



INTERNATIONAL OUTLET JOURNAL

Summer 2011  
VOL. 7, NO. 3



A Publication of ICSC

# All Outlet Eyes Turn to Asia



LUXEMBURG



Paju Premium Outlets, South Korea

## Plus:

Updates on Asian development  
Paju Premium Outlets opens  
ICSC launches Outlets Asia

Designer Outlet Luxembourg opens  
Germany: Europe's jewel  
And much, much more...

# Germany: elusive jewel in the outlet crown

Attempting to develop an outlet center in Germany is somewhat like the quest for the holy grail.

**By Stephanie Kramer**  
Contributing Writer

**In the next** two years the number of outlet centers in Germany is expected to double. With five or six new centers opening their doors by 2012, and the potential for more after that, some are predicting a bright future in what is still largely uncharted outlet territory. But is this late-bloomer really the land of opportunity for outlet centers?

According to Anneliese Hovinga, senior account manager at Stable International, which is developing two outlet centers in Germany, "This country is actually full of outlets – they just aren't often grouped together. The concept of an 'outlet village' isn't that difficult to translate to the consumer as long as the brands are there."

Henrik Madsen, managing director of Northern Europe for McArthurGlen,



**Wertheim Village**

which will open its second outlet center in Germany in 2012, says the country is "significantly underdeveloped, especially compared with the UK or Italy. There is a very low outlet presence because of restrictive planning legislation."

The potential for outlet retailing in Germany is immense, both in opportunity and spending power.

The most developed European markets, the UK and Italy, have 10 m<sup>2</sup> and 8.3 m<sup>2</sup> of outlet space per 1,000 inhabitants. In Germany that figure is less than 1 m<sup>2</sup>.

## Spending power

"Germans have grown wealthier in the last 15 years," says John Quinn, director of Germany for Value Retail, which targets high-end shoppers in affluent regions and opened Wertheim Village in 2003 followed by Ingolstadt in 2005. "There has been an in-



**Zweibrücken The Style Outlets**

crease in their desire for luxury products. The German consumer is very brand aware, and also more brands are coming into Germany."

Retail consultant Sven Buchsteiner of Frankfurt-based CBRE says, "Last year there were €407 billion in retail turnover in Germany. The level of turnover in Germany has remained constant for the last 10 years, unlike in other European countries. This further increases the attractiveness of the German retail market. Furthermore, the German consumer likes quality products and a good bargain at the same time.

"People want to buy those top brands



**Designer Outlets Wolfsburg**



at home, so more and more retailers are interested in presenting their brands in Germany. Outlets offer consumers a chance to experience those brands.”

“Germany has tremendous spending power,” says Stephan Schaefer, managing director of Outlet Centres International (OCI), which developed Germany’s largest outlet center in Zweibrücken and subsequently sold it to Neinver in 2009. “Germany is the largest country in Europe and has the largest economy, so of course it is looked at by all retailers and developers with interest.”

OCI will open phase 2 of its Designer Outlets Wolfsburg in 2012, adding 6,000 m<sup>2</sup> to the existing 10,000 m<sup>2</sup>.

Neinver’s 30,000-m<sup>2</sup> Zweibrücken The Style Outlets is the largest outlet center in Germany with 125 stores and 2,358 parking places. The center, which had 2.6 million visits in 2010, has been a robust tool in helping the developer assess Germany’s potential with its strategic partner, MAB Development.

“Germany is an interesting market,” says Sebastian Sommer, country manager for Neinver Germany, “because it is not yet fully developed as an outlet destination even though German consumers have tremendous spending power.”

“Germany is different from other European countries mainly in its substantial and intense licensing and approval processes,” he says. “It takes a lot of time to discuss and explain legislative and licensing procedures, present concepts on retail compatibility to the powerful retail associations and municipalities, as well as clarify the regional integration of a center in terms of sustainability, environmental topics or tourism.”

“These procedures had a hand in the fact that the German market isn’t yet saturated,” Sommer says, adding that decision-makers at local and regional levels are now open to discussions on outlet centers. “They clearly see the advantages that outlet centers offer to a region. So, we see a changing, more positive attitude toward the outlet industry in Germany, but we still know that patience is required.”

## Ups and downs

The pluses and minuses of Germany seem to be two sides of the same coin.



**Designer Outlet Berlin**

According to OCI’s Schaefer, “The difficulty of opening a center in Germany is also what makes having one so attractive. Once you get it, it has a value in itself because there are so few.”

Each federal German state has its own regulations, and current locations tend to be opportunity-driven. Even for an experienced outlet developer, spending 5-10 years in the planning – and in the courts – is not unusual.

“We thought it was bad in Holland. It’s even worse in Germany,” says Stable’s Hovinga. “We have encountered challenges on all levels: national, local, regional – but mainly local and regional. So, we brought on board a good legal advisor who had already worked with developers who had been successful in Germany. That was crucial.”

The situation is relaxing slightly as more outlet centers open.

“The level of political debate has come down a notch,” Buchsteiner says. “Before we had a type of culture clash in Germany. Now politicians see that outlet centers are not the end of the world.”

On the contrary, many local politicians have discovered that designer outlet centers can attract more visitors to the area and that the revenue they generate can help fill local coffers.



**Wertheim Village**

Yet developers remain cautious. “On the surface it is more relaxed,” says Dutch developer Robert Van den Heuvel of One Outlet Services, which plans to open its first outlet center in Germany next year. “Before, you couldn’t even mention outlet centers in Germany. Now you can talk about them, but it is still sensitive. In Germany, retail is very old and very strong.”

For every success story, though, there are countless failures. “People

(continued on page 16)

(continued from page 15)

are optimistic about Germany because we (Value Retail) got it done,” Quinn says, adding that since the mid-1990s the developer has considered Germany its second market after the UK. “We are coming to a point where German politicians think any outlet center will be successful. It won’t. You need an experienced operator and a quality development.”

Buchsteiner says Germany will not end up with 40 outlet centers like the UK or Italy, but “it could perhaps have 25 centers, including the existing small ones.”

Important German cities such as Munich or Freiburg may present additional opportunities, and another key area of

interest is Germany’s largest, westernmost state, North Rhine-Westphalia, the capital of which is Düsseldorf. With a population of 18 million inhabitants, it is Germany’s strongest state economically. The region was also the first to knock down the tough restrictions that impede outlet development.

“This will be the next place for developers to go,” Buchsteiner says. “It was a landmark decision by the courts that may even set a precedent for other states.”



**Ingolstadt Village**

Stay tuned for the third wave of outlets in Germany. 🌐

*Stephanie Kramer is a writer and translator based in Berlin.*

## Existing outlet centers in Germany

CENTER	CITY	DEVELOPER	OPENING	TYPE	SF	M2
<b>OutletCity Metzingen</b>	Stuttgart (Metzingen)	Holy AG	1975	village	484,375	45,047
<b>Zweibruecken The Style Outlets</b>	Zweibruecken	NEINVERS.A.	2001	village	301,400	28,030
<b>Wertheim Village</b>	Frankfurt (Wertheim)	Value Retail PLC	2003	village	222,000	20,646
<b>Ingolstadt Village</b>	Munich/Nuremberg (Ingolstadt)	Value Retail PLC	2005	village	226,000	21,018
<b>Seemaxx Factory Outlet Center</b>	Radolfzell	Hesta Immobilien	2006	mall	48,440	4,505
<b>Designer Outlets Wolfsburg</b>	Wolfsburg	Outlet Centres International	2007	village	215,500	20,042
<b>Designer Outlet Berlin</b>	Berlin (Wustermark)	McArthurGlen	2009	village	103,100	9,588

## Planned outlet centers in Germany

CENTER	CITY	DEVELOPER	OPENING	TYPE	SF	M2
<b>Factory Outlet Centre Soltau</b>	Soltau	Mutschler Development Group	2012	village	107,600	10,007
<b>Brehna Outlet Park</b>	Brehna	ONE Outlet Services	2012	mall	156,077	14,515
<b>Designer Outlet Neumunster</b>	Hamburg (Neumunster)	McArthurGlen	2012	village	215,000	19,995
<b>Wiedemar Fashion Outlet</b>	Leipzig (Wiedemar)	Stable International Development	2012	mall	167,800	15,605
<b>Montabaur Fashion Outlet</b>	Frankfurt (Montabaur)	Stable International Development	2012	village	135,000	12,555

Source: 2010-2011 Global Outlet Project Directory