

Press release

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GfK retail expert Olaf Petersen sees good retail growth opportunities in Germany's city centers

GfK GeoMarketing real estate and retail expert Olaf Petersen presented his evaluation of German retail locations at the 2009 retail real estate convention in Wiesbaden, Germany. He concluded that city center locations in Germany generally offer favorable retail growth opportunities. To ensure sustainability, he advocated that retailers develop a unified location concept and that investors carry out detailed site appraisals of prospective locations.

"Retail trade is currently benefiting more than ever from centralization", commented Olaf Petersen in reference to the good performance of retail venues in Germany's major city centers. Turnover and retail floor space in city centers have both risen since 2003: Turnover grew by more than three percent between 2003 and 2008, while retail floor space increased by seven percent in the same period.

This reverses the negative trend between 1992 and 2003, during which city center retail turnover sank by approximately five percent.

The current growth rate in eastern Germany's large cities is particularly striking, noted Petersen: Between 2003 and 2008, GfK GeoMarketing recorded a turnover growth rate of 8.8 percent and a retail floor space increase of 26.2 percent in these areas.

Petersen's assessment of the turnover and retail floor space development in city centers was based on data encompassing all 81 German cities with more than 100,000 inhabitants. GfK GeoMarketing real estate consultants regularly evaluate retail location criteria such as overall turnover, available retail floor space and yield per area through hundreds of annual on-site location and real estate appraisals.

Petersen elaborated on the many attractive qualities that city center locations such as main streets offer consumers: "The trend toward centralization is driven by the natural desire among consumers to have access to a large variety of retail, gastronomic and service options as well as opportunities to meet up with others amidst a pleasant environment."

Petersen predicted that city center retail venues will continue to enjoy "relatively stable market positions and rent levels" in the coming years. He was particularly positive about the growth potential of retail shopping destinations with catchment areas encompassing over 250,000 people.

His forecast for secondary locations was not as optimistic: Petersen indicated that more central retail sites are drawing customers and retailers away from less optimally situated areas as a result of their more varied and attractive qualities. This is a trend apparent across all of Germany's major cities.

By contrast, retail venues on city outskirts can achieve considerable success depending on the market potential of the area in question. Petersen mentioned former rail, postal and industrial locations as particularly interesting sites in this regard. However, he strongly emphasized the importance of precisely assessing the actual potential of these locations as well as their degree of integration into the surrounding infrastructure.

Petersen recommended a thorough due diligence appraisal for all retail sites. Although the positive trend among city centers is spreading to an ever-expanding number of major German cities, he indicated that there are "significant differences between individual locations with regard to the total feasible market potential and other criteria that impact on the success of retail real estate".






Additional information on Olaf Petersen's presentation and/or interview possibilities can be obtained from Cornelia Lichtner, Public Relations, GfK GeoMarketing: c.lichtner@gfk-geomarketing.com or +49 (0)7251 9295270.

About Olaf Petersen

Olaf Petersen is a member of GfK GeoMarketing's management board and the head of the company's Real Estate Consulting division. He has been active in location and real estate research at GfK since 1998. Prior to that, he was chief economist at the *Handelsverbands BAG* (German retail trade association).

About GfK GeoMarketing

GfK GeoMarketing is one of the largest providers of geomarketing services in Europe for customers and users from all branches of trade. Key business areas include:

-  Consultancy
-  Market data
-  Digital maps
-   RegioGraph and DISTRICT geomarketing software solutions

GfK GeoMarketing is one of the leading independent providers of consultancy services in the area of real estate and location research. The company produces studies and reports for customers from the retail, public authority, investment, banking and project development sectors.

GfK GeoMarketing is a subsidiary of the globally active GfK Group. Ranked fourth among the world's market research institutes, the GfK is represented by approximately 10,000 employees belonging to more than 115 subsidiaries located in 100 countries.