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Launch of 2021 Emerging Trends in Real Estate® Europe: An Uncertain Impact

This webinar will start at 16:00 (GMT) / 17:00 (CEST)

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Emerging Trends in Real Estate Europe 2021
An uncertain impact

Join the conversation:
#ETRE21
Welcome and Introductions

Barbara Knoflach
Co-Founder, tinybe gGmbH
Emerging Trends in Real Estate® Europe – Key Findings
Gareth Lewis, Director, PwC UK
Lisette van Doorn, Chief Executive Officer, Europe, Urban Land Institute

Panel Discussion
Moderator: Barbara Knoflach, Co-Founder, tinybe gGmbH
Panellists:
Anne Kavanagh, CIO, PATRIZIAG
Jesper Bo Hansen, Managing Director, Catella Corporate Finance
Sara Lucas, CEO, Grosvenor
Key Findings

Gareth Lewis
Director, PwC UK

Lisette van Doorn
Chief Executive Officer, Europe, Urban Land Institute
How does this translate into our themes for 2021?

An uncertain impact

#1 Business interrupted
#2 Operational impact
#3 Pandemic picks
#4 City divisions
#5 Social climbing
European business environment in 2021

<table>
<thead>
<tr>
<th>Category</th>
<th>Very concerned</th>
<th>Somewhat concerned</th>
<th>Neither/hor</th>
<th>Not very concerned</th>
<th>Not at all concerned</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>European economic growth</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>41</td>
</tr>
</tbody>
</table>
| Business interruption            | 40            |                    |             | 7                  | 2                    | 102%
| Global economic growth           | 35            |                    |             | 6                  | 1                    | 1%
| Health and wellbeing of staff    | 24            |                    |             | 15                 | 6                    | 2%
| Business liquidity issues        | 16            | 46                 |             | 17                 | 5                    | 2%
| Sudden shifts in consumer demand | 17            | 46                 |             | 17                 | 3                    | 2%

“I’m very positive about the capital that will come into the market. Very negative on the economy and how that will play out because I think we’re only at the beginning of some of the bankruptcies that we will see happen,“
#1 Normal ways of doing business continue to be disrupted

- Pipeline of pre-COVID-19 deals are now complete
- Caution over deal sourcing with travel restrictions and further lockdowns
- Fast adoption of technology to support due diligence
- Conditions favour domestic buyers, managers with multi-country footprints, larger property markets with sufficient critical mass to have team on the ground
Themes for 2021

An uncertain impact

#1 Business interrupted
#2 Operational impact
#3 Pandemic picks
#4 City divisions
#5 Social climbing
#2 Impacts of COVID-19

To what extent do you agree or disagree with the following statements?

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>The COVID-19 crisis will accelerate the use of technology in a company's broader operations</td>
<td>7%</td>
</tr>
<tr>
<td>Health and wellbeing will become a more important factor across all sectors of real estate</td>
<td>33%</td>
</tr>
<tr>
<td>The COVID-19 crisis will accelerate the use of technology by real estate owners for the management of buildings and secure health and safety of users</td>
<td>38%</td>
</tr>
<tr>
<td>Landlords and tenants will consider new models for leases</td>
<td>16%</td>
</tr>
<tr>
<td>Landlords and tenants will consider new models for leases</td>
<td>16%</td>
</tr>
</tbody>
</table>

“The additional dimension that COVID-19 has brought into very clear light is that where an investor once thought it just owned a lease with a certain income – very comparable to bond income – it now actually owns a relationship with the underlying market,”
Themes for 2021

An uncertain impact

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If I look across our assets at the sectors that aren't having any issues in paying their rent, it's undoubtedly the resi sector.

I envision there's going to be life science clusters, medical clusters that are going to be developed throughout Europe that will be very in demand from an investor's standpoint.
#3 Future of offices becomes the new unknown

To what extent do you agree or disagree with the following statements?

- What’s the new balance between office life and remote work?
- Flexibility is the key word
- Increased focus on health and wellbeing
- Will decline in demand be balanced out by increase in space per person?
Themes for 2021

An uncertain impact

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Germany has got a strong economy, had managed the pandemic pretty well, and is open for business. It’s back in action.

We’re looking at deals for top-quality office assets in London that are 100 basis points, 150 basis points above equivalent deals in Berlin or Munich.
Themes for 2021

An uncertain impact

#1 Business interrupted

#2 Operational impact

#3 Pandemic picks

#4 City divisions

#5 Social climbing
#5 COVID-19 accelerates our focus on social issues

**Social-political issues in 2021**

<table>
<thead>
<tr>
<th>Issue</th>
<th>Very concerned</th>
<th>Somewhat concerned</th>
<th>Neither/nor</th>
<th>Not very concerned</th>
<th>Not at all concerned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Epidemics/pandemics</td>
<td>41</td>
<td>47</td>
<td>8</td>
<td>4</td>
<td></td>
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<tr>
<td>International political instability</td>
<td>29</td>
<td>50</td>
<td>11</td>
<td>9</td>
<td>1</td>
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<tr>
<td>Environmental issues</td>
<td>22</td>
<td>43</td>
<td>18</td>
<td>15</td>
<td>2</td>
</tr>
<tr>
<td>Social equity/inequality</td>
<td>17</td>
<td>45</td>
<td>20</td>
<td>16</td>
<td>2</td>
</tr>
<tr>
<td>European political instability</td>
<td>14</td>
<td>48</td>
<td>17</td>
<td>18</td>
<td>3</td>
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<tr>
<td>Housing affordability</td>
<td>17</td>
<td>43</td>
<td>24</td>
<td>14</td>
<td>2</td>
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<tr>
<td>National political instability</td>
<td>19</td>
<td>31</td>
<td>16</td>
<td>23</td>
<td>11</td>
</tr>
<tr>
<td>Termination of government support packages</td>
<td>12</td>
<td>38</td>
<td>26</td>
<td>20</td>
<td>4</td>
</tr>
<tr>
<td>Mass migration</td>
<td>9</td>
<td>30</td>
<td>27</td>
<td>27</td>
<td>7</td>
</tr>
</tbody>
</table>

“Sustainability and impact investing need to be in our thinking for all that we do rather than just launching specialised products or projects.”
#5 What are the drivers for impact investing?

- Faced with more socially aware consumers
- Opportunity to differentiate (and later to survive)
- Employees more discerning about who they work for
- Recognise that private sector needs to contribute more to societal goals

- More focus on societal issues and inequality
- More discerning about who they invest with or buy from
- Growing interest in “local” living and buying
- More active voices: more channels to “call out” poor companies and behaviour

- Faced with socially aware consumers, increasing pressure to leverage investments for better community
- Recognise role to contribute to societal goals
- Focus required for continued long-term success
#5 Are we ready, or only still on focused on green?

How the real estate industry can make the greatest difference through impact investing?

- Reducing the environmental impact of the built environment: 69%
- Design places that takes wellbeing and mental health into account: 38%
- Greater focus on delivering social infrastructure e.g. active mobility, public realm: 34%
- Increase the levels and integration of housing for different income levels: 33%
- Greater focus on placemaking: 27%
- Design places to promote more social equality/mobility: 20%

“Investors have been under pressure to deploy capital in strategies that are environmentally friendly for some time now, and we are starting to see that same pressure to deploy in strategies that are socially impactful.”
#5 How do we move forward?

Factors needed to attract more capital to impact investing

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better understanding of the risk/return profile</td>
<td>51%</td>
</tr>
<tr>
<td>Better ability to measure impact</td>
<td>49%</td>
</tr>
<tr>
<td>Better understanding of how impact investing is defined</td>
<td>49%</td>
</tr>
<tr>
<td>More evidence that financial returns are not compromised</td>
<td>37%</td>
</tr>
<tr>
<td>Better partnerships between private and public sectors</td>
<td>29%</td>
</tr>
<tr>
<td>More/better products for investors</td>
<td>29%</td>
</tr>
<tr>
<td>More pressure from investors/stakeholders</td>
<td>28%</td>
</tr>
</tbody>
</table>
More information

europe.uli.org/etre2021europe

pwc.com/etre2021europe

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Panel Discussion

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#ETRE21
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ULI Europe Digital Programme: Taking Stock – The Latest Update on the Landlord-Tenant Relationship Across Europe
Wednesday 2 December at 12:30 GMT / 13:30 CET
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