

BELGIUM

Retail Market Snapshot

Second Quarter | 2017



MARKET INDICATORS

Market Outlook

Prime Rents:	Slight upward pressure in some prime locations. Some non-core areas may see downward pressure in 2017 due to vacancy problems.	▶
Prime Yields:	Bottoming out; some investors are re-assessing pricing and risk.	▶
Supply:	Good development pipeline, although future new supply may be hindered by restrictive planning laws.	▶
Demand:	Stable in core locations, but demand is expected to weaken in second tier and secondary markets.	▶

Prime Retail Rents - June 2017

HIGH STREET SHOPS	€	US\$	GROWTH %	
	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Brussels	1,850	191.8	0.0	0.5
Antwerp	1,950	202.1	5.4	1.6
Liege	1,125	116.6	0.0	0.5
Ghent	1,375	142.5	0.0	-2.4
Bruges	1,100	114.0	0.0	-1.7
Hasselt	1,250	129.6	0.0	2.6
OUT OF TOWN RETAIL (STAND ALONE RETAIL UNITS)	€	US\$	GROWTH %	
	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Brussels	170	17.6	0.0	-0.6
Antwerp	160	16.6	0.0	1.3

Prime Retail Yields - June 2017

HIGH STREET SHOPS (FIGURES ARE NET, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Brussels	3.25	3.25	3.50	5.25	3.25
Antwerp	3.25	3.25	3.50	5.25	3.25
Liege	4.65	4.80	4.80	6.00	4.65
Ghent	3.75	3.75	3.75	5.50	3.75
Bruges	3.95	3.95	4.05	5.50	3.95
Hasselt	4.65	4.65	4.65	5.75	4.65
OUT OF TOWN RETAIL (STAND ALONE RETAIL UNITS) (FIGURES ARE NET, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Brussels	5.25	5.25	5.40	6.50	5.25
Antwerp	5.25	5.25	5.35	6.50	5.25
SHOPPING CENTRES (FIGURES ARE NET, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Country prime	4.25	4.25	4.25	5.50	4.25

NOTE: Volumes below €25 million may result in sharper yields, approx. 50 to 100 basis points.

With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

Overview

The retail market in Belgium seems to be back at cruising speed over Q2, after a slow start of 2017. Consumer confidence levels are relatively high, underpinning the gradual recovery of the economy overall, after a turbulent year 2016 with terrorist attacks, political turmoil and corporate restructurings.

Occupier focus

Take-up volumes were below average in Q1 but with more than 100,000 sq.m over Q2, activity is back to a normal level. Occupier demand remains healthy for prime locations but we start to see some vacancy even in the top spots. There is good activity from international mid- and mass market retailers. Hema was very active leasing 2,500 sq.m at Meir 65 in Antwerp, after two transactions in Brussels earlier this year. Several international retailers are searching for opportunities to open anchor stores in core locations but decision processes are lengthy. The Mint, an inner city project in downtown Brussels bound to open later this year will be hosting Uniqlo (2,000 sq.m), Hema (2,000 sq.m) and Medi-Market (357 sq.m).

Investment focus

A total of some €162mn was transacted in the retail market in Q2 bringing the half year volume to €264mn, still below the half year average volume over the last 5 years of €306mn. There is strong demand from local as well as international institutional investors; a large portfolio of 49 high street units of Bermaso (10,319 sq.m mainly in Antwerp, Bruges and Knokke) was sold for some €80mn to a French fund of Primonial but the vast majority of transactions are by private players. There are several large properties on the market like the Rive Gauche, Docks and Woluwe shopping centres. So despite the slow start, we can expect another strong year for retail investments. Prime yields have hardened over the past year in all retail segments.

Outlook

The hardening of yields for prime product is expected to bottom out over 2017 as bond interest rates are expected to pick up again. The outlook for secondary markets is less certain as occupiers and investors re-assess risk.

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