Webinar

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

Date: November 07, 2023

00:00:13 --> 00:00:17:	Hello and good afternoon.
00:00:17 --> 00:00:22:	Welcome to the launch of the 2024 ULIPWC Emerging Trends
00:00:22 --> 00:00:25:	in Real Estate Europe report launch.
00:00:25 --> 00:00:28:	I'm Simon Durkin, the Head of Real Estate Research and
00:00:29 --> 00:00:30:	Strategy at BlackRock.
00:00:30 --> 00:00:33:	And thank you to the ULI and PwC for inviting
00:00:33 --> 00:00:34:	me along today.
00:00:35 --> 00:00:39:	Look, this year's Emerging Trends in Real Estate report illustrates
00:00:39 --> 00:00:42:	it's a fairly anxious industry coming to terms with the
00:00:42 --> 00:00:46:	exceptional market conditions that we currently experience in Europe.
00:00:47 --> 00:00:51:	And while some lenders remain hopeful, a vast majority of
00:00:51 --> 00:00:55:	European real estate industry professionals are looking for that solid
00:00:55 --> 00:01:00:	footing as the combination of ESG requirements, geopolitical tensions and
00:01:00 --> 00:01:04:	high interest rates continue to disrupt the status quo in
00:01:04 --> 00:01:06:	this post COVID market.
00:01:07 --> 00:01:11:	Now I'm delighted to introduce Gareth Lewis from PwC, who
00:01:11 --> 00:01:16:	will get us started by taking us through this year's
00:01:16 --> 00:01:17:	emerging trends report.
00:01:18 --> 00:01:19:	Gareth, over to you.
00:01:23 --> 00:01:26:	Thank you, Simon, and good afternoon, everyone.
00:01:26 --> 00:01:29:	As Simon said, I'm Gareth Lewis, Director in the PwC
00:01:30 --> 00:01:33:	Real Estate Lead Advisory Practice, and I also lead.
00:01:34 --> 00:01:37:	For the firm's real estate research and thought leadership, and
00:01:37 --> 00:01:41:	that includes the emerging Trends in Real Estate report series,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

00:02:55 --> 00:02:56: in the last 18 months.

00:02:57 --> 00:03:01: Central bank interest rates throughout 2023 have left large parts

00:03:01 --> 00:03:05: of the industry in passive mode, and the survey and

00:03:05 --> 00:03:09: interviews were conducted before the crisis in Israel and Gaza,

00:03:09 --> 00:03:11: which started exactly 4 weeks ago.

00:03:11 --> 00:03:15: And that's clearly added to the geopolitical uncertainty out there.

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

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

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

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

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

00:05:20 --> 00:05:21: to return.
00:05:22 --> 00:05:23: Our next slide please.
00:05:26 --> 00:05:30: Now the top real estate specific concerns remain construction costs
00:05:30 --> 00:05:34: and resource availability by by some distance, although the proportion
00:05:34 --> 00:05:37: of respondents selecting these factors is down on last year's
00:05:37 --> 00:05:38: results.
00:05:38 --> 00:05:41: Perhaps not surprising for an issue that began with the
00:05:42 --> 00:05:44: onset of the pandemic and has now been a feature
00:05:44 --> 00:05:48: for for around four years, 2/3 of respondents reference market
00:05:48 --> 00:05:49: liquidity issues.
00:05:49 --> 00:05:51: And while this is the first time the question has
00:05:51 --> 00:05:53: been asked in the survey, the challenge was a really
00:05:53 --> 00:05:54: big.
00:05:54 --> 00:05:57: Talking point amongst amongst interviewees.
00:05:58 --> 00:05:59: Next slide please.
00:06:02 --> 00:06:06: So sharply slower economic growth, stubbornly high inflation and concern
00:06:06 --> 00:06:09: about how much higher interest rates will rise continue to
00:06:09 --> 00:06:12: cast a shadow over European real estate investment.
00:06:13 --> 00:06:15: This is on top of the ever present challenges of
00:06:15 --> 00:06:19: geopolitical volatility, increasing policy and regulate regulatory burdens.
00:06:20 --> 00:06:23: One interview summed up the magnitude of the situation by
00:06:23 --> 00:06:26: saying we're clearly going through another major transition in the
00:06:26 --> 00:06:29: capital markets on a scale probably only slightly smaller than
00:06:29 --> 00:06:31: the GFC and others described.
00:06:31 --> 00:06:35: A Poly crisis unfolding, and that unpleasant cocktail of issues
00:06:35 --> 00:06:40: has caused European real estate investment volumes to plummet and
00:06:40 --> 00:06:41: prices to fall.
00:06:41 --> 00:06:46: According to MSCI, only 119 billion of investment turnover was
00:06:46 --> 00:06:50: recorded across Europe during the first nine months of 2023.
00:06:50 --> 00:06:52: That's less than half the level for the same.
00:06:52 --> 00:06:56: In 2022 and the weakest activity in 13 years.
00:06:57 --> 00:07:01: Some 45% of respondents expect the availability of capital for
00:07:02 --> 00:07:07: debt refinancing all new investments to decrease against 28% expecting
00:07:07 --> 00:07:09: the number to increase.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

00:16:29 --> 00:16:33: could benefit from this market dislocation and find attractive investment
00:16:33 --> 00:16:34: opportunities.
00:16:34 --> 00:16:35: Thank you.
00:16:37 --> 00:16:37: Great.
00:16:37 --> 00:16:38: Thanks.
00:16:38 --> 00:16:38: Thanks.
00:16:38 --> 00:16:38: Anna.
00:16:40 --> 00:16:41: I completely agree with you.
00:16:41 --> 00:16:43: Humility is something that I think we all need to
00:16:43 --> 00:16:45: have a degree of as we as we deal with
00:16:45 --> 00:16:47: the uncertainty ahead of us, Clemens.
00:16:49 --> 00:16:49: Yeah.
00:16:49 --> 00:16:50: Thank you, Simon.
00:16:50 --> 00:16:53: Also I'm very happy to be here and my name
00:16:53 --> 00:16:54: is Clement Schaefer.
00:16:54 --> 00:16:58: I'm heading the real estate team in Europe and in
00:16:58 --> 00:17:02: APAC for DWS, we are roughly managing 40 billion of
00:17:02 --> 00:17:05: assets in these two regions combined and.
00:17:08 --> 00:17:09: You hear my voice is a little hoarse.
00:17:09 --> 00:17:12: So I I I really hope that that will hold
00:17:12 --> 00:17:13: until the end of this panel.
00:17:13 --> 00:17:18: But what I found astonishing when I looked at the
00:17:18 --> 00:17:23: survey results was really the the high impact, the current
00:17:23 --> 00:17:28: theme of interest rate hikes and inflation had also in
00:17:28 --> 00:17:30: the longer term.
00:17:30 --> 00:17:33: So there was a differentiation between the impact for the.
00:17:33 --> 00:17:38: You know 24/23/24 currently where we are and then forward-looking
00:17:38 --> 00:17:42: and I I think I have a quite different opinion.
00:17:43 --> 00:17:47: If the real estate industry isn't able to adjust in
00:17:47 --> 00:17:50: 23 and 24 to the higher for longer interest rate
00:17:50 --> 00:17:55: environment and to a more a slightly higher inflationary environment
00:17:55 --> 00:17:57: then we are pretty dead in the water.
00:17:58 --> 00:17:58: So.
00:17:58 --> 00:18:02: So we better get that right over the course of
00:18:02 --> 00:18:02: 24.
00:18:03 --> 00:18:06: And then actually a lot of things might be actually
00:18:06 --> 00:18:09: much more positive in 25 and going forward.
00:18:10 --> 00:18:14: So I personally think that concerns are overstated with with
00:18:14 --> 00:18:18: regard to 24 five and onwards with regard to interest
00:18:18 --> 00:18:23: rates and inflation interest in clearance and I understand the

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

00:20:37 --> 00:20:40: But if you then dig deeper and kind of go

00:20:40 --> 00:20:44: to what the interview feedback was, it's really not so

00:20:44 --> 00:20:48: positive and it's it's that marketing in a complete stencil.

00:20:49 --> 00:20:52: And to me that says almost there's a lot of

00:20:52 --> 00:20:56: wishful thinking around where everybody kind of keen to tap

00:20:56 --> 00:21:01: into the opportunity only looking externally like first interest rates

00:21:01 --> 00:21:05: need to stabilize even better if they decrease sort of.

00:21:06 --> 00:21:10: But accepting the current situation, I'm not sure it's already

00:21:10 --> 00:21:14: there if you look at the report, because there's a

00:21:14 --> 00:21:16: lot of looking elsewhere.

00:21:17 --> 00:21:20: For things to change before we can act again And

00:21:20 --> 00:21:24: the other thing I would say if you then look

00:21:24 --> 00:21:27: at as Iman Abella was also saying the the, the

00:21:28 --> 00:21:32: demand drivers, they are so strong for real estate, so

00:21:32 --> 00:21:33: much needs to happen.

00:21:34 --> 00:21:38: There are so much fundamental demand and so much opportunity,

00:21:38 --> 00:21:41: but kind of we seem to be sitting still for

00:21:41 --> 00:21:44: it to kind of arrive at the doorstep.

00:21:47 --> 00:21:47: Yeah.

00:21:47 --> 00:21:48: Yeah, absolutely.

00:21:48 --> 00:21:52: And I think it's maybe the confluence of these macro

00:21:52 --> 00:21:56: mega forces that we refer to them as or structural

00:21:56 --> 00:22:00: forces that is slightly complicating the the landscape somewhat.

00:22:02 --> 00:22:05: So just picking up on your pointless set around sort

00:22:05 --> 00:22:06: of demand and demand drivers.

00:22:06 --> 00:22:12: I mean the Occupy markets have been relatively resilient in

00:22:12 --> 00:22:13: this cycle.

00:22:15 --> 00:22:18: And I just wonder whether if there is an impending

00:22:18 --> 00:22:21: recession, I wonder whether this time it might be really

00:22:21 --> 00:22:25: quite different given that in the past central banks have

00:22:25 --> 00:22:28: always written to the support of economies in a recessionary

00:22:28 --> 00:22:31: period, whereas this time it's the central banks who are

00:22:31 --> 00:22:35: actually driving a recession, The slowdown, Clemens just telling to

00:22:35 --> 00:22:38: you, how do you think a recession might impact the

00:22:38 --> 00:22:41: robust occupied demand that we have been seeing?

00:22:43 --> 00:22:43: Yeah.

00:22:44 --> 00:22:47: Thank you for that question Simon and I, I think

00:22:47 --> 00:22:50: Germany, I'm sitting here currently in Frankfurt.

00:22:51 --> 00:22:53: Germany is currently in a recession.

00:22:54 --> 00:22:58: And the the main facts currently if you look in
00:22:58 --> 00:23:03: some figures is, is we had a reduction in in
00:23:03 --> 00:23:09: unemployment rate, a reduction in unemployment rate, we have rising
00:23:09 --> 00:23:11: tax revenues and.
00:23:11 --> 00:23:15: That that makes me quite positive actually, right.
00:23:15 --> 00:23:17: So technically we're in a recession, correct.
00:23:17 --> 00:23:20: But people are not losing their their jobs.
00:23:21 --> 00:23:25: That means, you know, there seems to not not be
00:23:25 --> 00:23:30: any mass layoffs which drive office occupancy further down.
00:23:31 --> 00:23:35: Let retail sales deteriorate and keeps the ability to hire,
00:23:35 --> 00:23:39: hire to pay higher residential rents, right and I could
00:23:39 --> 00:23:42: continue about the leisure of sectors and so forth.
00:23:43 --> 00:23:50: So overall I am I'm, I'm not so pessimistic.
00:23:50 --> 00:23:53: If there is a recession, it will be quite shallow
00:23:53 --> 00:23:57: and it will be more technical in nature and given
00:23:57 --> 00:23:58: the substantial.
00:23:59 --> 00:24:03: Reduction in development pipeline, we're in a completely different state
00:24:03 --> 00:24:06: of repair as compared to the global financial crisis, right.
00:24:06 --> 00:24:10: So we're deep recession hit an over building in virtually
00:24:10 --> 00:24:15: all sectors from Spanish Spanish residential to retail across Europe
00:24:15 --> 00:24:17: and office as well, right.
00:24:17 --> 00:24:22: So we're in completely different situation, very, very controlled completion
00:24:22 --> 00:24:24: rates over the previous years and.
00:24:25 --> 00:24:27: If a recession, then more a shallow 1, so I
00:24:28 --> 00:24:32: don't see the healthy economic situation, the occupational markets do
00:24:32 --> 00:24:34: it materially deteriorate?
00:24:35 --> 00:24:36: Yeah.
00:24:36 --> 00:24:37: It does feel very different this time.
00:24:37 --> 00:24:40: And to your point that moving into the GFC that's
00:24:41 --> 00:24:44: a supply demand dynamic was was very different with most
00:24:44 --> 00:24:48: markets being quite significantly overbuilt and it was a real,
00:24:48 --> 00:24:51: it was a real difference among well, how, how are
00:24:51 --> 00:24:52: you?
00:24:53 --> 00:24:56: Thinking about occupier markets, are you worried about recession?
00:25:00 --> 00:25:03: I I I wouldn't say worry that.
00:25:03 --> 00:25:07: I think, I think either a technical recession or a
00:25:07 --> 00:25:11: stagnation is already baked into the numbers.

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

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

00:29:55 --> 00:29:57:	order to accelerate that transition?
00:29:57 --> 00:30:00:	Because yeah, I was at your, I was at your
00:30:00 --> 00:30:04:	summit in in Copenhagen recently and although in real estate
00:30:04 --> 00:30:05:	we're making.
00:30:06 --> 00:30:08:	Phenomenal progress to decarbonize.
00:30:08 --> 00:30:12:	We're still way off track to achieve Net 0 by
00:30:12 --> 00:30:12:	2050.
00:30:15 --> 00:30:19:	I I unfortunately, I agree with that and actually officially
00:30:19 --> 00:30:22:	we're still in moving in the wrong direction.
00:30:22 --> 00:30:25:	We're not the only industry moving in the wrong direction,
00:30:25 --> 00:30:25:	but we are.
00:30:26 --> 00:30:30:	So everything that we're doing right now is not enough
00:30:30 --> 00:30:34:	to kind of really significantly reduce emissions.
00:30:37 --> 00:30:38:	A couple of things.
00:30:38 --> 00:30:41:	I think there's a real opportunity to look at decarbonisation
00:30:42 --> 00:30:45:	amidst those structural trends and what needs to happen with
00:30:45 --> 00:30:47:	our building stock.
00:30:47 --> 00:30:50:	Often when we look at it in isolation, we just
00:30:50 --> 00:30:54:	consider the costs and it's short term cost and not
00:30:54 --> 00:30:58:	really sure what the long term value of that is
00:30:58 --> 00:31:02:	that still we hear things about green premiums, brand discounts,
00:31:02 --> 00:31:03:	but it's still.
00:31:04 --> 00:31:08:	Very blurred with often being new buildings in the best
00:31:08 --> 00:31:08:	locations.
00:31:09 --> 00:31:13:	So what is exactly that's green element I think by
00:31:13 --> 00:31:19:	looking at it from the transformational perspective and then mixed-use
00:31:19 --> 00:31:24:	increasing density etcetera what we need in cities anyway it
00:31:24 --> 00:31:27:	becomes much easier to include it.
00:31:28 --> 00:31:31:	But I think it and it also goes for the
00:31:31 --> 00:31:32:	wider ESG is.
00:31:33 --> 00:31:36:	We need to look at it from an integral perspective,
00:31:37 --> 00:31:41:	just not looking at the E separately, the S separately,
00:31:41 --> 00:31:45:	because also we don't get the decarbonization right.
00:31:45 --> 00:31:49:	There's a big risk it will further increase the social
00:31:49 --> 00:31:51:	divide we already see in cities.
00:31:51 --> 00:31:55:	And therefore, I think it's really important to look at
00:31:55 --> 00:31:59:	what the costs are, what the potential benefits are, who
00:31:59 --> 00:32:02:	kind of where do those benefits.
00:32:02 --> 00:32:07:	Arrive and kind of share the bigger picture.
00:32:07 --> 00:32:11:	That sounds a bit fake probably and conceptual, but on

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

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

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

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

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

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

00:45:11 --> 00:45:12:	not.
00:45:12 --> 00:45:16:	And as I said the the interest rates and the
00:45:16 --> 00:45:21:	and the inflation, it's probably the work from home for
00:45:21 --> 00:45:26:	the office sector and that's where we think the impact
00:45:26 --> 00:45:31:	on the sector's probably the the biggest however it's it's
00:45:31 --> 00:45:32:	bifurcating right.
00:45:32 --> 00:45:37:	So, you know, certain office locations are the the winners
00:45:37 --> 00:45:39:	and others are the losers, right?
00:45:39 --> 00:45:40:	So.
00:45:41 --> 00:45:43:	I want to leave a little space for the others
00:45:44 --> 00:45:46:	if you if you intend to pass that question around
00:45:47 --> 00:45:49:	right I could go on for ages but but generally
00:45:49 --> 00:45:52:	speaking you know it's we're it's in a parallel shift
00:45:52 --> 00:45:56:	and the disruption is probably the the hardest in the
00:45:56 --> 00:45:58:	in the in the office sector on the niche I
00:45:58 --> 00:46:01:	would leave the niche sectors for my fellows here on
00:46:01 --> 00:46:02:	the on the pen.
00:46:03 --> 00:46:04:	Very thoughtful, Clemence.
00:46:04 --> 00:46:06:	Thanks Manuela.
00:46:07 --> 00:46:09:	So as you think about what sort of?
00:46:10 --> 00:46:13:	Balance diversified exposure might look like for for real estate
00:46:13 --> 00:46:16:	as you know the report is telling us that and
00:46:16 --> 00:46:18:	as it has done over the last the last few
00:46:18 --> 00:46:19:	years.
00:46:19 --> 00:46:22:	Now that you know the winning sectors are inverted common
00:46:22 --> 00:46:25:	as the alternative sectors and we won't debate whether they
00:46:25 --> 00:46:27:	should be called alternatives or not.
00:46:28 --> 00:46:33:	But has your view of balanced exposures fundamentally changed?
00:46:36 --> 00:46:37:	Yeah, I think.
00:46:40 --> 00:46:44:	I think if I look at our investment criteria pre
00:46:44 --> 00:46:49:	COVID, we were already very much focused on alternative residential
00:46:49 --> 00:46:53:	for example and all the subsets that you can find
00:46:53 --> 00:46:55:	that within that.
00:46:55 --> 00:46:59:	So I think in a way we believed into a
00:46:59 --> 00:47:04:	big a big component of what the alternatives were already
00:47:04 --> 00:47:07:	before COVID, I think.
00:47:08 --> 00:47:12:	I I think what has changed over the last 18
00:47:12 --> 00:47:16:	months is how you look at the capital structure of
00:47:16 --> 00:47:22:	your investments rather than asset classes and how fortunately speculative

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

00:49:47 --> 00:49:52: Often disguise the by structuring to try and pretend that
00:49:52 --> 00:49:56: the mark is still higher than what it really is.
00:49:57 --> 00:50:00: So in a way, if people are waiting on the
00:50:00 --> 00:50:04: side of the river for the opportunity of a lifetime,
00:50:04 --> 00:50:08: either it's not going to happen or someone will have
00:50:08 --> 00:50:10: matched it way up river.
00:50:11 --> 00:50:13: If we can, if we can be selective and in
00:50:13 --> 00:50:16: the market, there is already a world of attractive investment
00:50:16 --> 00:50:18: opportunity at the moment.
00:50:19 --> 00:50:19: Interesting.
00:50:19 --> 00:50:20: Thank you.
00:50:20 --> 00:50:23: Anna, just just sort of turning to you just as
00:50:23 --> 00:50:26: we, as you think about sort of capital markets and
00:50:26 --> 00:50:30: financing, yeah, how are you thinking about the evolution in
00:50:30 --> 00:50:32: the, in the debt, in the debt space?
00:50:33 --> 00:50:37: And the availability of finance, yes, we've been active in
00:50:37 --> 00:50:40: the Dead Space for, for the last 1218 months and
00:50:40 --> 00:50:43: and we see a lot of opportunities there.
00:50:44 --> 00:50:47: As I said this is a window of opportunity for
00:50:47 --> 00:50:52: different debt strategies and alternative lenders will will have a
00:50:52 --> 00:50:56: role to play in exactly what Emmanuel was saying recapitalizing
00:50:56 --> 00:51:01: and basically and ensuring that that portfolios stay healthy.
00:51:01 --> 00:51:05: So this is exactly one of our investment themes.
00:51:05 --> 00:51:08: At the same time I'm also the opinion that you
00:51:08 --> 00:51:12: know the, I'm not so negative about the office sector
00:51:12 --> 00:51:16: as such because if you look at fundamentals and occupiers
00:51:16 --> 00:51:20: market, it's still there and with the very limited construction
00:51:21 --> 00:51:24: activity there will be clearly a rental growth and and
00:51:24 --> 00:51:28: for sure for the best in class the space which
00:51:28 --> 00:51:31: has been already proven that the vacancy is very low.
00:51:31 --> 00:51:33: So this trend will continue.
00:51:33 --> 00:51:37: At the same time you know everybody speaks about alternative
00:51:37 --> 00:51:41: sectors, you know life science, medical centres, but again these
00:51:41 --> 00:51:45: are niche products so not all the investors can chase
00:51:45 --> 00:51:47: the same little niche sectors.
00:51:47 --> 00:51:50: There has to be some activity also in things like
00:51:50 --> 00:51:53: retail and in standard office and I'm sure smart investors
00:51:53 --> 00:51:57: will find the the the right structures and opportunities to
00:51:57 --> 00:51:58: enter in in those as well.

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

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

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

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