

EMEA

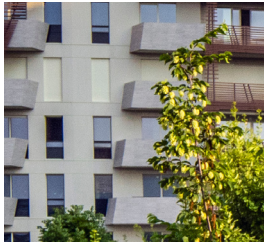
# SUSTAINABLE RETURNS

EXECUTIVE OVERVIEW

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INTRODUCTION

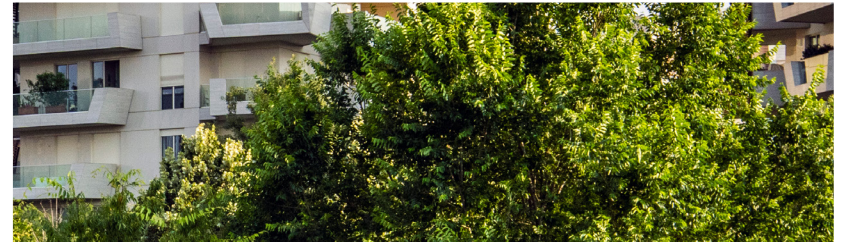
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01

# INTRODUCTION



# INTRODUCTION

**AS CITIES CONFRONT THE PRESSURES OF CLIMATE CHANGE, DEMOGRAPHIC TRANSFORMATION, AND ECONOMIC TRANSITION, LARGE-SCALE URBAN REGENERATION HAS BECOME A VITAL MECHANISM FOR REVITALISING AGEING INFRASTRUCTURE, ADDRESSING STRUCTURAL INEQUALITY, AND EMBEDDING LONG-TERM SUSTAINABILITY.**

However, the feasibility of such projects is under acute strain. Escalating construction and financing costs, coupled with increasingly stringent ESG-related regulatory requirements, have compounded delivery complexity and widened the feasibility gap. This has led to reduced development activity, restricted access to capital, and a diminished capacity to deliver the kind of exceptional, sustainable, and socially valuable schemes that cities urgently require.

This paper focuses on regeneration projects of significant scale, typically multi-phase, mixed-use developments spanning 10 to 30 years, that demand substantial upfront capital, extended investment horizons, and a coherent vision exceeding the five-to-ten-year hold periods and spanning multiple economic and political cycles of conventional real estate strategies. Paradoxically, the places where feasibility is weakest, those characterised by underinvestment, inequality, and physical decline, are precisely where sustainable interventions are most critical. It is within these contexts that the challenge of reconciling financial viability with social and environmental ambition becomes most pronounced.



# FRAMING THE CHALLENGE

There Are Structural And Financial Challenges  
To Sustainable Urban Regeneration.

# 02

## FRAMING THE CHALLENGE

There Are Structural and Financial Challenges to Sustainable Urban Regeneration.

AS DEMAND FOR SUSTAINABLE REGENERATION INTENSIFIES, INCREASING FINANCIAL FEASIBILITY RISKS THREATEN TO STALL INVESTMENT AND DELAY MEANINGFUL URBAN TRANSFORMATION.



# KEY STRUCTURAL AND FINANCIAL CONSTRAINTS FACING URBAN REGENERATION

To accelerate sustainable urban regeneration, industry leaders and policymakers must adopt development models that re-balance economic feasibility with long-term social equity and environmental resilience.



## FINANCIAL FEASIBILITY IS CONSTRAINED BY MARKET INCENTIVES.

Socially oriented projects, such as affordable housing, net-zero developments, and mixed-use schemes, often adversely impact returns and invariably tilt the risk/reward seesaw towards the former. The requirement for higher returns to offset higher upfront costs for low-carbon materials, energy-efficient technologies, and resilience measures can add challenges to funding.



## REGULATORY FRAMEWORKS INTRODUCE FURTHER COMPLEXITY.

Planning systems, zoning rules, and tax structures frequently lack alignment with sustainability and inclusion objectives. While green standards and sustainable requirements are advancing, they remain inconsistent and can create compliance burdens, especially for early adopters.



## CAPITAL CONTINUES TO FAVOUR FINANCIAL YIELD OVER SOCIAL OR ENVIRONMENTAL NEED.

Investment concentrates where returns outweigh risk, leaving communities most in need of affordable, sustainable and inclusive developments underserved. Financial viability is typically weakest where social value is most urgent, or where environment risk is greatest, reinforcing spatial inequality. Some investors now pursue long-term risk mitigation through social value, yet the shift, albeit growing, remains limited. Global capital flows still prioritise yield, reinforcing financial logics that overlook social outcomes. Core funds emphasise stability and compliance, while value-add strategies focus on repositioning, yet both can lack mechanisms to embed social and environmental priorities without compromising financial returns. Aligning sustainable goals with investor timelines demands more adaptive, profile-specific approaches.



## VALUE DERIVED THROUGH SUSTAINABILITY REMAINS DIFFICULT TO EVIDENCE AND STANDARDISE.

While financial performance is well-defined and environmental criteria increasingly structured through governance, metrics for social value remain limited. This makes it difficult to demonstrate the long-term benefits of sustainable-led strategies. Financial stakeholders must balance long-term societal outcomes with short-term financial targets, particularly in high-cost, high-risk regeneration settings. Still, public benefit is increasingly seen as a source of asset resilience, regulatory alignment, and future-proofed returns.



03



# REFRAMING VALUE

A New Value Paradigm for Sustainable  
Urban Regeneration

# 03

## REFRAMING VALUE

A New Value Paradigm for Sustainable Urban Regeneration

**THE MOST ECONOMICALLY RESILIENT DEVELOPMENTS, THOSE THAT POSE THE LOWEST LONG-TERM RISK, INTEGRATE BROADER ECONOMIC, SOCIAL, AND ENVIRONMENTAL VALUE DRIVERS.**

Real estate appraisal methodologies need to extend beyond more immediate financial returns to account for the value of these factors, which are increasingly recognised by investors and developers. Including:



### LONG-TERM ECONOMIC RETURNS

High-efficiency, socially inclusive, environmentally resilient developments generate long-term value through reduced operating costs, tenant stability, and improved occupant well-being. Over time, these assets benefit from capital appreciation, preferential financing, and alignment with public-sector priorities, enhancing yield and resilience.



### INDIRECT OR PROXY ECONOMIC RETURNS

Sustainable-aligned buildings often deliver secondary benefits such as increased staff engagement, or energy performance that drive value through increased organisational performance, revenue growth or tenant take-up. At a societal level, healthier environments reduce spending on public services and improve climate risk.



### RISK MITIGATION AND ENHANCED RESILIENCE

Socially and environmentally resilient developments lower exposure to risks such as crime, regulatory non-compliance and climate-related events and insurance claims. These features strengthen asset performance and reduce volatility in income and value.



### NON-FINANCIAL VALUE DRIVERS

Inclusive public spaces strengthen social cohesion, urban attractiveness, and community vitality. These factors enhance liveability for residents and appeal for visitors, reinforcing place identity and long-term demand. Most mainstream investors appreciate how such qualities can drive financial value, evident in projects like the High Line in New York City, and King's Cross, London where investment in public realm catalysed significant uplift in local property values, local employment and tourism.

Another layer of complexity lies in the differing investment horizons and capacities of stakeholders to influence sustainability outcomes. Developers, investors, occupiers, and public bodies operate within distinct financial structures, each with varying levels of risk tolerance, accountability, and time sensitivity. These differences shape not only how value is driven, but also the scale and duration of impact that each actor can achieve, ultimately determining their ability to generate meaningful and lasting sustainable outcomes.

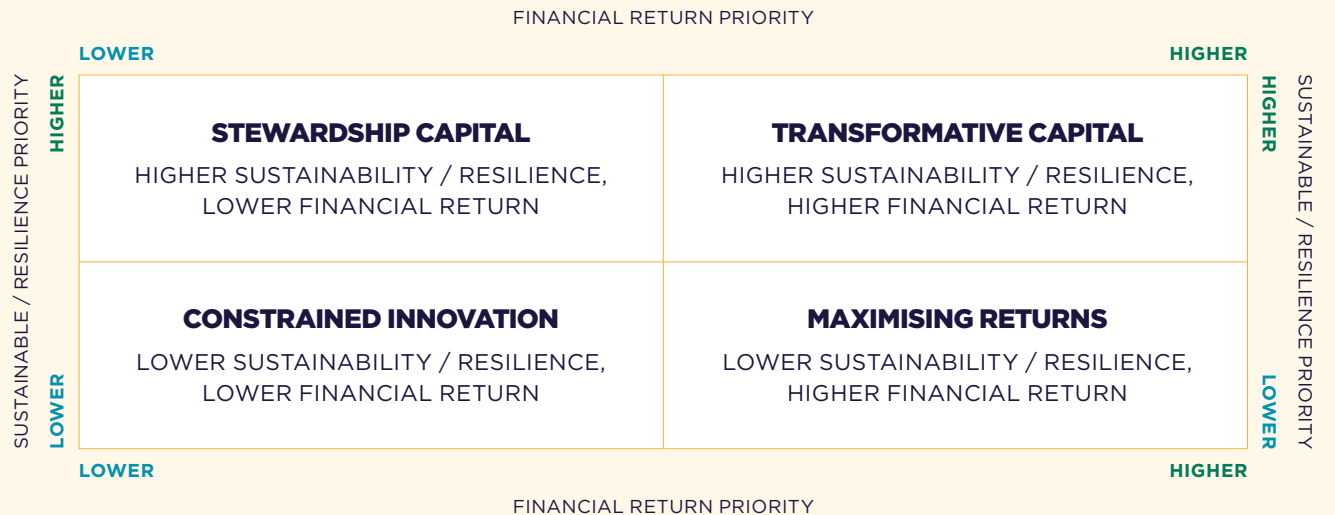
## TIME HORIZONS AND COMPETING STAKEHOLDER PRIORITIES

While many of the value drivers outlined are compelling on their own, they manifest over different time horizons. Some offer immediate or near-term benefits, such as regulatory compliance, tenant demand, or operational savings, while others generate medium- to long-term value, including improved health outcomes, climate resilience, social cohesion, and reputational strength. These timelines often reflect the conflicting priorities of key stakeholders, illustrated below.

Private Equity-funded developments may prioritise faster returns linked to exit strategies, limiting long-term sustainable value creation, whereas institutional developers backed by impact-focused capital may be in a position to focus on generating longer-term value in the form of community wellbeing, environmental stability, or employment security. These tensions highlight the need for investment strategies that actively seek common ground through blended finance, shared risk models, and co-created development approaches



### CONFLICTING STAKEHOLDER PRIORITIES ACROSS TIME HORIZONS



## RE-DEFINING KEY VALUE DRIVERS IN SUSTAINABLE URBAN REGENERATION

THE FOLLOWING SECTION OUTLINES THE CORE VALUE DRIVERS SHAPING SUSTAINABLE URBAN REGENERATION TODAY.

While each may be compelling in isolation, they unfold over different time horizons. Some generate immediate or short-term gains, such as improved regulatory compliance, tenant demand, or operational savings. Others accrue over the medium to long term, including enhanced health outcomes, climate resilience, social cohesion, and reputational strength.

Although social, environmental, strategic, and regulatory value are often perceived as separate from financial value, they actively contribute to and enable financial outcomes. A robust investment strategy must therefore account for these temporal dynamics, aligning capital flows with both near-term performance and enduring value creation. These value metrics are intended to illustrate the breadth of considerations shaping sustainable regeneration, rather than to provide an exhaustive list of all possible drivers.





# KEY DRIVERS IN SUSTAINABLE URBAN REGENERATION

FINANCIAL VALUE

SOCIAL VALUE

ENVIRONMENTAL VALUE

STRATEGIC &  
REGULATORY VALUE



CLICK THE  
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THE INFORMATION



## GOVERNANCE AND ORGANISATIONAL VALUES

## MEASUREMENT & MARKET INFRASTRUCTURE

**WHILE THE DRIVERS OUTLINED ABOVE ARE COMPELLING, THEY CANNOT BE REALIZED OR FINANCIALIZED WITHOUT EFFECTIVE MEASUREMENT AND GOVERNANCE.**

Robust metrics, digital infrastructure, and third-party verification are essential to make value visible and investable. Equally, governance must embed sustainable into organisational strategy, leadership, and accountability.



**CLICK THE ICON TO ACCESS THE INFORMATION**



# UNLOCKING ADOPTION: BUILDING THE RIGHT ENVIRONMENT FOR VALUE INNOVATION IN DEVELOPMENT

DESPITE GROWING INTEREST IN SUSTAINABILITY, THE ADOPTION OF NON-FINANCIAL VALUE DRIVERS IN DEVELOPMENT REMAINS LIMITED.

This is largely because these outcomes are difficult to realise within current feasibility models, which are not aligned with developer incentives or conventional valuation practices. In the absence of clear fiscal recognition or regulatory mandates, projects that deliver long-term social or environmental benefits often struggle to meet short-term feasibility requirements and investor expectations.



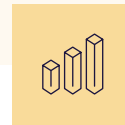
## PUBLIC POLICY AND MARKET SIGNALS SHAPE ESG PRIORITIES

The public sector has failed to legislate more ambitious, outcome-based sustainable requirements, often due to institutional inertia or political risk aversion. This has shifted responsibility to the private sector. Without clearer regulatory signals, developers continue to prioritize immediate financial metrics, undervaluing broader non-financial outcomes.



## ASSET CLASS CHARACTERISTICS INFLUENCE ESG INTEGRATION

Sectoral inertia is compounded by asset class segmentation, each with distinct investment models and valuation norms. Long-hold assets, such as residential or institutional-grade properties, may be more conducive to sustainable integration due to stable income, whereas speculative developments optimize for short-term returns, making long-term social or environmental outcomes harder to prioritize. This limits the scalability of current sustainable strategies, requiring tailored valuation and incentive mechanisms across asset classes.



## DEVELOPERS HAVE HISTORICALLY BEEN MEASURED BY FINANCIAL AND COMPLIANCE METRICS

Historically, developers have been assessed on financial performance and compliance with planning obligations. Sustainable considerations entered primarily through planning mandates, which lacked the enforcement power to integrate broader sustainable outcomes. As a result, developers focused on compliance and return, rather than social or environmental value.



## NEW FINANCING MODELS ARE EMBEDDING ESG IN VALUATION PRACTICES

The landscape is shifting, with the rise of impact lenders, increasing sustainable expectations from investors, and performance-linked financing embedding non-financial metrics into underwriting and pricing. Developers now face new opportunities to demonstrate how sustainability enhances asset resilience, reduces volatility, and unlocks capital access and long-term value. [As covered by our paper, \*Navigating the latest RICS Standard and the impact on Valuation and Sustainability \(2023\)\*, Industry bodies such as the RICS are working to formalize sustainable integration into valuation practices.](#)



04

**A FRAMEWORK  
FOR  
SUSTAINABLE  
RETURNS**





LOWER

FINANCIAL RETURN PRIORITY

HIGHER

HIGHER

### STEWARDSHIP CAPITAL

HIGHER SUSTAINABILITY / RESILIENCE, LOWER FINANCIAL RETURN

Models focused primarily on social value, long-term environmental stewardship, and community wealth-building, often driven by public or mission-led funding.



[CLICK TO KNOW MORE](#)

### TRANSFORMATIVE CAPITAL

HIGHER SUSTAINABILITY / RESILIENCE, HIGHER FINANCIAL RETURN

Structures that aim to align long-term profitability and value accretion with sustainable performance, often through placemaking, regulation alignment, or investor/tenant demands.



[CLICK TO KNOW MORE](#)

HIGHER

SUSTAINABLE / RESILIENCE PRIORITY

SUSTAINABLE / RESILIENCE PRIORITY

### CONSTRAINED INNOVATION

LOWER SUSTAINABILITY / RESILIENCE, LOWER FINANCIAL RETURN

Models with limited commercial scalability or low investor appeal, models lack standalone viability, yet can unlock significant sustainable value when integrated into larger, more financially attractive development schemes.



[CLICK TO KNOW MORE](#)

### MAXIMISING RETURNS

LOWER SUSTAINABILITY / RESILIENCE, HIGHER FINANCIAL RETURN

Primarily driven by return-maximisation, with limited sustainable integration unless externally mandated.



[CLICK TO KNOW MORE](#)

LOWER

LOWER

FINANCIAL RETURN PRIORITY

HIGHER

LOWER



# QUADRANT

# 1

## STEWARDSHIP CAPITAL

HIGH SUSTAINABILITY /  
RESILIENCE, LOW  
FINANCIAL RETURN

as above - long-term environmental  
stewardship and community  
wealth-building, often driven by  
public or mission-led funding.



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# QUADRANT

# 2

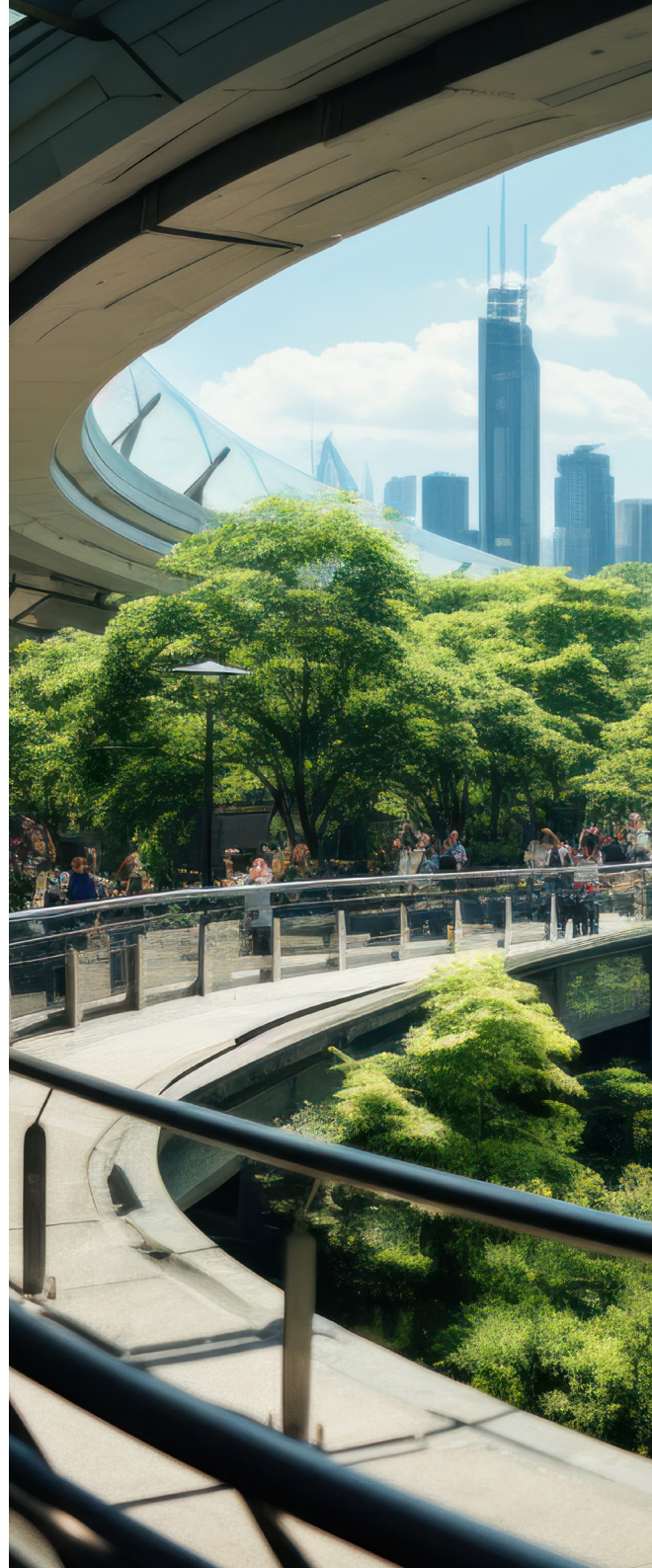
## TRANSFORMATIVE CAPITAL

HIGH SUSTAINABILITY /  
RESILIENCE, HIGH  
FINANCIAL RETURN

Structures that aim to align long-term profitability with sustainable performance, often through innovation, regulation alignment, or investor pressure.



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# QUADRANT

# 3

## CONSTRAINED INNOVATION

LOW SUSTAINABILITY / RESILIENCE, LOW FINANCIAL RETURN

Models with limited commercial scalability or low investor appeal, models lack standalone viability, yet can unlock significant sustainable value when integrated into larger, more financially attractive development schemes.



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# QUADRANT

# 4

## TRADITIONAL RETURN MAXIMISATION

LOW SUSTAINABILITY /  
RESILIENCE, HIGH  
FINANCIAL RETURN

Primarily driven by return-  
maximisation, with limited sustainable  
integration unless externally mandated.



CLICK TO GO BACK TO  
THE MAIN GRAPHIC



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# COOPERATIVES IN ZÜRICH, SWITZERLAND

The case studies presented in this report illustrate exemplary initiatives that strive toward transformative capital (quadrant 2), yet simultaneously integrate characteristics from all four quadrants.

**FINANCIAL FOUNDATIONS FOR INCLUSIVE,  
SUSTAINABLE COLLECTIVE OWNERSHIP**



## COOPERATIVES IN ZURICH, SWITZERLAND FINANCIAL FOUNDATIONS FOR INCLUSIVE, SUSTAINABLE COLLECTIVE OWNERSHIP

**ZURICH'S FINANCIALIZED REAL ESTATE MARKET HAS DRIVEN SHARP RENT AND PRICE INCREASES. YET, A CENTURY-OLD COOPERATIVE TRADITION OFFERS AN ALTERNATIVE, WITH COOPERATIVES OWNING 18% OF HOUSING AND EXTENDING INTO ENERGY, FINANCE, RETAIL, AND WORKSPACES.**

Zurich's cooperatives combine democratic governance with reduced upfront land costs and blended finance mechanisms, including municipal leaseholds, low-interest loans, and public subsidies. They provide stable, sustainable-aligned returns while easing land competition, fostering inclusion, and strengthening community acceptance. Their success shows how innovative financing, cost-rent frameworks, and democratic governance can deliver resilient and equitable urban regeneration even in high-cost markets.

### FINANCIAL CONDITIONS ENABLING COOPERATIVES

#### LOW EQUITY REQUIREMENTS



Since 1924, only 6% equity has been required to access mortgages (vs. 20% standard), enabling broad participation across income groups.

#### DEBT LEVERAGE AND STABILITY



Around 80% of financing is debt-based, with Zurich Cantonal Bank legally mandated to lend to cooperatives and pension funds providing second mortgages, alongside internal solidarity funds that recycle member savings.

#### COST-RENT MODEL



Rents cover only actual expenses (capital, maintenance, and reserves) averaging 25% below market and declining over time as loans amortize.

#### LAND OWNERSHIP AND LEASEHOLDS



Historic acquisitions and long-term municipal leaseholds (typically 62 years) insulate housing from speculation and reinforce creditworthiness.

### SOCIAL AND ENVIRONMENTAL BENEFITS

#### PERMANENT AFFORDABILITY



Cost-rent and land stewardship protect affordability for vulnerable groups, including migrants, older adults, and single-parent households.

#### DEMOCRATIC GOVERNANCE



One-member, one-vote structures empower tenants in social and environmental decisions, strengthening cohesion and well-being.

#### SUSTAINABILITY



High construction standards, collective management, and green amenities (e.g. energy-efficient systems, shared spaces) reduce waste and extend building lifespans.

#### BROADER APPLICATIONS



Cooperative principles also underpin renewable energy projects, ethical finance (credit unions), healthcare, and creative workspaces, reinforcing local resilience.



# KING'S CROSS, LONDON



The case studies presented in this report illustrate exemplary initiatives that strive toward transformative capital (quadrant 2), yet simultaneously integrate characteristics from all four quadrants.

**BUILDING A HUMAN CITY THROUGH  
SOCIAL ENTERPRISE AND PLACEMAKING**



## KING'S CROSS, LONDON

BUILDING A HUMAN CITY THROUGH SOCIAL ENTERPRISE AND PLACEMAKING

**THE REGENERATION OF KING'S CROSS AND ST PANCRAS, LED BY RELATED ARGENT, IS ONE OF EUROPE'S MOST SIGNIFICANT URBAN TRANSFORMATIONS.**

With more than £3 billion invested to date, the 67-acre site has been reshaped from a derelict post-industrial rail yard into a thriving mixed-use district anchored in the principles of the human city: inclusion, opportunity, and social value creation alongside commercial success.

### PRINCIPLES OF A HUMAN CITY

From the outset, Related Argent framed King's Cross not only as a financial investment but as a place designed to support people and communities.

## PLACEMAKING BEFORE PROFIT



Holding back premium spaces to cultivate authentic, community-led uses.

## ECONOMIC INCLUSION

Creating opportunities for local entrepreneurs and social enterprises.



**THE SCHEME IS UNDERPINNED BY FOUR PRINCIPLES:**

## SOCIAL MOBILITY

Supporting pathways to employment and rehabilitation for disadvantaged groups.

## PUBLIC REALM AS CIVIC INFRASTRUCTURE

Designing squares, streets, and cultural spaces as anchors of shared identity.

## ENTREPRENEURIAL RETAIL AS SOCIAL INFRASTRUCTURE

Rather than filling prominent retail units with global chains, Related Argent curated and supported local ventures, embedding them as long-term partners. This approach positioned retail as a platform for social enterprise, local wealth creation, and place identity.

## REDEMPTION ROASTERS



a specialty coffee roaster that trains and employs people leaving prison, offers accredited barista training and employment opportunities. By providing opportunities to establish themselves in King's Cross, Related Argent ensured social rehabilitation was embedded in the retail fabric.

## GRANARY SQUARE



independent operators, where local food and retail businesses were enabled to establish distinctive offerings, reinforcing authenticity and avoiding homogenised brand dominance.



## KING'S CROSS, LONDON

BUILDING A HUMAN CITY THROUGH SOCIAL ENTERPRISE AND PLACEMAKING

### SOCIAL AND ECONOMIC OUTCOMES

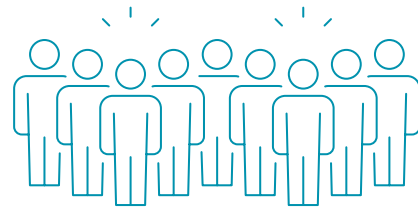
THE SOCIAL IMPACT OF THE STRATEGY IS MEASURABLE

#### SUPPLY CHAIN IMPACT

**1,500 SUPPLIERS USED IN TOTAL** INCLUDING **300 LOCAL BUSINESSES** SUPPORTING **500 LOCAL JOBS** AND CONTRIBUTING **£33 MILLION GVA PER YEAR** TO THE LOCAL ECONOMY



#### EMPLOYMENT



**OVER 600 LOCAL PEOPLE** PLACED INTO WORK ON SITE, INCLUDING **330 WHO PREVIOUSLY UNEMPLOYED** GENERATING A PUBLIC VALUE OF **£4.6 MILLION PER YEAR**

#### REHABILITATION AND OPPORTUNITY

Social enterprises like Redemption Roasters created pathways to employment for people leaving prison, reducing barriers to reintegration.

#### COMMUNITY WEALTH

Independent operators ensured economic value circulated within the local area.

#### PUBLIC REALM ACTIVATION

Granary Square became a civic anchor, hosting cultural events and providing an inclusive gathering space.

### EMBEDDING MEASUREMENT AND NORMALISING SOCIAL VALUE

**RELATED ARGENT WORKS WITH IMPACT REPORTING, MEASUREUP, AND STATE OF LIFE TO TRACK AND QUANTIFY THE REAL IMPACTS OF THE REGENERATION PROJECT.**

By translating outcomes such as job creation, rehabilitation pathways, and local GVA into financially comparable values, these tools make social impact visible in the same terms as commercial returns. This practice is beginning to normalise the reporting of social value factors across the development sector, setting benchmarks that help investors, developers, and policymakers evaluate projects not just by profit but by wider societal outcomes. For developers, such frameworks reduce ambiguity, strengthen accountability, and demonstrate that social value is not peripheral but integral to long-term financial resilience and risk management.



# THE HELLENIKON - ATHENS, GREECE



**COMMERCIAL-LED REGENERATION  
AND PUBLIC VALUE AT-SCALE**

The case studies presented in this report illustrate exemplary initiatives that strive toward transformative capital (quadrant 2), yet simultaneously integrate characteristics from all four quadrants.



## THE ELLINIKON, ATHENS, GREECE

COMMERCIAL-LED REGENERATION AND PUBLIC VALUE AT-SCALE

### THE ELLINIKON IS THE LARGEST AND MOST AMBITIOUS REGENERATION PROJECT CURRENTLY UNDERWAY IN EUROPE.

Spanning 6.2 million square metres of former airport and coastal land just eight kilometres south of central Athens. Once home to Hellinikon International Airport, decommissioned in 2001, the area remained underutilised for two decades before becoming the focus of an €8 billion redevelopment led by Lamda Development. Initiated through a global tender by the Hellenic Republic Asset Development Fund (HRADF), the project illustrates how state-enabled, privately financed development can channel private capital toward wider economic, environmental, and social objectives.

### OWNERSHIP AND FUNDING

The Greek government sold the land of the former Ellinikon International Airport to LAMDA Development. The project is now the largest privately funded investment in Greek history, with LAMDA raising capital through international bonds, bank financing, and equity offerings.

### GOVERNMENT ROLE

While the development is private, the Greek government has set specific guardrails and regulatory requirements. These include urban planning guidelines, sustainability targets, and infrastructure commitments to ensure alignment with broader public interests.

### INVESTMENT INCENTIVES

The government has also provided long-term investment incentives to support the project's viability and strategic importance.

The Ellinikon is designed to catalyse economic recovery, re-establish civic connection to the Athenian coastline, and demonstrate how strategic land reuse can support 21st-century urban priorities, including community revitalisation and environmental remediation.

### LOCAL COMMUNITY & SOCIAL EQUITY

#### PUBLIC ACCESS AND AMENITIES

**OVER 2 MILLION SQ M**

OF GREEN SPACE, INCLUDING THE METROPOLITAN PARK, WILL BE PUBLICLY ACCESSIBLE.



**A 1 KM STRETCH OF BEACH**

WILL BE OPEN TO THE PUBLIC, ENHANCING RECREATIONAL OPPORTUNITIES FOR RESIDENTS.



#### INFRASTRUCTURE IMPROVEMENTS



Upgrades to transportation, utilities, and coastal protection will benefit the broader Athens region.



Includes bike lanes, pedestrian paths, and public transit integration.



## THE ELLINIKON, ATHENS, GREECE

COMMERCIAL-LED REGENERATION AND PUBLIC VALUE AT-SCALE

### CULTURAL AND SOCIAL INCLUSION

THE PROJECT INCLUDES COMMUNITY SPACES, CULTURAL CENTRES, AND SPORTS FACILITIES AIMED AT FOSTERING SOCIAL COHESION.

There is ongoing dialogue about balancing economic development with heritage preservation and local identity.

Forecast economic outcomes include significant social value gains alongside fiscal and commercial benefits. These outcomes are expected to reduce unemployment, foster skills development, and stimulate local economic uplift, thereby embedding inclusive growth into the regeneration framework:

# A 1.5-2% INCREASE

IN GREECE'S GDP.



# €14 BILLION

IN NEW TAX REVENUES OVER THE PROJECT'S LIFECYCLE.



# CREATION OF OVER 85,000 JOBS,

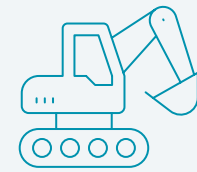
INCLUDING

# 10,000 IN CONSTRUCTION.



# 10,000 JOBS

DURING CONSTRUCTION.



# ATTRACTION OF 1 MILLION+ ANNUAL TOURISTS,

SUPPORTED BY CULTURAL, RETAIL, AND HOSPITALITY AMENITIES.



# COMMERCIAL INCOME IS REINVESTED



IN PUBLIC INFRASTRUCTURE AND ENVIRONMENTAL SYSTEMS, DEMONSTRATING A MODEL WHERE PRIVATE CAPITAL SUPPORTS INCLUSIVE, LONG-TERM CIVIC VALUE.



## THE ELLINIKON, ATHENS, GREECE

COMMERCIAL-LED REGENERATION AND PUBLIC VALUE AT-SCALE

### SUSTAINABILITY: A NEW BENCHMARK FOR URBAN DEVELOPMENT IN EUROPE

The Ellinikon's sustainability strategy is built around three core pillars: Circularity, Decarbonisation, and People & Prosperity. It aims to align environmental performance with economic value and long-term social impact.

#### CIRCULARITY

**100%**  
OF ON-SITE MATERIALS REUSED OR REPURPOSED.

**100%**  
OF SOIL DECONTAMINATED AND RECLAIMED.

**≥75%**  
OF CONSTRUCTION WASTE DIVERTED FROM LANDFILL.

**100%**  
OF PARK IRRIGATION MET WITH RECLAIMED WATER.

**SMART WASTE SYSTEMS AND COMPOSTING.**

#### DECARBONISATION

**NET ZERO GHG EMISSIONS**  
FOR ALL BUILDINGS (EU GREEN DEAL ALIGNED).



**100%**  
OF COMMERCIAL, **≥50%**  
OF RESIDENTIAL BUILDINGS LEED CERTIFIED.



**LIFE CYCLE ASSESSMENTS**  
FOR MAJOR BUILDINGS.

**SCOPE 1, 2, 3 EMISSIONS TRACKED**  
PER ISO 14064.

**RENEWABLE ENERGY, PASSIVE DESIGN, AND CLIMATE ADAPTATION INFRASTRUCTURE.**





## THE ELLINIKON, ATHENS, GREECE

COMMERCIAL-LED REGENERATION AND PUBLIC VALUE AT-SCALE

### FUNDING AND DELIVERY: A PRIVATE-LED DEVELOPMENT FRAMEWORK

LAMDA Development acquired the Ellinikon site through a structured purchase agreement with the Hellenic Republic Asset Development Fund (HRADF).

#### ACQUISITION PRICE

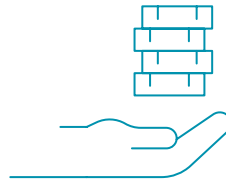
THE TOTAL ACQUISITION PRICE FOR THE ELLINIKON SITE WAS

**€915 MILLION**



AS OF MID-2023, LAMDA HAD PAID APPROXIMATELY

**€467 MILLION (51%).**



PAYMENTS ARE BEING MADE IN INSTALMENTS, PER THE SHARE SALE AND PURCHASE AGREEMENT SIGNED IN 2014 AND AMENDED IN 2016.

#### FUNDING SOURCES

### EQUITY CAPITAL

RAISED THROUGH SHAREHOLDER CONTRIBUTIONS AND CAPITAL INCREASES.



### BOND ISSUANCES

GREEN BONDS ALIGNED WITH SUSTAINABLE PRINCIPLES.

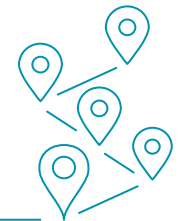


### LAND SALES:

FIVE PLOTS SOLD FOR

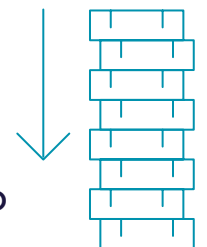
**€106 MILLION**

IN JULY 2024.



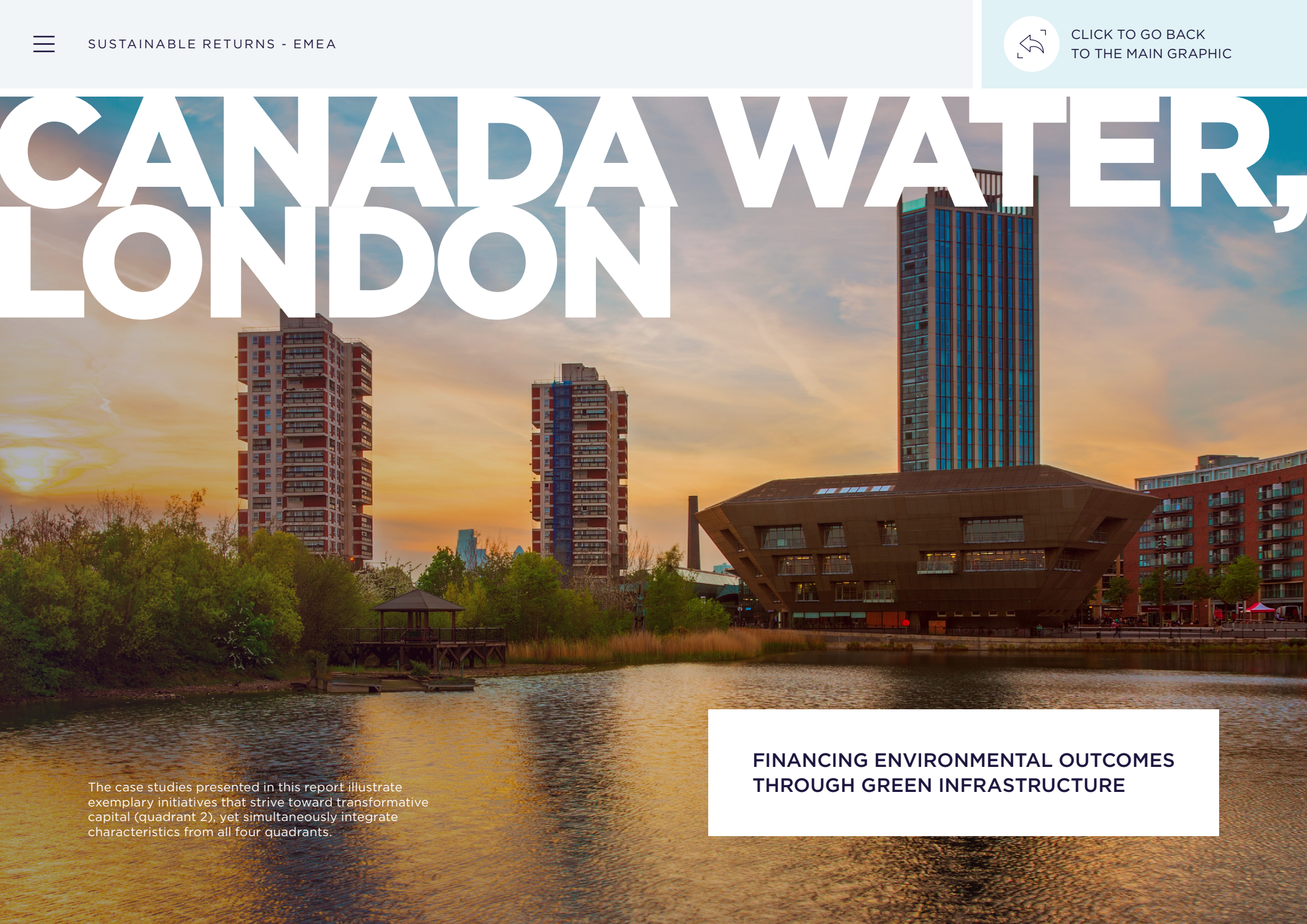
### ZERO BANK BORROWING (PHASE 1)

NO BANK DEBT WAS INCURRED IN THE INITIAL PHASE.





# CANADA WATER, LONDON



The case studies presented in this report illustrate exemplary initiatives that strive toward transformative capital (quadrant 2), yet simultaneously integrate characteristics from all four quadrants.

**FINANCING ENVIRONMENTAL OUTCOMES  
THROUGH GREEN INFRASTRUCTURE**



# CANADA WATER, LONDON — FINANCING ENVIRONMENTAL OUTCOMES THROUGH GREEN INFRASTRUCTURE

**CANADA WATER, A 53-ACRE REGENERATION PROJECT BY BRITISH LAND AND AUSTRALIANSUPER IN SOUTHWARK, LONDON, IS ONE OF THE UK'S MOST AMBITIOUS SUSTAINABILITY SCHEMES.**

The masterplan includes homes, offices, retail, leisure, and 12 acres of new public and green space. It demonstrates how green financial instruments can embed measurable environmental outcomes at scale, positioning ecological performance as integral to long-term investment strategy.

## FINANCIAL MODEL AND CONDITIONS ENABLING ENVIRONMENTAL PERFORMANCE

In 2023, British Land secured a £150 million green loan facility from Crédit Agricole CIB and NatWest, tied to BREEAM Outstanding (commercial), BREEAM Excellent (retail), and HQM One 4★ (residential), embedding performance standards in financing.

The project operates under British Land's Sustainable Finance Framework, enabling green bonds and sustainability-linked loans, with capital released only when sustainability targets such as net-zero energy and climate resilience are met.

Financing is aligned with international benchmarks, including BREEAM, the EU Taxonomy, and UKGBC's net-zero framework.

## ENVIRONMENTAL AND SOCIAL OUTCOMES NET-ZERO ENERGY

### NET-ZERO ENERGY

Operational net-zero by 2030, with all-electric buildings powered by

**100% RENEWABLE ENERGY.**



## BLUE-GREEN INFRASTRUCTURE

**12 ACRES OF GREEN AND PUBLIC SPACE,**

including wetlands, stormwater systems, and corridors for biodiversity and climate resilience.



## BIODIVERSITY NET GAIN

**TARGETING A 67% INCREASE**

through tree planting, green roofs, and habitat creation.

## SOCIAL INTEGRATION

Affordable housing, education, and community facilities reinforce the project's holistic sustainability goals.

## HEALTH AND PUBLIC REALM



**A CENTRAL 3.5-ACRE PARK,**

walkable pedestrian routes, and high-quality public spaces improve air quality, physical activity, and mental health.



# ZORROTTZAURRE ISLAND, BILBAO



The case studies presented in this report illustrate exemplary initiatives that strive toward transformative capital (quadrant 2), yet simultaneously integrate characteristics from all four quadrants.

Source: [www.spanishpropertyinsight.com](http://www.spanishpropertyinsight.com)  
CGI: Picture credit the Zorroztzaurre Management Commission

**FROM INDUSTRIAL RISK TO INCLUSIVE  
AND INVESTABLE REGENERATION**



## ZORROTZAURRE ISLAND, BILBAO — FROM INDUSTRIAL RISK TO INCLUSIVE AND INVESTABLE REGENERATION

### ZORROTZAURRE, ONCE A DECLINING INDUSTRIAL PENINSULA ON THE NERVIÓN RIVER, EMBODIED THE CHALLENGES FACED BY MANY POST-INDUSTRIAL EUROPEAN CITIES.

The site was characterised by derelict warehouses, environmental contamination, and chronic flood risk, making it unattractive to private investors and disconnected from Bilbao's broader urban recovery. Addressing these physical and social liabilities required a comprehensive redevelopment framework that could unlock long-term value.

### PUBLIC-PRIVATE FINANCING

The €30 million redevelopment is structured as a Public-Private Partnership (PPP), with 51% of funding from regional authorities and EU structural funds, and 49% from private developers through land contributions. This model distributed financial risk while ensuring long-term alignment between public objectives and private delivery.

### SOCIAL HOUSING AS A FOUNDATION FOR STABILITY

The first phases prioritised affordable and social housing, addressing an acute local need while signalling that the project would deliver tangible benefits for existing residents. For the PPP partners, this early commitment provided credibility, stabilised demand, and de-risked the project by embedding a guaranteed residential base before commercial investment. Community organisations such as SURBISA supported these efforts through financing tools for energy-efficient retrofits and accessibility improvements, further reinforcing stability and social legitimacy.

### REMEDIATION AND CLIMATE ADAPTATION

The Master Plan by Zaha Hadid embedded climate resilience at the core of the strategy. The opening of the Deusto Canal transformed the peninsula into an island, improving water circulation and reducing flood risk. The land was raised 1.5 metres and complemented by flood defences, rainwater reuse systems, and new green buffers. These measures remediated the site, converting it from a liability into a climate-resilient urban asset. Iberdrola added a €20 million investment to establish zero-emission energy infrastructure, smart grids, and electric mobility solutions, positioning Zorrotzaurre as a smart district.

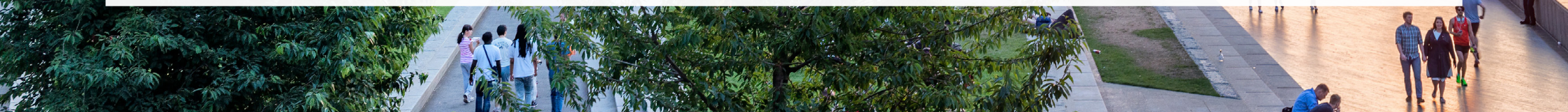
### CATALYSING INSTITUTIONAL CAPITAL

With remediation complete and a socially inclusive residential base in place, the project became attractive to global capital. In 2023, M&G Real Estate committed €98 million to forward fund a 29,000 m<sup>2</sup> residential development of 314 private rental units, targeting EPC 'A' and BREEAM 'Very Good'. This was the Fund's first Southern European investment. For the original PPP partners, M&G's entry represented validation and financial uplift: it increased land values, created liquidity opportunities, and positioned Zorrotzaurre as a credible investment destination.



# WHAT IS NEEDED NEXT

Designing The Next Generation  
of Urban Regeneration



# WHAT IS NEEDED NEXT

## DESIGNING THE NEXT GENERATION OF URBAN REGENERATION

AT C&W, WE ARE ACTIVELY PARTNERING WITH CLIENTS, FUNDING INSTITUTIONS, AND PUBLIC SECTOR STAKEHOLDERS TO SHAPE THE NEXT GENERATION OF FINANCING APPROACHES THAT WILL:



**ESTABLISH LONG-TERM, MISSION-ALIGNED PARTNERSHIPS** between public assets and private capital



**MOBILISE PRIVATE INVESTMENT** without increasing public sector debt exposure



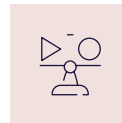
**SAFEGUARD PUBLIC INTEREST** through transparent governance and outcome-based oversight



**AVOID THE STRUCTURAL WEAKNESSES** of earlier public-private models, such as inflexible risk allocation and opaque financial arrangements seen in legacy PFI structures



**UNLOCK SUSTAINABLE FINANCIAL RETURNS** while embedding social, environmental, and community-sensitive regeneration outcomes



These emerging models aim to **BALANCE FISCAL RESPONSIBILITY** with the urgent need to accelerate equitable, climate-resilient urban development at scale

The following suggestions are offered as exploratory measures for developers to improve the balance between financial, social, and environmental impacts in urban regeneration. They are not prescriptive and may not apply in every context but aim to stimulate innovative approaches to feasibility challenges.

This section aims to identify ways of overcoming constraints without sacrificing financial viability or social and environmental outcomes, and without adding unnecessary complexity to the development process.

Whilst many of these elements are established practice in some countries, they remain less developed in others and are therefore intended to support knowledge sharing across contexts. Even where these elements are in place, adoption remains uneven, suggesting opportunities to broaden their application and enhance impact.

THE FOLLOWING SUGGESTIONS ARE OFFERED AS EXPLORATORY MEASURES FOR DEVELOPERS TO CONSIDER IN IMPROVING THE BALANCE BETWEEN FINANCIAL, SOCIAL, AND ENVIRONMENTAL IMPACTS IN URBAN REGENERATION.

They are not prescriptive and will not be relevant in every context but are intended to stimulate innovative approaches to feasibility challenges. The goal is to identify ways of overcoming constraints without sacrificing financial viability or social and environmental outcomes, and without adding unnecessary complexity to the development process.

## STAKEHOLDERS & GOVERNANCE

# 1



[CLICK TO KNOW MORE](#)

## FUNDING & FINANCING

# 2



[CLICK TO KNOW MORE](#)

## DESIGN & SPATIAL STRATEGY

# 3



[CLICK TO KNOW MORE](#)

## MEASUREMENT & VALUATION

# 4



[CLICK TO KNOW MORE](#)

## POLICY & MARKET INFLUENCE

# 5



[CLICK TO KNOW MORE](#)

**SHORT TERM:** Can be delivered now.

**MED TERM:** Requires regulatory change.

**LONGER-TERM:** Theoretical ideas for future research/development.

# WHAT'S NEXT

## DESIGNING THE NEXT GENERATION OF URBAN REGENERATION

AT CUSHMAN & WAKEFIELD, WE ARE ACTIVELY PARTNERING WITH DEVELOPERS, FUNDING INSTITUTIONS, AND PUBLIC SECTOR STAKEHOLDERS TO SHAPE THE NEXT GENERATION OF FINANCING APPROACHES THAT WILL:

Outlined are selected examples of mechanisms that can support this, with the full report presenting a more comprehensive set of approaches.

CLICK TO GO BACK TO THE MAIN GRAPHIC



### FUNDING & FINANCING



FURTHER EXISTING USE OF TAX INCREMENT FINANCING TO REACH SOCIAL AND ENVIRONMENTAL GOALS



STRUCTURE PUBLIC-PRIVATE PARTNERSHIPS AROUND SOCIAL OUTCOME REVENUE

### DESIGN & SPATIAL STRATEGY



SHIFT FROM 'HIGHEST AND BEST USE' TO 'HIGHEST AND MOST RESILIENT USE'



DESIGN FOR ADAPTIVE USE, NOT FIXED USE

### MEASUREMENT & VALUATION



INCLUDE "URBAN ENTROPY" AS A FUTURE RISK VARIABLE



MODEL SOCIAL ROI THROUGH AVOIDED COSTS

### POLICY & MARKET INFLUENCE



PROPOSE CROSS-SECTOR VALUE POOLING



ADVOCATE FOR SUSTAINABLE-LINKED TAX INCREMENT REBATES

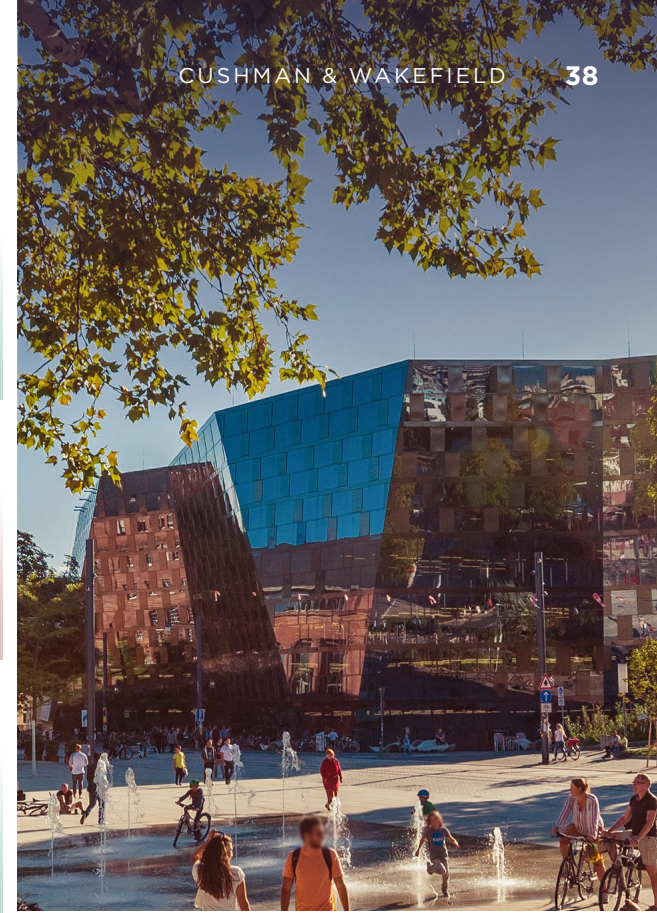
### STAKEHOLDERS & GOVERNANCE



CODIFY LONG-TERM PUBLIC BENEFIT INTO JV AGREEMENTS AND INVESTMENT TERM SHEETS



REWARD LONG-TERMISM VIA EQUITY ROLLOVER INCENTIVES



#### NEAR TERM:

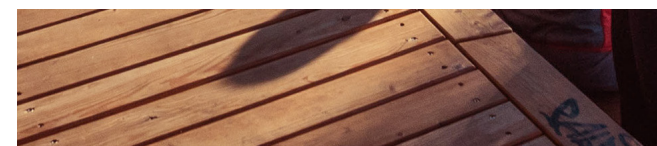
Ready for implementation

#### MEDIUM TERM:

Requires regulatory or governance adaptation

#### LONG TERM:

Conceptual, for future research and development





# CONCLUSION

## UNLOCKING SUSTAINABLE RETURNS

**AS CITIES FACE MOUNTING CHALLENGES—FROM AGEING INFRASTRUCTURE TO HOUSING SHORTAGES AND CLIMATE RISKS—URBAN REGENERATION MUST EVOLVE.**

The real estate sector is at a turning point, where long-term social and environmental goals must be embedded alongside financial feasibility.

Integrated development models offer a path forward. By aligning investment with resilience, equity, and sustainability, developers and investors can unlock enduring value while creating more inclusive and future-ready urban places.

At Cushman & Wakefield, our Strategic Consulting platform brings together expertise across development strategy, sustainable, public sector advisory, valuation, and finance. We help clients shape regeneration projects that are not only financially viable but socially and environmentally transformative.

**TO EXPLORE HOW THESE STRATEGIES CAN SUPPORT YOUR GOALS, GET IN TOUCH.**

# CONTACT US



**NICOLA GILLEN**  
HEAD OF STRATEGIC CONSULTING,  
EMEA  
[nicola.gillen@cushwake.com](mailto:nicola.gillen@cushwake.com)



**JUNE KOH**  
TOTAL WORKPLACE  
INTERNATIONAL PARTNER  
[june.koh@cushwake.com](mailto:june.koh@cushwake.com)



**JONATHAN TURNER**  
LEAD FOR MIXED USE,  
UK  
[jonathan.d.turner@cushwake.com](mailto:jonathan.d.turner@cushwake.com)



## RESEARCH TEAM



**JAMES WOODHEAD**  
HEAD OF ESG,  
EMEA  
[james.woodhead@cushwake.com](mailto:james.woodhead@cushwake.com)



**SOPHIE SCHULLER**  
HEAD OF APPLIED RESEARCH,  
EMEA  
[sophie.schuller@cushwake.com](mailto:sophie.schuller@cushwake.com)



**DIMITRIS VLACHOPOULOS**  
HEAD OF PORTFOLIO AND  
LOCATION STRATEGY  
[dimitris.vlachopoulos@cushwake.com](mailto:dimitris.vlachopoulos@cushwake.com)



**MIA LLOYD**  
STRATEGIC CONSULTANT,  
EMEA  
[mia.lloyd@cushwake.com](mailto:mia.lloyd@cushwake.com)





E M E A

# SUSTAINABLE RETURNS

## EXECUTIVE OVERVIEW

### ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for occupiers and investors with approximately 53,000 employees in over 350 offices and nearly 60 countries. In 2025, the firm reported revenue of \$10.3 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that *Better never settles*, the firm receives numerous industry and business accolades for its award-winning culture.

For additional information, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com).

Better never settles

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