

# THE NETHERLANDS Retail Market Snapshot

First Quarter | 2018



## MARKET INDICATORS

### Market Outlook

- Prime Rents: Prime rental levels remain stable, with an upward pressure for top locations in the country. ▶
- Prime Yields: Prime yields in dominant cities are expected to compress further. ▲
- Supply: Supply will further decline in the larger retail cities. ▲
- Demand: Demand from international retailers from continental Europe is growing. ▼

### Prime Retail Rents – March 2018

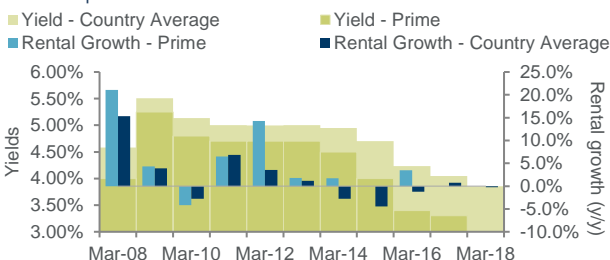
HIGH STREET SHOPS	€	US\$	GROWTH %	
	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Amsterdam	3,000	348	0.0	1.0
Rotterdam	1,600	186	0.0	-2.9
The Hague	1,250	145	0.0	-3.6
Utrecht	1,600	186	0.0	0.0
Maastricht	1,600	186	0.0	0.0
Eindhoven	1,200	139	0.0	-4.4

### Prime Retail Yields – March 2018

HIGH STREET SHOPS (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Amsterdam	3.00	3.00	3.30	5.25	3.00
Rotterdam	3.60	3.60	3.80	5.50	3.60
The Hague	4.00	4.00	4.00	5.60	4.00
Utrecht	4.10	4.10	4.50	5.60	4.10
Maastricht	4.10	4.10	4.50	5.60	4.10
Eindhoven	4.75	4.75	4.75	5.60	4.75
OUT OF TOWN RETAIL (RETAIL PARKS) (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Amsterdam	6.75	6.75	7.25	8.10	6.50

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.

### Recent performance



## Overview

The Central Bureau for Statistics (CBS) is expecting a 3.2% economic growth in 2018, as households' profit from a growing employment and increasing wages, which is positive for the retail turnover development. Especially non-food retailers profit from the economic growth, while food retailers benefit from growing prices and the consumer demand for fresh and convenience products.

## Occupier focus

Most of the retail branches found their way up, as the fashion branch left the epidemic bankruptcy wave behind. The opening of the Hudson's Bay department stores in the Netherlands has foreseen many Dutch retail cities of a new impulse. The reopening of Hoog Catharijne in Utrecht provided the city a new retail entrance and spectacular shopping experience. International retailers mainly determine the rhythm on the retail market, with several new entrants such as: Uniqlo, ARKET and Samsøe & Samsøe. On the contrary, Marks & Spencer and Forever21 are leaving The Netherlands. The majority of new retailers does not have the intention of a nationwide coverage. Furthermore, there is a shift in the entrance of international retailers from Anglo-Saxon to continental Europe.

## Investment focus

In the first quarter of 2018, the retail investment market witnessed a 50% decline compared to the previous quarter, registering an investment volume of €352m. Despite the reduced investment volume, prime retail yields remained stable at a 3% gross initial level on a quarterly base, while on a yearly base prime yields dropped by 30 bps. Furthermore, pension funds adjust their strategy and change their direct real estate into a share in a large international real estate fund. Dutch institutional investors shift from prime high street retail – which is expensive or not available – to other types of retail segments, in order to achieve their required return.

## Outlook

The outlook on the retail market is positive, as several new high quality retail developments will be finished and consumer sentiment is positive. Investors show a shift in approach, as large foreign investment funds are increasingly focussing on pan European strategies, which further underwrites the internationalization of the retail market.

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