

THE NETHERLANDS Retail Market Snapshot

Second Quarter | 2018



MARKET INDICATORS

Market Outlook

- Prime Rents: Prime rents in dominant retail cities are forecast to remain stable. ▶
- Prime Yields: Prime yields registered a compression, which is expected to continue as polarisation keeps on. ▲
- Supply: Supply will decrease further in dominant retail cities of the country, especially smaller units gain popularity. ▲
- Demand: Demand for retail space from international retailers keeps on going, in particular from continental Europe. ▼

Prime Retail Rents – June 2018

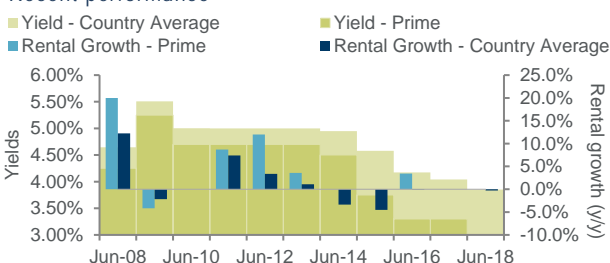
	€	US\$	GROWTH %	
	SQ.M	SQ.FT	1YR	5YR
HIGH STREET SHOPS	YR	YR	CAGR	
Amsterdam	3,000	326	0.0	0.7
Rotterdam	1,600	174	0.0	-2.9
The Hague	1,250	136	0.0	-3.6
Utrecht	1,600	174	0.0	0.0
Maastricht	1,600	174	0.0	0.0
Eindhoven	1,200	131	0.0	-4.4

Prime Retail Yields – June 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	6.75

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 Dutch economy is forecast to grow with 2.9% in 2018, while a further increase in household spending of 3.1% and 2.5% is expected in 2018 and 2019, which generally has a positive impact on retail turnover. Households benefit from increased employment and rising wages. Pensioners, however, experience only a slight increase in income to the limited indexation of pensions.

Occupier focus

Rising employment and wages are boosting the willingness to buy in both food and non-food-related retail. In the case of non-food retailers, the main beneficiaries are home decoration and DIY, while the switch to the online sales channel is being sorely felt in the footwear, electronics and toy sectors. The food sector benefits mainly from higher prices and growing consumer demand for fresh and convenience items (meal service, crops and sliced vegetables). The steady stream of new Anglo-Saxon retailers has stabilised, and the demand to find suitable new space has recently come mainly from retailers in continental Europe. American retailers are facing difficult market conditions in their home markets as a result of online competition from platforms such as Amazon. British retailers have adopted a wait-and-see attitude to expansion, due to uncertainty concerning the outcome of the Brexit negotiations.

Investment focus

The volume invested in retail space during the first six months of 2018 was EUR 1.2 billion, which represents half the volume in the same period last year. Large foreign (fund) investors are increasingly pursuing a pan-European strategy with regard to their buying and selling decisions. As Dutch retail properties or large shopping centres are integrated within large European portfolios. This is resulting in a further polarisation of the retail market as these investors are mainly interested in high-quality retail space at the best locations. Prime yields registered a drop on yearly base for almost all dominant retail cities during the second quarter of 2018.

Outlook

Core shopping areas in dominant cities are performing well, as their catchment area is expanding at the expense of the smaller shopping locations. While investors continue to seek opportunities at the best locations in dominant cities.

This report has been produced by Cushman & Wakefield LLP for use by those with an interest in commercial property solely for information purposes. It is not intended to be a complete description of the markets or developments to which it refers. The report uses information obtained from public sources which Cushman & Wakefield LLP believe to be reliable, but we have not verified such information and cannot guarantee that it is accurate and complete. No warranty or representation, express or implied, is made as to the accuracy or completeness of any of the information contained herein and Cushman & Wakefield LLP shall not be liable to any reader of this report or any third party in any way whatsoever. All expressions of opinion are subject to change. Our prior written consent is required before this report can be reproduced in whole or in part. ©2018 Cushman & Wakefield LLP. All rights reserved.

Frank van der Sluys MSc

Associate Director, Head of Research, The Netherlands
UN Studio 20th floor, Gustav Mahlerlaan 362-364, 1082 ME, Amsterdam, The Netherlands
Tel: +31 (0) 20 8407 201
frank.vandersluys@cushwake.com
cushmanwakefield.com