

CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



Logistics Market Holds Firm Amid Economic Flux

Netherland

Q1 2024

Market Outlook

The Netherlands' economy experienced a GDP contraction of 0.3% q-o-q and 0.8% y-o-y in Q3 2023, showing a moderation in the rate of decline from earlier in the year. Inflation significantly decreased to 1.6% y-o-y by November. Despite sluggish private consumption and investment due to high interest rates, public consumption and foreign trade supported GDP growth in Q3. The Netherlands is expected to stave off a recession with projected GDP growth of 0.2% in 2023, followed by steady growth of around 0.4% - 0.7% in 2024, supported by rising private consumption, falling inflation, and increased government spending.

The logistics market has exhibited resilience amidst economic challenges. Lease activities have moderated to pre-pandemic levels, with 2.38 million sqm recorded in Q1-Q3 2023, following two years of notable growth. The vacancy rate remains historically low at 1.6%, indicating a robust supply-demand dynamic. Although high interest rates have tempered investment pace, the logistics sector remains the top asset class for investors, representing 33% of the total transaction volume. The ongoing scarcity of available space and limited new construction exert upward pressure on prime rents. Looking ahead, the logistics market is positioned to sustain its momentum into 2024, supported by a strong market foundation and anticipated economic recovery...

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