

Interview VG Visie – May 2021

English translation

AMBITIOUS REDEVCO AIMS TO STRENGTHEN POSITION IN MAJOR CITY CENTRES

The fact that Redevco Nederland has strengthened its team by adding Transaction Manager Fleur Abas demonstrates the new course being taken by one of Europe's largest retail and residential real estate investment management companies. Along with Development Manager Robert Bakker she gives details of the ambitious strategy, which also has an element of sustainability.

Redevco? Isn't that the retail real estate investment company with a portfolio consisting mainly of C&A buildings? Well, no. When the company was founded 20 years ago by the Brenninkmeijer family, C&A was indeed a major part of the portfolio, but according to Robert Bakker a lot has happened since then. 'Redevco has made great strides, both in the Netherlands and elsewhere. This has resulted in a pan-European portfolio that has a total value of 6.7 billion euros and comprises 280 retail buildings. A couple of years ago there were 400, but as an inherent feature of the new investment strategy we have sold a lot of retail real estate to make room for the implementation of the new strategy. By redeveloping and investing in larger buildings we have reduced the number of properties we manage, but the value has remained virtually the same.'

Adding Fleur Abas to the Redevco Nederland team is consistent with the company's plans to grow and to include new types of real estate, such as housing, in its portfolio. She joined us at the beginning of February from real estate agency Merin, where she held several positions in the field of Transactions, Asset management & Development. 'Before that I worked as a broker for companies such as DTZ Zadelhoff,' she explains. 'I also owned a real estate consultancy oriented to both private and institutional clients. Along with a large network, I can put the knowledge and experience I have gained in the past 25 years in Dutch real estate to good use in my new position as transaction manager at Redevco Nederland.'

When did Redevco initiate this new course?

Abas: 'More than five years ago. Online shopping was becoming an increasingly significant factor, so the retail market was already changing radically, a process that has actually been accelerated by the COVID-19 pandemic. Research into the changing retail landscape by the Redevco Research & Strategy department led to the new investment strategy, which is now being pursued throughout Europe.'

[streamer:]

'We can hardly wait for the dynamics of the market to return fully, because that will offer new opportunities'

Bakker: 'Redevco has deliberately opted to focus on city centres across Europe, which all have excellent facilities in areas such as public transport and higher education. That's where we see the best growth opportunities, which go hand in hand with diversification of our investment portfolio. Alongside retail we have embraced housing as a new asset class. We are going to invest heavily in this in the years ahead because, in addition to shopping, working and leisure activities, housing forms part of the lively, multifunctional city centres that we believe in.'

Abas: 'We are divesting retail properties that no longer fit within the strategy, especially in small and medium-size cities. But that doesn't mean that there is anything wrong with them, in fact the opposite is true. Almost all the buildings in the Redevco portfolio are at good locations that could be of interest to other developers and private investors. By selling them we want to create the financial resources and leeway for the large-scale plans that we have in major city centres.'

Could you give some details of those large-scale plans?

Bakker: 'By redeveloping existing properties we aim to add substantial numbers of apartments to city centres – and thereby to our portfolio.'

Abas: 'Five/six-floor retail buildings no longer suit the shopping behaviour of today's consumers. Concentrating the retail on the ground floor and possibly the first floor allows the upper floors to be converted into large numbers of homes. We are focusing on affordable homes in the mid-range segment.'

Bakker: 'In addition to converting existing floors, we can also consider adding floors. So, we would then look specifically for large one/two-floor retail buildings. As they generally have a robust supporting structure, they can bear a few additional floors. A hotel or workspaces are among the possibilities as well.'

Abas: 'A common factor of all the redevelopments is that single-use makes way for mixed-use, by adding new functions to the building's existing retail function.'

Bakker: 'The redevelopment of Vredenburg 19 in Utrecht shows that we are open to more ways of making use of space. There used to be a C&A, now there's a Decathlon. The floors above have been modernised and are being used by Zalencentrum Vredenburg. Another good example is the C&A shop in Eindhoven, which thanks to the redevelopment now offers room for retailers like Hema, Rituals and – shortly – Starbucks. Furthermore, the upper floors are also available as excellent co-working spaces.'

[streamer:]

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No apartments in the redevelopments up to now?

Bakker: 'Until recently, apartments were less well suited to the buildings in which there was free space. We are investigating more frequently, along with architects and municipalities, whether apartments could be built. That is often possible from the second floor up, as in the C&A building in Groningen. So, we now have a lot of city-centre retail properties that are ideal for a redevelopment in which apartments are a possibility. The C&A on the Coolingsingel in Rotterdam for example. In any case our Mission2040 plays a big role in all the redevelopments and acquisitions: the entire Redevco portfolio must be CO2-neutral in 20 years' time.'

Abas: 'In big cities we are also in the market for newly-constructed buildings and redevelopments of properties not managed by Redevco. It is still too early to name the location, but in the Amsterdam region we are involved in our first acquisition in this field, namely a development that will provide us with 172 sustainable and affordable apartments. Additionally, taking over portfolios, entering into joint ventures, and an increase in asset management for other institutional investors will help us achieve our target: a sustainable and varied real estate portfolio with a value of ten billion euros in 2026.'

Plenty of work to do, it seems...

Bakker: 'Right, in all respects. We can hardly wait for the market dynamics to return fully, because that will offer new opportunities.'

Abas: 'It is characteristic of Redevco that in the spring of 2020, when the first lockdown was announced, we talked straight away with our tenants so as to give them clarity and breathing space. That was – and still is – highly appreciated, as I have discovered many times when making the acquaintance of tenants in recent months. In the past year, Redevco has had intensive discussions with the tenants, always with the viewpoint that together we will make things work. And now that the COVID-19 measures are gradually being relaxed, retailers are keen to get busy once again on what they do best.'