

Webinar

ULI & HSBC: Reactivating Europe

Date: December 07, 2020

00:00:03 --> 00:00:06: Good morning, welcome to the UI in HSBC webinar.

00:00:06 --> 00:00:08: My name is Andrea Carpenter,

00:00:08 --> 00:00:12: Director women talk real estate and I'll be your moderator

00:00:12 --> 00:00:13: for this session.

00:00:13 --> 00:00:16: Our theme today is reactivating Europe,

00:00:16 --> 00:00:19: the role of cities. We know that the pandemic has

00:00:19 --> 00:00:22: revealed challenging social inequality.

00:00:22 --> 00:00:25: Zan triggered a significant economic shock,

00:00:25 --> 00:00:28: however, at the same time it has been identified as

00:00:28 --> 00:00:31: a moment whereby through recovery,

00:00:31 --> 00:00:34: cities can adjust and adapt with a focus on long-term

00:00:34 --> 00:00:35: change.

00:00:35 --> 00:00:38: The ambition is to do this within an increased focus

00:00:38 --> 00:00:39: on sustainability.

00:00:39 --> 00:00:42: Accelerated net zero carbon strategies,

00:00:42 --> 00:00:46: healthy living, public spaces, an active travel among others.

00:00:46 --> 00:00:49: Today we're going to look at how Europe cities,

00:00:49 --> 00:00:52: an real estate investors can use this crisis to foster.

00:00:52 --> 00:00:56: Cities which are more resilient and more sustainable.

00:00:56 --> 00:00:58: Will do this in two parts.

00:00:58 --> 00:01:01: Will begin with an overview by Professor Greg Clark,

00:01:01 --> 00:01:04: Global Head of Future Cities and New Industries,

00:01:04 --> 00:01:08: HSBC and Senior Fellow at the Urban Land Institute.

00:01:08 --> 00:01:11: This will be followed by a panel with Greg and

00:01:11 --> 00:01:12: our two other guests,

00:01:12 --> 00:01:16: Nikki Grady Smith, Senior Vice President of City and

00:01:16 --> 00:01:18: corporate

00:01:16 --> 00:01:18: Integrated Solutions at BP.

00:01:18 --> 00:01:22: Guido Verhoef head of private real estate at PGG

00:01:18 --> 00:01:22: Investments.

00:01:22 --> 00:01:25: We welcome questions, so please do so you do use
00:01:25 --> 00:01:29: the Q&A function and will shine incorporate those as we
00:01:29 --> 00:01:32: go along with our discussion or in our remaining 5
00:01:32 --> 00:01:34: or 10 minutes at the end for Q&A.
00:01:34 --> 00:01:37: But to begin I'm going to hand over to Greg
00:01:37 --> 00:01:39: to set the scene on this topic.
00:01:41 --> 00:01:45: Well, good morning everyone and thank you very much
Andrea.
00:01:45 --> 00:01:48: I just need to ask to be able to share
00:01:48 --> 00:01:52: my screen and that means that other people need to
00:01:52 --> 00:01:52: stop.
00:01:52 --> 00:01:56: Thank you very much if we can enable my screen
00:01:56 --> 00:01:57: sharing wonderful.
00:01:57 --> 00:02:00: OK well I want to say firstly thank you very
00:02:01 --> 00:02:04: much both to HSBC and ULI for making this possible
00:02:04 --> 00:02:08: and a particular welcome to Nikki and to Guido joining
00:02:08 --> 00:02:10: me in this panel discussion.
00:02:10 --> 00:02:14: This is potentially a very fascinating conversation.
00:02:14 --> 00:02:19: Firstly, about how to reactivate Europe and Secondly what
role
00:02:19 --> 00:02:22: Europe cities will play in that I want to spend
00:02:22 --> 00:02:26: about 10 minutes now positioning the conversation so that it
00:02:26 --> 00:02:28: has a context to it.
00:02:28 --> 00:02:31: As we move along. Perhaps the first thing to say
00:02:32 --> 00:02:35: is that as we enter this fifth decade of the
00:02:35 --> 00:02:36: century of the cities,
00:02:36 --> 00:02:40: COVID-19 has arrived as a kind of big agent of
00:02:40 --> 00:02:41: change.
00:02:41 --> 00:02:44: I'll come back and talk about all of that in
00:02:44 --> 00:02:44: a minute,
00:02:44 --> 00:02:48: but the purpose of this rather detailed slide is to
00:02:48 --> 00:02:51: show you firstly on the left hand side how much
00:02:51 --> 00:02:56: the world's population is urbanising and how rapidly that's
happening
00:02:56 --> 00:02:58: looking at it decade by decade,
00:02:58 --> 00:03:01: but also to try to plot across a series of
00:03:01 --> 00:03:03: themes to do with drivers of change,
00:03:03 --> 00:03:07: knew spatial forms, the kinds of industries that are emerging
00:03:07 --> 00:03:10: and what the new wave of urban policies are,
00:03:10 --> 00:03:13: as it were a chart for how this century.
00:03:13 --> 00:03:17: Of the cities is evolving and how COVID-19 is perhaps
00:03:17 --> 00:03:19: a key accelerator,
00:03:19 --> 00:03:23: maybe even a catalyst or a turning point will talk

00:03:23 --> 00:03:25: much more about this shortly,
00:03:25 --> 00:03:28: but a key part of my agenda today is to
00:03:28 --> 00:03:29: see COVID-19,
00:03:29 --> 00:03:32: not simply as a health crisis or not,
00:03:32 --> 00:03:35: simply as an economic shock,
00:03:35 --> 00:03:39: but rather as something that reveals a set of imperatives
00:03:39 --> 00:03:40: for change,
00:03:40 --> 00:03:43: which the real estate industry.
00:03:43 --> 00:03:47: and our cities need to address if they're going to
00:03:47 --> 00:03:52: take advantage from what is otherwise a very challenging
situation.
00:03:52 --> 00:03:55: Now when we think about European cities,
00:03:55 --> 00:04:00: there's already a global conversation going on about whether
European
00:04:00 --> 00:04:02: cities are already in decline.
00:04:02 --> 00:04:06: As everybody knows, compared to to many cities in the
00:04:06 --> 00:04:06: US,
00:04:06 --> 00:04:09: but compared to a majority of cities in Asia,
00:04:09 --> 00:04:13: European cities are relatively small.
00:04:13 --> 00:04:16: European cities are increasingly quite a long way from the
00:04:16 --> 00:04:20: main centres of economic growth in the world as they
00:04:20 --> 00:04:22: shift eastwards and southwards.
00:04:22 --> 00:04:25: European cities and indeed European Society,
00:04:25 --> 00:04:29: suffers from a kind of adverse demographic outlook.
00:04:29 --> 00:04:33: But generally speaking, in comparison to North America,
00:04:33 --> 00:04:36: European cities have been slower to integrate,
00:04:36 --> 00:04:41: new an exponential technologies, and there's only a modest
track
00:04:41 --> 00:04:44: record when you look at the whole of Europe in
00:04:44 --> 00:04:48: innovation and in venturing and investing in the future,
00:04:48 --> 00:04:53: as well as many challenges that beset European cities
recently,
00:04:53 --> 00:04:57: particularly externalities to do with things like over tourism.
00:04:57 --> 00:05:00: A kind of erratic appetite to growth.
00:05:00 --> 00:05:05: Many European cities feeling challenged between this desire
to maintain
00:05:05 --> 00:05:08: a sort of established quality of life versus the need
00:05:08 --> 00:05:11: to be able to densify to grow and to attract
00:05:11 --> 00:05:15: newcomers, and also social and political polarization is on
the
00:05:16 --> 00:05:17: rise in Europe,
00:05:17 --> 00:05:18: not just within our cities,
00:05:18 --> 00:05:21: but at the national level as well.

00:05:21 --> 00:05:23: Now for all of these reasons,
00:05:23 --> 00:05:25: there's a global mood that says,
00:05:25 --> 00:05:30: perhaps Europe, and perhaps European cities don't have quite the
00:05:30 --> 00:05:31: rosy future.
00:05:31 --> 00:05:34: We might have thought of some time ago.
00:05:34 --> 00:05:37: Now you won't be surprised to hear that I want
00:05:37 --> 00:05:39: to dispel this and to to see it as a
00:05:39 --> 00:05:40: myth,
00:05:40 --> 00:05:41: but let's try to get there,
00:05:41 --> 00:05:45: and let's use COVID-19 as part of our journey.
00:05:45 --> 00:05:48: You see I think it makes sense to think of
00:05:48 --> 00:05:52: COVID-19 as having three distinctive phases and being three rather
00:05:52 --> 00:05:53: different things.
00:05:53 --> 00:05:55: As I've already said, it's a health crisis.
00:05:55 --> 00:05:59: It's an economic shock that's triggering a recession,
00:05:59 --> 00:06:02: but it's also potentially an agent of change,
00:06:02 --> 00:06:04: and it's that role. I want to think about now,
00:06:04 --> 00:06:06: and it makes sense to address it.
00:06:06 --> 00:06:09: Address it as having three key phases.
00:06:09 --> 00:06:13: If you like this. The pandemic management phase that we
00:06:13 --> 00:06:14: are in currently.
00:06:14 --> 00:06:17: Then there's a kind of recovery phase which is already
00:06:17 --> 00:06:20: beginning in some parts of Europe and is already well
00:06:20 --> 00:06:22: established in many parts of Asia.
00:06:22 --> 00:06:25: And then there's a kind of reset if you like
00:06:25 --> 00:06:28: what have we carried from the pandemic phase in the
00:06:28 --> 00:06:32: recovery phase into something that's often called the the new
00:06:32 --> 00:06:36: normal, I would perhaps prefer to call it the new
00:06:36 --> 00:06:36: cycle.
00:06:36 --> 00:06:39: But I said that in its role as an agent
00:06:39 --> 00:06:40: of change,
00:06:40 --> 00:06:44: COVID-19 has kind of revealed or accelerated or intensified a
00:06:44 --> 00:06:47: number of imperatives for change very quickly.
00:06:47 --> 00:06:51: I think there are six of them that we need
00:06:51 --> 00:06:52: to pay attention to.
00:06:52 --> 00:06:56: The first one is that COVID-19 has revealed that our
00:06:56 --> 00:06:59: trade and supply systems simply are not fit for purpose.
00:06:59 --> 00:07:02: They're not resilient to the kind of shock that comes
00:07:02 --> 00:07:04: from a public health crisis,
00:07:04 --> 00:07:06: or indeed from a climate crisis,

00:07:06 --> 00:07:10: and as a consequence, trade and supply chains are going
00:07:10 --> 00:07:14: to be reorganized along the lines of resilience rather than
00:07:14 --> 00:07:15: efficiency.
00:07:15 --> 00:07:16: This gives rise, I think,
00:07:16 --> 00:07:19: to the opportunities for both urban and regional economies in
00:07:20 --> 00:07:22: Europe to do some different things and to do the
00:07:22 --> 00:07:25: things they already do in some different ways.
00:07:25 --> 00:07:27: No doubt we'll talk about that.
00:07:27 --> 00:07:31: The second thing is that COVID-19 has clearly been a
00:07:31 --> 00:07:34: major accelerator in the way we use technology,
00:07:34 --> 00:07:37: not just how we work and how we consume goods
00:07:37 --> 00:07:38: and entertainment,
00:07:38 --> 00:07:41: or how we learn, or how we talk to our
00:07:41 --> 00:07:41: doctors,
00:07:41 --> 00:07:45: but these technologies and how we're adopting them
changed the
00:07:46 --> 00:07:50: very business models and the consumer behavior that is
linked
00:07:50 --> 00:07:53: to them across a very wide range of sectors,
00:07:53 --> 00:07:56: including real estate. If you like the as a service
00:07:56 --> 00:07:58: business model has been accelerated.
00:07:58 --> 00:08:02: Two decades in one short year.
00:08:02 --> 00:08:04: The third big area of change,
00:08:04 --> 00:08:06: of course, is to do with health,
00:08:06 --> 00:08:10: both public health. Both the inequity and the inadequacy
that's
00:08:10 --> 00:08:11: been revealed by this crisis,
00:08:11 --> 00:08:14: but also the desire for more healthy living,
00:08:14 --> 00:08:17: and in particular for us for more healthy cities and
00:08:17 --> 00:08:19: for more healthy real estate.
00:08:19 --> 00:08:22: Something we'll talk about soon.
00:08:22 --> 00:08:24: The fourth big area, of course,
00:08:24 --> 00:08:28: is around the planet. One of the effects that COVID-19
00:08:28 --> 00:08:30: has done in the way it's revealed.
00:08:30 --> 00:08:34: For example, inequality's in health is to show that people
00:08:34 --> 00:08:37: who are exposed to poor air quality are much more
00:08:37 --> 00:08:41: likely to suffer very adverse consequences from the virus.
00:08:41 --> 00:08:44: So if you like, there are very specific ways now
00:08:44 --> 00:08:48: in which we understand that climate change actually makes
you
00:08:49 --> 00:08:50: sick and climate change,
00:08:50 --> 00:08:53: particularly poor air quality. Pollution,
00:08:53 --> 00:08:57: poor quality in terms of energy supplies and systems,

00:08:57 --> 00:09:01: and indeed the way that we've interrupted the animal Kingdom

00:09:01 --> 00:09:03: with our food ecosystems.

00:09:03 --> 00:09:07: All of these things have been connected to COVID-19,

00:09:07 --> 00:09:11: which is why I wrote recently that COVID-19 can be

00:09:11 --> 00:09:15: viewed as an environmental catastrophe just as much as a

00:09:15 --> 00:09:16: health catastrophe.

00:09:16 --> 00:09:20: Now the experience of lock down and trying to manage

00:09:20 --> 00:09:23: the pandemic has led to a kind of.

00:09:23 --> 00:09:27: obvious decoupling of productive activity from carbon emissions.

00:09:27 --> 00:09:30: One of the ways I would put this is that

00:09:30 --> 00:09:35: we've had a kind of accidental experiment in lower carbon,

00:09:35 --> 00:09:38: lower consumption, lower travel living,

00:09:38 --> 00:09:42: which has demonstrated to us that it's still possible to

00:09:42 --> 00:09:47: maintain relatively high levels of productivity whilst we lose greater

00:09:47 --> 00:09:48: amounts of carbon.

00:09:48 --> 00:09:52: So this decoupling has been proven to be possible.

00:09:52 --> 00:09:55: Of course, there's much further to go.

00:09:55 --> 00:09:58: And the evidence shows us that many of the carbon

00:09:58 --> 00:10:01: emissions that have been reduced are not quite as much

00:10:01 --> 00:10:02: as we as we thought or hoped.

00:10:02 --> 00:10:07: They might have been, but nevertheless the idea is there.

00:10:07 --> 00:10:10: The fifth big area of changes to do with citizens

00:10:10 --> 00:10:13: lives and it's to do with politics and geopolitics.

00:10:13 --> 00:10:16: Governments have been much more active in citizens lives during

00:10:16 --> 00:10:17: the pandemic,

00:10:17 --> 00:10:20: and if you like a new settlement has been reached

00:10:20 --> 00:10:23: about what people expect of governments in this time,

00:10:23 --> 00:10:25: including the fact, of course,

00:10:25 --> 00:10:29: that governments have been intervening in the economy in all

00:10:29 --> 00:10:32: sorts of extraordinary ways and at the same time,

00:10:32 --> 00:10:35: we've begun to see a remaking of geopolitical alliances.

00:10:35 --> 00:10:39: Some retreat from multilateralism. In certain parts of the world,

00:10:39 --> 00:10:41: but some enhancements to multilateralism,

00:10:41 --> 00:10:43: in other parts of the world,

00:10:43 --> 00:10:47: particularly in Asia. I think there's a six dimension to

00:10:47 --> 00:10:51: these areas of change or vectors of change that COVID-19

00:10:51 --> 00:10:52: is inducing,

00:10:52 --> 00:10:55: and this I would call a new social contract.

00:10:55 --> 00:10:58: On the one hand, we expect governments to support the
00:10:58 --> 00:11:01: economy in new ways that might have been unthinkable.
00:11:01 --> 00:11:03: Two or even three years ago.
00:11:03 --> 00:11:05: On the other hand, the fairness,
00:11:05 --> 00:11:08: particularly the Social Fairness agenda,
00:11:08 --> 00:11:12: has grown and the agenda around healthy quality has
become
00:11:12 --> 00:11:13: more important.
00:11:13 --> 00:11:16: At the same time, we've seen increased neighborliness.
00:11:16 --> 00:11:22: Social capital philanthropic activity alongside great concern
for how increased
00:11:22 --> 00:11:28: digitalization might lead to both unfair distributions of
opportunities for
00:11:28 --> 00:11:32: those people who have less access to digital systems and
00:11:32 --> 00:11:36: at the same time a drive for greater fairness in
00:11:36 --> 00:11:36: taxation.
00:11:36 --> 00:11:40: Particularly how we tax digital activities,
00:11:40 --> 00:11:42: I see all of this leading to a kind of
00:11:42 --> 00:11:46: GNU social contract that could come out of COVID-19 where
00:11:46 --> 00:11:50: there's a re framing of the license to operate the
00:11:50 --> 00:11:53: business, and a clear set of challenges around how we
00:11:53 --> 00:11:56: put together a new agenda that is seen to be
00:11:56 --> 00:11:59: fair for people fair for the environment and fair for
00:11:59 --> 00:12:02: business in the context of all of these changes now
00:12:02 --> 00:12:06: there are many implications in all of this for population
00:12:06 --> 00:12:07: and for jobs.
00:12:07 --> 00:12:10: For cities, for regions and for other places,
00:12:10 --> 00:12:14: and for utility's, an infrastructure and real estate as no
00:12:14 --> 00:12:15: doubt you will understand.
00:12:15 --> 00:12:18: Let's just look at some of them very,
00:12:18 --> 00:12:22: very quickly. One of the effects of COVID-19,
00:12:22 --> 00:12:26: I think, is to accelerate the agenda around the new
00:12:26 --> 00:12:30: shapes and sizes of cities in this century of the
00:12:30 --> 00:12:30: city.
00:12:30 --> 00:12:33: If you like from 1980 through to 2020,
00:12:33 --> 00:12:37: we were already shifting from this idea of looking at
00:12:38 --> 00:12:42: cities as individual entities with single centers,
00:12:42 --> 00:12:47: and we were moving much more quickly towards polycentric
cities,
00:12:47 --> 00:12:49: multi city regions, urban corridors.
00:12:49 --> 00:12:52: And many other kinds of shapes and sizes.
00:12:52 --> 00:12:56: COVID-19. With the big uptick in digitalization is clearly going
00:12:56 --> 00:13:00: to accelerate this and make it much more important for

00:13:00 --> 00:13:01: all of us.

00:13:01 --> 00:13:04: As a consequence, will think much more about the network

00:13:04 --> 00:13:08: effects of cities and how they could work together with

00:13:08 --> 00:13:10: other kinds of spaces and more,

00:13:10 --> 00:13:14: as it were integrated kind of territory in the future.

00:13:14 --> 00:13:17: Another way of thinking about this is to say that

00:13:18 --> 00:13:21: the debate now hangs between whether we will go back

00:13:21 --> 00:13:24: to the physical city or whether many of us will

00:13:24 --> 00:13:27: simply embrace the virtual city that we've got used to

00:13:28 --> 00:13:30: during our lockdown experiences.

00:13:30 --> 00:13:33: I rather think that what's going to emerge here is

00:13:33 --> 00:13:34: a new kind of hybridity,

00:13:34 --> 00:13:37: something we might call the blended city,

00:13:37 --> 00:13:41: where we take advantage of the physical assets of the

00:13:41 --> 00:13:41: city,

00:13:41 --> 00:13:44: but on a more optional and selective basis.

00:13:44 --> 00:13:47: And we combine them. With the advantages of the virtual

00:13:47 --> 00:13:50: world that we've all been enjoying,

00:13:50 --> 00:13:54: this gives citizens some new choices about where they live,

00:13:54 --> 00:13:57: how they work and consume when and how they travel,

00:13:57 --> 00:13:59: and at the same time,

00:13:59 --> 00:14:02: it requires cities to adjust their services to having both

00:14:02 --> 00:14:04: permanent populations.

00:14:04 --> 00:14:06: And as it were part time populations,

00:14:06 --> 00:14:10: the city as a service operated through a kind of

00:14:10 --> 00:14:11: subscription system.

00:14:11 --> 00:14:12: But it also, I think,

00:14:12 --> 00:14:15: will change the dynamics of which kinds of.

00:14:15 --> 00:14:18: economic activities that are located in cities.

00:14:18 --> 00:14:21: As I'll say, a little bit more about very shortly.

00:14:21 --> 00:14:23: All of this, I think,

00:14:23 --> 00:14:26: leads to changes in the effective shape and size of

00:14:26 --> 00:14:27: cities.

00:14:27 --> 00:14:30: It accelerates the hybrid nature of cities so that we

00:14:30 --> 00:14:34: are all potentially a members or users in more than

00:14:34 --> 00:14:35: one city,

00:14:35 --> 00:14:39: but it also risks great fragmentation through the digital divide

00:14:40 --> 00:14:42: that I've already mentioned.

00:14:42 --> 00:14:45: Now very quickly to conclude the conversation,

00:14:45 --> 00:14:49: I think this gives rise to firstly some new mantra.

00:14:49 --> 00:14:53: If you like what evolves for real estate from COVID-19

00:14:53 --> 00:14:55: a new mantra about agility,

00:14:55 --> 00:15:01: the ability to change and perform multiple functions hybridity
how

00:15:01 --> 00:15:05: we combine the physical with the virtual world and this

00:15:05 --> 00:15:09: servicisation how real estate as a service becomes

00:15:09 --> 00:15:14: accelerated by COVID-19. I think it means major reforms
ahead.

00:15:14 --> 00:15:18: In particularly our office our retail and our hotel forms

00:15:18 --> 00:15:22: of real estate as they have to move towards these

00:15:22 --> 00:15:26: new mantras and begin to change the way they operate.

00:15:26 --> 00:15:29: But I think it also provides an opportunity for our

00:15:29 --> 00:15:33: cities and our city centers to get much more involved

00:15:33 --> 00:15:37: in new forms of residential experience to drive much more

00:15:37 --> 00:15:41: directly the innovation economy and to focus not so much

00:15:41 --> 00:15:43: on the consumption economy.

00:15:43 --> 00:15:47: But more on the experience economy and the opportunities
that

00:15:47 --> 00:15:52: it brings to combine placemaking with surprise and personal
and

00:15:52 --> 00:15:53: social fulfillment.

00:15:53 --> 00:15:55: Now in all of this,

00:15:55 --> 00:15:57: when we think about Europe cities,

00:15:57 --> 00:16:01: we might instead of saying that Europe cities are in

00:16:01 --> 00:16:01: decline,

00:16:01 --> 00:16:05: begin to ask the question whether Europe cities have the

00:16:06 --> 00:16:10: attributes needed to make the journey that this COVID-19
inspired

00:16:10 --> 00:16:12: change requires.

00:16:12 --> 00:16:15: One way to think about this is to think about

00:16:15 --> 00:16:19: how successfully European cities in the last two decades
have

00:16:19 --> 00:16:22: been adjusting to the new economy and its challenges,

00:16:22 --> 00:16:27: and have become recognized and success as successful
cities at

00:16:27 --> 00:16:28: the global level.

00:16:28 --> 00:16:31: And here's a chart prepared by my colleagues at JLL

00:16:31 --> 00:16:35: and the business of Cities looking at how European cities

00:16:35 --> 00:16:37: have actually re emerged,

00:16:37 --> 00:16:41: as some of the leaders in 21st century living environment

00:16:41 --> 00:16:43: and economic activity.

00:16:43 --> 00:16:47: Another way of thinking about this is that Europe's system

00:16:47 --> 00:16:50: of cities is already of course highly urbanized,

00:16:50 --> 00:16:55: but much more integrated and distributed perhaps than the
cities

00:16:55 --> 00:16:58: that we see in North America and Asia,

00:16:58 --> 00:17:02: and many of the of European cities have already been
00:17:02 --> 00:17:07: through several cycles of successful urban restructuring and
have developed
00:17:07 --> 00:17:12: much more collaborative relationships with their neighbors,
00:17:12 --> 00:17:16: if you like. Europe cities might actually be more ready
00:17:16 --> 00:17:21: for these COVID-19 induced changes than other cities in
other
00:17:21 --> 00:17:22: parts of the world.
00:17:22 --> 00:17:25: So if we put this together to kind of finalize
00:17:25 --> 00:17:27: my introduction,
00:17:27 --> 00:17:30: yes, I think it's fair to say that Europe cities
00:17:30 --> 00:17:34: when we compare them to cities in North America and
00:17:34 --> 00:17:37: Asia may be seen to have some weaknesses.
00:17:37 --> 00:17:41: But the opportunity to address those weaknesses now exists,
00:17:41 --> 00:17:46: particularly the ability to speed up integration of new
technologies
00:17:46 --> 00:17:49: or to develop a much stronger focus on the innovation
00:17:50 --> 00:17:50: economy,
00:17:50 --> 00:17:54: or to think much more about how adverse demographics can
00:17:54 --> 00:17:57: be addressed both through migration and of course,
00:17:57 --> 00:18:00: through technology. But even more important,
00:18:00 --> 00:18:03: I would suggest this is a great time for us
00:18:03 --> 00:18:07: to think about how European cities can play to their
00:18:07 --> 00:18:08: strengths.
00:18:08 --> 00:18:11: They are highly diverse and specialized,
00:18:11 --> 00:18:15: and they're highly recognized cities that have good
reputations overall.
00:18:15 --> 00:18:19: We can enhance that. Europe cities have been leaders on
00:18:19 --> 00:18:21: sustainable city futures.
00:18:21 --> 00:18:25: They've been the leaders in the decarbonization agenda in
the
00:18:25 --> 00:18:26: Healthy Cities Agenda.
00:18:26 --> 00:18:30: They've been the leaders in active travel and transport,
00:18:30 --> 00:18:33: and many other kinds of solutions.
00:18:33 --> 00:18:37: European cities have created a kind of deep urban culture
00:18:37 --> 00:18:41: over a lot of time that sustains their desirability,
00:18:41 --> 00:18:44: their identity and their investment attractiveness.
00:18:44 --> 00:18:47: If you like, there's a long term,
00:18:47 --> 00:18:53: deeply embedded psychological confidence about European
cities that needs to
00:18:53 --> 00:18:54: be leveraged.
00:18:54 --> 00:18:58: European cities on the whole have been better at producing
00:18:58 --> 00:18:59: a more distributed,

00:18:59 --> 00:19:01: compact city kind of approach.
00:19:01 --> 00:19:04: This is why the 15 minute city idea has really
00:19:04 --> 00:19:06: emerged very strongly in Europe,
00:19:06 --> 00:19:11: because in a way European cities are more ready for
00:19:11 --> 00:19:11: it.
00:19:11 --> 00:19:13: And European cities. Of course,
00:19:13 --> 00:19:15: despite their relatively small size,
00:19:15 --> 00:19:19: are massive producers of knowledge and know how and are
00:19:19 --> 00:19:22: very willing to use that to serve the world in
00:19:22 --> 00:19:23: environmentalism,
00:19:23 --> 00:19:25: in knowledge production, in health,
00:19:25 --> 00:19:28: in culture, and many other kinds of output.
00:19:28 --> 00:19:31: And then, finally, I would suggest to you that European
00:19:32 --> 00:19:36: cities have been better overall at long-term regional planning,
00:19:36 --> 00:19:40: thinking about how neighboring cities and towns and rural
areas
00:19:40 --> 00:19:41: can work together.
00:19:41 --> 00:19:43: And over the last two decades,
00:19:43 --> 00:19:48: European cities have had a continuously high rate of
infrastructure
00:19:48 --> 00:19:48: investment.
00:19:48 --> 00:19:51: So I put it to you and I look forward
00:19:51 --> 00:19:54: to discussing with Guido and with Nicky,
00:19:54 --> 00:19:57: that actually COVID-19, although it's a health crisis,
00:19:57 --> 00:20:00: as in it's an economic shock as an agent of
00:20:00 --> 00:20:01: change,
00:20:01 --> 00:20:04: it begins to produce a set of imperatives to which
00:20:04 --> 00:20:08: European cities are actually more ready to respond than
many
00:20:08 --> 00:20:11: other cities in other parts of the world.
00:20:11 --> 00:20:15: Thank you very much back to Andrea to begin the
00:20:16 --> 00:20:17: discussion.
00:20:17 --> 00:20:19: Thank you very much, Greg and thank you for that
00:20:19 --> 00:20:21: very thoughtful overview.
00:20:21 --> 00:20:22: And as you can tell,
00:20:22 --> 00:20:25: this topic is all about big ideas and big thoughts
00:20:25 --> 00:20:28: and really pleased to have two amazing guests with us
00:20:28 --> 00:20:29: to talk through.
00:20:29 --> 00:20:32: Some of those ideas and you'll see that we have
00:20:32 --> 00:20:34: keyed over here for many of you will know from
00:20:34 --> 00:20:37: PGM investments from the institutional investor side.
00:20:37 --> 00:20:41: But also really pleased to have Nikki Grady Smith here
00:20:41 --> 00:20:41: from BP.

00:20:41 --> 00:20:43: And I think Nikki maybe I can ask you
00:20:43 --> 00:20:47: to respond first to Greg's point about this being an
00:20:47 --> 00:20:48: agent of change.
00:20:48 --> 00:20:50: You know this moment you know the pandemic being a
00:20:50 --> 00:20:54: moment where cities can kind of reset themselves and
maybe
00:20:54 --> 00:20:56: through that you can also tell us a little
00:20:56 --> 00:20:58: bit more about what you do at BP and how
00:20:58 --> 00:21:02: that fits into how you see that fitting into the
00:21:02 --> 00:21:02: picture.
00:21:02 --> 00:21:05: Andrea, really happy to do that and thank you to
00:21:05 --> 00:21:06: everyone for inviting me.
00:21:06 --> 00:21:10: I'm sure I'm not your usual guest on these webinars.
00:21:10 --> 00:21:13: Greg and I have recently got to know each other
00:21:13 --> 00:21:14: quite well.
00:21:14 --> 00:21:17: He's one of the new partners that you know people
00:21:17 --> 00:21:20: I'm talking to as we set up this new business
00:21:20 --> 00:21:22: and if I take a step back,
00:21:22 --> 00:21:25: the reason BP's interested in participating is we took a
00:21:25 --> 00:21:29: look at all of our stakeholders or shareholders or staff
00:21:29 --> 00:21:32: and society in general and as a result of that
00:21:32 --> 00:21:35: in February this year, we set out a new purpose
00:21:35 --> 00:21:38: and a new ambition for the company.
00:21:38 --> 00:21:41: And that purpose and ambition was all about how could
00:21:41 --> 00:21:45: we reimagine energy for people and the planet and achieve.
00:21:45 --> 00:21:47: Net 0 by 2050 or sooner and we laid out
00:21:47 --> 00:21:50: 10 aims as part of that strategy.
00:21:50 --> 00:21:53: And one of those aims was was actually to create
00:21:53 --> 00:21:55: the business that I'm setting up now,
00:21:55 --> 00:21:59: which was around cities and corporate integrated solutions.
00:21:59 --> 00:22:02: And really, we see an opportunity here to work in
00:22:02 --> 00:22:06: partnership with lots of different organizations.
00:22:06 --> 00:22:09: To create a business and to achieve net zero for
00:22:09 --> 00:22:10: the world,
00:22:10 --> 00:22:12: but specifically on Greg sides and on.
00:22:12 --> 00:22:15: Why do we think the pandemic is an agent for
00:22:15 --> 00:22:16: change?
00:22:16 --> 00:22:19: I'm actually aligned with a huge amount for what Greg
00:22:19 --> 00:22:22: says and prior to taking on this role on the
00:22:23 --> 00:22:23: 1st of July,
00:22:23 --> 00:22:26: I was fortunate enough to run our UK retail and
00:22:27 --> 00:22:28: fuels business.

00:22:28 --> 00:22:30: So a number of the points he makes are really
00:22:31 --> 00:22:31: pertinent.
00:22:31 --> 00:22:33: So resilience of supply chain.
00:22:33 --> 00:22:36: For example, absolutely critical and.
00:22:36 --> 00:22:39: I've got numerous examples, be they food or fuel,
00:22:39 --> 00:22:43: where the team that I was running and leading you
00:22:43 --> 00:22:47: know whether that be to provide fuel to emergency services
00:22:47 --> 00:22:51: or taking food parcels to elderly people from our local
00:22:51 --> 00:22:56: stores was really important. As part of that resilient effort,
00:22:56 --> 00:23:01: but I think the pandemic really is accelerating technology
changes
00:23:01 --> 00:23:06: and accelerating the advancement of technologies and
trends that as
00:23:06 --> 00:23:07: Greg said,
00:23:07 --> 00:23:11: would seen emerging. And they've come even faster forward.
00:23:11 --> 00:23:16: So energy and mobility trends are definitely.
00:23:16 --> 00:23:19: Works that kind of two or three years advanced to
00:23:19 --> 00:23:21: where we were expecting them to be historically,
00:23:21 --> 00:23:24: and I'm going to pause there and give somebody else
00:23:24 --> 00:23:26: an opportunity to talk Guido.
00:23:26 --> 00:23:28: I think. Thanks, thank you.
00:23:28 --> 00:23:30: I'm here to yes, I suppose in a way a
00:23:30 --> 00:23:33: similar view your observations on Greg Clark from a need
00:23:33 --> 00:23:36: to change institutional investors POV.
00:23:36 --> 00:23:38: Now you're investing for the long term,
00:23:38 --> 00:23:40: so maybe you see the panic as a pandemic.
00:23:40 --> 00:23:43: Sorry as a short term trend in among that?
00:23:43 --> 00:23:44: Or does it kind of?
00:23:44 --> 00:23:46: Is it also a reset for you and how you
00:23:46 --> 00:23:49: see cities and how you want to take that going
00:23:49 --> 00:23:49: forward?
00:23:51 --> 00:23:54: And maybe you can also tell the bit about yourself
00:23:54 --> 00:23:55: as well in your role at PGM,
00:23:55 --> 00:23:56: as you do that.
00:23:58 --> 00:24:00: OK, I will do Andrea.
00:24:00 --> 00:24:02: Thank you. Good morning everyone.
00:24:02 --> 00:24:06: I've got a bit of a unstable Internet so hopefully
00:24:06 --> 00:24:08: you can hear me loud and clear.
00:24:08 --> 00:24:12: But let me start by saying that
00:24:12 --> 00:24:15: PGGM is investing across the globe,
00:24:15 --> 00:24:18: so we normally a city investor instead of a country
00:24:18 --> 00:24:19: investor.

00:24:19 --> 00:24:23: We do 15 billion euro across the globe and equally
00:24:23 --> 00:24:26: divide it in Asia in the US and in the
00:24:26 --> 00:24:26: Europe.
00:24:26 --> 00:24:30: And like I said, we don't do that in cities.
00:24:30 --> 00:24:33: If I look at the various sectors we love to
00:24:33 --> 00:24:35: invest in logistics and residential
00:24:35 --> 00:24:38: And as Rick already pointed out,
00:24:38 --> 00:24:42: a logistic has been very successful in last couple of
00:24:42 --> 00:24:42: years.
00:24:42 --> 00:24:45: Of course due to this.
00:24:45 --> 00:24:48: Let's say technology changes in the E Commerce.
00:24:48 --> 00:24:52: First, the retail investments we have been in the retail
00:24:52 --> 00:24:53: invested as well,
00:24:53 --> 00:24:55: but we're happy to do sort of.
00:24:55 --> 00:24:59: Sell offs are part of the portfolio already in the
00:24:59 --> 00:24:59: past,
00:24:59 --> 00:25:03: but what we currently see an EMS been known as
00:25:03 --> 00:25:06: a sustainable investment for quite some time that we get
00:25:06 --> 00:25:07: a lot of,
00:25:07 --> 00:25:11: let's say questions from our pensioners that they say,
00:25:11 --> 00:25:14: OK, you've got a lot of capital and please do
00:25:14 --> 00:25:15: something good with it.
00:25:15 --> 00:25:17: So really make an impact.
00:25:17 --> 00:25:22: Make a difference. And it's something that has been created
00:25:22 --> 00:25:25: as a lot of awareness within our investment.
00:25:25 --> 00:25:28: So beside of going for a financial ambition,
00:25:28 --> 00:25:32: so making return for the patients and we also are,
00:25:32 --> 00:25:36: let's say, ask to make an impact and to make
00:25:36 --> 00:25:38: a real difference in the portfolio.
00:25:38 --> 00:25:42: And we do that across all the portfolios and we
00:25:42 --> 00:25:46: like to do sustainability in an integral way.
00:25:46 --> 00:25:48: So not making a couple of let's say.
00:25:48 --> 00:25:54: Green or sustainable investments. But regardless the
00:25:54 --> 00:25:57: essence category we
00:25:57 --> 00:26:00: like to do it in a sustainable way and so
00:26:00 --> 00:26:03: we do that in the various cities across
00:26:03 --> 00:26:07: the globe. Regardless the sectors and well.
00:26:07 --> 00:26:08: But this, I think for now this is a good
00:26:08 --> 00:26:11: introduction.
00:26:11 --> 00:26:14: And Greg, thank you, in your slides
00:26:14 --> 00:26:16: you talked about this decoupling of the economy from the
environment and you know we were in survival.

00:26:16 --> 00:26:19: We felt survival situation when that happened when we stop
00:26:20 --> 00:26:20: traveling,
00:26:20 --> 00:26:22: we stop using our cars so much,
00:26:22 --> 00:26:23: you know. And things like that,
00:26:23 --> 00:26:24: and I suppose
00:26:24 --> 00:26:27: I worry that we will revert back to the mean.
00:26:27 --> 00:26:29: Will go back to what we did before.
00:26:29 --> 00:26:32: But how do we convince people that these things that
00:26:32 --> 00:26:36: we can have the product productivity with that lower carbon
00:26:36 --> 00:26:39: environment within cities were changing our behavior?
00:26:39 --> 00:26:44: Well, I think both consumers and business people are
already
00:26:44 --> 00:26:45: convinced of this.
00:26:45 --> 00:26:50: I mean, many consumer surveys show that consumers are
now
00:26:50 --> 00:26:53: much happier with a blend of the sort of as
00:26:53 --> 00:26:55: a service digitized,
00:26:55 --> 00:27:00: less carbon intensive way of consuming certain things.
00:27:00 --> 00:27:03: And it's also very clear if you read any of
00:27:03 --> 00:27:04: the surveys of the,
00:27:04 --> 00:27:07: you know the Forbes 500 of the Forbes 1000.
00:27:07 --> 00:27:12: Many, many CEOs anticipate in the future are very different
00:27:12 --> 00:27:15: blend of how their staff are going to work.
00:27:15 --> 00:27:18: So there's, if you like some aspects of living life
00:27:19 --> 00:27:20: in a more decarbonized way,
00:27:20 --> 00:27:23: announce team is better by people.
00:27:23 --> 00:27:26: So this is the big opportunity if you like for
00:27:26 --> 00:27:31: both companies and for workers and consumers to take
advantage.
00:27:31 --> 00:27:34: Of the experience that they've had that's been positive.
00:27:34 --> 00:27:37: I mean, that's one thing the second thing.
00:27:37 --> 00:27:40: Of course, Andrea is that the big uptick in technology
00:27:40 --> 00:27:44: has also been a boost for various low carbon technologies.
00:27:44 --> 00:27:48: We could think about things like particularly electric vehicles.
00:27:48 --> 00:27:51: There's been a massive growth in demand for them,
00:27:51 --> 00:27:55: a massive growth in investment in the infrastructure required
to
00:27:55 --> 00:27:56: support them.
00:27:56 --> 00:27:59: So if you like we're getting there on the market
00:27:59 --> 00:28:01: conditions that that will be.
00:28:01 --> 00:28:04: Better for this to occur and then the third thing
00:28:04 --> 00:28:07: I think that's been really important is that in the
00:28:07 --> 00:28:08: real estate sector,

00:28:08 --> 00:28:11: which no doubt will talk a little bit more about,
00:28:11 --> 00:28:14: I think on the investor side and Guido will understand
00:28:14 --> 00:28:17: this very well and on the utility side,
00:28:17 --> 00:28:20: which Nikki of course will understand very well there simply
00:28:20 --> 00:28:24: a much stronger alliance coming out of COVID-19 to really
00:28:24 --> 00:28:28: accelerate the decarbonization of real estate and for people
to
00:28:28 --> 00:28:32: see that as adding greater residual value to buildings overall.
00:28:32 --> 00:28:36: Embracing circularity allows us to reuse building
components,
00:28:36 --> 00:28:38: so if you like the logic of the circular economy
00:28:39 --> 00:28:42: is becoming more real and more obvious to people,
00:28:42 --> 00:28:44: I think Nikki how much do you see this as
00:28:44 --> 00:28:47: a cities conversation when you look at it from an
00:28:47 --> 00:28:48: energy perspective,
00:28:48 --> 00:28:52: you look a bit what's driving change in city library,
00:28:52 --> 00:28:55: regulation, consumer pressure? How much is it for you at
00:28:55 --> 00:28:56: that city level?
00:28:56 --> 00:28:59: As you approach the topic?
00:28:59 --> 00:29:02: I think for us you know if you look at
00:29:02 --> 00:29:02: cities,
00:29:02 --> 00:29:05: half of the world's population live there.
00:29:05 --> 00:29:08: They are the center of economic activity and equally it's
00:29:08 --> 00:29:12: a place where people come together and we see that
00:29:12 --> 00:29:15: dim and continuing to increase across the world.
00:29:15 --> 00:29:17: And as you see, the complexity,
00:29:17 --> 00:29:20: particularly around energy and mobility solutions,
00:29:20 --> 00:29:23: coming to the marketplace. There's a need to manage that
00:29:23 --> 00:29:24: complexity,
00:29:24 --> 00:29:28: and this is where this service solution that Greg mentioned
00:29:28 --> 00:29:30: earlier comes to the forefront.
00:29:30 --> 00:29:33: There's just many more choices available,
00:29:33 --> 00:29:35: and customers want those choices,
00:29:35 --> 00:29:40: so that's where you see that customer demand coming in.
00:29:40 --> 00:29:42: And it's about cities. As municipalities,
00:29:42 --> 00:29:45: it's about corporates within those cities.
00:29:45 --> 00:29:48: So seeing the city is the geographical region as well.
00:29:48 --> 00:29:52: That's really important and we think that you know we
00:29:52 --> 00:29:55: have a role to play working in partnership with,
00:29:55 --> 00:29:59: perhaps other market sectors and business sectors that we
have
00:29:59 --> 00:30:04: not worked with before as well as customers and citizens.
00:30:04 --> 00:30:07: This, you know, the historical past of there is one

00:30:07 --> 00:30:10: solution and there is one way forward doesn't exist anymore,
00:30:10 --> 00:30:13: so these new partnerships are going to be really important
00:30:13 --> 00:30:17: as we transition through the convergence of many different
market
00:30:17 --> 00:30:19: sectors coming together and great.
00:30:19 --> 00:30:23: Do you think this is a conversation for cities these
00:30:23 --> 00:30:23: days?
00:30:23 --> 00:30:27: You know not making it too political rather than sort
00:30:27 --> 00:30:28: of national governments?
00:30:28 --> 00:30:33: Well, I think national governments were actually catching up
now
00:30:33 --> 00:30:35: Andrea or over the last decade.
00:30:35 --> 00:30:38: I would say it's been cities and the investor community
00:30:38 --> 00:30:41: that have really led this discussion,
00:30:41 --> 00:30:44: particularly in the area of decarbonization of cities.
00:30:44 --> 00:30:48: And we're talking about COVID-19 as an accelerator of that.
00:30:48 --> 00:30:53: But national governments have increasingly recognized that
what this pandemic
00:30:53 --> 00:30:56: has done is to reveal a much deeper rooted set
00:30:56 --> 00:30:57: of challenges,
00:30:57 --> 00:30:59: and they realize that they need to
00:30:59 --> 00:31:02: Partner with cities to invest differently.
00:31:02 --> 00:31:03: As I said, you know,
00:31:03 --> 00:31:07: we've never seen national governments investing on the
scale they've
00:31:07 --> 00:31:10: been investing in the last year since World War Two
00:31:10 --> 00:31:11: in Europe,
00:31:11 --> 00:31:14: and as a consequence, I think there's a kind of.
00:31:14 --> 00:31:17: There's a new benchmark or a new threshold at which
00:31:17 --> 00:31:20: national governments are willing to engage,
00:31:20 --> 00:31:23: and I think that the scale of the revealed challenges
00:31:23 --> 00:31:27: and inequality's means that national governments are going
to have
00:31:27 --> 00:31:30: to show that they've got a very proactive and positive
00:31:30 --> 00:31:33: agenda here. So cities are on in the lead in
00:31:33 --> 00:31:35: terms of innovation.
00:31:35 --> 00:31:37: That's not as exactly as Nicki says,
00:31:37 --> 00:31:41: that's not just municipal governments that cities as hubs of
00:31:41 --> 00:31:44: activity are partnerships between governments,
00:31:44 --> 00:31:47: businesses, investors, civil society, citizens,
00:31:47 --> 00:31:51: but also national governments. I think you're going to now
00:31:51 --> 00:31:53: play a big catch up phase.
00:31:53 --> 00:31:55: Thank you again. So bleeding off that.

00:31:55 --> 00:32:00: I mean that's there for Bout City competitiveness and which
00:32:00 --> 00:32:00: cities?
00:32:00 --> 00:32:03: Does it change how you look at cities?
00:32:03 --> 00:32:07: Do you look at City leadership in terms of sustainability?
00:32:07 --> 00:32:10: Does that factor into where you want to make your
00:32:10 --> 00:32:11: investments in the future?
00:32:14 --> 00:32:16: I think it is already the case Andrea,
00:32:16 --> 00:32:19: and if we look at our portfolio and where we
00:32:19 --> 00:32:22: invest we invest in let's say the top 100 cities
00:32:22 --> 00:32:25: in the world and most of them were already let's
00:32:25 --> 00:32:27: say more or less in the center of the slide
00:32:28 --> 00:32:31: register showed and I think it's fair to say that
00:32:31 --> 00:32:34: many European cities there a bit ahead of the curve
00:32:34 --> 00:32:37: so we're happy with that and we expect them to
00:32:37 --> 00:32:39: be very sustainable going forward.
00:32:39 --> 00:32:42: And told him, we said that we also see cities
00:32:43 --> 00:32:46: in Asia like or Australia for that sake and also
00:32:46 --> 00:32:49: cities like here Sydney or Singapore.
00:32:49 --> 00:32:51: They already are working at.
00:32:51 --> 00:32:53: We see them as let's say,
00:32:53 --> 00:32:57: long-term interesting cities to invest from sustainable
perspective.
00:32:57 --> 00:33:00: If you compare that to many US cities,
00:33:00 --> 00:33:03: I would say they're they're lagging behind.
00:33:03 --> 00:33:07: And but if we look at where we make investments
00:33:07 --> 00:33:07: in the US,
00:33:07 --> 00:33:09: we make them in more,
00:33:09 --> 00:33:14: let's say European like. Cities which have less sustainable
characteristics
00:33:14 --> 00:33:17: like New York or Arden for instance,
00:33:17 --> 00:33:20: or Seattle. So that's really on top of our agenda.
00:33:20 --> 00:33:24: With selecting our cities across the globe and Greg,
00:33:24 --> 00:33:28: you talked about European cities seen as lagging.
00:33:28 --> 00:33:31: Sometimes it sounds like this is also a moment where
00:33:31 --> 00:33:35: we could catch up again if that was the case
00:33:35 --> 00:33:39: in terms of leadership and using technology correctly.
00:33:39 --> 00:33:42: Well, yes, I mean that's really my key point,
00:33:42 --> 00:33:44: Andrea. So to put it in a nutshell,
00:33:44 --> 00:33:48: I think that COVID-19 shifts the global agenda more towards
00:33:48 --> 00:33:51: things that European cities are relatively better at.
00:33:51 --> 00:33:55: And so I'm making the point that European cities need
00:33:55 --> 00:33:58: to see this as an opportunity to play to their
00:33:58 --> 00:34:02: strengths and national governments in Europe need to see

that

00:34:02 --> 00:34:04: as well, but I think also investors,

00:34:04 --> 00:34:07: large corporates, major banks and others.

00:34:07 --> 00:34:10: You know there's three of us here on this call.

00:34:10 --> 00:34:14: Will begin to see European cities as having a knew

00:34:14 --> 00:34:14: edge,

00:34:14 --> 00:34:17: as it were in their attractiveness.

00:34:17 --> 00:34:22: Because of this deep rooted commitment to sustainability to culture,

00:34:22 --> 00:34:28: to knowledge, to social inclusion to collaboration between neighboring places

00:34:28 --> 00:34:30: to infrastructure investment,

00:34:30 --> 00:34:34: this sense of place sense of identity is going to

00:34:34 --> 00:34:38: be so important in the experience economy now that so

00:34:38 --> 00:34:39: much more is digitized,

00:34:39 --> 00:34:42: if you like. My big point is that there's an

00:34:42 --> 00:34:46: opportunity for European cities to somehow reclaim the advantage from

00:34:46 --> 00:34:49: Asia and from North America because of COVID-19.

00:34:49 --> 00:34:52: That's about the most direct way I can put it.

00:34:52 --> 00:34:54: Yeah, I think if I can stay with you,

00:34:54 --> 00:34:57: Greg, I think we have to quickly move to the

00:34:57 --> 00:34:58: to the topic of money.

00:34:58 --> 00:35:00: You know, governments are overstretched,

00:35:00 --> 00:35:03: you know, public, private public funding is difficult,

00:35:03 --> 00:35:06: and we've had a question about that.

00:35:06 --> 00:35:08: You know? How do we take the lead on such

00:35:08 --> 00:35:09: opportunities,

00:35:09 --> 00:35:12: given that you know government resources are?

00:35:12 --> 00:35:15: stretched to breaking point to certain extent and I,

00:35:15 --> 00:35:18: I suppose that really lends us to kind of wall.

00:35:18 --> 00:35:20: Is the business case for you know this time?

00:35:20 --> 00:35:25: How are environmental and sustainable kind of future adds up

00:35:25 --> 00:35:26: really?

00:35:26 --> 00:35:29: Yes, well, I think there's two parts to the answer

00:35:29 --> 00:35:30: to this question,

00:35:30 --> 00:35:32: Andrew, if I may so the first bit.

00:35:32 --> 00:35:34: What's the business case? Well,

00:35:34 --> 00:35:36: the business case is partly about,

00:35:36 --> 00:35:40: you know, sustainable markets and partly about having a business

00:35:40 --> 00:35:43: model which is sustainable in the very long term and

00:35:43 --> 00:35:45: aligned with global imperatives.
00:35:45 --> 00:35:46: But in the short term,
00:35:46 --> 00:35:48: it's much more about savings.
00:35:48 --> 00:35:51: On the one hand, it's also as I was saying,
00:35:51 --> 00:35:55: in relation to circularity about building much longer term residual
00:35:55 --> 00:35:55: value,
00:35:55 --> 00:35:59: which is now investable. It's also of course about public
00:35:59 --> 00:36:03: health and and the returns from having healthier workforce.
00:36:03 --> 00:36:06: If you're creating healthier buildings,
00:36:06 --> 00:36:08: you get a healthier workforce.
00:36:08 --> 00:36:13: As a consequence. It's also about having a healthier
00:36:13 --> 00:36:15: population,
00:36:13 --> 00:36:15: more generally, reducing the tax burden.
00:36:15 --> 00:36:19: It's also, I think, about places that are able to
00:36:19 --> 00:36:22: demonstrate that they are innovators just to take a quick
00:36:22 --> 00:36:23: example,
00:36:23 --> 00:36:26: when Oslo was the green capital of Europe in,
00:36:26 --> 00:36:30: you know. Last year it was able to demonstrate that
00:36:30 --> 00:36:33: it used that to really innovate in its approach to
00:36:33 --> 00:36:35: the built environment,
00:36:35 --> 00:36:38: changing the way that construction occurs,
00:36:38 --> 00:36:41: creating an opportunity for the real estate sector in that
00:36:41 --> 00:36:46: city to demonstrate that it could use progressive regulation to
00:36:46 --> 00:36:47: induce innovation,
00:36:47 --> 00:36:50: which was then tradeable into other markets.
00:36:50 --> 00:36:53: So a lot of this is about inducing innovation that
00:36:53 --> 00:36:56: then allows you to trade more effectively.
00:36:56 --> 00:36:59: It's about a new system of enterprise.
00:36:59 --> 00:37:02: But I think it's also about talent attraction.
00:37:02 --> 00:37:05: I mean Nikki mentioned this earlier that if you like
00:37:05 --> 00:37:09: intelligent consumers are also intelligent workers and they
00:37:10 --> 00:37:12: want to
00:37:10 --> 00:37:12: work for firms and in places where they
00:37:12 --> 00:37:15: feel that progress is really being made.
00:37:15 --> 00:37:18: So I think the business case is a combination of
00:37:18 --> 00:37:20: these sorts of things.
00:37:20 --> 00:37:23: But I think that there's a kind of broader point
00:37:23 --> 00:37:23: here.
00:37:23 --> 00:37:26: If I may say that I think we do have
00:37:26 --> 00:37:29: to find new ways of financing some of the things
00:37:29 --> 00:37:31: we're talking about here,
00:37:31 --> 00:37:34: I don't think it's all going to be taxation and

00:37:34 --> 00:37:35: transfer payments.

00:37:35 --> 00:37:37: Let me pick one quick example.

00:37:37 --> 00:37:40: I think we're going to move in many parts of

00:37:40 --> 00:37:43: Europe towards Dynamic Rd user charging,

00:37:43 --> 00:37:46: where instead of thinking that our roads are paid for

00:37:46 --> 00:37:47: by a Road tax,

00:37:47 --> 00:37:51: what will happen is we'll pay for roads much more

00:37:51 --> 00:37:52: by the use of them.

00:37:52 --> 00:37:56: So much more dynamic smart tolling happening in cities and

00:37:56 --> 00:37:59: this will have the Joule effect of raising revenues but

00:37:59 --> 00:38:01: also of reducing carbon emissions.

00:38:01 --> 00:38:04: Because when you have dynamic pricing you can charge not

00:38:04 --> 00:38:06: just by the size of the vehicle.

00:38:06 --> 00:38:09: The nature of the pollutants that it's producing,

00:38:09 --> 00:38:12: but also the number of passengers that are in it.

00:38:12 --> 00:38:14: The time of day that it's traveling,

00:38:14 --> 00:38:17: the contribution it's making or not,

00:38:17 --> 00:38:19: to heat island effects. So I expect to see a

00:38:19 --> 00:38:23: lot more smart pricing of the environmental consequences.

00:38:23 --> 00:38:26: Of activity and much more public and private collaboration on

00:38:27 --> 00:38:28: how to finance these things.

00:38:28 --> 00:38:30: Sorry for the long answer.

00:38:30 --> 00:38:33: No worries, Nikki.

00:38:33 --> 00:38:36: Come to you about that business card business case point

00:38:36 --> 00:38:36: as well.

00:38:36 --> 00:38:39: Obviously is BP. You know you're looking at this from

00:38:39 --> 00:38:41: as a multinational company.

00:38:41 --> 00:38:43: Why are you stepping into this arena and how do

00:38:43 --> 00:38:44: you know?

00:38:44 --> 00:38:45: How do you see? Also,

00:38:45 --> 00:38:48: you know, leading on from Greg's answer about different

00:38:48 --> 00:38:49: types

00:38:48 --> 00:38:49: of tax.

00:38:49 --> 00:38:52: Let's call him payments and taxes as well.

00:38:52 --> 00:38:54: I think it's a really great question.

00:38:54 --> 00:38:57: I mean, the bottom line is BP is a business

00:38:57 --> 00:39:00: and we have to satisfy a number of shareholders and

00:39:00 --> 00:39:01: stakeholders as well.

00:39:01 --> 00:39:04: So we see this is a business opportunity as much

00:39:04 --> 00:39:07: as we see it is a societal imperative as.

00:39:07 --> 00:39:10: And you know, picking up on the few the points

00:39:10 --> 00:39:12: that Greg actually raised we are seeing demand.

00:39:12 --> 00:39:15: You know when I stepped into this role on the
00:39:15 --> 00:39:16: first of July.
00:39:16 --> 00:39:19: You know flippantly. I could have seen myself as a
00:39:19 --> 00:39:20: traveling saleswoman,
00:39:20 --> 00:39:23: having to knock on lots of doors with with this
00:39:23 --> 00:39:23: opportunity.
00:39:23 --> 00:39:26: It's actually being completely. The reverse scenario.
00:39:26 --> 00:39:28: The demand is out there.
00:39:28 --> 00:39:31: It's from governments. It's from business to business.
00:39:31 --> 00:39:34: It's from large corporates and it's from our customers and
00:39:34 --> 00:39:37: where you see this from our customers be they business,
00:39:37 --> 00:39:39: business governments or.
00:39:39 --> 00:39:41: or rent consumers on a daily basis.
00:39:41 --> 00:39:44: It is going to require us to experiment though,
00:39:44 --> 00:39:47: which is why we've set out to look at 10
00:39:47 --> 00:39:49: to 15 cities initially to look at.
00:39:49 --> 00:39:51: What are the right business models?
00:39:51 --> 00:39:56: What are the right solutions that create long-term sustainable
00:39:56 --> 00:39:58: business
00:39:58 --> 00:40:01: models moving forward?
00:40:01 --> 00:40:04: And that's why we're working with the City of Houston
00:40:04 --> 00:40:07: and the City of Aberdeen to understand what are the
00:40:07 --> 00:40:09: complexities involved in these models?
00:40:09 --> 00:40:13: What are the options that are right?
00:40:13 --> 00:40:17: Both for the city itself and for BP's organization,
00:40:17 --> 00:40:18: and it is going to require different partnerships and different
00:40:18 --> 00:40:21: financing solutions.
00:40:21 --> 00:40:22: You know where we are used to managing risk and
00:40:22 --> 00:40:26: BP.
00:40:26 --> 00:40:30: And as the world converges and more complexity comes
00:40:30 --> 00:40:34: onboard,
00:40:34 --> 00:40:36: different organisations are going to have different risk
00:40:36 --> 00:40:39: appetites and
00:40:39 --> 00:40:41: they might not necessarily have all of the capabilities to
00:40:41 --> 00:40:43: manage that risk as well.
00:40:43 --> 00:40:47: So one of the things that you know we can
00:40:47 --> 00:40:51: offer and we can bring to the party.
00:40:51 --> 00:40:56: Is that risk management solution?
00:40:56 --> 00:40:58: We recently arranged in agreement with Amazon of all
00:40:58 --> 00:41:00: people
00:41:00 --> 00:41:02: to help them through wind and solar generation across their
00:41:02 --> 00:41:04: European centers to manage their risk through DBP trading
00:41:04 --> 00:41:06: business.

00:40:56 --> 00:41:00: And that was all about providing them with sustainable energy solutions.

00:41:00 --> 00:41:01: solutions.

00:41:01 --> 00:41:04: I think kind of picking up on your second point, Andrea, which is around you, know different ways of financing the solution.

00:41:04 --> 00:41:06: Andrea, which is around you,

00:41:06 --> 00:41:09: know different ways of financing the solution.

00:41:09 --> 00:41:13: Clearly green stimulus packages are certainly going to help accelerate the pace of change that we're already seeing, and they're going to be vital to enabling organizations to have more of a level playing field to operate.

00:41:13 --> 00:41:16: the pace of change that we're already seeing,

00:41:16 --> 00:41:20: and they're going to be vital to enabling organizations to have more of a level playing field to operate.

00:41:20 --> 00:41:23: have more of a level playing field to operate.

00:41:23 --> 00:41:24: Be that a carbon tax,

00:41:24 --> 00:41:27: which is something that we've spoken about as a group before.

00:41:27 --> 00:41:28: before.

00:41:28 --> 00:41:32: Carbon pricing done well is a really important factor in this conversation.

00:41:32 --> 00:41:33: this conversation.

00:41:33 --> 00:41:36: Equally agree with Greg that there will be numerous other solutions that we will need to look at and see where the right sources of value are.

00:41:36 --> 00:41:39: solutions that we will need to look at and see where the right sources of value are.

00:41:39 --> 00:41:41: where the right sources of value are.

00:41:41 --> 00:41:43: I think you need to do you see a role in institutions funding some of these initiatives.

00:41:43 --> 00:41:46: in institutions funding some of these initiatives.

00:41:46 --> 00:41:48: You're big, you know, as a group of as a group of capital pension funds, insurance companies are big funders of our cities.

00:41:49 --> 00:41:50: group of capital pension funds,

00:41:50 --> 00:41:53: insurance companies are big funders of our cities.

00:41:53 --> 00:41:56: Do you see a changing role in becoming involved in more initiatives like in funding, decarbonization, sustainability and travel initiatives?

00:41:56 --> 00:41:58: more initiatives like in funding,

00:41:58 --> 00:42:01: decarbonization, sustainability and travel initiatives?

00:42:04 --> 00:42:07: Oh yes, for sure, but it always has to come with return.

00:42:07 --> 00:42:07: with return.

00:42:07 --> 00:42:10: That's the thing we have to do.

00:42:07 --> 00:42:10: That's the thing we have to do.

00:42:10 --> 00:42:12: But like I said in the beginning, there's much more awareness now of doing good as well, so it's always the combination of the two and being this long term investor, we think managing risk sustainability is key to the whole portfolio.

00:42:12 --> 00:42:16: there's much more awareness now of doing good as well,

00:42:16 --> 00:42:19: so it's always the combination of the two and being this long term investor,

00:42:19 --> 00:42:21: this long term investor,

00:42:21 --> 00:42:25: we think managing risk sustainability is key to the whole portfolio.

00:42:25 --> 00:42:25: portfolio.

00:42:25 --> 00:42:28: So we are definitely interested into that.

00:42:25 --> 00:42:28: So we are definitely interested into that.

00:42:28 --> 00:42:32: And if, for instance, we have a large infrastructure portfolio that invests in renewable energy, for instance, or in. In solar power, wind energy, all kinds of networks like fiber for instance to digitalise cities.

00:42:32 --> 00:42:34: that invests in renewable energy,

00:42:34 --> 00:42:37: for instance, or in. In solar power,

00:42:37 --> 00:42:40: wind energy, all kinds of networks like fiber for instance to digitalise cities.

00:42:41 --> 00:42:42: to digitalise cities.

00:42:42 --> 00:42:46: So we also look at it from that perspective,

00:42:46 --> 00:42:49: and maybe I can save the day to talk about
00:42:49 --> 00:42:50: the role of real estate.
00:42:50 --> 00:42:52: Really, when it comes down to,
00:42:52 --> 00:42:56: I suppose my observation that you know as big as
00:42:56 --> 00:42:59: some of the companies we have in the industry,
00:42:59 --> 00:43:02: then it's quite still quite Frank fragmented.
00:43:02 --> 00:43:06: You know, how do you think companies and institutions can
00:43:06 --> 00:43:08: play like a meaningful role in cities?
00:43:08 --> 00:43:13: So outside the stewardship of their own individual buildings.
00:43:13 --> 00:43:15: Yeah, in principle you're right.
00:43:15 --> 00:43:17: I mean, we invest assets
00:43:17 --> 00:43:19: so it's hard to make a big difference,
00:43:19 --> 00:43:22: but I think we could lead by example and the
00:43:22 --> 00:43:22: sector.
00:43:22 --> 00:43:25: Such is super large, but if you look at the
00:43:25 --> 00:43:28: skyline of any of those cities which has been mentioned
00:43:28 --> 00:43:29: before,
00:43:29 --> 00:43:32: I think big part of those buildings are owned by
00:43:32 --> 00:43:33: institutional investors.
00:43:33 --> 00:43:37: So definitely there's a role to be played by institutional
00:43:37 --> 00:43:40: investors to lead by example and to make sure that
00:43:40 --> 00:43:43: the essence we have we built we develop.
00:43:43 --> 00:43:48: redevelop that there are the most sustainable buildings in
itself.
00:43:48 --> 00:43:51: So I think that is important and if we do
00:43:51 --> 00:43:51: so,
00:43:51 --> 00:43:55: we have to work very close together with local municipalities,
00:43:55 --> 00:43:59: local governments, local. Let's say with the whole all the
00:43:59 --> 00:44:04: all the stakeholders in the direct and indirect environment as
00:44:04 --> 00:44:04: well.
00:44:04 --> 00:44:08: But usually that role is taken by the managers we
00:44:08 --> 00:44:09: hire across the globe.
00:44:09 --> 00:44:12: But we are very keen and we do have that
00:44:12 --> 00:44:16: discussion with those managers as well that we feel that
00:44:16 --> 00:44:16: is.
00:44:16 --> 00:44:19: Very important because we think we have to be there
00:44:19 --> 00:44:21: for the long term and money really talks.
00:44:21 --> 00:44:24: And do you think you see your role widening and
00:44:24 --> 00:44:27: therefore the type of partnerships that you might have
broadening?
00:44:27 --> 00:44:29: You know whether that's you know,
00:44:29 --> 00:44:33: teaming up with mobility players or renewable energy

players,
00:44:33 --> 00:44:36: those types of things. Do you see that you know
00:44:36 --> 00:44:39: what we traditionally do as an industry evolving in that
00:44:39 --> 00:44:40: way?
00:44:40 --> 00:44:43: Yeah, but that's not going via the real estate arm,
00:44:43 --> 00:44:45: but that's going Friday infrastructure.
00:44:45 --> 00:44:48: Or it could also be the private equity arm,
00:44:48 --> 00:44:50: but there's definitely a role to be played,
00:44:50 --> 00:44:54: and for instance, within the equity portfolio we have a
00:44:54 --> 00:44:55: passive mandate.
00:44:55 --> 00:44:58: But also bigger and bigger active mandates?
00:44:58 --> 00:45:01: And those companies qualify. We were really making the
difference
00:45:02 --> 00:45:04: our like and Nikki said BP is working very hard.
00:45:04 --> 00:45:07: They say on their new strategy to let's say to
00:45:07 --> 00:45:10: make the change let me put it that way then.
00:45:10 --> 00:45:13: Could be part of our portfolio as well.
00:45:13 --> 00:45:16: So active portfolio invest more in BP for that reason.
00:45:16 --> 00:45:19: So that's how we use the money or the capital
00:45:19 --> 00:45:22: to steer our portfolio and Greg can I also at
00:45:22 --> 00:45:24: the same sort of topic really?
00:45:24 --> 00:45:28: I mean when you observe the real estate industry,
00:45:28 --> 00:45:31: do you think it can come together and act almost
00:45:31 --> 00:45:34: kind of organize itself to do this well on a
00:45:34 --> 00:45:34: city level?
00:45:34 --> 00:45:38: And you know, for those you know not institutions.
00:45:38 --> 00:45:41: Do you see other partnerships happening around?
00:45:41 --> 00:45:43: Around these topics.
00:45:43 --> 00:45:47: Well, I think it's obviously clear Andrea that the real
00:45:47 --> 00:45:50: estate industry needs to be part of a kind of
00:45:50 --> 00:45:54: an alliance for change and reform in our cities.
00:45:54 --> 00:45:57: If it's not there, it's going to miss out some
00:45:57 --> 00:46:01: parts of the real estate industry are very active in
00:46:01 --> 00:46:05: sort of civic leadership platforms that others are not so
00:46:05 --> 00:46:09: active. It's very important that that that that real estate
00:46:09 --> 00:46:11: is part of this conversation,
00:46:11 --> 00:46:14: but I think we can learn an awful lot.
00:46:14 --> 00:46:18: From what happened in retail real estate over the last
00:46:18 --> 00:46:19: decade or two?
00:46:19 --> 00:46:20: If you think about it,
00:46:20 --> 00:46:23: we've been going through a kind of 5th revolution in
00:46:24 --> 00:46:27: retail with the impact of digitisation on the way people

00:46:27 --> 00:46:29: buy and consume goods.

00:46:29 --> 00:46:32: The implication that's had for logistics and fulfillment,

00:46:32 --> 00:46:35: the impact it's had on what we call it in

00:46:35 --> 00:46:36: the UK,

00:46:36 --> 00:46:38: high streets or what are sometimes called,

00:46:38 --> 00:46:42: you know, main commercial districts and what it's done to

00:46:42 --> 00:46:43: particular formats.

00:46:43 --> 00:46:45: And if you like, we've.

00:46:45 --> 00:46:48: we've ended up with the realization that much of what

00:46:48 --> 00:46:51: was built for the retail industry of the 80s and

00:46:51 --> 00:46:54: the 90s is not what we need going forward.

00:46:54 --> 00:46:57: And there's been a very large scale approach to try

00:46:57 --> 00:46:59: to reconfigure that.

00:46:59 --> 00:47:02: And we know which of those kinds of retail formats

00:47:02 --> 00:47:03: can survive,

00:47:03 --> 00:47:06: which ones won't, but I put it to you that

00:47:06 --> 00:47:09: actually exactly the same process is now going to happen

00:47:10 --> 00:47:12: with offices with hotels with student housing,

00:47:12 --> 00:47:15: it's going to happen with a wide range of.

00:47:15 --> 00:47:18: other kinds of real estate usages,

00:47:18 --> 00:47:23: including in residential, which I think means that the real

00:47:23 --> 00:47:25: estate industry as a whole,

00:47:25 --> 00:47:28: now needs to embrace this agenda of agility.

00:47:28 --> 00:47:32: hybridity sustainability, innovation, and of course,

00:47:32 --> 00:47:37: many people who are here on the web today will

00:47:37 --> 00:47:40: realize that takes money.

00:47:40 --> 00:47:43: It takes leadership and it takes a certain amount of

00:47:43 --> 00:47:44: courage as well.

00:47:44 --> 00:47:46: So I think it's going to be interesting to see

00:47:46 --> 00:47:49: who are the leaders in this process and who are

00:47:49 --> 00:47:50: the followers.

00:47:50 --> 00:47:53: They'll be big returns. I think to those who take

00:47:53 --> 00:47:53: the lead.

00:47:53 --> 00:47:55: So real estate as a service,

00:47:55 --> 00:47:57: I think is here to stay and I think

00:47:57 --> 00:48:00: COVID-19 has been a big accelerator of that much more

00:48:00 --> 00:48:01: to say about city centres.

00:48:01 --> 00:48:03: But let's discuss that later yesterday.

00:48:03 --> 00:48:06: Nikki not to put you too much on the spot,

00:48:06 --> 00:48:09: but where does the real estate industry sit on your

00:48:09 --> 00:48:12: list of priorities in terms of getting to know us

00:48:12 --> 00:48:12: and.

00:48:12 --> 00:48:16: partnering with us. It's actually a really important part really
00:48:17 --> 00:48:19: keen to work with real estate suppliers,
00:48:19 --> 00:48:23: providers, customers, partners. You know if I give you an
00:48:23 --> 00:48:26: example of a partnership that's public with us,
00:48:26 --> 00:48:28: it's not a real estate example,
00:48:28 --> 00:48:30: but historically BP wouldn't be known.
00:48:30 --> 00:48:34: For example, to have partnerships with big tech companies.
00:48:34 --> 00:48:37: And one of the things that we've done as part
00:48:37 --> 00:48:41: of setting up this new business create a new partnership
00:48:41 --> 00:48:43: with Microsoft an on one level,
00:48:43 --> 00:48:46: you could say it's quite come transactional.
00:48:46 --> 00:48:49: Kind of, you know, we provide them with some services
00:48:49 --> 00:48:53: and supply solutions to help decarbonize their datacenters.
00:48:53 --> 00:48:55: They provide us with some cloud services,
00:48:55 --> 00:48:59: but actually what's much more interesting is in this true
00:48:59 --> 00:49:01: partnership it is about Co.
00:49:01 --> 00:49:05: Creating and Co innovating solutions that on our own.
00:49:05 --> 00:49:09: We're not as powerfully able to impact cities with,
00:49:09 --> 00:49:11: so we're looking at actually,
00:49:11 --> 00:49:15: how can we accelerate the advancement of clean city
solutions?
00:49:15 --> 00:49:19: How can we accelerate and develop solutions that we can
00:49:19 --> 00:49:21: take to corporate partners?
00:49:21 --> 00:49:24: And I think there's something that we can do with
00:49:25 --> 00:49:29: real estate industry with the sector that is very different.
00:49:29 --> 00:49:32: Now I don't know what that looks like yet,
00:49:32 --> 00:49:35: but I know that working together in what is a
00:49:35 --> 00:49:36: complex system.
00:49:36 --> 00:49:39: Through one of Greg's models that you showed in his
00:49:39 --> 00:49:41: slide is going to be really important.
00:49:41 --> 00:49:43: We have some of the solutions,
00:49:43 --> 00:49:45: but we don't have all of them,
00:49:45 --> 00:49:48: and we're willing to make some bets which you see
00:49:48 --> 00:49:51: with things like investing in chargemaster.
00:49:51 --> 00:49:52: For example in the UK.
00:49:52 --> 00:49:55: You know, if you looked at the pure economics,
00:49:55 --> 00:49:57: it was a chicken and egg scenario.
00:49:57 --> 00:49:59: There were some people who say,
00:49:59 --> 00:50:02: well, there aren't enough electric vehicles on the road.
00:50:02 --> 00:50:04: And then there are consumers going,
00:50:04 --> 00:50:06: yes, but I'm really concerned I'm not going to buy
00:50:06 --> 00:50:10: an electric vehicle because there aren't enough charging

points,
00:50:10 --> 00:50:11: so we we stepped into that.
00:50:11 --> 00:50:14: We leant into that and I think there's something about
00:50:14 --> 00:50:17: working together with leaders in your sector to see you
00:50:17 --> 00:50:20: know what is it we need to lead into lean
00:50:20 --> 00:50:22: into? What is it we need to Co create to
00:50:22 --> 00:50:25: accelerate some opportunities from a business perspective?
00:50:25 --> 00:50:28: And from a societal perspective as well.
00:50:28 --> 00:50:31: Thank you yes, that and just get a great touched
00:50:32 --> 00:50:32: on it.
00:50:32 --> 00:50:35: Guido one of the main problems in our cities at
00:50:35 --> 00:50:38: the moment is the damage being done to city centers
00:50:38 --> 00:50:42: because of the change in retail and you know potentially
00:50:42 --> 00:50:45: also the change in how we work as well.
00:50:45 --> 00:50:48: How central do you think cities survivalist to this topic
00:50:48 --> 00:50:52: and how can we use this up green and sustainable
00:50:52 --> 00:50:55: agenda to really help reconfigure our city centers.
00:50:59 --> 00:51:00: So why did he tell you that?
00:51:00 --> 00:51:03: So did you? Can I put that question to you
00:51:03 --> 00:51:05: later if you can hear me?
00:51:05 --> 00:51:09: Up, you come off me great yeah there was a
00:51:09 --> 00:51:11: bit of a disturbance in there.
00:51:11 --> 00:51:14: You repeat your last mark the question.
00:51:14 --> 00:51:17: Yeah, it's really about you know where does the city,
00:51:17 --> 00:51:20: where does the survival of the city centers fit into
00:51:20 --> 00:51:22: the conversation we're having today?
00:51:22 --> 00:51:24: You know, how can we use the green agenda in
00:51:24 --> 00:51:26: recovery too to help improve out?
00:51:26 --> 00:51:29: You know, post retail post potentially office working changing
as
00:51:30 --> 00:51:30: well.
00:51:32 --> 00:51:35: Yeah, we think that the city will survive,
00:51:35 --> 00:51:38: so it's still very much a city play,
00:51:38 --> 00:51:41: but we have to be more flexible and more thinking
00:51:41 --> 00:51:42: more,
00:51:42 --> 00:51:45: creative. So we very much location believe it,
00:51:45 --> 00:51:49: but we have to accept that today it's it's retail
00:51:49 --> 00:51:49: tomorrow.
00:51:49 --> 00:51:54: It can be something else and that is something you
00:51:54 --> 00:51:56: have to take in mind.
00:51:56 --> 00:51:59: With every investment you make,
00:51:59 --> 00:52:02: what we also feel is it is very important to

00:52:02 --> 00:52:07: make cities more vibrant in terms of housing and one
00:52:07 --> 00:52:09: of the key points there is,
00:52:09 --> 00:52:11: I think to invest in.
00:52:11 --> 00:52:15: affordable housing in every city you will see a lot
00:52:15 --> 00:52:17: of cities across the globe,
00:52:17 --> 00:52:21: but you see big differences and big.
00:52:21 --> 00:52:24: Being lesser, the haves and the have not and that's
00:52:25 --> 00:52:27: really a killer to make a city investable.
00:52:27 --> 00:52:30: So I think that is key going forward and so
00:52:30 --> 00:52:34: looking out all the functions a city or inner city
00:52:34 --> 00:52:34: will have.
00:52:34 --> 00:52:39: I think having residential there affordable residential as well
that
00:52:39 --> 00:52:43: is key for for being a long term interesting city
00:52:43 --> 00:52:45: for consumers and for investors as well.
00:52:45 --> 00:52:49: Yeah, I think that topic of affordable housing is come
00:52:49 --> 00:52:51: up in one of the questions.
00:52:51 --> 00:52:53: We have an. Greg, we're gonna move the questions in
00:52:53 --> 00:52:54: just one moment.
00:52:54 --> 00:52:56: I wanted to talk to you about people because we
00:52:56 --> 00:52:59: feel like we're talking about solutions for cities.
00:52:59 --> 00:53:01: But actually it's really about what the people want.
00:53:01 --> 00:53:03: Someone's asked about immigration, you know.
00:53:03 --> 00:53:06: European cities attract a lot of immigration that people
touching
00:53:06 --> 00:53:07: affordable housing.
00:53:07 --> 00:53:09: How do we make sure this is the right social
00:53:09 --> 00:53:10: agenda as well?
00:53:10 --> 00:53:14: That this is right for the communities we have in
00:53:14 --> 00:53:15: our cities?
00:53:15 --> 00:53:19: Well, European cities don't attract as much immigration as
cities
00:53:19 --> 00:53:20: do.
00:53:20 --> 00:53:24: Generally in North America, or indeed increasingly in the hot
00:53:24 --> 00:53:26: spots in Asia Pacific,
00:53:26 --> 00:53:30: and actually more immigration would be very helpful for
European
00:53:30 --> 00:53:34: cities given the demographic challenges that they face.
00:53:34 --> 00:53:37: So you know that there's a key issue there,
00:53:37 --> 00:53:41: but you know all of the issues we've been talking
00:53:41 --> 00:53:41: about.
00:53:41 --> 00:53:45: Have a social dimension and a social lens to them,
00:53:45 --> 00:53:49: and I think. Guido's final point in the comment that

00:53:49 --> 00:53:52: he just made that if you like cities that are
00:53:52 --> 00:53:53: more inequitable,
00:53:53 --> 00:53:57: more polarized, more divided, are harder to invest in.
00:53:57 --> 00:54:00: I think that's a really interesting way of putting it
00:54:00 --> 00:54:02: an I think that creates,
00:54:02 --> 00:54:06: as it were, the link between sustainable shared prosperity,
00:54:06 --> 00:54:09: as it were, and the need to address the social
00:54:09 --> 00:54:10: agenda look.
00:54:10 --> 00:54:14: My view of cities is that cities are essentially sharing
00:54:14 --> 00:54:15: platforms,
00:54:15 --> 00:54:17: right? You share a housing market.
00:54:17 --> 00:54:19: You share a labor market.
00:54:19 --> 00:54:21: You share an infrastructure system.
00:54:21 --> 00:54:24: You share an institutional framework.
00:54:24 --> 00:54:27: Cities are sharing platforms. The extent to which a city
00:54:28 --> 00:54:31: is successful is determined by the degree of sharing that
00:54:31 --> 00:54:33: actually happens.
00:54:33 --> 00:54:35: This is why COVID-19 has been so stuck,
00:54:35 --> 00:54:38: because many of the shared systems,
00:54:38 --> 00:54:40: the public transport, the open spaces,
00:54:40 --> 00:54:44: the public spaces, the institutions, the theaters,
00:54:44 --> 00:54:48: the gallery's the universities they have not been able to
00:54:48 --> 00:54:49: function in the normal way.
00:54:49 --> 00:54:54: Cities produce these platforms that enable people of different
00:54:54 --> 00:54:58: income groups and different backgrounds to mix together and to
00:54:58 --> 00:54:59: enjoy
00:54:59 --> 00:55:02: the same systems.
00:54:59 --> 00:55:02: And that's what cities need to be good at.
00:55:02 --> 00:55:05: So if you build upon what Guido was saying a
00:55:05 --> 00:55:06: minute ago,
00:55:06 --> 00:55:08: that's why I would say that the future of our
00:55:09 --> 00:55:12: city centers is not so much about corporate commuters or
00:55:12 --> 00:55:13: about consumption,
00:55:13 --> 00:55:16: or about the delivery of services.
00:55:16 --> 00:55:20: It's much more about having a broadly based residential
00:55:20 --> 00:55:23: offer.
00:55:20 --> 00:55:23: It's much more about kind of bottom up enterprise where
00:55:24 --> 00:55:26: individuals can get much more involved,
00:55:26 --> 00:55:30: and it's much more about this experience economy where
00:55:30 --> 00:55:33: people
00:55:30 --> 00:55:33: can experience their city in all of it's in all
00:55:33 --> 00:55:37: of its manifestations doing different things in the same places

00:55:37 --> 00:55:40: at the same time. So we have to emphasize the
00:55:40 --> 00:55:41: public space,
00:55:41 --> 00:55:44: the shared space, the shared systems of cities.
00:55:44 --> 00:55:47: That's the way to make the cities investable in the
00:55:47 --> 00:55:48: long term.
00:55:48 --> 00:55:51: So that means reinvesting in public transport.
00:55:51 --> 00:55:53: It means reinvesting in good schooling.
00:55:53 --> 00:55:57: It means reinvesting in a healthcare service that works.
00:55:57 --> 00:56:00: Those things are actually the critical thing to deliver.
00:56:00 --> 00:56:04: The promise of cities. Otherwise they become privatized,
00:56:04 --> 00:56:08: fragmented islands of activity that simply don't work.
00:56:08 --> 00:56:10: OK, thank you Greg. I just got Nikki.
00:56:10 --> 00:56:12: Maybe you can cover up a couple of our questions
00:56:12 --> 00:56:14: quickly and one is about privacy where I think always
00:56:15 --> 00:56:16: comes up around new technology.
00:56:16 --> 00:56:19: New solutions just concerns about the boundaries of
protection and
00:56:20 --> 00:56:23: privacy and the other is more specifically about something
called
00:56:23 --> 00:56:26: positive energy districts which I'm hoping you know about.
00:56:26 --> 00:56:28: The idea, right? So I'm.
00:56:30 --> 00:56:35: So on privacy, I think it actually links to.
00:56:35 --> 00:56:40: Something about transparency and trust and a requirement
actually for
00:56:40 --> 00:56:41: organizations,
00:56:41 --> 00:56:45: typically large corporate organisations to be more transparent
so that
00:56:45 --> 00:56:49: it will enable them to be more trustworthy with everybody
00:56:49 --> 00:56:51: that they're dealing with.
00:56:51 --> 00:56:55: And in Europe, clearly we've got some really great rules
00:56:55 --> 00:56:56: and regulations about this,
00:56:56 --> 00:57:00: and customers have options to opt in or opt out
00:57:00 --> 00:57:03: of data privacy regulations and what they sign up to,
00:57:03 --> 00:57:06: but it fundamentally comes down to me.
00:57:06 --> 00:57:08: It's about transparency and trust.
00:57:08 --> 00:57:13: What are corporations doing to demonstrate that citizens that
customers
00:57:13 --> 00:57:17: should have trust in them and digitising is one way
00:57:17 --> 00:57:21: of driving efficiency and therefore we need to make sure
00:57:21 --> 00:57:25: we've got the right systems and solutions in place to
00:57:25 --> 00:57:28: manage that balance of privacy as well.
00:57:28 --> 00:57:32: The second question around positive energy districts,
00:57:32 --> 00:57:36: assuming that the question is relating more to.

00:57:36 --> 00:57:39: sSome organizations so Microsoft. For example,
00:57:39 --> 00:57:43: I've spoken about being net carbon positive and so I'm
00:57:43 --> 00:57:45: assuming it's in relation to that,
00:57:45 --> 00:57:48: so if it's not, please do flag in the box.
00:57:48 --> 00:57:53: Yeah, I think related assets more integrated approaches
yeah?
00:57:53 --> 00:57:56: Yeah, so I think integrated approaches are going to be
00:57:56 --> 00:57:57: more important.
00:57:57 --> 00:58:01: As we've already mentioned from an energy mobility
perspective,
00:58:01 --> 00:58:05: there are more and more solutions available in the
marketplace
00:58:05 --> 00:58:09: and therefore creating bespoke solutions to specific areas
are going
00:58:09 --> 00:58:10: to be critical.
00:58:10 --> 00:58:13: So for example, I'm going to use the Houston Aberdeen
00:58:13 --> 00:58:13: example.
00:58:13 --> 00:58:17: Offshore wind is going to be massively important in the
00:58:17 --> 00:58:18: environment,
00:58:18 --> 00:58:21: the geography, the weather patterns of Aberdeen solar,
00:58:21 --> 00:58:22: perhaps a little less so,
00:58:22 --> 00:58:25: whereas in Houston Solar's gonna be.
00:58:25 --> 00:58:27: A particularly important source of energy,
00:58:27 --> 00:58:30: actually alongside wind, so it's really about how do we
00:58:30 --> 00:58:34: create the right solutions in the right environmental context in
00:58:34 --> 00:58:36: which they are finding to meet the needs of the
00:58:36 --> 00:58:39: population in which we are working together to provide all
00:58:39 --> 00:58:41: of their solutions for great.
00:58:41 --> 00:58:44: Well, we knew that this conversation was going to take
00:58:44 --> 00:58:46: us past the hour if we let it thank you.
00:58:46 --> 00:58:48: Always have those questions. Apologies,
00:58:48 --> 00:58:51: we haven't managed to get to all of them,
00:58:51 --> 00:58:53: but I really want to thank Greg, Guido and Nikki
00:58:53 --> 00:58:54: for starting off.
00:58:54 --> 00:58:57: Well, I think is really important conversations about.
00:58:57 --> 00:59:01: These are really marrying up that green agenda with the
00:59:01 --> 00:59:03: health and wealth of our city,
00:59:03 --> 00:59:05: so thank you so much for your time on that,
00:59:05 --> 00:59:08: so we're going to we've got a a survey that's
00:59:08 --> 00:59:10: going to be popped into the chat box to maybe
00:59:10 --> 00:59:13: if you as an attendee are able to click on
00:59:13 --> 00:59:14: that and just takes 2 minutes.
00:59:14 --> 00:59:18: We really appreciate your feedback on all those and also

00:59:18 --> 00:59:20: we have got a couple more and there are couple
00:59:20 --> 00:59:22: more you webinars coming up.
00:59:22 --> 00:59:24: There's the UI. Belgium annual conference.
00:59:24 --> 00:59:26: What's next for real estate and cities,
00:59:26 --> 00:59:30: as you can see we're continuing the conversation again.
00:59:30 --> 00:59:34: And in another way reuse and recycle positive change
through
00:59:34 --> 00:59:35: circularity.
00:59:35 --> 00:59:39: We continue this digital program and the 2021 agenda will
00:59:39 --> 00:59:42: also you'll see that soon followed by email and on
00:59:42 --> 00:59:44: social media and of course,
00:59:44 --> 00:59:47: the annual gathering of ULI will happen for Europe,
00:59:47 --> 00:59:51: the virtual Europe conference will happen on the 8th.
00:59:51 --> 00:59:54: The 10th of February. On 20 next year,
00:59:54 --> 00:59:58: so please. You'll see lots more details about that online
00:59:58 --> 01:00:01: so I just want to thank you very much for.
01:00:01 --> 01:00:03: But all your attention today.
01:00:03 --> 01:00:05: Thanks again to the panelists and we look forward to
01:00:05 --> 01:00:08: seeing you again at the next Web and our until
01:00:08 --> 01:00:08: then.
01:00:08 --> 01:00:10: I hope you have a pleasant Monday morning.
01:00:10 --> 01:00:11: So thanks very much.

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