BELGIUM

Retail Market Snapshot

Third Quarter | 2017

CUSHMAN & WAKEFIELD

MARKET INDICATORS

Market Outlook

Prime Rents:	Upward pressure in some prime locations. Some non-core areas may see downward pressure 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 – September 2017

HIGH STREET SHOPS	€ SQ.M YR	US$ SQ.FT YR	GROWTH % 1YR	5YR CAGR
Brussels	1,850	204.0	0.0	0.5
Antwerp	1,950	215.0	5.4	1.6
Liege	1,125	124.0	0.0	0.5
Ghent	1,375	151.6	0.0	-2.4
Bruges	1,100	121.3	0.0	-1.7
Hasselt	1,250	137.8	0.0	2.6
OUT OF TOWN RETAIL (STAND ALONE RETAIL UNITS)	**€ SQ.M YR**	**US$ SQ.FT YR**	**GROWTH % 1YR**	**5YR CAGR**
Brussels	170	18.7	0.0	-0.6
Antwerp	160	17.6	0.0	1.3

Prime Retail Yields - September 2017

HIGH STREET SHOPS (FIGURES ARE NET, %)	CURRENT Q	LAST Q	LAST Y	10 YEAR HIGH	10 YEAR LOW
Brussels	3.25	3.25	3.40	5.25	3.25
Antwerp	3.25	3.25	3.40	5.25	3.25
Liege	4.65	4.65	4.80	6.00	4.65
Ghent	3.75	3.75	3.75	5.50	3.75
Bruges	3.95	3.95	3.95	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 Q**	**LAST Q**	**LAST Y**	**10 YEAR HIGH**	**10 YEAR 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 Q**	**LAST Q**	**LAST Y**	**10 YEAR HIGH**	**10 YEAR 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 is back at cruising speed, 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 and international political turmoil.

Occupier focus

Take-up volumes were below average in Q1 but with a take-up of about 231,000 sq m end Q3, activity is back to a normal level. Occupier demand is rather weak for prime locations and there is more vacancy, even in the top spots. There are good opportunities for mid- and mass market retailers on the Belgian market right now. Cosmetics players continue to be very active: Atelier Rebul signed two more leases this quarter in Brugge Steenstraat and Antwerp Kleine Gasthuisstraat, bringing their total so far this year to five. Several retailers are searching for opportunities to open anchor stores in core locations but decision processes are lengthy; AS Adventure & Juttu signed a 5,500 sq m lease replacing the Marks & Spencer shop of Toison d'Or in Brussels uptown. The Mint, an inner city redevelopment project in downtown Brussels, bound to open in October this year, is almost fully let and will be hosting amongst others Uniqlo (1,878 sq.m), Hema (2,000 sq.m), Decathlon (1,600 sq m), Carrefour (1,279 sq m) and Kiabi (1,924 sq.m).

Investment focus

A total of some €185mn was transacted in the retail market in Q3 bringing the year-to-date volume to €454mn; this is still far below the average of previous years because no large transactions have been finalised yet this year. There is strong demand from private as well as institutional investors and REITs; the vast majority of transactions are by private players. There are large properties on the market like Woluwe shopping centre: the sale of this prime shopping centre can probably be expected before year end and this would bring the yearly invested volume in line with previous years.

Outlook

The hardening of yields for prime products is expected to bottom out 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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