Video

Live Launch at MIPIM: Emerging Trends in Real Estate?? Global Outlook 2022

Date: March 15, 2022

00:00:39 --> 00:14:09:	Yeah. Psychology. Good
00:14:09 --> 00:14:14:	afternoon everyone and welcome to emerging Trends in Real Estate
00:14:14 --> 00:14:14:	2022.
00:14:15 --> 00:14:18:	The global launch. My name is Garth Lewis.
00:14:18 --> 00:14:22:	I'm a director at PwC will estate team based in
00:14:23 --> 00:14:27:	London I work in corporate finance and M&A and I
00:14:27 --> 00:14:31:	also lead the real estate thought leadership at PwC.
00:14:31 --> 00:14:36:	Including our emerging trends in Ministate publication alongside with the
00:14:36 --> 00:14:39:	the ULI and I'd like to take this opportunity to
00:14:39 --> 00:14:42:	thank Lizette and Dawn and the UI team for their
00:14:42 --> 00:14:47:	collaboration with this global report and the three regional reports.
00:14:47 --> 00:14:50:	I'm gonna give some very brief highlights.
00:14:50 --> 00:14:52:	Just a note up to the control room.
00:14:52 --> 00:14:54:	If you can share share my notes,
00:14:54 --> 00:14:54:	that would be that would be great.
00:14:54 --> 00:14:57:	Thank you which are on the screen and then we're
00:14:57 --> 00:15:00:	going to hand over to Patricia who's going to lead
00:15:00 --> 00:15:02:	us through a panel discussion.
00:15:02 --> 00:15:05:	And we'll introduce the panelists as well.
00:15:05 --> 00:15:09:	So what's the the global outlook for real estate in
00:15:10 --> 00:15:10:	2022?
00:15:10 --> 00:15:14:	Well, a sort of combination of uncertainty and positivity.
00:15:14 --> 00:15:18:	It was the theme key theme coming back from the
00:15:18 --> 00:15:22:	three and a half thousand survey participants that were that
00:15:22 --> 00:15:24:	took part in this year's survey.
00:15:24 --> 00:15:27:	So in many ways are not dissimilar theme to coming
00:15:27 --> 00:15:30:	out of where we were two years ago before the

00:15:30 --> 00:15:32:	start of the pandemic.
00:15:32 --> 00:15:33:	And just as everyone hoped,
00:15:33 --> 00:15:37:	the pandemic. Was receding we had the the crisis in
00:15:37 --> 00:15:41:	Ukraine which has set off another wave of apprehension across
00:15:41 --> 00:15:45:	Europe in relation to the the concerns around the wider
00:15:45 --> 00:15:57:	pandemic. But let's first just set the scene.
00:15:57 --> 00:16:00:	2021 was a extraordinary year in terms of capital flows.
00:16:00 --> 00:16:04:	As you can see from this slide in 2021,
00:16:04 --> 00:16:07:	there were 1.3 trillion of global real estate sales.
00:16:07 --> 00:16:12:	That's 59% higher than 2020 and 22%
00:16:12 --> 00:16:15:	higher, so 22% higher than 2019.
00:16:15 --> 00:16:18:	That's according to Real Capital Analytics,
00:16:18 --> 00:16:21:	and that demand for real estate was led by residential
00:16:21 --> 00:16:22:	and logistics.
00:16:22 --> 00:16:25:	And I and I key upsurge in activity in the
00:16:25 --> 00:16:29:	US and the key that's driving this is really the
00:16:29 --> 00:16:32:	premium between property yields and rates.
00:16:32 --> 00:16:37:	And whilst that positive capital market perspective continues to hold
00:16:37 --> 00:16:39:	good for the time being.
00:16:39 --> 00:16:42:	The uncertainty that we're seeing at the moment is inevitably
00:16:42 --> 00:16:43:	going to slow down dealmaking,
00:16:43 --> 00:16:52:	especially in the EU. But the first thing to be
00:16:52 --> 00:16:54:	addressed,
00:16:54 --> 00:16:57:	of course, is the Russian invasion of Ukraine and begin
00:16:57 --> 00:17:00:	will begin by acknowledging the humanitarian tragedy which is unfolding
00:17:01 --> 00:17:01:	across the region.
00:17:01 --> 00:17:04:	But what does this mean for global real estate?
00:17:04 --> 00:17:06:	And if there is a consensus among economists,
00:17:06 --> 00:17:10:	is that the Ukraine conflict is unlikely to lead to
00:17:10 --> 00:17:11:	a world recession,
00:17:11 --> 00:17:14:	although no one is actually ruling out that outcome.
00:17:14 --> 00:17:15:	And at the very least,
00:17:15 --> 00:17:19:	however, the effect of the Russian invasion of Ukraine is
00:17:19 --> 00:17:22:	expected to be far greater geopolitical risk.
00:17:22 --> 00:17:27:	Alongside slower global growth and critically higher and longer lasting
00:17:27 --> 00:17:28:	inflation.
00:17:28 --> 00:17:32:	And even that relatively benign macro scenario this year would
00:17:32 --> 00:17:35:	serve as a major jolt to the real estate industry,

00:17:35 --> 00:17:39: particularly compared to 2021 as you just seen on the
00:17:39 --> 00:17:40: previous slide.
00:17:40 --> 00:17:43: It is possible that the industry in Europe may have
00:17:43 --> 00:17:45: to deal with the consequences of a very swift change
00:17:45 --> 00:17:49: in government spending in favor of sectors like defence and
00:17:49 --> 00:17:52: energy policies, and away from areas that directly impact real
00:17:52 --> 00:17:53: estate in a positive way,
00:17:53 --> 00:17:55: such as infrastructure and housing.
00:17:55 --> 00:17:59: And yet the invasion of Ukraine poses bigger questions around
00:17:59 --> 00:18:00: the ESG agenda,
00:18:00 --> 00:18:03: and in particular the impact the acute problems of energy
00:18:03 --> 00:18:06: security will have on the ASG agenda in the longer
00:18:06 --> 00:18:06: term.
00:18:15 --> 00:18:17: And looking at inflationary pressure in January,
00:18:17 --> 00:18:20: inflation in Europe hit five point 1%
00:18:20 --> 00:18:22: and in the US 7.5%
00:18:22 --> 00:18:25: which is the fastest annual rise for 40 years.
00:18:25 --> 00:18:28: The full impact on real estate of Labor shortages,
00:18:28 --> 00:18:32: rising wages, food bills and energy costs remains unclear.
00:18:32 --> 00:18:35: Yet the prevailing view among many in the industry seems
00:18:35 --> 00:18:37: to be that this is going to.
00:18:37 --> 00:18:40: We're going to see moderating economic growth with inflation peaking
00:18:40 --> 00:18:41: this year.
00:18:41 --> 00:18:43: As you can see on the chart.
00:18:43 --> 00:18:46: And this has understandably led through lead through to concerns
00:18:46 --> 00:18:50: around construction material and labor costs in North America and
00:18:50 --> 00:18:51: Europe in particular.
00:18:51 --> 00:18:53: And these were in fact the topped ranked concerns coming
00:18:53 --> 00:18:55: out of the emerging and trends regional reports,
00:18:55 --> 00:18:58: even before the Ukrainian crisis.
00:18:58 --> 00:19:01: Whilst inflation appears to be less of a concern in
00:19:01 --> 00:19:03: Asia Pacific than in other regions,
00:19:03 --> 00:19:06: even there adds to this challenge around development and rising
00:19:06 --> 00:19:07: costs,
00:19:07 --> 00:19:10: but with big caveats over development and a huge uncertainty
00:19:10 --> 00:19:12: due to the invasion of the Ukraine.
00:19:12 --> 00:19:15: Most interviews still hang on to the traditional view of

00:19:15 --> 00:19:18: real estate as being a good inflation hedge generally.
00:19:21 --> 00:19:23: And here's a quick look now at the the key
00:19:23 --> 00:19:26: points coming out of from the global report on the
00:19:26 --> 00:19:27: four main real estate sectors.
00:19:27 --> 00:19:30: Firstly, logistics with a buildup of capital flows that favors
00:19:30 --> 00:19:32: real estate over other asset classes.
00:19:32 --> 00:19:36: Logistics means the main draw alongside residential.
00:19:36 --> 00:19:39: Even last year there were some hesitancy around pricing on
00:19:39 --> 00:19:42: logistics and one year on logistics has come to a
00:19:42 --> 00:19:46: Pitta Mize the potential risks and rewards of investing in
00:19:46 --> 00:19:47: real estate. A sort of lightning.
00:19:47 --> 00:19:50: What if you like for the bullish and bearish comments
00:19:50 --> 00:19:52: about the asset class as a whole?
00:19:52 --> 00:19:55: But there are concerns voiced around late cycle pricing and
00:19:55 --> 00:19:57: adjust its concerns over rental growth and a number of
00:19:57 --> 00:20:00: interviews point to the fact that the logistics on the
00:20:00 --> 00:20:04: development side is potentially more exposed to inflation than other
00:20:04 --> 00:20:07: sectors just because of the nature of the product.
00:20:07 --> 00:20:10: In retail, we're still seeing declining investment volumes,
00:20:10 --> 00:20:12: the the real estate pariah asset class if you like,
00:20:12 --> 00:20:16: but we've also heard talk about retail being potentially oversold
00:20:16 --> 00:20:20: and a growing reference to the number of opportunities that
00:20:20 --> 00:20:22: could come that are presented by a sort of uneven.
00:20:22 --> 00:20:25: Recovery and in office is a sort of a similar
00:20:25 --> 00:20:26: theme.
00:20:26 --> 00:20:29: Their opportunities coming from an uneven recovery.
00:20:29 --> 00:20:33: There's no clear consensus yet on the long term impact
00:20:33 --> 00:20:37: of working from home and or dispersed workforce,
00:20:37 --> 00:20:40: and we're certainly seeing geographical differences both in terms of
00:20:40 --> 00:20:42: the impact of that working from home disruption and the
00:20:43 --> 00:20:44: way they're bouncing back.
00:20:44 --> 00:20:47: For example, in Asia, there appears to be less impact,
00:20:47 --> 00:20:49: and in Seoul, for instance,
00:20:49 --> 00:20:52: office investment in 2021 was well ahead of previous years.
00:20:52 --> 00:20:54: Again, according to real capital.
00:20:54 --> 00:20:57: Analytics. And in residential for investors,
00:20:57 --> 00:21:01: the flip side of that widespread affordability problem has been
00:21:01 --> 00:21:05: that continued reallocation of capital from unfavored sectors into various
00:21:05 --> 00:21:06: forms of housing,

00:21:06 --> 00:21:09: and again the growing attraction of residential has been reflected
00:21:09 --> 00:21:10: in our emerging trends.
00:21:10 --> 00:21:13: Regional reports, particularly in North America and Europe.
00:21:16 --> 00:21:20: Beyond those mainstream sectors, alternative real estate sectors are gaining
00:21:20 --> 00:21:24: popularity as part of a fundamental shift into more operational
00:21:24 --> 00:21:26: and real estate and service based real estate,
00:21:26 --> 00:21:29: and in particular, this applies to those sectors where the
00:21:29 --> 00:21:32: underlying business growth is coming from digitalization,
00:21:32 --> 00:21:36: Wellness and health care, and also an asset classes where
00:21:36 --> 00:21:40: you can add a service component to generate returns.
00:21:40 --> 00:21:43: Operational real estate has also won plaudits and support across
00:21:43 --> 00:21:44: the industry,
00:21:44 --> 00:21:47: partly because it's Contra cyclical and more of an inflation
00:21:47 --> 00:21:47: hedge.
00:21:47 --> 00:21:49: Than some other mainstream sectors,
00:21:49 --> 00:21:51: and it does remain to be seen whether demand for
00:21:51 --> 00:21:55: such assets will become even more stronger during the period
00:21:55 --> 00:21:58: during the economic fallout from the Ukraine crisis and rising
00:21:58 --> 00:22:03: inflation. But there are some common themes across all real
00:22:03 --> 00:22:04: estate sectors.
00:22:04 --> 00:22:07: The industry is paying much closer attention to detail in
00:22:07 --> 00:22:11: asset management and the due diligence undertaking on the acquisition
00:22:11 --> 00:22:14: of any property would be much more rigorous than ever.
00:22:14 --> 00:22:17: Another common theme is repurposing.
00:22:17 --> 00:22:20: Repurposing is gathering pace and despite overall resilience,
00:22:20 --> 00:22:23: some sectors and markets have experienced upheaval,
00:22:23 --> 00:22:26: leaving many assets obsolete and needing to be repurposed.
00:22:26 --> 00:22:28: A theme that, to varying degrees,
00:22:28 --> 00:22:31: was reflected across all three regional reports.
00:22:31 --> 00:22:34: Europe, Asia and North America in Europe,
00:22:34 --> 00:22:38: 52% of respondents increase the number of assets we purpose
00:22:38 --> 00:22:40: compared to previous year.
00:22:40 --> 00:22:42: The most commonly converted assets.
00:22:42 --> 00:22:45: As you can see from the slide is from mixed
00:22:45 --> 00:22:46: use.
00:22:46 --> 00:22:49: Sorry from retail to mixed use and from office to
00:22:50 --> 00:22:50: residential.

00:22:50 --> 00:22:53: And that need for re purposing is not gonna go
00:22:53 --> 00:22:53: away soon,
00:22:53 --> 00:22:56: but the clear message message back from the research is
00:22:56 --> 00:23:00: that repurposing is a much more complex and challenging proposition
00:23:00 --> 00:23:01: that many give it credit for.
00:23:05 --> 00:23:09: What about the investment prospects for global cities?
00:23:09 --> 00:23:12: Big cities still find favor with industries leaders interviewed for
00:23:12 --> 00:23:13: the emerging trends.
00:23:13 --> 00:23:17: Europe and Asia report reflecting a preference for the safe
00:23:17 --> 00:23:20: and familiar as well as the adaptability of the bigger
00:23:20 --> 00:23:24: markets to structural changes in society and against the backdrop
00:23:24 --> 00:23:28: of economic uncertainty following the pandemic is therefore little surprise
00:23:28 --> 00:23:28: that London,
00:23:28 --> 00:23:32: Berlin and Paris are seen as the best investment prospects
00:23:32 --> 00:23:33: in Europe and that in in Asia,
00:23:33 --> 00:23:38: Tokyo, Singapore and Sydney. Lead the rankings there.
00:23:38 --> 00:23:41: I think it's noteworthy that London now tops the European
00:23:41 --> 00:23:43: rankings despite being perceived,
00:23:43 --> 00:23:46: or at least have suffered in the immediate fat rush
00:23:46 --> 00:23:49: more than others against big cities and long commutes during
00:23:49 --> 00:23:51: the worst of the pandemic in 2020.
00:23:51 --> 00:23:54: These major denser cities are seen to be much more
00:23:54 --> 00:23:56: resilient to the working from home trend.
00:23:56 --> 00:23:59: And that narrative around city growth is is arguably a
00:23:59 --> 00:24:02: bit more nuanced in emerging trends US and Canada,
00:24:02 --> 00:24:06: which identifies with a sort of a more suburban future,
00:24:06 --> 00:24:09: particularly in the Sunbelt region.
00:24:09 --> 00:24:12: I've certainly heard many speculate those larger U.S.
00:24:12 --> 00:24:15: cities are less well equipped to bounce back from that
00:24:15 --> 00:24:18: working from home disruption and the projection of the longcut
00:24:18 --> 00:24:20: commute as I mentioned,
00:24:20 --> 00:24:23: because these cities, I think compared to Europe have generally
00:24:23 --> 00:24:26: grown to be more car centric and perhaps less well
00:24:26 --> 00:24:29: equipped to respond to some of the the growing importance
00:24:29 --> 00:24:31: of areas like walkability and the concept of the 15
00:24:31 --> 00:24:32: minute city.
00:24:40 --> 00:24:42: Before I hand over to to the panel,

00:24:42 --> 00:24:45: I'll just like to touch on another major agenda for
00:24:45 --> 00:24:46: the industry,
00:24:46 --> 00:24:49: and that's the ESG agenda as we explored in Chapter
00:24:49 --> 00:24:50: 2 of this year's report,
00:24:50 --> 00:24:55: there's been a huge reallocation of capital towards decarbonisation but
00:24:55 --> 00:24:57: so much more in real estate that can be done
00:24:57 --> 00:24:59: by lenders and regulators.
00:24:59 --> 00:25:02: If the industry industry is to meet those targets,
00:25:02 --> 00:25:05: and the OECD has called for seven trillion to be
00:25:05 --> 00:25:08: invested each year between now and 2030 for the world
00:25:08 --> 00:25:11: to meet climate and development objectives.
00:25:11 --> 00:25:15: And that reallocation has a potential to enable real estate
00:25:15 --> 00:25:17: to play its part in decarbonising,
00:25:17 --> 00:25:20: the world economy, equity and debt providers in particular that
00:25:20 --> 00:25:22: drive real estate and determine how it acts,
00:25:22 --> 00:25:26: have the power to influence the industry's approach to issues
00:25:26 --> 00:25:29: like decarbonisation and social impact and the indications from our
00:25:29 --> 00:25:32: research are that it's the equity investors that are leading
00:25:32 --> 00:25:35: the charge there and working to get ahead of the
00:25:35 --> 00:25:35: regulation.
00:25:35 --> 00:25:39: Whereas debt providers, with notable exceptions seem to be waiting
00:25:39 --> 00:25:41: for regulation to come.
00:25:41 --> 00:25:44: One of the biggest challenges that real estate industry needs
00:25:44 --> 00:25:46: to come together to work with regulators to harmonize the
00:25:46 --> 00:25:49: definition of 0 carbon the way in which carbon emissions
00:25:49 --> 00:25:52: are measured and how green buildings are classified and a
00:25:52 --> 00:25:55: lack of agreement about the the the benchmark level for
00:25:55 --> 00:25:59: emissions from the building hinders the ability of a lender
00:25:59 --> 00:26:02: to demand improvements, but as already mentioned,
00:26:02 --> 00:26:05: there is now great uncertainty about whether the surging energy
00:26:05 --> 00:26:08: costs resulting from the Ukrainian crisis will speed up or
00:26:08 --> 00:26:11: undermine the global transition from fossil fuels.
00:26:11 --> 00:26:14: To clean energy sources, the danger is that those high
00:26:14 --> 00:26:17: prices will spur further investment in oil and gas production,
00:26:17 --> 00:26:20: just as they did in previous crises and for the
00:26:20 --> 00:26:21: longer term,
00:26:21 --> 00:26:23: the hope at least is that the acute problems of
00:26:23 --> 00:26:26: energy security will act as a wake up call to

00:26:26 --> 00:26:30: governments about the radical economic transformation that they need to

00:26:30 --> 00:26:34: implement the ESG agenda. And with that I'll hand over

00:26:34 --> 00:26:36: to Patricia to lead the panel.

00:26:37 --> 00:26:38: Thank you very very much,

00:26:38 --> 00:26:45: Garth. So hello everyone, it's great to see such a

00:26:45 --> 00:26:51: full room of people back at Mipim after a couple

00:26:51 --> 00:26:53: of years away.

00:26:53 --> 00:26:56: So welcome all and thank you for joining our panel.

00:26:56 --> 00:26:59: My name is Patricia Bender Riviera and I sit on

00:26:59 --> 00:27:03: the client and partner group at KKR covering Investor Relations

00:27:03 --> 00:27:05: in real estate across the EMEA region.

00:27:05 --> 00:27:08: And before we get started and comment on a couple

00:27:08 --> 00:27:11: of themes that were brought up in Garth presentation,

00:27:11 --> 00:27:15: I'd like to have the panel introduce themselves so that

00:27:15 --> 00:27:18: you understand the context with which everyone is commenting,

00:27:18 --> 00:27:19: and so I'll start with you,

00:27:19 --> 00:27:20: please, Brian.

00:27:21 --> 00:27:23: Thanks, Patricia. I'm Brian klimczyk.

00:27:23 --> 00:27:28: I'm head of European research and global portfolio strategies for

00:27:28 --> 00:27:29: the cell.

00:27:29 --> 00:27:33: I have covered Europe primarily in my career,

00:27:33 --> 00:27:35: but I've also lived and worked in covered markets,

00:27:35 --> 00:27:39: North America, and in Hong Kong and Asia Pacific,

00:27:39 --> 00:27:42: so trying to bring some of that global experience.

00:27:42 --> 00:27:44: Since this is the global emerging trends report,

00:27:44 --> 00:27:47: I look forward to talking about how these these trends

00:27:47 --> 00:27:48: impact the whole world.

00:27:48 --> 00:27:50: Thank you Brian. Over to you Elvira.

00:27:51 --> 00:27:54: Good afternoon everyone. My name is Elvira Kruger.

00:27:54 --> 00:27:59: I'm the global head of real estate and infrastructure at

00:27:59 --> 00:28:05: ING and we service institutional real estate investors across the

00:28:05 --> 00:28:07: globe with 14.

00:28:07 --> 00:28:11: Dedicated teams in three continents.

00:28:11 --> 00:28:14: It's really good to see everyone and to be able

00:28:14 --> 00:28:16: to do an event like this in person.

00:28:16 --> 00:28:19: Finally, after two years of screen time,

00:28:19 --> 00:28:22: hopefully I can give you a bit of perspective on

00:28:22 --> 00:28:25: how the lending community looks at the trends in real

00:28:25 --> 00:28:26: estate.
00:28:28 --> 00:28:30: Hello, my name is Lars Huber.
00:28:30 --> 00:28:33: I'm the CEO for Heinz Europe.
00:28:33 --> 00:28:38: In the best manager and developer across 12 countries in
00:28:38 --> 00:28:39: the region,
00:28:39 --> 00:28:41: just as Patricia mentioned, I'm extremely excited for this to
00:28:42 --> 00:28:42: be going ahead,
00:28:42 --> 00:28:46: and I think me Pam has done an amazing job
00:28:46 --> 00:28:50: of making the government get rid of the masks.
00:28:50 --> 00:28:54: During you know mandatory rules just in time for this
00:28:54 --> 00:28:55: conference.
00:28:55 --> 00:28:56: So well done, that's very exciting.
00:28:58 --> 00:28:59: My name
00:28:59 --> 00:29:02: is Lisa defender and I'm the CEO Europe for ULI
00:29:02 --> 00:29:04: Urban Land Institute.
00:29:04 --> 00:29:09: We're a global nonprofit organization active in real estate and
00:29:09 --> 00:29:11: Urban Development.
00:29:11 --> 00:29:15: Focused on knowledge sharing and best practices.
00:29:15 --> 00:29:18: And worked with PwC as carrot points out on the
00:29:19 --> 00:29:23: emerging trends report and on this occasion I would like
00:29:23 --> 00:29:24: to thank PW.
00:29:24 --> 00:29:28: C For a long standing collaboration in this field.
00:29:28 --> 00:29:32: We're actually going to celebrate the 20th anniversary of the
00:29:32 --> 00:29:36: report in the coming year and already looking forward to
00:29:36 --> 00:29:36: that.
00:29:36 --> 00:29:39: And it's great to see such a room filled that
00:29:39 --> 00:29:42: you're all interested to hear more about this.
00:29:43 --> 00:29:46: Thank you all very much and very pleased to have
00:29:46 --> 00:29:49: such a distinguished panel with us today to talk through
00:29:49 --> 00:29:50: some of these topics.
00:29:50 --> 00:29:53: So we'll start with the first question.
00:29:53 --> 00:29:55: So from a humanitarian perspective,
00:29:55 --> 00:29:58: as Garth mentioned earlier, the situation in Ukraine is a
00:29:58 --> 00:30:01: tragedy with no clear end insight.
00:30:01 --> 00:30:02: Over the past three weeks,
00:30:02 --> 00:30:05: the West response to Russia has come in the form
00:30:05 --> 00:30:07: of strong economic and financial sanctions.
00:30:07 --> 00:30:11: Brian, could you please comment on the macro implications?
00:30:12 --> 00:30:16: And I first want to start by reiterating the point
00:30:16 --> 00:30:18: about the humanitarian suffering.
00:30:18 --> 00:30:21: I mean everything that we're going to say about impact
00:30:21 --> 00:30:23: on real estate markets is really,

00:30:23 --> 00:30:29: truly secondary to that. So thank you for recognizing that.
00:30:29 --> 00:30:30: I like to think about it,
00:30:30 --> 00:30:35: sort of, segmenting the impact into direct and indirect impacts.
00:30:35 --> 00:30:41: So the direct side is actually pretty easier to dismiss.
00:30:41 --> 00:30:46: And our estimates Russia and Ukraine together are just 3%
00:30:46 --> 00:30:51: of the European investable institutional real estate universe.
00:30:51 --> 00:30:56: My firm LaSalle has no offices or assets in either
00:30:56 --> 00:30:56: market.
00:30:56 --> 00:31:00: And you know more of the people in this room
00:31:00 --> 00:31:04: have are likely to have interests in the EU.
00:31:04 --> 00:31:08: Member NATO member Central and Eastern European states such as
00:31:08 --> 00:31:10: Poland or the Czech Republic,
00:31:10 --> 00:31:13: but. Except in a very tail risk scenario,
00:31:13 --> 00:31:18: it's hard to imagine this conflict escalating into incursions into
00:31:18 --> 00:31:20: NATO member territory.
00:31:20 --> 00:31:22: But let's let's try to not go there.
00:31:22 --> 00:31:24: 'cause that is beyond the expertise.
00:31:24 --> 00:31:28: I would argue with the panel and into the realm
00:31:28 --> 00:31:31: of sort of macro geopolitics.
00:31:31 --> 00:31:33: So let's let's try and bring it back to the
00:31:33 --> 00:31:34: economic side.
00:31:34 --> 00:31:38: So the direct economic linkages you have,
00:31:38 --> 00:31:40: the direct impact on economic growth.
00:31:40 --> 00:31:44: OK, this is obviously devastating for the Ukraine.
00:31:44 --> 00:31:47: Ukrainian economy, for obvious reasons.
00:31:47 --> 00:31:51: And the Russian economy because of the sanctions and the
00:31:51 --> 00:31:55: way that the world is successfully isolating Russia.
00:31:55 --> 00:31:58: The economic linkages to the rest of the world and
00:31:58 --> 00:32:02: including Europe are actually pretty limited in the aggregate,
00:32:02 --> 00:32:05: so even the CE countries which have the closest trading
00:32:05 --> 00:32:06: relationships,
00:32:06 --> 00:32:10: such as Poland, only send around between one and 3%
00:32:10 --> 00:32:13: of their exports to to Russia.
00:32:13 --> 00:32:16: But it matters very, very much what those trade links
00:32:16 --> 00:32:17: are,
00:32:17 --> 00:32:20: because it's not a diversified range of goods.
00:32:20 --> 00:32:23: It's heavily concentrated, which brings us to the indirect economic
00:32:23 --> 00:32:24: linkages which are.
00:32:25 --> 00:32:28: What is most important? So we really are are focused
00:32:28 --> 00:32:31: on three channels of impact inflation,

00:32:31 --> 00:32:36: generalized risk off, sentiment in the markets and accelerated changes

00:32:36 --> 00:32:38: in the European energy mix.

00:32:38 --> 00:32:43: So quickly taking each of these inflation you know those

00:32:43 --> 00:32:44: trade flows.

00:32:44 --> 00:32:46: As I said, look small by the numbers but but

00:32:46 --> 00:32:47: but they're oil,

00:32:47 --> 00:32:51: gas, metals, and wheat. These are key economies.

00:32:51 --> 00:32:53: When I think about inflation,

00:32:53 --> 00:32:57: there's there's good inflation. Which is the inflation that comes

00:32:57 --> 00:33:01: when economies are growing and operating close to full capacity

00:33:01 --> 00:33:06: and there's bad inflation when higher prices aren't being caused

00:33:06 --> 00:33:09: by or or occurring alongside strong growth,

00:33:09 --> 00:33:13: and so this is really representing an extra dose of

00:33:13 --> 00:33:16: bad inflation at an unwelcome time.

00:33:16 --> 00:33:19: I also mentioned risk off sentiment risk aversion,

00:33:19 --> 00:33:24: so this is really creating a tightening in financial conditions

00:33:25 --> 00:33:28: even before Central bank tightening.

00:33:28 --> 00:33:32: So it's it's. It's effectively an incremental tightening for risk

00:33:32 --> 00:33:35: assets in real estate is a risk asset.

00:33:35 --> 00:33:37: And then finally, there's the energy mix point.

00:33:37 --> 00:33:40: There's a bit of a debate as to whether the

00:33:40 --> 00:33:45: surge in energy prices will accelerate or hinder the sustainability.

00:33:45 --> 00:33:49: Dr. I know that in US politics there's some argument

00:33:49 --> 00:33:52: that this will just cause politicians to say,

00:33:52 --> 00:33:56: let's just drill, drill, drill and get those prices down.

00:33:56 --> 00:34:00: That's not my view. I think that the focus on

00:34:00 --> 00:34:05: energy security will actually be an accelerator for.

00:34:05 --> 00:34:08: Green energy and decarbonisation. The things that we've already been

00:34:08 --> 00:34:10: talking about to solve the other big crisis of the

00:34:10 --> 00:34:10: day,

00:34:10 --> 00:34:12: which is of course the climate crisis.

00:34:13 --> 00:34:14: I think thank you very much,

00:34:14 --> 00:34:17: Brian. And I was actually speaking to someone at ESG

00:34:17 --> 00:34:20: consultant this morning who had a similar review to you.

00:34:20 --> 00:34:22: So interesting to hear that.

00:34:22 --> 00:34:25: And thank you for for all your comments.

00:34:25 --> 00:34:28: Lars and Elvera enough to bleed.

00:34:28 --> 00:34:33: This means more uncertainty. How are the capital markets reacting
00:34:34 --> 00:34:37: and can you comment on the appetite for risk in
00:34:37 --> 00:34:40: the real estate sector today?
00:34:40 --> 00:34:41: As you wish, Elvira.
00:34:42 --> 00:34:43: Yeah, I think
00:34:44 --> 00:34:49: I think it's an incredibly complex question to answer today
00:34:49 --> 00:34:50: because.
00:34:50 --> 00:34:55: Obviously the as Brian mentioned that we the entire investor
00:34:55 --> 00:35:00: universe has divided the impact into direct and indirect and
00:35:01 --> 00:35:02: at this point in time,
00:35:02 --> 00:35:08: I don't think there's anyone left who actually believes that
00:35:08 --> 00:35:11: the entire indirect effect will be.
00:35:11 --> 00:35:14: Muted for a long time.
00:35:14 --> 00:35:18: If anything. I think we all woke up this morning
00:35:18 --> 00:35:21: to the news of what's going on in China and
00:35:21 --> 00:35:24: that should give everybody a bit of a jog and
00:35:24 --> 00:35:29: memory of exactly how these types of events can have
00:35:29 --> 00:35:31: a spillover effect.
00:35:31 --> 00:35:33: In terms of macroeconomic impact,
00:35:33 --> 00:35:37: I think on in terms of real estate.
00:35:37 --> 00:35:40: Investments. There is a few things,
00:35:40 --> 00:35:44: and when we speak with our clients that are common
00:35:44 --> 00:35:48: themes generally still there is the view that real estate
00:35:48 --> 00:35:51: is going to be seen as somewhat of a safe
00:35:51 --> 00:35:55: haven in a very, very volatile time.
00:35:55 --> 00:36:02: Having said that, there is certainly hesitancy around pricing,
00:36:02 --> 00:36:05: so that will definitely impact.
00:36:05 --> 00:36:10: Volumes there is a concern around inflation.
00:36:10 --> 00:36:15: Clearly everyone is trying to assess what rental growth will
00:36:15 --> 00:36:15: look like.
00:36:15 --> 00:36:19: There's lots of question marks on the occupancy side and
00:36:19 --> 00:36:23: whether or not we need to be concerned with given
00:36:23 --> 00:36:28: the general macroeconomic impact that the tenants are actually able
00:36:28 --> 00:36:32: to keep up with the rental inflation.
00:36:32 --> 00:36:37: There's certainly a drive to differentiate.
00:36:37 --> 00:36:43: Right? We've talked about potential winners and losers and real
00:36:43 --> 00:36:46: estate in terms of asset classes,
00:36:46 --> 00:36:50: but what we hear more and more from our clients
00:36:50 --> 00:36:52: is that diversification,
00:36:53 --> 00:36:56: both in terms of geographies but also in terms of

00:36:56 --> 00:36:57: asset classes,
00:36:57 --> 00:37:02: is becoming key of their investment strategies.
00:37:02 --> 00:37:07: And then within the various asset classes is being more
00:37:07 --> 00:37:10: to use a word that one of our clients used.
00:37:10 --> 00:37:15: Picky, and that's recognizing that not all logistics is created
00:37:15 --> 00:37:19: equal in the same way that not all retail is
00:37:19 --> 00:37:20: created equally.
00:37:20 --> 00:37:22: So those are some of the.
00:37:22 --> 00:37:26: Possible sort of immediate impacts,
00:37:26 --> 00:37:31: right? And of course the bigger question is longer term.
00:37:31 --> 00:37:35: Many of our clients do take a very very long
00:37:35 --> 00:37:36: term view.
00:37:36 --> 00:37:44: Arguably. Volatility is easier to ignore in some ways.
00:37:44 --> 00:37:49: If you have a longer term view right,
00:37:50 --> 00:37:53: however. No one is immune to the short term impact
00:37:53 --> 00:37:58: and what's going to actually happen in the immediate future.
00:38:00 --> 00:38:02: Thank you Elvira. Larry's over to you.
00:38:04 --> 00:38:04: First
00:38:04 --> 00:38:09: of all, Brian, I think your analysis was spot on.
00:38:09 --> 00:38:12: Well, well put in both said.
00:38:12 --> 00:38:16: In terms of. Some areas of the world.
00:38:16 --> 00:38:17: Some parts of the world being more and less impacted
00:38:18 --> 00:38:18: than others.
00:38:18 --> 00:38:21: For the moment, I would totally agree.
00:38:21 --> 00:38:23: Ironically though, it reminds me a bit of the pandemic,
00:38:23 --> 00:38:26: which is about exactly 2 years and two weeks ago,
00:38:26 --> 00:38:29: just before me poem got cancelled in 2020.
00:38:29 --> 00:38:32: It was a A Wuhan problem and then it was
00:38:32 --> 00:38:35: a Chinese problem and then an Italian problem.
00:38:35 --> 00:38:38: And then it became a European problem and only four
00:38:38 --> 00:38:41: weeks later it was a US problem as well.
00:38:41 --> 00:38:44: NPR realized it has become global.
00:38:44 --> 00:38:46: I fear we're kind of in the same in the
00:38:46 --> 00:38:48: same situation right now.
00:38:48 --> 00:38:51: This is certainly global, and every part of the world
00:38:51 --> 00:38:52: will be impacted.
00:38:52 --> 00:38:55: Without any question, I do think in terms of your
00:38:55 --> 00:38:57: question on the capital.
00:38:57 --> 00:39:02: You know capital behavior because of the uncertainty I do
00:39:02 --> 00:39:03: think.
00:39:03 --> 00:39:07: I'm less worried about that in terms of the appetite
00:39:07 --> 00:39:08: for real estate.

00:39:08 --> 00:39:12: Because in times of uncertainty.
00:39:12 --> 00:39:15: Really say this. One of those allocations that investors will
00:39:15 --> 00:39:17: continue to make the investors keep.
00:39:17 --> 00:39:20: At least. So far we're only three weeks into this
00:39:20 --> 00:39:20: tragedy.
00:39:20 --> 00:39:23: Keep insisting this is an event,
00:39:23 --> 00:39:28: but not the event. I'm more worried about the underlying
00:39:28 --> 00:39:32: Noid element and the uncertainties around that.
00:39:32 --> 00:39:35: Because I do think that there will be quite a
00:39:35 --> 00:39:39: bit of hesitation at least decisions will be postponed and
00:39:39 --> 00:39:43: there will be suffering as well because we will just
00:39:43 --> 00:39:46: simply have less growth in in in the economies.
00:39:49 --> 00:39:53: So, so that I think will be painful and painful
00:39:53 --> 00:39:55: for for some time to come.
00:39:55 --> 00:39:58: All on agree with Brian in this scenario that we
00:39:58 --> 00:39:59: can imagine,
00:39:59 --> 00:40:02: the rest is. The things we can't imagine.
00:40:02 --> 00:40:05: We don't know. It makes no sense to go there
00:40:05 --> 00:40:05: now.
00:40:05 --> 00:40:10: So. Inflation will certainly be one of the things to
00:40:10 --> 00:40:11: wrestle with.
00:40:11 --> 00:40:13: I want to believe in the.
00:40:13 --> 00:40:18: Better inflation and therefore think you know that will hopefully
00:40:18 --> 00:40:20: be some good news for most real estate,
00:40:20 --> 00:40:25: at least for the income producing were noit is index
00:40:25 --> 00:40:28: linked or has some way to pop up rents.
00:40:28 --> 00:40:32: But it is very concerning for all of the developments
00:40:32 --> 00:40:35: and ongoing and future construction projects.
00:40:35 --> 00:40:36: What's going on? It's very,
00:40:36 --> 00:40:39: very hard to predict price inflation there.
00:40:39 --> 00:40:43: And the uncertainty is going to have to be priced
00:40:43 --> 00:40:44: in so.
00:40:44 --> 00:40:46: You can take some positives from this inflation,
00:40:46 --> 00:40:49: but without any question those that will will voice and
00:40:49 --> 00:40:51: will concerns for us.
00:40:52 --> 00:40:55: No, thank you, and that's we'll we'll actually come back
00:40:55 --> 00:40:55: to you,
00:40:55 --> 00:40:58: Brian. For the next question on inflation,
00:40:58 --> 00:41:02: so. Inflation was certainly one of the major concerns last
00:41:02 --> 00:41:02: year,
00:41:02 --> 00:41:07: but it's an even greater concern today and according to

00:41:07 --> 00:41:08: the report,
00:41:08 --> 00:41:12: it is the second most concerning business issue after cyber
00:41:12 --> 00:41:16: security and before interest rate movements.
00:41:16 --> 00:41:19: So Brian, how does this differ across North America,
00:41:19 --> 00:41:22: Europe and Asia? And how is it likely to play
00:41:22 --> 00:41:23: out in your view?
00:41:24 --> 00:41:26: Sort of tackle that question.
00:41:26 --> 00:41:30: You have to breakdown the sources of inflation and think
00:41:30 --> 00:41:31: about them as.
00:41:31 --> 00:41:35: Separate and how they vary across the globe is really
00:41:35 --> 00:41:37: helpful and really parsing that.
00:41:37 --> 00:41:41: So I'd really break it down into three sort of
00:41:41 --> 00:41:43: sources of inflation.
00:41:43 --> 00:41:47: The idiosyncratic factors, basically the shocks.
00:41:47 --> 00:41:51: Cyclical factor, so that's the good inflation that comes with
00:41:51 --> 00:41:55: a economy at full employment and then structural factors,
00:41:55 --> 00:41:58: which is more about the long term and demographics.
00:41:58 --> 00:42:03: On the shocks side, we've had shocks before Ukraine,
00:42:03 --> 00:42:05: right? It was COVID related,
00:42:05 --> 00:42:11: was related to reopening the crowding of demand into goods
00:42:11 --> 00:42:15: and over services drove inflation and goods,
00:42:15 --> 00:42:19: and then the sudden return of demand to services when
00:42:19 --> 00:42:20: they,
00:42:20 --> 00:42:23: when their capacity of service industries had been.
00:42:23 --> 00:42:26: Brought down is causing inflation and services,
00:42:26 --> 00:42:30: so the COVID restrictions Start Stop and the impact on
00:42:30 --> 00:42:33: global supply chains is the is the shock that was
00:42:33 --> 00:42:35: just starting to fade.
00:42:35 --> 00:42:37: When the Ukraine crisis hit.
00:42:37 --> 00:42:39: And those factors are of course global,
00:42:39 --> 00:42:43: and I've had a pretty broad based effect on,
00:42:43 --> 00:42:46: you know, the three global regions.
00:42:46 --> 00:42:50: The the the shock to energy prices from the Russia
00:42:50 --> 00:42:51: Ukraine situation.
00:42:51 --> 00:42:53: It kind of acts as a tax on the economy.
00:42:53 --> 00:42:59: It's also global. I say the impact is more acute
00:42:59 --> 00:43:00: for Europe.
00:43:00 --> 00:43:05: Even more acute for Europe because of the gas linkages.
00:43:05 --> 00:43:10: Many European countries are pretty dependent on natural gas from
00:43:10 --> 00:43:10: Russia.
00:43:10 --> 00:43:13: It's just the way the infrastructure is designed.

00:43:13 --> 00:43:15: The way the pipes flow,
00:43:15 --> 00:43:20: there's insufficient infrastructure in Europe to really be able to
00:43:20 --> 00:43:23: buy enough LNG on the global market,
00:43:23 --> 00:43:28: and so that global tax on economies from energy prices
00:43:28 --> 00:43:31: is worse from European perspective.
00:43:31 --> 00:43:36: So in the cyclical side sort of the good inflation.
00:43:36 --> 00:43:38: There are divergences globally as well,
00:43:38 --> 00:43:42: just really related to the strength of the economies relatively
00:43:43 --> 00:43:43: speaking.
00:43:43 --> 00:43:47: So the US recovery by far was the most advanced,
00:43:47 --> 00:43:49: so that sets the the most.
00:43:49 --> 00:43:55: Inflationary cyclical inflation. While the European economy,
00:43:55 --> 00:43:59: relatively slower recovery and a bit more fragile,
00:43:59 --> 00:44:02: so less inflationary. And in like in so many things,
00:44:02 --> 00:44:06: I say that the UK is positioned somewhere between Europe
00:44:06 --> 00:44:09: and the US which is obviously geographically accurate.
00:44:09 --> 00:44:13: But I think the way I described this as well.
00:44:13 --> 00:44:15: And then you know, in the China is also was
00:44:16 --> 00:44:16: also slowing.
00:44:16 --> 00:44:21: So a bit of a different state in the cyclical
00:44:21 --> 00:44:23: side of inflation.
00:44:23 --> 00:44:26: And then finally that structural long term element.
00:44:26 --> 00:44:28: All else equal Europe, continental Europe,
00:44:28 --> 00:44:34: especially in Japan have a long term deflationary profile.
00:44:34 --> 00:44:39: The demographic picture may have a boost in some countries
00:44:39 --> 00:44:40: from.
00:44:40 --> 00:44:43: Refugees, but this is, I think it's far too early
00:44:43 --> 00:44:46: to be talking about any kind of silver lining at
00:44:46 --> 00:44:47: this point.
00:44:47 --> 00:44:51: It is simply a humanitarian crisis and so that weaker
00:44:51 --> 00:44:57: demographic profile long-term means that the inflationary pressures and pressure
00:44:57 --> 00:45:01: for for monetary tightening in general is is weaker in
00:45:01 --> 00:45:05: the eurozone and Japan than any other major developed markets.
00:45:05 --> 00:45:10: But in general you know is real estate investors are
00:45:10 --> 00:45:11: biggest.
00:45:11 --> 00:45:14: Concern here is of course you know the pass through
00:45:14 --> 00:45:14: of inflation.
00:45:14 --> 00:45:17: How much of that are we gonna realize and rents
00:45:17 --> 00:45:18: which Lars referenced?
00:45:18 --> 00:45:21: And also what does it mean for the cost of

00:45:21 --> 00:45:21: capital,
00:45:21 --> 00:45:25: the cost of debt? Central banks are really caught between
00:45:25 --> 00:45:29: the risks to growth and that threat of inflation.
00:45:29 --> 00:45:31: So we have a policy announcement coming this week from
00:45:31 --> 00:45:33: both the Fed and the Bank of England.
00:45:33 --> 00:45:37: They've signaled that they're going to.
00:45:37 --> 00:45:39: That they're going to go ahead with those rate increases.
00:45:39 --> 00:45:42: I don't think it would be a surprise if that
00:45:42 --> 00:45:45: was coupled with some kind of caveat in the messaging,
00:45:45 --> 00:45:48: and I think the ECB will be more cautious,
00:45:48 --> 00:45:51: so we have a little bit of a decoupling based
00:45:51 --> 00:45:53: on that composition of the inflation.
00:45:53 --> 00:45:55: Those types of inflation that I talked about.
00:45:57 --> 00:46:00: Thank you before we go into the next question.
00:46:00 --> 00:46:03: I think I'm going to actually ask for some audience
00:46:03 --> 00:46:06: engagement to make sure that everyone still here with us.
00:46:06 --> 00:46:09: So in real estate we're often talking about where are
00:46:09 --> 00:46:11: we in the cycle early,
00:46:11 --> 00:46:15: mid late? The report, which I think comes out today,
00:46:15 --> 00:46:16: Lizette? Or is it? Yeah,
00:46:16 --> 00:46:18: so you haven't read it yet.
00:46:18 --> 00:46:22: I'm assuming I'll tell you the conclusion afterwards,
00:46:22 --> 00:46:25: but tells us where, where most participants think we are
00:46:25 --> 00:46:25: in the cycle.
00:46:25 --> 00:46:28: So I'm just going to to put a poll out
00:46:28 --> 00:46:30: there for how many of you think that we are
00:46:30 --> 00:46:31: early cycle,
00:46:31 --> 00:46:34: mid cycle, late cycle. So just with a show of
00:46:34 --> 00:46:34: hands,
00:46:34 --> 00:46:36: let's start with early cycle.
00:46:40 --> 00:46:47: OK mid cycle. OK, hopefully you put your hand up
00:46:47 --> 00:46:50: for the next one.
00:46:50 --> 00:46:57: A late cycle. OK, they're still with us.
00:46:57 --> 00:47:00: So yes, the report does in fact note that we
00:47:00 --> 00:47:04: are late cycle at the moment and so Lizette I'll
00:47:04 --> 00:47:05: turn over to you.
00:47:05 --> 00:47:08: But please also invite commentary from the rest of the
00:47:08 --> 00:47:09: panel afterwards.
00:47:09 --> 00:47:13: How are investors finding late cycle value across all three
00:47:13 --> 00:47:14: regions noted in the report?
00:47:16 --> 00:47:19: I'm probably the least position to talk about that from
00:47:19 --> 00:47:22: my own perspective because I'm not doing a lot of

00:47:22 --> 00:47:23: investment,
00:47:23 --> 00:47:27: but. I would like to make also a few more
00:47:27 --> 00:47:29: longer term.
00:47:29 --> 00:47:34: Observations having worked on this report for the last seven
00:47:34 --> 00:47:34: years.
00:47:34 --> 00:47:40: And it's so interesting to see how the fuse change
00:47:40 --> 00:47:41: overtime,
00:47:41 --> 00:47:43: not Even so long ago,
00:47:43 --> 00:47:47: just before the pandemic, we talked about deflation all the
00:47:47 --> 00:47:51: time and didn't see inflation coming back ever.
00:47:51 --> 00:47:55: And I think. Depend emick well you just kind of
00:47:55 --> 00:47:59: rephrase the thinking around the time it was not a
00:47:59 --> 00:48:02: we didn't see it coming.
00:48:02 --> 00:48:05: We had our Europe conference early February.
00:48:05 --> 00:48:09: There was no observation whatsoever that it could turn into
00:48:09 --> 00:48:10: something bigger.
00:48:10 --> 00:48:15: And as many of the regional reports that came out
00:48:15 --> 00:48:19: in autumn highlighted was more the optimism,
00:48:19 --> 00:48:21: the real optimism in finally and the relief.
00:48:21 --> 00:48:24: Finally, we leave this behind us.
00:48:24 --> 00:48:25: And yes, we may be late cycle.
00:48:25 --> 00:48:28: But now we're moving full steam ahead.
00:48:28 --> 00:48:31: Maybe not to the 2021 level,
00:48:31 --> 00:48:34: but certainly in a much more positive standing.
00:48:34 --> 00:48:38: And I think what across those years.
00:48:38 --> 00:48:42: I think what the real estate industry has demonstrated.
00:48:42 --> 00:48:46: Is it true resilience? And pragmatic approach.
00:48:46 --> 00:48:50: Remember how we were in March 20,
00:48:50 --> 00:48:53: April 2020? It was a devastating.
00:48:53 --> 00:48:55: It was. Where is this going?
00:48:55 --> 00:48:58: And we are shops or offices.
00:48:58 --> 00:49:01: Everyone working from home. What's gonna happen?
00:49:01 --> 00:49:05: Real estate but in the mean time even in 2020
00:49:06 --> 00:49:10: we saw a decent level of transaction still where it
00:49:10 --> 00:49:11: was possible.
00:49:11 --> 00:49:15: So I think what we also shouldn't forget is real
00:49:15 --> 00:49:17: estate is not working in isolation.
00:49:17 --> 00:49:21: The issues we see as an industry or the industries
00:49:21 --> 00:49:21: feel as well.
00:49:21 --> 00:49:26: So maybe even tougher than how real estate feels it
00:49:26 --> 00:49:28: being a physical asset.
00:49:28 --> 00:49:31: And the other thing I would say is we are

00:49:31 --> 00:49:35: here for the long term and that's also what we've
00:49:35 --> 00:49:38: seen with the trends in investment in the last couple
00:49:39 --> 00:49:41: of years. And I think many of them with the
00:49:41 --> 00:49:42: word acceleration.
00:49:42 --> 00:49:45: Probably you don't want to hear it anymore,
00:49:45 --> 00:49:49: because we've talked about it over and over again over
00:49:49 --> 00:49:51: the past few years.
00:49:51 --> 00:49:55: But I think some trends or even accelerated further now
00:49:55 --> 00:49:58: on the back of what we're seeing now and the
00:49:58 --> 00:50:00: things like logistics,
00:50:00 --> 00:50:05: like retail like residential. There was already a huge need
00:50:05 --> 00:50:07: for residential.
00:50:07 --> 00:50:11: That need will only increase further and the urge will
00:50:11 --> 00:50:15: become even bigger because we need to name our House
00:50:15 --> 00:50:16: more people.
00:50:16 --> 00:50:20: Faster than we've ever done before.
00:50:20 --> 00:50:24: And I think so we shouldn't forget the long term
00:50:24 --> 00:50:29: views that are behind real estate investing like technology driving
00:50:29 --> 00:50:31: the focus on logistics.
00:50:31 --> 00:50:34: And I'm not the expert to comment on where the
00:50:34 --> 00:50:36: current pricing is,
00:50:36 --> 00:50:39: but there's definitely that longer term perspective that we're gonna
00:50:39 --> 00:50:39: see.
00:50:39 --> 00:50:44: Maybe with hiccups because of reduced spending power in the
00:50:44 --> 00:50:45: short term,
00:50:45 --> 00:50:48: which might hit logistics and retail.
00:50:48 --> 00:50:52: And I also think that for officers.
00:50:54 --> 00:50:57: We sometimes sat at the beginning of the pendant.
00:50:57 --> 00:51:01: Will we ever come together again at Mipim or any
00:51:01 --> 00:51:03: other conferences?
00:51:03 --> 00:51:06: So efficient to do things from home,
00:51:06 --> 00:51:09: but look at us here today.
00:51:09 --> 00:51:12: We came to meet up again and how pleased we
00:51:12 --> 00:51:13: are to be able to.
00:51:13 --> 00:51:17: No. So I think we shouldn't forget those.
00:51:17 --> 00:51:20: We are social animals. We want to be together.
00:51:20 --> 00:51:24: And yes, there may be hiccups and there that need
00:51:24 --> 00:51:29: for flexibility and that focus on resilience I think characterizes
00:51:29 --> 00:51:33: the industry and is really something that we should never
00:51:33 --> 00:51:37: forget. And therefore that needs what worries me for the

00:51:37 --> 00:51:39: short term is that?
00:51:39 --> 00:51:42: That strong need for regeneration,
00:51:42 --> 00:51:47: development and redevelopment. That might not be possible for the
00:51:47 --> 00:51:49: whole decarbonization effort.
00:51:49 --> 00:51:52: We have no time to lose.
00:51:52 --> 00:51:56: But how much? It's already a pricey effort.
00:51:56 --> 00:51:58: How much will it cost in addition,
00:51:58 --> 00:52:02: and I think that's the things to focus on that
00:52:02 --> 00:52:03: we try to keep.
00:52:03 --> 00:52:05: How difficult it is on the short term.
00:52:05 --> 00:52:09: Keep that long term perspective and keep moving there.
00:52:09 --> 00:52:10: I'll stop.
00:52:11 --> 00:52:12: I
00:52:12 --> 00:52:13: think it's mood lifting you should continue.
00:52:16 --> 00:52:20: But what we're looking at the glass half full and
00:52:20 --> 00:52:22: I really I really like that lizard.
00:52:22 --> 00:52:25: We we should indeed not forget we had a,
00:52:25 --> 00:52:29: uh, great financial crisis that hit Europe very hard.
00:52:29 --> 00:52:34: Just about to recover. We had Grexit and the sovereign
00:52:34 --> 00:52:38: crisis there just when we thought we were out of
00:52:38 --> 00:52:38: it.
00:52:38 --> 00:52:43: Then obviously Brexit and then the pandemic and Europe has
00:52:43 --> 00:52:44: recovered.
00:52:44 --> 00:52:47: Strong very, very strongly each time,
00:52:47 --> 00:52:49: and I think there is a lot of resilience,
00:52:49 --> 00:52:52: and so let's really not not forget that.
00:52:52 --> 00:52:54: Secondly, I know Brian, you didn't want to go there,
00:52:54 --> 00:52:58: but I do think there's a silver lining too.
00:52:58 --> 00:53:03: Whether it's 5,000,000 or 10 million or more Ukrainians,
00:53:03 --> 00:53:06: I think they're they're experiencing very,
00:53:06 --> 00:53:09: very open arms and a welcome culture that I think
00:53:09 --> 00:53:10: is just fantastic,
00:53:10 --> 00:53:14: very different to the Syrian refugee crisis,
00:53:14 --> 00:53:17: and I think we all know the reasons.
00:53:17 --> 00:53:20: And if we think about the lack of Labor post
00:53:20 --> 00:53:21: pandemic,
00:53:21 --> 00:53:24: no one picking the sparagus no one.
00:53:24 --> 00:53:26: You know, collecting the strawberries construction sites,
00:53:26 --> 00:53:29: nurses, you know, care homes.
00:53:30 --> 00:53:32: There is an opportunity there now.

00:53:32 --> 00:53:34: It's maybe not the main focus today,
00:53:34 --> 00:53:37: but in the end, let's not forget it does not
00:53:37 --> 00:53:40: help if we just provide housing and food for Ukrainians
00:53:40 --> 00:53:43: who are forced out of their own country.
00:53:43 --> 00:53:45: We have to find jobs for them and I think
00:53:45 --> 00:53:48: there are plenty of jobs out there that should be.
00:53:48 --> 00:53:50: While it's a hook at this task,
00:53:50 --> 00:53:52: it should be. You know,
00:53:52 --> 00:53:53: it really should be possible,
00:53:53 --> 00:53:57: so I I do also want to look at the
00:53:57 --> 00:53:58: glass half full,
00:53:58 --> 00:54:02: even though it's really, really difficult at the moment when
00:54:02 --> 00:54:02: you.
00:54:02 --> 00:54:05: Look up the news, but there's there's a silver lining
00:54:05 --> 00:54:07: and then last but not least in terms of the
00:54:07 --> 00:54:08: opportunities for investing.
00:54:08 --> 00:54:10: I mean, I really believe.
00:54:10 --> 00:54:12: Real estate is obviously there to stay.
00:54:12 --> 00:54:15: That's one of those areas that you want to invest
00:54:15 --> 00:54:15: in.
00:54:15 --> 00:54:18: In times of uncertainty in income producing real estate.
00:54:18 --> 00:54:21: And we talked about what inflation might.
00:54:21 --> 00:54:24: Might do there. Of course,
00:54:24 --> 00:54:26: risks go uncertainties go up,
00:54:26 --> 00:54:30: risks go up and therefore the opportunistic investments are becoming
00:54:30 --> 00:54:33: even more opportunistic and those who dare and pick the
00:54:33 --> 00:54:34: right investments.
00:54:34 --> 00:54:38: They will have some incredible opportunities to be looking back
00:54:38 --> 00:54:39: on in a few years.
00:54:39 --> 00:54:42: Others will catch the falling knife and will get hurt.
00:54:42 --> 00:54:46: And that is just the nature of real estate cycles.
00:54:46 --> 00:54:51: But generally I think we will see.
00:54:51 --> 00:54:54: Continuing inflow of capital. Into real estate,
00:54:54 --> 00:54:56: even though it's more domestic than it ever has been,
00:54:56 --> 00:55:01: so it's European investors investing in Europe and.
00:55:01 --> 00:55:03: US investors investing in the US and so forth.
00:55:06 --> 00:55:08: Thank you both. Any further comments or we can we
00:55:08 --> 00:55:09: don't.
00:55:09 --> 00:55:10: We're running slightly short on time,
00:55:10 --> 00:55:13: so maybe if that's OK I'll move on to our
00:55:13 --> 00:55:14: next topic so.

00:55:14 --> 00:55:17: Uhm? Is that chapter two of the report is on
00:55:17 --> 00:55:22: decarbonisation and the report notes something that I've thought about
00:55:22 --> 00:55:23: as well,
00:55:23 --> 00:55:26: which is that there's a plethora of standards and regulations
00:55:26 --> 00:55:29: in the world of sustainable real estate which is seen
00:55:29 --> 00:55:32: by many as a hindrance to really catalyze the ESG
00:55:32 --> 00:55:34: agenda. Lots of different standards,
00:55:34 --> 00:55:38: lots of different guidelines, lots of different ways to go
00:55:38 --> 00:55:38: about it,
00:55:38 --> 00:55:42: and so I'm hoping you can comment here on the
00:55:42 --> 00:55:46: role of the public and private sector in this effort.
00:55:46 --> 00:55:50: What the opportunities are and what the challenges are today
00:55:50 --> 00:55:50: perhaps?
00:55:52 --> 00:55:56: Yeah, want to bring in a bit of historical perspective
00:55:56 --> 00:55:57: again because.
00:55:57 --> 00:56:01: We've turned into an industry which focus on real estate
00:56:01 --> 00:56:03: solely as a financial asset.
00:56:03 --> 00:56:06: While it has a huge role in society,
00:56:06 --> 00:56:10: it houses people. It brings us together.
00:56:10 --> 00:56:13: And obviously it has a use in for huge environmental
00:56:13 --> 00:56:14: impact as well.
00:56:14 --> 00:56:16: If we go back, say,
00:56:16 --> 00:56:19: a century ago, decades ago.
00:56:19 --> 00:56:23: Businesses felt like if I do good to my people
00:56:23 --> 00:56:27: over their employees and maybe help educating.
00:56:27 --> 00:56:30: We know the examples and they are good and they
00:56:30 --> 00:56:31: are bad examples but.
00:56:31 --> 00:56:35: It seemed that there was more an implicit view on.
00:56:35 --> 00:56:38: Adding well, environmental impact was not so much on the
00:56:38 --> 00:56:39: radar yet,
00:56:39 --> 00:56:42: but the social aspect definitely was.
00:56:42 --> 00:56:44: If you treat your employees well,
00:56:44 --> 00:56:48: maybe help educate their children in the example sticks it.
00:56:48 --> 00:56:50: Look at Volkswagen in Wolfsburg.
00:56:50 --> 00:56:55: We originally had Phillips in nine Joven in the Netherlands.
00:56:55 --> 00:56:59: There was more that implicit thinking that if you.
00:56:59 --> 00:57:02: Did these kind of things ultimately was good for your
00:57:02 --> 00:57:04: financial results as well.
00:57:04 --> 00:57:08: It seems to have been totally decoupled over the last
00:57:08 --> 00:57:09: few decades,

00:57:09 --> 00:57:13: where you focus on the financial return and there's the
00:57:13 --> 00:57:17: public sector to focus on the social environmental elements.
00:57:17 --> 00:57:21: And we now and having become an industry which is
00:57:21 --> 00:57:24: focused on metrics and likes to measure things,
00:57:24 --> 00:57:28: we're now trying to marry the two because there is
00:57:28 --> 00:57:29: the realization that yes,
00:57:29 --> 00:57:34: we have environmental impact and we have social impact and
00:57:34 --> 00:57:39: we need to do orbit to make a positive impact.
00:57:39 --> 00:57:41: Because what whether you like it or not,
00:57:41 --> 00:57:45: real estate has impact. And that's something to realize.
00:57:45 --> 00:57:47: So if you don't do your bid,
00:57:47 --> 00:57:49: it has a negative impact.
00:57:49 --> 00:57:53: So now we're trying to marry the two and actually
00:57:53 --> 00:57:56: in the absence of the regulator standing up.
00:57:56 --> 00:58:00: Initially on these are the standards you need to adhere
00:58:00 --> 00:58:04: to the industry already moved forward because there was that
00:58:04 --> 00:58:09: realization mostly driven by the bigger institutional investors and I
00:58:09 --> 00:58:12: think some. Family officers as well.
00:58:12 --> 00:58:16: We've done try to and that has resulted in that
00:58:16 --> 00:58:21: huge variety of standards which isn't really helpful because you
00:58:21 --> 00:58:26: can always seem to be doing the right thing according
00:58:26 --> 00:58:29: to your own standards. So and I think we all
00:58:29 --> 00:58:30: realize that no.
00:58:30 --> 00:58:35: I think real estate is never asked for more regulation
00:58:35 --> 00:58:36: than now.
00:58:36 --> 00:58:38: So I would say yes,
00:58:38 --> 00:58:42: the public sector needs to stand up and provide those
00:58:42 --> 00:58:46: that framework that everyone can adhere to.
00:58:46 --> 00:58:50: Because this is not getting us anywhere actually.
00:58:50 --> 00:58:53: There's too much noise and we need to get rid
00:58:53 --> 00:58:54: of the noise.
00:58:54 --> 00:59:00: We've actually launched the project together with Inrev and UNIFIER.
00:59:00 --> 00:59:02: To map out all the well,
00:59:02 --> 00:59:07: not all a large part of the existing frameworks building
00:59:07 --> 00:59:08: standards,
00:59:08 --> 00:59:14: reporting requirements, both voluntary. You could question how voluntary they
00:59:14 --> 00:59:16: are and the regulatory wants.

00:59:16 --> 00:59:20: At least start in a first step to try and

00:59:20 --> 00:59:25: provide more transparency and also work with on that project.

00:59:25 --> 00:59:28: On a global scale, and we think that is the

00:59:28 --> 00:59:28: first step,

00:59:28 --> 00:59:33: providing that transparency in helping the conversation and saying we

00:59:33 --> 00:59:37: provide these standards and actually there are higher standard of

00:59:37 --> 00:59:39: what you are asking me to do,

00:59:39 --> 00:59:43: so I'm not doing that part and hopefully that can

00:59:43 --> 00:59:43: help us.

00:59:43 --> 00:59:48: Provide some more confidence and.

00:59:48 --> 00:59:51: Moving to 1 standard, which I think is a huge

00:59:51 --> 00:59:55: ambition but would be hugely helpful in making progress.

00:59:56 --> 00:59:57: Yeah, no thank you. That's really,

00:59:57 --> 00:59:59: really great to hear about this project.

00:59:59 --> 01:00:01: I'm looking forward to seeing the outcome and how it

01:00:01 --> 01:00:02: plays out.

01:00:02 --> 01:00:05: They tuned. It will be probably in September.

01:00:06 --> 01:00:09: Now we will. So staying on that topic,

01:00:09 --> 01:00:13: there's a sentence in the report that says that the

01:00:13 --> 01:00:17: ESG agenda is inevitably led by the equity side by

01:00:17 --> 01:00:18: the owners,

01:00:18 --> 01:00:23: and that the banks or the lenders then then follow.

01:00:23 --> 01:00:26: So, given we have both perspectives here,

01:00:26 --> 01:00:28: I'm going to ask you for as long as if

01:00:28 --> 01:00:30: you can comment on,

01:00:30 --> 01:00:33: you know, concrete action points from an owners perspective and

01:00:33 --> 01:00:34: then elvera,

01:00:34 --> 01:00:37: I'm going to ask you if you agree that the

01:00:37 --> 01:00:38: banks are just following.

01:00:38 --> 01:00:40: Or what your perspective is on that.

01:00:42 --> 01:00:43: I

01:00:43 --> 01:00:45: I will say, I think the banks are really cool

01:00:45 --> 01:00:46: leading,

01:00:46 --> 01:00:48: but I'll let Elvira do that.

01:00:48 --> 01:00:49: Cover that point in a minute.

01:00:52 --> 01:00:54: Look, I think all real real estate owners if they

01:00:54 --> 01:00:57: haven't gotten the memo by now about how important this

01:00:57 --> 01:00:57: is,

01:00:57 --> 01:00:59: then they have a real problem.

01:00:59 --> 01:01:04: So all of us hides and I think.
01:01:04 --> 01:01:10: Really, most of the. More relevant players in the industry,
01:01:10 --> 01:01:11: I think they're all trying their very,
01:01:11 --> 01:01:14: very best at the moment to pick up momentum and
01:01:14 --> 01:01:15: pick up speed.
01:01:15 --> 01:01:19: Despite the pandemic, and despite the the war to really
01:01:19 --> 01:01:22: push hard in that direction,
01:01:22 --> 01:01:24: this is on building real estate.
01:01:24 --> 01:01:28: This is an operating real estate.
01:01:28 --> 01:01:31: And. And I think it is not just the developers
01:01:31 --> 01:01:35: or the operators that really push very hard.
01:01:35 --> 01:01:38: We do have a very very.
01:01:38 --> 01:01:43: Good. Contribution from investors from LP's at the moment with
01:01:43 --> 01:01:48: their willingness to actually give up some returns in the
01:01:48 --> 01:01:50: short term and invest in in in,
01:01:50 --> 01:01:55: in, in, in. Buildings and technologies that just make ESG
01:01:55 --> 01:01:59: performance be significantly better,
01:01:59 --> 01:02:01: and what we're also seeing for the first time.
01:02:01 --> 01:02:05: Is I would say over the last three to six
01:02:05 --> 01:02:09: months as very binary situations were investors.
01:02:09 --> 01:02:14: Pause on transactions or exit transactions.
01:02:14 --> 01:02:17: When they find out that buildings who were perceived to
01:02:17 --> 01:02:20: be core are actually dogs in terms of EST.
01:02:20 --> 01:02:22: We're not talking about the discount.
01:02:22 --> 01:02:24: They say no, thank you.
01:02:24 --> 01:02:26: And we then happens with half the investors and the
01:02:26 --> 01:02:27: other half stays in.
01:02:27 --> 01:02:29: Oh, that might have some influence on pricing,
01:02:29 --> 01:02:33: but Fast forward that another 12 months.
01:02:33 --> 01:02:37: You know, then, when everyone has started to underwrite this,
01:02:37 --> 01:02:39: that will have an influence on cap rates and on
01:02:39 --> 01:02:42: pricing for those assets who are just not up to
01:02:42 --> 01:02:42: speed.
01:02:42 --> 01:02:46: So every owner, I think is well advised to give
01:02:47 --> 01:02:50: it all they have at the moment to push push
01:02:50 --> 01:02:52: in that direction.
01:02:52 --> 01:02:53: And for those who are,
01:02:53 --> 01:02:54: so it's not just for the developers,
01:02:54 --> 01:02:56: it's just not not for the new buildings.
01:02:56 --> 01:03:00: I think it's for all the stock out there that's
01:03:00 --> 01:03:05: owned by pension funds and sovereign funds and insurance

	companies
01:03:05 --> 01:03:07:	and private firms were dumb.
01:03:07 --> 01:03:08:	It is now. It's too late.
01:03:10 --> 01:03:11:	Alvera over to you.
01:03:12 --> 01:03:16:	Let me let me take a step back maybe before
01:03:16 --> 01:03:18:	I address the point of banks.
01:03:18 --> 01:03:23:	I think. The issue here is that unfortunately it is
01:03:23 --> 01:03:27:	likely that what the war has done is redirect some
01:03:28 --> 01:03:32:	of the public funds away from the ESG agenda,
01:03:32 --> 01:03:35:	potentially into military spending, right?
01:03:35 --> 01:03:36:	If you look at Europe,
01:03:36 --> 01:03:39:	the average that European nation spends in the military is
01:03:40 --> 01:03:40:	about 3%
01:03:40 --> 01:03:45:	of their GDP. While that's likely to double.
01:03:45 --> 01:03:49:	Yeah. Mother Nature has Lawrence says if anyone hasn't gotten
01:03:49 --> 01:03:50:	the memo yet,
01:03:50 --> 01:03:52:	they should. Mother Nature is not in the business of
01:03:52 --> 01:03:54:	hanging out and waiting for us to sort out our
01:03:54 --> 01:03:55:	stuff.
01:03:55 --> 01:03:59:	So what it means is that there is even more
01:03:59 --> 01:04:04:	pressure or should be even more pressure on the public
01:04:04 --> 01:04:07:	sector across the board to step up.
01:04:07 --> 01:04:11:	Right? I don't think the banks are following.
01:04:11 --> 01:04:13:	I think what the banks are doing,
01:04:13 --> 01:04:17:	at least that's how I see my institution is facilitating.
01:04:17 --> 01:04:22:	Co creating. Right people always ask me what's the right
01:04:22 --> 01:04:23:	way to do this?
01:04:23 --> 01:04:26:	Do you tell your clients that you won't finance a
01:04:26 --> 01:04:28:	certain thing because it's not green enough?
01:04:28 --> 01:04:31:	That's the wrong conversation to be having,
01:04:31 --> 01:04:34:	so we simply stopped financing things.
01:04:34 --> 01:04:38:	It doesn't fix anything. The conversation to be having with
01:04:38 --> 01:04:42:	our clients is about what can we as lenders do
01:04:42 --> 01:04:46:	to help you in your sustainability journey to help you
01:04:46 --> 01:04:49:	in your transition. What is it that you need from
01:04:49 --> 01:04:50:	us in terms of?
01:04:50 --> 01:04:56:	Either advice. Or product capabilities to make this transition quicker
01:04:56 --> 01:04:59:	because that is what we all need today,
01:04:59 --> 01:05:01:	and so the the banks
01:05:01 --> 01:05:04:	play a very, very fundamental role in all of this.
01:05:04 --> 01:05:07:	None of us can afford to take a backseat,

01:05:07 --> 01:05:09: and I think pretty much nowadays.
01:05:09 --> 01:05:13: Everyone in the financial sector has gotten the memo.
01:05:13 --> 01:05:17: There is a few things that could help along.
01:05:17 --> 01:05:21: One lizard is already alluding to or not alluding to
01:05:21 --> 01:05:23: actually spoke to quite eloquently.
01:05:23 --> 01:05:27: The need for standards we've all been struggling with this
01:05:27 --> 01:05:30: not only on the investor side also on the banking
01:05:30 --> 01:05:31: side,
01:05:31 --> 01:05:34: right? Many of our peers have been accused of greenwashing.
01:05:34 --> 01:05:35: No one wants to go that way.
01:05:35 --> 01:05:39: Ultimately, what everyone is trying to do is contribute in
01:05:39 --> 01:05:40: a genuine way.
01:05:40 --> 01:05:44: The other thing that would help enormously.
01:05:44 --> 01:05:47: Is the regulation. It's not only the real estate investors
01:05:47 --> 01:05:49: that are asking for more regulation in this field,
01:05:49 --> 01:05:52: so the banks are asking for more regulation in this
01:05:52 --> 01:05:53: field,
01:05:53 --> 01:05:55: but not only on reporting,
01:05:55 --> 01:05:59: not only on data. But also on how we treat
01:05:59 --> 01:06:00: capital.
01:06:00 --> 01:06:06: Ultimately, for commercial organizations for lenders this is also about
01:06:06 --> 01:06:06: return.
01:06:06 --> 01:06:08: So if you look at across the board of several
01:06:08 --> 01:06:09: sectors,
01:06:09 --> 01:06:11: for instance in the infrastructure sector,
01:06:11 --> 01:06:12: there is such a thing.
01:06:12 --> 01:06:16: It's called infrastructure support factor that allows you to decrease
01:06:16 --> 01:06:21: capital that you hold against a certain social infrastructure transaction.
01:06:21 --> 01:06:24: What would be enormously helpful if something similar was in
01:06:24 --> 01:06:26: place for the real estate sector?
01:06:26 --> 01:06:29: It's clearly the sector that contributes to 40%
01:06:29 --> 01:06:33: of global greenhouse. Emissions is a good candidate to get
01:06:33 --> 01:06:35: a break on the capital side as well.
01:06:37 --> 01:06:37: Can I
01:06:37 --> 01:06:41: throw something in into this debate that we also need
01:06:41 --> 01:06:43: to make sure we we we put on the table?
01:06:43 --> 01:06:49: It's not just mitigation, but adaptation to climate change.
01:06:49 --> 01:06:54: So the climate crisis isn't just that we're causing,

01:06:54 --> 01:06:58: we're contributing to. Climate change into warming.
01:06:58 --> 01:07:01: But also that our cities and our buildings are not
01:07:01 --> 01:07:05: safe from the effects of the climate change that's already
01:07:05 --> 01:07:09: going to happen even if we achieve our objectives or
01:07:09 --> 01:07:12: or beat our objectives in terms of decarbonisation.
01:07:12 --> 01:07:15: And so we need to do a better job of
01:07:15 --> 01:07:19: directing capital to the most resilient places that are going
01:07:19 --> 01:07:23: to be the be the best position places in cities
01:07:23 --> 01:07:27: that for a world that inevitably will have to bear
01:07:27 --> 01:07:29: the mark long term of climate change.
01:07:30 --> 01:07:31: Yep.
01:07:32 --> 01:07:34: Thank you all for your comments.
01:07:34 --> 01:07:36: I know that our little clock here says that we
01:07:36 --> 01:07:37: still have a couple of minutes,
01:07:37 --> 01:07:40: but I'm also conscious that we started late and in
01:07:40 --> 01:07:41: true mythium style.
01:07:41 --> 01:07:43: You probably all have back to back to back to
01:07:43 --> 01:07:44: back meetings,
01:07:44 --> 01:07:48: so we'll probably just just close here.
01:07:48 --> 01:07:52: I'll go for one fire round of closing remarks from
01:07:52 --> 01:07:54: our panelists before we thank them.
01:07:54 --> 01:07:57: And that is. You know,
01:07:57 --> 01:08:00: it's great to be back here today after a few
01:08:00 --> 01:08:03: years and to be here in person when you you
01:08:03 --> 01:08:06: know left home and said you were going for a
01:08:06 --> 01:08:09: weeklong conference. What was it that you came here?
01:08:09 --> 01:08:10: What did you have in mind?
01:08:10 --> 01:08:12: Coming here? What are you trying to get out of
01:08:12 --> 01:08:12: Mipham?
01:08:12 --> 01:08:15: What's top of mind for you as we kick off
01:08:15 --> 01:08:16: this conference this year?
01:08:16 --> 01:08:19: Maybe Lizette I'll start over you and we'll come around
01:08:19 --> 01:08:19: this way.
01:08:23 --> 01:08:24: Well, I think
01:08:24 --> 01:08:27: most of the thing was trying to TuneIn.
01:08:27 --> 01:08:30: Oh sorry, of course trying to tune in where the
01:08:31 --> 01:08:31: industry is.
01:08:31 --> 01:08:36: We hear so many different views now and for me
01:08:36 --> 01:08:38: trying to assess.
01:08:38 --> 01:08:40: The common view, if any,
01:08:40 --> 01:08:44: or trying to at least to balance it for myself.
01:08:44 --> 01:08:46: And it's been recently really useful.

01:08:48 --> 01:08:49: Thank you Larry.
01:08:50 --> 01:08:52: Clearly to reconnect with people.
01:08:52 --> 01:08:55: We connect with our investors over dinner.
01:08:55 --> 01:08:57: The way we've done it until three years ago.
01:08:57 --> 01:08:59: We connect with our friends at July at.
01:08:59 --> 01:09:03: You know, all sorts of different different groups where it
01:09:03 --> 01:09:06: was just simply zoom and eight weeks ago I wasn't
01:09:06 --> 01:09:08: so sure this was going to go ahead here.
01:09:08 --> 01:09:12: No, it isn't so. Apart from all over the world,
01:09:12 --> 01:09:15: the the, the, the crisis around us,
01:09:16 --> 01:09:19: I really felt that that was the most important motivation
01:09:19 --> 01:09:22: to come is to really reconnect on a personal basis
01:09:22 --> 01:09:25: and build back some of that social capital that we
01:09:25 --> 01:09:27: have just spent and spent in spent over the last
01:09:27 --> 01:09:28: two years.
01:09:28 --> 01:09:30: Yeah, fully agree Elvira.
01:09:30 --> 01:09:33: I'm going to repeat re connect 'cause I think clearly
01:09:33 --> 01:09:36: that's the only thing that really brings us here for
01:09:36 --> 01:09:36: me.
01:09:36 --> 01:09:40: What's been really insightful and very.
01:09:40 --> 01:09:43: Important is to speak with our clients about what they're
01:09:43 --> 01:09:44: doing,
01:09:44 --> 01:09:46: how they're reacting to the crisis,
01:09:46 --> 01:09:49: but also what they're doing on the topics such as
01:09:49 --> 01:09:49: SG.
01:09:49 --> 01:09:52: Because fundamentally, I I believe as as as as a
01:09:52 --> 01:09:55: world today we are in a deep deep crisis,
01:09:55 --> 01:09:57: a humanitarian crisis, economic crisis,
01:09:57 --> 01:10:00: which may, yeah, the extent of it we we don't
01:10:00 --> 01:10:01: understand.
01:10:01 --> 01:10:04: And what's really important to understand is.
01:10:04 --> 01:10:05: In a situation like this,
01:10:05 --> 01:10:09: how do we all collectively?
01:10:09 --> 01:10:14: As professionals as organizations and as human beings end up
01:10:14 --> 01:10:16: on the right side of history.
01:10:19 --> 01:10:22: Look at, I think one thing that we can celebrate
01:10:22 --> 01:10:25: is that going into this we were able to make
01:10:25 --> 01:10:26: a calculation.
01:10:26 --> 01:10:29: That said, I'm going to risk a few days of
01:10:29 --> 01:10:32: feeling a little bit under the weather at home for
01:10:32 --> 01:10:35: the value of this in person interaction and we can

01:10:36 --> 01:10:39: do this because this triumph of innovation and science that
01:10:39 --> 01:10:41: have given us vaccines,
01:10:41 --> 01:10:45: which is really an amazing thing to celebrate.
01:10:45 --> 01:10:47: But in general, I'm not.
01:10:47 --> 01:10:48: I'm not in a party mood.
01:10:48 --> 01:10:53: This mipham I'm here to to really dedicate my energy
01:10:53 --> 01:10:58: to advancing conversations on inclusion sustainability piece.
01:10:58 --> 01:11:02: So I'm trying to to been kind of reflecting on
01:11:02 --> 01:11:06: the purpose of MCPON mipim and redirect my energies in
01:11:07 --> 01:11:07: those ways,
01:11:07 --> 01:11:10: but but thanks, thanks to those vaccines so we can
01:11:10 --> 01:11:12: all at least reconnect.
01:11:12 --> 01:11:16: Thank you all so well said and just on time.
01:11:17 --> 01:11:20: I'd like to take this opportunity to thank you,
01:11:20 --> 01:11:22: our audience very much for being here.
01:11:22 --> 01:11:23: I know you have a lot of options,
01:11:23 --> 01:11:27: and finally, thank our very distinguished panel for your comments
01:11:27 --> 01:11:27: today.
01:11:27 --> 01:11:28: Thank you.

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