SUSTAINED HIGH DEMAND

In the 1st half of 2012, demand for retail premises in central Leipzig remained at a consistently high level. Take-up totalled around 2,200 m² and was fuelled in particular by deals in the small-unit and mid-range size categories. In contrast to the same period last year, there have so far been no large lettings. But international retailers have been exhibiting sustained interest in Leipzig and so in the medium term, the attractiveness of the local shopping scene is likely to increase. The Dutch fashion chain Scotch & Soda, for instance, has concluded a lease for about 600 m² in the Handelshof in Grimmaische Strasse, and the French firm Pylones, which specialises in gift articles, is to open a store in Nikolaistrasse (approx. 420 m²). Overall, the positive development makes Leipzig the most important retail location in Eastern Germany after Berlin.

CLOTHING SECTOR WELL OUT IN FRONT

Just as in most other German cities, the distribution of take-up according to business sectors in Leipzig in the 1st half of 2012 was headed quite clearly by clothing firms. Together, they accounted for more than half of the total. In second place, with a share of 25.5 %, came household articles/furnishings. The sector books/stationery took third place with around 10 %. Bodycare/healthcare and the food sector contributed around 9 % and 2 % respectively.
INCREASE IN SUPPLY OF SPACE

There has been an appreciable expansion of retail space in Leipzig primarily as the result of project developments. The volume under construction at present is around 45,000 m², and over half of this is due for completion by September this year when the shopping centre Höfe am Brühl opens. Since it is possible that some retailers may move to the new centre from the downtown area, some vacancies could occur, but only on a small scale. This said, the Höfe am Brühl centre will help to enhance the attractiveness of the retail scene in Leipzig. At the same time, one of the premium locations, Grimmaische Strasse, exhibits a shortage of available premises.

PRIME RENT STEADY IN PREMIUM AREAS

Following last year’s slight increase in the prime rent, in the 1st half of this year it has stayed at that level. So a typical 100 m² standard shop in the 1A-locations of Petersstrasse and Grimmaische Strasse still commands a top rent of 1,440 €/m². In adjacent Hainstrasse and on Neumarkt, the strong demand has lifted top rents by all of 60 €/m² to 600 €/m² and 540 €/m² respectively.

OUTLOOK

Overall, Leipzig’s positive development as a retail location can be expected to continue in the next six months. By the end of the year, available premises in the project developments will probably decline and so the supply of space will slowly return to normal. Prime rents are likely to stabilise at their present level.