

Continental Europe

German retailers such as Media-Saturn continue to expand domestically and across markets



Germany still leading the retail charge

Germany may remain the powerhouse of continental European retail, but cross-border ambitions and a gradual recovery in the Benelux are making the whole region more attractive to expansionist retailers. Liz Morrell reports

IN SOME of continental Europe's core retail markets — notably Germany, Austria and the Benelux — there continues to be a mixed bag in terms of retail growth and expansion. Of these three markets, Germany remains the retail destination of choice. The Benelux countries and Austria, however, are beginning to catch up.

The German retail market continues to grow strongly this year, with retail turnover now accounting for €459.3m. Its strong economy is proving a huge draw for international retailers as a result. New market entrants have included Clas Ohlson, Lululemon, Reiss, White Stuff and Claudia Sträter.

Other international retailers carrying out significant expansion in Germany include newer entrants Reserved and TK Maxx, as well as more established companies. Among the latter are H&M and the Inditex Groups which, as well as opening H&M and Zara across Germany, are also launching their lesser known offshoots, including Cos, & Other Stories, Bershka and Pull&Bear.

Sabine Keulertz, JLL's team leader of shopping centre investment, Germany, says the textile and fashion market is among the most popular for new lettings, having taken 44% of the country's total letting volume in the first half of 2015. "This is attributed to a number of tenants in particular," she says, citing Polish fashion label Reserved, which completed five rental contracts in the first two quarters of the year, and the textile discounters TK Maxx, which has recently taken on six large-scale units in Germany. "Within the textile sector, young fashion operators and textile discounters make up more than half of the total volume of the textile sector, with 60,000 sq m. The food and gastronomy sector, at 18%, has

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retained the second position two years in a row among retail branches," Keulertz adds. As a result, the market is performing strongly. "The retail market is stable with good consumer confidence, low unemployment and strong demand for prime units in the top cities," says Frank Emmerich, CBRE Germany's senior director, head of retail agency west. He adds: "Luxury is doing very well in Frankfurt, Dusseldorf, Munich and Hamburg, and the mass market is doing pretty good in the major top six cities: Frankfurt, Dusseldorf, Munich, Hamburg, Berlin and Cologne."

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However, retailers are getting fussy, according to Klaus Striebich, managing director of leasing, ECE Projektmanagement. "Retailers have started to examine potential locations more selectively and are increasingly focusing on top locations," he says. "Especially in mature markets like Germany, this tendency has become stronger."

When it comes to development in Germany, one of the most significant moves is the arrival of Unibail-Rodamco, already a strong player in Austria, following its takeover of German shopping-centre company mfi. The pace is now picking up on several projects originally started by mfi.

In September last year, Palais Vest in Recklinghausen opened after a three-year construction period, offering 120 stores across 41,700 sq m of GLA. The project was the first to be developed by Unibail-Rodamco after its mfi takeover and brought in new retailers, such as Poland's Reserved, which has made a strong move into the German market this year.

With original expectations of attracting seven million visitors a year, Unibail-Rodamco upwardly revised its predictions for Palais Vest in October after it broke the million-visitor mark within three weeks and the two-million mark within seven weeks of opening. Moreover, sales forecasts for some tenants were beaten by as much as 70%.

Meanwhile, the 42,000 sq m Minto in Moenchengladbach opened in March with 104 tenants including H&M and Saturn; and an extension to Unibail-Rodamco's Ruhr Park Bochum will see a new area, the South Mall, open in September with 50 new stores. A grand opening will take place on November 4. This autumn will also see the re-opening of ECE Projektmanagement's Holsten-Galerie in Neumunster, Aquis Plaza in Aachen and Marstall in Ludwigsburg, after an extensive refurbishment. ECE is also refurbishing the

be the most dynamic channel, as the penetration of broadband and mobile devices continues to grow.

As in the Netherlands, Belgium's list of top-10 retailers continues to be dominated by grocery companies, although Bol.com and Amazon.com also saw strong growth in the year. However, as the country's economic conditions improve, retailing is also expected to grow further over the coming few years.

Meanwhile, expansion is continuing in the Benelux markets and, earlier this year,



former City-Passage in Bielefeld, which will open under the new name of Loom Bielefeld in 2017. However, the company's planned new development in Singen near the Swiss border has now slipped from a 2017 to a 2018 opening date.

In Benelux, the market continues to recover from the economic crisis and changing consumer behaviour, including a continued increase in e-commerce. In the Netherlands, recovery now also seems to be well under way after the country posted its highest level of retail sales in seven years in June with a 4.7% rise on the same month the year before.

In Belgium, however, retailing saw only slight growth in current value terms in 2014, according to a recent report from Euromonitor International. The country is being hampered by pressure on prices, especially in the grocery retail market. Internet retailing continues to

Holland & Barrett International announced that it was to rebrand its health-food retail chains in the Netherlands and Belgium under its Holland & Barrett fascia. Holland & Barrett acquired Holland's De Tuinen in 2003 and Belgium's Essenza in 2013.

Among schemes, Multi Development is developing the Mosveld shopping centre will be the new, vibrant heart of the Amsterdam Oud-Noord district. The new shopping centre will offer 7,000 sq m of shops, restaurants

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and cafes on the ground floor, 53 apartments on the upper floors and half of the retail space has already been leased to Albert Heijn, Deen, Etos and Febo.

Austria is also proving a draw for retailers keen to expand their international portfolios, with a number focusing on flagship stores in Vienna. "Austria is still considered to be one of the top-10 destinations for the expansion of international retailers," says Kateryna Kurylchyk, head of research for CBRE, Austria. Indeed, recent new entries into the Viennese market include Zara Home, & Other Stories, Monki, Maisons du Monde and Weekday.

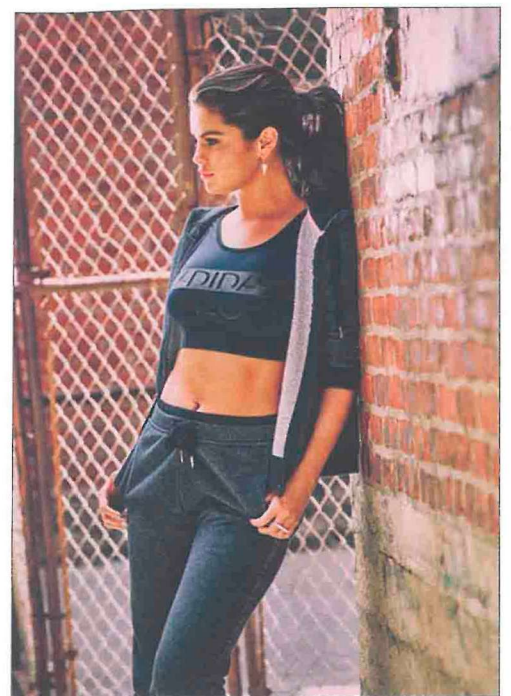
"With surging population growth rates and as a popular travel destination, Vienna appears to be a very appealing retail market," Kurylchyk adds.

Within the city itself, Rotenturmstrasse, with such tenants as Snipes, Blue Tomato and Hard Rock Cafe, has recently turned into a popular retail destination. "Many retailers

will consider this location for new openings," Kurylchyk says.

ECE Projektmanagement opened its BahnhofCity Wien Hauptbahnhof in October, bringing 20,000 sq m of new retail space and 90 new stores to the Austrian capital. A number of other developments are in the pipeline, including the conversion of Vienna's former central post office on Rochusmarkt, and the extension of the privately owned PlusCity near Linz. The largest shopping centre in Upper Austria, PlusCity originally opened in 1989 and is being extended by 20,000 sq m. This development, however, has been hampered by a lack of available space.

Aspern Urban Lakeside, a 2.4 million sq m urban-use development that runs until 2028, will also include 20,000 sq m of retail space, the first phase of which is scheduled for this year. Also proposed for development is UNO Shopping, another shopping centre close to Linz, where plans are afoot for a combination of a classic shopping centre and a designer outlet.



Brand growth: Adidas