



**122K**

Take-Up sq m (FY 2019)

YoY Chg



12-Mo. Forecast



**€150**

Prime High Street Rent (€/sqm/m)



**3.25%**

Prime High Street Yield



**ECONOMIC INDICATORS Q1 2020**

**-0.25%**

Bond Yields

YoY Chg



12-Mo. Forecast



**-0.38%**

GDP Growth for 2020



**0.21%**

Consumer Price Index



Source: Oxford Economics \*

\* The above economic data is from Oxford Economics. As the current economic data vary significantly between the different sources, we refrained from using specific figures in our economic overview and recommend to examine other available sources.

**Economic Overview**

The spread of coronavirus in Europe and the containment measures imposed in Luxembourg should result in a severe decline in GDP growth for the first half of the year. Little economic data since the outbreak is available yet, so assessing the impact of the lockdown remains very challenging. Its consequences on the labour market, however, is considerable (but includes mainly economic unemployment due to the virus). Furthermore, both consumer and business confidence are down. The negative economic outlook is expected to be sharp but could be short if the pandemic does not last too long.

**Occupier Focus**

After an exceptional 2019 with more than 122,000 sq m of take-up recorded (thanks namely to the openings of shopping centres La Cloche d'Or and Royal Hamilius), the start of 2020 is back to average with around 4,200 sq m of take-up observed in Luxembourg. The global picture is to be read carefully as these figures do not reflect the impact of the COVID-19 crisis yet. Even if too early to say, it could have a bigger negative impact on the frequentation of a shopping centre while it could act as a boost for local and neighbouring shops. People will also certainly buy more online and if the experience is positive, this could lead to changing patterns in the way of shopping.

Prime rents should slightly decrease in 2020 to stand at 150€/sq m/month in the Grand Rue (compared to 210€ in 2017 and 160€ in 2019). They should also decrease along the avenue de la Gare until completion of the works scheduled in the first semester 2021. A slight decrease of the prime rent is also observed in the shopping centre which now stands at 100€/sq m/month (compared to 115€ previously) while the out-of-town sector is less impacted and where the prime rent is stable at 23€/sq m/month.

**Investment Focus**

51 MEUR have been invested in retail assets in Q1 with the purchases of the Walfer Shopping Centre and the Retail Park Sandweiler respectively for 27 MEUR and 24 MEUR. Few opportunities currently exist in the market and the COVID-19 crisis could negatively weigh on investors' appetite and therefore limit the investment activity.

Prime yields have been stable in the different sectors compared to 2018. Prime yields in the high streets are to be found at 3.25%, 5.25% in the shopping centre and 6% in the out-of-town retail.

**LUXEMBOURG TAKE-UP (000 SQM, LHS) AND # DEALS (RHS)**



**PRIME RENTS BY SECTOR (EUR/SQ M/MONTH)**





## MARKET STATISTICS Q1 2020

SECTOR	PRIME RENTS Q4 2019 (€/sq m/m.)	PRIME YIELD
High streets	150	3.25%
Out-of-town retail	23	6.00%
Shopping centre	100	5.25%

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