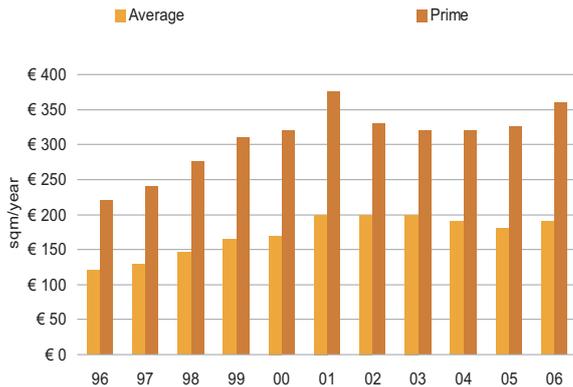


Amsterdam office market

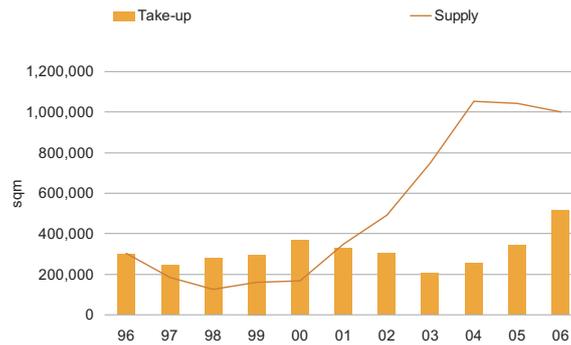
March 2007

Rental values



Source: Savills Research

Take-up / Supply



Source: Savills Research

“The Amsterdam office market has reached a turning point. Leasing activity and prime rents are increasing and positive economic outlook should sustain this trend. We expect further positive rental growth in 2007”.

Roderik Schuwer - Director



- Positive economic development led to a 50% increase in office take-up, which amounted to around 517,000sqm in 2006.
- The growing service sector is responsible for 59% of total employment and for over 70% of the total occupied office space.
- The total office stock in Amsterdam amounts to almost 6.4 million sqm. Since 1998 the stock has grown by 32%.
- The vacancy rate is down to 14%. We expect that supply will decline further, due to increasing take-up.
- The office market has reached its turning point. Rents started to increase in the second half of 2006, reaching 10% pa.
- Positive economic outlook should lead to increasing take-up, which can bring further positive prime rental growth.
- Investment yields follow a downward trend, given the strong demand and high availability of capital.
- Given the rising interest rates and upward moving stock markets, we do not expect yields to decrease significantly over the next few years.

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Demand

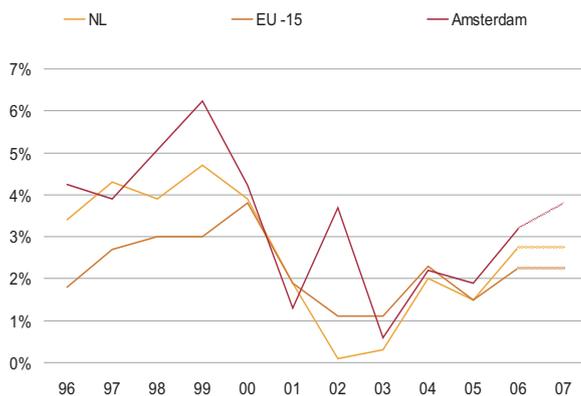
Economy

The Dutch economy grew by 1.5% in 2005. Growth was constrained by weak consumption, with a decline in both consumer and government spending. Corporate investments proved to be the only real bright spot, expanding by 3.6% and this, along with a positive contribution from net trade, prevented an even weaker result. The labour market reflected the economic conditions. Employment fell, and this was accompanied by an increase in unemployment, though the rate remained well below the Eurozone average.

There were signs however of a recovery in the second half of 2005 and this has been sustained during 2006 leading to an annual GDP growth of 2.9%. Consumers' and producers' confidence increased, and the growth was sustained by an increase in consumption. The labour market has benefited from the upturn in activity, with employment growing and unemployment falling below 4%. In 2007 the outlook for economic growth again is around 3%, which has not been achieved since 2000.

The outlook for the economy of Amsterdam is even better, with an expected growth of almost 4% in 2007. Driving forces are Distribution and the ICT sector

Economic growth



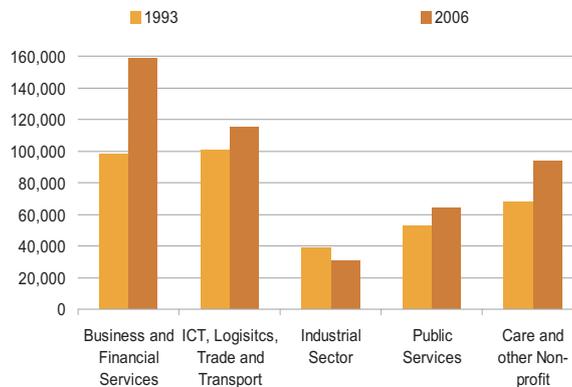
Source: Experian

Leasing market

Demand and take-up

Take-up of office space in 2005 totalled 343,000sqm LFA (lettable floor area). This is an increase of 25%, compared to 2004. In 2006 take-up has further accelerated reaching around 517,000 sqm, another increase of 50% pa. Due to the positive economic development and the growing industrial and manufacturing confidence, companies are relocating and expanding again. Particularly in the South Axis district demand increased significantly. Take-up exceeded 100,000sqm in 2006, while in 2005 take-up totalled only 18,500 sqm. Take-up in South East also went up remarkably, amounting to approximately 75,000sqm. The transactions concerning British Telecom (17,000 sqm at €215/sqm/year) and Yellow Pages (9,100sqm at €195/sqm/year) at the Plaza Arena accounted for the large share. In comparison, demand only reached 30,000sqm in 2005.

Employment by sector

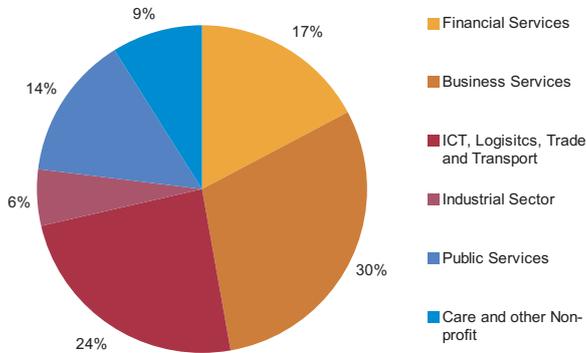


Source: Experian

The business service sector was the most active in the Amsterdam office market. The growing commercial service sector is responsible for 59% of total employment and for over 70% of the occupied office space in Amsterdam. Office demand in Amsterdam continues to increase. Because of the central position in the country, the spin-off opportunities, the economies of scale and the business activity, the largest Dutch city remains an attractive place for companies. As a result, improving economic growth and the recovery of office demand is firstly reflected in the Amsterdam market.

Supply

Typology of office occupiers



Source: Savills Research

Supply, stock and vacancy rate

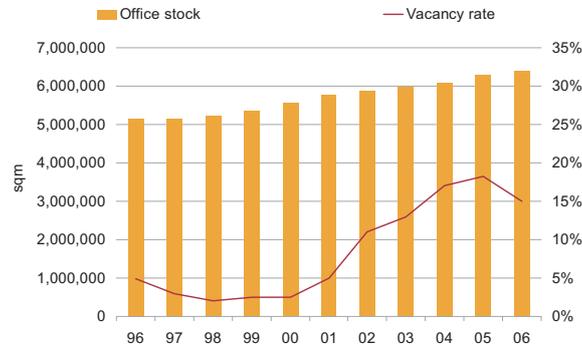
The total office stock in Amsterdam amounts to almost 6.4 million sqm. Since 1998 the stock has grown by 32%. The largest concentration of stock is located in the following submarkets:

- Centre - 1,115,000sqm
- South-East - 1,190,000sqm
- South Axis - 1,075,000sqm
- West- Sloterdijk/Teleport - 1,600,000sqm.

South Axis showed the largest increase of stock, due to the completion of "Viñoly" and "Toyo Ito". These two buildings total almost 60,000sqm. The total amount of office space available to let and/or for sale (supply) adds up to slightly less than 1.0 million sqm, which was a small decline compared to the start of 2006. The vacancy rate is now 14%. It is expected that the supply will decline further, due to the increasing take-up. In spite of the still large supply of office space, several new office projects are in the pipeline. Examples of large-scale developments underpay include:

- In Amsterdam Watergraafsmeer, around Science Park, there are over 500,000sqm of office space, laboratories, educational buildings, congress facilities, a train station and hundreds of houses in the pipeline. Completion of the educational facilities related to Mathematics, Physics and Information Science is due for 2007/2008. Future developments will follow the completion of the NS train station Watergraafsmeer, scheduled for 2009.

Stock and vacancy rate



Source: Savills Research

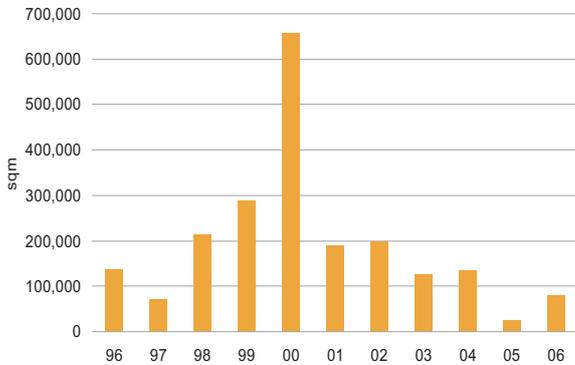
- In Amsterdam North the development of over 100,000sqm office and industrial buildings is almost completed, through the restructuring of the former Shell Area and Buiksloterham. These new offices are almost fully pre-let.

- Another 130,500sqm of office space is under development around the South Axis of Amsterdam (completion will be phased between 2007-2009), and 400,000 sqm is in the planning process.

- A major boost for the South Axis will be the realisation of the "Dokmodel" (Tunnel or Basement Model). To create 'a new stretch of city within the city', the government and Municipality of Amsterdam want to move 1.2 kilometres of infrastructure underground. This will make space available for development, reuniting two districts, reducing noise and other types of pollution and regaining more room for constructing offices, houses and the accompanying facilities. In November 2006 the "Zuidas-Dokonderneming" (South Axis Dok Company) has been established, an important step in the process to actually implement the Dokmodel. The company will be responsible for the tunnelling of the infrastructure. The funding of the company will be based on the auction to acquire grounds above the tunnel. When the development according to the Dokmodel is being started, there will be room for 1.0 million sqm new buildings. Of this, approximately 368,000sqm is destined for working space.

Investment market

Development completions



Source: Savills Research

Rents

Average prime rents (for areas above 1,000 sqm) have increased to €360/sqm/year at the beginning of 2007. Incentives are diminishing. At this moment tenants are offered approximately 1.0-1.5 years rent-free on a 10 year lease, and occasionally also tenant improvements. However, for prime office locations such as Mahler4 (South Axis), hardly any incentives are offered. The expectation is that further increase of take-up can cause further positive prime rental growth. There is considerable discrepancy in rents between the different Amsterdam office districts. Prime rents of €360/sqm/year are asked for prime office product in the South Axis. The rental prices in South East are in the range between €100/sqm/year and €220/sqm/year, with an average of €160/sqm/year.

After the record high rental levels achieved in 2001, the market was in recession in 2002 and 2003. Still, prime headline rents remained relatively stable, supported by incentives. In 2005 market activity increased significantly, due to several large letting transactions of public service organisations. The office market reached its turning point. Rents started to increase in the second half of 2006, reaching 10% pa, and continuing market activity can lead to a further increase.

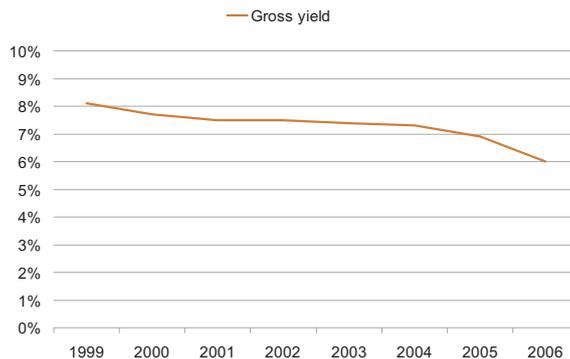
Investment market

Dutch investment market

During the course of 2006, the office segment was by far the largest segment in The Netherlands as far as real estate investment is concerned. This segment accounted for almost 57.5% of the total volume, or €4.6 billion, 55% above the long-term average (€2.8 billion) for the period 1999-2005. This high transaction volume is remarkable, given the weak leasing market fundamentals over the years after 2001, which has resulted in strong competition for strong office assets. A shortage was evident, particularly in the prime segment. Interest in this product came above all from parties funded by private money, particularly (German) open-ended and closed-end funds. Institutional investors and listed funds can compete with them only with difficulty due to their frequently higher yield requirements. As a result of this, these investors set their sights on a different quality segment, prompted in part by the belief that rental potential in it could be realised over the mid to long term.

Shortages in the investment market, combined with low rental values in letting markets, resulted in initial yields for offices tightening further in 2006.

Prime office yields



Source: Savills Research

Amsterdam

Amsterdam investment market

In 2005, €395 million was invested in the Amsterdam office market. This is only 41% of the investment volume in 2004, due to a lack of product. The investment volume in 2006 is increasing due to the transaction of buildings like the Rembrandt Tower, Acanthus, Symphony, Mercurius & Minerva, Keynes Building and Aurora (twice). The 2006 office investment volume reached approximately €1.0 billion.

In 2005 the top net initial yields (net income divided by gross value) reduced slightly to a range of 5.5% to 5.75%. This range has dropped even further for the second half of 2006 to 5.0% - 5.5%, due to the considerable weight of money and lack of product.

Major investment deals 2006

Building	Location	Price €m	Buyer	Net Yield
Keynes Building	Riekerpolder	41	Nordcapital	6.0%
Acanthus	South East	174	Credit Suisse	5.4%
Jupiter	South East	60	Prudential	5.5%
Telespy	Teleport	26	Fortis	5.8%
Mercurius/Minerva	South East	99	SEB	5.5%
Atradius	Riekerpolder	95	Oppenheim	5.2%

Major letting deals 2006

Tenant	Location	Size sqm	Rent €/sqm
De Brauw Blackstone Westbroek	South Axis	22,000	300
Deloitte	Sloterdijk/Teleport	15,000	185
Optiver	South Axis	6,500	260
Rgd	South Axis	11,500	250
AFM	Amsterdam	18,000	215
PCM	Amsterdam	15,500	165
Yellow Pages	South East	9,000	195
Versatel/Tele2	Diemen	12,500	175
Eneco	Rotterdam	13,500	160

Source: Savills

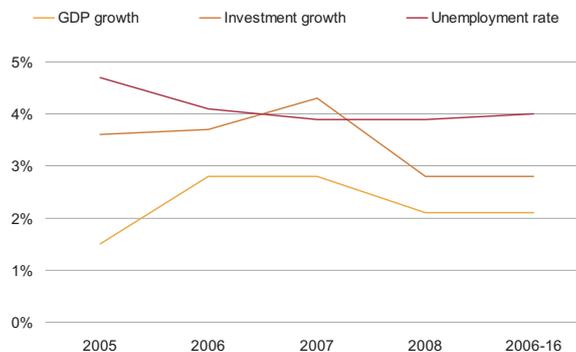
Outlook

Another strong year of growth is expected in 2007 according to Experian. GDP is again expected to grow by 2.8% with domestic demand maintaining its position as the key driver for growth. The contribution from the external sector to GDP growth in 2007 is expected to moderate due to weaker demand from the Eurozone and the appreciation of the Euro, both of which hit export volumes. The labour market will benefit from a second year of strong economic activity. Employment is forecast to grow by 0.8% on a full time equivalent basis in 2007, and this will be sufficient to allow a further reduction in the rate of unemployment.

The economic outlook is positive and expectations for Amsterdam economic growth even exceed national growth. Business confidence is also on the rise and companies are actively looking for office space. As a result, take-up of office space in Amsterdam increased remarkably in 2006. Characteristic for the Amsterdam office market is the increasing gap between the large supply of low quality office space and the increasing demand for prime quality office space. It is to be expected that the construction of new offices will increase significantly in the next years. Increasing take-up can lead to a further increase of prime rents, whereas incentives are expected to diminish.

For the moment, the investment yields follow the downward trend, given the strong demand and high liquidity of investors. However, regarding the rising interest rates and upwards moving stock markets, we do not expect yields to decrease significantly in the next few years.

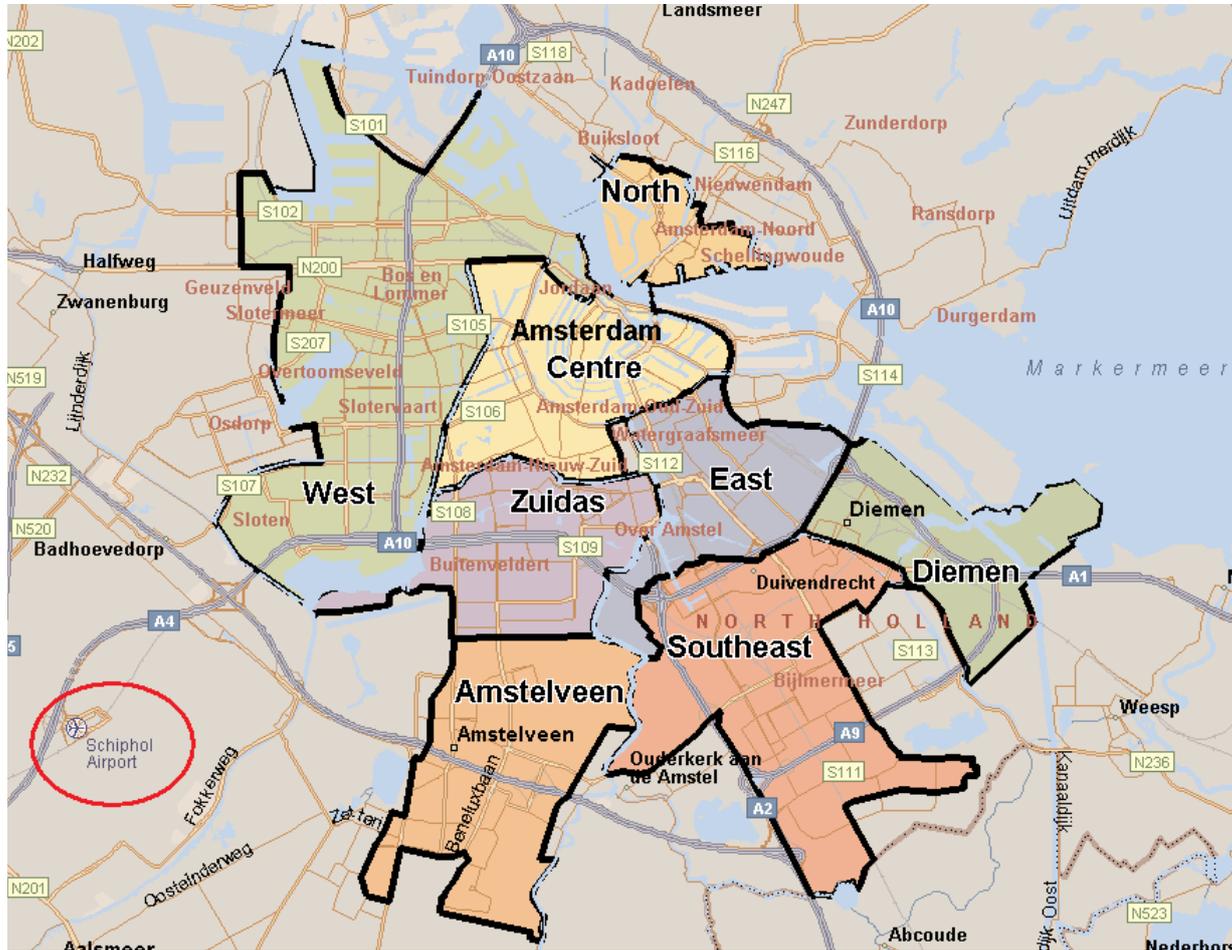
Economic forecasts



Source: Experian

Amsterdam office market

Survey map



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