

PRESS RELEASE

Temporary Housing in Germany – New Concepts Conquering the Market

- Dynamic differentiation vis-à-vis hotel and residential continues for temporary accommodation and service concepts
- Share of serviced apartments on hospitality market expected to rise to ten percent
- Investment market for temporary housing products growing and professionalising
- Co-living develops into an urban concept for numerous target groups

Berlin, 10 February 2020 – The temporary housing market is booming in Germany and will continue to develop very handsomely in the years ahead. The reasons driving the growth include an increasing number of concepts, products, providers, investors and target groups that generate momentum and differentiation within the temporary housing market. The market is booming for various reasons: increased demand for temporary housing products, regulatory advantages compared to classic housing, a shortage in modern accommodation offers, and generally changed travel and work behaviour along with a craving for urbanity, sense of place, and authenticity.

Popular are specific lodging and service concepts available to specific groups of occupiers for a limited time. In 2018, serviced apartments claimed roughly three percent of the German hospitality market. By 2030, their share is expected to rise to around ten percent. According to a CBRE forecast made in the third quarter of 2019, the year-end transaction total in the micro-living segment is estimated to hit one billion euros in 2019. Given the professionalisation of the market, an increasing number of investment-grade products, and comparatively small tickets, even investors have become increasingly interested in this investment niche between classic hospitality and residential investments.

These are some of the key takeaways of the press conference on “**Temporary Housing – the Next Hype or a Sustainable Investment?**” hosted by Karsten Jungk of Wüest Partner Deutschland, Hannibal DuMont-Schütte of STAYERY, Niels Berl of The Collective and Alexander Lackner of CR Investment Management.



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Alexander Lackner, Managing Director of CR Investment Management, commented: “Serviced apartments, understood as an important commercial housing concept, become investable whenever professional and innovative operators are on hand. In the years to come, the commercial housing market will keep professionalising and thus offer sustainable investment opportunities even outside Germany’s ‘Big Seven’ cities. The accelerating urbanisation and long-term trends and transformations in all living and working environments will reinforce this development. A good case in point is Bielefeld: Located in eastern Westphalia, the city has a robust economic structure and is home to major internationally active companies like Dr. Oetker and Schüco. At the same time, its hospitality market is comparatively poorly developed. This generates a considerable accommodation demand among business travellers.”

Hannibal DuMont Schütte, Managing Director and founder of STAYERY, commented: “Robert and I were inspired by first-hand experience when developing the residential offer at STAYERY. We asked ourselves what today’s business travellers care about when spending extended periods of time in a number of different cities. There are essentially three aspects that came to mind: First of all, they need flexibility, being able to choose anywhere between one day or several months. Secondly, they wish to stay in state-of-the-art lodgings they feel at home in. And thirdly, they will appreciate easy ways to socially interact with peers. All three of these elements we combine in our STAYERY apartment schemes in Berlin and Bielefeld by creating residential accommodation for our guests that meet their expectations. The idea is to stay rather than just sleep.”

Karsten Jungk, Managing Director and Partner of Wüest Partner Deutschland, said: “Against the background of short supply in small, flexible dwellings in Germany’s major cities, and given the growing job-related mobility, modern residential formats such as micro-living, serviced apartments and co-living concepts keep gaining in significance. When you take the high willingness to spend which characterises the target group of professionals temporarily away from their primary place of residence, or else the companies employing them, and combine it with amenities and/or community aspects, then these concepts offer considerable value-added compared to the conventional housing market. With a current share of roughly 3 percent of the hospitality market, especially serviced apartments therefore represent an up-and-coming market segment. The segment is predicted to claim a share of around 10 percent by 2030.”

Niels Berl, who heads the Berlin Office of The Collective together with Björn Munte and who is responsible for the German-speaking countries (DACH), elaborated: “We are convinced that



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co-living will become a key part of Germany's urban temporary housing market. For co-living has the advantage of engaging broad target groups and offering many angles for complementary types of use, such as gastronomy and co-working while providing a moderate level of amenities at the same time. Co-living offers community, sharing, convenience and a high degree of potential integration into the neighbourhood. This makes the concept attractive to project staff, young professionals, commuters, expats and city break travellers, but the elderly as well. The oldest resident living at our Old Oak property in London, for instance, is 61 years old. Many people resent the prospect of being without company in a metropolis, even if it is only for a limited time. In a digital world with its digital forms of communication, direct social interaction, authentic experiences and a unique ambience attain enormous significance."

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About CR Investment Management

CR Investment Management is a leading pan-European adviser, asset and investment manager. We are active across Europe, with offices in Germany, Luxembourg, the Netherlands and Ireland. As an asset manager, CR develops solutions to enhance the value of complex or distressed portfolio structures for fund companies, private equity investors, banks and corporate real estate. In the last decade, CR has structurally optimised real estate portfolios valued at 30 billion euros, and, following repositioning, successfully placed real estate valued at 7 billion euros in Germany alone. For more details, go to www.crmanagement.eu.

About STAYERY

Under the brand STAYERY, the company BD Apartment operates and develops innovative residential formats for young professionals. The start-up was formed by Hannibal DuMont Schütte and Robert Grüşchow in 2016. STAYERY houses offer temporary homes with hotel-like amenities and access to a vibrant community. At present, the company's portfolio includes more than 210 apartments in Berlin and Bielefeld. Roughly 300 additional apartments are already in the property development pipeline. The next cities to be added are Frankfurt am Main and Cologne. For more details, go to www.stayery.de.

About The Collective:

The Collective is a growing, global network of co-living locations that combine thoughtfully designed private space with spacious, one-of-a-kind communal amenities. We build and activate spaces that foster human connection and enable people to lead more fulfilling lives, with an aim to create a positive impact for each neighbourhood we join.

Founded in London in 2010 by CEO Reza Merchant, The Collective has grown from offering small house shares to owning and operating the world's largest co-living community, with over 8,500 units operating or under development. The 300-strong team is headquartered across New York, London and Berlin has raised more than \$900 million to fund growth across the U.S., U.K and continental Europe.

The Collective takes an integrated approach to design and development to ensure a laser focus on the personal and professional growth of each of our members. We are the creative drivers and longterm operators of the programs and services our community experiences each day, all of which aspire to a new, inspiring paradigm of flexibility and convenience, and a new universal standard of home. For more information, visit: www.thecollective.com.

About Wüest Partner Deutschland

Wüest Partner Deutschland was formed in 2007 and maintains branch offices in Frankfurt am Main, Berlin, Hamburg and Munich. The business activities of Wüest Partner in Germany focus on the appraisal of real estate portfolios and single properties. This includes pre-acquisition and periodic valuations in the form of market-value, mortgage-lending-value and fair-value appraisals using German and international methods. On top of that, Wüest Partner focuses on real estate market analysis and on the development of innovative applications for the analysis of markets, sites and portfolios as well as for valuation purposes. Wüest Partner employs a total of around 200 professionals in Germany and Switzerland and has been known for superior quality since it was formed in 1985, not least because of its autonomy. The company's focus on advisory services ensures delivery of professional and neutral results. For more details, go to: www.wuestpartner.com/de