# Webinar

**ULI & PwC Emerging Trends in Real Estate?? 2025 Global Report Launch (APAC and Europe)**

Date: March 20, 2025

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|---|---|
| **00:01:11 --> 00:01:15:** | Well, welcome to the launch of the 2025 ULIPWC Global |
| **00:01:15 --> 00:01:17:** | Emerging Trends in Real Estate Report. |
| **00:01:18 --> 00:01:21:** | My name is Tim Jatt, I'm Managing Director and Head |
| **00:01:21 --> 00:01:23:** | of Asia Research at Heinz, and I'm based in Hong |
| **00:01:23 --> 00:01:23:** | Kong. |
| **00:01:24 --> 00:01:27:** | Thank you very much for joining us this morning, this |
| **00:01:27 --> 00:01:30:** | afternoon and thank you to the ULI and PwC for |
| **00:01:30 --> 00:01:31:** | inviting me along today. |
| **00:01:32 --> 00:01:35:** | This year's Global Emerging Trends in Real Estate report suggests |
| **00:01:35 --> 00:01:37:** | a cautiously optimistic outlook for global real estate. |
| **00:01:38 --> 00:01:42:** | Despite concerns over the resilience of economic growth and elevated |
| **00:01:42 --> 00:01:45:** | geopolitical uncertainty, there is a general sense that the market |
| **00:01:45 --> 00:01:48:** | is at an inflection point, with investors looking both to |
| **00:01:48 --> 00:01:51:** | reposition their portfolios and to put new capital to work. |
| **00:01:53 --> 00:01:55:** | The global report consolidated the key findings from the three |
| **00:01:55 --> 00:01:58:** | regional reports that were published at the end of last |
| **00:01:58 --> 00:01:58:** | year. |
| **00:01:59 --> 00:02:01:** | The report is enhanced by the findings from additional new |
| **00:02:01 --> 00:02:04:** | interviews with an international group of leaders on how the |
| **00:02:04 --> 00:02:08:** | global real estate industry has progressed since the launch of |
| **00:02:08 --> 00:02:10:** | those reports and how this is impacting the future outlook |
| **00:02:10 --> 00:02:12:** | and their investment strategies. |
| **00:02:13 --> 00:02:16:** | So the agenda for today's session will involve first a |
| **00:02:16 --> 00:02:19:** | short presentation of the report's key findings, then followed by |
| **00:02:19 --> 00:02:20:** | a panel discussion. |

**00:02:21 --> 00:02:23:** I'm delighted to be joined by such a high calibre
**00:02:23 --> 00:02:26:** panel featuring industry experts from Europe and from Asia.
**00:02:27 --> 00:02:29:** There is AQ and a feature in Zoom, so if
**00:02:29 --> 00:02:31:** you'd like to submit any questions during any time, please
**00:02:32 --> 00:02:33:** do and we'll try to address those if we have
**00:02:34 --> 00:02:35:** time during the discussion.
**00:02:36 --> 00:02:39:** Now I'm delighted to introduce Gareth Lewis, Real Estate Director
**00:02:39 --> 00:02:42:** from PwC, who will get us started by taking us
**00:02:42 --> 00:02:44:** through this year's Emerging Trends reports.
**00:02:49 --> 00:02:52:** Thank you, Tim, and good morning or good afternoon everyone.
**00:02:52 --> 00:02:55:** As Tim said, I'm Gareth Lewis from the PwC Real
**00:02:55 --> 00:02:58:** Estate advisory team and on behalf of PwC and the
**00:02:58 --> 00:03:02:** Urban Land Institute, it's it's my pleasure to welcome you
**00:03:02 --> 00:03:05:** to this this year's launch of the Emerging Trends 2025
**00:03:05 --> 00:03:06:** global report.
**00:03:07 --> 00:03:08:** Next slide, please, Kirsty.
**00:03:10 --> 00:03:13:** On behalf of PwC I'd I'd also first like to
**00:03:13 --> 00:03:17:** thank the the Urban Land Institute for their collaboration for
**00:03:17 --> 00:03:20:** all three of the regional Emerging Trends report that Tim
**00:03:20 --> 00:03:24:** mentioned, Asia Pacific, Europe and North America, as well as
**00:03:24 --> 00:03:26:** the latest collaboration for this global report.
**00:03:27 --> 00:03:30:** It brings together the the 3IN depth regional reports published
**00:03:30 --> 00:03:32:** at the end of last year.
**00:03:32 --> 00:03:35:** And if you look across those three, those 3 reports
**00:03:35 --> 00:03:38:** and the global report we're launching today, you can see
**00:03:38 --> 00:03:41:** we've taken the views of over 3 1/2 thousand senior
**00:03:41 --> 00:03:44:** participants through surveys, round tables and interviews.
**00:03:44 --> 00:03:47:** And for this report, we supplemented those findings with an
**00:03:48 --> 00:03:51:** additional 30 interviews with the global leaders for their up
**00:03:51 --> 00:03:53:** to date views on the outlook for the for the
**00:03:53 --> 00:03:54:** year ahead.
**00:03:54 --> 00:03:56:** As Tim said, the plan for the session is for
**00:03:56 --> 00:03:58:** me to give you some very brief highlights of the
**00:03:58 --> 00:03:58:** report.
**00:03:58 --> 00:04:01:** Then I'll hand back to Tim, who'll introduce the panellists
**00:04:01 --> 00:04:02:** and and moderate the discussion.
**00:04:03 --> 00:04:04:** So on to the highlights.
**00:04:04 --> 00:04:05:** That next slide please.
**00:04:09 --> 00:04:12:** The senior industry players we spoke to for this edition

**00:04:12 --> 00:04:16:** of Emerging Trends believe that Real Estate industry is still
**00:04:16 --> 00:04:19:** facing up to the the reality of lingering inflation and
**00:04:19 --> 00:04:22:** higher for longer interest rates as in some regions, as
**00:04:22 --> 00:04:26:** it emerges from 2025's bumpy first quarter and contemplates a
**00:04:26 --> 00:04:27:** complex year ahead.
**00:04:28 --> 00:04:32:** The more optimistic interviewees share the view that the industry
**00:04:32 --> 00:04:34:** is close to a resolution of a three-year long pathway
**00:04:35 --> 00:04:35:** to recovery.
**00:04:35 --> 00:04:38:** And the regional report suggests that deal making prospects are
**00:04:38 --> 00:04:40:** turning a corner in most markets.
**00:04:41 --> 00:04:44:** And the latest investment data from MSCCI confirms that positive
**00:04:45 --> 00:04:45:** trend.
**00:04:45 --> 00:04:48:** As you can see here, European commercial real estate is
**00:04:48 --> 00:04:52:** coming off the back of its busiest fourth quarter for
**00:04:52 --> 00:04:54:** two years, with sales totalling ???56 billion.
**00:04:55 --> 00:04:59:** This took transaction volumes for Europe in 2024 to ???189
**00:05:00 --> 00:05:03:** billion, which is 13.7% higher than in 2023.
**00:05:04 --> 00:05:07:** Real estate volumes also rebounded by 11.3% in North America
**00:05:08 --> 00:05:11:** following a a year of significant contraction with US deals
**00:05:11 --> 00:05:14:** jumping by around a third year on year in the
**00:05:14 --> 00:05:17:** fourth quarter, boosted by the the the Fed's September rate
**00:05:17 --> 00:05:17:** cut.
**00:05:18 --> 00:05:21:** We have been here before those two years ago.
**00:05:21 --> 00:05:24:** In Emerging Trends 2023, there was some hope that investment
**00:05:24 --> 00:05:28:** activity would start to increase possibly by the summer of
**00:05:28 --> 00:05:32:** 2023, assuming a declaration on on of victory on inflation
**00:05:32 --> 00:05:33:** at that point in time.
**00:05:33 --> 00:05:37:** And in 2024's global report, leaders saw 2024 as a
**00:05:37 --> 00:05:41:** pivot point moving towards greater liquidity in real estate markets.
**00:05:42 --> 00:05:45:** But the prevailing view now is, is that 2025 should
**00:05:45 --> 00:05:48:** mark the next stage of a breakthrough perceived by some
**00:05:48 --> 00:05:51:** as a reset point or even the start of a
**00:05:51 --> 00:05:52:** of a new cycle.
**00:05:52 --> 00:05:53:** Next slide please.
**00:05:55 --> 00:05:59:** According to the to the regional emerging trends report in
**00:05:59 --> 00:06:02:** the third quarter of 2024, business confidence was was up
**00:06:03 --> 00:06:06:** in all three regions, yet significant pockets of of caution

**00:06:06 --> 00:06:07:** clearly remain.
**00:06:07 --> 00:06:10:** Even the global euphoria last September around the Fed rate
**00:06:10 --> 00:06:13:** cuts flagged in all three regional reports as a turn
**00:06:13 --> 00:06:15:** as a turning point has receded.
**00:06:15 --> 00:06:18:** So inflation and higher for longer interest rates continue to
**00:06:18 --> 00:06:21:** cast that long shadow over global real estate as the
**00:06:21 --> 00:06:24:** industry weighs up the opportunities and risks over what promise
**00:06:24 --> 00:06:26:** promises to be quite a challenging year ahead.
**00:06:27 --> 00:06:30:** And this slide shows the chief areas of concerns across
**00:06:30 --> 00:06:31:** the three regions.
**00:06:31 --> 00:06:34:** So you can see in North America, interest rates and
**00:06:34 --> 00:06:35:** the cost of capital rank highest.
**00:06:36 --> 00:06:40:** Asian respondents point to lower yields and interest rate challenges.
**00:06:40 --> 00:06:45:** Well for Europe, economic growth prospects and political instability are
**00:06:45 --> 00:06:47:** seen as the chief issues clouding the horizon.
**00:06:48 --> 00:06:49:** And next slide, please.
**00:06:51 --> 00:06:52:** And no worries.
**00:06:52 --> 00:06:54:** Is that political risk more keenly felt than in the
**00:06:54 --> 00:06:57:** industry's challenges around the ESG agenda.
**00:06:57 --> 00:07:00:** ESG is now a politically charged acronym, as one participant
**00:07:00 --> 00:07:04:** noted, and the real estate leaders interviewed for this report
**00:07:04 --> 00:07:07:** reflect a sense that the regulation is perhaps getting too
**00:07:07 --> 00:07:09:** complex and there's now an adjustment process needed to to
**00:07:10 --> 00:07:10:** simplify it.
**00:07:11 --> 00:07:13:** The targets remain the same, but they want to see
**00:07:13 --> 00:07:16:** the industry get back to basic basics, focus on the
**00:07:16 --> 00:07:20:** financial upside of delivering and operating fit for purpose real
**00:07:20 --> 00:07:23:** estate, both paying attention to matters of energy, the environment
**00:07:23 --> 00:07:26:** but also demonstrating a return on investment.
**00:07:27 --> 00:07:31:** The industry is developing a more diligent approach to climate
**00:07:31 --> 00:07:34:** strategy due to real world concerns and this supports the
**00:07:34 --> 00:07:36:** findings of the the three regional reports.
**00:07:36 --> 00:07:41:** Although environmental and sustainability requirements and climate change change all
**00:07:41 --> 00:07:44:** rank quite differently depending on location.
**00:07:44 --> 00:07:48:** While 67% of respondents in Europe cite environmental or decarbonisation

**00:07:48 --> 00:07:52:** requirements as a important real estate concern, the topic ranks

**00:07:52 --> 00:07:55:** lower among Asian and North American respondents.

**00:07:56 --> 00:08:00:** Overall though, the perspective is shifting from ESG regulation to

**00:08:00 --> 00:08:01:** ESG as a value driver.

**00:08:02 --> 00:08:03:** Next slide please.

**00:08:06 --> 00:08:08:** On the other hand, there is a very clearview that

**00:08:08 --> 00:08:11:** the downsides of doing nothing must also be taken into

**00:08:11 --> 00:08:12:** account financially.

**00:08:12 --> 00:08:17:** So that includes access to insurance, insurance premiums, tenant demand,

**00:08:17 --> 00:08:20:** exit prices and market liquidity.

**00:08:20 --> 00:08:24:** And despite the the wildfires that tore through Los Angeles

**00:08:24 --> 00:08:27:** in January and the destructive flash floods in Valencia last

**00:08:27 --> 00:08:31:** October, there's been somewhat of a backlash against ESG regulations

**00:08:31 --> 00:08:34:** in the US and a reordering, perhaps of CapEx priorities

**00:08:34 --> 00:08:36:** in other parts of the world.

**00:08:37 --> 00:08:40:** The social cost of the LA wildfires is incalculable, but

**00:08:40 --> 00:08:43:** financial institutions have already figured out it may be among

**00:08:43 --> 00:08:46:** the costliest in history for the insurance industry, with Moody's

**00:08:46 --> 00:08:49:** estimating insured losses to run well into the billions of

**00:08:50 --> 00:08:50:** of dollars.

**00:08:50 --> 00:08:53:** And the chart on this slide shows the increase in

**00:08:53 --> 00:08:56:** the number of insured loss events over $1 billion across

**00:08:56 --> 00:08:58:** the four regions of the world.

**00:08:59 --> 00:09:03:** Real Estate Insurance Both the availability of insurance and the

**00:09:03 --> 00:09:05:** cost is a big and expanding issue for the future

**00:09:05 --> 00:09:06:** of real estate.

**00:09:07 --> 00:09:10:** Residential is viewed as the most vulnerable asset class globally

**00:09:10 --> 00:09:13:** due to the size of the sector as well as

**00:09:13 --> 00:09:16:** the insurance costs for individuals and the high cost of

**00:09:16 --> 00:09:19:** adaptation and mitigation measures is also an issue.

**00:09:19 --> 00:09:24:** All this impacts institutional investors committed to residential, but ultimately

**00:09:24 --> 00:09:27:** no sector can afford to ignore the warning signals.

**00:09:28 --> 00:09:29:** Next slide please.

**00:09:32 --> 00:09:35:** Looking to the future delivery and operation of fit for

**00:09:35 --> 00:09:39:** purpose real estate, the interviews indicate that the trend towards

**00:09:39 --> 00:09:43:** assets with an operational component is transcending nearly all sectors

**00:09:43 --> 00:09:45:** and investment categories, from core to opportunistic.

**00:09:46 --> 00:09:49:** And in essence, this trend can be captured as part

**00:09:49 --> 00:09:52:** of a broader transition to real estate becoming a more

**00:09:52 --> 00:09:56:** complex undertaking with all the opportunities and challenges this brings,

**00:09:56 --> 00:10:00:** whether that's the need for increased operational expertise, vertical integration,

**00:10:00 --> 00:10:04:** or new partnerships and innovative investment structures.

**00:10:05 --> 00:10:08:** And perhaps the most topical aspect of this trend and,

**00:10:08 --> 00:10:12:** and arguably the the greatest opportunity for outsized returns lies

**00:10:12 --> 00:10:14:** with those assets at the intersection of real estate and

**00:10:14 --> 00:10:15:** infrastructure.

**00:10:16 --> 00:10:19:** Logistics, data centres and new energy infrastructure have been at

**00:10:19 --> 00:10:22:** or near the top of the emerging trends sector rankings

**00:10:22 --> 00:10:23:** for several years.

**00:10:23 --> 00:10:25:** And yet there are signs of that interest and capital

**00:10:25 --> 00:10:27:** moving to an altogether higher level.

**00:10:28 --> 00:10:31:** And as analysed in Chapter 2 of this year's report,

**00:10:31 --> 00:10:35:** if investors want to participate in those sectors, their knowledge

**00:10:35 --> 00:10:39:** base must extend well beyond the usual risk real estate

**00:10:39 --> 00:10:43:** risk reward metrics into digitalization, the exponential growth of AI

**00:10:43 --> 00:10:48:** power requirements and an increasing focus on strategic regional independence,

**00:10:48 --> 00:10:51:** including energy security and data sovereignty.

**00:10:52 --> 00:10:55:** But linking back to my earlier point, asset managers and

**00:10:55 --> 00:10:59:** property companies may be able to generate competitive advantages through

**00:10:59 --> 00:11:02:** the experience and capabilities gained in those new asset classes

**00:11:02 --> 00:11:05:** that are transferable to other sectors and vice versa.

**00:11:06 --> 00:11:10:** Capabilities for example, around the the development of green logistics

**00:11:10 --> 00:11:14:** being highly relevant to data centres and renewable energy real

**00:11:14 --> 00:11:14:** estate.

**00:11:14 --> 00:11:17:** And so that's something we're already seeing play out with

**00:11:17 --> 00:11:19:** some of the the strategies of the major logistic players.

**00:11:21 --> 00:11:22:** Next, next slide, please.
**00:11:25 --> 00:11:28:** So in summary, inflation and higher for longer interest rates
**00:11:28 --> 00:11:30:** in some regions continue to cast that long shadow over
**00:11:30 --> 00:11:34:** global real estate as the industry weighs up the opportunities
**00:11:34 --> 00:11:36:** and risks over what promises to be a a complex
**00:11:36 --> 00:11:36:** year ahead.
**00:11:37 --> 00:11:41:** So I think that much overused term cautious optimism still
**00:11:41 --> 00:11:44:** still holds despite economic and political headwinds.
**00:11:44 --> 00:11:47:** What happens to interest rates in 2025 will still likely
**00:11:47 --> 00:11:51:** be the most influential factor in determining the trajectory of
**00:11:51 --> 00:11:54:** the the recovery and the difference between a a good
**00:11:54 --> 00:11:56:** return and an outsized one.
**00:11:57 --> 00:11:59:** But what should be fun to mind for those deploying
**00:11:59 --> 00:12:02:** capital and resource into real estate as they prepare for
**00:12:02 --> 00:12:04:** a challenging but but opportunity?
**00:12:04 --> 00:12:05:** Which 2025?
**00:12:06 --> 00:12:09:** Well, according to the thousands of respondents to emerging trends
**00:12:09 --> 00:12:12:** surveys over the last six months, the the following areas
**00:12:12 --> 00:12:12:** will be key.
**00:12:13 --> 00:12:15:** Firstly, political risk awareness.
**00:12:16 --> 00:12:18:** How to keep a cool head and make informed decisions
**00:12:18 --> 00:12:20:** without succumbing to that uncertainty.
**00:12:21 --> 00:12:25:** Secondly, ESG strategy, how to manage and maintain a focus
**00:12:25 --> 00:12:29:** on ESG, but with that clear, measurable, measurable view on
**00:12:29 --> 00:12:32:** return on investment, emerging sector investment.
**00:12:32 --> 00:12:36:** So identifying and accessing opportunities in emerging sectors with both,
**00:12:36 --> 00:12:40:** but which both provide diversification and tailwinds for growth.
**00:12:40 --> 00:12:43:** And finally, managing structural transformation.
**00:12:44 --> 00:12:47:** The real estate industry is still going through a process
**00:12:47 --> 00:12:51:** of transformation driven by digitalization, urbanization and climate change.
**00:12:51 --> 00:12:54:** And in this environment, I think whether or not you
**00:12:54 --> 00:12:57:** buy into the idea that real estate and infrastructure are
**00:12:57 --> 00:13:01:** blurring, it's likely that alongside fixed income, infrastructure's becoming a
**00:13:01 --> 00:13:04:** a more influential source of competition for real estate capital.
**00:13:05 --> 00:13:07:** And it must be an advantage to at least have
**00:13:07 --> 00:13:11:** a a solid understanding of infrastructure, adjacent opportunities to real

**00:13:11 --> 00:13:14:** estate as the skill sets between those two areas become
**00:13:14 --> 00:13:16:** more comparable and more transferable.
**00:13:17 --> 00:13:19:** So that's a very brief glimpse of the highlights of
**00:13:19 --> 00:13:20:** this year's report.
**00:13:20 --> 00:13:22:** And I definitely encourage you to take a look.
**00:13:23 --> 00:13:25:** Thank you to everyone who took part in the research.
**00:13:25 --> 00:13:27:** And I think there's a lot to think about.
**00:13:27 --> 00:13:30:** And I look forward to continuing the discussion and in
**00:13:30 --> 00:13:33:** particular, hearing that the views of the panel.
**00:13:33 --> 00:13:36:** So with that, I'll hand hand back to Tim to
**00:13:36 --> 00:13:37:** introduce the panellists.
**00:13:38 --> 00:13:38:** Thank you.
**00:13:43 --> 00:13:47:** Thank you very much, Gareth, for both the succinct and
**00:13:47 --> 00:13:50:** a really insightful presentation.
**00:13:51 --> 00:13:55:** We're going to respond to the key themes that Gareth
**00:13:55 --> 00:13:59:** outlined in his presentation and getting into the getting into
**00:13:59 --> 00:14:00:** the panel discussion.
**00:14:01 --> 00:14:04:** So with that, I'd like to to open the panel
**00:14:04 --> 00:14:08:** and I'm going to ask each member of the panel
**00:14:08 --> 00:14:12:** to briefly introduce themselves and then to tell us very
**00:14:12 --> 00:14:15:** quickly what the biggest take away.
**00:14:15 --> 00:14:18:** And I'm perhaps surprised if there was one from what's
**00:14:18 --> 00:14:21:** from the 2025 Emerging trends report.
**00:14:21 --> 00:14:23:** So, Michael, maybe I can pass to you.
**00:14:24 --> 00:14:25:** Sure.
**00:14:25 --> 00:14:27:** Can you hear me?
**00:14:27 --> 00:14:27:** Everything's fine.
**00:14:28 --> 00:14:28:** OK, Good.
**00:14:28 --> 00:14:29:** Everything's good.
**00:14:29 --> 00:14:29:** No.
**00:14:30 --> 00:14:30:** Yeah, good.
**00:14:31 --> 00:14:34:** Michael Shields, I'm the EMEA head of real estate for
**00:14:35 --> 00:14:35:** ING.
**00:14:36 --> 00:14:39:** You know, we, we have a portfolio, a commercial real
**00:14:39 --> 00:14:42:** estate portfolio globally of about 55 billion.
**00:14:43 --> 00:14:46:** And on the institutional side, we have about 24 billion
**00:14:46 --> 00:14:47:** in EMEA.
**00:14:47 --> 00:14:49:** So we have a very good view I think globally
**00:14:49 --> 00:14:50:** of what's going on.
**00:14:50 --> 00:14:54:** And specifically I'm, I mean, although I used to head
**00:14:54 --> 00:14:57:** up the US and AIPAC, I'm responsible for EMEA.
**00:14:57 --> 00:14:59:** So hopefully I can bring some good insights to the

**00:14:59 --> 00:15:00:** panel.
**00:15:00 --> 00:15:03:** I think the one thing that that stuck out to
**00:15:03 --> 00:15:06:** me when I read the, the, the, the, the report
**00:15:06 --> 00:15:11:** was that interest rates really do matter, especially, you know,
**00:15:11 --> 00:15:14:** coming from such a low base to where we are
**00:15:14 --> 00:15:14:** now.
**00:15:14 --> 00:15:16:** And, you know, it seems like it might be the
**00:15:16 --> 00:15:17:** new normal.
**00:15:17 --> 00:15:21:** And so, you know, I think that maybe people didn't,
**00:15:21 --> 00:15:24:** you know, are well, they're now very attuned to the,
**00:15:25 --> 00:15:27:** the cost of capital and interest rates.
**00:15:28 --> 00:15:31:** The one thing that was surprising to me was that
**00:15:31 --> 00:15:35:** in the, the concerns for the US investors, I mean,
**00:15:35 --> 00:15:39:** there was no geopolitical, no tariff, no, no concerns there,
**00:15:39 --> 00:15:43:** which is kind of surprising to me because most, you
**00:15:43 --> 00:15:46:** know, you know, I mean, you know, you, you, the
**00:15:46 --> 00:15:50:** US has so many international global companies that, that rely
**00:15:51 --> 00:15:53:** on sales all across the world.
**00:15:53 --> 00:15:59:** And I think maybe they're underestimating concerns on that on
**00:15:59 --> 00:16:00:** that point.
**00:16:01 --> 00:16:02:** Thanks, Michael.
**00:16:02 --> 00:16:03:** That's, that's really interesting.
**00:16:03 --> 00:16:05:** And we'll, we'll definitely get into the geopolitical context in
**00:16:05 --> 00:16:06:** a bit.
**00:16:06 --> 00:16:09:** Klaus, perhaps I can pass to you for an introduction
**00:16:09 --> 00:16:12:** and your your take away and surprise from the report.
**00:16:13 --> 00:16:14:** Yeah, great.
**00:16:14 --> 00:16:15:** Thanks for having me.
**00:16:15 --> 00:16:16:** My name is Class Medicine.
**00:16:16 --> 00:16:18:** I'm the Co CEO of Urban Partners.
**00:16:18 --> 00:16:21:** I'm based in Copenhagen, but today I'm in Abu Dhabi.
**00:16:21 --> 00:16:23:** Speaking of what it is that we spend time on,
**00:16:23 --> 00:16:26:** is, is merging capital flows from across the world.
**00:16:26 --> 00:16:29:** We are the leading Northern European urban investors who we
**00:16:29 --> 00:16:32:** invest across the urban value chain as we call it,
**00:16:32 --> 00:16:34:** on equity, credit and technology.
**00:16:34 --> 00:16:37:** We manage about ???20 billion of AUM predominantly invested in
**00:16:37 --> 00:16:39:** the Nordics, Germany and Poland.
**00:16:40 --> 00:16:44:** We invest predominantly in residential and logistics that makes up

**00:16:45 --> 00:16:46:** about 80% of our our capacity.
**00:16:46 --> 00:16:50:** We manage about ???3 million of or 3,000,000 square meters
**00:16:50 --> 00:16:54:** of logistics and about 50,000 apartments in construction line operations
**00:16:54 --> 00:16:57:** and, and so we invest across Valley AD and, and
**00:16:57 --> 00:16:58:** Core plus.
**00:16:58 --> 00:17:01:** And really the, the, the take away from me from
**00:17:01 --> 00:17:04:** this report is a continuation of the, the theme of
**00:17:05 --> 00:17:08:** risks and, and big changes coming to the industry that
**00:17:08 --> 00:17:11:** the players in this industry are being asked to absorb
**00:17:11 --> 00:17:13:** and manage continuously.
**00:17:13 --> 00:17:16:** So the, the, the heightened focus on the ability to
**00:17:16 --> 00:17:20:** manage risk by being flexible, being nimble, being less focused
**00:17:20 --> 00:17:23:** on one sector, one asset type 1 asset size 1
**00:17:23 --> 00:17:26:** geography is, is becoming a, a real topic because you
**00:17:26 --> 00:17:29:** end up, you end up having the risk of being
**00:17:29 --> 00:17:30:** stuck somewhere.
**00:17:31 --> 00:17:34:** Like Michael, I was also a little bit surprised by
**00:17:34 --> 00:17:37:** the difference in concern between the different regions.
**00:17:37 --> 00:17:40:** So how the US is focused seemingly on cost of
**00:17:40 --> 00:17:44:** capital, Europe on political risk and Asia on a little
**00:17:44 --> 00:17:47:** bit of a border sub sector of the risk factors.
**00:17:48 --> 00:17:51:** Again, tells tells me that if you're operating in global
**00:17:51 --> 00:17:54:** real estate and managing capital flows and investments locally, then
**00:17:54 --> 00:17:57:** there's a lot of different things that you need to
**00:17:57 --> 00:17:59:** be able to to to manage and kind of counter.
**00:18:00 --> 00:18:04:** Thank you class Lisette, maybe I can pass to you
**00:18:04 --> 00:18:04:** now.
**00:18:06 --> 00:18:06:** Yeah.
**00:18:06 --> 00:18:07:** Thanks, Tim.
**00:18:08 --> 00:18:11:** Lisa Tafondoran, I'm the Chief Executive for Urban Land Institute
**00:18:11 --> 00:18:12:** in Europe.
**00:18:12 --> 00:18:15:** And before sharing my comments, I would also like to
**00:18:15 --> 00:18:19:** thank Garrett and his PwC colleagues for the long standing
**00:18:19 --> 00:18:22:** collaboration on both the regional reports as well as this
**00:18:22 --> 00:18:23:** global report.
**00:18:24 --> 00:18:27:** My take away is not much drawn from the report
**00:18:27 --> 00:18:29:** as more from the sequence of the report we've seen
**00:18:29 --> 00:18:31:** of the last few years.

**00:18:31 --> 00:18:36:** And that's how volatile the sentiment is where almost from
**00:18:36 --> 00:18:41:** one day to the other, the the world changes drastically
**00:18:41 --> 00:18:43:** and our view changes so much.
**00:18:44 --> 00:18:47:** And then sort of if, if a certain politician says
**00:18:47 --> 00:18:50:** something again, it may turn completely and sort of and
**00:18:50 --> 00:18:53:** real estate's in the middle of that.
**00:18:53 --> 00:18:56:** We used to focus more on how are the real
**00:18:56 --> 00:19:00:** estate fundamentals and that's something we almost hardly talk about
**00:19:01 --> 00:19:01:** nowadays.
**00:19:01 --> 00:19:04:** It's more about what is it happening in the external
**00:19:04 --> 00:19:06:** world that's influencing us.
**00:19:06 --> 00:19:09:** And in the in sense of writing the report for
**00:19:09 --> 00:19:13:** us, that means it's extremely difficult to stay up to
**00:19:13 --> 00:19:16:** date and sort of changes need to be made almost
**00:19:16 --> 00:19:18:** up until the last day before we publish.
**00:19:19 --> 00:19:22:** And that I think is a is a really important
**00:19:22 --> 00:19:26:** indicator of how things look where almost in the regional
**00:19:26 --> 00:19:30:** reports Europe still looked pretty bad versus the other regions
**00:19:30 --> 00:19:33:** when which we the kind of did at the end
**00:19:33 --> 00:19:34:** of last year.
**00:19:35 --> 00:19:38:** Now certainly the prospects for Europe look very different compared
**00:19:38 --> 00:19:39:** to the other regions.
**00:19:39 --> 00:19:42:** So it would also be very interesting to hear the
**00:19:42 --> 00:19:44:** other panellists views on that.
**00:19:44 --> 00:19:48:** But that is really something that we've observed much more.
**00:19:49 --> 00:19:49:** Yeah.
**00:19:49 --> 00:19:49:** Thanks for that.
**00:19:49 --> 00:19:52:** I think the three, the three of you have observed
**00:19:52 --> 00:19:56:** these biggest structural changes happening within the industry alongside a
**00:19:56 --> 00:19:58:** more typical kind of where are we in the cycle
**00:19:58 --> 00:20:01:** we're going to, we're going to get into those cyclical
**00:20:01 --> 00:20:01:** questions.
**00:20:01 --> 00:20:04:** But I think that broader backdrop is, is really interesting.
**00:20:04 --> 00:20:08:** Perhaps you know more interesting point in our careers than
**00:20:08 --> 00:20:09:** many, many previous years.
**00:20:10 --> 00:20:13:** And finally, Alan, please let me let me turn to
**00:20:13 --> 00:20:13:** you.
**00:20:15 --> 00:20:18:** Thanks Tim, and thanks everyone for having me here.
**00:20:18 --> 00:20:21:** I'm Alan Tan from Singapore, Managing Director and Head of

**00:20:21 --> 00:20:25:** Capital Raising and Special Projects for Capital and Investment.

**00:20:26 --> 00:20:29:** Just a quick one liner on Capital N Capital N

**00:20:29 --> 00:20:34:** it's Singapore headquartered global real, real asset fund manager manages

**00:20:34 --> 00:20:38:** about 100 billion in AUM, 90% of that is in

**00:20:38 --> 00:20:41:** Asia Pacific, 5% in North America and 5% in Europe.

**00:20:42 --> 00:20:45:** The biggest take away for me, I would say broadly

**00:20:46 --> 00:20:49:** quite similar to the other panellists, but I would also

**00:20:49 --> 00:20:53:** add that one thing that really stuck out was the

**00:20:53 --> 00:20:56:** fact that it is important from a real estate investment

**00:20:56 --> 00:21:00:** standpoint to start thinking about how do we actually create

**00:21:01 --> 00:21:01:** alpha, right?

**00:21:01 --> 00:21:04:** It's, it's no longer just a beta play, you know,

**00:21:04 --> 00:21:07:** in, in, in the, in this new normal, right?

**00:21:07 --> 00:21:10:** How do we then through our operational expertise and that

**00:21:10 --> 00:21:14:** was also highlighted in the report in creating alpha.

**00:21:14 --> 00:21:18:** And that has and that resonates well with investors and

**00:21:18 --> 00:21:20:** investment managers as well.

**00:21:21 --> 00:21:24:** One thing that really stood out for me and and

**00:21:24 --> 00:21:27:** I kind of wear that APEC hats or APEC lens

**00:21:27 --> 00:21:32:** is, you know, despite geopolitical uncertainty, we are still seeing,

**00:21:32 --> 00:21:36:** you know, Greater China still, you know, leading the pack

**00:21:36 --> 00:21:39:** from a transaction volume standpoint.

**00:21:40 --> 00:21:42:** Japan is still doing very strongly in in fact, when

**00:21:43 --> 00:21:45:** I look at South Korea and Australia in terms of

**00:21:45 --> 00:21:48:** the transaction volumes, they're kind of equal to to what

**00:21:48 --> 00:21:50:** we are seeing in Japan.

**00:21:50 --> 00:21:52:** So I didn't you know, that was a bit of

**00:21:52 --> 00:21:54:** a surprise for me as I look at the league

**00:21:54 --> 00:21:55:** tables in, in APEC.

**00:21:57 --> 00:21:57:** Thank you.

**00:21:57 --> 00:21:58:** Thanks.

**00:21:58 --> 00:21:59:** Thanks, Alan.

**00:21:59 --> 00:22:01:** And I'm going to stick with, I'm going to stick

**00:22:01 --> 00:22:01:** with you.

**00:22:02 --> 00:22:08:** Gareth in his slides, characterized sentiment as cautiously optimistic.

**00:22:09 --> 00:22:11:** I just want to get a sense of where where

**00:22:11 --> 00:22:12:** you 4 are now.

**00:22:12 --> 00:22:13:** You're cautiously optimistic.

**00:22:14 --> 00:22:17:** I think specifically, are you more optimistic than you were

**00:22:17 --> 00:22:18:** this time last year?
**00:22:18 --> 00:22:20:** You're less optimistic about the same.
**00:22:20 --> 00:22:22:** Just kind of give us a sense of where you
**00:22:22 --> 00:22:24:** are and maybe a reason, a reason why.
**00:22:28 --> 00:22:28:** Yeah.
**00:22:28 --> 00:22:30:** Alan, I think let's start with you.
**00:22:31 --> 00:22:34:** I would say that this year we are definitely more
**00:22:34 --> 00:22:37:** optimistic at least based off of the deals that we
**00:22:37 --> 00:22:40:** are, the opportunities that we are seeing on the ground.
**00:22:40 --> 00:22:44:** We are definitely seeing more of them out of Asia
**00:22:44 --> 00:22:50:** Pacific, across developed Asia, Japan, Korea, across different asset classes
**00:22:50 --> 00:22:54:** like data centre, self storage, lodging sector.
**00:22:55 --> 00:22:58:** I think as as deals come to the table that
**00:22:58 --> 00:23:03:** definitely helps drive some optimism from a capital standpoint.
**00:23:03 --> 00:23:07:** Talking to investors, I think there is a bit of
**00:23:07 --> 00:23:08:** a pent up.
**00:23:09 --> 00:23:12:** You know some of them have been slower on the
**00:23:12 --> 00:23:15:** deployment front in the past two years as rates started
**00:23:15 --> 00:23:15:** hiking.
**00:23:16 --> 00:23:19:** So we are sensing some impetus in looking to start
**00:23:19 --> 00:23:23:** their engines again from a deployment standpoint.
**00:23:26 --> 00:23:27:** Lisette, how about you?
**00:23:27 --> 00:23:31:** More, more optimistic than you were March 2024?
**00:23:31 --> 00:23:32:** About the same.
**00:23:32 --> 00:23:33:** Less.
**00:23:35 --> 00:23:38:** Again, I think it's, it's what are you looking at?
**00:23:38 --> 00:23:42:** Because I think if talking to our members frequently, what
**00:23:42 --> 00:23:45:** we hear, everybody is really ready to get started again.
**00:23:45 --> 00:23:48:** Sort of we've seen every time saying, oh, by the
**00:23:48 --> 00:23:51:** end of this year, we think it's going to go
**00:23:51 --> 00:23:51:** better.
**00:23:51 --> 00:23:53:** So I think and we what we've seen is the
**00:23:53 --> 00:23:56:** repricing in the real estate industry.
**00:23:56 --> 00:23:59:** So the fundamentals look strong still and even if economic
**00:23:59 --> 00:24:03:** growth prospects would be slightly better than what was expected
**00:24:03 --> 00:24:07:** recently now with some investment programs by governments announced.
**00:24:08 --> 00:24:12:** So yes, I think it's the, the, the difficulty I
**00:24:12 --> 00:24:15:** think is what will the impact be of all those
**00:24:15 --> 00:24:21:** external geopolitical things which have potentially monetary

impacts.

**00:24:21 --> 00:24:24:** And therefore, as Michael also mentioned in his opening remarks,

**00:24:25 --> 00:24:26:** interest rates matter.

**00:24:26 --> 00:24:30:** It, it is not just your political talk, it has

**00:24:30 --> 00:24:36:** potentially impact and really say being such a financial asset

**00:24:36 --> 00:24:39:** class, it will have impact there too.

**00:24:39 --> 00:24:43:** So I find it difficult to be a totally honest.

**00:24:43 --> 00:24:47:** I think everybody's very eager to be optimistic, but there

**00:24:47 --> 00:24:51:** are some sort of dark clouds where maybe probability is

**00:24:51 --> 00:24:55:** not so high that something will really happen, but if

**00:24:55 --> 00:24:59:** it does, the impact may be considerable.

**00:25:00 --> 00:25:02:** So you want, you want to be optimistic, but you're

**00:25:03 --> 00:25:03:** also.

**00:25:03 --> 00:25:03:** Cautious.

**00:25:04 --> 00:25:06:** And I'm an optimistic person.

**00:25:09 --> 00:25:11:** This is a diplomatic answer, you guys.

**00:25:14 --> 00:25:14:** How about you?

**00:25:15 --> 00:25:17:** Yeah, No, I think one of the UI events I

**00:25:17 --> 00:25:21:** participated in had somebody present this graph that's called this

**00:25:21 --> 00:25:23:** the Century of the Cities.

**00:25:23 --> 00:25:25:** And so this is really the century where we put

**00:25:25 --> 00:25:28:** all of our owners on the cities and kind of

**00:25:28 --> 00:25:31:** how citizens have decided to live, play, work, consume.

**00:25:32 --> 00:25:34:** And I think all this uncertainty we talked about kind

**00:25:34 --> 00:25:36:** of blurs the picture of what it is we're trying

**00:25:36 --> 00:25:39:** to achieve, which is make cities more livable and kind

**00:25:39 --> 00:25:42:** of invest into those and provide the services, the residential,

**00:25:42 --> 00:25:45:** the logistics, the office, all the real estate based experiences

**00:25:45 --> 00:25:46:** that we take for granted in cities.

**00:25:47 --> 00:25:49:** And so as kind of the uncertainty on the on

**00:25:49 --> 00:25:53:** the fundamentals of those decisions are kind of dissipate a

**00:25:53 --> 00:25:56:** little bit, I see cities and mayors in particular coming

**00:25:56 --> 00:26:00:** back strongly with very strong agendas and very strong change

**00:26:00 --> 00:26:00:** mandates.

**00:26:01 --> 00:26:04:** And that makes me very optimistic that the fundamental drivers

**00:26:04 --> 00:26:07:** for real estate demand are kind of flourishing.

**00:26:07 --> 00:26:09:** So the invitation to mayor is to kind of step

**00:26:09 --> 00:26:12:** up, participate and cop take more voice on the economies

**00:26:12 --> 00:26:15:** that they manage and the citizens responsibilities that they

they

**00:26:15 --> 00:26:15:** house.

**00:26:16 --> 00:26:18:** I'm very optimistic about that.

**00:26:19 --> 00:26:20:** That's that's great.

**00:26:21 --> 00:26:21:** I really like that.

**00:26:22 --> 00:26:24:** And and Michael, how about you?

**00:26:25 --> 00:26:27:** You know, you know, I'm a, I'm a lender, you

**00:26:27 --> 00:26:29:** know, and in the kind of the core, core plus

**00:26:30 --> 00:26:30:** space.

**00:26:30 --> 00:26:34:** So I'm, I'm, I'm, I'm more optimistic for sure.

**00:26:34 --> 00:26:38:** We're seeing more liquidity coming into the market even for

**00:26:39 --> 00:26:42:** even for office, even for, you know, and you know,

**00:26:42 --> 00:26:46:** I think, you know, the fundamentals as, as we said,

**00:26:46 --> 00:26:50:** are, are, are, are strong in that, in that space

**00:26:50 --> 00:26:54:** across all the sectors for high quality real estate.

**00:26:54 --> 00:26:56:** I think the the banks are starting to compete.

**00:26:56 --> 00:26:58:** Lenders are competing there.

**00:26:58 --> 00:27:00:** There's more lenders entering the market.

**00:27:00 --> 00:27:03:** So I think capital is going to be more and

**00:27:03 --> 00:27:07:** more available to, to to borrowers and at, you know,

**00:27:07 --> 00:27:11:** you know, and Europe, you know, has the advantage of

**00:27:11 --> 00:27:15:** having lower, lower rates than than, you know, maybe Australia

**00:27:15 --> 00:27:16:** or or America's.

**00:27:16 --> 00:27:19:** So, you know, I think that there's, there's a positive

**00:27:19 --> 00:27:22:** environment there, you know, and all the, you know, the

**00:27:22 --> 00:27:23:** assets have been repriced, right.

**00:27:23 --> 00:27:27:** So, you know, so I think that that's quite good.

**00:27:27 --> 00:27:29:** And, you know, and looking at the US, which which

**00:27:30 --> 00:27:33:** is really interesting to me is that we've been involved

**00:27:33 --> 00:27:36:** in some big refurbishment of some large office buildings, you

**00:27:36 --> 00:27:39:** know, and it was a bit scary, you know, for

**00:27:39 --> 00:27:40:** a period of time.

**00:27:40 --> 00:27:43:** And we've seen the lease up there extremely strong and

**00:27:43 --> 00:27:46:** the CMBS market coming back in the US, even for,

**00:27:46 --> 00:27:49:** you know, for top quality office built buildings.

**00:27:49 --> 00:27:50:** So we didn't have that.

**00:27:50 --> 00:27:53:** But, you know, so I think if you look across

**00:27:53 --> 00:27:56:** from a debt perspective, and definitely we're past the the

**00:27:56 --> 00:27:57:** bottom.

**00:27:57 --> 00:28:00:** And the only thing that that couldn't kind of kind

**00:28:00 --> 00:28:02:** of throw a wrinkle in it for me in Europe

**00:28:02 --> 00:28:04:** is, you know, all this debt, you know, everybody wants
**00:28:04 --> 00:28:07:** to issue more debt every, you know, because they need
**00:28:07 --> 00:28:09:** to, you know, to build, you know, to, to, to,
**00:28:09 --> 00:28:11:** to fund defense expenditures.
**00:28:11 --> 00:28:14:** And that could, you know, potentially, you know, mid longer
**00:28:14 --> 00:28:16:** term rates could have an impact there.
**00:28:17 --> 00:28:20:** But I still think there's some good cushion there to
**00:28:20 --> 00:28:22:** keep the market going in the short to medium term.
**00:28:22 --> 00:28:26:** So generally I'm I'm I'm more optimistic.
**00:28:27 --> 00:28:28:** Yeah.
**00:28:28 --> 00:28:30:** And if we Michael, if we just continue on that
**00:28:30 --> 00:28:33:** a little bit and you just you talked a little
**00:28:33 --> 00:28:35:** bit about kind of where where you think we are
**00:28:35 --> 00:28:36:** in the in the cycle.
**00:28:36 --> 00:28:39:** So be good just to pick that out a little
**00:28:39 --> 00:28:39:** bit more.
**00:28:39 --> 00:28:42:** If you see we at the start of a new
**00:28:42 --> 00:28:45:** cycle, are we very firmly in recovery mode now?
**00:28:46 --> 00:28:48:** And that's always a hard question to ask, you know,
**00:28:48 --> 00:28:51:** from a broad perspective, maybe just kind of highlight between
**00:28:51 --> 00:28:54:** three main regions or even key economies within those regions
**00:28:54 --> 00:28:55:** when you see things.
**00:28:56 --> 00:28:57:** Yeah.
**00:28:57 --> 00:28:59:** You know, it's, it's, it's different, you know, and you
**00:28:59 --> 00:29:01:** know, every country has a little bit of a different
**00:29:01 --> 00:29:01:** dynamic.
**00:29:01 --> 00:29:04:** You know, I think if I look from an EMEA
**00:29:04 --> 00:29:08:** perspective, Spain and Diddly UK have been very active.
**00:29:09 --> 00:29:12:** You know, France, you know, I mean, why I would
**00:29:12 --> 00:29:15:** say Germany and Poland in our markets have been probably
**00:29:15 --> 00:29:15:** the slowest.
**00:29:16 --> 00:29:19:** You know, I think, you know, Poland, you know, as
**00:29:19 --> 00:29:22:** has suffered from a little bit of lack of investor
**00:29:22 --> 00:29:24:** interest in capital there.
**00:29:25 --> 00:29:28:** Germany is still, I think you know, is still transitioning,
**00:29:28 --> 00:29:31:** you know, from a very, very low cap, you know,
**00:29:31 --> 00:29:35:** a yield environment to, to, to the interest rates where
**00:29:35 --> 00:29:36:** they are to today.
**00:29:36 --> 00:29:38:** And it's still, you know, I think there's still a,
**00:29:38 --> 00:29:40:** you know, the bid ask spread.
**00:29:40 --> 00:29:42:** There is still seems to be wider and we haven't

**00:29:42 --> 00:29:44:** seen as many transactions there.
**00:29:44 --> 00:29:48:** So, you know, it's, you know, USI mean, I think,
**00:29:48 --> 00:29:50:** you know, the office market.
**00:29:50 --> 00:29:53:** I mean, well, what was very interesting just I guess
**00:29:53 --> 00:29:54:** it was a, you know, it just in the last
**00:29:54 --> 00:29:57:** couple weeks you see Blackstone coming back into the office
**00:29:57 --> 00:29:57:** market.
**00:29:57 --> 00:30:01:** I think that gives investors a little bit of a,
**00:30:01 --> 00:30:04:** you know, a, you know, make some think a little
**00:30:04 --> 00:30:08:** bit about office, which I think is good because I
**00:30:08 --> 00:30:11:** definitely see a, a return to office kind of dynamic
**00:30:12 --> 00:30:15:** coming back and and, you know, people coming back to
**00:30:15 --> 00:30:16:** the office.
**00:30:16 --> 00:30:18:** So there's a lot of things going on.
**00:30:18 --> 00:30:20:** You know, I think every country's a little bit different.
**00:30:20 --> 00:30:22:** I mean, Spain is like been the star, right?
**00:30:23 --> 00:30:25:** Most, you know, so many transactions down there.
**00:30:26 --> 00:30:28:** You know, I think the bid ask for it is,
**00:30:28 --> 00:30:31:** is is quite, you know, a tight there and you're
**00:30:31 --> 00:30:34:** seeing transactions in all different sectors.
**00:30:35 --> 00:30:39:** So yeah, you know, I think that we're we're definitely
**00:30:39 --> 00:30:43:** past the bottom, but it's still, you know, there's still,
**00:30:43 --> 00:30:45:** you know, some bit ass spread there.
**00:30:46 --> 00:30:49:** And you know, the other thing I would say coming
**00:30:49 --> 00:30:53:** from MIT Bib is that more of our clients were
**00:30:53 --> 00:30:57:** excited about raising capital right now, whereas last year I
**00:30:57 --> 00:30:59:** think it was pretty quiet.
**00:30:59 --> 00:31:02:** It was difficult to raise capital and more of our
**00:31:02 --> 00:31:03:** clients were.
**00:31:03 --> 00:31:06:** We're happy that, you know they've made some progress on
**00:31:06 --> 00:31:06:** that point.
**00:31:06 --> 00:31:09:** So I think we're past the bottom.
**00:31:10 --> 00:31:13:** Klaus, do you, do you agree with that past the
**00:31:13 --> 00:31:17:** bottom from your perspective, you know, particularly Nordics, Germany, Poland?
**00:31:17 --> 00:31:18:** Yeah, No, definitely.
**00:31:18 --> 00:31:20:** I mean, we talked about this and it's also in
**00:31:20 --> 00:31:20:** the report.
**00:31:20 --> 00:31:23:** I mean, if the fundamentals, interest rates are coming down,
**00:31:23 --> 00:31:26:** inflation is coming down, prices are clearing, transaction volumes are
**00:31:26 --> 00:31:26:** up.

**00:31:26 --> 00:31:29:** In the Nordics, we're up 25 or 28%, so slightly
**00:31:29 --> 00:31:31:** above that the average for Europe.
**00:31:32 --> 00:31:36:** Population growth is strong, urbanization is strong also relative to
**00:31:36 --> 00:31:37:** European market.
**00:31:37 --> 00:31:40:** We have local capital being active, we have international capital
**00:31:40 --> 00:31:41:** being active again.
**00:31:41 --> 00:31:45:** So, so all the fundamentals were kind of a stabilizing
**00:31:45 --> 00:31:48:** markets are in place and and kind of demands at
**00:31:48 --> 00:31:53:** the industrial levels of residential housing, logistics, even retail is
**00:31:53 --> 00:31:54:** starting to grow again.
**00:31:55 --> 00:31:56:** So no, I also completely agree.
**00:31:56 --> 00:31:58:** People seem to have settled into a cab a new
**00:31:58 --> 00:31:59:** normal.
**00:31:59 --> 00:32:03:** Banks are well capitalized competition as Michael says, it's starting
**00:32:03 --> 00:32:06:** to heat up even on the on the lending side.
**00:32:06 --> 00:32:09:** So no, we're, we're definitely past, we're definitely past at
**00:32:09 --> 00:32:10:** the bottom.
**00:32:11 --> 00:32:14:** Yeah, just taking that forward, you know, on the lending
**00:32:14 --> 00:32:17:** side, as we've seen inflation tick down, we've seen rates
**00:32:17 --> 00:32:20:** move down, you know, in many economies, one of the
**00:32:20 --> 00:32:23:** themes over the last 1824 months has been, you know,
**00:32:23 --> 00:32:27:** credit strategies and perceived relative value and credit strategies over
**00:32:27 --> 00:32:28:** equity strategies.
**00:32:30 --> 00:32:32:** Michael, what's your loaded question?
**00:32:32 --> 00:32:34:** But let me let me come to you with your
**00:32:34 --> 00:32:35:** perspective on this.
**00:32:35 --> 00:32:36:** And then Alan, Alan, I'll shift here.
**00:32:36 --> 00:32:39:** I'll shift to you with some perspective from from Asia
**00:32:39 --> 00:32:39:** as well.
**00:32:41 --> 00:32:44:** I mean, I think that, you know, you know, the
**00:32:44 --> 00:32:48:** equity side is, you know, with rates being higher and
**00:32:48 --> 00:32:52:** you know, you know, the, you know, still resistance by
**00:32:52 --> 00:32:56:** sellers to to really, you know, you know, close that
**00:32:56 --> 00:32:57:** bid as spread.
**00:32:57 --> 00:33:00:** Sometimes I think it is a little, I mean, I
**00:33:00 --> 00:33:04:** can understand why, you know, investors are allocating a lot
**00:33:05 --> 00:33:09:** of money to debt strategies, you know, the credit strategies
**00:33:09 --> 00:33:12:** because you know, it's you know, I can look, I'm

**00:33:12 --> 00:33:15:** pretty bullish on, you know, lending today.
**00:33:15 --> 00:33:18:** This vintage is going to be quite good.
**00:33:18 --> 00:33:20:** And so, you know, I think the risk is quite
**00:33:20 --> 00:33:20:** low.
**00:33:20 --> 00:33:25:** It's not like that 2021 vintage that's that's maturing right
**00:33:25 --> 00:33:25:** now.
**00:33:25 --> 00:33:29:** You know, those are more difficult because you're coming from
**00:33:29 --> 00:33:33:** a massively low rate environment and the hedgings burning off.
**00:33:33 --> 00:33:36:** And so we're we're you know, banks are still having
**00:33:36 --> 00:33:39:** to deal with with the expiries of that vintage, this
**00:33:39 --> 00:33:40:** vintage.
**00:33:40 --> 00:33:45:** I think reprice, you know, repriced assets higher, you know,
**00:33:45 --> 00:33:50:** higher debt yields and, and, and coverage metrics, you know,
**00:33:50 --> 00:33:53:** now, you know, I, I think the market is getting
**00:33:54 --> 00:33:58:** crowded in that debt fund kind of, you know, institutional
**00:33:58 --> 00:34:02:** kind of credit, you know, that part is getting a
**00:34:02 --> 00:34:04:** little bit crowded.
**00:34:04 --> 00:34:06:** So I think we're going to see and, you know,
**00:34:06 --> 00:34:07:** but, but I think it's great for borrowers, right?
**00:34:08 --> 00:34:10:** Spreads are going to come in, right.
**00:34:10 --> 00:34:13:** And so I think it's going to be a, a,
**00:34:13 --> 00:34:17:** a good environment to, to, to raise debt for, for,
**00:34:17 --> 00:34:19:** for acquisitions.
**00:34:20 --> 00:34:22:** But I think that the, that the credit quality of
**00:34:22 --> 00:34:24:** this vintage is, is quite good.
**00:34:24 --> 00:34:27:** So I can understand why a lot of people want
**00:34:27 --> 00:34:29:** to come in and it's a little bit of a
**00:34:29 --> 00:34:32:** rush, you know, you see just everybody has some kind
**00:34:32 --> 00:34:35:** of a insurance company or debt fund or something, you
**00:34:35 --> 00:34:37:** know, So it's going to be interesting.
**00:34:40 --> 00:34:40:** Yeah.
**00:34:40 --> 00:34:42:** Alan, are you, are you seeing some of the dynamics?
**00:34:42 --> 00:34:45:** Are you seeing a bit of a shift in, you
**00:34:45 --> 00:34:49:** know, relative value of credit towards towards equity?
**00:34:49 --> 00:34:52:** Yeah, welcome your perspectives and you're active in this space.
**00:34:52 --> 00:34:57:** Fairly similar over rocking ingredients that we are seeing, you
**00:34:57 --> 00:35:02:** know as as Michael had had shared, you know higher
**00:35:02 --> 00:35:04:** cost of capital, higher rates.
**00:35:05 --> 00:35:08:** From a global investor standpoint, how do they view you
**00:35:08 --> 00:35:10:** know risk adjusted returns?

**00:35:11 --> 00:35:14:** Over the past 18 months, we have seen a clear
**00:35:14 --> 00:35:18:** shift towards and a clear shift of preference towards private
**00:35:19 --> 00:35:20:** credit opportunities.
**00:35:21 --> 00:35:24:** And within APEC, you know there are a couple of
**00:35:25 --> 00:35:28:** regimes from a private credit standpoint.
**00:35:28 --> 00:35:32:** There are, you know, positive tailwinds, Australia being one and
**00:35:32 --> 00:35:34:** South Korea being the other.
**00:35:35 --> 00:35:38:** If we look at regulatory regimes, we look at how
**00:35:38 --> 00:35:42:** traditional banking lenders are now pulling back, which is creating
**00:35:42 --> 00:35:45:** a bit of that white space for private credit to,
**00:35:46 --> 00:35:47:** to, to, to bloom.
**00:35:47 --> 00:35:50:** We are, you know, capital and investment.
**00:35:50 --> 00:35:52:** We are pretty active in that space in Australia as
**00:35:52 --> 00:35:53:** well as in Korea.
**00:35:53 --> 00:35:56:** And we are, and we are seeing secular tailwinds.
**00:35:57 --> 00:36:00:** These ingredients are continually going to be there in the,
**00:36:00 --> 00:36:02:** in the next, you know, foreseeable years.
**00:36:03 --> 00:36:05:** In fact, I, I just came out of a meeting
**00:36:05 --> 00:36:07:** this morning with our head of private credit.
**00:36:07 --> 00:36:10:** He actually, he, he shared a number that was quite,
**00:36:10 --> 00:36:12:** quite a large one, right.
**00:36:12 --> 00:36:17:** Private credit in Australia, the market size we're talking about
**00:36:17 --> 00:36:19:** Australia dollars 50 billion, right.
**00:36:19 --> 00:36:22:** And this is just private credit in Australia, right.
**00:36:22 --> 00:36:24:** And and that is a massive size that we are
**00:36:24 --> 00:36:27:** talking about which is able to accommodate quite a number
**00:36:27 --> 00:36:29:** of market participants.
**00:36:29 --> 00:36:31:** And we are seeing quite a fair bit of that
**00:36:31 --> 00:36:34:** happening, not quite getting crowded at this point, but I
**00:36:34 --> 00:36:37:** think everyone is getting more and more interested in this
**00:36:37 --> 00:36:38:** space.
**00:36:38 --> 00:36:39:** Yeah.
**00:36:39 --> 00:36:41:** So I think this is a, you know, just to,
**00:36:41 --> 00:36:44:** just to summarise this, you know, question of the cyclicality
**00:36:44 --> 00:36:48:** and then also just some structural changes in this environment
**00:36:48 --> 00:36:49:** of of higher rates as well.
**00:36:50 --> 00:36:55:** OK, shifting, shifting gears from, you know, returns and cycling
**00:36:55 --> 00:36:57:** opportunity to to risk.
**00:36:58 --> 00:37:00:** Klaus, I'm going to going to come to you given

**00:37:00 --> 00:37:03:** your, you know, your introductory comments, very interesting.
**00:37:03 --> 00:37:07:** You know, on in the survey, geopolitical risks were absolutely
**00:37:07 --> 00:37:11:** the forefront of European mines, followed by European growth concerns.
**00:37:11 --> 00:37:14:** And then geopolitical risk and global growth risks also feature
**00:37:14 --> 00:37:16:** prominently in the Asia survey.
**00:37:17 --> 00:37:19:** You talked about a multitude of risks.
**00:37:19 --> 00:37:21:** So I'll try and pin you down if I can
**00:37:21 --> 00:37:23:** and say, you know, what's what's the biggest risk you
**00:37:24 --> 00:37:26:** see to markets in the pace of recovery or what's,
**00:37:26 --> 00:37:29:** what's the biggest concern in your, in your mind right
**00:37:29 --> 00:37:30:** now?
**00:37:30 --> 00:37:32:** How, how are you thinking about managing that risk within
**00:37:32 --> 00:37:33:** your business?
**00:37:33 --> 00:37:36:** And also, you know, great, you're sitting in Abu Dhabi,
**00:37:36 --> 00:37:38:** but just be great to share your perspective on what
**00:37:38 --> 00:37:41:** your investors are also telling you, you know, what's forefront
**00:37:41 --> 00:37:41:** their minds.
**00:37:42 --> 00:37:43:** Yeah, no.
**00:37:43 --> 00:37:45:** And I am reminded of one of the comments in
**00:37:45 --> 00:37:48:** the report about kind of interest, the importance of interest
**00:37:48 --> 00:37:50:** rates for the this industry.
**00:37:50 --> 00:37:52:** And it's obviously, I mean we're investing capital and we're
**00:37:53 --> 00:37:55:** managing assets and the value of those is a function
**00:37:55 --> 00:37:58:** of the interest rates, the growth and the risk, right.
**00:37:58 --> 00:38:00:** And so one of our, one of our tasks is
**00:38:00 --> 00:38:03:** to identify and manage and CAF and figure out how
**00:38:03 --> 00:38:04:** to manage these risks.
**00:38:05 --> 00:38:08:** And my observation clearly is that the awareness of, of
**00:38:08 --> 00:38:11:** the multitude of different things that impacts asset value from
**00:38:11 --> 00:38:13:** a risk perspective has grown for the last five years.
**00:38:14 --> 00:38:16:** So when we, we speak about ESG, we spoke about
**00:38:16 --> 00:38:18:** it as something that was desirable to do, but it's
**00:38:18 --> 00:38:20:** predominantly a risk, right?
**00:38:20 --> 00:38:22:** It's predominantly a technical issue.
**00:38:22 --> 00:38:24:** Are your assets financeable?
**00:38:24 --> 00:38:26:** Are they, do they survive climate change?
**00:38:26 --> 00:38:29:** And so is the integrity of your assets still intact?
**00:38:29 --> 00:38:31:** So for us ESG is a technical, it's a technical
**00:38:31 --> 00:38:33:** as management investment challenge.
**00:38:33 --> 00:38:37:** It's not a, it's not an acronym that represents a

**00:38:37 --> 00:38:41:** political desire and sit the same with kind of point
**00:38:41 --> 00:38:43:** risk on, on single assets.
**00:38:43 --> 00:38:46:** So a lot of investments historically have been on large
**00:38:46 --> 00:38:49:** office blocks which meant that you you could not actually
**00:38:49 --> 00:38:51:** move your collateral and if if your tenant went away
**00:38:51 --> 00:38:54:** or that office block was no longer vibrant, then you
**00:38:54 --> 00:38:55:** were stuck.
**00:38:55 --> 00:38:58:** And so see a preponderance of investment strategy and we
**00:38:58 --> 00:39:01:** do the same and have been doing that for a
**00:39:01 --> 00:39:04:** very long time is build portfolios from a lot of
**00:39:04 --> 00:39:07:** different smaller assets on the residential side.
**00:39:07 --> 00:39:10:** On the logistics side, add operating capabilities that allows you
**00:39:10 --> 00:39:14:** to be nimble when tenant demands, when energy requirements shift,
**00:39:14 --> 00:39:17:** expand the capabilities on our asset management side.
**00:39:17 --> 00:39:20:** So we need now need to understand the capacity of
**00:39:20 --> 00:39:24:** the grid that connects our logistics assets more so than
**00:39:24 --> 00:39:28:** actually the trade flows of goods in certain cases, right.
**00:39:28 --> 00:39:30:** So there are many more elements to what it is
**00:39:30 --> 00:39:31:** that we need to understand.
**00:39:32 --> 00:39:35:** So, so de risking the investments by making it smaller,
**00:39:35 --> 00:39:38:** by being more flexible, by being more operationally centric, by
**00:39:38 --> 00:39:41:** having managers that have a broader set of capabilities to
**00:39:41 --> 00:39:45:** understand to Michael's point, both the credit side, the the
**00:39:45 --> 00:39:47:** equity side of it, the tenant side of it.
**00:39:48 --> 00:39:50:** And so I think all the all the, the headlines
**00:39:50 --> 00:39:54:** in the report just highlights the continued demand on real
**00:39:54 --> 00:39:58:** estate investment professionals to be broader and broader in their
**00:39:58 --> 00:40:01:** skill set, to be broader and broader in terms of
**00:40:01 --> 00:40:02:** how they do this.
**00:40:03 --> 00:40:04:** Is this what I hear from investors?
**00:40:04 --> 00:40:06:** Yes, it is so.
**00:40:08 --> 00:40:11:** Our last value ad fund was the largest in Europe
**00:40:11 --> 00:40:11:** at 3.7 billion.
**00:40:11 --> 00:40:13:** And so we this is the message that we perpetuate
**00:40:13 --> 00:40:15:** to investors is you need to de risk, you need
**00:40:15 --> 00:40:17:** to have a lot of assets, you need to have
**00:40:17 --> 00:40:20:** operating capabilities, you need to understand the technical requirements on
**00:40:20 --> 00:40:20:** your assets.

**00:40:21 --> 00:40:24:** And as as the other panelists have spoken about, we
**00:40:24 --> 00:40:28:** see emerging and can more and more pent up demand
**00:40:28 --> 00:40:29:** to deploy capital.
**00:40:29 --> 00:40:32:** And given the hiatus of investments has been taking place
**00:40:32 --> 00:40:35:** for the last couple years, people have had a chance
**00:40:35 --> 00:40:37:** to step back and really understand what is it that
**00:40:37 --> 00:40:41:** impacted their investments more so than just interest rates going
**00:40:41 --> 00:40:44:** down, which types of assets and regions survived well and
**00:40:44 --> 00:40:46:** not and kind of where were the long term demand
**00:40:46 --> 00:40:47:** trends intact?
**00:40:48 --> 00:40:50:** And then they're pushing their capital into that.
**00:40:50 --> 00:40:53:** So as Ellen's or as Michael said, when Spain has
**00:40:53 --> 00:40:57:** been performing well, I mean GDP is growing, Spanish population
**00:40:57 --> 00:40:59:** is growing, urbanization is growing.
**00:40:59 --> 00:41:02:** So these are real estate fundamentals and you're finding pockets
**00:41:03 --> 00:41:05:** of capacity that can help you invest in that.
**00:41:05 --> 00:41:06:** Same for the Nordics.
**00:41:06 --> 00:41:08:** Nordics is a is still a safe haven.
**00:41:08 --> 00:41:09:** It's still stabilized.
**00:41:09 --> 00:41:13:** It still has a ton of capacity for, for increasing
**00:41:13 --> 00:41:14:** investments into society.
**00:41:15 --> 00:41:18:** So, so we see a lot of emerging interest actually
**00:41:18 --> 00:41:21:** the last three months for deploying capital into Europe.
**00:41:23 --> 00:41:26:** Yeah, that's, I mean, that's really, really helpful perspective because
**00:41:26 --> 00:41:29:** when you see the big headlines, you know, geopolitical risk,
**00:41:29 --> 00:41:31:** it can be very easy to be overwhelmed by the
**00:41:31 --> 00:41:31:** head.
**00:41:31 --> 00:41:32:** What does that mean?
**00:41:32 --> 00:41:34:** How do I, how do I act?
**00:41:34 --> 00:41:36:** And I, I really take away from what you're saying,
**00:41:36 --> 00:41:40:** think operationally the asset level, how can you manage that
**00:41:40 --> 00:41:43:** risk with better operations and how can you diversify that
**00:41:43 --> 00:41:46:** risk across your portfolios and focus on yeah, imagine that
**00:41:47 --> 00:41:49:** risk in three, you know, just excellent operations.
**00:41:51 --> 00:41:54:** Can I ask other panelists if you've got view on,
**00:41:54 --> 00:41:59:** you know, particularly on, on geopolitical risk, is this, you
**00:41:59 --> 00:42:02:** know, forefront of your mind or are there other things
**00:42:02 --> 00:42:05:** that are more concerning to you?
**00:42:11 --> 00:42:15:** I mean, maybe from from my perspective, I mean you

**00:42:15 --> 00:42:19:** know the, the, you know, the global growth risks I
**00:42:19 --> 00:42:22:** think are, are, are a concern for sure.
**00:42:22 --> 00:42:25:** But I think if I really look at a lot
**00:42:25 --> 00:42:29:** of the markets in Europe where we're where we're playing
**00:42:29 --> 00:42:32:** on the core, core plus, I mean, there's just not
**00:42:32 --> 00:42:35:** enough supply to, you know, like, I mean, you know,
**00:42:35 --> 00:42:38:** if you know, we, we, I mean, even even in
**00:42:38 --> 00:42:41:** the USI mean if you build an amazing asset, you
**00:42:41 --> 00:42:45:** know, in New York, that's the ultimate, you know, green
**00:42:45 --> 00:42:49:** asset, you're going to get tenants and you're going to
**00:42:49 --> 00:42:50:** sign leases that are amazing.
**00:42:51 --> 00:42:54:** And we're seeing that across Europe too, you know.
**00:42:54 --> 00:42:56:** So I would love to do, you know, I think
**00:42:56 --> 00:42:59:** that even though the risk is global growth, I do
**00:42:59 --> 00:43:02:** think that, you know, if you're in the core, core
**00:43:02 --> 00:43:05:** plus we're really good quality assets, you're going to see
**00:43:05 --> 00:43:07:** rental growth no matter what.
**00:43:08 --> 00:43:09:** And we'd like to do a lot more brown to
**00:43:09 --> 00:43:12:** green transitions and really good locations.
**00:43:12 --> 00:43:14:** We're doing a couple of them in London right now.
**00:43:14 --> 00:43:16:** And I think that those are extremely low risk.
**00:43:16 --> 00:43:19:** I mean, tenants, there's a lot of demand for it.
**00:43:19 --> 00:43:21:** So I think that, you know, so on the office
**00:43:21 --> 00:43:23:** side, I think, you know, which has been the biggest
**00:43:23 --> 00:43:24:** concern.
**00:43:24 --> 00:43:27:** I mean, logistics and, and, and Rezi are not really
**00:43:27 --> 00:43:28:** a concern.
**00:43:28 --> 00:43:31:** You know, I mean, there's so much lack of supply
**00:43:31 --> 00:43:34:** on the Rezi side and logistics still seems to be,
**00:43:34 --> 00:43:37:** you know, being it, you know, being fairly solid.
**00:43:38 --> 00:43:41:** But you know, I think that if you stick, you
**00:43:42 --> 00:43:46:** know, to high quality stuff where there's a lot of
**00:43:46 --> 00:43:50:** tenant demand, you can weather a little bit of of,
**00:43:50 --> 00:43:54:** you know, economic, I guess turbulence, I guess you'd call
**00:43:54 --> 00:43:55:** it.
**00:43:56 --> 00:43:56:** Yeah.
**00:43:56 --> 00:43:59:** And it's certainly something that we've, you know, we've talked
**00:44:00 --> 00:44:02:** a lot about over the last 12 to 18 months
**00:44:02 --> 00:44:04:** and contrasting this cycle, you know with GFC cycle where
**00:44:04 --> 00:44:07:** fundamentals were in a very, very different place.
**00:44:07 --> 00:44:13:** Actually for a global downturn, fundamentals are generally

excellent, right.

**00:44:13 --> 00:44:16:** So it's predominant for market free pricing, which is great.

**00:44:16 --> 00:44:19:** And then when you think forward in an environment higher

**00:44:19 --> 00:44:24:** inflation pressure on construction costs, challenge to develop, those should

**00:44:24 --> 00:44:27:** actually be pretty good environments for for real estate rental

**00:44:27 --> 00:44:28:** graph.

**00:44:29 --> 00:44:30:** Absolutely, yeah.

**00:44:33 --> 00:44:33:** Great.

**00:44:34 --> 00:44:35:** I want to keep moving.

**00:44:35 --> 00:44:37:** I want to keep moving forward so we can cover

**00:44:37 --> 00:44:39:** all of the all of the issues.

**00:44:39 --> 00:44:41:** Lizette, I'm going to come to, I'm going to come

**00:44:41 --> 00:44:42:** to you.

**00:44:43 --> 00:44:48:** ESG as a politically charged acronym.

**00:44:50 --> 00:44:50:** Yeah.

**00:44:50 --> 00:44:53:** Can you, can you tell us how, how you're seeing,

**00:44:54 --> 00:44:57:** you know, the ESG landscape in 2025 or maybe reflect

**00:44:58 --> 00:45:02:** the diversity of you amongst your, your members in terms

**00:45:02 --> 00:45:04:** of how they're seeing ESG?

**00:45:04 --> 00:45:08:** Look, you know, is this, is this an environment where

**00:45:08 --> 00:45:13:** you see ESG being deemphasised relative to the last, you

**00:45:13 --> 00:45:14:** know, 3-4 years?

**00:45:15 --> 00:45:18:** Is it a different emphasis?

**00:45:18 --> 00:45:21:** Is it kind of as important as it was or

**00:45:21 --> 00:45:24:** actually is it even more important, you know, pointing to

**00:45:24 --> 00:45:26:** to Gareth's slide on on climate risk that is that

**00:45:27 --> 00:45:28:** is coming forward?

**00:45:28 --> 00:45:28:** Yeah.

**00:45:28 --> 00:45:31:** Just welcome your welcome your views on on this kind

**00:45:31 --> 00:45:33:** of rapidly changing area.

**00:45:34 --> 00:45:36:** Yeah, Tim, happy to share that.

**00:45:36 --> 00:45:38:** And obviously, we're doing a lot of work in the

**00:45:38 --> 00:45:38:** fields.

**00:45:39 --> 00:45:42:** And I think it's very much aligned with what Klaus

**00:45:42 --> 00:45:46:** mentioned previously in terms of looking at the core essentials

**00:45:46 --> 00:45:48:** of it is risk management.

**00:45:49 --> 00:45:52:** And a lot is about potential as Garrett had in

**00:45:52 --> 00:45:55:** his slides, positive rate return on investment.

**00:45:55 --> 00:45:58:** But we think it's also a lot about preservation of

**00:45:58 --> 00:45:59:** value.

**00:45:59 --> 00:46:02:** And as what we see a lot still is that
**00:46:02 --> 00:46:06:** the cost of doing nothing is not sufficiently included in
**00:46:06 --> 00:46:07:** valuations.
**00:46:08 --> 00:46:11:** That only goes up until the level that's in regulations
**00:46:11 --> 00:46:15:** in Europe that is energy performance certificates, etcetera.
**00:46:15 --> 00:46:19:** But where we need to get to to 2050 is
**00:46:19 --> 00:46:22:** not sufficiently covered yet.
**00:46:22 --> 00:46:24:** So we think there's definitely room for improvement.
**00:46:24 --> 00:46:28:** We think that part sort of both the transition risk
**00:46:28 --> 00:46:32:** and the physical risk, I think most places are very
**00:46:32 --> 00:46:36:** well aware of and have implemented in their day-to-day risk
**00:46:36 --> 00:46:39:** management and due diligence processes.
**00:46:39 --> 00:46:43:** Obviously where it has changed, I think across the board
**00:46:43 --> 00:46:46:** is what are you talking about and how do you
**00:46:47 --> 00:46:47:** express it?
**00:46:47 --> 00:46:51:** ESD is a difficult word and we've spoken to many
**00:46:51 --> 00:46:55:** people that say we've rewritten our website and now we
**00:46:55 --> 00:46:59:** don't call it ESD anymore, but we call it resilience
**00:46:59 --> 00:47:04:** or sustainability, which seem to be less of her politically
**00:47:04 --> 00:47:05:** charged words.
**00:47:06 --> 00:47:10:** I don't think we care as long as the focus
**00:47:10 --> 00:47:10:** stays on it.
**00:47:11 --> 00:47:15:** And actually in our regional emerging trends report for Europe
**00:47:15 --> 00:47:18:** that was launched at the end of last year, we
**00:47:18 --> 00:47:22:** covered the insurance element and the finance ability of real
**00:47:22 --> 00:47:22:** estate.
**00:47:22 --> 00:47:28:** Looking at it from a environmental is mostly environmental sustainability
**00:47:28 --> 00:47:31:** point of view and that's why you see it happening
**00:47:31 --> 00:47:35:** already where in the United States we see, we have
**00:47:35 --> 00:47:39:** seen insurance pulling back on in certain states on mostly
**00:47:40 --> 00:47:40:** residential.
**00:47:41 --> 00:47:44:** So things are happening and often a lot of the
**00:47:44 --> 00:47:49:** discussion has been about what is our fiduciary responsibility.
**00:47:49 --> 00:47:53:** Well, that is your fiduciary responsibility because if you don't
**00:47:53 --> 00:47:57:** have insurance, you don't have finance and sort of you
**00:47:57 --> 00:48:00:** have a stranded asset, however you want to look at
**00:48:00 --> 00:48:00:** it.
**00:48:00 --> 00:48:03:** And I think sort of it doesn't really matter what
**00:48:04 --> 00:48:04:** you believe.
**00:48:05 --> 00:48:07:** I think if you kind of look at the core

**00:48:07 --> 00:48:11:** real estate fundamentals and the factors impacting that, you can't
**00:48:11 --> 00:48:12:** ignore it.
**00:48:13 --> 00:48:16:** Maybe the social element is slightly different.
**00:48:16 --> 00:48:20:** But to be totally honest, at least in Europe, we
**00:48:20 --> 00:48:24:** see a lot of focus on that too, maybe even
**00:48:24 --> 00:48:26:** also less talked about.
**00:48:26 --> 00:48:31:** But certainly we are, I think across the different regions,
**00:48:31 --> 00:48:36:** we have an affordable housing crisis that is still a
**00:48:36 --> 00:48:39:** big topic for players to focus on.
**00:48:39 --> 00:48:43:** And it also directly impacts your business, You know, can
**00:48:43 --> 00:48:44:** your people live somewhere?
**00:48:44 --> 00:48:49:** Can does does it attract tenants where tenants, especially the
**00:48:49 --> 00:48:51:** major occupiers are looking at?
**00:48:52 --> 00:48:54:** Can their employees live somewhere?
**00:48:54 --> 00:48:57:** So it's a sort of knock on effect and we
**00:48:57 --> 00:48:58:** see focus there too.
**00:49:01 --> 00:49:04:** So if I so if I summarise, there's no de
**00:49:04 --> 00:49:10:** emphasis, but there's emphasis on emphasis on different parts.
**00:49:11 --> 00:49:16:** Michael, when we when we spoke earlier, you characterised your
**00:49:16 --> 00:49:19:** approach as doubling down right on on ESG.
**00:49:21 --> 00:49:23:** Maybe you can explain your your thinking there.
**00:49:23 --> 00:49:26:** And then Alan, I want to come to you for
**00:49:26 --> 00:49:30:** perspective from Asia, which was highlighted in an area where
**00:49:30 --> 00:49:33:** ESG was less forefront in investors mind.
**00:49:33 --> 00:49:36:** So Michael, maybe first just your comments on doubling down.
**00:49:36 --> 00:49:36:** Yeah.
**00:49:37 --> 00:49:39:** Well, I mean, you know, being at a bank in
**00:49:39 --> 00:49:43:** the Netherlands, right, where the half the country is below
**00:49:43 --> 00:49:46:** sea level, it's part of our DNA and it's never
**00:49:46 --> 00:49:48:** going to, it's never going to change.
**00:49:48 --> 00:49:52:** You know, I mean, we are, we, we are totally
**00:49:52 --> 00:49:56:** committed to, to our targets, especially on the real estate
**00:49:56 --> 00:50:00:** side, you know, and I, you know, like like everybody
**00:50:00 --> 00:50:01:** said, it's a risk.
**00:50:01 --> 00:50:05:** It is a risk, you know, point it's you know,
**00:50:05 --> 00:50:06:** to me, you know it.
**00:50:06 --> 00:50:10:** It's a major de risking of our book if every,
**00:50:10 --> 00:50:13:** if every deal, you know, has a transition plan or

**00:50:13 --> 00:50:17:** is a green asset or we are contributing to brown
**00:50:17 --> 00:50:18:** to green transitions.
**00:50:19 --> 00:50:22:** You know, I think it's a lower risk portfolio for,
**00:50:22 --> 00:50:23:** for the bank, right.
**00:50:24 --> 00:50:26:** So we're not, we're not going to take, you know,
**00:50:26 --> 00:50:28:** I'm from Texas and you know, half my family is
**00:50:28 --> 00:50:29:** in oil and gas.
**00:50:29 --> 00:50:32:** I'm the guy who who rents the Tesla and drives,
**00:50:32 --> 00:50:35:** drives to Houston and drives to the family gathering.
**00:50:35 --> 00:50:38:** So I, you know, I'm, you know, I'm, I'm a
**00:50:38 --> 00:50:42:** believer of it, you know, and, and so even though,
**00:50:42 --> 00:50:45:** you know, in the US we have to be more
**00:50:45 --> 00:50:49:** flexible, we still seek out green assets and, and, and
**00:50:49 --> 00:50:53:** APAC still seek out green assets or try to transition
**00:50:53 --> 00:50:57:** them into a, you know, a, a higher sustainability rating,
**00:50:57 --> 00:50:58:** lower energy.
**00:50:59 --> 00:50:59:** It's just what we need.
**00:50:59 --> 00:51:01:** You know, we, we just believe in that.
**00:51:01 --> 00:51:03:** So that's not going to change.
**00:51:06 --> 00:51:09:** And Alan, how about from, you know, from from our
**00:51:09 --> 00:51:13:** region, you know, Gareth mentioned it becomes less high on
**00:51:13 --> 00:51:15:** Asian investors list.
**00:51:15 --> 00:51:18:** What's your your perspective on primacy or otherwise of ESG?
**00:51:20 --> 00:51:23:** I think for us capital and we, we continue the
**00:51:23 --> 00:51:26:** same strong emphasis on ESG and sustainability.
**00:51:27 --> 00:51:31:** So clearly that, that sentiment didn't quite come from us,
**00:51:31 --> 00:51:34:** but I would say, you know for us it's it's
**00:51:34 --> 00:51:36:** quite clear both internal and external.
**00:51:37 --> 00:51:42:** We are still seeing externally from our investors, public shareholders
**00:51:42 --> 00:51:45:** as well as private fund investors still do have that,
**00:51:45 --> 00:51:49:** that today is hygiene it's no longer a good to
**00:51:49 --> 00:51:50:** have, right.
**00:51:50 --> 00:51:53:** It's it's almost pretty much a, a must have, right.
**00:51:53 --> 00:51:56:** So with that as the basis, how do we then
**00:51:56 --> 00:52:01:** create, you know, our fund strategies or our corporate initiatives
**00:52:01 --> 00:52:04:** around those expectations internally?
**00:52:04 --> 00:52:07:** In fact, we have also started piloting a return on
**00:52:07 --> 00:52:09:** sustainability framework.
**00:52:09 --> 00:52:13:** So when, whenever we start thinking about sustainability, K packs,

**00:52:13 --> 00:52:17:** green K packs, we try and apply a quantitative weightage
**00:52:17 --> 00:52:20:** to determine, hey, what is the Ros or ROI right
**00:52:20 --> 00:52:22:** on whatever that we are putting into it.
**00:52:22 --> 00:52:25:** So that's, that's how we, you know, inject rigor into
**00:52:25 --> 00:52:28:** our thinking as, as we think about sustainability at not
**00:52:29 --> 00:52:32:** just the corporate level, but also the investment level.
**00:52:32 --> 00:52:35:** And today I would say at least for capital N,
**00:52:35 --> 00:52:35:** that is hygiene.
**00:52:37 --> 00:52:37:** Yeah.
**00:52:37 --> 00:52:39:** There's, there's lots in there that I'd like to explore,
**00:52:39 --> 00:52:40:** but I'm conscious of our time.
**00:52:41 --> 00:52:43:** So I'm going to move to the final area that
**00:52:43 --> 00:52:47:** Gareth, Gareth highlighted this intersection of real estate and infrastructure.
**00:52:48 --> 00:52:50:** Alan, I want to take actually a direct quote from
**00:52:50 --> 00:52:52:** the report, which I found really interesting.
**00:52:53 --> 00:52:55:** He says most CIOs will tell you that on a
**00:52:55 --> 00:52:59:** risk adjusted basis, the outlook for real estate markets is
**00:52:59 --> 00:53:03:** not as attractive as growth infrastructure, digital transformation, data centres,
**00:53:03 --> 00:53:07:** fiber, moving towards an AI world and all that entails.
**00:53:07 --> 00:53:10:** OK, so you talk pretty regularly to some of the
**00:53:10 --> 00:53:11:** globe's largest investors.
**00:53:12 --> 00:53:15:** Do you agree with that, that sentiment?
**00:53:15 --> 00:53:17:** Is that what investors are telling you?
**00:53:17 --> 00:53:20:** And what do you think is driving, you know, this
**00:53:20 --> 00:53:22:** sentiment in terms of infrastructure and and real estate?
**00:53:24 --> 00:53:27:** I have to say it's, it's, it's probably a little
**00:53:27 --> 00:53:28:** bit more nuance.
**00:53:28 --> 00:53:32:** You know that statement, I was just in New York
**00:53:32 --> 00:53:33:** City last two weeks ago.
**00:53:34 --> 00:53:37:** I was meeting a couple of the larger LP's, larger
**00:53:37 --> 00:53:39:** investors, global investors.
**00:53:39 --> 00:53:44:** And indeed there is, there is this shift towards infrastructure.
**00:53:44 --> 00:53:48:** So what I'm hearing is that fresh capital appears to
**00:53:48 --> 00:53:52:** be favouring infrastructure investments more than real estate.
**00:53:52 --> 00:53:55:** But as we dig a little bit deeper, it seems
**00:53:55 --> 00:53:58:** to suggest that at at least the past decade when
**00:53:58 --> 00:54:02:** teams are starting to to merge between you know, infrastructure
**00:54:02 --> 00:54:06:** and real estate into real assets, real assets teams, they
**00:54:06 --> 00:54:09:** have been loading up on real estate over the past,

**00:54:09 --> 00:54:11:** you know, couple of years.
**00:54:11 --> 00:54:13:** And as a result they have been pretty underweight on
**00:54:13 --> 00:54:14:** infrastructure.
**00:54:15 --> 00:54:18:** And today they are really, you know, kind of counter
**00:54:18 --> 00:54:21:** balancing by increasing that allocation into infrastructure.
**00:54:21 --> 00:54:23:** So I think part of it is, is, is this
**00:54:24 --> 00:54:24:** reason?
**00:54:25 --> 00:54:27:** I mean the other part of it in terms of
**00:54:27 --> 00:54:32:** comparing between infrastructure and real estate, real estate today if
**00:54:32 --> 00:54:34:** you were to ask me hasn't quite lost any of
**00:54:34 --> 00:54:38:** the characteristics that define what you know attracts someone into
**00:54:38 --> 00:54:41:** making an investment into real estate.
**00:54:41 --> 00:54:45:** So growth as well as appreciation, I think that still
**00:54:45 --> 00:54:47:** remains infrastructure.
**00:54:47 --> 00:54:52:** One characterise infrastructure investments, as you know, long term income,
**00:54:52 --> 00:54:57:** you know, certain investments have monopolistic characteristics.
**00:54:57 --> 00:55:00:** So this, this, this all still hold true.
**00:55:00 --> 00:55:03:** But again, I think the, the shift today more to
**00:55:03 --> 00:55:07:** its infrastructure underlying has a has a slightly different, you
**00:55:07 --> 00:55:09:** know, reason behind that.
**00:55:09 --> 00:55:13:** And, and it's not so much of infrastructure having better
**00:55:13 --> 00:55:16:** or more favourable characteristics versus real estate.
**00:55:17 --> 00:55:18:** That's that's kind of how I see it.
**00:55:18 --> 00:55:21:** And the way I look at infrastructure and real estate
**00:55:21 --> 00:55:24:** again, it's, it's, it, it gets a little bit grey,
**00:55:24 --> 00:55:26:** especially when you look at the data centre.
**00:55:26 --> 00:55:30:** Is it digital infrastructure or is it data centre real
**00:55:30 --> 00:55:30:** estate?
**00:55:31 --> 00:55:34:** We have been very focused on, you know, this, this
**00:55:34 --> 00:55:36:** whole digital digitisation story.
**00:55:36 --> 00:55:39:** And in data centre is a very big push that
**00:55:39 --> 00:55:42:** capital land has been, you know, embarking on over the
**00:55:42 --> 00:55:43:** past five years.
**00:55:43 --> 00:55:46:** And and and we will continue to do that as
**00:55:46 --> 00:55:48:** as in into the foreseeable future.
**00:55:50 --> 00:55:53:** Yeah, some very, so there's some very rich discussion in
**00:55:54 --> 00:55:57:** the report around this issue of intersection of real estate
**00:55:57 --> 00:55:58:** and and infrastructure.
**00:55:58 --> 00:56:01:** What that means in terms of in terms of opportunities

**00:56:01 --> 00:56:04:** we don't have, we don't have the time today to
**00:56:04 --> 00:56:06:** get into that more nuanced discussion.
**00:56:06 --> 00:56:09:** I was very keen to hear, you know, Klaus's perspective
**00:56:09 --> 00:56:11:** given his, his focus on living and and logistics, but
**00:56:11 --> 00:56:13:** have to save that for, for another time.
**00:56:13 --> 00:56:16:** So look, I'd just like to, I'd close, I'd like
**00:56:16 --> 00:56:19:** to close out with this panel, just asking each one
**00:56:20 --> 00:56:22:** of you to, you know, look forward to 12 months
**00:56:22 --> 00:56:23:** from now.
**00:56:23 --> 00:56:26:** Give me a, give me a prediction, you know, on
**00:56:26 --> 00:56:29:** the, on the issues that we've talked about, what, what
**00:56:29 --> 00:56:32:** are you most confident, you know, the market looking like
**00:56:32 --> 00:56:34:** in 12 months time versus now?
**00:56:34 --> 00:56:36:** If you'd like to, you can also give me a
**00:56:36 --> 00:56:37:** surprise, but you don't have to.
**00:56:37 --> 00:56:39:** So Alan, if I, if I come to you because
**00:56:39 --> 00:56:42:** you're on my on my screen where what's what's your
**00:56:42 --> 00:56:45:** most confident prediction for where markets will be in 12
**00:56:46 --> 00:56:47:** months time versus now?
**00:56:49 --> 00:56:52:** I would say high level at least out of APEC
**00:56:52 --> 00:56:56:** wearing that putting on the APEC, APEC lens transaction volumes
**00:56:56 --> 00:56:57:** will increase.
**00:56:57 --> 00:56:59:** I believe fundraising volumes will increase as well.
**00:57:01 --> 00:57:02:** Again, cautiously optimistic.
**00:57:02 --> 00:57:06:** Similar to Lizette, but again more optimistic.
**00:57:06 --> 00:57:07:** Half glass full.
**00:57:08 --> 00:57:10:** Yeah, OK, Klaus, how about you?
**00:57:11 --> 00:57:12:** Yeah, I would.
**00:57:12 --> 00:57:13:** I would repeat what Alan said.
**00:57:13 --> 00:57:15:** So I'll do something else and I'll just tell you
**00:57:15 --> 00:57:17:** that you're going to see cities and capital coming together
**00:57:17 --> 00:57:19:** in a way that you haven't seen before.
**00:57:21 --> 00:57:23:** Thank you, Lizab.
**00:57:26 --> 00:57:26:** Yeah.
**00:57:26 --> 00:57:30:** I'm not just sure it's whether it's prediction or wishful
**00:57:30 --> 00:57:34:** thinking, but I would say the real estate fundamentals are
**00:57:34 --> 00:57:38:** really good and we definitely see transactions increased and more
**00:57:38 --> 00:57:42:** capital flowing into, I would say the broad definition of
**00:57:42 --> 00:57:46:** real estate, whether it's more infrastructure focused or sort of
**00:57:46 --> 00:57:50:** traditional real estate, I don't think it really matters.
**00:57:50 --> 00:57:51:** We need both.

**00:57:51 --> 00:57:53:** So I'm, yeah, looking forward to that.
**00:57:55 --> 00:57:57:** Right, Michael, I'll give the last word to you.
**00:57:59 --> 00:58:01:** Unfortunately, I can't can't really help you because I mean,
**00:58:01 --> 00:58:02:** I agree with everyone.
**00:58:02 --> 00:58:04:** I'm glass half full.
**00:58:06 --> 00:58:09:** You know, I think that the fundamentals are still strong
**00:58:09 --> 00:58:13:** enough and I think we're moving in that positive direction.
**00:58:13 --> 00:58:15:** So I'm I'm glass half full.
**00:58:17 --> 00:58:18:** Well, thank you.
**00:58:18 --> 00:58:18:** Thank you, Alan.
**00:58:18 --> 00:58:19:** Thank you, Michael.
**00:58:19 --> 00:58:19:** Thank you, Lisette.
**00:58:19 --> 00:58:22:** Thank you, Klaus for participating in this panel.
**00:58:23 --> 00:58:26:** Really rich discussion, Alan, a lot from it, which is
**00:58:26 --> 00:58:26:** great.
**00:58:27 --> 00:58:29:** And thank you to the audience for attending this webinar.
**00:58:29 --> 00:58:33:** ULI team will e-mail out the full report to participants
**00:58:33 --> 00:58:36:** following the webinar, so please take a look.
**00:58:37 --> 00:58:40:** And meanwhile, ULI very much values your feedback, so they
**00:58:40 --> 00:58:43:** really appreciate if you could take a minute to complete
**00:58:43 --> 00:58:45:** the Zoom server before you leave.
**00:58:46 --> 00:58:48:** And with that, I wish you all a great rest
**00:58:48 --> 00:58:49:** of the day.
**00:58:49 --> 00:58:50:** Thank you very much.
**00:58:51 --> 00:58:51:** Great.
**00:58:51 --> 00:58:52:** Thanks you.
**00:58:53 --> 00:58:54:** Thanks everyone.
**00:58:55 --> 00:58:56:** Right.

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