



Real assets market update

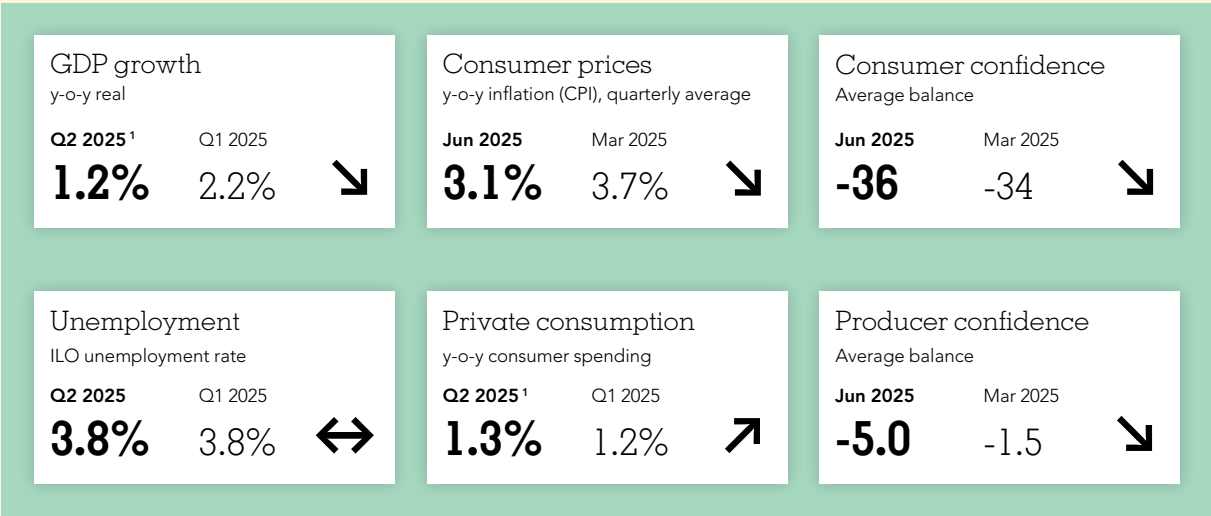
Second quarter 2025

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Economy

The Dutch economy continues to grow in Q2 2025, although the pace is slowing. GDP growth has been revised to 1.1% for the full year, still above the eurozone average. Inflation remains elevated but is projected to fall below 3%, driven by lower wage growth and a cooling economy. Consumer and producer confidence declined further in Q2, reflecting increased uncertainty. Geopolitical tensions and U.S. trade tariffs weigh on sentiment and growth, though the Netherlands remains resilient. The 10-year government bond yield is expected to stabilise at a relatively elevated level.



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

Continued economic growth in the Netherlands is expected in 2025, although the rate of growth is forecast to slow substantially over the course of the year. Currently, the Dutch economy is heavily reliant on private consumption and government spending. International trade and geopolitical tensions are expected to constrain the Dutch economy, driven by uncertainty surrounding import tariffs and disruptions in global trade flows. However, economic growth in Q2 2025 at 1.2% is still higher than the eurozone average of 0.6%. Dutch GDP growth for 2025 as a whole is currently estimated at 1.1%, after being revised (previously estimated at 1.9%).

Dutch inflation is declining, but remains relatively high. Inflation in the Netherlands is expected to fall below 3% over the course of 2025. This deviates from the eurozone average, which is already close to 2%, the target set by the European Central Bank (ECB). In the second quarter of 2025, Dutch inflation was driven by higher services and energy costs. The expected decline of inflation is attributed to a cooling economy and slowing wage growth in the Netherlands.

Real wages will continue to rise in the coming years, but growth is slowing. Households are saving more of their income. Labour market supply and demand are becoming more balanced, leading to a slight increase in forecasts for unemployment in the coming years. Nevertheless, real income will increase, supporting continued private consumption. At the same time, households are saving a relatively larger portion of their income. This is partly due to increased savings for the purchase of a home, as only one in three households currently has sufficient income to finance a home solely with a mortgage. Increased economic uncertainty and declining consumer confidence are also contributing to higher household savings.

Both consumers and producers have become less optimistic in the second quarter of 2025 due to geopolitical uncertainty. Consumer confidence declined from -34 in March to -36 in June 2025. Over the past 5 years, average consumer confidence has stood at -30.6. Producer confidence also fell from -1.5 in March 2025 to -5.0 in June 2025, compared to a 5-year average of -0.1.

1 Estimation based on full-year forecast

The United States plays a significant role in international financial markets, although the direct exposure of Dutch financial institutions is somewhat limited. Geopolitical tensions pose an increased risk to financial stability and the economy. A financial crisis in the US could indirectly impact the Dutch economy through a deterioration in economic development. Nevertheless, the Dutch economy is relatively well-positioned, with sufficient capital buffers at banks, pension funds, and insurers and relatively low national debt levels. The import tariffs imposed by the US could reduce GDP growth in the Netherlands. However, the impact on inflation is limited, partly due to the significant depreciation of the US dollar.

The fall of the Dutch government has introduced political uncertainty. With key reforms on housing, climate, and migration now delayed, long-term GDP growth potential could be affected. The budget deficit is set to widen toward 2.8% of GDP, increasing government bond issuance and potentially pushing yields higher. Short-term growth remains stable, though the absence of clear policy direction could lead to some uncertainty among investors.

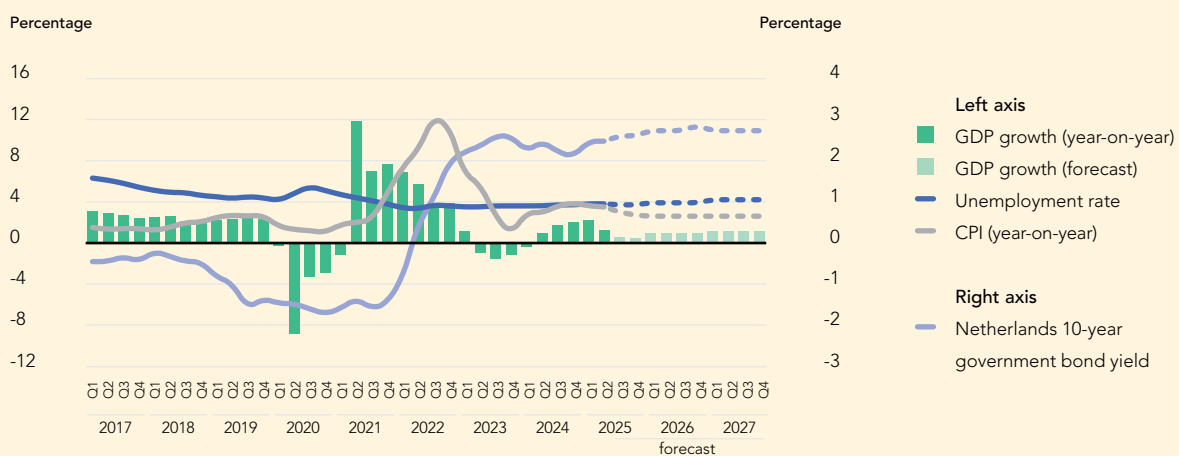
At the NATO summit in The Hague, it was decided that all members must allocate at least 5% of GDP

to defence. Of this 5%, at least 3.5% must be spent on core defence needs and 1.5% on defence- and security-related investments such as infrastructure and industry. This represents a significant increase compared to the previous agreement, which required NATO member states to spend at least 2% of GDP on defence. This could lead to additional pressure on the government budget and inflation.

In line with expectations, the ECB lowered its main refinancing rate in two steps in the second quarter of 2025 to 2.15%. Inflation in the eurozone is already at the 2% target, and economic growth remains moderate. Trade tensions may lead to weaker economic growth and inflation, both of which could improve with a rate cut. But according to ECB President Lagarde, the central bank is nearing the end of the current cycle. This may suggest that the ECB will decide to pause on further rate cuts.

The Dutch 10-year government bond yield stabilised in Q2 at a relatively elevated level. Given the prevailing global and European uncertainties, the 10-year bond yield is projected to remain at this relatively high level of around 3%. This underscores the short-term uncertainty reflected in the elevated 10-year government bond yield.

Figure 1 Dutch economic indicators



Source: Statistics Netherlands, Eurostat, DNB, Consensus Forecast, ECB, a.s.r. real estate, 2025

Retail

Dutch retail spending remains resilient despite geopolitical uncertainty, although inflation and cost pressures for retailers persist. The occupier market is strengthening, supported by solid re-letting activity, and rising rental growth – especially in prime city centres – while investor confidence is gradually returning, reflected in increased transaction volumes. Looking ahead, expansionary retailers, positive consumer spending and relatively stable financial markets continue to support the retail market, though geopolitical risks could influence the trajectory.

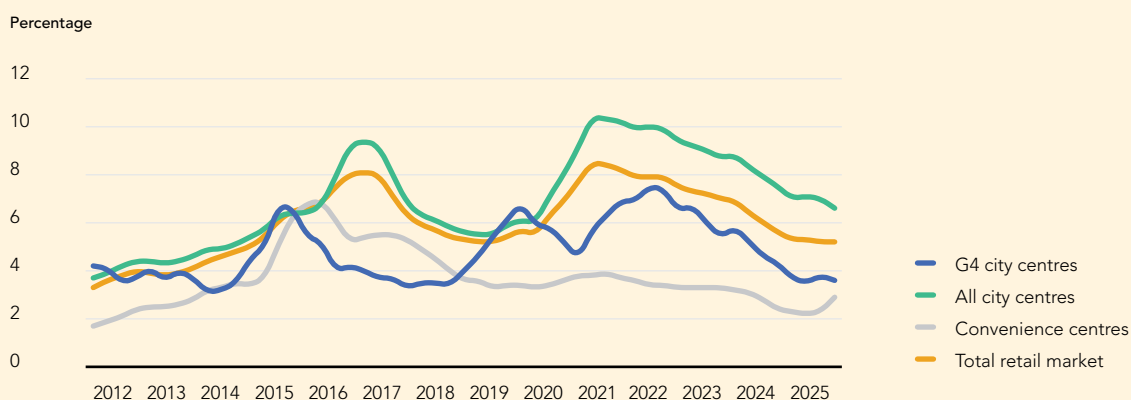
Retail spending remains resilient during geopolitical turmoil. Dutch consumers continued to spend in Q1 2025, undeterred by geopolitical uncertainty. Physical retail sales rose by +0.6% year-on-year, with clothing and DIY stores amongst the strongest performing branches, supported by strong housing demand. Supermarkets saw modest growth of +2.8% (in euros), although volume growth remained negative. Consumers remain cautious, as inflation is easing but still above historical norms. Online retail turnover grew +5.0% (y-o-y, in euros) in Q1 2025, indicating consumer spending is still growing in both online and offline sales channels. The online clothing and fashion sector continued to decline by -1.3% in Q1 2025, confirming that retailers have successfully attracted customers back to physical stores after Covid-19. While consumer confidence remains low, spending is expected to improve later in 2025, supported by wage growth and a tight labour market.

Occupier market strengthens. Retail bankruptcies in Q1 2025 were lower than in both Q4 2024 and Q1 2024, although retailers are still struggling with elevated costs. This, in combination with increased competition

for vacated units, indicates the occupier market is gaining momentum. Blokker's return via 12 stores also offers a hopeful signal, potentially preserving operations at profitable sites although many assets have already been rented by expansionary retailers. Successful omni-channel retailers and discount retailers are well-positioned to benefit from traditional retailers retreating or downsizing. This has released well-located retail spaces in supportive catchment areas, many of which align with the operational needs of either the omni-channel retailers or the discount chains.

Rental growth increases although polarisation continues. In Q1 2025, the financial vacancy rate in the Dutch retail market moved below the 5% mark (4.9%), indicating a robust/healthy retail market dynamic. Vacancy in city centres showed a decrease, with the G4 city centres vacancy rate (2.8%) showing signs of market tightness. In contrast, vacancy rates in convenience centres increased, as thinning supermarket margins continue to hinder existing supermarkets and expansion plans. Market rental value growth increased to +1.8% year-on-year along with the decline in vacancy. G4 city centres recorded average growth of +1.0%

Figure 2 Financial vacancy rates¹



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

¹ Four-quarterly moving average.

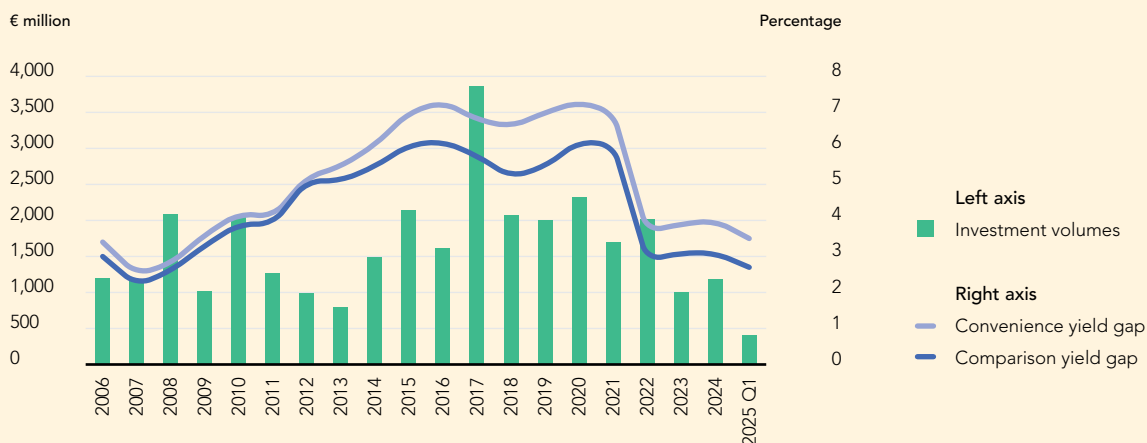


y-o-y, whereas other large city centres showed lower y-o-y growth. This indicates a continued divergence in performance between prime and secondary retail destinations. In general, well-configured units in major city centres remain in demand, while re-letting space in smaller cities and on secondary streets remains challenging. Despite rising vacancy, convenience centres still recorded positive rental growth of +2.6%.

Investment market recovery continues whilst investor interest remains selective. Investment in retail real estate amounted to € 409m in Q1 2025. This is a solid y-o-y increase (+47%) and comparable with the traditionally strong last quarter of 2024. This signals renewed investor confidence in the sector. Solid

footfall, resilient consumer spending and strengthening floor turnover are reducing vacancy risks and improving the outlook for retail assets. At the same time, rental conditions have adjusted after years of pressure from e-commerce and the pandemic, resulting in more predictable cash flows and a more balanced risk profile for investors. Moreover, the Dutch 10-year government bond yield eased from 3.1% in March to 2.7% by the end of June. Total investment volume however is still driven by a handful of large transactions. In Q1, Leidsche Rijn Centrum and Winkelhof Leiderdorp accounted for a significant share, indicating that while sentiment is improving, investors continue to be selective as the retail yield gap remains limited.

Figure 3 Retail segment yield gaps¹ and retail investment volume



Source: MSCI, CBRE, ECB, 2025

Outlook

Supply bound primary high streets forces retailers to choose. Forecasts of resilient consumer spending, the resilience to geopolitical developments of the Netherlands and the Dutch retail sector, strong re-letting activity and rising market rental growth are reasons to be positive about the occupier market. But continuing elevated costs are making consumers, retailers and, above all, supermarkets, take a cautious stance. Inflation is gradually declining, and expected to normalise in 2026. We expect expansionary retailers to focus on primary high streets, pushing up market rents. Retailers who are outbid could shift their attention to less popular streets and assets, potentially broadening the positive momentum to less primary retail streets and assets. Thin supermarket margins will continue to pressure convenience rents.

Resilient investment market expected to continue its recovery. Geopolitical tensions are still present, but do not (or not as yet) appear to be a major showstopper for the recovery in real estate market values. The yield on Dutch 10-year government bonds has stabilised at around 2.7%, down from 3.1% in March. High inflation continues to exert cost pressure, but inflation is gradually declining, and is still expected to normalise in 2026. A stagflation scenario thus looks less likely than it did in the previous quarter, reducing the probability of a further 'hit' on yields. Meanwhile, the ECB is balancing between tempering inflation and supporting economic growth. We expect a continued gradual recovery in the investment market, with an expectation of at least one more ECB rate cut and the backing of solid occupier market forecasts. An escalation of conflicts in Ukraine, Israel, or Iran could however put global economic growth and the retail investment market under pressure.

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

Residential

The Dutch residential real estate market demonstrated continued resilience in Q2 2025, with both the investment and owner-occupied sectors sustaining positive momentum. Investment activity accelerated further, driven by stable income returns and robust rental growth, despite a slowdown – yet still positive – in capital appreciation. Investor confidence remains firm, supported by low vacancy rates and renewed capital inflows. In the owner occupied segment, house prices continued to rise – albeit at a more moderate pace – underpinned by tight supply, solid wage growth, and strong buyer demand. The rental market remains under acute pressure as supply shortages deepen, pushing rents higher and vacancy rates lower, particularly in urban centres. While political and regulatory uncertainty persists, especially around rental policy and new housing delivery, structural fundamentals remain strong, reinforcing a cautiously optimistic outlook for the second half of the year.

Residential investment market

Solid start to 2025 with signs of stabilisation.

The Dutch residential investment market continued to perform well in the first quarter of 2025, although momentum moderated slightly compared to the strong close in 2024. Total return for residential assets came in at 2.7% q-o-q (3.4% q-o-q in Q4 2024). However, this still represents a +125% year-on-year increase (Q1 2024: 1.2%), underlining the market's recovery from the lows of 2023.

Income return stable; capital growth moderates.

Income return held steady at 0.8%, slightly increasing compared to the previous quarter (0.7%). Capital growth, while decreasing from 2.7% in Q4 2024 to 1.9% in Q1 2025, remains substantially higher than the 0.4% recorded in Q1 2024 (+375% y-o-y). This reflects continued upward valuation pressure, though at a more measured pace, suggesting a shift toward a more sustainable growth dynamic.

Rental value growth remains robust under tight supply.

Rental value growth remained strong in Q1 2025, reaching 2.1%, up from 1.7% in Q4 2024 – an increase of +23.5% quarter-on-quarter and +31.5% year-on-year. This growth reflects a structurally constrained market, shaped by low construction volumes, regulatory headwinds, and persistent demographic demand. Despite the moderation in capital growth, strong tenant demand and limited availability are expected to keep rental growth strong and ahead of inflation throughout 2025.

Investment volumes surge, but new-build lags.

Transaction activity accelerated in early 2025, with total investment volume reaching €739 million in Q1 – a +93.8% increase year-on-year (Q1 2024: €381 million). This marked a further recovery from the cyclical low in 2023. However, the composition of investment

shifted: 65% of this capital was allocated to existing rental properties, while just 31% went into new-build projects, compared to 47% in 2024. This imbalance raises concerns over future housing supply, particularly as structural shortages persist.

Yields stabilise after prior compression.

After two quarters of decline, reversionary yields stabilised at 4.8% in Q1 2025. This levelling off suggests that the market may be transitioning from a re-pricing phase to one of greater balance, as investors adjust to improved income fundamentals and more predictable interest-rate conditions. This yield stabilisation is a further indication of growing investor confidence and a maturing recovery.

Owner-occupied market

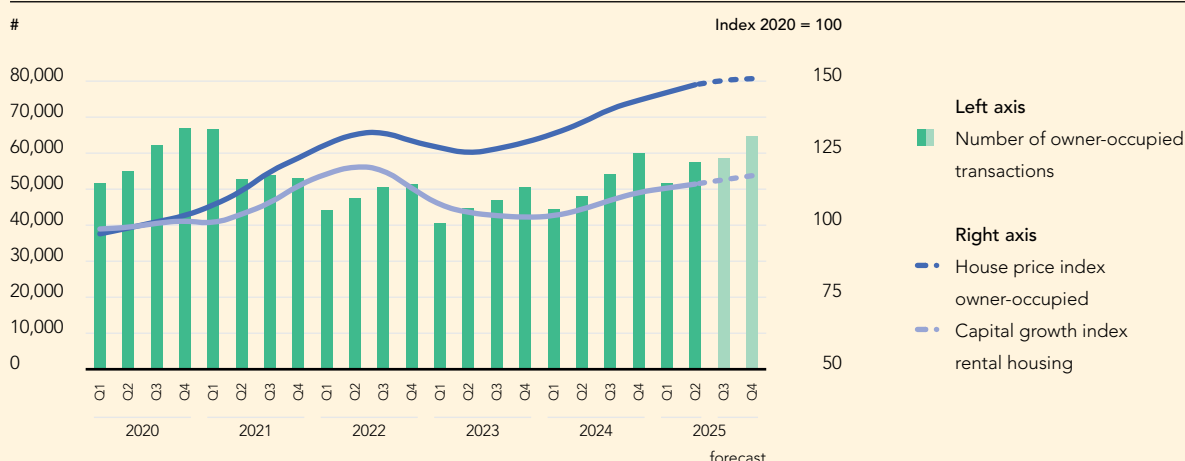
House prices continue to rise, but pace moderates slightly.

In Q2 2025, average house prices rose by 1.8% quarter-on-quarter, bringing annual price growth to 9.7% year-on-year. While the market remains on an upward path, this indicates a more moderate pace of growth. Ongoing housing shortages, along with low unemployment and rising wages, continue to support upward pressure on prices, although the decline in the unemployment rate and wage growth are expected to ease.

Transaction volume recovers after early-year dip.

Following a seasonal dip at the start of the year, transaction activity rebounded strongly in the second quarter. Sales volumes increased by 11.5% quarter-on-quarter and were up 19.8% year-on-year, marking a notable recovery in market activity. This comes after a sharp drop in January, when transactions fell by 24.8% month-on-month, followed by gradual improvement in subsequent months. The continued year-on-year growth highlights resilient demand in the market, despite earlier fluctuations in monthly sales.



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

Source: MSCI, Statistics Netherlands, 2025

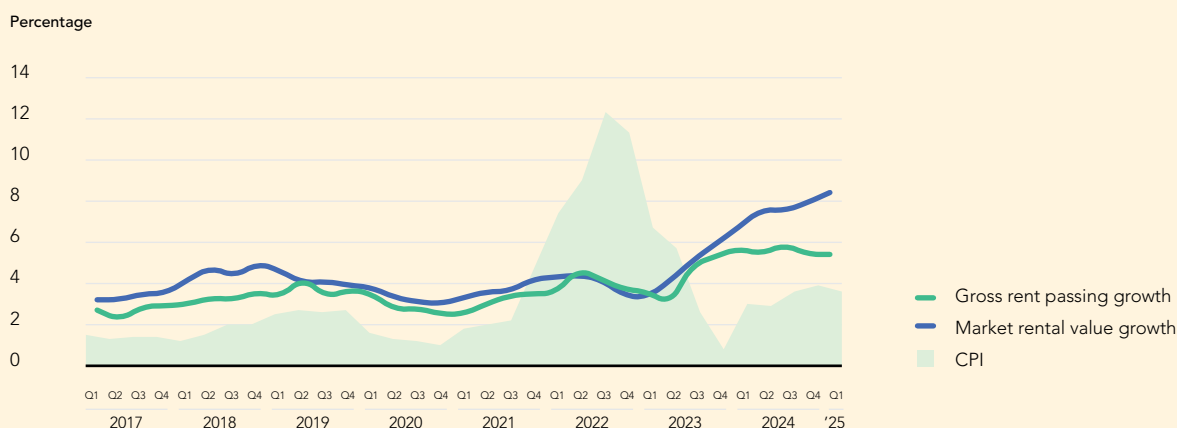
Average sales prices remain elevated. Average sale prices for existing homes continued to trend upward in the second quarter. The average sale price reached €473,000 in Q2 2025, up from €470,000 in Q1 – an increase of approximately 0.6% quarter-on-quarter. While monthly figures show minor fluctuations, prices remain well above the 2024 annual average of €451,000. Compared to January 2025 (€475,000), current levels suggest a stabilising trend, with monthly variation likely reflecting seasonal factors and changes in the mix of properties sold.

Rental market

Rent freeze proposal withdrawn amid political uncertainty. A proposal to implement a temporary, nationwide rent freeze across all residential segments – originally planned to take effect from 1 July 2025 – was not adopted. In parallel, a separate plan to freeze rents in the social housing sector was also withdrawn. These developments followed recent political shifts and the fall of the government, introducing further uncertainty

around future housing policy. While the withdrawal of these measures provides short-term relief for landlords and investors, the outlook for rental regulation remains unclear. Depending on the composition and priorities of the next government, similar proposals may be revised or reintroduced. This ongoing policy ambiguity continues to complicate long-term investment planning and weigh on investor confidence.

Two-way supply squeeze intensifies pressure on rental market. The Dutch rental market is under intensifying pressure due to a tightening supply imbalance from both sides. According to NVM data for Q1 2025, the number of free-sector rental transactions declined by 19.5% quarter-on-quarter, indicating a sharp contraction in available rental stock. This reflects both a slowdown in new rental inflow and an accelerating trend of private landlords exiting the market. NVM reports that former rental properties accounted for 20% of all home sales nationwide, rising to 40% in the G4 cities, where the outflow of

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

Source: MSCI, Statistics Netherlands, 2025

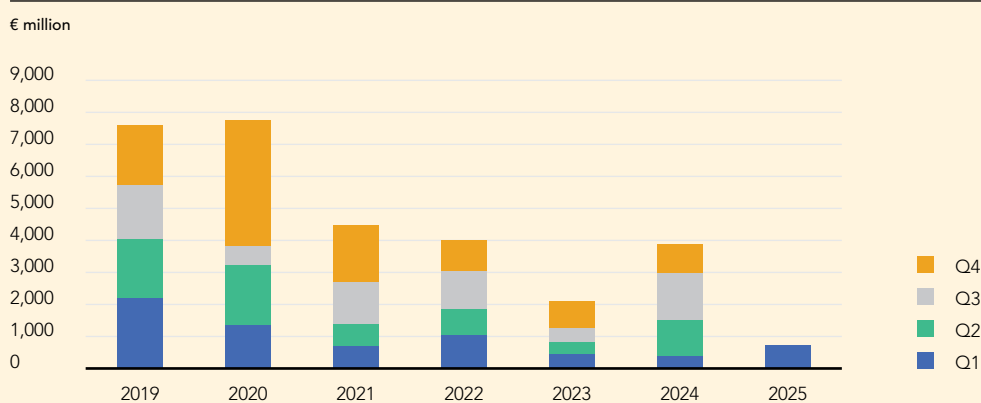


de-letted units is particularly pronounced. This dual pressure - diminished replenishment of supply and a structural reduction in existing stock - has materially reduced availability. As a result, rents in the liberalised segment have risen to €17.91 per m², an increase of nearly 13% year-on-year). The squeeze is being driven by a combination of tighter regulation, less favorable tax treatment for landlords, and strong owner-occupier demand - factors that continue to erode rental stock and constrain mobility across the market.

Income-capped housing permits reshape mid-rental market access. Following The Hague and Utrecht,

Amsterdam has introduced a mandatory housing permit for mid-rental homes, effective 1 July 2025. Under this system, tenants must disclose their income to the municipality to qualify, effectively capping eligibility for these units. The policy aims to preserve affordability by ensuring that mid-rental homes are occupied by middle-income households. However, it may also exclude higher-income tenants, pushing them toward the free-market segment. As a result, demand in the unregulated rental sector is likely to increase, putting further upward pressure on rents in a market already constrained by limited supply.

Figure 6 Quarterly investment volumes



Source: CBRE ERIX 2025

Outlook

Resilient market outlook with supportive fundamentals. The Dutch residential market enters the second half of 2025 with strong momentum and enduring structural tailwinds. Continued demographic growth, structural undersupply and stable demand across segments provide a solid foundation for further expansion. While recent political developments and macroeconomic uncertainty call for a degree of caution, the fundamentals of the market remain robust, and the longer-term outlook is positive.

Residential investment market: Recovery broadens, fundamentals remain compelling.

Investor sentiment continues to improve, supported by stable income returns, rising rental values, and consistently low vacancy rates. The investment market is benefiting from clearer valuation conditions and renewed capital inflows. Although financing conditions remain sensitive to macroeconomic shifts, demand for well-located, high-quality rental assets remains strong. With structural shortages in the rental market unlikely to ease soon, residential real estate continues to offer an attractive proposition for investors focused on long-term, location-specific strategies.

Rental market: Structurally undersupplied, fundamentally resilient. The rental sector is expected to remain resilient in 2025. Demand remains elevated due to affordability barriers in the owner-occupier market, population growth, and urbanisation. At the same time, the slow delivery of new rental housing and the ongoing exit of private landlords from the market are reducing available stock. This dual pressure is likely to keep vacancy rates low and rents on an upward trajectory. Despite ongoing regulatory discussions, demand in the mid- and free-market segments remains strong, and the long-term investment case for rental housing remains intact.

Supply shock continues through 2025. According to CBS, the number of permits issued for new homes has declined year-on-year, indicating that new housing delivery will fall further in the coming year. While residential investment volume has rebounded, only 31% is currently directed toward new-build projects, compared to 47% in 2024, signalling a slowdown in future supply. In parallel, 25% of second-home buyers are not adding supply, but simply shifting between existing homes – often due to divorce – reducing net

availability. As prices continue to rise, more households are being priced out of ownership, increasing demand for rental housing. This dynamic is expected to drive up free-market rents, keep vacancy rates low, and intensify pressure on the mid-rental segment, particularly in urban areas.

Owner-occupier market: Steady growth, broad-based demand. House prices are expected to continue rising in the second half of 2025, with leading forecasts projecting a 7.3% increase for the year. The combination of a tight labour market, healthy wage growth, and limited new supply continues to support price stability across the country. Mortgage rates have stabilised following earlier increases, allowing for more predictable borrowing conditions. Demand remains robust, particularly in urban regions, supported by first-time buyers and upward movers. While external factors such as inflation and interest-rate policy will

require attention, the market remains well-positioned for continued sustainable growth.

Policy outlook: Temporary disruption, long-term opportunity. The fall of the government introduces some short-term uncertainty, particularly around planning reforms and housing targets. However, it also opens the door to a potential review of housing policy, including opportunities for streamlining regulation and unlocking stalled development. While delays to new construction and continued nitrogen-related constraints may temporarily slow delivery, broad political consensus on the need for more housing remains. Market participants are expected to proceed with cautious optimism, while the longer-term outlook is supported by deep structural demand and a growing political recognition of the need for sustained housing investment.

Table 1 Owner-occupied and residential investment market indicators					
Owner-occupied		Q2 2025 q-o-q	Q2 2025 y-o-y		
House price growth		1.8%	9.7%		
Number of transactions		11.5%	19.8%		
Rental		Q1 2025 q-o-q	Q1 2025 y-o-y		
		Total	Single-family homes	Apartments	Total
Total return		2.7%	15.4%	13.1%	13.8%
Capital growth		1.9%	11.7%	9.7%	10.3%
Income return		0.8%	3.3%	3.1%	3.2%
Market rental value growth		2.1%	9.1%	8.0%	8.4%

Source: Statistics Netherlands, MSCI, 2025



Offices

The Dutch office market experienced a slower start to 2025, with take-up, investment volume, and leasing activity declining compared to the exceptionally strong volumes of Q4 2024, reflecting a typical seasonal pattern. Despite the overall slowdown, the G5 markets continued to account for the majority of national take-up, supported by stable rents and low vacancy in prime locations. In addition, the share of take-up on mobility locations also increased. Vacancy rates showed slight increases in certain submarkets, while national averages remained broadly unchanged. Market fundamentals in core areas remained intact, though ongoing macroeconomic and geopolitical developments continue to influence investor sentiment and occupier strategies.

The G5 maintain dominance and mobility locations are increasingly important. Office take-up in the first quarter of 2025 totaled 117,581 m², reflecting a 52.7% decrease compared to the previous quarter and 43.0% below the level recorded in Q1 2024. While this marks a slower start to the year, it follows an exceptionally strong final quarter of 2024.

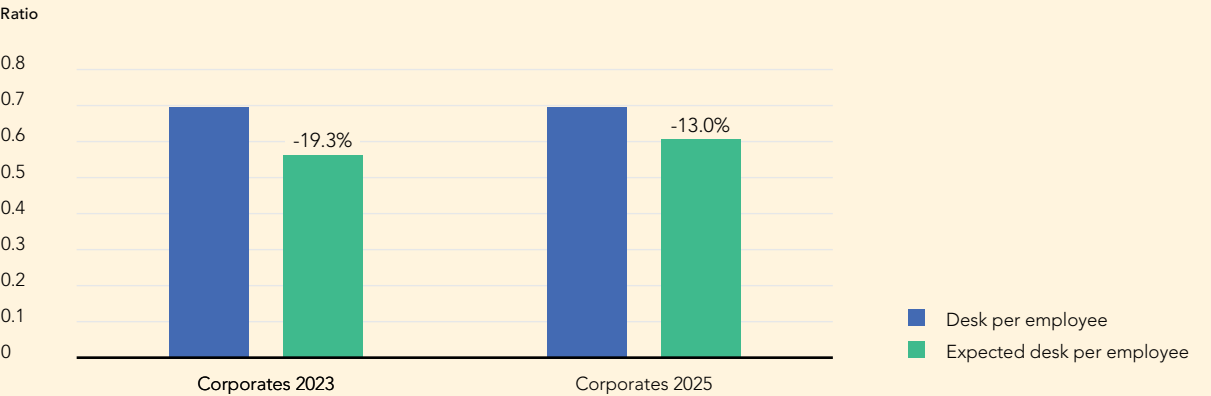
The take-up concentration in the G5 remained strong in the first quarter of 2025, accounting for 67% of total national take-up. While this marks a decrease in absolute volume compared to the previous quarter, the G5 maintained its dominant share of activity. In addition, the share of take-up on mobility locations also grew, from 23.2% in 2023 to 27.1% in 2024. The continued resilience of prime rents, holding at €520 per m², underscores the stable demand for space in key urban centers despite ongoing supply constraints.

Persistently high office demand in the G5 markets continues to define the Dutch office landscape. Vacancy in the G5 Inter City (IC) locations saw a modest increase to 6.85% in the first quarter of 2025, up from 6.6% at the end of 2024. While slightly above

recent years' levels, this still reflects relatively stable conditions, as shown in figure 3. The increase is largely attributable to a limited number of submarkets with elevated vacancy, such as Amsterdam Zuidoost ArenA (13.2%) and the IJ-oever (12.4%), rather than a structural shift. Amsterdam Amstel Station also saw a notable rise in vacancy, from 2.2% to 7.2% over the past quarter. In contrast, prime submarkets rich in amenities and urban vibrancy continue to show tight supply, with cities such as Utrecht (5.2%), Rotterdam (5.0%), and The Hague (4.1%) maintaining some of the lowest vacancy levels. Rotterdam and The Hague both recorded further quarter-on-quarter vacancy declines of around 0.5%, underlining continued demand in core locations.

At the national level, the vacancy rate remained broadly stable at 12.1%, showing only a slight decrease compared to the end of 2024. This follows a period of gradual increase, with 2024 marking the highest national vacancy since 2018. The contrast between the national trend and the persistently tighter G5 segments highlights the continuing effects of market polarisation, with occupier demand increasingly concentrated in prime urban locations.

Figure 7 Five year forecast desk per employee (2023 vs 2025)



Source: CBRE, 2025

Average office rents remained stable, while prime rents continued to rise in the first quarter of 2025.

Average rents in G5 cities remained flat across the board, with no changes in Amsterdam (€285), Rotterdam (€170), The Hague (€140), Utrecht (€155), or Eindhoven (€160). The national average rent rose slightly to €160 per m². Prime rents however, showed notable increases, with Amsterdam South Axis reaching €520 per m², up from €510 in the previous quarter. Rotterdam saw the most notable growth among the other cities, with prime rents rising from €300 to €330 per m². Eindhoven also experienced an increase in prime rents, up from €265 to €275 per m². This reflects the fact office demand is concentrated in the prime, high quality segment of the office market in the G5.

Prime office yields show marginal compression in Q1 2025.

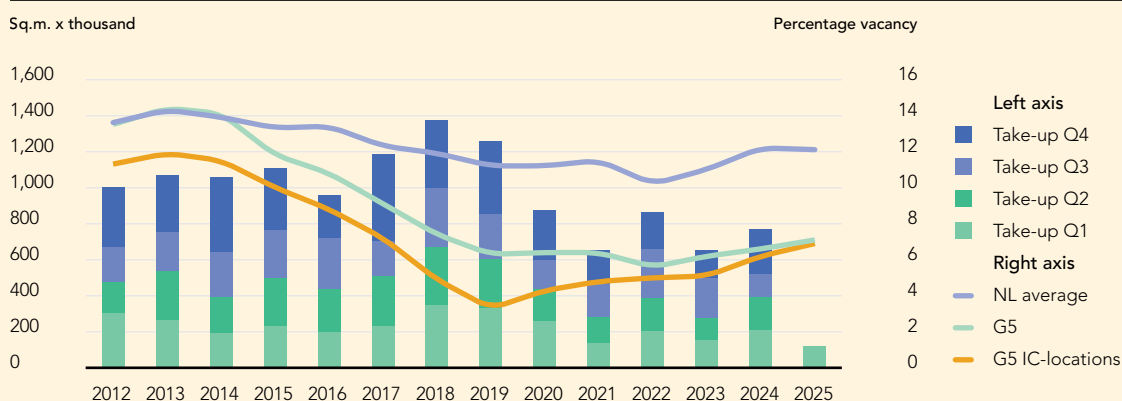
After rising steadily through 2023, prime yields remain stable from Q1 2024 onward, and minor downward adjustments were observed in Q1 2025. The national prime yield (Amsterdam SouthAxis) declined slightly to 5.0%, down from 5.1%. Rotterdam, and The Hague both saw prime yields compress by 10 basis points to 6.4%, while Eindhoven and Utrecht decreased to 6.0% and 5.9%, respectively. Despite the European Central Bank's eight subsequent rate cuts, the office investment market has not shown any yield re-pricing in 2024, suggesting investor sentiment remains

cautious but stable. The modest tightening in Q1 2025 may signal the beginning of yield adjustment in response to macroeconomic easing, though underlying fundamentals and prime location demand continue to support current pricing levels.

After a strong finish to 2024, the first quarter of 2025 saw a notable slowdown in office investment activity.

Total volume declined from € 736m in Q4 2024 to € 316m in Q1 2025, representing a 57.1% decrease quarter-on-quarter. Despite this sharp decline, volumes remained 34.7% higher than in Q1 2024, indicating a continued recovery from early last year. It is typical for transaction volumes to peak at the end of the year and decline in the first quarter, due to seasonal dynamics and the timing of deal closures. The elevated Q4 activity was driven by a combination of ear-end transactions and renewed investor confidence, setting a high benchmark for comparison. The moderation in Q1 reflects a normal seasonal adjustment rather than a structural weakening. While prime yields showed minor compression in Q1 – suggesting some positive adjustment – pricing overall has remained broadly stable. This reflects a market where sentiment is cautiously improving, but fundamentals such as interest rate uncertainty and macroeconomic risks continue to temper strong yield movements.

Figure 8 Take-up of Dutch office space and annual vacancy rate



Source: CBRE, 2025

Outlook

Solid fundamentals in G5 offset external economic risks. The positive momentum observed in 2024 has cautiously carried into the first quarter of 2025. Fundamentals in the G5 markets remain solid, supported by take-up concentrating in the G5, continued prime rental growth, and a persistent shortage of high-quality supply. At the same time, the market faces a complex and evolving macroeconomic backdrop. Geopolitical tensions – particularly around U.S. import tariffs and potential retaliatory measures – continue to weigh on global growth expectations, while Germany's fragile recovery may still influence the ECB's monetary policy path. These factors are expected to play a central role in shaping interest rate dynamics, yield spreads, and consequently investment activity within the Dutch office market.

Despite these uncertainties, prime Dutch office assets continue to offer compelling value. The yield spread between prime office yields (approximately 5.0%) and Dutch 10-year government bonds (around 2.7%) remains attractive at roughly 230 basis points. This spread continues to support income-focused investment strategies, particularly as rental income benefits from both indexation and market-driven growth of prime rents. A moderate increase in transaction volumes is anticipated in 2025, driven by a growing pipeline of larger deals. Nonetheless, activity is expected to remain below long-term averages as investors remain cautious amid ongoing macro volatility.

Post-pandemic space reductions expected to slow. While occupier strategies are still evolving, recent data indicates that the trend of space reduction is slowing. Most tenants have now adjusted their office footprints

post-pandemic, in line with 5-7 year lease terms typical across Europe. As a result, any further reductions are expected to be more moderate. The desk-per-employee ratio is projected to decline by 13% in 2025, while in 2023, this was projected to decline by 19.3%. Coupled with rising return-to-office activity, this could prompt some companies – particularly those that downsized too aggressively – to seek additional space again.

These trends suggest that, while efficiency remains a key consideration, demand for high-quality space in central urban areas is likely to persist. This will continue to widen the gap between prime and secondary markets.

Diverging market performance as core tightens and secondary struggles. Severe supply shortages are expected to continue placing upward pressure on prime rents, particularly in supply-constrained G5-IC submarkets. The gradual return to office, especially in professional and financial services, is further reinforcing demand for high-quality, future-proof office space).

At the same time, market polarisation is set to deepen further. In tightly constrained G5 mobility locations, the lack of new development – due to strict regulation and high construction costs – is pushing availability to historically low levels. Conversely, secondary markets and outdated assets face growing challenges related to vacancy, leasing velocity, and valuation pressure. The widening performance gap between prime and secondary segments is likely to remain a defining feature in 2025. Core strategies targeting sustainable, well-located assets will remain most resilient, while weaker locations and non-compliant stock are expected to fall further behind.

Table 2 Market indicators

Market indicator			Q1 2025	q-o-q growth	1-year growth	3-year growth
Rent	Average rent / sq.m.	NL	€ 160	3.23%	6.67%	14.29%
	Average prime rent / sq.m.	G5 IC	€ 337	3.06%	5.64%	15.81%
	Prime rent / sq.m.	NL (Zuidas)	€ 520	1.96%	4.00%	9.47%
Stock	Stock (sq.m.)	NL	52,433,036	-0.02%	0.09%	0.03%
Take-up	Take-up (sq.m.)	NL	117,581	-52.72%	-43.04%	-41.61%
Vacancy	Vacancy (sq.m.)	NL	6,345,305	-0.55%	2.38%	11.66%
	Vacancy rate (%)	NL	12.10%	-0.06%	0.27%	1.26%
		G5 IC	6.85%	0.68%	1.39%	1.79%
Yield	Gross prime yield (%)	Prime CBD (Zuidas)	5.0%	-10 bps	-10 bps	+200 bps
		Other CBDs (G5)	6.2%	-10 bps	-10 bps	+220 bps
		Major regional cities	7.6%	-10 bps	-10 bps	+255 bps

Source: CBRE, 2025



Science parks

The landscape of science parks continues to evolve in response to both macroeconomic stability and sector-specific trends. The early quarters have shown stable, slightly declining yields, suggesting early signs of market recovery. However, transaction volumes remain low. The collapse of the Schoof cabinet and the NATO decision to boost defense and security spending could prove to be longer-term opportunities, especially for deep tech sectors that can capitalize on defense related R&D budget. Investment in Dutch startups saw a strong increase, showing investor appetite remains strong after a period of stabilized investment levels. Science parks are well-positioned to navigate coming market dynamics, despite lingering geopolitical and macroeconomic uncertainties.

The perceived risk on science parks consistently lower than Offices. For the 6th consecutive quarter the science parks yields remained under levels for the all offices MSCI benchmark. In the first quarter of 2025 the difference even reached slightly above 50bps. With offices sitting at 8.0% GRY and science parks at 7.5%. The diverging yield trajectories over the past 2.5 years exemplifies the differences between these asset classes and how they respond to macro-economic circumstances as well as ongoing sectoral trends. Besides this, science parks yields have also declined for the second consecutive quarter, coming down from 7.6% to 7.5%, which could be an early sign of market improvements as macroeconomic circumstances seem to stabilise.

Despite the improving risk perspectives on the science parks market the transaction volume remains low. Earlier this year SL Plaza and Avery Dennison caused Leiden Bio Science Park (LBSP) to be the only science park that had transaction activity. In the second quarter of 2025 no science park transactions have taken place.

NATO decision to increase spending on defense and security to 5% of GDP could spark increased activity on science parks. The agreement to increase spending on defense to 5% of GDP by 2035 for member states of NATO is split into 3.5% for core military needs and 1.5% to be allocated towards cyber, infrastructure and innovation. This has large implications for sectors focusing on for example advanced material sciences, aerospace, AI, cybersecurity, quantum tech and robotics. As these sectors can compete for budget linked to defense related R&D streams and dual use procurement. In turn this could boost demand on specific science parks on the longer term.

The collapse of the Schoof cabinet – triggered over the migration policy – creates uncertainty, but offers opportunities. Earlier budget cuts to R&D and higher education by this cabinet have already

prompted layoffs, cancelled programs and decreased momentum across the Dutch tech sector. However, now that the cabinet has collapsed universities, NGO's and tech corporations could leverage the electoral cycle to lobby for reversal of the budget cuts which have affected initiatives such as the National Growth Fund and the Research & Science Fund. Moreover, this could lead to increased R&D spending, sparking innovation, company growth, bolstering of ecosystems, increased talent attraction and a boosting the Dutch tech ecosystem global competitiveness.

In addition to this, possibly less restricting migration policies could benefit the influx of international talent into the Dutch tech ecosystem. The Netherlands sees knowledge migrants staying for the longest out of all work and study related migration. Out of the working migrants 80% has left the Netherlands after 10 years, this number drops to 65% when regarding knowledge migrants. This stresses how tighter migration policies could hurt the Dutch economy more as knowledge migrants are integrated into the economy to a greater extent than other work and study related migrants.

Venture capital shows strong development in the second quarter of 2025 after four quarters of stable investment numbers.

The Q2 venture capital investments reached approximately € 750m. This represents a 60% growth compared to the same quarter a year earlier. After having seen a resilient foundation in the Dutch startup ecosystem over the past years, with most quarterly investment totals sitting between € 450m and € 500m, this quarter shows investor's investments despite geopolitical circumstances. Additionally, the number of deals increased too, rising to 101, also increasing after a period of stabilisation at around 80-90 deals per quarter. Especially pre-seed and series B investments did well, with the investment volumes growing with 38% and 81% respectively.

The top 10 investments made up 69% of all venture capital in Q2 2025. Especially the three largest tickets,

€ 132m (Azafaros – Leiden Bio Science Park), € 115m (FINOM - Amsterdam) and € 53m (Salvia BioElectronics – High Tech Campus Eindhoven) made up a significant portion of all investments. Notably, medtech, software and deeptech remained popular amongst investors, with cleantech seeing a slight decrease in popularity. Out of the top 10 half of the investments were made into companies located on science parks. This demonstrates the ability of science park ecosystems to bring forth innovative and robust ideas able to attract serious venture capital investments. Venture capital

also grew in popularity amongst pension funds, which invested € 989m into Dutch venture capital funds over 2024. Especially American pension funds showed increased interest, being responsible for 60% of the total investments, whereas they invested only € 80m in 2023. The other 40% of the € 989m originated from Dutch pension funds. Whereas Dutch investments came mainly from an impact perspective, the American investments were mainly aimed at financial returns. This exemplifies the combination of impact and returns that investments into the Dutch tech sector can offer.

Outlook

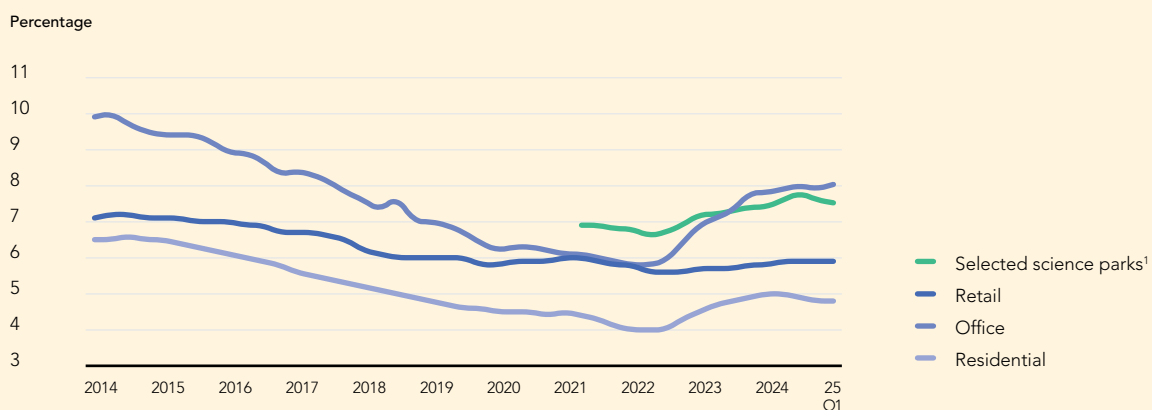
Geopolitical tensions shifted in the second quarter, but caution remains. Throughout the second quarter of 2025 geopolitical tensions shifted towards the middle east and persisted around EU borders, while the 90 day trade-tariff pause from the U.S. government remained intact. Additionally, two further rate cuts by the ECB rate further relieved pressure on the macroeconomic circumstances, balancing between the risks of high inflation and recession. Currently, the “reciprocal” tariff pause has been extended until August 1. Unless agreements are reached by then, the tariffs will come into effect, continuing to create uncertainty in the near term.

In response to the improving macroeconomic circumstances investor sentiment has been cautiously improving over the course of the second quartile. The main contributors were the calming interest rate environment as well as the 10 year Dutch government bond yields stabilizing at 2.8% after spiking to 3.1% at the end of the first quartile. Expectations are that the government bond yield will remain stable at this level in the coming years. However, the cautiously positive investor sentiment will continue to be tested by the persistent geopolitical tensions.

ESG credentials remain an important driver in occupier's space selection. Despite an ongoing decrease in importance of ESG on the global political stage the market still sees increasing interest. The science-based targets initiative shows an ever increasing number of signatories, with a 30% increase in companies submitting targets in 2025 so far. These trends are also noticeable in the real estate market, with demand for modern assets with high quality lab space increasing, while older outdated assets lacking ESG credentials or those lacking the necessary lab space falling behind and experiencing longer term vacancy.

Science parks at the crossroads of innovation and uncertainty. The science park market remains robust, and will likely continue this trend amongst several positively contributing trends such as nearshoring, increasing popularity of AI and quantum tech, increased government spending into defense, and the importance of secure and sustainable infrastructure. However, in order to capitalise on these trends, adaptability as well as caution is needed, as regulatory changes and geopolitical uncertainty remain possible disruptors.

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



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

1 Data for science parks available since 2019 Q3.



Farmland

The Dutch Ministry of Agriculture, Fisheries, Food Security, and Nature is still facing legal and financial challenges in implementing its revised nitrogen policies. However, farmer confidence remained high, as shown by a stable 10.6-point overall score in the Agro Confidence Index. This stable score was largely due to the gradual increase in milk price for dairy farmers, although challenges such as higher costs, higher interest rates, and the impact of agricultural diseases are still impacting overall confidence. Despite these obstacles, the 12-month average price of agricultural land rose to €87,700 per hectare. Looking forward, farmland prices are expected to keep rising, while relatively flexible European regulations are offering the Dutch agricultural sector additional time to adapt to more sustainable practices.

Shifting sands: Dutch government adjusts course on nitrogen policy.

In April 2025, the Dutch government introduced a € 2.2bn 'starter package' (Dutch government) to reduce nitrogen emissions, signalling a renewed commitment to tackling this long-standing environmental challenge. The package includes substantial funding for voluntary farm buyouts (€ 750m), downsizing dairy operations (€ 627m), and nature restoration (€ 100m), alongside a new permit system linked to the ecological condition of local nature areas.

Despite a 2025 court ruling mandating a 50% nitrogen reduction by 2030, the government has extended this deadline to 2035. This postponement, intended to provide farmers more time to adapt, has sparked legal tensions with both national courts and EU environmental authorities.

The policy shift also marks a continued move away from a national framework toward an area-specific approach. Efforts are now concentrated around ecologically sensitive zones such as the Veluwe and De Peel. The government is also transitioning from the 'critical deposition value' model to direct source-based emission limits, aiming for more targeted and enforceable reductions.

Meanwhile, a parliamentary debate has exposed deep political divisions and legal uncertainty surrounding the proposed relaxation of nitrogen thresholds. Civil servants advised against the change, warning it may not hold up in court, raising concerns that many projects could still be deemed unlawful. Critics fear a repeat of past legal setbacks, while supporters argue the change is vital to unlock stalled development and give legal protection to affected farmers. The fall of the Schoof I cabinet adds uncertainty to the debate, due to division amongst formerly collaborating political parties and a lack of power to implement intended policies.

These developments reflect a balancing act between legal obligations, ecological urgency, and socio-economic realities, underscoring the complexity of implementing sustainable agricultural reform in the Netherlands.

Confidence and sentiment among farmers and horticulturists in their businesses remained at the high level seen in the previous quarter, as reflected by a 0.1-point increase in the Agro Confidence Index, which reached 10.6 points in Q1 2025. One of the key factors contributing to this increase was the gradual increase in the milk price for dairy farmers.

The sentiment index for dairy farmers rose significantly again in Q1 2025 by 6 points, leading to an overall score of more than 36 points. This is the highest level for dairy farmers since Q1 2023, almost reaching the record high of 37 points in Q4 2022. The average score for this measure in 2020-2025 is 21 points.

The sentiment index for arable farmers also rose, albeit by a lesser amount of 4 points, taking this measure to 19 points. This is likely due to the favourable spring weather, which caused a lot of manure to be sold at lower prices than expected.

Overall expectations among farmers declined slightly by just under 4 points, bringing the total to -4 points. Even though negative, the score is showing an upward trend since Q2 2022. The low level of the long-term expectancy index amongst farmers and horticulturists is still influenced significantly by rising costs and uncertainties around nitrogen emission reductions and European nature policies.

Organic farmers recorded a sharp decline in their expectations in the first quarter of 2025, from 22 points in Q4 2024 to 12 points in Q1 2025. Crop protection is expected to become more restrictive for farm operations. Moreover, global market sales are likely to change in the coming years due to deteriorating trade

relations and increasing uncertainty for farmers. The sharp decline is most likely due to these two factors.

The expectancy and sentiment indices together make up the Agro Confidence Index, and despite the improvement, is still reflecting significant uncertainty and challenges in the agricultural sector.

In collaboration with Wageningen Economic Research, a.s.r. real estate introduced a confidence indicator which gives insights in the confidence, mood and outlook of organic and traditional farmers.
[Full results \(in Dutch\) are available here.](#)

In the first quarter of 2025, the average agricultural land price in the Netherlands was € 87,700 (12-month average) per hectare (WUR), 12.3% higher than the 2024 average of € 78,100 per hectare. The average price of arable land increased by 14.0% to € 101,400 per hectare in the same period. The average price of grassland reached up to € 77,800 per hectare, which is 10.2% above the 12- month average of the first quarter of 2024. Over the past four quarters, a total of 32,900 hectares were traded, marking a 15.0% increase from the previous year, when 28,700 hectares were traded.

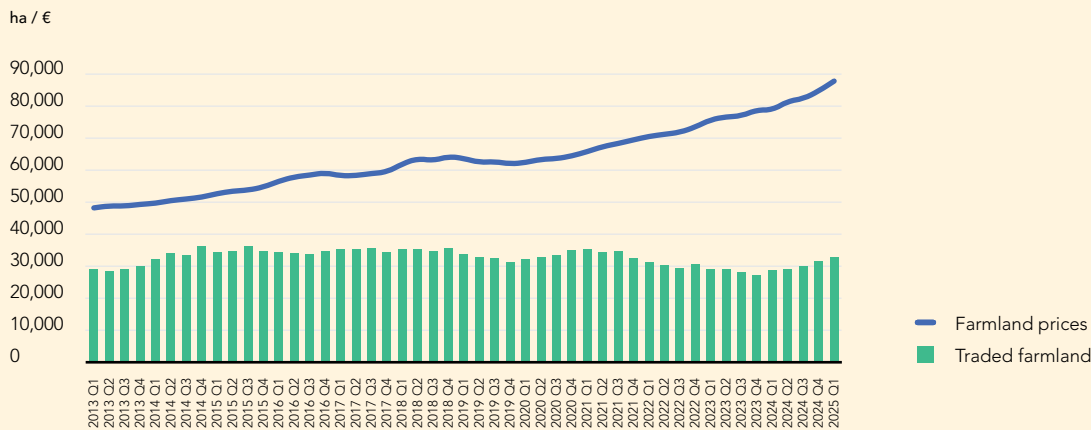
Relative farmland mobility, which measures traded land against total agricultural farmland, was 1.84%, up from 1.60% in the previous year.

Table 3 Farmland market indicators

Market indicator	Current	q-o-q growth	1-year growth	3-years growth
Export of agriculture goods (x mln)	€ 32,589	5.3%	9.8%	24.9%
Farmland prices (12-month average)	€ 87,701	3.7%	11.6%	24.5%
Traded volume (12-month, in ha)	32,875	4.3%	14.6%	5.1%
Available farmland (in ha)	1,798,501		0.0%	(0.3%)
Number of agriculture farms	49,900		0.0%	(2.1%)
Agro confidence indicator (0=neutral)	10.6	0.0	10.2	10.6
Agro confidence BIO-indicator (0=neutral)	21.2	(1.7)	5.6	21.1

Source: Statistics Netherlands, Kadaster, Wageningen Economic Research (WER), 2024



Figure 10 Farmland prices & traded farmland 2013-2025

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

Outlook

The Dutch farmland market remains fundamentally robust. Continued efficiency within the sector, land scarcity, and the ongoing push for a sustainable transition are expected to keep driving market activity. Upcoming buyout schemes, particularly targeting dairy farms near Natura 2000 areas, and the farming population, which is aging with a lack of successors are likely to introduce further market dynamics. These developments may create opportunities for larger agricultural enterprises to expand. As a result, farmland prices are expected to keep rising, albeit at a more moderate pace than in recent years.

Nonetheless, uncertainties surrounding Dutch agricultural policy persist, as evidenced by recent legal and financial challenges. It remains unclear how

these policies will evolve, what decisions the cabinet will ultimately take, and whether those decisions will be practically feasible. The recent fall of the cabinet adds a new layer of uncertainty, potentially delaying policy decisions and casting doubt on the direction a future government might take. Meanwhile, European policy continues to exert pressure on the agricultural sector to transition toward more sustainable practices, with water quality regulations in particular posing potentially significant impacts. In 2023, some of these stringent environmental rules were temporarily relaxed in response to farmer protests and the upcoming elections at the time. This temporary reprieve may offer the Dutch farmland market a bit more time to adapt and move toward a more sustainable future.



Renewables

The Netherlands has surpassed 50% renewable electricity production, with solar, wind, and biomass leading the mix. In 2024, renewables accounted for nearly 20% of total energy consumption. Offshore wind, solar PV, and battery energy storage systems (BESS) are expanding rapidly, with BESS attracting investors for its role in grid stability. The SDE++ subsidy ends in 2027, with a two-way CfD scheme proposed to support onshore wind and solar, aiming for transparency and budget control. Furthermore, the 2040 offshore wind target was revised to 30–40 GW, reflecting slower industrial demand and a more measured approach to capacity planning.

The Dutch renewable energy market in transition: market momentum and policy shifts.

Building on years of policy-driven growth, the Netherlands has now surpassed 50% renewable electricity production, with solar, wind, and biomass forming the backbone of its energy mix. Renewable energy accounted for nearly 20% of total energy consumption in 2024, reflecting the country's accelerating shift toward a low-carbon economy.

Despite ongoing political uncertainty and evolving regulations, the sector continues to advance. Key developments include a surge in offshore wind capacity, the expansion of solar PV, and the rapid emergence of battery energy storage systems (BESS) as a critical enabler of grid stability. Investors are increasingly drawn to BESS projects, which offer flexibility and resilience in a market facing growing volatility and negative price hours. This momentum underscores the Dutch energy sector's adaptability and its central role in Europe's broader climate ambitions.

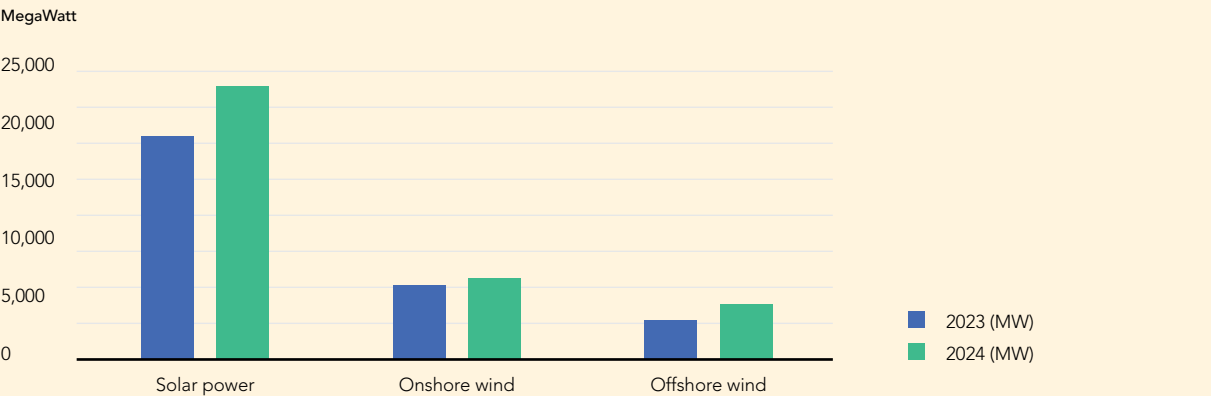
The current SDE++ subsidy scheme is expected to end in 2027 with this year's application period starting in October 2025. The Ministry of Economic Affairs

and Climate Policy has been investigating what alternative subsidy scheme would be possible and is now preparing legislation to enable two-way contracts (contracts for difference, CfDs) for onshore wind and solar energy starting in 2027. These contracts provide financial support when market prices fall below a set minimum and require producers to return excess profits when prices exceed a maximum. The ministry proposes basing payments on actual electricity production rather than reference volumes, aiming to improve transparency, accommodate diverse project types, and ensure more predictable and controlled public spending.

Furthermore, the Ministry of Climate and Green Growth has reduced the 2040 offshore wind target from 50 GW to 30–40 GW, citing slower industrial decarbonization and lower electricity demand. The revised target reflects a more realistic approach, aiming to avoid overcapacity while keeping offshore wind central to the energy transition.

Wind, solar power and biodiesel push Dutch renewable energy use to nearly 20% in 2024.
In 2024, renewable energy accounted for 19.8% of

Figure 11 Capture energy price forecasts in €/MWh



Source: Statistics Netherlands, 2025 edited by a.s.r. real estate

total energy consumption in the Netherlands, up from 17.4% in 2023, according to Statistics Netherlands. Offshore wind was the main growth driver, followed by a doubling in biodiesel use for transport. Solar energy also expanded significantly, contributing 2.47 GW of capacity, up from just 0.9% of electricity production in 2015 to nearly 18% in 2024. Biomass remains the largest renewable source overall, although its share in electricity generation declined. Heat pumps and geothermal energy gained ground in heating, with heat pump output rising 16% in 2024 compared to 2023. Renewable electricity now accounts for over 50% of total electricity production, reflecting a broad and accelerating energy transition. Due to the Council of State's ruling on wind turbine standards, a large number of wind energy projects on land are delayed or (temporarily) halted. It is expected that this will pick up again once there is more clarity on national environmental standards. Looking ahead, installed capacity is expected to grow substantially, driven by an estimated 80% increase in offshore wind and solar deployment over the coming years. Solar alone saw an increase in installed capacity of 4,382 MW in 2024 compared to 2023.

Political uncertainty creates both risks and opportunities for accelerating Dutch energy sector.

Following the resignation of the Schoof I cabinet, the Dutch energy transition faces renewed uncertainty. Organisations such as the NVDE, Netbeheer Nederland, and Energie-Nederland emphasize the urgency of climate action and urge the Tweede Kamer to avoid legislation delays. While some climate topics may be declared 'controversial', EU-driven initiatives and budget-related plans are likely to proceed. Politicians noted that European momentum won't wait for national politics. Encouragingly, the Tweede Kamer has shown restraint in declaring topics controversial, offering hope that essential energy policies will continue despite the political vacuum. The inclusion of small businesses in the 2026 SDE ++ scheme is one such example. However, it remained uncertain whether this arrangement would continue beyond the scheme's scheduled end in 2027. With the newly proposed two-way CfD scheme from 2027 onwards, this uncertainty is likely taken away.

The recent resignation of the Dutch cabinet has introduced some political uncertainty, but it may also



create space for renewed momentum in the energy transition. With fewer internal obstacles, there is now an opportunity to build broader parliamentary support for previously stalled climate and energy initiatives, of which the proposed two-way CfD scheme is a good example.

Key priorities remain passing legislation to support collective heating networks and bringing clarity to measures like the green gas mandate and industrial decarbonization agreements, which currently remains pending.

At the same time, high energy prices and uneven carbon pricing continue to challenge the competitiveness of Dutch industry. Sector stakeholders emphasize the need for swift, targeted policy action to avoid delays and maintain progress toward the 2030 climate goals.

Uncertainty around new grid in tariff for power producers

The Dutch Authority for Consumers and Markets intends to introduce a feed-in tariff requiring large electricity producers to contribute to rising grid costs. This aims to distribute the financial burden of grid expansion more fairly. However, industry groups like Holland Solar and the Dutch Renewable Energy Association have raised concerns. They argue the tariff could increase system costs without delivering clear societal benefits. Instead, they advocate for smarter grid use, local generation, and storage solutions. Such tariff would put serious pressure on the business case of renewable investment due to a lower direct return.

Three tenders for offshore wind have been delayed due to too little to no interest in the projects. No SDE ++ subsidy scheme is available for these farms which increases uncertainty to create stable financial returns. The plans for an additional grid tariff might put more pressure on these investments. One of the three tenders, Nederwiek I-A, will be up for bidding again in October 2025 with improved conditions to make it financially more interesting for investors. The two other tenders for the remaining two sites in the Noordzee are delayed until further notice.

Dutch battery storage market heats up as investors shift focus from solar to BESS

The Dutch renewable energy investment landscape is undergoing a notable shift, with capital increasingly flowing into battery energy storage systems. Amid growing pressure on solar project returns, largely due to the rise in negative price hours, many solar assets are being brought to market, while investors pivot toward BESS opportunities that offer higher flexibility and long-term value. These projects, however, require substantial upfront capital and are typically more complex to finance. As a result, some investors are selling solar assets to finance BESS projects.

Recent high-profile transactions underscore this trend. GroenLeven sold the battery storage project to Vopak, including permits and grid connection rights for a 300 MW facility in Eemshaven. Meanwhile, Ingka Group (IKEA's parent company) acquired a 76 MW solar portfolio from SUSI Partners, reflecting continued but cautious interest in solar. Furthermore, the Lion Storage's 350 MW BESS project near Vlissingen, backed by Macquarie and TINC, is another recent landmark deal in the Dutch storage market. While wind project activity remains subdued, aside from a few large portfolios and offshore tenders, the Dutch BESS market is emerging as a focal point for institutional investors seeking scalable, grid-supportive assets in a rapidly evolving energy system. The grid-supporting potential of BESS was recently demonstrated in the Dutch province of Zeeland, where 61 companies and institutions, previously waitlisted for grid access, were fast-tracked for connection. This was made possible by a BESS that can supply sufficient power during peak hours, alleviating local grid congestion.

The Dutch BESS market has developed from early fixed-revenue pilot projects into larger, merchant-oriented systems. While initially dependent on tolling agreements, newer models, such as the Lion Storage project in Vlissingen structure with Eneco, reflect a shift toward revenue stacking and market-based pricing. Grid congestion has led to the adoption of flexible connection agreements, enabling additional capacity. Lower battery costs, electricity market volatility, and regulatory changes have contributed to increased investor interest.

Return is building a 100 MW battery in Waddinxveen, backed by €85 million, it's set to go live mid-2026. It will connect directly to the high-voltage grid via a unique time-duration transport rights (TDTR) contract with TenneT, granting flexible access at reduced cost. This innovative setup boosts off-peak grid capacity.

Baseload prices expected to decline as solar and wind capture values erode sharply by 2040

Following a sharp 19% drop in Dutch baseload electricity prices in 2024 compared to 2023, bringing the average price down to 77 EUR/MWh, prices are projected to increase in 2025. In between 2025 and 2030 however, the baseload price is expected to decrease by 7% which is primarily driven by falling natural gas prices. Meanwhile, renewable capture prices face growing discounts. Offshore wind prices are expected to drop by over 27% by 2041-2060, while solar enters the 2025-2030 period already discounted by 40% compared to baseload. This widening gap reflects increasing market cannibalization and underscores the urgency for flexible solutions like battery storage to stabilize revenues and support grid integration.

Outlook

The Dutch electricity market is entering a pivotal phase, shaped by structural shifts in investment, policy, and technology. The transition to a low-carbon energy system is accelerating, with over half of electricity now generated from renewable sources. However, this progress brings new challenges. Grid congestion, volatile pricing, and delayed wind tenders are testing the resilience of the system and the confidence of investors.

Despite these pressures, long-term fundamentals remain strong. The recent fall of the Dutch cabinet has introduced political uncertainty, but it may also create space for renewed momentum in climate policy. Key legislative priorities, such as the proposed two-way CfD scheme, which would replace the current SDE ++ subsidy scheme, could gain broader support in the current political vacuum.

BESS is emerging as a strategic solution to grid instability and market volatility. Investor interest is shifting from mainly solar and wind to integrating BESS investments in the mix, driven by falling battery costs and the need for flexible capacity. This trend is expected to continue, especially as new grid tariffs and negative price hours challenge traditional renewable business models.

Looking ahead, the Dutch market will require coordinated action across regulation, infrastructure, and finance to maintain momentum. If managed well, the Netherlands could solidify its role as one of the leaders in Europe's energy transition.



Contact

For more information on the research vision, please contact:



Vinoo Khandekar

researcher retail

vinoo.khandekar@asr.nl



Nick ten Haaf

researcher residential and
science parks

nick.ten.haaf@asr.nl



Martijn Linssen

researcher farmland
and renewables

martijn.linssen@asr.nl



Robin Brett van Steen

researcher offices

robinbrett.van.steen@asr.nl



Michel van de Ruitenbeek

researcher economy

michel.van.de.ruitenbeek@asr.nl

Colophon

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Text

a.s.r. real estate

Photography

Corné Bastiaansen, Hilversum
Joni Israeli, Utrecht

Design

TD Cascade, Amsterdam

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