

RESEARCH



DUTCH OFFICE MARKET REPORT

OCCUPIER MARKET TRENDS IN THE RANDSTAD
2019

NL REAL ESTATE IN ASSOCIATION WITH KNIGHT FRANK

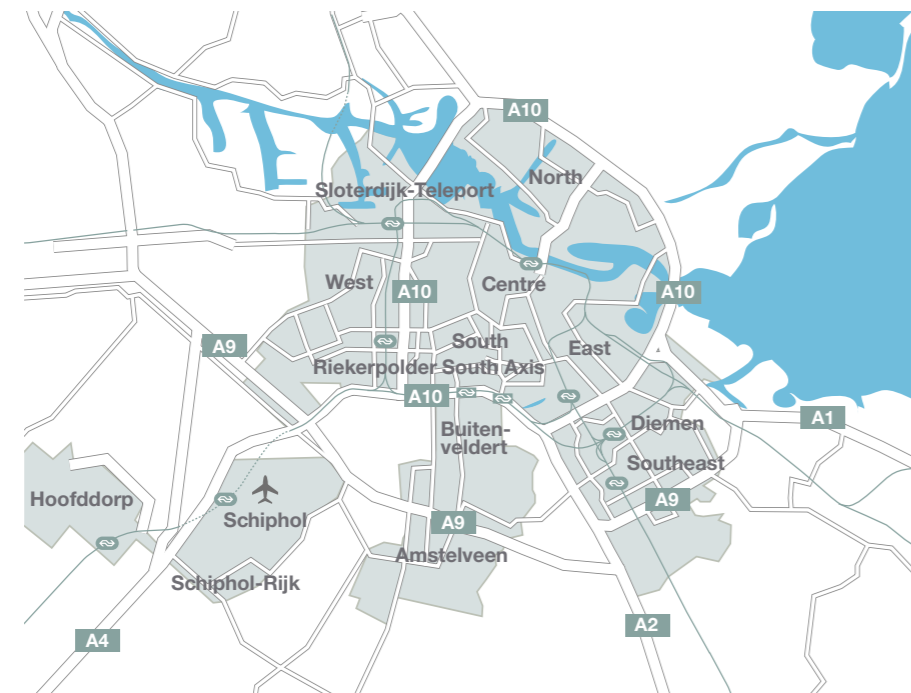
AMSTERDAM

THE HAGUE

ROTTERDAM

UTRECHT

Amsterdam's main office districts



AMSTERDAM

Although the Amsterdam region saw strong occupier demand for office space during 2018, overall, the leasing market was less buoyant than the previous year. This was mainly due to a reduction in activity within Amsterdam itself, where take-up fell 13% compared with 2017, to approximately 270,000 sq m. Additionally, the number of transactions also declined in relation to 2017, primarily as a result of weaker demand for larger lot sizes. Despite this, a number of sizeable deals concluded, including those with Adyen, De Bijenkorf and De Nederlandsche Bank.

Last year, leasing in the city of Amsterdam was driven by activity within the Sloterdijk district, where take-up was strong, thanks to deals with APG and the European Medicines Agency. The area surrounding the Amstel Railway Station also attracted interest, with take-up substantially higher than in 2017. The Amstelveen market witnessed a strong performance in 2018, with take-up increasing to approximately 28,000 sq m. This was boosted by the pension fund PGB's acquisition of a large building in the Kronenburg district. A clear increase in take-up was also recorded at Schiphol

Airport, predominantly due to a deal concluded by Heineken.

Overall, office availability in the Amsterdam region continued to decline, resulting in 825,000 sq m by the end of 2018. This level of reduced availability was most noticeable in the city of Amsterdam itself, where vacant space fell to 549,000 sq m, or 9.1% of the total stock. However, availability remained virtually unchanged in the South Axis, where construction commenced on the expansion of the World Trade Center, providing 32,000 sq m of office space.

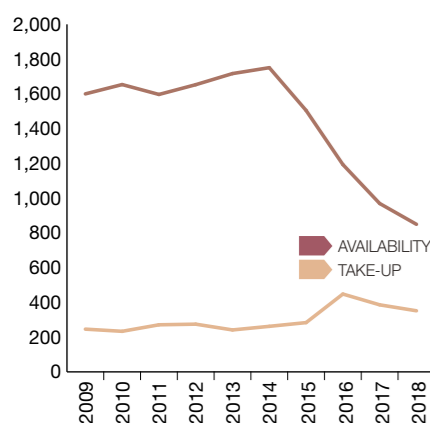
TABLE 1
Office rents 2019 (€ per sq m pa)

District	Rental range
Amsterdam Centre	200 - 500
Amsterdam Sloterdijk	145 - 200
Amsterdam West	145 - 200
Amsterdam South Axis	245 - 475
Amsterdam Southeast	145 - 220
Amsterdam Other	125 - 185
Amstelveen	125 - 225
Diemen	100 - 165
Hoofddorp/Schiphol	145 - 425

Source: Knight Frank

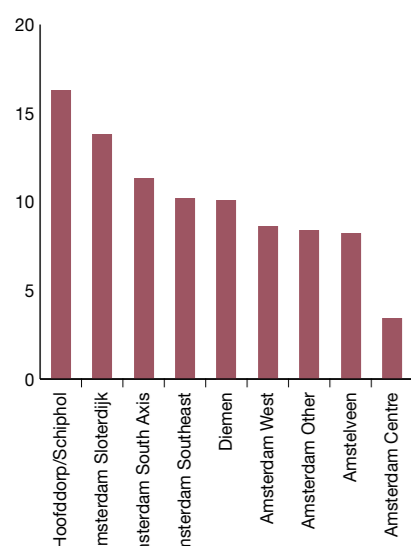
In 2018, Amsterdam's office availability continued to decline.

FIGURE 1
Availability versus take-up
000's sq m



Source: Bak Property Research / Knight Frank

FIGURE 2
Availability rates by district,
year-end 2018
%



Source: Bak Property Research / Knight Frank

The Hague's main office districts



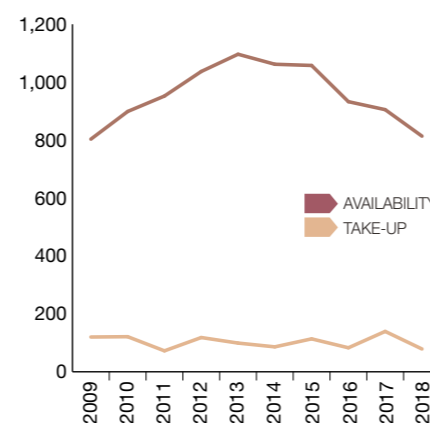
THE HAGUE

The Hague office market and its surrounding towns faced moderate occupier demand last year, resulting in reduced leasing. In the city of The Hague, take-up decreased by 40% to approximately 60,000 sq m, due to a smaller number of large deals completed when compared to 2017. The majority of transactions ranged between 200 sq m and 1,300 sq m, with only one large 7,000 sq m deal in the Binckhorst industrial estate. There was strong demand for office space in the Beatrixkwartier district, evidenced by multiple deals concluded in the World Trade Center. In contrast, there was limited demand for office space in the city centre, particularly for buildings around the Central Railway Station. Only Rijswijk performed well outside the city of The Hague, where demand for office space showed an improvement from last year, however, the total volume remained limited.

Office availability in the region fell for the fifth successive year. This was a consequence of both the take-up of second-hand buildings and the removal of approximately 58,000 sq m of vacant office stock for redevelopment. At the end of 2018, supply in the region had

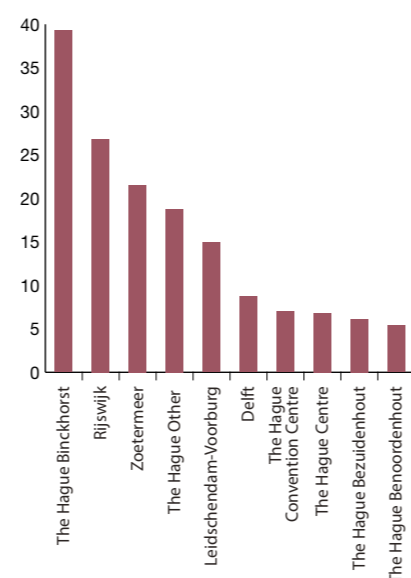
Office availability in The Hague fell for the fifth successive year.

FIGURE 1
Availability versus take-up
000's sq m



Source: Bak Property Research / Knight Frank

FIGURE 2
Availability rates by district,
year-end 2018
%



Source: Bak Property Research / Knight Frank

Rotterdam's main office districts



ROTTERDAM

Rotterdam experienced surprisingly strong levels of occupier demand in 2018, which was reflected in a significant increase in the number of open-market lettings. In the city of Rotterdam, office take-up reached approximately 130,000 sq m, which was a 55% increase from 2017. This was due to a number of substantial deals to occupiers, including a 19,000 sq m acquisition by Allianz, and other deals by Gemeente Rotterdam, Rabobank, Offices For You, Hogeschool Rotterdam and Mendix. Since the large leasing transactions that occurred mainly involved properties in the city centre of Rotterdam, this area accounted for a substantial proportion of take-up. Nevertheless, there were also reasonable levels of activity in the Brainpark office district, the Kop van Zuid area and in the neighbouring towns of Capelle a/d IJssel and Schiedam.

The increased take-up in the region was accompanied by a fall in the amount of space available for immediate occupation. This was also influenced by the removal of approximately 30,000 sq m from the office stock due to demolition or change of use. By the end of 2018, vacancy rates decreased in

most parts of the region, but fell sharply in the city of Rotterdam, where 495,000 sq m was available, which equated to a 15% vacancy rate. In Rotterdam, the only substantial decrease in availability was in the city centre, where the vacancy rate fell to 16.6%. The Brainpark district and the Alexander district were the only areas of the city to see an increase in availability.

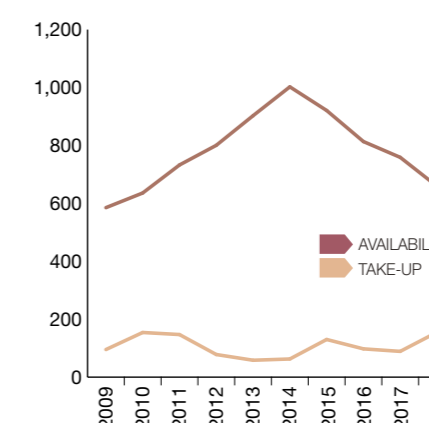
TABLE 1
Office rents 2019 (€ per sq m pa)

District	Rental range
Rotterdam Centre	125 - 225
Rotterdam Alexander	130 - 165
Rotterdam Brainpark	140 - 170
Rotterdam South	90 - 225
Rotterdam Other	85 - 150
Capelle a/d IJssel	90 - 135
Schiedam	80 - 135

Source: Knight Frank

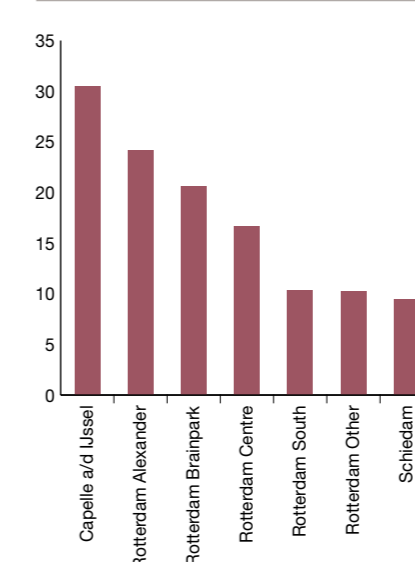
In the city of Rotterdam, office take-up was up by more than 50% in 2018.

FIGURE 1
Availability versus take-up
000's sq m



Source: Bak Property Research / Knight Frank

FIGURE 2
Availability rates by district,
year-end 2018
%



Source: Bak Property Research / Knight Frank

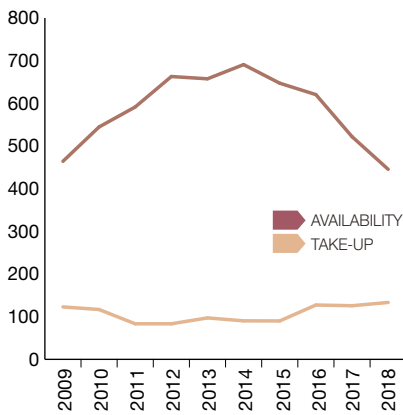
TABLE 1
Office rents 2019 (€ per sq m pa)

District	Rental range
The Hague Centre	125 - 200
The Hague Bezuidenhout	130 - 195
The Hague Benoordenhout	120 - 180
The Hague Binckhorst	70 - 140
The Hague Convention Centre	145 - 185
The Hague Other	90 - 165
Leidschendam-Voorburg	90 - 130
Rijswijk	90 - 140
Delft	90 - 130
Zoetermeer	75 - 140

Source: Knight Frank

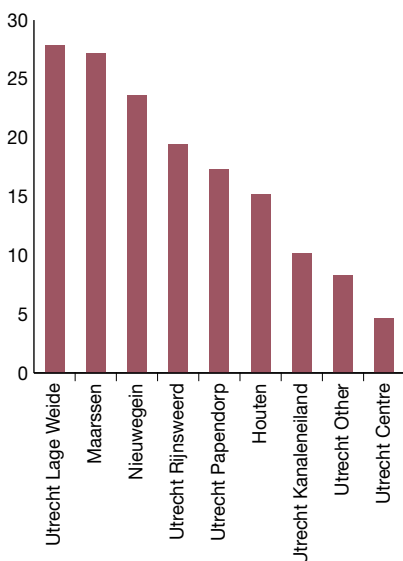
Substantial take-up in the Utrecht region led to a steep fall in the availability of offices for immediate occupation.

FIGURE 1
Availability versus take-up
000's sq m



Source: Bak Property Research / Knight Frank

FIGURE 2
Availability rates by district,
year-end 2018
%



Source: Bak Property Research / Knight Frank

Utrecht's main office districts



UTRECHT

Utrecht enjoyed solid office demand in 2018, with more space being let or sold on the open market than in 2017. Positive sentiment in Utrecht saw take-up reach approximately 133,335 sq m in 2018. Higher take-up occurred in Nieuwegein and Houten, where two significant letting deals were concluded with Mercedes-Benz and SKF. Nieuwegein performed surprisingly strong with take-up of some 20,000 sq m, almost a two-fold increase from 2017. Although demand for office space in Utrecht was lower than in 2017, a number of small and medium lot sizes were acquired. Several sizeable deals including the leasing of approximately 14,000 sq m by Rabobank, and deals by ABN Amro, Spaces and Keylane were completed. In conjunction with the Rabobank and ABN Amro acquisitions, demand within Utrecht subsequently focused on the Kanaleneiland district. The area around the Central Railway Station was also very active due to the multiple lettings deals within the new World Trade Center building, which took the area's occupancy rate to 90%.

The considerable level of take-up in the Utrecht region resulted in a steep fall in

the availability of property for immediate occupation, particularly in the city of Utrecht and Nieuwegein. The fall in availability in Nieuwegein was strongly influenced by the removal of 33,000 sq m from the office stock, bringing the vacancy rate down to 23.6%. By the end of 2018, the amount of vacant office space in the city of Utrecht had decreased to approximately 264,000 sq m, or 9.8% of the total stock. However, there was a substantial increase in supply in Lage Weide and Rijnsweerd.

TABLE 1
Office rents 2019 (€ per sq m pa)

District	Rental range
Utrecht Centre	140 - 285
Utrecht Rijnsweerd	145 - 170
Utrecht Kanaleneiland	130 - 185
Utrecht Lage Weide	80 - 135
Utrecht Papendorp	140 - 180
Utrecht Other	130 - 175
Maarsssen	80 - 135
Nieuwegein	80 - 135
Houten	80 - 125

Source: Knight Frank

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