

Magazine RETAIL&FOOD

Interview with Peter Evans, vice president at Meyer Bergman

- **The deal with OVS for the Upim store at number 35-37 of Corso Buenos Aires in Milan has a double meaning: the Italian market and Milan remain at the centre of your interests; the high street is confirmed as a primary target for investors and a strategic channel for big brands. To what extent, however, do the health emergency and the consequent economic crisis on one end and the exponential growth of e-commerce on the other affect these elements?**

Milan is clearly one of the most important cities in Europe for retailers and the fact that OVS signed a lease during the health emergency lockdown is significant and shows tremendous confidence in the location and the City of Milan. The lease is a long term commitment and OVS are taking a long term view. Investors in this type of retail property are long term investors and focus on the quality of the location and the quality of the tenant, rather than the current health crisis which is more of a short term issue. E commerce is of course something that has been written about a lot and we have seen the effect on the retail real estate in the UK and the way that it has changed shopping habits and the expansion plans of retailers. Retailers are resilient and retailing has always been the most dynamic of businesses. Retailers are more focussed than ever in providing a more exciting customer experience and the growing e-commerce share of sales will drive this. Retailers are adapting to a omnichannel approach but the physical store is a very important part of this. The growth of e commerce will accelerate evolution in retail and will undoubtedly reduce the need for retail property as more people purchase goods through other channels. I believe that the stock of retail property will reduce but the quality of that stock will improve along with the quality of the offer and shopping experience.

- **With the bicycle path and the new interventions of the Municipality of Milan, Corso Buenos Aires is preparing to change its face and above all to host a slower traffic, made up of pedestrians and cyclists. How much does this urban transformation affect the value of retail real estate in that street, and yours in particular? Do you welcome or not these interventions?**

We have seen on many occasions elsewhere that any initiative that improves the quality of the experience of visiting the street will benefit the real estate on that street. On Corso Buenos Aires one does notice the poor air quality particularly in summer and any reduction in vehicles will improve that situation. We are very supportive of this initiative by the Municipality and will be collaborating with the City to accelerate the initiative. With wider pavements there will be less stress on pedestrians as it will be less crowded and more opportunity to place outdoor seating areas on the street, which in turn will attract more visitors and allow them to rest and ultimately spend more time shopping. All this will increase the attractiveness of the location for visitors, residents and retailers which will all enhance real estate values.

- **In Corso Buenos Aires, you are active also with another important project: the former Corti di Baires. How long does it take to complete this project? Has the lockdown somehow slowed and / or changed your plans?**

We will hand over the retail units (6,500 m²) in April 2021 and the residential units (161 apartments) will be completed in September 2021. The lockdown has delayed the project by around 4 or 5 months, due not only to the time we could not work on the site but also the disruption to the supply chain in the weeks preceding and after the lockdown. Having said that we are very happy with the interest from retailers and we will shortly be signing our first two anchor leases. The residential sales have gone exceptionally well and we have very few left.

- **Looking at your portfolio, which other projects do you have in Europe? How's your total financial investment in retail real estate today?**

We have moved away from pure retail assets over the past few years after buying our last one in 2014. We now have a diverse portfolio of urban mixed use property in key cities in the UK, France, Germany, Ireland, Norway and Sweden. We are also very acquisitive on our 'Crossbay logistics platform' which holds around 40 assets in Italy, Spain, France and the Netherlands, with an ambition to grow this number substantially. The value of our AUM is currently of €3.9bn.

- **Finally, with the closure of over 1,200 stores worldwide by Inditex, the difficulty of the fashion segment is confirmed, even more clearly, also related to a theme of costs and rents both in shopping centres and in urban locations. How are you planning to face this market phase, especially in terms of collaboration with tenants?**

As mentioned there will, in the future be generally less demand for retail property but we believe that there will always be strong demand for the very best retail locations. As a first principle therefore we only acquire property in the best, most resilient locations. Retailers in the future will require a flexible and collaborative relationship with landlords and therefore if one want to attract those best in class retailers, landlords will have to be treat their tenants as business partners rather than tenants. A fundamental part of making this a successful and symbiotic relationship is selecting the right tenant and the right tenant mix for the location. In that way we can all be successful.