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Welcome and Introductions

Lisette van Doorn
Chief Executive Officer, Europe,
Urban Land Institute
Key Findings

Gareth Lewis
Director
PwC UK
In the Eye of the Storm – key themes for 2023

#1 Realism supersedes optimism

#2 Shifting concerns

#3 Capital pulls back

#4 Sectors & cities to watch

#5 Fit for purpose real estate
Realism supersedes Optimism

Real estate business sentiment, 2011-2023
### Concerned in 2023

<table>
<thead>
<tr>
<th>Concern</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation</td>
<td>91%</td>
</tr>
<tr>
<td>Interest rate movements</td>
<td>89%</td>
</tr>
<tr>
<td>European economic growth</td>
<td>88%</td>
</tr>
<tr>
<td>Global economic growth</td>
<td>81%</td>
</tr>
<tr>
<td>Currency volatility</td>
<td>49%</td>
</tr>
<tr>
<td>Cybersecurity</td>
<td>48%</td>
</tr>
</tbody>
</table>
## Shifting concerns

<table>
<thead>
<tr>
<th>Concern</th>
<th>Concerned in 2023</th>
<th>Concerned in the next 3-5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation</td>
<td>91%</td>
<td>13%</td>
</tr>
<tr>
<td>Interest rate movements</td>
<td>89%</td>
<td>73%</td>
</tr>
<tr>
<td>European economic growth</td>
<td>88%</td>
<td>76%</td>
</tr>
<tr>
<td>Global economic growth</td>
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</tr>
</tbody>
</table>
Impact of a recession in 2023

The materialisation of a recession in 2022 would lead to a decrease in the...

- Development activity: 90% think decrease
- Real estate investment volumes: 80% think decrease
- Availability of finance: 80% think decrease
- Occupancy levels of real estate: 70% think decrease
- Existing rental values of real estate: 60% think decrease
- Availability of real estate supply: 50% think decrease
Capital pulls back

Availability of debt and equity in 2023

- Debt for development
- Debt for refinancing or new investment
- Equity for development
- Equity for refinancing or new developments

% think decrease
## Impact on returns

<table>
<thead>
<tr>
<th>Returns targeted compared with the previous year</th>
<th>Lower</th>
<th>Stay the same</th>
<th>Higher</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>39%</td>
<td>31%</td>
<td>30%</td>
</tr>
<tr>
<td>2022</td>
<td>27%</td>
<td>36%</td>
<td>38%</td>
</tr>
<tr>
<td>2021</td>
<td>46%</td>
<td>29%</td>
<td>25%</td>
</tr>
</tbody>
</table>
Sectors in transition

1. New energy infrastructure
2. Life sciences
3. Data Centres
4. Social Housing
5. Retirement/assisted living
6. Affordable housing
7. Self storage facilities
8. Logistics facilities
9. Co-living
10. Private rented residential
City Rankings 2023: Investment and Development Prospects

1. London
2. Paris
3. Berlin
4. Madrid
5. Munich
6. Amsterdam
7. Frankfurt
8. Hamburg
9. Barcelona
10. Milan
Fit for purpose real estate – easy to say, hard to do

<table>
<thead>
<tr>
<th>From office to…</th>
<th>In the last year</th>
<th>Over the next 3-5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>64%</td>
<td>51%</td>
</tr>
<tr>
<td>Mixed use</td>
<td>16%</td>
<td>38%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>From retail to…</th>
<th>In the last year</th>
<th>Over the next 3-5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mixed use</td>
<td>33%</td>
<td>45%</td>
</tr>
<tr>
<td>Residential</td>
<td>26%</td>
<td>22%</td>
</tr>
</tbody>
</table>
The industry evolves

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

- The ESG Agenda
- Climate Change
- Changing customer demands
- Technological innovation
- Decarbonisation
- Real estate as a service
- Geopolitics
- Digitisation, robotic
- War for talent
- Deglobalisation & supply chain resilience
- Global migration

Emerging Trends in Real Estate Europe 2023 │ In the Eye of the Storm
Aligning profits and social objectives

Opportunities in the year ahead

Market logjam

High levels of stress are unlikely

The move towards ‘responsible capitalism’
Thank you
Panel Discussion

Simon Martin
Head of Research and Strategy
Tristan Capital Partners

Nathalie Charles
Deputy CEO
BNP Paribas REIM

Jürgen Fenk
CEO
Primonial REIM

Lisette van Doorn
CEO
ULI Europe

Assem El Alami
Head of International Real Estate Finance
Berlin Hyp Ag
We value your feedback and we would appreciate if you could take just 2 minutes to complete our feedback survey.

Please just complete the three questions on the Zoom Poll function that has now launched.
Thank you for attending the webinar.

An on-demand recording of this webinar will be available to members on Knowledge Finder soon.

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