

Netherlands, 13 June 2016 - The city of Rotterdam still has 'upside potential,' according to Richard Apfelbacher, managing partner at L'Etoile Properties, who advised Amundi and the Koreans on the recent acquisition of office tower De Rotterdam in the Dutch port city.

Rotterdam has a 'good profile', Apfelbacher said during a panel discussion on innovation and urban investment at the Provada real estate fair in Amsterdam last week. 'We like to invest in locations that have some upside potential and we think Rotterdam has that.' □Apfelbacher was positive generally about the Dutch market, saying it had 'very good potential' although there were limitations due to its size. 'We will continue to invest in it as long as product is available. The Netherlands only has four big cities compared to seven in Germany, but that's always more than France.'

Dick van Hal, CEO of Dutch institutional investor Bouwinvest, agreed that the Dutch market was 'very attractive', especially because of the possibilities being generated by Holland Metropole, a new initiative that brings together Amsterdam, Rotterdam, The Hague and Utrecht in a single cluster. 'The Netherlands is a very transparent real estate market and economic growth at around 2% is stable.'

Urbanisation is the trend of the future, he said. 'We invest in the four big cities in the Netherlands and key cities in Europe, the US and Asia.'

Bouwinvest is a long-term investor, he added. But we have an active management approach. Being a long-term investor is not the same as sitting and waiting for a return. It's important to have an active management approach for each property.'

Bouwinvest also looked at De Rotterdam

Van Hal revealed that Bouwinvest had looked at De Rotterdam office tower whose sale to a Korean consortium led by French asset manager Amundi was announced in late May. Van Hal: 'We looked at De Rotterdam, but we decided to spread our assets.'

Like Apfelbacher, Van Hal is also very positive about the city of Rotterdam. Bouwinvest already has a major office building in the city thanks to its purchase at end-2014 of the WTC at Beursplein 37. With a price tag of €70 mln, that building was not as expensive as De Rotterdam, but Van Hal sees room to add value. 'The building is on a good location and the ground is freehold, which is why we invested there. It's important to have a freehold property, the [future] value increase is in the ground.'

Commenting on Rotterdam's rise in city rankings, Merel Poulisse, head of strategy urban

development at the City of Rotterdam, said it took 'years' to develop successful urban strategies, but added that she was a 'big believer' in Holland Metropole. 'This strategy is not just about the city, it's about how to present the region to the world and not just our inhabitants. It's becoming more important to think more globally. I'm pleased we have taken a first step to team up with other big Dutch cities.'

A role for private equity

Asked whether long-term and 'patient' investors such as pension funds were the most likely candidates to finance urban development, Lisette van Doorn, CEO at ULI Europe, said it didn't have to be all long-term capital. 'Development requires different things at different stages. To get there you may need to use more private equity capital. Some times there may be a better fit with capital that takes more risk.'

That said, Van Doorn said a shift had become visible among institutional investors. 'What I see happening is that long-term capital is becoming more eager to take development risk. We haven't seen pension funds doing that at all in the past five years. They were just interested in turnkey projects and that's all.'

The shift is also attributable to the current phase in the cycle, she added. 'Investors have to take that risk if they want core real estate. They can't buy it anymore and if they can buy a development they will see the price double. We also see an interest [from long-term capital] in influencing the end product.'