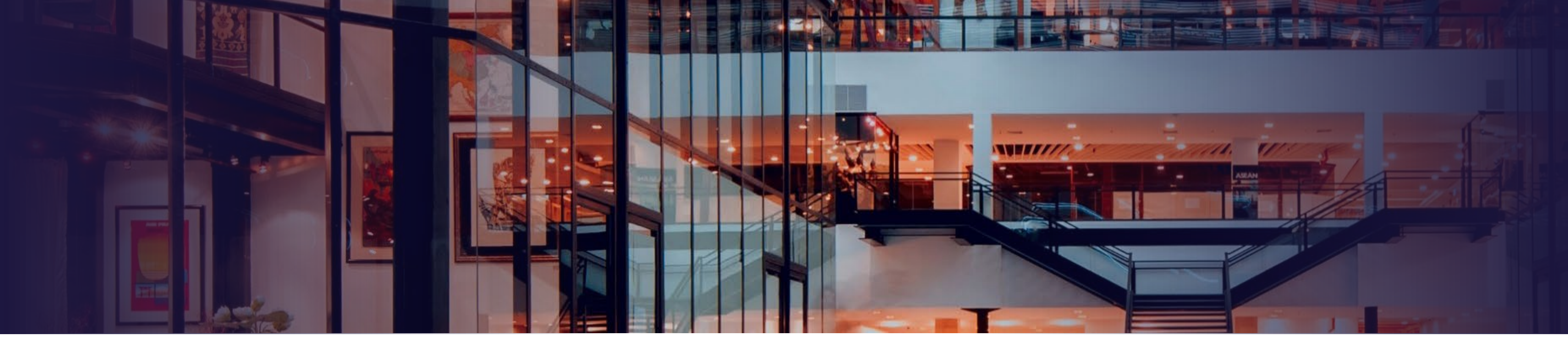


MARKETBEAT BELGIUM
RETAIL Q2 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YoY Chg	12-Month Forecast
211,000 sq m Take-Up 2025 (YTD)	▲	=
€814 million Investment Volume 2025 (YTD)	▲	▲
4.85% Prime Yield High Street	▲	▼

ECONOMIC INDICATORS

	YoY Chg	12-Month Forecast
0.84% GDP Growth YoY 2025 (F)	▼	▼
6.37% Unemployment Rate	▲	▼
3.25% Retail Sales Volume Growth YoY May 2025	▼	=

Sources: Moody's Analytics, Statbel

MODEST GROWTH FUELED BY PUBLIC & CORPORATE INVESTMENT

Belgium's **GDP growth for 2025 is projected at 0.84%,** slightly below the Eurozone average of 1.02%. In the first quarter, economic growth was primarily supported by fixed capital formation from both public authorities and private enterprises. In contrast, household investment exerted a dampening effect and the decline in exports, linked to the recent U.S. tariff measures and associated uncertainty, further constrained growth.

Amid slowing economic activity, unemployment is expected to rise slightly to 6.37% in 2025, driven mainly by unemployment in the industrial sector. However, a **recovery in employment** is expected in 2026, supported by the planned reform of the unemployment benefit system, which aims to enhance labour market participation.

EUROZONE HITS INFLATION TARGET

In June 2025, Eurozone **inflation aligned precisely with the ECB's 2.00% target** and is expected to remain stable throughout the year. Following the recent phase of post-pandemic inflation, the ECB has announced a strategic shift, aiming to incorporate a wider range of risk scenarios into its policy framework. The ECB also notes that companies have become more agile in adjusting prices, enabling faster responses to potential global shocks and events.

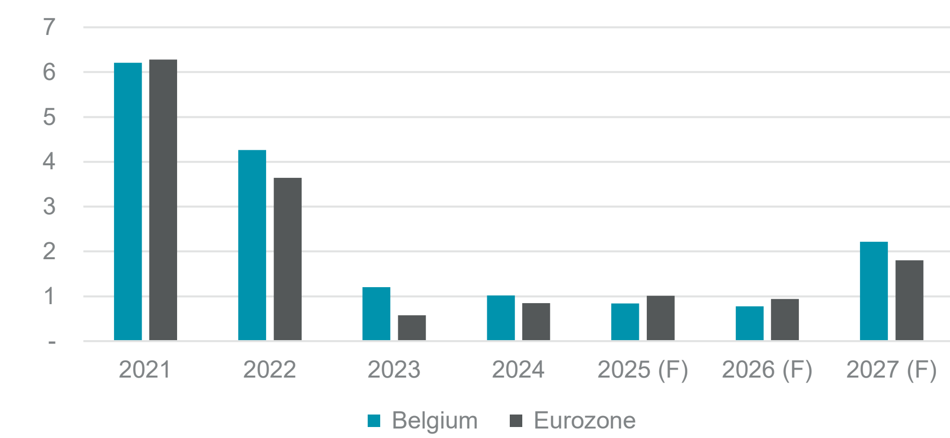
In contrast, **Belgian inflation remains elevated at 2.8%,** primarily due to rising costs for service vouchers and public transportation. A gradual easing towards 1.8% is forecasted by the ECB in 2026.

MONETARY POLICY AND FISCAL DEVELOPMENTS

With inflation back on target, the ECB cut key interest rates for the eighth consecutive time in June 2025. As a result, **interest rates continue on a downward trajectory**, while government bond yields have remained relatively stable. Financial markets have responded with renewed calm.

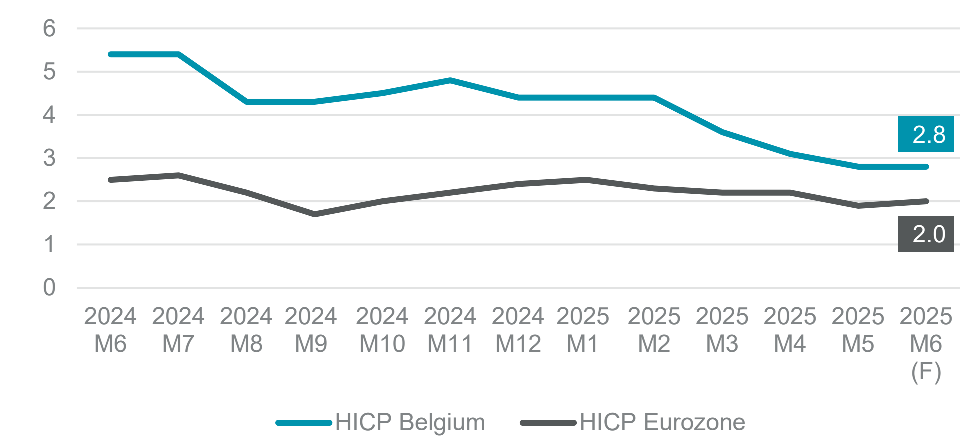
At the national level, coalition partners have reached an agreement on the introduction of **a capital gains tax**. Capital gains on financial assets held by individuals will be taxed at 10% with reduced progressive rates, marking a significant shift in the country's fiscal landscape.

GDP GROWTH (in % of change prev. year)



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

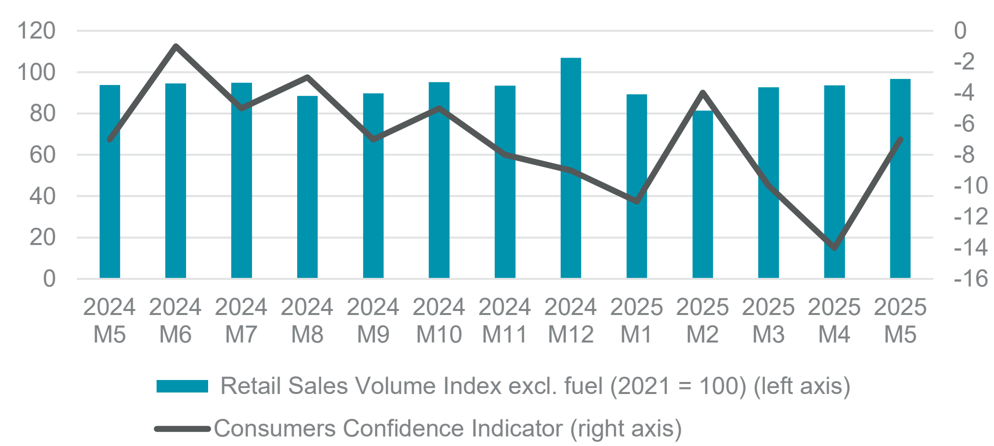
INFLATION RATE (HICP in % of change)



Source: European Central Bank (ECB)

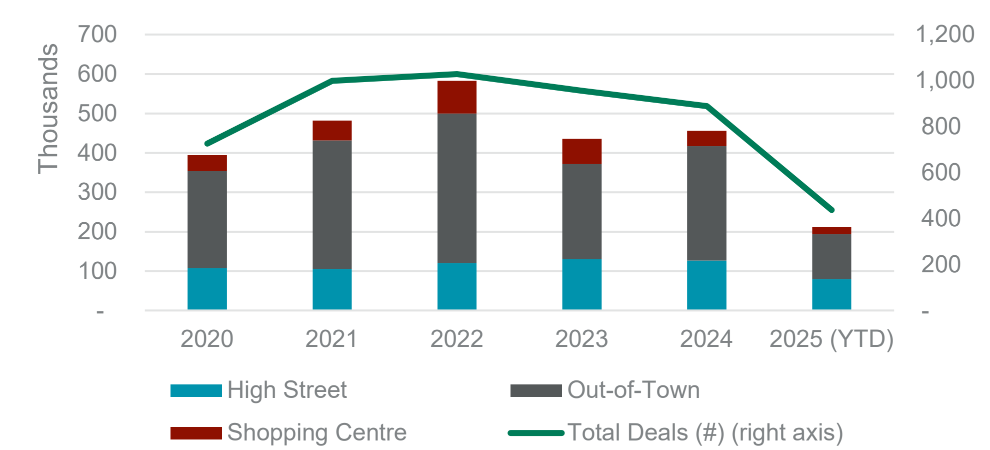
BELGIUM
RETAIL Q2 2025

SALES VOLUME & CONSUMERS CONFIDENCE

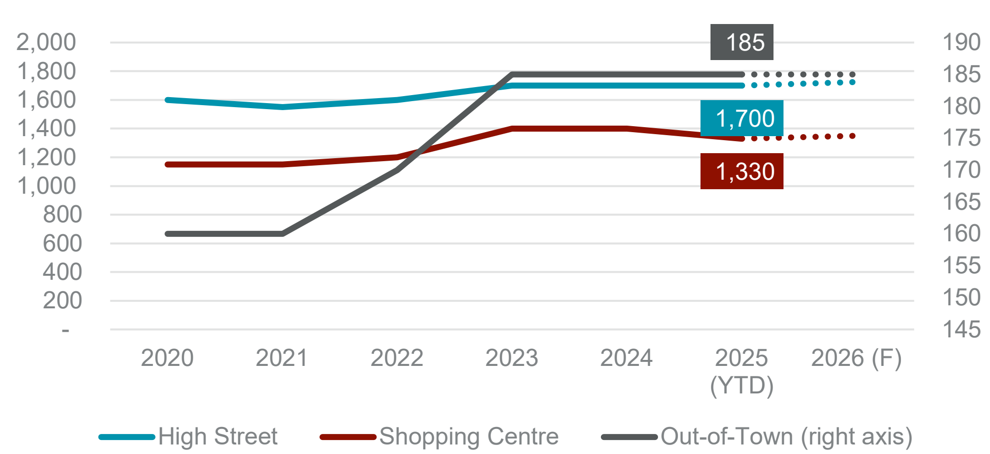


Source: National Bank of Belgium (NBB) and Statbel

TAKE-UP VOLUME BY SECTOR (sq m)



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



POSITIVE SIGNS IN RETAIL SENTIMENT, TRADE RISKS PERSIST

The Belgian retail market is showing signs of improvement. **Consumer confidence increased** significantly in May, after a drop in April. Although still negative, the upward trend reflects a more favourable outlook on the economy and consumer prices, supported by easing inflation. **Retail sales volumes remain under pressure** but may benefit from improving sentiment.

At the same time, **international trade risks continue to weigh** on the outlook. Tensions between the EU and the U.S. over import tariffs have created uncertainty, although a last-minute decision by the EU to suspend its countermeasures has temporarily prevented a further escalation.

Meanwhile, shifts are taking place in the **supermarket and food sectors**. Jumbo reported 25% revenue growth in Belgium during the first half of 2025, supported by new store openings and expansions of current sites, while Colruyt has refocused on its domestic market following the sale of its French branch. In the wider food industry, Lotus Bakeries' share price has shown volatility, likely linked to Barry Callebaut's recent profit warning amid continued cocoa price pressures.

RETAIL TAKE-UP RECOVERS, DRIVEN BY HIGH STREETS AND SHOPPING CENTRES

The second quarter of 2025 marked a rebound in retail leasing activity, compensating for a slower start to the year. Take-up reached 145,500 sq m across 252 deals, bringing the H1 total slightly above that of 2024 by approximately 4%. Performance varied across asset classes, with **high streets and shopping centres showing the strongest activity,** both recording around 30% more volume compared to H1 2024. The high street segment was boosted by the megadeal of Zara on the Meir in Antwerp, representing approximately 14,500 sq m. In the shopping centre segment, transactions occurred in major schemes such as Wijnegem, Rive Gauche, and Waasland, as well as in smaller regional centres, reflecting a balanced and widespread activity. In contrast, **out-of-town retail saw a relative slowdown**, largely due to the exceptional portfolio takeovers of ToyChamp and JYSK in Q1 2024, which shaped year-on-year comparisons.

PRIME RENTS REMAIN STABLE ACROSS RETAIL SEGMENTS

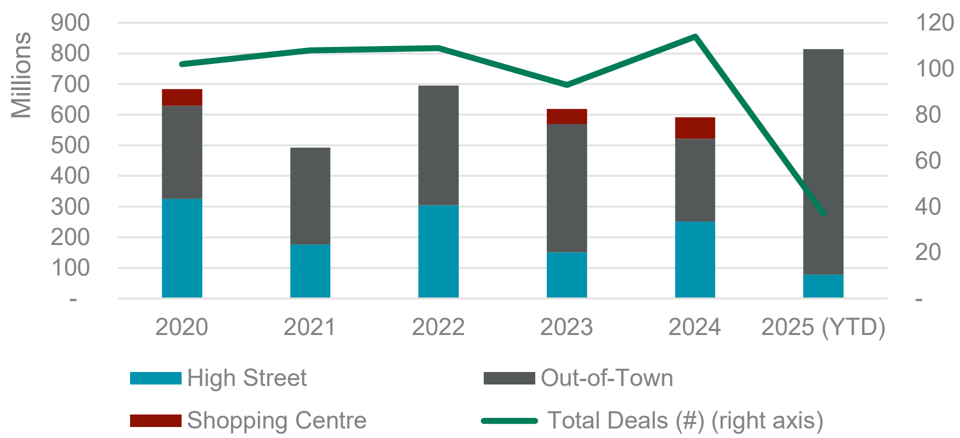
In the first half of 2025, prime rents across high street, shopping centre and out-of-town retail remained stable. Following a slight compression in shopping centre prime rents in the previous quarter, the **overall tone in the market has remained steady**. While activity levels vary by asset class, no significant changes in pricing were observed for prime locations.

OUTLOOK

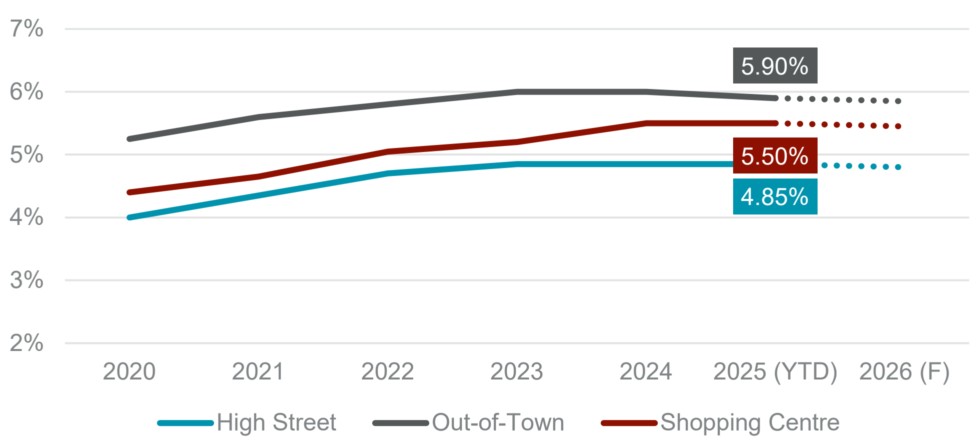
- Belgian **GDP growth** is forecast to slow to 0.78% in 2026, before bouncing up again to 2.22% in 2027.
- **Inflation** is expected to decline to 1.8% in 2026, which may ease cost pressures and improve overall market sentiment.
- **Consumer confidence** is improving, but U.S. tariff risks could weigh.
- Retail **take-up** expected to remain stable, with high street and shopping centre formats benefiting from sustained occupier demand and landmark transactions.
- **Prime rents** likely to **hold firm**, supported by selective demand and following an earlier correction in the shopping centre segment.
- **Investment volume already surpasses previous years**, signaling renewed confidence and putting retail firmly back on track.
- Prime **yield compression possible** in the high street segment, investor appetite holds and financing conditions become more favourable.

BELGIUM
RETAIL Q2 2025

INVESTMENT VOLUME BY SECTOR (EUR)



PRIME YIELDS BY SECTOR



RETAIL INVESTMENT REMAINS ON TRACK IN Q2 2025

In the second quarter of 2025, the Belgian retail investment market recorded €220 million in volume across 23 transactions, bringing **the year-to-date total to €814 million over 37 deals.** Activity remains robust, outperforming the same period last year and building on an exceptionally strong first quarter.

Two landmark transactions from Q1 are already shaping the market. Cibus Nordic (€503 million deal, of which €393 million related to Belgian assets) has made limited adjustments to its Forum portfolio, having sold three non-core assets. In contrast, LCV Real Estate and Colruyt Group **actively repositioned** their acquisition of the former Makro-Metro sites, reselling the Metro sites to logistics specialist WDP. Four of these sites are leased to Sligro, to whom WDP provides logistics services, making this a strategically aligned transaction. Beyond these portfolio-related disposals, the **three largest standalone transactions** in Q2 were the sale of B-Park in Bruges, the Oh'Green retail cluster in Awans and Ring Multi in Ghent. Another notable highlight was the sale of **Leysstraat 27 in Antwerp**, a prime high street asset occupied by ONLY and advised by Cushman & Wakefield.

PRIME YIELDS REFLECT SELECTIVE COMPRESSION AND ESG FOCUS

Retail yields evolved modestly in the first half of 2025. **High street yields remained stable at 4.85%, shopping centres held at 5.50%,** while **out-of-town retail saw slight compression to 5.90%** amid growing investor appetite for quality, future-proof assets. Investor focus is shifting towards properties that meet ESG criteria, while older assets requiring renovations to meet energy performance standards face downward pricing pressure.

DEFINITIONS

- **Take-up**: total gross lettable area (GLA) in sq m of new occupier transactions, including commercial, social and storage space, but excluding pop-ups, renewals and pre-letting transactions without valid permits.
- **Prime rent**: achievable headline rent for a high-quality quality, well-located, high-specification unit of standard size, excluding incentives.
- **Prime yield**: consistently achievable gross initial yield for a grade A property, fully let on a commercial lease to a strong covenant in a prime location.

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	GLA (SQ M)	TYPE
Blv. De Waterloo 58A, Brussels	High Street	Omega Watches	115	Letting
A. De Boeckstraat 9, Sint-Niklaas	Out-of-Town	JYSK	1,300	Letting
Shopping Hornu, Mons	Out-of-Town	King Jouet	820	Letting

KEY INVESTMENT TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER / BUYER	GLA (SQ M)	PRICE (MEUR)
B-Park, Bruges	Out-of-Town	AXA / Roca Invest	32,000	73
Five previous Metro sites	Out-of-Town	LVC & Colruyt Group / WDP	25,000	30
Leysstraat 27, Antwerp	High Street	Private / Private	1,800	10

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

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