



# LOGISTICS REAL ESTATE

Dutch Market Report 2020

**INDUSTRIAL**  
real estate partners

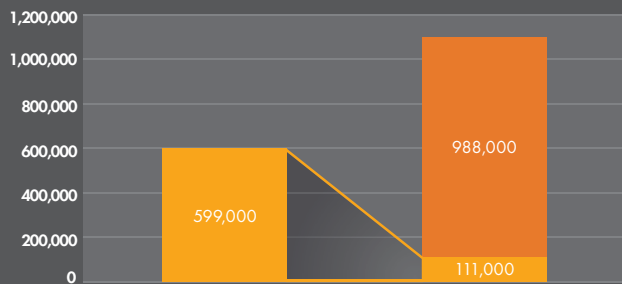


## THE GROWTH OF SPECULATIVE DEVELOPMENTS

In the current market conditions, successful to-spec developments can be highly profitable.  
But what exactly is the success rate of to-spec developments in The Netherlands?

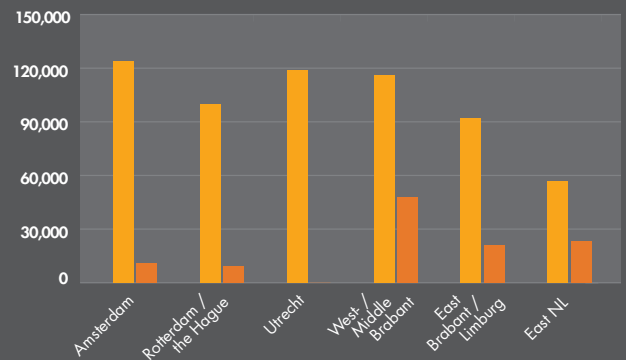
- **To-spec supply is substantial:** at the start of 2019, 28% of supply was new-build (by definition to-spec); at the end of 2019, this had grown to 41% (ap. 1.1 million m<sup>2</sup>).
- **To-spec developments are quickly becoming more popular:** 90% of the year-end supply was started in 2019, i.e. speculative development of nearly one million m<sup>2</sup> of warehouse was put in motion in 2019.
- **Leasing of to-spec developments was successful in 2019:** Of the total to-spec supply from the start of 2019, 80% was leased before the end of the year (by comparison: for existing buildings this was 57%).
- **There are some differences between regions however:** Leasing of to-spec developments was especially successful in the Randstad area (94% leased before year-end), but in the southern part of the country, a number of buildings/developments were taking longer to lease (33% still available end-of-year). These buildings are often outside recognized hotspots.
- **Appetite from investors is also increasing:** 17% of the total investment volume concerned purchase of to-spec developments (note: nearly always with a rent guarantee from the developer).

Supply of build to spec warehouses by age in m<sup>2</sup>



From start of 2019 Started after 01-01-2019

Lease success of to-spec supply by region



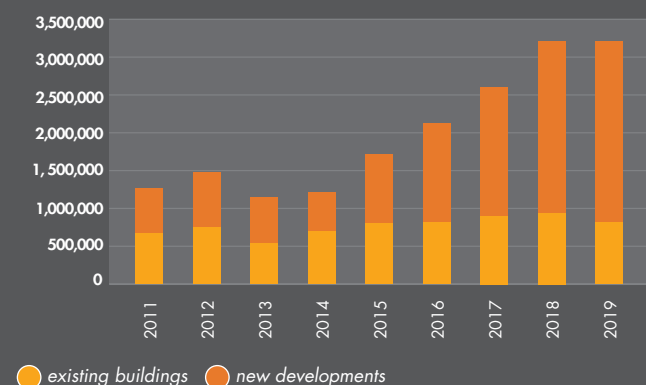
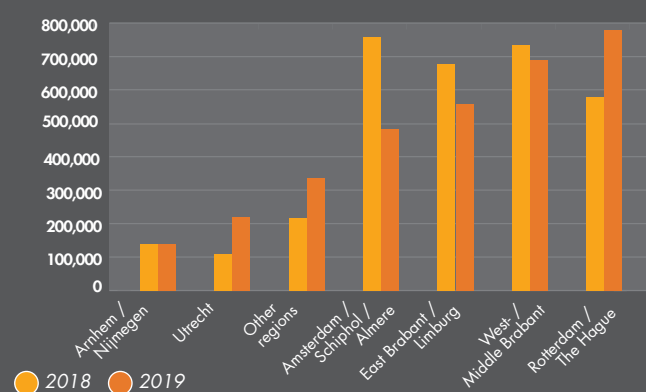
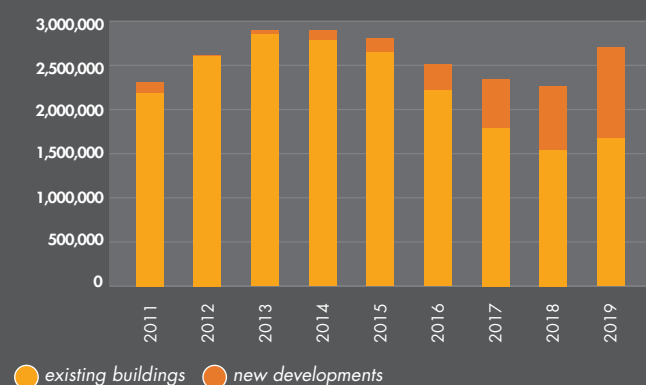
Offered at start of 2019 Not leased at end of year

## DUTCH LAND PRICES & RENT LEVELS 2018/2019

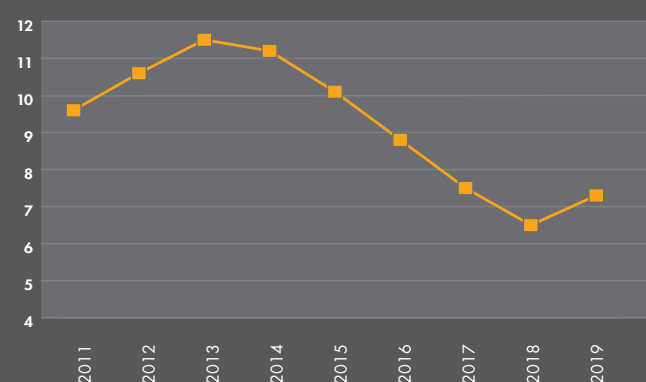
		land prices	rent levels
1	Schiphol Airport	275 - 365	75 - 88
2	Amsterdam Port*	12 - 15	50 - 60
3	Almere	120 - 180	45 - 60
4	Utrecht	270 - 350	50 - 68
5	Arnhem / Nijmegen	150 - 170	40 - 55
6	Bleiswijk/Waddinxveen	230 - 275	47 - 60
7	Rotterdam Port*	9,50 - 12	52 - 70
8	Moerdijk	140 - 160	40 - 55
9	Roosendaal / Bergen op Zoom	120 - 150	42 - 50
10	Tilburg / Waalwijk	150 - 170	45 - 55
11	Eindhoven	160 - 175	45 - 60
12	Venlo / Venray	145 - 164	42 - 50
13	Maastricht / Heerlen	85 - 115	35 - 45

Land prices in € per sq m / rent levels warehouse space in € per sq m per year / \* = leasehold



Take-up of logistics space by building type in m<sup>2</sup>Take-up of logistics space by region in m<sup>2</sup>Supply of logistics space by building type in m<sup>2</sup> (year-end)

Supply of logistics space as percentage of stock



## OCCUPIER MARKET

## Take-up stabilizes

After six years of continuous growth, take-up appears to have reached a peak at 3.2 million m<sup>2</sup>, nearly equal to 2018.

- Decreasing supply of good-quality warehouses and building plots at popular locations is taking its toll
- Outlook for 3PLs is mixed

## New-build even more dominant

As supply of good-quality existing buildings dries up, demand for new developments remains strong from both occupiers and investors.

- Take-up of existing buildings decreased sharply (⬇️ 13.7%)
- Take-up of new-build properties still grew (⬆️ 5.3%)

## West overtakes South

The growth of e-commerce and B2C deliveries leads to a shift of the centre of gravity toward the west. This is exemplified by the largest deal of 2019, Zalando in Bleiswijk.

- Take-up in Randstad area higher than in the south
- Highest share in take-up for region Rotterdam-The Hague
- South suffering from decreasing supply of both existing and new-build options at popular locations

## Spec developments boost supply

With ever-falling yields, strong demand for high-quality buildings and drying-up of building plots, more and more developments are started speculatively.

- Supply of existing buildings ⬆️ 9%, new buildings ⬆️ 43%
- Supply of new buildings now more than 1 million m<sup>2</sup>

## Lease prices rising in some areas, but not everywhere

Higher lease prices have been realized in Rotterdam, Tilburg, Utrecht and Venlo, where good-quality supply is tight. However in Roosendaal, Bergen op Zoom and Schiphol/Amsterdam, where market conditions are not as tight, lease prices stabilized.

## OUTLOOK 2020

We do not feel that the slight decrease in take-up is a clear sign of a weakening market. Although supply is under threat of regulations (nitrogen) and political views (*verdozing*), demand remains healthy. E-commerce will continue to mature and economic growth is still positive. Also, investors' appetite will remain strong, thus enabling attractive lease conditions.

PS: The recent global threat from the COVID-19 (Corona) virus may upset predictions, however at this time it is too early to draw conclusions.



## INVESTMENT MARKET

### Investors press throttle even deeper

The Netherlands is more and more established as a prime target for investments in logistics real estate. Combined with the ever-dropping interest rates and ever-increasing supply of money, this resulted in a seventh consecutive record year for investment transactions.

- Investment volume ⬆ 31% to € 3 billion
- Foreign investors continue to dominate with a 95% share
- German funds stand out (33% share)

### New-build remains popular

In the past years, investments in new-build have roughly been at a stable 2/3 of total volume. Since a substantial number of new developments took place in Rotterdam-The Hague in 2019, this region had a high share in the total investment volume. By contrast, the drying-up of development locations in Venlo resulted in a sharp decrease in investments in that part of the country.

- Investments in West-Brabant/Middle-Brabant and Rotterdam/The Hague doubled, East-Brabant Limburg nearly halved
- Investments in regions other than the south or Randstad steadily increasing as well

### Yields: The only way is down

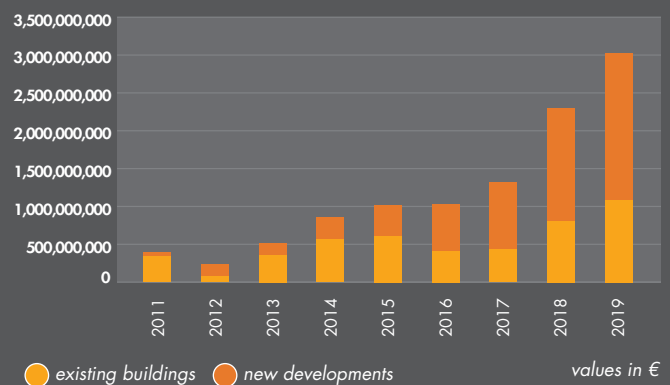
Once more, yields have shown further compression. Abundance of money and negative interest rates continue to boost investors' appetite for real estate investments. Within the various types of real estate, logistics has now fully established itself as a prime segment.

- Prime gross yields have gone down another 50 bps and are now around 4%
- These yields are paid only for the best propositions (large tickets, hotspot, new-build, long lease)
- Investment criteria such as location, ticket size and type of warehouse have broadened
- Also increased investments in (semi)-spec developments

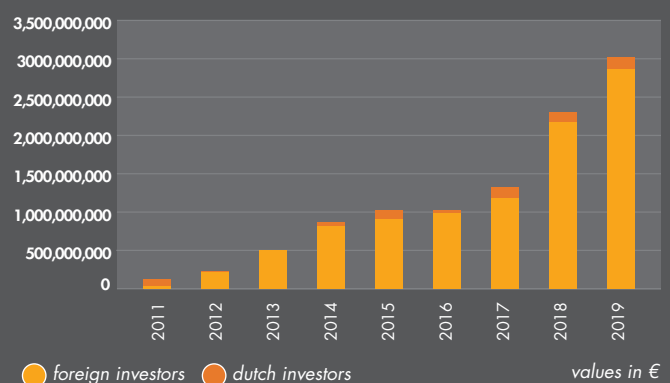
### OUTLOOK 2020

Lack of supply and possibly a cooling down of the global economy may have an effect on investment volume. However with central banks worldwide showing no concrete signs of changing their policies, we do not foresee a decrease in demand from investors, or a shift toward higher yields.

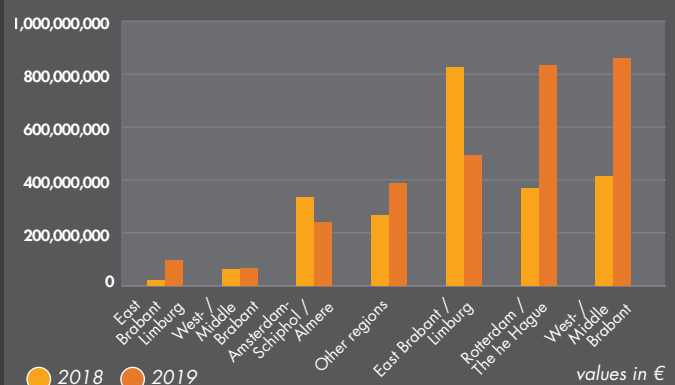
Investments in logistics space by building type



Investments in logistics space by nationality



Investments in logistics space by region



Speculative development of 27,000 m<sup>2</sup> by Exeter Group, leased to PostNL



## TOP 10 LEASE TRANSACTIONS LOGISTICS REAL ESTATE

	Size	Location	Occupier	Lessor	Type of building
1	140,000 m <sup>2</sup>	Bleiswijk	Zalando	Somerset Real Estate	new development
2	57,500 m <sup>2</sup>	Sevenum	Shop Apotheke Europe	Somerset Real Estate	new development
3	57,500 m <sup>2</sup>	Waalwijk	Magna Tyres Bandengroothandel	Patrizia	new development
4	51,500 m <sup>2</sup>	Berkel en Rodenrijs	Fource Logistics	Union Investment	new development
5	50,000 m <sup>2</sup>	Ridderkerk	Tigers International Logistics	Hansainvest	new development
6	50,000 m <sup>2</sup>	Bleiswijk	Jumbo	Somerset Real Estate	new development
7	43,500 m <sup>2</sup>	Amsterdam	Logwise	Hansainvest	new development
8	41,500 m <sup>2</sup>	Tilburg	Decathlon	HVBM	new development
9	40,000 m <sup>2</sup>	R'dam Maasvlakte	Polymer Hub		new development
10	37,500 m <sup>2</sup>	Den Hoorn	Van der Helm Groep	Delin Capital Asset Management	new development

## Bleiswijk

Somerset leases 140,000 m<sup>2</sup> to Zalando

## Rotterdam-Europoort



DHG sells Smartlog Europoort 2 to Real I.S. as part of portfolio

## TOP 10 INVESTMENTS LOGISTICS REAL ESTATE

	Size	Location	Buyer	Vendor	Price
1	196,000 m <sup>2</sup>	Portfolio	Hansainvest	David Hart Groep	€ 245.000.000
2	115,000 m <sup>2</sup>	Rotterdam	Real I.S.	David Hart Groep	€ 142.000.000
3	131,000 m <sup>2</sup>	Portfolio	Patrizia	David Hart Groep	€ 131.000.000
4	117,000 m <sup>2</sup>	Poeldijk	Hines	ABC Westland Poeldijk	€ 116.000.000
5	94,000 m <sup>2</sup>	Sevenum	Invesco	Somerset Real Estate	€ 108.000.000
6	82,000 m <sup>2</sup>	Tilburg	Prologis	CBRE Global Investors	€ 76.000.000
7	51,000 m <sup>2</sup>	Berkel en Rodenrijs	Union Invest		€ 75.000.000
8	57,000 m <sup>2</sup>	Waalwijk	Patrizia	Magna Tyres Group	€ 73.000.000
9	79,000 m <sup>2</sup>	Portfolio	Europa Capital	Alterra Vastgoed	€ 65.000.000
10	58,000 m <sup>2</sup>	Waalwijk	M&G Real Estate	Deka Immobilien	€ 61.000.000

This report has been produced in close cooperation with **Bak Property Research**

## ABOUT INDUSTRIAL REAL ESTATE PARTNERS

INDUSTRIAL real estate partners is an independent real estate consultancy company with a strong focus on industrial and logistics real estate throughout the Netherlands.

We particularly focus on agency, investments, strategic real estate advice and developments. From our offices in Amsterdam Airport, Rotterdam and Tilburg we cover the important logistics regions.

By combining our national scope, expertise and skills, we are committed to providing the best possible services to owners, occupiers, (re)developers and authorities.

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