

# NETHERLANDS

Retail Q3 2020

	YoY Chg	12-Mo. Forecast
€ 2,700 Prime rent	▼	▼
7.8% Population Growth 2050	▲	▲
7.5% Vacancy Rate	▲	▲

Source: CBS, Cushman & Wakefield

## ECONOMIC INDICATORS Q2 2020

	YoY Chg	12-Mo. Forecast
- 5% GDP Growth forecast	▼	▼
- 5.1% Consumer Spending Growth	▼	▼
9,3% Turnover Growth	▲	▼

Source: CBS, Cushman & Wakefield

## LOCAL MARKET RESEARCH LEAD

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## INVESTMENT MARKET: searching the new normal

The share of retail investments in the total volume will most likely turn out lower than previous years, totalling approximately 10%. In the first three quarters of 2020, approximately EUR 1.1 million has so far been invested in retail property, with the majority already realized before the virus outbreak. The Retail and Hospitality industry are currently in severe weather as business is heavily affected as a result of the contact-limiting measures that have been put in place to prevent further spread. After shops, bars and restaurants opened their doors in the summer and the public space got busier, this was reversed at the beginning of October due to the increasing number of infections. It was strongly advised to wear mouth masks, to close catering establishments and to suspend competitions. The increase in the number of Corona infections is creating renewed uncertainty among retailers, investors and the shoppers. In the retail market, stakeholders were already looking for a new normal before the lock-down, realizing that the retail market is undergoing major structural changes as a result of the alternative information and sales channels for the retail trade. The COVID-19 outbreak accelerated these slow structural changes and made them visible. For example, the demand for stand-alone retail properties in the core shopping areas has declined sharply. Both institutional and private investors have adopted a wait-and-see approach. The segment is faced with downward pressure on market rents and an assertive tenant base in properties that usually have limited alternative uses.

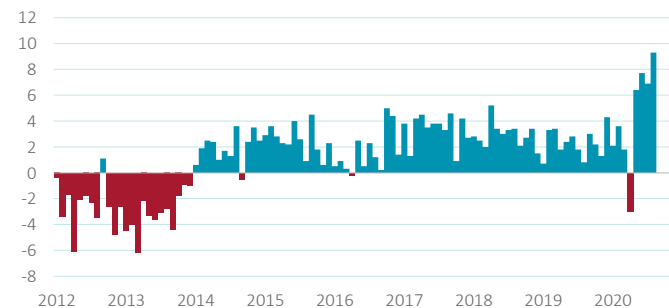
## OCCUPIER MARKET: polarization between the branches

The turnover in the retail trade has been strongly influenced by the contact-limiting measures, although these are only visible to a limited extent in the turnover development per month of the total retail trade. It only showed a decrease in April (last was in 2014), while an average increase of 7.6% was registered in the period from May to August, with both the food and non-food sectors achieving higher sales. The fact that, according to Statistics Netherlands, online turnover was no less than 39% higher in April than in the same month a year earlier, proves the catalytic effect of the Corona crisis on the retail market. Finally, the turnover of food stores increased by more than 8.8% in May. An expansive strategy currently means opening stores in the top 5 shopping cities in the Netherlands, while established retailers optimize and focus on a more limited number of cities with a preference for flexible rental contracts. Bankruptcies have not yet occurred because retailers are making use of the support measures, although they will expire in 2021 and unemployment is expected to rise and purchasing power to decline. The outlook for HEMA appears positive with an intended acquisition by Jumbo, Blokker takes over BCC and the FNG group (Miss Etam, Claudia Sträter and Steps) is relaunched in the Netherlands.

## 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

