

Coronavirus

Germany's Retail Sector Set to Grow by 1.5 Percent in 2020

The Covid-19 pandemic has had a dramatic effect on the retail sector. Despite the crisis, retail trade association figures forecast that turnover for 2020 will exceed 2019 levels.

- ▶ Online retail driving recovery
- ▶ Stationary retail almost static as inner cities continue to be hit
- ▶ Stimulus package to promote consumer spending

Online retail driving recovery

Germany's retail sector is set to record an annual turnover increase of 1.5 percent to EUR 552 billion for the year according to the German Retail Federation (HDE). The results of the temporary coronavirus-related lockdown earlier in the year have had a positive effect on online retail, with the sector set to record a turnover increase of almost 15 percent for the year. In marked contrast, those subsectors most adversely affected by the lockdown will record a shortfall of over 11 percent in lost turnover.

Stationary retail almost static as inner cities continue to be hit

Although the outlook for clothing retailers and inner-city shopping center retail outlets remains challenging (caused in part by the absence of shoppers and high rents), the stationary retail sector is forecast to record a turnover downturn of just 0.1 percent. The HDE has issued a call for greater concessions from landlords and corresponding adjustments to the German Civil Code in order to reduce the worst effects of the ongoing Covid-19 crisis on Main Street retailers.

According to the Federal Statistics Office, the clothing retail sector lost almost 40 percent of sales in the first seven months of 2020 compared to the same period in the previous year. An HDE survey of 1,000 retailers from all sectors finds that more than 80 percent of clothing retailers report a trade downturn for the first half of the year, with retailers in the electronics sector recording a downturn of 45 percent over the same period.

Stimulus package to promote consumer spending

Germany's far-reaching stimulus package includes a temporary cut in value-added tax – worth up to EUR 20 billion – for the period July through to the end of the current year to stimulate consumer spending. According to the HDE, the VAT decrease and a one-off bonus payment of EUR 300 for each child eligible for child benefit have helped create a small demand effect that has benefited the retail trade sector.


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