

THE NETHERLANDS Retail Market Snapshot

Fourth Quarter | 2018



MARKET INDICATORS

Market Outlook

- Prime Rents: Prime rents slightly declined in Amsterdam, while other retail cities register a stable performance. ▲
- Prime Yields: Prime retail yields register a further compression, especially in most dominant top retail cities of the country. ▲
- Supply: Availability of retail units further declines, especially in the dominant retail cities of the country. ▲
- Demand: Demand is high for the top 5 to 10 retail cities, as consumers increasingly shop in these cities the expansion strategy of new retailers focusses hereupon. ▼

Prime Retail Rents – December 2018

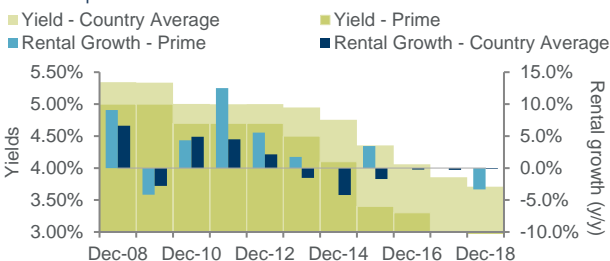
	€		US\$		GROWTH %	
	SQ.M	SQ.FT	1YR	5YR	1YR	5YR
Amsterdam	2,900	307	-3.3	0.0		
Rotterdam	1,600	169	0.0	-2.3		
The Hague	1,250	132	0.0	-2.9		
Utrecht	1,600	169	0.0	0.0		
Maastricht	1,600	169	0.0	0.0		
Eindhoven	1,200	127	0.0	-3.7		

Prime Retail Yields – December 2018

HIGH STREET SHOPS (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Amsterdam	2.85	3.00	3.00	5.25	2.85
Rotterdam	3.50	3.60	3.60	5.50	3.50
The Hague	4.00	4.00	4.00	5.60	4.00
Utrecht	3.85	4.10	4.10	5.60	3.85
Maastricht	3.75	4.10	4.10	5.60	3.75
Eindhoven	4.40	4.75	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	6.75	6.75	6.75	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 registers a strong performance, as growth slightly declined, it is still above the European average with 2.6% in 2018 and 2.2% in 2019. Unemployment will decline to a record-low level in 2019 of 3.6%, while purchasing power is expected to increase with approximately 1.6%.

Occupier focus

The entrance of new retailers is shifting from Anglo-Saxon to retailers from other parts of the globe. The expansion strategy also changed, as retailers are only looking to open up stores in the top 5 to 10 retail cities of the country. Uniqlo recently opened its first store in the Netherlands in Amsterdam, which is a success while other relative newcomers are still struggling. Overall, the retail market registered a vacancy of 6.7% in 2018, a decline compared to previous year. Despite the national decrease, smaller retail cities register a growth of the vacancy rate. The catchment area of larger retail cities is therefore increasing, which reinforces the strategy of new retailer to only focus on these top 5 to 10 retail cities.

Investment focus

2018 once again registered a record-high investment volume of EUR 23.1 billion. The retail investment market accounted for a share of EUR 2.8 billion, or 12% of the total volume; this is the second highest volume of all-time. During the last four years the retail investment market is showing a high dynamic with an average of EUR 2.8 billion per year, which is almost EUR 1 billion higher than the 10-years average. Furthermore, prime yields registered a drop of 15 bps to 2.85% in 2018 for retail properties in Amsterdam. Not only the capital registered a drop, prime yield also declined in Rotterdam, Utrecht, Maastricht and Eindhoven. Retail investors changed their strategy and operate on a European level, with a focus on the dynamics on the retail occupier market per country.

Outlook

The outlook of the Dutch economy is performing well and above the European average. Purchasing power of the Dutch consumer will further increase in 2019. Geopolitics as well as the expected increase by the ECB will influence the market sentiment both for the occupier and investment market. The top 5 to 10 retail cities in the country will show a positive performance as both retailers and consumers will increasingly focus on these cities.

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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