

# THE NETHERLANDS Retail Market Snapshot

Third Quarter | 2018



## MARKET INDICATORS

### Market Outlook

- Prime Rents: Prime rents will remain stable. ▶
- Prime Yields: A further compression of prime yields is expected within the dominant cities of the country. ▲
- Supply: Available mid-sized retail units are expected to further decline. ▲
- Demand: Demand for retail space from international retailers keeps on going, in particular from continental Europe. ▼

### Prime Retail Rents – September 2018

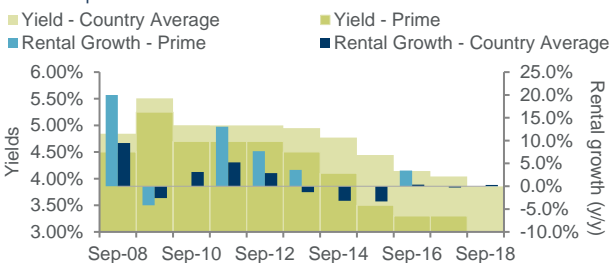
	€	US\$	GROWTH %	
	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
<b>HIGH STREET SHOPS</b>				
Amsterdam	3,000	325	0.0	0.7
Rotterdam	1,600	174	0.0	-2.3
The Hague	1,250	136	0.0	-2.9
Utrecht	1,600	174	0.0	0.0
Maastricht	1,600	174	0.0	0.0
Eindhoven	1,200	130	0.0	-3.7

### Prime Retail Yields – September 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 show a strong performance both in 2018 and 2019, with a GDP-growth of 2.8% and 2.6%. Unemployment will decline to 3.5% in 2019, a record-low figure. Purchasing power is expected to increase with approximately 1.5% in 2019.

## Occupier focus

The focus of retailers is shifting from larger units (2,500 sqm.) to mid-sized units (250-400 sqm.). While there is less interest for smaller retail units. Demand from (international) retailers is mainly focused on dominant cities in the country, as it is gradually shifting towards the dominant cities within the top-10. In other cities the growth of retailers is slowly drying up. International retailers are mainly from continental Europe. For online retailers (e.g. Coolblue) it is not a must to locate on high street locations, but one is more likely to benefit from well-accessible multimodal locations.

## Investment focus

The total invested volume in retail during the first three quarters of 2018 is EUR 2.1 billion, which is a growth of 32% compared to the same period of previous year. In 2018 a remarkable high share was invested in out of town locations and smaller shopping centres (approx. EUR 572 and EUR 615 million). Of the total retail investment volume 59% was domestic, equal to 2017. Of the foreign investors, the majority was from Europe and active as a fund- or asset manager during 2018. Investors in retail property take into account the eligibility, an exit possibility and the size of the catchment area. Prime gross initial yields are expected register a further drop.

## Outlook

The outlook of the Dutch economy as well as the purchasing power of consumers is positive. Several retailers from continental Europe are expected to enter the Dutch retail market. These retailers are mainly searching for mid-sized retail units located at dominant cities in the country. The retail investment volume is forecast to further increase during the fourth quarter of 2018, as several 'big tickets' are still expected become a transaction in 2018.

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