

OUTLOOK

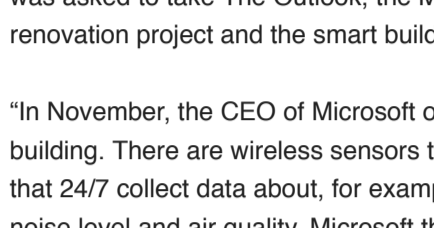
That the economy is thriving and the real estate sector is benefitting from this economic high conjuncture is a well-known fact. Also thanks to continuous technological innovations, some asset classes get an extra boost. This specifically applies to logistics real estate that has evolved considerably. Moreover, we see that sustainability and ESG not only gain ground but also increasingly determine the strategy of real estate organisations. As an Executive Search firm, we see exactly these developments with both our clients and candidates. Both look for the perfect match based on background and expertise. In addition, both organisations and candidates want the required job and the culture of the company to fit seamlessly with the ambitions and personal interest of the candidates. And that's precisely where we come in.

There is scarcity, particularly of core product, which limits investment opportunities. In addition to the need to diversify the portfolio, real estate activities in relatively new sectors with a different risk profile are expanding. The hospitality sector and housing types aimed at students are examples of this.

We discussed these developments with **Jaap Grievink, Dirk Bakker, Philippe Hendriks, Bart van Twillert, Gerard Groener and Lisette van Doorn.**

PROPTech

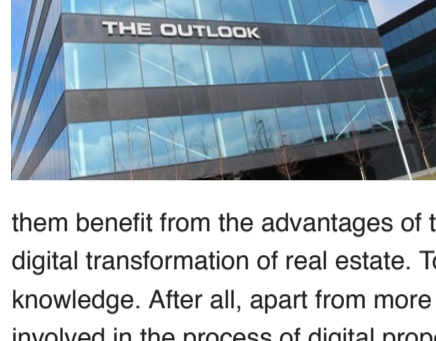
The pace of technological advances is intensifying in all sectors. The ongoing digitalisation of real estate and living environment are more and more key. The developments in the PropTech industry are very promising and offer unique opportunities to the economic, ecological and societal value of real estate.



Schiphol Airport is the very model of ambition and well on its way to becoming 'the best digital airport in the world'. Jaap Grievink, Real Estate Developer with Schiphol Real Estate, shares his view on these developments. Over a year ago, Jaap made the switch from BAM to Schiphol Real Estate. "I was looking for a professional real estate organisation with a certain societal relevance and an eye for innovation. When Escalier approached me, I was immediately triggered. I

was asked to take The Outlook, the Microsoft head office at Schiphol, to the next level with a renovation project and the smart buildings concept. From New Working to New Networking."

"In November, the CEO of Microsoft officially opened the building. There are wireless sensors throughout the building that 24/7 collect data about, for example, office occupancy, noise level and air quality. Microsoft then uses its own cloud technology (Azure Cloud) to process and analyse all these data so as to offer the best user experience. The building thus functions as a personal assistant for employees and visitors. This results in more satisfied employees, a higher productivity, less energy consumption, less waste and an improvement of well-being."



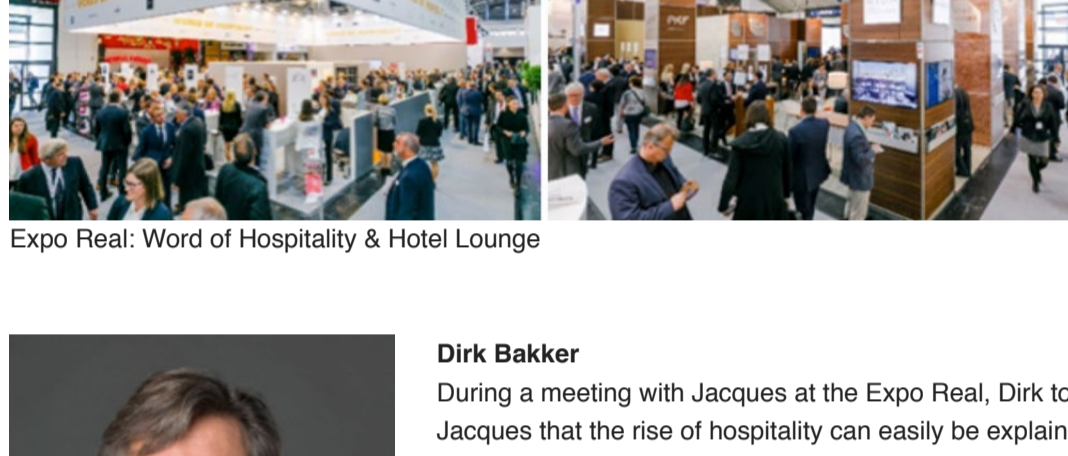
Schiphol – Smart City

"I notice there is a lot of talk, but up till now there are only a few players who actually are involved. I think that if there truly is a will and belief to do so, then huge steps can be taken. Of course, the size of Schiphol plays a major part in all of this. The community we've built perfectly matches Schiphol's ambition to create a Smart Airport City. We can reach large groups of users and let them benefit from the advantages of the platform. Of course, it is great to be directly involved in the digital transformation of real estate. To me, it means I can both broaden and deepen my knowledge. After all, apart from more traditional construction property development, I get to be involved in the process of digital property development as well. Whether it be the organisation of data in the cloud or drawing up data agreements; it's all so top-notch and professional that if you are as motivated and eager to learn as I am, it's the place to be. This step is therefore an enormous benefit for my personal development."

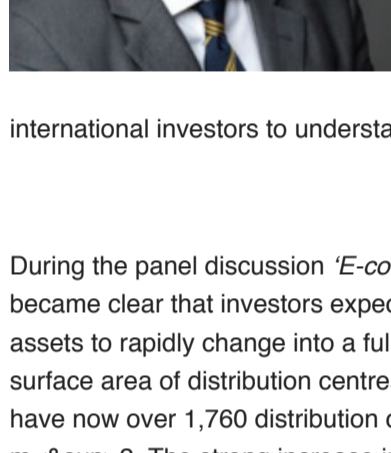
EXPO REAL 2018

One of the leading real estate trade shows is Expo Real in Munich. Escalier attended this trade show and spoke to players from the hospitality and logistics markets. Whereas only a few hotel groups and hospitality consultants had a booth last year, there was now a complete hotel square, 'World of Hospitality', and a 'Hotel Lounge'. Many dominant hotel groups were represented such as Wyndham, Hyatt, Radisson, Hilton, Marriott, CitizenM and The Student Hotel. This is even more striking as the hotel industry has its own trade show in March, the International Hotel Investment Forum (IHIF) in Berlin where we were present as well. Hospitality is a sector in which Escalier is active with regard to development, design and investment managers.

Dirk Bakker, CEO of Colliers Netherlands and Head of Colliers EMEA Hotels, is one of the experts and a real crowd pleaser at IHIF as well as an esteemed host and keynote speaker.



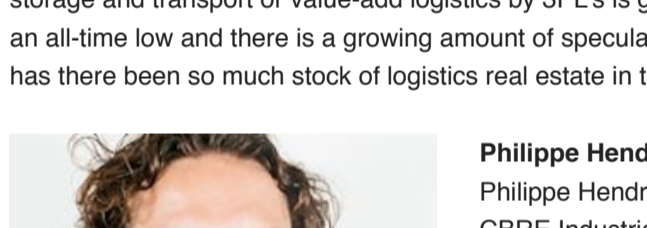
Expo Real: Word of Hospitality & Hotel Lounge



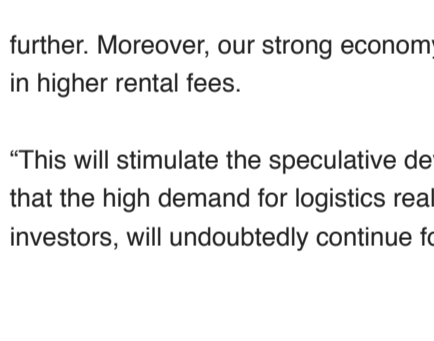
Dirk Bakker

During a meeting with Jacques at the Expo Real, Dirk told Jacques that the rise of hospitality can easily be explained. "Hotel real estate is increasingly realised by property developers and acquired by real estate investors as a diversification of their real estate portfolio." Dirk was asked to give his view on the developments in the near future. "The hotel sector is vibrant and has grown into the most profitable asset class in Europe. I foresee that this will remain unchanged in the next few years. It is only logical, that all eyes are on this branch and there is increasing interest from international investors to understand this complicated industry".

During the panel discussion 'E-commerce and the future of Logistics' at the Expo Real, it soon became clear that investors expect the logistics industry with its specific logistic and light industrial assets to rapidly change into a fully-fledged asset class. Since 2000, the number and the total surface area of distribution centres and warehouses have both grown by 75%; the Netherlands have now over 1,760 distribution centres with a total surface area of more than 28 million m² and >2. The strong increase in the demand for logistics in 2016 continues as a result of the rise of e-commerce in general and the strategic position of the Netherlands in Western-Europe in particular. Property developers dare to build again without any pre-letting, also thanks to the scarcity of available landholdings. The trend outlined above does not apply only to the Netherlands but also to the neighbouring countries. DC's spread over no less than 3 levels are being developed in the UK. Gazeley, for example, is to develop a 3-storey distribution centre measuring a total of 40,000 m² in Peruvian Wharf. The first one of a whole new generation in England.



The Logistic & Industry divisions of national agencies are doing overtime. Every month, new construction projects are started, traded between investors and let. Both the demand for logistics real estate, around 2.4 million m² in 2017, and for logistics projects by supply chain operators remain equally strong. Also the demand for storage and transport or value-add logistics by 3PL's is growing. The frictional vacancy of DC's is at an all-time low and there is a growing amount of speculatively developed warehouse space. Never has there been so much stock of logistics real estate in the Netherlands as in 2017.



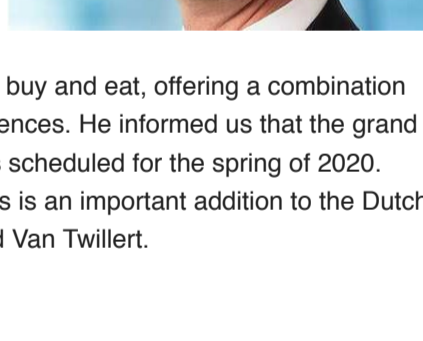
Philippe Hendriks Development Director Gazeley Philippe Hendrikse, until recently Senior Consultant at CBRE Industrial & Logistics and has now joined Gazeley Netherlands as of November 1st, confirms the high capacity utilisation rate of nearly 98%.

This unprecedented need for logistics real estate among investors takes the gross initial yield to around 4%. The scarcity of locations pushes up the land prices even further. Moreover, our strong economy has caused the construction prices to rise by 20% resulting in higher rental fees.

"This will stimulate the speculative development of logistics real estate", says Hendriks. He expects that the high demand for logistics real estate in the Netherlands, coming from both tenants and investors, will undoubtedly continue for some time.

MAPIC 2018

Recently one of the most leading real estate trade shows was the Mopic in Cannes. This convention is specifically meant for organisations focusing on retail real estate. Although it seemed there were fewer visitors this year, the big international players were present. Unibail-Rodamco-Westfield was represented by Country Manager Netherlands **Bart van Twillert**. We talked with him about the in November newly opened Fresh!, the first phase of Westfield - Mall of the Netherlands in The Hague region. This is a 2,500 m² fresh food court where visitors can buy and eat, offering a combination of the best local high street concepts and gastronomic experiences. He informed us that the grand opening of the first Westfield destination in the Netherlands is scheduled for the spring of 2020. "The innovative concept of Westfield - Mall of the Netherlands is an important addition to the Dutch retail landscape for both local and international retailers", said Van Twillert.



Another leading player at Mopic was Ingka Centres. **Gerard Groener**, Global Managing Director at Ingka Centres, formerly known as IKEA centres, unveiled a major growth strategy with investments of € 5.8 billion over the next three years. The strategy determines that € 3 billion is used for mixed-use city centre developments that include IKEA stores. These centres will comprise offices, inspired community spaces serving as meeting places and 'IKEA-hotels, apartments' as well as retail. IKEA aims to move away from its traditional strategy of warehouse locations at the outskirts of cities in favour of smaller, inner-city shops. "We

want to be close to our customers who are increasingly living in the big cities where more and more people don't own a car. We want to reach them and make our home decoration range easily accessible."

Ingka Centres already owns € 9.5 billion in real estate at 45 locations but is set to increase this to € 15 billion including the € 3 billion for new mix-use city centres with IKEA stores in Europe, Asia and North America. In 2025, Groener expects to operate at 70 locations in 15 countries. From the new projects, € 2 billion has already been allocated to urban mix-use projects in the mega-cities Changsha, Shanghai and Xi'an in China and they will also be upgrading their existing assets, Groener commented.

ULI Emerging Trends in RE Europe 2019

The presentation of the annual trends report of ULI and PWC shows that we are slowly moving towards the end of the heydays of the real estate cycle. Yet, parties rather prepare themselves for that moment than worry about a huge setback.

Lisette van Doorn, CEO of ULI Europe, explained that apart from a strong demand for core products, there is an increase in sections. Especially the upcoming niche markets related to the residential market are of great interest to developers and investors. Think of, for example, co-living, senior homes, student housing, and serviced apartments.



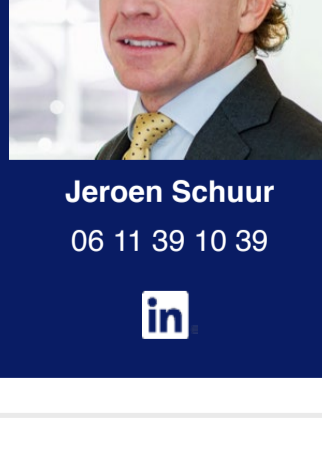
OUR EXPERTISE

In Escalier e-News we review current developments affecting the real estate industry, but which are not only limited to the real estate itself. As an Executive Search firm we can help you put your team together and find suitable professionals and managers to realize your strategies.

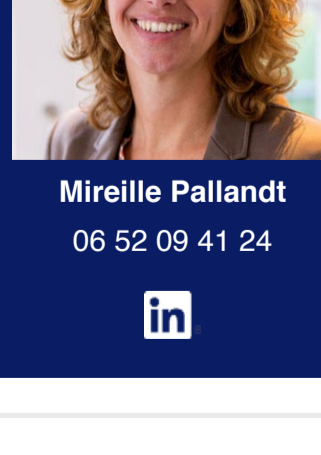
If you have any questions or remarks, we are happy to discuss this with you in a one-on-one meeting.



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