



We, the organisations forming the European Real Estate Forum, welcome the opportunity to respond to the European Commission's Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Urban Dimension of EU Policies – Key Features of an EU Urban Agenda (COM(2014) 490 final), (the Communication).

The **European Real Estate Forum** is an informal alliance of organisations with an interest in institutional investment in European real estate, including investors, fund and asset managers, property professionals, and property companies. As such, we have a vital interest in urban areas and urban policy.

Key messages

Urban areas matter: We welcome the European Commission's focus on Europe's cities and on a more coherent and strategic approach to urban policy. Cities are critically important to our society and economy playing a key role in implementing EU policies.

Commercial property forms the essential physical infrastructure of urban areas: With the exception of owner-occupied housing, most of the urban built environment is commercial property. It includes professionally managed rental housing, retail, office, industrial and logistics space, as well as specialist sectors like student housing and assisted living accommodation for Europe's ageing population. Commercial property is developed, managed and maintained by commercial property businesses with the expertise to create space in which people want to live, work and spend their leisure time.

Commercial property provides long-term investment returns: By developing and managing buildings that people want to use, property businesses generate rental income that delivers long-term returns to the individual savers, pension funds, insurance firms and others whose money they invest and manage.

Commercial property businesses to be active partners in any urban policy: If the principles of the European sustainable urban development model are to be reflected in the reality of Europe's cities, it is vital that our urban buildings are attractive, fit for purpose and, increasingly, promote lower carbon use. That can only be achieved with the active engagement of the property businesses that develop, invest in, manage and maintain Europe's commercial property.

Commercial property is a huge contributor to Europe's economy. Commercial property contributes EUR 302 billion or **2.6% of GDP¹ to the EU economy**, and directly employs more than **3.8 million people**. Investment in new commercial property buildings and the refurbishment and development of existing buildings on average totals nearly **EUR 235 billion² each year** – representing over 10% of total investment in the European economy.

1. *Real Estate in the Real Economy*, EPRA and INREV, 2014

2. *Ibidem*

More detailed comments

We believe that over the coming years there will continue to be a need for European Institutions to focus on urban issues. Commercial property is central to any concept of **urban development**. Accordingly, we support an EU urban agenda which includes a focus on the contribution that commercial property businesses make to the nature and quality of our built environment.

We believe that the following issues are certain to remain important during the coming five years, such as:

1. The role of real estate in the economic development of smart cities in the EU

Property-related activities are highly diverse and besides property management also involve planning, financing and construction activities, valuation, facilities management as well as consulting and brokerage services. The real estate sector makes a critically important contribution to the development of smart cities as well as to GDP in the European Union. It is also a source of economic activity and jobs. Investment in commercial property, which represents 10% of the total investment in the EU economy is critical to the economic future of European urban areas. The price and affordability of real estate (both residential and commercial) have a direct impact on the successful development of urban areas.

2. Sustainability (e.g. the energy efficiency) of the current building stock

Residential and commercial property are critical to achieving the EU's environmental targets. They offer huge energy saving potential achievable through investment of around EUR 60 billion per year – a major source of economic activity. While the EU is making good progress towards meeting its climate and energy targets for 2020³, creating jobs, the generation of “green” growth and a strengthening of Europe's competitiveness, an integrated policy framework for the period up to 2030 has been presented in January 2014 to drive continued progress towards a low-carbon economy. A need for a more coordinated and industry-literate regulatory framework and the appropriate use of the EU Structural and Investment Funds is strategic to meet the sustainability targets. This could be achieved through an effective partnership between public and private sector organisations.

3. The importance of infrastructure

Infrastructure is vital to the competitiveness of the EU and forms a key component of sustainable economic growth. Infrastructure is important to the urban environment and includes our transport network, but also essential social amenities such as schools and hospitals, as well as energy provision and telecommunications networks. Well-planned infrastructure projects make for a better city in which to live and work. Commercial property development projects are a key mechanism both for paying for, and for physically delivering, a great deal of urban infrastructure.

4. Successful long-term investment in commercial real estate goes hand in hand with the delivery of ‘liveable’ urban environments

Effective investment in the delivery and operation of commercial real estate naturally requires a strategy which goes beyond consideration of the four square walls of a particular building. The commercial property industry is therefore a key partner for city authorities in delivering the public realm and a variety of other urban infrastructure that responds to the evolving needs of urban communities.

4. A 20% reduction in EU greenhouse gas emissions from 1990 levels; raising the share of EU energy consumption produced from renewable resources to 20%; a 20% improvement in the EU's energy efficiency

The proposal of the European Real Estate Forum

We support a call for an EU urban agenda that includes the role of commercial and residential real estate to our cities. In our view, such an agenda should involve not only cities but also the commercial property industry as active partners, reflecting the centrality of commercial buildings to urban policy. Key areas of an urban agenda to which our industry could contribute include:

- Housing and social infrastructure (including in relation to broader social policy such as exclusion, migration and ageing);
- The role of commercial property development and investment in successful cities;
- Environmental policy, including waste and energy provision and efficiency;
- Infrastructure provisions (such as urban transport, amenities, energy provisions and broadband connections); and
- Local public finances (and the role of municipalities in regeneration and planning policy).

The EU could add real value by encouraging and facilitating a multi-disciplinary, cross-sectoral, public-private approach in these areas.

The European Real Estate Forum therefore stresses the importance of having an urban agenda for the EU with cities driving growth and resource efficiency and recognising the central role of commercial property businesses in developing and implementing such an agenda.

We look forward to discussing these ideas with you in further detail and would like to request a meeting at your convenience.

Yours sincerely,



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International Organisations	Description
	<p>INREV is the European Association for Investors in Non-listed Real Estate Vehicles. Since its launch in 2003, it has grown to more than 350 members from more than 28 different countries. INREV's aim is to improve the accessibility of non-listed real estate funds for institutional investors by promoting greater transparency, professionalism and standards of best practice. INREV is led by institutional investors and supported by other market participants such as fund managers, investment banks, academics, lawyers and other advisors. As a pan-European body, INREV represents a unique platform for sharing knowledge on the non-listed real estate funds market.</p>
	<p>The European Public Real Estate Association is the voice of the publicly traded European real estate sector. With more than 200 active members, EPRA represents over EUR 300 billion of real estate assets and 90% of the market capitalisation of the FTSE EPRA/NAREIT Europe Index. Through the provision of better information to investors, improvement of the general operating environment, encouragement of best practices and the cohesion and strengthening of the industry, EPRA works to encourage greater investment in listed real estate companies in Europe.</p>
	<p>RICS is the world's leading qualification when it comes to professional standards in land, property and construction. In a world where more and more people, governments, banks and commercial organisations demand greater certainty of professional standards and ethics, attaining RICS status is the recognised mark of property professionalism. Over 100,000 property professionals working in the major established and emerging economies of the world have already recognised the importance of securing RICS status by becoming members. RICS is an independent professional body, committed to setting and upholding the highest standards of excellence and integrity – providing impartial, authoritative advice on key issues affecting business and society.</p>
	<p>CREFC Europe is member-driven and dedicated to insightful, forward thinking that encourages vision, innovation and continuous professional growth for market participants. CREFC Europe is committed to being responsive to its members and providing them a culture of collaboration, collegiality, open and inclusive dialogue, consensus building and respect for diverse views.</p>
	<p>The Urban Land Institute provides leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. ULI is an independent global nonprofit supported by members representing the entire spectrum of real estate development and land use disciplines. The Institute has long been recognized as one of the world's most respected and widely quoted sources of objective information on urban planning, growth, and development.</p>

National Organisations	Description
	<p>The Association Française de la Gestion Financière (the French Asset Management Association - AFG) represents and promotes the interests of the French asset management industry, both for collective and for discretionary portfolio management. AFG members include all market participants working for individual investors or collective investment schemes.</p>
	<p>The Association of the Luxembourg Fund Industry is the official representative body for the Luxembourg investment fund industry and was set up in November 1988 to promote its development.</p>
	<p>The Association of Real Estate Funds represents the UK unlisted real estate funds industry and has more than 80 member funds with a collective net asset value of over £52 billion under management on behalf of their investors. The Association is committed to promoting transparency in performance measurement and fund reporting through the AREF Code of Practice, the AREF/IPD UK Pooled Property Funds Indices and the AREF/IPD Property Fund Vision Handbook.</p>
	<p>The French Association of Real Estate Investment Companies (ASPIM) is a non-profit organization created in 1975, which represents and defends the interests of collective real estate investment funds bringing together the players of collective investment in real estate funds (SCPI OPCIs) and management companies.</p>
	<p>The British Property Federation is devoted to representing the interests of all those involved in property ownership and investment. We aim to create the conditions in which the property industry can grow and thrive, for the benefit of our members and of the economy as a whole. Because our membership includes the biggest companies in the property industry - property developers and owners, institutions, fund managers, investment banks and professional organisations that support the industry - we are able to provide the knowledge and expertise needed by legislators (UK and EU) and regulators (including various financial, planning and environmental bodies) in taking their decisions.</p>
	<p>The Real Asset Investment Association (bsi) is an interest group for all companies that manage real assets with activities directly related to the provisions of the German Capital Investment Code (KAGB). Members range from capital management companies, depositaries and outsourcing companies to legal, fiscal and business consultants. bsi represents the real asset investment industry to the world of politics and the public eye and is also the official point of contact for financial regulation authorities.</p>

 <p>FASTIGHETSÄGARNA</p>	<p>The Swedish Property Federation is a highly pro-active trade organization promoting an efficient real estate market in Sweden. Almost 20,000 property owners are members, organized in one of Sweden's 5 regional property associations. Our members represent the entire spectrum of the property industry, owning or managing premises and rental apartment buildings, industrial properties and tenant-owners' associations.</p>
 <p>IPF Investment Property Forum</p>	<p>The Investment Property Forum (IPF) is the leading UK property investment organisation for individual members. It comprises an influential network of approximately 2,000 senior professionals, including investment agents, fund managers, bankers, lawyers, researchers, academics, actuaries and other related professionals, all active in the property investment market. The IPF's objective is to enhance the understanding and efficiency of property as an investment, including public, private, debt, equity and synthetic exposure, for its members and other interested parties, including government by undertaking research and special projects and ensuring effective communication of this work.</p>
 <p>IVBN</p>	<p>The Association of Institutional Property Investors in the Netherlands (IVBN) was established in 1995 to promote the interests of its members, to provide a platform for institutional property investors and to further professionalism in the sector. To this end IVBN focuses on direct and indirect investment in property, concentrating on the actual bricks and mortar.</p>
 <p>RAKLI Space for Life</p>	<p>RAKLI's members include Finland's most prominent owners of residential and commercial properties and infrastructure, tenants of commercial facilities, property investors, building contractors and service providers. The members represent both the private and the public sector, and member organisations number around 200 in total.</p>
 <p>ZIA German Property Federation</p>	<p>The German Property Federation ZIA is a membership organisation founded in order to represent the interests of the whole real estate industry. We pursue the objective to create an environment in which real estate investments can prosper. Therefore ZIA advocates the interests of the German real estate industry vis-à-vis the political decision makers in Germany and in the EU. Our more than 140 members – including the biggest companies in the property industry - represent the industry at any stage of the supply chain. Our membership also includes a various number of property linked associations. ZIA was founded in 2006 and is a member of the Federation of German Industries (Bundesverband der Deutschen Industrie).</p>