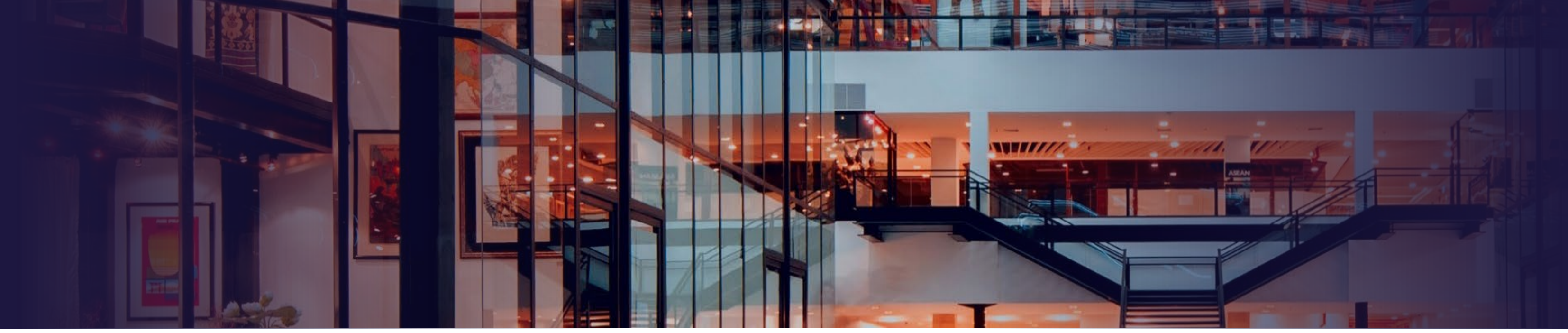
MARKETBEAT

BELGIUM

RETAIL Q1 2026



MARKET FUNDAMENTALS

	YoY Chg	12-Month Forecast
100,300 SQ M Take-Up 2026 Q1 (YTD)	▲	▲
€130 MILLION Investment Volume 2026 Q1 (YTD)	▼	▼
4.85% Prime Yield High Street	=	=

ECONOMIC INDICATORS

	YoY Chg	12-Month Forecast
0.7% GDP Growth YoY 2026 (F)	▼	▲
6.3% Unemployment Rate 2026	▲	▼
2.2% Inflation Rate (HICP) March 2026	▲	▲

Sources: Moody's Analytics, Eurostat

Q1 2026: STABILITY INTERRUPTED BY GEOPOLITICAL SHOCK

The first quarter of 2026 opened with a period of relative calm during January and February, before being affected by rising **tensions in the Middle East**. The unexpected and effective **closure of the Strait of Hormuz** contributed to volatility in global energy markets, with a temporary disruption to oil supply putting upward pressure on oil prices and, more broadly, on energy prices. This has had knock-on effects on energy-intensive industries and related markets, such as plastics and aluminum. While the full **implications for economic growth and inflation** remain uncertain, these developments have introduced additional volatility and risk considerations into global trade.

STAGFLATION RISKS AND THE MONETARY POLICY DILEMMA

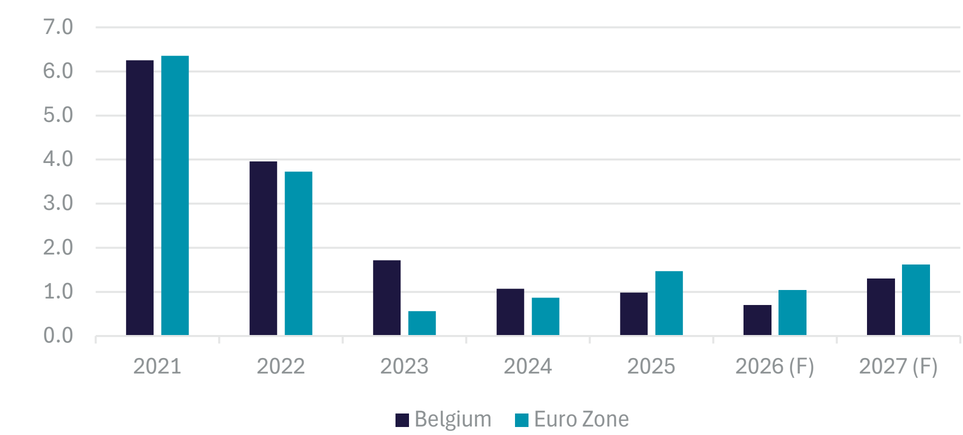
This geopolitical shock has renewed concerns about **stagflation**, with slower growth and high inflation. This puts the European Central Bank (ECB) in a challenging position. While **key interest rates** are expected to remain unchanged in April, potential increases to fight inflation could put pressure on an already fragile economic recovery.

In Belgium, the **federal government** faces the challenge of potentially financing **new energy support measures** while operating under a **high debt-to-GDP ratio** in an elevated interest rate environment. In March, the Belgian 10-year government bond yield increased by more than 20 basis points to 3.51%, which may weigh on financing conditions.

REVISED GROWTH FORECASTS

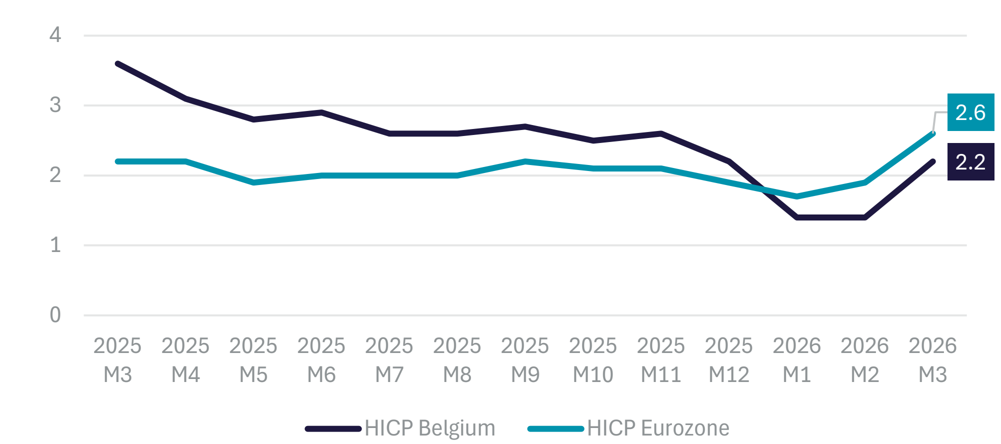
Moody's has adjusted its **baseline projections** downward for the Belgian GDP growth, now forecasting **0.7% for 2026** (down from 1.1% in the previous quarter) and **1.3% for 2027** (down from 1.4%). This scenario remains relatively moderate, as it assumes the Middle East conflict will be short-lived and that energy prices will return to pre-conflict levels by June. While the recently announced 10-day ceasefire may support this outlook, the situation remains uncertain, and a renewed escalation could lead to prolonged economic volatility and additional inflationary pressures.

GDP GROWTH (in % of change prev. year)



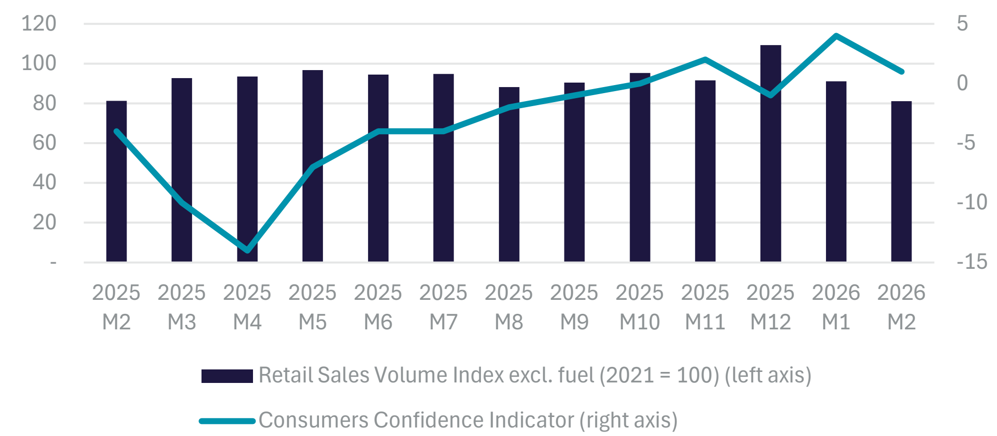
Source: Moody's Analytics (baseline scenario - April 2026)

INFLATION RATE (HICP in % of change)



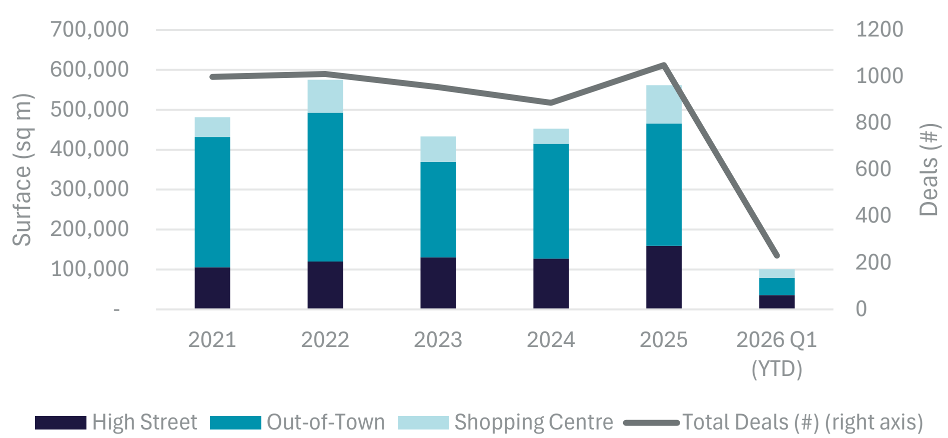
Source: Eurostat

SALES VOLUME & CONSUMERS CONFIDENCE



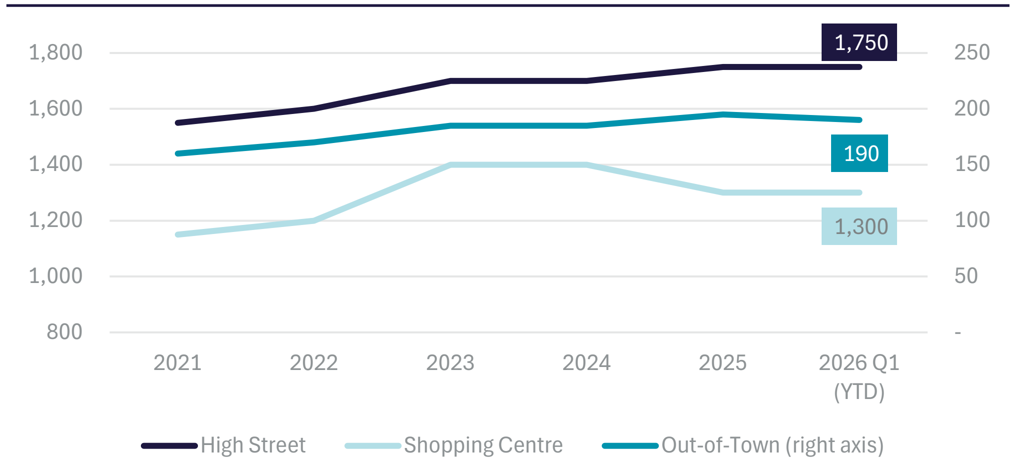
Source: National Bank of Belgium (NBB), Statbel

TAKE-UP VOLUME BY SEGMENT



Source: Cushman & Wakefield

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



Source: Cushman & Wakefield

CONSUMER CONFIDENCE WEAKENS AS RETAIL SALES REMAIN STABLE

Consumer confidence declined to -6 in March, following a period of more positive sentiment at the end of 2025 and the beginning of 2026. According to the National Bank of Belgium (NBB) consumer survey, households have become more **cautious regarding the economic outlook**, while also expecting an increase in **consumer prices** and projecting **inflation** to rise further over the next 12 months.

In this context, **Belgian retail sales** (excluding fuels) remained broadly stable in February 2026 compared to the same period last year, both in volume and value terms. Within this, **textile and footwear sales** (+4.7% YoY) and **e-commerce** (+4.6% YoY) showed positive momentum, while spending on **cultural and recreational goods** declined (-2.9% YoY). **Fuel** sales, both in volume and value, recorded a more significant decrease over the same period.

TAKE-UP REMAINS STRONG WITH OVERALL POSITIVE DYNAMICS

Retail take-up reached **100,300 sq m across 231 transactions** in Q1 2026, representing an increase of nearly +50% compared to the same period last year. This result builds on already strong activity levels in 2025 and confirms continued solid occupier demand.

All retail segments recorded higher take-up, with **shopping centres** showing the strongest performance, up approximately +80% YoY. This was partly driven by a limited number of larger transactions, including Zara (3,400 sq m) at the Feest- en Cultuurpaleis and Chaussea (1,700 sq m) at Galeries St Lambert. At the same time, leasing activity in this segment is supported by a broader positive dynamic. Shopping centres continue to attract both international retailers such as **Sephora** and brands expanding their presence across different retail formats. Various **food and beverage operators** traditionally focused on high streets, are increasingly showing interest in shopping centres. The recent opening of Le Pain Quotidien at Woluwe Shopping is an early example of this trend.

Overall, retail leasing activity remains strong, with a good level of transactions across segments and interest from both. **existing retailers and potential new entrants**

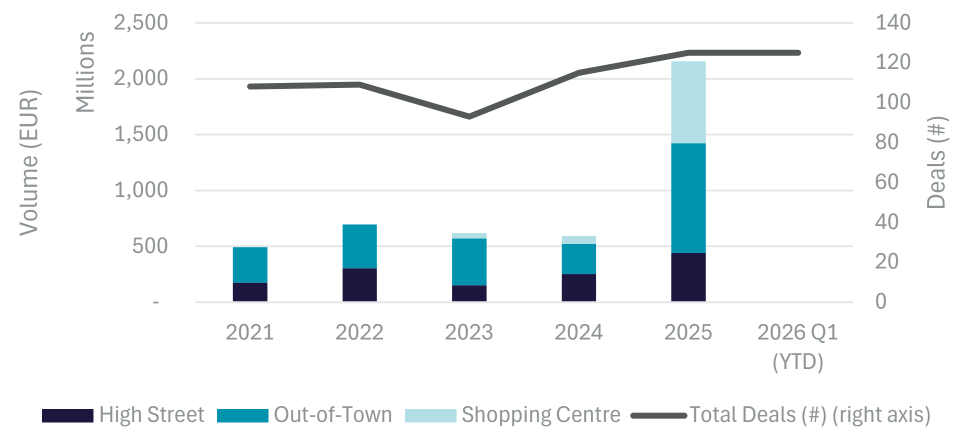
ROBUST RENTAL LEVELS WITH SLIGHT ADJUSTMENT IN OUT-OF-TOWN

Prime retail rents remain broadly stable, supported by limited availability of units in prime locations across both **high streets and shopping centres**. This supply constraint continues to support rental levels, particularly on A locations.

OUTLOOK

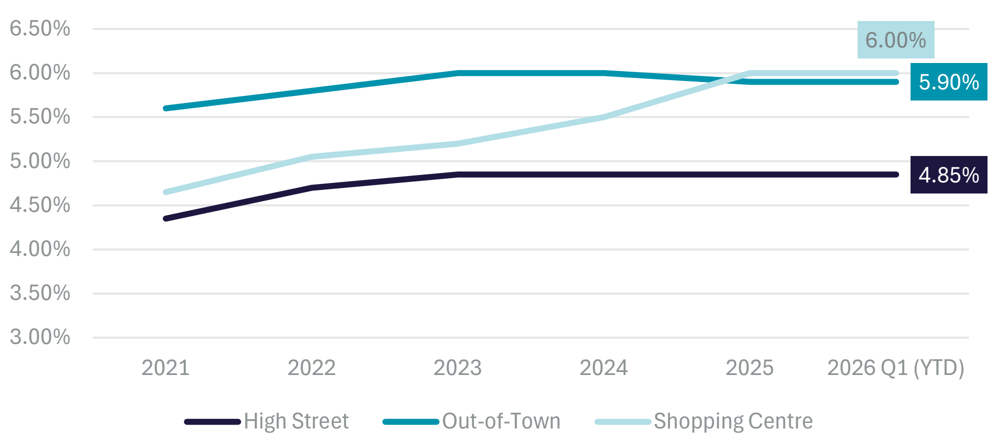
- Geopolitical tensions are expected to continue driving volatility in energy markets, adding **uncertainty to the economic outlook**.
- Risks of **slower growth** combined with persistent **inflation** remain, keeping monetary policy decisions finely balanced.
- **ECB interest rates** are expected to remain stable in the short term, though financing conditions may stay tight given elevated **long-term bond yields**.
- While **consumer confidence** has weakened, **retail sales remain stable**, which should continue to support occupier demand further.
- **Leasing activity** is expected to remain solid, supported by active retailers, ongoing expansion in shopping centres, and interest from new entrants.
- **Investment activity** is expected to strengthen over the course of the year, with investment volume on track to reach the €1 billion threshold by year-end, although financing conditions remain a factor to watch.

INVESTMENT VOLUME BY SEGMENT (EUR)



Source: Cushman & Wakefield

PRIME YIELDS BY SEGMENT



Source: Cushman & Wakefield

In the out-of-town segment, the prime rent has been **fine-tuned to €190/sq m/year**, reflecting ongoing commercialisations rather than a fundamental shift in market conditions. That said, sentiment across the out-of-town market remains relatively positive, with occupier interest in dominant schemes holding up well.

INVESTMENT ACTIVITY OFF TO A SOLID START

Retail investment volume reached **€130 million across 18 transactions** in Q1 2026. This is below the level recorded in Q1 last year, which was boosted by mega deals such as the Forum Estates portfolio and the Metro/Makro sites. This quarter, activity was supported by several larger **out-of-town transactions**, including Frunpark Châtelineau and Shopping Lessines, as well as multiple **high street deals** around the €5 million mark.

Despite the absence of such mega transactions, **investor appetite remains healthy** at the start of the year. While financing conditions may become more challenging, the overall outlook for 2026 is positive, with retail investment volume still expected to reach the €1 billion threshold by year-end.

Looking ahead, several larger transactions are being monitored, including **Shopping Hydrion** in Arlon and **K in Kortrijk**. The high street segment holds some portfolios that have attracted market attention, and should these come to market, they would offer a valuable read on current pricing levels.

Prime retail yields remain stable across all segments in Q1 2026, with no significant movements observed at the start of the year.

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**: consistently achievable headline rent for a high-quality, well-located, high-specification unit of standard size, excluding rental 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 OCCUPIER TRANSACTIONS Q1 2026

PROPERTY	SEGMENT	OCCUPIER	GLA (SQ M)	TYPE
City2	Shopping Centre	Sephora	230	Letting
Galeries St. Lambert	Shopping Centre	Chaussea	1,700	Letting
Rue de Fer 78, Namur	High Street	Cotti Coffee	130	Letting

KEY INVESTMENT TRANSACTIONS Q1 2026

PROPERTY	SEGMENT	SELLER / BUYER	GLA (SQ M)	PRICE (MEUR)
Frunpark Châtelineau	Out-of-Town	De Vlier / Belfius Immo + family office	18,500	27
Shopping Lessines	Out-of-Town	Equilis / Private	6,800	14
Grand Sablon 6	High Street	Private / Private	250	6

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

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