

THE NETHERLANDS Retail Market Snapshot

Second Quarter | 2019



MARKET INDICATORS

Market Outlook

- Prime Rents: Prime rents will remain stable, with a downwards pressure. ▲
- Prime Yields: Prime yields stabilize and are expected to slightly increase. ►
- Supply: Available mid-sized retail units are expected to further decline. ▲
- Demand: Demand for retail space from international retailers is focussing on the top 5 to 10 cities in the country. ►

Prime Retail Rents – June 2019

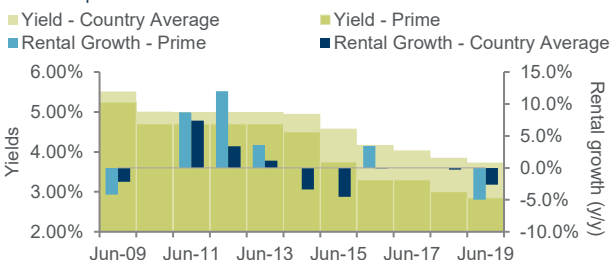
HIGH STREET SHOPS	€	US\$	GROWTH %	
	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Amsterdam	2,850	320	-5.0	-0.3
Rotterdam	1,500	168	-6.3	-3.6
The Hague	1,250	140	0.0	-2.2
Utrecht	1,500	168	-6.3	-1.3
Maastricht	1,600	180	0.0	0.6
Eindhoven	1,200	135	0.0	-3.0

Prime Retail Yields – June 2019

HIGH STREET SHOPS (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Amsterdam	2.85	2.85	3.00	5.25	2.85
Rotterdam	3.50	3.50	3.60	5.50	3.50
The Hague	4.10	4.00	4.00	5.60	4.00
Utrecht	3.95	3.85	4.10	5.60	3.85
Maastricht	3.85	3.75	4.10	5.60	3.75
Eindhoven	4.40	4.40	4.75	5.60	4.40
OUT OF TOWN RETAIL (RETAIL PARKS) (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Amsterdam	6.70	6.75	6.75	8.10	6.70

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 national economy is slightly returning to a normal growth rate of 1.7% in 2019 and 1.5% in 2020. Despite the slowdown, from a European perspective the Dutch economy still registers the highest economic growth. The unemployment rate is showing after Germany the lowest figure with 3.5%, which a new record-low figure after 2001.

Occupier focus

Consumer confidence is increasing during 2019 and since July once again positive (+2). Despite the growing economy and the increasing private spending, retail streets show a less positive performance. Several retailers registered bankruptcy during the first half of 2019. New retailers are still not seeking nationwide coverage and focus on the top 5 to 10 retail cities of the country. Retail vacancy in the Netherlands registered a slight increase during the first half of 2019 to 7.2%, while in the major retail areas (top 20) vacancy is declining at the expense of the smaller retail areas. The consumer prefers hereby the major retail areas.

Investment focus

In the first half of 2019 there was EUR 800 million invested in retail property, which represents 10% of the total investment volume. Compared to the same period in previous year the retail investment volume decline with 40%. The majority of the retail investments were solitary retail units with 40% of the total retail investment volume, followed by shopping centers (40%) and out of town retail (17%). Cross border investors were less active in the retail market with a share of 32% in 2019, compared to 40% in 2018. Gross initial yields remained rather stable, although, a slight upwards pressure is registered in The Hague, Utrecht and Maastricht.

Outlook

The forecast for the Dutch economy is still positive, as the economy will slightly stabilize, unemployment remains at a low level and the amount of private spending is expected to increase. Furthermore, households' profit from the large number of vacancies and rising wages. The retail market will continue to show a healthy performance in the top 5 cities, while the total retail investment volume is forecast to stay behind 2017 and 2018. Resulting in a slight increase in the gross initial yields.

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