

d | dynamic cities

2019





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A city’s attractiveness for long-term real estate investment is crucially linked to whether people are inspired to live, work and play there. With ongoing structural changes such as disruptive technology, ageing populations, urbanisation and environmental challenges, it is vital to identify locations that will show resilience to change.

The Savills Investment Management (Savills IM) Dynamic Cities index assesses cities’ longer-term upwards growth potential through statistical analysis using 60 indicators across 6 subcategories. This year’s study identifies London, Paris, Cambridge, Berlin and Amsterdam as the top five European cities for long-term real estate investment.

Dynamic Cities examines the future viability of cities by considering both quantifiable, location-based factors and a variety of qualitative indicators. The extent to which a city is future proofed hinges on its ability to attract investment. Whether via municipal or cultural institutions; local, regional

or international transportation networks; digital infrastructure; or inspiring spaces for innovative start-ups to put down roots, each city must find a way to leverage its strengths.

Now in its third iteration, our index can be used as a framework for analysing cities and locations in the context of investment decisions. Our intention is to identify those factors that make a city attractive to talent, resilient to disruptive technology and a leader in the knowledge economy.

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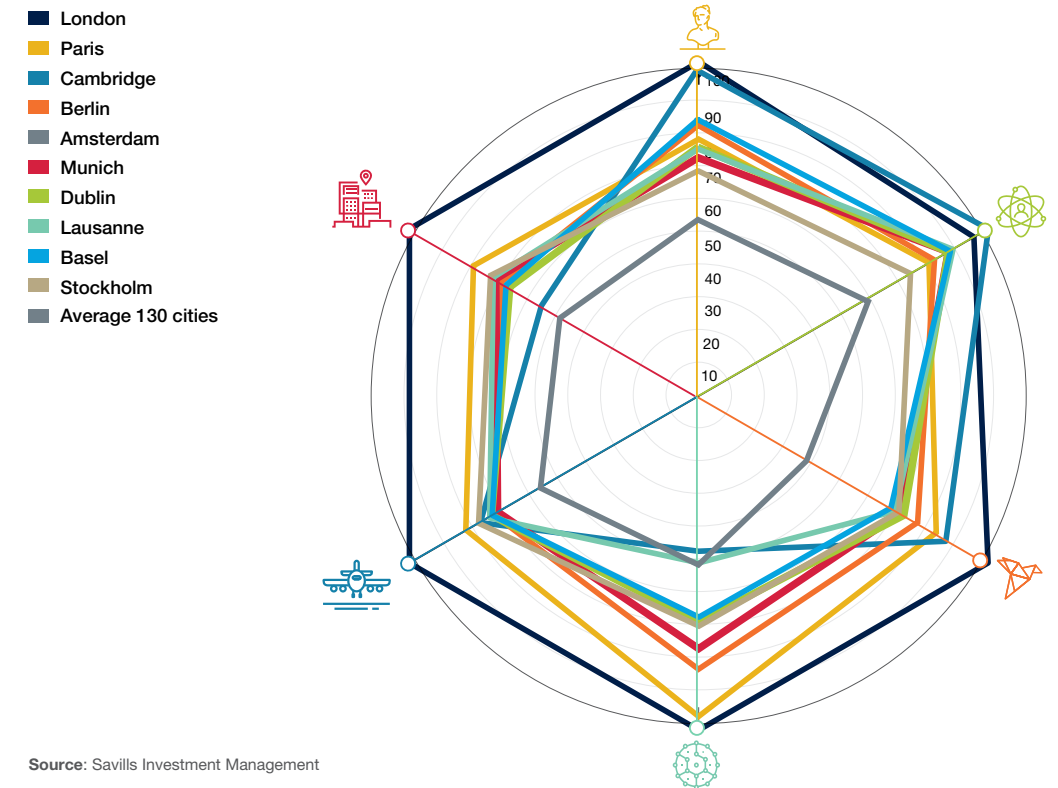
Matteo Vaglio Gralin
Regional focus: France,
Iberian Peninsula and Italy

TOP 20

DYNAMIC CITIES

RANK 2019	CITY	CHANGE 2018-19
1	London	➤
2	Paris	⬆
3	Cambridge	⬇
4	Berlin	⬆
5	Amsterdam	⬇
6	Munich	⬆
7	Dublin	⬇
8	Lausanne	⬆
9	Basel	➤
10	Stockholm	➤
11	Zurich	➤
12	Oxford	⬇
13	Edinburgh	⬇
14	Barcelona	⬆
15	Copenhagen	⬇
16	Frankfurt am Main	⬆
17	Vienna	⬆
18	Bern	⬆
19	Oslo	➤
20	Madrid	➤

TOP 10 DYNAMIC CITIES: SCORES BY CATEGORY



Source: Savills Investment Management

LONDON retains the top ranking for the third year running, leading the way within the Inspiration, Innovation, Interconnection, Infrastructure and Investment categories and ranking second in Inclusion.

PARIS moved up one place, regaining the 2nd spot and swapping places with **Cambridge** (3rd). Paris sits in the top 3 for Innovation, Interconnection, Infrastructure and Investment. The French capital outperforms on transport connectivity: With the highest number of commuter rail stations among the 130 cities in the index, Paris also has the second-highest number of flight routes, according to 2thinknow : City Benchmark Data.

BERLIN (4th) and **Amsterdam** (5th) swapped places but retain their top 5 positions for the third year running. **Munich** moved up one place to 6th, and **Dublin** down one to 7th. Munich has positive population growth forecasts and patent density relative to population. The Bavarian capital is particularly strong in tech- and business-related grassroots participation. Dublin has a strong university presence and a high density of start-ups relative to population, supporting its innovation indicators.

LAUSANNE (8th) is the new entrant into the top 10 this year. The Swiss city has strong population growth forecasts and the third-highest share of foreign-born population relative to urban population within the index, according to 2thinknow : City Benchmarking Data. This supports its diversity and quality of life indicators.

Finally, **BASEL** and **STOCKHOLM** retained 9th and 10th place, respectively, in this year's index. Basel has positive wealth indicators and is an innovation hub: It ranks in the top 10 for patent density and research institutions relative to population. Stockholm has strong population growth forecasts as well as technology and digital connectivity indicators. It is in the top 10 for tech adoption rate, according to 2thinknow : City Benchmarking Data, and has a high density of tech-related grassroots organisations, similar to Munich.

METHODOLOGY

Savills IM Dynamic Cities aims to capture the factors that make a city attractive to talent, resilient to disruptive technology and a leader in the knowledge economy.

The index was created using statistical analysis and the Organisation for Economic Cooperation and Development (OECD) handbook on constructing composite indicators.

More than 250 in-house, publicly available and externally purchased factors were collected for 130 cities. These cities include all of the European capitals as well as cities with a minimum metropolitan area of 250,000 inhabitants and positive forecast population growth.

The final index includes 60 inputs across 6 categories, ranging from conventional commercial real estate (CRE) factors to wider urban economic indicators.

The data behind Dynamic Cities is from a combination of proprietary in-house calculations as well as publicly available and commercially provided sources. Key data providers include 2thinknow : City Benchmarking Data, GlobalData and Oxford Economics. Data was collected during Q1 and Q2 2019.

The model's six categories are Investment, Innovation, Inspiration, Inclusion, Interconnection and Infrastructure. The index works on the basis that top cities for real estate investors demonstrate balanced performance across all of these categories.



CATEGORIES



INFRASTRUCTURE

- Current infrastructure
- Future population
- Governance
- Infrastructure spending



INTERCONNECTION

- Transport infrastructure improvements
- Connectivity
- Commuting
- Magnet & pollution
- Local connectivity



INSPIRATION

- Parks & cafes
- Liveability
- Arts sector strength
- Engagement
- Culture



INCLUSION

- Manoeuvrability
- Diversity
- International diversity & spending power
- Participation



INNOVATION

- Activity
- Patents
- Resources



INVESTMENT

- Population growth
- Commercial real estate score
- Wealth
- Property activity

Why Dynamic Cities matters for commercial real estate



Wealth and population trends, particularly employment, drive successful CRE markets. The factors underpinning the Dynamic Cities index are those identified as able to attract and retain talent, spur innovation and increase productivity, which encourage wealth and population growth.

Dynamic Cities is forward looking, assessing whether cities have the foundations for future strong performance. But their historical performance can illustrate how many of these cities are already outperforming.

Over the last 20 years, the top 10 dynamic cities have collectively outperformed the EU-28 overall in terms of GDP (figure 1) and employment (figure 2), providing a strong

backdrop for real estate performance. This outperformance is not limited to strong economics, however.

By taking the major investible European real estate markets (as reported by PMA, excluding Moscow) and categorising these as a top 10 dynamic city, next-best-30 dynamic city or neither, we have analysed the trend of prime annual total returns for the core CRE sectors since the start of the millennium.

We find that while all cities experience cyclicalities, dynamic cities demonstrate a stronger upwards trend in prime total returns for office, logistics and retail.

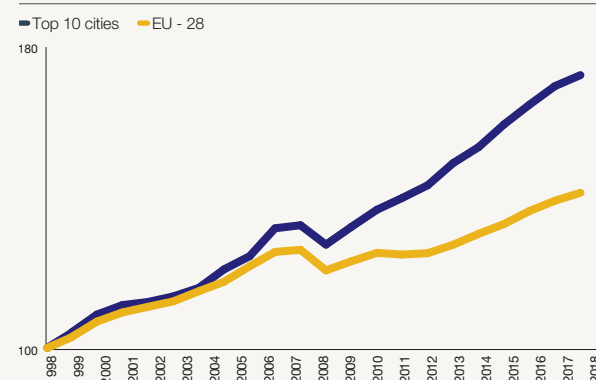
As illustrated in figures 3-5, for all three CRE markets the top 10 dynamic cities demonstrate the strongest upwards trend in prime total returns, followed by the next-best 30 cities,

which have a stronger upwards trend than the major investible European markets not in the top 40.

Due to availability of data, we have only analysed the prime total returns for a subset of larger cities analysed in our Dynamic Cities index. However, we might expect the smaller, up-and-coming cities ranked highly by the index – for example, Cambridge and Basel – to offer similar enhanced real estate performance in the future. This is because they enjoy strength in the factors needed to retain talent, support a growing population and optimise wealth.

Long-term performance improvement becomes more important in the context of secular stagnation, or lower-for-longer growth trends. As total returns moderate, identifying those cities that will outperform over the long term is key. Dynamic Cities aims to highlight such cities.

FIGURE 1:
GDP INDEX (1998-2018)



Sources: Oxford Economics, Savills Investment Management

Note: GDP and employment for top 10 cities based on most local NUTS region for London, Paris, Cambridge, Berlin, Amsterdam, Munich, Dublin, Lausanne, Basel and Stockholm; 1998=100.

FIGURE 2:
EMPLOYMENT INDEX (1998-2018)

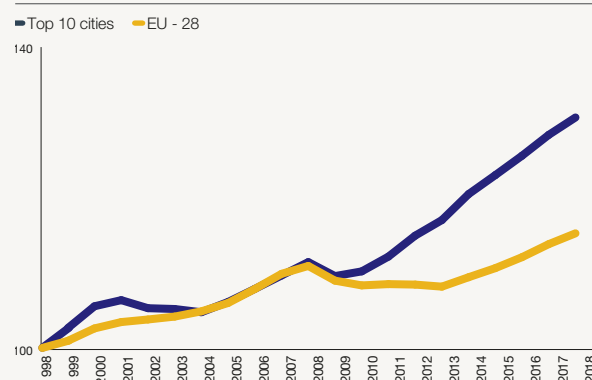
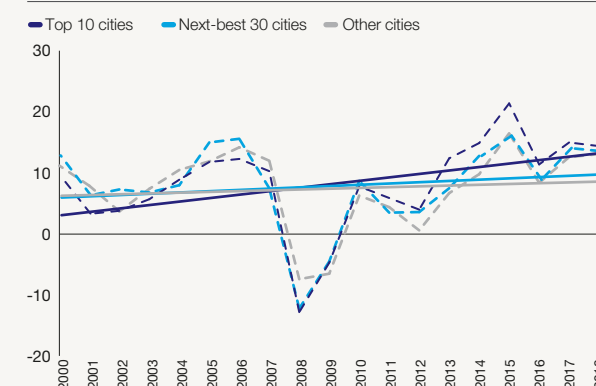


FIGURE 4:
PRIME ANNUAL LOGISTICS TOTAL RETURN TREND LINES (2000-18)



Sources: PMA, Savills Investment Management

Note: Dashed lines indicate average prime annual total returns for the major investible markets in each respective category; solid lines show the long-term trend.

FIGURE 3:
PRIME ANNUAL OFFICE TOTAL RETURN TREND LINES (2000-18)

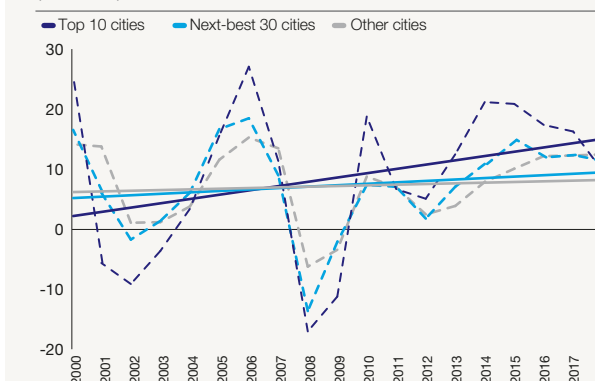
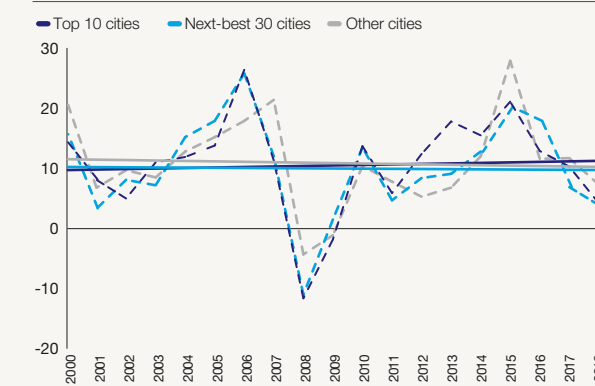


FIGURE 5:
PRIME ANNUAL HIGH STREET TOTAL RETURN TREND LINES (2000-18)





INSPIRATION

Quantifying the qualitative experience of a city

What draws residents, workers and visitors to an urban space? Liveability is a difficult quality to measure, but the Dynamic Cities Inspiration category attempts just that. While the Interconnection, Inclusion, Infrastructure, Innovation and Investment categories are grounded in more quantifiable measures such as wealth, Inspiration captures the more qualitative elements of the urban experience. It addresses the fact that city dwellers, who often experience the anonymity of urban life, want to feel part of a community and culture, with room for creativity and recreation.

In an environment of increasing globalisation, individuals have more freedom to choose where to live, work and play. Inspirational places help attract talent to office buildings and shoppers to high streets. They likewise provide leafy parks for brain breaks, and cafes for social meet-ups.

For commercial real estate investors, assets in such cities offer the opportunity to diversify portfolios and optimise investment performance. This year, we examine the top five overall dynamic cities in terms of their inspirational qualities.

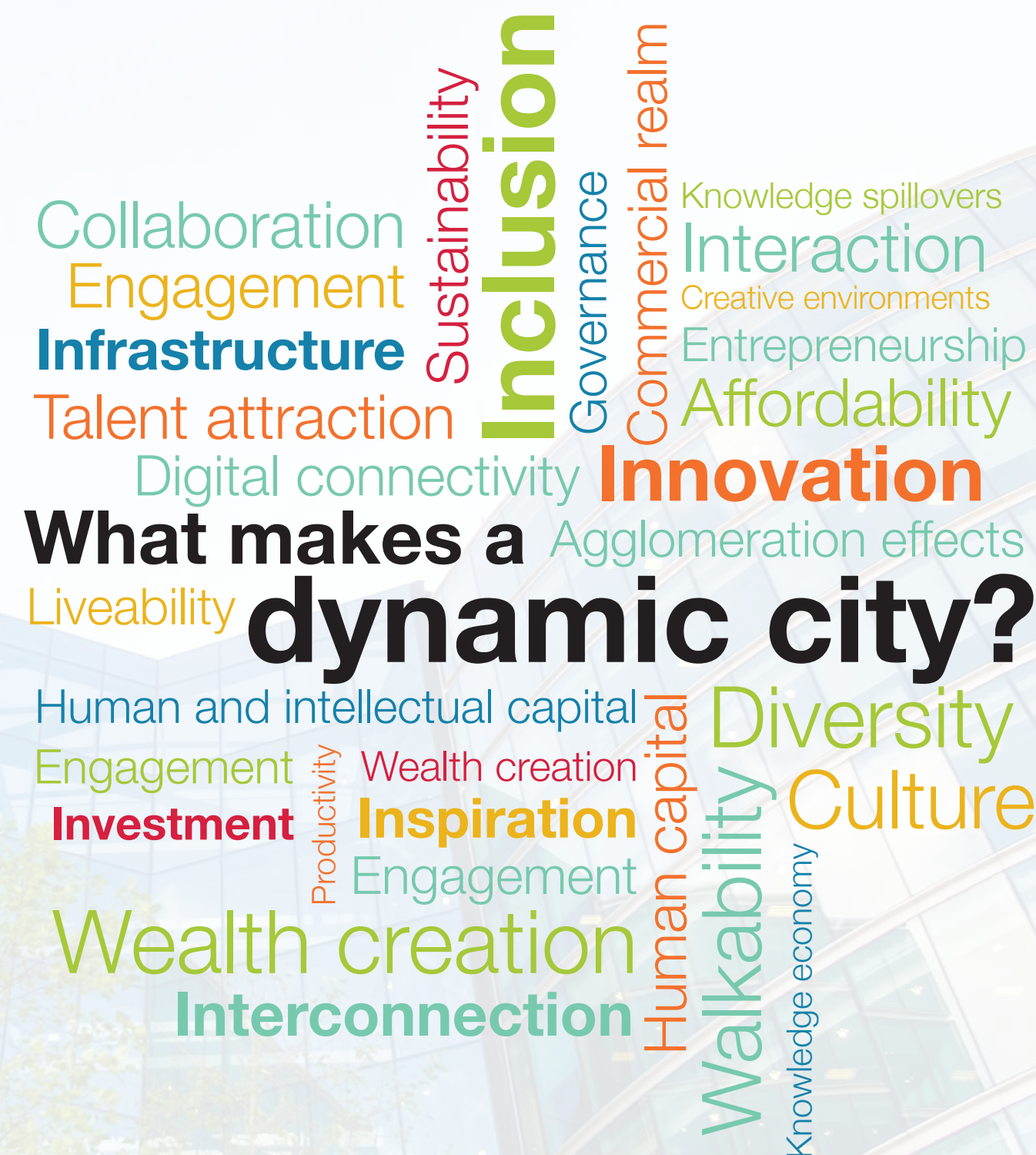
ABOUT THE INSPIRATION CATEGORY

The Savills IM Inspiration category captures a diverse range of indicators, including the intensity of cultural amenities such as museums and theatres and of self-organised, arts-related interest groups, which drive engagement and discussion. Social and economic theorist Richard Florida first espoused the benefit of the creative class for cities: The larger the creative class, the more cultural amenities and artistic inspiration can be generated.

Cafes are modern-day nodes for meeting, working, thinking and idea sharing. Using 2thinknow : City

Benchmarking Data, our Inspiration category factors in a city's number of cafes as both a by-product and generator of inspiration and creativity. In addition to capturing the number of green spaces accessible to a community, it takes into account the quality of those spaces and, therefore, their capacity to inspire.

The subfactors included in the Inspiration category are important to attract and retain talent, which supports wealth, population growth and, in turn, CRE.



LONDON

#1



NO.1 FOR
INFRASTRUCTURE



NO.1 FOR
INTERCONNECTION



TOP 10 FOR
INCLUSION



NO.1 FOR
INSPIRATION



NO.1 FOR
INNOVATION



NO.1 FOR
INVESTMENT

London tops our Dynamic Cities index for the third consecutive year. The capital of the UK also leads five of the six 'i' category rankings, including Inspiration. A broad array of world-class museums, theatres and other entertainment venues help make London an attractive place to live and visit. But when it comes to Inspiration, where the city truly stands out from its European counterparts is in its abundance of parks and cafes.

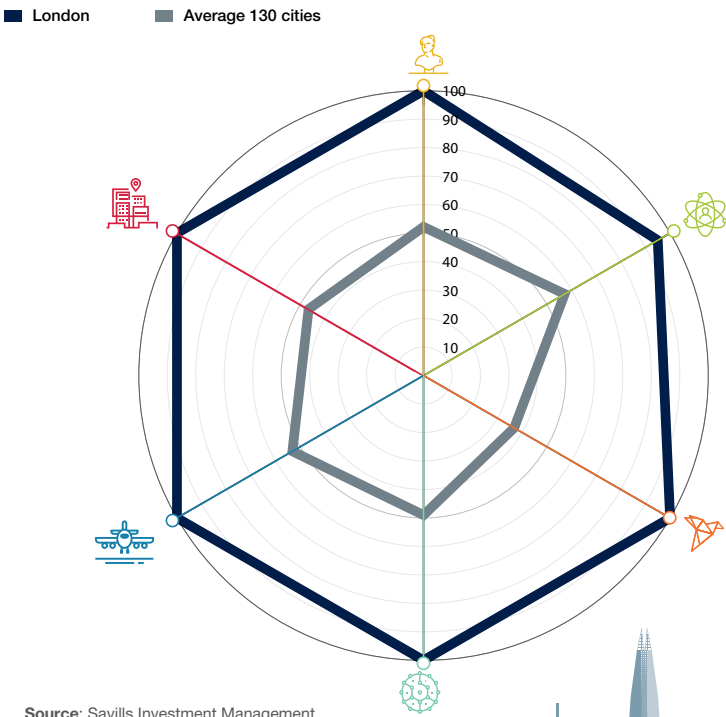
While perhaps more well known for its pubs than cafes, coffee has become an increasingly important part of both business and social life in London over the last decade or so. A growing number of cafes provide an abundance of places for people to meet, work, relax and exchange ideas. Residents are spoilt for choice of places to escape the hustle and bustle, with over 150 parks citywide, according to 2thinknow : City Benchmarking Data. In fact, London was designated the world's first National Park City in 2019.

Although Brexit-related uncertainty has been a cloud over London's future, the city's continued attractiveness to businesses and residents is evident in its tech sector. Since the referendum vote in 2016, tech heavyweights Apple, Facebook and Google approved plans for new offices in London. Furthermore, in 2018 London attracted more international tech workers than any other city in Europe, according to London & Partners research.

The redevelopment of areas such as Kings Cross and the Battersea Power Station highlight the role of innovation, creativity and inspiration in London's resilience as a dynamic city. With a mixture of residential, office, retail and improved leisure amenities, these areas have become vibrant new micro-locations for people to work, live and play that occupiers likely benefit from.

LONDON WAS
DESIGNATED
THE WORLD'S
FIRST NATIONAL
PARK CITY
IN 2019.

LONDON: SCORES BY CATEGORY



Source: Savills Investment Management



Infrastructure

Current Infrastructure	■ ■ ■ ■ ■ ■ ■ ■
Governance	■ ■ ■ ■ ■ ■ ■ ■
Infrastructure Spending	■ ■ ■ ■ ■ ■ ■ ■
Future Population	■ ■ ■ ■ ■ ■ ■ ■



Interconnection

Connectivity	■ ■ ■ ■ ■ ■ ■ ■
Commuting	■ ■ ■ ■ ■ ■ ■ ■
Transport Infrastructure Improvements	■ ■ ■ ■ ■ ■ ■ ■
Magnet & Pollution	■ ■ ■ ■ ■ ■ ■ ■
Local Connectivity	■ ■ ■ ■ ■ ■ ■ ■



Inclusion

Participation	■ ■ ■ ■ ■ ■ ■ ■
Diversity	■ ■ ■ ■ ■ ■ ■ ■
Manoeuvrability	■ ■ ■ ■ ■ ■ ■ ■
International Diversity and Spending Power	■ ■ ■ ■ ■ ■ ■ ■



Innovation

Resources	■ ■ ■ ■ ■ ■ ■ ■
Activity	■ ■ ■ ■ ■ ■ ■ ■
Patents	■ ■ ■ ■ ■ ■ ■ ■



Inspiration

Liveability	■ ■ ■ ■ ■ ■ ■ ■
Culture	■ ■ ■ ■ ■ ■ ■ ■
Engagement	■ ■ ■ ■ ■ ■ ■ ■
Parks & Cafes	■ ■ ■ ■ ■ ■ ■ ■
Arts Sector Strength	■ ■ ■ ■ ■ ■ ■ ■



Investment

Commercial Real Estate Score	■ ■ ■ ■ ■ ■ ■ ■
Wealth	■ ■ ■ ■ ■ ■ ■ ■
Population Growth	■ ■ ■ ■ ■ ■ ■ ■
Property Activity	■ ■ ■ ■ ■ ■ ■ ■

PARIS

#2



Paris ranks second in the overall Dynamic Cities index. Within the Inspiration category, the French capital outperforms in terms of arts sector strength, which is tied to its five world heritage sites, hundreds of art galleries and museums, numerous public libraries and variety of world-renowned landmarks.

Paris also has a strong concentration of parks and cafes, according to 2thinknow : City Benchmarking Data. Despite its dense urban structure, it offers a vast array of green spaces and gardens, with almost 150 destination parks, per 2thinknow : City Benchmarking Data. Mayor Anne Hidalgo is striving to boost bicycle use by adding cycle paths and making squares and boulevards more bike and pedestrian friendly.

Paris is also one of Europe's foremost technology hubs. Among the cities we examined, it has the second highest number of start-ups after London: 3,917, according to 2thinknow : City Benchmarking Data.

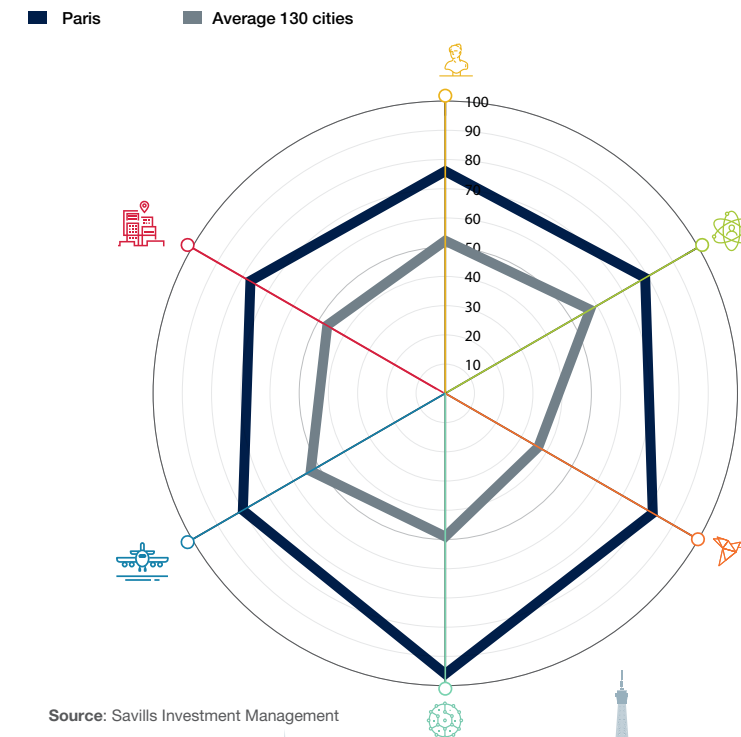
The Grand Paris infrastructure project, highlighted in [our 2018 Dynamic Cities brochure](#), remains the most significant medium-term urban redevelopment project. Other strategic projects are shaping the future of the city, too.

Reinventer.Paris, for example, is a contest that calls for architects to reinvent unused buildings or spaces across the city. The selection criteria include parameters such as innovation, eco-friendliness and social inclusion.

One project selected under the contest is Mille Arbres near Porte Maillot, strategically located between the central business district and La Défense. Nature is at the heart of this modern and multi-purpose development, with over 1,000 trees to be planted. It will feature office space, residential units, a hotel, a food-court and a public park.

PARIS OFFERS A VAST ARRAY OF GREEN SPACES AND GARDENS, WITH ALMOST 150 DESTINATION PARKS, PER 2THINKNOW : CITY BENCHMARKING DATA.

PARIS: SCORES BY CATEGORY



Infrastructure

Current Infrastructure	■ ■ ■ ■ ■ ■ ■ ■
Governance	■ ■ ■ ■ ■ ■ ■ ■
Infrastructure Spending	■ ■ ■ ■ ■ ■ ■ ■
Future Population	■ ■ ■ ■ ■ ■ ■ ■



Interconnection

Connectivity	■ ■ ■ ■ ■ ■ ■ ■
Commuting	■ ■ ■ ■ ■ ■ ■ ■
Transport Infrastructure Improvements	■ ■ ■ ■ ■ ■ ■ ■
Magnet & Pollution	■ ■ ■ ■ ■ ■ ■ ■
Local Connectivity	■ ■ ■ ■ ■ ■ ■ ■



Inclusion

Participation	■ ■ ■ ■ ■ ■ ■ ■
Diversity	■ ■ ■ ■ ■ ■ ■ ■
Manoeuvrability	■ ■ ■ ■ ■ ■ ■ ■
International Diversity and Spending Power	■ ■ ■ ■ ■ ■ ■ ■



Innovation

Resources	■ ■ ■ ■ ■ ■ ■ ■
Activity	■ ■ ■ ■ ■ ■ ■ ■
Patents	■ ■ ■ ■ ■ ■ ■ ■



Inspiration

Liveability	■ ■ ■ ■ ■ ■ ■ ■
Culture	■ ■ ■ ■ ■ ■ ■ ■
Engagement	■ ■ ■ ■ ■ ■ ■ ■
Parks & Cafes	■ ■ ■ ■ ■ ■ ■ ■
Arts Sector Strength	■ ■ ■ ■ ■ ■ ■ ■



Investment

Commercial Real Estate Score	■ ■ ■ ■ ■ ■ ■ ■
Wealth	■ ■ ■ ■ ■ ■ ■ ■
Population Growth	■ ■ ■ ■ ■ ■ ■ ■
Property Activity	■ ■ ■ ■ ■ ■ ■ ■

CAMBRIDGE

#3



TOP 10 FOR
INFRASTRUCTURE



NO.1 FOR
INCLUSION



TOP 10 FOR
INSPIRATION



TOP 10 FOR
INNOVATION

Cambridge takes the third spot in this year's Dynamic Cities index, down one place from its number two position in 2018. Compared to the other top five dynamic cities, the UK city excels in the Inspiration, Inclusion and Innovation categories, ranking either first or second.

With strong university foundations, Cambridge scores particularly well in terms of number of cultural and social activities relative to the city's size. Importantly, the extent to which locals engage in such events is also high.

Cambridge is a city driven by innovation and the benefits of knowledge spillovers. This is rooted in the talent emanating from the university, which draws big science, technology and data firms to the city. As a result, Cambridge has developed into the largest centre of medical research and health science in Europe.

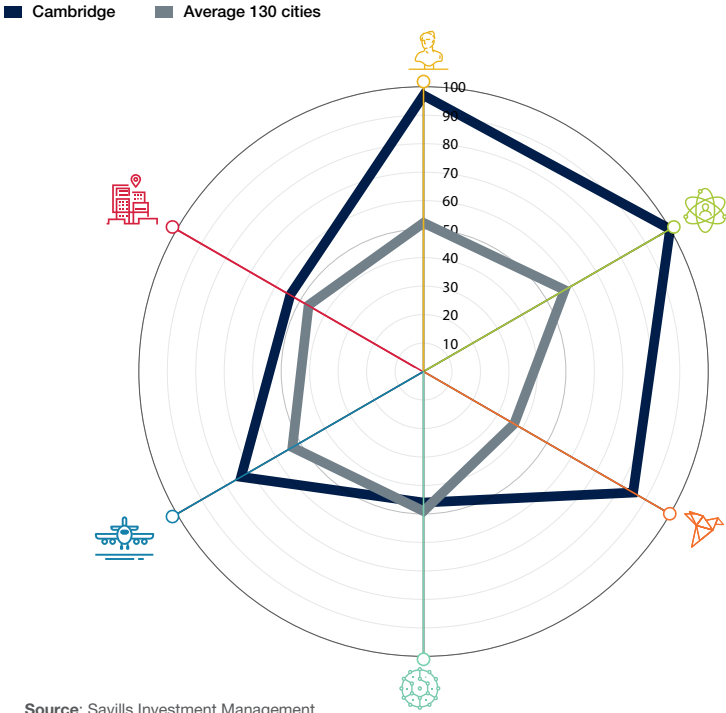
A leader in advanced technology and life sciences, Cambridge ranks first for start-ups per capita in 2018, according to 2thinknow : City Benchmarking Data. It also ranks third for number of patents per capita in Europe, making it the second- highest-ranked UK city in this context.

The factors that make Cambridge a top dynamic city are linked to its attractiveness to commercial property investment, particularly office investment. Between 2010 and 2018, workplace employment rose by 17% in the Cambridgeshire region, based on Oxford Economics data. This compares to 11% across the UK.

Additionally, over the past 10 years, strong occupier demand has seen prime office rents in the city's central business district rise by around 60%, according to Carter Jonas data. Rents in the northern Cambridge science and business park area have risen by close to 35%.

CAMBRIDGE IS A CITY DRIVEN BY INNOVATION AND THE BENEFITS OF KNOWLEDGE SPILLOVERS.

CAMBRIDGE: SCORES BY CATEGORY



Infrastructure

Current Infrastructure	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Governance	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Infrastructure Spending	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Future Population	■ ■ ■ ■ ■ ■ ■ ■ ■ ■



Interconnection

Connectivity	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Commuting	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Transport Infrastructure Improvements	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Magnet & Pollution	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Local Connectivity	■ ■ ■ ■ ■ ■ ■ ■ ■ ■



Inclusion

Participation	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Diversity	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Manoeuvrability	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
International Diversity and Spending Power	■ ■ ■ ■ ■ ■ ■ ■ ■ ■



Innovation

Resources	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Activity	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Patents	■ ■ ■ ■ ■ ■ ■ ■ ■ ■



Inspiration

Liveability	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Culture	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Engagement	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Parks & Cafes	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Arts Sector Strength	■ ■ ■ ■ ■ ■ ■ ■ ■ ■



Investment

Commercial Real Estate Score	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Wealth	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Population Growth	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Property Activity	■ ■ ■ ■ ■ ■ ■ ■ ■ ■

BERLIN

#4



TOP 10 FOR
INTERCONNECTION



TOP 10 FOR
INSPIRATION



TOP 10 FOR
INNOVATION

Berlin ranks fourth in the overall Dynamic Cities index and eighth in the Inspiration category. The German capital city scores particularly well in terms of density of parks and cafes as well as arts sector strength, which speaks to its famous cultural scene. Its openness and tolerance attract artists and scientists from around the world.

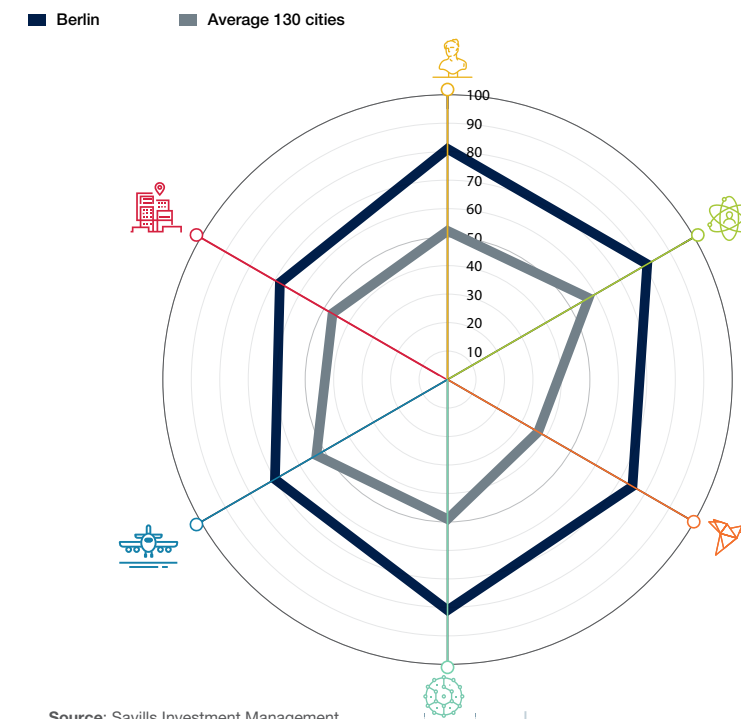
Compared with other European cities, Berlin is still relatively affordable for young people. This may be one of the reasons why the city has the third highest number of start-ups among the 130 European cities we analysed. This, in addition to Berlin's strong tech-related grassroots participation and patent activity, are reflected in its top five ranking within the Innovation category.

The factors that make Berlin an inspiring place to work, live and play are informing investment decisions. For instance, Siemens AG has decided to invest up to EUR 600 million in its Siemensstadt 2.0 project, which aims to transform a large industrial area of 70 hectares dating back to the 19th century into a future-proofed, multiuse urban district by circa 2030. Planned residences will likely encourage employees to think of the new district as both a workplace and community.

In another example, the 5.5-hectare EUREF Campus is home to companies working in the energy, sustainability and mobility sectors. It aims to attract further research and scientific professionals via not only smart buildings but also aesthetically appealing architecture and a variety of meeting spaces to encourage creativity.

BERLIN'S AFFORDABILITY FOR YOUNG PEOPLE MAY BE ONE OF THE REASONS WHY THE CITY HAS THE THIRD HIGHEST NUMBER OF START-UPS AMONG THE 130 EUROPEAN CITIES WE ANALYSED.

BERLIN: SCORES BY CATEGORY



Infrastructure

Current Infrastructure	■ ■ ■ ■ ■ ■ ■ ■
Governance	■ ■ ■ ■ ■ ■ ■ ■
Infrastructure Spending	■ ■ ■ ■ ■ ■ ■ ■
Future Population	■ ■ ■ ■ ■ ■ ■ ■



Interconnection

Connectivity	■ ■ ■ ■ ■ ■ ■ ■
Commuting	■ ■ ■ ■ ■ ■ ■ ■
Transport Infrastructure Improvements	■ ■ ■ ■ ■ ■ ■ ■
Magnet & Pollution	■ ■ ■ ■ ■ ■ ■ ■
Local Connectivity	■ ■ ■ ■ ■ ■ ■ ■



Inclusion

Participation	■ ■ ■ ■ ■ ■ ■ ■
Diversity	■ ■ ■ ■ ■ ■ ■ ■
Manoeuvrability	■ ■ ■ ■ ■ ■ ■ ■
International Diversity and Spending Power	■ ■ ■ ■ ■ ■ ■ ■



Inspiration

Liveability	■ ■ ■ ■ ■ ■ ■ ■
Culture	■ ■ ■ ■ ■ ■ ■ ■
Engagement	■ ■ ■ ■ ■ ■ ■ ■
Parks & Cafes	■ ■ ■ ■ ■ ■ ■ ■
Arts Sector Strength	■ ■ ■ ■ ■ ■ ■ ■



Innovation

Resources	■ ■ ■ ■ ■ ■ ■ ■
Activity	■ ■ ■ ■ ■ ■ ■ ■
Patents	■ ■ ■ ■ ■ ■ ■ ■



Investment

Commercial Real Estate Score	■ ■ ■ ■ ■ ■ ■ ■
Wealth	■ ■ ■ ■ ■ ■ ■ ■
Population Growth	■ ■ ■ ■ ■ ■ ■ ■
Property Activity	■ ■ ■ ■ ■ ■ ■ ■

AMSTERDAM

#5



TOP 10 FOR
INTERCONNECTION



TOP 10 FOR
INSPIRATION



TOP 10 FOR
INNOVATION

Amsterdam ranks fifth in the overall Dynamic Cities index and fourth in the Inspiration category. The city outperforms in engagement, reflecting its strong presence of creative groups. The Dutch capital also has a high density of cultural amenities – including the famous Van Gogh Museum, Rijksmuseum and Anne Frank House – as well as parks and cafes, all of which serve to draw workers and visitors alike.

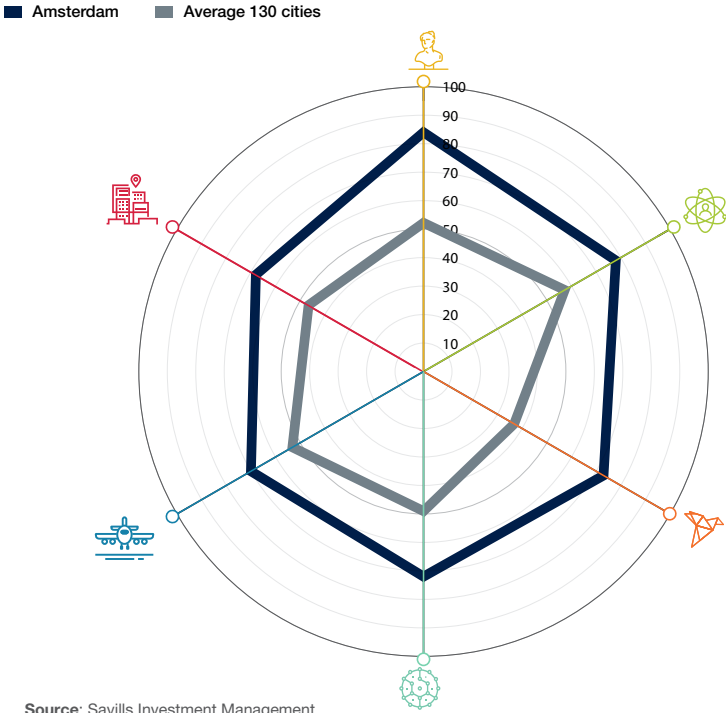
Amsterdam’s popularity among talented and open-minded individuals boosts innovative thinking, while creative environments and recreational spaces help promote interaction and knowledge spillovers. This is essential to innovation taking hold. The city ranks second in density of grassroots organisations and third in number of start-ups relative to its urban population, according to 2thinknow : City Benchmark Data, which also reflects Amsterdam’s top five Innovation category ranking.

Mixed-used environments that allow for living, working, socialising and entertaining are in development across Amsterdam. Sloterdijk in the northeast, for example, is shifting from a monofunctional office location towards a combined working and residential area. The office vacancy rate in Amsterdam Sloterdijk dropped to 8.6% from 15.3% over the last two years, according to CBRE, while rents have risen by 12.5% over the past year.

The 250-hectare former business-focused area Amstel III in the Zuidooost district is transforming into a multifunctional urban area. Some 5,000 homes and amenities, including green spaces and cycling routes, will be realised by 2027. Mixed-used environments improve investment performance by enhancing the experience for local residents and visitors, boosting consumer spending from which occupiers are likely to benefit.

AMSTERDAM'S
POPULARITY
AMONG TALENTED
AND OPEN-MINDED
INDIVIDUALS
BOOSTS
INNOVATIVE
THINKING.

AMSTERDAM: SCORES BY CATEGORY



Infrastructure

Current Infrastructure	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Governance	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Infrastructure Spending	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Future Population	■ ■ ■ ■ ■ ■ ■ ■ ■ ■



Interconnection

Connectivity	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Commuting	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Transport Infrastructure Improvements	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Magnet & Pollution	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Local Connectivity	■ ■ ■ ■ ■ ■ ■ ■ ■ ■



Inclusion

Participation	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Diversity	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Manoeuvrability	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
International Diversity and Spending Power	■ ■ ■ ■ ■ ■ ■ ■ ■ ■



Innovation

Resources	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Activity	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Patents	■ ■ ■ ■ ■ ■ ■ ■ ■ ■



Inspiration

Liveability	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Culture	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Engagement	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Parks & Cafes	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Arts Sector Strength	■ ■ ■ ■ ■ ■ ■ ■ ■ ■



Investment

Commercial Real Estate Score	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Wealth	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Population Growth	■ ■ ■ ■ ■ ■ ■ ■ ■ ■
Property Activity	■ ■ ■ ■ ■ ■ ■ ■ ■ ■

SPAIN



IN 2018, 22@ SAW THE MOST OFFICE DEMAND IN BARCELONA, BOTH FROM AN OCCUPIER AND INVESTMENT PERSPECTIVE.

Both Barcelona and Madrid are in the top 20 overall in this year's Dynamic Cities index. In particular, Barcelona is one of the strongest 2018-19 movers among the top 40 cities, having climbed seven places to 14th. Its performance within the Inclusion category drove this improvement, with the city scoring 3rd compared to last year's 13th. Madrid rose three places to the 20th spot overall. It is also a top 10 city within the Inclusion category this year.

BARCELONA'S EMERGENCE AS AN INNOVATION HUB

Barcelona is particularly strong in Inclusion's manoeuvrability subcategory, which looks at the strength of public transport. It also ranks among the top 10 cities for Innovation and Interconnection, two important factors supporting engagement, entrepreneurship and agglomeration effects.

It is no surprise that Barcelona is quickly emerging as one of Europe's main innovation hubs. With 1,399 start-ups in 2018 (figure 1), the Catalan capital benefits from relatively affordable office spaces, access to a large talent pool, incubator programs and business accelerators as well as excellent coworking spaces, among other factors.

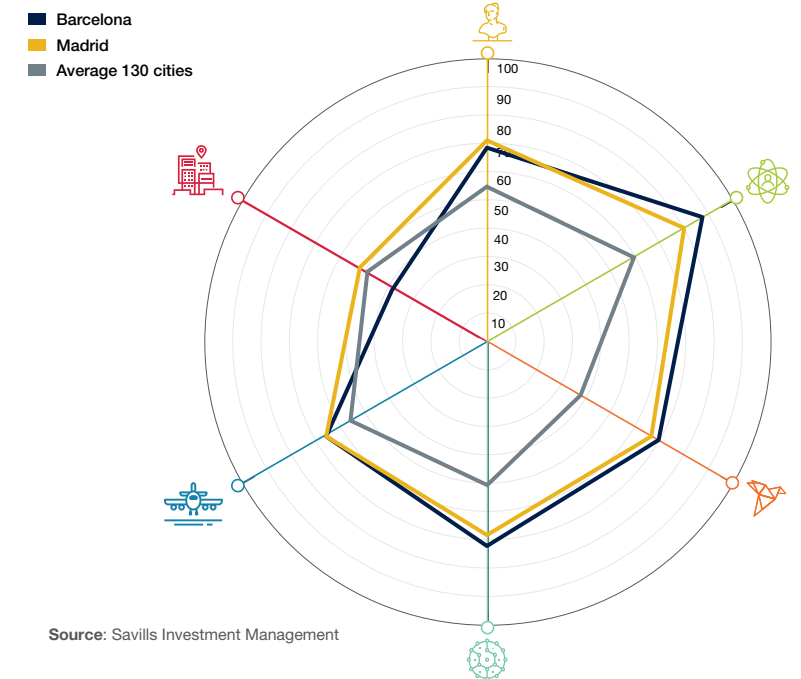
Barcelona's transformation gained momentum in 2000 with the 22@ district, or the so-called District of Innovation. What began as a massive urban renewal project represents a new place for economic, urban and social innovation. It has attracted thousands of companies and workers over nearly two decades. In 2018, 22@ saw the most office demand in Barcelona both from an occupier and investment perspective.

FIGURE 1: START-UPS (NUMBER OF FIRMS) 2018



Source: 2thinknow : City Benchmarking Data

SPAIN: SCORES BY CATEGORY



MADRID'S URBAN FUTURE PROOFING

Madrid's cultural dynamism is rooted in its parks and cafes as well as its arts sector strength. These Inspiration indicators support the city's innovative potential, with 1,053 start-ups in 2018, according to 2thinknow : City Benchmarking Data.

Madrid's Nuevo Norte urban regeneration project, announced around 25 years ago, appears to have been authorised. Construction works on the 5.6 kilometre (km) long and 1.0 km wide site are likely to start in late 2020 or early 2021 and should last 20-25 years.

The project consists of redeveloping a large urban void in northern Madrid that is currently mainly occupied by Chamartín station's railway tracks. The plan involves redesigning the area as a sustainable business district, featuring residential and commercial spaces, public facilities as well as green zones. It will position Chamartín station as the main transportation hub in the Spanish capital, with connections to the airport.

Other interesting projects include the Torre Caleido and Four Seasons Hotel, both planned for the following couple years. The former includes a tower that is set to become the first 'vertical university campus' in a city with an already large student population. The latter luxury hotel, which should open later this year, is in the heart of the capital and comprises seven heritage buildings.

“MADRID'S CULTURAL DYNAMISM IS ROOTED IN ITS PARKS AND CAFES AS WELL AS ITS ARTS SECTOR STRENGTH.”

The community of Madrid is attracting an increasing number of tourists, with 6.7 million in 2017 compared to 3.0 million in 2001, reports Statista.

NORDICS



All the Nordic capitals are in the top 30 in this year’s overall Dynamic Cities index, and they all achieve high scores on liveability, a subcategory of Inspiration that relates to overall perceived contentment with city life. In combination with high safety scores and low pollution, the high quality of life in Nordic cities serves to attract and retain workers, residents, visitors and companies, which is positive for potential CRE investment performance.

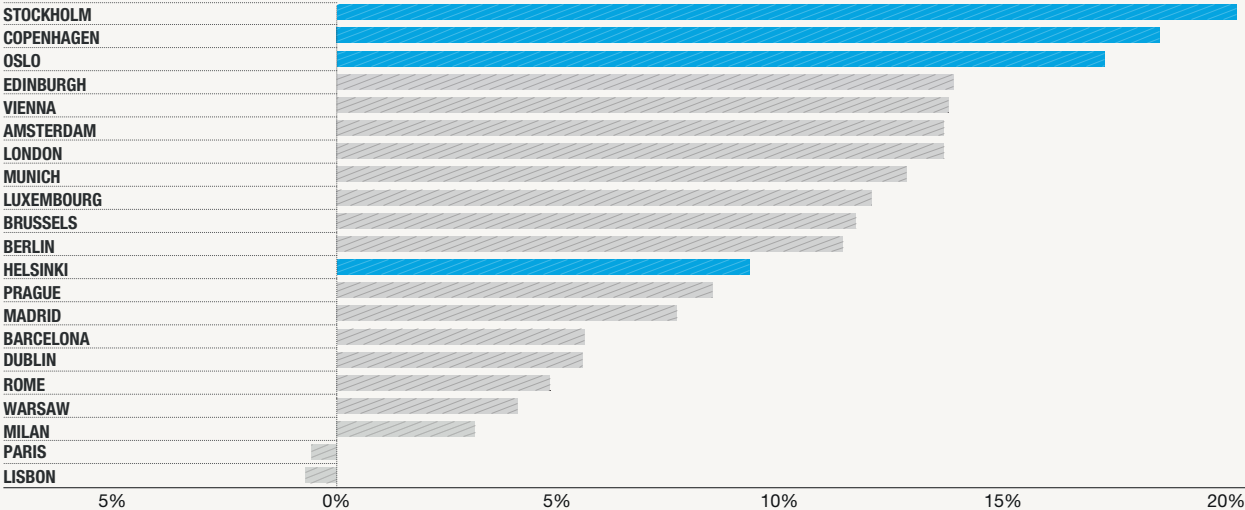
Relative to the Eurozone average, economic growth in Denmark, Finland, Norway and Sweden is set to outperform over the next five years: Oxford Economics expects the Eurozone economy to expand no more than 1.4% per annum (p.a.) through 2023 compared to 1.8% p.a. for the Nordics over the same period. In a European comparison, population growth and urbanisation levels are also strong in the Nordic capitals (figure 1), where attractive demographics support demand for long-term real estate investments.

The positive demographic outlook in the Nordics translates into critical mass

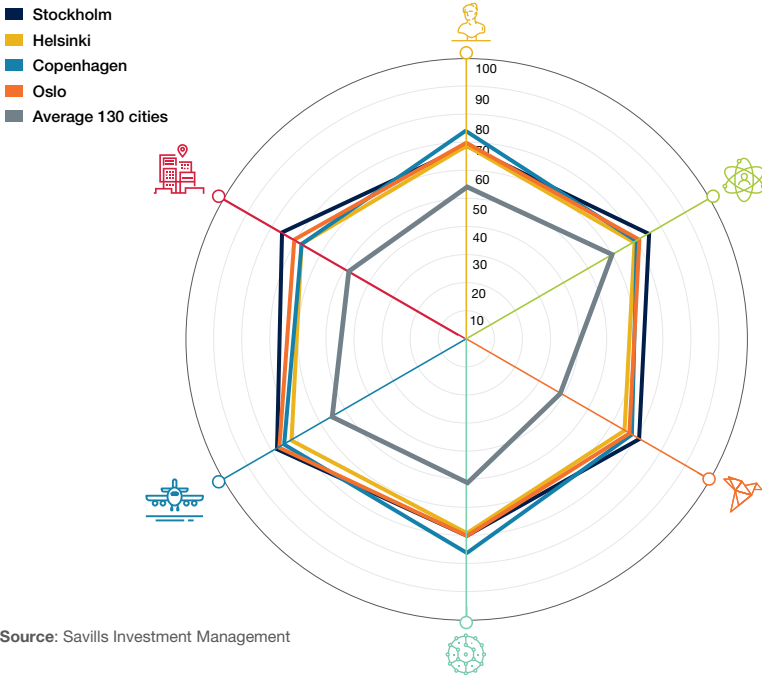
for retail spending. Rising employment influences demand for Nordic office markets, which is evident in the low vacancy rates and rising rents in the capital cities. Infrastructure projects help supply chains meet demand from e-commerce growth, which is positive for logistics real estate.

One crucial indicator of infrastructure strength is governance, on which the Nordic cities score particularly well. It facilitates transactions, increases transparency, supports investor rights and, in turn, investment markets. The Nordic region represents the fourth largest CRE market in Europe in terms of transaction volume.

FIGURE 1: POPULATION GROWTH FORECASTS (2018-32, %)



NORDICS: SCORES BY CATEGORY



COPENHAGEN'S URBAN TRANSPORTATION

Copenhagen is at the forefront of sustainable and resident-friendly urban transportation. The city is putting noticeable efforts into improving mobility.

Through 2025, 75% of all movement in the city should be on foot, by bike or by public transport, according to Copenhagen Municipality.

To achieve this, the City of Copenhagen is investing heavily in metros and buses and attempting to better integrate bikes into this system. The target is to improve traffic flows and reduce emissions for a more future-proofed Danish capital.

THE STOCKHOLM UNDERGROUND EXPANSION

To minimise congestion and pollution and to promote Stockholm’s long-term sustainable development, Region Stockholm is investing heavily into public transportation, Invest Stockholm reports.

Stockholm is one of the fastest growing conurbations in Europe, with over 35,000 people added per year, meaning mounting demands on public transportation. For the first time since 1994, new underground stations are under construction.

A well-functioning public transportation system is crucial for the region to grow in a sustainable way. The metro expansion plan is in line with Stockholm’s target to make the region carbon dioxide free by 2040, which is driving a dynamic market for alternative fuels and renewable energy. All Stockholm’s buses and trains are using renewable energy sources, SL reports.

The areas that will be most affected by the underground project are Barkabystaden, Arenastaden, Nacka and Södermalm. Around 82,000 new residential units will follow the completion of the underground project, according to CBRE Research.



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