

# Podcast Episode

**Season 2, Episode 5: Christian Fladeland, Chief Investment Officer, Heimstaden  
(Denmark)  
From the ULI's New Real Estate Vanguard**

Date: March 25, 2025

00:00:02 --> 00:00:03: Hello and welcome.

00:00:03 --> 00:00:06: My name is Robin Marriott of Property EU, and I'm

00:00:06 --> 00:00:09: delighted to be hosting the second edition of the Urban

00:00:09 --> 00:00:12: Land Institutes Vanguard Podcast series.

00:00:12 --> 00:00:15: Now, the ULI brings together real estate and land use

00:00:15 --> 00:00:18: experts from around the world with a clear mission to

00:00:18 --> 00:00:22: shape the built environment and have a transformative

00:00:22 --> 00:00:24: impact on

00:00:22 --> 00:00:24: neighborhoods and in cities and communities.

00:00:25 --> 00:00:29: And this podcast focuses on that future and that's

00:00:29 --> 00:00:29: transformative

00:00:29 --> 00:00:29: impact.

00:00:30 --> 00:00:33: Now, the you and I Young Leaders Group recently selected

00:00:33 --> 00:00:38: 10 outstanding young professionals already making waves in

00:00:38 --> 00:00:40: the industry,

00:00:38 --> 00:00:40: calling them the new real Estate Vanguard.

00:00:41 --> 00:00:44: And I'm delighted to welcome one of them, Christian

00:00:44 --> 00:00:45: Flatherland

00:00:44 --> 00:00:45: of Heimstart.

00:00:45 --> 00:00:46: And Christian welcome.

00:00:49 --> 00:00:52: Now Christian, just perhaps first of all, tell us what

00:00:52 --> 00:00:54: your role is at that company.

00:00:54 --> 00:00:57: It's a Nordic based residential property company I believe.

00:00:57 --> 00:00:59: But can you perhaps set the scene for us?

00:01:01 --> 00:01:02: I can certainly do that.

00:01:02 --> 00:01:06: So I am Chief Investment Officer at Heimstaden, so

00:01:06 --> 00:01:10: responsible

00:01:06 --> 00:01:10: for the overall investment strategy and not least execution of

00:01:10 --> 00:01:10: it.

00:01:11 --> 00:01:15: We also organized in a manner where our asset management

00:01:15 --> 00:01:17: team is subject to the CIO i.e.

00:01:17 --> 00:01:20: That we make sure that all the investments that we

00:01:20 --> 00:01:23: do in our existing portfolio and CapEx measures is always

00:01:23 --> 00:01:26: evaluated on the basis of a new investment and not

00:01:26 --> 00:01:28: just as pure maintenance and operation.

00:01:30 --> 00:01:31: Yes, exactly.

00:01:32 --> 00:01:35: Now question I've, I have to say that on this

00:01:35 --> 00:01:38: podcast so far, we've had many sort of varied people

00:01:38 --> 00:01:42: with maybe tackling the industry from the tech perspective from

00:01:42 --> 00:01:42: ESG.

00:01:43 --> 00:01:45: But I think that's you perhaps are at the cutting

00:01:46 --> 00:01:48: edge of equity real estate transactions in Europe, more so

00:01:49 --> 00:01:50: perhaps than the others on the show.

00:01:51 --> 00:01:54: So perhaps with that in mind, can you tell us

00:01:54 --> 00:01:57: a little bit about in any given month what you'll

00:01:57 --> 00:01:59: be doing in this particular position?

00:01:59 --> 00:02:02: And remembering that it's, it's, it's kind of a pan

00:02:02 --> 00:02:03: European role, isn't it?

00:02:03 --> 00:02:07: So it touches on equity transactions in many different markets.

00:02:09 --> 00:02:10: That is correct.

00:02:10 --> 00:02:12: I'm a bit of a dinosaur compared to only being

00:02:12 --> 00:02:13: 36 years old.

00:02:13 --> 00:02:17: So I'm very old, old school investor mindset.

00:02:17 --> 00:02:18: Yeah, it's correct.

00:02:18 --> 00:02:21: We are present across 10 markets and we have local

00:02:21 --> 00:02:22: teams in each of them.

00:02:22 --> 00:02:25: So naturally I am travelling quite a lot in order

00:02:25 --> 00:02:28: to meet up with the teams and align on strategy.

00:02:29 --> 00:02:31: We have grown materially in recent years.

00:02:31 --> 00:02:35: When I started in January 2019, we were essentially our

00:02:35 --> 00:02:39: small local investment team only focusing on on Sweden.

00:02:40 --> 00:02:44: Today, we are almost 50 investment professionals excluding the asset

00:02:44 --> 00:02:48: management team and have a massive deal flow across our

00:02:48 --> 00:02:49: markets.

00:02:49 --> 00:02:52: Given that we are present across in that many markets,

00:02:52 --> 00:02:55: it's also very important for us to set standards for

00:02:55 --> 00:02:59: how do we evaluate transactions not only within markets but

00:02:59 --> 00:03:02: also relatively across markets and form a strategy around this.

00:03:03 --> 00:03:06: This requires a lot of Pam country alignment.

00:03:07 --> 00:03:10: Local investment teams obviously are experts within their own markets,

00:03:10 --> 00:03:13: but they also need to understand what our alternative is

00:03:13 --> 00:03:15: as a group in all of our competing markets, which

00:03:15 --> 00:03:17: you would see from a local perspective.

00:03:18 --> 00:03:21: So a lot of travelling, a lot of discussions with

00:03:21 --> 00:03:26: the local teams, follow-ups, understanding market dynamics, opportunities and also

00:03:26 --> 00:03:30: make sure that there is a good cross-border collaboration and

00:03:30 --> 00:03:31: understanding.

00:03:32 --> 00:03:32: Yeah.

00:03:32 --> 00:03:34: So you're obviously clocking up loads of air miles or

00:03:35 --> 00:03:37: train miles as you as you as you go around.

00:03:37 --> 00:03:40: I'm sure that you're pleased that you know what we

00:03:40 --> 00:03:42: COVID seemingly behind us, of course you are able to

00:03:42 --> 00:03:43: travel.

00:03:43 --> 00:03:47: So that's, that's beautiful because given just how social real

00:03:47 --> 00:03:49: estate is it, it does seem to be about personal

00:03:49 --> 00:03:50: connections.

00:03:50 --> 00:03:53: Just tell us how I've always wondered with the CIO

00:03:53 --> 00:03:57: position of what is now actually a big organization.

00:03:57 --> 00:03:59: If you've explained it, how does how does the CIO

00:04:00 --> 00:04:02: judge if he's doing a good job and what what

00:04:02 --> 00:04:05: do you think are the characteristics are needed to be

00:04:05 --> 00:04:08: a success in this kind of role in the European

00:04:08 --> 00:04:09: real estate sector?

00:04:11 --> 00:04:13: I'll say, first of all, I would let all the

00:04:13 --> 00:04:15: judge while I'm doing a good job, but I can

00:04:15 --> 00:04:17: at least describe what check dresses I believe is a

00:04:17 --> 00:04:19: previous set to to doing it.

00:04:20 --> 00:04:23: First of all, I think it's very important to be

00:04:23 --> 00:04:26: focused on our strategy and execute according to it and

00:04:26 --> 00:04:30: not be too stressed about volatility in the market and

00:04:30 --> 00:04:31: we'll get back to that.

00:04:31 --> 00:04:33: But this year has been quite extraordinary.

00:04:34 --> 00:04:37: We have a very long term and fundamental view on

00:04:37 --> 00:04:40: each of the countries that we're present and we are

00:04:40 --> 00:04:41: navigating accordingly.

00:04:41 --> 00:04:45: We're working in a illiquid asset class of real estate

00:04:45 --> 00:04:47: where you really need to have a proper, a proper  
00:04:47 --> 00:04:51: view on the underlying fundamentals and not deviate, deviate  
from  
00:04:51 --> 00:04:51: that.  
00:04:52 --> 00:04:55: You should still be agile enough to adapt the strategy  
00:04:55 --> 00:04:57: to fundamental or structural changes.  
00:04:58 --> 00:05:00: But I believe that the way to succeed in the  
00:05:00 --> 00:05:03: long run is to be very true to your strategy  
00:05:03 --> 00:05:07: and have a good and analytical understanding of the  
underlying  
00:05:07 --> 00:05:11: supply demand dynamics, country specific risk, FX risk as  
well  
00:05:11 --> 00:05:14: given that a company like ours is present across so  
00:05:14 --> 00:05:15: many markets.  
00:05:15 --> 00:05:19: So analytical approach be true to your strategy and then  
00:05:19 --> 00:05:22: and then execute good on on your business plan.  
00:05:23 --> 00:05:26: Yes, Christian, we on this podcast, seriously, we like to  
00:05:26 --> 00:05:30: help people, especially if they're thinking about entering into  
real  
00:05:30 --> 00:05:31: estate as a career.  
00:05:31 --> 00:05:33: And there are, as we've said, so many different roles.  
00:05:34 --> 00:05:37: Now you're Danish, as I understand it, but working for  
00:05:37 --> 00:05:38: Swedish Property Company.  
00:05:39 --> 00:05:41: So do you think you could talk to us a  
00:05:41 --> 00:05:43: little bit about how it all started for you, how  
00:05:43 --> 00:05:46: you came to be in real estate, perhaps what taking  
00:05:46 --> 00:05:49: it further back, what you studied at university, was there  
00:05:49 --> 00:05:52: anything in your background that suggested you would be  
working  
00:05:52 --> 00:05:54: in the built environment and so forth?  
00:05:56 --> 00:05:59: The truth of it is complete coincidence that I got  
00:05:59 --> 00:06:00: into real estate.  
00:06:00 --> 00:06:04: I was studying economist as an economist at the University  
00:06:04 --> 00:06:05: of Copenhagen.  
00:06:06 --> 00:06:09: My mother was an accountant for two of the larger  
00:06:09 --> 00:06:14: listed real estate companies pre the financial crisis in  
Denmark.  
00:06:14 --> 00:06:18: And she was at a dinner at at MEPIM and  
00:06:18 --> 00:06:19: Ken in 2007.  
00:06:19 --> 00:06:23: And there she met a partner at a property consultant,  
00:06:23 --> 00:06:24: Saturnina Nelbic.  
00:06:24 --> 00:06:27: It was a John Slang LaSalle affiliate in in Denmark  
00:06:27 --> 00:06:28: at those days.  
00:06:29 --> 00:06:31: And he was an economist and he had built up

00:06:31 --> 00:06:35: a research team as one of the first research team  
00:06:35 --> 00:06:37: among property consultants in Denmark.  
00:06:38 --> 00:06:40: And, and she said, wouldn't it be an idea that  
00:06:41 --> 00:06:43: you have an interview with my my son, he is  
00:06:43 --> 00:06:45: studying and he needs an internship.  
00:06:46 --> 00:06:47: And that was exact.  
00:06:47 --> 00:06:48: That was actually how it started.  
00:06:49 --> 00:06:51: It was a bit funny because I was actually turned  
00:06:51 --> 00:06:52: down when I was to start there.  
00:06:52 --> 00:06:54: They believed I was too young.  
00:06:54 --> 00:06:57: I was only 20 years at the time and even  
00:06:57 --> 00:07:00: though I had gone directly through high school to the  
00:07:00 --> 00:07:04: university and was actually decent in the seniority, they felt  
00:07:04 --> 00:07:07: I was too young as as a profile.  
00:07:07 --> 00:07:10: But six months later, given that this was at the  
00:07:10 --> 00:07:13: height of the business cycle before the financial crisis, they  
00:07:13 --> 00:07:16: were so desperate for labor that they offered me a  
00:07:16 --> 00:07:17: job as an intern.  
00:07:18 --> 00:07:21: And my ambition was essentially to stay there during my  
00:07:21 --> 00:07:24: starting and then go to London and become an investment  
00:07:24 --> 00:07:24: banker.  
00:07:26 --> 00:07:28: But it turned out that first of all I fell  
00:07:28 --> 00:07:30: quite much in love with real estate.  
00:07:30 --> 00:07:32: And then it turned out that I completed my masters  
00:07:32 --> 00:07:35: in 2009 and there was not that many going to  
00:07:35 --> 00:07:37: to London at that time, at least from Copenhagen for  
00:07:37 --> 00:07:38: investment banking.  
00:07:39 --> 00:07:42: So I took a full time position first as an  
00:07:42 --> 00:07:45: analyst in our research and valuation department, moved on  
00:07:45 --> 00:07:48: quite quickly to capital markets as we saw a lot of  
00:07:48 --> 00:07:52: distressed banks following the financial crisis in Denmark.  
00:07:53 --> 00:07:56: And there was a clear shift in the Compensus that  
00:07:56 --> 00:07:58: was required by by property consultants.  
00:07:59 --> 00:08:02: Previously it had been a very much brokerage business with  
00:08:02 --> 00:08:04: very much focus on on the BRICS.  
00:08:05 --> 00:08:07: But we definitely saw a change in in the demand  
00:08:07 --> 00:08:12: for Compensus where the more corporate finance analytical  
00:08:12 --> 00:08:13: approaches really  
00:08:13 --> 00:08:15: gain momentum.  
00:08:15 --> 00:08:18: And that was essentially the road map for be kick  
00:08:18 --> 00:08:18: starting the career at a quite early age and getting

00:08:18 --> 00:08:19: a lot of responsibility.

00:08:20 --> 00:08:24: I became a partner there in 2014 and and then

00:08:24 --> 00:08:26: I met Heim Starden in 2015.

00:08:26 --> 00:08:30: They entered Denmark with their first acquisition in 2014, which

00:08:30 --> 00:08:32: I was not involved with.

00:08:32 --> 00:08:35: But I had built up a quite strong position within

00:08:35 --> 00:08:39: residential investments in the brokerage business.

00:08:39 --> 00:08:41: And I started to do quite a lot of sourcing

00:08:42 --> 00:08:44: to Heimstat and started to do more and more buy

00:08:44 --> 00:08:44: side.

00:08:45 --> 00:08:47: And at some time you spend so much time with

00:08:47 --> 00:08:50: with your client that it's it's more obvious to change

00:08:50 --> 00:08:50: side.

00:08:51 --> 00:08:53: And that was my way into Heimstat.

00:08:54 --> 00:08:55: So that that's what happened.

00:08:55 --> 00:08:58: And yes, all of this was taking place, as you

00:08:58 --> 00:09:01: said yourself, at a very relatively young age and then

00:09:01 --> 00:09:05: as the years ticked by at Highmstart and still very

00:09:05 --> 00:09:08: young, but really getting involved in some, I have to

00:09:08 --> 00:09:09: say, gigantic deals.

00:09:09 --> 00:09:11: I myself have reported on a couple of them.

00:09:11 --> 00:09:14: One that took place last year, I think was one

00:09:14 --> 00:09:17: of the largest private real estate deals ever done.

00:09:17 --> 00:09:21: Just tell us about some of these transactions maybe that

00:09:21 --> 00:09:24: stick out for you in terms of your career, but

00:09:24 --> 00:09:27: also in terms of the progress of the company and

00:09:27 --> 00:09:30: how they came about and what is needed to execute

00:09:30 --> 00:09:33: such large and sometimes complex transactions.

00:09:35 --> 00:09:38: I actually would change focus back to 2019 when I

00:09:38 --> 00:09:39: started.

00:09:39 --> 00:09:40: So you're completely correct.

00:09:40 --> 00:09:44: We made a very large transaction last year, the ???9.1

00:09:44 --> 00:09:48: billion transaction from Akilios, But when I started I needed

00:09:48 --> 00:09:51: to transform from the advisor side to being now a

00:09:51 --> 00:09:52: principal investor.

00:09:53 --> 00:09:56: I was doing our first larger transaction in the Netherlands.

00:09:57 --> 00:10:01: It was almost 10,000 units and ???1.4 billion, and that

00:10:01 --> 00:10:06: was essentially signed 3 1/2 months after I started in

00:10:06 --> 00:10:07: 2019.

00:10:07 --> 00:10:10: So both the evaluation of the transaction on the rioting

00:10:10 --> 00:10:13: and the due diligence was carried out within the 1st

00:10:13 --> 00:10:16: 3 1/2 months of my employment ship with Heimstad where  
00:10:16 --> 00:10:18: the team was nearly non existent.  
00:10:19 --> 00:10:22: And I would say that is probably the transaction that  
00:10:22 --> 00:10:25: developed me the most when I needed to change complete  
00:10:25 --> 00:10:28: mindshed from being an advisor to now actually making the  
00:10:29 --> 00:10:29: decisions.  
00:10:31 --> 00:10:33: Before when I was an advisor, I thought it was  
00:10:33 --> 00:10:36: so easy to make the right decision, just advising on  
00:10:36 --> 00:10:36: what to do.  
00:10:37 --> 00:10:39: But when you're actually standing in it, it turns out  
00:10:39 --> 00:10:43: it takes a complete different confidence to actually make  
decisions  
00:10:43 --> 00:10:46: when you're actually when you actually do 1 making them.  
00:10:46 --> 00:10:50: So that was a transaction that I felt was very  
00:10:50 --> 00:10:54: much learning for how I were to, to manage transactions.  
00:10:54 --> 00:10:56: And I'm starting going forward.  
00:10:56 --> 00:11:02: And since then we've been doing several large transactions,  
Racidomo  
00:11:03 --> 00:11:07: in Czech Republic in February 2020 of ???1.3 billion.  
00:11:08 --> 00:11:13: And in in Denmark we also did a ???1.5 billion.  
00:11:13 --> 00:11:18: I believe it was in, in December 21, sorry, December  
00:11:18 --> 00:11:18: 2020.  
00:11:19 --> 00:11:21: Now I'm mixing up the years and then we had  
00:11:21 --> 00:11:24: the very large transaction of Akilos last year of ???9.1  
00:11:24 --> 00:11:25: billion.  
00:11:26 --> 00:11:28: I would not say that there is any of these  
00:11:28 --> 00:11:31: last transactions that stand out to me other than the  
00:11:31 --> 00:11:35: first one which was a very fascinating and hectic start  
00:11:35 --> 00:11:35: to my career.  
00:11:35 --> 00:11:36: I'm starting.  
00:11:36 --> 00:11:40: We believe that transactions need to be funded in in  
00:11:40 --> 00:11:43: the same whether it's a single asset of ???3 million  
00:11:43 --> 00:11:46: or whether it's a ???9 billion platform acquisition.  
00:11:47 --> 00:11:49: It's it's just and it's important for us to make  
00:11:49 --> 00:11:52: very accretive small add on transaction have processes for  
that  
00:11:52 --> 00:11:56: while the very large blockbuster transaction is something that  
that  
00:11:56 --> 00:11:59: we do when we believe they make strategically sense to  
00:11:59 --> 00:11:59: us.  
00:12:01 --> 00:12:04: Yes, one blockbuster, blockbuster exactly.  
00:12:04 --> 00:12:06: I mean, it's just an incredible one last year as  
00:12:06 --> 00:12:06: well.

00:12:06 --> 00:12:09: But thanks for telling us about the the transition from  
00:12:09 --> 00:12:13: the advisory to the principal side and that formative deal  
00:12:13 --> 00:12:13: in 2019.  
00:12:13 --> 00:12:15: Yep, that, that, that, that sets it all.  
00:12:16 --> 00:12:20: Just a little bit about perhaps personality wise.  
00:12:20 --> 00:12:22: You said, and you're not the first to say this  
00:12:22 --> 00:12:25: on the podcast series, that you weren't necessarily thinking  
about  
00:12:25 --> 00:12:26: going into real estate at all.  
00:12:26 --> 00:12:29: You mentioned you wanted to be an investment banker, but  
00:12:29 --> 00:12:31: clearly you, you were interested in investment.  
00:12:31 --> 00:12:34: And then you said that somehow you, you, you fell  
00:12:34 --> 00:12:35: in love with real estate.  
00:12:36 --> 00:12:38: And this is something I hear so often, Christian, what  
00:12:38 --> 00:12:40: is it about real estate?  
00:12:40 --> 00:12:42: Would you say that just really piqued your interest?  
00:12:45 --> 00:12:47: It's actually very difficult to put words on it.  
00:12:48 --> 00:12:51: I think the fact that you have such a tangible  
00:12:51 --> 00:12:54: asset, I really like the aesthetics about real estate.  
00:12:54 --> 00:12:57: I love beautiful real estate, but also like that it  
00:12:57 --> 00:12:59: impacts so many people's life.  
00:12:59 --> 00:13:01: And that's essentially also why when I say that I  
00:13:01 --> 00:13:04: like real estate, it actually is much more narrowed down  
00:13:04 --> 00:13:05: to to residential.  
00:13:06 --> 00:13:09: I don't have a super big passion for ships or  
00:13:09 --> 00:13:13: outdated office buildings etcetera, even though they might be  
decent  
00:13:13 --> 00:13:14: investments.  
00:13:14 --> 00:13:18: It is residential and having such a significant impact on  
00:13:18 --> 00:13:20: on people's life.  
00:13:20 --> 00:13:23: And that that is where I actually believe that Heimstaden  
00:13:23 --> 00:13:24: is, is a true differentiator.  
00:13:24 --> 00:13:27: And what really appealed to me is that you have  
00:13:27 --> 00:13:31: the dynamic, the high competent, high paced environment of  
a  
00:13:31 --> 00:13:36: typical priority equity firm, consultancy investment bank,  
while you still  
00:13:36 --> 00:13:40: have a very value driven view on operations and customers.  
00:13:40 --> 00:13:44: We really want to make a different product offering than  
00:13:44 --> 00:13:47: just having a commodity of a tenant, but actually see  
00:13:47 --> 00:13:50: how can we improve the life quality and offering to  
00:13:50 --> 00:13:53: our to our customers and thereby add value through that.  
00:13:54 --> 00:13:57: And I believe that residential is there where you have



00:13:57 --> 00:13:59: the most potential to make that impact, but also where

00:13:59 --> 00:14:02: you have the potential to combine it with with a

00:14:02 --> 00:14:04: outstanding commercial performance.

00:14:05 --> 00:14:05: Exactly.

00:14:05 --> 00:14:08: It's the impact, isn't it, the impact that real estate

00:14:08 --> 00:14:10: has bringing it down to a very practical level.

00:14:10 --> 00:14:13: It's where we live, it's where we work, it's where

00:14:13 --> 00:14:13: we play.

00:14:14 --> 00:14:15: Exactly.

00:14:15 --> 00:14:19: Just on the subject then of having an impact, what

00:14:19 --> 00:14:25: about sustainability, Christian, this ESG components of doing these deals

00:14:25 --> 00:14:26: has become so important.

00:14:27 --> 00:14:30: And I think it's important to Heimstatten as well in

00:14:30 --> 00:14:33: the Danish markets, for example, but also across the other

00:14:33 --> 00:14:35: markets that you are active in.

00:14:36 --> 00:14:38: And I'm just wondering, can you, can you talk to

00:14:39 --> 00:14:41: us about the ESG side of being a CIO and

00:14:41 --> 00:14:44: also as in a real estate company and is it

00:14:44 --> 00:14:47: a competitive advantage would you say or, or or or

00:14:47 --> 00:14:50: more of a sort of a roadblock to to investing?

00:14:52 --> 00:14:57: We are definitely embraced the sustainability very full heartedly at

00:14:57 --> 00:15:00: HEIMSTAT and we are not only focusing on the E

00:15:00 --> 00:15:02: and ESG but also the S.

00:15:02 --> 00:15:05: So if we split it into two on the on

00:15:05 --> 00:15:09: the environmental side, we have a bit different view than

00:15:09 --> 00:15:12: a lot of the sort of say classical thinking of

00:15:12 --> 00:15:15: of environmental friendly real estate.

00:15:15 --> 00:15:19: We actually believe that the most environmental friendly building you

00:15:19 --> 00:15:22: can build is the one that you don't build, IE

00:15:22 --> 00:15:25: that you actually use the existing resources and try to

00:15:25 --> 00:15:27: upgrade them as efficiently as possible.

00:15:28 --> 00:15:31: There is a lot of imbedded carbon emission when you

00:15:31 --> 00:15:33: are to make new bills and really no matter how

00:15:33 --> 00:15:35: efficient you do it, there is a lot of ways

00:15:35 --> 00:15:37: that you are testing out how you can reuse things

00:15:37 --> 00:15:40: and do it more efficiently in relation to the construction

00:15:40 --> 00:15:40: process.

00:15:41 --> 00:15:43: But I think we need to find a way how

00:15:43 --> 00:15:47: can we actually manage the massive existing stock that we

00:15:47 --> 00:15:50: have and and try to upgrade that in a manner

00:15:50 --> 00:15:53: where it maybe doesn't get to an A energy label,  
 00:15:53 --> 00:15:56: but get to AB or C and thereby moving a  
 00:15:56 --> 00:16:00: significant step on a relative basis from where it's coming.  
 00:16:01 --> 00:16:04: So we are investing heavily in our existing portfolio.  
 00:16:04 --> 00:16:07: We have a lot of centrally located assets that are  
 00:16:08 --> 00:16:11: built in the early 19th century and that is in  
 00:16:11 --> 00:16:13: Copenhagen, Berlin, etcetera.  
 00:16:13 --> 00:16:16: And there we're doing a lot of work on seeing  
 00:16:16 --> 00:16:20: on how can we actually optimize that within the building  
 00:16:20 --> 00:16:26: codes, upgrading the facades, new heating systems, new  
 Windows, insulated  
 00:16:26 --> 00:16:29: the roofing etcetera in relation to new bills.  
 00:16:29 --> 00:16:31: It's also something that we are doing a lot of.  
 00:16:31 --> 00:16:34: And it is of course reflects that we are typically  
 00:16:34 --> 00:16:37: in markets where there is a supply demand imbalance or  
 00:16:37 --> 00:16:38: more publicly told a housing shortage.  
 00:16:39 --> 00:16:42: And there we are definitely very focused on making sure  
 00:16:42 --> 00:16:45: that our building standards is future proof and and is  
 00:16:45 --> 00:16:49: fulfilling our our Paris Agreement commitment by 20-30.  
 00:16:49 --> 00:16:53: So I think on the environmental side, we are investing  
 00:16:53 --> 00:16:56: a lot of resources and money in making sure that  
 00:16:56 --> 00:16:59: we contribute to the environment, but also that we have  
 00:16:59 --> 00:17:02: a future proof the portfolio that is of course also  
 00:17:02 --> 00:17:05: very important for our long term returns.  
 00:17:06 --> 00:17:08: The S is something that we are just as focused  
 00:17:09 --> 00:17:11: on as we is on, on the we are very  
 00:17:11 --> 00:17:15: humble about the fact that there is significant housing  
 shortages  
 00:17:15 --> 00:17:17: across the markets that we are present.  
 00:17:18 --> 00:17:21: So we are very focused about the affordability of our  
 00:17:21 --> 00:17:22: portfolio.  
 00:17:23 --> 00:17:26: We are a long term investor and that also means  
 00:17:26 --> 00:17:29: that we don't have the dis aligned incentives as we  
 00:17:29 --> 00:17:32: see some of the more close ended fund funds has  
 00:17:32 --> 00:17:35: where they need to drive a significant NY growth within  
 00:17:35 --> 00:17:36: a few years.  
 00:17:37 --> 00:17:40: Residential source is not an asset class that you can  
 00:17:40 --> 00:17:41: speculate in.  
 00:17:41 --> 00:17:44: We believe that that has too many social consequences.  
 00:17:44 --> 00:17:47: I don't want to go through each country where we  
 00:17:47 --> 00:17:50: have examples of that, but we really want to make  
 00:17:50 --> 00:17:53: sure that we by our self, self regulate how we

00:17:53 --> 00:17:57: actually operate and how we navigate towards our tenants in  
00:17:57 --> 00:18:00: order to make a business plan that is socially viable.  
00:18:01 --> 00:18:05: That might very well cost of 2050 or even 80  
00:18:05 --> 00:18:08: basis points on our IRR over time.  
00:18:08 --> 00:18:10: But we believe that that's the way that you can  
00:18:10 --> 00:18:13: actually make a long term social viable business which will  
00:18:13 --> 00:18:16: still from a risk adjusted perspective or for a very  
00:18:16 --> 00:18:17: competitive return.  
00:18:18 --> 00:18:20: Yes, then thanks for mentioning that because at the end  
00:18:20 --> 00:18:22: of the day it is still an investment firm and  
00:18:22 --> 00:18:24: you know these assets have to perform.  
00:18:24 --> 00:18:28: So you just explained your approach to that absolutely  
perfectly.  
00:18:28 --> 00:18:31: Now Speaking of which Christian, what a year for in  
00:18:31 --> 00:18:34: terms of investment and how it's changed just on just  
00:18:34 --> 00:18:35: in the last 12 months.  
00:18:35 --> 00:18:38: You alluded to this at the beginning of the conversation.  
00:18:38 --> 00:18:41: Can you explain to our listeners the the market as  
00:18:41 --> 00:18:44: you see it today, what are the changes, what are  
00:18:44 --> 00:18:45: the challenges?  
00:18:45 --> 00:18:48: And also are there any opportunities in particular that's that  
00:18:48 --> 00:18:49: are arising?  
00:18:49 --> 00:18:53: For you, it has certainly been a fascinating year.  
00:18:54 --> 00:18:56: When I refer to it internally, I say we have  
00:18:56 --> 00:19:00: been going through a decade of business cycles and  
geopolitical  
00:19:00 --> 00:19:02: risk within just 11 months.  
00:19:02 --> 00:19:05: Yes, there is no doubt that when you have such  
00:19:05 --> 00:19:09: a steep increase in inflation and you have such a  
00:19:09 --> 00:19:14: harsh policy stance from the central banks in order to  
00:19:14 --> 00:19:15: address this.  
00:19:15 --> 00:19:17: And I think it's fair to say everybody agrees that  
00:19:17 --> 00:19:20: the central banks looking back what has been behind the  
00:19:20 --> 00:19:23: curve and they need to do it even more forcefully  
00:19:23 --> 00:19:25: in order to make sure we get innovation under control.  
00:19:26 --> 00:19:29: That has significant consequences on the financial markets.  
00:19:30 --> 00:19:33: And that of course also spills over to at least  
00:19:33 --> 00:19:35: the funding side of real estate.  
00:19:35 --> 00:19:38: And where should yields actually stabilize and, and what are  
00:19:38 --> 00:19:41: you willing to underwrite in such an environment.  
00:19:41 --> 00:19:44: But if we just take the operational side first before  
00:19:44 --> 00:19:47: we take into come into all the uncertainty on valuations  
00:19:48 --> 00:19:51: and where we're going from here, it's interesting to see

00:19:51 --> 00:19:55: that residential operations across all our markets is historically strong.

00:19:55 --> 00:19:57: We see historically high occupancy rates.

00:19:57 --> 00:20:01: We see very strong rental growth and and we don't

00:20:01 --> 00:20:06: really see any major increase in bad debts or people

00:20:06 --> 00:20:08: who can pay, pay their rent.

00:20:09 --> 00:20:12: So, so far, we believe that operations is holding up

00:20:12 --> 00:20:13: very well.

00:20:14 --> 00:20:18: The big challenge of course comes from 22 aspects.

00:20:18 --> 00:20:22: We see a significant reduction in new construction following significant

00:20:22 --> 00:20:24: construction inflation post COVID.

00:20:25 --> 00:20:28: And now you combine it with an increased uncertainty in

00:20:28 --> 00:20:33: the financial markets, increased yield requirements and the increased interest

00:20:33 --> 00:20:36: rates and that is only putting a even more harder

00:20:36 --> 00:20:39: stop to construction than we saw before this arising.

00:20:40 --> 00:20:43: So I'm unfortunately fearing that we will see an increased

00:20:43 --> 00:20:48: supply demand imbalance, an increased housing shortage and thereby also

00:20:48 --> 00:20:51: more stressed affordability going forward in the in the housing

00:20:51 --> 00:20:52: sector.

00:20:52 --> 00:20:55: So unfortunately, it's on a sad background, but I think

00:20:56 --> 00:21:00: that residential from operational perspective will only perform better and

00:21:00 --> 00:21:01: better in the coming years.

00:21:02 --> 00:21:05: The big question is of course then what will happen

00:21:05 --> 00:21:06: on on valuations.

00:21:08 --> 00:21:11: The increase in interest rates is of course creating uncertainty

00:21:11 --> 00:21:14: on where should you underwrite a stabilized yield today.

00:21:14 --> 00:21:17: Can you be certain that you will be able to

00:21:17 --> 00:21:21: get CPI uplifts on your rents if the affordability is

00:21:21 --> 00:21:25: is stressed and and cost of living crisis continues or

00:21:25 --> 00:21:28: should you start to require a premiums There?

00:21:30 --> 00:21:33: We are most certainly underwriting that deals are to expand

00:21:34 --> 00:21:37: from here, but we don't necessarily believe it will be

00:21:37 --> 00:21:40: a massive hit on residential values.

00:21:40 --> 00:21:43: There will surely be pressure, but we believe that the

00:21:43 --> 00:21:47: lack of supply and reduce construction activity will support value

00:21:47 --> 00:21:49: as well and it will mainly fed over to to

00:21:49 --> 00:21:52: rental growth and they are the big balance from us  
00:21:52 --> 00:21:52: comes in.  
00:21:53 --> 00:21:56: How can we balance this with maintaining an affordable product  
00:21:56 --> 00:21:59: and and doing it in a socially viable manner?  
00:22:01 --> 00:22:03: Exactly, Christian, thanks for painting that picture.  
00:22:03 --> 00:22:05: And you made me think of something as well.  
00:22:05 --> 00:22:09: This podcast series is often focused on, you know, people  
00:22:09 --> 00:22:12: that are just beginning to make their way in real  
00:22:12 --> 00:22:13: estate.  
00:22:14 --> 00:22:18: What about people that are thinking about entering this industry  
00:22:18 --> 00:22:22: given the challenges that you've just outlined for us?  
00:22:22 --> 00:22:24: You know, is it a good time?  
00:22:24 --> 00:22:26: How should people approach it?  
00:22:26 --> 00:22:29: And I'm thinking, for example, you mentioned that the investments  
00:22:29 --> 00:22:33: that are happening post GFC, this was probably something that  
00:22:33 --> 00:22:36: you learned a lot from in the on the advisory  
00:22:36 --> 00:22:36: side.  
00:22:36 --> 00:22:38: So I can see it being a two way thing.  
00:22:38 --> 00:22:42: Whilst it's a difficult time, maybe it's difficult times where  
00:22:42 --> 00:22:45: you can really cut your teeth in the early stages,  
00:22:45 --> 00:22:47: which could benefit you later in in your career.  
00:22:47 --> 00:22:49: But I don't want to put words in your mouth.  
00:22:49 --> 00:22:51: I'm just asking you essentially what advice do you can  
00:22:51 --> 00:22:55: offer people that are perhaps contemplating entering on the investment  
00:22:55 --> 00:22:56: or operational side of real estate?  
00:22:58 --> 00:23:01: I definitely wouldn't advise people to deciding on entering a  
00:23:01 --> 00:23:04: sector based on whether you're in a crisis or not.  
00:23:04 --> 00:23:06: But but I do do fully agree that when I,  
00:23:06 --> 00:23:09: when I started as an intern just before the, the  
00:23:09 --> 00:23:12: great financial crisis, I was of course very junior at  
00:23:12 --> 00:23:13: that point in time.  
00:23:13 --> 00:23:16: But actually building a career on the back of that  
00:23:16 --> 00:23:20: really made you understand the challenges that will arise when  
00:23:20 --> 00:23:24: you have such a distorted financial market and when liquidity  
00:23:24 --> 00:23:24: to dries up.  
00:23:25 --> 00:23:28: So I definitely believe that it's in these periods of  
00:23:28 --> 00:23:32: uncertainty and major market moves that you really learn how

00:23:32 --> 00:23:36: to navigate and you really grow, grow as a person.

00:23:36 --> 00:23:38: So in that respect, I don't believe it's at bad

00:23:38 --> 00:23:41: timing trends of the industry, but it should definitely be

00:23:41 --> 00:23:43: funded on a, on a, on a true interest for,

00:23:43 --> 00:23:44: for the asset class.

00:23:45 --> 00:23:47: Real estate was, as mentioned when I was looking for,

00:23:47 --> 00:23:50: for doing a career, I thought investment banking was the

00:23:50 --> 00:23:52: most sexiest as a young professional that you could do.

00:23:53 --> 00:23:56: Real estate has a bit unjustified, I wouldn't say bad

00:23:56 --> 00:23:59: reputation, but at least a boring asset class.

00:23:59 --> 00:24:03: I think that has steadily but slowly changed in the

00:24:03 --> 00:24:04: past five to seven years.

00:24:05 --> 00:24:08: We see that the candidates and and the talent that

00:24:08 --> 00:24:11: we're able to attract in the in the industry is

00:24:11 --> 00:24:15: significantly better quality than than when I was recruited.

00:24:15 --> 00:24:17: So you can say I would probably also a bit

00:24:17 --> 00:24:17: lucky.

00:24:17 --> 00:24:19: I was entering at A, at A, at a face

00:24:19 --> 00:24:21: in, in the industry where it was easier to make

00:24:21 --> 00:24:24: a career because competition was not a large.

00:24:24 --> 00:24:26: But today you really have a lot of talented people

00:24:26 --> 00:24:29: who want to work with real estate and really value

00:24:29 --> 00:24:31: the impact that you can make on, on people's life.

00:24:31 --> 00:24:34: So I think the timing is is definitely good today

00:24:34 --> 00:24:38: even though the uncertainty has increased, but it should

00:24:38 --> 00:24:40: definitely

00:24:38 --> 00:24:40: be driven by a passion for real estate.

00:24:41 --> 00:24:44: Yes, talking about passion, we would love to know on

00:24:44 --> 00:24:47: this podcast series what inspires people that are on the

00:24:47 --> 00:24:48: on the show as it were.

00:24:48 --> 00:24:51: Are there any podcasts or books that you read that

00:24:51 --> 00:24:53: you can recommend to people?

00:24:53 --> 00:24:54: We would love to know.

00:24:54 --> 00:24:57: Perhaps in your job you don't have much time for

00:24:57 --> 00:25:00: this, but nevertheless, nevertheless, what, what, What kind of

00:25:00 --> 00:25:02: things

00:25:00 --> 00:25:02: do you take inspiration from?

00:25:03 --> 00:25:05: Yeah, now I can again refer to me being a

00:25:05 --> 00:25:05: dinosaur.

00:25:05 --> 00:25:08: It's not because I don't hear podcasts at all, but

00:25:08 --> 00:25:12: I definitely prefer to read books compared to podcast and

00:25:12 --> 00:25:14: I don't have that much time to do it.

00:25:14 --> 00:25:17: But what I like to read is, is very much

00:25:17 --> 00:25:22: based on on biographies about you can say eccentric and  
00:25:22 --> 00:25:27: high performing individuals that could be Elon Musk, Steve  
Jobs,  
00:25:27 --> 00:25:32: also some leadership principles by example by Ray de Leo,  
00:25:32 --> 00:25:33: his principles book.  
00:25:34 --> 00:25:35: That is something that I'd take.  
00:25:36 --> 00:25:40: I really, really like reading about in general.  
00:25:40 --> 00:25:44: I'm fascinating about people who don't put boundaries on  
their  
00:25:44 --> 00:25:45: ambitions.  
00:25:45 --> 00:25:48: So they really set very high standards for what they  
00:25:48 --> 00:25:51: want to achieve and work very hard to do it.  
00:25:51 --> 00:25:54: And that that's also very much aligned with the philosophy  
00:25:54 --> 00:25:55: that we have at at Eimstaden.  
00:25:56 --> 00:25:59: We always want to challenge existings and we want to  
00:25:59 --> 00:26:03: set goals that seem completely outrageous to others, but we  
00:26:03 --> 00:26:06: believe that that's the only way that you can actually  
00:26:06 --> 00:26:07: make a true difference.  
00:26:08 --> 00:26:11: So that's also very much aligned with what I actually  
00:26:11 --> 00:26:13: like reading about when it needs to be a bit  
00:26:13 --> 00:26:16: more on the on the fictional side of things.  
00:26:16 --> 00:26:20: It's not really fictional but I like to read about  
00:26:20 --> 00:26:24: all the good business stories like Barbarians at the gate  
00:26:24 --> 00:26:27: of the of the Fall of Aja and Nabisco.  
00:26:27 --> 00:26:30: Also the the long term rise and fall of Long  
00:26:30 --> 00:26:31: Term Capital Management.  
00:26:32 --> 00:26:35: All these stories is also, even though not truly fictional,  
00:26:35 --> 00:26:37: it's still something that I I like reading.  
00:26:38 --> 00:26:41: Christian, thank you so much for sharing all these thoughts.  
00:26:41 --> 00:26:42: We really appreciate your time today.  
00:26:42 --> 00:26:43: Thank you.

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