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ISSUE

RETAIL REAL ESTATE REPORT 2025/2026





HIGHLIGHTS



Retail turnover shows a moderate positive development



Drugstores remain the most dynamic expansion sector



Superstores record growth in floor space



Online share of food and drugstore goods remains low



E-food market remains active



Food-anchored objects and high-street locations are in demand



Start of a new market cycle: Upswing on the property investment market



Prime yields stable – first signs of yield compression



Investment scoring: Munich particularly attractive for LEH real estate



Noticeable increase in international investor interest

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FOREWORD HAHN GRUPPE

Welcome to the new issue of the HAHN Retail Real Estate Report and to a special anniversary! This

is the 20th time that we are guiding you through the turbulent world of retail property with our market insights for the third time already. What began as a rather slim brochure in 2006 has since grown into a comprehensive compendium.

The world of that time differs in many ways from the world of today. One thing has remained the same, however: we want to provide you with a reliable overview of the market as a guide, balance sheet, and outlook at the same time. As we are facing an increasing flood of information, our report has turned into an important reference work for many, making market indicators and sentiment transparent across the various investment periods.

We have prefaced the anniversary with a retrospective: Two decades full of exciting developments, different market phases, and many challenges – from the financial crisis to the coronavirus pandemic. The consistent resilience of retail properties that cover people's daily needs as local suppliers should be emphasised in particular. As you will also see in the current market analyses in this report, it is still ongoing.

A SOLID BASIS FOR FURTHER RECOVERY

We already reported on improvement of the market in our last report. Since then, property prices on the investment market have further stabilised and the first signs of reducing net initial yields are becoming apparent. Considering the increasingly stable interest rate environment, this development is not surprising.

However, the economic environment remains challenging. Germany has little success in getting back onto a clear growth path and the export industry is unable to provide the usual impetus in the face of new trade policy barriers. The geopolitical situation also continues to weigh on consumer and business sentiment.

Nevertheless, German retailers are confident – in accordance with the results of our expert survey. More sectors are planning to expand their number of locations than in the previous year. Sales area is expected to remain largely stable, while the majority of food retailers are even looking to expand. This constitutes a positive signal for retail property investments.

It is also good to note that a significantly larger proportion of the investors surveyed would like to purchase retail property this year. They are operating in a calmer market environment, looking specifically for solid investments and not as much for short-term appreciation gains. About three quarters of the investors surveyed expect stable net initial yields in the coming months.



Thomas Kuhlmann



Christoph Horbach

DAILY NEEDS RETAIL REMAINS THE FIRST CHOICE

Retail parks continue to be the preferred sub-asset class for investors and retailers alike. Retailers value the combination of a good location and a balanced tenant mix as the ideal environment for successful business. Investors in turn rely on the high stability and security of these properties. The anchor function of the food retail trade, supplemented by other high-frequency speciality stores, is decisive for the attractiveness. High streets, secondary locations in regional centres and shopping centers follow at a considerable distance.

OUR COOPERATION PARTNERS

Once again, we have compiled the HAHN Retail Real Estate Report 2025/2026 in close cooperation with our long-term partners CBRE, bulwiengesa, and the EHI Retail Institute.

In the first chapter, bulwiengesa will analyse the economic conditions for private consumption

and shows developments in the various food and non-food retail sectors in detail. In the second chapter, CBRE examines the property investment market and uses a scoring model to assess the attractiveness of German regions for investments in the food retail sector in an excursion. The report includes two expert surveys conducted in the summer as well: We asked retail expansion managers about their expectations together with the EHI Retail Institute. Property investors and financial institutions were asked about their assessment of the investment markets on top of this.

We hope that this market report will continue to provide valuable impetus and insights for the property and retail sector in its 20th year of publication.

Thomas Kuhlmann
Chairman of the Executive Board
Member of the Executive Board

Christoph Horbach

Hahn Gruppe

FOREWORD BULWIENGESA

TWO DECADES OF THE HAHN REPORT – TWO DECADES OF THE TRADE CHRONICLE

This issue has us looking back on a remarkable continuity: The Hahn Retail Real Estate Report has documented the developments, challenges, and transformations of the German retail sector year after year for a full two decades now. This consistency is certainly not a matter of course in an industry characterised by change. It reflects the importance of sound market observation for all players in the retail property sector.

The past year of 2024 was once again characterised by consumer restraint. This attitude continued to determine demand behaviour in the retail sector. This development has left its mark on some sectors, though food retailers and drugstores are once again acting as stabilising engines in the bricks-and-mortar retail network. This resistance to restrictions on consumption emphasises their systemic importance for the functioning of the retail landscape.

One remarkable phenomenon illustrates the current market situation's complexity: While various retail sectors are experiencing a turnover reduction overall, a great number of individual companies manage to generate adequate sales and make targeted investments in their shop networks and concepts. This divergence between the state of the industry and the state of the company shows that successful differentiation and positioning are more decisive than ever for business success.

It is also encouraging to note that sectors that came under massive pressure in the early days of online retail – such as book retailing – have not only stabilised, but are even recording growth again in the brick-and-mortar network. This demonstrates the continued relevance of physical trading if it can play to its specific strengths.

At the same time, however, the long-held view that bricks-and-mortar retailers have built up a stable second pillar through their online shops is beginning to crack. Rather, it is becoming apparent that although the online shop is an important additional sales channel for efficient bricks-and-mortar retailers. It primarily functions as a service element for customer loyalty and not as an equally important sales driver.



Sven Carstensen

Online retail itself also is no longer going smoothly on all fronts. Two years of turnover stagnation or reduction were followed by a modest increase in sales in 2024. However, competitive pressure from new, aggressive market players is intensifying at the same time. TEMU, SHEIN and TikTok are attacking the established providers with product groups and prices that were previously reserved for discounters – in particular non-food discounters. This shift in the competitive landscape is already leading to the first recognisable concentration processes in non-food discount segment.

The opportunities and changes potentially brought about by artificial intelligence in online retail can only be guessed at so far. The competition to optimise use of such technologies has only just begun and is going to have a major impact on the industry in the coming years.

However, these developments also offer opportunities to return to the genuine qualities and advantages of bricks-and-mortar retail: the haptic experience of goods, immediate availability, the function as a meeting point and social interaction point, the promise of freshness, and shopping with all senses. These advantages play to their strengths in established and in particular to highly frequented retail pitches that have other products and some services in addition to pure shopping as well.



Dr. Joseph Frechen

Retailers are, therefore, facing the task of becoming creative once again in order to successfully meet all of these complex challenges. In the past, the industry has proven on several occasions that it is capable of reinventing itself and developing innovative responses to changing conditions. We are confident that we will succeed this time too.

As usual, we take a comprehensive look at current trends, solutions, and the latest developments in this year's Hahn Retail Real Estate Report – the 20th of its kind now. We would like to use this small anniversary as an opportunity to thank all of our readers for their continued trust and at the same time look forward to the coming years of trade monitoring.

We wish you an enjoyable read and look forward to continuing to follow the exciting transformation of the German retail sector together with you.

Sven Carstensen
MRICS
Director

bulwiengesa AG

Dr. Joseph Frechen
Area Manager
Retail

FOREWORD CBRE

CONGRATULATIONS ON THE ANNIVERSARY EDITION OF THE RETAIL REAL ESTATE REPORT, DEAR HAHN GRUPPE.

This overview work has provided detailed and profound insights into the German retail property market for two decades already. In this multifaceted market is for consumers, traders, and investors, the subjects connected to one of the most exciting property investment classes were and are just as varied. Constant adaptation to the changing and often very challenging framework conditions is needed. CBRE has been able to contribute to this work in the last few years as a reliable cooperation partner, using our expertise to explain the many opportunities of this special asset class to national and international market players on the basis of facts. This is a fact that we are grateful for. Cooperating as pioneers and initiators, we have succeeded in bringing transparency to the (investment) market for retail property, identifying trends, and creating a reliable basis for sustainable investment decisions with this standard work – which serves as a blueprint for further market reports. Looking back, we can see that some predictions we made in particular

regarding developments in bricks-and-mortar retail were correct in light of the growing importance of online retail. Some of them missed the mark, however.

The attractiveness of retail property as an asset class is also reflected in the data. A few very prominent and high-volume transactions have revived the retail property investment market in the course of 2024. This development continued in the first half of 2025 and ensured that retail was the strongest asset class among commercial properties in terms of transaction volume. The German property investment market continues to be exposed to opposing influencing factors: On the one hand, normalisation of inflation and interest rate expectations paints an improved picture of the real estate climate and investor sentiment compared to previous years. On the other hand, Germany is facing economic and structural challenges, coupled with geopolitical uncertainties and increased disruptions in global trade, which are influencing markets worldwide. Nevertheless, the German property investment market 2024/2025 achieved a turnaround at the turn of the year and is at the beginning of a new market cycle. This also shows that foreign investors are (wanting to) invest more in the local retail market, which is one of



Kai Mende



Dr. Jan Linsin

the largest and most liquid markets in the world. The view from the outside may also help us look to the future with a little more confidence. After all, with the new coalition of the black and red parties and the billions in fiscal policy stimulus resulting from the additional funds for infrastructure and defence, as well as the improved depreciation options for companies, the prospects for more growth and greater momentum on the investment and rental markets are certainly there. The transaction pipeline is currently filled well, and large-volume retail properties are currently under review that are going to set the tone for the investment market if successfully concluded. The current upswing is supported by the fact that prime yields remain mostly stable, even if there may be some slight yield adjustments in certain areas depending on the location and condition of the retail properties. We expect yield compression in particular for retail parks with a focus on meeting daily needs and for high-street properties in prime locations in Germany's top cities. Investor interest in top objects in established locations remains particularly high here. It can also be assumed that rents for both types of retail property are going to increase due to the high level of rental interest from retailers. Finally, the gap between premium

and secondary locations and between convenience and consumer-focused retail centres will remain or widen further. We will happily help you identify the opportunities that arise as an investment strategy and how to evaluate them with this report and our data-based advisory approach.

We hope that you will be enjoying a refreshing and inspiring read!

Kai Mende
CEO Germany

Dr. Jan Linsin
Head of Research

CBRE GmbH

HISTORY

In its 20th edition, the Hahn Retail Real Estate Report once again focuses on the detailed description of German retail development and the retail property investment market.



20 ISSUES OF THE HAHN RETAIL REAL ESTATE REPORT – A LOOK BACK AT EVENTFUL TIMES

Since the beginning of the 2000s, food-anchored property types have enjoyed steady growth in importance on the property investment market. Nevertheless, this sub-asset class was still mostly undiscovered in investor circles in spite of the growing interest in retail property. In light of this, the Hahn Retail Real Estate Report, published for the first time in October 2006, not only wanted to provide a sound insight into the retail property investment market and the German retail sector, but also in particular to highlight the then niche market of retail parks, specialist stores, and food markets, which was newly established on the market. The aim was to provide a comprehensive market overview for property investors and all other trade and property players, which did not yet exist in this depth at the time.

Today is the year 2025: In its 20th edition, the Hahn Retail Real Estate Report once again focuses on the detailed description of German retail development and the retail property investment market. The sometimes highly dynamic development was accompanied by significant macroeconomic and geopolitical changes, several crises, and a global pandemic. Looking back, the last 20 years can be divided into six economic phases, which were characterised by different framework conditions:

2005 TO 2007:

BOOM PHASE LEADS TO AN OVERHEATED MARKET

In the wake of the property boom at the time, new attractive forms of investment emerged for yield-oriented investors. Interest rates were low, reaching a record low in 2005. The local commercial property investment market also benefited from the growing demand for property, particularly from abroad. Boosted by an expanding German retail sector, brisk project development activity in the segment of food-anchored retail properties and specialist stores, and generally increasing investor interest, the retail property segment gained noticeably in importance on the property investment market. The investment volume in retail property totalled around €18.5 Bn, which is a record year to date in 2006. Retail parks, specialist stores, and discount stores were the fastest-growing property types in the retail property market segment at the time.



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Preceding it, pressure from inflation required tightening of monetary policy in the USA from the middle of 2006. Rising interest rates led to a sharp increase in loan defaults on the US subprime market. Accompanied by dropping property prices, severe pressure was put on the recoverability of property-backed loan receivables around the world. Many international and national financial market players were directly or indirectly affected by the resulting dynamic, with the result that capital flows and financing were severely restricted or even dried up completely.

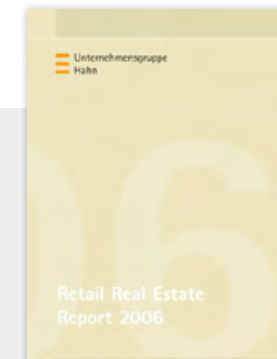
2008 AND 2009:

FINANCIAL CRISIS – TIGHT MONEY AND COLLAPSING MARKETS

Critical developments in various areas of the financial markets and the economy contributed to the global financial crisis, both at a macroeconomic level and within individual companies. The causes of the global crisis were not limited to the United States, but key triggers could be identified there.

The German commercial property investment market cooled rapidly in response. The transaction volume on the investment market for retail property fell to the level of 2004. Retail property proved to be more crisis-resistant than other asset classes in spite of the prevailing challenges. The predominant planning factors for investors and portfolio holders were demographic change, risk minimisation, energy efficiency, and climate protection.

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2010 TO 2014:
**MARKET RECOVERY AND
MARKET SHAKEOUT**

The lessons learned from the financial crisis led to comprehensive changes in the financial system and the economy as well as to a series of stabilising reforms. These included government rescue packages for banks, economic stimulus programmes to boost the economy and tighter regulation of the financial sector. The instruments used had an effect, resulting in a rapid and cautious recovery on the markets. The retail sector achieved significant turnover growth as a result of this. Online retail gained in importance as an additional sales channel. In 2013, the food retail sector recorded the highest turnover growth in the last five years. The number of new rentals in retail was once again on a very high level after the crisis.

Property prices recovered again thanks to this good basis. International and national investors actively returned to the investment market. A high level of equity capitalisation was much more important where financing is concerned, however. The investment focus was particularly on German metropolitan regions as attractive investment areas. The investment market for retail property was characterised by demand for

core products. Retail properties were the strongest asset class in the commercial property segment in terms of transaction volume in 2011. Specialist retail parks that established themselves as an independent asset class for investors during this period, made a particular contribution to this. The retail park asset class opened up new investment strategies for investors and offered the desired security and stability. Retail parks as an independent asset class are still a comparatively new product for institutional investors in particular.

2015 TO 2019:
**A STRONG UPSWING IS
FAVoured BY LOW INTEREST
RATE ENVIRONMENT**

The economic upturn continued and led to a clearly positive market development. The retail sector generated stable turnover at a consistently high level and with stable demand for space in this phase. The tenants with the strongest expansion were the large drugstore operators. They pushed their store network expansion across Germany. Food and drugstore chains grew more quickly than the non-food sector did. Online retail increased its share of sales in addition to the positive performance of bricks-and-mortar retail, while the sector's performance

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went in a very different direction from that of the general economy. However, the letting market was largely unimpressed by this.

Interest rates were historically low in these years and the ECB's key interest rate remained around 0.05 percent for a long time. Yield compression continued. Interest rates for property loans reached record lows at the same time, causing both the construction industry and the transaction market to become booming and highly dynamic areas. In addition, foreign investors set

price records through strong acquisitions and drove up the transaction volume. Value-add objects also gained in importance during this phase. A pronounced product shortage put additional pressure on prime yields.

2020 TO 2022:
**THE CORONAVIRUS PANDEMIC –
FOOD RETAILERS ARE HOLDING
THEIR OWN**

The coronavirus pandemic sent both the population and the economy into a state of shock. Lockdowns, shop closures, rising inflation, supply chain problems, fast delivery services, and working from home are just a few of the buzzwords that are directly linked to the pandemic period.

Large-scale aid and economic stimulus packages were launched by the German government in order to cushion the historic economic slump. The pandemic and the soaring inflation rate presented the German retail sector with immense challenges. Shop closures ordered by law during the lockdown phases exacerbated the situation of many already struggling retail concepts and subsequently led to insolvencies.

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However, food retail proved to be the beneficiary of the crisis, as it was exempt from the shop closures due to its systemic relevance and supply function and was the only sector to record turnover growth during this phase. The repeatedly proven resilience of the supply-orientated formats led to increased demand from national and international investors. Investment focus rested on supermarkets, food discounters, and retail parks in particular. In spite of the severely gloomy



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economic conditions, a record volume of €112 Bn was achieved on the German property investment market in 2021. In the following year, the transaction volume had already broken in half, sinking to €65.8 Bn.

e-commerce also recorded above-average growth during the pandemic and lockdowns – in particular in the non-food segment. The establishment of omnichannel concepts through to click-and-collect services



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contributed to this across all sectors. Other trends evident on the market ranged from location policy and digitisation to the key topic of sustainability – within the meaning of the acronym ESG (Environmental, Social, Governance).

SINCE 2022: GEOPOLITICAL TURNING POINT ADDING A NEW DYNAMIC

The start of the Russian war of aggression against Ukraine on 24 February 2022 marked a geopolitical turning point that has continued to this day with the escalation of further conflicts in the Middle East and the change of government in the USA in 2025.

After the coronavirus pandemic was overcome, the subjects of inflation, the war in Ukraine, and the debate about the future energy supply remained omnipresent. The global economic turmoil and resulting uncertainties led to a deterioration in sentiment both in the economy and among private households. The political change of course in the USA with increased

protectionism and an unconventional foreign policy is having a particularly negative impact on the export-orientated German economy.

Since then, Germany has been in a state of prolonged economic stagnation. The steep increase of interest rates in 2022 caused investors to adopt a wait-and-see attitude and led to capital outflows. The transaction volume on the property investment market fell to €28.6 Bn in 2023, before slowly climbing again to €34.3 Bn in 2024. Food retailers largely defied this difficult market environment and responded with a trend towards private labels and discount products. This enabled it to generate stable to rising turnover once again. The sales divisions continued their expansion efforts.

The detailed current developments are part of this report and are described in the following chapters.

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1.0

ECONOMY AND RETAIL TRADE

- Purchasing power in Germany is steadily increasing
- Retail turnover shows a moderate positive development
- Drugstores remain the most dynamic expansion sector
- E-food market remains on the move

1.1 ECONOMIC RECOVERY THROUGH EXPANSIONARY FISCAL POLICY

The decline in Germany's gross domestic product is expected to come to an end in 2025 following two years of negative growth. According to the European Commission, price-adjusted gross domestic product (GDP) is set to stagnate in 2025, followed by an increase of 1.1 percent in 2026, but this means that the forecast has at least been raised slightly compared to the spring forecast. However, this growth is still well below the long-term average in historical terms. The main reasons for the weak development are structural burdens such as digitisation, demographic change, and excessive bureaucracy. Added to this are external risks such as US customs policy.

The slight upturn in growth at the start of 2025 was mostly triggered by special effects such as early exports to the USA. Apart from this, there was an incipient recovery in private consumption, which has been trending upwards for the past four quarters. Households have increased their consumption again, made possible, amongst other things, by falling savings rates. This development is supported by actual income growth and the return to moderate inflation.

There is also some hope on sector level here. Construction investment, which had previously been in sharp decline, is stabilising again, for example. The order situation in the manufacturing sector is improving, although the mood there is still subdued. In addition to this, government consumer spending and other capital expenditure, for example in the area of research and development, are showing dynamic growth. Corporate investment benefit from announced fiscal stimuli such as accelerated depreciation and tax relief.

The nominal increase in GDP is higher at 2.4 percent (2025) and 3.0 percent (2026). Nevertheless, uncertainty remains high – both in terms of economic policy and international environment. This is curbing the propensity to invest and having a particularly negative impact on foreign trade. Overall, the forecast points to a slow but broadly based upturn powered by consumption, construction, and government stimuli.



LABOUR MARKET DEFIES ECONOMIC ENVIRONMENT

In spite of economic weakness, the German labour market is going to be remarkably robust in 2025. The decline in employment has remained moderate so far while employment momentum has slowed due to the weak overall economic development. The number of people in employment will be around 46.06 M – around 0.1 percent less than in the same month last year in May 2025. There was a slight increase of 0.1 percent in the number of employees subject to social insurance contributions compared to the previous year. Stable or even positive development in service sectors such as healthcare, public administration, and education was the driver here.

The unemployment rate rose slightly in the course of the year, until it reached 6.2 percent in June. While this is an increase over the previous year's value, the rate is still at a moderate level by historical standards. The number of people registered as unemployed currently is at around 2.91 M. Contrary to general opinion, the number of recipients of support under Social Code III (mainly unemployment benefit) rose by 13 percent as compared to the previous year, while the number of recipients of support under Social Code II (citizen's support) only rose by 3 percent.

SKILLED LABOUR SHORTAGE CONTINUES

One key aspect is and remains the ongoing shortage of skilled workers, which continues to act as a stabilising factor for employment in many sectors. Companies often hold on to their labour force even in economically difficult phases since they fear that they will no longer be able to find qualified employees when the economy picks up again. Early indicators such as the number of job vacancies and survey results from the ifo employment barometer also suggest that companies are looking to the future with cautious optimism. Overall, the labour market is, therefore, resilient. There are no signs of a trend reversal towards a sharp reduction in employment in spite of the economic slowdown and ongoing uncertainties. A labour market that is increasingly characterised by structural factors such as demographics and the availability of qualifications seems to be emerging instead.

PRIVATE CONSUMPTION SUPPORTS GDP GROWTH

In 2025, private consumption in Germany is going to pick up noticeably and make a significant contribution to economic stabilisation. Actual consumption levels have been on a slight upward trend again for several quarters after two years of high inflation and weak real wage growth. Private consumption is likely to make the largest contribution to GDP growth in 2025. The main driver of this development is the significant improvement in the real disposable income of private households. Nominal gross wages and salaries will rise by around 3.1 percent in 2025, while the inflation rate is going to continue to fall and is expected to average only around 2 percent in 2025. This is the first time in several years that households have seen a noticeable increase in real income.

The savings rate of private households will fall slightly in 2025 at the same time. Although it is still above the pre-crisis level, it does suggest a gradual normalisation. The increased tendency of saving money that was seen in previous years was primarily a result of uncertainty caused by energy price shocks, geopolitical crises, and economic risks, amongst other things. Households are more willing to consume again with the decline in inflation and increasing planning certainty. Increase in spending on consumer durables and services in the catering, leisure and travel sectors is particularly striking. There are clear catch-up effects here after years of limited consumption opportunities. The HDE consumer barometer has been recovering for several months, but is still subdued at 97.35 points in June and 97.73 points in July.

In 2025, private consumption in Germany is going to pick up noticeably and make a significant contribution to economic stabilisation.



INFLATION RATE BACK IN THE TARGET RANGE OF THE ECB

Inflation in Germany and the eurozone is going to reduce significantly in the course of the first half of 2025. The inflation rate already fell to 2.5 percent in 2024 and is forecast to fall further to 2.4 percent in 2025 while harmonised consumer prices still rose by 6.0 percent in 2023. A further decline to 1.9 percent is expected for 2026. This means that inflation is back within the target range of the European Central Bank (ECB). This already has some consequences for the ECB's monetary policy. The ECB has lowered the key interest rate several times, most recently to 2.0 percent following a phase of restrictive interest rate policy. Even though market participants believe that a further interest rate cut of 25 basis points is possible this year, the cycle of interest rate cuts should be largely complete.

The decline in the inflation rate is mainly due to lower price increases for energy, food, and industrial goods. Energy prices in particular are normalising due to lower wholesale prices, more favourable base year effects and less price pressure at the upstream stages. The inflation-transmitting effects from abroad are weakening as well. Domestic demand, in particular in the industrial sector, remains subdued, which is generating additional disinflationary pressure.

In real economic terms, moderate inflation strengthens real purchasing power, and has a stabilising effect on consumption and growth. Lower price increases in conjunction with nominal interest rates are leading to real interest rates around zero at the same time. This provides little incentive for investment and credit-financed expenditure. While it is no longer exacerbating the situation as in previous quarters, monetary policy is, therefore, still not having a supportive effect.

TRADE IS OPTIMISTIC

The ifo business climate has recovered continuously in recent months. Expectations have improved to a value of 90.7 points. However, the current situation is assessed as slightly less positive. The greatest absolute increase in expectations in the last twelve months was seen in the construction industry. Overall, however, expectations remain pessimistic in all economic sectors with the exception of the service sector. The ZEW Indicator of Economic Sentiment reflects a similar trend. Expectations are rising and are clearly optimistic while the current economic situation has been rated extremely poorly for several years. There are some major differences within the individual sectors: The outlook in the steel industry has deteriorated significantly due to the customs policy while the construction and IT sectors remain optimistic. The majority of retailers are positive about the coming six months by contrast. The number of optimists in the retail sector also has risen compared to the last survey.

SPECIAL SUBJECT: US TARIFF POLICY AND IMPACT ON GERMANY

The increased tariffs imposed by the USA have some negative impacts on the German economy in several respects. First of all, they make German exports more expensive on the US market, making products "Made in Germany" less competitive. Demand is reducing, which is likely to lead to declining production and falling employment, particularly in sectors that are heavily dependent on exports. This means a limited supply of goods and rising prices – both for imported consumer goods and for domestically manufactured products, whose input costs are rising for consumers. The result is likely to be a loss of purchasing power in real terms, which in turn will dampen private consumption. Although an appreciation of the euro against the US dollar has a smoothing effect on the price of US imports, this effect is not going to be sufficient to fully offset the negative consequences for consumption. The appreciation of the euro is also acting as an additional negative factor for the domestic export industry. A uniform tariff of 15 percent currently applies to most exports between the USA and the EU, including Germany, including key sectors such as the automotive industry, semiconductors, and pharmaceuticals. Some product groups are exempt. This includes aeroplanes, particular chemicals, pharmaceuticals, and selected agricultural goods. However, the previously imposed 50 percent tariffs on steel and aluminium, which are not part of the latest agreement, remain unchanged. In response to the agreement, the EU has suspended its originally planned retaliatory tariffs on US goods at a value of about €93 Bn for an initial period of six months.

According to ifo calculations, the tariffs could lead to a decline in industrial value added of up to 2.8 percent in the medium term, depending on how they are structured. However, this scenario includes reciprocal tariffs from the EU that have been suspended for the time being, as mentioned above. Current agreements are most closely aligned with the scenario of a decline in industrial value added of around 1 percent. However, due to the different economic structures of the federal states, the impact varies considerably. Federal states with an above-average industrial base, particularly in the automotive sector or the steel and aluminium industry, would be significantly more affected. Hamburg, on the other hand, is virtually immune or even slightly positively influenced – depending on scenario. This is due to its high share of other vehicle construction (e.g., ships) and transshipment effects.

SPECIAL SUBJECT: EFFECTS OF TEMU AND SHEIN ON CONSUMPTION

The debate about the business models of Chinese online platforms Shein and Temu has become increasingly heated in Germany and the EU, in particular with regard to their shipping and customs practices. Both providers systematically exploit the 150-euro exemption limit in EU customs law. It means that import duties are not levied on any consignments below this value limit. Products are often sent directly from the manufacturer in China to consumers in Germany – frequently packed individually and with deliberately low declared values. This allows them to effectively avoid import duties and import sales tax.

This puts European retailers – irrespective of whether they are brick-and-mortar or online ones – at a considerable competitive disadvantage. European companies must comply with complex regulations on product safety, labour standards, environmental protection, packaging licensing, and VAT. Chinese platforms, on the other hand, operate with significantly lower regulatory requirements and can, therefore, offer extremely low prices. The products concerned – mostly fashion items or low- to medium-priced consumer goods – frequently are of inferior quality and manufactured under critical production conditions. Although low prices are attractive to consumers in the short term, they undermine fair market conditions in the long term and contribute to the erosion of retail and the platform economy in Germany and other EU countries.

The damage goes beyond the pure competitive aspect: The state is losing revenue since no customs duties and taxes are incurred, and the customs authorities can hardly systematically check the high number of individual consignments. Politicians are, therefore, discussing a tightening of the rules, for example by abolishing the exemption limit, stricter controls or making platforms more liable for customs and tax offences. The aim is to create fair competitive conditions, protect European companies and secure state revenues without fundamentally jeopardising the benefits of global trade.

THE ECONOMY IN THE EUROZONE IS STRONGER THAN THE ONE IN GERMANY

The economic situation in the eurozone is only going to improve slowly in 2025. The real gross domestic product (GDP) in the eurozone is expected to increase by around 0.9 percent – which is more than in Germany, where another year of zero growth is expected. Private consumption is supporting the economy in the currency area, particularly in southern European countries, where pent-up demand remains high after the coronavirus pandemic. Structural factors such as high energy costs, a reluctance to invest and a weak industrial economy are dampening economic momentum in Germany, on the other hand. The export trend in the eurozone is also more robust overall, as some member states are benefiting more from global trade in services. Reluctance to invest remains particularly pronounced in Germany while inflation is weakening noticeably throughout the eurozone and the ECB is easing its monetary policy. All in all, the economy in the eurozone as a whole is, therefore, slightly more

The labour market in the eurozone is going to remain stable in 2025 despite ongoing economic uncertainties.

dynamic than the one in Germany. The upturn still remains fragile and heavily dependent on private spending and confidence.

The labour market in the eurozone is going to remain stable in 2025 despite ongoing economic uncertainties. Contrary to the German trend, the unemployment rate is expected to fall to 6.3 percent in 2025. Although employment momentum has weakened as compared to the years of booming development, there are no signs of widespread job losses. Structural bottlenecks in the labour market have a stabilising effect on employment in many member states:

Demographic change and industry-specific shortages of skilled labour – in particular in the healthcare, IT, and construction sectors – mean that companies are holding on to their employees even in economically weaker phases.

Wages and salaries in the eurozone are going to continue to rise noticeably in 2025. Wage policy catch-up effects following the real loss of purchasing power in recent years and increasing competition for qualified skilled labour are ensuring strong wage growth. In many countries, nominal wages are likely to increase by 3 to 4 percent. In some Eastern European countries, wages, and salaries have risen at double-digit rates in recent years.



The competitiveness of these countries has deteriorated with wage growth significantly outpacing productivity growth and should not be continued in the coming years. This development is strengthening the domestic economy and supporting private consumption in particular while the inflation rate in the eurozone is simultaneously falling to an average of 2.1 percent.

The labour market in the eurozone is proving to be a robust pillar of economic development all in all. In spite of subdued investment activity and subdued industrial production, employment remains high. This is due, amongst other things, to some structural factors that stabilise employment and to wage trends that contribute to an improvement in real incomes.

This development noticeably increases purchasing power for private households. In combination with strong wage growth, real disposable income is rising and stimulating private consumption in the eurozone. Many households are catching up on postponed spending, particularly on durable goods and services such as travel or catering. At the same time, the savings rate remains high by historical standards, just as it does in Germany. Although it is slightly below the previous year's figure, it still indicates a certain caution in the face of economic and geopolitical uncertainties.

The European Economic Sentiment Indicator for the eurozone has been moving sideways at a level below 100 points for three years now without any momentum. The index, at 94.0 points in June 2025, was lower than in the same month of the previous year (96.0 points) or at the start of the year (95.2 points). Only the service sector remains slightly optimistic with a balance of +2.9 points amongst the individual sectors. Momentum in the other sectors remains subdued, which argues against a strong economic impetus. The survey results for Germany are similar to those for the eurozone, although industry and the retail sector in Germany are somewhat more pessimistic. The aggregate index in Germany is also slightly below the eurozone figure at 90.7 points in June 2025.

OPPORTUNITIES AND RISKS OF THE FORECAST

The economic forecast is subject to considerable uncertainty, which manifests itself on both the risk and opportunity sides. Key risks include geopolitical tensions, such as a possible escalation in the Middle East or new trade conflicts with the USA. Protectionist measures in particular may severely affect the German export sector and once again burden the situation in global supply chains. Uncertainty about the future direction of monetary policy also harbours risks: An unexpected increase in inflation or a more restrictive ECB policy than currently expected could dampen investment and consumption. In addition, economic developments in China and in the USA remain factors of uncertainty for the global economy, with corresponding repercussions for the eurozone.

On the other hand, there are also some opportunities for more dynamic developments than currently forecast. Additional fiscal policy stimuli, such as the debt package adopted by the German government, are likely to stimulate domestic investment activity. Private consumption may also gain more ground again if inflation drops more quickly and households realise some of their increased savings. The defence package should also provide economic stimulus, although the new government's actual long-term goal of increasing production potential is unlikely to be achieved.

The outlook remains fragile all in all. Economic recovery is based on a narrow foundation and the balance between setbacks and positive surprises will remain unstable in the second half of 2025.

[01] Development of the economy in Germany and the eurozone
Change compared to the previous year in percent

	2023	2024	2025e	2026e
GDP (real) Eurozone	0.4	0.9	0.9	1.4
GDP (real) Germany	-0.3	-0.2	0.0	1.1
CPI (consumer Price Index) Eurozone	5.4	2.4	2.1	1.7
CPI (Consumer Price Index) Germany	6.0	2.5	2.4	1.9
Private consumer spending (real) Eurozone	0.5	1.1	1.3	1.4
Private consumer spending (real) Germany	-0.4	0.3	0.7	1.1
Unemployment rate Eurozone	6.6	6.4	6.3	6.1
Unemployment rate Germany	3.1	3.4	3.6	3.3

Source: Eurostat, forecast: European Commission Spring 2025

1.2 OVERALL RETAIL DEVELOPMENT

MIXED RESULTS DESPITE POSITIVE SIGNALS – STRUCTURAL CHALLENGES REMAIN

The German retail sector is experiencing a year of contradictions in 2025. The sector is expected to grow by 2.1 percent in nominal terms, but only by a modest 0.5 percent in real terms, with a forecast total turnover of €678.4 Bn¹. [see figure 02] This brings the psychologically important €700 Bn mark within reach for the first time. Reality shows a more nuanced picture, however: Many retailers are struggling with falling customer footfall, a deteriorating business situation, and pessimistic expectations for the future while the macroeconomic forecasts suggest optimism.

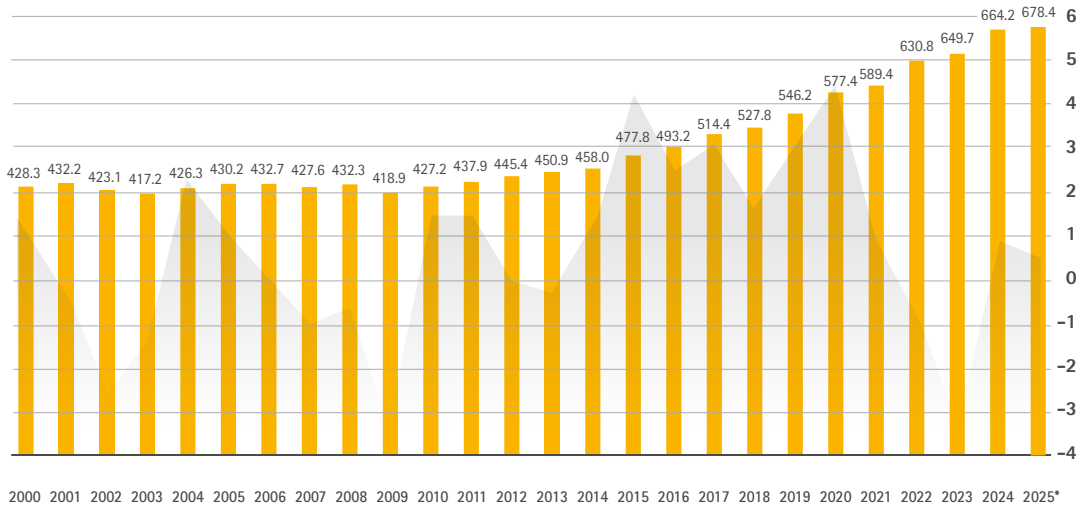
A long-term view of the past 25 years illustrates the extraordinary volatility of recent developments: Nominal growth of 7.2 percent was recorded in 2022 with a real decline of 0.8 percent – a clear sign of massive inflationary distortions. This was followed in 2023 by a painful consolidation with nominal growth of 3.0 percent and real growth of minus 3.3 percent. At 2.2 percent in nominal terms and 0.9 percent in real

terms, 2024 saw the return of positive real momentum for the first time, which will continue to stabilise in 2025.

The historical dimension becomes particularly clear when looking back: Since the turn of the millennium, the German retail sector has grown continuously from €428.3 Bn in 2000, but has gone through various phases of crisis. The financial crisis in 2009 led to a drastic slump to €418.9 Bn – the industry's worst setback at the time. Following a gradual recovery, the retail sector reached a new high of €546.2 Bn in 2019 before the coronavirus pandemic paradoxically led to a jump in sales to €577.4 Bn in 2020 – driven by both the online boom and hoarding.

The trend is quite positive for the first five months of 2025 according to data from the Federal Statistical Office²: The retail sector in the narrower sense recorded nominal growth of 3.7 percent and real growth of 2.7 percent. The food retail sector benefited from declining inflation of 3.6 percent in nominal terms and 1.0 percent in real terms. At 4.3 percent in nominal terms and 3.9 percent in real terms, the non-food retail sector clearly exceeded expectations.

[02] Development of retail turnover 2000 to 2025*



Source: Federal Statistical Office, *HDE forecast 2025; excluding VAT; provisional data; retail trade excluding motor vehicles, petrol stations, fuels, pharmacies, status: 07/07/2025

PURCHASING POWER INCREASES – THE SOUTH-NORTHGAP PERSISTS

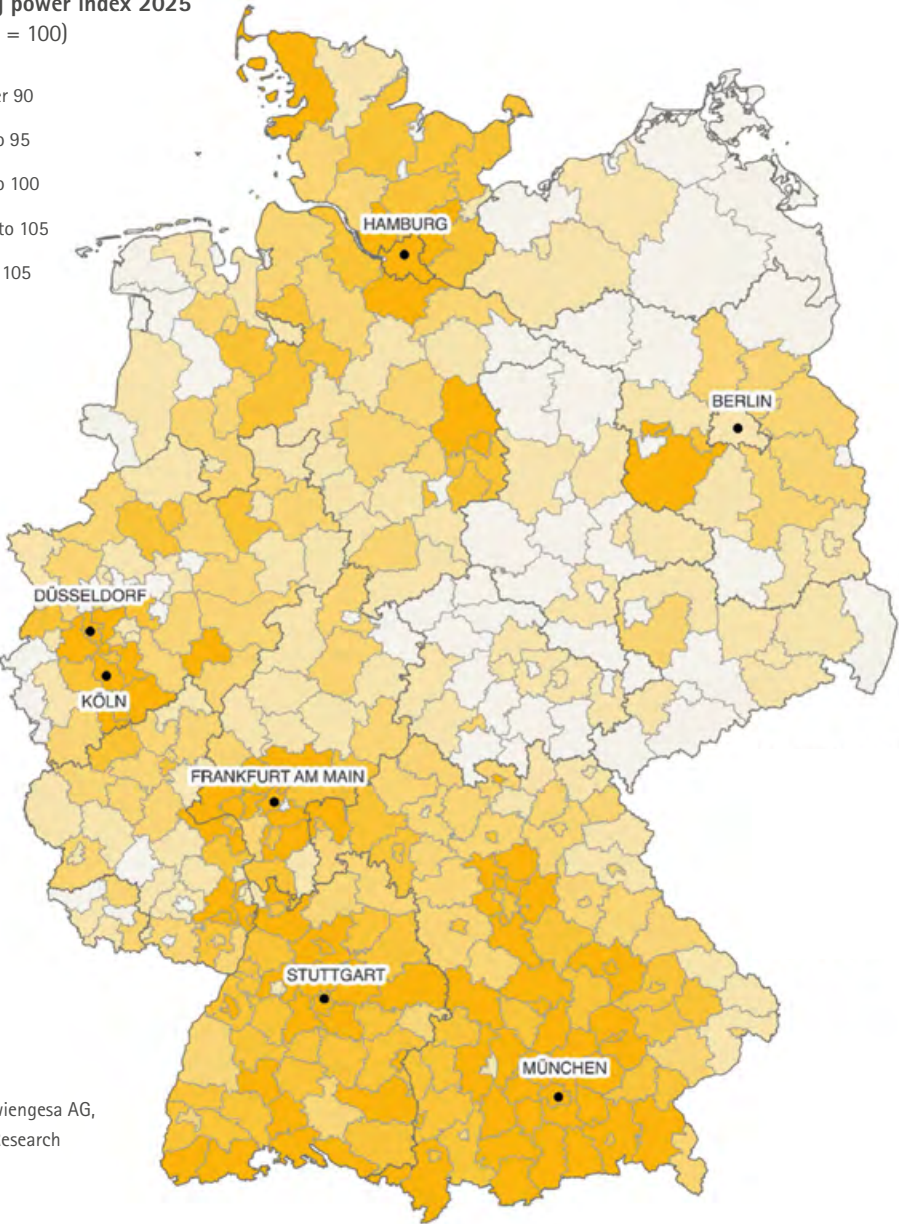
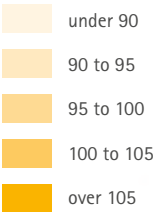
MB Research presents its forecasts of the purchasing power of private households at the beginning of the year of 2025. MB Research forecasts total purchasing power for Germany of €2,558.9 Bn with an average per capita purchasing power of €30,555 for 2025.³ German people's disposable income is, therefore, likely to increase by 2.1 percent in nominal terms. This is associated with a slight decline in purchasing power in real terms in spite of this nominal increase since consumer prices in Germany are likely to rise more sharply with an inflation expectation of around 2.4 percent.

Distribution of purchasing power by federal state shows the familiar picture. Bavaria comes out about 9.3 percent above the national average and in first place with a per capita purchasing power of €33,402. Hamburg follows suit in second place with €32,856 per capita. Baden-Württemberg ranks third with €32,461, followed by Hesse with €31,348 and Schleswig-Holstein with €30,655 per capita. These five federal states have a purchasing power per inhabitant that is above the national average [see figure 03].

¹ Based on chart data "Development of retail turnover 2000-2025", HDE forecast; excluding VAT.
² Federal Statistical Office: Retail sales development January-May 2025, cited from: www.destatis.de.
³ Michael Bauer Research GmbH, Purchasing Power 2025.

[03] Purchasing power in Germany 2025 – regional distribution

Purchasing power index 2025
(Index BRD = 100)



Source: bulwiengesa AG,
RIWIS, MB Research

Consequently, purchasing power in the other federal states is below average. Bremen comes in last with €27,076 per capita, which is at 88.6 percent of the national average. At the same time, the new federal states are approaching to the national average. Brandenburg has already reached 95 percent at €29,033, while the other eastern German states are also catching up.

BAVARIAN DISTRICT ABOVE THE NATIONAL AVERAGE

The district with the highest purchasing power has been the Bavarian district of Starnberg with €45,590 per capita for years.⁴ It exceeds the national average by 49.2 percent. The district of Munich and Hochtaunuskreis ranked next with €42,659 and €41,607 respectively. At €41,400 per capita, the state capital of Munich documents the dominance of the Munich metropolitan region, as other Bavarian districts such as Miesbach (€39,242), Ebersberg (€38,521) and Fürstenfeldbruck (€36,571) belong to this regional cluster. Six of the top 10 urban and rural districts are in Bavaria.

With the Hochtaunuskreis and the Main-Taunus-Kreis (€37,789), two Hessian districts made it into the top 10. The district of Lörrach from Baden-Württemberg is represented with €36,479. The usual picture remains here as well: The northern districts are gradually losing purchasing power compared to the south, which means that the south-north divide remains unchanged.

The last places are no longer held by districts in eastern Germany. They are now located in western Germany. Bremerhaven makes last place at €23,198, just behind Gelsenkirchen at €23,271 and Duisburg at €24,342. Purchasing power disparities remain considerable despite state equalisation payments. While the regions with the highest purchasing power are almost double the national average, the weakest regions are only around three quarters of the national average.

The vast majority of all districts in Baden-Württemberg have a purchasing power index of over 100. At the same time, only a few regions in eastern Germany manage this. Although the eastern German metropolises were able to increase their purchasing power levels, they still lag behind the national average. At €28,889 per capita, Berlin is at 94.5 percent of the national average. The crescent-shaped distribution of the highest purchasing power from Hamburg via the Rhine region to Munich remains unchanged.

DISTRIBUTION OF PURCHASING POWER REQUIRES ADEQUATE TRADE STRATEGIES

The development of purchasing power in 2025 thus presents a multi-layered picture: The north-south disparities and the concentration of the highest purchasing power in southern German conurbations remain in spite of moderate nominal growth and east-west differences gradually narrowing. This means a complex market landscape for the retail sector, with regional differentiation and location-specific strategies becoming decisive success factors.

There are some relevant strategic implications for the retail trade. The regional differences in the distribution of purchasing power require differentiated market strategies. Not all areas with high purchasing power automatically generate high retail turnover, as purchasing power flows between regions also play a decisive role. Cities with below-average purchasing power can use their centrality function to outgrow their purchasing power in terms of retail turnover, while others fall short of their potential despite high purchasing power.

SALES GROWTH IN
ONLINE TRADE

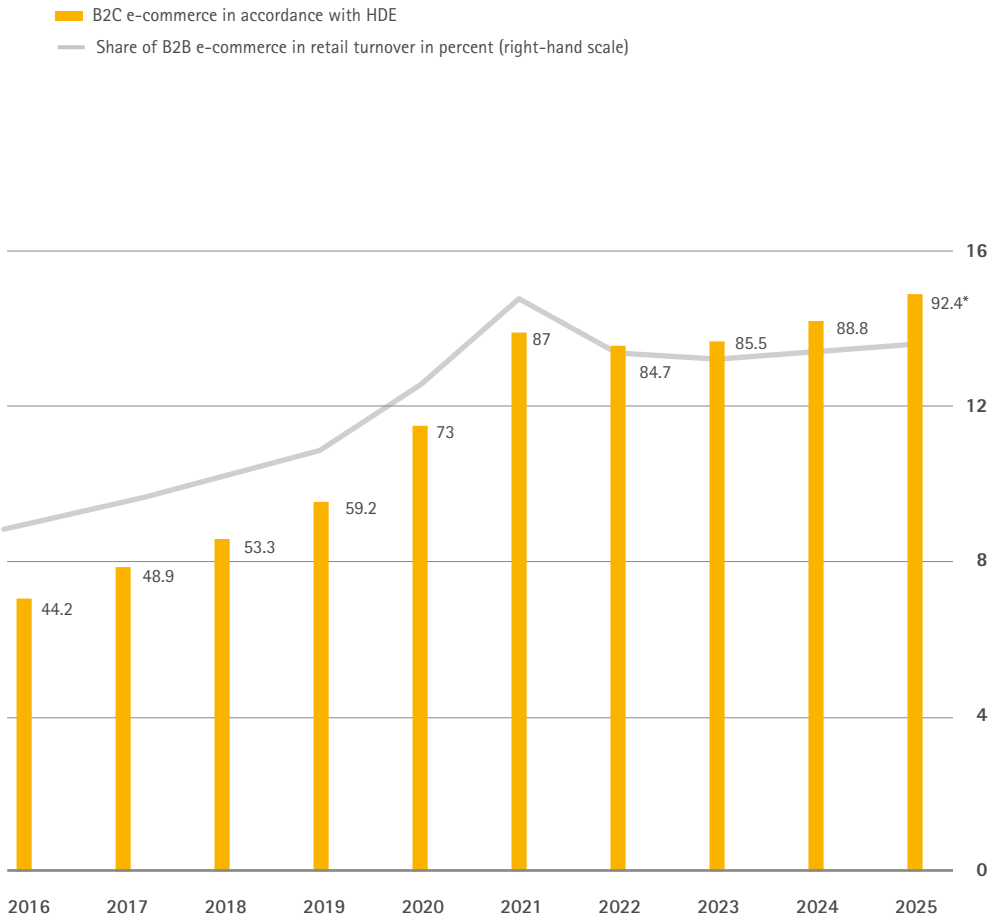
After a temporary period of consolidation, online retail is returning to a growth path. For 2025, the HDE forecasts sales of an estimated €92.4 Bn – an increase of 4.1 percent compared to the previous year.⁴ This would increase the e-commerce share of total turnover to 13.6 percent, as compared to the current 13.4 percent in 2024. The long-term development since 2007, the year in which the first Apple iPhone⁵ was launched, is remarkable: Online retail grew from €10.7 Bn to a forecast €92.4 Bn by 764 percent in 18 years. This corresponds to an average annual growth rate of 12.7 percent.

Three growth phases can be identified from today's perspective: the explosive early years (2007–2015), followed by an initial maturity phase (2015–2019), then the coronavirus disruption (2019–2021) and the normalisation phase (2021–2025).

While online retail turnover grew dynamically in the early years with annual growth rates of up to 23.6 percent, annual growth slowed to "only" 10.4 percent per year during the mature phase. Turnover once again saw explosive growth of 21.2 percent annually during the years dominated by the coronavirus pandemic with its various lockdowns and access restrictions in bricks-and-mortar retail. Online retail turnover increased by €28 Bn in just two years. Growth returned to an average of 1.5 percent per year after this coronavirus boom. As a result, the online channel has reached a new, higher plateau, but has largely returned to a normalised growth trend. This development illustrates the change from a niche channel to an important pillar of retail – with a share of 13.6 percent of total turnover in 2025 compared to around 2.5 percent in 2007.



[04] Development of online retail turnover in Germany
2016 to 2025* (net)
Data in Bn euros



* Forecast
Source: HDE Online Monitor 2025, incl. forecast for 2025, status: March 2025

⁴ HDE Online-Monitor 2025, incl. forecast for 2025, as of: March 2025.
⁵ Market launch in the USA in June 2007, market launch in Germany in November 2007.

EXCURSION

FORECAST FOR ONLINE RETAIL IN 2015 – WHAT HAS MATERIALISED AND WHAT DID NOT?

In the tenth anniversary edition of the Hahn Retail Real Estate Report (Report 2015/2016), a forecast on the further development of online retail with a forecast horizon up to 2025 was ventured as part of an excursus.

Although the coronavirus pandemic in particular, with its profound impact on shopping habits and thus on bricks-and-mortar retail and e-commerce in particular, was unforeseeable, a comparison of the forecasts at the time with the current reality reveals remarkable similarities, but also clear misjudgements.

An online share of just over 15 percent of total retail was forecast for 2025 – a figure that has almost been reached with today's share of just under 14 percent at the time. However, the assumptions regarding the sales volume of retail and online retail were less accurate. The approximately 15 percent should correspond to online retail turnover of €75 Bn, with total retail turnover of around €490 Bn. In fact, retail turnover in Germany has grown significantly faster in recent years and are now around €670 Bn in total (+37 percent) and around €93 Bn for online retail (+24 percent).

Developments were also forecast for individual sectors at the time. The potential share of online retail for individual sectors was significantly underestimated. Saturation of the online share in sectors traditionally characterised by online retail, such as consumer electronics and technology or fashion, of around one third was expected. In fact, both sectors now have an online share of well over 40 percent and are still growing. This strong growth in online sales in the consumer electronics sector is based, amongst other things, on consumers' ability to compare prices more easily online and view customer reviews. In addition, details on technical information, test results and product videos on the Internet make the purchase decision easier. Niche products and new product launches, however, are also often available faster online than in bricks-and-mortar stores. The online ratio is rising in the fashion segment, partly due to the increase in digital channels via social media and influencer marketing campaigns that quickly spread which fashion trends and encourage purchases. Advantages in terms of the right of return and the personalisation of offers and styles in online shops also improve the digital shopping experience, in particular in the fashion industry, however.

Estimates in the garden and DIY segments in contrast were too high: the forecast online share was at 15 percent but only a little over 7 percent could be reached to date. Online trade in this area is growing comparatively less strongly since a large number of products in this area are only suitable for shipping to a limited extent due to their size and weight and the selection of suitable materials or tools often requires personal advice. The forecast for the food & drug-store sector was approximately 5 percent by contrast. Online services such as subscription models and automatic reordering make everyday life easier in this area. Pandemic-related changes in shopping behaviour have also increased the acceptance of online food purchases. However, as many consumers prefer to buy food over the counter to judge freshness and quality, and impulse purchases play a major role, the growth in online retail in this area is less dynamic overall than in other sectors.

Finally, six reasons for the natural growth limit of online retail were formulated at the time. Once again, some statements are correct, while others have proven to be incorrect in retrospect:

1. Saturation tendencies in early online ranges

Trend reduction and signs of stagnation in the books/technology/media segments.

No – this thesis could not be confirmed in retrospect. Books, technology, and media products are greatly standardised items that can be easily compared and evaluated online, meaning that a physical assessment in a bricks-and-mortar store is often not necessary. These segments also benefit from established online infrastructures that greatly facilitate digital purchases.

2. Customisation measures by brick-and-mortar retailers

Retailers are improving shop design and enhancing the shopping experience.

Yes – many retailers try to offer added value, either through service, advisory expertise, in-store atmosphere, or the creation of a special shopping experience. Brick-and-mortar retailers are increasingly focussed on the marketing concept of shopper-tainment, which combines shopping with entertainment to create a more appealing and enjoyable experience for consumers. This approach aims to entertain customers while they shop, making the process more interactive and enjoyable, which in turn can increase turnover and customer loyalty.

There are many forms of shoppertainment, including in-store demonstrations, interactive displays, online live streams where presenters sell products while entertaining viewers, and special events that combine product promotion with entertainment experiences.

3. Missing haptic and emotional aspects

Brick-and-mortar retail can score points with haptic and emotional aspects.

Yes – this remains a strength of bricks-and-mortar retail, even if online retail has caught up when it comes to emotions. Online shops now offer shopping experiences through high-quality product presentations and personalised recommendations. Influencer marketing, digital fitting rooms, and live shopping offers are also contributing to the fact that online shopping is becoming increasingly experience-orientated.



|| Influencer marketing and digital fittings or live shopping offers are also contributing to the fact that online shopping is becoming increasingly experience-orientated.

4. Long or opaque purchasing processes

Unclear availability of goods, dubious sellers, and a lack of tie-in purchases speak against online retail.

Yes and no – the technical possibilities today make it possible to display the availability of goods (online, but also in the local shop), including the exact delivery date. Links and recommendations on the product pages also tempt customers to make tie-in purchases online. However, caution is still required when it comes to reliability – in particular with conspicuously good offers on the internet.

5. Inferior or questionable quality

Fresh, higher-quality products, and, first and foremost, products that require explanation are predominantly purchased over the counter.

Yes and no – fresh or higher-value products are still more likely to be bought over the counter, but products that require explanation are also bought online thanks to comprehensive explanatory videos, for example. In addition, purchasing activities for products via low-cost platforms such as Temu and Shein are also growing. Many of these items are of rather inferior and questionable quality and do not meet the same standards as products from retailers in Germany. These purchases are fuelled by the spread of certain trends and hype products via social media channels, amongst other things.

6. Diverse consumer types

There are certain limits to online retail with regard to the various target groups (age, income, consumer types).

Yes and no – although there are differences between different population groups, online retail has basically penetrated all social strata of the population. The coronavirus pandemic left a considerable mark here: Older generations have become a lot more familiar with digital shopping options and are increasingly using multichannel offerings. At the same time, however, it is also clear that many consumers are rediscovering bricks-and-mortar retail and consciously shopping locally is becoming more important again. Reasons for this include a need for social interaction, experiencing shopping as an event, and the opportunity to experience and try out products directly.

1.3 DEVELOPMENT OF FOOD RETAILING

NOMINAL AND REAL TURNOVER INCREASE

Turnover in the food retail sector¹ rose by 3.0 percent in nominal terms in 2024 but this led to a real increase of +0.9 percent compared to the previous year after a reduction of the inflation rate in 2024, in accordance with calculations by the Federal Statistical Office. According to bulwiengesa calculations, expenditure on food and drugstore goods (including household goods) totalled just under €300 Bn in 2024.

ONLINE SHARE OF FOOD AND DRUGSTORE SALES AT MODERATE LEVEL

The online share for food increased slightly to 2.5 percent in the last year and rose again after stagnating in the two previous years. After three years of sideways movement, the online share of drugstore goods also rose to 3.6 percent [see figure 05]. This leaves the shares in Germany at a moderate level as compared to other EU states. The online share for the FMCG² product group is between 6 and 7 percent in the Netherlands, between 7 and 8 percent in France and between 8 and 10 percent in the UK for example.

[05] Turnover share online trade
Figures in percent

	Food	Drugstore goods*
2022	2.4	3.2
2023	2.4	3.4
2024	2.5	3.6

Source: HDE Online Monitor 2025, p. 18 * incl. hygiene paper/ washing/cleaning and cleaning products

DISCOUNTERS HOLD THE HIGHEST MARKET SHARE

All in all, turnover across all types of business increased by around 4.1 percent in nominal terms from 2023 to 2024. Thus, growth was lower than in the previous year.

Drugstores were able to continue their growth in 2024 and increase their market share to 10.6 percent, having already exceeded the 10 percent mark in 2023. This continues the long-term positive trend of drugstores with high single-digit growth rates.

In 2024, discounters saw their market share decline slightly to 42.0 percent for the first time in a long time, compared with 42.4 percent in 2023 [see figure 06]. Nevertheless, they have by far the highest market share of all types of food and drugstore outlets.

Supermarkets recorded a further slight decline in their market share to 14.3 percent (2023: 14.4 percent). This further reduced the already-low market share.

Superstores significantly increased their market share to 24.6 percent in 2024 (2023: 24.3 percent) and thus developed positively. The hypermarkets further reduced their market share to 8.4 percent (2023: 8.7 percent).

NUMBER OF SITES 2024: DRUG MARKETS ARE BOOMING

The trend from the last few years continued in 2024, with the number of food and drugstore outlets falling slightly year-on-year to a total of 41,493 stores (-18 objects).

The decline in supermarkets was again particularly high. The number of stores fell by -101 to 15,177 here. There was also a slight decline in discount stores from 6 objects to 15,905 stores.

In contrast, the number of superstores continued to rise steadily, increasing by 64 objects to 4,634 stores. This means that growth was even higher than in the previous year (2023: +58 objects) and shows a particular dynamic in the full range providers of the mid-sized sales areas.³

The number of hypermarkets decreased by -40 objects to 519 stores. This confirms the ongoing structural change in this segment. The number of hypermarkets has already dropped by more than 108 objects as compared to 2020.

¹ WZ08-4711 Retail sale of miscellaneous food, beverages, and tobacco.
² FMCG = Fast Moving Consumer Goods, such as food, beverages, drugstore products, detergents/cleaning agents/cleaning products, cosmetics.
³ Full-range retailers with sales areas between 1,500 and 4,999 sq m are categorised as superstores.

[06] Turnover shares in food retail
Figures in percent

	2020	2021	2022	2023	2024
Hypermarket	10.4	9.9	9.0	8.7	8.4
Superstore	23.4	24.3	24.5	24.3	24.6
Supermarket	15.0	15.3	15.0	14.4	14.3
Discounter	41.8	41.0	41.7	42.4	42.0
Drugstore	9.5	9.5	9.8	10.2	10.6
Total	100.0	100.0	100.0	100.0	100.0

Source: bulwiengesa, TradeDimensions, 2020 data partly revised

On the one hand, this development reflects strategic network optimisations. On the other hand, older stores undergo gradual replacement replaced by larger, modern objects, and former hypermarket locations are being downsized. The successive trend of increasing space requirements by individual operators supports the process of defining the superstore as a winner. Hypermarkets have not been able to compensate for the overall losses in the full-range segment despite a significant increase while the smaller supermarkets and larger hypermarkets have recorded declines.

In contrast to the food markets, the number of drugstores increased significantly to 5,258 stores. There was a noticeable acceleration compared to the previous year with an additional 65 objects (2023: +33 objects). Following a continuous slowdown in the annual growth of drugstore locations (2014: +255 objects), growth is once again going to become more dynamic in 2024.

SUPERSTORES RECORD LARGEST SALES AREA INCREASES

The sales area stabilised without change at around 38.8 million sq m after the sales area of food and drugstore chains decreased for the first time in 2022 and increased by 0.6 percent in the following year of 2023. Hypermarkets were the only type of business to

[07] Number of stores by type of operation
Figures in absolute number of stores

	2020	2021	2022	2023	2024
Discounter	15,880	15,908	15,923	15,911	15,905
Supermarket	15,908	15,689	15,401	15,278	15,177
Superstore	4,275	4,432	4,512	4,570	4,634
Hypermarket	627	599	555	559	519
Drugstore	5,048	5,103	5,160	5,193	5,258
Total	41,738	41,731	41,551	41,511	41,493

Source: bulwiengesa, TradeDimensions

see a marked reduction in sales area, while all other shop types recorded growth in sales area in 2024. At -7.0 percent, the reduction in sales area was particularly marked in hypermarkets. A slight increase in floor space was achieved by supermarkets at about 0.2 percent and discount stores (+0.6 percent). Hypermarkets (+1.3 percent) and drugstores (+0.9 percent) recorded higher sales area growth. The dynamics of sales area expansion in drugstores is thus levelling out with food markets in light of increasing store network densities. The annual growth in sales area for drugstores was still in the high single-digit percentage range about a decade ago.

The share of hypermarkets in sales area fell noticeably from 10.1 percent in 2023 to just 9.4 percent in 2024. Growth in sales area was primarily achieved by superstores, which further increased their share to 28.2 percent (2023: 27.8 percent). Drugstores also continued

their expansion and increased their share of sales area slightly to 9.5 percent [see figure 08]. The discounters were able to slightly increase their already dominant share of space. They further consolidated their position as the largest type of shop, at 35.2 percent of the sales area of all food and drugstore chains analysed (2023: 35.0 percent). This development likely is mostly due to the expansion of existing stores, as the number of discount stores declined slightly in 2024 as well.

[08] Sales area development
Figures in percent

	2020	2021	2022	2023	2024
Hypermarket	11.9	11.2	10.2	10.1	9.4
Superstore	26.4	27.1	27.7	27.8	28.2
Supermarket	18.1	18.0	17.9	17.7	17.8
Discounter	34.4	34.6	35.0	35.0	35.2
Drugstore	9.1	9.1	9.3	9.4	9.5
Total	100.0	100.0	100.0	100.0	100.0

Source: bulwiengesa from information provided by TradeDimensions, data update drugstores as of 2017

REWE GROUP WITH HIGHEST
TURNOVER GROWTH

In 2024, EDEKA-Gruppe once again ranked first among the top 5 food retail companies with turnover of €78.3 Bn. Turnover increased by 2.6 percent [see figure 09]. The German number 2, Schwarz-Gruppe, recorded slightly lower turnover growth of 2.3 percent, which was on a par with ALDI, the number 4 in the ranking. Turnover growth equalised between the turnover groups in 2024 after discounters recorded increased customer demand in 2023 due to price increases as a result of high inflation and were able to increase their turnovers at an above-average rate.

REWE Group remains number 3 at around €49.5 Bn in turnover and was able to achieve turnover growth of 4.5 percent.

Number 5 among the top 5 food retail companies, Bartels-Langness-Gruppe (including familia retail warehouses and Markant supermarkets), achieved the second-highest turnover growth last year with an increase of 3.2 percent.

ALDI NORD SUCCESSIVELY
INCREASES ITS SALES AREA

ALDI Nord has further modernised and optimised its shop network and, after a decline in the previous year, increased the number of shops by 12 locations to 2,212 in 2024. At the same time, however, the average sales area per shop increased slightly to 965 sq m. Atypical small shops are also being opened in high-frequency locations while the average sales area is steadily increasing. A third railway station branch is being opened in Magdeburg after the previous ones in

[09] Top 5 in the food retail sector 2024

	Turnover in €bn	Change compared to previous year
EDEKA-Gruppe	78.3	+ 2.6%
Schwarz-Gruppe	57.2	+ 2.3%
REWE Group	49.4	+ 4.5%
ALDI	35.9	+ 2.0%
Bartels-Langness-Gruppe	7.0	+ 3.2%

Source: bulwiengesa
in accordance with TradeDi-
mensions

Leipzig and Essen, covering an area of just 350 sq m. It is the smallest new ALDI Nord store opening. The typical default range is offered, with the exception of non-food promotional goods.

ALDI Nord opened its 100th site in timber frame construction in the March of 2025. Since 2022, the ALDI Nord standard building specification has stipulated new buildings made of wood in particular. Prefabricated timber components minimise the consumption of resources and speed up completion.

ALDI Nord is revising its range of carrier bags and has been using carrier bags made from recycled plastic instead of paper carrier bags since 2025. In Germany alone, ALDI Nord sold 33 million carrier bags in 2023.

ALDI Nord aims to have converted around 1,000 shops by the end of 2025, following the rollout of electronic

price tags in 2024. The system digitises central store processes, simplifying everyday work for employees and reducing the manual effort involved in replacing and checking paper price tags. ALDI Nord does not plan to increase prices at short notice during peak times, for example, in spite of full digitisation. There are no frequent price fluctuations within a week – the aim is to achieve process and cost efficiency benefits.

ALDI Nord increased its turnover by about 4.0 percent last year. Floor space productivity (turnover per sq m sales area) also increased slightly by about 1 percent for ALDI Nord and achieved a high sales area productivity of €7,280 per sq m of sales area. The ALDI Nord wants to raise its profile through price again in future and implemented permanent price reductions on more than 30 staple foods in spring 2025. The product range of ALDI currently comprises 1,850 articles. The share of private labels remains high at 87 percent.

[10] Development of the number of locations and space productivity of retailers from the food retail sector 2024

Company	Sales division (selection)	Type of operation	Stores		Sales area		Space productivity*		Turnover	
			Number	Change since 2023	Avg. store size in sq m	Change since 2023	sq m	Change since 2023	€	Change since 2023
ALDI	ALDI Nord	DC	2,212	0.5%	965	1.0%	7,280	2.2%	15,700,000,000	4.0%
	ALDI SÜD	DC	2,025	0.6%	1,020	0.2%	9,650	2.7%	20,140,000,000	3.5%
EDEKA	Netto	DC	4,399	1.1%	821	0.8%	5,360	0.4%	19,515,000,000	2.4%
	EDEKA/E-aktiv/E-Neukauf	SM/SST	3,902	0.5%	1,324	0.8%	5,630	2.6%	29,084,780,000	4.0%
	E-Center	SST/HM	526	4.0%	3,321	0.9%	5,810	3.8%	10,148,923,000	8.8%
	Marktkauf	HM	83	-2.4%	6,682	-0.5%	4,820	3.7%	2,673,948,000	0.7%
REWE Group	PENNY	DC	2,124	0.0%	750	0.3%	6,750	2.6%	10,758,000,000	3.0%
	REWE (incl. Kaufpark)	SM/SST	3,654	0.6%	1,560	0.8%	4,790	2.6%	28,135,410,000	3.8%
	REWE Center (incl. Kaufpark)	HM	39	11.4%	6,509	-0.5%	4,420	2.3%	1,156,559,000	13.5%
Schwarz-Gruppe	Lidl	DC	3,240	-0.6%	942	0.7%	10,480	3.8%	31,960,000,000	3.8%
	Kaufland	SST/HM	776	0.6%	4,582	0.1%	6,520	-0.5%	23,200,000,000	0.4%
Bartels-Langness	Famila Nordost	SST/HM	91	1.1%	3,726	-0.3%	5,320	3.9%	1,804,163,000	4.8%
Bünting	Famila Nordwest	SST/HM	20	0.0%	4,569	1.3%	5,090	0.6%	465,000,000	2.0%
Globus	Globus	HM	65	0.0%	10,271	-0.7%	6,700	2.3%	4,613,000,000	1.6%
NORMA	NORMA	DC	1,348	0.3%	771	0.7%	4,420	0.2%	4,739,000,000	1.2%

Source: TradeDimensions, bulwiengesa with data on number of shops and sales area; data status: Q2 2024

* Excluding online turnover from information provided by TradeDimensions or bulwiengesa's own estimates



ALDI SÜD CONTINUES TO DEVELOP MIXED-USE OBJECTS

Last year, ALDI SÜD expanded its store network further by 13 to 2025 shops, but fewer shops were added than in the previous year. ALDI SÜD thus joins the ranks of other discounters that were also no longer significantly expanding their store network. The average sales area per shop rose marginally to 1,020 sq m, while ALDI SÜD recorded a slight turnover increase of 3.6 percent. As a result, the space performance has once again increased significantly, reaching €9,650 per square metre of sales area.

With ALDI Nord already present at several main railway stations, ALDI SÜD has also announced that it will open its first station shop in autumn 2026. A branch is under construction in Frankfurt's main railway station with a sales area of around 760 sq m, which will

be twice as large as the smallest ALDI Nord shop in Magdeburg's main railway station. The product range concept is coordinated with the needs of commuters. Travellers can expect the latest store design and self-scanning checkouts in future. Many mixed-use objects have been developed in recent years as part of the expansion. ALDI SÜD will have built a total of 550 flats by the end of 2024. This trend is likely to continue in the coming years. ALDI SÜD anticipates a further 2,000 flats in the coming years.

ALDI SÜD brings its regionally limited test with Click&Collect pick-up stations in Germany to an end after a one-year pilot phase. The home delivery service for food under the "My ALDI" brand is going to be maintained unchanged and will be expanded regionally. The service was launched in 2023. After the service was previously offered in Mülheim an der Ruhr, Oberhausen, Duisburg, and Mönchengladbach, Krefeld

is now also going to be included in the programme. Customers may have their grocery range delivered to their home, which they can order online via "My ALDI". ALDI SÜD thus keeps expanding its e-food range. ALDI SÜD is now installing Myflexbox pick-up stations at locations that the discounter has not yet equipped with DHL packing stations. 50 sites of the provider-open parcel station operator are planned by the end of 2025.

ALDI SÜD is installing new charging stations at more and more locations. There are currently more than 1,500 charge points at more than 650 shops in the German sales area.

ALDI SÜD has completed its international rollout of electronic price labels in 2025, similar to ALDI Nord. It took a number of years. More than 25 million of the digital tags are likely to have been installed worldwide.

ALDI Nord and ALDI SÜD issued a joint announcement that the online shop, which has been operated jointly since 2021, will be shut down at the end of September 2025. Retailers want to focus more on their (brick-and-mortar) core business. The discount principle is a hard one to implement online, as it requires sophisticated logistics, warehousing, shipping, and returns processing. This makes the business difficult to handle when combined with small quantities. Discounters are also affected particularly severely by the intensive expansion of multisort retailers and non-food discounters such as Tedi and Action in recent years. The launch of the TikTok online shop is also likely to trigger an additional intensification.

ALDI SÜD is planning to change its corporate structure in the German domestic market and intends to establish a holding company in the coming year, as has already been done in some foreign markets. ALDI Nord had already taken this step in 2023.

NETTO IS OPENING MORE SHOPS THAN ITS COMPETITION

Discounter Netto recorded significantly weaker turnover growth of 2.4 percent than the ALDI and Lidl discounters last year. However, the number of branches has increased by 50 to 4,399 branches. This means that Netto still offers the largest store network among the discounters and has more locations than ALDI Nord and ALDI SÜD combined. The store network is subject to further modernisation. Old stores being gradually replaced by new ones, either in the same location or in better ones, and existing stores being modernised and expanded. Netto Marken-Discount aims to gain market share in rural areas in particular.

The average sales area per shop has risen only marginally to 821 sq m, while sales area productivity has stagnated at around €5,360 per square metre of sales area. Netto continues to be placed well behind the market leaders ALDI and Lidl in terms of space performance (turnover per sq m sales area), but before Norma.

Netto Marken-Discount is looking for property locations and plots of land for new buildings, particularly in urban regions, to expand its store network throughout Germany. While the ideal dimensions are around 1,200 sq m of sales area, Netto is also flexible with its city centre concept of approx. 500 sq m.

The second high-tech store with 800 sq m of sales area was opened in Regensburg in 2024. The Pick&Go store permits shopping without any form of self-scanning using computer vision AI image recognition technology. After entering the shop, smart technology in the ceilings and shelves allocates the products taken from the shelves to the respective customers and creates individual shopping baskets and purchase amounts in real time. The fast-exit terminals display

the shopping basket and purchase total – without any need for placing the goods on the checkout conveyor belt or scan them.

EDEKA: FURTHER VERTICALISATION IN THE NETWORK

EDEKA-Gruppe's large-scale subsidiary Marktkauf was able to grow in 2024, following a clear increase in turnover due to integration of real hypermarkets in the previous year, it only achieved a turnover increase of 0.7 percent. Marktkauf reduced the number of its stores by two to 83. Space productivity increased significantly by just under 3.7 percent to €4,820 per square metre of sales area. It continues to hold one of the lower places in the ranking of other full-range retailers (supermarkets, hypermarkets) together with the REWE centres. The average sales area is higher than that of the REWE centres at 6,682 sq m. Like other large-scale store operators, Marktkauf is under pressure from online retailers and non-food specialists and is responding by privatising its former managed stores.

The number of e-centres (supermarkets/superstores) increased by 20 locations. They were able to record significant turnover growth of 8.8 percent last year. Floor space productivity, on the other hand, rose only slightly by 3.8 percent. In contrast, the EDEKA/E-aktiv/E-Neukauf stores performed weaker with turnover growth of only 4.0 percent and an increase in sales area productivity (turnover per sq m sales area) of only 2.6 percent.

EDEKA-Gruppe terminated its cooperation with DeutschlandCard and has been a new PAYBACK partner since the beginning of 2025. The market-leading bonus programme has more than 33 million active customers, making it the largest bonus programme in Germany. It is also possible to link the PAYBACK app to the EDEKA and Netto Marken-Discount apps to enjoy the benefits of both worlds. In January 2025

alone, the PAYBACK app was used more often than the DeutschlandCard in an entire year.

The "EDEKA centrepieces" were launched in the own-brand range in 2024. These replace EDEKA's private label. The centrepieces initially comprise around 1,000 items, of which an increasing number are manufactured in the company's own 37 production facilities. Last year, the Italian pasta manufacturer Pasta Rey, which currently produces the majority of private labels in the pasta segment, was integrated. EDEKA also acquired a dairy in Prenzlau, Brandenburg, and two mineral springs for the first time. EDEKA-Gruppe also strengthened its infrastructure by building the new Fruchtkontor Nord in the port of Hamburg and acquiring a logistics centre in Geldermalsen in the Netherlands.

The NATURKIND-Welt shop-in-shop concept was rolled out in the 100th branch at the end of 2024. This is the first time it offers a diverse selection of 1,200 organic products on an average of 100 sq m. Its offering can easily grow to 4,500 items in larger stores, with a focus on the dry goods range. This makes weekly shopping in a full-range store easier for organic-conscious consumers. The concept will already be in use in 130 locations across Germany in the spring of 2025.

Marktkauf opened its flagship store in Löhne at the beginning of 2025 after 2.5 years of remodelling. The non-food range is presented on a third of the sales area totalling 9,000 sq m. This object seems atypical in times of expanding non-food discounters. However, the Löhne location has a relaxed competitive position in the non-food sector. Marktkauf also uses the expertise of other retailers here. Shop-in-shop concepts with Thalia and, for the first time, low-cost chain shop Schum Euroshop are presented here alongside a strong variety of brands. In light of ever-increasing competition from non-food discounters for the non-food business of large-scale operators, this cooperation represents an interesting approach.

The number of e-centres has increased by 20 locations and a significant turnover growth of 8.8 percent could be recorded last year.

In Prenzlau, the local Marktkauf retailer launched a cooperation project with a local pharmacy that allows customers to redeem e-prescriptions in the centre using a pharmacy terminal. Any medication ordered can be collected either from the cooperating pharmacy or delivered directly to your home.

REWE LAUNCHES ITS OWN BONUS PROGRAMME

The number of REWE Centres was expanded by 4 locations to 39 and was able to increase turnover by around 13.5 percent. The acquisition of real hypermarket sites is also likely to have an impact here. Space productivity increased by 2.3 percent to €4,420 per square metre of sales area. At 6,509 sq m per shop, the average sales area of REWE centres stagnated.

REWE (incl. Kaufpark) supermarkets and superstores achieved good turnover growth of 3.8 percent, with the number of stores increasing by 20 sites and the average sales area per shop also increasing marginally to 1,560 sq m. Floor space productivity (turnover per square metre of sales area) increased only slightly by 2.6 percent.

REWE launches its own bonus programme "REWE Bonus" via its own app with REWE's withdrawal from PAYBACK. One of the reasons given for leaving PAYBACK was that the costs were too high. The bonus earned with every purchase of bonus-eligible products or product groups is collected in euros instead of points in the app and can be redeemed when paying by activating it in the app.

REWE supports the market launch of start-up products. The nationwide "Start-up Lounge" platform is being set up for this purpose. The products receive special placement in numerous REWE stores from November 2025. The shelves are to be stocked with new product innovations every three months. Successful articles were to be introduced nationwide in all REWE centres subsequently. One of the aims of REWE's Start-up Lounge is to identify innovative food trends at an early stage and to make it easier for young companies to enter the German food retail market, which is often difficult.

Lekkerland Group, which has been part of REWE Group since 2020, has operational and strategic responsibility for the "REWE To Go Stores" convenience concept. REWE To Go stores are to be implemented at high-fre-

quency locations in particular in addition to the Aral petrol station shops. In July 2025, a 220 sq m REWE To-Go store opened in Munich's Stachus-Passagen shopping center. The location replaces the store at Munich Central Station, which has been closed for refurbishment. According to Lekkerland, it operates around 30 REWE To Go stores outside petrol stations.

EnBW and REWE Group are expanding the partnership they have had since 2021 to expand the public fast-charging network. The energy company will operate fast-charging infrastructure at up to 1,000 REWE Group stores by 2030. About 300 locations have already been opened together. In addition, 200 fast-charging stations are currently under construction. A cooperation agreement concluded with TotalEnergies in June 2023 runs parallel to the EnBW cooperation. TotalEnergies handed over the first fast-charging station to REWE Group in August 2024.

As part of the privatisation strategy, the number of independent traders is being increasingly expanded. REWE plans to hand over around 70 to 100 sites to retailers each year.

In spring 2026, REWE will open the 2nd "Green Farming" site of the next-generation green building concept in Berlin-Lankwitz. The pilot store was launched in Wiesbaden-Erbenheim in 2021. The original green building concept was launched in Berlin-Rudow in 2009 with the typical laminated timber stores with mono-pitch roofs. This was implemented at around 400 sites across Germany by 2023. 70 percent of these are rental properties. The new concept with an integrated rooftop farm is a further development. The food shop with a glass roof farm is characterised by its modular timber construction with a supporting structure of solid columns. Above the impressive market hall made of wood and glass, lettuce is to be grown on 2,760 sq m and supplied to 700 supermarkets in the capital region.

■ PENNY CONTINUES ITS GROWTH

PENNY, REWE Group's discounter, expanded its store network by one location on balance in 2024, while at the same time increasing its turnover by 3.0 percent. Space productivity at PENNY increased by 2.6 percent

to €6,750 per square metre of sales area. PENNY thus was able to match the turnover growth of the top discounters last year. PENNY's store network is set to grow moderately again in future after years of streamlining.

PENNY has thoroughly overhauled its app to replace the PAYBACK system as at REWE full-range stores. In addition to the already familiar app prices and coupons, the new version has been offering exclusive savings promotions since December 2024. A few months after the app was launched, the conditions for discounts were tightened – customers will have to achieve significantly higher purchase values in future.

■ LIDL USES GALERIA SITES FOR ITS EXPANSION

Last year, the Lidl store network was reduced by 20 to 3,240 stores. Lidl implemented its expansion in metropolitan regions with new locations in cooperation with Galeria, amongst other things. Two new shops were opened on the ground floors of the retail warehouses on Berlin's Hermannplatz and Kurfürstendamm in December 2024. In addition to traditional checkouts, the discounter also uses self-checkout systems at both locations. High-quality materials and wooden elements were used in the design of the surfaces. Lidl also partly reactivates a previously abandoned retail warehouse's space in Berlin-Wedding, including a multi-storey car park. Lidl is also moving into a ground floor space here – other retailers are to follow in the Müllerstraße object.

The Galeria retail warehouse company wants to increase footfall in the stores by locating Lidl discounters there. Lidl can further expand its presence at numerous central sites after ALDI SÜD has already opened several stores in Galeria retail warehouses in recent years.

Lidl has managed to increase its turnover by 3.7 percent last year. While the number of stores reduced, sales area increased slightly, meaning that Lidl achieved significant increases in space performance to €10,480 per square metre of sales area and was, therefore, not only able to maintain its leading position in terms of space performance, but also expand it.

The non-food business of the discounters is still "under pressure". Non-food discounters, above all Action, Tedi, and Woolworth, are continuously expanding their shop network and weakening the non-food business of food discounters. Lidl now paves the way in trialling a purely non-food shop for the first time. Non-food is the main focus for Lidl in the current year. All six Lidl own-brand worlds are presented in this purely non-food store. The first Lidl Home & Living shop is located not far from the Swiss border in Lottstetten, opposite a traditional Lidl shop. This former Fressnapf sales outlet covers around 500 sq m. The entrance area contains the articles of the normal weekly promotion, while the private labels are presented in the remaining area.

■ **One of the aims of REWE's Start-up Lounge is to identify innovative food trends at an early stage and to make it easier for young companies to enter the German food retail market, which is often difficult.**

Lidl introduces the digital deposit receipt from August 2025 and linking it to the Lidl app. The digital deposit receipt complements the existing printed receipt. Dispensing with paper should not only increase convenience for customers, but also protect the environment. Earlier tests date back to 2019.

Lidl is also testing the Scan & Go payment system via the app. Customers will pick their desired products from the shelf, scan them using a mobile phone app and then place them in the shopping trolley. Self-checkout only includes scanning the app and paying for the purchase.

Discounter Lidl and the energy supplier EWE Go are installing fast-charging stations for electric cars at several hundred shops. The charging stations should be publicly accessible and run on green electricity. Lidl already has a charging infrastructure at more than 700 sites.

GLOBALUS FACING SOME CHALLENGES

Globus was able to increase its turnover by 1.6 percent last year with a constant number of 65 stores. While the average sales area per object increased slightly to 10,270 sq m, Globus still operates by far the largest hypermarkets in Germany in terms of floor space. Space productivity increased by 2.2 percent to €6,700 per square metre of sales area.

Globus intends to pass on five former real stores to Kaufland in autumn 2024 following the acquisition of a total of 16 sites from real. However, the Federal Cartel Office only authorised the transfer of the 4 locations Bedburg, Chemnitz, Essen, and Wesel. The current adjustment is being made because the retailer miscalculated in the course of its acquisition of real stores. Numerous properties acquired by real, have been remodelled at great expense over the past two years. Parts of the furnishings from the closed shops will be reused in existing Globus locations. The shops have now been handed over to Kaufland.

The large-scale operator Globus wants to increase the loyalty of commercial visitors to its restaurants in future by means of a customer card. Employees can enjoy subsidised meals from their employers with the Globus "catering card".

KAUFLAND UNDERGOES A STRUCTURAL REFORM

Following the acquisition and integration of the more than 100 acquired real stores, Kaufland is about to take over another 4 real stores that already operated by Globus following extensive modernisation. Last year, Kaufland operated 776 Kaufland stores (+ 5 stores compared to the previous year) with an average sales area of around 4,580 sq m. Turnover increased by 0.4 percent, while the space performance remained at €6,520 per square metre of sales area.

Large-area operators such as Kaufland are facing challenges. The extensive sales areas are almost impossible to operate sensibly without significant non-food sales. However, the large non-food outlets are exposed to pressure from online retailers and the increasing number of bricks-and-mortar non-food specialist stores. Non-food turnover, which previously supported the concept with a higher margin, are declining alongside the discounters.

Kaufland is responding to the ongoing weak growth with a structural reform and wants to halve the number of regions to three. The new structure should bring Kaufland greater efficiency and more synergies.

Kaufland is cooperating with the provider Myflexbox to set up parcel stations that are open to providers and can be used by different service providers. Around 40 locations are now equipped with the parcel stations, with a total of 300 planned by the end of 2026. Kaufland has also opened its own shop on Tiktok and sells selected own-brand products. Kaufland is also entering into a cooperation with Zurich Insurance and will be selling health insurance for pets in future. The offer is available to Kaufland Card customers and is to be established on a permanent basis.

776

Stores operated by
Kaufland in 2024



NORMA WITH LITTLE
TURNOVER GROWTH

With 1,348 shops, NORMA is one of the small, nationwide discounters. Turnover increased by around 1.2 percent last year, lagging behind the significantly stronger turnover growth of other discount competitors. Sales area productivity rose only slightly by 0.2 percent to €4,420 per square metre of sales area, bringing up the rear among the discounters surveyed. The expansion is being carefully developed further – in 2024, the shop network grew by 4 shops on balance. The focus of expansion is on extensions and relocations.

This is also due to the fact that the non-food range, an important earnings driver for NORMA in the past, is no longer achieving the turnover of previous years. Norma is going to launch the Norma Plus app as an important customer loyalty tool for this starting in the summer of 2025. With the app, Norma wants to integrate the online world more closely with its bricks-and-mortar business.

TEGUT IS SEEING A TREND
REVERSAL

Tegut is in a critical reorganisation phase with drastic restructuring measures. This is due to inadequate turnover and profitability trends. Although Tegut was able to increase turnover by 2.7 percent in 2024, the operating loss still amounted to CHF 55 M. A positive annual result was only achieved four times from 2013 to 2022. Its management was replaced by the owner, Swiss Migros Group, at the end of 2024. Migros Zurich took over Tegut, which was founded in 1947, in 2013. The bundled sale of 30 branches is planned, which has so far only resulted in individual property sales. The company must be in the black by the end of 2026, otherwise it will have no future. The result probably

improved significantly in the first quarter of 2025, meaning that Migros' management recognises a trend reversal.

The Theo smart store concept has now been outsourced to a sister company and is being given a new look. The characteristic corporate design changes from Tegut orange to mint blue in future. (For more on this, see Excursion: Smart Stores)

HIGH TURNOVER GROWTH AT
DRUGSTORES

The top 4 drugstores were able to significantly increase their turnover again in 2024 to around €26.5 Bn. Sales growth was nevertheless slightly lower than in the record year of 2023 at 8.6 percent. Dm and ROSSMANN again achieved significant turnover growth of 9.5 percent and 6.5 percent respectively [see figure 11]. Müller also achieved high turnover growth of 5.7 percent in 2024, just below the previous year's turnover growth. Müller continues to lag considerably behind the two market leaders dm and ROSSMANN in terms of absolute turnover growth. Budnikowsky, on the other hand, was only able to increase its turnover marginally as compared to the previous year, with growth of just 0.8 percent in 2024.

ROSSMANN WANTS TO INVEST
FURTHER IN THE SPACES

ROSSMANN intends to further increase the pace of expansion in the future, extend the store network and modernise existing shops. In 2025, around €50 M are to be invested in 75 new shops and a further €113 M in the modernisation of existing locations. Investment funds totalling €286 M are planned for the German business in 2025. Various logistics projects add up to €106 M.4

Meanwhile, ROSSMANN is in the process of rolling out the revised shop design for all new openings and refurbishments from August. This replaced the previous concept from 2015. The new concept focusses on a warmer, more emotional design compared to the previous standard. Highlight ranges such as cosmetics, fragrance, world of ideas, organic food and baby & child are presented in new colours with a frame within the range to provide better orientation. There will be a make-up station in the cosmetics department. The modular baby & child area is rounded off with a breastfeeding corner and changing table. There also is some new space for birthday wish baskets, as previously seen in department stores or specialised toy retail warehouses. ROSSMANN is planning to further develop its brand overall without neglecting the proven elements of the existing store concept. The new design is to be implemented in at least half of the shops over the next five years.

More than every third item sold at Rossmann now comes from one of the company's 28 private labels. According to the company, these cover all areas of daily life – from baby products and cosmetics to organic food. Since 2021, Rossmann has increased the space for organic ranges in its shops by around 30 percent.

The number of drugstores has increased by 21 objects. The average store size of drugstores is 619 sq m and has hardly changed. ROSSMANN now operates 12 stores with over 1,000 sq m of sales area, which are mainly located in large cities. The space performance was also increased in 2024 to €7,000 per square metre of sales area.

[11] Sales area productivity and sales area development of drugstores 2024

	Number of stores	Turnover in € M	Turnover development compared to 2023	Space performance (gross)* in €/sq m	Sales area in sq m
dm	2,131	12,470	+ 9.5%	8,679	1,359,578
ROSSMANN	2,311	9,900	+ 6.5%	6,861	1,431,535
Müller	579	3,603	+ 5.7%	4,620	775,560
Budnikowsky	189	533	+ 0.8%	5,371	99,232

Source: bulwiengesa from information provided by TradeDimensions

* excluding online turnover from information provided by TradeDimensions or bulwiengesa's own estimates

4 Business performance 2024 and outlook 2025, taken from: <https://unternehmen.rossmann.de>.

Self-checkout tills have now become established in the food retail sector. They are particularly popular at peak times. Since 2024, a total of 2,608 new self-checkout tills have been installed in 1,010 ROSSMANN shops. The goal is to expand the range to 1,400 shops by 2025. ROSSMANN plans to equip all sales outlets with appropriate terminals by the end of 2027.

The ROSSMANN app has been available for online shopping since its launch in early 2024. The app has 10 M active users in the meantime. This means that the number of users has increased by around a third compared to the previous year. Nearly half of online sales are now generated via the app.

Due to the increasing demand for Click & Collect orders, ROSSMANN initially tested in-store pick-up stations in ten shops in 2024. Subsequent to the successful test, ROSSMANN is continuing to roll out the Click & Collect pick-up stations and plans to equip a further 200 shops with the service in 2025. These are placed in the ROSSMANN photo world area. The Click & Collect offering strengthens the link between online and offline shopping. Employee workload is reduced and shopping convenience for customers increased at the same time.

ROSSMANN has developed a permanent display together with industry partners as part of its sustainability strategy. The centrepiece of the concept is a replenishment solution with pre-packed trays, which are used to load the displays. The new permanent product displays replace old cardboard displays. All German shops will initially receive a permanent display. The advantages of permanent displays are mentioned: Reduction of CO2 emissions in the transport chain by up to 75 percent, use of 40 percent less packaging material, lower store transport costs, and simplified handling on site. In the autumn of 2024, ROSSMANN received the ECR Award in the Sustainability Excellence category.

Following a successful test, ROSSMANN is rolling out its Click & Collect pick-up stations. Plans include equipping another 200 shops with the service in 2025.

DM DRUGSTORE FURTHER EXPANDS MARKET LEADERSHIP

In accordance with a dm press release, shop modernisation is going to continue to be rolled out in the financial year of 2024/2025 as part of the modernisation. In Germany alone, more than €1 Bn will be invested in shop design over the next 5 years. The new concept was implemented in whole or in large part in 700 dm stores in September 2024, at the end of the financial year of 2023/2024. All existing shops are to be renovated and remodelled by the end of 2029.

dm was not only able to significantly increase its turnover last year, it could also increase its space performance to around €8,700 per square metre of sales area. Compared to the previous year, 24 new stores were added, bringing the number of dm drugstores to 2,131.

dm renewed its long-standing partnership with the PAYBACK loyalty programme into 2024. The "PAYBACK Pay smart" payment function was added to the dm app in 2024. The dm app had more than 5 M users by the end of October 2024 already. The dm app is a key component of dm's omnichannel strategy and combines online shopping with the PAYBACK customer loyalty programme, with services such as express pick-up at the dm store and the opportunity to take part in live events such as the alverde inspiration talk.

dm invests in all sales channels – bricks-and-mortar and online – and consistently pursues an omnichannel strategy. In August 2024, pick-up stations had already been installed in around 1,800 dm stores and express pick-up had been introduced. Collection is tied to shop opening hours, as the stations are located in the entrance area of the shops. However, a small number of shops also offer a 24/7 pick-up station as a pilot scheme. dm now offers express delivery in nine metropolitan areas.

The drugstore operator dm is setting a fast pace in its online business. Online turnover is expected to increase by more than 20 percent to €820 M between mid-2024 and mid-2025. Accordingly, online business accounted for over 6 percent of total turnover at the end of this May.

In addition, dm is about to roll out the dm online pharmacy in the course of 2025. dm is planning to offer non-prescription OTC products online that customers could previously only buy in pharmacies in the first step. dm plans to launch an online pharmacy with a range of around 2,500 items from Bor in the Czech Republic – where dm operates a logistics centre. This way, dm is trying to close the gap between the local pharmacy and pure mail-order pharmacies. The accelerated expansion of dm's own pick-up stations, which already covers almost the entire shop network, should help in this respect. These offer a controlled pick-up option as opposed to strict online pharmacies. Thanks to its nationwide network of air-conditioned pick-up stations, dm has decisive competitive advantages over pure online pharmacies.



After a pilot project in 15 stores, the test with filling stations for organic food is coming to an end in August 2025. The utilisation of the stations was too low to achieve ecological advantages over conventionally packaged products.

dm's private labels performed particularly well. The share of sales currently stands at 53 percent. dm brand Balea is celebrating its 30th birthday in summer 2025. Since the brand was founded in 1995, the Balea range has grown to exceed 800 products.

The Ulica scanning robot has already been in use in the stores since mid-2022 to create digital twins of the dm stores. They include realograms and stock information for the automatic detection of presence gaps. The scanning robot allows the physical reality to be digitally mapped and compared with the target state ("digital twin"). This makes permanent stock-taking possible. Work processes can be structured and optimised, such as the filling of shelf gaps or the correction of price labels.

MÜLLER FOCUSES ON GROUP-WIDE INNOVATIONS

Compared to 2023, Müller has expanded its store network by one location to 579 stores. Müller opened its first shop in Mecklenburg-Western Pomerania in Gägelow near Wismar in 2024. Müller's turnover has grown to €3.603 Bn and its space performance to around €4,600 per square metre of sales area. In spite of difficult market conditions and cost increases in procurement, rents and personnel costs, Müller has a very high equity ratio of 64 percent. Key strategic projects in the group include the group-wide rollout of a new cash register system, the modernisation of merchandise management and financial accounting and the introduction of a state-of-the-art automated warehouse solution in logistics.

The drugstore chain Müller is using the decline of Galeria to position itself as a provider of high-quality fragrances and beauty products. The company is investing in a new store concept and aims to equip around 20 shops with the "perfumery luxury concept" by the end of 2025, which focuses on high-quality presentation. The concept was launched in Ulm and is to be extended to other centrally located department stores.

Müller is not planning to roll out self-service check-outs until 2026, in contrast to pioneers dm and ROSSMANN.

From summer 2025, Müller will be introducing the innovative "Gesundheitswelt" shop-in-shop concept. It comprises a sales area of up to 120 sq m with a focus on pharmacy cosmetics, naturopathy, functional food, nutritional supplements, and longevity. This concept is a response to the growing market for preventive health products and is aimed particularly at women's and children's needs. The range is supplemented by an AI-supported advice tool where customers receive personalised product recommendations via an information terminal or smartphone.

A newly introduced Collectors Corner is aimed specifically at adult fans and collectors for the first time. The Toys division grew disproportionately by about 12.7 percent in the financial year of 2023/2024. Müller is likely to benefit from the closure of numerous department stores' locations and toy shops. The multi-assortment strategy is one of the company's key strengths. The successful household product range is to be strategically expanded further. Müller currently has an independent household goods department in 168 stores. The product range segment grew by around 9 percent to €130 M in the financial year of 2023/2024.

Müller is going to put its focus even more specifically on its core business in future, closing its Abt department stores in Ulm with their long tradition in January 2026 for financial reasons. These were acquired following insolvency in 2017. Detached from Müller's overarching multi-assortment approach and deeply rooted in the city, the independent department stores' concept proved to be unsustainable in the long term.

BUDNIKOWSKY STAGNATES IN ITS TURNOVER AND SHOP NETWORK

Budnikowsky's store network was expanded by 3 to 189 shops in 2024. The space performance was around €5,400 per square metre and was maintained compared to the previous year. The last stores in the EDEKA Southwest region closed at the end of 2024 after expansion plans for turning the Budni drugstores into a format for independent retailers under the EDEKA umbrella did not materialise.

The "budni-beautybox" shop-in-shop concept launched in 2023 with around 8,500 items and an area of around 250 sq m has now been implemented in 32 EDEKA-Gruppe stores, where it will continue to emphasise the drugstore expertise of the large-format food markets. The concept was predominantly rolled out in Hesse, Baden-Württemberg, and Bavaria.

Budnikowsky does not expect any major turnover growth in 2025 either and is trying to defend its top dog status in its Hamburg home area against the onslaught of the drugstore groups dm and ROSSMANN. beyond this, Budnikowsky is pushing ahead with its expansion in Berlin. This is posing some challenges, however. There are currently ten shops on the market, with two more locations to be added in 2025. Budni is planning to open four new stores in Hamburg.

The drugstore operator continues to stock a comprehensive range of up to 25,000 items in order to set itself apart from its competitors. In the metropolitan context, the company relies on its cooperation with the fast delivery service Wolt. Express delivery in a 35-minute time window was made possible from 6 shops in Hamburg and Berlin at the end of 2024.

Budnikowsky runs 630 in-store advertising screens, which the company would also like to make available to its suppliers. This gives advertisers standardised access to digital advertising in the drugstore chain's sales environment. Integration of the Budni app is planned. The Budni Card customer loyalty programme is celebrating its 25th anniversary in 2025.

DRUGSTORES EXPANDING INTO FOOD AND NEAR-FOOD SEGMENTS

The traditional market boundary between the food and drugstore retail areas is undergoing a fundamental reorganisation. Drugstores are systematically expanding into food and near-food segments, eroding the market position of established full-range retailers. The drugstores' share of sales in the food and near-food business is increasing measurably, albeit gradually. Drugstores are generating continuous growth by strategically expanding their product ranges while full-range retailers are stagnating in terms of market share.

The strategic success parameter for drugstores is private label excellence. Drugstore operators have outgrown their own-brand status and have developed their own-brand products into fully-fledged brand alternatives. This enables you to achieve a high buyer reach and customer mobilisation. In this context, group purchases can be implemented and the core range can be expanded to include additional product groups, e.g., organic food.

Their (too) limited product range depth has turned out to be a structural deficit of full-range retailers in the drugstore segment. As a result, customer loyalty in this high-margin product group is virtually impossible. In contrast, drugstores are succeeding in implementing target group-specific product range extensions with organic and vegan products.

The drugstore operators have outgrown private label status and have developed their private-label products into fully-fledged brand alternatives.



EXCURSION

DEVELOPMENT IN THE E-FOOD MARKET AND 24/7 RETAIL

The German e-food market continues to develop. Large fast delivery services such as **Gorillas** and **Getir**, which characterised the market with short delivery times and urban logistics, have now left the quick commerce sector in Germany. In particular, the major challenges in the areas of costs, logistics and profitability have led to a market shakeout and a thinning out of providers. Traditional retail groups such as REWE and EDEKA are increasingly focussing on strategic cooperations, investments, and their own platforms in order to maintain a sustainable presence in the growing online food retail sector at the same time.

REWE is positioning itself as a dominant player in Quick Commerce. The company has achieved comprehensive omnichannel integration, which represents a strategic advantage over other providers with its own delivery service and pick-up service. REWE holds just under 20 percent of the shares in the express delivery service **Flink** at the same time. The Quick Commerce provider announced in mid-2025 that it intended to adjust its price level to that of bricks-and-mortar retail. The resulting fall in margin is to be compensated for by additional sales and retail media income. In September 2024, REWE entered into a strategic partnership with the delivery platform **Lieferando**. Its core offering to date has mainly been food orders. The new partnership with REWE now extends Lieferando's offering to include express deliveries of food and other goods from the supermarket. The range comprises

more than 3,000 products, which are available in over 40 German cities. The new partnership allows REWE to utilise a proven infrastructure and expand the reach of its offering in the express segment without major logistical effort on its part.

EDEKA continues to act cautiously in e-commerce with little activity of its own towards delivery. However, a concept for a possible future in quick commerce was secured under trademark law in mid-2024 with the "EDEKA Now" brand. However, it is still not known what the brand's purpose is going to be. EDEKA's main focus in the food delivery market continues to be on its minority stake in the Dutch online delivery service **Picnic**. The company's stake of around 25 percent was bundled into a new company called Yellowrock at the end of 2024. Picnic is supplied with goods by EDEKA in Germany and offers the product range of a typical EDEKA supermarket in selected regions. Picnic has achieved impressive growth in Germany and will continue to pursue its ambitious expansion targets in the future. In addition to North Rhine-Westphalia, Hamburg, Berlin and the Rhine-Main region, the company has also been active in parts of Bavaria and Baden-Württemberg since the beginning of 2025. Picnic was thus able to achieve a turnover of almost €600 M last year. Picnic also set new standards in German food logistics in mid-2025 with the opening of Europe's largest fully automated fulfilment centre (FCA) in Oberhausen, which uses 1,500 autonomous shuttle robots.

Aldi Süd has been testing its own food delivery service in selected cities such as Mülheim an der Ruhr, Duisburg, Oberhausen, and Mönchengladbach as part of the "Mein Aldi" pilot project since mid-2023. The concept is similar to that of Picnic. About 1,300 items are currently available to be ordered online. Deliveries are made using small, electric delivery vehicles from the Belgian manufacturer Addax Motors. There is no precise date for a nationwide expansion or the regular launch of the service beyond the pilot regions so far. Aldi Süd sees the online delivery service as a supplement to its traditional discount business, but recently discontinued its former Click & Collect pick-up stations after a one-year pilot phase in order to focus more strongly on brick-and-mortar retail.

Lidl has extensive e-commerce offerings, but relies on bricks-and-mortar Click&Collect and cooperations in the non-food sector in online retail. The company does not have its own delivery service in the food segment or co-operations. **Netto** offers its own delivery service so that products can be ordered via the Netto website

or app. Customers may also use the **Flink** service for quick deliveries. However, **Penny's own online shop** was discontinued as early as in 2022. Since then, the discounter has been cooperating with the delivery service **Wolt**, which delivers food from the Penny range to customers' homes.

Wolt was originally active as a food delivery service, but expanded its offering in the area of online food delivery through the cooperation with **Knuspr**. Knuspr belongs to Czech Rohlik Group. In mid-2023, Knuspr acquired the online supermarket and food delivery service **Bringmeister**, which previously belonged to EDEKA retail group. This expanded its presence in selected regions such as Munich, the Rhine-Main area and Berlin. EDEKA remains a supply partner, but is no longer the owner. **Flaschenpost** continues to be active on the market. Once a delivery service, it now also delivers food and drugstore items in more than 190 cities. Flaschenpost has been part of Oetker-Gruppe since the end of 2020.



SMART 24/7 MODELS ACCESS NEW MARKETS

Start-ups and established retail chains have been supplementing traditional food retail with new smart store models, particularly in locations with low customer potential, primarily in rural areas since 2019. These smart 24/7 stores operate largely without sales staff and are equipped with self-checkout systems or advanced Grab & Go technology, so that shopping is possible around the clock. This creates a convenience retail offering that is economically viable in small, low-demand locations compared to traditional village shops.

Smart Store models have recently expanded rapidly throughout Germany. There will be around 600 stores by mid-2025. The majority of concepts are expanding in rural areas, in locations that are not attractive for regular food suppliers. Smart stores can also be found in urban areas, usually in residential areas or at transport hubs. Some smart stores are also located at petrol stations or on company premises. The models differ depending on the operator: For example, some providers are focussing on container formats with smaller sales areas of up to 50 sq m. Others, on the other hand, are moving into existing retail space or constructing new buildings with sales areas of 200 to sometimes even 800 sq m. Depending on the size of the sales area, the product range varies between 450 and 3,000 items. The smaller container formats are generally managed without personnel. Larger formats, on the other hand, often rely on hybrid concepts in which sales staff are present at limited times. This enables advice and service as well as payment with cash, in particular for older customers.

OPERATORS AT A GLANCE – SELECTION

Start-ups

■ **Tante M:** Tante M numbered amongst the first operators that opened a staff-free Smart Store in mid-2019. Tante M is operated by Tante-M-Box GmbH, which primarily supplies rural regions and smaller communities in the south of Germany. It has grown to more than 60 branches at this point. They use existing shop spaces in the town centres of smaller towns, averaging around 100 sq m. The shops are run on a hybrid basis, i.e. with staffed hours.

■ **Tante Enso:** Tante Enso is a cooperative smart store model that belongs to myEnso Supermarkt GmbH. Its first smart store opened in 2020. Today, the company operates over 70 sites in rural areas throughout Germany. It mainly uses existing buildings for the realisation of the hybrid shops, which are around 200 sq m in size on average. New buildings with somewhat larger sales areas have also been implemented recently with the new Tante Enso Plus concept, however. Tante Enso offers a range of around 3,000 articles. This is complemented by the company's online shop myEnso, which also offers around 15,000 products.

■ **Dorfladenbox:** The Dorfladenbox is a smart store concept in container format (approx. 15 sq m) that specialises in local products from direct marketers and small-scale businesses. Founded in Austria, the company has also been expanding into rural communities in the south of Germany since 2021. There are currently around 20 locations here. The staff-free stores are accessed via an app with a QR code, which customers can also use to scan the products and make cashless payments.



Established trading companies

■ **Teo:** Food retailer Tegut launched its own smart store concept in container format under the teo brand in 2020. A wooden shopping box measuring around 50 sq m and equipped with a range of around 1,000 items was specially designed for this purpose. It can be accessed by EC card or app. Self-scanning technology is used for payment. The Teo stores split off from Tegut in mid-2025 and have been operating independently ever since. Start-up Smart Retail Solutions is now taking the lead under the Migros umbrella. The change is also underlined by a change in the colour of the teo box from orange to blue.

■ **Nahkauf Box:** Since the beginning of 2022, REWE has been operating a staff-free smart store in container format with the Nahkauf Box. It has a range of up to 700 articles on 40 sq m. It is accessed by EC card. Payments are made by self-check-out. REWE operates a total of eight unmanned stores in seven states so far. It is thus slowly expanding its offering in rural areas.

■ **Smart Box:** EDEKA operates a Smart Store in container format with the so-called Smart Box in Hohwacht in Schleswig-Holstein. The pilot project was built in 2022 in a car park directly on the Baltic Sea. The container is around 40 sq m in size and offers around 500 items. Access and payment by EC card. In mid-2025, an EDEKA Smart Store opened in Wassersleben on an existing site with around 150 sq m and a wide range of products. EDEKA is generally trialling various smart store concepts. However, there has not yet been a nationwide roll-out.

The growth of smart stores in Germany is continuing. Large retailers such as REWE and Tegut are also experimenting with alternative forms of supply. Nevertheless, the legal dispute over Sunday openings represents a major challenge. Opening on Sundays is essential for the long-term profitability of smart stores in rural areas, as this is where the highest turnover is generated. However, much is still unclear from a legal perspective. Some federal states have already adapted their shop opening laws for smart stores, while in others Sunday opening is only tolerated. At the same time, trade unions, churches, and associations are repeatedly taking action against Sunday opening, meaning that the legal dispute will continue in the future.

1.4 NON-FOOD RETAIL AND ONLINE TRADE

The development of retail turnover in the non-food segment shows a differentiated sector picture for 2024. Bricks-and-mortar retail is facing turnover reductions while online retail is recording consistent turnover increase in all non-food areas. According to the industry associations' calculations, the majority of non-food retail sectors will see negative turnover development in 2024 as compared to the previous year.

The clothing and textiles sector, which is central to city centres as well as shopping and retail parks, was able to maintain its previous year's sales level according to the BTE, even though its brick-and-mortar business recorded slight declines. The footwear and leather goods sector was unable to maintain the momentum of the first post-coronavirus years and recorded a moderate decline of 0.5 percent.

Developments in the furniture/house and home textiles segment were much more negative. The industry as a whole suffered a turnover reduction of around 4.8 percent since the home and household textiles sub-segment no longer had a compensatory effect in 2024. The home furniture segment in the narrower sense even recorded a significant slump in turnover of 6.6 percent, with the kitchen furniture segment in particular suffering from the weak housing market. The ongoing restrictions on consumption in some areas also had an impact on the DIY store and garden segment, which recorded a turnover reduction of around

1.5 percent. The camping and toy sectors also suffered declines turnover reductions compared to the previous year. On the other hand, the books and stationery segment performed well, achieving growth both online and in stores and realising a moderate increase in sales of 0.8 percent overall.

The turnover development in the non-food segment reflects the fragile overall economic situation in 2024. Due to the emerging economic stabilisation, industry associations are forecasting a positive turnover development for 2025. Following calculations by bulwiengesa, based on the HDE data and information from industry associations, the non-food segment achieved a turnover volume of €307 Bn 2024.¹

¹ Calculations by bulwiengesa based on information from HDE and the industry associations.
² The following information is based on the HDE Online Monitor 2024 and 2025.

[12] Shares of assortment-related turnover in the non-food segment 2024
Figures in percent



Source: HDE, bulwiengesa calculations

ONLINE RETAIL SHOWING STABILISED GROWTH

German online retail is showing a clear recovery in 2024 after two years of weak growth or even nominal sales losses. Online retail achieved a net volume of €88.8 Bn at a nominal turnover increase of 3.8 percent. This surpasses the growth of bricks-and-mortar retail for the first time since 2021.² The difficult years of 2022 and 2023 thus seem to be firmly in the past for online retail.

The uniform development across all sectors is particularly noteworthy. All retail sectors are recording positive growth rates in online business for the first time in years. The Fast Moving Consumer Goods

(FMCG) sector stands out with above-average growth of 7.3 percent, consolidating its position as an important growth driver. Food, cosmetics, and drugstore goods have continuously increased their online shares in recent years and are benefiting from the increasing acceptance of digital shopping solutions in these segments, which are still dominated by bricks-and-mortar stores.

The share of online retail in total retail stabilised at 13.4 percent, slightly higher than in the previous year and thus at the same level as in 2022. There are still significant differences in online penetration between the main food and non-food segments. The non-food sector is significantly higher at 18.9 percent while the online share of the food sector is around 3.0 percent.

The largest online retail sectors, fashion, and accessories (incl. shoes and leather goods) and consumer electronics/technology, maintain their dominant position with online shares of over 40 percent of the respective sector's turnover. Fashion and accessories will generate an online turnover of €20.6 Bn in 2024, which corresponds to 23.2 percent of the total online volume. At €19.1 Bn, consumer electronics/technology accounted for 21.5 percent of the total online volume.

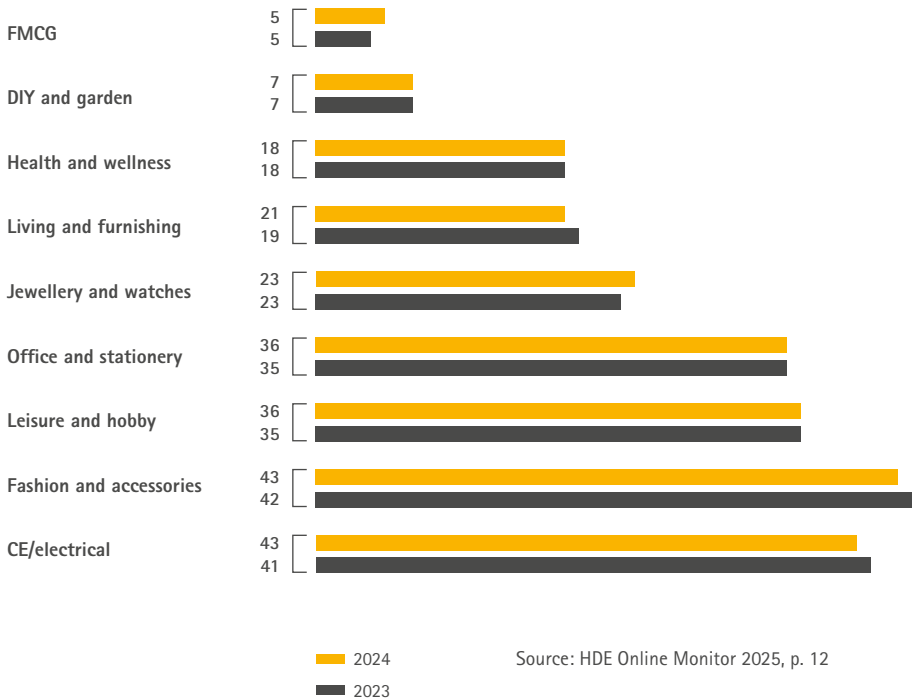
Marketplaces have further expanded their position as the most important form of distribution in online retail. With a 57 percent share of total online turnover, they dominate digital retail even more than in the previous year. Amazon is consolidating its dominant market position with an overall share of 63 percent of German online retail, with the company's marketplace segment growing at an above-average rate.

A particular development can be seen among foreign online providers, which have increased their share of the German online market to around 10 percent or €8.9 Bn. Platforms such as Temu and Shein have only been active in Germany for a few years but already reached an estimated turnover of €2.7 Bn to €3.3 Bn. This development raises questions about fair competition, as these providers are often not subject to the same regulatory requirements as European retailers.³

This segment is going to continue to develop dynamically. TikTok Shop was the next high-reach platform to be launched in Germany with the aim of establishing a completely new ecosystem for social commerce at the end of March 2025. In contrast to Facebook, Instagram, or Pinterest, none of which successfully performed e-commerce integration, TikTok is based on the "interest graph" instead of the "social graph" – this means that relevant content determines reach, not the number of followers or brand awareness. TikTok Shop represents a "digital metamorphosis of teleshopping".⁴ Unlike traditional live shopping formats, the integration of authentic moving images on a moving image platform has a natural effect and successfully generates buying impulses. TikTok lowers the market entry threshold to almost zero. This means that TikTok – as it also networks directly with Chinese and other manufacturers – could also become relevant competition for Temu and Shein.⁵

The structure of online providers continues to show a dominance of companies with original online DNA, which control 55.4 percent of the market excluding marketplaces. Stationary retailers hold a stable share of 34.9 percent, while manufacturers with direct online sales achieve 9.7 percent. It is increasingly questionable whether the share of brick-and-mortar retailers in particular will remain stable. Engelhorn, a renowned bricks-and-mortar retailer with a well-known online store, announced that it was leaving its own marketplace business and concentrating on its traditional catchment area in the first half of 2025.⁶

[13] Online share of total turnover per sector in 2023 and 2024
Figures in percent



German online retail regained its growth momentum in 2024 and recovered from the difficulties of previous years. The picture of a stabilising and maturing market is reflected in positive development in all sectors, the above-average growth of FMCG and the increasing importance of marketplaces characterise. New international players bring with them additional dynamics and challenges that intensify competition and raise regulatory questions at the same time.

³ HDE Online Monitor 2025, p. 30.
⁴ Wenzel, Stefan: Now also TikTok, in profashionals.de, "Experts" section, of 22/04/2024.
⁵ Müller, Jürgen: Big hit?, in profashionals.de, section "passiert", of 04/04/2025.
⁶ This is how Engelhorn is tackling the turnaround, in TW online, of 16/05/2025.

1.5 THE TEXTILE RETAIL TRADE

TURNOVER IN TEXTILE RETAIL REMAIN STABLE

The BTE – Handelsverband Textil Schuhe Lederwaren estimates total retail turnover of clothing (excluding shoes) and household and home textiles at around €67.5 Bn in 2024, which means that sales are likely to remain at the previous year's level. In spite of this stability, clear shifts between sales channels and product groups are recognisable. While turnover in specialist retail are expected to fall by -0.9 percent from 2023 to 2024 to €36.0 Bn, mail order and online retail will grow by 1.6 percent. As a result, the sales volume rose from €18.8 Bn to €19.1 Bn, with the increase in sales being exclusively attributable to the Internet pure players. Overall, around 60 percent of the turnover are attributable to bricks-and-mortar retail, with the remaining 40 percent or so coming from online and mail order, whose share has recently increased slightly (+1.0 percent or 0.4 percentage points). The weakness of the furnishing trade and DIY stores, which are important sales channels for household and home textiles, stands out in the sales channel of the non-textile specialist trade. Turnover in home furnishing shops is going to drop by 7.4 percent in this area and by 5.3 percent in the DIY and home improvement market as compared to 2023. The retail warehouses' sales channel stabilised once again, with turnover growth of 0.3 percent in textiles. The food retail sector

stands out once again, however. It now accounts for 5 percent of total industry sales, with a recent increase in sales of 4.5 percent compared to the previous year. This makes it the distribution channel with the highest annual growth rate of all distribution channels for clothing, household and home textiles.¹

Following the dramatic rise in insolvencies in 2023 with 153 fashion supplier insolvencies and 33 major insolvencies of high-turnover fashion companies – three times as many major insolvencies as in the previous year in accordance with Textilwirtschaft – the fashion trade stabilised in 2024, albeit at a critical level. The wave of insolvencies may have lost some of its intensity, but it remained well above the long-term average in the fashion industry as a whole, including retailers and manufacturers. The year 2024 was characterised by several insolvencies of established market players. Wormland (insolvency proceedings initiated in January 2024, successfully ended in August through acquisition by L&T), KaDeWe Group (affected as a result of the Signa insolvency, continued by Central Group from August 2024), Galeria Karstadt Kaufhof (third insolvency proceedings within four years, ended with new owners on 31 July 2024), Sör (insolvency in March 2024, end of self-administration proceedings in April 2025) and Sinn (insolvency application in August 2024, end on 31 July 2025), were successfully restructured and continue in operation. The situation

in fashion retail is expected to remain volatile in 2025. New insolvency applications were filed by Closed (August), Pepco Germany (July), the ex-Deichmann subsidiary Onygo (June), Gerry Weber (March, renewed insolvency), Palmers (February), and Titus (February), with the skateboard retailer Titus successfully ending its insolvency proceedings in July 2025. The Federal Association of German Textile Retailers (BTE) is not forecasting any significant improvement in the market situation for 2025. The industry is facing ongoing structural challenges resulting from stagnating to slightly declining revenues coupled with continuously rising operating costs. The mid-price segment is experiencing intense cut-throat competition while luxury and low-cost providers have recorded growth over the past three years. Market consolidation is, therefore, continuing, with medium-sized retailers with standard product ranges in particular under considerable pressure to adapt.²

DEMAND-ORIENTATED PURCHASING OF FASHION CONTINUES

There were already signs of a greater focus on demand in the purchase of fashion items in 2024, which continued in the first half of 2025. Accordingly, fashion manufacturers and fashion retailers are strengthening their "ready to wear" approach. The fashion should be available in stores when the season or the weather is right. At the same time, however, the desire to shop for fashion is decreasing. The number of people who refuse to shop for fashion continued to increase in the first half of 2025, with this refusal to shop having a greater impact on online retail than on bricks-and-mortar fashion stores³.

The spending situation for fashion items is mixed as compared to 2024. The perceived burden of inflation has gradually eased while consumers remain fundamentally price-sensitive. This led to a selective increase in purchasing activity over the course of the first half of 2025, with consumers paying more attention to quality and value for money. The usual concentration of all purchases in one shop during the coronavirus period has completely given way to a differentiated fashion shopping trip with targeted visits to different shops and strategic purchases of individual items. Another focus is on price. Accordingly, shopping at discounted prices or buying more private labels is on the rise, similar to shopping behaviour when buying food or drugstore products. As the online channel in particular is defined by its favourable price, a stable to slightly positive sales performance in online fashion retail is expected in the first half of 2025 despite the general reluctance to shop for fashion.⁴

¹ See BTE Handelsverband Textil/Schuhe/Lederwaren (2025): BTE Factbook 2025.

² 40 percent fewer fashion insolvencies in the first quarter, in Textilwirtschaft of 06/06/2025, cited from: www.textilwirtschaft.de, accessed 11/08/2025.

³ Fashion shopping mood remains subdued, in Textilwirtschaft of 09/07/2025, cited from: www.textilwirtschaft.de, accessed on 14/08/2025.

⁴ Hybrid shopping behaviour will shape fashion retail in 2025 – Trade balance, in: Score Media Group Study Germany 2024, of 03/11/2024, pp. 8–12.

In contrast, bricks-and-mortar fashion retailers recorded a decline of around 4 percent in the first half of 2025 compared to the same period of the previous year⁵, which illustrates the ongoing structural challenges facing the industry. Market concentration continues to increase at the same time: Large companies with annual sales of €100 M or more already achieved a market share of 64.7 percent in 2024, while small and medium-sized specialist shops are increasingly disappearing from the market.⁶

H&M WITH MIXED DEVELOPMENT

The development of the H&M store network in Germany in 2024 and 2025 also shows a continuing consolidation course. Following the reduction to 407 stores at the end of 2024, the number of German locations has fallen further to around 360 stores. This reduction is part of the Swedish fashion group's global strategy of optimising its store network worldwide and investing in new store concepts at the same time.⁷

In spite of the reduction in the total number of stores, H&M is increasingly focussing on innovative shop concepts. In October 2024, the company opened its flagship store in the Westfield Hamburg Überseequartier as planned on 3,200 sq m with its state-of-the-art store concept. A new "Global Key Store" was opened on Weinstraße in Munich in November 2024 as well. It is the first of its kind in Germany. This 2,600 sq m flagship store on four floors represents H&M's latest global store concept and sets new standards in terms of sustainability, design, and customer experience.⁸

H&M opened its first H&M Home concept store on Schadowstraße in Düsseldorf in March 2024 at the same time. The 566 sq m store offers a comprehensive interior and lifestyle range on two floors with a boutique hotel ambience and special services such as monogram personalisation.

H&M launched a comprehensive modernisation offensive in 2024 to counter the increased competition from online retailers such as Shein and Zara. In Germany, up to 54 shops are to be renovated – this corresponds to 10 to 15 percent of the German locations. This is part of a global programme to modernise 250 branches worldwide while closing 160 sites.⁹

The financial year of 2024 was a mixed one for H&M: Global turnover reduced by 0.7 percent to about €20.4 Bn due to currency translation, while growth of 1 percent was recorded in local currencies. E-commerce accounts for around 30 percent of sales. Profitability developed positively, with net profit rising by 33 percent to around €1.0 Bn. In Germany, H&M remained the most important market ahead of the USA with a turnover of around €3.1 Bn in 2023, although the pre-coronavirus turnover of 2019 (€3.2 Bn) have not yet been reached again in Germany. In 2023, this made H&M the second-largest fashion retailer in Germany, just behind Otto Group. However, the first half of 2025 brought new challenges: Operating profit fell significantly due to higher price discounts and increased inventories in spite of turnover growth of 3 percent in the first quarter to €4.8 Bn.



H&M has been pursuing a dual strategy with a change of leadership at the top of the company since January 2024: The company is investing more heavily in modernising the remaining locations while shops continue to be closed. The aim is to counter online competition with an improved customer experience and higher-quality store concepts. H&M is planning significant investments in its store network and in optimising its supply chains for 2025.¹⁰ The integration of the Monki brand into Weekday is progressing, with some Monki shops being convert-

ed into Weekday shops. The sixth Arket store in Germany is set to open in Frankfurt in 2025. Expansion into Brazil with the first shop in São Paulo at the end of 2025 and expansion of the digital presence in China highlight the focus of H&M on international growth markets, while in established markets such as Germany, the emphasis is on quality over quantity. H&M switched entirely to recycled down and feathers as well as wool without mulesing in the area of sustainability. This enabled it to further reduce its CO₂ emissions.¹¹

⁵ TW-Testclub – Turnovers in the 1st half of 2025, cited from: www.textilwirtschaft.de, accessed on 11/08/2025.

⁶ BTE Handelsverband Textil: Market concentration in bricks-and-mortar fashion retail reaches new high, August 2025.

⁷ Based on current company reports.

⁸ H&M: Global Key Store in Munich, in: EHI stores+shops, of 14/05/2025, cited from: www.stores-shops.de; accessed on 14/08/2025.

⁹ H&M wants to close several shops – but completely modernise others, in: *business Insider Deutschland*, of 25/11/2024, cited from: www.businessinsider.de, accessed on 14/08/2025.

¹⁰ H&M increases profit in 2024 in spite of slight turnover reduction, in: *Retail News*, of 30/01/2025, cited from: www.retail-news.de, accessed on 14/08/2025.

¹¹ How sustainable is H&M, in: *FutureCheck*, cited from www.futurecheck.org; accessed 14/08/2025.

ZARA WITH UNCHANGED HIGH GROWTH MOMENTUM

Zara's parent company Inditex once again reports a strong financial year with solid growth. Turnover in the financial year of 2024 (1 February 2024 – 31 January 2025) increased by 7.5 percent to €38.6 Bn, with e-commerce particularly achieving an above-average growth of 12 percent. The share of e-commerce increased to 26.4 percent of total turnover, as compared to 14 percent in 2019. The group was also able to maintain its bricks-and-mortar business with an increase of 5.9 percent compared to the previous year, although the total number of shops fell by 2.3 percent to 5,563 sites worldwide. The net result increased by 9 percent to €5.9 Bn¹². Turnover in Germany grew to €1.72 Bn, corresponding to an increase of 69 percent as compared to the pre-coronavirus year 2019 (€1.02 Bn)¹³. Zara remains the group's largest sales driver with net sales of €27.78 Bn (+6.6 percent). The other brands are also developing positively. Stradivarius achieved the strongest growth with an increase of 14.1 percent to €2.66 Bn, followed by Bershka and Oysho (both

+11.8 percent to €2.93 Bn and €0.83 Bn), Massimo Dutti (+6.6 percent to €1.96 Bn) and Pull & Bear (+4.6 percent to €2.47 Bn)¹⁴.

Stradivarius is continuing its expansion in Germany, having opened Germany's first store in Stuttgart in 2023. Dresden and Hanover (spring) and Berlin (Alexa in autumn) followed in 2024. In March 2025, the world's first Click & Collect store was opened on Schildergasse in Cologne. Another six new openings are planned for 2025 in Bremen, Saarbrücken, Leipzig, Dortmund, and Centro Oberhausen following the new opening in the Westfield shopping center in spring.¹⁵ The Inditex brand Oysho celebrated its German premiere in April 2025 with the opening of the first store in the Westfield Hamburg Überseequartier on 300 sq m. The young fashion label for sportswear, underwear and swimwear was previously only available online in Germany.¹⁶ Zara is currently (as of June 2025) maintaining 63 Zara shops in Germany. This means a slight decrease from its 65

shops in 2024. This reflects the strategy of focusing on fewer but larger and optimised flagship stores. Accordingly, the largest Zara shops in Germany were opened in the first half of 2025. In April, the flagship stores opened in Centro Oberhausen (3,300 sq m) and Überseequartier in Hamburg (3,380 sq m; both Westfield shopping centers).¹⁷ The Überseequartier Hamburg location is thus also becoming the largest Inditex location in Germany. Five Inditex brands are represented here. The labels of Bershka (746 sq m), Pull & Bear (582 sq m), and Stradivarius (535 sq m) can also be found there in addition to Zara and Oysho¹⁸. Across all concepts, 112 Inditex stores were operated in Germany in 2024 as at the balance sheet date of 31 January 2025.¹⁹

The second-hand platform "Zara Pre-Owned", which was launched in Germany at the end of 2023, was further expanded in 2024. Customers can use the platform to buy, sell, or submit used Zara items for repair. The offer is part of Inditex's sustainability strategy and was also introduced in the USA in 2024.

NEW YORKER SET UP FOR GROWTH

With total gross sales of around €3.8 Bn, 2024 will be New Yorker's most successful financial year to date. The fashion retailer has thus once again increased its turnover. According to bulwiengesa's calculations, the German market accounts for up to 30 percent. New Yorker is also expanding its store network. While the company still operated about 1,200 stores in 2022, it extended its network by 83 to 1,292 stores in 47 countries in Europe, Asia, North Africa, and North America by the end of 2024. This corresponds to an increase of around 6.9 percent. With 266 shops or a share of 21 percent, Germany remains the Braunschweig-based company's largest market. Expansion is also set to continue in 2025. In November 2024, company owner and manager Friedrich Knapp passed away. Jonas Gauck, who has been a member of the Executive Board since May 2024 and previously worked as an assistant to the Executive Board for many years, will take over as CEO. Even with its new management structure, the company will continue to focus exclusively on its brick-and-mortar business and will forego an online store. The company has recently outperformed the majority of its competitors with this strategy and achieves one of the highest EBIT margins in fashion retail.²⁰

The Inditex brand Oysho celebrated its German premiere in April 2025 with the opening of its first brick-and-mortar store in the Westfield Hamburg-Überseequartier on 300 sq m.

¹² Inditex Annual Report 2024, March 2025.

¹³ The great comparison: Inditex vs. H&M, in: Textilwirtschaft No. 33 of 14/08/2025, p. 18.

¹⁴ Inditex brand results 2024, in: FashionUnited, www.fashionunited.de, accessed on 14/08/2025.

¹⁵ Stradivarius Expansion Germany 2025, in: FashionUnited, www.fashionunited.de, accessed on 14/08/2025.

¹⁶ This is how Oysho wants to grow in Germany, by Nowicki, Jörg, of 17/04/2025 in Textilwirtschaft, accessed on 14/08/2025.

¹⁷ Zara: Largest store opened in Germany, in: FashionUnited of 17/04/2025, www.fashionunited.de, accessed on 14/08/2025.

¹⁸ Hamburg.de: Westfield Hamburg-Überseequartier opening, accessed on 14/08/2025.

¹⁹ PYMNTS: Zara Pre-Owned Expansion, September 2024.

²⁰ New Yorker boss Jonas Gnauck: "2024 was a record year", by Nowicki, Jörg, of 17/01/2025 in Textilwirtschaft.

Accessed on 10/08/2025; New Yorker significantly increases profits by Nowicki, Jörg, of 14/03/2025 in Textilwirtschaft.

Accessed on 10/08/2025; EBIT margin

22.9 percent at New Yorker, 19.7 percent at Inditex, 7.4 percent at H&M.



All in all, New Yorker is focussing on larger sales areas than before. It should be at least 1,200 sq m in size, in cities with more than 200,000 inhabitants even at least 2,000 sq m. One prominent example is the opening of the Munich flagship store planned for mid-2027. New Yorker is opening on around 3,500 sq m over three floors in the former C&A store in Kaufingerstraße.²¹ However, numerous existing spaces have also been and are being expanded, for example in Wiesbaden, Gera, and Jena.

C&A FOCUSES ON NEW OPENINGS, MODERNISATION, AND TECHNOLOGY

There is no more up-to-date information on the business performance of C&A Europe than the good €2.2 M (net)²² of the 2022/23 reporting year. However, e-commerce is expected to have generated around €520 M in 2024, around 25 percent of total turnover.²³

Following the renewed loss of €65 M (2022/23, halved compared to the previous year), a strict cost-cutting plan is being pursued, to which, for example, the jeans production in Mönchengladbach at the Factory for Innovation (FIT), which started in 2021, also fell victim. It was discontinued without replacement in February 2025. After CEO Giny Boer left the company in 2024, Edward Brenninkmeijer, a member of the owner family, took over the management of the company.

An increasing number of management changes have been reported on by the media since. The new management members were brought in by Boer.²⁴ At the same time, C&A recorded an important new addition in November 2024 with the new DACH boss Maximilian Schuessler, former head of Germany at H&M.²⁵

C&A is undergoing an ongoing transformation process to become a "modern omnichannel fashion retailer"²⁶. C&A posted a loss of €66 M in spite of the recently reported turnover growth. Nevertheless, the transformation is said to be "on track" and that the restructuring is beginning to pay off. The objectives remain unchanged. The main aim is driving forward the transformation towards omnichannel, further digitising the shopping experience, and increasing profitability in addition to strengthening the market presence within the DACH region. First and foremost, corrections are to be made to the store portfolio and the product range, although a large number of shops have already been modernised. "Refreshing" of the stores (with modular shop fitting elements, new, more effective lighting, WiFi, better changing rooms, lounge furniture, self-checkout tills, etc.) is planned within the next three to four years. However, some of the portfolio work has already been completed. The collection

has been reduced by around a third since 2021. In addition, smaller retail spaces of 1,500 to 4,000 sq m are being pushed – both through store closures and relocations at the location.²⁷

While C&A still operated 420 stores in Germany in 2022²⁸, the store network has since been reduced to 358 stores (as of August 2025)²⁹ in accordance with the C&A Storefinder. In spite of this, the store portfolio grew by twenty locations as compared to the previous year due to a number of new openings, including in Munich, Hamburg, Dresden, Erlangen, Flensburg, Rheine, and Pforzheim (as at July 2024: 338). However, the majority of the approximately 100 new openings planned over the next few years, as published in the press release, are likely to relate primarily to the markets in Eastern Europe and Italy. Corrections to the product range, specifically the temporary withdrawal from the range of large sizes, turned out to be a failure. C&A reintroduced the range at great expense after the loss of C&A customers who demanded precisely this range and the resulting turnover reduction. This is a return to the company's original approach of offering "fashion for everyone", with a focus on good quality and an attractive price-performance ratio.³⁰

²¹ New Yorker opens flagship in top location in Munich, by Heintze, Alexander, from 16/01/2025 in Textilwirtschaft. Accessed on 10/08/2025.

²² C&A: CEO Giny Boer has left the company, cited from www.textilwirtschaft.de, 03/07/2024.

²³ Fashion ranking: Top 20 clothing retailers in Germany, cited from: E-Commerce-Germany – New, accessed on 12/08/2025.

²⁴ C&A and the departures of the top people, by Seidel, Hagen, of 23/06/2025 in Textilwirtschaft. Accessed on 12/08/2025.

²⁵ C&A: What is waiting for the new DACH boss, by Seidel, Hagen, of 08/11/2024 in Textilwirtschaft. Accessed on 12/08/2025.

²⁶ C&A: Modernisation of the shops is progressing, cited from www.textilwirtschaft.de, 07/11/2022.

²⁷ C&A: What is waiting for the new DACH boss, by Seidel, Hagen, of 08/11/2024 in Textilwirtschaft. Accessed on 12/08/2025.

²⁸ C&A, Federal Gazette July 2024.

²⁹ C&A website: Storefinder, www.c-and-a.com; accessed on 12/08/2025.

³⁰ C&A: What is waiting for the new DACH boss, by Seidel, Hagen, of 08/11/2024 in Textilwirtschaft. Accessed on 12/08/2025.

Finally, a new concept was to be tested to address new customer groups. However, the expansion of the small "City Center" shops with the "Scan&Go" principle, which opened in the centre of Amsterdam in March 2024, failed. Even though the concept with a selected women's wear collection fitted in with the company's omnichannel orientation, the format was not sufficiently commercially viable.

Nevertheless, C&A is continuing to test new store formats in order to adapt to changing customer needs.³¹ In addition to optimising space and product range design, this can also include technological innovations. Like many other retailers, C&A is increasingly focussing on self-checkout stations (SCO) and the implementation of an RFID system. For the latter, C&A won the prize for "the best RFID introduction in retail". C&A customers notice the advantages of the new system above all in greater stock transparency, faster availability of goods at the point of sale and fewer out-of-stock situations. Positive effects for the company include improved stock accuracy and, in accordance with the company, turnover growth of 5 percent.³² Unsurprisingly, the new C&A shop in Hamburg's Überseequartier, which opened in April 2025, not only presents the latest shop concept, but also has more SCO terminals than regular checkouts for the first time.³³

BREUNINGER STILL BOUND FOR SUCCESS

Germany's leading multi-label fashion retailer Breuninger continues to grow in spite of difficult industry conditions in 2024, achieving turnover growth of 6 percent compared to the previous year. Breuninger currently operates a total of 13 stores in Germany and Luxembourg (as of August 2025). The latest opening at Westfield Hamburg Überseequartier in April 2025 marked the long-awaited opening of the first new shops in northern Germany. The traditional branch in Reutlingen was closed in December 2024. Breuninger thus shows the courage to disinvest, as it reacts to the poor development of the city centre from a retail perspective by closing the Reutlingen site.³⁴

In recent years, Breuninger has successively opened up new markets in Europe in its online business and is now active in ten countries, including Germany, Spain, Italy, Belgium, the Netherlands, Austria, Switzerland, Luxembourg, Poland, and the Czech Republic. This is also reflected in the positive turnover development. A turnover of about €1.6 Bn was generated in 2024. Online business now accounts for a share of more than 60 percent of the company's total turnover after the online channel continued to grow in 2023, contrary to the overall market trend. An announced that talks were underway regarding a possible sale of Breuninger was made in June 2024. There is no reliable information on negotiations. Breuninger Group was rumoured to be worth around €2.5 Bn. The purchase price could amount to around €2 Bn after deducting debt, with the Breuninger properties accounting for the largest share at around €1.8 Bn. The actual department store business and online shop would only account to €200 M in this.³⁵ An overview of investment bank Macquarie, however, claimed that there were 31 potential purchaser in competition, including renowned enterprises such as Central Group, Galeries Lafayette –

which only withdrew from Germany in July 2024 when they closed their store in Berlin's Friedrichstraße – or El Corte Inglés (as at summer of 2024). Breuninger did not make any comment on the current state of the sales process.³⁶

P&C DÜSSELDORF: STABILISATION AND STRATEGIC REALIGNMENT

P&C Düsseldorf is systematically continuing its transformation process after successfully overcoming insolvency in self-administration. The Austrian company, which also manages the Eastern European business, was not affected by the insolvency and was renamed Peek & Cloppenburg B.V. & Co. KG in 2024. It continues to support the German sister company in its transformation. Over the course of 2024, a number of personnel changes were made at management level in this regard.³⁷ In July 2024, a new logistics centre of around 76,000 sq m was opened in Bedburg. It enables complete goods processing for the connected stores,

optimising the supply chains and ensuring a continuous supply of goods to all department stores.

P&C Düsseldorf continues to operate 67 shops in Germany, including 21 Anson's stores.³⁸ With over 170 stores in 16 countries, five online shops and more than 16,000 employees, the group is positioning itself as the leading multi-brand fashion retailer in Europe.³⁹ The store network remains fundamentally stable, although rental conditions are still being negotiated at individual locations and planned restructuring measures are being driven forward. Anson's, a subsidiary specialising in menswear, announced its lease of a 2,600 sq m space in Westfield Hamburg-Überseequartier in October 2024. The opening of the new flagship store is planned for the 2025 autumn season. This would increase the number of Anson's stores in Germany to 22. A new opening in the City-Galerie Augsburg announced in 2024 for spring 2025 has not been implemented so far. In addition to four physical shops in Eastern Europe, Anson's also operates its own online shop.⁴⁰

³¹ C&A stops small shop format, by Seidel, Hagen, of 06/02/2025 in Textilwirtschaft. Accessed on 12/08/2025.

³² C&A increases turnover through technology, by Seidel, Hagen, of 28/06/2025 in Textilwirtschaft. Accessed on 12/08/2025.

³³ Fashion trade: Push-up for self-checkout, by Lach, Ulrike, of 20/06/2024 in stores+shops, accessed on 12/08/2025.

³⁴ Breuninger closes store in Reutlingen, cited from www.textilwirtschaft.de, of 06/03/2024.

³⁵ Retail warehouse chain Breuninger to be sold, in Wirtschaftswoche, cited from www.wiwo.de, of 28/08/2024, accessed on 07/08/2025.

³⁶ Breuninger grows to €1.6 Bn – search for investors continues, by Faber, Jens, of 21/07/2025 in Textilwirtschaft, accessed on 07/08/2025.

³⁷ Peek & Cloppenburg Düsseldorf: Head of Purchasing must go, cited from www.fashionunited.de, 21/11/2024.

³⁸ Current news on Peek & Cloppenburg, cited from www.iz.de, as of July 2025.

³⁹ P&C – About us, cited from www.peek-cloppenburg.com, accessed on 11/08/2025.

⁴⁰ Anson's moves to Westfield Hamburg-Überseequartier, cited from www.fashionunited.de, of 10/10/2024.

The Midstad project in Frankfurt, the transformation of the Weltstadthaus on the Frankfurt Zeil, continues to take shape. Renzo Piano Building Workshop emerged as the winner of the competition launched in spring 2024. The project envisages transforming the existing 6-storey department stores' into a 10-storey multi-functional complex comprising three retail floors, two "Playground" levels, a two-form entry primary school on the fifth floor, 56 long-term flats and high-quality office and conference spaces on the upper floors.⁴¹ P&C will remain in the building as the anchor tenant.

MODEHAUS SINN RESCUED FOLLOWING INSOLVENCY

Modehaus Sinn had to file for insolvency again in August 2024 for its 41 Modehaus Sinn stores. This is the fourth time that the Hagen-based company has emerged from insolvency and remains in the possession of the previous owner Isabella. The creditors' meeting voted against acquisition by Peek & Cloppenburg's parent company JC Switzerland Holding and decided in favour of Goebel's restructuring plan instead.⁴²

Following the departure of former COO Thomas Wanke in December 2024, Christian Döscher and Philipp Reifferscheid now succeed him as Managing Directors for Purchasing, Marketing and Logistics and for Overall Operations and Real Estate respectively.⁴³ The insolvency proceedings were terminated on 31 July 2025, and 34 fashion stores will continue to operate. Turnover recently totalled €240 M. Sinn continues to concentrate on fashion stores in medium-sized cities, with the geographical focus on North Rhine-Westphalia.

GALERIA CONTINUES IN CRISIS

One year after the end of the third insolvency proceedings, Galeria is still in a critical phase. The department stores' group was acquired by the US investment company NRDC Equity Partners and the German entrepreneur Bernd Beetz in July 2024 and currently operates 83 stores. The company is struggling with weak sales development and is under increased pressure from investors. Reports speak of a significant slump in turnover and profits in May and June 2025 compared to the previous year.⁴⁴

The management situation is also unstable. In spring 2025, CEO Olivier van den Bossche had to leave unexpectedly. Most recently, Head of Purchasing Alexa Deters also left the company after just nine months. Antonio Negro has been appointed as his successor as the new Chief Procurement Officer. Contrary to the public impression of an equal partnership, NRDC Equity Partners apparently holds 65.8 percent of the shares via a Luxembourg company, while Bernd Beetz owns 28.2 percent. The remaining 6 percent is owned by Bain Capital, which not only acts as a minority shareholder, but also as a lender for a loan of around €60 M, which runs until April 2029 and is secured with inventory.⁴⁵

The latest developments at Hudson's Bay Company ULC do not appear to have any impact. The Canadian department stores' company of Galeria co-owner Richard Baker filed for protection from creditors at the Ontario Superior Court of Justice in March 2025. Media reports cite the possible closure of half of the 80 Canadian department stores. However, TW information claims that there are no direct corporate links between HBC and Galeria, as Baker holds its Galeria shares via NRDC Equity Partners. This development still evokes some unpleasant memories among Galeria suppliers and within the company itself of the last Galeria insolvency in 2024, which was ultimately triggered by the insolvency of Austrian Signa.⁴⁶

However, the massive modernisation backlog is a major problem. External market observers estimate the investment requirement at €20 M per shop, which is likely to be implemented only slowly due to the high number of stores and the considerable financial outlay involved. According to the company, all 83 shops are profitable and 20 retail warehouses have already been modernised since summer 2024. New collaborations with Decathlon and Lidl as well as young brands such as Snocks and Copenhagen Studios are intended to strengthen the range, attract new customer groups, and help increase footfall.⁴⁷

Galeria is pursuing a multi-million property acquisition plan in spite of ongoing business difficulties. According to LZ research, the group wants to acquire department stores' properties – a clear change in strategy, as the owners had only acquired the retail business without the real estate when they emerged from insolvency in 2024. The contracts for the first object have been signed already: Galeria acquires the retail warehouse at Bertoldsbrunnen in Freiburg, which was previously owned by insolvent Signa-Gruppe. The deal is said to have cost a "manageable double-digit million amount". The department stores' group is thus changing from tenant to owner. Further property acquisitions are to follow, focussing on smaller and medium-sized objects. This is meant to secure locations in the long term and protect against excessively high rents. At the same time, the business situation remains difficult and

In spite of ongoing business difficulties, Galeria is pursuing a multi-million property acquisition plan.

the operational situation tense. Like-for-like turnovers had fallen by just under 4 percent as compared to the previous year by the end of April. Galerie started the financial year of 2024/25 with the plan to increase like-for-like turnovers by 1.3 percent to €2.105 Bn.⁴⁸

Galerie continues to face enormous challenges: weak turnovers, high financing costs, management instability, and a massive investment backlog all in all. The long-term sustainability of the company must, therefore, be classified as critical despite its operating profitability.

⁴¹ Midstad Frankfurt, cited from www.rpbw.com, 2024.

⁴² See decision on Monday: That's why the battle for meaning is so exciting, by Seidel, Hagen, of 25/04/2025, in *Textile Industry*.

⁴³ Cf. Isabella Göbel increases management of Sinn, by Seidel, Hagen, of 03/06/2025, in *Textilwirtschaft*.

⁴⁴ One year after the insolvency: Is Galeria back on track?, cited from www.textilwirtschaft.de, of 23/07/2025.

⁴⁵ Galeria apparently under investor pressure, v. Tewels, Werner, of 18/06/2025, in *Textilwirtschaft*.

⁴⁶ Hudson's Bay applies for creditor protection in Canada, v. Seidel, Hagen, of 10/03/2025, in *Textilwirtschaft*.

⁴⁷ One year after the insolvency: Is Galeria back on track?, cited from www.textilwirtschaft.de, of 23/07/2025.

⁴⁸ Galeria reaches for real estate, v. Tewes, Werner, cited from www.lebensmittelzeitung.net, of 08/05/2025.

MODEPARK RÖTHER WITH GROWTH AND REALIGNMENT

The year 2024 brought both strategic successes and a tragic turning point for Modemarkt Röther. Röther Gruppe completed its largest acquisition and at the same time underwent a far-reaching restructuring following the unexpected death of managing partner Michael Röther on 25 July 2024. Michael Röther had managed the takeover of Ahlers AG in 2023 and played a leading role in the Adler acquisition.⁴⁹ Röther Gruppe responded to the stroke of fate with a comprehensive reorganisation of its management.⁵⁰

In July 2024, Modemarkt Röther successfully completed the previously announced acquisition of Adler Modemärkte. Following the approval of the antitrust authorities, Röther Gruppe's store network grew from 51 to 175 sites, mainly in Germany and Austria, but also in Switzerland and Luxembourg. The Adler shops will continue to operate under the established brand. As one of the first strategic decisions following the

Adler acquisition, the new management discontinued the fashion chain's online shop at the end of August 2024. This decision is in line with the discontinuation of Modemarkt Röther's online shop, which was completed in 2023.⁵¹

Röther Gruppe wants to stick to its growth strategy. The company currently operates 55 shops in 12 German federal states and in Austria. A new shop with 5,400 sq m of sales area on two floors was opened in Lohmar in February 2025, and the 5th branch in Austria, a store in Villach, is going to open in September 2025. This will bring the total number of shops to 56. Further new openings are planned, albeit without specific details.⁵² Röther Gruppe is expected to have achieved total turnover of around €735 M in 2024. Adler Modemärkte accounts for about €300 M in annual turnover, Modemarkt Röther for about €310 M (turnover in 2023 about €296.7 M) and about €125 M for R.Brand Group (former Ahlers brands).

KIK CONTINUES EXPANSION

KiK is part of Tengelmann-Gruppe and recorded a turnover of about €2.2 Bn in 2024. About 2/3 of this is attributable to the German market. The company operates over 2,400 shops in Germany and over 4,200 locations in 14 countries across Europe. The company is pursuing an aggressive expansion strategy with around 300 new openings every year and is aiming for 5,000 shops in the long term.⁵³

Comprehensive store modernisation is currently being implemented. All existing shops are to be remodelled with a new modular shop-in-shop concept by 2028. The concept provides for the product groups to be organised in accordance with their use in order to ensure improved customer orientation in the shop. About 90 percent of the modernisation of the shops has already been completed, with the classic red colour concept being replaced by a more modern silver design. Posi-

tioning as a basic textile supplier for the price-sensitive customer segment remains unchanged.⁵⁴ Between 50 and 60 percent of the product range is accounted for by fashion for the whole family, while the remaining 40 to 50 percent is made up of household items and home accessories, beauty and care products as well as seasonal items. The entire range is also available in the online store, which achieved turnovers of around €41 M in 2024.⁵⁵

TAKKO FASHION PLANS MASSIVE EXPANSION

Takko Fashion has plans for one of the largest expansion waves in the company's history and wants to open a total of 300 new shops in Germany, Austria, and the Netherlands by 2028. At least 60 new locations are already planned for the current financial year. The expansion is focused both on specialist stores and shopping centers to increase availability and on expanding the urban presence in city centres. The sales area generally amounts to 400 to 550 sq m on the ground floor. At the same time as opening new stores, the company is modernising existing shops with a fresh store design and investing in digital offerings and the expansion of its customer app to optimise the loyalty programme.

This ambitious growth strategy is based on exceptionally successful business development. Takko Fashion closed the past two financial years with record sales. A turnover of €1.32 Bn was achieved in the financial year of 2024/25 (reporting date: 31/01/2025), as compared to €1.27 Bn in the previous year.⁵⁶ The new corporate strategy focuses on three core areas: continuous product innovation for quality fashion at discount prices, store network expansion, and investments in customer loyalty. Strong customer demand and positive business results are motivating the company to achieve even more ambitious growth targets. While other fashion retailers are struggling with difficulties, Takko Fashion is riding a huge wave of success and is focusing on aggressive expansion as its central growth strategy.⁵⁷

⁴⁹ Fashion entrepreneur dying aged 61: Michael Röther has died, cited from www.textilwirtschaft.de, 26/07/2024.

⁵⁰ Röther Gruppe restructures management and discontinues Adler online shop, cited from de.fashionnetwork.com, 12/08/2024.

⁵¹ Following the Adler acquisition: Röther Gruppe changes management and discontinues e-commerce, cited from fashionunited.de, 09/08/2024.

⁵² Discover our key facts and figures, cited from modemarkt.de, 02/12/2024.

⁵³ Kik-Newsroom, www.kik.de.

⁵⁴ Kik runs store redesign, in: store + shops, v. 07/01/2025.

⁵⁵ Fashion ranking: Top 20 clothing retailers in Germany, cited from: E-Commerce-Germany – New, accessed on 12/08/2025.

⁵⁶ Takko Fashion achieves record results in the financial year of 2024/25 and continues growth in the first quarter of 2025/26 cited from: www.Takko.com – Newsroom, accessed on 12/08/2025.

⁵⁷ Takko Fashion is riding a big wave of expansion, cited from: www.hi-heute.de of 29/04/2025.

300

New openings of
KiK stores

1.6 SHOE RETAIL TRADE

FOOTWEAR SALES STAGNATE – LOCATION CONSOLIDATION CONTINUES

According to initial BTE projections, the sales volume for shoes in 2024 will be €11.66 Bn, which corresponds to a slight decline of 0.5 percent compared to the previous year. An impressive increase in sales of 5 percent or €560 M was achieved compared to 2022 with annual sales of €11.7 Bn in 2023, with the biggest boost to sales coming from bricks-and-mortar retail in particular, with an increase of almost 8 percent. In 2024, however, contrary trends in sales development are now emerging with regard to sales channels: The strictly Internet-Pure players recorded a 2.2 percent increase in sales while brick-and-mortar shoe retailers recorded a decline of 1.5 percent, bringing the sales volume to €6.7 Bn (2023: €6.8 Bn). This corresponds to sales of €2.75 Bn or a 23.6 percent share in the turnover. However, the strong sales impetus in mail order and online retail was not enough to continue the positive sector turnover development of the last two years.

In spite of the turnover reduction in bricks-and-mortar retail, the number of employees in shoe and leather goods retail rose slightly in 2024 (+0.3 percent), contrary to the trend of recent years.¹

The turnover reduction in the bricks-and-mortar shoe trade is also reflected in the continuously falling number of shoe retailers. There were about 2,725 shoe retailers in Germany at the end of 2023 according to calculations by the Federal Statistical Office. This corresponds to about 113 less than at the end of 2022, due to various insolvencies – one of the most well-known being the subsequent insolvency of Görtz – but also due to a lack of successors. According to sales tax statistics, there were still 3,434 businesses in 2019, a decline of around 21 percent.² According to BTE estimates, there were still around 8,750 shoe shops in 2024, compared to around 10,000 in 2022, a decline of around 13 percent within two years.

Shoe retailers' sales expectations for 2025 are cautious according to a recent BTE survey as well. The BTE believes that the main reasons for the negative trend in 2024 and the rather pessimistic estimates for 2025 are the fundamentally weak propensity to consume and uncertainty among the broad mass of the population.

The environment remains challenging for shoe retailers: global crises or shifts in spending priorities require retailers to make strategic adjustments at various levels.³ The loss of attractiveness of locations, primarily city centres, is also a problem for shoe retailers. In addition to omnichannel capability, a customer-centric range of products and services as well as personalised shopping experiences are required to withstand the ongoing crises and challenges. The winners of this phase of upheaval could be the smaller, regional specialist retailers and top dogs in particular.⁴

DEICHMANN WITH ANOTHER SALES RECORD

Deichmann's success story continues, as Deichmann is also one of the sales winners in 2024 and, despite a difficult market environment, has achieved a turnover record of €8.7 Bn worldwide (Group). This corresponds to a currency-related 2.3 percent increase in turnover as compared to the previous year (sales: €8.5 Bn). According to Deichmann, the turnover in Germany in 2024 will reach approximately the previous year's level, with like-for-like growth of 1.5 percent (based on the same number of stores as in the previous year). Overall, however, the company's own online shop also accounts for a significant share of sales. The MyShoes concept was withdrawn from the market as part of the company's profitability analysis and profile sharpening in 2023/2024. This means that all shops

and the online shop were closed in November 2024.⁵ MyShoes was represented as an all-round provider in the mid-price segment in Germany and Austria with a total of 90 shops. In spite of years of optimisation through product range adjustments, profile sharpening and high investments, the business model was not economically viable in the long term.⁶

At over 67 M, the number of shoes sold in Germany was still slightly below the previous year's 70 M and remains slightly below the 2019 figure of 74.3 M pairs. As a result, Deichmann has once again succeeded in pushing through higher average shoe prices than in previous years.⁷

8.7

€bn
Global turnover
Deichmann (group)

¹ See BTE Handelsverband Textil/Schuhe/Lederwaren (2025): BTE Factbook 2025.

² Cf. trade data 2025 in accordance with Federal Statistical Office, handelsdaten.de.

³ IFH data for 2024: This is how big the German shoe market is, by Dörpmund, Tim in Textilwirtschaft of 15/07/2025, accessed on 15/07/2025.

⁴ Comeback for the specialist shoe trade?, by Probe, Anja in Textilwirtschaft No. 7_2025, p. 26 et seq., of 13/02/2025, accessed on 25/02/2025.

⁵ See Deichmann press release on 09/04/2025: "Deichmann also successful in its anniversary year 2024", accessed on 18/07/2025.

⁶ Deichmann: An end for MyShoes, cited from www.shoez.biz, of 29/11/2023.

⁷ See Deichmann press release on 19/03/2024: "Deichmann remains on course for success in its 111th year"; see Deichmann press release of 09/04/2025: "Deichmann also successful in its anniversary year 2024", accessed on 18/07/2025.

Deichmann is planning record investments totalling around €420 M for 2025, of which €136 M will be invested in the German market. The focus remains on bricks-and-mortar retail: Around 450 new shops and shop conversions are planned worldwide. The leading shoe retailer continues to focus on a modern shop design concept and services for an attractive shopping experience. About 100 shops were opened or reopened in Germany in 2024. A similar level of investment is also planned for 2025. The company also focuses on services such as ship-to-home and click & collect as well as innovative solutions such as digital foot measuring devices, which are available in over 320 German shops and offer additional added value for parents thanks to functions such as the measurement reminder. At the same time, Deichmann is pushing ahead with its omnichannel strategy: In particular the customer app is subject to further development to combine e-commerce, a customer loyalty programme, fashion inspiration, and digital foot measurement. In addition, brochures and the ShoeFashion customer magazine have already been digitised and integrated into the app. The technical basis for this is a new omnichannel platform, which is already in use in 17 countries and will be rolled out successively. All measures are aimed at improving the shopping experience and optimise networking between sales channels.⁸

Collaboration with prominent faces has already played a role in the company's strategy in recent years. The aim is to promote the triad of value for money, brand diversity, and fashion expertise. While Sarah Conner, Jana Ina and Giovanni Zarella were also brand ambassadors for Adidas and Puma in 2024, there was also a cooperation with Fila and the "Germany's Next Topmodel" format.⁹

SNIPES CONTINUES ON ITS GROWTH PATH

The Snipes brand, which is part of Deichmann Group, continues to grow and achieves turnover growth of around 5 percent across Europe. In Snipes-Gruppe as a whole, total turnover amounted to €1.8 Bn, which corresponds to turnover growth of 4 percent compared to the previous year. Snipes currently has a total of around 800 stores, of which around 150 are in Germany. The company is also focussing on growth this year and is pushing for double-digit turnover growth. Snipes has been the "Official Culture & Community Partner" of top French club Paris Saint-Germain since 2024 as part of a special collaboration while Deichmann relies on prominent brand ambassadors. Their partnership aims to go beyond traditional sponsorship and firmly anchor Snipes' cultural roots in the club's activities and community initiatives.¹⁰

FUTURE FOR ONYGO UNCERTAIN

The Hamburg shoe retailer and former Deichmann subsidiary Onygo has filed for insolvency again in April 2025, just a little more than a year following its acquisition by Frank Revermann. Business operations were continued by the former managing director of shoe retailer Görtz with the acquisition of a total of 19 of the total of 28 Onygo stores in 2014.¹¹ However, as turnover fell short of expectations, the store concept aimed at the young female target group is now facing closure once again. No decision has been made on how many of the 23 Onygo sites in Germany will be preserved.¹²



SHOE CHAIN GÖRTZ FACING ITS FINAL END

Following the acquisition, which is not considered to have been completed due to the failure to pay the total amount of €1.8 M for the restructuring proceedings by Bolko Kissling, an investor from outside the industry, insolvency proceedings were reopened for Görtz Retail GmbH on 20 January 2025. In the meantime, the last shop in Germany has also been closed. This means that one of the once most renowned traditional companies in the shoe trade, which would actually have celebrated its 150th anniversary this year, is disappearing.

The new owner Bolko Kissling had made it clear early on that the Hamburg shoe retailer Görtz would no longer be focussing exclusively on footwear in future. The new GLDN lifestyle concept was launched at the beginning of 2024 in 18 of the 25 Görtz shops planned at the time (eleven in Germany and seven in Austria). Hamburg shoe retailer Görtz expanded its range with its own clothing label "GLDN", which is short for "Golden" or "Görtz Lifestyle Day to Night" to include womenswear. It mounted a launch event in Hamburg on 6 November 2024 with Verona Poth, who was recruited for the GLDN by Görtz label.¹³ However, the clothing label has disappeared along again with the closure of the Görtz shops. Now Görtz Lifestyle opened its new store in Wiesbaden city centre on 2 August 2025.¹⁴

⁸ See Deichmann press release on 09/04/2025: "Deichmann also successful in its anniversary year 2024", accessed on 18/07/2025.

⁹ See Deichmann press release on 09/04/2025: "Deichmann also successful in its anniversary year 2024", accessed on 18/07/2025.

¹⁰ See Deichmann press release on 09/04/2025: "Deichmann also successful in its anniversary year 2024", accessed on 18/07/2025.

¹¹ Nearly one year after the acquisition: Onygo files for insolvency, by Scott, Jule in FashionUnited, on 04/06/2025, accessed on 15/07/2025.

¹² Onygo sliding into insolvency, by Oberschür, Rüdiger in Fashionnetwork of 05/06/2025, accessed on 15/07/2025.

SHOE MUECKE WITH STABLE DEVELOPMENT

Muecke Group has developed into one of the leading shoe and fashion suppliers in Bavaria. The family-run company, which operates under the umbrella of ANWR GROUP eG, operates thirteen shops and four outlets with a total sales area of around 60,000 sq m. In 2024, a net turnover of €101.8 M were achieved after €104.7 M in the previous year.¹⁵ About 60 percent of the turnover is attributable to shoes, a further 35 percent to textiles and the remainder to accessories. In April 2025, the largest location in Rödental with 7,000 sq m of sales area was reopened following modernisation.

In 2025, the year of the company's 70th anniversary, Muecke presents its new brand identity – in future at muecke.com. The company will also strengthen its fashion and lifestyle divisions. Shoes are going to remain the area of expertise.

THE MARKET ENVIRONMENT REMAINS CHALLENGING

The shoe retail sector will continue to face a number of challenges in 2025. Brick-and-mortar shoe retailers are suffering from price pressure due to online competition and a change in consumer buying behaviour, with consumers increasingly looking for offers and bargains. Retailers are also faced with higher costs for energy, rents, and staff as well as increasing bureaucracy, which has a negative impact on productivity. Turnover in bricks-and-mortar retail is also expected to fall in 2025. According to the TW Shoe Study¹⁶, only a quarter of the retailers surveyed believe that specialist shoe retailers will be more profitable again in the next two years, which is why the specialist shoe retail concept needs to be broken up. Accordingly, more and more shoe retailers are softening their traditional business model by adding complementary

product ranges to their core range in order to increase their competitiveness and future viability. The aim is often to increase both the turnover and margin in bricks-and-mortar retail via clothing and the transition to a full-service provider. In the future, clothing, and shoes could merge more and more, just as fashion department stores and vertical retail concepts such as Zara and H&M have been doing for years. Irrespective of this, digitisation, and sustainability are becoming increasingly important, which places new demands on retail models.

¹³ Götz launches fashion label GLDN, by Probe, Anja in Textil-wirtschaft, of 10/05/2024, accessed on 11/08/2025.

¹⁴ Gört Lifestyle opens store in Wiesbaden, by Watschounek, Volker in Wiesbaden is alive!, of 04/08/2025, accessed on 11/08/2025.

¹⁵ This is how the year 2024 went for Muecke, in schuhkurier, of 27/05/2025, accessed on 11/08/2025.

¹⁶ TW shoe study: Is there any space left for development? Of course there is! in TW Online, of 10/06/2025, accessed on 11/08/2025.

1.7 DIY AND GARDEN CENTRES

A TURNOVER REDUCTION AFTER OPTIMISTIC START TO THE YEAR

According to the BHB – Handelsverband Heimwerken, Bauen und Garten e. V. – German DIY and garden centres generated total gross sales of €20.92 Bn in the financial year of 2024. Compared to the previous year, turnover reduced by 1.5 percent (1.0 percent on a like-for-like basis). The financial year developed very differently: Cold and wet weather dampened the main gardening season in the second quarter while the first quarter provided an optimistic start to the year thanks to an early spring. Good and bad news alternated in the last two quarters of 2024, making it a mixed year for the DIY sector overall. The five DIY companies with the highest turnover suffered a slight turnover reduction of 0.5 percent in total. REWE (Toom/B1) and Hagebau suffered sales losses while BAUHAUS, and HORNBACH recorded a slight increase in sales. Turnover at OBI, the second strongest DIY store operator (based on total turnover), remained almost constant. In terms of the entire DIY product range, the turnover reduction affected all types of business (DIY stores, speciality stores, etc.), includ-

ing craft stores, which is why DIY stores were no exception. In contrast, online turnover (e-commerce, bricks-and-mortar retail, pure players, and mail order) rose again slightly by 2.1 percent compared to the previous year. DIY and home improvement stores achieved a market share of 21.2 percent of total online turnover at €1.18 Bn. The increase in online sales was seen across all three main product ranges (DIY, garden and building materials).¹

Last year, only six of the 22 product groups recorded turnover growth. Encouragingly, this group included the construction chemicals/building materials range, which achieved the highest absolute turnover in the DIY segment. The largest relative turnover growth was achieved by the Garden Chemicals/Soil and Seeds group at 8.2 percent. Tiles suffered the biggest drop in sales. This area is struggling with an ever-increasing number of alternative products, a dwindling number of tradespeople and limited residential construction activity.²

¹ Source: Annual press conference 2025, BHB Handelsverband Heimwerken – Bauen – Garten, 25 March 2025, pages 6, 8, 9, 11.

² Source: Annual press conference 2025, BHB Handelsverband Heimwerken – Bauen – Garten, 25 March 2025, page 15.

DEMANDS OF INDUSTRY ON POLICYMAKERS

In order to return to a growth path, the DIY sector has a number of wishes and demands for the new government. These should help to make the industry fit for the future and at the same time promote sustainable construction and DIY. Reduction of bureaucracy and digitisation, relief for lower income groups, climate protection and sustainability, the expansion of renewable energies, and measures to combat the shortage of skilled workers are particularly important for the industry.³

TOP 3 SHOWING BETTER RESULTS THAN THE INDUSTRY AVERAGE

The 20 largest DIY store companies operated a total of 3,440 shops with a sales area of 400 sq m or more in 2024. That is three locations or 0.1 percent fewer than in 2023. Since 2020, a total of 35 locations or 1.0 percent have been lost in absolute terms. However, the number of closures was significantly higher, as there were also 34 new openings (excluding reflagged stores). This figure was slightly below the level of the last seven years (2018–2024) with an average of 38 new openings per year. However, the average of 68 new openings per year in the years 2011–2017 was clearly missed. Overall, this trend indicates a slowdown in the expansion efforts of individual operators and that the market has reached saturation.⁴

The largest branch networks in 2024 are operated by Hagebau and Eurobaustoff with 449 branches each [see figure 14]. Eurobaustoff was able to expand its number of locations by 15 last year while the size of Hagebau's store network has been stagnating or

shrinking for years. Bauvista continues to occupy third place in the location ranking. Their network of locations declined by a further three locations in 2024, meaning that the reduction in locations that has been ongoing for years is continuing, albeit at a slower pace (minus 37 and minus 13 in previous years). OBI's store network, which has been stagnating for years, comes in place four and faces competition from the DIY store operator Fishbull with its discount line "Sonderpreis Baumarkt", which has been expanding rapidly in recent years. Both operators have a store network with 344 branches, even though the average sales area size of the two sales divisions is far apart at just under 9,400 sq m for OBI and just under 780 sq m for Fishbull.⁵

The five DIY store operators with the highest sales gave up a total of 15 sites in 2025. As in the previous year, the location losses were attributable to the three operators OBI, Hagebau and REWE. BAUHAUS was able to expand its location network by two shops, while HORNBACH kept the number of its shops constant. In contrast, the five DIY store operators with the highest turnover increased their total sales area by around 0.8 percent. These contrasting developments in the number of locations and total sales area led to an increase in the average store size of around 1.2 percent to around 8,775 sq m. The general macroeconomic conditions in Germany, including consumers' reluctance to spend in 2024, therefore, had an impact on DIY store operators' floor space productivity. While the five DIY store operators with the highest sales recorded a space performance of around €1,480 per square metre of sales area (unweighted), this figure was around €1,470 per square metre of sales area (unweighted) for the 20 DIY store operators with the highest sales. The top-5 operators lost 0.6 percent and the top-20 ones 0.9 percent as compared to 2023.⁶

[14] Area productivity and sales areas of DIY stores in Germany in 2024

	Number of locations 2024	Sales area (sq m) 2024	Turnover € M 2024	Space performance €/sq m	Avg. sales area size sq m
BAUHAUS	161	2,185,920	4,400	2,013	13,577
OBI	344	3,230,476	4,189	1,297	9,391
HORNBACH	98	1,382,779	3,254	2,353	14,110
REWE (Toom/B 1) ^{a) b)}	306	2,387,295	3,039	1,273	7,802
Hagebau (retail) ^{c)}	449	2,726,710	2,733	1,002	6,073
Globus	88	1,000,000	1,918	1,918	11,364
EUROBAUSTOFF (DIY TURNOVER)	449	659,519	1,340	2,032	1,469
BAUVISTA (DIY TURNOVER) ^{a) d)}	359	585,313	1,000	1,708	1,630
HELLWEG	88	814,191	787	967	9,252
Euro-DIY	154	231,080	497	2,151	1,501

Source: Dähne, bulwiengesa AG, Annual reports

^a Calculations Dähne Verlag, ^b Incl. Klee Gardencenter

^c Including areas of the Hagebau system shop (Hagebaumarkt + Hagebau kompakt)

^d Excluding 166 members of KEM Group, Duisburg, that settle via Bauvista (2024)

¹ Source: Annual press conference 2025, BHB Handelsverband Heimwerken – Bauen – Garten, 25 March 2025, pages 6, 8, 9, 11.

² Source: Annual press conference 2025, BHB Handelsverband Heimwerken – Bauen – Garten, 25 March 2025, page 15.

³ Source: Annual press conference 2025, BHB Handelsverband Heimwerken – Bauen – Garten, 25 March 2025, pages 23–29.

⁴ Dähne Verlag: Baumarkt + Garten 2025 D – A– CH statistics, p. 30 and p. 31.

⁵ Dähne Verlag: Baumarkt + Garten 2025 D – A– CH statistics, p. 30 and p. 31.

⁶ Dähne Verlag: Statistics DIY + Garten 2025 D – A– CH, p. 28, 30, 32.

BAUHAUS EXPANDS TURNOVER DOMINANCE

BAUHAUS was able to take over the market leadership from OBI in 2023 based on turnover generated and further expand this position in 2024. While BAUHAUS increased its turnover by 0.5 percent to €4.4 Bn, OBI saw sales stagnate at the previous year's level of €4.2 Bn [see figure 15]. Next year, however, OBI could move closer to or overtake BAUHAUS again, as five alliance partners with 18 stores have already switched from the hagebau Group to OBI this year. HORNBACH, the third-ranking player, also recorded a slight increase in sales. In contrast, the other top 10 operators recorded a turnover reduction across the board. Only Bauvita recorded stable turnover, which in turn equates to a like-for-like turnover reduction.⁷

Hellweg Group, which has been struggling for some time, has already seen the first consequences in spring 2025 with the announcement of store closures in Hanau (the location will be transferred to toom) and Münster. Further closures have also been announced. According to the company, it intends to adapt to the changed market conditions and focus on a profitable portfolio of locations.⁸ The issues at Hagebau as mentioned earlier could become even more acute, as many franchise agreements are due to expire in mid-2026. According to industry insiders, a further double-digit number of franchisees willing to switch away from Hagebau is expected by the end of the year. One frequently cited reason for the change is that digitisation at Hagebau is progressing too slowly.⁹

REWE, on the other hand, wants to increase its market influence. However, since acquisition of Hellweg failed last year due to the different price expectations of the two parties, the Cologne-based company, like OBI, wants to expand its market position through its franchise system. They want to integrate smaller DIY store chains that lack critical mass into the group and thus generate growth. But it's not just small DIY stores that have problems: According to industry experts, even locations that are too large are finding it increasingly difficult to attract enough customers to manage their space productively.¹⁰

SLIGHTLY BETTER TURNOVER ABROAD

Due to market saturation in Germany, some DIY store operators are forced to expand abroad to achieve further growth or to achieve their growth targets there. Once again, growth was only modest in 2024. While the two German sales giants OBI and BAUHAUS only recorded slight growth of 0.4 percent and 1.0 percent respectively, the listed operator HORNBACH impressed with growth of 2.4 percent. HORNBACH still has an ambitious expansion target abroad in the coming years in this context. Foreign business now accounts for more than 50 percent of annual sales. The highest relative growth of +44.9 percent abroad was recorded by hagebau. This growth results from recalculation as reported by the company. Overall, the international business of the top 10 operators increased by €374 M or 2.9 percent.¹¹

[15] Top 5 DIY companies in Germany 2024

	Number of sites	Turnover 2024 in € M	Change compared to previous year in %	Turnover 2023 in € M
BAUHAUS	161	4,400	+ 0.5	4,378
OBI	344	4,189	± 0.0	4,191
HORNBACH	98	3,254	+ 0.2	3,247
REWE (Toom/B 1)	306	3,039	-1.5	3,086
HAGEBAU (retail)	449	2,733	-2.6	2,805

Source: Dähne, bulwiengesa AG, Annual reports



⁷ Dähne Verlag: Statistics DIY + Garden 2025 D – A- CH, p. 28.
⁸ OBI, Hellweg and Co. – Why the DIY chains are realigning themselves, Handelsblatt on 16/05/2025.
⁹ Hagebau in crisis, WiWo on 21/07/2025.
¹⁰ OBI, Hellweg and Co. – Why the DIY chains are realigning themselves, Handelsblatt on 16/05/2025.
¹¹ Dähne Verlag: Statistics DIY + Garden 2025 D – A- CH, p. 62.

COMPARISON OF AREA PRODUCTIVITIES 2024

The lucrativeness of foreign business for the respective operators and the lower intensity of competition abroad can be emphasised by comparing the productivity per unit area with the values generated in Germany. Each company generates a higher space performance abroad than in its home market of Germany for the five operators listed. OBI's space performance abroad is about twice as high as in Germany, while BAUHAUS only achieves 7.5 percent above the German value. In spite of these good productivity figures, the three German DIY store operators with the highest sales abroad did not see any overall growth in locations in 2024. While OBI increased its number of locations by one store, the number of HORNBACH locations fell by one. At least BAUHAUS and OBI are going to be able to pick up the pace of expansion by acquiring two stores each of the Do it + Garden brand from Migros Group in 2025. In Switzerland, there will be further changes in market share in the DIY sector over the course of 2025, as Migros Group intends to divest its entire DIY business.¹²

REWE GROUP IS PURSUING FURTHER INVESTMENT PLANS

Even though the acquisition of Hellweg by REWE Group failed last year, REWE has not yet shelved the issue. REWE Group continues to invest in order to survive in the highly competitive DIY store segment with a significant size. In addition to the above acquisitions of individual locations or packages, investments in existing stores in particular are intended to further increase Toom's market significance. Toom may be the smallest operating business segment within REWE Group, but the company intends to maintain its current direction in spite of a change in the Management Board. According to statements from REWE Group management circles, the DIY chain will play an active role in the consolidation of the DIY sector.¹³

GARDEN CENTRES WITH SALES INCREASE

German garden centres were able to escape the development of the DIY product range to some extent in 2024. With an increase in sales of €121 M or 1.0 percent, the sector performed better than the DIY sector as a whole. The turnover development was relatively homogeneous, with twelve of the 16 top operators reporting positive turnover development. The development spread was between -2.1 percent and +3.8 percent. OBI, BAUHAUS, and HORNBACH, three traditional DIY store operators, generated the three highest turnover values. Sagaflor retail group followed in fourth place with €1.14 Bn, which corresponds to an turnover increase of +1.1 percent compared to 2023. Dehner, a strict garden centre sector giant, was able to report relatively a stable turnover.¹⁴

The top 20 companies in Germany operated 2,939 garden centres in 2024, which corresponds to a decline of 29 locations or 1.0 percent. While Dehner was able to expand its store portfolio by one store, the Sagaflor retail group reduced its store network by six locations to 422 stores. Across all companies, only five companies recorded an expansion of their location network. Due to this restrained expansion activity, sales area increased by around 0.4 percent to 5.48 M sq m.¹⁵

There are very different sales breakdowns for DIY and home improvement stores and traditional specialist garden centres if the turnover generated is broken down into the two product groups "living greenery" and "garden hardware". While DIY and home improvement stores generate around 42.6 percent of their turnover with "living greenery", this product group accounts for over two thirds of the turnover in specialist garden centres at 69.7 percent. Regarding turnovers of the individual range groups, garden/balcony furniture or "other garden equipment/wood in the garden/water in the garden" suffered a turnover reduction, while the other range groups were able to increase their turnovers.¹⁶

EXCURSION BAUHAUS, OBI, HORNBACH – INTERNATIONAL VS. DOMESTIC

The three German DIY store operators with the highest turnover abroad are OBI, BAUHAUS and HORNBACH. All three of them were able to increase their turnovers abroad last year. Foreign sales at OBI and BAUHAUS account for less than 50 percent of total turnover but the reverse applies to HORNBACH: Foreign sales account for 53.1 percent of total turnover. BAUHAUS and HORNBACH have seen relatively steady growth in their store network portfolios since 2007. OBI corrected its sites by 8 percent in 2022 due to the withdrawal from Russia.¹⁷

BAUHAUS has the largest sales area with 133 shops in 19 countries, while OBI has the largest store network with 297 shops in ten countries. HORNBACH ranks third in both categories with 73 locations in nine countries.¹⁸

The three operators also differ from their domestic counterparts in terms of space structure. While BAUHAUS and HORNBACH operate on average on larger areas per location abroad, the average OBI store abroad is considerably smaller with just under 5,100 sq m of sales area than in Germany with just under 9,400 sq m (all unweighted)¹⁹. This framework data makes it clear that international business is an important component of the company's success and future growth for the operators. Naturally, some operators pursue different strategies.

¹² Dähne Verlag: Statistics DIY + Garden 2025 D – A- CH, p. 70.

¹³ LZ: REWE Group has investment plans for Toom, 16 May 2025.

¹⁴ Dähne Verlag: Statistics DIY + Garden 2025 D – A- CH, p. 104.

¹⁵ Dähne Verlag: Statistics DIY + Garden 2025 D – A- CH, p. 106.

¹⁶ Dähne Verlag: Statistics DIY + Garden 2025 D – A- CH, p. 104.

1.8 ELECTRONICS MARKETS

TOP SELLER 2024: ELECTRICAL SMALL APPLIANCES

According to estimates by the Bundesverband Technik des Einzelhandels e. V. (BVT), the industry turnover for technical consumer goods will be around €75 Bn in 2024. This corresponds to a decrease of around one percent compared to the previous year. The decline has slowed, which indicates an improvement in the general mood. Nevertheless, the sector continues to be dominated by depressed consumer sentiment due to the known causes. In a comparison of the individual main product groups, only small appliances and office products recorded a positive sales boost, while all other product groups suffered losses. Although turnover of large domestic appliances developed negatively last year, tumble dryers performed exceptionally well within this product group with a turnover increase of 9 percent. In addition to the energy cost savings, the space savings of combination appliances can also be cited as a reason. Overall, consumers' desire for cost-efficient devices is having a positive impact on turnover.¹

With the European Football Championship 2024, the "Consumer Electronics" product group practically benefited from a special effect. Nevertheless, a slight turnover reduction could not be avoided. Although TVs recorded high growth rates in May and June 2024 in particular, other products such as headphones saw a

turnover reduction, which indicates a certain degree of market saturation, amongst other things.²

The absolute winners among the individual product groups are small electrical appliances. Hot air fryers have made a significant contribution to sales in recent years after coffee machines (in a number of variations) were in high demand for years already. "Dessert makers" were the latest trend in 2024. Customers spent €20 M more on these devices in 2024.³

UNCHANGED MARKET SHARES FOR THE FORMS OF DISTRIBUTION

In the technology sector, a mixed form of distribution with bricks-and-mortar and online sales continues to be very good. The market shares of the individual sales channels have hardly changed since last year. As in the previous year, 54 percent of the turnover were generated by multi-channel providers. The market share of the pure players remained constant both online and over the counter.⁴ Turnover in the technology sector were again dominated by the four major players in 2024. Together, they generated a turnover of €24.6 Bn, which corresponds to a decline of around 0.5 percent compared to the previous year.⁵

CECONOMY REMAINS GERMANY'S LARGEST ELECTRONICS RETAILER

With a (gross) turnover of €11.66 Bn in the financial year of 2024, Germany's largest electronics retailer, the listed Ceconomy AG with its two sales brands MediaMarkt and Saturn, remains the clear industry leader [see figure 16]. Compared to 2023, turnover increased by almost 5 percent.⁶ With this turnover growth across all four quarters, profitability also increased for the seventh consecutive quarter. The gross margin rose from 17.9 to 18.0 percent. At the same time, the cost ratio fell from 17.5 to 17.4 percent. As

a result, net income of €77 M can be reported, which is €114 M above that of the previous period. Turnover in the service and solutions business as well as in online retail, which had been sluggish for a long time at Media Markt and Saturn, were positive.⁷ The realignment of the brick-and-mortar network towards Media Markt continued in 2024 and further stores were relocated. The company has not yet decided how many stores will follow, but Saturn will remain an essential part of its corporate strategy.⁸

[16] Top 4 companies for consumer electronics in Germany by turnover 2024

	Number of points of sale	Gross turnover 2024 in Bn euros	Sales development 2023–2024 in %	Net sales 2024 in Bn euros	Gross turnover 2023 in Bn euros
Ceconomy (MediaMarkt, Saturn)	396	11.66	4.87	9.80	11.12
expert *	385	5.00	-6.67	4.20	5.36
Euronics (Euronics, Euronics XXL, media@home)*	1,294	4.17	-1.41	3.50	4.22
Electronic Partner (EP-, MediMax, SP:Service-Partner)*	881	3.81	-6.43	3.20	4.07

Source: EHI Retail Institute, * estimated values, all turnovers incl. online retail

¹ Source: BVT press event on 26/11/2024, page 1.

² Source: BVT press event on 26/11/2024, page 2.

³ Source: BVT press event on 26/11/2024, page 1.

⁴ Source: BVT press event on 26/11/2024, page 2.

⁵ Source: EHI Retail Institute, July 2025.

⁶ Source: EHI Retail Institute, July 2025.

⁷ Ceconomy: Annual press conference for financial year of 2023/24 on 18/12/2024.

⁸ <https://www.spiegel.de/wirtschaft/unternehmen/media-markt-uebernimmt-immer-mehr-saturn-filialen-a-d4e4dcb6-99ad-4d1a-ba2b-52335f3290cc>.

ACQUISITION OFFERED FOR CECONOMY

Chinese internet giant JD.com has expressed interest in acquiring a majority stake in Ceconomy AG and submitted a voluntary takeover bid to shareholders at the end of July with a substantial premium on the weighted average share price of the last three months. Some anchor shareholders have already signed a binding commitment for around one third of the share capital. The management and supervisory boards of Ceconomy AG support the partnership with JD.com, as they want to accelerate the growth path through greater financial flexibility, access to JD.com's industry-leading technology, omnichannel commerce and logistics expertise and a simplified ownership structure. Ceconomy AG is going to remain operationally independent even after the acquisition. JD.com is not currently seeking a domination and/or profit and loss transfer agreement.⁹ Rather, with the acquisition of Ceconomy AG, JD.com is likely to be interested in gaining access to one of the largest European

specialist retail distribution networks with around 1,000 stores in several European countries in order to open up a significant sales channel outside China in Europe. The acquisition is expected to be scrutinised by the EU competition authority as it is a cross-border transaction of significant market importance. With the new owner JD.com, Ceconomy is expected to disappear from the stock exchange in 2026.¹⁰

It can be assumed that the changes that have been initiated and the company's growth strategy will continue to be pursued, in spite of the imminent change of ownership. In future, other formats such as the Tech-Villages that have already been launched, the Lighthouse format and the Xpress small branches will be rolled out on the market. A completely new concept was presented in spring 2025 with the aim of utilising bricks-and-mortar store spaces with flexibly changing themes, brands or services and thus creating



new customer experiences with "Space-as-a-Service". According to the company, 10,000 sq m in 360 stores in six countries have so far been transformed into the above experience spaces. More than 750 of the approximately 1,030 Media Markt and Saturn shops will have at least one of these experience zones by the end of the financial year of 2025/26.¹¹

EXPERT CONFIDENT ABOUT FUTURE DEVELOPMENTS

Expert Group holds second place in the turnover ranking with a turnover of just under €5 Bn (gross) just like in 2023. However, the gap to Ceconomy widened. Similar to turnover, the number of Expert locations also reduced by around 3.5 percent to 385 in the past year.¹²

The slogan "We turn customers into fans" is to be increasingly placed at the centre of the company's activities in order to secure market share in a highly competitive environment. This is based on training campaigns in the areas of PC/telecommunications, consumer electronics, white goods, and e-mobility. Further product groups are also being planned. The company's own app is an additional means of building customer loyalty. However, there is still some catching up to do here, as 30 percent of locations are not yet connected to the app. The app now has more than 100,000 regular users. Expert is aiming to increase sales by 1.9 percent in the current financial year. The areas of IT and TV, amongst other ones, are seen as guarantors of success. Both areas offer good growth opportunities with the end of support for Microsoft 10 and the upcoming 2026 FIFA World Cup.¹³

NETWORK PARTNER ELECTRONIC PARTNER (EP) WITH A TURNOVER REDUCTION

In 2024, alliance partner Electronic Partner (EP; including EP specialist retailers, Medimax, comTeam-Partner) generated gross sales of €3.81 Bn, which corresponds to a decrease in turnover of 6.4 percent or €0.26 Bn compared to the previous year.¹⁴ While the foreign national companies performed worse than Electronic Partner in the German domestic market in 2023, the signs have changed in 2024 and growth of 5.2 percent was achieved internationally. In order to secure competitive advantages in the market, Electronic Partner intends to make greater use of synergies in the future and is, therefore, entering into a close co-operation with Telering, which will include collaboration on both orders and repairs. The retail group aims to position its affiliated member and partner companies securely for the future through long-term and sustainable projects.

⁹ Partnership for European retail: CECONOMY signs investor agreement with JD.com to accelerate growth as leading European omnichannel platform for consumer electronics, press release from 30/07/2025.

¹⁰ Ceconomy expects the planned acquisition to stimulate growth, in: Handelsblatt, cited from www.handelsblatt.com, of 01/08/2025, accessed on 04/08/2025.

¹¹ Mediamarkt: Health on the area, <https://www.stores-shops.de/konzept/store-konzepte/mediamarkt-gesundheit-auf-der-flaeche/>

¹² Source: EHI Retail Institute, July 2025.

¹³ Expert under pressure; www.telecom-handel.de/distribution/expert/expert-steht-unter-druck-2966381.html.

¹⁴ QEHI Retail Institute, July 2025.

EURONICS FOCUSES ON THE PILLARS OF GROWTH AND VALUE ADDED

Electronics retail group Euronics generated a turnover of €4.17 Bn in the past financial year, which is only marginally below the turnover figure for 2023. Euronics recorded the second-best turnover development among the top 4 after Ceconomy AG. The retail group is focussing on the pillars of growth and value added for the future. Growth is to be secured through collaborations, consistent pursuit of the omnichannel strategy and border-crossing cooperation within the international network. Value added is to be ensured by strengthening bricks-and-mortar sales, an optimised media strategy and joint initiatives with industry partners. The first half of the financial year of 2024/2025 started in a tense market environment with a 2.2 percent higher result than in the same period of the previous year.¹⁵

COOLBLUE CONTINUES GROWTH IN GERMANY

The Dutch electronics retailer Coolblue has been present on the German market since 2020 and is continuing its growth. Following an 8.0 percent increase in sales in 2023 to €188 M, growth accelerated in 2024: Turnover increased by 26.1 percent to €237 M¹⁶. Coolblue continues its expansion strategy in Germany. Germany is set to become Coolblue's largest market by 2029. Another eight new openings are planned for 2025 after the electronics retailer opened eight new shops last year, two of them in Germany – Frankfurt am Main and Dortmund. Two German ones have already been decided on: Hamburg opened in July 2025, Münster will open in September. The new shops each have around 1,500 sq m of sales area. In addition, further openings are planned to ensure a nationwide presence. According to the company, it is looking for locations in Cologne, Bonn, Stuttgart, Berlin, and Munich. The market entry was completed by the creation of two new logistics centres in Hamm and near Frankfurt in 2024. This year, the logistics potential is to be expanded by four further locations in order to reach an additional 17 million customers with the delivery and set-up service.¹⁷

¹⁵ Growth, value added, member-orientation: EURONICS sets strategic course for the future, press release of 17/06/2025.

¹⁶ Coolblue, February 2025.

¹⁷ Source: Lebensmittelzeitung; Coolblue with two-digit growth in Germany, of 20/02/2025

1.9 NONFOOD DISCOUNTERS

DYNAMIC GROWTH IN CHALLENGING TIMES

The non-food discounter market is experiencing a remarkable transformation. While traditional food discounters such as Aldi and Lidl are losing market share in the non-food segment, specialised providers such as Action, Tedi and Woolworth are benefiting from this development. According to data from Consumer Panel Services (CPS) GfK, consumers' non-food spending at specialist discounters rose from €2.6 Bn to €3.2 Bn between the first half of 2022 and 2024 – an increase of 23 percent, while turnover of food discounters in this segment fell from €4.0 Bn to €3.5 Bn¹ in the same period.

This market shift can be explained by several factors: Non-food discounters tend to undercut the already low prices of Aldi and Lidl, they offer a greater variety of products and have established themselves as local suppliers almost everywhere in Germany. At the same time, their target group has grown, as over 30 percent of the population have insufficient financial reserves to cover unplanned expenses². Higher food prices mean that consumers are less likely to buy additional non-food items when visiting discount stores as well.

New competition for non-food discounters is emerging at the same time, however, taking the form of Chinese online platforms such as Temu and Shein, while at the same time customers' propensity to spend is decreasing.² Price ranges above €10 or €20 in particular have become more difficult to market. Nevertheless, the segment continues to offer growth opportunities: Market shares are not yet as solidified as in food retailing, so that with the right financial strength, expansion and product range design, suppliers can continue to grow strongly, albeit sometimes at the expense of their competitors.

¹ Action, Tedi & Co.: Non-food discounters almost on a par with Aldi and Lidl in terms of turnover, in Lebensmittelzeitung, cited from LZnet, 10/10/2024.

² "I see huge storm clouds gathering for non-food discounters", interview with Carsten Kortum, in Lebensmittelzeitung, cited from LZnet, of 14/10/2024.

ACTION: EUROPEAN EXPANSION MACHINE WITH A TURNOVER OF €13.8 BN

Action has established itself as a European expansion machine and has achieved an exceptional rate of growth over the past ten years. The Dutch non-food discounter increased its net sales across Europe from €1.5 Bn (2014) to €13.8 Bn (2024) – an almost ten-fold increase³. In 2024, Action opened 352 new shops and operated 2,918 shops in twelve countries across Europe at the end of 2024. The company, which is closely linked to the British investment company 3iGroup, now has a presence in 13 countries with the opening of the first branch in Switzerland in April 2025. In Germany, the company has continuously expanded its store network – from 45 shops in 2014 to over 585 at the end of 2024.³ Its 600th store in Germany opened in Bremen in June 2025. The company sees further growth potential in Germany and is

planning at least 1,300 additional shops in Europe by 2026. Action is continuing its unabated growth, and recently added food and confectionery to its range with its concept of a wide range of products at the lowest prices.⁴

JYSK: A DANISH FURNITURE GIANT WITH STABLE GROWTH IN SPITE OF A DENSE STORE NETWORK

Danish furniture retailer Jysk increased its sales in Germany by 5.2 percent to €1.234 Bn in the financial year of 2023/2024.⁵ With over 3,400 stores in 48 countries worldwide and almost 1,000 shops in Germany, Jysk maintains a very dense store network.

The company increased the number of items sold in Germany by 11 percent by reducing the prices of more than half of its products. Jysk continues to invest heavily in modernisation with the "Store Concept 3.0" – with another 88 stores to be converted to the new design by the end of August 2025.⁶ In spite of its dense store network, the company still sees further opportunities for expansion, with the number of shops to be increased further, particularly in western and southern Germany and in major cities.

PEPCO BETWEEN EXPANSION AND STRUCTURAL CHALLENGES

Polish chain store operator Pepco, which entered the German market in 2022 and has a strong presence across Europe with around 4,000 shops and is headquartered in London, continues to pursue a selective growth strategy. Following its withdrawal from Austria in February 2024, which involved the closure of all 73 shops due to unmet return expectations, the German expansion is now also facing considerable challenges. On 21 July 2025, Pepco Germany applied to the Berlin-Charlottenburg district court for protective shield proceedings due to operating losses and structural challenges in the branch network.⁷ Many of the spaces rented after entering the market

in 2022 proved to be economically problematic. The target of 2,000 locations originally set for Germany has receded into the distance. A restructuring concept is currently being developed.

After the company opened four new branches in Hanau, Wismar, Freiberg, and Eschwege in 2024, Pepco currently maintains 64 branches with around 500 employees, mainly in eastern Germany. Apart from clothing items, Pepco continues to offer home-wear, toys and living articles and positions itself as a local supplier for families. Its range comprises around 13,000 items with approx. 250 new items per week.

The protective shield procedure is intended to enable a strategic reorientation. Location closures and a review of rental agreements are to be expected. Its Dutch parent announced that it would support the reorganisation and secure the financing. All shops will remain open for the time being while the management develops a sustainable business plan for the German market under court supervision. Pepco Group's European expansion remains unaffected by the developments at the German company, as the Group as a whole is solidly positioned and achieved new record sales with an improved margin in the financial year of 2023/24 and was able to further improve this margin in the third quarter of 2025.⁸

With the opening of the first shop in Switzerland in April 2025, Action is now present in 13 countries.

2,918

Action stores
across Europe, 2024

³ EHI: Action data and development until December 2024, accessed on: February 2025.

⁴ Net sales 2024 increase by a gigantic 21.7 percent, in: Supermarkt-Inside, of 25/02/2025, accessed on 04/08/2025.

⁵ New sales record and award, in: möbelkultur, v. 28/11/2024, accessed 29/07/2025.

⁶ JYSK Deutschland: Various sources on expansion and Store Concept 3.0, company website, accessed on 29/07/2025.

⁷ Insolvency: Discounter Pepco Deutschland goes into protective shield proceedings, in: Retail-News, of 24/07/2025, cited from retail-news.de, accessed on 11/08/2025.

⁸ Pepco Group N.V., Financial Reports 2025, 2024, cited from: www.pepcogroup.eu/investors, accessed on 11/08/2025.

¹³ MäcGeiz is struggling, in: Lebensmittelzeitung, cited from LZnet, 17/07/2025, accessed on 29/07/2025.

KODI: INSOLVENCY PROCEEDINGS AND AN UNCERTAIN FUTURE FOR THE MID-SIZED COMPANY

Kodi is experiencing a severe crisis and had to apply for protective shielding proceedings in November 2024. The household discounter with about 230 shops and around 1,800 employees in 2024 is struggling with massive sales losses due to consumers' reluctance to buy and increased costs for energy, freight and advertising.⁹ As part of the restructuring, Fabian Grund acquired a majority stake of 51 percent, while the former owner family and partners took over the remaining 49 percent. Steffen Rosenbauer, who was previously Head of Action Germany and CEO at Reno, has been appointed as the new Managing Director.¹⁰ Kodi will continue to operate 150 shops, while the remaining 80 shops are up for sale. Competitors such as Tedi, but also EDEKA (for its Trinkgut format) or the Turkish supermarket operator Canan Karadag (interested in 10 Kodi locations) are mentioned as interested parties for the approximately 350 sq m large spaces.¹¹

MÄCGEIZ: SIZE DISADVANTAGES AS COMPARED TO COMPETITION

According to market opinion, MäcGeiz could come under considerable pressure due to insufficient size. The retailer, which is geographically concentrated in eastern Germany, is unable to achieve the unit volumes of large competitors such as Action or Tedi in purchasing, which could lead to cost disadvantages in the market segment characterised by the promise of the lowest prices.¹² In the financial year of 2023/24, the company suffered a significant turnover reduction of around 8 percent compared to the previous year, having already made a loss in the previous financial year. As part of the upcoming reorganisation, the sister company Pfennigpfeiffer was sold in March 2024. As of 29/02/2024, the company operated 263 shops; by mid-2025, this figure will be around 220.¹³ Whether there will be any further store closures as part of the upcoming restructuring by the Austrian owner MTH, is not currently known.

PFENNIGPFEIFFER: INTEGRATION INTO TEDI-GRUPPE

Acquisition of Pfennigpfeiffer by Tedi marks the beginning of a consolidation of the non-food discounter market in Germany. The chain, founded in 1990 by the Austrian MTH Group, had run into financial difficulties before the acquisition: In the financial year of 2022/23, the former sister company of MäcGeiz posted a net loss of almost €2 M on turnovers of €75 M.¹⁴ Tedi acquired 84 shops, which are mainly located in eastern Germany (Berlin, Brandenburg, Mecklenburg-Western Pomerania, Saxony, Saxony-Anhalt, Thuringia) and some in Bavaria. In March 2025, the German Federal Cartel Office granted its approval for the acquisition¹⁵ after the original application had to be withdrawn and revised in the meantime. All Pfennigpfeiffer employees were taken on by Tedi. The shops will initially continue to operate under the Pfennigpfeiffer brand before being gradually converted to the Tedi concept.¹⁶ For Tedi, the acquisition represents a strategic opportunity to close gaps in the sales network in eastern Germany and accelerate expansion.

RUSTA: SCANDINAVIAN DISCOUNTER WITH SELECTIVE EXPANSION STRATEGY

The Swedish non-food discounter Rusta is continuing its European expansion and has revised its growth forecast upwards. Over the next three years, the company is now planning 50 to 80 new shops instead of the 40 to 60 originally envisaged.¹⁷ Following the latest openings, Rusta now has a total of 223 shops in four markets: Sweden, Norway, Finland, and Germany. Rusta currently operates ten shops in Germany, with plans to open its eleventh German location in Dortmund in autumn 2025. The company also sees the cautious expansion into selected European markets as strengthening its market presence in its home market of Sweden. The company is still not making any concessions in terms of locations and space requirements for further expansion: Preference is given to retail parks or locations in the vicinity of large-scale food markets in cities with a population of around 100,000 or more, as well as retail space with around 2,000 sq m of sales area plus 200–300 sq m of storage space. In the financial year of 2024/25, the company achieved turnover growth of around 9.6 percent (based on the euro) to around €1.07 M as compared to around €970 M in the previous year.¹⁸



Acquisition of Pfennigpfeiffer by Tedi marks the beginning of a consolidation of the non-food discounter market in Germany.

⁹ Kodi-Hammer: Another piece of news leaked after insolvency, in: Wirtschaftsjournal, of 10/03/2025, accessed on 29/07/2025.

¹⁰ Kodi has new majority owner, in: Lebensmittelzeitung, cited from LZnet, 03/07/2025, accessed on 29/07/2025.

¹¹ Kodi areas arouse interest, in: Lebensmittelzeitung, cited from LZnet, 13/02/2025, accessed on 29/07/2025.

¹² "I see huge storm clouds gathering for non-food discounters", interview with Carsten Kortum, in Lebensmittelzeitung, cited from LZnet, of 14/10/2024.

¹⁴ Non-food discount: Tedi required to adjust at Pfennigpfeiffer, in: Lebensmittelzeitung, cited from LZnet, 23/01/2025, accessed on 29/07/2025.

¹⁵ Non-food discount: Greenlighting Tedi, in: Lebensmittelzeitung, cited from LZnet, 18/03/2025, accessed on 29/07/2025.

¹⁶ TEDI press release: "After green light from the Federal Cartel Office – Integration of Pfennigpfeiffer at TEDI commences", 18/03/2025.

¹⁷ Rusta has opened three new stores in one day, in DIY online, of 27/03/2025, accessed on 11/08/2025.

¹⁸ Rusta AB, cited from <https://de.marketscreener.com/kurs/aktie/RUSTA-AB-160501290/finanzen/>, accessed 11/08/2025, Conversion to euros based on the average exchange rates of the respective financial year.

TEDI: MARKET LEADER REACHES THE 3-BILLION MILESTONE IN RECORD EXPANSION

Tedi achieved new record results in the financial year of 2024/2025 and surpassed the €3 Bn mark in gross sales for the first time. With more than 400 new openings, the pace of expansion reached an all-time high. The company now has a network of over 3,500 shops in 15 European countries and employs

over 36,000 staff. The 2,000th store in Germany was opened in Essen in July 2025. The new store concept implemented in this shop – new colour palette, fonts and icons as well as improved customer guidance systems – is to be rolled out successively across Europe by 2026.¹⁹ The company recognises further market potential for expansion and plans to open a total of 5,000 stores in Europe by 2029.²⁰ As Europe's leading non-food discounter with the widest range of products, Tedi offers 17,000 different products in an average shop area of around 650 sq m. The company wants to focus more on trend products that are popular on social media in order to rejuvenate its image in future.²¹ Tedi was honoured as "Price Champion 2024" and received the GOLD award.²² In the first quarter of 2025, Pfennigpfeiffer, a competitor in Germany that had run into difficulties, was acquired.

WOOLWORTH: AGGRESSIVE EXPANSION IN SPITE OF PLANS FOR POTENTIAL SALE

Woolworth Deutschland, like Tedi, belongs to the Heinig Group and is also focussing on aggressive expansion. The company opened more than 100 new stores in Germany between June 2023 and April 2024, meaning that it will be operating more than 800 shops by mid-2025. The store sizes range between 500 and 2,500 sq m of sales area, with the average size being around 1,100 sq m. The number of shops is expected to grow to more than 2,000 by 2029.²³ In the financial year of 2023/24, Woolworth's turnover exceeded 1 Bn.²⁴ With a standard range of 10,000 items, Woolworth focuses on shops close to residential areas in city centres and shopping centers. The standard range is supplemented by seasonal and promotional products for seasonal highlights such as Christmas and Easter. About 90 percent of the items are private labels and around 6,000 products cost less than three euros¹⁷. Unlike the other non-food discounters, Woolworth also offers textiles with a focus on women's clothing, which accounts for around 40 percent of turnover. Other sales drivers are the product groups of decorative and household items and DIY. The general merchandise retailer with a tradition dating back to 1927 is positioning itself as an alternative to faceless e-commerce and wants to "show its colours locally". The news of the sale of Woolworth that emerged in the course of 2024 – Action majority shareholder 3i was mentioned as a possible interested party – seems to have been off the table since the end of 2024.²⁵

¹⁹ TEDI press release: "TEDI celebrates 2,000. Branch in Germany", 10/07/2025.

²⁰ TEDI press release: "TEDI with new record results in the financial year of 2024/2025", 22/05/2025.

²¹ Low-cost retailer Tedi accelerates its expansion, in Handelsblatt of 01/10/2024, cited from Handelsblatt.de, accessed on 02/10/2024.

²² TEDI press release: "TEDI with new record results in the financial year of 2024/2025", 22/05/2025.

²³ Action, Tedi, Woolworth, Euroshop, Thomas Philipps: The owners of Germany's discounters, in manager magazin, cited from manager-magazin.de, of 20/12/2024, accessed on 04/08/2025.

²⁴ Woolworth wants to distinguish itself as a local supplier, in Lebensmittelzeitung, cited from LZnet, 23/10/2024.

²⁵ Sale of Woolworth's: Has it finally failed?, in Supermarkt Inside, of 19/11/2024, cited from chip.de, accessed on 04/08/2025.

1.10 SPORTS AND OUTDOOR TRADE

THE SALES DIP OF 2024

The sports and outdoor retail sector is returning to normal after the coronavirus-induced booming years. After turnover growth of around 1.9 percent was achieved in 2023 compared to the previous year, 2024 points in a different direction. The sports and outdoor segment (sports shoes, sportswear, sporting goods excluding bicycles and camping goods) is going to generate a turnover of around €10.7 Bn (gross) across all sales channels in 2024 according to bulwiengesa's calculations. This represents a turnover reduction of around 2.0 percent for the outdoor and sports retail sector as a whole. However, slight turnover growth is expected for 2025.

Specialist retailers remain the most important sales channel across all product groups in sports and outdoor retail, even though online retail has become an important sales channel. The online channel accounts for more than 20 percent of the annual turnover generated by the leading sports and outdoor retailers in particular. Irrespective of this, the leading retailers operating throughout Germany, such as Decathlon, Intersport, and the Sport 2000 Group, are continuing to expand and thus strengthen their brick-and-mortar networks.

After the coronavirus-related years of booming development, the sports sector and outdoor trade are returning to normal.

DECATHLON CONTINUES ON ITS EXPANSION COURSE

Decathlon was able to further consolidate its strong market position in 2024. The multisport retailer increased its turnover in Germany in 2024 compared to the previous year (2023: €1.11 Bn) by 2.1 percent to €1.17 Bn (gross). However, at €27.3 M, earnings before taxes were significantly lower than in the previous year. The reason for this is the increased investment costs for the future, which are associated with the extensive expansion and the development of sustainable services. The share of turnover generated in bricks-and-mortar retail rose to around 74 percent in 2024 (PY: 70 percent)¹. The number of shops at the end of 2024 was 88 (PY: 87).

¹ Decathlon continues its success story, press release Decathlon Germany, March 2025.

In autumn 2024, Decathlon announced ambitious expansion plans for the future. By 2027, 60 new shops are to be opened in Germany. The chain, which originated in France, invested about €19 M in the expansion of its store network in 2024 – up to €100 M is to follow in the next three years. The focus is on highly frequented locations such as city centres and shopping centers. Decathlon opened its first Connect store in the Potsdamer Bahnhofspassagen at the end of 2024, followed by a multisport shop with a workshop in the basement of Hamburg's MediaMarkt Tech Village. Further locations in central locations followed by mid-2025, including Connect stores in the Stachus Passagen in Munich and in Minto Mönchengladbach (300–500 sq m sales area each). Larger spaces (1,000 to 3,000 sq m sales area) were created in Schäfergasse and Hessen-Center in Frankfurt am Main, Westfield Ruhr Park in Bochum, Königstraße in Stuttgart, Palais Vest in Recklinghausen, and Neustädter in Gießen. Decathlon also announced a strategic partnership with the Galeria retail warehouse' chain in early 2025. New Decathlon shops are planned at Galeria locations throughout Germany in the scope of this. The first joint shops with sales areas of between 1,500 and 3,500 sq m are set to open in Constance, Trier, Kassel, and Duisburg by the end of 2025.²

Sustainability and the circular economy continue to be driving forces. The service and repairs segment is an important growth driver. Expansion of the workshops and services is a key component of the expansion and sustainability strategy. Within the product range, cycling and team sports in particular are driving growth with around 8 percent each in 2024. Decathlon further expanded its cooperation in the bike sector. In addition to the collaboration with JobRad, which started in 2024, Decathlon expanded its offering in the bike leasing business with BusinessBike and BikeLeasing at the beginning of 2025. The cooperation with the premium refurbisher Rebike and shop-in-shop concepts in selected shops also strengthens the company's position in the growing mobility market and focusses on sustainability here too. Decathlon is showing increased ambitions in professional cycling and is investing in the development of performance-orientated products and the establishment of its private labels and professional teams at the same time.³

74

percent
Share of turnover in
bricks-and-mortar retail
at Decathlon

INTERSPORT GAINS MARKET SHARE – SPORTSCHECK BECOMES INTERSPORT VOSWINKEL SUBSIDIARY

Intersport Group performed virtually at the same level as in the previous year (€3.5 Bn) with total turnover of around €3.46 Bn in the financial year of 2023/24 and gained market share (currently just over 25 percent).⁴ The European Men's Football Championship, which will be held in Germany in 2024, provided a particularly positive boost to the turnover. Online retail also recorded stronger growth as in the previous year. Intersport Germany currently operates over 1,400 shops, of which about 400 are Intersport-branded shops.⁵

Intersport continues to pursue an ambitious growth strategy. More than 100 additional Intersport locations are planned by 2030. Expansion includes new openings, acquisitions, and new partners, who are integrated via a separate start-up programme. At the same time, the company is introducing new store formats. Intersport is strengthening its presence in the premium segment with the flagship concept launched in 2024. Together with top retailers such as Sport Engelhorn (Mannheim), Sport Reischmann (Kempten), and L&T (Osnabrück), the first locations have already been opened, with five more planned for 2025, including Augsburg and Mülheim-Kärlich. The roll-out of the new superstore format will follow from 2026, with 2,000 to 5,000 square metres of sales area specifically serving the entry-level and mid-price segments.⁶

The Italian Cislfa Group acquired Intersport Voswinkel from the German Intersport Group at the end of 2023. This was followed in mid-2024 by the acquisition of previously insolvent Sport Scheck, which has since operated as a subsidiary of Intersport Voswinkel. Both brands of the Cislfa Group are closely linked to the Intersport network. SportScheck is going to remain an independent brand and will be further strengthened as a premium sports retailer. The plan is to expand existing shops and open new flagship stores by the end of 2025, flanked by a sustainable omnichannel strategy. Synergies with Cislfa and Intersport Voswinkel are to be created primarily in purchasing, brand management, and logistics – including a joint logistics platform. Branches under the name Cislfa are not planned in Germany.⁷

SPORT 2000 RECOVERS SLOWLY FROM PARTNER INSOLVENCIES

The Sport 2000 retail group, which is part of the ANWR Group, recorded a decline in gross external sales in Germany of –5.8 percent to €2.78 Bn in 2024 (2023: from €2.95 Bn). The company is, therefore, well on the way to compensating for the loss of sales from the previous year, which was caused in particular by the loss of affiliated retailers due to the insolvency. The special effects of the insolvencies, which are still noticeable, will be offset in 2024 by new partnerships with Sport Conrad, Sport Fits, and handball2go/Sport

² Strategic cooperation launched: Decathlon takes over GALERIA space at several locations, cited from www.decathlon.de, of 24/03/2025.

³ Decathlon continues its success story, press release Decathlon Germany, March 2025.

⁴ Intersport Deutschland: "We are two percentage points better than the market", cited from www.sazsport.de, of 28/01/2025.

⁵ Intersport gains market share in a difficult market environment, press release by Intersport Germany of 28/01/2025.

⁶ Intersport expands flagship network, cited from www.textilwirtschaft.de, of 08/05/2025.

⁷ Cislfa Group makes Sport Scheck a Voswinkel subsidiary, cited from www.fashionnetwork.com, of 04/06/2024.

⁸ SPORT 2000 GmbH: Success in a challenging market, ANWR Group press release of 27/01/2025.

Kölle, amongst other ones. Globetrotter also joined the retail group in mid-2025. All in all, the roughly 940 dealers in existence with about 1,300 sales offices achieved a turnover growth of +1.5 percent as compared to the previous year.⁸ The slight growth as compared to the previous year resulted mainly from the categories of Running (+13 percent), wintersports (+10 percent), and team sports (+7 percent).

In future, Sport 2000 will focus on specialisation in sports retail through new retail formats. In particular, this includes the expansion of the Absolute Run store concept with running brands. Run stores have already opened in Bremen, Aschaffenburg, Düsseldorf and Würzburg in 2024. The multi-category retail concept (MCR) is also being further expanded. Following the first shop opening in Nordhorn, the format was introduced at two further locations in Schongau and Leutkirch in mid-2024. Sport 2000 plans to convert around 30 existing stores to the new format with the further expansion of the MCR division. At the same time, the first MCR concept stores are to be built, offering a modern, brand-defining shopping experience.⁹

|| GLOBETROTTER JOINS SPORT 2000

Globetrotter joined the Sport 2000 group in June 2025 – in a move that was unprecedented for Germany's leading multi-channel outdoor specialist. Globetrotter hopes for the partnership to provide new impetus for growth and further development. Sport 2000, on the other hand, is strengthening its premium profile in European outdoor retail. Globetrotter is considered an industry benchmark with 22 shops and more than 60,000 sq m of sales area.¹⁰ The cooperation underlines the trend towards strong alliances in specialised retail.

Sustainability, second-hand goods, and proximity to the customer remain driving forces. In mid-2025, Globetrotter opened two city stores in Ulm and Münster based on the "Re:Think" concept. In addition to a sustainable store design, this also includes a large second-hand range, workshops for repair and maintenance as well as testing and advice systems. In addition, Globetrotter's "Clubhütte" offers space for events and workshops, thereby strengthening customer loyalty.

|| JD SPORTS FOCUSES ON PROFITABILITY AND STORE NETWORK OPTIMISATION

Global sports and sneaker retailer JD Sports Fashion increased its turnover by 10.2 percent to €13.6 Bn in the financial year of 2024/25. Growth was driven in particular by the regions of Europe (+9.5 percent) and America (+27 percent). JD Sports consolidated its presence in North America with the acquisition of Hibbett (over 1,100 shops) in 2024. The acquisition of Courir – a leading provider in the French sneaker market – also brought 323 additional shops in Europe. In spite of the increase in sales, however, the difficult market environment and the effects of US customs policy, amongst other things, are causing problems for the British retail group. JD Sports' operating profit fell by 2.6 percent in 2024.¹¹ JD Sports, therefore, announced in April 2025 that it would increasingly focus its strategy on profitability. Closure of about 30 unprofitable shops in Germany is planned for this purpose.¹² At the same time, targeted expansion is being pursued. In December 2024, JD Sports opened its largest flagship store in Germany in Kaufingerstraße in Munich with a total area of around 2,700 sq m on three floors.¹³ Further stores were opened at the beginning of 2025, including in Riem Arcaden Munich and Stadtgalerie Heilbronn.



|| Globetrotter opened two city stores in 2025 based on the "Re:Think" concept. In addition to a sustainable store design, this also includes a large second-hand range, workshops for repair and maintenance as well as testing and advice systems.

⁹ Sport 2000 further expands multi-category retail division, cited from www.fashionunited.de, 17/07/2025.

¹⁰ Globetrotter becomes a Sport 2000 partner, cited from www.textilwirtschaft.de, of 13/05/2025.

¹¹ JD Sports reports profit decline, cited from www.sazsport.de, of 23/05/2025.

¹² JD Sports is likely to close around 30 shops in Germany, cited from www.iz.de, of 28/05/2025; as of June 2025, nearly 100 shops are being operated in Germany.

¹³ JD Sports opens largest German flagship store in Munich, quoted from www.fashionunited.de, of 06/02/2024.

1.11. DEALER SURVEY 2025

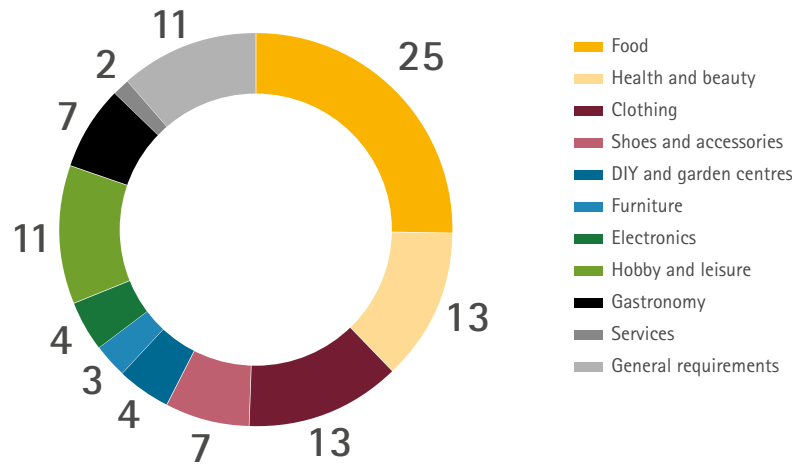
EXPANSION PLANS AND FUTURE ASSESSMENTS OF GERMAN RETAILERS

Hahn Gruppe collaborated with the EHI Retail Institute to continue a panel survey of expansion managers from the German retail, catering and chain-based service sectors this summer. 71 sales divisions took part in the survey, each representing a company or a nationally operating sales division of their company. In total, the participating sales divisions have around 37,000 shops across Germany. The respondents can be clustered into eleven sectors in accordance with their affiliation [see figure 17]. At 25 percent, the respondents from the food retail sector are the most strongly represented, followed by health and beauty and clothing with 13 percent each. Representatives from the hobby and leisure and general consumer goods sectors follow in fourth place with 11 percent each.

The majority of the participating sales divisions have a branch network of over 500 branches (35 percent) or between 101 and 500 branches throughout Germany (34 percent). 17 percent have between 51 and 100 shops and 14 percent have fewer than 50 locations. The average sales area size is 34 percent between 101 sq m and 500 sq m [see figure 18]. Just under a quarter (23 percent) of the participating sales divisions have an average sales area of 501 sq m to 1,000 sq m.

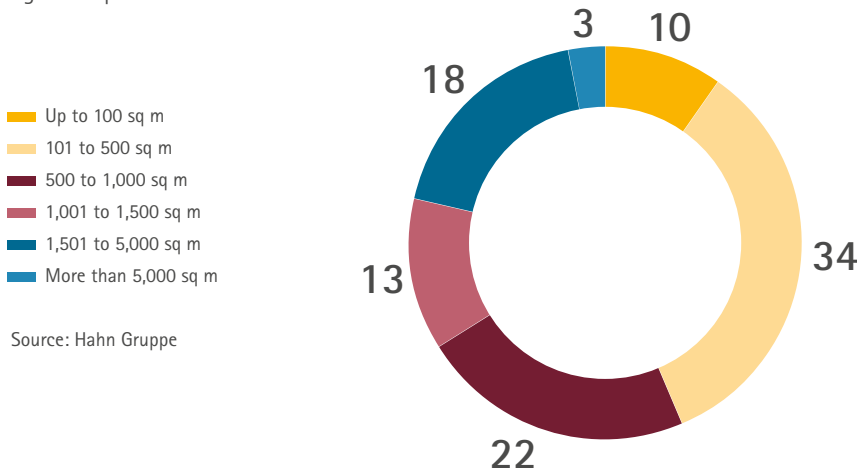
71 sales divisions participated in the survey

[17] Participating sales divisions by sector
Figures in percent



Source: Hahn Gruppe

[18] Average sales area size of the participating sales divisions
Figures in percent



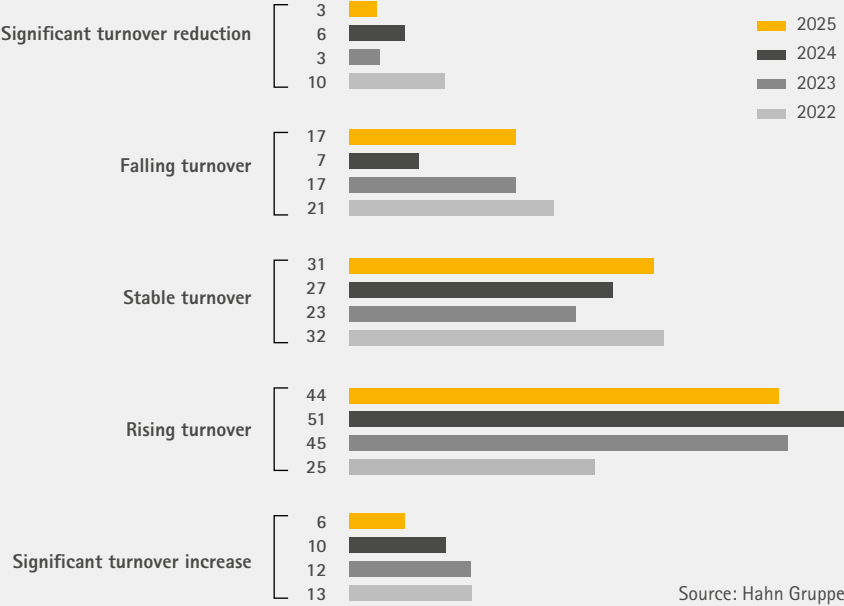
Source: Hahn Gruppe

POSITIVE EXPECTATIONS FOR
TURNOVER DEVELOPMENT

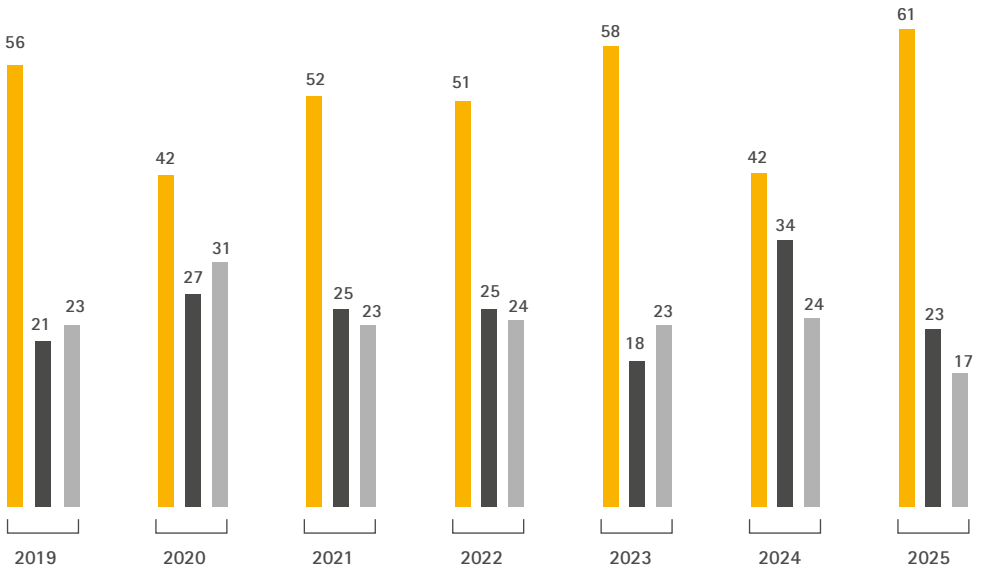
In spite of difficult economic conditions, which are also affecting the German retail sector and private households, the majority of retailers surveyed are consistently optimistic about the turnover development for the second half of 2025. For example, 50 percent expect sales division turnover to increase in the second half of the year compared to the same period last year (PY: 61 percent). In particular, these include food retail (56 percent), health and beauty (77 percent), and clothing (56 percent). 31 percent are expecting a

stable turnover development on the existing level until the end of the year, after 27 percent in the previous year [see figure 19]. This was predominantly expressed by representatives from the electronics industry (67 percent) and from the branch-based services (100 percent). The proportion of respondents forecasting (significantly) falling turnovers for the second half of 2025 has risen slightly from 13 percent in the previous year to 20 percent this year. This includes half of the respondents from the hobby and leisure sector.

[19] Forecast development of turnover division revenue for the 2nd half of 2025 as compared to the previous year
Figures in percent



[20] Planned number of locations at the end of the year compared to the previous year
Figures in percent



Source: Hahn Gruppe

More stores
Same number of stores
Fewer stores

EXPANSION TREND AT A
HIGH LEVEL

Following a slight slowdown in retailers' willingness to expand last year, the proportion of participating sales divisions intending to significantly increase their number of stores again by the end of the year compared to the previous year reached 61 percent, the highest level in the last seven years (PY: 42 percent) [see figure 20]. The main drivers of expansion in a sector comparison are food retail (61 percent), health and beauty (67 percent), hobby and leisure (100 percent), gastronomy (100 percent) and general supplies (88 percent). For example, 23 percent of the surveyed sales divisions expect their number of stores

to remain unchanged or stable by the end of the year compared to the previous year (PY: 34 percent). They include representatives from the DIY and garden centres and electronics sectors, each with a share of 67 percent. The proportion of those responsible for expansion who forecast a reduction in the number of stores by the end of the year has fallen to an all-time low of 17 percent (PY: 24 percent). The share of 44 percent of the representatives from the clothing industry who want to think their store network by the end of the year as compared to the previous year, stands out in this respect.

Slightly more than half of the participating sales divisions (52 percent) plan to keep the average sales area per shop at the same level (PY: 46 percent) [see figure 21]. The majority of these include the health and beauty, DIY and garden centres, catering and chain store services sectors. In contrast, the proportion of sales divisions that are planning to increase the sales area per shop has fallen slightly by 4 percent to 34 percent. Only an overwhelming 61 percent of sector representatives from food retail tend to have a larger average sales area per shop. In contrast, the proportion of participating sales divisions with a preference for smaller sales areas per shop fell by a further

one percent year-on-year to 14 percent. This includes the furniture industry and the shoes and accessories segment.

SUBDUED CONSUMER SENTIMENT CREATES CHALLENGES

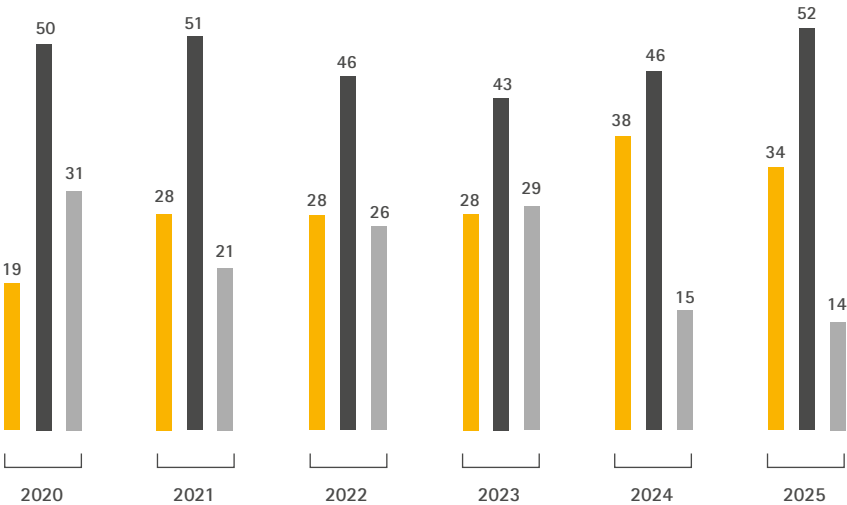
Retailers emphasise the uncertainty and subdued mood among private households and consumers. More than half of the respondent sales divisions across all sectors feel that the subdued consumer sentiment is currently the biggest challenge (59 percent; PY: 41

percent) [see figure 22]. The ongoing shortage of personnel and skilled labour was perceived as a burden by the sales divisions, as in the previous year (52 percent; PY: 58 percent). The same applied to excessively high property costs and rents (52 percent; PY: 51 percent). In third place are the existing ancillary and management costs at 32 percent (PY: 31 percent). Competition by online trade (6 percent; PY: 10 percent), supply chains and product procurement (4 percent; PY: 17 percent), and the subject of energy modernisation (0 percent; PY: 8 percent) were perceived as less challenging or not posing any serious issue this year.

INCREASED CONSTRUCTION COSTS HAMPER EXPANSION PLANS

The construction industry not only plays a key role for the property sector, but also for retail expansion projects. The increase in construction and financing costs is often the reason why construction projects have not been implemented in the recent past. As in previous years, the level of construction and modernisation costs remains the biggest obstacle to expansion for the sales divisions surveyed (54 percent; PY: 54 percent) [see figure 23]. The at-times lengthy

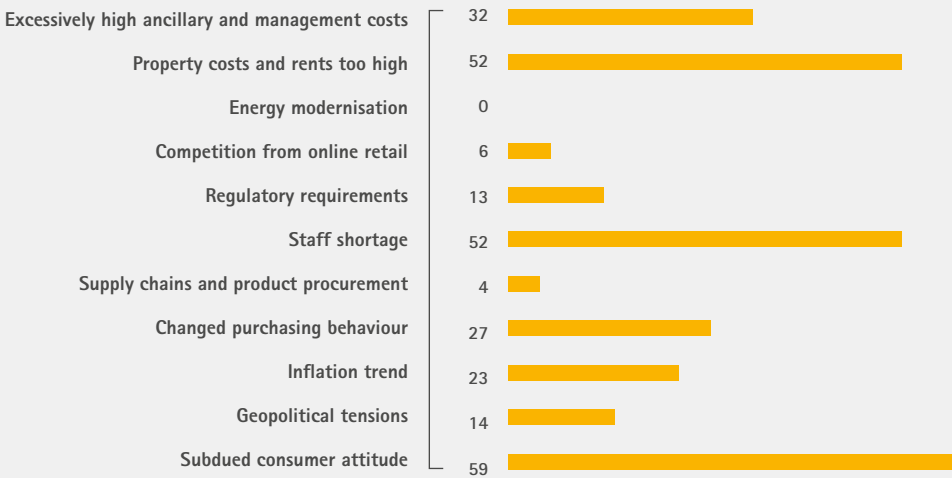
[21] Forecast of the average sales area per shop
Figures in percent



■ Rather larger sales area
■ Consistent sales area
■ Rather smaller sales area

Source: Hahn Gruppe

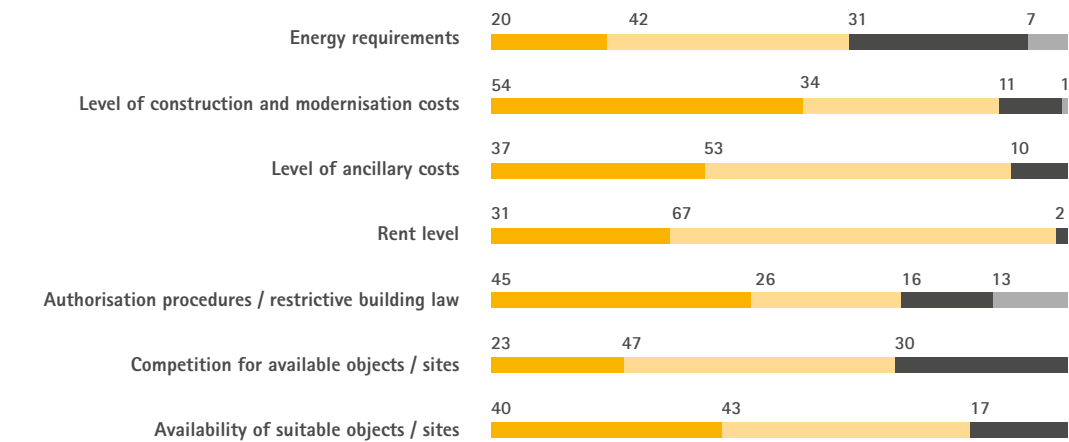
[22] Current challenges for the sales divisions
Figures in percent, multiple answers possible



Source: Hahn Gruppe

[23] Retailer assessment of current expansion challenges

Figures in percent



Highly challenging
Challenging
Less challenging
No issue

Source: Hahn Gruppe

approval procedures and often restrictive building law as in previous years (45 percent; PY: 53 percent) and the availability of suitable objects and locations (40 percent; PY: 35 percent). Following the pattern of the general challenges of the sales divisions described above, the level of rents and ancillary costs is also reflected in the expansion issue as a critically perceived aspect. The matter of energy requirements is viewed as less vital. A total of 20 percent of the sales divisions surveyed rated this factor as very challenging (PY: 28 percent).

Furthermore, the people responsible for expansion assessed the impact of the above challenges on the following areas:

Range	Average rating (10 = very high impact to 1 = no impact)
... on the expansion plans of your sales division (targeted Number, quality, and frequency of shop openings)	8.1
... on the costs of expansion	8.1
... on the workload for the team	7.1

RETAIL PARKS IMPRESS WITH GOOD PERFORMANCE

When asked which trends in location development are generally expected for the following locations on the part of those responsible for expansion, the existing trends from previous years regarding the favoured retail pitches and property types continue. As in the previous year, slightly more than half of those surveyed believe (56 percent; PY: 56 percent) that retail parks in particular will continue to develop positively in the future [see figure 24]. Success of the retail park is reflected in its general supply-oriented character and tenant mix, which provides stability as a reliable frequency anchor and, in combination with other non-food retailers or types of use, characterises the one-stop shopping destination that convinces consumers and retailers alike. 53 percent of experts are fundamentally neutral towards prime locations

and main shopping streets in regional centres (PY: 41 percent). Assessment of city centres in medium-sized towns is much more positive this year. Last year, 46 percent of experts were of the opinion that this trading location would become less attractive. This year, almost half (48 percent) of respondents are neutral about the situation. The cross-sector assessment of the future development of secondary locations in regional centres and shopping centers is almost unchanged compared to the previous year. In turn, just over half of the experts are of the opinion that these trading locations will experience less momentum in the future.

The development forecasts for the retail locations described above are also reflected in the preferred expansion locations of the participating sales divisions. The vast majority of sales divisions prefer retail parks for their expansion (77 percent; PY: 73 percent) and

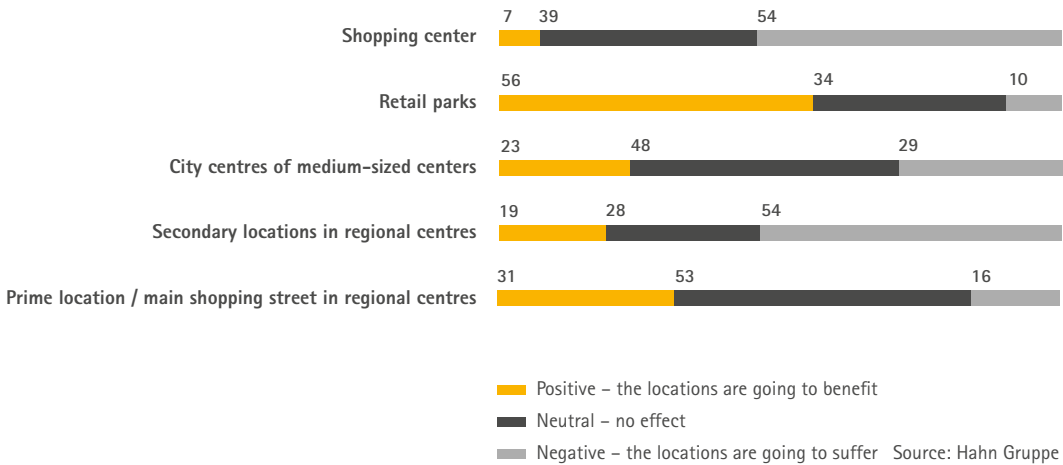
prime locations or main shopping streets in regional centres (76 percent; PY: 70 percent). In the differentiated sector analysis, the former are particularly in demand from companies in the food retail, DIY and garden centres, electronics and hobby and leisure sectors, amongst other ones. The footwear and accessories, catering and general requirements sectors, on the other hand, prefer the prime locations. In contrast to the assessment of retail locations, shopping centers were named as a possible expansion target by a total of 68 percent of the expansion managers surveyed. These mainly include representatives from the health and beauty, furniture, clothing, and also general supplies and shoes and accessories sectors. The retail location of the district centre is the focus of expansion for more than half of the expansion managers surveyed with the exception of the representatives of the clothing, DIY and garden centres, and services sectors. Secondary locations in city centres are chosen

selectively or more individually as expansion targets by the other sectors with the exception of furniture retailers.

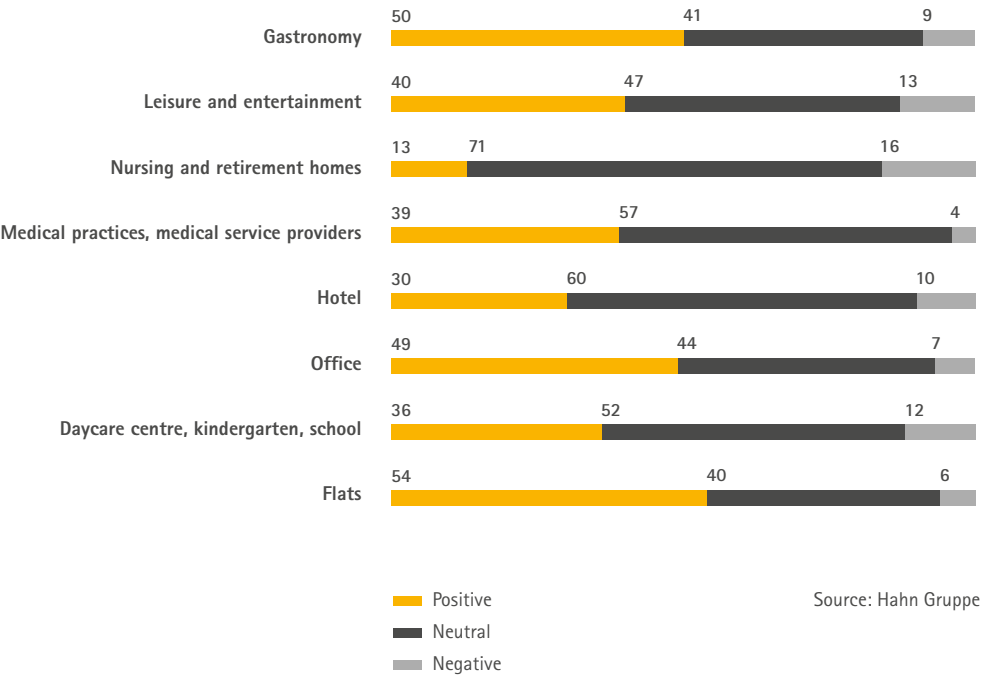
RESIDENTIAL AND GASTRONOMIC OFFERINGS ARE POPULAR SUPPLEMENTS

In multifunctional retail locations or mixed-use locations, a tenant mix geared to demand is of central importance for the attractiveness and customer loyalty of the location. Just like in the previous year's surveys, this year's respondents were generally open in their assessment of the establishment of different types of non-retail use at mixed-use locations with regard to their respective distribution channels. In contrast to the previous two years, just over half of the experts surveyed favoured flats as a supplementary type of use

[24] Assessment of the development of different retail locations/property types
Figures in percent



[25] Synergy effects of non-retail uses at mixed-use locations
Figures in percent



(54 percent; PY: 50 percent). Proximity to gastronomic offerings, which was preferred in the two previous years, is in second place this year with a share of 50 percent (PY: 59 percent) [see figure 25]. Close behind, in third place, with a share of 49 percent, is supplementary office use (PY: 40 percent). The experts' assessment of the types of use nursing and retirement homes is largely neutral (71 percent; PY: 70 percent), hotel (60 percent; PY: 54 percent) and medical practices and medical service providers (57 percent; PY: 43 percent) and daycare centres, kindergartens, or schools (52 percent).

54

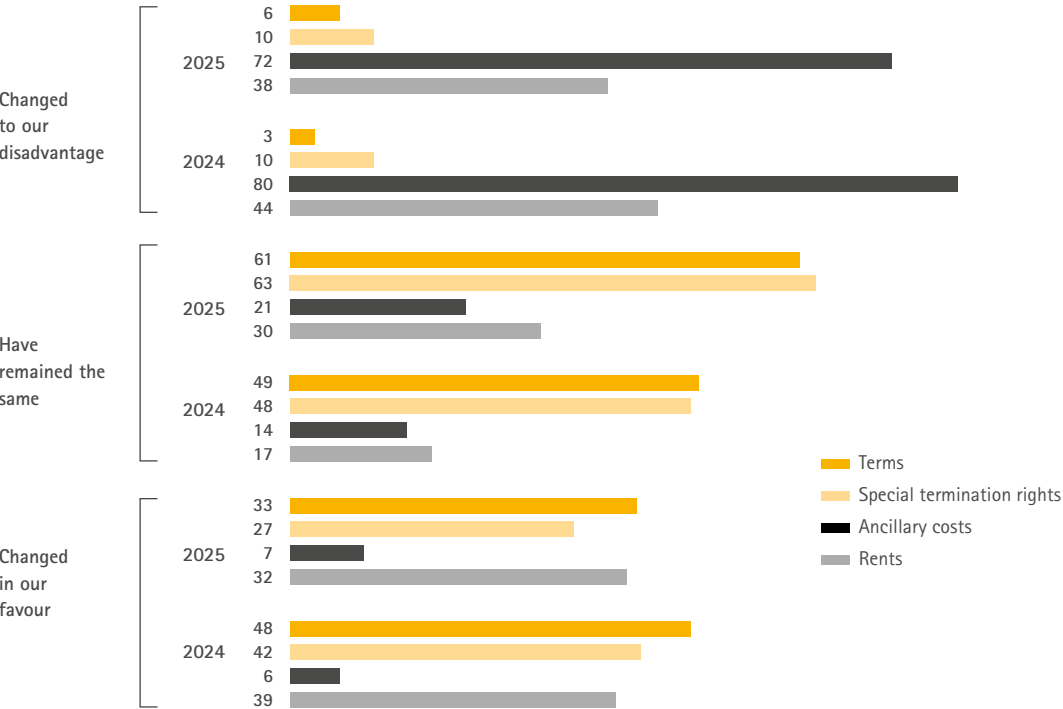
percent of the experts surveyed favour flats as an additional type of use

LAYOUT AND VISIBILITY INCREASE THE ATTRACTIVENESS OF THE RENTAL SPACE

The layout and visibility of the rental space (79 percent) are named as particularly important, apart from financial aspects of the rent including ancillary costs (89 percent), where the most important factors by which sales divisions assess the attractiveness of a location with regard to a possible shop opening are concerned. Accessibility of the location by car, the parking situation and the prevailing pedestrian and customer frequency are also of great importance for

the respondents with a share of 77 percent each. The tenant mix and the presence of magnetic tenants in the neighbourhood are a decisive expansion criterion for 76 percent of the experts. Those responsible for expansion also pay attention to the safety and cleanliness of the location (38 percent). The importance of building certifications (3 percent) or the presence of PV systems and e-charging points (1 percent), for example, is surprisingly low.

[26] Rental contract conditions from the retailer's perspective
Figures in percent



Source: Hahn Gruppe

During and after overcoming the coronavirus pandemic, there have been changes to rental contract conditions across all sectors, which have tended to become the "new normal" in current rental contract negotiations.

"NEW NORMAL" AT THE LEASE CONDITIONS

During and after overcoming the coronavirus pandemic, there have been changes to rental contract conditions across all sectors, which have tended to become the "new normal" in current negotiations of rental contracts between lessors and dealers. 48 percent stated that the lease terms had changed in their favour last year. In contrast to this, more than half of the experts (61 percent) state consistent or unchanged terms in this year [see figure 26]. A similar stabilisation trend is also reflected in the special termination rights granted. 42 percent stated that they had improved in their favour in the previous year. This year, the majority of experts (63 percent) are of the opinion that no further changes have taken place. When it comes to rents, the experts surveyed this year showed a mixed picture. On the one hand, 32 percent of experts state that the rent level has once again changed in their favour (PY: 39 percent). On the other

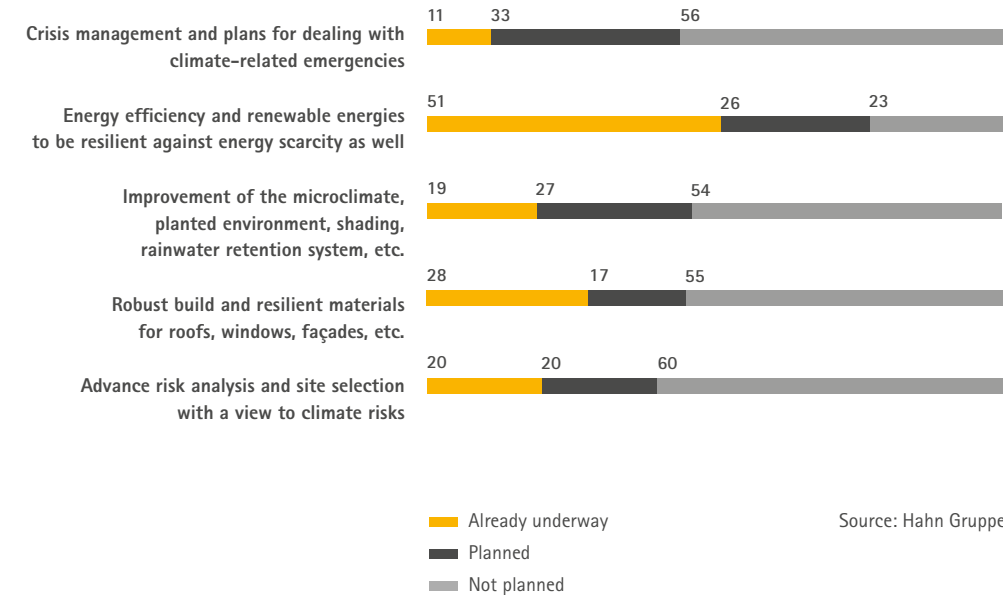
hand, rental costs are having a negative impact on rental contract negotiations for 38 percent of retailers or have changed to their disadvantage (44 percent). Compared to the previous year, there was a noticeable increase in the proportion of retailers reporting a stable rent level (30 percent; PY: 17 percent). In line with the challenges already described for the sales divisions, the level of ancillary costs is the critical criterion for retailers, as it was in the previous year. The cross-sector majority of experts surveyed stated that ancillary costs have repeatedly developed to their disadvantage (72 percent; PY: 80 percent).

RENEWABLE ENERGY OFFERS INDEPENDENCE

ESG (environmental, social, governance) is a (very) relevant component of corporate strategy for a total of 86 percent of respondents (PY: 91 percent). With the aim of achieving a high level of climate resilience in new buildings, the sales divisions are already incorporating a range of measures into their concepts. As a counterbalance to the level of ancillary costs, a good half of companies (51 percent) are focusing on measures to optimise energy efficiency and the use of renewable energy, such as the installation of PV systems, in order to reduce costs and increase their independence from the energy market [see Figure 27]. Nevertheless, other approaches such as risk analyses

with regard to potential climate risks when selecting a location or the development of plans for dealing with climate-related emergencies are not yet planned by more than half of the companies. Robust construction and the use of resistant materials for roofs, windows, façades, etc. are already being actively used by 28 percent of respondents or are currently being planned by 17 percent. The topic of biodiversity with its representative components "improvement of the microclimate", a "green environment", or a "rainwater retention system" will initially only be implemented in practice at individual pilot sites.

[27] Measures for greater climate resilience in new buildings
Figures in percent

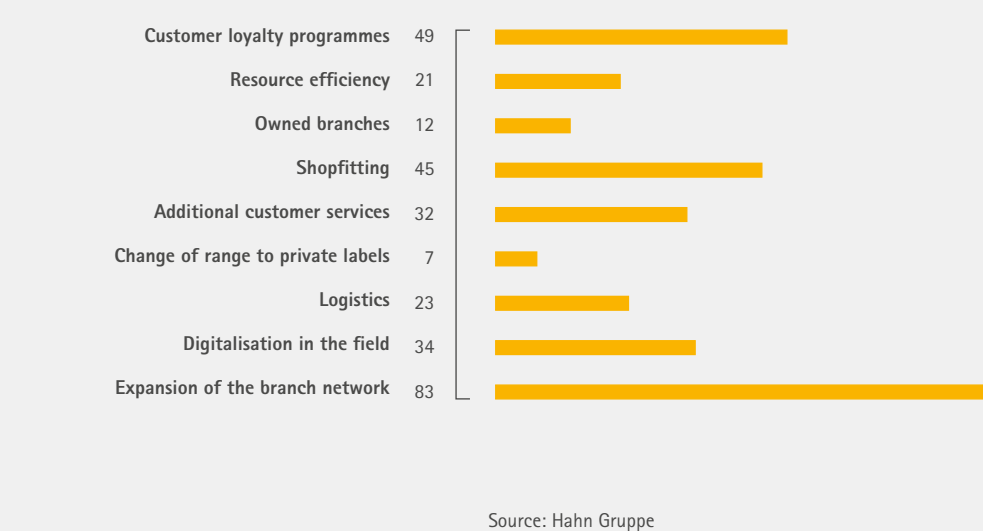


CLEAR COMMITMENT TO BRICK-AND-MORTAR BUSINESS

The question of predominant investment priorities of the sales divisions in the next five years was asked with a view to the future. A majority of all sales divisions (83 percent) would like to invest in the expansion of their store network or continuously in the design of the shop fitting (45 percent) [see figure 28]. In view of the existing competition between different formats, there are also efforts to invest in customer loyalty programmes (49 percent), digitisation in stores (34 percent) and the expansion of additional customer services in shops (32 percent). The above investment priorities are being prioritised by the sales divisions

in the food retail, health and beauty and shoes and accessories sectors, amongst other ones. There is a low strategic relevance across all sectors with regard to an increased switch to private labels (7 percent). One third of the companies in the food retail and DIY and garden centre sectors are pushing for the acquisition of real estate or an increase in the number of shops owned, whereas this plays a subordinate role or has no relevance at all in the other sectors.

[28] Investment priorities of retailers in the next 5 years
Figures in percent, multiple answers possible



2.0

THE RETAIL INVESTMENT MARKET

MULTIZENTRUM

REWE CENTER

- Upturn in the German property investment market and start of a new market cycle
- Increase in transaction momentum on the retail property market
- Strong demand for high-street objects in 2024
- Traditional retail companies dominated the market
- Prime yields stabilise in almost all retail segments
- Yield compression for food-anchored trading formats



2.1 TURNAROUND MARKS THE START OF A NEW CYCLE

The German property investment market continues to be exposed to conflicting influencing factors. On the one hand, normalisation of inflation and interest rate expectations paints an improved picture of the real estate climate and investor sentiment compared to previous years. On the other hand, Germany continues to face economic and structural challenges, coupled with geopolitical uncertainties and increased disruptions in global trade, which are influencing markets worldwide. Nevertheless, the German property investment market 2024/2025 achieved a turnaround at the turn of the year and is at the beginning of a new market cycle.

This had already become apparent in the final quarter of 2024, when an amount of €12.6 Bn was allocated to the German property investment market in a dynamic year-end rally, significantly more than in the previous seven quarters. The fourth quarter of 2024 alone contributed about 37 percent to the year's total transaction volume of €34.3 Bn. Compared to 2023, this result represents a significant increase of 21 percent.

Of all asset classes, residential property (50 residential units or more) was in the highest demand in 2024. The residential segment contributed a good quarter of the total volume on the German property investment market with a total volume of €8.7 Bn. Compared to 2023, the transaction volume in this segment increased by 50 percent. In addition to sales as part of refinancing rounds with the aim of increasing equity ratios, the residential property investment market was characterised by sales of project developments, particularly to public housing companies in the form of forward deals.

At a market share of 22 percent and €7.7 Bn, logistics properties are closely behind, maintaining their strong market position from the preceding year of 2023 (plus 7 percent as compared to the previous year). International investors in particular were responsible for the positive performance of the industrial and logistics property market in 2024 with a share of 80 percent, which impressively illustrates the growing importance of the German market as a global destination for professional investments.

Retail properties followed as the third-largest asset class with a share of 18 percent and an investment volume of a good €6.1 Bn. There was also a significant increase in volume of 26 percent as compared to the previous year. Office properties were also in fourth place with a share of 18 percent and a transaction volume of just under €6 Bn, which was 12 percent above the previous year's level. The office investment market remained subdued in spite of the increase, suffering not only from the overall economic conditions but also from the uncertainty of some investors regarding the issue of working from home and the discussion about the "return" to the physical workplace. Development properties achieved a volume of €2.2 Bn and a share of about 7 percent, followed by hotel and health properties with €1.4 Bn and €1 Bn that contributed 4 and 3 percent of the total volume respectively, thus all remaining roughly on the prior year's level.

It is worth emphasising that there were also significantly more large transactions again in 2024 in addition to an overall increase in transaction volumes. About half of the total volume, amounting to €17 Bn, was attributable to transactions above the €100 M mark (2023: only €11 Bn). This volume stems from 72 major transactions – of which there were 45 in 2023. Once again, the market environment has changed, with the result that large-volume transactions are increasingly being finalised again.

SOLID RESULT IN THE FIRST HALF OF 2025

In the first half of 2025, the property investment market in Germany achieved a total transaction volume of €14.2 Bn. Although this represents a slight decline of 2 percent compared to the same period of the previous year, the volume is 14 percent higher than the half-year result for 2023. In spite of a number of political and economic uncertainties, the first six months of 2025 have, therefore, delivered a solid result overall. Although the new cycle has got off to a slow start, the attractive price level and the expected economic recovery in the coming months create promising conditions for a further upturn in the German property investment market.

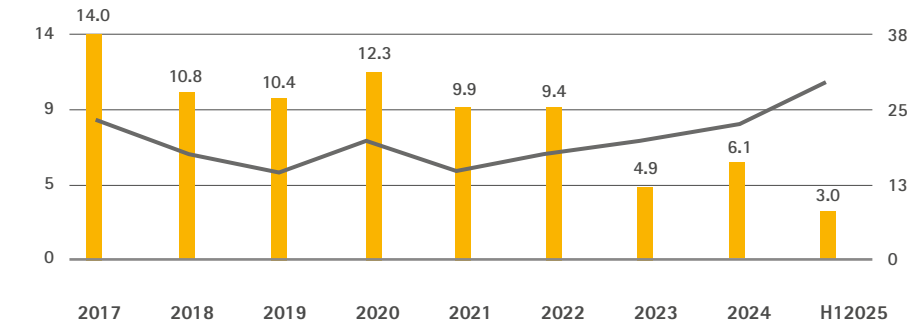
Residential properties (50 residential units or more) also recorded the largest transaction volume in the first half of 2025, accounting for 28 percent of the total volume or just under €4 Bn. Compared to the same period last year, this represents an increase of 41 percent. Retail properties followed in place two as the strongest asset class amongst the business properties. They held a share of 21 percent and a volume of about €3 Bn [see figure 29]. Commercial properties thus ranked before warehouse and logistics properties, which made third place at about 18 percent and a transaction volume of €2.6 Bn. They were placed before office properties, which continued in place four at 15 percent and €2.1 Bn. The transaction volume in these three asset classes of the commercial property segment was down on the previous year. The healthcare property asset class recorded significantly higher investment volumes than in the same period of the previous year with an increase of 153 percent to €875 M and hotels with an increase of 87 percent to €906 M, which corresponds to a good 6 percent of the total volume in each case.



14.2

€bn
transaction volume
reached the property
investment market in
Germany (H1 2025)

[29] Retail transaction volume – share of total investment volume (CRE)



■ Retail trade volume in Bn euros (left axis)
— Retail share of commercial property transaction volume in percent (right axis)

Source: CBRE Research

2.2 REVIVAL IN THE RETAIL PROPERTY INVESTMENT MARKET

RETAIL STRONGEST ASSET CLASS IN THE FIRST HALF OF 2025

Germany's weak overall economic growth also made itself felt in the retail landscape in 2024 and was reflected in an overall mixed picture of sector development – although some general conditions improved over the course of the year.

The inflation rate of 2024 was significantly below the level of the three previous years: Consumer prices rose by an annual average of 2.2 percent as compared to 2023. The price trend for goods was moderate – an increase of 1.0 percent compared to the previous year, with food prices rising by 1.4 percent. The decline in inflation combined with positive real wage development over the course of 2024 has slightly improved private households' ability to consume. This led to a slight recovery in consumer sentiment at the end of the year, even though the overall consumer climate remains at a low level and the high savings rate persists. In 2024, the retail sector could record a slight increase in real sales of 1.1 percent as compared to the previous year. An increase of 2.6 percent in real turnover was recorded in the second half of the year in particular.

Other factors and developments contributed to the slight upward trend in the general conditions for the retail sector in Germany last year as well: The COVID-19-related sharp drop in footfall has been overcome, rents in the particularly sought-after high-street locations have risen slightly, and the structural challenges of online retail also appear to have been overcome – at least in the premium locations of the top cities.

In light of this, investors once again found greater favour with retail property investments last year. Accordingly, the transaction volume in the retail investment market increased by 26 percent year-on-year to €6.1 Bn in 2024 as a whole. The number of transactions also increased – 10 percent more transactions were registered in 2024 than in the previous year. Apart from this, the share of the retail transaction volume in the total commercial property investment volume was higher than in the previous six years at 24 percent.



INDIVIDUAL TRANSACTIONS CHARACTERISE INVESTMENT YEAR 2024

The year was characterised in particular by large individual transactions, in particular trophy objects in the top locations. The portfolio ratio fell by 30 percentage points to 16 percent and the share of the top 7 markets rose significantly by 30 percentage points to 53 percent as a result of this. Market activity over the four quarters was significantly influenced by first-class retail properties in high-street locations. They accounted for a transaction volume of €2.9 Bn, which corresponds to a 47 percent share of the total retail investment volume – the highest proportion of high-street objects since the start of the survey in 2009. An analysis of investment activity in the retail segment over the course of 2024 shows that the transaction volume was highest in the second quarter at €2.1 Bn. This quarter's result was dominated by the complete acquisition of KaDeWe in Berlin by the Thai company Harnng Central Department Store Limited

In the second quarter of 2024, the full acquisition of KaDeWe by Thai retailer Harnng Central Department Store Limited determined the result.

with a volume of around €1 Bn. The first quarter of 2024 recorded the second-highest transaction volume over the course of the year at €1.5 Bn. In this period, too, the volume was significantly influenced by large individual transactions, namely the sale of two prime retail properties in Munich: Fünf Höfe and Maximilianstraße 12–14 [see figure 30].

[30] Selected retail investment deals 2024 and 1st half of 2025

Transaction period	Name	Type of investment	Number of objects	Object type	Location	Purchase price in € (rounded, partly estimated)	Buyer	Seller
2024 Q2	KaDeWe	Single Asset	1	Department store	Berlin	1,000,000,000	Harng Central Department store Limited	Signa Holding
2024 Q1	Fünf Höfe	Single Asset	1	Commercial building with residential/office section High Street	Munich	715,000,000	Athos Real Estate GmbH	Union Investment Real Estate
2024 Q3	Pasing Arcaden	Single Asset	1	Shopping center	Munich	388,000,000	Ingka Centres	Unibail-Rodamco-Westfield
2024 Q1	Maximilianstraße 12-14	Single Asset	1	Commercial building with residential/office section High Street	Munich	250,000,000	Commerz Real	Centrum
2024 Q1	KII	Single Asset	1	Commercial building with residential/office section High Street	Düsseldorf	< 200,000,000	B&L Real Estate GmbH	Centrum
2024 Q2	RFR / GKK	Portfolio	7	Department store	Various	170,000,000	RFR Holding	Signa Holding
2024 Q2	formerly Kaufhof	Single Asset	1	Department store	Düsseldorf	132,000,000	State capital Düsseldorf	Signa Holding
2024 Q4	Saphir	Portfolio	16	Discounter	Various	100,000,000	N/A	Lidl
2024 Q1	DKonsum 14	Portfolio	14	Retail park	Various	85,000,000	GPEP	Deutsche Konsum
2024 Q1	Rosenstraße 8	Single Asset	1	Commercial building with residential/office section High Street	Munich	85,000,000	Private investor	Signa Holding
2024 Q4	Kaufhof Rotkreuzplatz	Single Asset	1	Department store	Munich	70,000,000	OFB Projektentwicklung	Signa Holding
2024 Q2	KÖ 35	Single Asset	1	Commercial building with residential/office section High Street	Stuttgart	65,000,000	Conren Land	Competo Capital Partners GmbH / W2 Development GmbH
2024 Q4	Peakside / Stoke - Local supplier	Portfolio	23	Superstore	Various	65,000,000	Peakside Capital Advisors AG / Stoke Park Capital GmbH	GRR Garbe Retail
2024 Q2	Chase	Portfolio	10	Superstore	Various	60,000,000	Greenman Investments Limited	EDEKA Nordbayern Bau- und Objektgesellschaft
2024 Q4	Darmstädter Hof Centrum	Single Asset	1	Shopping mall	Heidelberg	< 60,000,000	Gloram Real Estate	Pimco Real Estate GmbH
2024 Q4	Hahn Kaufland PF	Portfolio	5	Superstore	Various	56,000,000	Hahn AG	N/A

Transaction period	Name	Type of investment	Num-ber of objects	Object type	Location	Purchase price in € (rounded, partly estimated)	Buyer	Seller
2024 Q3	QF Quartier an der Frauenkirche	Single Asset	1	Commercial building with resi-dential/office section High Street	Dresden	52,100,000	Values	Private investor
2024 Q1	Lindaupark	Single Asset	1	Shopping center	Lindau (Lake Constance)	< 50,000,000	Monvue Holding GmbH / Schulz & Partner	Feneberg Grundstücksgesellschaft mbH
2024 Q2	FMZ Eidelstedt	Single Asset	1	Retail park	Hamburg	48,200,000	LHI-Gruppe	Union Investment Real Estate
2024 Q2	Tauentzien 20	Single Asset	1	Commercial building with resi-dential/office section High Street	Berlin	47,000,000	Midstad Development GmbH	Signa Holding
2024 Q3	Allee-Center	Single Asset	1	Shopping center	Leipzig	> 40,000,000	Arrow Global Germany GmbH	Hamburg Commercial Bank AG
2024 Q4	4 Gewinnt	Portfolio	4	Retail park	Various	40,000,000	Slate Asset Management L.P.	Modulus Real Estate
2024 Q4	Novo M	Single Asset	1	Commercial building with resi-dential/office section High Street	Cologne	40,000,000	Pamera Real Estate Partners GmbH	Tristan Capital Partners
2024 Q4	formerly Kaufhof	Single Asset	1	Department store	Bremen	37,200,000	BRESTDAT GmbH	Branicks Group AG
2024 Q4	Citycenter Life	Single Asset	1	Retail park	Lichtenfels	35,400,000	Union Investment Real Estate	Swiss Life AG
2024 Q4	Thalia-Haus	Single Asset	1	Commercial building with resi-dential/office section High Street	Hamburg	35,000,000	Family Office	Signa Holding
2024 Q2	ILG Schoofs – 5 in Westphalia	Portfolio	5	Discounter	Various	> 30,000,000	ILG Holding GmbH	Josef Schoofs Immobilien GmbH
2024 Q4	FMZ Empelde	Single Asset	1	Retail park	Ronnenberg	< 30,000,000	EDEKA	HIH Real Estate GmbH
2024 Q1	Alte Weberei	Single Asset	1	Retail park	Bielefeld	< 30,000,000	Hauck Aufhäuser Lampe Privatbank	Sistema Capital Partners
2024 Q2	OBI Markt	Single Asset	1	DIY and home improvement store with garden centre	Cologne	26,000,000	Hahn AG	N/A
2024 Q1	toom Baumarkt	Single Asset	1	DIY and home improvement store with garden centre	Bremen	25,000,000	BNP Paribas	N/A
2024 Q1	GRR & Sontowski	Portfolio	4	Neighborhood center	Various	23,000,000	GRR Garbe Retail	Sontowski & Partner
2024 Q2	Habona 4 Gewinnt	Portfolio	4	Superstore	Various	22,500,000	Habona Invest GmbH	Slate Asset Management L.P.
2024 Q4	Haerder-Center	Single Asset	1	Shopping center	Lübeck	> 20,000,000	Concarus Real Estate Invest	Hamborner Reit
2024 Q2	The Box	Single Asset	1	Retail park	Nuremberg	< 20,000,000	REWE	Catella

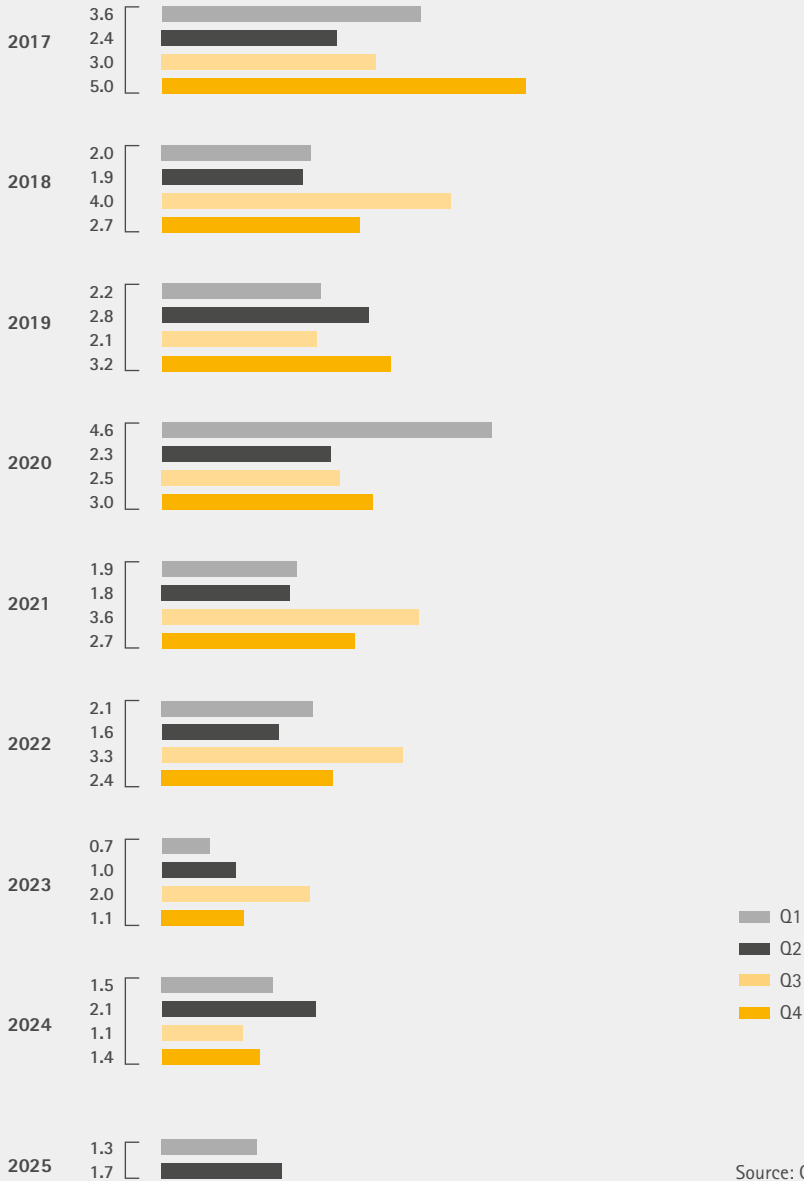
Transaction period	Name	Type of investment	Number of objects	Object type	Location	Purchase price in € (rounded, partly estimated)	Buyer	Seller
2024 Q2	CityCenter Gersthofen	Single Asset	1	Commercial building with residential/office section High Street	Gersthofen	< 20,000,000	Concrete Capital	BS-Wohnbau Ingolstadt GmbH
2024 Q2	Mercaden Dorsten	Single Asset	1	Shopping center	Dorsten	19,500,000	Saller Bau	Landesbank Hessen-Thüringen Girozentrale
2024 Q2	Tengelmann Center	Single Asset	1	Retail park	Murnau a. Staffelsee	18,000,000	Family Office	Trei Real Estate Deutschland GmbH
2024 Q1	Chiemgau Arkaden & MediaMarkt	Single Asset	1	Retail park	Traunreut	> 15,000,000	FIM Immobilien Holding	N/A
2025 Q2	Porta / XXXLutz	Portfolio	> 100	Möbelmarkt	Various	< 1,000,000,000	XXXLutz KG	Porta Möbel Handels Beteiligungs GmbH
2025 Q1	Designer Berlin Outlet	Single Asset	1	Factory Outlet Center	Wustermark	230,000,000	Frey Group	Nuveen Asset Management Europe S.à r.l.
2025 Q1	Local supplier PF	Portfolio	22	Supermarket	Various	132,000,000	Habona Invest GmbH	Pension fund
2025 Q1	SSC Schloss-Straßen-Center	Single Asset	1	Shopping center	Berlin	< 40,000,000	Porth Gruppe	Hamburg Commercial Bank AG
2025 Q1	Kaufingerstraße 7	Single Asset	1	Commercial building with residential/office section High Street	Munich	30,000,000	Family Office	Elisabeth Mangold
2025 Q1	Langgasse 5-9	Single Asset	1	Commercial building with residential/office section	Wiesbaden	< 30,000,000	SEG Stadtentwicklungsgesellschaft Wiesbaden	Signa Holding
2025 Q1	E-Center Singer	Single Asset	1	Retail park	Wasserburg am Inn	27,500,000	ILG Holding GmbH	Private investor
2025 Q2	ALDI / DEFAMA	Portfolio	11	Retail store	Various	20,000,000	DEFAMA	ALDI
2025 Q2	Vintage PF	Portfolio	11	Retail store	Various	19,400,000	N/A	Deutsche Konsum
2025 Q2	Schlaus 6	Portfolio	6	Retail store	Various	> 15,000,000	Propetti Investment Holding GmbH	Schlau-Beeth Familientreuhand GmbH
2025 Q2	Schwedendamm 3	Single Asset	1	Neighborhood center	Rathenow	8,100,000	Dr. Peters GmbH & Co. Emissionshaus KG	N/A
2025 Q2	PENNY PF	Portfolio	2	Discounter	Various	7,700,000	PENNY	Paref Gestion

Although activity on the retail property investment market increased overall in 2024, the transaction volume in each of the four quarters was below the long-term average of €2.48 Bn between Q1 2009 and Q4 2023 [see figure 31]. The transaction volume was also below average in the first two quarters of 2025. In the first half of 2025, the retail property investment market achieved a transaction volume of €3 Bn – 19 percent less than in the same period of the previous year. This was the third weakest half-year since records began, after 2009 and 2023. Nevertheless, retail properties were the strongest asset class

of all commercial properties in the first six months of 2025. The acquisition of Porta-Immobilien by XXXLutz for a high three-digit million euro amount had a significant impact on the volume. Accordingly, retail stores and retail parks accounted for the largest share of the transaction volume in the first half of the year with 68 percent and a volume of €2 Bn. In 2024 as a whole, their share was just 33 percent. The package sale of furniture stores also increased the portfolio rate by 40 percentage points, reaching 55 percent, and the share of international investors by 21 percentage points, reaching 61 percent.



[31] Development of the transaction volume of retail properties
Data in Bn euros



Source: CBRE Research

2.3 OPPOSING DYNAMICS

INDIVIDUAL VS. PORTFOLIO TRANSACTIONS

The investment market for retail properties was largely characterised by large-volume individual transactions in 2024. The volume of portfolio transactions reached an all-time low at the same time: €1 Bn in total was invested in retail portfolios – a figure that has never been lower except for the year of 2009. The portfolio transaction volume is, therefore, only around half of the previous year's volume and accounted for just 16 percent of the total volume. Four portfolio transactions with a volume of over €100 M were registered in 2024 – corresponding to a total of around €390 M. One of the largest portfolio transactions was the acquisition of seven Galeria properties by RFR Holding from insolvent Signa Holding for a volume of €170 M. The Saphir property package with 16 branches of the food discounter Lidl was sold for around €100 M on top of this. In terms of the number of object, the largest transaction last year was the sale of 23 superstores by GRR Garbe Retail to Peakside Capital Advisors AG /

Stoke Park Capital GmbH with a volume of €65 M. Another 27 portfolio transactions totalling €680 M were recorded in the size categories below €100 M. Domestic investors were more involved in package purchases than foreign investors, with national players responsible for around 70 percent of the volume allocated within the scope of portfolio transactions.

In contrast to the low momentum in portfolio transactions in 2024, a significantly higher volume of parcel purchases was recorded in the first half of 2025, which has already exceeded that of 2024 as a whole. A total of 13 portfolio transactions accounted for €1.6 Bn and thus a 55 percent share of the total volume – the last time a higher portfolio ratio was achieved in a first half-year was in 2020. Porta / XXXLutz, two further package acquisitions in the €100 M plus category were registered in addition to the largest portfolio transaction in terms of volume and number of properties.

BERLIN AGAIN TOPS THE LIST AMONGST THE TOP 7

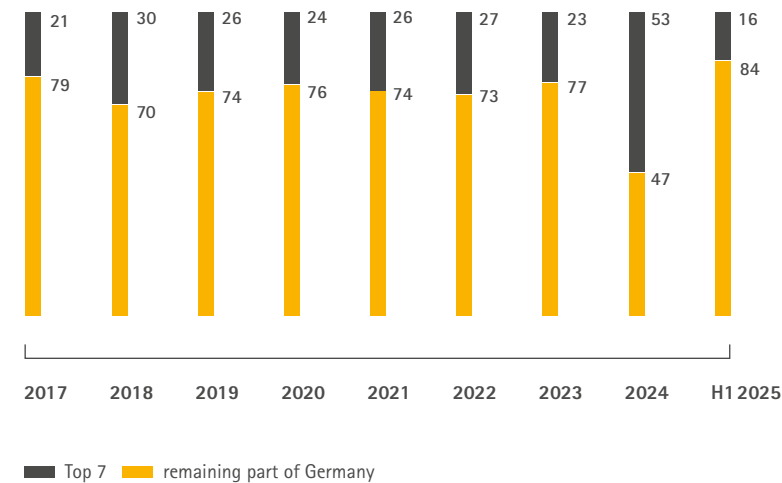
The market share of the top 7 locations Berlin, Düsseldorf, Frankfurt am Main, Hamburg, Cologne, Munich, and Stuttgart rose sharply in 2024 when looking at the spatial distribution of retail investments. However, it dropped again considerably in the first half of 2025 [see figure 32].

The volume of retail investments in the seven top locations totalled €3.2 Bn due to the large-volume individual transactions last year. The share of these locations in the total volume was, therefore, 53 percent and 30 percentage points above the 2023

level. Investors focused in particular on commercial buildings and department stores in high-street sites with a total volume of over €2.2 Bn and a total of 21 objects sold. Shopping centers performed second best in the top 7 metropolises with a volume of €558 M. This corresponded to a share of 17 percent of the total volume of the top 7, 13 percentage points more than in 2023. Berlin was the most dynamic retail investment location in Germany in 2024 again, just as in previous years: The capital city achieved a market share of 44 percent of the total transaction volume of the seven major cities with an investment volume of

[32] Transaction volume of retail properties by location

Figures in percent



Source: CBRE Research

€1.4 Bn. The decisive factor for this volume was the KaDeWe transaction in City West. In the immediate vicinity of KaDeWe and also from Signa Holding, another high-street object, Tauentzien 20, was sold to Midstad Development GmbH for €47 M. Munich followed Berlin with a transaction volume of around €1.1 Bn and a 33 percent share of the top 7 volume. In addition to the two trophy objects Fünf Höfe and Maximilianstraße 12-14, the sale of two other Signa Holding properties in the Bavarian capital, Rosenstraße 8 for €85 M and Kaufhof Rotkreuzplatz for €70 M, were also significant. Düsseldorf follows at a considerable distance with a transaction volume of €363 M or a share of 11 percent. However, large-volume properties were also sold here. This included the high-street commercial building KII on Schadowstraße for less than €200 M and the former Kaufhof am Wehrhahn of Signa Holding to the City of Düsseldorf for over €100 M as a new location for the Opera on the Rhine. Hamburg followed with a transaction volume of €232 M and a share of 7 percent. A Signa Holding object was also sold in the Hanseatic city: The Thalia building sold to a family office for €35 M at the end of 2024. Each of the other three metropolises of Cologne, Stuttgart, and Frankfurt registered a transaction volume of less than €100 M in 2024. A total transaction volume amounting to €77 M was recorded in Stuttgart, where the KÖ35 object on the Königstraße high street was sold for €65 M. This equals a share of just 2 percent. The transaction volume in Cologne was similar to that in Stuttgart, at a total of €72 M. Frankfurt am Main ranked last among the top 7 cities with a transaction volume well below €50 M.

FOCUS ON FOOD-CENTRIC FORMATS

Away from the top 7 locations, the transaction volume totalled €2.9 Bn in 2024. Investment activity was strongest in the fast-moving consumer goods (FMCG) segment and food-anchored retail formats such as retail parks and supermarkets, just as in the previous year. Apart from retail stores, retail parks, and convenience retail centres, DIY, furniture and cash & carry stores, this segment also includes various types of food retail properties, including discounters, supermarkets, superstores, and hypermarkets.

This sub-asset class accounted for a total of €1.8 Bn, corresponding to 62 percent of the total volume of transactions outside the seven investment centres. €722 M from this amount was invested in food retail properties, accounting for a share of 25 percent. A lower volume of €660 M was achieved by commercial buildings and department stores in top city centre locations, accounting for 23 percent of the total. This result again represents an increase of 13 percentage points as compared to the previous year. Among the high-street objects sold was a change of ownership of the Quartier an der Frauenkirche for around €52 M in Dresden. A total transaction volume of €337 M was recorded in the shopping center segment. This corresponds to a share of 12 percent in the total volume. One of the largest transactions in this sub-asset class was the sale of the Darmstädter Hof Centre in Heidelberg for less than €60 M. In the price category between €40 and 50 M, the Lindaupark in Lindau on Lake Constance and the Allee-Center in Leipzig were also sold.

TOP 7 SHARE DECLINES IN THE 1ST HALF OF 2025

In the first half of 2025, the share of the top 7 cities was significantly reversed compared to the B locations and regional centres. In these first six months, a total of €475 M was invested in the seven metropolises, which corresponds to only 16 percent of the total transaction volume. Compared to the same period last year, this represents a significant decrease of 45 percentage points. Berlin is once again at the top of the list of major cities, albeit with a lower overall volume of €189 M and 40 percent of the total volume of the top 7 cities. In the first quarter of 2025, the SSC Schloss-Straßen-Center, which the Porth Group acquired from Hamburg Commercial Bank AG for less than €40 M, was sold here. All of the other six metropolises recorded transaction volumes of less than €100 M in the first half of the year. A transaction volume of €85 M and a share of 18 percent was recorded in Hamburg, followed by Munich with €71 M and 15 percent. Among other things, a commercial property at Kaufingerstraße 7 was sold to a family office for €30 M. This was followed by the two Rhine metropolises of Düsseldorf with €56 M and Cologne with €51 M, corresponding to market shares of 12 percent and 11 percent respectively. Finally, a transaction volume of €24 M was recorded in Frankfurt am Main, which is 5 percentage points higher than in 2024 as a whole. No retail property transactions have been registered in Stuttgart so far this year.

In contrast, about €2.5 Bn was invested outside the top 7 locations in the first half of 2025. 75 percent of the total volume was accounted for by the group of specialist retail properties including supermarkets, with a transaction volume of €1.9 Bn. The Porta / XXXLutz transaction also played a decisive role in this result, as a large number of the furniture stores are located outside the seven metropolises.

The transaction volume of the various types of stand-alone food markets totalled €676 M, which corresponds to a 69 percent growth as compared to the same period of the previous year. Factory outlets came a distant second, with investments totalling €230 M and a share of 9 percent. Away from the top 7 cities, sales activities in this sub-asset class were last registered in 2020. The sale of the Designer Outlet Berlin in Wustermark was largely responsible for this result. This was purchased from the Frey Group in the first quarter of 2025 for a total of €230 M. High street objects followed in third place with a similarly high transaction volume of €216 M and a share of 9 percent.

2.4 RECORD MARKET SHARE IN THE HIGH-STREET SEGMENT

Dominance of high-street properties in transaction activity continued throughout 2024 is readily evident in the retail property investment market. Commercial properties in the main shopping streets accounted for 47 percent of the total investment volume with a transaction volume of €2.9 Bn [see figure 33]. This represents the highest proportion of high-street objects since the start of data collection in 2009. The segment's share increased by 26 percentage points and the number of transactions was also 40 percent higher than in the previous year. The objects were in particular demand from family offices and private investors, who took advantage of the market situation to secure individual, sought-after trophy objects in Germany's top cities. The high transaction volume in this sub-asset class was characterised in particular by a large number of sales of department stores and commercial properties by Signa Holding. The above sale of KaDeWe for around €1 Bn was the key factor behind the high transaction volume totalling €1.7 Bn in the department stores' sub-segment. City centre commercial properties in main shopping streets also accounted for a transaction volume of over €1 Bn, with the two major deals in Munich dominating the market.

The momentum in the city centre commercial buildings and department stores' segment weakened in the first half of 2025, however. The market share of this sub-asset class amounted to just 12 percent year with a transaction volume of €365 M, which is 52 percentage points below the level of the same period of the previous year. Only individual transactions have taken place in the high-street property sub-segment so far this year. All in all, the focus currently is on city centre properties outside the top 7 cities, 59 percent of the transaction volume of commercial buildings and department stores took place outside the seven largest German metropolises.

The retail and food market segments recorded the second-highest share of the retail property market in 2024 with a transaction volume of over €2 Bn and 33 percent. Food-anchored objects remained high up in investors' favour even if the record market share of the retail store segment was significantly higher at 67 percent in 2023. A transaction volume of around €1.3 Bn was allocated to the specialist stores, giving them a market share of 21 percent. A transaction volume of €770 M was recorded by food retail (discounters, supermarkets, superstores, and hypermarkets), which generated a market share of 13 percent.

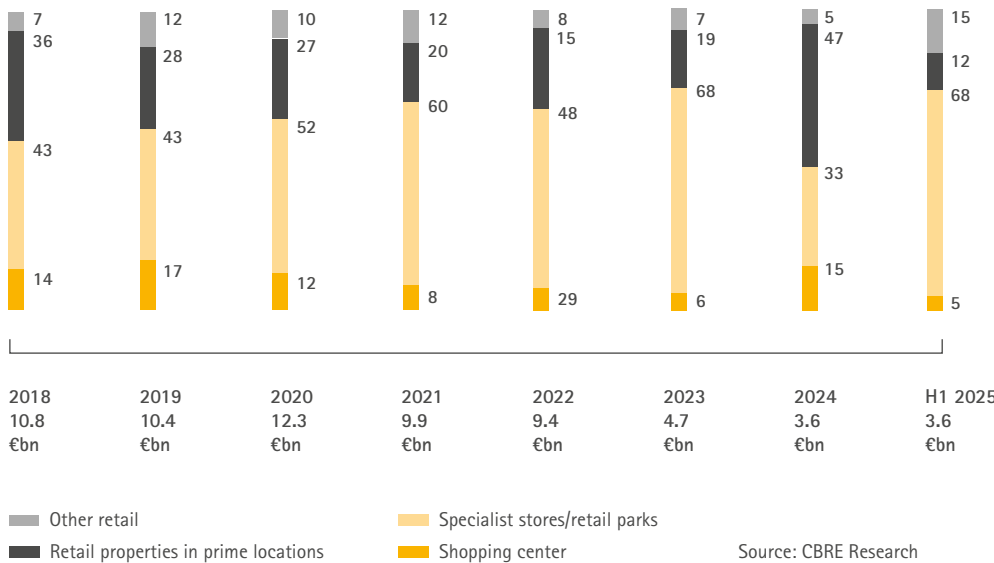
THE SUB-SEGMENT IS DOMINATED BY RETAIL PARKS

The transaction activity at the level of the individual property types clearly reflect that retail parks continued to be the most popular. €753 M were accounted for by this sub-segment and thus the highest share of 37 percent of the transaction volume for specialist stores [see figure 34]. This was at a similar level of 35 percent in 2023. The retail park portfolios sold in 2024 included Deutsche Konsum's package of 14 properties, which was sold to GPEP for €85 M, and the 4 GewinnT portfolio, in which four objects changed hands for a total of €40 M. One of the largest single transactions among the retail parks was the sale of the FMZ Eidelstedt in Hamburg, which was sold by Union Investment Real Estate to the LHI Group for around €48 M. The second largest market share of 15 percent was recorded by superstores, which were able to increase their share by 8 percent compared to the previous year. Portfolio transactions influenced the investment volume in this subgroup as

well: In addition to the above Peakside/Stoke portfolio, the Chase portfolio of ten objects in the same price category was sold by EDEKA Nordbayern Bau- und Objektgesellschaft to Greenman Investments Limited for €60 M. Hahn Gruppe purchased a superstore portfolio that comprises five objects for a total of €56 M. The third-largest market share in the retail store segment in 2024 was shared by discounters and neighborhood centers with 13 percent each. The largest discounter portfolio sale of over €100 M was the Lidl-Saphir property package. However, individual transactions were more popular than package purchases within the entire specialist and food store segment. Portfolio transactions accounted for €790 M, giving them a share of 39 percent, 24 percentage points less market share than in 2023. Finally, all other subgroups of the specialist retail and food market segment accounted for less than 10 percent of the total transaction volume in 2024.

[33] Retail investments by asset class

Figures in percent



CORE AND CORE PLUS STRATEGIES PREFERRED BY INVESTORS

Core and core-plus strategies were by far the most frequently pursued by investors in the specialist retail segment in 2024. They achieved a share of 68 percent together, exceeding the previous year's results by 10 percentage points. Objects with potential for value appreciation accounted for a quarter of the total segment volume. Looking at the nationalities of buyers in the retail store group, domestic investors were more active than foreign investors, meaning that 66 percent of objects were purchased by national players. Their share increased by 16 percentage points compared to the previous year.

Retail stores and food markets once again gained in popularity in the first half of 2025. The volume doubled compared to the same period of the previous year with a transaction volume of around €2 Bn. These objects accounted for 68 percent of the retail property market, 40 percentage points more than in the first half of 2024. A large proportion of the total volume in this segment is attributable to the above portfolio of furniture stores. Investors continued to focus on food markets: A volume of €685 M was allocated to discounters, hypermarkets, supermarkets, and superstores in the first six months of 2025. This is 62 percent more than in the same period of the previous year.

The individual sub-segments of retail stores show that supermarkets with a share of 19 percent and a transaction volume of €382 M recorded strong interest in demand, following the group of furniture stores with a market share of 47 percent. The package sale of a total of 22 supermarkets to Habona Invest GmbH for €132 M had a particularly positive impact on the half-year result. Retail parks ranked third within the

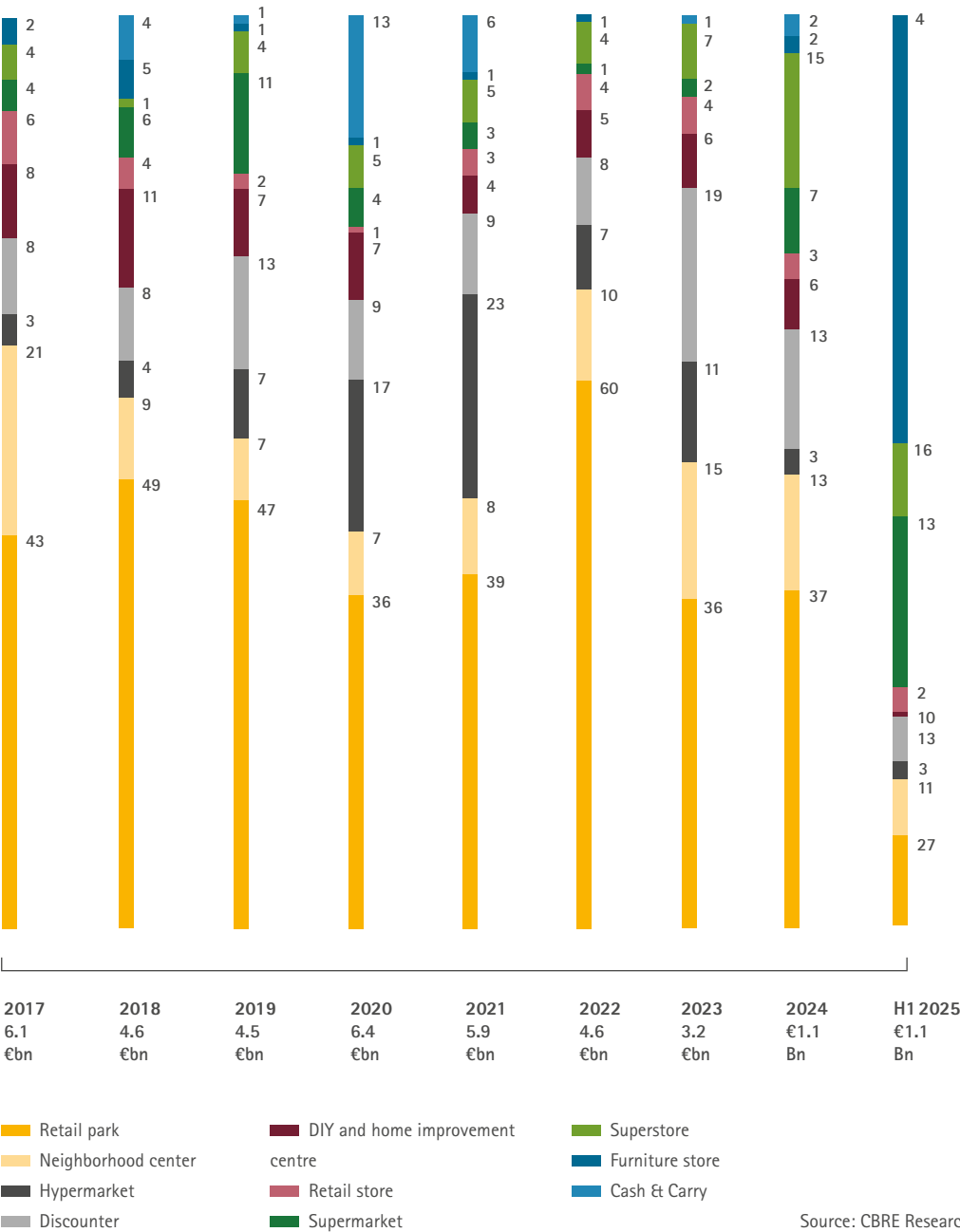
retail store group with a transaction volume of €204 M and a share of 10 percent. One example of this is the sale of the Singer e-centre in Wasserburg am Inn for around €28 M. All other subgroups of specialist and food stores accounted for less than 10 percent of the total market share in this segment in the first half of 2025.

Core and core-plus strategies dominated transaction activity in the first half of 2025 in addition to the high owner-occupier share of over 53 percent due to the furniture store takeover. About €825 M was invested in these products, accounting for 40 percent of the total transaction volume among specialist and food markets. In contrast, opportunistic and value-add objects have not been characterised by strong investor interest to date. Buying interest by nationality reversed again in the first six months of 2025, with foreign investors accounting for a total of 70 percent of purchases of specialist retail properties.

Greater momentum was registered in the shopping center segment in 2024. Its share rose to 15 percent, slightly above the average of the previous five years, with an investment volume of around €900 M. The share increased by 9 percentage points and the transaction volume even more than tripled as compared to 2023. This result was significantly influenced by the acquisition of the Pasing Arcaden in Munich by Ingka Centres for a total of €388 M.

However, the upward trend in activity in the sub-asset class of shopping centers did not continue in the first half of 2025. Shopping center have accounted for around €139 M to date. This increases their share of the retail property investment market to 5 percent.

[34] Retail investments by asset class – subgroup retail warehouse properties
Figures in percent



Source: CBRE Research

2.5 INTERNATIONAL INVESTOR INTEREST IS GROWING

The changed market and interest rate environment in Germany had made foreign retail investors more cautious in their activities on the retail property market in 2023. Their interest increased again in 2024 as a result of the stabilising conditions for retail investments in Germany. The absolute investment volume of international players of €2.4 Bn increased by 15 percent compared to the previous year. Thai investors accounted for 16 percent of the total transaction volume on the market amongst the international players. This refers to an investment volume of €1 Bn due to the sale of Berlin's KaDeWe department store to Harng Central Department Store Limited. Dutch investors were also active in the local retail property market. These accounted for 8 percent of the transaction volume, with the purchase of the Pasing Arcaden from Ingka Centres, amongst other ones, making a significant contribution.

Nevertheless, domestic investors continued to dominate market activity in 2024 [see figure 35]. The total transaction volume of domestic players was €3.7 Bn, 35 percent higher than in 2023. Their relative share was, therefore, 61 percent, i.e., 4 percentage points above the previous year's value.

Domestic and foreign players were equally active on the seller side. International sales activities were dominated by the large number of objects sold by insolvent Signa Holding, with Austria accounting for 26 percent of the total turnover volume.

In contrast, foreign investors were more active in the retail property investment market than domestic investors in the first half of 2025. International investors bought retail properties for a total of €1.8 Bn, 24 percent more than in the same period last year. This means they accounted for 61 percent of the market in the first half of 2025. The special effect of the Möbelmarkt acquisition also plays a key role here, as XXXLutz-Gruppe is an Austrian chain of furniture stores.

In light of this acquisition, significantly more domestic players on the seller side parted with their retail properties than foreign ones, as Porta Möbel Handels Beteiligungs GmbH is a German company. In the first six months of 2025, the proportion of domestic sellers was 71 percent and the transaction volume amounted to over €2.1 Bn.

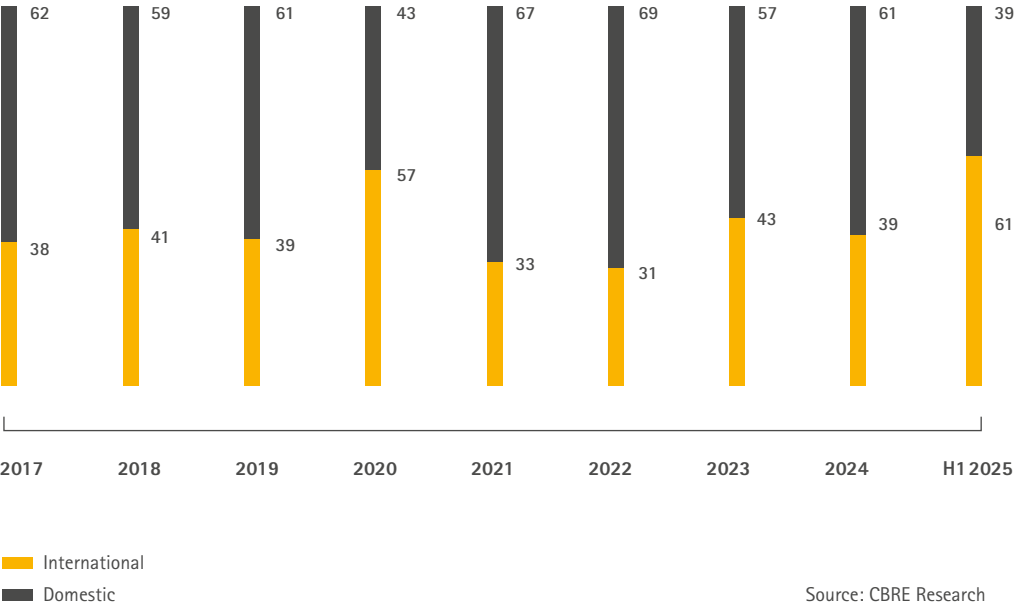
CORPORATES DOMINATE THE MARKET

Corporates were the most active investor group in the purchase of retail property in Germany in 2024. They acquired retail properties worth €1.7 Bn and a 28 percent share of the total volume [see figure 36]. Corporates thus had a clearly positive net balance sheet with a volume of over €1 Bn due to sales of only €530 M. In addition, private investors were also particularly active on the German retail property investment market, accounting for a share of 20 percent, as conditions normalised. They invested €1.2 Bn, which amounts to twice as much as in 2023. However, this group of players also sold

objects totalling €1.9 Bn, resulting in a negative net investment volume of €624 M. The investor group of property companies followed in third place, buying objects for a total of €615 M (10 percent) and disposing of properties with a volume of €437 M. The otherwise strong group of asset and fund managers by contrast only made up 9 percent of the total investment volume in 2024. However, this investor group was the second largest net buyer group last year after corporates with a positive investment balance of €336 M since they only disposed of objects totalling €242 M.

[35] Transaction volume of retail property by buyer nationality

Figures in percent



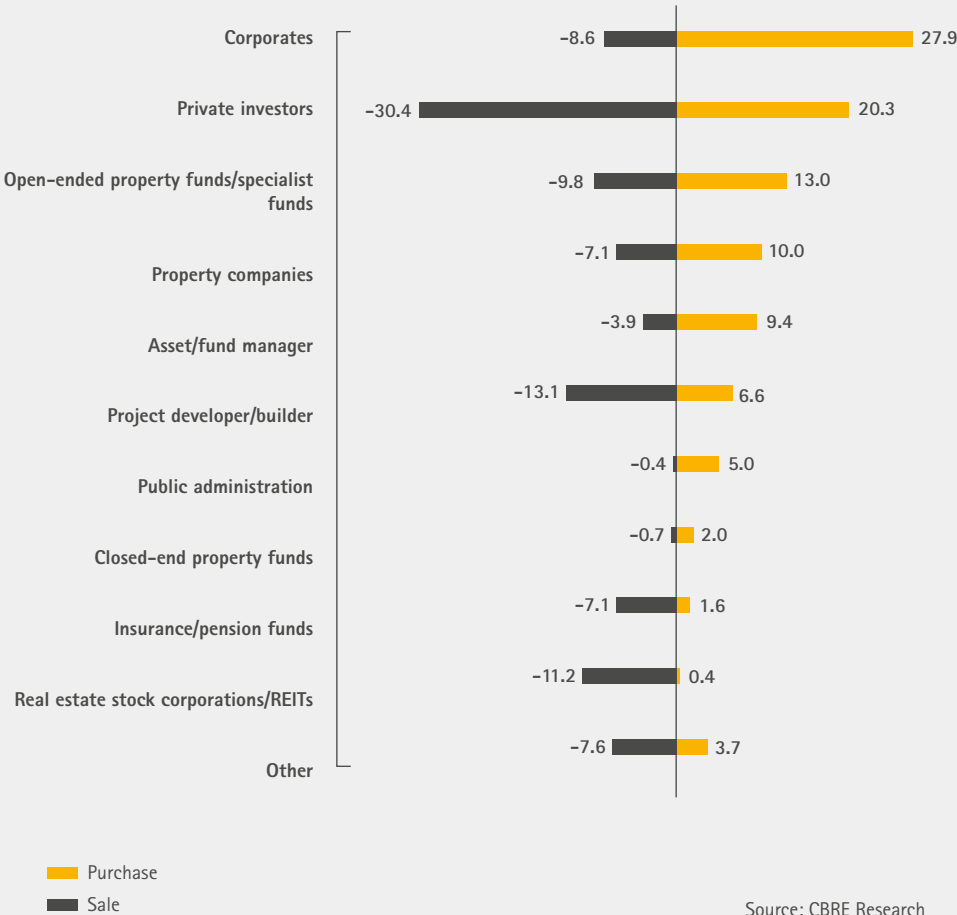
Source: CBRE Research

Corporates were once again by far the most active buyer group in the first half of 2025. They invested €1.2 Bn. However, due to sales totalling €1.2 Bn, corporates only had a slightly positive net balance of €6 M. This group of investors contributed to an investment share of almost 40 percent on the buyer side, not only due to the acquisition in the furniture segment, but also because various retail companies

were active in the food market segment, acquiring objects as owner-occupiers. Asset and fund managers follow in second place with a share of 17 percent. At €362 M, they were also the largest net buyer group. In addition, the activities of family offices continued to be noticeable, securing objects in city centre locations, amongst other ones, in the first half of 2025.



[36] Transaction volume of retail properties by investor type in 2024 as a whole
Figures in percent



Source: CBRE Research

2.6 PRIME YIELDS REMAIN LARGELY STABLE IN 2024

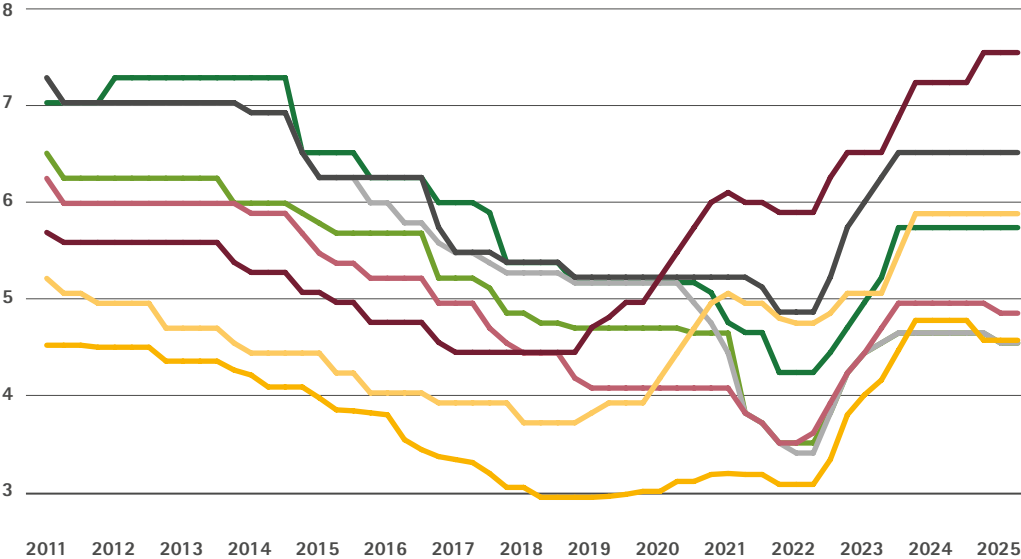
The upwards trend mostly ceased in 2024 after the turnaround in interest rates got yields on the property investment market moving and had them rise significantly in 2023 in particular. As financing conditions continued to stabilise, prime yields in all sub-segments of the retail property market also remained stable in the first three quarters of 2024. Different trends were visible again in prime yields in late 2024 and early 2025.

The first slight yield compression was recorded for prime retail properties, with the average prime yield in the top 7 cities falling by 0.2 percentage points to 4.64 percent in the fourth quarter of 2024. They have remained stable since. Between the top locations, the net initial yield at mid-2025 varies between 4.20 percent for first-class high-street properties in Munich and 4.95 percent for a comparable object in a premium location in Cologne. At the change of the year, food-anchored retail parks, food markets, and hypermarkets also showed a slight return compression by 0.1 percentage points each to 4.90 percent and 4.60 percent respectively [s. figure 37]. These have also remained stable by the middle of 2025. The prime yield of the specialist stores has also remained stable at 6.50 percent over the last one and a half years. In contrast, the yield gap for shopping centers in various locations widened further at the end of 2024. This quality-related difference in yields is exemplary for the entire segment and is also evident in many places

beyond the prime yields. As a result, prime yields for shopping centers in B locations rose by 0.3 percentage points to 7.50 percent in the fourth quarter of 2024. Prime yields for shopping centers in A locations have remained stable over the last 18 months and were unchanged at 5.90 percent in the second quarter of 2025 by contrast.

The European Central Bank (ECB) lowered both its main refinancing rate and the deposit rate by 0.25 percentage points to 2.15 percent and 2.00 percent respectively in early June 2025. This was the eighth rate cut since June 2024 and the third in a row in 2025. However, key interest rates were left unchanged following the European Central Bank's last interest rate decision at the end of July. Nevertheless, the yield on the ten-year German government bond at the end of the second quarter of 2025 was 2.60 percent, a good 0.14 percentage points higher than at the start of 2024. The yield differential to risk-free investments still narrowed slightly since the beginning of 2024 – with the exception of the difference for shopping centers in B locations [see figure 38].

[37] Development of prime yields for retail property
Figures in percent



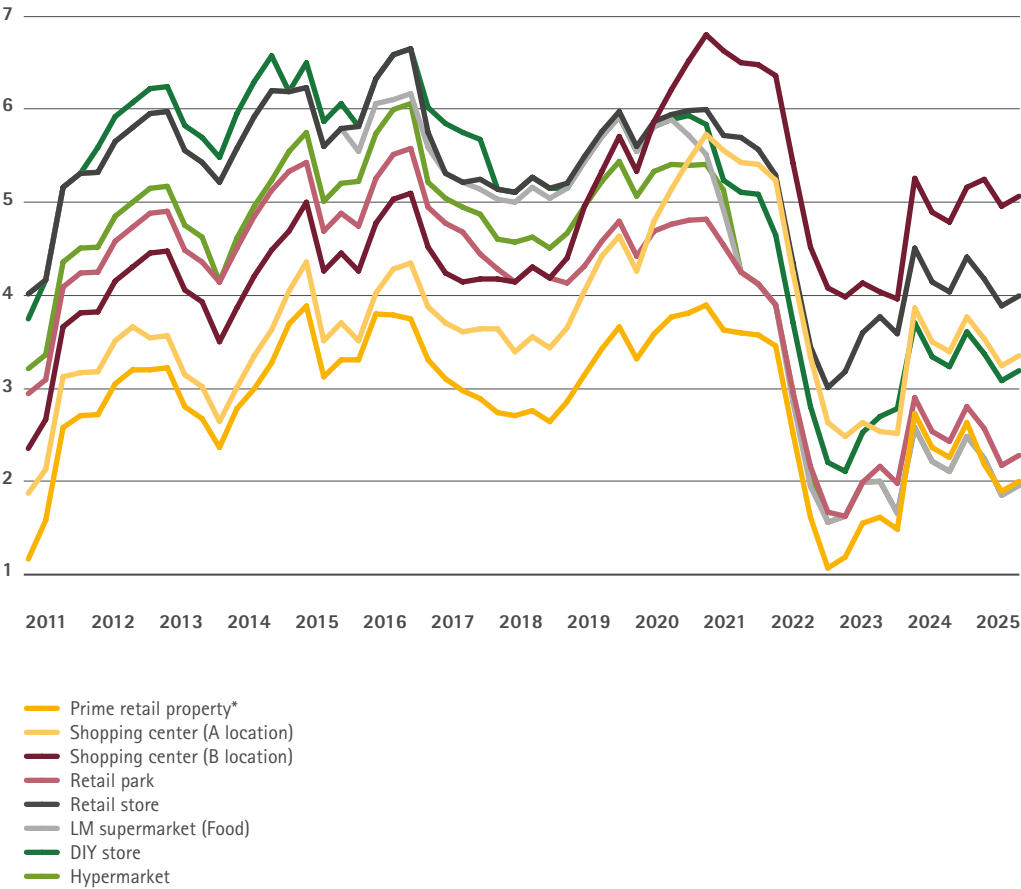
- Prime retail property*
- Shopping center (A location)
- Shopping center (B location)
- Retail park
- Retail store
- LM supermarket (Food)
- DIY store
- Hypermarket

* Average net initial yields for Berlin, Düsseldorf, Frankfurt, Hamburg, and Munich

Source: CBRE Research

2.7 OUTLOOK

[38] Difference between prime yield and risk-free interest rate
(10-year German government bond)
Figures in percent



Source: CBRE, Bundesbank

The expectation of an end to the recession in the current year and growth in the following years provides a good foundation for the prospects on the German property investment market – and, therefore, also for the retail property market. Nevertheless, the economic optimism of recent months has recently been slightly dampened again, as the uncertainties surrounding the United States' tariff policy are unsettling consumers in the country. A recovery in consumer sentiment is a long time coming, with the consumer climate indicator expected to fall by 1.2 points to a value of -21.5 points for August 2025 as a result of this. The propensity to save is rising in parallel – a clear sign of continuing economic caution among consumers while the willingness to make major purchases is falling. Nevertheless, consumers' income prospects are improving, which raises hopes of a recovery in consumer sentiment – in particular when there is more planning certainty again.

Now that the low point in the retail property investment market in 2023 has been overcome and market activity has gained momentum in the last 18 months, the transaction pipeline is still well filled. Large-volume retail properties are currently under review – including shopping centers – but due to the long duration of many transaction processes, it remains to be seen how the overall volume will develop over the course of the year. If the larger transactions are successfully completed in the second half of 2025, a total volume close to the previous year's figure could be within reach. Prime yields are likely to remain stable for the most part, even if there may be slight yield adjustments in certain areas depending on the location and condition of the retail properties.

Yield compression is expected in particular for retail parks with a focus on meeting daily needs and for high-street properties in prime locations in Germany's top cities. Investor interest in top objects in established sites remains particularly high here. It can also be assumed that rents for both types of retail property are going to increase due to the high level of rental interest from retailers. Finally, the gap between premium and secondary sites and between convenience and consumer-focused retail centres will remain or grow further.

EXCURSION

GROWING INVESTMENTS IN FOOD MARKETS

The food market segment has been enjoying steadily increasing popularity on the investment market for retail property in Germany for several years. This is clearly evident in the investment volume for this retail segment (discounters, supermarkets, superstores, and hypermarkets), which has grown significantly in recent years, allowing the sub-asset class to significantly increase its share of the retail transaction volume. While the share of food markets was around 8 to 9 percent annually until 2018, it increased to up to 24 percent (2021) and 26 percent (2023) in the following years. In the first half of 2025, food markets accounted for 23 percent of the total transaction volume in the retail sector.

There are many reasons for the popularity of this property investment class. The German food retail sector is highly branch-based and the tenant base of food markets is accordingly characterised by a manageable number of well-known and creditworthy retail companies operating nationwide. The majority of food retailers' properties in Germany are rented on the basis of long-term leases with terms of 10 or 15 years and renewal options.

The food retail sector, which is characterised by low margins compared to the rest of the industry, is highly resistant to online retailing and the trade in everyday consumer goods is less susceptible to fluctuations when consumers are reluctant to spend.

Food markets have a persistently attractive yield ratio – both in comparison with other asset classes and with government bonds, which are considered safe. Even if the spread has now narrowed again due to the recent slight fall in the prime yield for food markets from its current level of 4.60 percent, the gap remains attractive.

Finally, food markets are attractive to a large number of investors due to their small (but increasing) investment lot sizes. With an average purchase price for food markets of currently €2,215/sq m of retail space, this results in a calculated purchase price of around €2.4 M for a discounter with 1,100 sq m or €6.6 M for a superstore with 3,000 sq m, making these retail properties an easily accessible and liquid product for the investment market.

These specific features of the objects, which offer the prospect of a sustainably stable cash flow, are arousing the interest of German and increasingly also international investors in this asset class. Investors who have not been active in this segment or on the German market in the past are also increasing their exposure.

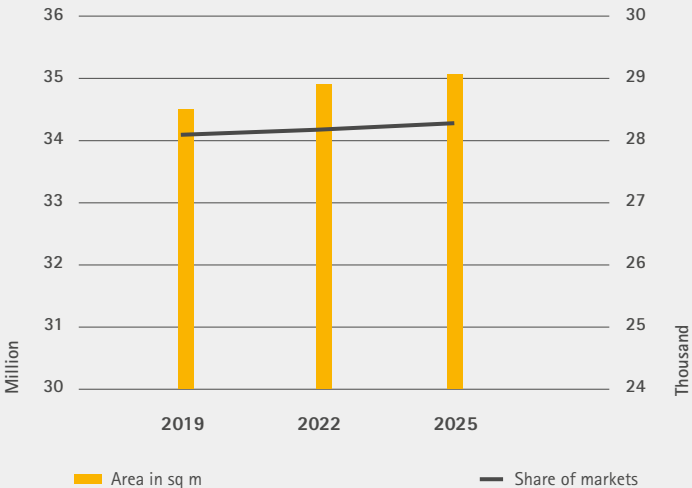
SCORING MODEL FOR DATA-BASED JUSTIFICATION OF THE INVESTMENT STRATEGY

New market participants must first become familiar with the characteristics of the German food market in order to be able to make a sustainable investment decision.

At more than 35,000 food markets in Germany, there is a high number of potential investment opportunities. However, the market tends to be saturated. The number of stores has increased by just 0.5 percent since 2019. The expansion process is characterised to a large extent by the consolidation of the company's own network of locations. Shops that no longer meet market requirements are being closed, while replacement locations are being implemented, usually in conjunction with an expansion of floor space. These framework conditions make it difficult to select suitable investment properties [see figure 39].

A data-based decision-making basis that can be customised to the specific requirements of the customer can be used to help identify attractive locations for food retailers.

[39] Development of the area and number of food markets in Germany



Source: Tradedimensions, CBRE Research

The following is an example of a scoring model that assesses the market performance for all 11,000 or so municipalities in Germany. The aim is to identify the best-performing locations nationwide for an informed investment decision.

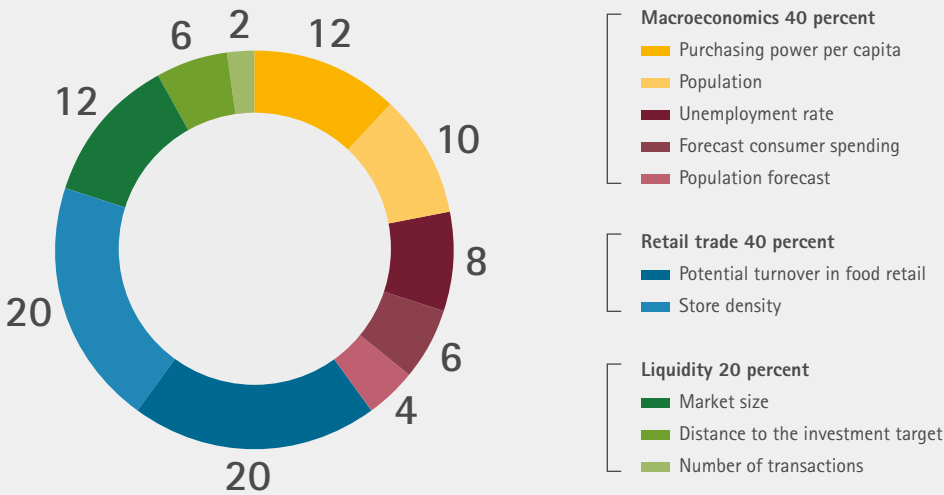
The scoring model is based on three evaluation clusters, each characterised by different indicators:

- 1. Macroeconomic fundamentals:** Factors such as population development, purchasing power and unemployment rate are taken into account in order to assess the economic stability and growth potential of a location.
- 2. Performance of the food retail trade:** This factor analyses the sales potential and the competitive situation in the food retail sector in order to identify locations with high demand and low competition.
- 3. Investment liquidity:** Evaluation of the number of transactions recorded in the past, the market size, and the proximity to the investor's notional preferred investment lot size in order to assess the liquidity of the market and the chances of a subsequent exit.

The factors and indicators are weighted and rated on a scale from 0 to 100, with 100 being the best possible value. The performance of the individual characteristics is based on a differentiated assessment of the indicator values, such as the overall level, the historical performance, the absolute difference within a period or the volatility. In order to avoid overweighting outliers, extreme values are capped. The cluster values are then aggregated and weighted to determine an overall score for each location. A ranking list of the most attractive markets for investments in the food market product is generated on this basis.

In this example, the focus within the scoring model was placed on the macroeconomic fundamentals and the key figures of the food retail sector. The clusters each have a relative weighting of 40 percent in the overall assessment. In the macroeconomics cluster, population (with an individual weighting of 10 percent) is a proxy for general retail demand and the purchasing power indicator and the unemployment rate serve as prosperity indicators with a combined weighting of 20 percent. The two indicators for the retail cluster are equally heavily weighted: The turnover potential of food retail and the shop density each hold a share of 20 percent in the overall scoring, which makes them the highest-assessed indicators. Shop density is an inverse indicator, i.e., the lower the density, the higher the potential for monopolisation. Market liquidity has a lower weighting and is, therefore, less important, accounting for a total of 20 percent of the overall scoring. However, this cluster is important for determining the availability of potential acquisition properties. The cluster is represented by the food markets available in the region and the number of transactions performed in a given period. The distance to the (fictitious) investment target size shows whether the traded food markets on average match the defined, preferred lot size of the customer. [see figure 40]

[40] Example of a possible factor and indicator weighting including the resulting scoring effect in the individual weighting
Figures in percent



Source: CBRE Research

THE RESULTS: TOP LOCATIONS AND REGIONAL CLUSTERS

The scoring model provides a detailed ranking of all German cities and municipalities in terms of their suitability for a potential retail portfolio, based on the total score, which is made up of the three clusters and their respective indicators. The top locations in Germany, which are characterised by a combination of strong macroeconomic fundamentals, high retail performance and good investment liquidity, are leading the way.

The three clusters without weighting are mapped below. The following applies: The greener the colour, the higher the score and the better the performance in relation to the respective cluster. The redder the colour, the lower the score and the worse the performance of the location in the cluster¹ [see figure 41].

¹For some municipalities, no data is available due to the absence of food markets or investment transactions by food markets.

The clusters are again combined in accordance with the previously defined weighting, resulting in an overall score for each city or municipality for the overall scoring. The scoring provides the following results:

- Of the approximately 11,000 cities and municipalities in Germany, 1,220 municipalities achieved a score of 50 points or more, which is an above-average rating.
- The average score of the top 50 municipalities is 78.5.
- Munich is in first place with a score of 83.6 points and, as expected, the other top cities are also in the top 50. The range extends from 81.6 points for

Cologne in 7th place to 76.5 points for Frankfurt

am Main in 41st place. This makes it clear that the scoring is quite close and that even small differences in just one indicator can decide the ranking. Municipalities in which there was, for example, no transaction during the period under review, perform significantly worse in this.

- The reasons for a good or poor performance are quite different. The example of Munich shows that the city achieves the highest score in the macroeconomics cluster and receives the highest possible score for four of the five indicators used – the Bavarian capital only scores slightly lower than other locations for the unemployment rate indicator. Cologne, on the other hand, achieves the highest score for liquidity and the highest scores for market size and the (smallest) distance to the notional investment target size.

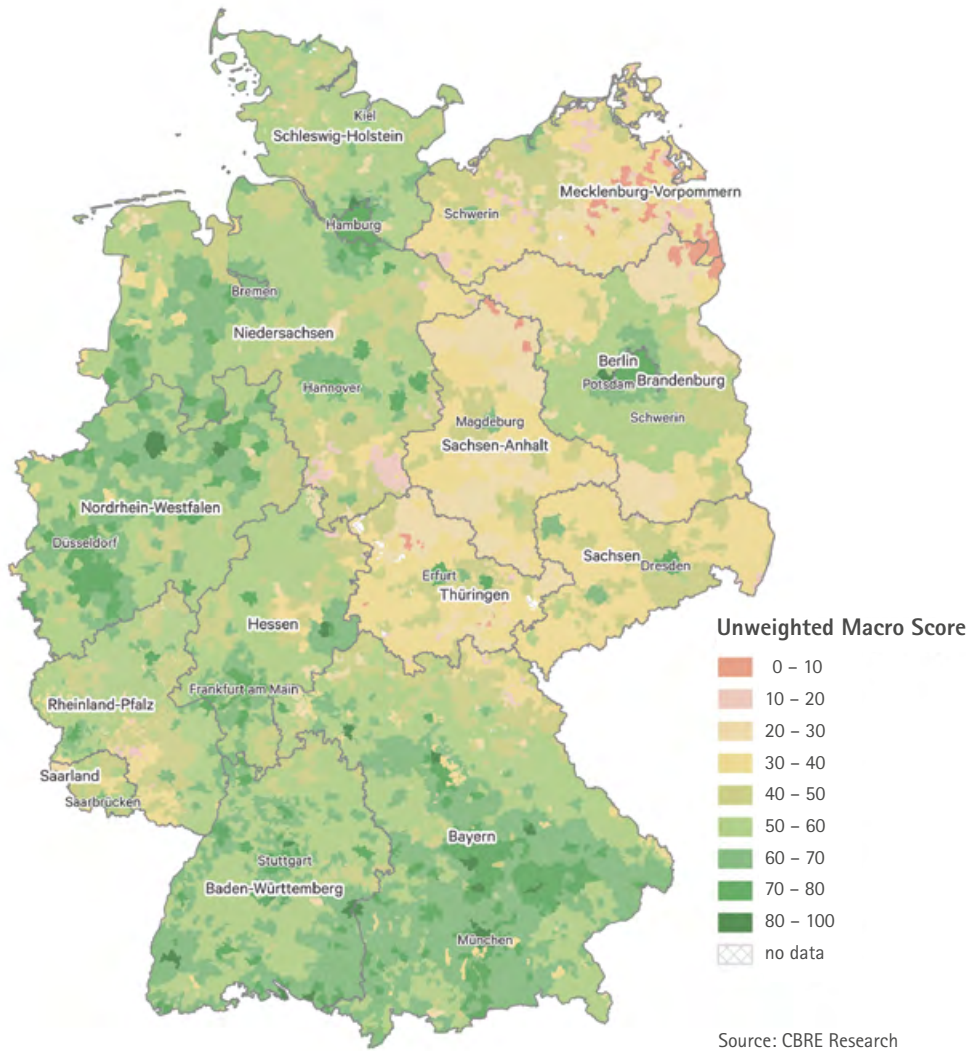
- However, there are also some smaller cities high up in the rankings, such as Regensburg, Heidelberg, and Ingolstadt, which also offer very good conditions for a potential investment.
- A number of regional clusters have also emerged with particularly high scores, including the Rhine-Ruhr region, Hamburg, Hanover-Braunschweig-Salzgitter, Berlin, Munich, and Stuttgart, as well as along the Upper Rhine south of Frankfurt.
- The regions with the lowest values include rural areas in north-east Germany and areas with low population density in Rhineland-Palatinate, Thuringia, and Mecklenburg-Western Pomerania.

[see figure 44]

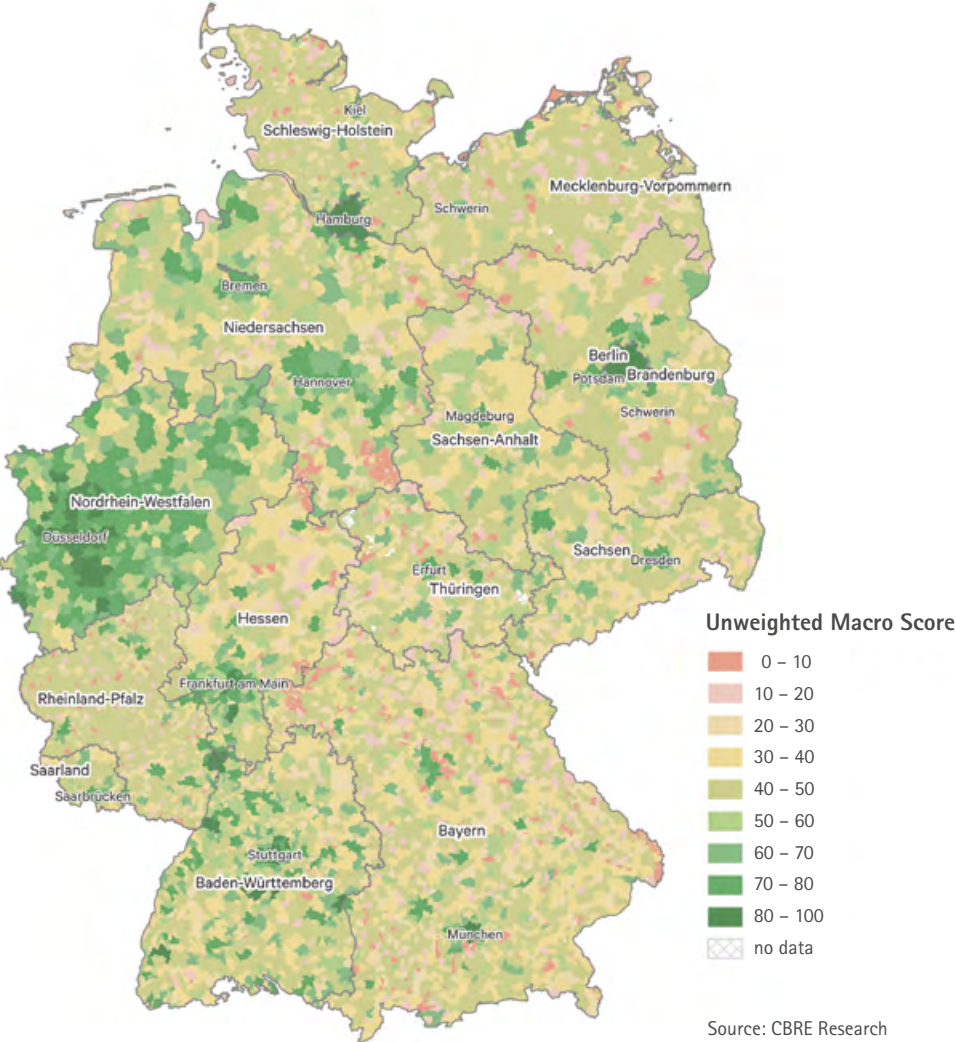
83.6

score value
Munich

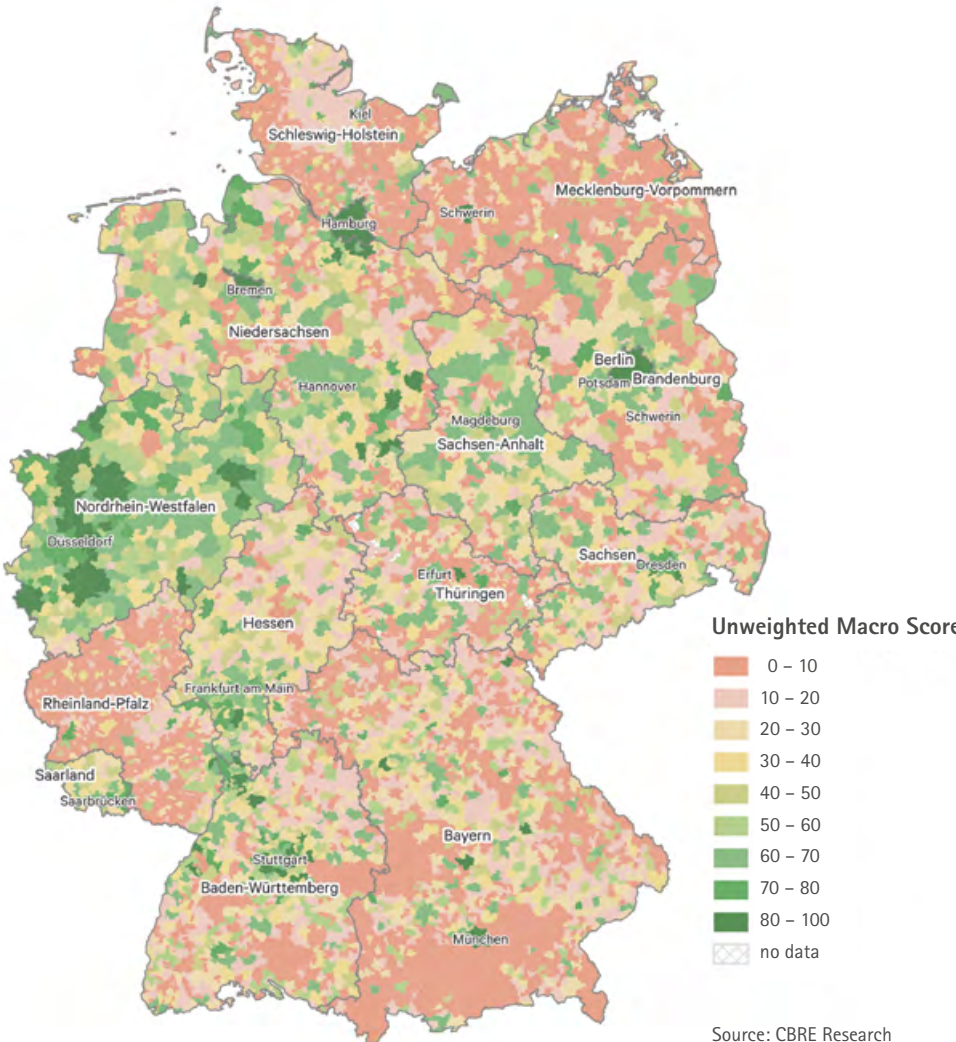
[41] Overview map of unweighted cluster scores by city/municipality
Macroeconomics



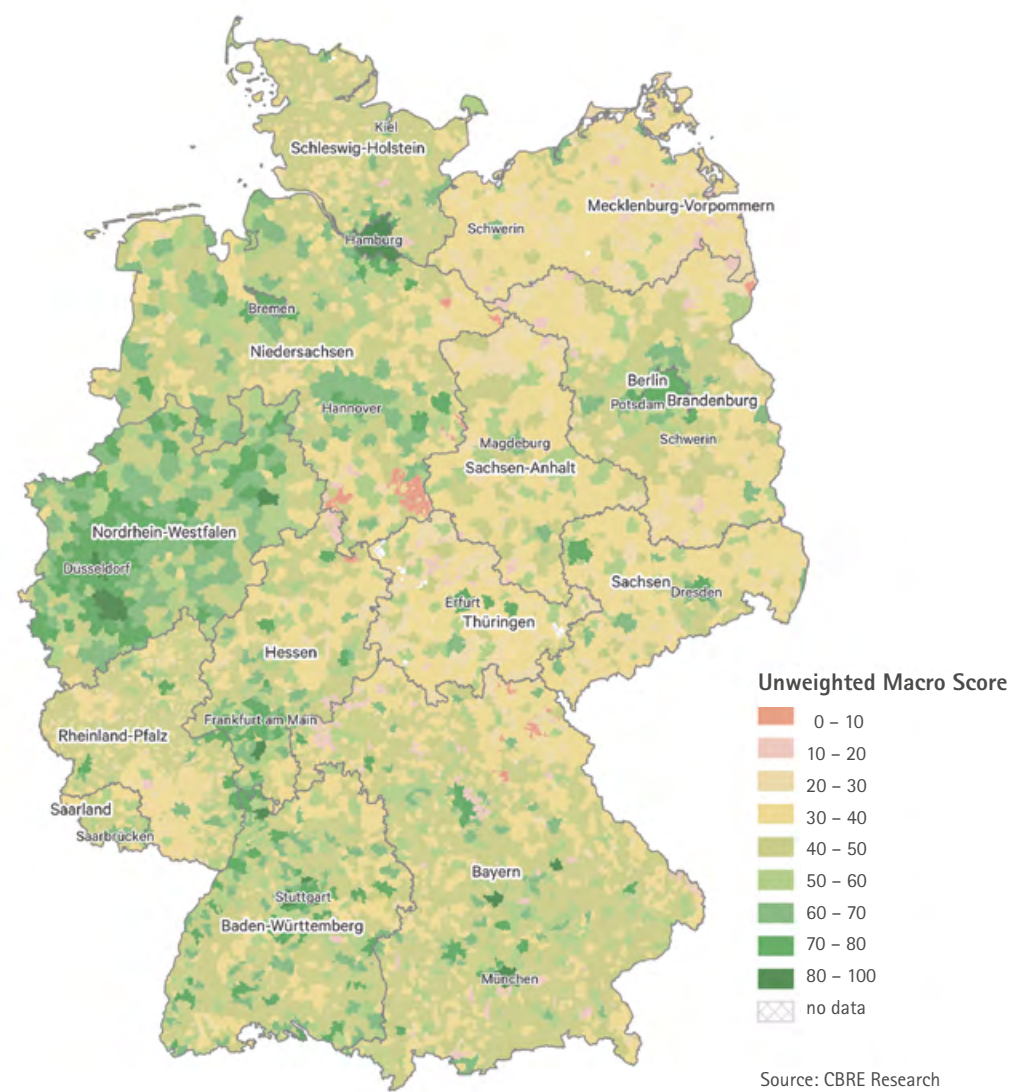
[42] Overview map of unweighted cluster scores by city/municipality
Retail



[43] Overview map of unweighted cluster scores by city/municipality
Liquidity



[44] Overview map of the total scoring by city/municipality



CONCLUSION: SOUND DECISIONS AND COMPETITIVE ADVANTAGES

The scoring model is a valuable tool for assessing the attractiveness of retail sites across the board based on transparent and data-based principles, and can support well-founded investment decisions and the optimisation of investment strategies. The set of factors presented here can be expanded to include additional

factors with corresponding indicators, allowing the scoring model to be adapted to different requirements. However, even though a scoring model can provide a search area, the final purchase of an object should always be accompanied by a specific individual inspection.

2.8 INVESTORS SURVEY 2025

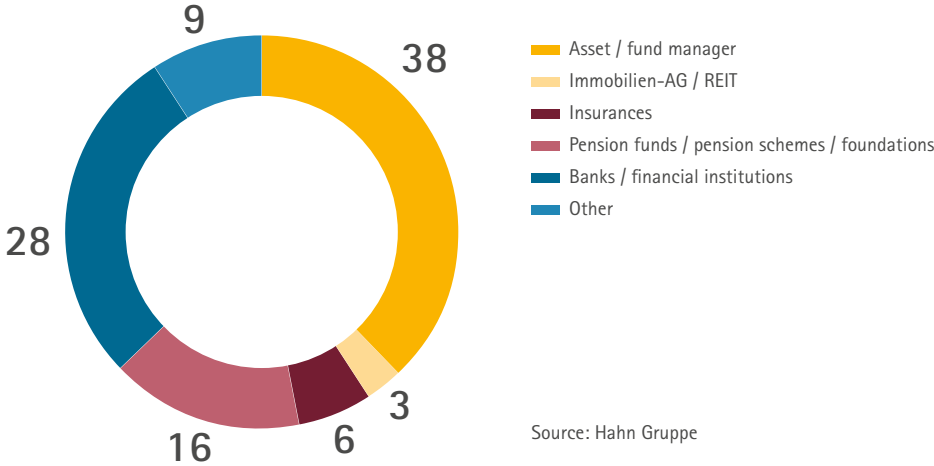
MARKET ASSESSMENT OF RETAIL PROPERTY INVESTORS AND BANKS/ FINANCIAL INSTITUTIONS

This summer, the Hahn Gruppe once again conducted its panel survey in cooperation with the Bonn Survey Centre (UZ Bonn). The focus was on the current market assessments and investment intentions of institutional retail property investors active in Germany and financial institutions with regard to retail property. 32 industry experts took part in the survey (PY: 41). Asset and fund managers are the most strongly represented group of respondents with 38 percent, followed by representatives of banks and financial institutions with 28 percent and participants from pension funds, pension schemes and foundations with 16 percent [see figure 45]. "Other" includes representatives from the fund of funds and advisor sectors.

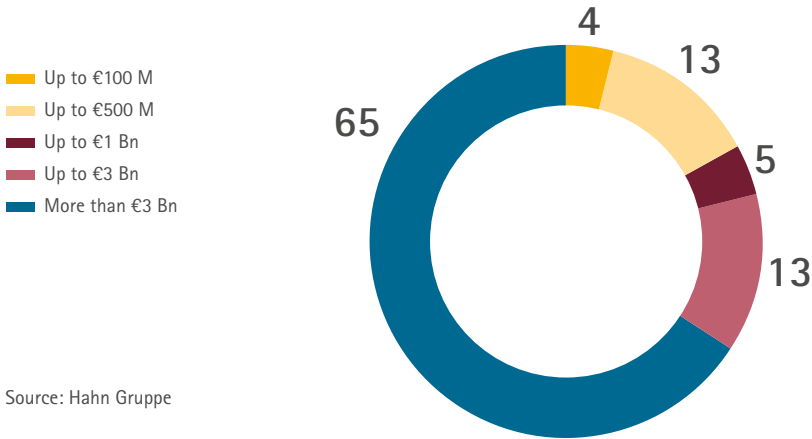
The average property assets under management of the participating companies increased again compared to the previous year. More than half (65 percent) of the companies currently manage property assets of over €3 Bn (PY: 52 percent) [see figure 46].

The retail property ratio of the participating companies decreased slightly overall compared to the previous year. This year, 35 percent of companies have a retail property share of up to 10 percent (PY: 27 percent) and 39 percent respectively, a share of up to 25 percent (PY: 43 percent). 4 percent of the companies surveyed manage up to 50 percent of retail properties in their portfolios (PY: 10 percent). By contrast, the proportion of companies with a retail property ratio of over 75 percent rose from 10 percent in the previous year to 13 percent.

[45] Composition of the respondents
Figures in percent



[46] Property assets under management
Figures in percent

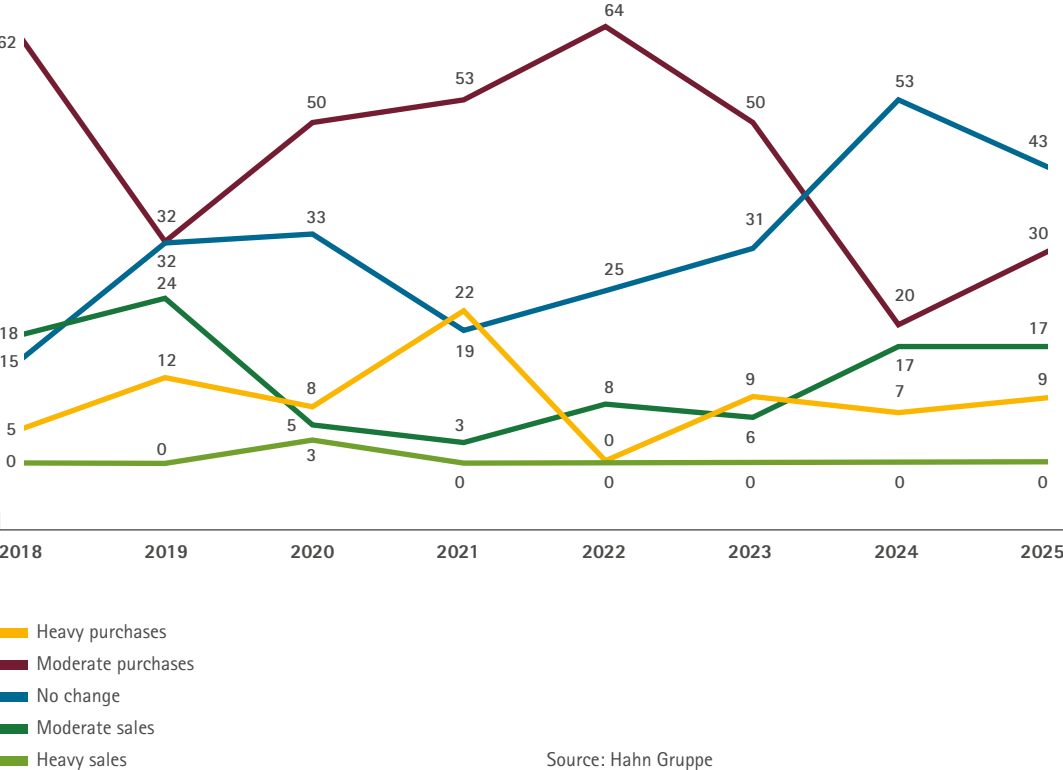


FRESH OPTIMISM ON THE INVESTMENT MARKET

Economic uncertainties and uncertainties in the market environment led to a subdued phase on the investment market last year, which was characterised by restraint and a wait-and-see attitude on the part of investors. Optimistic trends can be identified even so where the investment strategy of the participating companies for German retail property in the coming 12 months is concerned. The number of investors looking to expand their retail property portfolio through moderate acquisitions has risen from 20 percent in the previous year to 30 percent

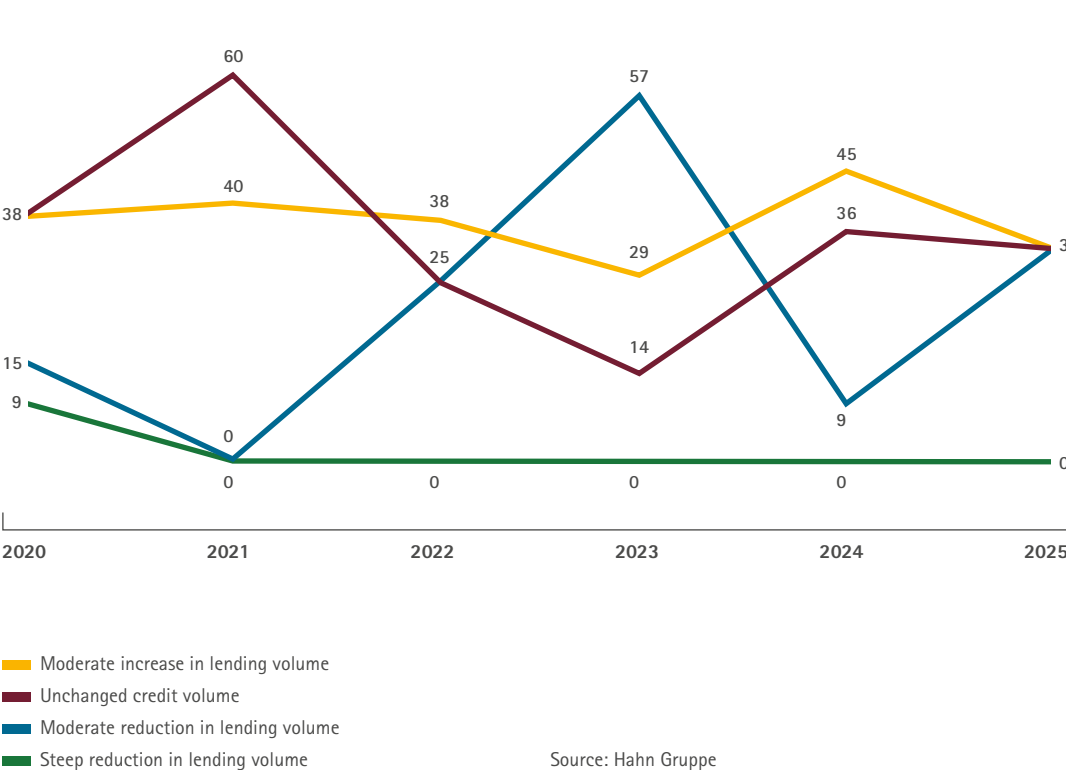
[see figure 47]. There was also a slight increase in the proportion of investors stating that they intend to invest heavily in retail property in the coming months (9 percent; PY: 7 percent). In contrast, 43 percent intend to maintain their retail property portfolio in the coming months (PY: 53 percent). Only 17 percent of the participating investors intend to sell retail properties from their portfolio moderately, but no investor is aiming for strong sales. This value is unchanged from the previous year.

[47] Investment strategy on the German retail property market
Figures in percent

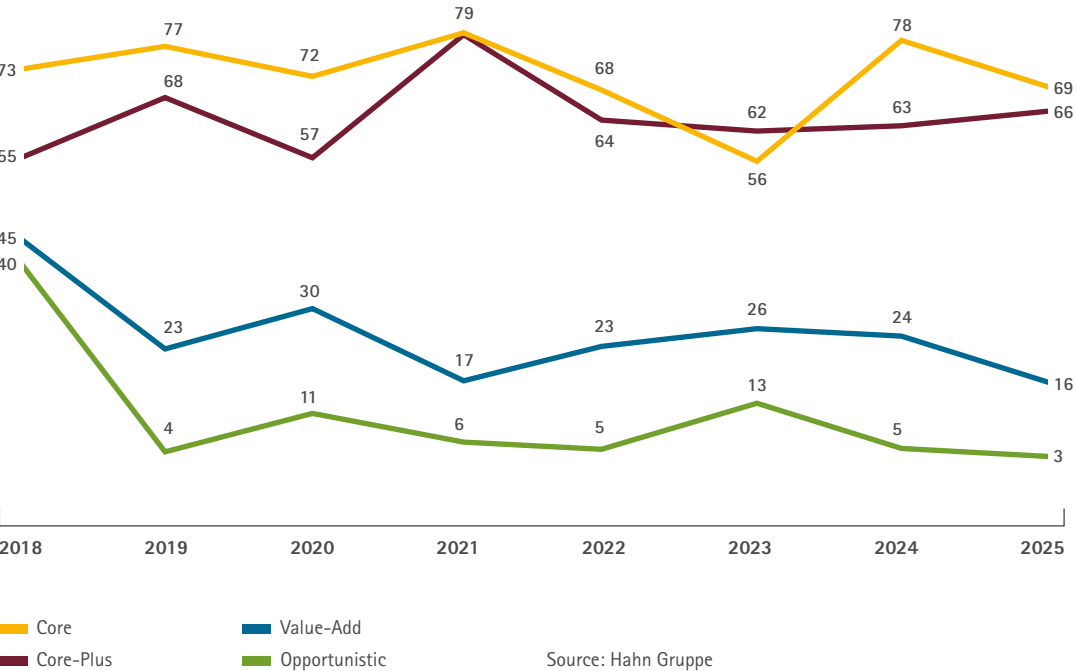


A differentiated picture is emerging among banks and financial institutions with regard to their financing strategy for German retail property over the next 12 months. One third of the participating financial institutions are each pursuing the strategy of moderately increasing their lending volume for retail property in the coming months (PY: 45 percent) to maintain the credit volume at the existing level (PY: 36 percent) or to reduce their credit volume moderately in the coming months (PY: 9 percent) [see figure 48].

[48] Financing strategy for German retail property by banks and financial institutions
Figures in percent



[49] Risk profile of the investment strategy
Figures in percent, multiple answers possible



RISK AVERSION AND SAFETY AS TOP PRIORITIES

The gloomy economic environment is also affecting the investment activities and investment strategies of investors active in Germany. The vast majority of investors surveyed pursue an investment strategy that guarantees the best possible stability, continuity, and security. Investors are largely acting cautiously and risk-averse investments continue to be favoured as in the previous year. About 69 percent of investors pursue a core investment strategy (PY: 78 percent) and 66 percent respectively are pushing a core-plus

property approach (63 percent). The proportion of investors favouring risky investment strategies has decreased noticeably as compared to the previous year. The proportion of investors pursuing a value-add strategy fell again year-on-year from 24 percent to 16 percent [see figure 49]. A small proportion of 3 percent of respondents continue to pursue an opportunistic investment strategy in the retail property segment (PY: 5 percent).

RETAIL PARKS COMPLY WITH RISK/ RETURN PROFILE

Following the pattern of the surveyed investor's investment strategies as outlined above, the object type ranking also reflects the preference of financial market players for stability anchors and the generally estimated resilience of food-anchored object types. As in previous years, the retail park (PY: 88 percent) ranked first amongst the properties[see figure 50]. The format is characterised by good performance with a general supply-oriented character or tenant mix that acts as a reliable frequency generator and, in combination with other non-food retailers or types of use, shapes the one-stop shopping destination, which can result in a preferred risk/return profile for investors. Second place in the investment focus of investors is held by supermarkets and food discounters

(78 percent; PY: 63 percent). Mixed-use properties come in on a distant third place with 22 percent. Shopping centers and other retail property types share the fourth places at 11 percent each.

The banks and financial institutions surveyed are also repeatedly prioritising their focus on retail parks this year (PY: 80 percent). In the further ranking, there is the peculiarity that four property types share second place with a share of 33 percent each. These include hypermarkets and superstores (PY: 20 percent), and mixed-use properties (PY: 20 percent) as well as commercial properties in prime locations (PY: 40 percent) [see figure 51].

[50] Object type ranking of investors
Figures in percent
multiple answers possible

1.	Retail parks (100)
2.	Supermarkets/food discounters (78)
3.	Mixed-use properties (22)
4.	Shopping center/other (11)

Source: Hahn Gruppe

[51] Object type ranking banks and financial institutions
Figures in percent
Multiple answers possible

1.	Retail parks (100)
2.	Hypermarkets / superstores (33)
2.	Mixed-use properties (33)
2.	Commercial buildings in prime location (33)

Source: Hahn Gruppe

SYNERGIES WITH MEDICAL PRACTICES PREFERRED

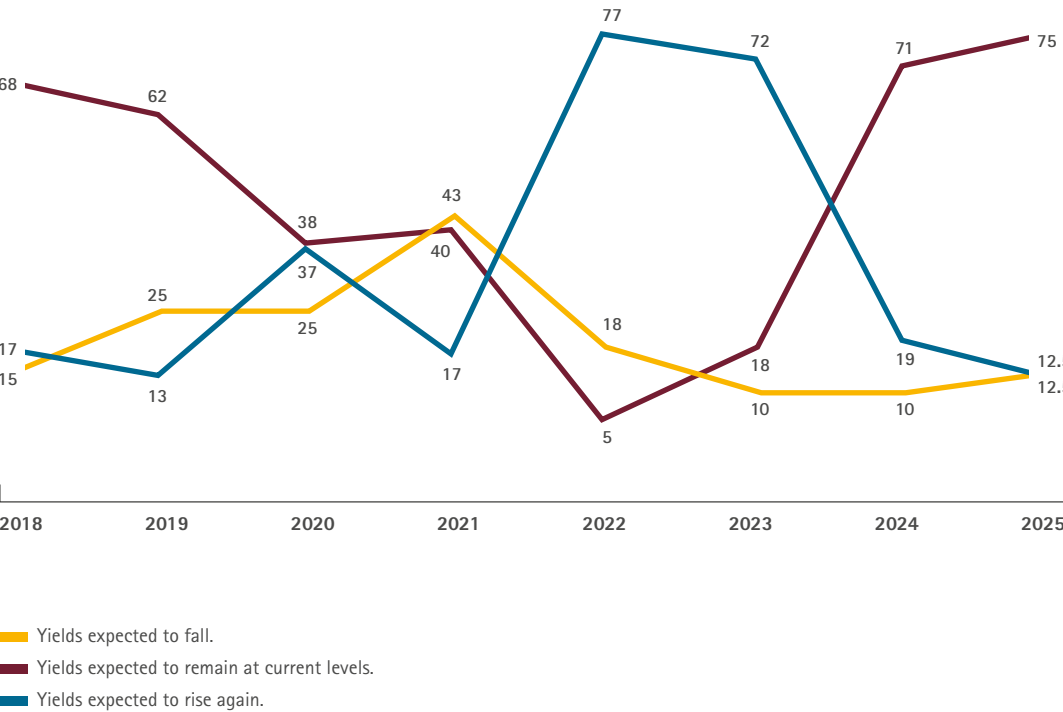
The investors surveyed are generally open to the mixed use of a retail property. However, a detailed analysis of possible additional types of use reveals a heterogeneous range of opinions among investors. There is broad agreement on the establishment of medical practices and medical service providers, which the overwhelming majority of 91 percent consider to be (very) suitable as a supplement (PY: 86 percent). Additional flats in the property are also rated positively. More than half of investors (59 percent; PY: 61 percent) consider this use to be well suited and a quarter of investors even consider it to be very well suited. The other favoured types of use are care and retirement homes. A total of 63 percent of investors rate such a supplement as (very) suitable. In contrast, 37 percent are critical of integrating these types of use into the property. In contrast to previous years, in which office use was favoured by the majority, this preference has noticeably decreased this year with a total of 59 percent of investors (PY: 68 percent). Possible combinations with leisure and entertainment offers are subject to mixed opinions. 41 percent of investors rate this as well suited, whereas more than a quarter of investors (28 percent) express concerns. There is also disagreement regarding the establishment of additional social infrastructure facilities such as daycare centres, kindergartens, or schools. A total of 56 percent of respondents rated a combination as (very) suitable, while just under half (44 percent) of investors were sceptical or opposed to a settlement (PY: 61 percent). Just over half of the participating investors tend to have a more critical attitude towards complementary hotel use (54 percent; PY: 63 percent).

FORECAST: STAGNATION OF YIELDS

Regarding further development, the majority of the surveyed investors expect net initial yields for retail properties to remain at the current level until the end of 2025 (75 percent; PY: 71 percent) [see figure 52]. After 19 percent last year, only 12.5 percent of investors expect yields to rise in the upcoming months this year. On the other hand, the expectation that yields will tend to fall has increased slightly from 10 percent in the previous year to 12.5 percent of those surveyed this year.

In the forecast for the yield development of individual property types and asset classes, the predominant view of the investors surveyed is that net initial yields will remain stable in the coming months. Nevertheless, there are a few conspicuous features in the differentiated analysis. Investors are divided on the shopping center object type. A quarter expect falling yields and 34 percent expect stable yields, whereas 41 percent of investors expect rising net initial yields for shopping centers. Similarly mixed sentiment is emerging for the office property asset class [see figure 53]. For DIY and home improvement centres, just over half of the investors surveyed forecast stagnating yields, while 31 percent expect yields to rise. In the case of logistics properties, the forecast trend towards stable yields is continuing for more than half of investors. However, a quarter of investors expect yields in this asset class to fall. In the case of residential property, as many as half of investors expect yields to fall.

[52] Expected yield development for retail property on the German investment market
Figures in percent, multiple answers possible



Source: Hahn Gruppe

12.5

percent of investors anticipate an increase in yields

[53] Development of yields by property type up to the end of 2024

Figures in percent

Commercial buildings in prime location	Falling yields	19
	Stable or stagnating yields	69
	Rising yields	13
Shopping center	Falling yields	25
	Stable or stagnating yields	34
	Rising yields	41
Retail parks	Falling yields	16
	Stable or stagnating yields	78
	Rising yields	3
	Not specified	3
Hypermarkets/ superstores	Falling yields	9
	Stable or stagnating yields	72
	Rising yields	16
	Not specified	3
Supermarkets/food discounters	Falling yields	9
	Stable or stagnating yields	81
	Rising yields	6
	Not specified	3
DIY stores	Falling yields	9
	Stable or stagnating yields	56
	Rising yields	31
	Not specified	3
Mixed-use properties	Falling yields	19
	Stable or stagnating yields	63
	Rising yields	13
	Not specified	3

Office properties	Falling yields	25
	Stable or stagnating yields	38
	Rising yields	34
	Not specified	3
Logistics	Falling yields	25
	Stable or stagnating yields	66
	Rising yields	6
	Not specified	3
Residential properties	Falling yields	50
	Stable or stagnating yields	31
	Rising yields	16
	Not specified	3

E-COMMERCE AND INTEREST RATE DEVELOPMENT AS A CHALLENGE

In contrast to the previous year, in which the regulatory and energy requirements were rated as particularly challenging by the participating investors (47 percent; PY: 71 percent), this year it is competition in the retail sector from e-commerce (59 percent; PY: 49 percent) [see figure 54]. In second place are investment barriers and ongoing uncertainty due to the current interest rate trend (53 percent; PY: 51 percent). The (global) economic environment continues to be seen

as an aggravating factor. Compared to the previous year, investors are also more critical of the rising property management costs (25 percent; PY: 12 percent). In contrast, only 13 percent of investors still see the negative consequences of the inflation trend as a challenge (PY: 29 percent). The investment obstacle of a lack of property availability in the retail property segment remains almost unchanged compared to the previous year (19 percent; PY: 20 percent).

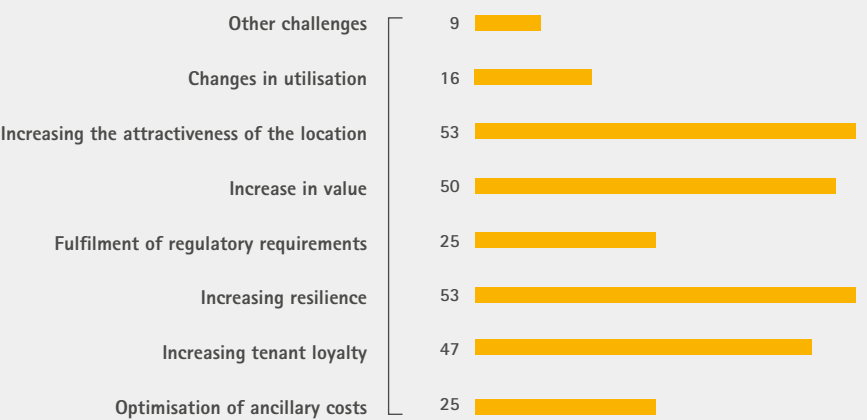
[54] Current challenges in retail property investments

Figures in percent, multiple answers possible



[55] Motivation for investment in the property portfolio

Figures in percent, multiple answers possible



Source: Hahn Gruppe

RESILIENCE AND ATTRACTIVENESS OF THE SITE ARE THE BE-ALL AND END-ALL

In the current market environment, both the protection of the property portfolio and resilience to various external factors are crucial. For example, a little more than half of investors are pursuing the premise of increasing the attractiveness and resilience of their managed property portfolio through targeted investments (53 percent) [see figure 55]. Half of the investors surveyed hope that the proactive implementation of measures will increase the value of their properties and 47 percent hope that it will increase tenant loyalty. Compliance with regulatory requirements or the optimisation of ancillary costs are the reasons given by a quarter of investors for investing in existing properties.

GREEN LEASES INCREASING

ESG is a (very) relevant factor in investment decisions for a total of 91 percent of investors. In this context, established sustainability initiatives and building certifications play a decisive role in the market environment and are currently or will soon be taken into account by 84 percent of investors as part of the investment process or in their investment decision.

Some investors are willing to pay a higher purchase price based on this, provided that ESG standards are met or recognised building certifications are available. Accordingly, 45 percent of investors would accept a price premium of up to 5 percent for an ESG-compliant property or a green premium product, and 17 percent of investors would accept a premium of up to 10 percent. Only 3 percent would pay a purchase price that was more than 10 percent higher. On the other hand, 34 percent of respondents refuse any form of ESG price premium.

Regarding the relevance of various sustainability approaches for the managed property portfolio, respondents focused on the implementation of energy efficiency measures (63 percent) and digital consumption data recording via smart meters (44 percent) [see figure 56]. Many investors are already actively driving forward the expansion of PV systems (44 percent) and almost half (47 percent) are aiming to do so in the medium term. The promotion or expansion of e-charging infrastructure is already standard practice for 47 percent of investors. 41 percent also consider this desirable in their portfolio in future. Use or the existence of building certifications (e.g., DGNB, LEED, BREEAM, WELL) is rated by 59 percent as desirable in principle. However, only 28 percent of respondents actively implement property certifications within their own portfolios.

[56] Relevance of sustainability approaches in the portfolio
Figures in percent

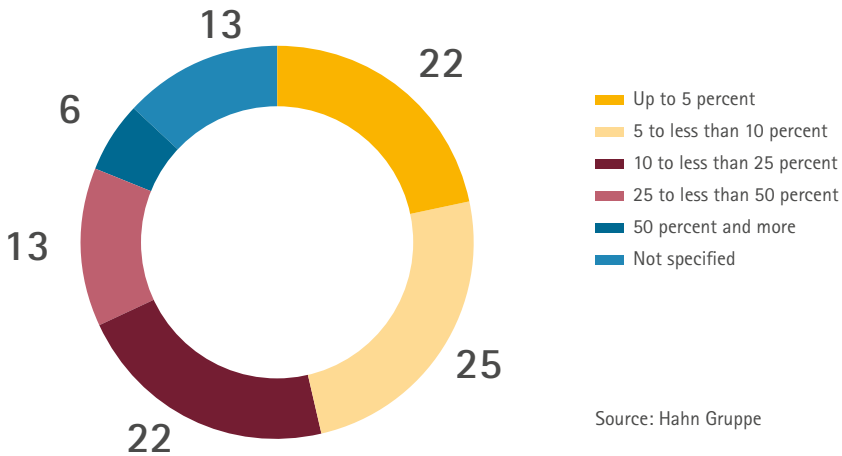
Implementation of energy measures	Standard	63
	Desirable	38
	Dispensable	0
Promotion of e-mobility	Standard	47
	Desirable	41
	Dispensable	13
Certification (DGNB, LEED, BREEAM, WELL)	Standard	28
	Desirable	59
	Dispensable	13
Biodiversity aspects	Standard	9
	Desirable	44
	Dispensable	47
Photovoltaics	Standard	44
	Desirable	47
	Dispensable	9
"Green Lease" agreement components	Standard	38
	Desirable	44
	Dispensable	19
"Digital consumption measurement" (smart metering)	Standard	44
	Desirable	50
	Dispensable	6

Green leases are already an established standard when concluding new contracts for 38 percent of those surveyed. 44 percent of respondents consider a standardised insertion in their rental agreements to be desirable. In relation to the rental space under management, the current proportion of green leases in the portfolios of the investors surveyed is still low. For example, 22 percent state that they have concluded green leases for up to 5 percent of their portfolio space [see figure 57]. A quarter of investors have been able to conclude such an agreement for 5 to less than 10 percent of their rental space, and 22 percent for 10 to 25 percent. A small proportion of 13 percent of investors have achieved green lease coverage for 25 to under 50 percent of their rental space.

This development is also reflected in the availability of consumption data in relation to rental space. Ideally, a high green lease ratio increases the exchange of data between the contractual partners and thus the knowledge of consumption in the property, which is crucial for adequately analysing energy performance and for the quality of reporting.

Of the investors surveyed, less than a third (31 percent) have data on more than 50 percent of the rental space in their managed portfolio. In each case, 13 percent of investors have access to consumption data for 5 to less than 10 percent and 25 to less than 50 percent of their rental space respectively. A further 19 percent of respondents have data knowledge for 10 to less than 25 percent of the rental space. A small proportion of 9 percent of investors have limited data coverage of up to 5 percent of their rental space.

[57] Proportion of green leases in the portfolio
Figures in percent



Source: Hahn Gruppe

GLOSSARY

Prime location (1A)

Area in the city centre retail pitch which has the highest footfall (75 – 100 percent), the highest density of magnet retail stores and (inter)nationally active chain stores. In prime locations, it is mainly “shopping goods” and “luxury goods” that are offered in the medium to high-price segment. This is also where the highest rental prices are achieved for ground floor sales areas.

Off-prime location (1B)

Area of a city centre retail pitch which has a medium footfall (50 – 75 percent), a dense coverage of small to medium-sized stores and some (inter)nationally active chain stores. In addition to ‘shopping goods’, these typically offer convenience retail product ranges. Rental prices here are significantly below the prime locations because of the plentiful supply of retail space.

Second-tier locations (B)

B-locations are districts and autonomous towns and cities which exhibit above-average index scores in social demographics, regional economy, and trading economy in the CBRE Retail Investment Scoring Model. At the same time, the development tendencies here are more positive within the defined categories, compared to other locations. B-locations may, therefore, be categorised as attractive macro locations over the longer-term.

Discounter

Retail format characterised by a high turnover of goods in a limited mass-market product range with an aggressive pricing model. Self-service, simple shop fittings and sales areas of between approx. 400 and 1,200 sq m are further characteristics. In the case of food discounters, the share of sales attributable to non-food is around 10 – 13 percent.

Click & Collect

Click & Collect is a sales channel by which the customer orders a particular product online and then picks it up mostly free-of-charge in the retailer’s own store. The process involves the integration of several sales channels.

Core

This describes a risk-averse investment strategy. Investment is principally in high-specification properties which are let long-term and generate stable rental income. Core investments focus on established stores in good locations with highly creditworthy tenants.

Core-Plus

This describes an investment strategy in which the objective is to achieve some of the rental income through enhancing the value of a property. This is achieved for example by the inclusion of properties with development potential in an otherwise Core portfolio. The yields achieved and the level of risk involved are both slightly above that of classic Core investments.

Cross-channel

Cross-channel describes multi-channel retailing that involves the integration of several sales channels. Click & collect, for example, is a form of cross-channel retail.

Shopping mall

See shopping center

Retail store

Large-scale self-service retail store offering mainly a wide and varied range of reasonably priced goods in a specific sector or targeted at a specific customer group, and typically occupying a location which is easily accessible by car.

Retail warehouse agglomeration

Typically, a single-storey shopping center comprising a group of retail warehouses in locations which are easily accessible by car, but without a collective centre management and with no recognisable uniform planning policy. Some have shared customer car parking, but these are the exception to the rule.

Retail park

Typically, a single-storey retail park in locations which are easily accessible by car and are planned and managed centrally. Their uniform building design and shared car parking give the retail park the appearance of an integrated retail complex. Anchor tenants include medium to larger-scale retail stores which are often connected by a covered mall area. The total sales area in these parks is at least 5,000 sq m.

Family office

Organisation which assists wealthy families in their general family business affairs and wealth management.

Fast Moving Consumer Goods (FMCG)

Fast moving consumer goods are convenience goods required daily, the so-called quick turnaround products in retail terms. They particularly include food, but also washing and cleaning agents and personal hygiene products. FMCG are reasonably-priced and easily substituted by similar quality goods (in contrast to investment and luxury goods). The FMCG market is highly competitive.

Space productivity

The space productivity factor of sales areas is measured in turnover per annum. Space productivity, therefore, is defined as:

Turnover achieved p.a.

Sales area in sq m

Turnover includes VAT (gross sales).

Inflation

Inflation is the rise in the prices of goods and services in an economy. If the total money supply in an economy rises too quickly, the value of the market currency usually falls, i.e. inflation reduces the purchasing power of consumers.

Department store

Large-format retail store offering various operating and service concepts, in which the wide and varied assortments in different segments are offered mostly in city centre locations or shopping centers. Example of a textile retail store: C&A.

Supply chain

A complete operational network for the entire process of manufacturing and selling goods. It includes everything from the raw materials to the manufacturing process, the distribution of the products and the sale of the goods.

Neighborhood center

Uniformly planned or organically developed smaller scale retail agglomeration serving a clearly defined core area. The magnets are typically convenience retailers (supermarkets, small food discounters, drug-stores, and pharmacies). In the case of shopping for aperiodic supplies, they focus on goods required over the medium term (clothing and shoes) sold in small retail units.

Multi-channel

Multi-channel describes retailers that use at least two distinctive sales channels to sell their products to customers. For example, they may operate a shop but also have their own online store.

Omni-channel

Omni-channel describes retailers that as part of their multi-channel retail use more than just two sales channels (in addition to online and bricks-and-mortar retail stores, they may also use social media or a catalogue).

Opportunistic

This describes a particularly high-risk investment strategy. It involves investment in development projects or existing properties which are significantly undervalued in terms of their potential. This potential is typically released as part of a repositioning process. The hold period tends to be short and is based on a quick resale. Although there are potentially high yields, there are also inherent high speculative risks.

Regional centres

Regional centres are large cities of regional, and in some cases, national importance due to their function as administrative, socio-political, and economic centres. They comprise the cities with the highest absolute retail turnover in Germany. From a regional economic and retail economic perspective, these tend to offer long-term stability and a positive effect on the attractiveness of the cities as real estate and retail sites.

REITs

Real estate investment trusts are stock exchange listed public limited companies which achieve their revenue predominantly from the operation of real estate. They benefit from special structural and tax conditions.

Hypermarket

Large-format, mainly self-service retail store with a sales area of more than 5,000 sq m, offering a comprehensive product range with a focus on food, and mostly occupying a location which is easily accessible by car. In hypermarkets, the non-food sales element is typically around 35 – 50 percent.

Shopping center

A shopping center (known as an Einkaufszentrum in German) is a centrally planned, constructed, and managed supply facility offering goods targeted at short, medium, and long-term requirements. In contrast to retail parks, the stores are smaller and there is a greater variety but less in the way of specialist retail warehouse style product ranges. The variously sized retail stores, restaurants, and service providers are typically arranged over several floors and are connected to each other by a covered mall area. The minimum total sales areas are typically between 5,000 sq m and 10,000 sq m.

Supermarket

Self-service retail store offering mostly food and luxury food items including fresh produce over a sales area of up to 1,500 sq m in locations which are easily accessible by car or in city district locations.

Prime yield

The prime yield (net initial yield) shows the relationship between the initial annual net rental income (contractual rental income less non-recoverable operating costs) and the total investment sum (purchase price plus purchaser's costs = gross purchase price), expressed as a percentage. This is achieved in the respective top location for a building with first class fit-out, let long-term at market rental level.

Top 7 locations

The cities of Berlin, Hamburg, Munich, Frankfurt, Stuttgart, Cologne, and Düsseldorf are the most attractive real estate locations in Germany due to their size and economic strengths. Strong interest from both German and international market players means that rents and investment volumes are at an above average level in these cities.

Value-Add

This describes an investment strategy involving significantly undervalued properties. The objective is to release value enhancement potential by implementing asset management programmes. This can, for example, involve the repositioning of a property in the market through extensive revitalisation and a change of tenant.

Superstore

Large-format, mainly self-service retail store with a sales area of between around 1,500 – 5,000 sq m offering a wide and varied assortment of food and luxury food items and other consumer goods in the short-to medium-term requirement segments in locations which are easily accessible by car. In superstores, the non-food sales element is typically around 20 – 30 percent.

Retail warehouse

Large-format retail store with various operating and service concepts and a varied and segment-specific product range, typically occupying a high street or shopping center location. Example: GALERIA Kaufhof.

Value creation chain

Refers to a set of strategic business activities which focus on adding attractiveness or relevance to a product or service to increase the utility for the consumer or customer.

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