

# Where retailers go to find the **hot properties**

Mipim is known as the international property scene's barometer and, as **Ben Cooper** discovers, for retailers it is the first chance of the year to test the climate overseas



**T**he glitz and glamour of the Côte d'Azur shows have been known to mask a sea of troubles. And with the rocky state of property markets since 2009, there's no denying that in recent years Mipim has been at times a tense affair.

But this year something feels different. Stability seems to be returning in the Eurozone; in the Middle East retail development has sprung back into life; Russia and Turkey are surging ahead with a major pipeline of shopping centre space; and in Brazil – one of the countries of honour this year – the World Cup has sparked a flurry of development and retail opportunities.

But with such a complex global scene, it's hard for retailers to pick their way around. Predictions are made and broken, regions fall in and out of favour, trends come and go. So what do the retailers really need to know before Mipim kicks off, and what looks set to be the big talk of the conference?

After a shaky few years the talk has turned

## Mipim: biggest yet

With organisers expecting a turnout of over 20,500 delegates, all hungry for the latest rumours, the best information and the chance of getting deals done, the 25th anniversary Mipim is shaping up to be the biggest of its kind for some time. It takes place at Palais des Festivals, Cannes, France, from March 11 to 14.

For more information visit [www.mipim.com](http://www.mipim.com)



once more to expansion and growth, and for retailers there are new opportunities to explore. Turner & Townsend director Peter Cummings says: "There are more retailers who are pushing the geographical boundaries. There are new markets and emerging markets that they want to be in; some of the big retail brands are exploring how they can get into eastern Europe and southern European markets."

One thing that can be guaranteed to raise a few pulses is the arrival of new retail brands to a region. In Europe, the steady stream of new retailers hunting for space has offered continual hope throughout the downturn, especially for London, which is invariably the starting point.

Cushman & Wakefield head of global retail John Strachan says: "There is still a lot of talk about US brands coming to the UK. Particularly in the luxury and premium sectors. It's pan-European but particularly in the capital and gateway cities. The only difficulty is lack of the right stock in those markets." ↘

For the luxury brands that are looking to expand, the markets are there throughout Europe, the Middle East and parts of Asia. But the types of retail property they are after – on the whole the prime high streets – are few and far between. One of the big topics of conversation at this year's Mipim might well be a developer bucking that trend.

Westfield has made its mark on UK retail, with two game-changing centres in London that, unusually, include the type of mall space that has attracted high-end luxury and high street retailers. And while the Australian developer's next big project destination, Milan, is a while off, its reputation precedes it.

### Global outlook

It wasn't that long ago that all the talk was of the emerging BRIC nations – Brazil, Russia, India and China. And when it comes to development these are still very much in vogue. Major retail projects are underway in and around Moscow, Brazil is booming with opportunity for investors and China has an incredible 5,000 shopping centres under development. The prophecy has been proved accurate.

But despite certain stands exhibiting some of the grandest, most enticing plans from international development in these countries, retailers need to look before they leap, according to Strachan.

"Retailers have found lots of barriers to entry in Russia, India and Brazil," he says. "Two to three years ago all the talk was about the BRICs. Now it's very much focused on China; there is still a lot of opportunity there."

Matt Paulson-Ellis, associate at London-based property consultant DE&J Levy, says that even with all the opportunity in the world, selective expansion is the best bet for retailers, even if it costs more to be in the top spots.

He says: "Mipim's a big market for the big brands and it's becoming even more so. But the major requirements have become for flagship



Mipim brings together the most influential players from all international property sectors



stores. To become a global brand you have to be on the right streets, like the Champs-Élysées or Bond Street. It's not really about justifying the rent for the sales they get on these streets, it's about the marketing."

For a retailer looking to make an impression on the international scene, Mipim is just the venue to get plans in place. And with every type of retail space in every type of location on offer, they're spoilt for choice.

But one radical change in retailing is making property directors cautious, says Paulson-

Ellis. "In a multichannel world retailers don't need as many stores," he adds. "Especially for a high-end retailer they need a retail presence in the right place partly to make the online sales work. There is high demand in places like Paris and Milan; if they are going to be a global brand they have to be in all of those locations. You can be a global brand with only a few stores in the right locations; you don't need 100 stores any more."

Cummings adds that retailers need to use the rare opportunity to meet with the global market to think strategically, especially if widespread expansion is on their agenda. Selecting a developer could be just as important as selecting the space.

"As they get bigger that presents a number of challenges," he says. "Global consistency is a problem; they are moving into other people's space so there is also the developers' brands to think about. They have to think about their global brand as well as local shoppers."

Mipim is a rare physical congress in an increasingly virtual retail world. For retailers, international expansion has become a tricky business. Opportunity and risk can be found in abundance throughout a real estate market that has crossed borders and made worldwide retail a reality, and now more than ever, knowledge is key to getting it right. ■

## The benefits of joint-venture partnerships

Behind the scenes, the funds that own and run the centres are going through their own period of change and cross-border activity, a shift that could have long-term implications for retailers looking for that all important global consistency.

Neil Varnham, managing director of specialist retail fund and asset management firm Pradera, believes that retailers should be well aware of these changes, and be prepared to take full advantage.

He says: "The market is seeing more strategic joint-venture partnerships between generalist funds and specialist retail asset managers

being established, utilising the knowledge of the specialist to assure the successful running of the asset.

"Bringing the larger portfolios with access to finance alongside the specific asset management skills of a smaller retail specialist, means that funds can concentrate on making returns for their investors, while the retail specialist makes the asset work on the ground.

"This is a major plus for retailers, who can be assured that sites are being run by someone who understands their needs within the ever-changing consumer marketplace."