

# European Living Sector: Navigating Diverse Realities



Multiple Impact  
One Purpose

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**Boutique consultancy and advisory firm, specializing in operational asset classes: senior living, healthcare (preventive, cure and long-term care)**

**Active in pan-European markets, both mature and emerging**

**Focused on coaching, strategy, concepts and investments**

# Structure

1. Scope
2. Qualitative drivers
3. Sub-asset class specifics
4. Comparison CEE vs. Western Europe
5. Key takeaways

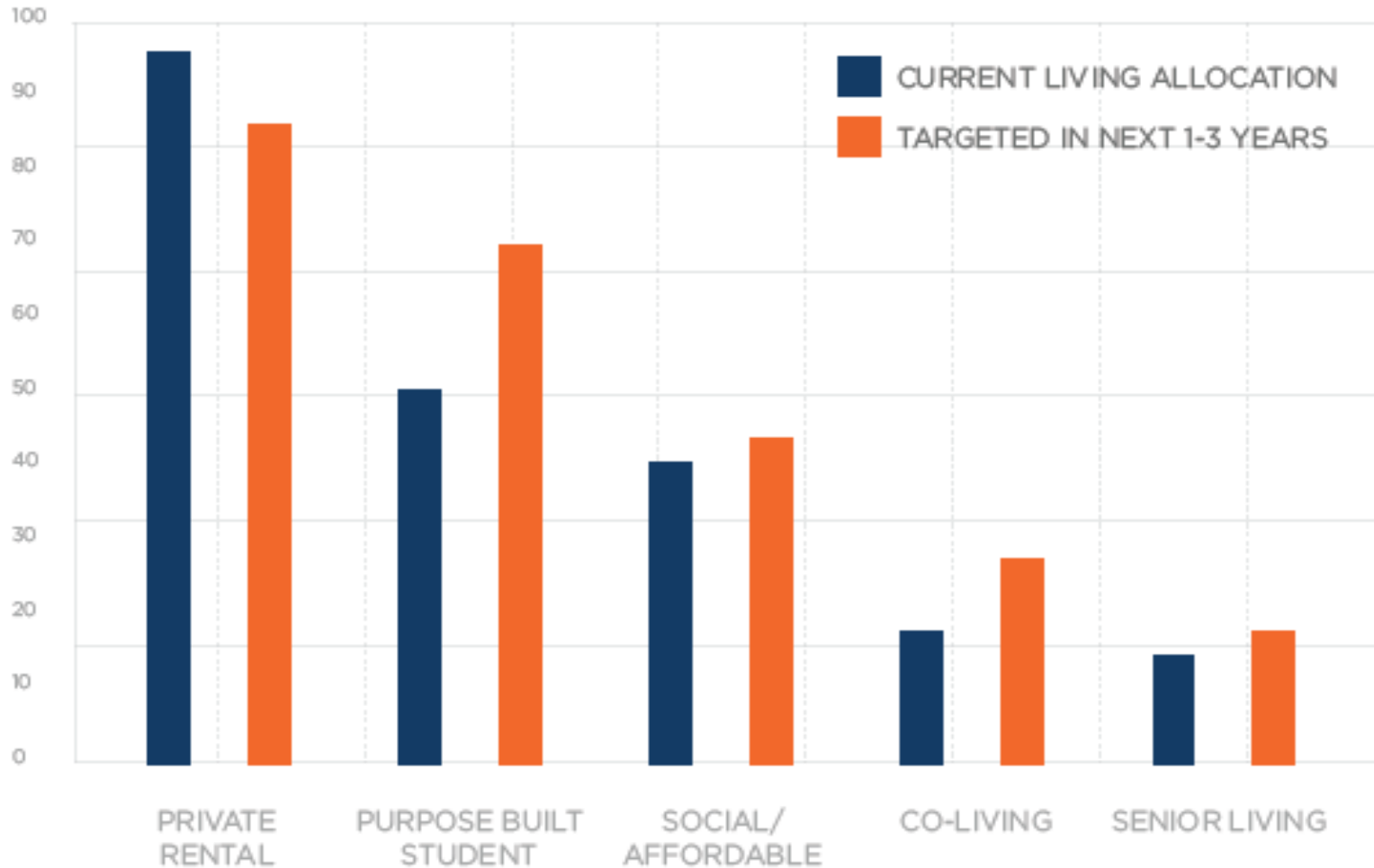


# The European living sector - evolution

- Rapidly expanded over the past couple of decades
- Residential market share increased from 6% in 2007 to 22% in 2023
- Range of living: families, young professionals, students, seniors, co-living communities
- €70-85 billion per year over the next 5 years, as per the “EMEA Living Sector Survey” by Cushman & Wakefield



## INTEREST ACROSS LIVING SEGMENTS IS BROAD WITH PRS AND STUDENT ACCOMMODATION SEGMENTS MORE POPULAR\*



Source: Cushman and Wakefield, February 2024 \*Percentage of respondents citing the following segments in response to the question 'which segments of the living sector are you currently invested in and which segments are you targeting in next 1-3 years?'



# Demographically driven demand and societal change

- Urbanization and smaller household sizes = housing demand ↑
- Affordability challenges and declining home ownership = private rental and affordable housing ↑
- Growing student population = student accommodation need ↑
- Ageing population and declining birth rates = senior living demand ↑



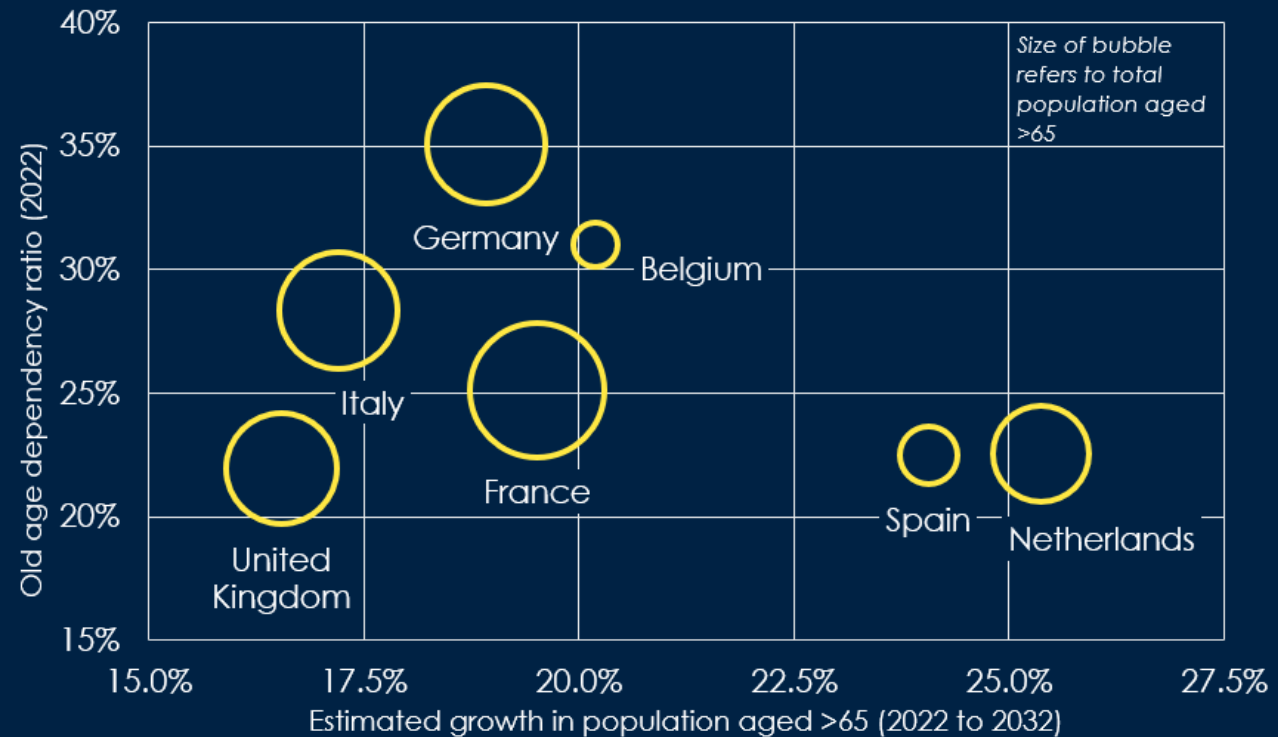
## Europe's ageing population will underpin future demand

**75.5 million** people aged over 65 years old across the 7 countries

**25%** growth in the number of over 65 year olds in Netherlands & Spain over the next decade

Germany's old age dependency ratio is forecast to rise to **45%** by 2032

Europe's ageing population



Source: Oxford Economics

**In Poland around 40% in 2050**



# Matching consumers with investments

- Consumer behavior varies based on cultural norms, economic conditions and generational preferences
- Qualitative aspects ➤ understanding deeper motivations and emotions that drive individuals' housing choices:
  - Lifestyle preferences
  - Social dynamics
  - Emotional attachment
  - Sense of belonging
  - Perceptions of quality
  - Personalization





# Matching consumers with investments

- Aligned:

*Consumer demand* ↔ *Economic growth*

- Conflicting:

*Affordability issues*

*Regulatory concerns* ↔ *Market speculation*

- Balancing consumer demands with financial objectives crucial for sustainable growth

# Operational expertise

- Investors express their desire for operational security
- PRS, student and retirement living: lighter operational structure ➤ emphasis on living experience over services
- Long-term care: more operationally intensive, emphasis on services over living experience

# CEE vs. Western Europe

## Similarities:

- Economic growth and development: Poland, Hungary, Czech Republic
- Urban living and modern housing solutions
- Demographic changes

## Differences:

- Economic disparity: income levels, purchasing power
- Housing affordability:  $\neq$  countries, regions, cities, social groups
- Housing market maturity: CEE less mature and regulated (investment practices, financing options and legal frameworks)
- Cultural and social factors: norms, preferences, lifestyles, history



# Key takeaways

- Huge growth potential: the European living sector offers diverse range of classes catering to varied needs, from traditional family homes to innovative co-living spaces
- Specific operational side: focus on consumer behavior, operational efficiency and living experience crucial for attracting and retaining tenants
- Geographics: varied legislative landscapes across Europe impact planning permissions, funding mechanisms, and operational models, requiring adaptive strategies



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