

BELGIUM

Retail Market Snapshot

Fourth Quarter | 2017



MARKET INDICATORS

Market Outlook

Prime Rents:	Upward pressure in some prime locations but non-core areas may see downward pressure due to vacancy problems.	▶
Prime Yields:	Bottoming out; some investors are re-assessing pricing and risk.	▶
Supply:	Shrinking development pipeline and 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 – December 2017

HIGH STREET SHOPS	€	US\$	GROWTH %	
	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Brussels	1,850	206.3	0.0	0.5
Antwerp	2,000	223.1	5.3	2.1
Liege	1,075	119.9	-4.4	-0.5
Ghent	1,375	153.4	0.0	-2.4
Bruges	1,100	122.7	0.0	-1.7
Hasselt	1,250	139.4	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	19.0	0.0	-0.6
Antwerp	165	18.4	3.1	1.9

Prime Retail Yields - December 2017

HIGH STREET SHOPS (FIGURES ARE NET, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Brussels	3.15	3.25	3.40	5.25	3.15
Antwerp	3.15	3.25	3.40	5.25	3.15
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	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Brussels	5.25	5.25	5.35	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	4.00	4.25	4.25	5.50	4.00

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 performed strongly over the last quarter of 2017. Consumer confidence levels are relatively high, underpinning the gradual recovery of the economy overall, but sentiments are mixed because of growing vacancy levels in main streets locations.

Occupier focus

Occupier activity was strong over Q4 2017 with 130,000 sq m take-up, bringing the full-year volume to 353,000 sq m which is above the five-year average. Still, demand is rather weak in several main streets and there is more vacancy, even in the top spots. This means that there are good opportunities for mid- and mass market retailers on the Belgian market right now. Primark signed for a 6,300 sq m lease on Meir 26-28. Zara (2,500 sq m) as well as AS Adventure (2,308 sq m) took space in Aalst Nieuwstraat. Decathlon opened its city-format of 1,616 sq m in The Mint downtown Brussels and also announced a new mega store of 6,300 sq m in Charleroi. Food & beverage players are also very active: Five Guys opens its first store in Belgium on de Keyserlei Antwerp while Burger King took 1,229 sq m in ILOT (ex-Espace Sain Michel) in Liège.

Investment focus

A total of €319m was transacted in the retail market in Q4 bringing the full year volume to €774m; this is below the average volume over the last five years, mainly because there were no shopping centre transactions finalised in 2017. There are several large properties on the market like the *W Shopping Centre* (Woluwe) and *Rive Gauche* in Charleroi: the sale of these prime shopping centres is expected over the first half of 2018, representing a volume of some €750 to 800m. There is strong demand from local- as well as international institutional investors, but the vast majority of transactions are by local private players.

Outlook

The hardening of yields for prime products is expected to bottom out as bond interest rates are expected to pick up again as from 2019-2020. The outlook for secondary markets is less certain as occupiers and investors reassess risk.

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