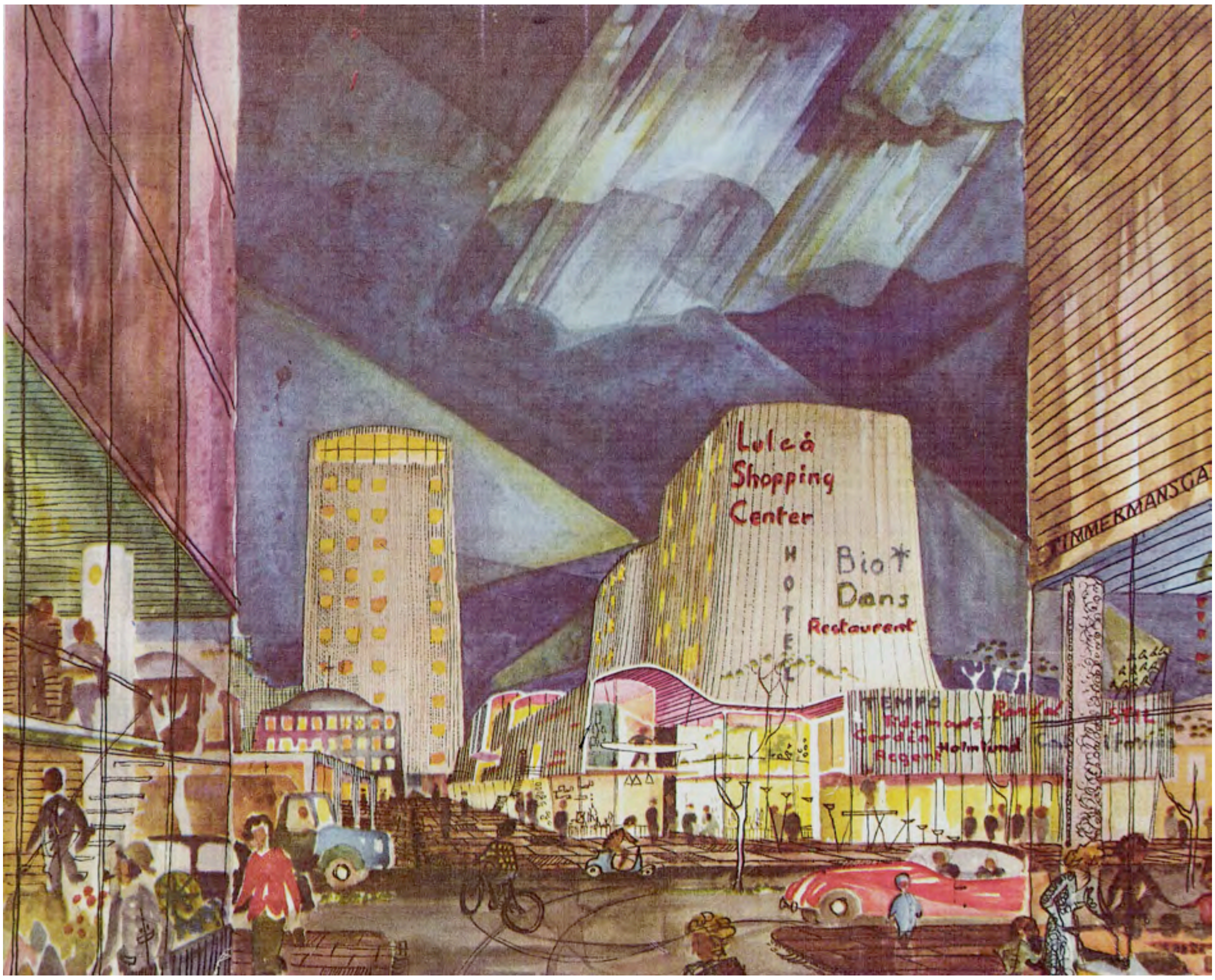
NORDIC COUNCIL OF SHOPPING CENTERS

The importance of shopping centres to the economy in the Nordic countries



Luleå Shopping Center, the first planned indoor shoppingcenter in the world opened 1954

Preface

The Nordic Council of Shopping Centers is a co-operative association for everyone involved with or in shopping centres in the Nordic countries. The association was founded in 1985 and its objective is to promote the qualitative and sustainable development of shopping centers in the four member countries of Denmark, Finland, Norway and Sweden.

This publication is partly an attempt at mapping out and presenting this line of trade in all the Nordic countries and partly an attempt at establishing its significance on society as a whole. The objective has been to as correctly as possible compile all the relevant facts and present them as intelligibly as possible to both people in the business and their partners from, for example, the state and municipalities.

Our starting point has been based in the shopping center catalogues from the different countries and we have tried to achieve figures that are as comparable as possible. It might sound simple, but it's not. There are many traps, since different catalogue producers have different definitions of what a shopping center should be, use different methods of measurements or count in offices and hotels. It could be areas that are stated as total areas, i.e. retail space including common and communal areas and areas for commercial service, restaurants etc. We have tried only to use leasable areas, which include the shops, restaurants and commercial service, but not offices, hotels or common or communal areas in the centers.

Another problem which then arises is that turnover is measured differently. In Sweden it is solely turnover of pure retail trade that is stated i.e. not for commercial service or restaurants. The same applies in Denmark. In Norway and Finland however, turnover includes commercial services and restaurants, making it difficult to compare. Instead of attempting to come up with a logical way of compensating Denmark and Sweden for this in terms of turnover, we have chosen to just notify you of the difference.

We have also chosen to use an international standard and have thus excluded all centers smaller than 5 000 square metres. Smaller centers have been excluded in this comparison, which is why the total amount of centers and total shopping center turnover will differ from some of the national catalogues.

Most of the information, unless otherwise stated, is from the year 2007.

A big thank you to HUI, the Swedish Retail Institute, which helped us to compile the statistics and additional information and to analyze all the material.

Stockholm August 2009

Agneta Uhrstedt
General Secretary
NCSC

Executive summary

The objective of this report has been to map out and describe the Nordic shopping centre market with regards to factors like numbers, turnover, numbers of employees etc. A number of interviews have also been carried out with shopping centre owners/shopping centre developers with the purpose of examining how they work for sustainable ecological development when building and managing the shopping centres.

The report identifies some principal reasons as to why shopping centres have an important role on and significance for consumers, the economy and society as a whole in the Nordic countries.

There are slightly more than 700 shopping centres in the Nordic countries

- The modern enclosed shopping centres have their roots in 1950's Sweden. During the 60's and 70's 229 shopping centers were built in the entire Scandinavia.
- There are today slightly more than 700 shopping centres in the Nordic countries with a total leasable area of almost 12 million square metres.
- Shopping centre space per capita in the Nordic Countries amounts to approximately 0.5 square metres.

There are many on-going and planned shopping centre projects in the Nordic countries

- The total shopping centre area in the Nordic countries has risen by approximately 30 per cent since the year 2000. In spite of that, there is potential for an increased number of shopping centres and extensions of existing shopping centres.
- Between 2008 and 2014 there are plans for 2 million square metres of new shopping centre area in the Nordic countries. Sweden accounts for the largest share with 1,3 million square metres. Even if some projects are abandoned, delayed or turn out smaller than planned, the shopping centre area in the Nordic countries will increase significantly and the importance of shopping centres on the retail trade will rise.

Shopping centres are important to consumers

- Consumers in the Nordic countries spent just short of 1 800 euro per capita in shopping centres in 2007.
- Retailers and shopping centre owners are aware of and adapt to the fact that consumers change over time with regards to where they work, live and spend their spare time. The age structure and population size also changes over time at a national level and, in particular, at regional and local levels.
- Shopping centres work for ranges of products sold by shops to meet the demands of the catchment areas. This means that more consumers are able to find what they are looking for in the shopping centre.
- Shopping centre owners are keen to point out that shopping centres are not just places for retail but also meeting places for people. They prove this by shopping centres not only containing shops, but also both private and public services such as banks, insurance companies, health centres, libraries, citizen service etc. Modern shopping centres also offer a range of experiences such as cinemas, restaurants etc.

Shopping centres are important for the retail trade

- Almost one quarter of retail sales in the Nordic countries are made in shopping centres.
- Shopping centres are important platforms for the growth of the retail trade.
- The retail trade in the Nordic countries has recently become the largest growing sector in the economy and sales development in shopping centres has a large part of this growth.

Shopping centres are important for the economy of the Nordic countries

- Retail sales in the Nordic countries correspond with approximately one third of private consumption and up to three and a half per cent of GNP.
- The retail trade's strong sales growth recently would not have been possible to achieve without a specialization of retail centres. External retail centres for bulk goods has signified an increase in productivity for retail outside towns at the same time as shopping centres in towns have focused more on specialist shops and an increased range of services.

- Shopping centres have become more interesting for investors, directly or through funds, since they show a good return on invested capital. This has meant that investments in commercial properties in general have increased in share compared with other investment objects.
- Shopping centres create thousands of job opportunities as close to 250 000 of all employees within the retail trade work in shopping centres. To this should be added all personnel on the technical and administrative side of the shopping centres.
- New and rebuilt shopping centres create many job opportunities in the construction industry.

Shopping centres are an important part of urban development

- The establishment of new shopping centres and the expansions of existing shopping centres often take place in collaboration with the town. Homes and offices etc are planned in connection with shopping centres. In this way, shopping centre developers in collaboration with the town and other interested parties can work to create benefits and added value for the citizens.

Shopping centres take environmental responsibility and contribute to the work towards sustainable ecological development.

- In spite of certain differences in the conditions of the different Nordic countries, all the people involved in shopping centres that were interviewed had the same goal with regards to a sustainable ecological development when building and managing the shopping centres. The goal is to minimize the environmental impact created, for example, when manufacturing construction materials, heating and cooling the shopping centre, customer traffic and the transport of goods.
- All the people involved have developed plans on how this work shall be carried out and there are one or more people at each company whose job it is to ensure that these plans are followed.
- In many cases these efforts to reduce the environmental impact also result in lower costs for the shopping centre owners, for example through lower consumption of electricity.
- Since shopping centres are owned and managed by individual parties, a shopping centre is often well-equipped to take overall control of work on sustainability and even

place demands on tenants with regards to the sorting of waste and choice of low energy consumption lighting etc. When it comes to other retail units in town that are not located in shopping centres it is difficult to implement joint policies and regulations since there are several different property owners who lease out retail premises.

- Even if shopping centres always have a negative impact on the environment, this impact must still be placed in relation to the environmental impact that other forms of retailing have.

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1 Introduction

A shopping centre is a building or a collective group of buildings designated for trade and commercial services. A shopping centre is planned, built and managed as one unit. The total leasable area (GLA) shall amount to at least 5 000 square metres. In this report the shopping centres have been divided into groups based on their size. The size classifications correspond with those used by the International Council of Shopping Centers (ICSC) for the format traditional shopping centres. ICSC also has size classifications for the format specialized shopping centres, which includes, for example, factory outlets and theme centres. Since statistics over the Nordic shopping centre market do not allow separation of the specialized shopping centre format classification, all classifications have been made in the size classifications listed below in table 1.1.

Table 1.1 International Standard for Traditional European Shopping Centre Types.

Type of Scheme	Gross Leasable Area (GLA)
Very Large	80 000 sq m and above
Large	40 000 to 79,999 sq m
Medium	20,000 to 39,999 sq m
Small	5,000 to 19,999 sq m

Source: ICSC Research.

1.1 The history of the shopping centre

The modern European shopping centre came into existence in Sweden in the mid 1950s. *Shopping* in Luleå was opened in 1955 and was the first purposely built indoor shopping centre in Europe. During the 60s and 70s shopping centres spread across Europe, first in Great Britain and France and then in other west European countries like Spain and West Germany. The development of the shopping centre followed the development of higher incomes and greater mobility of consumers as well as the growth of more and larger chain stores.

1.2 Definitions in the report

The report shows statistics for each Nordic country: Denmark, Finland, Norway and Sweden. Statistics for the Nordic countries are compared with equivalent information for EU 15, EU 15+2, EU 25, EU 25+2 and EU 27. EU 15 includes the countries of Belgium, Denmark, Finland, France, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, Great Britain, Germany and Austria. EU 15+2 also includes Norway and Switzerland. EU 25 includes the EU 15 countries plus the 10 relatively new member countries of Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Rumania, Slovakia and Slovenia. EU 25+2 includes all the European countries, i.e. also Malta and Cyprus. The reason that information on the Nordic countries is compared to several different classifications of EU is that access to public statistics varies depending on the subject and it is therefore not possible to compare all statistics for the Nordic countries with the same EU classification all the way. In order to interpret the statistics it is most important to make a distinction between EU 15 and EU 15+2, which consist of countries that are relatively similar to the Nordic countries, and between EU 25, EU 25+2 and EU 27, which mainly consist of countries that historically have had weak economic growth but which recently have seen strong growth within many areas.

Different places in the report refer to turnover in current and fixed prices. Current prices are a measurement of the value in the retail trade and are not adjusted for inflation. Fixed prices are a measurement of volume growth in the retail trade and are adjusted for inflation.

2 Consumers in the Nordic countries

An important factor behind the growth of the retail trade as a whole and for the shopping centres is of course the consumers. Demographic factors like the present and future number of consumers, their ages and sex, income and consumer patterns together form the market conditions from the aspect of demand.

2.1 Size and development of the population

The size of the population is an important factor behind purchasing power (demand) that exists on retail products today. The development of the population states in turn how purchasing power changes over time. An increase in population also signifies an increase in demand for retail products and even for new retail space. Table 2.1 shows the size and growth of the population in the Nordic countries.

Table 2.1 Population.

Country or area	Year (on 1. January)	Population (in thousands)	Sex ratio of population (Men/100 women)	Projected population growth rate, 2008-2013
Denmark	2008	5 476	98	1,2 %
Finland	2008	5 300	96	1,4 %
Norway	2008	4 737	99	3,2 %
Sweden	2008	9 183	99	2,5 %
EU 25+2	2008	480 616	95	-
EU 27	-	-	-	1,4 %

Source: Eurostat.

Sweden, with 9.2 million inhabitants, has the largest population of the Nordic countries whilst Norway, with 4.7 million inhabitants, has the smallest population. All the Nordic countries have more women than men in the population. Between 2008 and 2013 the population of the Nordic countries is expected to rise by between 1.2 and 3.2 per cent. Norway and Sweden are expected to experience the strongest growth with 3.2 and 2.5 per cent respectively. Finland and Denmark are expected to experience growth more in line with the average for EU 27.

2.2 The population's incomes

Besides the size and growth of the population, incomes also have a direct impact on the purchasing power of a country or region, and are therefore of great significance on the retail trade's growth possibilities. The significance of incomes varies, however, depending on which type of product consumption is being studied. Levels of income have less significance on the sale of convenience goods (supermarkets and food), even if the differences can be distinguished. On the other hand, high incomes have a direct impact on the consumption of general merchandize (fashion, sports, furniture etc.). Table 2.2 shows the median income per consumption unit in the Nordic countries. The consumption unit is a weighted measurement developed in order to be able to carry out comparisons between different types of households. Please also note that the values have been adjusted according to purchasing power between the different countries, which means that price and exchange rate differences have been taken into consideration. [1]

Table 2.2 Disposable income per consumption unit, year 2007.

	Euro PPS, Median	EU 25=100
Denmark	16 343	118
Finland	14 984	108
Norway	19 950	144
Sweden	15 115	109
EU 15	15 522	112
EU 25	13 815	100

Source: Eurostat.

All the Nordic countries have incomes exceeding the average in EU 25. The inhabitants of Norway have the highest disposable incomes, 44 per cent above the EU 25 average. Sweden and Finland have the lowest disposable incomes of the Nordic countries.

2.3 Household consumption

Table 2.3 shows how much money the inhabitants of Norway choose to spend on the consumption of goods and services. Consumption can therefore be seen to be a measurement of the size of the different markets from a demand perspective. The total private consumption

[1] This means that the values regarding the households' disposable incomes are not directly comparable with the information on the households' consumption in table 2.3.

in the Nordic countries varied between 15 700 and 22 600 Euros in 2006. All the Nordic countries have a consumption that exceeds the average in the EU 25 countries. Norway, which has the highest incomes of the Nordic countries and a higher level of prices, has the highest consumption of the Nordic countries. This is a consequence of the fact that inhabitants have better economies and thus more money left over to spend on travelling, entertainment and homes, for example, after more essential products like food, shoes and clothes have been paid for.

Table 2.3 Consumption expenditure per Capita (€) - at current prices.

	1996		2006		% Change 1996-2006
	Retail*	Total	Retail*	Total	Total
Denmark	4 400	13 800	6 100	19 200	39 %
Finland	2 900	10 000	4 500	15 700	57 %
Norway	5 000	13 500	8 400	22 600	67 %
Sweden	3 700	11 900	4 900	15 900	34 %
EU 15	..	10 800	..	15 700	45 %
EU 25	..	9 300	..	14 000	51 %

Source: Eurostat.

*** Estimates made by HUI based on historical data from Statistics Norway, Statistics Denmark, Statistics Finland and Statistics Sweden.**

3 Retail trade in the Nordic countries

Growth within the retail trade market is, together with the demographic market conditions, an important driving force behind the need for new retail space. The retail trade in the Nordic countries had a turnover of 189 billion euro in 2007. Sweden had the largest turnover with 61 billion euro. The reason that the retail trade in Norway has the second largest turnover of the Nordic countries, in spite of the country having the smallest population, is the good economy of households which means that consumers have more money to spend on retail products when costs for living, transport etc have been paid. Another reason is the high level of prices of retail products in Norway.

Table 3.1 Retail trade turnover, year 2007.

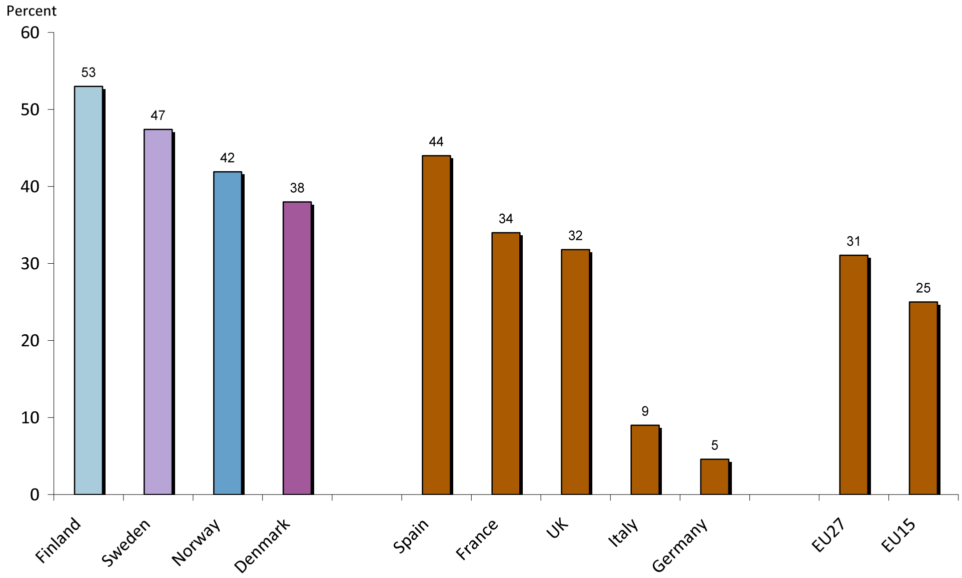
Country	Retail trade turnover, € million, including sales tax
Denmark	45 521
Finland	34 330
Norway	48 192
Sweden	61 377
Nordic total	**189 420**

Source: National Statistical Offices, HUI.

3.1 The growth of the retail trade

Diagram 3.1 shows the historic growth of the retail trade in the Nordic countries. Between 2000 and 2008 retail trade growth was good and exceeded growth in both EU 15 and EU 27. Of the five large economies in Europe only Spain shows a growth at the same level as that of the Nordic countries. Finland has had the strongest growth of the Nordic countries with an increase of 53 per cent while Denmark has had the smallest growth with just 38 per cent. The background to the Nordic retail trade's excellent growth is the boom in the economy, which has resulted in high employment figures, low interest rates and income raise. Another reason is that the range of retail products has increased in the form of more retail space and more shops as well as more goods on shelves.

Diagram 3.1 Retail trade turnover 2000-2008, current prices.



Source: Eurostat

As mentioned previously, the retail trade has experienced exceptional growth since the beginning of the 21st century and shown growth figures higher than the historical average. Owing to the current deterioration in the economy, the retail trade will not grow at the same exceptional rate over the years to come, see table 3.2. The recession and the households' pessimistic outlook have made their mark on the retail trade in the form of lower growth, although still positive, in all the Nordic countries. The retail trade also meets strong comparative figures, which means that any increase must be seen as a success. The turnover in the retail trade will consequently continue to remain at a high level. Growth will however differ between the different lines of business. As a rule the food business survives best during a recession. A reduction in the inclination to buy as a consequence of an increase in pessimism leads to the fact that those lines of retail trade requiring a great deal of capital, such as the furniture, hardware and DIY stores are those that hurt most in a recession. These lines of trade are also disadvantaged by ~~a~~ high interest rates and a deterioration in the housing market. The trade lines, such as clothing and shoe stores, which traditionally are represented in shopping centres, manage better since they require less capital and are partly governed by needs.

Table 3.2 Growth of retail sales during 2009 and 2010, forecasts.

	2009	2010
Country	**Retail sales (%)**	**Retail sales (%)**
Denmark	0,5	1,0
Finland	1,5	2,0
Norway	1,5	2,0
Sweden	0,5	1,0

Source: HUI.

3.2 *The retail trade's share of GNP*

One way of highlighting the retail trade's importance on the economy is by studying its share of the GNP. Retail trade in the Nordic countries is responsible for between 2.9 and 3.6 per cent of each country's GNP. The retail trade is consequently about as large as the finance sector for example.

Table 3.3 Nordic Industrial Mix and Change in output.

	% Share of All Sector Output, 2006					Average Annual % Growth 2001-2006	
				% share of the service sector			
Country	**Agriculture, hunting, fishing & forestry**	**Production & construction**	**Services**	***Retail****	***Finance***	**All sectors**	***Retail***
Denmark	1 %	26 %	73 %	*3,4 %*	*5,7 %*	3,6 %	2,1 %
Finland	3 %	32 %	63 %	*3,6 %*	*3,2 %*	3,4 %	4,8 %
Norway	2 %	45 %	55 %	*2,9 %*	*3,8 %*	7,2 %	6,5 %
Sweden	1 %	28 %	71 %	*3,5 %*	*3,9 %*	4,5 %	5,9 %

Source: Eurostat.

*** Referring only to the retail trade. The wholesale and motor trades are not included in this calculation.**

3.3 *Retail employment*

Another way of studying the importance of the retail trade on the economy is by studying how many people are employed in the business. The retail trade in the Nordic countries employs about 730 000 people and is responsible for about 5 per cent of the total number of employees.

Sweden has the largest amount of employees in the retail trade with 230 000 people, which is equivalent to 4.5 per cent of the number of employees in the country and 32 per cent of the number of employees in the retail trade in the Nordic countries. Finland has the smallest number of employees in the retail trade with 125 000 people.

Table 3.4 Retail employment, 2006.

	Retail Employment	Country Share of Nordic retail Employment (%)	Retail Employment Share of Total Country Employment (%)
Denmark	196 000	27 %	4,5 %
Finland	125 500	17 %	5,1 %
Norway	179 000	25 %	5,3 %
Sweden	230 000	32 %	4,5 %
Total	730 500	100 %	5 %

Source: Eurostat.

3.4 The largest Nordic retailers

The retail trade's growth in turnover and the increase in retail space have partly been spurred on by the expansion of multi-national retailers. To a certain degree the expansion of retailers has been made possible through the growth of the shopping centre market. The table below shows the 25 largest Nordic retailers on the global market. All 25 companies also have big market shares on the total Nordic market and are therefore responsible for a large part of retail growth in the region. (Among the convenience goods chains, the market almost exclusively consists of domestic retailers and one or more retailers from other Nordic countries, whilst retailers of shopping can be found in the rest of Europe and other parts of the world.)

Amongst Nordic convenience goods operators, the market is almost exclusively domestic plus one or two neighbouring Nordic countries, whilst the biggest market for Nordic general merchandise chains, in spite of a strong Nordic performance, is to be found in the rest of Europe and the rest of the world.

Table 3.5 25 Largest Nordic Retailers. Based on fiscal year 2007 retail sales (US$ million).

Nordic rank	Country of Origin	Retailer
1	Sweden	The IKEA Group
2	Sweden	ICA
3	Sweden	H&M
4	Finland	Kesko Corporation
5	Denmark	Dansk Supermarked
6	Finland	S Group
7	Norway	Reitangruppen
8	Norway	Norgesgruppen
9	Sweden	Coop Sweden
10	Denmark	Coop Danmark
11	Sweden	Apoteket AB
12	Norway	Coop Norge
13	Sweden	Axfood
14	Norway	Statoil
15	Norway	Elkjøp
16	Denmark	Ditas
17	Sweden	Systembolaget
18	Denmark	Dagrofa
19	Denmark	Jysk
20	Denmark	DT Group
21	Denmark	Bestseller Group
22	Finland	Stockmann
23	Finland	Tradeka-yhtymä
24	Norway	Expert Norge
25	Norway	Vinmonopolet

Source: Nordic Powers of retailing 2008 by Deloitte.

3.5 The Nordic retail market – both similarities and differences

The Nordic retail trade market can be described as a mosaic of different markets with certain differences in characteristics such as laws and statutes, geographic locations, market structure and consumer behaviour. The most common characteristics of each country's retail trade are described below.

3.5.1 Denmark

The retail trade in Denmark is strongly concentrated in city centres and residential areas where shopping centres represent a relatively large proportion of sales. This is a consequence of the authorities' restrictive attitude towards external trade. The shops' opening hours are regulated by law, which means certain restrictions in terms of Sunday opening for example. The country's geographic location, which links the Nordic countries to the rest of Europe, has meant that Denmark is the most Europe oriented of the Nordic countries.

In spite of that, the presence of foreign retailers is not significantly greater there than in the other Nordic countries.

The convenience goods market is dominated by supermarkets, which, among other things, is a consequence of the restrictions that apply to external trade and regulations on how large shops are allowed to be. The concentration within the business is large and the three largest operators, Coop, Dansk Supermarked and Købmændene, account for approximately 95 per cent of total sales. Denmark also has a significantly larger share of purely low price shops (so called hard discount shops) compared with the other Nordic countries. The alcohol market in Denmark is free whilst the pharmacy market is relatively strictly regulated in regards to the number of pharmacies and their locations for example.

The eco-trend is strong in Denmark and sales of ecological products there have been the highest of the Nordic countries for a long time. Now the other Nordic countries, primarily Sweden, have begun to catch up on their lead.

3.5.2 Finland

The Finnish retail market is dominated by two co-operative groups, SOK and Kesko, who together have over 30 per cent of the total market and over 70 per cent of the convenience goods market. Hypermarkets, department stores and other larger shops account for a significant share of the general merchandise market in Finland. There are also fewer specialist chains in Finland compared with the rest of Europe. One reason for this is the long distances and the low population density that often lead to high logistics costs for the specialist chains. The relatively small market and its position on the edge of Europe have led to relatively small interest from foreign retailers. Lidl is the only foreign convenience goods chain within market.

The alcohol market in Finland consists of the state monopoly Alko. The pharmacy market is strictly regulated with Yliopiston apteeki as the only large operator. Retail opening hours are regulated and Sunday opening (between 12 and 9pm November – December and May-August) have only been permitted since the year 2000. E-trade is weak in Finland and only accounts for approximately 0.5 per cent of total retail trade.

3.5.3 Norway

Norway has, after Sweden, the second largest retail market in the Nordic countries. Concentration on the Norwegian convenience goods market is strong and the four largest operators, Norgesgruppen, Reitan Gruppen, Coop and ICA Norge, together account for over 95 per cent of total sales.

There are several discount chains in Norway, but Lidl was the first hard discount chain. The country's geographical position, together with the market's restricted size, has meant that foreign chains are only slightly represented in Norway. The pharmacy market in Norway was de-regulated in 2001, which has led to several private pharmacy chains in the country. The alcohol market on the other hand is a state monopoly. General opening hours are regulated and Sunday opening is by and large only permitted in December. Long distance trading is well developed and recently mail order catalogues have been supplemented with a strong growth in e-trade.

3.5.4 Sweden

The retail market in Sweden is characterized by a high degree of concentration with only a few operators in each line of business. Concentration is particularly high within the convenience goods market, where the three largest operators (ICA, The Cooperation and Axfood) account for almost 90 per cent of total sales. The trend of fewer and larger operators is even visible on the general merchandise market where the ten largest companies account for more than 25 per cent of total sales.

Sweden has a well-developed external trade. One important cause of this is that Swedes tend to use their cars when they shop. The relatively liberal planning and building regulations in the country have also favoured the growth of external trade centres. At the beginning of the 1970s the law on opening hours in Sweden was abolished and the shops can decide upon their own opening hours. This has led to shops in Sweden having more generous opening hours than shops in the neighbouring Nordic countries. Sunday trading is almost a rule.

All sales of alcohol in Sweden are made in state-owned shops. The monopoly (Systembolaget) has the task of using high prices and anti-alcohol PR, to curb alcohol related problems in society. On July 1st 2009 the Swedish pharmacy market was de-regulated. Apoteket then went from being a wide monopoly company with a clear social responsibility to being one of several competitors for customers on the new pharmacy market. Long distance trading is strong in Sweden and has recently grown even further with an increase in e-trade. Traditional mail order catalogues and companies with physical shops have widened their ranges with e-trade at the same time as e-trade companies have opened physical shops.

3.6 Nordic versus Europe

As previously stated, the Nordic retail market, in spite of differences in between the countries, is relatively homogenous. There are also some likenesses and discrepancies in between the Nordic market and that of the rest of Europe. Here we will pinpoint the most important characteristics of some of the largest retail markets in Europe.

France

France is the largest European retail market, with a turnover of more than 400 billion Euro in 2007. It is also a country where the shopping centers play an important role, mostly due to a period of very strong development during the 1970- and 1980ies. Retail trade in the cities is strongly regulated which has made room for out-of-town establishments. When it comes to convenience goods, out of town hypermarkets are the most frequent format.

Germany

After many years with very slow retail growth, Germany has been surpassed by both France and the UK in size. In the aftermath of this slow macro economic development it is easy to understand that the German consumer today is highly price sensitive. The slow growth in retail sales has also made todays German retail trade lag behind other countries, when it comes to investing in new technique and new concepts.

National rules and regulations protecting already exisiting trade have also curbed the development. One example of this is that Germany has one of Europe’s toughest regulations when it comes to opening hours. As there are many strong national players, international retail chains are not that frequent. Two big exceptions are Swedish, H&M and IKEA that both dominate their fields and have Germany as their most important market.

United Kingdom

The four nationally largest chains of convenience goods players, with Tesco in the lead, together handle close to 75% of the UK grocery market. These four players have in later years expanded by adding more and more general merchandise, so that they today control 50% of the total retail sales in the country. E-commerce with food, led by the successful work of Tesco, is by far more frequent in the UK than in Scandinavia.

Spain

Spanish retail was previously noted for its large number of independant stores and few chain stores. In latter years, the number of chain stores have increased, which has put the smaller players under press. Restrictive planning- and building regulations have incurred the chains to prioritize out-of-town developments. Within the conveninence goods sector, supermarkets are the predominant format.

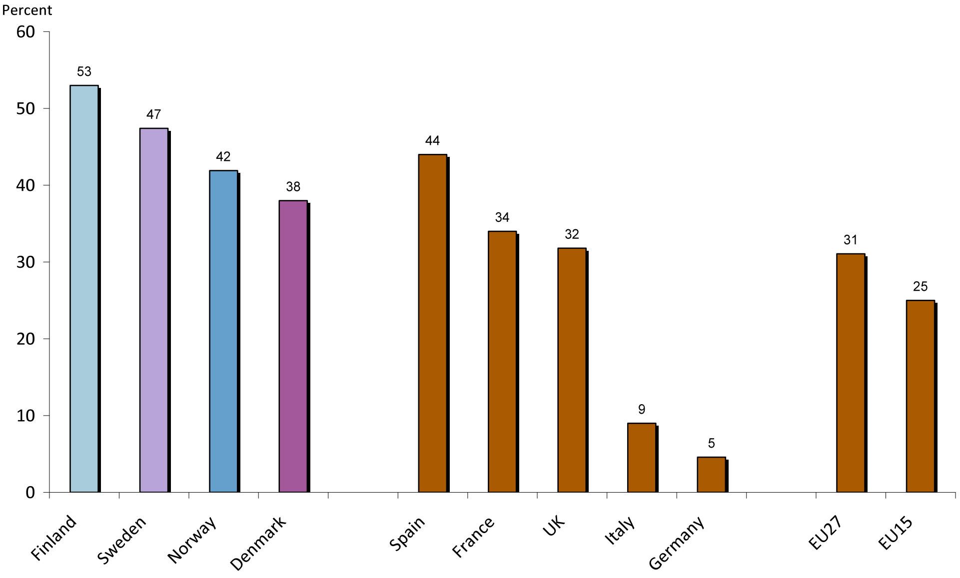
Italy

In spite of the fact that Italy is one of the largest retail markets in Europe, it is predominantly national with independent small stores and few international chains. The reasons for this are the protectionistic rules and regulations preserving the traditional retail structure in the country. In recent years these rules have loosened up and and the retail market has been consolidated with more and more big players. International chains like IKEA, Carrefour and Auchan have now entered the market.

3.6.1 Development of retail trade

In the diagram 3.2 we will compare the development of retail in Scandinavia with that of some of the most important countries in Europe. It is clear that Scandinavia performs very well in comparison. Only Spain can show a development better than any Scandinavian country. Many years of bad economy in Germany have left a mark on their retail trade, making it the worst performing amongst the big economies in Europe.

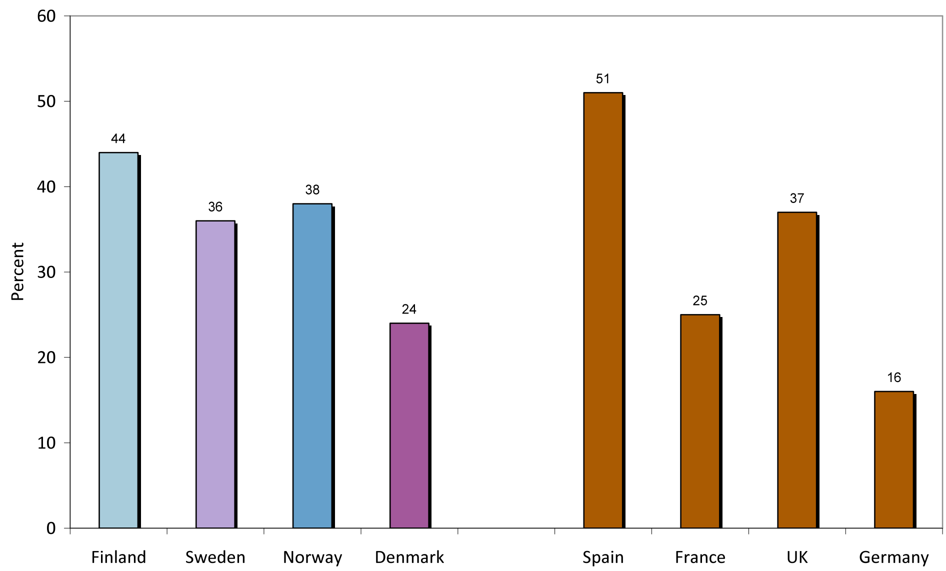
Diagram 3.2 Retail trade turnover 2000-2008, current prices.



Source: Eurostat.

If we look at convenience goods, Spain shows the best development for the years 2000-2008. This strong performance is mostly due to high incrise in foodprices in latter years, though. Again Germany is the worst performing. The Scandinavian countries, except Denmark, show a stronger growth than the rest of Europe.

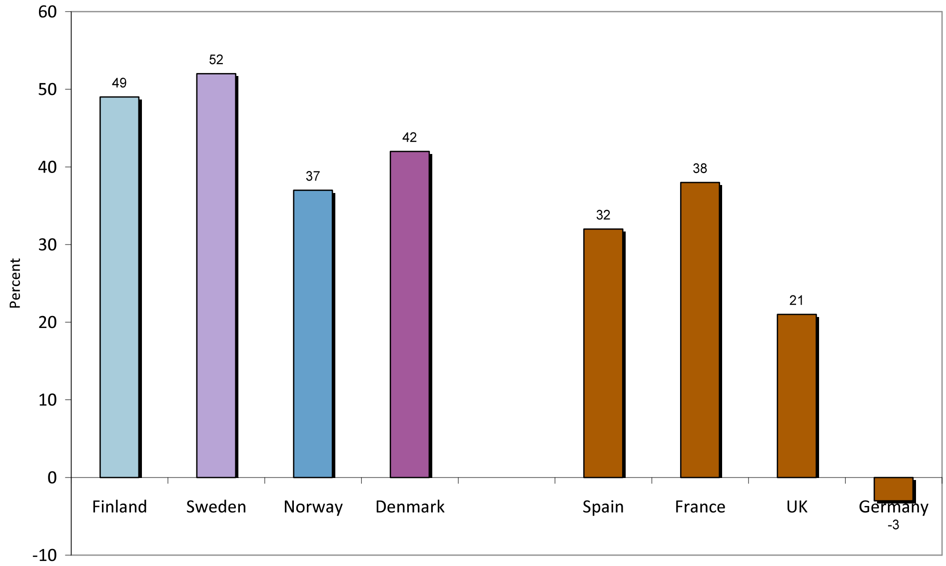
Diagram 3.3 Retail sale of food beverages or tobacco, 2000-2008, current prices.



Source: Eurostat.

In diagram 3.4 we show the development for general merchandise. Strangely enough, Germany show a negative growth for the period 2000-2008. Again, the Scandinavian countires show stronger growth than the most important economies in Europe. Only France manages to surpass Norway, the least performing in Scandinavia.

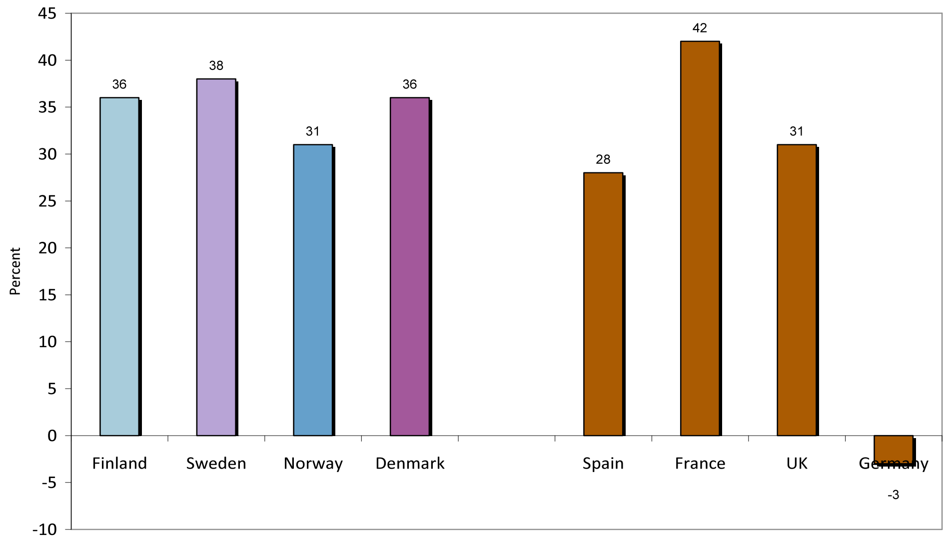
Diagram 3.4 Retail sale of non food products, 2000-2008, current prices.



Source: Eurostat.

If we single out fashion, Germany still shows a negative trend. France is the only country outperforming Scandinavia. See diagram 3.5.

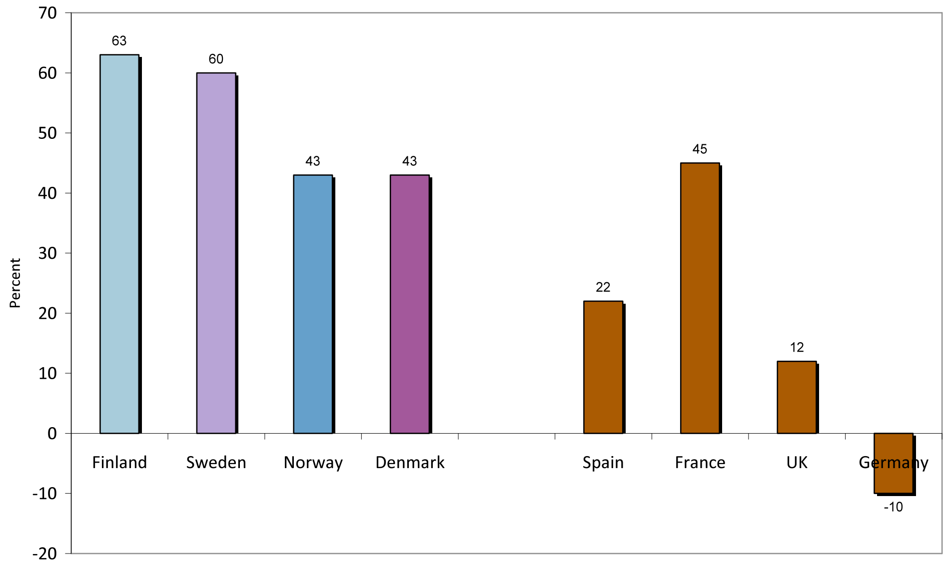
Diagram 3.5 Retail sale of textiles, clothing, footwear and leather goods 2000-2008, current prices.



Source: Eurostat.

When it comes to household equipment, Scandinavia and especially Sweden and Finland show much stronger growth than most of the big European economies. Amongst the European countries, France again had the best growth and Germany backed 10%.

Diagram 3.6 Retail sale of household equipment 2000-2008, current prices.



Source: Eurostat.

3.6.2 The largest retail companies in Europe

The largest European retail company is the French Carrefour who, second only to Wal-Mart, is one of the largest in the world. An interesting point is that amongst the ten largest European retail companies, all of them predominantly work with convenience goods. The largest Scandinvian company, IKEA, is to be found on place 32..

Table 1 10 Largest European Reatilers. Based on fiscal year 2007 retail sales (US$ million).

European rank	Country of Origin	Retailer
1	France	Carrefour
2	UK	Tesco
3	Germany	Metro
4	Germany	Schwarz Unternehmens Treuhand
5	Germany	Aldi
6	Germany	Rewe
7	France	Auchan
8	France	E. Leclerc
9	Germany	Edeka
10	France	ITM
… 32	Sweden	IKEA

Source. Nordic Powers of retailing 2008 by Deloitte.

4 The Nordic shopping centre market

The Nordic shopping centre market is extremely diversified and the structure differs greatly between the Nordic countries. Shopping centres and arcades are large and important sales channels for retail in Norway and Sweden. This market is much more restricted in Finland and Denmark. In total there are slightly more than 700 shopping centres (with minimum GLA 5 000 m^2) of varying sizes and character on the Nordic market. A majority of these, almost 80 per cent, are located in Norway and Sweden. Finland is the Nordic country with the least amount of shopping centres, 59 in the year 2007. At the same time, the definition of a shopping centre varies slightly in the four countries. Finland, for instance, only counts in-door centers where the anchor store has no more than 50% of the GLA. To their figures below could be added a number of additional centers, strip- and retail parks, that exceed 5000 m2 and are run as shopping centers. The distribution in the different countries as taken from the national directories can be seen in the table and diagram below.

Table 4.1 Number of Shopping Centres over 5000 m^2 & Share of the Nordic Market, Year 2007.

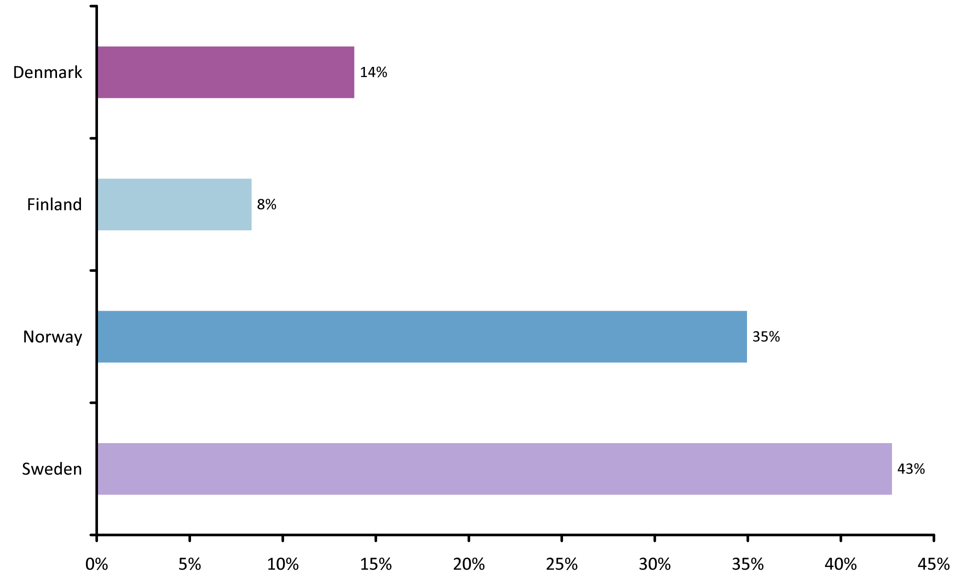
	No of Shopping Centres	Share of the Nordic market
Denmark	98	14 %
Finland	59	8 %
Norway	247	35 %
Sweden	302	43 %
Nordic total	706	100 %

Source: NCSC.

NCSC/The Nordic SC industry is aiming to present SC data that are coparable and in accordance with the ICSC definition of a SC. The Nordic countries are in the progress of adopting common definitions, but as yet there are still differences between the markets. In the absence of a common and by all accepted definition of SC's in the Nordic countries, this overview refers to the respective county's own definition that may differ from the international standard, i.e. purpously built, managed and marketed as one unit, containing at least 10 stores and having a minimum of 5000 sqm of retail space (GLA). Due to discrepancies in national practice, the figures presented here may, depending on country, include enclosed centers, open air centers, strip malls, retail parks and big box centers that exceed 5000 sqm and are multi-store units. For national specifics and more detailed information we refer to the different national directories.

The Danish directory can be ordered from www.icp.dk, the Finnish directory can be found at www.rakli.fi, the Norwegian directory can be ordered from www.kdm.no and the Swedish directory can be ordered from www.centrumutveckling.se

Diagram 4.1 Nordic Shopping Centres, Share of the Nordic Market, %, Year 2007.



Source: NCSC.

4.1 The spread of shopping centres sizes

Table 4.2 shows the spread of sizes of shopping centres in 2007. Most of the shopping centres, 542 out of a total of 711, are small and shopping centres larger than 80 000 square metres are very scarce.

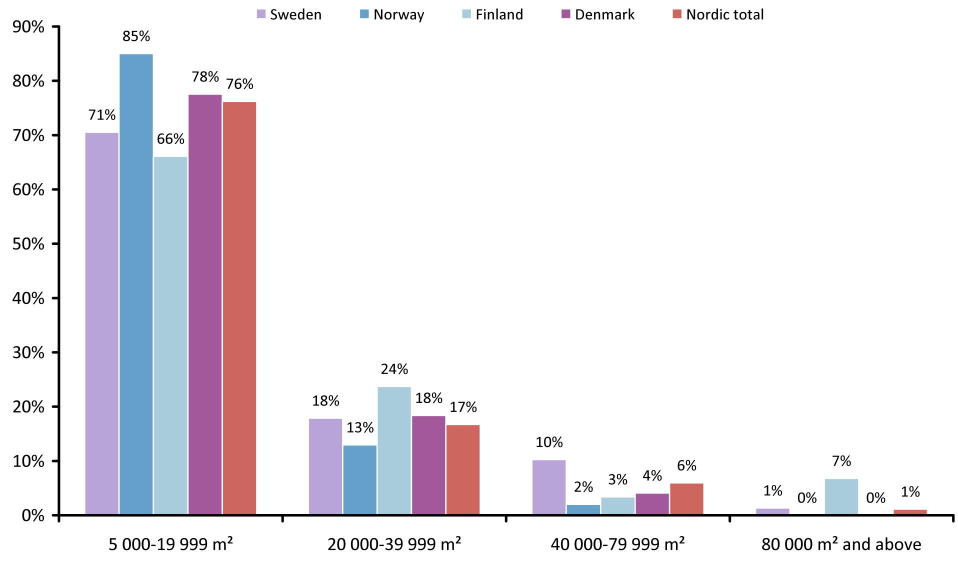
Table 4.2 The Nordic Shopping Centre market, Share of different sizes, year 2007.

		Traditional Centres, No			
Country	**Total Shopping Centres**	**Small** (5 000-19 999 m²)	**Medium** (20 000-39 999 m²)	**Large** (40 000-79 999 m²)	**Very Large** (80 000 m² and above)
Denmark	98	76	18	4	0
Finland	59	39	14	2	4
Norway	247	210	32	5	0
Sweden	302	213	54	31	4
Nordic total	**706**	**542**	**118**	**42**	**9**

Source: NCSC.

Diagram 4.2 shows even more clearly that the majority of shopping centres in the Nordic countries are relatively small. Over 90 per cent of shopping centres in the Nordic countries are smaller than 40 000 square metres and only 1 per cent are larger than 80 000 square metres. Finland and Sweden are the only Nordic countries with centres in this category.

Diagram 4.2 The Nordic Shopping Centre market, Share of different sizes, year 2007.

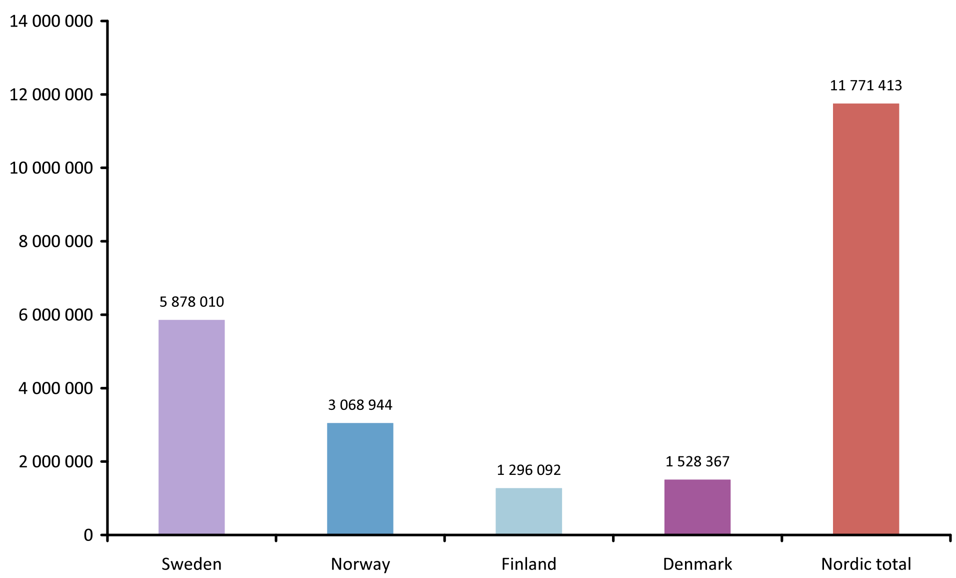


Source: NCSC.

4.2 Shopping centre area in the Nordic countries

Diagram 4.3 shows the leasable (GLA) shopping centre area in the Nordic countries in 2007 divided into different sizes. All together the shopping centre area almost amounts to 12 million square metres. With almost 6 million square metres, Sweden accounts for half of the Nordic shopping centre market. Finland has the smallest shopping centre area of the Nordic countries with 1.3 million square metres, still bearing in mind their hard centre definition.

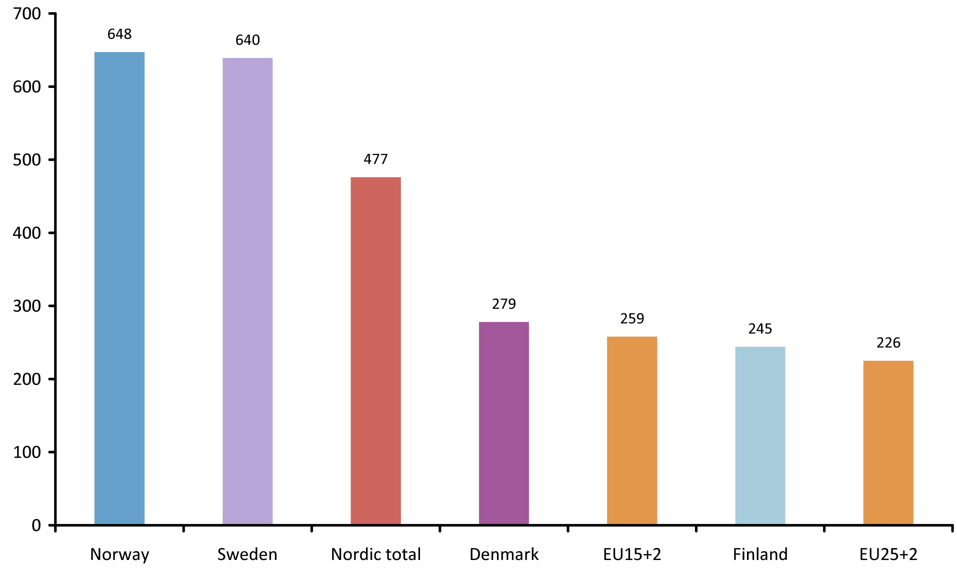
Diagram 4.3 Nordic Shopping Centres, total GLA in sq m, year 2007.



Source: NCSC.

If the Nordic shopping centre area is put in relation to the size of population, Norway and Sweden stick out with 648 and 640 square metres per 1 000 inhabitants respectively. Denmark has 279 square metres of shopping centre area per 1 000 inhabitants and Finland has 245 square metres, which still is somewhat higher than average for EU 25+2.

Diagram 4.4 The Nordic Shopping Centre market, GLA per 1 000 inhabitants, year 2007.



Source: NCSC, ICSC.

4.3 Shopping centre area in the pipeline

Shopping centre area in the Nordic countries is growing steadily. According to information from the Nordic Council of Shopping Centres, NCSC, there are plans for just over 2,1 million square metres of new shopping centre area up to the year 2014. Close to 1,4 million square metres will be made up of brand new shopping centres and 791 600 square metres will be made up of expansions of existing shopping centres. By far the biggest area will be in Sweden – 1.328 million square metres.

Table 4.3 Shopping Centre Area in the Pipeline 2009-2014, GLA m².

	Denmark	Finland	Norway	Sweden	Total
Completely new area	351 000	104 400	81 800	856 000	1 393 200
Expansion	32 000	24 800	262 800	472 000	791 600
Total	**383 000**	**129 200**	**344 600**	**1 328 000**	**2 184 800**

Source: NCSC.

It should be pointed out that the additional shopping centre area that is expected in the Nordic countries will, with all probability, be less than as stated in the table above. The reason for this is that some of the projects are at a very early stage of the planning process and that experience tells us that some plans do not amount to anything whilst others are delayed or are smaller than expected from the start.

4.4 Turnover of the Nordic shopping centres

The total turnover of the Nordic shopping centres in 2007 amounted to slightly more than 44 billion euro, including VAT. Norway and Sweden accounted for approximately 70 per cent of this turnover. The largest part of the turnover came from the smaller shopping centres (less than 20 000 square metres GLA).

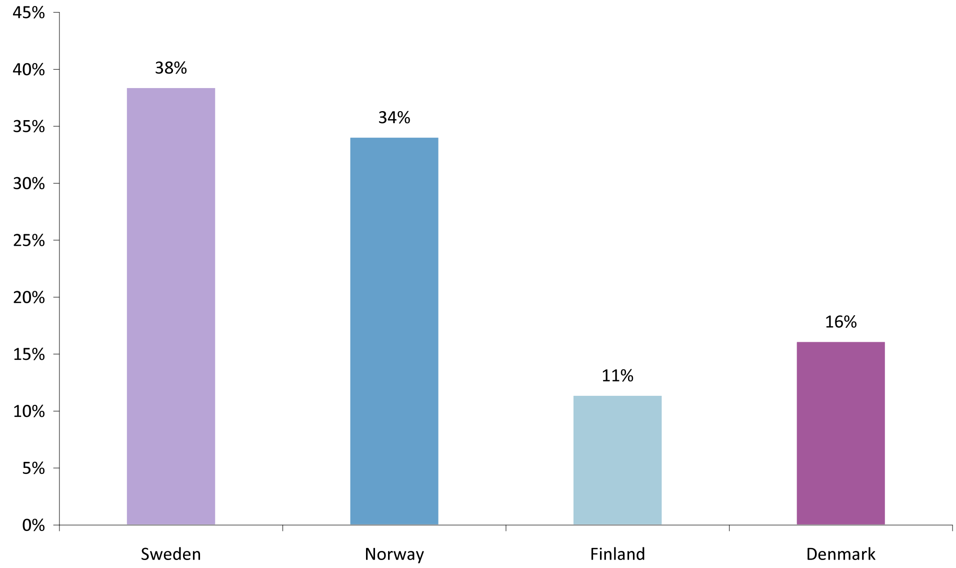
Table 4.4 The Nordic Shopping Centre market, Turnover in different sizes, year 2007.

	Traditional Centres, Shopping Centre Sales 2007, Millions of Euro				
Country	**Total Shopping Centres**	**Small** (5 000-19 999 m²)	**Medium** (20 000-39 999 m²)	**Large** (40 000-79 999 m²)	**Very Large** (80 000 m² and above)
Norway	14 994	9 193	4 560	1 241	0
Sweden*	16 911	6 342	4 882	4 645	1 043
Finland	5 018	1 539	1 680	379	1 420
Denmark*	7 099	3 267	2 736	1 097	0
Nordic total	**44 017**	**20 359**	**13 774**	**7 361**	**2 523**

Source: NCSC.
* Turnover does not include leisure or commercial service such as pharmacies or liquor stores.

Sweden accounts for almost 40 per cent of the total turnover of the shopping centres in the Nordic countries, whilst Finnish shopping centres account for 11 per cent of the turnover.

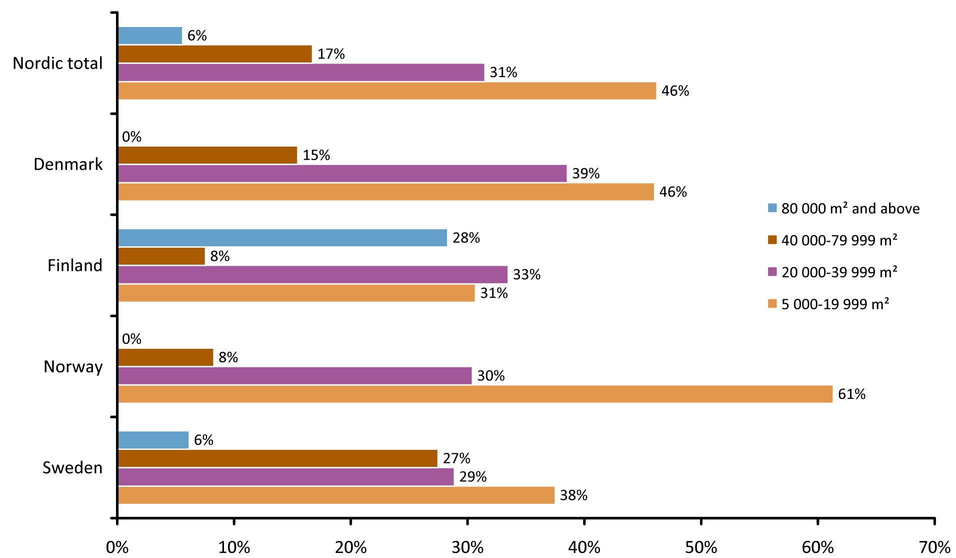
Diagram 4.5 The Nordic Shopping Centre market, Country share of total Nordic shopping centre sales 2007, percent.



Source: NCSC.

When shopping centre sales divided into different shopping centre sizes are studied it is clear that 46 per cent of sales take place in the smaller centres, while only 6 per cent take place in shopping centres larger than 80 000 square metres. Finland sticks out with a relatively high share of turnover in the larger centres whilst Norway and Denmark do not have any turnover at all in shopping centres of this size.

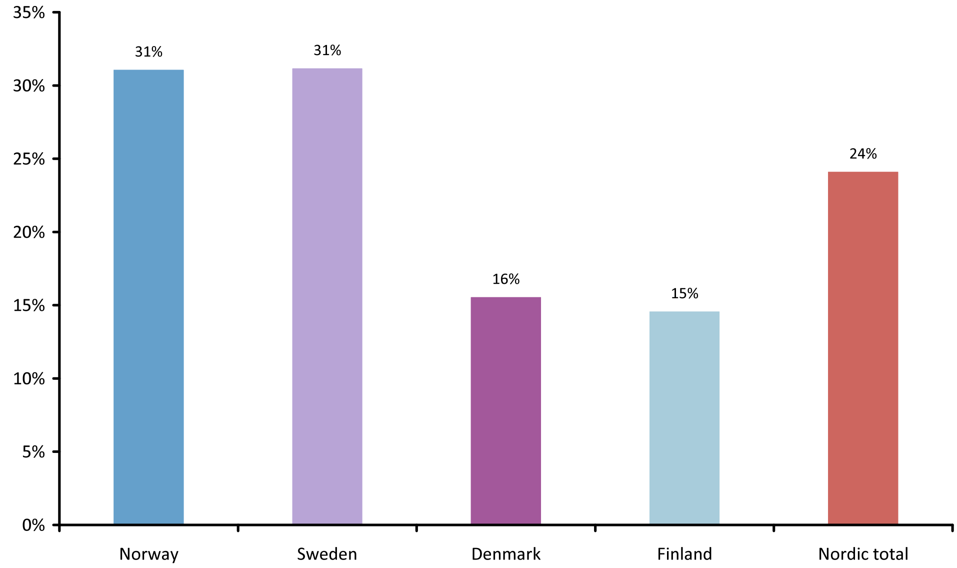
Diagram 4.6 The Nordic Shopping Centre market, Size Share of Total Nordic Shopping Centre Sales, year 2007.



Source: NCSC.

Turnover of the shopping centres can also be compared with turnover of the total retail trade. In the Nordic countries as a whole, the shopping centres account for approximately 24 per cent of total retail turnover.

Diagram 4.7 The Nordic Shopping Centre market, Shopping Centre Share of Total National Retail Sales, year 2007.



Source: NCSC, Eurostat, HUI.

4.5 Number of employees in shopping centres

Shopping centres are important employers since they account for a significant share of retail trade in the Nordic countries. Norway and Sweden have the largest amount of employees in shopping centres with 37 and 34 per cent respectively. Finland has the lowest amount of employees in shopping centres with 17 per cent. The number of employees in shopping centres compared with other retail sites corresponds to the shopping centres' share of total retail sales.

Table 4.5 Shopping Centre Employment in the Nordic Countries, year 2007.

	Shopping Centre Employment	Shopping Centre Share of Country Retail Employment (%)	Country Share of Nordic Shopping Centre Employment (%)
Denmark	38 000	20 %	19 %
Finland	22 000	17 %	11 %
Norway	66 000	37 %	32 %
Sweden	78 000	34 %	38 %
Total Nordic	204 000	28 %	

Source: NCSC, Eurostat, HUI.

When the number of employees in Scandinavian shopping centers is put in relation to the total number of employees in the respective countries, it is clear that Norway has the largest portion, 2 percent. Denmark and Finland have the smallest portions working in shopping centers. The average number of shopping center employees seen in relation to total number of employees in Scandinavia is 1,4 percent.

Table 4.6 Shopping centre Employment Share of Total Country Employment.

	Shopping Centre Employment	Shopping centre Employment Share of Total Country Employment (%)
Denmark	38 000	0,9
Finland	22 000	0,9
Norway	66 000	2,0
Sweden	78 000	1,3
Total	204 000	1,4

Source: NCSC, Eurostat, HUI.

In this table we show the number of employees for all working sectors in Scandinavia, table 4.7 the importance of retail is obvious as no other sectors have more employees than wholesale and retail trade combined.

Table 4.7 Employees (1 000) by sector, year 2007.

Sector	Denmark	Finland	Norway	Sweden	Total
Agriculture, hunting, forestry and fishing	42	33	26	38	139
Mining and quarrying	4	4	39	8	55
Manufacturing,	419	421	269	618	1 726
Electricity, gas and water supply	16	16	17	25	74
Construction	158	135	153	232	679
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	375	268	336	474	1 452
Retail trade	*196*	*125*	*179*	*230*	*730,5*
Hotels and restaurants	72	73	63	118	326
Transport, storage and communication	163	153	146	256	718
Financial intermediation	85	48	54	86	273
Real estate, renting and business activities	225	263	231	555	1 274
Public administration and defense; compulsory social security	163	117	146	259	684
Education	211	164	212	483	1 071
Health and social work	481	358	456	705	2 000
Activities of households	n/a	n/a	n/a	n/a	n/a
Extra-territorial organizations and bodies	n/a	n/a	n/a	n/a	n/a
Total	2 550	2 178	2 239	4 060	11 026

Source: Eurostat

5 Investments

At the same rate as the shopping centres, through an increased number and an increased turnover etc, have gained an increase in significance on the retail trade and the economy they have also by and large become more interesting to those working with investments in commercial properties.

Table 5.1 Property sales in the Nordic countries (All commercial Property Types), year 2007.

Country	Volume (€ million)
Denmark	3 481,2
Finland	5 670,5
Norway	2 244,9
Sweden	12 431,5
EU 15+2	208 937,2
EU 25+"	219 842,5

Source: Real Capital Analytics.

Table 5.2 shows the returns on investments (ROI) in shopping centres. It is evident here that Finland had the highest return on investment in 2006 with 19.6 per cent. Denmark, with a return of 15.1 per cent, was the only Nordic country where the return fell below the median value for Europe. During the period 2004-2006 the yearly ROI was highest in Finland with 22,3% and lowest in Denmark with 10,8%. The average return on investments in shopping centres for that same period was 13.6 per cent in Europe.

Table 5.2 Shopping Centre Investment Performance.

	Total returns (percent)		
	2005	**2006**	**2004-2006***
Denmark	9,5	15,1	10,8
Finland	10,8	19,6	22,3
Norway	17,1	16,6	15,5
Sweden	18,7	18,1	15,0
Median Europe**	13,1	16,4	13,6

Source: CB Richard Ellis/IPD.
*** Annualized over the three-year period.**
**** Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK.**

5.1 *Investments in shopping centres*

The historically good return on investments in shopping centres and other commercial properties has, together with new investment instruments, led to the institutional investor increasing his investments in properties as compared to investments in other assets such as shares and obligations. Properties previously accounted for about five per cent of the investments and now they account for over ten per cent.

The consequence of this has been that pension funds, insurance companies and other institutions as well as citizens investing there, to a high extent have become dependent on the return that shopping centres give on invested capital. Since this trend appears to continue this means that more money is being invested in shopping centres, which in turn contributes to the growth of the shopping centre area (GLA) in the Nordic countries.

6 The shopping centre – environment, society and the consumers

The establishment of the shopping centre has contributed to an increase in sales, an increase in employment and a larger and wider range of products in those municipalities where the shopping centre market has expanded. This in turn most often make the municipalty more attractive to live in. It is therefore clear that shopping centres are important from many aspects. The establishment of shopping centres has however also meant an increase in motoring and carbon dioxide emission and sometimes voices are heard saying that shopping centres ought to take a larger social, economic and environmental responsibility. The objective of this chapter is therefore to examine how shopping centre owners and shopping centre developers in the Nordic countries work and contribute to ecologically, financially and socialy better sustainable development/ecological, financial and socialy sustainable development. HUI has carried out interviews with property owners who are active within the shopping centre line of business cross border in the Nordic region. Peter Werneman (Project Manager of Sustainability and Development, Atrium Ljungberg), Dieter Sand (Property Development Director, Citycon), Karin Lundquist (CR Coordinator, Steen & Ström), and Anders Eklund (Head of PMP, Unibail-Rodamco) have participated in the interviews. A compilation of the interviews and existing literature on the subject are presented in this chapter.

Shopping centre actors in all the Nordic countries work actively for the sustainable development of shopping centres. All the Nordic countries have the same focus regarding the development of the shopping centres. The actors have the same thoughts and ideas but each country has different conditions, which affect the final results. Sweden has long had general laws and regulations that even shopping centre actors must follow, which has simplified matters for shopping centre owners in terms of, for example, meeting current environmental certification requirements. Finland does not have the same extent of environmental laws and regulations as Sweden. Each country's cultural behaviour and norms have a high impact on the shopping centre actors' sustainability work.

6.1 Sustainable growth important when establishing a shopping centre

Sustainable growth is one of the factors behind the successful establishment of a shopping centre. It is a parameter that will become more and more important in future development processes. When establishing a shopping centre, the developer, i.e. the property owner, has an important responsibility to contribute to sustainable growth together with the municipality and other parties concerned.

For shopping centres, just like with overall work in society, it is a matter of paying attention to ecological, financial and social factors that are fundamental from a sustainability point of view.

There are a number of different circumstances and factors to take into consideration in the work to achieve a successful and sustainable development of shopping centres. It is partly a matter of outer conditions, such as the composition of the population, infrastructure and accessibility and partly the inner conditions, which are more a matter of a physical of shops and overall environment. The structure of the population is difficult to influence, it is more a matter of adapting the range of goods and services to the demand, while infrastructure and accessibility are factors that can be influenced. There are consequently different factors that are considered to contribute to a successful shopping centre, thriving retail and thereby good and sustainable development.

6.2 Several forms of environmental work

Companies' social responsibility is a frequent matter of discussion, which has resulted in the notion of CSR (Corporate Social Responsibility) and there is now increased pressure on companies to augment their social responsibility. Entrepreneurship has reached a breaking point where it no longer suffices to generate profit and have superior products. There has been a shift in values from the material to more immaterial values and today CSR and corporate values are appraised as well as financial performance. Companies shall respect human rights, fundamental labour legislation and, as a minimum, the basic environmental standards that exist, wherever in the world they operate. Research shows that customers and employees count on companies today taking responsibility towards society and not just thinking of figures.

Real estate owners' work on CSR issues has a large environmental focus and they work with these issues by reducing the consumption of energy, sorting waste, using ecologically sustainable materials in the construction process, increasing accessibility and coordinating logistics and transport in such an effective way so as to reduce carbon dioxide emissions. Shopping centre actors accentuate environmental work as a large and important part of the company's development work and all actors have some form of environmental plan ~~that aims~~ aiming at every shopping centre taking its own environmental responsibility. Besides the more general environmental plans, there are even specific goals in terms of waste sortage and lighting for example. Several property owners also work with environmentally certifying the shopping centres they own and manage.

Work on reducing energy consumption is partly a matter of getting tenants to reduce their energy consumption, which is not controlled by the centre owner, and partly the company itself reducing the energy consumption for the shopping centre as a whole. For a couple of years now all companies have been working to actively reduce energy consumption. One property owner tells us that electricity is bought on a monthly basis in options. The objective is to enable monthly follow-ups of energy consumption. In that way the property owner can clearly see which stores and functions in the shopping centre need to make more effort to reduce energy consumption. Since this work began in 2004 some of the property owner's shopping centres have reduced their energy consumption by about 40 per cent. Another actor states that all his shopping centres disclose their individual carbon dioxide emissions. Many different parallel projects are carried out with the aim of reducing energy consumption. The facilities have, for example, been computerized and, in several existing shopping centres, ventilation systems have been rebuilt. The property owner has developed an energy plan for all shopping centres situated in Sweden. The energy plan partially overlaps the energy declaration that authorities in Sweden recommend all property owners to take out. The objective of the energy plan for each shopping centre is to show status and suggestions for improvements for all shopping centres. Actively working to reduce energy consumption in a shopping centre is something that property owners see as a competitive advantage. At the same time as companies take responsibility for the environment and society there is hope that it will lead to lower monthly costs for the tenants.

The tenants' energy consumption is a factor that property owners often have problems governing. Tenants currently account for around 50-60 per cent of the total energy consumption in a shopping centre. Lighting in the shops accounts for the majority of the consumption. Matching the tenant's lighting wishes and requirements with the environmental goals of the property owner is something of a challenge. The different shop concepts often have strict standards that require a great deal of lighting. Lighting generates heat, and heat requires cooling in order to create a pleasant atmosphere in the shops. It's a vicious circle which requires a great deal of energy. One property owner turned down a shop at one of his shopping centres since it required far too much lighting. If you allow one tenant to have an exceptional amount of lighting then it's not long before ~~a~~ problem arises when other tenants want the same degree of lighting.

Lighting problems are a matter of collaboration so property owners have discussions with tenants in order to find alternatives to the energy-intensive lighting currently used. Property owners are of the opinion that there ought to be lamps, acceptable to the tenants, which do not generate heat – a technical problem that should be solved. A reduction in energy consumption leads to lower costs for property owners and tenants. A healthier environment in combination with consumers who continue to visit the shopping centre is something that property owners strive for. The property owners state that their foremost ambition of reducing the tenants' electricity consumption is *not* to make more money but instead to take joint environmental responsibility.

By choosing environmentally sustainable material when building new or renovating existing shopping centres the property owners take additional environmental responsibility. The material used in the façade of the building is of the utmost importance since it is complicated to make changes once it is in place. It is important to, already in the initial stage, choose a façade in that is sustainable from an energy aspect. Locally produced material is preferable and rain forest timber and granite from China are materials that are not used by the property owners. One basic prerequisite is that there is a life cycle idea in all the materials used. The property owners feel that it sometimes can be complicated to find a good choice of materials. Materials that are classified as good today might not be good in the future. The fact that property owners preferably work using already tried and tested materials sometimes makes it difficult for them to choose environmentally sustainable materials.

It is said that external shopping centres increase the use of cars. Emissions which are detrimental to our health and the environment, particularly fossil carbon dioxide, are in conflict with the environmental goals of Sweden. Emission from cars and lorries is a phenomenon that handicaps the property owners, particularly the owners of external shopping centres. If a shopping centre is situated outside the town, it is not unusual for the consumers to drive there since it is usually the easiest option. What actors in the property business can do, however, is to offer good public transport in the form of buses and trains in collaboration with the municipality. One actor is of the opinion that it is purely an instinct of self preservation to establish a centre near good public transport and that it is also important to provide easily accessible pedestrian and cycle paths. Traffic and parking solutions that allow congestion to be avoided are also an important accessibility aspect, since the movement of the consumers in a centre also has an impact on the environment.

Deliveries to and from the shopping centres are somewhat of a dilemma for the property owners. Being able to influence the tenant's delivery companies and getting the stores in a shopping centre to coordinate deliveries is considered almost impossible. The large chains have coordinated deliveries within the company, from the warehouse to each shop within the chain. Hence, delivery issues are not a matter of highest priority for the property owners, focus is instead placed on visitors and personnel. What property owners can do however, is to offer tenants a simple and effective form of coordinated logistics at the centre. Lorries, for example, shouldn't need to queue and release an unnecessary amount of emission. The property owners point out that designing smart solutions for the transport of goods is important; it should be efficient and also safe for the visitors. One property owner has taken this a step further and also offers the tenants an additional service where a delivery centre receives the goods and delivers them to the shop in question. The delivery centre then takes care of the packaging materials in order to ensure maximum recycling and sorting of waste.

Waste handling and sorting are other important factors in the environmental work of the property owners. Continually working with tenants to get them to improve their sortage of waste is something that property owners see as a service. This can also be seen as a competitive advantage since it can contribute to lower monthly costs for the tenants.

Property owners are of the opinion that they are taking a large amount of environmental responsibility, but they stress that it is important that the shopping centre works as a whole. It is a difficult job that requires a great deal of effort. Working actively on environmental sustainability can be costly at first, but it is a job that pays off in the end. Work is carried out to environmentally certify the shopping centres and all actors have some form of environmental plan that, among other things, aims at reducing electricity consumption. By having overall control of energy consumption, the sortage of waste and logistics, for example, a property owner can contribute to more effective, smoother and less expensive work for all parties involved. Property owners strive for flexibility and durability and they have visions for the future. It is important to construct and design today so that it also works tomorrow.

6.3 Cooperation with the community

As a property owner cooperation with other parties, in particular the municipality, is an important part of the work of creating an attractive and lucrative shopping centre. A fundamental working analysis is always carried out in the establishment phase. A shopping centre cannot be established just anywhere. To be successful, an area needs to be selected where there is demand and where the property owner, together with the municipality and other interested parties, can generate advantages for the common good.

By cooperating with other actors, property owners are of the opinion that they can contribute to creating growth in a municipality. A shopping centre creates employment, it contributes to rising house prices in the vicinity of the shopping centre and it attracts other companies to set up in the area. This is where the municipality is of importance. It is essential to have a well co-ordinated network that simplifies the establishment of companies. Property owners are of the opinion that it is crucial that there is a will on the side of the municipality to develop and offer inhabitants an attractive commercial centre. A basis needs to exist for property owners to work on.

When establishing a shopping centre one of the property owners interviewed works using a model which signifies that several actors collaborate from the very start in order to create a final successful project. Together the property owner, municipality and other interested parties develop a joint vision where everyone strives for the same goals. In order for a project to be favourable it is important to, even before establishment, decide what the place is to be used for and what it shall offer. The work of the actors aims at improving the entire town and not just build a shopping centre. The property owner means that they see themselves as town developers rather than just shopping centre developers.

Several property owners emphasize that they build shopping centres with soul and durability. In order to create long-term solutions it is important to work with other interested parties. Together the interested parties can work towards financial and environmental sustainability. The property owners are of the opinion that they are not just building shopping centres but also creating meeting places where consumers can find shops, culture, homes and health care. The point of these meeting places is to offer much more than just shops, but it shouldn't be forgotten that commerce is the driving force.

One property owner that was interviewed stressed that a shopping centre is rarely established on bare land, which means that, to a large degree, shopping centres are established using existing premises. Expanding with the help of existing buildings creates soul and feeling in the area and it generates certain value for property owners, municipalities and inhabitants. For instance, it could mean to decontaminate and clear up an old industry area or furthering an old cultural inheritance that otherwhise would cease to exist. To a large extent, this work takes place in cooperation with the community.

To facilitate this work for the property owners, municipalities should recognize them as an important co-actors for the growth of the municipality. The property owner in collaboration with other actors can help modernize the municipality and make it a more attractive place to both live and work. Together the actors contribute to the total urban development, creating a vibrant environment for the consumers. By the actors working together with an over-all perspective for the area in question and thereby also for the municipality, there is a great probability that the very best interest for the consumers are taken care of. If a shopping centre is attractive and there is good accessibility it will contribute to increased productivity and a municipality that grows, a win-win situation will arise. If the goal is also a sustainable community then close cooperation is required between several actors, the property owner and the municipality are two.

Other retail units in town centres lack, in comparison to shopping centres, collaboration and joint visions. There are several property owners in a town centre and collaboration between different actors is more limited than in shopping centres. This is an important competitive advantage for shopping centres as compared to other retail units. Shopping centres offer consumers a collection of retail units that together contribute to more effective trade, higher turnover per square metre and thereby increased productivity.

6.4 The consumer in focus

At the same rate as having larger disposable incomes, consumers have also become more aware and demanding in their purchasing habits. This doesn't just include the products in the shops but also everything around it. In order to meet the consumers' demands, more and more companies have started to work on generating a total shopping experience for the consumer. Shopping experience has several meanings, but in general it means that the consumer is offered something out of the ordinary. Offering the consumer a better shopping experience is something that shopping centre actors work strongly with.

In order to attract the consumers to the shopping centre it is important to offer more than just shopping. It has become a matter of course for shopping centre actors to build not just retail destinations but also meeting places. The shopping centres of today are places where consumers can shop, work, eat, carry out errands and socialize. The consumers are provided with a better shopping experience and cafés, restaurants, libraries and housing make the shopping centre more of a part of the town.

The goal of property owners is to build an attractive shopping centre that offers consumers a good mix of shops and other services. It is important to be able to offer other enterprises apart from shops in a shopping centre. In and around the centres owned by the companies interviewed were restaurants, healthcare centres, apartments, offices, hair and beauty salons and other services. It is not unusual that the social insurance office or a healthcare centre choose to have their premises in a shopping centre, it is instead a consequence of the fact that their customers are there. Property owners are positive to non-retail companies in their centres and it is a fact that their retail tenants see very favourably on "Systembolaget" and pharmacies establishing in the centres as they drive traffic. A large advantage for the ~~of~~ shopping centres is that the consumer only needs to visit one place, where everything is housed under one and the same roof. Trade has existed in all times and the shopping centres of today are seen as a more effective form of shopping for the consumers. Shopping centres save consumers time. In order to make shopping centres even more effective and time-saving, shopping centre owners have cho~~o~~sen to create clusters in them. This is based on creating different passageways for different groups of customers, for example one for teenage fashion, and other for women aged 35+. The clusters are created based on lifestyles and demand, which further increases efficiency for the consumer. Creating clusters has also become an important factor as a consequence of shopping centres becoming larger.

The total range of goods and services on offer in a shopping centre shall match needs and demands in the market. As a property owner it is essential to be proactive. One actor that was interviewed carries out market research with possible future consumers at an early stage of the development phase. The company believes that it is important to continually hold a dialogue with the consumers in order to be able to offer them what they need. Consumer research is important for both new and existing shopping centres. Existing shopping centres, for example, continuously work on improvements and quality assurance, with the objective of giving the consumer a better shopping experience.

Besides the shopping centres offering more than just retail and being time-efficient for the consumer, shopping centre actors also wotk on offering a welcoming, secure, relaxing and accessible shopping centre. One of the shopping centre actors works on a concept that includes all of these areas. Parking should be good and accessible and it should be easy for consumers to get in and out of the shopping centre. An attractive shopping centre must also be a safe shopping centre. There should be security guards in all shopping centres, but they should be more than just security guards. They should also be able to administer first aid and save lives. Several shopping centres also have lounges with free Internet connection. If the consumer just wants to sit down and relax it should be possible even in a shopping centre. Property owners also offer children an experience in the form of interactive playgrounds, for example. A combination of these factors is a matter of course for a shopping centre's survival.

Offering the consumers different forms of events has also become a more common feature of today's shopping centres. Events attract customers to shopping centres and can provide consumers with a better shopping experience. One property owner is of the opinion that money should not be invested in an event without carrying out a follow-up. That is why turnover and numbers of visitors are measured at every event. It is important to find a good combination of different concepts that attract different types of customers, for example art exhibitions or concerts.

The consumers should be offered an overall experience that makes them want to stay in the shopping centre as long as possible.

7 Conclusions – do shopping centres make a difference?

For over 50 years different forms of shopping centres have existed in the Nordic countries. Shopping centres are well accepted as investment objects for the property business and as an important and effective sales channel for retail companies. To the consumers, shopping centres signify a large range of shops and products in a comfortable and pleasant shopping environment. At the same time states and municipalities have realised that large financial and social benefits can be gained through collaboration with shopping centre developers and other shopping centre actors. The objective of this study has been to examine the importance of shopping centres for different interested parties.

Historically the role and significance of shopping centres can be explained by:

- The considerable increase in population signified a need for more retail trade.
- The demand for retail products rose as a consequence of increase in disposable incomes which led to the possibility to buy more than mere necessities.
- The introduction of the five-day working week meant that households also had more leisure time that could be used for shopping with the family.
- At the same time industrialization, with for instance mass production, created a wider range of goods.
- The increase in motoring meant that people were able to live outside the town centres. Since trade traditionally follows people, shopping centres, which traditionally are traffic oriented and offer good parking, became a rational form of trade in the new suburbs that emerged.

This study shows that the retail trade and shopping centres work as a catalyst for other areas. The construction of retail properties works as a catalyst for other property development. The retail trade is a catalyst for society in the form of the creation of employment opportunities, a catalyst for the municipality in the form of taxation, a catalyst for consumers in the form of choice and availability. The study also shows that the retail trade and shopping centres actively work for sustainable ecological development and that they contribute to the development of the entire town.