NETHERLANDS

Cushman & Wakefield

Global Cities Retail Guide

NETHERLANDS
OVERVIEW

The Netherlands is an open and dynamic country with a strong international focus. Due to its strategic location in Europe, the Netherlands is regarded as the primary gateway to Europe. Retailers and other companies alike have used The Netherlands both as a pilot market for European success and as a hub from which to cover other European markets.

With 17.2 million inhabitants living on approximately 40,000 km^2, The Netherlands has the highest population density of Europe (excluding mini states such as Monaco). However, no Dutch city has yet reached a million inhabitants and each retains a unique character and architectural style.

The Netherlands consistently ranks among the top places in the world to live and work due to the fact its inhabitants enjoy very high living standards. This high standard of living is partly a reflection of the country's wealth (ranked 12th based on GDP per capita, IMF 2018).

The current Dutch retail market structure is characterised by a high density of cities and their respective retail areas. This structure is the product of active government policy from the post-war period onwards and is inspired by Christaller's Central Place Theory. According to this model there is one dominant retail area (generally a city centre) surrounded by smaller, less dominant retail areas (mostly district shopping centres) which are also surrounded by smaller retail areas that generally focus on the neighbourhood and sales of daily goods (neighbourhood shopping centres). Most of the aforementioned schemes are typical to the Dutch retail structure. However, because of larger retail developments the structure of the retail market is changing slowly, mostly affected by retail warehouses, DIY-stores and factory outlet centres. Due to strict regulations, there is only a modest number of Out of Town retail parks, and the Dutch retail market is still focused on high street retail. The total retail stock in The Netherlands comprises 20 million m^2, of which 6.8% is currently vacant.

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ECONOMIC OVERVIEW

ECONOMIC SUMMARY

ECONOMIC INDICATORS*	2018	2019F	2020F	2021F	2022F
GDP growth	2.6	1.6	1.5	1.5	1.6
Consumer spending	2.5	1.9	1.6	1.4	1.4
Industrial production	1.5	1.2	1.2	1.2	1.2
Investment	4.2	3.2	2.2	1.9	1.4
Unemployment rate (%)	4.8	4.4	4.6	4.7	4.9
Inflation	1.7	2.0	1.8	2.0	2.0
GB per € (average)	2.2	2.2	2.2	2.2	2.2
US$ per € (average)	1.2	1.1	1.2	1.2	1.3
Interest rates Short term (%)	0.0	0.0	0.2	0.5	0.7
Interest rates 10-year (%)	0.6	0.4	0.6	1.0	1.3

ECONOMIC BREAKDOWN

Population	17.2 million (2018)
GDP (nominal)	US$ 913.5 billion (2018)
Public Sector Balance	1.9% of GDP (2018)
Public Sector Debt	67.2% of GDP (2018)
Current Account Balance	10.8% of GDP (2018)
Parliament	Four-party coalition government
Head Of State	King Willem Alexander
Prime Minister	Mark Rutte
Election Data	March 2021 (federal)

RETAIL SALES GROWTH:
% CHANGE ON PREVIOUS YEAR

NETHERLANDS	2018	2019F	2020F	2021F	2022F
Retail Volume*	3.1%	1.4%	1.2%	1.2%	1.2%

Note: *annual % growth rate unless otherwise indicated. Figures are based on local currency and in real terms. E estimate F forecast

Source: Oxford Economics Ltd.

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LARGEST CITIES

CITY	POPULATION
Amsterdam	863,202
Rotterdam	644,527
Den Haag/ The Hague	537,988
Utrecht	352,795
Eindhoven	231,469
Tilburg	217,342
Groningen	203,848
Breda	184,069

Source: National Statistics (CBS)

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RETAIL OVERVIEW

MAJOR DOMESTIC RETAILERS

De Bijenkorf, Hunkemöller, C&A, HEMA, WE, The Sting, Costes, Scotch & Soda, G-Star, Suitsupply

INTERNATIONAL RETAILERS IN THE NETHERLANDS

Hudson's Bay, Primark, H&M, Zara, Uniqlo, New Yorker, COS, Monki, & Other Stories, Pull & Bear, Foot Locker, Bershka, Stradivarius, Apple, TK Maxx

FOOD AND BEVERAGE OPERATORS

McDonalds, La Place. Subway, Kentucky Fried Chicken, Dominos, Burger King, Bagels & Beans, Vapiano, Happy Italy, Starbucks, Wagamama, New York Pizza, Taco Bell

TYPICAL HOURS

MONDAY – SATURDAY	SUNDAY
09:00 - 18:00	Differs per municipality

National regulations indicate that retail is allowed to open between 06.00 – 22.00 from Monday to Saturday. For Sunday openings, opening hours are determined by the local authorities. Note that there are significant differences between retail sectors and their opening hours.

NEW ENTRANTS TO MARKET

Uniqlo	Under Armour	Only & Sons	Samsøe & Samsøe	TK Maxx	Muji

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RETAIL SCENE

The Retail Scene

Main streets with non-food retailing and the highest rental levels are split into three different forms.

1. Major inner cities, totalling 17 schemes and covering 2.0 million sqm. These are only found in the major cities with more than 400 shops such as Amsterdam, Eindhoven, and Maastricht. The streets are dominated by fashion (such as Zara and H&M) and department stores (such as HEMA, Bijenkorf and the recently arrived Hudson's Bay) with relatively large catchment areas, although small in comparison to other European major cities.

2. Inner cities, totalling 121 schemes, covering a total of 4.6 million sqm These are located at the heart of a town with 100 - 400 shops. Examples include historic town centres such as Deventer and Leiden, as well as the more modern developed town centres like Amstelveen and Lelystad. These inner cities have a stock that contains a substantial proportion of non-food retailing and one or two department stores. The inner cities have a regional function, yet are significantly smaller than the 17 schemes in the major cities and thus cover smaller catchment areas.

3. Smaller towns and villages, totalling approximately 828 schemes with 3 - 100 shops. Their stock totals over 5.1 million sqm. Dominant sectors here are daily goods and some non-food stores. In towns with more than 20,000 inhabitants, one or two small department stores (such as Hema) can be found and in general these centres mainly have a local function.

Shopping Centres

The total shopping centre GLA ranks amongst the highest in Europe, with approximately 6.9 million sqm. The Netherlands stands at approximately 373 sqm per 1,000 inhabitants. This is higher than other European countries such as the United Kingdom, France, Belgium and Germany. The shopping centre market of the Netherlands is characterized by relatively small shopping centres and only a few centres of 50,000 sqm and above.

Factory Outlet Market

The Netherlands currently has three factory outlet centres scattered around the country. With Designer Outlet Centre (DOC) Roermond being voted best factory outlet centre in Europe in 2010, the country has proven to have high quality outlet centres. In addition to the centre in Roermond, there are also designer outlet centres in Roosendaal, Lelystad and Amsterdam. The Style Outlets in Amsterdam are currently being developed and will be completed in 2018. The percentage of the total share of outlet centres in the Netherlands out of the total stock are respectively: Designer Outlet Roermond (39%), Bataviastad Lelystad (26%), Rosada Factory Outlet Roosendaal (20%) and The Style Outlets Amsterdam (15%).

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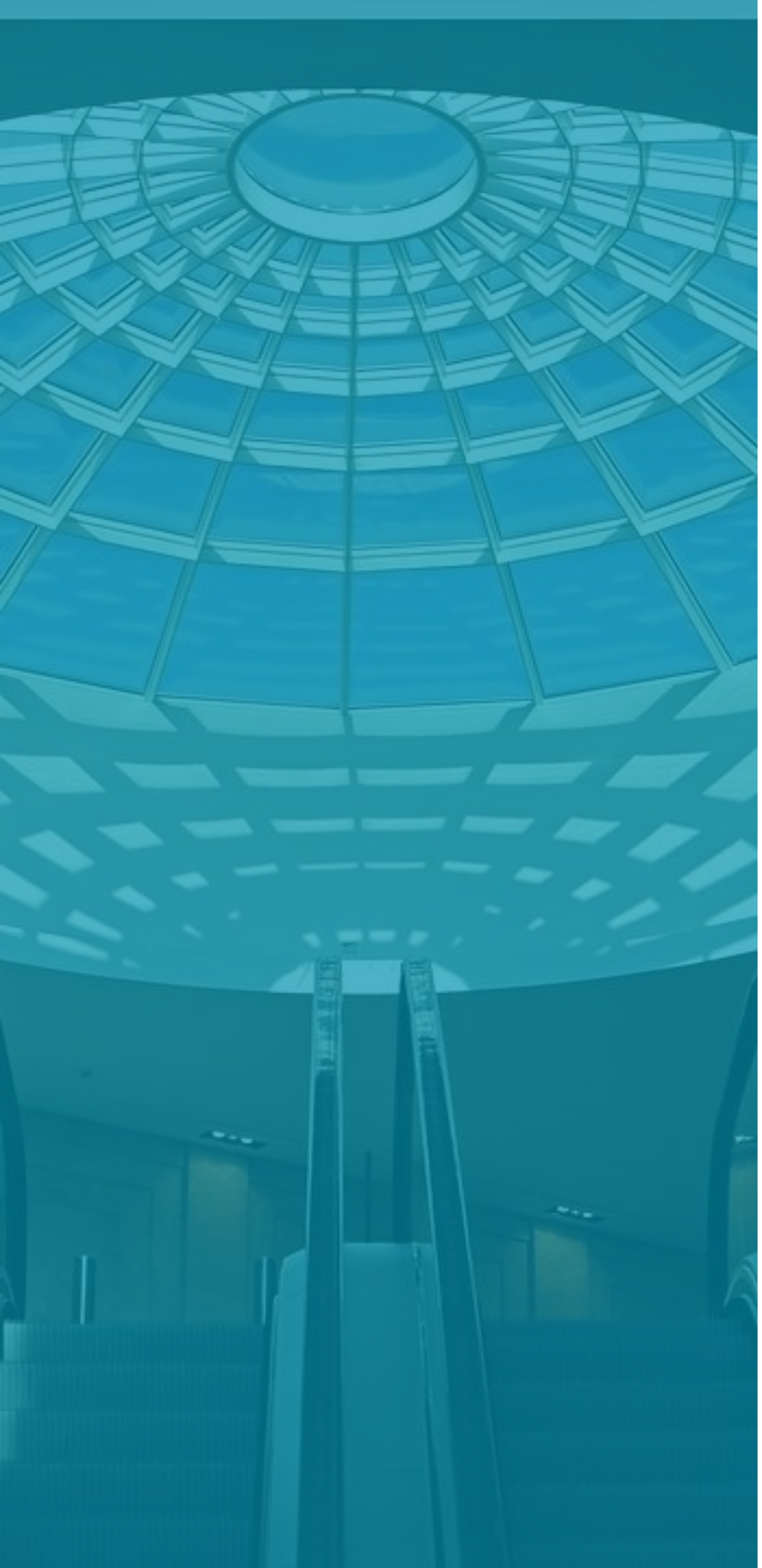
SHOPPING CENTRES



TOP SHOPPING CENTRES BY SIZE

NAME	CITY	SIZE (GLA SQM)	YEAR OPENED
Hoog Catharijne	Utrecht	102,000	1971 (2019)
Leidschenhage (Mall of the Netherlands)	Leischendam	117,000	1971 (2020)
Citymall	Almere	89,500	1985
Zuidplein	Rotterdam	70,000	1972
Stadshart	Zoetermeer	60,000	1985
City Plaza	Nieuwegein	56,000	1985
WoenselXL	Eindhoven	55,450	1951
Amsterdamse Poort	Amsterdam, Zuidoost	50,500	1986
Kronenburg	Arnhem	49,500	1972 (2016)
Stadshart	Amstelveen	47,500	1962 (2022)
Alexandrium	Rotterdam	45,000	1984
Gelderlandplein	Amsterdam	35,000	1968 (2013)
De Heuvel	Eindhoven	35,000	1992 (2015)
Entre Deux/mosae Forum	Maastricht	31,000	2007
Pieter Vreedeplein	Tilburg	28,000	2010 (2017)
Barones	Breda	28,000	1997 (2017)
De Klanderij	Enschede	20,400	2003

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KEY FEATURES OF LEASE STRUCTURE

KEY FEATURES OF LEASE	
ITEM	COMMENT
Lease Terms	Minimum of 10 years; this can either be a contract of 5 + 5 extension/ option years or, in intervals of 5 years, a 10 to 15 etc years contract. After the end of the contract the lease term gets extended yearly. If parties wish to deviate from a 10 year period they have to ask the court for approval. Terminating a lease can only be completed under certain conditions (1) claim for own use, (2) to do a large scale redevelopment (shopping centre) or because the building is in a dangerous state, (3) retailer doesn't pay the rent or damages the building. Other than the reasons listed above, it is impossible for a landlord to terminate the lease.
Rental Payment	Monthly or quarterly in advance.
Incentives	Rent-free period 1-2 month for fitting out store. Not fit out contribution.
Rent Review	Possible after first term, then after every 5 years. Review to comparable rental prices over last 5 years, which has a dampening effect.
Service Charges, Repairs and Insurance	Services charges depend on contract. In shopping malls services will be charged. On high streets service charges are rare. Tenant: Minor repairs. Landlord: Main structural repairs.
Disposal of a Lease	Permitted, subject to lease and landlord consent. Assignment: subject to initial lease contract or to be negotiated upon. Sub-letting: generally not, but landlords cannot turn down requests made on reasonable grounds and so sub-letting is subject to a landlord's written approval.
Measurement practice	NEN 2580 i.e. from glass to glass, excluding vertical circulation areas and building related technical areas.
Legislation	Dutch Civil Law Code book 7.

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KEY FEATURES OF LEASE STRUCTURE

KEY FEATURES OF LEASE	
ITEM	**COMMENT**
Property Taxes and other costs	The landlord and the tenant are each partly responsible for the property tax levied by the Local Authority. Each property is assessed for taxation purposes, known as "onroerende zaak belasting". The local government gives a value on the property and that value remains for one year. Each year the central government collects the tax. The rate depends on the local government and this is a percentage of the value of the Immovable Property Act. The average property tax in the most attractive shopping cities amounts to a percentage of the value of the immovable property act; 0.2476% for the landlord and 0.1944% for the tenant. Below, rates of the property tax are stated per city.

PROPERTY TAX RATES

LOCATION	LANDLORD	TENANT
Amsterdam	0.17%	0.14%
Rotterdam	0.34%	0.25%
The Hague	0.24%	0.20%
Utrecht	0.32%	0.26%
Eindhoven	0.22%	0.18%
Tilburg	0.21%	0.17%
Groningen	0.49%	0.39%
Almere	0.31%	0.25%
Breda	0.21%	0.17%
Den Bosch	0.29%	0.23%
Maastricht	0.27%	0.22%

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