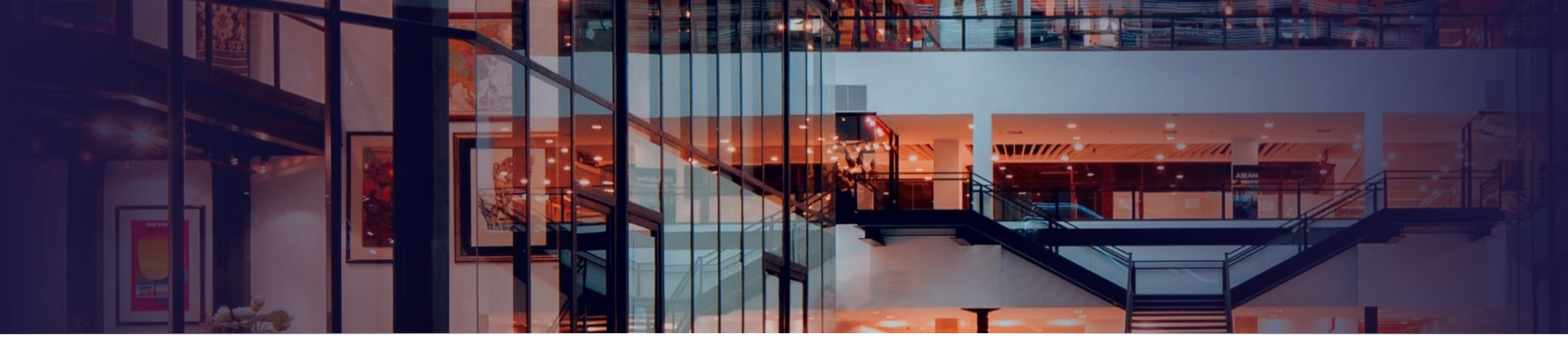


MARKETBEAT
BELGIUM
RETAIL Q1 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YoY Chg	12-Month Forecast
67,300 sq m Take-up 2025 (YTD)	▼	=
€1,700 /sq m/year Prime rent high street	=	▲
€706 million Investment volume 2025 (YTD)	▲	▲

ECONOMIC INDICATORS

	YoY Chg	12-Month Forecast
0.44% GDP growth YoY 2025 (e)	▼	▲
5.90% Unemployment rate	▲	▲
-1.86% Retail sales volume growth YoY February 2025	▼	=

Sources: Moody's Analytics, Statbel

SLOWER GROWTH AND RISING GEOPOLITICAL RISKS

Belgium entered 2025 with modest economic growth expectations. According to Moody's Analytics, the country's GDP is projected to grow by just 0.44% this year, a figure already revised downward. This baseline forecast assumes an effective 10% U.S. tariff rate on EU exports. In a downside scenario, where U.S. tariffs rise to 20% among other adverse assumptions, Belgium would likely fall into recession with GDP contracting by -1.3%.

Commercial real estate may offer relative stability in the current environment, particularly for income-generating assets that are less exposed to global trade dynamics. Rental cash flows tend to remain stable, even during periods of uncertainty, while the potential for monetary easing in response to slower growth expectations could support financing conditions and sustain investor interest.

BELGIAN INFLATION REMAINS ELEVATED

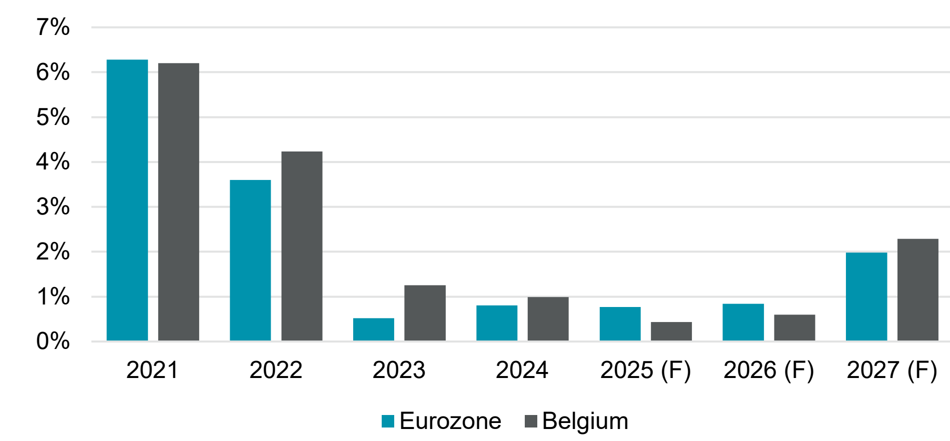
Inflation remains elevated. Belgium's harmonized inflation rate (HICP) was estimated at 3.6% in March, well above the Eurozone average of 2.2%. The strongest price increases were recorded in housing, utilities, and hospitality, while communication services saw price declines.

In construction, the building federation Embuild reports that while prices for essential materials like steel, wood and plastics have eased towards early 2022 levels, labour costs remain high and key materials such as cement and bricks are still more expensive than pre-crisis. As a result, overall building costs have stabilised rather than fallen, keeping pressure on development budgets.

SHIFTING INTEREST RATE ENVIRONMENT

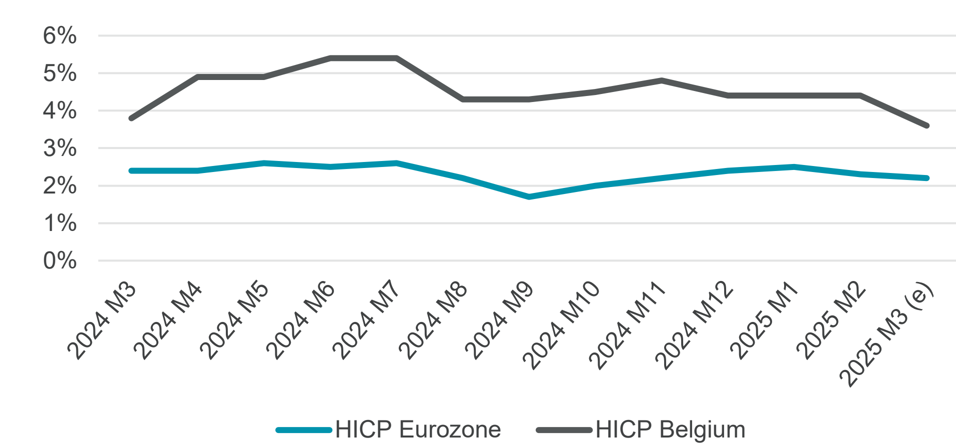
Interest rates fluctuated over the past month. Fixed-rate loans, linked to long-term government bond yields, became more expensive in early March after Germany announced a more flexible debt policy. However, by the end of the month, stabilising inflation brought those yields back down, easing pressure on fixed-rate borrowing. Meanwhile, variable-rate loans, tied to EURIBOR, benefited from two ECB rate cuts in Q1 2025, leading to lower financing costs for floating-rate debt.

GDP GROWTH (in % of change prev. year)



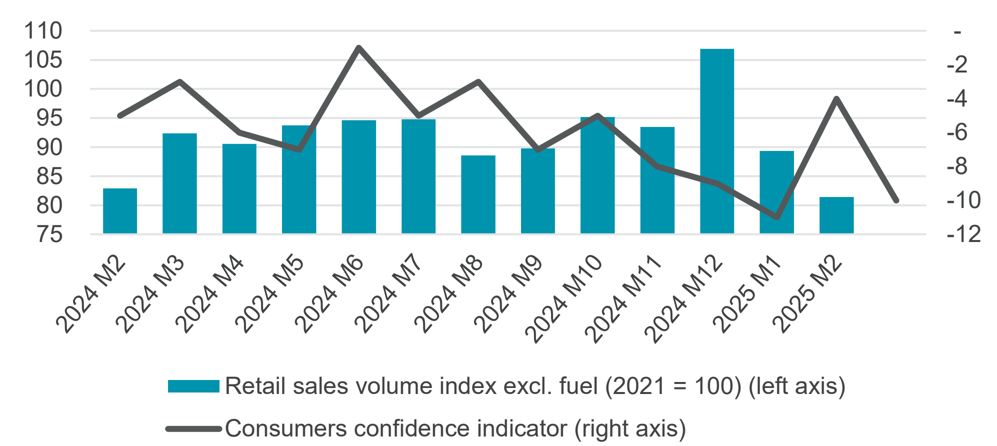
Source: Moody's Analytics (baseline scenario - April 2025)

INFLATION RATE (HICP in % of change)



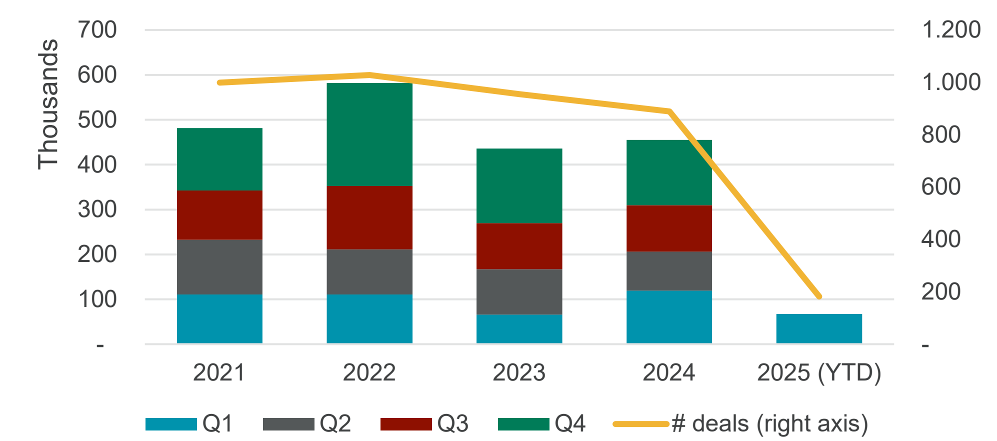
Source: European Central Bank (ECB)

SALES VOLUME & CONSUMERS CONFIDENCE

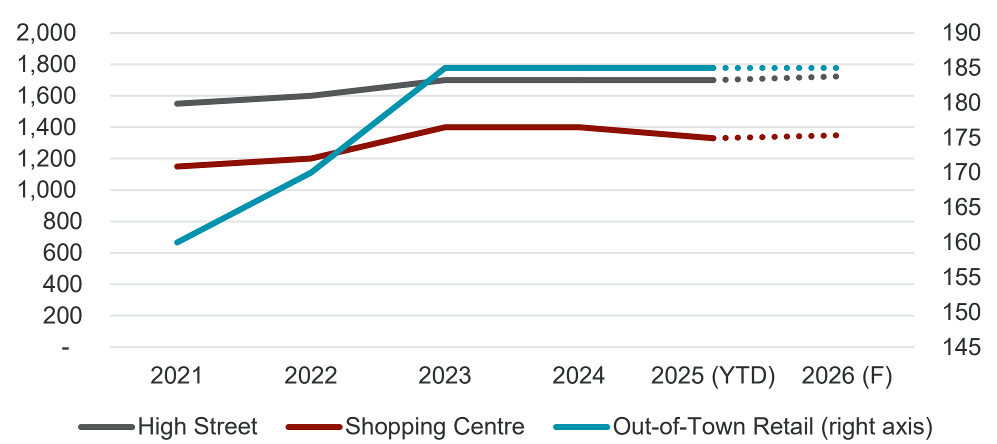


Source: National Bank of Belgium (NBB) and Statbel

TAKE-UP BY QUARTER (sq m)



PRIME RENTS BY SECTOR (EUR/sq m/year)



BELGIAN RETAIL TRENDS: COOLING DEMAND AND INDUSTRY SHAKE-UP

Retail sales volumes in Belgium declined by -1.86% in February compared to the same month in 2024, with the downturn particularly pronounced in specialist food stores. In contrast, online retail showed a modest increase. However, when looking at retail sales in value terms, the picture appears less negative: the decline was limited to just -0.3% in February on a YoY-comparison, indicating that inflationary pressures may be cushioning revenue levels despite falling volumes.

Meanwhile, consumer confidence dropped noticeably in March, falling to -10, a decline of 6 points compared to February. The main contributors to this deterioration were increased pessimism regarding the general economic outlook and growing concerns over the future development of the labour market.

In the Belgian retail landscape, notable shifts are underway in the supermarket segment. It was recently announced that the Cora hypermarkets in Brussels and Wallonia will close their doors respectively at the beginning of 2026, marking the final chapter for the Louis Delhaize Group, which had already divested its Smatch and Match stores to Colruyt, as well as Délitraiteur. This exit follows the earlier departure of Mestdagh, making it the second notable supermarket group to withdraw from the Belgian market in recent years.

SLOWER START IN TAKE-UP, BUT POSITIVE TURN IN SHOPPING CENTRES

Retail take-up reached 67,300 sq m in the first quarter of 2025, spread across 182 letting transactions. This marks a slower start compared to Q1 2024, particularly in the out-of-town retail segment, where take-up volume fell by more than half. The decline is largely explained by the exceptional activity recorded last year, when major occupiers such as ToyChamp, Dreamland and Jysk took over a number of former Fun stores. But also the high street segment took a hit, with a QoQ decline of more than 25%.

Despite the overall slowdown, the shopping centre segment showed signs of recovery, with take-up reaching 9,400 sq m, a 7% increase QoQ. This upward trend points to a renewed interest from retailers in high-traffic, curated retail environments.

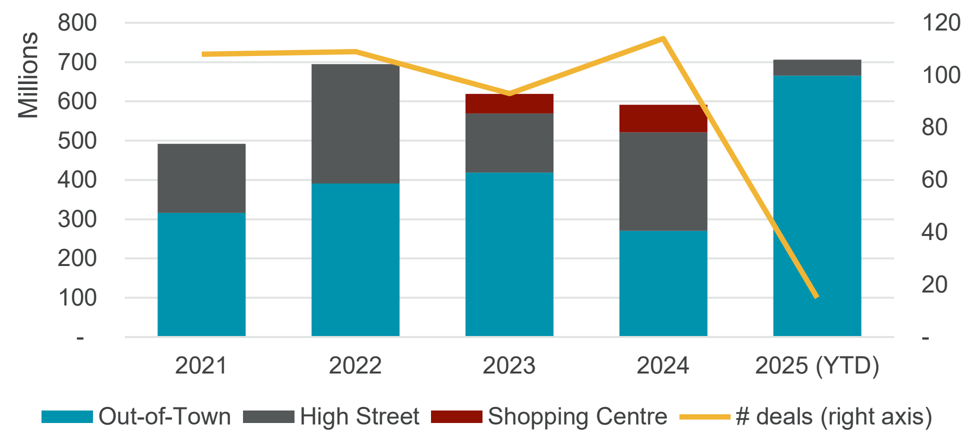
STABLE PRIME RENTS, WITH CORRECTION IN SHOPPING CENTRES

Prime rents remained unchanged for both high street retail (€1,700/sq m/year) and out-of-town retail (€185/sq m/year) in this first quarter. However, prime shopping centre rents recorded a slight adjustment, dropping by 5% to €1,330/sq m/year. The correction reflects pressure on retailer margins and the slower take-up seen in 2024, though the recent leasing activity in Q1 may signal a more balanced outlook going forward.

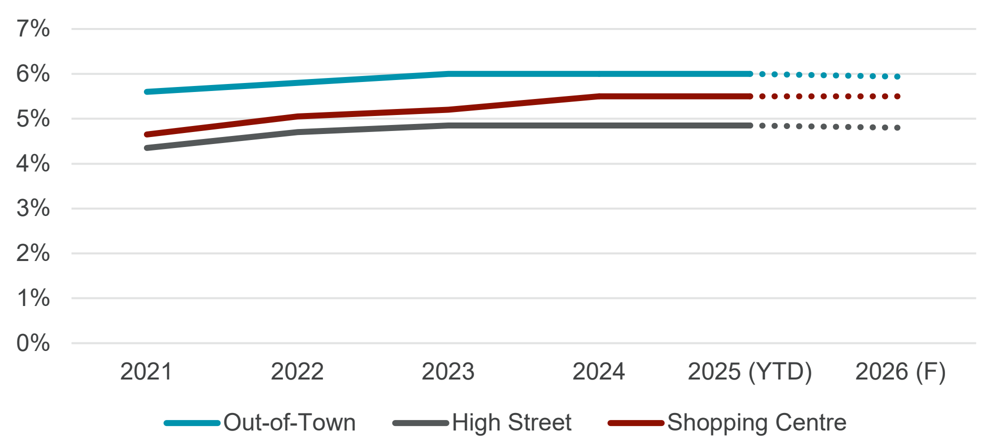
OUTLOOK

- Belgian GDP projected to rise by 0.44% in 2025, indicating a period of economic stagnation. U.S. trade tariffs could cut up to almost 2% of Belgian GDP in a downside scenario.
- Inflation stays above the Eurozone average, driven by persistent cost pressures in especially energy. The key question is whether energy prices can be stabilized, especially as energy infrastructure costs are expected to remain elevated
- Slower economic growth may push the ECB to continue interest rate cuts, which could ease financing conditions.
- Out-of-town retail may continue to see limited take-up, following an exceptional 2024 and lower current demand from large occupiers.
- Shopping centres could recover further, especially those offering curated, experience-driven retail in well-located assets.
- Prime high street and out-of-town rents expected to hold firm in core locations, supported by limited supply and selective retailer demand.

INVESTMENT VOLUME BY SECTOR (EUR)



PRIME YIELDS BY SECTOR



EXCEPTIONAL START TO 2025: INVESTMENT VOLUME BEYOND 2024 TOTAL

The first quarter of 2025 got off to a remarkably strong start, with the total investment volume already surpassing the full-year result of 2024. A total of €706 million was transacted in Q1, an exceptionally high figure for a single quarter. This performance was primarily driven by two major transactions: Cibus Nordic's acquisition of Forum Estate, representing an underlying asset value of €508 million, and a joint venture between LCV Real Estate and Colruyt, which acquired the former Makro-Metro sites for €143 million.
When excluding these two landmark deals, the remaining investment volume stands at €67 million. This shows that, beyond the headline transactions, the activity in the market is still rather limited. However, liquidity remains solid for smaller tickets, typically under €5 million. Investors are also demonstrating increasing attention to the typology and resilience of retail occupiers.

STABLE YIELDS WITH SIGNS OF OPTIMISM IN PRIME HIGH STREETS

There were no changes in prime retail yields during the first quarter. High street yields remain stable at 4.85%, out-of-town retail holds at 6.00%, and the theoretical yield for shopping centres remains at 5.50%. Looking ahead, there is some potential for slight yield compression in the high street segment, especially for prime locations with robust fundamentals. However, we continue to monitor the broader economic and financing landscape before anticipating more significant yield movements.

OUTLOOK

- Investment surge of Q1 unlikely to be sustained at the same level, unless more landmark transactions occur.
- Investor focus to shift toward resilient assets with strong tenants and future-proof formats, particularly food-anchored retail or retail parks with daily needs offerings.
- Slight yield compression possible in prime high streets, especially if inflation slows and interest rates fall further. No immediate shift expected for shopping centres or out-of-town.

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	GLA (SQ M)	TYPE
Av. Louise 37, Brussels	High street	Xandres	480	Letting
Waasland Shopping	Shopping centre	JJXX	856	Letting
Winkelpark XXL, Turnhout	Out-of-town	TEDi	1,021	Letting

KEY SALES TRANSACTIONS Q1 2025*

PROPERTY	SUBMARKET	SELLER / BUYER	GLA (SQ M)	PRICE (MEUR)
Portfolio	Out-of-town	Forum Estates / Cibus Nordic	276,000	508
Makro-Metro sites	Out-of-town	Metro AG / LCV; Colruyt	229,200	143
De Post, Ghent	High street	Columbia Threadneedle / Private	1,776	± 20

**Transactions in the table include key sales transactions in the market, and are not necessarily closed by Cushman & Wakefield.*

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