

THE SIZE OF RETAIL SPACES: THE LOCATION IS THE DECIDING FACTOR

"Building store space is one thing, but always being available to support customers personally on thousands of square meters is another," says Roman Schwarzenecker. The partner and authorized representative at Standort + Markt explains why space is shrinking in Western Europe precisely because of personnel costs, while space is (still) growing in the CEE and SEE regions.



Mega, Giga, XXL concepts were integral at the beginning of the new millennium – at least in Central Europe. Who doesn't remember the times of Nike Towns, Hettlages, P&C Weltstadtkaufhäuser, Benetton Flagship Stores, Amadeus (books), Sport Eybl locations, Virgin Mega Stores and the Galerias, Kaufhöfe and Karstadts that were all still open in Germany? There was hardly a segment group that wasn't flirting with a large format space! In the specialty store areas, too, one large-format store after the other was launched from the ground. Then they pulled back. This downsizing happened much more quietly than the openings. But where did this downsizing take place, and why? Is the time of the large formats over?

LARGE SPACES ARE OFTEN MARKETING TOOLS

Let's take Austria as an example: according to the S+M documentation City Retail, the sales area of the ten largest store spaces in Austria's city centers (excluding furniture store Leiner) has been reduced by more than 7,000 sq m over the last ten years. In other words, the largest flagship stores in Austria's cities now have almost 15% less space available than a decade ago.

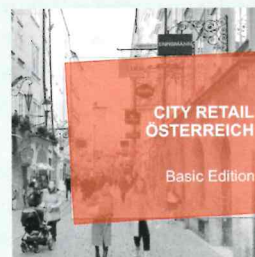
The situation is quite different when we look to the east. Geographically, a Europe-wide west-east divide is discernible. Countries in the CEE/SEE region are (possibly) at the end of the expansion cycle, while in the West, people are already making do with smaller store spaces. The reasons for this are high rents, rising operating costs, increasing e-commerce shares, and personnel costs, significantly higher in Western Europe than in the East. It's one thing to build store space, but it's another always to be available to support customers personally on thousands of square meters. Who hasn't heard the jokes about the lack of employees in DIY



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IMAGE: SCHWARZENECCKER/STANDORT+MARKT

stores? Flagship stores are often built for marketing purposes, to show what the brand can do. Money is earned elsewhere. In times of declining sales and returns, this may also be why Western Europe is taking careful steps instead of big jumps.



Standort + Markt advises companies throughout the CEE region with analyses, market data surveys, expert opinions, and project and location evaluations. The latest documentation, "City Retail Austria," provides well-founded information on the retail situation,

including retail-related uses such as gastronomy and service providers of the 20 largest cities in Austria.