savills

SPOTLIGHT

SHOPPING CENTRES

RETAIL – EUROPE – H1 2026



Mall of Berlin. Source: Unsplash

RESEARCH

KEY STATS

2.9%
HICP INFLATION JULY 2026

2.25%
INTEREST RATE UNCHANGED IN JULY

+0.8%
EUROZONE REAL GDP FORECAST 2026

-14.9
CONSUMER CONFIDENCE INDEX JULY 2026



> The defining characteristic of the sector today: improving but pulling further apart in a winner-takes-most environment.

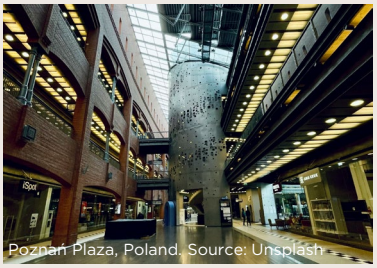
Chris Nichols
Analyst, European Research

KEY TAKEAWAYS

01
Meeting the needs of the silver economy while catering to fragmenting demand will be central to future tenant mix strategy.

02
The European average prime vacancy rate fell for the first time in a decade in 2025, declining from 9.7% to 9.1%.

03
Shopping centres accounted for 34% of European retail investment volumes in H1 2026 - their highest share since 2022.


Poznań Plaza, Poland. Source: Unsplash

Perception, reality and the opportunity between

Few real estate sectors have endured a tougher fifteen years than shopping centres. Yet today, they deliver some of the strongest total returns in European real estate. Investor sentiment remains anchored to the pain of the past. Once bitten, twice shy. The trouble is that fundamentals have moved on. This report explores the disconnect between perception and reality, and why that presents a compelling investment opportunity.

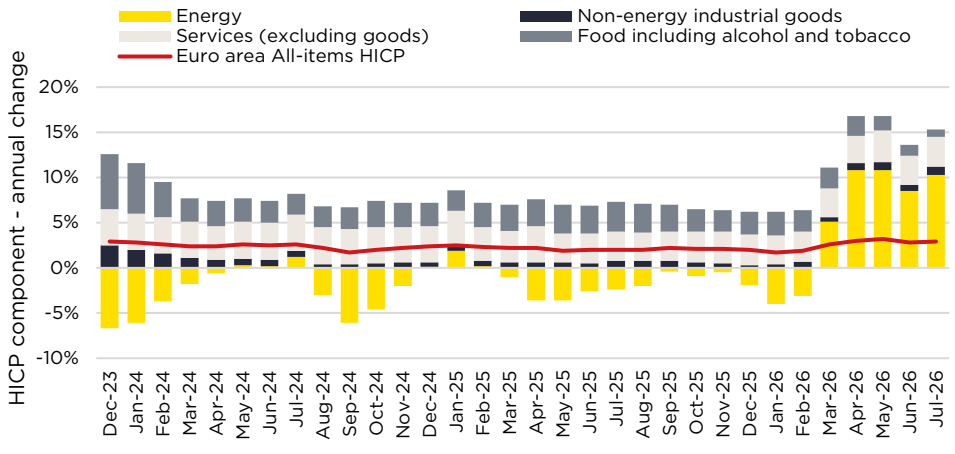
Confidence falters, consumption persists

Geopolitical risk re-emerged as a key theme in H1, with the US-Iran conflict unsettling energy markets and interrupting any disinflationary process. The energy component of inflation in the Euro area reached 11% year-on-year in April and May (Figure 1), prompting the ECB to raise the deposit rate to 2.25% in June, with a further 25 bps increase anticipated in September. Any economic fallout, however, has proved milder than initially feared. Real GDP forecasts have since been revised upwards, with the eurozone now expected to grow by 0.8% in 2026.

Retail sales followed a similar pattern of slower growth without a meaningful pullback; volumes entered 2026 on an upward trajectory, although momentum softened through H1 (Figure 2). Consumer confidence proved more fragile, bottoming out in April and averaging -18.4 in Q2 as higher energy costs and geopolitical uncertainty weighed on households.

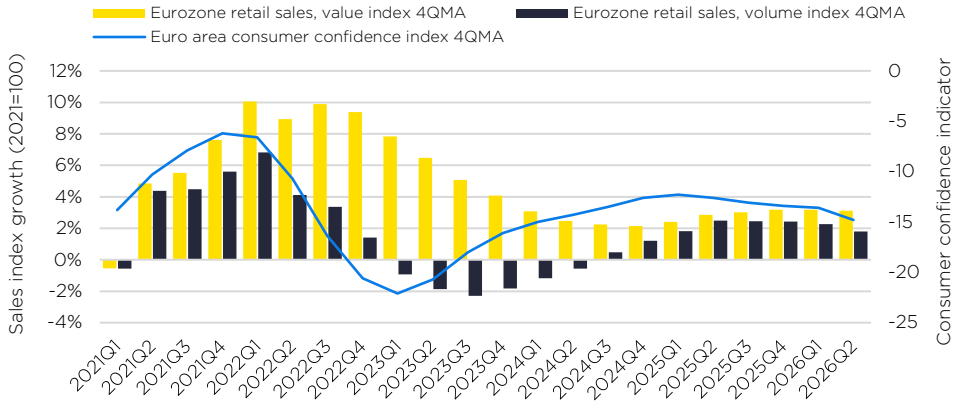
Historically, consumer confidence and retail sales volume growth have moved closely together, exhibiting a correlation coefficient of 0.78 on a four-quarter moving average basis since 2021. This time, however, spending has held up slightly better than the deterioration in confidence would ordinarily suggest. Resilient real wages, tight labour markets and accumulated household savings helped to cushion the impact of weaker sentiment.

Figure 1: Euro area HICP breakdown by component



Savills Research based on Eurostat

Figure 2: Retail sales value, volume and consumer confidence (four-quarter moving average)



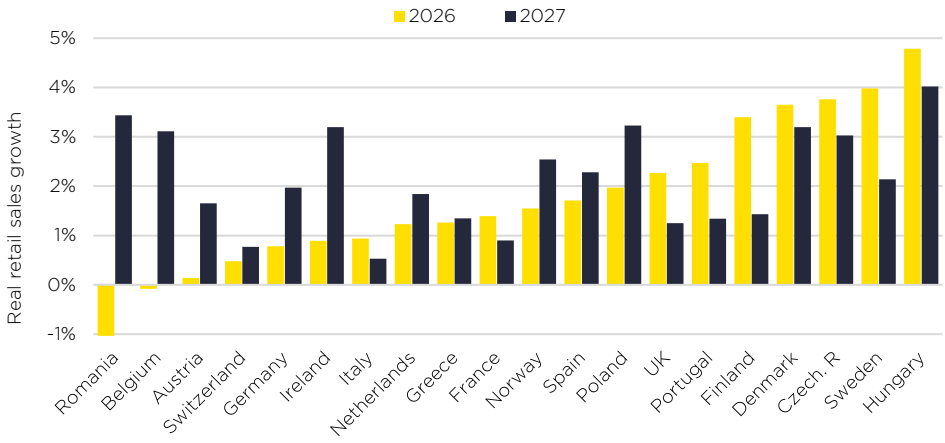
Savills Research based on Eurostat, Oxford Economics



As ever, the headline masks considerable variation. While European real retail sales are forecast to grow by 1.3% in 2026, the regional picture is diverse. CEE and the Nordics lead the outlook, followed by the UK and Iberia, while several larger Western European economies are set to remain in a lower gear (Figure 3).

We expect any slowdown in retail sales growth to prove temporary, with real retail sales forecast to increase by 1.7% in 2027 and several of this year's softer markets, including Germany, set to rebound. Encouragingly, consumer confidence improved from -20.6 in April to -14.9 in July. As conditions stabilise, the consumer backdrop should provide firmer support through the second half of the year.

Figure 3: Real retail sales growth forecasts by country



Savills Research based on Oxford Economics

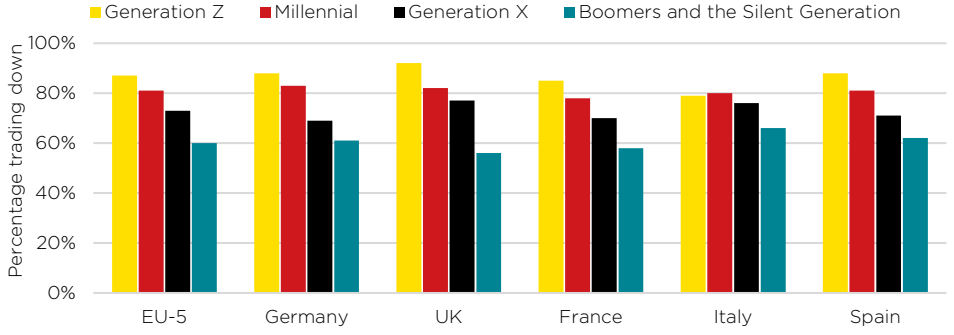
Demographics will influence the next wave of demand



A two-speed consumer base

Following years marked by inflation and rising living costs, spending patterns are becoming more closely linked to affluence. Higher-income consumers have proved the primary engine of discretionary spending growth, sustaining premium brands and experience-led concepts. Meanwhile, it is the more financially exposed, typically younger, consumers trading down more frequently, fuelling a two-speed consumer base. Last year, 87% of Gen Z consumers reported trading down or actively seeking lower-cost alternatives, compared with 60% of Baby Boomers (Figure 4). Value and premium can therefore coexist, while serving more distinct customer groups. The read-through for shopping centres is a greater emphasis on curating space and tailoring tenant mixes to local spending power.

Figure 4: Share of consumers trading down by generation in key European markets, 2025



Savills Research based on McKinsey & Company

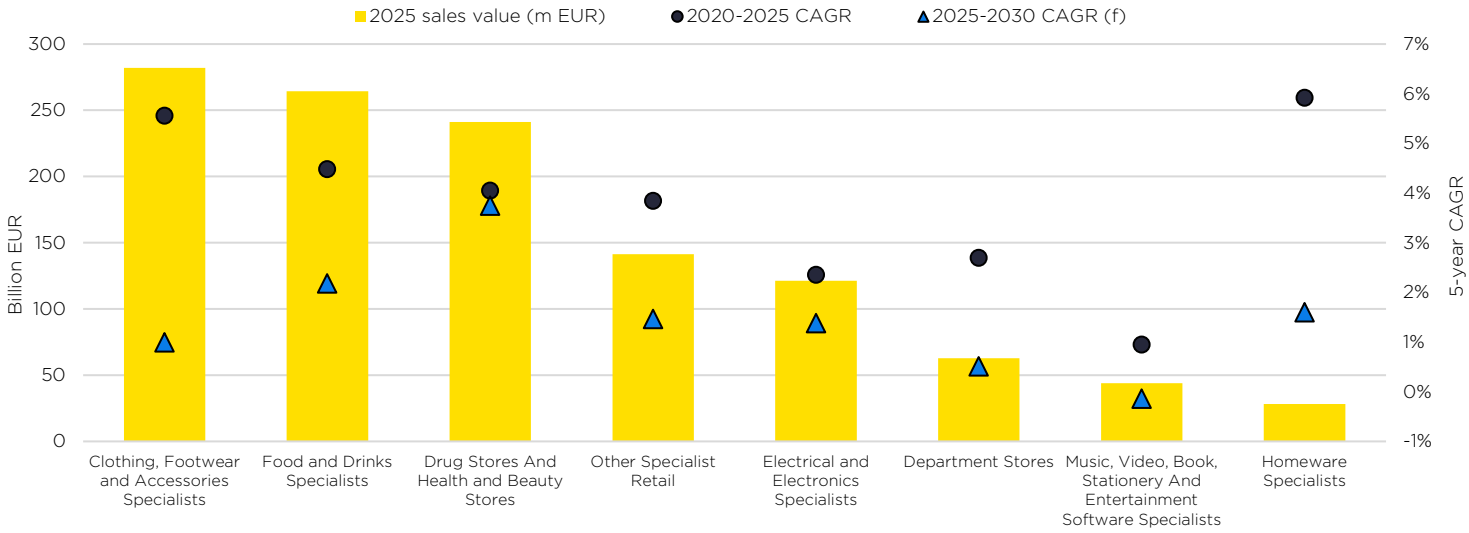
Sales category mix: The silver economy comes into focus

While spending behaviour is fragmenting by age and affluence, Europe's demographic profile is steadily ageing. By 2050, the median age is projected to reach 48.2, while the population aged 80 and over is expected to almost double. This highlights both a broader base of older consumers and a rapidly expanding elderly cohort. Some adjustment is already visible in category-level sales forecasts, which offer a useful, if imperfect, guide to how tenant mixes may evolve.

Drug stores and Health & Beauty stand out among the best-performing retail categories to 2030, at c.4% CAGR (Figure 5). Conversely, sales growth in clothing and footwear (1%) and homeware (2%) is expected to temper after exceptional post-pandemic performance. Over time, these spending adjustments should lightly reweight shopping centre floorspace towards health and pharmacy, services and everyday essentials. Many of these uses are naturally tethered to the steady demands of an ageing population, with occupier expansion plans already pointing in that direction.

Naturally, grocery will anchor many neighbourhood centres and fashion will remain an essential ingredient, but the acquisitive tenants of the future are likely to come from health, F&B, leisure and services. These segments lean into the convenience and experience that consumers now seek. In Italy, for example, personal care was the fastest-growing retail sales category in 2025, up 3.2% year-on-year (CNCC), prompting a growing number of such operators to acquire shopping centre space.

Figure 5: European retail sales value and growth rates by product category



Savills Research based on GlobalData

Beyond the transaction

The rise of the third space

To counter the growth and convenience of shopping online, retailers and landlords must provide exceptional speed and convenience themselves, or curate an experience that consumers actively seek out. The latter has assumed greater importance as remote and hybrid working alter daily routines and social habits. With fewer opportunities for the incidental interactions once provided by the workplace, demand has strengthened for a "third space" between home and work where social and commercial activity converge. Positioned between retail, hospitality and leisure, shopping centres are surprisingly well placed to meet that need. Some operators have even incorporated coworking space, extracting value from upper floors that may struggle to attract retail demand and extending the centre's relevance beyond traditional shopping hours, as at Muelle Uno in Málaga.

Creating reasons to visit is therefore every bit as important as facilitating a purchase. Inditex's Bershka flagship at Manchester's Trafford Centre, with its AR mirrors and digital fitting rooms, blurs the line between retail and entertainment. Elsewhere, landlords are leaning more heavily on food, beverage and leisure to deepen engagement. F&B accounted for 169 of 643 store openings within Spanish shopping centres and retail parks last year, the largest single expansion category. Alongside this, competitive socialising and immersive leisure concepts are taking a growing share of space, enhancing the shopping centre's role as a social destination in its own right.

A narrowing online advantage

Another tailwind for bricks and mortar is that the economics no longer stack so heavily in favour of e-commerce. Customer acquisition has become more fragmented across social media, marketplaces and cross-border platforms, eroding retailers' control over demand generation. Simultaneously, fulfilment and returns are proving more expensive. Only a fifth of UK retailers now offer free delivery or returns, while intense cross-border competition from the likes of Shein and Temu squeezes margins. Even as *de minimis* reform eases some pressure on domestic online players, integrated omnichannel models appear ever more compelling.

Reflecting both this rebalanced cost equation and a maturing online channel, Europe's online retail sales growth is slowing. According to GlobalData, the online share of retail sales grew at a CAGR of 5.8% between 2017 and 2025. Through to 2030, that rate of expansion is forecast to moderate to 2%. While still gaining share, the pace of channel displacement is calmer. As e-commerce has matured, it increasingly complements physical stores through omnichannel strategies, helping to ease some of the long-standing concerns around shopping centre investment.

A widening quality divide

Polarisation and the middle-tier squeeze

European centres are now more clearly separated by catchment strength, offer and adaptability. At one end of the spectrum, dominant schemes with extensive consumer reach, high footfall and differentiated offers continue to attract a disproportionate share of occupier and investor demand. At the other, centres serving weak or shrinking catchments - often in locations with limited growth prospects - are more vulnerable to obsolescence and alternative use. Research by White et al. (2023) suggests design matters too: open-air centres in the UK generally outperform enclosed malls and prove less susceptible to obsolescence. Their more adaptable layouts make it easier to accommodate leisure, F&B and other non-retail uses as demand evolves.

Between these edge cases sits a sizeable middle tier: well-located centres that are hampered by ageing infrastructure, intense out-of-town competition or operational shortcomings. These schemes occupy an uncomfortable middle ground. Unlike prime assets, they often lack the pricing power needed to justify large-scale reinvestment. Yet unlike centres in structurally weak locations, they are not obvious candidates for repurposing or disposal. Rather, they must invest continually in refurbishment, reconfiguration and sustainability upgrades to retain relevance.

This leaves the middle tier carrying some of the sector's heaviest capital requirements to sustain quality. Many prime assets have already benefited from previous investment cycles that refreshed and repositioned them, allowing rental growth and asset appreciation to justify further spending. The middle tier has no such luxury. Significant reinvestment is often required, but this spending does not always translate into equivalent rental growth. As a result, capex can absorb a relatively high share of rental income, even where there is considerable potential for rents to rise over time.

High-quality centres are actively managed

One feature increasingly synonymous with outperformance is an operational approach to management. The best curate their offer to match demand, rotating tenants and clustering uses with intent. They shape environments that drive footfall, dwell time and spend. Indeed, a tenant churn rate of around 10% per annum can coexist within a well-run prime scheme, where continual evolution prevails over stability for its own sake. In this context, leasing forms just one part of a wider strategy that encompasses placemaking, events and customer engagement. Executed well, the reward is more resilient income and stronger long-term growth prospects.

> Omnichannel has strengthened the role of physical stores, helping to reduce occupier risk for investors.
>
> **Larry Brennan**
> **Head of European Retail Agency**

The rising cost of competitiveness

Active management and active investment now go hand in hand. Smart building systems, common-area energy metering and footfall analytics can reduce costs and improve decision-making. Yet maintaining competitiveness is becoming more capital intensive. The EPBD's rooftop solar provisions take effect this year, while EV charging infrastructure is now more frequently mandated across larger retail assets. CSRD and EU Taxonomy reporting add further compliance obligations, and while technology can enhance efficiency, it must be balanced against the growing costs of the sustainability transition. As those demands rise, the ability to fund reinvestment becomes a source of competitive advantage, further widening the quality divide.



Centro Vasco da Gama, Lisbon. Source: Unsplash

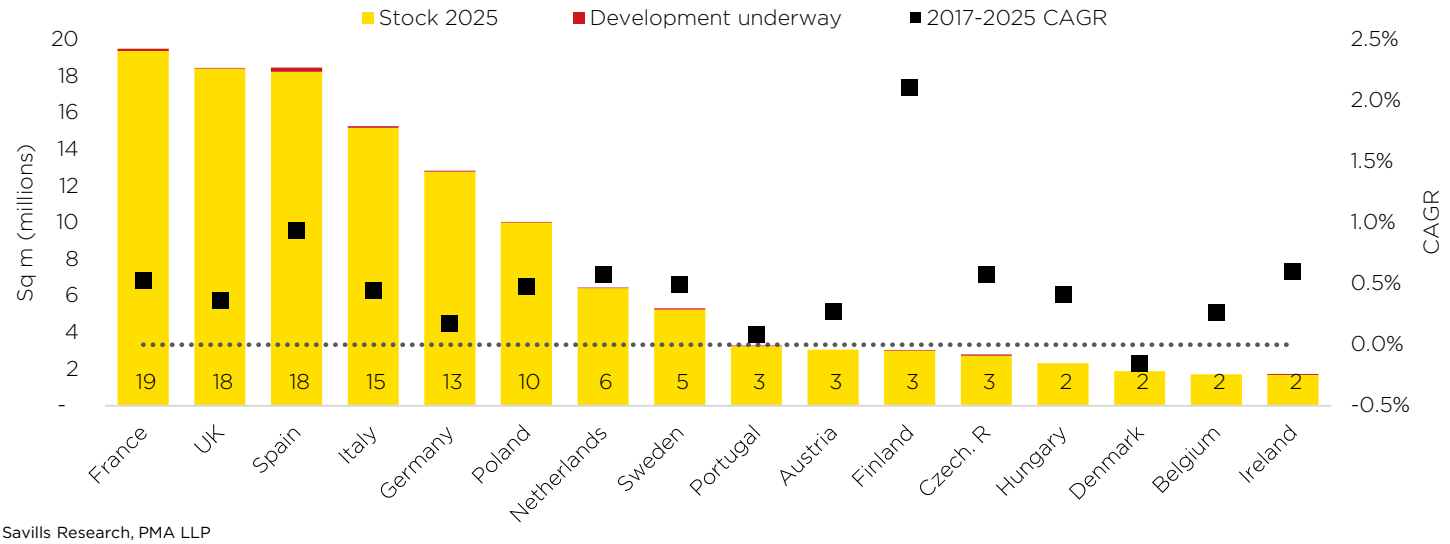
Supply tight, density falling

It is no surprise that delivery of new stock has all but dried up. Europe's shopping centre floorspace has expanded at a CAGR of just 0.25% since 2020, down from 0.8% between 2017 and 2020. The development pipeline is similarly shallow, with schemes currently under construction set to increase total floorspace by just 0.6% upon completion. Given today's construction and financing costs, any near-term resurgence in new supply appears unlikely. Existing stock, meanwhile, is concentrated in a handful of mature markets, with France, the UK, Spain, Italy, Germany and Poland holding the majority of floorspace (Figure 6).

With population growth modestly outpacing new supply so far this decade, shopping centre density has declined. Average provision has edged down from 263 sq m per 1,000 inhabitants in 2020 to 261 sq m today, falling across 12 of the 16 countries tracked (Figure 7). The sharpest reductions have occurred in some of Europe's better-provisioned markets, including Ireland (-6.0%), Denmark (-3.9%) and the UK (-3.1%). Given that Europe's population is expected to plateau, density is unlikely to rise in the medium term provided the development pipeline remains constrained.

The irony is that a sector perhaps once oversupplied is creeping towards selective scarcity. With little meaningful pipeline, prime assets face limited risk of new competition, which bolsters their pricing power. For middle-tier schemes, however, constrained supply is not necessarily a cure-all. The absence of new development may preserve existing market share, but it does little to address the underlying challenges of asset quality, capital investment and positioning.

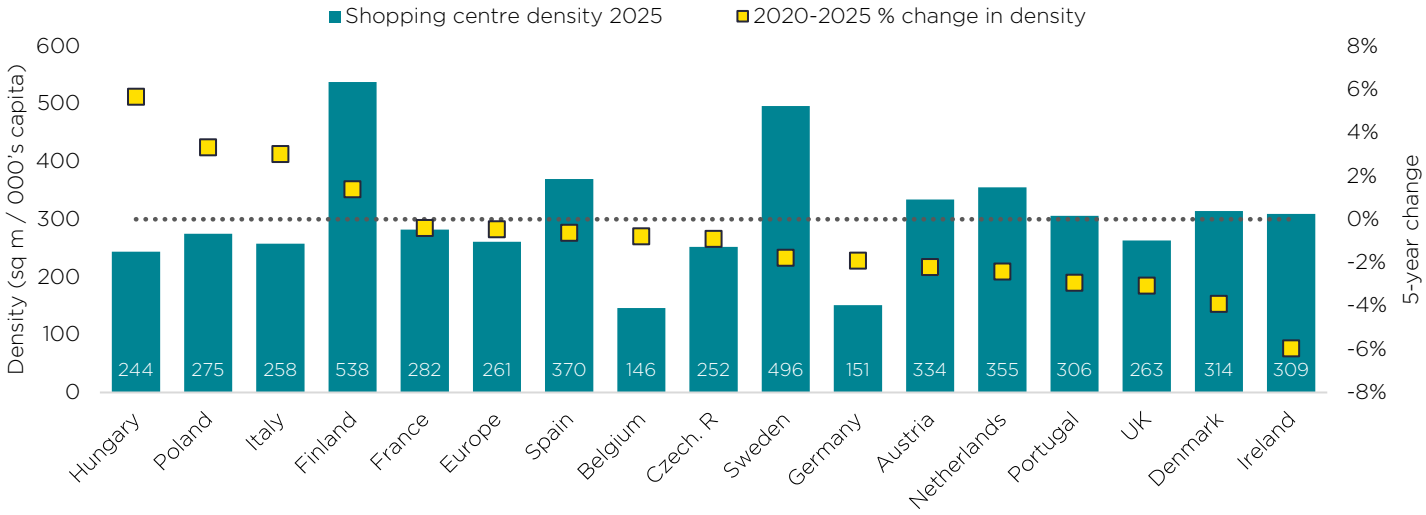
Figure 6: European shopping centre stock 2025



Savills Research, PMA LLP

The Nordics are distinct, with shopping centre density at 496 sq m per 1,000 people in Sweden and 538 in Finland. This reflects a legacy of post-war urban development. Unlike Western Europe's historic high streets, many Nordic cities expanded through planned suburbanisation, with retail deliberately concentrated into large, centrally managed schemes at transport nodes. By evolving as all-in-one community hubs offering grocery, healthcare, services and leisure under one weatherproof roof, they aligned with cold Nordic climates and dispersed catchments. Thus, the shopping centre caters to both the traditional high street role (daily footfall, services) and the out-of-town role (destination retail). That breadth of function goes some way to explaining elevated provision.

Figure 7: European shopping centre density 2025



Savills Research, PMA LLP, Oxford Economics

Occupational recovery, continued polarisation

Visitor numbers growing

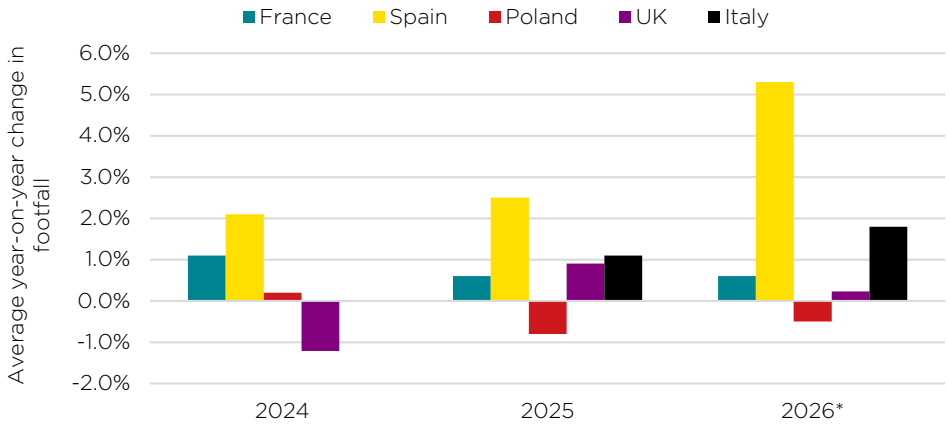
Consumers are rewarding quality, with footfall trends pointing to a clear preference for well-managed, multifunctional shopping centre destinations. Several European markets have recorded rising visitor numbers since 2024, led by Southern Europe, where footfall is up 5.3% year-on-year in Spain and 1.8% in Italy (YTD 2026*). Further north, the pace is gentler but directionally aligned. France's shopping centres attract around seven million visitors a day, with footfall rising 0.6% in 2025, while the UK has also seen steady growth over the past eighteen months (Figure 8).

Perhaps the most telling measure of shopping centre health is footfall relative to pre-pandemic benchmarks. Spain comfortably surpassed 2019 levels in both January (+6%) and March (+40%) this year. Poland, meanwhile, has seen footfall ease modestly since 2024, but this is on the back of a strong recovery that pushed visitor numbers above pre-pandemic levels from 2023 onwards.

The message across markets is encouraging. Shopping centres are drawing visits for reasons beyond spending alone, functioning as destinations for leisure, services and social interaction.



Figure 8: Shopping centre footfall growth by country 2024-2026

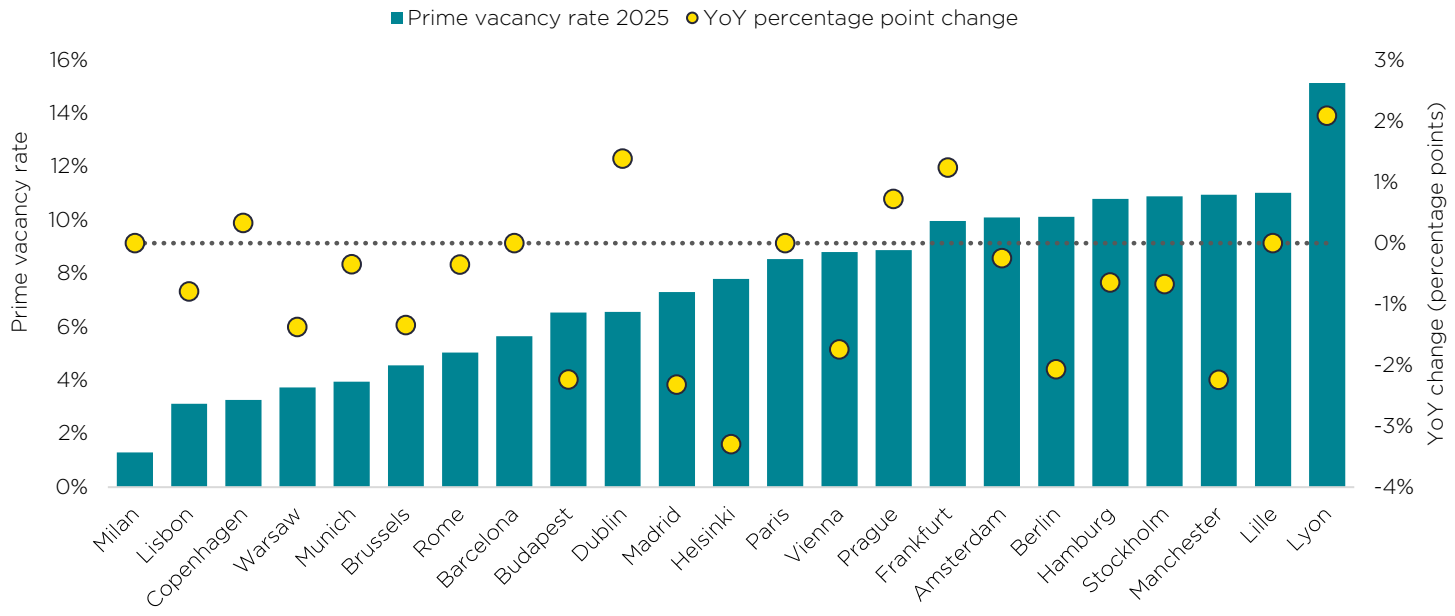


Savills Research based on multiple sources. *Note: 2026 figures cover different reporting periods by market: UK (Jan-May 2026); Spain and Italy (Jan–June 2026); Poland (Jan–April 2026); and France (Q1 2026).

Occupational markets improving

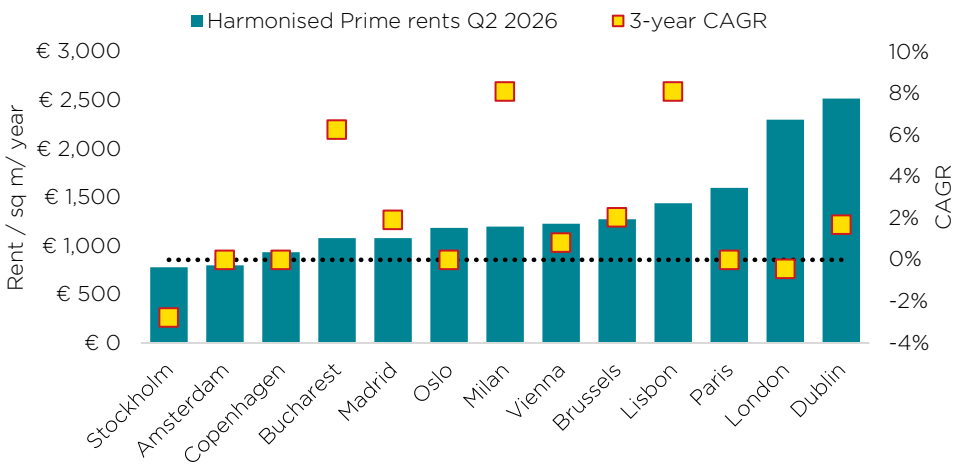
A decade of adjustment is beginning to translate into stronger occupational fundamentals. Prolonged rental rebasing has realigned occupancy costs with trading realities, restoring more sustainable cost ratios and making space genuinely affordable for retailers. This has clearly fed through into appetite: 2025 saw the first decline in average prime European shopping centre vacancy in a decade, from 9.7% to 9.1% year-on-year. By market, Helsinki led in this regard, tightening by 3.3 percentage points, tailed by Madrid (-2.3 pp), Manchester (-2.2 pp) and Budapest (-2.2 pp) (Figure 9).

Figure 9: Prime European shopping centre vacancy rates 2025



Savills Research based on PMA LLP

Figure 10: Harmonised prime European shopping centre rents Q2 2026



Savills Research. Note: Rents in London and Dublin are typically quoted on a Zone A basis. For the purposes of comparison, we have harmonised those rents to be reflective of € per sqm.

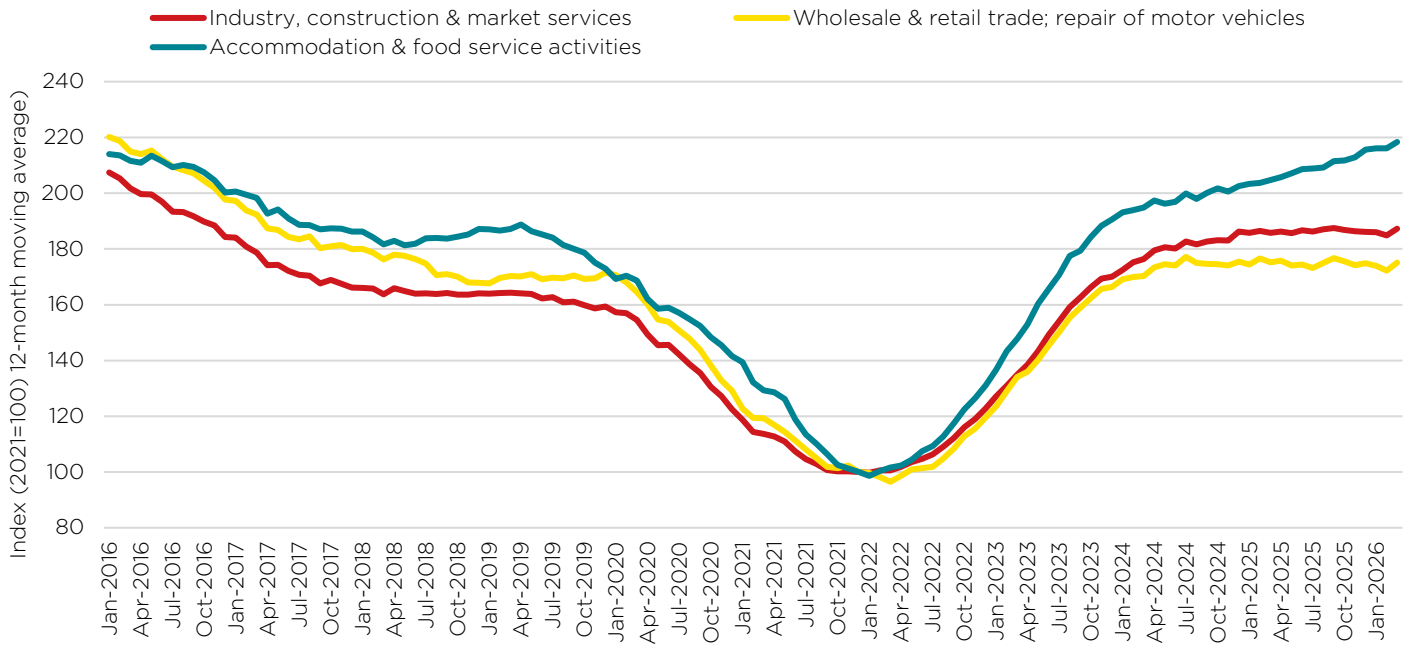
With fewer units available, competition for the best space is sustaining rental growth. Prime shopping centre rents have increased by 2% CAGR across Europe over the past three years, with Lisbon and Milan at the fore, each rising by 8.1% CAGR (Figure 10). Both benefit from exceptionally low vacancy rates of just 3.1% and 1.3% respectively. Given rental rebasing and constrained supply, conditions for further prime rental growth look set to hold.

Occupier risk has structurally rebased

One of the more underappreciated aspects of the recovery has been the steady decline in occupier risk. The EU's retail insolvency index has fallen from 220 in 2016 to 175 in March this year on a 12-month moving average basis (Figure 11). Since 2021, retail bankruptcies have also trended below those of both wider industry and the accommodation and food sectors. Although the latter is intrinsically linked to retail, the point is that retail failures no longer screen as exceptional relative to the wider economy. Portfolio rationalisation and the maturation of omnichannel retailing have materially improved store economics. Physical stores now increasingly earn their keep across collection, returns and fulfilment functions alongside traditional sales. Accordingly, a portion of occupier risk weighing on the sector's investment case has been mitigated, supported by stronger tenant credit profiles than a decade ago.



Figure 11: EU bankruptcy declarations index 12-month moving average (seasonally adjusted)



Savills Research based on Eurostat



Chris Nichols
Analyst, European Research

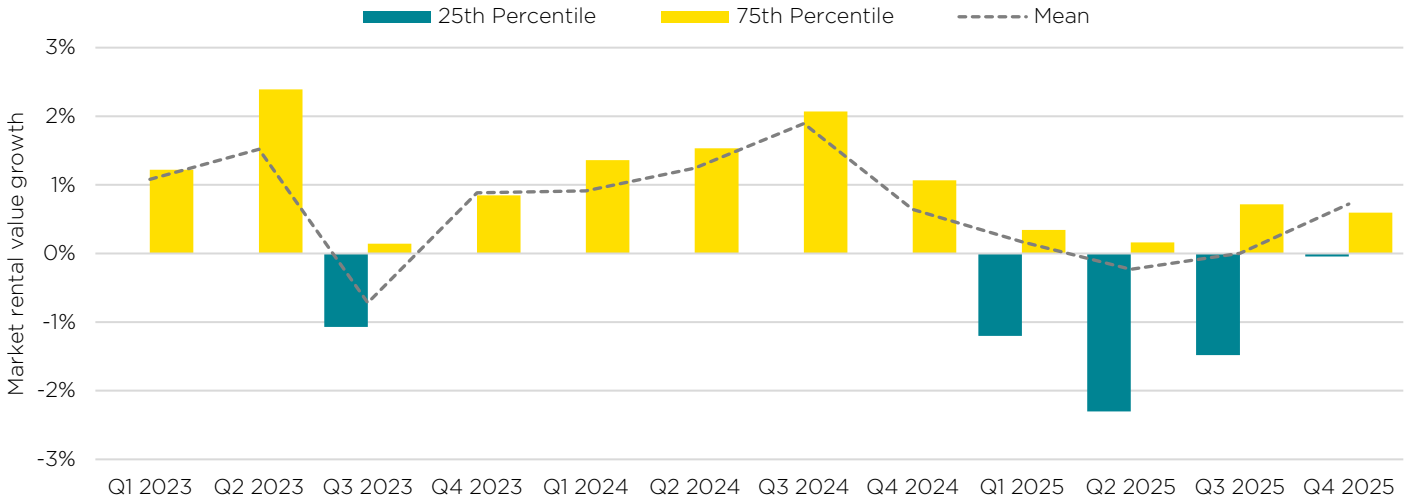
Improving fundamentals not to be mistaken for a rising tide

In keeping with a healthier tenant base, retailers taking space in shopping centres now do so with greater discipline. This is not to say brands are not acquisitive, but the competition is firmly for the best space. Portfolio decisions are more than ever informed by catchment analysis, customer data and advanced site-selection tools. This dampens appetite for speculative expansion and funnels demand towards proven locations, leaving the rest less contested.

Such divergence is glaringly evident in rental performance across a range of asset qualities, split between top and bottom quartiles (Figure 12). Top-quartile centres sustain growth closely tied to tight vacancy; middle and bottom quartiles have flatlined, with turnover events triggering downward rebases where they occur. This signifies the defining characteristic of the sector today: improving but pulling further apart in a winner-takes-most environment.

> For a sector so deeply polarised, establishing where an asset sits along the quality spectrum is paramount to whether an investment case stands up.
>
> **Chris Nichols**
> **Analyst, European Research**

Figure 12: MSCI quarterly market rental value growth index 2023-2025 - European Malls / Regional / Super Regional Centres



Savills Research based on MSCI



Trinity, Leeds. Source: Unsplash

Capital markets re-engage

Conviction catching up with fundamentals

Occupational metrics have unquestionably strengthened, but the memories of fund outflows and structural decline still weigh on investor conviction.

Debt markets were first to mobilise. Core lenders such as Allianz and PIMCO have been active, drawn to stabilised income at pricing that screens attractively as a lend-against product. The constraint has sat more clearly with equity and perception. Institutional allocators, open-ended funds and listed REITs still answer to committees that remember the write-downs, while benchmark and redemption pressures can make buying retail a difficult internal sell.

Even so, equity is beginning to follow. European shopping centre investment volumes reached €12 billion in 2025, more than double the 2023 trough, though still below the heights of the late 2010s (Figure 13). Activity has been strongest across Southern and Central Europe. Relative to their previous five-year averages, volumes rose 196% in both the Czech Republic and Italy, and by 51% in Spain. Italian and Spanish volumes were also up 56% and 31%, respectively, year-on-year in 2025, confirming genuine impetus rather than a low-base rebound.

That improvement has carried into 2026, with shopping centres accounting for 34% of all European retail investment through H1, their highest share since 2022. Several sizeable transactions have lent further credibility to the recovery story, including Trigea's acquisition of a 70% stake in Poznań's Posnania for c.€400 million and the sale of Merry Hill in the UK for c.€340 million. Both demonstrate that liquidity is no longer limited to smaller, opportunistic trades.

A broadening buyer pool

Shopping centres are still a selective trade, but they are now being underwritten by a more diverse range of capital than was the case even two years ago. The early buyers of the cycle were largely opportunistic: private equity, private capital and specialist operators underwriting asset-level turnaround strategies. That base is now wider, and more international. US funds have been particularly active, deploying c.€1.1 billion in 2025, while the buyer scope has broadened across Austria, France and the Netherlands.

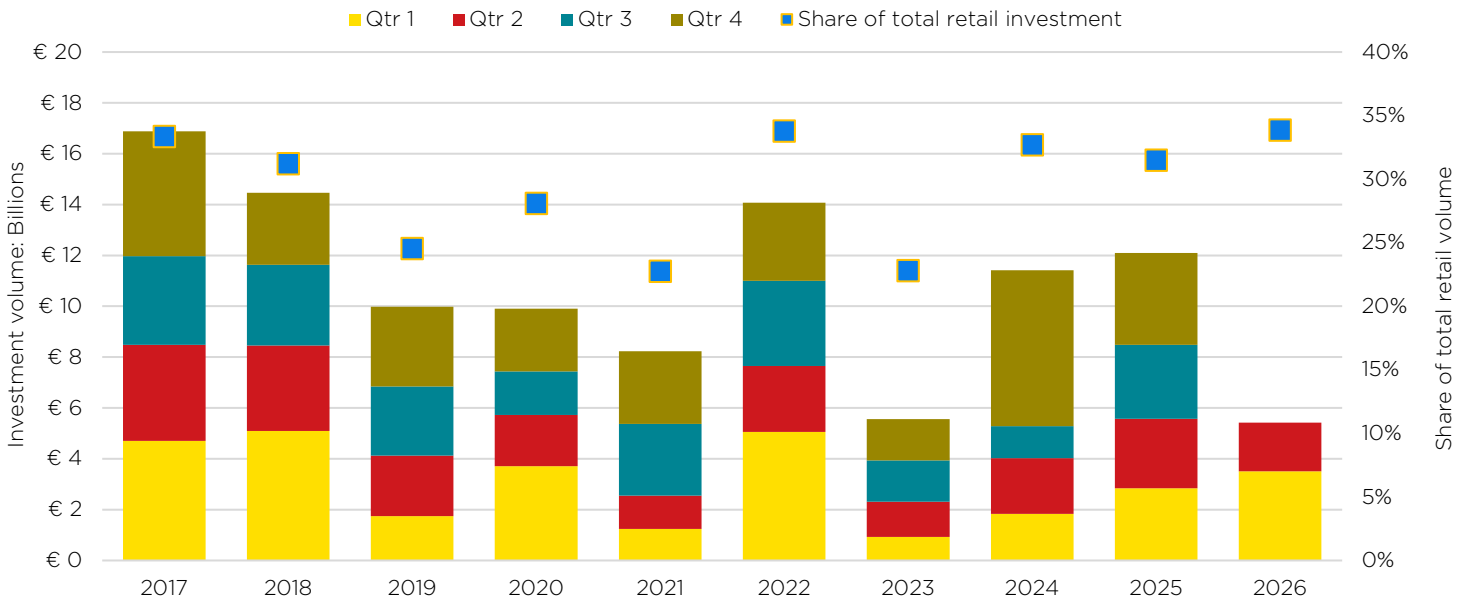
Listed vehicles, by contrast, have remained net sellers for several years, although where they are active, they are chasing catchment-defining stock. In the UK, Landsec is the preferred bidder for the Gateshead Metrocentre, at c.€585 million, while Hammerson has acquired a 50% stake in Manchester Arndale, at c.€257 million. The latter was sold by the former Intu lenders. The willingness of listed REITs to compete for assets of this scale points to a growing consensus that shopping centres can generate attractive risk-adjusted returns.

More telling still is the return of long-duration capital. Generali Real Estate's pan-European core fund acquired Orio Centre, Italy's largest shopping centre last October, for c.€470 million from an exiting German open-ended fund. In July, Norges Bank Investment Management announced a €1.5 billion partnership with Sonae Sierra to pursue opportunities across Spanish centres. That kind of mandate is difficult to reconcile with a sector still viewed as being in structural decline.

Growing diversity is visible across several fronts. Listed specialists such as Klépierre have shown renewed willingness to expand selectively, operational retailers such as Frasers and INGKA remain active where retail synergies and control can be extracted, and French SCPIs have become more visible purchasers of local and regional schemes. In aggregation, the buyer universe now spans opportunistic, core, sovereign-backed, listed and owner-operator capital.

> XXX PLACEHOLDER XXX
>
> **James Burke**
> **Director, Global Cross Border Investment**

Figure 13: European quarterly shopping centre investment volumes



Savills Research, MSCI

Re-engagement follows the quality divide

Repricing, firmer occupational fundamentals and the perception that risk was previously overstated are drawing attention back to the best stock. Yet capital is tracing the same quality divide evident across consumer, occupier and rental performance. Investors are underwriting catchments, operator quality, capex requirements and income durability rather than buying the sector indiscriminately. In the Netherlands, that has supported renewed interest in convenience-led schemes; in Sweden, core capital remains focused on trophy assets; and in Germany, value-add and opportunistic investors are most active. The detail varies by market, but the common thread is capital gravitating towards quality, whether in catchments, schemes or growth prospects.

Selectivity as a strategy

Single-asset deals accounted for 76% of shopping centre volume over the last four quarters, reflecting a preference for asset-level exposure. Shopping centres remain more operational than retail warehousing, with lighter food anchorage, higher service charges and greater capex needs. Scale deployment is complicated by portfolios spanning the quality spectrum, a risk in a polarised market. However, smaller portfolios can offer more selective exposure, as MCore's recent Italian acquisitions illustrate. The path of least resistance is therefore to underwrite asset by asset, based on catchment, capex, operator and exit. Until recently, investors were largely buying certainty, with evidence that good secondary stock can be readily traded remaining key. A large Spanish shopping centre portfolio recently drew double-digit bids, signalling unusual depth of demand. As such evidence builds, the case for larger allocators to re-engage strengthens, with portfolio volumes already up 12% over the last four quarters.

Iberian runway

If any region encapsulates the sector's changing fortunes, it is Southern Europe. Spanish debt markets reopened earlier than most, supported by stronger demographic and consumer spending tailwinds. Heading into the downturn, Spanish shopping centres carried relatively little vacancy compared with markets such as the UK, which had to contend with the fallout from Intu's collapse. Since then, like-for-like NRI growth has outpaced tenant sales growth, allowing landlords to capture a greater share of income growth. The traditional appeal of turnover linkage is therefore being supplemented by wider recognition of the sector's rental growth potential.

Islazul in Madrid was the emblematic trade. Acquired by Henderson Park and Eurofund in 2024 amid limited bidder competition, the centre changed hands just eighteen months later to Castellana for €340 million. The sizeable uplift in value over a relatively short holding period provided a powerful illustration of the rewards available to investors willing to move before the recovery became consensus.

Pricing and yields

Prime European shopping centre yields softened by around 131 basis points between early 2020 and their 2024 peak of 6.35%, the sharpest outward move in retail. Six consecutive quarters of compression have since lowered that figure to 6.2% (Figure 14). What's more interesting is the remaining spread. In early 2020, prime shopping centres traded just 17 bps wider than retail warehouses; today, shopping centres sit 49 bps wider. Although that risk premium was earned through structural uncertainty and repricing, it looks harder to reconcile with the fundamentals visible across footfall, vacancy, rental growth and tenant credit.

Recent yield compression has been led by Spain, tightening by 50 bps since the fourth quarter of 2025, including 25 bps in Q2 as buyers pressed their advantage. Behind it, Prague, Lisbon, Milan and London each moved in by 25 bps year-on-year, Oslo by 15 bps, consistent with strengthening occupational fundamentals. Germany is the outlier, with yields moving out by 20 bps in Q2. Activity here remains concentrated among value-add investors with transformation expertise, while the absence of core capital appears to be limiting buyer competition. We believe this is contributing to upward pressure on yields, offsetting the compression seen in Spain and leaving the European average broadly unchanged through H1 2026.

Total returns

Regional shopping centres returned 6.9% on MSCI's European index over 2025, second only to Retail Warehouse and Big Box, and comfortably ahead of All Retail and All Property (Figure 15). Income contributed 5.4%, while capital values turned positive at 1.4% for the first time since 2017. For allocators, returns are now both de-risked and cyclically timed. Income is attractive enough to underwrite the hold, and any further repricing becomes an additional source of upside. While caution persists, that combination should go some way towards drawing scale capital back to the sector.

Figure 14: Average prime European retail yields Q1 2020-Q2 2026

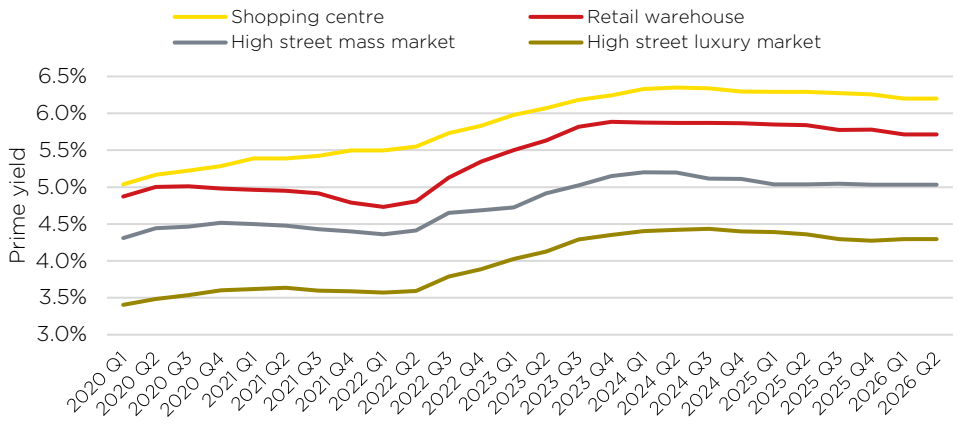
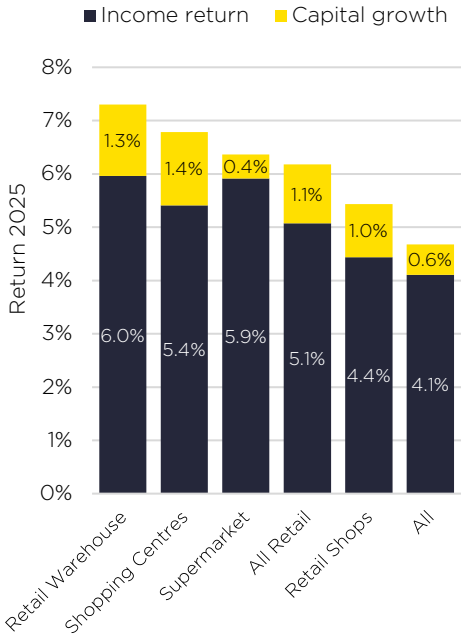


Figure 15: Total returns by sector, MSCI European Index (2025)



Savills Research based on MSCI



Centro Valmarecchia, Italy. Source: Unsplash

Outlook

European shopping centres are distinguishing themselves from the asset class that many investors remember. What prevails will be leaner, more polarised and less forgiving of passive management. The best schemes will harness divergence as an advantage, using curation, capital investment and placemaking to remain relevant in the eyes of the modern consumer.

Footfall looks set to rise further, prime vacancy to tighten and prime rents to advance, but the gains will accrue disproportionately. Demographics and supply will see to that. Ageing, more fragmented consumer bases will reward centres that understand their catchments and evolve accordingly. A barren development pipeline should reinforce the advantages already enjoyed by prime schemes, insulating them from new competition while offering little reprieve for weaker stock.

Above all, this remains a stock-picking story. Catchment strength, capital investment and operational expertise will determine outperformance. Meanwhile, quality-led polarisation looks set to remain a defining feature of the sector.

Conviction will likely be the last piece to fall into place, as sentiment rarely turns before the evidence is compelling. In many cases, pricing still reflects a level of risk estranged from operational performance. The question going forward is one of timing more so than whether the recovery holds. As debt remains supportive, income compounds and capital returns in greater volume, the space between perception and fundamentals looks set to narrow further. For those willing to move before it does, that gap represents an opportunity.

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