

POLARIZATION IN RETAIL

Only relevance determines the new middle ground between luxury and discount

GRAI-INDEX STRONG COMEBACK OF THE EUROPEAN RETAIL MARKETS BBE/IPH LESS ROOM FOR THE MID-RANGE SEGMENT BETWEEN PREMIUM AND DISCOUNT CONCEPTS SES-INTERVIEW ONLY UNCOMPROMISINGLY WELL-DESIGNED CENTERS HAVE A FUTURE



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DEAR READER,

The narrative has become familiar: Retail is polarizing. Luxury brands are thriving, discount retailers are expanding, and the middle is being squeezed out. It's a compelling story-dramatic, digestible, and databacked in parts. But like many simple stories, it's also misleading.

Yes, we are seeing a bifurcation in retail demand. High-end flagships on prime urban boulevards are commanding record rents. Hard discounters are opening stores at an aggressive pace, penetrating both urban and suburban catchments. But this apparent "death of the middle" is more of a mirage than a market fact.

What's truly fading is not the middle - it's the mediocre. Retailers who fail to offer distinct value, a clear brand proposition, or a relevant experience are the ones being left behind. Mid-market does not mean mid-quality, mid-relevance, or mid-engagement. Some of the most resilient retail concepts today operate squarely in the so-called middle-think next-gen grocers, vertically integrated apparel brands, or experience-focused lifestyle retailers. These players are thriving not in spite of their middle positioning, but because they've defined it meaningfully.

For retail real estate professionals, this shift demands nuance. Success will not come from chasing extremes, but from understanding ecosystems. The challenge isn't simply to pick sides between luxury and discount-it's to create environments that support retail clarity. Properties that enable curated, coherent, and compelling tenant mixes-regardless of price point-will outperform.

"The implications for retail real estate development and management are significant. Developers must carefully consider evolving consumer demand and retailer needs when planning or redeveloping assets", explains Thierry Cahierre, COO Real Estate, Redevco (page 25). "Simply labeling goods - whether as "discount" or "luxury" - is no longer sufficient these days. The emotional approach is what counts", states Lars Jähnichen, Managing Director of the IPH Group, for example in his interview together with Johannes Berentzen, Managing Director of BBE Handelsberatung (page 14). "Experiences, clear positioning, and top-quality levels are no longer optional, but mandatory. Only those who provide a sense of clarity stand a chance of survival", Christoph Andexlinger, CEO of SES Spar European Shopping Centers, puts it in a nutshell (page 20).

All these and more examples of industry experts explaining their point of view in this cover story show clearly: The retail middle isn't dying. It's being refined, redefined, and in numerous instances, reinvigorated. And that's a much more hopeful, but also more demanding, story.

Enjoy reading this new ACROSS edition, which, in addition to the cover story about polarization, offers much more from the European retail real estate world.

Yours sincerely,

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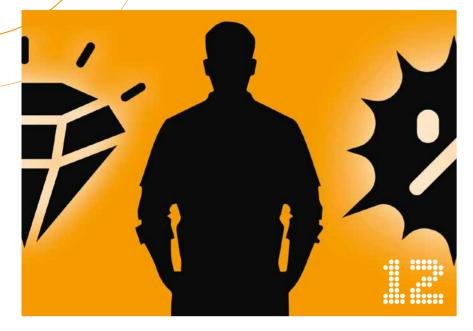




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Strong Comeback of the European Retail Markets6

GRAI 1/2025 confirms the positive trend in the first guarter of 2025. The EU-15 Index, compiled by Union Investment and GfK, reached a new high of 115 points, reporting further growth in seven European countries.

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"Consumption Is an Expression of Control, Especially in Uncertain

.... 10 Times"... In this interview, consumer researcher Monika Koller from the University of Vienna discusses emotional value dimensions, contradictory consumption patterns, and the challenge of creating genuine added value in a dynamic consumer landscape.

No Room for Mediocrity: How Retail Polarization Is Reshaping the Shop-

While luxury and discount segments thrive, many mid-tier retailers are struggling to stay afloat.

The "Mid-Range Segment" as Such Is Not Dying – but "Mediocrity" Is...... 14 Between premium concepts that offer high levels of experience and the successful formats found in the discount sector, there is less and less room for the "mid-range segment".



SES: "Retail's Core Function Is

Christoph Andexlinger, SES Spar European Shopping Centers, speaks about the realignment of traditional shopping centers, the power of regional retailers, and why centers that are uncompromisingly well-designed will be the only ones that will have a future.

The Evolving Retail Landscape: Navigating Polarization Through Wellbeing, Sustainability, and

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Gradual Change: The New Mid-Range Between Luxury and Discount Concepts

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Luxury brands are thriving on exclusivity and immersive experiences, while discount retailers expand rapidly through pricing power and operational scale.

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Sebastian Guth, 21 Media, explains why polarization isn't a problem, but a strategic advantage for smartly positioned retail locations.

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"Performance is the deciding factor

The focus is always on the success that can be achieved together: Johan Caspar Bergenthal spoke with ACROSS Magazine about the success factors driving VIA Outlets and the industry in general.



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