



savills

Amsterdam

It's all about **rental growth**



## Introduction

# Amsterdam two years after the announcement of Brexit

The world is internationalising and Amsterdam is no exception. In spite of its relatively modest size, Amsterdam has proven its ability to compete at the global level. Two years ago, Amsterdam was seen as one of the obvious choices for the companies that would leave London due to Brexit. However, to date, an avalanche of relocations as response to Brexit did not occur, with the European Medicines Agency being the most notable exception.

But Amsterdam has not stood still. Its office market is performing well and Amsterdam is growing vigorously in every respect.

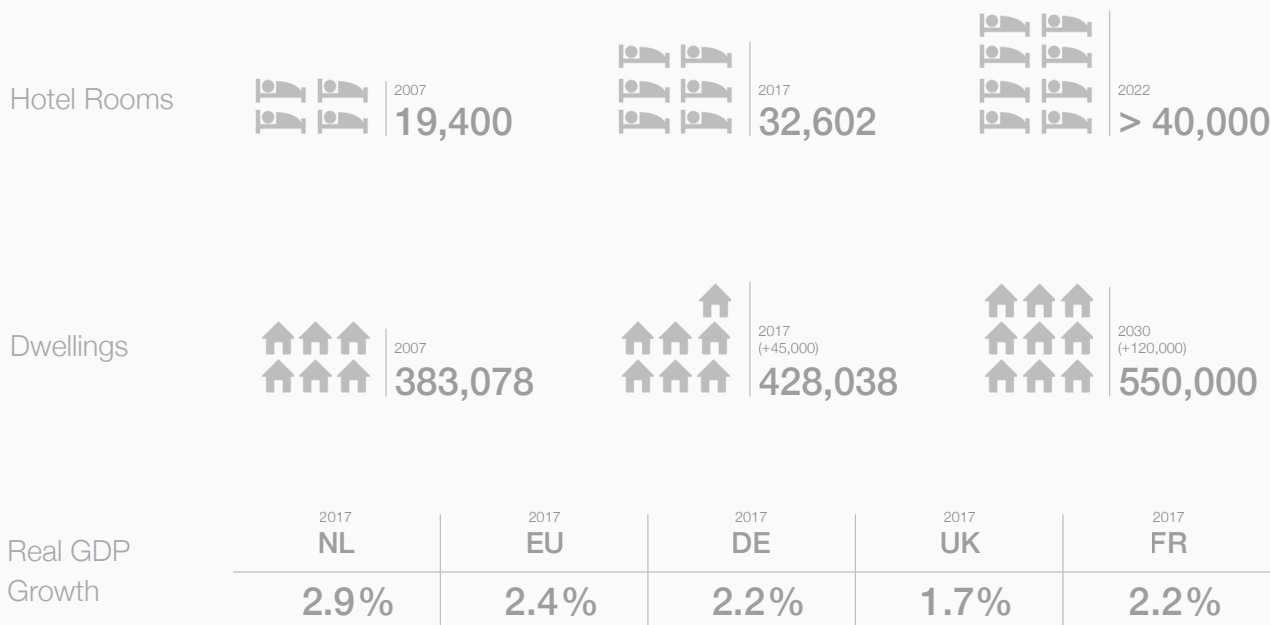
**What is behind this growth? Which policies are being pursued? What might Amsterdam's future hold in the light of ongoing internationalisation? And what does this mean for investors in Amsterdam's office market?**



### AMSTERDAM RANKINGS

- 1<sup>st</sup> place **OECD Better life index**
- 1<sup>st</sup> place **EIU Safe cities index (6th World)**
- 4<sup>th</sup> place **Dynamic cities**
- 5<sup>th</sup> place **Tech cities**
- 1<sup>st</sup> place **Spotahome Healthiest Cities**

## AMSTERDAM'S BROAD-BASED GROWTH



## Demographics

## Amsterdam's pulling power

Amsterdam is located within the metropolitan region of the Randstad. This region is home to 7.1 million people, making it one of the largest conurbations in Europe. In addition to the four largest cities in the Netherlands, the Randstad also includes Schiphol Airport, Rotterdam-The Hague Airport, and the Ports of Rotterdam and Amsterdam. All this makes the Randstad the economic engine of the Netherlands.

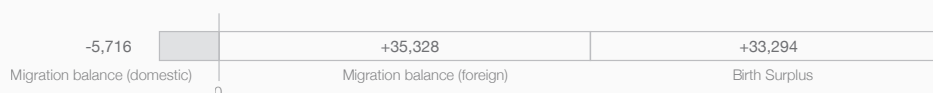
Amsterdam is the capital of the Netherlands and by far its largest city. Its population exceeds that of Rotterdam, the second largest city in the Netherlands, by over a third. Notably, however, Amsterdam has been larger in the past. As a result of a century of rapid urbanisation, Amsterdam's population peaked at 872,000 in 1959. This number declined over the decades that followed, before rising again to 854,047 in 2018. With expected average growth of 10,000 people per year, Amsterdam will set a new national population record by becoming the first city with over a million inhabitants by 2034.

This growth is almost entirely due to immigration from other countries (including expats) and young Dutch people migrating to the city. At the same time, young families are increasingly opting to leave the city and moving to neighbouring municipalities. The new Amsterdammers who are taking their place are often young (17-27 years) and come to the city to study and work. But what makes Amsterdam so attractive?

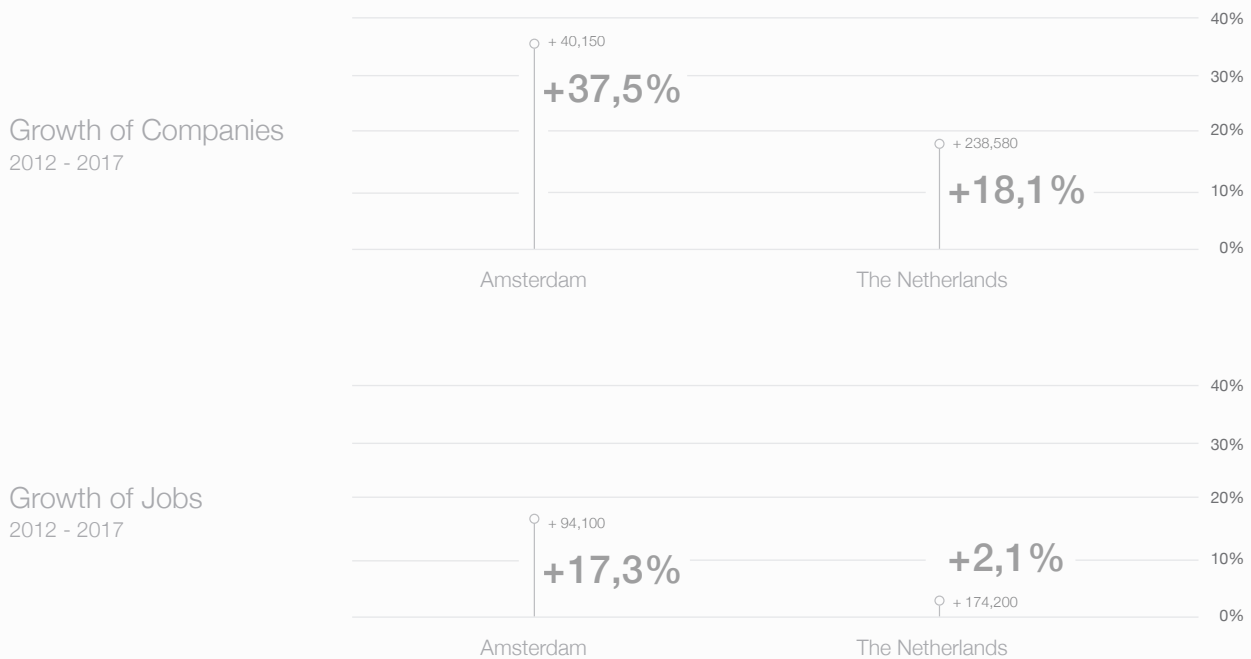
AMSTERDAM'S FORECAST POPULATION GROWTH IS ALMOST FOUR TIMES ABOVE THE NATIONAL AVERAGE



## GROWTH IN AMSTERDAM IS DRIVEN BY A BIRTH EXCESS AND FOREIGN MIGRATION



GRAPH: AMSTERDAM HAS SUBSTANTIALLY HIGHER GROWTH IN COMPANIES AND JOBS THAN THE NATIONAL AVERAGE



## Economy

## In terms of growth, Amsterdam is among Europe's best performers

International companies that locate in Amsterdam benefit from a fine-meshed infrastructure with relatively short travel distances. Schiphol Airport, for instance, enables employees to reach other financial centres such as London and Paris within an hour. The city's fine-meshed infrastructure is a huge asset to the city. The recently completed North-South metro line, in which a total of €3.1 billion has been invested, means that Schiphol can now be reached in under 15 minutes. Other pull factors include a highly educated workforce (47% university-level educated, versus 30% nationwide) with the best non-native English proficiency (EF English Proficiency Index), and an attractive and safe living environment. All these factors contribute to Amsterdam's strong performance in innovative areas such as technology. After Austin, San Francisco, New York and London, Amsterdam ranks fifth in the Savills Tech Cities Ranking, ahead of cities including Boston, Singapore and Tokyo.

Partly because of this, Amsterdam manages to attract international multinationals and act as a hotspot for startups. For the tertiary sector, in addition to Amsterdam's excellent connectivity, the relative affordability of space adds to the city's appeal. The Savills Live/Work Index shows that Amsterdam remains relatively affordable compared to other cities in the world, despite an overall increase in the cost of living and working of no less than 29.6% over the past year.

Amsterdam's strong pulling power ensures that it also has a strong economy. In the past four years, figures from the Statistics Netherlands indicate an average annual growth rate of 4.2% for the COROP area of

Greater Amsterdam, placing it among the highest in Europe and alongside cities such as London and Stockholm. Amsterdam is also important to the national economy: its share in the total Dutch GDP is 14%.

Amsterdam's growth rests on positive development in all sectors, which is unique for the Netherlands. Sectors that have shrunk in other places, such as the financial sector, continue to grow in Amsterdam. However, the real engines of Amsterdam's economy are specialist business services such as lawyers, consultants and job placement services; these sectors have traditionally been strong, partly due to the tax-friendly regime.

Finally, there is the strong growth of IT. 'FinTechs' and banking sector back offices account for a large part of this. The medical/pharmaceutical sector is also strongly represented. All these sectors are contributing strongly to above-average employment growth in Amsterdam.

In view of the factors described above, it is hardly surprising that Amsterdam has emerged as a logical alternative to London. But how has this worked out over the last two years?

“Amsterdam puts quality first when attracting (international) companies, which has led to shortages on the office market.”

Erik Beekman



## Municipal policy focuses on a qualitatively strong business environment

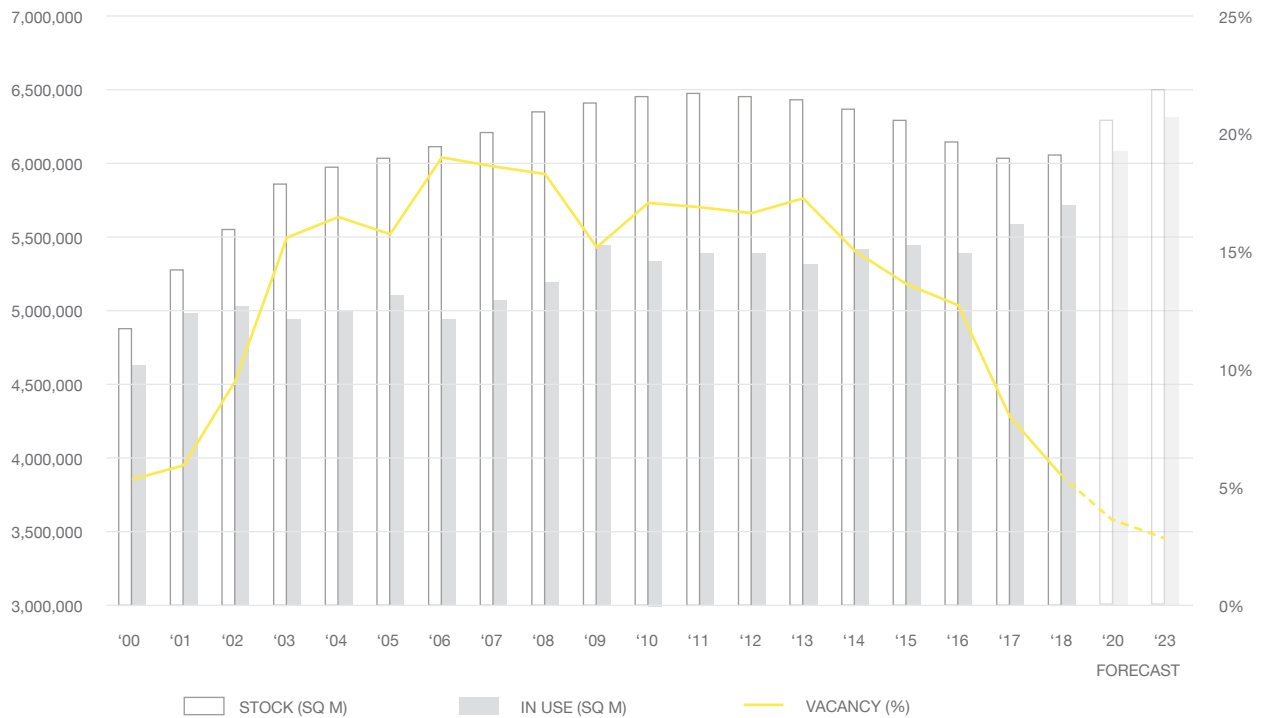
The effects of Brexit have been widely discussed, but the expected large-scale relocation of companies from London to Amsterdam has not been forthcoming. As Brexit approaches, however, this seems to be changing, with relocations recently announced by Mitsubishi, Panasonic, Cboe and Ferrovial. The effects of the relocation of the European Medicines Agency to Amsterdam are also becoming visible; one year prior to the actual arrival date, the move has already generated 1,200 additional jobs in pharmaceutical newcomers in Amsterdam (Parool, 2018).

The number of companies relocating to Amsterdam might have been higher, were it not for the restrictive office development policy of the municipality. This policy was developed in response to the state of Amsterdam's office market in 2010, when office vacancy in the city was 17.2%. In 2011, this resulted in the introduction of a ban on office construction and a focus on office conversions. The rapidly declining vacancy rate of the following years led to the ban on new construction being lifted in 2017. In order to create room for (international) companies, the city will now issue two tenders for office construction per year. However, this number will never meet the (expected) demand. The municipality's strategy involves competing on quality, not price. This moderate growth policy may have deterred some companies, but this does not seem to have been entirely the case so far. In 2017, for instance, 140 companies, particularly in the financial sector, opted for Amsterdam. This was in line with the municipal objectives (FD, 2018).

In order to facilitate growth in the long term, there are plans for a new location in the Zuidas-Hoofddorp-Schiphol corridor (Enter [NL]). An area would be created here that combines high-quality offices, houses and facilities. Such an area could provide extra capacity of 300,000 to 1,500,000 sq m of office space in the long term.



GRAPH: THE GAP BETWEEN SUPPLY AND DEMAND HAS CLOSED IN RECENT YEARS



## Stock & Supply

### Amsterdam is approaching historically low vacancy

Amsterdam's office stock has evolved considerably in 20 years. As a result of a great deal of speculation and two crises, the office stock increased by almost one third (1.57 million sq m) over a ten-year period, while demand initially lagged. Since 2010, supply and demand have begun to converge due to conversion projects and an intrinsic increase in demand.

Today, Amsterdam is approaching very low vacancy levels, which is considered unhealthy for the dynamics of the market, but is also leading to a rise in rent levels. But Amsterdam's office stock has not only changed in quantitative terms. There has also been a strong

municipality-wide commitment to mixed usage in previously mono-functional areas. Historically, this mixed usage approach has been occurring in Amsterdam's city centre for many decades.

This quality boost has been motivated by changes in demand, with office occupiers being particularly drawn by lively and pleasant home-working environments that are easily accessible by both public transport and car. This trend has contributed to a substantial decrease in vacancy in areas such as Zuidooost and Teleport-Sloterdijk.

This trend will continue in the years to come. New-build offices, however, will be almost exclusively built in Zuidas, Zuidooost and on the boundary between Sloterdijk and Houthavens. This is because these areas have space available for (large-scale) new-build. In addition to office developments, a substantial number of dwellings are being added in these areas.

TABLE: ALMOST 75% OF THE TOTAL OFFICE STOCK IS REPRESENTED IN AMSTERDAM'S FIVE MAIN OFFICE DISTRICTS

AMSTERDAM	STOCK (SQ M)	SUPPLY (SQ M)	VACANCY (% TOTAL)
AMSTERDAM CENTRE	1,329,554	28,207	2.1%
AMSTERDAM OOST (OMVAL)	618,901	39,542	6.4%
AMSTERDAM NOORD	191,869	10,876	5.7%
AMSTERDAM RIEKERPOLDER	216,120	6,454	3.0%
AMSTERDAM ZUIDAS	774,868	36,998	4.8%
AMSTERDAM ZUID/BIJENVELDERT	565,310	37,899	6.7%
AMSTERDAM ZUIDOOST	1,093,470	42,185	3.9%
AMSTERDAM TELEPORT-SLOTERDIJK	681,350	92,254	13.5%
AMSTERDAM WEST OTHER	583,677	36,925	6.3%
<b>AMSTERDAM</b>	<b>6,055,119</b>	<b>331,340</b>	<b>5.5%</b>
AMSTELVEEN	552,330	37,615	6.8%
DIEMEN	177,095	14,640	8.3%
<b>AMSTERDAM AGGLOMERATION</b>	<b>6,784,544</b>	<b>383,595</b>	<b>5.7%</b>





## Take-up

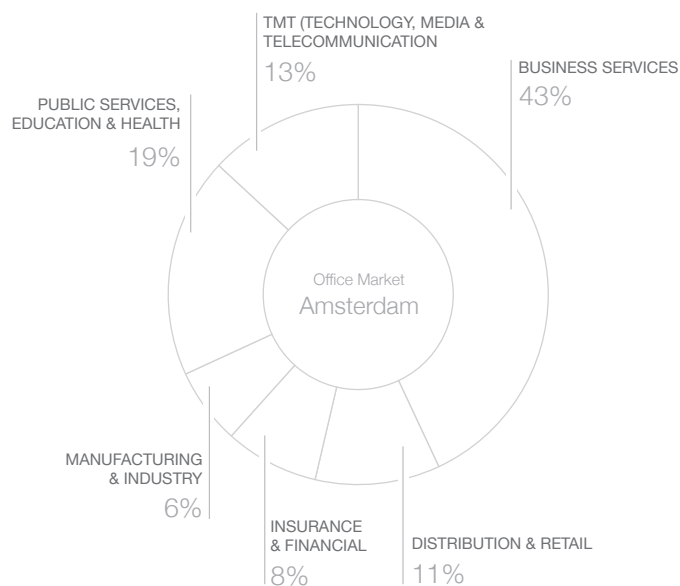
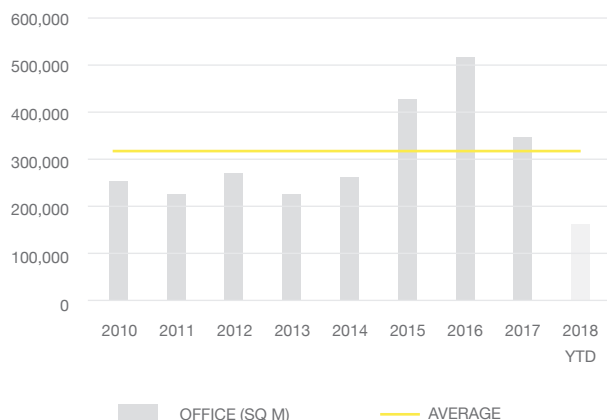
## Office take-up in Amsterdam remains stable due to limited availability

The scarcity of office space has resulted in a fall in take-up over the past two years. Based on the take-up figures from 2018 so far, total take-up for the year can be expected to be in line with the 10-year

average (> 300,000 sq m). The composition of that take-up has also remained relatively stable in recent years due to the arrival and expansion of companies such as Booking.com, Uber and Amazon. Business services remain dominant.

The office markets in all the various districts of Amsterdam are experiencing similar positive trends. There are also some clear differences between these districts, however. These office districts have a highly diverse typology, which is also reflected in the developments in stock, vacancy and rents. We will elaborate on Amsterdam's five main office districts below.

GRAPH: OVER THE PAST THREE YEARS, THE DEMAND FOR OFFICE SPACE HAS COME PRIMARILY FROM THE FINANCIAL AND BUSINESS SERVICES SECTORS.





# Despite a similar mix of uses, Amsterdam’s office districts all have their own character.

The combination of low vacancy, sustained demand and limited new-build will create additional rental price pressure on central Amsterdam’s office market.

But what can we expect in terms of rental growth in the near future?

**TYPOLOGY**  
Originally exclusively an office area with large-scale office occupiers

## Amsterdam Teleport Sloterdijk

**OCCUPIER TYPE**  
ChipSoft, Netflix, KPN, Reed Elsevier, Alliander, Belastingdienst, Kadaster, UWV.

**TYPOLOGY**  
Lively atmosphere in a very mixed and historic area. In contrast to all other areas, buildings in the centre are mainly built on privately owned land, rather than leasehold.

## Amsterdam Centre

**OCCUPIER TYPE**  
Mixed (FinTech, Creative agencies, law firms and startups); Booking.com, Tom Tom, Adyen, MediaMonks, W+K, Deliveroo.

**TYPOLOGY**  
the business district where the highest rents in Amsterdam are currently realised. Originally a mono-functional office area, Zuidas has become more lively through the addition of housing and other amenities.

## Amsterdam Zuid-as

**OCCUPIER TYPE**  
Mainly financial, legal and business services such as Houthoff, Accenture, Google, ABN AMRO and Savills.

**TYPOLOGY**  
Lively area: combined residential-work area, also home to Hogeschool van Amsterdam University of Applied Sciences (HvA).

## Amsterdam Oost (de Omval)

**OCCUPIER TYPE**  
Mixed, though with a relatively large proportion of financial services. Examples of tenants include UBER, Amazon, Groupon, Equinix, Rabobank, Royal Philips, and the municipality of Amsterdam.

**TYPOLOGY**  
Originally a monotonous office area dominated by the financial sector.

## Amsterdam Zuidoost

**OCCUPIER TYPE**  
Banks and (financial) back office services, including ING, ABN AMRO, Deutsche Bank, Nuon, Stryker, Adidas and Huawei.





<div>Amsterdam Zuid-as</div>	<p>Formally, the Netherlands only has an official business district since 20 years. ABN AMRO established its head office in Zuidas in 1999. In the following years, the area was designated by the municipality as an international business zone, after which large-scale development started, which has shaped the area into what it is today. In contrast to other areas, Zuidas recovered rapidly after the 2008 financial crisis. For example, the vacancy rate has scarcely dropped since 2009, despite an 11.2% expansion of office stock over the same period.</p>	<div><div>OUTLOOK</div><p>Project Zuidasdok includes the construction of an underground tunnel for the widened A10 ring road. In addition, the railway station (Amsterdam Zuid) is being redeveloped, which should enable an increase in the number of passengers from 80,000 per day to 250,000 in 2030.</p></div>	<div><div>GRAPH: STOCK VS VACANCY</div></div>	<div><div>GRAPH: PRIME RENT VS TAKE-UP</div></div>	<div><div>YEAR OF CONSTRUCTION OF OFFICE STOCK (OUTSIDE) AND SUPPLY (INSIDE)</div></div>
<div>Amsterdam Oost (de Omval)</div>	<p>Vacancy in Amsterdam Oost experienced a surprisingly late peak in 2014. The reason for this was twofold. On the one hand, office take-up fell by more than 50% in 2013 and 2014. On the other hand, 20,000 sq m of renovated office space was also delivered during this period. After 2014, a drop in vacancy was caused by an improving consumer market combined with the repurposing of structurally vacant offices.</p>	<div><div>OUTLOOK</div><p>Redevelopment around Amstel railway station, involving the refurbishment of public space and room for a new hotel, shops, houses and amenities.</p></div>	<div><div>GRAPH: STOCK VS VACANCY</div></div>	<div><div>GRAPH: PRIME RENT VS TAKE-UP</div></div>	<div><div>YEAR OF CONSTRUCTION OF OFFICE STOCK (OUTSIDE) AND SUPPLY (INSIDE)</div></div>
<div>Amsterdam Zuidoost</div>	<p>Amsterdam Zuidoost experienced a fall in vacancy of 85% over an eight-year period. This was initially driven by the high number of office conversion projects, which together accounted for over 170,000 sq (12% of the stock).</p> <p>As a result, structural vacancy has also dropped substantially and will continue to decline in the coming period.</p>	<div><div>OUTLOOK</div><p>15,000 new dwellings and associated (green) amenities will be realised by 2040 in the former mono-functional business park, Amstel III. The area is undergoing a substantial transformation, which will also improve the quality of the environment.</p></div>	<div><div>GRAPH: STOCK VS VACANCY</div></div>	<div><div>GRAPH: PRIME RENT VS TAKE-UP</div></div>	<div><div>YEAR OF CONSTRUCTION OF OFFICE STOCK (OUTSIDE) AND SUPPLY (INSIDE)</div></div>
<div>Amsterdam Teleport- Sloterdijk</div>	<p>Teleport-Sloterdijk is the district where the highest number of office conversion projects has occurred since 2010. Over 20% of the stock was withdrawn. Although vacancy has fallen sharply as a result, this district still has the highest vacancy rate in Amsterdam.</p>	<div><div>OUTLOOK</div><p>The new municipal strategy for Sloterdijk is to transform it into a mixed-usage working and residential area. The first dwellings in the area will become available in mid-2019. One consequence of the higher vacancy rate this is that there is still considerable potential for the repurposing of office buildings.</p></div>	<div><div>GRAPH: STOCK VS VACANCY</div></div>	<div><div>GRAPH: PRIME RENT VS TAKE-UP</div></div>	<div><div>YEAR OF CONSTRUCTION OF OFFICE STOCK (OUTSIDE) AND SUPPLY (INSIDE)</div></div>
<div>Amsterdam centre</div>	<p>Historically, the centre of Amsterdam has always been the most important and most popular office area in Amsterdam. 55% of its office stock is located on Amsterdam's characteristic canals, many of which are listed monuments and date from the Golden Age. In contrast to other office areas, the office stock in the centre has been relatively stable. Within a ten-year period, almost 200,000 sq m has been added and 110,000 sq m withdrawn (+ 7%). New-build has mainly occurred in the Westelijk Havengebied, while conversion projects have taken place in the historic city centre and canal ring. In the years to come, almost 80,000 sq m will be built in the centre (near the central station). Since this will largely be used as the new headquarters for Booking.com, supply will effectively not increase. With only 10% of vacancy being structural, it is very likely that overall vacancy will drop even further. The question remains, however, to what extent this is possible. Not only does the centre have the oldest stock, but vacancy is also concentrated in older buildings with a relatively small surface area. It will therefore remain difficult for companies to find suitable office spaces in the future. Companies looking for a larger area (&gt; 1,000 sq) are already finding this difficult. The average size of the available supply is only 613 sq m, which is considerably smaller than in Amsterdam's other office districts. Nevertheless, the demand for office space in the centre remains high. This was confirmed in a recent survey by Ventu. Search traffic on this website has been highest for offices in the centre, and specifically in the canal ring (Ventu, 2018)</p>	<div><div>OUTLOOK</div><p>Generally speaking, any new developments will occur almost exclusively in the harbour area. The new district of Houthavens (which has not yet been fully realised) will include space for offices, among other things.</p></div>	<div><div>GRAPH: STOCK VS VACANCY</div></div> <div><div>LEGEND</div><ul style="list-style-type: none"><li>STOCK (IN SQ M)</li><li>IN USE (IN SQ M)</li><li>VACANCY (IN %)</li></ul></div>	<div><div>GRAPH: PRIME RENT VS TAKE-UP</div></div> <div><div>LEGEND</div><ul style="list-style-type: none"><li>TAKE-UP (IN SQ M)</li><li>PRIME RENT (IN € / SQ M)</li></ul></div>	<div><div>YEAR OF CONSTRUCTION OF OFFICE STOCK (OUTSIDE) AND SUPPLY (INSIDE)</div></div> <div><div>LEGEND</div><ul style="list-style-type: none"><li>&lt; 1980</li><li>1980 - 2000</li><li>&gt; 2000</li></ul></div>





“Real rental growth is now a reality.”

Reinier Wegman

Occupier market

Amsterdam’s rental levels are increasingly competitive in the international playing field

Amsterdam has seen steady rent rises in recent years. This has been a consequence of the increasing shortage across the whole of Amsterdam’s office market. Particularly those areas where vacancy has fallen the most in relative terms are experiencing the highest rent rises. As a result, prime rents have risen to above €400 per sq m, with some outliers even exceeding €500. The enormous difference in rents in different areas is striking, especially in view of the relatively close proximity of these areas. Despite the rise in rents, current rent levels of Amsterdam remain lower than those of international rivals such as Dublin and Frankfurt. This international context, combined with the overall tightness in Amsterdam’s office market, is leading many to believe that rents have not yet peaked in Amsterdam.

Prime rent  
London  
€ 1,200

Prime rent  
Paris  
€ 729

Prime rent  
Dublin  
€ 700

Prime rent  
Frankfurt  
€ 480

Prime rent  
Berlin  
€ 409

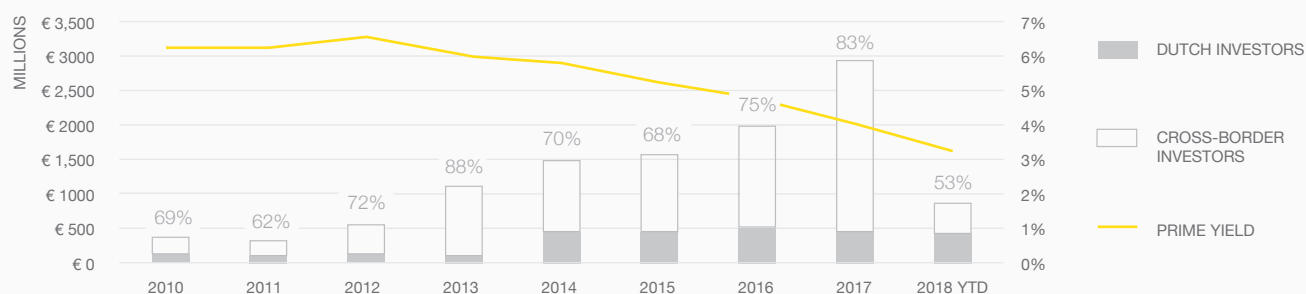
“From an international perspective, Amsterdam is still seen as affordable”

Jordy Kleemans

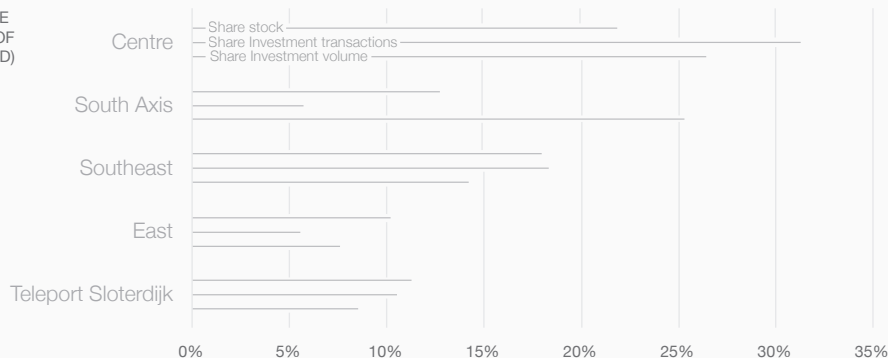
TABLE: PRIME RENTS IN MAIN OFFICE LOCATIONS	PRIME RENTS 2018 Q3	RENTAL GROWTH SINCE 2013 (€)	RENTAL GROWTH SINCE 2013 (%)
AMSTERDAM CENTRE	€ 400	€ 50	14.3%
AMSTERDAM ZUIDAS	€ 410	€ 70	20.6%
AMSTERDAM OOST	€ 385	€ 45	13.2%
AMSTERDAM ZUIDOOST	€ 245	€ 55	28.9%
TELEPORT - SLOTERDIJK	€ 210	€ 40	23.5%



GRAPH: INVESTMENT VOLUME AMSTERDAM OFFICES



GRAPH: OVER THE PAST FIVE YEARS, THE CENTRE AND ZUIDAS HAVE ACCOUNTED FOR OVER 50% OF THE TOTAL INVESTMENT VOLUME. (2014 - 2018YTD)



## Investment market

## Central Amsterdam remains the most important destination for investment

2017 marked a record year for investment in Amsterdam offices. With a total volume of almost €3 billion, this accounted for no less than 13% of the total investment volume in Dutch real estate. So far in 2018, €933.7 million has been invested. Historically, the investment volume in Amsterdam has been many times higher than in Rotterdam but, remarkably, investment volumes in the two cities are now at a similar level: Amsterdam €875.7 million versus €882.8 in Rotterdam. However, this is almost exclusively because of the limited supply available in Amsterdam: the demand for Amsterdam offices remains high.

In the past five years, the centre has been the most popular destination for investment, followed by Zuidas. Notably, almost the same investment volume was achieved in Zuidas as in the centre, but based on only 18.8% of the number of transactions. Due to transactions involving relatively new and large-scale high-rise buildings, the average transaction size was

much higher in Zuidas: €85.0 million versus €16.9 million in the centre. The transaction involving the Atrium Building, which was the largest single asset deal in Dutch history, had a major impact on this figure. When the share of investments of over €50 million is considered, the centre only contributes to a relatively small share of this investment. The majority of these transactions have been in Zuidas (48%). If we look at transactions above €100 million, this share rises to 57%. In other areas, including the centre, the number of large transactions can be counted on hand – there have only been three in the last five years (Noortse Bosch, The Bank and Piet Heijn Buildings). The reason for this is simply that the number of large buildings in the centre is limited. The average building is substantially smaller than in Zuidas, for example (2,830 versus 14,100 sq m). Another reason is that investors are much less willing to sell their existing assets due to the lack of an alternative investment product. Combined with a rise in interest among investors, the increasing scarcity of investment product has reduced prime yields to their current level of 3.25%.

A small selection of transactions from the past year (below) shows a number of peculiarities. On the one hand, (substantial) transactions have taken place across Amsterdam and buyers have been varied. On the other hand, prices have varied widely depending on the location.

TABLE: THE MOST NOTABLE RECENT TRANSACTIONS IN EACH AREA OF AMSTERDAM

PERIOD	NAME	ADRESS	SUBAREA	SQ M	PRICE (€)	PRICE / SQ M	BUYER
18Q3		STADHOUDERSKADE 1	CENTRE	3,013	42,000,000	13,940	RJB GROUP
18Q3	MOTION BUILDING	RADARWEG 60	TELEPORT-SLOTTERDIJK	16,000	47,300,000	2,956	NSI
18Q3	DIANA & VESTA	HERIKERBERGWEG 181-342	ZUIDOOST	24,428	62,000,000	2,538	CK CAPITAL
18Q2	AMSTELGEBOUW	PRINS BERNARDPLEIN 200	OOST (OMVAL)	21,655	103,500,000	4,779	BARINGS
17Q4	FOZ	GUSTAV MAHLERLAAN 4	ZUIDAS	12,711	89,600,000	7,049	ROCKSPRING



## Savills Outlook

## It's all about rental growth

Conversions and economic prosperity have contributed to an increasing shortage on Amsterdam's office market. Despite the fact that the trend for conversion has now peaked and the construction of new offices is once again permitted, supply will continue to fall due to sustained demand. Last month, in its quarterly update 'Market in Minutes', Savills predicted an average rental growth in Amsterdam of 5% per year for the next two years. This prediction was made on the basis of an analysis of the correlation between vacancy and the average rent rise realised, taking into account new developments. Particularly when vacancy falls below a critical level (frictional vacancy), this has an increased effect on rental growth. This has been shown, for example, in Berlin's office market, where rents have risen by over 50% in a few years as the overall vacancy fell below the critical level of 5%. The same trend can also be seen closer to home, for example in Amsterdam Zuidoost. Although rental growth is expected throughout Amsterdam, there are also differences in the forecasts for each district. The Savills Rental Wave indicates which stage of the rent cycle each district is currently at.

Office rents in the centre have traditionally been among the highest in Amsterdam. Despite this, Savills predicts that the strongest rental growth will occur here in the years to come. Rental growth in the centre has been limited recently, and the office

stock, and thus supply, will scarcely increase at all in the foreseeable future, while demand will remain strong. This means that the best properties, particularly in the canal ring, are expected to see rental growth of over 5% per year.

In Teleport-Sloterdijk, too, substantial rental growth is expected. This area has already shown enormous rises in recent years, but it remains relatively affordable compared to other areas. Due to further mixing of usage and planned withdrawals, vacancy will continue to decrease here and make the area more attractive, with further rent increases as a result.

Rents in Zuidoost have also risen substantially in recent years, which is why rental growth is expected to weaken slightly in the next few years. Teleport-Sloterdijk currently seems to be going through the same development as Zuidoost did in the past year. Rental growth in Zuidas will be more limited in the next few years due to the addition of 150,000 sq of office space. In Oost, rent increases are also expected to be slightly lower as prime rents are already relatively high.

In addition to rental growth in Amsterdam, pressure on the office market in surrounding municipalities will also increase. As Amsterdam becomes too expensive for some companies, they will relocate to places like Almere and Hoofddorp.

Due to the expected rise in rent levels, Amsterdam will continue to attract investors in the long term. Space for further yield compression seems limited, but rental growth will give an extra boost to direct and indirect returns for investors.





# Outlook on rents

Amsterdam Zuidas



Amsterdam Centre



Amsterdam Oost



Amsterdam Zuidoost



Teleport-Sloterdijk

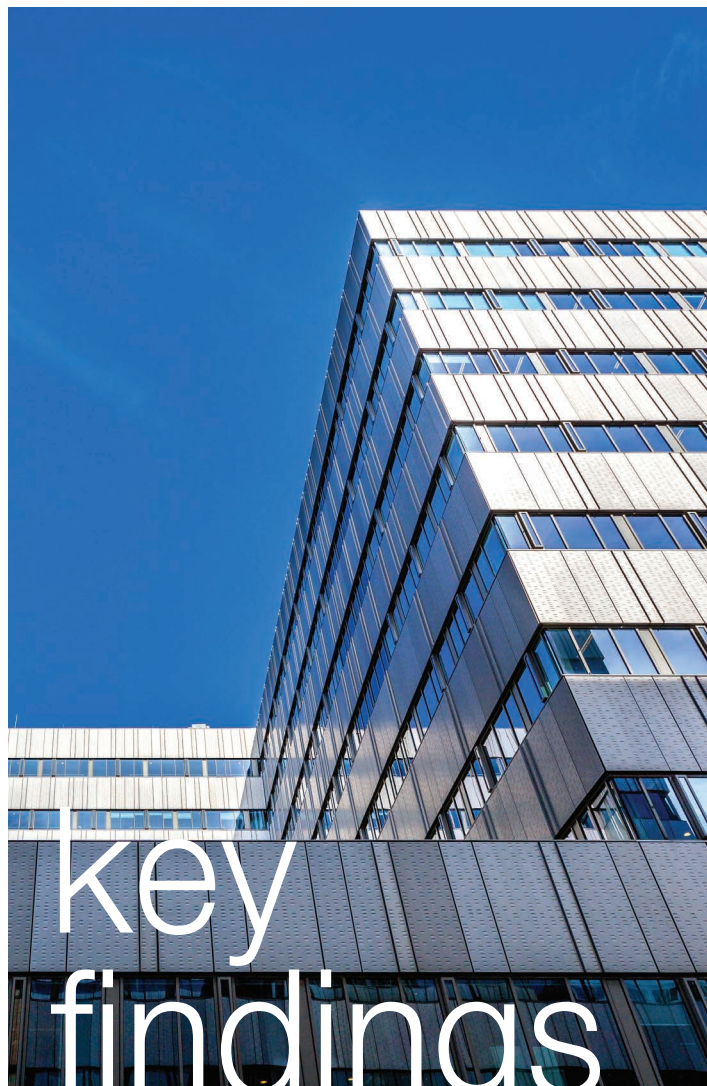


“As new office development is virtually impossible in the monumental canal ring, the highest and the most sustainable rental growth in Amsterdam is expected here.”

Clive Pritchard







## Demographics and Economy

Over the next 15 years, Amsterdam will grow to become the first city in the Netherlands with a population of over one million. Its economy is performing well, partly fuelled by this population growth. With average economic growth of 4.2% per year over the past four years, the city is among the fastest-growing cities in Europe.

## Stock and Supply

The wave of conversion projects and continuing demand have caused a significant shortfall in the supply of office space. This situation will persist in the years to come due to limited new-build and sustained demand.

## Occupier market

Unlike other Dutch cities, Amsterdam attracts companies from all sectors.

## Investment market

Amsterdam remains in demand, with the centre and Zuidas being the main focus for investors. A shortage of sufficient investment product is currently acting as a brake on the investment volume in Amsterdam office space.

## Rental growth

Rental growth in Amsterdam does yet not seem to have reached its ceiling. A tight market and limited new-build will ensure above-average rental growth in areas such as the centre and Teleport-Sloterdijk.

## Want to know more?

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