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# ULI Europe and PwC Emerging Trends in Real Estate® 2023 Webinar: 20 years of Emerging Trends

Moderator

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UK and EMEA Real Estate Leader  
PwC



# ULI Europe and PwC Emerging Trends in Real Estate® 2023 Webinar: 20 years of Emerging Trends

Presenter

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Head of Research  
Urban Land Institute - Europe



A nighttime photograph of a busy city street, likely Leicester Square in London. The scene is illuminated by the warm lights of shop windows and the cool, vibrant purple and blue lights of modern buildings. A semi-transparent dark grey box is centered over the image, containing white text. The background shows a mix of classical architecture with columns and modern glass-fronted buildings. People are seen walking and sitting on the pavement, some blurred due to motion.

# Emerging Trends in Real Estate Europe 2023

In the Eye of the Storm

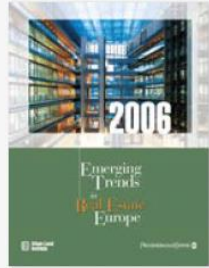


## 2004

"We are building as we have done for the past 30 years," says one interviewee, "without questioning if this meets the requirements of a changing society."

## 2006

A vocal minority of investors warn of a market bubble that may soon burst. "We're having to take on more and more risk for less and less return," says one.



## 2008

Battered by the US subprime crisis, "fear is back" for Europe's property players. Says one: "Consumers are fine, tenants are fine, the countries are fine — the missing link is debt."

## 2010

Europe's economic recovery is weak and consumer spending restrained. Tenants want rent reductions; negotiations with bankers are "mentally gruelling." The key question, one investor asks: "Will there be tenant defaults?"



## 2012

The industry laments renewed liquidity issues, a gloomy economic outlook and possible breakup of the Eurozone. "Equity will not enter at current prices, yields and expected return," says one investor.

## 2014

As competition for prime assets intensifies, investors seek stable income from student housing, data centres and other alternatives. Green buildings, too, are seen now as part of "a consolidation of quality."



## 2016

Industry players look beyond rent collection and consider property as a service: "Twenty years ago, we had tenants, now we have customers," says one. "In 20 years' time we'll have guests."

## 2018

Technology becomes increasingly important to logistics' enduring success as well as the rise of co-working and "space as a service." Says one interviewee: "Collaboration between tenant and landlord will be more and more crucial."



## 2020

Property continues to outperform other asset classes, but there is caution given the darkening macroeconomic outlook. "Occupier decisions are taking a little longer than they were last year," says one interviewee.

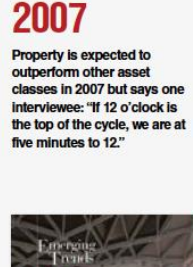
## 2022

The industry adapts as the pandemic accelerates digitalisation, dispersed working and online shopping, while hugely reinforcing the ESG agenda and highlighting the need for greater emphasis on customer service, brand and reputation.



## 2005

"Everyone is looking for income," says one interviewee as investors shift into multiple sectors, even niches like car parks and self-storage. At the same time: "The high street is dying."



## 2007

Property is expected to outperform other asset classes in 2007 but says one interviewee: "If 12 o'clock is the top of the cycle, we are at five minutes to 12."



## 2009

The global financial crisis has been "devastating" for Europe's property industry. "I would put it alongside the fall of Rome — though this time the barbarians were already inside the gates."



## 2011

In "austerity Europe," the lending market remains tough and the challenge lies in managing risk. "We need leaders with strategies, not acquisition teams with too much money," says one interviewee.



## 2013

After a five-year "Darwinian struggle," optimism returns. Global capital starts flowing into core property via the big investment managers while some specialists seek value-add opportunities from banks flipping distressed assets.



## 2015

Investors are veering between core and opportunistic assets, as reflected in the survey's top five cities: German stalwarts Berlin and Hamburg alongside the recovery plays of Dublin, Madrid and Athens.



## 2017

Populism — especially Brexit — weighs heavily on real estate. Returns are scaled down and active asset management talked up. In this risk-off climate, Germany is regarded as a haven for capital.



## 2019

Core asset values are at record levels and in this late-cycle market industry players are starting to cherish "sustainable cash-flows" — increasingly from residential and alternatives — and adopt "develop-to-core" strategies.



## 2021

COVID-19 led to sharp recession in 2020 and the prospect of a fragile economic recovery in 2021. "Everything that was being disrupted is being disrupted at a much faster pace," says an investment manager.

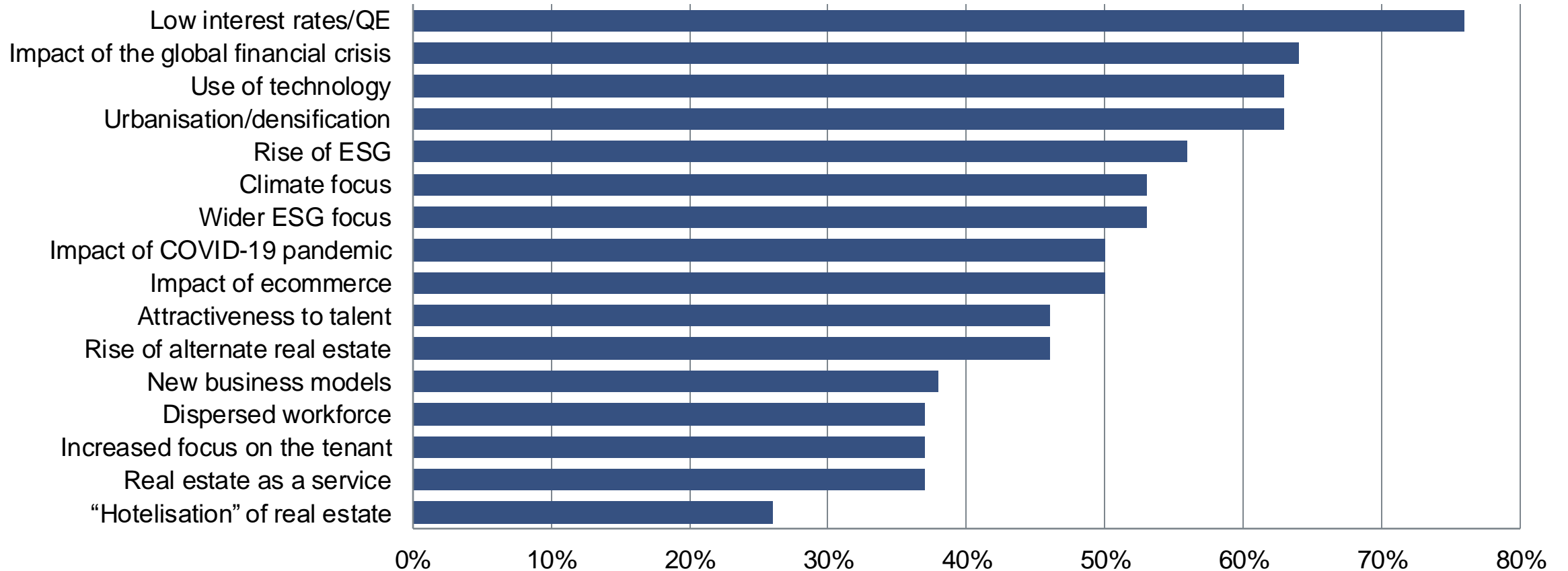


# The industry evolves

#ETRE23

Factors that have had the biggest impact on the real estate industry over the past 20 years

■ Significant impact



# Key themes

#ETRE23

Capital  
markets

On the path to  
net zero

Taking on  
greater  
responsibility

Customer  
service

Real estate  
as a product

Cities and  
placemaking

# Capital markets

#ETRE23

Evolution from an opaque industry to one integral to the financial markets

Post GFC, European listed real estate has grown from €174bn to €441bn

European non-listed real estate funds have expanded from 45 to 536 vehicles since 2001

A post GFC change in lending philosophy

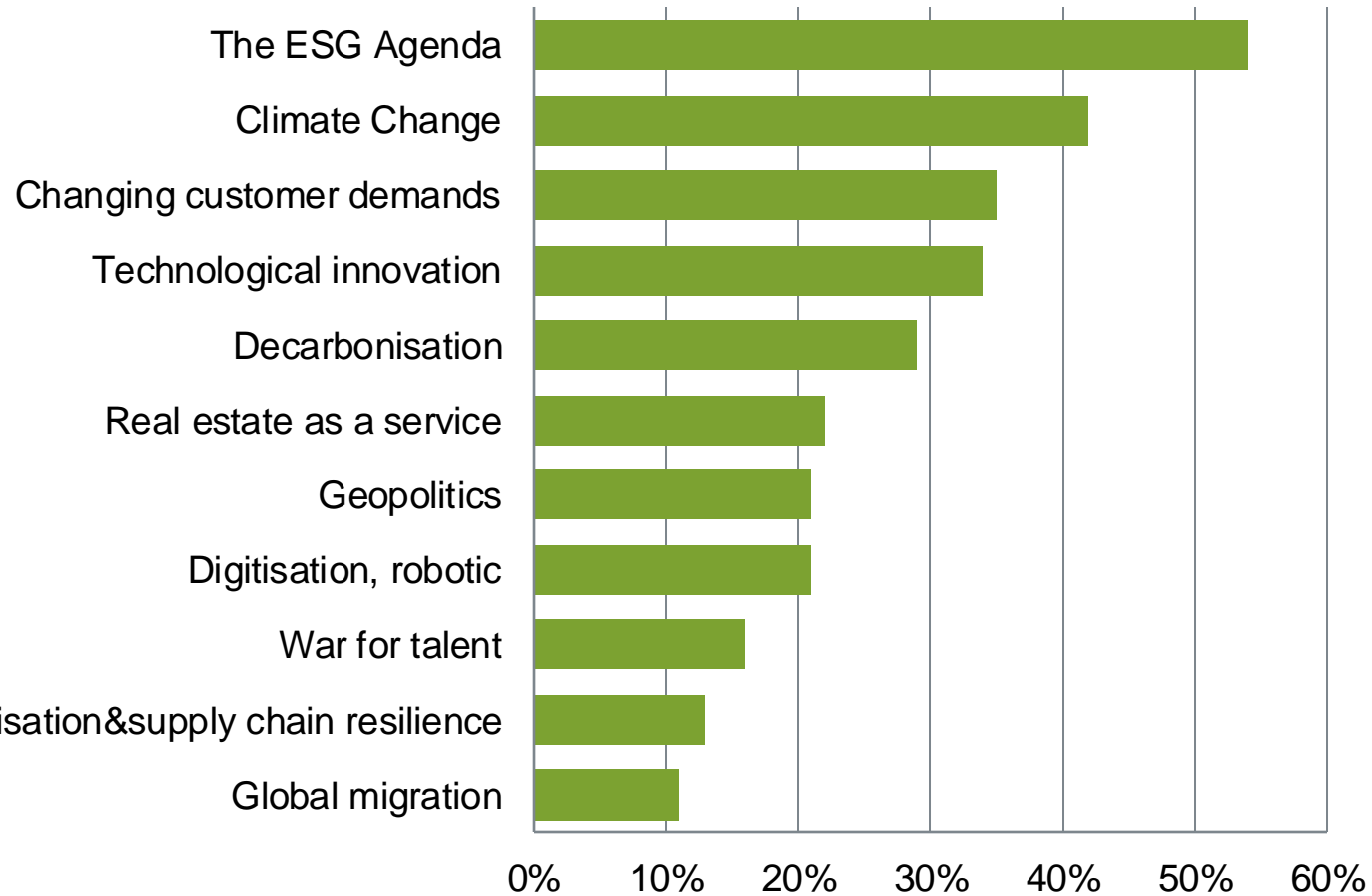
Where global capital is deployed in the future will be influenced by disruptive forces



# On the path to net zero

#ETRE23

Expected catalysts of change in real estate over the coming 20 years



The refurbishment of existing buildings and embodied carbon

Vast capital expenditure is needed

Regulation is key and seems to be welcomed by the industry

Technology – smart buildings, green building material

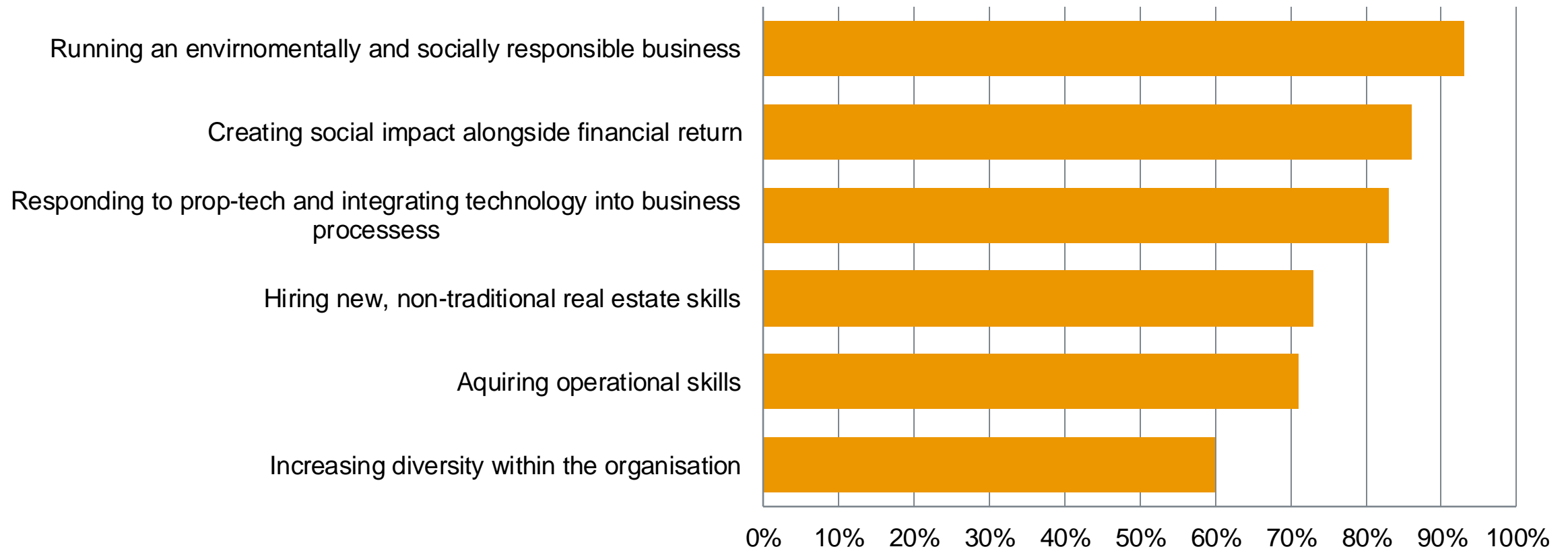
Climate resilience, adaptation and biodiversity

# Taking on greater responsibility

#ETRE23

Factors considered important for the successful organisational transformation of the real estate industry over the next 20 years

■ % think important



# Customer service

#ETRE23

A shift in focus from landlords to tenants and occupiers, and more recently, customers

Space-as-a-service designed around needs of the occupiers they want to attract

Broadened business models to provide design, development, management & operations

Reputation and brand will be key

Diversity in real estate and hiring outside traditional skill sets

# Real estate as a product

#ETRE23

2004

- 1 - Shopping Centre
- 2 - Residential
- 3 = High Street Shops
- 3 = Industrial/Warehouse
- 5 - Retail Parks
- 6- Central City Offices
- 7 - Manufacturing
- 8 - Suburban Offices



# Real estate as a product

#ETRE23

## 2004

- 1 - Shopping Centre
- 2 - Residential
- 3 = High Street Shops
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- 5 - Retail Parks
- 6- Central City Offices
- 7 - Manufacturing
- 8 - Suburban Offices

## 2008

- 1 - City Centre Shopping Centres
- 2 - Central City Offices
- 3 - Hotels
- 4 - Shopping Centre
- 5 = High Street Shops
- 5 = Industrial/Warehouse
- 7 = Retail Parks
- 7 = Housebuilding for Sale
- 9 - Suburban Offices
- 10 - Manufacturing

# Real estate as a product

#ETRE23

## 2004

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- 10 - Manufacturing

## 2016

- 1 - Retirement/Assisted Living
- 2 = Serviced Offices & Co-working
- 2 = Healthcare
- 4 - High Street Shops
- 5 - Logistics Facilities
- 6 - Private Rented Residential
- 7 - Student Housing
- 8 - Hotels
- 9 - City Centre Shopping Centres
- 10 - Housebuilding for Sale
- 11 - Serviced Apartments
- 12 - Data Centres
- 13 - Central City Offices
- 14 - Self-Storage Facilities
- 15 - Industrial/Warehouse
- 16 - Parking
- 17 - Social Housing
- 18 - Suburban Office
- 19 - Business Parks

# Real estate as a product

#ETRE23

2004	2008	2016	2023
1 - Shopping Centre	1 - City Centre Shopping Centres	1 - Retirement/Assisted Living	1 - New Energy Infrastructure
2 - Residential	2 - Central City Offices	2 = Serviced Offices & Co-working	2 - Life Sciences
3 = High Street Shops	3 - Hotels	2 = Healthcare	3 - Data Centres
3 = Industrial/Warehouse	4 - Shopping Centre	4 - High Street Shops	4 - Self-Storage Facilities
5 - Retail Parks	5 = High Street Shops	5 - Logistics Facilities	5 - Retirement/Assisted Living
6 - Central City Offices	5 = Industrial/Warehouse	6 - Private Rented Residential	6 - Healthcare
7 - Manufacturing	7 = Retail Parks	7 - Student Housing	7 = Logistics Facilities
8 - Suburban Offices	7 = Housebuilding for Sale	8 - Hotels	7 = Affordable Housing
	9 - Suburban Offices	9 - City Centre Shopping Centres	7 = Social Housing
	10 - Manufacturing	10 - Housebuilding for Sale	10 - Private Rented Residential
		11 - Serviced Apartments	11 - Student Housing
		12 - Data Centres	12 - Leisure Hotels
		13 - Central City Offices	13 - Coliving
		14 - Self-Storage Facilities	14 - Industrial/Warehouse
		15 - Industrial/Warehouse	15 - Serviced Apartments
		16 - Parking	16 - Serviced Offices & Co-working
		17 - Social Housing	17 - Leisure
		18 - Suburban Office	18 - Housebuilding for Sale
		19 - Business Parks	19 - Central City Offices
			20 - Retail Parks
			21 - Parking
			22 - Business Hotels
			23 - Business Parks
			24 - High Street Shops
			25 - City Centre Shopping Centres
			26 - Out of Town Shopping
			27 - Suburban Offices

# Cities and placemaking

#ETRE23

Only relatively recently have mixed use schemes been widely accepted

Making cities better places to live and social inclusion

15-minute cities and smart cities

Self sufficient neighbourhoods, producing their own food and energy

Designed and managed by sophisticated and adaptive AI





Thank you

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**Thank you**



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