

# THE NETHERLANDS Office Market Snapshot

First Quarter | 2018



## MARKET INDICATORS

### Market Outlook

Prime Rents:	Incentives decline while prime rental levels are forecast to grow, due to shortage on the office market.	▼
Prime Yields:	Prime yields remain stable, although, due to a limited supply a further compression is expected.	▲
Supply:	Availability of dominant office locations will remain scarce, while emerging locations will register a drop in the supply as well.	▲
Demand:	Demand further increases, especially for high-qualified office space at multimodal locations.	▼

### Prime Office rents – March 2018

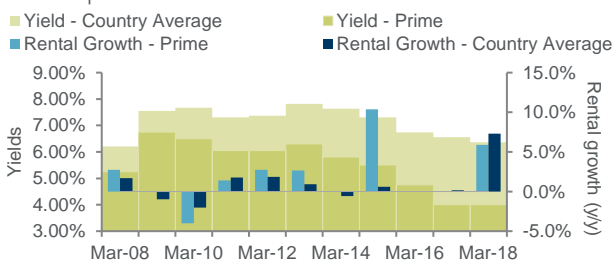
LOCATION	€	US\$	GROWTH %	
	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Amsterdam (South Axis)	450	52.2	5.9	3.2
Amsterdam (Central)	425	49.3	13.3	4.0
Amsterdam (South-East)	240	27.9	23.1	4.2
Rotterdam	235	27.3	4.4	2.3
The Hague	210	24.4	0.0	1.0
Utrecht	245	28.4	22.5	4.7
Eindhoven	185	21.5	15.6	1.7

### Prime Office yields – March 2018

LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Amsterdam (South Axis)	4.00	4.00	4.00	6.75	4.00
Amsterdam (Central)	3.75	3.75	4.00	7.00	3.75
Amsterdam (South-East)	5.75	5.75	6.15	8.25	5.75
Rotterdam	5.00	5.25	5.50	7.00	5.00
The Hague	6.00	6.00	6.00	7.00	6.00
Utrecht	5.75	5.75	5.75	7.25	5.75
Eindhoven	6.75	6.75	6.75	7.75	6.50

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 first quarter of 2018 started positively, as employment is forecast to decline to 3.5%, which is a record-low since 2001, with 3.2% the highest economic growth since 2007, and an expansionary fiscal policy. The office market benefits from these developments, as demand for well-located, high quality office space remains unrelentingly high.

## Occupier focus

The pressure on popular office locations is resulting in a decline of high quality office space, inhibiting businesses to move, or causing an overflow to nearby areas. Incentives at popular office spots dry up. Rental levels are becoming more realistic, although a nationwide rent growth is still rather limited. As for Rotterdam and The Hague incentives have been halved. While in Amsterdam – due to the lack of office space – occupiers fan out to nearby municipalities such as Haarlemmermeer and, to a lesser extent, Utrecht. Except for The Hague, prime rental levels registered a growth on a yearly base in the five biggest cities.

## Investment focus

The office sector registered the largest investment category with €945m in the first quarter of 2018. Compared to the same quarter last year, the volume increased by 10%. Prime yields remained stable with 3.75% gross initial, while on a yearly base yields dropped by 25 bps. Not only the office yields' lower bandwidth is sharpening, also yields in the upper bandwidth show a strong compression. Investors in the value-add segment starting to change their strategies, as the office market will not continue to rise as seen in the last couple of years. Thus, instead of moving activities to other countries, a growing interest in core+ investment opportunities are shown. Furthermore, the lack of investment opportunities in Amsterdam and Utrecht cause the investors focus to fan out to the cities Rotterdam and The Hague.

## Outlook

The outlook for the Dutch office market is rather positive, as macro-economic indicators show a healthy development. Supply on the office occupier market is expected to further decline, while demand for high quality office space at multimodal locations continues to remain high. The investors sentiment in the office market will continue to be positive till 2019, while looking further ahead remains hard.

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. ©2018 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](mailto:frank.vandersluys@cushwake.com)  
[cushmanwakefield.com](http://cushmanwakefield.com)