

European *Coliving* Index

2019

As population growth and the availability of viable living space in our cities becomes more acute, coliving is becoming a key component of the wider suite of housing solutions to meet the changing needs of city dwellers.

Against the backdrop of increasing housing pressures on cities, coliving has emerged providing rental homes purposely designed for sharers. Coliving provides a flexible and modern solution at a time when demands on urban land use are increasing, impacting levels of supply and affordability.

Coliving operators recognise the fundamental changes in consumer habits and lifestyles of younger generations and seek to deliver optimised personal and shared

space, whilst promoting social engagement between residents, through a community-centric and hospitality-led management structure.

To this end, coliving protagonists are disrupting not just how we design, build and use our homes, but how we plan and legislate for them as well.

This report looks at the growth of the market in Europe, the key factors driving demand, and how this is shaping the markets that form the JLL European coliving index.



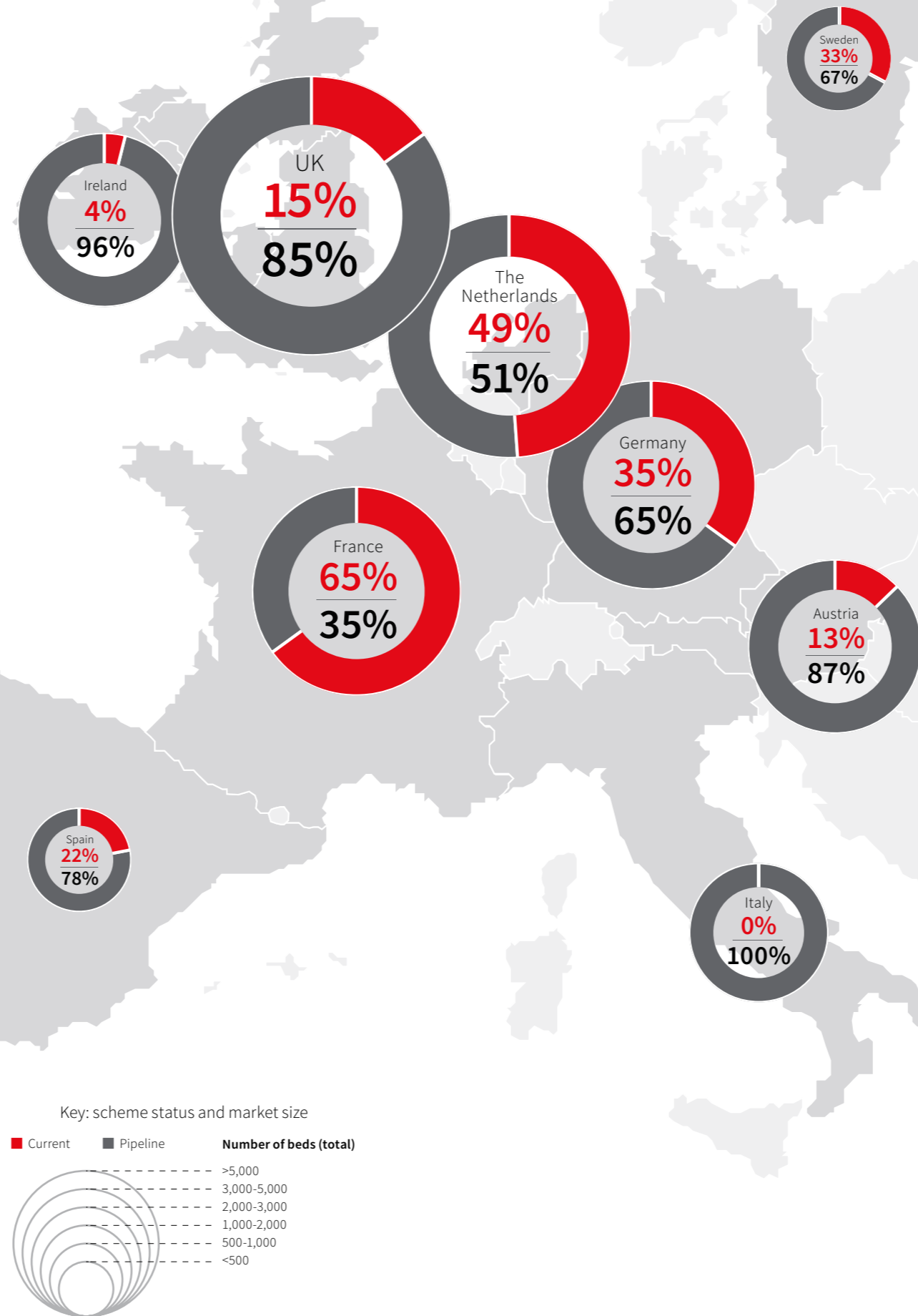
European coliving supply

Our research estimates there are **23,150** coliving beds either built or in the development pipeline across Europe. While this is a fraction of the size of other Living sectors, the speed in which this new sector has grown in the last two years means it is going to become a prominent part of the Living market. Our research indicates that **60%** of schemes have become operational since the beginning of 2017.

As a sector, it draws on elements from the student housing, multifamily and hospitality sectors, but is beginning to form its own distinctive character. The assets generally have a higher provision of amenities and more shared space than traditional residential buildings, though the scale and nature of this provision can vary. An emerging emphasis from operators focuses on incorporating the types of spaces and services that aim to positively impact the experience and wellbeing of residents. As such, alongside the physical characteristics that define the sector, there are also nonmaterial traits that are becoming increasingly synonymous with coliving.

While some of the early movers in the coliving sector operate relatively small assets, which are often in converted buildings, as our data shows, the focus has already shifted to larger, purpose-built, institutional-grade schemes. Larger schemes can improve operational efficiencies, offer a wider variety of amenities and provide a more comprehensive service offer to residents.

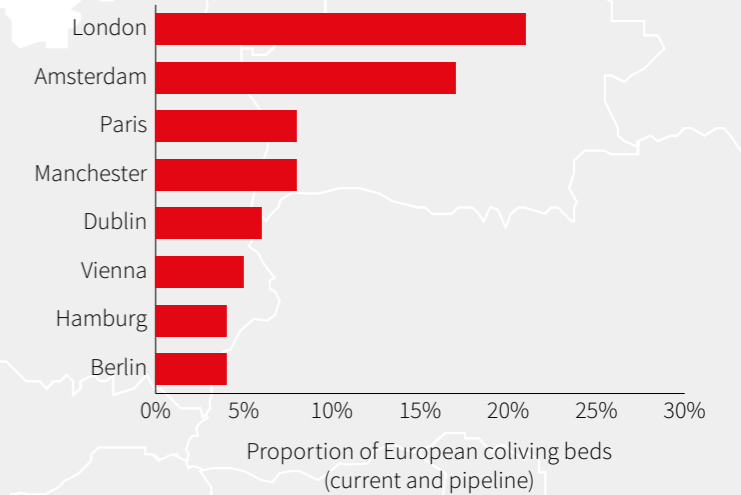
This map identifies the top coliving national markets across Europe, pinpointing key areas of growth and providing an understanding of what the sector currently looks like.



Supply methodology

Our database is comprised of coliving schemes of 20 beds or more, either currently operating or in the pipeline. To be included in this map, countries require a total of 100 beds or more, either current or future.

Largest coliving markets by city



Source: JLL

The size and design of assets is changing as the sector evolves. Of the current stock, **50%** of assets have been designed and built specifically as coliving, but this rises to **85%** of those in the pipeline. In our database, **53%** of currently operating assets are over 100 beds, the rest from 20-100. In the pipeline, however, the equivalent figure increases to **79%** where the average size of an asset is more than 250 beds.

At the city-level, there is a large concentration of coliving beds in two main markets. London and Amsterdam account for nearly **40%** of total stock, across more than 30 assets. This is unsurprising given their global city status, young populations and dynamic property markets.

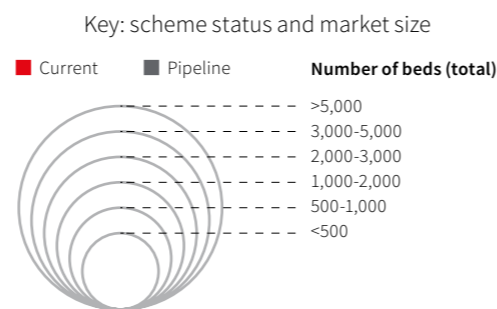
While nearly three-quarters of coliving stock can be found in only eight cities, the remaining beds are spread across **24 cities** throughout the continent. As the sector grows and more assets come to market, JLL expects both major cities to consolidate their positions, but secondary cities to also develop assets.

A significant portion of Europe's coliving assets are still in the pipeline, at various stages of planning and construction. **72%** of beds are yet to be completed, though the majority of these are expected to be delivered over the next two years.

What is coliving?

Coliving is a Living subsector that is defined by the following characteristics:

- is purpose built or converted
- is professionally managed and hospitality led
- is multi-tenanted
- is comprised of individual leases or licences
- is not restricted to a specific tenant demographic group
- provides a combination of typically smaller private areas supplemented with a larger provision of shared communal space and amenities



Source: JLL

JLL coliving index

The index addresses the demand and suitability for coliving across Europe's cities. It is comprised of a series of metrics that assess the scale of demand, supply and other socio-economic drivers and ranks 40 of Europe's top cities, from key markets which have the strongest fundamentals, to those with longer-term opportunity. Amongst the metrics used to rank the top cities are measures of affordability, age profiles and projected demographic change, household types, rental profiling, and the key role of higher education and industry hubs which draw a young, talented and mobile workforce.

The highest-ranking markets score highly in several areas, most noticeably in terms of strong demand for housing from young professionals. Coliving is already established in these markets, with operational assets, or schemes under construction. In the opportunity markets, there are very strong demand fundamentals to support the growth of the sector.

Insights

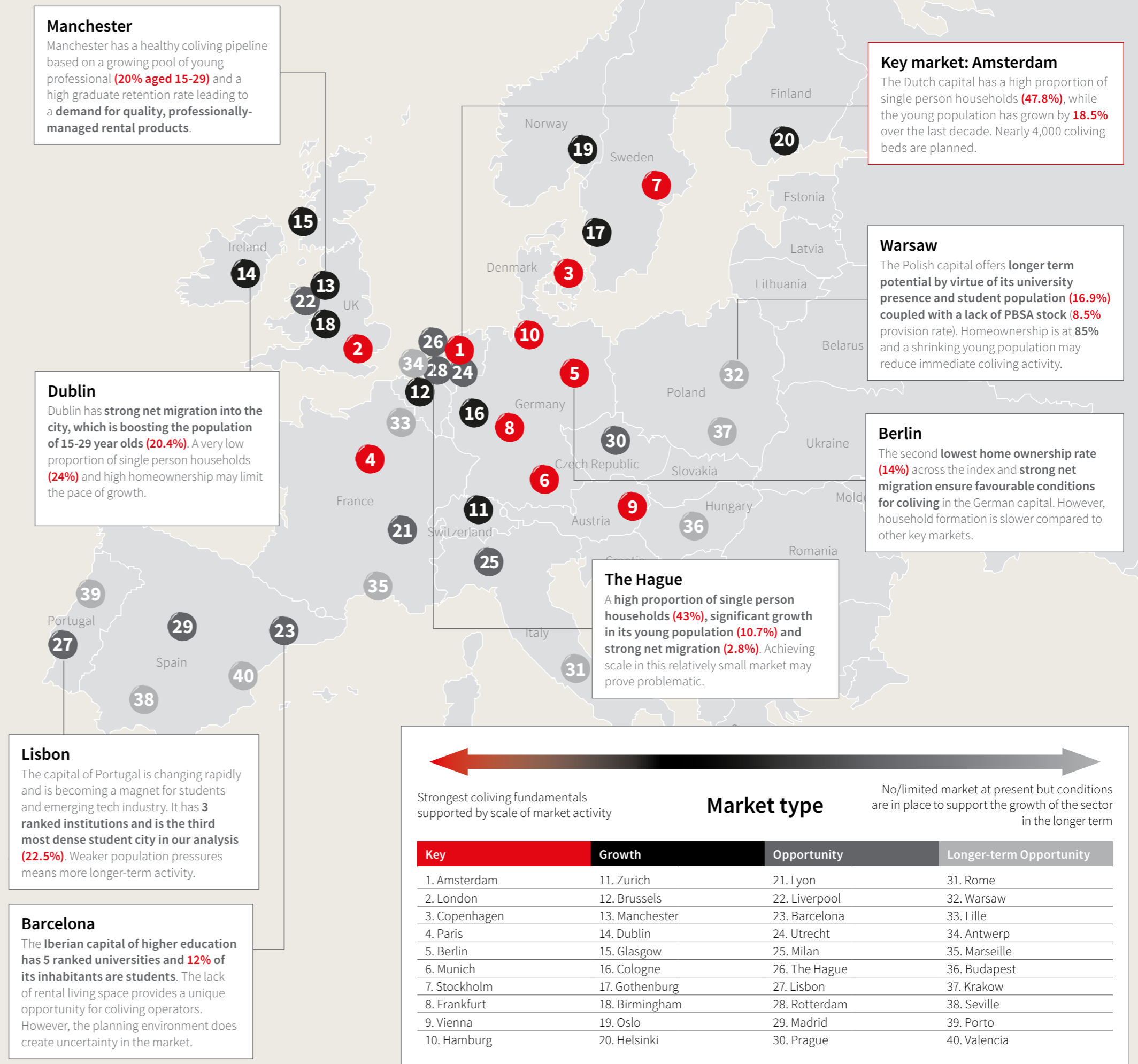
- **Affordability and housing:** The cities that scored highest in this category were those where housing is most expensive based on income ratios, home ownership rates and the size of the private rented sector.
- **Demographics:** The proportion of Europe's population living in urban areas will increase from 73% in 2017 to 81% by 2050, and many of these new city dwellers are of younger age cohorts who will be looking for affordable, high quality and flexible accommodation options.
- **Higher education:** Cities with strong student demand and high levels of innovation feature prominently across the index.

These are a selection of Europe's largest and most dynamic cities, with regional and global importance. Coliving is already growing across many and is set to emerge across all in the medium term. For some of the cities ranked longer-term, their economic and demographic structures are supportive for coliving but at present the size of the sector is limited.

Cultural drivers of coliving and other factors, such as entrepreneurial outlook, "Smart City" ranking, perceived start-up environment or scale of remote workforce (Digital Nomads), will have a strong bearing on which cities remain or become key markets in the future.

Index methodology

The city index is based on 15 key indicators covering a range of factors that influence the demand for coliving – these were chosen for their robustness, significance and cross-market comparability. Data points were weighted according to their relative importance and combined to create an overall score in order to identify the best locations for coliving across Europe.



Final word

In the past 2 years, coliving has grown rapidly across Europe and shows little sign of abating. Much of the current emphasis is on development, and our research shows that investors are looking to increase scale. In the development pipeline, the average asset size is larger than 250 beds.

The hybrid nature of the coliving sector and its inherent flexibility is what will drive its future growth. Whilst it draws on elements from the student housing, multifamily and hospitality sectors, occupier and operator specific preferences are shaping the coliving narrative globally, enabling it to form its own distinctive character. In a relatively small but fast-growing market, innovative and entrepreneurial platforms are influencing how these homes are designed and operated. As such, schemes show heterogeneity and blur lines between traditional understandings of different Living sectors.

The definition of coliving as set out in this report shares attributes with many other types of Living. However, with varying legislative and planning requirements for residential, student housing and hospitality uses across Europe, coliving offers a flexible solution for both investors and occupiers outside of this framework. With a greater emphasis on shared living space, coliving also offers benefits for communities and can address loneliness, with the resident experience central to the image of the sector.

As the effects of urbanisation and modern-day city life become more pronounced, coliving is going to become increasingly relevant in the 21st century city. It is no coincidence that the markets at the top of our index are those where housing pressures are greatest.

The sector has grown to almost 25,000 beds in the last two years and will continue to grow at pace as more markets emerge. Therefore, despite the nascent nature of coliving, it is set to have a major impact on city living. On this basis, it is essential that policy makers recognise the benefits it brings. Legislation that protects occupiers and ensures quality standards is crucial. Equally, coliving offers choice in a market short of options and deserves to be supported as a sector.

The coliving market is being driven by consumer demand, and in an era of free movement, globalisation, technological advancement and greater social mobility, flexibility is an essential component of living. As habits and lifestyles change, we are witnessing the disruptive effects this is having on many traditional sectors. Understanding different occupier requirements will allow for more balanced housing solutions in the future.

European cities are evolving as the result of increasing demand and changing lifestyle needs. The cities of the future will be measured by sustainability, flexibility and liveability. Coliving provides a natural progression in housing solutions not just for occupiers today, but for future generations.

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