



## Q3 2018: Netherlands Commercial Property Monitor

# Occupier Sentiment Index hits a new high

The Q3 2018 Netherlands Commercial Property Monitor results show a robust quarterly improvement across the occupier side of the market. In keeping with strong employment trends of late, occupier demand growth is increasingly outstripping that of supply and is expected to feed into further rental growth over the coming year. On the investment side, although momentum appears to have cooled somewhat in recent quarters, capital values are still seen rising in virtually all areas of the market over the next twelve months.

### Occupier Market

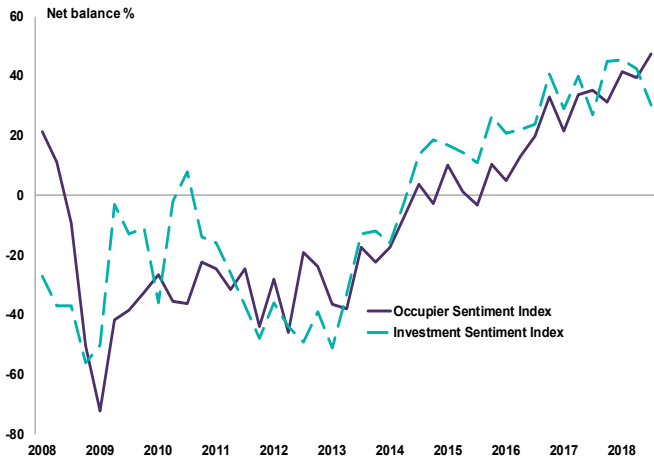
- The Occupier Sentiment Index (a combined measure of occupier market indicators displayed in chart 1 overleaf) climbed to +47 in Q3, up from +39 previously. This represents the strongest reading since the survey was formed in 2008 and signals robust momentum behind the occupier market at present.
- At the headline level, a net balance of +61% of respondents reported a rise in occupier demand over the quarter. While the office and industrial sectors continued to see the strongest pick-up, there was a noticeable improvement in the retail sector.
- Having edged higher during H1 2018, availability dipped slightly in the retail sector in Q3. Meanwhile, availability of leasable space continued to decline in the office and industrials sectors. Alongside this, landlords reduced incentives in each area of the market.
- Over the next twelve months, respondents upgraded rental growth expectations in the retail sector. The outlook was revised from negative to broadly flat for secondary retail space, while prime retail rents are seen rising over 3%. The prime office and industrial sectors still display the strongest projections, albeit these were revised down slightly relative to Q2 (chart 6).
- In Amsterdam, rental expectations remain firmer than those at the national level. Offices, both in prime and secondary locations, are anticipated to deliver the strongest growth on a sectoral comparison. Compared with Q2, the retail sector saw a substantial upgrade to rental expectations.

### Investment Market

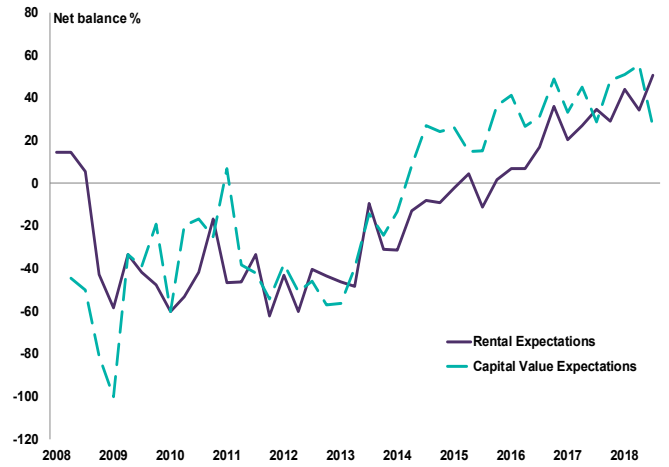
- The Investment Sentiment Index (a composite indicator incorporating a range of investment market variables shown on chart 1) came in at +30, slightly down on +42 in Q2. Nevertheless, this measure is still consistent with solid conditions in the investment market.
- Investment enquiries rose in all sectors (office, industrial and retail), albeit the headline net balance of +44% was less elevated than in any of the last four quarters. Foreign investment enquiries also rose, with a headline net balance of +53% of respondents reporting a rise.
- The supply of property for investment purposes continued to fall, marking the sixth consecutive quarterly decline.
- Twelve month capital value expectations were revised upwards for the prime retail sector and across all secondary markets. Whereas the outlook for secondary retail values was negative in Q2, respondents now expect a more stable trend to emerge. The prime office sector continues to exhibit the firmest capital value projections for the next twelve months (chart 5).
- Respondents in Amsterdam continue to return slightly stronger capital value growth projections than those for the Netherlands as a whole. Contributors envisage prime office values posting the firmest growth across the capital although all sub-sectors are expected to see values rise to a greater or lesser degree.
- Nationally, 47% of respondents now feel commercial real estate is above fair value to some extent, up from 33% in Q2 (chart 4). The figure is 57% in Amsterdam.
- While a majority of survey participants across the Netherlands feel the market is in the middle stages of an upturn, 71% in Amsterdam feel conditions are close to peaking.

# Commercial Property Market

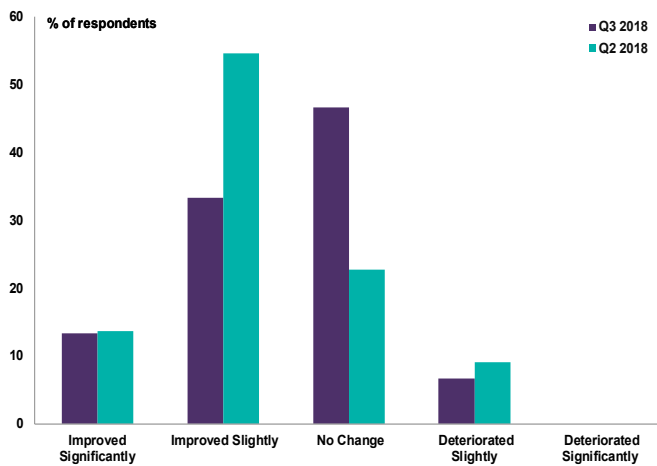
**Chart 1: Occupier, Investment Sentiment Indices**



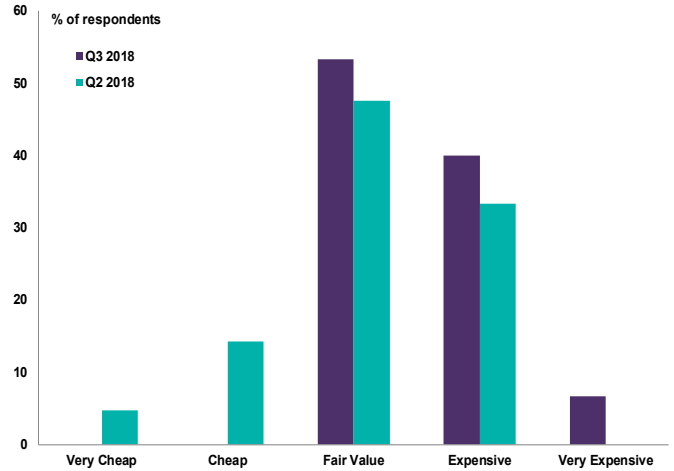
**Chart 2: 3-month Rents, Capital Values**



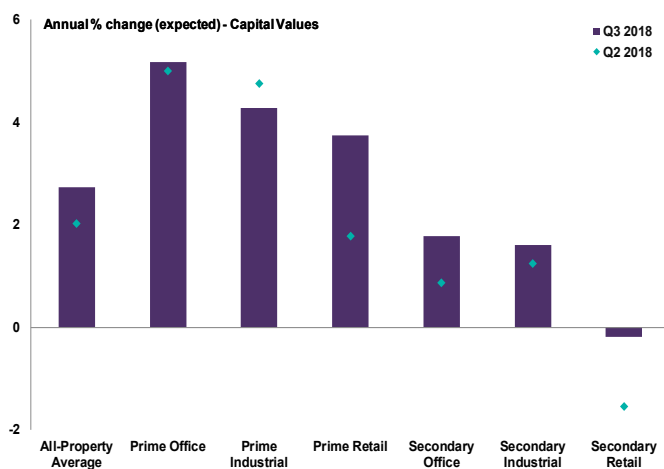
**Chart 3: Credit Conditions**



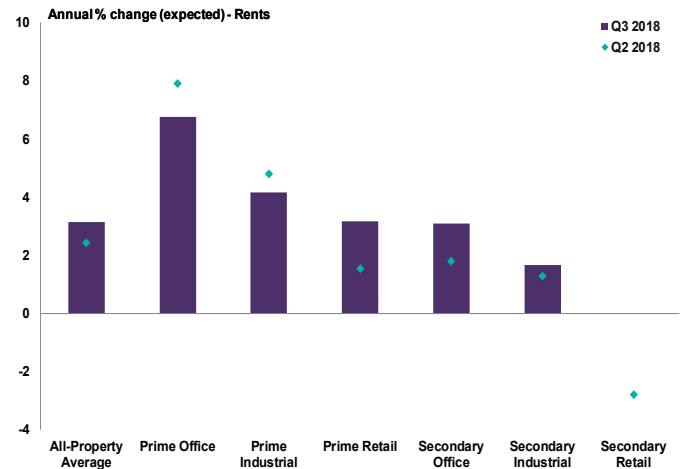
**Chart 4: Valuations**



**Chart 5: 12-month Capital Values Forecast**



**Chart 6: 12-month Rent Forecast**



# Information

## Global Commercial Property Monitor

RICS' Global Commercial Property Monitor is a quarterly guide to the trends in the commercial property investment and occupier markets. The report is available from the RICS website [www.rics.org/economics](http://www.rics.org/economics) along with other surveys covering the housing market, residential lettings, commercial property, construction activity and the rural land market.

## Methodology

Survey questionnaires were sent out on 13 September 2018 with responses received until 14 October 2018. Respondents were asked to compare conditions over the latest three months with the previous three months as well as their views as to the outlook. A total of 1791 company responses were received, with 341 from the UK. Responses for Ireland were collated in conjunction with the Society of Chartered Surveyors Ireland. Responses for Spain and Portugal were collated in conjunction with Iberian Property. Responses for New Zealand were collated in conjunction with Property Council New Zealand.

Responses have been amalgamated across the three real estate sub-sectors (offices, retail and industrial) at a country level, to form a net balance reading for the market as a whole.

Net balance = Proportion of respondents reporting a rise in a variable (e.g. occupier demand) minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%). Net balance data can range from -100 to +100.

A positive net balance reading indicates an overall increase while a negative reading indicates an overall decline. The RICS Occupier Sentiment Index (OSI) is constructed by taking an unweighted average of readings for three series relating to the occupier market measured on a net balance basis; occupier demand, the level of inducements and rent expectations. The RICS Investment Sentiment Index (ISI) is constructed by taking an unweighted average of readings for three series relating to the investment market measured on a net balance basis; investment enquiries, capital value expectations and the supply of properties for sale.

## Contact details

This publication has been produced by RICS. For all economic enquiries, including participation in the monitor please contact: [economics@rics.org](mailto:economics@rics.org)

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