State of affairs

The Dutch commercial property market in 2018

NVM BUSINESS

Contents

Foreword

The Dutch commercial property market continued to thrive in 2018. The amount of space available dropped further down; demand for offices and industrial premises remained steady. Strong demand for logistics property has been an interesting detail. The retail property market, however, faced poorer demand.

Widespread availability of capital and low interest rates on the capital market allowed investment volumes to remain steady in 2018. Due to strong demand and lack of suitable property, initial yields for offices and industrial space continued to drop last year.

This NVM Business publication covers the main developments taking place on the Dutch commercial property market, dedicating careful attention to the national image as well as market developments in each province.

On behalf of NVM Business, I wish you an interesting read.

Marcel de Boer
NVM Business Chairman

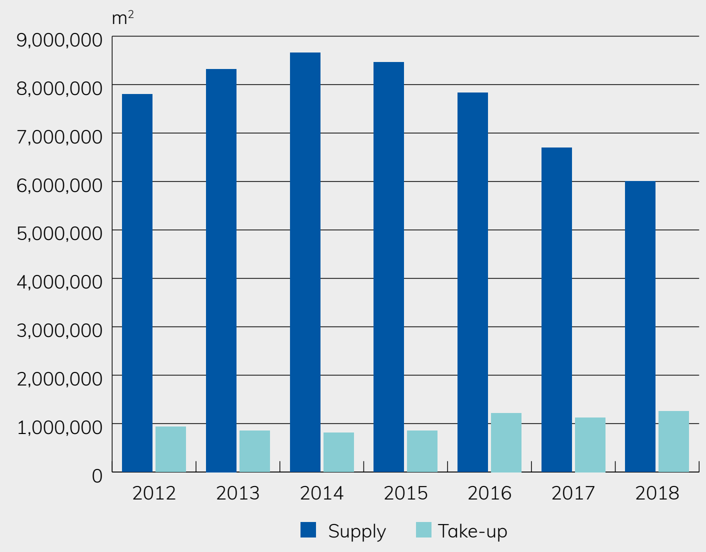
The Dutch occupational market

Office market

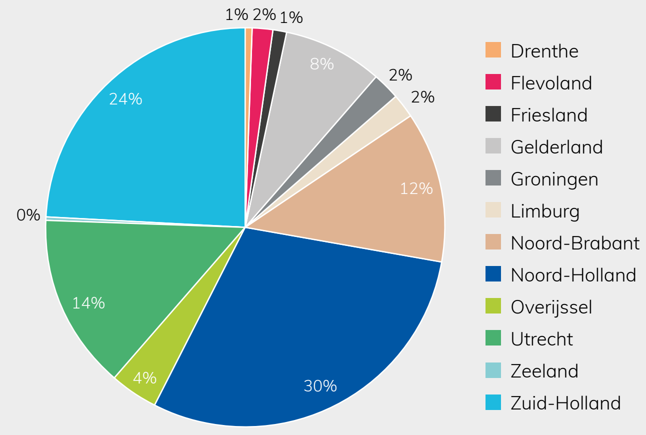
Demand for Dutch office space remained steady in 2018. A total of 1.2 million m² were either let out or sold on the so-called open market – disregarding construction of any owner-occupier offices. It means take-up levels hardly changed compared to the preceding year. Interestingly, fewer major transactions were realised despite positive sales numbers. Focus was mainly on small lease transactions (up to 1,000 m²). Another eye-catching detail is that take-up involved existing buildings in most cases. This is due to the relatively limited availability of new developments. In the new-build category, 'only' 100.000 m² have been taken up, just as much as in 2017. Positive trends in development, however, did not occur in each province. For instance, Drenthe and Zeeland settled for smaller sales numbers. In fact, major differences in terms of take-up presented themselves even within Randstad. As transaction volumes skyrocketed in Rotterdam, the city of The Hague reported a serious fall in demand for office space. When it comes to rents, the prices of qualitatively better offices in Randstad were clearly under an upward pressure. This was particularly the case in the four largest cities in the Netherlands. Outside Randstad, rents were more or less the same.

The state of affairs on the Dutch office market was also characterised by office vacancy levels going down for the fourth year in a row. This drop mainly followed from substantial take-up of existing offices. In addition, approximately 675,000 m² had been withdrawn from stock (demolition, redesignation). Also speculative construction of office space was limited. As a result, supply levels dropped to 6 million m² in late 2018 (about 13% of total stock). At year-end 2017, 6.78 million m² were still available for rent or sale (14% of total stock). The main declines presented themselves in Randstad, particularly in Zuid-Holland.

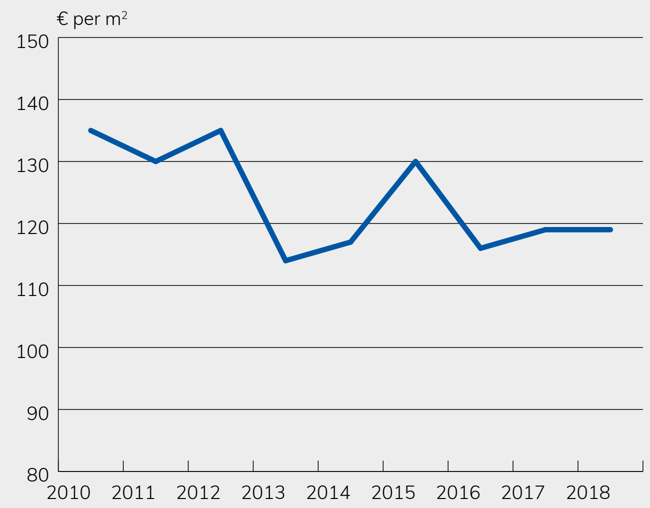
Supply and take-up of office space in the Netherlands



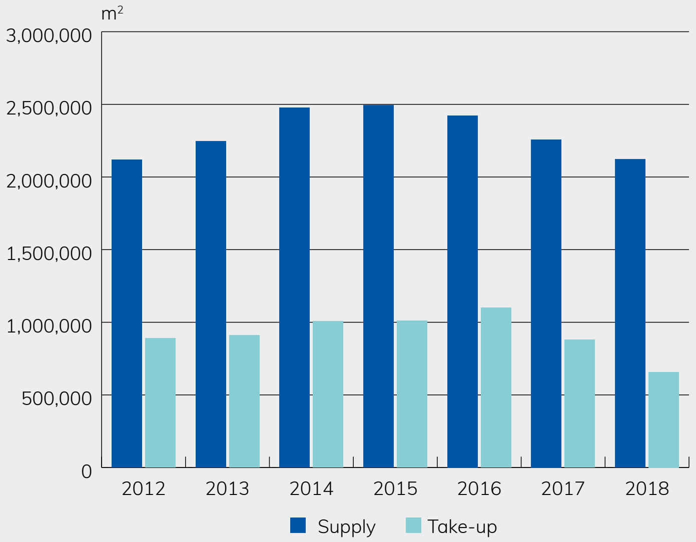
Take-up of office space by province



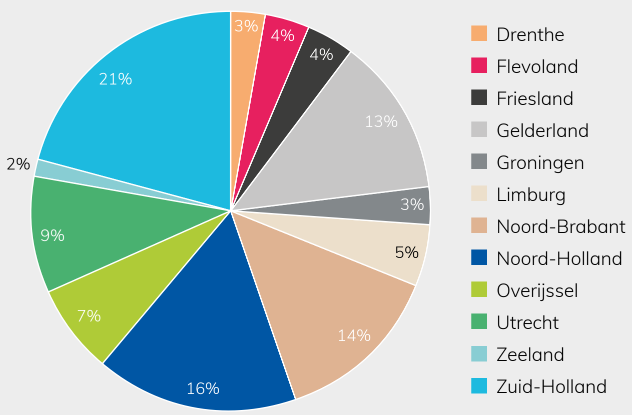
Average office space rent



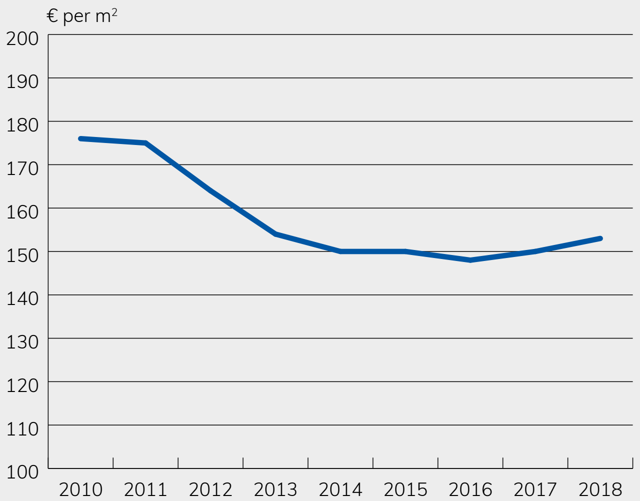
Retail property supply and take-up in the Netherlands



Retail property take-up by province



Average retail property rent



Retail property market

In 2018, the Dutch retail property market supply levels slightly dropped; take-up levels seriously went down compared to 2017. The amount of retail space available for rent or sale fell 1.7% to 2.1 million m². Vacancy as well as stock levels continued to drop. Smaller retail stock played a significant role. Last year about 2,300 stores ceased to exist in the Netherlands. In smaller places in particular, stores vacant for a long time were transformed into a practice or office space, but also into a living space. Stores were also redeveloped and redesignated in larger places. This was particularly the case for stores located just outside shopping areas as well as stores existing on the surrounding streets. Another interesting detail is that vacant premises on so-called GDV (large-scale retail trade) or PDV (peripheral retail trade) locations were redesignated as well. Quite often, they were dedicated to leisure time (e.g. gyms, indoor playgrounds).

On the demand side, both take-up and transaction volumes were clearly below numbers reported in 2017, the year in which demand was boosted by the lease of V&D's former premises. Last year's take-up represented approximately 660,000 m² in total, more than a quarter down compared to 2017. The number of transactions dropped 20%. The number of transactions involving the hospitality industry, however, climbed 7% compared to 2017. In large cities in particular, vacant retail premises were often dedicated to culinary facilities, meeting people's need for a better shopping experience. The number of catering businesses, however, dropped in small cities.

The main shopping areas in the Netherlands' large shopping cities thrived without any exceptions. Retail market in smaller, regional shopping centres and small places, however, continued to struggle, also due to the increasingly popular online shopping but also because of demographic developments. Large vacant retail units in particular presented quite a challenge. Consequently, the gap between large cities and the rest of the Netherlands continued to grow. In quite a number of cities, rents had to drop in 2018. One of the exceptions to this downward trend has been the price development in Amsterdam. Rents paid in the Dutch capital continued to climb. Rents also climbed in some places in the cities of Den Bosch, Enschede, Breda, Nieuwegein and Zoetermeer.

Industrial property market

The positive vibe on the Dutch industrial property market lingered in 2018. Supply levels continued to drop, however less significantly so compared to previous years. Availability dropped 6%, amounting to approximately 11.6 million m² at year-end 2018.

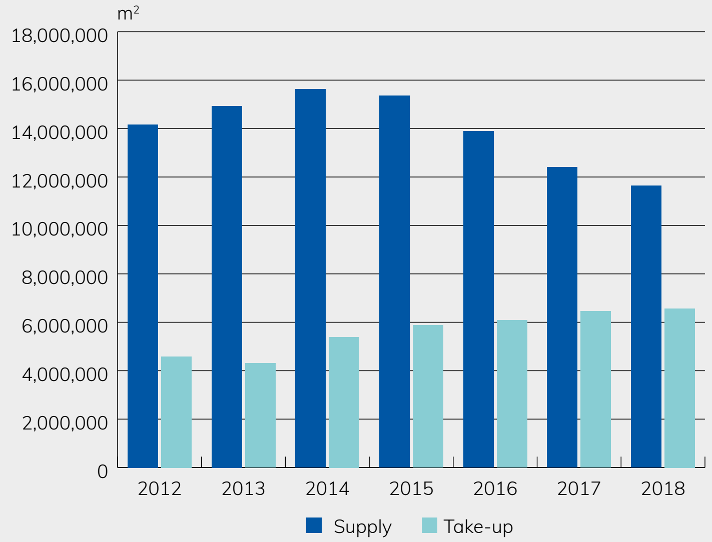
Dynamics also persisted on the demand side. More industrial space (+ 3%) has been taken up on the open market compared to 2017. A total of nearly 6.7 million m² of industrial space has been let out or sold in the Netherlands. Almost two-thirds of all transactions realised involved lease transactions. The year 2018 was also dominated by consistently strong demand for logistics property. A total of approximately 2.4 million m² have either been let out or sold. Economic growth, allowing e-commerce to thrive, ensured continuing demand for large distribution centres, as well as stronger demand for logistics space in the intermediate segment.

Just like in 2017, many new buildings were constructed on the industrial property market. About 20% of total take-up involved new-build projects, which comes down to approximately 1.3 million m² of industrial space (even 46% within the logistics sector). These numbers do not include owner-occupier developments.

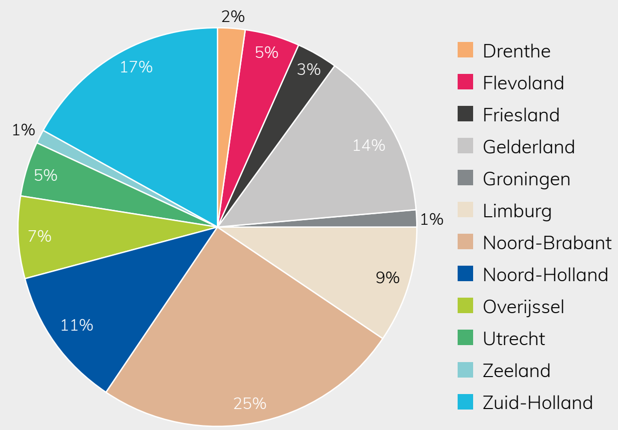
Another interesting fact is that industrial space was let out and sold more rapidly in 2018, as transactions were taking less time in most places.

Industrial property rents carefully climbed in those regions reporting smaller availability and stronger demand, like Zuid-Holland and Noord-Holland, Utrecht as well as Noord-Brabant. Prices were generally the same in the other provinces; climbing modestly at local levels. Incentives have been the exception to the rule pretty much across the Netherlands.

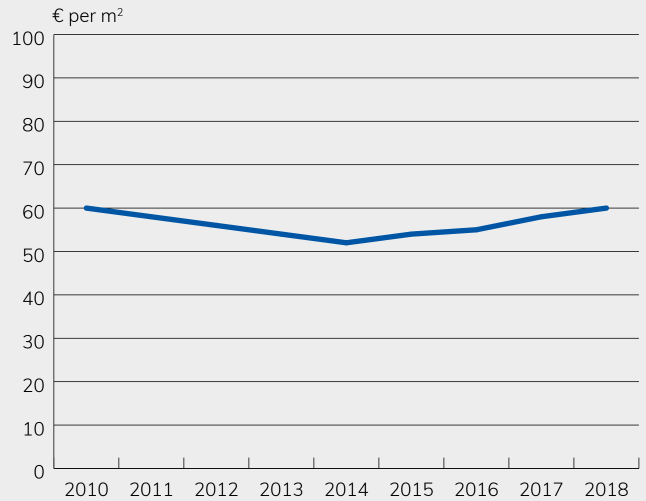
Industrial property supply and take-up in the Netherlands



Industrial property take-up by province



Average industrial property rent



The Dutch property investment market

The Dutch commercial property investment market (offices, industrial buildings and stores) was a strong market in 2018. Investments totalled about € 10.45 billion, versus € 10.05 billion a year earlier. Just like in 2017, major commercial property investments mainly followed from widespread availability of capital and low interest rates on the capital market.

Office market

Investors were particularly interested in the office sector. Nevertheless, investment volumes did not meet expectations. In 2017, about € 5.65 billion were invested in offices, and about € 4.8 billion last year. Decrease in volumes did not necessarily follow from poorer demand but rather because supply could not always meet investors' demand for well-let offices. Just like in previous years, foreign investors formed the main buyers' group, representing a total investment volume of about € 3.3 billion. American, English and German investors in particular were actively involved in this market as well. Dutch investors, however, were also quite interested, spending about € 1.5 billion on office buildings, about as much as in 2017. Investors focussed primarily on Randstad, dedicating most attention to the cities of Amsterdam, Rotterdam and Utrecht. Even though average gross initial yields for offices on Randstad's top-notch locations remained pretty much the same (approx. 4.75%), they dropped on Randstad's less marketable locations, from 6.75% to 6.1%. Interestingly, initial yields realised on the best locations in Amsterdam's city centre were much below average.

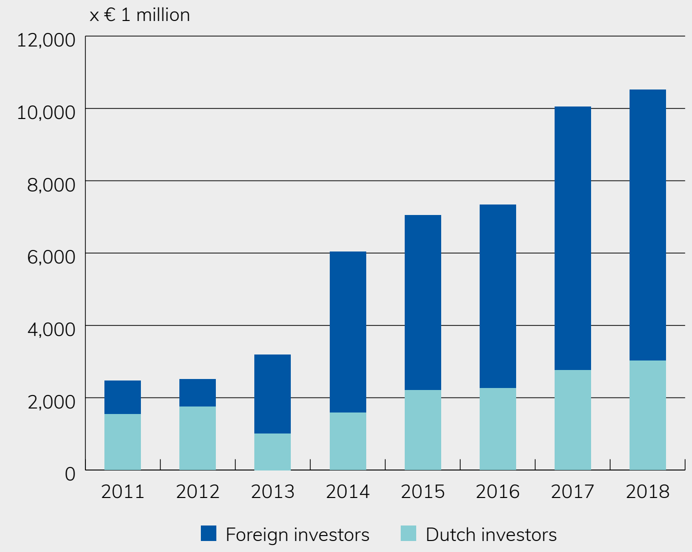
Retail property market

When it comes to the retail property market, fewer investments were made compared to 2017. In 2018, investors spent about € 1.7 billion on stores and shopping centres, down 20% compared to the preceding year. But still, investors were clearly more interested in large (peripheral) retail warehouses, investing as much as € 535 million in 2018. Investors were also more interested in supermarkets, spending about € 110 million in this section of the retail property market. Although foreign investors predominated, Dutch investors were active as well. Price-wise, there have been no significant changes based on information available. The initial yields of first-class stores on the main shopping streets fluctuated between 3.25% and 5.60% last year; and from 6.5% to 8% for large retail warehouses.

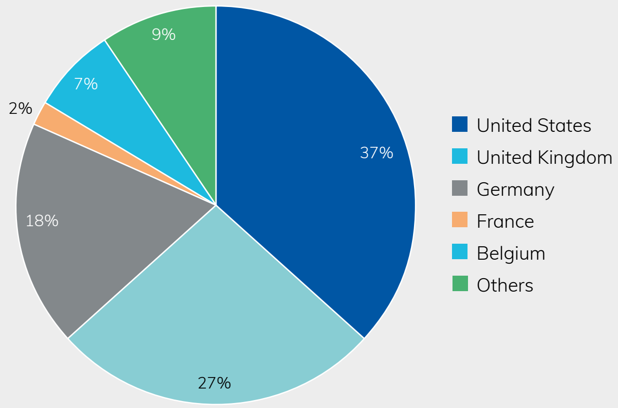
Industrial property market

In 2018, investors spent about € 3.12 billion in total on industrial buildings, 50% more than the year before. The investment market thrived, mainly thanks to investors' demand for logistics property (distribution centres and large-scale storage facilities), investing about € 2.3 billion. American and English funds were particularly interested, as well as Belgian funds whose eagerness to invest showed from numbers available (approx. € 450 million). Generally speaking, investors were mainly interested in Noord-Brabant and Limburg, followed by Zuid-Holland and Noord-Holland. At least half of all completed transactions involved complexes being built or yet to be constructed. Due to strong demand for logistics property, initial yields continued to drop last year, realising gross initial yields of more than 4.5% for truly first-class properties on good locations. Yields, however, were anywhere between 5% and 6.5% for most transactions.

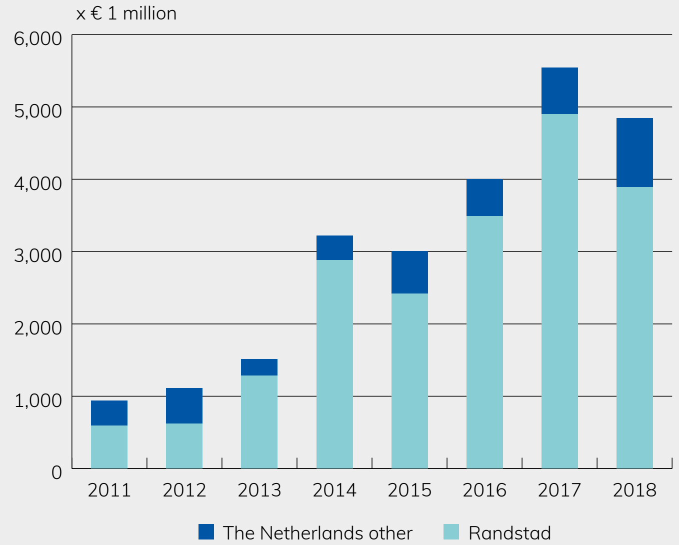
Commercial property investments



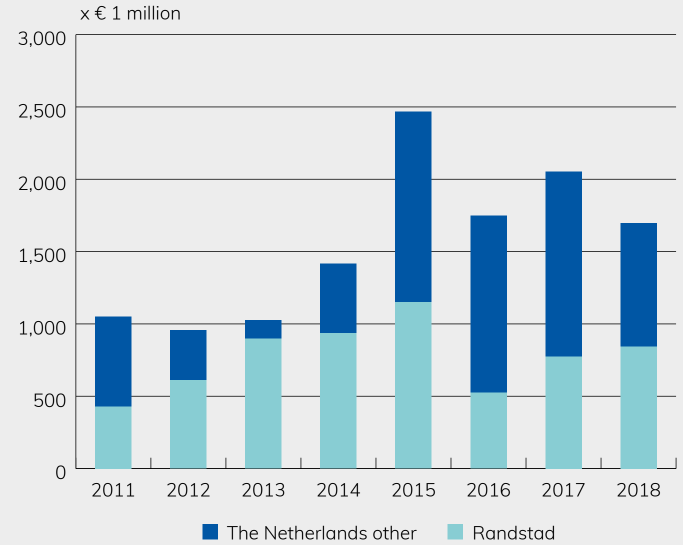
Commercial property investments by foreign investors



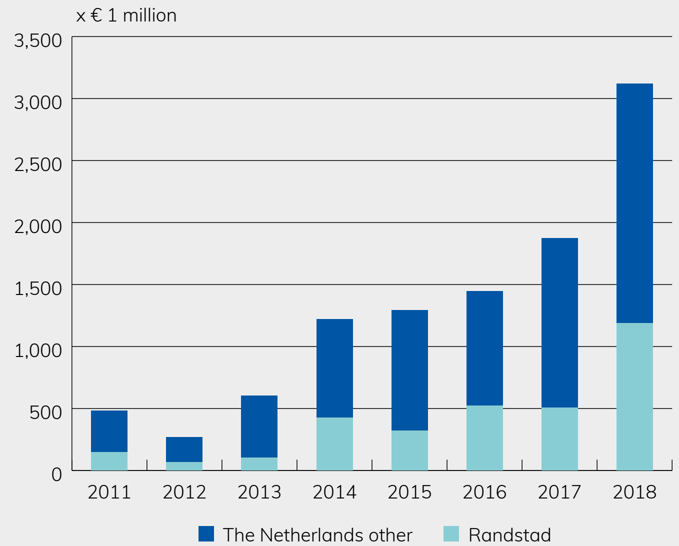
Office investments



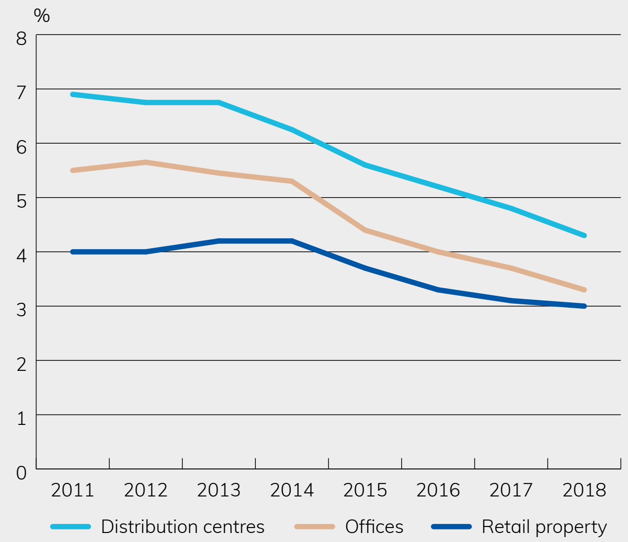
Retail property investments



Industrial property investments



Average gross initial yields for first-class property at the best locations



Groningen

Office market

The office market in the province of Groningen reported a surprisingly strong demand in 2018. Transaction volumes realised were much beyond take-up levels in 2017. The market was mainly inspired by developments taking place in the city of Groningen, pushing demand significantly up as a result of several major lease transactions with e.g. Noorderpoort, Enexis and Cendris. Although office sales in Groningen involved major lessees in the first place, quite a number of small transactions (200 to 800 m²) have taken place as well. Demand for office space involved not only a large-scale office complex located on Winschoterdiep, the latter reporting climbing occupancy rates (over 90%) due to a number of sizeable lease transactions in 2018, but also buildings existing at the office park known as Kranenburg. In addition, different offices have been let out at the Martini Trade Park. Because major lease transactions involved Europapark in particular, this area claimed a significant share of transaction volumes. Strong take-up in the city of Groningen significantly pushed down supply levels last year, mainly because of office take-up at Europapark. The latter in fact was the only location in the city of Groningen reporting supply constraints in 2018. For instance at Martini Trade Park, supply levels hardly changed compared to the preceding year. The supply situation also remained pretty much the same in Kranenburg and Corpus den Hoorn-Zuid. The characteristic detail of supply in this province is that even though the amount of space available has dropped in Veendam, availability increased as vacancy numbers climbed.

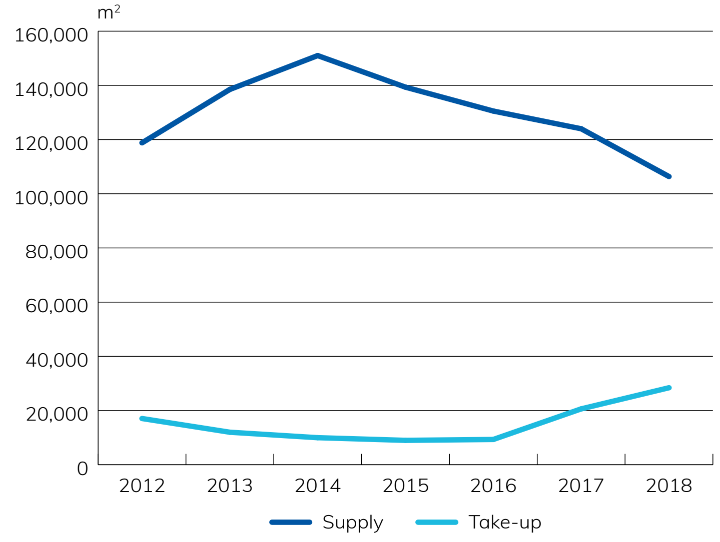
Retail property market

Retail supply levels in the province of Groningen slightly dropped last year. As a result, about 85,000 m² were available for rent or sale in late 2018. But still, slightly more retail premises were available for rent or sale compared to the preceding year. Increase in the number of vacant retail premises mainly followed from developments in the city of Groningen, where the amount of retail space available for rent or sale slightly climbed, especially on Oude Ebbingestraat. Availability also increased to some extent on Herestraat and Gedempte Zuiderdiep. Interestingly, the retail market struggled in other places like Hoogezand, Winschoten, Stadskanaal and Veendam. Large retail units in particular presented something of a challenge. Another interesting fact is that in small cities with very limited retail supply, entrepreneurs had a very hard time making ends meet. Consequently, supply levels climbed in these cities. In the province of Groningen, approximately 20,000 m² of retail space were taken up last year, pretty much the same as in 2017. In the city of Groningen, clearly less retail space has been let out and sold, as large-scale transactions did not occur. Also fewer lease and sales transactions have taken place. Except for prime locations in the city of Groningen, last year's rents were under pressure in this province.

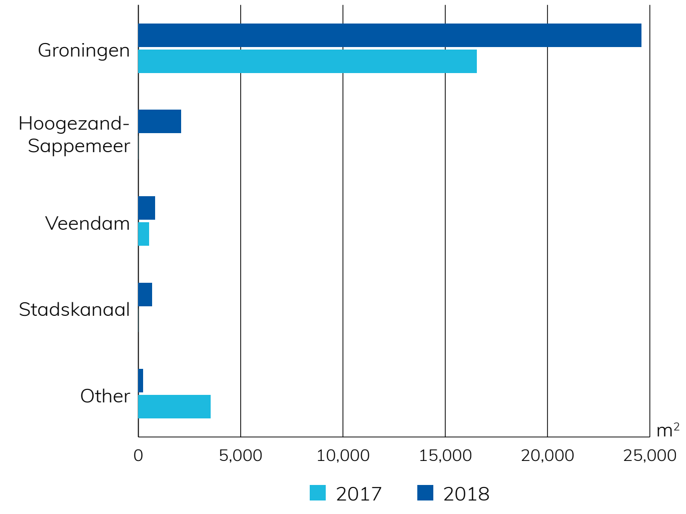
Industrial property market

The industrial property market in the province of Groningen reported take-up levels dropped in 2018 because less suitable supply has been available. It has nothing to do with demand for industrial property, because demand was actually quite strong, especially when it comes to small and medium-sized space. One of the rather bigger transactions taking place last year involved a +10,000 m² warehouse in Winschoten, which was sold to an online shop. But despite lower take-up numbers, industrial premises were sold and let out more rapidly in 2018 compared to the preceding year, although old alternatives often remained vacant for a long time. When it comes to property for sale, those interested managed to get a bank loan more rapidly. About half of the transactions realised in the province of Groningen involved sales transactions, which means the market clearly deviated from the national image.

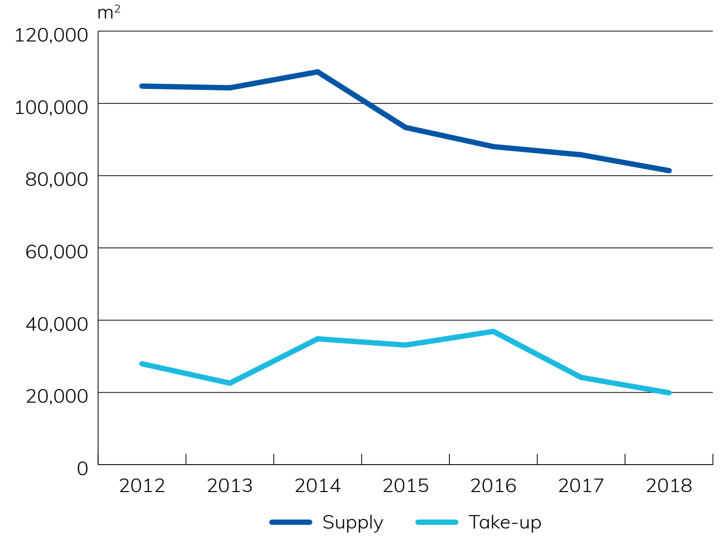
Office space supply and take-up



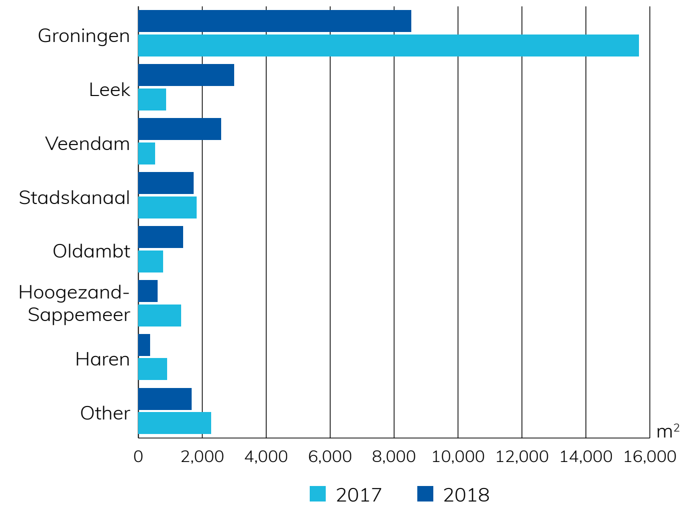
Take-up by main municipalities



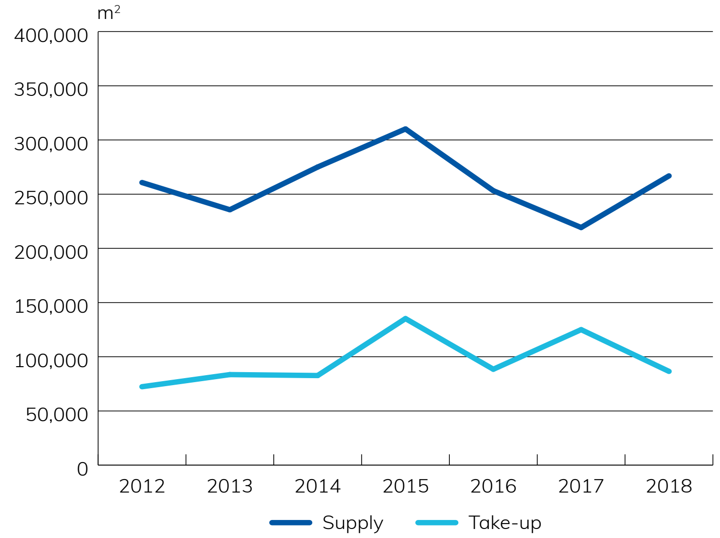
Retail property supply and take-up



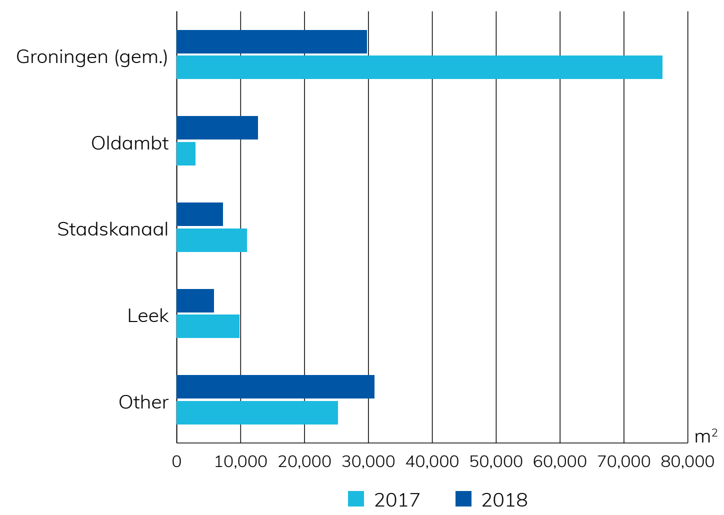
Take-up by main municipalities



Industrial property supply and take-up



Take-up by main municipalities



Friesland

Office market

Demand for office space in the province of Friesland slightly intensified in 2018, although total volumes remained limited nevertheless. On the open market – excluding the construction of owner-occupier offices - take-up levels reached about 15,000 m². The majority of companies and organisations addressing the open market in this province confirmed a preference for small spaces covering 200 to no more than 1,000 m². Traditionally, demand was strongest in the city of Leeuwarden, where two lease transactions with ROC Friese Poort and Maandag respectively made a huge difference. Even though demand for office space in the city of Leeuwarden centred around the open market, Alfa Accountants decided to proceed with speculative development. In Drachten, office space was reasonably interesting, although realising transactions remained challenging. Despite poorer demand for offices last year in this province, the amount of space immediately available dropped down significantly. Within a year, supply levels fell 15%. Leeuwarden benefited the most, also because many square metres of unmarketable office space had been withdrawn from stock. For instance, the decision was made to redesignate two office buildings on Oostergoweg. Falling supply levels, however, could not prevent high vacancy numbers in the city of Leeuwarden. At year-end 2018, nearly 11% of office stock was empty. Leeuwarden was not the only city in this province reporting reduced availability; supply levels also dropped in Heerenveen..

Retail property market

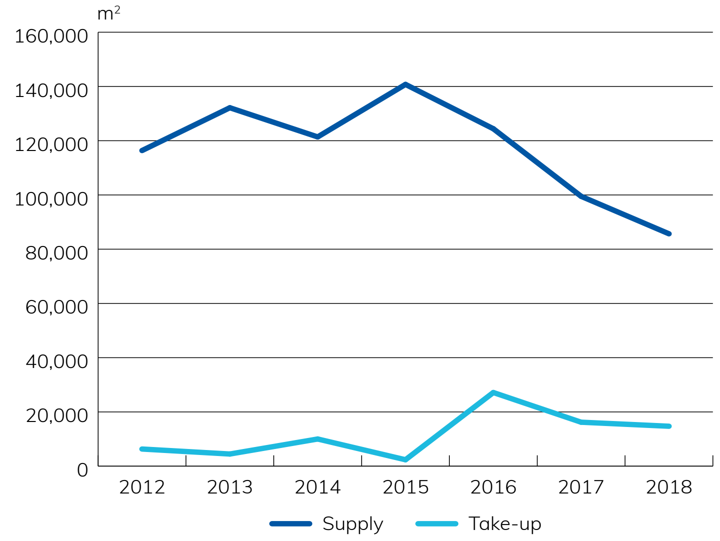
In Friesland, retail space supply dropped nearly 15% in 2018. As a result, about 100,000 m² were available for rent or sale at year-end 2018. The amount of space dropped but also, the number of retail premises available went down as well, by as much as 11%. Smaller availability partly followed from vacant retail premises being redesignated. For instance, several stores were turned into homes on the secondary retail streets of Drachten and Leeuwarden, but also in small towns and centres.

Supply dropped most significantly in the city of Leeuwarden, reporting the amount of space available diminished almost by half mainly after several peripheral retail warehouses had been let out. On the secondary retail streets of Voorstreek and Tuinen, a number of unmarketable retail spaces have been taken off the market. As for other cities in Friesland, retail supply levels hardly changed. It is also interesting to mention that significantly less new space was added in Friesland. Structural supply, however, remained the same. By late 2018, about 30,000 m² of retail space had been available for rent or sale for more than three years. When it comes to demand for retail space one interesting detail was that – unlike 2017 – fewer transactions have taken place and also less retail space has been let out. One of the reasons is poorer demand from major chain stores. Nevertheless, stores were let out much faster than in the previous year. Because last year Friesland's retail market was clearly a tenants' market, rents were under pressure at most locations.

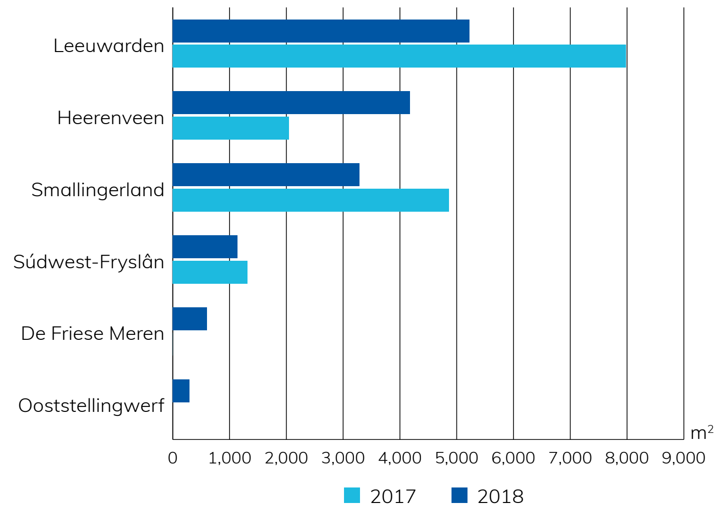
Industrial property market

In 2018, industrial space take-up levels in Friesland were 25% beyond numbers reported in the preceding year. A total of more than 200,000 m² of industrial space were let out and sold last year. SMEs in particular were interested in industrial space. They are still well represented in the province of Friesland. New-build warehouses covering 600 m² to 1,000 m² were most popular, as well as small units (100 m² - 200 m²). Also, many warehouses inside (newbuild) multi-tenanted buildings were sold in the last couple of months of 2018. The amount of industrial space available slightly increased in 2018. A total of more than 400,000 m² were offered for rent or sale at year-end. Especially old industrial premises with limited unobstructed height were difficult to dispose of. Growing demand for industrial space in the province of Friesland allowed transactions on the industrial property market to take place more rapidly, pushing rents gently up. In addition, more long-term lease contracts were signed with lessees taking up new-build premises.

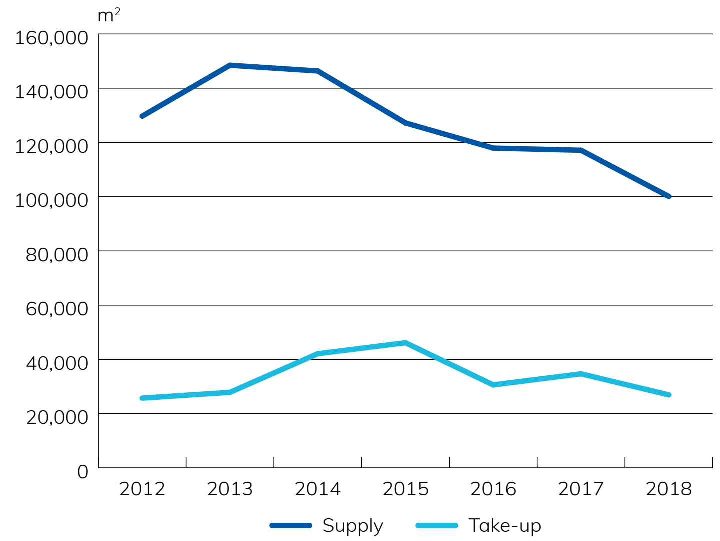
Office space supply and take-up



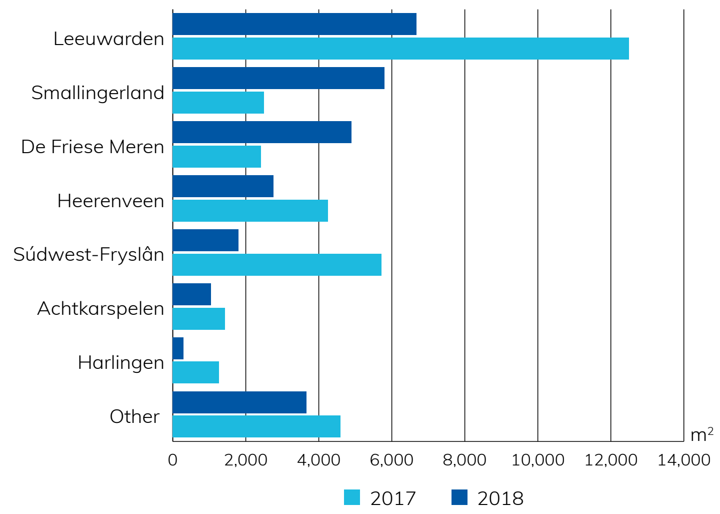
Take-up by main municipalities



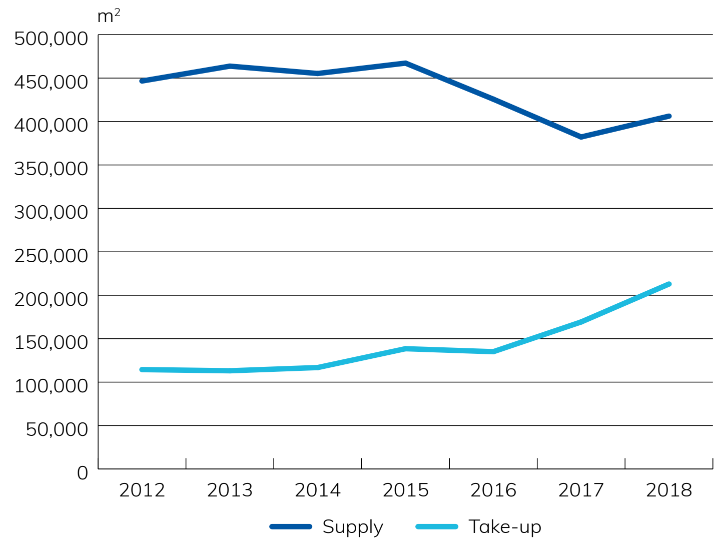
Retail property supply and take-up



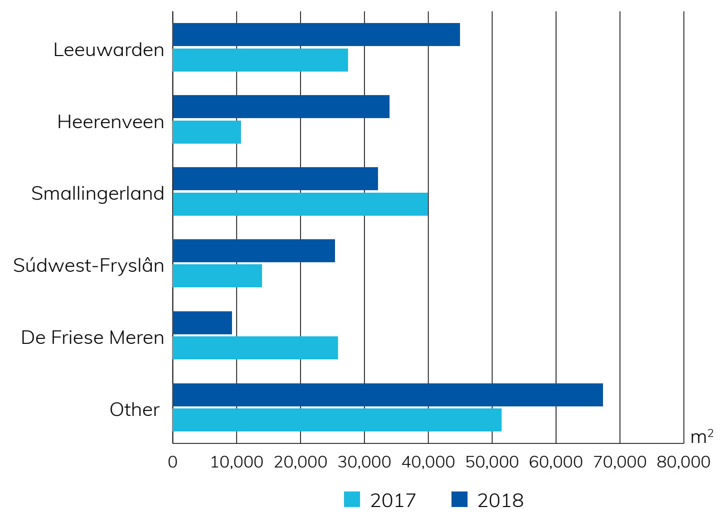
Take-up by main municipalities



Industrial property supply and take-up



Take-up by main municipalities



Drenthe

Office market

In the province of Drenthe, demand for office space remained reasonably steady in 2018. Take-up levels amounted to 9,000 m², almost the same as in 2017. Demand did not change for the better mainly because no transactions at all have taken place in Hoogeveen. Besides, the city of Assen reported fewer office lease transactions. In fact, the only city in the province of Drenthe managing to escape disappointing trends in demand, has been the city of Emmen, reporting much stronger demand which also pushed up take-up levels at the same time. Increase mainly followed from transactions signed with Verslavingszorg Noord Nederland and Rabobank. The bank picked a new-build development in the city centre, while Verslavingszorg Noord Nederland opted for existing offices. Hoogeveen and Assen were by no means the only cities reporting insufficient demand. Poor demand also affected the city of Meppel. Supply displayed a positive image; vacancy numbers have gone down. They dropped relatively the most in Assen, also because of the decision to redesignate several office buildings. Consequently, supply levels in the provincial capital fell to approximately 17% of stock. With regard to the situation elsewhere in this region, a remarkable detail was that both Coevorden and Hoogeveen hardly benefited from diving supply levels; the amount of space available for rent hardly changed in both cities.

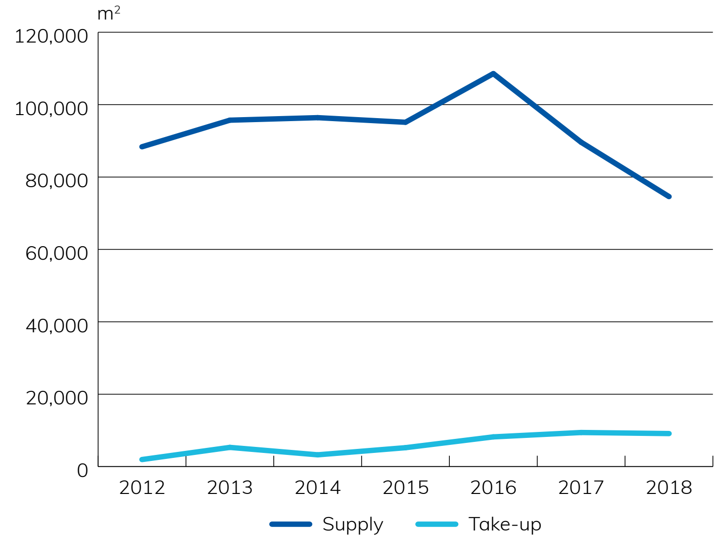
Retail property market

The province of Drenthe's retail stock continued to diminish in 2018. Also the amount of stores available for rent or sale dropped, in fact from 132,000 m² to 95,000 m². The number of vacant retail buildings went down as well. Supply diminished significantly mainly because of events taking place in Assen. Not only were stores let out once again, but also several retail units were taken off the market to grant them a different purpose. For instance, the decision was made to transform part of 't Forum (shopping centre) into apartments. In Assen, total retail stock dropped about 10,000 m². Just like Assen, other municipalities in Drenthe also proceeded to make their shopping areas more compact. Another important development in Drenthe has been the irreversible dismissal of plans to build a factory outlet-centre in Assen, eliminating the fear of loss of turnover among many local inner city entrepreneurs. Demand for retail space in this province remained steady in 2018. Interestingly, a significant share of available stores welcomed catering facilities. Prices in Drenthe, particularly in Assen, however, were still under pressure.

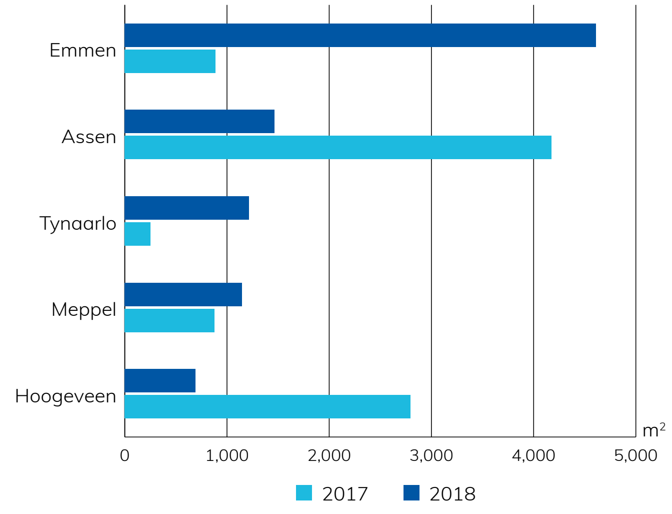
Industrial property market

The industrial property market in the province of Drenthe has seen a good year. The total amount of business space offered for rent or sale on the open market dropped about 30% in 2018. In fact, when it comes to small-scale industrial space, supply was even limited in some places. Last year demand for industrial space intensified compared to 2017, leading to higher take-up almost automatically. More than 150,000 m² of industrial space have been let out and sold in total. The two most sizeable sales transactions involved a 17,000 m² industrial complex in Emmen and also an 11,000 m² complex in Coevorden on Houtdrogerij Friesland. Demand for industrial property in Drenthe mainly comes from the transportation and transhipment as well as the construction sectors (mostly contractors and fitters). Many companies in these sectors managed to grow and so they were on the lookout for bigger accommodation or accommodation meeting specific quality requirements. Last year most industrial spaces were offered at € 40 to € 45 per m². Rents were stable in most locations. only dropped modestly in some areas with relatively many outdated premises.

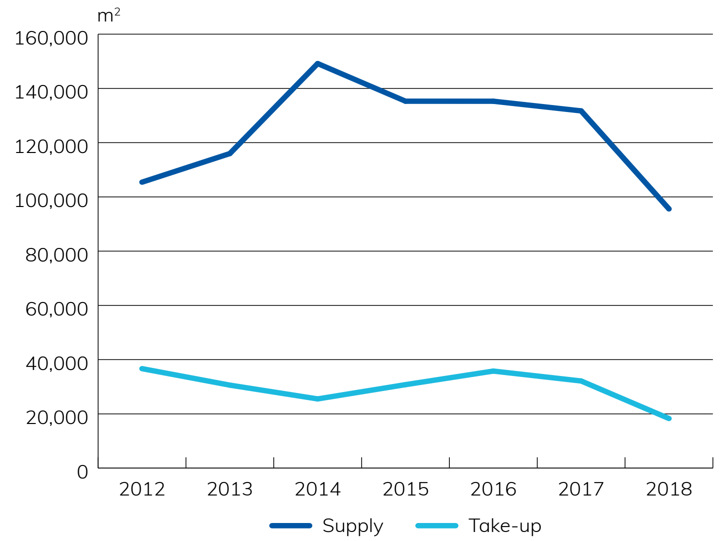
Office space supply and take-up



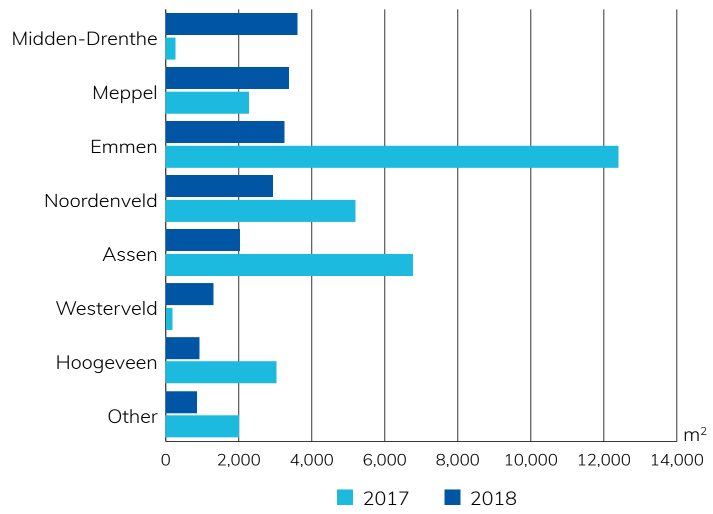
Take-up by main municipalities



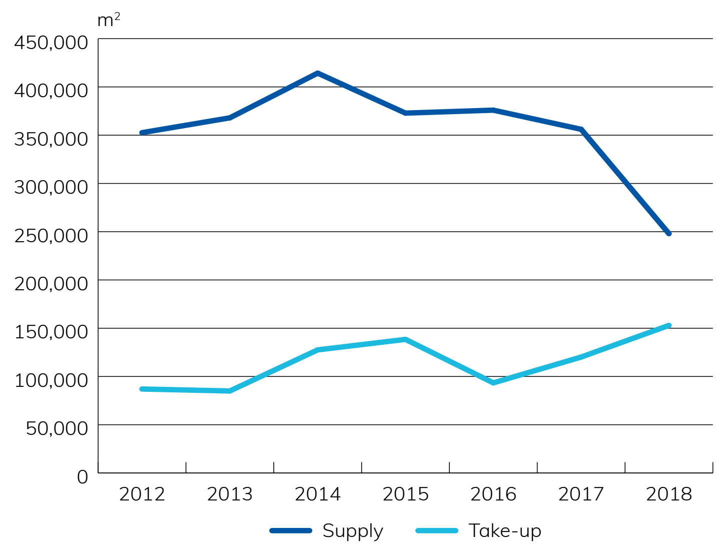
Retail property supply and take-up



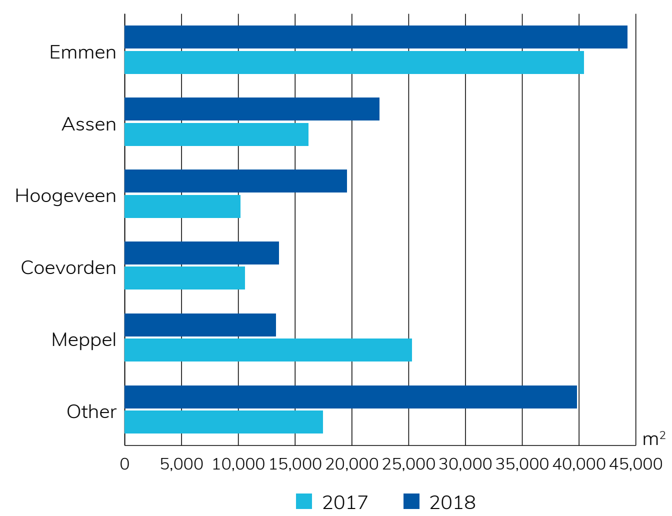
Take-up by main municipalities



Industrial property supply and take-up



Take-up by main municipalities



Overijssel

Office market

The office market in the province of Overijssel was in good spirits in 2018, confirming many lease and sales transactions have taken place. Even though few large transactions were signed, take-up levels remained steady nevertheless. Demand usually involved office users requiring space starting at 200 up to 1.000 m². This size category represented about 65% of transaction volumes. The only sizeable transaction taking place last year – based on information available – involved a 2,300 m² office space let out in the city of Enschede. Enschede, Zwolle and Hengelo were all able to keep office take-up levels steady. In Zwolle, transactions involving e.g. PerfectCall, Flynth Groep and Combinatie NoorderSpoort ensured healthy demand for offices. This mainly served the area known as Oosterenk. As for the course of events elsewhere in this province, it was interesting to find out demand had grown in the city of Hengelo, thanks to several major lessees. Office supply levels in the province of Overijssel slightly dropped last year, but not everywhere. In fact, supply levels even climbed in the city of Almelo, however they hardly changed in Enschede and Hengelo. Supply levels only fell in Zwolle and Deventer. Nevertheless, the supply situation in Zwolle was not entirely positive; the scarcity of high-quality office space in particular was considered a problem.

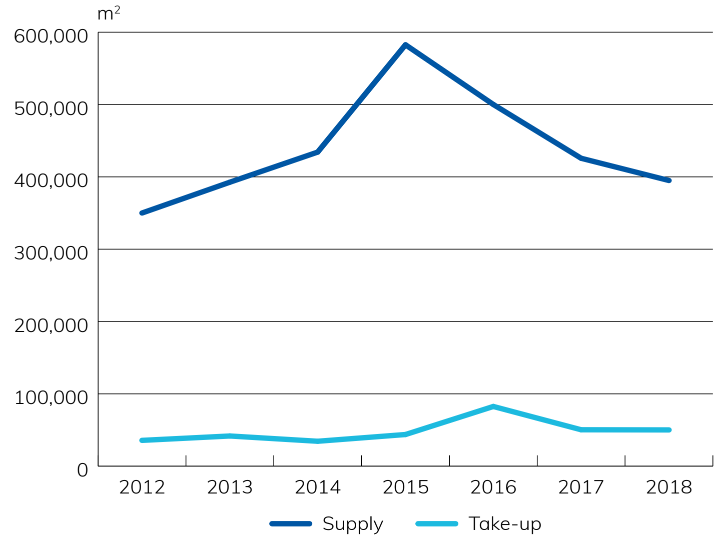
Retail property market

The amount of retail space available in Overijssel slightly dropped last year. At year-end 2018, approximately 196,000 m² of retail space were available for rent or sale, down 2.5% compared to 2017. This fall could not stop the number of vacant retail premises from climbing 5%. The amount of stores available for rent or sale has grown particularly in Enschede, Almelo, Hengelo and Deventer. Interestingly, the retail market thrived in the city of Enschede, despite an increase in empty stores. It is because availability involved the B- and C-segments in particular and because vacant stores could be let relatively quickly. Things were not as good in Hengelo, even though demand has slightly intensified in this city. In Zwolle, retail space availability slowly diminished last year. The difference between large shopping cities and smaller places in the province became bigger in 2018. In small places, finding lessees remained quite a challenge. Despite stronger demand for retail space last year, both take-up levels and the number of transactions in Overijssel were significantly below numbers reported in 2017. In Enschede, limited supply has been the main reason. Another interesting detail is that in the region of Twente, entrepreneurs in the catering industry were more interested in retail space. Based on information available, rents did not significantly climb or fall. Only in the city of Enschede, rents slightly exceeded levels reported in 2017. Rents remained steady in the rest of the province.

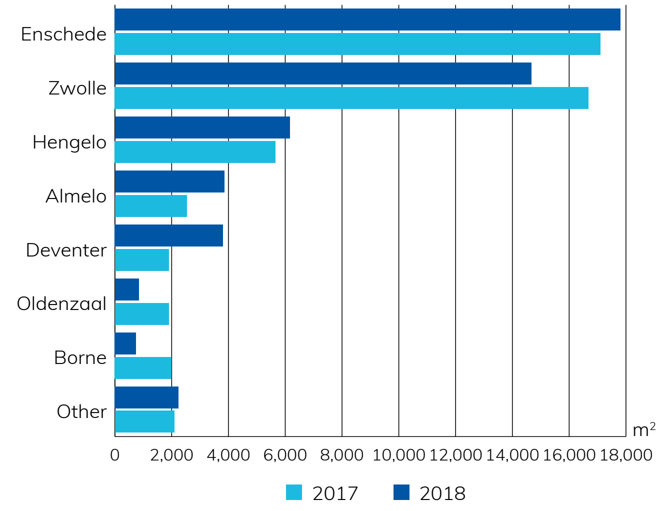
Industrial property market

The amount of industrial space available in Overijssel remained reasonably steady in 2018. At year-end, approximately 1 million m² were offered for rent or sale. Regionally speaking, however, serious differences presented themselves. For instance, supply dropped one-third in the city of Enschede, however it climbed by the same amount in Zwolle. Compared to the year 2017, take-up volumes were a tiny bit lower in 2018. Nevertheless, several sizeable transactions were realised, a significant share of which involved the lease of new logistics property. Almelo attracted the greatest deal of attention, focussing on developments taking place at XL Businesspark Twente. For instance, Bleckmann took up a distribution centre under construction covering more than 43,000 m². Bolk Logistics and fashion company Timberland Europe also took up a large amount of space, 17,000 m² and 13,000 m² respectively. In Zwolle, a large-scale transaction was signed by the thriving company called Wehkamp, who intends to expand the existing distribution centre by 25,000 m². New developments also took place within the smaller owner-occupier segment (1,000 m² - 3,000 m²), also on business parks like De Elsmoat near Enter. Also due to strong demand for high-quality logistics property, average industrial space rents slightly climbed in the province of Overijssel. Most lease contracts include an agreed lease period of 1 to 3 years. Contracts lasting 5 years and beyond were quite an exception.

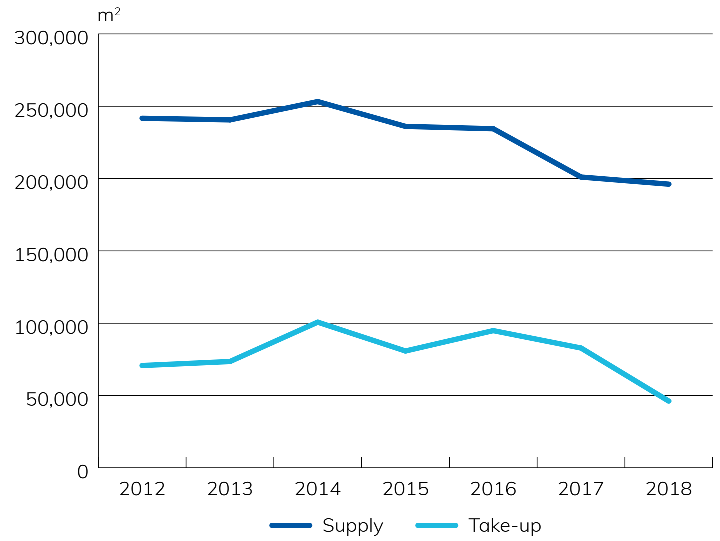
Office space supply and take-up



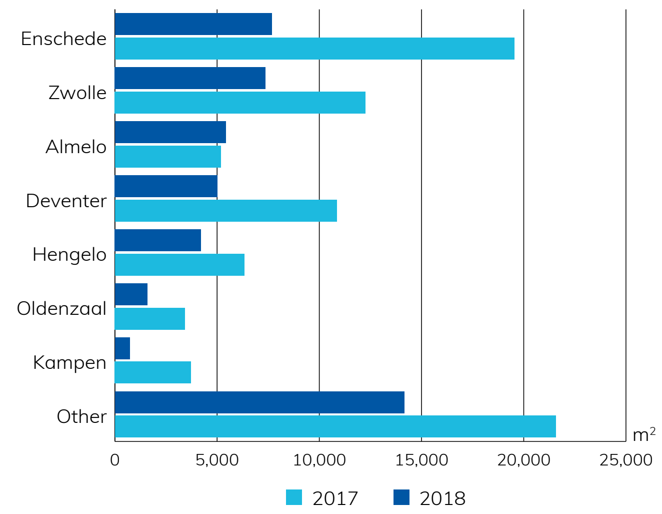
Take-up by main municipalities



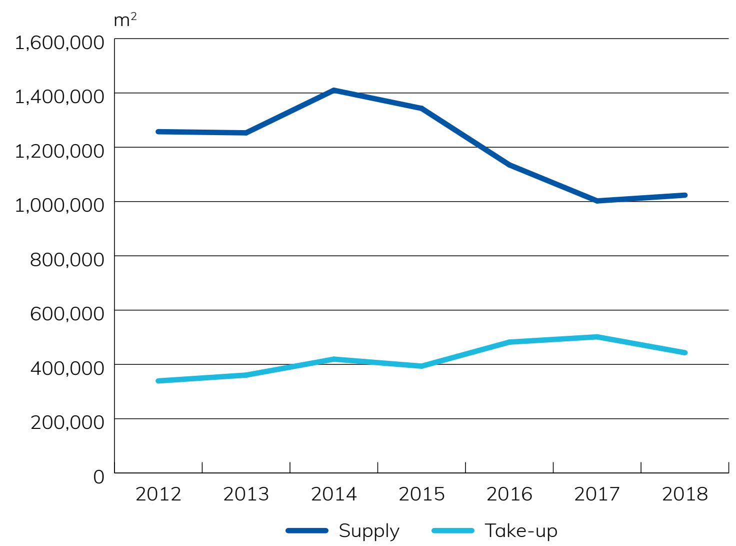
Retail property supply and take-up



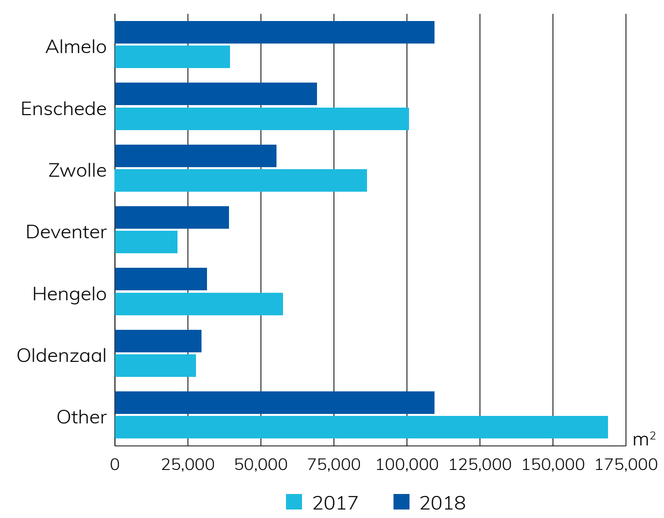
Take-up by main municipalities



Industrial property supply and take-up



Take-up by main municipalities



Gelderland

Office market

The office market in the province of Gelderland was quite successful last year, with take-up levels generously exceeding numbers reported in 2017. In fact, approximately 100,000 m² of office space welcomed new users. Trends in development in Apeldoorn and Arnhem had a serious impact on the positive mood. Many small lease transactions were signed but also, office sales in both cities were positively influenced by several major lessees. In Arnhem, Hoogwegt (trade company) purchased a large-scale new-build project on Amsterdamseweg. In Apeldoorn, Thinkwise Software (software experts) took up a considerable amount of office space. As for the situation in the city of Arnhem, it was interesting to find out that in addition to the city centre, locations on the city outskirts like IJsseloord and Gelderse Poort also claimed a significant share of total take-up. Arnhem and Apeldoorn, however, were by no means the only cities in the province of Gelderland reporting strong take-up numbers. The cities of Ede and Nijmegen too experienced healthy demand for offices. The user market in the city of Nijmegen managed to remain steady, also thanks to major lessees like ABN AMRO and VodafoneZiggo. Availability in this province continued to shrink in 2018. Despite positive impact on many places, supply levels went down most significantly in the city of Arnhem and also in Barneveld. The most eye-catching detail has been the increase which presented itself in Apeldoorn. Despite relatively strong demand for office space, the amount of space immediately available continued to climb nevertheless. As a result, more than 16% of offices were vacant at year-end 2018.

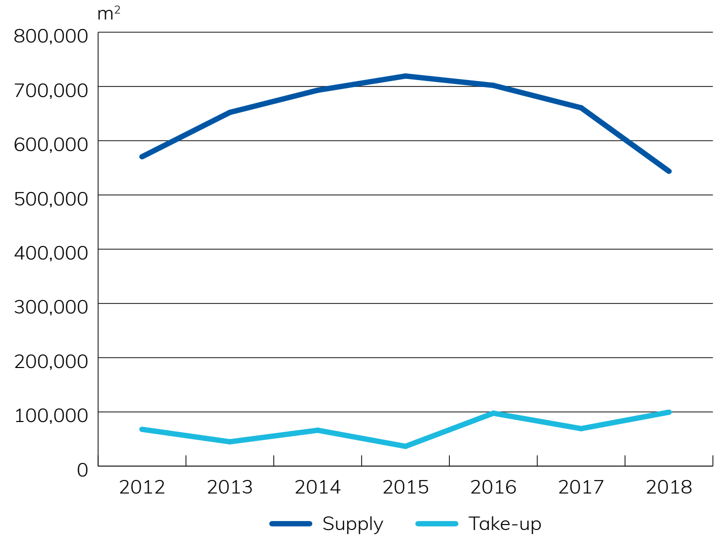
Retail property market

In the province of Gelderland, the amount of retail space immediately available hardly changed in 2018, despite smaller retail stock. The number of retail premises on offer, however, dropped, in fact nearly 8%. Although total supply hardly changed last year, the amount of vacant retail space slightly dropped in Nijmegen, Arnhem and Apeldoorn, also because of healthy demand for retail space in the main shopping areas of these cities. On A1 locations in large cities, hardly any property was vacant. The same is true for secondary streets, although this partly followed from transformations as well. Any vacant property involved unmarketable retail units outside city centres in most cases. Retail markets in medium-sized cities did reasonably well last year. Supply levels remained steady generally speaking, and the market clearly picked up to some extent. Villages, however, continued to struggle. Retail space take-up levels in 2018 remained below numbers reported in the preceding year. Fewer transactions were realised but also, the amount of space let out was much smaller compared to 2017. Retail rents in large cities' main shopping areas remained steady generally speaking. Rents were under pressure on secondary streets and also in smaller cities and villages.

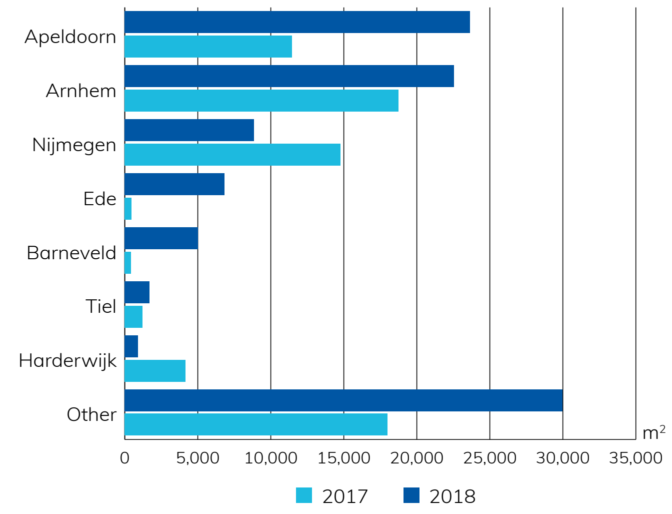
Industrial property market

The industrial property market in the province of Gelderland has seen a good year. At year-end 2018, approximately 13% less industrial space was available for rent or sale compared to a year before. Also, industrial space take-up levels climbed modestly in 2018; a total of nearly 900,000 m² of industrial space were let out and sold on Gelderland's open market. Even though demand centred around existing buildings, the three most sizeable transactions last year involved new developments. For instance, on De Wildeman business park in Zaltbommel, Mainfreight (logistics services) decided to rent a 50,000 m² distribution centre. In Wijchen, construction began of a distribution centre covering more than 31,000 m² destined for DHL, and in Arnhem the construction of a distribution centre covering approximately 20,000 m² was launched; it was let out to Bunzl. Demand for logistics property was just as strong in 2018; the logistics sector represented nearly half of all transactions realised last year. Supply of logistics industrial property, however, continued to diminish, also due to limited speculative construction, unlike the case in Randstad. Strong demand for industrial space and smaller availability made rents climb modestly; transactions were realised more rapidly as a result.

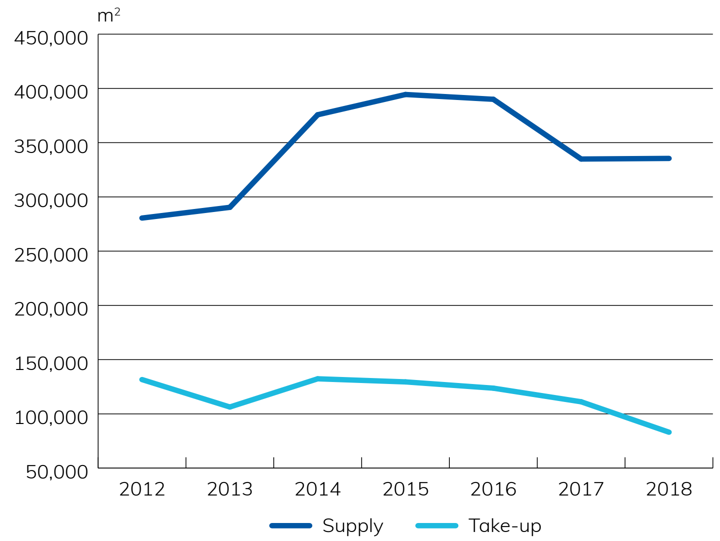
Office space supply and take-up



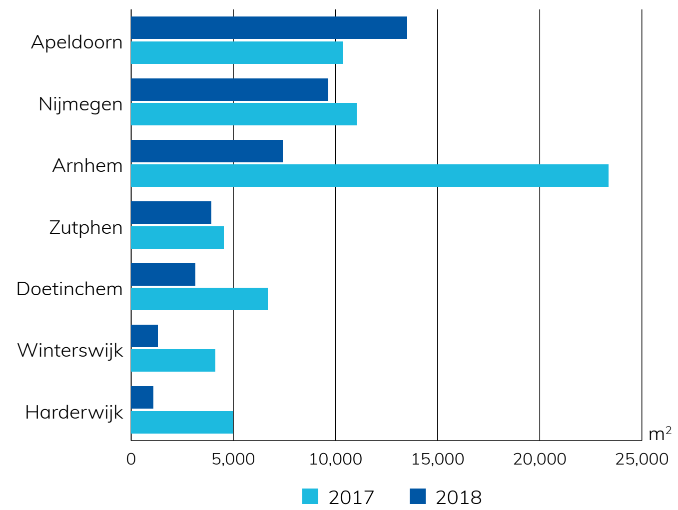
Take-up by main municipalities



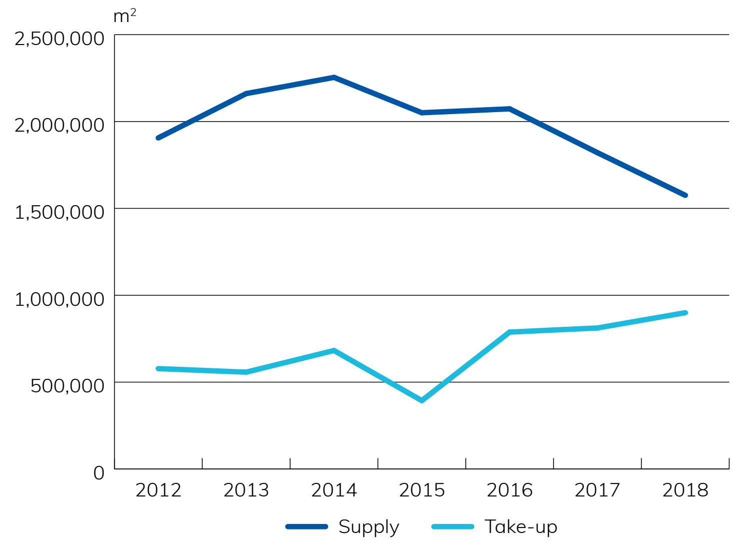
Retail property supply and take-up



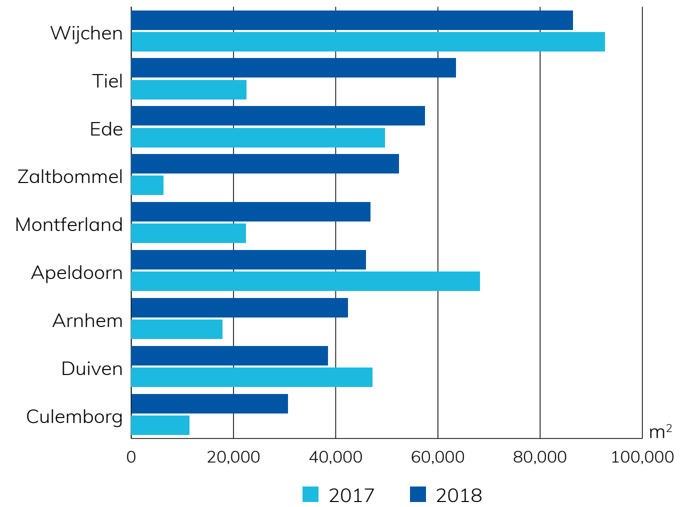
Take-up by main municipalities



Industrial property supply and take-up



Take-up by main municipalities



Utrecht

Office market

Demand for offices in the province of Utrecht remained steady in 2018. On the open market, just as much office space had been taken up as in the preceding year. Demand for office space involved the city of Utrecht in the first place, although healthy demand also presented itself in places around Utrecht. Nieuwegein benefited the most, reporting take-up levels had doubled thanks to transactions with e.g. Mercedes-Benz and Lievense (engineers). Demand for office space intensified in Maarssen as well as Houten, unlike in previous years. This has served buildings like Bisonspoor in Maarssen. The course of events in the city of Amersfoort was something of a let-down, as office transaction volumes dropped approximately 30%. The city of Utrecht reported the most lease transactions, which means the image hardly deviated from previous years. Although a number of major transactions – e.g. letting out 14,000 m² to Rabobank – made quite a difference, the image was to a great extent determined by office users requiring 200 up to 1.500 m². In Utrecht, lessees were particularly interested in locations on Europalaan. They were also quite interested in offices in the Central Station area, especially for the recently delivered WTC. One of the positive developments on the office market in the province of Utrecht involved persistent decrease in supply presenting itself last year. It served Nieuwegein the most. Decrease in supply in the city of Nieuwegein followed not only from lease transactions involving existing buildings, but also from the decision to redesignate several office buildings. A similar development also occurred in the cities of Utrecht and Amersfoort.

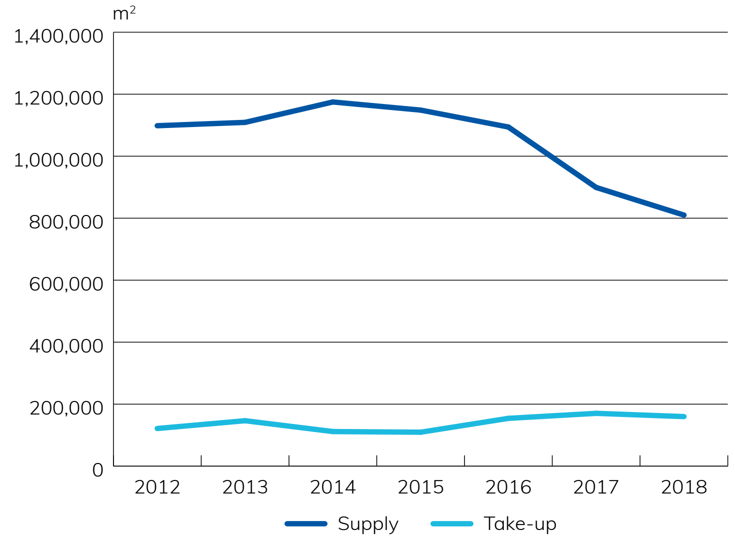
Retail property market

The retail market in the province of Utrecht hardly changed in 2018 compared to the preceding year. It is because retail supply - in terms of the number of retail premises available as well as the amount of space on offer - was pretty much the same. This is also true for the city of Utrecht. While supply levels remained quite steady in the province, letting out retail space presented more challenges and so as a result, fewer lease and sales transactions were signed eventually. Nevertheless, more square metres were taken up, mainly because of two sizeable lease transactions with Amac and Decathlon respectively at The Wall shopping centre in Utrecht, involving more than 10,000 m² of retail space in total. Also because of these transactions, take-up volumes in the city of Utrecht substantially exceeded levels reported in 2017. Interestingly, retail units covering 200 m² to 600 m² outside the city centre were difficult to rent out. In addition, there have been some concerns about the recently launched and nearly fully leased shopping centre called Leidsche Rijn Centrum, which failed to attract enough visitors on weekdays. Another interesting detail is that medium-sized lessees had a tendency to opt for short lease terms, for instance via early notice options. Retail property rents hardly changed last year.

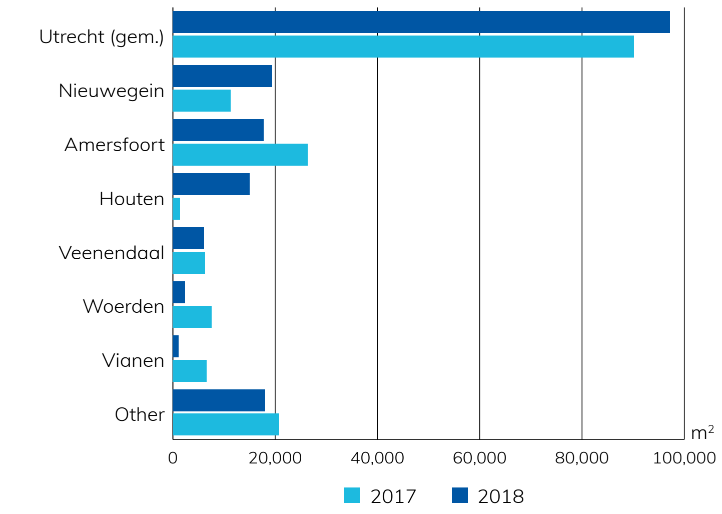
Industrial property market

Despite smaller take-up in the province of Utrecht in 2018, the industrial property market was able to develop in a positive sense nevertheless. Take-up levels were lower because quite a few companies had decided to provide for their own accommodation requirements, without addressing the open market. NVM Business numbers do not include owner-occupier development. For instance, Jumbo (supermarket chain) has proceeded to construct a 45,000 m² distribution centre at De Liesbosch business park in Nieuwegein. Another explanation for lower transaction volumes in Utrecht is the relatively high take-up in 2017, the year in which the image was to a great extent determined by a number of large-sale lease transactions with e.g. fonQ (web store) and Picnic (online supermarket) on Lage Weide in Utrecht. Yet another reason for lower take-up levels in 2018 is that demand involved small and medium-sized industrial space in the first place. In fact, this segment even experienced a supply-demand mismatch. Especially industrial spaces covering 2,000 m² to 3,000 m² with loading docks were particularly popular, however supply was insufficient for meeting demand properly.

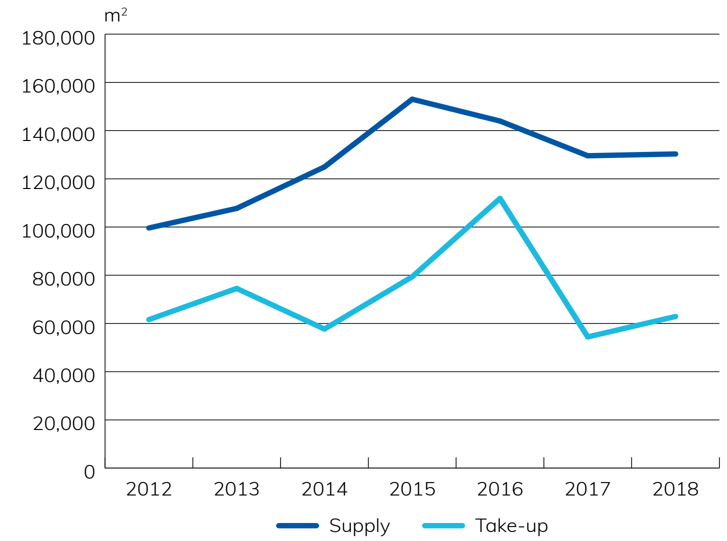
Office space supply and take-up



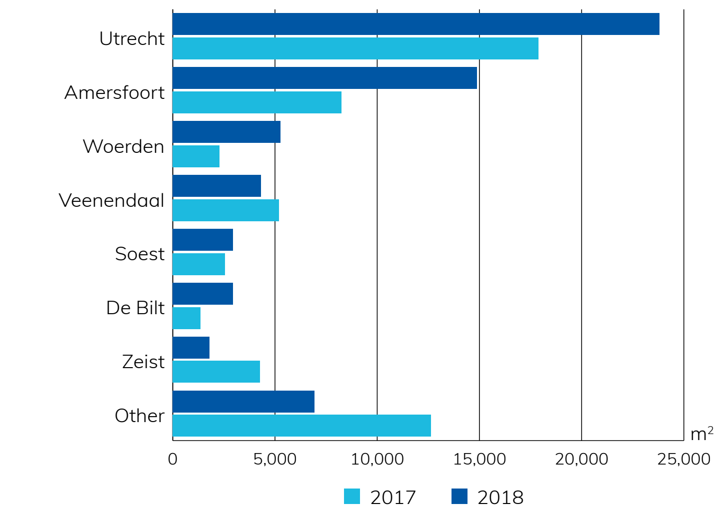
Take-up by main municipalities



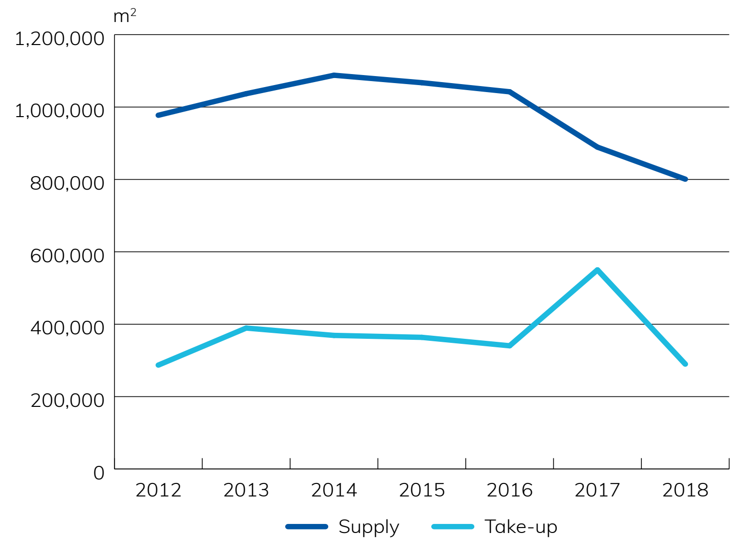
Retail property supply and take-up



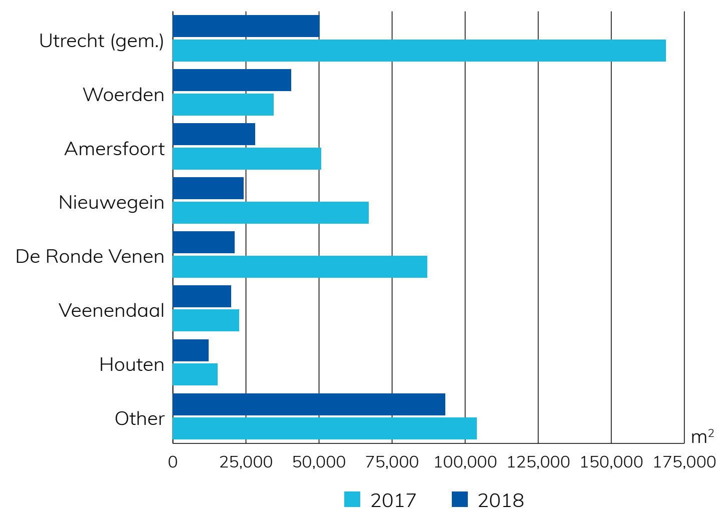
Take-up by main municipalities



Industrial property supply and take-up



Take-up by main municipalities



Flevoland

Office market

Demand for office space in the province of Flevoland remained quite steady in 2018. Also due to a large number of – mostly small – lease transactions, take-up numbers exceeded levels reported in 2017. The city of Almere, where much space welcomed new users, was predominant. Transaction volumes were limited elsewhere in this region. Although most take-up realised in the city of Almere involved spaces covering 200 to 1.000 m², several larger lease transactions were signed as well, including those with CPH Pharma, Your Professionals and Centric. Healthy office take-up in the city of Almere mainly followed from the popularity of Gooisekant and city-centre locations. The course of events on the office market in this region was also characterised by the fact that demand involved the open market in the first place. Nevertheless, owner-occupier buildings were constructed as well. For instance, Voiceworks purchased land in Almere to realise an office building covering about 6,000 m². A pleasant surprise on the office market in this province was that in 2018, total supply of vacant offices continued to drop for the third year in a row. One of the reasons is that in the city of Almere, nearly 20,000 m² had been withdrawn from stock to grant them a different purpose in life. As a result, supply in the city of Almere went down to 23% of stock. Almere's supply levels dropped most significantly in the city centre. The amount of space available, however, climbed in Lelystad also because a large amount of space had become vacant in a building located on Botter, opposite the provincial government building.

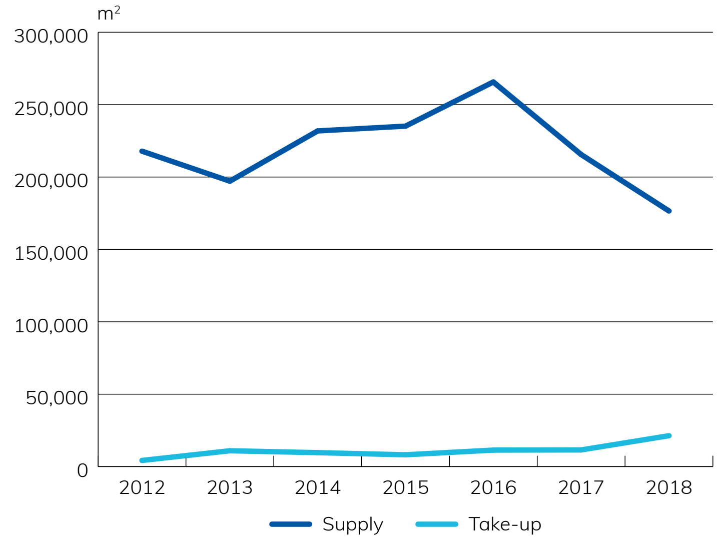
Retail property market

Flevoland's retail property market slowly picked up in 2018. The amount of space available in this province slightly dropped, also due to redesignation and transformation. At year-end 2018, approximately 49,000 m² of retail space were offered for rent or sale in Flevoland, down 4% compared to 2017. Measured by the number of retail premises, supply dropped from 133 stores in late 2017 to 120 in late 2018. The main shopping cities in Flevoland, however, reported opposing trends. Due to the vacancy of the WoonDôme retail complex (approx. 9,000 m²) in Almere Buiten, the amount of retail space available in Amere has sharply increased. Measured by the number of retail premises, supply levels dropped substantially though. In Lelystad, the amount of retail space on offer dropped significantly, mainly because two large-scale retail units had been let out on Woonboulevard Palazzo. Just like in Almere, the amount of retail premises available also dropped in the city of Lelystad. Hardly any interesting developments in supply occurred in the rest of the province. Contrary to the national image, more transactions have taken place in Flevoland compared to the preceding year. More space has been let out too. Interestingly though, a large retail building was purchased in the city centre of Almere to be transformed into 23 apartments, and a considerable amount of space was dedicated to culinary concepts. The downward trend in rents visible in recent years levelled off in 2018, although a modest fall was still a fact at some B and C locations. When it comes to A locations, prices were generally steady, climbing modestly in some cases.

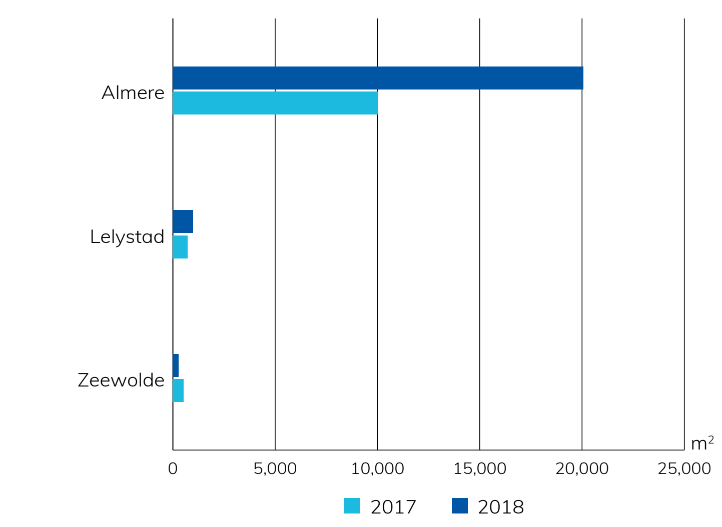
Industrial property market

To the industrial property market in Flevoland, 2018 has been a positive year as take-up numbers increased considerably. A total of nearly 300,000 m² have been let out or sold. About one-quarter of total take-up involved logistics property. Lots of industrial space has been let out and sold, especially in the city of Almere. For instance, a large-scale industrial complex (32,000 m²) was sold to Bioplastic. Mitsubishi, the former owner of this complex, now temporarily leases back approximately 7,000 m². Bioplastic will also take over this space eventually. In addition, Hocras (catering wholesaler) is renting a distribution centre in Almere covering nearly 15,000 m². A large-scale transaction was also realised in Zeewolde, where a new distribution centre (over 35,000 m²) had been let out to VSH Aalberts Industries on the industrial park called Trekkersveld. Demand as well as supply developed in a positive sense. By late 2018, available industrial space had decreased by more than 20%. Supply levels dropped in every municipality in 2018, more substantially so in Lelystad and Zeewolde. Due to strong demand for industrial space in Flevoland, lease and sales transactions were realised more rapidly, pushing average industrial property rents slightly up in 2018.

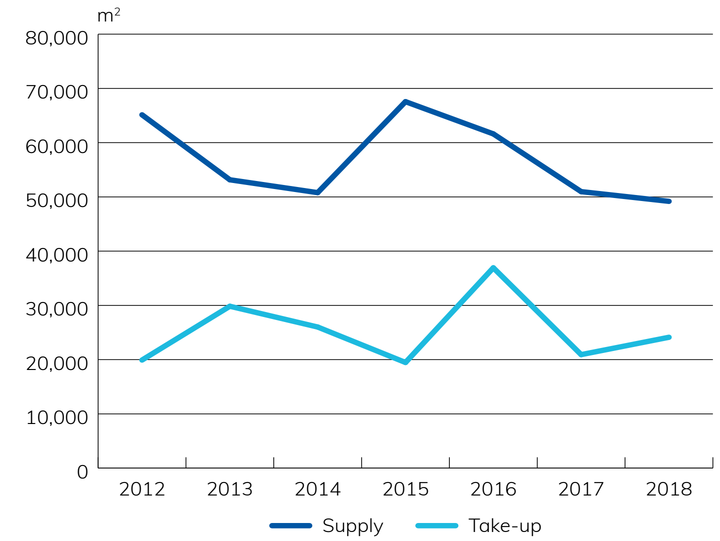
Office space supply and take-up



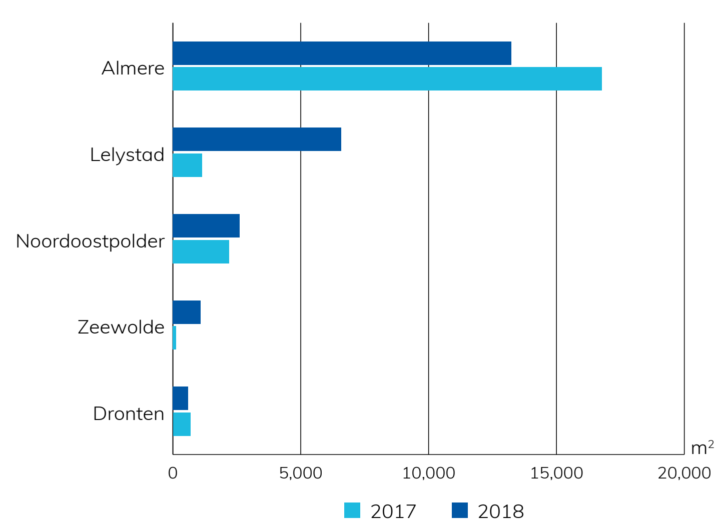
Take-up by main municipalities



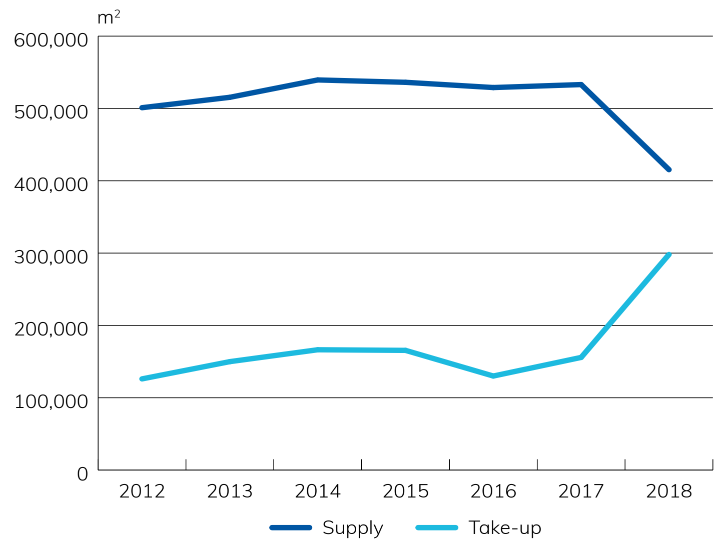
Retail property supply and take-up



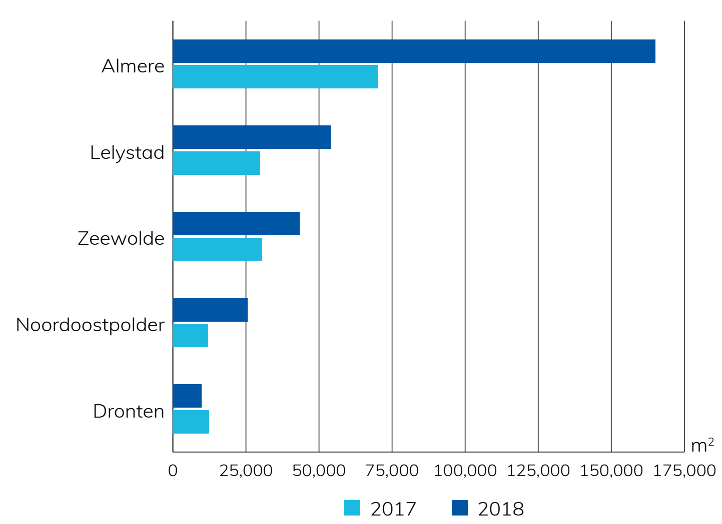
Take-up by main municipalities



Industrial property supply and take-up



Take-up by main municipalities



Noord-Holland

Office market

Due to strong demand for offices in the province of Noord-Holland, take-up levels were about just as high in 2018 as in the preceding year. Nevertheless, the amount of space let out and sold on the open market dropped in the city of Amsterdam. Interestingly, both take-up levels and the number of transactions fell compared to 2017. Also, fewer large lease transactions have taken place. Even though focus has been on small and medium-sized transactions, several major office users were active as well, including Adyen, APG, Bijenkorf, De Nederlandsche Bank, European Medicines Agency and Guerrilla Games. One remarkable detail is that the office market in the Dutch capital was mostly inspired by the course of events in the area known as Sloterdijk-Teleport, the latter claiming more than 20% of demand. In addition to Sloterdijk-Teleport, city-centre offices as well as offices located around the Amstel Station Area and Zuidoost were also very popular. Zuidas (business district) too attracted a great deal of attention. As for the user market elsewhere in the region, it was interesting to see Amstelveen doing better last year. Haarlemmermeer's rental market too was a lively sight, with a remarkable role for Schiphol. One of the larger transactions taking place here involved Heineken International, who rented an office under construction in a complex called The Base. Events on the office market were also characterised by office vacancy numbers going down for the fourth year in a row, a development serving Amsterdam and Amstelveen the most. In Amsterdam, vacancy levels dropped to 9% of stock. Office supply levels also fell significantly in the city of Alkmaar.

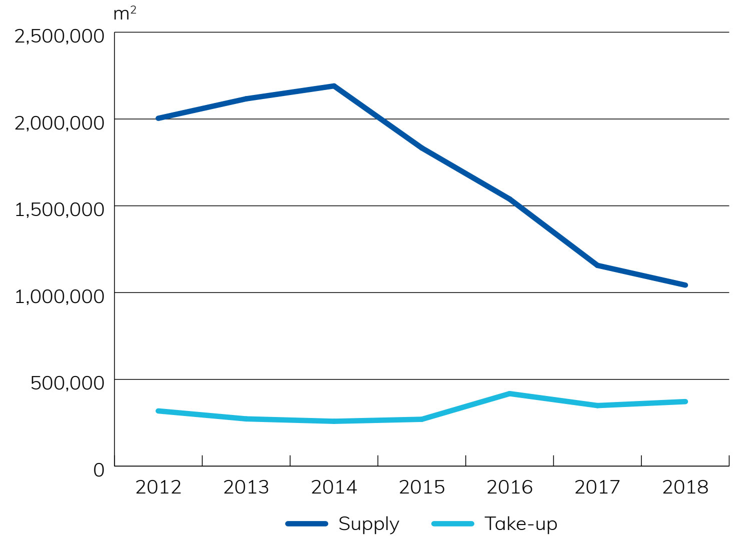
Retail property market

Retail property supply in Noord-Holland dropped significantly in 2018, also due to a decrease in retail stock. Last year, the amount of retail space available for rent or sale fell 18% to 207,000 m². The number of vacant stores diminished as well. Interestingly, supply levels went down mainly in small and medium-sized cities like Beverwijk, Laren, Enkhuizen and Bussum. When it comes to large cities, it was interesting to see vacancy rates go down significantly in the city of Alkmaar, after a number of PDV (peripheral retail trade) locations had been easily let out. Secondary shopping streets in the city centre of Alkmaar, however, continued to struggle. In Purmerend, supply levels were indeed much beyond levels reported in 2017. In Haarlem, however, supply hardly changed. In Amsterdam, retail supply was limited last year, despite increase in availability. The most remarkable detail, however, was the fact that retail space take-up levels were significantly lower compared to the previous year. Both the number of transactions and the amount of space seriously went down, affecting Amsterdam, Haarlem, Alkmaar and Purmerend the most. Entrepreneurs in the middle segment in particular had a hard time, also because of web store competition. More luxurious and innovative retail concepts in the large cities and stores selling daily groceries were doing much better. The same is true for stores dedicated to high volumes and low prices. Safe for prime locations in large cities, rents were under pressure in the province of Noord-Holland.

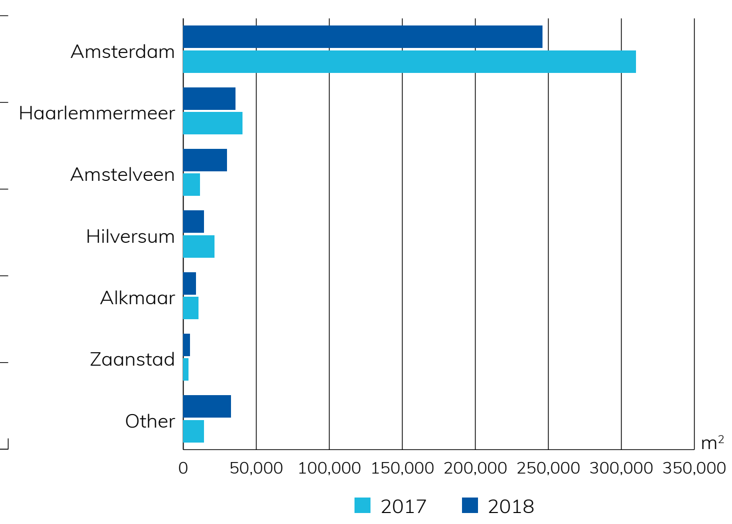
Industrial property market

The industrial property market in the province of Noord-Holland developed in a positive sense in 2018. More industrial space has been sold and leased compared to the year before. Take-up levels climbed, particularly in Haarlemmermeer, Heerhugowaard and Alkmaar. The logistics industry, the manufacturing industry as well as wholesalers required the most space. Substantial take-up levels were also reported in Amsterdam, thanks to a large-scale transaction in the port area where Fetim Group (timber trade) rented a new 60,000 m² distribution centre. Alkmaar experienced much business activity on the industrial park known as Boekelermeer. For instance, a former distribution centre (over 15,000 m²) of the Spar supermarket chain was sold. In late 2018, approximately 8% less industrial space was available for rent or sale in 2018 compared to the preceding year. Decrease in supply levels, however, was less substantial than in previous years. Interestingly, lease and sales transactions were realised more rapidly in the province of Noord-Holland. Lessees clearly needed more flexibility, which showed in the form of short-term leases. In most places, industrial property rents climbed as scarcity continued to grow. The availability of (high-quality) industrial space is expected to diminish even more, given the limited new-build options.

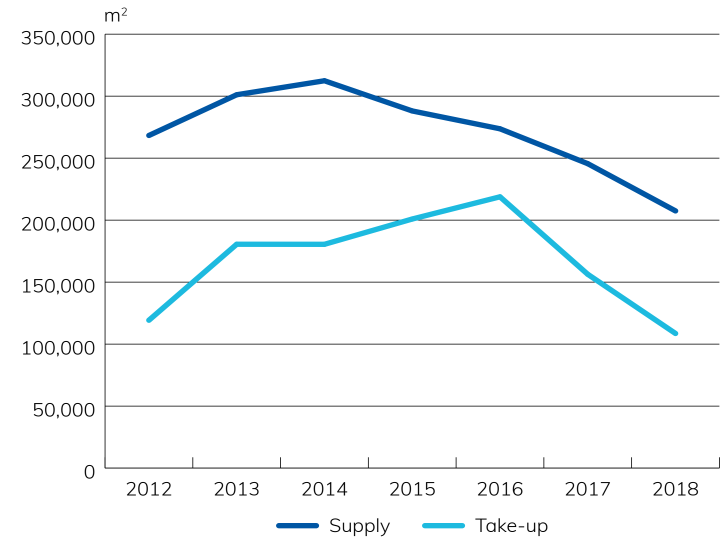
Office space supply and take-up



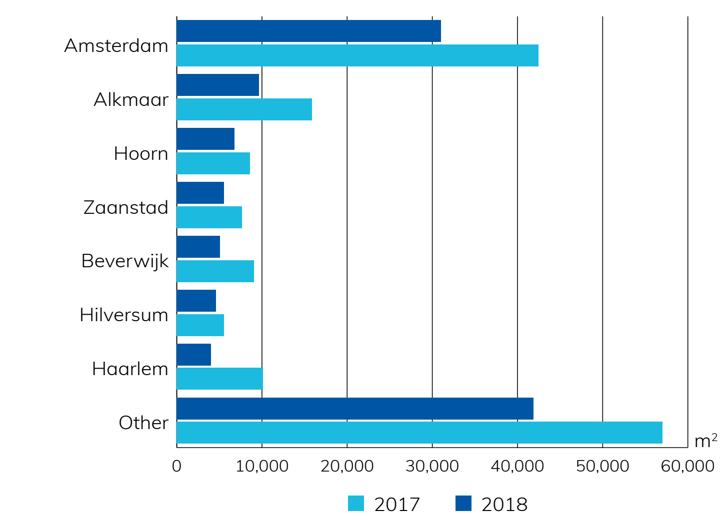
Take-up by main municipalities



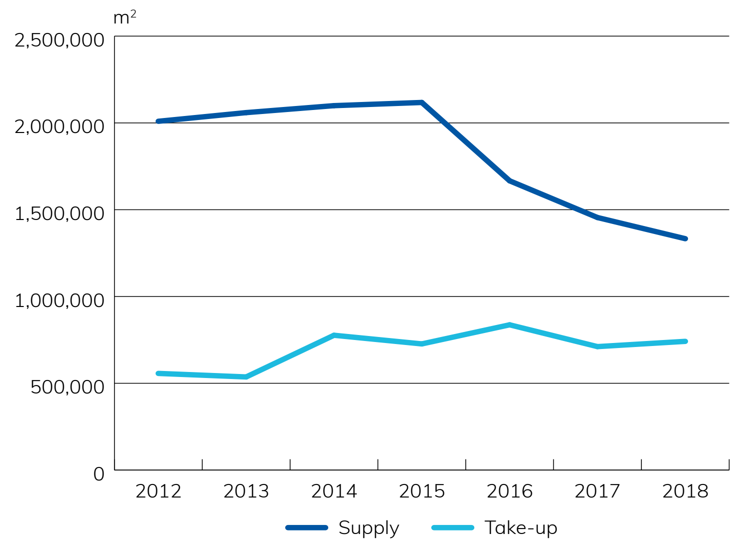
Retail property supply and take-up



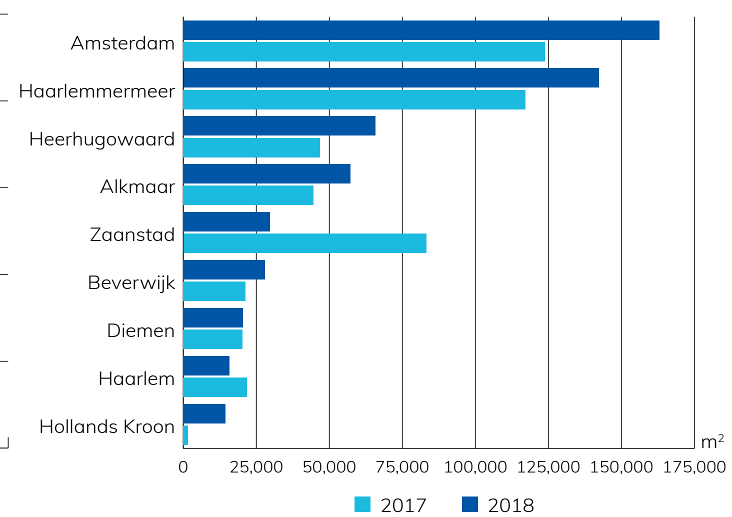
Take-up by main municipalities



Industrial property supply and take-up



Take-up by main municipalities



Zuid-Holland

Office market

The province of Zuid-Holland experienced healthy demand for office space in 2018. On the so-called open market, approximately 300,000 m² have been let out and sold. Office take-up levels developed in a good way mainly due to the positive course of events in the city of Rotterdam, reporting demand for office space intensified significantly. Supported by several large transactions with e.g. Allianz, Rotterdam University of Applied Sciences, Mendix, Offices for You and Rabobank, take-up levels were nearly 50% beyond numbers reported in 2017. Even though last year's office space was taken up by major lessees in the first place, quite a few small transactions were signed as well. Because demand was strongest in the city centre, this area represented half the take-up numbers. In addition to the city centre, offices located in Brainpark and Kop van Zuid were also very popular. Strong demand for office space in the city of Rotterdam, however, was offset by a serious decrease in transaction volumes in The Hague. In the latter, both the scope and the number of transactions played a role. One of the few relatively large transactions taking place involved office space let out to SDU publishers. The only areas in The Hague that were able to escape last year's disappointing trends in demand were Binckhorst, where take-up levels climbed significantly as a result of lease transactions with e.g. SDU, and also Forepark as well as Bezuidenhout. The Hague was by no means the only city in this region reporting disappointing transaction volumes. Take-up levels also did not quite take off in the cities of Zoetermeer, Dordrecht and Delft. Because almost exclusively existing space was let out last year, the amount of space immediately available for rent went down in the province of Zuid-Holland. This has served most places except for the city of Leiden. Vacancy numbers went down significantly, particularly in Rotterdam and Rijswijk.

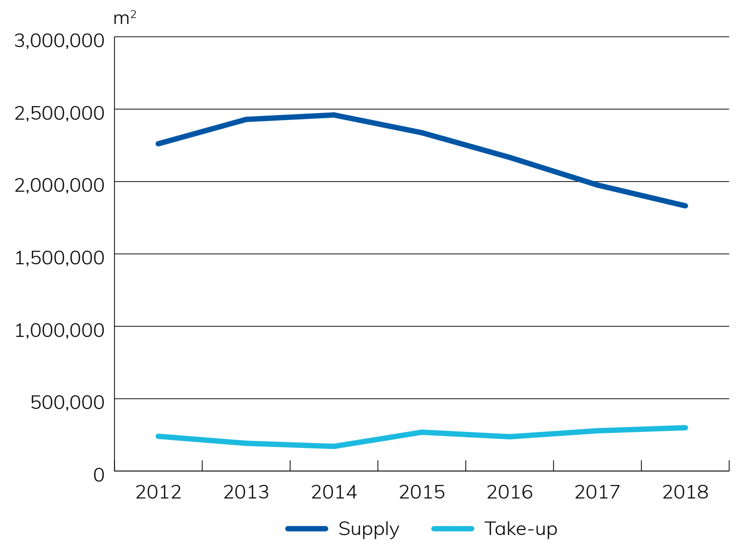
Retail property market

In the province of Zuid-Holland, the supply of retail space dropped modestly in 2018. On the other hand, the number of stores available for rent and sale slightly went up. Geographically speaking, there have been some major differences in terms of availability. For instance, supply levels remained steady in The Hague and also in Rotterdam. In Dordrecht, however, the amount of retail space available dropped, also due to diminishing retail stock. In Alphen aan den Rijn, the exact reverse was true as supply levels increased sharply. In the province of Zuid-Holland, supply levels as well as total stock diminished, particularly in places accommodating up to 20,000 inhabitants, where the number of stores dropped an average of 20% last year. When it comes to demand for retail space in Zuid-Holland, take-up volumes were well below the level of 2017, the year in which transaction volumes were boosted after letting out some of V&D's former premises to e.g. Hudson's Bay. Despite smaller take-up numbers, demand from national retail chains for better locations remained steady. Interestingly though, national chains became more demanding by claiming investment grants or rent reductions. Rents in the province of Zuid-Holland showed a varied picture. Retail space was easily let out on good locations, with prices remaining steady. When it comes to less popular alternatives, however, prices were under pressure.

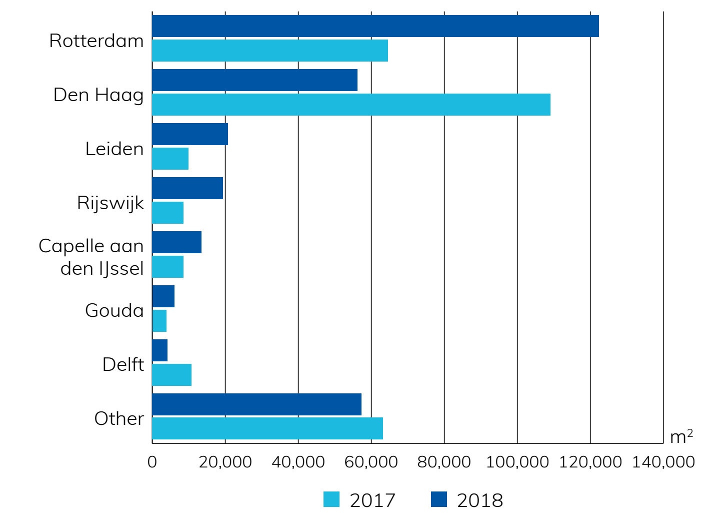
Industrial property market

In 2018, the industrial property market in the province of Zuid-Holland was characterised by strong demand for production and storage space, required by the logistics sector in particular. Demand for industrial space in the medical industry intensified as well. Strong demand was evidenced by higher transaction volumes. On the open market, 20% more property had been let out and sold compared to 2017. Especially in Rotterdam, a number of large-scale distribution centres had found new users. Other major transactions in this city involved Estron Transport, the latter renting 37,000 m² of new space in Europoort as well as the expansion of Nippon Express' distribution centre on Maasvlakte. Industrial property supply numbers slightly dropped in the province of Zuid-Holland. At year-end 2018, approximately 1.65 million m² of industrial space were available for rent and sale, down 5% compared to 2017. The Hague and environs had limited (suitable) options to offer. Especially those companies requiring small to medium-sized industrial space, often failed to find appropriate space. Although this problem had already presented itself in 2017, shortages continued to climb in 2018. Last year average industrial space rents slightly went up in the province of Zuid-Holland. Also, hardly any incentives were given. Most lease contracts involved periods of five years. Those parties failing to find suitable industrial space due to scarcity, signed temporary contracts in most cases.

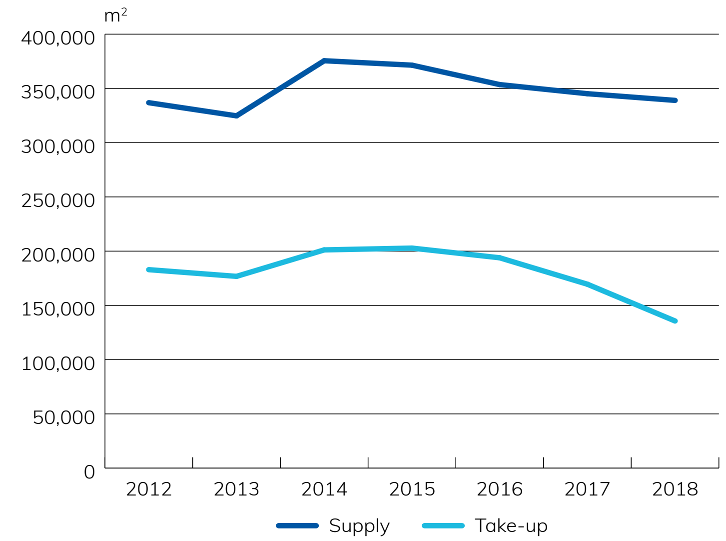
Office space supply and take-up



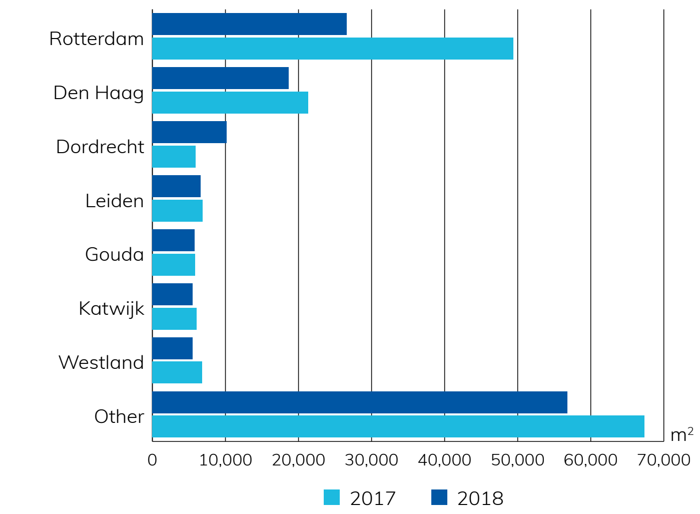
Take-up by main municipalities



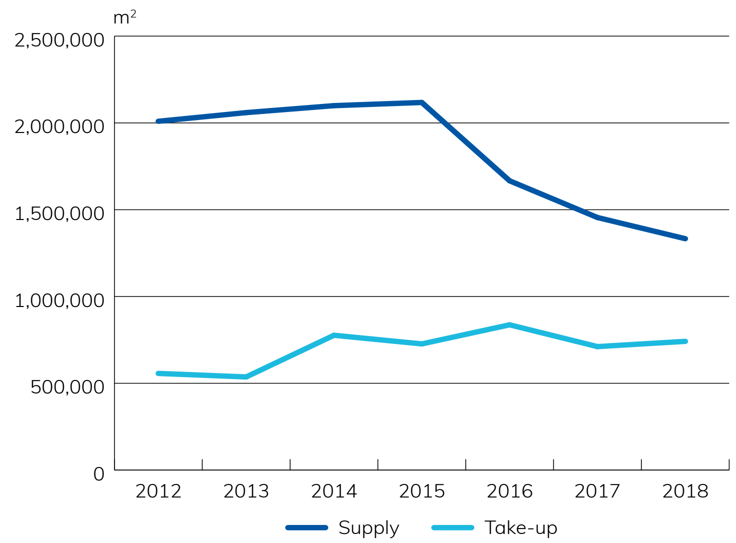
Retail property supply and take-up



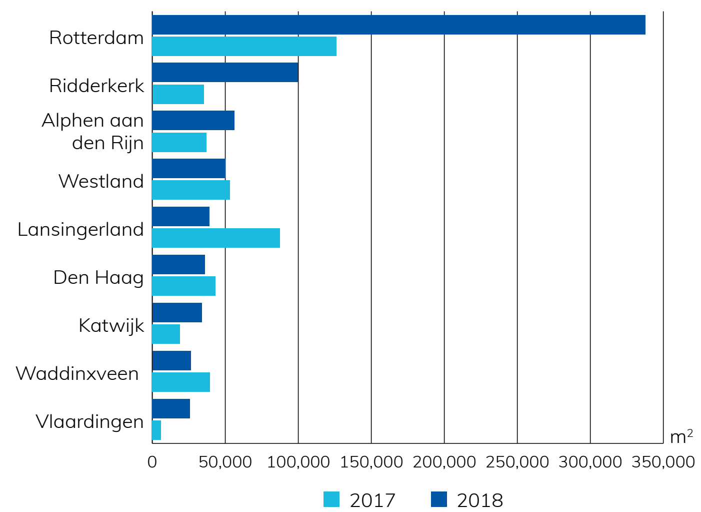
Take-up by main municipalities



Industrial property supply and take-up



Take-up by main municipalities



Zeeland

Office market

In 2018, demand for office space in the province of Zeeland was at a somewhat lower level compared to the preceding year. Nevertheless, given the total amount of space taken up, one cannot deny positive trends in development, as transaction volumes generously exceeded take-up levels common in this province. Zeeland owes take-up levels almost entirely to transactions signed with major office users like Delta and Maxxton. As demand centred around Middelburg, the city represented 50% of total take-up in this province. Strong take-up in Middelburg was offset by modest demand in Terneuzen. In Goes, office space rental did not amount to much. Even though the majority of office users in Zeeland addressed the open market, some of them preferred speculative construction instead. For instance, in Goes the construction of a sizeable complex was launched on behalf of a recreational company known as Roompot. One of the positive developments on the office market in this province was the supply levels which continued to drop last year. This healthier supply situation mainly followed from smaller space available in Middelburg. This has led to a 10% vacancy rate in Middelburg. Office supply levels hardly changed in Terneuzen; they climbed in the city of Vlissingen.

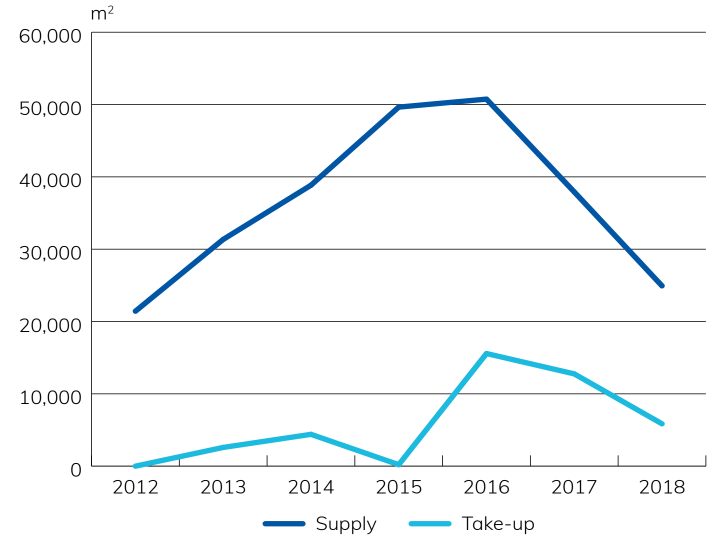
Retail property market

Last year Zeeland was in fact one of the few provinces reporting slightly more retail space available for rent or sale. Structural supply increased as well. And yet opposing tendencies presented themselves. For instance, the retail market did reasonably well in Goes and also in Middelburg, however less so in Vlissingen and Terneuzen. Despite efforts to push down vacancy numbers, supply levels continued to climb in these cities. The supply situation also worsened in smaller places in Zeeland, pushing vacancy numbers further up. Online shopping as well as the changing population clearly intervened. Despite climbing vacancy numbers, last year demand for retail space exceeded levels reported in 2017. This has served smaller places in particular, as a result of which more transactions were signed and stores were let out and sold more rapidly. Nevertheless, the amount of space leased dropped one-third compared to 2017, also due to poorer demand for large retail space. Rents on prime locations in bigger cities remained generally steady in 2018. Rents were under pressure in the rest of the province.

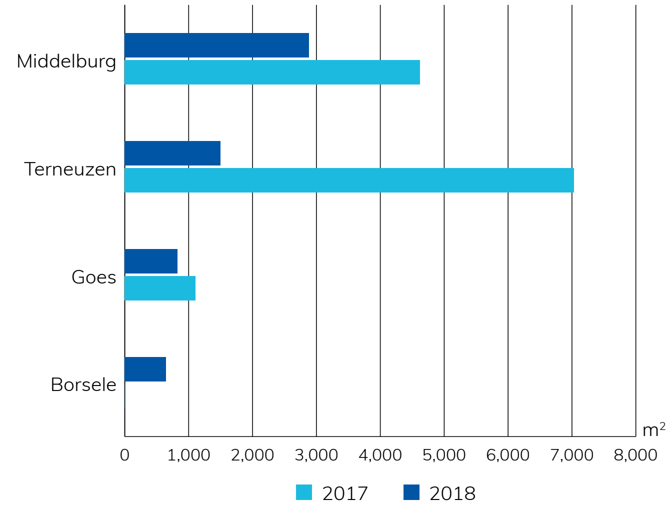
Industrial property market

In 2018, industrial space take-up in Zeeland – both the number of transactions as well as the amount of space – hardly changed compared to the preceding year. One of the more sizeable transactions taking placing last year involved the sale of Philips Lighting's former factory complex (23.000 m²) in Terneuzen. Interestingly, half of the transactions in the province of Zeeland involved a purchase agreement, versus 15% in 2017. Because of favourable economic conditions and existing supply, property for sale was relatively attractive last year. While transactions were realised more rapidly in most provinces, they averagely took a little bit longer in Zeeland. The total amount of industrial space available for rent or sale did not change in 2018 compared to the preceding year. Hardly any new developments were realised. Average industrial property rents hardly changed.

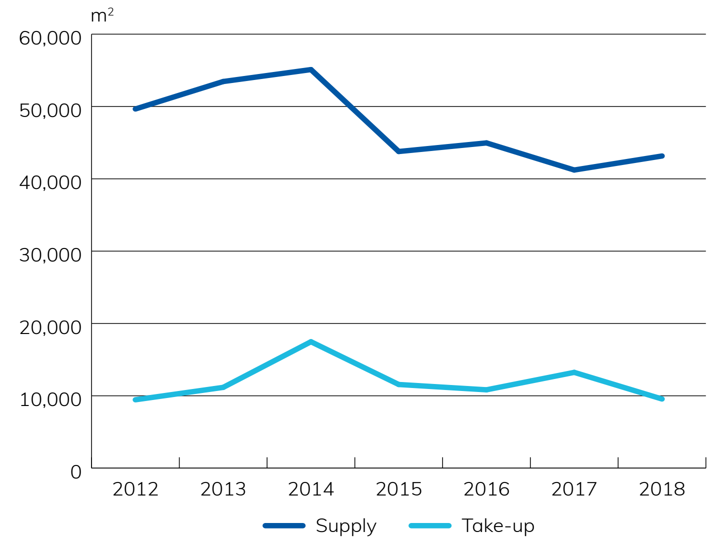
Office space supply and take-up



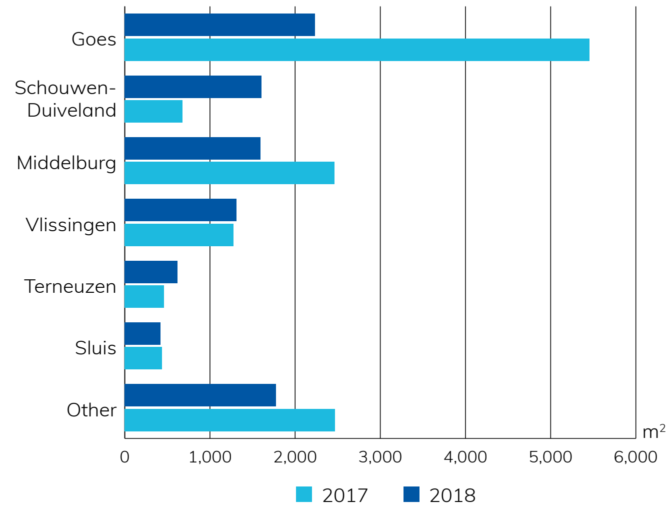
Take-up by main municipalities



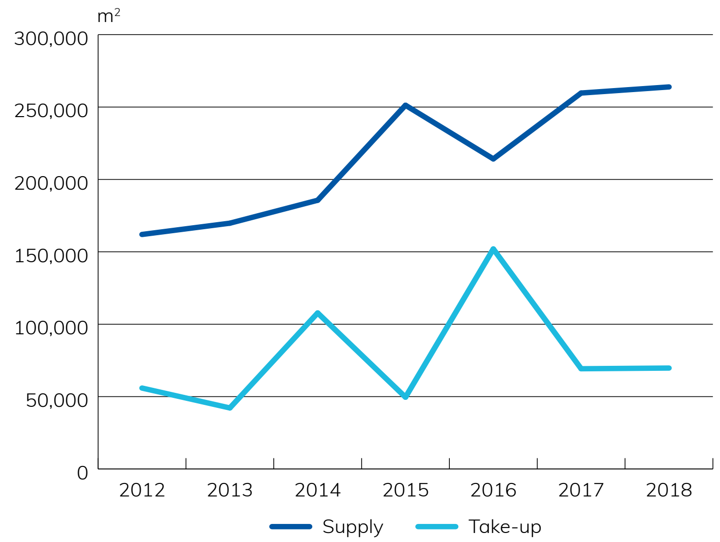
Retail property supply and take-up



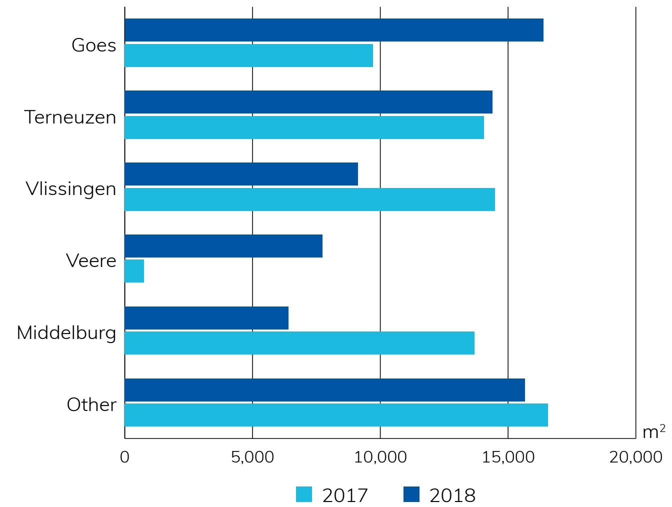
Take-up by main municipalities



Industrial property supply and take-up



Take-up by main municipalities



Noord-Brabant

Office market

Demand for office space in the province of Noord-Brabant developed in a positive sense in 2018. On the open market, more office space had been taken up compared to 2017. It is because quite a few small to medium-sized lease transactions have been realised, mostly within the 200 -1,500 m² size category. Also, a number of major office users were actively involved in this province. One of the bigger transactions signed last year involved ASML. The latter rented nearly 6,000 m² of office space in Eindhoven. In Den Bosch, the Central Government Real Estate Agency purchased a recently completed building on behalf of the Directorate-General for Public Works and Water Management. Transactions with Avans Hogeschool, TomTom and PwC also ensured strong lease numbers. Geographically speaking, take-up was strongest in the city of Eindhoven, with users being very interested particularly in the city centre and the office park called Flight Forum. In Noord-Brabant, an important role was also claimed by the cities of Breda and Den Bosch. Positive trends in development, however, did not occur across the province. In Roosendaal and Bergen op Zoom, lessees were hardly interested. The construction of an 8.000 m² office building commenced nevertheless in Bergen op Zoom, destined for the police force. The lack of large transactions in Tilburg has been an interesting detail. Healthy take-up of existing offices allowed the amount of space immediately available to drop even further in 2018. This was a piece of goods news especially to the city of Eindhoven, reporting the amount of space available has dropped 25%. Vacancy numbers also dropped in the city of Helmond, also because much space had been withdrawn from stock. Despite take-up of existing offices, office supply levels in the city of Breda hardly changed compared to the preceding year.

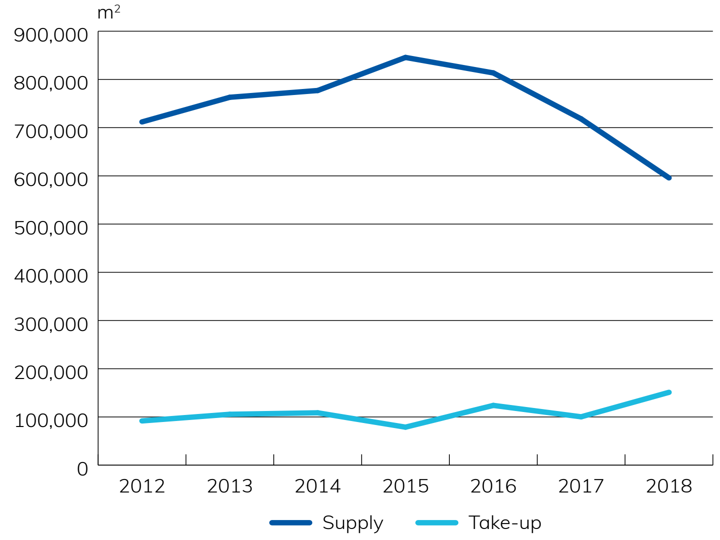
Retail property market

The retail property market in Noord-Brabant reported reduced availability in 2018, and much poorer take-up compared to the preceding year, in fact approximately 90,000 m² which is nearly 30% below levels reported in 2017. Limited demand also followed because less sizeable retail space has been let out and fewer large stores were let. Leasing property presented more of a challenge in 2018, with significantly fewer transactions being signed eventually. Especially in secondary streets and smaller places, letting out vacant retail premises was not an easy thing to do. And so some of the stores had to be redesignated. Tilburg, Eindhoven and Den Bosch in particular suffered from disappointing retail space take-up. In Breda, however, take-up levels were reasonably steady. Last year supply levels in this province dropped to 327,000 m². Interestingly, they generally climbed a little bit in places with 20,000 to 50,000 inhabitants. One of the important facts is that the catchment area of these places was under pressure in most cases, also because the surrounding villages were satisfied when it comes to the range of daily grocery stores. Other places in Noord-Brabant reported a modest decrease in supply. Retail property supply diminished in 2018, particularly in larger cities. This is in terms of space as well as the number of retail buildings. In Tilburg, however, the number of retail buildings available hardly changed, however the amount of space available dropped, also because of the shopping space leased at the AaBe Fabriek shopping centre. The number of premises on offer remained steady in the city of Den Bosch, yet the amount of space available climbed in 2018. Rents charged for prime locations in large cities were generally steady. Rents remained under pressure on secondary streets and also in smaller towns and villages.

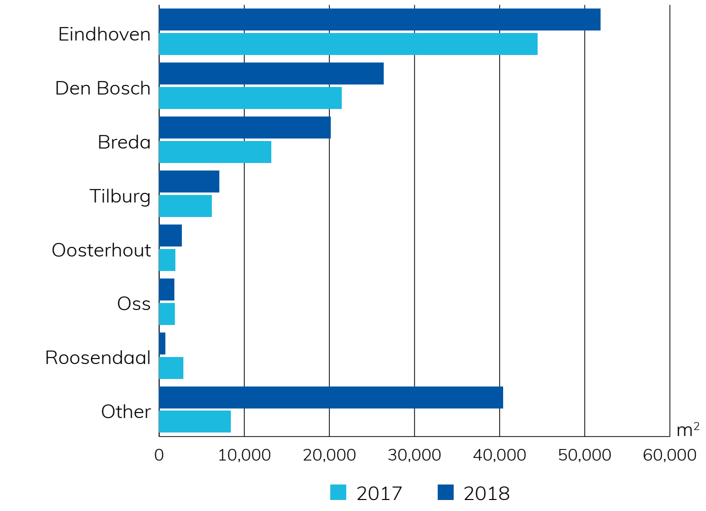
Industrial property market

Industrial property supply in the province of Noord-Brabant continued to diminish in 2018, allowing the downward trend of previous years to persist. Nevertheless, supply levels dropped less significantly in 2018 than in the years before. Last year, take-up volumes exceeded levels reported in 2017. A total of approximately 1.65 million m² of industrial space had been taken up (+7%). Especially in those municipalities which have always been home to lots of logistics activity, more industrial space has been taken up. Demand was positively influenced by large-scale transactions, involving new developments in the first place. For instance, the construction of a 55,000 m² distribution centre for supermarket chain Lidl was launched in Breda. Lidl has decided to concentrate food activities on this spot. In Etten-Leur, a new 53,000 m² distribution centre was let out to MediaMarkt, who will be centralising stock and distribution from this city. In Tilburg, Tesla took up a third branch, serving as a European distribution centre and parts warehouse. Industrial property rents remained mostly steady in the province of Noord-Brabant. Transactions were realised more rapidly averagely speaking, leasing and selling industrial space within a shorter amount of time compared to the preceding year.

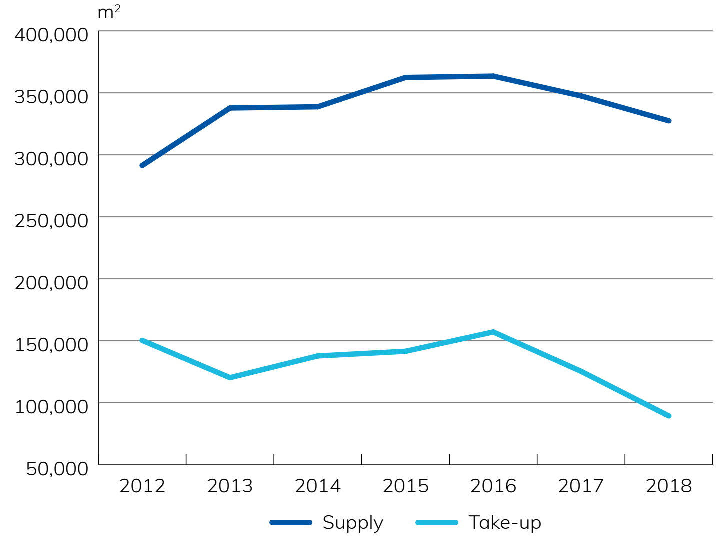
Office space supply and take-up



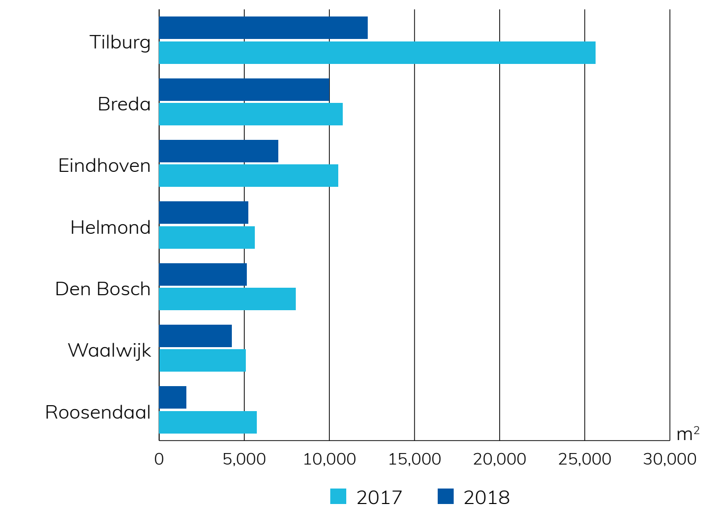
Take-up by main municipalities



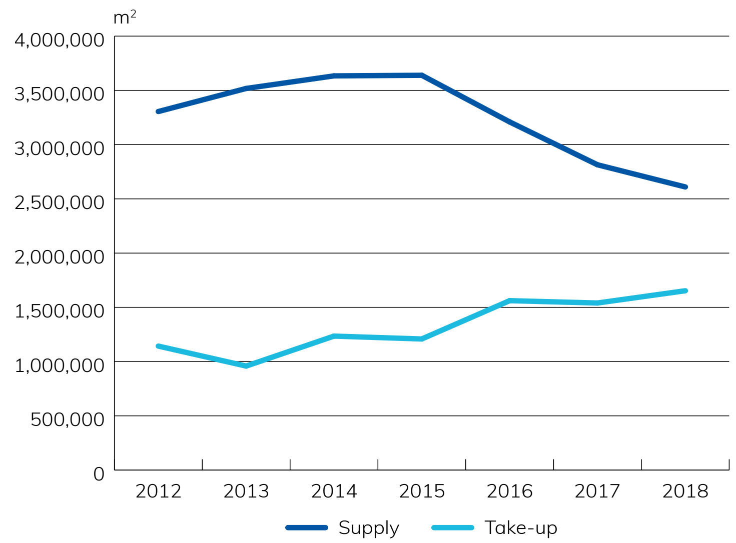
Retail property supply and take-up



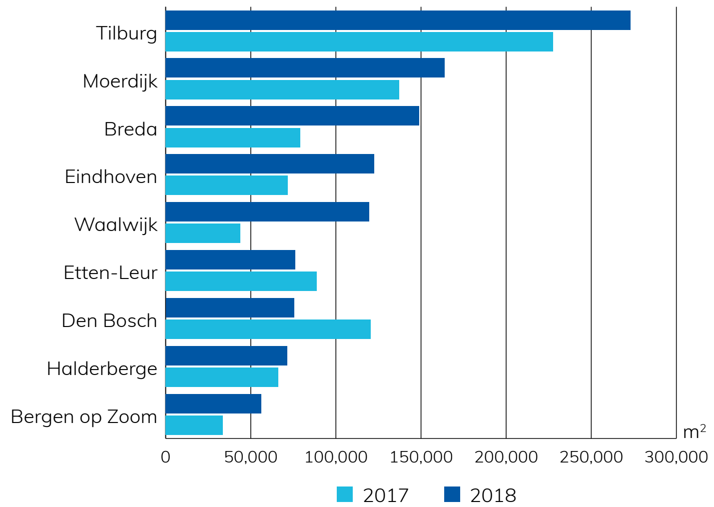
Take-up by main municipalities



Industrial property supply and take-up



Take-up by main municipalities



Limburg

Office market

The office market in the province of Limburg reported healthy demand for office space in 2018, with sales volumes reaching 25,000 m². In addition to a positive course of events within the business community, good take-up levels also followed from the amount of office space claimed by the government. In addition to many small and medium-sized surfaces, also a large amount of space has been let out and sold. UWV (Employed Persons' Insurance Administration Agency) in particular made a huge difference, taking up a total of approximately 10,000 m² in the city of Heerlen. And in Sittard several larger lease transactions have been realised, including those with DynaCommerce and Zuyderland Medisch Centrum. Because large lease transactions were realised in Heerlen in particular, this city claimed a significant share of total take-up. Despite last year's positive trends in development in both Heerlen and Sittard, surprisingly enough, demand did not quite take off in the city of Maastricht. As a result, levels were much below average in this city. Despite strong growth in 2018, the amount of office space immediately available went down in the province of Limburg. Besides, opposing tendencies were clearly visible. For instance, Maastricht Airport faced a strong increase in the amount of space available, however supply levels dropped in Sittard and Roermond. The supply situation in both Heerlen and Maastricht did not change in 2018.

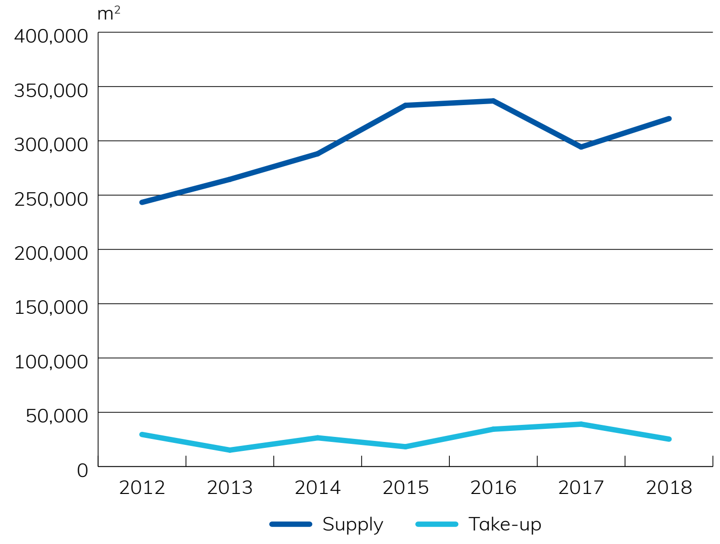
Retail property market

In Limburg, retail property supply levels remained quite steady in 2018. Of all the provinces, Limburg reported the second strongest decrease in retail stock, following the province of Gelderland. This fall presented itself particularly in smaller places and villages in Limburg. When it comes to larger cities, retail stock did grow in 2018. Turning retail space into homes has been very challenging especially in the Parkstad region, because municipalities were insufficiently facilitating transformation, although things have been changing. In Sittard and Geleen, transforming retail space into homes has been much easier. Contrary to what is often assumed, despite the ageing population Limburg comes with sufficient growth of young people and strong demand for housing to redesignate transformed stores. Supply levels remained steady in most cities except for Kerkrade. The latter reported a significant fall in the amount of stores available, because existing vacant property often welcomed new retail concepts. Long-term vacancy numbers continued to climb in Limburg. At year-end 2018, nearly 40% of stores available for rent or sale had been waiting to welcome new users for more than three years. Of all the Dutch provinces, Limburg reported the highest percentage of long-term vacancy. Take-up numbers were below levels reported in 2017. Especially in Maastricht, fewer transactions have taken place and less space has been taken up compared to the preceding year. Safe for Roermond, Maastricht and Venlo, demand from national chains clearly diminished. The good thing is that spaces abandoned by these chains usually serve local parties, making the high streets more diverse as a result. Rents showed a varying picture. Except for Maastricht, they are still under pressure, although the floor has now been reached in some places like Sittard, Heerlen, Geleen and parts of Roermond.

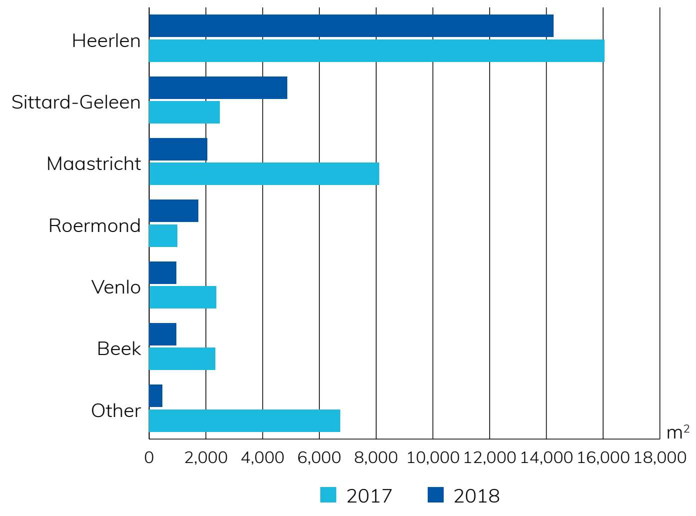
Industrial property market

In Limburg, less industrial space was let out and sold in 2018 compared to the preceding year. A total of approximately 614,000 m² were taken up in 2018, down more than 20% compared to 2017. But then again, industrial space take-up levels had peaked in this year. In 2018, most industrial space was taken up in the city of Venlo. However, the take-up decreased by more than 40%, compared to 2017. In Venray, Heerlen and Horst aan de Maas more space has been taken up than in 2017. A significant share of transactions realised in Venlo involved large-scale logistics industrial space. Also many new buildings were constructed; as much as 43% of space taken up involved new property. For instance, Lidl (supermarket chain) proceeded to expand its current distribution centre at Trade Port Noord. The complex will eventually cover 110,000 m². At Prologis Park in Venlo, a new 36,000 m² distribution centre has been let out to Bleckmann (logistics services). And in Sittard, a distribution centre yet to be built has already been let out to Refresco. Average industrial space rents slightly climbed in 2018 compared to the year before, also due to higher construction charges and the high quality of new-build property. At year-end 2018, more industrial space was available for rent and sale in the province of Limburg compared to the preceding year. Space available included large-scale logistics complexes in Venray, Landgraaf and also in Weert.

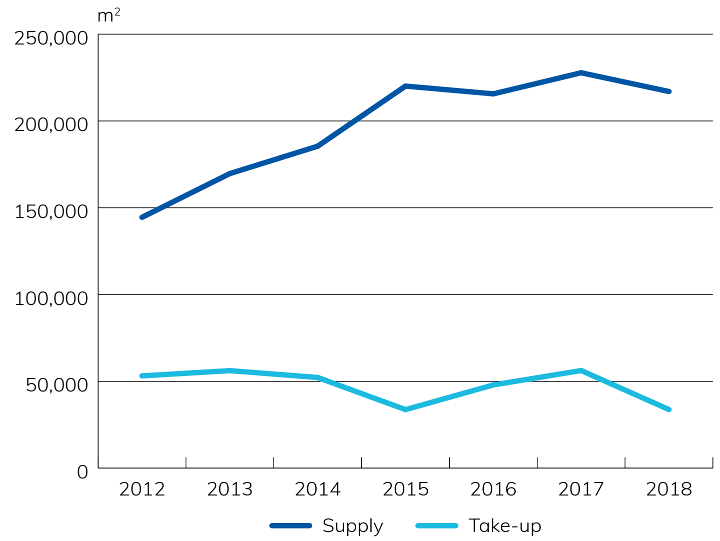
Office space supply and take-up



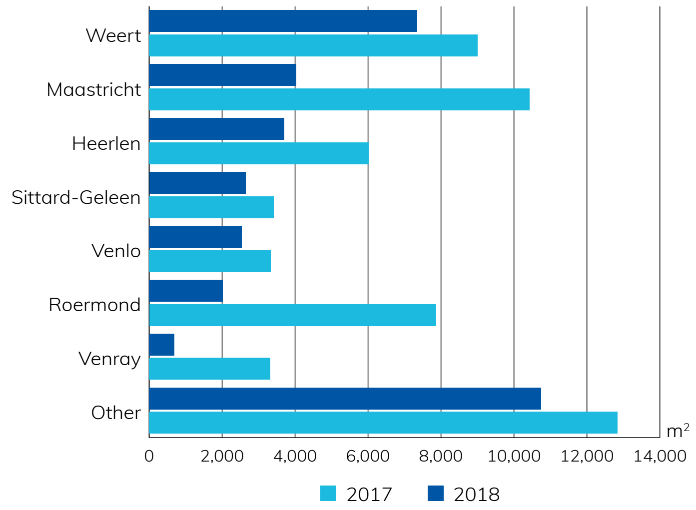
Take-up by main municipalities



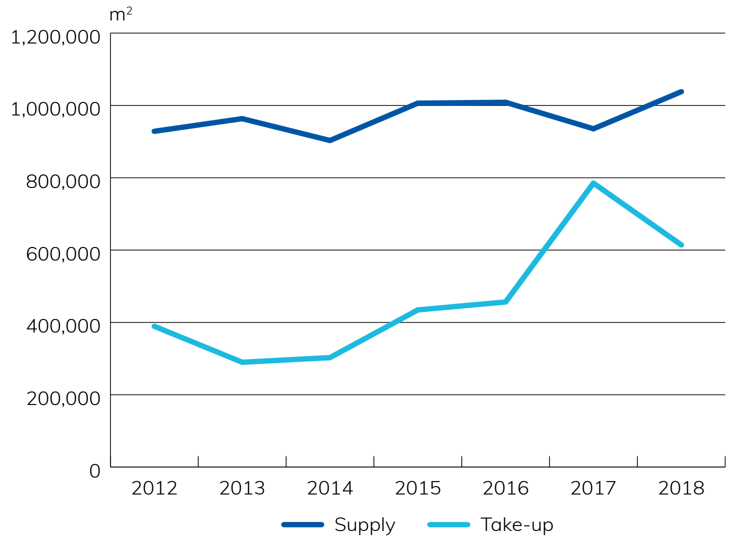
Retail property supply and take-up



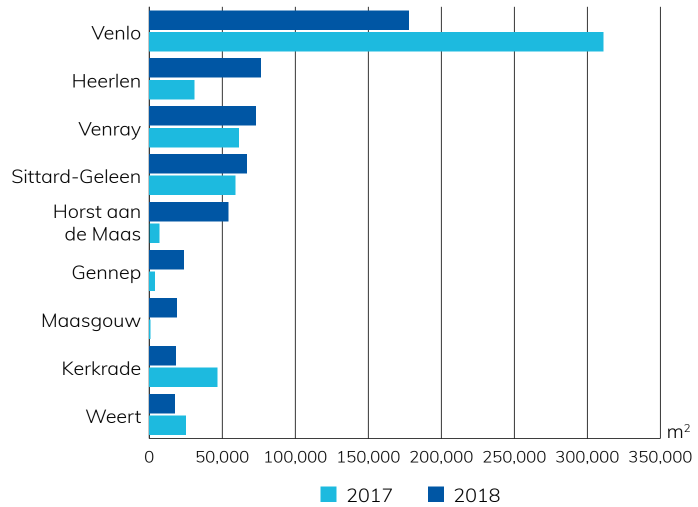
Take-up by main municipalities



Industrial property supply and take-up



Take-up by main municipalities



Definitions

Office space
A spatial independent unit used mainly for office work or office-related activities. Offices do not include any office space that is part of an industrial building, university or hospital.

Industrial space
A spatial independent unit mainly used for production and storage in the following sectors: construction, transport and logistics, light and heavy industry and wholesale trade. Mixed office and industrial buildings have been included provided the industrial part exceeds 50% of the entire complex.

Retail space
A spatial independent unit accessible to the public and which is mainly used to professionally display and offer end users' items for sale that are not used on the spot. Retail trade must be involved.

Supply
Office space, retail space or industrial space immediately available for rent or sale. Supply does not include any property still at the planning stage nor property still to be built. Supply includes vacant property and property under construction but also spaces that are still being used however which will be released in the near future. Office supply is measured in terms of buildings providing at least 500 m². As for industrial space, a bottom limit of 100 m² prevails. This bottom limit does not apply to retail space

Vacancy
The total number of properties physically unoccupied. Usually, vacancy is less than supply.

Take-up
Lease and sales transactions realised on the open market. Take-up does not include users providing for their own accommodation requirements ('owner-occupier development'). The same applies to sale-and-leaseback agreements as well as contract extensions. NVM registers office transactions starting at 200 m² and industrial property transactions starting at 100 m². No bottom limits apply to retail transactions.

Rent
The basic rent paid per square metre of lettable floor area, excluding VAT.

Incentive
Removal allowance, furnishing allowance or a (temporary) rent discount offered to lessees upon rental.

Gross initial yield
Gross annual rents upon acquisition as a percentage of total investments.

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