EPRA
EUROPEAN PUBLIC
REAL ESTATE ASSOCIATION

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NSI's post-COVID blueprint

HOMES AS HAVENS
Page 5

INTRODUCING THE GREEN DIVIDEND
Page 22

SHORT-TERM VOLATILITY IS OPPORTUNITY
Page 23

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As of November 2020

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Deutsche Bank
Ediston Property Investments
Empiric Student Property
EY
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Goldman Sachs International
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Primary Health Properties
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** Welcome to our newest members*

Working with and for our members

Real estate plays a critical role in all aspects of our everyday lives. Property companies serve businesses and the society by actively developing, managing, maintaining and improving the built environment; where we all live, work, shop and relax.

They also play a crucial part in providing retirement security to millions of people, by offering pension funds stable and highly competitive assets to invest in.

EPRA's mission is to promote, develop and represent the European public real estate sector. We achieve this through the provision of better information to investors and stakeholders, active involvement in the public and political debate, improvement of the general operating environment, promotion of best practices and the cohesion and strengthening of the industry.

Find out more about our activities on www.epra.com

Update from Dominique Moerenhout

The pandemic has prompted profound mutations in our work and life habits and, inevitably, some sectors have suffered more than others over the past few months. To that end, EPRA recently partnered with the European Council of Shopping Places to address the authorities with a joint statement requiring some support for the retail property sector regarding the second lockdown implemented all around Europe. Needless to say, no major winner will come out of this crisis, but I am confident that the States will hear our call for action and assist our sectors as best as possible. And I would like to take this opportunity to thank all our members for their continued support to enable EPRA to deliver on its key missions, despite these troubled times.

In this context of uncertainty and the raising concern to see the governments raising new taxes to cope with the large debts and deficits they have created to support their economy, EPRA recently released the results of its first-ever Total Tax Contribution study (TTC). The study revealed that the TTC in Europe is estimated to be more than EUR 4 billion, meaning that on average every REIT pays more than EUR 60 million in tax every year. As a whole, the study has gathered evidence-based data that for every EUR 100 of turnover, EUR 32.8 is turned into tax contribution. I invite you to read more about the condensed overview of the results in this edition.

On another note, EPRA events will remain virtual during the first half of 2021 and, hopefully, we will gradually return to normal life and in-person events over the year. We will host our 2021 Insight Events online: January 5, 2021, with London; January 7, 2021, with Brussels; January 14, 2021, with Germany; and January 19, 2021, with Paris to close the online roadshow.

We know how much you appreciate the networking opportunities the EPRA events offer and I cannot wait to welcome back our members at our next EPRA Annual Conference in Paris from September 21-23, 2021.

As usual, I would like to welcome our newest members: Argan, BMO Real Estate Investment, BMO Commercial Property Trust, Eften Capital, Executive Master Immobilier/St Louis Brussels, Galimmo, GTC, Selectirente and Tritax EuroBox REIT. •

In this issue

2 NSI's post-COVID blueprint
5 Homes as havens
8 Residential index snapshot
10 Residential in Europe: An EPRA research study
14 COVID-19: Economic fragmentation is the real danger
17 Green infrastructure and biodiversity
20 EPRA Virtual Conference 2020 write-up
22 Introducing the Green Dividend
23 Short-term volatility is opportunity
25 REITs' total tax contribution in Europe
26 Climate change: listed real estate is part of the solution
27 NAV changes mandatory for FY 2020
28 Global pension schemes performance and outlook
31 PropTech Europe Awards 2020
33 Index focus

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Moving from asset-first to customer-first: NSI's post-COVID blueprint

Glass House, Amsterdam

The outbreak of COVID-19 over the past year sent shockwaves through Europe and will likely continue to have a considerable impact on the economy in this new year. Many organisations have been forced to adjust their strategies and products to meet changing demands in order to weather the economic storm and, in some cases, simply so they can stay afloat.

One sector that has felt the force of the current crisis is the office sector. Lockdowns across Europe in the Spring saw a sudden shift to remote working and, even today with restrictions eased, many remain at home questioning when they will go back to their office or if they ever will.

Bernd Stahli, CEO of NSI NV, was sat speaking from his office in Amsterdam and remained optimistic about the prospects of the sector. With the Autumn holidays in full swing and four children back home, he admitted, "My kids aren't as enthusiastic about me running NSI as I am," with a wry smile.

This will strike a chord with working parents everywhere and is a stark reminder that there most certainly is a place for the office for most people, at least from time to time. It remains a space for productivity and collaboration, and sometimes focus, which cannot simply be replicated at home.

Stahli does not shy away from the reality that offices have been hit hard. "Of course it's been an incredibly tough few months," he says. However, he is equally quick to point out that "as long as you have the right office in the right place, the demand will still be there".

And when we consider the continued urbanisation that was taking place before the COVID-19 outbreak, this assessment that the right office will still be in demand does not feel too far off the mark. The next six months will not likely see the return to offices en masse, but, come the Spring, will five days working from home still have the same appeal?

"No," is Stahli's emphatic answer.

Instead, the balance between home and office working will centre around providing the right product in the right place, and this is very much the driving force behind NSI's business strategy. But what is the right product?

Stahli provides a simple answer in his native Dutch: "ontzorgen". It means 'unburden', and is an articulation of the reality that, for most, real estate is a means within which to do business. It is a hassle, and the best real estate businesses find ways to efficiently accommodate doing business in the least onerous way possible.

At NSI, this means shorter leases, catering for remote and office working and an increase in services such as tailored, flexible working spaces and serviced meeting rooms. "Businesses are not static most of the time," says Stahli. "They are usually either shrinking or growing, so locking a business into a long deal for a fixed space makes no sense. It isn't a good service."

And the current crisis appears only to have increased the appeal of this sort of offer, but it would be a mistake to think that the industry has not been working on this approach long before COVID-19. Many office providers have been developing flexible offerings within their business model over the last few years. In the case of NSI, its flexible full-service offer, HNK, is more than eight years old and remains a fantastic platform for testing new concepts and designs to improve the customer experience. It is a sort of R&D department that aims to push the boundaries of existing assets and alter the development of new ones.

New wooden office building

And this is good news, according to Stahli, as he explains that it is likely that we will now see greater pressure to adapt existing assets within office portfolios to ensure they can best cater to the needs of the occupants.

REGAINING FOCUS

Adapting existing assets to account for changing tenant requirements will present a challenge for the business, but Stahli is no stranger to change. Back when he joined NSI in 2016, the company had office, retail and residential assets in its portfolio, and it had 82 employees. Within a year and a half, Stahli had nearly halved the team and NSI had set out in a new direction to become the leading Dutch office player. So, what happened?

Stahli explains that when he arrived at NSI, he "came into a company that was top-down. Every decision was going through the CEO and CFO".

At the same time, he found an organisation that wasn't united by a single purpose. The portfolio was vast, yes. "But what made it unique? What was going to make people think of NSI first?" Stahli asked.

The answer was simple: the company needed focus. Focus both in its portfolio and its purpose as well as its staff.

In terms of the portfolio, "we decided to concentrate on one sector," Stahli jokes. "The world doesn't need another Dutch retail company." So, the decision was made to focus on offices.

Though there is some truth in Stahli's point; there is indeed a saturation of retail developers in the Netherlands. He goes on to explain it was a slightly more nuanced decision: "Our retail portfolio was complicated. We were operating in the high street, shopping centres, furniture malls, the lot."

The issue was that the variety of NSI's retail portfolio meant if it were to focus on one, it would still involve selling the majority of its portfolio, "so why not sell the lot," says Stahli.

The other contributing factor was talent. "The expertise within the company was overwhelmingly in the office sector," says Stahli. "We needed to ensure we utilised the brilliant resource that already existed in the company."

In terms of his staff, Stahli's goal has been to empower employees, ultimately allowing people the chance to make and take decisions, to grow and to make mistakes. "As CEO," he says, "I cannot be in control of everything. Trying to would be a mistake."

There are obvious practical business benefits to this philosophy. Through empowering employees to take greater responsibility, Stahli believes they are much better placed to make quick decisions. This is something that particularly important, Stahli stresses: "The real estate industry is constantly changing, it's not about slow processes anymore, but quick and agile decision making."

A FUTURE DRIVEN BY ESG AND INNOVATION

If Stahli knows that quick and agile decision making is important to the industry now, he is certain that the long-term future of real estate and of offices is anchored in Environmental, Social and Corporate Governance (ESG). As with all things at the moment, ESG efforts have been spurred on by the COVID-19 crisis in ways that could not have been foreseen, and it causes him to continue his learning curve every day.

"Every day I am asked about ventilation," he says. "Twelve months ago, nobody asked about ventilation, and now it is the first thing I get asked about whenever we meet a new or existing customer."

Ventilation is just one of the many ESG considerations for office developers, which Stahli feels is simply a hygiene factor for businesses. Everyone should be doing it and making sure it is done well. Back in 2017, NSI began working with GRESB, the ESG benchmark for real assets. An initial survey of the business scored 49 out of 100 in 2018.

Since 2017, NSI has been working tirelessly to improve in this area, and its dedication is clearly paying dividends, nearly doubling its 2018 result with a

Q-Port, Amsterdam

score of 88 in 2020 as well as moving from two stars to five in the space of a year. This is in addition to being awarded the EPRA Sustainability Best Practice Recommendations (sBPR) Most Improved Award in 2019, marking a quite incredible performance in this area over the last 12 months. Behind this improvement sits NSI's three sustainability priorities: Future Proof Buildings, Energy & Carbon and Health & Wellbeing.

And it is these priorities that are influencing how NSI now looks at future assets, with an assets ability to be developed and maintained sustainably being a primary concern.

Stahli does not shy away from the fact that it is not a cheap approach, but points out that "requirements will continue to change and of course anticipation is costly, but it will save you in the long term".

One development that feels like the embodiment of this anticipation is its new wooden office in Amsterdam, with a possible start date not earlier than H1 2022, followed by a built period of circa two years. Covering 22,000 m^2 and sitting at 86 m tall, it will be one of the tallest wooden offices in the world.

The office itself will be sustainably built using reusable materials, whilst considerable attention is being paid to factors such as the indoor climate as well as outdoor and open spaces to benefit the health and wellbeing of its occupants.

But this building is about so much more than just its environmental impact; it's a real piece of innovation. "We created an opportunity where no one else saw one," Stahli declares.

And he is right. The building is a truly flexible asset, designed as a state-of-the-art sustainable office with the ability to be transformed into something completely different. "Requirements are always changing. Today it is an office, but in a few years' time, it may need to be residential. We are trying to introduce the necessary flexibility upfront," Stahli continued.

This development will undoubtedly be a landmark achievement for NSI, though Stahli is not getting ahead of himself. "It's too early to be proud. When I see it standing, then there will be a reason to celebrate," Stahli says.

Although Stahli is keen not to pop the champagne too soon, the importance he is placing on sustainability should be celebrated. He clearly understands that the importance of ESG for businesses is going in one direction, and they have a responsibility to meet this demand.

Whether it is improving the flexibility of their offer, increasing the number of services they provide or ensuring their buildings have a minimal environmental impact while improving occupants' wellbeing, NSI's approach is the same: the customer comes first. At a time when many people are feeling burdened by the pressures of this crisis, Stahli's push for ontzorgen seems a welcome tonic. •

BERND STAHLI

Bernd Stahli works as CEO of NSI, and he has been leading the company since 2016. Prior to that, he worked as a Managing Director, Head of Europ an Real Estate at Kempen & Co Securities as of 2016 and, before that, as Head of European Real Estate Research at Merrill Lynch London for seven years.

Homes as havens: the impact of lockdown on the residential sector

Grainger's Solstice Apartment, Milton Keynes

As many parts of Europe entered a second lockdown in November 2020, the fundamental role of the home has been reinforced. In the words of Margaret Sweeney, CEO of Irish Residential, "Everyone's home has now become the epicentre of all their daily lives – family, work, school and study, leisure activities, fitness, etc. This has given everyone an opportunity to assess their living arrangements". The sentiment is not only echoed by Helen Gordon, CEO of UK-based Grainger, when she says that "homes have never been so important" but surely shared by nearly all of us.

The pandemic has brought the role that our homes play in our lives into sharp focus. As people reassess their living priorities – both during the pandemic and in the years to come – the impact on the residential market could be significant. For the more financially stable, this might mean a transition to a slightly larger home with a premium placed on the outdoor living area and a potential move away from the historically congested city centres.

For those that have seen a significant impact on their livelihoods, the pandemic has created more uncertainty and increased strains on affordable housing. Preben Bruggeman, CFO of Home Invest Belgium, points to the fact that we are "witnessing the benefits of having a strong social welfare system" that has stepped in at the hour of greatest need to protect incomes and ensure families can maintain a roof over their heads.

The impact of the pandemic on economies across the EU has varied greatly. Jani Nieminen, CEO of Finland-based Kojamo, sees the residential sector as one that is seeing only temporary effects, such as in Finland, where the market has already adjusted to these realities, with short term rental supply constricting and transitioning to the long-term rental market.

While the lockdowns and economic restrictions have had different impacts across different markets, one thing that many of them share is that the crisis has cut housing production. In Finland, according to Nieminen, "housing production need is on average 30,000 to 35,000 annually. Due to the crisis, the start-ups have declined, and only approximately 28,000 new apartments are estimated to be started during 2020". This is an issue that Sweeney has also noted in Ireland, where annual demand for new housing is estimated at around 35,000 annually, yet completions could sit at around 16,000 by the end of the year.

If this trend continues and production – and investment – is not increased, it could have inflationary pressures on the housing market, with significant negative effects on the availability of affordable housing.

Rolf Buch, CEO of Germany-based Vonovia, was quick to point out that one of the major impacts the pandemic has had is that people are more reluctant to move during a crisis, something that Home Invest Belgium's Bruggeman agrees with to an extent, except that it has also created an increasing need for flexibility, particularly in the form of the letting market: "Young families are staying longer on the letting market. People who intended to buy are postponing, and this accelerating trend of owning to letting is a clear positive for the residential letting market".

Whether renting or purchasing, one common shift the market has been forced to adopt is COVID-secure viewings. Where virtual viewings were once seen as a niche nicety, they are proving to be crucial innovation in the socially distant world we are living in. According to companies such as Kojamo and Grainger, who have implemented digital leasing and letting platforms, the impact on getting renters to view properties has been less severe.

Home Invest Belgium's The Inside, Brussels

Irish Residential's Beechwood Court, Dublin

The economic impact of the COVID-19 pandemic is far from over. Extended furlough schemes can only last for so long, and the more permanent changes in our economy will only begin to be realised once the dust has started to settle. In contrast to the focus that has been placed on rent forgiveness in the retail market, the residential market, according to all of those surveyed, has not seen a significant increase in arrears. The combination of government income support and significant reductions in discretionary spending has meant that the majority of people have been able to make their payments in full and on time.

But what do the next ten years look like? For Buch, the answer is simple: "The pressure on the housing market remains as a result of too little housing construction"; a problem that will, in particular, be exacerbated by economies that are quick to recover and see more immigration. To put it succinctly, according to Buch "there is too little social housing".

Whether governments refocus their recovery plans on increasing the availability of quality, affordable housing through massive construction efforts remains to be seen. For Grainger's CEO, Gordon, the UK market is set to witness a "metamorphosis from [one] dominated by private, small landlords to a more professional, institutional asset class". In addition, as Bruggeman from Home Invest Belgium mentions, "We are more convinced than ever that housing for the letting market is the right asset class to be invested in", particularly in a market where there is a "demand for low-risk assets with stable yields".

Sweeney, of Irish Residential, is inclined to agree, pointing out that given current demographics, Ireland can "expect demand for residential – both build-to-buy and rental – to increase, primarily driven by our young and growing population". Countries with younger and growing populations will continue to see demand in the residential market, but the question remains as to how or if COVID-19 will fundamentally change the way we live and work.

The argument that has been central to many articles in recent months is that cities are dead. The image of the ghost-like city centres at the height of the lockdowns across Europe created a knee-jerk reaction that led some to declare that cities were becoming obsolete. This is not the first time pundits have declared the end of our cities, but is this time different?

Kojamo's residential building, Helsinki

Vonovia's headquarter, Bochum

For Grainger and most others, the allure of cities remains and will ultimately still attract the top talent, creating a need for quality residential. As Helen Gordon states, "There remains a strong case for city living, with fundamentals still supporting the urbanisation trend, albeit demand in the short term will be centred on well-designed homes with outdoor access."

Kojamo agrees, particularly in Finland where it believes "that after the pandemic, urbanisation will continue even stronger". No one can peer a crystal ball and truly see the future, but as Jani Nieminen continues, "The pandemic has not changed the basic fundamentals: people want to live in cities close to services and good transport connections."

Across the board, the leaders of these companies are convinced of the merits of residential. The impacts being felt across other property sectors have been comparatively mild for residential as, in the words of Rolf Buch, "The core business in the housing market is far less dependent of economic fluctuations than the rental of commercial property."

The pandemic has forced us all to look at our living arrangements in a different light, but for those able to capitalise on the renewed demand for high-quality and affordable living arrangements, the future seems to be bright, regardless of this 'long, dark winter'. •

PREBEN BRUGGEMAN

Preben Bruggeman started his career at Bank Degroof Petercam as an equity analyst and later as a manager of corporate finance transactions in the real estate sector. Before joining Home Invest Belgium as CFO, Preben held the position of CFO at the REIT Qrf City Retail.

ROLF BUCH

Rolf Buch has been CEO of the Management Board of Vonovia SE since April 2013. He is a member of the executive board of the German Association of German Housing and Real Estate Companies (GdW), Vice President of the German central real estate committee, Zentraler Immobilien Ausschuss (ZIA), and the German Association for Housing, Urban and Spatial Development.

HELEN GORDON

Helen Gordon is Chief Executive of Grainger plc, the UK's largest listed residential landlord, and a Board Director of the European Public Real Estate Association.

JANI NIEMINEN

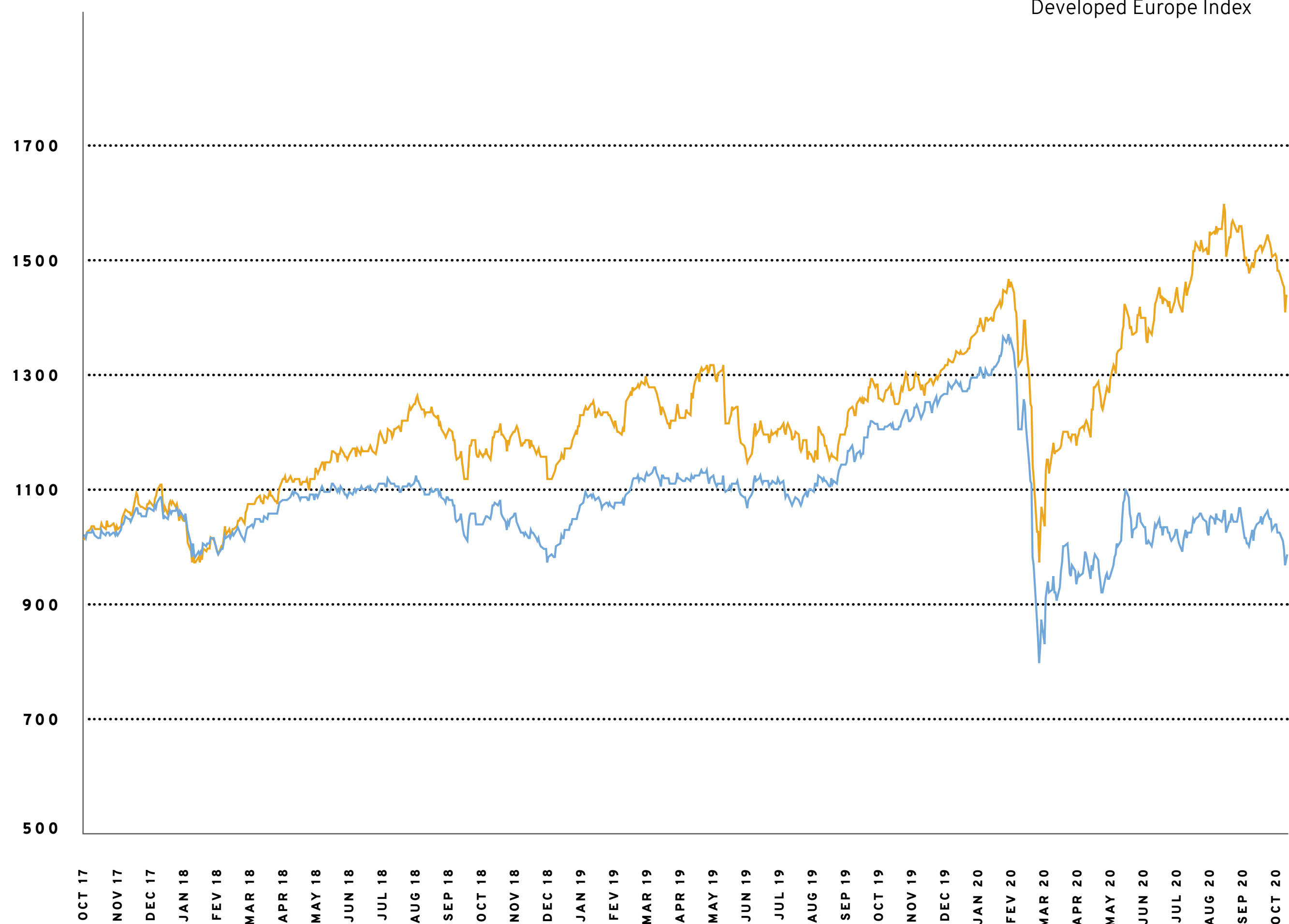
Jani Nieminen works as CEO of Kojamo plc. He has been leading the company and renewing its operations since 2011. Previously, he worked as Business Director and Deputy to CEO of Realia Group Oy from 2006 to 2011 and as Unit Manager of Sato plc from 1997 to 2006.

MARGARET SWEENEY

Margaret is CEO and Board Director of Irish Residential Properties REIT plc. She is a Non-Executive Director of Dalata Hotel Group plc and Chair of IIP, a real estate association in Ireland. She has more than 20 years of experience in leadership roles, including as CEO of Dublin Airport Authority plc and Postbank Ireland Ltd.

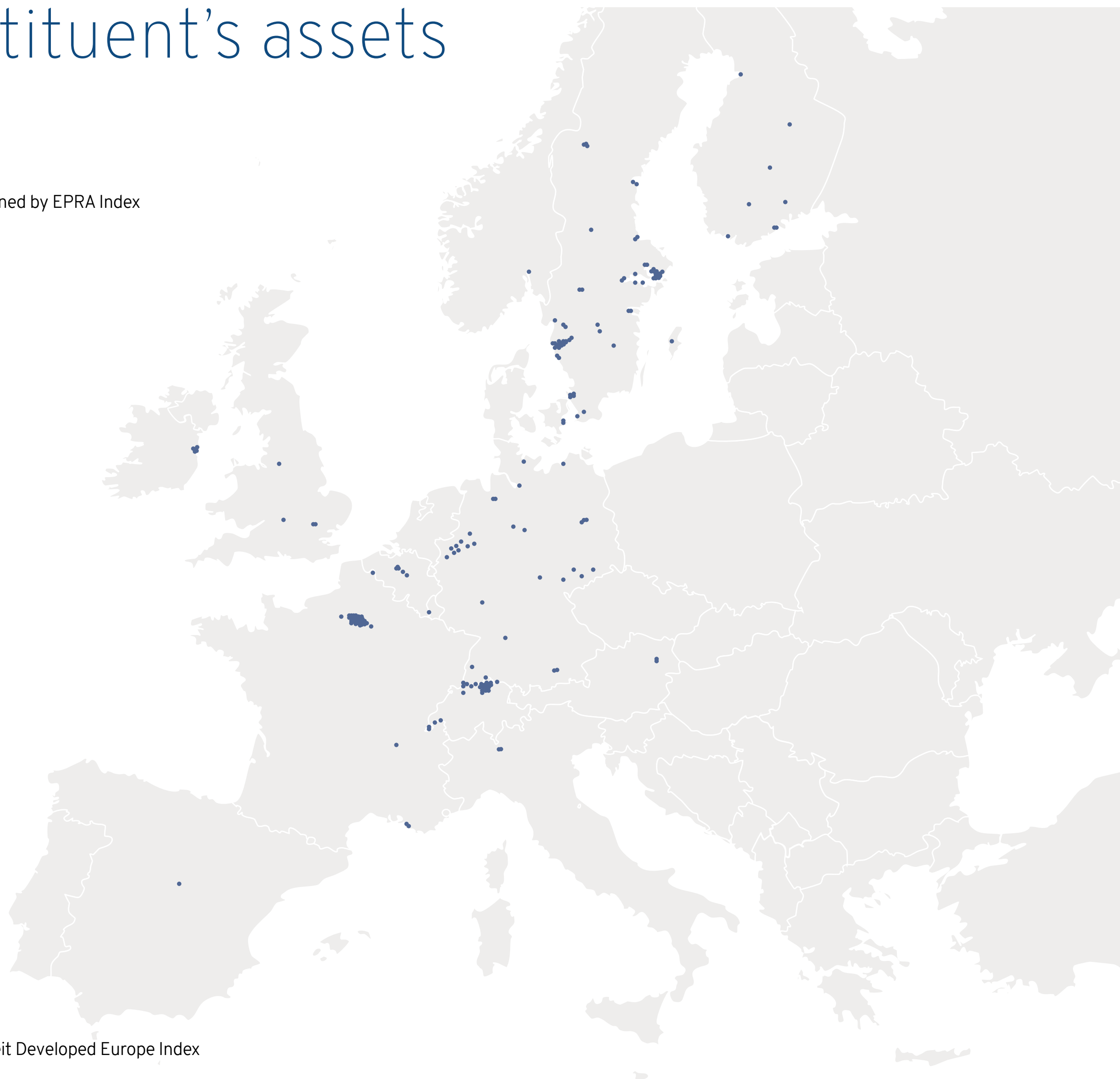
Residential index snapshot

3-year performance: Developed Europe Residential Index vs Developed Europe Index



DEVELOPED EUROPE OFFICE (EUR)	LATEST (MONTHLY, OCTOBER 2020)	YEAR TO DATE	1 YEAR	3 YEAR
Total Return	-4.06%	8.29%	12.66%	12.08%
Premium/Discount to NAV (average)	-8.55%	-10.03%	-10.16%	7.33%
Loan-to-Value (%)	39.6%	39%	38.83%	39.54%
Dividend Yield (average)	2.78%	2.82%	2.83%	2.78%

Residential: EPRA constituent's assets



* FTSE EPRA Nareit Developed Europe Index

CONSTITUENTS	NATIONALITY	INVESTMENT FOCUS	SECTOR	OFFICE SECTOR SHARE	FULL MARKET CAP AS OF OCTOBER 2020
Kojamo	FIN	Rental	Residential	100%	4,374.45
Vonovia SE	GER	Rental	Residential	100%	31,021.94
Grand City Properties	GER	Rental	Residential	100%	3,349.63
ADO Properties SA	GER	Rental	Residential	100%	5,0418.39
TAG Immobilien AG	GER	Rental	Residential	100%	3,702.32
Irish Residential Properties REIT	IRE	Rental	Residential	100%	714.70
GCP Student Living	UK	Rental	Residential	100%	565.69
Empiric Student Property	UK	Rental	Residential	100%	361.54
Phoenix Spree Deutschland	UK	Rental	Residential	100%	336.89
Civitas Social Housing	UK	Rental	Residential	100%	717.63
Triple Point Social Housing REIT	UK	Rental	Residential	100%	479.41
Grainger	UK	Non-Rental	Residential	100%	2,090.76
Unite Group	UK	Rental	Residential	100%	3,681.31
LEG Immobilien AG	GER	Rental	Residential	96%	8,006.52
Deutsche Wohnen SE	GER	Rental	Residential	95%	15,008.25

Residential Real Estate: Becoming the biggest sector on the continent

By David Moreno, EPRA Research and Indexes Senior Analyst

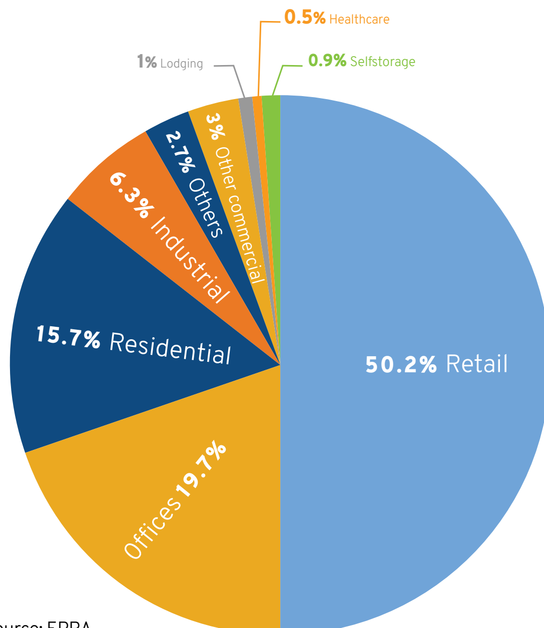
Residential is one of those segments easily associated with real estate by the general public. However, in the listed industry, many property companies operate a business model that goes far beyond the standard home-rental structure. Despite the fact that residential landlords have been long considered part of the traditional real estate players in North America and some parts of Asia, in Europe, this sector was represented by very few companies for several years. In the last decade, several new players have appeared, and the existing ones have expanded, bringing a lot of attention and investment capital into the residential scope and even creating new sub-sectors that now offer a significant diversity in terms of geographies, activities, fundamental drivers and social impact.

The FTSE EPRA Nareit (FEN) Developed Europe Residential Index was created in 2006 after the introduction of the sector classification to the global index series in 2005. At that time, the residential index represented around EUR 3.5 billion in free-float market capitalisation and was composed of three constituents only, all of them operating under the traditional home-rental business model. Now, almost 15 years later, the index is composed of 16 residential companies from Belgium, Finland, Germany, Ireland and UK, totalling EUR 76 billion in free-float market cap and representing some significant diversity in the property subsectors and activities.

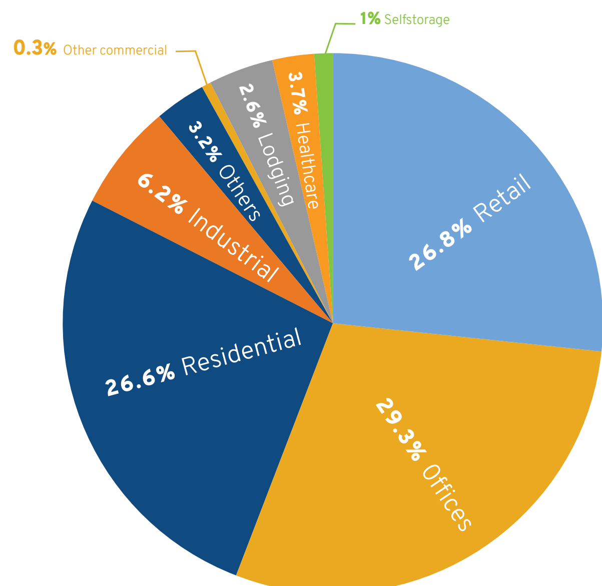
In 2012, the residential properties owned by index constituents were worth EUR 34.8 billion, 13% of their total portfolio (EUR 275.4 billion). Excluding a few residential specialists in Austria, Germany and the UK, the biggest part of these portfolios was owned by property companies with a diversified strategy or by specialists on other sectors. In 2019, the picture looked utterly different: the total residential portfolio amounted EUR 156 billion, meaning 27% of a total of EUR 585.8 billion, where most of the properties were owned by residential specialists or diversified companies with a clear residential strategy on new sub-sectors such as student housing, social housing, serviced-apartments, care houses and multifamily developments.

Graph 1: Property portfolio owned by the FTSE EPRA Nareit Developed Europe Index constituents

PROPERTIES BY SECTOR: 2012



PROPERTIES BY SECTOR: 2019



Source: EPRA

The model expansion of Germany

The first decade of the 21st century has seen tremendous changes in the European real estate industry. The fast expansion of the property markets before 2007 and the introduction of REIT regimes in some of the largest countries brought massive incentives for property companies to grow. In Germany, the economic expansion had started to slow down in 2007, and some of the major cities in the country were already showing signals of agglomeration and limited housing supply. House investment fell from 7.8% of the GDP in 1994 to 4.9% in 2005, although bottoming out in 2006. Some companies saw this trend as an opportunity and came into the public markets to raise capital to support this new expansion. Three German companies joined the residential index that year.

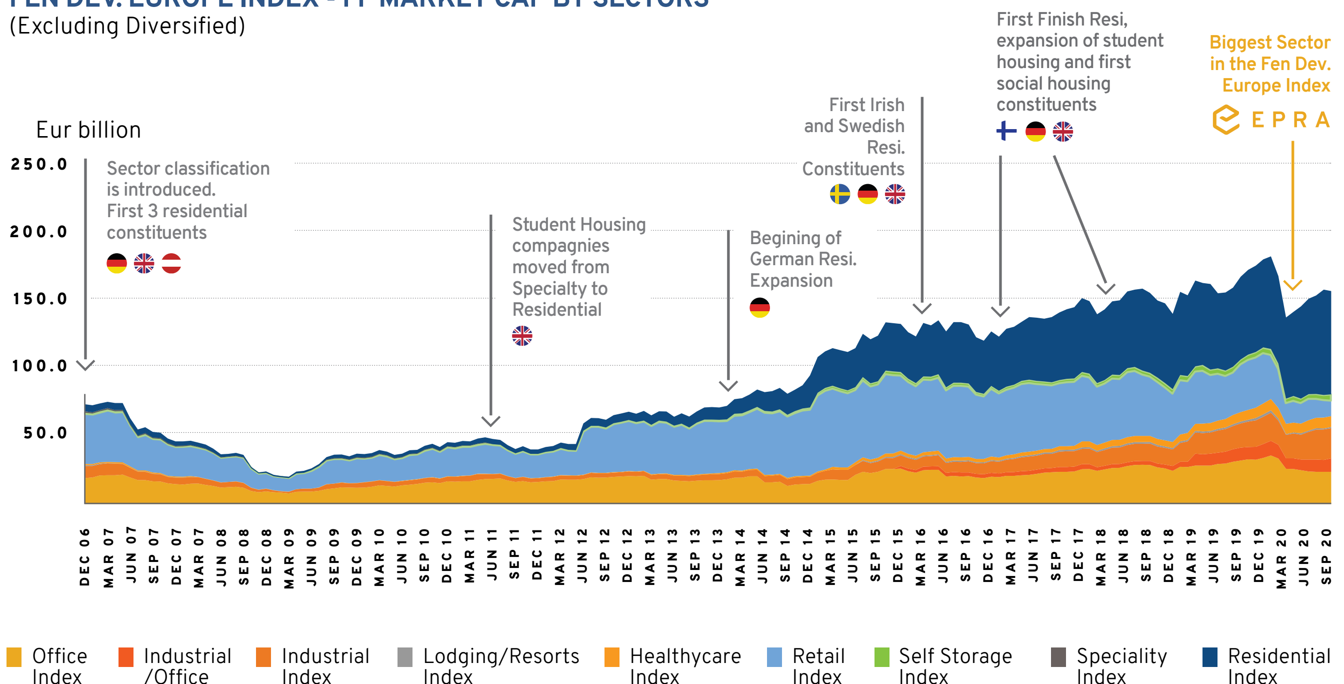
Paradoxically, the two financial crises in 2008 to 2009 and 2011 to 2013 boosted the expansion of the residential property industry. Germany was seen as a haven in the middle of the turbulence. An exodus of talented workers started, moving from other European countries and the Middle East to the largest cities, which revitalised the population growth and the economy. New countries joining the European Union, a stronger presence of financial institutions in Frankfurt and Munich as well as the expansion of tech hubs in cities such as Berlin, Hamburg and Dusseldorf also played a key role in this new residential boom. Urbanisation rates improved from 73.1% in 2001 to 75.1% in 2014 and 77.4% in 2019, supporting not only an upward trend in both residential property prices and rents but also a strong performance of the listed companies, reflected in four new additions the residential index between 2009 and 2013.

The profound urbanisation mutations in Germany moved into some neighbour countries. The technological expansion, labour productivity, social services, quality of education and infrastructure conditions converted several Northern Europe countries into trendy destinations for new start-ups, financial institutions, students and qualified working force.

At some point, cities like Stockholm, Dublin, Amsterdam and London were leading the new urbanisation trends and required new developments in both the residential and commercial property markets to satisfy the growing demand.

Following the example of their German peers, several property companies in those countries spotted exciting growth opportunities in both the real estate and the capital markets. Between 2016 and 2018, nine companies joint the index: four traditional landlords from Ireland, Sweden and Finland, three student housing specialists from the UK and Belgium and two more from a brand-new business model: social housing. This is how the FEN Developed Europe Residential Index became the biggest sector in the region in August 2017 and also surpassed the FEN Developed Europe Diversified Index in May 2020. Given its impressive performance and strong drivers, the residential sector also seems to have an outstanding future.

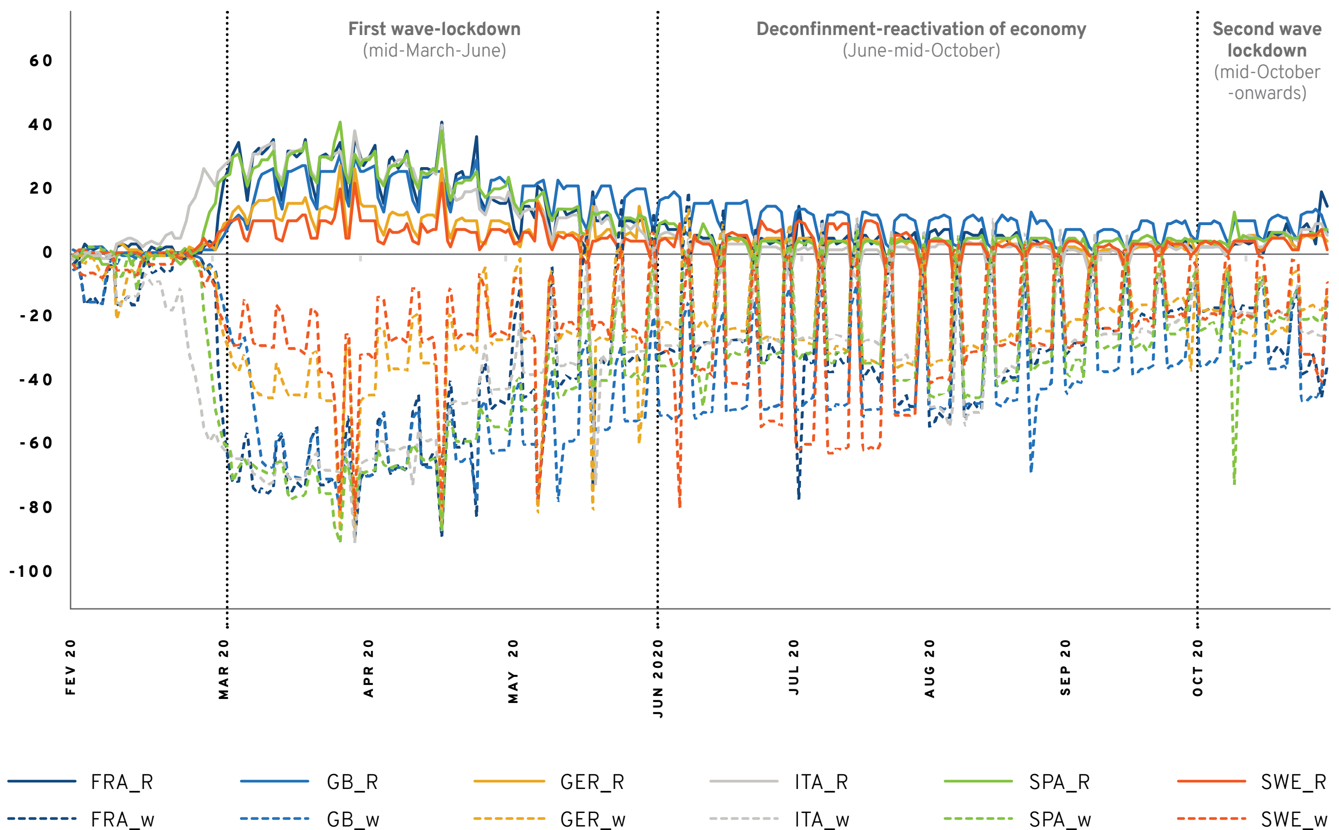
Graph 2: FTSE Developed Europe Index – free-float market cap by sector since December 2006



SOME DISRUPTIVE EVOLUTIONS IN THE COVID-19 ERA

Property experts believe that COVID-19 may not be the last crisis impacting the sector, but it will be more disruptive than the global financial crisis. It had a catalyser impact on accelerating previous trends and caused more structural shifts, then cyclical ones. The pandemic has disrupted many aspects of real estate investment and transformed the way we live and work. Social distancing and working from home became the rule in most countries, which strongly impacted mobility in the office sector and reshaped the residential, as observed in graph 3. Growing teleworking and online shopping are expected to increase the time spent at home, thus changing preferences on 'live-work-shop-entertain'.

Graph 3: Mobility score of residential and workplace mobility in the selected countries



Source: Data compiled by EPRA from Google Covid19 Mobility (between 15/02/2020-30/10/2010). (*) France (FRA), GB (Great Britain), Germany (GER), Italy (ITA), Spain (SPA), Sweden (SWE). Denotation for R 'residential mobility' and 'w) workplace.

No doubt that the pandemic is posing immediate challenges for the residential sector, but the main question remains: what might cause structural changes? If flexible working should becomea norm in some industries, it may have a deeper impact on the residential market, particularly in the large cities. The average commuting time might affect location preferences, should people go to their office only a couple of days a week, thus shifting the urban vs suburban preferences. The cities attracting talent, offering new jobs and a vibrant urban lifestyle can still be the hot spots for new residential developments and attractive investment opportunities.

Currently, there is a growing perception of 'property as a service', raising further the appetite for the residential sector. Most of the European residential companies have stated strong operational performance with limited impact from the pandemic, seeing small changes in occupancy rates and high rent collections. Many of them also kept unchanged their performance guidance for 2020 and 2021, revealing significant stamina as rising unemployment and weaker incomes might affect affordability to pay rents, which kindles optimism for the post-pandemic era. The near future remains full of uncertainty, but residential companies have proved to be resilient and persist at the forefront of the new trends in real estate. •

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5PM - 6:15PM GMT

6PM - 7:15PM CET

Brussels

JANUARY 7

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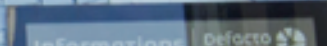

Economic fragmentation is the real danger: Coronavirus is deadly, but beware nationalism and neglect of the young

Trends and opinions expressed in this article are accurate at the time of writing (November 18, 2020).

A darkening mood across Europe is certainly enough to strike a very cautious tone for 2021, according to Gertrude Tumpel-Gugerell, a former member of the Executive Board of the European Central Bank.

Until now, the economy had been on the way to recovery, and Q3 2020 had been particularly strong, according to Tumpel-Gugerell, who had – given the current conditions – the rather difficult honour of delivering the keynote at the Real Estate Finance Summit 2020 hosted by the European Public Real Estate Association (EPRA) and Bloomberg Intelligence on November 18.

Indeed, a worsening economy now appears to be an inevitability and is not something that looks likely to solve itself, she says. "Up until now, there were some real positives," explains Tumpel-Gugerell, "governments have compensated people and businesses alike, while the biggest businesses have successfully navigated half a year of working remotely."

This is a phenomenal achievement, and with news of successful vaccines a regular thing at the time of the summit, the mood, at least in the markets, has been good.

But with Europe entering a much stricter lockdown towards the end of October and beginning of November last year, it seems that some momentum to the real economy could be lost. The difficult question is to understand what steps must be taken to help Europe emerge from long-term stagnation. And, it seems, there is no simple answer.

"I think stimulus will be kept for some time," says Tumpel-Gugerell, unsurprisingly. "But it should not be a long-term measure. The economy must adapt and innovate."

What Tumpel-Gugerell alludes to here is the European economy giving itself a means with which to grow revenue to sustainably battle the pandemic fallout. What this means in practice is both difficult to articulate and to grasp. Economic structures do not simply change overnight. And, while major projects like digitisation and automation as well as ecological transformation are predicted to become huge revenue drivers in the future, it is unclear how that translates to solving the most immediate problems.

> "We have definitely not yet used the full capacity of our brains to invent the greatest things or build the greatest possible world. We must use our brains to innovate and build a stronger, fairer and more sustainable economy,"
>
> *explains Tumpel-Gugerell.*

"In the meantime, however, we have to work out a different role for the State and for the tax system," Tumpel-Gugerell says. "Right now, expenditure is increasing, and tax income is falling. It needs to be the reverse. The obvious answer in the long-term, unfortunately, is higher taxes."

AN UNEVEN ECONOMIC LANDSCAPE

What is interesting about this particular crisis is that it has really crystallised a dichotomy between what can be roughly referred to as the top and the bottom half of the economy.

Like the illness itself, which has disproportionately impacted people in lower-income brackets, the economic crisis and its ensuing downturn look like it will hit the vulnerable and least stable the hardest.

"There are groups of society that are severely affected," says Tumpel-Gugerell. "Those with service jobs, for example." At the same time, those in traditional centres of wealth and who can work remotely are experiencing the crisis in a very different way.

In the corporate world, picking the winners against such an uneven backdrop is a hard task. Tumpel-Gugerell suggests that businesses and governments alike must "look carefully at demographic developments and buying behaviours and draw conclusions from these". Even supposedly small changes in how people are using transport will be vital indicators of how the economy is shifting. "Predictions suggest that business travel will remain on a lower level compared to the past few years," says Tumpel-Gugerell. "The knock-on effects of this could have massive repercussions for many sectors."

The winners, if there are any, will be those that can adapt to these small yet significant trends.

THIS BIGGEST RISK IS THE SHEER NUMBER OF RISKS

The coronavirus has certainly brought into focus the reality that, as a continent, Europe requires the support and commitment from each of its member states to succeed as a whole. This level of collaboration is a blueprint for the economy of the future, whether we are under the thumb of coronavirus or not.

For a start, ensuring that digitalisation is a force for good must be a medium-to-long-term priority. Yes, it can be a revenue driver but "we have not yet seen the effect it will have on the labour market," says Tumpel-Gugerell. "This is yet to come, and we must do what we can to ensure the effect is positive."

"We also need to address the climate crisis," she says. "These are huge structural risks that we must collaborate on in order to succeed."

A key danger despite this that Tumpel-Gugerell highlights is the tendency of nations to believe that solutions to these problems can be found at a national level. And, indeed, the rise of nationalism has seen a trend for policymaking and problem-solving in isolation increase dramatically.

"Just listen to the electoral campaign in the US and the conversation around Brexit in the UK. Listen to what is being said in the US and in China," Tumpel-Gugerell highlights. "Every day, we find increasing nationalism, and this is a threat because isolation leads to economic disintegration and lower economic benefit."

According to Tumpel-Gugerell, this cannot be argued. Taking the US as an example, the world's largest economy and assuming total isolationism, it is impossible to substitute foreign labour and imported or exported goods with products and services from any one economy. Isolation leads to poorer economies – end of story.

Yet, the narrative of world leaders today points to a trend of increasing, albeit not total, isolationism.

And while this is economically damaging in the short-term, the longer-term concern is a total failure to address issues like mass-unemployment and unnatural climate disaster. This sort of disenfranchisement, which looks likely to disproportionately affect younger people with fewer skills and less experience, may only fan the flames of nationalist and isolationist feeling.

The longer-term is where we should be looking, says Tumpel-Gugerell. Safeguarding the economy for our children is not only the right and kind thing to do, but it is economically important for us all to ensure that there are jobs to be done and incomes to be had in a world that is sustainable, both from an environmental and a growth aspect. Tumpel-Gugerell is clear that, yes, we must deal with the coronavirus first, but for long-term prosperity, the message is clear: "Beware the rise of nationalism and think of the young." •

GERTRUDE TUMPEL-GUGERELL

Gertrude Tumpel-Gugerell is an Austrian economist, and former member of the Executive Board of the European Central Bank (ECB) from 2003 to 2011. Prior to this, Dr Tumpel-Gugerell held a number of prominent positions at the Austrian National Bank in Vienna, including Director of Area Corporate Planning and Management (1992-1997) Executive Director of the Economics and Financial Markets Department (1997-2003) and Vice-Governor (1998–2003).

Green infrastructure and biodiversity: How real estate can contribute to biodiversity gain and resilient ecosystems in the built environment

By Flaminia Borelli, EPRA ESG Associate

THE STATE OF THINGS

About 15 years ago, the UN's Millennium Ecosystem Assessment concluded that over the previous 50 years, humans had changed ecosystems "more rapidly and extensively than in any comparable period of time in human history", which has resulted "in a substantial and largely irreversible loss in the diversity of life on Earth[1]".

Today, the UN is once again warning on the risks of the substantial biodiversity loss. During its yearly plenary in Paris, the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) has presented a landmark report[2] on the state of biodiversity and ecosystem services, assessing the impacts of human activity and the deterioration of nature due to economic development.

The picture is not the most reassuring for not only the current state but also future projections on biodiversity. The IPBES report states that up to one million species are threatened with extinction in the next decades, and 23% of land areas have experienced a decrease in productivity due to degrading land usage. Urban areas have more than doubled since 1992, states the IPBES, with a 25 million km of new paved roads foreseen by 2050.

A progressing enlargement in the size of the urban areas puts the natural environment at risk, but it is also an incredible opportunity for commercial real estate to contribute to preserving and enhancing biodiversity.

If adequately designed and implemented through an integrated approach, also known as ecosystem approach[3], that takes into account urban design and land management along with specific climate and economic factors, green infrastructure and landscaping can be a successful means for nature integration in the built environment, restoring and enhancing the biodiversity and ecosystem, ensuring the delivery of healthy ecosystem services.

THE BENEFITS OF BIODIVERSITY-ENHANCING TOOLS IN THE BUILT ENVIRONMENT

From an ecological perspective, the gains of green infrastructure are multiple, acting on the conservation of resources in the case of bioswales and permeable pavements, better air quality, cooling temperature and restoring habitats for green roofs and wild corridors. First, bioswales and permeable pavements, by treating water as a resource to be reintroduced to the system, can provide a risk-free solution with resource savings, also benefitting to the complex urban system by reducing the risk of flooding. Then, a building's green roof can sustain a great variety of plants and function as permanent or steppingstone habitat for different animal species, positively impacting the surrounding ecosystem. Furthermore, proximity to nature is related to substantial improvements in occupiers' wellbeing and health.

At the same time, we must not forget the economics of green infrastructure. Research tells us that implementing green infrastructure leads to an increase in property value of between 2% and 5% and an increased average rental rates for office buildings by 7%. From an operational perspective,

[1]*Millennium Ecosystem Assessment, "Current States and Trends Assessment", 2005*
[2]*IPBES Global Assessment Report on Biodiversity and Ecosystem Services*
[3]*Ecosystem approach is defined by CBD as the "integrated management of land, water and living resources that promotes conservation and sustainable use in an equitable way*

by controlling for climate-specific characteristics, green infrastructure can help to reduce the energy demand of a building in both winter and summer.

For instance, green roofs help buildings being more energy-efficient. Indeed, the reduced heat loss in winter and hot conservation during summer helps to reduce energy consumption per m^2. Through a field experiment, Liu et al. 2003[4] found out that, under Canadian climate conditions, comparing bituminous and green roofs, the latter was able to moderate the heat flow through the roofing system and reduce the energy demand for conditioning by more than 75%.

THE CONTRIBUTION OF LISTED REAL ESTATE SECTOR: EPRA MEMBERS

As an industry association, EPRA is in the right position to monitor the efforts that the listed real estate sector is undertaking regarding preserving biodiversity in the built environment. In the most recent years, EPRA members, being aware of their pivotal position to contribute to biodiversity gains, have planned and implemented projects in order to restore the ecosystem in different geographical areas.

The French company Covivio, operating in France, Italy and Germany, has developed 'The Sign' building in Milan, a complex of office buildings covering 40,000 m^2 including green areas and a landscaped terrace garden. While green pathways welcome the entrance to the building, the green area makes it to the rooftop where landscape gardens will be dedicated to tenants' social gatherings. Here the landscape garden includes plants and recycling rainwater management systems as well as photovoltaic panels. Together with a positive impact on the energy efficiency of the building and the urban heat island effect, the complex has a substantial effect on the tenants' wellbeing.

As part of a long-term project aiming to achieve 25% of biodiversity net gain (BNG) for five sites among both operational and development sites, Landsec, a British diversified property company operating in the UK, set the goal to maximise biodiversity potential of its assets located both in urban areas as well as extra-urban ones. On the operational sites in the extra-urban areas, the company is developing 220 m^2 of wildflower garden at Hatfield Galleria and has planted aquatic plants species in order to restore and improve the biodiversity balance of the natural sites within the area at White Rose lakes in Leeds. Differently within the development sites, other development projects in London will host 1,700 m^2 of new green walls, trees and plants of around 76 different species.

HOW DO YOU MEASURE A NET GAIN?

Once adequate infrastructures are implemented, measuring the actual impact on biodiversity represents one big challenge. Impact evaluation strategies and the development of suitable indicators are considered, in general, the most effective instruments to assess the results of a project implementation.

The BNG, which is one of the most widely used indicators, assesses whether a net improvement with respect to pre-existing biodiversity condition has been achieved following the intervention of a development project on a certain site. The assessment is based on a structured set of steps comparing pre-development and post-development habitat data that are converted into key metrics called 'biodiversity units'. In the case of a net improvement to the biodiversity of a site subject to development, BNG is achieved.

A working group led by CDC Biodiversité – and to which EPRA member Icade is part of called the Club of Positive Biodiversity Businesses (B4B+ Club) – has recently developed the Global Biodiversity Score (GBS), which aims to measure the biodiversity footprint of companies. The GBS is a quantitative measure assessing the impact on biodiversity operated by end-user companies and their value chain. Compatible with already existing indicators, the GBS has broad coverage in terms of industries and sectors, which makes it appealing for becoming a pillar in biodiversity and ecosystems' change assessment.

THE BENEFIT OF SYSTEM-THINKING APPROACH TO BIODIVERSITY GAIN

As a matter of fact, best practices in the sector, as well as peer-reviewed literature, provide us with evidence on green infrastructure being an effective mean for enhancing biodiversity and creating a resilient ecosystem. To achieve that, an integrated approach where human activities depend on nature's ability to support them is what we need for creating a more sustainable system.

Commercial real estate plays a major role in pursuing such an approach, contributing to integrating the built environment into the natural one within the urban context to create a more balanced system and benefit from it at the same time. •

[4] *https://docplayer.net/10563785-Thermal-performance-of-green-roofs-through-field-evaluation.html*

2020

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INVESTMENT

THE COMMERCIAL PROPERTY SECTOR INVESTS

€291 BILLION

EACH YEAR IN BUILDING REFURBISHMENT AND DEVELOPMENT

With infrastructure and housing, this represents 63% of all capital investment in the EU.

CRUCIAL TO THE ECONOMY

The ability to lease rather than own premises offers flexibility to businesses including SMEs.

Around 40% of total office space is let to businesses, which frees up capital and enables them to lease new space as they grow.

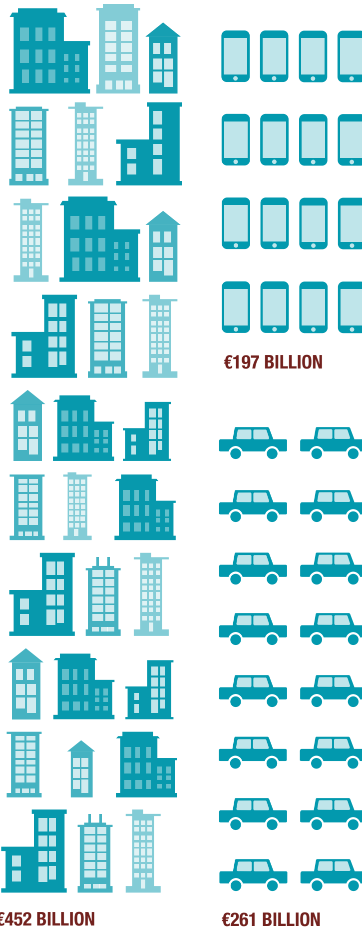
ECONOMIC CONTRIBUTION

COMMERCIAL PROPERTY CONTRIBUTED

€452 BILLION

TO THE EU ECONOMY IN 2019

Significantly larger than either automotive manufacturing or telecommunications sectors and 3.1% of the total European economy.



JOBS

REAL ESTATE SECTOR: **4.2 MILLION JOBS**

BANKING SECTOR: **3.2 MILLION JOBS**

AUTOMOTIVE SECTOR: **2.7 MILLION JOBS**

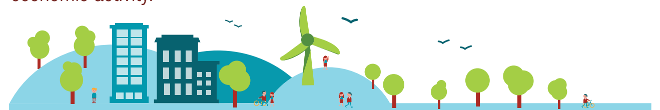
TELECOMMUNICATIONS SECTOR: **1.1 MILLION JOBS**

THE SECTOR DIRECTLY EMPLOYS

4.2 MILLION PEOPLE

More jobs than in the banking sector and more than in the automotive and telecommunications sectors combined.

Residential and commercial property are critical to achieving the EU's environmental targets. They offer huge energy saving potential achievable through investment of around €60 billion per year - a major source of economic activity.



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Emerging from the crisis: The road to recovery

Views expressed in this article are a reflection of individuals' opinions at the time of speaking during the EPRA Annual Conference 2020 on September 9, 2020, and do not account for subsequent policy, regulatory or public health developments.

This year has witnessed a global health crisis that has impacted every facet of our lives, and the European Public Real Estate Association's (EPRA) 21st Annual Conference was not exempt, moving to an entirely virtual event for the first time. Nevertheless, the REthink 2020 virtual conference was a resounding success that saw more than 600 real estate and investment professionals log on to listen to insights in a year that has seen unprecedented change and uncertainty.

And change was the order of the day as Méka Brunel, Gecina CEO, was announced as EPRA's new Chair. Brunel did not waste time in making clear that the current crisis was accelerating trends throughout the listed real estate industry and that "today's industry may be different to tomorrow's". However, Brunel was certain about one thing: "We must drive inclusiveness and ESG forwards."

This heightened focus on diversity and inclusion is a positive step forward for the listed real estate industry, which now joins a number of other industries – including some its most important investors – in ensuring the views, opinions and experience of society more broadly are reflected in its leadership in the coming years.

Brunel is clear that diversity and inclusion are not just for appearances but about improving the industry as a whole. Increasing inclusivity brings diversity of thought, new ideas, new approaches, and "it brings greater efficiency in terms of our capacity to deliver results," according to Brunel.

Brunel's opening remarks showed that she will not shy away from the challenges that EPRA and the wider industry face, but that in starting to make changes now, we will see greater success in the future. Indeed, success in the future appears increasingly difficult to prioritise when we are faced with tackling the upheaval of COVID-19 right now, and juggling both imperatives will likely remain a challenge for the industry for some time to come.

Former ECB Chief Economist Peter Praet followed up Brunel's call for change with his own frank assessment of the impacts of COVID-19 on the sector. And he wasted no time in laying bare the extent of the damage the crisis has inflicted, comparing the economic shock of the pandemic with "the terrorist attacks of September 11 and the global financial crisis" and that we should "not hold on to the idea that we will go back to normality."

So, how does the European economy recover from these shocks? "The role of the state will be key," according to Praet. A view echoed by James Wilkinson, Co-Global CIO of Real Asset Securities at BlackRock, who believes stimulus packages are one of the reasons the financial systems have coped with these shocks and the cumulative hit to GDP has been less than during the global financial crisis, so far.

The positive impact these stimulus packages have had, and are expected to have, was backed up by Sabina Kalyan, Global Head of Strategy and Research, Global Chief Economist at CBRE Global Investors, during her impact assessment of COVID-19. "Our basic global economic outlook is based on the 'Nike' tick recovery, with hopefully a rapid recovery in H2 2021 and H1 2022."

State aid packages have undoubtedly been widespread and vast, and when we look at the European economy's recovery, they are clearly a driving force. However, it is not fair to suggest that every sector has benefited from them equally. Government support is by no means a silver bullet for recovery. As Mahdi Mokrane, Head of Investment Strategy and Research at PATRIZIA AG, points out, these aid packages can, in fact, often be "erratic and even detrimental to certain sectors".

An assessment that undoubtedly rang true for some in the listed real estate industry, both Biljana Pehrsson, CEO of Kungsleden, and David Sleath, CEO of SEGRO, were quick to point to the lack of government support they had received.

For much of the listed real estate sector, it would seem that the key to recovery is not about state support but instead about the adaptation of portfolios and assets.

E-commerce and logistics have both performed relatively well during the current crisis, and make up large parts of SEGRO's business; however, these spikes in performance are unlikely to persist as we move into the recovery phase, according to Sleath. Instead, what will be important is understanding exactly how people's needs have changed, and ensuring that "we adjust our portfolios accordingly," he says.

The word "adjust" is key here for Sleath, as it seems to be so for the rest of the industry, but the changes we can expect to see are perhaps less overarching than could be assumed in March or April of this year.

In the office sector, for example, as the pandemic spread across Europe, entire workforces were suddenly forced to work from home whilst central business districts largely turned to ghost towns. However, as Pehrsson was quick to assert, "this is by no means a sign that the office is dead".

Far from it, instead, the view is that the sector is well placed to deal with the changing demands of tenants, with many of the trends, such as working from home and de-urbanisation, predating the outbreak of COVID-19.

For Olivier Elamine, CEO of alstria, we must look beyond the immediate impacts we see today. "Although we do not know exactly when, the issues of the pandemic will fade and, in turn, the importance of the city centre will return," he says.

This is not to say that Elamine believes they can simply wait it out; he admits that a desire to spend some time working from home is here to stay. But he asserts that this is nothing new. "Before the crisis even started, we had begun looking at how we can create environments in which people can work from home and come into the office. What we have seen is a sudden acceleration of these pre-crisis trends."

There is a clear consensus that COVID-19 has accelerated trends that predated its outbreak. Ismael Clemente, CEO of Merlin Properties, similarly points to the growing demand for open and clean areas, parking and offices in peripheral locations; however like Elamine, he stressed that they are "well placed to meet these changing expectations."

And it was not just office developers that were keen to dampen concerns. Christophe Cuvillier, CEO of Unibail-Rodamco-Westfield, suggested that over time "office workers will inevitably begin to come back to the office," speaking, appropriately, from his own office in Paris.

Even when considering retail, Unibail-Rodamco-Westfield's area of expertise, Cuvillier echoed the sentiments of many of his fellow speakers. Yes, there will be some change. It is not that retail is unaffected by the crisis but that it can still thrive despite it, and Cuvillier's own portfolio is evidence of just that.

"As I walk around my shopping centres, people are here; they are enjoying themselves," he says. "I have gone to as many of our assets as is allowed by the current restrictions and I find them functioning and full of people getting out of the house, socialising and shopping. People want to get out and about and interact, and this will not change."

Cuvillier stressed that "it is not the time to be making wholesale changes to our business strategy." Instead, it is about taking the time to understand what is permanent and what is only temporary. The safety of customers will undoubtedly be a priority, however, for Cuvillier. What will be most important is ensuring that "businesses are in the best possible shape to deal with the effects of the crisis whilst continuing to deliver on their strategy long-term".

Cuvillier's view that we must be more patient when it comes to understanding the full impact of the crisis was seconded by Chris Grigg, CEO of British Land. "I don't think we can just get on with the next strategy; instead, we must keep things simple and see the trends and opportunities as they emerge," Grigg stressed following Cuvillier's assessment.

Just as with his contemporaries, Grigg is clearly keen to avoid making any premature assessments about the full impact of the current crisis. No one knows exactly where will be in six months' time, but as Grigg points out: "You cannot spend too much time worrying."

There is no doubt that COVID-19 has sent unprecedented shock waves through the European economy, and there is an acceptance that the listed real estate industry faces considerable challenges as we emerge from the crisis. However, the listed real estate industry's outlook remains positive in the face of this adversity, and it feels as if its business leaders are well placed to move forward. The industry may not be the same in the years ahead, but it is certainly alive and planning its comeback to pre-crisis levels and beyond. •

Introducing the Green Dividend

By Olivier Elamine, CEO of alstria office REIT-AG

In the almost half a century after US geochemist Wallace Broecker popularised the term global warming, the world has seen countless significant efforts to counter the phenomenon, from the Montreal and Kyoto Protocols through to almost 30 UN Climate Change Conferences, which culminated with the signature of the landmark Paris Agreement.

And still, the Climate Action Tracker of NGO Climate Analytics gauges that the initial Paris pledges would, if fully implemented, lead to global warming of between 2.5 and 3.8 °C and that current policies would lead an increase of between 2.5 and 4.4 °C above pre-industrial levels.

Despite the powerful potential of green financing, it has also yet to achieve its full impact on advancing the battle against climate change. Green bonds, which barely existed at the start of this decade, have been growing steeply, reaching a record issuance value of more than USD 1 trillion in 2020. However, a green bond, as with any kind of debt, is simply a temporary source of financing. It simply is not possible to fix a decades-long problem with a five-year bond. The solution to climate change is in equity financing; debt financing alone has not solved and will solve the problem.

Equity investors have been rightly focusing their attention on the business opportunities that climate change is offering. The sheer need of a technological upgrade from a fossil-fuel-based economy to a carbon-lite economy will, without a doubt, provide an environment for businesses to thrive while addressing climate change.

However, meeting the Paris Agreement target is not just about transitioning to a carbon-lite economy; it is about transitioning in a given timeframe (before 2050) by following a given path of annual improvement (reducing emission by 5 to 7% every year). To put things in perspective, the level of annual reduction needed is equivalent to what we will achieve in 2020 as a result of the pandemic.

Technology advancement by itself is only helpful if it is put to work. The speed at which new technology is implemented is not driven by climate change considerations but by the need to replace the old technology that has reached the end of its useful economic life. This is likely to be too slow.

Accelerating the speed of implementation of cleaner technology is always possible. It can be done by governments introducing a proper carbon or other Pigovian tax, or through stricter emission regulations that would accelerate the end of the economic life of existing technology. It can also be done by companies voluntarily retiring assets earlier than planned. Both options come at a cost – either a tax or the write-off of a perfectly functioning asset.

Governments in Europe talk the talk, but so far they are failing to walk the walk and leave open the question to management of companies. Should we do more than what makes economic sense? While the public debate is arguing that managements should not manage companies only with the economic performance at heart but should take into consideration the interest of all the stakeholders, our interaction with investors behind closed doors is much less open to such considerations. Their fiduciary duty to maximise returns is still the number one priority.

The elephant in the room is that accelerating the pace of decarbonisation beyond these opportunities will require companies to sacrifice returns. The urgent discussions that need to take place are around the following questions: How much (if any) are asset owners prepared to give away? Where and to what benefit are they prepared to give it away?

In order to address these questions, we have launched a 'Green Dividend'. The mechanic of the Green Dividend is to designate around 2% of our total dividend proposal, or one cent per share, to accelerate the pace of action in reducing our company's CO^2 footprint. alstria's shareholders will have the choice either to accept the Green Dividend or to leave the Green Dividend amount with the company, providing it with a clear mandate to invest outside of the financial norms and to foster decarbonisation. In the case of the latter outcome, the company will invest the capital in projects that would not pay off financially but that do reduce the business' CO^2 footprint.

Through this tool, we are showing our shareholders that we could accelerate the pace of reducing our carbon impact if we were to sacrifice returns. We are at the same time showing the marginal cost of achieving this and are asking two questions: Should we pursue these projects? Are we the best positioned to pursue these projects, or can the capital be used more efficiently somewhere else?

alstria's ambition is not that it will accelerate decarbonisation alone through the launch of this Green Dividend, but rather that it will trigger a positive dynamic that can be pursued by other companies. The Green Dividend provides a unique tool for companies to signal opportunities to reduce their carbon footprint as well as the marginal cost of doing it. With this information, investors should be able to build more structured Green capital allocations, which in turn can be more properly explained to their stakeholders.

The goal is to catalyse system change through green equity financing. In the absence of the necessary intervention from politicians anywhere in the world, with a clear, realistic carbon price, alstria's belief is that corporate agents must take this lead and initiate actions that push towards the achievement of the Paris Agreement goals. This has the potential to leverage the power of ESG (Environmental, Social and Corporate Governance) to trigger system change and sustain the decarbonisation pace that is needed. •

OLIVIER ELAMINE

Olivier Elamine is one of the founding members of alstria Office REIT-AG and became CEO of the company in November 2006. Prior to the founding of alstria, he was a founding Partner of NATIXIS Capital Partners Ltd (NCP; formerly IXIS Capital Partners) from 2003 to 2006.

"Short-term volatility is opportunity" for long-term investor Rogier Quirijns, Cohen & Steers

For all the noise surrounding the downturn in real estate equities in Europe as a result of the coronavirus crisis, the scent of opportunity is in the air for at least one real estate investor.

"Listed shares mean only short-term volatility in this climate, but volatility equals arbitrage, and this is good for long-term investors," says Rogier Quirijns, the London-based portfolio manager responsible for the sector leading performance of the Cohen & Steers SICAV European Real Estate Securities Fund, emphatically.

Embracing volatility is not unusual for active managers like Quirijns, yet volatility often drives fear into the heart of institutional investors across Europe. But, Quirijns explains, an investor's aim should be to generate the best long-term returns for shareholders and investors, not to avoid risk in search of smooth returns or low fees.

"This leads to too many passive strategies and, incredibly, too much focus on open-ended property funds because the returns perceived to be smoother," Quirijns says. "We are long-term investors, and as active managers in this market, we expect to ride out this volatility and use it to our advantage to generate outperformance."

Quirijns is among a host of managers that have proven this to be true. As of September 30, his fund has achieved an annualised return greater than 10.5% over ten years. Yet, he says, despite this track record, they have not seen the inflows they expect from institutional investors and wealth managers, whose goal should be to create positive long-term outcomes for their clients.

A key problem, Quirijns suggests, is a lack of understanding of what listed real estate offers. The institutional investors see valuation volatility but ignore the income profiles that are ideal for pensioners and long-term savers.

"The institutional and wealth industries often mistake our sector with equities," explains Quirijns. "And this is a costly mistake for their clients, who are missing out on attractive long-term, income-driven real estate returns," Quirijns asserts.

But incomes are not the only attractive aspect of listed real estate. "Being listed is great from a returns perspective," he insists. "When a company is listed, there is always a premium or discount to NAV. Where there are premiums and discounts, there is an opportunity for arbitrage."

And this opportunity is two-fold. Quirijns is able to arbitrage based on his perception of the share price of a company versus its underlying asset value. At the same time, the listed business itself can arbitrage its own assets. The total process allows for what amounts to a double discount that cannot be replicated in private or direct real estate investing.

Essentially, where Quirijns extols the virtue of actively managing his own portfolio, he also believes that corporates and management teams worth their salt should be actively managing theirs. Understanding whether their active management is done well or not is the difficult part. How is it that Quirijns sets his team and himself apart from the industry?

A LIFE IN REAL ESTATE

For a start, the Dutch fund manager has a long history in real estate that gives him an edge. "I grew up with real estate," he says, reflecting from his home in Putney, one of the leafier London suburbs. "My father was in real estate. I studied real estate economics under Piet Eichholtz, who was a pioneer in bringing listed real estate knowledge from the more advanced US to Europe. So, I was among the first financially educated real estate students in Europe."

Where Quirijns describes his father's real estate career as "less professional, preferring to make a quick quid rather than a slow million", the fund manager's own path after leaving university has been quite the opposite and investing for the slow million has very much become his ethos.

His career began in real estate corporate finance at Arthur Anderson before moving into real estate asset management with Equity Estate, then spending time as a real estate sell-side analyst at ABN AMRO before settling at Cohen & Steers in 2008.

Working across many pockets of the industry has given Quirijns what the Germans would call fingerspitzengefühl, meaning 'fingertip feeling' or intuition, instinct and flair. All of that is to say that the team at Cohen & Steers have a real feel for the quality of a property, and the search for arbitrage is not simply a case of chasing balance sheet bargains but a real understanding of what constitutes 'good' in real estate, and what does not.

But the European real estate team at Cohen & Steers does not rely on fingerspitzengefühl alone. The asset manager has its own proprietary modelling systems: a net asset value (NAV) model with an internal rate of returns (IRR) and a dividend discount model. The models are based on a combination of quantitative analysis supplemented by qualitative data that the team collect from their research and face-to-face visits with property companies and players across Europe.

And the qualitative data is an extremely important part of the mix, according to Quirijns. "We want to try and know our companies better than our competitors," he explains. "We do property tours, talk to brokers and use a lot of other data. We make sure we have done all the work on the ground to understand the situation properly. Property is a very local business, so you want to be as local to your investments or potential investments as possible."

PAY ATTENTION TO INDICATORS OF GOOD AND BAD COMPANY MANAGEMENT

There are key indicators for good and bad management, which, says Quirijns, are underpinned by a willingness to change or be active with assets. "The best management teams continuously look at assets and the total return of each asset within a portfolio in comparison to their share price and adjust, much like we do with our portfolio."

"Adjustment, to me, means a willingness to shrink as well as grow, and to refocus where needed," he elaborates. "Big is not always beautiful; failure to accept this is a warning sign of poor management."

What Quirijns points to is a willingness to offload assets that have reached maturity, making the assessment that an asset that was once good value for shareholders now no longer is. At this point, Quirijns looks for management to sell and readjust.

"One must always be open to change," he says. This has been at the heart of his own continued success and appears to be the message he bestows on listed property companies hoping to succeed everywhere across Europe. Growth at all costs can be a dangerous game to play in fluctuating markets. There are not always enough good assets to go around; this is the danger of always accruing more of the same – it can lead to disaster. •

ROGIER QUIRIJNS

Rogier Quirijns is Senior Vice President, Head of Europe Real Estate and a senior portfolio manager at Cohen & Steers where he oversees the research and analyst team for European real estate securities. Prior to joining Cohen & Steers in 2008, Mr Quirijns was a senior real estate equity analyst with ABN AMRO in Amsterdam. He has previously held roles as a direct real estate portfolio manager with Equity Estate and an analyst within the real estate corporate finance team at Arthur Andersen. Mr Quirijns holds a degree in business economics from the University of Amsterdam. He is based in London.

The reality of REITs and their total tax contribution

As the world – and markets – react to the news of a potential COVID-19 vaccine, governments can begin to plan their 'exit strategies' to get their economies back on track and tackle the debt burden they have taken on to support their fragile economies. There is no doubt that the pandemic will need to be paid for, and that money will come from higher and alternate forms of taxation. As a response to this, governments are currently looking for ways to increase investment, increase economic activity and ultimately increase taxation.

A solution to some of these problems comes in the guise of REIT regimes. In contrast to the often-mistaken view that REITs do not pay tax, recent research commissioned by EPRA and undertaken by PwC shows that REIT regimes are significant tax contributors in the jurisdictions they operate in within Europe. For every EUR 100 in turnover, REITs pay an average of EUR 32.8 in tax. And the Total Tax Contribution (TTC) and other payments to governments of all 98 REITs among EPRA's membership in Europe have been estimated to be EUR 4.1 billion. It comprises EUR 1.7 billion in taxes borne, a cost to the REIT, EUR 2.3 billion in taxes collected on behalf of tax authorities and EUR 0.1 billion in other payments to governments.

ANOTHER AVENUE FOR TAX REVENUE

All governments need tax income and to boost investment; REITs offer a reliable and steady source of tax combined with continued investment.

The study commissioned by EPRA was a first-of-its-kind total tax contribution analysis at European scale that looked to understand in more detail the tax structure of REITs and whether the reluctance for some jurisdictions to implement REIT regimes was well-founded. What we discovered was that REITs are very clearly misunderstood by non-tax professionals who assume their lack of corporate taxation means they are free from paying tax – quite the opposite is true.

While tax arrangements do exist for REIT regimes, these are in place to ensure investors are not put in a position where they are forced to pay tax twice: corporate taxation at the company level and then again at the shareholders' level. Instead, the profit allocation structure of REITs is such that they are legally required to distribute on average 90% of its taxable income to their shareholders in the form of dividends.

The benefit of this tax structure, also due to the dividend distribution obligation, means that investors receive a historically stable dividend that is not eroded through taxation but directly related to the income from their investment. The stability of such investment is reinforced by the underlying long-term asset class, real estate, which is an excellent investment for investors, such as pension funds, who are looking for a long-term, stable and recurrent income.

DEMOCRATISING AN INVESTMENT OPPORTUNITY

What these REIT regimes have been able to do is democratise investment in real estate and allow your 'everyday' investor to participate in the value creation of real estate investment. No longer the purview of the extremely wealthy and large institutions, REITs have levelled the investment opportunity and increased investment in the real estate sector.

The pandemic has changed the investment landscape, and the real estate sector is just one area that pensions funds, insurance companies and individual investors will look to generate long-term, sustainable returns. Not only do REITs democratise access to real estate investment, but they also do so across every sector of real estate. Our study found that they were invested in varying real estate sectors – including offices, retail, healthcare and residential – providing investors with the ability to not only invest in real estate on the whole but invest in diversified asset allocations.

NATIONAL GOVERNMENTS AND THE ROLE OF THE EUROPEAN COMMISSION

REIT regimes and their implementation are the prerogatives of national governments, but EPRA believes that the European Commission can play an important role in exploring ways in which to encourage Member States to engage in mutual recognition of REIT regimes. This will increase the opportunity for investors to allocate assets outside of their jurisdiction and distribute assets across multiple markets. The European Commission also has the ability to promote REIT regime best practices to increase investment and stimulate economic growth as well as to help property investors to scale-up their investments into green renovations and support objectives of the European Green Deal.

Following our study, EPRA remains committed to encouraging further Member States to implement REIT regimes as a way to increase investment in the real estate sector and use this industry as a vanguard in the economic recovery from the pandemic while at the same time rising to the challenge of creating a more sustainable future. While there have been concerns raised about the tax implications of REIT regimes, we believe this report will go some way towards convincing Member States that REITs are significant tax contributors and an effective way for countries to increase investment in an industry which is essential for the economic recovery from the pandemic. •

The full TTC report is accessible here.

Climate change: Listed real estate is part of the solution

Kicking off the EPRA Virtual Sustainability Summit on December 3, 2020, was the esteemed Jonathon Porritt, a successful author and environmental campaigner. It was a privilege for EPRA members to hear Porritt speak about the greatest challenges facing the environmental cause and how central the built environment could be for the solution.

It has been a difficult year for the climate cause, quipped Porritt, and despite the precipitous drop in emissions during the national lockdowns in the first quarter, there have been many setbacks, false-starts and delayed international conferences, such as COP26, which was projected to set out much stricter environmental commitments from the international community.

But, as Porritt noted, there is also reason for quiet optimism: China has decided to contribute to a hard edge target for net-zero by 2060, the election of Joe Biden reaffirms the US's commitment to combating climate change and the consumer demand for a more sustainable future does not appear to be dampened by the pandemic.

But what does this all mean for the property sector?

From Porritt's perspective, the property sector has a tremendous ability – and responsibility – to address the climate emergency, but no private sector industry will be able to move the needle as much as needed; instead, this must come from governments.

In addition, there needs to be a renewed focus on retrofitting existing stock to become more efficient. It is sometimes easy to talk about new builds and their energy efficiency, but retrofitting is much more carbon friendly. Porritt was, however, quick to point out the unfortunate reality that retrofitting is sometimes the victim of politics since large building and infrastructure projects are much more visible and attractive to politicians keen on leaving a legacy.

Following Porritt's keynote, the conference heard from Stefan Moser, Head of Unit, Energy Efficiency: buildings and products, DG ENER at the European Commission, on exactly this topic and how the European Green Deal can address the recovery within the EU to include more investment in renovation and upgrading existing stock. The challenges, according to Moser, are great but also achievable if we work in a concerted way with clear direction from EU leadership.

The summit included multiple panel discussions focused on the importance of, and in some cases overreliance on, the taxonomy of investment classifications in the environmental, social and corporate governance (ESG) realm. A back-and-forth debate on the importance that some investors are placing on the taxonomy versus the actual positive impact the reporting mechanism has had provided a great deal of food for thought for the attendees.

The conversations also touched on the balancing act that many investment companies are trying to walk between investing more in upgrading their properties to be more environmentally friendly and reducing dividends to pay for this. In many circumstances, the pressure from investors is so great to continue with dividend payments that it makes undertaking these investments a challenge.

Closing this year's summit, Hassan Sabir, Director of Finance and Sustainability at EPRA, pointed to the light at the end of the tunnel of 2020 and the optimism that the industry feels as it looks towards 2021. There are surely many challenges ahead, but with a concerted effort from governments and industries, we can all rise to overcome these hurdles and help lead the continent in its green economic recovery. •

NAV changes are becoming mandatory for FY 2020

As we are now approaching to year-end reporting season, we thought it would be useful to point out once more to our members that the Net Asset Value (NAV) changes will need to be officially adopted for the first time in the annual reports ending on December 31, 2020, for those companies with December as fiscal year-end. As a reminder, the October 2019 EPRA BPR Guidelines are applicable for (annual) accounting periods starting on or after January 1, 2020, while the official first time of implementation would depend on a company's fiscal year-end (for more details, see annexe 2 here).

Since the original set of EPRA NAV metrics – NAV and Triple Net Asset Value (NNNAV) – were introduced 15 years ago, there has been a profound evolution of property companies' business models. The listed sector companies used to be long-term passive owners that have slowly turned into highly active assets managers and capital allocators. As the previous two NAVs responded quite well to the previous corporate strategy, the update into the three NAV metrics and the enhancement of the CapEx disclosure recommendation were crucial to better understanding the dynamics of these companies' underlying operations.

These new metrics are enablers for investors and analysts to better understand the differences between the companies and sector thanks to greater transparency, comparability and relevance of financial reporting in the industry across Europe. Investors will be able to determine and differentiate between the value of the operational business and its tangible assets, as well as its break-up value.

As a result, EPRA, through its Reporting and Accounting Committee, has replaced the EPRA NAV and NNNAV measures with three new specific NAV measures. A lot of attention will be given to which of these three metrics a company thinks is most applicable to its corporate strategy; nevertheless, it is mandatory for companies to report all three metrics, as outlined in the guidelines.

- Net Reinstatement Value (NRV)- aims to represent the value required to rebuild the entity and assumes that no selling of assets takes place.
- Net Tangible Assets (NTA) – is focused on reflecting a company's tangible assets (i.e. excluding goodwill etc.) and assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax liability.
- Net Disposal Value (NDV) – assumes an orderly sale of the business netting off the deferred tax, financial instruments and any other liabilities.

The EPRA Reporting and Accounting team has conducted during 2020 a series of workshops and webinars in collaboration with the 'Big 4' as well as local real estate associations to update the market on the changes to the Best Practice Recommendation Guidelines. A pre-recorded presentation is available on the EPRA YouTube channel.

NEW BPR AWARDS METHODOLOGY

In addition to the new NAV metrics, EPRA has recently brought some updates to the BPR survey scoring methodology to reinforce BPR reporting quality assessment, emphasising greater transparency, and focus on stricter compliance. These updates will be applied for the years of 2021 and beyond with the primary goal being to further increase confidence in the reported figures.

EPRA's BPR framework provides visibility and comparability to investors and analysts, and these changes will provide greater confidence in the metrics. A revised FAQ document, available on the EPRA website, sets out the main ground rules for the methodology to be used for deciding the EPRA BPR Award winners for the years of 2021 and beyond.

The updated methodology will be applied for the first time during the 2021 BPR Awards, where the annual reports with a fiscal year-end between April 30, 2020, and March 31, 2021, inclusive will be reviewed. The list of participating companies will be determined based on EPRA's membership as of March 31, 2021.

The 2021 BPR Awards will primarily measure how the industry has complied with the disclosure requirements of the October 2019 EPRA BPR Guidelines, which introduced the three new EPRA Net Asset Value metrics (NRV, NTA, NDV) in replacement of EPRA NAV and NNNAV as well as an enhanced CapEx disclosure[1]. •

In case you would require any further assistance in relation to the adoption of the new NAV disclosure, do not hesitate to contact randa@epra.com.

[1]*The October 2019 BPR Guidelines are applicable for annual accounting periods starting on or after January 1, 2020.*

Global pension schemes performance and outlook

By Matt Fletcher, EPRA Director of European Investor Outreach

EPRA investor outreach analyses the performance of global pension schemes each year from the varied sources of data made available to us. We track asset allocation, performance, assets under management and key trends within the asset owner investment space over time to represent our sector to investors with information the schemes require for effective decision-making. Please note that all the information and analysis used in this report is until December 2019, and therefore predates the recent pandemic.

SIZE MATTERS

At the highest level, major global pension schemes had a total of USD 47 trillion assets under management in 2019. It is difficult, however, to draw significant insights from such a large and diverse pool. If we look more closely at the performance of Top 300 pension schemes by assets under management and over the last five years (up to 2019), this gives more valuable insight into the factors that will shape this source of capital flows to our sector in the coming five to ten years. We will also consider the Top 20 pension schemes in isolation.

In 2019, the Top 300 pension schemes held over USD 19 trillion in assets under management, which was 42% of the total pension scheme universe. These 300 schemes had recorded an annualised 5% return over the previous five years (since 2014) and an 8% return in the year to 2019.

The Top 20 pension schemes had a minimum entry level of USD 140 billion and achieved a significantly higher annualised return over the previous five years than the Top 300 at 5.5%. Indeed, their 2019 return was also slightly higher at 8.1%. It appears there may be a size advantage for pension schemes when it comes to underlying investment performance. To demonstrate this, we can look at the respective five-year compound annual growth rates across the Top 300 pension schemes:

TOTAL 20 FUNDS	FUNDS 21-50	FUNDS 51-250	FUNDS 151-300
5.5%	5.2%	4.3%	3.9%

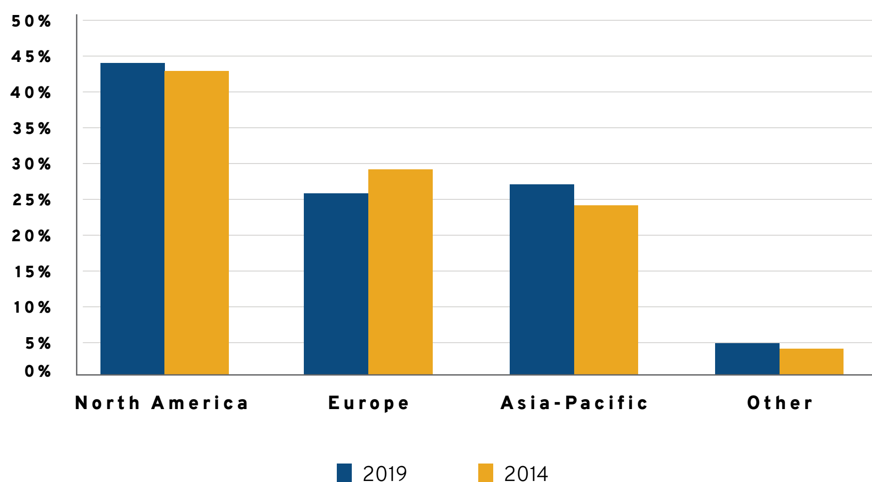
The advantages afforded to schemes with higher assets under management are broadly characterised by scale:

- larger spend on internal infrastructure and external research
- stronger governance
- better access to a wider pool of investment products and
- lower investment costs.

Belief in the advantages of scale are shaping the global pension scheme market, and more recently we have seen increased adoption of the sovereign fund model, either as a national pension scheme or a national wealth fund. We also see continued consolidation in the pension scheme market to take advantage of scale. It is no surprise to see the UK local government pension schemes consolidating into seven discrete Superfunds broadly following the example of the early adopter nations of Sweden, Denmark and the Netherlands.

WHERE IS THE MONEY?

A review of the Top 300 pension schemes total fund assets split by fund domicile demonstrates the continued dominance of North America throughout the five-year period:

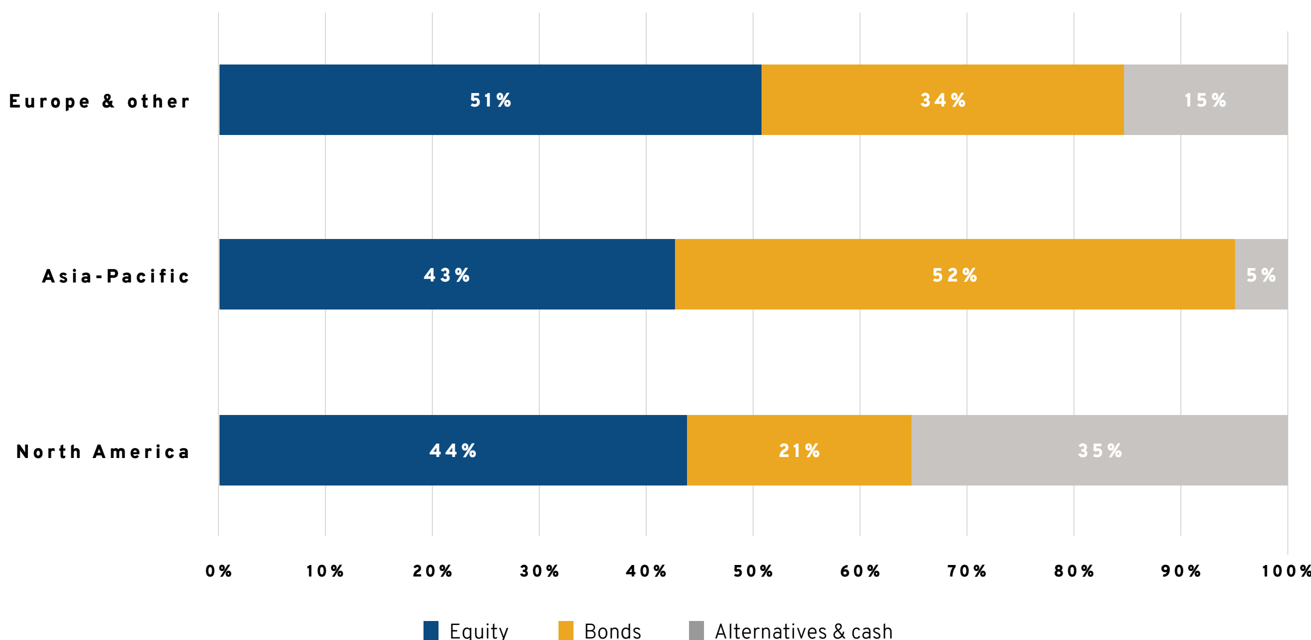


Source: Willis Towers Watson, 2020

HOW IS IT ALLOCATED?

When we look at the Top 20 pension schemes regionally, and by weighted average allocation, it is interesting to note that although North American and European funds have predominantly invested in equities; Asia-Pacific funds have conversely largely allocated to bonds. There is also a significant difference in the regional allocation to alternatives.

Invest allocation



Source: Willis Towers Watson, 2020

WHAT HAS HAPPENED RECENTLY?

What also appears from analysis and discussions with schemes is that risk budgets are being stretched to achieve return targets and future goals. Consequently, risk is also being diversified across more, and increasingly complex, investment products. Diversification within the investment strategy was noted as key for future success by more than 50% of Top 20 schemes.

A significant shift towards allocations to real assets in recent years is a significant development and an important opportunity for the European listed real estate sector. The shift is driven by a search for alternative sources of income to ensure scheme participant payments, given lower expected income from government bonds and fixed income for many years to come. The recent pandemic appears likely to prolong the low-interest-rate environment.

WHAT ELSE DO WE NEED TO KNOW?

Looking at major themes and developments for schemes over the next five to ten years, they highlight an increasing prevalence of defined contribution schemes and further regulation within the pension scheme market as the hot topics. The increasing use of defined contribution schemes is expected to directly benefit the European listed real estate sector. As the fiduciary responsibility for investment passes to the participant, the pension product is required to be liquid, have regular pricing and be portable.

Also high on the agenda for schemes going forward is their interest in allocating sustainably and responsibly, noting their own need for improved engagement and better stewardship of their investments alongside the need for better information from their investments. Scheme participants are requesting responsible investments and looking for proof within reporting. European listed real estate companies that demonstrate a sustainable approach will be rewarded.

In many ways, pension schemes reflect the changes in society at large. The pensions industry has reached a defining moment in its wider purpose, and 2020 signals the start of a decade where sustainability will grow in importance alongside underlying investment returns. We can expect to see significant reallocations of capital, particularly reflecting climate change themes, and a switch towards purposeful capitalism where the asset owners will consider fiduciary responsibility as a method of creating positive change in society. •

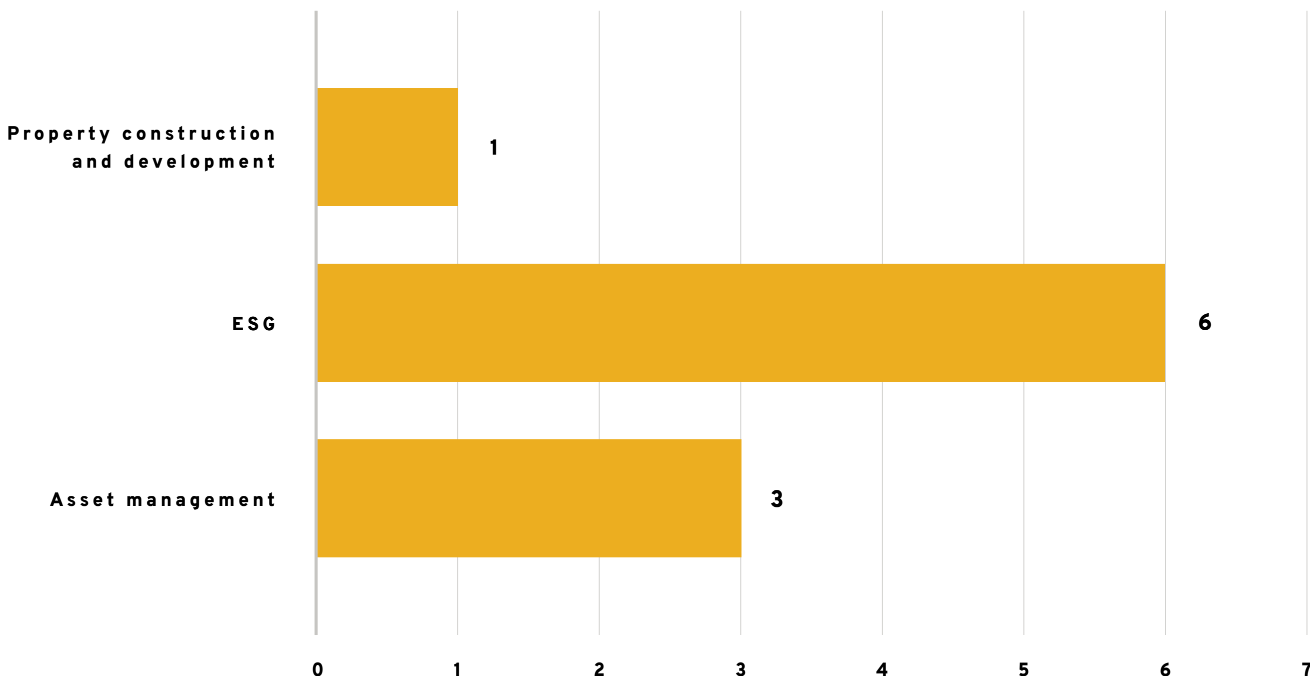
Sources: Willis Towers Watson, P&I 1000, Preqin and EPRA

HOME
ON Hall
OFF living room
ON Bedroom
ON Bedroom
OFF Hall
Socket Kitchen
Socket Bedroom
Thermostats
Heater Living room
Heater Living room
Motion sensors
Broadcast
Speaker
Intercom
Webcams

ESG solutions dominate the PropTech Europe Awards 2020

Smart thermostats, indoor quality sensors, sub-metering and green energy storage were some of the highlights of this year's European PropTech House Awards 2020. Not surprisingly, six out of the ten finalists focused their products and solutions on energy efficiency, reducing the carbon footprint of buildings and optimising HVAC systems.

PropTech finalists focus areas



!! 2020 AWARDS WINNER !!

THE 2020 PROPTECH STARTUPS & SCALE-UP EUROPE AWARDS

The PropTech StartUp and ScaleUp Europe Awards were launched in 2019 in Brussels by the EU PropTech House. This initiative has been widely promoted by the European Commission and Finnova Foundation and supported by the President of the European Parliament, the President of the Committee of the Regions, the Vice-President of the Economic and Social Committee and several members from the European Parliament. The objective of the initiative is to give visibility and support the most promising startups and scaleups in innovation in real estate.

As part of the second edition, which ran from October 2019 until September 2020, 166 European PropTech startups and scaleups applied in five categories: Manage & Operate, Market, Plan & Build, Smart city and Invest & Finance. The jury members involved industry representatives, among which EPRA members such as Unibail-Rodamco-Westfield, Covivio, Merlin Properties, Icade and Globalworth.

During the first round, the jury members reviewed the written presentations of the candidates based on criteria such as social impact, sustainability, technical innovation, business model and problem-solving potential. The top 50 startups then took part in virtual live pitches, which resulted in the selection of the ten finalists. The winner was then selected during the final, which took place on September 15, 2020, both live in Paris and virtually.

This year's award went to the Wondrwall Group, a British company that has developed an intelligent system for smart homes. It does so by embedding more than 100 sensors in the home that monitor occupancy patterns and how the home performs environmentally by applying data analysis and machine learning.

Wondrwall Group will receive a prize award of EUR 10,000 in services, coaching, support and advice to apply for funding programs such as Horizon 2020 and reach top investors.

The second place was awarded to iwell, a Dutch startup that created a smart energy storage system. The third place went to the German air quality sensors, data and analytics company – Breeze.

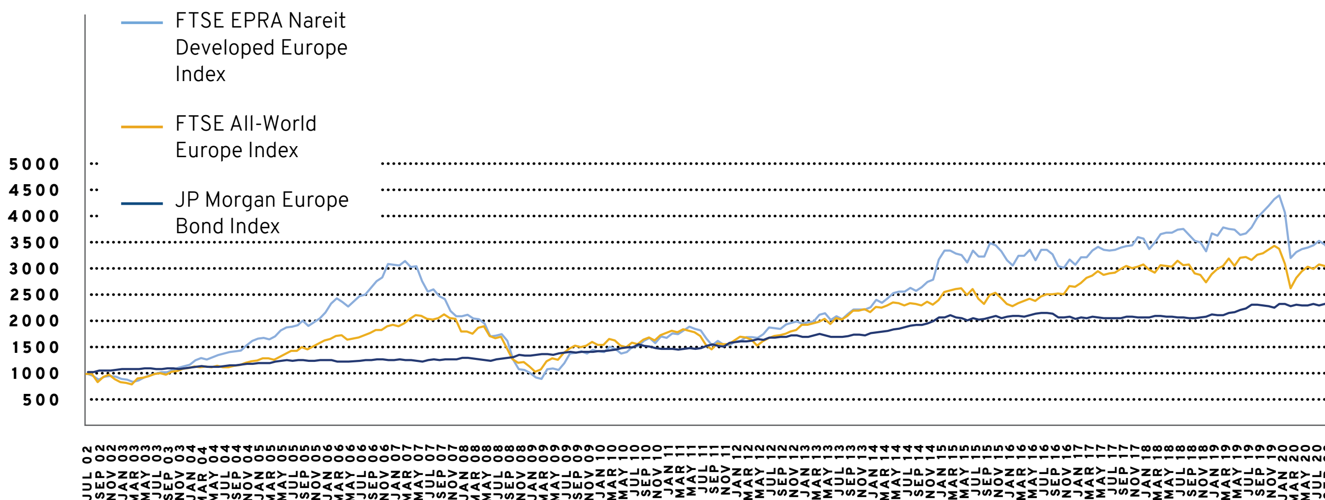
Dominique Moerenhout, EPRA CEO said, "It was a great experience for EPRA to be part of the jury of a successful competition that was organised in a very challenging environment. We will be looking forward to taking part in the next edition as well."

According to Idriss Goossens, co-founder of PropTech House, "The Awards were especially useful because of the unique momentum we are in – a sanitary and economic crisis that is poised to accelerate the digital transformation in construction and real estate." In this context, he added, "The agility and resilience of the sector depend on its ability to embrace new technologies."

EPRA invited Wondrwall and two other finalists – Sensorberg and DeltaQ – to present their solutions to EPRA members as part of a webinar that took place on November 5, 2020. •

Index focus

Comparison of asset classes

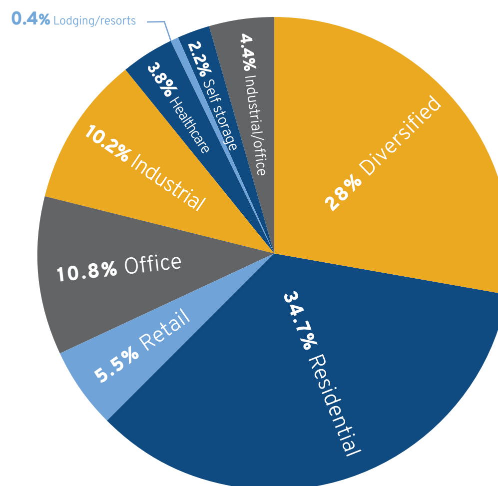


Value snapshot (October 2020)

* 1-year LTV value as of October 2020 and 10-year value as of 2020

DEVELOPED EUROPE	LATEST (MONTHLY)	YEAR TO DATE	1-YEAR	10-YEAR (LONG RUN)
Average Total Return (%)	4.22	-23.09	18.72	6.93
Average Premium/ Discount to NAV (%)	-30.17	-24.40	-21.40	-9.40
Loan-to-Value (%)*	37.70	37.02	36.98	39.76
Average Dividend yield (%)	4.36	4.24	4.16	3.86

Developed Europe Index sector share



Top 10 European performers (October 2020)

FTSE EPRA NAREIT GLOBAL INDEX							
STOCK NAME	COUNTRY	REIT STATUS	SECTOR	INVESTMENT FOCUS	PRICE RETURN OCTOBER 2020 (%)	DIVIDEND PAID OCTOBER 2020 (EUR)	TOTAL RETURN OCTOBER 2020 (%)
NewRiver REIT plc	UK	REIT	Retail	Rental	28.67	0.00	28.67
Helical plc	UK	Non-REIT	Office	Non-Rental	15.06	0.00	15.06
Workspace Group plc	UK	REIT	Office	Rental	14.58	0.00	14.58
Standard Life Inv Prop Inc Trust	UK	REIT	Industrial/Office Mixed	Rental	14.10	0.00	14.10
WFD Unibail-Rodamco	NETH	REIT	Retail	Rental	10.79	0.00	10.79
BMO Real Estate Investments Limited	UK	REIT	Diversified	Rental	7.75	0.00	7.75
Big Yellow Group plc	UK	REIT	Self Storage	Rental	5.77	0.00	5.77
HIAG Immobilien Holding AG	SWIT	Non-REIT	Diversified	Rental	4.03	0.00	4.03
Hibernia REIT plc	IRE	REIT	Office	Rental	3.91	0.00	3.91
Derwent London plc	UK	REIT	Office	Rental	3.42	0.00	3.42

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