

Reimagining cities

COLLECTIVE HOUSING

Europe's
real estate
through
new eyes



 **Tarkett**



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Introduction

Collective housing in a post-pandemic world

Further driven by the public health crisis at the start of the decade, urban areas are undergoing a real transformation. This guide explores the key trends shaping Europe's towns and cities. Showing the role innovative collective housing has in providing people with the improved quality of life they now crave: more greenery, less congestion and a greater sense of community.

Making densely populated centres more appealing means looking at real estate through new eyes.

Focusing on wellness, the wider sustainability agenda and the need to invest in social impact, we explore how real estate promoters can help homeowners and occupiers reimagine city living.

Sharing solutions that will shape the most successful private schemes - by creating the space, adaptability and togetherness people want from the place they call home.



“By 2030, there will be 1.2bn more of us, 70% of us will be living in cities and one in three of us will be living communally.”

Anton & Irene + SPACE10,
One Shared House 2030

Deep human understanding has to be at the heart of real estate's response.

This report explores how Tarkett Human-Conscious Design™ principles can help promoters:

- **Develop a deep human understanding** - investing in genuine insight to analyse the customer needs of today and tomorrow.
- **Make more conscious choices for people and the planet** - reducing environmental impact and using only good, healthy materials.
- **Build transparent partnerships** - centred on trust, dependability and the capability to deliver solutions that align with changing consumer values.

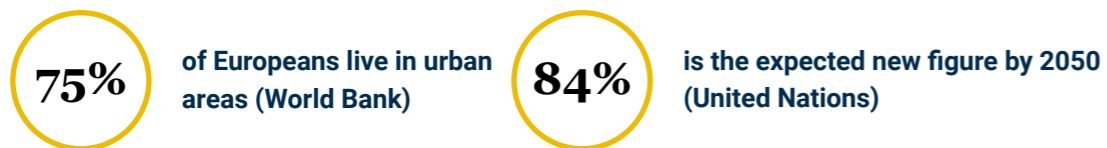
The changing shape of Europe's cities

Why we must reimagine city living

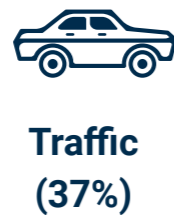
Since the pandemic spurred wider acceptance of home working, city living is losing its appeal. People are prepared to move away from our metropolitan centres for a feeling of spaciousness and social connectedness. To reverse this trend, new housing concepts are being explored that can counteract some of the socioeconomic and demographic factors impacting inner-city populations.

1. Recognising city living has to change to meet people's needs

Where we live determines 80-90% of our health outcomes (Global Wellness Institute).



Europeans' biggest concerns:



A lack of access to essential facilities was also cited by the 5,000 residents across London, Paris, Berlin and Milan that participated in Arup's City Living Barometer 2020.

40% of city dwellers are considering moving to more rural areas and questioning the long-term benefits of city living.



2. Re-evaluating real estate's place in society

Impact investments that can demonstrate consideration of natural capital and social value are a growing opportunity.



say investing in sustainable buildings makes the greatest difference



plan on incorporating social value from 2021 onwards

PwC's 'Emerging Trends in Real Estate 2021'

3. Reflecting how households are changing

More and more people are now living alone and time apart during the pandemic showed us that togetherness and belonging are everything.

Collective housing designed to enhance 'community' and bring together different generations, offers important health and wellbeing benefits.

Smaller households mean square footage is becoming less important. The focus is on the smartest, healthiest most sustainable use of indoor and outdoor space possible.



With less children living in fewer households too, size is no longer the greatest priority. People are more concerned about how the space available is optimised.

• Single-person households increased by 19% between 2010-19



• Children live in fewer than one in four households (in Sweden, Germany & Finland)

• 47% of Europeans have one child

Eurostat May 2020





“Urban living in the 21st century is accompanied by major challenges in areas such as affordability, sustainability, quality of life, inclusiveness and life course stability. One of the most innovative answers to these challenges has been a silent revolution in contemporary architecture – towards collective building and living.”

The European Federation for Living (EFL)

Living more sustainably together

Typically, collective housing is made up of separate houses or flats within one building. Sometimes several buildings can stand together within a complex. This in itself is nothing new.

What is new is the increasing demand for affordable, environmentally-conscious city development that is making these concepts so attractive - for all types of investor.

Improving all aspects of liveability in our cities

Just as much consideration needs to be given to the public spaces, communal areas and connecting infrastructure that shapes these communities.

Leveraging the convenience of living and working locally relies on our cities being more accessible. Post-covid planning movements, such as the '15-minute city' say inhabitants can enjoy a better quality of life when essential facilities are only a short walk or cycle away. This encourages healthy habits, cuts congestion and improves local air quality.



Forward-thinking real estate companies are reimagining housing provision that creates regenerative communities.

These highly amenitized urban schemes with shared resources will help create spaces that are good for people and the planet: preserving our most precious natural resources and improving quality of life.

Building with a new set of priorities in mind

The size of the sustainability challenge

It takes 25 years – a generation – to transform an industrial sector and all the value chains.

Action needs to be taken within the next five years for Europe's 2050 Net Zero vision to become a reality.

36%

of Europe's greenhouse gas emissions come from buildings¹

51%

from the ongoing operation²

49%

is 'embodied' in the construction and choice of materials²

3 billion tons

of natural resources used to manufacture building materials every year

30%

of these building materials are estimated to go to waste³

40%

of 'embodied' carbon needs to be cut by 2030 say World Green Building Council

¹ World Green Building Council Architecture 2030

² Transparency Market Research on the Construction Waste Market 2017-2025

Driving down carbon in collective housing

Exploring alternative methods of construction

- Offsite construction can reduce carbon emissions by up to 50%
- The global modular market is expected to reach \$125bn by 2025 (Frost & Sullivan)

Being embodied carbon conscious

Selecting low carbon products and materials - knowing that every contribution counts:

- Flooring represents up to 10% of the embodied carbon in a building
- Recycling 1kg of vinyl saves the equivalent of 2kg in CO₂ emissions
- Wood is being increasingly used in multi-storey buildings for both environmental and performance reasons. This low weight, low carbon material also helps cut construction time

Harnessing the potential of 'Green BIM'

More than a platform for effective project management, software advances are delivering environmental project data. For example, enabling accurate material ordering, which leads to less waste going to landfill. Such functionality could help the industry achieve savings of 15-25% by 2025⁴.

Applying circular-economy principles

As well as looking to decarbonise the construction of new buildings, the most successful schemes are applying circular economy thinking across the entire fit-out.

⁴ EU BIM Handbook



People are prepared to pay more for 'feel-good'

Green buildings are a more attractive investment

The 2020s has to be a decade of delivery when it comes to driving down carbon emissions across our cities and buildings.

Aside from the role real estate must play in supporting the European Union's pledge to reach net zero status by 2050, there has been a seismic shift on sustainability from many market forces. Not least the most important investor: the home buyer.

“The wider societal trend, with customers increasingly choosing brands they believe align with their values, has now arrived in real estate.”

PwC's 'Emerging Trends in Real Estate 2021

Mindsets are changing



81%

will make greener purchasing decisions within the next five years⁵

People are making more conscious choices about where and how they live

Environmental, social and governance (ESG) factors are becoming increasingly important - especially to the investor community. Sustainable buildings reflect well from a reputation standpoint but evidence is also emerging of a solid ESG corporate strategy achieving higher returns.

With 40% of real estate companies⁵ specialising in the residential sector already setting a net zero objective, there is widespread acknowledgement that green buildings are a key differentiator and starting to deliver significant value.

Green buildings developed to reduce negative impact throughout the entire lifecycle are becoming an important differentiator.

More sustainable buildings will see higher returns



6-11%

anticipated increase in rental value and faster turnover between tenants⁶



44%

expect to be able to charge a 'green premium'⁷



⁶JLL & UKGBC, 'Net Zero Buildings: Design, Delivery & Cost Explored', September 2020

⁷Statistics from Savills' 'Serious about Sustainability' research, November 2020

A growing emphasis on well-living

Even before the pandemic the most revolutionary residential schemes were reimagining ways to deliver a total wellbeing experience.

Now, more than ever, the emphasis is on how the home impacts all areas of our lives. Recognising the increasingly blurred lines between our personal and professional selves.



“There is a compelling business case for the industry to focus on health and wellbeing in residential property.”

World Green Building Council



In 2018, the Global Wellness Institute (GWI) predicted that residential real estate would be the next frontier radically transformed by ‘wellness’.

Fast-forward to the 2020s and finding new ways of living and working has never been more relevant.

Wellness lifestyle real estate can bring premiums averaging 10-25% but these can be as much as 55%⁸. One reason for this premium is that there is currently not enough supply to meet demand.

Buyers are willing to pay more for wellness lifestyle real estate.

⁸ ‘Build well to live well’ - GWI’s 2018 research report on wellness lifestyle real estate and communities

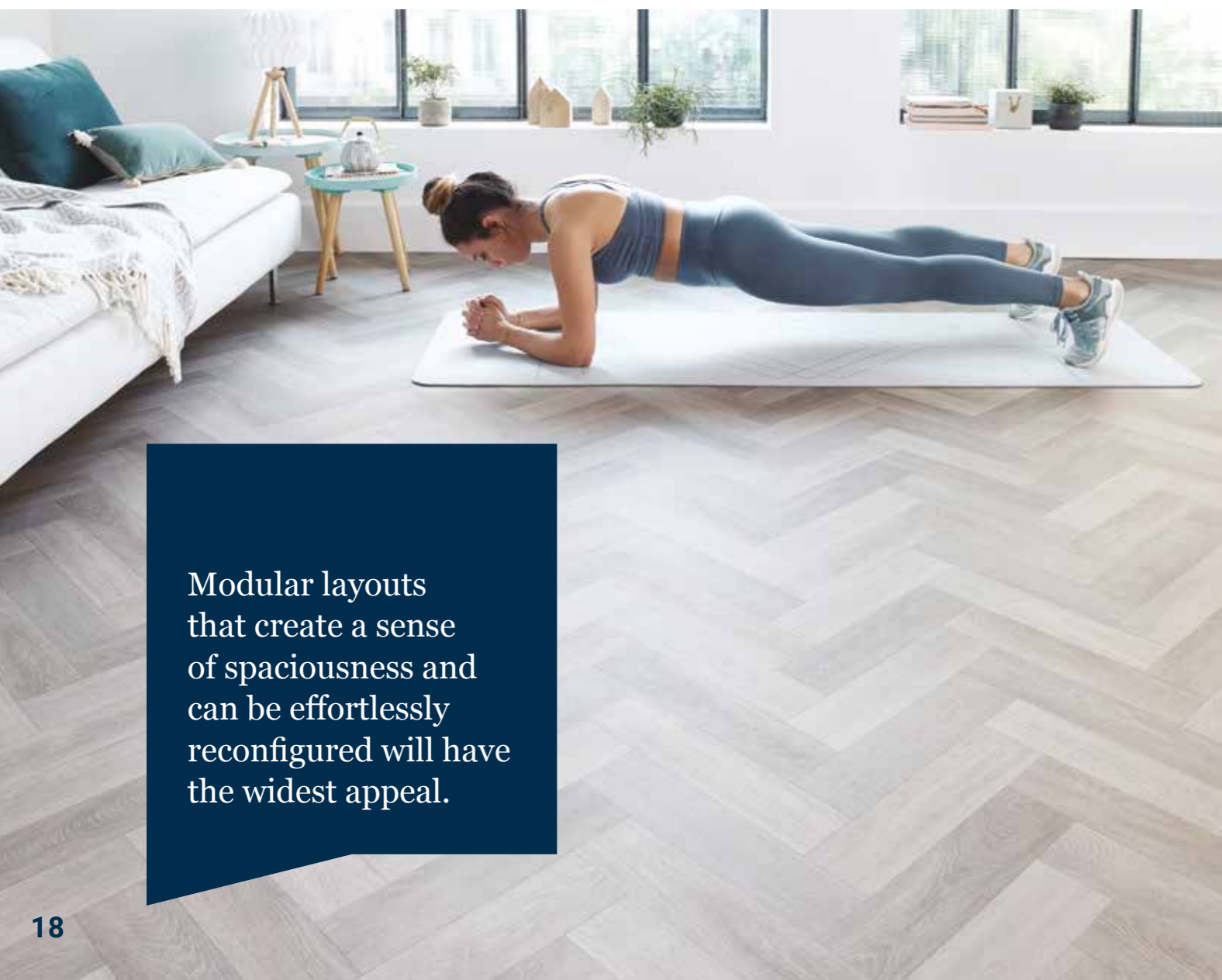
Identifying and meeting owner and occupier needs

Homeowner preferences post-covid

To truly deliver 'well-living' there needs to be a deep understanding of what homeowners genuinely want and need.

People seek positive community experiences, access to nature and more sustainable features but what else do today's owners and occupiers look for in the place they call 'home'?

A feeling of spaciousness and adaptability matters most. Spaces need to work hard for everyone - whether relaxing, entertaining, exercising, working, studying, playing, cooking, gaming or taking time out. Clever interiors solutions that allow effective 'zoning' for different modes and moods help optimise square footage for the entire household.



Modular layouts that create a sense of spaciousness and can be effortlessly reconfigured will have the widest appeal.

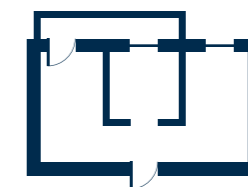


When asked what homeowners would do to create their ideal living environment, they are most likely to⁹:



Bring nature in (40%)

People want greenery, natural light and authentic, untouched materials.



Reconfigure existing spaces (23%)

Flexible rooms that can easily be divided to create more personal space.



Soundproof (40%)

Flooring solutions that can improve the acoustics of live-work spaces.

⁹ Royal Institute of British Architects (RIBA) study into how Covid has impacted the way we live and work. Survey of 1,500 UK homeowners aged 25-64 (October 2020)

Interiors that help people feel at home

Choosing a new home is both a rational and emotional decision. Instinctively, 'feel-good' settings speak to all our senses. We're stimulated by what we see, hear, touch and feel.

Shaping interiors with these more innate set of needs in-mind will help subconsciously put interested viewers at ease in their surroundings. The pandemic has undoubtedly altered our perceptions on many levels but when it comes to the home:

1. A feeling of spaciousness is more important than the actual size

A new form of minimalism is arising centred on the clever optimisation of space. This 'clean dream' is achieved using soft, fresh colours smartly mixed with sophisticated materials and smooth ergonomics.

2. The quest for cleanliness shouldn't be confused with sterility

Homes composed to look more spacious - filled with air and light - are also perceived to be more hygienic. Ease of sanitation is important but so is warmth. People want 'clean' in the most comfortable and aesthetic way.

3. We want solutions that reinforce our natural bond with nature

True connection with what's around us is more subliminal than what we realise. We feel most reassured when we're surrounded by natural elements, from floor to wall - experiencing the lively effects of natural light or the simple liberation of walking barefoot.



Getting the balance right between satisfying homeowners' conscious and subconscious needs relies on having a profound understanding of people.

Thinking beyond style preferences and being guided by human-conscious design principles - that put equal weighting on people and planet - will resonate with today's and tomorrow's buyers.

Today's consumers take pride in other ways. They want choices that align with their values.

Pride stands out as the core emotion that has the greatest impact on how happy people are with their homes.

People naturally want interior solutions that reflect their personalities and preferences - making their home unique.

Guiding owners and occupiers in their decision-making is not just about showcasing a wide range of designs and a clear appreciation of current trends.

Backing style pointers with confident claims on sustainability and an awareness of wider social impact is becoming increasingly important too.



“Nature has really been our big refuge and the greatest decorating inspiration. I think it’s an expansion on the idea of bringing the outdoors in.”

Danielle Blundell, Home Director, Apartment Therapy

Real estate's response to changing consumer values

Choosing materials that support circularity

Interior solutions are so important to real estate because it's these finishing touches that turn a space into a potential new home. Material selection is not just scrutinised by stringent accreditation bodies, but also by a more health-aware, environmentally and socially conscious public.

Surfaces that help people flourish are integral to delivering stand-out schemes that offer the best value.



For the modern buyer this means stylish, healthy and enduring flooring solutions:

Providing a haven of comfort and well-being

- **Products that make us feel at home** - we want to feel cosy, connected and secure. An array of textures that mimic the appearance of beautiful, natural elements subtly convey reassurance.
- **Products that make us feel free** - flooring is a key ingredient for fluidity, lightness and balance. Soft, fresh colours and designs open up rooms and have universal appeal.

Proven to be good for people and for planet

- **Supporting circularity** - designed and manufactured to close the loop on waste. Tarkett is working to maximise the recycled content in all our products and prioritise end-of-life recycling.
- **Made from the healthiest materials** - a commitment to cutting volatile organic compounds (VOCs) and going phthalate-free. Today, all of our European vinyl collections are phthalate-free.
- **Designed for more indoor time** - boosting indoor air quality and reducing particulate matter.

Performing in the most practical ways possible

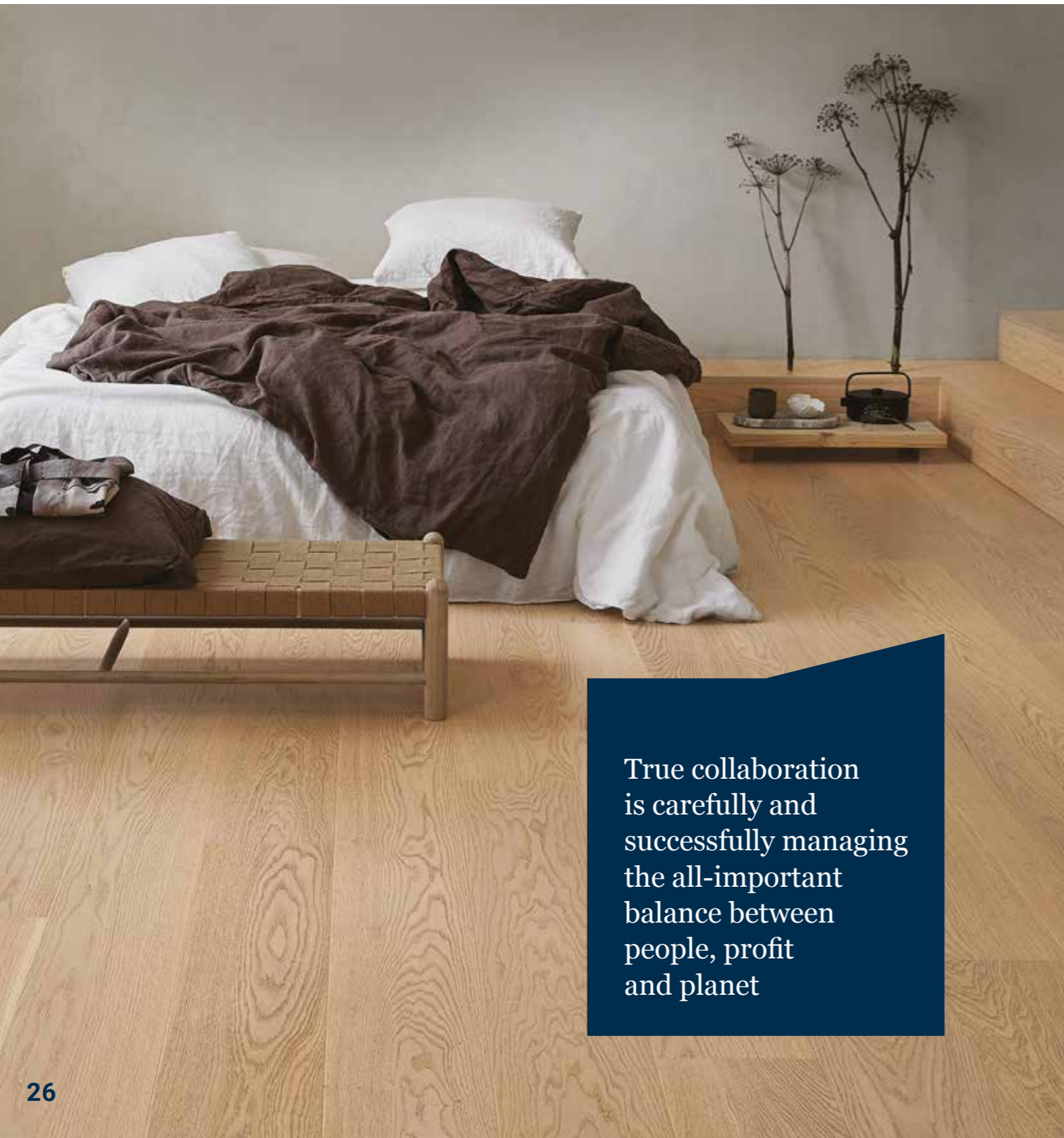
- **Getting into the zone** - allowing for the clear delineation and efficient use of space.
- **Ease of transition** - the flexibility to cater for personal preferences, new tenants and/or a wider range of home-based activities.
- **Insulating noise** - acoustic solutions that deal with disruption within households or in-between floors separating one family unit from another.



Investing in more conscious collaborations

Real estate promoters must have a portfolio of products that align with consumer values and validate their own stance on sustainability.

Solutions providers that have the style and substance to help set schemes apart will clearly demonstrate a long-standing commitment to doing the right thing.



True collaboration is carefully and successfully managing the all-important balance between people, profit and planet



In 2019, Tarkett diverted 270,000 tons equivalent of CO₂ by using 126,000 tons of recycled content.

Establishing trust, transparency and third-party accreditation:

- **Seek proof that your partners are using 'good materials'** - what methodologies guide their decision making?
- **Standards set in science** - can they share internationally recognised research on sustainability and help you to meet the highest level of accreditations?
- **Flexibility to adapt** - how are they changing with the times? Leasing to ease rental changeovers and ensure recycling and reuse, for example?
- **Never standing still** - what else are they doing to achieve better sustainability and well-living standards? Are they taking a carbon conscious approach?

Conclusion

Collective human-conscious design and urban revival

Collective living is capturing the interest of investors as they strive to 'green' their portfolios and prove social impact.

At the same time, these developments are capturing the hearts and minds of owners and occupiers because they sell a more fulfilling way forward.



“Developers know they need to create a product the occupiers of the future want to rent, lease or buy.”

JLL, '4 steps developers can take to help tackle climate change', November 2019

'Feel-good' fosters long term value

Innovative collective housing concepts have high marketability and generate more long term value because they deliver:

- **Pride of place** - homes that reflect changing consumer values, nurture social belonging, encourage autonomy and allow for personal expression.
- **Well-living for everyone** - relaxing, comfortable, secure inner-city safe havens for families, seniors, young professionals and single households alike.
- **Ecological and economical benefits** - the most cutting-edge communities are regenerative - relying on renewable energy, cultivating their own food and sharing a multitude of resources.
- **Flexible solutions** - an increase in home-working has made many commuters reassess their time and space. Adaptability is critical and will remain so.

Collaboratively - architects, designers, developers, specifiers, suppliers and installers - can revitalise Europe's cities.

Consciously configuring homes that don't just keep people in our centres but create happier, healthier, thriving communities that feel proud and invested in the place they call 'home'.

Delivering housing that reflects individual desires and wider collective needs will make city living more sustainable on every level.



Key takeaways

Five ways collective housing can transform city living

Most of Europe's population is in urban areas. This number is only set to rise. The pandemic made people reflect on many different aspects of where and how they live.

As the property market debates the longer term impact and homeowners move away in search of less congestion and more greenery - for some retreating from our cities is simply not an option.



1. People want more from where they live

The pandemic is accelerating socioeconomic trends. City living is losing its appeal as Europeans want more greenery and less congestion. With more people living on their own, owners and occupiers crave a greater sense of community too.



2. Sustainability and social impact are important

People are also making more conscious choices about how they live. Green buildings that can support a more sustainable existence help differentiate new property developments in the hearts and minds of owners, occupiers and investors.



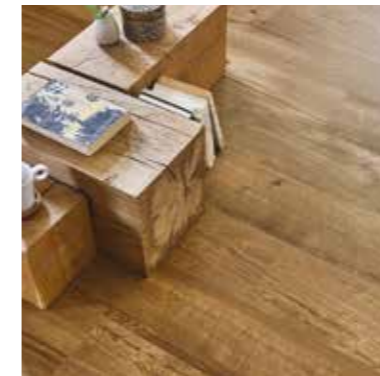
3. Community has social, environmental and economic benefits

Innovative collective housing concepts are helping city dwellers to reimagine urban living centred on thriving, regenerative communities. These highly amenitized schemes promote well-living for all - providing happier, healthier places to live, work, rest and play. Both inside the home and surrounding communal areas.



4. Spaciousness and adaptability matter most

Private housing units that provide light, airy spaces, embrace fluidity and envelope people in nature help them to feel instantly at home. Clever interiors solutions designed to deliver smooth, clean ergonomics and modularity meet potential buyers' conscious and subconscious needs.



5. Consumers want choices that align with their values

Offering a portfolio of products and solutions that allow the personalisation of space using only sustainable, healthy materials from responsible partners helps set schemes apart in highly profitable ways.





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