Retail Market Dynamics

Research

Germany

H1 2025

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Key Trends

1

Food is gaining importance

The space turnover remains at a very high level. Textile retailers are in the lead overall, but food retailers rank first in terms of large spaces. In the small-scale sector, gastronomy dominates. The top locations account for more than half of all lettings again.

2

JLL Availability rate with further decline

The availability rate in the Big 9 indicates an easing of the situation for the majority of markets. Only three shopping metropolises show an increase in space availability.

3

Retail transaction volumes above the previous year's level

Transaction volumes for retail properties are 10% above the previous year's period, 64% of which are retail park products. Yields remain mostly unchanged.

Retail market in numbers

285,900 sqm
Retail leasing volume

434,000 sqm
Average leasing volume (2020-2024)

14.6%
JLL Availability Rate Big 9 (by space)

340 €/sqm/month
Highest prime rent achieved in Munich

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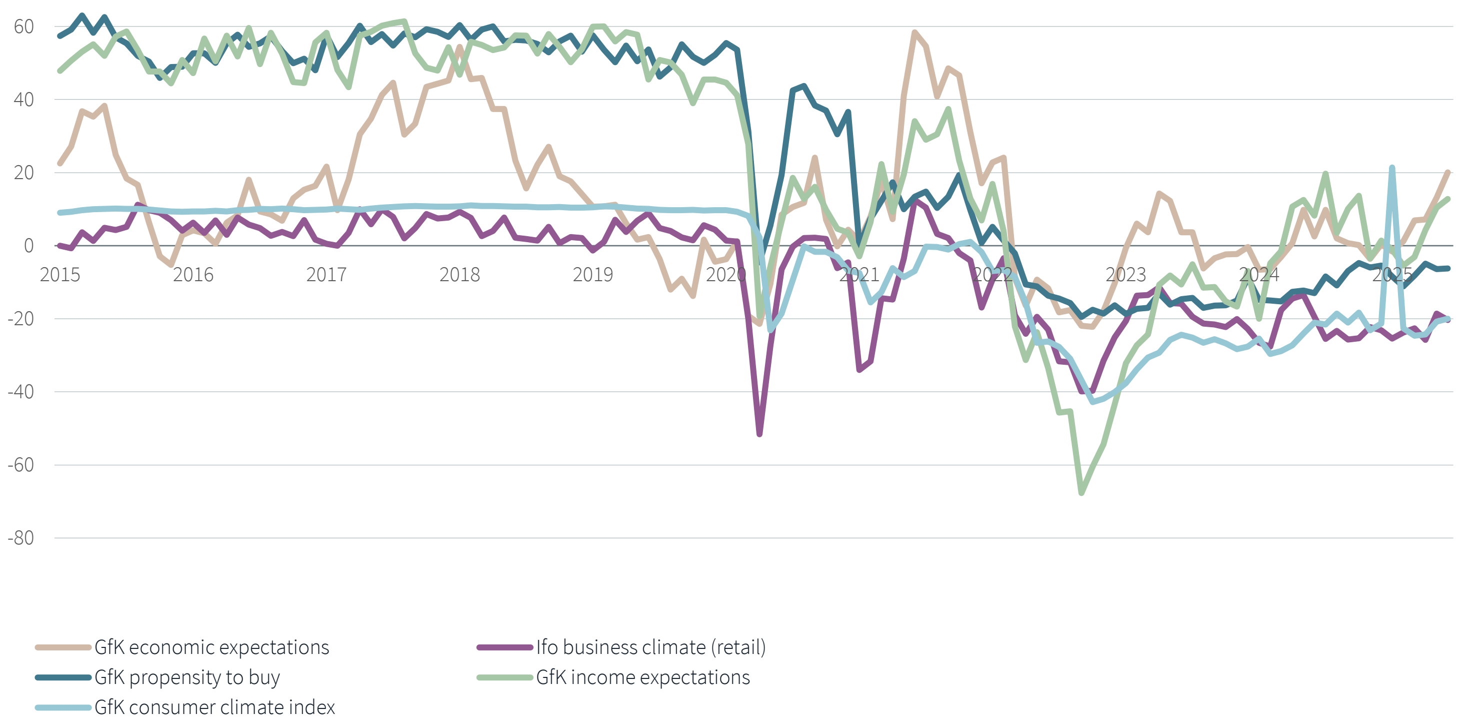
Trade and economy

- The retail climate in Germany has improved slightly over the course of the first half of 2025 compared to the end of 2024. The GfK consumer climate index shows a slight increase but still ranks significantly in the negative range.
- The economic expectation shows a very clear upward trend. Between December 2024 and June 2025, there was a significant increase from 0.3 to 20.1, this is also very positive compared to the previous year. On the other hand, the propensity to buy has decreased slightly in the past six months, while income expectations have risen significantly.
- Positive impulses from good collective bargaining agreements and moderate inflation have recently been dampened by the unpredictable policies of the US government, which is causing consumers to be cautious and wait and see.

Retail climate Germany

Indicator points, balances



Source: GfK, NIM, Ifo Institut, 2025

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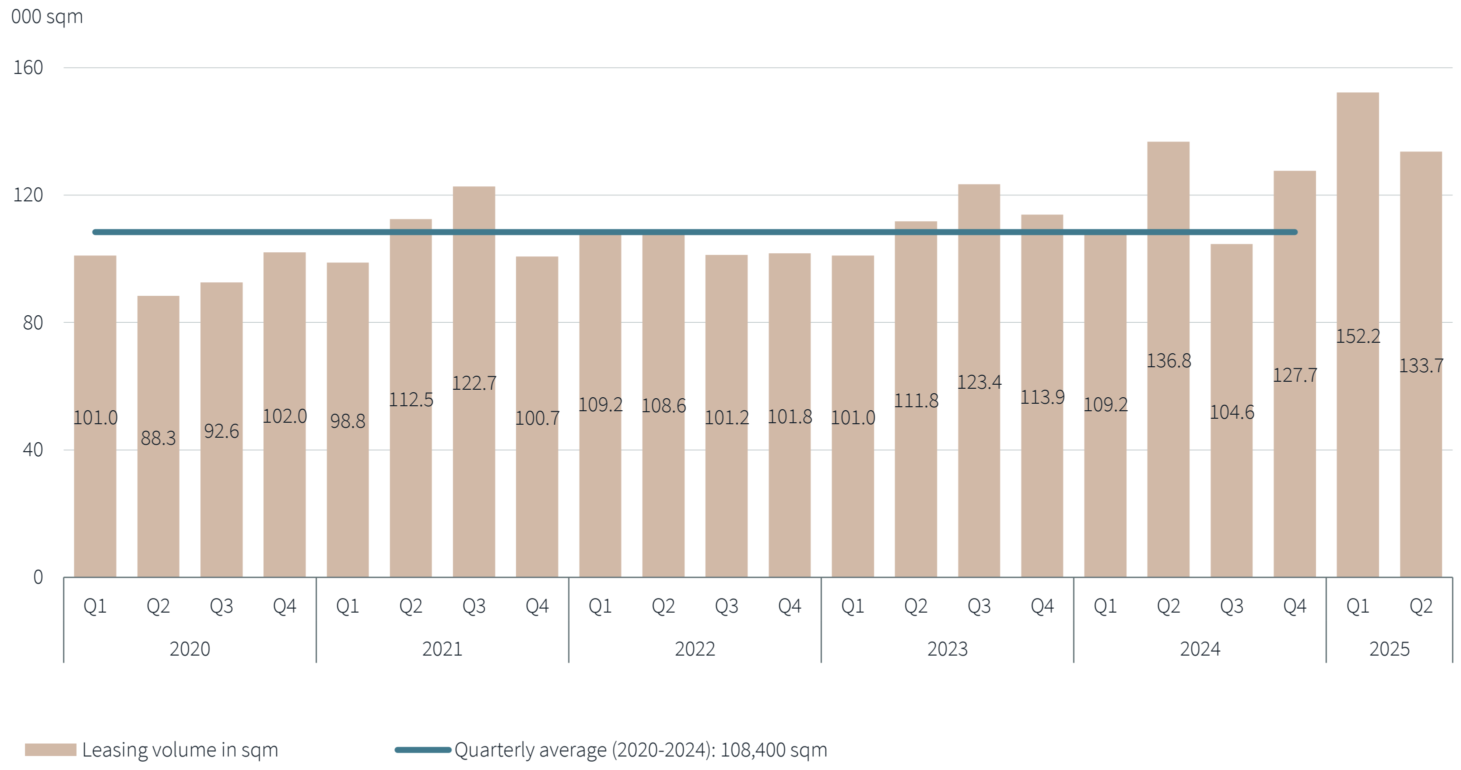
Retail leasing market

- The leasing market for retail space, after an exceptional start to the year, was followed by another strong second quarter. Overall, the market in Germany turned over 285,900 sqm in the first half of the year. The second quarter, at 133,700 sqm, was somewhat weaker than the first, at 152,200 sqm – but these two quarters rank first and third strongest individual quarters since the beginning of 2020.
- The number of transactions also remained consistently high: with 251 deals in the second quarter, totaling 548 for the first half of the year – 43% more than in the same period of the previous year. Above all, deals in the size range between 1,000 sqm and 2,000 sqm have left their mark on the first half of the year, thus fueling space turnover. This size category accounts for about one in eight lettings and a total of almost one third (32.%) of the space let.

Development of retail letting volume

Inner city locations Germany



Source: JLL Research, 2025

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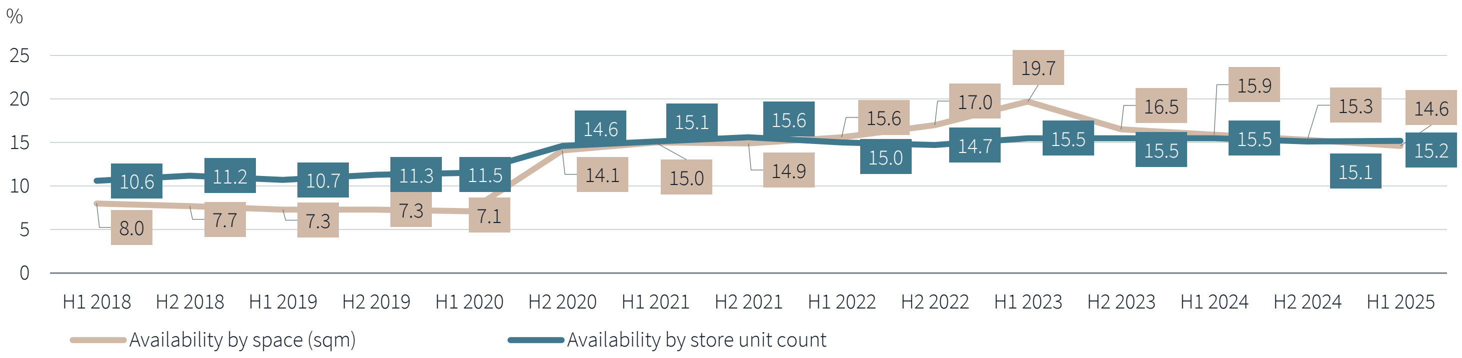
JLL availability rate*

- In the first half of 2025, the positive trend in demand for space continued. The JLL availability rate for the Big 9 fell by 0.7 percentage points compared to the previous half-year. Approximately 14.6% of the retail space in the top locations of these nine metropolises is currently available.
- In terms of the number of shop units, this corresponds to a share of 15.2%. A major driver for this development is the strong demand for large spaces, which has increasingly been met with suitable supply in recent quarters.
- The largest percentage declines in space availability were in Munich, followed by Stuttgart and Frankfurt, while slight increases were recorded in Düsseldorf, Leipzig and Hanover.

* The rate includes actual vacancies, but also spaces where the lease expires within the next 18 months, those under renovation, or where the current user is looking for a new tenant.

Development of the JLL availability rate** retail

Big 9: H1 2018 – H1 2025



**Basis: 1,885,500 sqm / 2,300 store units

Availability rate Big 9 – H1 2025	sqm	Store units
Munich	7.2%	13.4%
Hamburg	7.7%	16.2%
Düsseldorf	7.9%	11.7%
Leipzig	8.1%	8.6%
Stuttgart	10.8%	15.6%
Cologne	14.5%	20.0%
Berlin	16.1%	18.2%
Frankfurt	25.5%	13.3%
Hanover	34.5%	12.8%
Big 9	14.6%	15.2%

Source: JLL Research, 2025

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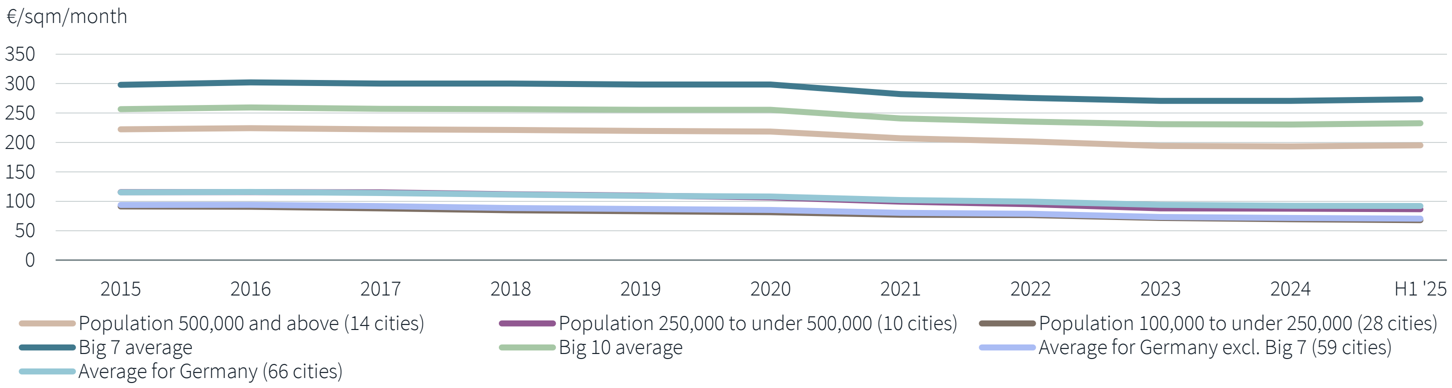
Development of prime rents

- There is an upward trend in prime rents, in the prime locations of the ten most important metropolises in both Düsseldorf and Frankfurt. In both markets, the top value rises from €270/m²/month to €280/m²/month in the first half of 2025. Even though leasing performance in the two cities has recently been rather moderate across the board, there is – especially in Düsseldorf – a constant demand from solvent users for top space in the best locations, which is leading to this rent increase.
- Rents remain unchanged in the remaining eight markets. Across all 66 cities surveyed, there was a slight decrease of 0.6% in the first half of the year. This is mainly due to the weak performance of cities with a population of 100,000 to less than 250,000, where a decrease of 2.6% was observed.
- A largely stable development of prime rents is expected until the end of the year, and further increases could occur in individual metropolises.

Retail prime rents – unit shops

Rental development in prime locations by population category



Retail prime rents – street level (€/sqm/month)

City (street)	Q2 2025	Q2 2024	Change yoy	Forecast Q3 2025
Munich (Kaufingerstraße-Marienplatz)	340	340	0.0%	340
Berlin (Tauentzienstraße)	290	290	0.0%	290
Düsseldorf (Königsallee)	280	270	3.7%	280
Frankfurt/Main (Zeil)	280	270	3.7%	280
Hamburg (Spitalerstraße)	250	250	0.0%	250
Stuttgart (Königstraße)	250	250	0.0%	250
Cologne (Schildergasse)	225	225	0.0%	225
Hanover (Georgstraße)	170	170	0.0%	170
Nuremberg (Ludwigsplatz-Hefnersplatz-Karolinenstraße)	130	130	0.0%	130
Leipzig (Grimmaische Straße)	110	110	0.0%	110

Source: JLL Research, 2025

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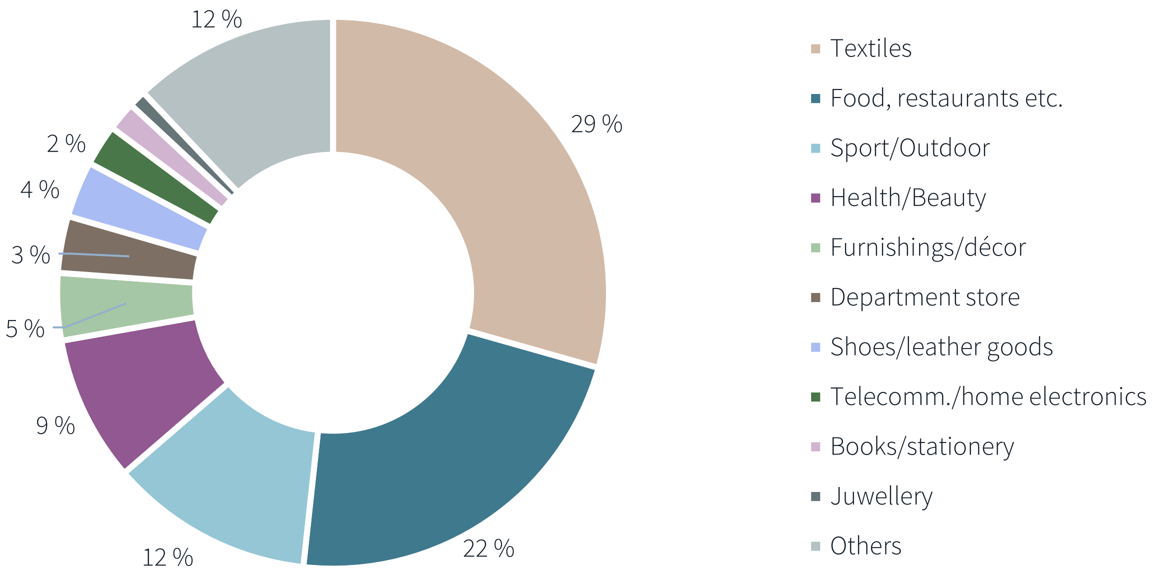
Gastronomy and grocery getting stronger

- Across all space sizes, the textile trade was able to defend its leading position in new lettings in the first half of 2025, although its share is only 29%. A few quarters ago, this was still above the 40 percent mark.
- Above all, the gastronomy/food sector, which is characterized by the food trade as well as restaurants and snack concepts, is constantly catching up and occupying different size segments.
- For spaces between 1,000 and 2,000 m², the gastronomy/food segment had the largest share of letting turnover with 31% of the space, ahead of the textile segment, which reached 26% here.
- In the gastronomy/food sector, food retailers were primarily represented in this size category. The Go Asia concept was particularly active. For spaces below 250 m², the gastronomy/food sector accounted for 38% of the rented space (textiles: 25%). In addition to system caterers such as Pommes Freunde and Burgermeister, restaurants also dominated the scene here.

Take-up by business sector

Inner city locations Germany – pool: lettings totalling 285,900 sqm, Q1-2 2025



Source: JLL Research, 2025

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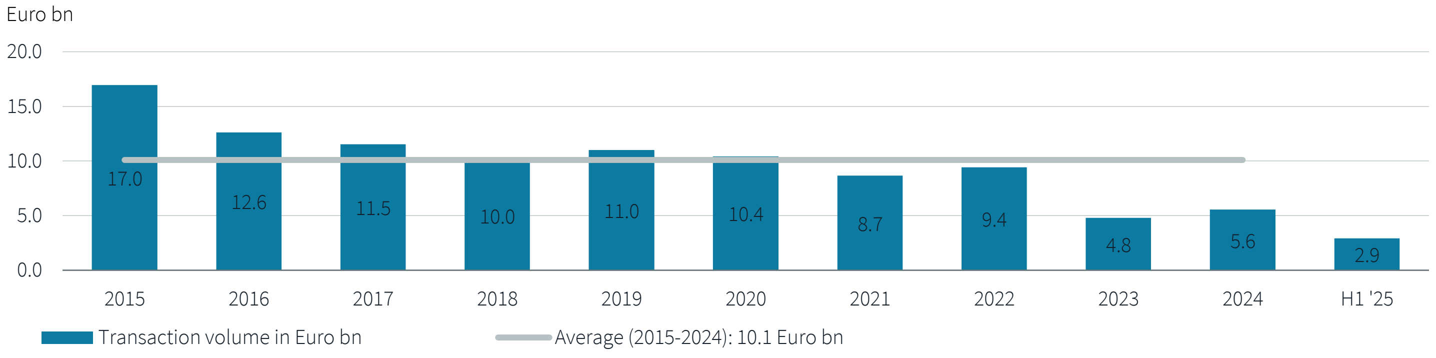
Investment market for retail properties

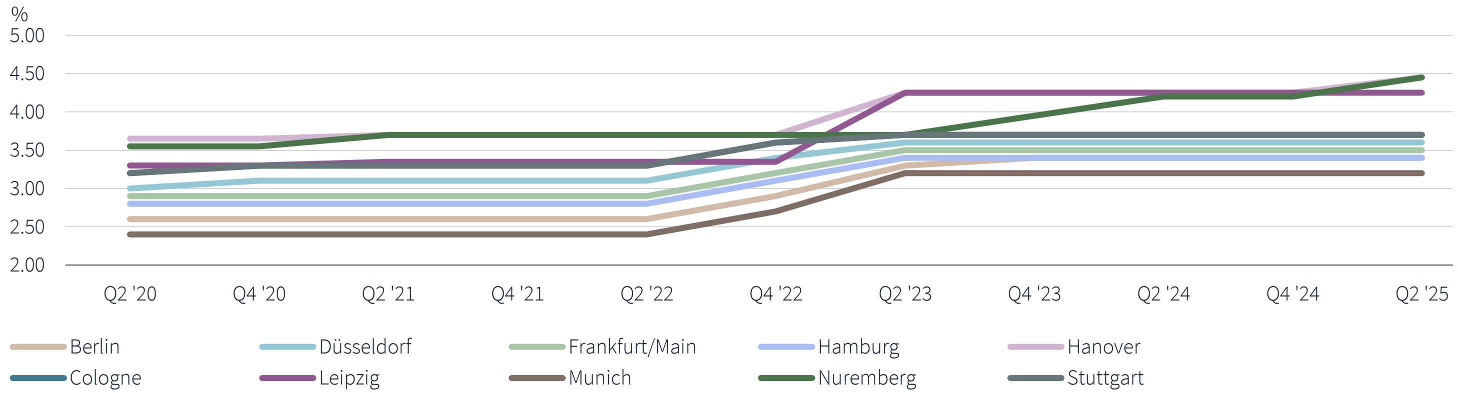
- The investment market for retail properties continued its recovery course in the first half of 2025 and, with a transaction volume of 2.9 billion euros, exceeded the previous year's period by 10%, however this is 15% below the average of the past five years.
- There was significant growth in non-food-anchored retail park transactions, due to several portfolio transactions in this segment. Nevertheless, these properties are currently experiencing a significant increase in liquidity.
- Retail park products with supermarkets, retail parks and retail park centres accounted for 64% of the transaction volume.
- Prime yields for commercial buildings in the central top locations of the Big 7 continue to be constant, with a slight increase in Hanover and Nuremberg to 4.45% each.
- The sideways trend continued for the other types of use, with shopping centers and individual retail parks remaining at 5.9% and retail park centres at 4.6%.

Development of transaction volume

Transaction volume (retail properties) in Germany



Prime net initial yields – unit shops in prime locations



Source: JLL Research, 2025

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Trends / Outlook H2 2025

- For the full year 2025, the German Retail Federation expects a stable sales development in the retail sector of nominally 2% due to the slight improvement in consumer sentiment and the possible growth impulses from federal policy.
- The positive momentum on the demand side, which has led to numerous deals in recent months, should continue in the further course of the year.
- In addition to the textile trade – including the young fashion sector – the gastronomy and food sectors will primarily provide further impetus, which is why an increase in letting figures compared to the previous year is expected for the full-year.
- For prime rents in the metropolises, the sideways trend will mostly continue until the end of the year; only in selected markets does a further increase in the absolute top locations appear possible.

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