

STEVEN POELMAN (LEFT) AND
ELMAR SCHOONBROOD: 'WE HAVE
A LOT OF CONFIDENCE IN THE
COMPANY AND THE TEAM'



Life after Blackstone: Multi goes it alone (again)

Shopping centre developer, owner and asset manager Multi is embarking on a new chapter as a standalone company amid a challenging time for retail

BY LUCAS LIGTENBERG

Steven Poelman and Elmar Schoonbrood, the co-CEOs of Multi who staged a buyout of the firm from funds managed by Blackstone just a few months ago, are excited about the 'adventure' that lies ahead and the possibilities that retail real estate has to offer.

After 10 years of ownership under the US alternative asset manager, Multi is going it alone in what many investors and developers see as a risky sector, but where they sense opportunity.

'Certain parts of retail are still facing headwinds but others are in high demand. Secondary or non-dominant shopping centres still struggle with a lot of vacancy but retail parks, supermarkets and grocery-anchored retail are in high demand,' Poelman and Schoonbrood tell PropertyEU in an interview in their Amsterdam head office. 'Some retail needs repurposing and we are seeing

a clear trend of retail to residential conversions.'

Multi was set up four decades ago by Hans van Veggel and Ton van Dam as a real estate developer in the Netherlands. The firm developed shopping centres and went abroad to Portugal to expand. Later, other countries followed, such as Turkey. The bond that Poelman has with Multi also dates from that period. He worked at the company from 2002 to 2006 when the developer made great strides in Turkey. Poelman then joined Redevco, where he once again developed shopping centres in Turkey.

BLACKSTONE TAKEOVER

In 2006, a Morgan Stanley real estate fund took a 75% stake in Multi and appointed a new CEO. Multi continued to develop, and in 2012, Blackstone took over. A year before it acquired Multi, the US alternatives giant had already purchased three Turkish shopping centres from Redevco. Poelman conse-

quently rejoined Multi and became managing director in 2013, taking a seat on Multi's board in 2016.

Over time, Multi gradually shifted from being a developer to becoming more of an asset manager. That said, the company is still active as a developer in Europe. An example of one of its European projects is Forum Gdansk, a 64,000 m² city centre retail project which Multi developed from the ground up. It is integrated into the fabric of the city through a transport hub and includes a museum, cinema, services and restaurants. Forum Gdansk opened its doors in May 2018 and is still managed by Multi.

Another example of Multi's creativity is Forum Rotterdam in the Dutch port city, where, after years of deliberation by various parties, Multi eventually came up with a real estate solution that worked: a concept combining retail, offices and apartments. Opinions differ on exactly when the project started: was it 2008, when Rem Koolhaas of the Office for



FORUM GDANSK, POLAND



FORUM ROTTERDAM, THE NETHERLANDS

Metropolitan Architecture (OMA) presented its cube design, or was it 2014, when client Multi revised the design? The project was ultimately delivered in September 2020 and various investors have since taken over parts of it, while Multi has become a platform for integrated real estate management services. In 2021, the opportunity arose for a management buy-out at Multi. Says Schoonbrood: ‘Steven and I saw an opportunity to buy the company, including the three “Redevco” shopping centres – Gordion Shopping Center in Ankara, Erzurum Shopping Center in Erzurum and Magnesia Shopping Center in Manisa.’

To the delight of Poelman and Schoonbrood, Multi’s clients – Allianz, Commerz Real, Credit Suisse, Lighthouse and Union Investment, to name a few – were enthusiastic about the management buyout: they had always had good experiences with Multi. Moreover, an independent Multi can co-invest, leading to opportunities to create interesting partnerships.

Financial details of the buyout were not disclosed, but Poelman and Schoonbrood say they were able to finance the acquisition, which closed at the end of March, on their own. ‘We are debt-free at the corporate level,’ says Poelman.

PARTNERSHIPS WITH INVESTORS

Now, after almost 40 years, Multi is completely independent again as an owner, asset manager, property manager, consultant

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and developer of retail real estate. The firm is keen to develop partnerships with investors and retailers – something Poelman and Schoonbrood have been explaining to the market during an investor road show held recently in London. Says Poelman: ‘Multi had a reputation as an award-winning developer, and we still have that knowledge in-house. We can reposition, refurbish and upgrade.’

From the start of this new chapter in Multi’s history, Poelman and Schoonbrood have been scouting around for new opportunities and new customers. Since the end of last year, they have already gained 12 new mandates, representing an additional value of approximately €800 mln in terms of assets under management. Multi has a new mandate in Switzerland, the management of the Mall of Switzerland, and in Slovakia, the details of which are still under wraps.

The company now manages around 80 properties in 13 countries. It owns 11 of these,

one in Belgium, one in Ukraine and nine in Turkey.

It is no secret that the shopping centres in Turkey are a problematic part of the portfolio. The problem is not the centres themselves, nor the real estate or visitor numbers, but a new law that was implemented in 2018 to force landlords to settle their rents in liras instead of euros. In recent years the Turkish lira has devalued to such an extent that whereas there were 5.6 lira to the euro in 2018, now there are 17.

‘It’s mainly a matter of exchange rates,’ says Schoonbrood, who has a professional background in non-performing loans. ‘The real estate is performing well and the Turkish banks we deal with also understand that the issues caused by the currency mismatch are not our fault. In the end it has relatively little impact on Multi as a whole.’ According to Poelman and Schoonbrood this situation is something that can be fixed.

In terms of footfall, shopping centres in Turkey are doing well – and Multi’s two malls in Istanbul are prime examples, attracting 35 million visitors a year. The company has a deep knowledge of the market and understands that retailers are having a hard time. Says Poelman: ‘We have a good sense of which tenants are doing well and we receive good information about the turnover figures.’

The war in Ukraine – where Multi has a shopping centre in Lviv – is also affecting the company. Multi developed and holds a



FORUM LVIV, UKRAINE



FORUM ISTANBUL, TURKEY

majority stake in the asset (as one of three shareholders), which was completed in 2015. 'We have 15 people working there and their safety is our top priority,' says Poelman. 'Forum Lviv is located in the centre of the city and is running well. Three quarters of the stores are still open. In typically Ukrainian manner, everything continues to function normally as much as possible, people try to keep it up as long as possible.'

Multi is happy to lend a helping hand if things become too difficult for the tenants. Right now, one of the constraints is the supply of goods and this is expected to become increasingly difficult.

Multi no longer owns any property in the Netherlands. The last shopping centre to be sold in its home market was Schuytgraaf in Arnhem, which was acquired by Bouwinvest. However, it does have assets that are managed for Blackstone and other clients. 'Most of these are very stable,' says Schoonbrood. 'We are always on the lookout for ways to add value, such as adding residential use to the centres.'

Municipalities are generally willing to cooperate, but sometimes also have requirements that come with a price tag. Moreover, construction costs have risen sharply of late and are starting to impact the feasibility of these types of conversions.

Poelman and Schoonbrood believe now is a good time to invest in retail. Valuations have fallen across the board and the market doesn't seem to distinguish between 'good'

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and 'challenging' retail.

By contrast, in sectors such as housing and offices, for example, investors will be much more affected by rising interest rates, as this will also make financing more expensive.

REBASED RENTS

Although retail went through a tough time due to the pandemic and the growth of e-commerce, rents have since rebased and the market is beginning to witness positive releasing spreads in some cases. That is an attractive starting point, according to the management duo.

'Retail is not exactly the flavour of the month,' says Schoonbrood, 'and we have actually been seeing that for about six years now. While segments such as residential and logistics real estate have a prime cap rate of around 3%, retail is at 6%. That offers opportunities.'

'Physical stores remain important,' he stresses. 'If H&M opens a store somewhere, online sales in the area will increase.' In fact, the store then functions as a showroom for the products. Ikea, which also opens shops in inner cities, is doing the same. Notes Poelman: 'In those kinds of stores you see that the turnover is not realised in the store.'

'In retail, just like in a hotel, the operator is very important,' remarks Schoonbrood. 'Multi has gained so much experience over the last 40 years that we know what works in a shopping centre.' Schoonbrood is keen to cultivate this further; for example, by getting more information about visitors and sales figures from retailers and by applying proprietary proptech, they can also give retailers feedback.

'All too often all retail is lumped together,' says Poelman, 'when you just have to learn what works and what doesn't.' Poelman and Schoonbrood therefore think that they can partner well with international investors who would like to invest, but, for example, first want advice on the differences between countries. Because Multi operates in 13 jurisdictions and has 500+ FTEs, it is well-placed to advise clients on the European retail landscape.

Asked whether an IPO would be a good idea in the future, Poelman and Schoonbrood both exclaim 'No!' Schoonbrood: 'Part of the charm of this adventure has been becoming our own boss. We have a lot of confidence in the company and the team.' ■