



Retail & logistics: two sides of the same coin?

Portugal Real Estate Summit

30 September 2021

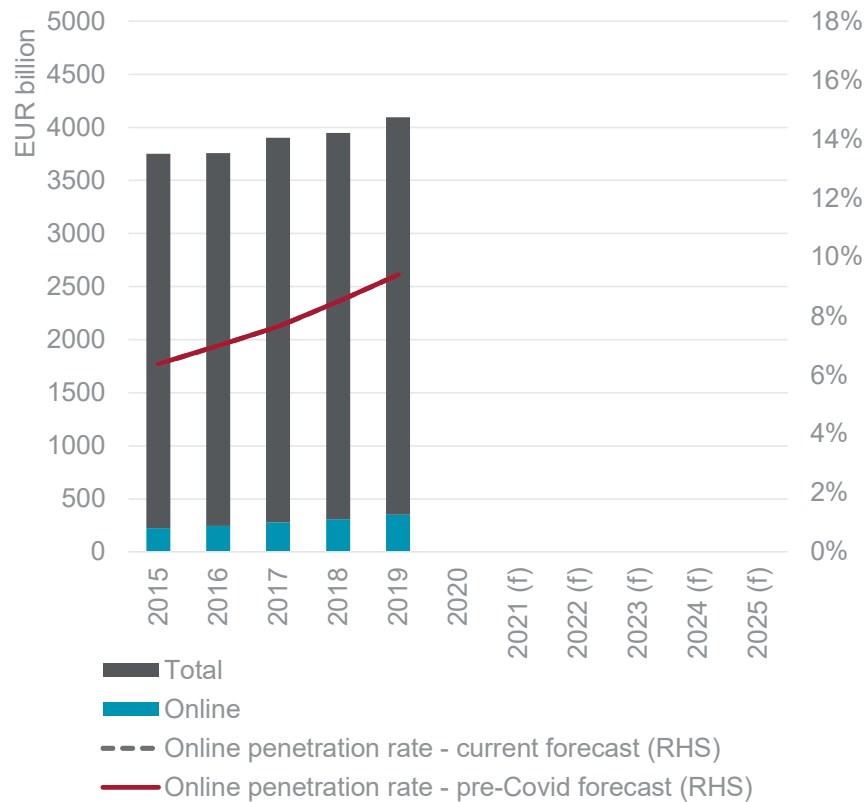


What is happening in retail?

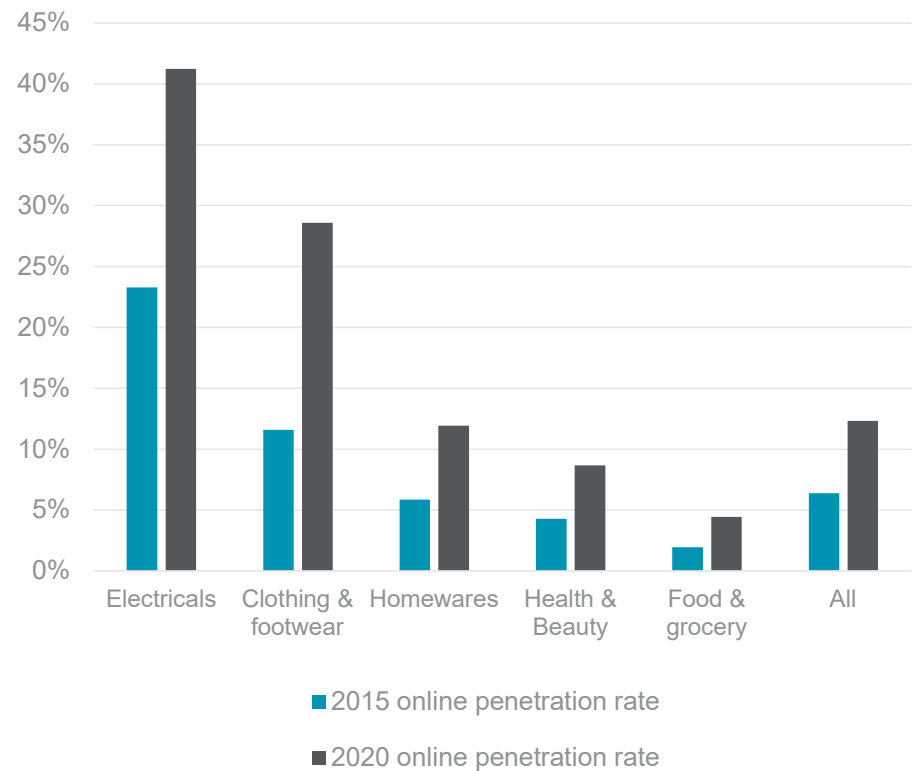
Online spending is growing but the story is different across product types and markets



European total and online retail spending



European online retail penetration rates by product segment

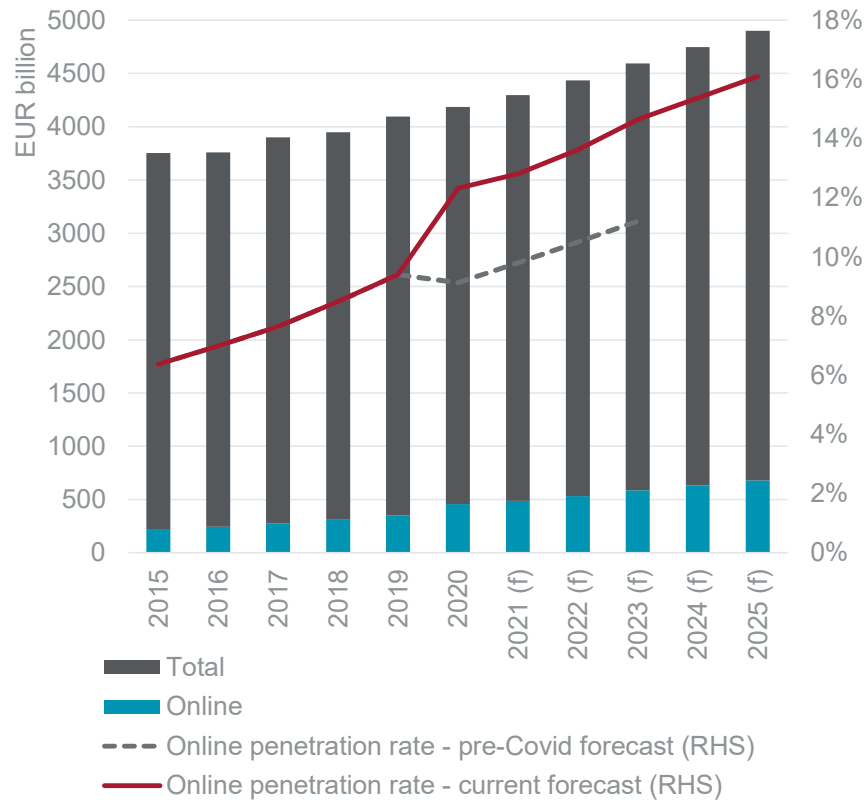


What is happening in retail?

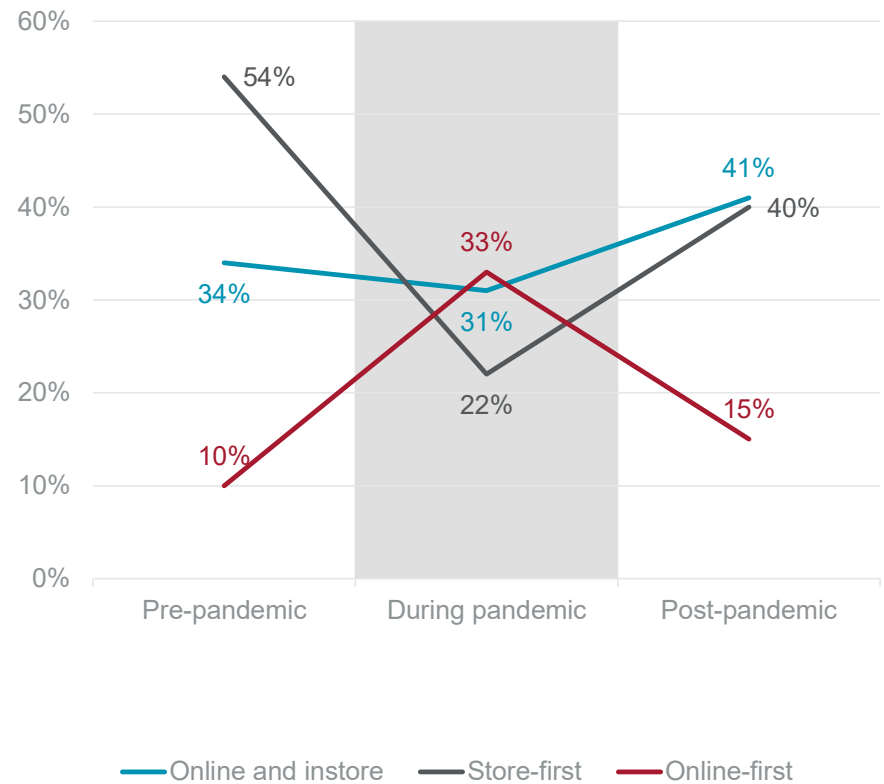
Shift to online boosted by the pandemic – and expected to continue



European total and online retail spending

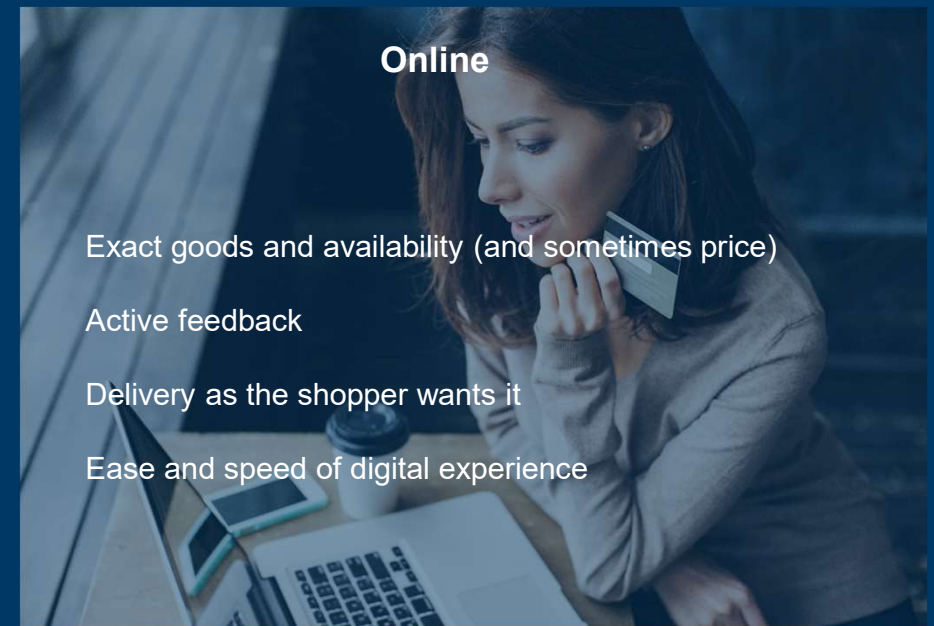


European consumer shopping habits pre, during and post-pandemic



What makes a good retail experience?

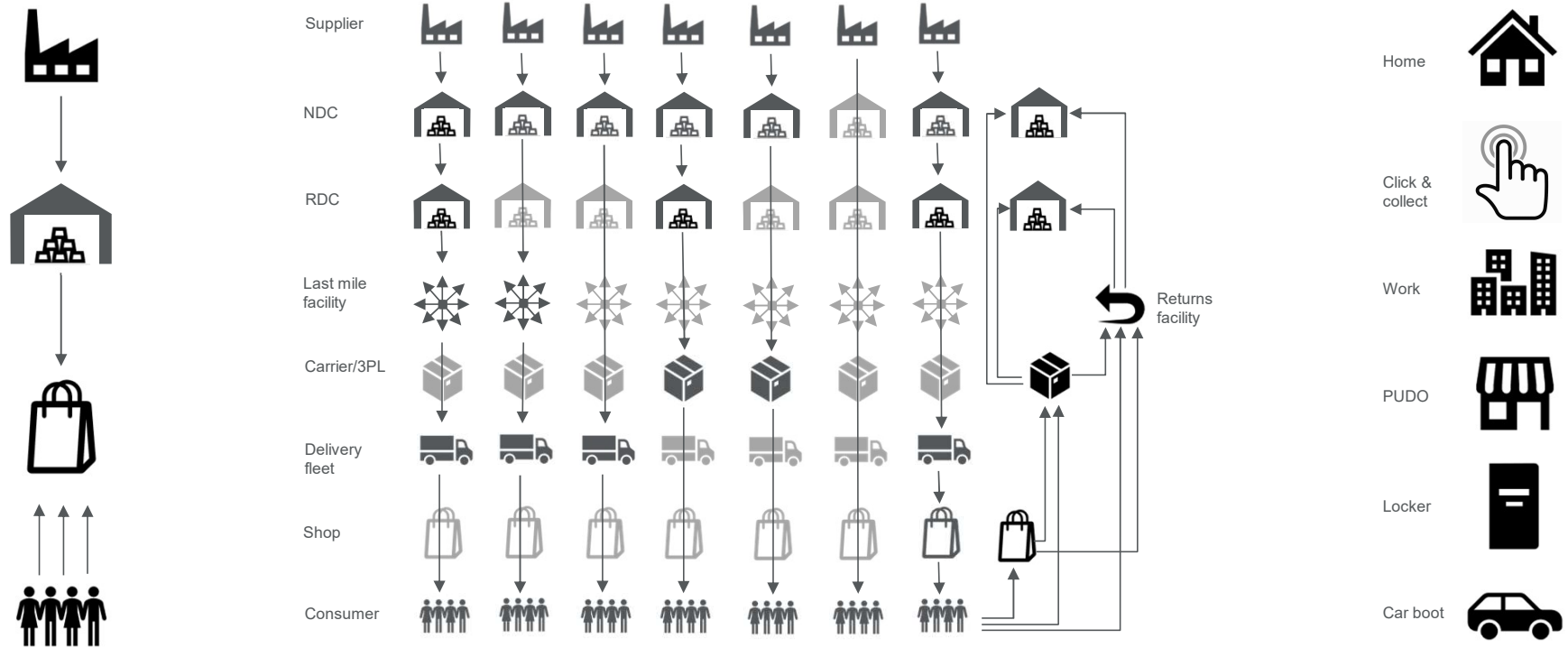
Instore AND online – digital AND physical



Seamless movement between physical and digital
Brand awareness/loyalty and deepening consumer relationship

Retail supply chain configuration

From one model – to many!



What makes online retail logistics work?

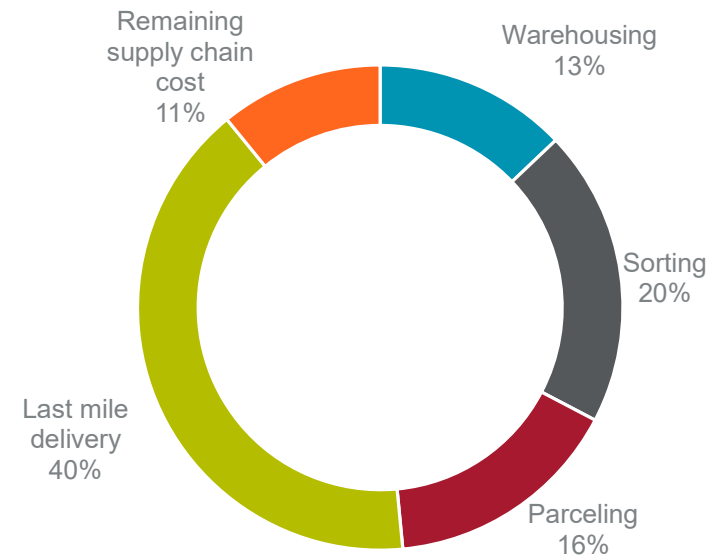
The sum of incremental gains

What to take into consideration?

- Type of retailer?
- Type of products
- Where are the goods going?
- What property does the retailer have?

What property type lends itself best to fulfil online retail?

Supply chain costs by component



Store-based fulfilment

What products? What retail real estate?

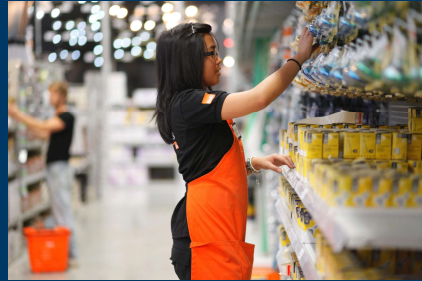


Product types

Grocery



Bulky goods



Other products



Retail real estate types

Grocery



Retail warehouses



Shopping centres



Shops



What does this mean for real estate?

For logistics? For retail? For investors?



For logistics?



For retail?



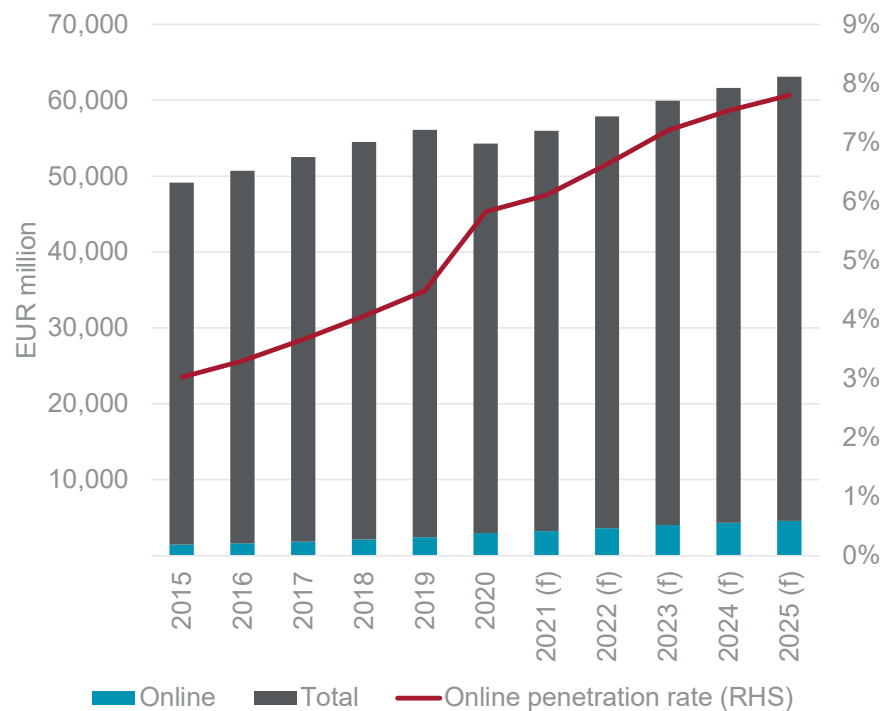
For investors?



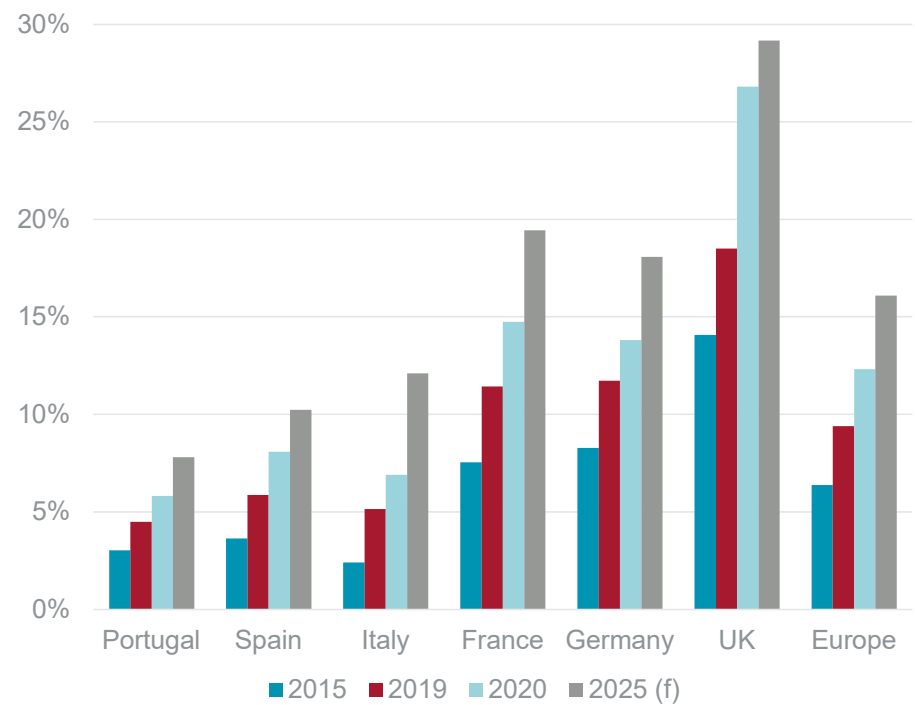
What does this mean for real estate in Portugal?

Online retail still at early stages of growth

Total and online retail sales in Portugal



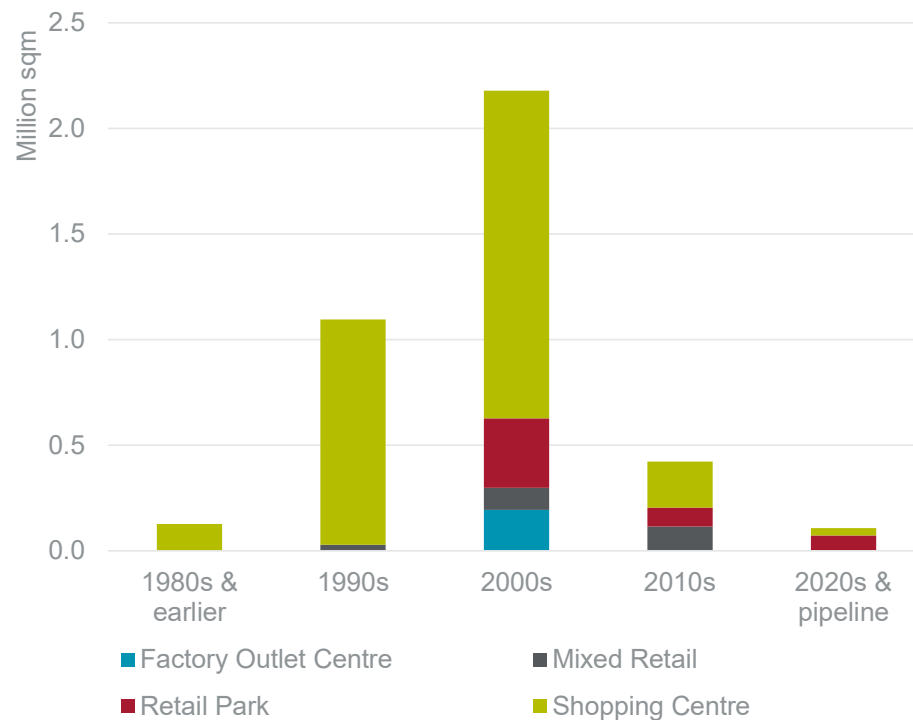
Online retail penetration rate by country



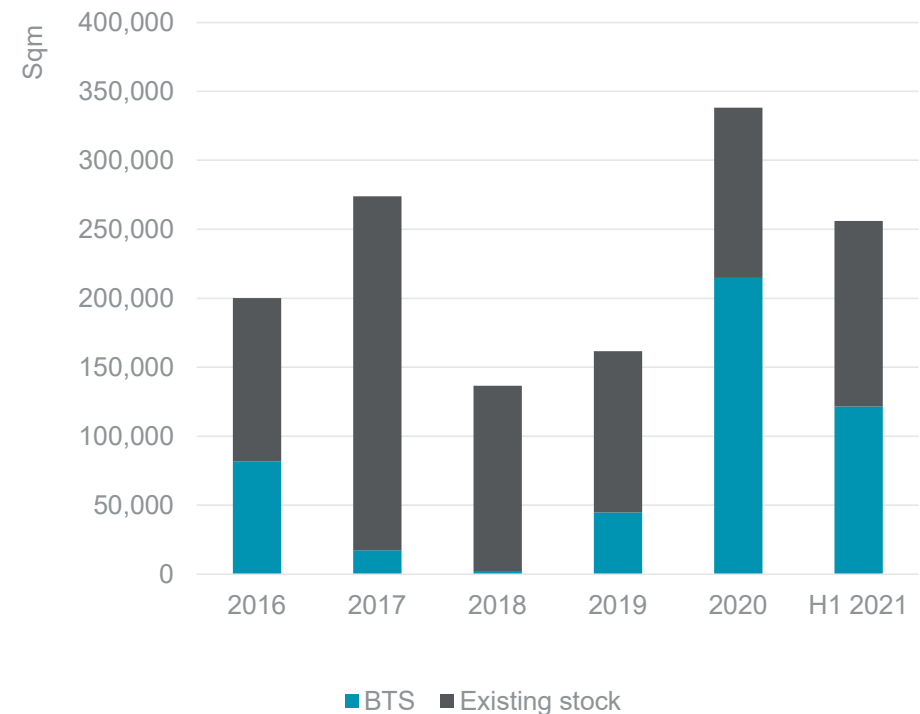
What does this mean for real estate in Portugal?

Opportunities and challenges

Current retail stock by development period and type*



Logistics take-up



Source: Cushman & Wakefield Research

* Excludes high street shops

Key takeaways



What does this mean for you?

- Retailers responding to online retail growth – which impacts both their logistics and retail real estate
 - A good in-store retail experience = very different to a good online retail experience
 - Retail logistics = a story of incremental gains to achieve margin enhancement
 - Warehouse operations for online fulfilment = very different to operations for store fulfilment – and it doesn't pay to mix them
 - Warehouses = most efficient way of moving goods directly to consumers
BUT opportunities for margin enhancement by utilising store networks in some cases
 - Vital to ensure that store-based fulfilment doesn't compromise the in-store experience
 - Understanding role and value of real estate assets to tenants = understanding value to investment portfolios
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