MARKETBEAT

NETHERLANDS

Retail Q2 2021

	YoY Chg	12-Mo. Forecast
€ 2,600 Prime rent	▼	▼
7.8% Population Growth 2050	▲	▲
7.6% Vacancy Rate	▲	▲

Source: CBS, Locatus, Cushman & Wakefield

ECONOMIC INDICATORS Q2 2021

	YoY Chg	12-Mo. Forecast
3.2% GDP Growth forecast 2021	▲	▲
1.3% Consumer Spending Growth 2021 vs 2020	▼	▲
7.8% Turnover Growth Q2	▲	▲

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

Largely as a result of the mandatory closing of non-essential shops throughout the first quarter, retail market investment activity almost came to a complete standstill in the first quarter of 2021. Although market conditions somewhat recovered after non-essential shops reopened in the subsequent second quarter, appetite is still low with an investment volume of around EUR 200 mln representing a modest 5% of total volume. Many transactions were put on hold due to uncertainty among investors about the magnitude of the economic repercussions and the impact on real estate. In the first half of 2021, the total investment volume off all segments combined currently totals EUR 4.01 billion. This means that the investment volume is lagging behind the investment volume of the first half of 2020. Apart from Covid-19, a noticeable increase in transfer tax as of 2021 contributed to this difference. Investors in retail property geared towards the convenience segment, partly due to the ability to finance, a stable cash flow and a low risk profile. This is seen as a solid foundation in uncertain times. Due to the shift of many investment strategies towards the convenience segment, the amount of available investment opportunities of inner-city retail property (comparison) is increasing, especially in smaller cities. This is further exacerbated by the reluctance in the financing market for this type of property led by the major Dutch banks. It requires creativity on the side of vendors to structure the property in such a way that buying becomes more attractive to private investors who are not dependent on external financing.

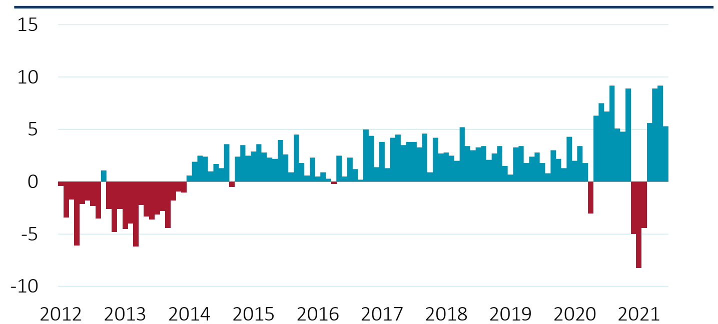
OCCUPIER MARKET: polarization between the branches

In the retail market, stakeholders pre-COVID were already looking for new balance, knowing that the offline retail market was already undergoing major structural changes as a result of the advent of alternative information and sales channels. COVID-19 has accelerated and visualized these slow structural changes. Within the retail market, there is a great discrepancy between the various branches. For example, the food segment showed an increase in the offline turnover development in 2020, while the turnover of the non-food sector decreased, due to a reduction in the number of stores. Particularly in the medium-sized and smaller inner cities, a trend towards compact shopping areas is visible, which has ensured that the market for retail space has become very local: general retail trends do not longer explain local market dynamics. Relocation of existing stores to vacant units with a high footfall however characterizes the current situation in many smaller high street areas. Expansion of the amount of available space in combination with competitive rents makes it possible for retailers to move to better locations at lower rents. Every city or even every shopping street needs its own tailor-made solution, and the potential for redevelopment of retail properties for other functions is being explored, also in the bigger shopping cities.

PRICING: Prime rents face a decline

As a result of current market conditions, prime rents on high streets are under downward pressure.

RETAIL TURNOVER | % y.o.y.



RETAIL YIELD DEVELOPMENT | GIY, incl. buyers' costs