

Feature



Stockholm's Mall of Scandinavia

While investment has been relatively slow in coming, the opportunities in some of Europe's most northerly markets are finally being recognised. Ben Cooper reports

SCANDINAVIA

Northern bright lights

SCANDINAVIA has a lot going for it. As a region, it is known for its stability and, with relatively high income per capita, retailers — particularly grocers — are at last starting to see genuine growth. However, investment has been slow in coming and almost entirely focused on the prime cities. The limited recovery post-crisis has been felt more by the grocers than the other sectors. And with a crowded market of food retailers and discounters, spend is on the up. But as more promising signs emerge, this uplift is gradually starting to spread to those products seen as being more non-essential over the past few years.

Denmark has attracted investors such as ECE and Standard Life, with stable prime yields and rental growth, although mainly confined to the prime high streets. But above all, with consumer confidence gradually on the up, Denmark is seeing expansion from the like of Zara and H&M to Lidl, while Tiger is a Danish success story.

It's a similar story in Norway where, despite having the highest shopping-centre density per capita of any country in Europe, vacancy rates remain very low and demand from international retailers healthy.

Sweden continues to see the most activity, both in terms of shopping-centre development and retail growth. It is also home to the biggest retail development story in the region — Unibail-Rodamco's Mall of Scandinavia.

The major development is set to be a game-changer for the whole region when it opens its doors in a year's time. The 100,000 sq m centre will become the largest in Scandinavia when it debuts next autumn, bringing 250 new retail stores and restaurants to an area just seven minutes outside the centre of the capital. A number of big retailers are already on board, with Inditex, Superdry, Michael Kors and Mango signed up and more on the way.

CBRE director for cross-border EMEA retail, David Close, says: "Mall of Scandinavia is attracting a big international audience and new brands. It's really going to

create a point of difference for Stockholm."

The hugely dominant names that are ubiquitous across mainland Europe — including IKEA, H&M and Lindex — are of course present in Scandinavia. Lindex, the Swedish clothing retailer now owned by Finland's Stockmann Group, turned 60 this year. The group continues to expand in the region — and beyond, into the Gulf and Asia — and in the last quarter of 2013 reported an overall jump in like-for-like operating profits of 27%. And there are new internationals being drawn in all the time, such as the UK fashion chain River Island, which opened its first Scandinavian store earlier in the year at AMF Fastigheter's Gallerian mall in Stockholm.

Stockholm is the star at the moment, with a lot of retailer interest building and abundant opportunities for investment. In fact, Karolin Forsling, chief development officer at Stockholm-based AMF Fastigheter, says that the challenge now is the lack of city-centre space. "There is increased demand for international brands to come to Stockholm to open flagship stores, but there isn't the right space for them," she adds. "There needs to be more asset management of the high street. We have been working to develop the space around Mood Stockholm, as well as the centre itself."

Meanwhile, one bit of news from the international retail market is bound to have long-term effects on the region. In June, UK fashion retailer SuperGroup completed the purchase of its Scandinavian distributor, SMAC Group, in a deal that allows it to trade its Superdry brand throughout Scandinavia.

Retailers and investors will be watching Scandinavia closely for opportunities. And with development and investment so far limited to the prime centres, the obvious next step are the secondary locations that were overlooked in the downturn. Klepierre-owned Steen & Strom has a number of projects under way, including a convenience centre in the middle of Kristianstad and the expansion of Allum, both due for completion next year.

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