

THE NETHERLANDS Office Market Snapshot

First Quarter | 2019



MARKET INDICATORS

Market Outlook

| | | |
|---------------|---|---|
| Prime Rents: | Prime rents register a further increase, which is expected to continue while incentives dry up. | ▼ |
| Prime Yields: | Prime yields continue to compress, registering 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 – March 2019

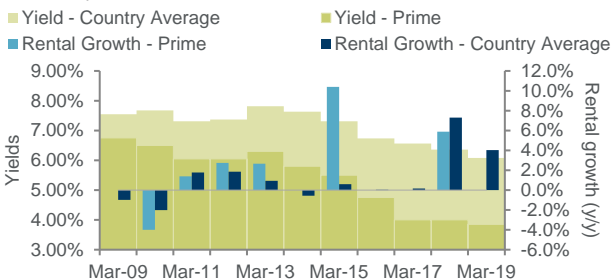
| LOCATION | € | US\$ | GROWTH % | |
|------------------------|------------|-------------|----------|-------------|
| | SQ.M YR | SQ.FT YR | 1YR | 5YR CAGR |
| Amsterdam (South Axis) | 450 | 47.2 | 0.0 | 3.2 |
| Amsterdam (Central) | 475 | 49.9 | 11.8 | 6.3 |
| Amsterdam (South-East) | 275 | 28.9 | 14.6 | 7.1 |
| Rotterdam | 235 | 24.7 | 0.0 | 1.8 |
| The Hague | 210 | 22.0 | 0.0 | 1.0 |
| Utrecht | 280 | 29.4 | 14.3 | 7.5 |
| Eindhoven | 185 | 19.4 | 0.0 | 1.7 |

Prime Office yields – March 2019

| LOCATION (FIGURES ARE GROSS, %) | CURRENT | LAST | LAST | 10 YEAR | |
|------------------------------------|---------|------|------|---------|------|
| | Q | Q | Y | HIGH | LOW |
| Amsterdam (South Axis) | 3.85 | 4.00 | 4.00 | 6.75 | 3.85 |
| Amsterdam (Central) | 3.25 | 3.25 | 3.75 | 7.00 | 3.25 |
| Amsterdam (South-East) | 5.25 | 5.25 | 5.75 | 8.25 | 5.25 |
| Rotterdam | 4.75 | 4.75 | 5.00 | 7.00 | 4.75 |
| The Hague | 5.50 | 5.50 | 6.00 | 7.00 | 5.50 |
| Utrecht | 5.25 | 5.25 | 5.75 | 7.25 | 5.25 |
| 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 continues to show a strong performance from a European perspective, with the highest GDP-growth compared to its surrounding countries during 2016 till 2019. The unemployment rate is still at a record-low figure of 3.8% during 2018-2019, resulting in a further growth of war for talent amongst businesses.

Occupier focus

In the first quarter of 2019, the office market registered a take-up volume of 243,000 sqm., which is only 2% below the same quarter in 2018. The take-up of office space in the B5 showed a very strong increase compared from the same period of the previous year with 66% to 146,000 sqm. The office take-up in the B5 accounts for 64% of the total take-up in the first quarter of 2019, in 2018 this share was just 38%. Amsterdam, Eindhoven and Utrecht in particular, registered a very strong increase. During the first quarter of 2019, the top rental levels of previous quarter were broken and with EUR 475 per sqm/year the prime rent in the centre of Amsterdam is at a record-high. Rental levels also increased in Amsterdam Southeast and the Westas.

Investment focus

The office investment market registered a volume of EUR 681 million in the first quarter of 2019, accounting for 20% of the total investment volume. Compared to the same period in 2018, the investment volume in the office market was 48% lower. Prime yields for offices space showed a further decline compared to the fourth quarter of 2018, while the sharpest yields in the centre of Amsterdam remained stable. This is partly because there are hardly any office buildings available.

Outlook

The current market conditions remain strong for the office market, with a further decline in the amount of available high-quality office space while demand amongst occupiers remains high. This will result in a further rental growth and a decline of the incentives. Investment opportunities for prime locations are limited and prime yields for these locations are forecast to stabilize.

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