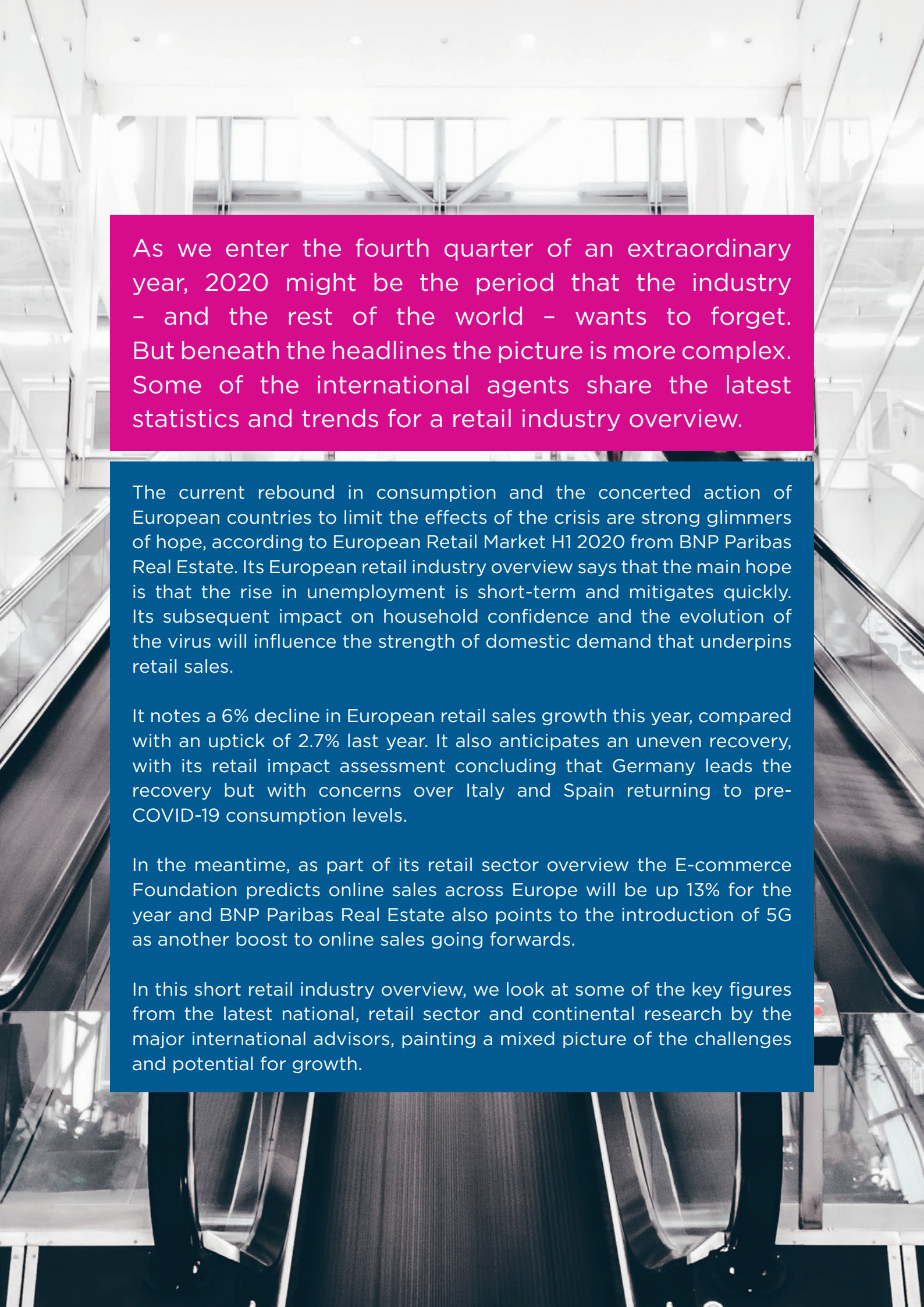




RETAIL 2020 THE STORY IN NUMBERS



As we enter the fourth quarter of an extraordinary year, 2020 might be the period that the industry - and the rest of the world - wants to forget. But beneath the headlines the picture is more complex. Some of the international agents share the latest statistics and trends for a retail industry overview.

The current rebound in consumption and the concerted action of European countries to limit the effects of the crisis are strong glimmers of hope, according to European Retail Market H1 2020 from BNP Paribas Real Estate. Its European retail industry overview says that the main hope is that the rise in unemployment is short-term and mitigates quickly. Its subsequent impact on household confidence and the evolution of the virus will influence the strength of domestic demand that underpins retail sales.

It notes a 6% decline in European retail sales growth this year, compared with an uptick of 2.7% last year. It also anticipates an uneven recovery, with its retail impact assessment concluding that Germany leads the recovery but with concerns over Italy and Spain returning to pre-COVID-19 consumption levels.

In the meantime, as part of its retail sector overview the E-commerce Foundation predicts online sales across Europe will be up 13% for the year and BNP Paribas Real Estate also points to the introduction of 5G as another boost to online sales going forwards.

In this short retail industry overview, we look at some of the key figures from the latest national, retail sector and continental research by the major international advisors, painting a mixed picture of the challenges and potential for growth.

STRONG Q1 HELPS SUPPORT EUROPEAN FIGURES



-6%

Expected downturn in European retail sales for 2020



+13%

Expected upturn in European online retail sales for 2020



€18.8bn

Retail investment in H1 2020, up 10% on 2019 thanks to a very strong Q1 2020



32%

Germany remains the dominant investment market in Europe for H1 2020

SOURCE: BNP PARIBAS REAL ESTATE



15.2%

Food and supermarket sales rise year on year, Spain



90%

New retail leases of less than five years in the UK by 2022

With the need for retail space in decline an urgent review is required by all landlords, asset managers and town centre planners in rethinking retail spaces, according to Savills' Impact of COVID-19 on European Retail report. "Failing to act will result in many places losing relevance and further increases in voids. Adapting retail space to alternative uses is still seen by many as a last resort, but is far from a hopeless resignation towards the death of retail places. On the contrary, it is a fundamental consideration that will see dynamic retail survive and mixed use retail spaces thrive."

Savills believes there remains demand for new retail concepts that fit with evolved consumer spending preferences and additional space where demand has shifted to, but says this can only happen if the industry is prepared to move away from single use assets. "The retail spaces that survive will be genuine mixed use spaces that benefit all uses by creating footfall through linked trips, operating different day parts, have greater social value, are more vibrant and in tune with the needs of the catchment. Evolving places will prove the most sustainable and the most resilient," says Savills.

SOURCE: SAVILLS

THE COVID-EFFECT, ONLINE AND OFFLINE IMPACT IN THE NETHERLANDS



-6%

Dutch people between 50-80 years old planning to continue to buy more online



1 in 5

Shops in medium-sized Dutch cities predicted to be empty by 2021



260,000

Dutch households who did their grocery shopping for the first time online

“Given the economic situation, real estate investors are less likely to take the initiative. It is up to municipalities to take control,” says Chris Lanting of Colliers International. «Now is the time to invest anti-cyclically and work towards an attractive, pleasant, sustainable and therefore future-proof retail area.»

SOURCE: COLLIERS INTERNATIONAL

LUXURY AND TOURISM TAKES A LARGE HIT



74.8%
Reduction in overall
London hotel occupancy
year-on-year



30%
Percentage of
luxury hotels
open in Paris

“While there have been some signs of increased travel within Europe by Europeans, as well as staycations, the absence of Asian and American tourists is being felt across the region, but notably in popular major cities,” says Jessica Jahns, head of EMEA hotels & hospitality research at JLL. “Occupancy has been a big question mark - but how many are actually open at all is the bigger issue right now.”



70%
Footfall reduction in
London's West End,
New West End Company

“Much of luxury retail is feeling the effect, with both major department stores and brands reporting falling sales figures,” says Ben Binns, EMEA retail director at JLL. “The return of overseas visitors, whenever that may be, will be a huge improvement and for now, the focus has been online.”

LUXURY AND TOURISM TAKES A LARGE HIT



80%

Reduction in international tourists in 2020, according to The United Nations World Tourism Organisation.



29.2%

Global luxury sales fall across the world, Boston Consulting Group



2/3

Proportion of Chinese luxury purchases completed overseas pre-COVID-19



“Europe has always offered that prestige,” says Binns. “A customer from Asia will be proud to say that their purchase was made at the Paris, London or Milan store. It’s part of what makes them incredibly resilient locations. Sustaining that resilience won’t be a problem.”

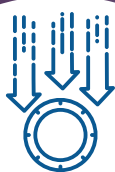
SOURCE: JLL

UK INVESTMENT AND YIELDS UNDER PRESSURE



£1.58bn

Total H1 investment in UK,
37% below the previous
year and 69% below
the 10 year average



44%

Retail investment volumes
declined by 44%
from £1bn in Q1 to
£0.57bn in Q2



6.50%

H2 prime UK shopping
centre yields, up from
6.25% in Q1



6.25%

H2 prime UK high street
yields, up from
5.50% in Q1



14.50%

H2 secondary UK
shopping centre yields
have increased
significantly

SOURCE: JLL

