MARKETBEAT

NETHERLANDS

Retail Q4 2020

	YoY Chg	12-Mo. Forecast
€ 2,700 Prime rent	▼	▼
7.8% Population Growth 2050	▲	▲
7.6% Vacancy Rate	▲	▲

Source: CBS, Cushman & Wakefield

ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
2.8% GDP Growth forecast	▼	▶
- 4.4% Consumer Spending Growth	▼	▼
8.4% Turnover Growth	▲	▼

Source: CBS, Cushman & Wakefield

LOCAL MARKET RESEARCH LEAD

Jos Hesselink
+31 (0) 6 29 738 608
Jos.Hesselink@cushwake.com

INVESTMENT MARKET: appetite for convenience

The retail market represented 12% in the total investment volume of 2020, which is an increase of 2% compared to previous year. Despite the increase of the share, the retail investment volume amounted EUR 2.0 billion, which is 17% below 2019. Most of the investment volume has been realized before the virus outbreak, although, December witnessed a strong performance as well due to the transfer tax that will increase in 2021. Both Retail and Hospitality are in severe weather as business is heavily affected due to the contact-limiting measures that have been put in place to prevent further spread and have even become stricter in December. 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. Only private investors purchase trophy assets on high streets at relatively low prices with own funding. Banks are not willing to fund non-convenience retail at all. The segment is faced with downward pressure on market rents and an assertive tenant base in properties that usually have limited alternative uses. Interest rises in convenience-based retail, both from institutional as well as private investors.

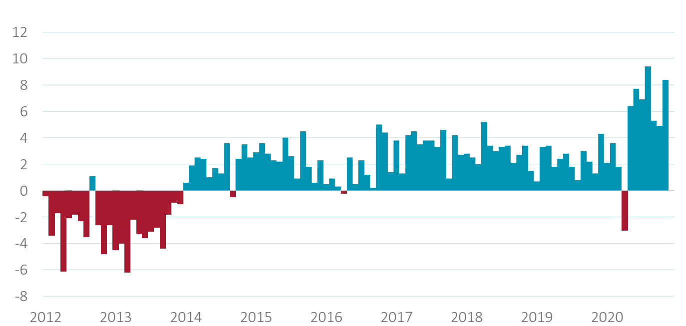
OCCUPIER MARKET: polarization between the branches

Retailers in fashion face difficulties in their cashflow due to the lockdown in the best period of the year, December, these retailers still have their winter collections. Compared to the first lockdown landlords are more willing to understand the current situation the retailers are in, as they were forced to close and depend on the government support and their online sales. It is expected that bankruptcies will increase in 2021 after the lockdown and the support from the government ends. Unemployment is expected to rise and purchasing power to decline. Online platforms like Bol.com, Zalando and Amazon are expected to show a strong growth in 2021, as retailers do not have to invest in their own website while reaching many consumers. Retailers optimize and focus on a more limited number of cities with a preference for flexible rental contracts. The outlook for HEMA appears positive with the acquisition by Jumbo, although, the retailer is facing difficulties during the most recent lockdown. The supermarkets are witnessing record-high turnover rates, as they are the only one that can be open during the lockdown.

PRICING: Prime rents face a decline

Prime rents on high streets show a decline. There is an increasing amount of space available, which enables retailers to relocate their existing stores to vacant units with a higher footfall. In addition, lower rents can cause a new dynamic as retailers will be more profitable due to housing costs.

RETAIL TURNOVER | % y.o.y.



RETAIL YIELD DEVELOPMENT | GIY, incl. buyers' costs