

# Redevco aims to grow its residential development pipeline to 10,000+ units to enter top ranks of European residential managers



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One of the biggest challenges facing European societies is the severe shortage of modern, affordable, and sustainable housing supply in our cities in the face of soaring demand. The housing crisis leads to growing inequality, delayed family formation for young people unable to find homes and increased political polarisation fed by the perception of widening social injustice. But Europe's huge unmet demand for new homes also offers compelling investment opportunities for ESG-focused investors seeking defensive counter-cycle, long-term stable and usually index-linked income returns, balanced by strong societal and climate impact components.

The main drag on realising the full potential of the residential investment asset class is a lack of stock. We're simply not building enough homes across Europe, due primarily to a lack of available development sites stemming from inflexible and complex planning processes, compounded in the last few years by rocketing material, labour and particularly financing costs, as central banks have ratcheted up rates to tackle inflation.

Redevco, one of Europe's largest private real estate companies focused on urban areas, with strong ESG investing principles, seized the opportunity to expand its activities in the residential market at scale with the launch of its 'Urban Living Strategy', after its acquisition of LIFE Europe, a Dutch residential real estate specialist in mid-2023.

The rebranding of LIFE Europe as Redevco Living underlined Redevco's ambition to significantly grow its residential arm building on both existing residential assets and the pipeline projects of LIFE Europe. The aim is to create a truly pan-European residential asset management platform starting with 5,000-plus units under development, or in the pre-development phase, in 11 cities distributed across three countries: the Benelux, UK and Germany.

Projects in the longer-term include a possible 2,000 units to be developed at three Redevco retail warehouse park locations in Brussels, Belgium. They form part of the residential 'densification' strategy within Redevco's Retail Warehouse Park asset management platform, one of the largest in Europe, with assets under management (AUM) of €4.5 billion mainly invested in Belgium and Germany.

Residential investments are, along with industrial/logistics real estate, clearly at the top of the shopping lists of investors I speak to, and this was also reflected in the most recent annual Investment Intentions Survey by global industry associations INREV, ANREV and PREA.

Redevco is engaged with various stakeholders in its current portfolio from developers to family offices and institutional investors and we are very flexible in the type of asset and development management contract and structures we agree with like-minded investors. We do, however, stipulate a minimum of 200 units, or 10,000 sqm GFA, in projects to ensure sufficient economies of scale to incorporate the sustainability design, amenities while keeping the affordability characteristics that define our developments.

We are scouring our European network for further residential investment opportunities, and I think it's likely that Spanish market, where Redevco has had a strong presence for many years, will be in the forefront of the next geographical diversification of the portfolio.

I believe that the size of the market opportunity offers the opportunity to grow the Redevco Living platform,

with the right investor partners, from around 5,000 units now to over 10,000 units within the next five to 10 years, or roughly the equivalent of what just Amsterdam needs to build every year to keep up with projected household growth. Redevco's long-term corporate strategy is to substantially expand and diversify the company's €9.0 billion AUM portfolio, which is currently mainly retail-anchored, into a multi-sector approach focused on maximising the climate and societal impact of our investments, whilst working with investment partners.

## Strong market fundamentals and sustainability principles underpin urban living strategy

The Netherlands, where a large part of the Redevco Living portfolio is concentrated, is a good example of the challenges facing countries across Europe in delivering affordable and sustainable modern residential supply and illustrates the strong market fundamentals underpinning these investments.

The Dutch residential supply shortage equates to circa 390,000 homes, equivalent to a shortfall of 4.8% of total housing stock, mainly within the central/western Randstad urban conurbation where the population is concentrated in the largest cities and is growing fastest. To bring the supply/demand shortfall back to a more acceptable market norm of about 2%, a projected 1.0 million homes would need to be built in the Netherlands by 2030, a clearly impossible task.

The housing crisis is falling hardest on younger people and Redevco Living's product is primarily focused on this part of the 'co-living' residential spectrum for student housing, young professionals and couples, but also seniors, in vibrant urban locations that are generally '15-minute city' neighbourhoods – where daily needs and services can be met with a short journey by foot, bike or public transport.

We deliver affordability in a local market context by combining regulated rental housing with free market apartments -- part of the units in an area development can also be sold to owner-occupiers. We also create a

better quality of living for the price and space by stipulating a much higher proportion of communal amenity space within each building, (upwards of 200 sqm), than in traditional housing formats, which promotes more social interactions among the resident community.

Redevco Living aims that all its assets will have strong sustainability credentials with BREEAM certification, and no fossil fuel-based power supply, only renewable energy sources will be used. We are focusing on the reduction of whole lifecycle carbon emissions within our developments and consider circular building design, methods, and materials.

Biodiverse landscaping is integrated into the environment surrounding Redevco Living's assets, which helps to lower summer temperatures around the buildings and promotes residents' well-being. Waste management and water conservation are also prioritised in the design of our buildings.

The 159-metre-high Baan Tower being constructed in the Baankwartier neighbourhood in central Rotterdam exemplifies the ESG characteristics of Redevco Living's Dutch residential portfolio and will comprise 427 apartments. Around 30% of these new homes will be in the mid-market rental segment and are primarily targeted at young professionals and families, and the 'starters' and 'empty nesters' social groups. The Baan Tower has a sustainability score of 40% under Dutch green building regulations, one of the top environmental ratings for a residential high rise in the Netherlands. This success translated into a 'Groenverklaring', a certification for sustainable buildings issued by the Netherlands Enterprise Agency. ABN AMRO Groenbank recognised these efforts by granting a 'Groenlening' (i.e. a green loan for sustainable buildings) for the realisation of The Baan Tower.

