


Quick stats

RETAIL TURNOVER

2011 (y-on-y)  0.4%


SUPPLY

2011 (y-on-y)  15%


PRIME RENT G4

2011 (y-on-y)  4-12%


INVESTMENT VOLUME

2011 (y-on-y)  -38%

PRIME YIELD HIGH STREET

2011 (y-on-y)  0bp

PRIME YIELD SHOPPING CENTRE

2011 (y-on-y)  10bp

PRIME YIELD RET. WAREHOUSING

2011 (y-on-y)  -35bp

OVERVIEW

Sales volumes continue to drop, only food remains stable

With the exception of Q3 2010, non-food sales volumes have been falling consistently every quarter since Q4 2008. After the summer of 2011, the downward pace accelerated to a rate of -3.4 in Q3. Price increases have limited the damage somewhat, but total non-food turnover is falling nonetheless. The food sector is faring better and is reporting modest turnover growth, albeit mostly due to inflation.

Secondary vacancy on the rise, reflecting an increased clustering of shops

Retail vacancy is rising steadily. Over 2.9 million sq m of retail space was offered for sale or to let at the end of 2011, which corresponds to 10% of the total stock. Actual vacancy has risen to a level of 7 to 8%. These generic figures, however, conceal an increased concentration and clustering, which is strengthening and compacting retail clusters that offer a clear identity as 'fun', 'run' or 'goal' shopping destination. Vacancy in streets and shopping centres that do not fit in these categories is rising rapidly.

High street upgrade of the G4 cities has pushed prime rents up

The expansion of the high street area in Rotterdam and The Hague is attracting new retail chains. Rotterdam in particular benefits from the availability of larger shop units, but The Hague has seen the biggest increase in prime rents due to the upgrading of the city centre and the resulting higher footfall. In Utrecht and Amsterdam the focus is on redevelopment and upgrading of the existing structure. The focus on flagship stores increases demand for large high street units, which was last year mostly displayed by the fashion chains Primark and The Sting.

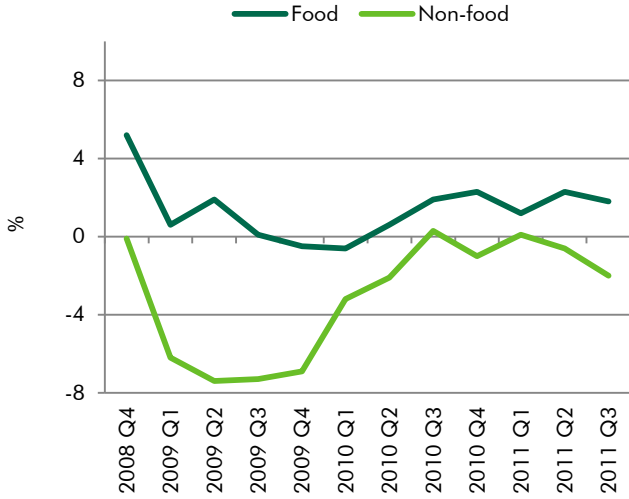
Retail warehousing is diversifying and scaling up

The desire for larger shop units is also affecting the retail warehousing sector. Accessibility by car is very important too, and successful projects combine both of these aspects. In order to attract footfall, retail warehousing clusters are focusing on a combination of different product types within the 'goal' segment. The most desired form, however, is a retail park, which besides 'goal' shopping also includes daily shopping facilities, preferably a supermarket.

Prime retail remains 'safe haven' but limited supply of assets and debt

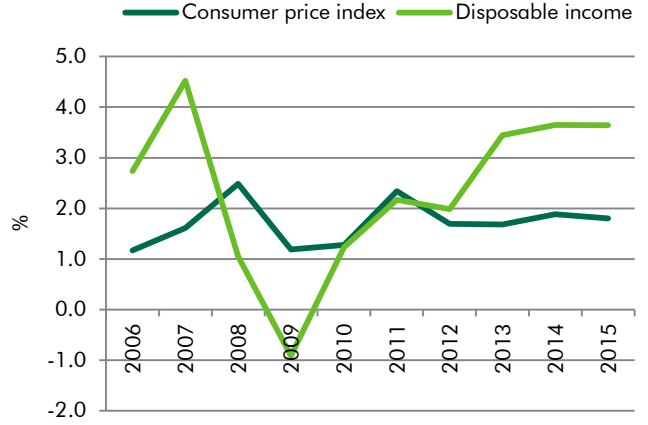
Retail remains in focus of institutional investors, but the number of prime assets for sale is limited. As Unibail-Rodamco's Dutch disposal programme is more or less finished, last year's investment volume fell back to the long-term average of about € 1.3 million. The drying up of real estate debt finance is also affecting retail investment. Portfolio sales are rare; instead, the disposal of portfolios generally takes the form of an individual asset sale programme. Transactions are becoming smaller in scale too: 2011 only witnessed two transactions exceeding € 100 million.

Retail turnover



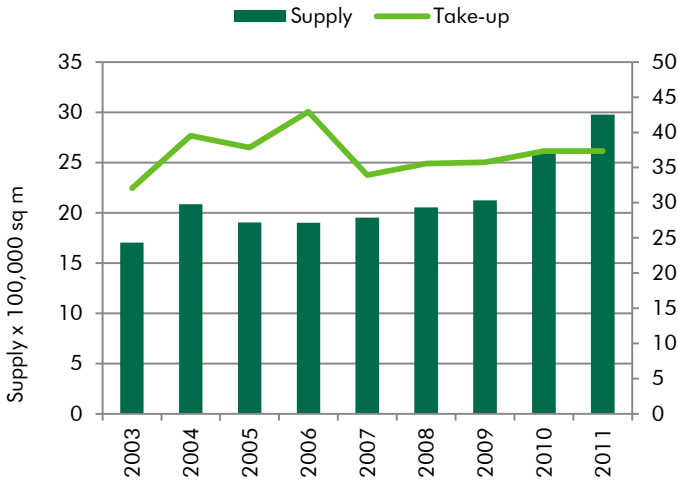
Source: Statistics Netherlands

Disposable income & inflation



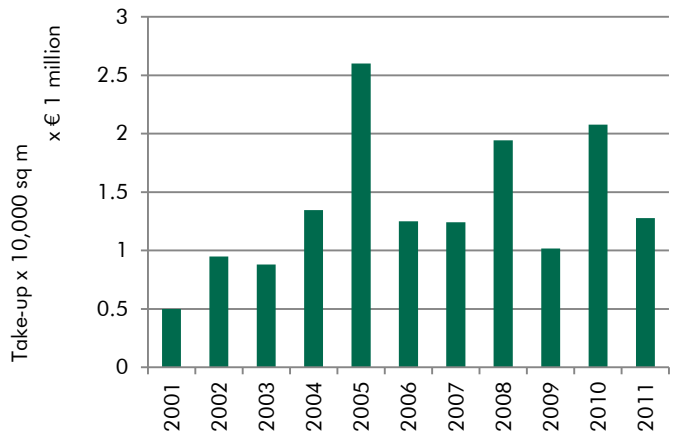
Source: Oxford Economics

Supply & take-up



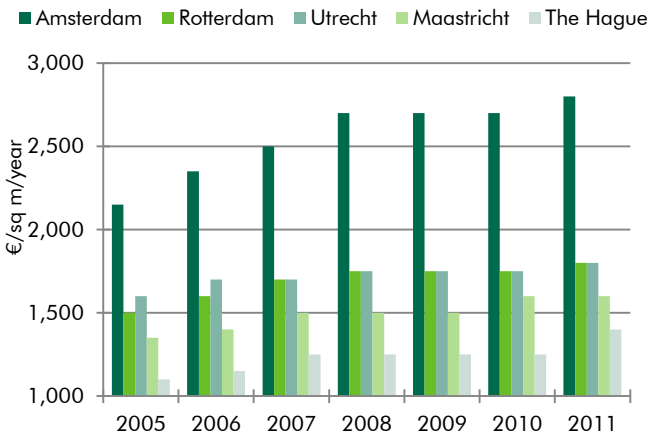
Source: CBRE/Locatus

Investment turnover



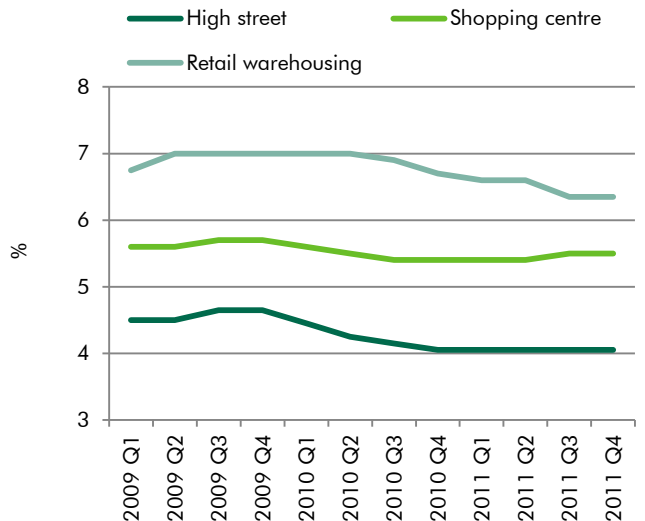
Source: CBRE

Prime high street rents



Source: CBRE

Prime yields



Source: CBRE

Major investment deals 2011

Location	Project	Type	Purchaser	€ x million	Size (in sq m)
Breda, Molsterrein	Achter de Lange Stallen	Shopping centre	Syntrus Achmea	>150	24,000
Eindhoven, 18 Septemberplein	Piazza Center	Shopping centre	Wijs & Van Oostveen, TB, Condo	110	30,000
Beek, Weth. Sangersstraat	Makado	Shopping centre	Achmea Dutch Retail Property Fund	55.6	26,000
Almere, Almere Buiten	Buitenmere (partly)	Shopping centre	Syntrus Achmea	48.5	16,000
Emmen, Picassopassage	De Weiert (partly)	Shopping centre	Peter van Dijk Projects & Investments	48	13,000
Rotterdam, Vierhavensstraat	Bigshops Parkboulevard	Retail warehousing	Deka Immobilien	44	25,000
Zwijndrecht, Walburg	Walburg	Shopping centre	Vastned Retail	38.8	14,000

Major take-up deals 2011

Location	Name	Type	Size (in sq m)
High street/inner city			
Almere, Stationsstraat	Primark	Fashion	6,500
Amersfoort, Langestraat	Zara	Fashion	2,000
Amsterdam, Kalverstraat	The Sting	Fashion	2,050
Dordrecht, Johan de Wittstraat	Saturn	Electronics	5,000
Hoofddorp, Marktplaan	Zara	Fashion	1,700
Leiden, Aalmarkt	The Sting	Fashion	3,000
Rotterdam, Coolsingel	Saturn	Electronics	10,000
The Hague, Kalvermarkt	Primark	Fashion	8,000
Zaandam, Ankersmidplein	Primark	Fashion	5,600
Shopping centre			
Amersfoort, Amicitia	Perry Sport	Sport	1,100
Groningen, Paddepoel	H&M	Fashion	1,200
Tilburg, Westermarkt	Swiss Sense	Furniture	1,150
Retail warehousing			
Amsterdam, Arena Boulevard	Esprit Outlet	Fashion	2,700
Best (Eindhoven), Bestpoint	Karwei	DIY	7,000
Breda, Stadionkwartier	Jumbo	Supermarket	6,000
Gouda, GoStores	Gamma	DIY	6,000
The Hague, MegaStores	WoonexpressXL	Furniture/Home deco	8,000

OUTLOOK

Dropping sales volumes, online shopping and the growing importance of a clear shop identity ('fun', 'run' or 'goal') are coinciding. In order to maintain footfall, this is leading to an increased clustering and concentration of shopping destinations. The strongest inner cities are compacting and upgrading, leading to clearly defined prime high street areas. Here, international retail chains are looking for larger units, illustrated by the opening of many flagship or brand stores with a strong focus on display.

In the 'goal' shopping segment there is a focus on accessibility by car and a combination of a broader range of products. Ideally, a 'run' shopping element is also added, resulting in a retail park which is accessible by car and where daily necessities can be combined with goal-oriented shopping. The supermarket sector itself is performing solidly, but, triggered by the rapid expansion of the Jumbo chain, is searching for more efficiency and increased customer relations which also leads to a focus on a broad range of products and accessibility by car.

The increasing vacancy in the access streets and outlying shopping streets is offering opportunities for niche formulas such as ethnic or high-end specialty shops, or services that are less dependent on footfall, such as food catering, hairdressers or job agencies. Also, more supermarkets catering for specific ethnic groups are expected to enter the Dutch market in the next few years, particularly in the residential neighbourhoods. Another challenge is the increasing need for collect spots, since internet shopping is growing rapidly and is generating an increasing volume of returns. As accessibility of collect spots is very important, this may offer a partial solution for the vacancy in non-prime retail areas.

Rental growth is still an option in the strongest high streets, particularly in the G4 cities, but elsewhere stable or falling market rents are to be expected. Investors, mainly institutional ones, remain focused on retail as a relatively safe property category, although the rising vacancy is source of concern. Moreover, supply of prime shopping centre assets is becoming scarce, whereas prime high street units generally lack the scale and are still trading at low yields. The restricted availability of debt finance is a formidable obstacle and is pushing the average transaction size in the Netherlands down. Portfolio trades are rare; instead, most portfolio disposals have to be structured as a lengthy programme of individual asset sales.

Institutional retail portfolios that have recently been structured as a fund and have been opened up for other investors provide an indirect opportunity for prime retail investment. On the other hand, the aforementioned retail park, where traditional retail warehousing is extended by other 'goal' shopping categories and a supermarket, is offering a new direct opportunity for investors.

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