

Webinar

ULI Europe and PwC Emerging Trends?? 2024 Report Launch???

Date: November 07, 2023

00:00:13 --> 00:00:17: Hello and good afternoon.

00:00:17 --> 00:00:22: Welcome to the launch of the 2024 ULIPWC Emerging Trends

00:00:22 --> 00:00:25: in Real Estate Europe report launch.

00:00:25 --> 00:00:28: I'm Simon Durkin, the Head of Real Estate Research and

00:00:29 --> 00:00:30: Strategy at BlackRock.

00:00:30 --> 00:00:33: And thank you to the ULI and PwC for inviting

00:00:33 --> 00:00:34: me along today.

00:00:35 --> 00:00:39: Look, this year's Emerging Trends in Real Estate report illustrates

00:00:39 --> 00:00:42: it's a fairly anxious industry coming to terms with the

00:00:42 --> 00:00:46: exceptional market conditions that we currently experience in Europe.

00:00:47 --> 00:00:51: And while some lenders remain hopeful, a vast majority of

00:00:51 --> 00:00:55: European real estate industry professionals are looking for that solid

00:00:55 --> 00:01:00: footing as the combination of ESG requirements, geopolitical tensions and

00:01:00 --> 00:01:04: high interest rates continue to disrupt the status quo in

00:01:04 --> 00:01:06: this post COVID market.

00:01:07 --> 00:01:11: Now I'm delighted to introduce Gareth Lewis from PwC, who

00:01:11 --> 00:01:16: will get us started by taking us through this year's

00:01:16 --> 00:01:17: emerging trends report.

00:01:18 --> 00:01:19: Gareth, over to you.

00:01:23 --> 00:01:26: Thank you, Simon, and good afternoon, everyone.

00:01:26 --> 00:01:29: As Simon said, I'm Gareth Lewis, Director in the PwC

00:01:30 --> 00:01:33: Real Estate Lead Advisory Practice, and I also lead.

00:01:34 --> 00:01:37: For the firm's real estate research and thought leadership, and

00:01:37 --> 00:01:41: that includes the emerging Trends in Real Estate report series,

00:01:41 --> 00:01:43: we do in collaboration with the Urban Land Institute.

00:01:44 --> 00:01:46: And I'd like to take this opportunity to thank Lizette

00:01:46 --> 00:01:49: and the ULI for another fantastic collaboration.

00:01:49 --> 00:01:53: This year, the Emerging Trends in Real Estate survey is

00:01:53 --> 00:01:56: a joint survey between PwC and the ULI and it's

00:01:56 --> 00:01:57: published every year.

00:01:57 --> 00:02:00: In Europe, it's been published every year.

00:02:00 --> 00:02:04: Since 2003 it's it's forward-looking and and we think unique

00:02:04 --> 00:02:07: in terms of the the quality of the input we

00:02:07 --> 00:02:11: get from senior professionals around Europe and and globally.

00:02:11 --> 00:02:14: And and I'd like to take this opportunity to thank

00:02:14 --> 00:02:17: all the people that participated in in the research this

00:02:17 --> 00:02:17: year.

00:02:18 --> 00:02:21: This year's report takes in the views of over 1000

00:02:21 --> 00:02:22: participants.

00:02:22 --> 00:02:25: Who were either interviewed, took part in the online survey

00:02:25 --> 00:02:28: or indeed took part in a series of round table

00:02:28 --> 00:02:29: meetings across Europe.

00:02:29 --> 00:02:36: So that includes investors, fund managers, developers,

00:02:36 --> 00:02:37: brokers and consultants.

00:02:37 --> 00:02:40: So as Simon said, I'll try and give you a

00:02:40 --> 00:02:43: brief highlight of the findings of this year's survey over

00:02:43 --> 00:02:44: the next 10 minutes or so.

00:02:44 --> 00:02:47: If we could go on to the next slide please.

00:02:49 --> 00:02:51: So where are we now?

00:02:51 --> 00:02:51: Well.

00:02:51 --> 00:02:55: Europe's real estate industry has endured endured record

00:02:55 --> 00:02:56: low transactions

00:02:57 --> 00:03:01: in the last 18 months.

00:03:01 --> 00:03:05: Central bank interest rates throughout 2023 have left large

00:03:05 --> 00:03:09: parts

00:03:09 --> 00:03:11: of the industry in passive mode, and the survey and

00:03:11 --> 00:03:15: interviews were conducted before the crisis in Israel and

00:03:16 --> 00:03:19: Gaza,

00:03:19 --> 00:03:20: which started exactly 4 weeks ago.

00:03:20 --> 00:03:23: And that's clearly added to the geopolitical uncertainty out

00:03:24 --> 00:03:28: there.

00:03:16 --> 00:03:19: In this market, the current approach of many investors is

00:03:19 --> 00:03:20: characterized by inertia.

00:03:20 --> 00:03:23: There's little wonder, I guess, that stay alive till 25

00:03:24 --> 00:03:28: has become something of a mantra amongst Europe's

00:03:24 --> 00:03:28: property leaders.

00:03:28 --> 00:03:31: And as one participant said, if investors have a choice
00:03:31 --> 00:03:33: to sit on their hands, they're doing it.
00:03:34 --> 00:03:39: Unsurprisingly, the the survey shows that interest rate
movements, inflation
00:03:39 --> 00:03:42: and European economic growth are top of the industry's
general
00:03:42 --> 00:03:44: business concerns going into 2024.
00:03:45 --> 00:03:48: Although the levels of concerns are actually down or less
00:03:48 --> 00:03:51: than last year, the survey also shows that those three
00:03:51 --> 00:03:53: areas remain the chief worries for the industry as a
00:03:53 --> 00:03:55: whole over their five year time horizon.
00:03:56 --> 00:03:57: Next slide please.
00:04:01 --> 00:04:04: Having said that, the proportion of respondents in this year's
00:04:04 --> 00:04:08: survey expecting business confidence and profitability to
increase is higher
00:04:08 --> 00:04:11: than last year, with around 1/3 taking this view.
00:04:11 --> 00:04:15: That's roughly half the level of of optimism 2 years
00:04:15 --> 00:04:16: ago going into 2022.
00:04:18 --> 00:04:22: So although the survey indicates greater business
confidence and profitability
00:04:22 --> 00:04:24: for 2024 than a year ago, it's fair to say
00:04:25 --> 00:04:27: this is from a low base and we're still below
00:04:27 --> 00:04:29: the optimism of previous years.
00:04:30 --> 00:04:32: And in light of the growing realisation that we will
00:04:33 --> 00:04:35: be in a a higher for longer interest rate environment
00:04:35 --> 00:04:39: and progressively less positive and geopolitical sentiment
emerging during the
00:04:39 --> 00:04:43: research period, it's notable that much of the positive, the
00:04:43 --> 00:04:46: positivity amongst interviewers often fell back on the the
apparent
00:04:46 --> 00:04:48: strength of the underlying Occupy market.
00:04:50 --> 00:04:53: So whilst the changing macro backdrop to real estate has
00:04:53 --> 00:04:56: taken a heavy toll on investor sentiment so far.
00:04:56 --> 00:04:59: The sense is that it's yet to be fully tested
00:04:59 --> 00:05:02: by the Occupy markets and therefore the industry is clearly
00:05:02 --> 00:05:04: concerned about economic forecasts.
00:05:04 --> 00:05:07: That suggests sluggish growth at best across Europe, but
with
00:05:07 --> 00:05:10: real worries for the big economies such as Germany and
00:05:10 --> 00:05:11: the UK.
00:05:12 --> 00:05:14: In the absence of a pickup in the real economy,
00:05:14 --> 00:05:17: the wider expectation is that far more distress will be
00:05:17 --> 00:05:20: necessary to close that bid ask gap and allow liquidity

00:05:20 --> 00:05:21: to return.

00:05:22 --> 00:05:23: Our next slide please.

00:05:26 --> 00:05:30: Now the top real estate specific concerns remain construction costs

00:05:30 --> 00:05:34: and resource availability by by some distance, although the proportion

00:05:34 --> 00:05:37: of respondents selecting these factors is down on last year's

00:05:37 --> 00:05:38: results.

00:05:38 --> 00:05:41: Perhaps not surprising for an issue that began with the

00:05:42 --> 00:05:44: onset of the pandemic and has now been a feature

00:05:44 --> 00:05:48: for for around four years, 2/3 of respondents reference market

00:05:48 --> 00:05:49: liquidity issues.

00:05:49 --> 00:05:51: And while this is the first time the question has

00:05:51 --> 00:05:53: been asked in the survey, the challenge was a really

00:05:53 --> 00:05:54: big.

00:05:54 --> 00:05:57: Talking point amongst amongst interviewees.

00:05:58 --> 00:05:59: Next slide please.

00:06:02 --> 00:06:06: So sharply slower economic growth, stubbornly high inflation and concern

00:06:06 --> 00:06:09: about how much higher interest rates will rise continue to

00:06:09 --> 00:06:12: cast a shadow over European real estate investment.

00:06:13 --> 00:06:15: This is on top of the ever present challenges of

00:06:15 --> 00:06:19: geopolitical volatility, increasing policy and regulate regulatory burdens.

00:06:20 --> 00:06:23: One interview summed up the magnitude of the situation by

00:06:23 --> 00:06:26: saying we're clearly going through another major transition in the

00:06:26 --> 00:06:29: capital markets on a scale probably only slightly smaller than

00:06:29 --> 00:06:31: the GFC and others described.

00:06:31 --> 00:06:35: A Poly crisis unfolding, and that unpleasant cocktail of issues

00:06:35 --> 00:06:40: has caused European real estate investment volumes to plummet and

00:06:40 --> 00:06:41: prices to fall.

00:06:41 --> 00:06:46: According to MSCI, only 119 billion of investment turnover was

00:06:46 --> 00:06:50: recorded across Europe during the first nine months of 2023.

00:06:50 --> 00:06:52: That's less than half the level for the same.

00:06:52 --> 00:06:56: In 2022 and the weakest activity in 13 years.

00:06:57 --> 00:07:01: Some 45% of respondents expect the availability of capital for

00:07:02 --> 00:07:07: debt refinancing all new investments to decrease against 28% expecting

00:07:07 --> 00:07:09: the number to increase.

00:07:09 --> 00:07:14: And I think that explains why the proportion expressing concern

00:07:14 --> 00:07:19: about the ability to refinance in 2024 jumps to 65%

00:07:19 --> 00:07:22: this year from 53% compared to 2023 and only 30%

00:07:23 --> 00:07:23: in 2022.

00:07:25 --> 00:07:25: Next slide please.

00:07:29 --> 00:07:33: So market participants are therefore more careful than ever about

00:07:33 --> 00:07:35: how and where they deploy capital.

00:07:36 --> 00:07:39: For many investors and developers, this means focusing on cities

00:07:39 --> 00:07:41: that offer liquidity in riskier times.

00:07:41 --> 00:07:44: And in this respect, it's no surprise that London and

00:07:44 --> 00:07:47: Paris take the top two places in the city rankings

00:07:47 --> 00:07:48: once again.

00:07:49 --> 00:07:52: But the premium on liquidity combined with economic performance is

00:07:52 --> 00:07:55: also evident in other cities in the ascendancy in this

00:07:55 --> 00:07:58: year's survey, namely Madrid, Milan and Lisbon.

00:07:59 --> 00:08:03: Though relatively still relatively highly placed, the German cities of

00:08:03 --> 00:08:06: Berlin, Munich, Frankfurt and Hamburg have slipped in the rankings

00:08:06 --> 00:08:09: in terms of investment and development prospects as you can

00:08:09 --> 00:08:09: see here.

00:08:10 --> 00:08:13: And the overall gloomy economic outlook for Germany in 2024

00:08:13 --> 00:08:17: is influencing sentiment for those cities renowned previously renowned as

00:08:17 --> 00:08:19: a safe havens per capital not so long ago.

00:08:20 --> 00:08:23: Some interviews also suggest that real estate pricing has been

00:08:23 --> 00:08:26: slower to adjust in Germany than across most of Europe.

00:08:27 --> 00:08:28: Our next slide please.

00:08:32 --> 00:08:35: In terms of sectors you can see the ESG influences

00:08:35 --> 00:08:38: is significant and for the third year running, new energy

00:08:38 --> 00:08:42: infrastructure is identified as a sector offering the greatest overall

00:08:42 --> 00:08:45: prospects for investment and development.

00:08:45 --> 00:08:48: As you can see here, niche operational sectors once again

00:08:49 --> 00:08:52: dominate the sector rankings, underpinned by global mega trends, climate

00:08:52 --> 00:08:56: change, information technology, demographics and urbanisation.

00:08:56 --> 00:08:59: Beds, meds and sheds, as it's often referred to as
00:08:59 --> 00:09:02: many analysts now, which you can see here shaded in
00:09:02 --> 00:09:06: orange on this slide, encompasses most of these trends that
00:09:06 --> 00:09:07: dominate those top sectors.
00:09:08 --> 00:09:13: According to MSCI, alternative sectors account for 3rd
accounted for
00:09:13 --> 00:09:17: 33% of the 326 billion invested in Europe in 2022,
00:09:18 --> 00:09:21: compared with 21% of all investment back in 2007.
00:09:22 --> 00:09:26: And the share of office and retail fell from 70%
00:09:26 --> 00:09:27: to 44% in that time.
00:09:28 --> 00:09:31: Interviewees agree that in an area where in an area
00:09:31 --> 00:09:34: where higher rates will be the new normal and capital
00:09:34 --> 00:09:37: value increases will not be guaranteed, the move towards
complex
00:09:38 --> 00:09:41: and more operational alternative sectors is likely to
accelerate.
00:09:42 --> 00:09:43: The next slide please.
00:09:46 --> 00:09:50: But there remain many issues hindering the growth of these
00:09:50 --> 00:09:51: alternative real estate sectors.
00:09:52 --> 00:09:56: When asked about the biggest barrier for institutional capital
investing
00:09:56 --> 00:09:59: in alternative sectors, the most commonly cited factor is lack
00:09:59 --> 00:10:02: of knowledge, which you could perhaps reflect.
00:10:02 --> 00:10:04: It could perhaps reflect, I guess a lack of
00:10:05 --> 00:10:08: confidence in investors ability to manage that operational
complexity.
00:10:09 --> 00:10:12: There's also the obvious barrier, which is the investable
00:10:12 --> 00:10:14: universe and liquidity of these new sectors.
00:10:15 --> 00:10:17: As illustrated by the chart you can see here on
00:10:17 --> 00:10:20: the right hand side showing the overall sector ranking and
00:10:20 --> 00:10:22: size of transaction volumes for 2022.
00:10:23 --> 00:10:26: So these emerging these sectors are still dwarfed in size
00:10:26 --> 00:10:28: by the outer favour sectors such as office and
00:10:28 --> 00:10:29: retail.
00:10:30 --> 00:10:31: And next slide please.
00:10:35 --> 00:10:38: And we asked the question which niche and emerging
alternative
00:10:38 --> 00:10:41: sectors are you most likely to increase your exposure to
00:10:41 --> 00:10:42: in the coming years?
00:10:42 --> 00:10:44: In the coming five years, And the results can be
00:10:44 --> 00:10:45: seen here.
00:10:46 --> 00:10:49: According to this year's research, ESG is the driving force
00:10:49 --> 00:10:52: behind the generation, a new generation of emerging niche
sectors,

00:10:52 --> 00:10:57: including battery storage for renewable energy, solar farms, electric vehicle

00:10:57 --> 00:10:59: parking and charging and other infrastructure.

00:11:00 --> 00:11:02: And according to one interview, this could amount to a

00:11:02 --> 00:11:04: massive amount of quasi real estate over the next five

00:11:04 --> 00:11:05: years.

00:11:06 --> 00:11:07: Next slide please.

00:11:10 --> 00:11:13: This brings me to the title of this year's report,

00:11:13 --> 00:11:14: Getting Fit for Purpose.

00:11:15 --> 00:11:18: Europe's Real Estate industry has reached a point in its

00:11:18 --> 00:11:21: evolution where it knows it must balance making short term

00:11:21 --> 00:11:23: money with providing for the longer term needs of a

00:11:23 --> 00:11:25: complex and fast changing society.

00:11:26 --> 00:11:28: It just needs to figure out how to get there.

00:11:28 --> 00:11:31: And the slide here shows the word cloud analysis of

00:11:31 --> 00:11:34: responses to the question of what trends will have the

00:11:34 --> 00:11:36: most impact on real estate by 2050.

00:11:37 --> 00:11:41: The reason behind the uncertainty contributing to that current market

00:11:41 --> 00:11:43: stasis is, is both down to the macro environment and

00:11:43 --> 00:11:46: we believe the whole question around what is fit for

00:11:46 --> 00:11:48: purpose real estate and that's both in terms of the

00:11:49 --> 00:11:51: real estate product and also the way in which we

00:11:51 --> 00:11:54: that investment into that product is structured and operated.

00:11:55 --> 00:11:58: This is probably best captured by the fact that a

00:11:58 --> 00:12:01: remarkable 76% of respondents believe that current valuations do not

00:12:01 --> 00:12:06: accurately reflect all the challenges and opportunities impacting real estate

00:12:06 --> 00:12:09: such as climate change, social impact and occupy demand.

00:12:10 --> 00:12:14: 79% of those surveyed believe that ESG credentials will have

00:12:14 --> 00:12:18: a material effect on asset valuations in the next 12

00:12:18 --> 00:12:20: to 18 months and nine in 10.

00:12:20 --> 00:12:24: I think running an environmentally and socially sustainable business is

00:12:24 --> 00:12:28: the most important factor for the successful organizational transformation within

00:12:28 --> 00:12:30: the real estate industry by 2050.

00:12:31 --> 00:12:32: Next slide please.

00:12:36 --> 00:12:37: So in conclusion.

00:12:38 --> 00:12:41: But most forecasts for the eurozone suggest a sluggish economy

00:12:41 --> 00:12:44: at best in 2024, with a recession of realistic concern

00:12:44 --> 00:12:47: either way, there's a sense that the industry could be
00:12:47 --> 00:12:50: on the cusp of a serious downturn in demand across
00:12:50 --> 00:12:51: Occupy markets.
00:12:51 --> 00:12:54: And as to whether that market status will persist in
00:12:54 --> 00:12:56: 2024, there there's some hope.
00:12:56 --> 00:13:00: That the stars are aligning, namely clarity on inflation, interest
00:13:00 --> 00:13:05: rates and valuation, and hopefully that will facilitate greater
00:13:05 --> 00:13:06: transactional
00:13:06 --> 00:13:09: activity in 2024.
00:13:09 --> 00:13:11: However, there's unlikely to be a single timeline for this
00:13:12 --> 00:13:15: across Europe's diverse markets.
00:13:15 --> 00:13:18: Could 2024 be the year of investment opportunity for
00:13:18 --> 00:13:22: European
00:13:22 --> 00:13:25: real estate when a new wave of distressed sales comes
00:13:26 --> 00:13:29: forward and rising liquidity freezer shackles of bank lending?
00:13:29 --> 00:13:32: Or will that risk of catching a falling knife continue?
00:13:32 --> 00:13:35: To keep investors at Bay justifying that, stay alive till
00:13:35 --> 00:13:38: 25 mantra all of the above chimes with the perception
00:13:38 --> 00:13:42: emerging from the survey that we're entering into an
00:13:42 --> 00:13:45: environment
00:13:45 --> 00:13:48: in which some big calls will need to be made.
00:13:48 --> 00:13:51: Whether that's timing the bottom of the market, putting
00:13:51 --> 00:13:54: serious
00:13:55 --> 00:13:58: cash to work on an extensive brown to green repositioning
00:13:58 --> 00:14:01: strategy, making the call between an electrical or hydrogen
00:14:01 --> 00:14:04: fuel
00:14:04 --> 00:14:07: car fleet of the future or nailing colours to mask
00:14:07 --> 00:14:08: around where that whole hybrid working model settles.
00:14:08 --> 00:14:11: Whilst the sentiment from the survey points to an industry
00:14:11 --> 00:14:13: in wait and see, mode also suggests an environment and
00:14:13 --> 00:14:16: point in the market cycle where the rewards could be
00:14:16 --> 00:14:17: significant for those who are brave enough to make these
00:14:20 --> 00:14:21: these big calls.
00:14:21 --> 00:14:22: So I think we're in exciting times and looking forward
00:14:22 --> 00:14:24: to hearing the the panellists views on that.
00:14:24 --> 00:14:28: And with that I will hand over to Simon.
00:14:28 --> 00:14:32: Thank you.
00:14:32 --> 00:14:33: That was a great summary.
00:14:32 --> 00:14:33: Thank you, Gareth.
00:14:32 --> 00:14:33: I mean, I I get a sense that as an
00:14:32 --> 00:14:33: industry, we're moving into the acceptance phase now and
00:14:32 --> 00:14:33: starting
00:14:32 --> 00:14:33: to turn our attentions to how we think about playing
00:14:32 --> 00:14:33: this, this environment.

00:14:33 --> 00:14:37: Now at BlackRock, we, we see 5 mega forces that
00:14:37 --> 00:14:42: will really drive performance going forward and that gap
between
00:14:42 --> 00:14:44: the winners and losers.
00:14:45 --> 00:14:47: And you summarize them on that on that word cloud.
00:14:47 --> 00:14:49: I mean, for us, it's about digital disruption.
00:14:49 --> 00:14:54: It's about geopolitics, the energy transition, demographics
and the future
00:14:54 --> 00:14:54: of finance.
00:14:54 --> 00:14:57: And we'll touch on most of these over the course
00:14:57 --> 00:14:59: of the next 45 minutes with our excellent panel.
00:15:00 --> 00:15:05: So I have the pleasure of introducing my panellists, Anna
00:15:05 --> 00:15:09: Dashnovska, who is an MD at Invesco, Clement Schaefer,
Head
00:15:09 --> 00:15:12: Real Estate for EMEA and a packet DWS.
00:15:13 --> 00:15:17: I'm Anweli Boehner, a managing partner at Velo Capital,
which
00:15:17 --> 00:15:21: is part of Urban Partners, and Lissette Van Dorn, who's
00:15:21 --> 00:15:23: the chief exec of ULI in Europe.
00:15:24 --> 00:15:28: Can I just start by asking each member of the
00:15:28 --> 00:15:33: panel to briefly introduce yourselves and just tell us what
00:15:33 --> 00:15:37: your biggest take away or surprise was from the 2024
00:15:37 --> 00:15:39: merging trends report?
00:15:39 --> 00:15:41: Anna, can we start with you?
00:15:42 --> 00:15:43: Good afternoon, everybody.
00:15:43 --> 00:15:45: It's a pleasure to be here.
00:15:45 --> 00:15:46: Thank you.
00:15:46 --> 00:15:51: Yes, I'm representing Invesco Real Estate, a global
investment management
00:15:51 --> 00:15:54: company investing in direct real estate across the globe in
00:15:54 --> 00:15:55: in Europe.
00:15:55 --> 00:15:58: We're actively managing about 15 billion.
00:16:00 --> 00:16:04: Year under management and I'm responsible for coordinating
asset management
00:16:04 --> 00:16:04: activities.
00:16:06 --> 00:16:09: What is a take away, maybe not a surprise.
00:16:09 --> 00:16:12: I think it's hard to have a visibility beyond a
00:16:12 --> 00:16:14: few quarters or even few months.
00:16:15 --> 00:16:18: The markets are very volatile and so do investors responses
00:16:18 --> 00:16:21: and some of them see the glass half empty, some
00:16:21 --> 00:16:22: of them see the glass.
00:16:23 --> 00:16:25: How full I would like to be in the Slatter
00:16:25 --> 00:16:29: Group and look forward to the near future where you

00:16:29 --> 00:16:33: could benefit from this market dislocation and find attractive investment opportunities.

00:16:33 --> 00:16:34: Thank you.

00:16:34 --> 00:16:35: Great.

00:16:37 --> 00:16:37: Thanks.

00:16:37 --> 00:16:38: Thanks.

00:16:38 --> 00:16:38: Anna.

00:16:38 --> 00:16:38: I completely agree with you.

00:16:40 --> 00:16:41: Humility is something that I think we all need to have a degree of as we as we deal with the uncertainty ahead of us, Clemens.

00:16:41 --> 00:16:43: Yeah.

00:16:43 --> 00:16:45: Thank you, Simon.

00:16:45 --> 00:16:47: Also I'm very happy to be here and my name is Clement Schaefer.

00:16:49 --> 00:16:49: I'm heading the real estate team in Europe and in APAC for DWS, we are roughly managing 40 billion of assets in these two regions combined and.

00:16:49 --> 00:16:50: You hear my voice is a little hoarse.

00:16:50 --> 00:16:53: So I I I really hope that that will hold until the end of this panel.

00:16:53 --> 00:16:54: But what I found astonishing when I looked at the survey results was really the the high impact, the current theme of interest rate hikes and inflation had also in the longer term.

00:16:54 --> 00:16:58: So there was a differentiation between the impact for the. You know 24/23/24 currently where we are and then forward-looking and I I think I have a quite different opinion.

00:16:58 --> 00:17:02: If the real estate industry isn't able to adjust in 23 and 24 to the higher for longer interest rate environment and to a more a slightly higher inflationary environment then we are pretty dead in the water.

00:17:02 --> 00:17:05: So.

00:17:05 --> 00:17:09: So we better get that right over the course of 24.

00:17:09 --> 00:17:12: And then actually a lot of things might be actually much more positive in 25 and going forward.

00:17:12 --> 00:17:13: So I personally think that concerns are overstated with with regard to 24 five and onwards with regard to interest rates and inflation interest in clearance and I understand the

00:18:23 --> 00:18:27: the theme of Expo this year was very much around
00:18:27 --> 00:18:30: survive to 25 S not very much accords with.
00:18:30 --> 00:18:31: What you've what you've just said.
00:18:32 --> 00:18:36: Manueli, please welcome to the welcome to the webinar.
00:18:36 --> 00:18:38: How are you thinking about this?
00:18:38 --> 00:18:41: Recently, good afternoon everyone.
00:18:42 --> 00:18:44: I'm very happy to be here as well.
00:18:44 --> 00:18:47: My name is Emmanuel, I'm a partner at Urban Partners,
00:18:47 --> 00:18:49: the Northern European Investment Manager.
00:18:50 --> 00:18:54: And within Urban Partners, I'm managing partner of Little
Capital,
00:18:55 --> 00:18:58: which is our alternative real estate credit business.
00:19:00 --> 00:19:05: I think following up from what both Anna and Clement
00:19:05 --> 00:19:09: said, it, it feels like the over ruling team in
00:19:09 --> 00:19:13: the report is that a lot of people are scared
00:19:13 --> 00:19:17: to catch a falling night or call in the market.
00:19:17 --> 00:19:20: And I think, I think we can look at the
00:19:20 --> 00:19:24: positive side from it in a way and also link
00:19:24 --> 00:19:28: to one of the interesting parts here at the beginning
00:19:28 --> 00:19:30: of your report which says.
00:19:31 --> 00:19:36: Essentially, if we look at demographic, economical and social
trends,
00:19:36 --> 00:19:40: those are telling us what tenant demands is and the
00:19:40 --> 00:19:42: strategy comes out of that.
00:19:43 --> 00:19:48: We don't need to catch a falling night when it's
00:19:48 --> 00:19:49: on the floor.
00:19:50 --> 00:19:53: Our job is not to tie the market to perfection,
00:19:53 --> 00:19:56: but find investment teams that are going to be viable,
00:19:56 --> 00:19:59: viable and prudent for the medium to long term.
00:20:00 --> 00:20:03: And I think a lot of the teams in the
00:20:03 --> 00:20:06: report are already outlining that there is a lot of
00:20:06 --> 00:20:10: health in real estate if we can invest prudently and
00:20:10 --> 00:20:12: with the right copy of structures.
00:20:13 --> 00:20:14: Interesting.
00:20:14 --> 00:20:14: Thank you.
00:20:14 --> 00:20:18: And the set any, any surprises for you this year?
00:20:20 --> 00:20:23: Well, we've been working on this for a while, starting
00:20:23 --> 00:20:24: already in summer.
00:20:24 --> 00:20:27: So kind of I need to dig deep to kind
00:20:27 --> 00:20:27: of reflect.
00:20:27 --> 00:20:30: But I think what we found interesting if you look
00:20:30 --> 00:20:34: just at the survey results, which seem to be somewhat
00:20:34 --> 00:20:37: more positive than we've seen previous years.

00:20:37 --> 00:20:40: But if you then dig deeper and kind of go
00:20:40 --> 00:20:44: to what the interview feedback was, it's really not so
00:20:44 --> 00:20:48: positive and it's it's that marketing in a complete stencil.
00:20:49 --> 00:20:52: And to me that says almost there's a lot of
00:20:52 --> 00:20:56: wishful thinking around where everybody kind of keen to tap
00:20:56 --> 00:21:01: into the opportunity only looking externally like first interest
rates
00:21:01 --> 00:21:05: need to stabilize even better if they decrease sort of.
00:21:06 --> 00:21:10: But accepting the current situation, I'm not sure it's already
00:21:10 --> 00:21:14: there if you look at the report, because there's a
00:21:14 --> 00:21:16: lot of looking elsewhere.
00:21:17 --> 00:21:20: For things to change before we can act again And
00:21:20 --> 00:21:24: the other thing I would say if you then look
00:21:24 --> 00:21:27: at as Iman Abella was also saying the the, the
00:21:28 --> 00:21:32: demand drivers, they are so strong for real estate, so
00:21:32 --> 00:21:33: much needs to happen.
00:21:34 --> 00:21:38: There are so much fundamental demand and so much
opportunity,
00:21:38 --> 00:21:41: but kind of we seem to be sitting still for
00:21:41 --> 00:21:44: it to kind of arrive at the doorstep.
00:21:47 --> 00:21:47: Yeah.
00:21:47 --> 00:21:48: Yeah, absolutely.
00:21:48 --> 00:21:52: And I think it's maybe the confluence of these macro
00:21:52 --> 00:21:56: mega forces that we refer to them as or structural
00:21:56 --> 00:22:00: forces that is slightly complicating the the landscape
somewhat.
00:22:02 --> 00:22:05: So just picking up on your pointless set around sort
00:22:05 --> 00:22:06: of demand and demand drivers.
00:22:06 --> 00:22:12: I mean the Occupy markets have been relatively resilient in
00:22:12 --> 00:22:13: this cycle.
00:22:15 --> 00:22:18: And I just wonder whether if there is an impending
00:22:18 --> 00:22:21: recession, I wonder whether this time it might be really
00:22:21 --> 00:22:25: quite different given that in the past central banks have
00:22:25 --> 00:22:28: always written to the support of economies in a recessionary
00:22:28 --> 00:22:31: period, whereas this time it's the central banks who are
00:22:31 --> 00:22:35: actually driving a recession, The slowdown, Clemens just
telling to
00:22:35 --> 00:22:38: you, how do you think a recession might impact the
00:22:38 --> 00:22:41: robust occupied demand that we have been seeing?
00:22:43 --> 00:22:43: Yeah.
00:22:44 --> 00:22:47: Thank you for that question Simon and I, I think
00:22:47 --> 00:22:50: Germany, I'm sitting here currently in Frankfurt.
00:22:51 --> 00:22:53: Germany is currently in a recession.

00:22:54 --> 00:22:58: And the the main facts currently if you look in

00:22:58 --> 00:23:03: some figures is, is we had a reduction in in

00:23:03 --> 00:23:09: unemployment rate, a reduction in unemployment rate, we have rising

00:23:09 --> 00:23:11: tax revenues and.

00:23:11 --> 00:23:15: That that makes me quite positive actually, right.

00:23:15 --> 00:23:17: So technically we're in a recession, correct.

00:23:17 --> 00:23:20: But people are not losing their their jobs.

00:23:21 --> 00:23:25: That means, you know, there seems to not not be

00:23:25 --> 00:23:30: any mass layoffs which drive office occupancy further down.

00:23:31 --> 00:23:35: Let retail sales deteriorate and keeps the ability to hire,

00:23:35 --> 00:23:39: hire to pay higher residential rents, right and I could

00:23:39 --> 00:23:42: continue about the leisure of sectors and so forth.

00:23:43 --> 00:23:50: So overall I am I'm, I'm not so pessimistic.

00:23:50 --> 00:23:53: If there is a recession, it will be quite shallow

00:23:53 --> 00:23:57: and it will be more technical in nature and given

00:23:57 --> 00:23:58: the substantial.

00:23:59 --> 00:24:03: Reduction in development pipeline, we're in a completely different state

00:24:03 --> 00:24:06: of repair as compared to the global financial crisis, right.

00:24:06 --> 00:24:10: So we're deep recession hit an over building in virtually

00:24:10 --> 00:24:15: all sectors from Spanish Spanish residential to retail across Europe

00:24:15 --> 00:24:17: and office as well, right.

00:24:17 --> 00:24:22: So we're in completely different situation, very, very controlled completion

00:24:22 --> 00:24:24: rates over the previous years and.

00:24:25 --> 00:24:27: If a recession, then more a shallow 1, so I

00:24:28 --> 00:24:32: don't see the healthy economic situation, the occupational markets do

00:24:32 --> 00:24:34: it materially deteriorate?

00:24:35 --> 00:24:36: Yeah.

00:24:36 --> 00:24:37: It does feel very different this time.

00:24:37 --> 00:24:40: And to your point that moving into the GFC that's

00:24:41 --> 00:24:44: a supply demand dynamic was was very different with most

00:24:44 --> 00:24:48: markets being quite significantly overbuilt and it was a real,

00:24:48 --> 00:24:51: it was a real difference among well, how, how are

00:24:51 --> 00:24:52: you?

00:24:53 --> 00:24:56: Thinking about occupier markets, are you worried about recession?

00:25:00 --> 00:25:03: I I I wouldn't say worry that.

00:25:03 --> 00:25:07: I think, I think either a technical recession or a

00:25:07 --> 00:25:11: stagnation is already baked into the numbers.

00:25:11 --> 00:25:14: Everybody's running when doing investment analysis.
00:25:15 --> 00:25:18: And also countries that are not in recession like Germany
00:25:18 --> 00:25:21: have been through, have been going through a stagnation for
00:25:21 --> 00:25:21: a while.
00:25:22 --> 00:25:27: So in a way when I look at macroeconomic expectations
00:25:27 --> 00:25:31: and the impact they have on occupier markets on the
00:25:31 --> 00:25:36: commercial side of things, I think there has to be
00:25:36 --> 00:25:39: a flight to quality and there has to be a
00:25:39 --> 00:25:45: flight to occupiers that can sustain long term occupancy and
00:25:45 --> 00:25:49: there is to be a movement away from single tenant
00:25:49 --> 00:25:53: occupancy, especially when it comes to office.
00:25:54 --> 00:25:59: On the residential side, the main point of analysis has
00:25:59 --> 00:26:01: to be affordability.
00:26:02 --> 00:26:05: Residential has been sustained by for a very long term,
00:26:06 --> 00:26:09: long time by rental growth which might or might not
00:26:09 --> 00:26:12: be sustainable in the long term.
00:26:13 --> 00:26:17: So I take a lot of comfort from what Clements
00:26:17 --> 00:26:21: has said that having a lot of investments in Germany,
00:26:21 --> 00:26:25: even if the economy is not performing then tax intake
00:26:26 --> 00:26:30: is increasing which might lead to support programs in case
00:26:30 --> 00:26:34: there is there are issues in terms of probability.
00:26:36 --> 00:26:38: Yeah, I I wouldn't to an extent we we need
00:26:38 --> 00:26:41: a new playbook now to help us think about the
00:26:41 --> 00:26:43: macro and and how it translates.
00:26:43 --> 00:26:44: I mean just looking at the current rates of.
00:26:45 --> 00:26:48: Of unemployment across most of Europe, the level of interest
00:26:48 --> 00:26:52: rates and inflation would typically imply much higher rates of
00:26:52 --> 00:26:55: unemployment than those that we're seeing.
00:26:55 --> 00:26:57: So the economies are proving proved to be a lot
00:26:57 --> 00:26:58: more resilient.
00:26:59 --> 00:27:03: Anna, how are you thinking about your positioning in the
00:27:03 --> 00:27:05: face of a recession?
00:27:05 --> 00:27:08: Or are you already well positioned to to weather the
00:27:08 --> 00:27:09: storm?
00:27:11 --> 00:27:16: So well, I don't think anybody's well positioned to this
00:27:16 --> 00:27:22: situation and obviously we are carefully analysing the
investment opportunities.
00:27:22 --> 00:27:26: I guess the era of simple real estate transaction were
00:27:26 --> 00:27:29: cheap depth towards the main driver is no longer there
00:27:29 --> 00:27:33: and and both investors and the investors advisors need to
00:27:33 --> 00:27:37: be much more sophisticated and have to create a robust
00:27:37 --> 00:27:38: business plans in order to.

00:27:39 --> 00:27:44: Progress with with any acquisition clearly at the moment the
00:27:44 --> 00:27:49: the real estate expects some premium versus the other
classes
00:27:49 --> 00:27:55: of assets because the attractiveness, the relative
attractiveness of real
00:27:55 --> 00:27:59: estate as as investment class versus for example securities.
00:28:00 --> 00:28:03: There is at the moment under under big question mark.
00:28:04 --> 00:28:09: I think the the debt strategies, they definitely have their
00:28:09 --> 00:28:14: rosy time, time and there will be plenty of opportunities
00:28:14 --> 00:28:20: for refinancing, recapitalizing, repositioning of of different
projects.
00:28:21 --> 00:28:24: I think the trend also is that the landlords would
00:28:24 --> 00:28:27: need to take much more operational risk, which is not
00:28:27 --> 00:28:30: always something that they wish for or they have to
00:28:30 --> 00:28:31: internal competence.
00:28:31 --> 00:28:35: But I think Garth mentioned that in in his presentation.
00:28:35 --> 00:28:40: But without that you cannot get really the the competitive
00:28:40 --> 00:28:40: advantage.
00:28:41 --> 00:28:45: At Invesco, we tend to kind of drive our investment
00:28:45 --> 00:28:49: decision by the underlying secular trends both in sectors and
00:28:49 --> 00:28:51: the ending the region regions.
00:28:51 --> 00:28:54: And I think this will stay as it is for
00:28:54 --> 00:28:57: the next at least couple of years where we're not
00:28:57 --> 00:28:59: going to change this approach.
00:29:01 --> 00:29:05: And also obviously the ES GS have fundamental part of
00:29:05 --> 00:29:06: everything we do.
00:29:07 --> 00:29:11: ES, GS part of the investment decision process not only
00:29:11 --> 00:29:15: for us but probably for many other investors as well
00:29:15 --> 00:29:17: and and we have put a bar very high.
00:29:17 --> 00:29:21: So basically either you buying best in class in terms
00:29:21 --> 00:29:24: of ESG credentials or you have a fantastic business plan
00:29:24 --> 00:29:27: to get you this asset there to this level.
00:29:29 --> 00:29:30: Yeah, interesting.
00:29:30 --> 00:29:33: We managed to get in 15 minutes into the panel
00:29:33 --> 00:29:34: before ESG was mentioned.
00:29:34 --> 00:29:35: I think that has to be.
00:29:36 --> 00:29:37: There has to be a record.
00:29:37 --> 00:29:39: I think while whilst we're on that let's explore this
00:29:39 --> 00:29:40: a little bit more.
00:29:40 --> 00:29:44: The set just turning to you in in Europe, the
00:29:44 --> 00:29:48: the ULI has been getting a lot of traction around
00:29:48 --> 00:29:50: it sort of sea change initiative.
00:29:52 --> 00:29:55: Where do you think the industry should be focusing in

00:29:55 --> 00:29:57: order to accelerate that transition?

00:29:57 --> 00:30:00: Because yeah, I was at your, I was at your

00:30:00 --> 00:30:04: summit in in Copenhagen recently and although in real estate

00:30:04 --> 00:30:05: we're making.

00:30:06 --> 00:30:08: Phenomenal progress to decarbonize.

00:30:08 --> 00:30:12: We're still way off track to achieve Net 0 by

00:30:12 --> 00:30:12: 2050.

00:30:15 --> 00:30:19: I I unfortunately, I agree with that and actually officially

00:30:19 --> 00:30:22: we're still in moving in the wrong direction.

00:30:22 --> 00:30:25: We're not the only industry moving in the wrong direction,

00:30:25 --> 00:30:25: but we are.

00:30:26 --> 00:30:30: So everything that we're doing right now is not enough

00:30:30 --> 00:30:34: to kind of really significantly reduce emissions.

00:30:37 --> 00:30:38: A couple of things.

00:30:38 --> 00:30:41: I think there's a real opportunity to look at decarbonisation

00:30:42 --> 00:30:45: amidst those structural trends and what needs to happen with

00:30:45 --> 00:30:47: our building stock.

00:30:47 --> 00:30:50: Often when we look at it in isolation, we just

00:30:50 --> 00:30:54: consider the costs and it's short term cost and not

00:30:54 --> 00:30:58: really sure what the long term value of that is

00:30:58 --> 00:31:02: that still we hear things about green premiums, brand discounts,

00:31:02 --> 00:31:03: but it's still.

00:31:04 --> 00:31:08: Very blurred with often being new buildings in the best

00:31:08 --> 00:31:08: locations.

00:31:09 --> 00:31:13: So what is exactly that's green element I think by

00:31:13 --> 00:31:19: looking at it from the transformational perspective and then mixed-use

00:31:19 --> 00:31:24: increasing density etcetera what we need in cities anyway it

00:31:24 --> 00:31:27: becomes much easier to include it.

00:31:28 --> 00:31:31: But I think it and it also goes for the

00:31:31 --> 00:31:32: wider ESG is.

00:31:33 --> 00:31:36: We need to look at it from an integral perspective,

00:31:37 --> 00:31:41: just not looking at the E separately, the S separately,

00:31:41 --> 00:31:45: because also we don't get the decarbonization right.

00:31:45 --> 00:31:49: There's a big risk it will further increase the social

00:31:49 --> 00:31:51: divide we already see in cities.

00:31:51 --> 00:31:55: And therefore, I think it's really important to look at

00:31:55 --> 00:31:59: what the costs are, what the potential benefits are, who

00:31:59 --> 00:32:02: kind of where do those benefits.

00:32:02 --> 00:32:07: Arrive and kind of share the bigger picture.

00:32:07 --> 00:32:11: That sounds a bit fake probably and conceptual, but on

00:32:11 --> 00:32:14: a lot of cases I'm not talking the easy ones,
00:32:14 --> 00:32:18: the CBD offices, the high end residential where kind of
00:32:18 --> 00:32:22: the cost to decarbonize is relatively low versus the the
00:32:22 --> 00:32:26: value of the building and the value of the land.
00:32:26 --> 00:32:29: It's really about the more complicated.
00:32:30 --> 00:32:34: Maybe somewhat edge of city centre, suburban offices,
social and
00:32:34 --> 00:32:35: affordable housing.
00:32:36 --> 00:32:39: Those are the areas we really need to look at
00:32:39 --> 00:32:44: and work together, public and private sector to achieve this.
00:32:44 --> 00:32:47: And I'm sure it's possible, but we we really need
00:32:47 --> 00:32:48: to scale up.
00:32:48 --> 00:32:51: And the last thing I would say, and it's not
00:32:51 --> 00:32:55: only about just looking at the cost of decarbonization,
building
00:32:55 --> 00:32:59: the business case better, there was and Garrett presented
that.
00:32:59 --> 00:33:05: I think over 75% of respondents didn't think current
valuations
00:33:05 --> 00:33:09: reflected properly all the challenges that exist.
00:33:10 --> 00:33:12: I think we have to use our common sense and
00:33:12 --> 00:33:15: look, and I know how many people are already doing
00:33:15 --> 00:33:18: that, but look at what is the real value, What
00:33:18 --> 00:33:18: is in here?
00:33:18 --> 00:33:22: And that's not just decarbonization, it's also physical climate
risk
00:33:22 --> 00:33:24: and it's social elements.
00:33:24 --> 00:33:27: And then look at starting there.
00:33:27 --> 00:33:29: What is the business case?
00:33:29 --> 00:33:31: And it becomes easier to make it.
00:33:31 --> 00:33:34: And the other thing I think we need to start
00:33:35 --> 00:33:39: focusing on is carbon pricing, because you're only focused
on
00:33:39 --> 00:33:41: the cost of decarbonization.
00:33:41 --> 00:33:45: There's also the cost of the externalities, and if we
00:33:45 --> 00:33:47: don't do it, someone else will.
00:33:48 --> 00:33:49: Yeah, interesting.
00:33:49 --> 00:33:52: I think the report very clearly.
00:33:53 --> 00:33:56: Has a focus on that sort of social aspect of
00:33:56 --> 00:33:59: of real estate and there's a great quote in the
00:33:59 --> 00:34:03: report that's that's goes something like the people who will
00:34:03 --> 00:34:06: make money over the next decade will be those who
00:34:06 --> 00:34:08: solve the problems of of society.

00:34:09 --> 00:34:12: So maybe we are starting to see that narrative switch
00:34:12 --> 00:34:15: from the E to the S on the basis that
00:34:15 --> 00:34:18: the S what you can't do the S without the
00:34:18 --> 00:34:20: E So it's a fundamental part of of of how
00:34:20 --> 00:34:22: we do ultimately decarbonize.
00:34:23 --> 00:34:27: Clements how, how, How did DWS think about real estate
00:34:27 --> 00:34:28: and the energy transition?
00:34:28 --> 00:34:32: And where do you see the greatest opportunities emerging
from
00:34:32 --> 00:34:36: the decarbonisation of the the built environment?
00:34:37 --> 00:34:37: Yeah.
00:34:38 --> 00:34:41: Thank you for giving me an E question and not
00:34:41 --> 00:34:43: an S Yeah, so that's the thanks for that.
00:34:43 --> 00:34:47: So yeah, couple things are wide.
00:34:48 --> 00:34:50: Quite obvious, yeah.
00:34:50 --> 00:34:54: You know if you're an investment manager and you're
predominantly
00:34:54 --> 00:34:57: active core, core plus you got you got an ageing
00:34:57 --> 00:35:00: portfolio, what is your investors?
00:35:00 --> 00:35:03: What are your investors actually expecting of you?
00:35:03 --> 00:35:08: Is it to basically sell now into the market and
00:35:08 --> 00:35:12: or to take on the challenge to reposition these assets
00:35:12 --> 00:35:17: and take on the the decarbonisation challenge yourself?
00:35:18 --> 00:35:21: If you look into the market right now for your
00:35:21 --> 00:35:24: existing stock, I'm sure every manager has that there are
00:35:24 --> 00:35:27: a couple buildings which need which which are in dire
00:35:27 --> 00:35:28: need of CapEx.
00:35:29 --> 00:35:33: And sometimes you know clients want to sell, wanted to
00:35:33 --> 00:35:36: have sold that that's becomes it becomes sold.
00:35:37 --> 00:35:40: Sometimes you ask for service redemptions or whatever.
00:35:40 --> 00:35:43: But if you are actually in a position that you
00:35:43 --> 00:35:45: can take your fate in your own hand, I think
00:35:45 --> 00:35:49: investment managers are very well posi should actually take
on
00:35:49 --> 00:35:52: the challenge and internalise that's what we do.
00:35:52 --> 00:35:56: So we we haven't sold for for quite a while
00:35:56 --> 00:35:56: and.
00:35:57 --> 00:35:59: Let's take older office asset.
00:35:59 --> 00:36:03: Actually we have gone through the brain damage of of
00:36:03 --> 00:36:08: getting our head around and repositioning these buildings
because if
00:36:08 --> 00:36:12: you think about the alternative, you can either sell to
00:36:12 --> 00:36:17: a a cost of capital investor somewhere between 15 and

00:36:17 --> 00:36:21: 20% of course IR or you internalize, internalize that within
00:36:21 --> 00:36:24: within your within your remit.
00:36:24 --> 00:36:28: So that that's something where I think two things really
00:36:28 --> 00:36:29: come together.
00:36:30 --> 00:36:34: One, an idea to strengthen returns in accordance with the
00:36:34 --> 00:36:36: mandate given by the investor.
00:36:37 --> 00:36:43: And 2nd, actually to take on the challenge of decarbonisation
00:36:43 --> 00:36:49: and and to accelerate basically the speed of of
decarbonisation.
00:36:51 --> 00:36:53: Well, that that's within the existing product range.
00:36:54 --> 00:36:54: And that's a bulk.
00:36:54 --> 00:36:57: And that's where the battle is lost or won, right?
00:36:57 --> 00:37:02: Because from today until 2050, we will probably build another
00:37:03 --> 00:37:04: 2025% of stock.
00:37:05 --> 00:37:07: So if we are unable to decarbonize what we already
00:37:07 --> 00:37:09: have, we won't get there.
00:37:09 --> 00:37:12: Right, absolutely.
00:37:12 --> 00:37:14: And I think the the statistic that I saw, I
00:37:14 --> 00:37:17: think it was the IEA that 75% of the stock
00:37:17 --> 00:37:20: that will exist in 2050 already exists today.
00:37:20 --> 00:37:22: So that's.
00:37:22 --> 00:37:25: It's completely supports what you're what you're saying we
just
00:37:25 --> 00:37:27: can't we can't build our way to net to net
00:37:27 --> 00:37:27: zero.
00:37:29 --> 00:37:32: Well how how are you thinking about decarbonisation and
and
00:37:32 --> 00:37:35: again focus on OK, well what are those, what are
00:37:35 --> 00:37:39: the opportunities that that that their structural one way
structural
00:37:39 --> 00:37:41: trend is likely to to throw up.
00:37:42 --> 00:37:45: Yeah, I I think all I heard so far is
00:37:45 --> 00:37:48: honestly music to my ears because as a group we've
00:37:48 --> 00:37:52: been and I would dare say obsessed about the transition
00:37:53 --> 00:37:54: for a very long time.
00:37:55 --> 00:37:59: And everything we do is geared in a way towards
00:37:59 --> 00:38:01: urban transition.
00:38:01 --> 00:38:05: Not only because we think it's the right thing to
00:38:05 --> 00:38:09: do, but also because we think it's good business and
00:38:09 --> 00:38:13: it significantly impacts the risk written profile of our
investments
00:38:14 --> 00:38:18: in a way borrowing Lizard's point on holistic approach on
00:38:18 --> 00:38:19: urban environment.

00:38:19 --> 00:38:22: So that is why we have structured the way we
00:38:22 --> 00:38:22: are.
00:38:22 --> 00:38:25: We are, we think that there is a lot that
00:38:25 --> 00:38:29: can be done in real estate, but real estate alone
00:38:29 --> 00:38:33: will not be enough to achieve the targets we have.
00:38:33 --> 00:38:38: You will need technology, you will need new energy, you
00:38:38 --> 00:38:44: will need a number of different items and investment
investment
00:38:44 --> 00:38:49: classes that all in around the urban environment and and
00:38:49 --> 00:38:54: we are trying to capture those synergies and on I'm
00:38:54 --> 00:38:59: following up on Clemens Point, I think it's very important
00:38:59 --> 00:39:04: that the sector as all stops talking about brown to
00:39:04 --> 00:39:09: green and actually shows that we can deliver brown to
00:39:09 --> 00:39:10: green.
00:39:11 --> 00:39:13: And that is what we are also trying to do
00:39:13 --> 00:39:14: internally.
00:39:16 --> 00:39:23: It's retrofitting an existing building is unquestionably a better
situation
00:39:23 --> 00:39:29: in terms of decarbonisation than demolishing an old one and
00:39:29 --> 00:39:30: rebuilding it.
00:39:32 --> 00:39:34: So that's that's where we all need to get better.
00:39:37 --> 00:39:37: Yeah, interesting.
00:39:37 --> 00:39:41: And it's a fundamentally different way of thinking about the
00:39:41 --> 00:39:44: the risk and return profile of real estate than we
00:39:44 --> 00:39:46: did even five, five years ago.
00:39:48 --> 00:39:51: Anna, So turning to you, you raised ESG first, and
00:39:51 --> 00:39:55: what are investigators doing to sort of make an impact
00:39:55 --> 00:39:58: and what do you think we should be doing more
00:39:58 --> 00:39:58: of?
00:40:02 --> 00:40:05: Yes, I I believe that we are fairly advanced with
00:40:05 --> 00:40:08: with ESG implementation not only at the strategy level but
00:40:08 --> 00:40:10: actually at the asset level.
00:40:10 --> 00:40:13: This is not something new and we've been working on
00:40:13 --> 00:40:15: on that for, for several years.
00:40:15 --> 00:40:20: So starting from the basic things like data collection, going
00:40:20 --> 00:40:25: through the net 0 audit process, incorporating ESG into
investment
00:40:25 --> 00:40:30: decision process, cram analysis and actually the the the
assets
00:40:30 --> 00:40:35: CapEx business plan to improve the the credentials is
something
00:40:35 --> 00:40:38: that that we do and I'm sure many peers do
00:40:38 --> 00:40:40: have similar approach.

00:40:41 --> 00:40:44: However, not everything is straightforward and I'd like to
00:40:44 --> 00:40:47: just give a couple of examples from the asset management
00:40:47 --> 00:40:47: perspective.
00:40:48 --> 00:40:52: So firstly, something that Lisa had mentioned, valuations do
not
00:40:52 --> 00:40:57: yet reflect the the full challenges of the ESG transition.
00:40:57 --> 00:41:01: I have a feeling that actually valuers are struggling, how
00:41:01 --> 00:41:04: to get a single a clear guidance how those risks
00:41:04 --> 00:41:07: should be valued or or even reported.
00:41:07 --> 00:41:11: And there is like a potential asset obsolescence as a
00:41:11 --> 00:41:17: as a big risk probably significantly undervalued at this stage.
00:41:17 --> 00:41:22: Secondly, the whole thing about of regulations, regulations
need to
00:41:22 --> 00:41:25: be as the front of all this transformation.
00:41:25 --> 00:41:29: And there are a lot of like practical problems with
00:41:29 --> 00:41:32: simple things like you know signing the green contract on
00:41:32 --> 00:41:36: the photovoltaic panels on the roof, consuming the energy on
00:41:36 --> 00:41:40: sign, being the distributor, the landlord, a lot of problems
00:41:40 --> 00:41:42: around fairly simple thing.
00:41:42 --> 00:41:45: So the regulations have to be more robust and there
00:41:45 --> 00:41:48: is a clearly a role role for the regulators to
00:41:49 --> 00:41:51: to speed up and and give a clear guidance.
00:41:52 --> 00:41:56: And finally there is this dilemma that I was thinking
00:41:56 --> 00:42:00: about that for many investors and investment managers they
they
00:42:00 --> 00:42:05: are supposed to report on a short term performance
quarterly,
00:42:05 --> 00:42:08: annually, they need to deliver financial results.
00:42:08 --> 00:42:12: Whereas with the ESG it's all about you know, long
00:42:12 --> 00:42:15: term plan, long term potential improvements.
00:42:15 --> 00:42:16: You need to spend a lot of money.
00:42:16 --> 00:42:19: You need to have a plan of the CapEx in
00:42:19 --> 00:42:22: order to get something at the end or perhaps perhaps
00:42:22 --> 00:42:25: in order to protect the value from falling down.
00:42:26 --> 00:42:30: And there is this dilemma between between you know those
00:42:30 --> 00:42:32: those two streams.
00:42:32 --> 00:42:35: Do I need to report my financials and my here
00:42:35 --> 00:42:38: and now performance or do I take a hit now
00:42:38 --> 00:42:42: and underperform for a while, but maybe we'll get the
00:42:42 --> 00:42:44: better result in the future.
00:42:44 --> 00:42:48: This is something that clearly is there and there has
00:42:48 --> 00:42:49: to be a lot of more.
00:42:49 --> 00:42:52: There have to be a lot of more KPIs embedded

00:42:52 --> 00:42:57: at the strategic level of the corporates, not only real
00:42:57 --> 00:43:01: estate, to basically motivate decision makers to invest.
00:43:02 --> 00:43:03: Yeah, absolutely.
00:43:03 --> 00:43:06: Completely agree around the, the measurement, the
measurement piece.
00:43:06 --> 00:43:09: And you know, I think maybe we're moving into an
00:43:09 --> 00:43:14: environment where you know, traditional benchmarking
doesn't really serve the
00:43:14 --> 00:43:17: purpose that we need it to, to serve if we
00:43:17 --> 00:43:21: are to make progress along that decarbonisation path to to
00:43:21 --> 00:43:21: 2050.
00:43:23 --> 00:43:26: So how how are these challenges actually reflected in your?
00:43:27 --> 00:43:32: Specific strategies So are you now thinking about how you
00:43:32 --> 00:43:37: weight your portfolios differently today than how we would
have
00:43:38 --> 00:43:40: done pre pre COVID Clemens?
00:43:40 --> 00:43:41: That one's you.
00:43:42 --> 00:43:44: We COVID.
00:43:44 --> 00:43:44: All right.
00:43:47 --> 00:43:50: So first of all, thank you.
00:43:50 --> 00:43:51: You know I.
00:43:52 --> 00:43:54: From training, I'm economist, yeah.
00:43:54 --> 00:43:57: So I, I, I always ask myself, is this a
00:43:57 --> 00:44:00: complete disruption or is it a parallel shift?
00:44:01 --> 00:44:04: And as hard as hard as it feels right now
00:44:05 --> 00:44:10: that increases in interest rates and inflation are a parallel
00:44:10 --> 00:44:13: shift and not the disruption.
00:44:14 --> 00:44:18: Yeah, it creates this, it creates distress, but that.
00:44:19 --> 00:44:23: Shouldn't over over paint basically the the, the situation that
00:44:23 --> 00:44:26: we're in a in a parallel shift scenario for for
00:44:26 --> 00:44:27: in general.
00:44:28 --> 00:44:33: So therefore the the way to judge about investments in
00:44:33 --> 00:44:36: our view is, is still it needs to drive on
00:44:36 --> 00:44:42: a relative basis versus other asset classes attractive risk
adjusted
00:44:42 --> 00:44:43: returns.
00:44:44 --> 00:44:48: And ESG, well we we tried to move actually away
00:44:48 --> 00:44:51: from from the term ESG and because we say it's
00:44:51 --> 00:44:54: part of our decision making therefore therefore we try to
00:44:55 --> 00:44:56: avoid that nomenclature.
00:44:57 --> 00:45:05: But effectively the the the biggest disruptive effect I've
seen,
00:45:05 --> 00:45:11: we we we've noticed since since since COVID is, it's

00:45:11 --> 00:45:12: not.

00:45:12 --> 00:45:16: And as I said the the interest rates and the

00:45:16 --> 00:45:21: and the inflation, it's probably the work from home for

00:45:21 --> 00:45:26: the office sector and that's where we think the impact

00:45:26 --> 00:45:31: on the sector's probably the the biggest however it's it's

00:45:31 --> 00:45:32: bifurcating right.

00:45:32 --> 00:45:37: So, you know, certain office locations are the the winners

00:45:37 --> 00:45:39: and others are the losers, right?

00:45:39 --> 00:45:40: So.

00:45:41 --> 00:45:43: I want to leave a little space for the others

00:45:44 --> 00:45:46: if you if you intend to pass that question around

00:45:47 --> 00:45:49: right I could go on for ages but but generally

00:45:49 --> 00:45:52: speaking you know it's we're it's in a parallel shift

00:45:52 --> 00:45:56: and the disruption is probably the the hardest in the

00:45:56 --> 00:45:58: in the in the office sector on the niche I

00:45:58 --> 00:46:01: would leave the niche sectors for my fellows here on

00:46:01 --> 00:46:02: the on the pen.

00:46:03 --> 00:46:04: Very thoughtful, Clemence.

00:46:04 --> 00:46:06: Thanks Manuela.

00:46:07 --> 00:46:09: So as you think about what sort of?

00:46:10 --> 00:46:13: Balance diversified exposure might look like for for real estate

00:46:13 --> 00:46:16: as you know the report is telling us that and

00:46:16 --> 00:46:18: as it has done over the last the last few

00:46:18 --> 00:46:19: years.

00:46:19 --> 00:46:22: Now that you know the winning sectors are inverted common

00:46:22 --> 00:46:25: as the alternative sectors and we won't debate whether they

00:46:25 --> 00:46:27: should be called alternatives or not.

00:46:28 --> 00:46:33: But has your view of balanced exposures fundamentally changed?

00:46:36 --> 00:46:37: Yeah, I think.

00:46:40 --> 00:46:44: I think if I look at our investment criteria pre

00:46:44 --> 00:46:49: COVID, we were already very much focused on alternative residential

00:46:49 --> 00:46:53: for example and all the subsets that you can find

00:46:53 --> 00:46:55: that within that.

00:46:55 --> 00:46:59: So I think in a way we believed into a

00:46:59 --> 00:47:04: big a big component of what the alternatives were already

00:47:04 --> 00:47:07: before COVID, I think.

00:47:08 --> 00:47:12: I I think what has changed over the last 18

00:47:12 --> 00:47:16: months is how you look at the capital structure of

00:47:16 --> 00:47:22: your investments rather than asset classes and how fortunately speculative

00:47:23 --> 00:47:27: approach to real estate is probably off the table now
00:47:27 --> 00:47:30: and we need to go back to the basics and
00:47:30 --> 00:47:35: create values based on what our tenants want and need.
00:47:37 --> 00:47:40: In terms of asset classes, I think I like to
00:47:40 --> 00:47:44: take a slightly more contrarian position when it comes to
00:47:44 --> 00:47:45: office.
00:47:47 --> 00:47:53: I think there are clear differences between most European
centres
00:47:53 --> 00:47:56: and the and the largest US office markets.
00:47:58 --> 00:47:59: But you want to be.
00:48:00 --> 00:48:03: Central in a modern asset which is multi tenant and
00:48:03 --> 00:48:07: provides services over and above what the old office used
00:48:07 --> 00:48:07: to be.
00:48:09 --> 00:48:11: In that case, I think it's a it's a good
00:48:11 --> 00:48:13: place to be at the moment.
00:48:14 --> 00:48:18: Yeah, I don't think the other the theme that we're
00:48:18 --> 00:48:21: hearing here is one of huge dispersion, no, not just
00:48:21 --> 00:48:24: between locations but also between assets.
00:48:26 --> 00:48:30: And am I willing just why we've got you so,
00:48:30 --> 00:48:34: so do you think we're likely to see that famed
00:48:34 --> 00:48:37: wave of distress as we move into 2024?
00:48:37 --> 00:48:39: I know a bit of a switch to sort of
00:48:39 --> 00:48:41: a bit more of a capital markets focus as we
00:48:41 --> 00:48:42: start to wrap up.
00:48:43 --> 00:48:45: Yeah, it's a very good question and as most good
00:48:45 --> 00:48:48: questions it doesn't have a simple answer.
00:48:49 --> 00:48:53: My my personal view is that if.
00:48:54 --> 00:48:57: With wave of distress, we expect a huge volumes of
00:48:58 --> 00:49:02: quality income producing real estate coming to market at
discounted
00:49:03 --> 00:49:03: prices.
00:49:03 --> 00:49:07: We are never going to see that and fortunately we
00:49:07 --> 00:49:12: are never going to see that because that will create
00:49:12 --> 00:49:16: a much larger systemic crisis when it comes to the
00:49:16 --> 00:49:18: financial sector on.
00:49:19 --> 00:49:23: More timid but very active way.
00:49:23 --> 00:49:28: I think we are already seeing significant distress in the
00:49:28 --> 00:49:34: market with ongoing and existing development specifically
but also income
00:49:34 --> 00:49:36: producing portfolios.
00:49:36 --> 00:49:40: So that require refinancing going to look for equity and
00:49:40 --> 00:49:45: that at terms that would have been unacceptable just six
00:49:45 --> 00:49:46: months ago.

00:49:47 --> 00:49:52: Often disguise the by structuring to try and pretend that
00:49:52 --> 00:49:56: the mark is still higher than what it really is.
00:49:57 --> 00:50:00: So in a way, if people are waiting on the
00:50:00 --> 00:50:04: side of the river for the opportunity of a lifetime,
00:50:04 --> 00:50:08: either it's not going to happen or someone will have
00:50:08 --> 00:50:10: matched it way up river.
00:50:11 --> 00:50:13: If we can, if we can be selective and in
00:50:13 --> 00:50:16: the market, there is already a world of attractive investment
00:50:16 --> 00:50:18: opportunity at the moment.
00:50:19 --> 00:50:19: Interesting.
00:50:19 --> 00:50:20: Thank you.
00:50:20 --> 00:50:23: Anna, just just sort of turning to you just as
00:50:23 --> 00:50:26: we, as you think about sort of capital markets and
00:50:26 --> 00:50:30: financing, yeah, how are you thinking about the evolution in
00:50:30 --> 00:50:32: the, in the debt, in the debt space?
00:50:33 --> 00:50:37: And the availability of finance, yes, we've been active in
00:50:37 --> 00:50:40: the Dead Space for, for the last 1218 months and
00:50:40 --> 00:50:43: and we see a lot of opportunities there.
00:50:44 --> 00:50:47: As I said this is a window of opportunity for
00:50:47 --> 00:50:52: different debt strategies and alternative lenders will will have
00:50:52 --> 00:50:56: a
00:50:56 --> 00:51:01: role to play in exactly what Emmanuel was saying
00:51:01 --> 00:51:05: recapitalizing
00:51:05 --> 00:51:08: and basically and ensuring that that portfolios stay healthy.
00:51:08 --> 00:51:12: So this is exactly one of our investment themes.
00:51:12 --> 00:51:16: At the same time I'm also the opinion that you
00:51:16 --> 00:51:20: know the, I'm not so negative about the office sector
00:51:20 --> 00:51:24: as such because if you look at fundamentals and occupiers
00:51:24 --> 00:51:28: market, it's still there and with the very limited construction
00:51:28 --> 00:51:31: activity there will be clearly a rental growth and and
00:51:31 --> 00:51:33: for sure for the best in class the space which
00:51:33 --> 00:51:37: has been already proven that the vacancy is very low.
00:51:37 --> 00:51:41: So this trend will continue.
00:51:41 --> 00:51:45: At the same time you know everybody speaks about
00:51:45 --> 00:51:47: alternative
00:51:47 --> 00:51:50: sectors, you know life science, medical centres, but again
00:51:50 --> 00:51:53: these
00:51:53 --> 00:51:57: are niche products so not all the investors can chase
00:51:57 --> 00:51:58: the same little niche sectors.
There has to be some activity also in things like
retail and in standard office and I'm sure smart investors
will find the the the right structures and opportunities to
enter in in those as well.

00:51:59 --> 00:52:03: And this is something we're watching carefully for the next
00:52:03 --> 00:52:04: year, hopefully.
00:52:05 --> 00:52:08: Yeah, I think I I tend to agree with you
00:52:08 --> 00:52:11: there around around offices and I think as we move
00:52:12 --> 00:52:15: through the next cycle, you know I think the office
00:52:15 --> 00:52:20: will play an increasingly important role for occupiers in order
00:52:20 --> 00:52:23: to bring people back to the office and to.
00:52:25 --> 00:52:29: And to try and reinstate that culture at the organizational
00:52:29 --> 00:52:33: level that's so difficult to achieve when one's when one's
00:52:33 --> 00:52:36: working from home more full more full time.
00:52:37 --> 00:52:41: Lissette, quick word from you on alternatives.
00:52:41 --> 00:52:44: What what sort of insights have you been hearing from
00:52:44 --> 00:52:49: from your your membership around exposure to alternative
sectors?
00:52:51 --> 00:52:53: Well, I think there are a few things I would
00:52:54 --> 00:52:54: like to say.
00:52:55 --> 00:52:58: I think overall if we kind of look over the
00:52:58 --> 00:53:01: long term how real estate has developed, I think the
00:53:01 --> 00:53:05: level of granularity and complexity has gone up massively.
00:53:06 --> 00:53:09: A lot of what we call niche are also kind
00:53:09 --> 00:53:12: of sub sectors to where we first just looked at
00:53:12 --> 00:53:16: the big buckets of retail versus offices and then a
00:53:16 --> 00:53:19: long time there was nothing and then we came to
00:53:19 --> 00:53:24: logistics and residential in some countries more than in
others.
00:53:24 --> 00:53:26: That's not enough anymore.
00:53:26 --> 00:53:30: And we've realized also in the financial crisis as in
00:53:30 --> 00:53:33: the pandemic that one type of retail is not the
00:53:33 --> 00:53:36: other type of retail and that we need to kind
00:53:36 --> 00:53:37: of dig deeper.
00:53:38 --> 00:53:42: And therefore also new niche sectors pop up like we're
00:53:42 --> 00:53:48: now looking at medical offices, we're looking at senior living,
00:53:48 --> 00:53:52: senior living with care etcetera, etcetera, so.
00:53:52 --> 00:53:56: Every time it becomes more nuanced and I think we
00:53:56 --> 00:53:57: shouldn't forget that.
00:53:58 --> 00:54:01: And and I think it says something about the sophistication
00:54:01 --> 00:54:04: also in the industry that has developed over time.
00:54:05 --> 00:54:08: And the other thing I would say is every time
00:54:09 --> 00:54:12: we try to figure out what will happen with officers,
00:54:13 --> 00:54:17: we've seen it with retail in the financial crisis, suddenly
00:54:17 --> 00:54:19: people discovered the Internet.
00:54:20 --> 00:54:22: And there was a real price difference and kind of
00:54:22 --> 00:54:24: many people suffering so much.

00:54:24 --> 00:54:28: There was a real advantage to kind of a shop
00:54:28 --> 00:54:29: via Internet.
00:54:30 --> 00:54:32: A large part of that remains, but it wasn't the
00:54:32 --> 00:54:33: end of retail.
00:54:34 --> 00:54:36: And in the pandemic we thought this is the end
00:54:36 --> 00:54:37: of the office.
00:54:37 --> 00:54:38: We'll never go back.
00:54:39 --> 00:54:42: And now we're trying to figure out and we got
00:54:42 --> 00:54:45: a kind of financial crisis on top of the pandemic
00:54:46 --> 00:54:46: almost.
00:54:46 --> 00:54:49: I'm not sure if you can say financial difficulties.
00:54:51 --> 00:54:53: Now we're trying to figure out how that's going to
00:54:53 --> 00:54:54: play out.
00:54:55 --> 00:54:58: That might take a while to figure out what exactly
00:54:58 --> 00:55:01: will happen with officers and how much.
00:55:01 --> 00:55:04: I see it here in London where in the city
00:55:04 --> 00:55:07: it took a long time for people to come back,
00:55:07 --> 00:55:10: but now we see all kinds of new coffee shops,
00:55:10 --> 00:55:12: cafes, etcetera coming back.
00:55:12 --> 00:55:18: So we kind of shouldn't jump to conclusions too quickly.
00:55:18 --> 00:55:20: And monitor how things are going.
00:55:20 --> 00:55:24: Once we get through this, the effect might be different.
00:55:24 --> 00:55:28: If however we get to a recession and unemployment would
00:55:28 --> 00:55:32: increase, things might also change with that again.
00:55:33 --> 00:55:38: So I think it's a constant evolution with different sectors
00:55:38 --> 00:55:42: but and and the the last thing I would say
00:55:42 --> 00:55:47: is there's so much where we previously saw a lot
00:55:47 --> 00:55:47: of.
00:55:48 --> 00:55:54: Social infrastructure taken care of by governments, we're
seeing them
00:55:54 --> 00:56:00: pulling that back, for example on senior living and all
00:56:00 --> 00:56:02: medical care, etcetera.
00:56:02 --> 00:56:05: Private sector stepping in and what we see is where
00:56:06 --> 00:56:11: new opportunities arise, like in energy infrastructure,
communication infrastructure, the
00:56:11 --> 00:56:15: government's not even getting in there, but immediately it's
private
00:56:15 --> 00:56:15: sector.
00:56:16 --> 00:56:20: So there's definitely a lot of opportunity, but looking at
00:56:20 --> 00:56:23: sectors like we used to do with big office, big
00:56:23 --> 00:56:25: retail in the past, I I think that is a
00:56:25 --> 00:56:27: thing of the past.

00:56:27 --> 00:56:30: It's not like that anymore and it will be far
00:56:30 --> 00:56:32: more granular going forward.
00:56:33 --> 00:56:34: Great.
00:56:34 --> 00:56:34: Great.
00:56:34 --> 00:56:38: Segue then, Lisette to my last very quick question for
00:56:38 --> 00:56:41: the last two minutes, and I'm taking your word of
00:56:41 --> 00:56:43: advice as being.
00:56:44 --> 00:56:46: We don't judge the future by what we've experienced in
00:56:47 --> 00:56:49: the past, which would probably have been my word of
00:56:49 --> 00:56:50: advice.
00:56:50 --> 00:56:53: So rather than asking people what are their top picks
00:56:53 --> 00:56:56: for 2024 because that's more than covered in the report,
00:56:56 --> 00:56:59: what would your one piece of advice be as we
00:56:59 --> 00:57:00: move into the next cycle?
00:57:01 --> 00:57:06: Anna, starting with you, tough one, but I think understand
00:57:06 --> 00:57:10: your tenant, your occupier and for this you need and
00:57:10 --> 00:57:14: a good asset manager and the value of the smart
00:57:14 --> 00:57:17: asset managers is enormous.
00:57:17 --> 00:57:21: Their experience, their ability to create value, to go to
00:57:21 --> 00:57:25: apply the ESG path into the best in the buildings,
00:57:25 --> 00:57:29: understanding the full life cycle and and advising really what
00:57:30 --> 00:57:33: drives the occupational demand, that's critical.
00:57:33 --> 00:57:36: So I would say focus on your asset managers.
00:57:37 --> 00:57:38: Great one man, Willie.
00:57:40 --> 00:57:44: Very quickly, very quickly, I will say don't panic.
00:57:44 --> 00:57:48: Accept that the decade of real estate being seen as
00:57:48 --> 00:57:53: bond proxy race three is over and focus on creating
00:57:53 --> 00:57:55: value for your clients who are.
00:57:55 --> 00:57:57: As Anna said, you're occupied.
00:57:58 --> 00:57:59: Great one, Clements.
00:57:59 --> 00:58:00: Last word.
00:58:01 --> 00:58:03: Revisit retail.
00:58:04 --> 00:58:06: Love it, love it.
00:58:06 --> 00:58:08: Well, with that we're at the top of the hour.
00:58:08 --> 00:58:12: Thank you ever so much to my panellists, delighted that
00:58:12 --> 00:58:16: the that that we've kept the tone relatively upbeat and
00:58:16 --> 00:58:21: focused on the opportunities and the opportunity set that this
00:58:21 --> 00:58:24: market is undoubtedly going to create for us.
00:58:25 --> 00:58:29: So just before we close out, we really do appreciate
00:58:29 --> 00:58:30: your feedback.
00:58:30 --> 00:58:31: So you will receive a.
00:58:32 --> 00:58:35: Survey popping up on your screen maybe now or we

00:58:35 --> 00:58:39: will send you a link that's really, really valuable in
00:58:39 --> 00:58:42: helping us and ULI sort of shape their their events
00:58:42 --> 00:58:43: for the future.
00:58:44 --> 00:58:48: And one plug before we wrap up the ULI Europe
00:58:48 --> 00:58:53: webinar on Healthy Buildings, Tuesday, the 21st of
November, put
00:58:53 --> 00:58:56: it in your diary and look forward to seeing you
00:58:56 --> 00:58:57: again soon.
00:58:57 --> 00:58:58: Thank you very much.

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