Real estate market update

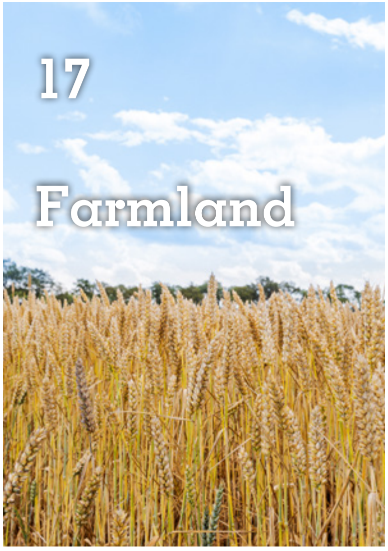
First quarter 2025

a.s.r. real estate

Contents





Economy

The Dutch economy is showing stable growth with GDP expected to grow by 1.9% in the first quarter of 2025, which is higher than average expected GDP growth in the eurozone. Inflation remains high, above the eurozone average, but eased to 3.7% in Q1 2025. Consumers are more negative about the economic climate for the next 12 months, partly due to geopolitical tensions. These tensions pose risks for the financial and real estate sectors. 10-year government bond yields rose in reaction to these tensions and the expected increase in budget expenditure, reflecting the turbulent times and potential risks.

GDP growth y-o-y real	**Q1 2025 [1]** **1.9%**	Q4 2024 1.9%
Consumer prices y-o-y inflation (CPI), quarterly average	**Mar 2025** **3.7%**	Dec 2024 4.1%
Consumer confidence Average balance	**Mar 2025** **-34**	Dec 2024 -26
Unemployment ILO unemployment rate	**Q1 2025** **3.8%**	Q4 2024 3.7%
Private consumption y-o-y consumer spending	**Q1 2025 [1]** **2.6%**	Q4 2024 1.6%
Producer confidence Average balance	**Mar 2025** **-1.5**	Dec 2024 -1.6

Source: Statistics Netherlands, ECB, Oxford Economics, a.s.r. real estate, 2025
The arrows refer to the experienced change over the comparison period.

The Dutch economy has shown stable growth in recent quarters and is higher than the eurozone. GDP growth is expected to reach 1.9% in the first quarter of 2025. This is equal to the last quarter of 2024, which was also higher than initially expected (1.7%). For 2025, economic growth is expected to reach 1.9%. This is a positive development compared to Q4 2024 (1.5%). European GDP growth has been limited for a long time and is also expected to be moderate in 2025 (0.9%).

In the first quarter of 2025, inflation in the Netherlands declined slightly to 3.7%. Inflation in the Netherlands is higher than the average in the eurozone, driven by higher energy prices and higher collective labor agreements. It is expected that Dutch inflation will also remain well above the desired inflation target of 2% set by the European Central Bank (ECB) over the whole of 2025. The outlook is different in the eurozone, where inflation is expected to decline towards 2% in 2025.

Private consumption from households is the main driver of GDP growth. In the first quarter of 2025, private consumption is expected to increase substantially to 2.6%. For a while now, real household income has been increasing as wages have risen faster than inflation. In 2024, real income grew by 3% compared to 2023. Real income growth is expected to decline at a moderate pace, but it is expected to still exceed inflation in 2025. In line with expectations, the unemployment rate increased slightly, reaching 3.8% in Q1 2025. Unemployment remains below both the 15-year Dutch average and the current eurozone average.

The budget deficit in the Netherlands is deteriorating, due to the aging population, interest rates, and defence investment. Higher expenditure on healthcare and social security, a trend that will continue due to the aging population, and higher interest costs have increased the government deficit. Despite the positive adjustment to GDP growth, the government balance will still deteriorate, also due to an increase of expected defence spendings. In 2024, the budget deficit was -0.6%, and this will increase to -1.8% in 2025. The maximum permitted deficit in the eurozone is -3.0%. However, the increase will be less than previously expected, as more people are going to work and continuing to work. This leads to higher tax revenues. An increase in the budget deficit may lead to an increase in government debt.

Consumer confidence declines further in the first quarter of 2025. Consumer confidence dropped to -34 in March, compared to -24 in December. Consumers have become more pessimistic about the economic climate, especially their expectations about the economy in the coming year have worsened. Consumer confidence has been continuously declining since September 2024. This shows a negative trend in consumer sentiment. A rating of -34 is well below the 20-year average (-10).

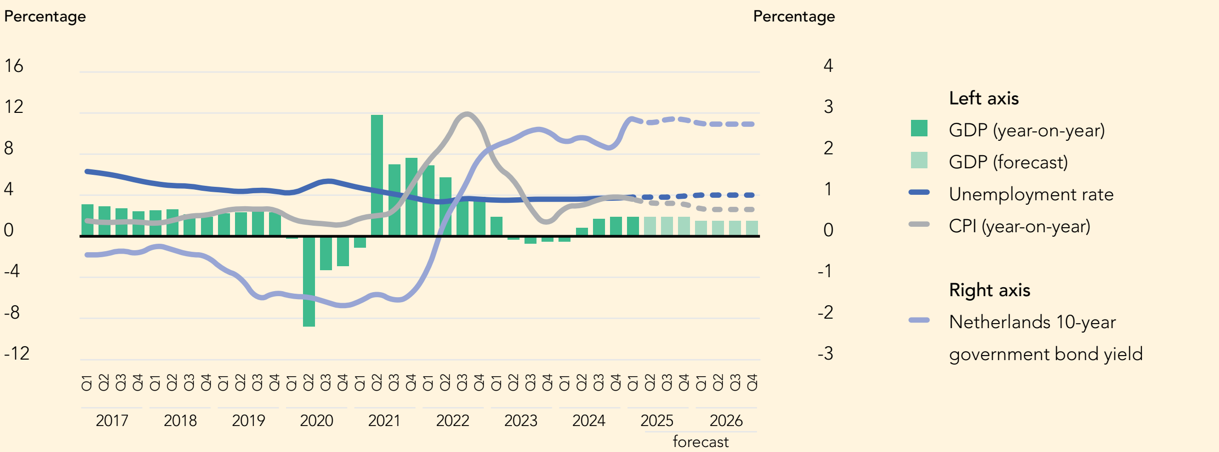
Current geopolitical developments bring risks and uncertainties for both the financial and real estate sectors. Current macroeconomic forecasts are based on a neutral scenario. However, geopolitical tensions continue to weigh on sentiment and potential growth. It is important to note that short-term risks may vary significantly between countries. President Trump has imposed global trade tariffs that vary by country with some reacting with countermeasures. This is expected to exacerbate trade tensions and could lead to disrupted trade flows and supply chains. Generally speaking, trade tariffs are likely to harm economic growth in both the short and medium term, although the effects may vary from one economy to another.

This could result in higher inflation, which could lead to higher interest rates and thus an increase in government bond yields, which may put pressure on real estate yields.

In the eurozone, disinflation is in line with expectations, leading the ECB to lower its policy rate in Q1 2025. The ECB lowered its policy rate twice in the first quarter of the year, from 3.15% to 2.65%. The ECB acknowledged that monetary policy is becoming less restrictive, reducing borrowing costs for businesses and households. This should also be a benefit for the relatively weak economic growth in the eurozone.

The Dutch 10-year government bond yield fluctuated in Q1 2025, but ended higher than in December 2024 and is well above the 15-year average of 1.3%. Increases in 10-year government bond yield have occurred throughout the European economy. There are several reasons for this, including upward pressure from the United States of America. Additionally, plans by European countries to increase budget expenditure, including for defence spending, have led to a significant increase in 10-year government bond yields. Investors may demand higher risk-return ratios as compensation for increased risks and inflation expectations. The rise in 10-year government bonds reflects the turbulent times we live in and the potential risks. The 10-year government bond yield in the Netherlands is expected to remain stable in 2025 and 2026.

Figure 1 Dutch economic indicators



Source: Statistics Netherlands, Eurostat, DNB, Consensus Forecast, ECB, a.s.r. real estate, 2024

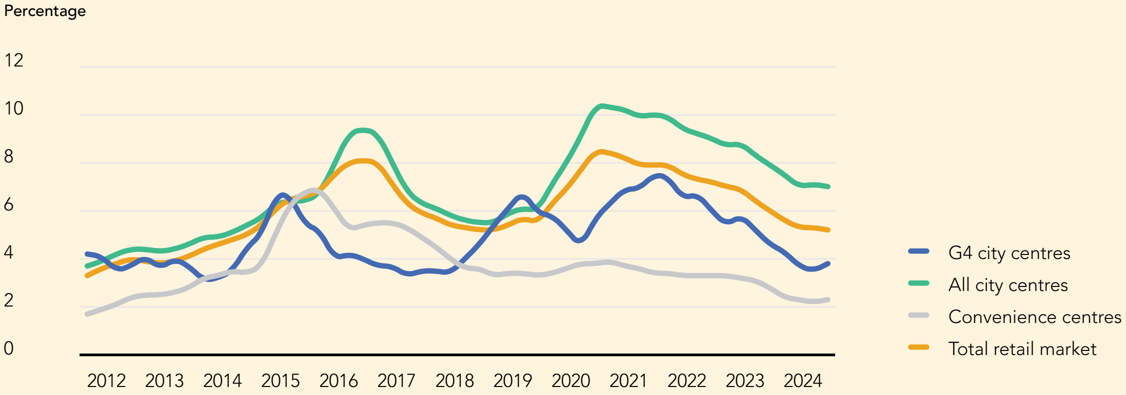
Retail

Consumer confidence continued to decline amid ongoing inflation and geopolitical tensions, but retail turnover volume still grew slightly (0.5%). Retail vacancies rose, however the re-letting of stores like Blokker and Bristol is progressing well, potentially stabilizing vacancy rates in major city centers going forward. Meanwhile, the investment market continued to show gradual growth amidst volatile financial markets, with private investors actively purchasing a variety of retail assets.

Continued turnover volume growth boosted by non-food spending. Non-food retail turnover volume growth remained robust in Q4 2024 (4.5%). On the other hand, supermarket volume growth continued to be suppressed by the tobacco ban, online competition and cost-conscious consumers and declined by 7.4%. Total retail turnover growth remained positive (0.5%), however consumer confidence continued its downward trend, moving from - 8 in January to -34 in March, despite continued real wage growth. Ongoing inflation may be weighing heavily on consumer sentiment, and geopolitical tensions and import tariffs are not helping. Online turnover growth (6.3%, in euros) outpaced physical turnover growth (2.0%, in euros) in Q4 2024, with food and drugstore claiming the highest online growth (10.9%, in euros).

Retail vacancies rose, although differences between segments remain significant. Retail bankruptcies in 2024 remained 18% below the 2009-2023 average, although y-o-y retail bankruptcies rose by 10% in 2024, with a noticeable effect on the retail market. Until Q2 2024, there was a downward trend with very low vacancy rates in the G4 city centres and convenience sectors, however there has been a slight uptick in vacancy rates since Q3 2024. Bankruptcies also create opportunities for successful retailers looking for expansion. However, the impact of bankruptcies varies widely between retail segments and store locations. Vacancy rates in Q4 2024 remained below the Dutch comparison average of 7.2%, with The Hague and Amsterdam being below 5.0%, Rotterdam 7.0% and Utrecht 5.6%. In contrast, midsized and smaller city centres continued to experience high vacancy rates of more than 20%. Vacancy rates in the convenience sector are slightly increasing, but remain relatively low overall (2.6%), with the highest vacancy rates found in the largest convenience centres at 8.3%.

Figure 2 Financial vacancy rates[1]



Source: MSCI, a.s.r. real estate, 2025

1 Four-quarterly moving average

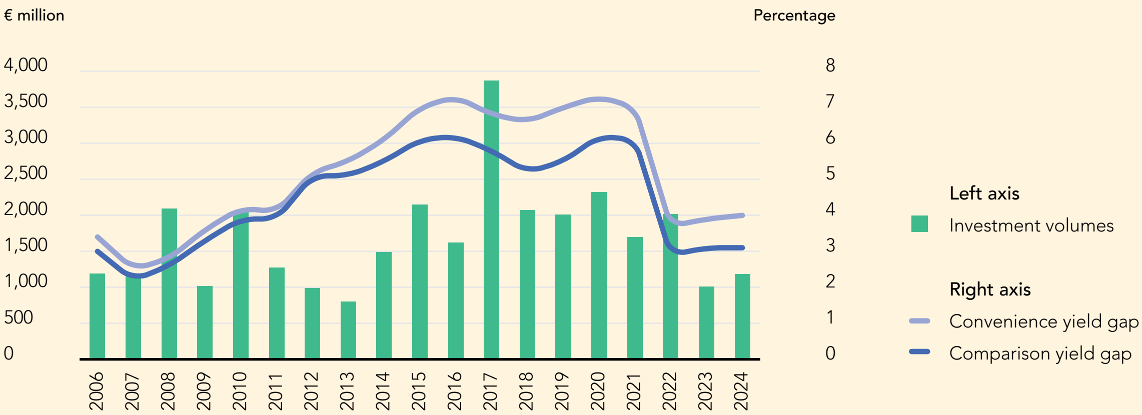
Robust retailer interest in prime store locations in popular cities. The re-letting of stores such as Blokker, Esprit and Bristol is progressing reasonably well. These brands, however, had relatively less presence in large city centres than in smaller ones. Also, retailers looking to expand are still more interested in vacant units in large city centres and may bring an end to rising vacancy rates in the G4 city centres. In conclusion, when also taking account of the Blokker franchisees (stores with continuing operations) and the re-letting of the retail units (which is progressing reasonably well), the vacancy increase from these bankruptcies in popular city centres has been limited. Smaller city centres remain vulnerable due to higher vacancy risk and lower re-letting opportunities, even in the A segment. Smaller city centres are also more vulnerable as small business retailers continue to face cost pressures and may have more difficulty in passing rising costs on to consumers.

Market rental value growth for the convenience and comparison sectors is converging. The difference in market rental value growth between comparison and convenience has been increasing since Covid-19. Convenience centres have experienced mostly positive market rental value growth and comparison market rents have been under pressure. However, comparison rents have rebounded from the beginning of 2024.

More recently, convenience market rental value growth slowed (in Q4 2024), due to lower supermarket margins. Year-on-year market rental value growth for comparison retail in G4 cities grew to 1.2% in Q4 2024. Interestingly, comparison retail in smaller cities also recorded positive market rental value growth in the same period. In conclusion, momentum for convenience seems to be weakening, while momentum for comparison appears to be strengthening.

Gradual increase in investment market continues in volatile financial markets. The gradual increase in investment market dynamics continued in Q4 2024. However, Q4 investment volume (€ 398m) was very close to volume in Q4 2023 (€ 402m) and valuations are still being impacted by rising yields. Private investors remained active, buying a variety of retail assets ranging from high street assets to out-of-town and convenience retail. Several completed and prospective deals demonstrate that international investors see momentum in the Dutch retail investment market. Meanwhile, the Dutch 10-year government bond yield rose to 2.9% in March 2025 due to Europe’s extensive plans for investment in defence. Higher bond yields could challenge the attractiveness of price levels in real estate’s pricing.

Figure 3 Retail segment yield gaps[2] and retail investment volumes



Source: MSCI, CBRE, ECB, 2025

1 Yield gap calculated on reversionary yields and 10-yrs Dutch government bond rate.

Outlook

Geopolitical factors could be an obstacle to a strengthening retail occupier market. Current Dutch macroeconomic forecasts are still positive. Real consumer spending growth and low unemployment justify the opening of new stores by retailers looking to expand, in some cases as a result of an opportunity created by the bankruptcy of former competitors. In this scenario, market rental value growth is likely to persist in prime high streets and dominant convenience centres. Another scenario as a result of unpredictable geopolitics could however do more harm to economic growth than currently expected. Import tariffs could trigger inflation and thereby change the direction of ECB interest-rate policy. This would increase pressure on struggling retailers and delay expansion plans of successful retailers. Vacancy rates could therefore rise and market rental value growth could be pressured.

Higher bond yields are a test for the investment market recovery. On the investment market, much depends on how geopolitical factors will continue to influence the financial markets. In general, the recent increase in European 10-year bond yields reduces the attractiveness of real estate investment product (relative to bonds) and in combination with general financial volatility, could cause investors to be more passive. Nonetheless, retail real estate is attractively priced compared to other real estate sectors due to the sharp corrections during Covid-19. In addition, retail rents are showing positive momentum and the repricing of retail investment product is easing. This could result in renewed interest in retail real estate from institutional and private investors.

Residential

Entering 2025, the Dutch residential real estate market continues to show resilient performance across both investment and owner-occupier segments. Rental income returns remain stable, while capital growth and market rental values have strengthened, supported by ongoing supply constraints and demographic pressure. Investor confidence has returned, with a notable recovery in transaction volumes and a surge in investment activity. In the owner-occupied sector, house prices continued to rise, underpinned by wage growth and low unemployment, despite some mortgage rate volatility. Although regulatory developments and geopolitical uncertainties present near-term risks, structural market fundamentals – including strong demand, limited supply, and stable vacancy rates – continue to support a cautiously optimistic outlook for 2025.

Residential investment market

Growth remained stable in Q4 2024. Annualised income return remained stable at 3.2%. By contrast, capital growth increased in the fourth quarter to 2.7% q-o-q and 8.7% y-o-y. This indicates a strong quarterly performance and reflects continued market recovery momentum. The sustained year-on-year growth suggests improving investor confidence and a healthier valuation environment.

Sustained market rental value growth amid tight market conditions. Market rental value growth remained strong, supported by tight market conditions. Year-on-year growth accelerated throughout 2024 and reached 7.8% in Q4, well above the long-term average of 3.7% recorded between 2015 and 2023. This elevated growth is largely driven by constrained supply, stemming from regulatory changes, slow construction activity, and sustained demographic pressure. Given these factors, market rental value growth is expected to stay elevated and continue to outpace inflation.

Yields declined further in the last quarter of 2024. Reversionary yields fell substantially for a second consecutive quarter - declining by 7 basis points to 4.81% - suggesting the market is further improving after stabilising earlier in the year. This trend, pointing to improved sentiment, is further reinforced by the pickup in capital growth, signalling a broader recovery underway.

Continued confidence in the Dutch residential market fuels investment growth. Investor interest in the Dutch residential market has surged. In 2024, investment volumes in the Dutch residential market reached 3.9 billion, a year-on-year growth of 91%. This recovery is particularly noteworthy, given that 2023 recorded the lowest investment volume since 2014. The increase was driven by both private investors with a sell-off strategy and institutional investors engaging in large-scale transactions.

Table 1 Owner-occupied and residential investment market indicators

Owner-occupied	Q1 2025 q-o-q	Q1 2025 y-o-y
House price growth	1.8%	10.9%
Number of transactions	(14.1)%	15.8%

Rental	Q4 2024 q-o-q	Q4 2024 y-o-y		
	Total	**Single-family homes**	**Apartments**	**Total**
Total return	3.5%	14.0%	11.4%	12.2%
Capital growth	2.7%	10.3%	8.0%	8.7%
Income return	0.7%	3.4%	3.1%	3.2%
Market rental value growth	1.7%	1.6%	1.6%	7.8%

Source: Statistics Netherlands, MSCI, 2025

Owner-occupied market

House price growth remains steady. House prices continued their strong upward trend in the first months of 2025, recording double-digit annual growth of 10.9% in Q1, reflecting sustained market momentum despite a slight moderation. The upturn is largely supported by continued housing shortages, robust wage growth of 6.6% in Q4 2024 and a consistently low unemployment rate of 3.8%.

Temporary uptick highlights complexity in mortgage rate dynamics. Although mortgage rates had been generally declining since late 2023, a brief increase was observed in the early weeks of 2025, followed by a period of stabilisation. This development occurred despite the ECB implementing two rate cuts in Q1 2025, bringing the policy rate down to 2.50%, after four earlier reductions in 2024. The temporary rise in mortgage rates reflects the complexity of the mortgage market, where fluctuations are influenced by market conditions, economic uncertainty, and the varied responses of banks to changes in monetary policy. While rates eventually stabilised, the earlier decline – combined with strong wage growth, low unemployment, and ongoing housing shortages – continued to support house price growth through late 2024 and into early 2025.

Strong year-end activity followed by seasonal slowdown in early 2025. Transaction activity surged in Q4 2024, rising 10.7% quarter-on-quarter and 18.6% year-on-year, driven by renewed buyer confidence and favorable financing conditions. Early 2025 brought a slowdown, likely due to seasonal effects. January volumes were down 24.8% month-on-month. However, underlying demand remained strong, as year-on-year growth held at 23.9%. February saw a smaller decline (-8.7%), and March rebounded with 5.2% growth, pointing to early signs of market stabilisation. Overall, Q1 2025 ended with a 14.1% drop in transactions quarter-on-quarter, but still posted a solid 15.8% increase year-on-year.

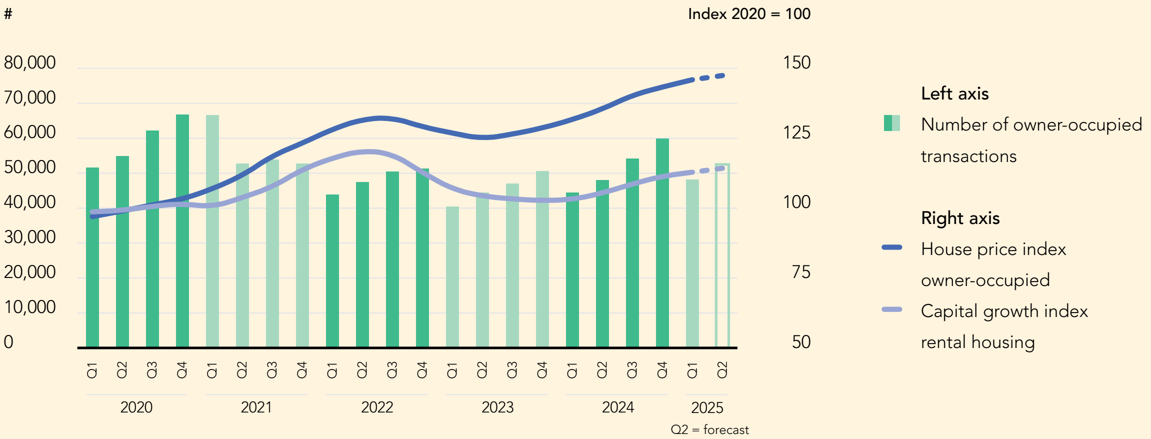
Shrinking supply and rising demand intensify rental market strain. Rising house prices and rent restrictions in the mid-rental segment are also prompting private investors to sell individual units, tightening supply in the rental market. Combined with sluggish new construction, this is further increasing pressure. As more households are priced out of homeownership, demand for rental housing is expected to grow. This will likely drive up free-market rents, keep vacancy rates low, and intensify pressure on the mid-rental segment.

Outlook

Positive momentum with cautious undercurrents. The Dutch residential market enters 2025 with strong underlying fundamentals and renewed momentum across segments. Continued demographic growth, persistent housing shortages, and resilient demand are expect to support further expansion. However, uncertainty stemming from geopolitical tensions, interest rate developments, and regulatory shifts call for a measured outlook, especially in the near term.

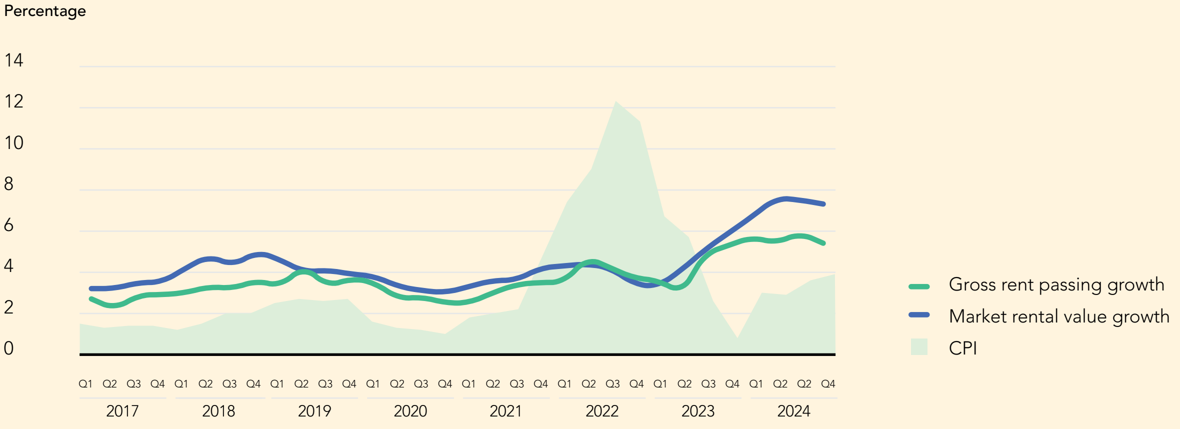
Residential investment market: positive outlook amid structural market strength. The outlook for residential investment remains broadly positive. Investor appetite is underpinned by tight supply conditions, stable income returns, and consistently low vacancy rates - particularly in key urban regions. Rising rents in the free sector and demographic pressure are likely to sustain demand for well-located, high-quality rental assets. While rising government bond yields

Figure 4 House price developments and number of transactions involving existing owner-occupied homes



Source: MSCI, Statistics Netherlands, 2025

Figure 5 Rental growth and Dutch CPI (y-o-y % change)



Source: MSCI, Statistics Netherlands, 2025

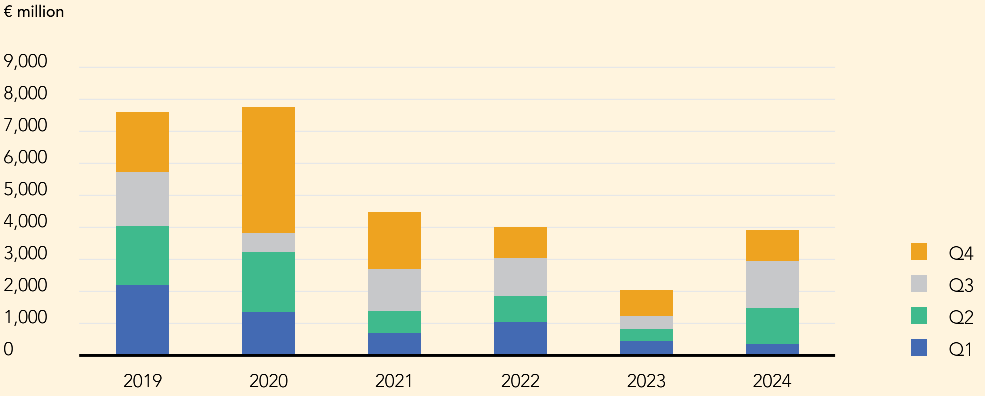
and mortgage rates could impact yield spreads and financing costs, the market continues to offer attractive opportunities for investors who adopt focused, location- and segment-specific strategies.

Owner-occupier market: Sustained growth with moderation ahead. House prices are projected to continue to rise in 2025, albeit at a more moderate pace compared to the strong growth seen in 2024. Forecasts suggest a further increase of 7.2% in 2025 (Rabobank 2025; ABN AMRO 2025; ING Bank 2025; DNB, 2024). The combination of wage growth, a tight labour market, and limited housing supply remains supportive of price stability. However, recent increases in mortgage rates – linked to rising government bond yields – may start to weigh on affordability and temper buying activity in some segments. While this could lead to a more gradual price trajectory, there is little evidence of a broader slowdown. The market is expected to remain fundamentally strong, particularly in desirable regions, with continued interest from both first-time buyers and move-up buyers. Uncertainty around inflation, monetary policy, and geopolitical developments will require close attention, but are unlikely to derail the positive long-term trend.

Rental Market: Structural demand remains a key driver. The rental market is set to remain robust in 2025, driven by demographic tailwinds and affordability challenges in the ownership sector. Strong demand and limited supply – exacerbated by investor sell-offs and slow new construction – are expected to keep vacancy rates low and rental growth elevated, particularly in the free-market segment. Mid-rental regulation may pose constraints for some investors, but overall demand in this segment is expected to remain strong as more households are priced out of homeownership. While broader economic uncertainty could impact household finances, the structural imbalance between demand and supply continues to provide a solid foundation for rental market resilience.

Proposed rent freeze for social housing in 2025 and 2026. As part of the April 2025 coalition agreement, the Dutch government has announced a rent freeze for social housing in both 2025 and 2026. During this period, no rent increases will be allowed. While the freeze clearly applies to homes owned by housing associations, it remains unclear whether it extends to social housing units owned by private landlords. However, the rent freeze has not yet been formalised into law - current regulations remain in force until the House of Representatives reaches a final decision.

Figure 6 Quarterly investment volumes



Source: CBRE ERIX 2025

Offices

The Dutch office market improved in 2024 through marked increases in take-up, prime rents and investment volume. Notably, the G5 markets continued to demonstrate resilience, even amid slight increases in vacancy rates. The final quarter of 2024 saw a remarkable surge in office take-up, and the year concluded with growth in investment volumes and an overall stable rental market. Whereas investor sentiment is growing more positive, geopolitical factors are a continuous source of uncertainty for the future.

Office take-up in the fourth quarter rose significantly, bringing 2024 total well above 2023 take-up. Despite the first three quarters of 2024 only marginally outperforming 2023 take-up, the fourth quarter of 2024 was 60.9% higher than that of 2023. Take-up also nearly doubled compared to the third quarter of 2024 (+95 .6%). Despite this sharp growth, the large take-up transactions remain absent. The spike in take-up in the last quarter of 2024 brought the total yearly take-up to 770,000 sq.m., a year-on-year growth of 17.6%.

The take-up concentration in the G5 also saw some growth compared to the third quarter, growing to 61%. This brought the yearly take-up share of the G5 to 65%. This increase in take-up share in the G5 was made possible by an increase in stock and some slightly increased vacancies, increasing total supply, as the low vacancy rates in the G5 decreased take-up opportunities in the earlier quarters of 2024.

Persistently high office demand in the G5 markets. The vacancy in the G5 remains low, even while showing a slight increase to 6.6%. The G5-InterCity (IC) locations also saw a slight increase in vacancy to 5.9%. These levels are marginally higher than seen in recent years, but are still fluctuating around the same levels. Notably, the G5-IC vacancy rates have been edging closer to those of the G5. However, this is mainly due to some submarket outliers with higher vacancy rates, such as Amsterdam Souteast ArenA (13.2%) and Amsterdam IJ-oevers (12.4%). The vacancy rates for the even more desirable areas, being rich in amenities and highly vibrant, have been persistently low in recent times and continued to be extremely tight in the fourth quarter of 2024. Out of all the G5 cities, Utrecht (5.2%), Rotterdam (5.0%) and The Hague (4.1%) again recorded the lowest vacancies, with Rotterdam and The Hague both seeing a further quarter-on-quarter drop in vacancy of approximately 0.5%.

Table 2 Market indicators

Market indicator			Q4 2024	q-o-q growth	1-year growth	3-year growth
Rent	Average rent / sq.m.	NL	€ 155	0.00%	3.33%	10.71%
	Average prime rent / sq.m.	G5 IC	€ 327	0.62%	2.51%	12.95%
	Prime rent / sq.m.	NL (Zuidas)	€ 510	0.00%	2.00%	7.37%
Stock	Stock (sq.m.)	NL	52,443,936	0.19%	0.20%	-0.10%
Take-up	Take-up (sq.m.)	NL	248,698	95.56%	60.94%	32.21%
Vacancy	Vacancy (sq.m.)	NL	6,380,137	1.25%	11.03%	5.29%
	Vacancy rate (%)	NL	12.17%	0.13%	1.19%	0.62%
		G5 IC	5.93%	0.32%	0.80%	1.14%
Yield	Gross prime yield (%)	Prime CBD (Zuidas)	5.1%	-	-	+210 bps
		Other CBDs (G5)	6.3%	-	-	+230 bps
		Major regional cities	7.7%	-	-	+265 bps

Source: CBRE, 2025

On the other hand, the vacancy rate of the total Dutch office market has remained relatively stable ending the year 2024 at 12.2%. This made 2024 see a relatively high vacancy since 2018. This disparity between national and G5 vacancy rates, and especially the prime market segments, continues to illustrate the ongoing effects polarisation is having on the Dutch office market.

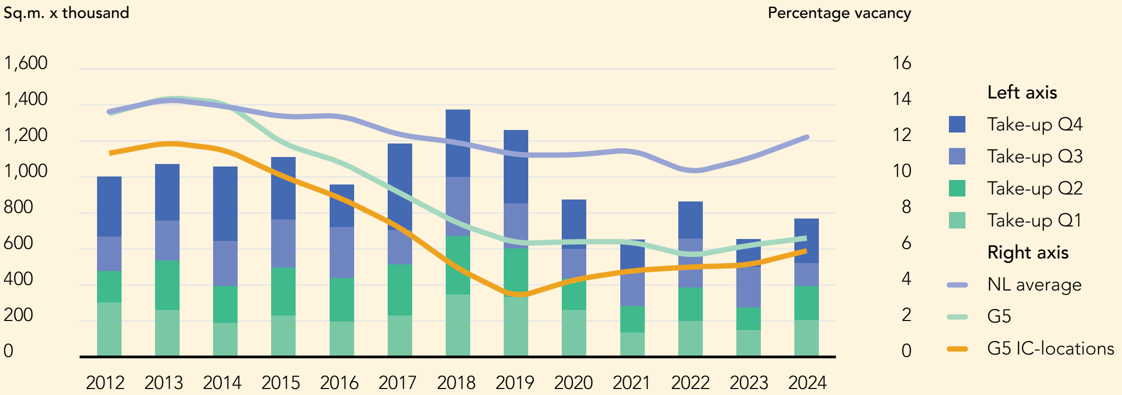
Average rents remained stable, with only Eindhoven seeing an increase in prime rents. In the last quarter of 2024 the average rent for Dutch office space remained stable at €155 per sq.m. As for prime rents, out of the G5 only Eindhoven saw an increase, reaching €265 per sq.m. Table 1 shows average rents having a relatively stronger growth than G5 prime rents. However, in absolute terms average prime rents and average rents both grew approximately with €5 per sq.m. compared to a year earlier, with Amsterdam South axis growing with €10 per sq.m.

Yields remained stable for the fifth consecutive quarter in Q4 2024. The yields remained stable throughout 2024. At the beginning of the year, a new equilibrium was established, and no yield shifts were observed for the remainder of the year. This stability persisted despite the rate cuts implemented by the ECB.

Increased investor activity in 2024. The investment volumes in the Dutch office market in 2024 grew with 34% compared to 2023 (CBRE, 2025). Especially the last quarter showed a significant increase in activity, with a 39.2% increase compared to Q3. Out of the transactions in Q4 2024 the most notable was CBRE IM selling their 50% stake in the WTC Schiphol for €86.2m. However, despite these positive signs, the levels are still below the 10-years average, with total office investment volumes over 2024 (€1.75b) being at a similar level as 2012 (€1.69b, not adjusted for inflation).

Public transport check-ins continue their post-pandemic recovery. Since the sudden decrease in OV-check- ins during the pandemic, the yearly check-ins have been recovering and are nearing pre-pandemic levels. This trend supports the ongoing focus on offices located near IC-stations, as more people continue to opt for public transport modes. This shift towards public transport is likely to continue as the "Filezwaarte" indicator (length x duration of traffic jams) grew to above pre-Covid levels in 2024. However, the NS has increased train fares with 6.18% on average since January 2025. Thus, in line with the war for talent, it will be increasingly important for companies to offer travel allowance.

Figure 7 Take-up of Dutch office space and annual vacancy rate



Source: CBRE, 2025

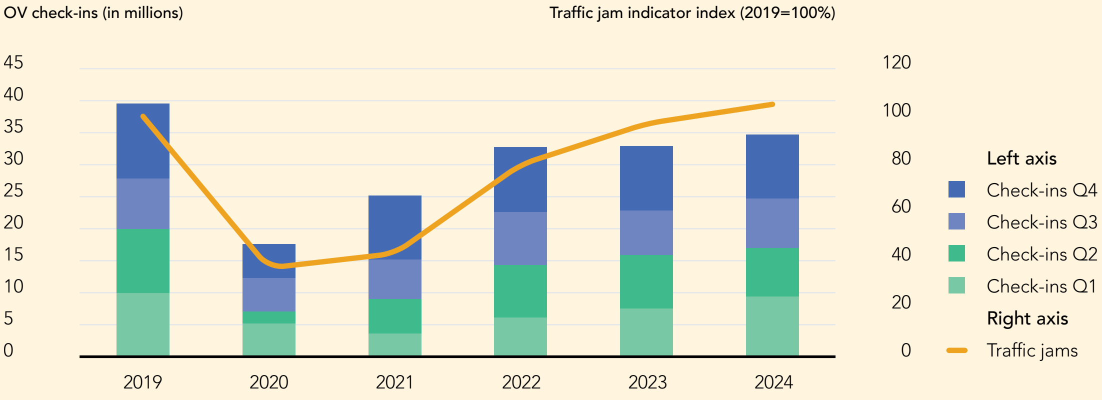
Outlook

Office markets in the G5 drive market recovery. After some troublesome years, 2024 saw some upticks in several fundamental aspects of the office market. Vacancy rates, especially in the prime markets, remained stable and low. Investor activity grew with 25.2% compared to 2023, and both take-up increased and market rental values grew throughout the year. All the while yields remaining stable. This could continue into 2025. However, the geopolitical situation will likely be the main determinant.

The economic climate will determine the short-term dynamics of the office market. Currently the geopolitical situation can swing multiple ways and affect the economic conditions accordingly. On the one hand, U.S. import tariffs negatively impact GDP while driving up inflation. On the other hand, Germany's economic situation might still affect future ECB rate cuts. To conclude, the geo-political and economic situation will guide ECB policy and rates, and therefore government bond yields and yield spreads, as well as yield shifts themselves. Investor activity might therefore be lackluster until the uncertainties settle down.

Polarisation continues to drive disparities between market segments, with the G5 performing well. Sustainability, accessibility, and the competitive job market will keep boosting demand in the G5 and particularly in G5-IC locations. These elements will widen the gap in asset performance, with premium office spaces that promote hybrid work environments being especially desirable. Given the stringent regulations and high construction costs, it is challenging to develop new, viable projects, leading to limited office market developments. This scarcity will intensify polarisation as supply reaches historical lows, while demand continues to grow. Consequently, market rental value growth opportunities will emerge in G5-IC areas throughout 2025, so long as the economic climate allows. In contrast, other regions in the Netherlands may lag, as less attractive markets struggle to find equilibrium.

Figure 8 National number of OV check-ins and traffic jam indicator



Source: Statistics Netherlands, 2025; ANWB, 2024

Science parks

As 2025 unfolds, persistent geopolitical uncertainty continues to weigh on investment sentiment and disrupt global supply chains. Rising tensions, trade fragmentation, and regulatory shifts are prompting governments and companies alike to reassess their strategic priorities. In this context, science parks are cautiously gaining relevance as secure, innovation-focused environments that support critical sectors such as life sciences, deep tech, and advanced manufacturing. While long-term fundamentals remain intact, market momentum is uneven, and capital flows – particularly to early-stage ventures – remain constrained. Nonetheless, the role of science parks may grow as Europe seeks to reinforce technological sovereignty and economic resilience.

The risk premium of selected science parks remains slightly below that of offices, reflecting greater resilience. Since mid-2022, gross reversionary yields for offices have risen sharply, overtaking those of science parks about a year later. This trend has been driven primarily by a challenging macroeconomic environment, characterised by elevated interest rates and shifting occupier preferences. By the end of 2024, gross yields have slightly declined, reaching 7.6% for science parks (down from 7.8 %).

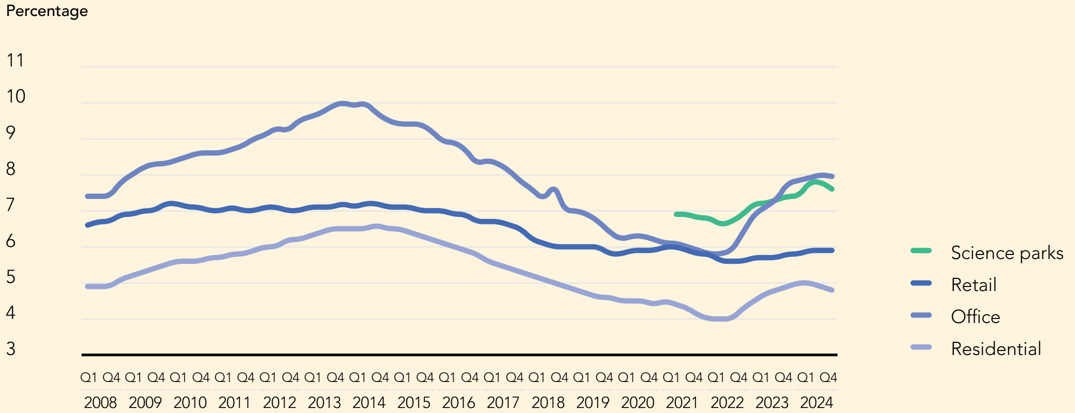
In the current landscape, science parks and office properties offer comparable investment appeal based on reversionary yields and their associated risk-return profiles. However, science parks have shown greater resilience to macro-economic challenges and the difficulties facing the office market, particularly given their stronger starting position in terms of yields. This is evident in the yield developments of recent years, where office yields have risen above those of science parks, which have developed more in line with other sectors.

Continued investment activity at Leiden Bio Science Park. Although transaction activity remains limited, the first quarter of 2025 marked a third deal at the Leiden Bio Science Park. This follows earlier transactions last year involving Le Carrefour and the Avery Dennison Building. A long-term investor has now acquired the SL Plaza office, further expanding its portfolio within the park.

Strategic alliance to accelerate deep tech innovation. In a significant development for the Dutch innovation ecosystem, TNO, Techleap, and Invest-NL have announced a strategic alliance aimed at accelerating the market introduction of technological innovations. The partnership seeks to support high-potential start-ups in scaling up and strengthening their competitive position, ultimately safeguarding the long-term earning capacity of both the Netherlands and Europe.

Initially, the alliance will focus on quantum technology, semiconductors, and photonics – sectors in which the Netherlands already holds a strong position in terms

Figure 9 Gross reversionary yields Retail, Office, Residential and Science parks



Source: a.s.r. real estate, MSCI, 2025

of talent and research. Start-ups in these domains will benefit from targeted guidance, access to funding, and state-of-the-art facilities and programs. In later stages, the initiative is expected to expand into other technological fields.

Dutch venture capital stable despite global uncertainty. Venture capital investment in Dutch startups held steady in Q1 2025, with an estimated € 460m raised—marking the fourth consecutive quarter of consistent funding levels between € 450m and € 470m (Golden Egg Check, 2025). While this represents a 59% decline compared to the exceptional Q1 2024, that previous spike is increasingly seen as an outlier. The consistency over the past year suggests a resilient foundation in the Dutch startup ecosystem, even amid global economic uncertainty. Deal count declined slightly to 79, continuing a five-quarter downward trend, with the most notable dip in later-stage rounds (Series B+). However, early-stage investment showed strength: seed-stage deals grew to € 58.4m – up 15% year-on-year – and now make up nearly half of all venture activity. The quarter's top 10 deals, including Mews, Leyden Labs, and QuantWare, accounted for more than 75% of total capital raised, highlighting ongoing investor confidence in standout Dutch tech. Despite a slip in European rankings in terms of venture capital investment volume, there are still encouraging signs in sectors like deeptech and hardware, where Dutch innovation continues to draw selective investor attention.

Outlook

Cautious optimism meets geopolitical reality. As we enter 2025, investor sentiment is cautiously improving, supported by expectations of a more accommodative interest rate environment and regulatory reforms aimed at boosting business confidence. However, this cautiously optimistic outlook is being tested by persistent geopolitical tensions, including conflicts near Europe's borders, supply chain fragmentation, and escalating trade barriers. Additionally, recent volatility in European bond markets and upward pressure on interest rates – amid inflationary concerns and divergent central bank policies – has introduced renewed uncertainty.

In the short term, such external pressures are tempering the pace and volume of capital deployment – particularly into early-stage start-ups and scale-ups that depend on risk capital. Recent volatility in European bond markets and continued inflationary concerns have pushed interest rates higher again, making funding conditions more complex. Venture capital investors are adopting a more selective approach, with a sharper focus on later-stage or revenue-generating companies.

Strategic autonomy, nearshoring and local investment. Macroeconomic volatility and geopolitical uncertainty are accelerating the push for strategic autonomy, particularly in critical sectors like pharmaceuticals, health technology, and advanced manufacturing. In Europe, this is translating into nearshoring of R&D and production capacity, with companies actively seeking locations that offer regulatory certainty, talent access, and resilient infrastructure.

Science parks in the Netherlands and across Europe are well-positioned to benefit from this shift. As firms move to de-risk their operations and reduce dependence on distant supply chains, demand is rising for specialized lab, testing, and production facilities closer to home. The presence of the European Medicines Agency (EMA) in Amsterdam further strengthens the Netherlands' position as a regulatory and innovation hub, attracting international interest and anchoring biotech and medtech ecosystems.

Innovation Drivers: life sciences and AI. Several powerful forces are shaping this evolving landscape. The acceleration of clinical trials, the emergence of advanced treatment areas like gene and cell therapy, and the rapid integration of AI into R&D workflows are all fueling growth in the life sciences sector. These trends are boosting demand for digitally enabled, future-proof infrastructure, particularly spaces that support flexible collaboration, data-intensive research, and embedded technology.

An increasing number of occupiers are prioritising science park locations that can offer state-of-the-art laboratory spaces, ESG-aligned design, and proximity to academic and corporate innovation partners. As a result, the distinction between traditional office and innovation-led real estate is widening, with high-quality assets commanding greater demand, while outdated buildings risk long-term vacancy.

Public funding and defence investment: a new catalyst. In response to rising geopolitical risk, European governments are also ramping up public investments in defence, dual-use technologies, and sovereign innovation capacity. From AI and quantum to advanced materials and cybersecurity, many of these technologies bridge civilian and military applications – and they are increasingly concentrated in university-linked science parks.

For Dutch science parks that support deep tech ventures or accommodate R&D with security applications, this represents a new opportunity for growth. Defence-related spending and EU-level strategic funds may act as a catalyst for tenant expansion, increased public-private collaboration, and more secure long-term funding. Science parks that can offer secure, highly specialised, and adaptable infrastructure are well-placed to capture this demand.

The market also faces more traditional real estate pressures. While demand for modern lab and highly specialised R&D spaces is increasing, legacy assets risk falling behind. Older and inflexible buildings – especially those lacking ESG credentials – are more likely to experience long-term vacancies. In contrast, high-quality, sustainable developments aligned with ESG objectives are well-positioned to attract tenants, particularly as environmental targets become more embedded in corporate strategies.

Overall, the sector remains resilient. The combination of nearshoring trends, AI-enabled acceleration of science, and a stronger emphasis on secure and sustainable infrastructure is expected to drive renewed demand for science parks. Yet, success will increasingly hinge on adaptability – to regulatory changes, geopolitical disruptions, and rapidly evolving technological needs.

Farmland

The Ministry of Agriculture, Fisheries, Food Security, and Nature faces legal and financial challenges in implementing revised nitrogen policies. However, farmer confidence has risen, as is shown by a 6.5-point increase in the Agro Confidence Index. This increase is largely due the completion of the 2024 harvest and rising milk prices, although challenges such as rising costs, higher interest rates, and the impact of agricultural diseases still impact overall confidence. Despite these hurdles, the average price of agricultural land rose to €85,300 per hectare. Looking ahead, farmland prices likely to continue increasing, while lenient European regulations provide the Dutch farmland market with more time to transition towards sustainable practices.

Navigating Obstacles: Dutch Government's Struggle with Nitrogen Policy Implementation.
In January 2025, the District Court of The Hague mandated the Dutch government to reduce nitrogen emissions by 50% in vulnerable habitats by 2030 or face a € 10m fine. This ruling led to a revised nitrogen policy, cutting the budget from € 24b to € 5b. The new policy emphasises area-specific approaches, innovation, and sustainable practices to meet the stringent emission reduction targets.

The responsible Minister, Femke Wiersma, plans to raise the nitrogen threshold, aiming to expedite permits for construction and farming activities. However, the House of Representatives is demanding legal validation of this new threshold before implementation and a specific plan to reduce emissions. Wiersma's proposal faces scrutiny to ensure environmental and legal compliance.

The Ministry of Agriculture, Fisheries, Food Security and Nature (LVVN) replaced the National Rural Area Programme with an area-specific approach for which € 500m has been allocated annually. However, the PBL Netherlands Environmental Assessment Agency concluded that this budget is far from what is needed to achieve all goals. Therefore, the agency advises opting for a single goal or using the available funds efficiently to ensure that the deployment of resources serves multiple purposes simultaneously.

The confidence and sentiment of farmers and horticulturists in their businesses improved significantly, as reflected by the Agro Confidence Index, which saw a 6.5-point increase, reaching 10.5 points in Q4 2024. One of the key factors contributing to this increase is the gradually increasing milk price among dairy farmers.

The sentiment index for dairy farmers rose significantly in Q4 2024. A rise of 14 points meant an overall score of over 30 points in Q4 2024. This is the highest level for dairy farmers since Q1 2023. The average of 2013-2024 is 22 points.

In addition, the sentiment index for arable farmers also rose, although not as steep, by 2 points. This is probably due to the completion of the 2024 harvest and pricing of crops, although the latter depends to a great extent on the region.

Overall farmers expectancy has improved to slightly above 0 points, which is the first positive score since Q2 2021. The low long-term expectancy index amongst farmers and horticulturists is still influenced significantly by rising costs and uncertainties surrounding nitrogen emission reductions and European nature policies.

Organic farmers' expectations increased strongly in the fourth quarter of 2024 climbing from 14 points in Q3 2024 to 22 points in Q4 2024.

The expectancy and sentiment indices together make up the Agro Confidence Index, which, while improved, still reflects significant uncertainty and challenges in the agricultural sector.

In collaboration with Wageningen Economic Research, a.s.r. real estate introduced a confidence indicator that provides insights into the confidence, mood and outlook of organic and traditional farmers.

Full results (in Dutch) are available here.

In the fourth quarter of 2024, the average agricultural land price in the Netherlands was €85,300 per hectare, 8.3% higher than the 2023 average of €78,800. The average price of arable land increased by 4.3% to € 105,600 per hectare, which is 16.2% higher than the 2023 average of € 90,900. The average price of grassland reached up to € 79,300 per hectare, which is 14.3% above the 2023 average of € 69,400. Over the past four quarters, a total of 31,500 hectares were traded, marking a 15.1% increase from the previous year, when 27.400 hectares were traded.

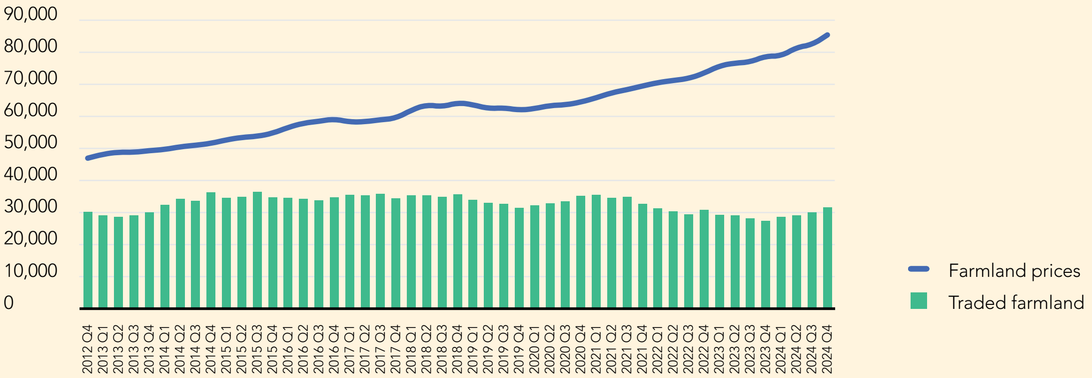
The relative farmland mobility, which measures the traded land against the total agricultural farmland was 1.75%, up from 1.53% in the previous year.Table 1 Farmland market indicators

Table 3 Farmland market indicators

Market indicator	Current	q-o-q growth	1-year growth	3-years growth
Export of agriculture goods (x mln)	€ 31,086	3.6%	11.7%	23.8%
Farmland prices (12-month average)	€ 85,300	1.6%	6.0%	20.3%
Traded volume (12-month, in ha)	31,522	5.2%	15.1%	-3.5%
Available farmland (in ha)	1,810,051		0.4%	-0.1%
Number of agriculture farms	50,180		-0.9%	-3.7%
Agro confidence indicator (0=neutral)	10.5	6.4	7.7	4.3[1]
Agro confidence BIO-indicator (0=neutral)	22.7	8.1	11.9	22.7[2]

Source: CBS, Kadaster, Wageningen Economic Research (WER), 2024

Figure 10 Farmland prices & traded farmland 2012-2024



Source: Kadaster, Wageningen Economic Research (WER), 2025

Outlook

The Dutch farmland market remains fundamentally strong. The ongoing efficiency in the sector, land scarcity, and the push for a sustainable transition are expected to continue driving the market. Future buyouts, particularly for dairy farms near Natura 2000 areas and the aging farmer population without successors, are likely to create more market dynamics and opportunities for larger companies to expand. Consequently, farmland prices are expected to continue increasing, though at a more moderate pace than in recent years.

However, uncertainties remain regarding Dutch agricultural policies, highlighted by the legal and financial challenges in recent months. It remains to be seen how these policies will develop and what decisions the government will make, as well as their feasibility. European policy is also wielding increased pressure on the agricultural sector to transition to more sustainable practices, with water quality regulations potentially having significant impacts. Last year, stringent European environmental regulations were somewhat relaxed following farmer protests and the upcoming elections. This temporary reprieve may provide the Dutch farmland market with more time to adapt and transition towards greater sustainability.

1 Due to absent Q4 2021 data, this is compared to Q3 2021.
2 Bio-indicator data collection started in Q2 2022, growth compared to neutral score of 0 points.

Contact

For more information on the research vision, please contact:

Vinoo Khandekar
researcher retail

vinoo.khandekar@asr.nl

Nick ten Haaf
researcher residential, offices and science parks

nick.ten.haaf@asr.nl

Martijn Linssen
researcher farmland and renewables

martijn.linssen@asr.nl

Robin Brett van Steen
researcher residential, offices and science parks

robinbrett.van.steen@asr.nl

Michel van de Ruitenbeek
researcher economy

michel.van.de.ruitenbeek@asr.nl

Colophon
© 2025

Text
a.s.r. real estate

Photography
Corné Bastiaansen, Hilversum
Joni Israeli, Utrecht

Design
TD Cascade, Amsterdam

www.asrrealestate.nl