

CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



## Resilient Logistics Amid Economic Fluctuations

Netherlands

Q3 2024

### Market Outlook

The Dutch economy faced challenges in Q1 2024, contracting by 0.5% q-o-q due to inventory withdrawals and a negative foreign trade balance. However, household consumption showed resilience with 0.6% q-o-q increase, and public consumption remained stable. Inflation is steadily declining, aligning with ECB targets, which supports economic stability. The labor market remains robust, with a historically low unemployment at 3.6% and rising wages bolstering consumer spending. Despite a contraction in exports, the outlook for trade remains positive, with a projected rebound in 2025. Government measures, alongside EU funds, are expected to sustain investment and public spending. Overall, the Dutch economy is projected to grow modestly by 0.4% to 0.7% in 2024, with an acceleration to 1.5% in 2025, driven by recovering domestic demand, improved investment conditions, and a global economic recovery.

In Q1 2024, the Dutch logistics market demonstrated resilience with a take-up of 1.16 million sqm, despite a slight decrease from the previous quarter. Investment in logistics surged to €885 million, making up 50% of the total CRE investment volume, recorded a 8% y-o-y and 28% q-o-q increase, reflecting sectors' attractiveness among investors. The vacancy rate remained historically low at 2.5%, underscoring tight supply-demand dynamics. Prime rents remained stable in key regions, with growth observed in emerging submarkets. Looking forward, the market is expected to see continued growth, driven by robust fundamentals, expected interest rate cuts, and an economic resurgence...

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