



Amsterdam in top 10 most popular real estate cities

In 2018 Amsterdam belongs to the top 10 of the European real estate cities with the best investment- and development prospects. Investors praise the booming office real estate market, flourishing technology sector and the pleasant living environment. Berlin remains the leader for the fourth year.

That is the conclusion of Urban Land Institute and PwC in the publication *Emerging Trends in Real Estate Europe 2018* based on interviews and a survey of eight hundred international real estate professionals, including investors, developers and lenders.

Amsterdam moves up in the ranking and will be in place ten in 2018. The capital notes a fourth place for investment and a fourteenth place for development prospects. According to the report, the number of unoccupied offices in Amsterdam has dropped rapidly to less than 10 percent. In areas like the Zuidas there is hardly anything for rent. The net return of the office real estate market (the so called *yield compression*) fell in 2017 to almost 4 percent, partly because of the rising rental income. Only in Madrid and Barcelona the rental fees rose faster.

The real estate of Amsterdam can be more interesting for investors, because among other things, the city is being tipped as a Brexit winner. According to Bart Kruijssen, responsible for the real estate practice of PwC, this is not surprising: "Amsterdam attracts already financial services providers and investors. There is also highly educated staff, who speaks English well. Besides that, the capital has an excellent (digital) infrastructure, which even gets better with the coming North/ South line next year. The last aspect is that Amsterdam enjoys having the reputation of a liveable city."

For the fourth time in a row, Berlin is the highest in ranking, strengthening its dominant position in the European real estate market. Frankfurt increased to the second place. The financial heart of Germany benefits from the Brexit. In a shared second place is Copenhagen. The Danish capital has a strong growing residential sector that attracts the attention of international investors. At fourth place is Munich. This Bavarian city remains attractive despite the fact that it is seen as an expensive market. Madrid increased, driven by positive rental growth prospects, with four places



to place five.

Growing focus on niche sectors

In addition to the cities, the report investigates which sector offers attractive investment and development prospects. Especially logistic, but also the niche residential sectors like student and elderly housing, score highly. This focus on niche sectors is strongly motivated by megatrends such as technology and demographics. Traditional real estate sectors like shopping malls and office buildings, are found by investors less interesting, while they are interested in so-called co-working spaces and serviced offices: a type of property where the space is part of a service package.

“This trend has a large influence on business models of the real estate developers and investors. Long term tenancy agreements are increasingly becoming part of the past. Users are asking for more flexibility. Not only in the tenancy agreement, but also in the use of the space by combining various functions, such as living, working and recreating”, said Lisette van Doorn, CEO ULI Europe.

According to the respondents, technology has a major impact on the real estate sector. This varies from how users want to use space for the real estate management and valuation process, and the changing skills needed to successfully operate in the new reality.

(Source: <https://www.accountant.nl/nieuws/2017/11/amsterdam-in-top-10-populairste-vastgoedsteden/>)