

Third-party growth: why Europe's residential sector is entering its operational phase

Europe's residential real estate market has reached a point where the discussion is no longer simply about allocation. Over the past decade, build-to-rent and purpose-built student accommodation have moved steadily from emerging sectors into mainstream institutional portfolios. Today, a different question is coming to the fore – not whether residential belongs in a long-term strategy, but how these assets are operated and scaled over time.

This shift is not theoretical. It reflects a maturing market in which capital has become more patient, portfolios have grown larger, and expectations around performance, governance and consistency have increased. For investors and asset owners, the next phase of residential growth in Europe will be defined as much by operational capability as by capital deployment.

The investment case for residential in Europe is no longer contested. Demand across BTR and PBSA has proven resilient throughout multiple economic environments, underpinned by structural supply constraints and long-term demographic trends. What has changed is not why capital is allocating to living assets, but what determines performance once it arrives.

Investor behaviour signals maturity

Investor activity reinforces this evolution. Surveys of institutional capital consistently show strong intent to increase exposure to European living sectors over the medium term, particularly PBSA and BTR. Investment volumes mirror that intent, with residential capturing a growing share of European real estate capital in recent years.

The nature of that capital is particularly telling. Core and core-plus investors are increasingly active in residential, attracted by income durability, diversification benefits and the relative defensiveness of housing compared with more cyclical sectors. As capital becomes longer-term, expectations around operational performance rise accordingly.

This is significant because patient capital brings a different set of priorities. It demands transparency, governance and repeatability, and it is less tolerant of the volatility caused by inconsistent execution or fragmented operating models. As a result, investors are paying closer attention to the operating partners and platforms supporting their residential portfolios.

From asset class to operating business

As residential institutionalises, it becomes clear that housing is fundamentally an operating business. Performance is shaped daily by leasing execution, resident experience, maintenance quality, staffing, regulatory compliance and cost control. These factors compound over time, particularly as portfolios scale.

In earlier phases of market development, fragmented local operating models were often sufficient. Assets were smaller, portfolios less complex, and investor expectations still forming. Today, as portfolios grow and diversify across cities and living subsectors, that fragmentation becomes a source of risk.

Investors increasingly recognise that scale on the ownership side needs to be matched by scale and consistency on the operating side. In Europe, where regulation, language and market dynamics

differ materially from one country to the next, achieving consistent execution across portfolios is inherently challenging. As a result, investors are placing greater emphasis on operating partners who can balance local expertise with a disciplined, repeatable approach to operations across markets.

This is where Europe's residential markets are now heading.



Coppermaker Square is a residential development managed by Greystar in the heart of Stratford, East London.

Lessons from more mature markets

This evolution has clear precedent. In the United States, where residential became institutionalised earlier, third-party property management evolved alongside capital flows. Scaled operating platforms emerged not because investors wanted to outsource responsibility, but because they wanted to professionalise it.

Operating capability became a source of competitive advantage. Platforms that could deliver consistent execution across large, geographically diverse portfolios enabled investors to grow with confidence, manage risk more effectively and deliver predictable outcomes throughout cycles, and they allowed asset managers to focus on strategy and capital allocation without the operational burden of running highly complex, people-intensive businesses at scale.

Greystar's own history reflects that trajectory. Founded in 1993, Greystar was built on a vision of creating a rental housing industry leader that operated with the highest integrity and character in delivering world-class services to residents, property owners and investors. From the outset, that vision was grounded in operational excellence, with third-party management and day-to-day execution playing a central role as the business scaled alongside institutional capital into the fully integrated global platform it is today.

Over more than three decades, Greystar's third-party platform has thrived across multiple market cycles in the United States, managing assets on behalf of a wide range of institutional partners. That experience reinforced a simple lesson – operational excellence is not a support function; it is a primary driver of long-term value.

Crucially, that capability was built over time through repetition,

systems development, governance discipline and an unwavering focus on execution at the asset level.

Europe is now asking the same questions

Europe's living sector is beginning to ask questions similar to those faced by US investors a decade earlier. How do you ensure consistent execution across portfolios? How do you manage risk and compliance at scale? How do you align operating performance with long-term investment objectives?

These questions become more pressing as portfolios grow and span multiple markets and living subsectors. They reflect a sector that has moved beyond proof of concept and into a phase where professionalism and performance determine outcomes.

Over the past decade, Greystar has built a substantial European platform across PBSA and BTR through investment, development and operations. Alongside this owned platform, the business already manages several thousand homes on behalf of third-party clients across Europe, applying the same operational standards used globally.

Looking ahead, Greystar has set a clear ambition to dramatically scale its European third-party management platform. This ambition recognises that the European residential sector is ready for a deeper level of professionalisation and that institutional investors increasingly value experienced, scalable operating partners.



Greystar manages Coppermaker Square on behalf of joint venture partners Unibail-Rodamco-Westfield (URW), PSP Investments and QuadReal Property Group.

What operational scale really delivers

Operational scale is often misunderstood as simply being about size. In practice, it is about capability.

A scaled operating platform enables consistency across assets and geographies, supported by common systems and governance. It generates operational insight derived from managing at scale, informing leasing strategies, pricing decisions and asset management plans. It strengthens risk management and compliance, aligning operations with institutional expectations. It also supports a resident-first service culture that underpins retention and long-term income performance.

These capabilities become more critical as regulatory frameworks evolve, resident expectations rise and investors demand greater transparency and accountability across their residential portfolios.

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Operational excellence as a differentiator

As Europe's residential markets continue to mature, operational excellence will increasingly differentiate between those who simply own assets and those who extract their full value. This does not diminish the importance of development expertise or capital discipline. Rather, it reframes them from the perspective of a longer-term lifecycle.

Residential assets may be acquired or developed only once, but they are operated every day. Over time the cumulative impact of execution, whether good or bad, becomes material. Small inefficiencies can compound, just as consistent discipline can unlock durable value.

For institutional investors, that reality elevates the importance of choosing operating partners with experience across cycles, markets and asset types. Such experience is cumulative and cannot be replicated quickly.

Looking forward

Europe's residential sector is entering its operational phase. Demographic demand, institutional capital and market maturity are converging to create long-term opportunity, but are also creating higher expectations.

For investors and asset owners, the next chapter will be defined less by asset selection alone and more by the quality of execution over time. Operating capability, often understated in early market phases, is becoming central to investment success.

As residential cements its place as a core institutional asset class in Europe, it will increasingly be the strength of the operating platform behind the assets that quietly determines performance.

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Bobby Faith is a Senior Director leading the expansion of Greystar's 3rd Party Management platform across Europe and other strategic growth initiatives. He joined Greystar in 2020, working on the early growth of Greystar's industrial development platform in both the US and Australia. He has also worked with the multifamily acquisitions team, Greystar's modular construction business (MLS), and the Research and Strategy group. Before joining Greystar, Bobby spent three years at Crow Holdings, a real estate investment and development firm based in Dallas, Texas. Bobby holds a Bachelor's Degree in history with distinction from the University of Virginia and an MBA from Harvard Business School.

COMPANY OVERVIEW

Greystar is a leading, fully integrated global real estate platform offering expertise in property management, investment management, development, and construction services in institutional-quality rental housing. Headquartered in Charleston, South Carolina, Greystar manages and operates over \$300 billion of real estate in over 260 markets globally with offices throughout North America, Europe, South America, and the Asia-Pacific region. Greystar is the largest operator of apartments in the United States, managing more than one million units/beds globally. Across its platforms, Greystar has over \$79 billion of assets under management, including approximately \$36 billion of development assets and over \$30 billion of regulatory assets under management. Greystar was founded by Bob Faith in 1993 to become a provider of world-class service in the rental residential real estate business.