



# BENELUX REAL ESTATE MARKET

CoreNet Benelux Chapter update



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# Benelux Real Estate Market

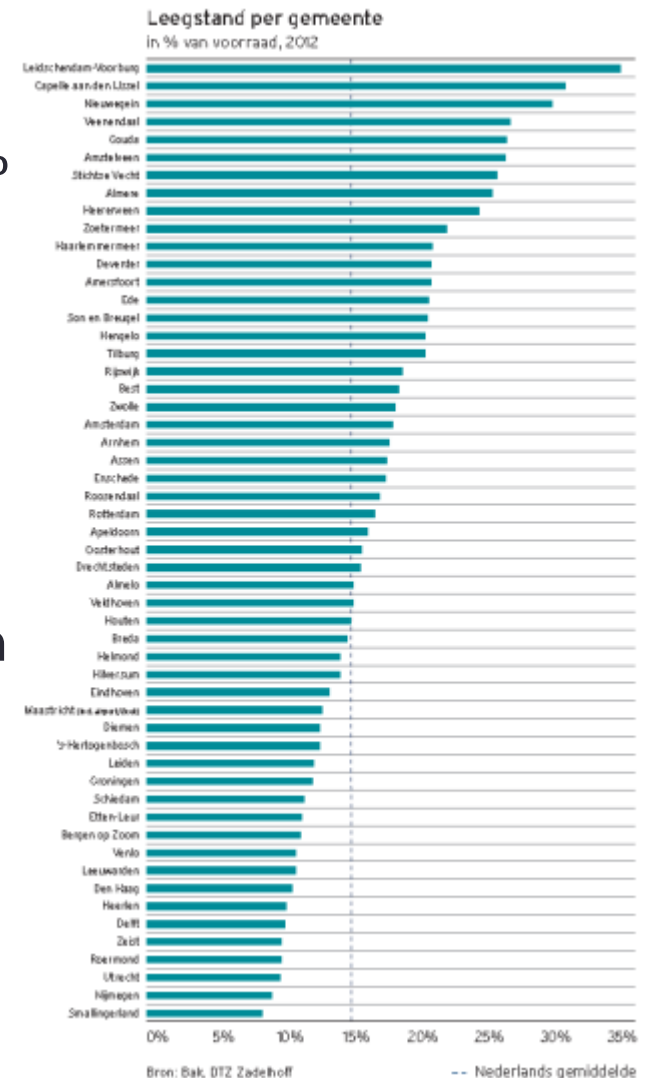


- Prime rents:
  - Amsterdam: € 340/sq.mtr
    - Regular terms 5+5, 6 months rent free
  - Brussels: € 280/sq.mtr
    - Regular terms 3/6/9, 12 months rent free
  - Luxemburg: € 504/sq.mtr
    - Regular terms 3/6/9, 4.5 months rent free
- Sources: (  CBRE Prime Office Occupancy Costs, July 2013 &  JLL /pulse/Luxembourg Office Market profile Q2 2013)

# Benelux Real Estate Market




- Empty offices


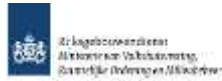
- Netherlands: Average 14,6% for offices, 8% for shops; Hidden free space maybe even 30%
- Re-use, re-purpose, demolish?;
- “Kantorentop” Unique covenant between government and market parties (investors, developers, government, lenders, users)
- Benelux chapter contribution in cooperation with  : research report “What does the end-user want”



# Benelux Real Estate Market



-  **ROZ** (Vereniging Raad voor Onroerende Zaken = Association Council for real property)
  - Are the owner of several standard/model terms rent agreement like for offices, shops, residential and garages that are heavily used in The Netherlands
  - Recently also added model that was developed by  VGM NL (Association of professional real estate organizations) and  IVBN (Association of Institutional property investors) for Asset management
  - Real Estate managers think the model for offices is too landlord centric and would like to see it changed
  - ROZ reached-out to Benelux chapter for their contribution
  - Several service suppliers established CREF as vehicle to accelerate change in ROZ model and influence new standard or develop own standard.

-  **NEN 8021**
  - New standard ‘valuation usage performance of utility buildings’ (waardering gebruiksprestatie van utiliteitsgebouwen) – Benelux chapter contributed
-  **Rijksgebouwendienst** (RGD) = The Government Buildings Agency
  - Large disposition (1.5 M sq.mtr), 30% less office space, increase planned from 55 to 70 % owned property
  - Decrease amount of locations
  - Reorganization RE organization
- **HNW**
  - Agile working, New ways of working, Place and time independent working
  - Office becomes more of a meeting place
- **IT**
  - BYOD = Bring your own device
  - Wireless
  - Platform independent

- Energy efficiency prerequisite without increasing costs
  - ESCo's = Energy Service Companies
    - A consultancy group engages in a performance based contract with a client firm to implement measures which reduce energy consumption and costs in a technically and financially viable manner.
- Care institutes
  - Are being made responsible for real estate related capital
  - Need to transform strategic thinking about real estate and housing, including health supporting buildings
- Education institutes
  - Trend is integration of schools due to budget constraints;
  - Pressure on budget from government;
  - Larger classes are result;
  - Ongoing professionalization corporate real estate staff

# Benelux Real Estate Market





- Local municipalities
  - Public real estate;
  - Municipality's own buildings;
  - Encouraged to not sell land and permits for business parks but instead work on solving empty offices.
  - Challenge to keep inner city attractive
- Garages
  - Large showrooms/workshop expensive
- Corporate Social Responsibility
  - Re-use existing;
  - Find re-utilization of left behind property.
- Investment climate
  - Less interesting for international companies resulting in decreased choice for The Netherlands as European HQ

# Social Real Estate NL

Sectors	Gross lettable area (M m2)	
• Education	• 30,0	36%
• Childcare	• 3,9	5%
• Culture	• 2,7	3%
• Sports	• 5,7	7%
• Care	• 29,9	36%
• Wellbeing	• 2,6	3%
• Others	• <u>8,6</u>	<u>10%</u>
Total	• 83,4	100%

Source: BBN (2011)

# Benelux Real Estate Market

- **Builders**
  - Very difficult market for builders
  - Large decrease of both residential assignments and offices
  - Very large companies: bid on DBFMO contracts
- **Investors & Lenders** (  EmergingTrends in Real Estate 2013; The Second Act: Optimism Returns)
  - Both keep one eye on refinancing risk, want to know whether an asset will stand the test of time, meets the 'green' agenda.
  - **Investors**
    - Investors are exploring off-the-radar locations, learning how the local economies of those areas function, and seeking relationships with local operators to help them do that
  - **Lenders**
    - Seeking security in knowing how the demographics or economy of an area works
- **IFRS reporting for leases proposed** (  Leases re-exposed")
  - Fundamentally change lease accounting for most lessees and lessors; operating lease treated as owned property
  - Significant change to income statements and balance sheets

- Changing role CRE manager envisioned
  - New super nucleus (CoreNet Global Core2010)

**Fact:** Almost 75% of survey respondents believe new integrated workplace leadership will emerge by 2020.

## Summary Points

- Managing and leading an integrated workplace
  - Bridge functionals
  - Leverage collaboration
- Leadership needed to inspire collaboration
  - No “one size fits all”
- CRE as leader of the Super Nucleus
  - Precedent?
  - Tactical to Strategic
  - CRE across the enterprise



**New Strategic Function Ensuring an Enabled Employee and a Productive Workforce**

# Benelux Chapter advertisement

- Membership

- 88 Members

- Academic 10%
    - End-user 40%
    - End-user Young leader 2%
    - Service provider 43%
    - Service provider Young leader 5%

- 5 Reasons to join:

- The largest worldwide network for the TOP Corporate Real Estate professionals.
  - A continuously growing number of members of more than 7.000 members globally consisting of end-users, service providers, academics and students. All from national and international well established organizations from corporates, care sector, education institutions and government.
  - Interesting and current network events and knowledge sharing events like the End user debate during Provada, The House of Commons-style debate, CoreNet Cafés, breakfastsessions, the annual EMEA Summit and the (invitation only) Discovery Forums specifically for end users.
  - Access to the Knowledge Center with global benchmark data and survey results plus elective training programs like the special Master of Corporate Real Estate (MCR).
  - A platform for end users. You too can make your voice heard in many local discussions and initiatives like the Action program Vacant offices.