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1. GLOBAL EQUITY IN EUROPE – ENOUGH OPPORTUNITIES FOR THE VOLUME OF MONEY?

- Volume of transaction lower and compression on yields, but big increase in places like London (225 bn € this year) and rising input of foreign capital (18% from the US and 30% from Northern Europe)
- The situation creates new opportunities:
 - According to an American asset manager, allocation on bonds in portfolios is being reduced, whereas smaller markets are more interesting (e.g: it is hard to reach 3% on the Russian bond market)
 - Good time for fund raising
 - Predominance of American capital coming in Europe, but mistrust: this is especially opportunistic capital, because of a bad hunch about recovery
 - According to an English bank, risky to invest in Europe two years ago, but it is better today (e.g. UK & Germany offer large portion of securities)
 - According to an English investor, capital created even more sellers, but no more selling the best properties only, even if they constitute opportunities
 - Turkish market: shopping centers are very attractive, especially because it's easy to find the money
 - According to an American asset manager: low interest rates and low prices are lucrative for European bonds
- Amsterdam (Netherlands): increasing fund raises in public funds in opposition with pension funds which constitute a major change
- An English bank warns of the creation of a credit bubble – a Russian pension fund and an English investor add that interest rates at 0% are not good

Conclusion:

Too much liquidity glut is dangerous for the economy but this situation will stop – the positive effects are new or different interests for investment

2. GERMAN REAL ESTATE – SMART CHOICE OR CONFIDENCE GONE TOO FAR?

- In a macroeconomic view, German economy is unquestionably strong and sustainable.
- German real estate has grown in attractiveness and remains cheaper than elsewhere.
 - Nevertheless, the purchase prices are probably higher than exit values today, especially for offices in the big 7 of Germany, according to a German bank.
 - A German investor insists on mixed uses that still offer some good yields, whereas Offices and Retail are overrated: rental growth will be scarce.
 - In the high-street, there are some good opportunities in the core sector. There is room for rental growth.
 - Commercial centres seem to have been overused during the last few years: the demand cannot absorb the current offer.
- A German asset manager points out that a 5% yield in Germany is not the same as in Paris or London: rents are lower, quality of buildings are often mediocre.
- In B-cities (called football cities like Dortmund or Nuremberg), data shows that investors do not face a land speculation. We can expect rate compression in the next couple of years. But building a partnership with local actors is essential for those markets.
- There are few concept buildings that offer real differentiation in Germany: a strong demand for unstandardized buildings starts to appear, says a Canadian investor.
- The German market is much more resilient now than it was in 2007-2008, thanks to lower LTV (75% maximum) and stronger fundamentals: the duration for a financial transaction of one portfolio in real estate is now in average 12 months.
- The current Chinese crisis is not a threat to Germany: China is number 6 or 7 as a commercial partner for a German asset manager.
 - But it might have collateral effects on the world economy and on the confidence of tenants.
 - Besides, Asian actors invested 29Bn€ in European real estate last year, among that 9Bn€ in Germany.
- Industries and Financial systems in Germany are ready for an increase in interest rates from the ECB.

Conclusion:

A strong market on its macro fundamentals that offer secure assets. But some asset classes such as retail parks might have a disappointing return of investment.

3. PRIVATE EQUITY - BIG APPETITE FOR RISK BUT WHERE TO FEAST?

Introduction:

With investors full of doubt about the macroeconomic picture and distrustful about the volatility of the stock market, real estate had become so attractive that it was difficult to find spread with such a level of asset pricing and low returns.

Context

- We are now facing a high level of enthusiasm for real estate investments but that is hardly justifiable. It reveals an appetite ruled mainly by the amount of money available at the banks. This is why an English investor is expecting a real shift in the next 6 to 12 months.
- For an English investor, European real estate remains a safe investment environment regarding leverage and asset quality. Also, such a supply-constrained market should really focus on development, which is decreasing, to find new places to feast.
- Institutional companies and pension funds are completely leaving aside value-added portfolios and assets, creating overpricing on some core assets and breaches to explore opportunistic funds.

Leads to follow

- A Polish lender focuses on retail and shopping center development and thinks it is a way to rebound with risk and yield at the same time, depending on the geography. The question is about the construction management and the possibility for the developers to get involved sooner in the process.
- An Italian fund manager also sees an opportunity in the drop of supply and the 4% yield that Italian core office is currently offering. With a very strong demand on Milan and Rome, development in this class of asset is surely one of the most liquid markets in Italy at the moment.
- Targeting the relevant markets is however the key. But it cannot be enough to trigger the investments, as Chinese investors who are currently ready to invest in the London market are waiting for more realistic prices.
- The sense of core assets is clearly questioned: shopping centers in medium cities of Italy can almost be considered as core assets to invest in, because of the stability of the business. But the lack of new competitors creates an extremely long administrative process.

Conclusion:

Development appears to be the most interesting option at the moment, assuming that local market trends show some stability over the next five years. And for non-developers, small idiosyncratic investments that do not rely on macroeconomic bets could be the only way to wait for the end of such incredible asset pricing.

4. LOAN SYNDICATION – RETURN OF THE LENDING POOLS, ARE THERE ENOUGH LARGE TRANSACTIONS?

- Is the return of the lending pools a pan-European phenomenon or only limited to certain markets? Recently, more transactions of this nature are concluded in Europe, notably in France and Belgium.
- Lenders might underwrite and syndicate financing to provide a more secured offer to the client:
 - When transactions are not time-constrained, club deals can be a good solution.
 - However, according to an American asset manager, when deal certainty is what most matters, an underwriting of the financing with a process of syndication later on, is preferable. It is a positive sign to strengthen the commercial relationship.
 - Underwriting a financing is a riskier position for the bank, which should be reflected in the pricing of the financing with an underwriting fee or a higher margin. Such fee (exceptionally the margin) is usually skimmed during syndication process.
- Deals should not necessarily be huge to be syndicated: an English investor often does it only to test the market.
- Underwritten financing might not always be syndicated:
 - Return of syndicated financing and consequently of underwriting of financings is very different from one market to another: liquidity and banking culture are not the same everywhere. For instance, German banks would traditionally keep a large portion of the debt in their books.
 - According to an American bank, financing with good pricing would better be kept on the books while the least profitable will be fully syndicated.
- Banks' commitment to underwriting is subject to a good assessment of the syndication market to provide to Credit Committee:
 - Banks with specialized syndication teams which have excellent knowledge of the market have a competitive advantage.
 - Some banks have reintroduced the market flex, although it continues to be unusual and rather applicable to small base price or when timing is very constrained.
 - The amount of information given to the underwriter, especially for the riskiest type of debts (mezzanine debt) should be sufficient.
 - The flexibility of the borrower is key: some sponsors refuse the banks and syndicate to a "black list" of lenders, thus drastically reducing the liquidity of the market.
- Liquidity of syndication markets has been improving but some products remain out of the scope:
 - Korean and Japanese debt funds have a growing appetite for mezzanine debts and the insurance lenders are more present, all acting as alternative lenders.
 - Banks are cautious with loan on loan, construction financing or some senior financing in Portugal/Italy often priced over 300bps but which may not be suitable for syndication.

Conclusion: Syndication market for real estate financing is becoming more active with rational and risk-driven practices for Institutional banks as well as new actors.

5. STUDENT HOUSING INVESTMENTS – LONG TERM STABLE DEMAND OR LACK OF ALTERNATIVES?

IS EUROPE A HOMOGENEOUS MARKET?

- The UK is already a mature market where some investors consider student housing to be core assets. 4 billion pounds traded YTD 2015, representing a 100% growth from 2015. London takes over 65% of this market, with yields below 4%. Yields are closer to 5% outside the capital.
- Certain markets in Italy are mature too, but the country lacks capital supply. Still, the past 18 months have seen a growing appetite from investors towards opportunities in this sector as it is not exclusively handled by the public sector anymore.
- In Switzerland student housing is considered part of the residential market, and is therefore restricted to inbound investors. Swiss investors are interested in student housing though, since they are eager to diversify their portfolios abroad.
- Canada lacks experience in this sector.
- The student housing market is growing rapidly in Germany, but remains underdeveloped. 200 million euros traded in 2014 compared to 100 million in 2013.

HOW DIFFICULT IS IT TO CREATE VALUE IN THIS SECTOR?

- Student accommodation requires little investment to be competitive: enhancements like free Wi-Fi or bicycle parking lots are inexpensive, but valued by the students.
- An English asset manager states that the company managed to grow rents by 12% in less than a year thanks to light enhancement works.
- A Swiss asset manager feels that tiered rooms can be a valuable option.

HOW TO LESSEN THE RISK FACTOR?

- A Dutch asset manager advises to look for accommodation close to a high quality university, in an attractive city. It helps solve structural occupation problems like a short academic year. An English investor illustrates this aspect with the case of Florence, where student accommodation become hostels when the academic year is over. There is a general agreement that occupation rates can come up to 100%, or even exceed it.
- Operating costs can be very high, around 20% of the NOI. One needs to make sure that his product is targeting the right demography of students.
- In France, student housing is a risky fiscal product. The investors buy one room and the developer must guarantee a 4% return while handling a multiplicity of owners. Moreover, unlike the rest of Europe, local authorities restrict the use of student housing.

Conclusion:

Five years ago, student housing was just a commodity. As students tend to be more demanding (they are older, come from farther places), investors can turn to this sector by picking a flexible asset in the right location. In Continental Europe, competition remains low so it is easier to differentiate the product. It is then really important to understand market specifics in terms of demand and regulation.

6. REDEVELOPMENT / REPOSITIONING – HOW TO CREATE VALUE IN TIMES OF SLOW GROWTH?

In the context of reduced key interest rates and of economic crisis, is there still time for financial deals?

- To make real value, one has to understand the fundamentals of the asset, and to understand whether it is macro or micro driven. The issue today is that money is pouring into the market and is funding projects where fundamentals have not been clearly assessed.
- New entrants in the market look for:
 - Safety
 - “Assumed stable income”
- Therefore investors need to understand the dynamics of the market to anticipate future trends over the next five years.
- Core assets are characterized by the quality of their tenants and by their prices. As the average length of leases is decreasing, core assets could be seen as riskier. However, in France, the yields of core assets have not decreased as much as those of value added and opportunistic assets.
- A good way to gain real value is to complete renovation works on a regular basis. Having upgraded these single assets, one should aggregate them, create momentum and sell them to someone with a lower cost of equity. This proactive attitude can be applied to:
 - Hospitals that are subject to frequent changes in technologies
 - Logistics, if the location is excellent and the asset maintained in good functioning order. Otherwise the very specific needs of clients in this asset class and the difficulty to release could undermine the operation’s profitability.

Conclusion:

In a time of aggressive lending, investors should mitigate their underlying risk exposure and respond to an actual demand.

7. BUREAUX : QUEL FUTUR POUR LES TAUX DE RENDEMENT ?

- Le niveau des taux de rendements pourrait être plus bas, compte tenu des taux de long terme mais a priori 3 % représente un pallier psychologique en dessous duquel les taux ne descendront pas.
- Le *spread* à Paris est beaucoup plus élevé qu'ailleurs. Le taux réel est très confortable. Il est donc assez étonnant que les taux d'intérêt baissent.
- Malgré l'augmentation de l'OAT, il n'y a pas eu de réelle modification sur le marché de l'immobilier. Cette situation diffère de ce que l'on a pu observer précédemment. En effet, sur la période 2006-2007, le rebond des taux de l'OAT a été tel que le marché immobilier est reparti.
- La question d'un risque de taux de vacance se pose. Faut-il se méfier de la situation parisienne et en Ile-de-France ? Actuellement 2,5 millions de mètres carrés y sont en effet en projet, mais on observe cependant des zones de pénurie et des zones de surproduction.
- Alors qu'avant il existait une certaine corrélation des prix de l'immobilier de bureaux et du résidentiel, on assiste à l'heure actuelle à une décorrélation. Malgré l'absence de reprise, les prix montent. Il y a donc une inflation sur le capital. Cette situation s'explique en partie par l'investissement massif de l'Etat, mais aussi par l'inertie du marché alors que la demande est toujours là. Donc mécaniquement, les valeurs faciales se maintiennent.
- Paradoxalement, malgré la situation économique de la France avec un chômage élevé et une croissance faible, on assiste à une reprise du marché de bureaux avec un niveau de *take up* important.
- Aujourd'hui le digital ne crée pas une forte demande de bureaux. Or il existe déjà, comparativement à d'autres villes comme Londres, un nombre de mètres carrés de bureaux élevé à Paris. Est-on structurellement en suroffre ? Ce n'est pas certain compte tenu de la situation parisienne particulière, avec une part importante de bâtiments utilisés par les pouvoirs publics et un certain nombre d'immeubles haussmanniens inefficients.
- En France le développement du télétravail va se faire progressivement, à l'instar de ce que l'on a constaté pour l'*open space*. Il n'y a donc pas de révolution majeure à craindre.
- Hormis une reprise de la croissance, l'augmentation des taux de rendement pourrait venir de l'augmentation des taux des autres pays, ce qui serait très dommageable au marché français.
- Il serait peut-être souhaitable de voir une évolution des taux qui se ferait au niveau microéconomique où le prix colle au plus près aux caractéristiques intrinsèques du produit.
- Actuellement l'emplacement est surtout privilégié par l'acheteur qui est à l'affût de l'opportunité unique pour retourner sur Paris.
- On assiste à une compression générale des taux de rendement, mais cependant on note une grande différence entre le « blanc » et le « loué » qui peut aller de 200 à 250 points.

8. INVESTISSEMENT ÉTRANGER EN FRANCE : APRÈS LE FRENCH BASHING, LE FRENCH LOVING ?

- Il y a de la place pour des investissements opportunistes en France.
 - Même si les TRI sont passés de 25 à 12-15 % en 10 ans, un gestionnaire d'actifs français affirme trouver toujours des volumes à acheter.
- Pléthore d'investisseurs se positionnent sur les projets existants, si bien qu'on constate un surplus d'acteurs sur le marché, notamment sur ses deux segments extrêmes : le *prime core* et les opérations opportunistes.
- Cela dit, en 2014, les produits qui ont fait le marché sont de très gros produits peu opportunistes. Ils ont été marqués par l'intérêt d'investisseurs asiatiques, qui ont représenté en 2014 autour de 3,6 % du marché, soit le même niveau que les Anglais !
 - La Chinese Construction Bank est désormais implantée en France (vision long-terme).
- Beaucoup d'argent a été investi dans le *core*, mais les taux du *core* étant agressifs (de l'ordre de 4 %), il est difficile de servir le rendement.
- Une réserve existe de produits à retravailler, gérés par des acteurs français (SCPI notamment).
- L'économie française est certes stagnante mais le marché est attrayant car, comme il est très concentré à Paris, il est facilement lisible.
 - De fait, les investisseurs étrangers sont très présents, par exemple Blackstone qui est arrivé vers 2010 en contre-cycle. Hines et Tishman sont également très présents.
 - Marché parisien très liquide, incontournable (ainsi que Londres) pour tout investisseur étranger ayant une stratégie européenne.
- Et la 1ère et la 2ème couronne ? Les investisseurs commencent prudemment à investir au-delà du périphérique, le projet du Grand Paris étant plutôt incitatif.
 - Exemple : la Vache Noire à Arcueil, centre commercial racheté pour un investisseur chinois (mais faisait partie d'un portefeuille d'actifs).
- Il n'en reste pas moins qu'il y a 4 fois plus d'investissements français en Chine que l'inverse.
- Et le bail 3/6/9 ? Spécificité française peu attractive... Cependant, une récente étude Deloitte révèle un taux de sortie de bail assez faible (de l'ordre de 30 %).
- Autre obstacle : la différence entre loyer économique et loyer facial qu'il faut toujours expliquer, surtout avec un écart qui peut être très ample.

Conclusion:

Peut-on parler d'un regain d'attractivité de la France ? La plupart des indicateurs économiques sont défavorables, mais des acteurs sont restés et d'autres se positionnent peu à peu. L'avenir ne peut qu'être plus favorable.

9. JVS & CLUB DEALS - IS FINDING THE RIGHT PARTNERS CREATING THE MOST VALUE?

Introduction:

These 2 types of partnership appear to be the best fit for today's investors. But is the legal frame strong enough over time, and can we consider equally each piece of knowledge brought to the project?

Definition and Context

- For many players, JVs imply a combination of skills, with most of the time two partners gathering funds for one and local market expertise for the other. Club deals can involve more than two players, in different situations and conditions but with finally the same dynamic: gathering funds and delegating the operations to operational managers, with as much backload as possible.
- According to an English investor and asset manager, alignment of interest might be the key at the beginning, but the evolution of the relationship throughout the project cannot always be planned with a contract, which is why you often have to wait until the end of the partnership to know if it was successful.
- Contract and legal frame being essential, the underlying question raised by a German developer is to define who has the right to create the rules : the bringer or the operator of the JV?

Leads to follow

- With partners often come trust issues that can lead to high complexity contracts between the two parties. For instance, Generali, among others, relies on the ability to create changes in the stake ratio, control rights and even exit routes in order to limit the risk of an unsteady partner.
- Real estate is above all a business of people. According to a Swiss asset manager, whether we talk about JVs or Club deals, the teams and bonds created with fellow associates help keep in mind the initial goals and values of the partnership.
- According to a Turkish investor, the form of the partnership is also essential to the quality of the deal. Paying attention to not only the real estate products and markets but also to the profile of investors and operators involved is as important.
- In the end, for the sake of the relation, both parties should agree at the beginning of the project a way to end the partnership if something was to go wrong.

Conclusion:

In order to create value with a partner, the most important thing to agree on is the human values of the project and to keep the interest of the project aligned at all times. Given how hard it is to anticipate all potential situations, complex contracts can't always be the answer. Being aware of each other's importance in the project is what matters more.

10. EUROPEAN MARKETS: OVERPRICED EVERYWHERE OR NUGGETS IN SECONDARY CITIES?

- Two years ago, on the same debate, Europe seemed to be in a predicament according to an English investor.
- In the South of Europe, Spain and Italy have shifted.
 - In Italy, good assets with strong localization are on the market. Reforms are real and will have an impact on the real estate market, according to a French fund manager.
 - In Spain, retail and high street are back in good shape.
 - An English asset manager invested much capital in those markets in 2009-2010 when the situation was difficult and now notices a real difference: for him, it is the right time to sell.
- London remains the deepest market in terms of transaction amount: it has overtaken New-York.
 - Is the market overpriced? Rent seems incredibly expensive compared to other cities. But demand from users and quality of buildings explain this inflation, according to a German investor and asset manager.
- In France, Paris has slowed down lately compared to last year. This might be a consequence of political decisions and economic reform abortions according to an English investor. Transaction volume has decreased.
 - Though there is still a strong volume of liquidity, Paris seems to be separate from this growth in Europe.
 - Market maybe is biased: big transactions in Paris were made last year.
 - Moreover, Paris remains very attractive for core opportunities: it is easier to settle in one place than in seven cities like in Germany. As proof, yields are still going down.
 - We have in Paris a general overhaul: lots of tenants do not like La Defense and prefer low buildings with space (campus of SFR for example).
 - Finally, there might be less interest because it is very difficult to find suitable products, competition is strong.
- Warsaw was seen as a great value added place, now it seems to be plateauing a bit: tenants are scarce nowadays, for an English asset manager.
- In Germany, Berlin is the hype place: the perception of this city has changed radically. There are good catch up factors: starts up are skyrocketing there, transaction volume has overtaken Frankfurt (>5 B €). Shopping assets are very interesting there.
- Nuggets in secondary cities?
 - Remains very circumstantial and depends on the asset in question. There are for examples of opportunities in Holland because people do not accept to work far from their home, for an English investor.
 - Back offices move easily, so if you're able to follow them it could be profitable (for example in Saint-Denis today).
 - At last, some are seen as secondary cities (like Barcelona) but for local investors and tenants it is the main market.

Conclusion: if you look for yields compression, prime is your best choice, whereas secondary cities will have a flat yield rate. Secondary cities are sometimes good, but you have to be the first otherwise, lack of tenants will endanger your liquidity.

11. HEALTHCARE RETIREMENT, EXTRA CARE – DO OPERATIONAL RISKS HINDER INVESTMENTS?

- WHAT IS AN OPERATIONAL RISK? HOW TO MANAGE IT?

Seven main risks for the investor were identified during the discussion:

- Credibility of the operator
- Applicable level of rent
- Triple vs. double net rent
- Level of fixed costs
- Building-related issues and obsolescence
- Regulatory concerns at regional, national and European levels
- Public opinion. In Germany, insurance companies issue a ranking of nursery homes based on the quality of their operations.

The easiest way to mitigate operational risk is to choose the best location possible. A German investor and asset manager puts location as the key criteria, even for health-related facilities.

- WHAT REGULATORY DIFFERENCES CAN BE OBSERVED IN EUROPE?

France healthcare market is authorization-based. Facilities are regularly visited by the authorities, which ensures top quality of the real estate and the maintenance. Licenses for nursing homes have been frozen, which currently slows the market down.

Italy has a similar system, but regions show a heterogeneous profile because of funding disparities. Lombardy can go into debt easier than Piedmont, impacting the quantity as well as the quality of the facilities provided.

In Germany, restrictions exist on the urban planning side but there are no proper authorizations needed to open a facility. The market is privately held at 6%.

In the UK, the market is 40% private.

Still, a Belgian lender believes a pan European market can emerge.

- IS INVESTING IN HEALTHCARE OR RETIREMENT HOMES THAT DIFFICULT?

According to an English investment bank, healthcare facilities investment is still a niche market, but it will expand quickly. Retirement homes are a growing burden for governments. Financially as well as ideologically, nations will not be able to keep on supporting it.

- WILL ASSISTED LIVING BE THE NEXT BIG OPPORTUNITY FOR INVESTORS?

There is no general consensus as to how to define assisted living. Some investors are rushing into this segment because they can offer any type of accommodation under this vague denomination.

Assisted living is much more open to competition than traditional healthcare, because of the low barriers of entry.

12. DEBT FUNDS & ALTERNATIVE FUNDING – LOAN NOTES, MEZZANINE, HYBRID CAPITAL, EQUITY... AND CAN THIS BE ARRANGED ALL TOGETHER?

- After the financial crisis of 2008, bank funding became almost unavailable. Seven years later, sources of funding have diversified a lot on the European market:
 - For banks, the impact of banking legislation, in particular Basel III, makes it more difficult to provide all types of financing and to provide financing at a time when demand is high.
 - For alternative lenders, such as debt funds whose investors are insurance companies or family offices, there is a crucial need for more return than what government bonds pay.
 - Some of these new actors entered the debt market by buying loans portfolio from banks which needed to reduce their RWAs.
- Geographical scope of alternative lenders:
 - UK dominantly, and all over Europe.
 - In Italy, they are present only in the secondary market whereas the fronting is made by traditional banks. Liquidity of local banks is good enough for the best assets, thus leaving alternative lenders with secondary products. Also, legislation is not adapted to them as they cannot lend directly.
 - Some countries lack opportunities, for instance France and the Benelux.
- Alternative lenders tend to evolve aside of traditional banks :
 - If possible, debt funds try to originate the deal by themselves: originating helps them build a relationship with the client. Banks are only called when they are really needed.
 - Alternative lenders tend to focus on products that banks are not willing to provide: they are ready to finance with high LTV ratios (up to 80%) with mezzanine financing but not at the expense of cash flow stability.
- Alternative lenders focus on the main asset classes:
 - As they do not have the same expertise as banks, they tend to stay away from “operating assets” ie healthcare real estate because of changing regulatory rules, student housing or hotels.
 - On traditional real estate assets, they have a particular appetite for logistics even though it tends to become quite expensive, as it is a popular asset, with high LTV ratios expected by clients.

Conclusion:

The financial crisis and the subsequent new regulations affecting banks have completely changed the lending environment.

Alternative lenders are becoming more numerous to fill in the financing gap and benefit from diversification and better return on their capital.

Some regulatory changes are still expected in order for them to fully compete with traditional lenders.

13. BENELUX – SMALL BUT FULL OF OPORTUNITIES?

- In the room, more investments in the Netherlands than in Belgium
- The Netherlands are attractive thanks to the crisis and to legal changes, in particular within a pan-European approach. High yields constitute an advantage for real estate investors, especially in the residential sector but also with offices which are a niche market.
- New opportunities in social housing:
 - In the Netherlands, difference between social housing and the liberalized sector is that the free market is taking more and more importance. Corporations which were before investors as a last resort in social housing now enter the free market. Therefore the liberalized sector benefits from a very high level of demand.
 - It constitutes a new and easy to afford investment class, with physical occupancy rates close to 99%
- The Office market in The Netherlands is more difficult, with an average rate around 14-15%, and less in big cities. Huge vacancy in the offices because of an excessive supply linked to the crises, hence a focus on best locations.
- Logistic investments:
 - Changes in the pricing, contrary to other assets classes have only recently been discovered in Holland
 - Yields around 8-9% 15 years ago and below 6 or 7% today
- According to a German investment bank: just financed a retail portfolio with an expected yield around 6-7%, but not really on high street retail, which is more dangerous in little towns (yield around 4%). There are a few shopping centers in the Netherlands, with a greater importance of high street.
- According to a Belgian investment bank, it's difficult to find hotelier investments in Belgium (only four or five stars hotels benefited from a prime location) – conservative LTV and much turnover rent, but the hotel market is getting better (physical occupancy rate just below 70%, even if it reaches 90 or 95% in Paris). On the contrary, the retail sector is not attractive at all (yield around 4%).
- Dutch market: growing number of investments and developments on the biggest market (Amsterdam), but also on diverse little markets – the physical occupancy rate remains steady
- Luxembourg: top rent around 600€/sqm – great presence of headquarters (like Arcelor Mittal or Ferrero) and success of the investment (total volume above 1bn€), massive in new buildings (presence of European institutions). To ensure a good asset liquidity, one must get the label "City of Luxembourg". Nevertheless the market outside the city is marginal.

Conclusion:

Differences between the countries, but every one of them offer opportunities depending on the asset class.

14. LA REHABILITATION : CRÉATRICE DE VALEUR ?

- La plupart du temps, la réhabilitation est un choix subi. Elle s'impose au propriétaire s'il veut maintenir son actif sur le marché.
- La réflexion sur la réhabilitation est croissante depuis 20 ans, notamment en France où le parc est particulièrement dégradé, tandis qu'en parallèle les standards grimpent sur le plan qualitatif. Comme l'observe un gestionnaire d'actifs français, elle est notamment liée à l'accélération des cycles d'obsolescence, laquelle peut être :
 - Technique.
 - Réglementaire, à l'heure d'impératifs croissants en termes de développement durable (verdissement des immeubles notamment).
 - Causée par des facteurs exogènes (évolution du site dans lequel s'inscrit l'immeuble). La centralité demeure en tout cas indispensable, surtout pour les acteurs de la nouvelle économie.
- Une bonne nouvelle : la loi ALUR entraînant la suppression du COS (Coefficient d'Occupation du Sol). Ainsi, une réhabilitation fournit l'occasion de densifier la parcelle. Dans le cas parisien cependant, le PLU est si restrictif qu'il impose un COS de fait. Les opportunités sont donc bien moins nombreuses qu'à Londres, par exemple.
- Avantage de la réhabilitation: elle permet d'éviter certaines taxes qui ont déjà été payées au moment de la construction de l'immeuble. Elle est donc créatrice d'opportunités sur le plan comptable.
- On peut bel et bien créer de la valeur en réhabilitant, car les maîtres d'œuvre sont montés en compétence sur la question très actuelle de l'optimisation des surfaces. Une réhabilitation peut ainsi permettre de « récupérer » jusqu'à 30 % de surfaces supplémentaires, affirme un gestionnaire d'actifs français.
- La réhabilitation, une opportunité de changement d'usage de l'immeuble? La transformation de bureaux en logements reste cependant anecdotique. La transformation de bureaux en hôtels offre un potentiel légèrement plus important.
- Les constantes évolutions technologiques permettent-elles de retarder le moment d'une nécessaire réhabilitation ?
 - Elles sont coûteuses mais préviennent effectivement l'obsolescence, dit un gestionnaire d'actifs français.
 - Les évolutions technologiques sont si rapides qu'elles peuvent au contraire accélérer l'obsolescence et raccourcir les cycles de vie, dit à l'inverse un investisseur français.
- La démolition-reconstruction semble être une réelle alternative à la réhabilitation car :
 - Elle n'est pas nécessairement plus coûteuse.
 - La durée des travaux et des démarches administratives d'une réhabilitation est parfois dissuasive.
 - Problématique de la valeur créée par une réhabilitation. Exemple : dans le quartier d'affaires lyonnais de la Part-Dieu, toute réhabilitation est complexe car l'écart est trop important entre la valeur du *prime* et celle de seconde main.

Conclusion:

La réhabilitation a ses avantages comme ses inconvénients mais, dans tous les cas, préserver plutôt que détruire va dans le sens du développement durable, conclut un investisseur français.

15. US RATE NORMALISATION AND THE IMPACT ON EUROPE: THE EBC DILEMMA BETWEEN SLUGGISH ECONOMY, INFLATION RISKS AND DEBT BURDEN

- Introduction:
 - By putting interest rates at the lowest possible levels, central bankers have forced a lot of money into stocks and property markets. People have become risky investors to find an interesting yield that is no longer available.
 - Central bankers (Fed and ECB) are delaying the rise of interest rates: they scrutinize the global situation and try to avoid a massive exit of liquidity off these volatile markets.
- Uncertainties remain over the Fed's decision to move up interest rates, because of US recovery:
 - Manufacturing & non-manufacturing industries show erratic signs of recovery: the manufacturing industry is still weak with an uncertain evolution of ISM order index and capital spending is down because of cheap oil affecting this capital-intensive industry.
 - Stronger dollar means less manufacturing orders, especially when global trade is affected by China's slowdown although the US are not so heavily dependent on China's economy.
- However, some economic data are not showing any major difficulties to come :
 - Manufacturing industry has good fundamentals. Stock markets hurdles are not hitting manufacturers that much, especially because, in the US, disposable income is moving up, as well as consumers' expenditure: auto sales are booming (cheap oil) and housing or commercial real estate is recovering strongly.
 - Non-manufacturing industries are doing even better and it helps US economy recover faster as little people work in manufacturing (8%), US companies don't export a lot (13% of GDP) and those who do so are mostly linked to Europe rather than China.
- The Fed has a mandate with objectives that are now almost reached, forcing it to act soon:
 - Full employment, one of its goals, is almost fully reached as long-term forecasts are stuck to 5%. There are still Americans on the dole although more people than ever are back into the workforce, wages notably for skilled positions, are up.
 - Core inflation is not an excuse, at around 2% YoY: prices are falling only for certain goods while prices are still up for services (3% YoY) and most of all for rents (4% YoY).
- Expected impacts of Fed interests rate rise for US households and companies... and Europe :
 - All parties are a bit fragile: Households' deleveraging would allow a small rise, but debt outstanding is still huge and corporates couldn't cope with past rate levels due to margins.
 - Europe, on its side, is slowly recovering but structural labor costs remain a problem, although Southern countries (except France) made efforts to reduce wages and foster employment.
 - Deflation fears are finally fading away but recovery will take a long time.

Conclusion: The ECB, because of Eurozone fragility won't follow the Fed rapid decision to raise rates as the economy is doing well even if markets are volatile. Fed intervention will push long term rates up and also make the Euro even weaker.

16. CONFIDENCE AND DOUBTS – WHERE TO INVEST IN EUROPEAN REAL ESTATE?

- Momentum continued to build on the European markets where investors' demand for both prime and core assets has reached new heights but opportunities for sale lag behind stirring up competition. Yet, there is still business to be done.

Countries overview

- Italy: According to an English investor, Italy stayed in the doldrums for long after the recovery of other major European economies but national macroeconomics are now encouraging. The cycle is on the uptrend and investors start to be sufficiently optimistic looking out for major opportunities in Milan (the best location in Italy), Venice and Rome. Witness the recent sale from Altarea Cogedim of four Italian shopping centres.
- Spain: In a German investor's opinion, entering the market is already too late. For instance, they bid on one of the three towers of Avenida La Castellana in Madrid and were far off pricewise. Acquisition with a 2-year WALT valued at 4.5% yield. However, there is a high rental growth (€22 psm to €35 psm on Avenida La Castellana).
- Russia: Strong gap between the asking price and the market value according to a Russian property company. The Russian economy is at the peak of the crisis and should recover in 2 or 3 years. Not uncommon to have a cash-on-cash yield of 35%, a cap rate of 12% and an equity share of 10%.
- France: an English asset manager deems the Paris market's transparency and stability attracts long-term investors such as French or German insurance companies, which do not hesitate to buy in Boulogne below 3.8%. Everyone agrees on a rental growth in the Paris region.
- Holland: an English investor stresses the oversupply of office areas keeps rent low whereas retail areas should benefit from an economic recovery with heightening rents.
- Europe: a German asset manager prefers a pan-European cherry-picking approach analyzing the asset, the tenant and the risks wherever it may be. Consequently, recent potential investments were located in Lisbon at 5.5%, as well as others in Oslo, Malmo and Slovakia.

The European investment market

- It is an interesting time to sale and to raise debt. Lenders are not only banks (as their liquidity dwindled with Basel III regulations) but also insurance companies and funds. Difficulty to close a financing for developments.
- A German asset manager's advice is to leverage the dynamism of the investment market to operate selective divestments. Why would you agree to buy at 3.2%? Because rents are defensive and are expected to level up.

Conclusion:

Look out for retail and logistic opportunities which are expensive but will benefit to a greater extent from the recovery of the economy.

17. LOGISTICS & INNOVATION – DOES TECHNOLOGY CREATE NEED FOR MORE OR NEED FOR DIFFERENT?

- Participants in the discussion room agree that it is an attractive sector:
 - According to an English asset manager, the role of e-commerce is growing, and yields around 5-6%
 - High retention rate (around 80%) because costs are high in terms of racking, investment and people. The best guarantee for that is tenants' supply chain management contract.
 - Rental growth expected, and developments are between 10 and 15% cheaper than fifteen years ago: new products are more affordable and less risk is needed for developments, which means a growing capacity of securing the products
- For an English asset manager, lower rents leads to a downward pressure on yields. Example of this is a logistics park in the North of France, benefiting from a unique location and rent at 39€/sqm/year at the beginning: increase expected, but will take more time than expected.
- Geographic disparities between the countries:
 - A German developer and asset manager points out that the rental growth is not really secured, in particular in the South of Italy which constitutes an insecure place with low value markets, unlike the North and Middle East of Europe with interesting locations and close to Black Sea markets
 - Quality of space in Germany: build-to-suit developments are not affordable for everyone but there are many development opportunities near Frankfurt. Huge take-up, very low vacancy rate and net absorption far above zero, which is very different in France (lack of modern sqm). Nuance from a German developer and asset manager: empty spaces in Hamburg. Opportunity in build-to-suit developments because construction costs are comparatively very low there.
 - Spain: demand can go back very quickly because warehouses are empty and filled in a few months.
- An English asset manager recently developed a project near Frankfurt: necessary to go for more risk if a return is sought.
- Hard to know if it's better to invest in a build-to-suit project with a 5. 2% yield or in a fully development.
- Increasing part of logistics dedicated to customers.

Conclusion:

Logistics offers good yields compared to other assets classes and stays a young market but it is necessary to focus on prime assets.

Important to increase value inside the warehouses and importance inside the production chain -> idea of providing services inside warehouses for employees working inside

18. RESIDENTIAL OPPORTUNITIES – MAINSTREAM, STUDENT, MICRO APARTMENTS OR ELSE?

- The German residential market is one of the strongest markets in Europe.
 - 60-65% of renters and long average rents.
 - Very protective legislation for tenants (cf. Mietpreisbremse = cap on rent increase).

- The German and Dutch residential markets are very similar institutionalized markets mainly because of historical reasons: after the World Wars, big residential units were built by the states so that the population were “raised to rent”.

- Nowadays the new generations are not cash rich enough in their young years to become owners.

- Nevertheless, half of the German residential rental stock is in private hands and only 10% are in the hands of investment companies. A Luxembourgian investor deplors that only a small part is left for listed companies. Institutional investors in Germany own 3-4% of the existing housing stock.

- Real estate investors create value with existing stocks. Typically they would buy assets with 20 % vacancy and rent rolls were they see a potential growth up to 30 %. They would then solve vacancy and increase rents. They also work on improving management in order to reduce admin costs. Net yields on acquisition price would then amount to 8-9 % vs. 3-4 % at the time they bought the residential complex. Such a process takes 2 to 3 years.

- On-going geopolitical changes will lead 800 000 refugees to enter the country in the coming years and therefore exert a strong pressure on demand for residential units.

- London: investors are looking for residential blocks but face a scarcity of available stocks.

- The housing crisis already existed before the credit crunch and the situation did not get any better since. Statistics show that 500 000 new residential units are needed every year in the UK and only 220 000 were actually built (2014 figures). International demand in London is so high that even the high-end branch turns out to be very competitive in terms of investments opportunities.

- A new market for the rental sector is emerging with developer’s building blocks of flats and selling them to investors, forwarding leasing and funding early on.

- An English asset manager points out the lack of innovation and technological progress in this particular sector as well as in the real estate industry as a whole.

- By working on maximizing solutions, an English asset manager manages to offer high quality accommodations of half the size of standard 1- or 2-bedroom apartments in central London. Fully integrating the underlying theme of the sharing economy as well as the lack of available land in the capital the young company transforms former office building into residential units with an average selling price per m² at £10 000 and charges at £150 per month compared to standard £300. They target young graduates who could not afford to become first time owners before several decades due to the high deposit and monthly mortgage. According to an English asset manager, young workers in London are “more sensitive to service and quality than space today”.

- Granger sees new living habits changing norms in the construction industry with residents sharing their accommodation. New residential units with several bedrooms and bathrooms but common living spaces are flourishing. In France, the owner rate reaches 63%. The average is at 70% in the EU.

- The French market is more subject to regulation and government constraints than the other countries represented at the discussion.

- Insurance companies sold off most of their residential assets a few years ago as a way to manage their P&L. They used to have Haussmanian buildings for almost nothing in their balance sheet. In general, insurance companies have limited exposure to real estate and even less to residential (around 10% of their real estate portfolio).

- New trends are emerging, driven by tax incentives. Such incentives started in the nineties and used to target individual investors. They are named by the Housing ministers of the time.

- The most recent trends which started in the last couple of years aim at getting the institutional investors back on the residential market. New tax breaks focus on intermediate housing (vs. social) in order to fulfill the needs of the largest portion of the French population. Housing are seen as infrastructures because they affect voters and therefore land on the top of the political agenda.

- As developers also receive incentives to provide residential blocks, finding the asset is not the investors' main concern; the yields are. Such asset class is indeed very costly to manage.

- But the attendees point out that yields do not take into account obsolescence and rent incentives. Returns on CAPEX can be good (around 10 %).

19. LENDING FOR DEVELOPEMENTS – STILL STARVED OR ALTERNATIVE LENDERS TO RESCUE?

- The discussion focused mainly on commercial real estate development.
- In Germany, bank financing is responsive to development projects as long as equity is involved:
 - LTC can reach as high as 80% on an 80% pre-let project with 50% of senior debt, 30% of mezzanine debt and a minimum remaining 20% of equity from the sponsor.
 - At the moment, there are 5 major cities where development is active: Frankfurt is a hot market despite vacancy on office building because investors and users are looking for new premises while the stock is rather old. Munich is focused on refurbishments.
- In Italy, development projects and lending are still controlled by national actors:
 - All participants underline the uncertainty and lack of visibility on legislation and administrative processes that are considered too heavy.
 - Even active foreign firms (eg: Klepierre) are often buying from local developers.
- In France, there are few development projects of sufficient size to be considered by lenders:
 - Mezzanine debt is very rare as projects tend to be smaller than in the UK or Germany.
 - A German investment bank would consider it only on a project of good quality, fully pre-let. The bank did no “vacant” development project in 2014 but is discussing an office one in 2015 with a big sponsor.
 - According to a German investment bank, La Défense is still a difficult and uncertain market for development at the moment. Development financing is rather focused on refurbishment projects in the area.
 - Saint-Denis is an increasing market for projects of offices dedicated to back offices.
- Mezzanine debt in development projects:
 - The use of mezzanine debt (and therefore the portion of equity required by lenders) depends on the location, the quality of the asset and the experience of the developer.
 - According to an American asset manager, mezzanine financing can be envisaged but lenders should be cautious and look at the conditions of subordination to equity. When there is a default on the mezzanine, mezzanine lenders usually have to take the senior loan so it is often preferable to make the whole loan.
 - Mezzanine debt should be used mainly for refurbishment projects where cash flows are more predictable.
- Alternative lenders are also having an interest in development lending. They will not replace the traditional lenders because they do not have their expertise but some sponsors appreciate their appetite for risk and might consider a financing with them because they need a “dynamic” environment rather than a conservative one for the completion of the project.

Conclusion:

Conditions to obtain development financing from historical banks are quite flexible depending on the quality of the project. Alternative lenders haven't found their place so far.

20. ITALY – MORE REBOUND POTENTIAL THAN SPAIN?

- Italy and Spain are often seen as peripheral markets.
 - There are some similarities between those two markets: in terms of size, last year Italy gathered 6 B€ of transaction against 7, 5 B€ in Spain in commercial real estate.
 - In Spain, the crisis has been deeper in Real Estate with new cities for example, completely empty. But with a strong state intervention, trust has recovered.
 - In Italy, the crisis was more latent.
- The liquidity in Italy remains the main issue. The size of the market hampers transactions. For example, Italian REITS are very small compared to European competitors. Beni Stabili is the 2nd REIT in Italy and yet a very small actor.
- The question that must be asked is: who is the best local partner?
- Another problem in Italy is the domination of international actors (70-80% of commercial real estate transactions). There is reasonable variety of foreign investors but most of them work on 5-7 years business plan.
 - Italy therefore needs long term investors that must be Italian, for an Italian fund manager.
- Italian market is split in two parts :
 - On one hand, the core market in Milan or in Rome, driven by locations. The North of the country is in general very powerful and is often compared to Lander in Germany.
 - On the other hand, the opportunistic assets in B-cities (like Naples), with a beginning of speculation around these assets. The South of the country is sometimes compared to Greece.
- On a macroeconomic point of view, there are different perceptions. From inside, we see some progress made to overhaul the resilient bureaucracy. But for international investors, they are still amazed by the complexity of the Italian system
 - Nevertheless, the situation is definitely better than five years ago.
- There are very good opportunities in Retail, in Healthcare or in Hotels (only 10% are branded in Italy against 40% in Europe). There is a strong lack of A-Offices because development and building permission are very difficult to obtain.

Conclusion:

Italy is in a better shape than it was a few years back. Districts like Puerto Nove in Milan were impossible a decade ago. Italy has to continue in this direction but international investors regret the slowness of the reforms in comparison with Spain for example.

21. FOREIGN INVESTORS – ARE LOCAL PLATFORMS ALWAYS THE BEST WAY IN?

Introduction:

We can say today that no investor, no matter how big he is, is able to have expertise in the global real estate market. But what kind of interfaces should we look at in order to start in an unknown market?

Profiles of investors

- The strategy of the investor basically depends on his profile. Funds and fund managers will always be looking for the best way to keep control and backload any risk. In this case, according to the culture and the economic context of the target region, investments can be direct or indirect, as long as exit options are well-thought out.
- For an English investor and asset manager, it's all about learning the curve of risk, and who can bring you the most knowledge of the market. In any case, you should not expect anything from a market on a first analysis or on a 2-week basis.
- An English investor however notices that core assets are the less risky way in, not only from a financial point of view but also in terms of special local knowledge needed to step foot safely in the market.

Leads to follow

- A major American fund chose to come to Europe through club deals, as a first step before developing a local team and looking for direct investment.
- A German investment bank considers many possibilities of increasing the market knowledge, be it relying on a local flexible platform or having a stake in a local partner with the ambition to acquire it later.
- A German asset manager points out the danger of having a local platform, and particularly the potential conflict of interests generated by dealing with other investors on the same local market.
- Some might say that by reasoning with an equity allocator model, it's almost impossible to have internal local platforms because of how fast markets are moving and how expensive assembling a team can be.

Conclusion:

It always takes time to make the right decisions, and even if local platforms appear to be the most natural choice, it has to be relevant regarding the depth, culture and sustainability of the market. And sometimes, local partners will always have a better view than a newly set local platform, regardless of the money invested in it.

22. CEE / SEE – AS INVESTORS WIDEN THEIR NET, WHAT WILL BE IN IT?

- WHAT IS THE CURRENT SUPPLY/DEMAND BALANCE?
 - SEE and CEE actually have different market cycles, but they both have a lot of potential capital inflows and supply issues.
 - Investors are really interested in these markets, but not in residential. Demand is safer now than in 2007 when investors were looking for three-year short term investments.
 - Romania and Czech Republic are good examples of countries in CEE/SEE where local capitals are looking for opportunities in real estate.
 - A Hungarian developer regrets the high quantity of offices built in Warsaw compared to the number of people actually employed in the city.
 - On the other hand, Bulgaria ranks as the third most attractive outsourcing location worldwide, which might attract important real estate developments. Romania is close behind in the ranking.
 - Most of the time, the problem regarding the supply is that affordable pieces of land are very hard to find.

- WILL INTERNATIONAL MONEY FLOW TO THESE COUNTRIES?
 - The answer really depends on the country. SEE can attract international capitals because yields are decreasing everywhere else. Poland is too stable to achieve the same level of yields.
 - A Hungarian developer and investor states that international money will fund very large projects, but might totally ignore the others as it does not make sense to enter a completely new country for a one-off action.
 - The question of predicting the exit is key to international investors who do not know the markets. They cannot just hire someone skilled to handle their investments in those kinds of countries. According to A Hungarian developer and investor, international investments can be made for diversification purposes, if the investor knows he will not be forced to sell in the short to middle run.
 - To emphasize the feebleness of international investors, An Australian property company reminds that in Sofia, in the past five years, not a single core five star hotel investment has been made by a foreigner.

- ON WHAT WILL INVESTORS FOCUS?
 - There has been a trend on industrial investments recently.
 - The hotel market is small, but constant.
 - Residential encounters a real slowdown, especially in Warsaw.

- WHAT RISKS CAN BE IDENTIFIED IN THESE COUNTRIES?
 - Political risk is a common answer, but investors often realize from the inside that business can go on despite an unstable political situation. This is the case in Hungary.
 - Hungary and Poland will face conversion rates issues.

23. PHOTO DE FRANCE : LA FRANCE EST ELLE TOUJOURS ATTRACTIVE ?

- La question de l'attractivité de la France se pose en raison du malaise français. Cependant, malgré une vision d'elle-même assez pessimiste, la France demeure attractive pour les investisseurs étrangers :
 - Depuis début 2015, compte tenu du *repricing* des pays de l'Europe du Sud, les investisseurs ont tendance à revenir vers la France.
 - La taille importante du marché, les indicateurs positifs, la démographie française, la diversité de ses industries, la qualité des infrastructures sont des atouts du marché français.
 - Le système juridique et notarial est performant, assez protecteur pour l'investisseur, et assez « *borrower friendly* ».
- On doit faire une distinction forte entre le marché de l'Ile-de-France et le marché en bureaux de la province sur le territoire français. L'Ile-de-France concentre plus de 80 % du volume des investissements et mise à part la métropole lyonnaise, les investisseurs internationaux ne s'intéressent pas à la province. Cette affirmation est cependant à modérer car certains soulignent une évolution depuis un an dans l'intérêt montré par les investisseurs à la province (Lyon, Bordeaux et Toulouse notamment) : après avoir constitué leur portefeuille sur Paris, les investisseurs peuvent se tourner vers la province.
- On peut se demander pourquoi malgré l'opportunité historique que constitue un *spread* aussi élevé, l'investissement n'est pas plus massif. Cette réticence des banquiers pourrait s'expliquer par le fait que l'effet multiplicateur marche aussi à la baisse, par la préférence de certains investisseurs pour des marchés plus risqués comme l'Espagne, mais sur lesquels on anticipe une reprise, et par la réticence de certains fonds comme par exemple les fonds néerlandais à se positionner sur des pays endettés.
- Si la France conserve une certaine attractivité, on note un recul depuis 10 ans puisque qu'elle occupait auparavant la seconde place.
 - Ce recul s'explique par l'image désastreuse que renvoient certaines informations très médiatisées comme la taxe à 75 %, la fuite des jeunes diplômés, ou encore les grèves récurrentes.
 - L'augmentation du taux de chômage peut interroger sur le rendement de l'investissement puisque la valeur du produit réside *in fine* dans son occupation.
 - L'instabilité législative et plus particulièrement fiscale est un frein notable à l'investissement
- Comment les investisseurs intègrent-ils cette forte présence de l'économie numérique en France ? La volonté de régulation et de règlementation forte en France est perçue de manière négative. L'attaque d'Uber en est un exemple emblématique. La montée de la génération Y en province n'intéresse que peu les investisseurs qui même s'ils doivent anticiper les tendances, ne peuvent se positionner trop en amont de par leur besoin de rentabilité.

Conclusion:

La France est cette année le 3^e marché européen avec 20 milliards investis. La base économique est primordiale pour l'attractivité car c'est elle qui permettra d'avoir des occupants. Une grande interrogation demeure sur la réponse à apporter à la montée de l'économie numérique.

24. RAISING FUNDS VS FINDING ASSETS – WHERE IS THE STRUGGLE?

- On the equity side, US private equity and European private equity still develop very different views, according to an English investor and asset manager.
- Italy was one of the most interesting places for a few months. Very surprising transactions have been observed and lot of interest around Retail and Offices have been aroused for an Italian investor.
- One of the new key factors is definitely Asian capital that starts to flow into Europe. For those who want to raise capital this is the place to be.
 - But to understand fully your investor, you have to be on the ground, to understand his or her cultural habits and way of thinking for an English investor and asset manager.
 - The amount of liquidity in those markets is very high.
 - Essentially, Korean, Chinese and Singapore are the main investors. But China took the lead for equity.
 - In the meantime to cultivate your relationship with your investor, you have to find the right product to sell to him for a Danish asset manager.
 - Originally, Asian investors went to London but now they look everywhere. One of the problems is that they are often rushing into the market without trying to understand it. It is a daily work for private equity to explain to them how one market on asset class works.
 - Lastly, the risk is that they might be your partner one day, and as they are learning fast, your competitor the next day.
- One of the issue is the following: does capital drive business or does business drive capital? For a Danish asset manager the solution is to build a strong relationship with your investor so that he understands when it is time to invest and time to wait. You have to change your investor perception with your expertise.
- When you raise funds, track record is critical. The smartest thing to do is to be honest with your experiences for an English investor and asset manager.
 - Do not hesitate to talk about your failures and how you made it through by getting the money back. You missed the market but you made sure the money of your investor went back.
 - Track record and deal in pipelines will build trust between you and your investor. 10 years ago, a firm with a great reputation was enough. Now they also want your personal story telling.

Conclusion:

The best thing to deal with timing (raising money, finding asset) is to follow the cycle and deploy your strength during this timeline.

25. UK VS LONDON – WHAT IS EXPENSIVE, WHAT IS OVERPRICED AND WHERE ARE THE OPPORTUNITIES?

Introduction:

With nominal yields that are at the lower historical basis in London, what to expect from the regions and how to find room to invest in a very strong rental market?

Context

- Mixed-use areas in London suburbs are flourishing, despite the risk of a slowdown in demand.
- Rents' proportion in the companies has reduced compared to corporate profit.
- London has the reputation of depending on the health of finance sector, but remains however more diversified than some cities like San Francisco, where the real estate market can shift with the decisions of one or two companies.
- The desire of getting out of Europe, backed by economists' analysis, can also have influence on the investments in London and UK, like it did for Scotland.
- The Cross rail is obviously giving more weight in the mind of the investors to London and its suburbs than to the rest of the country.

Leads to follow

- We have to keep it mind that investors might not look at the returns but maybe also at London's market being probably the most liquid one in the world. Hence, low returns and high asset pricing is actually not enough to frighten investors.
- A French developer and asset manager also points out the lack of active British investors outside London. If they don't consider Manchester or Birmingham as valuable places to invest, how can foreign investors do so?
- For an English investment manager, the problem is that UK needs to have a second city to balance the weight of London in the volume of transactions. In other words, even putting 2 cities together could be an answer as long as a substantial market is brought to life and attracting, at first, local investors.
- An English investor sees in shopping villages the future of Central London. Indeed, residential and office assets are well developed whereas retail has to regenerate itself.

Conclusion:

For the moment, except for alternative investments like student housing, investing in UK is investing in London, which market remains, whatever the yields, a reference in real estate investment.

26. VISION TALK : HOW MUCH SPACE WILL WE NEED IN THE FUTURE?

Comments by Sotiris Tsolacos, Chair in Real Estate Finance, Henley Business School, University of Reading, UK

It is not just the economy that will determine the amount of space for real estate investment in the future. Major trends are underway shaping the amount and type of space that will be delivered. There is surplus space in particular market segments such as dead malls. But many new cities will grow up and drive demand. Will this demand and space delivery be defined in core? Difficult to say. Core cities are harder to predict especially as the definition of core varies with changes in risk perceptions. Investors will need to look broader for investible assets.

The discussion highlighted the ongoing challenges arising from technology. The impact of remote working may impact on growth of cities but urbanization is a dominant trend because people not only want to work there but live and enjoy what they have to offer. Younger generations have greater propensity to share and less inclined to buy big houses or use big offices. People will want to work in hubs rather than fixed offices or at home. Greater use of flexible work spaces Investors put off by completely managing hubs and size of investment opportunities. Institutional investment in asset classes such as offices is likely to get smaller as a result. Further, a rise in low cost offices will be seen which could take the form of basic open spaces perhaps repurposed warehouses and similar. Markets will be more fragmented and harder for investors to manage.

The lines between the traditional sectors are becoming blurred as spaces are being used in more innovative and mixed ways which has implications for the availability of assets and how investors define and manage their portfolios. The session participants expect a higher turnover of use of space, shorter terms, more tenants and fragmented markets all making portfolio management for investors difficult.

Key points to remember according to ESSEC Students

- Higher turnover in use of space.
- Shorter terms, more tenants. Is that going to be less risky than single tenants for ten years?
- Impact of technology will reduce the space offices need → booking office space is going to be like booking airline space.
- Dead malls: retail isn't needed any more.
- Markets will be more fragmented and harder for investors to manage.
- Younger generations have greater propensity to share and less inclined to buy big houses and to use big offices.
 - People will want to work in hubs rather than fixed offices or at home.
 - Greater use of flexible work spaces.
 - Institutional investment in offices is likely to get smaller as a result.
- Then, we could have a rise in low cost offices which are basic open spaces, perhaps repurposed warehouses etc.
- Impact of remote working may impact the growth of cities but urbanization is a dominant trend, because people not only want to work there but live and enjoy what the city has to offer.
- More money is coming into real estate and everyone wants to put it into safe havens, which will impact pricing whereas yields may push institutional investors towards emerging cities to seek higher returns.
- Core cities are harder to predict especially as the definition of core changes as risk perceptions change.
- There is a perception that investors prefer specialists on their field but this perhaps ignores the benefits of cross pollination of ideas and trends.

- Other investors are already categorizing differently by looking at length and security of the income stream, irrespective of which sector it belongs in.
- It is already becoming necessary to constantly manage and update assets rather than buying and sitting on an office block.

Conclusion:

The lines between the traditional sectors are becoming blurred as spaces are being used in more innovative and mixed ways, which has implications for how investors define and manage their portfolios.

27. STRUCTURED FINANCING – DYNAMIC DEMAND OR SHYING AWAY?

- Structured finance is a sector of finance that was created to help transfer risk using complex legal and corporate entities. The basics of structured finance is to lend money to double asset and then to get finance.
- Structured debt securities are complex debt instruments created to meet needs that cannot be met from traditional financial instruments available in the markets.
 - Common examples include collateralized debt obligations (CDO) and asset backed securities (ABS).
 - Structured debt securities have the potential to decrease risk, create liquidity, and increase yield, but they tend to have very high fees.
- Senior debt (frequently issued in the form of senior notes or referred to as senior loans) is debt that takes priority over other unsecured or otherwise more "junior" debt owed by the issuer.
- In the United States market, there is a large growth in structured debt opportunities, while the situation is very different in Europe. As a result, senior lenders are taking much more risk. There is a difference between Europe and the US: Europe is more "be careful what you want" whereas US is more "eat your own cooking".
- In the United Kingdom in particular however, nowadays it is easy to come up with structured finance solutions, far more than in the rest of Europe.
- Ratings and rating agencies (e.g. *Moody's* and *Standard & Poor's*) play an important role in structured finance: they reassure investors when instruments are sold to them. However after the credit bubble of the mid-2000s and the financial crisis of 2007-2009, the United States and Europe have tightened the requirements for rating agencies.
- Since 2012 there have been huge changes in structured finance. It's safer than it used to be.
- The difficulty for developers is equity and acceptability of risks.
- The question is: why using structured finance instead of classic finance? And the answer is: it can be a huge advantage. In the past, getting finance could be a problem for certain people, who were cast out, but not anymore thanks to structured finance. Banks invest a little and then somebody comes in and invest more and it gives peace to your project.
- However, when you use structured finance you need leverage to get something in return and that can somehow be a problem. People who invest from day one take a risk they are happy to give but it is all theory, and it is only about how much you give. Structured finance is a risk but it is part of the game for the lenders.

28. DISTRESSED OPPORTUNITIES IN EUROPE – WHERE DO HUNGRY INVESTORS FIND YIELDS?

- Are there distressed opportunities and who sells them?
 - Difficult to evaluate if there are many distressed opportunities: Non Performing Loans (NPLs) are sold by banks which “feel they own distressed debts” depending on their financial situation.
 - AQR showed that banks are for the major part quite healthy: they might stop selling distressed loans and try to deal with them by themselves.
- Underlying assets with most demand include residential, office, shopping center or even specific assets such as nursing homes, which traditional banks do not want in their books.
- Where are there distressed opportunities?
 - The European market is estimated to be more than € 80bn, with a big portion of it in Ireland as well as South Eastern Europe where Austrian banks are facing major difficulties.
 - Italy and Spain are very active. In Italy, supply is quite important in banks’ balance sheets: due to the legal environment, it is difficult for investors to access it but a new legislation should ease the market. Also, few companies know the market well to invest in it.
 - Germany is a smaller than the UK in volume: capital structure of German banks does not force them to get rid of distressed debts (or only the worst one) and the recent economic recovery is a good opportunity for them to extract the value out of it.
 - In the Netherlands, distressed opportunities are plenty, especially on real estate assets: office buildings offer good yields but are very risky as the vacancy rate has skyrocketed. An excellent knowledge of the market is required. Improving economic conditions are still attracting investors
- Who buys?
 - The situation has evolved dramatically between 2003 and 2015, when all transactions look more or less the same.
 - Huge competition on NPLs brought new names into the market which forces usual players to focus on small sizes of specific assets to get in a niche (Austrian banks’ assets, complex structures...).
 - There are two types of buyers: those who buy early, fix and sell within 18 months – timing when most of the value is extracted, and others with a more long term vision.
- Despite good opportunities on distressed debt, many investors underline the difference between NPLs and portfolios of NPLs, which are less risky:
 - They intend not to buy too big deals: average size in around € 100 million.
 - Investors are very cautious with the liquidity of their distressed assets: they feel confident in what they buy when the competition is fierce.

Conclusion:

The market of distressed debt still offers many opportunities in Europe. More and more investors are looking for the best buys and only those with good knowledge can find niches.

29. RÉSIDENTIEL / RÉSIDENCES SPÉCIALISÉES : DOIT-ON ENCORE AVOIR PEUR D'INVESTIR ?

- Le secteur résidentiel offre de nombreuses opportunités d'investissements. Pour le grand public, immobilier = résidentiel, et de nombreuses idées fausses ou imprécises circulent sur ce secteur y compris dans les media, d'après un gestionnaire d'actifs français.
 - La conjoncture est par ailleurs favorable avec des taux d'intérêts très bas par rapport à 2012 par exemple.
 - Dans le QCA, l'immobilier d'entreprise offre un taux de rendement à 3,5 %, en comparaison duquel le résidentiel n'a pas à rougir.
 - Le résidentiel étant un secteur très varié, raisonner "en moyenne" est dépourvu de sens.
- Les écarts de rendement entre bureau et résidentiel restent néanmoins élevés, souligne un développeur et gestionnaire d'actifs français, et l'encadrement des loyers mis en place au 1^{er} août 2015 ne joue pas en faveur de l'investissement dans le résidentiel. Ces rendements sont plus intéressants en Allemagne, par exemple.
- Qu'en est-il du résidentiel en termes de risque ? Il offre plusieurs atouts :
 - Il traverse bien les crises.
 - Il est faiblement corrélé aux autres classes d'actifs et sa corrélation d'un pays à l'autre est également faible.
 - Il est globalement en situation de sous-offre (en tout cas en région parisienne) tandis que le bureau est souvent en situation de sur-offre.
- Mais il a une faiblesse : un investisseur souhaitant placer une somme importante trouvera plus facilement à le faire sur du bureau.
- Qu'en est-il des résidences gérées ? La fréquentation est en hausse, dit un gestionnaire français de résidences de vacances, mais les investisseurs étrangers restent frileux dans ce secteur.
- Quelle concurrence des nouveaux acteurs de l'hébergement touristique, à commencer par Air BnB ? Faux débat, affirme un gestionnaire français de résidences de vacances, car AirBnB n'offre pas le même niveau de prestations qu'un acteur classique du secteur. Le premier est un pur *keyholder*, le second offre de véritables services à la personne mais doit néanmoins travailler sa visibilité numérique.
- Et les RSS (Résidences Services Seniors) ? On n'en compte que 500 à date en France, contre 10 000 EHPAD. Le potentiel est donc encore très important, estime un développeur et gestionnaire français de Résidences Services Seniors, et renforcé par :
 - L'accroissement de l'espérance de vie et l'arrivée au-delà de l'âge de la retraite de la génération des baby-boomers.
 - Le fait que les seniors d'aujourd'hui sont mobiles, consommateurs et souhaitent rester là où ils ont vécu.
 - Les RSS développent un modèle marketing milieu de gamme susceptible de toucher un large public.
- Un frein culturel subsiste : les seniors souhaitent rester à domicile le plus longtemps possible. Face à cette limite, il importe de s'extraire de l'approche purement immobilière et de mettre en avant les services à la personne.
- Et la vente à la découpe ? Complexe, notamment à Paris où il faut passer par une DIA (Déclaration d'Intention d'Aliéner). Cependant, d'après un gestionnaire français de résidences de vacances, elle est le seul moyen d'avoir une activité au démarrage, les éléments de base restant le loyer et la qualité du site.

- Concernant les résidences étudiantes, un opérateur-proprétaire français de résidences étudiantes explique que de nouveaux modèles se développent, notamment sur le modèle de la colocation. Des espaces sont communs mais chaque étudiant dispose d'espaces privés avec son bail propre. Globalement, l'offre produite évolue ainsi avec la culture. On peut noter que :
 - Dans toute résidence étudiante, 30 % des logements construits sont en fait libres, ce qui permet une diversification.
 - Le CROUS n'est pas véritablement un concurrent car il touche surtout un public d'étudiants à l'université. Le logement diffus est davantage un concurrent.

Conclusion :

Une révolution culturelle s'opère du côté des seniors comme des étudiants, à laquelle l'offre produite doit s'adapter. Cette révolution reste néanmoins porteuse d'opportunités pour le résidentiel.

30. PRÊTEURS ALTERNATIFS : PEUT-ON ENCORE EMPRUNTER LE MOT ALTERNATIF ?

- Difficultés dans la définition-même des « prêteurs alternatifs » qui s'opposent aux banques hypothécaires classiques, et dont le prêt n'est pas la fonction initiale
- Les prêteurs alternatifs ne sont pas des banques et n'utilisent donc pas les produits ou circuits traditionnels. Ils peuvent ainsi échapper à la réglementation bancaire mais pas à l'ensemble des autres réglementations qui font alors l'objet d'un arbitrage.
- Il existe une opposition entre la France et les pays anglo-saxons :
 - En France, les banquiers jouent toujours leur rôle : d'autres prêteurs ne seraient donc pas nécessaires. En revanche, gros succès aux Royaume-Uni et aux Etats-Unis, où le financement alternatif représente plus de 50 % du financement total et où les intervenants les plus traditionnels innovent beaucoup plus qu'en France (appel aux *pension funds* à Londres pour financer des investissements de développement).
 - L'objectif en France est de leur donner accès à des actifs jusqu'à présent monopolisés par les banques, bien que le pays ne semble pas vraiment prêt à les accueillir.
 - En effet on constate une faible présence des prêteurs alternatifs sur le marché immobilier car il s'est compressé assez rapidement pour empêcher les prêteurs alternatifs de s'y faire une place. Aucun investisseur présent dans le panel ne s'est endetté auprès d'un prêteur alternatif.
- Si les prêteurs alternatifs veulent se substituer avec succès aux banques, ils ont besoin de stratégies différenciées afin de bénéficier de marges. Le rôle des prêteurs alternatifs n'est pas d'investir dans des niches de marché très spécialisées mais de rester généralistes sur les marchés où l'on manque de liquidités.
- A noter que ces fonds alternatifs ont été créés en pleine crise de liquidité : détournement de la vocation originelle aujourd'hui où l'accès au crédit est beaucoup plus simple. Ils sont donc passés du stade de nouveaux entrants opportunistes à celui de nouveaux acteurs avec des stratégies qui évoluent.
- La régulation croissante et la multiplication des contraintes d'*equity* vont forcer un grand nombre de banques à se recapitaliser en 2016.

Conclusion :

Il existe de nombreuses contraintes imposées aux prêteurs alternatifs du fait des investisseurs : nécessité d'écartier ces contraintes afin de devenir vraiment compétitifs par rapport aux banques. La vraie interrogation en France est de savoir si l'on a envie d'avoir recours à eux et de leur laisser une place. Ce serait alors un service supplémentaire offert aux investisseurs avec de nouveaux outils, secteurs d'activité, et de nouvelles pistes jusqu'alors négligées.

31. CORE+, VALUE ADD, MANAGE TO CORE, OPPORTUNISTIC – HOW MUCH RISK ARE INVESTORS WILLING TO TAKE?

Introduction:

These various strategies of investment offer today many challenges, at the condition of assessing correctly the risk behind it.

Definition

- Talking about asset classes is not only about the quality of the asset, but also about the state of mind of the investor. What might be core to some won't be for others, regarding the expectations on the returns and the complexity of the asset management. The key is to keep in mind that those words are meant to define a level of risk that can change from one investor to another.
- We have to distinguish core tenant from core asset, which by definition implies that some cities and countries are condemned to be considered as non-core, whatever the location or tenants.

Factors to consider

- For an English fund manager, the influence of price per square meter is not relevant unless in the perspective of destroying then rebuilding a new asset.
- A German bank's vision is clearly to focus on classic assets, as opposed to organic assets (relying on the presence of single tenants or in general any specific asset too linked to the operational to ever be core).
- An insurance company reminds that the way to manage the asset is almost as important as the asset itself. In other words, the risk to invest in Core+ asset is half dependent on choosing the wrong manager to get it to the next level.

Conclusion:

If the whole real estate sector got used to this classification of assets, it should not distract us from the risk behind it. Indeed, in the last few months, many operations and deals are or have been driven by investors totally unexpected on the class of asset in question, which confirms that in the end, real estate all comes down to how individuals assess risk.

32. SPANISH REAL ESTATE – ARE THE BEST BUYS IN SECONDARY MARKETS?

- What can be considered a secondary market in Spain at the moment?
 - Assets that are not in *prime* markets, i.e. which does not have the best location, tenants or quality of construction. Secondary markets' assets might fall in one of these items.
 - According to a Spanish asset manager, location is the best determinant: secondary markets are outside prime locations, namely Madrid and Barcelona. Costa del Sol may be a secondary market but benefits from a strong dynamism that makes it increasingly attractive.
 - Also, there might be secondary assets in *prime* locations (Madrid & Barcelona) and, less often, *prime* assets in secondary locations. What matters is the liquidity of the market.
 - Investment cycles might also expand or reduce the number of cities considered as secondary markets: investors tend to classify them as such when demand is unclear.
- Investors are actively looking for opportunities of income-producing assets in secondary markets.
 - They are very difficult to find in *prime* locations: there is a shortage of assets with long term rental revenues. Investors are particularly looking for portfolios of these assets.
 - Sought-after classes of assets also include offices and hotels, which are considered undervalued with the expected growth of tourism in the coming years.
- What is the reason for investment growth in secondary markets?
 - More capital has been available for core assets since 3 to 5 years and there are no more good opportunities on distressed assets.
 - Investors looking for better yield are focusing on secondary markets which might become prime markets in maybe 10 years: secondary assets in Barcelona, good assets in Zaragoza or Seville, according to a Spanish asset manager.
- What is the profile of investors in these secondary markets and what are they buying?
 - For the last 2 years, opportunistic funds have been the first to consider these markets. They are also buying real estate loans, globally of good quality, from distressed banks.
 - Family offices, mostly foreign ones, are attracted to Costa del Sol market for residential assets. However, they do not have much expertise in real estate.
 - Lands and specific assets such as warehouse for companies such as Amazon, located close to major cities are considered as attractive "secondary markets' assets".
- Future emerging secondary markets might include Costa Brava or Islas Baleares (for residential assets) and new constructions of hotels in touristic areas.
- As for financing considerations, banks cleaned balance sheets and welcome safe operations:
 - Globally, lending conditions have improved a lot if sponsor and cash-flows are good. Income producing assets in secondary markets can obtain minimum 50% LTV financing.
 - However, non-recourse development loans are still too risky for banks in commercial RE.

Conclusion: Spain's growing real estate investments reflect better confidence in the economy. Such confidence is pushing investors towards riskier transactions on promising secondary markets.

33. SHOPPING CENTRES, HYBRID MALLS, HIGH STREET, ONLINE – WHERE WILL DIVERSIFICATION PROVIDE BEST INVESTMENT OPPORTUNITIES?

- Since nine months, the European market is very dynamic, especially in Germany:
 - Huge demand for core assets in the high streets, but not enough offer → some investors fall back on “retail warehouses”.
 - Are shopping centers in conflict or are they performing together? Their performances are coming to an end and there are less and less new shopping centers in Germany.
 - More little spaces come into the market and online shopping is increasing. Location remains essential.
- Online shopping: not as many successful companies as we could think. Buyers buy too many products but then return many of these. Those online companies must have an offline strategy and be present in the shopping centers too.
- As major part is fashion, offline retail must have an internet approach too.
- The real change is the mobile phone: the shop needs to come to the consumer, and not the reverse any more. Consumers don't go to the big shopping malls to buy, but just for leisure. So the shop needs to create the need and the traffic.
- There are two survivors: the small shopping center designed for the daily needs and the huge shopping mall which is a place for leisure. Between those two kinds of shopping centers, it is very difficult to survive nowadays, says a Turkish asset manager.
- But it is obvious that retailers are reactive: we even see travel agencies reopening in the high streets.
- Future of the sector is management and positioning, that is to say: meet and even anticipate the expectations of the consumers. The secret is also in consolidation.
- The retail habits are quite different from one country to another. Maybe in Russia, the cold is a problem for a shop in a high street.

Conclusion:

The key strategy is to be flexible and adaptable, with Internet and consolidation as part of the strategy.

34. SENIOR DEBTS MARKETS – HEALTHY OR REBOUNDED TOO FAR?

- Concerning rate environment, levels of Quantitative Easing (30% lower than in the USA) suggests that there is still room for using this tool in Europe for an English fund manager.
- According to most actors, rate will stay low at least for the next two years. It still has a significant impact: debt services remain a strong cost for lenders. But long term rates show some signs of volatility.
- Consequently, margins will still decrease because of banks competitions. Cheap funding will drive the market.
- There are still enormous dichotomies between countries: Denmark is for example a big issue because of currency choice. Italy and Spain show signs of real estate vitality. There is much to be done in the Spanish luxury market or in Italy, even if there are still troubles of structure for a French developer and asset manager.
- There is a large consensus to say that senior debt must be carried out deal by deal, asset by asset. But what cannot be avoided is the story telling around the asset and a real strategy presented with a business plan to the banks.
- One can observe that people are ready to take the price and maintain the level of risk but because of strong competition on specific asset class, some are ready to maintain price for a different level of risk.
- Mezzanine debts are still possible in Benelux or London. But in the rest of Europe, there are very few transactions.
- The LTV in average has much changed: 75% maximum but in most cases 60-62%.
- In senior debt markets, asset comes first then we adjust the debt environment. First the product, then the suitable structure.

Conclusion:

Banks are still less prone to take risks, and the consequence of that is a loss of interest for mezzanine debts. Senior debts encourage prime and core products with a reasonable leverage for renowned actors

35. LE GRAND PARIS : RÉELLES OPPORTUNITÉS OU TROMPE L'ŒIL?

- Le Grand Paris est à la fois un projet de transports, avec 200 km de lignes et 72 stations prévues, et un outil de développement économique.
- La taxe de redevance bureaux peut être utilisée pour financer le Grand Paris, mais elle vient grever le bilan des opérations qui n'en sont pas exonérées. Et l'arrivée des gares du Grand Paris n'entraîne pas nécessairement une revalorisation des actifs qui seraient situés à proximité immédiate.
- De plus, l'arrivée de ce réseau de transport est trop lointaine (15 ans) pour pouvoir aider à la commercialisation de ces actifs. En effet, les investisseurs se projettent à 8-10 ans et anticipent les fréquents retards de livraison de ces projets de transports (ex: prolongement de la ligne 14).
- Le Grand Paris ne doit pas tomber dans un saupoudrage de zones tertiaires qui n'atteindraient pas une masse critique. Il s'agit de développer en priorité des zones tertiaires existantes.
- Ce projet de développement est largement inspiré du Cross Rail londonien, dont le déploiement s'étalera jusqu'en 2018. Le Cross Rail a réussi à assurer :
 - Une grande cohérence dans son mode de gouvernance. Celui-ci s'oppose aux multiples agences de développement économique intervenant dans le projet du Grand Paris. Il est également flagrant que ce projet est mené sans Paris, par la Chambre de Commerce et d'Industrie (CCI).
 - Une communication internationale efficace. Par exemple, l'unique maquette du Grand Londres au Mipim par opposition aux multiples maquettes, parcellaires, du Grand Paris.

Conclusion :

Pour assurer son succès, le Grand Paris devra éviter un mitage urbain, rassurer les investisseurs sur les délais de livraison des infrastructures de transports et communiquer de manière unifiée, en France comme à l'international.

36. TAUX DE RENDEMENT : QUELLE TENDANCE POUR LE MARCHÉ FRANÇAIS ?

- Baisse générale des taux depuis le début de l'année et chute de 50 à 75 points de base depuis 6 ou 9 mois.
- Pas d'anticipation de hausse des taux dans les 5 ou 6 prochaines années.
- A noter la décorrélation entre l'économie et les fondamentaux, car ces taux supposent une hausse des loyers qui ne se fait pas sentir.
- Il est difficile d'investir aujourd'hui du fait de ces taux et d'un rendement final peu élevé : pas de perspective d'énormes plus-values. La baisse des taux et la hausse des droits rendent de plus en plus difficile l'investissement de court terme.
- Le choix de l'actif importe davantage aujourd'hui que les perspectives de cash flows.
- Il n'y a pas de raison d'être plus serein sur le commerce qu'en *prime* bureau dans le QCA, car la logique est la même pour toutes les classes d'actifs avec une opposition entre actifs *prime* et le reste, tandis qu'un gestionnaire de fonds français aurait fait une différence bien que les valeurs locatives soient attaquées des deux côtés - le rendement serait peut-être un petit plus faible sur le commerce, du fait d'une absence de CAPEX et d'une franchise importante.
- Taux en logistique beaucoup plus volatils.
- Introduction d'une nouvelle classe d'actifs (type résidences gérées) mais peu de gros investisseurs. Les résidences étudiantes semblent plus attractives et il existe une vraie demande, mais risque de bulle et d'une saturation prochaine de l'offre.

Conclusion:

Sérénité des acteurs si la situation est assumée, mais il est difficile de savoir d'où provient la menace. Question de savoir ce qu'il se passera si les taux directeurs augmentent du fait de l'amélioration de la situation aux États-Unis.

La majorité des participants pensent plus à un nouveau paradigme avec des taux bas, des valeurs vénales très élevées et un niveau de loyer plutôt élevé, plutôt qu'aux prémices d'une bulle.

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