MARKETBEAT

NETHERLANDS

Retail Q4 2019

	YoY Chg	12-Mo. Forecast
€ 2,750 Prime rent	▼	▬
7.8% Population Growth 2050	▲	▲
7.2% Vacancy Rate	▲	▲

Source: CBS, Cushman & Wakefield

ECONOMIC INDICATORS Q4 2019

	YoY Chg	12-Mo. Forecast
1.7% GDP Growth	▼	▼
4.6% Consumer Spending Growth	▬	▼
3.4% Turnover Growth	▲	▲

Source: CBS, Cushman & Wakefield

LOCAL MARKET RESEARCH LEAD

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INVESTMENT MARKET: investment in retail property is relatively modest

In 2019, approximately EUR 23.5 billion has been invested in Dutch property. This is approximately the same investment volume as in 2018, with just a slight decline of 1%. It is expected that the investment volume in 2020 will be tempered, due to the lack of available investment opportunities. Despite the stabilization in the investment volume, it is still far above the long-term average.

With a 10% share of the total investment volume, the portion of investment in retail property is relatively modest. This share equals a total investment volume of EUR 2.4 billion. The share of retail property investments relative to the total investment volume in commercial property has decreased. Moreover, retail property investments in 2019 have not contributed proportionally to the combined high total investment volume. Investors involved in the retail property market look for a new 'normal', realizing that the retail market is currently undergoing a structural transformation as a consequence of the arrival of both alternative data and sales channels. The market for retail properties has become rather polarized: popular investment products are being sold very quickly and at competitive yields, while the other offer is confronted with little to none investor appetite. Currently, private investors accept the lowest gross initial yields at the top retail locations and thereby acquire the best solitary retail properties in the major retail cities. Investors' appetite for small neighborhood centers with one or two supermarkets or solitary supermarket properties are high.

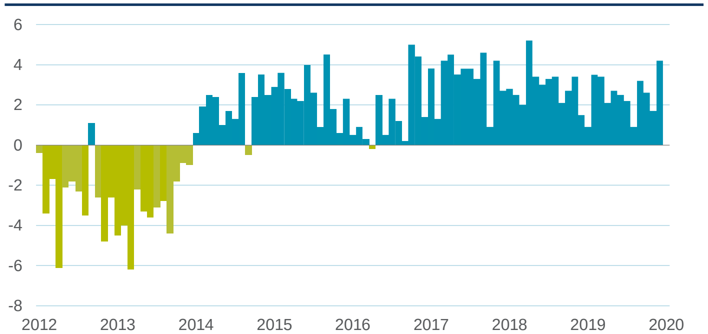
OCCUPIER MARKET: Polarization continues

As a consolidation in the online retail market is expected from this year onwards, it is widely expected this will have an effect on the physical retail market. The precise effect will, however, strongly depend on the quality of the shopping street itself. The online platforms are likely to open up service points for offline presence while several online retailers have recently opened up a physical store. In general, however, online stores that go physical will ultimately only cover a limited part of the physical retail market. Therefore, availability is increasing, resulting in relocation of existing stores to units with the highest footfall. More availability in combination with lower rents makes it possible for retailers to move to better locations at lower costs. This characterizes the current occupier market dynamics. This trend seems to indicate that visitors favor large and attractive shopping cities over small shopping locations. The result is an expansion of the catchment areas of major shopping cities, which leads retailers to aim their search queries exclusively at the biggest and most popular shopping cities.

PRICING: Rental levels under pressure

Rental levels on prime high streets are slightly declining, as a result of competition amongst the available vacant retail units and a slightly declining demand.

RETAIL TURNOVER | % y.o.y.



RETAIL YIELD DEVELOPMENT | GIY, incl. buyers costs