

# Webinar

## ULI Europe and PwC Emerging Trends?? 2023 Report Launch

Date: November 03, 2022

00:00:08 --> 00:00:09: Welcome everyone.

00:00:10 --> 00:00:14: Welcome to this year's launch of the UI and PwC

00:00:15 --> 00:00:20: emerging trends in real Estate Europe 2023 report. We're very

00:00:20 --> 00:00:24: pleased with this year's launch as it marks the 20th

00:00:24 --> 00:00:30: anniversary of this important report and especially because so many

00:00:30 --> 00:00:35: of you have contributed this year. More than 900 industry

00:00:35 --> 00:00:41: professionals from across Europe have contributed to the report.

00:00:41 --> 00:00:47: Either through an interview, participating in the survey or roundtable

00:00:47 --> 00:00:53: discussion and also as part of the 20th anniversary, the

00:00:53 --> 00:00:58: report not only covers the short term outlook, but also

00:00:58 --> 00:01:02: looking back 20 years and 20 years ahead, we are

00:01:02 --> 00:01:06: very pleased with the collaboration with PwC.

00:01:07 --> 00:01:11: For all these years and also this year, it was

00:01:11 --> 00:01:13: a pleasure to work together.

00:01:14 --> 00:01:19: Today we have the kickoff and I'm looking forward to

00:01:19 --> 00:01:24: the presentation and the discussion later, but the report is

00:01:24 --> 00:01:28: also available on our website and on PWC's website. And

00:01:28 --> 00:01:32: as you may have already seen, we have quite a

00:01:32 --> 00:01:38: lot of additional launch events planned physically across our national

00:01:38 --> 00:01:42: councils in Europe did a different countries.

00:01:43 --> 00:01:47: For those of you who want to make a comment

00:01:47 --> 00:01:51: or ask a question, you can use the Q&A button

00:01:51 --> 00:01:55: that you see at the bottom of your screen. And

00:01:55 --> 00:01:59: now I'm very pleased to hand over to Gareth Lewis

00:01:59 --> 00:02:00: from PwC.

00:02:00 --> 00:02:05: Who will open the webinar with a presentation of the  
00:02:05 --> 00:02:06: main results?  
00:02:07 --> 00:02:08: Garrett, over to you.  
00:02:10 --> 00:02:14: Thank you, Lisette. Good afternoon, everyone. Suzette said I'm Gareth

00:02:14 --> 00:02:17: Lewis from the PwC real estate team based in London  
00:02:17 --> 00:02:19: and on bar for PwC. I'd like to first of  
00:02:20 --> 00:02:23: all take the opportunity to thank Lizette, Sophie and the  
00:02:23 --> 00:02:26: UI team for their efforts in collaborating with PwC to  
00:02:26 --> 00:02:29: deliver this report, I think which we have in in  
00:02:29 --> 00:02:33: what has been quite challenging market, market  
circumstances. So it's

00:02:33 --> 00:02:36: my pleasure to spend the next 15 minutes or so  
00:02:36 --> 00:02:40: talking you through the the key highlights of the emerging.  
00:02:40 --> 00:02:44: Friends and real estate report it. This is a forward-looking  
00:02:44 --> 00:02:47: report that I think is is unique in terms of  
00:02:47 --> 00:02:50: the quality of input we get from senior real estate  
00:02:50 --> 00:02:54: professionals at the at the coalface of the industry. Next  
00:02:54 --> 00:02:55: slide please mark.

00:03:00 --> 00:03:03: And for me this has been one of the perhaps  
00:03:03 --> 00:03:06: the most sort of interesting years I've been involved in  
00:03:06 --> 00:03:09: in the research. And it's also interesting for the reason  
00:03:09 --> 00:03:13: that Lizette said that this is the 20 year anniversary  
00:03:13 --> 00:03:16: of the European report. So. So I definitely encourage you  
00:03:16 --> 00:03:19: to read chapter seven of the report which which takes  
00:03:19 --> 00:03:22: that 20 year looking back and looking forward view. But  
00:03:22 --> 00:03:25: as Lizette said, I wanted to also point out that  
00:03:25 --> 00:03:29: today's webinar is actually going to be very much focus  
00:03:29 --> 00:03:30: on the the here and now.

00:03:30 --> 00:03:33: The outlook for for 2023 and in that sense that  
00:03:33 --> 00:03:36: the reality is that the outbreak of war in Ukraine  
00:03:36 --> 00:03:39: has cast a long shadow over Europe and real estate  
00:03:39 --> 00:03:43: like any other industry will have to deal with the  
00:03:43 --> 00:03:47: economic and political fallout for the foreseeable future. So  
the

00:03:47 --> 00:03:50: title of this year's report, the eye of the Storm  
00:03:50 --> 00:03:53: is is self-explanatory and I'll run you through the key  
00:03:53 --> 00:03:57: highlights following the the themes shown here. First of all  
00:03:57 --> 00:04:00: a general sentiment of reality superseding optimism.  
00:04:00 --> 00:04:05: Secondly, the the wide array of shifting concerns impacting  
real

00:04:05 --> 00:04:09: estate businesses. Thirdly, capital pulling back from the  
sector and

00:04:09 --> 00:04:12: 4th we'll look at the top sectors and cities to  
00:04:13 --> 00:04:16: watch out for for 2023. And finally the the theme  
00:04:16 --> 00:04:20: of around fit for purpose real estate. Next slide please.  
00:04:23 --> 00:04:26: So if the the third year of the pandemic was  
00:04:26 --> 00:04:29: supposed to offer, in signs of hope, hope, the outbreak  
00:04:29 --> 00:04:33: of war in Europe has delayed recovery and exposed  
significant  
00:04:33 --> 00:04:37: structural weaknesses in the economic, social and political  
fabric of  
00:04:37 --> 00:04:38: Europe.  
00:04:39 --> 00:04:42: Beyond real estate fundamentals like supply and demand,  
the market  
00:04:42 --> 00:04:46: has an almost unlimited number of distractions and these are  
00:04:46 --> 00:04:48: bricks in the in the wall of worry as the  
00:04:48 --> 00:04:52: US version of this year's report called. It will continue  
00:04:52 --> 00:04:55: to be very fluid and the ultimate direction that many  
00:04:55 --> 00:04:58: of these take would have an impact on what kind  
00:04:58 --> 00:05:00: of year many of us would have from a business  
00:05:00 --> 00:05:04: perspective in the 2023. The GFC and the pandemic,  
although  
00:05:04 --> 00:05:07: they were developing over time, felt like they hit us  
00:05:07 --> 00:05:08: comparatively quickly.  
00:05:09 --> 00:05:12: But this time has that feeling of being a rather  
00:05:12 --> 00:05:16: slow moving downturn that will have us evaluating the  
potential  
00:05:16 --> 00:05:19: impacts for for many months. It's clear that 2023 will  
00:05:19 --> 00:05:22: be a tough year in any event as some industry  
00:05:22 --> 00:05:26: leaders contend the recovery may not emerge until early  
2024.  
00:05:26 --> 00:05:31: And while the proportion expecting business confidence,  
profitability and headcount  
00:05:31 --> 00:05:34: to increase has fallen compared with 2022, as you can  
00:05:34 --> 00:05:37: see in the chart here, the overall share is still  
00:05:37 --> 00:05:40: higher than in the first year of the pandemic.  
00:05:40 --> 00:05:41: In 2021.  
00:05:42 --> 00:05:43: Next slide, please.  
00:05:47 --> 00:05:51: European real estate faces a challenge from a quartet of  
00:05:51 --> 00:05:56: intelligent economic headwinds. Concerns over inflation,  
interest rates and European  
00:05:56 --> 00:05:59: and global economic growth are all up sharply are on  
00:06:00 --> 00:06:03: last year and even last year they were all considered  
00:06:03 --> 00:06:07: very significant concerns and the fact that they've risen to  
00:06:07 --> 00:06:09: the top of the concerns is to be expected I  
00:06:09 --> 00:06:13: think. But the the level of concern is still remarkable

00:06:13 --> 00:06:15: ranging from as you can see here 81 to 91%

00:06:16 --> 00:06:16: and that.

00:06:16 --> 00:06:20: Compares with the top business concern last year, which was

00:06:20 --> 00:06:22: cyber security of just 67%.

00:06:23 --> 00:06:26: Inflation is a concern across the board, with at least

00:06:26 --> 00:06:29: 90% of those surveyed in the US major markets, including

00:06:29 --> 00:06:33: Germany, UK, France and Spain, indicating their high levels of

00:06:33 --> 00:06:33: concern.

00:06:34 --> 00:06:38: And I think if you look forward actually as you

00:06:38 --> 00:06:41: click through Martha for inflation, if you look at the

00:06:41 --> 00:06:45: three to five year term and the timescale is interesting,

00:06:45 --> 00:06:48: but if you should see on the previous slide what

00:06:48 --> 00:06:52: it was showing is that the a clear consensus that

00:06:52 --> 00:06:55: inflation will actually be a short term concern.

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

00:06:59 --> 00:07:02: Seven out of 10 respondents believe Europe will move into

00:07:02 --> 00:07:05: a session before 2023 and and the views about the

00:07:05 --> 00:07:08: the prospects for the economy and the real estate sector

00:07:08 --> 00:07:11: have become rapidly more negative as a summer of

00:07:11 --> 00:07:15: uncertainty

00:07:11 --> 00:07:15: turned into an autumn of consistently downbeat forecasts.

00:07:15 --> 00:07:19: But the

00:07:15 --> 00:07:19: economic circumstances and and market conditions behind

00:07:19 --> 00:07:22: previous downturns are

00:07:19 --> 00:07:22: all quite different from what Europe is experiencing today,

00:07:23 --> 00:07:25: and

00:07:23 --> 00:07:25: it's clear that the the outlook for the real estate

00:07:25 --> 00:07:29: industry will very much depend on the severity and duration

00:07:29 --> 00:07:29: of the recession.

00:07:31 --> 00:07:34: The chart shown here on this slide gives an indication

00:07:34 --> 00:07:37: on participants views or the impact of a prolonged

00:07:37 --> 00:07:41: recessionary

00:07:37 --> 00:07:41: environment on European real estate. Though leasing activity

00:07:41 --> 00:07:45: has held

00:07:41 --> 00:07:45: up reasonably well for much of 2022, participants are

00:07:45 --> 00:07:48: unanimous

00:07:45 --> 00:07:48: in their put opinion that a recession will lead to

00:07:48 --> 00:07:53: occupancies and rents falling even in previously performing

00:07:48 --> 00:07:53: strongly performing

00:07:53 --> 00:07:53: sectors.

00:07:55 --> 00:07:58: And recession across Europe is also expected to further the

00:07:58 --> 00:08:02: hit to development activity provoked by the last two years

00:08:02 --> 00:08:06: of supply chain difficulties, increasing high borrowing costs and a

00:08:06 --> 00:08:10: general lack of financing. And with widespread forecasts of a

00:08:10 --> 00:08:13: decline in consumer spending, retail is likely to be the

00:08:13 --> 00:08:17: first first to suffer, but potentially with knock on effects

00:08:17 --> 00:08:20: in the the logistics sector, with, for example, some respondents

00:08:21 --> 00:08:24: stating the view that retail occupiers are looking to rationalize

00:08:24 --> 00:08:26: their real estate space.

00:08:26 --> 00:08:30: Including using surface doors for distribution, warehousing and thus potentially

00:08:30 --> 00:08:32: reducing demand for logistics assets.

00:08:33 --> 00:08:34: Next slide, please.

00:08:37 --> 00:08:40: Now, whether it's equity or debt for new investments and

00:08:40 --> 00:08:45: refinancing, all for development, more respondents think availability will decrease

00:08:45 --> 00:08:48: and stay the same or increase in 2023.

00:08:48 --> 00:08:51: Well, they real estate companies are not as leveraged as

00:08:51 --> 00:08:55: they were going into the global financial crisis, largely due

00:08:55 --> 00:08:58: to regulatory changes in the past decade and 1/2 double

00:08:58 --> 00:09:03: digit inflation in some territories continues to weaken investor demand

00:09:03 --> 00:09:04: going into 2023.

00:09:04 --> 00:09:08: Capital raising is likely to be likely to be challenging

00:09:08 --> 00:09:13: regardless of source and survey respondents believe capital from every

00:09:13 --> 00:09:16: region of the world is less likely to increase in

00:09:16 --> 00:09:20: 2023 compared to expectations last year. Next slide, please.

00:09:23 --> 00:09:27: Despite all of this, a a somewhat surprising outcome of

00:09:27 --> 00:09:31: the surveys that only 40% of respondents believe returns in

00:09:31 --> 00:09:33: 2023 will be lower than last year.

00:09:35 --> 00:09:38: In my view it's you know, I've been involved in

00:09:38 --> 00:09:40: this research 8:00 or so years. I think this is

00:09:41 --> 00:09:43: the the one particular question which I think is most

00:09:43 --> 00:09:47: impacted by participants tendency to view through rose, rose, tinted

00:09:47 --> 00:09:49: spectacles. Next slide please.

00:09:53 --> 00:09:56: Here are the top 10 sectors ranked by overall prospects

00:09:56 --> 00:09:58: for 2023 and as a sign of the times, new

00:09:59 --> 00:10:02: energy infrastructure tops the sector rankings for the 2nd successive

00:10:03 --> 00:10:05: year and this sector covers a wide range of real

00:10:05 --> 00:10:09: assets such as solar, wind, battery storage and electric transport

00:10:09 --> 00:10:13: infrastructure. As well as partly reflecting the energy crisis is  
00:10:13 --> 00:10:16: top banking also as part of a wider longer term  
00:10:16 --> 00:10:20: trend in which investors are rebalancing holdings away from  
mainstream  
00:10:20 --> 00:10:23: real estate alternative sectors that will benefit from the mega.  
00:10:24 --> 00:10:27: Been such a demographics, climate change and technology.  
00:10:28 --> 00:10:30: Various forms of housing dominate the top 10 picks, as  
00:10:30 --> 00:10:34: they have done for several years, despite increased  
concerns over  
00:10:34 --> 00:10:36: political risk in the sector. And on a broad level,  
00:10:36 --> 00:10:40: there's an acceptance that the balance between residential  
supply and  
00:10:40 --> 00:10:43: demand in European markets has not changed in the past  
00:10:43 --> 00:10:45: year, and it's unlikely to change anytime soon.  
00:10:46 --> 00:10:50: Despite the overall uncertainty about the near future, the  
interviews  
00:10:50 --> 00:10:54: and roundtables reflect differing views across sectors,  
specialisms and geographies.  
00:10:54 --> 00:10:57: Although last years safe having sectors such as logistics are  
00:10:57 --> 00:11:01: certainly challenged by the macro economic environment, the  
pure logistics  
00:11:01 --> 00:11:04: specialists remain more buoyant than most of their  
counterparts in  
00:11:04 --> 00:11:05: other sectors.  
00:11:06 --> 00:11:09: The office sector has continued to be the most discussed  
00:11:09 --> 00:11:12: and polarised sector and uncertainty around the future of  
office  
00:11:12 --> 00:11:15: utilization keeps the sector near the bottom again this year.  
00:11:16 --> 00:11:17: Next slide, please.  
00:11:20 --> 00:11:23: Here, the top ten cities ranked by overall investment and  
00:11:23 --> 00:11:27: development prospects for 2023 prospects for all 36 cities  
covered  
00:11:27 --> 00:11:32: by emerging trends. Europe has deteriorated since last  
year's report.  
00:11:32 --> 00:11:36: Customary safe havens in Germany such as Berlin,  
Frankfurt, Munich  
00:11:36 --> 00:11:40: and Hamburg do not enjoy the same steady positive  
sentiment  
00:11:40 --> 00:11:44: as in previous years, reflecting the potential impact of  
inflation  
00:11:44 --> 00:11:48: on Europe's largest economy and its dependency on Russian  
gas.  
00:11:49 --> 00:11:52: Berlin has slipped one place down the rankings this year  
00:11:52 --> 00:11:55: and, and like most German cities, has registered one of  
00:11:55 --> 00:11:58: the larger reductions in schools across Europe. But the city

00:11:58 --> 00:12:01: still attracts the enthusiasm of many market players and stands

00:12:01 --> 00:12:04: out from other German cities covered in the survey.

00:12:05 --> 00:12:08: And for that second successive year, London remains the most

00:12:08 --> 00:12:12: favoured city in Europe, which overall prospects, especially for office

00:12:13 --> 00:12:16: and artistic and the depth of London's investment market, reflects

00:12:17 --> 00:12:20: the extent of its broader metropolitan area, something that's only

00:12:20 --> 00:12:24: rivaled in in Europe by Paris, which takes over second

00:12:24 --> 00:12:25: place from Berlin this year.

00:12:26 --> 00:12:31: In this evolving, evolving environment, national and international transport connectivities

00:12:31 --> 00:12:34: also seen as a key influence, a feature where Paris

00:12:34 --> 00:12:38: is again prominent and is particularly relevant for for those

00:12:38 --> 00:12:41: cities that have risen up the rankings this year, such

00:12:41 --> 00:12:43: as Madrid, Lisbon and Copenhagen.

00:12:44 --> 00:12:47: It was one of the fastest growing cities in Europe.

00:12:47 --> 00:12:50: Madrid rises this year from 6th to 4th place. 4th

00:12:50 --> 00:12:54: place where urbanization is continuing apace, are seemingly unaffected by

00:12:54 --> 00:12:58: the pandemic and and potentially due to inward immigration from

00:12:58 --> 00:13:00: elsewhere in Spain and overseas.

00:13:02 --> 00:13:03: Next slide, please.

00:13:07 --> 00:13:10: So caught up in a a whirlwind of long-term upheavals

00:13:10 --> 00:13:14: and demographics, climate change, technology and lifestyles, real estate faces

00:13:14 --> 00:13:17: a major challenge to be fit for purpose, which was

00:13:17 --> 00:13:21: a core topic explored in this year's research that the

00:13:21 --> 00:13:24: threat of obsolescence over the next five years continues to

00:13:24 --> 00:13:28: be concerned. Nearly half of respondents. And there's also a

00:13:28 --> 00:13:31: strong view that places need to be more flexible

00:13:31 --> 00:13:35: to cope with more rapidly changing occupational demands, and this

00:13:35 --> 00:13:37: is reflected in the emphasis on repurposing.

00:13:37 --> 00:13:39: Mixed-use in the survey responses.

00:13:40 --> 00:13:44: The survey shows that repurposing existing stock from 1 sector

00:13:44 --> 00:13:48: to another. It's clearly on an upward trend, with 54%

00:13:48 --> 00:13:52: of respondents repurposing more assets in their portfolio compared to

00:13:52 --> 00:13:56: previous years. Likewise, more than 3/4 expect to be

repurposing  
00:13:56 --> 00:13:59: still more assets in five years time, again up from  
00:13:59 --> 00:14:01: last year's survey.  
00:14:02 --> 00:14:04: And as the chart here shows, for office and retail  
00:14:05 --> 00:14:09: assets, the two sectors facing the most obvious structural  
challenges  
00:14:09 --> 00:14:13: repurposing to mixed-use real estate is the activity that  
participants  
00:14:13 --> 00:14:16: expect to increase most over the next three to five  
00:14:16 --> 00:14:16: years.  
00:14:18 --> 00:14:21: As a survey makes clear, the motive is not just  
00:14:21 --> 00:14:24: about dealing with the threat of obsolescence. Nearly 2/3 of  
00:14:24 --> 00:14:29: respondents believe repurposing or retrofitting and existing  
building is the  
00:14:29 --> 00:14:32: most attractive way to acquire prime assets. That's a similar  
00:14:32 --> 00:14:35: theme in many ways to the the flight to quality  
00:14:35 --> 00:14:38: theme, which has been a frequent reference in the  
interviews.  
00:14:39 --> 00:14:40: Next slide, please.  
00:14:44 --> 00:14:47: As mentioned, new energy infrastructures top ranking reflects  
a trend  
00:14:47 --> 00:14:51: in which traditional real estate is looking towards sectors that  
00:14:51 --> 00:14:56: occupy that overlapping space between energy transition,  
transport, logistics sectors  
00:14:56 --> 00:14:59: and real estate. A once in a generation value shift  
00:14:59 --> 00:15:02: from transport and energy value into real estate as I've  
00:15:02 --> 00:15:05: heard it described. There's also a clear example of of  
00:15:05 --> 00:15:08: the real estate sector starting to apply its core skills  
00:15:08 --> 00:15:12: and capital to deliver products that deliver tangible benefits  
from  
00:15:12 --> 00:15:15: an ESG perspective and for over 90% of respondents.  
00:15:15 --> 00:15:20: Running an environmentally and socially sustainable  
business is the most  
00:15:20 --> 00:15:23: important factor for a successful organization over the next  
20  
00:15:23 --> 00:15:27: years. And in addition, just under 90% of respondents  
highlighted  
00:15:27 --> 00:15:31: the importance of creating social impact alongside financial  
return over  
00:15:31 --> 00:15:32: the next 20 years.  
00:15:33 --> 00:15:37: The chart shown here highlights that the ESG agenda,  
climate  
00:15:37 --> 00:15:41: change and decarbonisation all feature in the top five  
expected  
00:15:41 --> 00:15:44: drivers of change for real estate over the next 20



00:15:44 --> 00:15:49: years, alongside technology and the changing demands of customers.

00:15:49 --> 00:15:50: Next slide, please.

00:15:53 --> 00:15:56: So to conclude, real estate parties have always been in a state of constant state of evolution and and how

00:15:56 --> 00:15:59: the property world fully and satisfactorily aligns future profits with

00:15:59 --> 00:16:04: a wider social objective is is clearly still in transition

00:16:04 --> 00:16:07: with values already falling. The coming year could be a

00:16:07 --> 00:16:10: great buying opportunity for investors to enter into new

00:16:10 --> 00:16:14: emerging

00:16:14 --> 00:16:18: sectors, investing in sectors they're under allocated to or to

00:16:18 --> 00:16:22: embark on developing new transition strategies for fast changing market.

00:16:23 --> 00:16:26: Right now, this is perhaps more theory than practice, and

00:16:26 --> 00:16:29: most interviews are are experiencing the sort of market logjam

00:16:29 --> 00:16:32: that occurs at all times of economic uncertainty, when buyers

00:16:32 --> 00:16:35: and sellers can't agree on the price of assets.

00:16:36 --> 00:16:39: The potential for distress has been a great topic of

00:16:39 --> 00:16:43: debate among both investors and lenders interviewed for this year's

00:16:43 --> 00:16:46: report, and the consensus view seems to be that the

00:16:46 --> 00:16:49: level of distress is unlikely to reach the proportions of

00:16:49 --> 00:16:53: the GFC because of those lower leverages, lower leverage levels.

00:16:54 --> 00:16:57: I set out in Chapter 7 of this year's report,

00:16:57 --> 00:17:00: which again, I'd urge you to read. The industry's move

00:17:00 --> 00:17:04: towards new products and a form of responsible capitalism over

00:17:04 --> 00:17:06: the next 20 years is driven by many factors, but

00:17:06 --> 00:17:09: above all by the climate crisis. It is the one

00:17:09 --> 00:17:13: trend that has only gained in prominence and relevance throughout

00:17:13 --> 00:17:17: emerging trends, Europe's 20 year history, connecting both the past,

00:17:17 --> 00:17:19: the present and the future.

00:17:20 --> 00:17:23: And with that, I'll hand over to Simon for to

00:17:23 --> 00:17:24: introduce the the panel.

00:17:32 --> 00:17:36: Thanks, Gareth. Umm, that's a great summary of of once

00:17:36 --> 00:17:39: again, what is an excellent UI report. And good afternoon

00:17:39 --> 00:17:43: everybody. Welcome to the interactive panel session and the sessions

00:17:43 --> 00:17:46: program to run for the next 40 minutes or so.

00:17:46 --> 00:17:49: So we'll look to finish up at about 1:30 UK

00:17:49 --> 00:17:52: time. My name's Simon Martin. I'm going to moderate the  
00:17:52 --> 00:17:55: session today and joined today by some faces that will  
00:17:55 --> 00:17:58: be very familiar to many of you, if not all  
00:17:58 --> 00:18:01: of you with me today. We've got Natalie Charles from  
00:18:01 --> 00:18:02: BNP Asim, I'll.  
00:18:02 --> 00:18:06: Follow me from Berlin hip Yogan thank from Primordial and  
00:18:06 --> 00:18:08: Lisette is joining us for the panel as well.  
00:18:10 --> 00:18:12: If you could all switch your cameras on guys that  
00:18:12 --> 00:18:15: would be fantastic. I'd remind you all as audience members  
00:18:15 --> 00:18:18: that you can pose questions to the panel as we  
00:18:18 --> 00:18:21: proceed using the Q&A function and that the set highlighted  
00:18:21 --> 00:18:23: earlier on those will come into me and I'll try  
00:18:23 --> 00:18:25: and sell to them in to the debate as we  
00:18:25 --> 00:18:28: go along through the the various subjects we've got on  
00:18:28 --> 00:18:29: the on the Charter today.  
00:18:30 --> 00:18:33: I thought I'd kind of kick off by by asking  
00:18:33 --> 00:18:35: some posing some questions of my own.  
00:18:37 --> 00:18:39: You know, one of the things I was sort of  
00:18:39 --> 00:18:42: reflecting on as a consequence of sort of looking at  
00:18:42 --> 00:18:45: all the results of the report and reading through kind  
00:18:45 --> 00:18:49: of the findings was that, you know, the contrast between,  
00:18:49 --> 00:18:52: you know, when the survey was originally filled in back  
00:18:52 --> 00:18:54: in, I guess the late summer and and in early  
00:18:54 --> 00:18:57: September. And the world that we sit in today, you  
00:18:57 --> 00:19:00: know, there's been a lot of volatility and uncertainty in  
00:19:00 --> 00:19:03: Europe since the end of the summer break.  
00:19:04 --> 00:19:06: In the survey at the end of the summer, I  
00:19:06 --> 00:19:10: think 51% of the respondents thought they'd be investing  
00:19:10 --> 00:19:13: more  
00:19:13 --> 00:19:16: capital into the market in 2023. And I'm wondering if  
00:19:16 --> 00:19:19: if that's changed then have the events of the last  
00:19:19 --> 00:19:22: couple of months changed how you guys are panelists do  
00:19:22 --> 00:19:24: the investment opportunity. So I love all of your views  
00:19:24 --> 00:19:27: but I thought I'd start with Natalie, see if you  
00:19:27 --> 00:19:30: know if you could kick us off, have you shifted  
00:19:30 --> 00:19:33: your view of the investment opportunity and and what you'd  
00:19:33 --> 00:19:35: like to do in 2023 since the summer break and  
00:19:35 --> 00:19:36: it would be great to understand if you have how.  
00:19:36 --> 00:19:37: They might have changed that.  
00:19:37 --> 00:19:41: Thank you, Simon for starting with me and good afternoon,  
00:19:41 --> 00:19:45: everybody. The answer is simple. No, we have not shifted  
00:19:45 --> 00:19:47: because we were already.

**00:19:49 --> 00:19:53:** Very cautious with the idea that there are a lot  
**00:19:53 --> 00:19:57:** of things we can't predict at all. So we just  
**00:19:57 --> 00:20:00:** need to be humble, to be agile, to work with  
**00:20:00 --> 00:20:04:** our sleeves and to work hard on the performance of  
**00:20:05 --> 00:20:09:** the assets we manage and the portfolio we manage in  
**00:20:09 --> 00:20:15:** general. Of course, the general environment is obviously  
more pessimistic  
**00:20:15 --> 00:20:18:** today than it was two months ago, but.  
**00:20:20 --> 00:20:24:** In terms of mid to long term strategy, I don't  
**00:20:24 --> 00:20:27:** see a change. I see a change in the short  
**00:20:27 --> 00:20:29:** term but not in the mid to long term and  
**00:20:30 --> 00:20:33:** as we are mid to long term player this has.  
**00:20:33 --> 00:20:37:** No significant influence to our general strategy.  
**00:20:38 --> 00:20:41:** Thanks. I mean yergen have have you changed your view  
**00:20:41 --> 00:20:45:** was your were you similarly sort of pessimistic going into  
**00:20:45 --> 00:20:47:** the summer or or are you a little bit more  
**00:20:47 --> 00:20:48:** optimistic about 2023?  
**00:20:50 --> 00:20:54:** No, I, I, I would, I would actually, I'm close  
**00:20:54 --> 00:20:59:** to repeat what Natalie said because it applies to us  
**00:20:59 --> 00:21:03:** as well. But I'm not saying it again. I'm, I'm,  
**00:21:03 --> 00:21:08:** I'm certainly more more pessimistic for 2023. I would be  
**00:21:08 --> 00:21:14:** surprised to hear people being different. The environment is  
as  
**00:21:14 --> 00:21:19:** it is. We are. We are clearly waiting for opportunities.  
**00:21:20 --> 00:21:24:** We have capital that allows us to take advantage of  
**00:21:24 --> 00:21:29:** opportunities. Right now the market is still in the process  
**00:21:29 --> 00:21:35:** of getting repriced. It's it's happening slowly actually too  
slowly  
**00:21:35 --> 00:21:39:** but steadily and and we will, we will, we will  
**00:21:39 --> 00:21:42:** be there when we when we see the the right  
**00:21:42 --> 00:21:43:** environment.  
**00:21:45 --> 00:21:47:** Especially in terms of yields.  
**00:21:48 --> 00:21:51:** Right. And I mean, I think it'd be interesting I  
**00:21:51 --> 00:21:53:** think to to sort of contrast that with the way  
**00:21:53 --> 00:21:57:** in which the banking markets, looking at the current  
environment,  
**00:21:57 --> 00:22:01:** have you guys changed the way that you're thinking about  
**00:22:01 --> 00:22:04:** risk appetite about what you're prepared to to lend into  
**00:22:04 --> 00:22:07:** or again are you stepping back being a little bit  
**00:22:07 --> 00:22:09:** more circumspect and being more patient?  
**00:22:11 --> 00:22:16:** Yeah, I think we haven't fundamentally changed our view  
how  
**00:22:16 --> 00:22:19:** we see the market, but we we do recalibrate risk

00:22:19 --> 00:22:20: parameters.

00:22:22 --> 00:22:25: And I think it is induced by by several factors.

00:22:26 --> 00:22:31: One, for once the uncertainty as as everybody already mentioned,

00:22:31 --> 00:22:35: the uncertainty also leads banks to be more cautious and

00:22:35 --> 00:22:40: to see where where is the value discussion going. Secondly,

00:22:40 --> 00:22:45: the value discussion will always also result into a consumption

00:22:45 --> 00:22:49: of risk weighted assets. So that mechanically will lead to

00:22:49 --> 00:22:52: A to a decrease in appetite of of.

00:22:52 --> 00:22:56: Of of lenders practically speaking. And all this will be

00:22:56 --> 00:23:00: amplified also by an increasing importance of EG we'll come

00:23:00 --> 00:23:04: together that later on I know but but ESG will

00:23:04 --> 00:23:07: will be a factor in that discussion to to.

00:23:08 --> 00:23:12: Whether not lenders will still be who have the same

00:23:12 --> 00:23:16: appetite so in a in A to put it shortly

00:23:16 --> 00:23:21: the risk appetite will of blenders will decrease will go

00:23:21 --> 00:23:26: down and and thus lending or bank financing will become

00:23:26 --> 00:23:31: more expensive that's my my view first talking for for

00:23:32 --> 00:23:36: speaking for Biden hip we we are not in any

00:23:36 --> 00:23:37: way concerned for.

00:23:37 --> 00:23:41: 2023, but we will be probably a bit more selective

00:23:41 --> 00:23:43: than than before.

00:23:45 --> 00:23:47: And selective in terms of the range of different things

00:23:47 --> 00:23:50: you'll look at or just simply selective in terms of

00:23:50 --> 00:23:52: the the pricing that you're you're willing to kind of

00:23:52 --> 00:23:53: put on things?

00:23:54 --> 00:23:57: No selective in in in the the, the, the the

00:23:58 --> 00:24:02: risk that we will underwrite right there. So. So tactically

00:24:03 --> 00:24:07: speaking probably we'll we'll we'll be doing a bit less

00:24:07 --> 00:24:13: on the construction financing side practically speaking will be

00:24:13 --> 00:24:17: we

00:24:17 --> 00:24:21: stay as as a conservative as before on the retail

00:24:21 --> 00:24:24: side we will be selective. It'll be a very nuanced

00:24:24 --> 00:24:28: picture when it comes to offices.

00:24:28 --> 00:24:32: It would be a.

00:24:28 --> 00:24:32: Time when residential will be still be regarded as a

00:24:32 --> 00:24:36: as a safe haven, so to speak, and after a

00:24:36 --> 00:24:39: correction. Values are also logistics.

00:24:40 --> 00:24:42: But basically if I may jump in.

00:24:43 --> 00:24:47: So what you're saying is that banks will reduce capacity

00:24:47 --> 00:24:50: or will have reduced capacity for lending?

00:24:51 --> 00:24:51: Which?

00:24:52 --> 00:24:53: Yeah.

00:24:53 --> 00:24:53: As the good.

00:24:53 --> 00:24:56: News for the good news for alternative lenders.

00:24:57 --> 00:25:00: That that's true I think it is, I think it

00:25:00 --> 00:25:03: is. I mean you know how to works when when

00:25:04 --> 00:25:07: the macroeconomics go down the drain then we we have.

00:25:08 --> 00:25:12: Downgrades in in ratings and that will lead up risk

00:25:12 --> 00:25:16: weighted assets which will not be available for new business.

00:25:16 --> 00:25:19: So yeah I I think the the the balance sheets

00:25:19 --> 00:25:23: will be slightly diminished by by by the recession.

00:25:25 --> 00:25:27: I mean so focusing just on that, I mean that

00:25:27 --> 00:25:30: question is I think the alt lender community particularly are

00:25:30 --> 00:25:33: going to an interesting idea, right. I mean I I

00:25:33 --> 00:25:36: do people see there being significant momentum behind fundraising in

00:25:36 --> 00:25:39: that sector because it you know clearly if there is

00:25:39 --> 00:25:42: going to be an investment opportunity in that sector, an

00:25:42 --> 00:25:45: opportunity to allocate capital that that is clearly an area

00:25:45 --> 00:25:48: where you might start to see more fundraising activity, more

00:25:48 --> 00:25:51: institutional appetite for allocating capital into that space.

00:25:52 --> 00:25:55: It is. I mean, you just read, you just read

00:25:56 --> 00:25:59: every day that somebody is raising the debt fund. KKR

00:25:59 --> 00:26:00: is now.

00:26:01 --> 00:26:04: Has announced to to start in Europe others as well

00:26:04 --> 00:26:08: smaller ones I think it's and I don't know how

00:26:08 --> 00:26:12: successful they are in fundraising account comment on that.

00:26:12 --> 00:26:16: But

00:26:12 --> 00:26:16: I think that they they clearly see the opportunity of

00:26:16 --> 00:26:21: that potentially reduced capacity of banks as a potentially

00:26:21 --> 00:26:25: because

00:26:21 --> 00:26:25: it's not for certain but especially in conjunction with us

00:26:25 --> 00:26:29: and with what Asim said which is the reduced appetite

00:26:29 --> 00:26:29: because.

00:26:31 --> 00:26:35: I think you can probably say generally banks will will

00:26:35 --> 00:26:40: probably avoid more of the developments development

00:26:40 --> 00:26:44: loans. So that's

00:26:40 --> 00:26:44: a space where the alternative lenders and debt that funds

00:26:44 --> 00:26:50: clearly can play and including their potentially their yield

00:26:50 --> 00:26:52: requirements

00:26:50 --> 00:26:52: they have on that on that type.

00:26:52 --> 00:26:53: Of product.

00:26:54 --> 00:26:55: Absolutely.

00:26:55 --> 00:26:57: You'd be talking about things like, you know, the.

00:26:57 --> 00:27:01: Obviously development. Development, but you're also really talking about high

00:27:01 --> 00:27:04: LTV lending I guess as well in that space. You're

00:27:04 --> 00:27:07: also potentially talking about you know, financing transition assets where

00:27:07 --> 00:27:10: there are big research costs or big CapEx requirements.

00:27:11 --> 00:27:14: I think you know I think the whether it's big

00:27:14 --> 00:27:17: LTV I'm not sure if if you need to

00:27:18 --> 00:27:21: have a high LTV you can probably be successful as

00:27:22 --> 00:27:24: a as a debt lender if you if you go

00:27:24 --> 00:27:28: slightly above what the the traditional.

00:27:28 --> 00:27:31: Things are doing which is not necessarily high LTV, but

00:27:31 --> 00:27:35: I think there are a lot of opportunities that may

00:27:35 --> 00:27:38: come up in terms of refinancing recapitalization.

00:27:39 --> 00:27:43: Don't forget you know a lot of loans that have

00:27:43 --> 00:27:46: been made five years ago have been made at at

00:27:46 --> 00:27:50: basically a zero rate plus margin and now we have

00:27:50 --> 00:27:54: a three or three something rate plus margin. So there

00:27:54 --> 00:27:57: will be triggers in terms of LTV's and and debt

00:27:57 --> 00:28:01: service coverage that could be you know painful for for

00:28:02 --> 00:28:04: some and an opportunity for others.

00:28:06 --> 00:28:09: Mayor, may I may add maybe just to complete what

00:28:09 --> 00:28:12: I fully agree with argan, LTV's will not go up

00:28:12 --> 00:28:15: in a in a time where we haven't found the

00:28:15 --> 00:28:19: right value yet. So I think that's maybe for 2024

00:28:19 --> 00:28:23: when maybe somebody's picking up the Delta V thing again.

00:28:23 --> 00:28:27: But for the time being it's about what you're going

00:28:27 --> 00:28:30: to say it's about assets and that there are a

00:28:30 --> 00:28:34: bit alternative such as data Centers for example that that

00:28:35 --> 00:28:36: banks will maybe.

00:28:36 --> 00:28:39: Not have such a great appetite to to finance.

00:28:40 --> 00:28:41: Is that you had a comment I think.

00:28:42 --> 00:28:46: Yes, similar I think the deployment that you can raise,

00:28:46 --> 00:28:49: maybe you can raise the money for that funds, but

00:28:49 --> 00:28:53: deploying it is is subject to what you said earlier

00:28:53 --> 00:28:57: on the repricing. No, because the costs will go up

00:28:57 --> 00:29:01: probably for everyone and the financing cost and the independent

00:29:01 --> 00:29:04: of the of the the lending source, but you still

00:29:04 --> 00:29:07: need to be able to close the deal and if

00:29:07 --> 00:29:09: the market hasn't repriced.

00:29:10 --> 00:29:13: And the deal won't go through, no. And that's probably

00:29:13 --> 00:29:16: the the biggest point at the moment.

00:29:18 --> 00:29:20: Absolutely. So I mean we've talked a lot about the  
00:29:21 --> 00:29:23: market, market conditions a little ohh a little bit at  
00:29:23 --> 00:29:26: least we could probably spend the remainder of the next  
00:29:26 --> 00:29:28: 20 to 30 minutes talking about them. But there was  
00:29:28 --> 00:29:31: a couple of other things that we thought we should  
00:29:31 --> 00:29:33: pick up on in terms of the conversation and and  
00:29:33 --> 00:29:35: the report. The the second, the the sort of second  
00:29:35 --> 00:29:37: area that I wanted to just sort of touch on  
00:29:37 --> 00:29:40: very briefly was just to sort of ask you guys  
00:29:40 --> 00:29:42: whether or not you know, you thought that people's  
strategies  
00:29:43 --> 00:29:45: would evolve as a consequence of the market changing. So  
00:29:45 --> 00:29:46: for a long time you know?  
00:29:47 --> 00:29:49: If you look back at the prior reports and also  
00:29:49 --> 00:29:51: you sort of talk to people in the marketplace and  
00:29:51 --> 00:29:54: people have had a really strong preference for just a  
00:29:54 --> 00:29:57: handful of you know thematic strategies. I mean I've seen  
00:29:57 --> 00:29:59: asset highlighted it, residential has been a kind of a  
00:29:59 --> 00:30:02: a big thing with the logistics markets have been a  
00:30:02 --> 00:30:05: big thing for people to focus their effort and energy  
00:30:05 --> 00:30:07: on. And I was wondering if people felt that you  
00:30:07 --> 00:30:10: know the strategic biases that they had been applying to  
00:30:10 --> 00:30:12: last two or three years. So it's really big semantic  
00:30:12 --> 00:30:15: bets we're going to slip in the next 24 months  
00:30:15 --> 00:30:17: and we're going to go back to really trying to  
00:30:17 --> 00:30:17: find.  
00:30:17 --> 00:30:20: Great deals or distressed sellers, are we talking about a  
00:30:20 --> 00:30:23: different market environment where we we don't all have to  
00:30:23 --> 00:30:26: be completely somatic or or are we all going to  
00:30:26 --> 00:30:29: keep just smashing away at those, those keys thematic ideas  
00:30:29 --> 00:30:31: and keep doing all the same things for the next  
00:30:31 --> 00:30:33: 5 years? I guess I could ask that to anyone  
00:30:33 --> 00:30:36: really, maybe start with yoga and then perhaps, Natalie, if  
00:30:36 --> 00:30:39: you could give us your view as well, that would  
00:30:39 --> 00:30:40: be really great.  
00:30:41 --> 00:30:42: But I do believe.  
00:30:44 --> 00:30:47: Yes, I do believe that there has been some shift  
00:30:47 --> 00:30:50: in, in terms of asset classes, but you just mentioned  
00:30:50 --> 00:30:54: logistics for example, which definitely in the last 3-4 years  
00:30:54 --> 00:30:57: was more or less replacing the Golden Age of retail  
00:30:58 --> 00:31:00: that was taking place 5 to 10 years ago. But  
00:31:00 --> 00:31:03: when you look in detail at what were the volumes

00:31:03 --> 00:31:07: in commercial real estate in general, you can see that  
00:31:07 --> 00:31:10: offices which were definitely not at the heart of the  
00:31:10 --> 00:31:14: conversation in the recent years, we're still more or less.  
00:31:14 --> 00:31:18: 50% of the volumes that were transacted. So I mean  
00:31:18 --> 00:31:23: I think we need to make differences between what is.  
00:31:24 --> 00:31:28: Popular in term of conversation and this was also the  
00:31:28 --> 00:31:32: asset classes that were were shown in the study, for  
00:31:32 --> 00:31:36: example like life science or or some other elements which  
00:31:36 --> 00:31:40: were highly ranked in the European 20 real estate study.  
00:31:40 --> 00:31:42: But what are the real volumes?  
00:31:43 --> 00:31:46: Overall in Europe and finally, yes, there has been a  
00:31:47 --> 00:31:50: shift between retail and logistics. This one is true in  
00:31:50 --> 00:31:53: the last few years. But life science for example remains  
00:31:53 --> 00:31:56: the sector where a lot of people have said I  
00:31:56 --> 00:31:59: want to go in this sector because I believe in  
00:31:59 --> 00:32:03: it and we're practically speaking the market has not really  
00:32:03 --> 00:32:06: been there. There was, there were no products, it was  
00:32:06 --> 00:32:09: not easy except maybe a bit in the UK, but  
00:32:09 --> 00:32:12: overall in the euro zone very, very few transactions and  
00:32:12 --> 00:32:14: then if you look at.  
00:32:14 --> 00:32:19: Other alternative sectors, for example, you've seen a  
significant increase  
00:32:19 --> 00:32:23: into the healthcare sector, which is for example, one of  
00:32:23 --> 00:32:27: our favorites at the Imperium for an obvious reason, which  
00:32:27 --> 00:32:31: is that it is related to demographics, which doesn't depend  
00:32:31 --> 00:32:35: on macro trends demographic. The demography of the next  
20  
00:32:35 --> 00:32:38: years has already been there for 60 years in this  
00:32:38 --> 00:32:42: area. So it's quite solid and also easy to forecast.  
00:32:43 --> 00:32:47: But despite the increase of this sector in the last  
00:32:47 --> 00:32:50: two or three years, it's still less than 10% of  
00:32:50 --> 00:32:51: the overall market.  
00:32:52 --> 00:32:56: So I think it's very important to pay attention to  
00:32:56 --> 00:33:00: the reality of numbers and not only to talk sector  
00:33:00 --> 00:33:00: by sector.  
00:33:02 --> 00:33:05: Yogen, I mean obviously you guys have got sector biases  
00:33:05 --> 00:33:07: in what you do, but are you in the same  
00:33:07 --> 00:33:09: place, is it, is it more about the reality of  
00:33:09 --> 00:33:11: the market opportunity and less about the the sort of  
00:33:11 --> 00:33:14: sector schematics for the for the foreseeable future?  
00:33:15 --> 00:33:18: Yeah, I mean we, we we continue to focus on  
00:33:18 --> 00:33:22: thematic teams. We are conviction based. We are clearly  
looking



00:33:22 --> 00:33:26: at you know demographic and EG topics in real state  
00:33:26 --> 00:33:30: that doesn't reduce things to one or two asset class.  
00:33:30 --> 00:33:34: But you know Healthcare is vicodins coincidence. Also one of  
00:33:34 --> 00:33:37: our favorite asset classes which by the way wasn't an  
00:33:37 --> 00:33:41: asset class two or three years ago and this is  
00:33:41 --> 00:33:44: also important to say that you know that the shift  
00:33:44 --> 00:33:45: of capital.  
00:33:46 --> 00:33:49: A little bit away from office into other asset classes  
00:33:49 --> 00:33:54: have suddenly given the other asset classes more more  
importance  
00:33:54 --> 00:33:58: and have become more institutional. Having said that, you  
know,  
00:33:58 --> 00:34:03: like Natalie said, doesn't mean that there's suddenly more  
product  
00:34:03 --> 00:34:04: and it has led to.  
00:34:05 --> 00:34:09: To to shift and keep rates and so now on  
00:34:09 --> 00:34:12: the other side you know I'm, I'm always.  
00:34:13 --> 00:34:18: Taking these ahead of opportunity of opportunities, there will  
be  
00:34:18 --> 00:34:19: a lot of.  
00:34:19 --> 00:34:24: People out there, the more opportunistic and more short term  
00:34:24 --> 00:34:28: investors that will be looking for distress and yields just  
00:34:28 --> 00:34:32: without any specific teams, just the opportunity to make  
money  
00:34:32 --> 00:34:36: and this has always been the case in crisis and  
00:34:36 --> 00:34:39: it will be again the case is this this time  
00:34:39 --> 00:34:42: and overall, you know overall for me the clear point  
00:34:43 --> 00:34:46: is that whoever has capital will be on the winning  
00:34:46 --> 00:34:46: side.  
00:34:48 --> 00:34:49: Agreed. You're gonna?  
00:34:50 --> 00:34:53: That's a great point actually and I wanna come, I  
00:34:53 --> 00:34:55: wanna come on to capital raising because I think it's  
00:34:56 --> 00:34:59: an incredibly important one. And actually I'm gonna, I'm  
gonna  
00:34:59 --> 00:35:01: kind of go to Lisette here and put her on  
00:35:01 --> 00:35:03: the spot a little bit because you've just been in  
00:35:03 --> 00:35:06: the US, right, you literally just walked off the plane.  
00:35:06 --> 00:35:08: You know, we all obviously looked a little bit to  
00:35:08 --> 00:35:11: the US leadership and kind of when capital flows are  
00:35:11 --> 00:35:13: going to start moving over here on the opportunistic side,  
00:35:14 --> 00:35:15: what what is the US view?  
00:35:15 --> 00:35:16: Of.  
00:35:16 --> 00:35:19: Europe right now, one and two, do you think that

00:35:19 --> 00:35:21: is additive to capture?  
00:35:21 --> 00:35:23: Do you think that there is going to be any  
00:35:23 --> 00:35:25: interest from the US and coming over to Europe to  
00:35:25 --> 00:35:28: try and take advantage of some of you know what  
00:35:28 --> 00:35:30: the guys have been talking about in terms of potential  
00:35:30 --> 00:35:33: dislocation or changes in the market that might occur over  
00:35:33 --> 00:35:34: the next year or so?  
00:35:36 --> 00:35:39: I think for the short term, the US feels there's  
00:35:40 --> 00:35:43: more opportunities in the US than in Europe. Europe feels  
00:35:43 --> 00:35:47: very complicated at the moment with obviously the war  
energy  
00:35:48 --> 00:35:48: prices.  
00:35:49 --> 00:35:52: And if you well, what we know from tradition, slow  
00:35:52 --> 00:35:53: reactions, no.  
00:35:55 --> 00:36:00: He has responded much slower to very high inflation.  
00:36:02 --> 00:36:05: I think that's already what we heard in the survey  
00:36:05 --> 00:36:08: as well and that's also the the view still that.  
00:36:09 --> 00:36:12: For the time being, there's not a lot to do  
00:36:12 --> 00:36:16: and what we know also more generally is Americans tend  
00:36:16 --> 00:36:21: to come more for the more opportunistic value add  
opportunities  
00:36:21 --> 00:36:24: and while they may arise, they're not there yet and  
00:36:24 --> 00:36:27: we already mentioned that before so.  
00:36:28 --> 00:36:30: Knowing Americans, they will always be looking.  
00:36:31 --> 00:36:35: And and of course not the currency to forget which  
00:36:35 --> 00:36:39: is highly volatile at the moment and moving again in  
00:36:39 --> 00:36:43: the wrong direction only only today. So there's not a  
00:36:43 --> 00:36:47: lot to do for Americans in Europe at the moment  
00:36:47 --> 00:36:51: and I think they see they are concerned too. So  
00:36:51 --> 00:36:54: the general picture about the Americas is.  
00:36:55 --> 00:36:59: Probably not as as extreme and outspoken of what we  
00:36:59 --> 00:37:01: see here in terms of concerns.  
00:37:02 --> 00:37:05: So, but I think for now there there remain focus  
00:37:05 --> 00:37:09: on their home markets seeking the opportunities there.  
00:37:11 --> 00:37:13: I think it's what's interesting is obviously with treasury yields  
00:37:14 --> 00:37:14: as high as they are.  
00:37:16 --> 00:37:18: It makes it pretty hard to justify coming away from  
00:37:18 --> 00:37:21: your home market. I guess would probably be the the  
00:37:21 --> 00:37:23: response I've had from a number of our clients from  
00:37:23 --> 00:37:23: the US side.  
00:37:27 --> 00:37:29: OK. So what I wanted to do also was just  
00:37:29 --> 00:37:31: to rotate a little bit, we mentioned ESG a little  
00:37:31 --> 00:37:33: bit earlier on and and I think I might just

00:37:34 --> 00:37:36: stay with you lissette just on this just for a  
00:37:36 --> 00:37:38: second which is the's right up there is a major  
00:37:38 --> 00:37:41: consideration for most of the people clearly in this survey,  
00:37:41 --> 00:37:44: lots of focus on office. I I particularly liked one  
00:37:44 --> 00:37:47: of the quotes in the report which by 1 participant  
00:37:47 --> 00:37:50: which referenced the idea that his office portfolio which is  
00:37:50 --> 00:37:53: residential development pipeline. I guess again I was  
wondering in  
00:37:53 --> 00:37:56: in all the conversations that you're having with investors.  
00:37:57 --> 00:38:00: You know, given what we've seen in energy prices, is  
00:38:00 --> 00:38:04: there any sense that some of that energy efficient efficiency  
00:38:04 --> 00:38:07: push might be blunted by the reality of a more  
00:38:08 --> 00:38:12: challenging market around the the concerns over the supply  
of  
00:38:12 --> 00:38:14: capital it changes in risk appetite?  
00:38:15 --> 00:38:18: You know, particularly going into a tougher market, are  
people  
00:38:18 --> 00:38:21: still fully wedded to the idea of driving through that  
00:38:21 --> 00:38:25: energy efficiency approach in their portfolios? Do you see  
any  
00:38:25 --> 00:38:26: signs of wavering at all?  
00:38:28 --> 00:38:31: Well, not not on the verbal side. So if you  
00:38:31 --> 00:38:34: talk to people, there's no, no, no, we say we  
00:38:34 --> 00:38:35: remain Escobar.  
00:38:36 --> 00:38:40: Committed to ESD as we were before, but if you  
00:38:40 --> 00:38:43: then kind of try to dig a bit deeper and  
00:38:43 --> 00:38:48: talk about construction costs being very high financing, we  
already  
00:38:48 --> 00:38:49: spoke about it.  
00:38:50 --> 00:38:54: How do you see it working in practice um construction  
00:38:54 --> 00:38:58: companies that we still hear not willing to fix a  
00:38:58 --> 00:39:02: price. So basically you're writing a blank check to making  
00:39:02 --> 00:39:07: the regenerate during the regeneration and the upgrades and  
in  
00:39:07 --> 00:39:11: in a very uncertain time that's pretty hard also if  
00:39:11 --> 00:39:15: you have a refinancing coming up maybe in the next  
00:39:15 --> 00:39:18: year or two and may need equity before for our  
00:39:18 --> 00:39:20: LTV breach if your value.  
00:39:20 --> 00:39:24: Goes down. So I think in practice it's hard and  
00:39:24 --> 00:39:29: that's what we hear the the commitment is there, but  
00:39:29 --> 00:39:33: what we've heard is it may slow down within a  
00:39:33 --> 00:39:34: year or two.  
00:39:35 --> 00:39:39: If to make those regeneration interestingly what we didn't

hear

00:39:39 --> 00:39:43: about and what I think again we did most of

00:39:43 --> 00:39:44: the work over summer.

00:39:45 --> 00:39:51: And what we've seen since slightly appearing not very explicitly

00:39:51 --> 00:39:56: yet is, oh wait a minute, that tenant faces hugely

00:39:56 --> 00:40:01: increasing energy bills as well and more and more starts

00:40:01 --> 00:40:04: to look at total occupancy cost, so.

00:40:05 --> 00:40:09: What is not clear yet how one will outweigh the

00:40:09 --> 00:40:13: other. If your contract is about to end in the

00:40:13 --> 00:40:16: next year or two, you will really be probably be

00:40:16 --> 00:40:21: forced to do anything even to keep your rental income.

00:40:21 --> 00:40:24: So, and I'm not sure at the time we did

00:40:24 --> 00:40:29: the work that was already completely featured into the thinking

00:40:29 --> 00:40:33: and I think that starts to come through. We were

00:40:33 --> 00:40:35: running a project around.

00:40:35 --> 00:40:40: Be change, decarbonization of real estate have extensively spoken with

00:40:40 --> 00:40:44: occupiers over the last few months and that is really

00:40:44 --> 00:40:47: coming through, so maybe not even from the.

00:40:49 --> 00:40:53: Energy efficiency, we are alert a lot about attractiveness to

00:40:53 --> 00:40:56: talent where tenants want to move. Tenants are in a

00:40:56 --> 00:40:59: tough spot too, of course at the moment for their

00:40:59 --> 00:41:03: operational business, but even for cost reduction, they will be

00:41:03 --> 00:41:05: looking at these buildings.

00:41:05 --> 00:41:07: And this is and this is, I mean this goes

00:41:07 --> 00:41:09: to one of the actually I've just had one of

00:41:09 --> 00:41:11: the questions come through which is about you know, it's

00:41:11 --> 00:41:13: actually going to be quite a challenging time for tenants

00:41:13 --> 00:41:15: because a lot of them are getting index rents, right,

00:41:15 --> 00:41:16: so they're facing.

00:41:17 --> 00:41:20: Rising rental costs at the same time they're they're facing

00:41:20 --> 00:41:23: rising energy bills and on all of that squeezes margins

00:41:23 --> 00:41:27: pretty aggressively. So I think yeah your points your points

00:41:27 --> 00:41:30: well made it. It isn't perhaps wasn't completely in the

00:41:30 --> 00:41:33: survey when the survey was conducted but I I can't

00:41:33 --> 00:41:36: believe that in by the beginning of 2023 everybody won't

00:41:36 --> 00:41:39: be dealing with it this sort of twin pressure of

00:41:39 --> 00:41:42: of rising rental costs and also you know releasing of

00:41:42 --> 00:41:43: energy bills.

00:41:44 --> 00:41:47: Yeah, but maybe may I just had a remark. I

00:41:48 --> 00:41:52: think I, I, I understood the, I understand the

00:41:52 --> 00:41:56: pressure that the investors are under these days, but ESG  
00:41:57 --> 00:42:01: is also about protecting your capital values, right. So you  
00:42:02 --> 00:42:05: can either prepare for a LTV breach or you can  
00:42:05 --> 00:42:11: buy investing into the energetic capacities of your building  
can  
00:42:11 --> 00:42:13: also avoid the the LTV bridge.  
00:42:14 --> 00:42:16: That's, that's beautifully put us in.  
00:42:18 --> 00:42:21: I think we're all very conscious of the costs of  
00:42:21 --> 00:42:24: not investing in our assets and therefore the implications for  
00:42:24 --> 00:42:26: our health B's. But I think it's well put. I  
00:42:26 --> 00:42:29: mean ultimately I think that part of this also goes  
00:42:29 --> 00:42:31: to the idea of how to cap rate set in  
00:42:31 --> 00:42:33: the next five years that there is clearly a lot  
00:42:33 --> 00:42:36: of pressure on cap rates associated with rising interest rates.  
00:42:36 --> 00:42:39: I would I would proffer that perhaps some of the  
00:42:39 --> 00:42:41: assets that will be most resilient in those will be  
00:42:41 --> 00:42:44: the assets that have been most invested in for many  
00:42:44 --> 00:42:45: HG standpoint.  
00:42:46 --> 00:42:47: Yeah. And I think we will.  
00:42:47 --> 00:42:52: We will, we will see lenders making a strong point  
00:42:52 --> 00:42:56: in in in their selection of of preferring ESG compliant  
00:42:56 --> 00:42:57: assets.  
00:42:59 --> 00:43:00: Actually, sorry, you had a comment there.  
00:43:00 --> 00:43:03: Yeah, and I completely agree with what just was just  
00:43:03 --> 00:43:04: said by SM.  
00:43:06 --> 00:43:09: Looking precisely at this question for new investments is  
absolutely  
00:43:09 --> 00:43:12: mandatory now, and not only because of regulations.  
00:43:13 --> 00:43:17: On the other hand, I do believe that high energy  
00:43:17 --> 00:43:21: prices will accelerate energy savings. I mean, it is a  
00:43:21 --> 00:43:25: strong signal. It is super painful at the moment. It's  
00:43:25 --> 00:43:30: painful for investors, it's painful for tenants. Nobody has a  
00:43:30 --> 00:43:34: perfect or simple solution. So it requires a lot of  
00:43:34 --> 00:43:38: work, but it is a strong signal that will differentiate  
00:43:38 --> 00:43:40: good assets from average assets.  
00:43:42 --> 00:43:45: And and definitely the protection of value for investors is  
00:43:46 --> 00:43:48: absolutely key. So we are going to do more EG  
00:43:48 --> 00:43:52: in my view not only because of regulation or because  
00:43:52 --> 00:43:55: of convictions, but because of good common sense having  
the  
00:43:55 --> 00:43:59: right assets that will get the right tenants that can  
00:43:59 --> 00:44:02: afford the right trends and then do our job, protect  
00:44:02 --> 00:44:03: our investors value.

00:44:04 --> 00:44:08: And that's this, this just relates to another question that  
00:44:08 --> 00:44:11: just come in, but do you see yourself therefore really  
00:44:11 --> 00:44:14: pushing on the Green lease side of things, you know,  
00:44:14 --> 00:44:16: do you feel that you need to enshrine that also  
00:44:17 --> 00:44:19: in the tenants obligations to you as a landlord?  
00:44:21 --> 00:44:25: I mean the price signal will push the tenant to  
00:44:25 --> 00:44:28: look at those question whatever its list says.  
00:44:29 --> 00:44:33: At a certain point it's not about having more sophisticated  
00:44:33 --> 00:44:37: contracts. It's about again what I call good common sense,  
00:44:37 --> 00:44:40: which is just looking at your bills, you're looking at  
00:44:41 --> 00:44:44: your your cost and making choices which are not only  
00:44:44 --> 00:44:47: on a number of other criteria, but that on boards  
00:44:47 --> 00:44:50: this question of EG in general the one of energy  
00:44:51 --> 00:44:54: price in particular, the right of the, the one of  
00:44:54 --> 00:44:57: location the, the, the one of as well the development  
00:44:57 --> 00:45:00: around the S question and particularly.  
00:45:00 --> 00:45:04: Your place within the community and the territory you are  
00:45:04 --> 00:45:08: getting into. So yeah, I think the the more it  
00:45:08 --> 00:45:11: becomes sophisticated the more at the same time we need  
00:45:11 --> 00:45:15: to be super pragmatic in our relationship with students. And  
00:45:16 --> 00:45:19: I don't think it's about Greenlease's it's, it's about.  
00:45:20 --> 00:45:23: I mean fair and balanced business relationship.  
00:45:24 --> 00:45:27: I think just one question on, just one last one  
00:45:27 --> 00:45:30: on this CSG seems, I think it's an interesting one  
00:45:30 --> 00:45:33: is do you guys see yourselves also putting in covenants  
00:45:33 --> 00:45:36: and clauses associated with margin step downs for the right  
00:45:36 --> 00:45:39: kind of ESG behaviour or is that just a sort  
00:45:39 --> 00:45:41: of a step too far for you guys is, but  
00:45:41 --> 00:45:44: are you trying to actively encourage it in the economics  
00:45:44 --> 00:45:46: that you're placing into loans?  
00:45:46 --> 00:45:51: Absolutely. We, we, we, we introduced our, our the family  
00:45:51 --> 00:45:53: of green and social loans.  
00:45:54 --> 00:45:58: And and that implies that there's a penalty mechanism if  
00:45:58 --> 00:46:02: you don't comply with the with the greener anymore. So  
00:46:02 --> 00:46:05: yeah, yes, yes we do and we we've done that  
00:46:06 --> 00:46:09: on the refinancing side for a while. We were the  
00:46:09 --> 00:46:13: first lender to to issue a sustainability link link bond  
00:46:13 --> 00:46:16: and our green bonds we issued starting to to 16.  
00:46:17 --> 00:46:20: So yeah, yes, yes we we are going down this  
00:46:20 --> 00:46:21: in in this direction.  
00:46:22 --> 00:46:22: Very.  
00:46:22 --> 00:46:25: Clearly not. I can see you nodding there. You you

00:46:25 --> 00:46:27: seem to be in complete agreement that it was there  
00:46:27 --> 00:46:29: a comment there or is it just complete agreement?  
00:46:32 --> 00:46:33: My side clear agreement.  
00:46:34 --> 00:46:37: No, I was, I was I was nodding and smiling  
00:46:37 --> 00:46:40: because I don't. I think 18 months ago there was  
00:46:40 --> 00:46:43: the other way around you gotta you gotta premium when  
00:46:43 --> 00:46:47: you complied with some some SG measures now you get  
00:46:47 --> 00:46:50: you you you you you getting you getting a penalty  
00:46:50 --> 00:46:53: and it's right you know it's it's like it's like  
00:46:53 --> 00:46:55: educating children you.  
00:46:55 --> 00:46:57: Know you.  
00:46:57 --> 00:46:58: Have to use both sides.  
00:46:59 --> 00:47:00: How old are your children?  
00:47:01 --> 00:47:04: Yeah, my old enough to say that you.  
00:47:04 --> 00:47:07: Know adults so before because we've got about 5 minutes  
00:47:07 --> 00:47:09: left, I just wanted to very quickly talk a little  
00:47:09 --> 00:47:12: bit about cities. And I think it was interesting just  
00:47:12 --> 00:47:15: to note in the in the cities analysis, some of  
00:47:15 --> 00:47:18: the German cities who sort of dropped a little bit  
00:47:18 --> 00:47:21: down the the hierarchy, but they were safe havens at  
00:47:21 --> 00:47:24: a German cities no longer safe havens of something  
changed  
00:47:24 --> 00:47:27: in the marketplace that we should be thinking about.  
00:47:28 --> 00:47:32: Well, first of all, to to put this in perspective,  
00:47:32 --> 00:47:35: I'm based in Paris. I run a European platform and  
00:47:35 --> 00:47:38: I happen to, I happen to be German, so I'm  
00:47:38 --> 00:47:41: not defending Germany, but I think we have to be.  
00:47:41 --> 00:47:45: First of all, Berlin has lost one place, Hamburg and  
00:47:45 --> 00:47:49: Munich haven't lost any place, so they remain stable. Only  
00:47:49 --> 00:47:52: Frankfurt has lost three places, but all four are still  
00:47:53 --> 00:47:56: under the in the top eight. So that's still, I  
00:47:56 --> 00:47:57: would say, not bad.  
00:47:58 --> 00:48:02: But it is clear that the high dependency on, on,  
00:48:02 --> 00:48:06: on, on, on Russia for energy and as a result  
00:48:06 --> 00:48:10: and high energy cost and the prospective for difficult winter  
00:48:10 --> 00:48:15: and a relatively grim German economy sentiment has  
certainly led  
00:48:15 --> 00:48:19: that impact on on the ranking by all the the  
00:48:19 --> 00:48:23: people who participated in this, in this, in this session.  
00:48:24 --> 00:48:29: Nevertheless you know Germany has always had strong  
fundamentals.  
00:48:29 --> 00:48:33: And here we're talking about cities and not about Germany.  
00:48:33 --> 00:48:37: You know, unlike other countries, you know, Paris is very

00:48:37 --> 00:48:42: heavy, France, Germany has seven markets, significant real estate markets.

00:48:43 --> 00:48:46: So you have to look at the fundamentals and the  
00:48:46 --> 00:48:50: resilience of those cities and in my view there's still  
00:48:50 --> 00:48:51: strong.

00:48:51 --> 00:48:56: Berlin has it's, it's large, Munich has a super strong  
00:48:56 --> 00:48:59: economy and and Hamburg as well. So I I think  
00:48:59 --> 00:49:04: that the for me I'm not concerned about the midterm  
00:49:04 --> 00:49:05: outlook of Germany.

00:49:07 --> 00:49:10: Now I think on the short-term basis we will see  
00:49:10 --> 00:49:14: the same thing then every everywhere else. We will see  
00:49:14 --> 00:49:18: some distress, some opportunities, but it's still, you know whether  
00:49:18 --> 00:49:22: you call it safe haven or interesting markets, for me  
00:49:22 --> 00:49:27: it's really more part of interesting markets because safe nothing  
00:49:27 --> 00:49:29: is safe in real estate anyhow.

00:49:31 --> 00:49:34: I'm I'm hesitant to ask you because it you're Berlin  
00:49:34 --> 00:49:36: hit but I'm gonna ask you the same question is  
00:49:36 --> 00:49:38: do you guys see that see the do you see  
00:49:38 --> 00:49:41: the the you know the same pan in Germany that  
00:49:41 --> 00:49:43: that that that yogurt laid out.  
00:49:43 --> 00:49:44: Yeah.

00:49:44 --> 00:49:46: Yeah, I I obviously I will hold up the the  
00:49:46 --> 00:49:49: flag from Berlin and then then say Berlin is a  
00:49:49 --> 00:49:52: great city and great place to invest but we we  
00:49:52 --> 00:49:55: obviously also investing in in in other places. But I  
00:49:55 --> 00:49:58: I would fully agree with Yogins to I don't want  
00:49:58 --> 00:50:00: to repeat what you're going to say.

00:50:01 --> 00:50:03: Right and and one thing before we just sort of  
00:50:03 --> 00:50:06: move off cities. The other thing I was just going  
00:50:06 --> 00:50:08: to highlight and they said maybe if I come to  
00:50:08 --> 00:50:10: you and Natalie as well on on this one is  
00:50:10 --> 00:50:13: there's a couple of second tier cities that people would  
00:50:13 --> 00:50:16: historically have thought of as being kind of you know  
00:50:16 --> 00:50:19: obesity perhaps in a Lisburn jumps up the hierarchy.  
Copenhagen  
00:50:19 --> 00:50:21: has done well, Leon has shown up you know as  
00:50:21 --> 00:50:24: a as an improver. Anything particularly that you think is  
00:50:24 --> 00:50:26: driving that or or is it you know is it,  
00:50:26 --> 00:50:28: is it population, is it you know the the the  
00:50:28 --> 00:50:32: shifts that we've seen with working practices is there something.



00:50:32 --> 00:50:34: Knowing that you guys would identify as being informed.

00:50:35 --> 00:50:39: I believe that the first reason why those markets was

00:50:39 --> 00:50:43: more attractive is that the returns were still higher at

00:50:43 --> 00:50:46: the time of very low yields than the core cities.

00:50:46 --> 00:50:51: So offering opportunities and then some of those markets really

00:50:51 --> 00:50:55: expanded with more, more liquidity and more depth than they

00:50:55 --> 00:50:58: used to have 10 or 20 years ago. It will

00:50:58 --> 00:51:02: be interesting to see if this remains in the next

00:51:02 --> 00:51:04: three years or if it's vanishes a bit.

00:51:05 --> 00:51:09: With people being a little more cautious and coming back

00:51:09 --> 00:51:12: to what I would call call global cities, my conviction

00:51:13 --> 00:51:16: is that this should remain, but we don't know, so

00:51:16 --> 00:51:17: we'll see.

00:51:18 --> 00:51:22: I also think it resembles a trend we've already seen

00:51:22 --> 00:51:25: for a while, but which two seems to kind of

00:51:25 --> 00:51:29: scale up and it's more focused on livability and EST

00:51:29 --> 00:51:33: broader resilience I would say. And Copenhagen probably is a

00:51:33 --> 00:51:37: is a clear example of that where we've already seen

00:51:37 --> 00:51:41: international investors go in the last few years, but really

00:51:41 --> 00:51:44: came out really well from the pandemic as one of

00:51:44 --> 00:51:48: the few probably who managed it really well and.

00:51:48 --> 00:51:53: With the whole net zero strategy they've set for 2025,

00:51:53 --> 00:51:57: it has a very clear focus on livability and investors

00:51:57 --> 00:52:00: more and more recognize that.

00:52:01 --> 00:52:05: Fantastic. Thank you. Listen, I I think I'm, I'm running

00:52:05 --> 00:52:07: rapidly out of time. So I've got, I've got one

00:52:07 --> 00:52:10: last question that before we we close up today and

00:52:10 --> 00:52:12: we we go to the kind of final poll and

00:52:12 --> 00:52:16: it's sort of the \$1,000,000 question from my standpoint and

00:52:16 --> 00:52:19: let's just assume for a second that interest rates and

00:52:19 --> 00:52:22: inflation stay a bit elevated for the next few years.

00:52:23 --> 00:52:26: So we're in an environment where the European swap rate

00:52:26 --> 00:52:28: stays at somewhere close to 3%.

00:52:29 --> 00:52:31: So five years tops at 3%?

00:52:32 --> 00:52:36: I'm wondering what in that environment you guys think the,

00:52:36 --> 00:52:40: ah, truly core, really good quality core, high quality, free,

00:52:41 --> 00:52:41: certified.

00:52:42 --> 00:52:46: Great asset trades for in that environment what happens to

00:52:46 --> 00:52:49: pricing if rates get stuck at 3% so the five

00:52:49 --> 00:52:52: year swap. So if we could go around the room

00:52:52 --> 00:52:54: quickly and and then I can roll into the the

00:52:55 --> 00:52:58: final sets but actually I'll I'll start with you what  
00:52:58 --> 00:52:59: do you think? Great day.  
00:53:01 --> 00:53:04: Um, thank you for starting with me. I would say  
00:53:04 --> 00:53:07: between 4 and 4.5, meaning 100 to 150 bips of  
00:53:07 --> 00:53:08: risk premium.  
00:53:09 --> 00:53:10: Yeah, again.  
00:53:11 --> 00:53:12: 1 1/2.  
00:53:12 --> 00:53:14: 4 1/2 I see.  
00:53:15 --> 00:53:17: 4 to 4 1/2.  
00:53:19 --> 00:53:23: But expecting a a scarcity of taxonomy compliant assets on  
00:53:23 --> 00:53:26: the one hand and also expecting for some asset classes  
00:53:26 --> 00:53:30: also rental increases will which will be factored in to  
00:53:30 --> 00:53:32: decrease that that that that yield.  
00:53:37 --> 00:53:40: I feel not qualified to answer this.  
00:53:41 --> 00:53:44: Especially with already 3 answers, what else can I I  
00:53:44 --> 00:53:46: could have said 4 1/2?  
00:53:49 --> 00:53:51: Appears to be the magic the magic number OK.  
00:53:53 --> 00:53:56: We have absolutely hit our time limit. Now it's so  
00:53:56 --> 00:53:59: it's 126. So I'm conscious that we need to  
00:53:59 --> 00:54:02: wrap up at this point and I'd like to obviously  
00:54:02 --> 00:54:06: thank all of the panelists who joined me here today.  
00:54:07 --> 00:54:12: You will see a a feedback poll appear on your  
00:54:12 --> 00:54:18: screens. Please provide your feedback to the to the UI  
00:54:18 --> 00:54:20: and to PwC.  
00:54:21 --> 00:54:23: I know the UI wants to hear from you. It's  
00:54:23 --> 00:54:27: very keen to improve their webinars, make their seminarie  
better.  
00:54:27 --> 00:54:29: So please do respond. Why do you click your way  
00:54:29 --> 00:54:32: through that? I just wanted to thank you, I personally,  
00:54:32 --> 00:54:35: for allowing me and inviting me to moderate today, and  
00:54:35 --> 00:54:38: of course to thank all of the fantastic panelists we've  
00:54:38 --> 00:54:38: heard.  
00:54:38 --> 00:54:39: From.  
00:54:39 --> 00:54:42: Who've joined us and and showed their perspectives, of  
course.  
00:54:42 --> 00:54:44: There's a huge thank you from all of us in  
00:54:44 --> 00:54:46: the industry to the UL team, to the set, to  
00:54:46 --> 00:54:48: her her team, and to Garrett and PwC for the  
00:54:48 --> 00:54:51: work that goes into Emerging Trends survey in the report  
00:54:51 --> 00:54:52: itself.  
00:54:52 --> 00:54:56: You know clearly we should thank everybody who takes the  
00:54:56 --> 00:54:59: time to also fill in this report and contribute. It

**00:54:59 --> 00:55:03:** remains an incredibly important window on the wonderful world that

**00:55:03 --> 00:55:06:** we all Occupy and this year's report that's the 20th

**00:55:06 --> 00:55:09:** in this series is is as excellent as ever and

**00:55:09 --> 00:55:12:** thank you to to you and I for that PwC

**00:55:12 --> 00:55:15:** with that and the I think the questionnaire is is

**00:55:15 --> 00:55:19:** revolved through, I can certainly sign off. Thanks for joining

**00:55:19 --> 00:55:22:** us today. Have a great afternoon and we hope to

**00:55:22 --> 00:55:22:** see.

**00:55:22 --> 00:55:23:** Each other soon, I guess.

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