Vereniging van Institutionele Beleggers in Vastgoed, Nederland
Association of Institutional Property Investors in The Netherlands
PO Box 620, 2270 AP Voorburg
The Netherlands
tel: +31 – 70 – 3000371
fax: +31 – 70 – 3694379
e-mail info@ivbn.nl
internet www.ivbn.nl

PRESS RELEASE

Dutch Retail Property Offering Stable Long–term Return Prospects on Solid Economy and Constrained Supply – IVBN Research

Munich, October 4 – Selective investment in Dutch retail properties promises to generate solid income returns and capital appreciation for investors looking to diversify their European portfolios, a study commissioned by the Association of Institutional Property Investors in The Netherlands (IVBN) concludes.

Wilbert Kroesen, managing consultant of Ecorys who compiled the report said: "Now is the right moment for investors to take a good look at the Dutch retail property market. Steady growth in the economy and in consumer confidence, burgeoning populations in the big cities and restrictions on new supply suggest the Dutch market will offer stable risk-adjusted returns over the next five years."

Commissioning the research report entitled "*Investment in retail property in the Netherlands, a European perspective*" were leading domestic investment managers*. They presented the findings at the Expo Real real estate trade fair in Munich on Tuesday.

Although perceptions of the Dutch retail real estate investment market have been coloured by a number high profile bankruptcies among retailers recently, the outlook for the Netherlands is comparable to neighbouring Germany, the perennial favourite of international investors during the past few years.

Of the seven main European markets studied by the researchers only retail real estate in Germany and the Netherlands avoided negative nominal total returns in each of the past 15 years. The other markets examined were France, Norway, Sweden, Spain and the UK.

Flat or positive total returns for the retail market in the Netherlands mask, however, the widening polarisation in performances: top store locations in the main cities and local convenience shopping centres contrast with the lagging returns of secondary shopping destinations. This is why international institutional investors ought to consider working with experienced Dutch managers before venturing into the market, the report recommended.

The threat posed by e-commerce to mainstream bricks and mortar retailers in the Netherlands will diminish in coming years as online commerce matures and the leading brands gain market share at the expense of "pure and long-tail" Internet players, according to the study.

Although Dutch retail was hit hard by the Global Financial Crisis of 2008/2009, with turnover falling by 5.6%, the market is now stabilising. Leading the way are the prime high streets of the largest cities in the central Holland Metropole region, core locations in the next ranking urban areas and local convenience shopping centres across the country.

The prime yield on retail property transactions reported for H1 2016 was around 4.0% in Amsterdam and Rotterdam, 4.5% in Maastricht, 4.75% in Utrecht and 5.0% in The Hague. All are at a considerable premium to long-term benchmark interest rates. Moreover, the price corrections that occurred following the financial crisis mean that current rental levels are now more sustainable, the study said.

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* Altera Vastgoed, a.s.r. Real Estate Investment Management, CBRE Global Investors, Bouwfonds Investment Management, Bouwinvest, DELA Vastgoed, Syntrus Achmea Real Estate & Finance and Wereldhave

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During the next 10 years, the population of the Netherlands is projected to grow by nearly 3.0% to around 17.5 million. This expansion and economic growth will be overwhelmingly concentrated in the four largest cities of the central Holland Metropole area, the fourth richest (GDP €262 billion) and best-connected urban conurbation in Europe.

Retail investment will follow these demographic and economic trends, the study showed, while national and local government policy to reduce the volume of retail real estate supply will also be supportive for retail property assets, the study showed. The supply of new retail space in the Netherlands will stabilise near current levels for the next ten years, it said.

Wilbert Kroesen, managing consultant of Ecorys, concluded: "Construction of new Dutch retail properties has fallen dramatically since the Global Financial Crisis. The strong legal protection enjoyed by retail tenants is under review and government support will be only for the strongest parts of the retail market. That indicates that we could see shortages in retail real estate in the Netherlands over the next decade, which would underpin pricing in the investment market."

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Note for the editor:

For more information please contact:

F.J.W. van Blokland, Managing Director IVBN +31 - 70 - 3000371 / f.vanblokland@ivbn.nl

About IVBN:

IVBN aims to promote a balanced real estate investment climate and beneficial market conditions both locally, regionally and internationally. IVBN promotes the common interests of its members and provides a platform for institutional real estate investors.

Members of IVBN are real estate companies such as listed and unlisted real estate funds and real estate investment managers. The members operate large portfolios of real estate, mainly on behalf of institutional investors, such as pension funds, insurance companies and/or banks. The 32 members operate approximately 45 bn euros in Dutch property and another 50 bn euros of real estate outside the Netherlands. They invest in residential real estate (50%), retail property (30%), office space (15%), commercial property, car parks and other property.