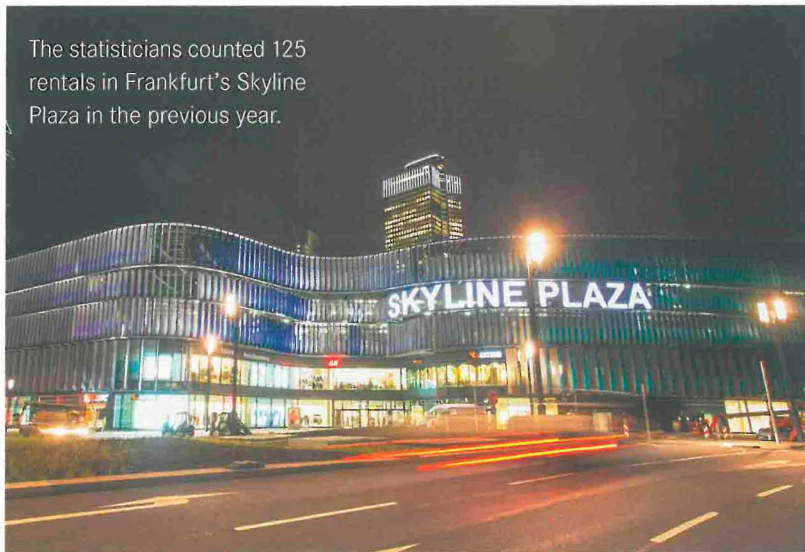


GERMANY: RETAIL RENTALS AT ALL TIME HIGH

According to the real estate services company CBRE, rentals in the German retail market reached an all time high in 2013.

The statisticians counted 125 rentals in Frankfurt's Skyline Plaza in the previous year.



IMAGES: ECE

In absolute terms, 635 rentals were recorded – more than ever before. “Continued growth is partially limited, however, as some international concepts are only expanding in major cities and not in other large and medium-sized cities in Germany,” says Burbach. “Others prefer only shopping centers as locations, so supply there is limited as well.”

US retailers were the most active, concluding 138 rentals. Italian retailers have discovered Germany as a clear growth market and were also very active, with 73 rentals. “Strong retail sales, the increasingly international retail environment, and shopping tourism all make Germany an attractive target market in Europe,” says Burbach. “The encouragingly high number of new international concepts in the German market is also due to a strategy of entering the market with more than just exposed flagship stores in prime locations and shopping malls. Instead, these are accompanied by other sales channels like e- and m-commerce. This is leading to the increasing differentiation of location profiles allowing the targeting of customers in exact groups, while also bringing an increasing variety of attractive retail concepts to German retail locations.”

MAJORITY OF NEW LEASES IN BERLIN

Geographically, Berlin accounted for most retail rentals. A total of 234 contracts were recorded. The federal capital lost ground slightly compared to 2012, however. Development of the shopping centers Bikini Berlin and Leipziger Platz No. 12 once again contributed to the rental activity. Frankfurt am Main landed in second place, with 232 rentals. 125 of those were for rentals in the Skyline Plaza shopping center. Beyond that,



According to the real estate specialists, 3,292 retail rentals were recorded in Germany last year. This was 13.2% more than in 2012. In particular, the strong first half of the year contributed to this positive development with 1,700 rentals. “In spite of the steady growth of online shopping, retailers continue to expand, suggesting a convergence of online and physical retail,” says Karsten Burbach, Head of Retail Agency at CBRE. “Retailers who already have a clear multi-channel strategy, brand recognition, and have managed to expand in suburban locations and retail parks, in addition to major top locations and shopping centers, were particularly successful.”

INTERNATIONAL RETAILERS ARE BEHIND EVERY FIFTH RENTAL

Around one fifth of all rentals were completed by international retail companies. Their share of total rentals has thus remained fairly constant.

demand by national and international retailers focused once more on shopping cities with over 500,000 inhabitants. The dominance of the metropolises is also reflected in the rental of top locations: Berlin led the way with 44 rentals ahead of Munich's 37.

SEGMENT COMPOSITION: FASHION DOWN, GROCERIES AND FOOD UP

As far as the segments represented, the industries of clothing, groceries, tobacco products, and food-service led again as in previous years. Nevertheless, 2013 saw a significant shift in the fashion segment. While the fashion segment scored a market share of 35.3% in 2011, it fell to just 22% in 2013. This also affected the absolute rental performance. While 809 rentals were reported in 2012, the fashion segment saw only 723 rentals in 2013, a level that is only slightly above the 2011 figure of 701 rentals. "There are varied reasons for this decline," says Burbach. "Firstly, many fashion retailers are expanding only selectively because they already operate a very

dense network of branches and are currently only adding supplementary sites. On the other hand, the number of rentals in shopping centers and top locations has declined proportionately, which are still the main sales channel for fashion providers."

REWE THE MOST ACTIVE RETAILER, DRUGSTORES DOMINATE TOP LOCATIONS

The most active tenant was, as in previous years, the Cologne-based Rewe Group with 96 new leases. This was closely followed by the drugstores Rossmann and dm with 89 and 87 leases, respectively, making them the most active tenants in top locations. In fashion, the discount fashion retailer Takko led the way with 31 rentals. "Takko's focus on retail parks allows it to expand into more locations than concepts that are only focused on top locations and shopping centers," says Burbach.

