Retail 2030: Where will the Next Decade's Growth Be?

Investing in the Changing Landscape of European Retail

IN A NUTSHELL

- European retail is undergoing deep structural change driven by shifting consumer behaviours, demographic trends, and technological advances. This is challenging traditional assumptions about retail property and investment.
- New consumer priorities are driving demand for flexible, service-rich and health-oriented retail formats, putting pressure on traditional product-led models and requiring new approaches to tenant mix, leasing, and asset design.
- We believe the opportunities may lie in hybrid and convenience formats, including wellness boutiques, diagnostic clinics, and leisure-tech brands. Assets that act as local platforms blending services, technology, and placemaking, may attract the most resilient demand, deliver adaptive income, and generate long-term returns.

PART I - Introduction: A Market at a Crossroads

How Structural Shifts are Redefining Retail Real Estate and Investment Priorities

European retail is undergoing one of the most profound transformations in a generation. This change is not cyclical but structural, driven by evolving consumer behaviours, technological disruption, and demographic transitions. Shoppers are not just spending differently; they are rewriting the rules of how, and why, they consume. These lifestyle shifts cut across age groups, income brackets, and geographies.

Legacy assumptions that once underpinned the retail property sector, such as rising material consumption, long leases, the dominance of fashion in tenant mixes and the stability of anchor tenants, can no longer be relied upon. The very concept of retail is being reshaped by powerful forces: the reality of 'peak stuff' (a saturation in material consumption[1]), increased spending on leisure and wellness, the rise of AI-powered logistics, and a demographic shift towards an older, more health-conscious population[2].

At the same time, the physical store is being redefined. Retail assets are increasingly moving beyond purely transactional spaces, evolving into hybrid platforms that often combine online and offline functions such as delivery, pick-up, and returns functions. Landlords and retailers are investing heavily in customer experience and store image, recognising that physical

[1] OECD (2019), Beyond Growth: Towards a Socially Sustainable Economy.
[2] Eurostat (2024), Ageing Europe Report.

units serve not only as sales channels but also as brand showrooms. Younger generations are also reshaping expectations, with a growing preference for 'experience consumption' and access-based services over traditional ownership models.

This report does not revisit well-worn arguments about the resilience of grocery-anchored retail parks or the value of experiential flagships. Instead, it examines some of the biggest structural shifts that are redefining demand, tenant strategies, and investment priorities. The core question is no longer "what formats work?" Instead, we must ask: what will retail look like in this new world, and how should locations, lease structures, and tenant mixes evolve to remain relevant and resilient? Understanding how these structural forces affect tenant needs, lease terms, capex and opex profiles, revenue opportunities, risks and overall asset performance may be key to identifying the most durable investment opportunities in the coming decade.

PART II - The Future of Retail

How Structural Shifts Are Rewriting the Rules of Retail Real Estate

1. Peak to Peak: From Material Consumption to Intangible Value

Europe seems to be approaching a 'peak stuff' stage, where material consumption is levelling off. Many consumers are gradually redirecting spending from physical goods towards services, lifestyle experiences, and digital products. This shift is driven by high ownership of durable goods, greater environmental awareness, and changing generational values. Even luxury brands are adapting, focusing more on storytelling, experience, and engagement. As a result, intangible value is increasingly becoming more relevant than physical goods.

Retail Implications?

For the retail sector, the implications are clear: traditional product-led formats face headwinds, while demand is rising for spaces that can incorporate leisure, wellness, hospitality, and hybrid experience-retail uses. Flexibility, adaptability, and placemaking will likely become key differentiators, both in terms of attracting tenants and delivering long-term performance.

- Tenant Mix: Expect fewer traditional hard-goods retailers and more hybrid service-retail formats such as wellness boutiques, diagnostic clinics, and leisure-tech brands.
- Lease Structures: A more dynamic occupier mix will require a higher share of turnover-based rents, shorter leases, and shared fit-out capex.
- Commercialisation: High-margin, short-term uses of space such as experiential pop-ups, brand showcases, and mobile to wellness providers will likely replace underused or obsolete retail units.

2. Health, Wellness, and Personalised Care

Healthcare spending is growing faster than general retail across many European markets[3], fuelled by ageing populations, an increase in chronic conditions, mental health concerns, and a shift towards personalised, preventative care. Public systems are under strain, driving consumers towards private, accessible retail channels. Retail locations seem well placed to fill that gap.

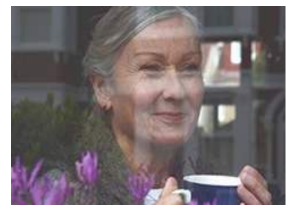
[3] Source: WHO Global Health Expenditure Database (2024)

Retail Implications?

For the retail sector, this may represent an opportunity to offer integrated healthcare and wellness hubs, bridging the gap between medical services and everyday consumer environments.

- Tenant Mix: Expect a rise in diagnostics centres, walk-in medical clinics, wellness hubs, and personalised care providers embedded within traditional retail locations.
- Lease Structures: These tenants typically require specialised fit-outs, potentially justifying longer lease terms and providing tenancy stability despite higher initial capex.
- Commercialisation: Opportunities to incorporate value-add services such as health screenings, wellness hubs or digital health kiosks, which can drive footfall and ancillary revenue.

3. Ageing Consumers: Retail for a Greying Europe



By 2030, over 30% of the EU's population will be aged 60 or above[4], marking a historic demographic shift. This segment of the population is wealthier, time-rich, more risk-averse, and less comfortable navigating digital channels. Their needs differ from younger generations and likely will shape demand for accessible, service-led, and socially engaging retail formats.

Retail Implications?

- Tenant Mix: Expect increased demand for retailers focused on healthcare, leisure, affordable dining, hobbies, and crafts; all of which are sectors that align with the lifestyles and priorities of older consumers. Spaces offering in-person service, community interaction, or low-tech engagement may also outperform.
- Lease Structures: Operators serving older demographics often value long-term stability and local trust. While these tenants may skew towards independent or mid-sized brands, their presence can anchor neighbourhood centres and drive consistent footfall.
- Commercialisation: Opportunities exist for on-site meeting places and educational classes that foment community interaction. These likely create footfall, build loyalty, and align with the values of older consumers.

4. Technology & Automation: AR, AVs and Drones

Technology is redefining how consumers shop and how retailers operate. E-commerce is forecast to account for more than two-thirds of retail sales growth in Europe by 2029. Augmented reality (AR) is enhancing in-store engagement, whilst autonomous vehicles and drones are reshaping logistics and fulfilment. Meanwhile, AI is rapidly taking over functions such as merchandising, category management, and pricing[5].

[4] Source: Eurostat, Population Projections 2023-2030.
[5] Source: Deloitte (2024), The Future of Urban Delivery.

Retail Implications?

- Tenant Mix: Expect growth in showroom concepts, hybrid fulfilment hubs, and tech-native brands using physical space for engagement. Expect a decline in purely convenience-based operators as automated delivery becomes more efficient.

- Lease Structures: Greater flexibility will be key. Tech-enabled formats may require modular fit-outs, shorter lease terms, and embedded data infrastructure (i.e. for last-mile logistics, in-store analytics, or AR experiences).

- Commercialisation: Emerging potential for tech-driven pop-ups, interactive displays, and in-store platforms that monetise data and customer engagement. Parking is also evolving: lower demand from changing habits and autonomous vehicles creates opportunities to repurpose or enhance accessibility.

PART III - Rethinking Retail Investment Strategy

Positioning retail portfolios for potential long-term relevance and value

The structural shifts outlined in Part II are not abstract. They are already shaping tenant demand, leasing models, and asset performance across Europe. For investors, the challenge now is to interpret these forces at the asset level: which formats are future proof, where the most resilient demand lies, and what strategies will deliver value in a market defined by change. Below we outline where we believe the best opportunities may lie in formats, geographies, and operational strategies.

1. Winning Retail Formats

Not all retail is equal. Formats that show resilience and forward potential are often those able to adapt to shifting consumption patterns, particularly the gradual move from goods towards services, health, and wellness. These include;

- Hybrid retail-service formats: These are gaining traction across Europe, particularly in cities like Copenhagen and Amsterdam[6], where consumer demand for wellness, flexible working, and community services are strong.

- Neighbourhood convenience hubs: Especially in cities with ageing populations and high local footfall (i.e. Madrid, Lyon), smaller and accessible formats meeting daily needs may outperform.

- Mixed-use urban schemes: City-centre assets that combine retail, F&B, healthcare, and residential/workspace uses may offer diversified income, relevance, and better land use.

- Showroom-led and fulfilment-integrated space: These are becoming prominent in logistics-constrained cities like London, Paris, and Milan, where last-mile delivery pressure is high and in-store experiences still matter. An example of this are sneaker brands which are demonstrating robust performance and focusing on improving customer experience through creative fit-out in key flagship stores.

- Health and wellness hubs: These are emerging in markets such as Berlin, Vienna, and Stockholm.

[6] Source: JLL (2024), European Urban Demand Shifts Report

2. Location Priorities

Structural trends vary in intensity across geographies. We group opportunities into three market types:

A. Resilient Core Cities
These are dense, affluent cities with diverse tenant demand, strong public transport, and stable footfall.
Example: Milan, Madrid, Berlin, Central Paris.

B. Growth Opportunity Markets
Cities benefitting from population inflows, quality of life migration, or affordability advantages. These may offer value-add and repositioning potential.
Example: Valencia, Málaga, Porto.

C. Transforming Urban/Suburban Nodes
Secondary urban areas or suburban areas in large metro regions that are undergoing repositioning into mixed-use, service-rich hubs. Often driven by infrastructure upgrades, demographic shifts, or changing commuter patterns.
Example: Greater London suburban areas (i.e. Croydon), outer-ring Berlin districts; Milan metropolitan nodes.

3. Investment Focus Areas: From Theory to Execution

The following focus areas are emerging as critical levers for potential value creation in the next retail cycle. Each aligns with the structural trends outlined in Part II of the report and mirrors the operational shifts shaping tenant strategies.

- Capex for adaptability: Fit-outs for healthcare, leisure or fulfilment uses may be capital-intensive but can drive longer leases and anchor value.

- Flexible lease structures: Shorter leases, turnover-based rents and shared risk models reflect occupier realities and can support occupancy levels and NOI resilience.

- Covenant rethinking: In a market shaped by service retail and new entrants (i.e. telehealth or wellness brands), legacy credit ratings matter less than frequency of use, relevance and customer stickiness.

- Commercialisation potential: Assets that support pop-ups, clinics, workshops or community activations may offer additional income and local engagement.

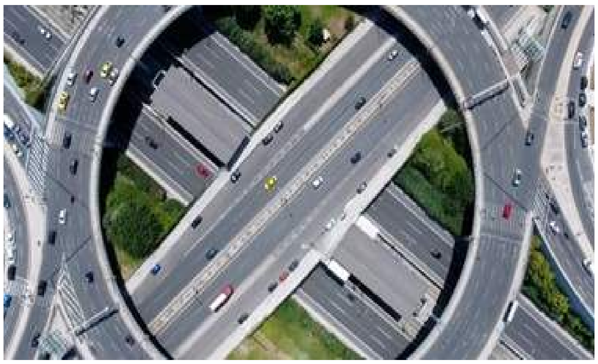
- Operational excellence matters: With greater complexity in tenant mix, opex and service provision (especially for health/wellness users), active asset management is likely to be an important driver of performance.

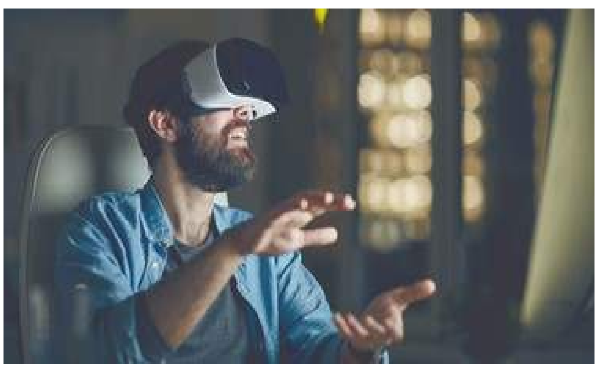
Outlook

Investors may need to look beyond purely defensive positioning or traditional tenant profiles. We believe that assets that are more closely aligned with long-term societal needs, particularly in areas such as health, community services, convenience and tech-enabled logistics could perform strongly in the coming decade.

Retail assets could increasingly shift from passive product spaces towards serving as vibrant community hubs. The commercialisation of space is also shifting. Pop ups and small units are increasingly used by brands to test concepts, before scaling into larger footprints and longer leases. At the same time, marketing channels are transforming, with younger consumers engaging primarily through digital platforms and social networks, rather than traditional media. Tenant strategies are concentrating on fewer but higher-quality stores, positioned as much for their look and feel as for direct sales, often serving as showrooms that reinforce brand presence.

Location remains critical, not simply at the city level, but also in terms of catchment area, competition, and accessibility. Assets with a strong regional draw may tend to be more resilient than those located in large but highly saturated urban markets. Ultimately, retail assets must be treated as living organisms, evolving continuously to reflect societal change, consumer expectations, and technological progress. We believe that those assets that successfully blend services, technology, and placemaking will attract resilient demand, deliver adaptive income, and ultimately, generate long-term returns.





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