

2022 MID YEAR MARKET VIEW

The Netherlands

An overview of the Dutch
real estate market

Trends & Facts | mid-2022

FRIS

Real People





Curious about the Dutch real estate market?

FRIS 2022 Mid-Year Market View, the Netherlands, sets out the important Dutch real estate trends and information, up to mid-2022.

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General Dutch economic indicators

Inflation

Where we hoped for better times, as we left the corona pandemic behind, we were surprised by the Russian invasion of Ukraine in early 2022. This invasion turned politics and the economy upside down. Raw materials and supplies from these countries were hard to come by. The corona crisis had already caused supply problems, but the war further complicated them. This and increased consumer spending resulted in a sharp rise in inflation. In May of 2022, a record inflation rate of as much as 8.8% was recorded. Economists do not expect inflation to start falling until mid-2023.

Labor market

Furthermore, we see an extremely tight labor market, never has unemployment in the Netherlands been so low. Various sectors are struggling with staff shortages. The Dutch Central

Bank expects that employment will also hardly grow in the next year. The unemployment rate in 2022 is expected to average 3.3%.

Economic growth

Despite rising inflation, economists still expect economic growth of 2.8%. This is also largely overflow from 2021. The Dutch Central Bank expects GDP growth to pick up from the end of 2022, with fiscal policy playing a supporting role.

Summary, the Netherlands¹

Population: 17,590,672

Households: 8,043,443

Surface area: 41,543.38 km²

Housing stock: 8,043,808

Houses per sqm: 237

¹ CBS (2022), Key Figures, Statline

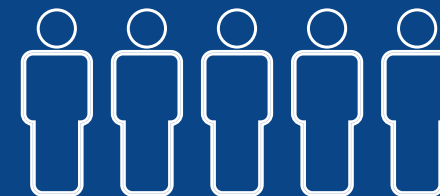
	population	households	house stock	houses per sqm
Groningen	590.170	296.374	285.012	123
Friesland	654.019	295.870	304.693	91
Drenthe	497.743	220.380	224.556	85
Overijssel	1.171.910	512.031	514.993	155
Flevoland	434.771	178.960	174.659	124
Gelderland	2.110.472	938.341	922.524	1186
Utrecht	1.369.873	613.804	593.799	400
Noord-Holland	2.909.827	1.381.760	1.359.800	510
Zuid-Holland	3.753.944	1.729.250	1.709.692	633
Zeeland	386.767	177.236	188.560	106
Noord-Brabant	2.592.874	1.165.895	1.151.426	235
Limburg	1.118.302	533.542	536.617	250
Amsterdam	882.633	449.989	449.989	2.719
The Hague	553.417	265.959	265.959	3.226
Rotterdam	655.468	328.569	317.945	1.461
Utrecht	361.699	181.775	159.671	1.702



Surface area
41.543 km²



Housing stock
8.043.808



The Hague is the
municipality with the
**highest population
density**

A middle-aged man with short, light-colored hair is sitting on a dark brown leather sofa. He is wearing a dark blue blazer over a light blue button-down shirt. He is looking towards the camera with a slight smile. The background is a blurred indoor setting with large windows.

'After difficult years due to corona and the associated restrictions, the retail market is on the rise again.'

The Dutch real estate market

Changing market

The economy is of great importance to the real estate market. Rising inflation and poor consumer confidence are not doing the real estate market any favors either. Rising interest rates are also causing mortgage rates to rise significantly in early 2022. Where at the beginning of this year it was possible to get a mortgage for almost 1%, the interest rate is now rapidly approaching 4%. This has a huge impact on the affordability of housing, among other things.

Although there is a lot of uncertainty in the market, we see that there is still a lot of demand for real estate investments in 2022. In the first six months of 2022, €7.3 billion was invested, an increase of 32.5% compared to the same period in 2021¹. Prices and property values are falling and yields, across all sectors, are rising.

Housing market

FRIS has an extensive housing database and prices have again risen to new records over the past year. However, we see a turnaround in the housing market. Prices are rising less rapidly, maturity and supply are increasing and the number of overbids is slowly decreasing. Nevertheless, there is still

enormous pressure on the housing market, which makes it an attractive investment object. The slow pace of construction and the uncertainty about future housing policy are holding back housing investments. In the first six months of 2022, €1.6 billion has been invested in residential real estate².

Industrial market, logistics

Like last year, the logistics sector is also the largest investment market in 2022. With a volume of € 2.9 billion, this sector accounted for 39% of total investments in the first half of 2022. Online consumer spending contributes to the success of this sector. The demand for logistics is high and there is little new construction due to lack of space. The vacancy rate is therefore at an all-time low with 3%.

Office market

Investments in the office market decreased. With a total investment volume of € 1.1 billion, investments also lag expectations. The supply in the office market has increased, partly because more and more employees work (partly) from home, so less office space is needed. The increased interest rates are causing prices on the office

market to fall.

Retail market

After difficult years due to corona and the associated restrictions, the retail market is on the rise again. With an increase in total investment volume of €1 billion, we are seeing an upturn compared to last year. Vacancy rates are also slowly decreasing in this sector, partly due to transformation.

Healthcare market

For the time being, the health care market seems to be little affected by the challenges facing the real estate market. In the first half of 2022, over €500 million worth of healthcare real estate was sold, comparable to a year earlier. This consisted of 87% care housing. Half of the investment volume was invested in new construction or transformation projects³.

¹ CBRE, Midyear Update, 2022.

² Savills, "2021: onbewogen vertrouwen in de Nederlandse vastgoedmarkt, 22 december 2021.

³ Vastgoedjournaal, "Eerste half jaar 2022 ruim half miljard transactievolumen in zorgvastgoed", 8 juli 2022.

Housing market

A light breeze

The wind may not have completely shifted yet, but according to the NVM⁴, there is a light breeze. For the first time in years, we are seeing that house prices are rising less rapidly. Supply and duration are also increasing and, in less cases, residential dwellings were sold in excess of their asking price. This indicates the light breeze to which the NVM refers. The increased interest rate makes it harder for homebuyers to borrow a high amount of money, which means they can spend less on purchasing a house. Since the asking prices are still very high, we see that homes are being sold less quickly and that the supply is increasing.

Rental market

The rental market has also changed in the first part of 2022. Due to intended new policy measures, renting out a home is becoming less interesting. Therefore, in the first half of 2022 we see that the

supply of rental housing in the liberalized sector decreases. The number of transactions has also fallen sharply in 2022. In new construction projects, our brokers notice that the liberalized sector part is increasingly sold and no longer rented out. If you would like to know more about the Dutch housing market, please download our [Quarterly Update 2Q2](#).

Investments

The residential investment market is rising slightly, although the volume remains behind compared to the peak years 2018-2020. With an investment volume of €1.6 billion, we see caution in the second quarter of 2022. This has to do with the announced policy changes of the new Minister of Housing and Spatial Planning. In particular, the possible regulation of mid-rent properties makes investors wary. For these homes, the housing valuation system will then determine the

maximum rent. There is still uncertainty about the exact upper limit, but it will be somewhere between €1,000 and €1,200 per month. The government's idea with this policy is to reduce the housing shortage and give middle-income people a chance at rental housing. With the announcement of the plans, objections sounded on all sides. Such a policy would result in less affordable rental housing. Unfortunately, this becomes already evident in the housing market. Investors are withdrawing from construction projects; other projects are coming to a standstill or are being completely swept off the table. In addition to skyrocketing construction costs and increased interest rates, it is this uncertainty that is killing new construction.

⁴ Dutch Association of Real Estate Agents



'For the first time in years, we are seeing that house prices are rising less rapidly!'

'Investors are withdrawing from construction projects; other projects are coming to a standstill or are being completely swept off the table'



References housing market



Garbe Institutional capital acquired 219 apartments in Schiedam in July 2022. The recently completed transformation project consists of 219 apartments, 106 storage units, 157 parking spaces and an internal bicycle storage.



In September, the construction of the most circular and the healthiest wooden residential building of 50 meters high in the Netherlands will start. Focus Real Estate is the developing investor that will deliver the project in Rotterdam together with NICE Developers.



In The Hague, the project The Roofs, developed by Provast, has been completed. This iconic building with 114 regulated rentals, 295 mid-rentals and 246 luxury apartments consists of two towers of 120 and 100 meters high. Part of ASR Dutch Core Residential Fund, the project is strategically located next to the train station.



'The increased interest rate makes it harder for homebuyers to borrow a high amount of money, which means they can spend less on purchasing a house!'



Office market

Vacancy rate

Supply in the office market has increased compared to last year. However, the office vacancy rate remains low in 2022. There is a shortage of good quality office space at A-locations. There is a lot of demand for office space, where the supply lies elsewhere. Especially in view of the change in law next year for offices. As of January 1st, 2023, offices must at least have energy label C. If a building cannot meet this requirement, it may no longer be used as office space as of 2023.

Consequences of the pandemic

The corona pandemic has forced a new view on offices. The advice to work from home has changed the role of the office. Many companies

therefore started to optimize their own office policy, which often led to less office space and a different function of the office space, in which 'coming-together' is central⁵. Although we see this reflected in the increased supply, we see that these effects are limited in the Netherlands.

Investment volume

The investment volume of €1.1 billion is lower than expected. With inflation in Europe and rising interest rates, we see caution in the office market. Investors are postponing projects or spending less money.

⁵ Savills, Office Trends Report 2022



'There is a shortage of good quality office space at A-locations.'

STOCK BUS

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THE

References office market



ASR Dutch Mobility Office Fund has purchased the Rabobank office in Eindhoven for €115 million. The office is located opposite Eindhoven Central Station and has energy label A+++. It was completed in 2017 and has a floor area of 25,645 sqm, 546 parking spaces and a bicycle shed.

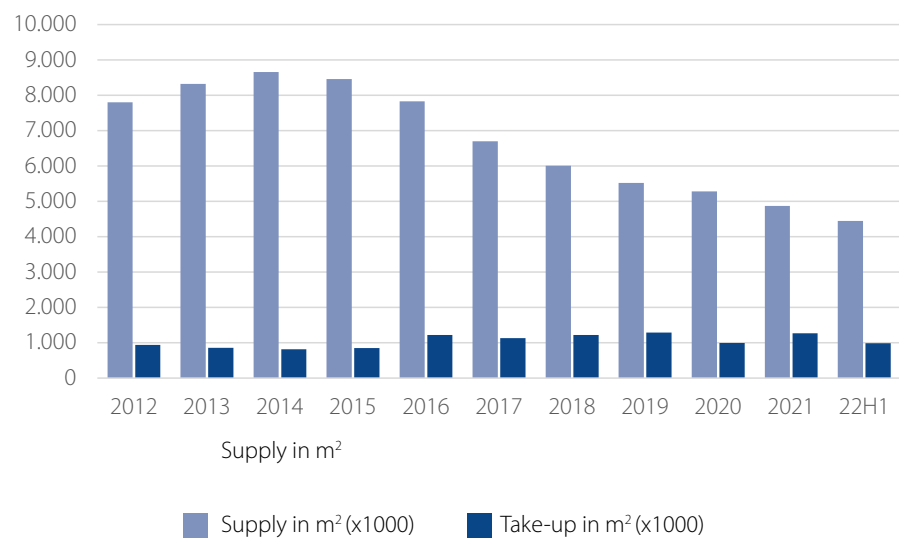


The ABN AMRO headquarters on Amsterdams Zuidas has been sold for €765 million to a Dutch real estate alliance. The building is likely to be demolished as it no longer meets current standards. It is expected that around 500 homes will be built in combination with office function.

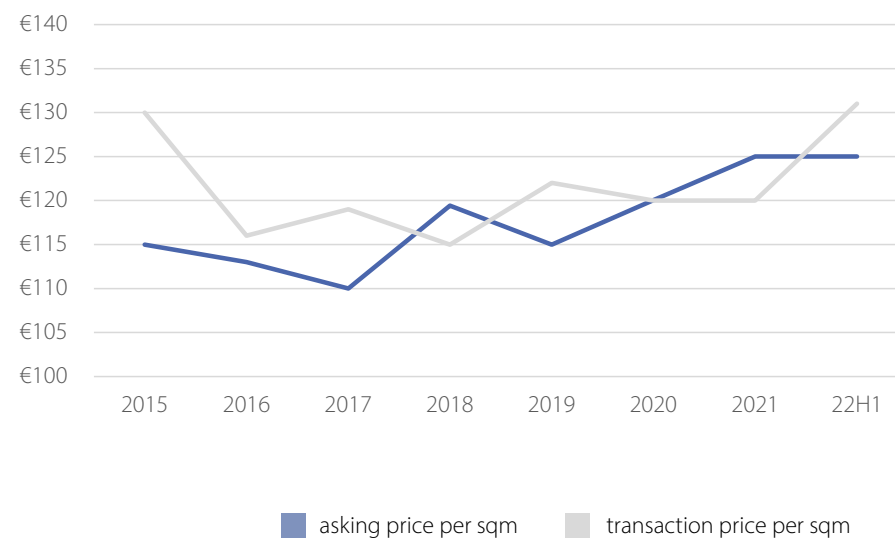
Statistics office market

22H1 is annualized

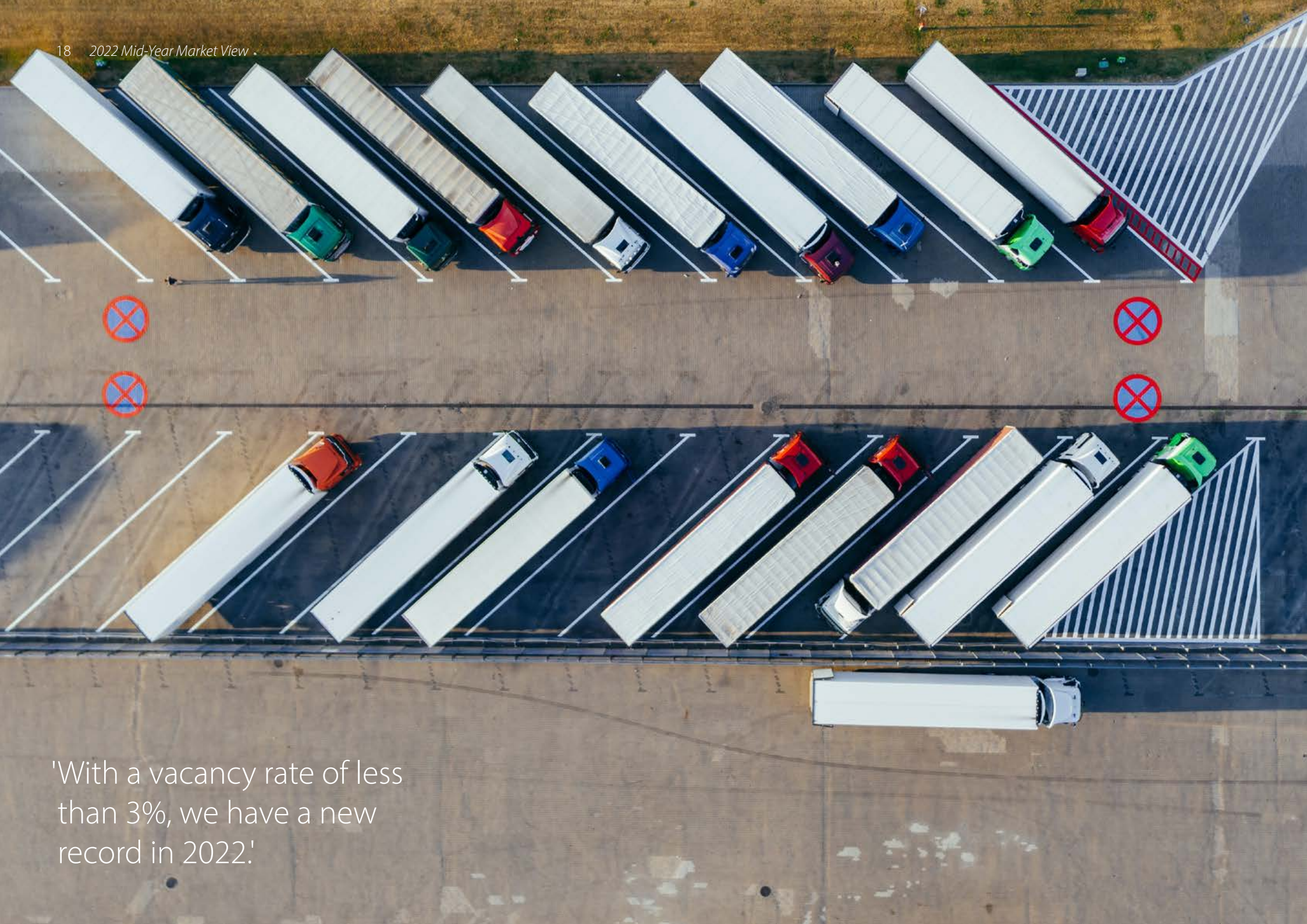
NATIONAL SUPPLY AND TAKE-UP



NATIONAL AVERAGE RENT PER SQM



Source: NVM/Brainbay - pure office transactions from 200 SQM in complexes from 500 SQM



'With a vacancy rate of less than 3%, we have a new record in 2022.'

Industrial market

Logistics market

Logistics is also the largest investment market in 2022. Almost 40% of all real estate investments took place in the logistics sector⁶. Due to the huge increase in online purchases, there is more demand for logistics space. In addition, there is hardly any space to place new distribution centres, so the supply is low. The scarcity in the logistics market therefore remains high. In particular, there is a great shortage of so-called last-mile distribution centres and high-quality distribution centres. This naturally drives up the price.

Vacancy

With a vacancy rate of less than 3%, we have a new record in 2022. The vacancy rate does vary by region, for example around Moerdijk it is even lower than 2%. The Dutch logistics market was considered immature a few years ago, however, due to the professionalization in the sector, vacancy rates have increased, and prices have risen significantly.

Reshoring

Reshoring is the opposite of offshoring. Rising fuel costs, the ever-growing demand for storage space and labour shortages mean that many companies are choosing to have their supply chain closer to home⁷.

⁶ CBRE, Mid Year Real Estate Market Outlook 2022

⁷ Annexum, Beleggen in logistiek vastgoed geremd door eigen succes?

References industrial market



Logicor has leased the 38,500 sqm Bijsterhuizen distribution center in Wijchen to an international retailer. The DC comprises 37,500 sqm of warehouse space and almost 900 sqm of office space.



Logicor has leased the recently completed logistics centre consisting of two units totalling 19,500 sqm in Veghel to Natec Sunergy.

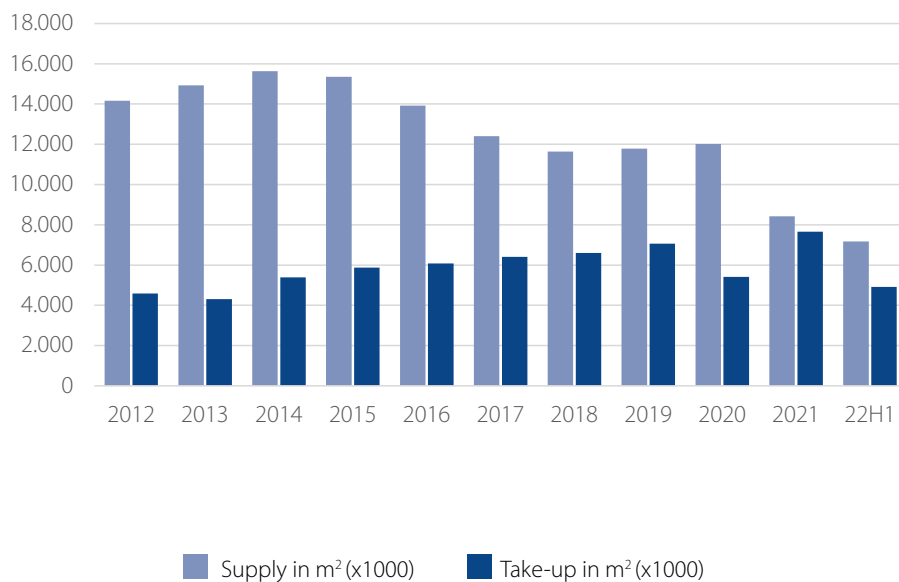


Heembouw will start the construction of logistics and distribution centre Ara Almelo of approximately 47,000 sqm in September. It will be completed in September 2023. Union has acquired the development.

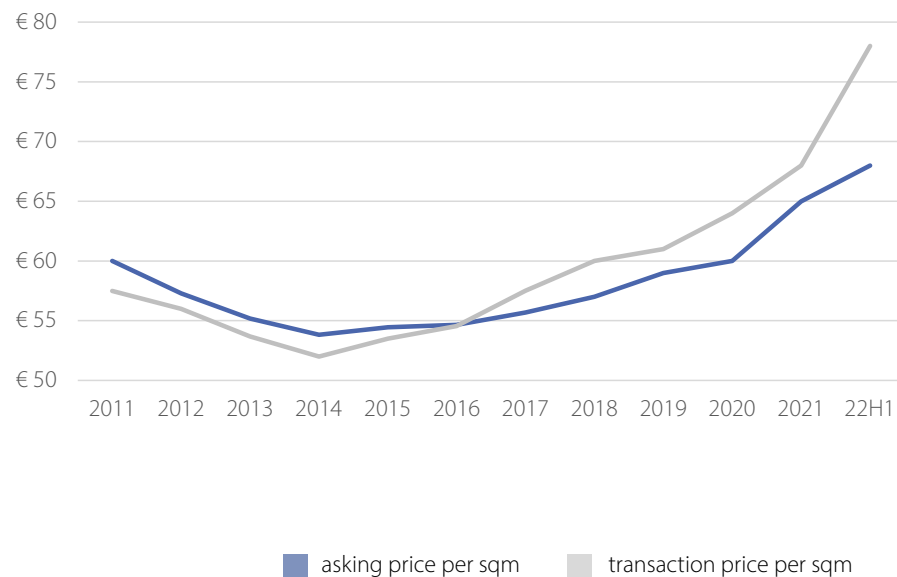
Statistics industrial market

22H1 is annualized

NATIONAL SUPPLY AND TAKE-UP



NATIONAL AVERAGE RENT PER SQM



Retail market

Vacancy

Retail has had difficult years. With the increased number of online orders, many high streets look different. This has been accelerated by corona and associated lockdowns. However, due to transformation and other factors, we see that the vacancy rate has decreased since the beginning of 2020 to 8.5% in 2022 Q2⁸.

Shopping Centers

Whereas in previous years only convenience stores (such as supermarkets and kiosks) benefited, in 2022 we also see an upturn in other stores. As a result, we also see an upward trend in the number of investments in 2022. Among other things, the sale of Citymall shopping centre in Almere and the Makado shopping centre in Beek increased the investment volume in retail to €1 billion.

Fast grocery delivery apps

Last year we talked about the rise of so-called fast grocery delivery apps; shopping services that promise to deliver within 10 minutes in the city centres. Dark stores, the small distribution centres used by these grocery delivery apps, opened rapidly in the Netherlands' largest cities. To the dismay of the municipalities themselves, who announced a further ban on these dark stores. In addition to this changing policy, flash delivery companies are also seeing the number of transactions decrease due to the lifted lockdowns. Flash delivery company Gorillas announced a round of layoffs in May and Zapp is considering leaving the Netherlands.

⁸ Retail 2022 Q2, JLL

'Whereas in previous years only convenience stores (such as supermarkets and kiosks) benefited, in 2022 we also see an upturn in other stores.'



References retail market



Bouwinvest bought sixteen stores on the Lijnbaan in Rotterdam from Dela Vastgoed in early 2022. The largest tenants are the supermarket Albert Heijn, fitness centre John Reed and ONLY. It concerns a total of 9300 sqm of retail property in the busy centre of Rotterdam.



Real I.S. acquires the district shopping centre Piazza Center in Gorinchem from Dreef Beheer. The covered district shopping centre consists of 11,500 sqm and 39 tenants.

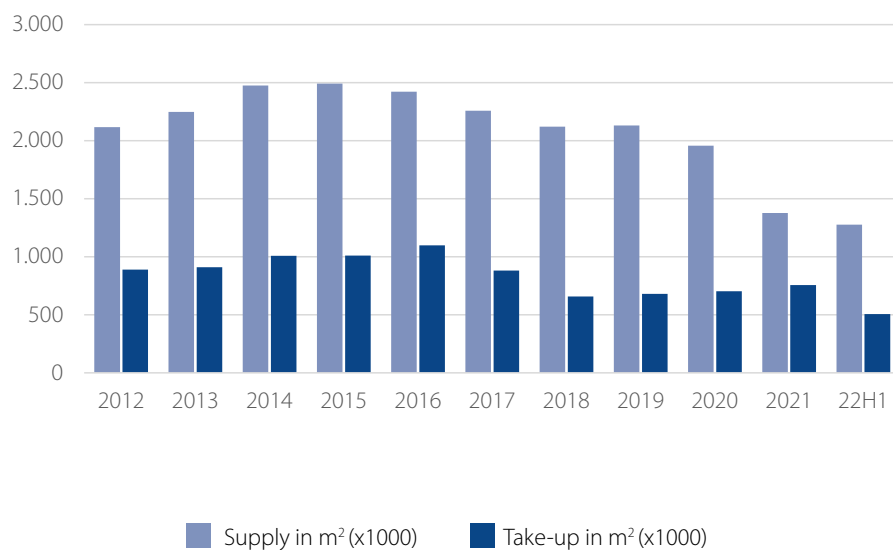


UBM Group has acquired Citymall Almere from Unibail Rodamco for €155 million. The property in the centre of Almere is 87,000 sqm in size.

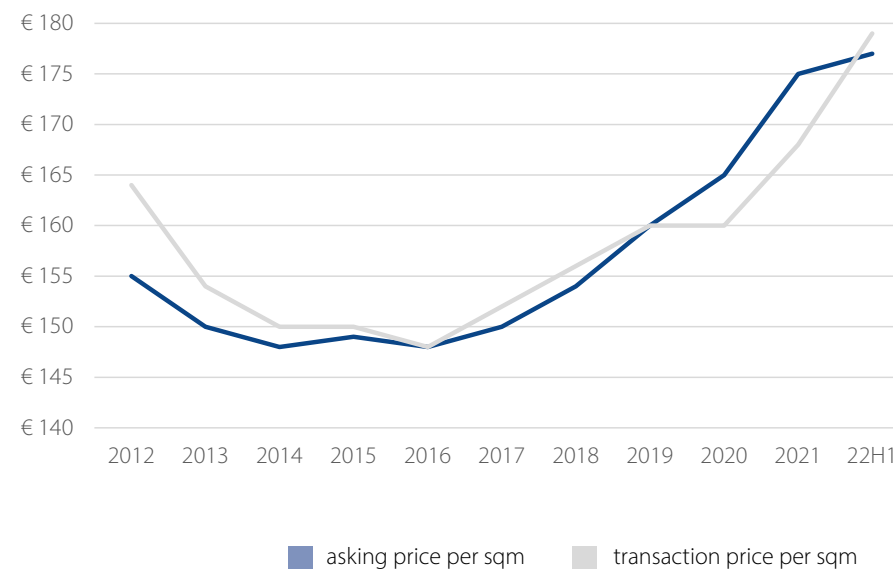
Statistics retail market

22H1 is annualized

NATIONAL SUPPLY AND TAKE-UP

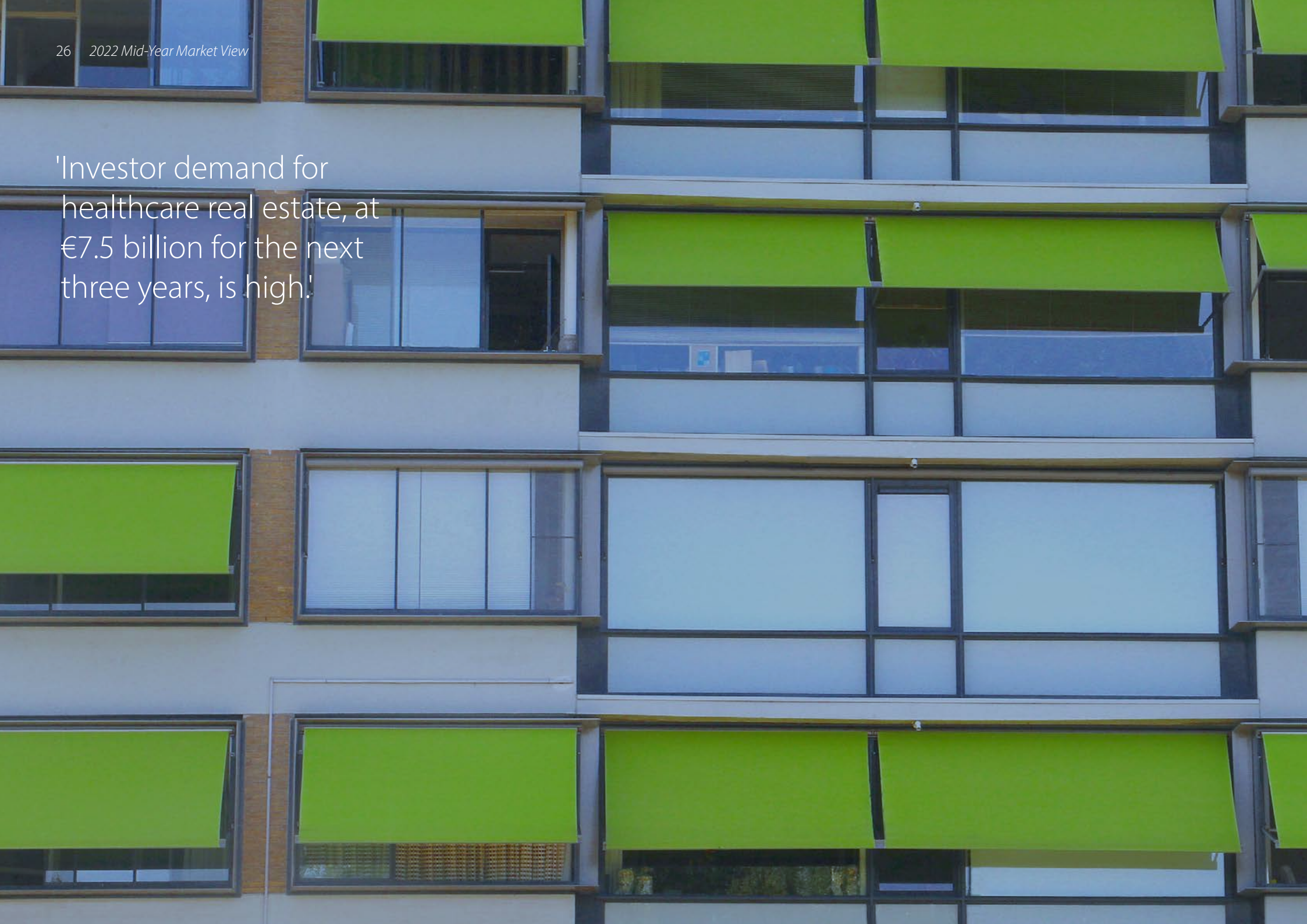


NATIONAL AVERAGE RENT PER SQM



Source: NVM/Brainbay - all recorded retail transactions

'Investor demand for healthcare real estate, at €7.5 billion for the next three years, is high.'



Healthcare market

Interesting asset class

The healthcare real estate market is a sector that, for the time being, does not seem to be affected by the economic difficulties and uncertainties. In the first half of 2022, over €500 million worth of healthcare real estate was sold. Investor demand for healthcare real estate, at €7.5 billion for the next three years, is high.

Real estate funds

Real estate funds were the largest buyers of healthcare real estate in 2022. Private and mixed real estate funds accounted for 23% of the transaction volume; listed real estate funds accounted for 18% of the transaction volume.

Ageing of the population

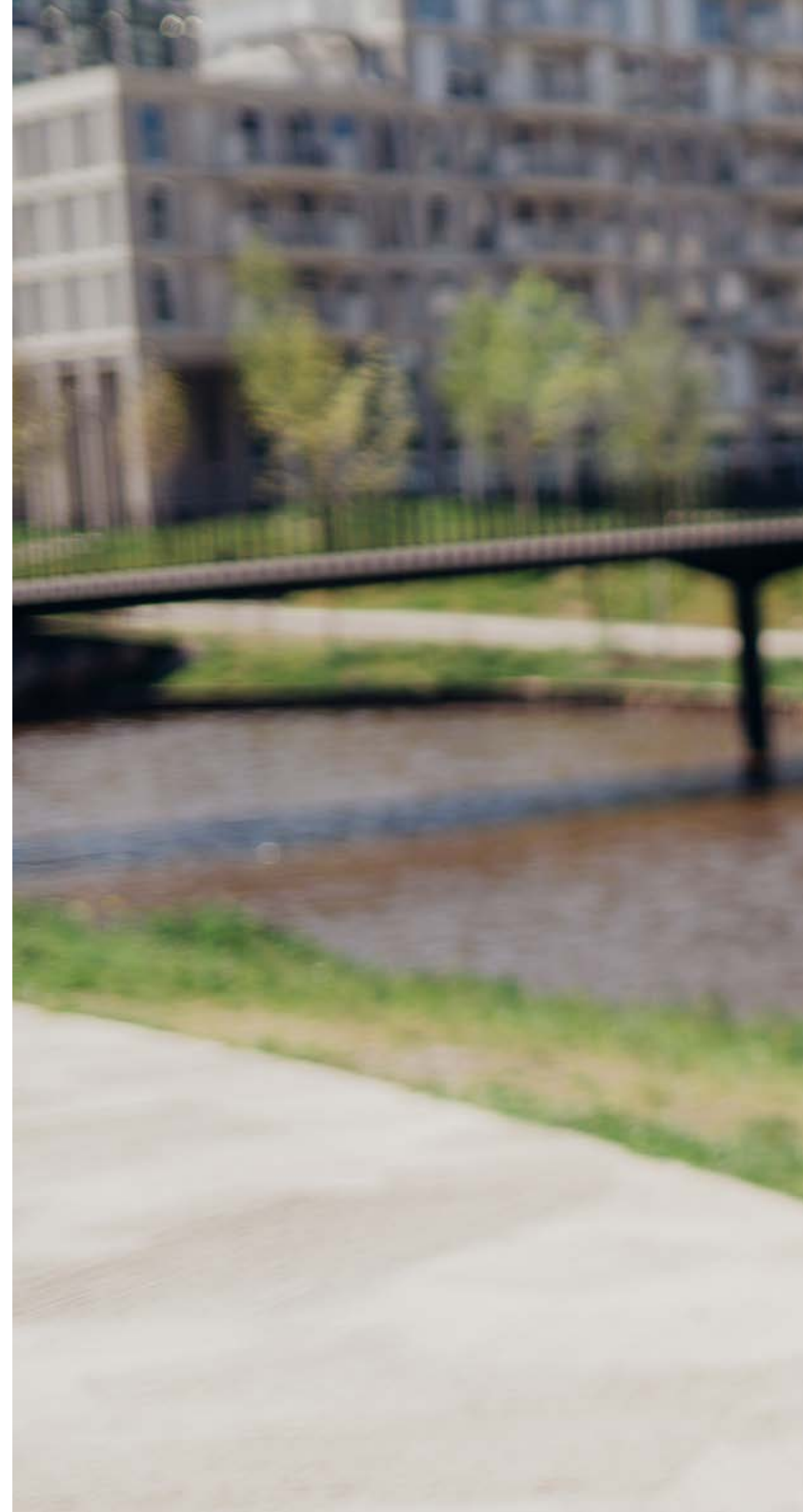
The number of elderly people will continue to grow strongly in the coming years. The number of people aged 75 and over is expected to increase from 1.4 million to 2.6 million over the next twenty years. In the housing market, it is often said that lack of flow is part of the housing shortage. According to a recent report by the ABN Amro⁹, the Netherlands needs to build 900,000 more homes by 2030, at least half of which should be senior housing.

⁹ Tekort woningen voor ouderen ook probleem voor de zorg, ABN Amro, 18 januari 2022

References healthcare market



Cofinimmo has acquired the Hoog Lede Medical Centre in Vlaardingen for over €5 million. The property of 1,300 sqm is fully leased to various healthcare providers.





HURR

ERIS

**DIT
PALEISJE
HUREN?**

2022 Mid-Year Market View, The Netherlands
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Statistics

The figures and statistics in this publication come from different databases, including CBS, Brainbay (NVM) and municipality websites.



About FRIS

FRIS is a professional, full-service, real estate provider, established in 1923. We offer services in the field of residential and commercial property management and brokerage, investment brokerage, research and consultancy, valuation and real estate insurances. FRIS provides these services on a nationwide basis, using a well-qualified team of professionals, supported by state-of-the art software and marketing skills. Our extensive national and international network of real estate professionals enables rapid and full service to our clients. With almost 90 co-workers FRIS guarantees personal contact, professionalism, flexibility and dynamism.

International collaborations

FRIS is part of CORFAC International. CORFAC International is an alliance of entrepreneurial, commercial, real estate firms that partner to deliver experienced, quality service - locally, nationally, and internationally. CORFAC membership enables FRIS to further increase its knowledge and expand its network to the Americas, Europe and Asia. Likewise, CORFAC International can now expand its knowledge and network to the Netherlands. In becoming a member, FRIS is responding to the globalization of the real estate market. CORFAC offices collectively close an average of 10,000 lease and sales transactions valued in excess of \$9.0 billion annually, totaling 500 million square feet closed and 65 million square feet managed worldwide.



FRIS started collaborating with the Deutsche Immobilien-Partner (DIP) in 2017. DIP is a German network organisation and consists of 14 renowned real estate agents and specialised real estate companies, including AENGEVELT. AENGEVELT is one of the founders of DIP and is one of the largest and most experienced real estate agents in Germany. The network consists of partners such as Allianz Handwerker Services, Aigner Immobilien, Arnold Hertz and GÖRG. This collaboration enables us to offer international investors and financing institutions access to both the Dutch and German real estate markets in the fields of investment, property management, residential and commercial sales, valuations, research and consultancy.

FRIS For Children Foundation

A place of your own is a basic human right, necessary for healthy child development. Unfortunately, a private place and a safe home cannot always be counted on. This applies to over 50,000 children in the Netherlands. FRIS contributes to the welfare of these children.

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