

## Press Release of 15<sup>th</sup> January 2020

Dear ladies and gentlemen of the press,

since 2008 – i.e. for more than 10 years now – ecostra GmbH has conducted an annual survey of international brand manufacturers who are tenants in outlet centres in Europe. Since 2012, this survey has been carried out in cooperation with the French research institute Magdus. By now, the report is regarded to be "the" benchmark for the European outlet industry. The results are printed in detail in the so-called "Outlet Centre Performance Report Europe" (OCPRE), which can be obtained from the ecostra webshop.

The OCPRE is the only Europe-wide survey of brands on the economic performance of their stores in the single outlet centres. All outlet centres in Europe that have been in operation for more than 2 years were included in the survey portfolio. Only brand manufacturers with at least three stores in three different outlet centres in Europe were allowed to take part in the survey. The survey was conducted among the decision-makers (sales managers, expansion managers) of the brands at the respective company headquarters, not among the store managers on site, as only the first-mentioned have the opportunity and the overview to evaluate the performance of their stores in different centres, which are also often located in different European countries. Again, like previous year, a total of 76 international brand manufacturers took part in the survey, which operate a total of 1,330 outlet stores (previous year: 1,201) in European outlet centres. Since several of these manufacturers do have several brands, these represent a total portfolio of around 120 brands, mostly from the fashion sector.

We would be delighted if you could print this press release in your publication. If you need further illustration material (e.g. printable photos of selected objects) for this purpose, we can also provide you with these free of charge and free of rights.

If you have any questions, please feel free to contact us at any time. Contact person is at

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Yours

ecostra GmbH    Magdus

## British "Bicester Village" is recapturing the Throne among the best performing Outlet Centres in Europe

Bicester, a small town with almost 33,000 inhabitants in the British county of Oxfordshire, has a history that goes back to Roman times. However, Bicester became nationally and internationally well-known through the outlet centre, which opened in 1995 and since has become one of the most visited tourist attractions in the United Kingdom, alongside the Tower in London, Oxford and Stonehenge. In this context, e.g. Bicester Village nowadays is a must for many Asian tourists. The considerable economic success, based on such a combination of tourism and shopping, is once again confirmed in a new study. In the survey for the "Outlet Centre Performance Report Europe" (OCPRE) – conducted annually since 2008 by the Wiesbaden-based business consultancy ecostra and the French research institute magdus – the "Bicester Village" outlet centre was voted to be the economically most successful outlet centre in Europe – already for the fourth time after 2008, 2010 and 2013. Thus, Bicester Village replaces the previous year's winner, the "Outletcity Metzingen" in Germany.

### Area Productivity of more than 40,000,-- € / m<sup>2</sup>. Happy tenants

In the current tenant survey, Bicester Village is even the first centre ever to achieve the highest possible rating. All participating tenants assessed the centre to be "very good" when asked about the economic returns of their stores. *"Since we first started this survey in 2008, we have never had this*

before," says Dr. Joachim Will, managing director of ecostra GmbH, commenting on this result. *"Obviously, the tenants are not just extremely satisfied with the turnover generated in Bicester Village, but are downright happy to run outlet stores there. And this is despite the notoriously high rents that the operator Value Retail charges at this location."* Yet the efficiency of Bicester Village is no longer a secret. The French investment fund Hammerson, which directly and indirectly holds a 50 % share in the centre, published an average area productivity of more than € 40,000 per m<sup>2</sup> in one of its latest annual reports. Will: *"This means that Bicester Village is likely to play in a league of its own among outlet centres worldwide. At present we are not aware of any other centre that even comes close to achieve such figures".*

### **La Vallée Village: another "secret winner"**

The company Value Retail, which is responsible for the management of Bicester Village and also holds shares in the centre, can claim further success in the current study. With "La Roca Village" in the north of Barcelona (3<sup>rd</sup> place), "Ingolstadt Village" near Munich (11<sup>th</sup> place) and "Las Rozas Village" near Madrid (18<sup>th</sup> place), Value Retail was able to place three more of its nine operating centres in the top 20 of the economically most successful outlet locations in Europe. "La Vallée Village" near Disneyland Paris in France, which is also managed by Value Retail, missed a placement in the ranking with only four single tenant votes by a narrow margin, but – like its sibling "Bicester Village" – achieved the highest possible rating of 1.0. *"La Vallée Village has been a high performer for years due to the good location factors, the attractive tenant mix and the competence of the operator and is undoubtedly considered as one of the best French centres. Although it narrowly missed the threshold for a placement in the ranking due to an insufficient number of tenant votes, it certainly is a 'secret winner'",* states Dr. Caroline Lamy, owner of magdus, Troyes, who is a profound expert not only of the French outlet market. 2<sup>nd</sup> place is taken by "Designer Outlet Roermond" of the European market leader McArthurGlen, located on the Dutch border with Germany. The centre in Roermond has often led the ranking in recent years and has always been represented in the top group. The best German centre is still the "Outletcity Metzingen", which is now ranked 7<sup>th</sup> in a European comparison.

### **Newcomer "Honfleur Normandy Outlet" with top ranking**

The surprise of the year, however, is the French centre "Honfleur Normandy Outlet", which was opened just recently in November 2017 at the mouth of the river Seine, in the south of the city Le Havre and, with around 12,000 m<sup>2</sup> GLA, is one of the smaller-scaled outlet centres. As a newcomer to the OCPRE this centre – developed and managed by Advantail – immediately achieved 8<sup>th</sup> place with a rating of 2.0. Usually, newcomers start somewhere in the middle of the ranking, as outlet centres need some time to position themselves as shopping destinations within their market environment. Caroline Lamy: *"The centre got off to a good start and recorded another extraordinarily dynamic development last year. The number of visitors rose by 11 % and sales even increased by 23 %. This is a very remarkable success!"* The operator Advantail is now planning to expand the "Honfleur Normandy Outlet" significantly over the next few years.

### **Centre in Northern Spain at the bottom of the ranking**

This time, the taillight and thus the bearer of the "red lantern" is "Coruna The Style Outlets" in Concello de Culleredo in Northern Spain. The centre operated by Neinver replaces the previously last ranked "Marques Avenue Troyes Mode" in Saint-Julien-les-Villas in France, which is located east of Paris and is now on second last place. Caroline Lamy: *"The operator Marques Avenue has already reacted to this situation and recently revised the space concept as well as the tenant mix. Initial reactions from*

*tenants and visitors show that the right measures have probably been taken here and an improved ranking can be expected in the future".*

### **McArthurGlen series winner in the rating of operators**

As in previous years, McArthurGlen was voted by the participating tenants as the most capable operator of outlet centres in Europe. The European market leader currently operates 23 outlet centres in Western European countries. Further 5 locations are either already under construction or at least in an advanced planning stage. Holy AG, the operator of the "Outletcity Metzingen" is on 2<sup>nd</sup> place, followed by Value Retail on 3<sup>rd</sup> place.

### **Persistent high expansion activity, but number of planned new outlet stores declines slightly**

From the brand manufacturers' point of view, outlet stores are continuing to perform significantly better than their full-price stores in high streets and their online stores. The gap has even widened slightly in the past year. In this respect, outlet stores are increasingly developing to be the most profitable distribution channel for the brands, even though the total sales volume of outlet stores is still significantly lower than that of retail and wholesale. Accordingly, the brands continue to expand strongly, even though the expansion rate has slowed down slightly. The participating brand manufacturers on average plan to open 3.3 outlet stores in Europe in 2020 (previous year: Ø 3.7 stores), with the most expansive brand planning to open 20 stores. At the same time, on average 1.0 outlet stores are to be closed (previous year: Ø 1.2 stores), whereby the maximum value of a single brand is 6 stores here. That shows that some brands have already overstretched their distribution network to a certain extent and have now started to streamline their portfolio.

### **Target market is primarily Germany. Brexit no problem for most of the brands**

Germany is still the preferred target market for brand manufacturers when opening new outlet stores. Almost 60 % of the surveyed manufacturers want to lease outlet stores there within the next 3 years. Germany is followed by France and the Netherlands (both approx. 27 %), whereby interest particularly in the Netherlands has increased year-on-year. However, Italy (21 %) has become more important as a target market compared to the previous year, too. On this occasion, brand manufacturers were also asked, whether the Brexit was an obstacle to further expansion plans. Almost 20 % of the brands regard the Brexit as a more or less strong obstacle, about 40 % cannot see any problem for further expansion in Brexit and almost 16 % did not want to comment on this issue.

*The complete "Outlet Centre Performance Report Europe 2019" with all detailed figures, evaluations and comments can be ordered at the ecostra webshop starting with the end of January 2020 at a price of € 150 (plus VAT). The report is available in print only.*

Overview: The top 20 of the economically most successful outlet centres in Europe from the tenant's point of view 2019

Rank Europe	Outlet Centre (Operator)	Country	Average Grade**	Number of Responses
1	Bicester - Bicester Village (Value Retail)	United Kingdom	1.00	7
2	Roermond - McArthurGlen Roermond (McArthurGlen)	The Netherlands	1.48	33
3	La Roca del Vallès - La Roca Village (Value Retail)	Spain	1.63	8
4	Noventa di Piave - McArthurGlen Noventa di Piave (McArthurGlen)	Italy	1.67	9
5	Parndorf - McArthurGlen Parndorf (McArthurGlen)	Austria	1.90	30
6	Ellesmere Port - McArthurGlen Cheshire Oaks (McArthurGlen)	United Kingdom	1.92	13
7	Metzingen - Outletcity Metzingen (Holy AG)	Germany	1.95	22
8*	Honfleur - Honfleur Normandy Outlet (Advantail)	France	2.00	8
8*	Serravalle Scrivia - McArthurGlen Serravalle (McArthurGlen)	Italy	2.00	15
8*	Madrid - Getafe The Style Outlets (Neinver)	Spain	2.00	5
11*	Roppenheim - The Style Outlets (Neinver)	France	2.04	27
11*	Ingolstadt - Ingolstadt Village (Value Retail)	Germany	2.04	24
13*	Movidas / Vila do Conde - Vila do Conde Fashion Outlet (VIA Outlets)	Portugal	2.10	10
13*	York - McArthurGlen York (McArthurGlen)	United Kingdom	2.10	10
15	Zweibrücken - Zweibrücken Fashion Outlet (VIA Outlets)	Germany	2.12	34
16	Biatorbágy - Premier Outlet (ROS)	Hungary	2.14	7
17	Wustermark - McArthurGlen Berlin (McArthurGlen)	Germany	2.19	21
18*	Las Rozas - Las Rozas Village (Value Retail)	Spain	2.20	5
18*	London - London Designer Outlet (Realm)	United Kingdom	2.20	5
20	Ochtrup - Designer Outlet Ochtrup (McArthurGlen)	Germany	2.22	23

\* = The identical average rating with another outlet centre leads to a double ranking.

\*\* = Average rating based on school grades from 1 (= significantly above-average performance) to 5 (= significantly below-average performance)

Source: ecostra / Magdus 2019

### The leading outlet centres in selected European countries:

#### Top 3 in France 2019

Rank F	Rank Europe	Outlet Centre (Operator)	Average Grade**	Number of Responses
1	8*	Honfleur - Honfleur Normandy Outlet (Advantail)	2.00	8
2	11*	Roppenheim - The Style Outlets (Neinver)	2.04	27
3*	50*	Coquelles - Channel Outlet Store (Advantail)	2.75	8
3*	50*	Talange - Marques Avenue (Marques Avenue)	2.75	16

\* = The identical average rating with another outlet centre leads to a double ranking.

\*\* = Average rating based on school grades from 1 (= significantly above-average performance) to 5 (= significantly below-average performance)

Source: ecostra / Magdus 2019

#### Top 3 in Germany 2019

Rank D	Rank Europe	Outlet Centre (Operator)	Average Grade**	Number of Responses
1	7	Metzingen - Outletcity Metzingen (Holy AG)	1.95	22
2	11*	Ingolstadt - Ingolstadt Village (Value Retail)	2.04	24
3	15	Zweibrücken - Zweibrücken Fashion Outlet (VIA Outlets)	2.12	34

\* = The identical average rating with another outlet centre leads to a double ranking.

\*\* = Average rating based on school grades from 1 (= significantly above-average performance) to 5 (= significantly below-average performance)

Source: ecostra / Magdus 2019

### Top 3 in Italy 2019

Rang I	Rank Europe	Outlet Centre (Operator)	Average Grade**	Number of Responses
1	4	Noventa di Piave - McArthurGlen Noventa di Piave (McArthurGlen)	1.67	9
2	8*	Serravalle Scrivia - McArthurGlen Serravalle (McArthurGlen)	2.00	15
3	22	Castel Romano - McArthurGlen Castel Romano (McArthurGlen)	2.27	11

\* = The identical average rating with another outlet centre leads to a double ranking.  
 \*\* = Average rating based on school grades from 1 (= significantly above-average performance) to 5 (= significantly below-average performance)

Source: ecostra / Magdus 2019

### Top 3 in Spain 2019

Rang E	Rank Europe	Outlet Centre (Operator)	Average Grade**	Number of Responses
1	3	La Roca del Vallès - La Roca Village (Value Retail)	1.63	8
2	8*	Madrid - Getafe The Style Outlets (Neinver)	2.00	5
3	18*	Las Rozas - Las Rozas Village (Value Retail)	2.20	5

\* = The identical average rating with another outlet centre leads to a double ranking.  
 \*\* = Average rating based on school grades from 1 (= significantly above-average performance) to 5 (= significantly below-average performance)

Source: ecostra / Magdus 2019

### Top 3 in the United Kingdom 2019

Rang UK	Rank Europe	Outlet Centre (Operator)	Average Grade**	Number of Responses
1	1	Bicester - Bicester Village (Value Retail)	1.00	7
2	6	Ellesmere Port - McArthurGlen Cheshire Oaks (McArthurGlen)	1.92	13
3	13*	York - McArthurGlen York (McArthurGlen)	2.10	10

\* = The identical average rating with another outlet centre leads to a double ranking.  
 \*\* = Average rating based on school grades from 1 (= significantly above-average performance) to 5 (= significantly below-average performance)

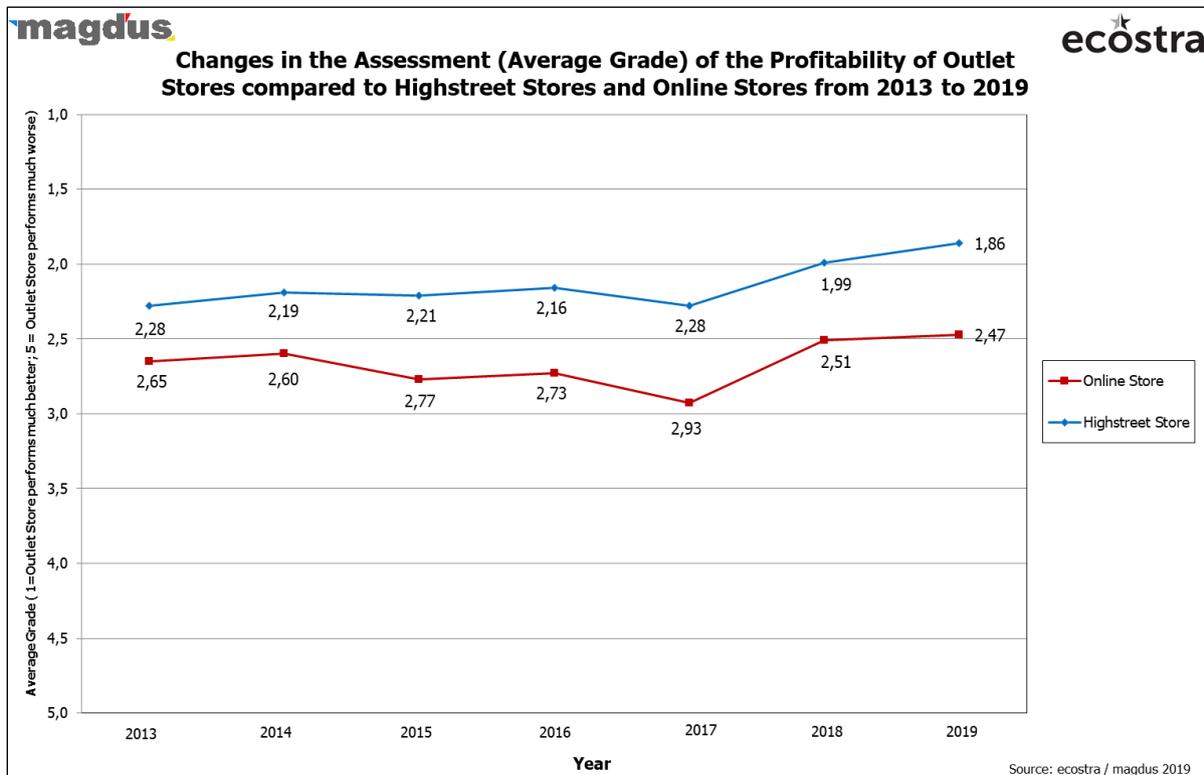
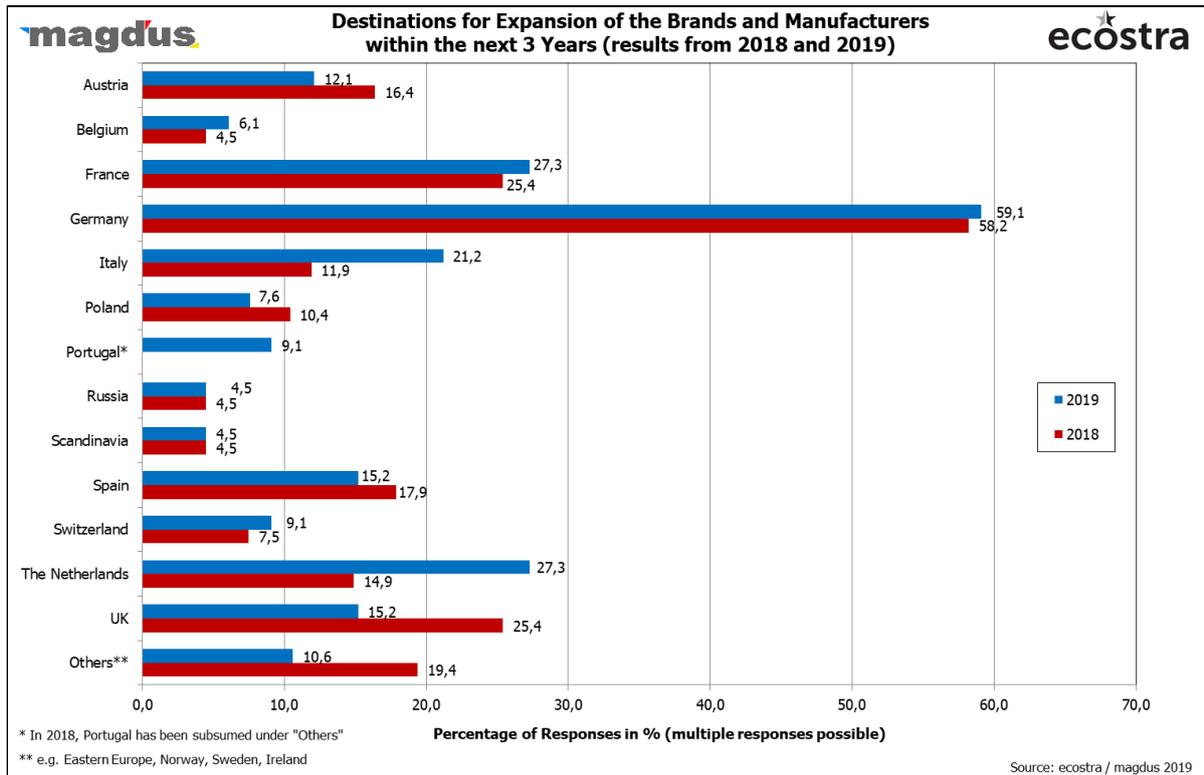
Source: ecostra / Magdus 2019

### Overview: The 10 European outlet centers with the weakest economic performance from the tenant's point of view in 2019

Rank Europe	Outlet Centre (Operator)	Country	Average Grade**	Number of Responses
96*	Bordeaux - Quai des Marques (Marques Avenue)	France	3.40	5
96*	Hatfield - The Galleria (Land Securities)	United Kingdom	3.40	5
98	Rzgow (Lodz) - PTAK Outlet (PTAK S.A.)	Poland	3.43	7
99*	Messancy - McArthurGlen Luxembourg (McArthurGlen)	Belgium	3.50	8
99*	Agira - Sicilia Outlet Village (Arcus Real Estate Srl)	Italy	3.50	8
99*	Marratxi - Mallorca Fashion Outlet (VIA Outlets)	Spain	3.50	6
102*	Molfetta - Puglia Outlet Village (Multi Outlet)	Italy	3.60	5
102*	Järfälla - Stockholm Quality Outlet Barkaby (JLL)	Sweden	3.60	5
104	Saint-Julien-les-Villas - Marques Avenue Troyes Mode (Marques Avenue)	France	3.71	7
105	Concello de Culleredo - Coruna The Style Outlets (Neinver)	Spain	3.83	6

\* = The identical average rating with another outlet centre leads to a double ranking.  
 \*\* = Average rating based on school grades from 1 (= significantly above-average performance) to 5 (= significantly below-average performance)

Source: ecostra / Magdus 2019



**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 m<sup>2</sup> retail sales area (= approx. 6,000 m<sup>2</sup> 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 belongs to the leading management consultancies for the real estate business and the retail trade. Beside consulting tasks as for example the optimization of the existing retail net of a company, 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 analyzes 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 development 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. ecostra is seated in the Hessian capital of Wiesbaden.

Beside the classical shopping centres 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 factory outlet centers on regional and local trade.

**magdus company profile**

The purpose of Magdus, the European Factory Outlet Centres Observatory, is to study the concept of factory outlet centres in Europe. News, key figures, interviews with experts and economic studies, Magdus is THE reference point for the sector.

The objective of the Magdus conference is to create a place for professionals to meet and exchange ideas, and takes place each year in the French capital Paris. During every edition, 250 participants from all over Europe attend the bilingual conferences led by recognized contributors, workshops run by professionals open to participative exchanges of ideas, and the presentation of the Magdus Awards that reward the most exceptional players, projects and initiatives of the year

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