



## Q4 2017: Netherlands Commercial Property Monitor

# Investment Sentiment Index hits new record high

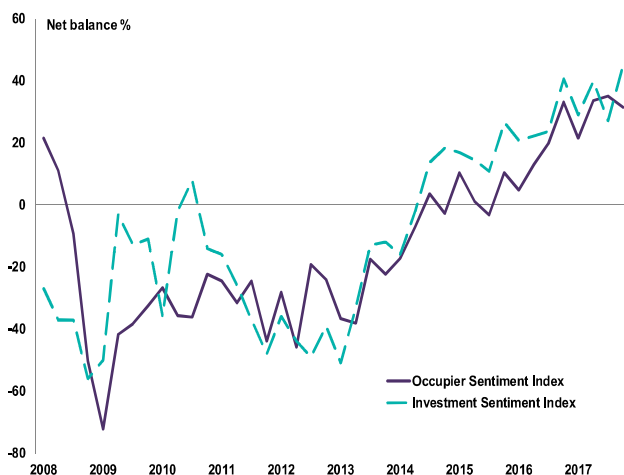
### Occupier Market

- The Occupier Sentiment Index came in at +31 in Q4. This measure has now remained broadly unchanged at this sort of level for the past year or so and is consistent with a firm trend in the market.
- Tenant demand picked-up in each area of the market, led by the office sector, while the rise in retail demand was again more modest in comparison.
- The availability of leasable space declined in both the office and industrial areas of the market over the quarter, but remained flat across the retail sector. Given this, landlords opted to raise the value of incentives in the retail market.
- Twelve month rental expectations remain varied. While prime office and industrial rents are seen rising significantly over the year ahead, the outlook is firmly negative across secondary retail. At the same time, projections are virtually flat across all other sub-markets.
- In Amsterdam, all prime sub-markets are expected to see solid rental growth, led by significant gains in the office sector. By way of contrast, secondary office rents are expected to dip slightly. In-line with the national trend, secondary retail rents are expected to fall noticeably over the year ahead.

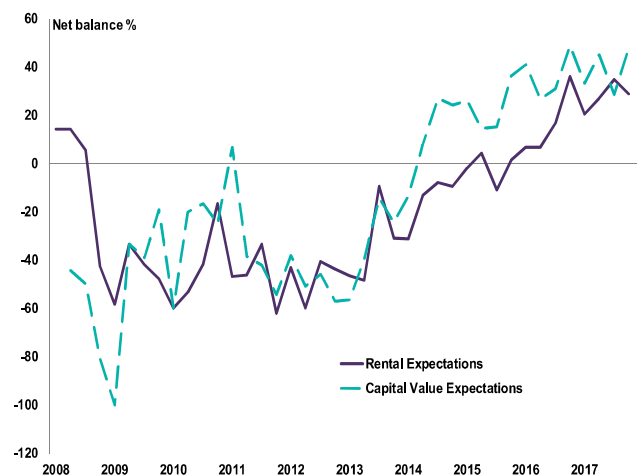
### Investment Market

- The Investment Sentiment Index climbed to +45 in Q4, representing the highest reading on record (series formed in 2008). This reading therefore points to a robust pace of improvement in overall investment market momentum.
- Investment demand rose firmly across all areas of the market, with a net balance of +65% of respondents citing an increase at the headline level. Interest from international buyers also increased, albeit at a comparatively more modest rate.
- The supply of property on the market for investment purposes declined across each sector during Q4.
- Capital values are expected to rise across all prime sub-markets over the year ahead, led by the strongest gains for office and industrial properties. In secondary locations, respondents largely envisage a flat trend in values although the outlook is negative for retail.
- Respondents covering Amsterdam returned similar projections to the national average, albeit the outlook is somewhat softer for secondary offices while secondary industrial values could outperform in the capital.
- Although a majority of contributors nationally (63%) feel the market is currently in the middle of an upswing, 20% now feel conditions are close to peaking (up from 5% in Q3).

Occupier and Investment Sentiment Index



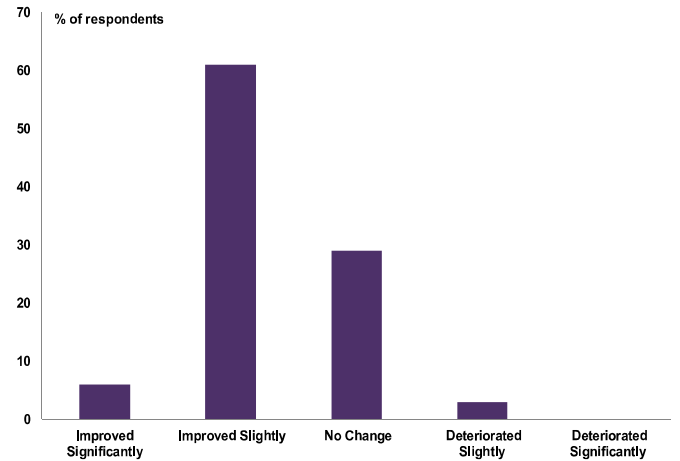
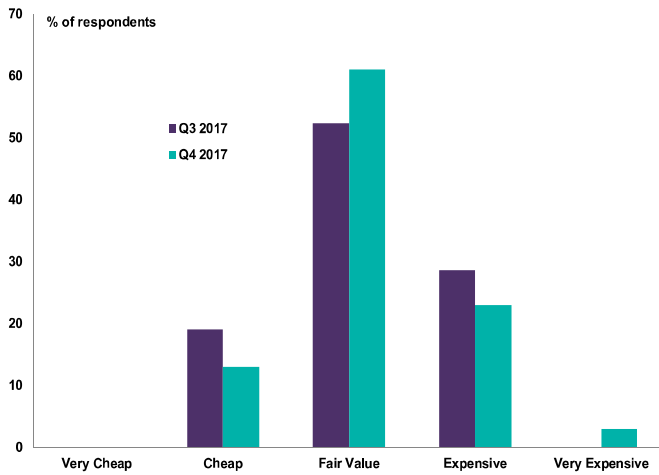
Rental and Capital Value Expectations



# Commercial Property Market

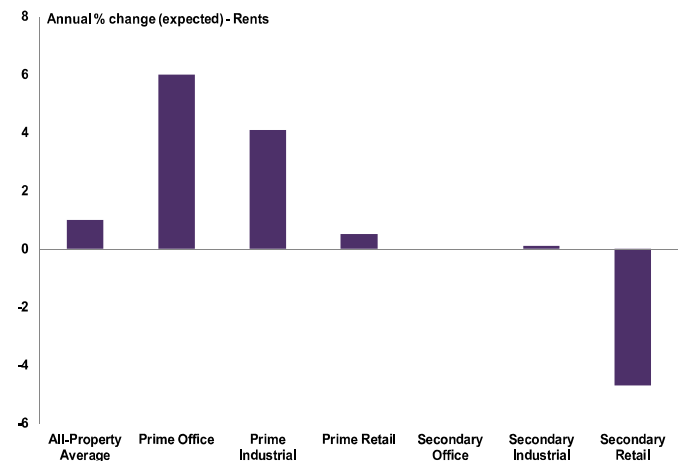
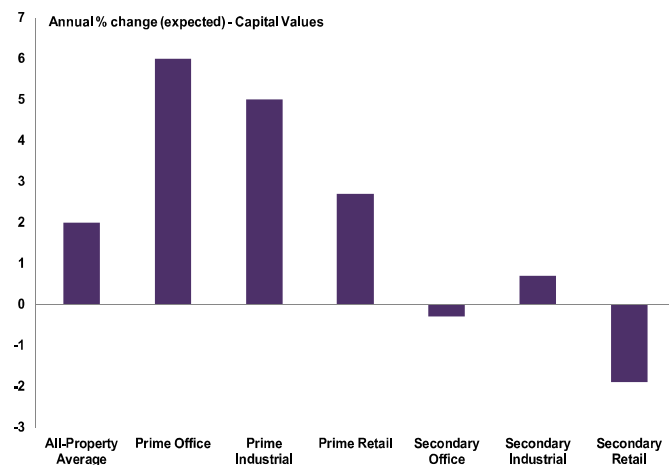
**Market Valuations** - Just under three quarters of respondents continue to view the commercial real estate sector as offering fair value currently. However, in Amsterdam, 35% are now of the opinion the market is becoming expensive.

**Credit Conditions** - Credit conditions continued to improve during Q4, with a combined 67% of respondents reporting some degree of easing.



**12m Capital Value Expectations** - There remains a clear contrast in capital values expectations across prime and secondary sub-markets. Prime office and industrial assets are expected to post the strongest growth while the outlook is negative for secondary retail.

**12m Rental Expectations** - Rental growth projections are mixed across sectors with prime office and industrial rents expected to see solid growth. At the other end of the scale, secondary retail rents are anticipated to come under further downward pressure.



# 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 December 2017 with responses received until 12 January 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 1570 company responses were received, with 434 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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