

THE NETHERLANDS

Industrial Market Snapshot

Third Quarter | 2018



MARKET INDICATORS

Market Outlook

Prime Rents:	Due to growing construction costs, rental levels will increase further.	▼
Prime Yields:	Prime yields will compress, as a result of the high demand from investors who anticipate on rental growth.	▲
Supply:	Supply will decrease further, as there is a limited amount of available high-quality properties.	▲
Demand:	Demand remains high both from occupiers and investors from the industrial and logistics market.	▼

Prime Industrial Rents – September 2018

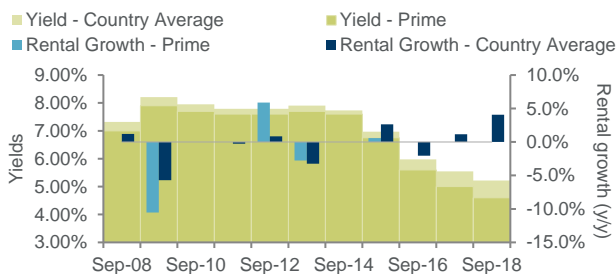
LOGISTICS LOCATIONS	€	US\$	GROWTH %	
	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Amsterdam	60.0	6.51	0.0	0.9
Schiphol	88.0	9.54	0.0	0.1
Rotterdam	65.0	7.05	3.2	2.3
Eindhoven	60.0	6.51	14.3	0.9
Venlo	50.0	5.42	4.2	0.8
Tilburg	53.0	5.75	6.0	2.0
Nijmegen	50.0	5.42	0.0	0.0

Prime Industrial Yields – September 2018

LOGISTICS LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Amsterdam	5.25	5.40	5.65	8.10	5.25
Schiphol	5.25	5.25	5.50	7.90	5.25
Rotterdam	5.00	5.25	5.25	8.00	5.00
Eindhoven	4.80	5.00	5.25	8.25	4.80
Venlo	4.60	4.70	5.00	8.00	4.60
Tilburg	4.60	4.80	5.25	8.00	4.60
Nijmegen	5.25	5.45	5.45	8.25	5.25

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

Continuous economic growth results in a record-low unemployment rate of only 3.9% in 2018 and 3.5% in 2019. Construction costs continue to rise, while export flourishes.

Occupier focus

Demand remains high from users in the industrial & logistics market and in combination with the growing building costs and limited availability, rents are increasing. Incentives have almost completely dried up. In addition, for logistics space, an increase is also observed outside the hotspots. Niche markets such as Datacentres, High Tech and DIY-stores are expanding considerably. There is a high demand for 'city logistics' from both online-users as well as supermarkets (e.g. Coolblue, Picnic, Jumbo, etc.). Due to the continuous demand, high-quality industrial & logistics space is declining sharply, while there is still a lot of poor quality industrial space available. The logistics market is struggling with a shortage of labour, as a result outside personnel is being attracted.

Investment focus

In the first three quarters of 2018, EUR 2.1 billion, or 15%, was invested in the industrial & logistics market. The investment volume in 2018 is 28% behind the same period in 2017. Approximately half of the investment volume was invested in logistics (EUR 1.1 billion). In the logistics market, a geographical shift is visible, where investors' interest first only rests on the absolute core / hotspots, it now shifts to second class or even third class. Because there is a lot of capital available, investors anticipate rent growth in the short term. This results in a further tightening of the prime yields on the logistics market. In the industrial property market, there is a lot of sale and leaseback witnessed. Within this market the location is less important, as it is all about the quality of the tenant. Prime yields also compress on the industrial market.

Outlook

It is expected that the economic growth will continue while the scarcity will increase further for the industrial & logistics market. Rental levels will increase as incentives dry up further. Prime yields are forecast to compress to record-low levels.