

MAPIC ITALY

KEY TAKEAWAYS

Written by Roberto Pacifico, journalist **MARK UP**

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MAPIC Italy



MAPIC Italy - exhibition area

MAPIC Italy and Food & Beverage welcomed more than 2,000 participants, from 49 countries. The exhibition space, enlarged compared with the previous year to accommodate the Food & Beverage area, hosted 82 stands and over 800 national and international retailers representing 180 brands.

“MAPIC Italy has confirmed its leadership in Italian retail and real estate,” said MAPIC Director, **Nathalie Depetro**. The timing was also

perfect for the launch of the new MAPIC event dedicated to the food & beverage sector. Today, one-fifth of total visits to chain restaurants take place within retail environments and levels are rising. We have to pay attention to this data. During this opening edition of MAPIC F&B, I observed a particularly energetic union of F&B retailers mixed with developers, specialised operators and master franchisors to present the innovative concepts shaping future culinary trends around the globe”.

1 NEW: MAPIC FOOD & BEVERAGE



MAPIC Food & Beverage - exhibition area

MAPIC Food & Beverage was the major new initiative for this 2018 edition: A magnet that gave greater international appeal as well as a dynamic touch to the established MAPIC Italy.

Many firms participated with their booths, among which featured Delifrance, Foodation, Caffè Napoli, Dante's, Lowengrube, the large stand for Pascucci, which is about to open a huge venue next Central Station in Milan, Cioccolatitaliani, Spontini (one of the suppliers in the refreshment area that has achieved tremendous success), approaching now the shopping mall market (initially at Scalo Milano then recently at Assago), Rinaldini Pastry, which opened a store at Via Santa Margherita in Milan; and Mamaburger, the Dutch Wok to Walk, which is not yet in Italy but has a very compelling gastronomic offer (Asian fix), Bottega Portici, Nordsee, and of course the large multi-brand catering groups such as **Chef Express, Cibiamo Group and Cigierre.**

Among "visiting brands" were Jamie Oliver Group, Cafè Rouge, Five Guys, Starbucks and Kentucky Fried Chicken (Kfc).

MAPIC Food & Beverage also attracted the interest of top-level international Masters Franchising companies, such as Allied Investments Amrest, Azadea, Blackwood, CAA Global Brands, Civitano, East West Hospitality Group, Multifranquicias, Valiram Group; travel operators including London Stansted, Manchester, Geneva, Rome and Milan airports, the railway operators SNCF Retail & Connections and Grandi Stazioni.

Several important international real estate investors also participated, attracted by the Food & Beverage event: among them, Capitaland, Capital Holdings, CP Group, Housing Private Limited, intu, Inmuebles Panamericana, Iran Mall, Union Investment, United Developers/Place Vendome and Westfield.

Discover **MAPIC Food & Beverage**

2 ITALY SEEN BY INTERNATIONAL RETAILERS: UPCOMING NEWS!

Italy is a key country for the internationalisation strategies of European and global brands. Metropolitan cities such as Milan and Rome and the large shopping centres of (but not limited to) the North, are the most sought-after venues, especially to launch the flagship stores and/or the first points of sale for a chain.

This is what came to light on the first day of MAPIC Italy, from the speeches of **Herve Montaner**, European development director of Sephora; **Francesco Zhou**, General Manager of Xiaomi Mi Store Italy; **Alain Houli**, Head of development, Italy, for Habitat, and **Roberto Bonati**, CEO & Chairman of Bonati & Partners.



Chinese brand **Xiaomi**, the world's fourth largest smartphone producer, after climbing sales in China, aims at expanding in Europe and in particular in Italy, where it opened on May 26th, 2018, its first store in the shopping mall Il Centro in Arese. Founded in 2010, the Chinese company has a consolidated turnover of US\$100 billion and operates in sectors including mobiles, IoT and all connected devices. The distinguishing feature is its value proposition. With over 1.000 stores worldwide, Xiaomi aims to become one of the first technology players globally.

SEPHORA

Sephora opened its first flagship store in Italy in the central Piazza Argentina (Corso Buenos Aires, Milan) and since then it has developed a network of leading and signature/iconic stores in the cosmetics sector. The natural development locations are still the shopping centres where the French brand traditionally generates its strongest performance. However, omnichannel retailing has become particularly interesting, although it is worth emphasising that in cosmetics, physical stores maintain their central role for trying products.

habitat

Habitat made its comeback to Italy in style in the shopping district of City Life in Milan. For the furniture and homewares retailer, currently present in 23 countries with 100 stores, Italy represents an important opportunity: the flagship store opened in Milan-City Life is also the model for other European and foreign developments, starting from the new store in Lyon, modelled on the Milanese concept. Besides shopping centres, smaller shops are also expected in the city centre, depending upon results. A key point for Habitat is the stores' size – while it has downsized from the 2,500 sq m of the French format to 800 sq m., this size is not easily achievable in shopping centres. Habitat, thanks to its web presence, has been able to reduce the size of the stores and online shopping has now reached 10% of the brand's global business.

Bonati&Partners

According to Roberto Bonati from **Bonati & Partners**, the international development of retailing in Italy represents huge opportunities. The experience gained with the Tally Weijl network started as a gamble, and now counts 220 stores, and aims at counteracting global fast-fashion networks. E-commerce is not vital for this brand, but having the assortment available on the internet is an asset. The goal is making the in-store experience unforgettable. Its presence in historic centres in large cities is subject to rentals costs, which have exploded in Milan and Rome. According to Bonati & Partners these are the only two cities attracting retailers. However, it is wrong to overlook suburbs which, if known, can produce important economic returns.

3 IN WHICH DIRECTION IS ITALIAN REAL ESTATE GOING: “THE NEXT MILES OF THE ITALIAN RETAIL REAL ESTATE”



Pierre Marin (JLL Italy), Joachim Sandberg (CUSHMAN & WAKEFIELD, Alessandro Mazzanti (CBRE Italy), Guglielmo Pelliccioli (IL QUOTIDIANO IMMOBILIARE), Massimo Moretti (CNCC)

The opening session of the second day of MAPIC Italy, organised as usual by CNCC, was an opportunity to consider the current status of the commercial real estate market in Europe and in Italy through data and analysis provided by three leading companies in real estate services - CBRE, Cushman & Wakefield and JLL. **Pierre Marin**, CEO of JLL Italy, reported that in 2017 the retail market recorded total investments of €50.6 billion, representing 50% of global investments in Europe, with a growth of 2%. This trend is still ongoing in 2018.

Off-price stores are the ones particularly growing thanks to the saving value proposition offered to the consumer, therefore, this remains a very attractive alternative to online shopping.

Geographically, Central Europe is mainly expanding. Germany and the UK split an overall 40% market share equally; Italy instead has 4%, right behind Spain, which attracted 7% of the total volume of investments that was channelled mainly towards shopping centres (36%) and the high street (28%).

The market is characterised by an abundance of liquidity but a lack of projects. There has been a reduction in profits and a trend among many investors to simplify portfolios. JLL's Marin outlined a positive prospect for Italy over the medium term: "From the €800 million total investments recorded in the first quarter we

can expect a 2018 closing with a total volume of €1.4 billion," he said.

There is a pipeline of 43 projects in development, 16 of which are expected to be finished by 2021.

The Italian market has suffered a lack of quality assets, with many secondary shopping centres, many of which have become obsolete, constraining growth. Investment capital in Italy is mainly European, characterised by an absence of Italian and American investors. The pipeline in 2018 promises better performance compared with 2017 and a predominance in Northern Italy, with some activity prospects in the South of Italy.

For returns, the market is witnessing a phase of stability for both shopping centres and outlets. The high street has a different trend, with very high square-metre prices that hold out the prospect that there is a trend towards stabilisation,

The analysis of **Joachim Sandberg**, Head of Italy & Southern Europe Region, Cushman & Wakefield, about the impact of e-commerce at a global and Italian level is particularly interesting:

"According to Cushman & Wakefield the topic of dead malls, which has been discussed recently, should be analyzed more in-depth than before. First of all because markets are different and

competition is a constant element of every sector: e-commerce is not an exception in that. For instance, in the USA the shopping centre density per capita is ten times the Italian density. Today e-commerce is mainly represented by Amazon, a player which in the face of an extraordinary growth and turnover, has very limited margins. ”

“e-commerce is not breaking down the industry of shopping centres,” he added, “rather a combination of factors that can be managed and piloted. The future depends on consolidation of customers who are loyal to experience. To sum up, the formats must adapt and evolve also considering an increase in turnover between openings and closures.”

e-commerce represents 14.8% of “retail spending” (retail purchases) in the USA in 2017, but this is significantly lower in Europe (8.8%) and even lower in Italy (3.4%). According to Cushman & Wakefield (bricks vs clicks) research, this percentage should grow up to 5.3% in 2021.

The main message which emerged during the convention, is the need for shopping centres to integrate within their offer other interests and entertainment focusing on customer experience. To take a statement by **Alessandro Mazzanti**, CEO of CBRE Italy, the mere purchase



Joachim Sandberg
(Cushman & Wakefield)

of products will no longer be the only reason to go to a shopping centre, which is not a local shop and implies therefore a ‘not immediate’ transfer. This trend results in the following ongoing phenomenon:

- An inexorable reduction of hypermarket space
- An increase in the space dedicated to Food & Beverage choice
- Demand-side response of products and tenant mix, with a gradual reduction in fashion
- A higher component of attractive spaces for socialisation and leisure time.

Mazzanti said that technology has a relevance in the growth and transformation of shopping centres. How does CBRE imagine the future? With a very high integration between the purchase and the personal reality. For instance, with smart changing rooms that will mix the offer at the point of sale with a personal wardrobe in an interconnected way to display customised offers.

Selling spaces may become showrooms, where the purchased merchandise will be delivered at home. This will imply the zeroing of the store warehouse. A great change that should be verified.



Digital lounge

SHOPPING CENTRES NEW DEVELOPMENT MODELS



Roberto Zoia (IGD SIIQ), Nicolas Conti (CDS), Giuseppe Amitrano (GVA REDILCO), Guglielmo Pelliccioli (IL QUOTIDIANO IMMOBILIARE), Massimo Moretti (CNCC), Luc Lescault (FALCON MALLS)

Interesting contributions about this topic have been provided by some market players who took part to the event. **Luc Lescault**, Marketing and Communications Director at **Falcon Malls**, summarised the trends that investors are following:

- Valorisation of the *entertainment* part of shopping centres (for instance at Sesto San Giovanni, where the leisure area will cover 12.000 sq m);
- The weighting of fashion will settle at 50-55%;
- ‘*Theatricalisation*’ of shopping, which will be considered a total experience including playful and social aspects;
- Settlement of new projects in functional, wider urban contexts that will include residential, hotel and management elements.

In this regard **Nicola Conti**, Real Estate and Development Director of Scarpe & Scarpe, said that today “you have to distinguish between

two emerging categories of real estate products with a retail prevalence: the new urban polarities such as *Aura-Valle Aurelia* in Rome and *Adigeo* in Verona; and the new experience centres such as the *Aedes project in Caselle* - with the first family entertainment centre in cooperation with National Geographic - Westfield Milan and *Il Centro in Arese*”.

An example of new concepts and the evolution of retail format can be seen in London, where *Uniqlo* occupies seven floors, only two of which are dedicated to pure retail sales; this *Uniqlo* flagship figures among tourist destinations.

Massimo Moretti, President of CNCC (National Council for shopping centres), concluded by saying that: “*Today the shopping centre market is mature and solid in Italy, not afraid of the threat of online, increasingly oriented towards multi-channel and new formats that are more and more privileged places of entertainment, social and feelings of belonging.*”

4 DATA: THE NEW COLLABORATION BETWEEN SHOPPING MALLS & RETAILERS

BIG DATA, NEW PARTNERSHIP MODELS BETWEEN SHOPPING MALLS AND RETAILERS



Massimo Pozzi (KIABI Italy), Massimo Baggi (IPER), Alessandro Zanotti (ACCENTURE), Tiziana Tini (EX. LUISAVIAROMA/SALVATORE FERRAGAMO), Alessia de Col (AMAZON), Fabrizio Valente (KIKI LAB)

The Digital world was prominent, an innovation at MAPIC Italy. Protagonists of the first day's panel, called "Big Data: new models of collaboration between shopping malls and retailers" were digital players, during which topics such as data management, CRM & Loyalty, ways to increment customer engagement and procedures to treat sensitive data were discussed in depth.

Among the panellists were **Alessia De Col**, Business Development Lockers & Pickup points at Amazon, **Alessandro Zanotti**, Managing Director Accenture Products & Digital Customer Practice, **Massimo Baggi**, Marketing and e-commerce Director at Iper, **Tiziana Tini** specialist consultant in Digital Marketing, **Fabrizio Valente** of Kikilab and **Massimo Pozzi**, Real estate & Tech services development at Kiabi.

Pozzi said: "We intervened at MAPIC Italy with a report on our first 40 years in the world, 20 in Italy, which represents the third market after France and Spain. Today Kiabi Italy counts

33 shops with 700 enthusiastic staff members (calling themselves Kiabers). We are intensively working on new forms of relationships with landlords and experimenting with practices across three main aspects: data exchange about traffic in galleries, in-shop entrances and conversion rates; information regarding sources of attractiveness and communication campaign implementation; deepening relationships and information exchange for CRM, in full compliance with rules to protect privacy".

The main message emerging during the debate was that the "physical" store is not going to lose its importance; on the contrary it will maintain its attractive role not only for purchase, but also as an integrated platform in an omni-channel purchasing process. In this context, it becomes fundamental as a collaboration between retailer and gallery in data and information sharing to create experiences, promotions and ad hoc services to promote to new consumption groups, such as Millennials.

5 ITALIAN PROJECTS

1 • MAXIMO, ROMA LAURENTINO



Among the projects presented at **MAPIC Italy**, shopping centre Maximo will be open in Rome, close to EUR less than a kilometre from GRA (Ring Road), on Road Laurentina over Tor Pagnotta.

Maximo will draw from a catchment area of 3.5 million inhabitants located within 40 minutes' travelling time. Totalling **60,500 sq m GLA (Gross Leasable Area)**, it will be distributed across three floors. The offer will include 165 shops, of which 30 will be restaurants and bars and 10 MSUs, a hypermarket, a multiplex cinema, a fitness centre and two wide areas revolving around restaurant. Among the new elements of the centre will be a path dedicated to street food.

The main roads close to the new shopping centres are Pontina in the west, GRA in the south, and driveway Oceano Atlantico in the north. The urban intervention implies the realisation of new parking sites, green areas and a connection to cycle paths. The shopping centre will be

connected to public transport (metropolitan, autobus, stop Laurentino).

The developer, **Parsec 6**, predicts an investment of €300 million, with complete financial coverage and the expected creation of 1,300 jobs. (Parsec 6 is a special purpose entity owner of the area and developer of the project, chaired by Vanes Galanti and managed by sole shareholder Capital Dev, **Claudio Calabi** and **Pietro Boiardi** are part of the Parsec 6 board).

Maximo shopping centre is certified at BREEAM "Very Good" level. A trigeneration facility will ensure the energy self-sufficiency of the complex, with important cost savings for tenants.

"Commercialisation has already started and it is at 50% pre-lease - confirmed **Massimo Teppa**, responsible for leasing and relationships at the Roman constructions site - we cannot communicate the brands yet, but among the news I can already tell that we are going to open one of the first, if not the first, street food area in a shopping centre [in Italy]. The third floor of the centre will be entirely dedicated to spare time, with a family entertainment centre and cinema, food & beverage area and a gym".

Leasing and management have been assigned to **Cushman & Wakefield**, which will be in charge of selecting brands and operators for smaller units, after having completed the commercialisation of the anchors (MSUs with strong appeal), in order to guarantee a balanced distribution of traffic flows in the galleries.

Restaurants will be positioned towards a big, open square which will not only host cultural, leisure and commercial events - on a total surface of 15,000 sq m - but will also represent a meeting point between Maximo and the surrounding neighborhood of Laurentino.

2 • EMILIA DISTRICT



Emilia District, the new trade hub that will be opened in Autumn 2019 in Parma, in viale delle Nazioni, by **Impresa Pizzarotti & Co** and **Sonae Sierra**, has already started selecting the first brands, among whom are famous Italian and international retailers such as the six Inditex brands (*Bershka, Oysho, Pull & Bear, Stradivarius, Zara on two floors, and Zara Home*) as well as *Calzedonia, Intimissimi, Tezenis* (Calzedonia Group) and *Euronics, Pittarosso, Game 7* and a superstore *Conad* that will cover 4,900 sq m.

These first tenants have been confirmed by **CBRE**, the international consulting and real estate services company which is managing Emilia District commercialisation. These areas are characterised by the presence of 10 MSUs, in addition to specialist units planned for the retail park.

Emilia District project is developing a total of 75,000 sq m GLA, split between the shopping centre (54,000 sq m) and the retail park (21,000 sq m), and will include 167 points of sale, 153 of which will be located in the shopping centre and 14 in the retail park.

In addition to the traditional offer revolving around fashion and accessories, consumer electronics and mobile phones, health and free time, the Emilia District project will include a multiplex *Starplex* with six screens and around 1,290 seats in total, plus a food court on the first floor, directly linked to the cinema area.

3 • OFFICINE S



Officine S in Turin is a new urban regeneration area, a multi-functional format located in **Turin** on Spina 3 (in the Northern area of the city) whose aim is becoming an attraction and destination in the surrounding area, focusing on food excellence, from raw materials to processing to consumption.

The project will address the whole Turin community, with a particular focus on 340,000 inhabitants within 10 minutes' travelling time of the area.

The **food hall**, which will be inaugurated in Spring 2019, will occupy the former Officine Savigliano Workshops areas, a building which represents the heritage of industrial Turin and used to host production and maintenance of rail materials and steelworking structures.

After a first requalification intervention in 2009, a commercial gallery has already opened on the ground floor of the building, in addition to a management centre hosting different companies and several kinds of loft spaces available on the two other floors. The structure has recently been purchased by the real estate SPV (special purpose vehicle) Savigliano in Agrate Brianza and is currently hosting two food hubs, the supermarket *Il Gigante* and the discount retailer *Lidl*, located at the two opposite ends of the 300m-long gallery, and will be completed with the new opening of around 40 commercial spaces.

The food & beverage offer will include restaurants, street food kiosks, food shops, but also a platform of services and leisure for local residents. The services will be pooled in two groups dedicated to personal care and health.

Officine S is close to Dora Park. The opening of a new bridge over the River Dora, the landfill of the railway, the rebuilding of Baldissera Square and the recent, even if only partial opening of Corso Venezia, are giving a new focus to a former industrial area, which now has a strong service and housing calling.

The position of Officine S will be enforced by the upcoming opening of the new underground

station Dora which, once inserted in the metropolitan railway system, will become an underground line able to cross the city from North to South in only 15 minutes, connecting the main hubs of the network to public transport network and interchange points with extra urban railways and Caselle airport.

The Officine S project has been assigned to **Laurenzi Consulting** of Rome, while the turnkey development is being managed by **Gruppo Policentro**, which has been in operation for more than 40 years in Italy and abroad in the development of shopping centres and multi-functional buildings.

SCHEDA

Total GLA (sq m):	12.600
Points of sale:	37
Restaurants / bars / street food:	10
Food shops:	6
Cooking school / shop:	1
Services (sq m):	1.600
MSUs:	3
Parking spaces:	1.012
Medium food outlets (sq m):	5.780
Employees in offices:	1.200 employees
Residents in lofts:	100

See you next year in Milan on 8-9 May!

and remember to stop by
at MAPIC Cannes (14-16 November 2018, France),
the leading international retail real estate event!