

Quick Stats

| | 2008 | 2009 |
|------------|------|------|
| Demand | ↑ | ↓ |
| Supply | ↓ | ↔ |
| Rents | ↔ | ↓ |
| Investment | ↑ | ↓ |
| Yields | ↑ | ↗ |

MARKET STRUCTURE

With around 3.3 million sq m of office space in the core city and over 4 million sq m of office space in the conurbation, Rotterdam is the third largest office city in the Netherlands, after Amsterdam and The Hague. In particular, Rotterdam distinguishes itself from the other two big cities by its seaport. Between 1962 and 2004, Rotterdam was the largest seaport of the world. Although Shanghai has taken over the leading position, Rotterdam is still the largest seaport of Europe. In relation to its current size of the population, Rotterdam offers about 5.6 sq m of office space per inhabitant. Although this figure is well above the national average, it is lower compared to the figure of the other three big cities of the Randstad. This is caused by the strong presence of the sectors industry, trade and distribution in Rotterdam. Even so, the sector business services is well represented in Rotterdam, accounting for a quarter of the total local employment. Illustrative is that several multinationals, such as Unilever, ING-Nationale Nederlanden and Robeco, have located their global head quarters in Rotterdam. Compared to many other Dutch cities, a relatively large part of the offices in Rotterdam is dated. Over 60% of its office stock dates from before 1990. Another remarkable feature is that nearly 80% of the office stock is being rented. Therefore, its rental sector is equally large as in Amsterdam, but significantly larger than in The Hague and Utrecht.

The offices in Rotterdam are spatially concentrated. The many sizeable buildings in the city centre constitute approximately one third of the total office stock. Also at the redeveloped Kop van Zuid area, on the southern bank of the Nieuwe Maas river, several large-scale office buildings are to be found. Another important high-quality office concentration is Brainpark, which is situated around the motorway A16. Going northwards, where the A16 meets the A20, one finds office location Alexandrium, surrounding railway station Alexander. Apart from these main office concentrations, the remaining part of the Rotterdam office stock is spread over several city districts and business sites. Also the neighbouring towns Capelle aan den IJssel and Schiedam have a sizeable office market and both markets show strong interaction with the core city's office market.



Office location Centre with in the distance the Kop van Zuid area

ECONOMY

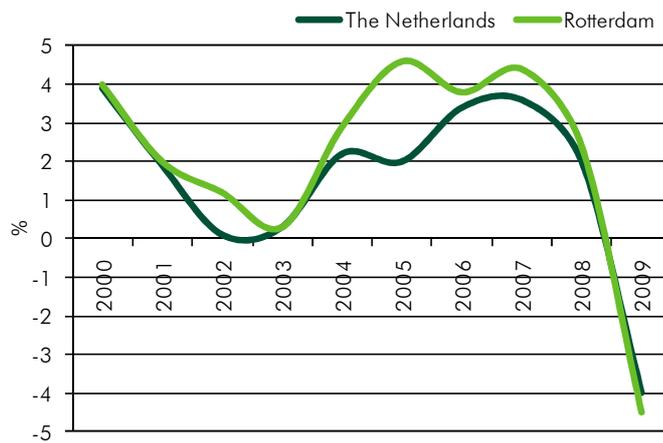
In the last decade, the average growth of the Rotterdam Gross Domestic Product was 2.9%, which was a higher figure than the national long-term figure of 2.4%. In comparison with other large Dutch cities, the economy in Rotterdam is tightly knit to the world economy, thanks to the presence of the seaport. Consequently, the worldwide recession struck Rotterdam harder than the other Dutch cities. Even so, it is noteworthy that compared to other European seaport cities like Hamburg and Antwerp, Rotterdam performed better.

Obviously, the unfavourable economic developments have strongly affected the labour market of Rotterdam. The share of unemployed workers among the working population increased to some 7.5% in the last year. In the last decade, the Rotterdam unemployment was, on average, 300 basis points above the national figure. One of the reasons is that the net participation degree in Rotterdam is lower than in other parts of the Netherlands. Relatively speaking, Rotterdam has a high degree of semi-/unskilled workers and secondary educated workers. Furthermore, many jobs in Rotterdam are being filled by commuters. In Rotterdam, most jobs were shed in the sectors financial services and transport. On the other hand, employment showed an increase in the sectors social services/public health and education.

RENTAL MARKET

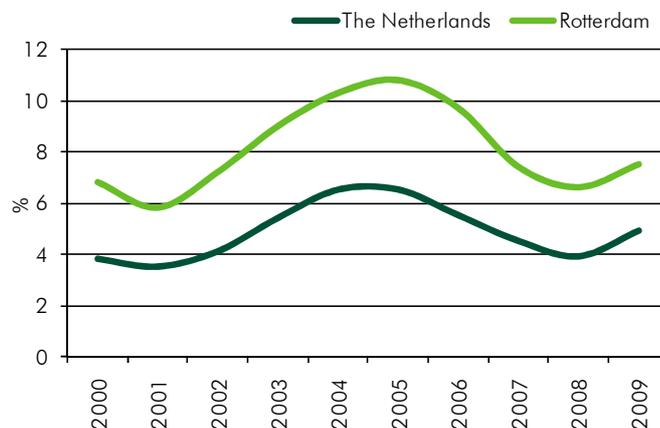
Between 2000 and 2009, the average annual office take-up in Rotterdam amounted to about 147,000 sq m. Although the office take-up showed a significant increase in 2008, the market sentiment drastically changed in 2009. The take-up declined with around 50% and reached a level of around 85,000 sq m, the reason being both a declining number of transactions and a declining average transaction size in comparison with the previous year. Since around one third of the total office stock is to be found in the city centre, obviously take-up in this area had developed most favourably and reached a level of around 20,000 sq m. Also in 2008 most square metres of office space were taken up in this area. Then, however, was realised a take-up level over 50,000 sq m, thanks to several large-scale lease contracts. Loyens & Loeff rented in a newly to be built office at the Blaak around 14,000 sq m of office space and Bureau Jeugdzorg signed a lease contract involving around 9,600 sq m of office space in the redevelopment project Central Post, near railway station Rotterdam Centraal (Central Station). A notable fact was that in the last year a number of larger letting transactions took place on the business sites of Rotterdam. Evergreen Marine took up 4,250 sq m in the maritime office park Dockworks at the Waalhaven area.

Growth GDP



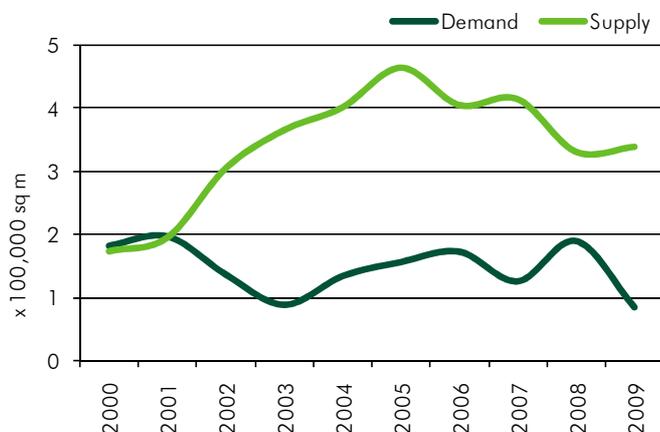
Source: Statistics Netherlands

Unemployment



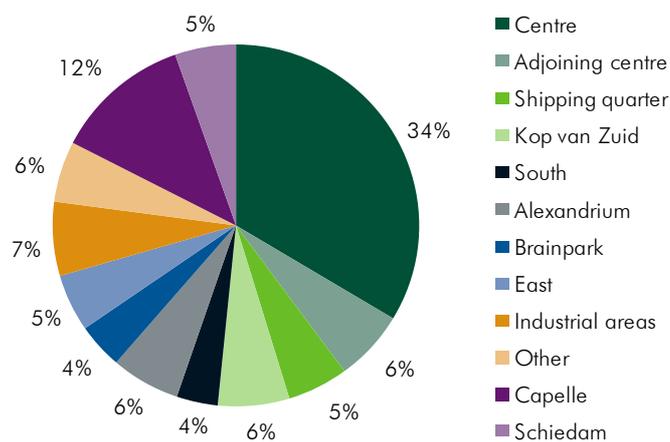
Source: Statistics Netherlands

Demand and supply on the open market Rotterdam



Source: CB Richard Ellis

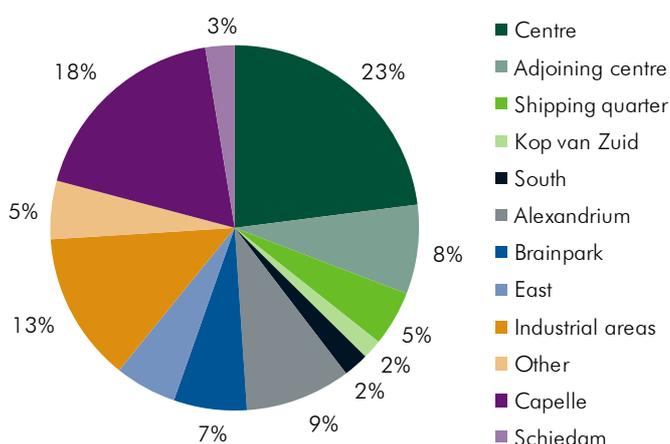
Stock divided by office location 2009



Source: CB Richard Ellis

Furthermore, Hexion Specialty Chemicals signed a lease contract for an office with a floor area of over 4,000 sq m in project Portpark at the Seattleweg. The largest transaction, however, was concluded in satellite city Capelle aan den IJssel: Veenman, which is part of Xerox Corporation, will occupy nearly 4,700 sq m of office space in office building Trivium at Rivium. Also a striking fact is that Kop van Zuid attracted just one tenant, Stichting Welzijnsgroep, whereas in previous years this area had welcomed far more new tenants. Alexandrium performed below par in comparison with its result realised in the previous year, as its share was now just 8% of the total take-up. In 2008, Eneco had signed a lease contract for a newly to be built office of around 22,000 sq m at the George Hintzenweg, as a result of which the total take-up figure at this particular area ended on a level of nearly 42,000 sq m.

Demand divided by office location 2009



Source: CB Richard Ellis

An analysis of take-up by sector shows that there were less differences between 2008 and 2009 on this field. Given the character of Rotterdam, it is not surprising that demand for offices came for the greater part from the sectors industry, trade and distribution. Due to the credit crunch, demand for accommodation from banks and insurers almost completely evaporated. The ICT sector was hardly active on the letting market for offices. Despite the climate, demand from the sectors non-profit and business services held up well. Remarkable is that the sector social services took up a considerable amount of office space.

Between 2000 and 2005, office supply in Rotterdam showed a significant increase, however, this trend was also followed by a period of declining supply. Last year, supply reached a level just above the long-term average of around 335,000 sq m. This means that only 9% of the total Rotterdam office stock was being offered for sale or to let. This is a low supply ratio compared to the national average. Also in Amsterdam, The Hague and Utrecht, relatively more offices are being offered.

LARGEST TRANSACTIONS RENTAL MARKET 2009

| Location | Project | Status | Sq m | Tenant |
|--------------------------------|----------------------|----------|-------|----------------------------|
| Capelle aan den IJssel, Rivium | Trivium | Existing | 4,680 | Veenman Business Machines |
| Rotterdam, Waalhaven | Dockworks IV | New | 4,250 | Evergreen Marine |
| Rotterdam, Seattleweg | Portpark, building 4 | Existing | 4,070 | Hexion Specialty Chemicals |
| Rotterdam, Brainpark II | | Existing | 3,600 | De Hypothekers Associatie |
| Rotterdam, Alexandrium | | Existing | 3,440 | Eneco |
| Capelle aan den IJssel, Rivium | Solaris I | Existing | 3,310 | Heijmans |
| Rotterdam, Centre | Coolse Poort | Existing | 2,830 | Allianz Nederland |

Source: CB Richard Ellis

Looking at the various office locations, supply in the centre and in the adjoining centre is relatively modest. Alexandria performs well when it comes to vacancy. Due to over 30,000 sq m of office space on offer in building De Rotterdam, the supply level at the Kop van Zuid area is rather high. The Brainpark areas, in Capelle aan den IJssel and on the business sites there are several offices immediately available. The largest individual objects on offer are all under construction. Apart from the aforementioned office space in De Rotterdam, another 16,000 sq m of office space is being offered in the Port City project at the area of the Waalhaven.

In general, rents for offices in Rotterdam vary between € 100 to € 200 per sq m per annum. The various office locations, however, are quite different. The highest rents are being paid for high-quality office space at the prime office locations of Rotterdam, for instance the centre area and Kop van Zuid. The rent level of Brainpark III is just below this level. At the area of Alexandria rents are being paid between € 140 and € 175 per sq m per year. On the remaining office locations, rents usually do not exceed a level of € 145 per sq m per year.

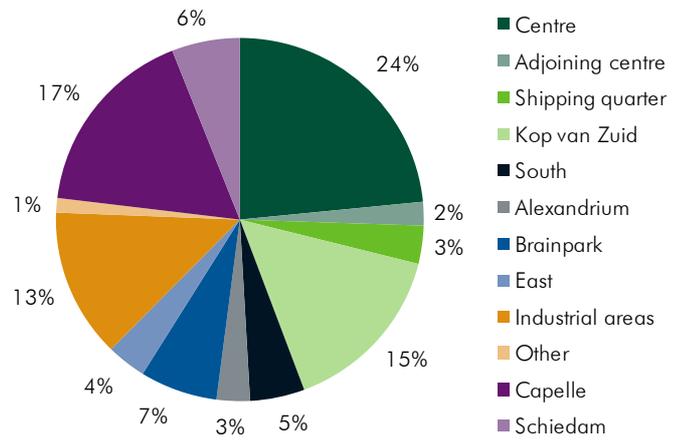
After having showed a slight increase in the last few years, the prime rents stabilised in 2009. The rent level of existing offices on less popular locations were under pressure, due to declining demand. As a result, they have decreased slightly. It should be noted, however, that the use of incentives increased across the board in the last year.

INVESTMENT MARKET

Similar to the occupier market for offices in Rotterdam, the investment market showed a strong declining trend in 2009. The investment volume more than halved compared to the previous year, as a result some € 200 million was invested. It should be noted, however, that 2008 was a lively investment year in Rotterdam. Therefore, comparing the result of 2009 with the result of 2007, the decline observed in 2009, which was around 30%, was less strong.

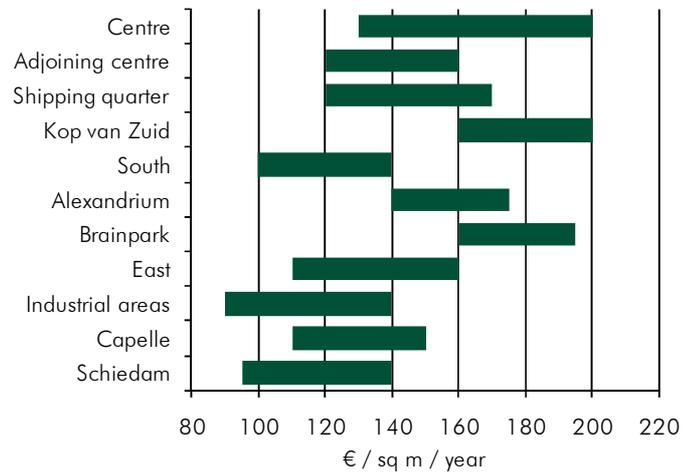
Despite a disappointing investment volume, the second and third largest single-asset investment transactions on the Dutch office market concerned offices in Rotterdam. Both offices were purchased by a German investor and the acquisition prize was around € 86 million. BPF Bouwinvest and Stichting Pensioenfonds Unilever Nederland, also known as 'Progress', sold Unilever's Global HQ at the Weena to investor Real IS. The second large transaction involved the new Eneco HQ development at office location Alexandria. Wölbner Invest has acquired this asset from developer OVG.

Supply divided by office location 2009



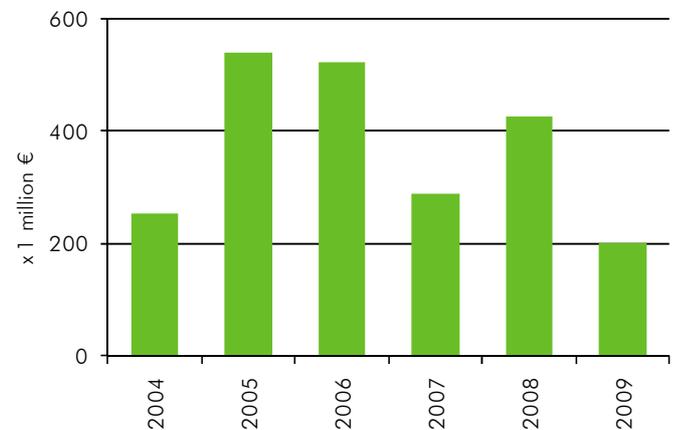
Source: Vastgoedmarkt

Rental values office locations



Source: CB Richard Ellis

Office investment Rotterdam



Source: CB Richard Ellis



The Unilever Global Headquarters at the Weena was purchased by German investor Real IS. CB Richard Ellis assisted seller 'Progress'.

The other nine transactions which occurred in the Rotterdam conurbation were significantly smaller in scale. Two of these transactions were concluded in satellite city Capelle aan den IJssel. Although the investment market in Schiedam is very modest, no offices changed ownership in the last year. Besides, it is noteworthy that the largest portfolio transaction of the last year partly concerned the conurbation. ING sold nearly forty properties for an amount of € 376 million, of which two assets were to be found in Rotterdam and one in Capelle aan den IJssel.

In 2008, the credit crunch and financing problems for investors arising from this crisis, had not yet affected the investment market of Rotterdam, contrary to the trend in other Dutch cities where often the transaction volume had fallen considerably. Although there were reported fewer transactions in Rotterdam, the average volume per transaction increased. Six offices were sold in Rotterdam for a total purchase price over € 40 million. The most sizeable transaction amounted to € 90 million and was on the account of the Maarssen Groep. The investor purchased office building Weenapoint, which covers around 33,700 sq m, for redevelopment purposes.

Prime net initial office yield Rotterdam



Source: CB Richard Ellis

Whereas the Rotterdam investment volume still held up well in 2008, the national trend of increasing initial yields could not pass Rotterdam. In 2008, the net initial yields for all categories of office properties in Rotterdam increased with on average 125 basis points. In 2009, the average increase amounted to just 25 basis points. In fact, the drop of value of offices mainly occurred in the first quarter of the year. From then on it reached the bottom and the initial yields showed a stabilisation. At the end of 2009, an office with a long-term lease contract on a prime office location in Rotterdam generated a net initial yield of around 6.4%. As, among other factors, lease period and quality of the office location diminish, the initial yield, however, rapidly increases.

LARGEST TRANSACTIONS OFFICE INVESTMENT MARKET 2009

| Location | Project | Status | Sq m | Purchaser | Price (x mln) |
|------------------------|-------------------|-------------|---------|-----------------------|---------------|
| Rotterdam, Alexandrium | HQ Eneco | New | 27,500 | Wolbern Invest | € 86.5 |
| Rotterdam, Centre | HQ Unilever | Existing | 25,000 | Real IS | € 86.0 |
| Rotterdam, Brainpark I | Mirage | New | 3,000 | St. Ettense Baan | € 11.4 |
| Rotterdam, East | Villa Trompenburg | Refurbished | Unknown | Triodos Vastgoedfonds | € 4.9 |

Source: CB Richard Ellis

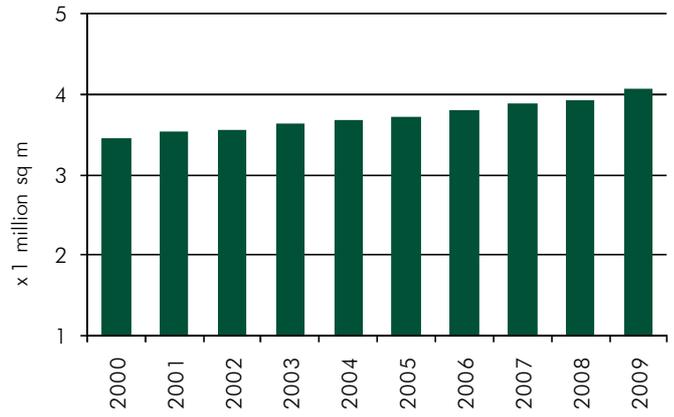
OFFICE DEVELOPMENT

Between 2000 and 2009, Rotterdam witnessed the start of the construction of around 825,000 sq m of office space. With the deduction of nearly 100,000 sq m of converted and demolished office space, the total office stock in Rotterdam increased in this period with around 18%. In comparison with the other three big cities in the Randstad this increase is average. In Amsterdam and Utrecht the office stock increased with about 25% and 30% faster, respectively. On the other hand, in The Hague there were fewer square metres newly under construction, consequently the office stock increased in The Hague with only 12%.

Nearly 25% of the new office metres in Rotterdam is to be found at the Kop van Zuid area. Since the development of Kop van Zuid began from the mid nineties, over half of its office stock dates from the period 2000-2009. In chronological order had been delivered, for instance, the accommodation of the Sociale Verzekeringsbank (13,800 sq m) and the buildings 'Montevideo' (6,600 sq m), 'Laan op Zuid' (23,000 sq m), 'Las Palmas' (14,600 sq m) and 'De Maastoren' (37,500 sq m). At the end of 2009, the kickoff of project 'De Rotterdam' took place. This multifunctional development at the Wilhelminapier includes approximately 70,000 sq m of office space. Contrary to the Kop van Zuid area with its large-scale office premises, municipality Capelle aan den IJssel witnessed in the last decade almost only small-scale or medium sized office objects emerging. A single exception is office building Braingate (15,800 sq m) at the Rivium area. Between 2000 and 2009 have been delivered fifty offices in total in Capelle aan den IJssel, with a total floor area of over 122,000 sq m. When it comes to the total amount of new office metres that is put under construction, office location Alexandrium comes third, with 93,000 sq m in total. Half of this floor area concerned complex Lotus at the George Hintzenweg which has been developed by OVG Projectontwikkeling. This is also comprises the new Eneco Headquarters. It is remarkable that in the last decade the centre of Rotterdam and the adjoining Shipping quarter had witnessed relatively few new office projects. Furthermore, the most withdrawn office metres were also to be found at this area. Still around half of the 88,000 sq m of office space in the centre of which the construction is running since the year of 2000, is not delivered. In 2009, the construction of two large-scale offices at the Blaak started.

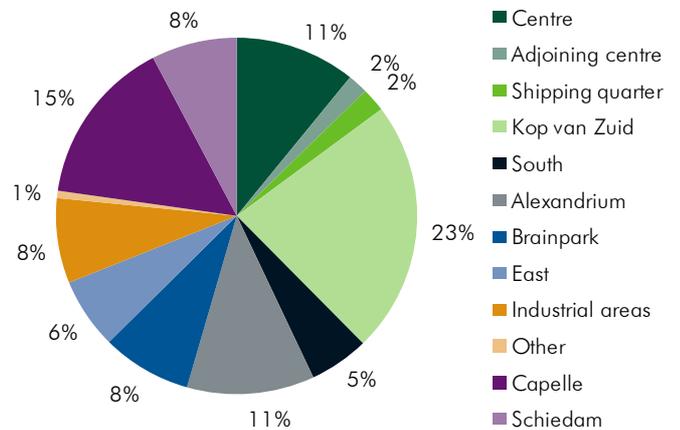
Obviously, the unfavourable economic developments and the decline of office demand arising from this situation, have had a strong impact on the office pipeline in Rotterdam. In the last twelve months, one third of all planned square metres had been cancelled permanently.

Rotterdam office stock



Source: CB Richard Ellis

New construction 2000 - 2009 divided by office location

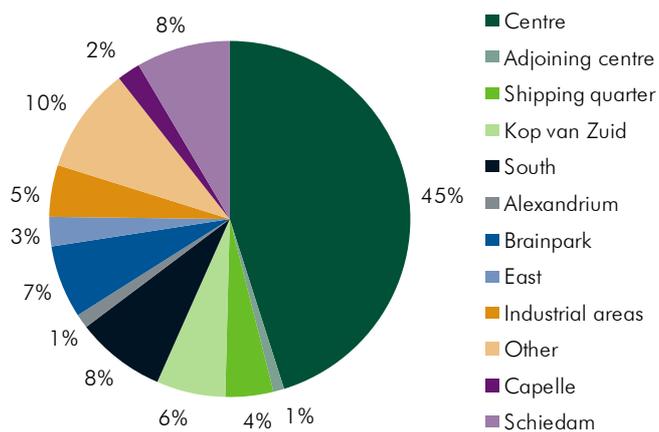


Source: CB Richard Ellis

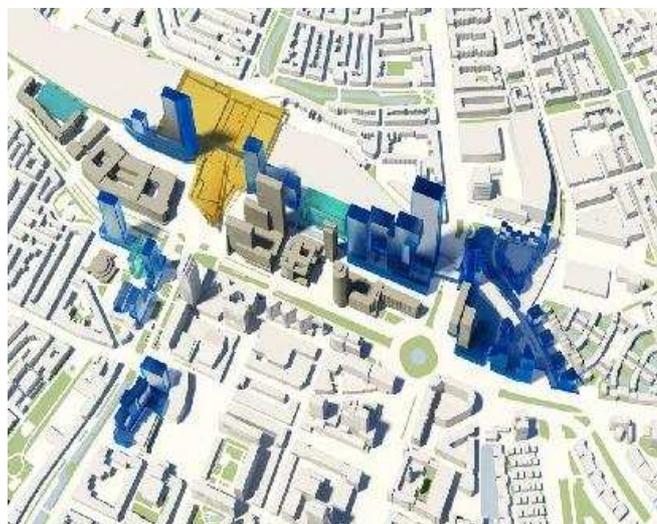


At the Kop van Zuid area, around 185,000 sq m of office space were put under construction in the last decade.

Planned construction divided by office location



Source: CB Richard Ellis



New office development (coloured blue) around the new railway station Rotterdam Centraal (coloured brown).

Furthermore, a number of plans is postponed and in some multifunctional projects the share of offices has been reduced in favour of other uses, for instance residential. Taking into account all realistic and soft plans, Rotterdam has approximately over 830,000 sq m of office space in the pipeline.

In the previous decade, relatively few office projects concerned the centre area of Rotterdam. In the next coming years, however, around 375,000 sq m of new office space has been planned in this area. To a large extent, these plans are related to the renovation and expansion of the railway station Rotterdam Centraal. It is expected that when this new public transport terminal is connected with both the European high-speed train network and the RandstadRail network (light rail connection between Rotterdam, The Hague and Zoetermeer), the number of passengers will rise strongly in the next fifteen years, to a level of over 320,000 commuters per day. The immediate area around the new railway station Rotterdam Centraal is being referred to as 'Rotterdam Central District'. Within this project area, property developer LSI has the most dominant land position. LSI will develop offices and residential flats with additional services east of railway station Rotterdam Centraal. The redevelopment of Central Post, the former post sorting building, was completed recently. Furthermore, the Maarsen Groep will convert office Weenapoint into a multifunctional complex.

At the Kop van Zuid area, only final plans have been made for the development of Baltimore. According to developer ING, this office building will be the most sustainable skyscraper of the Netherlands.

Around the Airport area, north of the city, the Rotterdam Airport Businesspark offers room for the development of another 75,000 sq m of new office space. The start of the construction of the new office of Dura Vermeer took place just recently.

| LARGEST OFFICE DEVELOPMENTS (not under construction) | | | | |
|--|----------------------|----------------|-------------------------|------------|
| Location | Project | Sq m (approx.) | Developer | Completion |
| Rotterdam, Centre | Weenaboulevard | 240,000 | LSI Project Investment | 2016 |
| Rotterdam, Centre | Weenapoint | 60,000 | Maarsen Groep | 2017 |
| Rotterdam, Airport | Airport Businesspark | 75,000 | Schiphol Real Estate | 2012 |
| Rotterdam, Kop van Zuid | Baltimore | 50,000 | ING Real Estate | 2012 |
| Schiedam, Centre | Schieveste | 66,400 | Burgfonds | 2015 |
| Rotterdam, Shipping quarter | Zalmhaven | 36,000 | LSI Project Investment | 2013 |
| Rotterdam, East | De Nieuwe Maas | 22,000 | OVG Projectontwikkeling | Unknown |

Source: CB Richard Ellis

OUTLOOK

According to the most recent projection of Centraal Planbureau (Dutch government body for economic planning), the Dutch economy will grow with around 1.5% and 2% respectively, in this and the next year. The growth figures for the world economy are even more positive, which could be favourable for Rotterdam, given that this world port city is more dependent on the global economy than other Dutch cities.

This economic growth forecast, however, will not immediately bring an impulse to the Dutch office occupier market. Due to a strong decline of the economy in the last year, the number of unemployed workers will increase further in the Netherlands to approximately 500,000, which is around 6.5% of the total working population. Although traditionally unemployment is in Rotterdam 3% higher than the national average, demand for office space will not remain subdued in Rotterdam in comparison with the rest of the Netherlands. After all, the largest group of job-seekers in Rotterdam is to be found in the sectors industry and construction. Furthermore, it is expected that employment within the sectors business services and social services will increase in the coming years, and this will have a positive impact on the office market.

Currently, in Rotterdam only 9% of the total office stock is being offered on the open market. This is a modest figure in comparison with the other major Dutch cities. Since developers have cancelled over one third of schemed office projects in the last year, for the time being the current amount of offices in the pipeline will not be a threat to the relatively low vacancy ratio. It is assumed that projects with the best prospects remained and speculative construction is not likely to occur.

Despite a disappointing transaction volume, the office investment market in Rotterdam performed better in the second half of 2009 than in the first half. Indeed, nine out of eleven transactions were reported in the period of July - December. It is expected that this increasing inclination of investors to invest will also persist in 2010. Since financing difficulties, will also remain an issue in 2010, achieving the high transaction volume of 2008 is not a realistic assumption. In addition, investors have become more critical and there is a shortage of good investment objects due to a stagnating development pipeline. Consequently, the initial yields for high-quality offices on prime office locations in Rotterdam with long-term lease contracts may show a slight decline. Most likely, the initial yields for all other categories of office space in Rotterdam will show a stabilisation.

Disclaimer 2010 CB Richard Ellis

Information herein has been obtained from sources believed to be reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the market. This information is designed exclusively for use by CB Richard Ellis clients, and cannot be reproduced without prior written permission of CB Richard Ellis. © Copyright 2009 CB Richard Ellis

CB Richard Ellis is the market leading commercial real estate adviser worldwide - an adviser strategically dedicated to providing cross-border advice to corporates and investment clients immediately and at the highest level. We have 400 offices in 58 countries across the globe, and employ 24,000 people worldwide. Our network of local expertise, combined with our international perspective, ensures that we are able to offer a consistently high standard of service across the world. For full list of CB Richard Ellis offices and details of services, visit www.cbre.com

For more information regarding the MarketView, please contact:

RESEARCH

Annette Postma
Senior Researcher
CB Richard Ellis
Stadhouderskade 1
1054 ES AMSTERDAM
t: +31 20 626 26 91
e: annette.postma@cbre.com

ROTTERDAM OFFICE

Martien van Deursen
Director Rotterdam Office
CB Richard Ellis
Delftseplein 27M
3013 AA ROTTERDAM
t: +31 10 300 48 00
e: martien.van.deursen@cbre.com

Walter Dielemans
Manager Agency Rotterdam
CB Richard Ellis
Delftseplein 27M
3013 AA ROTTERDAM
t: +31 10 300 48 00
e: walter.dielemans@cbre.com