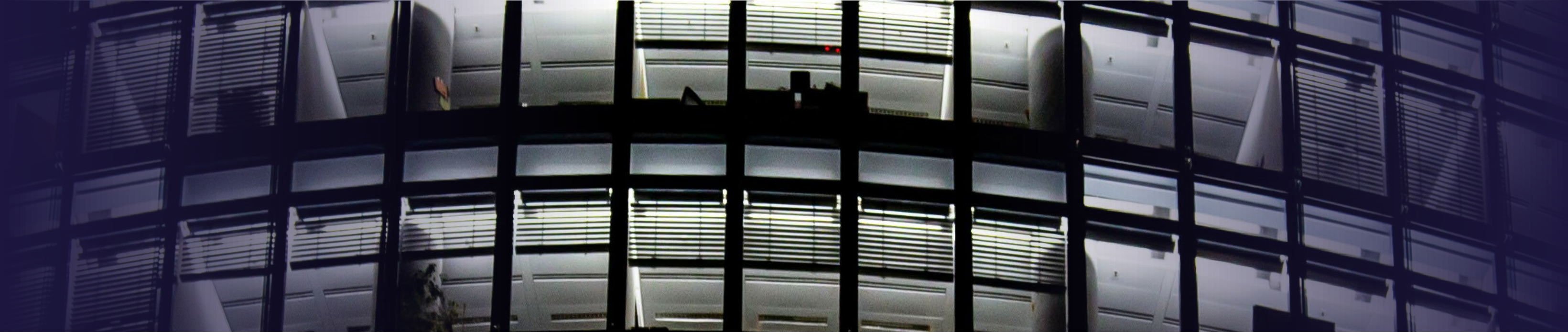


MARKETBEAT NETHERLANDS

OFFICES Q3 2024

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
8.0% Vacancy rate	▼	—
560,000 2024 take-up in sqm (year to date)	▲	—
€600 Prime rent (sqm/yr)	▲	▲

Source: Cushman & Wakefield

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
0.6% GDP Growth	▲	▲
3.7% Unemployment rate	▲	▲
5.25% Prime yield (GIY, incl buyers costs)	▶	▼

Source: CPB, Cushman & Wakefield

INVESTMENT MARKET

In the third quarter of 2024, the total investment volume faced an increase compared to Q3 2023, signaling positive momentum across the broader investment market. However, the office market lags behind, with an investment volume of EUR 1,07 billion, representing a decline of approximately 19% from Q3 2023. Although total investment volume grew to around EUR 7,2 billion, the office sectors' share is historically low, with a market share of only 15%, down significantly from previous years.

Several factors are dampening investment activity in the office market. There is a significant gap between buyers' bid prices and sellers' asking prices, resulting in limited transactions. Asset holders currently lack incentives to divest their properties. International market conditions are influencing this dynamic as well: transactions in other parts of Europe have reduced the urgency to sell in other countries like the Netherlands. Despite high transfer taxes (10.4%), the fundamentals of the Dutch market remain solid, and a potential reduction in interest rates could spur more transactions in the near future.

OCCUPIER MARKET

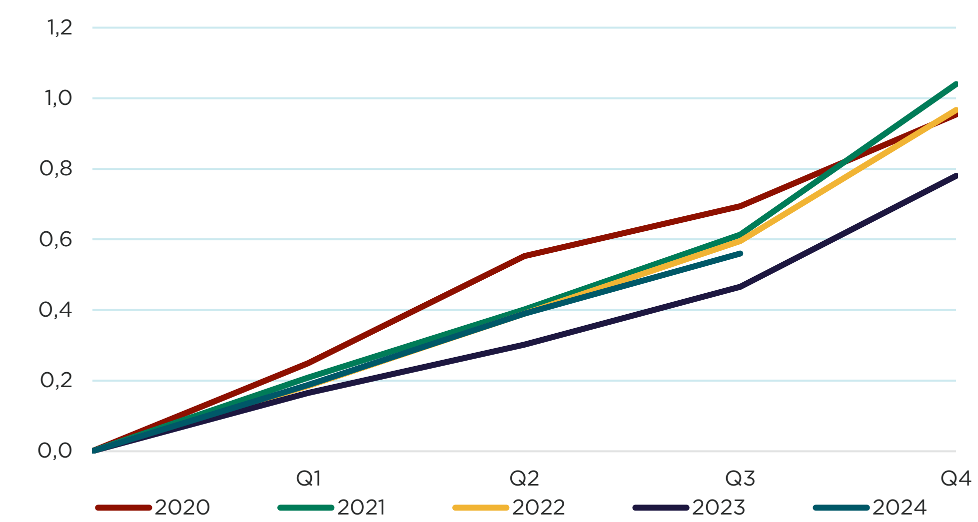
Office take-up in 2024 has been robust, with approximately 560,000 square meters leased, marking a 20% increase compared to the same period in 2023. This improvement reflects a more positive sentiment in the office market. About 60% of the office space leased in 2024 was concentrated in the five largest cities in the Netherlands. While The Hague led transaction activity in Q2, largely driven by the high level of activity from the Rijksvastgoedbedrijf, Amsterdam took the lead in Q3 with a national share of 21%. Despite having the biggest share in the transaction volume, the volume in Amsterdam is still significantly lower than in 2023.

One of the primary drivers for office relocations has been the desire to upgrade to higher-quality spaces. Tenants are increasingly prioritizing sustainable office buildings located in central, well-connected urban areas, where amenities are abundant. This trend is driven by the need to support hybrid working and create vibrant live-work environments for employees. Office users are rethinking space utilization and are seeking environments that enhance flexibility and collaboration.

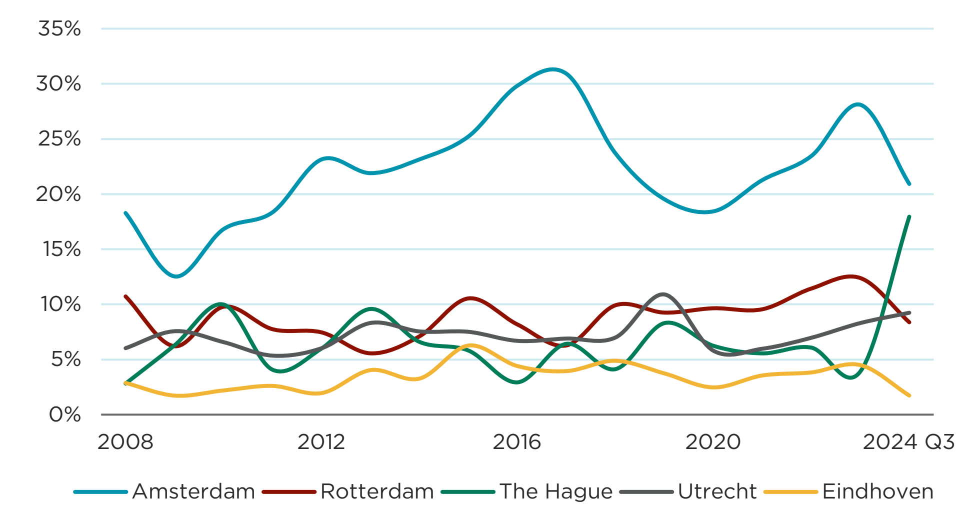
PRICING

The current demand for high-quality, sustainable buildings in prime locations within major city centers translates in stable supply and vacancy trends, accompanied by rising prime rents. This reflects a growing polarization in the office market, driven by the scarcity of prime office spaces. When considering new office space opportunities, office tenants often pursue similar criteria, leading to selective upward pressure on demand within the prime office segment.

QUARTERLY TAKE-UP (IN MLN SQM YR)



SHARE IN TAKE-UP 5 LARGEST CITIES OF TOTAL



Source: Cushman & Wakefield, CBS