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## **Jones Lang LaSalle research reveals the major challenges in store for retail over next decade**

*Retail 2020 study identifies key lessons to help those involved in retail survive and prosper despite sweeping changes to the sector.*

Jones Lang LaSalle today launched Chapter 9 of their Retail 2020 study, *The New Retail Rulebook: 5 Key Lessons from the Future*. The *Rulebook* is the latest release from Jones Lang LaSalle's Retail 2020 study, which was launched in May 2010 with the aim of identifying key trends that are rapidly changing the global retail landscape. This new *Rulebook* aims to provide some practical solutions required in order to adapt to change.

Some of the predictions for the next decade include:

- **By 2020 more than 50% of all non-food retail transactions will be digitally influenced in mature markets**
- **Up to 15% of shopping centres could be unsellable from 2018 in certain markets**
- **Up to 30% of retail space in developed markets is potentially obsolete in its current form**

**Håkan Pehrsson at Jones Lang LaSalle said:** *“By conducting meetings with clients and retail groups across Europe and examining new data we have drawn up a detailed picture of how retail will need to evolve over the next decade but more importantly we have established a new Retail Rulebook to help retail players stay ahead of the game. Efficiency, upskilling and flexibility will be the keys to future success*

The *Rulebook* captures and analyses the practical consequences of predicted retail trends in five key lessons for retailers and investors:

1. **Approach technology as a mindset, not merely a tool:** There is no bigger disruptive force in retail today. It effects everything from channel strategy, pricing lease arrangements to communicating with consumers. Retailers and landlords need to stop seeing the internet

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as an external competitor and instead incorporate it into their make-up and adjust their business models accordingly

2. **Sustainability is a big risk, but also an opportunity for retail investors:** Quality new build shopping centres will offer a green premium. A well-designed and managed centre should be more cost effective to run with rental levels less likely to be discounted. Ensuring a centre is demonstrably more efficient will make it more attractive than its non-green neighbour and easier to sell down the line.
3. **Upskill, partner and diversify to survive:** Those with capital will increasingly need to turn to specialist owner managers whose influence will expand rapidly. Skill gaps will increase. This is particularly important for development and regeneration, considering how much of our retail stock is reaching or has reached obsolescence.
4. **Get them and keep them:** The fundamental basic of retail principles. For the majority of shopping centres, marketing is for the most part underplayed and often poor. Retailers and landlords need to upskill to create winning differentiated destinations which let customers know you are there, keeping them interested and ultimately spending.
5. **Quality and true convenience:** The nature of globalisation, of instant electronic communications, of ultra-mobility will transform retail into a world of extremes – best leisure, super dominant offer, regional catchments and highest design. The customer expects more and if your retail offer or retail property does not provide this, they have options to go elsewhere.

**James Brown, Head of EMEA Retail Research at Jones Lang LaSalle, added:** *“Looking across Europe, despite there being some significant disparities in individual country and city performance, the overall outlook for economic growth to 2015 is bleak. To some extent, whether a country has been affected by political, economic or social unrest is irrelevant: the European consumer mood is fragile and spending will continue to be weak as austerity measures continue to bite.”*

*“It is therefore crucial that shopping centre owners and retailers put a clear strategic plan in place to weather the storm and ensure that when conditions improve, which they will, they are at the forefront of the upturn.”*

Retail 2020 covers all the factors expected to impact the EMEA retail real estate sector by 2020, across the full spectrum of economic, technological, demographic and cultural changes. The report has been shaped by numerous client and retail industry meetings held across EMEA over the past year, a dozen expert interviews, data-mining and work with a top table Think Tank.

Previous Retail 2020 studies have:

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- Considered the changing relationship between retailers, consumers and manufacturers
- Explored where the next generation of online retail innovation will originate
- Analysed how retailers need to develop beyond simple transactions business models
- Suggested how retailers can utilise the information they have on customers
- Highlighted how logistics will need to improve to meet the expectations of consumers; and
- Examined the retail opportunities in eastern European markets

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### Notes to Editors:

- Retail 2020 follows on from Retails Futures 2010 report, published ten years ago by Jones Lang LaSalle, which successfully predicted many of the forces which shaped the consumer and retail landscape between 2000 and 2010.
- Jones Lang LaSalle and the Retail 2020 web portal intends to lead the conversation for the retail industry as a whole on the future of the sector and the implications this has for the real estate sector, but also offer blogs, videos, news, interactive polls and client profiles.
- The Retail 2020 website is [www.retail2020.com](http://www.retail2020.com)

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#### About Jones Lang LaSalle

Jones Lang LaSalle (NYSE:JLL) is a financial and professional services firm specialising in real estate. The firm offers integrated services delivered by expert teams worldwide to clients seeking increased value by owning, occupying or investing in real estate. With 2010 global revenue of more than \$2.9 billion, Jones Lang LaSalle serves clients in 70 countries from 1,000 locations worldwide, including 200 corporate offices. The firm is an industry leader in property and corporate facility management services, with a portfolio of approximately 1.8 billion square feet worldwide. LaSalle Investment Management, the company's investment management business, is one of the world's largest and most diverse in real estate with \$45.3 billion of assets under management.

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