

ULI UK 2018 Annual Conference Blog

This year's ULI UK Annual Conference had one very distinct theme: change. Much of the day's discussion focused on how to orient real estate to the upcoming disruption, with digitalisation heralding new integrations between the physical world and virtual services. As Chris Choa, ULI UK's Chairman, summarised: "there's an increasing movement away from commodities and territory, towards access and experiences."

The Business Environment – Economic, Geopolitical and Social Outlook

The day started off with a discussion of global trends, with the growing importance of cities highlighted as a particularly important trend. The World Economic Forum's Alice Charles noted that by 2050, 68% of the world's population will live in cities, with growth taking place mainly in Asia and Africa. As cities grow in population and economic and diplomatic importance, problems will arise for the state centric system, with Alice noting that "we're seeing greater tension as cities and states deviate in their policies". Another focus of discussion was the contrast between Japan and Europe's approaches to aging populations and low birth rates. Japan has limited immigration and is focusing on automation, whereas Europe is generally unprepared, with states such as Germany relying on large-scale immigration to fill the population gap.

Policy Exchange's David Goodhart followed this with a discussion on the social divisions underlying disruptive events such as Brexit. Goodhart says the biggest divide in Britain is between 'anywheres', who are highly educated, mobile, and value openness; and the 'somewheres', who are rooted, find social change uncomfortable, and value group identities. Events such as Brexit were seen to be a pushback against what David dubbed "double domination liberalism" – economic neoliberalism, and liberalism in the cultural sphere. Overcoming these divisions would require politicians to "find public policy issues that unite the two tribes" he suggested.

Shifting Strategies: New Occupier Models

Following an interest InfoBurst session by ULI's Elizabeth Rapoport, which involved a board game using large maps of Dublin and Amsterdam to provoke thoughts on affordability, integration and geography, the day moved onto another panel discussion.

What is the future of occupied space? That was a question that was addressed by Henrie Kötter from ECE, who highlighted the changing patterns of consumers and shopping centre spaces. The conventional notion of these structures will be replaced by 'digital malls' with virtual technology heightening the consumer experience.

The rethinking of space was also considered for office spaces and extended into a discussion on the nature of 'work'. Despina Katsikakis from Cushman & Wakefield argued increasing investment in human capital will redefine our working places. Technological advancements will also result in how work is performed, with 'innovation evangelist' Antony Slumbers suggesting that "anything structured, repeated, and predictable will be automated", leaving creativity as the last reserve of human labour.

Sound Diplomacy's Shain Shapiro followed up with an InfoBurst session on the under-discussed importance of the night-time economy, and the need for cities to have policies on this sector - raising London's night-tsar as a figure for emulation. Conventional measures of urban design and space should be brushed aside, with a focus on "comfort, density, and enlivenment" being a priority.

Capital markets – Where’s the Smart Money Going?

Following lunch, the afternoon started with ULI’s Liz Waller discussing the great opportunities volunteering with the ULI UK would provide, before the next panel on capital markets began.

While there was a degree of caution at the start of the session, the tone moved in a more positive direction, with PATRIZIA’s Anne Kavanagh pointing out “volatility always brings opportunities for investment... it’s inevitable.”

The impact of China’s One Belt, One Road Initiative (OBOR) was also a hot topic, with the knock-on effects for the European economy. Alicia Qin, director at Goldlit Direction Ltd, stated that “Chinese funding is focused towards infrastructure, also logistics, real estate, agriculture, so there’s a lot of opportunity for those sectors.”

Moving onto residential property, the future looks bright for the professional rented sector. Anne noted that it is “the sector that many institutional investors want to get more exposure to” but Willis Towers Watson’s Douglas Crawshaw cautioned reputational risk still prompts uncertainty from clients.

Following this, Richard Gwilliam, head of property research at M&G Real Estate, gave an interesting InfoBurst talk on the importance of density measurements not just including people, but also capital value: a conclusion that leads to interesting city rankings. High innovation cities with high yields include underdogs such as Espoo, Eindhoven and Dortmund, who are all outpacing larger cities such as Paris, giving reason to rethink global hierarchies.

Shifting Strategies #2: Connectivity and Reciprocity

“You design for people, and the good buildings will follow” said Anthony Poole from E.ON - a quote which defined the discussion. While the panel consisted of participants heralding from a diverse array of sectors, the focus on connectivity and reciprocity straddled the worlds of low-carbon design, shared vehicle ownership, and integration between the private and public sector to help manage transport systems.

This last point developed into a discussion on how to get core cities to cooperate with hinterlands, with Manchester and its surrounding districts being a focal point for analysis. Economic growth in inner cities failed to reach surrounding areas - to help mitigate this, large cities should emulate London’s autonomy and its integrated streamlined transport system under the Transport for London umbrella.

Infoburst: ULI UK Housing with Care Guide

Stephanie McMahon from BNP Paribas Real Estate gave the final InfoBurst, discussing the role of the ULI UK residential council in providing insight on emerging models, and knowledge sharing. “It’s a very exciting project and it’s one that’s going to influence us for many years”, she declared to a receptive audience, before giving way for the final discussion of the day.

On the cusp of change – the impact of tech

Presented by keynote speaker Laetitia Cailleateau of Accenture, the focus was on the world’s present position at the cusp of huge technological change. The role of artificial intelligence in tackling problems such as aging populations, resource sustainability and citizen expectations – issues that were raised throughout the day - was explored.

New solutions, of course, raise new problems. When the question was raised of ethical limits to artificial intelligence, Laetitia acknowledged that while this is a cause for concern, legislative implementations will naturally develop, but that there’s “no point trying to stop it as it’s going to happen anyway. It’s better to go with it than hold back” - a fitting end to the conference.