Overview
ULI Europe’s Residential Council brings together a diverse group of professionals who are passionate about the creation, expansion and retention of high quality, affordable housing in European cities. Members believe in the importance of housing as a key success factor for vibrant, dynamic and economically successful cities. Council meetings capture the views of both ULI members and experts in the field on all types of residential property across Europe, and are a forum for sharing ideas and experiences from around the world.

At the 2018 council meeting in Berlin, the group toured Lighthouse, an affordable housing case study in Steglitz. This was followed by an afternoon of presentations and discussion at the Hines offices in the Sony Centre. These included a presentation on ULI’s housing affordable game, a review of the Warsaw housing market and presentation of the preliminary results of the council’s research on housing affordability in Europe.
Site visit to Steglitz

Led by Xavier Jongen,
Catella Real Estate
Lighthouse Berlin is an affordable housing project in Steglitz, in the south-west of Berlin. The project tells the tale of 40 years of affordable housing in one building. Lighthouse was, interestingly, an export product of socialist Eastern Germany to capitalist Western Germany during the détente. It aimed to show the West how to build and operate good and affordable housing for all. It was originally built for tenants of the German postal workers. Catella bought this prefabricated social housing complex in 2008, with 235 residential units consisting of a mix of 1, 2, 3 and 4 bedroom units. It undertook a refurbishment programme in 2015 aiming to keep it as an affordable housing project, but under market conditions, which included considerable investments into sustainability.

Key takeaways:
- Lighthouse is a pioneer lower-class affordable housing project in Berlin. This type of centrally located social housing is perceived as a stable investment with a robust cash-flow.
- The long-term objective is for Lighthouse to remain affordable to key workers, pensioners, students and families, and retain its diverse population in Berlin. 20 percent of residents are still postal workers.

Sony Center site visit

Led by Anna-Lisa Mauch
Oxford Properties
Sony Center is a mixed-use complex including office, retail, and leisure space with a central public space. The center is nearly 100 per cent leased, to tenants including the German rail company Deutsche Bahn and Facebook. The Sony Centre is at the same time public and private, bounded and unbounded, sheltered but not enclosed.

Key takeaways:
- From the perspective of investors, the €1.1 billion purchase of the Sony Center by Oxford Properties in October 2017 was a game changer for Berlin, sending a clear signal that Berlin is attracting a new level of attention from international investors.
- In ULI and PwC’s Emerging Trends in Real Estate Europe 2018, Berlin has been the top-ranked city for investment prospects the last four years. Reflecting this, companies are choosing cities where people want to work and live, and Berlin is a very liveable place.
- While there is significant growth potential in office and residential rents in buildings like the Sony Center, rents in Berlin are still significantly below other cities in Europe.
- One residential building partly owned by Oxford Properties has 140 private apartments with more than 100 nationalities.
- Rent for residential units in the Sony Center is €14-15 per sqm per month with an additional €5 per square meter service charge. This is on the higher end of housing in Berlin, the target market are short-term tenants and expatriates.
Affordable housing in Warsaw

Kazimierz Kirejczyk, REAS Residential Advisors
Kazimierz, a residential council member spoke about affordable housing in Warsaw.

Key takeaways:
- The Warsaw housing market consists of 8 percent social housing, 12 percent free market rent and 80 percent cooperative ownership. These figures are constantly changing.
- New affordable housing concepts are being developed in Warsaw through a State-owned fund where apartments will be offered for rents capped at PLN 10 to 20 per square meter per month. Additionally, there will be a rent-to-own option at a cost of 20% over the regular rent.
- These units will be available to all residents of Poland, but the fund will maintain a waiting list, giving priority to families with children and low income earners.
- Wilanow District is the largest single greenfield residential development in Central and Eastern Europe.

Affordable Housing Game: Amsterdam and Dublin findings and learning lessons

Elizabeth Rapoport, Content Director, ULI Europe
Elizabeth spoke about the Affordable Housing Game - a new initiative from ULI Europe and the city gaming company Play the City that brings ULI members and partners together to develop innovative and collaborative approaches to increase a city’s supply of affordable housing. The Affordable Housing Game is a fast-paced, multiplayer strategy game in which players compete to develop proposals for affordable housing projects that will address areas of identified housing need in their city. In 2017, ULI Europe members with city stakeholders played the game three times, twice in Dublin and once in Amsterdam.

Key takeaways:
- For both Amsterdam and Dublin the biggest affordability challenge is around middle-income residents—households who do not qualify for social housing but cannot afford to pay full market rates.

“It is assumed that the increase of supply of new rental units will have a positive impact on market rents and prices, by making them lower and more affordable”.

Warsaw – the largest residential market in CEE

Warsaw has 517 sq. km and 1.75 mill inhabitants (unofficially approx. 2.1-2.3 mill)
Warsaw Metropolitan Area – approx. 3.2 mill

For comparison:
- Berlin: 892 sq. km; 3.5 mill
- Bucharest: 228 sq. km; 2.1 mill
- Munich: 310 sq. km; 1.4 mill
Both cities have ambitious new housing policy agendas designed to increase homebuilding. In Rebuilding Ireland, the Irish government sets out an objective to double the rate of homebuilding in the country over the next five years. The Amsterdam city government’s Woonagenda 2025 requires all new housing construction to consist of forty per cent homes for social rent, forty per cent middle income homes and twenty per cent market rate. It also sets a target of building 50,000 new homes by 2025 and a minimum of 1,500 mid-segment units annually.

In the housing game, each player is assigned a role, such as developer, investor, or policy maker. Players are given roles that differ from what they do in their everyday jobs, to challenge them to take a different perspective.

Sites are real parcels that the government in each city had identified as potential locations for affordable housing development. Players also select the type of housing they would like to produce from a group of 3-D printed models of real affordable housing projects.

A common theme in all three games is that affordable housing is not just about housing. Players focused not just on housebuilding but wider range of issues included high-quality public space, cultural and educational infrastructure, and collective work places. Particularly, transport infrastructure is a key part of the affordability equation.

“Each city has a different set of problems, and a different set of solutions.”

Europe housing affordability research

Yolande Barnes
Director of World Research, Savills
There is a pressing problem of housing affordability in many cities around Europe, where there is a rise in housing costs as a percentage of household expenditure and falling homeownership rates. The ULI European Residential Product council, in partnership with Savills, has developed a novel method to compare housing affordability internationally that focuses on people, not buildings. Yolande, a council member, presented the preliminary results of this pan-European research project that compares housing affordability across five European cities: Amsterdam, Barcelona, Berlin, London, and Warsaw.

Key takeaways:
- While housing affordability is a shared challenge across European cities and countries, it can be difficult to find meaningful ways to compare experiences and learn from each other. Definitions and measurements of affordability vary between countries.
- The research looks at the experience of different types of households with lower, median and upper quartile disposable incomes.
- In Berlin, it is normal to pay about 40 per cent of disposable household income on rent. But this varies by type of households. Young families might pay as much as 50 per cent. People on median income might pay more than those in on a lower income.
- The short-term costs of renting are lower than owning, but the lifetime costs of owning outweighs this.
- People are paying 20 per cent less on mortgage payments than in rent in most cities.

Following the presentation, the group shared their feedback on the research findings. The consensus was that there is no single silver bullet for solving affordability, and also that affordability is a complex and multi-faceted problem. Council members also welcomed the idea of expanding the dataset from other cities in Europe. The research builds on the Residential Council’s affordability programme of work. A working paper will be available in summer 2018.
Members and guests of the Council

David Albertini, Risanamento S.P.A  
Yolande Barnes, Savills  
Nicolas Bearaëlle, Re-vive  
Clare Breeze, Macfarlanes  
Marcus Cieleback, Patrizia Immobilien AG  
Michiel de Bruine, Bouwinvest  
Sigrid Duhauel, BNP Paribas  
Rosemary Feenan, JLL  
Annette Galskjøt, IFHP  
Raghad Gandhi, National Real Estate  
Brian Klinksieck, Heitman Financial UK  
Ronald Huikeshoven, AM  
Xavier Jongen, Catella Real Estate  

Nick Jopling, Square House Consultancy  
Kazimierz Kirecyzk, REAS Residential Advisors  
Giovanni Maria, Vital & Co. Real Estate  
Alex Milojevic, Catella Real Estate  
Marijke Nas, Dura Vermeer Divisie Bouw en Vastgoed BV  
Lars Rompelberg, Fakton Capital  
Christian Schouten, Bouwinvest  
Giancarlo Scotti, GCS Partners SRL  
Eric Thelan, City of Amsterdam  
David Woodward, GAA  
Daan van Aert, Kempen Capital Management  
Adel Yahia, IMMOBEL

About ULI Europe
The Urban Land Institute is a global, member-driven organization comprising more than 40,000 real estate and urban development professionals in 76 countries dedicated to advancing the Institute’s mission of providing leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. In Europe, we have over 3,000 members.

European Councils are forums for industry leaders to meet, exchange ideas, share best practices and foster thought leadership in their specific sector of the real estate market. Consisting of a genuinely international membership, the councils provide a unique platform to learn from peers in the same sector who are operating in different geographical markets, as well as help shape the future of pan-European real estate.

Join us today
The success of ULI’s Product Councils relies on the active participation of our senior executive full members. If you would like to share your expertise and be involved in shaping the future of real estate in Europe, please contact the relevant Chair or Jacqui Collins at jacqui.collins@uli.org for information on applying to join a Council.

https://europe.uli.org/join