



MARKET INDICATORS

Market Outlook

- Prime Rents: Prime rents for logistic space registered a growth, especially in southern cities a further upwards pressure is expected. ▼
- Prime Yields: Prime yield forecast to slightly compress, as supply is tight and demand high. ▲
- Supply: Suitable space at logistic hotspots in the country will decline further, while industrial users continue to struggle in facilitating the increasing production level. ▲
- Demand: Demand for suitable space remains high, both for logistic and industrial space. ▼

Prime Industrial Rents – June 2018

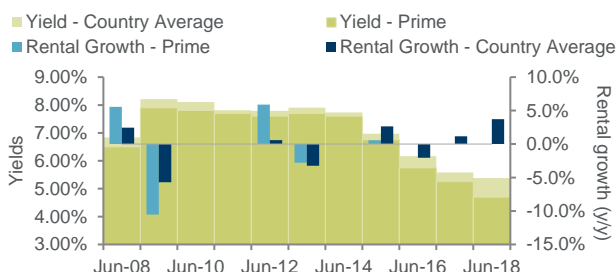
LOGISTICS LOCATIONS	€	US\$	GROWTH %	
	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Amsterdam	60.0	6.53	0.0	0.9
Schiphol	88.0	9.57	0.6	0.1
Rotterdam	65.0	7.07	4.0	2.3
Eindhoven	60.0	6.53	14.3	0.9
Venlo	54.0	5.87	12.5	2.4
Tilburg	53.0	5.76	6.0	2.0
Nijmegen	50.0	5.44	0.0	0.0

Prime Industrial Yields – June 2018

LOGISTICS LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Amsterdam	5.40	5.40	5.65	8.10	5.40
Schiphol	5.25	5.25	5.50	7.90	5.25
Rotterdam	5.25	5.25	5.25	8.00	5.25
Eindhoven	5.00	5.00	5.50	8.25	5.00
Venlo	4.70	5.00	5.25	8.00	4.70
Tilburg	4.80	5.00	5.25	8.00	4.80
Nijmegen	5.45	5.45	5.50	8.25	5.45

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 strong performance of the Dutch economy results in a great deal of dynamism in the industrial & logistics market. The high demand results in rising construction costs, a limited supply of high-quality space for the industrial and logistics users and a lack of qualified personnel in the logistics sector.

Occupier focus

In the first half of 2018, take-up in this market segment - which can be subdivided into industrial and logistics property - totalled 2 million sqm. Of this, almost 1.4 million sqm. was taken up by logistics users, which is nearly 6% higher than in the same period last year. During that same time, take-up of non-logistics industrial property was 639,000 sqm. While the 7.6 million sqm stock of industrial space might appear sufficient to meet demand, much of it is outdated and in the wrong location. Users of logistics space are therefore experiencing a distinct lack of suitable existing supply. As a result, they often have no choice but to move to newbuild premises. To many industrial users, apart from the sharply rising construction costs, newbuild is simply not an alternative, as the lead time is generally too long to facilitate the increasing level of production they face on short term.

Investment focus

The investment volume in industrial and logistics space registered EUR 1.3 billion, or 12%, in the first half of 2018. Asian investors and large international investment funds are very active in the logistics market, with an initial focus on the best products. Because these are rare, various investors have opted for speculative development and buying up newbuild positions. Sale & leaseback transactions are currently popular in logistics, but as availability dries up, the possibilities will gradually decrease over the course of the year. In the cities Venlo and Tilburg a further prime yield compression was registered on a quarterly base during the second quarter of 2018. Except for Rotterdam, all prime yields registered a compression on a yearly base.

Outlook

The downward trend in pricing, with no clear end in sight, is making return targets increasingly unfeasible, thereby forcing Dutch investors to reflect on their acquisition strategy. The demand from investors and occupiers continues to remain high, as supply will further dry up while construction costs rise.

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