

Emerging Trends in Real Estate Global 2022

The global outlook for 2022





Key findings

- **Gareth Lewis**
PwC Real Estate



Panel discussion

- **Patricia Bandeira-Vieira**, Director, KKR(Moderator)
- **Lars Huber**, CEO European Region, Hines
- **Lisette van Doorn**, Chief Executive, Europe, ULI
- **Brian Klinksiek**, Head of European Research and Global Portfolio Strategies, LaSalle
- **Elvira Kruger**, Managing Director, Global Head of Real Estate, ING

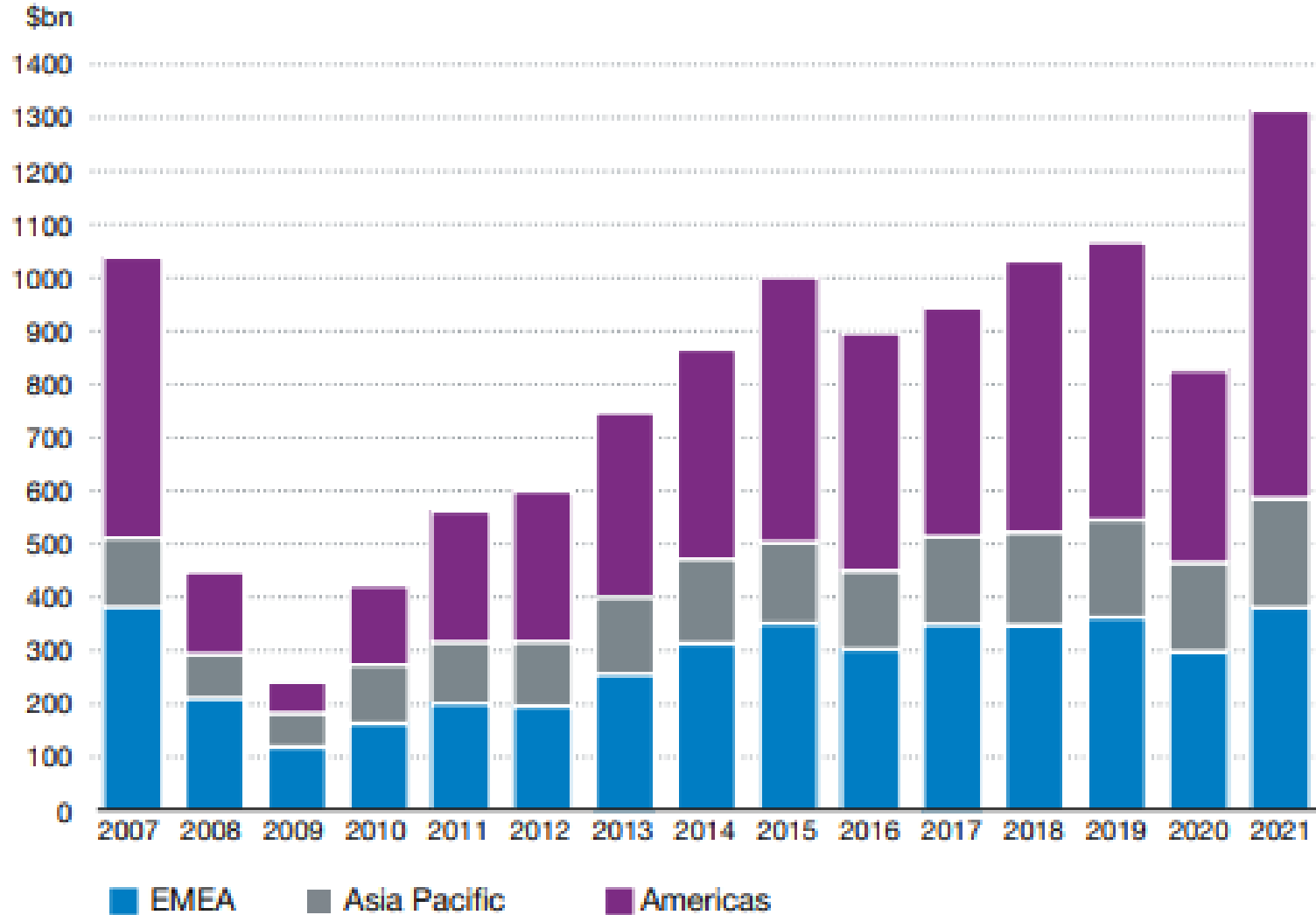


Q&A

Setting the scene

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Figure 1-1 Global real estate capital flows 2007-2021



“ If [logistics] supply increases a lot more, then there is a risk that those tight cap rates are not accompanied with big rental growth in the future ”

The immediate challenge: Russia's invasion of Ukraine

Unlikely to lead to world recession

Far greater geopolitical risk and slow global growth

And higher and longer-lasting inflation

A major jolt to the real estate industry

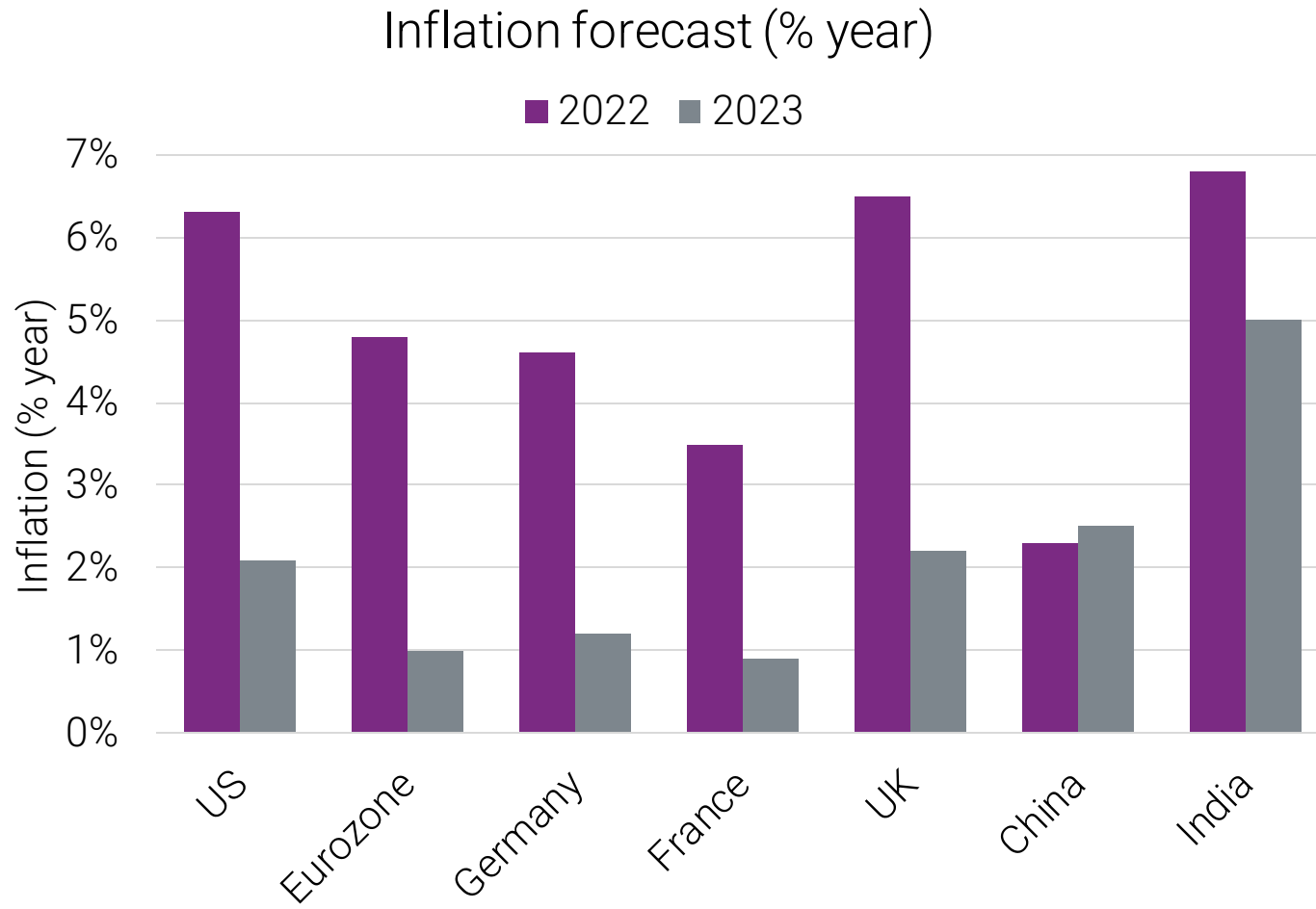
Government spending may change, particularly in Europe

Bigger questions around the ESG agenda

What impact will the problem of energy security have?

Inflationary pressure

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“ I do think that real assets are better positioned than fixed income, especially, to handle inflation ”

Source: Oxford Economics

Logistics

Huge demand
Disrupted supply chains
Yields converging

But...

Late cycle pricing
A question over future
rental growth

Retail

Declining investment
volumes
The real estate "pariah"

But...

Value opportunities
arising
The purpose of physical
retail is clear
Experience driven

Office

Work from home caused
disruptions
No clear direction

But...

Geographical differences
Asia – less impact
US – longer term impact?
Location and spec are
key

Residential

Largest sector in 2021
Favourable supply-
demand dynamics

But...

There are concerns
around housing
affordability

Beyond the mainstream

Alternative sectors are gaining popularity as part of a fundamental shift into more operational and service-based real estate

“The industry is buying into the new generation, new economy sectors where the underlying business growth is coming from digitization, wellness or healthcare, because those are just tenants that are growing”

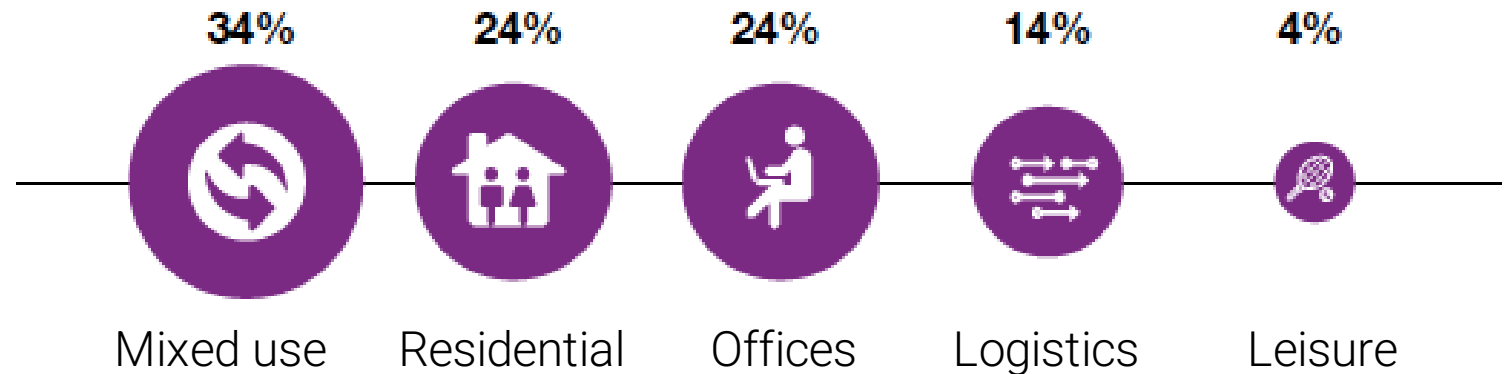
“Anything where you can add a service component can be quite helpful in terms of an inflationary environment because you can increase the price of your service, or you have the optionality to do it”

Repurposing is gathering pace

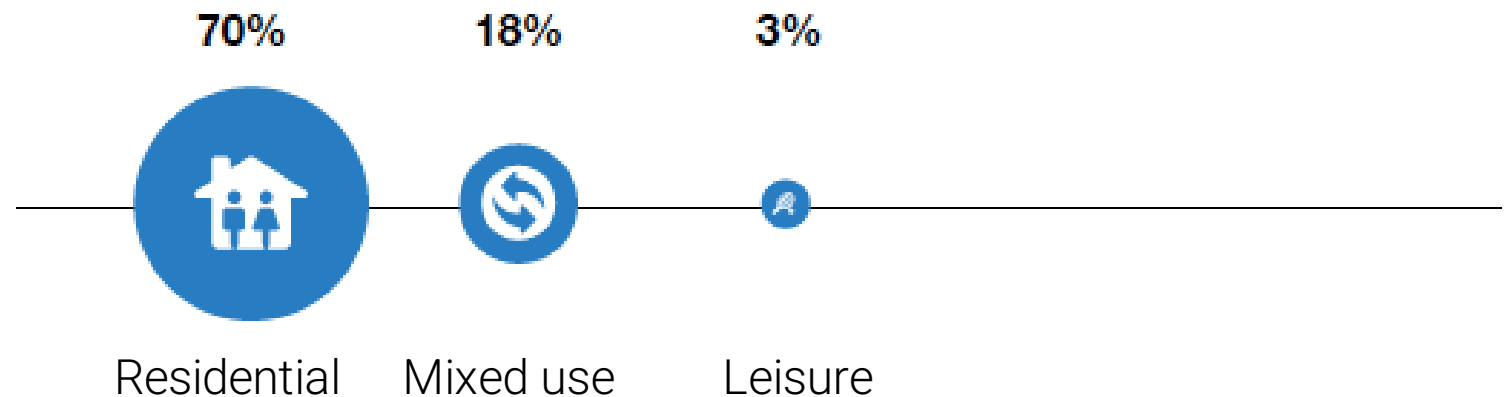
In Europe, 52% of respondents increased the number of assets they repurposed last the previous

The most common building type repurposed last year

From retail to...



From office to...



US

Nashville
Raleigh-Durham
Phoenix
Austin
Tampa/St.
Petersburg
Charlotte
Dallas/Fort Worth
Atlanta
Seattle
Boston

Asia Pacific

Tokyo
Singapore
Sydney
Melbourne
Seoul
Osaka
Shanghai
Ho Chi Minh City
Shenzhen
Guangzhou

Europe

London
Berlin
Paris
Frankfurt
Munich
Madrid
Amsterdam
Hamburg
Barcelona
Brussels

Calls for \$7tr to be invested annually until 2030 to tackle climate change

Has the potential to enable real estate to play its part in decarbonising

Equity + debt provider have power to influence the industry's approach

Equity investors - leading the charge & working to get ahead of regulation

Debt providers, with notable exceptions - waiting for regulation

Work is needed to harmonise the definition of "zero carbon",

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