means change – that has remained and will always remain the same. There will also be the one or other change in use of space, and concepts will be introduced that weren't present before. That's the nature of our industry – and that's a good thing.



IMAGE: SES/FLORIAN STÜRZENBAUM

Christoph Andexlinger is CEO of SES Spar European Shopping Centers



THE IMPORTANCE OF RETAIL MIX: SOME POINTERS FROM THE OUTLET INDUSTRY

Consumer criticism of shopping centers is nothing new, states Ken Gunn, Managing Director of Ken Gunn Consulting. As a retail business consultant, advising investors and asset managers, he has reported survey-based dissatisfaction with the proposition, branding, and management of shopping centers for 30 years.



IMAGE: BICESTER VILLAGE

Bicester Village ranks first in Ken Gunn Consulting's brand-based ranking of 212 centers.

This has inevitably led to standardization of the retail mix and brands present. Add to this a certain “functional uniformity” in design and focus underfunded marketing budgets on driving footfall rather than shopper engagement and it becomes very easy for consumers to feel disenfranchised and critical of aspects such as uniqueness, relevance, and excitement. Throughout my career, real estate development has constantly relocated and diluted expenditure, in response to changing consumer preferences. However, digitalization has greatly increased the pace of change and COVID-19 has proven that, if absolutely necessary, consumers can fulfill their essential needs at alternatives to shopping centers. It is clear that the value of shopping center locations is now being substantially reduced, and change now occurs at a faster pace than lease lengths or review cycles. Store closures and retail business failures are again making the news, and as rental income is no longer certain, investment has fled from shopping centers to other assets.



For investors, the traditional fixed rent leasing model at shopping center assets has historically brought certainty to rental income. The economically sustainable market value of locations is priced into lettings and adjusted on the basis of the rents achieved at comparable stores. This has enabled shopping centers to adapt to suit their particular markets, but has focused lettings on those occupiers who can afford to pay higher rents rather than those with the strongest alignment to consumers.

A BRIGHT FUTURE IS POSSIBLE

Despite this gloom, there can still be a bright future for shopping centers. The vast majority of expenditure still takes place in town centers, as much as 25% of potential turnover at most shopping centers is lost due to retail mix deficiencies, and consumer dissatisfaction has as much to do with inadequate management as

it has to do with the allure of digital shopping. However, there needs to be a seismic shift in the way shopping centers are managed and a focus on the fundamental principle that it is the individual customer transaction that ultimately generates rental income. It is, consequently, in the interest of investors that management seeks to reward, delight, and meet the expectations of customers rather than take them for granted. To illustrate this point, it is worth reviewing the management approach at designer outlet centers, which have thrived over the last 40 years. Starting out as no-frills, clearance centers in the 1980s, outlet centers have evolved into sophisticated, vibrant, and highly profitable destinations. Sales at European outlet centers have doubled from €10.7 billion in 2013 to €21.3 billion in 2023. This is nominal compound growth of 7.1% pa which, after inflation, is 53% greater than the rate of non-food retail turnover growth (which includes online sales) in the European Union.

Outlet center assets are priced on the explicit value of their operational activity, rather than the perceived market value of a shopping center's location. Income is derived through turnover leases and the resulting relationship between investors, management and brands is considered to be collaborative rather than competitive. Trading performance (sales density, spend per visit, and year on year growth) is the key measure of success, requiring a more intensive approach than typically found in traditional shopping center management. Decision making is backed by superior insight across larger, more specialized teams, and essential skills, such as leasing and marketing, are retained in-house for maximum effectiveness.



IMAGE: KEN GUNN CONSULTING

Ken Gunn is the Managing Director of Ken Gunn Consulting.

CAPITALIZING ON THE VALUE OF PHYSICAL LOCATIONS

While the outlet management approach may sound very different (and potentially expensive



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for shopping center investors), both asset types derive their incomes by capitalizing on the specific value of their physical locations. This means that there is a lot in common when it comes to consumer engagement, leasing, maintenance, rent collection, servicing, or security activities. However, there are significant cultural differences when it comes to driving business and the partnership with brands, which arguably underpin the success of outlet centers.

For example, relatively short leases, flexible design, and determination to grow performance has created an agility that has allowed outlet centers to adapt to changing consumer and brand needs. 43% of the brands present at European outlet centers in 2023 were not in operation in 2018, while 42% of the brands present in 2018 have exited the format. While this degree of change might alarm traditional shopping center investors, every empty shop, whether by design or by accident, is seen by outlet center management as an opportunity to improve the offer and grow income.

To encourage positive management, outlet operators are also incentivized by contracts that are linked to sales performance. Regular reporting of turnover encourages operators to actively seek to improve underperforming brands, but where this fails, lease break clauses allow carefully considered replacements to be recruited. This approach not only grows turnover, but leaves the brand mix at outlet centers more closely aligned with the needs of guests.

Brands generally have a very different approach to outlet centers. While more profitable than full price, brands must maintain a balance between their outlet and full-price estates in order to ensure sufficient stock for outlets and to prevent the degradation of full-price values. This naturally limits outlet proliferation and ensures that brands focus on securing the best-performing outlet locations. It also means that outlet operators cannot simply “buy” leading brands. Securing their presence requires an appropriate environment, suitable adjacencies, the right mix of guests, comparable sales densities, and a strong business case. Under-

standing brands and their performance is, therefore, critically important when it comes to delivering growth.

Sceptics might suggest that discounted prices are only reason for the success of outlet centers. However, many outlet brands are available at lower prices through alternative physical locations. For savvy outlet guest, value is therefore more than just price and extends to include favorite brands, quality propositions, memorable experiences (often with friends and family), outstanding hospitality and beautiful, well maintained surroundings. Outlet visits are a rewarding escape from the bland functionality of everyday shopping, expertly crafted by operators who understand how to maximize asset income through combining the needs of guests with the needs of brands. It has been a very long time since shopping activity was simply directed to the nearest town, department store, or even outlet center. Yet, we increasingly find similar offers at many of our shopping centers. A lack of diversity is unlikely to lead to a positive choice of destination, so the opportunity to improve exceptional rental sustainability can only truly be realized through diversification and improvements in retail mix.

OPPORTUNITY FOR IMPROVEMENT

The important lessons to be learned from outlet centers are that vacancies are always opportunities for improvement; sales density is the critical performance benchmark (not footfall); maintaining a clear point of difference is fundamental to patronage; and insight (of sale densities, catchments, guests, and brands) is the essential input for good management. Above all, an appropriate brand mix is essential for optimum performance, and the reward for facilitating the perfect pairing between consumers and their ideal brands is exceptional rental growth. As a consultant, I have been delivering this message to shopping center and outlet center owners for 30 years. However, only the outlet industry has truly embraced an entrepreneurial approach to the management of its assets.



PLAYTIME, WHY BORING CONVENTIONS IN RETAIL MUST BE CHALLENGED

Why has our industry been so willing to settle for boring? Asks Cindy Andersen, Managing Director at Ingka Centres. The endless rows of identical stores, the predictability of a food court's menu, the steady drone of escalators... These conventions have been the traditional hallmarks of shopping center decline for decades. To stay relevant, we must evolve as an industry.

BY CINDY ANDERSEN, MANAGING DIRECTOR AT INGKA CENTRES



At Ingka Centres, we are on a mission to re-define the retail landscape by transforming traditional shopping destinations into new, mixed-use format meeting places. This approach cherishes hyper-locality and reflects local communities' need for physical spaces to connect, play, eat, and enjoy experiences.

The origin of the term mall is linked to an Italian game, pallamaglio, played in parks and leading to London's famous Pall Mall. Shops and restaurants came later; malls originally meant the space and freedom to play and meet for city dwellers, and with our meeting places, we're returning to these essential human needs. We focus on meaningful experiences, sustainable offers, and outstanding play opportunities.

Our recent Life in Communities Report, based on the research we conducted in Europe, the US, and China, confirms that the habits and desires of many people across the globe are changing in response to global uncertainty. Gen Zs and Millennials crave connection, experience, and a sense of belonging. They seek welcoming and safe destinations and, simultaneously, pulse with vibrancy, offering more than just aisles and checkout counters. This shift in priorities demands a fundamental recalibration of how we approach retail space. It is no longer enough to offer space, but it is essential to provide relevance.



IMAGE: INGKA CENTRES

They are looking for brands that bring joy and make them smile, and the majority said they believe companies can do more to bring happiness to their customers. And this expectation goes hand in hand with our vision of the global importance of play. We believe that we connect, develop, repair, and express ourselves through play. For the last two years, we have conducted playful, fun, and edutainment initiatives across our portfolio, including our global Play-Lab campaign. And recently we launched our SpaceLab campaign – an edutainment initiative

Ingka Centres moved away from rigid models of monthly foot traffic and started to create spaces that invite daily or even hourly visits. One example for this is the co-working initiative Hej!Workshop that caters to the flexible work styles of the modern era.





to foster children's and parents' interest in space and science.

Over the coming year and into the future, we'll be transforming parts of our meeting places into cultural mixed-use hubs to give young consumers such as Gen Z and, in the future, Alphas a home away from home, where they are free to assemble for unique experiences, such as music events, festivals, and sporting events. For example, this autumn, we've partnered with the Swedish National E-Sports Federation to make e-sports more accessible to many people and bridge the gap between the physical and digital worlds with a series of events in our meeting places across Sweden. This reflects a mind-shift in our industry, which has changed drastically over the last thirty years. It used to be that teenagers hanging around shopping centers and food courts were often seen as a negative, even subject to curfews and parental escort policies. This underlined how disconnected many malls were, and some still are, from the actual needs of the local community, imposing themselves on neighborhoods and relying on customers driving in rather than meeting the needs of local people.



IMAGE: INGKA CENTRES

Cindy Andersen is the Managing Director at Ingka Centres

We strive to care for our communities in an open, inclusive, and collaborative way (understand what makes them tick) and do our best to give them a sense of belonging through the hyper-local approach. We create and invest in vibrant destinations, teaming with diverse partners and offering curated experiences that reflect the local pulse. For example, our plant-forward foodhall concept Saluhall in San Francisco, which we are launching later this year, is envisioned as a center of local sustainable culinary delights provided by local vendors, buzzing with the energy of shared meals and spontaneous connections. Saluhall will also act as a community hub with a cookery school for everyone to drive positive engagement and change. Another example of the hyper-local approach is our award-winning concept, Circuit. Introduced in Sweden in 2022, it brings value to the local communities as a hub, promoting responsible and circular living, where local businesses and communities come together to share knowledge and sustainable products and services.

This shift is as much about our mindset as our physical offerings. We've challenged ourselves to move away from rigid models of monthly foot traffic, instead measuring the success of spaces that invite daily or even hourly visits. Think co-working work-life balanced havens like our Hej!Workshop, catering to the flexible work styles of the modern era. Imagine pop-up events and workshops igniting creativity and community engagement. These spaces adapt to life's rhythms, becoming an essential part of everyday life.

We will continue to evolve how we measure our value to local communities and our success as a business. What will remain consistent is that the cornerstone of meeting place performance measurement will always be the value we create - for our visitors and communities, partners, and our planet. And where our difference truly begins is in how we measure. In this sense, we have been moving away from looking at KPIs and instead focusing on KVLs (key value indicators). This isn't a matter of semantics; it is core to our approach. KPIs are more backward-looking and performance-based, whereas KVLs are forward-focused and connected to the value created for people, partners, and our planet.

I'm convinced that the future of retail is about meeting people where they are, being part of their everyday lives, and creating an inclusive environment where everyone feels welcome and can express themselves freely. Traditional retail has been predictable and static for too long. We must challenge our industry to accelerate the move beyond transactional spaces and become destinations for connection, inspiration, and well-being. We will grow with our communities and tenants by co-creating locations people value and where they naturally want to come. That means continuing to surprise those visiting us with playful and meaningful activities. So, my encouragement to our outstanding teams in Ingka Centres is to ditch the predictable and embrace the unconventional - after all, a vibrant space breeds vibrant communities!



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THE INCONVENIENT TRUTH OF CUSTOMER SATISFACTION AND MEMORABLE EXPERIENCES IN RETAIL SPACES

It is a complex task to ensure project profitability. There is a struggle between doing what is right and what is reasonable. “However, in an ever-growing and competitive landscape, it is crucial to establish distinguishing factors that are recognizable and to embrace them wholeheartedly,” states Will Odwarka, Founder and CEO of Dubai-based firm Heartatwork Hospitality Consulting.



After a few years in which one whirlwind after another hit our industry, 2024 is set to be a year in which we do “normal” business, despite all the challenges. Therefore, it is absolutely the right time to reflect on the fundamental flaw in our perception of customer satisfaction and the creation of unforgettable experiences at our shopping destinations. As we have made resolutions for this year, pondering what we should do less, more, or better, we now have the perfect opportunity to address this issue.

From my vantage point, the industry focuses primarily on the superficial aspects of wrapping the gift, rather than the actual gift itself. We prioritize architectural splendor, boasting features of glass, granite, marble, and sleek designs, satisfying the boardroom and investors. Naturally, sustainability and minimal environmental impact are considered. We create masterpieces of design and architecture. What, however, does all of this mean for the individuals who must come and pay for these endeavors? What about the customer and his or her experience?

I understand the complexity of ensuring project profitability and the struggle between doing what is right and what is reasonable. However, in an ever-growing and competitive landscape, it is crucial to establish distinguishing factors that are recognizable and to embrace them wholeheart-

edly. We must strive for the consistency that is expected from globally renowned brands like Disney and Universal Pictures.

CAPTIVATING SENSES

For a moment, let us consider our experiences at the movies, the theater, or the opera. Have you ever left one of these venues and exclaimed, “The lighting was extraordinary!” or wondered how they discovered such remarkable locations? I highly doubt it. Instead, it is the plot, the actors, and how the story is conveyed to us that truly captivates our senses. What if we could deliver the same level of immersion and engagement in our retail spaces? This is not to diminish the importance of other elements but to emphasize that they should not overshadow the main protagonist – the connection and experience that allows us to lose ourselves in a multiverse of emotional touchpoints, making us feel deeply valued and reluctant to depart.

Throughout my extensive international travels over the past three decades, visiting various shopping malls in search of locations for businesses, I have rarely witnessed a focused effort on what I believe is, and will remain, the most crucial aspect of it all – the consumer. Regrettably, it seems we often fail to prioritize the visitor or shopper, instead constructing dazzling monuments catering to investor



IMAGE: HEARTATWORK HOSPITALITY CONSULTING

Will Odwarka is the Founder and CEO of Dubai-based firm Heartatwork Hospitality Consulting and is a Member of the ACROSS Advisory Board.

satisfaction, rather than becoming beacons of comfort, excitement, and happiness for all individuals. It is time for a shift in approach.

I recall a visit to an outlet mall a few years ago where the lady behind the information desk was so keen to help (Value Retail, valet village) she not only verbally directed me to the bathrooms but took the time to physically show me their location. Similarly, during a visit to a center in Bangkok (Icon Siam), a doorman not only opened the door but also warmly wished each person a truly fantastic experience with the brightest smile. Imagine better parking garages, such as at Europark in Salzburg decades ago – remarkable guidance, announcements that bring a smile to your face, rather than merely informing you about misplaced luggage. Offering employees warm greetings while wearing Santa hats will not make up for their evident disinterest and discomfort; in fact, it achieves the opposite effect. Genuine cheer, fun, and excitement cannot be ordered, they must come naturally. This comes from fostering employee identification, engagement, favorable working conditions, and fair compensation packages that truly make sense.

We invest great fortunes in selecting floor tiles and handrails yet devote minimal attention to the interactions involving those who contribute significantly to our success – the shoppers, visitors, and, most importantly, our own staff. I understand that this may not be the most popular opinion, and perhaps even inconvenient for some, but I urge you to take a moment and observe the interactions between your teams and random individuals. You might be surprised at how superficial, uninspiring, or disappointing these encounters can be. We have provided them with attractive uniforms for identification purposes, but we have failed to nurture their minds and souls to effectively deliver the story we wish to convey. We have essentially invested in lifeless matter alone.

CURATING STORIES

Now, allow me to pose another question. If all offerings are relatively similar, and our efforts are almost indistinguishable, what ultimately drives an individual's preference for one place over another, aside from convenience? In the realm of restaurants, we would instinctively attribute this choice to the atmosphere. It is not solely about the food or the design; instead, it revolves around the story that has been curated and brought to life, as well as the environment of excitement and well-being. This intangible quality cannot be precisely pinpointed, but I assure you that it is directly linked to the people present in that space.

If we were to analyze the hierarchy in our master plans, we might find that people are categorized under miscellaneous. We often prioritize lighting and location over plot and actors, to stick with my previous metaphor. It's time to step-change our approach, and if you don't know how to do that, please reach out to people who do. Start putting more effort into your story and the way it's told than into the cover.



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FOCUS ON PEOPLE – HOW ATTRACTIVE IS IT TO WORK IN RETAIL?

The labor market situation in the European retail sector has continued to worsen. Meanwhile, companies are under increasing financial pressure, consumer sentiment is declining, and online retail is gaining strength, explains Manuela Lindlbauer, Owner of Lindlpower Personalmanagement. A perfectly legitimate question remains: Why would anyone consider a job in retail today? Urgent solutions are needed when it comes to HR policy in retail, or are AI and robotics the answer?



The role that people play at the point of sale (POS) is undoubtedly crucial to the success of retail and the customer experience to differentiate it from online retail. Thankfully, there is still a large group of customers who enjoy shopping and use brick-and-mortar retail to do so. The quality of the customer experience is often dependent on the interaction that takes place at the POS.

However, there are challenges on the employee side, such as low pay and low motivation, that need to be addressed. There needs to be a greater focus on people at the POS. After all, customer loyalty and the customer experience are not in danger of being replaced by AI any time soon. In times of isolation, in particular, people seek out social contact at retail stores. Perhaps rethinking retail and putting the emphasis back on interpersonal interaction, conversation, and social contact would be a good approach? Why not offer gastro services, coaching sessions, or topic-specific presentations? Such measures would also change the role of the traditional retail employee.

PEOPLE WANT TO BE ACKNOWLEDGED AND APPRECIATED

Only those who regularly receive recognition and appreciation will perform well, remain with a com-

pany for longer periods of time, and pass on the corporate philosophy to customers. Therefore, we urgently need to consider how we can create better framework conditions and, above all, change our management behavior. We are well aware that people come because of the brand, stay because of the job, and leave because of the manager. Consequently, managers have a key responsibility when it comes to ensuring a good working atmosphere, respectful communication, and personal support. Communication with your own employees should not be seen as a “nuisance” and take place on the fly, but should be given the appropriate setting and attention. The call to action is clear: Let's treat our employees as if they were our customers. The time has come to reconsider this issue.

A few relevant questions to be asked include: What do the staff areas look like? What flexibility can I offer? What additional benefits are available? Are there any employee events? How is communication carried out? What does the remuneration system look like? In this respect, there is a lot to be learned from the start-up scene. It is true that the salary is a key factor when it comes to satisfaction. However, the start-up scene, in particular, does not pay top salaries, yet highly qualified people who are very committed to their work can



IMAGE: LINDLPOWER PERSONALMANAGEMENT

Manuela Lindlbauer is the owner of Lindlpower Personalmanagement, which is based in Vienna, Austria.

be found there, precisely due to the fact that the sense of community, the hierarchies, and the will to innovate are often different from what can be found at long-established companies.

THE POINT OF WORKING IN RETAIL

It makes sense to invest in the proverbial purpose in this regard. That might take the form of workshops, a change in mindset, a new leadership approach, or a new corporate culture. Most importantly, recruiting and employer branding should be given a new level of significance within the company. It simply must become a core topic and not a side issue. Professional, qualified HR staff are needed to deal with HR policy – from procurement to administration to personnel development.

It's time to rethink how we deal with employees at the point of sale and what attention they receive. It is not only customers who want individual support and solutions – employees do as well. A stronger focus on the needs of employees will certainly pay off. In order to compete with online retail, a focus on trust, advice, and individual service will be necessary. If you want to offer your customers 5-star service, you not only have to show your employees what that looks like, but also how it feels. We still want people in retail, not robots; employees want respect and compassion. Those who have a clear understanding of this definitely have a competitive advantage.

THE MONEY FACTOR

Even though we demand a lot from people at the point of sale, whether in retail, gastronomy, or the service sector, and we repeatedly refer to them as pillars to the system – they are the lowest paid workers in many European countries. They also usually come last in rankings relating to appreciation and recognition. Those low salaries are the result of a rather poor level of education. Interestingly, pay in the retail segment improves the further away the actual workplace is from the customer. The conclusion is obvious: Excellent customer service, great advice, and a high degree of flexibility have no value in our working world.

This is another area in which the remuneration system needs to be rethought, especially during



IMAGE: DM

times of an employee market. Simply paying on the basis of a collective agreement will certainly not work in the long term. We need to counteract the poor pay and unsatisfactory framework conditions in the retail sector and increase employee motivation. What might that look like in concrete terms?

PROPOSED SOLUTIONS FOR RETAILERS

The absolute prerequisite is to focus on people who like to be "hosts", enjoy dealing with people, are curious about approaching people, and love the daily challenge of working with different people. During job interviews, 99% of applicants say that they would like to work with people, so why not in retail?

1. Performance-Based Remuneration

- Implementation of performance-based remuneration systems, in which good performance and advice are financially rewarded. Bonus systems linked to sales targets and customer satisfaction can increase motivation.
- Implementation of recognition programs for good performance (awards, etc.)

2. Salary Structure Transparency

Clear communication about salary structures and promotion opportunities in order to show employees their prospects and objectives

The German drugstore chain dm has been one of the top employers for many years. The company focuses on personal responsibility, participation, and the promotion of its employees. The company sees its employees not as a cost block, but as an investment. For many years, the company has also paid dividends to employees when the company generates good earnings.





IMAGE: REDEVCO

An important aspect of employee development is to listen to their ideas and suggestions - this is especially true for young employees. Redevco's management introduced a NextGen Board for young talent within the Redevco organization in Europe to bring together the next management generation and to address the topics of the future. Together, the young professionals form more than just a sounding board for the management of one of Europe's largest private real estate investment managers - their task is to actively help shape its future.



3. Flexible Working Conditions

Introduction of flexible working hours or part-time work to give employees more control over their work situations and, most importantly, adequate communication – perhaps in the form of an app or digital solution

4. Social Benefits and Additional Benefits

Offer of attractive social benefits, such as health insurance, a company pension scheme, employee discounts, and additional incentives, such as free training or further development opportunities.

5. Promotion of Career Development

- Creation of clear development paths and promotion opportunities within the company
- Investment in training and further development to improve employee qualification

6. Industry-Wide Standards

- Collaboration within the retail industry to establish industry-wide standards for fair pay
- Participation in initiatives to improve working conditions in the industry and corresponding communication

7. Corporate Culture and Appreciation

- Promotion of a positive corporate culture that shows appreciation for the work done by employees
- Open communication and involvement of employees in decision-making processes

8. Customer Awareness

- Raising customer awareness of the importance of fair pay in the retail sector
- Customers who support companies that pay fair wages can contribute to positive change

9. Culture of Communication

Promotion of an open communication culture aimed at obtaining employee feedback

It is important to emphasize that solving the problem of poor pay in retail often requires a combination of several measures. A holistic approach that takes into account the various aspects of employee motivation and development is likely to be more effective in bringing about long-term positive change.

CONSEQUENCE OF INACTION

The lack of qualified employees in the retail sector will lead to serious consequences for the industry. If nothing is done to improve the image of retail, only those who would otherwise not be able to find a job will choose to work in the industry.

A diminished customer experience will drive people even more towards online retail and, consequently, reduce sales for those who do not have online stores. Additional sales and qualified advice will be lost as a result. However, the few who understand how to rely on their employees at the point of sale will be able to perform better and will be at a competitive disadvantage.

Good employee support and qualified personnel management will also have a positive effect on innovation and creativity as well as productivity, as motivated employees are more involved, contribute their thoughts, and are interested in helping the company move forward. In our fast-paced world, being able to adapt and react quickly is essential.

A lack of qualified employee support, on the other hand, will result in high staff turnover, which is a disaster for any company that works directly with customers. Know-how will migrate, continuity and the working atmosphere will deteriorate, and the negative image will attract even fewer new employees.

In order to overcome the challenges, investing in employee training and development, ensuring fair pay, and creating a positive working environment are crucial. Companies must also implement employee retention and development strategies to attract and retain qualified talent. Most people are keen to further their training and are interested in investing in their own personal development, so offer opportunities for both personal and professional development.

DIGITAL AND TECHNOLOGICAL CHANGE

The use of AI, IoT, and big data does not stop at the retail sector. Those areas have the potential to make retail more exciting again. Develop your employees in those specific areas; the younger generation, in particular, is extremely interested in technology. Digital and technical skills will also become increasingly important, so showcase them in job advertisements and image campaigns.

A customer-centric approach will require your employees to not only provide personalized customer experiences, but also to request and support them. That will allow for more varied tasks involving cross-training and digital support. Provide them with the opportunity to develop into the digital business where appropriate.

SUSTAINABILITY AND ETHICS

Employees who are dedicated to such issues will also be needed, which will attract a completely new target group and further enhance the value of positions at the point of sale. Customers are attaching greater and greater importance to sustainable and ethical practices, and applicants want to work for employers that value sustainability. This should be addressed and communicated in an appropriate manner. Such issues are particularly important to female employees.

DIVERSITY AND INCLUSION

The retail sector lends itself to creating a diverse workforce, which is appreciated by both employees and customers and creates an open corporate culture of integrity. Target groups that have not previously been considered can also be reached in this regard: career changers, those over the age of 50, people returning to work, people with special needs, and people with different ethical backgrounds.

COMMUNICATION AND TRENDS

Ultimately, as previously mentioned, most people love interacting with other people. Building relationships and giving advice, having social interaction – those things should be encouraged more within companies. It also provides a great environment when it comes to staying on top of trends and changes. That is one advantage that can be further emphasized and developed.



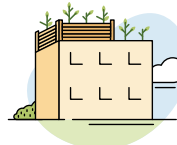
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“FOR US, SERVICE MEANS CLARITY, EFFICIENCY, AND SIMPLICITY”

For a major international player like Kaufland, maximum customer orientation means continuously increasing the efficiency of the shopping experience for customers who know what they want and providing support to customers who are undecided – and creating physical and digital spaces in which to meet and exchange ideas. Angelus Bernreuther, Head of IR at Kaufland Stiftung & Co. KG, explains how Kaufland uses technology to personalize its stores and individually address customers.



IMAGE: KAUF LAND

Individualization, regionalization, and community building are essential trends for Kaufland. Their local responsibility and roots become particularly evident during the “Regio Days”, when once a year, producers can introduce themselves directly to customers at the stores and provide information about their products.



ACROSS: KAUF LAND IS A PROMINENT INDIVIDUAL PLAYER. TO WHAT EXTENT DO YOU INDIVIDUALIZE YOUR LOCATIONS?

ANGELUS BERNREUTHER: We individualize when it makes sense, where it is possible, and if it is necessary. Kaufland operates in eight countries and counts over 1,500 stores.

The concept is initially standardized and ready to be rolled out. That is why the logo and the stores from Bulgaria to Poland and Germany look similar or identical. At the same time, our national companies act very independently in their day-to-day operations and make their respective adaptations to suit the local conditions.

ACROSS: CAN YOU GIVE US AN EXAMPLE?

BERNREUTHER: This is most evident at the product level. We have an average of 30,000 items in our range, depending on the country. There are fewer in Eastern Europe and a little more in Germany. That has to do with the size of the shopping areas. First, the product range consists of the most popular products in the respective country. Then, there are our brands, which are being increasingly regionalized for specific countries. Then, there is the local range, where we try to include leading regional producers and brand manufacturers from a radius of around 50 kilometers around the store. Those local products range from beer and cheese to pasta and are specially marked on the shelves with our “Regio Heart”. The local company knows precisely what the local demand is and also highlights regional trends with the help of market research.

IMAGES: KAUFLAND



At most locations, Kaufland operates and leases the concessions areas themselves. That ensures that each store's own, individual offer is tailored to the catchment area: Concession areas in Trnava, Slovakia, Brasov, Romania, and Waiblingen, Germany.

ACROSS: APART FROM THE PRODUCT RANGE, WHERE IS MARKET INDIVIDUALIZATION MOST APPARENT TO THE CUSTOMER?

BERNREUTHER: The area that has changed most recently is the checkout zone. Several trends come together here: individualization, regionalization, and community building. At most locations, we operate and lease the concessions areas ourselves. We can bring in cafés, bakeries, butchers, fast food outlets, and popular services, such as lottery and tobacco stores and newsagents, to create meeting places. Our landlords take a very close look at the best tenants in the region and which bakery, for example, is the most popular in the area.

ACROSS: APPARENTLY, KAUFLAND WANTS TO BE A PLACE OF SOCIAL INTERACTION.

BERNREUTHER: We have taken the idea of local supply further. We want our customers to identify with our products and would like to be a meeting place. The concessions area is naturally predestined for that, which also goes hand in hand with the further development of store design. It has recently become much more inviting and attractive, especially at our new store openings. Nevertheless, a few elements are also in demand by customers, such as lottery tickets, magazines, and, in some cases, pharmacies, which take more work to individualize.

ACROSS: BESIDES INDIVIDUALIZATION AND COMMUNITY BUILDING, WHAT ROLE DOES CUSTOMER SERVICE PLAY?

BERNREUTHER: There is a noticeable difference between food retailers – especially larger ones – and other retail formats and the food service industry. We focus on the human factor; a supermarket comprises customers, employees, and products. That, however, is precisely where we need to differentiate. For us, service means clarity, efficiency, and simplicity. Therefore, we continue to increase shopping efficiency when customers know what they want and offer support when they are undecided or need information. We must keep a clear eye on what customers expect from a supermarket. They don't need people to serve them everywhere, but they do need a contact person at specific points, for example, when entering and leaving the store as well as at the information desk, service counters, and self-scan checkouts.

ACROSS: WHAT DOES EFFICIENT SHOPPING AT KAUFLAND LOOK LIKE?

BERNREUTHER: Customers come into the store, motivated by our advertising. They can take the K-Scan device to scan goods themselves and start their shopping. As customers walk through the store, they pass products that are on special promotion via in-store marketing, such as regional products. At the end of the



IMAGE: KAUFLAND

Angelus Bernreuther is the Head of Investor Relationship Management, Kaufland





IMAGE: KAUF LAND

The Kaufland Pay payment system allows customers to automatically pay during the scanning process. Such services optimize the shopping experience and are very popular and well-received by the customers.



shopping trip, customers choose between self-scanning checkouts and the conventional checkout counters. If customers use K-Scan, they only need to scan once and can pay directly. The next level is our Kaufland Pay payment system. Customers pay automatically during the scanning process. These services, which optimize the shopping experience, are very popular and well-received by our customers.

ACROSS: HOWEVER, THOSE SERVICES TEND TO APPEAL TO A YOUNGER TARGET GROUP.

BERNREUTHER: That was our expectation, too, but reality has shown that self-scanning checkouts do not have a specific target group. As it turns out, the choice depends on the amount of shopping items. It's not just young, dynamic people who don't have time and just want to grab something for their lunch break. At least as many older people try them out, sometimes with the help of our staff. Older people, in particular, feel more relaxed in this regard.

ACROSS: AS A FOOD RETAILER, HOW WOULD YOU DESCRIBE YOUR CUSTOMER JOURNEY?

BERNREUTHER: Ideally, customers visit us two to three times a week. We attract customers to our stores as part of their information search, usually via offers, which must then be converted into purchases at the stores. The aim is to make the purchasing behavior and the actual purchase as simple as possible so that the customer ideally still has more than enough time to have a cup of coffee in the concessions area afterward. I want to use the word experience sparingly, especially concerning other retail areas. Still, it's about making the necessary everyday shopping as efficient and pleasant as possible for customers.

ACROSS: WHAT ARE THE MOST CRITICAL CHANNELS WHEN IT COMES TO ADDRESSING CUSTOMERS?

BERNREUTHER: We maintain and update our website constantly. The Kaufland app is an essential tool, and we are one of the food retailers with the most significant reach in Europe regarding social media and influencer marketing. These very different channels allow us to address all target groups and increasingly reach younger customers. For example, Kaufland cooperates with HeyMoritz, an influencer with

whom we have already implemented several campaigns, including our training initiative, and who has launched his own chewing gum. I did not know much about HeyMoritz before that, but my children sent me to Kaufland to buy the chewing gum. It is imperative to use all channels equally. For example, our flyers are not just available in printed form, but are also distributed via WhatsApp.

ACROSS: WHAT ROLES DO EVENTS AND SPONSORSHIP PLAY?

BERNREUTHER: Kaufland sponsors the national ice hockey team in the Czech Republic, for example. Ice hockey is the most popular sport in the Czech Republic, so we generate a lot of attention. Events and sponsorship are also crucial at a local level. We have a field hockey pitch on the roof of the Kaufland store in Erfurt, Germany. One of the most important and popular field hockey tournaments in the region takes place there every year. Our local responsibility and roots become even more evident during our Regio Days. Once a year, producers can introduce

themselves directly to customers at the stores and provide information about their products.

ACROSS: WHAT ROLE DOES THE KAUFLAND CARD PLAY IN ALL OF THIS?

BERNREUTHER: The demand for the Kaufland Card is continuously increasing. The Kaufland Card is the linchpin and will become the central connection to our customers. This is where online and offline come together; its services can be upstream and downstream, and information about the stores can be easily shared. Our customers benefit greatly from the card, and we naturally get to know our customers much better. Since we know where customers come from, have some of their personal data, and know their shopping preferences, we can offer them an individualized range of products for their respective situations. Customers don't need all 30,000 products, but if you have just become a father, you need specific products for a certain time, and it is precisely those products that we can present and put together for you – and make them more affordable with coupons.



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REDEVCO: THE POTENTIAL OF ICONIC BUILDINGS FOR THE HIGH STREETS OF PARIS

Reinventing the high street: With the redevelopment projects of two iconic assets in Paris, one on Boulevard Haussmann and one on Rue de Rivoli, Redevco not only shows how historic buildings can be transformed into innovative multi-functional destinations, but, in the case of Boulevard Haussmann also how space can be showcased even during a redevelopment.



In the context of Redevco’s mission to lead the transformation of cities to ensure they are sustainable and liveable, Redevco aims to revitalize the high streets of the shopping and fashion metropolis of Paris. Redevco’s philosophy is to create exceptional, lively, and connected venues so that users and visitors enjoy being in. “Our ambition is to transform each asset into an iconic place, custom-designed and tailor made, integrated perfectly into its urban environment,” says Thierry Cahierre, Co-Head Client & Fund Management Redevco.

In 2023 Redevco started refurbishing the Haussmann building in Paris, an asset it has held for more than 30 years. A few weeks later, the company also announced the redevelopment of 126 Rivoli. Both buildings are located on one of the capital’s main shopping streets, and the redevelopment aims to revitalize areas where history, culture, and retail meet more strongly in the best possible way. Both Paris-based projects demonstrate the company’s commitment to being a city-center player, designing high-quality, experiential living environments based around retail stores and mixed activities.

The refurbishment of the 126 Rivoli building entails a redesign of 13,000 sq m of space spread over nine levels, including retail, offices, urban logistics, a lifestyle hotel, a restaurant and charity organization.



IMAGE: REDEVCO

REFURBISHMENT OF BOULEVARD HAUSSMANN 49

The refurbishment of Haussmann 49 is taking place on one of the Parisian main streets, opposite the big department stores, Le Printemps and Galeries Lafayette, and in a district where tourists and Parisians converge, boasting 56 million pedestrians per year and exceptional accessibility and visibility. It is a vibrant hyper-commercial environment with remarkably diverse offerings, an area teeming with cultures and encounters. Entitled 'H' and strongly committed to its goals, the project has significant environmental and societal ambitions, in line with the commitments and precepts of the Redevco group to lead the transformation of cities.

Principally, refurbishing the iconic building entails redesigning the retail units, occupying more than 6,500 sq m spread over four levels from the basement up to the second floor. The project also involves embellishing the facades, including partially refurbishing the listed Moorish facade on Rue des Mathurins. Built in the early 20th century, this asset of more than 15,000 sq m also hosts 6,000 sqm of offices with a green patio and six levels of underground parking.

“We have a big constraint in the redevelopment due to the urbanistic laws, we cannot reduce or create any retail square meters,” says Cécile Pouzadoux, Portfolio Director Redevco France. “It would have been easier to equip the second floor with offices, as attracting consumers to the second floor is difficult. But this constraint motivates us to find creative solutions.” Therefore, integrated into an exceptional urban fabric, H will develop more than just square meters and become a genuine space for expression, hosting flagship stores with solid and innovative concepts. The project is dedicated to retail activities and, as a common thread through all those activities, integrating a strong eco-responsible dimension, encouraging creativity and encounters. On each level, showroom spaces will enhance the concepts presented, embodying H's committed, collaborative, and creative positioning.

“Projects like these show that in changing times, the key is to remain agile, to be willing to adapt our mindset, and to keep an eye on trends con-



IMAGE REDEVCO

stantly,” states Pouzadoux. “Even though we are only redeveloping the retail part, we have to think about the entire building, which is already a mixed-use building,” adds Vanessa Medioni, Head of Communications France. “This is one of the biggest learnings of our projects Promenade Sainte-Catherine in Bordeaux and Le31 in Lille.” For Haussmann, this also means thinking about the future use of offices or parking. The latter is especially valid for an almost car-free city center like Paris, where only cars are allowed in a few remaining streets.

To make use of the full potential of the building, Redevco introduced the concept “Stories by Redevco” in the Boulevard Haussmann asset. The idea is to turn physical spaces into marketing channels. Stories by Redevco was also implemented in Promenade Sainte-Catherine, Bordeaux. It is a concept where, for a limited amount of time, people can experience brands by enjoying activities beyond selling products. Therefore, experimental retail places are created to attract more customers and new brands. “Our partners and tenants are willing to reinvent themselves, and we are happy to provide places where they can do so,” says Medioni. “The idea is to use the asset as media”. The shop changes constantly, so consumers can experience something new whenever they come. In the case of Haussmann, “Stories by Redevco” also allows

To make use of the full potential of the building, Redevco introduced the concept “Stories by Redevco” in the Boulevard Haussmann asset. The idea is to turn physical spaces into marketing channels.





IMAGE: REDEVCO

Redevco has started a project to redevelop 126 Rivoli, an iconic building in Paris. The building will be refurbished into a new mixed-use and socially engaged project.



the company, while the building is being redeveloped, to still use and rent out part of the space. The shop at Haussmann is 170 sq m. “This way, we are pushing the concept of Stories forward. We do not close, but we offer brands exclusive spaces to launch campaigns and concepts and give them a podium”, adds Pouzadoux. As an example, the Boulevard Haussmann asset provides a stage various brands, also welcoming private and public events such as fashion week shows, launching parties of new products or artistic fairs.

REDEVELOPMENT OF 126 RIVOLI

Redeveloping the historic building 126 Rivoli, which Redevco acquired in 1965, also started in mid-2023. This revitalization project is located in the historic heart of Paris on Rue de Rivoli between the Louvre, Notre Dame, and the Hôtel de Ville and on one of Europe’s top 10 busiest shopping streets that attracts almost 1 million visitors a month. It is an exceptional location that benefits from unrivaled accessibility and visibility in a hyper-dynamic, fast-changing setting.

The mixed-use and socially engaged project, designed by Franklin Azzi Architecture, aims to respond to modern retail requirements and new lifestyle trends as well as for environmental excellence. Tailor-made according to Redevco’s principles of urban haute couture, once redeveloped, the building will offer 13,000 sq m of space spread over nine levels, with 3,000 sq m retail on three floors, 4,000 sq m offices on three floors, urban logistics, a lifestyle hotel, and a restaurant, all nestling under an extensive rooftop garden with an exceptional 360-degree view of Paris.

The redevelopment of existing buildings, necessary to create new destinations, must consider the various ESG-related topics and comply with regulations being developed and implemented. The new space at 126 Rivoli marries significant environmental and societal ambitions in line with the commitments and precepts of the Redevco group, whose mission is to achieve net-zero carbon across all its real estate assets by 2040. The project aims to be certified BREEAM Excellent for the construction and operating phases.

“So far, this building was purely office and retail with opening hours during the day,” says Pouzadoux. “We plan to open the building in several ways now: we open the three facades more towards the streets, but with the integration of seven use types and especially the rooftop, we want people to enjoy and use the building almost around the clock.”

“The name of the building is ‘BPM,’ meaning ‘Beats Per Minute,’” explains Medioni. “We are putting a lot of energy into this project’s terms of programming. We also motivated our partners to deal with innovative activities and talk to each other to create a real community space.” Therefore, every minute of the day, the activities in the building might change. “In the morning, we might have yoga classes on the rooftop; in the evening, it will be about dining – important is that every part and every demand of the community is represented,” says Medioni.

‘H’ on Boulevard Haussmann is planned to be finalized and delivered end of 2025 and ‘BPM’ on Rue de Rivoli is expected to be ready in 2026.



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A perfect shopping day

In addition to year-round deals, Designer Outlet Parndorf boasts enticing eateries including traditional options such as Sacher Café as well as innovative restaurants like Le Burger, with outdoor playgrounds and Dinoland for children completing the offer. Conveniently, the shoppers' paradise is just 30 minutes from Vienna and seamlessly publicly connected via shuttle bus from the State Opera as well as via e-bus and train from Parndorf main station.



“DATA CONTINUES TO BE THE GATEWAY TO BETTER CONSUMER AND CATCHMENT INSIGHTS”

Shopping center investors and managers are increasingly concerned about the role of their assets, the value and experience they deliver, and how they can resonate in a digital age, argues James Miller, Director of Pragma. Therefore, the overriding focus for shopping centers in 2024 continues to be renewal and adaptation on the basis of accurate consumer research and insights.



In recent years, the dynamic of shopping centers has shifted, from retail hubs to entertainment and social places, driven in part by the decline of major physical brands and department stores, the conversion of retail space for other purposes, and the rise of experiential propositions.

Underlying drivers of change, such as ESG, an aging population, the emerging demands of Gen Z, cost of living challenges, and hastening digital innovation, have the potential to either be a tailwind or headwind for shopping centers, depending on how prepared they are.

Indeed, shopping center investors and managers are increasingly concerned about the role of their assets, the value and experience they deliver, and how they can resonate in a digital age.

The overriding focus for shopping centers in 2024, continues to be renewal and adaptation.

While potential solutions will vary, we can be certain they will require strong market intelligence, especially timely and accurate insights into the behaviors of the people who use, or might use, shopping centers.

THE ROLE OF CATCHMENT INSIGHT

Consumer and catchment insights are vital factors in shopping center decision making. Those insights help occupiers understand the volume

and value of their target audiences, marketers define who and how best to target, investors assess the suitability of assets within their portfolios, and developers and asset managers identify opportunities for new propositions or challenges with oversupply.

Until recent times, the shopping center sector relied on a mix of aging and static information to help navigate the complexities of asset decisions. However, digital technology and data are transforming the game, allowing us to tap into faster and deeper insights, answer critical questions more effectively, and unlock the potential of retail spaces with greater confidence.

CURRENT STATE

Catchment analysis, the process of understanding consumer geographical demand and socio-demographic profiles, has long influenced the retail asset decision-making process. However, traditional catchment analysis has always been a blunt tool. Defined using historical shopping patterns as well as demographic and expenditure estimates, it typically offers no more than a high-level and static window into consumers, their broad residential locations, and their presumed attraction to and visitation of retail destinations.

The key limitation of catchment analysis is a tendency to over rely on historical consumer data,



IMAGE: PRAGMA CONSULTING

James Miller is the Director of Pragma Consulting



IMAGE: GERD ALTMANN FROM PIXABAY

meaning it, at best, provides an approximate understanding of dynamic behaviors. As consumer behavior becomes more complex, there is a greater need for shopping centers to answer more nuanced questions, such as how and why consumers use destinations, as well as the true impact of online channels. Consequently, many stakeholders are re-evaluating their approach to how consumer demand and catchment area insights are collected, analyzed, and leveraged.

RECENT DEVELOPMENTS

With “adaptability” something of a byword in the industry, there is sharpened focus on using new data sources to understand the changing needs of people.

There is a burgeoning market for third-party insights, which shopping centers can tap into to generate unprecedented empirical observations about people and how they use spaces.

For example, anonymized consumer mobility data, derived from mobile phone movement, has rapidly disrupted this staid area, offering detailed insight into the types of people who utilize shopping centers on different days and times of the day, including how often they frequent and dwell in those places. These massive and trending data sets are increasingly used to calibrate catchment area models, increasing their accuracy and applicability.

At a localized and granular level, telcos can provide people movement at just five meters, through spaces, 24 hours a day, 365 days a year. That allows for the micro-analysis of behavior within shopping centers, which is key to predicting use within and around retail spaces.

Consumer expenditure insights, derived from financial data providers, are adding another layer of insight, providing a trending view of patterns of geographical spend by categories, such as Clothing & Footwear, Homeware, and Food & Beverage.

Furthermore, innovations in the depth and speed of demographic insights are offering new ways to understand the needs of people at the local level. For example, geosocial data, based on analyzing anonymized social media conversations across different consumer segments by geography, are increasingly providing a better understanding of trending lifestyle choices.

There is also greater recognition of the importance of shopping centers collecting their own first-party data. The use of loyalty schemes (for example), administered through apps and websites, not only allows shopping centers to directly engage consumers, but to also benefit from the behavioral insights such tactics can generate.

While quantitative data tells us what people do in catchments and shopping centers, it does not

Consumer and catchment insights help occupiers understand the volume and value of their target audiences, marketers define who and how best to target, investors assess the suitability of assets within their portfolios, and developers and asset managers identify opportunities for new propositions or challenges with oversupply.





help us understand “the why”. There remains a crucial need to also understand the attitudes and wants of people. Surveys of the sentiments, preferences, and perspectives of people are nothing new, but technology is making it easier to gather those insights.

Various platforms offer on-demand access to target audiences, allowing shopping centers to understand how people feel, think, act, buy, and interact with locations and types of spaces.

Traditionally an expensive form of research, accurate insights can now be gained within hours from diverse and representative audience panels, at modest cost. That allows stakeholders to develop greater empathy with the users of spaces, driving better and more human-centric decisions.

Looking toward the future, the capability to harness real-time data feeds, from sources such as social media and footfall, will ensure AI is likely to become a powerful tool for the identification of emerging consumer trends and behaviors. That has the potential to transform decisions about the use and branding of retail locations, tenant mix, and strategies for maximizing commercial returns from shopping centers.

Finally, as more data about people is collected, the application of generative AI will likely become feasible. For example, it is conceivable (with the right data) that we will be able to test questions such as “How would a suburban family segment react to a new retail concept?” at speed and far more cheaply than conventional research allows.

REAL-WORLD EXAMPLES:

Shopping center analysts are starting to blend traditional and innovative data sources to answer key questions.

Use Case: Assessing Untapped Demand

A key question asked by shopping centers is: To what degree actual performance meets the potential of a catchment?

Major landlords are answering this question by blending data from various quantitative sources.

Details include turnover data (provided as part of turnover leases) to understand center performance, catchment areas derived from mobile data to provide a current view of geographical demand, and financial data to provide a trending view of who spends what by product category, where, and when.

When coupled with qualitative surveys, focused on consumer sentiment, shopping centers can complement the “what” of consumer behavior, with the “why” behind choices.

It can help address questions such as:

- In what categories does the center over perform?
- In what categories does the center underperform?
- Where is there a performance gap; what is the potential size of prize?
- What categories are likely to be most acceptable to consumers?
- Are there knowledge blind spots, such as spend being diverted to online players (e.g., Netflix, Deliveroo, or Depop), which will help us better respond to online competition?

This blended approach is developing quickly and is helping shopping centers address questions that would have been difficult to answer as little as three years ago.

Use Case: Demonstrating Impact

Another common question asked by shopping centers is: What is the impact of key initiatives? The new wave of consumer mobility, financial, and first-party data collected by shopping centers is significantly improving the accuracy and timeliness of analysis, due to the unprecedented detail such data provides into the behavior of different types of consumers at specific locations at specific times.

This is driving improvement in how the impacts of actions and initiatives are measured, with respect to their influence on consumer behavior. Real examples include:

- Where a new flagship store has opened in a former department store, this analysis has

been used to assess how much further a shopping center reaches into its catchment area, how market share has changed, and which types of consumers this change resonates with the most.

- The effectiveness of a marketing campaign targeted at luxury shoppers was measured in terms of penetration into specific catchment postcodes, and subsequent changes in KPIs, such as visit footfall, dwell, spend, and long-term shopper value.

GOING FORWARD

As shopping centers continue to navigate the evolving retail landscape, it is clear that data continues to be the gateway to better consumer and catchment insights. It offers new opportunities for understanding people, developing strategies, assessing commercial feasibility, designing spaces, and tracking performance.

If innovation is to be sustained, shopping center stakeholders need to develop strong data strategies, founded on clear use cases for consumer data, which answer both the “what” and “why” of consumer behavior.

That requires a purposeful and clearly articulated approach to sourcing and collecting consumer data from a variety of sources, including first-party methods and primary research.

Furthermore, a structured and strategic approach to high-quality, high-volume, and high-variety data is a precondition of smarter advanced analysis, including the various opportunities offered by artificial intelligence.

Ultimately, better data and analytics will help put you on the right side of consumer trends, which will only continue to influence the purpose and performance of our shopping centers.



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REVOLUTIONIZING RETAIL: HOW AI IS UNVEILING HIDDEN MARKET REALITIES AND RESHAPING THE FUTURE OF PLACEMAKING

The placemaking industry is increasingly realizing that established retail business models and their 1:1 replication across multiple locations are no longer effective. Rising digitalization, climate change, post-pandemic effects, and political and economic instabilities are leading to societal changes that profoundly manifest in altered consumer behavior, explains Oliver Zügel, Chairman GALLUP Swiss & Board Member at evAI.



A deep understanding of the communities relevant to centers and the continual optimization of customer experience have become the mantra of the Placemaking Industry. Heterogeneous lifestyles in close proximity, sometimes conflicting lifestyles, and diverse brand affinities are now the success-defining benchmarks for the unique character and future orientation of each center. However, the necessary market adjustments come with substantial investments.

Decades-long used statistics and derived industry metrics are gradually losing their significance as they no longer realistically depict the complexities of the market. The demands on risk assessment, built on substantial and current market information, are accordingly high. With increasing industry-specific applications of AI, a glimmer of hope seems to appear, offering all answers and solutions for an optimized market approach in the catchment area of centers almost at the push of a button. That, of course, is compatible with existing location evaluation and analysis formats. If that were the case, would it be enough to successfully implement the necessary market adjustments?

As of today, AI can analyze existing, but hidden, market knowledge in the context of posed questions and incorporate it into market models,

helping to significantly minimize decision and investment risks. Practically proven AI-supported analysis methods provide profound qualitative insights into existing life worlds. The gathered data, due to its density and sample size, is quantifiable, thus portraying real and market-relevant communities. That creates orientation and helps substantially categorize sustainable developments in the catchment areas of centers.

The innovative and multi-award-winning analysis method of evAI recognizes relevant communities and their life styles, affine brand worlds, market participants, barriers, as well as opportunities, risks, and disruptive forces. From the acquired data, evAI models forward-looking market models and identifies existing and potential catchment areas. Practical questions (exemplary excerpt) are answered by evAI:

- How is the location environment structured and integrated into existing and future traffic flows?
- Which communities can be identified in the catchment area?
- What lifestyles (brand usage, affinities, areas of interest) characterize these communities?
- Which brands, services, etc., align with these lifestyles and the respective location?

- What is the optimal offer mix for the location, ensuring increased footfall?
- How can the catchment area be expanded with an attractive offering?
- How does a location differentiate itself from the competition for existing and potential communities?

The data obtained through such AI-supported analysis methods and the insights gained from them are current, cover a representative observation period, and can be projected onto future developments of the location. To a certain extent, the applied analysis methods meet the criteria that the Placemaking Industry increasingly demands from data analytics and research.

CHALLENGE FOR RESPONSIBLE CENTER MANAGEMENT

However, the challenge for responsible center management begins, at the latest, with presenting the findings and concrete answers to posed questions: The recently obtained data bluntly

exposes the blind spots and deficiencies of locations – deficiencies that could lead to critical inquiries from stakeholders – investors, owners, and tenants.

For example: A centrally located shopping center in a metropolitan region lies directly on highways connecting the surrounding areas with the city center – a crucial decision criterion for the location, coupled with the idea of “capturing” people on their way to the city center and ensuring increased footfall in the shopping center due to favorable transport connections. That consideration, combined with an investment in a slightly oversized parking structure, was coherent but did not lead to the desired success. The reason for that was shown by the traffic situation of the location analyzed via mobility and traffic data. The surrounding residential area is a well-shielded block, on the one hand, through trains and highways, and on the other hand, through regular traffic jams at the entrances during peak shopping times. Within the neighborhood, one-way streets and an almost complete lack of a



IMAGE: evAI

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traffic guidance system complicate finding the location. An AI-analyzed traffic study not only reveals such a circumstance, but leads to an individual traffic guidance system, guaranteeing almost congestion-free and time-saving access to the shopping center and optimizing the visibility of the shopping center within the immediate catchment area. However, implementation and optimization has not occurred thus far.

ANALYSIS OF LIFESTYLES

The analysis of lifestyles in dense urban areas and urban agglomerations is more complex: Housing shortages, rising rental prices, new working formats – co-working spaces, home offices, etc. – have led to lifestyles in neighborhoods colliding that were inconceivable or not sought after just a few years ago. Such developments cannot be deduced from existing purchasing power data related to a location’s environment. In other words, that means that my neighbor, who has nearly the same purchasing power as me, lives in a completely different world, has a different lifestyle, and consequently prefers completely different brands and offerings. It sounds trivial, but it is not.

With the help of innovative, AI-supported analysis methods, different life spaces can be identified on a very local level and evaluated in terms of brand affinities. Social genome data provides specific insights into these lifestyles and thus the market relevance of potential offerings and brands. In a specific case, a shopping center was able to attract an international sports retailer as a potential anchor tenant for a central and attractive location. The preceding standardized location analysis revealed that “sports” in the immediate catchment area was a relevant topic, but attractive providers offering a broad range in the immediate vicinity were lacking. Therefore, tenants and center management expected a long-term collaboration, successful market acceptance of the sports retailer, and a continuous increase in footfall at the shopping center. None of that happened as expected; the tenant terminated the lease, and the space is now vacant. The subsequent AI-supported analysis of social genome data confirmed that “sports” at that location was a very relevant topic, and there was a lack of brand affinity of the target groups in

question to the original tenant’s brand, in contrast to other brands identified as the “best brand match” in the sports context for that location.

BRANDS WITH HIGH AFFINITY FOR THE TARGETED AUDIENCES

In general, a location benefits from brands that have a high affinity for the targeted audiences of the center. Conducting a “best brand match” analysis before deciding on an offer area, provider, or brand significantly reduces risk – for both center management and potential tenants.

The data collected with the support of AI makes it an essential factor that currently determines, and will continue to do so in the future, the success of a center at its location. Further dimensions of consideration depend heavily on the individual circumstances of the location. In other words, what applies to one location may only apply to a very limited extent or not transferred at all to other locations. That poses significant challenges for operators of department store chains and center brands. The same applies to retail chains, consumer markets, etc., that feature standardized portfolios of offerings. Each location is an individual entity due to its surroundings, requiring a separate examination.

The relevant catchment area for the respective location is no longer defined by geographical and sociodemographic features, but by a virtual map of lifestyles connected to the shopping source – like a nervous system through analyzed traffic flows and connections. This forward-looking perspective on locations requires a differentiated and individual examination of locations and their previous indicators and KPIs. First and foremost, it requires the courage of all players in the place-making industry to think differently about existing properties and to take planned developments in new but evidence-based directions. The analysis process supported with AI is a structured process that is openly curated by experts along questions about the location of a center. Hence, fostering an environment of curiosity, openness, and the courage to explore uncharted territories is imperative for all stakeholders. This enables the emergence of unforeseen questions, some of which may not have been apparent at the initiation of the AI analysis process. Are you ready for it?



NEPI ROCKCASTLE: AMBITIOUS DEVELOPMENT AND REFURBISHMENT INVESTMENT PIPELINE

NEPI Rockcastle, Europe's third-largest listed retail real estate company and the biggest owner and operator of shopping centers across CEE markets by value, is to invest around 600 million Euro in its development and asset refurbishment pipeline to meet strong demand from retailers aiming to tap into the region's increasingly affluent consumer base.



IMAGE: NEPI ROCKCASTLE

Promenada Plovdiv, Bulgaria



“Central and Eastern Europe is expected to have double the average GDP growth of Western EU states this year. Countries such as Romania and Poland, NEPI Rockcastle’s two largest markets, are projected to be among Europe’s top 10 fastest-growing countries and outperform economies like France and Germany. This dynamic is also driving a robust expansion in disposable household income in CEE countries that are undersupplied with retail space compared to their saturated market counterparts in the West,” said Rüdiger Dany, NEPI Rockcastle’s CEO.

“NEPI Rockcastle is therefore maintaining the momentum of its ambitious development and refurbishment investment pipeline to deliver the most modern and sustainable shopping centers in CEE, combined with the mixed-use expansion of our assets in growing segments such as entertainment. We are carefully calibrating this supply to meet the high demand for space in CEE from international and local retailers and other tenants,” he added.

The majority of NEPI Rockcastle’s planned development investments in progress in 2024 are concentrated in four projects in Romania, Bulgaria and Poland, including:





PROMENADE MALL, BUCHAREST, ROMANIA – EXTENSION

NEPI Rockcastle is constructing an additional 58,000 sq m of GLA for mixed-use, including retail and offices, in a development extension alongside its Promenade Mall in Bucharest’s central business district. The extension is due to be completed by the end of 2025.

The project involves excavating the deepest building basement in Central and Eastern Europe, at 26 meters, to accommodate 2,400 car parking spaces over six levels. This presents a significant engineering challenge due to the construction site’s complex geological profile, which includes sand, clay, and gravel.

The development will have strong sustainability credentials, with 600 kW of photovoltaic panels installed on the ‘green roof,’ which extends the planting on the neighboring mall rooftop garden and provides rainwater harvesting.

Leading international fashion and entertainment brands among NEPI Rockcastle’s tenants are committed to opening stores in the Promenade extension, and the leasing team is in the final stage of negotiations. The concept’s goal is to introduce new tenants to the shopping center and fine-tune the tenant mix in the original part of the project.

The estimated costs of this project are 250 million euros.



IMAGE: NEPI ROCKCASTLE

Promenade Mall, Bucharest, Romania

BONARKA CITY CENTER MALL, KRAKÓW, POLAND – REFURBISHMENT

The ingenious internal architectural redesign and refurbishment of the Bonarka City Center mall in Kraków, southern Poland, is transforming what had previously been a rather shabby and poorly managed asset before NEPI Rockcastle turned it into an attractive modern shopping, dining, and entertainment experience.

By recalibrating the internal geometry of the shopping center by reducing the width of the unnecessarily wide public walkways and extending the store frontages, NRP added considerable retail rental space value to its asset, with the refurbishment expanding the existing 74,700 sq m area by a further 4,700 sq m.

“We are not extending the envelope of the building itself. Instead, all the modifications are taking place within the Bonarka Mall while the shopping center is still in operation. While that makes it a slow and costly process, implemented over several years, it minimizes the disruption to the commercial operations of our retailers. We had to take extra safety measures, such as temporarily closing some floors. Still, if customers are there again in the morning, you have to make sure, for example, that broken tiles from work overnight are cleared away before the customers arrive,” said Andrei Radu, Development Director at NEPI Rockcastle. “We are transforming absolutely everything in Bonarka City Center Mall, from the tiles to the ceilings, cladding, toilets, and underground parking, and this beautification is adding considerable commercial value for our tenants as well as over a 20% uplift in rental value for our investors,” he concluded.



IMAGE: NEPI ROCKCASTLE

The estimated costs of this project are 80 million euros.

Bonarka City Center Mall, Kraków, Poland

PROMENADA PLOVDIV, BULGARIA – NEW DEVELOPMENT

The 60,500 sq m GLA Promenada Plovdiv greenfield development in Bulgaria’s second-largest city. Known for its seven hills and cultural and historical importance, it is likely to be the biggest NEPI Rockcastle project getting underway this year, subject to final permissions from the local municipality. The construction and operation of the mall would provide a significant boost to the local economy, with the creation of an estimated 1,500 new jobs. Completion is expected in 2026.

Promenada Plovdiv would be NPR’s third investment in the country alongside the Serdika Center and Paradise Center in Sofia, the capital. It would extend Bulgaria’s position as the third-largest market in the company’s portfolio by GLA and value of assets behind Romania and Poland and ahead of Hungary.

The development will bring NEPI Rockcastle’s ‘Promenada’ concept, which focuses on fashion combined with extensive entertainment and dining components, to a leading position in Plovdiv’s city center, adjacent to its historical buildings and near the pedestrian area. The plans include an open-air terrace with spectacular views of the city on the mall’s second level, where visitors can enjoy drinks and international cuisine from the cafés and restaurants.

Around 20% of the site, or two hectares, has been given over to green planting to form a new public urban park, which will also act as a shortcut for pedestrians to reach the mall. Another planned sustainability feature is a photovoltaic plant, which will be constructed over the rooftop parking area.



IMAGE: NEPI ROCKCASTLE

Promenada Plovdiv, Bulgaria

“NEPI Rockcastle decided that instead of having a small strip of green around the mall, which is what generally happens in the industry, we would make a significant contribution to improving the natural environment in the city for people to enjoy by creating this public park on a large portion of our site,” Andrei Radu, NEPI Rockcastle’s Director of Development, said.

“Having presented this project to many international and national retailers, the feedback we received assures us that it will be a great success. It is a long-awaited development that will reshape the local retail market and create a new, high-quality destination for the local community,” Radu added.

The estimated costs of this project are 188 million euros.

PLOIESTI SHOPPING CITY, ROMANIA – EXTENSION

NEPI Rockcastle bought out its joint venture partner at Ploiesti Shopping City in 2022, acquiring its 50% share of the center for 55.5 million euros. The mall, which was initially developed in 2012, offers some 46,800 sq m of retail space and 146 tenants, including a Carrefour Hypermarket, Deichmann DIY Store, and Cinema City, alongside fashion retailers such as Adidas, Berksha, H&M, Pull & Bear, and Zara. NEPI Rockcastle is in the process of adding another 7,400 sq m of GLA, adding some 26 new shops. On top of the extension will be a 21,000 sq m three-level car park, increasing the parking on site by 300 spaces. The extension will cost around 25 million euros and be completed in the second half of 2024.



IMAGE: NEPI ROCKCASTLE

Ploiesti Shopping City, Romania



ACROSS STUDY TOUR ISTANBUL – EXCITING SHOPPING PLACES WITH UNIQUE STORIES AND FORWARD-LOOKING IDEAS

Türkiye and especially Istanbul are vibrant retail markets with potential for European and Turkish brands with a big appetite for the European market. Join ACROSS on our Study Tour to Istanbul to gain insights from the most relevant Turkish market experts and meet brands expanding to Europe.



Türkiye is not only the traditional home of retail, but it also attracts, due to its dynamic population and great status as a tourist destination many mainstream brands that are not yet present there. Conversely, Turkish brands that are highly successful in Türkiye and neighboring countries are increasingly expanding into European countries. This is reason enough to learn more about the Turkish retail reality and their fast and growing companies and brands.

From April 17 to April 19, the third ACROSS Study Tour takes us to the Anatolian Peninsula. Innovative retail concepts, different shopping center concepts, top-class insights, excellent networking opportunities, keynotes, and two expanding brands characterize the travel program of this study tour. In addition to visiting the most important old and modern trading locations and shopping centers, the highlight is the meeting with two of the country's most dynamic up-and-coming retailers, DeFacto and Madame Coco. Join us and gain exclusive insights into retailers' strategies and success principles.

DAY 1: APRIL 17TH

Welcome by your tour hosts Reinhard Winiwarter & Rüdiger Pleus

Lobby Swissotel The Bosphorus Istanbul

MARKET OVERVIEW TÜRKIYE

Nuri Şapkacı, Turkish Council of Shopping Centers

Visit of:

Zorlu Shopping Center
Akmerkez Shopping Mall
Kanyon Shopping Mall & ÖzdilekPark Istanbul Shopping Mall
Nisantisi (Highstreet)
Grand Bazaar

MEET THE RETAILER PART 1: DeFacto

Exclusive insights on how the up-and-coming Turkish brand DeFacto is expanding to Europe in cooperation with Weconsult.

Introduction by: Ortaç Özortaç, Weconsult

We|consult

Dinner



IMAGE: AKASYA MALL

Akasya is a shopping mall and mixed-use development in Üsküdar, Istanbul, Turkey

DAY 2: APRIL 18TH

Meeting Hotel Lobby

Visit of:

Akasya Shopping Mall
Emaar Square Mall
Meydan & Buyaka
Bağdat Caddesi
(Bagdad street/High street)

KEY NOTE

Yurdaer Kahraman, CEO Of FİBA CP

MEET THE RETAILER PART 2: Madame Coco

Exclusive insights on how the up-and-coming Turkish brand Madame Coco is expanding to Europe in cooperation with Weconsult.

Introduction by: Ortaç Özortaç, Weconsult

We|consult

Dinner

DAY 3: APRIL 19TH

Meeting Hotel Lobby

Visit of:

IstinyePark Shopping Mall
Cevahir Shopping Mall
Vadistanbul Shopping Mall
Forum Istanbul Shopping Mall
Galataport Shopping Mall

KEY NOTE

Avi Alkas , Chairman Alkaş Consulting

Optional Dinner



“THE APPETITE FOR EXPANSION AMONG TURKISH BRANDS IS GROWING”

WECONSULT is an Istanbul-based consultancy company for the commercial real estate and retail industry, an excellent market expert, and a partner of the ACROSS Study Tour. Ortaç Özortaç, Partner at WECONSULT, explains the Turkish market’s potential and why and how Turkish brands are becoming increasingly popular.



IMAGE: GRAND BAZAAR

ACROSS Study Tour Stop: The Grand Bazaar in Istanbul is one of the largest and oldest covered markets in the world, with 61 covered streets and over 4,000 shops on a total area of 30,700 sq m attracting between 250,000 and 400,000 visitors daily.



ACROSS: WECONSULT IS BASED IN TÜRKİYE, BUT THIS CONSULTANCY COMPANY WORKS FOR INTERNATIONAL CLIENTS. PLEASE GIVE US AN OVERVIEW OF YOUR SERVICES AND PROJECTS.

ORTAÇ ÖZORTAÇ: Weconsult’s primary focus is providing consultancy services for concept development and leasing activities for retail real estate properties in Türkiye and abroad. We are actively running 15 projects both in domestic and international markets. Thanks to our profes-

sional team, which examines global examples, we aim to coordinate with the architectural team of each project to develop the most sustainable and suitable solutions for creating next-generation retail spaces. In line with the changing needs of consumers and brands, our primary focus is the renewal and functional enhancement of retail destinations. Additionally, we provide brand development services in both national and international markets. Brand development includes determining the expansion strategy of the respective brand and developing franchisee candidates if needed. We also work on improving the performance of these brands across different sales channels, such as online marketplaces and department stores.

ACROSS: WHY AND FOR WHICH BRANDS IS THE TURKISH MARKET PARTICULARLY ATTRACTIVE?

ÖZORTAÇ: Due to its young, dynamic population, resistance to financial fluctuations, and status as a tourist attraction and migration from nearby countries, we expect that in 2024, Türkiye will be a market of interest for mainstream brands. The Turkish market is an attractive destination for fast-moving brands like On Cloud, Uniqlo, Primark, and Rituals. Considering the revenue growth of lifestyle concepts and young active sports brands, there is a gap to enter the market for players in this category. The presence of JYSK could accelerate the entry of other brands in the home appliances & textile

category. The Far Eastern brand MR DIY could attract various multi-segment operators.

ACROSS: WHAT ROLE DO THE ECONOMIC CHALLENGES PLAY FOR INTERNATIONAL BRANDS?

ÖZORTAÇ: Turkish brands are more resilient to economic fluctuations than foreign brands. To achieve success, foreigners learned to think and act locally. Using instruments such as price revisions, discounts, and different collections, brands can sustain their businesses. Newcomers should build up their expansion strategies well and develop strategies according to local dynamics. Decathlon offers a broader range of outdoorwear and textiles than its European counterparts. IKEA is expanding only with its large-scale concept, and Lacoste is positioning itself as an affordable luxury brand. So, from our point of view, the key to success is to act locally.

ACROSS: HOW WOULD YOU DESCRIBE THE CURRENT CONSUMER CLIMATE IN TÜRKIYE?

ÖZORTAÇ: The high number of tourists in Istanbul and coastal cities significantly impacted the booming revenue and footfall figures in 2023. Retail expenditures in other cities also developed beyond expectations. The outlook for 2024 is anticipated to be more need-oriented than the previous year, stable in the food & beverage and entertainment categories, and satisfying for luxury brands.

ACROSS: MANY TURKISH BRANDS ARE EXPANDING TOWARD EUROPE. WHAT MOTIVATES THESE BRANDS, AND WHICH BRANDS WOULD YOU RECOMMEND TAKING THIS STEP?

ÖZORTAÇ: Europe represents a significant market with a strong economy and purchasing power. This increases the appetite of Turkish brands to expand and increase their market share in European countries. Expanding into new markets, especially Europe, allows Turkish brands to diversify their customer base and reduce financial risks by reducing dependence on a single market. Additionally, expanding into Europe allows Turkish brands to enhance and strengthen their awareness on an international scale. In this regard, Weconsult offers Turkish brands a comprehensive 360-degree expansion



IMAGE: İSTIYNE PARK

ACROSS Study Tour Stop: İstinye Park is a shopping center in the İstinye quarter of Istanbul, Türkiye with more than 290 stores and 85,000 sq m of retail area, and four levels of underground parking. The center features both enclosed and open-air sections.

model, including physical stores, online platforms, wholesale, warehouses, and more.

ACROSS: EUROPE IS CURRENTLY NOT NECESSARILY THE PLACE TO BE FOR RETAILERS, WHILE MANY NEW INNOVATIVE BRANDS ARE EMERGING IN TÜRKIYE. WHAT CAN THE MARKET LEARN FROM YOUNG TURKISH CONCEPTS?

ÖZORTAÇ: Young Turkish brands are very agile and adaptable to market changes. Their ability to quickly adjust to changing consumer preferences and market trends is a valuable strength. Brands mainly focus on local and international trends. They tailor their products and marketing activities according to customers' needs. Many brands effectively increase their online presence through digital platforms and e-commerce. Furthermore, Turkish brands often offer affordable products with a strong price and quality performance, leading to stable customer loyalty.



IMAGE: WECONSULT

Ortaç Özortaç is Partner at WECONSULT

All information about the ACROSS Study Tour, registration, and program can be found here:





DeFacto: “OUR GLOBAL SUCCESS IS BASED ON OUR ABILITY TO OFFER LOCAL VALUES”

Our new playground for the last two years has been Europe, states Serdar Ersoy, the General Manager of DeFacto's Alternative Sales Channels and Business Development. At the end of 2021, DeFacto opened its first new-generation store in Berlin and has expanded throughout Europe. In this interview, Ersoy explains market challenges, how DeFacto introduced a new-generation franchise model, and why DeFacto is not only a retail but also a tech company.



ACROSS: YOU HAVE AMBITIOUS PLANS FOR THE EUROPEAN MARKET. WHAT ARE YOUR TARGETS?

SERDAR ERSOY: Two years ago, we established our hybrid DeFacto.com team in the UK, where we quickly created a multinational digital company culture. We made all our end-to-end processes compatible with e-commerce, from agile and data-driven culture, personalization, digital advertisements, and product trees to customer comments. We proved our success in this field by doing this simultaneously in both our national and international organizations. We entered the US market by starting sales through Amazon. Three years ago, we declared Europe as our target market. Therefore, we entered 12 European countries in a record time of four months in cooperation with the e-commerce site Zalando. As a result, we were ranked as the fastest-growing brand on Zalando last year. In four months, we increased our net revenues by 400 percent in our European operations through Zalando.

ACROSS: WHAT IS THE NEXT GOAL FOR EUROPE?

ERSOY: Our goal is to carry this success to different European countries. While DeFacto focuses on strengthening its existing investments, we also take strategic steps in target markets.

Our "New Generation Franchise" model is an extension of this. We continue to establish new business partnerships with e-commerce and franchise channels and open stores in strategically important locations for the investments we realize by combining the power of fashion and technology. We have put franchise investments at the forefront of our agenda. As a franchise, we have 39 stores in 17 countries today. Especially in the next three years, we want to grow the franchise channel by 300 percent and reach our 2027 target with our business partners. The most important criterion we consider while doing this is our approach to our franchise stores reflecting the DeFacto DNA and being as important as our stores: Our new generation franchise model.

ACROSS: EUROPE IS CURRENTLY NOT NECESSARILY THE PLACE TO BE FOR RETAILERS. WHAT CHANCES AND WEAKNESSES DO YOU SEE IN THE EUROPEAN MARKET?

ERSOY: Our organization is undergoing a major cultural transformation based on "Lean Thinking." With lean thinking, we focus on our products and resources that will affect the product instead of our organization, technology, and fixed assets. In this respect, parallel to the concept of "achieving more with less" represented by lean thinking, we



IMAGE: DE FACTO

Serdar Ersoy is General Manager of DeFacto's Alternative Sales Channels and Business Development.

have built and developed all our operations on eliminating waste, reducing costs, offering only what our customers want, when and where they want it, and shortening the time from order to delivery by using resources only for this purpose. We plan to meet our customers' expectations in all business processes, from collections to marketing activities, by meeting local needs with global standards, and thus, we globalize rapidly. With our 'accessible fashion' approach, we make stylish, high-quality, and comfortable clothing no longer a luxury in every country we operate. We create special collections in each category according to the countries' cultures. In this way, we establish a close bond with our customers. We handle collection and marketing/communication activities in a multidimensional way that is "tailor-made" for the location we operate in, from the media used to the richness of the content.

ACROSS: YOUR BRAND HAS BEEN INVESTING SIGNIFICANTLY IN ITS "NEW GENERATION" FRANCHISE MODEL TO GROW. COULD YOU EXPLAIN THIS MODEL TO US?

ERSOY: Looking around the world, we see that the wholesale model is generally preferred. Since DeFacto has adopted the corporate base business model, we have designed a new generation franchise model. The main thing that differentiates us from the sector and takes us one step ahead in this field is our approach, which forms the backbone of our model. We do not see our franchise stores any different from our stores, and we offer uninterrupted and integrated service in this channel, just like our other channels. We manage all processes within the framework of 360-degree operational excellence and provide our franchise stores with a turnkey retail experience. From finding a place for the store to construction, from product selection to planning, from pricing to operational efficiency processes, we are involved from start to end and progress with our business partners. Expansion and franchising in DeFacto work like a stand-alone company managed with its dynamics.

ACROSS: ON A COUNTRY BASIS, THE COMPANY MANAGES THE ENTIRE END-TO-END PROCESS WITH ITS TEAMS – THIS IS NOT A STANDARD MODEL.

ERSOY: The message we want to send here as DeFacto is to cooperate with a visionary partner



IMAGE: DEFACTO

with a financial and commercial background in the targeted country. DeFacto franchise teams meticulously manage all remaining processes. Our main priority is that all our franchisees operate according to the DNA of our brand and grow profitably and reliably.

ACROSS: WHAT CRITERIA DO YOU USE TO SELECT YOUR FRANCHISE PARTNERS?

ERSOY: We have designed a new-generation franchise model specifically for ourselves. This model's most essential feature, distinguishing DeFacto from the industry, is that this channel is seamless and integrated like our other channels. We are improving our business processes to provide 360-degree service to avoid any deficiencies in franchise selection in countries. We are involved in every step, from finding a location for the store to construction, from product selection to planning, from pricing to operational efficiency processes, and we progress together with our business partners. The most crucial detail is that we do not separate our franchise stores from our own and run them similarly. We also sign country-based 'Master Franchise' agreements with our investors, look for partners with the DeFacto vision, and aim for growth and market leadership. By sharing all of DeFacto's retail knowledge with our partners, we support them with operations, planning, and visual and online training and ensure their investment turns into a sustainable trade.

ACROSS: WHAT EXPERIENCES HAVE YOU HAD IN EUROPE SO FAR, ESPECIALLY WITH YOUR STORE IN BERLIN?

ERSOY: Our new playground for the last two years has been Europe. At the end of 2021, we opened our new generation store in Berlin, the capital of Germany, and we are demonstrating the compe-





tence of a brand from Türkiye in the field of digitalization, which brings together the physical and digital worlds. Thus, we are a fashion brand as much as a technology company. Accordingly, our Berlin store is more than a classic physical store; it is a new-generation fashion, technology, and living center representing the future of retail. It is also a physical experience field of our DeFacto brand, which has been strengthening in Europe with our e-commerce platforms and online stores. Thus, our customers get to know and experience us more closely. For this purpose, we started our operations in our store, located on one of the most famous streets in Berlin.

ACROSS: WHAT MAKES THIS STORE SPECIAL FOR CONSUMERS?

ERSOY: We include art and innovations that will surprise our guests. We utilize virtual, augmented, and robotics technologies in our Berlin store, equipped with RFID technology. Thus, our customers can see the product on themselves without wearing it in the smart mirror, and they can decide what to buy without visiting the store. They can get support from robot consultants on all their questions and how to benefit from the smart store. Thanks to the smart cabins, customers can request the product without leaving the cabin. Within 30 seconds, products in the desired size and color are delivered to our guests. They can get information about the products with virtual glasses in the store. Through kiosks, they can shop without visiting the cash desk with autonomous payment facilities. They can buy the products immediately from the store, or we can deliver them to their addresses. With all this and more, we proudly offer a digital experience for fashion lovers. With these powerful features, our Berlin store supports our brand offline and online and is an essential milestone in our global brand journey that started in Türkiye.

ACROSS: HOW WOULD YOU DEFINE CUSTOMER SERVICE IN THE RETAIL SECTOR IN 2024?

ERSOY: When we look at the trends, we see that the development of suggestions that will provide the customer with a comfortable and effortless experience comes to the fore. As DeFacto, we always act with the understanding that this is our central axis, and we plan to provide the best service to our customers. Research shows that

improving customer experience remains the number one priority for businesses. The rise of the “phygital” store results from combining physical and digital retail strategies to create a consistent customer journey. We are improving ourselves in this field every day. To stay competitive, retailers must constantly innovate and rethink their customer experiences. We will increasingly see the digital merge with the physical to create new content and ways to shop to keep customers engaged. As DeFacto, we serve the needs of all age groups with our products. Different generations have different shopping habits, and we use technology to provide personalized options for each of them to provide an ideal shopping experience and positively influence purchasing decisions. Companies have more data on their customers than ever, providing a detailed understanding of how different types of people shop and like to interact with brands.

ACROSS: SINCE THE BEGINNING, YOU HAVE LABELED YOUR BRAND AS A PIONEER IN DIGITALIZING THE RETAIL MARKET. WHY DO YOU PREFER TO CALL YOUR COMPANY A TECH COMPANY RATHER THAN A FASHION COMPANY, AND WHAT ARE THE INTERNAL AND EXTERNAL CONSEQUENCES?

ERSOY: In 2019, we launched our first Smart Store concept in Istanbul, and in this store, we bring our customers together with the technologies of the future. Our experience store, which we opened in Berlin in December 2021, is the latest result of these investments. Based on customer insights, we will continue to develop in-store applications with DeFacto Technology in the coming period. As DeFacto, we stand out not only in fashion but also through our investments in technology. Our development team creates proprietary software, which we adapt to provide better customer service. By building the infrastructure of omnichannel technologies, we are creating a playground for ourselves where we can realize our dreams.

ACROSS: HOW DOES INNOVATION HELP TO IMPROVE CUSTOMER EXPERIENCE?

ERSOY: As DeFacto, we try to touch millions of customers and add value to their lives. Our most critical focal points are making them feel good and accompanying their renewal. We always listen to our customers and take care to act with



IMAGES: DE FACTO

their insights as a result of our research. We are a brand that follows the trends and brings our designs to our customers at affordable prices. We share the technologies we have developed within our organization and with our business partners and our franchises. In short, we share our knowledge with our franchises and continue to grow together. Thanks to the data we have collected with our omnichannel strategy, we establish a strong bond with our customers and make them fall in love with us. Our globalization success is based on our ability to offer local values by using this data correctly and responding to the needs of that culture.

ACROSS: WHAT DOES THAT MEAN IN CONCRETE TERMS?

ERSOY: We strive to provide the best service to our customers on every platform, regardless of the channel. Thanks to our omnichannel integrated structure, we are with our customers 24/7. Using "Big Data," we get to know our customers closely, design personalized campaigns and provide surprising experiences. We once again demonstrated our determination and success in this direction with the DeFacto GIFT CLUB, one of the outputs of our digitalization and customer orientation vision we launched last year. With DeFacto GIFT CLUB, which offers benefits to our customers via a mobile application, we have reached more than 14 million members. In our "phygital" store experience with the combination of physical and digital, we focused on making

every point of our stores a solution point for our customers and making the shopping experience uninterrupted thanks to our DFPOS application, which is among the first in the retail sector. We offer a single inventory to our customers as a default. This way, our customers can access this inventory through their desired channels.

ACROSS: WHAT ROLE DO APPLICATIONS PLAY IN THIS?

ERSOY: Two examples are our applications 'Pay At Store' and 'Ship From Shop.' In our 'Pay At Store' application, we provide the opportunity to deliver products purchased from the store to the location requested by our customers. With the 'Ship From Store' model, we also make the stocks in our stores available for online sales. With the 'Pay At Store' service at DeFacto, we provide customers with a connected shopping experience between online sales platforms and stores. We enable customers to easily access the product, color, or size they want, even for products not available in store stocks. With the addition of the 'Pay At Store' service to the Retail Master application, which allows easy product search in the store, personnel time management, and e-commerce transactions, we provide convenience for shopping at every point in the store. The purchased products are delivered to the customer's requested address or the selected store with free shipping. In our 'Click and Collect' application, we deliver online orders to any desired store without any shipping fees.



VERSATILITY IN DESIGN AND STRATEGY: MADAME COCO



Madame Coco is following an ambitious expansion plan. France, Spain, England, Poland, Germany, the Netherlands, and the Czech Republic are on the company's list. Vice Chairman Cem C. Işık explains the strategy and why the expansion plan includes establishing physical retail stores and integrating e-commerce operations.



IMAGE: MADAME COCO

Georgia, and Kazakhstan, Madame Coco is now setting its sights on major markets. Notably; France, Spain, England, Poland, Germany, Netherlands, Italy, Portugal and the Czech Republic are the primary targets for the company's continued expansion. Madame Coco will be expanding through franchise in the Middle East and Africa, which will be a strategic move, tapping into diverse markets. Considering local preferences, cultural nuances, and economic factors for successful growth.

ACROSS: IN WHICH MARKETS IS MADAME COCO PARTICULARLY SUCCESSFUL?

IŞIK: Following its prosperous ventures in Belgium, Greece, Serbia, Bosnia, Georgia, and Kazakhstan through corporate investments, Madame Coco has decided to extend its growth in these regions. The product range, well-received across various cultures, swiftly earns customer appreciation by dynamically meeting market needs through a continuous introduction of new and exiting products.

ACROSS: WHEN LOOKING AT THE MARKETS YOU ARE ACTIVE IN, WHERE DO YOU SEE THE MOST SIGNIFICANT DIFFERENCE REGARDING CONSUMPTION AND CONSUMERS, AND WHAT DOES THAT MEAN FOR YOUR SUPPLY CHAIN?

IŞIK: Consumer behavior varies across countries, influenced by factors such as per capita income, spending habits, climate, and cultural practices. In Belgium, a frugal approach is observed, with savings accumulating throughout the month and spending at month-end. Serbia exhibits high



ACROSS: MADAME COCO WAS FOUNDED ONLY IN 2011, AND YOU ARE ALREADY ACTIVE IN OVER 20 COUNTRIES. WHAT IS YOUR GENERAL EXPANSION STRATEGY?

CEM C. IŞIK: Madame Coco's aggressive growth strategy for 2024-25 involves expanding through investments in franchises and company-owned stores. The initial focus is on high-footfall shopping malls, ensuring a deep understanding of market dynamics and compliance. The plan includes sustainable expansion with marketing support, anticipating the opening of numerous stores worldwide, especially in Europe, over the next two years.

ACROSS: WHICH MARKETS ARE YOU PARTICULARLY INTERESTED IN, AND WHY?

IŞIK: Having achieved success through corporate investments in Belgium, Greece, Serbia, Bosnia,



IMAGE: MADAME COCO

Cem C. Işık is Vice Chairman of Madame Coco.



IMAGES: MADAME COCO

sensitivity to campaigns, while Kazakhstan's preference for thick cotton duvet covers contrasts with Greece, where consumers may choose sets without quilt covers. Bosnia, despite being in the same country, shows differences in Christmas decorations and local motif carpets between cities with distinct religions. To manage this diversity, product planning is tailored for each city, maintaining a cohesive yet adaptable strategy. The centralized planning undergoes a final evaluation by country managers in each respective location.

ACROSS: WHAT IS YOUR EXPERIENCE IN THE EUROPEAN MARKET?

IŞIK: After successful launches in Greece, Belgium, and the Balkans, our next phase involves expanding into Germany, France, and the Netherlands. This expansion plan includes not only the establishment of physical retail stores but also the integration of e-commerce operations. To facilitate this, product distribution will be managed from our warehouse based in Germany.

ACROSS: WHAT DO YOU LOOK FOR WHEN CHOOSING A STORE LOCATION? WHAT CITY SIZE AND CATCHMENT AREA ARE YOU LOOKING AT, AND WHY?

IŞIK: When venturing into new countries, our primary goal is to establish a presence in renowned shopping malls and high-traffic areas to amplify brand recognition. Whether advancing our country expansion plan or evaluating existing markets, we thoroughly explore all potentially profitable shopping mall and street options. The location selection process prioritizes not only the appropriate brand mix but also proximity to globally

recognized women's clothing brands in areas with significant female foot traffic. Our focus extends to securing storefronts with suitable facade widths ranging from 300 to 500 sq m, strategically positioning our brand for success.

ACROSS: REGARDING YOUR SUPPLY CHAIN, YOU RECENTLY PARTNERED WITH RELEX SOLUTIONS TO MANAGE YOUR SUPPLY CHAIN MORE EFFICIENTLY. WHAT ARE THE ADVANTAGES OF THIS COOPERATION, AND HOW DOES IT AFFECT YOUR BUSINESS?

IŞIK: RELEX helps us to deliver highly accurate demand forecasts by automatically capturing the impact of hundreds of demand drivers. With RELEX, we have visibility into future demand, allowing for improved planning processes across merchandising, supply chain, and operations. It is easier to forecast the demand by analyzing factors like external events, holidays, seasons, trends and even weather forecasts, as well as planned changes in assortment, pricing, store-space allocation, stock policy and promotional activities. Thus, we can increase our forecast accuracy to plan better in all our core functions.

ACROSS: WHAT OTHER TECHNOLOGIES DO YOU HAVE AN EYE ON TO MAKE YOUR BUSINESSES MORE EFFICIENT?

IŞIK: We're currently investing in new software to take our seat in the front row of digitalization and data-based decision making. One of them will definitely power up our omnichannel home like and home comfort strategy. AI will be and actually is in our agenda. All of our processes will be computer supported and streamlined by the end of 2024.



UNIVERSAL REAL ESTATE SURVEY: GERMANY'S INSTITUTIONAL INVESTORS ARE LOOKING TO EXPAND THEIR REAL ESTATE PORTFOLIOS ON A GLOBAL SCALE

Institutional investors in Germany are facing a significant shift in their real estate investment strategies, as revealed in the twelfth annual survey by Universal Investment. The survey among German institutional investors sheds light on the evolving landscape of real estate allocations and investor preferences, indicating a strong appetite for diversification beyond national borders and a growing recognition of the role of real estate as a hedge against inflation.

BY AXEL VESPERMANN



GEOGRAPHICAL DIVERSIFICATION – INCREASED INTERNATIONAL REAL ESTATE ALLOCATIONS

Recently, German institutional investors have increasingly diversified their portfolios geographically and by usage types. This trend is expected to continue in the coming years, as

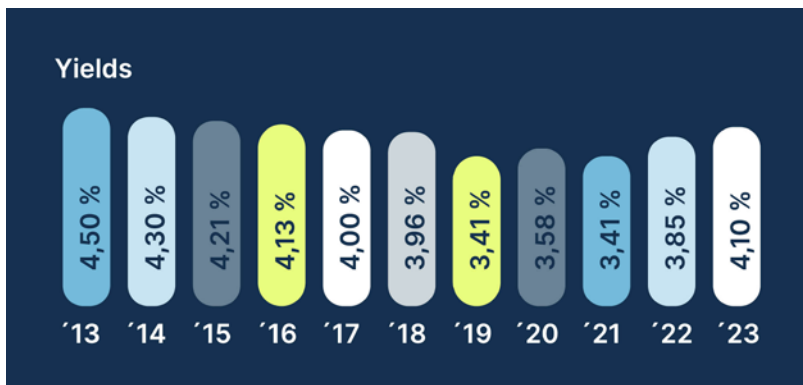
investors plan to more than double their allocations to North America and Asia on average.

Currently, these investors hold 69% of their real estate investments in Germany, 23% in the rest of Europe, 5% in North America, and 3% in the Asia-Pacific region. However, for planned new investments, the allocation in Germany is expected to decrease significantly by 12 percentage points to 57%. In contrast, allocations in North America are expected to increase to 9% and Asia-Pacific to 8%. Investors also intend to invest more in European countries outside Germany, with growth there being less pronounced, reaching 26%.

REAL ESTATE IS A PORTFOLIO STABILIZER, NOT A YIELD BOOSTER

These structural trends reinforce what has already been observed. Nevertheless, it should be noted that even in the face of rising interest rates and various risk scenarios, real estate remains an essential pillar for most German institutional portfolios. On average, real estate

Expected current cash flow return/dividend yield



is expected to account for approximately one-fifth (specifically, 21%) of the total portfolio.

However, investors are predominantly risk-averse: 60% prefer core strategies, while another 29% favor core-plus strategies. This suggests that real estate is generally expected to act as a portfolio stabilizer rather than as a driver of returns.

Nevertheless, with rising interest rates and yields in other asset classes, yield expectations in the real estate segment have also risen to an annual distribution yield of 4.1%. The most crucial yield metric for 61% of surveyed investors is the regular cash flow yield. This is understandable, as performance in the real estate markets is currently subdued.

INVESTMENT SHIFT FROM RETAIL AND OFFICE TOWARD RESIDENTIAL

Regarding asset classes, the survey indicates that the office segment remains the most popular, accounting for 40% of total real estate allocations. However, this figure is slightly declining from 41.4% in the previous survey. This is followed by retail (18%), residential properties (16.3%), logistics (13%), miscellaneous (10%), and hotels (2%).

Future investment plans indicate a significant shift towards the residential segment (+7.7 percentage points) and other segments, such as medical practices and industrial properties (+7 percentage points). This change primarily comes at the expense of office properties (-12 percentage points) and retail properties (-4 percentage points).

In an environment of elevated inflation rates, real estate retains its reputation as an inflation hedge. Three-quarters of investors recognize the crucial role of real estate in protecting their portfolios against the erosive effects of inflation.

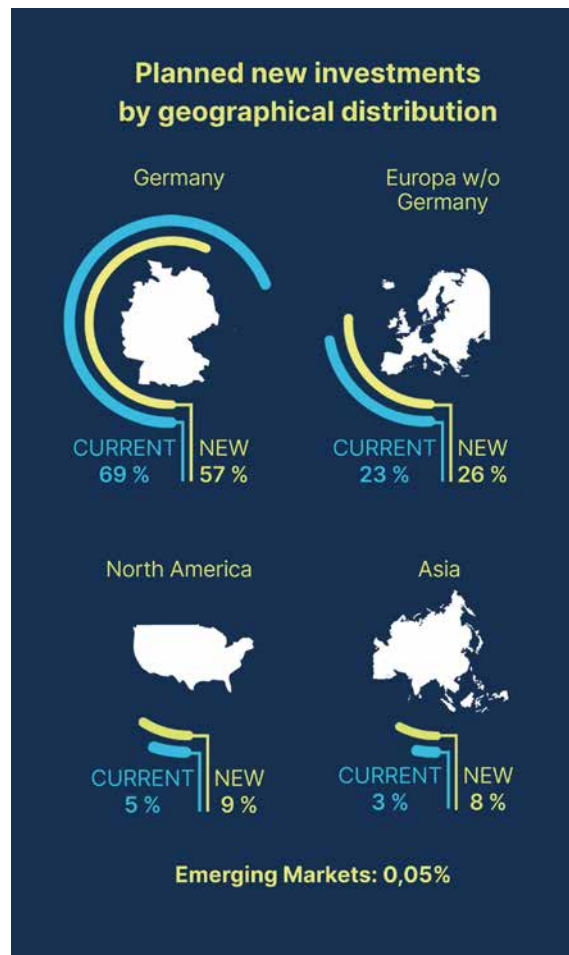
The survey shows that implementing Environmental, Social, and Governance (ESG) measures tends to impact real estate values positively but can negatively affect achievable

cash flows. The most commonly implemented ESG measures are ESG-compliant acquisition criteria (50%) and the introduction of green leases (39%). Less than 10% of the participants claim to have fully implemented regulatory ESG requirements.

Conclusion: German institutional investors are transforming their real estate investment landscape with a significant shift towards diversification in global markets and asset classes. As they adapt to a changing market environment, these investors increasingly focus on cash flow and recognize real estate's importance as a hedge against inflation. The integration of ESG is also high on their agenda, emphasizing the balance between sustainability efforts and profitability. The German real estate investment landscape is evolving, promising exciting opportunities and challenges in the future.



Axel Vespermann is Head of Real Estate at Universal Investment



NEW H-OUR STORE APP BUSINESS MODEL TRANSFORMS SHOPPING CENTER LEASE MARKET

Making good and sensible use of existing space and offering innovative concepts a chance in an effort to attract customers – that is a challenge for every shopping center. METRO PROPERTIES has developed h-store: Through the completion of minimal formalities, all online, new tenants have the opportunity to present their offerings at well-established and renowned locations in the region’s commercial landscape.



Close to 4,000 users have downloaded the h-Our store app, enabling hourly store rentals at bustling shopping centers managed by METRO PROPERTIES throughout Poland. This innovative concept in the retail market is akin to popular platforms for short-term rentals of apartments and hotel rooms. Through the completion of minimal formalities, all online, new tenants have the opportunity to present their offerings at well-established and renowned locations in the region’s commercial landscape. The h-Our store app has been on the market for one year now and has received two prestigious industry management awards.

policies aimed at fostering positive local connections and enhancing the well-being of the local community. It’s a win-win for all stakeholders,” says Renata Kinde-Czyż, CEO, METRO PROPERTIES in Poland.

INVITING OPTION FOR LOCAL ENTREPRENEURS

Leasing through the h-Our store app proves that conducting business at a professional, well-established market location that has consistent customer traffic is an accessible option for a large variety of tenants in the market. It is an inviting option for local entrepreneurs, prosumers, and artisans and provides opportunities to foster local communities and neighborly relationships. It represents the most flexible leasing option in the market, safeguarding both specialized merchants and local creators from various risks that previously hindered their ability to test their sales potential. For the retail facility, the assortment of products available through the h-Our store represents unique offerings, which are not typically accessible, significantly enhancing the shopping experience of the venue.

As of now, the h-Our store, which is also a valuable tenant incubator, has registered close to 250 companies, and the app has been downloaded onto the mobile phones of 4,000 users.



IMAGE: METRO PROPERTIES POLAND

Renata Kinde-Czyż is Managing Director, Business Strategist and Sustainability Expert at METRO PROPERTIES Poland

“The h-Our store app opens doors to popular shopping malls for local entrepreneurs and retail chains, enabling them to test new concepts or clear out collections. Maintaining a vacant store during re-commercialization is not environmentally or economically efficient, as it involves heating, security, and taxes for the space. Moreover, vacant rental spaces can deter both customers and tenants. The h-Our store concept addresses such problems, enabling local businesses to use these spaces, which is highly appreciated by customers seeking local products and services. Moreover, the revenues generated contribute to rental income and common expenses. The h-Our store is also an excellent platform when it comes to ESG



The h-Our store app opens doors to popular shopping malls for local entrepreneurs and retail chains, enabling them to test new concepts or clear out collections.



The h-Our store units are ready-to-use retail spaces designed for the utmost flexibility in order to meet the needs of future occupants, allowing for almost instant rearrangement.

The h-Our store has also gained recognition from retail industry experts and managers. At the annual Property Forum conference in Warsaw, it clinched the top spot at the multi-stage PropTech Festival 2023, distinguishing it as a standout technology in the real estate sector. In addition, in the Polish Council of Shopping Centers competition, it earned a silver statuette as the Mobile Application of the Year.

FULLY AUTOMATED RENTAL POSSIBLE FROM JUST ONE HOUR

The app's operation is straightforward: Everything is managed online via a mobile phone, and the interface is intuitive. Each store at any location is clearly described in the app, detailing its equipment and features, complete with photos. They are ready-made modules that allow you to start trading almost immediately.

After selecting a location, the lease agreement is executed electronically. Invoices are also generated digitally, with payments processed through PayU. Both the acquisition and relinquishment of the premises are managed remotely using a special door code. Crucially, users have the flexibility to decide the duration and operating hours of their stores. In theory, rentals can be as short as one hour. The h-Our store app is available via both the App Store and Google Play.

AN IDEAL SOLUTION FOR MANAGERS OF COMMERCIAL PROPERTIES

“Utilizing h-Our store to rent space is also an excellent strategy for managers of commercial properties, particularly for those venues in the midst of re-commercialization. Fully automating the process means that no additional staff is needed, leading to extra revenue and broadening the variety of what shopping centers offer. The platform is designed for an unlimited number of stores, spaces, and cities. We invite all players in the retail market to join us,” says Jakub Jarczewski, PR Director, METRO PROPERTIES.

h-Our stores are now open in popular M1 brand shopping centers in central Poland, including Warsaw suburb Marki, as well as in Poznań, Łódź, and three cities in Silesia: Bytom, Czeladź, and Zabrze. In their inaugural year, those stores experienced a great deal of success, particularly in the clothing and textile sector, as well as in the electronics and cosmetics sectors. The tenants include both trading companies and local producers featuring their proprietary products. The longest period of time that a store has been rented out via the app is three months, while the shortest rental lasted three hours. The peak days for rentals are Thursdays, Fridays, and Saturdays, and the busiest hours are between 10:00 AM and 8:00 PM.



IMAGES: METRO PROPERTIES POLAND



The spaces come equipped with comprehensive, wheeled modular fittings, which includes shelving units, racks, a professional cashier's desk, and fitting rooms.



The decor has been composed of neutral tones, thereby allowing for the ideal display of goods from every sector.



SPACES CUSTOMIZED FOR NEW TENANTS

The h-Our store units are ready-to-use retail spaces designed for the utmost flexibility in order to meet the needs of future occupants, allowing for almost instant rearrangement. These spaces come equipped with comprehensive, wheeled modular fittings, which includes shelving units, racks, a professional cashier's desk, and fitting rooms. The decor has been composed of neutral tones, thereby allowing for the ideal display of goods from

every sector, except for food producers and retailers. A large glass storefront features a multimedia screen that highlights the store's offerings.

"h-Our store is a platform that accommodates an unlimited number of stores, spaces, and cities, fosters the development of new shopping experiences for mall customers, and simultaneously serves as an incubator for new tenants for property managers. Our doors are open to retailers from around the globe, shopping mall managers, and investors," adds Jakub Jarczewski.

WHY IS H-OUR STORE REVOLUTIONARY?

FOR TENANTS	FOR PROPERTY MANAGERS
· flexible approach to leasing	· solution for retail spaces in the process of re-commercialization
· rentals starting from just one hour	· flexible and dynamic pricing policy, generating additional revenue
· low entry threshold	· full automation of the rental process
· minimum formalities	· new tenant incubator
· personalization of store layout	· diversity of the shopping mall's offer
· access to shopping mall customers	· new shopping experience for mall customers
· verification of market potential	· platform designed for an unlimited number of stores, spaces, and cities
	· component of ESG strategy





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SHOPPING AND FOOD EXPERIENCE @ THE NINE STREETS, AMSTERDAM

The Nine Streets is Amsterdam’s trendy area, made up of nine narrow, picturesque streets, which captures the hearts of visitors with the unique charm of its authentic surroundings and special product mix.



Here, you will find trendy designer brands, pop-up stores, second-hand stores, galleries, hotels, and museums. The stylish, social media-focused cafés, bars, snack bars, and restaurants are a perfect place to linger. It is a remarkable and unique area in the “Venice of the North”.

THE NINE STREETS

The three times three small shopping streets and four canals comprise around 250 individual opportunities for memorable experiences to discover extraordinary things. The Negen Straatjes, as they are called in Dutch, include Wijde-Heisteeg, Huidenstraat, Runstraat, Berenstraat, Wolvenstraat, Oude Spiegelstraat, Gasthuismolensteeg,

Hartenstraat, and Reestraat. The unique thing about this area is that many of the buildings date back to the 17th century – if you look closely, you can discover all the architectural styles of the past centuries. It is a pleasure to stroll through the streets, and it is no coincidence that the area is a World Heritage Site. There are several hotels along the canals; art lovers will find the Huis Marseille Photography Museum and the Museum of the Canals nearby.

A WONDERFUL PART OF AMSTERDAM TO STROLL THROUGH

Everyone will find something to suit their price range here, from designer labels to vintage





ALL IMAGES: HEIDEMARIE KRIZ

stores, from ethnic brands to tech goods, from cosmetic products and antiques to 3D-printed items – the product range is extensive. As you stroll through, you can sense the hip flair; unsurprisingly, brands such as Essentiel, Diptyque, Aesop, and Freitag have long been established and contribute to this. To get an overview, you could spend whole days browsing through all the contemporary stores and the small, timeless jewelry boxes with their respective ranges. Even after 400 years, this district still pays homage to the past, because it is authentic and home to many artisan businesses. Nevertheless, the modern spirit is infinitely good for the area.

WAITING IN LINE

The long queues are pretty conspicuous. Whether at the chip shop or the patisserie, waiting times of up to two hours are accepted without hesitation when it comes to getting hold of enjoying the food on offer. As all of these impressions can make taking a short break necessary, you can relax and unwind on the small metal chairs and benches located in front of the cafés and snack bars. In the meantime, countless cyclists will certainly pass by – you won't see many cars here.

IMAGE: DANIEL WILLINGER PHOTOGRAPHY



HEIDEMARIE KRIZ
Point of Sale Doctor and
Retail Architect.

My Tip: Discover new areas away from the main tourist trails, let yourself drift, and be ready for whatever comes your way – walking through the cities with open eyes and a sense of interest always leads to special surprises. In addition to its tourist attractions, every city has charming side attractions filled with experiences worth discovering. The example of the Nine Streets shows how an assortment of old and new, as well as crafts and technology, can create a creative, authentic mix for everyone. The focus here is on something other than the usual big brands – predominantly retailers with vision and passion that can be found in such secondary locations. Such districts are gifts for cities and provide excellent opportunities to highlight each city's USPs, drawing visitors closer to them in exciting ways.



LEADING THE GREEN PATH IN 2024: DOS AND DON'TS FOR THE REAL ESTATE INDUSTRY

There is no better time to commit to ensuring and upholding a sustainable business. Focusing on the future in these VUCA times is challenging, but rewarding. For some of us, this is an obligation: paving the way for a better world, through innovations, development, and continuous green commitment. Some of us are eager to assume the role of the leader, states Jovana Cvetkovic, Development, Technical Operations, and Innovations Director at MPC Properties.



MPC Properties has been strongly oriented towards pioneering sustainable projects within the real estate realm for more than a decade. In short, first starting with the incorporation of green principles in the RE industry, by obtaining green certificates, such as LEED, BREEAM, and “WELL Health-Safety”, as well as issuing ESG ratings, GRI sustainability reports, and, more recently, GRESB (the first GRESB certificate in the entire SEE region).

Based on our experience and expertise, these are some of the absolute dos for the real estate industry in 2024:

1. Incorporate ESG principles into the corporate culture and business model (if not already done). Starting with the strengthening of the S aspect of ESG – educating and supporting employees in terms of their contributions toward a healthier environment and society as a whole, businesses can further uphold good social and environmental practices that can, moreover, ease access to funding, influence interest rates, and boost reputational capital.

2. Broaden the understanding of the value of the real estate industry – beyond traditional financial metrics. Investment decisions are increasingly influenced by environmental, social, and governance (ESG) factors. Investors might find opportunities to generate long-term asset value retention by incorporating ESG aspects supported by a holistic systems approach. With that in mind, the real estate industry should be focused on:

3. Creating sustainable assets – reinforcing the E aspect of ESG, which best promotes the well-being of occupants and consequently enables green financing opportunities. Challenging macroeconomic indicators affect financing and investment, imposing developers to seek innovative financing models. What seems to be the best

Our team of professionals has been in charge of providing innovative solutions in terms of construction, design, (retail and office) assets, marketing, and all other relevant ESG green projects. Our business strategy focuses on development, construction, managing, and maintaining the most modern retail and A-class business assets, by the highest world standards.

Topics included in MPC’s green sustainability strategy include projects and initiatives related to climate change, the reduction of greenhouse gas emissions and carbon footprint, the implementation of PV solar power plants, the installation of energy-efficient systems, strategies related to water and waste management, recycling, composting and improvement of processes to reduce the amount of municipal waste, the implementation of green products and innovative technologies, as well as community care, community education, and transparent business.



IMAGE: MPC PROPERTIES

Jovana Cvetkovic is the Development, Technical Operations & Innovations Director at MPC Properties

direction? The development of environmentally sustainable spaces, clearly. Incorporating green postulates and circular economy principles reduces risks, increases asset value, lowers costs in the operational phase, and reinforces the educational aspect, spreading influence and awareness, in the long term.

4. Seizing rapid technological advancements

as a balancing act between incorporating new technologies and maintaining a human-centric approach, thereby ensuring meaningful community engagement, fostering inclusivity in the place-making process, and balancing the diverse needs and perspectives of the community by striving to provide authentic experiences. Digitalization in the form of loyalty programs and mobile applications is certainly a trend that has become a leading element of modern retail business.

5. Embracing change and remaining flexible

– run your business in the most agile manner every day. Continuously listen to the needs of the market as well as all stakeholders, including your competition. Forget about the old habits that will take you further away from the results expected today. Change is happening faster and faster every day; therefore, our only job should be to improve and innovate rather than to avoid change.

6. Taking the best from global to uphold the local

by promoting a sustainability approach and empowering local businesses and outdoor markets to create a sense of community, which supports local economies and contributes to the unique character of a place.

7. Developing mixed-use projects, retail, office, and residential,

combining commercial and recreational spaces, creating vibrant, walkable communities that cater to the various needs within a single location.

8. Innovating, innovating, innovating

– with no intention of ever stopping. Innovations come in different shapes, and none is too modest. Think of each innovation as a small step towards a better, sustainable, great future. Our company's most recent innovations can be found at Ušće Shopping Center. The first project this year, named "Smart zero-energy city network of air pollution control devices with digital remote operation (StreetAir-

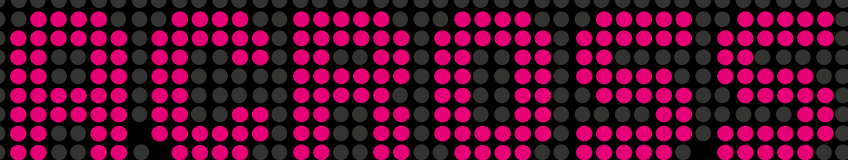


IMAGE: MPC PROPERTIES

Purifier)", is a joint project between the United Nations Development Program (UNDP), the Mihajlo Pupin Institute, and MPC Properties. The implementation of innovative solutions at Ušće Shopping Center encompasses a roller energy harvester in the garage and air purifiers – in the plateau in front of the shopping center as well as in the air turbines within the Ušće business complex. Air purifiers represent a network of air cleaners based on multiple working principles: a wireless sensor network to measure air pollution levels, which includes a digital monitoring system, remote control, and elements of artificial intelligence capable of using alternative energy sources while aiming for energy neutrality. As a result, we are making a contribution to public health, as air pollution has a serious impact on human health and can lead to cardiovascular and respiratory problems. The second project being carried out in January is the Green Kiosk within the shopping center, which serves to implement our ESG projects and promote green ideas. It is a multifunctional space with high-tech equipment, in which workshops and presentations will be held for both the business community and the center's visitors. MPC Properties is thus contributing to the corporate green agenda by organizing educational ESG workshops, lectures, actions, and promotions, both for business partners and for the general public through our network of shopping centers. We use every communication channel, with a focus on the digital ones, to inform the community about our activities, thereby raising environmental awareness. We present our expertise at conferences, participate in panels, and support green initiatives in cooperation with international and non-governmental organizations, embassies, faculties, institutes, and global and local companies. What about the don'ts? It's simple. Don't minimize efforts to make the future sustainable.

Urban beekeeping has proven to be a natural method for cities to diversify their ecosystems. Therefore, MPC Properties has placed bee hives on the top of UŠĆE Shopping Center in Begrade, Serbia, as part of its ESG journey.





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OUTLOOK 2024

The Big ACROSS Survey – What the leading European
Industry Experts expect from 2024

OUTLOOK 2024



2023 was marked with difficulties and challenges, but it was also the year of regaining some footing in the industry and adjusting to the changing environment. It is clear to all of us that 2024 will not be easy. Again, it will be a year of hard work. However, we are also sure to hold on to the momentum we have gained these past months, which will, in turn, open the path to more opportunities.

We have asked the leading industry experts to share their takeaway of 2023 and their approach to the new year. A

common theme in which the opinion of every expert aligns, is the importance of continuous adaption and flexibility towards new opportunities that come from customers´ changing needs, and trends such as ESG, digitization, and sustainability. To stay on top of this year´s changing industry environment, we need to continue shaping the road ahead in accordance with current and emerging trends, and customers´ needs.

The following experts share their expertise and insights on all these thrilling developments and much more.

“We need to think in terms of lifespans rather than investment periods, especially with regard to ESG.”

CHRISTIAN SCHRÖDER (MEC)

“Opportunities will come if we develop strategies to change the rhythm of our assets, from a ‘shopping rhythm’ to a ‘community rhythm’.”

IBRAHIM IBRAHIM (PORTLAND DESIGN)

“Placemaking does not have to be a complex configuration of multiple uses, but one that is seen as being in harmony with the people it wants to serve.”

CHRIS IGWE (GLOBAL RETAIL EXPERT)

“There is a huge opportunity in deploying a data-driven strategy, both on the consumer and tenant level.”

SUSAN BONSAK (PLACEWISE)



IMAGE: MEC

CHRISTIAN SCHRÖDER
COO at MEC

“RETAIL LOCATIONS NEED A MAKEOVER THAT GOES BEYOND A CLASSIC REFURBISHMENT”

We need an energy boost and have to rethink retail real estate. We are in the middle of the biggest transformation process in the industry. This means that retail locations need a makeover that goes beyond a classic refurbishment. Instead, we need to see them as an important, integral part of modern urban planning, in which other forms of use are conceivable alongside the retail asset class, such as residential and healthcare.

However, this also means that we have to treat retail locations as a long-term investment. If mixed-use locations are commercial risk minimization instead of well thought-out urban development, we are creating new risks for ourselves. We need to think in terms of lifespans rather than investment periods, especially with regard to ESG. Flying higher instead of driving short-sightedly is the motto.

The further development of sustainable retail locations now needs a more holistic perspective. The main focus here is on versatility. The days of monotonous shopping areas are over. The retail real estate sector has a very special responsibility in the real estate industry, because it creates colorful marketplaces instead of gray retreats.

IMAGE: SES / FLORIAN STÜRZENBAUM



CHRISTOPH ANEXLINGER
CEO AT SES SPAR EUROPEAN SHOPPING CENTERS

„WELL-MADE PLACES MUST ALSO BE SUSTAINABLE AND ENERGY-EFFICIENT”

From your point of view, what are the main challenges for the placemaking industry in 2024?

The upward trend in costs (energy, labour, interest charges) is a challenge for all of us, including our shop partners. At the same time, we need to invest in our infrastructure (such as installing more efficient technology to reduce our energy consumption) and in the requirements imposed by the ESG regime, because in future our visitors are going to pay much more attention to whether a mall is managed sustainably.

What opportunities and trends do you see?

The greater the inroads that digitalisation makes into our daily life, the more people will also want an opposite pole: well-made, entertaining places, whether they are analogue or real. This is the major opportunity for the retail real estate industry. And of course, “analogue places” can also be underpinned by digital options wherever this makes sense.

However, well-made places do not just have to offer relevant products and services, they must also be sustainable and energy-efficient – in short, they must help to safeguard the planet for our grandchildren. In the future, people will avoid places that do not meet these criteria.

In your view, are there fundamental and lasting changes that await the placemaking industry?

Yes, definitely, but that is just the nature of our industry. As long as there are changes, our industry will still be here, because change is a fundamental characteristic of our business.

Your recommendations/wishes for the industry and market participants.

Time and again I hear pessimists proclaiming “survive to ‘25”, in other words, make sure you’re still in the market beyond 2025. I’m an optimist: we have never had so many opportunities for creating great places where people can meet up. Those of us that stick with it will not be short of opportunities.

IMAGE: NEINVER



DANIEL LOSANTOS
CEO OF NEINVER

“LET US KEEP MOVING FORWARD WITH OPTIMISM AND ADD VALUE”

In 2024, placemaking will continue to be key for owners, investors and managers focusing on creating a combination of both retail destinations, and appealing places for the entire family to shop, eat, play and spend time. In this context, the outlet proposition plays a key role. As one of the fastest-growing retail channels, and despite major challenges and shifting trends over the past few years, the outlet sector has demonstrated it has its eye firmly on the ball, as well as the capacity to anticipate, be agile, flexible and ready to meet whatever changes come next.

In a world where consumers have thousands of shopping and entertainment options at their fingertips, it can be incredibly challenging to capture and retain their attention. Footfall and sales have seen double-digit growth across our outlet portfolio, demonstrating that customers enjoy visiting a brick-and-mortar store. Yet, they look for an all-encompassing shopping experience, where price is not the only key factor when it comes to where to buy.

Key players will continue to seize the opportunity to invest in creating appealing spaces by attracting new brands and diversifying the retail offer, as well as introducing new leisure and entertainment concepts, with F&B playing an ever more important role. We will also see improvements to the functionality of the properties and investment in sustainable design, modern and remodeled spaces that facilitate communication and social interaction to attract visitors.

This will also be a key year for innovation, with big data and digitalization playing a pivotal role. The use of artificial intelligence across a number of business areas will be a major theme as companies start to introduce AI both to boost productivity, reduce operating costs and elevate the customer experience.

My wish for 2024 is that we keep moving forward with optimism, approaching challenges as opportunities to improve and add value, so that shopping destinations can continue to connect with customers, engage with them and earn their loyalty by offering them something extraordinary.

“The outlet sector has demonstrated it has its eye firmly on the ball, as well as the capacity to anticipate, be agile, flexible and ready to meet whatever changes come next..”

DANIEL LOSANTOS





IMAGE: RIOJA ESTATES



GILES MEMBREY
MANAGING DIRECTOR OF RIOJA ESTATES LTD.

“OUTLETS SHOULD WORK TOWARDS SHARED SUSTAINABILITY GOALS”

A profound shift toward sustainability and Environmental, Social, and Governance (ESG) is reshaping how outlets are designed and built and is going to affect all areas of outlet development.

The contractor selection process is being transformed and is heavily focussed on sourcing local materials, adopting shared transport arrangements, and an overall sustainable approach to construction including construction methods, material usage, rainwater recycling, solar panels, EV charging points, shared transport spaces, and innovative waste management.

Heating, ventilation, and air conditioning systems are key to sustainability and leading solutions like Ground Source Heat Pumps and District Heating will gain traction, necessitating the establishment of a sustainable HVAC infrastructure.

A notable design change is the reconsideration of open-door policies within buildings. Sustainability challenges this tradition, potentially leading to a shift towards closed doors and a focus on electric doors and pivot designs that balance security, fire safety regulations, and enhanced customer convenience.

Back-of-house specifications, traditionally managed by individual brands, will be subject to a more sustainable approach with developers increasingly taking responsibility for back-of-house fit-outs, streamlining processes, capitalizing on the economies of scale, and enhancing efficiency and sustainability.

Waste management strategies will continue to be reimagined to reduce reliance on landfill, encourage robust recycling programs, and champion the circular economy. Water conservation will be prioritized, with measures such as water-efficient landscaping, recycled water usage, and advanced irrigation technologies becoming commonplace.

Actively engaging with all stakeholders - including collaborating with tenants, local authorities, and neighboring businesses - should be key to an outlet’s overall sustainability program. As part of this, the outlet should work towards shared sustainability goals through partnerships and charitable initiatives with these stakeholders.

The well-being of employees and visitors should be a key pillar of sustainability. Rigorous training programs, advanced safety technologies, and a culture of responsibility all contribute to a more sustainable and socially responsible development, whilst employee engagement will empower staff to contribute ideas and participate in green initiatives. Transparency will also come to the fore, with outlets increasingly encouraged to publicly disclose their ESG goals and progress.

Today, building sustainable outlets isn’t just an ethical choice; it's a strategic imperative. By future proofing them, through sustainable practices, we contribute to environmental stewardship and ensure resilience in the face of evolving market demands and an ever-changing regulatory landscape. Sustainability isn't just a trend, it's an investment in the longevity and relevance of outlets in the dynamic retail landscape of tomorrow.

IMAGE: PORTLAND DESIGN



IBRAHIM IBRAHIM
MANAGING DIRECTOR OF PORTLAND DESIGN

“WE MUST SHIFT THE CULTURE OF THE INDUSTRY”

From your point of view, what are the main challenges for the placemaking industry in 2024?

What offers and experiences should replace vacant replace space? And in doing so, how will that change ‘the center of gravity’ of the asset?

What opportunities and trends do you see?

There are great opportunities if we kick the addiction to transactional retail. The opportunities will come if we develop strategies to change the rhythm of our assets, from a ‘shopping rhythm’ to a ‘community rhythm’. We must develop strategies to introduce healthcare, co-working, hospitality, culture, maker spaces, community services, amenities and other future offers. But the critical question is, how do we synergize and blur these with retail, gastronomy and entertainment?

In your view, are there fundamental and lasting changes that await the placemaking industry?

Many brands will increasingly occupy physical space not as a transaction and distribution channel, but as a media platform and community space. And if we develop strategies to accommodate such brands, this will open up long-term opportunities with brands and businesses that have never before considered physical space for media or community.

Your recommendations/wishes for the industry and market participants.

To respond to the thoughts and ideas above (and many others that we can discuss). And we must shift the culture of the industry. We need a ‘people revolution’! With new skills in the industry. For example, curators, data scientists, social media strategists, storytellers, media specialists, stage managers, influencers, ethno-graphers, content creators, editors, program managers, event organizers, etc. And the industry needs to better reflect the majority of our audience... Women!

*"We must shift the culture of the industry.
We need a ‘people revolution’! With new
skills in the industry."*

IBRAHIM IBRAHIM





IMAGE: METRO PROPERTIES



JEAN-CHRISTOPH BRETXA

MANAGING DIRECTOR AND CHAIRMAN OF METRO PROPERTIES

“SURFING THE POST-COVID WAVE TO ATTRACT YOUNGER CONSUMERS”

After the Covid crisis, we are all delighted to see our places regaining momentum. First, we saw turnovers overreaching pre-covid levels and now footfall figures steadily improving. The main challenge for our industry is to realize that we are not back to the pre-Covid times. The world around us has changed. The desire to experience human contacts after several lockdowns and restrictions drives our present growth. It should not hide the necessity for our industry to understand the new expectations that must be fulfilled to turn the present euphoria into a sustainable growth.

Baby boomers, or more generally people over 50, continue to dominate consumer spending in Western countries. We treat them very well, improving the convenience of our locations and bringing additional services adapted to their age and purchasing power, such as gastronomy and health. Nevertheless, our biggest opportunity today is to surf on the post-covid wave to attract younger consumers. Call them generation x, y, z or alpha, they behave differently from their parents or grandparents, they are not car-dependent, they care about the environment, want to consume more responsibly, and they share their lives on social media, just to mention a few features that we all know.

How do we translate these expectations? It is not all about technology. Even if our shopping places are visible on the Internet and social media, simple issues can be a barrier for our younger clients who do not drive a car. Is there a bus stop, a drop-off location? Is there a proper pedestrian lane to reach the entrance? Can I park and charge my bicycle in a safe place protected from the rain? Is there a pick-up place to meet my Uber when returning home?

More and more our locations are surrounded by dense living / working area. What we used to call the primary zone. How do we activate this local community? Our neighbors are themselves traders, how do we give them the opportunity to be visible in our shopping places? Or artists, is there room for art? Or small farmers, why not give space for locally produced fruits and vegetables? Or they want to trade secondhand clothes, why should we give digital platforms the exclusivity?

To make a long story short, I trust that a shift in mindset and the openness to understand in-depth our younger client expectations will help our industry thrive in 2024 and beyond.

“The desire to experience human contacts after several lockdowns and restrictions drives our present growth.”

JEAN-CHRISTOPH BRETXA



JOANNA FISHER
CEO OF ECE MARKETPLACES

“SHOPPING CENTERS ARE PARTICULARLY WELL POSITIONED TO ANTICIPATE AND ADAPT TO”

Shopping centers have once again proven to be a resilient and stable asset class, despite the crises and challenges of recent years.

The positive turnover development for the tenants in the centers and the good demand from retailers for rental space in the centers in 2023 are just two indicators. To name just one figure: At the centers operated by ECE Marketplaces, we will reach a leasing performance in 2024 of approx. 800,000 m² of leased retail space in the centers – a plus of 45 percent compared to the previous year.

Thus, despite the challenges and ongoing structural change in the retail sector, the retail real estate segment is still experiencing dynamic momentum and an intensive process of change, but shopping centers are particularly well positioned to anticipate and adapt to due to their flexibility and adaptability.

I therefore expect that 2024, on the hand, will continue to bring challenges for individual sites and concepts as well as for the type of industry as a whole, as we will probably see further structural changes in the retailer market as the developments of recent years will continue intensely.

At the same time, however, there will be a whole range of opportunities to further develop the centers and to accompany the ongoing transformation process positively and successfully by implementing and driving forward the strategic approaches and concepts on hand individually for each asset:

These range from a continuous renewal and extension of the tenant mix, with innovative concepts and new branches, to the constant further development of the assets through the integration of new offers and services as well as the property-specific addition of selected non-retail offers from segments such as medical services or complementary mixed-use concepts.

Referring to the transaction market, it is conceivable that we will see some interesting deals again in 2024, since many investors are once again focusing on the strong stability and stable long-term yields of investments in retail real estate, while at the same time, the price level remains attractive for an entry into well-managed, well-positioned properties.

Last but not least, ESG will continue to be an important and even increasingly significant topic for the retail real estate industry, by putting an ongoing focus on energy efficiency and the road to climate neutrality, but also by increasingly emphasizing the S and G in ESG.

“The retail real estate segment is still experiencing a dynamic momentum and an intensive process of change.”

JOANNA FISHER





IMAGE: BDP

GREGORY FONSECA
DIRECTOR OF ARCHITECTURE BDP

“THE ONLY RETAIL THAT IS DYING IS BORING RETAIL”

From the pandemic years through to post Covid-recovery, coupled with increasing geopolitical events, it has been a prolonged and difficult environment for consumers. With high inflation occurring here, in the UK and around the world, the Bank of England and other international central banks have systematically had to raise interest rates. UK interest rates have gone from a historic low of 0.1% in March 2020 to a current rate of 5.25%, with the steepest raises occurring over the last 18 months. Both inflationary prices of goods and services and interest rate jumps have effectively put less and less disposable income into consumers’ pockets.

As a result, the retail industry will have to face a year during which we learn the true state of consumer consumption in a post-Covid world; one without economic biases such as low interest rates, surges of governmental cash support, disrupted supply chains and damaging inflation. Will the emerging ‘normal’ consumer economy continue to grow as it has for the last few years, plateau or stagnate? I believe growth will be hard fought, but it will be gradual provided that war or other geopolitical events do not divert the effort. Therefore, the retail industry will need to continue to adapt and innovate to engage consumers into making more informed and selective choices.

What I am confident about is that there will be an accelerating pace of change to adapt and innovate in the retail, e-commerce, and consumer parcelled goods industries. The pace is being driven by evolving consumer demands, technology advancements and adaptation, as well as the integration of in-store and on-line shopping into a cohesive omni-channel experience.

In the current retail environment, it is the customers’ expectation for personalisation, speed, and lower costs that is driving industry innovation. Retailers are embracing omni-channel strategies which enable them to better understand and serve consumers’ specific needs as they move through multiple digital and physical touchpoints. Data has become ever so important in this evolving retail landscape. As customers move through the channels, applications are leveraged and data is collected to personalise the customer’s experience, provide a consistent brand experience, optimise customer satisfaction, and facilitate data-driven merchandising outcomes. This year, retailers will be focusing more of their efforts on “social commerce,” which combines e-commerce with the power of social media. GenZ’s preference towards non-stop connectivity is driving their buying preferences to completing a transaction via fewer clicks on their digital devices. So, 2024 will be the year where we will see an increased uptake of browsing products, reading reviews, and making purchases on just one social media application.

In direct contrast to this trend, I believe the majority of consumers still find the biggest drawback to shopping online is not being able to “touch, see and feel a product.” This impediment highlights the potential and competitive advantage that the deployment of Augmented Reality (AR) has to enhance the customer experience. We’ve already seen industries such as fashion, beauty and automotive, trial AR within their respective customer journeys. I imagine that we will see further advances in virtual “try-before-you-buy” features that will fulfil consumer’s needs, assist with longer-term, sustainable solutions, and reduce waste.

As digitally native shoppers become the norm the marketplace, retailers are turning more and more to augmented reality to improve the relationships between consumers and brands. As an example and whilst not necessarily new, virtual tools allow unlimited try-on of cosmetics, at L’Oreal “Artist” tools allow shoppers

to test out shades of lipstick, blush, foundation, eyeshadow, and more without having to leave the comfort of their chosen “shopping place.”

Sephora uses AR fitting rooms in store where a customer's skin is scanned to match it with the right foundation or lipsticks allowing unlimited ‘try-on’ of cosmetics to make more informed choices. Similarly, Smart-BuyGlasses assist with detailed, 3D frames that automatically fit the head of any customer. Gucci was one of the first luxury brands to allow shoppers to try on a pair of sneakers using AR. Nike took it one step further by using AR technology to let customers customise their shoe design with different colours and patterns before they buy them. Shoppers at Apple use AR Quick Look for new iPhone or iMac models, so one can see what the device will look like in the home or office space or in their hand. AR will potentially allow consumers to look at any items in 3D, learn their characteristics, and then buy with a couple of clicks.

Whilst there is a great focus on AR and tech influences on the sector, brick-and-mortar and High Streets are not dying. The only retail that is dying is ‘boring retail’. In my opinion, shoppers still crave a physical experience, yet an overwhelming majority acknowledge they can't recall the last time a brand truly excited them. Retailers in 2024 must work towards stepping up their game in creating highly interactive, engaging and entertaining experiences to inject “joy and excitement” into their brick-and-mortar and digital marketing experiences.

The year ahead will also require retailers to focus on sustainability, however, the areas of retailers' efforts will shift. There will be an increased urgency in embedding sustainability practices across its supply chain and operations and adopting of ESG practices as a part of its core business initiatives to respond to new CSRD regulation. Equally, attention on how to incorporate sustainability into the actual lifecycle of their product will be a key opportunity. As Millennials and Gen Z mature into ‘intelligent consumers’ - those having a considered view of consumerism with respect for the planet - they will be attracted to sustainable buying options. Their buying choices will be increasingly affected by the growing costs of first-hand goods as a result of global economic pressures so having a wider selection of sustainable options will be a competitive advantage. Artificial Intelligence (AI) will continue to be a highly talked about tool as retailers learn to harness its applications across sustainability proposals. According to Deloitte, “AI can assist in the design of circular products, improve traceability, and make forecasting functions more accurate, helping to reduce wastage from excess inventory. AI can be used to cut out waste right from the design stage of the product lifecycle and is estimated to unlock a potential value of USD 90 billion every year in the consumer electronics category, and USD 127 billion in the food category.”

So, will 2024 bring more fully integrated retail models incorporating augmented reality (AR), combined with experiential retail models? With a new generation of intelligent consumers becoming more demanding regarding experience, value and sustainability within an economic environment which will require more prioritised spending, the future of retail will continue to evolve.

“In the current retail environment, it is the customers’ expectation for personalisation, speed, and lower costs that is driving industry innovation.”

GREGORY FONSECA





IMAGE: MPC PROPERTIES

JOVANA CVETKOVIĆ

DIRECTOR OF DEVELOPMENT, TECHNICAL OPERATIONS, AND INNOVATIONS AT MPC PROPERTIES

“IT IS CRUCIAL TO EMBRACE CHANGE AND REMAIN FLEXIBLE”

In these VUCA times, economic uncertainty is impacting funding and investment, challenging developers to adapt to changing economic conditions and find innovative funding models.

The continuing urbanization trend growth will increase the necessity for placemakers to create sustainable spaces with a focus on occupants' well-being, incorporating ESG principles in the company's culture and business model, which will consequently enable green financing opportunities.

The understanding of value in the real estate industry

Expanding the understanding of value in the Real Estate industry, beyond traditional financial metrics, is essential.

With a holistic and system approach, the development of environmentally sustainable spaces, incorporating green postulates and circular economy principles, reduces risk, increases asset value, decreases cost in the operational phase, and reinforces the educational aspect, spreading influence and awareness, in the long run is fundamental.

The community-centric and resilient design involves green infrastructure, renewable energy, and energy-efficient systems, creating dynamic spaces that accommodate both work and leisure activities.

A major trend, ESG has become a driving force for future business development. The “E” aspect is already incorporated in companies' strategies, laying ground for the “S” aspect to thrive. That said, rapid technological advancements could be a huge opportunity, a balancing act of incorporating new technologies while maintaining a human-centric approach. That is, ensuring meaningful community engagement, fostering inclusivity in the placemaking process, balancing the diverse needs and perspectives of the community by striving to provide an authentic experience, and giving a competitive advantage.

It is crucial to embrace change and remain flexible. Take the best from the global to uphold the local, by promoting a sustainability approach, empowering local businesses and outdoor markets to create a sense of community and support local economies, contributing to the unique character of a place.

In 2024, the industry needs to embrace the continuing development of mixed-use projects, combining commercial and recreational spaces, and creating vibrant, walkable communities that cater to various needs within a single location.

“ESG has become a driving force for future business development”

JOVANA CVETKOVIĆ

IMAGE: BRAINBOX AI



MARTIN GRUBER
DIRECTOR EUROPE AT BRAINBOX AI

“AI CAN PLAY A PIVOTAL ROLE”

From your point of view, what are the main challenges for the placemaking industry in 2024?

From BrainBox AI’s point of view, the challenges ahead for the placemaking industry will come from balancing economics, regulation, and demonstrating results from its sustainability commitments. With the European Commission’s recent emphasis on corporate sustainability reporting, organizations must now not only integrate sustainable, economically viable practices but also transparently report them. This requirement could impact the allocation of CAPEX, prioritizing compliance and reporting over other urgent needs.

Of course, artificial intelligence solutions are at the forefront of solving these challenges, but the integration of AI technology faces its own set of adoption challenges within the placemaking industry. It’s crucial, however, to push forward on the adoption, implementation, and integration of cutting-edge technology – especially considering its key role in making the industry “greener” and aligning with new reporting standards.

What opportunities and trends do you see?

The advancement of AI within the retail sector, particularly in its application for efficiency, aligns closely with the new European Commission guidelines on corporate sustainability reporting. These guidelines emphasize transparency in sustainable practices, where we believe AI can play a pivotal role. In the placemaking industry, this translates to operational efficiency in physical buildings, like retail locations and shopping malls – meaning AI’s ability to autonomously optimize energy usage and equipment efficiency not only improves overall organizational performance but also ensures compliance with these evolving sustainability reporting standards.

In your view, are there fundamental and lasting changes that await the placemaking industry?

Certainly. Firstly, sustainability will become a non-negotiable aspect of placemaking, focusing on reducing carbon emissions, resource efficiency, and environmentally friendly design. Secondly, the increased integration of AI and other digital technologies enables optimization across areas and segments of a building that were often overlooked, enabling better building management. Thirdly, alignment with domestic and international climate action, such as the EU’s 2030 emissions reduction target, and global cooling pledge, two major points at COP28, will be crucial. Naturally, these global efforts will require change at all levels in the placemaking industry to meet these goals.

Your recommendations/wishes for the industry and market participants.

We recommend considering AI as a vital tool in achieving the industry’s operational and sustainable goals. With the industry’s increased commitment to more net-zero initiatives, it is imperative that placemaking align with global sustainability goals and new reporting requirements. AI-driven solutions can help ensure compliance by reducing carbon emissions and optimizing energy efficiency, operational equipment, and processes – bringing the industry a huge step closer to making these goals a reality.

On a more personal note, my aim is to contribute to the industry by sharing my extensive experience in this era of digitalization. I am committed to helping professionals understand its transformative potential and emphasizing the importance of AI as an ally. My goal is to demonstrate how these advancements can streamline processes, elevate job roles, and contribute to achieving strategic objectives. I believe it is essential to placemaking staying at the forefront of industry trends.





IMAGE: KLAUS STRIEBICH

KLAUS STRIEBICH
 MANAGING DIRECTOR OF RARE ADVISE

“WHEN THE GOING GETS TOUGH, THE TOUGH GET GOING! – THE PENDULUM IS IN FULL SWING!”

Yes, the pendulum of “left and right or up and down” is in full swing: Whether the left or right wing is success or failure, depends on you and where you are standing with your business. If you have been on the “bad side”, there is good news: the pendulum will swing back when no blocking or hurdle (e.g. exogen shocks or crisis). But as a good physician, you know, that there is a little more energy needed to swing back to the old level, and a bit more to achieve better levels.

The circumstances in our industry and the environment are tough and to remain in pictures. When you are standing at the bottom of the hill, you need to have an idea of how to climb it and a lot of energy and power to access the top. Only the one who is first at the top is allowed to raise the flag.

Nothing will remain the same, and we are not back to normal. But we may consider “back to basics”. Despite the need to use the latest technology – as it is obvious, that remote working, virtual and augmented reality, and AI will have a tremendous impact on our business – we should not forget the real goals, which are serving and satisfying the customer’s needs and fulfilling his wishes.

We are living in the times of “24/7 – any ...” (-thing, -where, -time) and want to combine this with ecological and social objectives. Everything is getting more and more complex. Simplicity has gone.

However, another good news is because of this enormous number of requests there is the opportunity to produce and offer something new which fits this demand. International sourcing changes into local production. Not buying a product but sharing it leads to new business models. Not to own something, but spending time with it could be the key to success.

The new offers should fit our soul, not into our wardrobe and shelves. The real estate industry must understand that the need for reorganization and revitalization of their assets must be adapted to the speed of change in consumer habits! Retail real estate assets are no longer just shops. Every offer that supports retail is more than welcome, be it services, offices, leisure, restaurants, gastronomy, or even residential areas in their different kinds (to create very convenient access for the shopper to the “stores”).

The interdependence between the different forms of usages, and the number and style of smart collaborations between the stakeholders will be the key to success.

When the going gets tough, the tough get going!

Roll up your sleeves and let's go ahead.

“Despite the need to use the latest technology, we should not forget the real goals, which are serving and satisfying the customer’s needs...”

KLAUS STRIEBICH

IMAGE: VIA OUTLETS



OTTO AMBAGTSHEER
CEO OF VIA OUTLETS

"OMNICHANNEL RETAIL IS THE FUTURE"

From your point of view, what are the main challenges for the placemaking industry in 2024?

Three areas spring to mind. First, permitting. Many outlets are 15 years or older. Adapting historic zoning plans to ensure the industry meets local and regional communities' current needs is not always easy. Funding is another, with the industry requiring access to financing for its large capex needs. In addition, the increased focus on sustainability, from construction to consumption, brings extra costs and requires more value engineering.

VIA Outlets' challenge in 2024 will be to expand on this year's momentum, which means focusing on our 3R remodeling, remerchandising and remarketing strategy to keep the brand and guest experience fresh and continue to deliver outperformance.

What opportunities and trends do you see?

For the industry in general, improving consumer confidence due to lower inflation and the prospect of interest rate cuts, alongside a further rebound in tourism, should help drive performance in 2024.

The thousands of people working in the placemaking industry are responsible for making or breaking the experience for guests. We need to look at what more the industry can do to offer a great place to work, such as break out/relaxation rooms, free sustainable transport, sports facilities, etc.

In terms of our opportunities, in 2024 we plan to add 6,500 m² to Vila do Conde Porto Fashion Outlet in Portugal, increase the size of Landquart Fashion Outlet in Switzerland by 4,700 m², and thoroughly remodel Freeport Lisboa Fashion Outlet. We are also looking to add to our portfolio through acquisitions of under-managed outlet centers that could benefit from our intensive management.

In your view, are there fundamental and lasting changes that await the placemaking industry?

Omnichannel retail is the future, allowing brand partners to reach more consumers. Outlets are a central part of that strategy. Everyone from digital native brands to local, regional and international brands are now keen to have a presence in our outlets.

Green leases are also becoming the norm, helping outlets align their sustainability agenda with that of their brand partners.

Your recommendations/wishes for the industry and market participants.

Focusing on the guest experience is central to outlet centers' outperformance. This extends beyond the discounts and premium brand mix on offer to encompass the high level of services we provide, from a wide range of F&B to loyalty programs and highly professional guest service desks.





IMAGE: KAUFLAND

ANGELUS BERNREUTHER

HEAD OF INVESTOR RELATIONSHIP MANAGEMENT OF KAUFLAND

“WORK EVEN HARDER TO UNDERSTAND THE CUSTOMER”

The real estate markets have been shaken. The challenges deriving from a new interest rate environment are continuing to determinate investor behavior. In order to start the transaction market engine again, buyer and seller expectations will need to converge, as will those of financing partners in the industry.

After a decade of unprecedented cheap money in the real estate industry and an almost continuous upward trend, the next phase of the investment cycle is underway. It’s time for first movers in the opportunistic and value-add segment. Especially after several hard pandemic years for retail, the asset class is back on track, with many opportunities, particularly with regard to revitalization. Many assets are just waiting for a new future-proof concept.

Also, ESG and digitalization are here to stay and will have a continuous and long-term impact on how retail real estate is operated. Customer behavior will also keep evolving. Experience and fulfilling simple basic shopping needs will still play a role in the hunt for customers. But the real opportunity for the placemaking industry is to work even harder to understand customer perception.



IMAGE: ROS RETAIL OUTLET SHOPPING

THOMAS REICHENAUER

CO-FOUNDER AND MANAGING DIRECTOR OF ROS RETAIL OUTLET SHOPPING

“WE NEED TO TAKE FIRM MEASURES TO ADDRESS CURRENT CHALLENGES”

The European outlet market has established itself as one of the most successful formats in 2023, which will continue into next year. Considered a resilient sector, the appeal of the outlet model has proven to be more prominent in times of economic uncertainty, when the rising cost of living has a squeeze on consumer spending. We are pleased that brands are increasingly aware of the potential of outlets and regard them as a profitable sales distribution channel, as we see growing interest from new brands and a rising appetite for expansion among established brands. ROS is following a ‘trading-up’ strategy or ‘premiumization’ across its portfolio to remain competitive and keep driving traffic from extensive catchment areas, along with enhanced services to increase dwell time.

However, we still need to take firm measures to address current challenges. The ongoing retail staff shortage calls for a strong employer branding strategy that prioritizes people and makes the workplace attractive enough to draw and retain talent. There is also high pressure at the moment, especially for investors, to comply with increasing ESG standards and invest more in sustainability. However, growing property and service costs is a concerning issue for the outlet industry. Therefore, balance and a consensus between the two is required.

We are also observing an emerging trend in the market to use the outlet concept as a tool to revitalize mature shopping centers, and even though this could represent an opportunity, it is often underestimated by shopping center operators. As outlet operators, not only we are more customer-centric and proactive, but also have a well-defined USP as well as stronger local teams across Leasing, Marketing/Tourism, Retail, Facility and Office Management departments. We strongly advise the implementation of the outlet concept by experienced outlet operators for the success of such projects.

In 2024, we wish to continue to be a favourite shopping destination for our customers and a profitable sales channel for our brand partners. Let’s keep the innovation ongoing – with optimism as well as a proactive and forward-thinking approach!

IMAGE: HYPERIN



MARKUS PORVARI
PRESIDENT AND CEO OF HYPERIN

“INVEST IN TALENT AND TECHNOLOGY”

The Placemaking Industry is gearing up to face a dynamic landscape marked by several significant economic challenges and technological opportunities in 2024. One of the primary challenges involves effectively integrating rapidly evolving technologies, especially in accurately predicting and adapting to the ever-changing consumer preferences and market trends. In 2024, the ability to collect and leverage data for predictive insights will play a pivotal role, enabling data-driven decision-making and dynamic adjustments to meet evolving consumer demands.

The integration of cutting-edge technologies like Artificial Intelligence (AI) and Machine Learning (ML) ushers in unprecedented opportunities across various domains within the Placemaking Industry. These transformative technologies open doors to remarkable advancements in personalization, sustainability practices, dynamic rent models, and the precision of predictive forecasting, just to name a few domains. For example, our mall management platform stands at the forefront of this technological revolution. Through our AI-driven sales reporting, another key trend, we revolutionize the industry by ensuring the highest levels of predictive accuracy and data integrity, paving the way for a future where Placemaking is more agile, data-driven, and successful.

The fundamental change awaiting the Placemaking Industry is a shift towards exceptional agility and adaptability, driven by AI and ML. These technologies redefine how we empower tenants, enhance decision-making processes, and ensure the overall success of shopping malls. This transformation is not a fleeting trend, but a lasting change that will shape the industry's future.

My recommendation is for industry stakeholders to embrace technologies that offer solutions with AI-driven and machine learning as indispensable tools for enhancing decision-making that contribute to improved performance and success. Prioritize data collection and analysis, invest in talent and technology, and foster collaboration among tenants, property owners, and technology providers. By doing so, we can collectively create vibrant, adaptive, and successful shopping destinations that meet the evolving needs of consumers.

“The fundamental change awaiting the Placemaking Industry is a shift towards exceptional agility and adaptability, driven by AI and ML.”

MARKUS PORVARI





IMAGE: NEPI ROCKCASTLE



RÜDIGER DANY
CEO OF NEPI ROCKCASTLE

“OUR INDUSTRY IS CONSTANTLY EVOLVING”

Real estate is a long-term business, so many of the challenges are long term in nature too. The biggest of which is working towards net-zero. In Romania, we are installing photovoltaics across our portfolio producing enough green energy on site to satisfy 25-30% of our energy consumption needs. Rolling this type of initiative out across the rest of our portfolio, will be part of our 2024 sustainability strategy.

In 2024, the EU is introducing new sustainability reporting standards – which require companies like ours to be audited on our performance, so we and others need to be ready for this. I hope that this will lead towards better harmonization of standards for the real estate industry, which vary widely across the EU.

We may also see further fall out across the industry in 2024 as overleveraged players seek refinancing at much higher interest rates. Hopefully, rates have now peaked, and markets are stabilizing. This will make financing costs more predictable, so the industry may be able to refinance at lower levels in the next 12 to 15 months, which would be very positive.

The CEE Market will continue to hold good opportunities

Average GDP growth in the CEE is set to be double that of the EU 27 states in 2024. That bodes well for NEPI Rockcastle in terms of delivering continued performance from our portfolio, which has already seen double-digit increases in both turnover and net operating income – at 14% and 23% higher respectively in the nine months to September 2023, compared with the same period of 2022.

We see good opportunities for the business, though perhaps at a slower rate of growth than we have delivered in the past 24 months. In our markets, the consumer has proven to be resilient, and we have seen robust growth in retailer sales across our portfolio. Given the solid economic forecasts for our region, there is no reason to expect this to change.

Our industry is constantly evolving. In CEE, we have seen an influx of international retailers into our markets, which are becoming ever more attractive due to higher growth prospects and lower operating costs. We expect this trend to continue.

Artificial Intelligence is another challenge ahead. We already have trialed AI in our centers to see how it can help us to maximize operating efficiencies. Rolling these technologies out across our portfolio may, for example, have a dramatic impact on energy performance.

Working together as an industry on sustainable initiatives is a win-win scenario for us, but also for our business partners and communities.

“Real estate is a long-term business so many of the challenges are long term in nature too.”

RÜDIGER DANY



SUSAN HAGERTY BÓNSAK
CEO OF PLACEWISE

“BE ON YOUR TOES AND PREPARED TO BE PROACTIVE”

Main challenges

We work with only a few of the stakeholders within the placemaking industry, so I speak from that perspective. The main challenges for retail real estate are

- 1) more volatility, for example, trends appear more rapidly, consumer expectations are rising
- 2) the impact of ignoring the need for investments in a data and digital strategy, also for the center itself. While it is key that retailers are in direct contact with the end consumer, this is no less important that the center has the same goal, as part of the overall strategy of the center.
- 3) the impact of inflation on consumers and their shopping habits (at least in the short term)

Opportunities and trends

There is a huge opportunity in deploying a data-driven strategy, both on the consumer and tenant level. Not only can investments in this area increase traffic, loyalty and spend, both these stakeholder groups can provide valuable insight as to how your asset should evolve.

We are also observing that many of our clients are putting more effort into and increasing investments in specialty leasing, both in terms of “traditional” pop-up stores but also enabling brands to create unique experiences that enhance the shopper journey. Our role in this typically is to help the shopping center increase exposure and get stronger results for this type of temporary setup by using relevant digital tools to connect the brand with the consumer.

Otherwise, on a general basis, I foresee even more creativeness in multi-use assets which will forever redefine the concept of a “shopping center”

Fundamental and lasting changes

As mentioned, the space is rapidly changing, and I hope all have understood that nothing is permanent. What is apparent is that there is no going back. There are too many examples of properties first now realizing the need for structural change. So, the lasting change is to be on your toes and prepared to be proactive. But always, always ensure decisions are data-driven!

Wishes for the industry and market participants

Act now! Invest in good tools! Understand that it is beneficial to engage in both the end-consumer and tenant. And, of course, to contact Placewise to see how we can help you stay in the forefront.





IMAGE: MK ILLUMINATION



THOMAS MARK
PRESIDENT OF MK ILLUMINATION

“LEAN INTO THE CHANGE!”

Based on expert forecasts, we expect inflation to remain high, along with interest rates. Realistically, this will have two impacts: people’s purchasing power will be reduced, and it will be more difficult for businesses and organizations to finance new investments. In the retail real estate sector, these challenges are further compounded by the competition from the online retail sector. This means that brick-and-mortar retail outlets will have to find creative, courageous approaches to make their spaces attractive “lifestyle” destinations if they want to remain successful in the long term.

Regarding trends and developments, the Harvard study on happiness, which took place over 85 years, recently reinforced the importance of people’s need for connection. In our rapidly changing world, where single households are on the increase, the importance of communal and public spaces shouldn’t be undermined. This presents significant opportunities for shopping centers that innovate and transform into locations where people choose to use as places to meet and interact. This transformation demands strong concepts to add atmosphere and opportunities for experiences. In the future, shopping centers will look different from how they do today, but if they lean into the change, they can be just as successful as they have been in the past.

Fundamental and sustainable changes

Like all other sectors, the place-making industry needs to be doing what it can in the face of today’s ecological and social sustainability challenges. The requirement to be transparent about this, thanks to new EU regulations, is already making fundamental and noticeable changes in this sector.

Sustainability isn’t just a trend. It concerns us all and will continue to affect businesses in the retail real estate sector and elsewhere in the long term. At MK Illumination, are investing significantly in this area, which we see in a positive light. Sustainability not only helps us to protect our planet but also inspires us to find new, innovative solutions and approaches, which both anticipate and respond to the changing needs of destinations.

Therefore, my recommendation to the industry is: Approach the transformation from shopping destination to lifestyle and experience location with optimism. Yes, we will need bold approaches. Yes, we will need creative ways to innovate. And the rewards will be tangible: it’s possible to be just as successful in the future as we were in the past – if not more so. Because, as I’ve mentioned, we humans crave connection and places to connect. Those who succeed in creating attractive places to meet, gather and share experiences will be the winners of the future.

“In the future, shopping centres will look different to how they do today, but if they lean into the change, they can be just as successful as they have been in the past.”

THOMAS MARK

IMAGE: CHRIS IGWE



CHRIS IGWE
GLOBAL RETAIL EXPERT

“SERVE THE LOCAL COMMUNITY.”

Placemaking is considered an important and integral aspect of retail today. The main objective must be to create spaces and places that improve the health and wellbeing of those who live and work there. However, it can no longer simply be about those who live and work there. It is also about the tenants, the staff (in all companies), the suppliers, subcontractors and so on. It is the whole ecosystem that creates the vibrancy of the place and gives people a sense of belonging.

The good news is that more and more projects are integrating placemaking or rethinking how they can address this in planned renovations and redevelopments, starting from assessing how the retail mix or the urban and design elements can be more attractive.

The real growth will occur when more owners, investors and managers include placemaking as a core strategy where the opportunity presents itself. Clearly, not all projects future or existing lend themselves to a concept built around placemaking, but small steps can be made. Public spaces need to be included in the design solutions, meaning that municipalities and local authorities have a key role to play.

One fundamental change the industry needs to embrace is that placemaking does not have to be a complex configuration of multiple uses, but one that is seen as being in harmony with the people it wants to serve. It starts with providing people with places that are safe, well configured and well-designed with suitable amenities. These become places with which people can identify themselves; places where they can engage in activities that offer a real opportunity to claim this as their own. A place where they feel they belong, and might even call, home.

A key element of placemaking is to serve the local community. It is important to understand what the expectations and needs of that local community are before designing or planning what those spaces should be. The successful examples of placemaking are where those who expect to benefit from it have been involved in the process, every step of the way, rather like stakeholders, which they are.

“One fundamental change the industry needs to embrace is that placemaking does not have to be a complex configuration of multiple uses, but one that is seen as being in harmony with the people it wants to serve.”

CHRIS IGWE





IMAGE: INGKA CENTRES



CINDY ANDERSEN
 MANAGING DIRECTOR OF INGKA CENTRES

“WE SHOULD COLLABORATE MORE WITH PARTNERS OUTSIDE OF THE RETAIL SPACE”

The placemaking industry is all about bringing the many people together and fostering their prosperity. Being a landlord in today’s dynamic environment is no longer about just owning a space.

Today’s visitors demand more from their time and experiences. They expect these places to be a seamless extension of the communities they are part of. This means understanding the unique cultural, economic, and social nuances and integrating them into the very essence of our developments.

"In Europe alone, there are around 11,000 shopping malls, retail parks, outlets and hypermarkets. Our industry is in a strong position to create a positive impact on the development of local communities, and businesses. As an example, making a sustainable and responsible lifestyle, the preferred choice for the many people. Environmental changes are happening now, impacting lives and changing behaviors. For the placemaking industry, this presents both a challenge and an opportunity.

"We need to look past the idea of shopping centers, retail parks and malls as places merely to consume, but places to grow, learn, connect, meet and have fun in ways that are kinder to people and the planet. Future consumers will expect to see mixed-use spaces that reflect their unique cultures, needs and aspirations. To offer our future visitors what they need, we should collaborate more with partners outside of the retail space who are innovative thinkers and focus on non- conventional, sustainable, or integrated digital offers.

"Many of the global surveys confirm that people, especially younger generations and people living in big cities, are looking for brand experiences that bring joy and make them smile. And these findings resonate perfectly with our vision of the global importance of play. Through play, we connect, develop, repair, and express ourselves. That’s why our ambition is to offer outstanding playful experiences within our portfolio.

"I’m confident that the future of the placemaking industry lies in meeting people where they are and being part of their everyday lives. Creating locations that visitors truly value and where they naturally want to come. Spaces where people can grow, businesses can flourish, and give back to the community.

"Next year is certain to bring change, challenge, and opportunity. My hope, and wish, is that by working together as one with the communities in which we operate, our industry can bring the many people together to make sure 2024 is a year of change for the better."

“The future of the placemaking industry lies in meeting people where they are and being part of their everyday lives.”

CINDY ANDERSEN



IMAGE: AMBAS

STEFFEN HOFMANN
 MANAGING PARTNER OF AMBAS REAL ESTATE

"LAY THE FOUNDATION FOR FUTURE OUTPERFORMANCE"

In a digitally connected world, it has become more and more relevant to provide customers of physical retail spaces with a reason to drop their smartphones, leave their homes and visit a shopping location. The task at hand goes far beyond the sheer availability of products at the right prize in the right size. Placemaking is the art of shaping such a special destination and making an emotional connection with the visitor during his on-site experience. The tools are manifold and range from friendly service personnel over music and events to food and beverage, and from intelligent space design to a contemporary look & feel. All this needs to accompany a community-specific retailer mix for people to choose their favorable shopping place.

We have crossed the point of overall market saturation with undifferentiated retail spaces a while ago. From today's perspective, there are more than enough shopping places in and around our cities. Consumers and retailers have turned their attention to the most relevant ones and decided to ignore less attractive options. As a continuous trend, developers, investors and operators of retail spaces endeavor to right-size the retail share in their assets and seek to unlock valuable mixed-use synergies with surrounding uses.

The closure of some larger department stores in recent months in the heart of many inner cities leaves an important task for the real estate industry. Many of those properties will have to find a new purpose. Often, retail may still play an important part in their future reconfiguration. Local planning authorities, however, will be well advised to also support changing uses. Where developers, investors and users with great ideas come together, much-quoted inner-city regeneration projects can now be turned into reality as rare fillet plots have become available. It may require some planning time, though.

2023 certainly was an exceptionally tough year for the real estate sector. In the asset class of retail, key performance indicators have recovered in many places, which is positive. Nevertheless, the overall market sentiment still felt negative. It is always difficult to project when exactly a downturn has reached its bottom. From where we are today, it looks like we are almost there. Classic core capital is expected to remain on the sideline for another six months, or so. 2024 may thus become the perfect window to take advantage of mispriced assets and thereby lay the foundation for future outperformance. Real estate prices will go up again one day!

“Placemaking is the art of shaping a special destination and make an emotional connection with the visitor during his on-site experience.”

STEFFEN HOFMANN





IMAGE: MITISKA REIM

AXEL DESPRIET

CO-FOUNDER AND MANAGING PARTNER OF MITISKA REIM

“NECESSITY, DISCOUNT AND CONVENIENCE-BASED RETAIL IS LIKELY TO PROVE A RESILIENT PERFORMER”

While economic headwinds and the rising cost of living have led to a decline in consumer spending, not all sectors of retail have been impacted the same. As consumers have become more cost-conscious, they’ve been increasingly turning to discounters and value-orientated retailers.

We believe that necessity, discount and convenience-based retail is likely to prove a resilient performer in an overall fragile market. As consumers trade down, stay local and continue to require essential items such as groceries, we expect food-anchored retail parks will be a key beneficiary of these spending trends.

We also expect to see the continued evolution of the retail park concept beyond traditional retail into what we call ‘convenience real estate’. Sited on urban infill locations, these convenience real estate projects are now offering restaurants, leisure, fitness, medical practices and pharmacies, click-and-collect pick-up points, electric car charging stations, and many more consumer service needs. In addition, they also cater for mixed-use, with SME units, self-storage facilities, small offices, last-mile logistics and other complementary uses.

The synergies between retail parks and e-commerce urban logistics are also a growth area and investment opportunity. By developing urban infill sites which incorporate a retail park open to consumers at the front, backing onto an urban logistics development, this provides omnichannel retailers with a front-to-back retail and logistics operation and a step towards the so-called ‘hybrid store’.

Changes in shopping habits have, in turn, made some types of retail assets out of step with consumer demand and out of favor with modern environmental standards. Large hypermarkets and cash & carry locations are classic examples of this. For the owners of these sites, there is the risk of these assets becoming ‘stranded’ due to the lack of demand from tenants and the capex required to improve their sustainability credentials. We see this as an opportunity to create value by repurposing and retrofitting these assets to create modern, attractive and sustainable convenience real estate projects.

“Create value by repurposing and retrofitting assets to create modern, attractive and sustainable convenience real estate projects.”

AXEL DESPRIET

IMAGE: BERNHARD CLASSEN FOR CCSP



CHRISTINE HAGER

DIRECTOR OF PROPERTY MANAGEMENT IN GERMANY OF SONAE SIERRA

“RECOGNIZE THE IMPORTANCE OF CUSTOMER ORIENTATION”

The retail real estate industry is undergoing a transformative phase, and 2024 will be no different. At Sonae Sierra, we are actively engaged in this process by shaping future-proof and resilient portfolios that integrate high-demand requests and environmental standards, aligned with our decarbonization strategy.

The challenges faced by the placemaking industry in 2024 require a proactive and adaptive approach. One of the primary hurdles is the persistent impact of high inflation levels and the decelerated increases in interest rates. Nevertheless, the retail sector has demonstrated resilience, and we have been assisting to a good performance in the countries where we operate, with sales overcoming inflation. Also, the significant changes we see in consumer behavior and preferences are crucial to adjusting the balance of offers in our integrated experience and fulfill a large spectrum of diverse needs.

A shift towards mixed-use spaces

In property management, several promising opportunities and trends are shaping the landscape. Digitalization stands out as a key trend, allowing to manage properties more efficiently. Furthermore, sustainability will also remain critical, allowing our portfolio not only to be operated in an energy-efficient way, but also helping overcome global social challenges and making our living spaces future-proof.

Amid these trends, as opportunities, we notice a notable shift towards mixed-use spaces, easily adaptable to fast shifting trends while providing a wide range of services. Our current focus is already directed into designing and developing projects that incorporate a diverse mix of stores with customizable products, health spaces, events, entertainment, and more. In seizing these opportunities, we’ve observed the industry’s resilience and adaptability, even in challenging times.

The emphasis is on asset repositioning and repurposing

There are fundamental and lasting changes anticipated in the retail real estate industry. Investors are increasingly following high-quality, sustainable, and innovative assets that can provide unique and modern customer experiences. A notable trend is the increasing emphasis on asset repositioning and repurposing, as well as a shift towards mixed-use developments, which brings benefits to the surrounding community, thus contributing to the revitalization of urban areas.

At Sierra, we early on recognized the importance of a clear ESG strategy fully integrated into business activities. The growth and performance of companies in the real estate sector hinge on their approach to sustainability and their contributions to addressing the environmental and social challenges of the communities they serve.

With regard to the current market situation, a proactive risk management and a flexible investment strategy are recommended. Recognizing the importance of customer orientation, upscale shopping experiences remain the most important success factor for attractive retail real estate spaces. By making real estate sustainable and resilient, we can better secure our future, ensure the viability and profitability of real estate investments, and create future-proof urban spaces worth living in.





IMAGE: GFK

FILIP VOJTECH

GEOMARKETING EXPERT FOR THE RETAIL SECTOR AT GFK

“BRICK-AND-MORTAR RETAIL IS UNDER EVEN GREATER PRESSURE THAN BEFORE”

Basically, the challenges the placemaking industry is facing are the same as they were ten years ago when eCommerce robbed brick-and-mortar retailers of market share and, above all, growth. However, due to the coronavirus, declining footfall in city centers, a growing proportion of online retail and a simultaneous reluctance on the part of consumers to spend, primarily driven by inflation, brick-and-mortar retail is under even greater pressure than before, especially in city centers and shopping centers. These shopping destinations need to be particularly revitalized, and this is where retailers, investors, landlords and city marketing departments are equally challenged to develop clever concepts – concepts that turn city centers into attractive meeting places, not only in terms of shopping but also in terms of diverse overall experiences. And these are experiences that online retail can hardly offer.

The opportunity for city centers is to create a real shopping experience for people, where they can get together and feel well advised by sales staff, test and customize products, and pay prices that they see as fair and online-compatible, before ending the day with a good meal or a concert in the inner city.

Falling rents can contribute to more retail diversity in city centers. At the same time, further opportunities need to be created for uncomplicated and convenient visits to inner cities. For example, by expanding cycle paths and public transport connections and offering sufficient low-cost to free parking spaces – because high parking fees are a deterrent.

Ultimately, the sector could also do with an upturn in the overall economic and political situation in 2024, in the hope that this will improve consumer sentiment among the population.

“Shopping destinations need to be particularly revitalized, and this is where retailers, investors, landlords and city marketing departments are equally challenged to develop clever concepts.”

FILIP VOJTECH

IMAGE: HENRIK MADSEN



HENRIK MADSEN

CHIEF EXECUTIVE & TRANSFORMATION OFFICER OF HMJ INTERNATIONAL SERVICES LTD.

“IT IS ALL ABOUT ME!”

Despite macroeconomic and geopolitical challenges, at pretty serious scale, impacting everyone, retailing and retail placemaking industries are finally returning to more consistent pre-pandemic performance. More specifically, consistent (growth) performance is returning, but mainly for businesses and entities that truly stayed focused on relentlessly adapting and readapting to the rapid change in consumer behavior.

And those were the businesses, that acted as if they were a startup, were entrepreneurial at heart (whatever size and shape). It was the ones who listened to their consumers (users and non-users) and then applied a test and learn philosophy, implemented new initiatives, with an aim to ‘gain traction’ or to ‘fail fast’, and then having the courage and stamina to start over again, whenever it did not work out. A strategic survival mechanism, that embraces the required ever-evolving reset of a business, one that aims to continuously perform better for everyone.

During 2023 I saw many businesses make some great progress and adapt to the changes in economic conditions and to consumer behaviors. So, what did they really do differently? Whether they were Real Estate players or Retail/Branded businesses, they all asked themselves and their organization some BIG QUESTIONS. The result, in many cases, led to smarter strategic thinking and more nimble operational principle approach. I heard questions, such as, “Is our current business model still valid?”; “Are we delivering a competitive advantage that is difficult to copy?”; “Which area of excellence hold relevance to our business?”; or “Are we assessing our corporate beliefs and removing processes creating unnecessary complexity?”.

It sounds so simple, but it has taken a lot of courage for many business leaders to do this exercise, and the hardest part, for everyone, was to accept and deal with ‘their reality’. So, any business, I get involved with, will primarily spend 2024 to focus on their consumer approach. Yes! – the largest opportunity in 2024 continues to be taking (hyper) personalization serious, which in reality means the following:

Firstly, do it for ME and make ME feel something, something that adds value to MY life. There are many ways to interpret this statement: Let ME choose what I do, where I do it and how I do it; Make ME feel something and make it mean something to ME; Give ME great value, and don’t classify me on price! I am no longer about expensive or cheap.

Consequently, having real understanding of the “ME” principle and building out detailed customer segmentation/preferences accordingly and then applying appropriate communication and services to leverage engagement must be a focal point of any business wanting to remain relevant.

Secondly – and only second to above – as a responsible CEO, you can now begin to consider a few other strategic initiatives. I have picked 3 interrelated priorities:

Generative AI: How to think about adaptation of Generative AI, and how do we use it to the benefit of our customers and organization (especially considering point 1 above).

Social Equity Impact: How to continue to ‘do good’, as the new (EU) legislative sustainability changes are coming into force and how do we begin to live and act with a pure and meaningful Social Equity principle.





IMAGE: LUNSON MITCHENALL

NICK HARTWELL
DIRECTOR OF LUNSON MITCHENALL

“LOCATIONS AND PLACES WORK BEST WHEN THEY ARE FULLY INTEGRATED”

Construction cost price inflation is continuing to impact and constrain landlords looking to physically alter the built environment to reinvent or placemake destinations. We are seeing projects put on hold or scaled back due to high build costs, and this issue is also impacting occupiers in the context of limiting fit out works or scale of expansion. Finding ways to economically adapt and re-use buildings and the physical environment, rather than demolish and re-build, will be key in 2024.

The return of staff back to the workplace continues to gather pace. Many of the city and major town center retail and leisure destinations we advise on are back to 2019 levels of footfall, if not in excess. As office space providers put more emphasis on staff wellness and quality of workspace conditions, employers are attracting their staff back to the city core and the added footfall / spend is a badly needed boost for the hospitality sector in particular.

The integration of new buildings with their surrounding community needs further focus next year. We believe locations and places work best when they are fully integrated. Having new office or residential focused developments gated from the surrounding communities does little to integrate people. In fact, it further segregates and divides the neighborhoods they are situated in.

Developments which are sustainable and have a low environmental impact on their surroundings are gradually becoming more important to occupiers and investors. We hope this current momentum builds to force industry change over the next twelve months.”



IMAGE: WECONSULT

ORTAÇ ÖZORTAÇ
PARTNER OF WECONSULT

“REPURPOSING AND RESTRUCTURING EXISTING OLD-SCHOOL RETAIL DESTINATIONS WILL BE THE NEW TREND”

2024 will be a year in which the globe will face numerous challenges and negative topics. In that sense, it can be predicted that for real estate developers, 2024 will be a year in which costs will increase, competition will be quite intense, and consumer demand will be relatively low.

Instead of focusing on new investments, reviewing existing portfolios, adding functionality and making them sustainable will gain much more importance on the investors’ side. Whereas in the retailer market, new-generation brands will face a supportive atmosphere.

The interest of developers in renovating existing projects and building retail parks will continue. We believe that brands who specialize in a specific product line, and pay attention to personal experience, content and product design will be successful in expanding their business model. The trend of Turkish brands in expanding to neighboring countries, being active on online platforms and opening stores at street locations and malls has already started and will expand in the future as well.

Repurposing and restructuring existing old-school retail destinations will be the new trend in the industry. Of course, humans’ needs and wishes will be at the center of this change.

In parallel with changing consumer needs and new retail concepts, 2024 will be a year in which destinations will be developed that appeal to common sense.

Despite the ongoing complex world realities, we hope and believe that opportunities for cross-border cooperation, and business models that will protect the economy and nature will arise during these challenging times.

IMAGE: COVERPOINT



PAULINA HERRMANN
DIRECTOR OF COVERPOINT

“KEEPING AN EYE ON ACCESSIBILITY...”

Considering the industry's main challenges in 2024, the biggie is frequency of change. Consumers got used to getting what they want where and when they want it, and expect to continue seeing the reactivity operators showed during the pandemic. The industry proved it can be done, so now there is no excuse! Planning for change and incorporating flexibility into placemaking can be challenging. From a F&B perspective, space for pop-ups, short-term leases, and modular design help to keep the offer agile and fresh, which is more important than ever.

Placemaking for “all” rather than “most”

Keep an eye on accessibility, which calls for placemaking to be for “all” rather than “most”. An example of this are sensory rooms for autistic kids in busy spaces at theme parks like Legoland. In our world of F&B, this can be delivered through a diverse dietary range (vegan, veggie, free from, etc.), customization, out of hours provision, tiered pricing, accessible design (Braille menus or lowered counters) and staff trained in sign language. It’s about genuine inclusivity.

Besides navigating the world of hybrid working and changing lifestyles, lasting change is being driven by ESG, which has become imperative. The race to net-zero is a prime objective in many sectors, and food-service can contribute in a big way. A great example is the 14,000 m² urban farm at Paris Expo, which brings together local volunteers who help produce over 1,000 kg of produce each year. With green space in urban environments at a premium, we expect to see more of these uses coming together to create sustainable supply chains along with great spaces for local communities, often out of currently underutilized spaces.

With inflation finally moving in the right direction, Coverpoint are excited to see some stability come back into the market in 2024. F&B expansions are ramping up and developers are looking to take things to the next level. So our wish for the industry is to support smaller, local operators and artisan producers with more flexible spaces, which will add a real point of difference and use the growing optimism to drive innovation and create authentic and unique experiences.

*“Support smaller, local operators
and artisan producers with more
flexible spaces.”*

PAULINA HERRMANN





IMAGE: AMREST

PAVEL SKVARA

GLOBAL DEVELOPMENT DIRECTOR OF AMREST

“CONCENTRATE ON THOSE MARKETS AND LOCATIONS THAT OFFER STEADY AND LONG-TERM GROWTH.”

The retail industry is facing several challenges, including cost pressures related to inflation and supply chain disruption. To address this challenge, we are focusing on proper and effective planning of deliveries of goods and equipment. Another challenge faced by the restaurant sector is the rise of fresh food options at convenience and petrol stations. This means we have to constantly innovate to stay ahead in the retail market.

At AmRest, we strive to provide our guests with exceptional service and experience from the moment they walk through our doors, or when they open a mobile app. Providing our customers with a seamless and enjoyable dining experience, whether they are ordering online or offline, is the future of the restaurant business. Therefore, we are investing in cutting-edge digital solutions such as click and collect, etc. Over the past 30 years, AmRest has built a strong international presence; however, there are still many European markets with growth potential, ready for new restaurant openings. In addition, to ensure sustainable growth, the industry is increasingly adopting ESG practices to meet the expectations of consumers and investors alike.

The lines between the physical and digital worlds are blurred, which is why we are committed to investing in cutting-edge digital solutions to enhance our guests' experience. Our restaurants feature digital menu boards and contactless kiosks for a convenient dining experience. We also recognize the value of mobile and seasonal restaurants and drive-thru channels, to bring us closer to our customers.

My advice to restaurant businesses in the real estate sector is to use technology to improve customer satisfaction, simplify processes, and enhance data insights. Moreover, I recommend concentrating on those markets and locations that offer steady and long-term growth.

I wish all my colleagues working in development departments, collaborators, and all our suppliers a prosperous 2024.

“We have to constantly innovate to stay ahead in the retail market.”

PAVEL SKVARA

IMAGE: REGIOPLAN CONSULTING



ROMINA JENEI
CEO OF REGIOPLAN CONSULTING

“THE SHOW MUST GO ON”

“Survive 25” applies to all players in the industry: developers, landlords, tenants, and consultants. On the one hand, we see a need for achieving more balance between tenants and landlords, as rental expectations are still partly too far apart. On the other hand, it is important to consider the future potential of a commercial property, which is often overestimated. Consumers are increasingly spending more money online, and the trend persists, just as the shift of consumer expenditures towards leisure and gastronomy does.

Understanding market developments, redevelopment strategies as well as optimization of existing properties are integral aspects of our approach as consultants. At our events, such as the Retail Symposium, we aim to showcase just that. Hence, introducing innovative approaches and effective solutions for the industry, recognizing that despite the prevailing challenges, 'The Show Must Go On.' We firmly believe that all players in the market must adapt their offerings.

In the current landscape, there is a unique opportunity for those who stand out, pioneer innovative concepts and set trends. The era of 'more of the same' has become outdated, paving the way for a new wave of creativity and distinction. Within the realm of real estate, the focus has shifted towards the creation and curation of spaces that become the go-to destinations—places that continually offer new experiences and added values. This shift demands strategic reconsideration.

When it comes to sustainability, a key question arises for everyone involved: What is the purpose of my company and my projects? Is there a genuine need for a particular property, and what are the benefits from its development? Only a well-utilized property, in demand and truly needed, can be sustainable and successful in the future.

I recommend refraining from rushed developments without a proper analysis of the right format, value and sustainability of it. Also, making investments solely based on intuition or (political) desires is rarely promising. It's time to thoroughly reassess all facts; those aspiring to thrive in 2025 must now carefully examine and fortify all assets for a more stable future.

“There is a unique opportunity for those who stand out, pioneer innovative concepts and set trends.”

ROMINA JENEI





IMAGE: ECE

JONATHAN DOUGHTY

PROJECT DIRECTOR ON BEHALF OF ECE MARKETPLACES

“WE NEED TO GET AWAY FROM “ONLY RETAIL” TO A MORE MIXED PORTFOLIO OF OFFERS”

I see 2024 as THE YEAR when placemaking projects really start to happen in traditional retail anchored shopping locations. The challenges are simple in my mind and focus on how to reuse space for other activities, when that space was originally designed for only retail use. The shape, size and configuration of the space has to change. Investors are already largely ready for this change in key parts of their retail portfolio, especially department stores and large shop units.

The opportunities are huge. We need to get away from “only retail” to a more mixed portfolio of offers for our guests, extended trading hours, more leisure, and an increase in the nighttime economies for our shopping places. MyZeil Frankfurt has proved this point so well. Guests want it, love it, and use it. It’s been a long time that I have been saying it, but this year it comes true.

There are going to be lasting changes as we integrate more food and leisure into projects, not as a “quick fix” but as a permanent and lasting solution, increasing attractiveness through variety and different activities. Rents and expectations are more realistic, allowing a whole range of new operators to come into spaces they had not previously had access to.

Finally, landlords need to be realistic and recognize that we are not going back to the 1980s and these new tenants who can repurpose these spaces need to understand they have to be reasonable in their requests, their occupation costs, and their support packages. Both sides working well together will make this happen. That’s what I do...

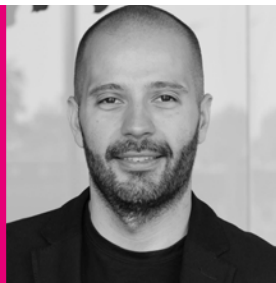


IMAGE: MPC PROPERTIES

NEMANJA BUĆINAC

RETAIL EXECUTIVE

“MITIGATE THE NEED FOR ECONOMIC DEVELOPMENT WITH ENVIRONMENTAL SUSTAINABILITY”

One of the most important things in the placemaking planning process is local community engagement. Ensuring diversity, inclusivity and (pro)active participation from the local community could pose as one of the biggest challenges. Funding could also be something we should monitor, as limited financial resources may impact the scope and scale of the project.

From the investor’s perspective, striking a balance between economic viability and creating attractive spaces is crucial. With the increasing importance of sustainability, the ongoing challenge lies in mitigating the need for economic development with environmental sustainability. Placemaking initiatives need to prioritize eco-friendly designs, green spaces, and energy-efficient infrastructure.

Placemaking initiatives can contribute to economic development by attracting businesses, creating job opportunities, and boosting local economies. Well-designed public spaces can serve as catalysts for commercial and cultural activities. In addition, the trend towards mixed-use development, where residential, commercial, and recreational spaces coexist, provides opportunities for creating vibrant and self-sustaining communities.

In my view, the placemaking industry is gradually becoming one of the pivotal aspects when speaking about urban cities and communities. Urban spaces that consist of residential, leisure and a blend of work could attract more international companies and tourists and consequently boost the overall industry of the city/community. One of the best examples that reflect this approach is Time Out Market in Lisbon, which I visited during the first Across Study Tour.



SILVIO W. KIRCHMAIR
CEO OF UMDASCH THE STORE MAKERS

“WHERE THERE IS SHADOW, THERE IS LIGHT.”

What do you see as the main challenges for the placemaking industry in 2024?

The two main challenges I see for the placemaking industry are, firstly, the likely continued decline in customer frequency in terms of shopping behavior. Of course, this does not apply to particularly touristy regions, which will not be affected. But on average in the western world, demand will continue to decline.

The second major challenge, in my view, is the changing interest rate landscape. The big question for investors in 2024 will be how to fund their investments in the face of high interest rates and possible asset devaluation. However, we are already seeing a slight downward trend in interest rates globally.

What opportunities and developments/trends do you see?

Where there is shadow, there is light. For investors and retailers, I see a great opportunity to tell stories and create unique brand experiences to increase the length and quality of the visit, so that customers enjoy discovering and shopping. Those who perform well will be successful. This has been impressively demonstrated by umdasch in 2023. One example is the duty-free area at Cologne-Bonn Airport, which the Store Makers designed and built with an open marketplace concept. The home textiles expert Betenrid in Munich, Europe's largest music store Thomann in Burgebrach-Treppendorf and the toy specialist Puppenkönig in Bonn are further umdasch projects with a high quality of stay in 2023.

Your recommendation/wish for the industry and market participants

My recommendation would be for the industry's decision-makers to analyze and assess the situation with the necessary composure, and then make their decisions. And not to exacerbate the problems by taking emergency measures.

I would also recommend that market participants do not see everything from a European perspective. Europe's economy is suffering to some extent, but the rest of the world is developing well, if you look at Latin and North America, the Middle East and Asia.

My wish would be that in 2025 we can say that 2024 was better than predicted.

“Analyze and assess the situation with the necessary composure, and then make the decisions.”

SILVIO W. KIRCHMAIR



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:



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Managing Director
of RaRE Advise



IMAGE: VIA OUTLETS

OTTO AMBAGTSHEER
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CHRIS IGWE
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HERMAN KOK
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IMAGE: HYPERIN

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Founder of HyperIn



IMAGE: ROS

THOMAS REICHENAUER
Co-Founder & Managing
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Outlet Shopping



IMAGE: MULTI

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IMAGE: SCS

JAN TANNER
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IMAGE: ADVANTAIL

FRANCK VERSCHELLE
CEO & Founder of Advantail



IMAGE: UNION INVESTMENT

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ADVISORY BOARD'S READING RECOMMENDATION: UNREASONABLE HOSPITALITY

“Customer service is black and white; hospitality is colorful,” states American author and gastronome Will Guidara. According to Frank Verschelle, CEO and Founder of Advantail, it was his book of the year and a recommended read for the entire industry.



In *Unreasonable Hospitality*, hospitality guru Will Guidara details how he transformed Eleven Madison Park from a classic brasserie in the middle of Manhattan to the World's Best Restaurant in 2017. Guidara contends that the secret to the restaurant's success was his commitment not to providing the best 3-Michelin-starred food, but to “unreasonable hospitality” – a dedication to providing guests with a fantastic experience that pushed the boundaries of what seemed reasonable. Guidara believes that anyone with a service-based business should also commit to providing unreasonable hospitality – to employees and customers alike.

The following five business lessons are directly applicable when it comes to upleveling your business and operations and becoming the best possible host.

1. Hospitality is for everyone. Guidara maintains that hospitality can be the secret ingredient that drives other industries.

“When you create a hospitality-first culture, everything about your business improves – whether that means finding and retaining great talent, turning customers into raving fans, or increasing your profitability,” he writes. Guidara thinks such a hospitality mindset can cause a “seismic shift” in other industries: “Whether a company has made the choice to put their team and their customers at the center of every decision will be what separates the great ones from the pack.”

2. Set lofty goals and take your team along for the ride.

“When you’ve surrounded yourself with talented



IMAGE: ADVANTAIL

Franck Verschelle is the CEO and Founder of Advantail and is a Member of the ACROSS Advisory Board

people, there’s nothing more powerful than a collective decision. If this electric group has decided to accomplish a certain goal, then – no matter how far-fetched or difficult – we would.”

3. Follow the “95:5” rule.

“Manage 95 percent of your business down to the penny; spend the last 5 percent ‘foolishly’. It sounds irresponsible; in fact, it’s anything but. Because that last 5 percent has an outsized impact on the guest experience, it’s some of the smartest money you’ll ever spend,” Guidara writes.

4. Share the credit.

“As a leader, you have to use every single tool in your kit to build morale and keep it high,” writes Guidara.

5. Look for inspiration in unlikely places, and spur creativity and innovation in surprising ways.

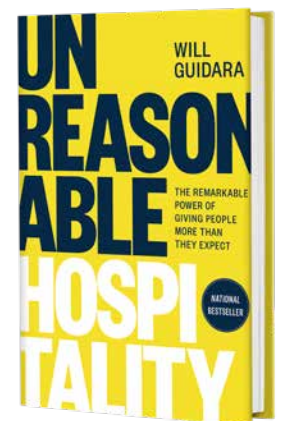


IMAGE: RANDOM HOUSE N.Y./WILL GUIDARA

Unreasonable Hospitality by Will Guidara





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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 tailored transaction-related advisory and strategic asset management services. ambas is active in the European real estate markets, Germany being its core market.



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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 become one of the leading retail real estate developers in Serbia and the Balkan region.



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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 leading provider of customer engagement and loyalty solutions for the most advanced retail destinations in the world. Their innovative technology solutions enable mall operators to generate revenue faster, by understanding, anticipating, and engaging customers in real-time, across multiple channels. The Coniq platform powers over \$1.2 billion in sales annually for its customers, with over 20 million consumers shopping from over 2,000 brands in 25+ countries worldwide. Our clients include Tanger Outlets, Mall of America, Bicester Village, VIA Outlets, AW Rostamani, and many others.



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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.



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EUROVEA is Slovakia's largest shopping complex, part of a mixed-use project in the Eurovea City district near Bratislava's historic center and the Danube River. Connected to the first Slovak skyscraper, EUROVEA TOWER, it seamlessly integrates shopping, offices, leisure, culture, and residences. With a unique waterfront promenade, EUROVEA stands as a factual and dynamic destination, symbolizing modern urban living in the heart of Bratislava.



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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".



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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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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.



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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
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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.



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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

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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.



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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.



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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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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.



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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 shopping center property tech, serving more than 1,050 shopping centers, across 4 continents and 20 countries. Placewise has offices in Europe, the USA, and Asia, covered by both venture and PE funds. Placewise offers the only solution purpose-built for shopping centers to create long lasting digital relationships with shoppers - unlocking the power to monetize retail properties beyond the square meter.



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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.



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ROS Retail Outlet Shopping, headquartered in Vienna, is one of Europe's leading retail real estate consulting and centre management companies specialised in Designer Outlets and innovative outlet shopping concepts. The founders Thomas Reichenauer and Gerhard Graf are both committed professionals with many years of experience in the European outlet market as well as recognised personalities in the industry. The portfolio of ROS Retail Outlet Shopping includes Designer Outlet Soltau, City Outlet Geislingen, Designer Outlet Warszawa, Designer Outlet Gdańsk, Designer Outlet Sosnowiec, Premier Outlet Budapest, Designer Outlet Algarve, Designer Outlet Croatia, La Torre Outlet Zaragoza, M3 Outlet Polgár, Designer Outlet Luxembourg, Designer Outlet Kraków 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.



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CREATING SUSTAINABLE PLACES THAT REINVENT BEING TOGETHER – Unibail-Rodamco-Westfield is the creator and operator of unique, sustainability-driven retail, office and lifestyle destinations that connect people through extraordinary, meaningful shared experiences.



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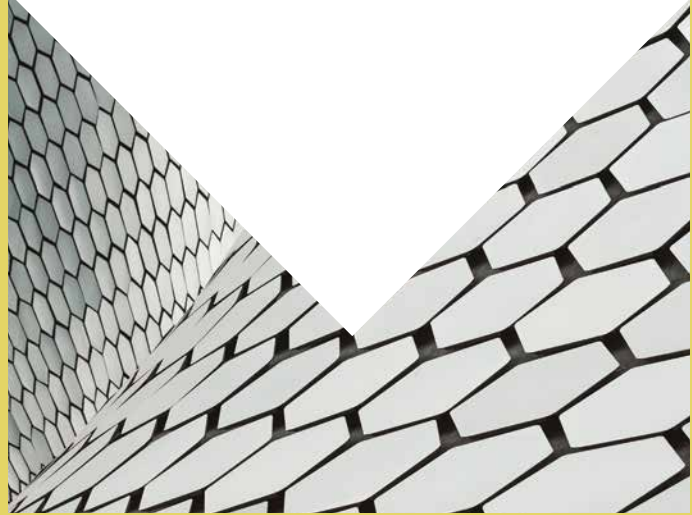
Union Investment is a leading international real estate investment company specializing in open ended real estate funds for private and institutional clients. Union Investment has assets under management of some €51.0 billion. Active in the real estate investment business for more than 50 years, Union 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.



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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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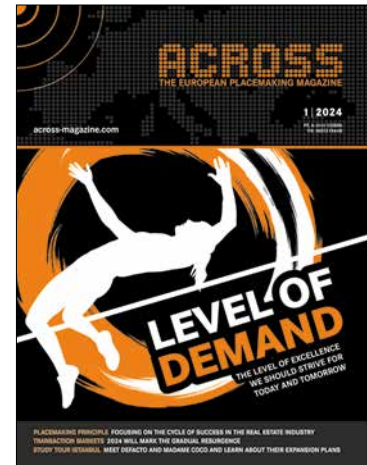
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