



**TOP 5**



**EUROPEAN CITIES  
FOR THE AMERICAN  
REAL ESTATE  
INVESTOR**



The Valencian flag consists of three horizontal stripes: a top red stripe, a middle yellow stripe, and a bottom red stripe.

**1. VALENCIA**

The Paris flag is a vertical tricolor with blue on the left, white in the center, and red on the right.

**2. PARIS**

The Berlin flag consists of three horizontal stripes: a top black stripe, a middle red stripe, and a bottom gold stripe.

**3. BERLIN**

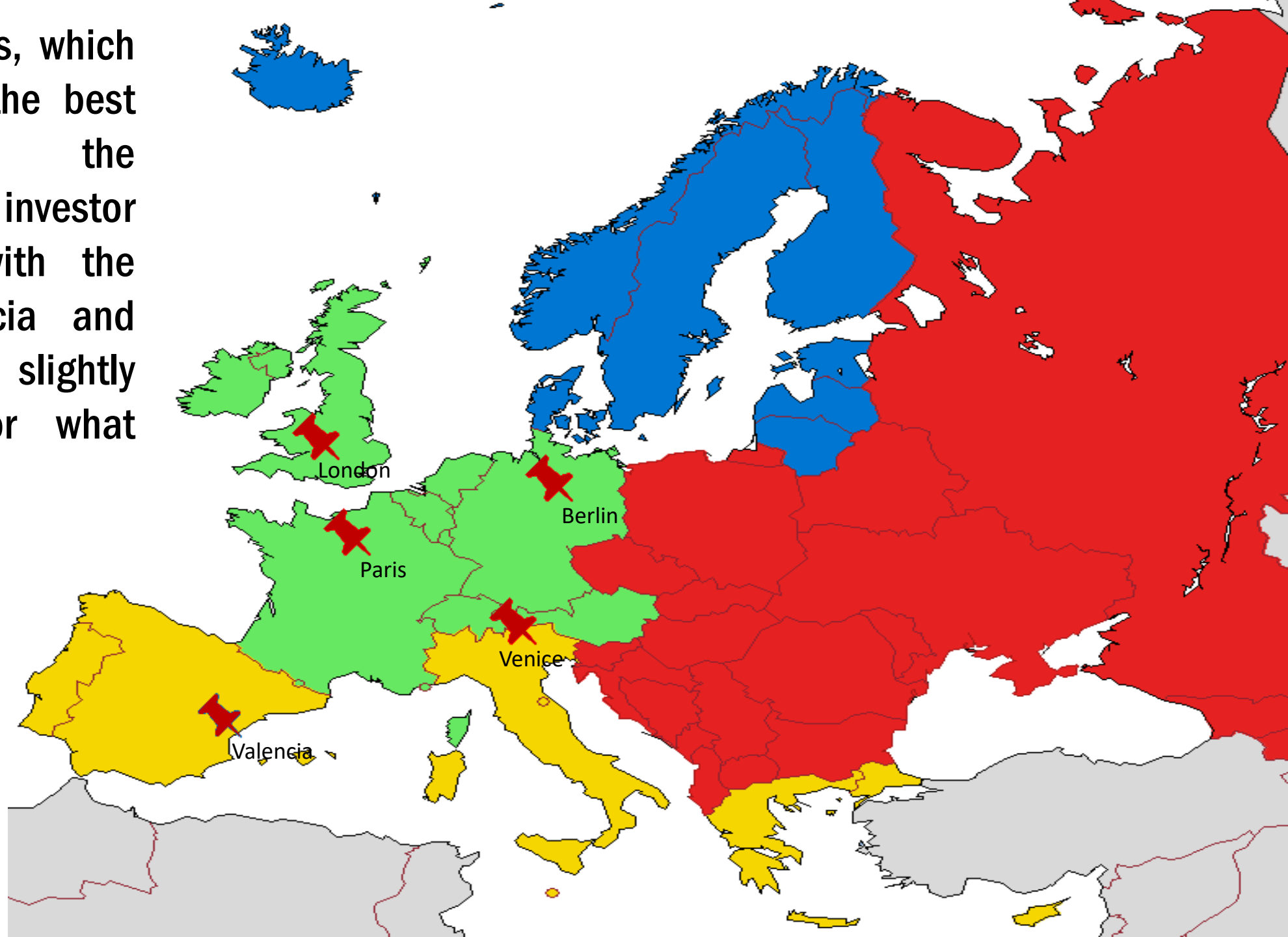
The London flag is the Union Jack, the national flag of the United Kingdom, featuring a white field with a red cross and a white saltire on a blue field.

**4. LONDON**

The Venice flag is a vertical tricolor with green on the left, white in the center, and red on the right.

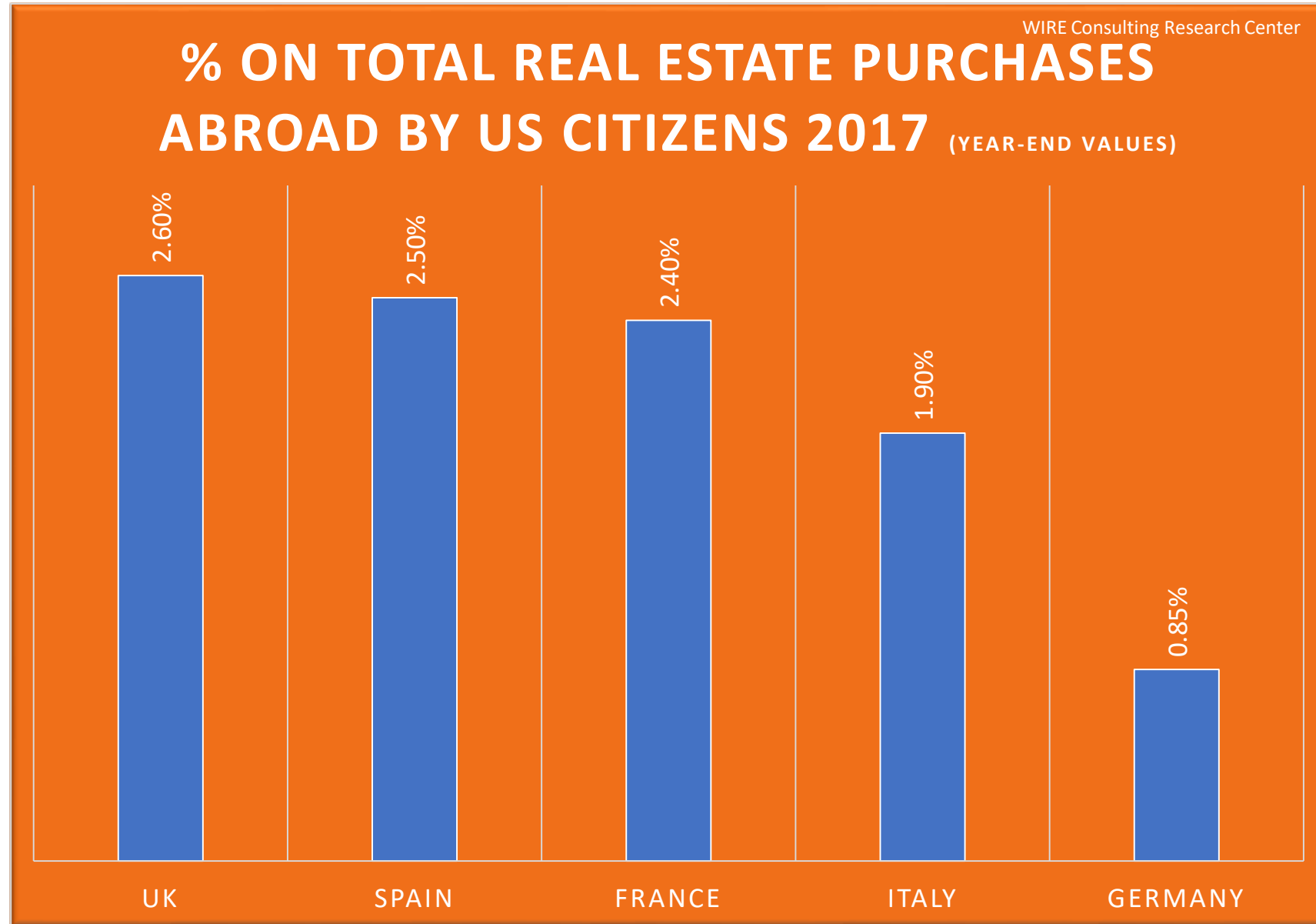
**5. VENICE**

The 5 European cities, which we think represent the best opportunities for the American real estate investor are all capitals, with the exception of Valencia and Venice, which slightly outpaces Rome for what concerns Italy.



# AN OVERVIEW ON THE COUNTRIES

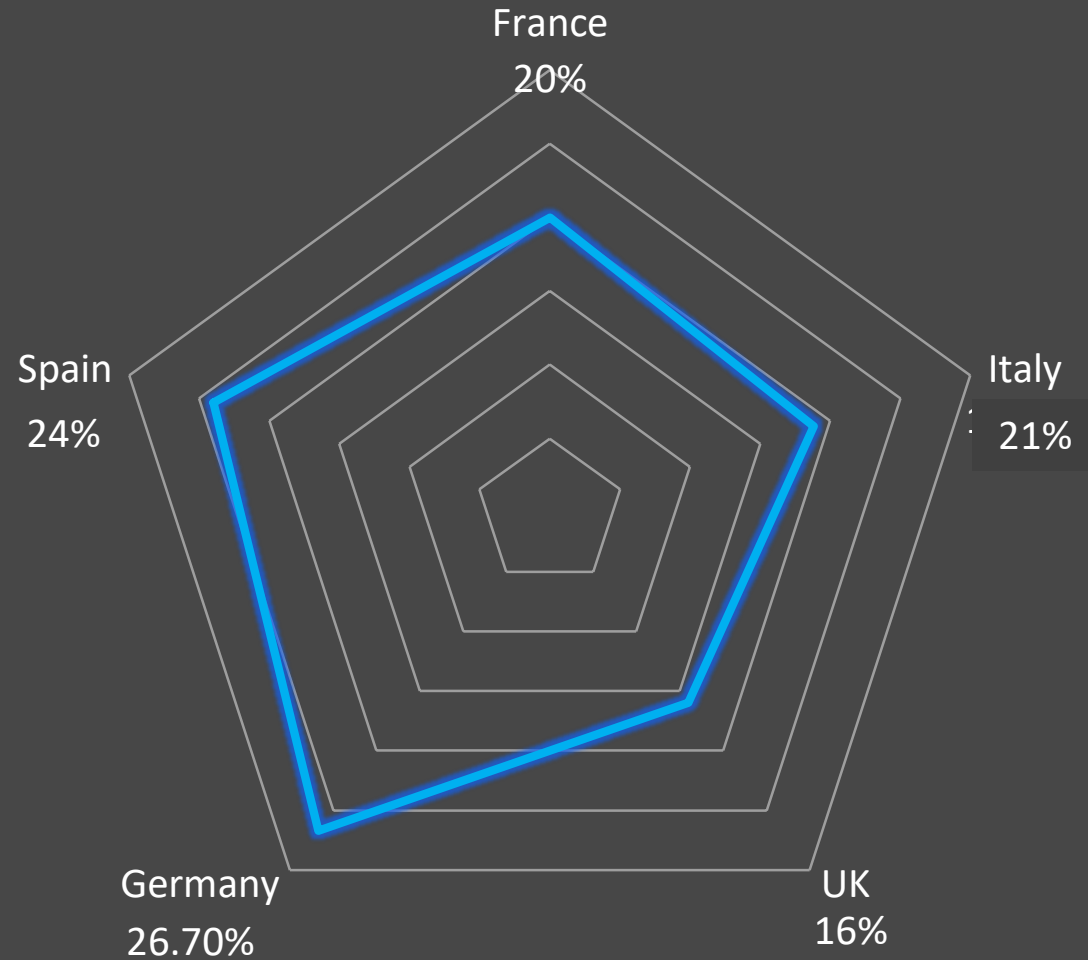
By the end of the year the situation was quite the same of the one of mid-2017. We saw the UK losing ground at the advantage of France and Germany, while Spain and Italy remained almost the same.





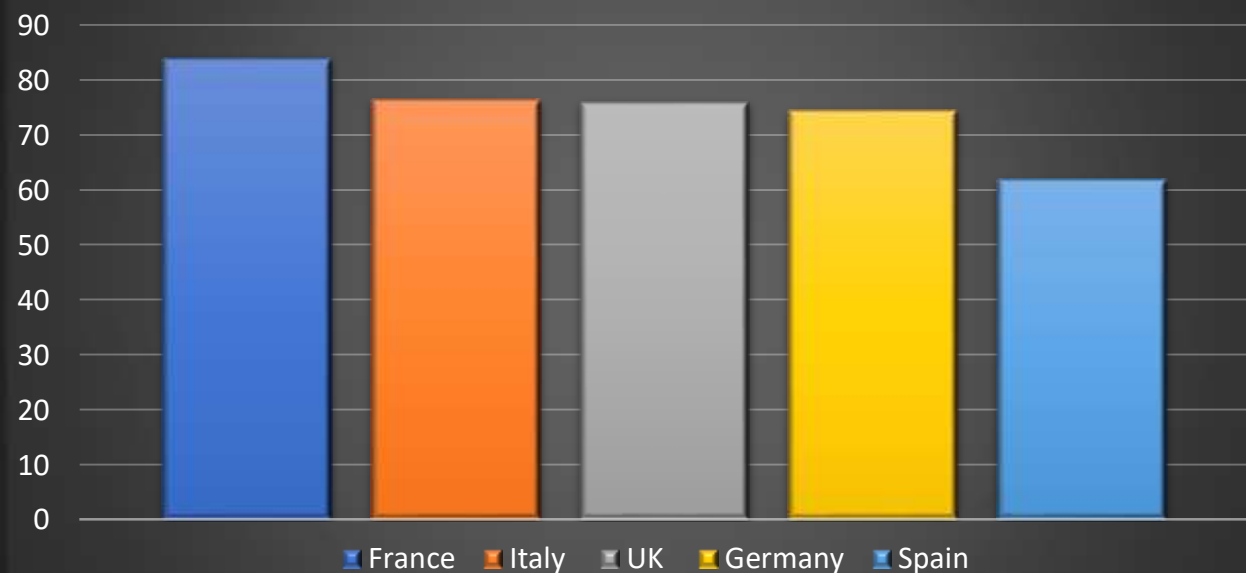
# Average rental tax rates after allowances 2018

The rental tax rate is calculated on a gross rental income of about 2.500 \$ per month at the net of allowances, which can vary a lot depending on the location and property's type.

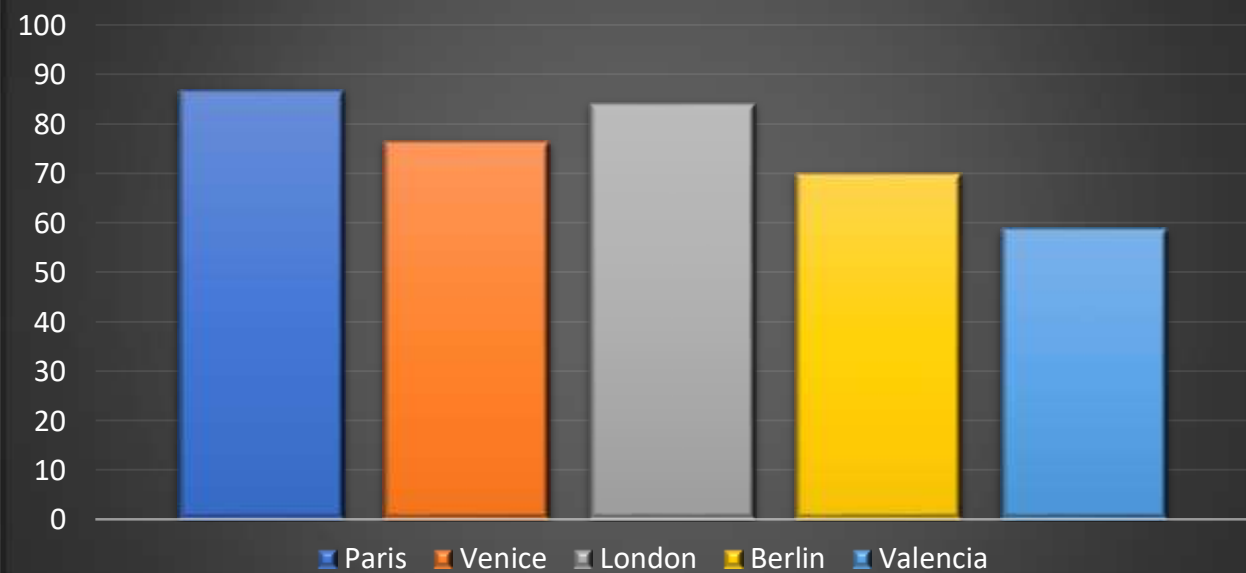


The TOP 5 cities' Cost of Life Index follows more or less the one of the countries they refer to. However London surpasses Venice. In fact London represents an outlier in the average cost of living of cities in Britain. The same could be said about Paris.

Countries' Cost of Life Index 2017



Cities' Cost of Life Index 2017



# TOP 5 COMMON DENOMINATORS:

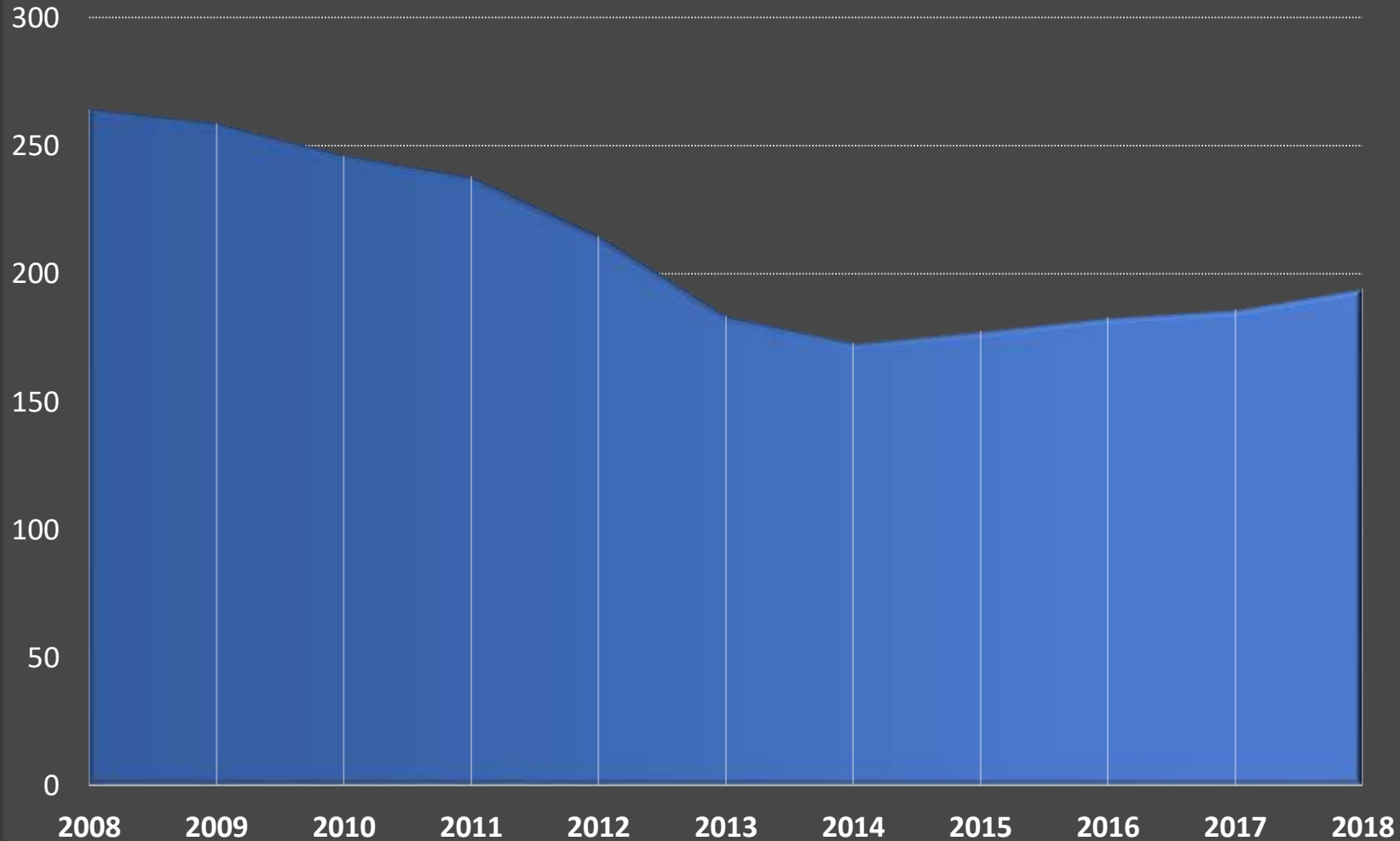
- English is commonly spoken. However some countries like Italy and France have low levels of english speakers outside major cities
- Europe has a long-term story of geo-political stability and market performance benefits from it
- European prime cities are rightfully recognized as the best ones for what concerns luxury, elegance and tasty food
- The strong dollar, which will not remain such forever, makes it possible to buy European properties at a relevant discount

# 1. VALENCIA

- One of the fastest growing cities in Spain and Europe (+13% y-o-y)
- Has not yet recovered to pre-crisis levels (-21,9%), but is doing it fast
- Thanks to relevant capital inflows huge infrastructural projects are under development
- The percentage of foreign investors on overall real estate transactions in central areas is more than 30%
- The city has an appeal level comparable to the one of Madrid and Barcellona but prices are about the half of the ones of the two main cities.
- Transactions up 18,2% year over year



# Average Price \$/Sqft Valencia



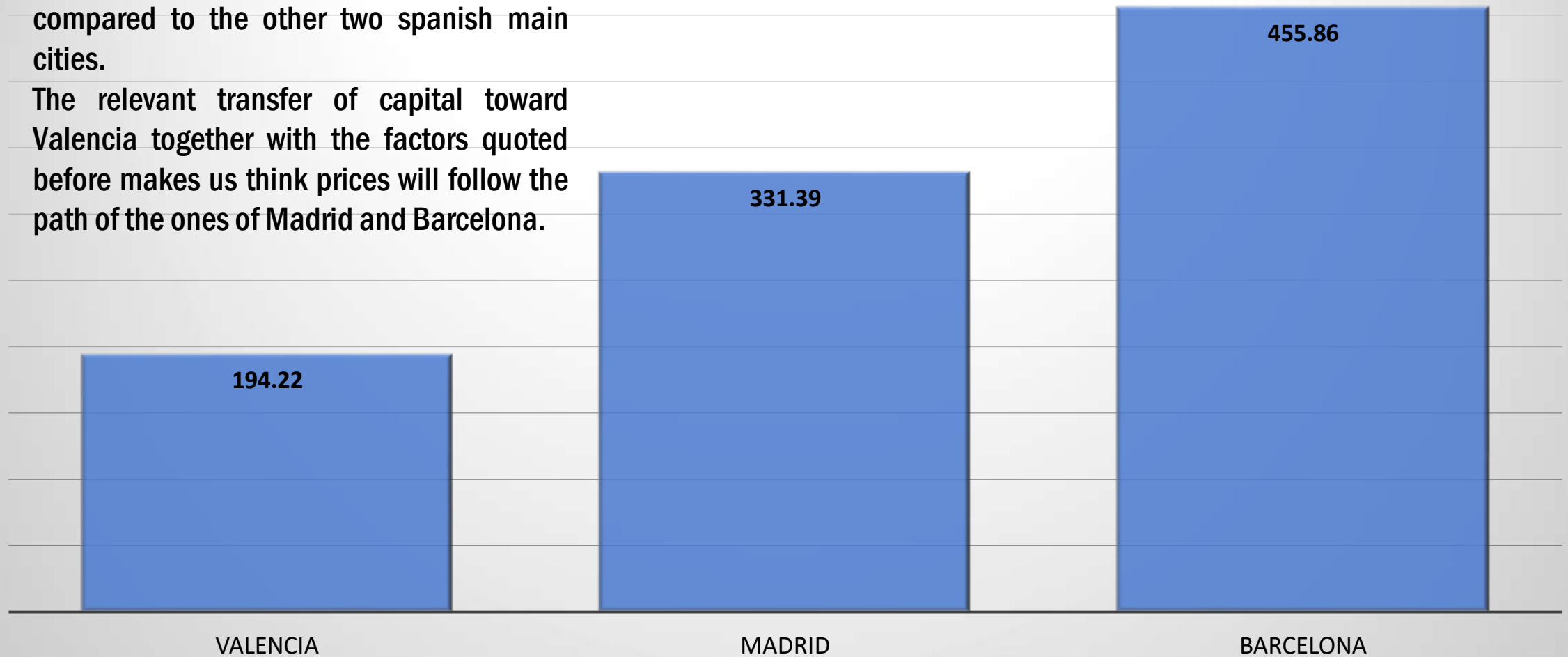
Valencia's house prices suffered from the crisis more than the Spanish average, reaching their minimum in 2014.

Since then the market started to regain territory, both due to the local market recovery and due to the increasing presence of foreign buyers.

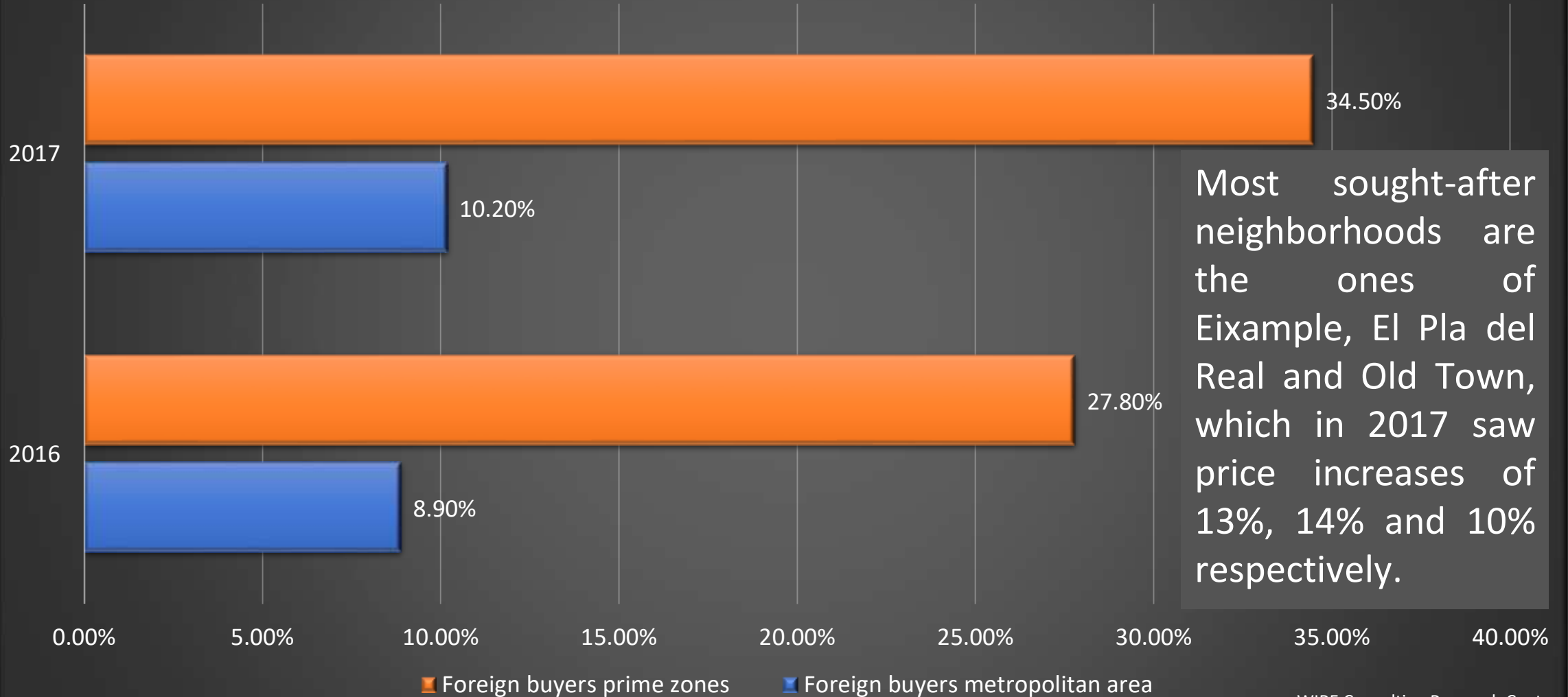
## Average Price \$/Sqft Central Neighborhoods

Valencia is priced at a big discount compared to the other two spanish main cities.

The relevant transfer of capital toward Valencia together with the factors quoted before makes us think prices will follow the path of the ones of Madrid and Barcelona.



## Percentage of Foreign Buyers on Total Closed Deals - Valencia

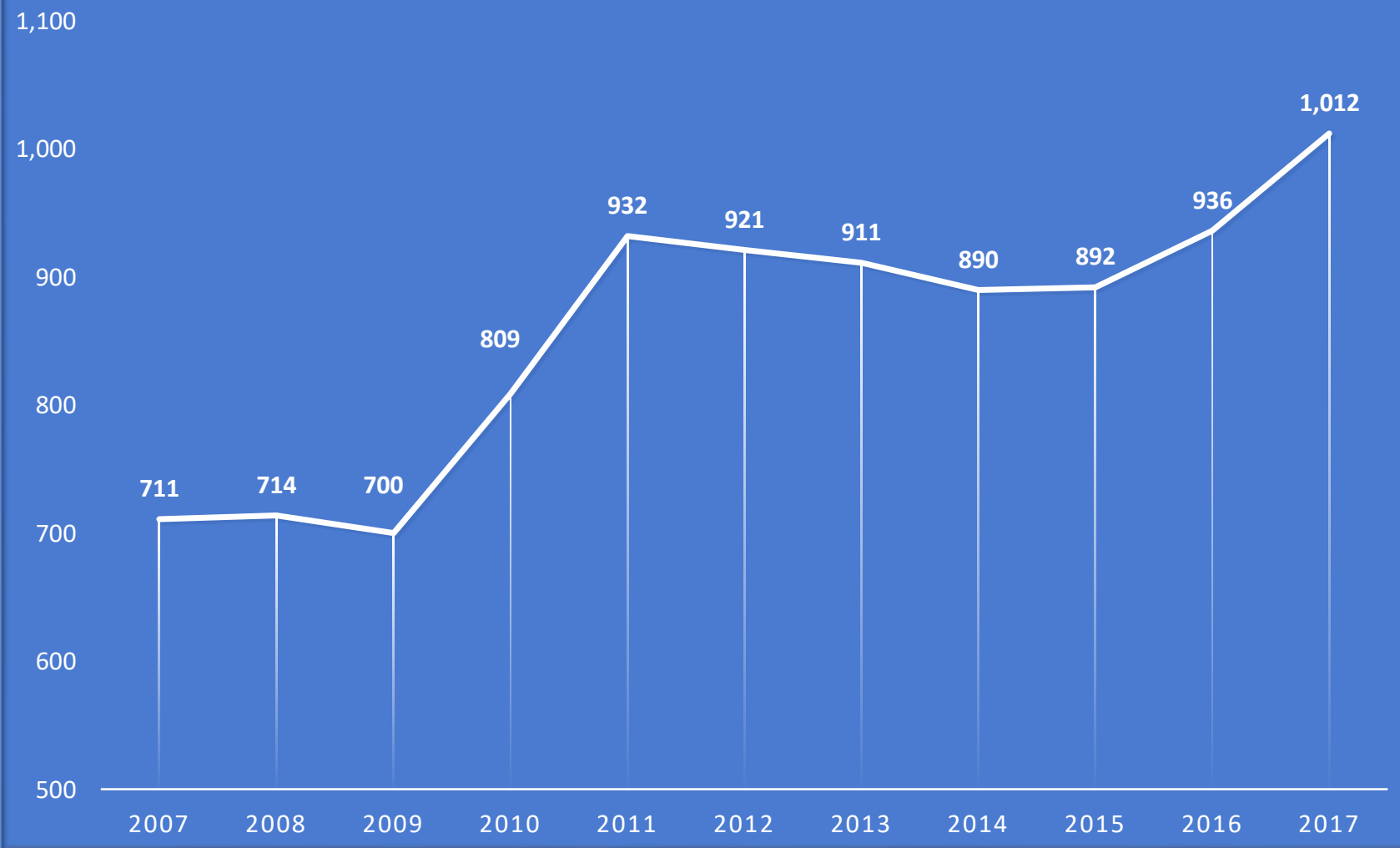


Most sought-after neighborhoods are the ones of Eixample, El Pla del Real and Old Town, which in 2017 saw price increases of 13%, 14% and 10% respectively.

## 2. PARIS

- **After a 5 year stand-by, due to political uncertainty, the market is moving**
- **An huge foreign presence grants a lot of liquidity**
- **The market remains solid during recession cycles, thanks to the low offer**
- **The city has fast reached its expansion boundaries, so the offer can't take the peace with the demand**
- **After Macron election lower taxes are expected**

# AVERAGE PRICE \$/SQFT PARIS



The crisis had no major consequences for Paris real estate. The city remains a stable and solid market, which offers relevant appreciation margins.

After a 5-year-long stand-by prices have started to rise in 2017 reaching 1012 \$/SQFT (+8,11%) and the pattern will probably go on in 2018, too.

The reasons for the low short-term volatility are to be found in the high transaction costs (about 7%) and the absence of a structured market for re-financing.

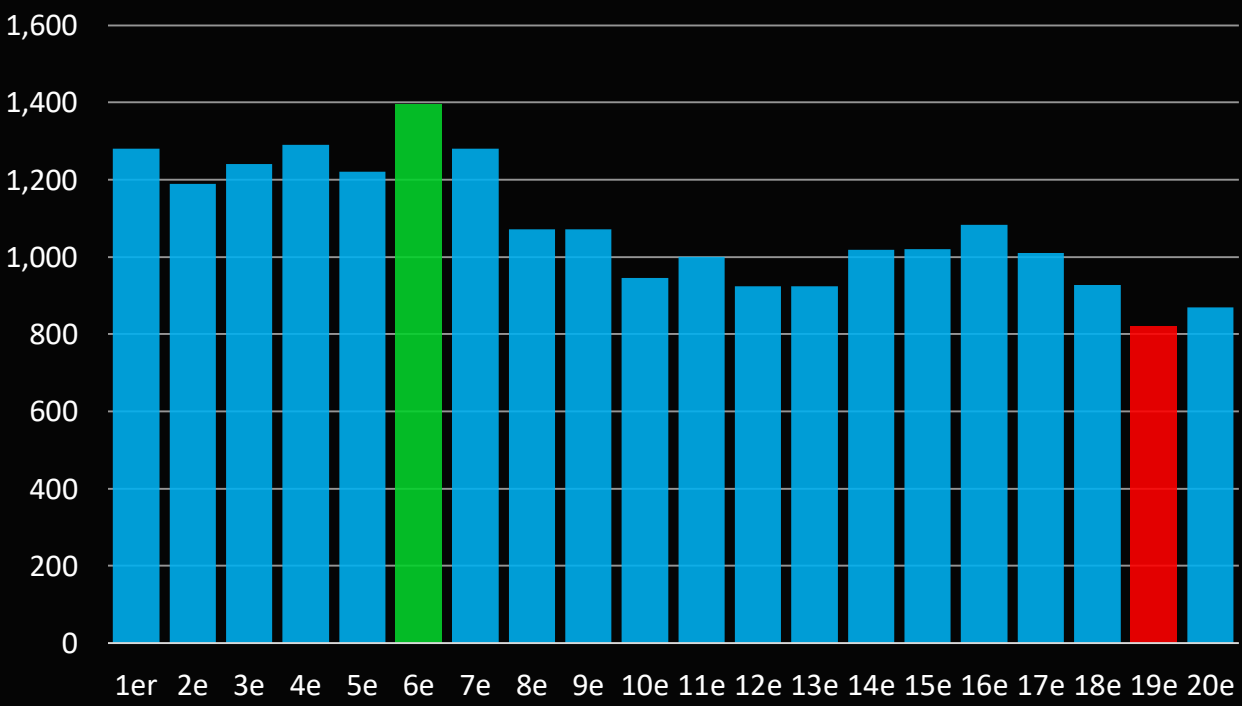
Prices differ significantly between different arrondissement, as well as their yearly growth.

**Values are higher in the 6<sup>o</sup>, 4<sup>o</sup>, 1<sup>o</sup> and 7<sup>o</sup> arrondissement where average prices exceed 1.226 \$/SQFT, with peaks of 3.345 \$/SQFT in the most exclusive buildings.**

**Even if the 6<sup>o</sup> and the 1<sup>o</sup> place themselves in the top 3 also for what concerns the yearly growth, the 4<sup>o</sup> and the 7<sup>o</sup> leave the place to many arrondissement historically considered as less relevant. This is due to urban requalification projects and less closed markets, which have a higher appeal for overseas investors.**

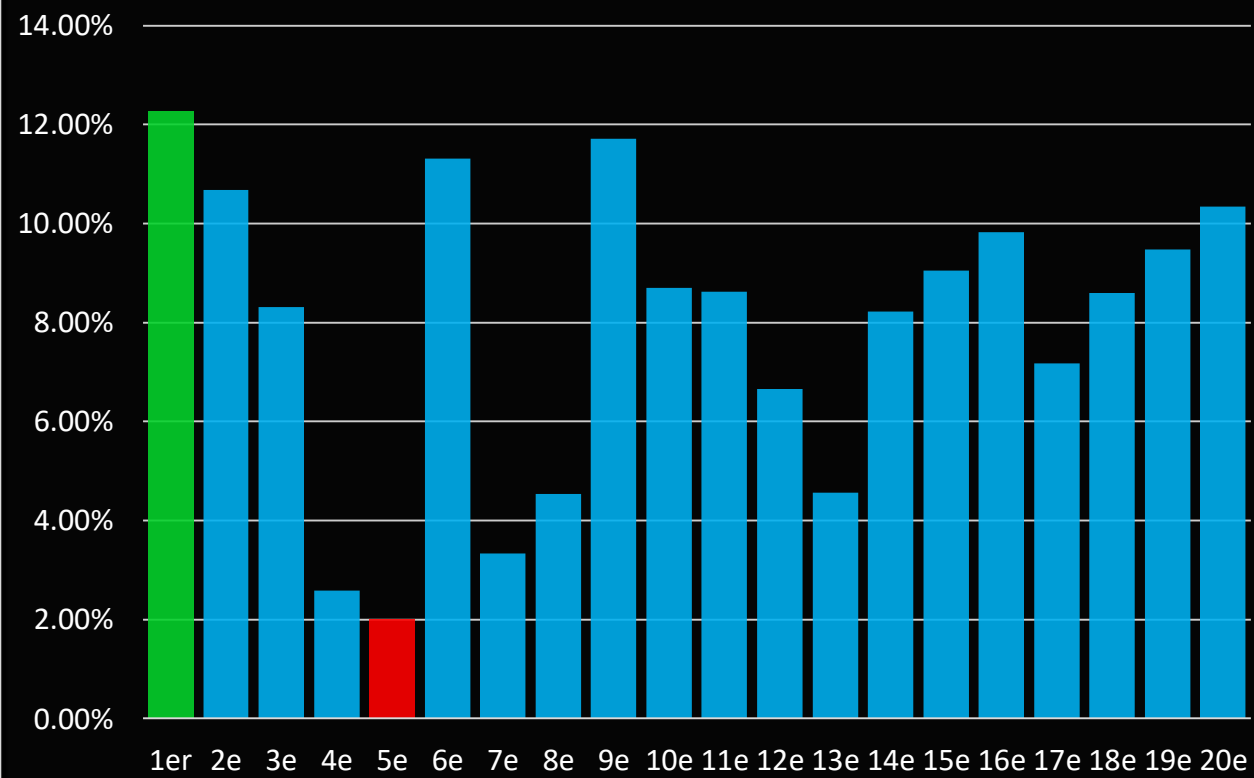


# Price per Arrondissement \$/SQFT (year-end values)



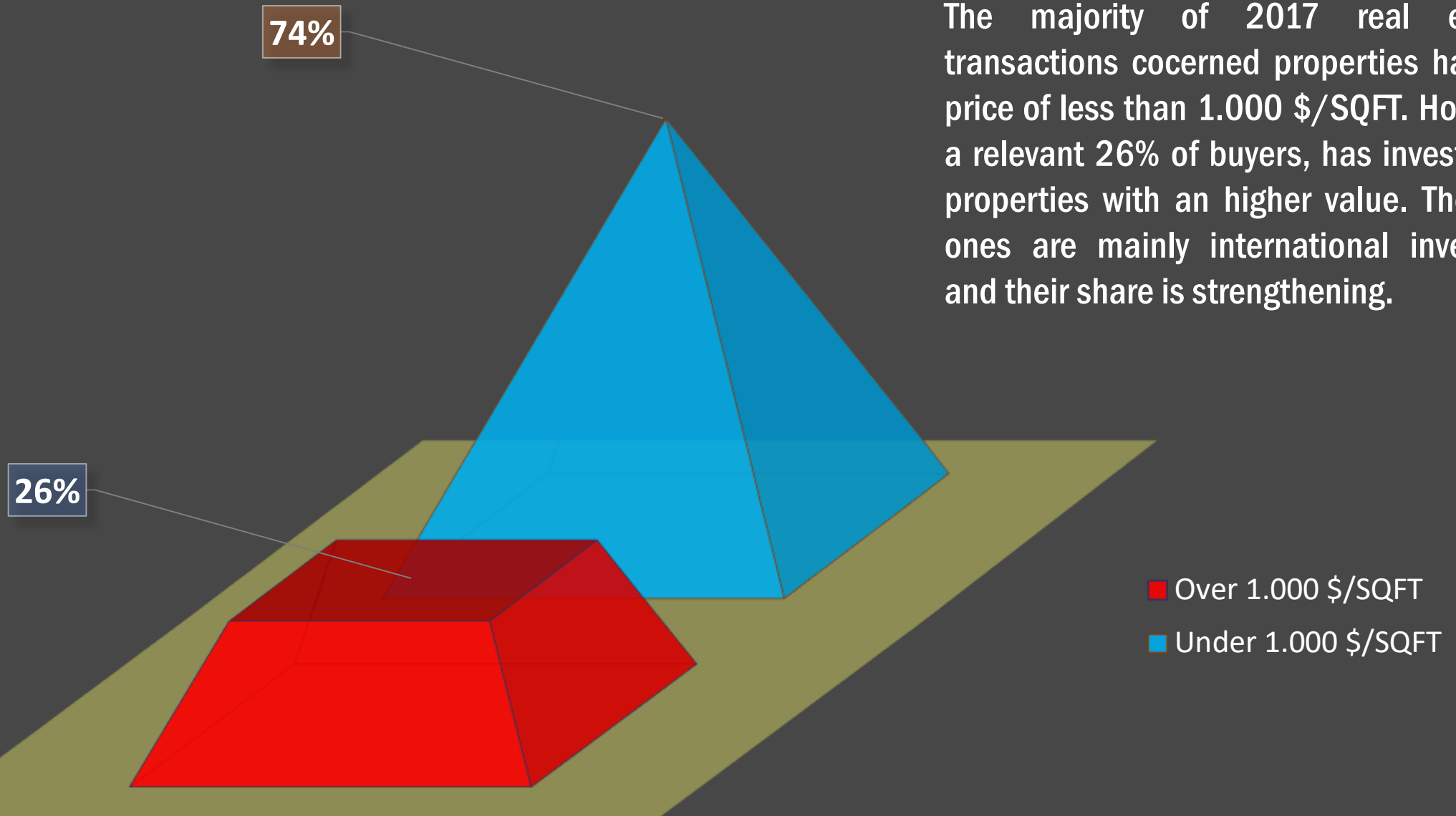
WIRE Consulting Research Center

# Price Growth % (year-end values)



# PARIS % OF REAL ESTATE TRANSACTIONS DIVIDED BY \$/SQFT VALUE

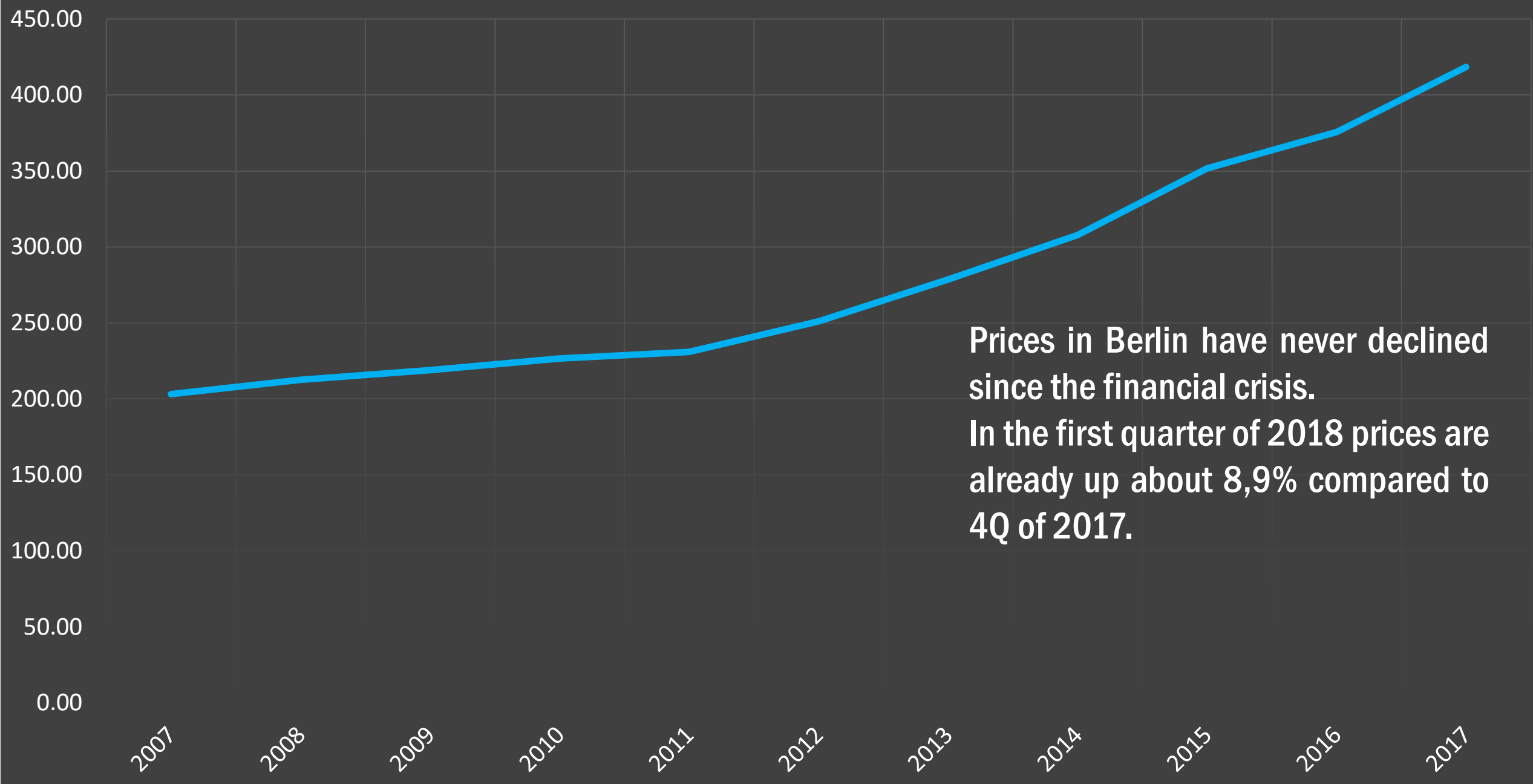
The majority of 2017 real estate transactions concerned properties having a price of less than 1.000 \$/SQFT. However a relevant 26% of buyers, has invested in properties with an higher value. The last ones are mainly international investors and their share is strengthening.



# 3. BERLIN

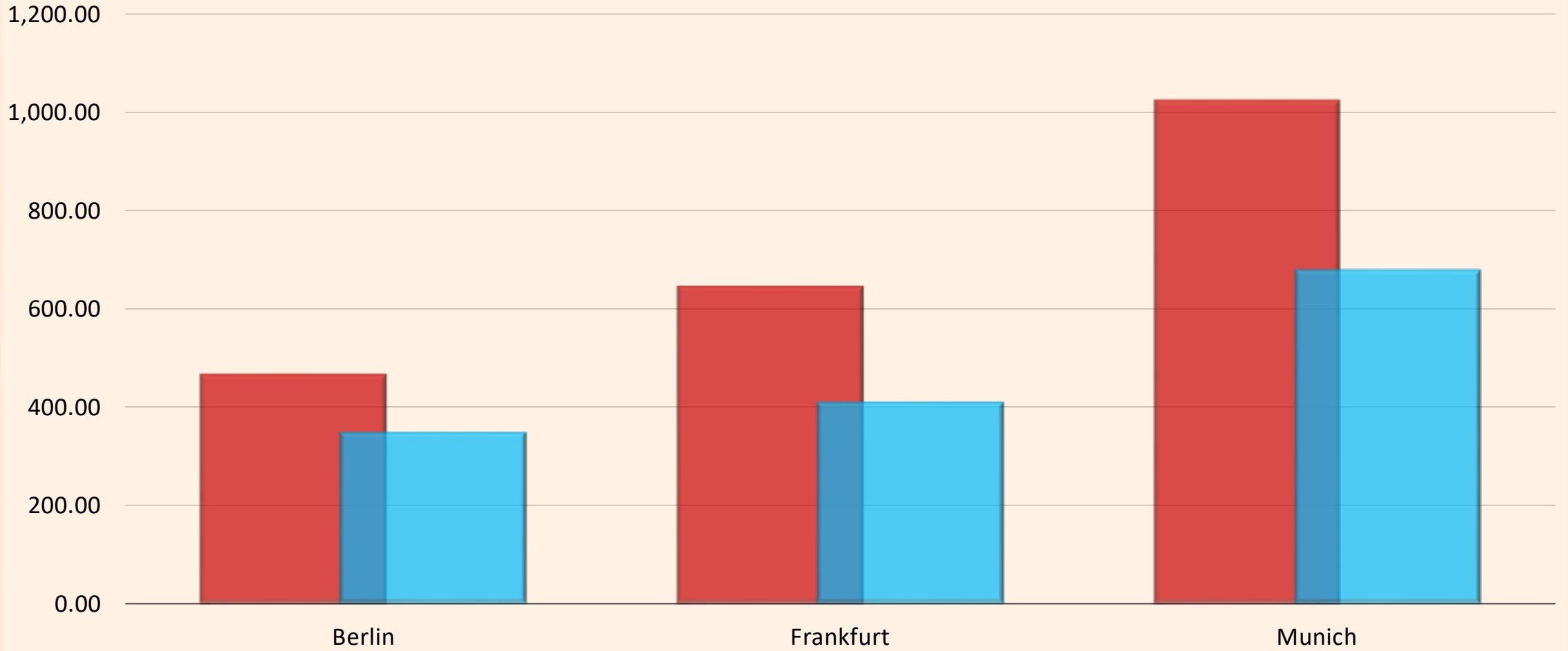
- It is one of the most active city in Europe, but house prices are lower than the most of many German and European cities
- Low level of private buyers indebtedness means a low correction probability and a stady increase in values
- German buyers tend to hold properties for long periods so the increase is not a result of a speculative process
- The influx of capital and people is so persistent that the offer can't satisfy the growing demand
- High rental yelds compared with other European prime locations. Payments are granted and supported by a strong legal system.

# Average Price \$/Sqft Evolution (year-end values) - Berlin



**Prices in Berlin have never declined since the financial crisis.**  
**In the first quarter of 2018 prices are already up about 8,9% compared to 4Q of 2017.**

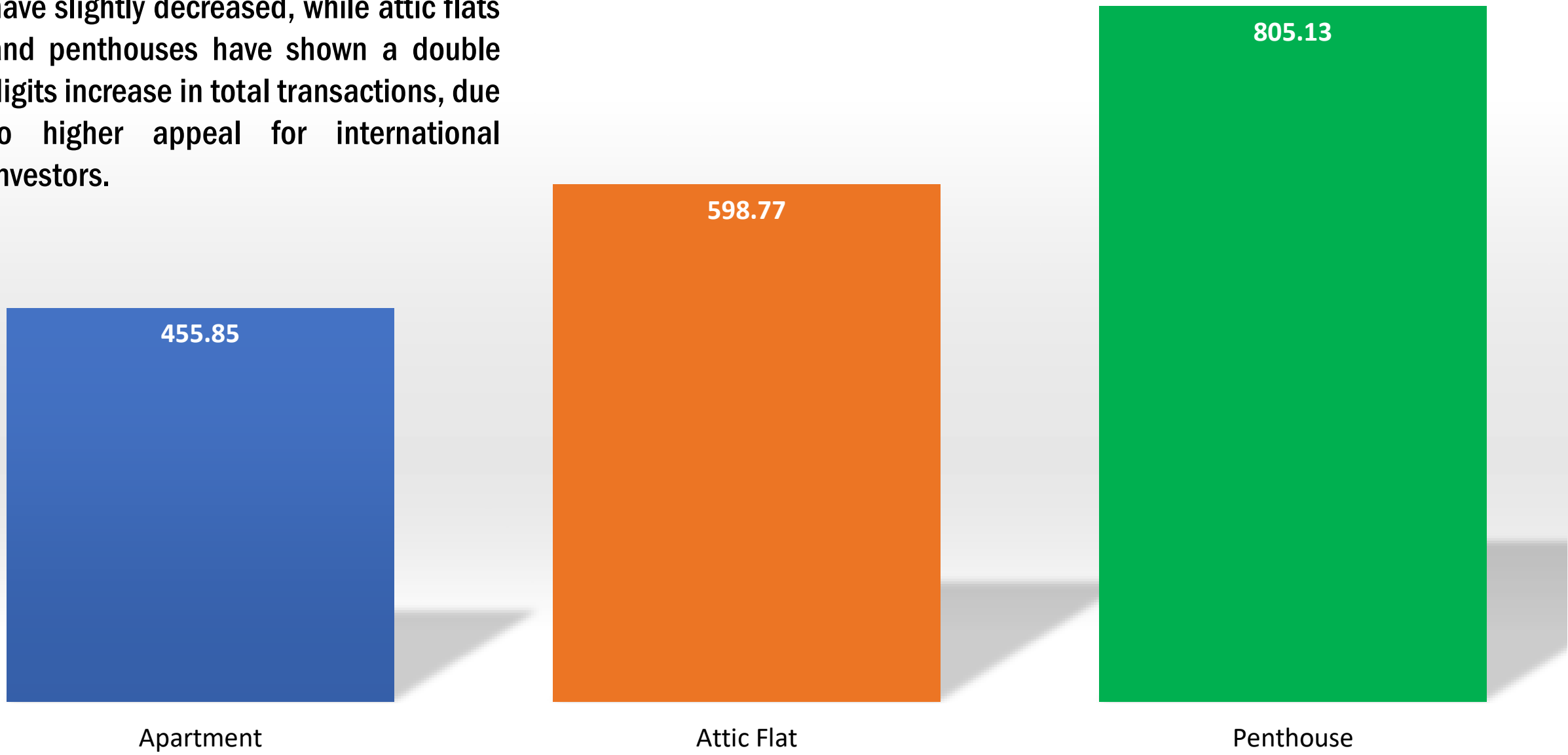
# Price \$/Sqft Main German Cities



■ City center ■ First-suburbs

# Average Selling Price \$/Sqft

In the last 5 years apartments sales have slightly decreased, while attic flats and penthouses have shown a double digits increase in total transactions, due to higher appeal for international investors.





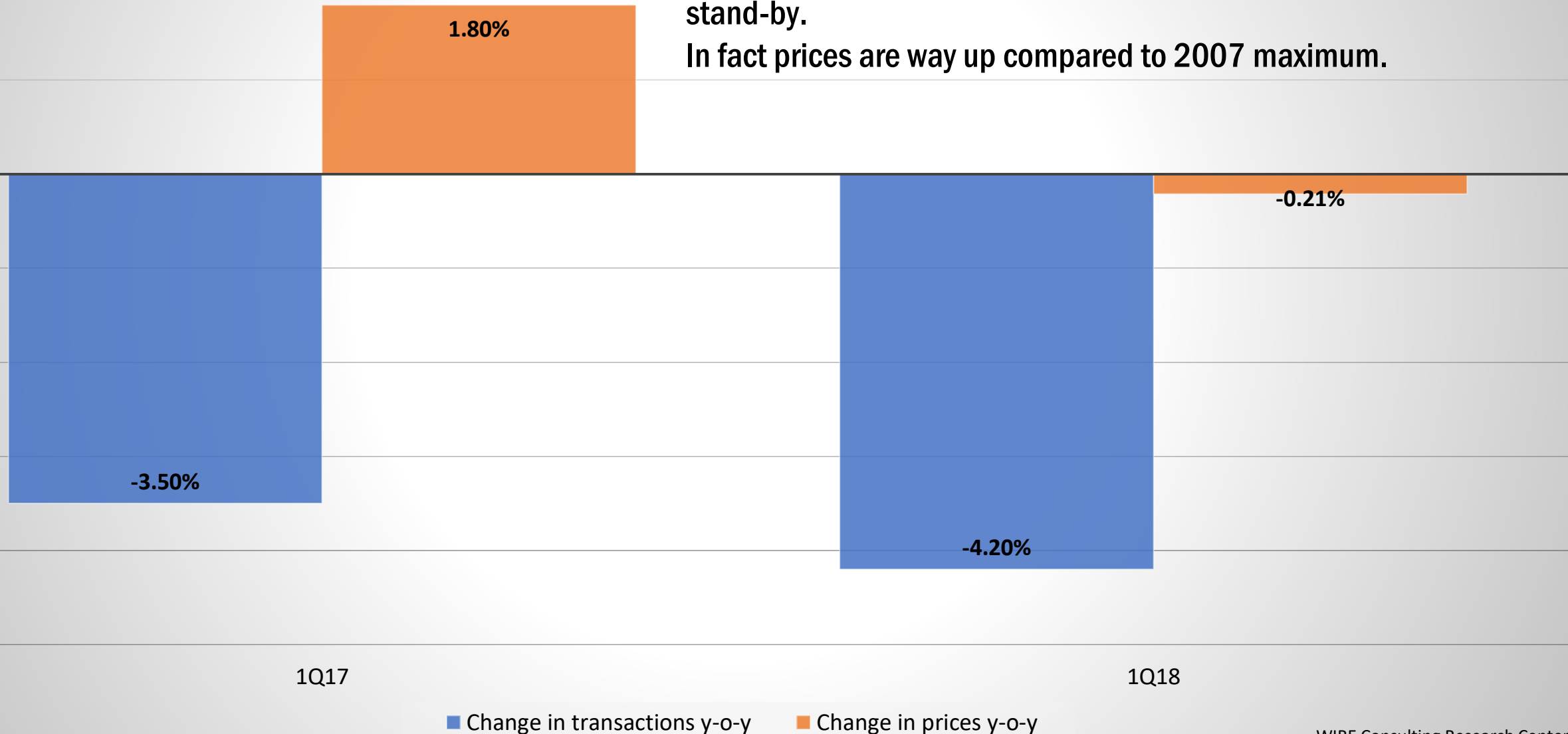
# 4. LONDON

- **English is the first language, allowing for an easier communication and a sort of «at-home feeling»**
- **Most developed financial sector in Europe, even after Brexit, which attracts high-income financial professionals from all around the World**
- **System of common law, more similar to the American one. That means faster legal resolutions than the most of Europe**
- **School system comparable to the American one**
- **While the city's market is in a slowdown phase, it will always remain a safe harbor, which prices will increase in the long-term**

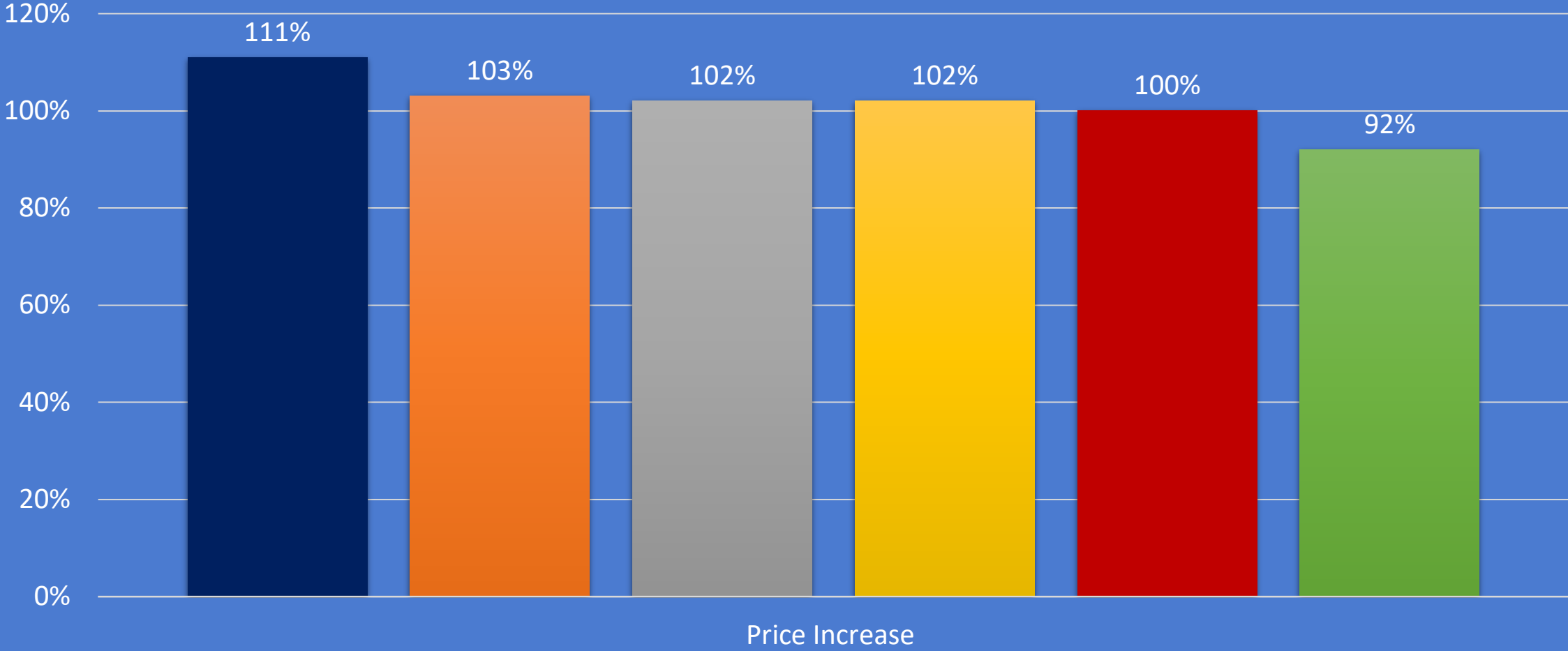
# Real Estate Market Recent Trends - London

Prices are going down because they have reached a speculative peak. They will not collapse but there will be a medium-term stand-by.

In fact prices are way up compared to 2007 maximum.

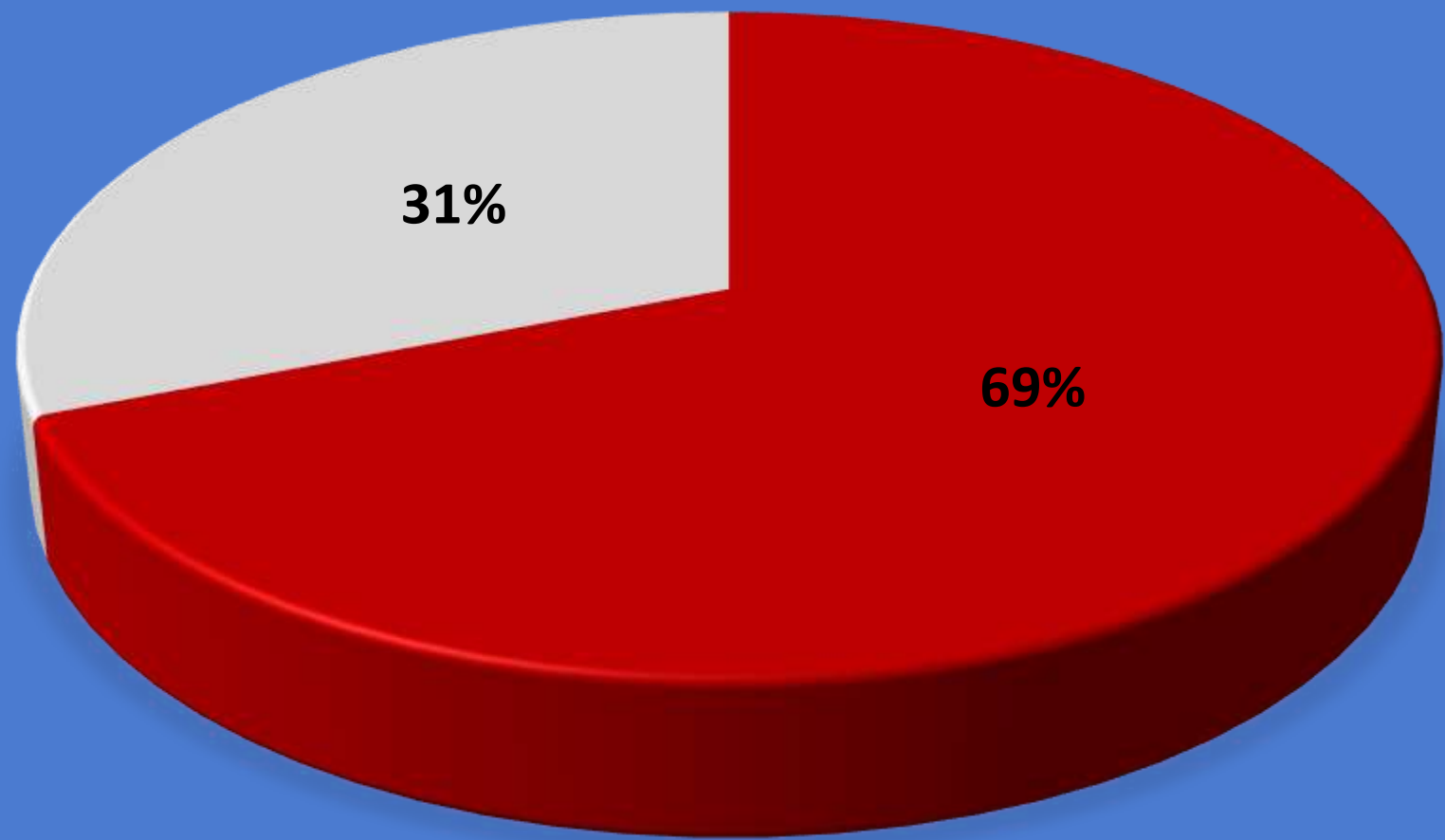


# Price Increase 2Q07 - 2Q17 Prime Central Areas



■ City of London ■ Southwark ■ Westminster ■ Kensington & Chelsea ■ Lambeth ■ Fulham

# INTERNATIONAL VS UK BUYERS



- Foreign Buyers (Nationality)
- UK Buyers

The ratio of international buyers to national ones in Central London is one of the highest in the World and is more than 2.

These means the market will always offer good levels of liquidity.

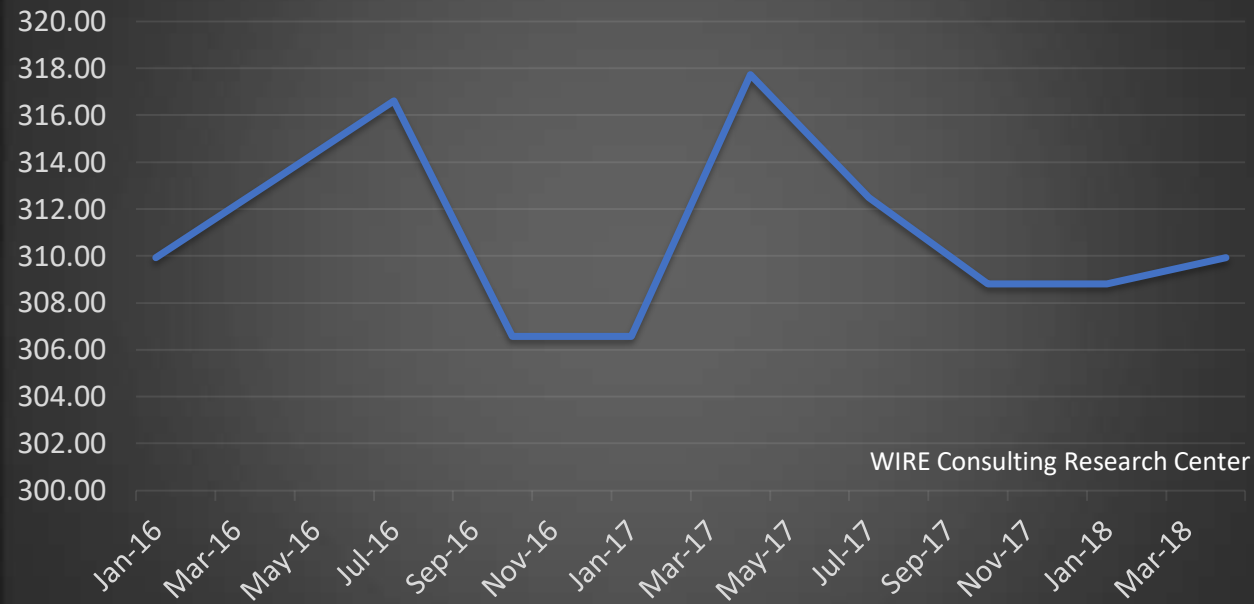
Considering the various nationalities involved in the process, we could assume that the market cannot be affected by issues related to a single foreign country.

Europe, Russia, the Middle East and North America are the homelands of the majority of those buyers.

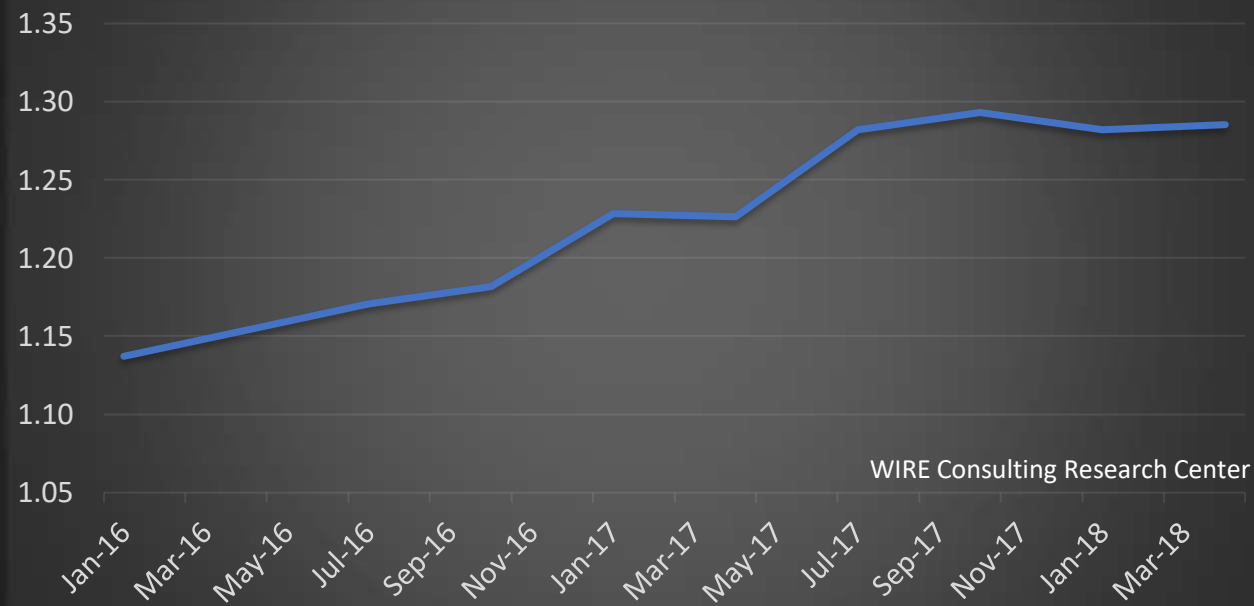
# 5. VENICE

- **It is the international city by definition. Between tourists and property owners there are more foreigners than locals throughout the whole year**
- **The market is heavily underpriced due to italian homeowners next-generation trying to sell, maintaining the offer high in the short-term**
- **Property taxes are lower than in most of italian main cities**
- **The uniqueness of the city makes it a wonderful place to own a property both for private use and investing (the city charm will never fade, granting a never collapsing demand)**

### Average Price €/Sqft Venice Municipality



### Average Rent €/Sqft Venice Municipality



The average values regarding prices and rent in Venice municipality could seem quite low at a first glance. The reason is that the Municipality encloses also some big independent areas outside the island.

Taking into account only the city of Venice average prices per square meter in the cheapest neighborhoods are at least 390 \$/Sqft, with an average of about 545,37 \$/Sqft considering only the central island.

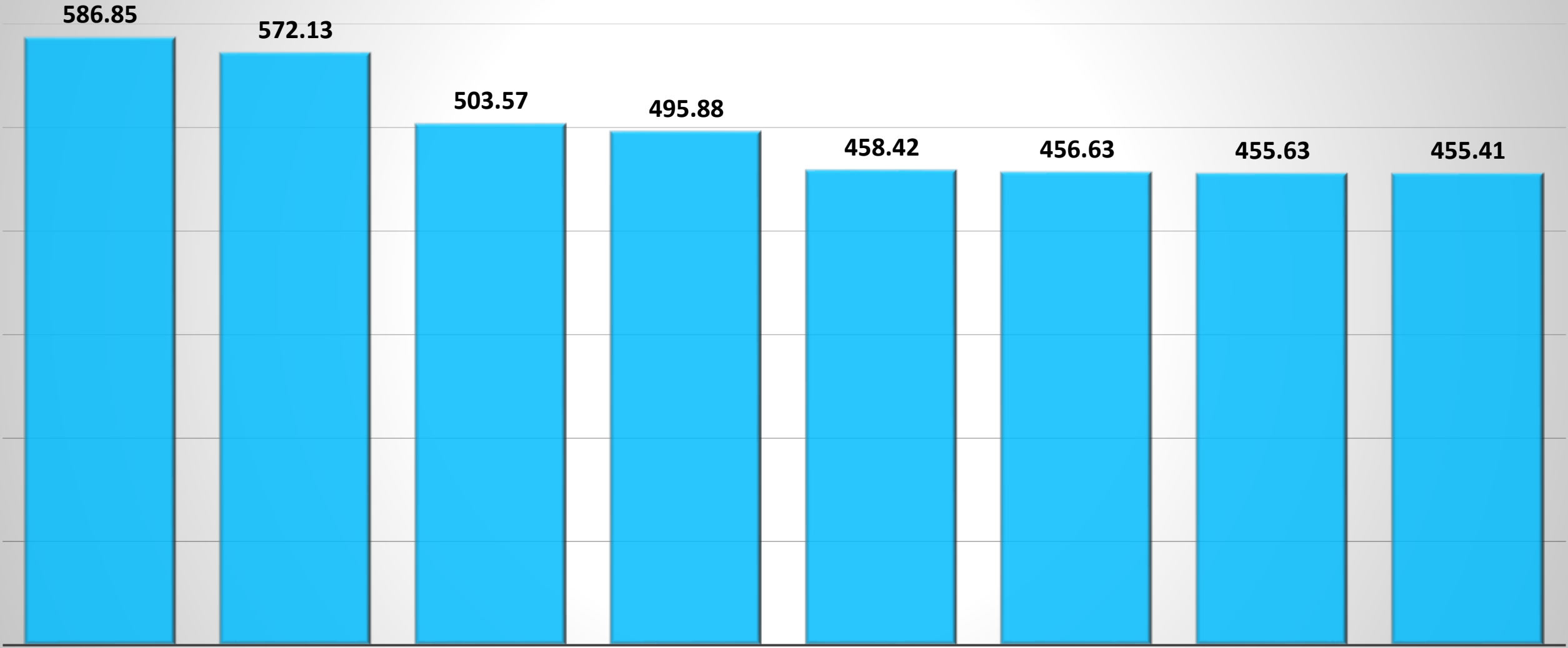


**Average prices in Prime Zones like Canareggio and San Marco are over 555 \$/Sqft. However those means include many old buildings needing restructuring and properties located in side/hidden areas of the neighborhood.**

**Luxury properties fully restructured and in top-locations with views on the most sought pieces of the city have values which usually range from 1.338 \$/Sqft to 2.230 \$/Sqft.**

**It is the case of the nobile floor of a restructured *Palazzo* giving direct access to the *Canal Grande*, while being near to a tourism hotspot like San Marco Square.**

# Average Price \$/Sqft Prime Zones



DORSODURO EST    SAN MARCO    SAN POLO    SANTA CROCE OVEST    GIUDECCA    CANAREGGIO SUD    DORSODURO OVEST    CASTELLO OVEST