

# MARKETBEAT RETAIL SNAPSHOT



## THE NETHERLANDS

A Cushman & Wakefield Research Publication

Q4 2014



### OVERVIEW

Fiscal consolidation continues to limit GDP growth, with the economy estimated to have expanded by a modest 0.7% in 2014. Domestic demand is picking up, although progress is being hampered by low real income growth and difficulties in obtaining credit. On a positive note, the unemployment rate fell to 8% in November, down from 8.6% at the start of 2014.

### OCCUPIER FOCUS

Some sectors within the retail market are suffering, resulting in some bankruptcies for larger and small-scaled retailers. Nevertheless, the occupational market recorded several notable transactions from expanding international retailers in Q4, with demand steadily improving across all prime sectors. The prime high street and luxury retail segments are performing particularly well, with new entrants mainly targeting opportunities in Amsterdam, Rotterdam, The Hague and Utrecht. There is also good appetite from Southern European operators, who are targeting space in prime locations in various top-20 cities.

Overall availability has been rising steadily across the country, with the vacancy rate now around 7%. There are some differences between regions and sub-sectors, with retail warehouses, for example, seeing higher vacancy rates than high streets. Furthermore, district shopping centres are facing high competition from inner city retail destinations, with these central locations most favoured by consumers due to shopping experience, leisure and facilities such as restaurants and cafés.

### INVESTMENT FOCUS

Total retail investment volumes were €545 mn in Q4, bringing the total volumes for 2014 to €1.5 bn – significantly higher than the annual volume of €490 mn for 2013. Activity was boosted by several large shopping centre portfolio transactions, with good demand being seen from core and opportunistic investors. Prime yields were unchanged across all retail sub-sectors over the quarter. Indeed, volumes would have been higher but for the lack of large prime opportunities on the market, with the majority of recent deals mainly smaller sub-€10 million transactions.

### OUTLOOK

The outlook for the retail sector is relatively positive, with prime locations expected to attract high levels of occupational and investment demand in 2015. Confidence surveys and other short-term indicators suggest that the Dutch economy is moving into a stronger recovery phase, with all components of GDP, except the public sector, contributing to growth.

### MARKET OUTLOOK

Prime Rents:	Some stabilisation in prime rents expected, with declines in second tier locations.	▲
Prime Yields:	No significant changes expected.	▶
Supply:	Tighter supply in core locations, with supply rising further in secondary markets.	▼
Demand:	Occupational and investment demand to remain stable over the short term.	▶

### PRIME RETAIL RENTS – DECEMBER 2014

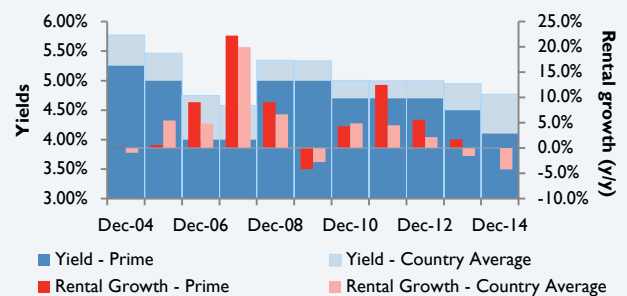
HIGH STREET SHOPS	€	US\$	GROWTH %	
	SQ.M/YR	SQ.FT/YR	1YR	5YR CAGR
Amsterdam	2,900	326	0.0	4.7
Rotterdam	1,700	191	-5.6	0.0
The Hague	1,350	152	-6.9	-0.4
Utrecht	1,600	180	0.0	2.0
Maastricht	1,600	180	0.0	0.0
Eindhoven	1,300	146	-10.3	-1.5
RETAIL PARKS	€	US\$	GROWTH %	
	SQ.M/YR	SQ.FT/YR	1YR	5YR CAGR
Amsterdam	145	16.3	7.4	1.4

### PRIME RETAIL YIELDS – DECEMBER 2014

HIGH STREET SHOPS (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	QUARTER	QUARTER	YEAR	HIGH	LOW
Amsterdam	4.10	4.10	4.50	5.25	4.00
Rotterdam	4.75	4.75	5.00	5.70	4.75
The Hague	5.00	5.00	5.10	6.00	4.75
Utrecht	5.00	5.00	5.10	6.00	4.75
Maastricht	5.00	5.00	5.10	5.65	4.75
Eindhoven	5.00	5.00	5.10	6.25	4.75
RETAIL PARKS (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	QUARTER	QUARTER	YEAR	HIGH	LOW
Amsterdam	7.60	7.60	7.60	7.75	6.00

With respect to the yield data provided, in light of the lack of recent comparable market evidence in many areas of Europe and 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



Source: Cushman & Wakefield