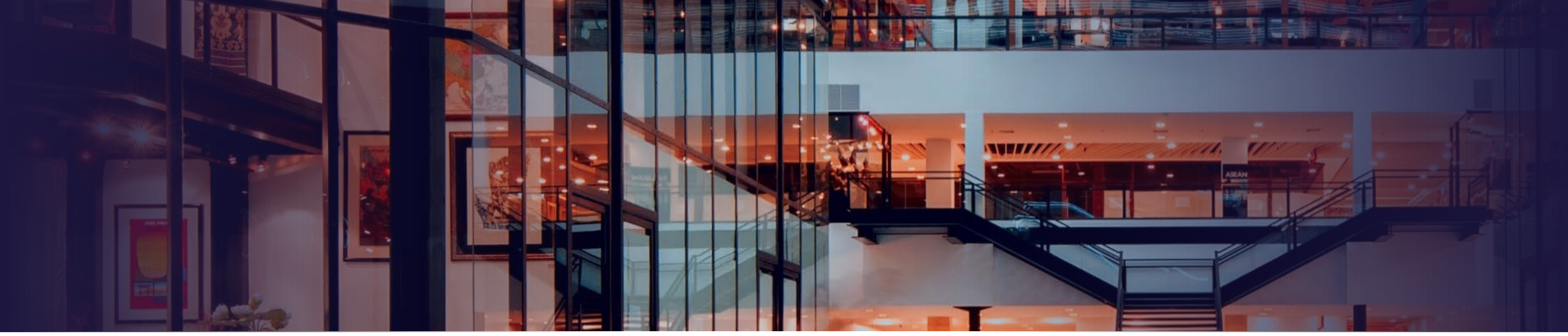
MARKETBEAT
LUXEMBOURG
RETAIL H2 2025



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YoY Chg	12-Month Forecast
24,360 sq m Take-up 2025	▲	=
€145 /sq m/mo. Prime Rent High Street	=	=
€188 million Investment Volume 2025	▲	=

ECONOMIC INDICATORS

	YoY Chg	12-Month Forecast
0.57% GDP Growth YoY 2025 (F)	▲	▲
5.97% Unemployment Rate 2025	▲	▼
3.3% Inflation Rate (HICP) December 2025	▲	▼

Sources: Moody's Analytics; Eurostat

MODEST GROWTH WITH GRADUAL IMPROVEMENT AHEAD

Luxembourg's economy is projected to **close 2025 with a growth of 0.57%**, following a limited expansion earlier in 2024. Weaker investment activity and softer exports continue to weigh on short-term performance, while private consumption remains supported by wage indexation and improving household confidence.

Growth is expected to strengthen to **2.29% in 2026 and 2.31% in 2027** according to the forecasts of Moody's, supported by easing **financing conditions and improving domestic demand.** Stabilized interest rates should stimulate investment and support exports of financial services, a key pillar of Luxembourg's economy.

INFLATION MODERATES AS ENERGY PRICES EASE

Luxembourg's HICP inflation remains above the eurozone average in 2025. After fluctuating throughout the year, HICP reached **3.3% in December 2025**, compared to 1.9% in the euro area.

Services and wage-related pressures continue to support price growth, while **energy effects** have been more volatile during the year. Looking ahead, inflationary pressures are expected to ease in 2026 as energy prices stabilise and broader price dynamics normalise.

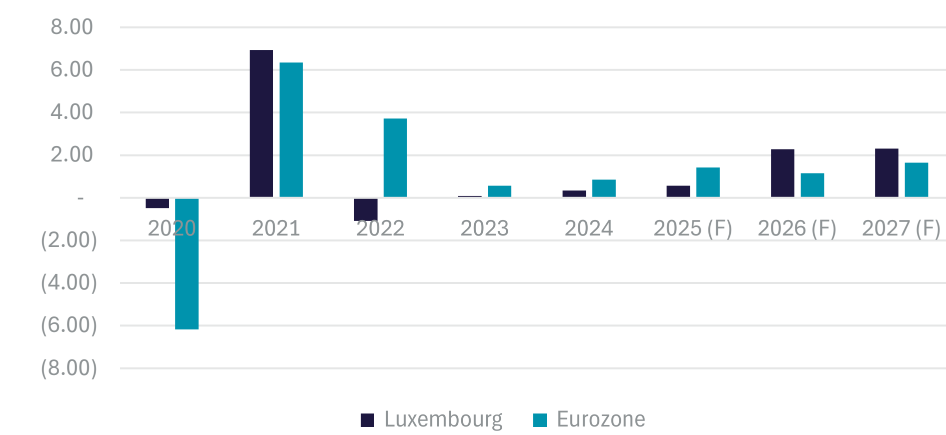
The gradual stabilisation of HICP and improved financing conditions should provide **greater predictability for investment decision-making heading into 2026**.

LABOUR MARKET SHOWING SIGNS OF ADJUSTMENT

Employment growth has slowed in line with softer economic activity. The unemployment rate increased to **5.97% in 2025**, and will decrease gradually to **5.84% in 2026 and 5.77% in 2027**, as economic growth strengthens.

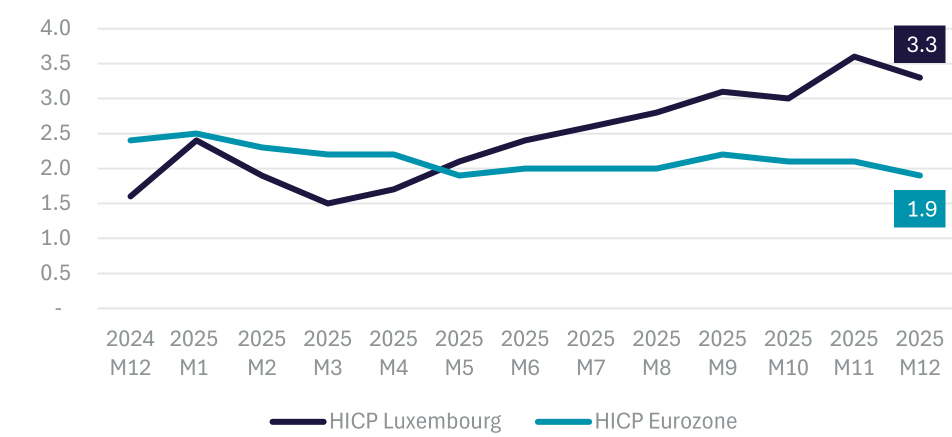
Despite short-term adjustments, Luxembourg's labour market remains structurally supported by **cross-border employment and the resilience of the financial and public sectors**.

GDP GROWTH (in % of prev. year)



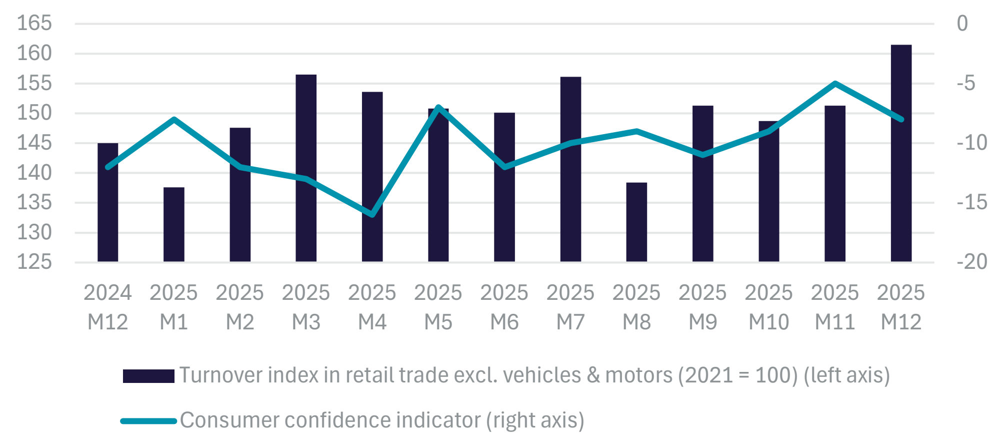
Source: Moody's Analytics (baseline scenario - January 2026)

INFLATION RATE (HICP in % of change)



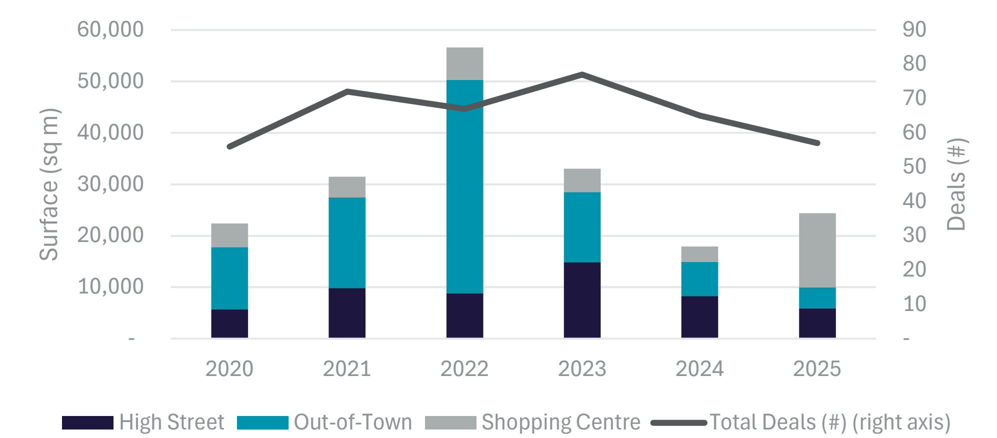
Source: Eurostat

RETAIL TRADE & CONSUMER CONFIDENCE



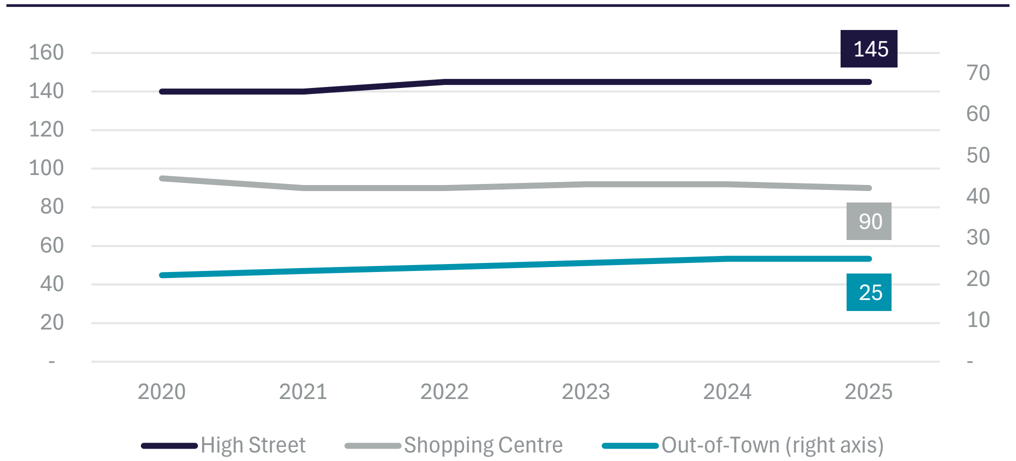
Source: STATEC; Banque centrale du Luxembourg (BCL)

TAKE-UP BY SECTOR



Source: Cushman & Wakefield

PRIME RENTS BY SECTOR (EUR/SQ M/MONTH)



Source: Cushman & Wakefield

RETAIL TURNOVER REMAINS ROBUST DESPITE CAUTIOUS CONSUMER SENTIMENT

Retail trade turnover index (2021 = 100) remained at a high level throughout 2025, ranging between 138 and 162 and posting a strong **+11% year-on-year increase in December**. Growth was primarily supported by **food and beverage sales and medical appliances in specialised stores**, while fashion-related segments showed limited growth, with clothing rising only marginally and footwear and leather goods broadly stabilising.

Despite resilient retail activity, **consumer confidence remained negative at -8** in December, reflecting continued concerns of consumers about the general economic outlook and hesitancy towards major purchases, even though households assess their own financial situation as relatively stable.

TAKE-UP RECOVERS SLOWLY, SUPPORTED BY HOME & DECO RETAILERS AND THE GRIDX COMMERCIALISATION

Retail take-up in **H2 2025** totalled **5,455 sq m across 22 transactions**, with the **home & deco segment particularly active** during the period. On the high streets, a notable transaction was the letting of approximately 680 sq m to Roche Bobois at Royal Hamilius in Luxembourg City. In the out-of-town segment, **Plum'Art** expanded with **two new lettings** in Bettembourg and Pommerloch, reinforcing the demand for destination retail formats. Within the shopping centre category, the further commercialisation of the **multi-experience complex GRIDX** supported activity levels.

For the **full year 2025**, total **take-up reached 24,360 sq m across 57 deals**, representing an improvement compared to 2024, **although still below the ten-year average**. The letting transactions at **GRIDX** had a particularly strong impact, accounting for seven transactions and nearly 9,000 sq m of take-up. The commercialisation of this multi-experience destination reflects the market's interest in renewed shopping centre concepts that combine retail with leisure and experiential components.

PRIME RENTS STABLE AMID MARKET CAUTION

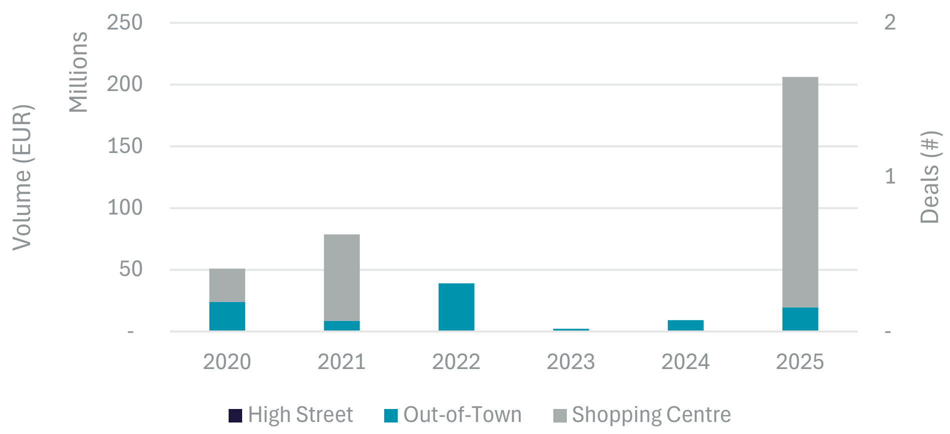
Prime retail rents remained stable throughout 2025 across all submarkets, reflecting limited transactional evidence and the absence of new benchmark-setting deals. In the absence of significant letting activity at prime levels, prime headline rents remained at **€145/sq m/month for prime high street, €90/sq m/month for prime shopping centres and €25/sq m/month for prime out-of-town units**.

OUTLOOK

- **Economic growth** is expected to **strengthen gradually** into 2026 and 2027, supported by easing financing conditions and improving domestic demand.
- **HICP inflation** is projected to **moderate** over the coming quarters, providing greater stability in operating and financing environments.
- **Retail turnover** is expected to remain resilient, supported by stable household purchasing power.
- **Consumer sentiment** may gradually improve, but remains below neutral levels, which could continue to temper discretionary spending.
- **Take-up** is likely to **remain selective**, with activity concentrated in well-located schemes and specialised segments such as home & deco.
- **Investment activity** is likely to remain **transaction-driven and dependent on available product**, rather than reflecting broad-based market liquidity.

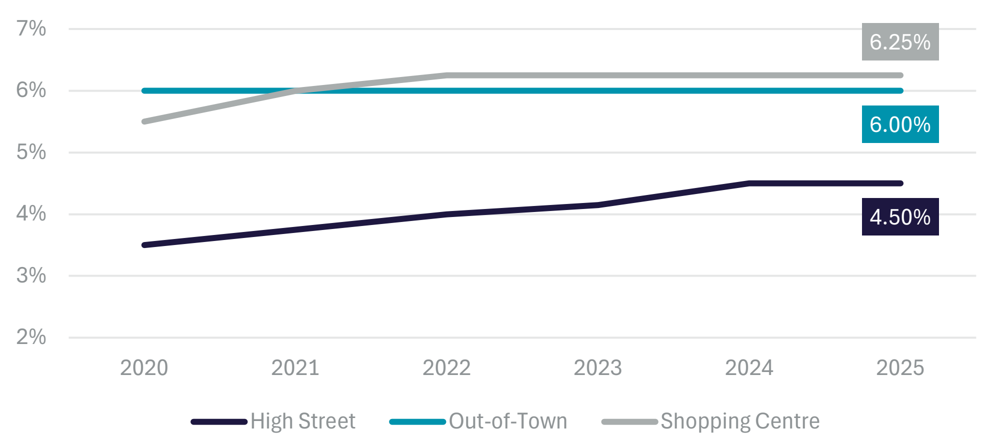
LUXEMBOURG
RETAIL H2 2025

INVESTMENT VOLUME BY SECTOR (EUR)



Source: Cushman & Wakefield

PRIME YIELDS BY SECTOR



Source: Cushman & Wakefield

SELECTIVE INVESTMENT ACTIVITY FOCUSED ON STRATEGIC DISPOSALS

Retail investment activity remained limited in 2025, with two transactions recorded over the year, both involving disposals by Nextensa. In Q3, the company sold the **out-of-town retail complex Batiself of 10,199 sq m to the Luxembourg State** for an investment volume of approximately €21 million in an asset deal. This transaction marked the only recorded deal in H2 2025.

Together with the earlier **portfolio sale of two Knauf Shopping Centers**, total retail investment volume for the year amounted to **€188 million across two deals**. The year's activity was largely driven by a single active seller rather than broader market activity.

PRIME YIELDS REMAIN STABLE ACROSS ALL SEGMENTS

Prime retail yields remained unchanged in 2025, reflecting the absence of new benchmark-setting transactions and limited investment activity. Prime **high street yields stand at 4.50%, while prime out-of-town assets remain at 6.00% and prime shopping centres at 6.25%.** Following the upward repricing observed over the past years, yields have now stabilised. In the absence of increased transactional evidence, the market continues to show stability rather than further yield movement.

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, 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 H2 2025

PROPERTY	SUBMARKET	TENANT	GLA (SQ M)	TYPE
City Concorde	Shopping Centre	Spilly	743	Letting
Royal Hamilius	High Street	Roche Bobois	679	Letting
Retail Park Pommerloch	Out-of-Town	Plum'Art (Mike SA)	592	Letting

KEY INVESTMENT TRANSACTIONS H2 2025

PROPERTY	SUBMARKET	SELLER / BUYER	GLA (SQ M)	PRICE (MEUR)
Batiself complex Ingeldorf	Out-of-Town	Nextensa / Luxembourg State	10,199	21

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

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