



€ 2,450

Prime rent Kalverstraat

YoY  
Chg12-Mo.  
Forecast

10.6%

Population Growth 2050

5.3%

Vacancy Rate

Source: CBS, Locatus, Cushman &amp; Wakefield

ECONOMIC INDICATORS  
H1 2023

0.8%

GDP Growth forecast  
2023

0.3%

Consumer Spending  
Growth forecast 2023  
vs 2022

2.5%

Turnover Growth 2023  
vs 2022

Source: DNB, ING, Cushman &amp; Wakefield

## LOCAL MARKET RESEARCH LEAD

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## INVESTMENT MARKET: marketability of High Street greatly improved

Since mid-last year, retail investors have adopted a cautious stance, which has persisted in the first half of 2023, as evidenced by the modest transaction volume of EUR 360 million (-43%). The retail investment market is plagued by sharply increased rates for external financing due to high inflation, while on the occupier side of the retail market, daily operations are closely scrutinized. Retailers are facing significantly higher costs for purchasing, wages, energy, and potentially delayed tax filings, while consumer purchasing power is also under downward pressure due to the same factors.

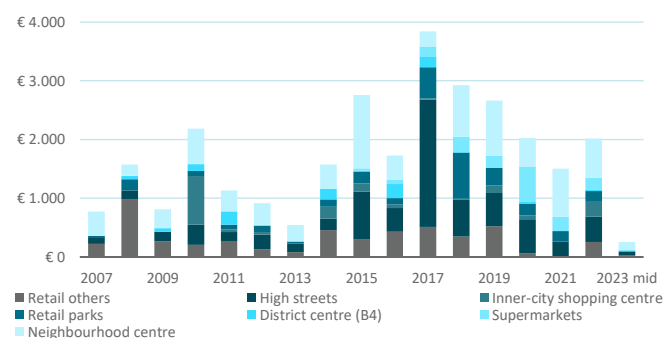
Regardless of the need for external financing, investors do determine their desired initial yield based on current interest rates. In the retail investor-dominated segment of the market, this means that they generally do not bid below the cost of external financing, whether they use it or not. As a result, very little product has been brought to the market so far this year. For the most expensive retail space on the busiest shopping streets, the relative marketability of the High Street segment compared to the other retail segments has strongly improved, with investor interest appearing to focus mainly on the best shopping streets in the G4. The combination of relatively high returns and possibilities for alternative use has contributed to this.

## OCCUPIER MARKET: turnover growth as prices go up

Retailers are facing increased costs, while the purchasing power of shoppers remains subdued. This is clearly reflected in the declining retail sales since May of last year. The months of December and January showed a small increase, but since they are compared to the same months of the previous year, this seems to be mainly a lagging effect of the last Omicron lockdown, during which non-essential stores had to remain closed between December 19, 2021, and January 14, 2022. The ING Economic Bureau maintains its prediction of a 2.5% increase in turnover for 2023, with this growth mainly being driven by price increases.

In the past quarter, several retailers have encountered financial difficulties. Despite achieving good sales figures, the issues mainly stem from specific problems in their financial or operational management. These may include increased interest expenses for heavily financed retail chains (various chains) or problems in aftersales due to inadequate logistics (VanMoof). Retail chains who are heavily reliant on the online sales channel are currently facing challenges as well and are trying to diversify by opening new physical stores to turn the tide. In most cases, there is a clear cause for the financial problems.

## RETAIL INVESTMENT MARKET to segment | EUR bln.



## RETAIL TURNOVER | change to same month last year (%)

