

Source: GfK, National Statistical Office; all figures as of June 2021, Price index 2015=100

## ECONOMIC INDICATORS



## Improved conditions for retail and gastronomy

During the second quarter, the Covid-19 pandemic eased considerably accompanied by indicators of economic recovery. By mid-July, almost 60% of the population has been vaccinated at least once and 45% has been fully vaccinated. Shops and restaurants are open, with some restrictions still in place, for example the obligation to wear a surgical mask inside buildings and guests sitting inside restaurants are required to register. Footfall figures in the major high streets are steadily increasing, but are however still below their traditional high levels. Consumer sentiment, as measured by the GfK Consumer Climate Index is improving and is expected to reach its best level since August 2020 by the end of July.

## More bicycle stores and expansion of a new generation of food-delivery services

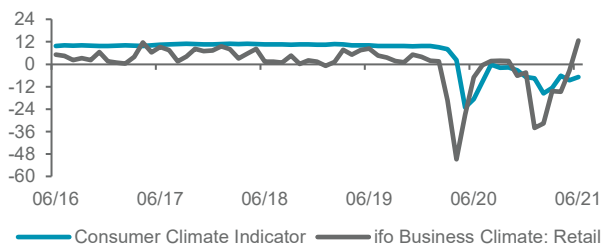
Bicycles retailing is increasingly moving from the city periphery into the retail hot spots driven not least by the hype and growth associated with the e-bike. German shopping centre manager ECE concluded a cooperation with bike retailer Rose, who will occupy spaces of 150 m<sup>2</sup> to 250 m<sup>2</sup> in 15 shopping centres within the next two years; bike retailer Stadler leased a large sales space in the heart of Dusseldorf; a private equity firm purchased bike retailer Little John Bikes (41 stores) not least to support further expansion and Dutch e-bike manufacturer VanMoof opened its first German sales and service point in Hamburg. Supermarkets are being challenged by new food delivery concepts, such as Gorillas and Bring, who are promising to deliver within 10 minutes of receiving an order. Retail supermarket chain Rewe has concluded a cooperation with one of these, Flink. All of these companies are expanding and signing leases for inner-city distributions hubs.

Investment volume for retail assets reached €2.1 bn in the first half of the year and is thus 68% lower than a year ago. At around €1.3 billion, more of half of the total volume was invested in retail warehouses and retail parks. In the case of shopping centres and high street retail properties, many investors are holding off while monitoring rental developments.

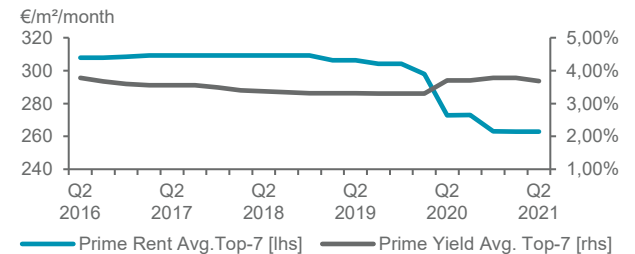
## Stable rents

Prime rents for new lets in the major high streets maintained their Q4 2020 level, whereas prime high street yields compressed by 10 basis points in the second quarter and are back at their Q2 2020 level. The average prime yield for the top-7 markets is 3.68%, ranging between 3.20% (Munich) and 3.85% (Dusseldorf, Stuttgart)

## CONSUMER CLIMATE / BUSINESS CLIMATE RETAIL



## HIGH STREET RETAIL - PRIME RENTS and YIELDS





## MARKET STATISTICS

Markets	Footfall* Monthly Avg. Q2 '21	Growth YoY*	Prime Rent (EUR / m <sup>2</sup> / month)	Change YoY	Prime Yield	Change YoY
Berlin, Tauentzienstraße	401,978	n/a	270	-3.6%	3.50%	0 bp
Cologne, Schildergasse	803,057	-15%	240	-4.0%	3.85%	-5 bp
Dusseldorf, Königsallee	226,441	-14%	250	-3.8%	3.85%	-5 bp
Frankfurt, Zeil	931,840	-18%	265	-3.6%	3.70%	0 bp
Hamburg, Spitalerstraße	548,349	-16%	260	-3.7%	3.80%	0 bp
Munich, Kaufinger / Neuhauser Straße	1,018,909	9%	320	-3.0%	3.20%	0 bp
Stuttgart, Königsstraße	760,500	-16%	235	-4.1%	3.85%	-5 bp

\*Source: Hystreet.com

## SELECTED LEASE TRANSACTIONS Q2 2021

Property	Market	Tenant	m <sup>2</sup>	Type
Am Wehrhahn	Dusseldorf	Zweirad Stadler	8,500	3-year contract; former Kaufhof department store; opened mid July 2021
Schadow Straße	Dusseldorf	Coolblue	2,600	First store in Germany, opening: end of 2021
Königstraße	Stuttgart	Aldi	2,560	3 floors; Aldi acts as the general lessee; opening: summer 2022

## SELECTED SALES TRANSACTIONS Q2 2021

Property	Market	Seller / Buyer	m <sup>2</sup>	Price (€ million)
Appellallee Center	Wiesbaden	Pradera / Redos Group	26,000	~ 85
Portfolio of 4 Assets	Multiple	SCP Group / FOM RE	55,000	~ 65
Retail Warehouse Park	Görlitz	N.N. / FCR	28,000	~ 50

## SELECTED CONSTRUCTION COMPLETIONS Q2 2021

Property	Market	Major Tenant	m <sup>2</sup>	Owner / Developer
Neighbourhood Centre Hamburg Mümmelmannsberg	Hamburg	Edeka	5,000	SAGA
Motorworld Munich-Freimann	Munich	Obi	7,500 (site)	Freimann Besitz GmbH

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