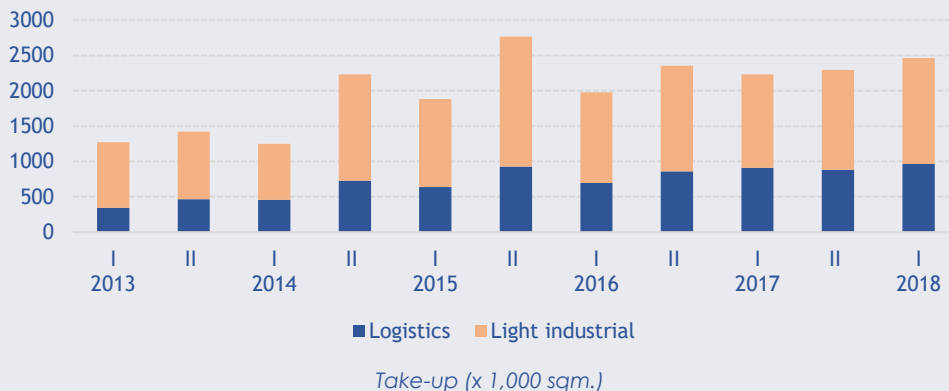


## Industrial Real Estate Market NL- mid 2018



- Demand for industrial space remained high in the first half year of 2018.
- Take-up of (light) industrial space reached 1.5 million sq.m. (+13%). Take-up specifically increased in the north and east of the Netherlands (Groningen (+240%), Drenthe (+125%), Zwolle/Deventer (+100%).
- Take-up of logistics space reached 965,500 sq.m. (+6,3%).
- West-Brabant, however, saw a strong decline in take-up of logistics space in the first half year of 2018.

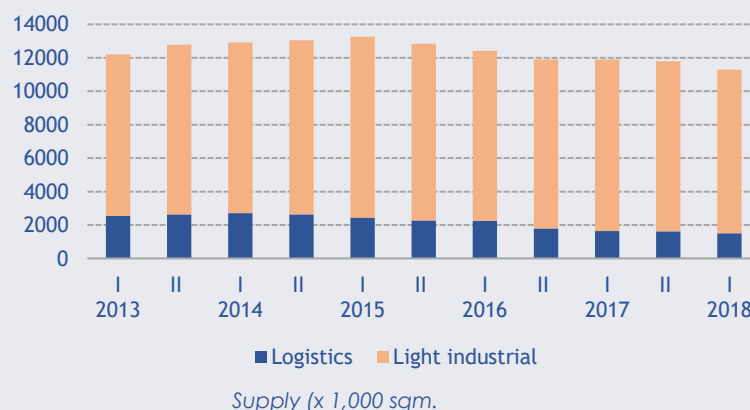
### Largest take-up deals (Logistics)

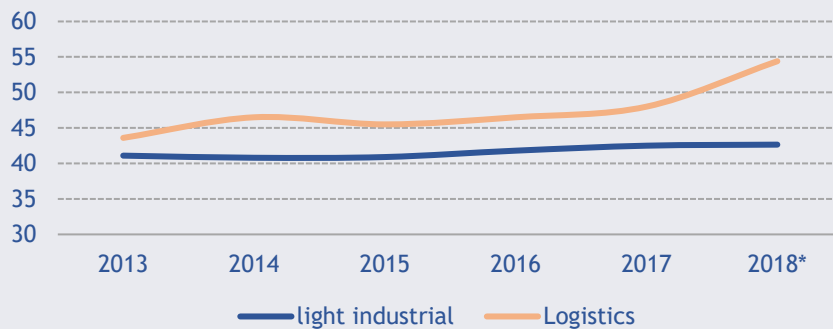
City/town	Company	Sqm.
Amsterdam	Fetim Group	70,450
Sevenum	Arrow Electr.	70,000
Zaltbommel	Mainfreight	50,000
Pernis Rt	Neele-Vat	45,000
Almelo	Bleckmann	43,000

### Largest take-up deals (light industrial)

City/town	Company	Sqm.
Veendam	Mark Climate	22,500
Bergen op Zoom	Graphic Pack.	20,615
Assen	Expo C. Assen	16,000
Gilze	Verdij Groep	13,320
Kampen	ED Organics	12,970

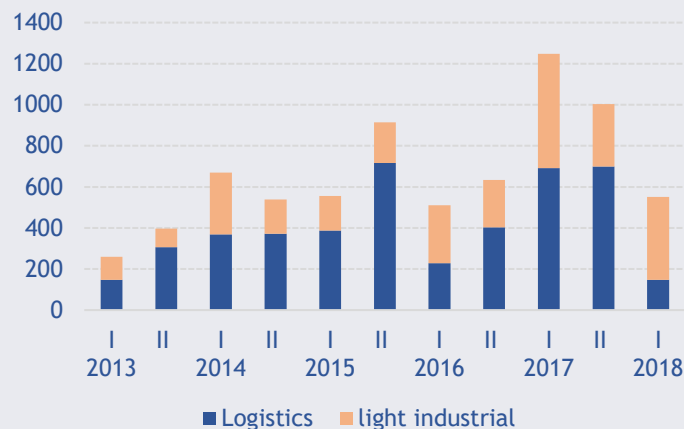
- Supply of industrial real estate has decreased considerably in the last few years. Supply of logistics space has become increasingly scarce.
- Mid 2018 supply of (light) industrial space was 9.8 million sq.m. (-4%). Supply of logistics space was 1.5 million sq.m. (-8%).
- Most of the available logistics space is concentrated in buildings older than 10 years, approx. 85%.
- There is a clear mismatch between supply and demand. While demand is focused on modern space, most of supply (approximately 66%) is concentrated in buildings older than 20 years.





\*Mid 2018

- Due to high demand and falling supply, industrial real estate has become scarce and rents are moving higher.
- Rents for logistics real estate range have increased 3% during the first half year of 2018 to € 49.50 per sq.m.
- The average realized rent for (light) Industrial real estate increased marginally with 0.5% to € 42.70 per sq.m. in the first half year of 2018.



- Strong decline (-60%) in investments. A total of € 500 million was invested in the Dutch industrial real estate market.
- Decline was caused by a lack of investment in logistics space due to the lack of availability of good investment opportunities.
- 5 year low in logistics investments in the first half of 2018 (€ 150 million).
- Also, a decline in investments in (light) industrial space (-38% to € 345 million)

Region	Location type	1H 2018		2017	
		Min	Max	Min	Max
North	Best	8.50	12.00	8.50	12.00
	Other	11.00	13.75	11.00	13.75
East	Best	8.00	10.50	8.25	10.50
	Other	9.50	13.75	9.50	13.75
Central	Best	7.50	10.25	7.50	10.25
	Other	9.50	13.00	9.50	13.00
South	Best	7.75	10.25	7.75	10.25
	Other	9.50	13.25	9.50	13.25
West	Best	7.25	10.00	7.25	10.00
	Other	9.50	13.00	9.50	13.00

Netherlands	Logistics	5.75	12.50	6.00	12.50
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- Gross initial yields (GIY) for both logistics and industrial real estate have remained stable during the first half year of 2018.
- Except for modern (newly constructed) facilities with long term lease contracts. High demand and limited availability are causing yields to compress. Yields for these facilities are below 6%.

#### Major investment deals

City/town	Type	Buyer	LFA (sqm.)	Purchase price (€ mln.)	€/sqm.
Portefeuille	(light) Industrial	Urban Industrial	169,790	136.9	806
Portefeuille	(light) Industrial	Blackstone	103,223	61.0	591
Maasvlakte Rotterdam	Logistics	W.P.Carey	32,617	25.0*	766
Maasvlakte Rotterdam	Logistics	ELOF	14,115	19.9	1.413
Apeldoorn	Data center	Schroder	23,700	19.8	835

\* estimated



**Outlook 2018/2019**

	Supply	Take-up	Rent	Investments	GIY
Modern (logistics) space	↘	↗	↗	↗	→/↘
Mid segment	↘	↗	→/↗	→/↗	→/↘
Older (obsolete) industrial space	↗	↘	↘	↘	→/↗

- The economic forecasts remain positive. Economic growth in 2018 is expected to be 2.9% and 2.7 % in 2019.
- There are still some considerable uncertainties in the market. (Geo)political developments (e.g. Brexit, trade disputes with America) can have a significant negative impact on potential growth.
- Demand for industrial space will remain at a high level. There is, however, a clear mismatch between supply and demand. While demand is focused on modern space, most of supply is concentrated in older buildings.
- Due to a lack of availability of good investment opportunities gross initial yields for logistics space have been under pressure for some time and are still hovering around all-time lows.

