

THE CONTRIBUTION OF THE REAL ESTATE AND BUILT ENVIRONMENT SECTOR TO SOCIETY, GROWTH AND SUSTAINABILITY IN THE EU

The real estate and built environment sector is made up of physical buildings and supporting infrastructure, providing the spaces in which people live, work, interact and play on a daily basis. It is where properties are developed, valued, financed, transacted, managed and eventually deconstructed. It is also a resilient sector with an enormous enabling impact on jobs and economic growth, and with great potential for the realisation of the EU's sustainability goals, including energy efficiency, climate change and adaptation.

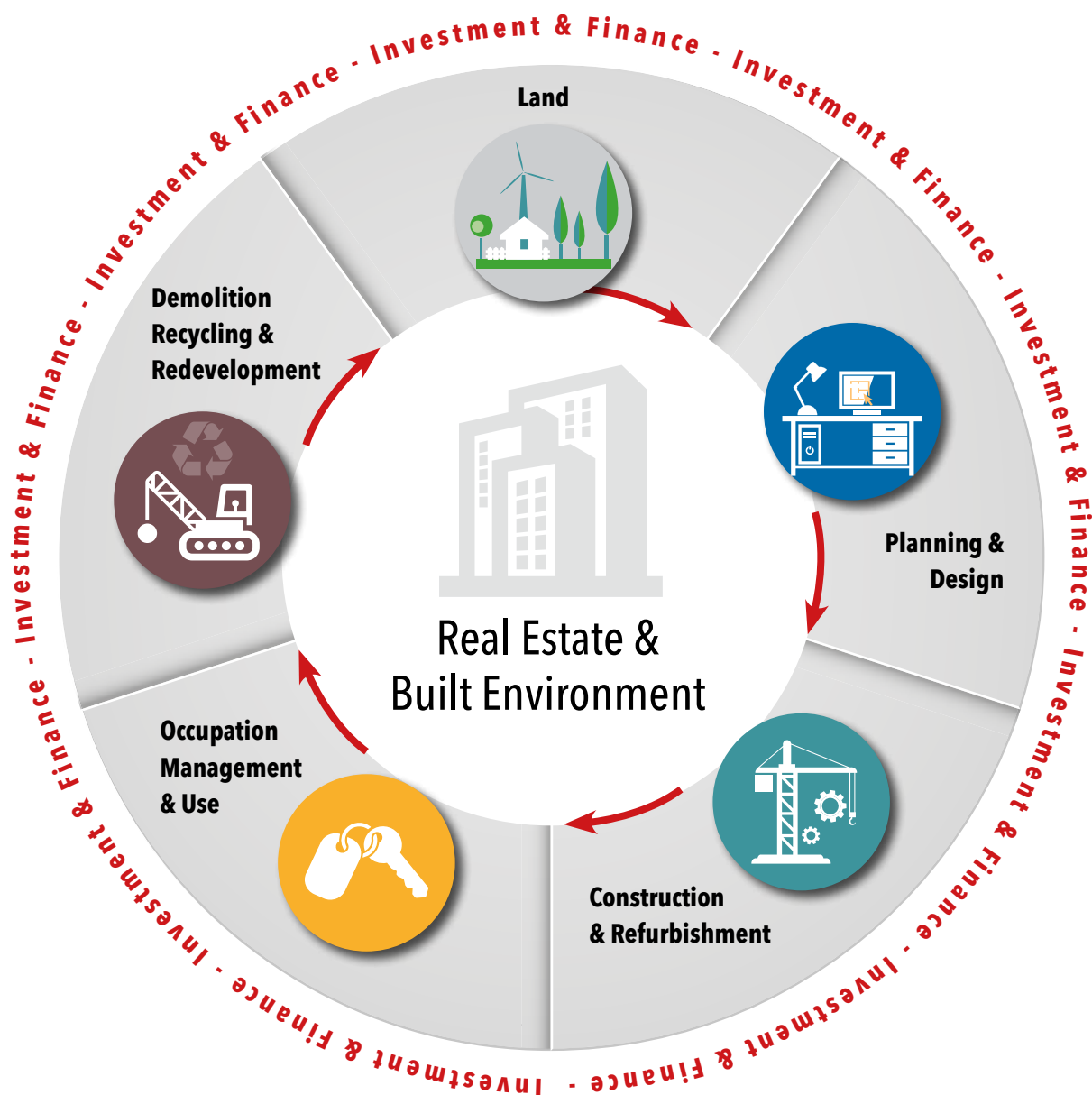
Representing more than 50% of global wealth*, the real estate and built environment sector plays a key role in every aspect of European society, economy and environment, and is vital for the

wellbeing of citizens and success of businesses.

Through taxation and other revenue it is a major source of public and private income. However, it is also a complex sector, comprising many actors and interlinking elements, and affected by fragmentation in policymaking. By taking a holistic approach we can further unlock the sector's potential to act as a catalyst for the growth of the European economy.

We aim to establish a high-level EU dialogue and strategy for Europe's real estate and built environment sector.

This factsheet explains the relevance of the sector, illustrated through the below life cycle, facts and figures.



REAL ESTATE AND BUILT ENVIRONMENT LIFE CYCLE STAGES

*UNGC and RICS, Responsible Business Practices, 2015



This is a complex sector that can be broadly divided between owners, users and service providers, who interact in different ways at different life cycle stages. These stages also connect in the real estate market in which

transactions involving changes in ownership, occupation and use occur, providing an important stimulus to liquidity, promoting expenditure and enabling innovation. From the first use of land to its final recovery the life cycle stages involve multiple stakeholders from large scale investors and corporations to SMEs and private individuals.

Life Cycle Stages



Land

The use of land is the foundation for economic development, social stability and environmental management. At the same time, it is subject to competing demands including development, agriculture, industry, infrastructure, urbanisation and biodiversity. As a limited resource, we need to manage our land carefully.



Planning & Design

Planning and design are responsible for developing safe, secure and integrated communities. Impacting on all later stages, by looking at buildings, finance, mobility, infrastructure and amenities (such as shops, schools and hospitals) in a holistic way, we can creatively and collectively address the challenges of climate change, demographic change and economic development.



Construction & Refurbishment

Construction is the complex process of transforming design into reality in which buildings and infrastructure are created. Compared to other industries, most constructions are unique and require the setting up of one-off supply chains, therefore alignment and collaboration of all stakeholders is critical to reduce waste and maximise value.



Occupation management & use

The use of buildings is the phase most affecting people's daily lives. Buildings impact on the health, safety, productivity and wellbeing of occupants, ultimately providing adequate living and working conditions for all. Sustainable use will also reduce the environmental footprint of the built environment.



Demolition Recycling & Redevelopment

When a building has come to the end of its useful life, do we demolish, refurbish, adapt for alternative use or redevelop? Management of this stage is crucial to maximise reuse and recycling and minimise waste to landfill.



Investment & Finance

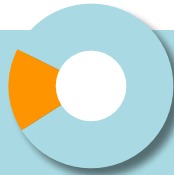
Every stage of the life cycle needs to be funded in the form of equity and often debt. Real estate is an attractive asset class for investment, including institutional investors with long-term goals such as insurers and pension providers. Social and environmental judgements are increasingly recognised as an important component of investment decision-making.

KEY FACTS & FIGURES

THE SECTOR CUTS ACROSS DIFFERENT POLICY AREAS AT EU LEVEL

CONSUMER AFFAIRS - EDUCATION - EMPLOYMENT - ENERGY - ENVIRONMENT
EUROPEAN ECONOMIC GOVERNANCE - FINANCE - INTERNAL MARKET
INSURANCE - REGIONAL AND URBAN POLICY - TAXATION

Real estate activities and the construction sector constitute **16.5%** of EU GDP. (*) Source: Eurostat (2015)



Real estate activities and the construction sector employ **16.7 million people.** (**) Source: Eurostat (2015)



98% of companies in real estate activities employ fewer than **10 people.** Source: Eurostat (2015)



24.4% of household consumption expenditure is on housing. (***) Source: Eurostat (2014)



Commercial property contributed **€ 329 billion** to the EU economy in 2015.

Source: INREV/EPRA Real Estate in the Real Economy report 2016



"The scale of investment opportunity in energy efficiency building retrofits is between **€ 205 billion and € 266 billion** a year by 2020. It is expected to continuously rise in the future."

Source: UNEP FI Investor Briefing 2014



"The construction and use of buildings in the EU account for about half of all our extracted materials and energy consumption and about a third of our water consumption."

Source: European Commission (Communication on resource efficiency opportunities in the building sector, COM (2014)445)

Infrastructure, both economic and social, has a close link with real estate and the built environment.

(*)(**) Real estate activities & construction sector as defined by Eurostat NACE

(***) Household consumption includes actual and imputed rentals (owner-occupied housing), maintenance and utilities

This factsheet has been developed by 30 associations representing the widest breadth of stakeholders operating in the real estate and built environment sector. The members of our different organisations are involved in commercial and residential real estate (including private and social rental housing), construction, and represent professionals, owners, tenants, investors and NGOs.

Next to European and international associations, this initiative is supported by national associations from Belgium, Finland, France, Germany, Italy, The Netherlands, Sweden and the United Kingdom. Collectively we firmly believe that it is time to give the real estate sector coordinated attention as a matter of priority at European level and promote a holistic approach to decision-making which includes the various sectors in the real estate and built environment life cycle.

