DIY STORES

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DIWG

DEUTSCHE IMMOBILIEN WIRTSCHAFTS GESELLSCHAFT

CONTENT

EDITORIAL

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In 2012, 2016, and 2018, DIWG valuation published trend reports on current market developments in the home improvement sector—a topic that is otherwise either not addressed at all or only touched upon briefly in relevant market reports on the German retail real estate market. In addition to key performance indicators for the major competitors, standard market rent ranges for DIY stores were also published. Since then, the German DIY store landscape has changed significantly. In addition to the current challenges facing Hellweg, the aftereffects of the COVID-19 pandemic continue to be felt, currently reflected in declining or subdued demand. In addition to an analysis of the current market situation and a presentation of the key market players, this trend report focuses on the leasing and investment market. It also includes a detailed overview of the specific characteristics and influencing factors in the valuation of DIY stores.

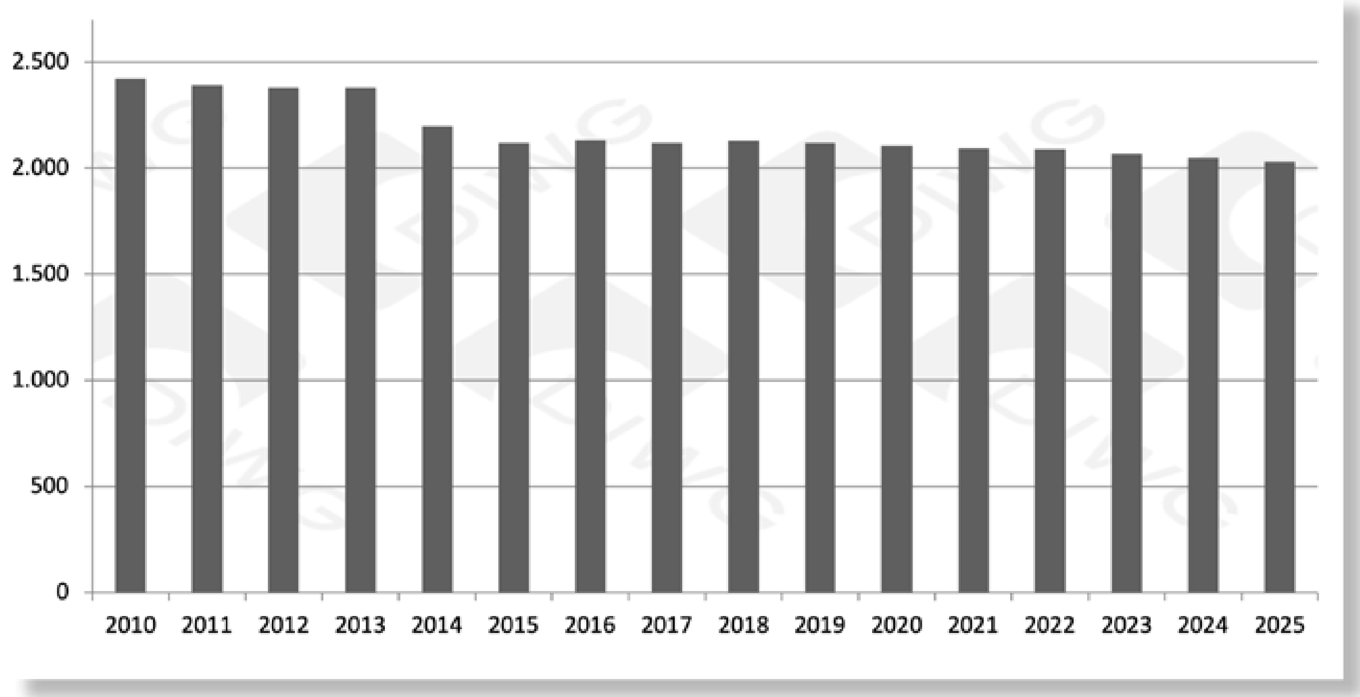
DIY STORES

According to the definition provided by the industry association BHB, DIY stores are retail locations with at least 1,000 m² of sales floor space and a wide range of products in the categories of building materials, lumber, hardware, tools, and painting supplies. There are approximately 2,030 DIY stores in Germany. In addition to the product categories mentioned, many DIY stores also carry items from the gardening, pet supplies, and automotive accessories sectors. Due to their large size, DIY stores are considered a catalyst for the establishment of retail businesses on the outskirts of cities ("on greenfield sites"). The development of DIY stores in Germany began in the 1960s. For the first time, these stores brought a wide range of products under one roof. Previously, it was customary to purchase construction and DIY supplies at specialty stores in the respective sectors (for example, paint and wallpaper at a paint store, tools at a hardware store). The first German DIY store was opened in 1960 by Heinz G. Baus, the founder of the Bauhaus company. In 1968, Hornbach opened the first combined DIY and garden store; today's industry leader, Obi, followed in 1970.

NUMBERS CONTINUE TO DECLINE

Overall, the number of DIY stores in Germany has been declining since 2010. According to gemaba, there were 2,030 DIY stores nationwide at the start of 2026; compared to the previous year, this represents a decrease of 20 stores, or 1.0% of the total. This continues the trend of recent years, which was interrupted only by a slight increase in the number of stores in 2018. Overall, the number of DIY stores declined by 391 locations between 2010 and 2025, representing a decrease of approximately 16.2%. The number of DIY stores declined particularly sharply between 2013 and 2015. Here, the bankruptcy and withdrawal from the German market of Praktiker and Max Bahr can be directly attributed to the significant decline in the store network. Although new operators were found for some locations in the following years, this did not affect the total number of home improvement stores. The overall decline in the number of DIY stores, as well as the fact that new operators could be found for only a portion of the former Praktiker and Max Bahr stores, suggests that the market was already largely saturated around 10 years ago. The market is currently undergoing another phase of consolidation, so a further decline in the number of locations is expected in the short to medium term.

NUMBER OF DIY STORES IN GERMANY AS OF JANUARY 1 OF EACH YEAR

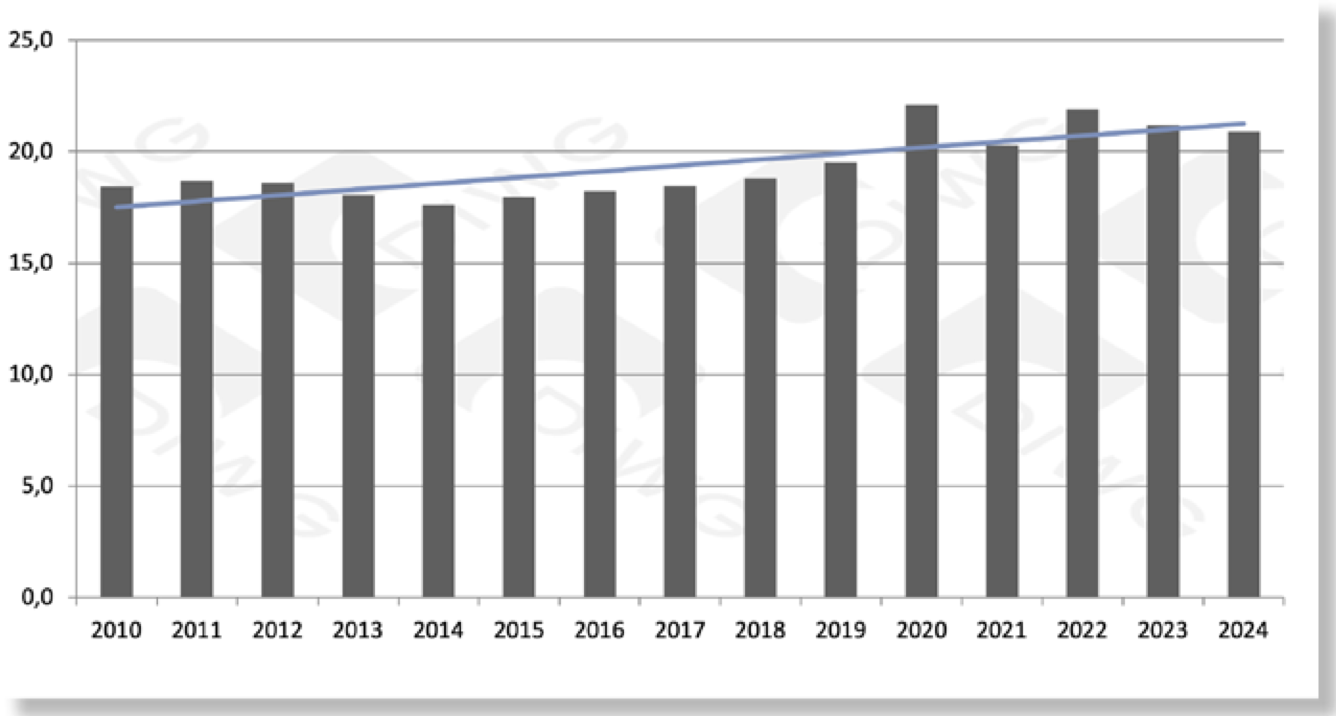


Source: gemaba Lev.-Hitdorf 2025, presentation DIWG

INDUSTRY REVENUE CONTINUES TO RISE

While a clear downward trend in the number of DIY stores has been evident for years, industry revenue has shown signs of stagnation. During the period under review, from 2010 to 2024, annual revenue for DIY stores ranged between €18.4 billion and €22.1 billion. Several phases of rising and falling sales have alternated. As a rule, rising or falling sales were observed over a period of two to four consecutive years. From 2014 to 2020, industry sales rose for six consecutive years. By the end of the period, it reached a record high in 2020 due to the COVID-19 pandemic. In 2021, however, industry revenue fell significantly compared to the record year, though it remained above the 2019 level. In 2022, revenue rose sharply again to €21.9 billion, but fell just short of the previous record. In the following two years, industry revenue declined for two consecutive years for the first time since 2013. On the one hand, the overall economic situation, with above-average inflation, led to general consumer reluctance. On the other hand, the COVID-19 pandemic had triggered a DIY boom, which has since declined significantly. Both developments were reflected in the DIY industry through declining revenue.

DIY STORES IN GERMANY - INDUSTRY REVENUEIN BN. €

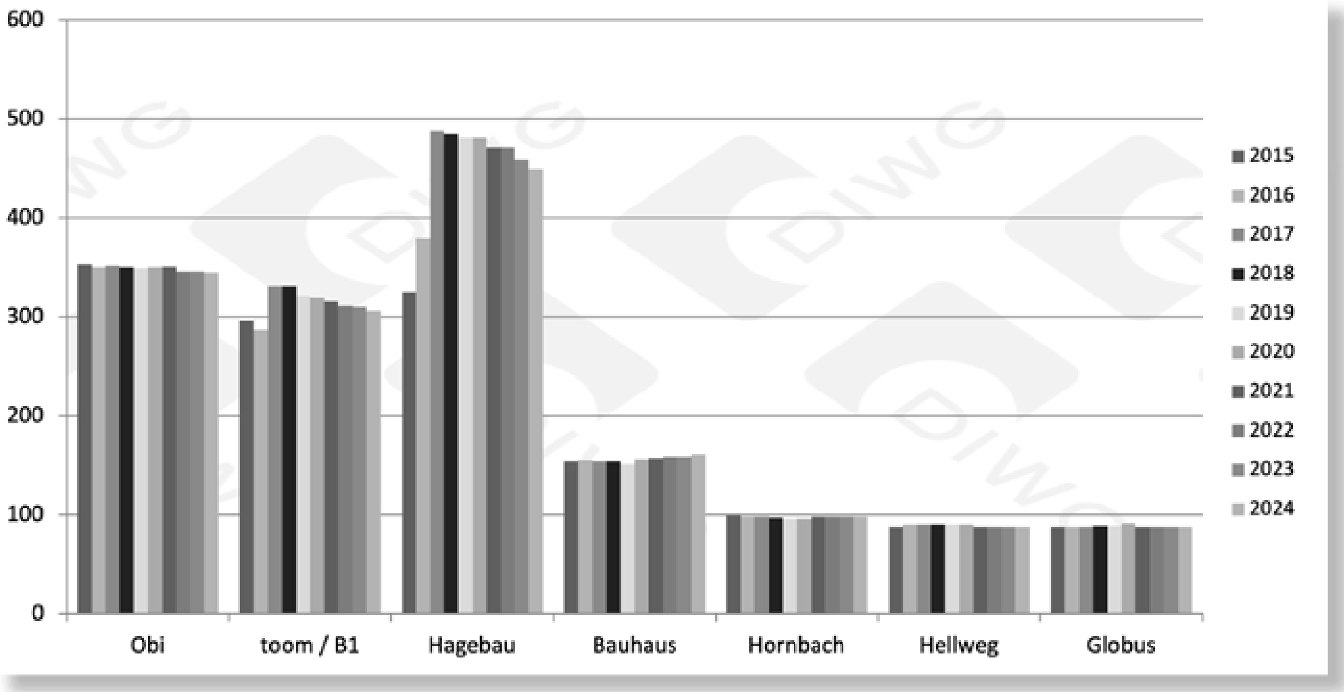


Sources: BHB, Statista, gemaba Lev.-Hitdorf 2025, presentation DIWG

MAJOR RETAIL CHAINS ARE DOWNSIZING THEIR STORE NETWORKS

The retail landscape in Germany's DIY (Do It Yourself) sector is heavily dominated by large retail chains. The Hagebaumarkt Group operates a greater number of home improvement stores than Obi, which is part of the Tengelmann Group. However, Obi continues to hold the top spot in terms of sales in Germany. With 449 stores (as of 2024), Hagebaumarkt leads the pack, followed by Obi (345) and toom (306). The remaining competitors have significantly fewer stores (Bauhaus 161, Hornbach 98, Hellweg 88, Globus 88).

DIY STORES - STORE EXPANSION IN GERMANY



Source: EHI, bulwiengesa AG, Dähne, Internet, annual reports, presentation DIWG

Over the past few years, nearly all competitors have reduced their store networks. One exception is Bauhaus, which has acquired individual locations from competitors on several occasions over time. At Hornbach, Hellweg, and Globus, the number of DIY stores has remained largely constant over the past ten years. The effects of the pandemic-driven surge in demand are largely reflected in a decline in the number of stores. Following the end of the COVID-19 boom, demand for construction and DIY products has declined significantly, forcing numerous DIY chains to close locations. Hagebau has been particularly affected, having reduced its store network by approximately 6.7% in 2020 following a period of strong expansion at the start of the pandemic.

CHALLENGES

Recent reports indicate that Hellweg plans to reduce its store network to approximately 70 locations in the future. This decision comes amid declining sales since 2024, driven by persistently subdued consumer sentiment and increasing financial pressures. As a result, the growth strategy adopted during the pandemic-driven surge in demand could not be implemented as planned.

To stabilize the company's financial situation, several locations were closed in 2025 and early 2026. The closures primarily affect branches in North Rhine-Westphalia, including Bonn, Duisburg, Essen, Hagen, Oberhausen, Werl, Gütersloh, and Gelsenkirchen, as well as one location in Berlin. In addition, structural measures are being considered, including workforce adjustments and negotiations with suppliers. Hellweg is thus not the first company in the industry to respond to changing market conditions with structural adjustments. Unlike other major competitors, however, its financial starting point is weaker, meaning it cannot offset the decline in consumer demand to the same extent on its own. Consequently, the company faces increased pressure to restructure. Added to this is the fact that Hellweg does not have nationwide coverage. The store network is concentrated in North Rhine-Westphalia and Berlin—regions that already face intense competitive pressure. Furthermore, Hellweg lacks a unique selling proposition compared to its competitors. In particular, the size of its stores—and thus the selection—is significantly smaller than at Hornbach and many Bauhaus locations. Hellweg also cannot necessarily compete on price; due to its size, the company lacks the leverage to secure more attractive purchasing terms from manufacturers.

REVENUE OF LEADING DIY RETAILERS

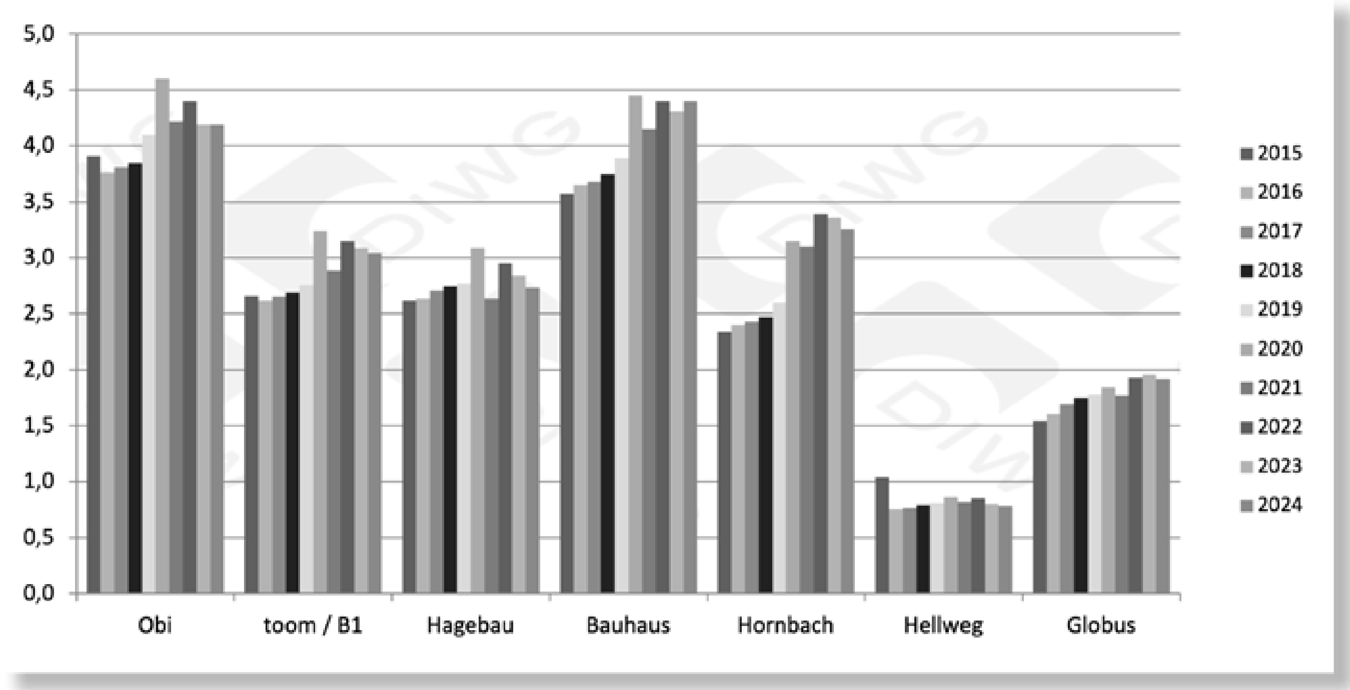
Overall, sales at Germany's leading home improvement retailers have risen since 2015, although trends have varied among individual companies. Obi has managed to increase its sales largely on a continuous basis over the past ten years. However, along with toom Baumarkt / B1 and Hellweg, Obi was hit by a significant drop in sales in 2016, from which its competitors initially had to recover in the following years. Starting in the years that followed, the major DIY retailers once again recorded rising sales.

Unlike many other retail sectors, 2020—the year of the pandemic—was a record year for the home improvement industry. As a result of lockdowns and changes in working and living conditions, many consumers used their extra time for renovations and DIY projects, leading to a significant increase in demand for DIY products. This trend generally continued in the two subsequent pandemic-affected years, although some of the previously postponed or brought-forward projects had already been completed. In 2021, all major DIY chains reported slight declines in sales compared to 2020. In 2022, sales rose moderately again, though this was primarily due to inflation-driven price increases. Nevertheless, the level of the record year 2020 was not reached. The years 2023 and 2024 were again marked by declines in sales, although the decline would have been even more pronounced without the ongoing inflation-driven price increases. At the same time, with the exception of Hagebau and Hellweg, sales remained above pre-crisis levels.

In terms of annual sales volume in Germany, Bauhaus ranks first in 2024 with total sales of €4.40 billion, followed by Obi with €4.19 billion, Hornbach with €3.25 billion, and toom Baumarkt / B1 with €3.04 billion. It should be noted that Bauhaus generates the highest sales despite having a comparatively smaller number of stores. This is attributable, among other things, to the significantly larger average sales areas of its locations.

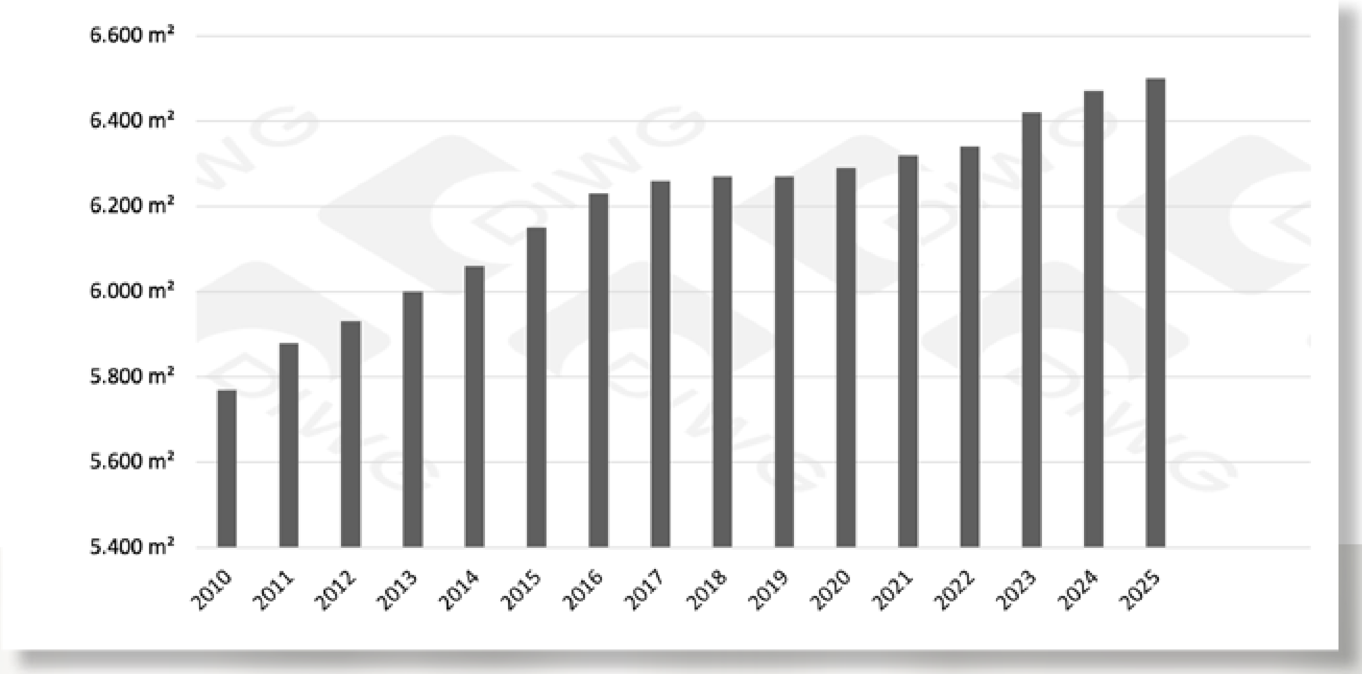
A similar pattern is also evident at Hornbach. In contrast, Hellweg's sales performance has been significantly weaker in recent years, which ultimately contributed to store closures in the past and current year.

DIY STORES - SALES TRENDS IN GERMANY (BN. €)



Source: EHI, bulwiengesa AG, Dähne, annual reports, internet, presentation DIWG

AVERAGE RETAIL SPACE OF GERMAN DIY STORES

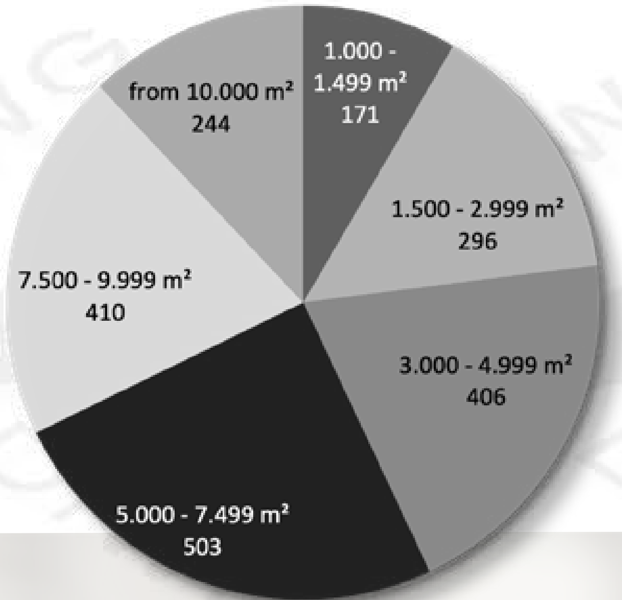


Source: gemaba Lev.-Hitdorf 2025, presentation DIWG

AVERAGE RETAIL SPACE CONTINUES TO GROW

The average sales area of German home improvement stores stood at 6,500 m² in early 2025. With an increase of about 0.5%, growth was slower than in previous years; nevertheless, the trend toward an increase in average sales area continues. Since 2010, growth has averaged about 12.7%. The majority of German DIY stores have an indoor sales area between 5,000 and 7,499 m². This size category, which also includes the typical DIY store with an average sales area of 6,500 m², accounts for about a quarter of all locations nationwide. Stores with an indoor sales area between 3,000 and 4,999 m² are also widespread, accounting for 20% of the total. Very large DIY stores with an indoor sales area of more than 10,000 m² still play a relatively minor role, accounting for around 12%. While the number of stores in the 10,000 m² and larger size category has increased by a total of 3 stores since 2024 (+1.2%), a slight decline was recorded in all other size categories. The sharpest decline was recorded in the size category of DIY stores with an average sales area between 5,000 and 7,499 m². In this segment, a total of ten locations were closed between 2024 and 2025, which corresponds to about half of all DIY stores closed during this period.

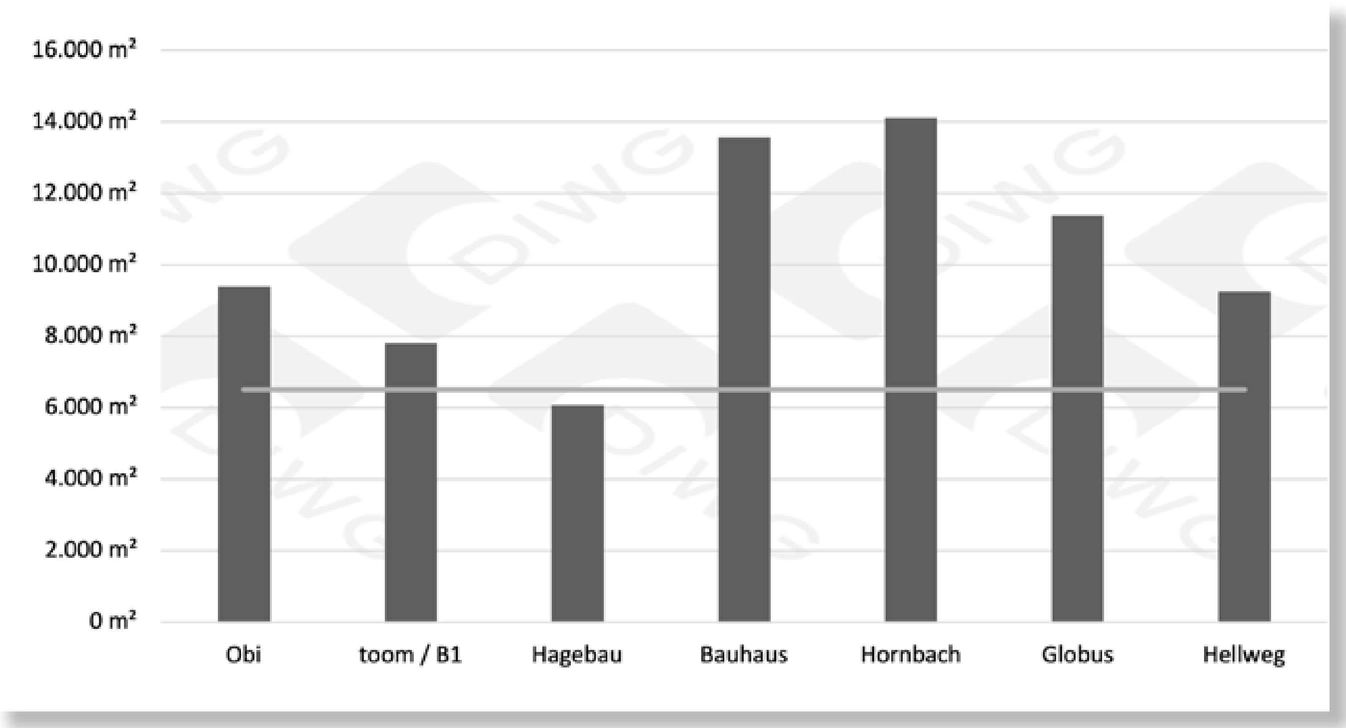
NUMBER OF DIY STORES BY STORE SIZE (INDOOR SALES AREA IN M²) IN 2025



Source: gemaba Lev.-Hitdorf 2025, presentation DIWG

Significant differences in average retail space are also evident among the leading DIY store operators. With an average retail space of approximately 6,073 m², Hagebau is the only leading retailer to fall below the industry-wide average of 6,500 m² (survey year 2025). At the other end of the spectrum are Bauhaus and Hornbach, which, with average sales areas of approximately 14,110 m² and approximately 13,577 m², respectively, have by far the largest stores. The remaining major competitors—Obi, toom / B1, Globus, and Hellweg—are relatively close together in the middle of the pack, with ranges between approximately 7,801 m² and 11,364 m².

AVERAGE RETAIL SPACE OF THE LARGEST GERMAN DIY CHAINS IN 2024

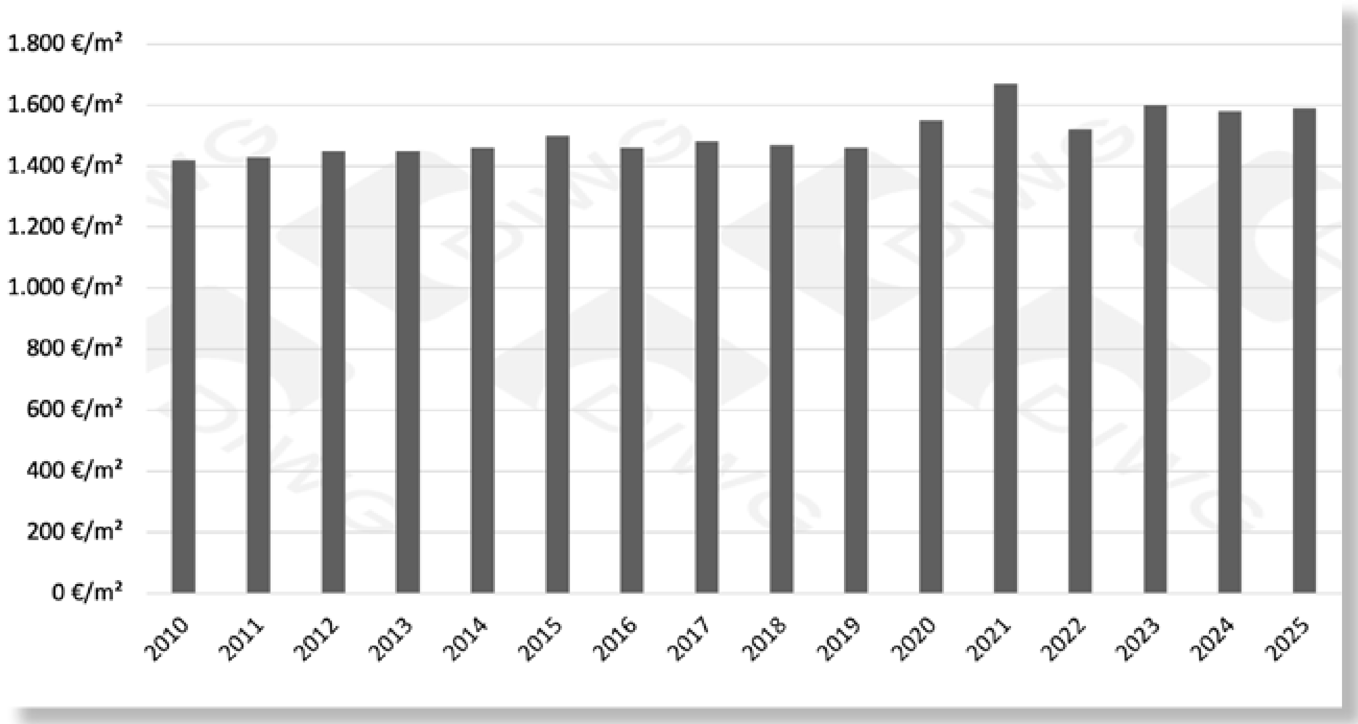


Source: gemaba Lev.-Hitdorf 2025, presentation DIWG

LAND PRODUCTIVITY SHOWS A SLIGHT UPWARD TREND IN THE MEDIUM TERM

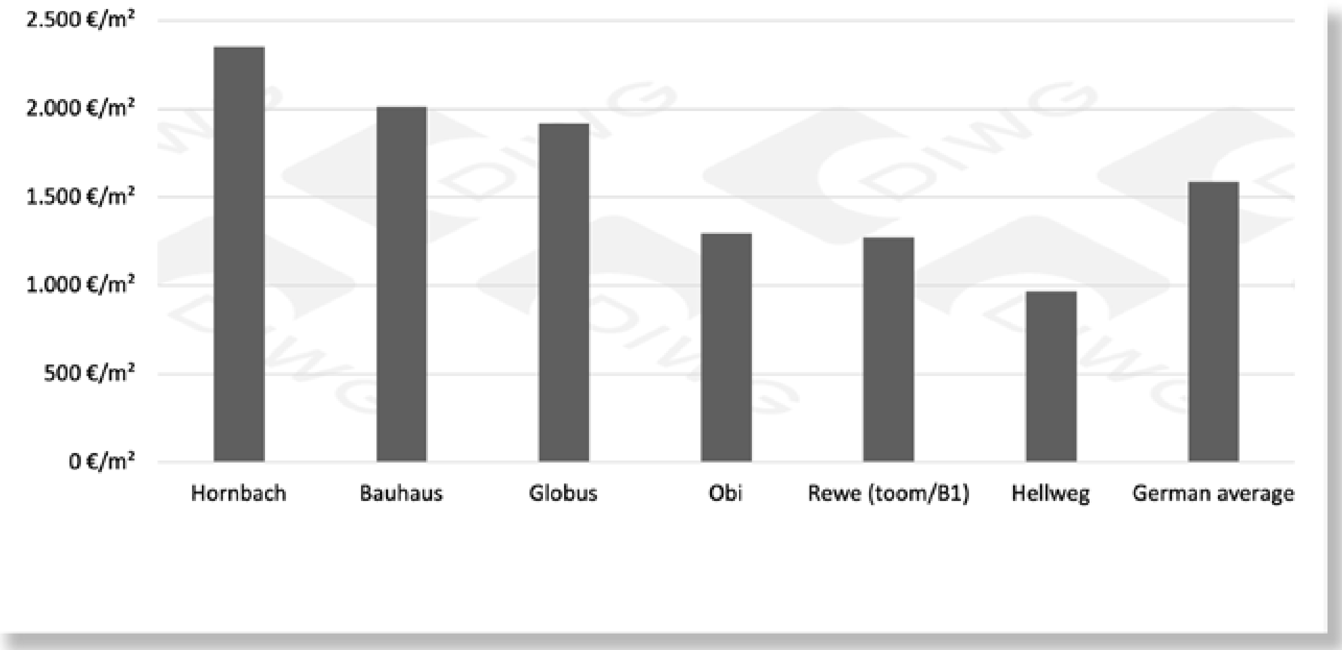
The sales productivity of DIY stores, defined as revenue per square meter of retail space per year, is very low compared to other types of retail. In 2025, the average sales productivity of German DIY stores stood at €1,590 per square meter. This represents an increase of approximately 0.6% compared to the previous year. From a longer-term perspective, it is evident that, due to the highly successful pandemic years and the resulting increase in sales, these figures are significantly above the levels achieved in 2010. A comparison with the food retail sector also highlights the low sales per square meter of home improvement stores: leading German full-range food retailers currently achieve an average sales per square meter of around €5,360, while leading food discounters even reach an average of €10,480 per square meter. There are various reasons for this: while groceries meet short-term needs, DIY stores cater to medium- and long-term needs. This results in lower purchase frequency and customer traffic, coupled with very high space requirements. Consequently, far fewer goods are sold per square meter of retail space than in the grocery retail sector. In addition, certain product categories in DIY stores take up a lot of sales floor space but generate relatively low sales revenue.

AREA PRODUCTIVITY OF DIY STORES IN GERMANY



Source: EHI, presentation DIWG

There are also significant differences in sales per square meter among the leading DIY retailers in Germany. Only three of the companies (Hornbach, Bauhaus, and Globus) exceed the German DIY industry average for sales per square meter, with figures ranging from €1,918/m² to €2,353/m²—and they do so by a considerable margin. The other companies are well below the average, including the industry leader Obi, with sales per square meter of €1,279. Bringing up the rear among the companies examined here is Hellweg, with sales per square meter of €967.



Source and presentation: DIWG

SIGNIFICANT DIFFERENCES IN THE DENSITY OF DIY STORES BY REGION

In the first three editions of the DIY Store Trend Report, published in 2012, 2016, and 2018, DIWG valuation had already examined regional differences in the number of residents per DIY store and the retail space per resident by state. The analyses now available for the year 2025 not only present the current status quo but also reveal the varying trends among the federal states over the past eight years.

The regional distribution of DIY stores across the federal states is marked by significant differences. North Rhine-Westphalia and Bavaria, the most populous federal states, continue to have the largest number of DIY stores in absolute terms, with more than 300 locations each. However, a small population in absolute terms does not automatically mean a small number of DIY stores. For example, while the state of Mecklenburg-Western Pomerania and the city-state of Hamburg have similarly high populations, the number of DIY stores in Mecklenburg-Western Pomerania is nearly three times higher. One of the reasons certainly lies in the spatial structure. While Hamburg, as a highly densely populated city-state, offers a relatively short distance to the nearest store even with a relatively small number of DIY stores, the distances to the nearest DIY store in the expansive state of Mecklenburg-Western Pomerania are significantly longer depending on the region, despite a relatively high number of stores. Further reasons lie in history. After reunification, countless new DIY stores sprang up in the eastern states, as the major retail chains did not want to leave the market unoccupied. A large portion of the DIY stores in the new federal states were built in the 1990s and are therefore, on average, significantly smaller than the store network in the old federal states, which is, on average, significantly newer due to new construction or renovations.

A comparison of the population (as of December 31, 2024) with the number of DIY stores (as of January 1, 2025) reveals a wide range of figures across the federal states. While there is one DIY store for every 24,978 residents in Mecklenburg-Western Pomerania, the figure is 85,704 in Berlin. The national average is 41,171. A similar picture emerges when looking at the calculated retail space per resident. Here, the range extends from 0.10 m² in Hamburg to 0.22 m² in Mecklenburg-Western Pomerania and Saxony-Anhalt. While the slightly lower average retail space per store in the eastern federal states puts the regional differences into perspective, However, this does not alter the general trend that the eastern federal states and Schleswig-Holstein have significantly more retail space per capita than the other federal states.

DIY STORE INVENTORY BY STATE IN 2025 (JANUARY 1, 2025)

	Hardware stores total	Sales area total	Sales area per DIY store	Population (31.12.2024)	Inhabitants per DIY store	Retail area per inhabitant
Baden-Württemberg (BW)	220	1.482.800 m²	6.740 m²	11.245.898	51.118	0,13 m²
Bavaria (BY)	320	1.968.000 m²	6.150 m²	13.248.928	41.403	0,15 m²
Berlin (BE)	43	432.150 m²	10.050 m²	3.685.265	85.704	0,12 m²
Brandenburg (BB)	84	540.960 m²	6.440 m²	2.556.747	30.437	0,21 m²
Bremen (HB)	12	98.760 m²	8.230 m²	704.881	58.740	0,14 m²
Hamburg (HH)	22	194.920 m²	8.860 m²	1.862.565	84.662	0,10 m²
Hesse (HE)	146	938.780 m²	6.430 m²	6.280.793	43.019	0,15 m²
Mecklenburg-Western Pomerania (MV)	63	338.940 m²	5.380 m²	1.573.597	24.978	0,22 m²
Lower Saxony (NI)	241	1.378.520 m²	5.720 m²	8.004.489	33.214	0,17 m²
North Rhine-Westphalia (NW)	380	2.770.200 m²	7.290 m²	18.034.454	47.459	0,15 m²
Rhineland-Palatinate (RP)	98	673.260 m²	6.870 m²	4.129.569	42.138	0,16 m²
Saarland (SL)	17	184.280 m²	10.840 m²	1.012.141	59.538	0,18 m²
Saxony (SN)	126	757.260 m²	6.010 m²	4.042.422	32.083	0,19 m²
Saxony-Anhalt (ST)	78	477.360 m²	6.120 m²	2.135.597	27.379	0,22 m²
Schleswig-Holstein (SH)	104	572.000 m²	5.500 m²	2.959.517	28.457	0,19 m²
Thuringia (TH)	76	399.000 m²	5.250 m²	2.100.277	27.635	0,19 m²
Germany total	**2.030**	**13.207.190**	**6.506 m²**	**83.577.140**	**41.171**	**0,16 m²**

Source: gemaba Lev.Hitdorf, Destatis, own calculations

The trend from 2017 to 2025 reveals a clear structural shift. The trend is increasingly moving toward a smaller number of stores combined with larger sales areas per store. As a result of the declining number of stores, the total sales area has also decreased. However, this decline is largely offset by the increase in sales area per store, resulting in only a moderate overall decrease. The effects of this trend vary significantly by federal state. In Bavaria and North Rhine-Westphalia, only minor changes are observed. By contrast, Saarland and Thuringia are significantly more affected. In Saarland, the total number of DIY stores fell by 19.0%. In Thuringia, a particularly significant decline in sales area is observed, amounting to 8.8%.

NUMBER OF DIY STORES

On a national average, the number of DIY stores decreased by 4.2% between 2017 and 2025. Only in the state of Hesse did the trend go against the general trend, with a slight increase of 0.7% observed.

SALES AREA

With a decline of just 0.3% on average nationwide, the decrease in retail space at DIY stores was significantly smaller than the decline in the number of locations. Regional differences are once again evident: In Hamburg, retail space actually saw moderate growth, increasing by 3.9%.

RESIDENTS PER DIY STORE

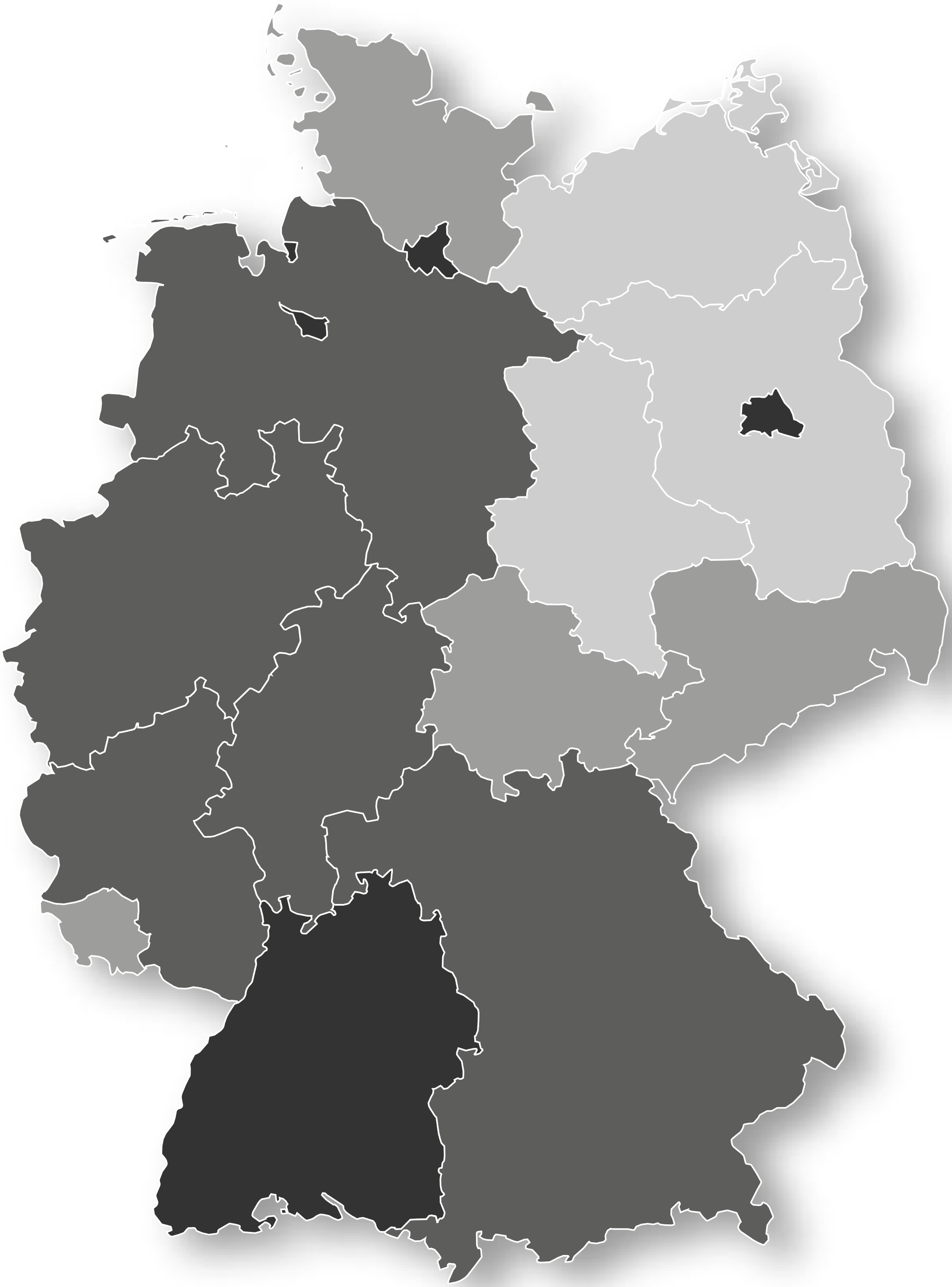
As a result of the declining number of locations, the number of residents per DIY store has increased in all federal states. However, the extent of this trend varies significantly: While Saxony-Anhalt saw only a moderate increase of 1.3%, the increase in Saarland was 23.3%—more than eighteen times higher. On average across Germany, the number of residents per DIY store increased by 7.1%.

RESIDENTS PER SALES AREA

The calculated retail space per capita also declined in all federal states, falling by an average of 2.8%. While the change in Saxony-Anhalt—a 3.9% increase—is statistically insignificant, Berlin was by far the hardest hit, with a 13.4% decline.

Regional disparities have become significantly less pronounced since the last review. This is primarily due to the fact that the liquidation of the Praktiker and Max Bahr stores, which were analyzed in detail in the previous trend report, has now been fully completed. The changes currently being observed can therefore be attributed exclusively to general market and structural trends and no longer to one-time effects resulting from past market exits.

SALES AREA PER RESIDENT IN M²



0,21 – less 0,25	0,15 – less 0,18
0,18 – less 0,21	Less than 0,15

Source and presentation: DIWG

NEW CONCEPTS

The DIY industry is characterized by intense competitive pressure. Large retail chains are increasingly competing for market share and attempting to differentiate themselves from the competition through clear unique selling propositions. The COVID-19 pandemic, in particular, has opened up new opportunities for the retail sector and significantly accelerated existing trends. This strategic realignment is taking place not only through improved customer service and the modernization of stores, but increasingly also through the adjustment and refinement of location criteria.

ONLINE RETAIL

During the COVID-19 pandemic, online retail gained significant momentum. As brick-and-mortar retail came to a near standstill at times due to lockdowns, many consumers increasingly turned to the internet to purchase goods. According to the BHB, online sales at DIY stores rose by 18.3% in 2020. Online retail for DIY stores is now very well established. All leading home improvement chains now operate their own online stores. Nevertheless, the general principle remains that certain products are still preferred to be purchased in-store at the DIY store. These include, in particular, flooring, cement, and insulation materials, as the feel, quality, and personal advice play an important role here. Electrical appliances and screws, on the other hand, are well-suited for online purchase. In principle, however, nearly all DIY store products can be ordered online. In some cases, the online selection is even more extensive than what is available in physical stores. The online stores of DIY retailers no longer serve exclusively for the direct purchase of goods with home delivery. Increasingly, they are also used as information and planning platforms where customers can learn about available products, compare suitable items, and check availability at their preferred store. As in other retail sectors, the click-and-collect system is also widely used in the DIY industry. With this system, the desired product is reserved online and set aside for the customer so that it can then be conveniently picked up at the store.

BRICK-AND-MORTAR RETAIL

But dynamic developments haven't been limited to online retail. Brick-and-mortar retail has also evolved significantly in recent years. DIY stores are increasingly moving away from the role of a traditional retailer. Instead, customer consultation is becoming more and more important. This is primarily because not all customers are skilled at DIY, yet they still need the relevant products and rely on expert assistance. Another important trend is that home improvement stores are increasingly offering workshops and training sessions to educate customers and teach them practical skills. Both in-depth consulting and the delivery of such workshops require trained specialists with the necessary expertise.

Another service-oriented area of focus is the expansion of service offerings. In particular, the tool and equipment rental sector is becoming increasingly professionalized. Customers are given the opportunity to use specialized or expensive machinery on a temporary basis without having to purchase it. In addition, traditional services such as the provision of trailers for transporting large-volume goods remain a standard part of many home improvement stores' offerings. Furthermore, installation services—where purchased products are professionally installed or assembled—are gaining in importance. By expanding these services, DIY stores are broadening their target audience beyond the traditional DIY enthusiast. At the same time, the barrier to entry for customers with less hands-on experience is lowered, as planning, transportation, and implementation are increasingly offered from a single source. As a result, the DIY store is gradually evolving from a pure retail outlet into a more project- and solution-oriented provider.

In addition, the click-and-collect system mentioned earlier requires additional space in order to implement this online service. These pickup areas can be set up both within the sales floor and outdoors, such as in the parking lot. It is particularly important that the pickup stations are clearly visible to customers, clearly marked, and easily accessible.

Another new concept that is becoming increasingly common in the DIY industry is self-service or self-checkout registers. While this system has been established in the grocery retail sector for quite some time, it is gradually gaining ground in other industries as well, such as bookstores and DIY stores. Self-checkout registers offer the advantage of reducing staffing costs. Unlike traditional registers, each of which is staffed by an employee, multiple self-checkout registers are typically supervised by a single staff member. This allows approximately four to six registers to be operated simultaneously per staff member. Many customers also find this type of checkout more convenient and faster, which contributes to an overall improvement in the customer experience at the DIY store. A drawback is the higher rate of theft compared to traditional checkouts. Operators are attempting to counter this by using video surveillance. The increasing prevalence of artificial intelligence (AI) offers additional potential in the near future.

EXCURSION

Contrary to the trend toward ever-larger DIY stores, a countertrend is emerging toward smaller stores in downtown locations. As a result, retail development is increasingly shifting from traditional "greenfield" sites to central urban areas. Due to limited land availability and planning restrictions, it is generally not possible to build typical home improvement stores with sales areas exceeding 6,000 m² in these downtown locations. The concepts for inner-city locations also differ significantly in their product assortment structure from traditional large-scale DIY stores. The product range offered focuses primarily on high-turnover items closely tied to renovation needs. These include, in particular, paints, tools, plumbing and electrical supplies, as well as products for smaller living spaces and outdoor areas such as balconies. Bulky building materials, such as palletized goods or large quantities of lumber, play a secondary role. Furthermore, delivery, storage, and parking options are often limited in inner-city locations. Therefore, highly efficient space and inventory management is crucial for the profitable operation of such locations.

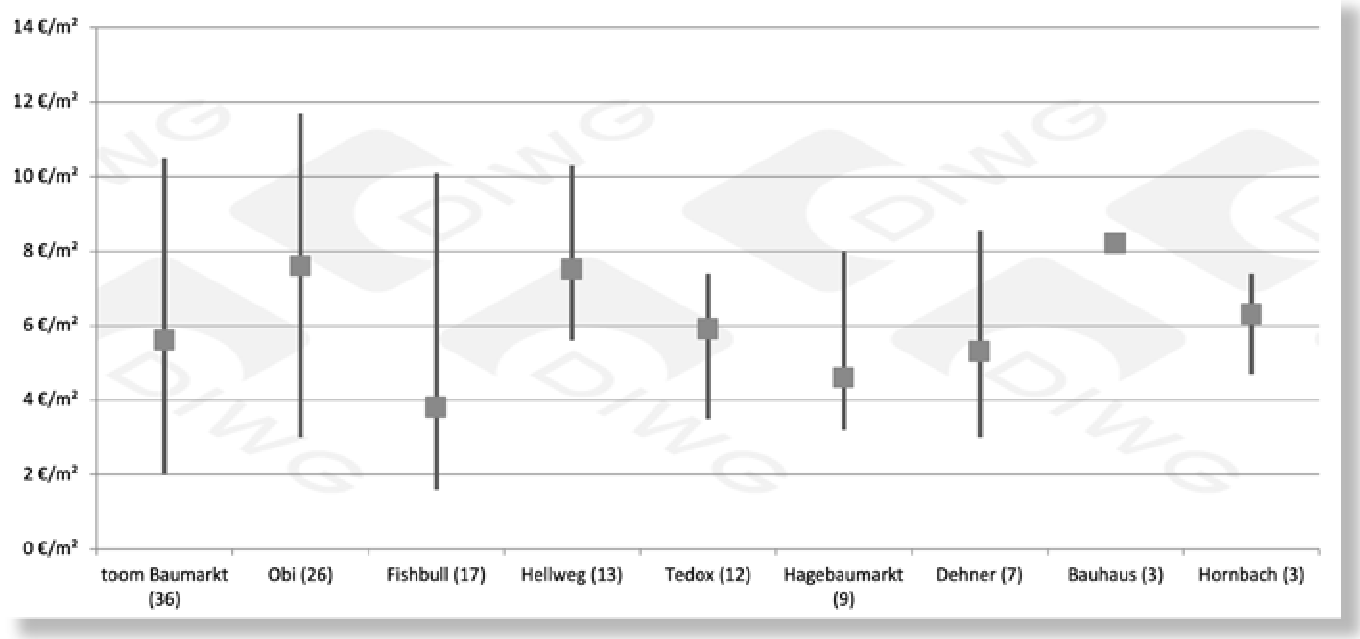
One market player successfully serving this niche is Fishbull, with its "Special Price DIY Store" business model. The company has been expanding through a franchise system since 2004 and now operates approximately 350 stores nationwide. Fishbull positions itself as a kind of discount retailer in the DIY store segment, as it offers products at prices below the standard levels charged by established DIY stores. The product range corresponds to the typical merchandise categories of small downtown DIY stores and focuses in particular on small hardware items, tools, paints, and painting and renovation supplies. The stores typically have sales areas ranging from 650 m² to 1,200 m². This means that some fall below the definition set by the industry association BHB, according to which a DIY store should have a minimum sales area of 1,000 m². Another strategically significant factor is that Fishbull is increasingly utilizing vacant spaces formerly occupied by discount grocery stores and adapting them for conversion into store locations. Through this repurposing of space, the company is able to specifically target the population in rural areas and smaller communities.

DIY STORES COMMAND ONLY LOW AVERAGE RENTS

A total of 154 lease agreements covering the period from 2018 to 2026 were analyzed for this trend report. According to the report, the average rent achieved is €6.20/m². The range (90% confidence interval) is between approximately €2.50 and €10.00/m². Compared to analyses from previous years, average rents in Germany have risen slightly, while the rent range has narrowed somewhat. However, a significant portion of the rent increases is attributable to general inflation. Since commercial rents are typically linked to the Consumer Price Index (CPI), this leads to a time-lagged increase in rents during periods of general price increases.

An analysis of 126 rental rates from selected chains reveals the following average rents: Bauhaus has the highest average rental rate at €8.20/m² (range: €8.00–8.50/m²). This is followed by Hellweg with an average of €7.50/m² (range: €5.60–€10.30/m²). In the middle of the pack are Obi at €7.60/m² (range: €3.00–€11.70/m²), Hornbach at €6.30/m² (range: €4.70–7.40/m²), Tedox at €5.90/m² (range: €3.50–7.40/m²), and toom Baumarkt at €5.60/m² (range: €2.00–€10.50/m²). At the lower end are Hagebaumarkt at €4.60/m² (range: €3.20–€8.00/m²) and Fishbull with an even lower average of €3.80/m² (range: €1.60–10.10/m²) due to its unique position in the DIY industry. Dehner, a DIY store with a focus on garden centers, achieves a similar figure with an average of €5.30/m² (range: €3.00–8.55/m²). It should be noted here that some rental values may deviate from the actual market situation due to the small number of available data points. For some chains (e.g., Bauhaus and Hornbach), this is because a large portion of the properties are owned by the companies, and therefore only limited rental data was available for the analysis.

RENTAL PRICE RANGES FOR APPRAISED PROPERTIES



Source and presentation: DIWG

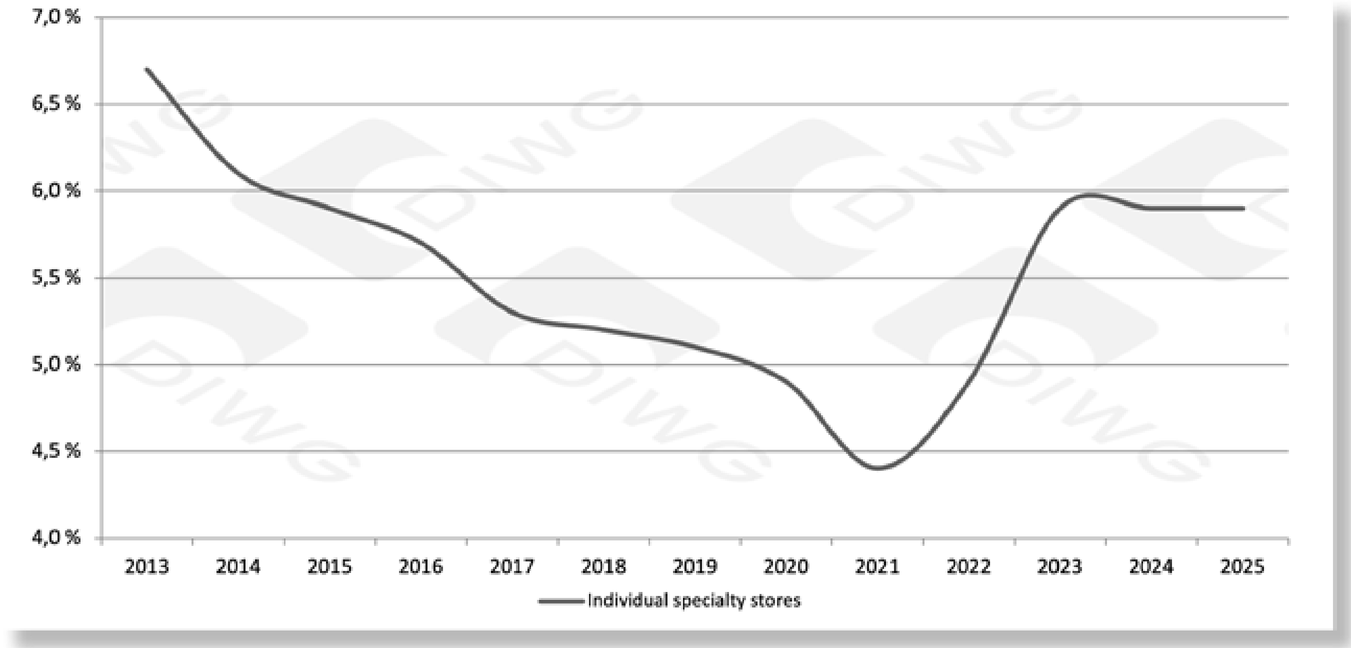
Due to declining demand and the current oversupply in the DIY store real estate segment, landlords are currently facing significant pressure to lease their properties. The increased availability of space is leading to fiercer competition among owners, shifting the balance of power in favor of tenants during negotiations. Prospective tenants thus effectively have leverage in contract negotiations, meaning that new lease rents and renewal terms tend to be agreed upon at a lower level or that additional incentives must be granted. Another aspect concerns the indexation of lease agreements. In some cases, this is being suspended or not fully passed on for DIY stores, as automatic rent increases tied to the consumer price index would place an additional burden on tenants in an economically challenging environment. By limiting or temporarily suspending index adjustments, the aim is to stabilize tenancies and prevent operators from being overburdened.

DIY STORES ARE LESS IN DEMAND AS INVESTMENTS

The strong demand for retail investments has been particularly hard hit by the COVID-19 pandemic. Since the last analysis in 2017, the volume of retail investment has fallen significantly. In 2017, retail investment volume stood at approximately €11.5 million. By the end of the pandemic in 2023, it had reached a low of approximately €4.8 million. The figure recovered slightly in the following years, reaching approximately €6.5 million in 2025. The significant decline in retail investment volume is attributable not only to the COVID-19-induced market slump but also, in particular, to persistently weak investor demand.

Structural changes in consumer behavior, particularly the growth of online retail, are increasingly calling into question the long-term viability of brick-and-mortar retail spaces and leading to greater caution in investment decisions. Last year, out of a total investment volume of approximately €23.7 billion in commercial real estate, around €6.5 billion was invested in retail properties. This represents a 19% share and a 3% increase compared to 2024. Specialty retail stores, which include DIY stores, accounted for 49% of the investment volume (€3.1 billion) in retail properties. Currently, market participants prefer investments in specialty retail stores and retail parks with a full-range grocery retailer or grocery discounter as the anchor tenant over a non-food-related anchor tenant. This is partly reflected directly in the purchase price multiple, which is then one to two multiples higher. Few significant sales have been observed in recent years. Due to lower demand, yields for DIY stores have risen since 2021, but remained constant at 5.75% during the 2023–2024 period. A further increase to 5.85% was projected for 2025.

TRENDS IN PRIME YIELDS FOR RETAIL REAL ESTATE IN GERMANY'S TOP 5 LOCATIONS



Source and presentation: DIWG

SPECIAL CONSIDERATIONS IN THE VALUATION OF DIY STORES

Above all, the characteristics of their buildings and the requirements for their micro-locations clearly distinguish DIY stores from traditional retail properties such as supermarkets and self-service department stores. From an appraiser's perspective, DIY stores are therefore specialized properties whose value-determining and value-influencing characteristics must be carefully examined during the appraisal process. These primarily include the location, the tenant, and the lease agreement; the physical condition of the building and its technical systems; and, above all, the ever-increasing sustainability requirements for the space and the location. Valuation is generally performed using the German income approach. In an international context, the investment method or the DCF (Discounted Cash Flow) method may be applied. The aforementioned methods are based on parameters that will be examined in more detail below.

DIY store	Market value	DIWG	Notes
Plot sizes m²	10.000 - 50.000	15.000 - 40.000	
Parking Space Requirements (number)	200 - 400		
Lease area (m²)	2.500 - 20.000	2.000 - 26.800	excluding discount stores, DIY stores, and city-center DIY stores
Sales area		6.000 - 12.000	
Net Floor Area / Gross Floor Area Ratio	rd. 0,95		
Sales Area-to-Usable Area Ratio	rd. 0,90		
Construction Costs (excl. external works, €/m² GFA)	1.200 - 1.000	1.500 - 2.460	BKI 2025
Ancillary Construction Costs (%)	15 - 20		
Maintenace €/m²/year	5,00 - 9,00		
Administration per Year (% of RoE)	1,0 - 2,0		
Annual Rental Loss Risk (%)	min. 4		
Total useful life in years	bis 40	30 - 40	
Net sales per m² of sales area per year (€)	1.000 - 2.100	1.000 - 2.400	
Market-standard rent share of net revenue %	7,0 - 8,5		
Market-rate rent per month (€/m²)	5,00 - 12,00	2,50 - 10,00	
Market Value / RoE (Factor)	12,00 - 16,00		Typical long-term range
Prime yield (%)		5,85	

Source: Study „Valuation of retail properties“ of HypZert GmbH (2025),
Hahn „Retail Real Estate Report 2025/2026“,
DIWG

MACRO- & MICRO LOCATION

For DIY stores, location is a key factor in determining value, one that is clearly reflected in property values. A location on heavily trafficked main roads is just as important as good visibility and the opportunity for external branding, such as through large billboards displaying current promotions. In recent years, access to public transportation has also become increasingly important. In particular, DIY store projects in downtown areas of major cities are increasingly seeking proximity to public transportation, in addition to excellent accessibility by private vehicle. Another key factor is the store's catchment area. Demographic trends and the residential structure of the population must be analyzed in detail, such as the proportion of homeowners. Furthermore, the competitive landscape within the catchment area must be examined as part of the valuation, as it has a direct impact on market dynamics and the potential sales level of the subject property.

TENANT AND LEASE AGREEMENT

The second key factor determining value is the tenant and the lease agreement. Since DIY stores are typically traditional single-tenant properties, the lease agreement must be examined with particular care during the valuation process. In particular, the tenant's creditworthiness and the contractual provisions must be analyzed. The appraiser must verify the plausibility of the agreed-upon lease rent. Depending on the contract structure and the tenant, there may be significant differences regarding provisions for indexation, agreed-upon incentives, and the apportionability of maintenance and operating costs. These factors often lead to a significant difference between the nominal and effective rent. Furthermore, the remaining term of the lease agreement—often taking into account the tenant's existing option rights and in correlation with the building's remaining useful life—must be factored into the valuation, for example when determining the property yield. The general rule applies: higher risk corresponds to a higher interest rate.

BUILDING STRUCTURE, MECHANICAL AND ELECTRICAL SYSTEMS & ESG

The physical condition of the building and its technical systems also have a significant impact on the property's value. As part of the appraisal, it is necessary to identify any structural defects or maintenance backlogs and account for them by applying appropriate value adjustments. In particular, issues related to fire safety, the heating and ventilation systems, and the condition of the roof must be analyzed. A defective or outdated roof can quickly reduce the property's value by a high six-figure investment sum. The outdoor facilities and the exterior appearance also represent key indicators of value. Damage to parking areas, access roads, or maneuvering areas poses a significant cost risk, particularly due to their size. Furthermore, a property's sustainability profile is becoming increasingly important. ESG criteria (Environmental, Social, Governance) play a central role, particularly for commercial real estate, as investors, financiers, and users are increasingly focusing on energy-efficient and resource-conserving buildings. Sustainable technical infrastructure can have a positive impact on market appeal and, consequently, on the long-term value of the property.

The DIY store building has made significant strides in sustainability initiatives in recent years. Particularly noticeable is the growing number of electric vehicle charging stations in the parking lots. Given the typically large number of parking spaces, it makes sense to dedicate a portion of this space to charging infrastructure. This helps position the location as forward-thinking and sustainable. Photovoltaic systems also play an important role in this regard. The large and mostly flat roof surfaces of DIY store properties are particularly well-suited for the installation of PV systems. Additionally, covered parking spaces can be used for the integration of such systems. In this way, part of the high energy demand can be covered by self-generated, renewable electricity. In some cases, photovoltaic systems are also required by law. Several federal states have a PV requirement for new buildings or extensive roof renovations. This requirement applies, among other things, to commercial buildings, which include DIY stores. As of 2026, eight federal states are affected: Hamburg, Baden-Württemberg, Bavaria, Schleswig-Holstein, Bremen, Lower Saxony, North Rhine-Westphalia, and Berlin.

Another noteworthy aspect is the use of rainwater harvesting systems. Many DIY stores with garden sections collect rainwater and use it to water the plants they sell. This allows part of the water demand to be met by naturally collected rainwater. This reduces operating costs while simultaneously strengthening the property's environmental credentials. In addition to construction quality, the condition of the property, in conjunction with its suitability for third-party use, is the most important indicator for determining the economic remaining useful life of a DIY store.

AREA SUSTAINABILITY

The sustainability of retail spaces is becoming increasingly important in light of the future development of the home improvement industry. Clear trends are already evident today, particularly through so-called cross-selling to expand the product portfolio and build customer loyalty. This gives rise to new requirements for store design that must be taken into account during the evaluation process. If there are no opportunities for expansion, this can, in extreme cases, lead to the tenant not renewing the lease and seeking a location with greater development potential.
In addition, many DIY chains are expanding their drive-in areas, which requires additional space. In urban areas in particular, this can often only be achieved by reducing the number of customer parking spaces, provided that expansion space was not factored into the original planning. A key factor in the sustainability of a DIY store is its suitability for alternative uses. This becomes particularly important when the current tenant vacates the property. Due to the buildings' heights, which often exceed 8 meters, and their vertical storage structures, re-leasing is significantly more difficult than with traditional retail properties such as supermarkets or hypermarkets. If several modern DIY stores are already established in the catchment area, it is also unlikely that they will be considered as potential new tenants. Restrictive local building code requirements and zoning restrictions can also significantly limit the property's future use. During the property inspection, it is therefore important to verify whether there are opportunities to expand retail space, sufficient maneuvering and storage areas in the rear, and adequate customer parking. Additionally, the competitive landscape in the surrounding area must be carefully analyzed.

OTHER VALUE-INFLUENCING CHARACTERISTICS

In addition to the aforementioned factors, encumbering property characteristics must be taken into account, as these can have a particular impact on the mortgage lending value of a DIY store. These include—besides building encumbrances—primarily entries in Section II of the Land Register that have a potentially value-depreciating effect.
Specifically, these comprise rights of way and vehicular access, utility rights, and other easements—such as tenant easements. If a tenant easement is not structured in compliance with VdP standards (Source: VdP – Association of German Pfandbrief Banks, Circular No. 99 regarding Tenant Easements, dated July 31, 2009), this may, in individual cases, lead to the rejection of the mortgage loan.

CONCLUSION

The German retail landscape for DIY stores is undergoing a process of sustained structural change. Particular attention is focused on the trajectory of weaker market players—such as Hellweg—given that their future strategic direction could exert significant influence on market structure and site development. Of particular interest is how vacated spaces will be utilized in the future, or to which operators or retail concepts these locations will ultimately pass.

The industry trend clearly points toward a reduced number of branches, accompanied by an increase in sales floor area per location. Online retail increasingly complements brick-and-mortar retail, yet it cannot fully replace it. Rather, there is a close integration between digital offerings and physical retail spaces—a development that can also be observed within the grocery retail sector. Numerous innovations originating in grocery retail—such as self-service checkouts—are gradually being adopted by DIY stores.

Compared to the broader industry, both rental rates and space productivity continue to hover at a relatively low level. This imposes economic constraints on the structural design and technical specifications of DIY store properties. On the investment market, DIY stores are becoming progressively less attractive, a trend that has resulted in rising yields over recent years.

The total useful life assumed for valuation purposes—up to 30 years (under the BelWertV) or 30 years (under the ImmoWertV)—appears market-appropriate when viewed against the backdrop of typical lease terms, which typically comprise a fixed initial term of 15 years plus renewal options (e.g., 3 × 5 years).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ABOUT DIWG

DIWG valuation GmbH is a medium-sized valuation firm that has been active in the field of real estate valuation for many years. In addition to German and international banks, our clients include investors, pension funds, fund management companies, family offices, and private clients.

Located across various sites, our employees possess a diverse range of professional qualifications—including credentials as Real Estate Appraisers (HypZert F), Chartered Surveyors (RICS), Certified Engineers/ Certified Experts, and BaFin-accredited specialists—and contribute the necessary expertise and many years of experience to our real estate valuation services.

Thanks to our memberships in specialist groups of the Society for Real Estate Research (gif), our regular professional publications, our trend reports, and our advisory work for investment firms, we maintain a strong proximity to the market.

Independence, speed, reliability, and in-depth market knowledge constitute our core competencies. We would be pleased to assist you as well with the valuation of your property or properties.

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