

# Retail in Belgium

10/2007

*« The Belgian retail market is in excellent shape. The continuous increasing rents and unabated development activity constitute proof thereof. »*

## MARKET OVERVIEW

### General Market Trends

The Belgian retail activity is well supported, as a result of favourable economic conditions. With consumer confidence remaining relatively high, demand for retail space continues to break ground. Based on registered transactions, market demand already outperformed 2006 in the first 9 months of 2007.

The gross of the newcomers on the market are active in the fashion sector. The luxury sector in particular was searching for new expansion opportunities in Belgium. Accordingly we noticed the arrival from Tiffany's, Burberry, Joseph and Mack James on the market. New concept stores, such as COS, the new fashion format by H&M, Zara Home and Pull & Bear from Inditex, and Planet Saturn from the group Metro (Media Markt) are also in demand of new retail units.

With 343 out of 521 registered transactions, the highstreet market outperforms all other sectors in terms of letting deals closed in the first 9 months of

2007. Shopping centres and retail warehousing accounted for respectively 131 and 47 of all transactions registered.

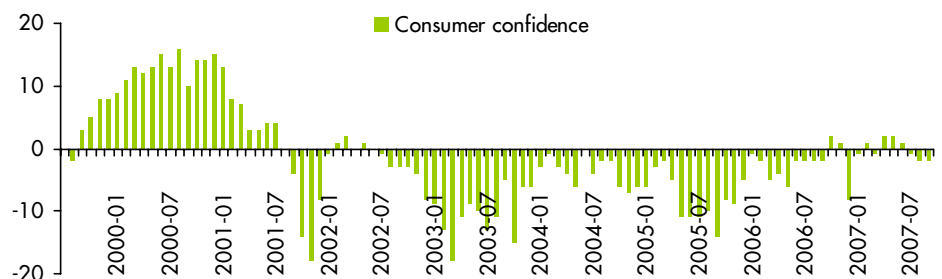
Retail development continues unabated. Over the next 3 years, just over 1.000.000 m<sup>2</sup> of additional retail units are in the pipeline. Since highstreet development often concerns the redevelopment or renovation of existing, smaller retail units, the bulk of new retail floor areas is to be found in shopping centres and retail warehousing.

Most cities continue to experience rental growth, although at a slower pace than in previous years. Rents for triple A locations such as Brussels and Antwerp have on the other hand remained fairly stable in the first 9 months of 2007. Also in the retail warehousing market, rental increases have been observed.

### THE MARKET AT A GLANCE

- Demand →
- Projects →
- Rental levels →

### Consumer confidence



## HIGHSTREET RETAIL

### Demand\*

Demand for highstreet properties mainly originated from the fashion sector. This sector accounted for 39% of all transactions. Health & beauty and the service sector scored very well with respectively 16% and 14% of all registered transactions. However, in terms of floor space, the home & household occupants ranked second with a take-up of 16% of the total.

In the first 9 months of 2007, The Phone House was the most active individual player in the highstreets segment. In total, 12 deals were signed, both in triple-A locations and in secondary cities. Other strong actors were Score, with 8 new transactions, and Bestseller that agreed on 7 new stores for its concepts Vero Moda and Only.

Most transaction activity was seen in Brussels, Antwerp and Bruges, accounting for 58% of all transactions in the highstreet market. Surprisingly, Hasselt, Ghent and Liège were preceded by Leuven and Genk, both of which recorded strong retail activity in the first 9 months of 2007.

### Supply

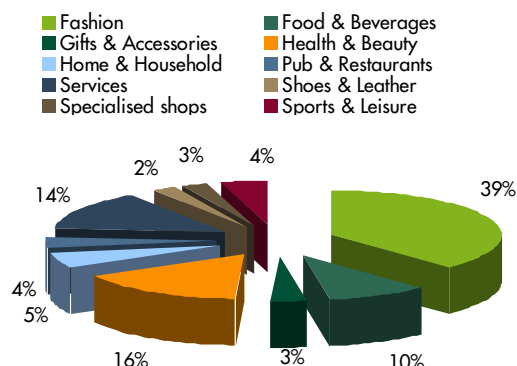
One of the larger highstreet developments is the "Stadsplein" in Genk, developed by ING RE Development. This inner-city project will be inaugurated on the 25th October. The project intends to redynamise the city centre of Genk with the development of a mixed complex for living and shopping. The shopping street will run from the Town Hall to the market square and will accommodate 26 units.

### Rental levels

Rents in Belgium's primary cities have remained largely stable in the first 9 months of 2007, which indicates a slowdown of rental appreciation as observed over the last 2 years. Secondary cities on the other hand continue to experience strong rental growth. On average rental growth totalled 6.01% in 2007, in comparison to 17.71% in 2006.

The strongest rental appreciations have been noticed in the Noordzandstraat in Bruges (25%), the Bondgenotenlaan in Leuven (20%) and the Antwerpsestraat in Lier (16%). Virtually, no change in rents was registered in the primary streets such as the Rue Neuve in Brussels (0%), the Meir in Antwerp (0%), the Veldstraat in Ghent (0%) and the Vinave d'Ile in Liège (2.7%).

### Take-up per activity (2007-in terms of number of deals)



Source: CB Richard Ellis

### Rental values (September 2007)

STREET	CITY	RENTAL VALUE	CHANGE
Kattestraat	Aalst	400 euro/m <sup>2</sup> /y	= 0.00%
Grand Rue	Arlon	250 euro/m <sup>2</sup> /y	= 0.00%
Meir	Antwerp	1.300 euro/m <sup>2</sup> /y	= 0.00%
Steenstraat	Bruges	1.000 euro/m <sup>2</sup> /y	+ 5.00%
Rue Neuve	Brussels	1.500 euro/m <sup>2</sup> /y	= 0.00%
Rue de la Montagne	Charleroi	600 euro/m <sup>2</sup> /y	+ 8.33%
Veldstraat	Ghent	1.175 euro/m <sup>2</sup> /y	= 0.00%
Hoogstraat	Hasselt	1.000 euro/m <sup>2</sup> /y	+ 10.00%
Kustlaan	Knokke	850 euro/m <sup>2</sup> /y	+ 5.88%
Lange Steenstraat	Kortrijk	350 euro/m <sup>2</sup> /y	+ 14.29%
Rue Albert ler	La Louvière	300 euro/m <sup>2</sup> /y	+ 8.33%
Diestsestraat	Leuven	750 euro/m <sup>2</sup> /y	+ 13.33%
Vinave d'Ile	Liège	925 euro/m <sup>2</sup> /y	+ 2.70%
Antwerpsestraat	Lier	475 euro/m <sup>2</sup> /y	+ 15.79%
Bruul	Mechelen	475 euro/m <sup>2</sup> /y	+ 10.53%
Grand Rue	Mons	550 euro/m <sup>2</sup> /y	+ 9.09%
Rue de Fer	Namur	850 euro/m <sup>2</sup> /y	= 0.00%
Kapellestraat	Ostend	850 euro/m <sup>2</sup> /y	+ 5.88%
Ooststraat	Roeselare	600 euro/m <sup>2</sup> /y	+ 16.67%
Stationsstraat	St-Niklaas	250 euro/m <sup>2</sup> /y	= 0.00%
Gasthuisstraat	Turnhout	475 euro/m <sup>2</sup> /y	+ 5.26%
Rue du Brou	Verviers	500 euro/m <sup>2</sup> /y	= 0.00%
Rue du Pont de Christ	Wavre	450 euro/m <sup>2</sup> /y	= 0.00%

Source: CB Richard Ellis

\* Demand is solely based on publicly available information.

## HIGHSTREETS – AN OVERVIEW



### RUE NEUVE - Brussels

Footfall*	220.000 visitors/week
Anchor tenants	H&M, Inno, MediaMarkt
New transactions	COS, Mango
Prime rental values	1.500 euro/m <sup>2</sup> /year

### AVENUE LOUISE - Brussels

Footfall*	100.000 visitors/week
Anchor tenants	Max Mara, Boss
New transactions	Comptoir des Cotonniers
Prime rental values	1.250 euro/m <sup>2</sup> /year

### MEIR - Antwerp

Footfall*	240.000 visitors/week
Anchor tenants	Inno, H&M, Zara
New transactions	S. Oliver, Score
Prime rental values	1.300 euro/m <sup>2</sup> /year

### VELDSTRAAT - Ghent

Footfall*	150.000 visitors/week
Anchor tenants	H&M, C&A, Inno
New transactions	Score, Celio
Prime rental values	1.175 euro/m <sup>2</sup> /year

### HOOGSTRAAT - Hasselt

Footfall*	150.000 visitors/week
Anchor tenants	H&M, Zara, C&A
New transactions	Petit Bateau, Rituals
Prime rental values	1.000 euro/m <sup>2</sup> /year

### STEENSTRAAT - Bruges

Footfall*	170.000 visitors/week
Anchor tenants	H&M, Zara, Inno, C&A
New transactions	Zara Home, Food Maker
Prime rental values	1.000 euro/m <sup>2</sup> /year

### LE CARRÉ – Liège

Footfall*	190.000 visitors/week
Anchor tenants	Sfera, Mango, Zara
New transactions	Base, Score, Bellerose
Prime rental values	925 euro/m <sup>2</sup> /year

### RUE DE LA CHAUSSÉE - Mons

Footfall*	110.000 visitors/week
Anchor tenants	Vanden Borre, H&M
New transactions	Base, Bonito, I am
Prime rental values	550 euro/m <sup>2</sup> /year

### RUE DE FER / DE L'ANGE - Namur

Footfall*	150.000 visitors/week
Anchor tenants	Zara, H&M, Score
New transactions	Hayoit, I am
Prime rental values	850 euro/m <sup>2</sup> /year

### RUE DE LA MONTAGNE - Charleroi

Footfall*	90.000 visitors/week
Anchor tenants	H&M, Springfield, Zara
New transactions	Six Shop, The Body Shop
Prime rental values	500 euro/m <sup>2</sup> /year

### CHAUSSÉE DE BRUXELLES - Waterloo

Footfall*	- visitors/week
Anchor tenants	Mango, Mexx, Esprit
New transactions	H&M, Zara, Vero Moda
Prime rental values	700 euro/m <sup>2</sup> /year

\* Source: Fastigon

## SHOPPING CENTRES

### Demand\*

In the first 9 months of 2007, 131 transactions (or 23% in terms of floor area) concerned shopping centre units. The Wijnegem shopping centre (Antwerp) and the City 2 shopping centre (Brussels) reported the highest number of transactions, with respectively 7 and 6 new retailers present.

The fashion sector remains undefeated in shopping centre retail, accounting for 47% of the transacted floor areas. The home & household sector was good for 20% of all transactions, calculated in floor area. In terms of number of transactions, health and beauty ranked second in shopping centres, coming in after the fashion sector.

Most notable newcomers to the Belgian shopping centres were Planet Saturn (the Stadsfeestzaal in Antwerp and the Médiacité in Liège) and Build-a-Bear that opened its first shop in the Wijnegem Shopping Centre.

### Supply

By the end of 2010, 522.000 m<sup>2</sup> of shopping centre projects are in the pipeline.

For the remaining 3 months of 2007, another 32.000 m<sup>2</sup> will be delivered on the market. The largest opening is the inauguration of the Stadsfeestzaal along the Meir in Antwerp on the 25th of October. The complex, that was destroyed by a fire in 2000, has been entirely restored in its original state and will accommodate 19.000 m<sup>2</sup> of retail units. Most notable occupants will be COS and Planet Saturn.

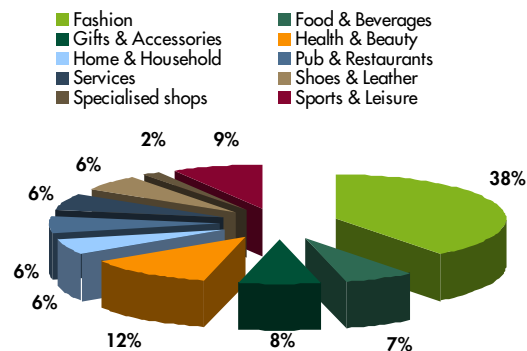
The gross of projects is planned for delivery in 2009. The majority thereof is located in the south of the country. The largest pending projects for 2009 are La Citadelle in Farciennes near to Charleroi (70.000 m<sup>2</sup>), Médiacité in Liège (37.000 m<sup>2</sup>) and Au Fil de l'Eau in Verviers (31.800 m<sup>2</sup>).

### Rental levels

The evolution of shopping centre rents has shown a similar path as the rental dynamics in the highstreets. While rents in Belgian's largest shopping centres were virtually stable, other shopping centres reported marginal rental appreciation, being it lower than in 2006. The average rental growth in 2007 amounts to 5.94% compared to 8.28% in 2006.

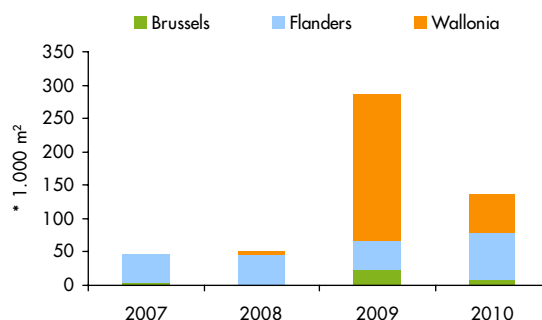
\* Demand is solely based on publicly available information.

### Take-up per activity (2007 – in terms of number of deals)



Source: CB Richard Ellis

### Project pipeline per region



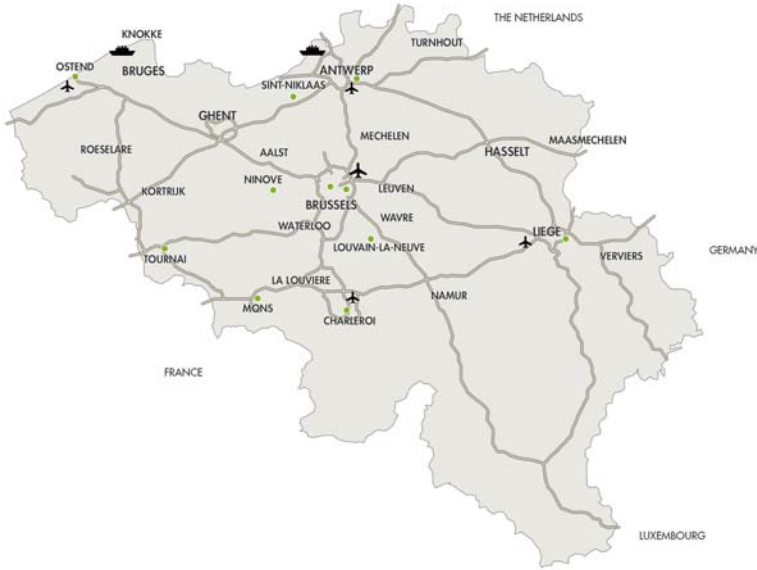
Source: CB Richard Ellis

### Rental values (September 2007)

SHOPPING CENTRE	CITY	RENTAL VALUE	CHANGE
Wijnegem	Antwerp	1.100 euro/m <sup>2</sup> /y	= 0.00%
City2	Brussels	900 euro/m <sup>2</sup> /y	= 0.00%
Westland	Brussels	625 euro/m <sup>2</sup> /y	+ 25.00%
Woluwe	Brussels	1.100 euro/m <sup>2</sup> /y	= 0.00%
Ville 2	Charleroi	550 euro/m <sup>2</sup> /y	= 0.00%
Belle Ile	Liège	750 euro/m <sup>2</sup> /y	= 0.00%
L'Esplanade	Louvain-la-Neuve	650 euro/m <sup>2</sup> /y	= 0.00%
Les Grands Prés	Mons	625 euro/m <sup>2</sup> /y	= 0.00%
Ninia	Ninove	450 euro/m <sup>2</sup> /y	+ 12.50%
Feest & Cultuurpaleis	Ostend	650 euro/m <sup>2</sup> /y	= 0.00%
Waasland	St-Niklaas	750 euro/m <sup>2</sup> /y	+ 15.38%

Source: CB Richard Ellis

## SHOPPING CENTRES – AN OVERVIEW



### WIJNEGEM - Antwerp

Footfall	175.000 visitors/week
Floor area	57.600 m <sup>2</sup>
Anchor tenants	C&A, Super GB, Zara
Prime rental values	1.100 euro/m <sup>2</sup> /year

### WOLUWE - Brussels

Footfall	165.000 visitors/week
Floor area	42.500 m <sup>2</sup>
Anchor tenants	C&A, Habitat, Inno
Prime rental values	1.100 euro/m <sup>2</sup> /year

### CITY 2 - Brussels

Footfall	285.000 visitors/week
Floor area	50.900 m <sup>2</sup>
Anchor tenants	GB, H&M, Fnac
Prime rental values	900 euro/m <sup>2</sup> /year

### WAASLAND – St-Niklaas

Footfall	121.000 visitors/week
Floor area	45.900 m <sup>2</sup>
Anchor tenants	C&A, Delhaize, Inno
Prime rental values	750 euro/m <sup>2</sup> /year

### FEEST- & CULTUURPALEIS - Ostend

Footfall	Opening March 2007
Floor area	5.550 m <sup>2</sup>
Anchor tenants	H&M, Esprit
Prime rental values	650 euro/m <sup>2</sup> /year

### NINIA - Ninove

Footfall	70.000 visitors/week
Floor area	15.000 m <sup>2</sup>
Anchor tenants	H&M, C&A, Delhaize
Prime rental values	450 euro/m <sup>2</sup> /year

### ESPLANADE – Louvain-la-Neuve

Footfall	86.500 visitors/week
Floor area	30.250 m <sup>2</sup>
Anchor tenants	C&A, H&M, Fnac
Prime rental values	650 euro/m <sup>2</sup> /year

### BELLE-ILE - Liège

Footfall	85.000 visitors/week
Floor area	30.600 m <sup>2</sup>
Anchor tenants	Carrefour, Go Sport
Prime rental values	750 euro/m <sup>2</sup> /year

### VILLE 2 - Charleroi

Footfall	67.000 visitors/week
Floor area	16.700 m <sup>2</sup>
Anchor tenants	C&A, Champion
Prime rental values	550 euro/m <sup>2</sup> /year

### LES GRANDS PRES - Mons

Footfall	71.000 visitors/week
Floor area	35.700 m <sup>2</sup>
Anchor tenants	Carrefour, H&M, Zara
Prime rental values	625 euro/m <sup>2</sup> /year

### LES BASTIONS - Tournai

Footfall	61.500 visitors/week
Floor area	20.000 m <sup>2</sup>
Anchor tenants	C&A, Delhaize
Prime rental values	400 euro/m <sup>2</sup> /year

## RETAIL WAREHOUSING

### Demand\*

In retail warehousing, fashion does not play a dominant role. The key player in this segment of the market is the home & household sector that accounts for 39% of the transacted floor area in the first 9 months of 2007. The second place is for fashion, that will occupy 20% of the transacted floor space, followed by food & beverages (15%).

The most notable retailer was Media Markt with 3 transactions in the first 9 months of 2007. While Media Markt was already spotted in the Belgian high streets and shopping centres, the Metro group has now moved on to retail warehousing as well.

### Supply

Some 554.000 m<sup>2</sup> of retail warehousing projects are in the pipeline between 2007 and 2010. Besides a range of individual units, some larger projects of retail warehousing clusters are being planned.

By the end of this year, the Birmingham Centre (14.800 m<sup>2</sup>) in Anderlecht will be inaugurated. Also the Paul Delvaux Parc in Huy (11.000 m<sup>2</sup>) and the Frun Parc in Wetteren (10.300 m<sup>2</sup>) will be opened to the public this year.

The largest projects in the pipeline for the next three years are the 58.000 m<sup>2</sup> Charleroi Expo by Foruminvest, the 32.000 m<sup>2</sup> Blauwe Toren retail parc in Bruges by Codic, and the Hornu 2 Retail Parc by Immo Power (Eddy Soors).

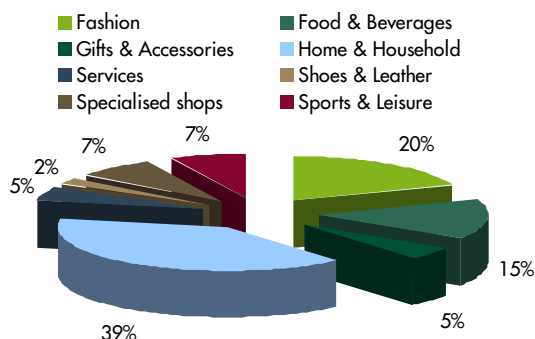
### Rental levels

Rental values for retail warehousing properties increased further in 2007, confirming the increased popularity of this type of retailing and the rise in retailers looking for retail warehouses.

The most expensive retail warehousing locations remain the Bredabaan, near to Antwerp, the rue de Stalle in Drogenbos, and the Weiveldlaan in Zaventem. The rental levels for prime units on these axes increased with 6.67% over the last months and now trade at 160 euro/m<sup>2</sup>. The strongest rental increases are noted on the Kortrijkse Steenweg in Ghent (+22%) and on the Chaussée de Mons in St-Pieters-Leeuw (+20%).

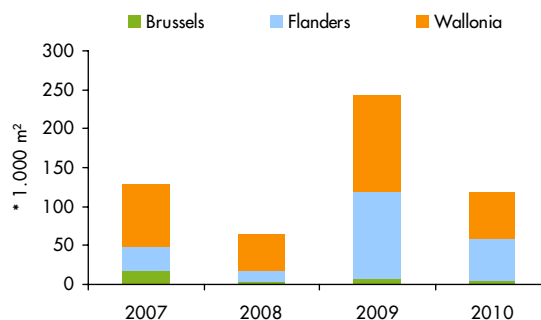
\* Demand is being based on publicly available information,

### Take-up per activity (2007 – in terms of number of deals)



Source: CB Richard Ellis

### Project pipeline per regio



Source: CB Richard Ellis

### Rental values (September 2007)

STREET	CITY	RENTAL VALUE	CHANGE
Chaussée de Mons	Anderlecht	125 euro/m <sup>2</sup> /y	= 0.00%
Maalse Steenweg	Bruges	125 euro/m <sup>2</sup> /y	+13.64%
Rue de Stalle	Drogenbos	160 euro/m <sup>2</sup> /y	+6.67%
Kortrijkse Steenweg	Ghent	140 euro/m <sup>2</sup> /y	+21.74%
City-Nord	Gosselies	110 euro/m <sup>2</sup> /y	+10.00%
Bredabaan	Merksem	160 euro/m <sup>2</sup> /y	+6.67%
Chaussée de Ninove	Molenbeek	100 euro/m <sup>2</sup> /y	+11.11%
Chaussée de Tongres	Rocourt	140 euro/m <sup>2</sup> /y	+12.00%
Chaussée de Louvain	Schaerbeek	140 euro/m <sup>2</sup> /y	+12.00%
Chaussée de Mons	St-Pieters-Leeuw	150 euro/m <sup>2</sup> /y	+20.00%
Luchthavenlaan	Vilvoorde	100 euro/m <sup>2</sup> /y	+11.11%
Chaussée de Bruxelles	Waterloo	150 euro/m <sup>2</sup> /y	+11.11%
Weiveldlaan	Zaventem	160 euro/m <sup>2</sup> /y	+6.67%

Source: CB Richard Ellis

## RETAIL WAREHOUSING – AN OVERVIEW



### RUE DE STALLE - Drogenbos

Number of shops	25
Anchor tenants	Carpetright, Carrefour, AS Adventure
Prime rental values	160 euro/m <sup>2</sup> /year

### BREDABAAN - Merksem

Number of shops	40
Anchor tenants	Carrefour, Brico, Fun, AS Adventure
Prime rental values	160 euro/m <sup>2</sup> /year

### KORTRIJKSE STEENWEG - Ghent

Number of shops	20
Anchor tenants	Brico, Carrefour, Fun, AS Adventure
Prime rental values	140 euro/m <sup>2</sup> /year

### MAALSE STEENWEG – Bruges

Number of shops	40
Anchor tenants	Carrefour, Delhaize, Brico, AS Adventure
Prime rental values	125 euro/m <sup>2</sup> /year

### WEIVELDLAAN - Zaventem

Number of shops	20
Anchor tenants	Ikea, Brico, Blokker, AS Adventure,
Prime rental values	160 euro/m <sup>2</sup> /year

### CITY NORD - Gosselies

Number of shops	60
Anchor tenants	C&A, Lidl, Media Markt, Brantano
Prime rental values	110 euro/m <sup>2</sup> /year

### CHAUSSÉE DE TONGRES – Rocourt

Number of shops	25
Anchor tenants	Brico Plan-it, C&A, Prémaman
Prime rental values	140 euro/m <sup>2</sup> /year

### CHAUSSÉE DE BRUXELLES - Waterloo

Number of shops	30
Anchor tenants	Carrefour, JBC, Kréfel, Aldi
Prime rental values	150 euro/m <sup>2</sup> /year

### CHAUSSÉE DE LOUVAIN - Schaerbeek

Number of shops	20
Anchor tenants	Aldi, Vanden Borre, Aubert, Quick
Prime rental values	140 euro/m <sup>2</sup> /year

### CHAUSSÉE DE MONS – St-Pieters-Leeuw

Number of shops	30
Anchor tenants	Media Markt, JBC, Ikea, Aldi, Carrefour
Prime rental values	150 euro/m <sup>2</sup> /year

### LUCHTHAVENLAAN - Vilvoorde

Number of shops	20
Anchor tenants	Roi du Matelas, Gamma, Kréfel
Prime rental values	100 euro/m <sup>2</sup> /year



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