

LOGISTICS REAL ESTATE Dutch Market Report



OCCUPIER MARKET

Take-up plummets

After the post-covid correction in 2022 (↓ 17%), take-up tumbled to 2.1 million m² in 2023, (↓ 42%) against 2022. Causes include:

- Lack of supply in high demand areas
- Shortage of land, yield inflation and cost increases made additions to stock difficult
- Overall demand slowed down from Q4

Demand stayed strong, although towards the end of the year, there were increasing signs of slowdowns.

Both existing buildings and new-build impacted

The decline in take-up showed in both new developments and existing buildings.

- New-build take-up ↓ 39%
- Take-up existing buildings ↓ 49%

Regional split: new hotspots cool off

In a declining market, the traditional hotspots regained market share, despite lack of supply. Flevoland is an exception, driven by the substantial Jysk transaction. The drying-up of building plots in recent rising stars such as Gelderland and Overijssel also played a role here.

Supply of speculative buildings shoots up

Supply went up 45% in 2023. In the past years we have seen broad adoption of speculative developments and a quest for development locations expanding ever further away from traditional hotspots. These locations are the first to suffer from decreasing demand.

- Supply of existing warehouses ↑ 34%
- Supply of new warehouses ↑ 64%
- 56% of new-build supply delivered and vacant

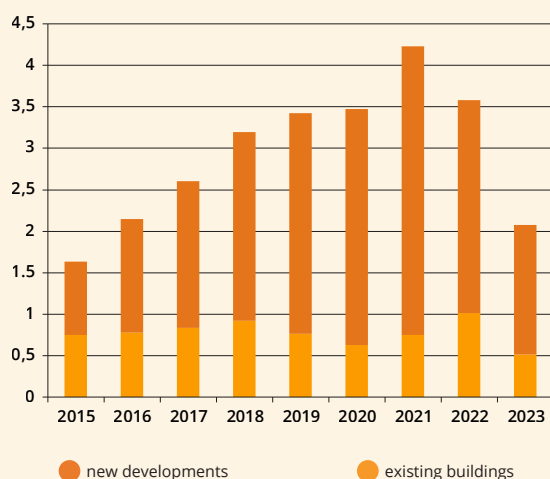
Lease prices keep rising, but slower

The trend of rising lease prices continued in 2023, but lost some momentum as economic growth went down and affordability came into play. Tenants are increasingly reluctant to pay the sharply risen prices, and incentive packages are increasing. But with persistent low supply, there may not be much room for lower rents.

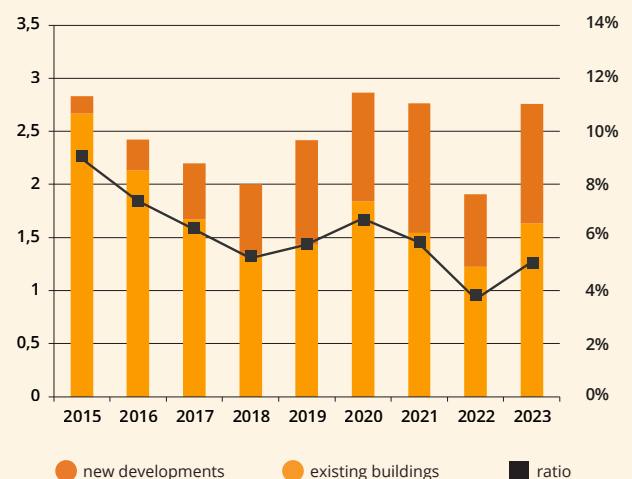
OUTLOOK 2024

Although there are indications of decreasing demand, on the whole we do not see signs of major crises on the occupier side. Supply in the traditional hotspots remains tight, but outside these locations, supply and vacancy are rising. The rate of lease price rises may have passed its peak for now, but we expect further increases in the longer run as a result of a combination of issues: lack of greenfield development locations, complexity of brownfields, grid congestion and increasing regulation (e.g. nitrogen).

Take-up by building type (in million m²)



Supply (in million m²) and supply/stock ratio - year-end



INVESTMENT MARKET

Interest rate increases take their toll

The yield inflation, caused by risen interest rates resulting from the Ukraine-induced price inflations, bit deep into the investment market. Core propositions, which are the most sensitive to interest rate changes, came to a practical standstill. Appetite for core-plus and value-add, on the other hand, increased substantially, but this could not compensate for the decrease in other segments.

- Investment volume € 2.3 billion (📉 52%)
- Expectations of further lease price rises keep part of the market afloat (mainly in existing buildings with short leases)
- Prospected sellers are holding out in hopes of interest rate cuts

Investments in speculative developments and for own portfolio stand out

As the amount of classic develop-lease-sell deals went down, investments in speculative developments and build-to-suits for own portfolio (developer-investor) increased substantially.

- 600,000 m² developed for own portfolio in 2023 (📈 43%)
- 35% of investments were in speculative developments (📈 40%)
- Some developers hold (leased) developments instead of disposing to an investor
- Investments in existing buildings 📉 74%

Decrease throughout, except Flevoland, Zeeland and Limburg

Only Flevoland and Zeeland registered substantially higher investment volumes, both as a result of a high amount of speculative new-build projects. The classic hotspots struggled with lack of building plots, combined with the decrease of core deals. Limburg showed a slight increase, driven by a substantial amount of investments in existing buildings.

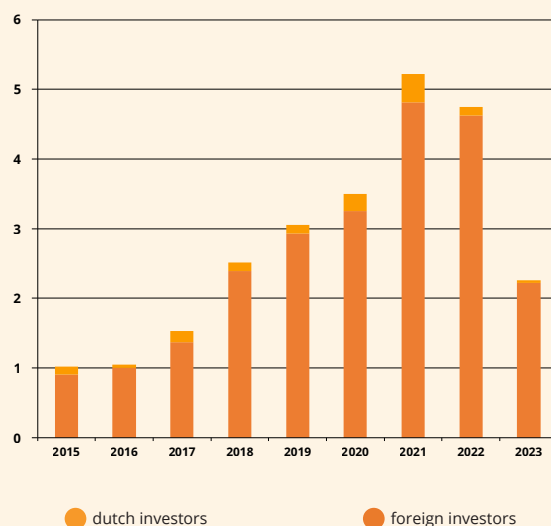
Searching for prime yield

The lack of transactions in the core category makes it difficult to pinpoint the current yield level. Market information points to a level between 5.0% and 5.5% GIY, although there are very few transactions to support this. Core-plus yields were between 5.75% and 6.5%.

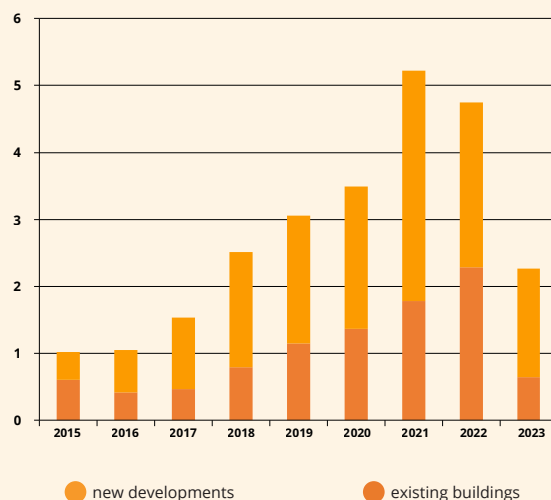
OUTLOOK 2024

Market expectancies are that central banks will begin to bring down interest rates from mid-2024, and that the global economy will have a soft landing from the current slowdown. Meanwhile, a large amount of money is still looking for a destination in logistics real estate. Uncertainty about largely unpredictable, geo-political factors are holding the market back at the moment, combined with the cost of lending. However if we assume stability, we expect the market to pick up again from this summer.

Investments by nationality (in billion euros)



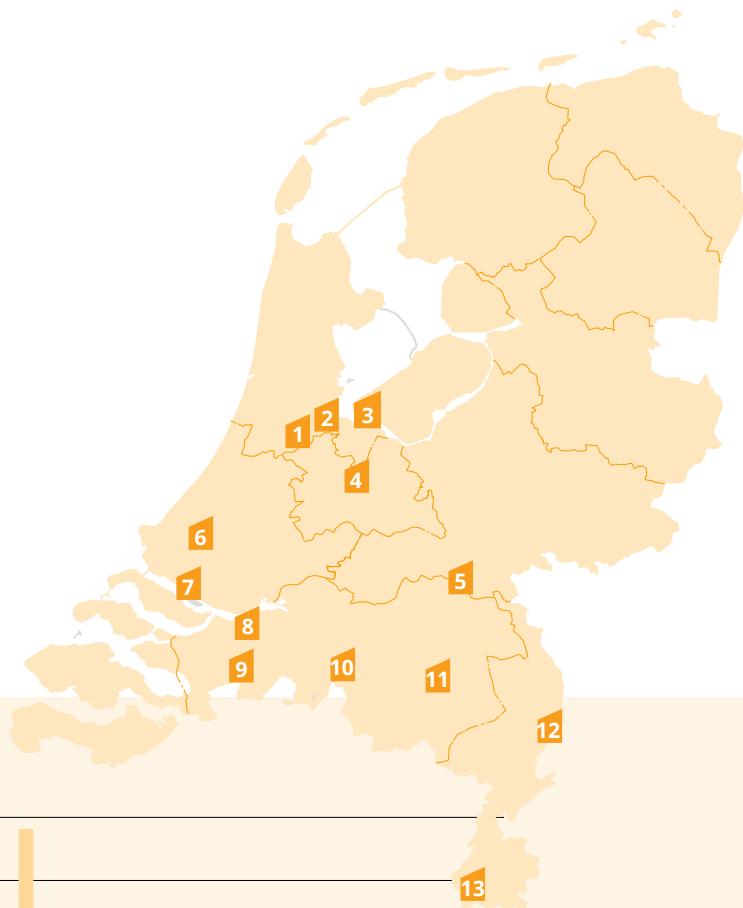
Investments by building type (in billion euros)



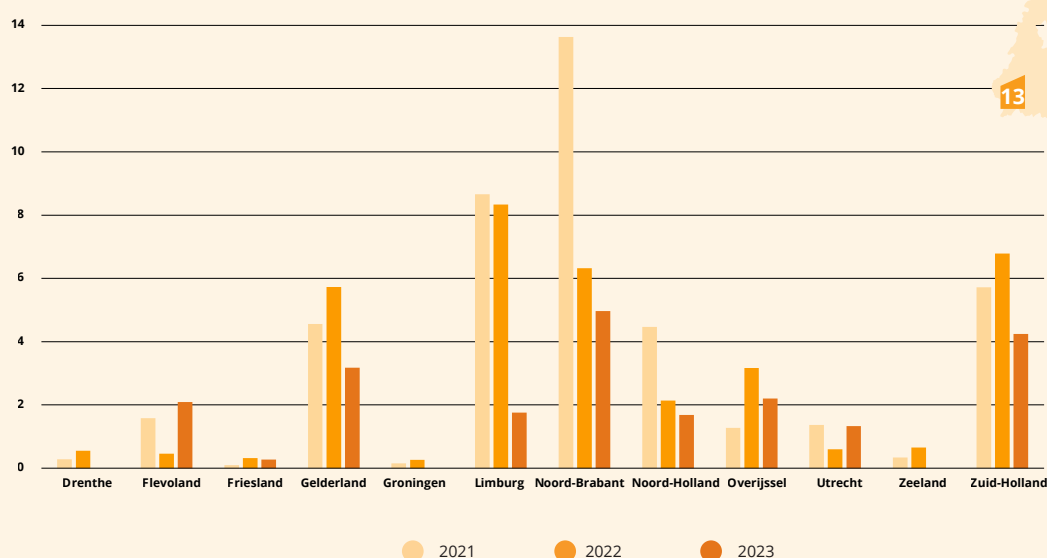
DUTCH MARKET REPORT 2024

Rent levels

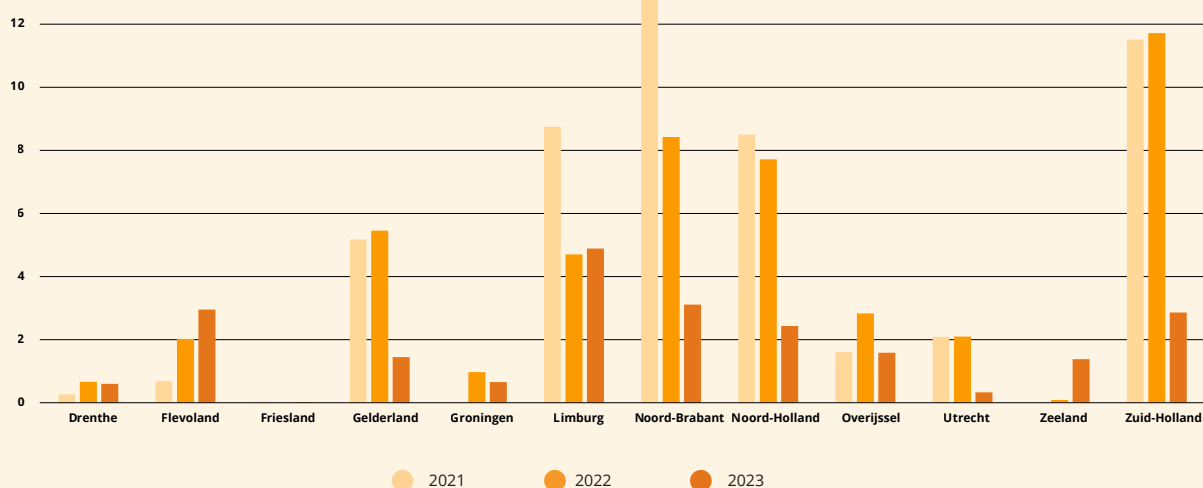
1	Schiphol Airport	85	110
2	Amsterdam	75	120
3	Almere / Lelystad	60	75
4	Utrecht	80	90
5	Arnhem / Nijmegen	60	70
6	Bleiswijk / Waddinxveen	70	85
7	Rotterdam	70	100
8	Moerdijk	60	75
9	Roosendaal / Bergen op Zoom	60	75
10	Tilburg / Waalwijk	70	85
11	Eindhoven	70	85
12	Venlo / Venray	65	75
13	Maastricht / Heerlen	55	65



Take-up by province (in 100,000 m²)



Investments by province (in 100 million euros)



TOP 10 OCCUPIER TRANSACTIONS

	Size	Location	Occupier	Lessor	Type of building
1	163,000 m ²	Lelystad	JYSK	Own development	New development
2	94,000 m ²	Tiel	Intergamma	Montea	New development
3	50,000 m ²	Waddinxveen	Lekkerland	Montea	New development
4	47,000 m ²	Haps	Footlocker	Nabuurs	Combination
5	40,000 m ²	Europoort Rotterdam	PanexWD	Highbrook Investors	Existing building
6	40,000 m ²	Geldermalsen	Picnic	Intospace	New development
7	38,000 m ²	Heerlen	B&R Premium	Volker Wessels Logistics Development	New development
8	38,000 m ²	Waalwijk	Apex	Prologis	New development
9	36,000 m ²	Almelo	Elektramat	GLP	New development
10	35,000 m ²	Rotterdam Maasvlakte	Maersk	Own development	New development



HAPS

Nabuurs leases 47,000 m² to Footlocker



TIEL

Montea leases 94,000 m² to Intergamma

TOP 10 INVESTMENT TRANSACTIONS

	Size	Location	Buyer	Vendor
1	118,000 m ²	Hulst	Exeter Property Group	Over Engh / JAJO
2	105,000 m ²	Venlo	Pontegadea	Savills Investment Management
3	89,000 m ²	Weert	Principal Real Estate	Evolution RE
4	88,000 m ²	Roosendaal	Pontegadea	Blackstone
5	66,000 m ²	Lelystad	Macquarie	MG Real Estate
6	62,000 m ²	Emmen	P3 Logistics Parks	Solidiam
7	47,000 m ²	Rijsbergen	Prologis	Dudok Real Estate / Bouwbedrijf Vrolijk
8	47,000 m ²	Hellevoetsluis	Macquarie	Delta Development / European Logistics Real Estate Partners
9	40,000 m ²	Lelystad	Logicor	RJB Group / DevCo Real Estate
10	38,000 m ²	Aalsmeer	Necron Group	Dutch City Development



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In 2019, INDUSTRIAL Real Estate Partners joined the IRELS network to offer tailor-made logistics solutions for our clients, across Europe, in cooperation with local partners in the respective countries. For more info please visit www.IRELS.net

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