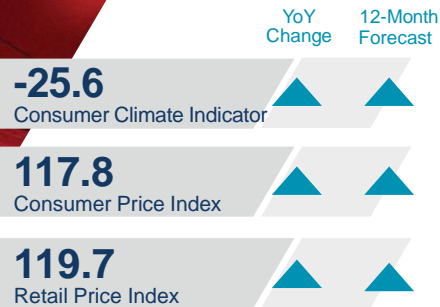


## GERMANY

Retail Q3 2023

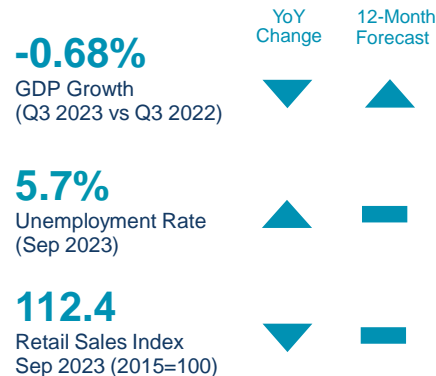


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Sources: GfK, National Statistical Office; all figures as of Sep 2023, Price index 2015=100

## ECONOMIC INDICATORS



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

## INFLATION-INDUCED DECLINE IN SALES

Retail sales appear to have been growing since pandemic year 2020. Rising sales were also observed in 2022 and in the year-to-date 2023. Food retailing and online retailing in particular have benefited. However, if these figures are adjusted for inflation, retail sales have fallen by around 6% in real terms across all sectors, as stated in a report by the EHI Retail Institute. Food retailing (-7%) and online retailing (-8.5%), which were still on the winning side in 2020, stand out negatively here. Due to inflation, a change in purchasing behaviour is also being observed. Food retailers sometimes make 30% of their sales from products that are currently on sale. The increased inflation has an impact on production and delivery costs. Higher prices set by producers have to be critically reviewed by retailers and often lead to discrepancies. In many cases, this can lead to products from the long-standing core assortment no longer being offered by many supermarkets. In addition, the impact of the shortage of skilled workers has also arrived in the retail sector. Due to inflation, employees are demanding more pay, fewer working hours and the recording of working hours.

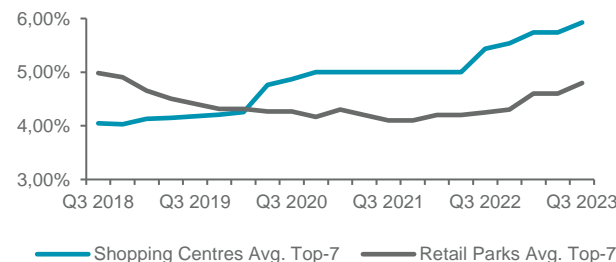
## INDEX-BASED INCREASE IN RENTS

Despite the assumption that retail rents should generally fall in times of weak growth and subdued consumer spending, prime retail rents across all property categories, excluding high street, have risen year-on-year in the top seven cities. This is due to indexation clauses linked to the consumer price index for the majority of commercial leases. Demand-driven inflation would not create this problem for many retailers, however, due to the current inflation being commodity and energy price -driven, this creates a corresponding additional burden.

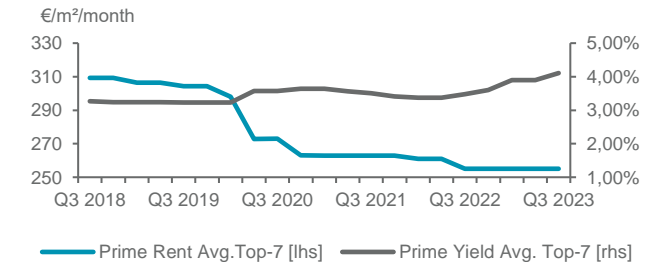
## OUTLOOK

Germany's retail sales will remain below last year's result in the 4th quarter, partly due to the persistently high inflation. In order to remain viable, incentives must be created to attract customers, especially to bricks-and-mortar retail, for example by offering additional gastronomy.

## 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	0.0%	35.50	1.4%	15.70	3.3%	16.50	3.1%	4.00%	60bps	6.00%	50bps	4.80%	60bps	4.80%	60bps
Cologne	240	0.0%	35.50	1.4%	15.20	3.4%	15.20	3.4%	4.40%	70bps	6.00%	50bps	4.80%	60bps	4.80%	60bps
Düsseldorf	250	0.0%	40.00	1.3%	15.20	3.4%	15.20	3.4%	3.70%	60bps	6.00%	50bps	4.80%	60bps	4.80%	60bps
Frankfurt	250	0.0%	38.50	0.5%	16.00	3.2%	17.00	3.0%	4.20%	60bps	6.00%	50bps	4.80%	60bps	4.80%	60bps
Hamburg	250	0.0%	40.50	1.3%	16.00	3.2%	16.00	3.2%	4.30%	60bps	6.00%	50bps	4.80%	60bps	4.80%	60bps
Munich	320	0.0%	47.50	0.9%	17.25	3.0%	17.25	3.0%	3.80%	70bps	5.50%	50bps	4.80%	60bps	4.80%	60bps
Stuttgart	225	0.0%	39.00	1.3%	15.70	3.3%	15.70	3.3%	4.40%	70bps	6.00%	50bps	4.80%	60bps	4.80%	60bps

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

## SELECTED LEASE TRANSACTIONS Q3 2023

Property	Market	Tenant	m <sup>2</sup>	Type	Comment
Alleecenter, Ostallee 3-5	Trier	Aldi Süd	1,700	Supermarket	Aldi Süd is the successor tenant of fashion chain Adler in Trier's Alleecenter
Lago, Bodanstraße 1	Konstanz	Thalia	700	Books	Bookstore chains Thalia and Osiander are expected to open a joint branch in the Constance shopping centre in spring 2024
Rathaus-Galerie, Friedrich-Ebert-Platz 2	Leverkusen	Søstrene Grene	250	Home accessories	The Danish furnishing specialist opened in September on the ground floor

## SELECTED SALES TRANSACTIONS Q3 2023

Property	Market	Seller / Buyer	m <sup>2</sup>	Price (€ million)
X + Bricks Portfolio	Several	X Bricks / Slate Asset Management	597,100	~ 1,030
Aldi-Süd Portfolio	Several	Pimco Real Estate / Aldi-Süd	120,000	~ 240
Tibarg Center	Hamburg	Generali Real Estate / Private person	15,300	~ 50

## SELECTED DEVELOPMENTS

Property	Market	Status	Type	Year of Completion	m <sup>2</sup>	Owner / Developer
KaufPark Nickern	Dresden	Under construction	Redevelopment	2024	55,600	Krieger Grundstück GmbH
Rathaus Galerie	Wuppertal	Under construction	Redevelopment	2023	15,000	Livos Gruppe
Montpellier-Carré	Heidelberg	Planned	New building	2025	11,000	E&S Real Estate Development GmbH



MARKETBEAT

# GERMANY

Retail Q3 2023



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