

Regeneration woes

Solving Europe's gentrification problem

by Marek Handzel

Is Europe's gentrification problem getting worse, or better?

At a macro level, the former appears to be the obvious answer. With data from the European Union showing average house prices going up by more than 60 percent and rents by more than 20 percent in the past decade, the need for affordable and good-quality housing has never been more vital across a continent where 83 percent of people are projected to live in urban areas by 2050.

And after years of affordable and social housing initiatives, Airbnb restrictions and rent cap programmes — all of which have delivered questionable results — regeneration projects have continued to bear the brunt of the blame for Europe's housing emergency.

The EU Parliament recently formally acknowledged the scale of the issue by voting in favour

of the EU's first-ever European Affordable Housing Plan. It says coordinated action is needed to stem a crisis that is not only hampering EU competitiveness, but also threatening to destroy social cohesion. The plan aims to trigger investment, regulate short-term rentals and cut red tape. In a statement released in December 2025, the EU said the plan would be particularly beneficial for those most affected: young people, students, essential workers, and low-income groups. In other words, the traditional victims of gentrification.

In the United Kingdom, simultaneous planning rules were put out for consultation in early 2026, as the UK government aims to ease building density restrictions around major transport hubs, fast-track schemes on brownfield sites, encourage a more diverse mix of housing, and give preferential treatment for developments that strengthen local



economies with new services and leisure facilities. The government has also pledged to itself invest in town and city centres to revitalise high streets and improve local communities.

Learning from the mistakes of the past

At a deeper level, however, there are signs that gentrification is steadily losing its negative connotations, meaning Europe's national politicians and technocrats may be late to this particular party.

In a report released in January 2026, called *Unlocking Sustainable Urban Regeneration in Europe*, C40, Arup and Urban Partners stress the need for increased brownfield development to meet the needs of Europe's growing urban population. While recognising the often found paradox within regeneration, where investment "makes a neighbourhood desirable [but] can also

threaten its social fabric", the report's authors also say recent success stories offer hope that revamping large urban areas does not have to lead to population displacement.

It uses the Tingbjerg redevelopment in Copenhagen as a case study, which it says exemplifies an inclusive and sensitive approach to urban regeneration. Delivered through a partnership between Urban Partners, the social housing associations KAB and fsb, and the Municipality of Copenhagen, the project has added more than 1,000 new homes through infill development, while ensuring that existing residents can remain in place. "Although 42 ageing social housing units will be demolished and rebuilt, this process forms part of a wider renewal strategy that upgrades the overall housing stock rather than displacing residents," says the report. "The income generated

from the sale of new building rights has been reinvested into refurbishing older homes and improving shared facilities — ensuring the benefits of regeneration are distributed locally.”

The experience in Tingbjerg, as well as other places, is partly a result of developers and investors having adjusted their approaches to regeneration in an attempt to avoid the painful mistakes of the past.

One scheme that acts as a prime example of this adjustment is the former Earls Court exhibition centre site in West London, which was demolished after the 2012 Olympics. The plan was to mostly

build luxury apartments on the vacant site. The developer in question, Capital & Counties (Capco), however, quickly fell into a high-profile dispute with local residents, as the scheme would involve the dissolution of two housing estates. After a bitter campaign, Capco sold the land to Dutch pension fund giant APG and manager Delancey in 2019 for £425 million (€490 million), unable to make the project work in a way that would suit all parties.

Stafford Lancaster, CEO at Delancey, says Capco found themselves mired in a political problem that they could not exit in the end. “There was a big challenge around their plans to regenerate [the]



When gentrification is not a concern

The Ellinikon in Athens, one of the world’s largest urban regeneration projects, is described by its developer, Lamda Development, as a 15-minute, smart, green coastal city.

When finally complete, the area will contain residential neighbourhoods with access to integrated services, premier shopping destinations, diverse dining and entertainment venues, luxury hotels, casinos, business offices, conference centres, educational institutions, sports facilities, and cultural hubs.

Some critics have raised concerns the redevelopment is aimed at wealthy Greeks and foreigners, given the amount of high-spec residential it will offer. But accusations of gentrification are a little hollow, as the scheme is being built on the site of the old Hellenikon International Airport, meaning no large-scale displacement of residents is taking place.

Lamda Development is also keen to stress the social impact the project will have. On top of 6.2 million square metres (67 million square feet) of urban living, the Ellinikon will boast a kilometre of newly landscaped public beaches and 50 kilometres of scenic walkways and cycle tracks. It is estimated that it will attract at least a million tourists annually and create some 85,000 jobs. As a green and smart city, it is also projected to contribute 2.5 percent of Greek GDP while doubling the amount of green space available to Athenians.

It will also be home to primary and secondary schools as well as higher education institutions with cutting-edge research and development facilities. These are expected to attract thousands of local and international students.

estates, which were in the ownership of Hammersmith and Fulham Council,” explains Delancey. “To be fair to Capco, they had an agreement with the previous council’s administration, but the politics changed and the new administration didn’t want the old agreement.”

When Delancey took over the project with APG, the manager’s first decision was to hand back the estates to the community and Hammersmith and Fulham Council, which provided residents with certainty and security. Delancey and APG subsequently set up the Earls Court Development Co, along with Transport for London, to closer engage with the community and earn local trust.

The development will now include 4,000 homes, three cultural venues, 100 retail and hospitality sites, and 2.5 million square feet (232,000 square metres) of office space. Perhaps more importantly, it will also boast a 4.5-acre urban park, top-tier play space, community gardens and more than 1,000 new trees.

Not only did Delancey learn from Capco’s struggles, but the manager had itself already gained valuable experience from a previous scheme further east in the city at Elephant & Castle. “We had misjudged how strong the opposition would be to demolishing a shopping centre there to create a new one,” says Lancaster. “Particularly when local people don’t know who you are. Even with genuinely good intentions, there can be nervousness, and some groups can take advantage of that.”

“We thought we were doing something that everybody really wanted. Many people thought it was an eyesore. But the moment we came out with those plans, we realised quickly, to our surprise, that there was quite a lot of opposition. Even though it was a vocal minority, the nature of the opposition we found challenging. As a result, we learned a lot about how to engage with communities around large projects, which we took forward to Earls Court.”

Importance of engagement

Similar tales of local disengagement with regeneration projects have occurred in Italy, says Aldo Mazzocco, CEO of Generali Real Estate.

There, open public debate of regeneration plans has been a rare occurrence in the past. Instead, private developers have proposed schemes and then convinced authorities of their merits in order to gain approval.

“But this is not the right direction to take,” says Mazzocco. “It’s the complete opposite one.”

The first component of any urban regeneration project, he argues, is a clear view of the future of a city, which is the role of politics and public authorities. The second is to pay very careful attention to



The Guido Reni army barracks in Rome, which COIMA will regenerate along with Italy’s sovereign wealth fund, CDP Group. When complete, it will be a mixed-use area that will include a new science museum.

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what is being created. “Regeneration takes about 10 years or so, sometimes 20 years, but in urbanistic terms this is very fast. The social mix you can find in Europe has been created over centuries: parts of London, Paris, Rome are the result of a continuous population melting pot.

“If you want to recreate the kind of atmosphere you have in a public square in front of a cathedral in a typical European city, where people sit drinking coffee, then you have to do a lot of work,” explains Mazzocco. “And I would say that today architects and zoning experts don’t pay enough attention to this aspect of regeneration. I don’t see many anthropologists or social experts during the design stage. So in the end, [urban planners] risk creating a desert.”

Stalled or abandoned projects have also left local residents staring at large soulless spaces. It is therefore paramount, says Mazzocco, that the financial structure behind a project, from equity, preferred equity and down the entire capital stack, is able to resist at least two financial shocks.

“If the project is impacted by the sort of financial shock that regularly happens, restarting the development can be painful, and we have many examples of this. So having a clear and accepted idea of what to do, [backed by] a robust financial framework, means cities can [successfully] introduce urban regeneration.”

The right infrastructure

For Lancaster, capital and design alignment between the public and private sectors is the key to modern large-scale regeneration success.

“Ultimately, the future success of Earls Court will be a public-private partnership,” he

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predicts. “Private capital could never handle it alone; it’s impossible.”

This ensures the necessary infrastructure emerges in conjunction with the approved real estate. In the case of Earls Court, this not only entails public spaces and adequate levels of affordable housing, but also new public transport links. In the latter case, Delancey and APG’s collaboration with Transport for London will give the project three refreshed Tube stations, overground train services, several bus routes, and new pedestrian and cycle routes. These enhanced transport links will be vital as the scheme will resurrect the Earls Court Exhibition Site — a hub for entertainment and innovation — which has lain dormant since the 19th century.

Paolo Micucci, CEO of CityLife, stresses how cooperation with Milan’s municipality has granted the company the chance to oversee one of the most successful urban regeneration projects in Italy.

CityLife has invested some €2.5 billion so far, with 10 percent of this total being dedicated to public interest projects. Local authorities have controlled where the investment should be directed, resulting in a new police station and the restoration of a listed school building on the periphery of the regeneration area, among other plans. “We are therefore increasing public interest [and support] in the area, while raising the quality of public services,” says Micucci.

This has directly helped to mitigate the side effect of gentrification that every regeneration

development has to grapple with.

A similar tale is being played out in Rome, where COIMA was picked by CDP Real Asset, asset management arm of CDP Group, Italy’s sovereign wealth fund, to manage the €400 million redevelopment of the historic Guido Reni army barracks in the Flaminio district of the city in November 2025.

In partnership with CDP Real Asset, COIMA will deliver a mixed-use urban district integrating contemporary residential offerings, purpose-built student housing, hospitality, high-street retail and community-anchored public spaces. As part of the master plan, a portion of the site will be allocated to the Municipality of Rome for the creation of the “Science Forest” Science Museum, a cultural institution managed by the municipality and partially financed through a €43 million contribution from the project’s fund.

Getting the housing mix right

Providing the infrastructure that local residents desire and need is important, but the correct mix of housing provision is the real key to retaining those same residents.

This can also only be achieved through a solid alliance with local government, says Alex Taylor, senior vice president and head of living at Telford Living. With this in place, developers have the right platform from which to analyse the most relevant data points in relation to housing development.

“For any successful regeneration, you really do need mixed and balanced communities,” says Taylor. “Through community engagement, you can decipher what a specific area needs. Who actually wants to live there? What could the mobile population look like, what are the potential future places of employment?”

In an ideal world, once this is established and local policies on affordable and social housing are factored into plans, then a developer is able to confidently map out the best mix of accommodation for a revitalised area.

Cost challenges

Financial realities, however, can thwart even the best laid plans.

“The macro picture is important,” says Taylor. “Some people would argue that build costs have gone up by 48 percent since 2016 in London — but values have broadly stayed the same. Likewise, affordable housing used to be [broadly] cost neutral, and actually now it has a massive negative impact on an appraisal.”

“Developers can be seen as cynical, but we’re seeing — through the lack of starts — that viability is a challenge. And the friction is that we need to build more homes and they need to be more

affordable, but right now there is very little supply, and this starts to create an interesting political debate, where housing is almost now starting to be viewed and treated as infrastructure to enable the growth engines of the economy to continue.”

In Micucci's view, strong support from the public sector, in terms of both flexible planning rules and subsidies is vital. “In order to reduce gentrification and deliver enough affordable housing, then the developer needs to be remunerated [in one form or another].”

Restructuring the centre of cities is also at least twice more expensive and complex than building houses or apartments in the suburbs, adds Mazzocco — and the timeframes can also be far longer, significantly adding to costs.

Balancing the accounts means developers are tending to move into other living subsectors, says Taylor, where pricing is more elastic. These include micro-living or co-living concepts and more purpose-built student accommodation. Although at first this shift can be seen as counter to local residents' needs, it can also actually help regeneration in the long run. These living subsectors often help bring forward early phases of regeneration in an otherwise capital-constrained market, which then allows infrastructure to be brought forward. And investment in the public realm, in turn propels build-to-rent and private residential for sale to be brought online at a later date.

Trust the people

Once the correct balance of housing, services and public spaces is established — in whatever way it is achieved — then you can allow people to get on with building their communities organically.

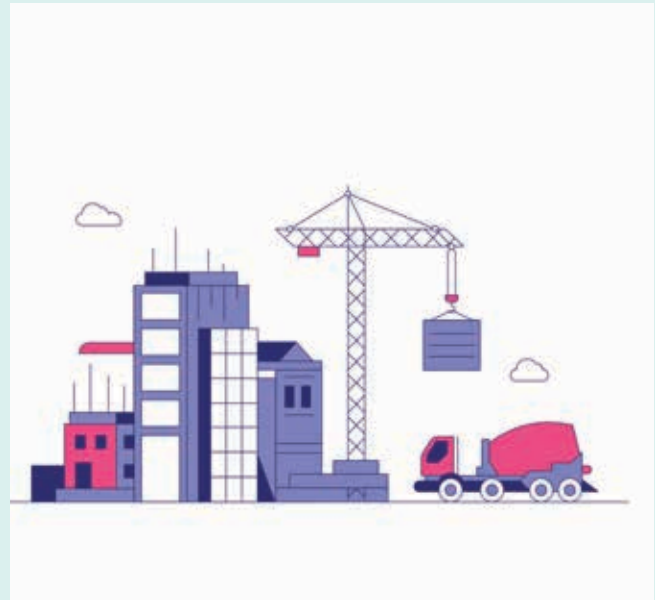
Within the 36 hectares of space managed by CityLife, the scheme contains 18 hectares of public parks, residential space, offices, a shopping centre and many restaurants. But underpinning them all, explains Mazzocco, are the three necessary ingredients for a smart city: security, cleanliness and green areas. “If you provide those three things, people will do the rest,” he says.

“They will invest everyday life exactly as they did in the medieval age, during the Renaissance, and so on.”

Lancaster agrees. “People are ambitious,” he says. “They want to have great opportunities for themselves and their children on their doorstep. They want to live in a safe environment where they can spend time doing what they enjoy. They want progress and investment.

“But they want it done in the right way.” ❖

Marek Handzel is the editor of *Institutional Real Estate Europe*.



What's holding back brownfield development?

Gentrification is not something developers and politicians even need worry about if brownfield projects cannot get off the ground.

In their *Unlocking Sustainable Urban Regeneration in Europe* report, C40, Arup and Urban Partners say “vibrant, sustainable new neighbourhoods [that] transform shuttered factories and disused rail yards [...] are the exception, not the norm”.

The organisations say cities often lack the financial and human resources to tackle complex urban regeneration, especially if sites are heavily contaminated or some degree of land assembly may be required. On top of this, some of the cities with large areas of disused industrial land are second-tier cities where industrial decline and high levels of unemployment contribute to difficulties attracting investment.

Most developers, the report argues, are not equipped to handle the complexity of delivering a large regeneration project, and typically seek value either by prioritising short- to medium-term results or focusing on greenfield sites. There also remains a culture of mistrust between the private and public sector, it claims.

City planners and authorities can alleviate some of these issues by preparing and structuring projects to attract different types of investors who may be willing to accept different levels of return aligned with different phases of development. Agile financing mechanisms and innovative business models are also needed, says the report.