



Catella: Start-ups and the European real estate industry – a boost for innovation

The new Catella Market Tracker concludes that start-up numbers and the development of appropriate infrastructure are highly important to property market competitiveness – especially for cities that want to benefit from Brexit.

Start-ups seem to be an increasingly dominant factor when we examine different indicators of sentiment regarding the outlook and dynamics of real estate locations, or regions globally. Catella has identified 3,515 start-ups in six European investment locations, and has analysed their role in local and international markets.

“The number of start-ups and the development of appropriate infrastructure are very important in the current location competition in Europe,” explains Dr. Thomas Beyerle, Head of Group Research at Catella.

While large property markets like Paris (718 start-ups), Frankfurt (289), Berlin (708) and Stockholm (236) have limited numbers of these entrepreneurial companies, the smallest market, Dublin (1,220), has the most. This is important, especially with the ongoing discussion of who will benefit from Brexit out of London, because the innovation capacity to become the fintech centre in these cities matters in this beauty contest.

A functional start-up ecosystem forms a foundation from which a potential property area can develop in subsequent years. This foundation will determine decisions on relocation. Soft factors like quality of life and career opportunities will also play an important role, but are difficult to quantify.

“Despite the current euphoria, start-ups themselves are a sufficient, but not mandatory, market mechanism for the future viability of functional office markets in Europe. As a boost for innovation, they are no doubt hugely important, as they can lead to significant change in service industries and in each city,” concludes Dr. Beyerle.

The extensive implementation of mixed-use concepts demonstrates a change of mind-set in the modern working environment, with the lines between work and private life becoming increasingly blurred. Flexibility is also evident, with the increasing use of new office concepts, including pay-per-use. This is particularly relevant for start-ups since they can occupy office space without expensive long-term commitments.

The complete Catella Market Tracker Report “Innovation, start-ups and real estate locations in the 21st century” is available at catella.com/research.

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