

BOOM IN RETAIL SPACE IS OVER

In Austria, shopping center development is heading toward optimization and expansion of existing locations. Nevertheless, two prominent new projects were opened this year: Varena in Vöcklabruck and Riverside in Vienna.



The Kaufhaus Tyrol, redesigned by the star architect David Chipperfield, opened in March 2010 in the heart of Innsbruck.

When it comes to retail space in the 100 largest malls in Austria, the Alpine Republic need not shun the comparison to the Principality of Monaco. The Austrian consulting firm, RegioPlan Consulting, calculates that the approximately 1.83 million square meters of retail space in the current 100 largest malls equal about the size of Monaco. According to the consulting firm, Standort + Markt, the unchecked growth of shopping centers is drawing to a close. Only two traditional shopping centers were opened in Austria in 2009, whereas there were five power centers. There are certainly still a number of project ideas that could lead to further growth in shopping center space, but Standort + Markt considers the boom in retail space to be over for now. The retail landscape has reached a density that often leads to a considerable cannibalism effect within store networks, which means that the amount of actual turnover growth is very limited within a network.

Along with the high shopping center density of around 0.38 sq m of leasable space per person in 2009, regional planning laws ensure that only a few new properties will be built or be permitted in Austria. For this reason, investments are being focused on optimizing and expanding existing centers. Several relaunches have been done in recent years. This field will continue to be active in the coming years; after all, almost half of today's 100 largest malls are over twenty years old. In order to maintain their market position, renovation and revitalization of many centers will be necessary. One of the most prominent examples of successful revitali-

zation this year is the Kaufhaus Tyrol, opened in March in Innsbruck. The Kaufhaus Tyrol represents 100 years of Austrian and Tyrolean retail history. It was built according to plans by the internationally renowned architect, David Chipperfield, and is one of the most modern downtown shopping centers in Europe. There are now 55 new shops housed on six floors on a total area of over 33,000 sq m.

NEW CONSTRUCTION DECLINING

Austria's pipeline currently contains several hundred thousand square meters of retail space. This space should be built in over 30 projects. According to RegioPlan Consulting, the probability of completion is high. In addition to expansion of existing malls, the projects also include construction of new properties. Two new shopping centers have been built in Austria this year in addition to the Kaufhaus Tyrol. Construction of a new shopping center on a green-field site should also begin in the fall of this year.

In August, SES Spar European Shopping Centers had the largest shopping center opening in Austria. In the Upper Austrian city, Vöcklabruck, the Austrian developer opened Varena. According to Marcus Wild, CEO of SES, the cost of construction was € 82 million; including the amount invested by shop partners, around € 100 million was put into the location. The building, with its unusual façade architecture, comprises 32,000 sq m and houses around 80 shops/shop-in-shop concepts, restaurants, and service providers. The center was fully leased at the opening. Anchor tenants are a



>> SHOPPING CENTER VARENA

The newly opened Varena in Vöcklabruck reveals a straightforward building with an eye-catching main façade. The wavy façade is a series of woven stainless steel veils of different thickness, designed to symbolize the waves in the lakes of the Salzkammergut. Scattered light from the sky is reflected on the façade. Varena's slogan, "colorful shopping in the lake region," is also incorporated. Ten pillars of light covered in colorful Plexiglas line the façade at the main entrance. They bring the façade to life at night with multicolored LEDs.

3,500 sq m Media Markt, a 4,000 sq m Interspar, an H&M, an almost 1,500 sq m New Yorker, and an approximately 2,500 sq m Kastner & Öhler. Varena also welcomes a number of newcomers on the Austrian retail market. Ann Christine, the new successful label from the New Yorker Group, opened its third store in Austria in Varena. New Yorker is present with a new store concept, and the bookstore Thalia opened its first multi-channel store in Austria, where the digital world is combined with stationary retail. SES prioritized an environmentally, socially, and economically sustainable concept. For example, natural materials such as wood and stone were used, and renewable energy ensures reduced consumption. Particular emphasis was placed on spaciousness and a high quality of stay inside the two-level center. The center, which is flooded with natural light thanks to the generous glass roof, features a plaza surrounded by shops. The plaza's highlight is a 130 sq m, centrally located, aerial photo of the region – a

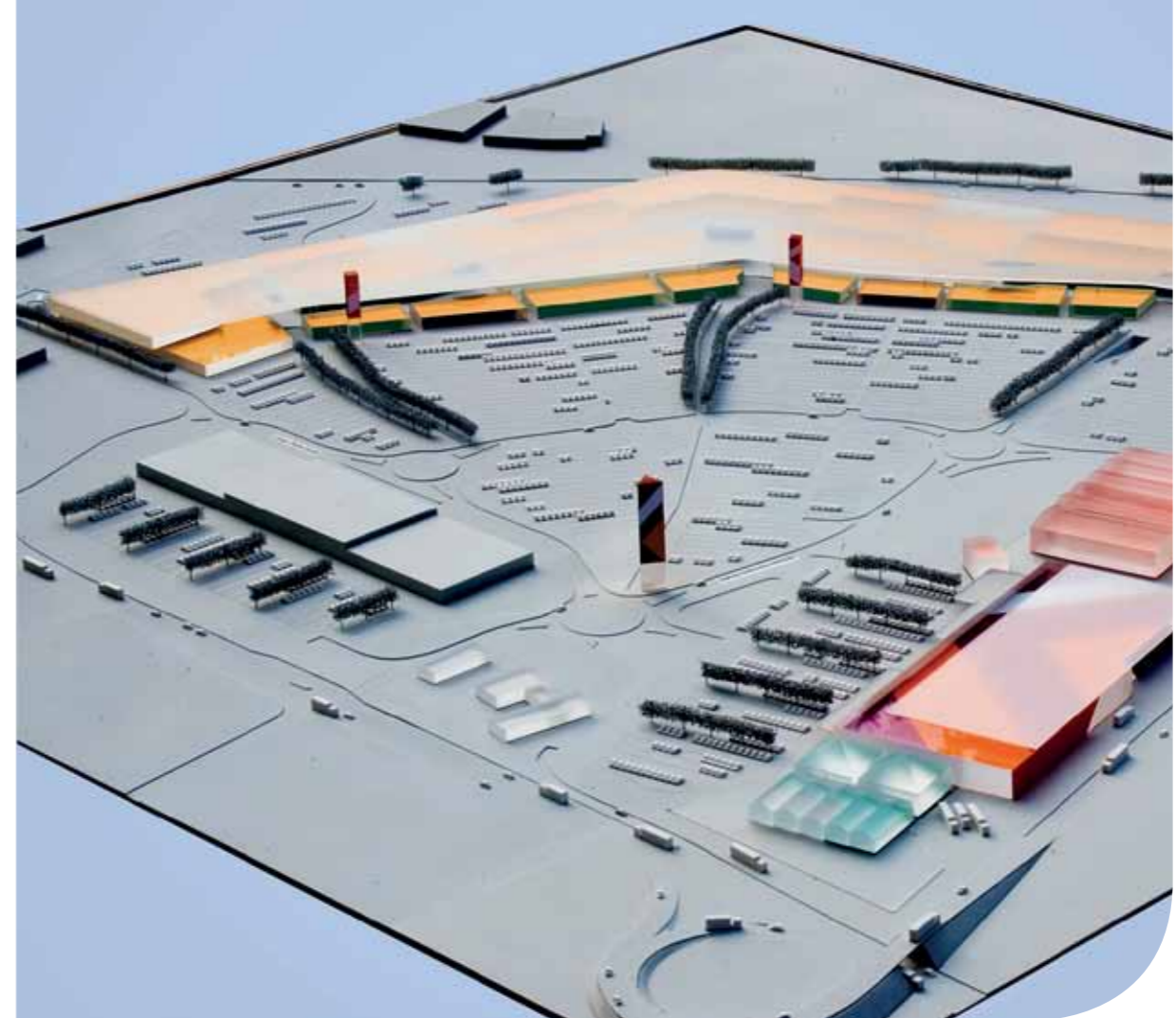
walkable map with a scale of 1:6500 – as well as a fountain combined with a waterfall that connects the mall with the underground garage.

DEVELOPMENT OF EXISTING CENTERS

According to SES CEO Marcus Wild, SES is seriously considering expansion of three of their sites in Austria. The centers recording the highest productivity will be expanded in the next two to four years. One of these, Wild says, is the very successful and internationally recognized Europark in Salzburg. According to SES, in 2009 this center was ahead of all other Austrian shopping centers for the twelfth time in terms of productivity with € 8,865 turnover per square meter of sales floor. Concerning the general development of shopping centers in Austria, Wild believes that we will not see many more new locations, but expansion of existing centers could possibly double. Varena was developed on the premises of the previously existent Interspar hypermarket.



SES' Varena draws attention with attractions like a walkable map and a fountain with a waterfall reaching down to the underground garage levels. The center of the mall is a 2,000 sq m area, the so-called Plaza, framed by shops, cafés, and restaurants.



Gerasdorf shopping center is scheduled to open in spring 2012. According to the developer, it will be within a 30-minute drive for 750,000 people in the region.

Riverside, on the other hand, was opened on the grounds of a former brewery in Vienna at the end of September. Riverside is part of a large-scale urban development project in the 23rd district of Vienna and was planned by the star architects Coop-Himmelblau and the team of architects at Hayde. The entire project combines housing, work, and recreation, while Riverside mall houses over 50 shops. The fact that Vienna clearly ranks number one in shopping center space and already has plenty of sales floor does not worry Riverside's developer and operator Peter Schaidler. "Even in Vienna, where there are already many shopping centers, a center that is as perfectly designed and sized to meet the needs of the catchment area as Riverside is can be successful. Riverside is incorporated into a large urban development project and is centrally located in the district. For this reason it also greatly boosts the convenience shopping options. Furthermore, this development shows how brownfield sites can be reasonably and successfully converted for new and sustainable purposes. In a

developed shopping center market like Austria, you can't get away with a purely investor-driven project." The Gerasdorf project operators are certainly aware of the fact that it is no longer as easy to get a new shopping center project started in a developed market like Austria. Following delays and an originally announced opening in 2009, construction should begin in the fall of this year. The shopping center, designed by ATP Architects and Engineers, is expected to open in spring 2012 in Gerasdorf, north of Vienna. It will be built on a greenfield site. Around 170 stores will motivate shoppers on a total area of 58,000 sq m. A 12,000 sq m power center with 15 shops will also open on the same site. The project operator, BAI Bauträger Austria Immobilien, and Ekazent Immobilien Management GmbH are not concerned about the competition around Vienna. The population of the region around the center is 750,000, and by 2030 this should increase by 35%. Moreover, according to the project operator, the region has above average purchasing power. ❖