Press Release 06th July 2021

Ladies and gentlemen of the press,

ecostra GmbH has been analysing the status and development of outlet centres in Europe for many years within the framework of ongoing basic research. The results are summarized in a quarterly updated market survey with a list of all outlet-centres that are in operation or in a planning stage. This market survey is available free of charge as a PDF file on the ecostra website.

In the following press release, the results and findings from the analysis of the latest available data on the outlet center market in Europe are prepared and commented.

We would be very pleased if you could include this press release in your publication. If you need further illustration material (e.g. printable photos of selected outlet centres), we can also provide it to you free of charge and without copyrights.

If you have any questions, please do not hesitate to contact us. Contact person is Dr. Will on phone no. +49 (0)611 716 95 75-0 or email info@ecostra.com.

With kind regards

ecostra GmbH

Despite Corona and Lockdown: Outlet centres in Europe continue to grow unchecked

Like almost all non-food retail businesses, outlet centres were particularly affected by the officially ordered closures during the Corona pandemic. All sites had an almost complete shutdown. There were various attempts to establish a basic frequency with Click & Collect and thus enable the tenants to have at least a rudimentary business. Only, this fulfilled the already modest expectations in the fewest cases. On the other hand, after the end of the lockdown the outlet centres are now being stormed by customers again. The Dutch daily press reported that even an obligatory corona-test when crossing the border could not keep German visitors from bargain hunting at the Designer Outlet Roermond and that they had to put up with waiting times of up to 4 hours on various days. From Great Britain, too, the outlets report a strong customer influx with - at the same time - a clearly pronounced intention to buy. The average purchase receipt at most locations is 25 to 35 % above the previously known benchmarks.

Since July 2020: Increase in outlet space in Europe amounts to almost 8 football pitches

Thus, despite the forced breathing space, outlet centres in Europe continue to grow in terms of numbers and retail sales area. As the Wiesbaden-based research institute ecostra reports on the basis of its ongoing market monitoring, 4 outlet centres and a retail sales area of almost 55,000 m² were added on balance in Europe in the past 12 months, so that the current stock has now risen to 192 centres with an aggregated sales area of around 3,153,000 m². The most significant new openings during this period were McArthurGlen's "West Midlands Designer Outlet" in Cannock (United Kingdom), Neinver's "Amsterdam The Style Outlets" in Haarlemmerliede (Netherlands) and Hines' "The Outlet Moscow Arkhangelskoe", located west of the Russian capital Moscow. Other new openings were reported from Spain, Romania and Latvia. In almost all European countries, existing centres were expanded in terms of space, converted or upgraded in terms of design.

Site closures in a market spoiled by success

Nevertheless, outlet centres do not always write success stories. For example, the "Zsar Outlet Center" in Virolahti, Finland, located directly on the border to Russia, was closed after less than 2 years trading. *"This property had leasing problems from the beginning. The debt burden and problems with follow-up financing then led to its closure in August 2020. We currently have no information as to how the buildings will now be re-used,"* ecostra's Managing Director, Dr Joachim Will, reports. The "Occhiobello Outlet Center", located in the Italian Po valley on the motorway between Padua and Bologna, has also closed its doors for good in August 2020. Here, the already high intensity of competition among factory outlet centres in the regional environment has led to a lack of tenant demand for this centre. At least, in this case there is an after-use concept: a home for senior citizens and a centre for medical services are now to move into the buildings. Will: *"The infection control measures during the Corona pandemic were not the cause of the failure of these properties, as both already had clearly recognisable problems beforehand. But the pandemic clearly once again accelerated the already foreseeable development."*

Generally high demand for space. Pop-ups and short-term leases are sought after

Although some locations have problems in letting due to an intense competitive situation, restrictions in the quality of the location or also conceptual deficits, it can generally be assumed that there is a strong demand from brand manufacturers for outlet stores. During the pandemic, this demand for space increased again. The high pressure on goods due to full warehouses, the seasonal nature of the goods and the increasing importance of outlets as a distribution channel for manufacturers contributed to this. Will: *"However, the brand manufacturers are also keeping a close eye on the cost situation in the outlets. According to the information we have, pop-up stores in particular are currently sought after, there is a certain reluctance to sign long-term leases and incentives play a not insignificant role in leasing talks."*

Low activity on the transaction market

There is still little movement on the transaction market. Will: *"Those who own a well-performing outlet centre still do not show any intention to sell. In this case, the purchase price does not play a special role. Top centres only come up for sale in very rare exceptional cases."* As the Wiesbaden trade researchers have determined, outlet centres with a transaction volume of around € 770 million were traded in Europe in 2020, which is only slightly more than the already low value of the previous year. Moreover, almost 80% of this volume is attributable to a single transaction: the sale of Hammerson's 50% stake in VIA Outlets to the Dutch pension fund APG. APG, which had already invested in VIA Outlets, took over the Hammerson share except for a marginal residual amount and is now the sole owner of the 11 VIA Outlet Centres in 9 different European countries. No revival of the transaction activity in the European outlet market is to be expected in the foreseeable future either. Will: *"So far, not a single transaction has been reported to us from the entire first half of 2021."*

The Outlet Centre Market in the European Countries 2021. Current Status and Development Trends

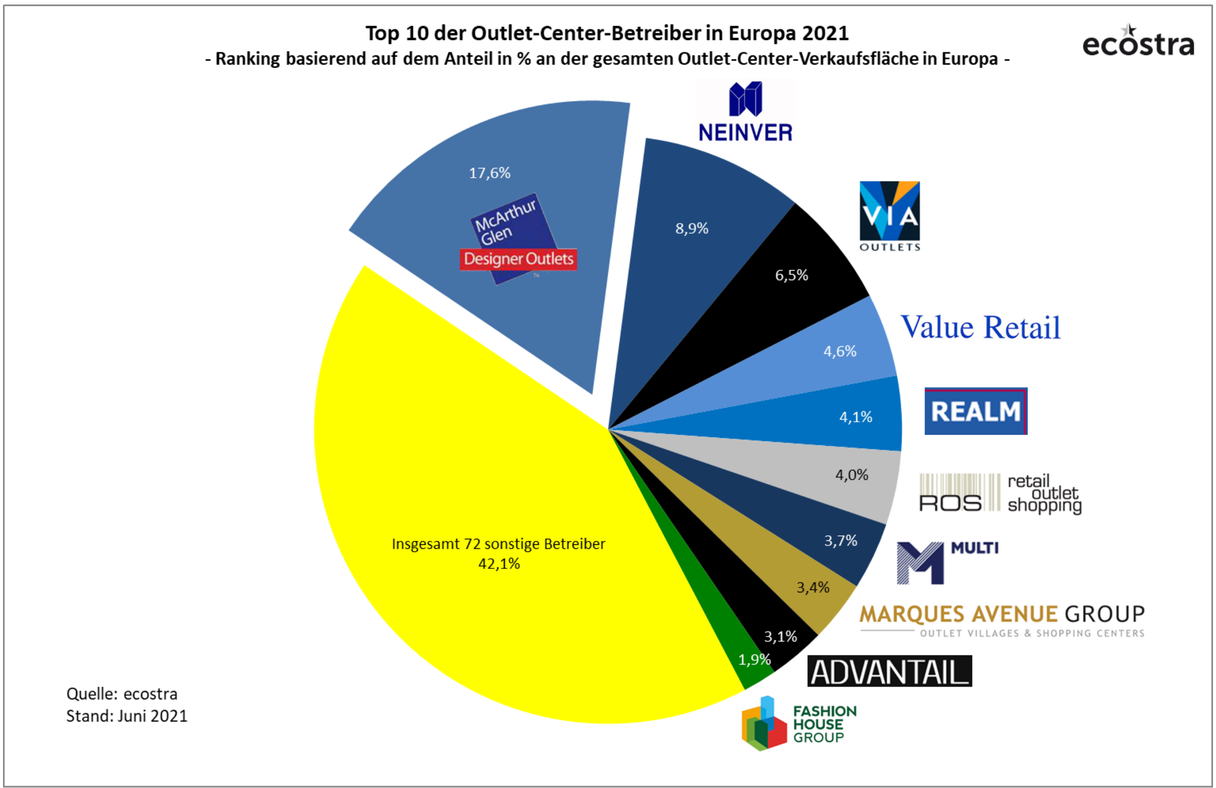
Country[1]	Number of Outlet Centres	Total Retail Sales area in m²	Ø Retail Sales Area in m² per Centre	Retail Sales Area in m² per 1.000 Inhabitants	Number of planned sites	Medium Term
	IN OPERATION					
UK	39	590.235	15.130	8,9	6	↑
Italy	25	541.120	21.650	9,1	4	↗
France	22	357.655	16.260	5,5	4	↗
Spain	19	274.140	14.430	5,9	-	→
Germany	16	243.795	15.240	3,0	6	↑
Poland	14	214.500	15.320	5,6	3	↗
Russia	9	171.050	19.010	1,6	-	↗
Portugal	5	88.550	17.710	8,6	-	↘
Switzerland	5	77.500	15.500	9,1	-	↘
Greece	5	74.400	14.880	6,7	1	↗
Netherlands	4	99.000	24.750	5,8	1	↗
Austria	3	74.000	24.670	8,4	-	→
Czech Republic	4	73.500	18.380	6,9	-	→
Belgium	2	32.000	16.000	2,8	1	↗
Hungary	2	29.500	14.750	3,0	-	→
Sweden	2	30.000	15.000	3,0	-	→
Croatia	2	25.270	12.640	6,0	-	↘
Norway	2	21.500	10.750	4,1	-	→
Finland	1	8.500	8.500	1,5	-	→
Ireland	2	20.000	10.000	4,2	-	→
Denmark	2	20.000	10.000	3,5	1	↗
Ukraine	1	15.000	15.000	0,3	-	→
Romania	2	23.000	11.500	1,2	-	→
Bulgaria	1	13.000	13.000	1,8	-	→
Serbia	1	13.000	13.000	1,8	-	→
Lithuania	1	12.700	12.700	4,4	1	↗
Latvia	1	10.000	10.000	5,1	-	→
Cyprus	-	-	-	-	1	↗
Total	**192**	**3.152.915**	**16.420**	**-**	**29**	↗

(1) = Ranking in descending order by number of sites in operation

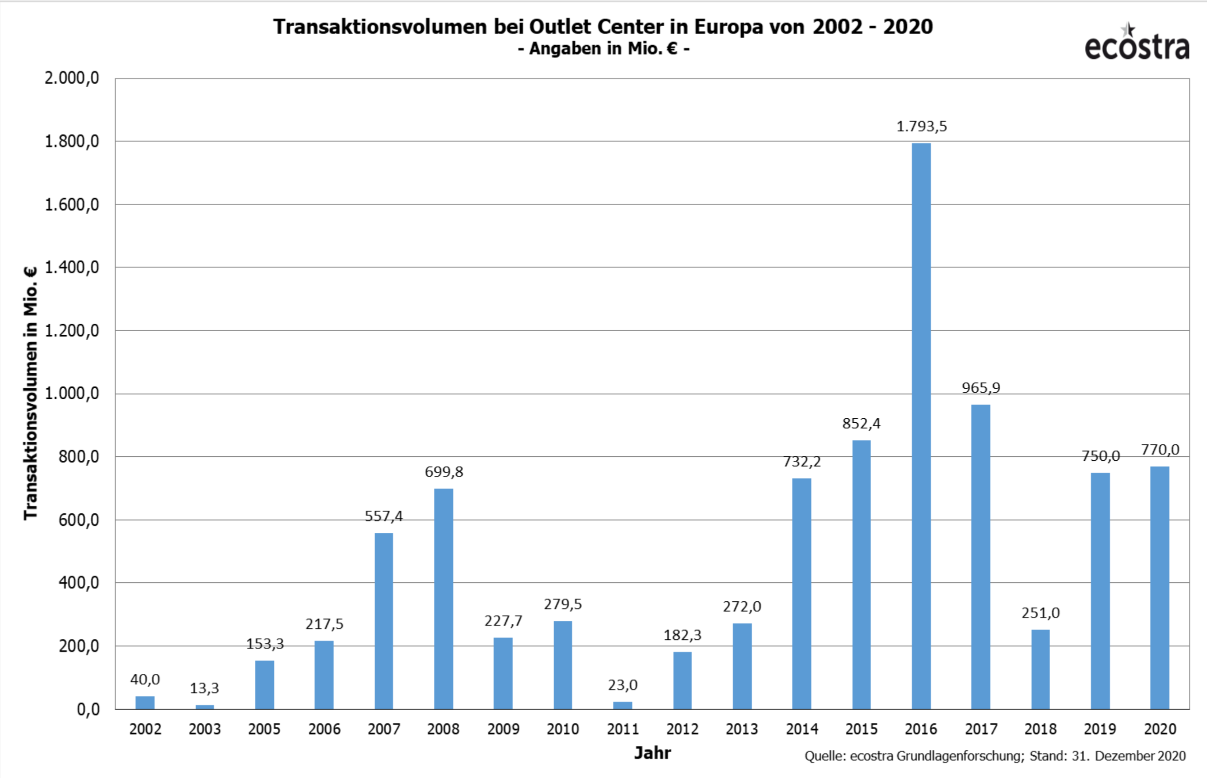
(2) = Classification of the medium-term trend in the development of the number of outlet sites and outlet sales area equipment in the corresponding countries from ↑ (= booming) to ↓ (=rapidly declining)

Source: ecostra-research, Status: June 2021

The largest outlet center operators in Europe on the basis of the outlet sales area in operation



The development of annual volumes of outlet centre transactions in Europe from 2002 to 2020 in million €



Definition Outlet Centre:

Outlet Centres are an agglomeration of many outlet store units within a coordinately-planned or a spatially-interrelated complex of buildings with more than 5,000 m² retail sales area (= approx. 6,000 m² GLA) and with more than 20 outlet stores. There brand manufacturers and vertically-integrated retailers sell past seasons, factory seconds, surplus stock etc. directly to the consumer, without using retail businesses as (intermediate) distributive channels. All products are sold with a discount to the original high-street price of at least 25 %, whereas double-pricing ("High Street Price" / "Outlet Price") is ruled by the leasing contract. The marketing targets a supraregional area and above all customers from far away are addressed. The coordination, organisation and marketing of an outlet centre is carried out by a centre management.

ecostra company profile

ecostra GmbH is one of the leading management consultancies for the real estate business and the retail trade. Beside consulting tasks as for example the optimisation of the existing retail net of companies, the production of location analyses and studies for the expansion planning as well as feasibility and profitability investigations for project developers, financial service providers and investors ecostra also compiles utilization concepts for shopping centres or analyses the chances and risks, e.g., of a possible relaunch of a centre. Beside the private sector, ecostra also works for the public sector by providing retail concepts for cities and regions and offers expert advice for approval procedures, administrative court procedures and cartel court procedures. The spatial field of activity encompasses all European countries, seat of the enterprise is the Hessian capital of Wiesbaden.

Beside the classical shopping centers a special focus of the retail trade research is put by ecostra at outlet centres. Here ecostra has published among other things a fundamental study on behalf of the German federal ministry of construction as well as various books and articles on the location requirements, the relevant operational aspects as well as to the impact of outlet centers on regional trade.