

Research

Retail Market Overview Germany

H2 2023

Upward trend in the retail market continues



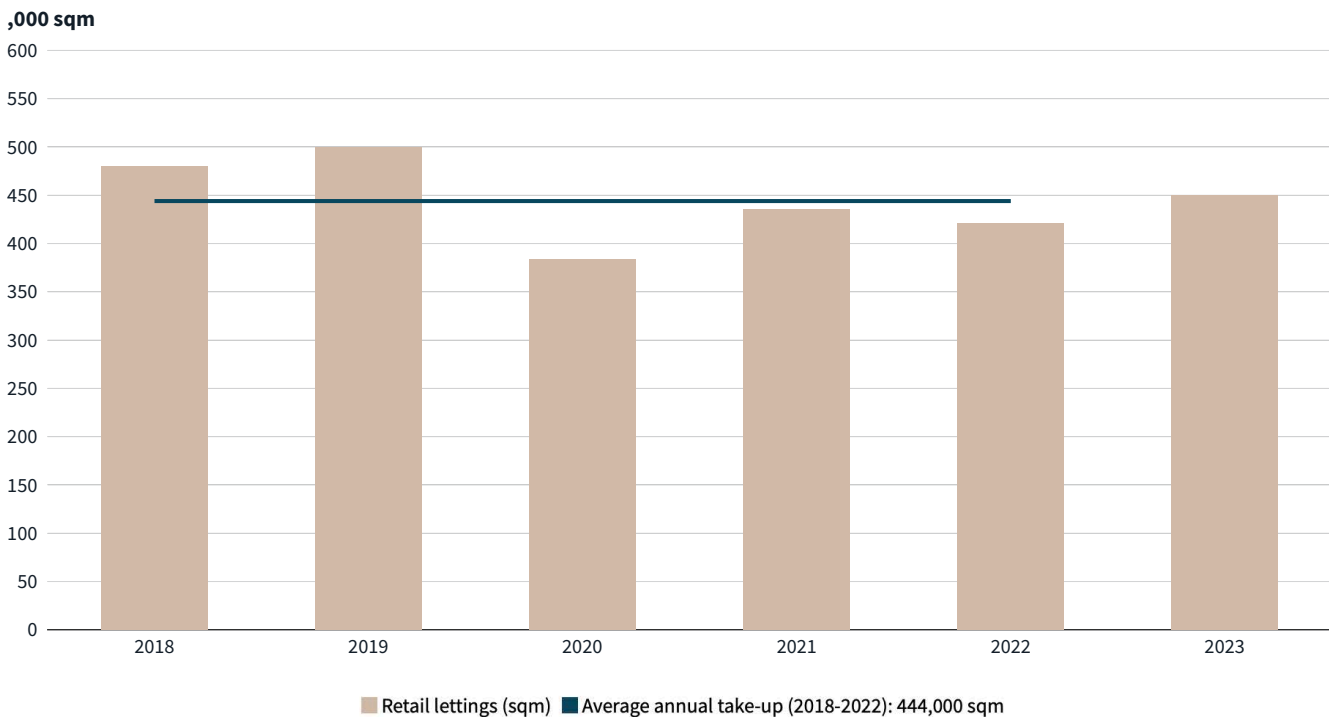
Remarkable letting take-up result

The retail market ended 2023 with a remarkable letting take-up volume of 449,500 sqm in 878 deals. This exceeded the previous year's result by around 7.0%, with the strong final two quarters of 2023 in particular contributing to the good result. At 4.0%, the number of deals is slightly down on the previous year.

There was strong demand for the >2,000 sqm size category throughout the year, with this category registering 44 individual deals, its best result over the past five years. International concepts continued on their quests to secure expansion opportunities in the German market, accounting for 54% of the deals. Brands represented in the German market for the first time include the Inditex Group's Stradivarius label, Byredo, an international luxury supplier of fragrances and accessories, and the Danish fashion label, Mads Norgaard. International car brands such as the BYD Group from China which recently secured space in Stuttgart are continuing to rent space in prime locations.

Consumer sentiment in Germany brightened somewhat at the end of the year and there has been an improvement in the economic outlook. The high inflation rate of 8.7% at the beginning of 2023 fell to 3.7% by December. Nevertheless, there are still burdens such as the fiscal deficit and the associated cutbacks which are causing uncertainty among consumers and weakening a sustained upturn in consumer confidence.

Retail lettings Germany in inner city locations



Status: January 2024; Source: JLL



1 of 2

Number of deals	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Total	243	192	221	210	255

Share Big 10*	42%	56%	46%	50%	41%
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Share international concepts	58%	55%	56%	51%	54%
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*Berlin, Düsseldorf, Frankfurt, Hamburg, Hanover, Cologne, Leipzig, Munich, Nuremberg, Stuttgart
Status: January 2024; Source: JLL



2 of 2

Take-up	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Total (000, sqm)	101.7	101.0	111.8	123.3	113.3

Share Big 10*	28%	56%	45%	61%	31%
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Share international concepts	78%	62%	59%	42%	56%
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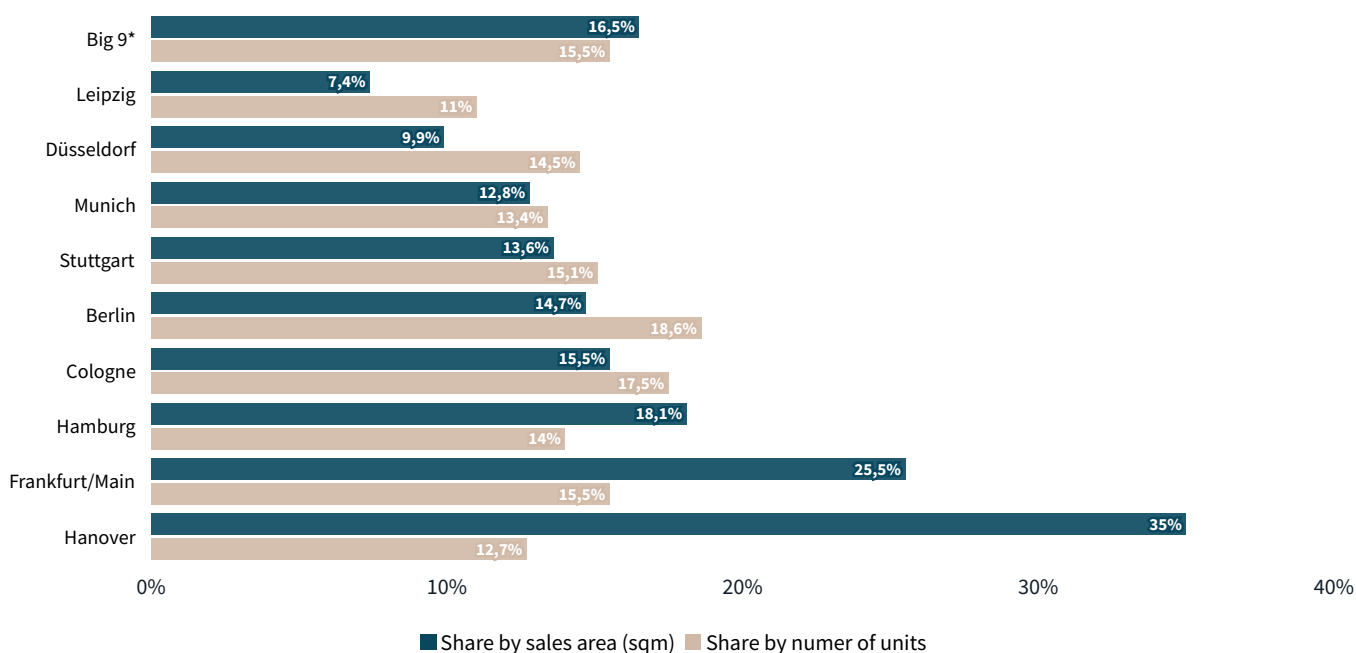
*Berlin, Düsseldorf, Frankfurt, Hamburg, Hanover, Cologne, Leipzig, Munich, Nuremberg, Stuttgart

Good letting take-up result in the Big 10

Germany's Big 10 cities achieved a take-up of 216,300 sqm, improving their previous year's result by around 42%. Hamburg (54,500 sqm) confidently led the field, mainly through further lettings in the Westfield Überseequartier, which now has an occupancy rate of 90%. Berlin (46,200 sqm) in second place also registered one of the best results of the last five years. Frankfurt (42,100 sqm) completed the leading trio with several lettings of over 1,000 sqm having a particularly positive impact. Düsseldorf, Munich, Cologne and Stuttgart formed the midfield with take-ups of between 12,000 sqm and 14,000 sqm. There was no shortage of lettings in the cities on the Rhein, although these were mainly in the smaller size category of up to 250 sqm. Munich's performance was on a par with the previous year and therefore only slightly below its five-year average. Stuttgart was able to make up significant ground after a weak letting year in 2022, with Königstrasse in particular seeing a stronger demand again. The final group showed mixed results, with demand picking up in Nuremberg and Hanover, while Leipzig fell short of expectations due to a lack of large-scale lettings.

Availability rate Big 9 - H2 2023

*Pool: 355 available units / 319.800 sqm available space



Status: January 2024; Source: JLL

Clothing & Textile segment confirms leading position

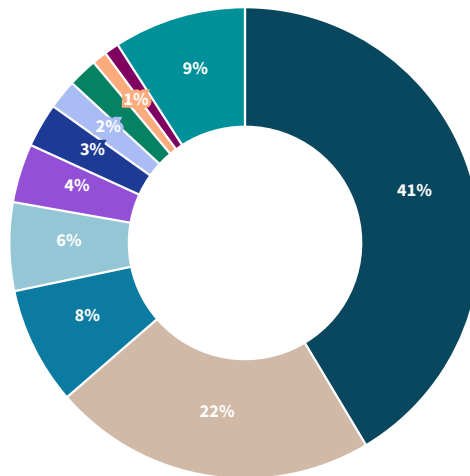
At 41%, the Textile segment topped the sectoral ranking, improving its take-up result by eight percentage points compared to the previous year. Clothing stores and young fashion providers were again strongly represented, accounting for 139,000 sqm of the rented space. In addition to Sinn and C&A, the online retailer Zalando was active with three new outlets. In the Young fashion segment, Zara and New Yorker expanded with large-scale lettings. The Restaurant & food segment assumed second place with a share of just 22%, four percentage points below the previous year's result. With 296 individual deals, the segment outperformed the Textile sector (254), but in the Restaurant & food segment almost 70% of deals were in the two smaller size categories, <100 sqm and 100 - 250 sqm. Health & beauty retained its traditional third place with 8.0%, almost on a par with the previous year. The shares of 10% and more, which were achieved three years ago, for example, are currently not in sight. Drugstore chains especially were reluctant to rent space in the city centre. Sports & outdoor improved by two percentage points thanks to a number of lettings by the Intersport Group. The shares held by the other six segments analysed were mostly unchanged from the previous year at between 1.0% and 4.0%.



1 of 2

Lettings by business sector

Pool: 449,500 sqm, Q1-4 2023

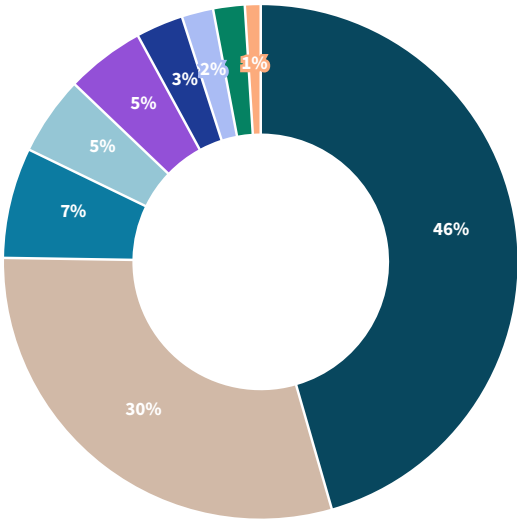


■ Textiles
 ■ Food/restaurants etc.
 ■ Health/Beauty
 ■ Sports/outdoor
 ■ Furnishings/décor
 ■ Department store
 ■ Shoes/leather goods
 ■ Books/stationery
 ■ Jeweller
 ■ Telecomm./home electronics
 ■ Others

Status: January 2024; Source: JLL

Evaluation of textiles sector by rental area

Pool: 185,100 sqm; Q1-4 2023



Clothing stores Young Fashion Discount retailers Ladieswear Ladieswear/Menswear Excl. Fashion Menswear Kidswear SecondHand

Status: January 2024; Source: JLL



JLL Space Availability Rate falls

The JLL Space Availability Rate fell for the first time in the Big 9 since the second half of 2020. Compared to the first half of 2023, the rate fell from 19.7% to 16.5%, while the rate by number of shops remained stable at 15.5%.

All cities showed declining values, with Leipzig leading the way in terms of space availability and the number of available shops, with the lowest rates of 7.4% and 11.0%, respectively. This positive development in the Big 9 cities benefited from the current trend towards large-scale lettings.

It remains to be seen how the rate will develop in the first half of 2024 with the prospect of the renewed insolvency of Galeria department stores. Much will depend on whether the retail group, which currently has 92 shops, can find an investor so that the company as a whole can be preserved. If this is not successful, further closures of department stores, including in the Big 9, would have immediate consequences that would be difficult to cope with.



1 of 2

Retail Lettings (in sqm)

City	2023	2022	Change to 2022	Average 2018-2022
Hamburg	54,500	20,500	165%	20,400
Berlin	46,200	42,800	9%	40,400
Frankfurt/Main	42,100	8,700	383%	14,700
Düsseldorf	13,700	18,200	-25%	21,100
Munich	13,400	13,900	-4%	15,000
Cologne	12,800	18,900	-32%	20,100
Stuttgart	12,100	6,600	+83%	8,900
Nuremberg	9,200	9,200	0%	4,700
Leipzig	7,400	11,700	-37%	10,000
Hanover	4,900	1,400	245%	4,700

Status: January 2024; Source: JLL



2 of 2

Prime retail rents in the Big 10 (€/sqm/month)

City (Street)	Q4 2023	Q4 2022	Change to 2022	Forecast Q1 2024
Munich (Kaufingerstraße-Marienplatz)	340	340	0%	340
Berlin (Tauentzienstraße)	290	290	0%	290
Frankfurt/Main (Zeil)	270	280	-4%	270
Düsseldorf (Königsallee)	270	275	-2%	270
Hamburg (Spitalerstraße)	250	265	-6%	250
Stuttgart (Königstraße)	250	250	0%	250
Cologne (Schildergasse)	225	230	-2%	225
Hanover (Georgstraße, Bahnhofstraße)	170	175	-3%	170
Nuremberg (Ludwigsplatz-Hefnersplatz-Karolinenstraße)	135	140	-4%	135
Leipzig (Petersstraße, Grimmaische Straße)	110	110	0%	110

Status: January 2024; Source: JLL

Prime rents fall only slightly in the Big 10

There are signs that prime rents have bottomed out in the Big 10 locations since the previous year. Rents remained stable in four cities, namely Berlin, Leipzig, Munich and Stuttgart. The other six locations recorded a slight decline of around 3% on average. Rents are expected to remain stable in the ten most important retail locations in the first half of 2024.

Outside the Big 10, stable values were registered in just 18 of the 66 locations analysed by JLL, including Bonn, Bielefeld, Wiesbaden and Dresden. Across Germany, prime rents fell by an average of 5.4% compared to the previous year. In the 250,000 - 500,000 and 100,000 - 250,000 population brackets, prime rents fell by a further 7.4% and 6.4%, respectively. The locations with fewer than 100,000 inhabitants performed best, losing just 5.8%. In this segment, rents are inherently at a lower level and could therefore remain stable for longer.

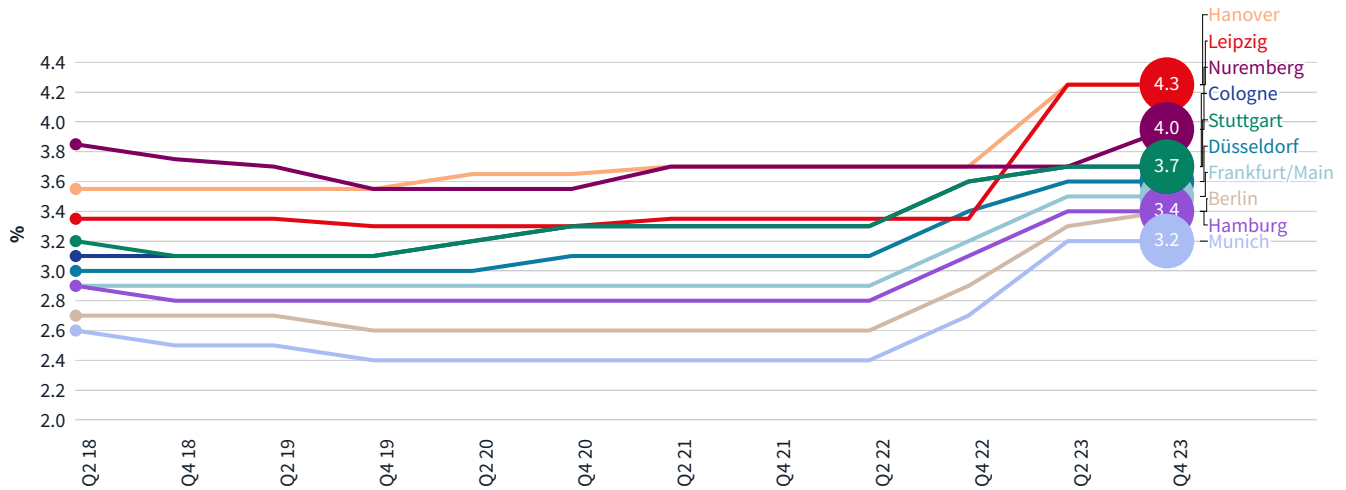
Demand for high street retail properties was subdued in 2023, although sales multipliers remained at a high level. Prime yields for the Big 10 rose only slightly in Berlin and Nuremberg during the second half of 2023. Yields in the other eight cities were relatively unchanged at between 3.2% - 4.25%, with the lowest yield being achieved in Munich and the highest in Hanover and Leipzig.



1 of 2

Prime yields unit shops

Repeat



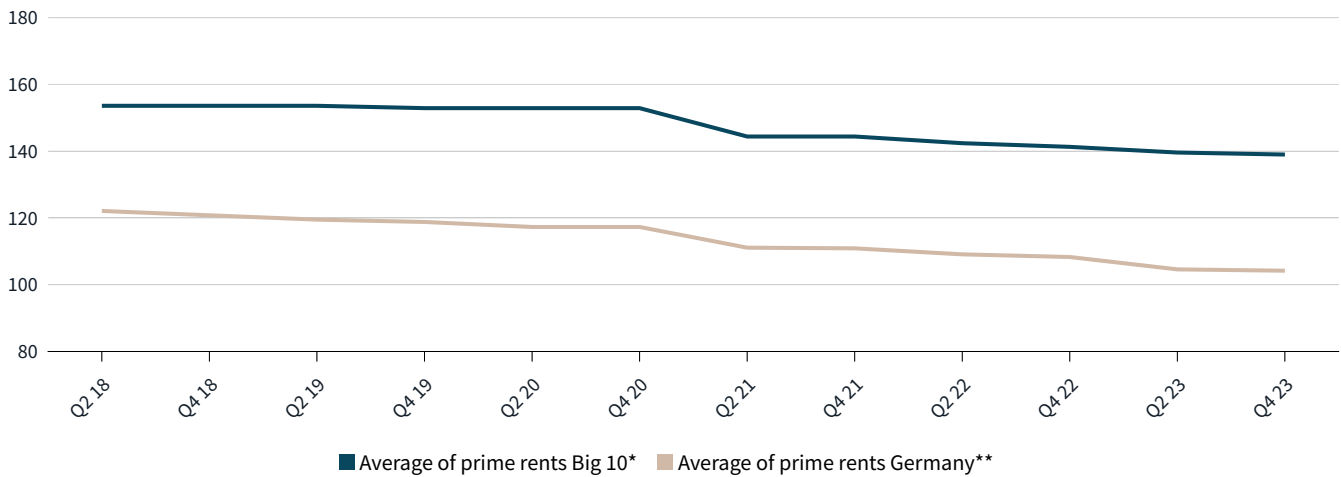
Status: January 2024; Source: JLL



2 of 2

Prime rental index unit shops

Index value 2000=100



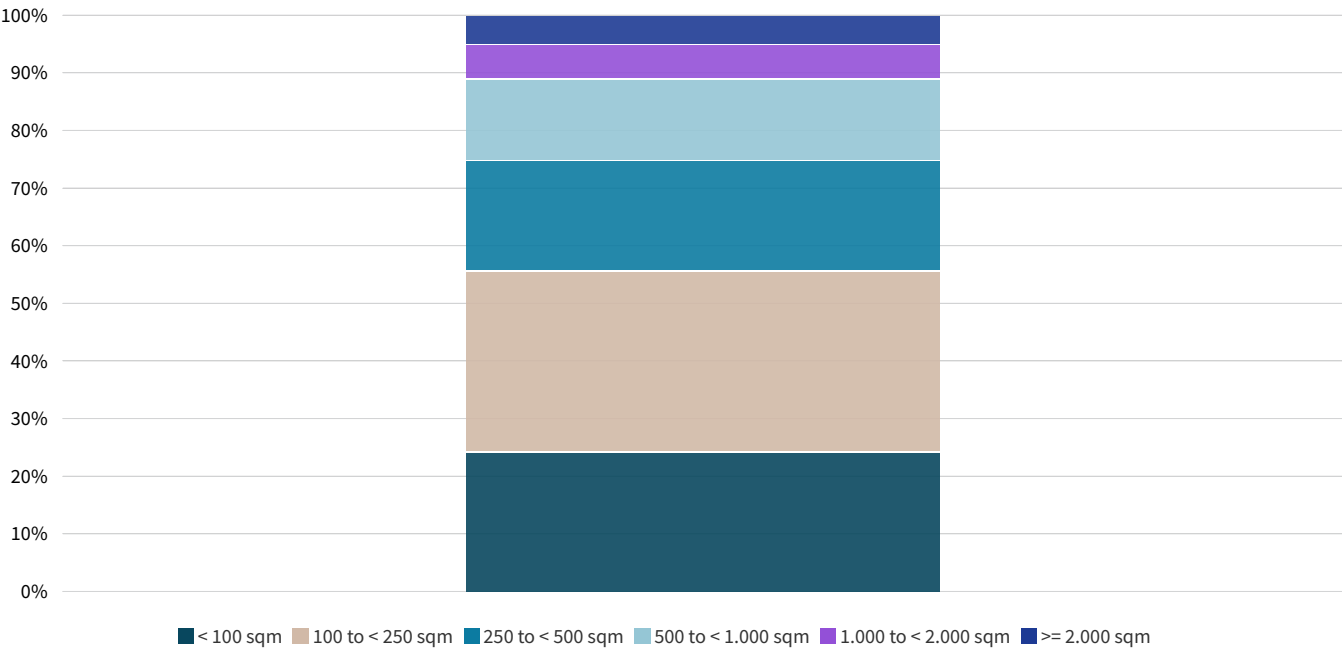
*Berlin, Düsseldorf, Frankfurt, Hamburg, Hanover, Cologne, Leipzig, Munich, Nuremberg, Stuttgart

**Pool: 66 cities

Status: January 2024; Source: JLL

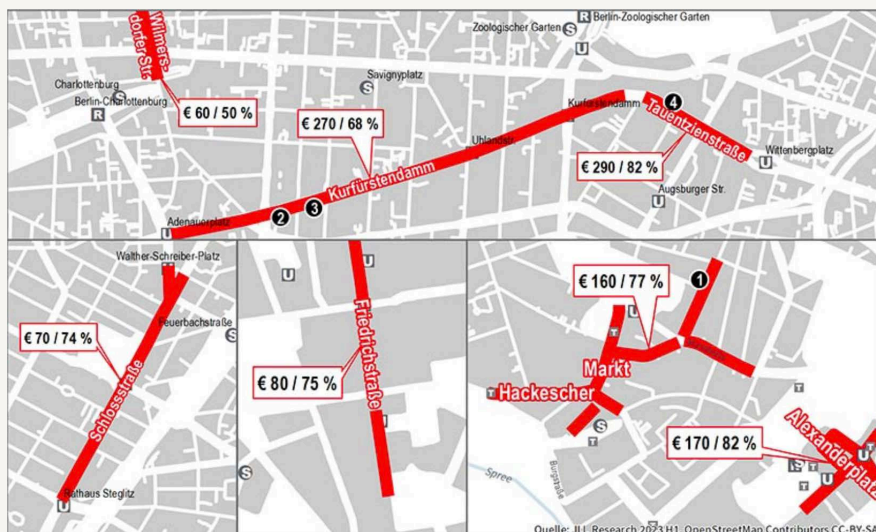
Lettings by size class

Pool: 878 lease contracts, Q1-4 2023



Status: January 2024; Source: JLL

Berlin

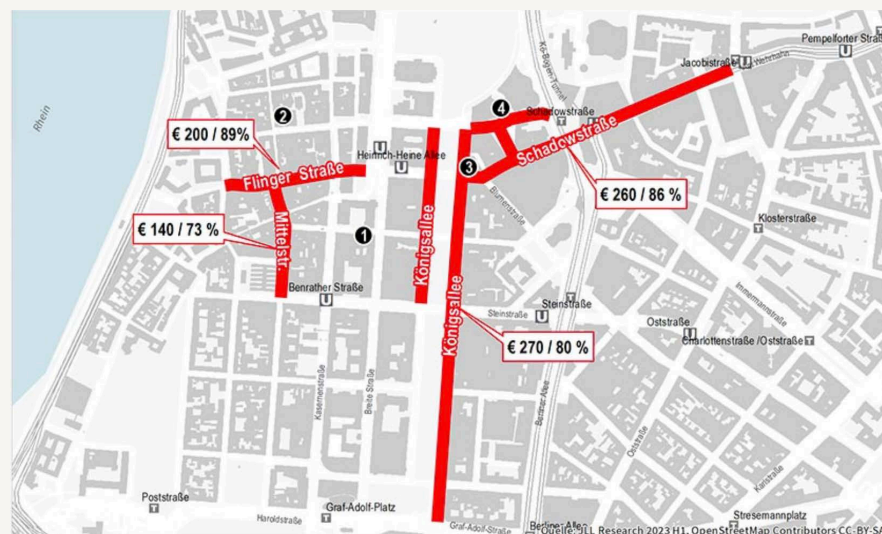


High Street with Prime Rent (€/sqm/Month) / % of retail-chains

Current lettings

- 1 Byredo
- 2 IWC
- 3 Tiffany & Co.
- 4 Dr. Martens

Dusseldorf

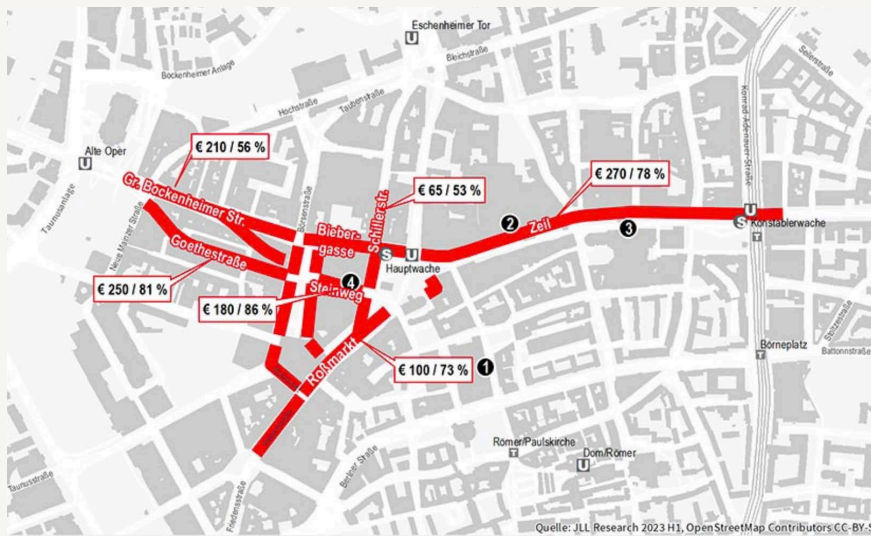


High Street with Prime Rent (€/sqm/Month) / % of retail-chains

Current lettings

- 1 Liebeskind
- 2 Bürgermeister
- 3 Rimowa
- 4 Calvin Klein

Frankfurt

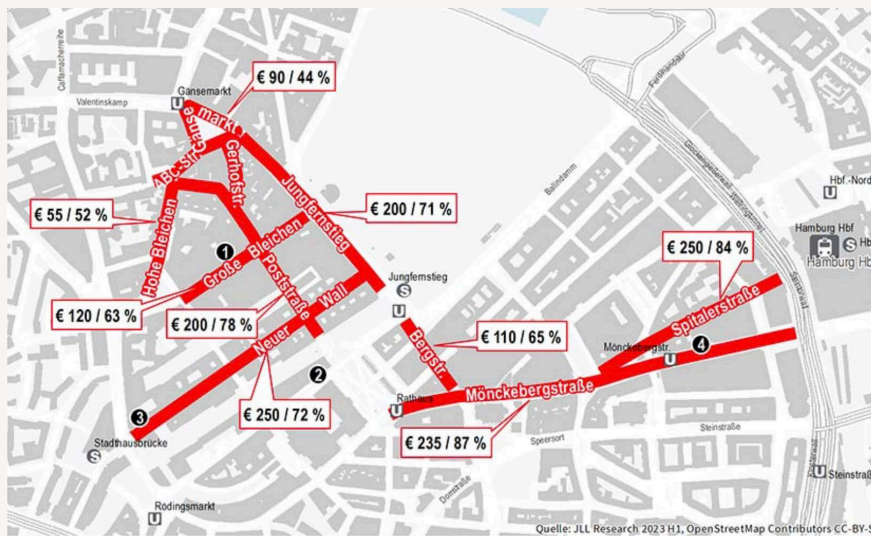


High Street with Prime Rent (€/sqm/Month) / % of retail-chains

Current lettings

- | | |
|-----------------|----------|
| ❶ Fissler Store | ❸ Snipes |
| ❷ JD Sports | ❹ Tissot |

Hamburg

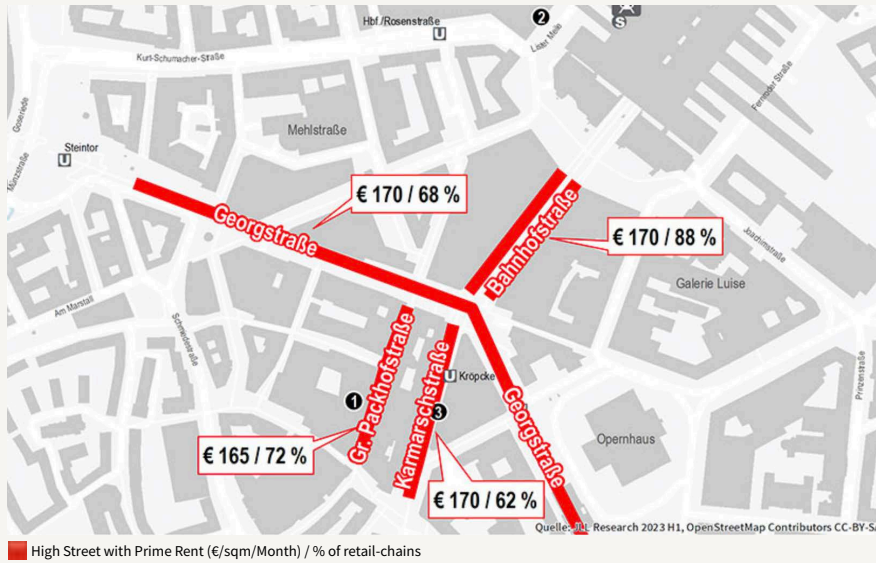


High Street with Prime Rent (€/sqm/Month) / % of retail-chains

Current lettings

- | | |
|-----------------------|-------------------|
| ❶ P&T Paper & Tea | ❸ Petite Poupette |
| ❷ Isabella Patisserie | ❹ Hard Rock Café |

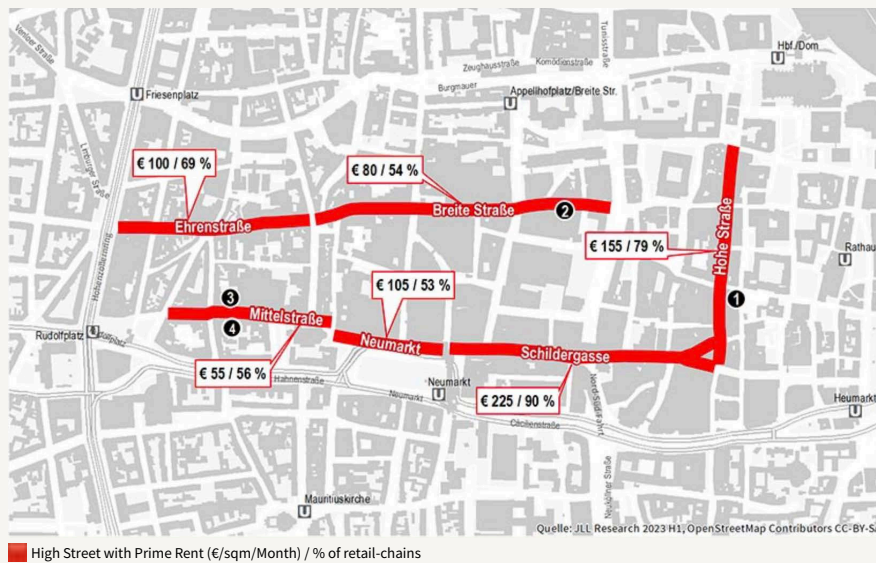
Hanover



Current lettings

- ① Stradivarius
- ② Go Asia
- ③ Lakrids by Bülow

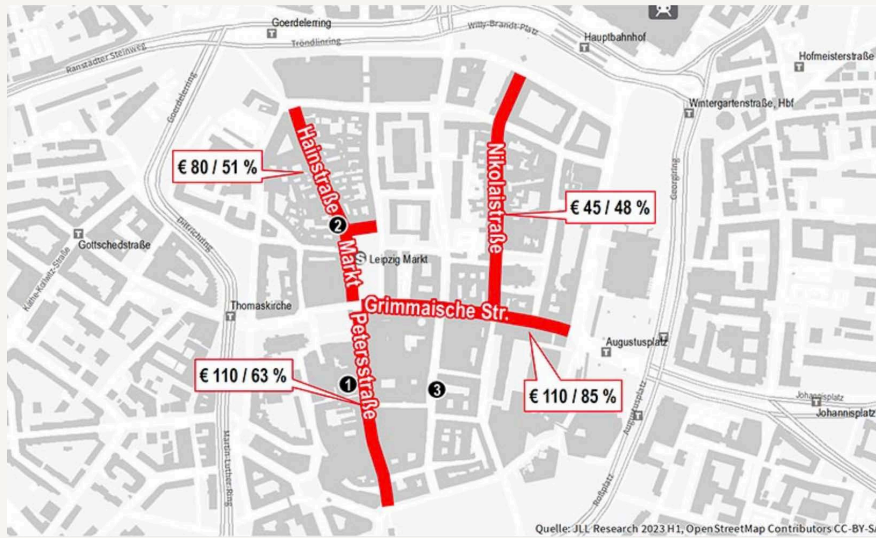
Cologne



Current lettings

- ① Tally Weijl
- ② Belchicken
- ③ 7th Space
- ④ Emma

Leipzig

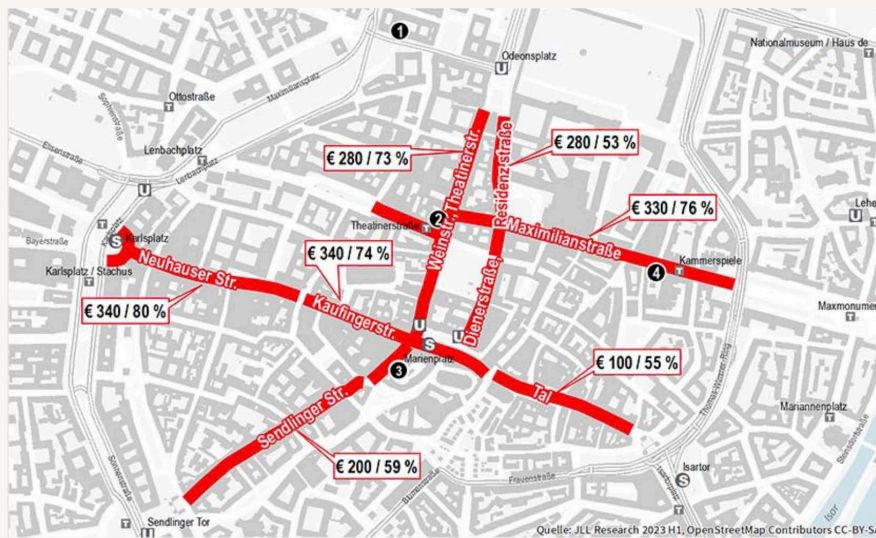


High Street with Prime Rent (€/sqm/Month) / % of retail-chains

Current lettings

- 1 Starbucks
- 2 Cinnamood
- 3 Viviry

Munich

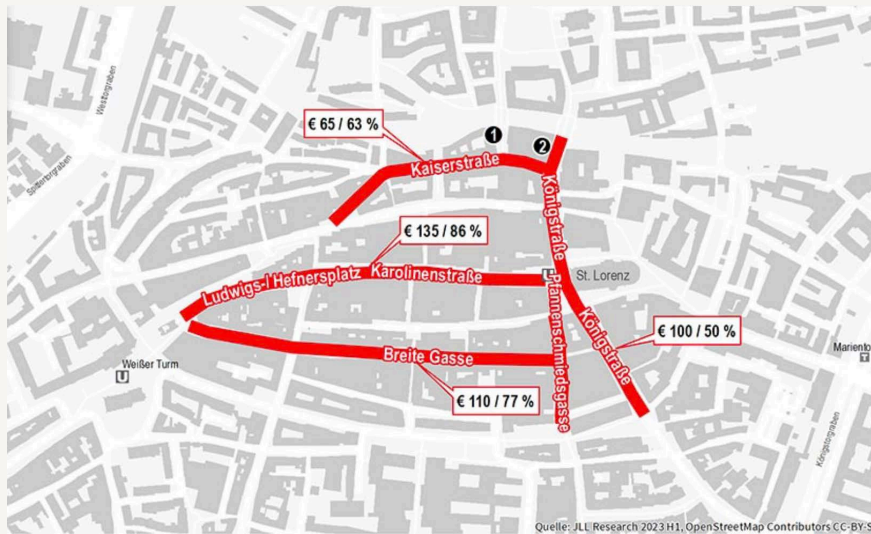


High Street with Prime Rent (€/sqm/Month) / % of retail-chains

Current lettings

- 1 Coach
- 2 Zenith Monobrand Store
- 3 Block House
- 4 Jaeger LeCoultre

Nuremberg



High Street with Prime Rent (€/sqm/Month) / % of retail-chains

Current lettings

- ① Rimowa (interim rental)
- ② Frittenwerk

Stuttgart



High Street with Prime Rent (€/sqm/Month) / % of retail-chains

Current lettings

- ① BYD Auto Company
- ② Nespresso
- ③ Deichmann

Contact us

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