

CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



Economy and Logistics Gain Ground

Netherlands

Q4 2024

Market Outlook

The Dutch economy showed signs of recovery in Q2 2024, growing by 1.0% q-o-q and 0.8% y-o-y, ending a period of stagnation. Key drivers included strong net exports, public consumption, and positive investment. Robust public spending offset a temporary dip in household consumption due to rising rents and taxes. The labour market remained tight, with unemployment at a historic low of 3.7%. Inflation rose to 3.6% y-o-y in August, but HICP moderated to 3.3%. Net exports were the main contributor to GDP growth, supported by solid performance in both goods and services. The government posted a 0.1% surplus, and the debt-to-GDP ratio fell to a historical low of 43.2%. Looking ahead, GDP growth is projected at 0.6% in 2024, with an acceleration to 1.4%-1.6% in 2025, driven by easing inflation, recovering consumption, and improving investment conditions.

The Dutch logistics real estate market saw an uptick in Q2 2024, with take-up rising by 7% q-o-q to 1.23 million sqm. Logistics assets remained the top choice for investors, with total investment reaching €820 million, bringing the total for H1 2024 to €1.7 billion, up 15% y-o-y. The vacancy rate remains relatively low at 3.0%, well under the 5% shortage threshold. Stringent environmental regulations, alongside high land and construction costs, continue to constrain new developments. Prime rents remained stable across majority of market, with growth observed in prime location in traditional logistics hubs. Looking forward, the market is poised for sustained growth, bolstered by solid fundamentals, enhanced financial conditions, and broader economic recovery...

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