

# Green light for energy-positive resi towers

Catella and French partner Elithis believe their development programme could be a 'world first' in terms of its scale and ambition

BY DOMINIC GOVER

The green light has been given to construct the first two 'energy-positive' buildings of an ambitious €2 bn pan-European development programme by Catella Residential Investment Management, to provide highly sustainable homes for the affordable sector.

What makes the project by the German investment manager stand out is that it seeks to simultaneously tackle two major ESG issues: climate change and a lack of affordable housing.

The cities of Dijon and St-Etienne in France have issued building permits for the innovative towers to get underway, for which Catella is partnering with French building and engineering company, Elithis.

The pair have plans to build up to 50 more of the towers in France, beginning with five next year. Another 50 in other European countries are due by 2030. Target yields range between 3-6%. Hopes are high; the companies believe the joint venture has the potential to be a global first, in terms of its scale and ambition.

Catella's existing European residential funds and separate accounts are potential investors. The firm is also targeted by institutional investors, which might be interested in funding the whole pipeline in a separate, new vehicle.

Catella Residential Investment Management manages the largest cross-border residential real estate investment platform in Europe, with a total AUM of €4 bn in nine countries. The towers in Dijon and St-Etienne set a high bar in tackling pressing social issues, which the impact fund will prioritise.

## LOWER ENERGY CONSUMPTION

The energy-positive residential towers employ technology including photovoltaic panels and bio-climatic design to drastically cut energy consumption, leading to expected

savings of up to €1,600 a year for occupants. Using less energy and sending excess power back to the grid makes the assets energy-positive from the outset, boosting environmental efforts.

Construction is due to begin on the sites in Dijon and St-Etienne as soon as possible, although there is uncertainty caused by the Covid-19 pandemic, which has put on ice many projects across Europe.

The assets cost between €13-€15 mln each, although later sites are slated to come with a price tag of up to €50 mln each, depending on plot size.

Michael Fink, managing director of Catella Residential Investment Management, said of the new project: 'We are simultaneously creating affordability and fighting climate change because for us the priority is to develop homes which can play a role in tackling these two great issues of our time.'

He reckons the project could overturn the assumption that going green comes at a bigger price tag, as is sometimes the case in other asset classes.

Fink said: 'We are not naive and it will not change the world by itself, but this project is a sign and opportunity to show that something is possible, after we have been told for a long time that if you value sustainability, then you have to pay more. We show this does not have to be the case in residential.'

'Our first two developments in Dijon and Saint-Etienne are the start of a European residential investment proposition that is unprecedented in its scale, as well as its ambitions in sustainability and social responsibility, in the sector.

'The towers will also be built in such a way that they can easily be converted for other functions than residential use, should this be necessary. Despite all the sustainable features, the construction costs are no higher than for a regular residential tower.

'We are convinced this type of building is the way forward, especially in these times of crisis when household incomes are coming under pressure. Our energy-positive towers are designed to be future-proof and we are already preparing to build many more.' ■



HOW THE NEW TOWERS WILL LOOK WHEN BUILT