

Redevco recalibrates business to focus on climate and social impact mega challenges



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Redevco, one of Europe's largest privately owned real estate managers with around €10 billion in AUM, has adopted a more holistic approach to investments in urban areas in recent years. The company is diversifying its traditional High Street retail portfolio into mixed-use investments and other property sectors such as residential. The shift follows a dramatic slimdown of the portfolio in terms of number of assets – but significantly not the overall value – to focus on investments in western European urban centres that Redevco's pioneering 'City Attractiveness' big data research model indicated were best aligned with long-term trends including urbanisation and structurally ageing societies, that are increasingly determining the future success of real estate investments. The pendulum of Redevco's strategy has also swung heavily towards investments that address the two great challenges of our age: climate change and social justice.

"In order to deliver the right property in the right place, you really need to know a city very well," says Brigit Gerritse, Head of Research & Strategy at the Amsterdam-based urban real estate company. Our deep experience in retail, the most sensitive of all property sectors to technological advances such as e-commerce and fickle social trends, make us well-placed to adapt to the new investment world that is emerging and help our cities become more liveable, sustainable and futureproof."

Why has Redevco moved into living, leisure and hospitality?

We have been repurposing obsolete retail properties for some time and by further diversifying our portfolio, we believe we can add greater value to our existing assets as well as entire neighbourhoods. Our broader focus also reflects the evolution of the real estate industry itself and the growth of niches such as assisted living, student and senior accommodation, last-mile logistics centres and self-storage. The classic property categories that Redevco has traditionally invested in – retail in cities and warehouse parks – remain a priority but nowadays investors like us, who are expanding their focus, need to have a deep understanding of all the sub-segments and their specific supply/demand fundamentals. An ageing population, more single households and growing demand for suitable, high-quality build-to-rent housing solutions make the 'living sector' particularly attractive alongside leisure and hospitality.

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What are the key challenges arising from the megatrends sweeping through Europe's urban areas and how is Redevco addressing them?

The impact of climate change is evident everywhere and we urgently need to find solutions for heat stress, flooding, water shortages and reduced biodiversity. Growing urban populations will exacerbate these problems but developing greenfields will only create new ones. We must avoid further suburban sprawl and find solutions in the existing urban fabric of our cities.

The other Herculean task we face is to make our cities more socially just. Attainable housing is key to achieving that goal. We believe well-connected urban environments with

a mix of functions such as shops, offices, community services, catering establishments and cultural facilities will keep cities attractive.

The '15-minute city' of self-contained neighbourhoods is a concept we embrace. We are looking to transform shopping streets into destinations by adding small offices and studios for artisans, and to bring back public buildings into inner-city centres to make them more dynamic.

What competences does Redevco require to make its portfolio sustainable and future-proof?

Redevco is a family business, and it is deeply embedded in our DNA to leave the world a better place for the next generation. It is vital to have the right mindset and to keep an eye out for opportunities and we also need to think carefully about what needs to be done, the best possible solutions and how these can be implemented. Redevco is a modest company, but we must be bold if we are serious about our ambition to lead the transformation of our cities. Leaders attract followers by talking about their successes and inspiring others to join the movement. We're not used to doing that yet, but we are learning.

Repurposing is one of the cornerstones of Redevco's investment strategy. What are your experiences so far?

Repurposing obsolete assets makes them commercially, technologically and environmentally resilient and enhances the attractiveness and liveability of the surrounding location. Our goal is to make our entire portfolio Net Zero Carbon by 2040. To contribute to a circular economic model, we are rethinking our development processes and encouraging our asset and development management teams to integrate disassembly and innovative construction methods to reduce waste and recycle building products as much as possible.

We have already learned a lot about this through our participation in Madaster, the online registry for building product passports. We applied the cradle-to-cradle building concept during the construction of

The Leaf, our retail park in Ternat, Belgium, and repeated the lessons learned there during the extension of our recently re-opened Rich'l retail park in Waterloo. We used timber in the construction of both assets and are doing the same in two major redevelopment projects in Groningen in the Netherlands and Hamburg in Germany. We will continue to re-use existing structures as much as possible and build further on these examples to create a new generation of high-quality, agile, multi-use buildings that can adapt to the needs of several generations to come.

What measures are you taking to improve the existing portfolio?

The energy transition is a major priority. We are setting clear energy consumption targets for every asset post-capex, are replacing fossil fuel-based installations with all-electric solutions and are collaborating with our tenants to ensure that each property makes clear progress towards 'zero carbon in operation' status. We also calculate upfront/embody carbon related to any work we do in a bid to minimize our environmental impact and focus increasingly on how capex can have a positive social impact by contributing to the health and well-being of the building's future occupants.

How do you see your own role in contributing to vibrant, dynamic and sustainable urban locations?

I see my task as challenging my colleagues to understand what we can achieve and inspiring them to create new examples of future-proof places where people love to be. A key priority is also to learn how to measure a building's social value – after all, a building with no social value does not have a future. Lastly, I hope I can help foster a relationship of greater trust between the real estate industry, governments and local communities. By working together, we will gain a better understanding of each other's perspectives which will help us create a recipe for success.

