

THE NETHERLANDS

Industrial Q4 2022

1.63%
Vacancy Rate



4,528,965 m²
Take-Up, 2022 Q4



€ 100
Prime Rent, (sqm./year)



Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2022

0.9%
GDP Growth Forecast 2023



3.8%
Current unemployment Q4 2022



4.35%
Prime Yield (GIY, excl. buyers' cost)



Source: CPB, Cushman & Wakefield

LOCAL MARKET RESEARCH LEAD

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INVESTMENT MARKET: Share of industrial and logistics market in total volume still high (31%), total volume decreased y.o.y. (-16%).

The investment climate was highly volatile in 2021 and 2022, initially due to the need to prepare for restrictive measures as a result of the pandemic, followed by the need to invest the abundance of available capital based on the general optimism arising from good figures for economic growth. During the year however, investors were faced with an exceptionally rapid rise in market interest rates in anticipation of increases in policy interest rates to combat inflation. There was thus a visible decline in investment activity during the course of the year, as the spread between bid and offer prices simply became too wide. Of the total investment volume in 2022, 31% was invested in the industrial and logistics market. This share is comparable to the share of 2021. Despite the unchanged share, the investment volume is 14% lower compared to 2021. A total of EUR 4.6 billion was invested in the industrial and logistics market, compared to EUR 5.4 billion in 2021.

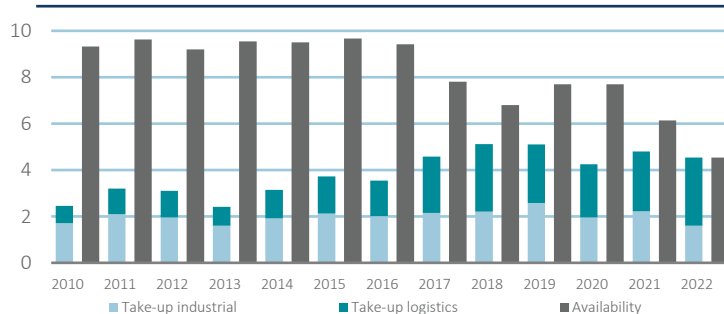
OCCUPIER MARKET: Changes in take-up volume of logistics space remain, despite the economic uncertainty, limited.

In 2022, the take-up volume of the entire industrial and logistics market amounted to approximately 4.5 million square meters. This is comparable to the take-up volume during 2021, when approximately 4.7 million square meters of industrial and logistics space was taken into use. There have been no radical changes in take-up of industrial and logistics space. The pandemic has accelerated a slow structural trend and has meant that retailers, producers, shippers and logistics services providers have recognized the challenge to ensure supply, maintain inventory and dispatch orders in real time. The war on the European continent has intensified this already existing process. Issues with certainty of delivery, for example for sunflower oil, quickly arose after the invasion. These developments cause businesses to incorporate more storage in their delivery chains to ensure certainty of delivery. In both cases, this led to unprecedented pressure on existing distribution centers. It is expected that this will change not anytime soon.

PRICING: adjustment to the new situation will increase yields

While the fundamentals of the occupier market are still strong, events such as the pandemic, the nitrogen crisis and war on the European continent have an effect on logistics real estate. Whereas this segment initially benefited from the effects of the pandemic, the war in Ukraine has brought new challenges. The fight against inflation using interest-rate hikes is putting upward pressure on the desired initial yields for logistics real estate. In all real estate segments, the situation now is that current interest rates are higher than current initial yields for the most risk-averse (core) investments. A fixed swap rate for 5-year funding now costs around 3%, whereas prior to Russia's invasion of Ukraine in February 2022 this rate was negative. It would appear that the era of low interest rates will not return any time soon. Due to, amongst others, rising interest rates, large availability of capital and due to the continued high demand for high quality logistics real estate, investors have been prepared to accept ever lower initial yields in recent years. As a result, gross initial yields for Core investments of 3.3% were still registered at the beginning of 2022. This trend has reversed in recent months due to changes in the economy, with core investments at logistics hotspots currently being registered at gross initial yields of 4.35%.

DUTCH OCCUPIER MARKET | x 1 mln sqm lfa



INDUSTRIAL YIELD DEVELOPMENT | GIY, excl. buyers' cost

