

# Event Session

**2020 ULI Asia Pacific REImagined Voice of ULI: Investing in High Density Cities**

Date: September 03, 2020

00:00:08 --> 00:00:08: Hi,  
 00:00:08 --> 00:00:11: I'm Megan Maltos, head of research at Allianz Real Estate  
 00:00:12 --> 00:00:12: recording this,  
 00:00:12 --> 00:00:15: whilst working from home in Singapore,  
 00:00:15 --> 00:00:18: working from home over the Restricted movement period has  
 been  
 00:00:18 --> 00:00:21: one of the biggest shifts in work practices in a  
 00:00:21 --> 00:00:22: generation.  
 00:00:22 --> 00:00:24: And like everyone in the real estate industry,  
 00:00:24 --> 00:00:27: we're thinking about what does this mean for the future  
 00:00:27 --> 00:00:28: of the office.  
 00:00:28 --> 00:00:32: Along with the Aliens research team Clements Ernst Erikli in  
 00:00:32 --> 00:00:34: December 2 we looked at people,  
 00:00:34 --> 00:00:40: organisations and the structure of cities in particular city  
 density  
 00:00:40 --> 00:00:41: in the US,  
 00:00:41 --> 00:00:45: Europe and Asia Pacific. Our conclusion is that high density  
 00:00:45 --> 00:00:49: cities will continue to see demand for well designed well  
 00:00:49 --> 00:00:53: located central office space in urban Centers for people to  
 00:00:53 --> 00:00:57: socialize and connect. Starting with people when asked,  
 00:00:57 --> 00:01:00: people will vote to maintain the flexibility to work from  
 00:01:00 --> 00:01:01: home.  
 00:01:01 --> 00:01:03: And indeed, to work from anywhere,  
 00:01:03 --> 00:01:05: even if it's just a couple of days a month,  
 00:01:05 --> 00:01:08: having had a taste of the responsibility and to be  
 00:01:08 --> 00:01:12: trusted by managers to work without visible supervision,  
 00:01:12 --> 00:01:16: people will continue to choose to be self determined in  
 00:01:16 --> 00:01:18: how and where they work.  
 00:01:18 --> 00:01:21: Now organisations are made up of people making choices,  
 00:01:21 --> 00:01:25: and now that we firmly established that work is an

00:01:25 --> 00:01:28: activity and not a place with people choosing to work

00:01:28 --> 00:01:29: from anywhere,

00:01:29 --> 00:01:31: the physical office building needs to become.

00:01:31 --> 00:01:36: The central hub to build connections and collaboration between teams.

00:01:36 --> 00:01:40: The place becomes a. The office becomes a place where

00:01:40 --> 00:01:41: organisations,

00:01:41 --> 00:01:44: culture and creativity resides. It's more than a place to

00:01:44 --> 00:01:45: write emails.

00:01:45 --> 00:01:48: It's a place to socialize and connect.

00:01:48 --> 00:01:52: And so if offices are the places where culture resides,

00:01:52 --> 00:01:56: would cultural differences between different cities mean different levels of

00:01:56 --> 00:01:58: working from home?

00:01:58 --> 00:02:01: Would commute times matter with the cost of residential real

00:02:01 --> 00:02:02: estate versus.

00:02:02 --> 00:02:05: Office real estate matter in determining how much demand there

00:02:06 --> 00:02:09: would be for core office space within the central area

00:02:09 --> 00:02:10: of cities.

00:02:10 --> 00:02:13: So we picked 20 cities globally to see how working

00:02:13 --> 00:02:17: from home would vary according to these metrics.

00:02:17 --> 00:02:20: Our key finding was that high density cities are more

00:02:21 --> 00:02:25: likely to see continuing demand for office space in court

00:02:25 --> 00:02:26: central locations.

00:02:26 --> 00:02:29: On the screen you can see the financial centers of

00:02:29 --> 00:02:30: Shanghai,

00:02:30 --> 00:02:35: NJM, Sidney and Frankfurt, the highest density areas are shown

00:02:35 --> 00:02:38: in red and the lower density in beige.

00:02:38 --> 00:02:41: The outer circle shows a 20 kilometre radius and the

00:02:41 --> 00:02:45: inner the five kilometer radius to the city center in

00:02:45 --> 00:02:46: the 20 kilometer area,

00:02:46 --> 00:02:50: Shanghai has a density of about 10,800 people per square

00:02:50 --> 00:02:51: kilometre,

00:02:51 --> 00:02:53: which is the same as Tokyo.

00:02:53 --> 00:02:57: New York has a density of 9400 people per square

00:02:57 --> 00:02:58: kilometre.

00:02:58 --> 00:03:01: Which is about the same density as Beijing for the

00:03:01 --> 00:03:04: cities with sea areas within the 20 kilometer circle we

00:03:04 --> 00:03:07: made the relevant adjustment to account for the sea to

00:03:07 --> 00:03:11: land area, and so Sidney has 3400 people per square

00:03:11 --> 00:03:12: kilometre,

00:03:12 --> 00:03:16: while Frankfurt has about 1 1/2 thousand people per square  
00:03:16 --> 00:03:18: kilometre for comparison.  
00:03:18 --> 00:03:22: London, not shown here, has 6 1/2 thousand people per  
00:03:22 --> 00:03:23: square kilometre.  
00:03:23 --> 00:03:27: Asia Pacific cities are some of the highest density global  
00:03:27 --> 00:03:28: cities.  
00:03:28 --> 00:03:31: High density cities often have smaller apartments,  
00:03:31 --> 00:03:34: which in turn means that people are more likely to  
00:03:34 --> 00:03:36: go to the office to work with less space available  
00:03:36 --> 00:03:37: at home.  
00:03:37 --> 00:03:41: High density is a key indicator for continuing demand for  
00:03:41 --> 00:03:44: office space and Asia Pacific cities score well on that  
00:03:45 --> 00:03:46: metric on a global scale.  
00:03:46 --> 00:03:49: Some people will choose to leave city Centers for the  
00:03:49 --> 00:03:50: suburbs.  
00:03:50 --> 00:03:52: Many years ago I left a flat right in the  
00:03:52 --> 00:03:54: heart of London by Saint Paul's Cathedral to move to  
00:03:54 --> 00:03:56: a house with a garden in the suburbs.  
00:03:56 --> 00:03:59: When we had kids. This is a natural chain of  
00:03:59 --> 00:04:00: events that people.  
00:04:00 --> 00:04:03: Will continue to do and has explained accelerated by the  
00:04:03 --> 00:04:05: situation that we're in,  
00:04:05 --> 00:04:07: but there will be many smart young people looking to  
00:04:08 --> 00:04:10: move to cities to socialize and connect.  
00:04:10 --> 00:04:13: And the cities that we that will refill the fastest  
00:04:13 --> 00:04:16: are those with the global brand reputation.  
00:04:16 --> 00:04:18: And in these I would include NJM,  
00:04:18 --> 00:04:21: London, Singapore, San Francisco. In Berlin.  
00:04:21 --> 00:04:24: We will continue to see people to choose to use.  
00:04:24 --> 00:04:28: Centrally located, well designed office space in these cities  
and  
00:04:28 --> 00:04:31: along with our Asia Pacific high density cities.  
00:04:31 --> 00:04:34: So still continue to visit city centers to connect,  
00:04:34 --> 00:04:36: collaborate and hopefully at some point  
00:04:36 --> 00:04:37: to have some fun.

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