

NETHERLANDS

Retail Q2 2020

	YoY Chg	12-Mo. Forecast
€ 2,750 Prime rent	▼	▼
7.8% Population Growth 2050	▲	▲
7.5% Vacancy Rate	▲	▲

Source: CBS, Cushman & Wakefield

ECONOMIC INDICATORS Q2 2020

	YoY Chg	12-Mo. Forecast
- 6.4% GDP Growth forecast	▼	▼
- 12.8% Consumer Spending Growth	▼	▼
0.5% Turnover Growth	▲	▼

Source: CBS, Cushman & Wakefield

LOCAL MARKET RESEARCH LEAD

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INVESTMENT MARKET: searching the new normal

In the first two quarters of 2020, approximately EUR 700 million has been invested in retail property, with the majority already realized before the new Coronavirus outbreak. The Retail and Hospitality industry are currently in severe weather as businesses are heavily affected as a result of the contact-limiting measures that have been put in place to prevent further spread.

Although shops and restaurants have now reopened their doors and the public space is getting busier by the day, the current situation is still far from normal. Keeping at least one and a half meters distance will remain the most important standard for a long time to come and as a result of hygiene measures, store visits will involve queuing in front of the entrance, continuous disinfection, often closed fitting rooms and rest rooms and possibly the obligation to wear a mouth mask in the short term. On top of this, the chance of a new outbreak remains, which creates uncertainty among retailers, investors and shoppers alike.

OCCUPIER MARKET: polarization between the branches

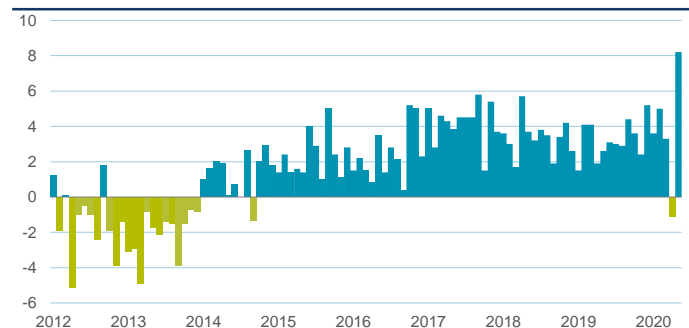
Although retail sales were severely impacted by contact mitigation measures, monthly turnover statistics draw a mixed picture. These show a modest decrease only in April (last was in 2014), while May rebounded with an increase of 8.2% and resulted in a historic increase in turnover, with both the food and non-food sectors achieving higher turnovers.

The average retail property vacancy rate in The Netherlands has increased from 7.2% in January to 7.5% as of July 2020. Largely as a result of Hudson's Bay departure, retail vacancy has been rising in the major shopping cities. A significant number of buildings are either being prepared for new tenants or being the subject of study for alternative use. However, it did not diminish the significant discrepancies in vacancy between the various shopping areas. The 20 largest shopping cities still register lower vacancy rates compared to their smaller and rural counterparts, which demonstrates the increasing differences in retail property vacancy rates in the major cities and those in small cities and towns. This trend seems to indicate that visitors favour 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

Current market dynamics in the retail market area characterized by retailers that relocate their existing stores to vacant units with the highest footfall. Ample supply in combination with competitive rents makes it possible for retail entrepreneurs to move to better locations at lower rents.

RETAIL TURNOVER | % y.o.y.



RETAIL YIELD DEVELOPMENT | GIY, incl. buyers costs

