MARKETBEAT

GERMANY

Retail Q4 2019

	YoY Chg	3-Mo. Forecast
9.7 Consumer Index GfK	▼	▬
105.7 Consumer Price Index	▲	▲
104.6 Retail Price Index	▲	▬

Source: GfK, National Statistical Office

ECONOMIC INDICATORS GERMANY Q4 2019

	YoY Chg	3-Mo. Forecast
0.40% GDP Growth	▼	▼
1.60% Consumer Expenditures	▲	▼
4.80% Unemployment Rate	▼	▲

Source: Oxford Economics, National Labour Office

ECONOMY: Retail Sales Increased

In Q4 the average unemployment rate was 4.8% indicating that the weakening in the German economy has not yet reached the labour market. Consumer sentiment, as measured by the GfK Consumer Climate Index, has been weakening but is still at a high level. Total German retail sales ended 2019 with an annual volume of almost €544 million and therefore were 3.2% higher than 2018. Online sales increased their share to almost 11%. Their growth rate was 8.9% while shop sales increased by 2.6%.

DEMAND: Drugstores, Easy Gastronomy, Fashion Discounter

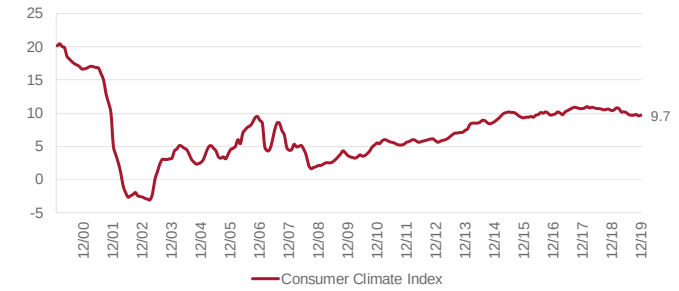
US Fitness-Startup Peloton entered the German market by the end of 2019 and plans to operate up to eleven shops, all in attractive shopping areas in the major cities. So far, locations in Hamburg, Dusseldorf, Frankfurt, Cologne and Berlin have opened. Not least these lettings confirm once again that the mix of occupiers in high streets is changing. Drugstores, namely dm and Rossmann, are expanding, the same is true of fashion discounters and non-food discounters such as Hema. All types of gastronomy concepts are increasing the attractiveness of shopping areas.

Operators of out-of-town shops are testing smaller outlets in the city centre or plan to do so. In October, DIY operator OBI opened a 168 sq.m concept store called Create!by Obi. Ikea announced space searches for XS-stores and planning studios. In Berlin, Swedish fashion retailer H&M is testing a 260 sq.m store concept where shopping, café and community space are combined and where H&M also offers fashion from other labels

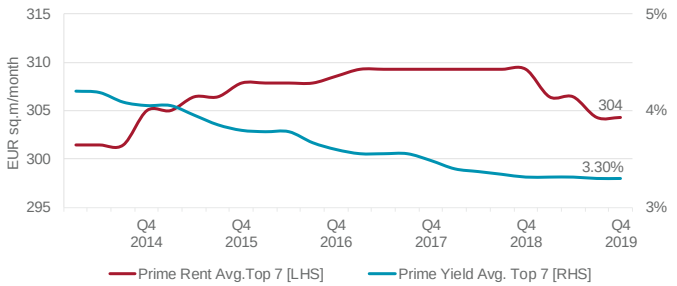
PRICING: Rents Remain Stagnant

Prime Rents in the major high streets remained stable in Q4, however outside these areas some reductions in rental level took place.

CONSUMER CONFIDENCE INDEX (GfK)



PRIME RENT AND PRIME YIELD



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Retail Q4 2019

MARKET STATISTICS

SUBMARKET	FOOTFALL (14.12.2019)	PRIME RENT (EUR /SQ.M/ MONTH)	Change Y-o-Y	PRIME YIELD	Change Y-o-Y
Berlin, Tauentzienstrasse	n/a	310.00	-1.6%	3.10%	0 bp
Dusseldorf, Konigsallee	31,184	290.00	0.0%	3.50%	0 bp
Frankfurt, Zeil	122,633	310.00	0.0%	3.30%	-10 bp
Hamburg, Spitalerstrasse	116,826	300.00	-3.2%	3.40%	0 bp
Munich, Kaufinger/ Neuhauser Strasse	187,188	365.00	-1.4%	2.80%	0 bp
Cologne, Schildergasse	143,725	285.00	-3,4%	3.50%	0 bp
Stuttgart, Konigsstrasse	139,780	270.00	-1.8%	3.50%	0 bp

Source.Hystreet:com

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	SQ.M	NOTE
Tegel-Center	Berlin	Peek & Cloppenburg	3,300	Opening 2021
Kaiserstrasse	Frankfurt	Görtz	1,400	Flagship Store, Opening March 2020
Flingerstrasse	Dusseldorf	HEMA	1,000	2 floors, opened November 2019
Mohringhaus, Neuer Wall	Hamburg	Benetton	850	Flagship Store, 2 floors, Opening 2020
Maximilianstrasse	Munich	Bruno Cucinello	400	Opened November 2019

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SQ.M	PRICE RANGE EURm
Seemaxx Outlet Center	Radolfzell	H. Sat / Quilvest Capital Partners JV Kintyre	35,000	50 - 100
Ring-Center I	Berlin	ECE JV Unibail Rodamco / Angelo Gordon.	11,500	50 - 100
20% of 10 Kaufhof deparlment stores	9 cities	Signa / Commerz Real	371,600	250 - 500
Superfood Portfolio (68 supermarkets)	National	Patrizia / Sparkassen Versicherung	122,000	100 - 250

KEY CONSTRUCTION COMPLETIONS Q4 2019

PROPERTY	SUBMARKET	MAJOR TENANTS	SQ.M	OWNER / DEVELOPER
NOC Nordoberpfalz-Center	Weiden, Bavaria	Woolworth, Superdry, Thalia	18,000	Fondara
THEO Shopping Center	Husum, Schleswig-Holstein	Edeka, H&M	12,000	Peter Cohrs / Prelios

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