

## **EFL EXPERTISE B.V.: SUMMIT MEETING OF THE EUROPEAN HOUSING INDUSTRY ON STRATEGY, FINANCING AND GROWTH**

**Hamburg, 11 October 2018** EFL Expertise B.V., the consulting subsidiary of the European Federation for Living (EFL), welcomed managers from housing companies from across Europe to the first EFL Expertise Strategy, Finance & Growth Summit on 13 September. Senior managers from Berlin, Amsterdam, London and Helsinki gave the conference attendees an insight into the domestic challenges they face with regard to strategy, financing and corporate growth. Keynote speaker Lord Andrew Adonis acknowledged the challenges posed by large property development projects.

Today, the property sector throughout Europe is facing greater challenges than ever before, including digitalisation, consolidation at the European level and rising cost pressures, to name but a few. With support from EFL Expertise, housing companies can tackle these problems effectively within the context of the EU. EFL Expertise provides support by pooling skills from the unique EFL network, which consists of European housing companies, property service providers and training providers. And this was very much the order of the day at the inaugural EFL Expertise Strategy, Finance & growth Summit. This one-day conference in Hamburg brought together representatives from social housing companies and housing industry associations from seven countries. The agenda focused on in-depth discussion of the strategy, financing and growth of providers of social and affordable housing in Europe. The specialist and substantive foundations were laid in talks given by experienced managers from successful housing companies in metropolitan areas.

Markus Terboven, CFO of Gewobag Wohnungsbau-Aktiengesellschaft Berlin, which owns over 60,000 homes, has for many years been charting a highly innovative course in strategy and financing and has thus become somewhat of a pioneer for municipal housing companies. After transitioning from HGB (German Commercial Code) to IFRS accounting, Gewobag underwent a rating process and today has the best rating scores compared with German housing companies of a similar size. As a result, Gewobag has succeeded in attracting significant external funds on the capital market and from the European Investment Bank. Gewobag is using this to implement the most comprehensive growth strategy in its history and is aiming to acquire another 13,000 homes by 2028. There are however substantial challenges standing between the company and its objective, such as the expansion of its business model and the continual rise in market prices in Berlin.

The Dutch housing industry has recently had to deal with drastic cuts. In addition to a landlord tax, which can add up to as much as two months' rent, the permitted activities for social housing companies have been curtailed. The sector is therefore being forced to focus on its core business. Amsterdam's social housing market is under strain, with 259 applications per available residence, and an average search time of 11.7 years for those seeking their first home. Furthermore, 25% of social housing is taken by people who do not need it. Ber Bosveld, the outgoing CFO of Woningstichting Ymere, which owns more than 80,000 homes in and around Amsterdam, sees the availability and affordability of living space as the focus for this company. The balancing act between the investment required and low rent levels creates a dilemma and leaves no room for profitable commercial activities. Stakeholder management in the numerous communities in Ymere's portfolio also has an influence on the company's strategy.

In England, 300,000 affordable homes for rent and for purchase are to be built each year until 2028. In this market environment, Ruth Cooke, the recently resigned CEO of London-based Clarion Housing Group, which owns more than 125,000 homes, plans to consolidate the group. As a company grows in size, positive effects can be seen in refinancing options, the efficiency of the organisation and resilience against market turbulence, and opportunities to influence sector-related political developments also arise. Clarion is one England's largest property developers, primarily building

social and affordable housing. The social commitment of the company is also noteworthy. Over the last decade, Clarion has generated social added value of GBP 1 billion and invests GBP 15 million per year to improve the living conditions of its tenants by offering debt counselling and an employment service, for example. Transparency surrounding the scope and impact of the social commitment of housing companies is significantly lower in scope in the rest of Europe.

The Finnish company Y-Säätiö declared war on homelessness with its stock of more than 16,000 homes – and has emerged victorious. In the period between 2008 and 2016, the number of homeless people fell by 35%. This means that Finland the only EU member state with falling rates of homelessness. Y-Säätiö asserts that permanent housing to be a fundamental human and social right. According to Timo Mutalahti, Corporate Counsel of Y-Säätiö, conventional homeless shelters are seen as a hindrance due to their being a temporary or intermediate solution.

Finally, author and entrepreneur Tim Leberecht explored what it means to be human in the age of digitalisation and contrasted the efficiency of machines with the beauty of human activity. He recommends doing the unnecessary in order to create beauty, promoting intimacy in order to experience precious moments, and accepting a little pain in order to create memories that last.

Gladly, there was no pain for the participants of the first EFL Expertise Strategy, Finance & Growth Summit, who were able to return home after the event with inspiration from several European countries and new network contacts. Speakers, conference attendees and the EFL Expertise team enjoyed a day packed with discussions and were able to take home many new ideas for their daily operations. Managing Director of EFL Expertise, Dr Mathias Hain, sees the orientation of the consulting firm as being in line with the conference topics of strategy, financing and growth.

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#### **About the European Federation for Living (EFL)**

The European Federation for Living (EFL) is a European network of numerous housing companies and real estate service providers, extended by the integration of scientific institutions and public associations. As such it pools a wide range of competencies and covers a broad spectrum of real estate topics. EFL helps its member companies to make their projects more efficient and unlock the potential along the value chain in the housing industry. For further information, please visit: [www.ef-l.eu](http://www.ef-l.eu)

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