BELGIAN RETAIL INVESTOR SURVEY

2025

CUSHMAN & WAKEFIELD

Clarity after uncertainty: how retail capital is positioning for the next cycle.

The Belgian retail real estate market has entered a period of realignment. Amid evolving consumer behaviour, diverse financing dynamics and shifting urban movements, investors are reassessing their strategies with a sharper eye on risk, resilience and returns. To better understand how capital is navigating these changes, we relaunched our **Retail Investor Survey** in March-April 2025.

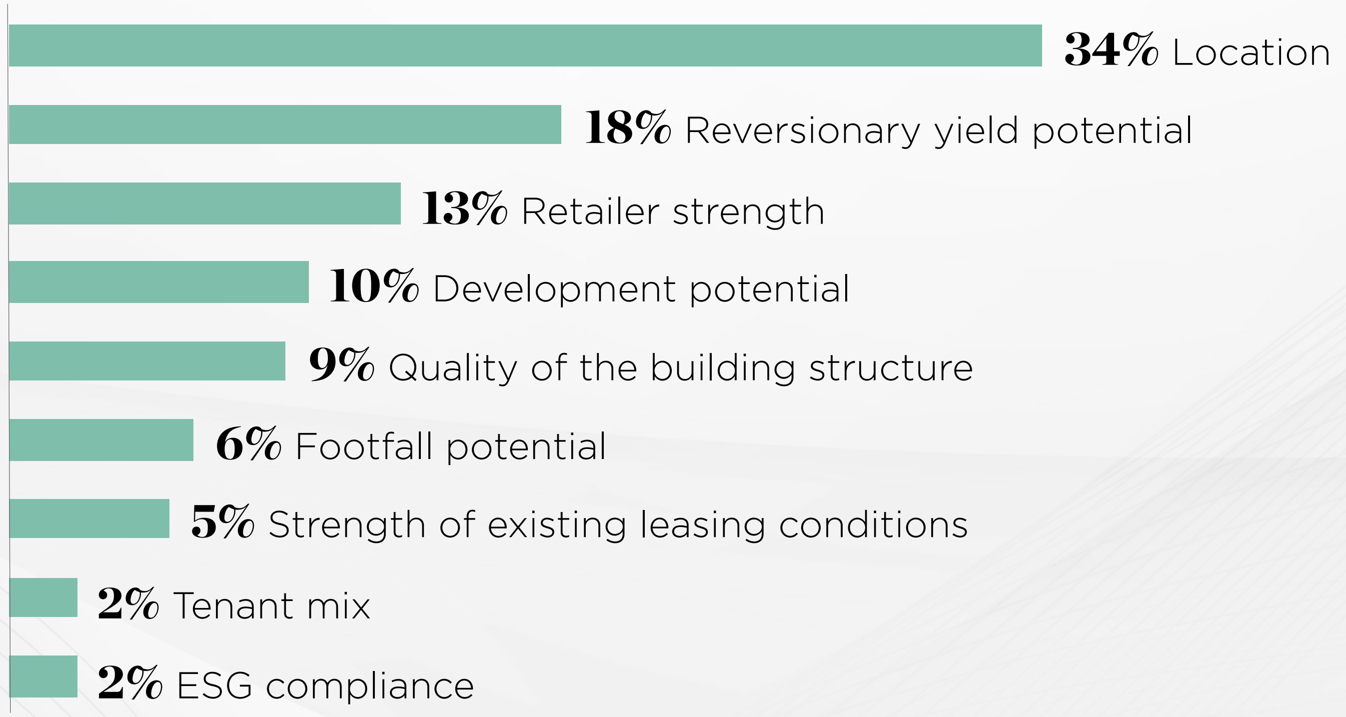
This edition gathered responses from **47 active retail investors**, including family offices, corporate investors and asset managers. While not exhaustive, this online survey captures the views of a diverse group operating across a wide range of retail formats, from high streets to shopping centres and out-of-town retail, primarily focused on Belgium, with a smaller portion active in the wider Benelux region.

Our objective is clear: to provide our clients and stakeholders with data-backed insights that clarify market priorities, emerging risks and strategic investment directions. The findings are structured around **five themes**: investment strategy, market sentiment and outlook, capital allocation, occupational preferences and ESG. At a time when stability matters more than speculation, this report offers a grounded view of where retail investors stand and where they are headed next.

1. Investment strategies: stability in focus

When selecting retail assets, **location** remains the decisive factor, cited by 34% of respondents as their top priority. This preference underscores a continued belief in the long-term value of well-positioned properties. Interestingly, **reversionary yield potential and building quality** also rank high, reflecting a balanced focus between present income and long-term asset resilience.

IMPORTANT SELECTION CRITERIA

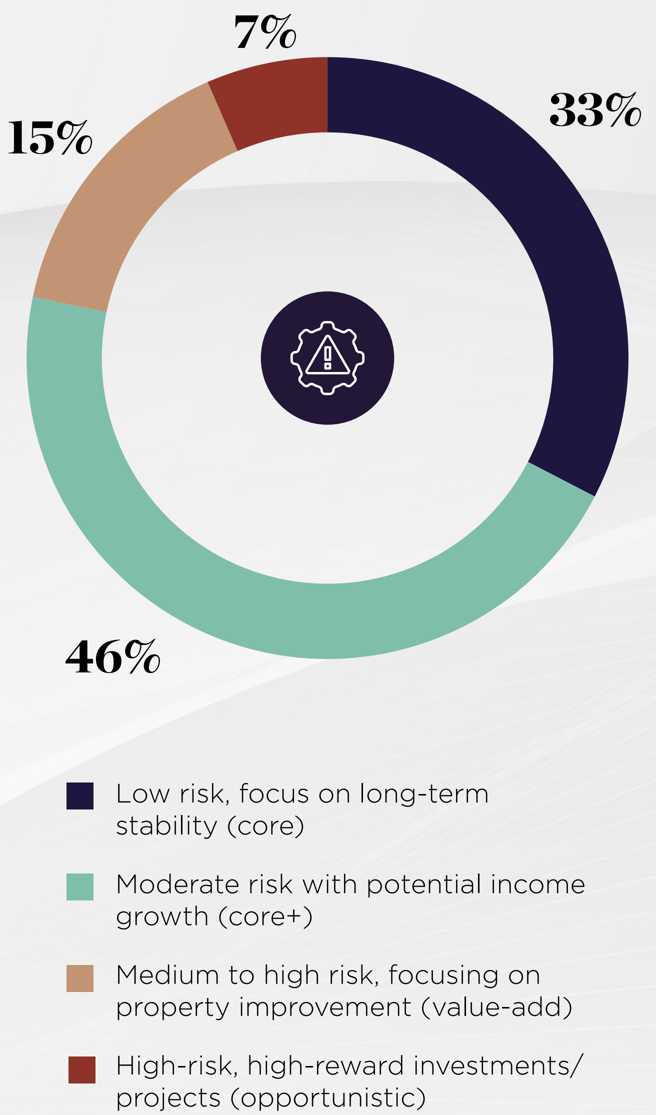


The data shows that 62% of investors are focused on transactions between €1–5 million, indicating a **preference for mid-sized deals**. Larger transactions (over €5 million) also hold significant interest, accounting for 30% of responses, indicating a dual focus in investor preference by deal size.

Perhaps most telling is the investors' horizon: 87% of respondents report a **holding period of more than five years**. This long-term perspective is mirrored in risk appetite, where nearly 80% remain committed to low or moderate-risk strategies, favouring stability over short-term upside.

When it comes to risk appetite, most investors continue to **prioritise stability and income predictability**. Around 78% focus on core and core+ strategies, reflecting a strong preference for lower-risk retail assets. In contrast, only 22% are active in value-add or opportunistic segments, typically targeting assets with redevelopment or repositioning potential. This cautious approach is consistent with long-term investment horizons, with 87% of respondents indicating they hold assets for more than five years, highlighting a clear focus on steady performance and lower volatility in today's market environment.

RISK PROFILE

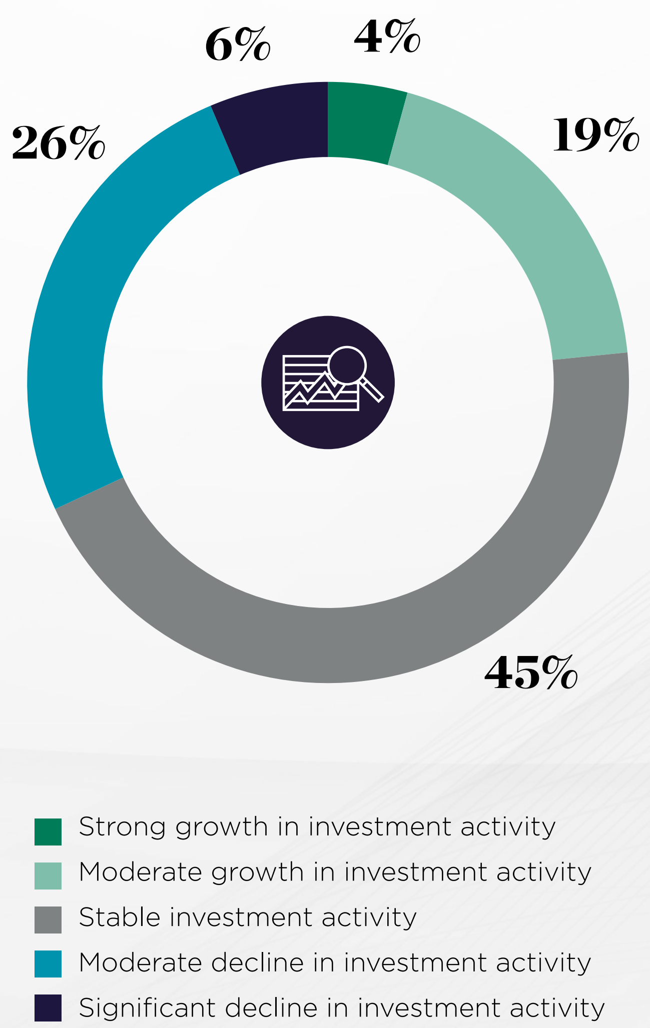


2. Market sentiment: cautious optimism

Investor sentiment in the retail real estate sector remains cautious but stable. Nearly half of respondents (47%) describe the current investment environment as neutral, while 34% hold a negative view and 19% are slightly positive. Notably, **no respondents expressed extreme optimism or pessimism**, indicating a market outlook that is measured and grounded.

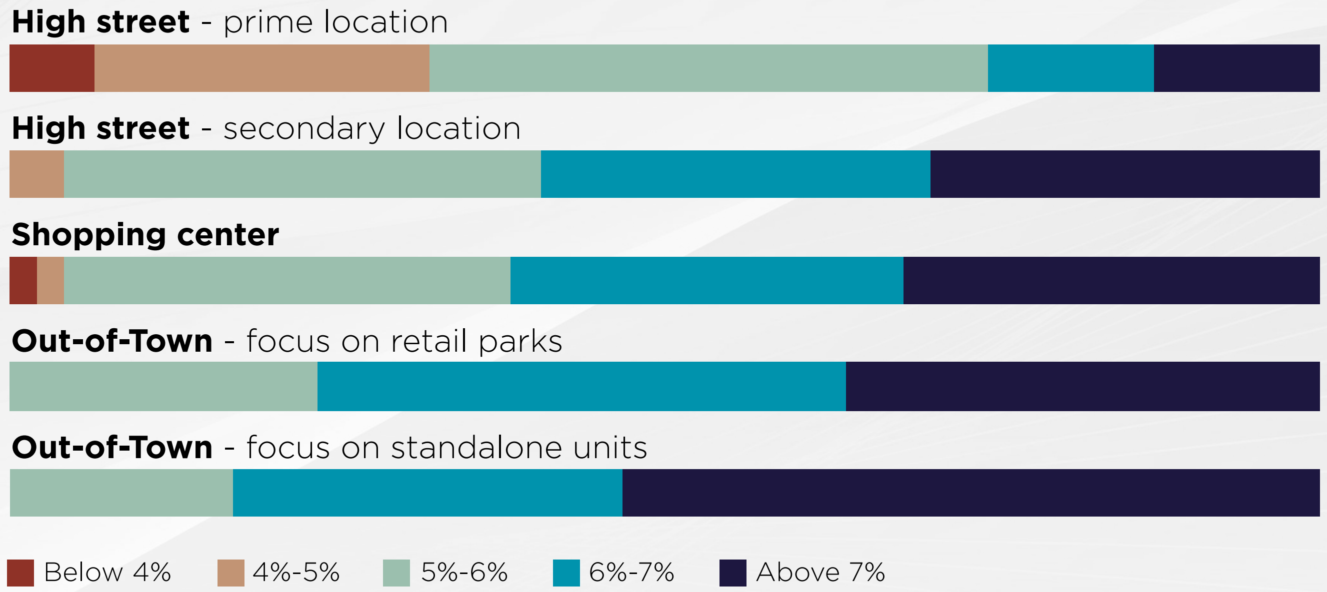
This steady sentiment is mirrored in investors' **12-month outlook**: while 23% expect some level of growth in investment activity, nearly half (45%) anticipate stable activity. Meanwhile, 32% foresee a decline, with most of those expecting only a moderate drop. The spread of responses suggests that a clear turning point has not yet been reached, and that most investors expect the market to remain relatively flat or cautious in the short term.

12-MONTH MARKET EXPECTATIONS



Initial yield expectations further reflect this risk-aware mindset. Yields vary significantly by retail format and location, with out-of-town assets, particularly standalone units, expected to deliver the highest returns, often exceeding 6% or even 7%. Retail parks show a similar profile, positioning them as attractive options for yield-driven strategies. In contrast, prime high street locations are expected to deliver more modest returns, generally in the 4% to 6% range, reflecting their perceived resilience and lower risk. Secondary high streets and shopping centers fall in between, with broader yield distributions and a noticeable shift toward higher return brackets. These yield patterns illustrate the classic risk-return trade-off investors are navigating in today's environment.

INITIAL YIELD EXPECTATIONS



When asked about their main concerns, investors most often mentioned **pricing that hasn't yet adjusted to current market conditions and tenant insolvency risks**, both selected by more than half of respondents. These issues point to challenges in deal-making, especially when there is a mismatch between buyer and seller expectations, or uncertainty around tenant stability. Regulatory changes, such as new fiscal rules, and elevated debt costs were also frequently cited. While fewer respondents mentioned environmental risks or a lack of suitable products, the results highlight the practical factors that investors are watching closely as they navigate today's retail market.

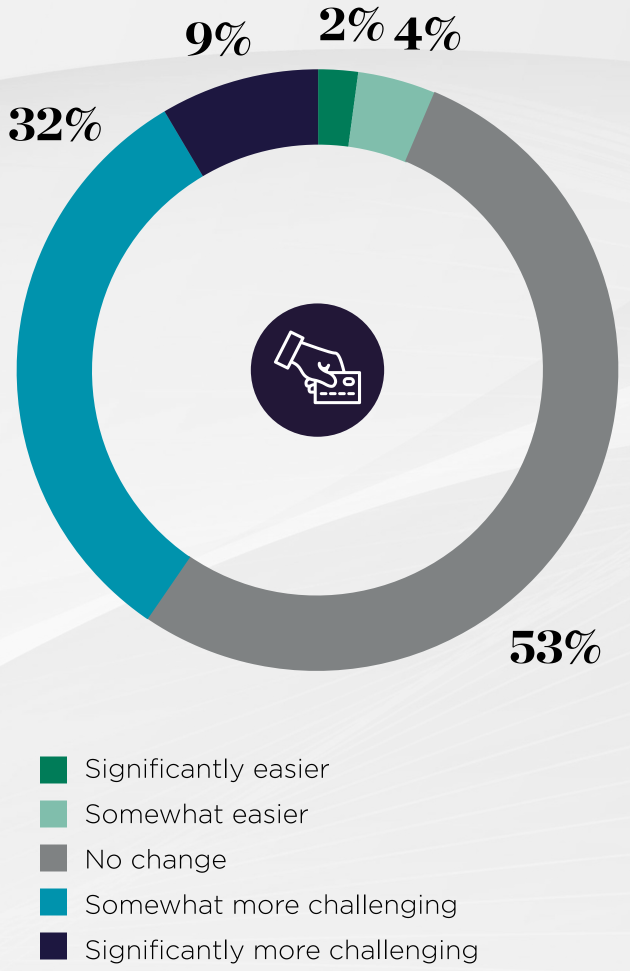
3. Capital preferences: a balanced approach emerges

Investors show a clear preference for straight-forwards and transparent deal structures, with over half (52%) **favouring asset deals** and only 27% preferring share deals. More complex formats like forward funding, forward purchase, and sale-and-leaseback remain marginal in retail, collectively accounting for just over 20% of responses.

In terms of financing, **a balanced mix of equity and debt** is the most common approach (38%), followed closely by debt-driven strategies (36%). A smaller group (26%) prefer to use equity-only structures, pointing to varied approaches depending on asset type, risk profile and investor mandate.

While monetary policy is starting to ease, **access to financing remains unchanged for most**, with 53% of respondents reporting no difference compared to last year. However, **41% have experienced greater difficulty**, indicating that borrowing conditions are still challenging for a notable share of investors. Only a small number reported improved access. These results suggest that, even as interest rates begin to stabilize, financing is not yet easing across the board and may continue to influence investment decisions and deal structures.

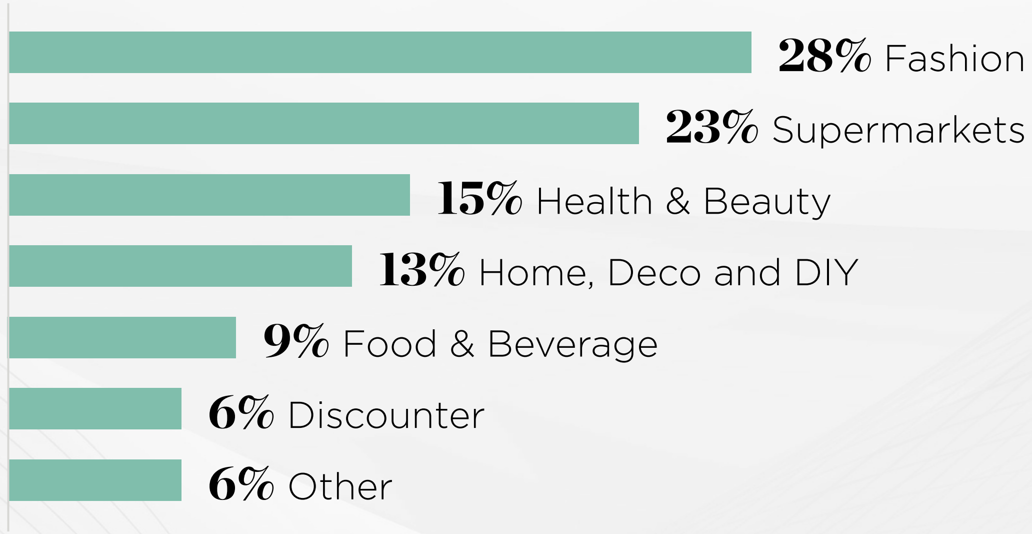
ACCESS TO FINANCING IN THE PAST 12 MONTHS



4. Letting dynamics: tenant priorities and negotiation shifts

Investor preferences in terms of tenant profiles show a clear overall leaning toward **fashion retailers**, cited by 28% of respondents as their preferred category. However, this interest is predominantly driven by investors active in high streets. In contrast, out-of-town investors continue to favour **supermarket**s, which rank second overall with 23%, reflecting the persistent appeal of necessity-driven retail. Health & beauty formats (15%) and home, deco and DIY concepts also attract moderate interest. Meanwhile, food & beverage tenants remain less popular in the current market climate, with only 9% of respondents indicating a preference.

PREFERRED RETAIL CATEGORY

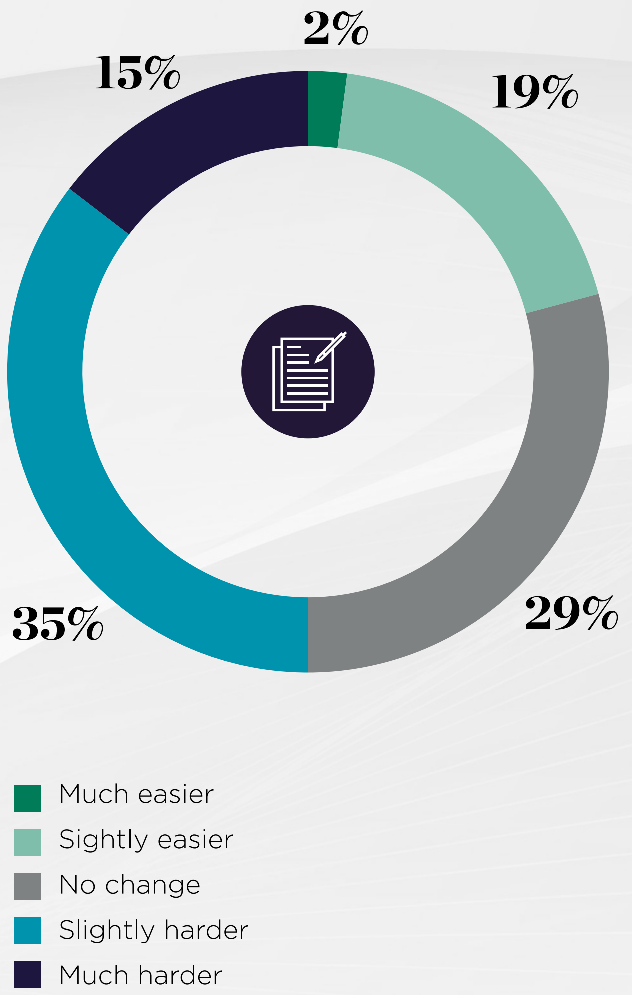


When it comes to rental negotiations, there are signs of an **increased negotiation pressure on landlords**. The most frequently cited trend, noted by a third of investors, is an increased request for lower rental prices. Additionally, 28% of respondents report greater challenges in negotiations overall, and 14% have observed more frequent demands for extended rent-free periods. These trends point to a market where lease negotiations are becoming more complex, with tenants increasingly seeking concessions in response to a more challenging demand environment.

This dynamic is further confirmed by responses around **letting conditions**. A combined 50% of respondents report it is now harder to let retail properties compared to 12 months ago, with 35% indicating it is "slightly harder" and 15% saying it is "much harder". Only 21% perceive any improvement, while 29% see no change.

The findings suggest that flexibility around rental conditions, including pricing, incentives and lease structures, is playing a growing role in ensuring strong occupancy rates.

CHANGES IN LETTING CONDITIONS THE PAST 12 MONTHS

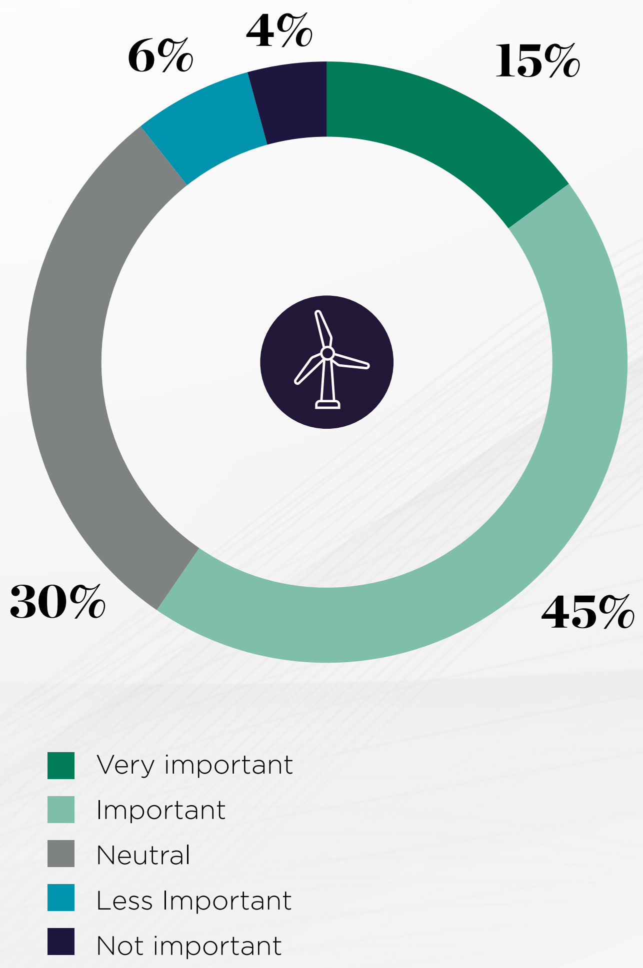


5. ESG considerations: growing but not yet decisive

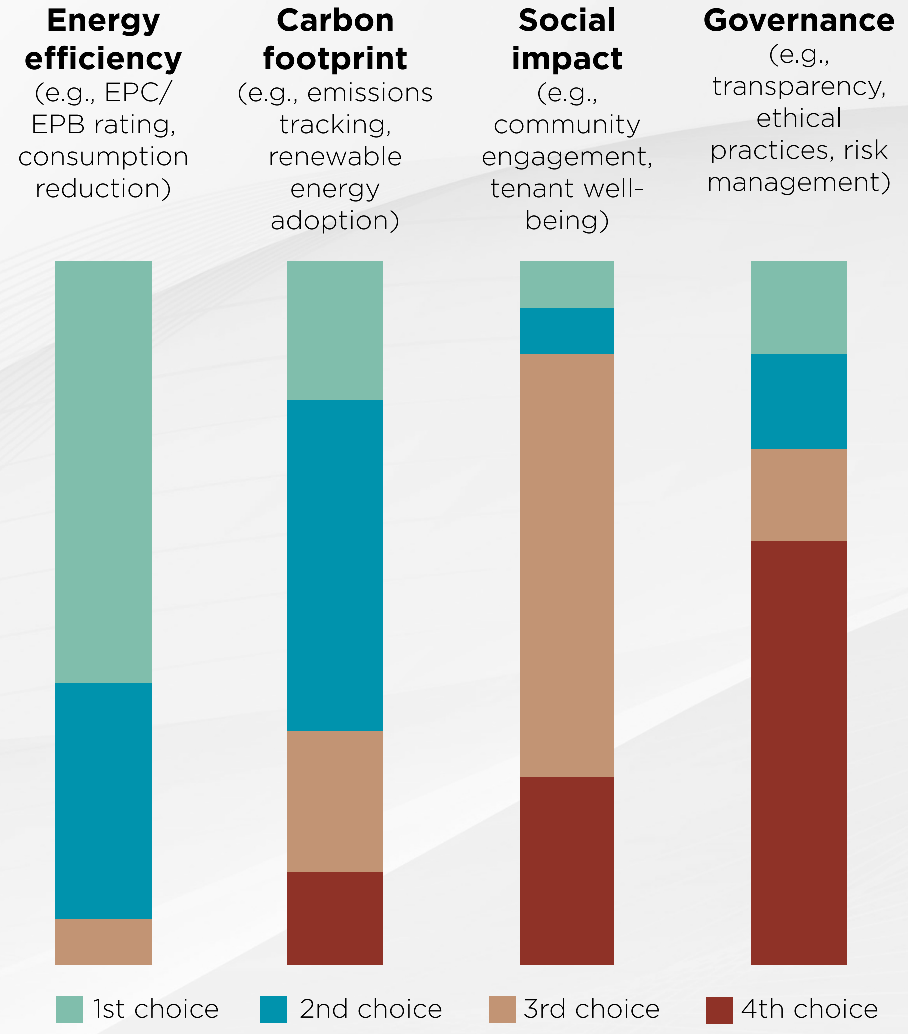
While ESG compliance is generally not yet a top selection criteria when choosing retail assets, the importance of sustainability in investment decisions is steadily increasing. Over 60% of investors rate **ESG factors as important or very important** in their decision-making process.

When ranking the most important ESG criteria, investors placed clear emphasis on **energy efficiency**, with factors like EPC/EPB ratings and consumption reduction most often selected as their top priority. **Carbon footprint** followed, frequently appearing as a second or third choice, highlighting ongoing attention to emissions and renewable energy adoption. **Social impact and governance** were generally seen as less critical, receiving fewer top rankings but still appearing regularly as lower-ranked priorities. Overall, the results suggest that while environmental performance remains at the forefront of ESG considerations, social and governance factors are increasingly part of the broader assessment.

IMPORTANCE OF SUSTAINABILITY FEATURES WHEN MAKING INVESTMENT DECISION



MOST CRITICAL ESG CRITERIA IN DECISION MAKING PROCESS



Conclusion

The results of this survey reflect a retail investment market that is active, thoughtful and firmly focused on long-term value. Investors continue to prioritise well-located, income-producing assets, with a clear preference for core strategies and stable returns. While some challenges remain around letting conditions and financing, most respondents are navigating these with measured adjustments rather than major shifts. ESG considerations, particularly around energy performance, are steadily gaining ground in investment decisions. As the retail landscape evolves, the ability to combine selectivity with flexibility will be key to capturing future opportunities.

Contact

Annechien Veulemans
Senior Research Analyst
annechien.veulemans@cushwake.com

Victoria Tanret
Partner - Head of Capital Markets
victoria.tanret@cushwake.com

Arnaud de Bergeyck
Real Estate Consultant - Capital Markets
arnaud.debergeyck@cushwake.com