

# Real Estate Market Shifts in the Retail Sector in Germany – a Change of Times and Due to the COVID-19-Pandemic

Björn Haack (Germany)

**Key words:** Real estate development; Valuation; Real Estate Market in Germany; Changes in the Retail sector – stationary and E-Commerce; Submarket “Food&Daily” as well as “DIY” as the actual winner; □Consequences for real estate valuation; Benchmarks and requirements

## SUMMARY

Transparency in the real estate markets is currently gaining in importance, both for private buyers or owners as well as for private buyers and institutional investors. The retail sector has been undergoing structural change for some time now due to the strong growth of e-commerce and an overall change in consumer behavior. Large-scaled stationary formats geared to the non-food sector, such as department stores or shopping centers, are increasingly feeling the consequences of structural change in the form of declining or relocated sales. So far, this has manifested itself in individual cases in the form of store closures, even in good locations, rent declines and reductions in rental space. The consequences are declining rental revenues and rising vacancy and availability rates. The COVID-19-pandemic could accelerate the change.

Due to the COVID-19-pandemic, there are currently restrictions on important areas of life with effects on the markets and the valuation of real estate. The winners of the last few years and pandemic-resistant are retail properties with a focus on the local supply of daily needs, such as supermarkets, discounters, diy-markets, specialty stores or retail parks. Here, clearly decreasing yields as well as strongly growing profit factors and capital values are recognizable.

Finally the paper will discuss the consequences for all market participants as well as the challenges for valuers/experts, structural requirements for investors and possible future changes in city centers with a current focus on stationary retail trade.

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