

THE NETHERLANDS Office Market Snapshot

Third Quarter | 2017



MARKET INDICATORS

Market Outlook

Prime Rents:	Prime rental levels remain stable, although, a further growth is expected for the remainder of the year.	▶
Prime Yields:	Pressure on prime office yields is growing, as some locations already register a decline.	▲
Supply:	Faces a further decline in the dominant areas of the country, as take-up is forecast to increase.	▲
Demand:	Demand remains high on both prime as well as locations with a high level of amenities.	▼

Prime Office rents – September 2017

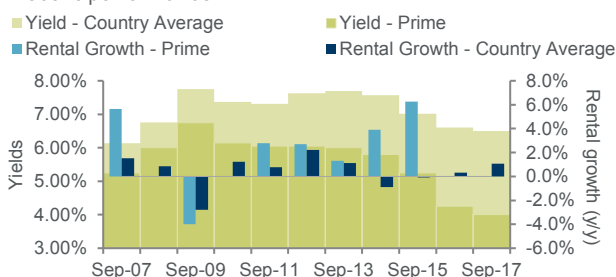
LOCATION	€	US\$	GROWTH %	
	SQ.M	SQ.FT	1YR	5YR CAGR
Amsterdam (South Axis)	425	46.9	0.0	2.3
Amsterdam (Central)	375	41.3	0.0	1.4
Amsterdam (South-East)	205	22.6	5.1	1.0
Rotterdam	235	25.9	4.4	3.3
The Hague	210	23.2	0.0	0.0
Utrecht	205	22.6	2.5	1.0
Eindhoven	160	17.6	0.0	-1.2

Prime Office yields – September 2017

LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Amsterdam (South Axis)	4.00	4.00	4.25	6.75	4.00
Amsterdam (Central)	3.90	4.00	4.25	7.00	3.90
Amsterdam (South-East)	6.00	6.15	6.35	8.25	5.50
Rotterdam	5.50	5.50	5.50	7.00	5.50
The Hague	6.00	6.00	6.00	7.00	5.75
Utrecht	5.75	5.75	5.75	7.25	5.75
Eindhoven	6.75	6.75	6.75	7.75	6.25

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 office take-up in the Netherlands during the first three quarters of 2017 totaled 871,500 sq.m of office space, of which the largest take-up concentrated in the Randstad area. The five largest cities in the country continue to remain the most popular office markets both on the occupier and investment market, registering the highest take-up volumes as well as the highest investment volumes.

Occupier focus

The five largest cities registered the highest take-up volumes, especially Amsterdam remains popular taking account for the highest number of transactions, while the largest transaction of the third quarter was realized in Utrecht. Furthermore, offices in locations that are well-accessible by public transport and car and with a high level of amenities in the direct vicinity remain popular by occupiers. A growing number of transactions flows into these areas due to the limited availability on prime office locations. In addition geographical spread of office space increased, as secondary markets registered a further growth. Rental levels remain stable during the third quarter of 2017, although, there is an upwards pressure on prime rental levels especially in Amsterdam.

Investment focus

Investors' demand remains high during the third quarter of 2017, especially for high quality offices in the dominant areas of the country while availability is low. Therefore, focus of investors' on core+ offices in the larger cities of the country remains. The majority of the investment transactions and investment volume was registered in Amsterdam, while prime office yields in the locations Amsterdam Central and South-East registered a decline of respectively 10bps and 15bps during the third quarter of 2017. Other prime office yields remain stable, thus a further pressure is expected towards the end of the year.

Outlook

The outlook for the office market is positive from an investor's perspective and negative from an occupier's perspective, as demand is increasing and availability on prime locations is shrinking. Locations that are well-accessible and with a high level of amenities will profit from these developments, as there will be an upwards pressure on the rental levels. Prime office rents are expected to grow in the coming quarter and the yield compression for the best offices on the best locations will last. A strong fourth quarter on the office market will lead the take-up in 2017 to the highest level since 2008, while the investment volume will break every record in 2017 with an estimated investment volume of EUR 15 – 16 billion.

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LOCATION	BUILT STOCK (SQ.M)	AVAILABILITY (SQ.M)	VACANCY RATE (%)	TAKE-UP (SQ.M)	TAKE-UP YTD (SQ.M)	UNDER CONSTRUCTION (SQ.M)
Amsterdam	5,853,000	674,000	9.1%	75,500	226,500	158,995
Rotterdam	3,376,000	693,000	18.1%	17,500	52,500	0
The Hague	3,882,000	373,689	9.3%	9,000	27,000	0
Utrecht	2,709,000	328,000	9.1%	20,500	61,500	55,500
Eindhoven	1,375,000	146,000	10.3%	3,500	10,500	0
Arnhem	1,036,000	194,000	12.6%	3,000	9,000	0
Groningen	894,000	130,000	12.4%	4,500	13,500	0
Netherlands (overall)	48,612,000	7,096,000	13.1%	290,500	871,500	N/A

Source: Cushman & Wakefield

Key Occupier Transactions

PROPERTY	SUBMARKET	TENANT	SIZE (SQ.M)	TRANSACTION TYPE
Hoog Catharijne, Utrecht	Station area	VodafoneZiggo	17,000	Rent
Office Park, Rijswijk	Plaspoelpolder	TUI Nederland N.V.	5,554	Rent
Eurogate II, Rotterdam	Alexandrium	Eastman Chemicals B.V.	5,046	Rent
Olympisch Stadion, Amsterdam	Old-South	Under Armour Europe B.V.	4,800	Rent
Adam Smith Building, Amsterdam	Riekerpolder	ACN Europe B.V.	3,948	Rent

Source: Cushman & Wakefield

Key Investment Transactions

PROPERTY	SUBMARKET	SELLER / BUYER	YIELD	PRICE € MILLIONS
Liv portfolio	Multiple	DEKA / Fortress Investment Group		360,000,000
The Valley, Amsterdam	Zuidas	OVG / RJB Group		300,000,000
Tripolis, Amsterdam	Zuidas	AXA / Blackstone		72,500,000
Zuiderhof II, Amsterdam	Zuidas	Patrizia / Blackstone		57,030,000
Kennedytoren, Eindhoven	Station area	AXA / LaSalle Investment Management	7.0% GIY	49,700,000

Source: Cushman & Wakefield, Real Capital Analytics

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