

THE NETHERLANDS Office Market Snapshot

Third Quarter | 2018



MARKET INDICATORS

Market Outlook

Prime Rents:	Prime rents increase further, while incentives dry up.	▼
Prime Yields:	A further prime yield compression is expected to record-low figures.	▲
Availability:	Availability of top office locations is limited, resulting in a growing interest in secondary locations.	▲
Demand:	Demand from both occupiers and investors for high-quality offices at multimodal locations continues to remain strong.	▼

Prime Office rents – September 2018

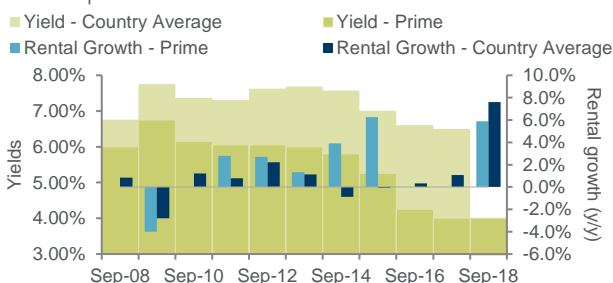
LOCATION	€	US\$	GROWTH %	
	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Amsterdam (South Axis)	450	48.8	5.9	3.2
Amsterdam (Central)	425	46.1	13.3	4.0
Amsterdam (South-East)	245	26.6	19.5	4.7
Rotterdam	235	25.5	0.0	0.9
The Hague	210	22.8	0.0	1.0
Utrecht	285	30.9	39.0	7.9
Eindhoven	185	20.1	15.6	1.7

Prime Office yields – September 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	3.50	3.90	7.00	3.50
Amsterdam (South-East)	5.75	5.75	6.00	8.25	5.75
Rotterdam	4.75	4.75	5.50	7.00	4.75
The Hague	5.75	5.75	6.00	7.00	5.75
Utrecht	5.50	5.50	5.75	7.25	5.50
Eindhoven	6.25	6.25	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 running at full speed, unemployment is expected to drop further to a record-low level of 3.5% in 2019 as economic growth continues to remain strong. Companies have difficulty with filling vacancies.

Occupier focus

The demand from users for high-quality office space at multimodal locations in the country with a mix of living, working, shopping and recreating remains high. Vacancy figures register a further drop, with not only shortages on the office market in Amsterdam but also in Utrecht. The share of the biggest five cities in the total office take-up in the Netherlands is expected to increase further. Prime rents register a continuous growth, especially in Utrecht, the new WTC has achieved a rental growth of 16% compared to 2017. Also, transformations, withdrawals and destination changes still affect the declining supply, although these are mostly low-quality offices.

Investment focus

The investment volume in office property accounted for EUR 4.4 billion in the first three quarters of 2018 (32% of the total). That is 4% less than the EUR 4.6 billion during the same period in 2017. Foreign investors still account for the largest share with 51%, especially Anglo-Saxon investors are active with 32% of the total office investment volume in 2018. With 40% of the total investment volume in the first three quarters of 2018, funds and asset managers are the largest buyers of offices. Gross initial yields for prime locations are expected to drop further. The first signs of the Brexit are already visible, as the prime yield in London has been adjusted upwards by 25bps.

Outlook

The outlook for the Dutch office market remains positive. The demand among both users and investors for high quality offices at multimodal locations remains as high as ever. Prime yields are expected to compress further, while prime rents are rising and incentives are drying up. Overall, the Dutch office market continues to register a strong performance.

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