

DENMARK Retail Market Snapshot

Second Quarter | 2017



MARKET INDICATORS

Market Outlook

Prime Rents:	Positive rental growth on prime high streets and stable rents elsewhere is anticipated.	▶
Prime Yields:	Expected to remain stable for core high streets as well as other retail segments.	▶
Supply:	Supply expected to remain limited with no significant new schemes currently under construction.	▶
Demand:	Sustained high demand for prime assets, with demand strengthening for secondary stock.	▶

Prime Retail Rents - June 2017

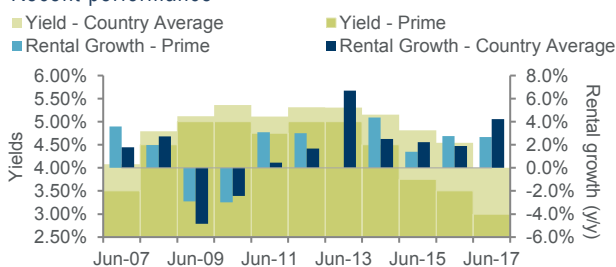
HIGH STREET SHOPS	DKR	€	US\$	GROWTH %	
	SQ.M YR	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Copenhagen	23,000	2,554	265	2.7	2.2
Aarhus	7,000	773	80	4.5	3.8
Odense	5,000	538	56	0.0	2.1

Prime Retail Yields - June 2017

HIGH STREET SHOPS (FIGURES ARE NET, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Copenhagen	3.00	3.00	3.50	5.00	3.00
Aarhus	4.00	4.00	4.75	5.25	4.00
Odense	5.25	5.25	5.50	5.75	4.50
SHOPPING CENTRES (FIGURES ARE NET, %)	CURRENT	LAST	LAST	10 YEAR	
Country prime	Q	Q	Y	HIGH	LOW
Country prime	4.00	4.25	4.50	6.00	4.00

With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

Recent performance



Overview

The retail segment is highly dependent on consumers' purchasing power and consumer confidence, and this is developing positively at the moment. The yield level is currently stabilizing at low levels for high street retail space, while rent levels are at all-time highs.

Occupier focus

The pedestrian street, Østergade, which forms the beginning of Strøget has lately been known as "the sleeping giant" due to the construction of Kongens Nytorv. However, Kongens Nytorv is expected to be completed next year and large retailers such as both Hugo Boss, Tommy Hilfiger and the Danish watch retailer Klarlund has recently invested large amounts in redoing their spaces at Østergade.

Zone A rents on prime high street have been stable in the first half of 2017 on DKK 23,000/sq m/year and we expect a small increase over the course of 2017.

Investment focus

During the second quarter of 2017 we have seen a moderate investment activity in the segment. Notable, a distressed shopping centre in Hillerød (Gallerierne), as well as the local retail cluster Kridthøj Torv in Aarhus, have been acquired.

We have seen a stable yield level in all sectors over the course of 2017, and the all-time low prime yield levels are expected to remain stable in 2017.

Outlook

We expect a continued high demand for both high street properties and other retail units to continue in 2017.

The Copenhagen Metro has recently unveiled the plans for the Kongens Nytorv Station, which included a relocation of the main stairs forcing the pedestrians towards Strøget, which will be benefitting Østergade exclusively.

Lior Koren

Partner, Chief Analyst
Amaliegade 3, 5. sal, Copenhagen, 1256, Denmark
Tel: +45 33 13 13 99
lk@red.dk
cushmanwakefield.com/red.dk