LOWER TAKE-UP, MORE DEALS
Since 2013, the aggregate area of retail space let or opened in the downtown precincts of German cities in the first half of the year averaged out at just over 425,000 m², spread across 720 individual contracts. Although the result for the first six months of 2016 – at around 391,000 m² – was well below the average, the number of deals was higher than in any year apart from 2014. Accordingly, the average size of deals was lower, falling year-on-year from 740 m² to 550 m². In view of the very restricted availability of premises in inner-city areas, international retailers consider it more important for their market presence to be represented by smaller outlets in top addresses than to accept any compromises regarding location. Against this background, the proportion of deals registered in the A-precincts, at 43%, was far higher, and the proportion of lettings in central located malls far lower (18%), than it had been as recently as 2015.

BIG 7 ACCOUNT FOR 1 SQUARE METRE IN EVERY 4
Overall, lettings/openings were registered in 187 towns and cities nationwide in the first half of the year. The top centres (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich, Stuttgart) accounted for around one quarter of total take-up. The proportion of aggregate turnover posted by the B-cities which BNP Paribas Real Estate analyses on a regular basis has risen significantly (to more than one fifth). This positive development has been due primarily to the stable and often very strong retail-relevant data noted by these cities, and by the greater number of project developments and structural upgrading measures in their central areas. The remaining towns and cities outside the major retail locations together posted the high proportion of nearly 54%.

STEADY DEVELOPMENT IN THE SHOPPING METROPOLISES
A look at space turnover and the number of registered lettings/openings in the established top locations presents a picture similar to that seen nationwide. Whereas their combined take-up, at about 116,000 m², fell nearly 4% short of the prior-year figure, the number of deals increased year-on-year by 8% to 255. But developments between the individual markets varied, with six locations posting increases, and four cities lower totals than before. Thanks to the development of the Dorotheen-Quartier and a large-unit contract concluded by Primark, the take-up table was topped by Stuttgart, while the German capital, Berlin, once again posted the greatest number of new leases.
CLOTHING FIRMS MOST EXPANSIVE IN TOP CITIES

From renowned fashion labels to young international brands seeking first of all to test their concept in Germany, it is the clothing sector which remains the most active source of demand in the key shopping metropolises, with a share of nearly 30%.

One notable fact about firms in this sector is the broad range of their size requirements for downtown retail outlets in line with their own specific concepts. A marked increase in significance has been noted by system catering of the kind now essential for ensuring high quality-of-stay and an enhanced shopping experience in inner-city areas. It accounted for over 17% of take-up. Increasingly, the top locations also feature on the expansion-lists of labels in the bodycare/healthcare sector geared to rounding out their branch network in Germany. Examples are the international cosmetics companies Aesop and Lush. Altogether, this sector secured a share of over 11%.

42% OF FASHION LABELS HAVE INTERNATIONAL ROOTS

Underlining the ongoing attractiveness of the downtown precincts of German cities of all sizes is the fact that the fashion labels of international retailers were responsible for nearly 42% all lettings/openings. Particularly expansive has been Swedish fashion operator H&M, which in the first half of this year extended its network especially in small towns and cities. That also applies to independent brands in this group, like &other stories, COS and Weekday. Accordingly, it is hardly surprising that Swedish clothing firms accounted for close to 19% of turnover.

One investor in locations outside the big cities is American off-price company TK Maxx – in the framework of continuing expansion it is focusing to a growing extent on downtown malls. In all, American brands contributed 14% to aggregate take-up. That was the same share as that registered by French fashion labels, such as ba&sh, Vilebrequin and American Vintage, which have secured new premises in inner-city precincts.

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