



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

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 data-backed 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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IMAGE: ACROSS



IMAGE: ACROSS

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IMAGE: BREUNINGER

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