



Call for EP (URBAN) Intergroup with strengthened real estate focus

July 2014

General comments

We, the organisations forming the European Real Estate Forum, strongly support the continuation of the URBAN Intergroup with a strengthened real estate focus. As some of us have already been partners of the Intergroup, we look forward to a renewed cooperation and want to offer our expertise and support to an increased emphasis on real estate and its impact on the real economy.

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.

Commercial property contributes EUR 302 billion or **2.6% of GDP¹** to the EU economy, and directly employs more than **3.7 million people**. Property, both residential and commercial, is critical for achieving the EU **sustainability targets**. They offer huge energy-saving potential through investment of around EUR 60 billion per year – a major source of economic activity. Investment in new commercial property buildings and the refurbishment and development of existing buildings on average totals nearly **EUR 250 billion²** each year – representing over 10% of total investment in the European economy.

We believe that over the coming years there will continue to be a need for the Members of the European Parliament to focus on urban issues. As **urban development** and **real estate** are two sides of the same coin, we therefore ask for a continuation of the Intergroup with similar objectives and focus areas as set out on the [URBAN Intergroup's web pages](#) but with an extended focus on the contribution of real estate investment to our built environment. This would allow the Intergroup to have events and presentations and to provide a focus and a forum for discussing a range of issues that are certain to remain on the EU agenda during the coming five years, such as:

1. Access to long-term finance and investment

Real estate as a long-term investment plays a vital economic role, as it:

- Matches pension funds and insurers long-term liabilities
- Offers a counter-cyclical investment strategy
- Stimulates employment, growth and innovation

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

² *Ibidem*

Long-term investment in property, which differs significantly from short-term decisions leading to real estate bubbles, is a crucial part of a stable, long-term investment portfolio. It also ensures the supply of appropriate and affordable premises for those unwilling or unable to buy or build their own (something that is especially important for small and medium sized enterprises).

2. The role of real estate in the economic recovery of 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 major contribution to GDP in the European Union and provides prosperity and jobs. Investment in commercial property also represents 10% of the total investment in the EU economy.

The price and affordability of real estate (both residential and commercial) have a direct impact on the wealth of both property owners and occupiers, and their spending and investment decisions.

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

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.

Back in 2006, the EU had already identified buildings as having a high energy saving potential, with 27% for residential and 30% for commercial buildings. The role of energy efficiency in the 2030 framework will be further considered in a review of the Energy Efficiency Directive due to be concluded later in 2014, towards nearly zero-energy buildings⁴. If the EU is to meet its 2020 energy efficiency target and its ambitions for further savings towards 2030 and 2050, it is imperative to improve the financial support for energy efficiency in buildings.

4. The importance of infrastructure

Infrastructure is vital to the competitiveness of the EU and forms a key component of sustainable economic growth. Infrastructure 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.

The proposal of the European Real Estate Forum

We propose to enhance the remit of the URBAN Intergroup by highlighting the contribution of commercial and residential real estate to our cities. This can be achieved without significant change to the Intergroup’s current areas of focus. In our view, it would be valuable for the Intergroup’s future focus areas to 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.

³ 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

⁴ http://ec.europa.eu/energy/efficiency/buildings/buildings_en.htm

EREF therefore advocates the importance of continuing the **URBAN Intergroup**. 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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(A list of current members can be found on the next page)

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 of the non-listed real estate investment industry.</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>

National Organisations	Description
	<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>
	<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 €52billion 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 organisation 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>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>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>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'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>The German Property Federation (ZIA) is one of the major interest groups of the German real estate industry. We consider ourselves to be the voice of Germany's real estate industry, speaking for numerous most notable companies of the real estate industry as well as 22 associations, together representing more than 37,000 members. ZIA's main goal is to act as a comprehensive and homogenous lobby for the diverse real estate industry in line with its vital importance for the German economy. As a union of businesses and associations, ZIA enables the whole real estate industry to speak with one voice on a national and European level – as well as within the Federation of German Industries (BDI).</p>