



EUROPEAN RETAIL RADAR

H1 2025

EXECUTIVE SUMMARY

Our detailed analysis of rental activity, conducted by Cushman & Wakefield's leading European Retail & Leisure team, reveals that the volume of retail space let in the first half of 2025 has remained consistent with levels seen in the same period in 2024.

Retailers are seizing opportunities while carefully managing costs, prioritising the transformation of key stores into flagship destinations. There is a clear trend towards emphasising quality rather than quantity.

Choosing an effective real estate strategy is increasingly vital, as property decisions continue to play a central role in retailers' overall success.



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Key Takeaways

ECONOMIC AND CONSUMER TRENDS

GDP growth across Europe experienced a modest uptick in the first quarter of 2025 and is expected to remain steady throughout the year. **Inflation** in most European countries ranged from 2% to 4% in June 2025, with forecasts anticipating stability over the remainder of the year.

Consumer confidence remains fragile amid ongoing geopolitical uncertainties, leading to a slight decrease in **consumer spending** during the first half of 2025 as the cost of living continues to be elevated.

Tourism is poised to reach record-breaking highs in 2025, driven mainly by increased intra-European travel. Notably, long-haul travellers are projected to surpass their 2019 arrival levels for the first time by the end of the year.

RETAIL TRENDS TO WATCH

Food & Beverage is essential to position retail and mixed-use real estate as destinations, increasing both footfall and dwell time.

Current growth is concentrated in casual dining (notably chicken concepts, premium health-oriented brands and cafés) and premium casual dining, while mid-market operators face headwinds.

Effective F&B strategies rely on strong landlord-tenant partnerships that support operator success. A balanced, forward-looking F&B mix not only strengthens retail performance but also enhances office and residential uses, contributing to more resilient and vibrant urban neighbourhoods.

CUSHMAN & WAKEFIELD RETAIL ACTIVITY TRACKER

Analysis of over 800 leasing transactions completed by Cushman & Wakefield in the first half of 2025 reveals retailer activity levels in line with those observed in the same period of 2024.

Among retailer segments, **fashion** retailers remain the most active, while **mixed goods** operators markedly increased their activity. With respect to market positioning, **mass market** retailers registered a marginal decline in activity in H1 2025 compared to the same period in 2024, while both **premium** and **luxury** retailers recorded a modest increase in letting activity.

The majority of leases continue to be for smaller units under 600 sqm, especially those below 200 sqm. However, there was a noticeable increase in activity for largest units of more than 2000 sqm, with over 5% more deals in this size band when compared to H1 2024.

RETAIL RENTAL DEVELOPMENTS

Rental growth remained positive across all retail asset classes in H1 2025. Retail parks stood out, reaching new record-high rents, while high street shops experienced the strongest rental increases among the three main retail sectors. Meanwhile, shopping centres rents have almost returned to their 2018 levels.

OUTLOOK

Economic conditions and consumer sentiment remain under pressure as geopolitical challenges persist, with positive, albeit modest outlook for the near term.

Responding to wider industry dynamics, retailers are focusing on improving their flagship stores in key locations to attract visitors, enhance brand presence and customer engagement, while balancing operational costs.

Economic & Consumer Trends

MODEST GROWTH CONTINUES

GDP growth across much of Europe picked up slightly in the first quarter of 2025. The European Union recorded a year-on-year GDP growth of 1.6%, while the UK saw growth of 1.3%. Preliminary estimates indicate that this pace was largely maintained into the second quarter.

Ireland led the region with the strongest GDP growth, fuelled by a surge in its pharmaceuticals and technology sector, which ramped up export activity ahead of anticipated US tariffs. In addition to Ireland, six other economies—including Poland and Denmark—posted growth rates above 3%. Meanwhile, a handful of countries, such as Norway and Slovenia, saw modest contractions of less than 1%.

INFLATION LARGELY STABLE

In June 2025, inflation rates across most European countries ranged between 2% and 4%. The European Union experienced a slight increase in its overall inflation rate, which rose to 2.3%. Inflation in Germany, Italy, Spain, the Netherlands and Poland ranged between 1.8% and 3.4%, whilst France recorded one of the lowest rates of inflation at 0.9%. Meanwhile, the UK's inflation continued to rise steadily over the first half of the year, reaching 3.9% by June.

UNEMPLOYMENT AT ALL TIME LOWS

While pricing pressures continue to impact consumers, the labour market remains a source of optimism, with unemployment levels staying exceptionally low. The European Union maintained its low overall unemployment rate through the end of the first half of 2025. Spain was the only country to report a double-digit unemployment rate, whereas eleven EU countries recorded unemployment below 5%, with the lowest rates observed in Germany, the Netherlands, Czech Republic, and Poland.



CONSUMER SENTIMENT REMAINS SENSITIVE

Across Europe, consumer sentiment remained largely stable in the first half of 2025. Some countries including the UK, Germany, and Poland have seen an uplift in consumer sentiment, while France and Italy continued to see consumer confidence soften.

European consumer sentiment relating to future indicators have been through somewhat of a journey over the past six months: with the US tariff announcements in April reverberating through markets, expectations for their own financial situations and the wider economy suffered a dip but then rallied into June and July as trade deals have been struck. However, consumer concern relating to uncertainty remains elevated which could threaten a more meaningful recovery in consumer confidence.

As a result, consumer spending across the EU has dipped slightly, as many households feel somewhat concerned about what the near term may hold along with the impact of by years of accumulated price increases and sluggish wage growth.

Notably consumer trade value seems to be back in step with consumer trade volume, following a period of decoupling during the high inflation seen the last three years.

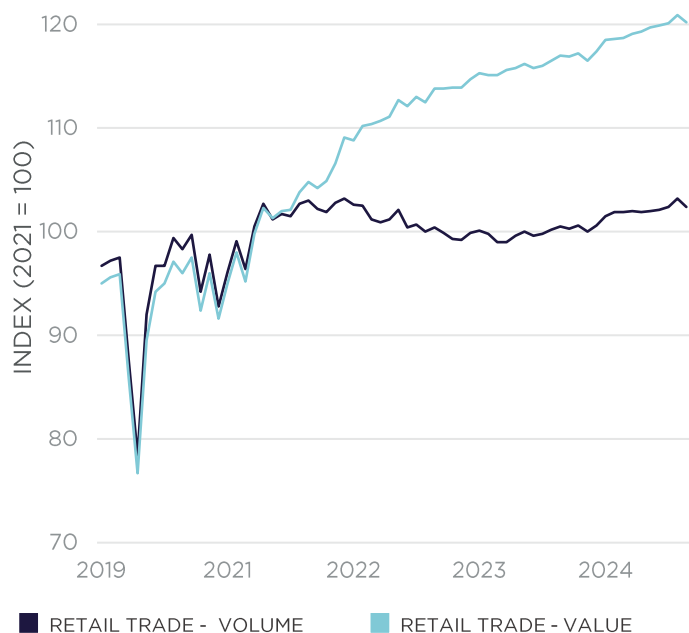


NEW HIGHS IN TOURIST ARRIVALS

Tourist arrivals in Europe reached new all-time highs in 2024, surpassing 2019 levels for the first time. The increasing number of tourist arrivals was particularly pronounced in France, Spain and Portugal, where arrivals are now approximately 10% above 2019 levels. The key driver of the strong growth in tourism sector remains intra-European travel, with short-haul arrivals exceeding their 2019 levels by around 5%. Europeans continue to benefit from low airline fares enabling them to explore locations across Europe. Notably Polish and Dutch tourists travelling in Europe are now 20% above their 2019 levels.

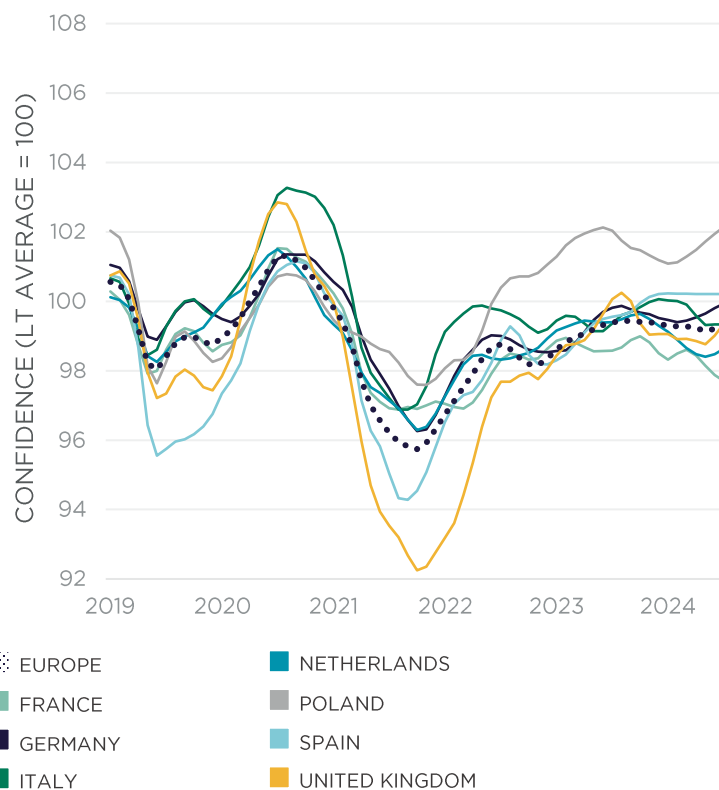
Arrivals from long-haul destinations remain just shy of their 2019 levels. With macroeconomic pressures and air travel to Europe lengthened by global conflicts many tourists choose to explore destinations closer to their home countries. This trend is very well pronounced among Chinese tourists whose arrivals in Europe are still 50% lower than they were in 2019.

RETAIL SALES IN THE EU



Source: Eurostat

CONSUMER CONFIDENCE



Source: OECD



RETAIL ACTIVITY TRACKER

Our Retailer Activity Tracker – which comprises nearly 9,000 letting deals that Cushman & Wakefield has delivered across 14 European countries since the beginning of 2021 – provides us with insight into the wider landscape of occupier activity by retailers, food & beverage and leisure operators.

Analysing these transactions as a representative sample of broader market activity provides insight into retailer occupier activity, particularly relating to segments, market position and unit sizes.

The following analysis is based on over 800 deals that Cushman & Wakefield has delivered during H1 2025.



ACTIVITY BY RETAILER SEGMENT

In the first half of 2025, the **Fashion** industry maintains its position as the largest retail occupier group, accounting for nearly a third of letting deals and 37% of leased area, which is in line with our overall sample. When compared to the H1 2024, fashion retailers exhibited a similar level of activity in H1 2025. The most active fashion occupiers included Mango, Inditex owned brands and Jack & Jones.

Mixed Goods retailers account for the second largest occupier group in terms of both number of letting deals and take-up, translating into nearly a quarter of leased space and 17% of transactions concluded in H1 2025. This represents a significant increase in activity, with 55% more space leased and 33% more letting transactions agreed, when compared to the same period last year. The most active brands once again included, Normal and Miniso, which continue their ambitious expansion plans across the continent. The first half of the year also saw multiple lettings from collectibles retailer Pop Mart.

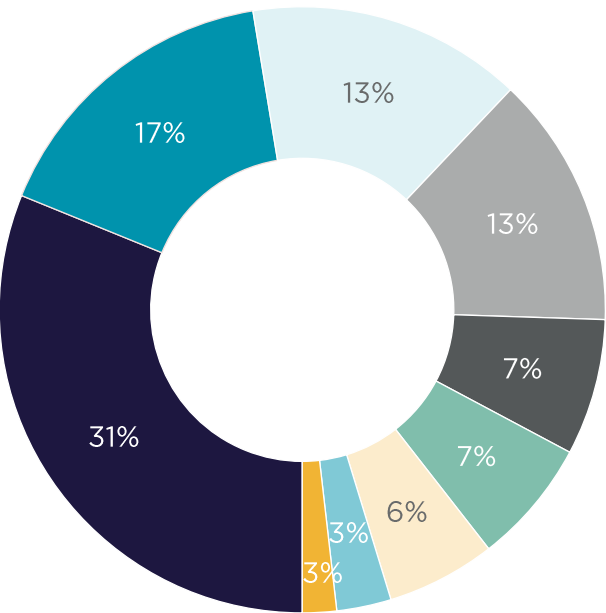
The **Home & DIY** sector has also seen a strong growth in activity, with nearly 20% more lettings and 65% more space leased in H1 2025 compared to the same period last year. Home & DIY retailers now account for the third largest share of take-up, and around 7% of letting deals. The most active Home & DIY retailers included Plum' Art, Søstrene Grene and Thun.

Leisure operators have also increased their letting activity with 14% more deals and 35% increase in space leased in H1 2025, when compared to H1 2024.

Conversely, **Food & Beverage (F&B)** operators have seen a slightly less active H1 2025, when compared to the corresponding period in 2024, with 13% fewer letting deals and 28% less space leased. At the same time the F&B sector remains the third largest occupier group when it comes to the number of deals, with 13% of all deals in H1 2025 conducted by F&B operators.

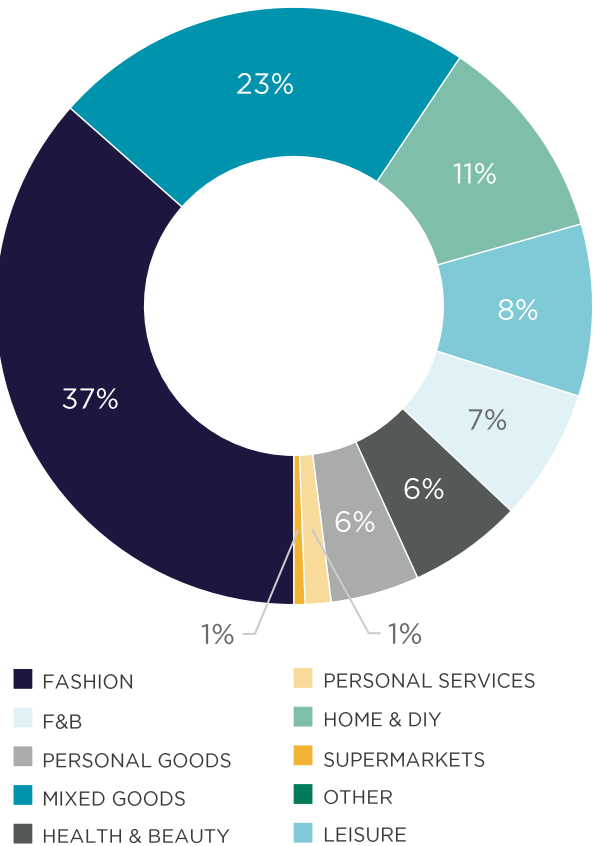
DEALS BY SECTOR

H1 2025



VOLUME (SQM) BY SECTOR

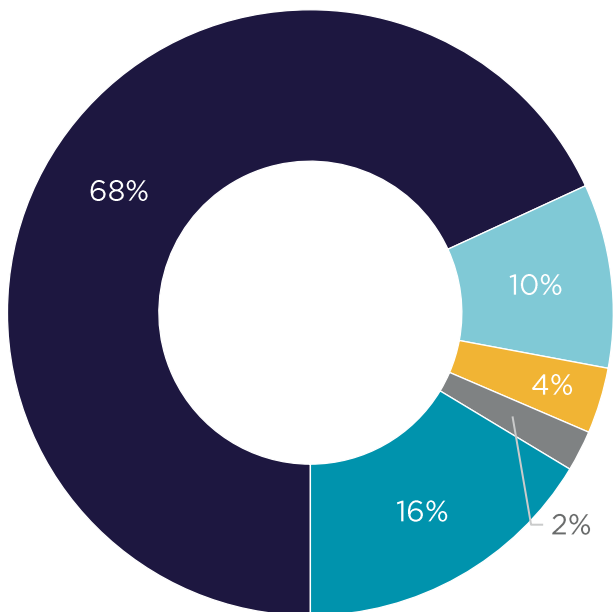
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Source: Cushman & Wakefield Retail Activity Tracker

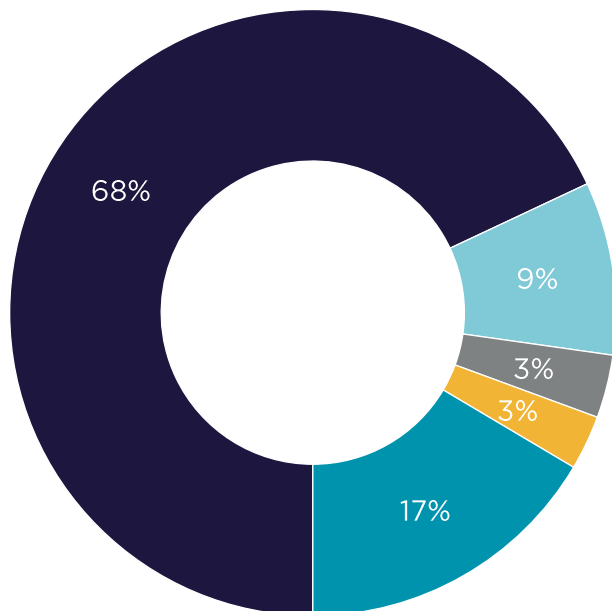
DEALS BY MARKET POSITION

H1 2025



VOLUME (SQM) BY MARKET POSITION

H1 2025



Source: Cushman & Wakefield Retail Activity Tracker

ACTIVITY BY RETAILER MARKET POSITION

Luxury brands saw an uptick in activity in H1 2025 in terms of both the number of lettings and leased space, with the former increasing by over 50% in H1 2025, when compared to H1 2024, and the latter increasing 37% over the same period. Luxury occupiers were particularly active in Italy and the UK, with multiple lettings also signed in France and Czech Republic.

At the same time, **Premium** retailers saw a similar growth in take-up, with 37% more space leased in H1 2025, over the same period last year. This is despite the number of transactions actually falling as the store sizes being let have been larger.

The **mass market** once again represented the vast majority of activity, accounting for around 70% of both floorspace leased and deals volume in H1 2025. That said, mass market occupiers have slightly moderated their activity with 3% less floorspace leased when compared to H1 2024. At the same time the number of deals went down by 13%.

Mass market Fashion brands continued to account for the largest share of the lettings (38%), followed by Mixed Goods retailers (21%) and Personal Goods (17%). The most active brands included Normal, Vodafone, Miniso, Mango and Jack & Jones.



ACTIVITY BY STORE SIZE

The smallest units under 600 sqm, once again, account for a vast majority of letting deals in the first half of 2025, representing 83% of concluded transactions and nearly 40% of the leased space. There has been a slight decrease in activity in the smallest size category with 13% less lettings agreed. However, this has translated into just 3% reduction in leased space, as the size of an average small unit let in the first half of 2025 has increased.

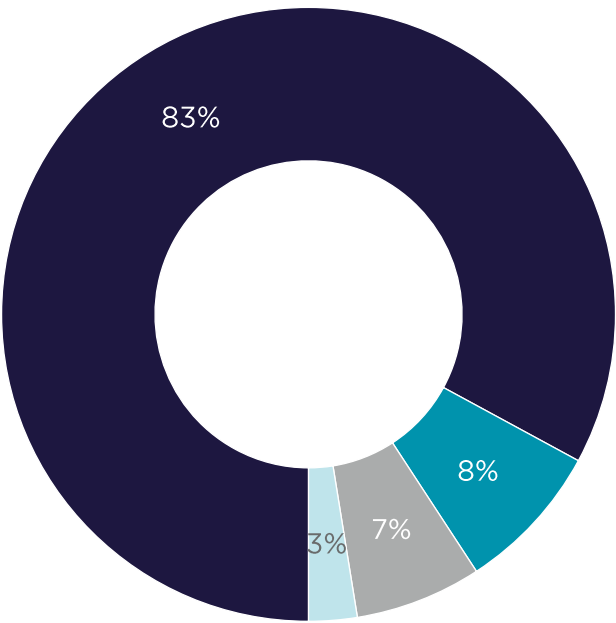
Meanwhile, the largest units of more than 2,000 sqm have seen more transactions in H1 2025, up 5% over the same period in 2024, with 20% more floorspace leased.

Simultaneously, units between 600 sqm and 1,000 sqm have seen a similar level activity to that of H1 2024, while units between 1,000 and 2,000 sqm recorded a drop in terms of both number of lettings, down by 8% and leased space, which decreased by 14%.

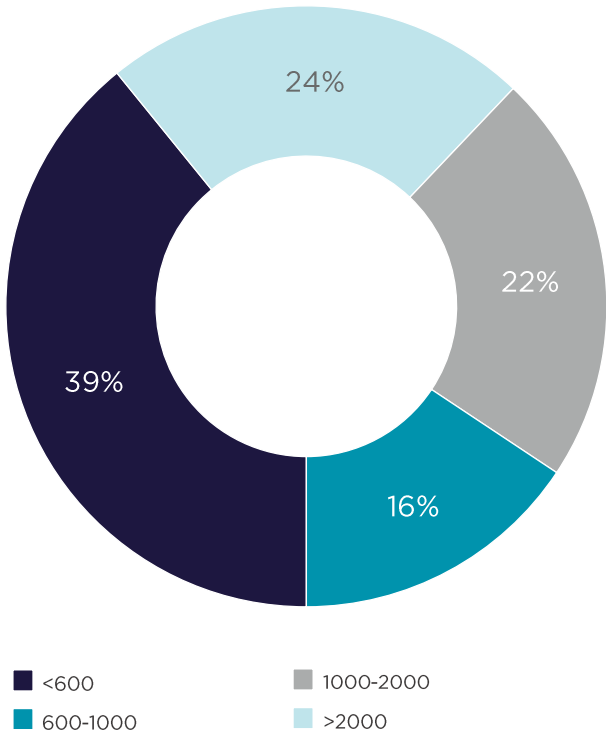
When compared to the previous year the average size of a leased unit has increased slightly, albeit remaining below the average for the overall sample. Larger units were favoured by Leisure operators and Mixed Goods retailers, with smaller units preferred by F&B operators and Personal Goods brands. At the same time, Fashion occupiers represented the largest share of deals across all size categories.



DEALS SIZE CATEGORY H1 2025



VOLUME (SQM) BY SIZE CATEGORY H1 2025



Source: Cushman & Wakefield Retail Activity Tracker

Retail Rental Developments

PRIME RENTS ACROSS DIFFERENT ASSET TYPES

In the first half of 2025, rents across all retail asset classes continued to increase, maintaining their positive momentum.

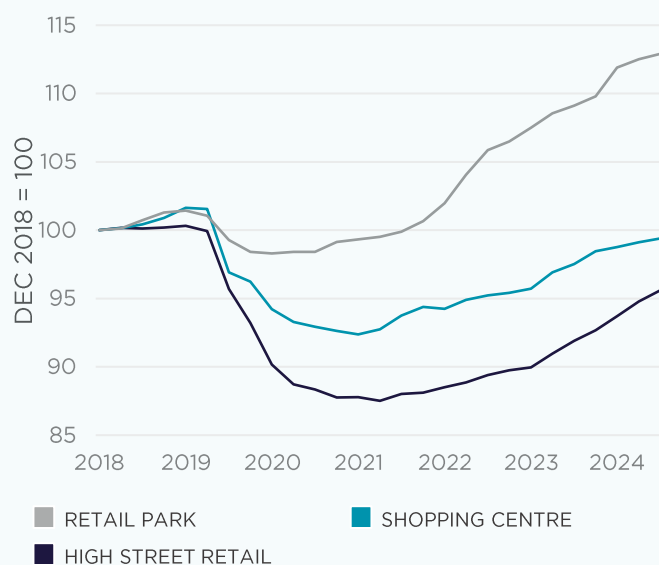
High street shops across Europe experienced the strongest rental growth among the three asset classes, reaching 4.0% year-on-year at the end of H1 2025 and steadily progressing towards 2018 levels. Rental growth is particularly robust on the most prestigious streets as retailers compete to secure the best locations. With footfall on European high streets continuing to improve and increasingly limited availability in the most sought-after locations, the rental growth is likely to remain on strong upwards trajectory.

Retail parks have also recorded significant rental growth of 3.5% year-on-year at the end of H1 2025, with prime headline rents once again reaching new highs in many locations across Europe. The attractiveness of retail parks to consumers and retailers, coupled with restricted supply, are key dynamics that will likely continue to drive rent increases.

Rents across European **shopping centres** have also continued to increase, albeit at a slower pace compared to high streets and retail parks, with rental growth reaching 1.9% year-on-year at the end of H1 2025. Prime rents in the best shopping centres are now nearly back to 2018 levels, and if the current momentum in rental growth persists, prime rents will likely exceed their 2018 levels by the end of 2025.



RENTAL GROWTH ACROSS DIFFERENT RETAIL ASSET CLASSES IN EUROPE*



Source: Cushman & Wakefield Research

*Data is Cushman & Wakefield prime retail rental series, not Retail Activity Tracker data



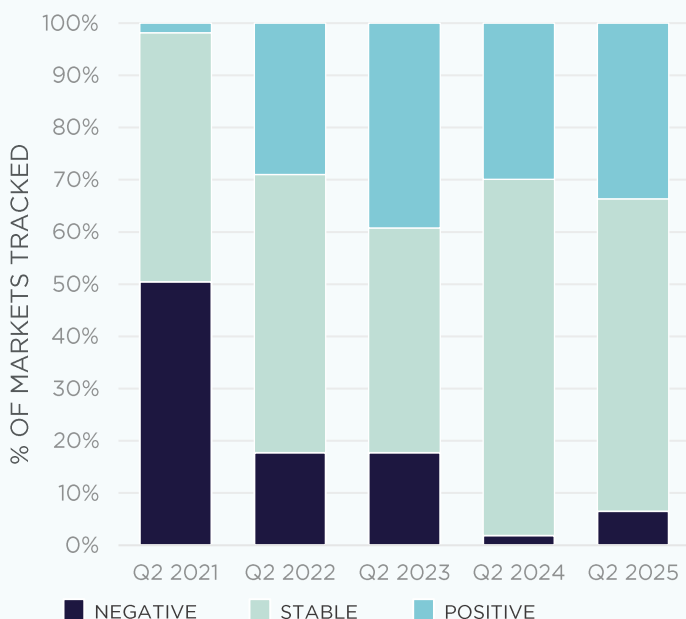
REGIONAL DYNAMICS

By the end of the first half of 2025, one third of the 107 **shopping centre sub-markets** tracked by Cushman & Wakefield reported positive year-on-year rental growth, with half of the tracked markets reporting stable rents. This trend suggests that rents have reached their lowest point and have been stabilising or returning to growth in recent quarters. Positive rental growth was particularly strong in locations across Poland, Greece, and Italy, while a few markets across Belux experienced slight rental contractions.

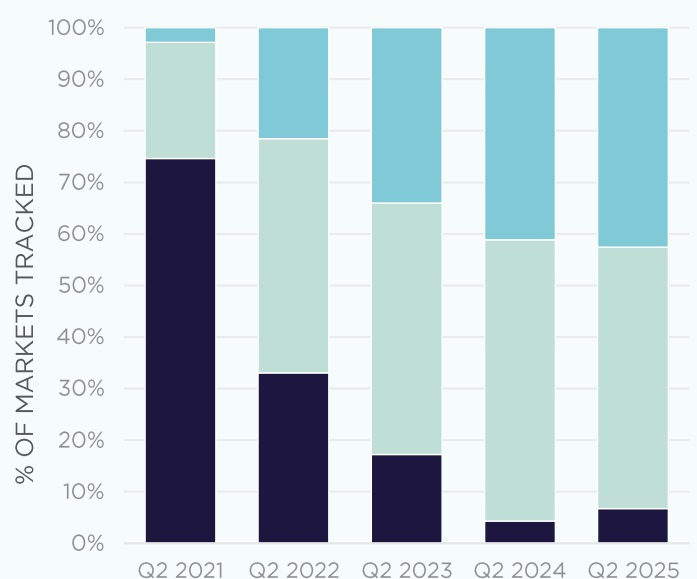
Meanwhile, among the 209 **high streets** tracked, 43% reported positive rental growth, and 51% experienced stable rents. This marks a steady increase over the past four years and a significant shift from the same period in 2021, when only 3% reported positive growth. By the end of the first half of 2025, 7% of locations reported falling rental levels, a slight increase over the same period in 2024, but still significantly below 17% in the same period in 2023.

ANNUAL RENTAL GROWTH ACROSS EUROPEAN MARKETS*

SHOPPING CENTRES



HIGH STREETS



Source: Cushman & Wakefield Research
*data is Cushman & Wakefield prime retail rental series, not Retail Activity Tracker data

Retail Trends To Watch

FOOD & BEVERAGE

Food & Beverage (F&B) plays a vital role in shaping the places where people choose to be—whether in shopping centres, high streets, or modern office buildings. In recent years, the right mix of F&B in a retail scheme has been an increasingly important factor in the overall success in attracting consumers and encouraging dwell time and spending. As the importance of F&B has grown, unsurprisingly, leasing activity by F&B operators has been high in recent years and account for the second largest share of transactions in our overall sample of deals conducted by C&W over the past four and half years.

A well-crafted food and beverage strategy is now central to building an effective retail tenant mix and the balance of F&B and leisure spaces to retail has changed with more F&B – and more variety of offering being an important element for success.

A thriving destination drives benefits beyond retail, supporting office landlords, helping businesses attract top talent, and making residential developments more enticing to new residents. In short, a robust F&B scene is crucial for developing lively, integrated, multi-use neighbourhoods. For example, thanks to enhanced food and beverage and retail options, London financial and business district, Canary Wharf now welcomes more visitors on weekends than during the week. Similarly, many large-scale regeneration projects across Europe—such as Battersea Power Station and Coal Drops Yard in London, Browary Warszawskie and Elektrownia Powiśle in Warsaw and LX Factory in Lisbon—have successfully leveraged a strong mix of F&B and retail to transform post-industrial sites into vibrant, thriving destinations.



Image © Fairmont Golden Prague

Trends in food and beverage concepts are constantly evolving and to maintain a compelling tenant mix and keep areas attractive, adaptability to the latest preferences is important. The casual dining segment is seeing significant growth, with sales surging and supporting further expansion. Chicken-focused brands have proven especially popular with many growing their portfolios significantly. Wingstop continues to broaden its presence across the UK, while Popeyes is rapidly entering new markets throughout Europe. In parallel, demand for health-focused food options is on the rise. Poke bowl brands- such as Hawaiian Poke and Poke House- and salad bars- such as Honest Greens and the Salad Project- are flourishing as consumers increasingly focus on wellness and healthier eating habits. The coffee sector is also experiencing strong growth, particularly at the premium end of the market, reflecting a broader shift toward quality and experiential dining. Similarly, premium casual dining is gaining traction, with brands such as Big Mamma, JKS, and Zuma all enjoying increased popularity..



Conversely, mid-budget F&B brands are experiencing the greatest strain, with many seeing sales stagnate or even decline as consumers adjust their spending. Some customers are trading down to more affordable options, while others are willing to spend a little extra for a premium experience, albeit less frequently. This shift places mid-market operators in a difficult position: their starting price point is already higher than entry-level brands, but only a modest increase is needed before they are competing directly with premium venues. As a result, the mid-range segment is particularly vulnerable, caught between value and premium offerings as consumer price sensitivity intensifies. Some brands, such as Prezzo and Frankie & Benny's, have responded by closing underperforming locations. Notably, however, certain mid-budget operators—such as Dishoom and Hawksmoor—have bucked this trend, thanks to their distinctive dining experiences, high-quality food, and strong brand identities that resonate with consumers.

Regardless of the segment, maintaining affordability for the target customer group remains essential to the success of F&B operators. At the same time, expanding brand presence—whether by growing in existing markets or entering new countries—strengthens market position. For all leading food and beverage brands, real estate is a crucial factor, influencing both reach and appeal in a competitive landscape.

While F&B operators often occupy similar spaces to traditional retailers, their real estate needs differ in several important ways. A strong, collaborative partnership with the landlord is essential, as F&B operators seek landlords who actively support their success. F&B units are typically far more complex than standard retail shops. As a result, landlords must provide spaces with adequate technical specifications and, ideally, necessary licenses in place. Flexibility for creative fit-outs is also highly valued, with capital contributions playing a key role in offsetting the significant upfront costs of opening a new venue. Additionally, turnover-linked rents and break options are often important to give operators breathing space during the early stages of operation. When choosing a new location, they prioritize landlords who are responsive and have a clear vision and placemaking strategy for their schemes.

On the other hand, landlords also have different expectations of F&B operators compared to retailers. They often require more detailed fit-out documentation, stricter operational covenants, additional financial protections, and a more rigorous technical approval process. Opportunity to taste the restaurant's menu is also appreciated.

Unit size also plays a part in the success of F&B strategies. In our sample of nearly 1,500 F&B units, the average unit is 200 sqm, with high street locations typically offering larger spaces (200 sqm) and shopping centres slightly smaller ones (170 sqm), however the size varies depending on the concept. For example, quick service restaurants and cafes usually prefer smaller units between 100sqm and 200 sqm, while casual dining restaurants opt for larger units between 500 sqm and 100 sqm.

Crucial for success across all locations and concepts, F&B brands prioritise making their venues welcoming and appealing. The attractiveness of each venue remains the key factor in attracting customers, making investment in appropriate spaces crucial for both landlords and retailers.

Outlook

STEADY GROWTH IN 2025

European economies are expected to maintain a steady, albeit modest economic growth trajectory in the latter half of 2025. Improved clarity regarding global trade policies is expected to foster greater economic stability, as inflation levels settle and unemployment rates remain low. Nevertheless, there are still risks that could adversely affect this outlook, as the persistence of geopolitical challenges—such as ongoing conflicts and disruptions to trade—continues to leave the market vulnerable.

Inflation rates across most European countries are projected to remain close to the 2% target set by central banks, reflecting a stabilising macroeconomic environment. In response, central banks are likely to implement further interest rate cuts during the latter half of 2025 to stimulate growth and ease financial pressures on consumers and businesses. However, these policy decisions will depend heavily on broader global dynamics and how they may impact domestic and European economic conditions.

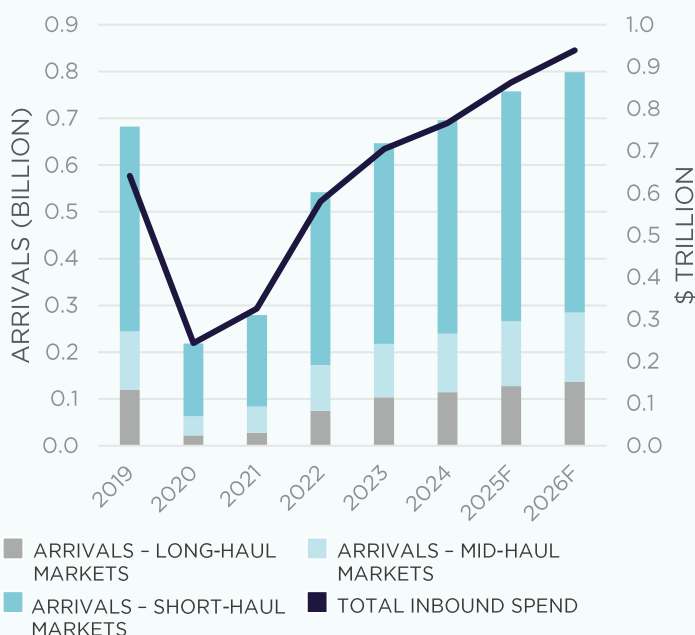
STABLE CONSUMER SENTIMENT

Consumer confidence is expected to remain steady throughout the latter half of 2025. While lower inflation and reduced interest rates offer relief to households, concerns linger, as the persistent high costs of living—especially for essentials such as housing and food—continue to weigh on consumers, tempering the benefits brought by a stabilising macroeconomic environment.

Consequently, the growth in consumer spending is likely to remain modest. Although wage growth in many markets is now outpacing inflation, the ongoing rise in essential expenses means that significant increases in discretionary spending are unlikely.

Retailers, too, maintain a cautious outlook, as sentiment remained stable, albeit slightly negative in the first half of 2025. While there is cautious optimism for future trading conditions, retailers remain concerned about potential challenges in the near term.

TOURISM FORECAST



Source: Cushman & Wakefield Research, Moody's Analytics
(Forecasts relate to C&W Baseline Scenario - December 2023)



KEY RETAIL REAL ESTATE TRENDS

Our analysis of Cushman & Wakefield's transaction data reveals that in the first half of 2025, retailers secured a comparable amount of space to that taken in the same period of 2024. However, the number of letting deals saw a slight decline, suggesting that retailers are favouring slightly larger units.

Looking ahead, retailers continue navigating a period of unusual challenges, with broader industry pressures directly influencing their real estate decisions. Consumer spending remains flat, heightening retailers' concerns about sales performance, while operational expenses squeeze profit margins. Uncertainty spurred by global conflict and trade disruption persists, however, with trade deals now in place, there is hope for a more certain inventory management and costs in the near future.

Retailers remain focused on securing the best real estate in prime locations, refining their strategies to be laser-focused on the most appropriate locations for their brands. Adopting the right real estate strategy to maximise sales while keeping costs in check remains a key priority and brands are actively seeking ways to use their stores to drive customer engagement.

Using the store to deliver memorable experiences for customers has become more essential than ever. Retailers are responding by creating striking flagship stores in prime locations, where shoppers can engage directly with the brand. These flagship stores are often larger shops with considerable capital expenditure on fit-out to create memorable spaces, driving consumer visits and spending.

Another way brands are engaging with customers is through pop-up stores, which have evolved beyond simple, temporary shops. Today, retailers strategically use pop-ups as an integral part of their customer engagement efforts, allowing them to test new concepts, generate excitement, and respond quickly to shifting market trends. These dynamic spaces create buzz - both in store and on social media - while helping brands remain agile, making pop-up stores an increasingly regular feature in the retail landscape.

As securing the right properties grows ever more essential, the availability in prime locations continues to decline. This growing demand, combined with limited availability, is pushing rents higher, and with intense competition expected to continue, retail rents will likely continue rising in the near term.



SUSTAINED STRONG TOURISM GROWTH

Tourist arrivals in Europe are expected to maintain their momentum and reach new record highs in 2025. Long-haul travelers are anticipated to exceed their 2019 arrival levels for the first time since pandemic travel restrictions were lifted, while short- and medium-haul travelers are expected to arrive in record numbers.

Arrivals from China are predicted to continue increasing, though at a slower pace than initially expected, still falling significantly short of 2019 levels. Western Europe and the Mediterranean countries are forecast to attract the highest numbers of tourists, as holidaymakers remain undeterred by stagnant consumer sentiment and rising accommodation and transportation costs.



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ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2024, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more.

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Better never settles

