

Press Release October 23<sup>rd</sup> 2017

## PRESENTATION OF THE STUDY “FOCUS ON THE TENANT 2017/2018” - MORE THAN JUST A SURVEY

- \_ Third edition of the study with the focus topic: Fashion retail “Fashion Revolution”
- \_ Success stories & busts: The fashion industry is in the middle of the biggest upheaval in its history
- \_ A third of those questioned expect retail space to decrease – the number of locations continues to rise

The processes of change in German retail are at the heart of the new edition of “Focus on the Tenant 2017/2018 – Re-imagining commercial properties”. This marks the third cooperation between ILG and the Berlin Hyp and BBE, once again producing a study that comprehensively deals with the demands and future expectations of retail real estate tenants.

In comparison to the surveys of the past years, ongoing trends were confirmed: Agglomeration locations continue to be the most in-demand with food retailers. Non-food vendors prefer managed specialist retail and shopping centers.

Next to food retail, drugstore operations have begun to gain importance as anchor tenants and have already become preferred as neighboring businesses. H&M is by far the most sought-after textile anchor tenant.

The textile sector especially is being pushed forward by the dovetailing of the individual sales channels, both online and offline. However, the situation for stationary fashion retail remains tense. The retailers must face the challenges connected to the ongoing vertical integration of less expensive fast fashion retailers and, not least, the continuing boom of online retail. In addition, a clear positioning is often lacking. The market entrance of online giant Amazon into the textile industry with its own “find” brand significantly raises the pressure on the competition. To be able to survive this type of predatory competition in the future, topics such as quality of stay, customer relations management and, of course, trend awareness and speed in stationary fashion retail, must come to the fore. This “Fashion Revolution” is the focus topic for this year’s study.

Stationary retail is beginning to network. The share of retailers who operate their own online store has risen by almost a quarter in comparison to 2015. The sales space itself is also becoming more digital. ‘Click and Collect’ is the first choice for the increasing digitalization of retail. Refined marketing tools such as in-store marketing are continuing to spread.

Over a third of the survey participants predict decreasing retail space in the future: especially the sports, furniture, footwear and consumer electronics sectors.

The tenant continues to expect individual solutions from management. The anchor tenants, in particular, put great value on a common advertising presence for the centers. A growing number of food and drugstore retailers are prepared to contribute financially for advertising. Revenue-based rent is becoming increasingly popular with the tenants – however, fixed rents remain the number one option by far.

940 operators of retail and food services were contacted over the course of the study. With a response rate of 9%, a total of 80 participants answered the survey in April and May of this year.

**Berlin Hyp:**

Berlin Hyp specializes in high-volume real estate financing for professional investors and housing companies, providing them with individually tailored finance solutions. As an affiliate of the German savings banks (Sparkassen), it also offers these institutions a comprehensive range of products and services. Its clear focus, nearly 150 years of experience and close relationship with the Savings Banks Finance Group (Sparkassen-Finanzgruppe), make Berlin Hyp one of Germany's leading real estate and mortgage banks.

**ILG:**

The owner-managed ILG Group is a leading investor and manager for retail real estate, with over 30 years of experience. Operating services within the business sectors of capital, asset, property and center management, ILG offers its investors and clients a fully integrated service concept and expertise when it comes to commercial real estate throughout all stages of its life cycle. ILG's current total investment volume exceeds € 1.1 billion, managing approximately 800,000 m<sup>2</sup> of retail space with an occupancy rate of 99%.

Download: [Press photos](#) and [study](#). The study is only available in German.

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