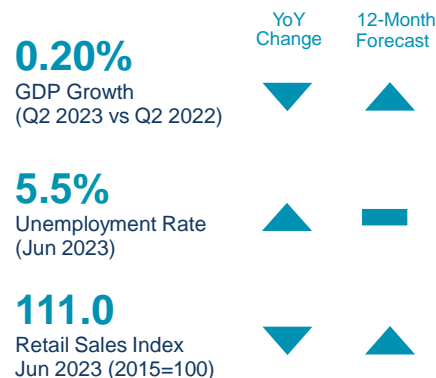


Sources: GfK, National Statistical Office; all figures as of Jun 2023, Price index 2015=100

#### ECONOMIC INDICATORS



Sources: Moody's Analytics, National Labour Office, National Statistical Office

#### CONSUMER RESTRAINT AND RISING PRICES

The consumer sentiment index at the end of June 2023 was at -24.4, up from 2022 but still in negative territory and also at a lower level than a year previously. The German retail market is currently characterised by ongoing consumer reluctance to spend. Well-known companies such as fashion retailer Gerry Weber and furniture retailer Who's Perfect announced their insolvency. Not least in the wake of persistently high inflation, the retail price index also recorded a year-on-year increase to 118.9 (Q2 2022: 111.1).

#### RETAIL TRANSACTION TURNOVER AT THE END OF THE FIRST HALF OF THE YEAR AT €2.4 BILLION

The transaction volume of retail properties reached around € 2.4 billion in the first half of the year. Compared to the same period last year, it fell by 31%. High street properties in particular contributed to this result with a transaction volume of around € 1.14 billion. This was mainly due to the large-volume sale of shares in Berlin's KaDeWe department stores and the 20% stake acquired in a total of eight Galeria department stores by Commerz Real in the second quarter.

#### PRIME RENTS IN SHOPPING CENTRES RISE SLIGHTLY

Both prime yields and prime rents within the top-7 markets remained stable compared to the previous quarter. Only the prime rents for shopping centres recorded a slight increase of 0.5 to 1.5 % by the end of Q2 2023.

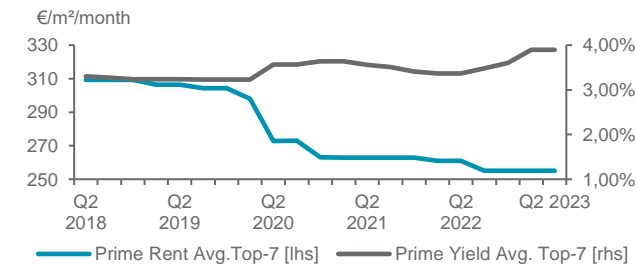
#### OUTLOOK

Germany's retail sales will continue to lag behind the results of other European countries in the second half of the year, partly due to persistently high inflation. At the same time, luxury brands remain on the winning side due to their value stability. Interest in investing in the value-add segment has increased due to the high yields. For properties in the core sector, however, the marketing prospects will remain challenging in the second half of the year due to the high requirements for debt financing.

#### PRIME YIELDS - SHOPPING CENTRES/RETAIL PARKS



#### HIGH STREET RETAIL - PRIME RENTS and YIELDS





## MARKET STATISTICS

| Markets    | Prime Rent* High Street | Change YoY | Prime Rent* Shopping Centres | Change YoY | Prime Rent* Retail Parks | Change YoY | Prime Rent** Super-markets | Change YoY | Prime Yield** High Street | Change YoY | Prime Yield** Shopping Centres | Change YoY | Prime Yield** Retail Parks | Change YoY | Prime Yield** Super-markets | Change YoY |
|------------|-------------------------|------------|------------------------------|------------|--------------------------|------------|----------------------------|------------|---------------------------|------------|--------------------------------|------------|----------------------------|------------|-----------------------------|------------|
| Berlin     | 250                     | -7.4%      | 35.50                        | 1.4%       | 15.70                    | 3.3%       | 16.50                      | 8.6%       | 3.80%                     | 50bps      | 5.80%                          | 80bps      | 4.60%                      | 40bps      | 4.60%                       | 35bps      |
| Cologne    | 240                     | 0.0%       | 35.50                        | 1.4%       | 15.20                    | 3.4%       | 15.20                      | 3.4%       | 4.30%                     | 65bps      | 5.80%                          | 70bps      | 4.60%                      | 40bps      | 4.60%                       | 35bps      |
| Düsseldorf | 250                     | 0.0%       | 40.00                        | 1.3%       | 15.20                    | 3.4%       | 15.20                      | 3.4%       | 3.50%                     | 50bps      | 5.80%                          | 70bps      | 4.60%                      | 40bps      | 4.60%                       | 35bps      |
| Frankfurt  | 250                     | -3.8%      | 38.50                        | 0.5%       | 16.00                    | 3.2%       | 17.00                      | 9.7%       | 4.10%                     | 70bps      | 5.80%                          | 70bps      | 4.60%                      | 40bps      | 4.60%                       | 35bps      |
| Hamburg    | 250                     | -3.8%      | 40.50                        | 1.3%       | 16.00                    | 3.2%       | 16.00                      | 3.2%       | 4.10%                     | 50bps      | 5.85%                          | 85bps      | 4.60%                      | 40bps      | 4.60%                       | 35bps      |
| Munich     | 320                     | 0.0%       | 47.50                        | 0.9%       | 17.25                    | 3.0%       | 17.25                      | 3.0%       | 3.40%                     | 40bps      | 5.30%                          | 70bps      | 4.60%                      | 40bps      | 4.60%                       | 35bps      |
| Stuttgart  | 225                     | 0.0%       | 39.00                        | 1.3%       | 15.70                    | 3.3%       | 15.70                      | 3.3%       | 4.10%                     | 45bps      | 5.80%                          | 70bps      | 4.60%                      | 40bps      | 4.60%                       | 35bps      |

\*EUR/m<sup>2</sup>/month; \*\* net initial

## SELECTED LEASE TRANSACTIONS Q2 2023

| Property                        | Market               | Tenant           | m <sup>2</sup> | Type             | Comment   |
|---------------------------------|----------------------|------------------|----------------|------------------|---|
| Bahnhofstraße 82-100            | Saarbrücken          | THE Textilhandel | 18,000         | Textiles         | Former Galeria Kaufhof space  |
| Bursen-Galerie, Bertoldstraße 3 | Freiburg im Breisgau | Søstrene Grene   | 600            | Home accessories | The Danish retail label opens its first store in Freiburg               |
| Rosgartenstraße 29              | Konstanz             | Joop!            | 500            | Textiles         | The premium brand has opened a mono-brand store in Constance's Old Town |

## SELECTED SALES TRANSACTIONS Q2 2023

| Property                          | Market     | Seller / Buyer            | m <sup>2</sup> | Price (€ million) |
|-----------------------------------|------------|---------------------------|----------------|-------------------|
| 20% Share of Galeria-Retailhouses | Several    | Hausinvest / Signa Prime  | 281,600        | confidential      |
| Ring Center III                   | Berlin     | Credit Suisse / Becken    | 13,500         | ~ 35              |
| Retail Park Nordhausen            | Nordhausen | Verifort Capital / Defama | 6,800          | ~ 60              |

## SELECTED DEVELOPMENTS

| Property              | Market     | Status             | Type          | Year of Completion | m <sup>2</sup> | Owner / Developer               |
|-----------------------|------------|--------------------|---------------|--------------------|----------------|---------------------------------|
| Sterkrader Tor        | Oberhausen | Under construction | Redevelopment | 2023               | 19,400         | Hahn Projekt GmbH               |
| Das Gerber            | Stuttgart  | Under construction | New building  | 2023               | 18,000         | Wüstenrot & Württembergische AG |
| Rathaus-Center Pankow | Berlin     | Completed          | Extension     | 2023               | 5,000          | DI Managment GmbH               |



MARKETBEAT

# GERMANY

Retail Q2 2023



CUSHMAN &  
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