



## BELGIUM CBRE RETAILER SURVEY 2011

# RETAILERS ON RETAIL IN BELGIUM?

Organised and published by the Belgian Research department of CBRE

### 130 PARTICIPANTS

CBRE has held its annual CBRE Retailer Survey for the fifth consecutive time, during the months July, August and September. 130 national and international retail chains active in Belgium have been asked to share their views on the local retail market in which they operate. The survey allows CBRE to compare and contrast the performance and views of Belgian retailers over an extended period of time.

Over half of respondents are active in the personal care and fashion segment (58%). 17% of respondents concern supermarket and food retailers. 13% are home & household retailers and 12% are sports and leisure retailers.

Participating retailers are active in highstreets (82%), shopping centres (69%) and out-of-town retail (45%). While combining exposure in highstreets and shopping centres is rather common (62%), as many as 1 out of 4 respondents indicated to be active in all 3 asset classes.

### THE ECONOMY

At the time of the survey, the national consumer confidence indicator shows three consecutive months of decline before levelling out in September. Households are worried about unemployment as fears over a general economic slowdown or a double-dip scenario have risen over the summer months, with financial markets

### SUMMARY

Retailers continue to expand in Belgium, and expect retail rents to stabilise at current levels. While consumer purchasing power is noticed to suffer under the struggling economy, retailers look forward to growing sale revenues in the coming 12 months.

reacting extremely volatile over the European sovereign debt problems.

Inflation in Belgium is high, expected at 3.5% in 2011. With global commodity prices rising, inflation-indexed salaries in Belgium have supported local household demand in the short – term.

### TYPICAL FLOOR AREA

Typically, retail chains operate in well defined store sizes with ideally nearly identical store configurations and similar product lines. Nearly half of respondents operates typical stores of 100 to 300 m<sup>2</sup>. One quarter of retailers prefers a size between 300 and 1.000 m<sup>2</sup>. 15.3% requires larger store sizes, above 1.000 m<sup>2</sup>.

Surprisingly, one-fifth of retailers would like to grow its typical store size. This is even one-third for food retailers. Notable reasons to do so are to display a larger or broader product line, to allow more customers in the store and to create a more pleasant and comfortable shopping experience. A minority indicated that smaller store sizes were being envisioned. Main reason was to limit the impact of rents being too expensive.

### EXPANSION

In terms of expansion plans, results are quite similar to last year. An overwhelming majority of retailers continue

to look for expansion possibilities. Food retailers remain the most active, with 91% of respondents planning to open new and additional stores over the next 12 months.

Most retailers do not anticipate difficulties in finding space to materialise their expansion plans. Surprisingly however, 25% of out-of-town retailers do worry about a potential shortage of expansion opportunities. This could be related to increasingly restrictive urban planning regulations. In Belgium, city planning authorities have been noticed increasingly protective over city-centre retail, and restrictive towards further out-of-town developments. As a result a few retailers, purely active in out-of-town locations, indicated to be looking at expansion possibilities in highstreets and shopping centers. The reverse trend of pure highstreet retailers looking at suburban retail to expand is only marginal.

Retailers are looking both at large and medium-sized cities to expand, with only a few retailers looking at smaller cities. Food retailers and sports and leisure retailers look predominantly at a further expansion in large cities, while home and household players are mostly looking at new stores in medium-sized cities.

About one out of 5 retailers indicated to have closed shops over the last 12

#### NUMBER OF PARTICIPANTS



#### DO YOU HAVE EXPANSION PLANS FOR THE NEXT 12 MONTHS?



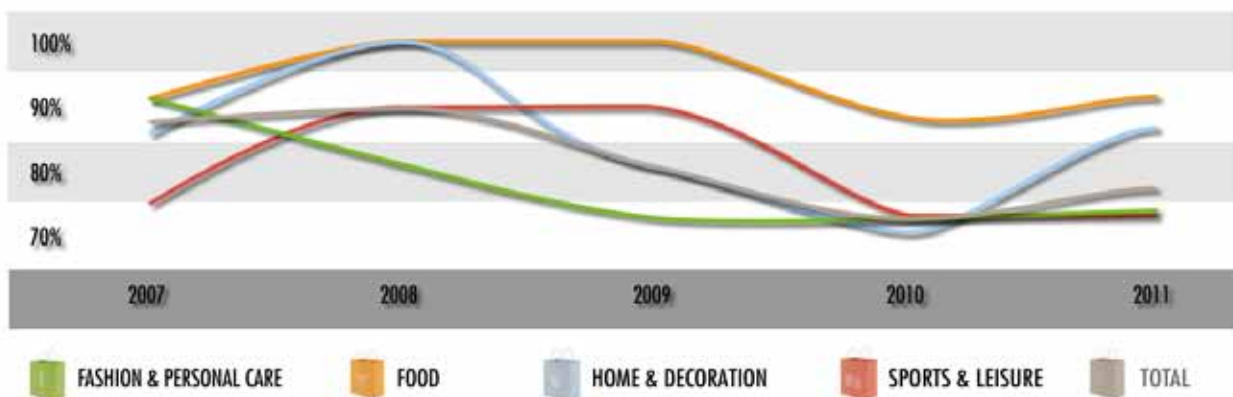
#### DO YOU EXPECT TO FIND A SUITABLE LOCATION?



#### DID YOU CLOSE RETAIL UNITS?



#### EXPANSION (SURVEY RESULTS SINCE 2007)



## HOW WILL YOUR SALES VOLUME EVOLVE OVER THE COMING 12 MONTHS?



## DOES THE STRUGGLING ECONOMIC RECOVERY HAVE AN IMPACT ON YOUR CLIENTS?



## HOW DID CONSUMER BEHAVIOUR CHANGE?

	BUY LESS	BUY LESS IMPULSIVE	BUY LESS FREQUENT	BUY CHEAPER PRODUCTS
PERSONAL CARE	11,27%	26,76%	8,45%	9,86%
FOOD	23,81%	9,52%	14,29%	9,52%
HOME & HOUSEHOLD	6,67%	46,67%	6,67%	6,67%
SPORT & LEISURE	26,67%	13,33%	20,00%	6,67%
TOTAL	14,29%	23,81%	11,11%	8,73%

months, well spread over the different product categories. Main reasons for closing retail units are the deterioration of the neighbourhood in combination with high rents and operating at a loss.

admit facing a more sensitive clientele today.

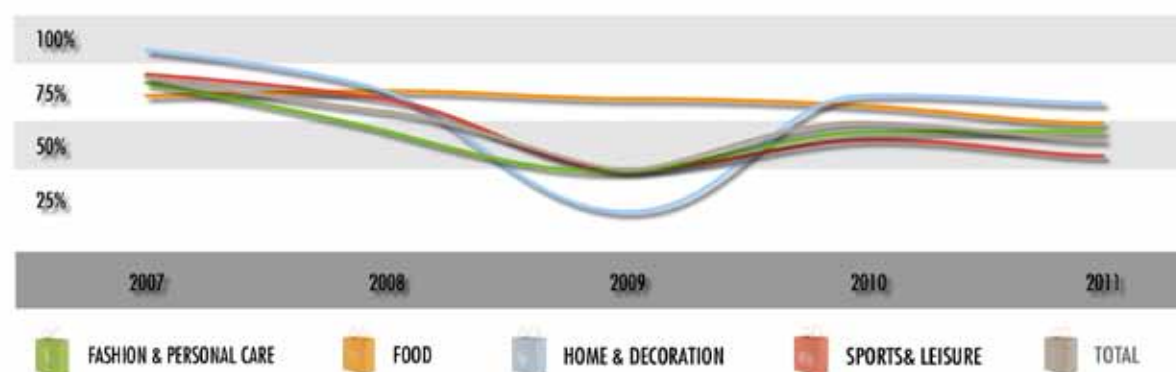
Retailers notice consumers to buy less, less frequently, less impulsively or cheaper products. While Personal Care and Home & Household retailers experience less impulsive buying patterns among their clients, Food and Sports & Leisure

## TURNOVER OUTLOOK

In last year's Retailer Survey, retailers had revealed a renewed optimism about the future of their businesses in Belgium, an optimism that is still widespread today. In this edition, 57% of retailers believe turnover to increase in the coming 12 months. In Personal care, Food and Home & Household, less than 10% expects turnover to decrease. Sports and leisure retailers are somewhat less optimistic, with 33% anticipating a decrease in turnover.

Despite more ambitious sales targets, most retailers acknowledge that consumers suffer under the hesitant economic recovery. This is especially true for sports and leisure retailers, offering a product line of which the acquisition can be more easily omitted by consumers in harder economic times. But somewhat surprisingly, also food retailers

## SALES VOLUME (SURVEY RESULTS SINCE 2007)



## HOW WILL RENTS EVOLVE OVER THE NEXT 12 MONTHS?



## DOES BELGIUM COUNT ENOUGH SQUARE METERS OF RETAIL?



retailers simply observe that consumers buy less.

Overall, 54% of retailers foresee rents to be stable over the next 12 months. Nevertheless, 40% fear a further rise of rents, while only 6% of respondents expect rents to decrease.

## PROJECTS

While there is some demand for additional high street stores and modern out-of-town retail parks, a strong majority of respondents considers Belgium has rather enough square meters of retail.

On the topic of a new

## ONLINE SHOPPING

Online shopping remains rather limited in Belgium. Only 1 out of 5 retailers provides and extended product online on their website, while 41% of respondents admits having less products on sale online. A large majority or 85% of retailers claims that the emergence of online retailing has no impact on their physical retail strategy, except for the possibility to collect online items in a physical store.

2 out of 3 retailers claim that online sales do not represent over 1% of their national sales volume in Belgium. Only 16% claims that online sales represent over 5% of total sales.

When comparing the company website with physical stores, over half of respondents does expect the online store to feature in top-10 of physical store in terms of sales.

## ONLINE PRODUCT OFFER RELATIVE TO PHYSICAL STORES



## ONLINE SALES TURNOVER RELATIVE TO PHYSICAL STORES



## SALES PERIOD (SOLDEN/SOLDES)

In Belgium, "sales periods" are regulated by law, and officially take place twice a year, from 3 to 31 January and from 1 to 31 July.

Each sales period is preceded by a "blocking period", in which it is forbidden to publicly advertise or display goods on sale. Since 2009, the blocking period has been lifted for most retailers, but it still exists for retailers active in fashion, shoes and leather.

The officially scheduled blocking and sales periods have been the topic of debate for years, with a few fashion retailers unwilling to obey and proven right in court based on European law and discrimination issues. This disobedience has nonetheless been condemned multiple times by Belgian organisations, grouping smaller independent retailers.

From the CBRE survey, it appears that also the majority of national and international retail chains are in favour of both the sales and the blocking period. This is especially relevant for the fashion retailers, who are most affected by these laws. 75% votes in favour of an officially regulated sales period and 67% votes in favour of the blocking period.

### ARE YOU IN FAVOUR OF A REGULATED SALES PERIOD?



### ARE YOU IN FAVOUR OF A REGULATED BLOCKING PERIOD PRIOR TO OFFICIAL SALES?



shopping centre to the north of Brussels, opinions are divided. Overall, only half of the questioned retailers support the idea.

## FAVOURITE RETAIL LOCATIONS

When asked about their best and worst shops in Belgium, answers are in line with results of previous surveys. Brussels is still regarded as their most profitable shop in Belgium, closely followed by Antwerp. Both cities are however also quoted as the least profitable locations by a number of retailers. This is likely related to the high street retail rents in both cities, which are markedly higher

than their peers. It also shows that further rental appreciation in both cities is rather limited at this time, with a number of international retail chains already struggling to be profitable.

Despite Brussels being the most profitable, the majority of retailers have chosen in large numbers Antwerp as their favourite retail destination. Antwerp is also praised for its recent evolution, in terms of urban planning and retail policy. Others gave this honour to Ghent and Liège. Among the smaller cities, Kortrijk, Leuven and Mechelen generated the most credits for their recent evolution.

CBRE also questioned retailers on the worst cities

in terms of retail appeal and policy efforts. In line with last year, Brussels was mentioned most often, as well as Liège and Charleroi. Among the smaller, retailers most often referred to Turnhout, Sint-Niklaas, Wavre and Lier as cities which would need to increase their retail experience.

Woluwe Shopping Center was chosen as favourite shopping center, closely followed by Wijnegem Shopping Center. Also Waasland, K in Kortrijk and L'Esplanade were among the favourites. L'Esplanade was also mentioned a few times as most profitable shop location, together with Woluwe and Wijnegem.

## MOST PROFITABLE SHOP?



## LEAST PROFITABLE SHOP?



## FAVOURITE RETAIL CITY?



## FAVOURITE SHOPPING CENTER?



## BEST RECENT EVOLUTION IN TERMS OF URBAN PLANNING AND LOCAL RETAIL POLICY (LARGE CITIES)?



## BEST RECENT EVOLUTION IN TERMS OF URBAN PLANNING AND LOCAL RETAIL POLICY (SMALL CITIES)?



## WHICH CITIES SHOULD IMPROVE LOCAL URBAN PLANNING AND POLICY TOWARDS RETAIL (LARGE CITIES)?



## WHICH CITIES SHOULD IMPROVE LOCAL URBAN PLANNING AND POLICY TOWARDS RETAIL (SMALL CITIES)?



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