

“Investing is about more than just the bricks”

Foreign investors are increasingly entering the Dutch real estate market. Ebe Treffers from Bouwinvest isn't concerned. 'More rivals means we have to make more of an effort to distinguish ourselves from the competition.'

The talk with Ebe Treffers takes place in a residential-commercial complex on the north side of the Olympic Stadium in the south of Amsterdam. This is familiar territory for Treffers, manager of area development at Bouwinvest, an organisation that invests money from pension funds and insurers in real estate. 'The building we're in now is part of *Het Kwartier*, which has about 450 rented accommodations. In addition to this property, Bouwinvest is also developing rented housing on Stadionplein.' Bouwinvest also owns the commercial spaces and the car park in the Olympic Stadium – and since just over a year both Citroën buildings: the *Zuidgebouw* from

1931 and the *Noordgebouw* from 1962, both designed by the architect Jan Wils. Together, with the Olympic Stadium they form a defining ensemble. The *Noordgebouw* is a national monument with 15,000 square metres of floor area. We are turning it into a multifunctional building, with cafés and restaurants on the ground floor and workspace for the headquarters of the American sports brand Under Armour, for example. It's the kind of company that fits in with the Olympic character of the area, which is rooted in sports and physical activity. Indeed, that explains why Pon, which conducts research into new forms of mobility, has decided to move in to the south Citroën building. We will retain the

historical character of the Citroën buildings with this redevelopment. Soon these two iconic buildings will form the centrepieces of The Olympic Amsterdam district, an area with international prestige with room for major events.

Five Dutch funds

Bouwinvest has been investing pension assets from various pension funds in real estate for over sixty years. The largest shareholder is bpfBOUW, a pension fund for the construction sector. Other investors include a number of Dutch pension funds and recently an international insurer. Bouwinvest's most important task is to achieve stable returns in the long term, explains Treffers. That's why we develop an investment strategy for each fund (the company manages five Dutch funds: housing, shops, offices, care and hotels, ed.). It outlines what kind of returns we think we can achieve, what regions we should focus on, and so forth. Based on that, we develop investment and acquisition plans: what's happening in which cities, in which locations is building or redevelopment taking place, what are the urgent tasks, what's a given municipality's policy? That's how we determine in which places and in which areas we are going to invest sustainably.'

Importance of quality

Bouwinvest is not the kind of firm to wait till a project has been completed before bidding on it. So that means getting involved at the earliest stage possible to ensure that projects generate adequate long-term returns. 'Some investors work differently. They invest at a later stage once a project's details have been completely fleshed out, partly because they cannot be actively involved throughout the entire process.'

The area development around the Olympic Stadium is a good example of how Bouwinvest approaches its work. 'We bought the Citroën buildings – without tenants and without a fully elaborated plan at the time of purchase. As we put great stock in the quality of the buildings and their surroundings, we were confident that we could warm the municipality to our plans. Which is what happened. Together with the municipality we developed a plan

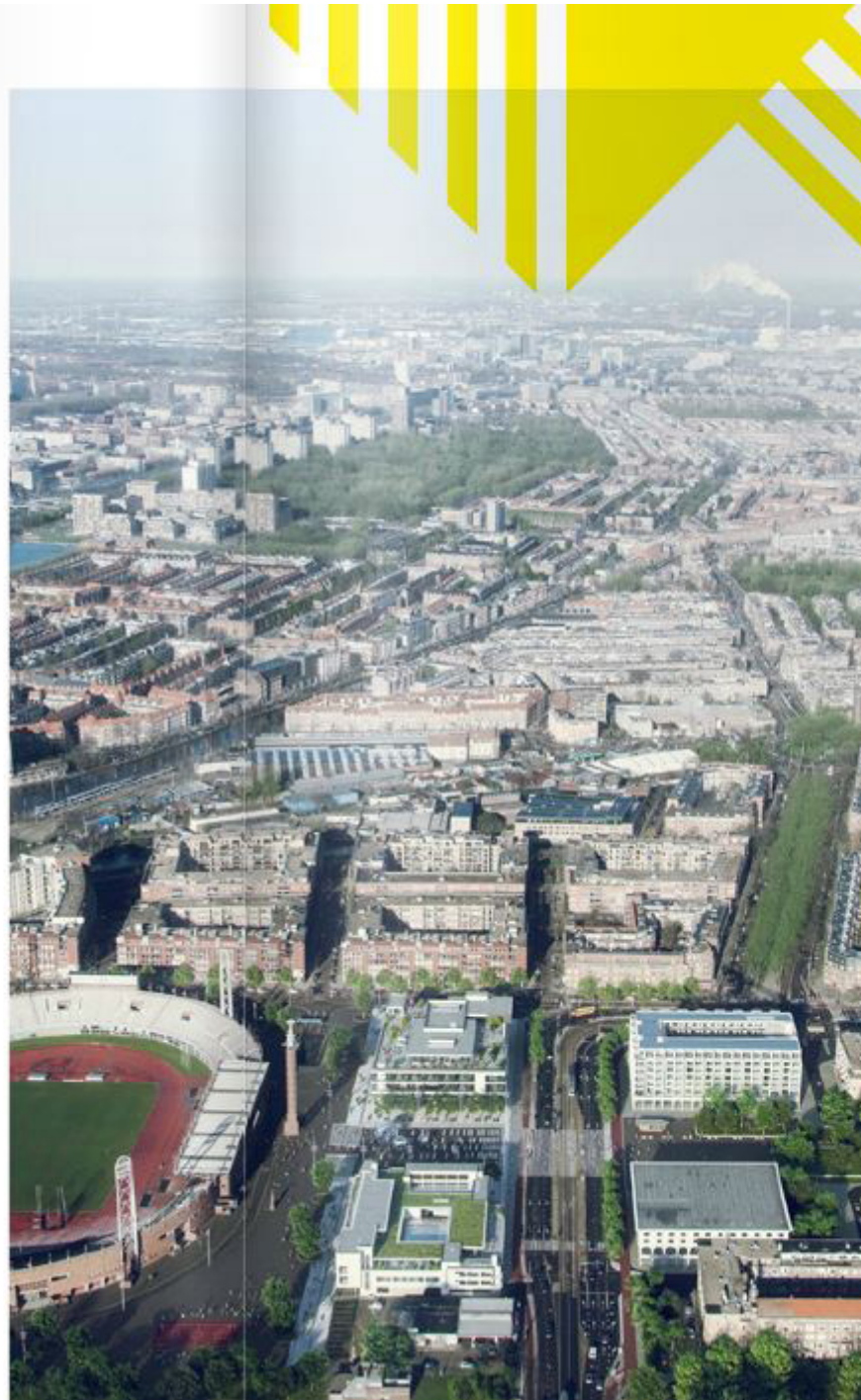
that will boost the quality of the area.'

More than bricks

'Going that one step further – referred to in our profession as *adding value beyond bricks* – as a long-term investor, we look beyond just the bricks but also invest in the appeal of the area around our property. That's what guarantees a long-term return. Tenants and users – and in the end our shareholders too – benefit from an appealing residential environment.' A case in point is the Nowadays shopping arcade between Damrak and Nieuwendijk, an area that attracts many visitors but which also has strong appeal. 'By moving the old arcade and transforming the office spaces above it into shops for international retailers,' Treffers says, 'we have made this an attractive place to shop and spend time. It's not enough in a case like this to merely spruce up the frontage. We are investing in more than just the bricks: an attractive outside area, an underground bicycle shed beneath Beursplein, the addition of art in the new arcade.' These kinds of decisions need to be explained to shareholders – the money, after all, belongs to the people in the pension scheme. 'It's important to persuade them that these investments are necessary to make retail projects like this profitable in the long term.'

Investment climate

In the last year and a half, Treffers has noticed that foreign parties involved in commercial real estate have started to enter the Dutch residential investment market. They're investing, among other reasons, because of the stable rental market in the Netherlands, and not least because the cost of buying properties in cities like London and Paris are going through the roof. So foreign investors are trying to get a foothold in the Netherlands and especially in the Amsterdam area by buying up entire housing portfolios. Treffers will not go so far as to call foreign competition a negative development. 'Of course there have been more competitors for some time now, but it doesn't make that much difference whether they are from the Netherlands or abroad. It means that parties challenge each other more, and this encourages innovation and bolsters the investment climate. What sets us apart is



The Olympic Amsterdam with at the bottom centre The Olympic Hall and 1968
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that we have several Dutch funds at our disposal, so we are able to make area-specific investments.' Some foreign parties are looking for local investors who will help them enter the Dutch market. Take The Olympic Amsterdam, where Bouwinvest is investing in homes, offices and shops. 'Being a local firm,' says Treffers, 'we can find the right partners quickly, but conversely we are also easy to approach for foreign investors.'

In fact, Bouwinvest operates abroad too. The firm invests all over the world – though only with bpfBOUW money – in other funds. 'So we don't immediately put our money into bricks in other countries,' Treffers says. 'Just as Bouwinvest is very familiar with the market and the circumstances here, in other countries we use the knowledge and expertise of local real estate investors.'

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