

THE NETHERLANDS Industrial Market Snapshot

Second Quarter | 2017



MARKET INDICATORS

Market Outlook

Prime Rents:	Occupiers demand at record high, prime rents further increase.	▼
Prime Yields:	Yields compress further on logistic hotspots of the country as investment products remain scarce.	▲
Supply:	Supply is hardly available on prime locations, as a result emerging locations continue to increase in popularity.	▲
Demand:	Demand remains high, shift to emerging locations as demand on prime locations is limited.	▼

Prime Industrial Rents – June 2017

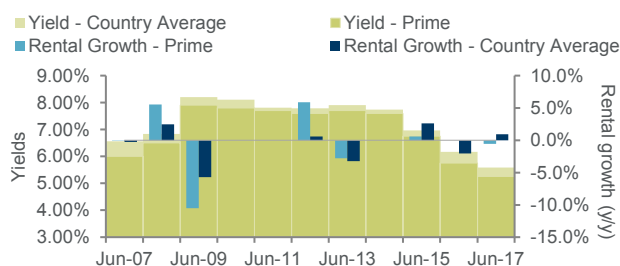
LOGISTICS LOCATIONS	€	US\$	GROWTH %	
	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Amsterdam	60.0	6.22	3.4	0.0
Schiphol	87.5	9.07	-0.6	-0.6
Rotterdam	62.5	6.48	-0.8	0.8
Eindhoven	52.5	5.44	-4.5	-2.6
Venlo	48.0	4.98	6.7	-0.8
Tilburg	50.0	5.18	4.2	0.0
Nijmegen	50.0	5.18	4.2	0.0

Prime Industrial Yields – June 2017

LOGISTICS LOCATION (FIGURES ARE GROSS, %)	CURRENT Q	LAST Q	LAST Y	10 YEAR	
				HIGH	LOW
Amsterdam	5.65	5.65	6.20	8.10	5.65
Schiphol	5.50	5.50	6.10	7.90	5.50
Rotterdam	5.25	5.50	5.90	8.00	5.25
Eindhoven	5.50	5.50	6.10	8.25	5.50
Venlo	5.25	5.25	5.75	8.00	5.25
Tilburg	5.25	5.40	5.75	8.00	5.25
Nijmegen	5.50	5.50	6.00	8.25	5.50

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 take-up of industrial space has during the first 6 months of 2017 reached a level of 2.3 million m², divided into 1 million m² industrial property and 1.3 million m² logistics property. That represents a 61% growth on the corresponding period of 2016 and is the highest take-up figure ever recorded during the first 6 months of any year. With this volume, the take-up of logistics property during the past half year is only 500,000 m² short of the take-up figure for 2016 as a whole. At the same time, vacancy is lower in the industrial property segment. Availability dropped by 12% to 8.3 million m², extending this trend into the third successive year.

Occupier focus

The drivers behind this take-up are the growth of the SME sector and e-commerce. We see that SME turnover has been rising for some time and this is currently having an impact on the demand for industrial space. Also, the improved take-up of logistics space cannot be viewed separately from the rising emergence of e-commerce. That influence will only become more pronounced in the coming years.

Not only has the take-up of logistics property grown, the transactions are also becoming ever larger. During the first 6 months of 2017, the largest logistics transaction ever was realised with the construction of a logistics centre by Inditex of 170,000 m² in Lelystad. The complex is intended for the distribution of various fashion brands.

Investment focus

Prime investment products on logistic hotspots in the country remained limited during the first half of 2017. Emerging markets continue to benefit as investors' interest further grew. Due to the limited supply and growing investors' demand, prime yields for logistic hotspots in the country further dropped with an average of 11 bps for the southern cities in the country.

Outlook

Expectations for the second half of the year foresee a slowdown in the growth of logistics property take-up. This, in combination with the continued strong trend in industrial property, will cause a drop in the percentage of logistics property in the total take-up. Nevertheless, viewed over the entire year, the take-up of logistics property will be approx. 10% higher than in 2016.

This report has been produced by Cushman & Wakefield LLP for use by those with an interest in commercial property solely for information purposes. It is not intended to be a complete description of the markets or developments to which it refers. The report uses information obtained from public sources which Cushman & Wakefield LLP believe to be reliable, but we have not verified such information and cannot guarantee that it is accurate and complete. No warranty or representation, express or implied, is made as to the accuracy or completeness of any of the information contained herein and Cushman & Wakefield LLP shall not be liable to any reader of this report or any third party in any way whatsoever. All expressions of opinion are subject to change. Our prior written consent is required before this report can be reproduced in whole or in part. ©2017 Cushman & Wakefield LLP. All rights reserved.

Frank van der Sluys MSc

Associate Director, Head of Research, The Netherlands
UN Studio 20th floor, Gustav Mahlerlaan 362-364, 1082 ME, Amsterdam, The Netherlands
Tel: +31 (0) 20 8407 201
frank.vandersluys@cushwake.com
cushmanwakefield.com