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## The shared accommodations revolution: good for commuters – and for investors

New forms of work and swelling numbers of commuters are breathing new life into shared living arrangements. That's good not only for tenants but also for investors.

- Co-living accommodations have everything you need, from a cleaning service to well appointed communal rooms.
- New forms of work such as co-working are driving the trend for modern shared accommodations.
- Investors can get in on this market with real estate funds.

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5 minutes to read

# 79 %

of investors want to expand into the European housing market.

Work is becoming more mobile, employees are too – thanks to modern technology. The result is a colorful mix of home office, project work and traditional office work. Almost 13 million Germans commute between their home and their desk in another town.<sup>[1]</sup> Many of them have long journeys, one in twenty is on the road for more than two hours every working day.<sup>[2]</sup> One result of this is the “co-living” trend, shared accommodations at the next level. You rent a room in a larger apartment: with a flexible-term lease, exquisitely equipped and furnished, with communal kitchen, Internet connection and cleaning service. Perfect for minimizing commuting during the week. But also to be flexible, for example, while on assignment in another city – and not to have to go hunting for a conventional apartment in a market that's



In 2017, 0.2 billion dollars was invested worldwide in co-living – what about 2018?

0.9 billion dollars

1.2 billion dollars

2.2 billion dollars

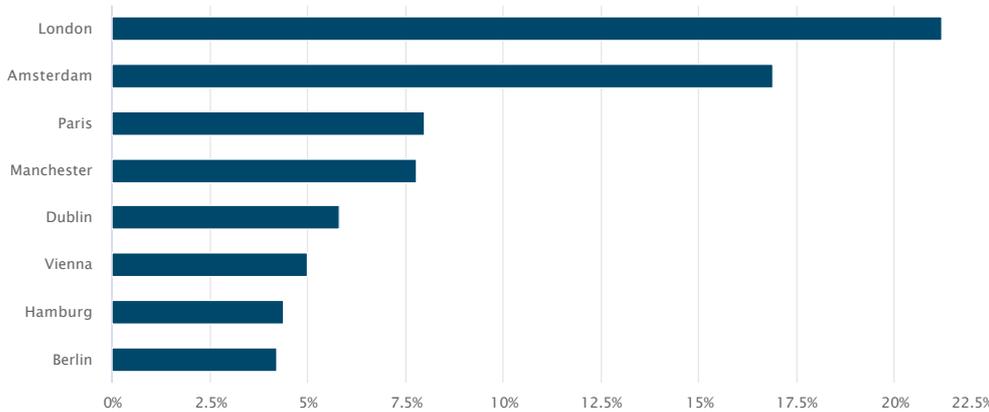
Source: Cushman & Wakefield, "[Co-Living / Survey of the Co-Living Landscape](#)

<<http://www.cushmanwakefield.us/en/research-and-insight/2019/coliving-report>>  
", May 2019

Investors continue to see a lot of potential in the housing market. Just under three quarters of real estate fund managers say that they want to seize opportunities here in the next three years.<sup>[3]</sup> In major metropolitan areas, apartments are in great demand. "Co-living adds a new facet to already high demand for traditional residential real estate," the DWS' Taskin Mutlu says. Industry experts expect this trend to spread rapidly, especially in major cities: The share of the global population living in cities continues to grow, driving up demand for urban living space sharply.<sup>[4]</sup>

### London is Europe's co-living capital

Two German cities are among the eight locations that have the highest share of the co-living market in Europe



the highest share of the co-living market in Europe. The residential property market is thus part of a broader trend in the residential property segment, as is micro-living – fully equipped mini-apartments. And then there's **student housing** [co-living](#), with a growing segment that is far removed from the spartan, slightly run-down student accommodations that most students live in. Co-living properties house a colorful mix of tenants: people working on projects and freelancers – "digital nomads" – but even seniors who want to live with other people as they grow older and pursue common interests and hobbies like cooking or handicrafts but at the same time want their own private space. Co-living represents for the residential property market what co-working does for offices: disruption of the traditional market.

Tenants can look forward to a comfortably furnished home for a certain amount of time – with social

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DWS International GmbH, 27.11.2019

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contact facility management, for example. Home office? That's easy in today's shared accommodations, which also facilitate the integration of expats in the foreign country they have been sent on assignment to. Investors profit from higher rents from co-living properties than from conventional residential real estate," Multia says. For example, real estate consultancy Jones Lang LaSalle has ascertained a premium of approximately 30 percent to traditional apartments.<sup>[5]</sup> "While it's true that investments in offices often yield higher returns from rents, demand for them fluctuates more as it is dependent on the economy," Multia says. That's why the real estate funds of DWS invest also in apartments: "In doing so, we're on top of this trend." A global trend with espresso machine, gym and the opportunity for social interaction that is also making a contribution to almost nobody ever having to commute for hours again.

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Demand is high, but supply continues to be tight: The price of a lot of real estate – especially residential real estate – is going through the roof. And what now?

1. [Source: Bundesagentur für Arbeit, "Pendleratlas", as of: June 2018](https://statistik.arbeitsagentur.de/Navigation/Statistik/Statistische-Analysen/Interaktive-Visualisierung/Pendleratlas/Pendleratlas-Nav.html) <https://statistik.arbeitsagentur.de/Navigation/Statistik/Statistische-Analysen/Interaktive-Visualisierung/Pendleratlas/Pendleratlas-Nav.html>
2. [Source: https://www.destatis.de/DE/Themen/Arbeit/Arbeitsmarkt/Erwerbstaetigkeit/im-Fokus-Pendler.html](https://www.destatis.de/DE/Themen/Arbeit/Arbeitsmarkt/Erwerbstaetigkeit/im-Fokus-Pendler.html)
3. [Source: Scope, "Offene Immobilienfonds / Marktstudie und Ratings 2019", fig. 27, June 2019, https://www.scopeanalysis.com/ScopeAnalysisApi/api/downloadstudy?id=62d8d1cd-f90f-45ac-ad0f-3b21edfb0e7a \(page 39\)](https://www.scopeanalysis.com/ScopeAnalysisApi/api/downloadstudy?id=62d8d1cd-f90f-45ac-ad0f-3b21edfb0e7a)
4. [Source: Knight Frank, "Co-Living – Rent a Lifestyle", May 2019, https://content.knightfrank.com/research/1004/documents/en/india-topical-reports-in-the-first-of-its-kind-industry-report-titled-co-living-rent-a-lifestyle-we-give-a-comprehensive-analysis-of-the-potential-for-rental-housing-in-india-6027.pdf](https://content.knightfrank.com/research/1004/documents/en/india-topical-reports-in-the-first-of-its-kind-industry-report-titled-co-living-rent-a-lifestyle-we-give-a-comprehensive-analysis-of-the-potential-for-rental-housing-in-india-6027.pdf)
5. [Source: JLL, "European Co-Living Index 2019", 2019, https://www.us.jll.com/content/dam/jll-com/documents/pdf/research/americas/us/us-uncovering-coliving-infographic-2019-jll.pdf](https://www.us.jll.com/content/dam/jll-com/documents/pdf/research/americas/us/us-uncovering-coliving-infographic-2019-jll.pdf)

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