

Industrial Q1 2023

1.4%
Vacancy RateYoY
Chg12-Mo.
Forecast647,000 m²
Take-Up, Q1 2023€ 100
Prime Rent, (sqm./year)

Overall, Net Asking Rent

ECONOMIC INDICATORS
Q1 20231.6%
GDP Growth Forecast
20234.1%
Forecast unemployment
20244.8%
Prime Yield (GIY,
excl. buyers' cost)
Source: CPB, Cushman & Wakefield

LOCAL MARKET RESEARCH LEAD

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INVESTMENT MARKET: Sharp decline in total and industrial and logistics investment volume

The investment climate was highly volatile in the last few years. Last year, investors were faced with an exceptionally rapid rise in market interest rates in anticipation of increases in policy interest rates to combat inflation. As a result, there was a visible decline in investment activity during the course of the year, as the spread between bid and offer prices simply became too wide. This trend continued during the first quarter of 2023. The investment volume amounted to EUR 834 million (-80%) during the first three months of 2023 as investors adopted a wait-and-see attitude. During the first quarter of 2023, EUR 220 million was invested in the industrial and logistics market, which is 26% of the total investment volume. The investment volume during the first three months in 2023 is however 79% lower compared to the same period last year, when EUR 1,04 billion was investment in this segment.

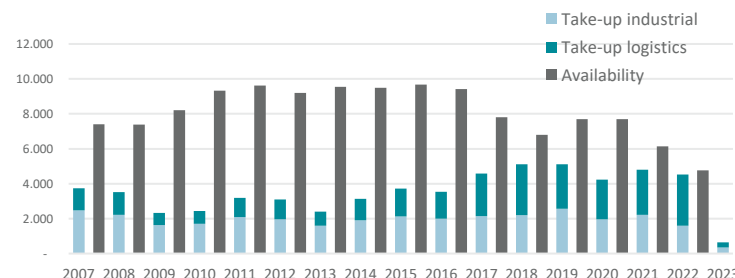
OCCUPIER MARKET: Differences between logistics and industrial take-up. Increase in take-up of logistics space (+26%). Decrease of industrial take-up (-9.3%).

In the first three months of 2023, approximately 647,000 square meters of industrial and logistics real estate were taken into use. The take-up volume is 3.8% higher compared to the same period last year, when 623,600 square meters of industrial space were taken into use. During the first three months of 2023, 290,200 square meters of logistics space were taken into use, compared to 229,500 square meters during the same period in 2022. Although take-up of logistics real estate thus shows an increase, there are uncertainties within the segment that could have an impact on the dynamics within the occupier market for the rest of 2023. Developers, for example, are currently in a difficult position since they are faced with expensive land positions, rising construction costs, rising yield requirements from investors due to the increased financing costs and regulatory pressure. With a take-up of 357,000 square meters, less industrial real estate was taken into use during the first quarter of 2023 compared to a year earlier (-9.3%), when 393,600 square meters were taken into use. Declining take-up was already visible at the end of 2022. The decrease in take-up is a result of a lack of availability (due to, among other things, nitrogen regulations) and the related sharply rising rents.

PRICING: adjustment to the new situation will increase yields

The tempered investment volume is largely caused by the uncertainty about rising interest rates in the financing market. In addition to higher interest rates, real estate financiers are now demanding higher margins to compensate for the increased uncertainty, bringing funding costs currently around 6%. Gross initial yields of 3.3% for Core investments at logistics hotspots 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 4.8%. While demand for logistics real estate has not declined and there is sufficient capital in the market, investors currently prefer certainty to uncertainty.

DUTCH OCCUPIER MARKET | x 1.000 mln sqm lfa



INDUSTRIAL YIELD DEVELOPMENT | GIY, excl. buyers' cost

