

Webinar

Launch of 2021 Emerging Trends in Real Estate Europe

Date: November 05, 2020

00:00:05 --> 00:00:07: So are we live already.

00:00:17 --> 00:00:20: Hello, we are live already I guess.

00:00:20 --> 00:00:23: Welcome to this webinar.

00:00:23 --> 00:00:29: From Frankfurt today from wherever you attend.

00:00:31 --> 00:00:35: This is, I think, one of the most interested,

00:00:35 --> 00:00:40: interesting webinars. You will be able to attend because the

00:00:40 --> 00:00:44: ULI PwC study is not only one of the most

00:00:44 --> 00:00:47: interesting ones of our industry,

00:00:47 --> 00:00:49: but this one in particular.

00:00:49 --> 00:00:54: It was carried out during the summer and thus already

00:00:54 --> 00:00:58: contains the first lockdown experiences.

00:00:58 --> 00:01:03: So it should be probably the most up-to-date and relevant

00:01:03 --> 00:01:06: sentiment indicator in the industry,

00:01:06 --> 00:01:10: and in my opinion, maybe even beyond.

00:01:10 --> 00:01:14: I have been in the industry for many many years

00:01:14 --> 00:01:19: and was lucky enough to spend this Corona times in

00:01:19 --> 00:01:22: a gap year which I used to do what I

00:01:22 --> 00:01:28: really was inspired to do charity and found together with

00:01:28 --> 00:01:31: a friend tiny be tiny,

00:01:31 --> 00:01:35: is an art project which thinks about new ways of

00:01:35 --> 00:01:39: living and working in the future.

00:01:39 --> 00:01:43: So with that. I would like to introduce you.

00:01:43 --> 00:01:47: To our agenda for today.

00:01:47 --> 00:01:52: One is we start with the presentation of the studies.

00:01:52 --> 00:01:56: This will be presented to us by Lisette and Gareth.

00:01:56 --> 00:01:58: Lisette van Doorn.

00:01:58 --> 00:02:03: All know her chief Executive officer of ULI and Gareth

00:02:03 --> 00:02:07: Director of PwC UK followed by a panel discussion with

00:02:08 --> 00:02:10: a very interesting crowd.

00:02:10 --> 00:02:14: With that I would like to hand over to Lisette
00:02:14 --> 00:02:18: and to Gareth to give us 15 minutes heads up.
00:02:18 --> 00:02:21: Insights and key findings of the study.
00:02:26 --> 00:02:29: good afternoon everyone.
00:02:29 --> 00:02:31: I'm Gareth Lewis from PwC.
00:02:31 --> 00:02:34: real estate based here in the UK and I'm the
00:02:34 --> 00:02:38: PwC lead for the emerging trends in real estate survey
00:02:38 --> 00:02:40: for Europe and globally.
00:02:40 --> 00:02:42: And on behalf of PwC I'd like to add my
00:02:42 --> 00:02:46: personal thanks to Lisette and the ULI team for another
00:02:46 --> 00:02:49: successful collaboration to produce the report.
00:02:49 --> 00:02:53: There's been some changes and challenges in the process
but
00:02:53 --> 00:02:56: we got there and I also like to thank the
00:02:56 --> 00:02:56: author,
00:02:56 --> 00:03:00: team and. And all the participants in this survey and
00:03:00 --> 00:03:02: and the panelists here today.
00:03:02 --> 00:03:05: So this year's report emerging trends in real estate is
00:03:05 --> 00:03:07: entitled an uncertain impact,
00:03:07 --> 00:03:11: and it reflects the views of close to 1000 individuals
00:03:11 --> 00:03:15: who completed surveys were interviewed or took part in a
00:03:15 --> 00:03:17: roundtable meetings across Europe.
00:03:17 --> 00:03:21: As Barbara said, the interviews and surveys was conducted
between
00:03:21 --> 00:03:22: July and September,
00:03:22 --> 00:03:26: appeared when investment activity held up surprisingly well
and and
00:03:26 --> 00:03:27: there was,
00:03:27 --> 00:03:30: you could say is still a more positive view around
00:03:30 --> 00:03:32: potentially avoiding COVID-19 second wave,
00:03:32 --> 00:03:36: but with the current situation with continuing business,
00:03:36 --> 00:03:40: travel and travel restrictions, it's fair to say there's a
00:03:40 --> 00:03:43: cautious outlook for the coming year.
00:03:43 --> 00:03:45: The industry leaders we canvas for Emerging Trends Europe
00:03:45 --> 00:03:49: This year also acknowledged that we're experiencing two
shifts which
00:03:49 --> 00:03:51: are as one of our interviewees put it.
00:03:51 --> 00:03:55: Not on the same wavelength a cyclical downturn put along
00:03:55 --> 00:03:56: Surfside,
00:03:56 --> 00:03:58: a long term structural change to real estate,
00:03:58 --> 00:04:01: and many feel this is really shaking.
00:04:01 --> 00:04:04: Our long held views around the risk and return profile
00:04:04 --> 00:04:04: of real estate.

00:04:04 --> 00:04:07: If we could have the next next slide,
00:04:07 --> 00:04:07: please.
00:04:12 --> 00:04:14: So we tried to capture the mood for the 2021
00:04:14 --> 00:04:16: in these five key themes.
00:04:16 --> 00:04:20: First of all, business interruption and economic distress.
00:04:20 --> 00:04:24: Secondly, operational impact and acceleration of the shift to real
00:04:24 --> 00:04:26: estate as an operational asset class.
00:04:26 --> 00:04:30: Thirdly, Pandemic picks the impact of the pandemic
00:04:30 --> 00:04:34: pandemic on
00:04:30 --> 00:04:34: return prospects for the property sectors for the city divisions.
00:04:34 --> 00:04:38: The impact on city rankings and prospects for 2021 and
00:04:38 --> 00:04:41: finally we spent quite a bit of time looking at.
00:04:41 --> 00:04:45: Social climbing this the impact the role of impact investing
00:04:45 --> 00:04:47: in the industry and more broadly,
00:04:47 --> 00:04:50: ESG. But with the outcome of Brexit,
00:04:50 --> 00:04:52: the US election and trade wars,
00:04:52 --> 00:04:55: this is all added to the uncertainty in the market.
00:04:55 --> 00:04:58: So hence the title for this year's report and little.
00:04:58 --> 00:05:01: Despite from this uncertainty is predicted in 2021,
00:05:01 --> 00:05:03: although there's a clear mood of caution.
00:05:03 --> 00:05:06: We were also surprised that the positive outlook that many
00:05:06 --> 00:05:08: held on a purely cyclical basis,
00:05:08 --> 00:05:11: many drew reassurance from the pent up capital looking for
00:05:12 --> 00:05:12: yield,
00:05:12 --> 00:05:15: continued low interest rates. The absence of a late cycle
00:05:15 --> 00:05:18: development boom and the consequences are of this or that
00:05:18 --> 00:05:19: broadly.
00:05:19 --> 00:05:23: European real estate supply and demand is seen to remain
00:05:23 --> 00:05:26: broadly. In balance next slide please.
00:05:30 --> 00:05:33: So first of all, business interrupted this year.
00:05:33 --> 00:05:36: Survey shows a decline in business confidence for 2021 with
00:05:36 --> 00:05:40: almost half of respondents expecting a fall in profits last
00:05:40 --> 00:05:43: year when the industry was in late cycle mode.
00:05:43 --> 00:05:47: 2/3 of survey respondents were bracing themselves for a
00:05:47 --> 00:05:50: downturn.
00:05:47 --> 00:05:50: Now, with the shock to the system from economic and
00:05:50 --> 00:05:54: business continuity issues and a sharp recession in 2020,
00:05:54 --> 00:05:59: twenty 90% of respondents are understandably concerned
00:05:59 --> 00:05:59: about economic growth
00:05:59 --> 00:05:59: in 2021.
00:05:59 --> 00:06:03: 40% expect Global and European ethnic economic growth to get

00:06:03 --> 00:06:05: worse over the next five years.

00:06:05 --> 00:06:10: Return expectations have been scaled down over successive emerging trends,

00:06:10 --> 00:06:12: surveys and this year 46%

00:06:12 --> 00:06:16: of respondents are targeting lower returns compared to compared to

00:06:16 --> 00:06:20: last year and nearly 2/3 anticipate anticipate less than 10%

00:06:20 --> 00:06:22: risk adjusted returns in 2021.

00:06:22 --> 00:06:26: Overall industry leaders expect there to be less equity and

00:06:26 --> 00:06:28: debt available in 2021,

00:06:28 --> 00:06:31: but that's clearly coming from a very high base.

00:06:31 --> 00:06:34: Nearly half the respondents think that the amount of debt

00:06:34 --> 00:06:38: available for new investments and refinancing will fall this year

00:06:38 --> 00:06:40: compared to a fifth who expected a decrease this time

00:06:40 --> 00:06:43: last year. But on the positive side,

00:06:43 --> 00:06:46: strength of demand for real estate is such that more

00:06:46 --> 00:06:49: than half of survey respondents expect to be net buyers

00:06:49 --> 00:06:50: of real estate.

00:06:50 --> 00:06:54: In 2021, investment managers refer to capital raise pre tank

00:06:54 --> 00:06:56: pandemic that needs to be deployed.

00:06:56 --> 00:06:57: Next slide, please.

00:07:01 --> 00:07:04: So where is that equity coming from?

00:07:04 --> 00:07:06: I mentioned the pent up capital,

00:07:06 --> 00:07:09: but as we come to the end of the pipeline

00:07:09 --> 00:07:10: of pre-COVID-19 deals,

00:07:10 --> 00:07:12: what about the future deals pipeline?

00:07:12 --> 00:07:17: Well, normal ways of doing business continue to be disrupted.

00:07:17 --> 00:07:21: The physical limitations that COVID-19 imposes on business are influencing

00:07:21 --> 00:07:23: investor expectations,

00:07:23 --> 00:07:26: and it's looking likely that domestic investors will play a

00:07:26 --> 00:07:29: much greater role in Europe in 2021.

00:07:29 --> 00:07:33: European capital is the only source where more survey participants

00:07:33 --> 00:07:36: say there will be an increase in equity flows compared

00:07:36 --> 00:07:39: to with those that thought the same last year,

00:07:39 --> 00:07:41: and we certainly picked up a lot of caution over

00:07:41 --> 00:07:45: deal sourcing with travel restrictions and further lockdowns.

00:07:45 --> 00:07:49: Although the fast adoption of technologies has started to support

00:07:49 --> 00:07:50: due diligence,

00:07:50 --> 00:07:54: a big issue is the inability of overseas investors to

00:07:54 --> 00:07:57: visit a property in Europe before buying it.

00:07:57 --> 00:08:01: So for 2021 conditions look like their favour domestic buyers,

00:08:01 --> 00:08:05: managers of multi country footprints and larger property markets with

00:08:05 --> 00:08:08: sufficient critical mass to have teams on the ground.

00:08:08 --> 00:08:12: And I think also playing into this domestic focuses is

00:08:12 --> 00:08:16: the likelihood that many investors will see ample opportunities emerging

00:08:16 --> 00:08:20: in 2021 originating from their own domestic markets without

00:08:20 --> 00:08:23: having to venture overseas. Next slide.

00:08:26 --> 00:08:30: So that the second theme we've captured is around operational

00:08:30 --> 00:08:31: impact.

00:08:31 --> 00:08:31: Next slide, please.

00:08:36 --> 00:08:39: Like all industries, real Estates being subject to a huge

00:08:39 --> 00:08:41: upheaval as a result of the global pandemic and its

00:08:42 --> 00:08:43: economic repercussions,

00:08:43 --> 00:08:44: and if there is a common theme,

00:08:44 --> 00:08:48: it's that the crisis is an accelerator of existing trends

00:08:48 --> 00:08:52: in the way the industry approaches the investment and management

00:08:52 --> 00:08:52: of real estate.

00:08:52 --> 00:08:57: Survey respondents recognize that the pandemic is posing immediate challenges

00:08:57 --> 00:09:00: to the security of income from offices and retail,

00:09:00 --> 00:09:04: whilst also accelerating long term trends that are disrupting these

00:09:04 --> 00:09:06: two core sectors of real estate.

00:09:06 --> 00:09:09: Security of income is one of the big open questions

00:09:09 --> 00:09:11: to facing the industry.

00:09:11 --> 00:09:14: COVID-19 and the widespread problems around non payment of rent

00:09:14 --> 00:09:18: have encouraged increasing numbers investors to look beyond real Estates

00:09:18 --> 00:09:22: bond like credentials and to assess the underlying operational risk

00:09:22 --> 00:09:25: of occupiers. For many interviewees,

00:09:25 --> 00:09:28: COVID-19 is turbocharging the trend for real estate to be

00:09:28 --> 00:09:30: an operational asset class,

00:09:30 --> 00:09:32: and this can be seen reflected in that number of

00:09:32 --> 00:09:34: the response is shown in this chart,

00:09:34 --> 00:09:37: ranging from the future role of technology.

00:09:37 --> 00:09:41: In business operations, health and well being and the changing

00:09:41 --> 00:09:44: future relationship between landlord and tenant.

00:09:44 --> 00:09:45: Next slide, please.

00:09:49 --> 00:09:51: The third key theme we picked up is the impact

00:09:51 --> 00:09:55: on return prospects for the different property sectors you have

00:09:55 --> 00:09:56: the next slide please.

00:09:59 --> 00:10:02: This slide shows the emerging trends.

00:10:02 --> 00:10:06: Top ten sectors for overall return prospects for 2021.

00:10:06 --> 00:10:10: The flight to safety for many investors looks likely to

00:10:10 --> 00:10:13: involve investment into sectors related to technology.

00:10:13 --> 00:10:16: So the residential dominance of 2020 has been taken over

00:10:16 --> 00:10:17: by technology.

00:10:17 --> 00:10:20: The two leading property types in the sector rankings are

00:10:20 --> 00:10:22: logistics and data centers.

00:10:22 --> 00:10:26: Both will benefit from the increased pace of digitalization

00:10:26 --> 00:10:26: across

00:10:26 --> 00:10:30: Europe,

00:10:26 --> 00:10:30: which is seen as a positive trend reinforced by COVID-19.

00:10:30 --> 00:10:33: As in previous years, rental housing is scored well and

00:10:33 --> 00:10:37: interviewees talk about the resilience of its income during 2020,

00:10:37 --> 00:10:40: but with the caveat that it could come under pressure

00:10:40 --> 00:10:43: as economies continue to struggle and unemployment rises.

00:10:43 --> 00:10:46: But unlike previous years, not all of the sectors are

00:10:46 --> 00:10:46: in favor.

00:10:46 --> 00:10:49: Student housing is falling down the rankings,

00:10:49 --> 00:10:52: although many interviews believe this may be a temporary dip

00:10:52 --> 00:10:55: in sentiment and there's a similar debate existing around how

00:10:55 --> 00:10:59: quickly the current distress in hotels where occupancy fell to

00:10:59 --> 00:11:01: pretty much zero overnight. And remain subdued,

00:11:01 --> 00:11:04: can be reversed. Right now they are clearly out of

00:11:04 --> 00:11:04: favor,

00:11:04 --> 00:11:08: coming second from the bottom in the rankings.

00:11:08 --> 00:11:11: And the future work and how it affects the office

00:11:11 --> 00:11:11: sector.

00:11:11 --> 00:11:15: Arguably the biggest, most fascinating unknowns in real

00:11:15 --> 00:11:16: estate at

00:11:15 --> 00:11:16: the moment,

00:11:16 --> 00:11:19: and I'll pause there and hand over to Lisette who's

00:11:19 --> 00:11:23: going to discuss that and the remaining key themes.

00:11:23 --> 00:11:25: Thanks a lot Gareth,

00:11:25 --> 00:11:28: for the introduction. Really interesting.

00:11:28 --> 00:11:31: For those of you that don't know me,
00:11:31 --> 00:11:34: I'm Lisette van Doorn and I'm the chief executive of
00:11:34 --> 00:11:36: Urban Land Institute in Europe.
00:11:36 --> 00:11:39: I also want to thank PwC and many of the
00:11:39 --> 00:11:43: people who have participated to this year survey,
00:11:43 --> 00:11:47: because ultimately this is based on your views and we're
00:11:47 --> 00:11:48: so happy that yet again,
00:11:48 --> 00:11:53: we've established another record with the number of
respondents to
00:11:53 --> 00:11:54: this years.
00:11:54 --> 00:11:58: Survey and interviews with almost reaching 1000.
00:11:58 --> 00:12:01: As Garrett already pointed out,
00:12:01 --> 00:12:05: the future of offices has become the big unknown not
00:12:05 --> 00:12:09: only affected by the cyclical downturn,
00:12:09 --> 00:12:12: obviously, which results in a strong cost.
00:12:12 --> 00:12:18: Focus of corporate occupiers, but far more important has
become
00:12:18 --> 00:12:19: the question.
00:12:19 --> 00:12:22: How will the future of remote work look an?
00:12:22 --> 00:12:27: We've seen two extremes coming through where one camp
seems
00:12:27 --> 00:12:30: to think that we don't need offices anymore in the
00:12:30 --> 00:12:34: future and the other one thinks that no nothing will
00:12:34 --> 00:12:37: change. To speak of it,
00:12:37 --> 00:12:42: well, obviously we think the truth will lie somewhere in
00:12:42 --> 00:12:43: the middle,
00:12:43 --> 00:12:49: but for the moment it's still very unclear where exactly
00:12:49 --> 00:12:52: that will that will end up.
00:12:52 --> 00:12:55: And what we're seeing there is that is basically stalling
00:12:55 --> 00:13:00: investment demand because first players want to see where
that
00:13:00 --> 00:13:00: ends up,
00:13:00 --> 00:13:03: and with another lock down.
00:13:03 --> 00:13:05: And just started across Europe,
00:13:05 --> 00:13:09: that seems to take much longer going forward.
00:13:09 --> 00:13:12: What we do know is that flexibility is the keyword
00:13:12 --> 00:13:17: for all the stakeholders involved for employees who want to
00:13:17 --> 00:13:21: have the flexibility to work at least some time from
00:13:21 --> 00:13:26: home or another place. Very convenient for corporate
occupiers who
00:13:26 --> 00:13:27: may want a core.
00:13:27 --> 00:13:34: Office headquarters to express corporate culture to retain
and attract

00:13:34 --> 00:13:34: talent,
00:13:34 --> 00:13:39: and then a flexible shell may be around that,
00:13:39 --> 00:13:44: either based on coworking space or other spaces to respond
00:13:44 --> 00:13:45: to demand.
00:13:45 --> 00:13:50: There will be an increased focus on health and well
00:13:50 --> 00:13:55: being and the quality of space paradoxically has become far
00:13:55 --> 00:13:58: more important than before it seems.
00:13:58 --> 00:14:02: That because there is less time in the office,
00:14:02 --> 00:14:04: the time spent as the office has to be in
00:14:05 --> 00:14:05: a much hard,
00:14:05 --> 00:14:09: higher quality space. So what we don't know yet is
00:14:09 --> 00:14:13: whether the decline in demand will be balanced out by
00:14:13 --> 00:14:17: the increase in space per person there still so much
00:14:17 --> 00:14:21: factors pointing to maybe hired amount of space versus
lowered
00:14:21 --> 00:14:24: amount of space that we don't know where this will
00:14:24 --> 00:14:25: end up.
00:14:25 --> 00:14:30: And also don't know what the impact on valuations and
00:14:30 --> 00:14:32: use our next slide please.
00:14:32 --> 00:14:36: And this brings us down to the preferences for the
00:14:36 --> 00:14:38: different cities across Europe.
00:14:38 --> 00:14:41: Next slide, please.
00:14:41 --> 00:14:45: And maybe not surprisingly, that was also a very strong
00:14:45 --> 00:14:48: risk of focus that we've seen there.
00:14:48 --> 00:14:52: As Gareth already shown in the in the sector preferences
00:14:52 --> 00:14:56: as well with the German cities as we also saw
00:14:56 --> 00:15:00: the years before taking the best positions almost in the
00:15:00 --> 00:15:04: top ten with all four German cities included in the
00:15:04 --> 00:15:05: top 10 Berlin,
00:15:05 --> 00:15:09: again at a steady number one position.
00:15:09 --> 00:15:12: And this is very much driven through the two by
00:15:12 --> 00:15:16: the low risk that Germany has had already over the
00:15:16 --> 00:15:21: last couple of years when investors started to prepare for
00:15:21 --> 00:15:25: a downturn, but also because Germany was felt to having
00:15:25 --> 00:15:28: been able to manage through the pandemic as one of
00:15:28 --> 00:15:32: the best in Europe over the over the past couple
00:15:32 --> 00:15:37: of months, and also where transactions were still seen
happening.
00:15:37 --> 00:15:39: But what we've also seen is that.
00:15:39 --> 00:15:41: The biggest markets in Europe,
00:15:41 --> 00:15:45: the Mega Cities, London and Paris came out fairly well
00:15:45 --> 00:15:48: and that has been marked very much driven by a
00:15:48 --> 00:15:50: long term value perspective.

00:15:50 --> 00:15:54: London, mostly because of the the hits it already took,
00:15:54 --> 00:15:58: anticipating Brexit more or less, where the pricing levels for
00:15:59 --> 00:16:02: some of the other more interesting cities in Europe,
00:16:02 --> 00:16:07: have become very competitive, and then investors say
whatever might
00:16:07 --> 00:16:09: happen immediately post Brexit,
00:16:09 --> 00:16:13: we see. Definitely long-term value in London and Paris,
00:16:13 --> 00:16:17: similar to your last year set to profit from the
00:16:17 --> 00:16:21: Grand Paris project as well as the Olympics coming up
00:16:21 --> 00:16:21: in 2024.
00:16:21 --> 00:16:27: So big infrastructure investments where investors in real
estate think
00:16:27 --> 00:16:30: they can profit from and then we have 1/3 category
00:16:31 --> 00:16:33: or more smaller cities like Amsterdam,
00:16:33 --> 00:16:38: Vienna and Dublin just outside of the top 10.
00:16:38 --> 00:16:43: Who seem to profit more from being more accessible?
00:16:43 --> 00:16:48: Active transport and cities where the mix of sector prospects
00:16:48 --> 00:16:51: is seen as really positive,
00:16:51 --> 00:16:53: higher quality of life. Vienna,
00:16:53 --> 00:16:57: having managed through the crisis fairly well,
00:16:57 --> 00:17:01: And that is also playing out in the top 10
00:17:01 --> 00:17:02: next slide,
00:17:02 --> 00:17:03: please.
00:17:05 --> 00:17:08: Now we come to the last major theme and as
00:17:09 --> 00:17:13: many of you know that maybe are familiar with emerging
00:17:13 --> 00:17:16: trends every year in the 4th chapter we cover
00:17:16 --> 00:17:20: a special topic. And we had already decided on that
00:17:20 --> 00:17:25: topic being around impact investing and obviously that trend.
00:17:25 --> 00:17:29: Please go to the next slide please.
00:17:29 --> 00:17:34: That trend has been even further accelerated by COVID-19.
00:17:34 --> 00:17:39: This graph shows the social political issues in 2021,
00:17:39 --> 00:17:43: and what we've actually seen as people are concerned about
00:17:43 --> 00:17:47: many things far more than we've seen in previous years,
00:17:47 --> 00:17:49: with only a few jumping out.
00:17:49 --> 00:17:53: But among those is also an increased concern for inequality
00:17:53 --> 00:17:56: and affordability issues in particular.
00:17:56 --> 00:18:01: With social inequality having risen from 50%.
00:18:01 --> 00:18:06: And last year to a much higher percentage.
00:18:06 --> 00:18:10: This year, and I think it's important to say that
00:18:10 --> 00:18:16: COVID-19 has accelerated that focus on especially social
issues beyond
00:18:16 --> 00:18:19: environmental far more rapidly.

00:18:19 --> 00:18:24: Next slide, please. What is driving this focus on impact
00:18:24 --> 00:18:25: investing?
00:18:25 --> 00:18:29: And actually we see a couple of common trends across
00:18:29 --> 00:18:30: society,
00:18:30 --> 00:18:34: not necessarily linked to real estate with investors,
00:18:34 --> 00:18:38: and so consumers being far more socially aware.
00:18:38 --> 00:18:42: And far more focused on.
00:18:42 --> 00:18:46: A local living local buying and more much more strict
00:18:47 --> 00:18:49: about who they will buy from,
00:18:49 --> 00:18:52: what companies and which not.
00:18:52 --> 00:18:54: We see the same happening.
00:18:54 --> 00:18:58: Those consumers are employees at the same time,
00:18:58 --> 00:19:01: so with the. Ongoing war for talent.
00:19:01 --> 00:19:05: They choose the companies they want to work for and
00:19:05 --> 00:19:09: those that work for that need to have a social
00:19:09 --> 00:19:13: needs besides the financial purpose and those people also
00:19:13 --> 00:19:16: have pensions or building our pensions,
00:19:16 --> 00:19:21: and they're putting more pressure on the pension funds to
00:19:21 --> 00:19:24: also look at the social angle when they invest and
00:19:24 --> 00:19:28: that is something that has now also reached the real
00:19:28 --> 00:19:33: estate industry. Next slide, please.
00:19:33 --> 00:19:37: But then we asked how the real estate industry can
00:19:37 --> 00:19:42: make the greatest difference to impact investing the focus by
00:19:42 --> 00:19:46: by large seems to be still on the sustainability impact
00:19:46 --> 00:19:51: and the environmental impact the industry can make on the
00:19:51 --> 00:19:52: built environment.
00:19:52 --> 00:19:57: It's the real impact on social elements like designing places
00:19:57 --> 00:20:01: that take well being and mental health into account,
00:20:01 --> 00:20:06: or a greater focus. On delivering social infrastructure?
00:20:06 --> 00:20:08: Are there as well,
00:20:08 --> 00:20:13: but only about 1/3, while the reducing the environmental
00:20:13 --> 00:20:15: impact
00:20:15 --> 00:20:19: is still receiving 2/3.
00:20:19 --> 00:20:23: So what's going on there that's still the real focus
00:20:23 --> 00:20:27: on social impact seems to be more limited.
00:20:27 --> 00:20:31: Next slide, please. So how do we move forward?
00:20:31 --> 00:20:35: And this slide also clearly shows that a lot is
00:20:35 --> 00:20:40: still needed to attract more capital to impact investing,
00:20:40 --> 00:20:45: and it's a lot related to transparency definitions and data.
00:20:45 --> 00:20:47: First of all, to better understand the risk return profile
00:20:47 --> 00:20:50: which majority thinks is important,
00:20:47 --> 00:20:50: better ability to measure impact.

00:20:50 --> 00:20:53: It's about data, it's about definitions.
00:20:53 --> 00:20:57: It's about metrics and also the the definitions also.
00:20:57 --> 00:21:02: Given by about half of the responses as being important,
00:21:02 --> 00:21:05: so there's still a lot of work to do,
00:21:05 --> 00:21:08: and the key question we asked was about.
00:21:08 --> 00:21:13: Is impact investing just about specific products or is it
00:21:14 --> 00:21:15: much more about?
00:21:15 --> 00:21:18: An integral approach to
00:21:18 --> 00:21:20: social impact.
00:21:20 --> 00:21:24: In an integral part of often of an investment strategy,
00:21:24 --> 00:21:26: everyone seems to agree on the latter,
00:21:26 --> 00:21:29: but for the moment we see a lot of focus
00:21:29 --> 00:21:31: on individual funds.
00:21:31 --> 00:21:35: And it it's interesting that there's an analogy with how
00:21:35 --> 00:21:40: we approach sustainability investing about 15/20 years ago
when we
00:21:40 --> 00:21:42: started off with green fonts,
00:21:42 --> 00:21:46: which has now been become an integral part of any
00:21:46 --> 00:21:50: investment strategy and any investment in any asset.
00:21:50 --> 00:21:52: So this seems to be to trajectory.
00:21:52 --> 00:21:56: There's only a lot of work that still needed to
00:21:56 --> 00:21:57: be done.
00:21:57 --> 00:21:59: Thank you very much, Barbara.
00:22:02 --> 00:22:04: Oh here we go. Wow,
00:22:04 --> 00:22:09: that's more food for thought and we have asked for.
00:22:09 --> 00:22:12: I would say yeah so if I if I try
00:22:12 --> 00:22:17: before we jump into the into the panel discussion,
00:22:17 --> 00:22:21: yeah just to to get an impression of what you
00:22:21 --> 00:22:23: just have presented.
00:22:23 --> 00:22:28: And thank you so much for this deep inside here.
00:22:28 --> 00:22:32: Yeah then you you kind of feel like.
00:22:32 --> 00:22:35: So this is a big shift into something very big
00:22:36 --> 00:22:36: unknown.
00:22:36 --> 00:22:40: Yeah, and I think that's the perfect topic for our
00:22:40 --> 00:22:42: panel discussion,
00:22:42 --> 00:22:46: which I would like to introduce to you now,
00:22:46 --> 00:22:49: especially panelists we have with us.
00:22:49 --> 00:22:53: Anne Kavanagh CIO from PATRIZIA AG, and I think most
00:22:53 --> 00:22:56: of you know her very well since very long time
00:22:56 --> 00:23:00: in the industry and very deep into many things we
00:23:00 --> 00:23:01: have with
00:23:01 --> 00:23:04: us. Sara Lucas, CEO of Grosvenor.

00:23:04 --> 00:23:07: Welcome and we have with us.

00:23:07 --> 00:23:13: Jesper Bo Hansen, managing director at Catella corporate finance.

00:23:13 --> 00:23:18: I'm sure we will have lots of interesting thoughts and

00:23:18 --> 00:23:23: I would also ask all the attendees from wherever you

00:23:23 --> 00:23:27: attend to ask as many questions as you like.

00:23:27 --> 00:23:31: You have a chat function here and I will try

00:23:31 --> 00:23:34: to include as many questions as I can.

00:23:34 --> 00:23:36: And please don't be shy,

00:23:36 --> 00:23:40: yeah, that just enriches our panel discussion here.

00:23:40 --> 00:23:45: With that I would like to jump directly into the

00:23:45 --> 00:23:46: discussion.

00:23:46 --> 00:23:51: With all the uncertainty around.

00:23:51 --> 00:23:58: With all the uncertainty in the business environment you have

00:23:58 --> 00:24:04: seen already on some of these slides and you will

00:24:04 --> 00:24:08: see much more in the study as such,

00:24:08 --> 00:24:15: especially with one element which frightened me a bit because

00:24:16 --> 00:24:20: the business confidence shrank by 100%

00:24:20 --> 00:24:25: and the expectation about business profitability.

00:24:25 --> 00:24:29: Decreased even three times, so almost 44%

00:24:29 --> 00:24:35: of all the participants see a sharp decrease in business.

00:24:35 --> 00:24:40: With that, I would like to ask our panelists here

00:24:40 --> 00:24:44: to explain a little bit from their side of the

00:24:44 --> 00:24:50: business how they interpret this study in the context of

00:24:50 --> 00:24:54: the uncertainty and how do they themselves?

00:24:54 --> 00:24:56: How do you scope with that?

00:24:56 --> 00:25:01: In your companies with that and maybe I start with

00:25:01 --> 00:25:04: Sara here because I think you are in one of

00:25:04 --> 00:25:09: the sectors is which have not been mentioned yet and

00:25:09 --> 00:25:13: that's retail. But nevertheless suffering a lot.

00:25:13 --> 00:25:18: Yes indeed. Now I'm not solely in retail Fortunately,

00:25:18 --> 00:25:21: but we do have a large retail component.

00:25:21 --> 00:25:25: So yes, I mean, I think certainly the rejection of

00:25:25 --> 00:25:27: business confidences.

00:25:27 --> 00:25:30: Is absolutely normal and I would be probably more worried

00:25:30 --> 00:25:32: if it was the reverse because I think we have

00:25:32 --> 00:25:35: to be realistic about what we're entering and we all

00:25:35 --> 00:25:37: felt that we're entering a period that was going to

00:25:37 --> 00:25:39: be more difficult in any event,

00:25:39 --> 00:25:41: and that's just been exacerbated by covid,

00:25:41 --> 00:25:43: but I think I think it's important to look for

00:25:43 --> 00:25:44: opportunities.

00:25:44 --> 00:25:46: There are always opportunities when they were,
00:25:46 --> 00:25:49: when they were downturns, and so they were going to
00:25:49 --> 00:25:51: be constraints around the business that we can do.
00:25:51 --> 00:25:53: They're going to be debt constraints,
00:25:53 --> 00:25:56: and they're going to be as when the points highlighted
00:25:56 --> 00:25:57: in the in the study.
00:25:57 --> 00:26:00: The ability to actually source deals is going to be.
00:26:00 --> 00:26:01: Is going to be an issue for many people,
00:26:01 --> 00:26:03: but I do think we have a lot of strong
00:26:03 --> 00:26:05: domestic markets with a lot of volume in them,
00:26:05 --> 00:26:08: so there are still things to be done.
00:26:08 --> 00:26:11: And if I can come onto you point about retail
00:26:11 --> 00:26:12: and how we're dealing with this.
00:26:12 --> 00:26:15: I do see the retail asset classes one where there
00:26:15 --> 00:26:17: is quite a lot of opportunity.
00:26:17 --> 00:26:18: We haven't talked about it so far,
00:26:18 --> 00:26:22: but it's clearly the factor that's been repriced the hardest
00:26:22 --> 00:26:24: because there's been repriced the hardest.
00:26:24 --> 00:26:27: I think there are definite went out levels of capital
00:26:27 --> 00:26:30: value in certain instances which allow us to do repositioning,
00:26:30 --> 00:26:33: repurposing work that we wouldn't have been able to do
00:26:33 --> 00:26:34: in the past,
00:26:34 --> 00:26:37: now clearly getting to this stage has been very painful,
00:26:37 --> 00:26:39: but but I think it's it's now time to sort
00:26:39 --> 00:26:42: of look forward and see what we can do positively
00:26:42 --> 00:26:42: with that.
00:26:42 --> 00:26:46: Opportunity and another linking into the social value
question.
00:26:46 --> 00:26:50: At the end, I do think there is an opportunity
00:26:50 --> 00:26:53: for retail to pay a big part in contributing to
00:26:53 --> 00:26:56: the strengthening of communities.
00:26:56 --> 00:26:59: Quite different from the U.S.?? think where a lot of
00:26:59 --> 00:27:01: sensors are are out of town.
00:27:01 --> 00:27:04: A lot of European centres are embedded in their local
00:27:05 --> 00:27:06: cities and towns.
00:27:06 --> 00:27:08: Lot of urban centres and they are.
00:27:08 --> 00:27:11: They have the possibility to sort of open open up
00:27:11 --> 00:27:14: really into the into the surroundings,
00:27:14 --> 00:27:17: so turn their backs on the communities,
00:27:17 --> 00:27:20: open out into them and and use partial reduction in
00:27:20 --> 00:27:24: retail floor space where it's no longer viable or
00:27:24 --> 00:27:27: wanted to create other uses that are that are.

00:27:27 --> 00:27:30: Providing different services to the community,
00:27:30 --> 00:27:32: so I'll give you an example.
00:27:32 --> 00:27:34: Just quick example. In Sweden we have a lot of
00:27:34 --> 00:27:38: our Swedish shopping centers have are in communities
where there's
00:27:38 --> 00:27:40: a lot of growth in population and the local.
00:27:40 --> 00:27:43: Authorities just cannot afford to provide the educational,
00:27:43 --> 00:27:47: cultural, social health facilities that they need to service that
00:27:47 --> 00:27:49: population going forward.
00:27:49 --> 00:27:51: So there is a there is a public private partnership
00:27:51 --> 00:27:54: there to do to bring in some of those uses
00:27:54 --> 00:27:57: into the centers until tie them back in and strengthen
00:27:57 --> 00:27:59: the communities. And I think it's a.
00:27:59 --> 00:28:02: It's a win win situation in terms of providing investors
00:28:02 --> 00:28:06: with a with a solid income for most institutional quality
00:28:06 --> 00:28:06: tenant,
00:28:06 --> 00:28:10: which is what everybody wants today and that underpinning
then
00:28:10 --> 00:28:13: the retail element which we focused on a smaller area.
00:28:13 --> 00:28:15: Now it sounds quite simple.
00:28:15 --> 00:28:17: Why was it like that is clearly not as simple
00:28:17 --> 00:28:18: as that?
00:28:18 --> 00:28:21: It's complicated there a lot of hurdles to get everybody
00:28:21 --> 00:28:24: do feel I do feel there are things to be
00:28:24 --> 00:28:24: done,
00:28:24 --> 00:28:27: and perhaps this period of less frenetic activity will allow
00:28:27 --> 00:28:30: us to focus on what we really need to do
00:28:30 --> 00:28:31: with our buildings.
00:28:31 --> 00:28:36: Our existing buildings to sort of create buildings of the
00:28:36 --> 00:28:38: feature on the Re purposing.
00:28:38 --> 00:28:42: We will definitely get back because I have questions on
00:28:42 --> 00:28:43: that,
00:28:43 --> 00:28:47: but you're mentioning of the Swedish retail malls I think
00:28:47 --> 00:28:51: is the perfect bridge to move on to Jesper with.
00:28:51 --> 00:28:55: I'm sure has the most insight on the Nordic markets
00:28:55 --> 00:28:57: of all of us here.
00:28:57 --> 00:28:58: So how do you expect?
00:28:58 --> 00:29:02: Interpret this study for from your side.
00:29:02 --> 00:29:07: And what would you see as the real impact coming
00:29:07 --> 00:29:10: in the Nordic markets?
00:29:10 --> 00:29:15: Well, thank you Barbara. Yes I I've been following this
00:29:15 --> 00:29:20: Nordic market now since 30 years or 25 years and

00:29:20 --> 00:29:26: cause this very important survey from ULI has always been
00:29:26 --> 00:29:31: very interesting and and once again thanks to ULI,
00:29:31 --> 00:29:37: PwC and especially all the industry leaders giving this very
00:29:37 --> 00:29:39: very good substance.
00:29:39 --> 00:29:44: I think from a. From a business perspective,
00:29:44 --> 00:29:48: I think we have always taken the view that ultimately
00:29:48 --> 00:29:55: the real estate sector reflects the underlying underlying
macro trends,
00:29:55 --> 00:29:58: and I think clearly.
00:29:58 --> 00:30:03: The theme of uncertainty is is totally natural and what
00:30:03 --> 00:30:05: we saw from this survey that.
00:30:05 --> 00:30:10: 90% of all people participating say we either very concerned
00:30:10 --> 00:30:15: or concerned on the macro situation and this comes following
00:30:15 --> 00:30:20: ten years of strong recovery from the financial crisis.
00:30:20 --> 00:30:22: So we have seen growth.
00:30:22 --> 00:30:25: We have seen healthy macro fundamentals,
00:30:25 --> 00:30:31: especially across the Nordics. We have seen very strong
markets,
00:30:31 --> 00:30:33: so All in all.
00:30:33 --> 00:30:38: Investors in the real estate sector being now increasingly
concerned
00:30:38 --> 00:30:42: on on the investment sentiment in real estate sector is
00:30:42 --> 00:30:44: not a surprise.
00:30:44 --> 00:30:46: If you look to the numbers,
00:30:46 --> 00:30:50: we have less people concerned on the real estate sector
00:30:50 --> 00:30:52: that we have on the other line,
00:30:52 --> 00:30:55: macro fundamentals. So All in all,
00:30:55 --> 00:30:59: I still believe there's a healthy focus and interest in
00:30:59 --> 00:31:02: the industry and we clearly see a shift from short
00:31:02 --> 00:31:04: term opportunistic investors.
00:31:04 --> 00:31:07: Into more, more long-term megatrends,
00:31:07 --> 00:31:12: investors, and I think. Everybody realises that now we will
00:31:12 --> 00:31:14: be facing probably more,
00:31:14 --> 00:31:19: tapping into the healthy solid trends more than than chasing
00:31:19 --> 00:31:23: high did their IRA investment schemes.
00:31:23 --> 00:31:27: So I think there's a healthy shift from short term
00:31:27 --> 00:31:30: profit to more long term trends,
00:31:30 --> 00:31:34: and I think looking at the Nordics I think,
00:31:34 --> 00:31:38: which we've shown acquired high degree of sort of and
00:31:39 --> 00:31:39: then.
00:31:39 --> 00:31:43: Resilience I think we are having the benefit of mostly
00:31:43 --> 00:31:47: truly rated economies across the Nordic.
00:31:47 --> 00:31:51: So in general the governments has been very well equipped

00:31:52 --> 00:31:56: to deal with recession risk and and I think we've
00:31:56 --> 00:31:57: seen some of the.
00:31:57 --> 00:32:01: And I think they all been managing both financially,
00:32:01 --> 00:32:06: but also politically extremely well through the pandemic
situation.
00:32:06 --> 00:32:10: So All in all, the Nordics has been probably a
00:32:10 --> 00:32:13: little bit safe haven for for many people and we
00:32:14 --> 00:32:18: still see everyday new long-term investors putting more and
more
00:32:18 --> 00:32:22: attention to the Nordics. And I think shows that from
00:32:23 --> 00:32:26: a long term perspective we are here to stay.
00:32:26 --> 00:32:28: We had very busy markets.
00:32:28 --> 00:32:32: I think the Nordics has developed over the last 10
00:32:32 --> 00:32:36: years as sort of the fourth real estate investment market
00:32:36 --> 00:32:37: in Europe.
00:32:37 --> 00:32:40: We all know UK. We all know Germany had a
00:32:40 --> 00:32:44: lot of attention that later years and we also overseeing
00:32:44 --> 00:32:45: France,
00:32:45 --> 00:32:48: being sort of a very important market.
00:32:48 --> 00:32:51: But over the last 10 years I think the Nordics
00:32:51 --> 00:32:54: has established itself as a real market.
00:32:54 --> 00:32:58: We saw 45 billion euros of transaction in the Nordic
00:32:58 --> 00:32:59: markets last year.
00:32:59 --> 00:33:02: Record high and and I think even though we had
00:33:03 --> 00:33:06: a huge set back in investment volume in the future
00:33:06 --> 00:33:08: like everyone else,
00:33:08 --> 00:33:10: I was wishing it very strong.
00:33:10 --> 00:33:13: We rebound in in the market and that we see
00:33:13 --> 00:33:17: more and more long term and money coming to the
00:33:17 --> 00:33:17: market.
00:33:17 --> 00:33:20: But this shows also from my perspective,
00:33:20 --> 00:33:22: a little bit.
00:33:22 --> 00:33:25: How we all respond to the COVID-19 situation.
00:33:25 --> 00:33:28: I think we are very much focused on the more
00:33:28 --> 00:33:32: sort of geopolitical risk in a different in a different
00:33:32 --> 00:33:32: way,
00:33:32 --> 00:33:34: and I think the Nordics.
00:33:34 --> 00:33:38: It's All in all responds very well to the challenges
00:33:38 --> 00:33:40: of social responsibility.
00:33:40 --> 00:33:43: The whole sustainability issue, which is,
00:33:43 --> 00:33:45: as we will see from this survey.
00:33:45 --> 00:33:48: More less. The number one key issue and if we

00:33:48 --> 00:33:52: look to the Nordic and the structure we have,
00:33:52 --> 00:33:55: I think we we. We are not just like the
00:33:55 --> 00:33:58: very big cities and we are small to medium size
00:33:58 --> 00:34:00: cities we have.
00:34:00 --> 00:34:03: We have a lot of focus on quality living.
00:34:03 --> 00:34:08: We're not driven by these giant cities and urbanization
trends,
00:34:08 --> 00:34:11: so All in all, we probably a little bit ahead
00:34:11 --> 00:34:15: of the global make of trends of being sustainable,
00:34:15 --> 00:34:19: being green, being focused on quality of living.
00:34:19 --> 00:34:23: There's even a survey saying that the Danes are the
00:34:23 --> 00:34:26: most happy people in the world.
00:34:26 --> 00:34:27: I don't know whether that's true.
00:34:29 --> 00:34:31: So, so All in all,
00:34:31 --> 00:34:34: we're doing well, but we all concerned and we should
00:34:35 --> 00:34:35: be.
00:34:35 --> 00:34:37: Of course we should be.
00:34:37 --> 00:34:40: And All in all, I think also reflection from any
00:34:40 --> 00:34:43: global investors that we are safe.
00:34:43 --> 00:34:45: Haven as a flight to quality,
00:34:45 --> 00:34:49: but we probably all have to lower our expectation on
00:34:49 --> 00:34:53: in terms of returns coming from 10 years of of
00:34:53 --> 00:34:54: booming markets.
00:34:54 --> 00:34:56: Well, yes, thank you so much.
00:34:56 --> 00:34:59: It's a little bit like small is beautiful.
00:34:59 --> 00:35:00: So we're back to that.
00:35:03 --> 00:35:05: And on the other side,
00:35:05 --> 00:35:09: I think we have to thank you for your optimistic
00:35:09 --> 00:35:10: plans.
00:35:10 --> 00:35:15: Yeah in this situation, but you mentioned one very important
00:35:15 --> 00:35:19: aspect and that is that real estate is still.
00:35:19 --> 00:35:23: I think, one of the most popular if not currently
00:35:23 --> 00:35:27: the most popular asset class in the universe.
00:35:27 --> 00:35:30: So we are still at let's say,
00:35:30 --> 00:35:34: comfortable. Nice within our today's world.
00:35:34 --> 00:35:38: Yeah, and that leads me to an because I would
00:35:38 --> 00:35:41: also like to ask the same question to Ann about
00:35:41 --> 00:35:45: how how you scope with that because and you are
00:35:45 --> 00:35:50: working for a company who was definitely known for
extraordinary
00:35:50 --> 00:35:52: growth in the last year.
00:35:52 --> 00:35:54: So how do you digest that?
00:35:54 --> 00:35:58: And how do you see the future coming along?

00:35:58 --> 00:36:00: From your perspective.

00:36:00 --> 00:36:02: Yeah I I would say it.

00:36:02 --> 00:36:05: You know if I look at our house view and

00:36:05 --> 00:36:07: and the business discussion.

00:36:07 --> 00:36:10: So I mean I think that you know this study

00:36:10 --> 00:36:13: and the emerging trends mirrors.

00:36:13 --> 00:36:17: You know many of the themes that we've been discussing

00:36:17 --> 00:36:19: internally and I I was interested in,

00:36:19 --> 00:36:24: yes, was summary. It's the Nordics because suddenly you know

00:36:24 --> 00:36:28: our view is that COVID-19 will be a recession trigger

00:36:28 --> 00:36:32: is a trend accelerator and it's also a major paradigm

00:36:32 --> 00:36:35: shifter. And I think one of the things we see

00:36:35 --> 00:36:39: in terms of the recession is that some countries like

00:36:39 --> 00:36:40: Germany,

00:36:40 --> 00:36:44: the Nordics CEE we believe will bounce back faster than

00:36:44 --> 00:36:48: others which will experience so much deeper and a slower

00:36:48 --> 00:36:49: recovery.

00:36:49 --> 00:36:52: And, you know, I would include southern Europe,

00:36:52 --> 00:36:56: the UK and France all in that second bracket.

00:36:56 --> 00:36:59: So what we're seeing is a bit of a North

00:36:59 --> 00:37:01: South divide and I include,

00:37:01 --> 00:37:05: you know, the UK in in the Southern Divide and

00:37:05 --> 00:37:07: partly because of Brexit.

00:37:07 --> 00:37:10: So I think it you know what we're staying is

00:37:10 --> 00:37:11: is major shifts.

00:37:11 --> 00:37:15: I think what we're also seeing is a change in

00:37:15 --> 00:37:19: the investment cycle from late to a new cycle.

00:37:19 --> 00:37:23: Um, and you know, alongside the trend accelerators,

00:37:23 --> 00:37:26: the major shifts we're seeing,

00:37:26 --> 00:37:32: potentially in retail in officers which have always dominated

00:37:32 --> 00:37:36: investing.

00:37:32 --> 00:37:36: You know what we're seeing is a period of great

00:37:36 --> 00:37:36: change,

00:37:36 --> 00:37:40: and I think if you look at that from an

00:37:40 --> 00:37:42: investing perspective,

00:37:42 --> 00:37:48: great periods of great change always bring terrific

00:37:48 --> 00:37:49: opportunities or

00:37:48 --> 00:37:49: with risks.

00:37:49 --> 00:37:53: But if you look at the industry there wasn't that

00:37:53 --> 00:37:56: much development that took place.

00:37:56 --> 00:38:00: We haven't seen a lot of shifts in re Purposing

00:38:00 --> 00:38:02: real estate stock since the GFC.
00:38:02 --> 00:38:06: You know there was some development but not on a
00:38:06 --> 00:38:07: major major scale.
00:38:07 --> 00:38:11: And of course what we're now seeing is such paradigm
00:38:12 --> 00:38:15: shifts in occupational trends and habits,
00:38:15 --> 00:38:19: and the way people want to live to work to
00:38:19 --> 00:38:19: play.
00:38:19 --> 00:38:22: That the real estate industry,
00:38:22 --> 00:38:24: if it's to stay relevant,
00:38:24 --> 00:38:28: has to respond to those trends and to participate,
00:38:28 --> 00:38:32: and that will bring tremendous opportunities.
00:38:32 --> 00:38:34: And I think you know,
00:38:34 --> 00:38:38: we see a major major shift to some of the
00:38:38 --> 00:38:41: mega trends that will continue.
00:38:41 --> 00:38:45: You know we'll be there irrespective of COVID-19 you know
00:38:45 --> 00:38:49: we've been working through demographic changes,
00:38:49 --> 00:38:53: urbanization, the rise of tech and digital ESG.
00:38:53 --> 00:38:58: Much increasing importance. And if you look at a lot
00:38:58 --> 00:38:59: of those trends,
00:38:59 --> 00:39:04: they will continue, you know and be sustainable over the
00:39:04 --> 00:39:06: next 5/10 years.
00:39:06 --> 00:39:08: But I think you know what it what will be
00:39:08 --> 00:39:10: required is major changes.
00:39:10 --> 00:39:13: In re Purposing repositioning of assets.
00:39:13 --> 00:39:17: To meet the new occupational demands and what we are
00:39:17 --> 00:39:20: seeing in conjunction with that.
00:39:20 --> 00:39:24: As you said, is major major shifts in allocation to
00:39:24 --> 00:39:25: real assets.
00:39:25 --> 00:39:29: So you know, I don't see that there will be
00:39:29 --> 00:39:31: a shortage of equity.
00:39:31 --> 00:39:36: I'm in the market. We're seeing considerable shifts of capital
00:39:36 --> 00:39:38: into the real real asset sector.
00:39:38 --> 00:39:42: An and therefore I think in a it will be
00:39:42 --> 00:39:43: for the,
00:39:43 --> 00:39:45: for the.
00:39:45 --> 00:39:49: Teams in the business that have got the right skills
00:39:49 --> 00:39:52: and and you said I heard I think I heard
00:39:52 --> 00:39:56: Lisette or in the presentation also say that local skills
00:39:56 --> 00:39:59: will be really important. You know,
00:39:59 --> 00:40:03: having teams on the ground that are close to the
00:40:03 --> 00:40:07: markets that understand the markets and that can respond to
00:40:08 --> 00:40:11: trends quickly will also become important.

00:40:11 --> 00:40:16: As operations become much more key and the Inter connectivity

00:40:16 --> 00:40:17: has taken diggie.

00:40:17 --> 00:40:21: And I think what we will see is the operating

00:40:21 --> 00:40:26: platforms become much more important than they've been and brand

00:40:26 --> 00:40:31: will become super important as Occupiers will want to work

00:40:31 --> 00:40:32: with.

00:40:32 --> 00:40:37: Effectively, the landlord or the operator of choice and it

00:40:38 --> 00:40:40: will bring massive opportunities,

00:40:40 --> 00:40:43: but there will be risks too,

00:40:43 --> 00:40:48: so you you just mentioned the opportunities and the skill

00:40:48 --> 00:40:49: set needed.

00:40:49 --> 00:40:53: I think that leads. That's a perfect timing for a

00:40:53 --> 00:40:57: question we got from our attendees here,

00:40:57 --> 00:41:01: and the question was what advice would you give to

00:41:01 --> 00:41:03: a real estate graduate?

00:41:03 --> 00:41:07: That look forward to entering the stock market.

00:41:07 --> 00:41:10: It's a very smart question,

00:41:10 --> 00:41:13: so maybe let's start with Sara again.

00:41:13 --> 00:41:17: What would be your advice very briefly?

00:41:19 --> 00:41:23: Well, I think make sure you got good digital skills

00:41:23 --> 00:41:27: is probably coming back on the previous question I think

00:41:27 --> 00:41:28: I think.

00:41:28 --> 00:41:31: Perhaps perhaps enter the job market without the sort of

00:41:31 --> 00:41:33: usual structured view that we used to have with you.

00:41:33 --> 00:41:36: Either you know you're an investment surveyor,

00:41:36 --> 00:41:37: where you're you're an agent,

00:41:37 --> 00:41:40: or your value, and I think I think it's going

00:41:40 --> 00:41:41: to require different skills.

00:41:41 --> 00:41:44: That's going quite a lot more imagination and ability to

00:41:44 --> 00:41:46: look at things differently,

00:41:46 --> 00:41:48: so I think if I was entering the job market

00:41:48 --> 00:41:48: now,

00:41:48 --> 00:41:51: I'd be looking for companies who are really getting ahead

00:41:51 --> 00:41:53: of some of those new trends,

00:41:53 --> 00:41:55: because that's where the future is.

00:41:55 --> 00:41:57: So I'd be going for the the people who are

00:41:57 --> 00:41:58: out there in the front.

00:41:58 --> 00:42:01: Might even be tempted to look at some of the

00:42:01 --> 00:42:05: top tech companies and see it depends what you're

00:42:05 --> 00:42:05: interested

00:42:05 --> 00:42:05: in.

00:42:05 --> 00:42:09: Tech is because the combination of a public company and
00:42:09 --> 00:42:10: a survey might be.
00:42:10 --> 00:42:13: Might be an interesting choice,
00:42:13 --> 00:42:15: but probably not. Go with the standards.
00:42:15 --> 00:42:18: I think if I was entering the market today,
00:42:18 --> 00:42:21: I think that's a very vice recommendation.
00:42:21 --> 00:42:24: Yeah, to get some fresh ideas and fresh blood into
00:42:24 --> 00:42:27: the industry to think beyond the normal.
00:42:27 --> 00:42:30: The normal of our day-to-day business.
00:42:30 --> 00:42:34: Well, yes, then let's move on to the next urgent
00:42:34 --> 00:42:35: questions.
00:42:35 --> 00:42:40: We talked already about. It's a paradigm shift,
00:42:40 --> 00:42:43: but what? What does that mean really?
00:42:43 --> 00:42:47: So my question popping up here when I see all
00:42:47 --> 00:42:51: these outcomes of this study is we see a lot
00:42:51 --> 00:42:54: of accelerators of existing trends.
00:42:54 --> 00:42:57: But if we think long that yeah,
00:42:57 --> 00:43:01: is there anything or any additional changes?
00:43:01 --> 00:43:06: Which we will see due to COVID-19 and what what
00:43:06 --> 00:43:11: are these kind of additional factors which are here to
00:43:11 --> 00:43:12: stay now?
00:43:12 --> 00:43:18: Jesper, may I just? Let you jump into this.
00:43:18 --> 00:43:19: It's not an issue one,
00:43:19 --> 00:43:22: but the maybe the fear factor.
00:43:22 --> 00:43:24: I don't know what it is,
00:43:24 --> 00:43:27: but I think there is a new dimension to risk
00:43:27 --> 00:43:30: discussions and and I think the the word and and
00:43:30 --> 00:43:32: the the highlight of this.
00:43:32 --> 00:43:35: This emerging trend report is is,
00:43:35 --> 00:43:39: as mentioned, uncertainty and I think there is a different
00:43:39 --> 00:43:44: faction in the discussions that people are increasingly
concerned on
00:43:44 --> 00:43:47: their well being and even on their health,
00:43:47 --> 00:43:50: which is something. For me properly,
00:43:50 --> 00:43:53: totally knew. I mean can we travel?
00:43:53 --> 00:43:56: When will the new pandemic be around and all that
00:43:56 --> 00:43:56: stuff?
00:43:56 --> 00:43:59: And I think we're all human beings and we all
00:43:59 --> 00:44:02: know investments are driven by.
00:44:02 --> 00:44:06: Investor sentiment, so maybe there is a fear factor which
00:44:06 --> 00:44:07: are here to stay.
00:44:07 --> 00:44:11: I don't know. I think we're back from a number

00:44:11 --> 00:44:14: of wars and and even in Europe we have seen
00:44:14 --> 00:44:18: quite a lot of uncertainty previously.
00:44:18 --> 00:44:21: But we have lived through now quite many years where
00:44:22 --> 00:44:25: the personal well being has only gone one way and
00:44:25 --> 00:44:26: that's up.
00:44:26 --> 00:44:31: I think the overall demographic situation in Europe has
improved.
00:44:31 --> 00:44:35: We have. Come together as one Europe.
00:44:35 --> 00:44:40: And but I think the COVID-19 had shown the fragile
00:44:40 --> 00:44:46: situation and the need for staying together in these global.
00:44:46 --> 00:44:51: Entities like The Who organisations and I think whenever
there's
00:44:52 --> 00:44:52: a crisis,
00:44:52 --> 00:44:57: everybody seems to be turning to their own problems and
00:44:57 --> 00:45:00: dealing with their local problems.
00:45:00 --> 00:45:02: And we have a lot of.
00:45:02 --> 00:45:04: I wouldn't mention the Trump word,
00:45:04 --> 00:45:07: but there's a lot of uncertainty which goes way beyond
00:45:07 --> 00:45:08: return of investment,
00:45:08 --> 00:45:11: and I think it will also have an impact on
00:45:11 --> 00:45:12: our industry.
00:45:12 --> 00:45:15: I don't know how. I don't know where it will
00:45:15 --> 00:45:15: end,
00:45:15 --> 00:45:17: but in the short term perspective,
00:45:17 --> 00:45:20: I think it's something that at least comes up in
00:45:20 --> 00:45:22: quite many discussions.
00:45:22 --> 00:45:25: Even when you talk investments.
00:45:25 --> 00:45:27: Yeah.
00:45:27 --> 00:45:29: Thank thank you for.
00:45:29 --> 00:45:34: I, I think that you mentioned a few things and
00:45:34 --> 00:45:38: the one word which we calls in my head is
00:45:38 --> 00:45:39: fear.
00:45:39 --> 00:45:42: Here was never a good advice,
00:45:42 --> 00:45:46: so I think that's a big big danger for everyone.
00:45:46 --> 00:45:50: And I learned in the past that you kind of
00:45:50 --> 00:45:56: have different approaches how to scope with here one is
00:45:56 --> 00:46:00: to try to be more rational and the other one
00:46:00 --> 00:46:04: is to just talk with more people and people you
00:46:04 --> 00:46:07: would normally not talk to.
00:46:07 --> 00:46:11: So to share things. So maybe we start with another
00:46:11 --> 00:46:13: really large trend.
00:46:13 --> 00:46:16: We see one of the top trends we saw in
00:46:16 --> 00:46:17: the study,

00:46:17 --> 00:46:21: which is indeed ESG or even still more focused,
00:46:21 --> 00:46:24: which I found a bit that fits surprising for the
00:46:25 --> 00:46:25: top trends.
00:46:25 --> 00:46:29: It's still the environmental priorities,
00:46:29 --> 00:46:32: so I would have hoped for more S so the
00:46:32 --> 00:46:33: social aspect indeed,
00:46:33 --> 00:46:37: as a top trend, but it is emerging that that
00:46:37 --> 00:46:40: that for sure you can see it throughout.
00:46:40 --> 00:46:44: The issues, but at the other another one is fast
00:46:44 --> 00:46:50: track technology and I think fast tech technology is
something
00:46:50 --> 00:46:54: which server you just mentioned as an advice to the
00:46:54 --> 00:46:56: new ones into the industry.
00:46:56 --> 00:47:01: Yeah, so how? How do you see technology impacting our
00:47:01 --> 00:47:03: business in the future?
00:47:03 --> 00:47:07: Maybe from both sides? We have one element in the
00:47:07 --> 00:47:09: buildings as such,
00:47:09 --> 00:47:13: but we also have the impact of course on.
00:47:13 --> 00:47:16: The the companies are such because with the remote
working,
00:47:16 --> 00:47:18: yeah we will see big shifts in how.
00:47:18 --> 00:47:20: How do we work in the future?
00:47:20 --> 00:47:22: So how? How do you see that Sara 'cause you
00:47:22 --> 00:47:23: mentioned it?
00:47:23 --> 00:47:25: The tech part first? Yes,
00:47:25 --> 00:47:26: I think I will have my.
00:47:26 --> 00:47:29: My first thought was around the was actually on the
00:47:29 --> 00:47:32: not the operational business but the operation of our own
00:47:32 --> 00:47:33: companies.
00:47:33 --> 00:47:36: But that's clearly very important and technology has helped
us
00:47:36 --> 00:47:38: hugely in the last six to nine months.
00:47:38 --> 00:47:42: I think it's probably worked better than all of us
00:47:42 --> 00:47:44: thought it was going to.
00:47:44 --> 00:47:46: And it will continue to change,
00:47:46 --> 00:47:48: and there will probably be certain aspects of our or
00:47:48 --> 00:47:51: what people do today that will will diminish over the
00:47:51 --> 00:47:52: next few years.
00:47:52 --> 00:47:55: They'll be certain elements of the of the more routine
00:47:55 --> 00:47:57: work that will that will reduce,
00:47:57 --> 00:48:00: but then that leaves space for more imaginative work and
00:48:00 --> 00:48:03: and more creative solutions to to property going forward.
00:48:03 --> 00:48:07: And I think one of the trends that was highlighted

00:48:07 --> 00:48:10: in the in the report is towards operational.

00:48:10 --> 00:48:13: More sort of operational model where they are the least

00:48:13 --> 00:48:18: standard lease structure than normal relationships that we've we've been

00:48:18 --> 00:48:21: with for so long between London tenant are are going

00:48:21 --> 00:48:24: to breakdown and we will go towards a more flexible

00:48:24 --> 00:48:28: arrangement with different types of remuneration and in order for

00:48:28 --> 00:48:31: that to happen there is a whole whole raft of

00:48:31 --> 00:48:34: of technological advances that we need around data gathering,

00:48:34 --> 00:48:37: so we know how to bill tenants for for rent

00:48:37 --> 00:48:39: if we're not on a standard lease contract.

00:48:39 --> 00:48:44: Around operating buildings around. Understanding the occupation requirements of tenants

00:48:44 --> 00:48:48: and them understanding their own operation requirements and adjusting buildings

00:48:48 --> 00:48:50: management to deal with that,

00:48:50 --> 00:48:53: many of those things are already already in place in

00:48:53 --> 00:48:54: an out there already,

00:48:54 --> 00:48:56: ready to go and sometimes being used.

00:48:56 --> 00:48:58: So I think if we look at business as a

00:48:58 --> 00:49:02: service rather than also publishes a service rather than just

00:49:02 --> 00:49:03: sort of real estate,

00:49:03 --> 00:49:06: then in order to provide that service we're going to

00:49:06 --> 00:49:08: need a lot of technological tools to help us do

00:49:08 --> 00:49:08: that.

00:49:08 --> 00:49:12: And we're not. I don't think that many property companies

00:49:12 --> 00:49:14: are very up to speed on those technological tools at

00:49:14 --> 00:49:15: the moment,

00:49:15 --> 00:49:17: so.

00:49:17 --> 00:49:20: It's something that we need to develop very quickly,

00:49:20 --> 00:49:23: because if we don't do it within the real estate

00:49:23 --> 00:49:23: industry,

00:49:23 --> 00:49:26: somebody outside it will do it for us in the

00:49:26 --> 00:49:28: same way they seen in other sectors.

00:49:28 --> 00:49:31: So I think it's important at all levels it as

00:49:31 --> 00:49:34: it is in virtually every area of our lives today

00:49:34 --> 00:49:34: digital.

00:49:34 --> 00:49:37: We're not going to escape it in real estate.

00:49:37 --> 00:49:38: It will have an impact.

00:49:38 --> 00:49:40: Yeah yeah, that for sure.

00:49:40 --> 00:49:43: Well, with that, let's spend the last 10 minutes of

00:49:43 --> 00:49:46: our panel discussion more hands on in the in the
00:49:47 --> 00:49:47: sectors.
00:49:47 --> 00:49:49: Under real estate as such,
00:49:49 --> 00:49:53: we also have two questions coming from that with respect
00:49:54 --> 00:49:55: to the data centers.
00:49:55 --> 00:49:57: I will ask them in a minute,
00:49:57 --> 00:50:01: but if we look into what Lisette and Gareth have
00:50:01 --> 00:50:04: presented to us and in the study,
00:50:04 --> 00:50:07: we have a table, we have many tables but one
00:50:07 --> 00:50:11: years the sector prospects in 20 in 2021.
00:50:11 --> 00:50:14: And if you look at that you will see that
00:50:14 --> 00:50:19: somehow our real estate world is turned upside down.
00:50:19 --> 00:50:22: It starts with the most favorite sectors.
00:50:22 --> 00:50:27: As Lisette mentioned. data center logistics,
00:50:27 --> 00:50:31: life science, then industrial healthcare,
00:50:31 --> 00:50:35: private residential, affordable housing and so on.
00:50:35 --> 00:50:40: And then on number 21 we have suburb offices and
00:50:40 --> 00:50:42: 22 retail parks and so on.
00:50:42 --> 00:50:45: So it's really our world upside down,
00:50:45 --> 00:50:47: yeah?
00:50:47 --> 00:50:52: How how into question associated to that I I would
00:50:52 --> 00:50:54: put that on Anne.
00:50:54 --> 00:50:56: Because you are a big player.
00:50:56 --> 00:50:58: Also in offices of course,
00:50:58 --> 00:51:02: but with this new shift in the in the trend,
00:51:02 --> 00:51:06: you know the questions we have here is regarding data
00:51:06 --> 00:51:06: center.
00:51:06 --> 00:51:10: So what would you invest in data centers in that
00:51:10 --> 00:51:10: case?
00:51:10 --> 00:51:15: Is there a preference for very large hyperscale or other
00:51:15 --> 00:51:16: smaller edge centers?
00:51:16 --> 00:51:20: That's question number one and the other one is.
00:51:23 --> 00:51:25: Let me see or they just disappeared,
00:51:25 --> 00:51:27: so we'll start with that one.
00:51:27 --> 00:51:30: Yeah, with that question on how do you see?
00:51:30 --> 00:51:33: How do you see this upside down world in asset
00:51:33 --> 00:51:37: in sectors basically in in real estate for the future?
00:51:37 --> 00:51:42: Will you adjust your portfolio to that in the future?
00:51:42 --> 00:51:44: Well, I I would say that you know,
00:51:44 --> 00:51:47: I think there's a lot of adjustment taking place.
00:51:47 --> 00:51:49: And I mean you know what we've seen is the
00:51:49 --> 00:51:52: major major shift in the last few years.

00:51:52 --> 00:51:54: Two beds in sheds.
00:51:54 --> 00:51:57: We are heavily invested in both and,
00:51:57 --> 00:52:01: you know very very strongly invested in the living sector
00:52:01 --> 00:52:03: in its broadest sense.
00:52:03 --> 00:52:08: And and I mean that certainly has been extremely defensive
00:52:08 --> 00:52:10: throughout this crisis.
00:52:10 --> 00:52:15: And you know, we have really strong conviction about that
00:52:15 --> 00:52:16: sector going forward.
00:52:16 --> 00:52:21: An you know we're also heavily invested in the logistics
00:52:21 --> 00:52:21: sector.
00:52:21 --> 00:52:25: In my previous world, I have invested in datacenters.
00:52:25 --> 00:52:29: It's not a big part of our current portfolio,
00:52:29 --> 00:52:35: it's something that we're spending time researching and
analyzing.
00:52:35 --> 00:52:38: I think it is. That is one of the major
00:52:38 --> 00:52:41: trends we will see coming out of this crisis.
00:52:41 --> 00:52:45: They will undoubtedly be a great to shift towards investing
00:52:45 --> 00:52:46: in that sector,
00:52:46 --> 00:52:49: but I think one of the things I was interested
00:52:49 --> 00:52:52: to pick up on when we were talking about some
00:52:52 --> 00:52:53: of the major shifts.
00:52:53 --> 00:52:57: I think you know, one of the major shifts we're
00:52:57 --> 00:53:00: seeing and it comes out in the report also is
00:53:00 --> 00:53:04: a big shift about you know the lack of equality
00:53:04 --> 00:53:06: and in society Ann,
00:53:06 --> 00:53:10: and I think that's something that investors are very,
00:53:10 --> 00:53:13: very keen. You know to address and I think you
00:53:13 --> 00:53:16: know that will be a big part of the the
00:53:16 --> 00:53:19: S in the ESG and and you know if you
00:53:19 --> 00:53:23: look at some of the trends that are playing out
00:53:23 --> 00:53:24: in in the living sector,
00:53:24 --> 00:53:30: you know we've got 80,000,000 households that are
overburdened in
00:53:30 --> 00:53:32: Europe by housing costs.
00:53:32 --> 00:53:33: And so, you know,
00:53:33 --> 00:53:37: I think some of these things will really start to
00:53:37 --> 00:53:39: be addressed coming out of this crisis,
00:53:39 --> 00:53:44: because I think that there's a real requirement by investors
00:53:44 --> 00:53:46: to want to make an impact.
00:53:46 --> 00:53:49: And there are some real challenges and issues in society
00:53:49 --> 00:53:51: that need to be addressed,
00:53:51 --> 00:53:55: and I think that's what we're seeing playing out in

00:53:55 --> 00:53:56: some of the inner.

00:53:56 --> 00:54:00: Some of the politics and we've seen this rising inequality

00:54:00 --> 00:54:03: between the haves and the have nots.

00:54:03 --> 00:54:08: And it's been absolutely emphasized during this crisis and say,

00:54:08 --> 00:54:12: I, you know, I think that's a big trend that

00:54:12 --> 00:54:16: we will see changes in and more investment into making

00:54:17 --> 00:54:21: an impact and addressing the affordability issue in housing.

00:54:21 --> 00:54:25: And also social exclusion. You know,

00:54:25 --> 00:54:29: one of the some of the research that we've been

00:54:29 --> 00:54:33: doing is also 75 million households in in Europe.

00:54:33 --> 00:54:36: You know feeling socially isolated?

00:54:36 --> 00:54:43: You know, I think Community users and building sustainable communities

00:54:43 --> 00:54:47: in our portfolios is also going to be a really

00:54:47 --> 00:54:50: strong response to the crisis.

00:54:50 --> 00:54:53: So that that means that you see a lot of

00:54:53 --> 00:54:55: need to in the future.

00:54:55 --> 00:55:00: Do not only analyze the individual property as such,

00:55:00 --> 00:55:04: but also the integration within the environment and in the

00:55:04 --> 00:55:06: society in general,

00:55:06 --> 00:55:10: which would be up perfect in the future?

00:55:10 --> 00:55:16: Yeah, because that that gives huge opportunity everyone that would

00:55:16 --> 00:55:20: basically lead us back to a very well almost.

00:55:20 --> 00:55:24: Looking old-fashioned win win win situation.

00:55:24 --> 00:55:27: Yeah, at the end if it if it turns out

00:55:27 --> 00:55:28: that way,

00:55:28 --> 00:55:31: yeah, indeed, well, that's that's,

00:55:31 --> 00:55:37: and that's very inspiring. Thought about what what the challenges

00:55:37 --> 00:55:37: could,

00:55:37 --> 00:55:42: how the challenges could turn into something really good for

00:55:42 --> 00:55:46: the future and the the the big question mark I

00:55:46 --> 00:55:49: saw in this study about ESG in general.

00:55:49 --> 00:55:51: Is that a lot of our.

00:55:51 --> 00:55:56: Industry colleagues seem to still ask the questions.

00:55:56 --> 00:55:59: Does it really pay off if I just make it

00:55:59 --> 00:56:00: that bluntly?

00:56:00 --> 00:56:04: OK, so how? Maybe maybe I turn that question over

00:56:04 --> 00:56:05: to Jesper?

00:56:05 --> 00:56:08: Yeah yeah, how? How do you see that?

00:56:08 --> 00:56:13: Because you know the the Nordics have always been on

00:56:13 --> 00:56:17: the forefront of good society and being a good citizen?
00:56:17 --> 00:56:22: Yeah, So what? What could you tell from your experience
00:56:22 --> 00:56:24: to the rest of Europe?
00:56:24 --> 00:56:28: To overcome that hurdle that is really put off,
00:56:28 --> 00:56:29: yeah.
00:56:29 --> 00:56:33: Well, normally we we are in the RR driven environment,
00:56:33 --> 00:56:37: not in politics. But I fully share with Anne inequality,
00:56:37 --> 00:56:42: social responsibility and even the whole essence of ULI
being
00:56:42 --> 00:56:46: the responsible use of land has climbed up in investor
00:56:46 --> 00:56:47: sentiment.
00:56:47 --> 00:56:51: It also climbed up in the political environment and we
00:56:51 --> 00:56:54: saw what happened in Berlin with the mayor and we
00:56:54 --> 00:56:58: saw what happened in in in in many other markets.
00:56:58 --> 00:57:03: The risk of political interference in our industry has increased.
00:57:03 --> 00:57:06: We also saw it from this survey that attention to
00:57:06 --> 00:57:11: the interaction between the private sector in the public sector
00:57:11 --> 00:57:12: has increased,
00:57:12 --> 00:57:15: and I think it's a topic we need to take
00:57:15 --> 00:57:18: into consideration and I think it would have a huge
00:57:18 --> 00:57:21: impact in in in capital allocations,
00:57:21 --> 00:57:24: not only in terms of markets but also in terms
00:57:24 --> 00:57:26: of asset classes.
00:57:26 --> 00:57:28: So I think. We want to be responsible and I
00:57:29 --> 00:57:31: think in the longer run it will pay off to
00:57:31 --> 00:57:35: be in line with general trends even through avoid and
00:57:35 --> 00:57:39: prevent political political interference. I think the worst you
can
00:57:39 --> 00:57:42: do if if you invest in real estate and suddenly
00:57:42 --> 00:57:46: the politicians decide that affordable housing needs to be in
00:57:46 --> 00:57:48: this way, shape and form,
00:57:48 --> 00:57:51: then we're back to machines that we don't want to
00:57:51 --> 00:57:53: interfere in our business.
00:57:53 --> 00:57:55: And that's a huge risk for the industry.
00:57:55 --> 00:57:57: So I think it will pay off.
00:57:57 --> 00:58:00: And I think it's top of mind for everyone who's
00:58:00 --> 00:58:04: allocating and investing in in the industry.
00:58:04 --> 00:58:06: Yeah.
00:58:06 --> 00:58:08: Getting involved with the message,
00:58:08 --> 00:58:09: right?
00:58:09 --> 00:58:12: Involved is also true for real estate,
00:58:12 --> 00:58:17: as such will, so we're all getting much more operational,
00:58:17 --> 00:58:19: not only in data centers,

00:58:19 --> 00:58:23: so that would be definitely one of the of the
00:58:23 --> 00:58:24: aspects here,
00:58:24 --> 00:58:27: but, but in all all sectors and we are nearing
00:58:27 --> 00:58:31: our end and we have some more questions here.
00:58:31 --> 00:58:34: One of the more hands on questions I see here
00:58:35 --> 00:58:35: is,
00:58:35 --> 00:58:39: do you think the yields in residential will go down?
00:58:39 --> 00:58:41: Maybe that's a question for you.
00:58:46 --> 00:58:48: Think that there's definitely pressure,
00:58:48 --> 00:58:52: that certainly there's pressure to find secure income,
00:58:52 --> 00:58:55: and there is very little secure income at the moment
00:58:55 --> 00:58:58: over one of the areas that I think everybody is
00:58:58 --> 00:58:59: sure will will be needed,
00:58:59 --> 00:59:03: and what is relatively little evolution in terms of people's
00:59:03 --> 00:59:04: needs is housing.
00:59:04 --> 00:59:06: So even if there is going to be a bit,
00:59:06 --> 00:59:08: there's going to be pressure.
00:59:08 --> 00:59:12: I think probably regulatory pressure on rents in some
countries
00:59:12 --> 00:59:13: quite likely.
00:59:13 --> 00:59:16: Even so, it's still going to provide a very strong.
00:59:16 --> 00:59:20: If low income, and so I think for that reason
00:59:20 --> 00:59:24: it is possible they are already very low,
00:59:24 --> 00:59:28: but I think it is possible they will go lower.
00:59:28 --> 00:59:33: Yes yeah, OK, well I think we're running out of
00:59:33 --> 00:59:33: time,
00:59:33 --> 00:59:37: so I would like to end this session with the
00:59:37 --> 00:59:39: the top trends,
00:59:39 --> 00:59:42: summary, ESG Fast tracking technology.
00:59:44 --> 00:59:48: A different world. How to approach property as such and
00:59:49 --> 00:59:52: upside down ranking of what we have seen before and
00:59:52 --> 00:59:57: one element which I would definitely like to share with
00:59:57 --> 01:00:00: you. One outcome of the study as a top trend
01:00:00 --> 01:00:04: is diversity matters and I think today we are a
01:00:04 --> 01:00:06: really great example for that.
01:00:06 --> 01:00:11: With only one guy on our panel no, two, sorry.
01:00:11 --> 01:00:14: Are you on the panel discussion, so that's that's also
01:00:14 --> 01:00:16: an upside down world now,
01:00:16 --> 01:00:17: right?
01:00:19 --> 01:00:22: Thank you, yeah, thank you all for this.
01:00:22 --> 01:00:26: Very intense and inspiring discussion.
01:00:26 --> 01:00:30: With that I would like to ask everyone attending to

01:00:31 --> 01:00:35: take just two minutes to fill in the survey so
01:00:35 --> 01:00:39: that we know what we can improve and I would
01:00:39 --> 01:00:44: also like to point your attention to the upcoming digital
01:00:44 --> 01:00:46: program of ULI Europe.
01:00:46 --> 01:00:49: There are two very interesting.
01:00:49 --> 01:00:54: Webinar coming up. Also answering some more of the
questions
01:00:54 --> 01:00:57: I have seen and which we have now not been
01:00:58 --> 01:00:59: able to answer.
01:00:59 --> 01:01:03: I will try to answer some of these questions with
01:01:03 --> 01:01:05: the help of my panelist,
01:01:05 --> 01:01:09: colleagues inviting. If we have your you have your identity
01:01:09 --> 01:01:13: then then we'll do that and otherwise thank you all
01:01:13 --> 01:01:16: and I wish you a good remaining week.
01:01:16 --> 01:01:19: Bye bye thank you thank you.

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