

Making value, Meridia-style

From glamping to digital nomads and the hotel sector – meet the value-add investor creating opcos in Spain and Portugal

BY ROBIN MARRIOTT

Meridia, the Barcelona-based firm, has been busy building operational real estate platforms amid a mature market for value-add investors.

Despite Spain having one of the highest GDP growth rates in Europe and significant opportunities, firms such as Meridia have had to contend with a slower investment market purveying the whole of Europe, and before that, high prices that have made higher returns more difficult to achieve.

Its response has been to engage in classic private equity real estate-style: create value by investing in opco platforms, thus deriving juiced-up returns from operational efficiencies especially in industries that have yet to be professionalised, such as glamping and micro-residential units for ‘nomad’ corporate workers. The company is also into hotels and service-led logistics.

HYBRID MODELS

In an interview, real estate partner Victor Iborra explained that Meridia’s shift to a ‘hybrid model’ of operational real estate was motivated to an extent by the mature real estate investment market threatening its ability to meet requirements of value-add investing. Said Iborra: ‘Covid changed things towards end-users demanding a greater level of sophistication, meaning the owner needs to provide more services. This certainly applies to the hospitality market and also to residential. We can derive much more value through the operation of these assets.’

The first asset class Meridia moved into was the highly fragmented Spanish campsite market for which, unusually, it set up a special investment vehicle, Meridia Glamping Program. Despite there being over 1,000 sites in Spain and around 300 in Portugal, no-one had pursued a strategy to aggregate sites, upgrade them into luxury glamping



‘Most camp sites are for camper vans and caravans. Typically, they are old, unappealing and require upgrading and are owned by families’

Victor Iborra, Meridia

villages and create an operational company under one brand.

Meridia has done just that via the creation of Wecamp, and is building the company with a good management team, a fully transactional online portal for visitors to book their camping experience, facility management services, and software providing rich data on everything from daily occupational levels per site, demographic breakdowns such as nationality of its customers, and optimal pricing strategy at any given point in time.

The first acquisition for the Wecamp brand was Santa Cristina, located around 100 km north of Barcelona or just over an hour’s drive. It is located near beaches and also Girona’s hilly terrain which has made it so popular among cyclists. Several professional cyclists are said to live in the area.

So far, Meridia has acquired 12 glamping sites in Andalusia, Aragon, Asturias, Catalonia, and the Basque country in a sector where

hitherto no-one owned more than five. This already makes Meridia Spain’s largest owner and operator of camp sites. It has also just expanded into Portugal with a debut deal in May. Iborra explained the idea to enter this market was first raised by an entrepreneur. One of the challenges - and perhaps reasons - why no-one has tried this before is because it is very difficult to acquire sites. Often held by families, much patience is required for the opportunity to purchase a site and then negotiate a deal. It can easily take a year to get a transaction over the line when also factoring in local bureaucracy. Each region of Spain has its own regulations to protect campsites and prevent abuse such as allowing people to live there indefinitely. Precise rules stipulate how many pitches can be provided on any given site, and their exact location almost down to the centimetre. It is certainly an asset class for the patient and determined.

It wasn’t easy timing for Meridia to enter this market given the Covid pandemic and the lockdown. The Santa Cristina site had already been closed for several years, but lockdown hampered the capex overhaul it required. It finally became operational in 2022.

Iborra said: ‘Most camp sites are for camper vans and caravans. Typically, they are old, unappealing and require upgrading and are owned by families. There was an opportunity to do something that we saw in hospitality 20 or 30 years ago with the modernisation of that sector.’

He said demand had been shifting towards supplied accommodation on larger sites. The idea was to create such sites and be able to justify charging holidaymakers a multiple of the usual rates. ‘We saw that elsewhere in Europe and of course in the US there was already an institutional market – markets that typical real estate players had already invested in and even re-invested several times. We decided to begin in Spain by setting up an operating company.’



Meridia's glamping business, Wecamp, gives customers a choice of eco-friendly campsite 'pitches'. On a tour of the Santa Cristina site around 100 km north of Barcelona, PropertyEU saw a range of pitches such as a fun duplex cabin where kids can go up wooden stairs to sleep and play. The company has created many different types of accommodation at different price points. They range from a 'tent' for glamping couples, glamping family unit, family-plus, glamping comfort, dome tents, cabin tents, mobile homes, cabana modern style, bungalows, tiny homes, bell tents, the apartamento couple, cottages, or just a pitch for the most authentic caravan or motorhome experience. All surrounded by trees and

nature with a community vibe for those wishing to gather together. Other investors are said to be trying to move into Spain's camp site market or at least the upmarket camping experience sector. A potential competitive threat to Wecamp is reportedly coming from suppliers of camping accommodation. However, these do not offer the range of amenities or campsite upgrades which Wecamp does. Its sites offer a host of facilities from a well-maintained swimming pool, new bathrooms and shower building, a restaurant, kids and teens pavilion, group outdoor spaces, basketball, relaxation zone, WiFi-enabled working spaces, and a central office, mini store, merchandise, and bike hire.

Counting deals close to completion, soon the portfolio will reach 14 sites towards a target of circa 20. 'We are already the largest owner with a presence in many parts of Spain including in mountainous areas, though most are coastal. The average seasonal length for campsite use is 6-9 months,' he added.

DIGITAL NOMADS

Glamping might be the most established of Meridia's operational asset classes, but the company is also active in micro living and hotels. It operates a residential company catering to digital nomads who might stay in a city for several months because they are attached, for example, to a particular project. In May 2022, Meridia Fund IV took a majority stake in residential operator, Caterina, which was set up the previous year and specialises in corporate apartment rentals for people on medium to long-term work assignments. Again, the firm gained conviction in this segment because it had not been professionalised in Spain yet. It began acquiring buildings to be operated on a management or lease agreement. The third private equity real estate operation-

'Covid changed things towards end-users demanding a greater level of sophistication, meaning the owner needs to provide more services'

al business is hotels. Meridia is investing in hotels on behalf of its new Meridia V fund. This is the most recent asset class push, but it is not at all new to the company. Indeed, Meridia has its roots in the hospitality sector. The firm was set up in 2006 by its chairman, Javier Faus, a former Iberian managing partner at London-based Patron Capital. From 2001 to 2006, Faus was instrumental in a hugely successful investment in the five-star Hotel Arts in Barcelona, for which Deutsche Bank teamed with Patron to buy and then eventually exit. Following

that, Faus won backing from family offices to strike out on his own. Today the company has institutional investors as well as family offices. Fund V has a focus on hospitality, living, and logistics and is understood to have raised commitments of around €250 mln so far towards a €400 mln target. Meridia V was launched last year amid a difficult fundraising environment. At the same time, the company announced a maiden deal – a portfolio of two premier hotels, Hotel Gallery in Barcelona city centre and Hotel Molina Lario in Malaga, which will be upgraded and repositioned in the upper 4-star segment. Meanwhile, it is looking to further expand operations to other 4- and 5-star hotels. In early May, it acquired an asset in Ibiza with an opening slated for 2027. It takes that long because Ibiza has regulations preventing construction work for several months of the year. Asked what he thought of opportunities in Spain, Iborra concluded: 'Spain is a country whose growth rate is among the highest in Europe. In our opinion, the opportunities are better here than elsewhere as Spain is better positioned than most.' ■