

ENGLISH VERSION



THE PLACEMAKING FORMULA

LOCATION-BASED
CENTERMIX FOR SUCCESS

IDEAS  INNOVATIONS
ECE

Table of Contents.

Facts, Figures, Trends	04
The Power of Placemaking	08
Retail	10
Foodservice	18
Leisure & Entertainment	26
Health & Beauty	34
Urbanity	40
Outlook	48





Alexander Otto
CEO of ECE

“Shopping centers as multi-functional marketplaces that delight and inspire.”

— Mobile, connected, and personalized – these are the megatrends that shape modern society in the 21st century. For shopping centers, they are creating new requirements and opportunities. As multifunctional marketplaces, they need to offer a holistic shopping experience and delight and inspire visitors again and again. In this context, the goal is to create a customized mix of uses for each location. In this process, known as placemaking, numerous factors play a key role – and not just shopping, service, and dining options.

Entertainment, recreation, health, and wellness are also important aspects, as are mobility, working, and living. In this context, the “Placemaking Formula” is always aligned with the needs and desires of the local community. This is how we are creating the modern marketplaces of the future in close partnership with our stakeholders. —

Handwritten signature of Alexander Otto in black ink.

Facts, Figures, Trends



Thanks to favorable macroeconomic conditions, consumer confidence in Germany remains extremely high. And yet consumers' expectations and motivations are changing – moving away from simply shopping to obtain the daily necessities towards shopping as its own experience.

POSITIVE UNDERLYING DATA



9%

Share of a private household's budget spent on recreational and cultural activities



3.2%

Unemployment rate in Germany in 2018



3.3%

Year-over-year growth in per capita purchasing power expected for 2019



83 MM

Population of Germany in 2018



NEW CONSUMER DESIRES

—The way people shop is becoming more and more an expression of their lifestyle. This is why ECE uses analyzed shopper types and shopper missions as metrics to precisely target offers in centers. Two-thirds now view shopping as an experience – and not just as a way to obtain the daily necessities. As a result, shop space is increasingly being used as a stage to showcase products and brands in an emotional way. In addition, the demand

for omnichannel experiences is increasing. ECE is already working on an innovative project that gives customers the ability to view product availability in a “digital mall” on the website of what is now a total of 18 shopping centers, reserve products, and then pick them up from the respective store. For shopping centers, these developments represent a tremendous opportunity to become modern marketplaces full of inspiration. —





A heterogeneous mix of business sectors are active in retail today. For ECE, this means leasing activities are more complex – and for shopping center visitors, it means an even more varied shopping experience.

THE CHANGING FACE OF THE BUSINESS LANDSCAPE

While segments such as health care, foodservice, services, leisure/entertainment, and large textile outlets are recording – in some cases significant – growth, department stores, small textile outlets, shoes/leather goods, and consumer electronics are generally showing signs of stagnation. Societal trends such as the increased desire to dine outside of the home and a stronger focus on health and wellness are reflected in leasing trends, and as a result, are leading to a changing industry and tenant structure. ↪



32%

The percentage of new lease contracts entered into with fashion retailers (a decline of 6 percent)



18%

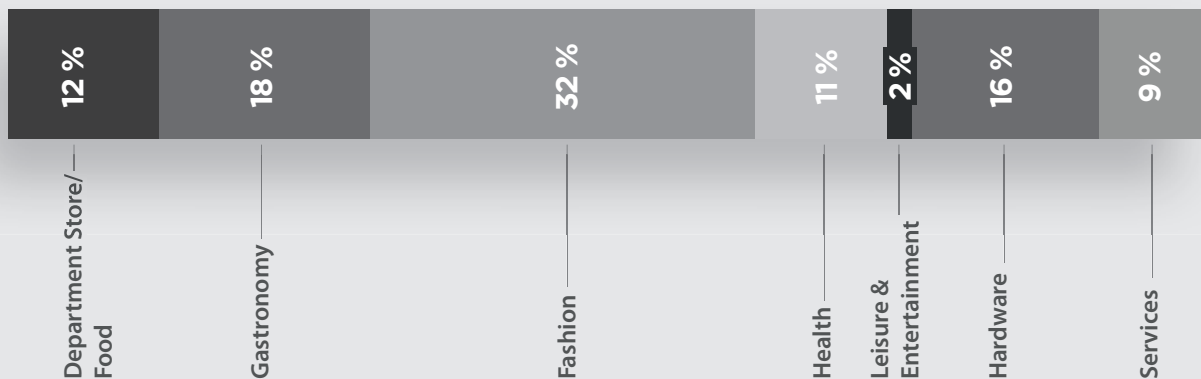
The percentage of all lease contracts that ECE has entered into with food and beverage providers



1,200 m²

1,200 m² is the average size of spaces leased by companies in the “Leisure and Entertainment” segment, 330 m² the size in the “Textiles” segment

NEW LEASE CONTRACTS BY INDUSTRY GROUP – 1ST HALF OF 2019



Figures based on German shopping centers under ECE management.

RETAIL

URBANITY

**HEALTH &
BEAUTY**

**LEISURE &
ENTERTAINMENT**



THE PLACEMAKING FORMULA

FOOD



The Power of Placemaking.

People crave experiences, moments that appeal to the senses, events that they will never forget, and intense interactions. Shopping centers have the creative power to create these experiences – and to provide an atmosphere that not only invites people to come and shop, but also to spend time and enjoy themselves. Be it a delicious meal, an exciting evening at the movies, a spontaneous beauty treatment, or experiencing a brand showcased in an innovative way at a flagship store.

As such, many aspects of placemaking relate to the experience – which is also why it has many success factors. This means that in the future, it will be more important than ever that ECE finds the right mix and the right “success formula” for each individual center. Together with tenants and investors, this is resulting in exciting opportunities, creating new synergies, and allowing ECE to tap the potential offered by new target groups.

**The power of placemaking –
ECE is ready to shape the future.**





Placemaking will always be specific to each center.

STEFFEN ERIC FRIEDLEIN
ECE MANAGING DIRECTOR LEASING

“Experiences and events are now more popular with younger audiences than traditional consumer goods. This is why we view the changes in tenant structures as an opportunity to make ECE’s shopping centers even more dynamic and to tap the potential offered by new target groups through recreational and entertainment offerings. Placemaking is about creating inspiring places where people enjoy spending their time. For example through culinary highlights that make the time after people have finished their shopping more enjoyable. Or by offering visitors recreational and entertainment options at centers, such as the JUMP House at the Waterfront in Bremen or the Astor Film Lounge at MyZeil in Frankfurt. Systematically investing in the architecture and atmosphere of the centers also plays an important role. In this context, we need to make sure that we don’t take the shotgun approach – placemaking activities will always be specific to each center and focus on the particular needs of that center’s visitors.”

Creating inspiring places where people enjoy spending their time.





RETAIL

FROM PRODUCT PRESENTATION TO STORYTELLING

Innovative concepts that showcase brands in an emotive way are creating new, important highlights in the place-making process.

Retail Is Driving Innovation.

Online and offline worlds are merging. Brands are using emotional event spaces to showcase themselves – and products and services are becoming increasingly tailored to individual customer needs. A number of new retail concepts are currently seizing on current trends and providing new, exciting, and inspiring experiences at shopping centers. Placemaking in the best sense of the word!



USING THE POWER OF EMOTION

—Shopping today is characterized by self-determined consumers. For retailers, this means operating even more systematically from the customer’s point of view and continuously delighting customers with emotive brand presentations. Suppliers in the athletic goods segment in particular, such as Decathlon or Globetrotter, where visitors can test products at the stores, are showing us where things are headed – nothing beats the genuine brand experience. This can also be seen in the trend towards showrooms, which ECE has already embraced at its shopping centers with tenants like Vorwerk, Bose, and Bang & Olufsen. In any case, the success of a store today is no longer measured solely by the amount of revenue it generates. Instead, the role it plays in the overall customer journey is what counts, as does its contribution to brand loyalty via posts on social networks such as Instagram or Facebook. —



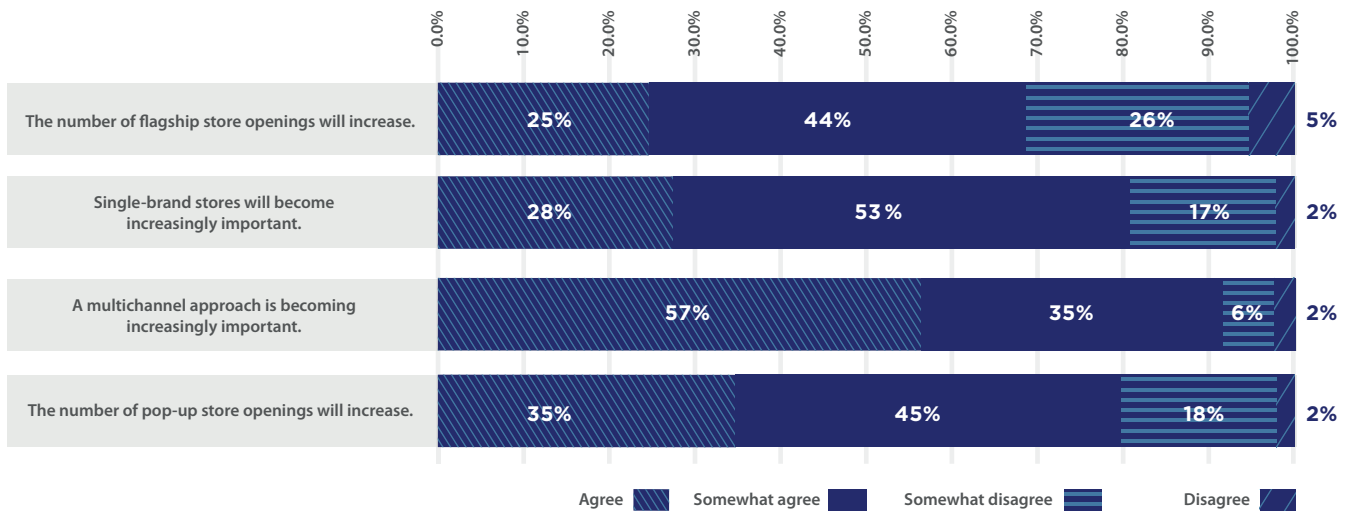
DIGITIZATION IS A MAJOR OPPORTUNITY

—An increasing number of retailers are using digital technologies to make their product displays more emotive. Virtual- or augmented-reality applications in connected changing rooms are one example of this. Labels such as L’Occitane, who offer their customers virtual 360-degree hot-air balloon rides over southern France during free hand massages, are another example. In the future, these experiences will make the difference for suppliers when it comes to brand perception, and therefore their success. In contrast, customers now regard omnichannel services such as “Click & Collect” – the combination of purchasing a product online and then picking it up offline – as par for the course. —





THE OPPORTUNITIES OF RETAIL: Survey on the Importance of Different Sales Channels



Statista 2016: survey of 3,200 expansion officers in Germany.





“We offer inspiration that goes above and beyond traditional shops.”

Katrin von Soosten on the idea behind the new concept “It’s All About Stories.”

Can you explain the “It’s All About Stories” concept?

—The name says it all – with this new pop-up format, we want to tell stories around different themes and settings. Six to eight brands from different sectors, from retail to foodservice, will share a common platform for two months to create completely new “points of experience” for customers. By alternating brands after a set period of time, we will offer visitors new inspirations and experiences that differ from traditional shops at our centers.

“ **Six to eight brands from different sectors will share a common platform for two months.** ”

The concept was kicking off in early September with the opening of the first pilot store at our Limbecker Platz shopping center in Essen over a total of 540 m².

KATRIN VON SOOSTEN
ECE LEASING
PROJECTS MANAGER



What are the benefits for the brands?

—First of all, we offer them a full-service, “done-for-you” package. They simply need to provide the products, everything else is handled by our partner PUMB – which stands for “Pop Up My Brand” – with whom we developed the concept. The companies benefit from concentrated expertise, with ECE contributing its knowledge of shopping center operations and PUMB as Germany’s only full-service provider of pop-up stores and temporary retail solutions. —

“If it’s temporary, it’s more interesting.”

Partner Christoph Edler from “PUMB” explains how temporary retail concepts work.

What can customers expect from PUMB?

—After our company founded in July 2016, we initially focused exclusively on implementing pop-up stores, including “Höhle der Löwen” and the “Aldi Bistro.” Today, we view ourselves more as consultants for retail 2.0 solutions. We plan to play a major role in shaping the future of this field with innovative ideas and approaches.

How do successful, temporary retail concepts work?

—The most important thing is that people need to clearly recognize that something temporary is, in fact, temporary! This form of exclusivity automatically makes it more interesting for consumers. They think: “I need to go check it out now, because in eight weeks, the pop-up store will be gone.” The right mix is also important. For example, if the theme of the pop-up is geared toward male customers, we wouldn’t just include a PlayStation, an Xbox, and a Wii in the store to appeal to men’s instinct to play. It would also be important to include brands and products from other areas of life, like Harley-Davidson or a popular watch brand. To showcase these products in an appealing way, we ideally need between 400 and 500 m² of space. In the “It’s All About Stories” project, we paid special attention to ensuring that the retail space and the shopping center were both extremely appealing. Preferred locations are generally on the ground floor and near the main entrances, as these are always high footfall areas – which our concept is actually going to increase even further. —



CHRISTOPH EDLER
MANAGING DIRECTOR
POP UP MY BRAND

“**Ideally, we need between 400 and 500 m² of space.**”



INTERVIEW

“We want people to try out our products in the store.”

In this interview, Decathlon spokesman Ludger Niemann reveals the importance of product testing areas and what opportunities shopping centers offer.



LUDGER NIEMANN
SPOKESMAN
CORPORATE DEVELOPMENT
AND EXPANSION AT DE-
CATHLON

What makes Decathlon unique?

—With more than 100 sports under one roof, we offer an unparalleled selection – including deliberately selected low-volume product areas like archery, boules, diving, or martial arts. As a mass-market supplier, we want to empower more people to participate in sports. This is why our stores feature a large number of generously sized product testing areas, because we want people to directly try out our products.

DECATHLON @ ECE: 4 STORES (+ 5 IN DEVELOPMENT)

CITY CENTER KÖLN-CHORWEILER,
MARSTALL LUDWIGSBURG,
FORUM MITTELREIN, AND
SHOPPING CENTER KOSZALIN



Which space and location concepts are suitable for such markets?

—Not only do we offer a larger selection, but the products themselves are also larger. For example, we also offer large-sized athletic equipment like stand-up paddle boards, fitness equipment, table tennis tables, and boats. These obviously take up a lot of space. In order to be able to offer at least one basic version of each product in this extremely wide range, we ideally need stores from a size of approx. 2,500 m² that are easily accessible from other shopping opportunities. In this context, functioning shopping centers are part of our expansion strategy.

“**Functioning shopping centers are part of our expansion strategy.**”

What are the requirements for stores in shopping centers?

—In addition to the size of the sales area, the location is also crucial. Since we offer many large, high-ticket items, we have to be close to parking garage entrances. In addition, we want people to immediately notice the size of our store in comparison to the usual small spaces in a shopping center by means of a spacious, open, and bright entrance area. We also want our sales areas to be on one level and rectangular so that it's easy to get a good overview of the entire store. We hardly need any ancillary areas, since our stores don't have any additional stock besides what's out on the sales floor. We use a “just in time” merchandise management system, meaning that ideally, anything purchased today is automatically replenished tomorrow and is immediately back on the shelf. —





RITUALS: A WELLNESS SUCCESS STORY

—The premium lifestyle brand offers customers a wide range of facial and body care products, from perfumes and yoga outfits to baby care products. But Rituals doesn't just sell products, it also helps people create relaxing rituals for themselves. The combination of Far Eastern wellness and premium quality "made in Europe" is extremely popular at a time when health and beauty are booming.

The company currently operates 190 stores in Germany, and plans to open up to 250 in total. But Rituals isn't only successful in Germany – the company already has stores in 27 countries, many of them located in the prime locations of shopping centers with particularly high traffic. Rituals stores can often be found close to similar concepts, like Nespresso, in order to capitalize on audience overlap. In the future, the company's global success will increasingly be reflected in larger sales areas, which up to now have measured around 100 m² per store. Since Rituals is steadily expanding its product range, stores of this size will soon no longer be sufficient. —

RITUALS @ ECE: 55 STORES
(48 NATIONAL, 7 INTERNATIONAL)





FOODSERVICE

IMPORTANT FOR URBAN FLAIR

Appealing dining options play an important role in social life at shopping centers, as they are the perfect place to meet friends and spend time together.



Shopping Centers as "Places to Eat"

The food we eat is a major part of people's lifestyles, and an increasing number are dining out. These trends have long been reflected at shopping centers, which now feature dining options that offer nearly every kind of cuisine. In the future, shopping centers will contain even more food and beverage establishments than they do today, and as a result, have a major impact on placemaking.

THE NUMBERS BEHIND A BOOM

 <p>€1 B Total food and beverage revenue at ECE centers in 2018</p>	 <p>2,000 foodservice units at ECE centers</p>	 <p>10% Percentage of spaces dedicated to foodservice in new or refurbished centers</p>
 <p>€11 Average food and beverage order value at ECE centers (outside centers: €6.70)</p>	 <p>30% of all German food and beverage sales are generated by chains</p>	 <p>40% of visitors select shopping centers according to the range of dining options available, 60% use them</p>

Dining options are an important factor in placemaking.

—“The role of foodservice at shopping centers has changed completely. In the 1990s, many still believed that restaurants should be relegated to out-of-the-way locations so that smells and noise wouldn't disturb shoppers. Today it's the other way around – people visit a shopping center specifically to grab a cup of coffee or a tasty meal in a pleasant atmosphere. Dining options are now an important factor in placemaking – appealing food and beverage options attract visitors, resulting in positive synergy effects between tenants. This is why ECE is continuously expanding the number of foodservice providers at its centers. In this context, casual- and fine-dining concepts particularly enhance the visitor experience. In order to find the perfect solution for each specific center, it is absolutely critical to maintain an ongoing dialogue with the tenants. The



KLAUS RETHMEIER
ECE DIRECTOR KEY ACCOUNT MANAGEMENT (INTERNATIONAL) LEASING

respective underlying conditions also play a key role – at Hamburg's Europa Passage, for example, we have invested in the restaurant offering because the center is surrounded by office buildings, and are now seeing a massive increase in the number of visitors there.”



FOCUS ON FOOD TRENDS

—Hardly any other sector has as many simultaneous and overlapping trends as the food industry. Top restaurant chains, which are performing much better than the general foodservice industry, have become more broadly diversified and now offer anything and everything that's in demand. Customers today focus more on quality and atmosphere than they did a few years ago – and they are also more willing than ever to pay higher prices for a more personalized experience and premium service.

For shopping centers, these trends mean one thing above all else: they need to develop offers tailored to the region and the location that systematically address the needs of the respective target audiences. On the one hand, centers need to meet the expectations of the lifestyle dining generation – on the other hand, centers with a higher average customer age will be more concerned with not hopping on the bandwagon when it comes to overly creative trends. —



81%

of visitors are satisfied with the range of dining options at ECE shopping centers



Foodservice Categories: How People Eat at Shopping Centers Today

Spontaneous reward: The traditional ice cream cone as a snack between meals, usually in high-traffic areas (approx. 20 to 30 m²), e.g. Mr Clou, Happy Donazz, Langnese Happiness Station

Short break: A quick stop for a drink or a coffee to go, often accompanied by snacks (approx. 150 to 250 m²), e.g. Starbucks, Joe & the Juice, Segafredo

Fast food: Only about 10 to 20 minutes for a meal, mostly used by people that work in the near vicinity (approx. 200 to 400 m² in the food court), e.g. Nordsee, McDonald's, Subway

Fast casual: For lunch and dinner with up to 30 minutes of dwell time – for higher quality food, e.g. Vapiano, Gosch

Casual dining: For couples, families celebrating special occasions, and shoppers with a larger budget, 60-minute dwell time (approx. 300 to 600 m²), e.g. Coa, L'Osteria

Fine dining: Premium quality for gourmets as well as business lunches with a dwell time of one to three hours (approx. 400 m², independent of location in the center), e.g. SE7EN OCEANS

Social drinking: For a beer after work in a brewery atmosphere – rounded off by snacks and evening meals with a dwell time of approx. 60 to 90 minutes (approx. 350 m²), e.g. Play off AMERICAN SPORTSBAR

Gourmet food: Usually culinary specialties, either to go or consumed on the spot, with a short dwell time of only approx. 10 minutes (approx. 50 to 150 m²), e.g. Gepp's, Schlemmermeyer, Lindner Esskultur

Placemaking via Refurbishments.

—In October 2017, ECE opened “FoodSky” – the new dining level at Hamburg’s Europa Passage. With this comprehensive upgrade to its foodservice offering, ECE created new incentives for tourists, office workers, and locals to visit Europa Passage for a snack or a meal at a restaurant. With 20 food and beverage providers and 1,000 seats over

a total area of 3,000 m², FoodSky is the new heart of Europa Passage. It is also the largest continuous dining destination in the city of Hamburg. The culinary variety ranges from small snacks to gourmet restaurants. For some of the operators, like Vincent Vegan or O-Street, this was the first time they opened a location in a shopping center. —



6%

Percentage of space devoted to dining options at ECE’s existing centers



18%

Percentage of food and beverage space at Europa Passage after refurbishment



With 20 food and beverage providers and 1,000 seats over a total area of 3,000 m², FoodSky is the new heart of Europa Passage.





AN ATMOSPHERE DESIGNED FOR VISITOR COMFORT

—The higher percentage of dining options goes hand in hand with a new, unique atmosphere at Europa Passage. The design of the restaurant areas underscores the urban vibe of the shopping center in the heart of Hamburg. When designing the seating areas, the visual style was heavily influenced by European capitals. For example, understated Scandinavian styles are reminiscent of Copenhagen. Playful shapes, on the other hand, are more reminiscent of Paris, while warm, orange-red tones evoke the atmosphere of Madrid. Together with an ensemble of atmospheric lights, luxurious natural materials, and high-quality furniture, this has created an emotive place-making experience for visitors to Europa Passage. —




15%

increase in footfall at Europa Passage after refurbishment

Shoptainment at Frankfurt's MyZeil.

2018 WAS A RECORD YEAR

Shopping, experiences, and delicious moments – ECE recently achieved this “holy trinity” in the form of a completely new dining and entertainment concept at Frankfurt's MyZeil. In April 2019, the 6,000 m² FOODTOPIA opened to the public. More than 3,700 m² of the center's total floorspace is devoted to food and beverage options, creating the largest dining destination in downtown Frankfurt. Here, high-quality restaurant concepts offer a unique variety that spans two levels. But FOODTOPIA's

dining options aren't its only impressive feature – the visitor experience also sets new standards. For example, visitors can enjoy a breathtaking view of Frankfurt's skyline from the outdoor terraces and winter garden. Together with over 100 shops and a premium movie theater, the fully leased FOODTOPIA is a milestone in the transformation of MyZeil into a modern shoptainment center. And also a perfect example of systematically implemented placemaking. —



A WIDE RANGE OF EXPERIENCES

From Hawaiian bowls to grilled Mexican specialties and an ice cream factory – the culinary variety at FOODTOPIA is truly one of a kind. And when it opens in September, the Astor Film Lounge will add a captivating entertainment highlight. Besides that, the Mediterranean concept Big Chefs was recently opened. —

INTERVIEW

“We have opened our first location in Germany in FOODTOPIA.”

Founder Gamze Cizreli reveals what makes the Big Chefs concept unique.

BIG CHEFS

GAMZE CIZRELI

FOUNDER AND
BOARD MEMBER PRESIDENT
BIG CHEFS



What differentiates Big Chefs from other concepts?

— We offer a casual dining experience that is exceptional value. Although Big Chefs is originally from Turkey, our culinary spectrum is much broader. Guests can look forward to a Mediterranean-inspired breakfast, lunch, or dinner in a cozy and welcoming atmosphere. We incorporate Aegean flavors into our menus using a wide selection of healthy and nutritious ingredients. And our cocktail and dessert creations as well as our wide selection of wines are extremely popular.

“**20 German locations, ideally all between 250 and 400 m² in size.**”

Who is your target audience?

— At Big Chefs, we primarily want to attract families, young adults, and health-conscious women. This is why in shopping centers, we prefer locations close to high-traffic women’s retail stores with excellent visibility rather than locations in traditional dining areas.

What are your expansion plans?

— Germany will be our most important growth market. Our first location in Germany was opened in September 2019 in Frankfurt’s MyZeil. Over the medium term, we are planning to open around 20 German locations, ideally all between 250 and 400 m² in size. We currently have an international presence in Turkey as well as in Dubai, Kuwait, and Saudi Arabia, with further plans to expand into various European countries in the future. —







LEISURE & ENTERTAINMENT

CREATING SPACE FOR EXPERIENCES

Customers today crave special moments. As a result, placemaking also includes activities that go far beyond shopping.

Ready for Entertainment.

A look at consumer spending on recreation, entertainment, and cultural activities in Germany paints a clear picture – people value experiences very highly. The demand for entertainment has never been greater and the “eventization” of society is in full swing.

This is a trend that is also changing the face of shopping centers and calls for new concepts. ECE is ready to shape an eventful future – not for nothing did the company recently create the position of “Director Foodservice, Leisure, and Placemaking.”

i FIGURES

- 9.2%** Share of consumer spending by private households on recreation and cultural activities in 2017
- €302** Average amount spent by men, women “only” spent €203
- €259** per month is what people spend in this category on average – about as much as clothing and shoes (€110) and furnishings/household items (€140) put together!
- 24%** increase in spending on rock/pop concerts, museums, art exhibitions, and galleries over a five-year comparison period

INDOOR IS IN

—Recreational activities such as movie theaters, trampoline parks, play centers, fitness studios, black-light mini golf, sports and pool bars, and special events are increasingly popular among visitors to shopping centers. —



INTERVIEW

Entertainment needs passion

JONATHAN DOUGHTY

ECE DIRECTOR FOODSERVICE,
LEISURE, AND PLACEMAKING

—“If you want to generate an emotional response in people, you have to be passionate about what you’re doing. As for me personally, I just enjoy entertainment – and that’s exactly what helps me in my new role at ECE.



As Director Foodservice, Leisure, and Placemaking, I have the opportunity to attract visitors to shopping centers beyond just for their shopping activities. I consider this a great privilege, because what’s more satisfying than making people happy? Together with my five-person team, I give everything day in, day out to make the three “E’s” related to entertainment – emotion, excitement, and experience – a reality at our centers. They are my guiding vision, what I aspire to achieve with our work, and my promise to our customers.

Emotion, Excitement, and Experience

Never before have there been so many different ways to create a non-retail portfolio that helps us achieve these goals. I see my role as structuring, planning, and implementing it in line with current needs. In this context, the momentum is on our side – people today crave experiences that make the most of their time, and this is exactly what we are doing with new recreational and entertainment offerings at our centers. When it comes to placemaking, there is no universal magic formula, however. Whether a movie theater, a climbing gym, or a gourmet restaurant is right for a location – and even more importantly, meets the needs of our customers – is always evaluated on a case-by-case basis and as part of an ongoing dialog with the respective center’s tenants. In this process, it’s also important to me that working with our team is fun. Then many things become easier – like achieving common goals.”



INTERVIEW

“We’re expecting 150,000 visitors to the ASTOR Film Lounge at MyZeil annually.”

Movie theater operator Hans-Joachim Flebbe explains the ASTOR Film Lounge’s philosophy.

What exactly is the ASTOR concept?

—The PREMIUM Entertainment Cinema Group has been developing a new market segment since 2008 – premium movie theaters. Under the label “ASTOR Film Lounge” or “ASTOR Grand Cinema,” over the last ten years we have been completely renovating and upgrading traditional movie theaters and former multiplex cinemas and then reopening them as premium theaters that offer exceptional service. At ASTOR, the focus is on the guest. They should be able to enjoy a movie in a relaxed, pleasant, stress-free atmosphere. From purchasing or reserving tickets via our online shop to the doorman in uniform, the free cloakroom, the welcome cocktail in the foyer, the electronically adjustable, reclining theater seats, and being served at your seat – we offer visitors a perfect movie experience from top to bottom using state-of-the-art theater and sound technology. Without lines, the smell of nacho cheese, or people yapping on their cell phones!

“**Our guests accept average prices between 15 and 16 euros.**”

Who is your target audience?

—This movie atmosphere is particularly popular with adult visitors, because many guests who have not been to the movies for years are rediscovering the benefits of the big screen and the enjoyment of watching a movie with others. Compared to conventional theaters, the standard of quality of the equipment and furnishing throughout the theater is extremely high, and the service quality far surpasses the usual level due to our large number of employees. As a result, we are the only company to occupy this niche, as most of our competitors shy away from the prohibitive investments and risks involved. Our visitors also accept average prices of about 15 to 16 euros, because they recognize that the price–performance ratio at ASTOR movie theaters is simply excellent. The only reason we haven’t succeeded in expanding more quickly and extensively is because we haven’t found suitable premises or economically justifiable rental terms.



HANS-JOACHIM FLEBBE
FOUNDER AND GENERAL MANAGER
OF ASTOR FILM LOUNGE

How is the movie market developing in general?

—One thing that stands out is that in the former core demographic – the 15 to 25-year-olds – movies are becoming less popular, while the percentage of customers over 40 is increasing. Overall, however, the number of moviegoers has remained very stable over the past ten years, with between 120 and 145 million people visiting a German movie theater each year. However, I don’t believe that soulless, run-down multiplex cinemas that haven’t had a dime invested in them for decades still have a future. These venues are going to lose the battle with streaming services due to their lack of appeal. On the other hand, niche products such as premium cinemas that enhance the experience of going out through their quality and special offers will have a great future as an alternative to home entertainment.

What are the benefits of a location in a shopping center?

—On the one hand, a premium movie theater naturally benefits from their central location in cities, their parking facilities, public transportation options, safe surroundings, and the appeal of the food courts. Depending on the size of the cinema, the number of moviegoers fluctuates between 80,000 a year, for example at the ASTOR Berlin with only one theater, and up to 720,000 at the Astor Grand Cinema Hannover, which has ten theaters. When it comes to the ASTOR Film Lounge at MyZeil, we are currently expecting approximately 150,000 visitors annually, and will also be hosting numerous events such as film premieres and company presentations.

Shopping centers also offer a great deal of flexibility when it comes to planning, as the theaters themselves can also be located in less attractive parts of the center, such as storage areas, basements, or attached external facilities. Only the ticket hall and the bar area need to be positioned in a prominent location. And it’s important that parts of the space can have ceilings between 6 and 7.50 meters high.)



**THE GERMAN
MOVIE THEATER
MARKET IN 2018**

Gross revenues:
€899 MM

Avg. ticket price:
€8.55

Avg. food
and beverage order:
€4.46
(2003–2018: CAGR +5.2%)

Total tickets sold:
€105 MM

**ASTOR FILM LOUNGE MYZEIL
IN FIGURES:**

- 5 theaters, incl. 2 club theaters
- 400 seats
- Ticket prices between €15 and €16

INTERVIEW

Entertainment environments are a perfect fit for us.

Till Walz from JUMP House reveals how his service is increasing footfall at shopping centers.



TILL WALZ
MANAGING PARTNER
AT JUMP HOUSE

JUMP HOUSE @ ECE:
WATERFRONT BREMEN



Why is a JUMP House a very special trampoline park?

What makes us stand out is our ability to identify trends and put them into practice. We were the first provider to have virtual-reality trampoline deals, offer the longest indoor zip lines in Germany, and constantly create new attractions with our own development team. Our premium range of services now delights guests between the ages of six and 66. This also distinguishes us significantly from indoor playgrounds.

Which aspects are most important when it comes to a location in a shopping center?

In 2014, we opened our first park in Hamburg-Stellingen. Today we operate seven locations throughout Germany – and one of them is located in the Bremen Waterfront center. Normally, our parks are already “destinations” in their own right.

We need spaces with a floor area of at least 2,500 m² and a ceiling height of at least six meters.

In shopping centers, we also benefit from visitors who find out about us more or less by chance. The increasingly popular entertainment environment, which, like us, is often dominated by larger corporate Groups, also suits us perfectly. Conversely, we increase footfall at the shopping center – across all age groups.

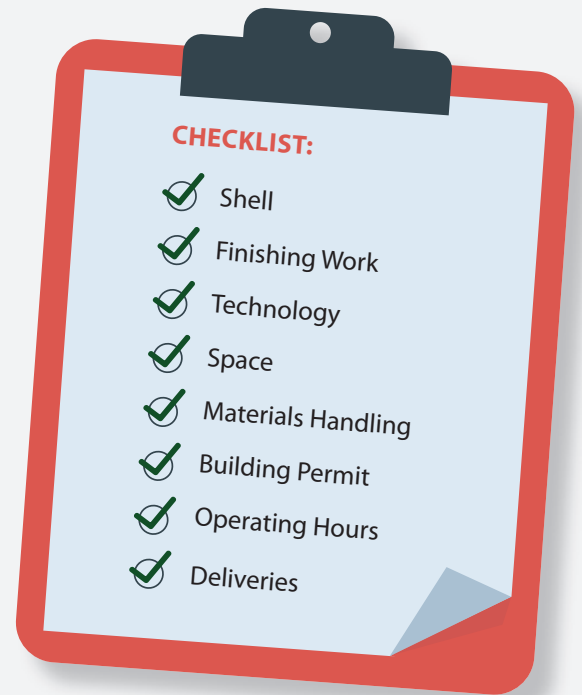
What are the specific challenges and structural requirements?

Shopping centers in Germany are closed on Sundays, one of our busiest days, and are therefore often empty. So we need our own entrances, separate from the entrances to the mall. In addition, we need spaces with a floor area of at least 2,500 m² and a ceiling height of at least six meters. It’s also important that we have our own sanitary facilities as well as offices and staff rooms.



INGO MATZ

ECE HEAD OF TECHNICAL KEY ACCOUNT MANAGEMENT (T-KAM)



CHECKLIST:

- ✓ Shell
- ✓ Finishing Work
- ✓ Technology
- ✓ Space
- ✓ Materials Handling
- ✓ Building Permit
- ✓ Operating Hours
- ✓ Deliveries

□□ We provide technical solutions for large and special tenants. □□

ECE's T-KAM department provides technical support during the leasing process. Ingo Matz explains why this is so important.

Why does ECE have a department to clarify technical requirements?

—When it comes to drafting lease agreements today, transparency is key. In addition, requirements have increased in almost all areas, making assessment and processing increasingly complex and time-consuming. This makes specialized expertise and our reliable support all the more important. This gives tenants, landlords, and investors important cost and planning security.

What duties is T-KAM responsible for?

—We provide technical solutions for large and special tenants – on a national and international level and across many industries. This means that we already verify the respective technical requirements in the planning phase and thus support the construction department. Later in the process, we participate in the actual contract negotiations. Our work often begins before this, however – for example, we prepare cost benchmarks in advance so that landlords can assess the lease agreements from both a financial and technical point of view.

What requirements do the respective industries have?

—When it comes to foodservice and grocery tenants, for example, the opening and delivery times are outside the usual center delivery times – this must be clarified accordingly. The technical requirements are extremely stringent, and a feasibility assessment must be carried out in advance. On the other hand, minimizing ancillary costs is very important to textile tenants. In this case, we need to find solutions for self-sufficient supply and disposal. In general, innovative tenants such as JUMP House, ifly, and bowling, as well as sectors such as consumer electronics, pharmacies, and dry cleaners, have very stringent technical requirements. In these cases, we need to go through and verify everything in detail. —

Cost benchmarks, so that landlords can assess the lease agreements from both a financial and technical point of view.



HEALTH & BEAUTY



MEGATRENDS ARE TAKING OVER SHOPPING CENTERS

Placemaking also means embracing global trends. One such trend that is having a massive effect is people's increased consciousness of their bodies and health.

Health and Beauty Are Booming.

Body care and health are becoming increasingly important to people – and not only to women, but also increasingly to men as well. There has never been a time when more people have wanted to feel good, look great, and have a healthy body. This is a global trend that has also been impacting shopping centers in Germany for several years – in the form of new tenant concepts in the “Health & Beauty” segment and the hybridization of individual segments.



FIGURES

€34 B

was spent on body care by private households in Germany (2017)

€122.4 B

is the total projected global revenue in the fast-growing “Drugstore & Health” sector for the year 2020 (€99.3 B in 2018)

Approx. 75%

of drugstore and health customers are between 18 and 44 years of age

Approx. €1.5 B

Net revenue generated by cosmetic studios in Germany (2016)

Approx. 30%

of Germans get manicures at least every three months

18%

of men shave or trim their beards every day



FITNESS REMAINS IN – NEW “SPORTS NUTRITION” SEGMENT

—The fitness boom in Germany is showing no signs of slowing down. Since 2003, gym membership numbers have steadily increased. In 2018, this figure hit a new all-time high of 11.09 million. Equally noteworthy is the strong growth in some specialty areas such as sports nutrition. By 2022, this market is expected to grow to 45.27 billion US dollars worldwide. In 2016, this figure stood at 28.37 billion dollars. —

AN INCREASING NUMBER OF HYBRID INDUSTRIES

—The range of ECE tenants now extends from modern beauty retail concepts such as Sephora, Rituals, or L'Occitane en Provence to beauty services such as eyebrow bars (Twinkle Brow Bar) and cosmetic medical services (e.g. laser hair removal). ECE is noticing an increasing degree of diversification in its leasing business – in addition to traditional health food stores and drugstores, there are now also special segments such as sports nutrition and dietary supplements, which are currently developing into separate categories at ECE. —



85%

of visitors to ECE centers
regularly use beauty services

INTERVIEW

“People want to express their individuality.”



DOREEN KOCH
FOUNDER & CEO
TWINKLE BROW BAR

Founder Doreen Koch explains why grooming eyes and eyelashes reflects the spirit of the times.



What are currently the trends in your industry?

—The demand for what’s known as “customized beauty” is on the rise – the same way every face is unique, consumers are now increasingly looking for beauty treatments that are tailored to the proportions of their own faces. Today, people want to express their individuality. This has led to a corresponding increase in the importance of eyebrow and eyelash care, which is now part of Germans’ daily beauty routine. What should have always been the case was so far mainly seen abroad. Another key trend is that men are attaching ever greater importance to their appearance and having well-groomed eyebrows. As such, we are also seeing an increase in demand in this regard.

What’s the concept behind the Twinkle Brow Bar?

—Since our founding in June 2014, we have focused on eye and eyelash treatments because we are convinced that it’s possible to achieve impressive changes solely as a result of examining them individually and professionally. To us, this specialization also encompasses a passion for

perfection – and that is exactly what we want to offer our customers in five Twinkle Brow Bars, all of which are located in shopping centers in Hamburg. Our goal is to expand throughout Germany – while ensuring that each new location meets our high standards of quality.

“ **Men are attaching ever greater importance to their appearance and having well-groomed eyebrows.** ”

What are the technical requirements?

—These are fairly minimal at Twinkle Brow Bars. We certainly need a lot of light. From a structural point of view, we prefer square or rectangular spaces to ones with a lot of nooks and crannies. In addition, in the centers we favor locations near beauty-related areas, like across from drugstores. ☺

INTERVIEW

“We offer fitness, spa treatments, and body care of the highest standard.”

Arne Hennig from Meridian Spa & Fitness explains what's important when it comes to locations in shopping centers.

How will demand change in the fitness and spa segment?

—Increasing digitization in the professional world is leading to an ever-increasing need for physical activity and mental relaxation. Demographic changes are further intensifying this trend. In the premium fitness and spa segment, we even expect above-average growth rates – as a medium-sized company, however, we are focusing on organic growth with a clear focus on new locations in the major cities of Hamburg and Berlin.

How would you describe the Meridian Spa & Fitness concept?

—We are synonymous with the highest standards of fitness, well-being, and body care, as well as a holistic and individual approach to our products and services. For many of our now 38,000 members, we have become an integral part of their lives – alongside their families and careers. Our members feel extremely comfortable at our eight premium facilities because of the clearly defined structural requirements. The ideal space always has a gross floor area of between 6,500 and 7,500 m². In this context, a particular emphasis is on large, continuous areas and an area that is not visible from the outside that measures between 500 and 1,000 m².

The ideal space always has a gross floor area of between 6,500 and 7,500 m².

What special requirements apply when it comes to spaces in shopping centers?

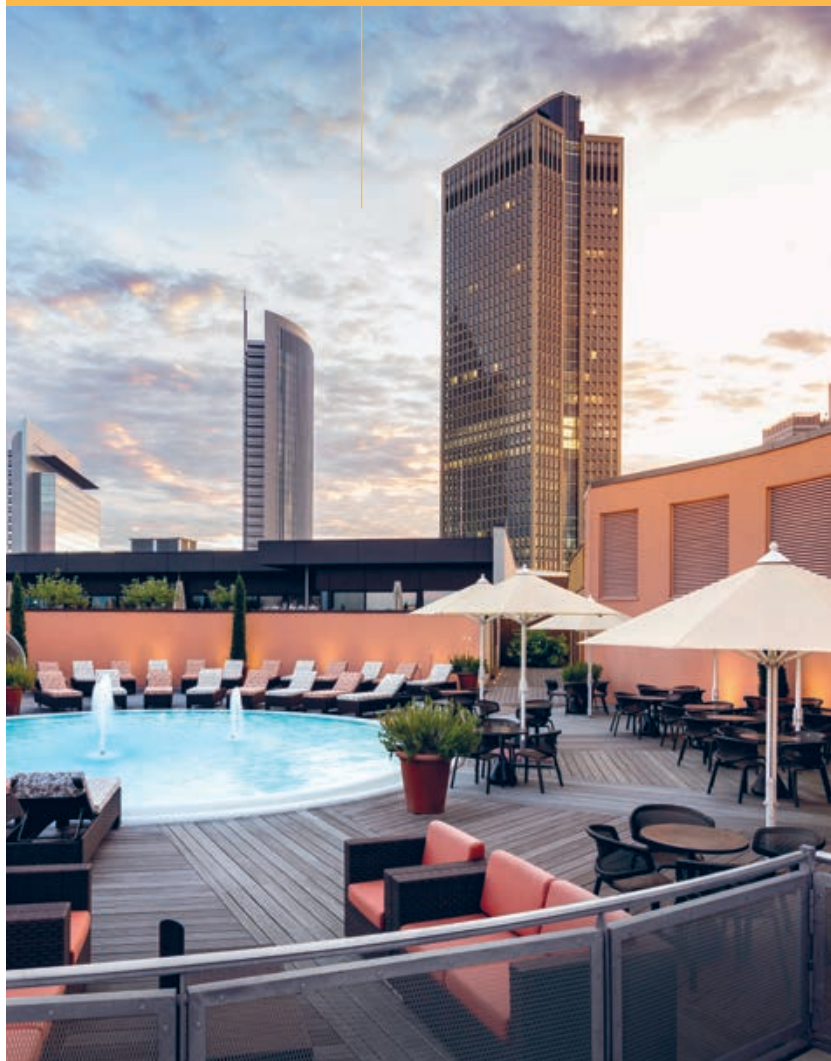
—We want our guests to have an enjoyable experience that begins as soon as they get here. This means that free parking for several hours and easy access to public transportation are essential. Our opening hours, which usually exceed the opening hours of shopping centers, are also highly relevant, of course. An important aspect for other tenants is that Meridian Spa & Fitness will always attract large numbers of customers with high purchasing power.



ARNE HENNIG

DIRECTOR OF ORGANIZATION AND EXPANSION AT MERIDIAN SPA & FITNESS

MERIDIAN SPA & FITNESS @ ECE: SKYLINE PLAZA FRANKFURT







URBANITY

IN TUNE WITH THE PULSE OF THE CITY

Shopping centers blend harmoniously into cities as urban marketplaces and become the nucleus of offers for the latest technological solutions in the fields of mobility, logistics, hospitality, and real estate.



Mobility Is Shaping the Future.

Germany is becoming increasingly mobile – with major differences between urban and rural regions. While new technologies are increasingly being used to connect different modes of transport in cities and car-sharing services are booming, the focus in rural areas is still on people’s own cars. One thing’s for sure: the demand for mobility services will increasingly shape the image of shopping centers in the future.

i FIGURES

- 30%** of all trips taken in Germany are related to shopping
- 57%** of all trips are taken by car, in rural regions this figure increases up to 70%
- 27%** of all trips taken in major cities are on foot
- 5%** of German households use car-sharing services, 14% in metropolitan areas
- 23** hours is the length of time cars spend parked each day

Source: "Mobility in Germany" by Infas on behalf of the Federal Ministry of Transport and Digital Infrastructure, 2018



NEW TENANT STRUCTURES

—The desire for greater mobility spans all societal groups and is also reflected at ECE centers in the form of an increasing number of spaces leased to suppliers in the automotive sector. For example, Alstertal-Einkaufszentrum in Hamburg now has a Europcar shop, a Tesla flagship store, and a Volkswagen CityStore, which is part of a pilot project. At Europa-Galerie Saarbrücken, Ford is testing its first Smart Lab in Germany. —

MEETING CUSTOMER NEEDS

—Nowadays, simply being easily accessible by public transportation and having sufficient parking spaces is no longer enough for shopping centers to meet the increased demands for accessibility and mobility. Instead, it's a matter of developing tangible services that reflect people's changing usage behavior and increase comfort during their trip to the center, as well as on arrival.

“
To date, there are already around 300 charging stations at 58 ECE locations.
 ”

For example, ECE already cooperates with car-sharing providers such as Car2go, Choice, and Stadtmobil, who are allocated dedicated parking spaces at our centers. In addition, the car rental companies Europcar, Sixt, and Hertz also already have designated parking spaces in some of ECE's parking garages. In addition, there has been a special



Moia ride-sharing stop at the Elbe shopping center since April 2019. Another issue that is becoming increasingly important in Germany's cities is electric transportation. ECE is therefore also expanding its infrastructure for EVs accordingly. To date, there are already around 300 charging stations at 58 ECE locations. —

NEW APPROACHES IN LOGISTICS

—In the future, innovative logistics solutions will exist that transport goods efficiently and emission-free to their destinations, especially in densely populated urban areas. In this context, shopping centers will also play an even stronger role as omnichannel platforms, among others, for example by acting as micro-depot locations for package delivery services. Together with Hermes, ECE successfully tested a micro-depot concept at both

Alstertal-Einkaufszentrum and Hamburger Meile. During this test, a drop-deck trailer parked in front of the centers served as a base station for the packages, which were then delivered to customers via cargo bike. This example illustrates the opportunities that are opening up for shopping centers in the field of logistics as well, in order to position themselves as an urban marketplace in the heart of downtown areas. —



Hospitality Is the Driving Force

Germany's urban areas are currently undergoing an exciting transformation, with different working, living, and recreational environments blending harmoniously into one. What used to be more or less monothematic urban districts are turning into inspiring mixed neighborhoods. The hotel industry in particular is exploring new, exciting approaches that will further intensify the placemaking experience in shopping centers.



i FIGURES



year-over-year increase in revenues in the accommodation sector in 2018



Increase in the number of overnight stays by all guests in Germany in 2018, with the largest increase in metropolitan areas (+5.5% in Berlin and +5.1% in Hamburg)

AN INDUSTRY BURSTING WITH CREATIVITY

—The hotel industry in Germany has been growing at a stable rate – despite new services such as Airbnb and Wimdu, which for several years now have made it possible to book private accommodation, appearing. The major cities are particularly attractive to visitors from both Germany and abroad. The greatest demand is currently being seen in the one- to three-star segment. This is where the bulk of investments – in addition to lifestyle and budget hotels – are being made.

As in many industries, new hospitality concepts are currently being developed on the basis of new desires and needs. Examples of this include “boarding houses,” which

are specially designed for long-term stays, and “serviced apartments,” which offer new, comfortable living arrangements. The bottom line is that the hospitality scene is also becoming more vibrant and is subject to highly dynamic innovation, which will further reinforce the trend towards “urbanity” after a revival of downtown areas. The fact that this is simultaneously driving shopping centers’ experience-driven placemaking activities can already be seen today in the context of a specific project: the developer MQ Real Estate recently opened a modular hotel on the roof of the parking garage of the Ring-Center in Berlin managed by ECE. —



82%

of the guests are from Germany,
18% from abroad

70%

increase in room occupancy in
Germany between 2008 and 2018

“We’ve opened the very first modular hotel on a shopping center.”

MQ Real Estate founder Bjorn-M. Hiss explains how to leverage the hidden potential to create value via urban densification.



BJÖRN-M. HISS
FOUNDER
& MANAGING DIRECTOR
MQ REAL ESTATE

construction, for example, we recently completed the first “SKYPARK©” together with ECE. In this project, we added an additional level to Berlin’s Ring-Center for “the niu Hide” hotel – the world’s first modular hotel to be built on top of a shopping center. Further projects with ECE are already being planned.

First “SKYPARK©” completed on the roof of Berlin’s Ring-Center.

What is unique about MQ Real Estate’s work?

— We’re specialized in building on top of unused areas of buildings to add additional forms of use – and doing so with a self-sufficient, operator-independent infrastructure! Thanks to a prefabricated, modular, lightweight design, we can quickly remove the new building from the roof after the agreed usage period has expired. Our approach is to operate as a partner to the building owner as well as acting as an investor ourselves. In this context, we tend to favor rental or leasehold agreements, which allow us to use sites for long periods of time, and focus on new buildings that have a standard layout. After only about four months of

Can you tell us more about this structure?

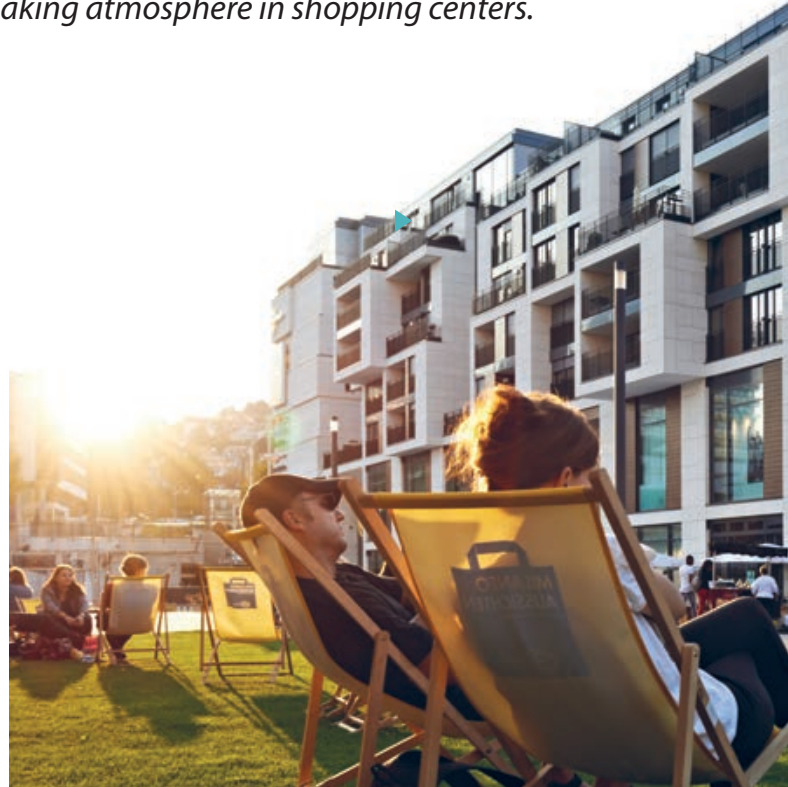
— First of all, we are extremely proud of the fact that the hotel is a carbon-negative building. We imposed the stringent requirements of sustainable construction on ourselves. A revolving tower crane was used to help with construction, which placed 152 room modules – some of which were already fully furnished – directly from the truck onto the roof of the shopping center. The prefabricated components for the lobby and ancillary areas were also delivered just in time. The stairwells and elevator shafts of the center, on the other hand, could also be used for the most part.

Residential Meets Retail.

In addition to offices and hotels, more and more urban residential concepts are being harmoniously integrated into shopping districts. For obvious reasons: urbanization is rapidly taking place throughout Europe and the demand for private housing is still very high, despite a low supply. As a result, places to live and shop will continue to merge, especially in major metropolitan areas, and contribute to the placemaking atmosphere in shopping centers.

LOW INTEREST RATES, RISING PRICES

—For years, the real estate market has been shaped by the ongoing policy of low interest rates, attractive subsidies, and rising prices. This is particularly evident in major cities – in 2018, for example, real estate prices in Berlin rose by 15.2% year over year! On the other hand, less and less land is available to construct new buildings, especially in urban areas, which means that hardly any new buildings are being built and the number of people moving to the suburbs is once again on the rise. This is a trend that is also creating new opportunities – for innovative, urban neighborhood concepts with integrated shopping centers like Milaneo in Stuttgart. —



PRIME EXAMPLE OF NEIGHBORHOOD DEVELOPMENT

ECE and STRABAG Real Estate jointly developed Milaneo in Stuttgart, a concept unlike any other in Germany, located in the heart of the urban Europaviertel district. Three individual buildings form a vibrant urban district with lively squares and alleys as well as a balanced mixture of retail, dining options, urban housing, offices, and a hotel. Together with the new city library on Mailänder Platz, Milaneo thus forms the heart of the new neighborhood on the site of the former freight depot. The central Mailänder Platz complements the ensemble with green spaces, outdoor restaurants, and even a small lake.



17 individual buildings with three green inner courtyards

43,000 m² of retail space

i FACTS AND FIGURES

7,400 m² of office space

415 rental apartments

165 hotel rooms



Winner of the "MIPIM Award" as "Best Futura Mega Project"



Awarded platinum certification by the German Sustainable Building Council (DGNB)



Outlook.

“Panta rhei – everything flows: an entrepreneur must be prepared to adapt to the constant changes in their environment. Their main focus must always be on the future.”

Werner Otto, mail order pioneer and founder of ECE



NEEDS REMAIN IN FOCUS

—Society is constantly changing. New technologies have an impact on all of its areas. Developments are highly dynamic. The way we work, the way we live, the way we consume – all this is subject to a constant transformation process that significantly influences the shopping center landscape.

“

At ECE, our activities are always based on consumers' current needs.

”


Shopper types and their motivations for visiting are continuously analyzed in order to anticipate new habits and needs and tap hidden potential. This means the perfect mix for each specific center is constantly redefining itself! —

GREATER DEMANDS DUE TO GREATER COMPLEXITY

...The marketplaces of the future are dynamic. Just as new customer needs constantly call for new answers, so too does dynamic innovation on the part of tenants create additional ideas and inspiration.

The trick is to harmoniously integrate new formats and concepts into the centers while keeping an eye on long-term megatrends. Segments that are not yet in focus today may play a major role in the sector mix tomorrow. As a result, shopping centers are becoming increasingly multifunctional, and thus, their planning more complex.

THE PLACEMAKING FORMULA

The best site-specific formula for success is therefore the one that remains open to new ideas and adaptable and variable at all times. More than ever, professional shopping center management requires a high degree of flexibility. This is a challenge that ECE strives to meet day after day. Courageous, creative, customer-driven – and with a clear focus on actively and successfully shaping the future together with tenants and investors. 

PUBLISHING INFORMATION

ECE Projektmanagement G. m. b. H. & Co. KG,
Heegbarg 30, 22391 Hamburg
Telephone: +49-40-60606-0, fax: +49-40-60606-623
E-mail: info@ece.de, www.ece.de

EXECUTIVE BOARD:

Alexander Otto (chairman), Joanna Fisher, Robert Heinemann, Henrie W. Kötter, Markus Lentzler, Dr. Andreas Mattner, Claudia Plath, Steffen Eric Friedlein

STUDY MANAGER AT ECE:

Halina Gebert, Marketing & Research

LAYOUT/GRAPHIC DESIGN/TEXT:

BERGBRAND / www.bergbrand.de
TEXT: Martin Witt, Wortlösungen
TEXT/PROOFREADING: Ralf von der Heide, ECE
TRANSLATIONS: Wieners & Wieners

PRINTED BY:

eurodruck Hamburg

IMAGE CREDITS:

All image rights, if not specified separately, held by:
ECE Projektmanagement G. m. b. H. & Co. KG

JUMP House, p. 34:

© JUMP House Anna-Lena Ehlers/Tom Menz

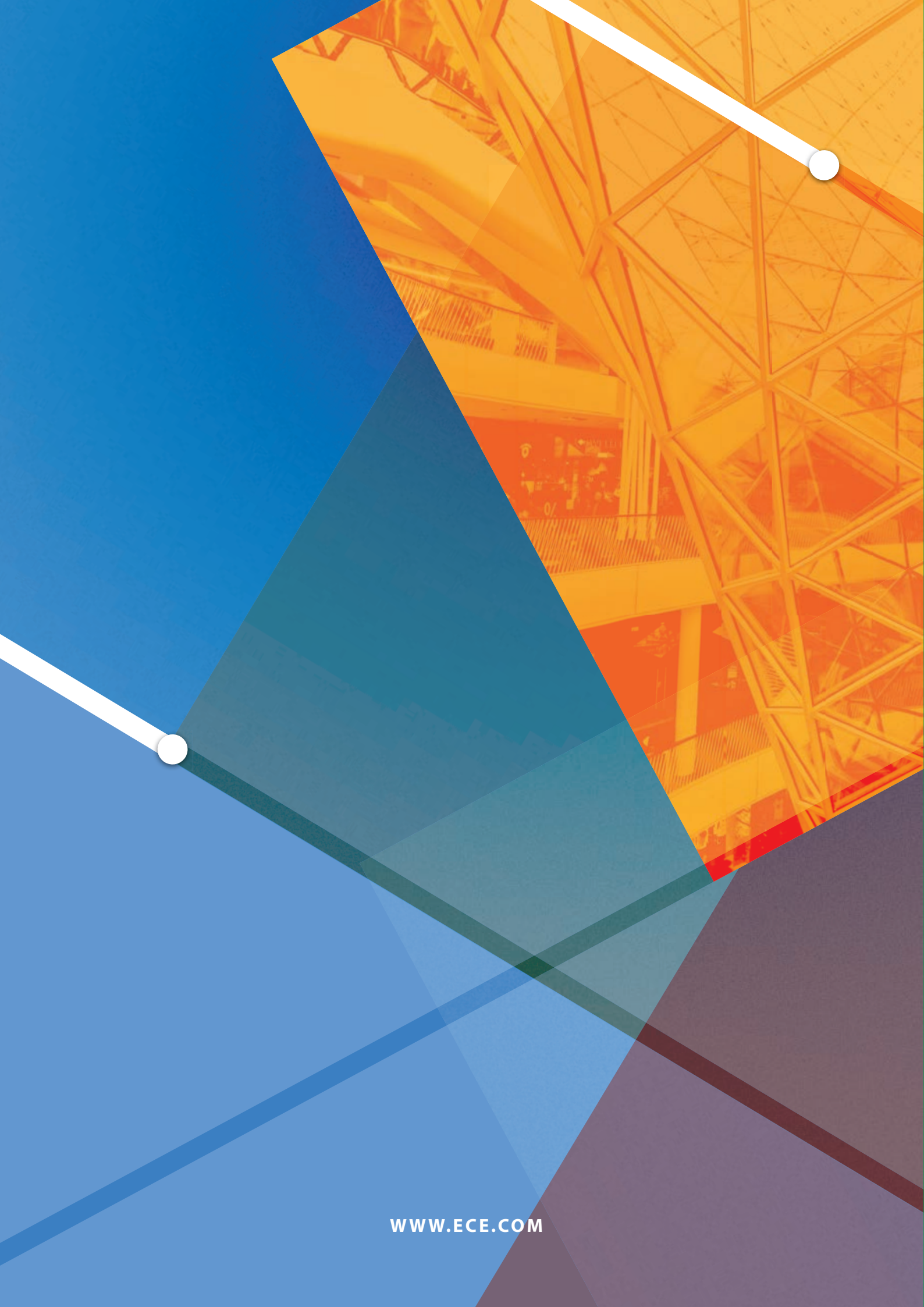
Twinkle Brow Bar, p. 42:

© TwinkleBrowBar/Patrick Viebranz

We would like to thank all those interviewed for their input and the photographs they provided.

Editorial deadline: September 19, 2019.





WWW.ECE.COM