

THE NETHERLANDS Office Market Snapshot

Second 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 will stabilize in Amsterdam, but will drop in other bigger cities like Utrecht, Eindhoven, The Hague and Rotterdam.	▲
Availability:	Availability in prime office locations in the bigger cities is at a low level, secondary locations will register a drop in the availability as well.	▲
Demand:	Demand further increases, especially for high-qualified office space at multimodal locations.	▼

Prime Office rents – June 2018

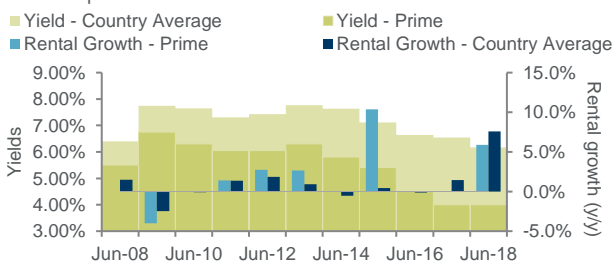
LOCATION	€	US\$	GROWTH %	
	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Amsterdam (South Axis)	450	48.9	5.9	3.2
Amsterdam (Central)	425	46.2	13.3	4.0
Amsterdam (South-East)	245	26.6	19.5	4.7
Rotterdam	235	25.6	0.0	2.3
The Hague	210	22.8	0.0	1.0
Utrecht	265	28.8	29.3	6.3
Eindhoven	185	20.1	15.6	1.7

Prime Office yields – June 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)	3.50	3.75	4.00	7.00	3.50
Amsterdam (South-East)	5.75	5.75	6.15	8.25	5.75
Rotterdam	4.75	5.00	5.50	7.00	4.75
The Hague	5.75	6.00	6.00	7.00	5.75
Utrecht	5.50	5.75	5.75	7.25	5.50
Eindhoven	6.25	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 Dutch economy is going through an economic boom. The economy grew by more than 3% in 2017, with similar figures expected for 2018. Moreover, growth has been broadly based, with exports, household expenditure and government spending all contributing. Unemployment has fallen sharply as a result. The outlook remains positive, also in the longer term. Risks to international economic development are primarily of a political nature.

Occupier focus

Office vacancy fell 3.7% in the past six months. The decline in vacancy can be partly attributed to take-up, while transformations, withdrawals and zoning changes are contributing factors as well. On the office market concentration and further polarisation is noticeable. Demand is increasingly focused on locations in the major cities and metropolitan areas that offer multimodal accessibility and a favourable mix of living, working, shopping and recreation. Because of the increasing demand here, suitable properties have become scarce, rents are on the rise and incentives are evaporating. In many other locations availability is still at a high level.

Investment focus

During the first six months, investment in office space accounted for EUR 3.05 billion (29% of the total). This is 10% more than the EUR 2.8 billion recorded during the first two quarters of 2017. Dutch office buildings are currently attracting a great deal of attention from both domestic and foreign investors. Foreign investors realized 69% of the investment volume. From a European perspective, the Netherlands compares favorably in terms of the returns achieved, which implies that a considerable amount of resources earmarked for office investment is allocated to the Netherlands. Although the initial focus of the foreign investor remains primarily on Amsterdam, a lack of product there has forced many to also consider The Hague, Rotterdam and Utrecht in particular.

Outlook

The outlook for the Dutch office market is rather positive, as macro-economic indicators show a healthy development. Availability 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.

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