LOGISTICS REAL ESTATE

Dutch Market Report 2018

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OCCUPIER MARKET

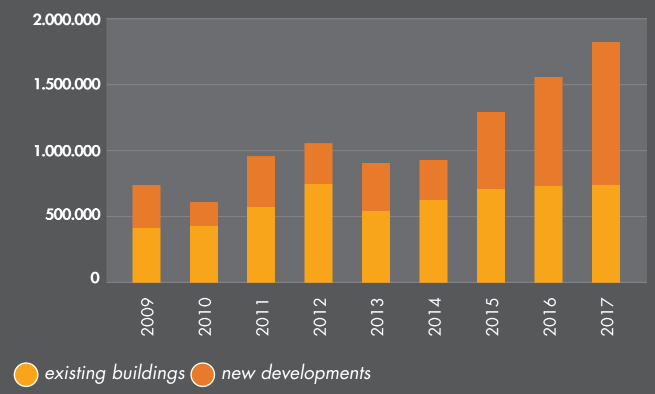
In 2017, the Dutch logistics real estate market showed strong demand for distribution and storage centres. Due to the pickup of the economy, the strong development of the e-commerce market and the strong position of the Netherlands as European logistics hub approximately 1.84 million sq m were let and sold on the open market – this is the market in which investors and developers operate which excludes owner-occupier developments.

The take-up of logistics real estate in 2017 constitutes an all-time high. Measured by buildings covering at least 5,000 sq m, take-up rates climbed by 18 percent compared to 2016, which already was an excellent year. In addition to the open market, many distribution centres were developed by owners-occupiers; that is nearly 250,000 sq m in this segment of the logistics real estate market.

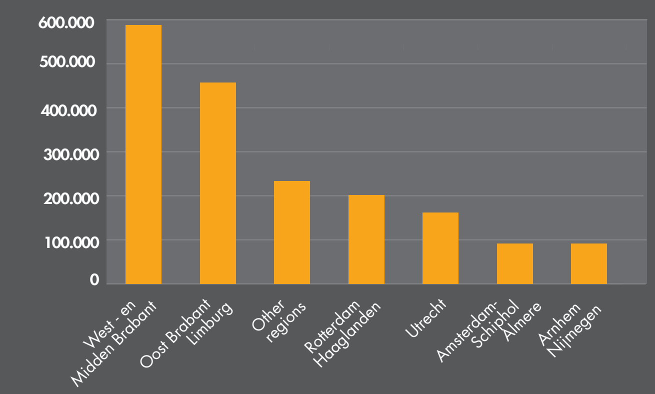
Unlike previous years, the main focus in 2017 was on take-up of new-build distribution centers. Nevertheless, about 800,000 sq m of existing buildings were taken up (same amount as in 2016). Geographically, a key role was once again claimed by the provinces of Noord-Brabant and Limburg, representing more than half of total transaction volumes in The Netherlands. Buildings located in Gelderland, Utrecht and Zuid-Holland were also very popular. In Zuid-Holland, this mainly concerned Waddinxveen and Bleiswijk, while in the province of Utrecht, Nieuwegein and the city of Utrecht were surprisingly successful.

The number of distribution centres and the amount of storage space immediately available for rent or sale continued to drop last year. At year-end 2017, about 2.29 million sq m were available for rent or sale (measured in surface areas from 5,000 sq m), against 2.44 million sq m the year before. As a result, vacancy-to-stock rates dropped as well, going down from 8.8 percent to 7.7. Measured in square metres, the strongest decline could be seen in Limburg and Noord-Holland. Despite the decrease of overall vacancy, the amount of available new-build real estate increased last year. This is because at several locations, investors and developers have started building distribution centres speculatively. This occurred in places like Born, Hoofddorp, Moerdijk, Nieuwegein, Roosendaal, Schiphol, Tiel, Tilburg and Vianen. Also, the total space under development increased last year, to approximately 4 million sq m.

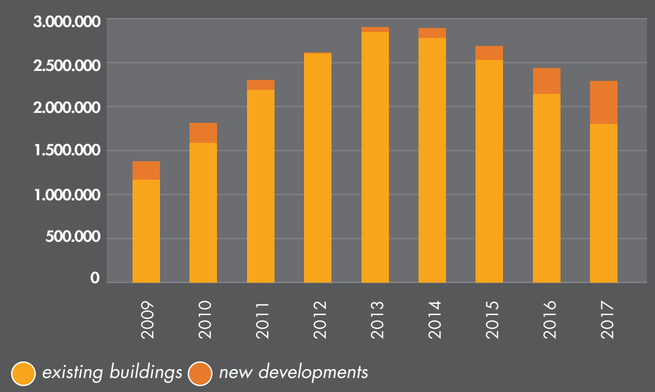
Take-up of logistics space according to building type in sq m



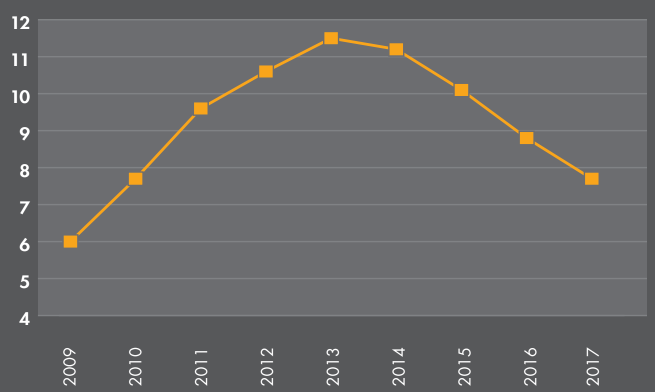
Take-up of logistics space by region in sq m in 2017



Supply of logistics space according to building type in sq m



Supply of logistics space as percentage of stock



ABOUT INDUSTRIAL REAL ESTATE PARTNERS

INDUSTRIAL real estate partners is an independent real estate consultancy company with a strong focus on industrial and logistics real estate throughout the Netherlands.

They particularly focus on agency, investments, strategic real estate advice and developments. From their offices in Amsterdam Airport, Rotterdam and Tilburg they cover the important logistics regions.

By combining their national scope, expertise and skills, they are committed to provide the best possible services to owners, occupiers, (re)developers and authorities.

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DUTCH LAND PRICES & RENT LEVELS 2017/2018

		land prices	rent levels
1	Schiphol Airport	250 - 325	70 - 85
2	Amsterdam Port*	10 - 13	45 - 60
3	Almere	120 - 180	40 - 55
4	Utrecht	230 - 300	45 - 65
5	Arnhem / Nijmegen	150 - 170	40 - 55
6	Bleiswijk/Waddinxveen	200 - 250	45 - 55
7	Rotterdam Port*	9 - 12	45 - 65
8	Moerdijk	120 - 150	40 - 55
9	Roosendaal / Bergen op Zoom	100 - 135	40 - 50
10	Tilburg / Waalwijk	130 - 145	42 - 55
11	Eindhoven	150 - 175	40 - 55
12	Venlo / Venray	120 - 140	35 - 45
13	Maastricht / Heerlen	75 - 100	30 - 45

*land prices in € per sq m / rent levels warehouse space in € per sq m per year / * = leasehold*

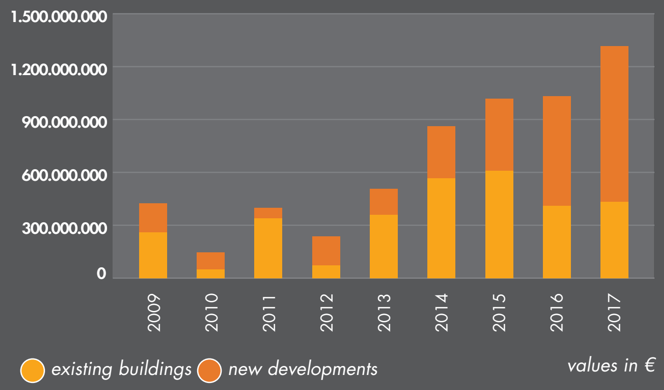
INVESTMENT MARKET

In general the investment market showed a strong performance in 2017 which amongst other segments resulted in a great demand for commercial real estate. Demand intensified across the different real estate segments, mainly due to the great availability of funding and the low interest rates on the capital market. Investors were once again extremely interested in logistics real estate, spending approximately € 1.31 billion in total in this part of the industrial real estate market (up 30 percent compared to 2016).

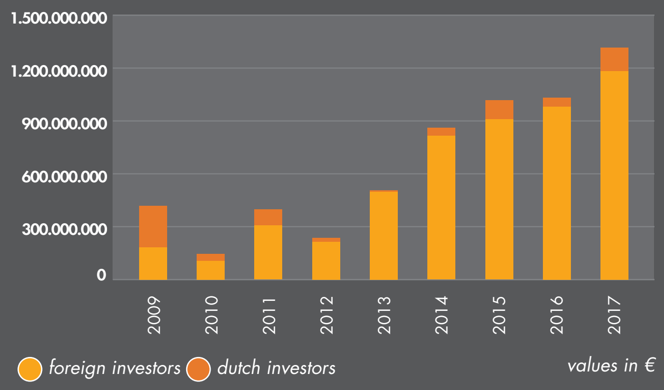
Mainly foreign investors were active in this market; predominantly US and British funds. Generally speaking, investors were particularly interested in Noord-Brabant and Limburg, obviously due to major lease transactions and greenfield developments taking place in these provinces. Zuid-Holland and Utrecht were quite popular as well. Most transactions involved properties under construction or build-to-suits.

The strong demand for logistics real estate continued to push down initial yields last year, resulting in transactions at yields of around 5% for first-class buildings at primary locations with long-term leases. For less popular products, gross initial yields were between 6.75% and 8.5%. These historically low yields motivated various investors to start developing their own distribution centres, both speculatively and pre-let.

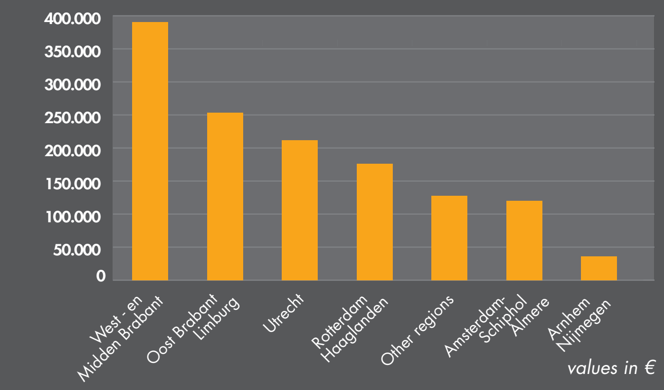
Investments in logistics space according to building type



Investments in logistics space by nationality



Investments in logistics space by region in 2017



Remmers Bouw sellls 36,000 sq m development to SLI in Tilburg

TOP 10 TRANSACTIONS LOGISTICS REAL ESTATE

	Size (sqm)	Location	Occupier	Lessor	Type of building
1	104,000 sq m	Venlo	VidaXL	Deka Immobilien	new development
2	58,000 sq m	Roosendaal	Lidl	Delin Capital	new development
3	57,000 sq m	Moerdijk	Lidl	Savills Investment Management	new development
4	55,000 sq m	Mijdrecht	Hudson's Bay	HB Capital	existing building
5	53,000 sq m	Venlo	Broekman Logistics	Groep Heylen	new development
6	45,000 sq m	Oosterhout	Lidl	Prologis	new development
7	42,000 sq m	Venlo	Lidl	Van Berlo	new development
8	41,000 sq m	Venlo	Arvato	Rockspring	new development
9	39,000 sq m	Venlo	Lidl	Van Berlo	new development
10	37,000 sq m	Tilburg	Coolblue	Prologis	new development

Venlo

Rockspring leases 41,000 sq m to Arvato

Nieuwegein

Exeter invests in a 28,000 sq m logistics development of Heembouw

TOP 10 INVESTMENTS LOGISTICS REAL ESTATE

	Size (sqm)	Location	Buyer	Vendor	Price
1	104,000 sq m	Venlo	Deka Immobilien	VidaXL	€ 90,865,000
2	60,850 sq m	Utrecht	Gramercy Property Trust	USAA Realco	€ 62,500,000
3	84,245 sq m	Maasvlakte R'dam	Savills Investment Management	Dudok Groep	€ 60,505,000
4	84,300 sq m	Spijkenisse	EPF Acquisition	ProDelta	€ 60,385,000
5	58,000 sq m	Roosendaal	Delin Capital Asset Management	Own development	€ 45,000,000
6	55,450 sq m	Schiphol Airport	CBRE Global Investors	Somerset Real Estate	€ 43,000,000
7	57,000 sq m	Moerdijk	Savills Investment Management	Dudok Groep	€ 43,000,000
8	48,590 sq m	Nieuwegein	CBRE Global Investors	Somerset Real Estate	€ 37,700,000
9	43,685 sq m	Eindhoven	Aberdeen European Balanced Property Fund	Scherpenhuizen	€ 37,210,000
10	50,600 sq m	Zeewolde	Geneba	Bakker Logistiek Groep	€ 35,130,000

This report has been produced in close cooperation with **Bak Property Research**

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