



	YoY Chg	12-Mo. Forecast
<b>-18.6%</b> Consumer Index GfK	▼	▲
<b>106.2</b> Consumer Price Index	▲	▲
<b>105.2</b> Retail Price Index	▲	▲

Source: GfK, National Statistical Office

#### ECONOMIC INDICATORS Q2 2020

	YoY Chg	12-Mo. Forecast
<b>-10.9%</b> GDP Growth	▼	▲
<b>-13.7%</b> Consumer Spending Growth	▼	▲
<b>6.0%</b> Average Unemployment Rate	▲	▼

Source: Oxford Economics, National Labour Office

#### ECONOMY: First Signs of Recovery after Shutdown

According to Oxford Economics' estimates, Germany faced a fall in GDP of almost 11% in the second quarter due to the measures imposed by the government to combat the spread of Covid-19. Unemployment increased to 2.85 million by end of June. The number of employees on the government's furlough scheme reached 6.83 million in April 2020. By end of April, shops providing non-essential goods and gastronomy were allowed to re-open but have to obey strict hygiene rules and limit the number of customers who can enter at any given time, and consumers are obliged to wear face masks inside shops and when entering restaurants. Given the shutdown, retail suffered a decrease in sales of 7.2% compared to the same month last year, but did begin to recover in May with an increase of 4.3%. German retail association, HDE, forecasts retail turnover for the year as a whole to decrease by 4% compared to 2019 with non-food-retailers suffering a 22% decrease, while food retailers and e-commerce have actually benefited from an increase in sales. Consumer sentiment, as measured by the GfK Consumer Climate Index, reached its lowest point for 20 years in May and rebounded in June, but remains very negative. In order to add impetus to consumer sentiment, the Government put into effect a temporary VAT cut for the second half of the year.

#### DEMAND: Light and Shadow

During the shutdown, most retailers paused their searches for new premises. Many operators asked their landlords to lower rent levels or even to defer rental payments in order to protect liquidity. Some retailers announced that they need to close shops due to financial challenges or insolvency. The most prominent of these was made by department store chain Karstadt Kaufhof in June with more than 60 stores on the closure list. The list has meanwhile been reduced to 50 stores due to successful rent negotiations with landlords. The number of new lets and new openings announced increased from mid-May, however activity is still at a low level and varies strongly between cities. Activity in Hamburg and Cologne for example was stronger than in Frankfurt, Munich and Stuttgart. And Berlin is set to become the first German location for British supermarket chain Mercato Metropolitano.

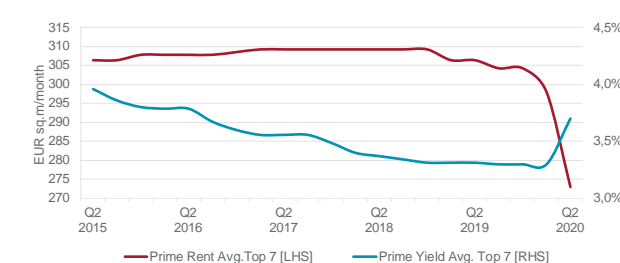
#### PRICING: Rents Decreased

Due to the impact of the shutdown, prime rents in the major high streets have not maintained their previous levels and have adjusted downwards

#### CONSUMER CONFIDENCE INDEX (GfK)



#### PRIME RENTS AND YIELDS





## MARKET STATISTICS

SUBMARKET	FOOTFALL* June 2020	Growth June /March*	PRIME RENT (EUR / SQ.M/ MONTH)	Change Y-o-Y	PRIME YIELD	Change Y-o-Y
Berlin, Tauentzienstrasse	n/a	n/a	280	-9.7%	3.50%	40 bp
Cologne, Schildergasse	1,344,884	263%	250	-13.8%	3.90%	40 bp
Dusseldorf, Königsallee	355,518	180%	260	-10.3%	3.90%	40 bp
Frankfurt, Zeil	1,604,914	190%	275	-11.3%	3.70%	40 bp
Hamburg, Spitalerstrasse	993,531	299%	270	-11.5%	3.80%	40 bp
Munich, Kaufinger / Neuhauser Strasse	1,400,326	360%	330	-10.8%	3.20%	40 bp
Stuttgart, Königsstrasse	1,286,748	215%	245	-9.3%	3.90%	40 bp

\*Source: Hystreet.com

## KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	SQ.M	TYPE
Schlossstrasse 20	Berlin	Globetrotter	4,700	New Lease
Ballindamm 33	Hamburg	Edel-Optics	700	New Lease
Alter Wall Hamburg	Hamburg	Uniqlo	1,750	New Lease
Schildergasse 52	Cologne	War Denim	1,000	New Lease

## KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SQ. M	PRICE RANGE (€mn)
Hohenschoenhauser Tor	Berlin	Jasika Holding / Commodus RE	19,000	30 - 50
Walzmuehle	Ludwigshafen	Pro Concept AG/ Activum SG	39,400	30 - 50
17 Kaufhof department stores	national	RFF / Apollo	n/a	500 - 700

## KEY CONSTRUCTION COMPLETIONS Q2 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SQ.M	OWNER / DEVELOPER
Rathaus Plaza	Offenbach / Main	Regus, Fitseveneleven,Ernsting's family	8,900	Real Equity
Schlossgalerie Bensberg	Bergisch Gladbach	Rewe	164,000	Centerscape Deutschland

## URSULA NEISSER

Head of Research Germany

+49 69 50 60 73 140 / [ursula-beate.neisser@cushwake.com](mailto:ursula-beate.neisser@cushwake.com)

## HELGE ZAHRT

Head of Research & Insight Germany

+49 40 300 88 11 50 / [helge.zahrt@cushwake.com](mailto:helge.zahrt@cushwake.com)

[cushmanwakefield.com](http://cushmanwakefield.com)

## A CUSHMAN &amp; WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.