



# ROTTERDAM SPECIAL

September 2015

A city re-inventing itself



**This publication**

This document was published in September 2015. The data used in the charts and tables is the latest available at the time of going to press. Sources are included for all the charts. We have used a standard set of notes and abbreviations throughout the document.

# Actions speak louder than words

Rotterdam can easily be regarded as the most dynamic city of the Netherlands. It is the only Dutch city with a true skyline. A skyline that will only get denser in the years to come as more and more high-rise buildings are delivered. It is a city where architecture is used to enhance the quality of life and to revive parts of the city which were lagging behind. It is a city where institutional, top-down schemes go well together with smaller, local and often private contributions. A city where the slogan "actions speak louder than words" is central in its thinking. And thus a city that continuously invests in itself, not in order to compete with other cities, but simply because it has to; it is in its DNA.

Savills hope you will find valuable information in this report. Information which might make you consider investing in Rotterdam and become part of this dynamic city.

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# Metropolitan Area

Rotterdam is part of the Randstad conurbation, which houses almost half of the Dutch population.

At European and global level it is not so much individual countries that compete with one another, but rather major urban regions. The city of Rotterdam is part of the greater metropolitan area called Randstad, home to 7.8 million inhabitants and comprising Amsterdam, Rotterdam, The Hague, Utrecht and several smaller cities. 'Het Groene Hart', a large agricultural and leisure area protected by the government, forms the green heart of this area.

What makes the Randstad special is the polycentric structure and the built-in flexibility that comes with it. Where other metropolitan cities have a relative small city centre and large suburban area, the Randstad consists of city-hubs, each with a complementary focus.

Rotterdam, which has the largest port in Europe, is an international centre of transport and industry. Amsterdam has become the commercial and financial centre and is the most important tourist attraction among the four cities. The Hague is situated on the coast and houses the Dutch government and parliament as well as numerous international public bodies. Utrecht is not only a national road and railway hub, but also the location for a large number of IT companies. The Randstad is home to many of the top Dutch industries, including manufacturing, chemicals, logistics, water, energy, life science and the creative industry. The national government actively supports developments in these top knowledge-intensive sectors as they can make a substantial contribution to solutions to global social problems as well as offer plenty of opportunities for exports to the global market.

This makes the Randstad economically strong. If the region were represented as a single metropolitan area, it would come third in Europe after London and Paris. The Dutch government aims to strengthen this position without turning it into a densely populated metropolis.



The excellent infrastructure in the Randstad sets itself apart from other metropolises. It has the best motorway networks in the world, fast railway connections, two airports and two harbours. By train it takes less than 40 minutes to travel from Rotterdam to Amsterdam or Utrecht and around 25 minutes to reach The Hague or Schiphol airports.

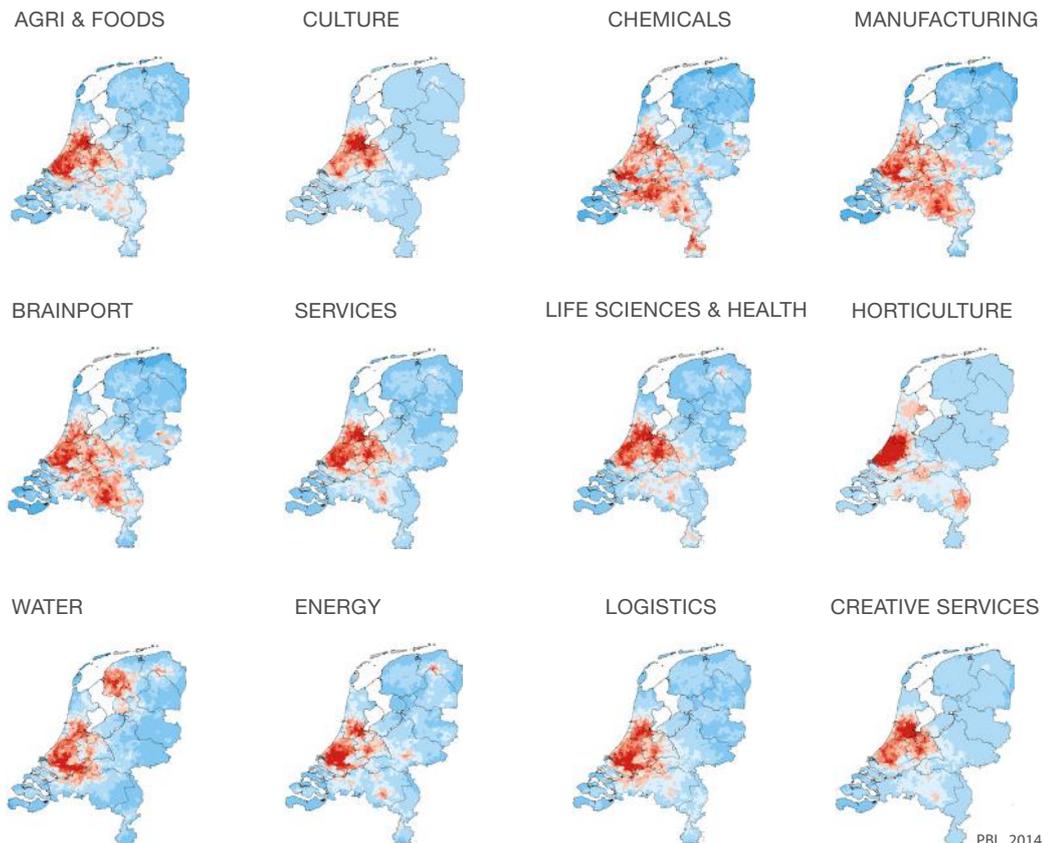
Both airports in the Randstad are growing. In 2014 the number of travellers served by Schiphol airport grew by 4.6% to almost 55 million and additionally 1.6 million tonnes of cargo were handled. This makes Schiphol the fifth largest airport in Europe in terms of passengers and the third largest in terms of cargo volume. Rotterdam airport is situated right at the northern edge of the city of Rotterdam. The airport welcomed 1.7 million travellers in 2014, a substantial 70% increase since 2009. The Masterplan for this airport foresees further growth towards 2.4 million passengers annually.

FIGURE 1  
**Randstad polycentric structure**



Rotterdam Partners, 2015

FIGURE 2  
**Top sectors Concentrated in the Randstad**



PBL, 2014



Schouwburgplein (Ossip van Duivenbode, 2014)

# Population

While the city promotes its hands-on blue collar mentality, it also increasingly attracts higher income, creative individuals.

Since the 19th century, Rotterdam has been an important harbour city. The city benefits from its favourable location for transshipment to and from mainland Europe. As the ships became larger, the municipality decided to build a new canal: the 'Nieuwe Waterweg'. This canal contributed to the rapid growth of the harbour, stretching 40 km from the city centre and boosting the economy of the larger Rotterdam agglomeration. This attracted workers from all over the world and the increase in population turned Rotterdam into the second largest city in the Netherlands.

The population of Rotterdam is currently 624,400 inhabitants. Rotterdam is surrounded by a large number of smaller cities, including

Schiedam (76,870 inhabitants), Vlaardingen (71,650), Capelle aan den IJssel (66,480), Barendrecht (47,520) and Ridderkerk (45,150).

The number of inhabitants in Rotterdam is forecasted to grow by 6.9% to around 668,100 in 2040. This growth will take place across most age groups with the exception of the 20-45 age group. As can be expected with the general ageing of the population, the age group over 65 years of age will grow fastest, from 93,200 currently to 142,400 in 2040 (+49,200). Consequently, the share of this age group will also increase, from 15.1% to 21.3%. This, however, is still substantially lower than the national average (17.8% currently and 26.5% in 2040).

For the housing market the increase in number of households is an even more important indicator. This number will grow from 310,400 currently to around 335,000 in 2040 (+8.0%). The great majority of households in Rotterdam concern single-person households. Currently 46.7% of the households fit in this category, growing to 49.1% in 2040. It is thus also the group showing the largest growth in numbers: from 145,100 to 164,600 (+13.4%). While

FIGURE 3  
**Inhabitants** Development & Forecast

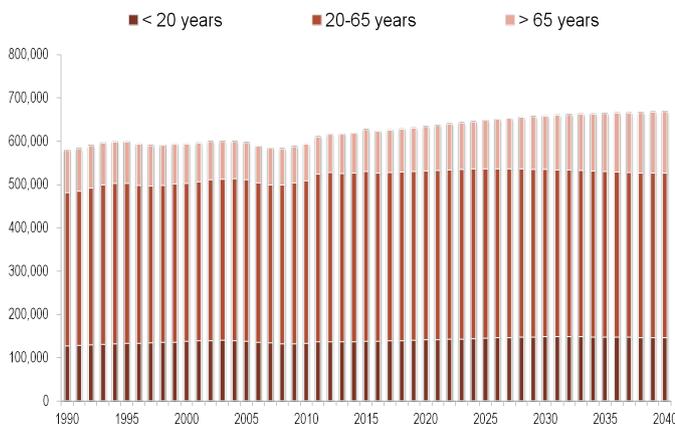
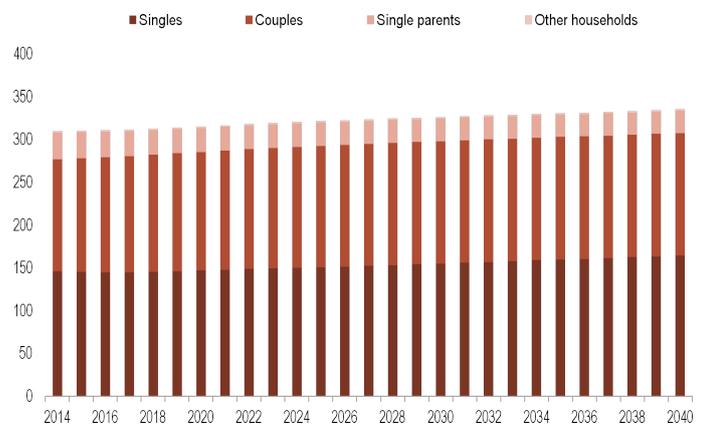


FIGURE 4  
**Households** Forecast



Data CBS & PBL, 2015

these single-person households often concern young people studying and working in Rotterdam, a fair share of them concern the elderly age group.

Disposable household income in Rotterdam amounts to €27,800 per year, being 15.2% lower than the national average (€32,800). The districts of Charlois, Delfshaven and Feijenoord are known as working class neighbourhoods. Around 16.7% of the households are part of the highest income group, which is overrepresented in the city center, Prins Alexander and Hillegersberg-Schiebroek. Rotterdam still has a blue-collar worker image, which many in the city seek to cultivate. This even shows in the official hymn for Feyenoord, the largest football club in Rotterdam, which states "geen woorden maar daden" or "actions speak louder than words".

Beneath this image however, there is a growing creative movement of knowledge workers in Rotterdam. The flourishing business services sector attracts young professionals throughout the region and even from Amsterdam, where it is increasingly difficult to find affordable housing. To put this into numbers: the share of highly educated people in the Rotterdam workforce has increased from 23% in 2003 to 36% currently. While this still falls short of the 52% in Amsterdam, it is now higher than the 34% national average and shows a Rotterdam in transition.

This transition is also visible in the housing market, where many of the new high rise apartment buildings, primarily situated in the centre and the Kop van Zuid, are aimed at the higher income part of the population. This gentrification trend is changing the image of Rotterdam from a blue collar city to a modern high rise metropolis connected to the largest harbour in Europe.



Holland Amerika Lijn (Clair Droppert, 2011)

# Economy

Being a harbour city Rotterdam profits from the increase in global trade.

The Rotterdam economy is linked tightly with the performance of the harbour and therefore depends substantially on international trade. As the global economy is growing and as forecasts are positive, this immediately reflects in the local GDP and employment figures. The GDP of the Rotterdam metropolitan area has grown by 1.4% in 2014, considerably more than the 0.9% for the Netherlands as a whole and even slightly more than the 1.3% growth in the Amsterdam metropolitan region. The Rotterdam metropolitan area is responsible for over 9% of the total GDP in the Netherlands and together with Amsterdam and The Hague for more than a quarter. The Rotterdam region collaborates intensely with Eindhoven, located in the South of the Netherlands,

which is very much focused on the high tech cluster, with companies like Philips, ASML and NXP.

To further enhance the economy of the Rotterdam Region, the harbour area is now being extended with the "Maasvlakte 2". Around 2,000 ha of land has been reclaimed from the sea and here the newest and largest container ships can unload.

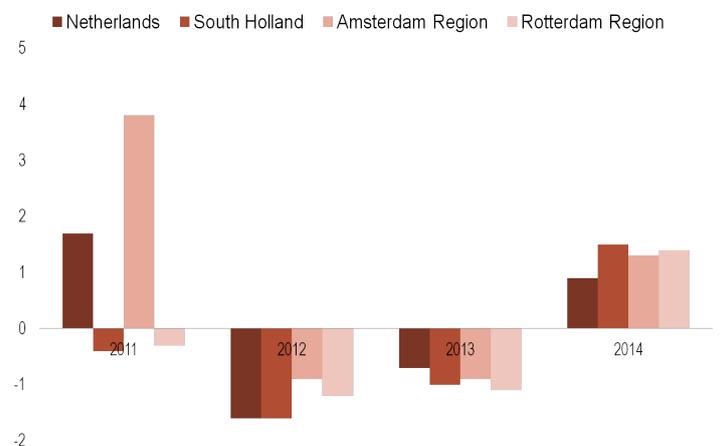
Despite the economic growth, the employment rate in Rotterdam is still lagging behind other cities in the Netherlands and stood at a high 12.3% at the start of 2015, very much influenced by the still large share of lower educated people in the city. While Rotterdam is very much oriented towards the logistics and industrial sectors, the number of jobs in these sectors have declined. On the contrary, the number of jobs in the hospitality industry and the public sector have seen an increase. A large increase (27%) in jobs is found in the R&D sectors, often aiming at higher educated people. The interest of innovative foreign companies in Rotterdam also shows in the opening of the "Cambridge Innovation Centre", the first of its centres to operate outside the UK.

FIGURE 5  
**Harbours** European top 10

Nr.	City	Country	Freight weight in million tons
1	Rotterdam	NL	444.7
2	Antwerp	BE	199.0
3	Hamburg	DE	145.7
4	Novorossiysk	RU	122.3
5	Amsterdam	NL	97.8
6	Algeciras	ES	95.0
7	Marseille	FR	78.5
8	Bremerhaven	DE	78.3
9	Ust-Luga	RU	75.7
10	Valencia	ES	67.0

Port of Rotterdam 2015

FIGURE 6  
**Economic growth** in % GDP



Oxford Economics, 2015



Botlek area (Miranda Vijfwinkel, 2011)

# Education

High quality education combined with relatively low housing costs makes Rotterdam an attractive student city.

Rotterdam hosts one of the highest rated universities of the Netherlands, the Erasmus University. This university lists 1st in the Netherlands and 85th globally on the 2015 Center for World University Rankings (CWUR). Established in 1973, the Erasmus University currently has around 23,200 students. In addition to the Erasmus University, Rotterdam hosts another seven universities of applied sciences (Dutch: HBO-instellingen).

The number of students in all universities totals around 57,000, which makes Rotterdam the third largest student city in the Netherlands after Amsterdam and Utrecht. This number is expected to grow by an additional 5,500 students by 2022. Around 25% of the Erasmus University student

population consist of international students attracted by its high rankings (especially the business economics courses).

Of the seven universities of applied sciences two are fully focused on the creative sector, the Codarts university and the internationally acclaimed Willem de Kooning Academy. Rotterdam also offers several specific educational programs focused on harbour and transport economics. This also goes for the Erasmus University, offering masters in Urban Port and Transport Economics as well as in many vocational educational facilities, often in cooperation with the Port of Rotterdam, resulting in among others the RDM campus and the Innovation Dock.

As the educational institutions in Rotterdam offer both creative and hands-on education, as student housing is affordable and as some of the facilities are internationally acclaimed, Rotterdam remains an attractive city for both Dutch and international students.

FIGURE 7  
**Universities** in Rotterdam

Name	Type of University
Erasmus University	Research
Codarts	Applied Science
Eurocollege Hogeschool	Applied Science
Grafisch Lyceum Rotterdam	Applied Science
InHolland Rotterdam	Applied Science
Hogeschool Rotterdam	Applied Science
Thomas More College	Applied Science
Willem de Kooning Academie	Applied Science

FIGURE 8  
**Dutch University rankings CWUR 2015**

Nr.	Name
85	Erasmus University of Rotterdam
87	Utrecht University
108	Leiden University
110	University of Groningen
114	University of Amsterdam
129	VU University of Amsterdam
134	Radboud University Nijmegen
225	Maastricht University
255	Delft University of Technology
276	Wageningen University
348	Eindhoven University of Technology
408	University of Twente
689	Tilburg University



Studying in front of Erasmus bridge (Vincent Dekkers, 2015)

FIGURE 9

### Business school rankings QS 2015

Nr.	University	Country	City
1	London Business School	UK	London
2	Harvard University	USA	Cambridge
14	University of Cambridge	UK	Cambridge
15	University of Melbourne	AUS	Melbourne
16	University of Chicago	USA	Chicago
17	Rotterdam School of Management, Erasmus University	NL	Rotterdam
18	Hong Kong University of Science & Technology	HK	Hong Kong
19	New York University	USA	New York

# Residential market

The Rotterdam residential market can be classed as real value for money.

In the majority of European countries the capitals have seen steep increases in house prices, as is the case in Amsterdam. This makes living in these cities expensive and provides opportunities for the runner-up cities. In cities like Hamburg, Lyon, Antwerp, Manchester and Rotterdam a reappreciation of the housing market is taking place. These cities still have a (relatively) affordable housing stock and attract young and creative people who are afforded a new start in these cities.

At the end of the 1970s Rotterdam started to put more emphasis on cityscaping and on the architectural quality of the built environment. This is reflected in the realisation of the Kubuswoningen (cube house) in 1984,

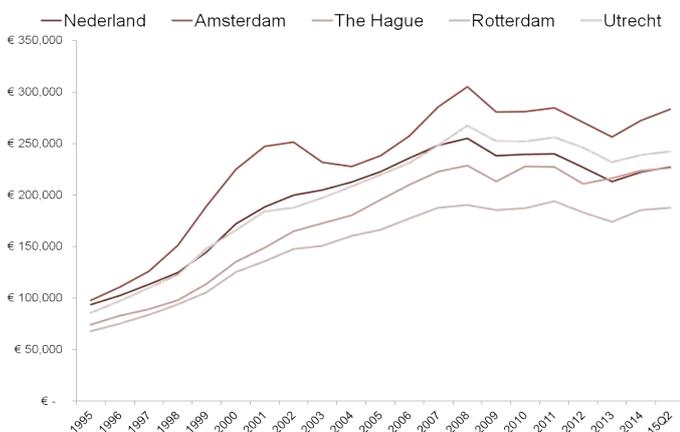
De Peperklip (1982), De Boompjes (1989), De Hoge Heren (2001), Montevideo (2005), New Orleans (2012) and very recently the apartments in Calypso (2014) the Markthal (2014) and De Rotterdam (2015).

Realisation of these and many other projects were possible as the centre of Rotterdam was destroyed during the Second World War, making Rotterdam incomparable to any of the other large cities in the Netherlands with their historic centres. It also makes Rotterdam a must-visit for urban planners and architects as the combination of old and new on this scale can only be seen in Rotterdam.

The average house price in Rotterdam is still notably lower than the Dutch average of €221,600, which is due to a high percentage of affordable housing in the residential stock, generally built between 1945 and 1995. Almost 54% of the total housing stock of around 310,000 dwellings was built in this period, compared to less than 40% in Amsterdam and The Hague.

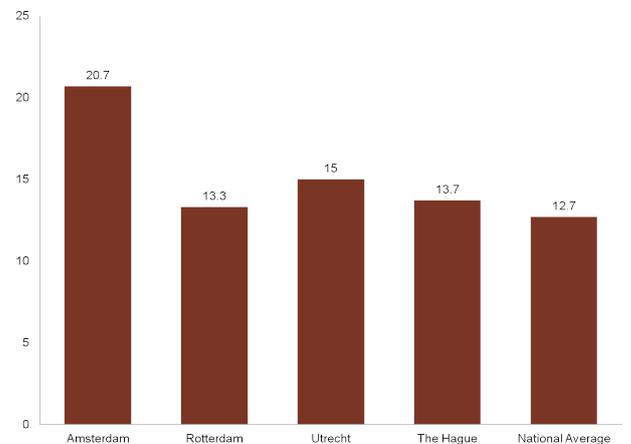
Of the total stock, 47% is regulated rental dwellings, another 18% is non regulated rental units, while the

FIGURE 10  
Average selling price Value for money



NVM, 2015

FIGURE 11  
Average liberalised rent per sq m per month



Pararius, 2015

remaining 35% are owner-occupied. As second cities have become more attractive, house prices have also started to rise substantially. In Rotterdam the average transaction price in 2015 Q2 was up 6.4% from 2013 when prices hit bottom. While this is less than in Amsterdam (13.9%), it is substantially greater than the Dutch average (3.9%), Utrecht (2.2%) and The Hague (1.9%). Overall the current Rotterdam price level of €184,900 is just 1.2% lower than the 2008 peak value. In Amsterdam and the Netherlands the house prices still fall 7.2% and 10.8% short.

The private rental market shows an average price of €13.3 per sq m per month. This is the average for all supply, including apartment, studio, family house and villas. Over the past year rents have risen in all major cities in the Randstad, but most in Rotterdam (+9.4%). While this can partly be contributed to increased demand for rental units, it is also caused by a reduced supply. As the house prices started to rise again, owner-occupiers with double mortgages decided to withdraw their assets from the rental market and offer them to the owner-occupier market.

Rotterdam has the lowest rents per sq m of all four large Randstad cities. Yet the city offers a large share of new and renovated apartments, making it a city with real value for money. Prices are highest in the city centre and at the Kop van Zuid. At the Kop van Zuid for instance, rents per sq m range from €11.5 to €17.0 per month for apartments.

One of the aims of the Rotterdam municipality is to attract middle and high income households. This is also reflected in the 2015 draft version of the "Woonvisie Rotterdam" which specifically aims to add residential units for the middle and high income households, while reducing the amount of low income stock. New developments and projects, such as the Timmerhuis, the Cooltower, De Rotterdam, Boston & Seattle, Havana and Rotta Nova, all located in the city centre or at the Kop van Zuid, are specifically aimed towards the middle and higher income households. These projects also reflects the focus towards the lively city centre and the harbour area, with its beautiful view of the Maas river.



Montevideo (Ossip van Duivenbode, 2010)

# Office market

Supply in A-grade offices is low and outdated stock is being redeveloped for other uses.

The Rotterdam office market is the third largest in the Netherlands, after Amsterdam and The Hague. In the past 15 years the total office stock within the Rotterdam agglomeration increased substantially to a current 4.4 million sq m.

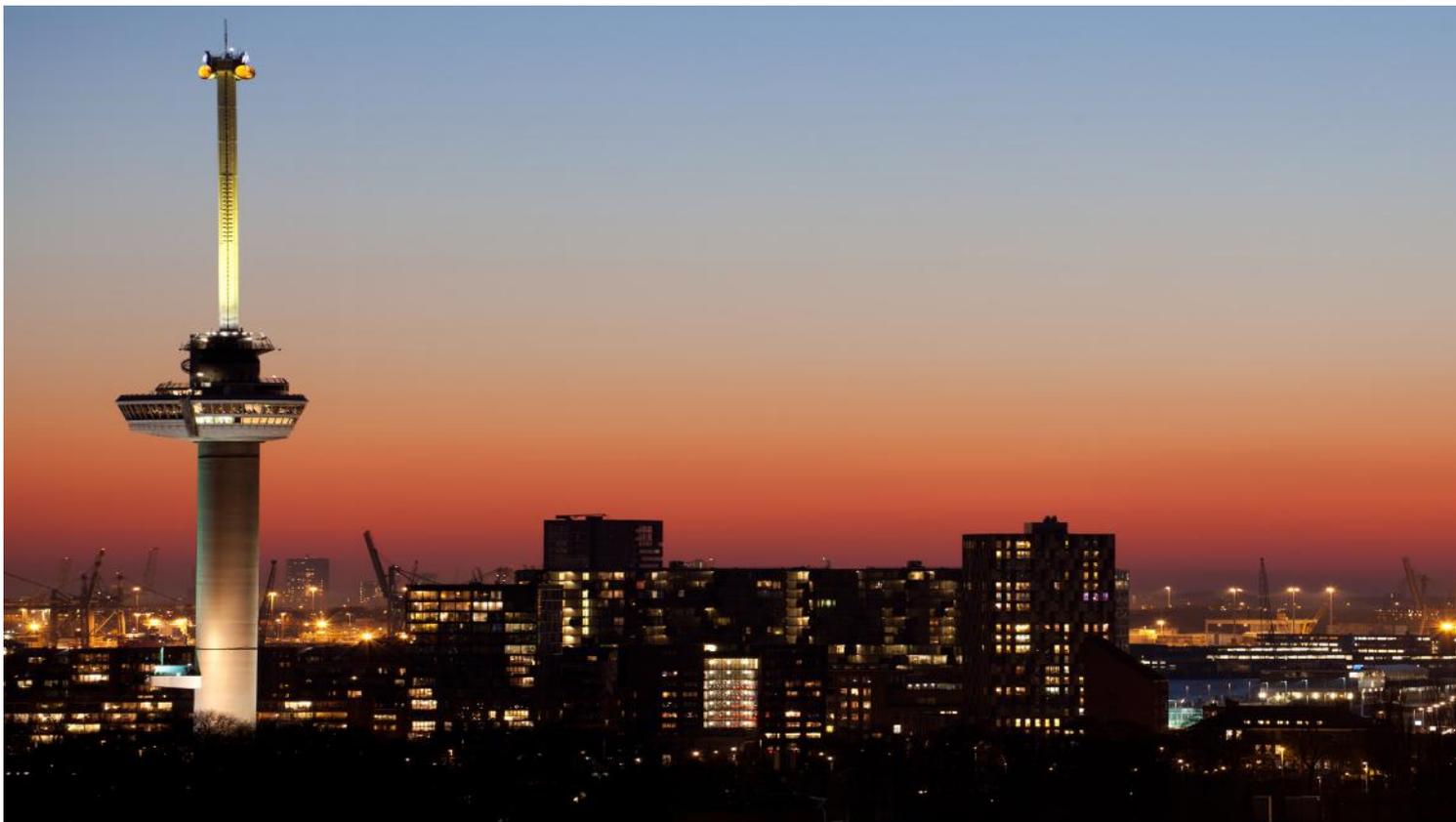
Due to this boost in construction, supply increased and overtook demand, resulting in a high vacancy rate. Availability peaked at the beginning of 2014 and currently stands at 18.9%. Although the average vacancy rate is high, supply is very much concentrated in certain areas and buildings. Vacancy in Rotterdam is lowest at the Kop van Zuid where 31,100 sq m of supply results in an availability rate of 9.3%. In contrast, the office park Fascinatio/Rivium features the highest availability

rate in Rotterdam, currently 35.5%.

The largest share of occupier demand comes from tenants within the city moving to better quality buildings or locations, leaving buildings of poor quality behind. Figure 12 shows the limited supply in high end buildings. Around 59,000 sq m of office space is available in A-class properties, while 505,000 and 261,000 sq m is available in B and C-class properties.

Figure 13 shows that most of the supply is concentrated in buildings constructed between 1980-2000. The municipality is stimulating transformation of outdated office buildings into other uses like residential, student housing or hotel. In the past three years 200,000 sq m of office space has been transformed already and another 220,000 sq m is in the process of being transformed before 2018.

New large-scale office developments are being restricted. The CBD and Kop van Zuid are the two allocated areas where large scale developments are still permitted. This is very much a continuation of existing practice as most of the new developments in



the past 10 years have taken place in precisely these two areas. At the Kop van Zuid, over 140,000 sq m of office space has been realised between 2005 and 2014.

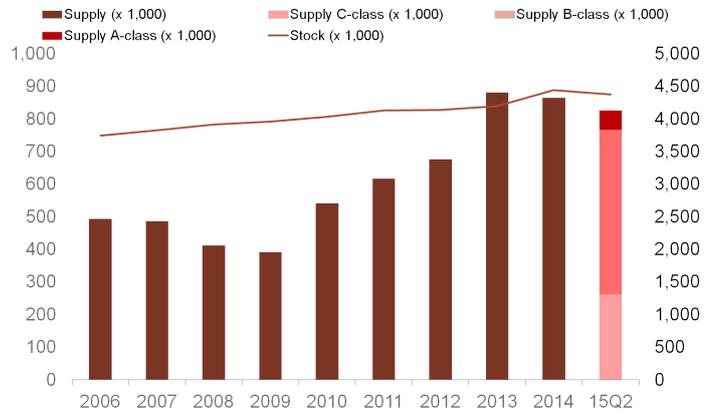
The occupier market in Rotterdam is recovering and follows the overall economic trend. Take-up totals after the financial crisis have been fluctuating between 90,000 and 120,000 sq m. The first half of 2015 started strong with a total demand of 67,900 sq m. The largest transaction concerned the national police leasing 16,440 sq m in Rotterdam Alexandrium. Given the positive economic forecast, Savills expects take-up to increase in the coming years.

The average rent in Rotterdam decreased over recent years, particularly in areas with oversupply, such as Rivium/Fascinatio or Brainpark. Prime rents at the CBD and the Kop van Zuid have remained quite stable, currently standing at € 200-210 per sq m per year. There are a few ultra-prime buildings, like First Rotterdam, Maastoren and De Rotterdam, where headline rents are up to € 225 per sq m per year.



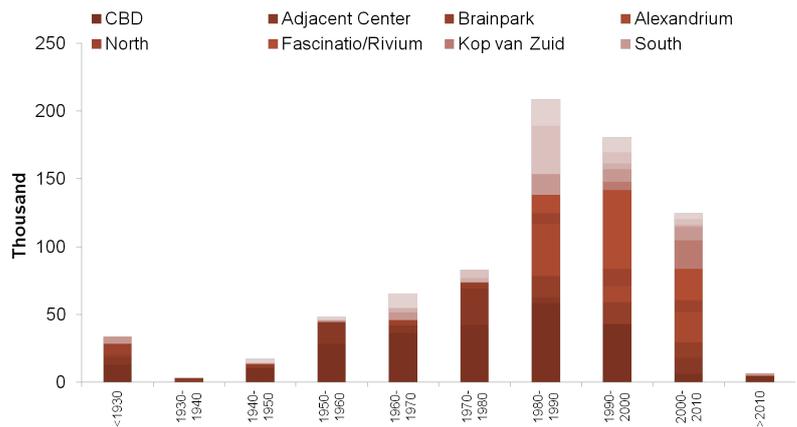
Euromaast (Ossip van Duivenbode, 2012)

FIGURE 12  
**Stock and supply by quality class**



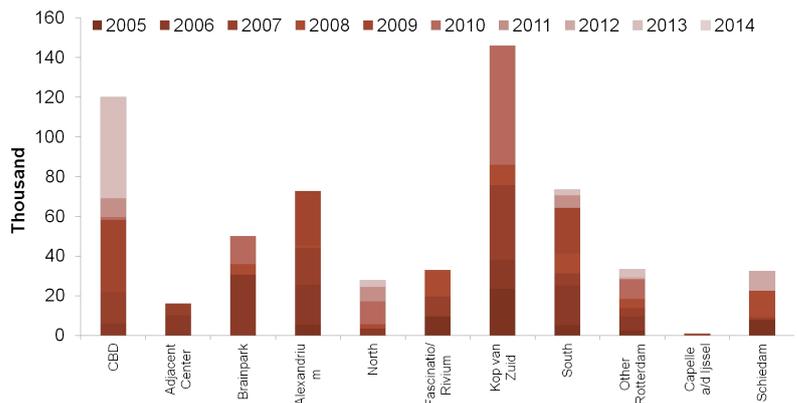
Bak edited by Savills, 2015

FIGURE 13  
**Supply by building period**



Savills, 2015

FIGURE 14  
**New developments by start construction date**



Bak edited by Savills, 2015

# Retail

The world class architectural design of retail centres attracts visitors from all over the Netherlands and abroad.

Rotterdam has the second-largest retail stock in the Netherlands. The city counts around 4,000 retail units, distributed over approximately 850,000 sq m. The majority of the stock is located in the city centre, of which the Lijnbaan, the first city centre pedestrian shopping street in the world when it opened in 1953, the Kruiskade, the most upscale shopping destination, and the 25,000 sq m Beurstraverse, which crosses the Coolsingel below street level, are the major destinations.

A new destination is the Markthal (Market Hall), located just at the edge of the city centre. The Markthal is a combination of an arch-shaped 240 unit apartment block and a 13,000 sq m covered food market with around 100 market stalls, 20 specialised food

stores annex restaurants and a number of more traditional shops, including a supermarket. Within the first 7 months of its opening, over 5 million people have already visited the Markthal. In other parts of the city large and small shopping centres and as well as shopping streets of varying sizes can be found. Large centres are the 165 shops in Zuidplein in Rotterdam South, the largest shopping centre in the Netherlands, and the 200+ shops in the Oosterhof/Alexandrium centre in the northeast. The city also has several retail warehouse locations, of which the number one destination is the 30,000 sq m Big Shops centre at the Vierhavenstraat.

Besides catering to the everyday needs of the Rotterdam residents, the retail stock ensures a stream of visitors from all over the Netherlands and abroad. As Rotterdam is the second largest city in the Netherlands, it is an attractive city for (international) retailers. Although flagship stores often open first in Amsterdam, Rotterdam is generally the second city of choice. In addition, Rotterdam is a booming city for leisure and the New York Times recently declared Rotterdam as “one of the top 10 cities to visit”. Due to the

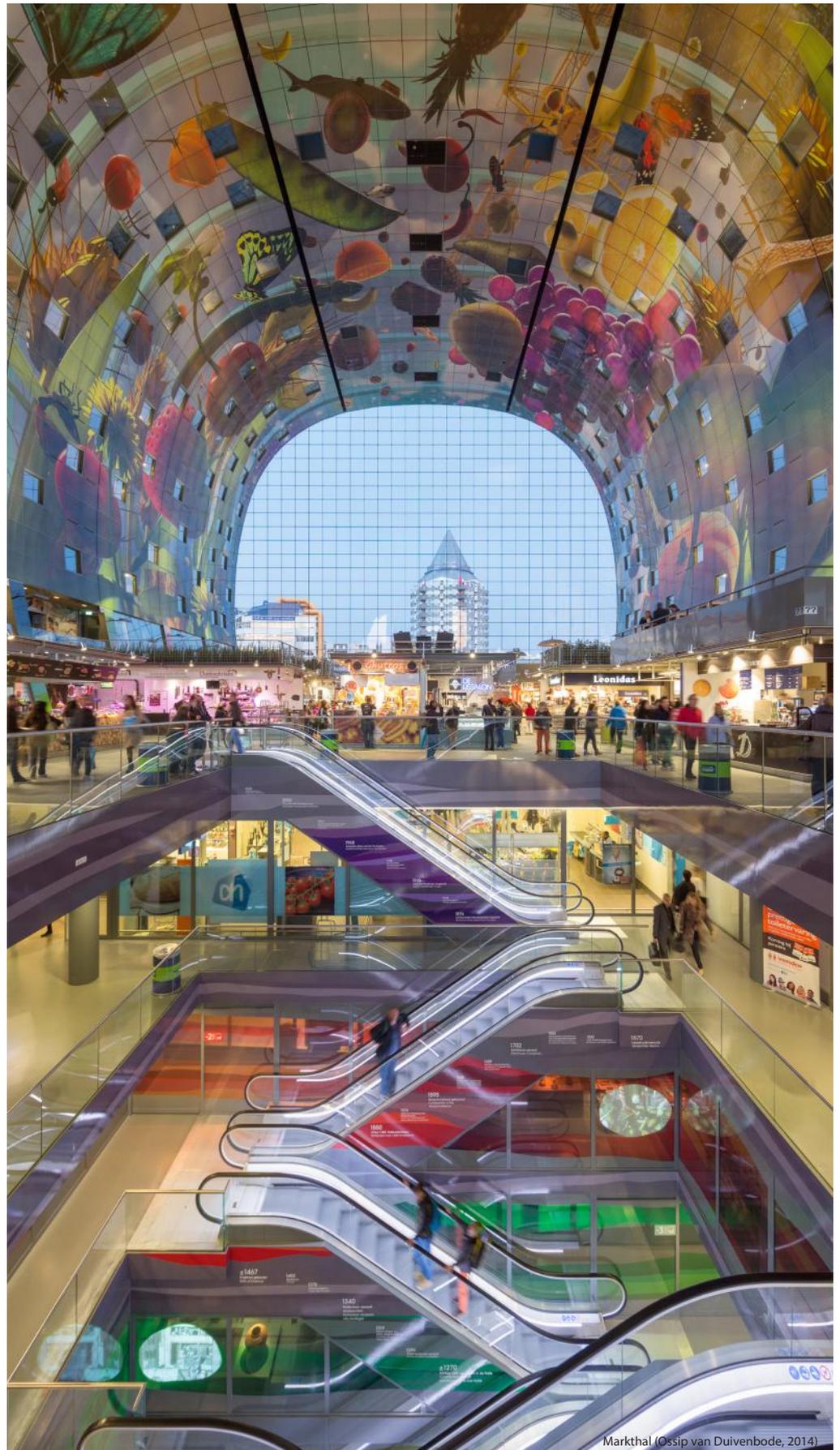
FIGURE 15  
**Retail** Major destinations



several iconic architectural buildings, Rotterdam is increasingly becoming an attractive destination for foreigners to visit.

The most recent research regarding the origins of non-food turnover in Rotterdam showed that 63% stems from the inhabitants of Rotterdam, another 17% from the surrounding municipalities (totalling a 1.35 million people catchment area) and another 20% from the rest of the Netherlands.

Within the city centre a new shopping centre is planned, the Forum Rotterdam, once more designed by Rem Koolhaas. This cubeshaped development located next to the Beurstraverse will contain retail, a hotel, apartments and office space. As Primark has signed an agreement with the developer to fill up half of the retail space and as investors have been found for the apartments and the hotel, it is expected that the project, which has taken a long time to reach the current stage, will take off soon.



Markthal (Ossip van Duivenbode, 2014)

# Hotel

Rotterdam is becoming increasingly recognised as a tourist destination which has driven up visitors numbers by 12.6%.

The attention Rotterdam received in the New York Times, the Rough Guide and other trip advisors has put the city on the map as a must-see tourist destination in the Netherlands and has resulted in a steep increase in the number of tourists. In 2014 Rotterdam welcomed a record number of 900,000 tourists, 12.6% more than the 800,000 the year before. The number of overnight stays in hotels increased from around 1.22 million in 2012 to over 1.46 million in 2014, an increase of 15.7%. While the other Dutch cities also saw an increase in number of visitors, the increase was nowhere as substantial as in Rotterdam. By comparison, Amsterdam saw the number of overnight stays increase by 11.3% and The Hague by 5.0%.

The amount of passengers arriving at the Rotterdam Airport increased by almost 15% compared to the year before. The largest share of tourists visiting Rotterdam are from within the Netherlands (50.7%), followed by the rest of Europe (37.3%). Visitors from all other parts of the world are less numerous, but did show a substantial increase. The number of guests from Asia for instance has risen from 38,000 to 53,000 over the last two years, an increase of over 60%. In total guests from Asia already make up 5.9% of all Rotterdam visitors.

The number of hotel rooms has also increased substantially over the past years, to around 4,500 rooms currently. Out of those 4,500 rooms 39% concern both upscale and upper upscale class, divided over 9 properties, all located in the city centre and the Kop van Zuid. The economy class and the budget class hotels are spread over a larger amount of properties.

According to Horwath the average occupancy of hotels in Rotterdam is around 65%, right in between the figures for The Hague (62%) and Utrecht (70%). The average room rate

FIGURE 16  
**Guests & overnight stays 2012-2014**

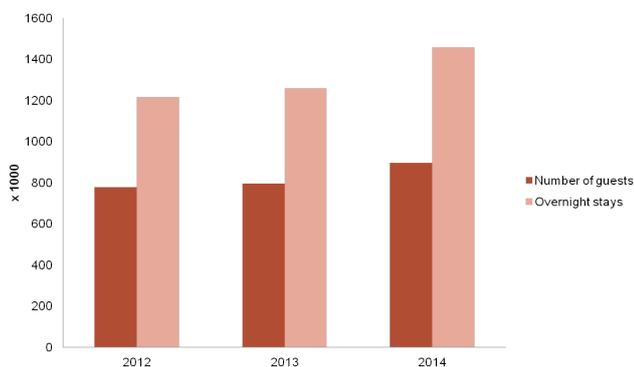


FIGURE 17  
**Hotels high-end segment**

Name	Area	Rooms
Inntel Hotels Rotterdam Centre	Centre	263
Hampshire Hotel Savoy Rotterdam	Centre	94
CitizenM Rotterdam	Centre	151
NH Atlanta Rotterdam	Centre	215
Hilton Rotterdam Hotel	Centre	254
Mariott Hotel	Centre	230
Bildenberg Parkhotel Rotterdam	Centre	189
Hotel New York Rotterdam	Kop van Zuid	72
NHOW Rotterdam	Kop van Zuid	278
Hotel Post (new development)	Centre	221
Roommates ( new development)	Kop van Zuid	120

in Rotterdam is around €100 per night, again in between The Hague (€106) and Utrecht (€98).

In addition to the nhow hotel in De Rotterdam, which opened in January 2014, other new developments are also in the pipeline. This concerns among others the Roommates hotel at the Kop van Zuid, a new high end hotel in the former Post office at the Coolsingel in the city centre and a recently signed 30 year lease by Marriott in the Millenium tower opposite the central train station. This last transaction does however concern a replacement of an existing brand. While the new developments will add at least another 400 bedrooms to the hotel stock, they do cater to the increased interest for Rotterdam and will likely, as they are upscale, drive the average room rate upwards.

In 2014 a total of €13.4 million was spent in Rotterdam on congress events. This is expected to increase for 2015 and onwards, as Rotterdam will be hosting the International Architectural Biennale and is bidding to host the World Expo 2025 and as many (port related) businesses view Rotterdam as the perfect congress city. An increase in international conferences will have a positive effects on the hotel market, as both the occupancy rate and the room rate will increase further. This is one of the reasons why the newly opened nhow hotel, situated in De Rotterdam, will double its available conference space by the end of the year.



NHOW Hotel (Savills, 2015)

# Investors in Rotterdam

As prime properties in Amsterdam sell out, investors are reshifting their focus to prime in Rotterdam

After the recent European economic crisis, property values in the Dutch market have bottomed out and have become interesting again for foreign investors. As a result, there was explosive growth in the 2014 investment volumes as supply increased to match the vociferous demand from investors.

In 2015 investor demand has continued unabated and has resulted in positive investment forecasts. However, as prime assets in Amsterdam, the number one investor destination in the Netherlands, are scarce, investors are reshifting their focus to secondary properties in the capital as well as prime properties in the other major Dutch cities.

Rotterdam has a substantial investment

market with annual volumes totalling €250 to €350 million in the period 2009-2013. Due in particular to a very productive final quarter, the 2014 investment volumes hit record levels and exceeded €1.0 billion.

Office transactions took up the largest share in investment volume in the period 14Q1 to 15Q2. The final quarter of 2014 was dominated by end-of-season sales of iconic buildings such as the Maastoren, the World Trade Center, the Vopak tower, the Brug en Kade building and the Millenium Tower. The recent purchase of Central Plaza in 15Q1 can be added to this list. The residential market also contributed to investment volumes, totalling over €210 million in 2014. The largest residential deal by far concerned the sale of the residential WIF-portfolio to Round Hill for € 365 million, of which 23% was located in Rotterdam and 9% in the satellite city of Schiedam.

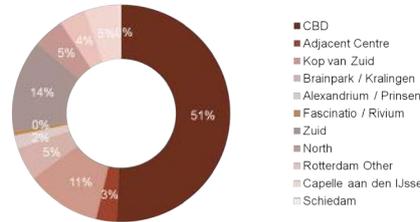
Investors from the United States have been dominant in the past 1.5 years, with Northstar, Valad, W.P. Carey, Hummingbird and Blackstone purchasing over €700 million of real estate in Rotterdam. Most of these purchases have concerned prime office



buildings. Recently Amundi joined the list of prime buyers with the purchase of Las Palmas at the Kop van Zuid. Domestic investors are generally more keen on smaller properties, but were still responsible for 31% of the total investment volume. UK investors like M7, Henley and Round Hill invested primarily in industrial and residential properties.

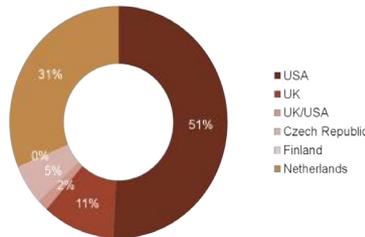
Allmost two third of investments in the past 18 months were registered in the CBD and Kop van Zuid, being the two prime locations of Rotterdam. Both locations provide lively surroundings with all the necessary amenities. The Kop van Zuid is the third largest investment area in Rotterdam. The iconic office and residential buildings located here are prime properties. The recently purchased Maastoren by Northstar, being the highest building in the Netherlands, fits this description well. Rotterdam is attractively priced compared to other cities. Due to the huge interest of investors, Savills expects prime Rotterdam yields to contract slightly further.

FIGURE 18  
Investments by origin 2014/15H1



Savills, 2015

FIGURE 19  
Investments by submarket 2014/15H1



Savills, 2015

FIGURE 20  
Prime yields compared to other European cities

City	Office	Retail	Industrial	Residential
Rotterdam	5.8%	3.5%	5.8%	4.3%
Amsterdam	4.9%	3.4%	5.9%	4.0%
Manchester	5.0%	2.9%	5.25%	6-7%
Lyon	5.75%	3.0%	6.5%	5.2%*
Hamburg	4.1%	4.0%	5.7%	3.3%
Antwerp	6.25%	4.0%	7.0%	6%
Düsseldorf	4.1%	3.8%	6.0%	4.1%

\*Gross yield

Savills, 2015

FIGURE 21  
Investment deals

Name/Adress	Sq m	Price (€ M)	Asset Class	Buyer
Las Palmas	24,000	45.0	Office	Amundi
Westblaak 210	11,100	56.5	Office	Cortona Estates
Cooltower	17,000	38.9	Residential	De Vijf Heeren
Central Plaza	21,700	108.0	Office	Unibail-Rodamco
Dardanellenstraat 90	71,055	45.4	Industrial	Borghese Logistics
Maastoren	38,000	140.0	Office	SEB
Beurs WTC	41,900	135.6	Office	Beurs Rotterdam
Vopak Tower	18,600	61.0	Office	Maatschappij Bierhaven



Skyline Kop van Zuid (Rotterdam Image Bank, 2013)

# World City Rankings

## How does Rotterdam measure up?

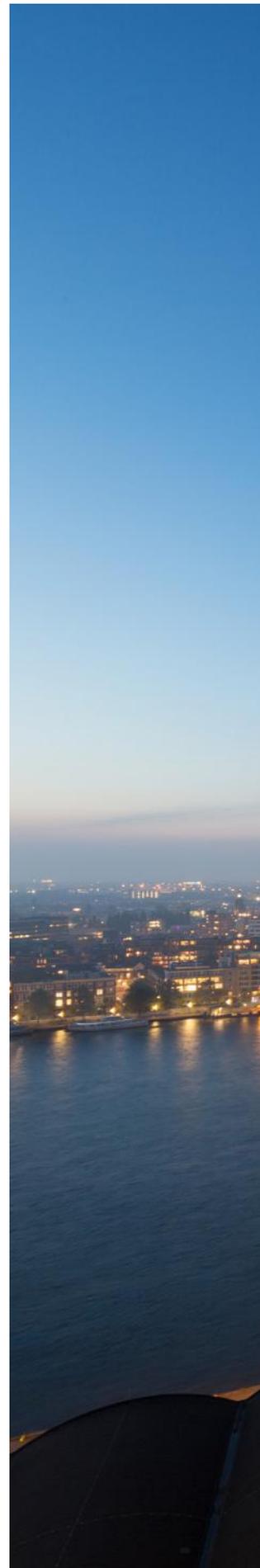
Rotterdam is one of the most interesting, diverse, raw and up-and-coming cities in the Netherlands and Europe. The New York Times named Rotterdam one of the top 10 places to go to and the city is regarded by the Rockefeller foundation as the most sustainable city in the world. The International Academy of Urbanism in London proclaimed Rotterdam European City of the Year 2015, while travel advisor The Rough Guide also listed Rotterdam among the top ten destinations.

FIGURE 22  
**Best places to visit** New York Times

Nr.	Name
1	Rio de Janeiro
2	Sarajevo
3	Liverpool
4.	Umea
5.	Lviv
6.	Marseille
7.	Almaty
8.	Rotterdam
9.	Glasgow
10.	Portland

FIGURE 23  
**Sustainable City Index** Arcadis

Nr.	Name
1	Frankfurt
2	London
3	Copenhagen
4.	Amsterdam
5.	Rotterdam
6.	Berlin
7.	Seoul
8.	Hong Kong
9.	Madrid
10.	Singapore



### Architecture

The newly realised Markthal, De Rotterdam and Central Train Station attracted vast exposure from the global media for the city of Rotterdam. These new buildings, and the ones still to be realised like the Timmerhuis and the Cooltoren, fit very well into Rotterdam's historical backing of architecture, both by renowned and up-and-coming architects. The extraordinary number of modern architectural buildings within Rotterdam is therefore one of the major reasons for the New York Times and the Rough Guide to grant Rotterdam such a prominent place in their listings. The city is also home to many monuments of historical significance, of which the Van Nellefabriek (1931), considered a prime example of the International Style, was recently designated as a World Heritage Site.

### Innovation

Rotterdam is actively using city marketing tools and won the European city of the Year 2015 contest. The city makes room for economically viable ideas and tries to enable new ways of thinking and doing. It will waive standards and obligations when appropriate. The city has a culture and tradition of just doing things to see what will happen. The city is especially focusing its attention towards climate change and the ways it can adapt to it.

### Sustainability

Rotterdam is endorsed by the World Most Liveable Cities Ranking of Metropolis, by the Rockefeller Foundation and by the Arcadis Sustainable City Index as one of the most sustainable cities in the world. As nearly 80% of the city is situated below sea level and as it hosts one of the largest ports in the world, Rotterdam has experience when it comes to topics of integrated water management and resilience. In 2007 Rotterdam announced its ambition to be 100% climate proof by 2025, meaning it will be able to continue functioning economically and socially with minimal disturbance under any extreme weather situation.

To achieve this, well-supported and creative solutions have to be found, one example being the Watersquare Benthemplein, an ingenious public plaza and recreation area that opened in December 2014 and which will also act as a reservoir during heavy storms or floods. The Rotterdam region also created an infrastructure to share the residual heat from the petrochemical industry in the harbour to warm houses, offices and green houses. To further improve the sustainability the city had an estimated 160,000 sq m of green rooftops by the end of 2014, while it also agreed to be one of the trial cities for so-called plastic roads, roads made of recycled plastic and which are supposed to last 3 times longer than normal roads.

# Looking to the future

Rotterdam is in the process of re-inventing itself and becoming a place for young, educated and creative people.

Rotterdam is probably the most dynamic city in the Netherlands and continues to change, adapt and improve itself. This makes the city, much more than in the past, a magnet for the higher educated part of the population. This will, however, also force the city to reorient itself. As the city changes and attracts different kinds of people and businesses, it also means that Rotterdam will compete with different cities than before: not only with the blue-collar port cities, but also the creative talent pools in Europe.

The cities' dynamic is strongly focused on two areas. This concerns on the one hand the center and the adjacent neighborhoods and on the other side of the river Maas-oriented areas including for example the Lloyd Pier, Kop van Zuid and Katendrecht. In these areas, gentrification is greatest and the city will change most.

Rotterdam scores well on multiple international ratings, including those regarding sustainability. The city is aiming to become fully climate proof and the initiatives which are underway could be used in the future to put other cities on the same track. One of the other elements which pushes Rotterdam up the charts is the focus on high-quality, modern architecture. The way Rotterdam uses architecture sets it apart from any of the other Dutch cities.

As the supply of prime real estate in Amsterdam is very limited, investors are looking towards secondary properties in the Dutch capital as well as prime properties in the other large cities, like Rotterdam, The Hague and Utrecht. With a fair share of good quality supply on the market, Rotterdam should be able to profit from this shift in investor focus.

## Savills team

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**Savills plc**

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