

# Back to the Future: Will European Speciality Mirror US Trends?

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HEITMAN

# What is European Specialty?

RESIDENTIAL



SENIOR HOUSING



STUDENT HOUSING

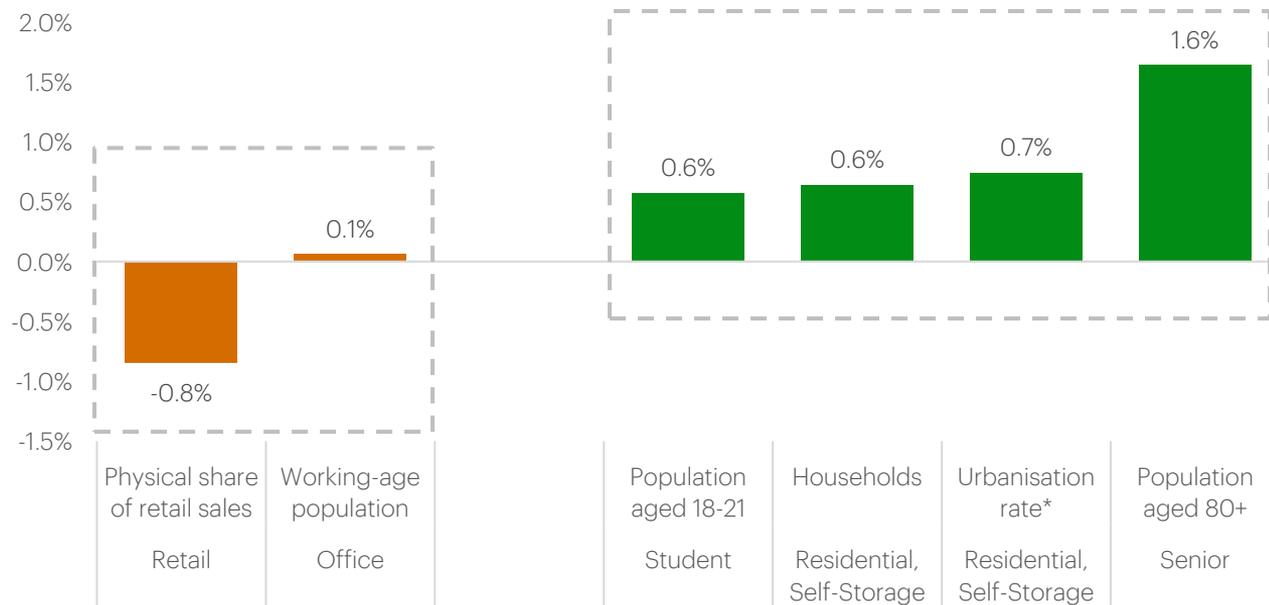


SELF-STORAGE



# Demographics Favour Specialty Sectors

## GROWTH IN KEY DEMOGRAPHIC AND CONSUMER METRICS, 2020-2025 CAGRS

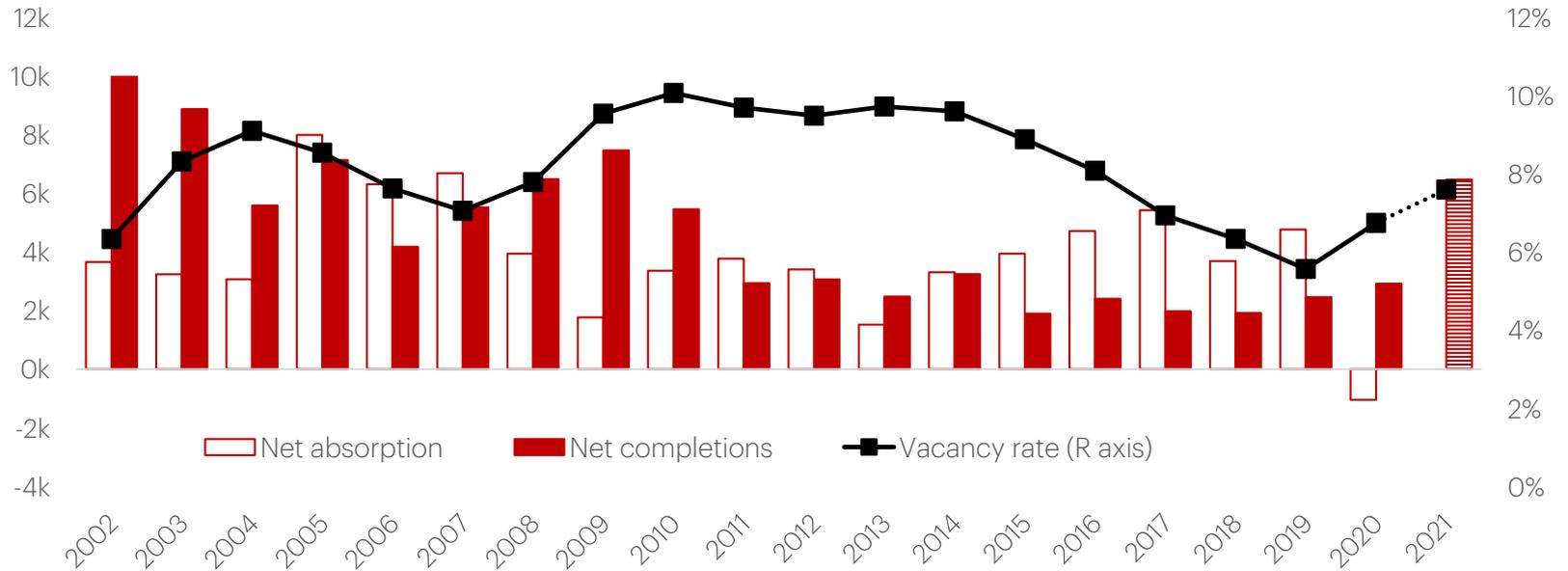


Specialty sectors have strong demographic tailwinds

Source: Oxford Economics, Eurostat  
 Countries: France, Germany, Ireland, Netherlands, Spain, Sweden, UK / Countries (Population aged 80+, Population aged 18-21); Cities (Total households, Population aged 15-64)  
 \*5-year cumulative change

# High Levels of Supply in Traditional Sectors

## EUROPEAN OFFICE SECTOR NOW FACES SUPPLY RISK

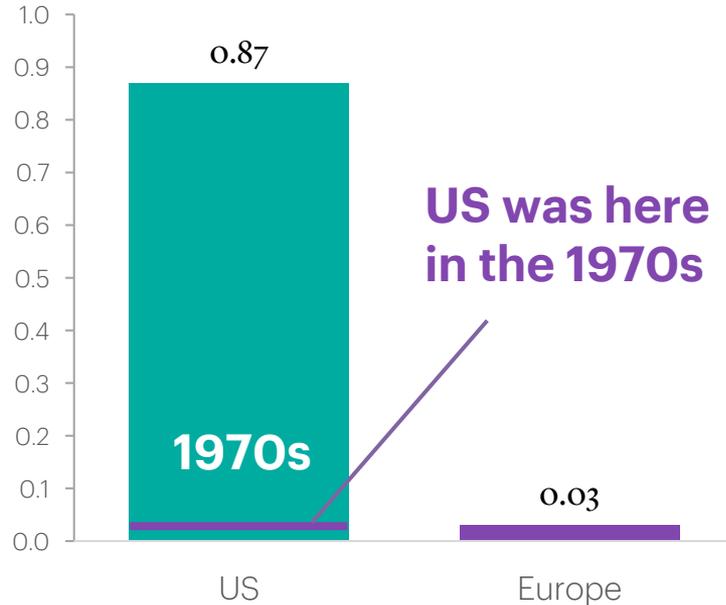


Source: CBRE

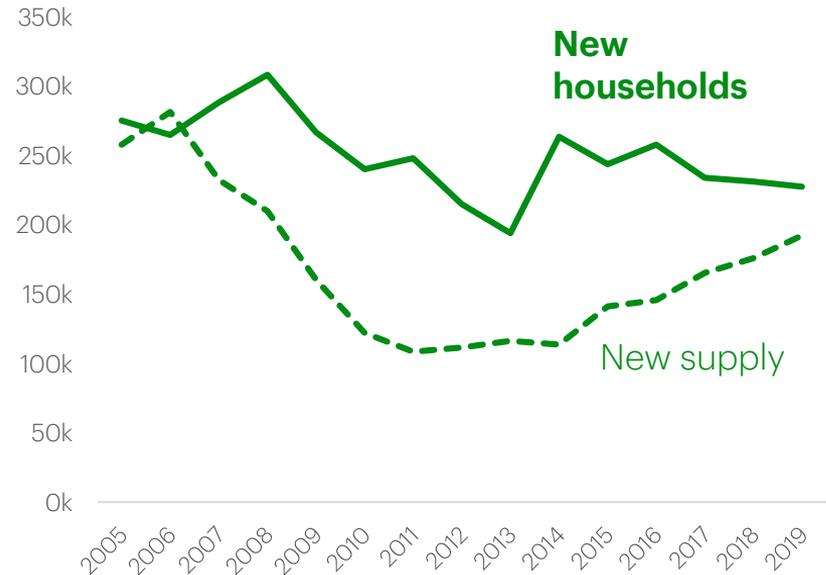
34 major office markets: Vienna, Brussels, Prague, Copenhagen, Helsinki, Lille, Lyon, Marseille, Outer Paris, Central Paris, Berlin, Cologne, Dusseldorf, Frankfurt, Hamburg, Munich, Budapest, Dublin, Milan, Amsterdam, Rotterdam, The Hague, Utrecht, Oslo, Warsaw, Lisbon, Bucharest, Moscow, Bratislava, Barcelona, Madrid, Zurich, London City, London West End

# Undersupply in Specialty Sectors

## SELF-STORAGE SPACE PER CAPITA, 2019



## DEMOGRAPHIC GROWTH IN CITIES HAS OUTPACED HOUSING SUPPLY IN EVERY YEAR SINCE 2006

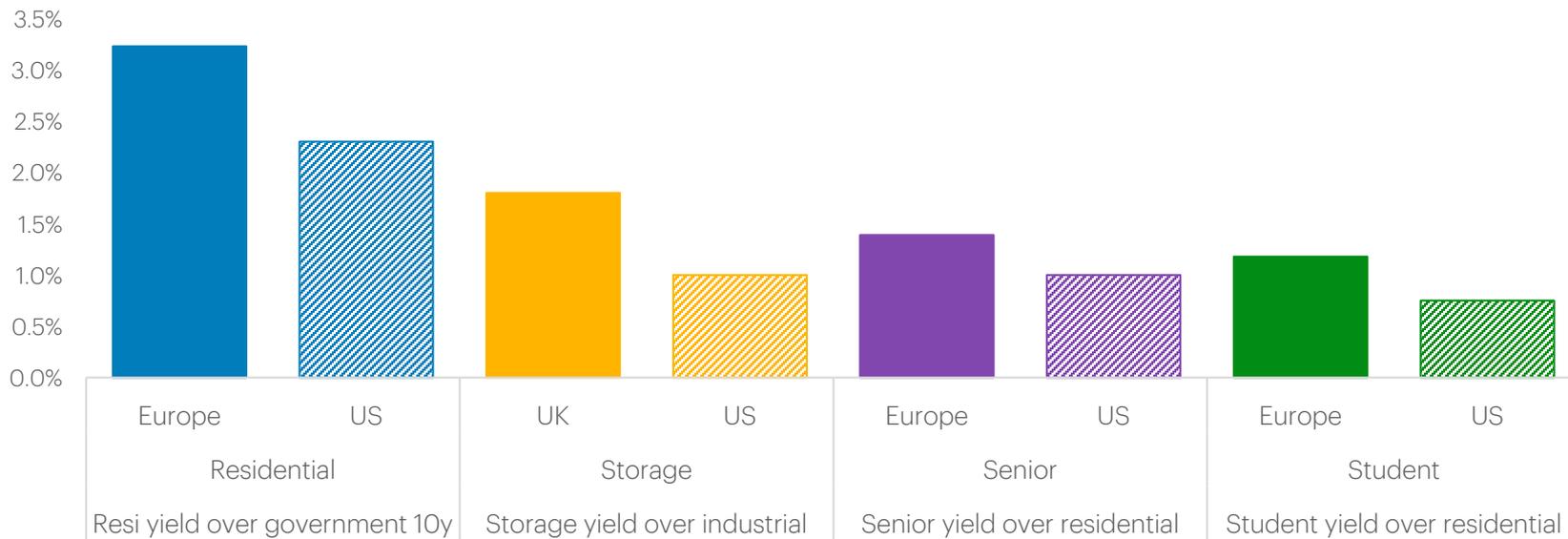


Source: FEDESSA; JLL; Yardi Matrix

Source: Bulwiengesa, GOV.UK; ONS; INSEE; INE; Statistics Netherlands; Statistics Sweden, Statistics Denmark  
Cities: BER, COL, HAM, MUN, LON, MAN, BIR, PAR, MAD, BAR, AMS, ROT, HAG, UTR, STO, COP, DUB

# Income Yield Premium in European Specialty

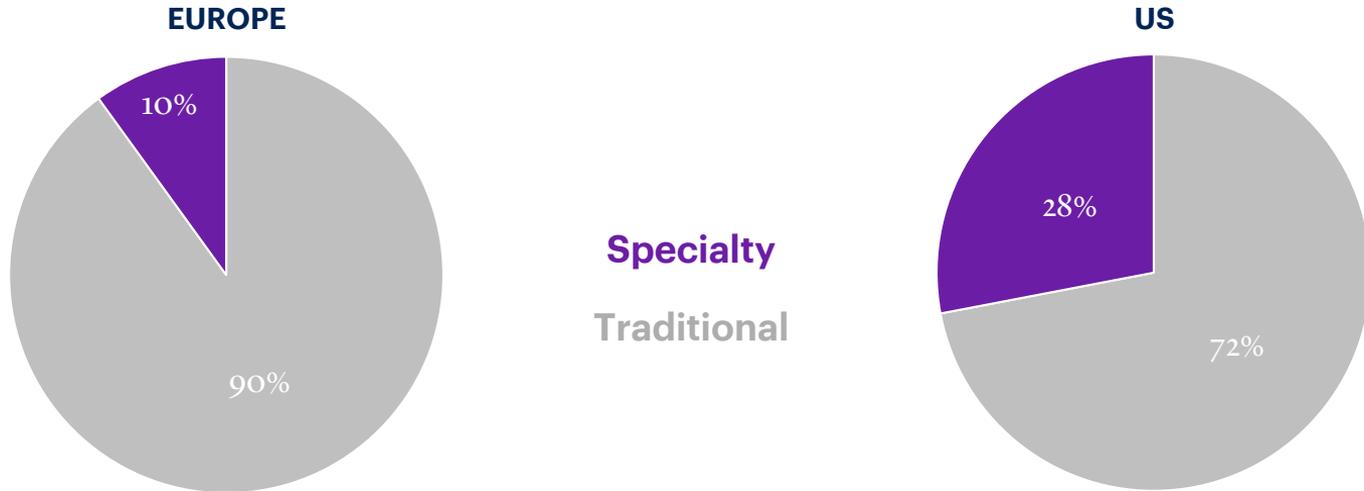
## GREATER YIELD PREMIA IN EUROPE COMPARED TO US Q4 2019



Europe defined as UK, Germany, France, Spain, Netherlands, weighted by GDP  
Source: Bloomberg, Savills, CBRE NOTE: bond yields as of property yield date

# Investors Increasing their Exposure to Specialty

## ODCE INDEX ALLOCATIONS BY REGION, 2019



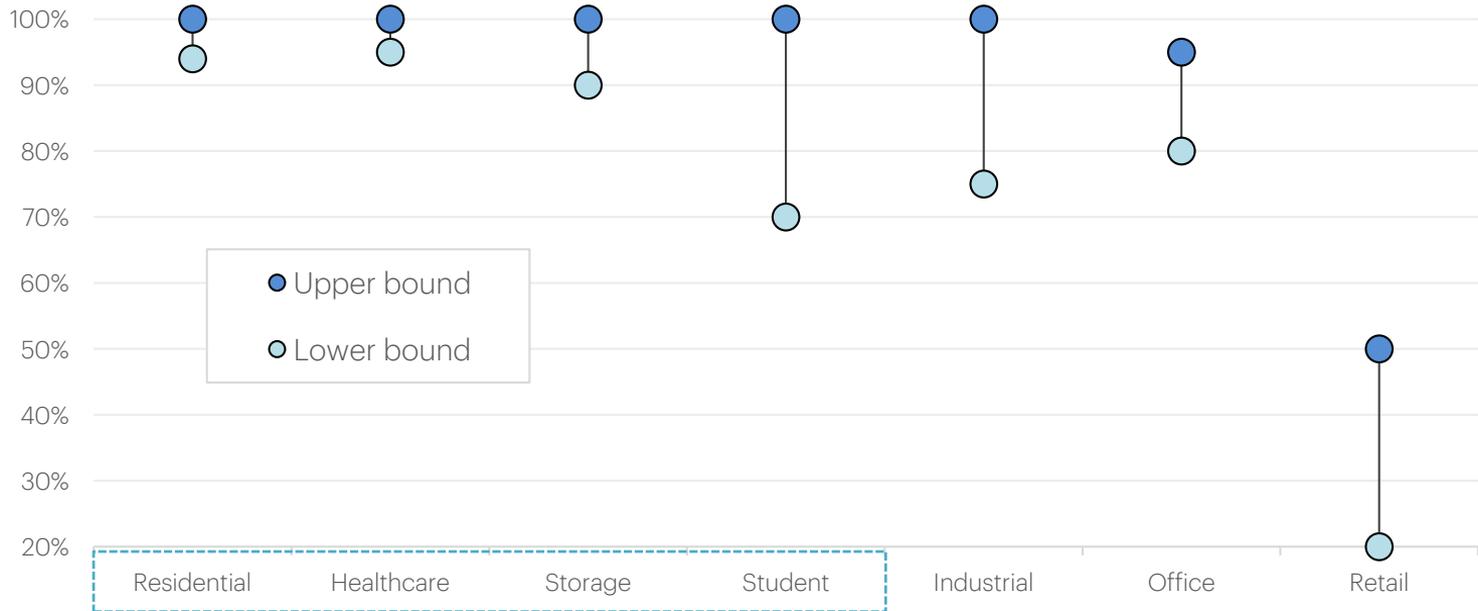
Source: NCREIF; INREV

Note: traditional includes office, retail, industrial, and hotels Specialty includes residential, student housing, senior housing, self-storage, and some other, smaller sectors

# Needs-Based Sectors Most Resilient

## MARCH AND APRIL RENT COLLECTION, CONTINENTAL EUROPE & UK REITS, RANGE

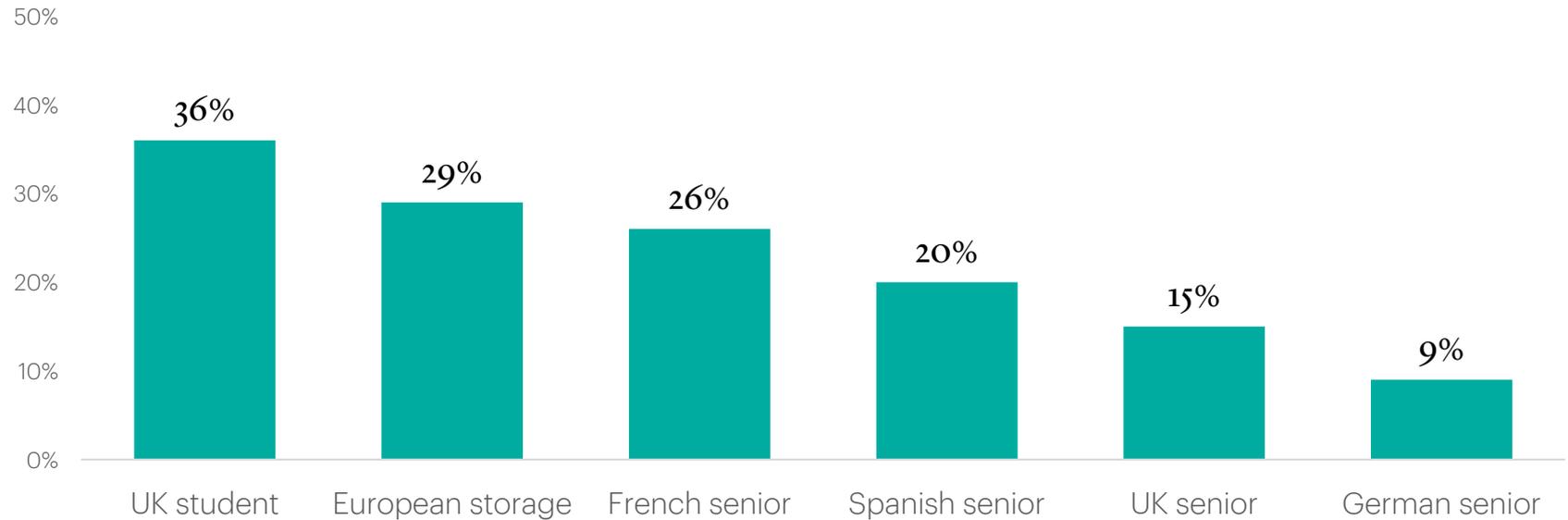
Sources:  
Heitman Research  
Company filings



Specialty

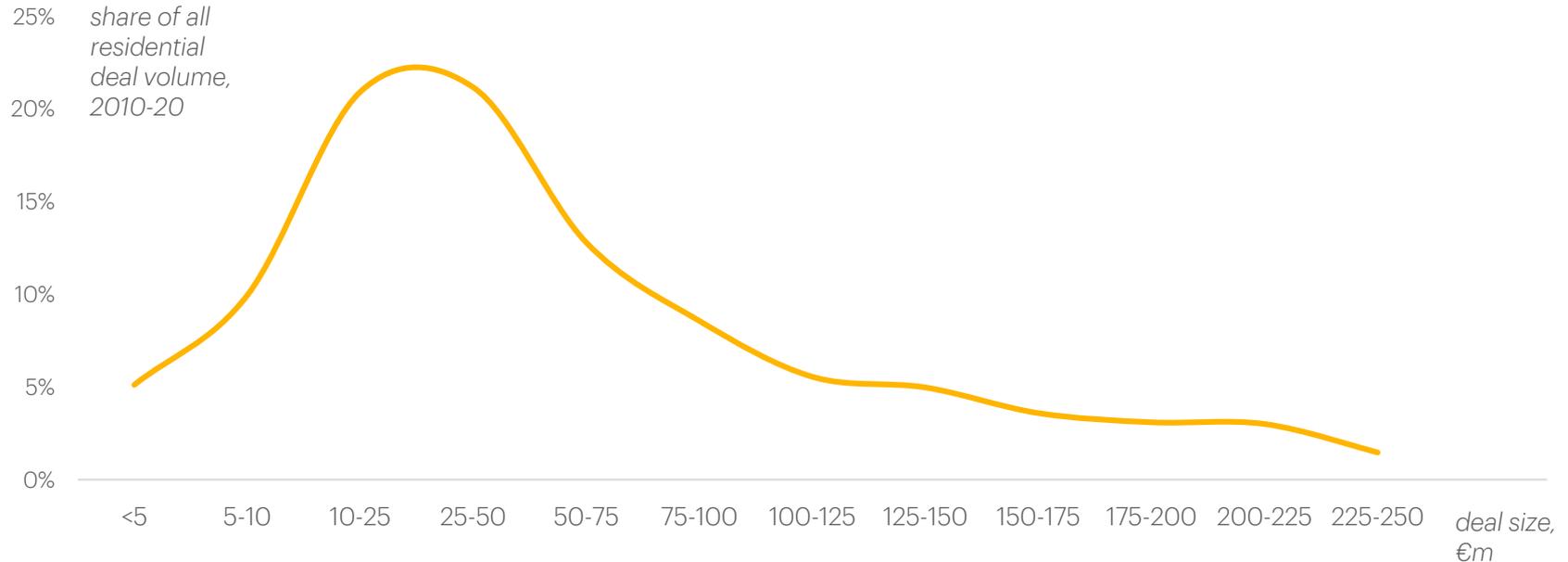
# Fragmentation Creates Opportunity

## TOP 5 OPERATOR SHARE OF PRIVATE MARKET, 2018-19



# Need for Institutional Scale Portfolios

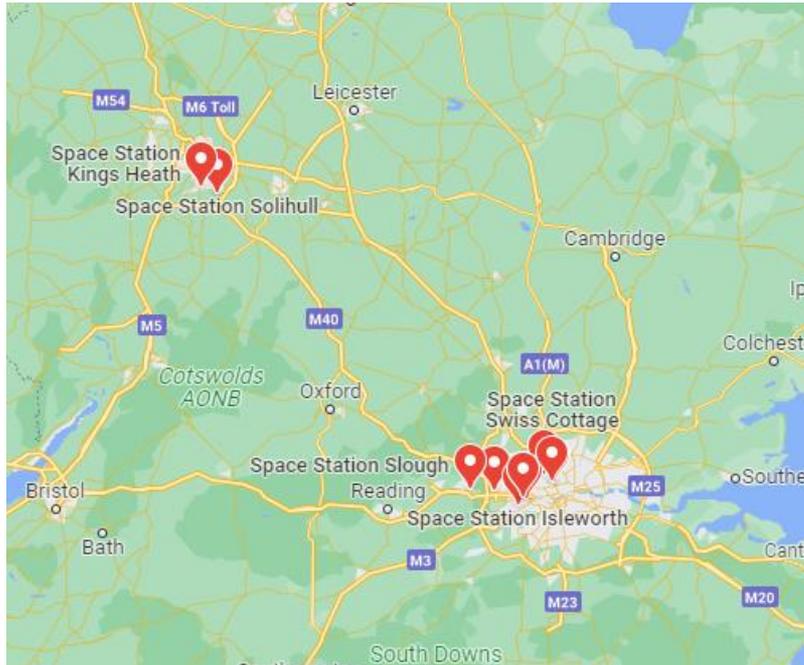
## MOST OPPORTUNITY IN SUB-€50M TRANSACTIONS



# Multiple Value Creation Levers

	 <b>SPECIALTY</b>	 <b>TRADITIONAL</b>
<b>Physical</b>	✓	✓
<b>Operational</b>	✓	
<b>Platform/portfolio</b>	✓	

# Space Station Self-Storage



# Physical Value Creation



# Operational Value Creation



Locations ▾ Personal ▾ Business ▾ Office space ▾ Removals ▾ Packaging ▾ Self Storage calculator ▾ FAQs



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