Economy and Logistics Market Stay the Course with Steady Gains

Netherlands **Q1 2025**

Market Outlook

The Dutch economy exhibited robust growth, with GDP increasing by 0.8% q-o-q and 1.7% y-o-y in Q3, driven by strong consumption and favorable inventory adjustments. Household consumption rose by 0.9% q-o-q in Q3, fueled by solid wage growth and a tight labor market, maintaining the unemployment rate at a historic low of 3.7%. The inflation rate climbed to 4.0% in November, spurred by rising rents and service costs, and is projected to stabilize around 3.2% in 2025. Looking ahead, an expected surge in both public and private consumption is projected to lift Dutch GDP growth to 0.9% in 2024. Additionally, investment is poised for expansion, underpinned by lower interest rates, enhanced financial conditions, and an expansionary budget. As the primary driver of economic growth, private consumption is forecasted to accelerate significantly, propelling GDP growth to 1.5% by 2025.

Investment momentum in the Dutch logistics market strengthened in Q3 2024, despite moderated leasing activities. Total investment surged by 21% y-o-y to €2.1 billion over the first three quarters, establishing logistics as the dominant asset class, which now comprises 30% of the total volume in the Dutch commercial real estate market, reflecting a resurgence in investor confidence. Leasing activity reached 1.1 million sqm in Q3, totaling 3.49 million sqm for the year to date. The vacancy rate improved slightly to 3.5%, staying below the critical 5% threshold, with prime locations tightly held at 1.5%. After a 25% spike over the past two years, prime rents have now stabilized across most sub-regions. Looking forward, ongoing supply constraints, tighter environmental regulations, and power grid issues are likely to maintain tight supply-demand dynamics and propel rent growth into the next year…

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