

TREND REPORT: EXPERIENCE ECONOMY

Retail: The entertaining experience

US tariffs on steel products, refugee crisis, Islamic terror: The oppressive international news situation has little effect on the **consumer climate** in Germany and Europe.

The **renting and expansion behaviour** clearly reflects the positive expectations. International real estate agents (still) register stable trends for **peak rents**, although only related to absolute prime locations. The attractiveness and price level are already lower in the second row (**B and C locations**) – an effect that can also be observed in European cities.

The most active sectors experience a shift which can be explained by the advance of the **online trade** as well: The textile industry is in decline for demand for space, the **gastronomy** and food industry as well as health and beauty shops are catching up. In the high street sector, unsuccessful retail and gastronomy spaces are redesigned.

Asset manager and owners of spaces in shopping centres realise: Customers look for **events, entertainment, communication** and experiences in the stationary trade – all those aspects of shopping that a shopping trip on the internet cannot offer them. Many shopping centres are not prepared for this shift in paradigms. The **modernisation backlog** is big, countless buildings and concepts are outdated.

Politicians and retailers dread a **downward spiral** of sinking attractiveness, declining revenues and increasing vacancies – all over Europe. The forecast is bleak for medium-sized retailers without chain stores. The city centres of many smaller communities are threatened by desertification. **Factory Outlet Centres (FOC)** are supposed to “win back” the dwindling purchase power in some cities – whether with success remains to be seen.

As asset class, the demand in retail properties (shopping centres, office buildings) remain unchanged throughout Europe, although the return is under a lot of pressure because

of high prices. Retail parks are considered as investor’s darling in Germany, even though events and shop experience are a growing trend for this asset class, which originally catered for supply shopping. This results in hybrid centres which include textile brands such as Ernstings and H&M in their expansion plans.

The intelligent combination of online and offline strategies will decide on success and failure for all retail brands.

OUR RECOMMENDATION – READY FOR THE FUTURE IN RETAIL

Managing the transformation towards retail as an entertaining experience is key to stay competitive in the digital world. Out-of-the-box thinking, insight into consumer preferences and substantial investment are required to realize such innovative retail concepts. To succeed, investors, developers, real estate owners and retail companies need to combine their specific experience, knowledge and resources.

OUR EXPERTS

To learn more, just get in touch with

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ARCADIS SOLUTIONS

We consult retail clients with regards to their portfolio strategies and deliver broad services along the entire retail asset life cycle, from optimizing capex performance, to program management for retail construction projects, over maintenance optimization to energy certification. We help some of the world’s largest global retail brands respond to changing customer demands.

Business Advisory

- Transactional Services (TEDD, development monitoring and risk management)
- Property valuation
- Portfolio repositioning and value generation
- Digital Asset Information Management - Data Cockpit for Asset Decision Makers
- Professionalizing of facility management, operator responsibility
- CAPEX delivery and supply chain strategy
- OPEX optimization
- Portfolio management strategy
- Process Engineering
- Energy consulting and optimization
- DGNB, LEED and BREEAM certification
- Environmental consultancy
- Compliance audits
- Feasibility studies, option assessment

Program and Project Management

- Program Management
- Program Optimization
- Project management
- Risk Management
- Total Cost Management
- Commercial Management

- Supply Chain Management
- Construction Management
- Quality Assurance
- Stakeholder Management

Performance Driven Engineering

- Architectural Engineering
- Structural Design
- Mechanical & Electrical Design

Performance Driven Design

- Luxury Retail Design
- Specialty Retail Stores
- Department Stores
- Digital Integration